

# Press release

investor relations

## **13% net profit growth in first quarter 2003**

**Royal Ten Cate (technical textiles and technical components) posted a net profit of €2.9 million (Q1 2002: €2.5 million) in the first quarter of 2003. The operating result (Ebit) remained virtually unchanged and amounted to €5.1 million. The increase in pre-tax profit can partly be ascribed to the healthy financial base, as a result of which interest expenditure declined further.**

Net turnover in the first quarter was down by 11.8% to €132.7 million compared to the first quarter of 2002. This decline could be mainly attributed to the weaker dollar. Turnover in the Technical Textiles sector showed an organic rise of 5.5%. This increase was principally caused by strong growth within the Advanced Composites (aerospace/antiballistics) and Grass Fibres market groups.

### **Technical Textiles**

Ten Cate Technical Fabrics benefited from the positive market development for tent cloth and awnings. The demand for high-grade professional wear and protective clothing fell behind as a result of the current economic situation. The Ten Cate Advanced Composites group is exhibiting strong growth. For antiballistic applications a new licensing agreement has been signed for Ceraflex™, a flexible armour-plating material for personal and vehicle protection. The companies within this group are involved in some promising qualification programmes in the aircraft and defence sectors. Bryte Technologies is developing strongly and offers possibilities for new product/market combinations for industrial applications of advanced-level composite technology.

At Ten Cate Nicolon USA geotextiles and geosystems as well as outdoor applications are displaying a good demand.

The artificial grass activities of Ten Cate Thiolon (Europe, USA) scored a success with imaginative projects, such as the installation of an artificial grass pitch at Heracles Almelo, a pilot project approved by UEFA. Participation in such projects strengthens the leading position of Ten Cate in the field of product development and technology.

### **Technical Components**

Ten Cate Enbi recorded a lower turnover; the quality of the turnover was however at a higher level. The group is benefiting from its worldwide presence in the face of an erratic geographical market scene. The production of printers and copiers is increasingly shifting to Asia. In this connection a production company will be opened in China. The site in Singapore too is well positioned for this market shift. Ten Cate Enbi's production in Monterrey (Mexico) will be transferred to other Ten Cate Enbi sites.

Ten Cate Plasticum's turnover remained virtually unchanged. Ten Cate Plasticum is facing a decline in demand from one of its major customers in the food sector. On the other hand, there are a number of new development projects with new large (potential) relations, which are strengthening its strategic positioning in the field of functional packaging solutions.

Mega Valves International registered a slight improvement in its result, with a somewhat lower turnover.

### **Raw materials costs**

Raw materials, which are linked to the price of oil, showed a marked price increase. This is not yet evident in the results for the first quarter. After some delay the prices of products will be adjusted. The weak dollar resulted in a purchasing gain for raw cloth. This positive effect is however smaller than the effect of the increased price of granule.

### **Prospects for 2003**

In general the negative effects of the current economic climate and political upheaval can be felt. The increase in the price of raw materials, which are linked to the price of oil, will be negatively reflected in the annual result. In addition, there are external cost increases, such as insurance premiums and health insurance contributions.

Within the Technical Textiles sector Ten Cate has a product portfolio that enables it to occupy highly defensible market positions even in a less favourable economic climate. A number of important markets are continuing to display strong growth also in 2003.

Within the Technical Components sector the improvement in the result is continuing thanks to cost reductions and an improved breakdown of the turnover.

In view of the ongoing uncertain market situation, no profit forecast will as yet be issued for 2003

Almelo, 24 April 2003

### **Attachments: Figures first quarter 2003**

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