

# Annual results 2004

Royal Ten Cate



23 February 2005

# Agenda

- **Profile; Organization**
- **Developments 2004**
- **Key information**
- **Turnover and profit data**
- **Segment information**
- **Results and costs**
- **Financial position**
- **Outlook & trends**

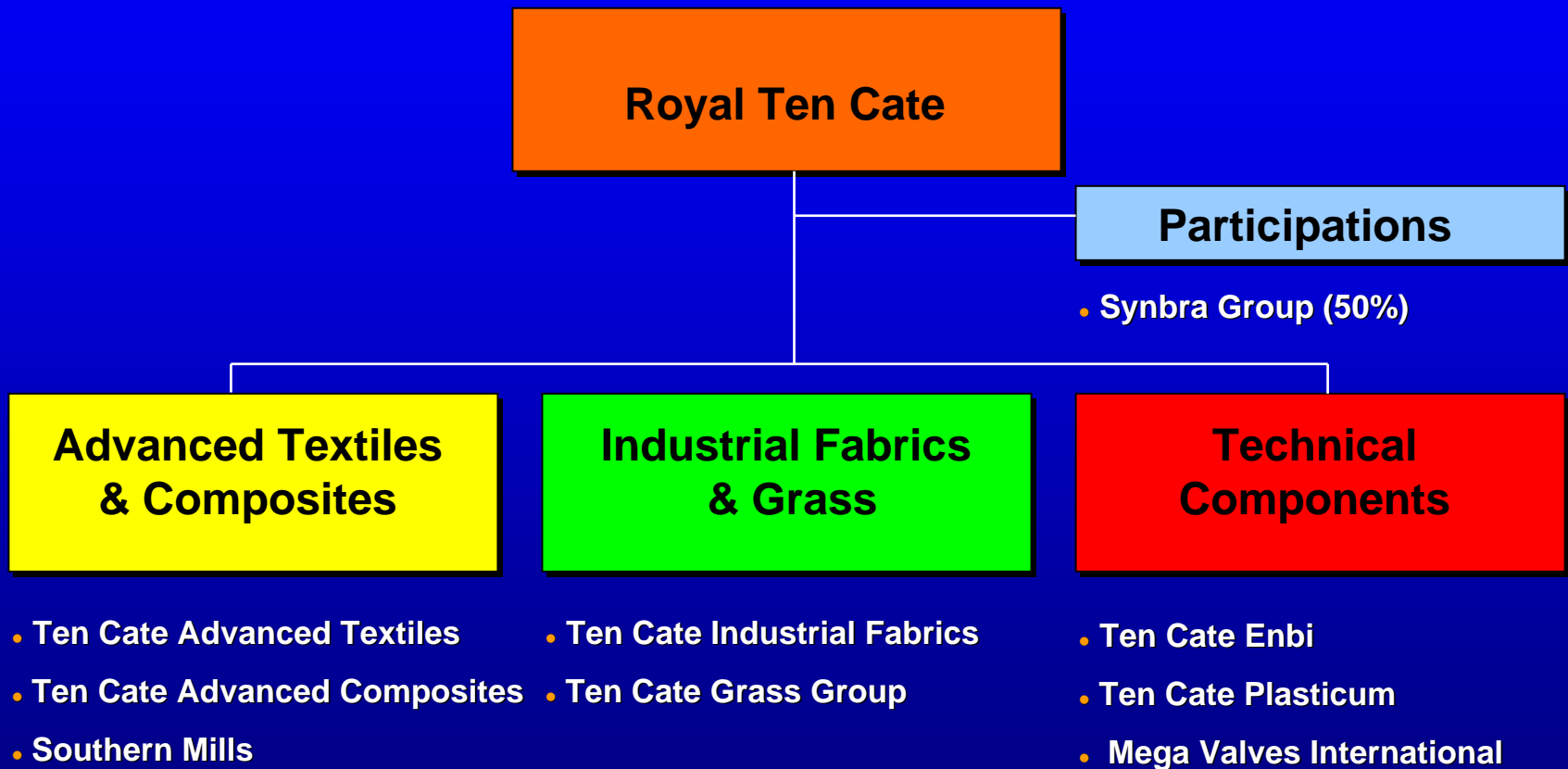


# Profile Royal Ten Cate

- Produces “**advanced materials**” based on textile technology and chemical processes
- Innovations built on know-how and broad technological base
- Global activities
- Leading positions in growing niche markets
- Strategic themes:
  - safety and protection
  - technology
  - sports and recreation
  - infrastructure and environment

