

Press release

investor relations

Ten Cate posts lower net result in line with expectations

Royal Ten Cate has posted a net profit of €6.6 million for the first six months of 2001. Compared to the successful first half of 2000, this represents a decrease of 52%, which is in line with the forecast issued in April. The earnings per share for the first half of 2001 amount to €1.39, compared to €2.97 in the comparable period last year. The decline in profit is mainly due to the sharp worldwide downturn in the printer and copier market, in which Ten Cate Enbi operates, and the deterioration of the macroeconomic climate in America.

In view of the uncertainties, no statements can be made at this stage with regard to the consolidated results for the whole of 2001.

In the **Technical Textiles** sector the operating result declined as a consequence of a fall-off in demand in the US for outdoor fabrics in the leisure sector and a temporary adjustment of production to take account of the deterioration of the market for geo- and agrotextiles. The operating result (EBIT) amounted to €11.9 million (2000-I: €16.1 million). Sales in this sector rose in the first six months by 7.2%, 3.7% of which represents organic growth. A growing contribution came from the artificial turf activities, which occupy a leading position in the world market. There is fast-growing interest among football clubs in the LSR (low sliding resistance) fibre.

In the **Technical Components** sector the operating result declined from €3.4 million to - €1.3 million, while sales were down 10.2% (-3.0% in organic terms). This was chiefly attributable to Ten Cate Enbi, which is having to contend with a drop in demand for paper transport rollers for office machines. Although this situation was anticipated, it was not possible to compensate for it fully with sales of high-quality image-transfer rollers, an activity which was strengthened in 2000. Efficiency losses also occurred here as a result of underutilisation caused by the ongoing transfer of production to Hungary and Mexico. Three of the ten Ten Cate Enbi sites, namely those in the US, the UK and Switzerland, are being closed. The costs of this will be reflected in the accounts for the second half and it is expected that they will be offset by the sale of non-strategic assets. The measures taken will result in a cost level which will strengthen the competitive position. Once the current transition phase has been completed, this will form the basis for the expected recovery of the market next year.

The turnaround at Ten Cate Plasticum is proceeding successfully. The company is concentrating on specialist packaging and closures for major international customers, mainly in the areas of personal care, food and pharmaceuticals. Two loss-making activities have been divested.

Sales at **Mega Valves International** (previously Bosta, a stockholding wholesaler in areas such as sprinkler irrigation systems) are at a satisfactory level, in spite of a less positive market situation in the agricultural sector during the first six months. In France distribution is being concentrated at a new central site, enabling this market to be served more efficiently.

Synbra Group (protective packaging, insulation materials), in which Ten Cate has a 50% participation, posted good results and has recently acquired Protection Packaging Ltd in Great Britain, further strengthening its strategic market position.

Outlook

The mood in the Technical Textiles sector is generally positive. After a downturn which started in 2000, a recovery is evident in some areas. The market developments in the field of artificial turf, where a breakthrough in the football market is expected before long, are seen as very positive on an international level.

The worldwide recession in the IT and telecom sector has meant that Ten Cate Enbi has also had to make the necessary adjustments to restore future profitability. In view of the uncertainties mentioned above, it is not yet possible to make any statements on the trend in the consolidated result for the full year.

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