

Press release

investor relations

Royal Ten Cate operating result increases by 17%

Royal Ten Cate (technical textiles and technical components) has posted an operating result (Ebit) of more than € 17 million (+17%) for the first half of 2003, although there was a decline in consolidated sales to € 292 million (2002: € 323 million). This decline can be attributed to divestments and currency movements. Consolidated sales rose by 2% through autonomous growth.

As a result of considerably higher taxation, after the non-recurring low tax expense in 2002, net profit remained virtually unchanged at € 11 million.

Earnings per share amount to € 2.25 (2002: € 2.28). The number of shares has been increased by 4.7% as a result of the 2002 stock dividend.

Results improved, on the one hand, through cost control and adjustments to the organisation to accommodate the decline in sales in the Technical Components sector (Ten Cate Enbi) and, on the other, mainly as a result of the growing importance of artificial grass and composites (aerospace and antiballistic materials).

Technical Textiles

The operating result increased slightly to € 14.6 million (2002: € 14.3 million). Total sales in this sector amounted to € 194.3 million (2002: € 212.2 million). Apart from the unfavourable currency movements and divestments, there was an organic growth in sales in this sector of 7%.

Sales of fibres for artificial grass showed continuing growth, mainly due to their increasing share of the European football market. Ten Cate Thiolon is at the forefront of technological developments for this application. The company is actively involved in the UEFA pilot project at Heracles Almelo, where the latest generation of Thiolon grass is being used.

At Ten Cate Advanced Textiles, the Protective and Outdoor Fabrics market group saw a major improvement in its result, despite sluggish turnover in fabrics for professional and safety wear. This can be put down partly to improved logistics and cost control.

Ten Cate Nicolon USA missed approx. € 30 million in sales year on year, as a result of the divestment of TC Miradri in 2002. Nevertheless, it showed a slight increase in dollar sales in the first half of 2003 on its traditional markets (recreational/outdoor fabrics and geosynthetics), despite the weak economic climate in the US.

Within the Ten Cate Advanced Composites group, Ares Protection and Bryte Technologies showed substantial growth in the field of antiballistics. In the aircraft construction industry a slight increase in turnover was realised, in spite of stagnation in this sector. Ten Cate Advanced Composites is involved in a large number of leading development programmes for new aircraft, thus making a major contribution to the increasing use of composite materials in the aircraft industry.

Technical Components

The operating result again showed a strong improvement to € 5.6 million (2002: € 3.9 million). This was an improvement across the board within this sector. Total sales in the sector declined to € 97.4 million (2002: € 110.2 million).

Although Ten Cate Enbi has entered a calmer period after the radical measures in 2001/2002, the market for printers and copiers remains weak. The organisation has, however, largely adapted to this market picture.

Ten Cate Plasticum (plastic packaging for manufacturers of household articles and products for personal care, among others) is also contending with cautious spending patterns. Ten Cate Plasticum is, however, gradually scoring success with new products.

Within the Mega Valves group (stockholding trading companies for system components for fluids transport), Taxy (France) recorded a reduced loss through the closure of four sites and the attendant decline in sales. At the sites in northern Europe, sales remained virtually unchanged, despite the sluggish market.

Associated companies

The contribution of the Synbra Group (50%) was well down on 2002. This can be mainly attributed to a decline in the volume of building work. The share of the result of the associated companies consequently decreased to € 1.3 million (2002: € 2.4 million).

Holding and Services

The operating result of the holding and support services amounted to - € 3.1 million (2002: - € 3.6 million).

Fiscal and financial position

As expected, the tax expense increased to 26%. This was mainly caused by the decrease in carry-over losses (Netherlands) and by not being able to carry over losses in Hungary.

The total interest-bearing debt fell by € 45 million to € 126 million, compared to the corresponding period in 2002. This decline was caused mainly by the divestment of TC Miradri and continuing control of the working capital.

Investments remained well below depreciation and were concentrated on the growing core businesses of artificial grass and antiballistics.

Prospects

Although the economic climate remains uncertain, Royal Ten Cate expects, barring unforeseen circumstances, that despite the higher tax expense the net profit for 2003 as a whole will remain at about the same level as the earnings before extraordinary items in 2002 (€ 18.8 mln.).

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Attachments: figures first half year 2003

Key figures per sector

Key figures million euro's	January-June			Q1	Q2	Q1	Q2
	2003	2002	difference	2003	2003	2002	2002
Net turnover	291.9	322.8	-9.6%	132.7	159.2	150.4	172.4
EBITDA	27.4	27.1	1.1%	10.3	17.1	11.6	15.5
EBIT	17.1	14.6	17.1%	5.1	12.0	5.0	9.6
Net profit	11.0	10.8	1.3%	2.9	8.1	2.5	8.3
Profit per share	2.25	2.28	-1.3%	0.60	1.65	0.54	1.74

Key figures per sector

Key figures per sector million euro's	January-June			Q1	Q2	Q1	Q2
	2003	2002	verschil	2003	2003	2002	2002
Technical Textiles							
Net turnover	194.3	212.2	-8.4%	86.9	107.4	95.5	116.7
EBIT	14.6	14.3	2.1%	4.4	10.2	4.1	10.2
EBIT margin	7.5%	6.7%	11.9%	5.1%	9.5%	4.3%	8.7%
Investments	4.9	6.2	-21.0%	3.1	1.8	2.9	3.3
Depreciation and amortisation	7.0	7.4	-5.4%	3.5	3.5	3.9	3.5
Net capital employed	204.5	215.7	-5.2%	202.4	204.5	222.5	215.7
Return on capital employed	15.3%	13.2%	15.9%	9.4%	20.4%	7.6%	18.6%
Number of staff-years	1,917	1,937	-1.0%	1,922	1,917	1,918	1,937