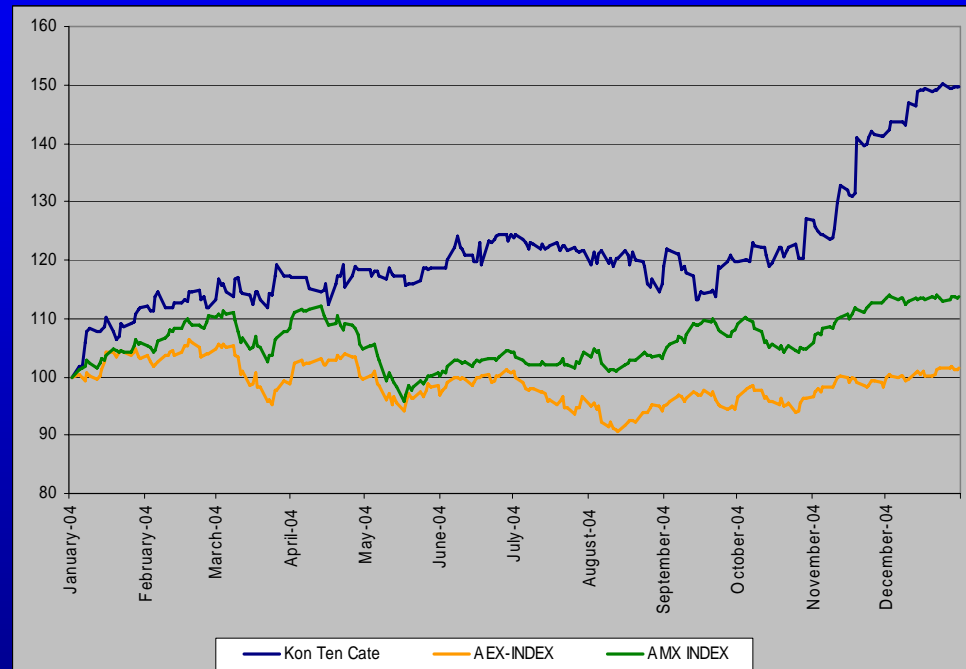


# Organisation



# 2004 summarised

- Turnover and result surpass expectations due to strong fourth quarter
- Autonomous EBIT increase (+15%)
- Increase net profit (+14%)
- Strong performance American Ten Cate companies

