

Press release

Investor relations

Increase in operating result (22%) and net profit (11%) in third quarter

The course of business at Royal Ten Cate (technical textiles and technical components) developed favourably in the third quarter of 2003. Sales (€153.4 million) remained virtually unchanged compared with the third quarter of 2002. The operating result increased by more than 22% to €10.4 million (2002: €8.5 million) and the net profit amounted to €7.2 million (2002: €6.5 million).

For the first nine months Royal Ten Cate posted an operating result (ebit) of €27.5 million (+19%). Sales amounted to €445.3 million, but remained below the level of 2002 (€477.0 million) as a result of divestments (TC Miradri) and currency movements. There was an organic increase in group sales of 4.7%, mainly as a result of the strong position in growth markets in the Technical Textiles sector.

Net profit amounts to €18.2 million, 5% higher than in the first nine months of 2002, taking into account a standardized tax expense of 27%, compared to a non-recurring low tax expense in 2002. Earnings per share amount to €3.68 (2002: €3.63). As a result of the 2002 stock dividend, the number of shares increased by 4.7%.

Technical Textiles

The total sales of the Technical Textiles sector amounted to €301.2 million for the first nine months, against €316.4 million for the same period in 2002. Sales rose by 10%, excluding currency movements and divestments. The operating result amounts to €22.8 million (2002: €22.8 million). After adjustment for currency movements and divestments, the operating result rose by 22%.

The successful developments on the market for artificial turf and antiballistics are continuing to progress, and there are very promising qualification programmes afoot for the aviation industry. In the American market a clear upturn can be observed and there is increasing interest in environmental solutions using Geotubes. The Ten Cate Grass group achieved an accumulated growth in sales of 16%, with the carpet backing activities concentrating to an increasing extent on opportunities in the market for artificial grass carpets.

Technical Components

Sales in the Technical Components sector amounted to €143.8 million for the first nine months, as compared to €159.9 million for the same period of 2002. The operating result improved in line with the preceding periods to €9.2 million (2002: €5.2 million). This was an improvement across the board within this sector.

Ten Cate Enbi as a whole has adapted well to the market situation, although the site in Hungary is having to contend with too low capacity. At Ten Cate Plasticum (plastic packaging for household articles, food and products for personal care), there were lower sales in the area of standard products. This group has, however, launched some promising

new products, including new safety seals for the food industry. The sales and result of the Mega Valves group (wholesaler operating as warehouse for system components) developed well: the extreme drought in Europe led to a great demand for sprinkler installations.

Associated companies

The sales and result of the Synbra Group (50%) were down on 2002, which can be attributed to a decline in the volume of building work and a reduction in the demand for protective packaging. The share of the result of the associated companies consequently decreased to €2.3 million (2002: €3.5 million).

Holding and Services

The operating result of the holding and support services amounted to - €4.5 million (2002: - €4.9 million).

Fiscal and financial position

The tax expense rose from 12% to 27%. This was an increase compared to 2002 and was caused by the compulsory capitalization of carry-over losses (the Netherlands) at year-end 2002 and by not being able to carry over losses in Hungary (Ten Cate Enbi). The total interest-bearing debt amounts to €108.5 million, as against €150.4 million in 2002. This led to a decline of 23% in interest expenditure. Ten Cate has built up a strong solvency and liquidity position, in part through a considerable reduction in its working capital. The debt/ebit ratio has declined further to 2, and thus remains well within the limit agreed with the banks (3). Investments have remained well below depreciation.

Prospects

Royal Ten Cate's results have shown a positive development in the first nine months of 2003. The fourth quarter is traditionally weaker than the other quarters, as a result of seasonal influences. Royal Ten Cate therefore maintains its forecast announced earlier that the net profit for the full year 2003 will remain at virtually the same level as in 2002 (before extraordinary gains).

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KEY FIGURES <i>million euro's</i>	January-September			mid	Q3	mid	Q3
	2003	2002	Difference	2003	2003	2002	2002
Net turnover	445.3	477.0	-6.6%	291.9	153.4	322.8	154.2
EBITDA	42.8	41.7	2.6%	27.4	15.4	27.1	14.6
EBIT	27.5	23.1	19.0%	17.1	10.4	14.6	8.5
Net profit	18.2	17.3	5.2%	11.0	7.2	10.8	6.5
Profit per share	3.68	3.63	1.4%	2.25	1.43	2.28	1.35

Key figures per sector

<i>million euro's</i>	January-September			mid	Q3	mid	Q3
	2003	2002	verschil	2003	2003	2002	2002
Technical Textiles							
Net turnover	301.2	316.4	-4.8%	194.3	106.9	212.2	104.2
EBIT	22.8	22.8	0.0%	14.6	8.2	14.3	8.5
EBIT margin	7.6%	7.2%	5.6%	7.5%	7.7%	6.7%	8.2%
Investments	9.6	8.8	9.1%	4.9	4.7	6.2	2.6
Depreciation and amortisation	10.3	11.2	-8.0%	7.0	3.3	7.4	3.8
Net capital employed	197.4	208.1	-5.1%	204.5	197.4	215.7	208.1
Return on capital employed	16.2%	14.6%	11.0%	15.3%	16.6%	13.2%	17.0%
Number of staff-years	1,928	1,959	-1.6%	1,917	1,928	1,937	1,959

