



Press release

investor relations

Net profit third quarter 2004 €8.1 million (+ 12.5%)

Royal Ten Cate posted an increase in net profit of 12.5% to €8.1 million (2003: €7.2 million) in the third quarter. This increase was in part achieved by a strong backlog demand for artificial grass and a good result by Ten Cate Industrial Fabrics in the US. Sales in the third quarter rose by approximately 16%, with 14% of this originating from Southern Mills.

Sales for the first nine months rose by 8% to €481 mln. The operating result amounts to €27.5 million (2003: €27.5 mln). This amount was adversely affected by Ten Cate Permess (interlinings) and Taxy. It has since been decided to discontinue the activities of Taxy.

The net profit for the first nine months amounts to €20.2 million (2003: €18.2 mln). This amount is inclusive of the capital gain on the sale of Schwabenvlies (€1.7 mln).

Advanced Textiles & Composites

Sales at Advanced Textiles & Composites increased in the first nine months to €163 million (+24%), principally through the acquisition of Southern Mills. The operating result for this period amounts to €6.1 million (2003: €7.4 million). The decline can be mainly ascribed to the situation at Ten Cate Permess and as a result of start-up costs in the production of antiballistic products in the US.

Southern Mills will be integrated into the Ten Cate organization, with a clear focus on the market for safety fabrics. The organization will be streamlined; as a result, Southern Mills has not yet been able to make a profit contribution.

At Ten Cate Permess the cost structure will be further adjusted, which will result in a reduction in the production capacity. Ten Cate Permess will to an increasing extent concentrate on trading activities.

At the Ten Cate Advanced Composites group there was a shortage of raw materials, which had an adverse effect on the development of sales of antiballistic products. Demand for these products is continuing to grow very strongly. A number of large orders have been received for bullet and splinter-proof materials. In the US the first orders have been coming in for the delivery of antiballistic products in the fourth quarter of 2004 and in 2005. There are also positive developments in the aerospace market, which are related to both the use of Cetex[®], the patented Ten Cate material, in the new Airbus and Boeing aircraft and of composite materials for smaller planes (Cirrus).

Industrial Fabrics & Grass

The favourable situation at Ten Cate Nicolon in the US continues unabated. The sales and distribution facility that was started up in Australia last year is also showing excellent sales growth. In addition, a significant backlog demand occurred in Europe for artificial grass fibres and American and Asian sales showed continuing growth. Thanks

to these developments, sales rose by 6% to €181 million (2003: €170 mln), despite a lower dollar (currency movement on sales +/-6%).

The operating result increased in the first nine months to €17.5 million (2003: €15.4 mln), although there has been a considerable rise in the costs of raw materials within this sector.

Technical Components

Sales by Technical Components fell by approximately €7 million to €137 million. As indicated in previous reports, this drop could be mainly attributed to Ten Cate Enbi. Technical Components' operating result declined to €8.5 million (2003: €9.2 mln), mainly due to the losses at Taxy.

The decline in sales is due partly to the decision by Ten Cate Enbi to concentrate on high-grade technical rollers for laser printers and on cartridges based on its own technology for the replacement market.

It has been decided to discontinue the activities in France (Taxy), a part of the Mega Valves group. After this what will remain is a profitable international trading company.

Other information

Synbra's result was negatively influenced by the sharply increased costs of raw materials in the third quarter. The share in the result of associated companies (including the capital gain on Schwabenvlies) amounts to €4.5 million (2003: €2.3 mln).

The tax expense up to and including the third quarter is relatively high (32%), as a result of not being able to carry over losses at some units.

Before the acquisition of Southern Mills, the cash flow up to and including the third quarter was significantly higher at + €21 million, thanks to control of the working capital and lower investments.

Outlook

Sales growth for 2004 as a whole will amount to approximately 10%. Although the results are developing satisfactorily, the net profit for 2004 as a whole is under pressure from

- a relatively high tax expense
- sharply increased raw materials prices
- higher pension costs in the Netherlands compared with 2003

On the basis of this, the net profit for 2004 as a whole is expected to emerge at a slightly higher level than for 2003.

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