

Press release

investor relations

In line with expectations, loss of €5.7 million after extraordinary items in 2001 **Royal Ten Cate expects strong profit recovery in 2002**

In 2001 Royal Ten Cate posted a net profit before extraordinary items of €6.3 million, while turnover remained unchanged at €620 million. After the deduction of €12 million (net) extraordinary items, a loss of €5.7 million remained (2000: €24.2 million profit). The result per share amounts to - €1.22. A considerable improvement in the operating profit is expected in 2002. A dividend of €0.50 per ordinary share is proposed.

The decline in profits was mainly attributable to the loss made by Ten Cate Enbi, which had to contend with changing market conditions and a sharp downturn in the demand for transport rollers for inkjet printers. These developments, which coincided with a reorganization that was already underway, led to substantial underutilization of the production facilities. During 2001 three production sites were closed down and cutbacks in capacity were implemented. The extraordinary expenditure involved in this amounts to €23 million. A profit of €11 million has resulted from the disposal of non-strategic assets (real estate).

Cost developments

The total operating expenses rose by 1.4%. The average price of the most common plastic granulates ranged from between 5% to 10% below prices in the previous year. Increases in the price of raw materials occurred elsewhere as a result of shortages due to a sharp increase in demand (for exceptionally strong fibres, including aramids and carbon fibres). These price increases could only be passed on after a period of delay. The total personnel costs remained on balance virtually unchanged. The costs of Ten Cate's own personnel rose slightly, while there was a sharp reduction in temporary staff. Measures aimed at cutting costs were not yet visible in the figures for 2001 due to a time lag, which resulted in a relative increase in costs.

Technical Components

In the market for inkjet printers in particular, prices fell by as much as approximately 50%. This had major consequences for leading market players, who purchase components from Ten Cate Enbi. Ten Cate Enbi was consequently faced with significant declines in volume. The laser printer and copier market, in which Ten Cate Enbi with its technical rollers has a growing interest, suffered less from the negative market sentiment. Turnover in the Technical Components sector was down by 12.8% (7% in organic terms), with a negative operating result of €6.8 million. Ten Cate Plasticum's results showed an encouraging recovery.

Technical Textiles

The Technical Textiles sector proved to be generally better able to withstand the decline in the economic climate. Here turnover rose by in excess of 8% (4.4% in organic terms). The operating result fell by 20% to €23 million, chiefly as a result of a drop in demand in the

markets for the recreational uses of synthetic fabrics (trampoline canvas, swimming pool cover) and agro-textiles (ground cover cloth and shade cloth) at Ten Cate Nicolon USA in the second half of the year. The decline in demand for professional wear and the reduction in orders for third parties (textile printing works) were not entirely offset by the increased demand for safety fabrics at Ten Cate Protect. Furthermore, there were some start-up costs for the artificial grass fibre production at Polyloom (U.S.), which was acquired at the beginning of 2001.

Outlook

Within the Technical Components sector measures aimed at producing a recovery in the results have been put in place. Organizational modifications at Ten Cate Enbi will lead to a substantial reduction in costs. Although a recovery in the market is not yet anticipated, in the course of 2002 a strategy will be formulated in order to arrive at break-even. Expansion of the internal synergy will produce improvements in efficiency at Ten Cate Plasticum and this is expected to continue the recovery in the results.

In the Technical Textiles sector the market outlook for 2002 is mainly positive. Royal Ten Cate operates in a number of attractive growth markets. The improved commercial structure within the Ten Cate Nicolon group, with its stronger focus on core applications, is providing a positive contribution to the selling power of the corporation. Synthetic fabrics are gaining ground in environmental applications, civic engineering and the construction sector.

The Advanced Textiles group offers good prospects for further growth in the market for safety fabrics (Ten Cate Protect), composite materials for the aviation industry and antiballistic materials (Ten Cate Advanced Composites group).

The outlook for the (grass) fibre companies - Ten Cate Thiolon, Ten Cate Polyloom and Ten Cate Nymplex - is excellent. The use of artificial turf by soccer clubs represents a significant boost for this market.

In summary, a profitable growth in turnover in the most important strategic market groups is expected in 2002. Although a considerable improvement in the operating profit is forecast for the group as a whole, no statement can as yet be made in respect of the profit level for the year.

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