



# TENCATE

materials that make a difference

**Annual figures 2005**

**Royal Ten Cate nv**

**2 March 2006**

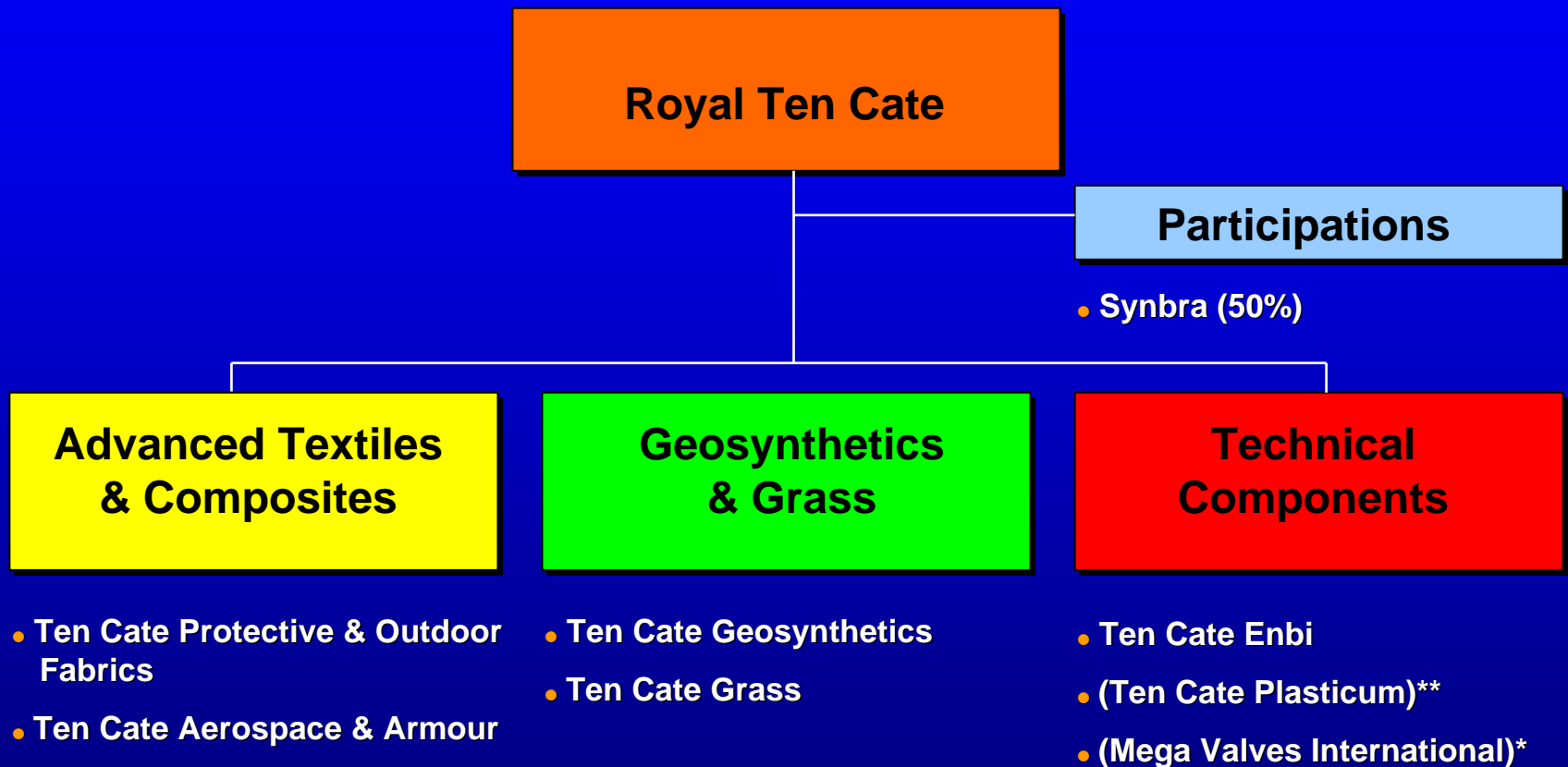
# Agenda

- **Profile; Organization**
- **Developments 2005**
- **Key figures**
- **Revenues and profit figures**
- **Sector information**
- **Costs and working capital**
- **Financial position**
- **Future developments & trends**

# Mission Royal Ten Cate

- Leadership in growing niche markets for specialistic and **functional materials**
- Broad **technological base** and high- grade knowledge conditional for client specific functional demands
- System approach: creating solutions which are **progressive** and realize **incremental benefits**
- Added value for customers lead to **profitable growth** and **value creation**

# Organization



\* Divested 2005

\*\* Divested 2006

# Sectors



**Advanced Textiles  
&  
Composites  
(€286 mln.)**



**Geosynthetics  
&  
Grass  
(€274 mln.)**



**Technical  
Components  
(€126 mln.)**



# Important developments 2005

- **Organic revenue growth of core activities**
  - **Advanced Textiles & Composites 13%**
  - **Geosynthetics & Grass 17%**
- **Progression in acquisitions and divestments: focus on key businesses**
- **Net profit improvement 29%**
- **Strong performance US TenCate companies**
- **Profit improvement TenCate Enbi stagnates**
- **Again strong performance TenCate share**
- **Stock split 1:4**

# Shareprice index 2005



- KTC
- AMX
- AEX

High: €97.00 (11 October)

Low: €51.55 (24 January)

Close: €86.00



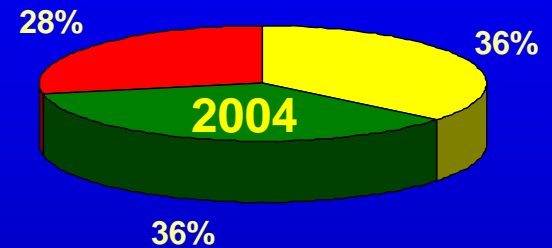
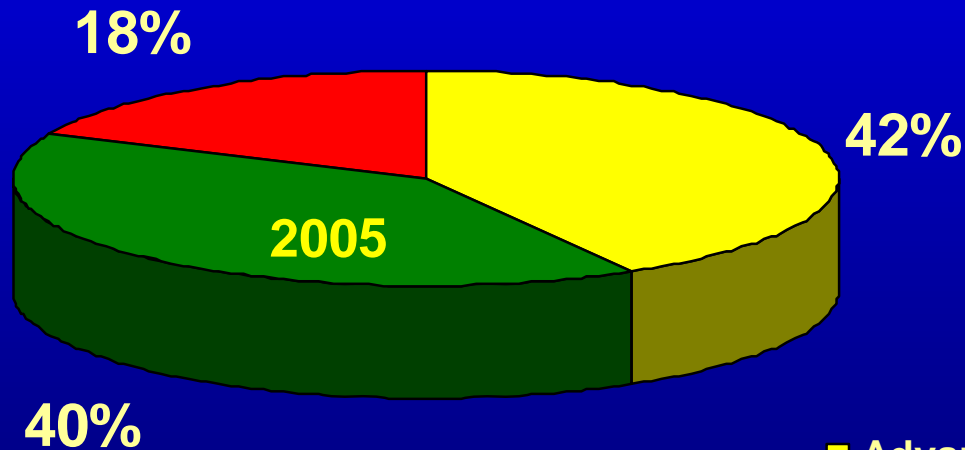
# Key figures 2005

- **Autonomous growth turnover 10% (2004: 6%) and EBIT 15% (2004: 15%)**
- **Autonomous growth EBIT in all sectors:**
  - **Advanced Textiles & Composites + 32%**
  - **Geosynthetics & Grass + 11%**
  - **Technical Components + 17%**
- **Currency effect on turnover and EBIT minimal**
- **Tax rate stays relatively high (34%) because of high profit share US companies**
- **Income associated companies: €8.1 mln. (2004: €5.1 mln.)**
- **Net profit increases 29% to €30.5 mln.**
- **Profit per share €5.93 (2004: €4.67)**
- **Dividend proposal €2.40 per share (cash/stock)**



# Revenues 2005

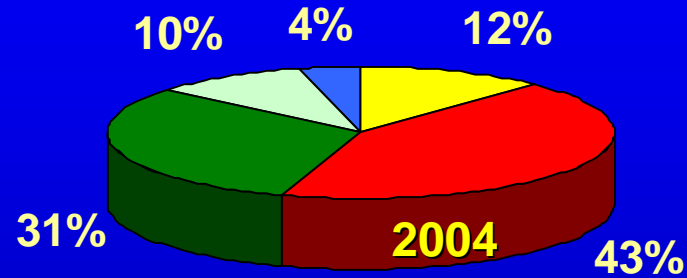
- Volume + 6%
- Prices + 4%
- Organic +10%



- Advanced Textiles & Composites
- Geosynthetics & Grass
- Technical Components

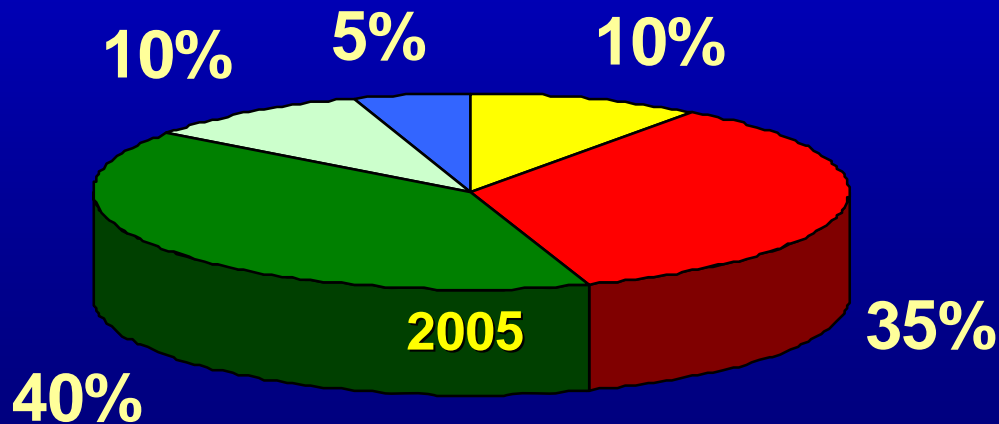
# Geographical distribution 2005

Revenues 2004: €641 mln.

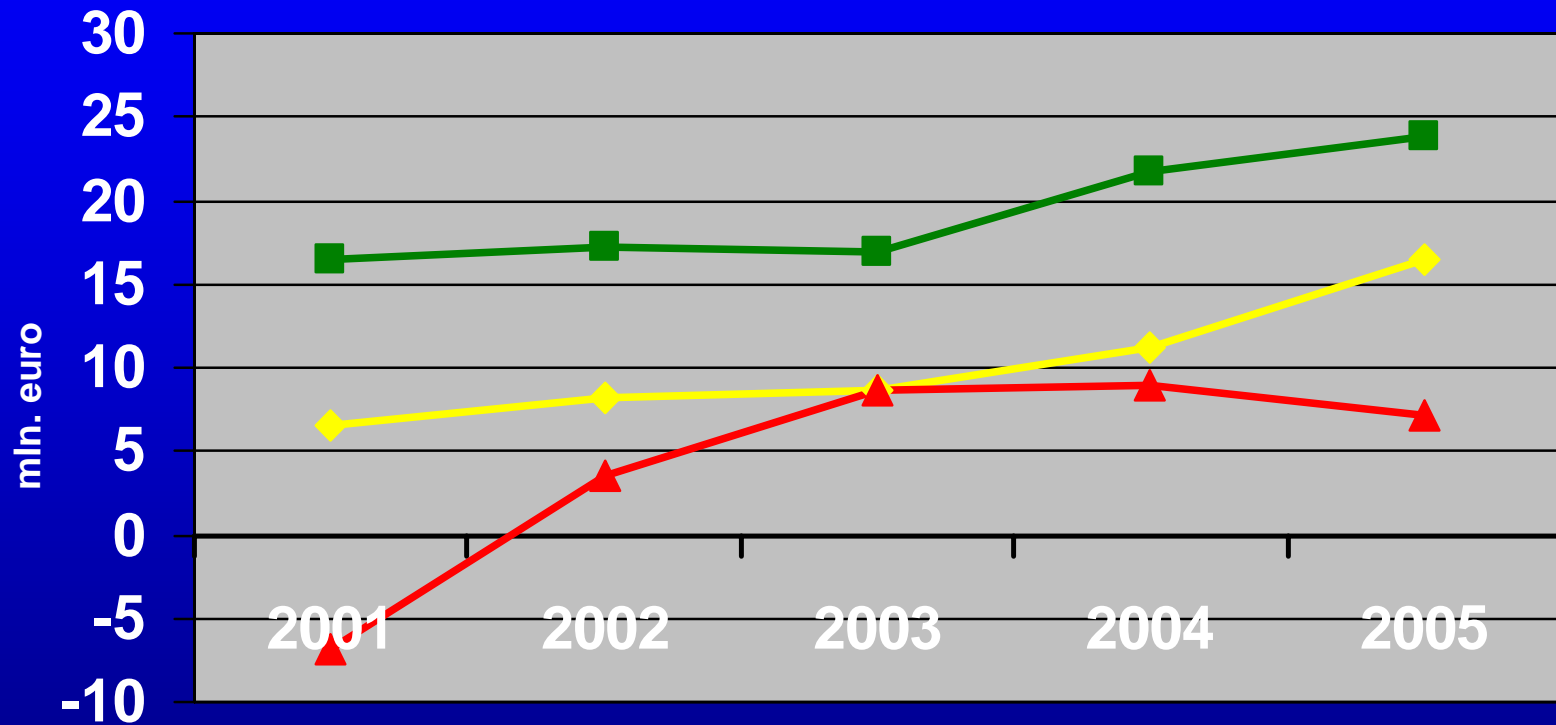


- The Netherlands
- Other Europe
- US/Canada
- Asia
- Other

Revenues 2005: €687 mln.

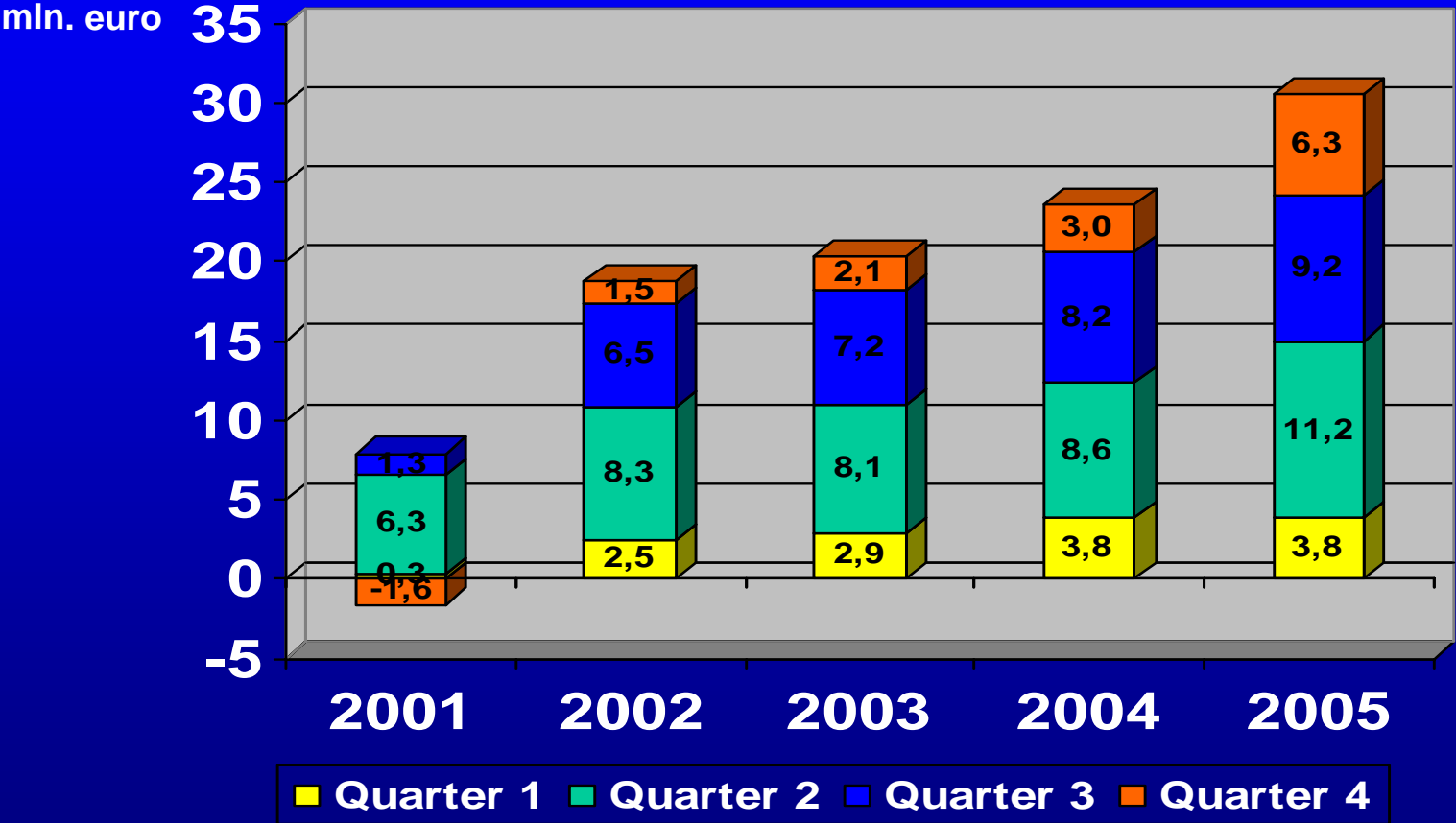


# EBIT per sector



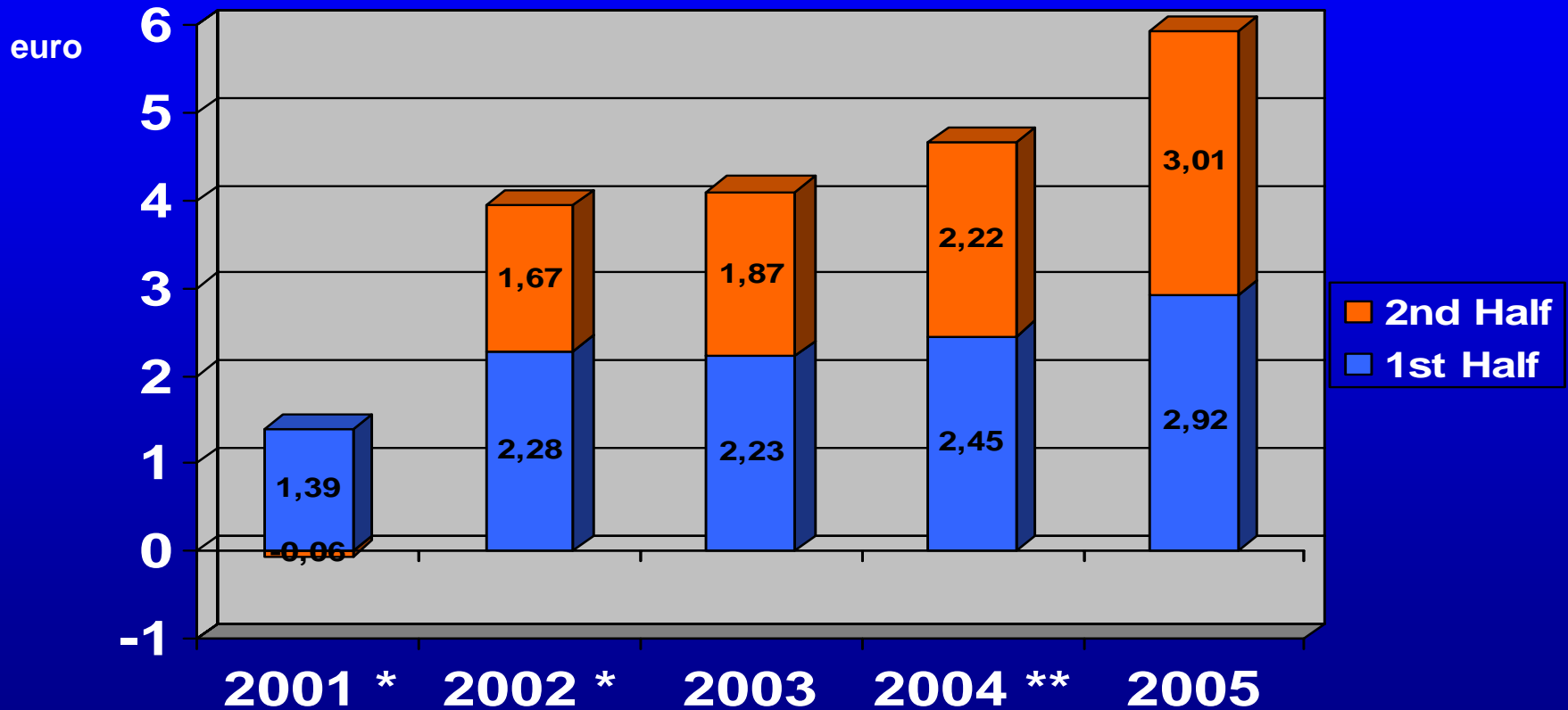
- ◆ Advanced Textiles & Composites
- Geosynthetics & Grass
- ▲ Technical Components

# Net profit per quarter



2004 adapted for IFRS

# Profit per share



\* before extraordinary results

\*\* adapted for IFRS

# Information per sector



## Advanced Textiles & Composites



<b>Advanced Textiles &amp; Composites (x €1 mln.)</b>	<b>2005</b>	<b>2004</b>
Net turnover	285.6	229.9
EBIT	16.5	11.1
EBIT margin %	5.8	4.8
Investments	13.2	4.0
Depreciation and amortisation	6.2	5.6
Net capital employed	124.2	113.6
RONA (%)	13.3	10.3
FTE	1171	1204



# Advanced Textiles & Composites

- Very strong contribution Southern Mills and Bryte Technologies; EBIT (sector) growth 32%
- Growth high-grade safety fabrics for firefighter market (US), industrial (US and Europe) and defence market (US)
- Increased turnover anti-ballistic materials in US, decrease in Europe (project market)
- Strong increase usage of Cetex® (aerospace)
- TC Permess / Multistiq disposed at bookvalue
- Temporary higher costs Advanced Textiles
  - Ten Cate *TEX* (digital finishing)
  - personnel costs (former TC Permess employees)
  - modernisation and concentration of production

# Information per sector



## Geosynthetics & Grass



<b>Geosynthetics &amp; Grass (x €1 mln.)</b>	<b>2005</b>	<b>2004</b>
Net turnover	273.9	231.9
Ebit marge (%)	23.8	21.8
Ebit margin (%)	8.7	9.4
Investments	10.5	5.3
Depretiation and amortisation	7.9	7.9
Net capital employed	206.4	98.2
RONA (%)	22.6	21.7
FTE	1544	1176





# Geosynthetics & Grass

- **Very strong performance American companies**
- **Growth European synthetic turf (grass) market approx. 10%; slow acceptance synthetic turf for top soccer**
- **Strong increase market share synthetic turf in US / slight decrease market share in Europe**
- **Higher raw material prices consciously not fully priced in the market as result of price sensitivity**
- **Impressive growth Geosynthetics; structural attention for coast protection and water management**
- **Polyfelt had a weaker year, but synergies create chances for 2006**

# Information per sector



## Technical Components



Technical Components (x €1 mln.)	2005	2004
Net turnover	126.3	178.7
Ebit	7.1	8.9
Ebit margin (%)	5.6	5.0
Investments	2.5	2.7
Depreciation and amortisation	4.8	5.7
Net capital employed	44.9	68.5
RONA (%)	13.5	11.9
FTE	828	1223



# Technical Components

- Slight organic decrease of turnover (- 5.6%)
- Improvement result TC Enbi stagnates
- Start on aftermarket cartridges (TC Enbi) slower than anticipated (new market / new customers)
- Production TC Enbi in China started
- Closing TC Enbi in France (provision €1.4 mln.)
- Mega Valves (Northern Europe) sold with book profit (€2 mln.)
- Divestment TC Plasticum announced on 27 February 2006

# Synbra Group (50%)

- **Leading producer of styrenics**
  - **construction (insulation)**
  - **protective packaging (food and industry)**
- **Despite volatile raw material prices, good result (in particular in quarter 4)**
- **Increasing volumes in construction markets, with exception of UK market**
- **Lagging profit in protective packaging**

# Costs and working capital

- **Average increase turnover per employee 12%; increased costs per employee + 3.3%**
- **Continuous strong increase of raw material prices (PE/PP); of which 80% passed through**
- **Decreased interest costs to €4.9 mln. (€6.2 mln.); decrease average interest rate of 4.8% (5.7%)**
- **Working capital increased: safety stock, