



Press release

investor relations

Operating result falls back to €3.0 million as a result of slow start first quarter 2004 **Net profit increases to €3.6 million**

The net profit for the first quarter of 2004 amounted to €3.6 million (Q1 2003: €2.9 million). This amount includes a capital gain of €1.7 million from the sale of the holding in Schwabenvlies. The lower operating result of €3 million (Q1 2003: €5.1 million) can be ascribed to the sluggish start to the year. On the basis of the current volume of orders, the picture remains positive for the current financial year.

The weak American dollar led to a decline of 4.7% in sales. As a result of an autonomous increase in sales of 2.4%, sales emerged on balance somewhat lower at €130 million (Q1 2003: €133 million).

Advanced Textiles & Composites

Sales in this sector amounted to €44.2 million (Q1 2003: €45.3 million). The EBIT fell from €3.2 million to €1.9 million, the responsibility for this decrease lay mainly with Ten Cate Permess. Restructuring measures have now been taken here. The sites in Xishan and Hong Kong (sales office) of Ten Cate Permess showed autonomous growth.

As a result of the war in Iraq, there has been a huge demand for raw materials for antiballistic products, caused by a requisition from the American Ministry of Defence. The difficulty in acquiring raw materials has led to price increases for Ten Cate Advanced Composites and stood in the way of a sharp increase in the inflow of orders. Since 2003 Ten Cate has been seeking to attain a major position in the American market. In the second quarter Bryte Technologies is expected to be awarded certification for the local manufacture of antiballistic products for the American army. As a result, it will be easier to obtain raw materials.

Industrial Fabrics & Grass

Sales increased to €42.7 million (Q1 2003: €41.6 million), despite the fairly large dollar component. The EBIT fell from €1.2 million to €0.2 million. In America in particular an excellent sales result was posted for Ten Cate Nicolon products. The Grass group had a difficult start, but this is not expected to have any adverse consequences for the rest of the year. The expansion of production facilities, the costs of which were included in the first quarter, led to an initial decline in the EBIT. The installation of synthetic grass projects is seasonal and occasional delays may occur here. The results are thus not representative of the year as a whole. Ten Cate therefore has a positive attitude as regards the outlook for the current financial year.

Technical Components

Sales fell to €43.0 million (Q1 2003: €45.7 million), mainly as a result of currency movements. The EBIT rose from €2.0 million to €2.5 million. At Ten Cate Plasticum there was a fall in demand for volume products, but the innovative and customized products show growth.

Ten Cate Enbi had a good first quarter, particularly in the United States.

The Mega Valves companies Bosta (Benelux countries) and Bevo (Germany) posted good sales results.

General

Thanks to continuing control of the working capital and the sale of the holding in Schwabenvlies, our liquidity position once again improved. Cash flow was considerably better than in the comparable quarter of 2003.

The acquisition of Southern Mills is expected to be completed by the end of April and will make a contribution to the rest of the year.

Outlook

Although the organic sales growth in strategic markets is expected to be positive, no indication of the profit level is being given at this stage.

Almelo, 21 April 2004

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