

Press Release

investor relations

Royal Ten Cate records extremely strong first quarter 2006

- **Corporate sales €189 million (+ 9%); net profit €5.2 million (+ 37%)**
- **Operating result (EBIT) €8.6 million (+ 43%)**
- **Continuing strong growth in sales and profit in respect of protective fabrics in US as a result of large orders from the military**
- **Substantial growth in aerospace composites**
- **Strong result contribution by Geosynthetics with attractive orders**
- **Lower sales and result of Grass group not representative for year as a whole**
- **Good performance at Ten Cate Enbi**

Royal Ten Cate posted an increase in sales and result for the first quarter of 2006. Sales rose 9% to €189 million.

The operating result (EBIT) increased by 43% to €8.6 million. The autonomous rise in sales and EBIT were 4% and 23% respectively.

Net profit rose 37% to €5.2 million, with was an autonomous increase of 28%. Operationally the increase in profit was substantially higher, having regard to the non-recurring income of €1.1 million in total in the first quarter of 2005.

The rise in sales was limited by a slight decline in sales at the Grass group, where the season did not start until March.

As was the case in 2005, the American activities (with the exception of the Grass group) made a major contribution to the increase in sales and result. This increase was substantial, particularly in the field of safety fabrics and composites (Aerospace & Armour).

The currency effect on sales and operating result was 5% and 12% positive respectively.

Advanced Textiles & Composites**Sales € 78 million (+ 0%); EBIT € 5.9 million (+ 73%)**

Sales in this sector amounted to € 77.9 million (Q1 2005: € 77.5 million). The downturn in sales as a result of the divestment of Permess/Multistiq was compensated by an autonomous increase in sales of 7% and a positive currency effect.

The operating result (EBIT) rose to € 5.9 million (Q1 2005 € 3.4 million), in part as a result of an autonomous increase of 37%. The EBIT margin increased from 4.4% to 7.6%. A qualitative improvement in profit is clearly evident in this sector.

The (autonomous) increase in sales in this sector was primarily due to:

- Growth at Southern Mills, in particular in the military market (fire-resistant fabrics) and as a result of an increased share of exports.
- Growth in sales in the European market for safety fabrics.
- Growth in sales in the field of aerospace composites.

EBIT margin of the sector is developing positively; strong growth in aerospace

The sector showed a positive margin development, which, in addition to cost control, was due to an on average higher profit margin as a result of an improved composition of sales.

In the field of safety fabrics, the margin increase can be primarily attributed to Southern Mills (US), with a growing share of high-grade fire-resistant safety fabrics.

Although sales of armour composites outside the US is at a lower level in terms of volume, there is a more high-grade product mix for the total. This has led to an increase in the result. In the field of armour composites there is a growing demand for multi-risk protection as well as a trend-related increase in the share of vehicle protection. The first quarter of 2006 saw an improved breakdown of sales across the various armour projects. The lower sales recorded in the armour segment outside the US market do not therefore reflect either the market or the market share, in view of the fact that market demand is project-related and can thus fluctuate strongly. TenCate has reduced this uncertainty thanks to its global operations.

The United States and Europe both experienced strong growth within the aerospace market. The order book for thermoplastic composites (TenCate Cetex®) in the aerospace market bears witness to strong growth and the outlook is favourable.

New product for aircraft interiors

TenCate has recently developed a new material, consisting of a sandwich construction of Cetex® (Cetex® system 3). This three-layer system can in the first instance be used in the interior parts of aircraft, but it also has the potential to be suitable for other high-grade applications.

Geosynthetics & Grass

Sales € 79 million (+ 51%); EBIT € 2.4 million (+ 41%)

Sales in this sector rose 51% to € 79.5 million in the first quarter. This increase is due primarily to the acquisition of Polyfelt. The autonomous increase was limited, because sales of artificial grass lagged behind seasonally compared with last year.

The operating result increased to €2.4 million (2005: €1.7 million). Adjusted for Polyfelt, there was an autonomous decrease in EBIT within the Geosynthetics & Grass sector, which can be wholly attributed to the artificial grass activities.

The EBIT margin declined to 3.0% (2005: 3.2%).

The (percentage rate of) changes have no major predicting value, with regard to the time and the seasonal pattern.

The most important developments in the Geosynthetics & Grass sector were:

- In the field of Geosynthetics there is profitable growth, thanks to further product differentiation and the growth of the relative market share.
- Polyfelt made a good start with attractive projects.
- Since sales of artificial grass for football in Europe did not start to pick up until March, the sales mix for the first quarter is not comparable with that of 2005. Although the volumes are in line with the market, sales in euros are substantially lower than in the previous year, also with lower margins. At the American production site production results were lower in the run-up to the start of new production lines.