Technical Components

Net turnover	143.8	159.9	-10.1%	97.4	46.4	110.2	49.7
EBIT	9.2	5.2	76.9%	5.6	3.6	3.9	1.3
EBIT margin	6.4%	3.3%	93.9%	5.7%	7.8%	3.5%	2.6%
Investments	2.1	1.7	23.5%	1.4	0.7	1.5	0.2
Depreciation and amortisation	4.8	7.2	-33.3%	3.2	1.6	4.9	2.3
Net capital employed	82.9	105.1	-21.1%	85.4	82.9	108.7	105.1
Return on capital employed	14.0%	6.2%	125.8%	12.6%	17.2%	6.8%	5.0%
Number of staff-years	1,292	1,373	-5.9%	1,302	1,292	1,452	1,373

Holding & Services

EBIT	-4.5	-4.9		-3.1	-1.4	-3.6	-1.3
Investments	-	-		-	-	-	-
Depreciation and amortisation	0.2	0.2		0.1	0.1	0.2	-
Net capital employed	6.0	-8.6		7.8	6.0	-5.9	-8.6
Number of staff-years	30	31		30	30	31	31

CONSOLIDATED PROFIT AND LOSS ACCOUNT

<i>million euro's</i>	third quarter		January-September	
	2003	2002	2003	2002
Net turnover	153.4	154.2	445.3	477.0
Changes in inventories of finished products and work in progress	-11.3	-5.4	-6.7	-2.2
Total operating revenues	142.1	148.8	438.6	474.8
Raw materials and manufacturing supplies	-69.5	-69.6	-214.9	-227.6
Work contracted out and other external expenses	-7.4	-9.9	-23.2	-30.2
Personnel costs	-33.8	-35.3	-106.1	-113.1
Depreciation and amortisation	-5.0	-6.1	-15.3	-18.6
Other operating costs	-16.0	-19.4	-51.6	-62.2
Total operating expenses	-131.7	-140.3	-411.1	-451.7
Operating result (EBIT)	10.4	8.5	27.5	23.1
Interest	-1.8	-2.2	-5.8	-7.5
Result from ordinary operations before tax	8.6	6.3	21.7	15.6
Taxes	-2.4	-0.9	-5.8	-1.8
Result from ordinary operations after tax	6.2	5.4	15.9	13.8
Share in net earnings of associated companies	1.0	1.1	2.3	3.5
Net group result from ordinary operations	7.2	6.5	18.2	17.3
Minority shareholders' interests	-	-	-	-
Net result	7.2	6.5	18.2	17.3
Operating result as a % of sales	6.8%	5.5%	6.2%	4.8%
Return on capital employed	15.6%	12.3%	13.9%	11.3%
Per €10.00 share (average)				
- cash flow	2.43	2.63	6.78	7.53
- net profit	1.43	1.35	3.68	3.63
Number of shares outstanding (x 1,000)			5,024	4,798
Number of staff-years			3,250	3,363
of which in the Netherlands			1,360	1,367

CONSOLIDATED BALANCE SHEET

<i>million euro's</i>	September 2003	End of 2002	September 2002
Intangible fixed assets	11.7	12.8	13.9
Tangible fixed assets	122.0	130.5	139.3
Financial fixed assets	8.1	9.2	4.4
Inventories	105.7	117.4	120.1
Receivables	115.0	89.8	123.5
Cash	<u>1.5</u>	<u>2.9</u>	<u>0.2</u>
Total assets	364.0	362.6	401.4
Group equity	162.7	153.1	143.4
Provisions	15.1	15.1	10.8
Long-term debts	99.2	107.0	16.8
Bank and short term loans	9.3	8.9	133.6
Short-term debts	<u>77.7</u>	<u>78.5</u>	<u>96.8</u>
Equity & Liabilities	364.0	362.6	401.4
Acquisitions	0.3	1.4	1.4
Investments of tangible fixed assets	11.7	17.0	10.5
Depreciation and amortisation	15.3	24.0	18.6
Guarantee capital/total assets	45%	42%	36%

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.

OVERVIEW OF CHANGES IN GROUP EQUITY

million euro's

	January-September	
	2003	2002
As at 1 January	153.1	129.6
Plus: Result 2003 respective 2002	18.2	17.3
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
	171.4	149.0
Less: Revaluation reserve for exchange differences	-6.7	-3.8
Revaluation reserve for associated companies	-	-1.8
Dividend paid to share holders	-1.9	-
Dividend paid minority shareholders' interests	-0.1	-
	162.7	143.4

CASH FLOW

(million euro's)

	January-September	
	2003	2002
Net profit	18.2	17.3
Depreciation and amortization	15.3	18.6
Gross cash flow	33.5	35.9
Change in working capital	-15.5	-6.9
Other changes	-2.0	-5.0
Cash flow from operational activities	16.0	24.0
Investments of intangible fixed assets	-0.4	-
Investments of tangible fixed assets	-11.3	-10.5
Divestments	0.4	5.4
Acquisitions/deconsolidations	-0.3	-1.4
Cash flow from operational and investment activities	4.4	17.5
Financing activities	-9.5	-60.0
Net cash flow	-5.1	-42.5
Exchange rate and translation differences relating to funds	3.4	8.6
Decrease in funds	-1.7	-33.9