KONINKLIJKE TEN CATE NV

Press release

corporate communicatie

TenCate's net profit increased 22% to € 7.3 million in the first quarter

- Net sales € 209 million (+10%)
- EBITA € 13.4 million (+20%)
- Net profit corrected to take account of amortization of intangible assets (cash earnings) € 8.4 million (+33%)
- Sustained strong growth in US market for protective fabrics (defence orders)
- Substantial order (US$ 60 million) received for vehicle armour
- Improvement in results of Geosynthetics & Grass sector
- TenCate Enbi sales lower as a result of relapse in the American market

General performance in the first quarter of 2008

Trend in sales
Apart from currency effects, sales increased by 17% to € 209 million in the first quarter. On an autonomous basis, sales rose by 5%. The increase in sales was limited on the one hand by seasonal effects and on the other by the continuing sluggishness of the American economy. The latter exerted an influence in particular on American sales of geosynthetics.
The order position of the Advanced Textiles & Composites sector grew strongly, compared to the end of the first quarter of 2007.

Result
The operating result before the amortization of intangible fixed assets (EBITA) increased by 20% to € 13.4 million (first quarter 2007: € 11.2 million). The EBITA margin rose to 6.4% (first quarter 2007: 5.9%). Not taking into account currency effects, the increase in EBITA was 34%.
EBITA growth was due in particular to favourable developments in the field of protective fabrics (US) and the acquisition of Composix and TenCate Thiolon Middle East.

The net profit for the first quarter of 2008 was € 7.3 million (first quarter 2007: € 6.0 million).

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As a result of the recent acquisitions, the amortization of intangible fixed assets showed an increase to € 1.1 million (2007: € 0.3 million). The net profit corrected to take account of this increase (on a cash earnings basis) showed a rise of 33% to € 8.4 million.

Finances
In February 2008 the syndicated bank loan was increased from € 250 million to € 400 million in connection with the acquisitions that have been made. The net interest-bearing debt amounted to € 318 million at the end of the quarter (€ 222 million at the end of the first quarter of 2007). The balance of financial income and expenses increased only to a limited extent (+ € 0.1 million higher charge) and was influenced by a positive revaluation of hedge instruments (hedging of currency risk), as a result of the decline in the value of the US dollar.
The tax rate fell to 28% compared to the first quarter (2007: 31%), primarily due to the results of TenCate Thiolon Middle East (Dubai).

Investments in the first quarter amounted to € 12.6 million, compared to € 14.3 million in the first quarter of 2007. The main items related to:

- The new plant for geosynthetics in Zhuhai (China)
- Expansion of the production of synthetic turf fibres (Dubai, US)
- Investments in the expansion of composites production

Outlook
The current trends in the dollar and in the price of oil-related raw materials (PP / PE granulate) have led to a degree of uncertainty.

TenCate is strategically well-positioned in markets with a good prospect.

The expected contribution from the recently acquired companies and the current order position, particularly in the Advanced Textiles & Composites sector, is a source of optimism.

The financial objective already communicated for profit growth per share in the long term on a cash earnings basis is expected at least to be achieved for 2008 as a whole (+10% profit growth per share).

Developments per sector

Advanced Textiles & Composites

(x € 1 million)	Q1 2008	Q1 2007
Net sales	98.3	83.2
EBITA	9.6	8.2
EBITA margin (%)	9.7	9.9

The sales of the Advanced Textiles & Composites sector increased by 19% to € 98.3 million for the first quarter. The currency effect on sales amounted to -10%. The sales growth in the Advanced Textiles & Composites sector is mainly based on favourable developments in the United States (protective fabrics and aerospace and armour composites). In Europe growth was achieved only in the aerospace market, mainly as a result of the resumption of supplies to Airbus.

At the beginning of April, following the acquisition of Phoenixx TPC (USA), an agreement was entered into with the Dutch company Airborne Composite Tubulars for the application of Cetex® composites based on UD (uni-directional) technology in the oil and gas industry (pipelines).

In the first quarter (from 1 February onwards) TenCate Composix (USA) made a good contribution, partly on the basis of supplies to the American Stryker programme (vehicle armour). Supplies to this programme will be carried out up to and including the second quarter.
TenCate is involved in various armored vehicle programmes including the MRAP vehicle programmes. A substantial number of programmes for personal protection and vehicle armour have been announced by the American military. TenCate is very well equipped for this, in view of its current strategic position and total product portfolio for light-weight armour.
Developments are lagging behind at the Dutch operations in the field of protective fabrics as a result of caution in the European submarkets for protective clothing.