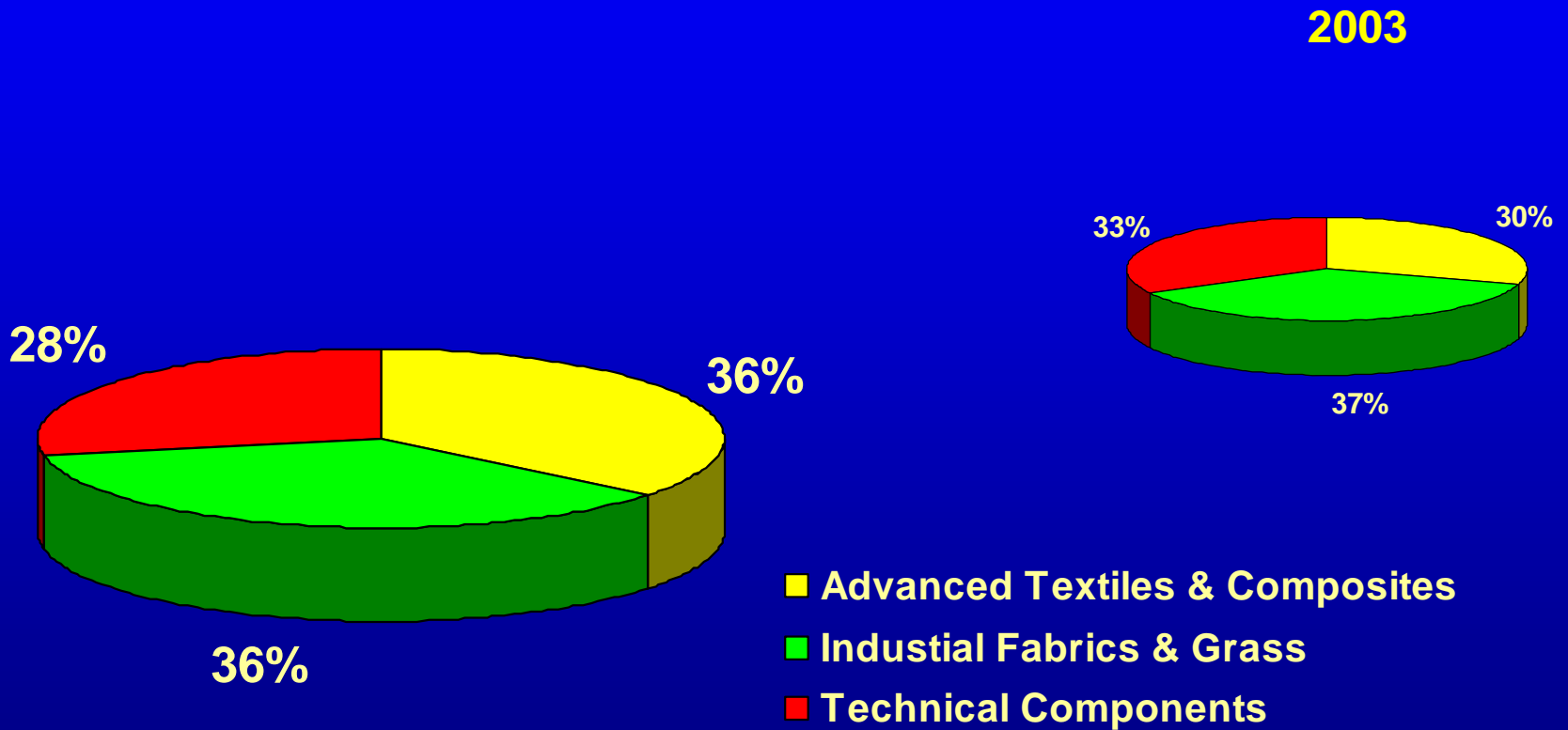


# Key information 2004

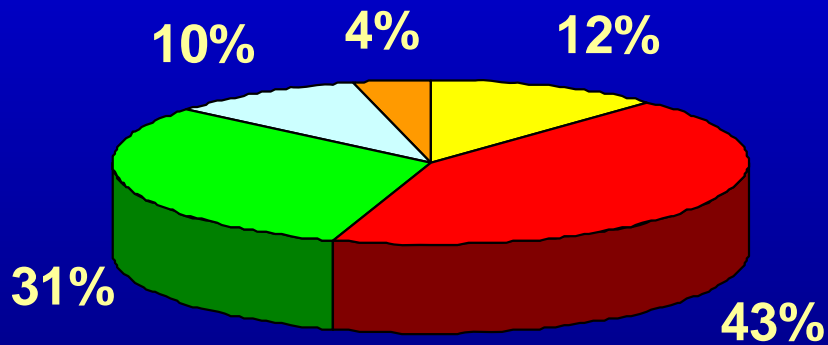
- **Autonomous growth in turnover 6% and EBIT 15%**
- **Autonomous growth in EBIT in all sectors:**
  - **Advanced Textiles & Composites + 5%**
  - **Industrial Fabrics & Grass + 31%**
  - **Technical Components + 10%**
- **Currency effect on turnover -3%; on EBIT -6%**
- **Tax burden rises from 24% to 33%**
- **Net profit rises 14% to €23.1 mln.**
- **Dividend proposal €2.- (cash/stock)**