Technical Components

Net turnover	97.4	110.2	-11.6%	45.7	51.7	54.8	55.4
EBIT	5.6	3.9	43.6%	2.0	3.6	2.3	1.6
EBIT margin	5.7%	3.5%	62.9%	4.4%	7.0%	4.2%	2.9%
Investments	1.4	1.5	-6.7%	0.6	0.8	0.4	1.1
Depreciation and amortisation	3.2	4.9	-34.7%	1.6	1.6	2.7	2.2
Net capital employed	85.4	108.7	-21.4%	89.1	85.4	119.6	108.7
Return on capital employed	12.6%	6.8%	85.3%	8.7%	16.6%	7.5%	5.8%
Number of staff-years	1,302	1,452	-10.3%	1,275	1,302	1,524	1,452

Holding & Services

EBIT	-3.1	-3.6		-1.3	-1.8	-1.4	-2.2
Investments	-	-		-	-	-	-
Depreciation and amortisation	0.1	0.2		0.1	-	-	0.2
Net capital employed	7.8	-5.9		7.0	7.8	-21.5	-5.9
Number of staff-years	30	31		28	30	31	31

Consolidated profit and loss account

<i>million euro's</i>	second quarter		first halfyear	
	2003	2002	2003	2002
Net turnover	159.2	172.4	291.9	322.8
Changes in inventories of finished products and work in progress	-5.3	-1.7	4.6	3.2
Total operating revenues	153.9	170.7	296.5	326.0
Raw materials and manufacturing supplies	-74.2	-82.6	-145.4	-158.0
Work contracted out and other external expenses	-8.4	-11.3	-15.8	-20.3
Personnel costs	-36.3	-38.6	-72.3	-77.8
Depreciation and amortisation	-5.1	-5.9	-10.3	-12.5
Other operating costs	-17.9	-22.7	-35.6	-42.8
Total operating expenses	-141.9	-161.1	-279.4	-311.4
Operating result (EBIT)	12.0	9.6	17.1	14.6
Interest	-1.7	-2.4	-4.0	-5.3
Result from ordinary operations before tax	10.3	7.2	13.1	9.3
Taxes	-2.7	-0.5	-3.4	-0.9
Result from ordinary operations after tax	7.6	6.7	9.7	8.4
Share in net earnings of associated companies	0.5	1.6	1.3	2.4
Net group result from ordinary operations	8.1	8.3	11.0	10.8
Minority shareholders' interests	-	-	-	-
Net result	8.1	8.3	11.0	10.8
Operating result as a % of sales	7.5%	5.6%	5.9%	4.5%
Return on capital employed	16.8%	14.0%	12.7%	10.6%
Per € 10.00 share (average)				
- cash flow	2.66	2.95	4.35	4.90
- net profit	1.65	1.74	2.25	2.28
Number of shares outstanding (x 1,000)			5,024	4,798
Number of staff-years of which in the Netherlands			3,249 1,348	3,420 1,394

Consolidated balance sheet

<i>million euro's</i>	mid 2003	end of 2002	mid 2002
Intangible fixed assets	11.9	12.8	14.1
Tangible fixed assets	121.3	130.5	142.5
Financial fixed assets	9.6	9.2	3.7
Inventories	118.7	117.4	123.1
Receivables	115.5	89.8	137.4
Cash	<u>0.1</u>	<u>2.9</u>	<u>0.1</u>
Total assets	<u>377.1</u>	<u>362.6</u>	<u>420.9</u>
Group equity	157.2	153.1	137.2
Provisions	14.4	15.1	10.4
Long-term debts	112.4	107.0	17.1
Bank and short term loans	13.7	8.9	153.8
Short-term debts	<u>79.4</u>	<u>78.5</u>	<u>102.4</u>
Equity & Liabilities	<u>377.1</u>	<u>362.6</u>	<u>420.9</u>
Acquisitions	0.3	1.4	1.4
Investments of tangible fixed assets	5.9	17.0	7.7
Depreciation and amortisation	10.3	24.0	12.5
Guarantee capital/total assets	42%	42%	33%

The accountants principles of Royal Ten Cate did not change compared with the principles applied in the group's financial statements for 2002.

The figures included in this report were not audited by the external accountant.

Cash flow and changes in group equity

Cash flow *million euro's*

	1st six months	
	2003	2002
Net profit	11.0	10.8
Depreciation and amortization	10.3	12.4
Gross cash flow	21.3	23.2
Change in working capital	-27.9	-18.2
Other changes	-2.0	-4.7
Cash flow from operational activities	-8.6	0.3
Investments of intangible fixed assets	-0.4	-
Investments of tangible fixed assets	-5.9	-7.7
Divestments	0.3	4.5
Acquisitions/deconsolidations	-0.3	-1.8
Cash flow from operational and investment activities	-14.9	-4.7
Financing activities	3.7	-59.1
Net cash flow	-11.2	-63.8
Exchange rate and translation differences relating to funds	3.5	9.7
Decrease in funds	-7.7	-54.1

Overview of changes in group equity *million euro's*

	1st six months	
	2003	2002
As at 1 January	153.1	129.6
Plus: Result 2003 respective 2002	11.0	10.8
Dividend on shares repurchased for options	-	0.1
Dividend not distributed in connection with stock dividend	-	1.9
Delivered own shares in connection with the stock purchasing plan personnel	0.1	0.1
	164.2	142.5
Less: Revaluation reserve for exchange differences	-5.1	-3.5
Revaluation reserve for associated companies	-	-1.8
Dividend paid	-1.9	-
As at 30 June	157.2	137.2