Good order position at Geosynthetics

The good performance in the American market for Geosynthetics continued. As a result of the acquisition of Polyfelt by TenCate its position in the European and Asian projects market has been strengthened. The demand in this market is for technological support and assistance as regards the materials to be used in system solutions and TenCate is well positioned in this respect.

TenCate has received attractive orders in the field of infrastructure and the environment:

- In the first quarter it acquired its largest Geotube® project ever. This relates to the construction of a second permanent cross-river connection to Incheon International Airport, one of the most important infrastructure projects in Korea at this time.

- TenCate is also involved in a sizeable water purification project of two lakes in Sweden, which are polluted with sludge from the paper and pulp industry. Here the Geotube® system will be used, based on high-grade filtration material with a high tensile strength.

These attractive projects increase the market awareness of similar system solutions.

FIFA too opts for high-grade TenCate artificial grass; recreational sport remains price sensitive

TenCate has excellent products for professional football in the top segment of the artificial grass market. Increasingly parties are turning to us for our knowledge of the total system. Currently in European top-flight football there are still only a limited number of pitches being installed based on the latest generation (Thiolon Xtreme®). These pitches meet the highest official requirements and have an important impact on the market. After Heracles Almelo, AFC Ajax, PSV Eindhoven and the KNVB (Dutch Football Association) pitch in Zeist, FIFA too (at its new FIFA Home in Geneva, which is still to be built) recently opted for a TenCate Thiolon® system, which also incorporates the patented Thiolon® infill (non-toxic, shock-absorbing and easier for making sliding tackles).

At present the majority of amateur clubs in the football market mainly opt for an economical solution in the first instance, with the price of components being the decisive factor. In this segment of the market TenCate supplies more generic products with a lower distinctive character. In order to remain competitive in the longer term, the cost price of such products will be further reduced.

TenCate conducts a strategy based on quality, degree of service, safety and durability. TenCate will also use its knowledge and contacts in the market to increase market awareness as regards safety aspects and playing characteristics. As a result a more well-founded choice can be made, taking all aspects of the system into consideration. The commercial organization is currently being tailored to meet this. The measures that were taken in the first half of 2006 (and are still to be taken) relating to costs, marketing and sales are aimed at turning round further pressure on margins in Europe.

The share of sales in the sports market will increase in the course of the year. As a result, Ten Cate Thiolon's margin in the European artificial grass market will improve during the remainder of the year. Although sales in the first quarter are at a slightly higher level as regards volume, there is a different product mix. The share of non sports-related artificial grass fibres is relative and absolute at a non-representative level for the year as a whole. These

products for the recreational market have a lower profit contribution, in view of their less specialist character. The seasonal effect is inherent in this market.

In the US too there were less favourable results in comparison with the first quarter of 2005. These can be mainly attributed to production and are of a passing nature. A large number of test runs were carried out for new types of artificial grass in the first two months, which has enabled the new capacity to be ready for use immediately. This will have a positive influence on results for the coming periods.

A substantial improvement in the results could be observed in both Europe and America in March.

Technical Components

Sales € 32 million (-27%); EBIT € 2.4 million (-11%)

Sales decreased due to divestments. There was an autonomous increase of 10%. The Technical Components sector showed a considerable improvement in the quality of its results, in part as a result of a non-recurring income in 2005. There was an autonomous increase in the operating result of 26%; the EBIT margin rose to 7.6%

Ten Cate Enbi recorded a striking increase in sales and result.

Plasticum was sold on 25 April 2006. This transaction generated a positive result of well over €3 million. This result will be included in the second quarter figures.

Ten Cate Enbi records new orders from both existing and new customers

After the transfer of production by major OEM customers, Ten Cate Enbi has been primarily focused on acquiring other sales to replace them. To this end activities have been started on the replacement market for (colour) laser printers and other industrial applications of rubber and foam technology. Although the acquisition of new sales to new customers on a related market (the replacement market) has taken more time than was expected, the results are encouraging. Delays in the processes can be attributed to producers needing longer development times and to the increased length of qualification procedures. Ten Cate Enbi has a good springboard position for replacement sales, in view of the fact that the company is known for its good quality and the reliability of its deliveries.

Orders were also received for new platforms for printers and copiers from existing customers.

Other information

In the first quarter of 2005 at Synbra Group there was a non-recurring tax gain, which has meant that the result this year lagged behind optically. Operationally the results were higher.

In spite of the increase in investments, cash flow was on balance in line with the previous year. Working capital increased less than in the first quarter of 2005, which is a positive development.