# Turnover 2004 per sector

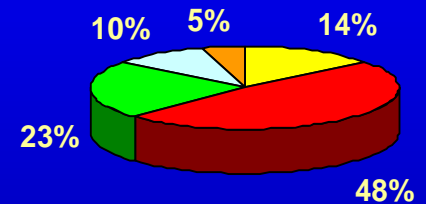


# Geographic Turnover 2004



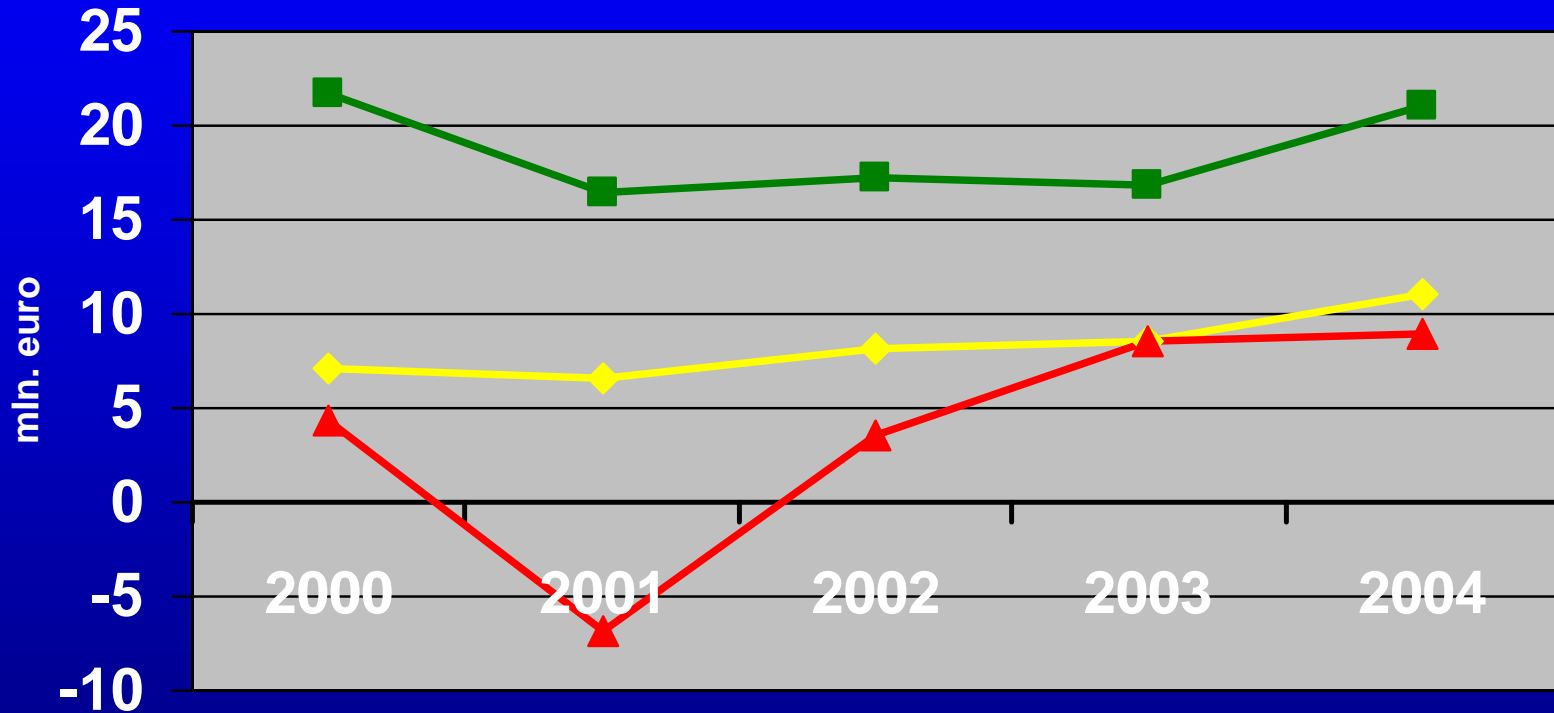
- Netherlands
- Europe
- US / Canada
- Asia
- Other