The operating result before amortization (EBITA) was € 9.6 million (+17%) in the first quarter of 2008. The increase in EBITA excluding currency effects amounted to +30%.

Geosynthetics & Grass

(x € 1 million)	Q1 2008	Q1 2007
Net sales	97.4	88.5
EBITA	3.3	2.6
EBITA margin (%)	3.4	2.9

The sales of the Geosynthetics & Grass sector increased by 10% to € 97.4 million in the first quarter. The currency effect on sales was -5%. The Geosynthetics & Grass sector has a clear seasonal pattern, in which market demand is concentrated in the second and third quarters.

The American geosynthetics market remained cautious. In Asia in particular the market is considerably more favourable; growth in this market was above 20%. The results will be influenced by the start-up of the geosynthetics plant in China (Zhuhai), which will open in June. Trial runs are now being carried out and approximately one hundred production workers have been taken on, who are currently receiving on-the-job training. Increased local production in the Asian market will be a major impetus for sales growth in this geographic market.

The TenCate Grass group recorded good progress with the integration of TenCate Thiolon Middle East.
Growth in this market worldwide is between 10-15%. In the first quarter the synthetic turf market had a slow start compared to previous years

A considerable investment programme (more than € 20 million 2007/2008) is taking place in the US and Dubai for further expansion of the production capacity. In 2008 the plant in Dubai will be the TenCate Grass group’s largest production location, followed by that in the US.

Major new developments are also taking place: on the one hand, in the field of new fibres and, on the other, in technological processes and formulations.
As a result of these developments, commercial partners will be able to create a distinctive profile in the market.

EBITA rose to € 3.3 million (+27%). The increase in EBITA excluding the currency effect amounted to +42%. The EBITA margin increased to 3.4%. Measures that have been taken with regard to market prices and costs should lead to a considerable improvement in margins over the year as a whole.

Technical Components / Holding

(x € 1 million)	Q1 2008	Q1 2007
Net sales	13.7	19.2
EBITA	0.5	0.4

The sales of TenCate Enbi have declined as a result of a relapse in the American market. A number of new contracts, particularly in Asia, will lead to replacement sales later this year.

Almelo, 29 April 2008

Royal Ten Cate

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KEY FIGURES		January-March
million euros	**2008**	**2007**
Consolidated profit & loss account		
Revenues	209.4	190.9
Operating result before depreciation and amortisation (EBITDA)	20.4	16.9
Operating result before amortisation (EBITA)	13.4	11.2
Operating result before amortisation as % of revenues	6.4	5.9%
Operating result (EBIT)	12.3	10.9
Net profit	7.3	6.0
Net profit excluding amortisation (cash earnings)	8.4	6.3
Consolidated balance sheet		
Net capital employed	664.9	564.5
Net interest-bearing debt	318.5	222.5
Consolidated cash flow balance		
Cash flow from operating activities	-14.3	-7.8
Investment / divestments of fixed assets	-9.1	-14.0
Free cash flow	-23.4	-21.8
Net acquisition / disposal of operating companies and associated companies	-75.7	-165.8
(x 1.000)		
Number of outstanding shares at period end	23,556	23,170
Average number of outstanding shares (before dilution)	23,004	21,591
Average number of outstanding shares (after dilution)	23,061	22,285
Per-share data		
Net profit	0.32	0.28
Net profit excluding amortisation (cash earnings)	0.37	0.29
Diluted net profit	0.32	0.27
Diluted net profit excluding amortisation (cash earnings)	0.37	0.28
Employees		
Number of staff at year-end	4,168	3,610
of which in the Netherlands	965	971

KEY FIGURES PER SECTOR

million euros	**January-March**		
Advanced Textiles & Composites	**2008**	**2007**	
Revenues	98.3	83.2	18.1%
EBITA	9.6	8.2	17.1%
EBITA margin	9.7%	9.9%	-1.0%
Capital expenditures	2.4	3.7	-35.1%
Depreciation	2.0	1.7	17.6%
Amortisation	0.5	0.2	150.0%
Net capital employed at period-end	250.7	166.7	50.4%
Number of staff-years at period-end	1,377	1,221	12.8%
Geosynthetics & Grass			
Revenues	97.4	88.5	10.1%
EBITA	3.3	2.6	26.9%
EBITA margin	3.4%	2.9%	17.2%
Capital expenditures	9.6	10.5	-8.6%
Depreciation	4.5	3.5	28.6%
Amortisation	0.6	0.1	500.0%
Net capital employed at period-end	371.2	362.7	2.3%
Number of staff-years at period-end	2,067	1,648	25.4%
Technical Components / Holding & Services			
Revenues	13.7	19.2	-28.6%
EBITA	0.5	0.4	35.8%
Capital expenditures	0.6	0.1	500.0%
Depreciation	0.5	0.5	3.2%
Amortisation	0.0	0.0	-
Net capital employed	35.1	43.0	-18.4%
Number of staff-years	724	741	-2.3%

