

# Press release

investor relations

## Ten Cate raises profit forecast

**Royal Ten Cate (technical textiles and technical components) has had a very good first half of the year. Despite the substantial increase in the prices of raw materials, a net profit of EUR 13.7 million has been realized, an increase of 19% compared to the first half of 1999 (EUR 11.5 million).**

**The earnings per share increased by 16.5% to EUR 2.97 (1999-1: EUR 2.55). Return on capital invested over the first half year amounted to 14.9%.**

**For the whole of 2000 the expected increase in result has been raised from the earlier pronounced 4 to 7% to 12 to 15%.**

### *Strategy*

Royal Ten Cate's strategy is aimed at a further strengthening of the corporation and its market positions through cost control, product diversification and stimulating promising companies, and by continuous expansion through acquisitions.

In order to achieve accelerated growth, the possibilities of an alliance with a partner are being examined.

Talks are being held with a limited number of parties. Expectations are that conclusions will have been reached before the end of this year.

### *Activities*

The autonomous growth of volume of turnover amounted to 9% in the first half of the year. As a result of the de-consolidation of Synbra (-20%), the acquisition of Illbruck (+7%) and price and currency fluctuations (+2%), turnover decreased by 2% to EUR 321 million.

Because of changing customer demands and similar and partly overlapping technologies, Ten Cate has decided to bring together the Plastics sector (Ten Cate Plasticum and Bosta) and the Rubber sector (Ten Cate Enbi) to form the Technical Components sector.

As for its name, the High-grade Textiles sector has been brought in line with international standards and is now called Technical Textiles.

As a result of the de-consolidation of the polystyrene activities, Ten Cate's operating result decreased from EUR 21.2 million to EUR 18.0 million. On the other hand, the operating result increased by 14% through autonomous growth.

In the Technical Textiles sector it was the Ten Cate Industrial Fabrics group especially that showed a good improvement of its result in the US and in Europe. The Ten Cate Advanced Textiles group also contributed considerably to the result. The operating result in the Technical Textiles sector amounted to EUR 16.1 million, an increase of 52% compared to 1999.

The Technical Components sector showed a decrease of the operating result from EUR 7.2 million to EUR 3.4 million. The results at the rubber roller companies were disappointing as a consequence of the temporary reduction in demand on the printer and copier markets. A recovery is expected for the second half of 2000.

The acquired company of illbruck will be further integrated and a number of new projects will be started there soon. In addition, the new Ten Cate Enbi companies in Mexico and Hungary will become operational, as a result of which a lower cost level is realized.

Ten Cate's balance sheet position is solid, risk bearing capital amounting to 38% on a balance sheet total of EUR 420 million. This position offers ample scope for implementing Ten Cate's strategy.

### ***Expectations***

The overall economic situation on the markets where Ten Cate is active remains favourable, although the high prices of raw materials give cause for restraint. The corporation will continue presenting itself as an industrial supplier in its two sectors: Technical Textiles and Technical Components.

For the whole of 2000 the expected increase in result has been raised from the earlier pronounced 4 to 7% to 12 to 15%.

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