2003





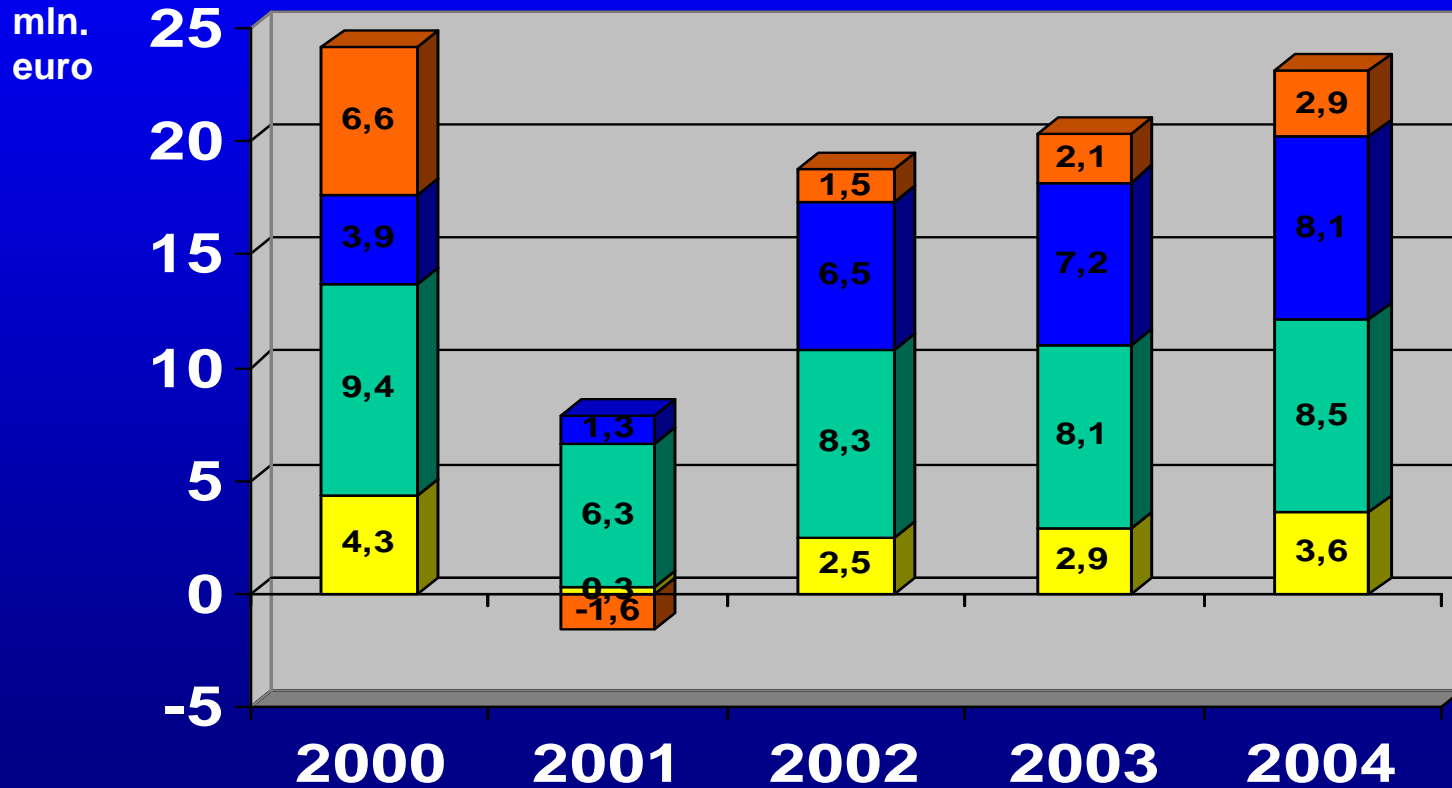
# Operating result per sector



- ◆ Advanced Textiles & Composites
- Industrial Fabrics & Grass
- ▲ Technical Components

