

Press release

Investor relations

Agreement in principle on takeover of Southern Mills (USA)

Royal Ten Cate has reached an agreement in principle with regard to the takeover of Southern Mills, based in Georgia (United States) (www.southernmills.com).

This company is the American market leader in high-grade, heat-resistant fabrics, mainly on the basis of fire-retardant and flameproof fibres. The net sales of Southern Mills amount to well over US\$ 100 million.

Both companies entered into a strategic alliance in the 1990s in respect to the exchange of know-how of protective fabrics for the American and European markets. The opportunity to take over Southern Mills occurred as the result of the withdrawal of the major shareholder who was also the CEO from the management.

Southern Mills, founded in 1925, possesses a unique product range in protective and safety fabrics, produced largely under its own brand names, for the American firefighting and industrial markets.

The company has modern production facilities, with five production sites in the Atlanta region, and pursues the same policy as Ten Cate with regard to product development and technological innovation. The activities of Southern Mills are complementary to those of Ten Cate Advanced Textiles, which will enable new opportunities to be created in each other's geographical markets. This acquisition will make Ten Cate the world market leader in the market for technical textiles, with protection and safety as the area of application.

The acquisition of Southern Mills meets the strategic demand that synergetic effects be created, resulting in the creation of value for the company.

The takeover will be financed from existing credit facilities and will have a positive effect on Royal Ten Cate's earnings per share. A final agreement is expected to be concluded within a month.

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For further information, please contact:

F.R. Spaan

Head, Investor Relations/Corporate Affairs

0546 54 43 38

f.spaan@tencate.com
www.tencate.com