Outlook

On the basis of the current order position and market prospects we foresee continuing growth in our core markets in 2006, in which the following points play a role:

- TenCate is seeing the market share in protective fabrics increase mainly in the US and Europe; the share of sales of high-grade safety fabrics is increasing.
- The market for tentcloth (Outdoor Fabrics) has been sluggish, with increased Asian imports; this has led to lower sales and to a lower result in this niche market.
- TenCate foresees a strong growth in sales at Airbus on the basis of the current production numbers. Limited sales were also taken into account (start-up production) for the Boeing 787, for which Cetex® is now qualified.
- Good spread in orders for armour composites, with a significant increase in the share of sales in the American market.
- Continuing strong growth in the Geosynthetics market group.
- Recovery of profit at Ten Cate Enbi continues, in part thanks to new customers.

TenCate considers it still too early to issue a profit outlook for 2006.

Almelo, 3 May 2006
Royal Ten Cate nv

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KEY FIGURES

In € mln

	January-March		
	2006	2005	
Net turnover	189.2	173.7	8.9%
EBITDA	14.4	10.8	33.3%
EBIT	8.6	6.0	43.3%
Net profit	5.2	3.8	36.8%
Profit per share (after split 1:4)	0.25	0.19	31.6%

Key figures per sector

In € mln

	January-March		
	2006	2005	
Advanced Textiles & Composites			
Net turnover	77.9	77.5	0.5%
EBIT	5.9	3.4	73.5%
EBIT margin	7.6%	4.4%	72.7%
Investments	2.3	1.2	91.7%
Depreciation and amortisation	1.5	1.5	0.0%
Net capital employed	121.9	118.8	2.6%
Return on capital employed	19.2%	11.6%	65.5%
Number of staff-years	1,191	1,221	-2.5%
Geosynthetics & Grass			
Net turnover	79.5	52.6	51.1%
EBIT	2.4	1.7	41.2%
EBIT margin	3.0%	3.2%	-6.3%
Investments	13.6	2.4	466.7%
Depreciation and amortisation	3.2	1.9	68.4%
Net capital employed	228.9	121.8	87.9%
Return on capital employed	4.4%	6.2%	-29.0%
Number of staff-years	1,636	1,137	43.9%
Technical Components			
Net turnover	31.7	43.5	-27.1%
EBIT	2.4	2.7	-11.1%
EBIT margin	7.6%	6.2%	22.6%
Investments	0.9	0.6	50.0%
Depreciation and amortisation	1.1	1.4	-21.4%
Net capital employed	47.1	71.5	-34.1%
Return on capital employed	20.7%	15.8%	31.0%
Number of staff-years	882	1,209	-27.0%
Holding & Services			
EBIT	-2.1	-1.8	
Investments	-	-	
Depreciation and amortisation	-	-	
Net capital employed	26.5	22.1	
Number of staff-years	35	33	



CONSOLIDATED PROFIT AND LOSS ACCOUNT

In € mln

	first quarter	
	2006	2005
Net turnover	189.2	173.7
Changes in inventories of finished products and work in progress	11.4	8.1
Raw materials and manufacturing supplies	-104.0	-99.6
Work contracted out and other external expenses	-9.0	-7.5
Personnel costs	-47.1	-43.1
Depreciation and amortisation	-5.8	-4.8
Other operating costs	-26.1	-20.8
Total operating expenses	-180.6	-167.7
Operating result (EBIT)	8.6	6.0
Financial income and expenses	-1.6	-1.6
Result before tax	7.0	4.4
Taxes	-2.3	-1.7
Result after tax	4.7	2.7
Share in net earnings of associated companies	0.5	1.1
Result before gain on sale of discontinued operation	5.2	3.8
Gain on sale of discontinued operation, net of tax	-	-
Group results	5.2	3.8
Atributable to:		
Shareholders (net result)	5.2	3.8
Minority shareholders' interests	-	-
Operating result as a % of sales	4.5%	3.5%
Return on capital employed	8.8%	8.8%
Weighted average number of shares outstanding (x 1.000)		
- basic	20,579	20,235
- diluted	21,149	20,626
Per € 2.50 share		
- cash flow	0.54	0.42
- net profit	0.25	0.19
- diluted net profit	0.25	0.18
Number of staff-years	3,744	3,600
of which in the Netherlands	1,135	1,286