CONSOLIDATED PROFIT AND LOSS ACCOUNT

million euros	**first quarter 2008**	**2007**
Revenues	209.4	190.9
Changes in inventories of finished products and work in progress	14.2	11.7
Raw materials and manufacturing supplies	-120.5	-106.7
Work contracted out and other external expenses	-11.6	-8.8
Personnel costs	-46.1	-44.5
Depreciation	-7.0	-5.7
Amortisation	-1.1	-0.3
Other operating costs	-25.0	-25.7
Total operating expenses	-197.1	-180.0
Operating result (EBIT)	12.3	10.9
Net financial expenses	-2.2	-2.1
Result before tax	10.1	8.8
Profit tax	-2.8	-2.7
Result after tax	**7.3**	**6.1**
Attributable to:		
Shareholders of the company (**net profit**)	7.3	6.0
Minority interests	-	0.1
Per-share data		
Net profit	0.32	0.28
Diluted net profit	0.32	0.27

CONSOLIDATED BALANCE SHEET
million euros

	March 2008		end of 2007		March 2007	
Fixed assets						
Tangible fixed assets	220.3		218.1		204.6	
Intangible fixed assets	189.9		136.8		142.8	
Associated companies	6.5		1.3		1.3	
Other Long term receivables	5.0		4.9		5.0	
Deferred income tax receivables	13.3		13.6		12.0	
Total fixed assets		435.0		374.7		365.7
Current assets						
Inventories	204.7		176.2		170.7	
Receivables						
- Trade debtors	160.7		145.8		145.0	
- Income tax receivables	1.1		3.8		2.3	
- Other receivables	21.2		16.6		14.8	
- Cash and Cash equivalents	9.6		4.8		7.0	
Total current assets		397.3		347.2		339.8
Total assets		832.3		721.9		705.5
Equity						
Share capital	58.9		58.9		57.9	
Share premium reserve	50.7		50.7		51.9	
Statutory reserve	-34.8		-19.5		-3.7	
Other reserves	220.7		173.6		181.0	
Undistributed result	7.3		46.4		6.0	
Equity attributable to shareholders	302.8		310.1		293.1	
Minority interests	0.9		0.3		0.2	
Group equity		303.7		310.4		293.3
Long-term liabilities						
Long-term debts	316.8		222.3		211.0	
Pension liabilities	27.6		28.5		31.2	
Provisions	11.0		11.4		11.8	
Deferred income tax liabilities	0.7		0.9		0.9	
Total long-term liabilities		356.1		263.1		254.9
Short-term liabilities						
Banks, current accounts	10.9		12.5		17.8	
Repayment of long-term debts	0.3		0.4		0.7	
Trade creditors and other payables	154.7		128.9		130.7	
Provisions	3.4		3.4		4.8	
Income tax payable	3.2		3.2		3.3	
Total short-term liabilities		172.5		148.4		157.3
Total liabilities		528.6		411.5		412.2
Total group equity and liabilities		832.3		721.9		705.5

OVERVIEW OF CHANGES IN EQUITY

million euros

		2008	2007
As at January, 1st 2007 respective 2006		310.1	238.7
Plus:	Result 2008 respective 2007	7.3	6.0
	Issued share capital	-	5.2
	Premium on issued share capital	-	45.6
	Share based payments option rights	0.4	0.3
	Deliverance of own shares re options	0.2	0.3
		318.0	296,1
	Exchange differences subsidiaries	-15.2	-3.0
As at end March		302.8	293.1

Consolidated statement of cash flows
million euros

	2008		2007	
Operating profit	12.3		10.9	
Depreciation and amortisation	8,1		6.0	
Result from sale of tangible fixed assets	-2,5		-	
Share-based payment transactions settled in equity instruments	0,4		0.3	
Change in provisions	-0,9		-1.5	
Cash flow from operating activities before change in working capital		**17,4**		**15.7**
Change in inventories	-20,0		-8.6	
Change in receivables	-15,4		-20.0	
Change in short-term liabilities	8,0		8.8	
Changes in working capital		**-27,4**		**-19.8**
		-10.0		**-4.1**
Interest paid		-3.8		-1.9
Profit tax paid		-0.5		-1.8
Cash flow from operating activities		**-14,3**		**-7.8**
Income from sale of tangible fixed assets	3,6		0.3	
Interest received	-		-	
Divested activities less cash	-		7.0	
Receipt of long-term receivables	-		0.1	
Acquisitions of operating companies less cash acquired	-75,7		-172.8	
Investments in intangible fixed assets	-0,1		-0.2	
Capital expenditures	-12,6		-14.1	
Increase in long-term receivables	-0,4		-0.1	
Cash flow from investment activities		**-85,2**		**-179.8**
Proceeds from the issue of repurchased own shares	0,2		0.3	
Issue share capital	-		50.8	
Drawdown of long-term debt	94,8		201.4	
Repayment of long-term debt	-0,1		-54.5	
Cash flow from financing activities		**94,9**		**198.0**
Change in cash *		**-4.6**		**10.4**
Cash on 1 January		-7.7		-22.4
Currency differences in cash		10,9		1.2
Cash as at end of March		**-1.4**		**-10.8**

* Cash includes cash and cash equivalents minus banks, current
The cash flow summary has been drawn up according to the indirect method.

EXPLANATORY NOTES

General information
The consolidated interim report of Royal Ten Cate nv (the company) for the first quarter of 2008 relates to the Company and its operating companies (referred to collectively as the "Group") and the Group's interests in associated companies (non-consolidated) and a joint venture.

Statement of compliance
This abridged consolidated interim report has been prepared in accordance with International Financial Reporting Standard (IFRS) IAS 34 *Interim financial reporting*. It does not contain all the Information that is required for full financial statements and should be read in combination with the Group's 2007 consolidated financial statements.

This abridged consolidated interim report was approved by the Supervisory Board on 28 April, 2008.

Accounting policies and determination of earnings
For the accounting policies and determination of results, reference is made to pages 77 to 88 of the 2007 financial statements.

Estimates
The preparation of interim reports requires judgment by the management, who make estimates and assumptions that affect the application of policies for financial reporting and the reported value of assets and liabilities and the amounts of income and expenditure. The actual results may differ from these estimates.

Unless otherwise stated, in preparing this abridged consolidated interim report, the significant judgments made by the management in applying the Group's policies for financial reporting and the key sources of estimation are the same as those applied to the consolidated 2007 financial statements.

Acquisitions and sale of operating companies

Acquisitions
On 30 January 2008, the Group acquired the shares of Composix Co, Newark,NJ in the United States for a cash payment of USD 68 million.

On 13 March 2008 the Group acquired the shares of YLA Inc. and CCS Composites Inc., both from Benica, CA in the United States for a cash payment of $32 million.
On 14 March 2008 the Group acquired 75% of the shares of Xennia Technology Ltd., Cambridge in the United Kingdom for a cash payment of GBP 8 million.

The acquisitions are accounted for in the books in accordance with the 'Purchase Accounting Method' (IFRS 3). The adoption of the purchase price allocation is not yet complete. This is expected to be completed in the second quarter. An estimate has now been incorporated for the amortization of intangible fixed assets resulting from this

Effect of the acquisitions

The provisional effect of the above-mentioned acquisitions on the assets and liabilities was as follows:

	Stated values
Tangible fixed assets	9.2
Intangible fixed assets	0.9
Associated companies	1.0
Inventories	15.5
Trade and other receivables	11.3
Cash and cash equivalents	1.5
Minority interest	-0.7
Banks, current account	-
Trade creditors and other payables	-24.0
Balance of identifiable assets and liabilities	14.7
Goodwill including assets and liabilities still to be identified	62.5
Purchase price paid in cash	77.2
Cash acquired minus short-term bank debts	-1.5
Cash outflow	75.7

Outstanding shares

At the end of the quarter the number of outstanding shares amounts to 23,556,158 (March 2007: 23,169,621),

Repurchased shares

In the first quarter of 2008, 15,400 repurchased shares were reissued through the exercise of options. As of 31 March 2008, the balance of repurchased shares was 540,474.

Dividend

At the Annual General Meeting of Shareholders on 2 April 2008, the dividend was set at € 0.80 per ordinary share of € 2.50. The dividend will be payable from 2 May 2008 in cash or as a stock dividend at a ratio of 1 new shares for 30 dividend rights.