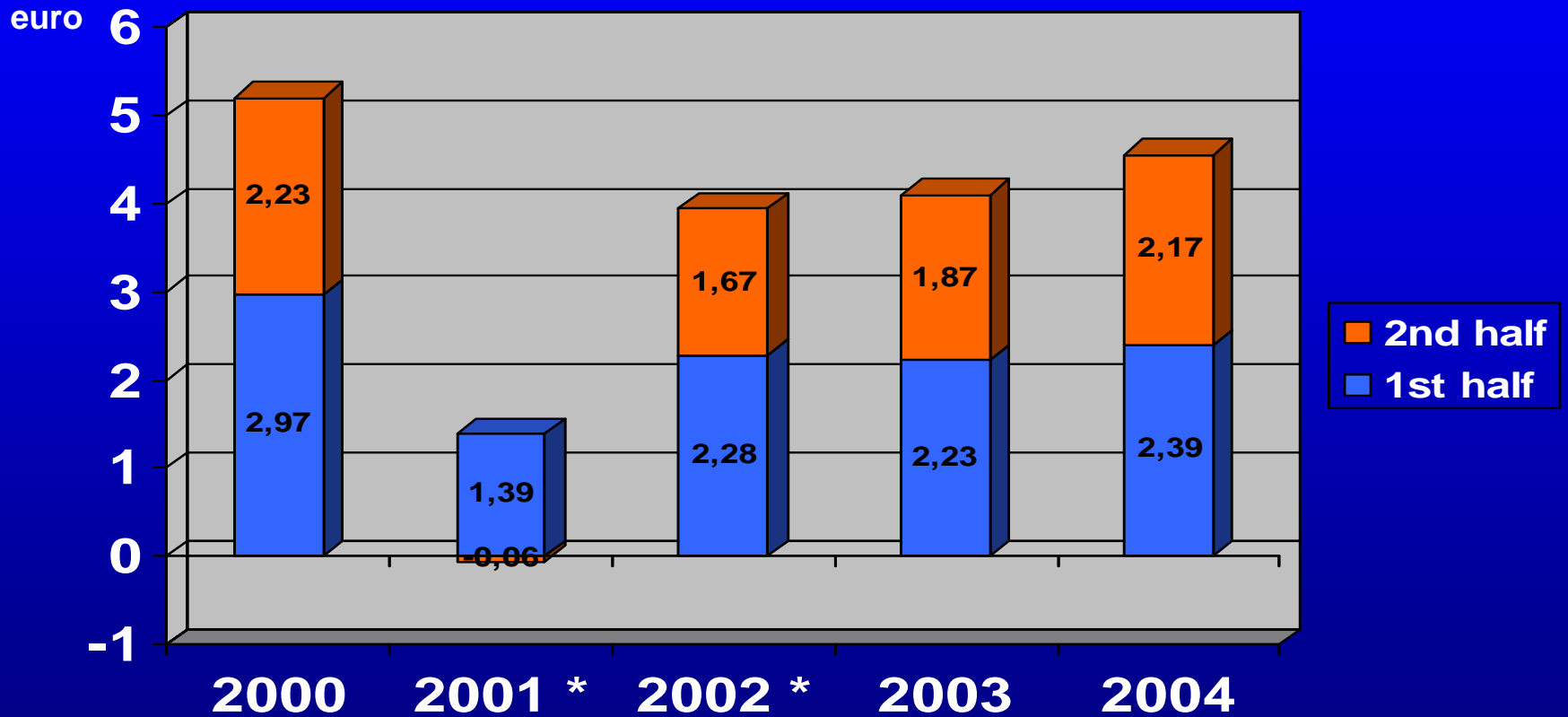


# Net profit per quarter



■ 1st quarter ■ 2nd quarter ■ 3rd quarter ■ 4th quarter

# Profit per share



\* before exceptional result



# Information per sector

## Advanced Textiles & Composites

<b>Advanced Textiles &amp; Composites (x €1 mln.)</b>	<b>2004</b>	<b>2003</b>
Net turnover	230	170
Operating Result (EBIT)	11.0	8.6
EBIT margin (%)	4.8	5.1
Investments	4.0	6.0
Depreciation and amortisation	5.6	4.1
Net capital employed	112	78
RONA (%)	10.4	11.6
Number of staff-years	1.204	813



# Advanced Textiles & Composites

- Acquisition Southern Mills in April 2004
- Impact acquisition limited due to alternative valuation stock
- Reduction productive capacity Permess (Netherlands)
- Positive results with high-grade security fabrics
- Growing sales of anti ballistics in US
- Further increased use of Cetex® (aerospace)



# Information per sector

## Industrial Fabrics & Grass

<b>Industrial Fabrics &amp; Grass (x €1 mln.)</b>	<b>2004</b>	<b>2003</b>
Net turnover	232	213
Operating Result (EBIT)	21.1	16.9
EBIT margin (%)	9.1	7.9
Investments	5.3	8.3
Depreciation and amortisation	8.5	8.7
Net capital employed	98	102
RONA (%)	21.1	16.1
Number of staff-years	1.176	1.121



# Industrial Fabrics & Grass

- **Very strong performance American companies**
- **Acceptation artificial grass in top football by Uefa / Fifa and national associations**
- **Lower growth rates artificial grass due to slow start of season in Europe**
- **Strong growth in turnover artificial grass in US and Asia**
- **Effect dollar on turnover -6%; in EBIT -6%**



# Information per sector

## Technical Components

<b>Technical Components (x €1 m ln.)</b>	<b>2004</b>	<b>2003</b>
Net turnover	179	186
Operating Result (EBIT)	9.0	8.6
EBIT margin (%)	5.0	4.6
Investments	2.7	2.5
Depreciation and amortisation	5.5	6.6
Net capital employed	68	80
RONA (%)	12.1	9.9
Number of staff-years	1.223	1.281





# Technical Components

- **Further result improvement Ten Cate Enbi**
- **Start in replacement market cartridges (Ten Cate Enbi)**
- **Start production Ten Cate Enbi in China**
- **Further upgrading range of products Ten Cate Plasticum with new products**
- **Closure French and Italian companies Mega Valves**
- **Restructuring process Mega Valves International completed**



# Synbra Group (50%)

- **Leading producer in styrenics**
  - construction (isolation)
  - protective packaging (food and industry)
- **Strong increase prices raw materials (mainly in second half)**
- **Lower profit contribution due to incidental weak fourth quarter**
- **Desinvestment of non-core businesses**



# Costs

- Increase pension charges with €3.4 mln
- Substantial increase costs of raw materials (PE/PP, HPPE) by 20% - 30%
- Decrease interest burden (-6%)
- Increase of tax burden to 33%



# Financial position and key figures

- Cash flow rises to €33 mln. positive (before acquisition)
- Better finance position due to new credit loan
- Debt / ebitda                      1.56    (cov. < 3)
- Ebitda / net interest:        9.98    (cov. >4)
- Solvency                              46.2 %
- RONA                                    13.7% (2003:11.7%)



# International Financial Accounting Standards (IFRS)

- Royal Ten Cate transfers in 2005 to IFRS
- Annual Report 2003 greatly anticipated on IFRS (if recorded in “Richtlijnen voor de Jaarverslaggeving”)
- Impact pension (IAS 19) on balance RTC per 01-01-04: approx. €25 mln. compared to own equity
- No material adjustments in IFRS opening balance 2005
- Impact IFRS on results limited



# Outlook & trends

Advanced Textiles  
&  
Composites

- **Continuous good development of the market for safety and protection and stronger international position for Ten Cate**
- **New developments in aerospace industry is positive for the use of Cetex®**
- **Growing activities in Asia (purchase / production / sales / logistics)**
- **Synergy with Southern Mills**
- **Digital processing can mean revolution in textile technology: “Material Valley”**



# Outlook & trends

Industrial Fabrics  
&  
Grass

- **Official acceptance artificial grass is positive for top football**
- **Systematical approach artificial grass**
- **Continuous growth in niches for Industrial Fabrics**



# Outlook & trends

Technical  
Components

- **Positive effect reorganisation**
- **Further recovery through new products**
- **Growth in turnover and profit through product development**
- **Approaching moment of sale of parts**





# Outlook 2005

- **Growth of anti ballistics slowed down due to insufficient external capacity**
- **Official recognition artificial grass by associations is positive for the market**
- **Substantial investments aimed at realising growth in niche-markets**
- **Promising outlook in US and Asia**
- **No indication so far of profit level**