CONSOLIDATED BALANCE SHEET

In € mln

	March 2006	end of 2005	March 2005
Fixed assets			
Tangible fixed assets	170.9	161.4	120.2
Intangible fixed assets	13.3	13.8	12.9
Associated companies	17.4	16.9	6.5
Long term receivable associated companies	0.5	0.5	-
Other Long term receivables	4.2	4.0	1.0
Deferred tax assets	12.6	13.8	13.4
Total fixed assets	218.9	210.4	154.0
Current assets			
Inventories	163.4	157.5	151.2
Receivables			
- Accounts receivables	120.7	105.9	105.1
- Income tax receivables	2.0	3.8	0.6
- Other receivables	15.0	15.3	18.8
- Cash	4.5	4.6	2.4
Total current assets	305.6	287.1	278.1
Total assets	524.5	497.5	432.1
Equity			
Share capital	52.0	52.0	51.2
Share premium reserve	7.0	7.0	7.8
Statutory reserves	28.4	23.9	24.0
Other reserves	94.5	68.4	66.0
Undistributed result	5.2	30.5	3.8
Equity attributable to equity holders	187.1	181.8	152.8
Minority interests	-	-	0.1
Total group equity	187.1	181.8	152.9
Long-term liabilities			
Long-term debts	129.9	130.2	92.9
Retirement benefit obligation	40.5	37.6	39.6
Provisions	17.8	18.1	13.3
Deferred tax liability	0.5	0.4	0.3
Total long-term liabilities	188.7	186.3	146.1
Current liabilities			
Bank debts	44.8	25.9	26.8
Current liability long-term debts	0.9	1.2	1.5
Due to customers	99.7	96.4	99.8
Provisions	2.9	5.2	3.8
Income tax payable	0.4	0.7	1.2
Total current liabilities	148.7	129.4	133.1
Total liabilities	337.4	315.7	279.2
Total equity and liabilities	524.5	497.5	432.1



OVERVIEW OF CHANGES IN GROUP EQUITY

In € mln

	1st quarter	
	2006	2005
As at 31 December 2005 respective 2004	181.8	146.6
Less: Adoption of IAS 32 and 39 for financial instruments	-	-0.8
As at 1 January 2006 respective 2005	181.8	145.8
Plus: Result 2006 respective 2005	5.2	3.8
Exchange differences subsidiaries	-1.4	2.7
Share based payments option rights	1.4	0.5
Delivered own shares in connection exercised of options	0.1	0.1
As at 31 March	<u>187.1</u>	<u>152.9</u>



CONSOLIDATED STATEMENT OF CASH FLOWS

In € mln

	2006	2005
Operating profit	8.6	6.0
Depreciation and amortisation	5.8	4.8
Change in provisions	<u>0.6</u>	<u>-</u>
Cash flow from ordinary operations before movements in working capital	15.0	10.8
Change in inventories	-7.4	-10.7
Change in receivables	-14.6	-27.7
Change in liabilities	<u>5.1</u>	<u>10.8</u>
Total movements working capital	<u>-16.9</u>	<u>-27.6</u>
Cash flow from operational activities	-1.9	-16.8
Interest paid	-2.0	-1.6
Income taxes paid	<u>0.4</u>	<u>0.9</u>
Cash flow from ordinary operations	<u>-3.5</u>	<u>-17.5</u>
Proceeds from sale of plant and equipment	0.1	0.1
Interest received	0.1	0.1
Received of long term receivable	0.1	0.2
Investments of intangible fixed assets	-	-0.4
Capital expenditures	-16.8	-3.9
Increase of long-term receivables	<u>-0.4</u>	<u>-</u>
Cash flow from investment activities	<u>-16.9</u>	<u>-3.9</u>
Proceeds from the issue of repurchased own shares	0.1	0.2
Received of long term debts	0.2	20.0
Redemption of long term debts	<u>-0.6</u>	<u>-1.8</u>
Cash flow from financing activities	<u>-0.3</u>	<u>18.4</u>
Mutation funds	-20.7	-3.0
Funds at 1 January	-21.3	-19.6
Exchange rate and translation differences relating to funds	<u>1.7</u>	<u>-1.8</u>
Funds at 31 March	<u>-40.3</u>	<u>-24.4</u>

Notes:

The funds in the cash flow summary are made up of bank balances and cash.
The cash flow summary has been drawn up according to the indirect method.



NOTES

Accounting Policies and Determination of Profit/Loss

As of the financial year 2005 Royal Ten Cate nv has applied IFRS as the basis for its reporting. For the accounting policies and determination of profit/loss, we refer you to the financial statement for 2005.

Other events in the 1st quarter 2006

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Events after the 1st quarter 2006

Sales of Ten Cate Plasticum

The Ten Cate Plasticum Group was sold to NPM Capital and its management on 25 April 2006.

The sale took place at book value. A positive result will be booked on the basis of the revaluation of pension provisions (IAS 19). The result amounts approximately € 3 mln and will be incorporated in the figures of the second quarter.

Shares issued

At the General Meeting of Shareholders held on 4 April 2006 it was decided to split the ordinary shares. For one € 10 par value share, four new ordinary shares of a par value of €2.50 were received.

The number of shares issued with of a par value of € 10 amounted to 5,196,118 as of 31 December 2005. After the split the number of shares issued will amount to 20,784,472 of a par value of € 2.50.