



Press release

Ten Cate reaches agreement on takeover of market leader Polyfelt

Royal Ten Cate acquires European market leader in geosynthetics Polyfelt GmbH (www.polyfelt.com) from OMV Refining & Marketing GmbH (Vienna). As a result of this takeover, Ten Cate will achieve a leading global position in the market for geotextile materials. By merging the combined complementary product portfolios in particular the market positions in Europe and Asia are considerably strengthened. Polyfelt, with production facilities in Linz, Bezons/Paris and Kuala Lumpur, has annual sales of approximately €90 million and employs 364 people. Approximately 70% of Polyfelt's sales are generated in Europe. In addition, Polyfelt has a 50% interest in the Australian company, Geofabrics Australasia.

Geosynthetics is the collective name for products (wovens, grids and non-wovens) that are used mainly in the civil engineering, agri and construction sectors. The application of these materials is targeted in particular at (erosion) protection, land reclamation, drainage, separation of substrata and the reinforcement of dykes and dam walls.

Royal Ten Cate already operates in this market through Ten Cate Nicolon (Europe, Asia and the US). The Industrial Fabrics & Grass sector, of which the Nicolon activities form a part, recorded autonomous growth of 24% in the first half of 2005. Sales of geotextiles increased correspondingly, although this growth was mainly achieved in the US. As a result of the takeover, Ten Cate Nicolon's position outside the US will be considerably strengthened. Polyfelt will strengthen the market position in Central and Eastern Europe and Asia. Polyfelt will make a positive contribution to further growth in these activities.

Polyfelt is complementary to Ten Cate Nicolon as regards its product portfolio, geographic market and technological basis. Polyfelt has modern production facilities. In March 2005, a patented process was put into operation by Polyfelt for the production of high-performance geotextiles. Ten Cate Nicolon's market position in Europe is restricted mainly to woven materials with high strength properties for demanding applications. Ten Cate Nicolon occupies a leading position in the US, with a wide product range and application-oriented support in the area of technical processing.

Thanks to the takeover, a geotextiles group will be created with a leading position on the world market. The combination has a full scope of products, a very extensive distribution network and good access to the important contracts market.

This takeover represents an important strategic step in the "buy-and-build" process, around the five strategic core areas: protective fabrics, aerospace composites, antiballistic composite materials, artificial grass and geosynthetics.

The acquisition price amounts to €70 million (shares plus takeover of debt position). No goodwill is involved in this takeover. The takeover will be financed from existing credit facilities. Since the takeover is expected to be completed by the end of this year, the effect on profit for the whole of 2005 will be minimal. From 2006 onwards, however, Polyfelt will contribute to the profit and a gradual increase in synergy benefits is expected.

Royal Ten Cate nv

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For further information:

F.R. Spaan, Head of Investor Relations/Corporate Affairs Royal Ten Cate

Tel. + 31 (0)546 54 43 38

f.spaan@tencate.com

www.tencate.com