

Press release

investor relations

Net profit Royal Ten Cate €31.1 million

The net profit before extraordinary gains for 2002 amounted to €18.8 million (2001: €6.3 million) and thus comes out above expectations. The net profit including the extraordinary gain as a result of the disinvestment of TC Miradri (€12.3 million) is €31.1 million (2001: - €5.7 million after the extraordinary items). It is proposed to pay a dividend of €1.60 per ordinary share, either in cash or in shares, as desired.

The strong growth in profits posted by Royal Ten Cate (technical textiles and technical components) is to a significant extent the result of a successful reversal of the losses at Ten Cate Enbi and the increase in profit at Technical Textiles.

The turnover for the full year 2002 decreased by 3% to €602.1 million as a result of the reduction in loss-making turnover in the Technical Components sector, the above-mentioned disinvestment and currency movements (US\$).

The earnings per share before extraordinary items rose in 2002 from €1.33 to €3.95. The earnings per share including extraordinary gains amounts to €6.52 (2001: - €1.22).

The proposed dividend is based on 40% of the earnings per share before extraordinary gains.

Royal Ten Cate's net profit in the fourth quarter of 2002 amounted to €1.5 million and is thus €3 million higher than in the loss-making fourth quarter of 2001.

Technical Textiles

The Technical Textiles sector, while showing a slight decline in turnover to €398.9 million (2001: €405.3 million), realized an increase in the operating result of 10% to €25.4 million (2001: €23.1 million). This decline in turnover was mainly due to the American activities and the sale of TC Miradri. This sale fits in with our aim of concentrating further on technical textiles.

Within this sector there are some interesting growth markets, such as artificial grass, antiballistics and safety fabrics for professional wear. With the exception of geotextiles and agrotexiles, demand has lived up to expectations in the US.

Ten Cate Advanced Textiles showed a growth in the operating result. This improvement occurred on a broad front.

Ten Cate Protect is successful as a supplier of safety fabrics and in this area it recorded an increase in turnover. The growth in bullet-proof materials (Ten Cate Advanced

Composites group) continues to be substantial. There was a stabilization in demand in this market group's second core market - aerospace.

The Interlinings/Labels market group notched up a top year in the area of interlinings for large international clothing brands.

Within *Ten Cate Industrial Fabrics* Ten Cate Nicolon USA felt the effects of the economic recession in the US. The market situation in the US depressed margins as a result of increasing competition. In the other markets, sales exhibited a stable pattern.

Ten Cate Grass Fibres (artificial grass) is seeing an increasing demand from football clubs. This trend will continue to grow strongly, thanks to the continuing acceptance of artificial grass. In American football too there was an important breakthrough. Artificial grass yarns and related products (backing) accounted for well over 20% of the total turnover of the Technical Textiles sector in 2002.

Technical Components

With a controlled drop in turnover to a level of €202.5 million, the operating result improved by €10.3 million to €3.5 million. The policy, which is aimed at restoring market confidence, cost control and positioning in high-grade niches, is proving successful.

Ten Cate Enbi (rollers for printers and copiers) staged a remarkable recovery. *Ten Cate Plasticum* (plastic packaging for household articles, cosmetics and food) continued its return to profitability, partly through a considerable decrease in costs.

Despite less favourable economic circumstances, the *Mega Valves International* companies (technical wholesalers) recorded a satisfactory result, with the exception of Taxy (France) and EQO (Italy).

Associated companies

The result from associated companies increased by €1.9 million to €5.4 million (2001: €3.5 mln.) The *Synbra Group* (50%) made a good contribution.

Non-recurring items

The item of taxes has been influenced by two non-recurring tax gains totalling €4.8 million, on account of the release of the tax provision relating to Ten Cate Enbi Singapore and capitalization of fiscal losses.

A provision of €2.2 million was made for occupational disability costs for employees working in the Netherlands. The costs that were linked to the refinancing, in the amount of €2.8 million, were directly charged to the result. On balance, these one-off effects thus have a reasonably neutral effect on the result.

Other financial information

Within the Holding and Services there was an increase in costs, which is related to an increase in legal charges, consultancy fees and auditing costs.

The cash flow from operational and investment activities amounts to + €51.7 million (2001 - €8.3 million). This can be attributed mainly to the great improvement in the result, a policy of restraint in investment and the disinvestment of TC Miradri. The debt position was reduced by €61.5 million. Furthermore, a syndicated credit facility of €130 million was arranged, with which short-term financing could be converted into medium-term credit. The financial position of Ten Cate greatly improved in the course of 2002. Solvency rose from 31.7% to 42.2% and is thus well above target.

Prospects

Ten Cate holds a strong position in a number of its spearheads, such as artificial grass and antiballistics, in which further growth in results is expected. In 2003 the policy as regards cost reduction and product and market development will continue to be pursued. Significant progress has been made in respect of the positioning of the companies within the Technical Components sector. The basis of the entire company has been considerably strengthened.

In view of the current uncertain political and macro-economic circumstances, no profit forecast will be made for 2003.

Almelo, 26 February 2003

Attachments : Fourth quarter figures 2002
Annual accounts 2002

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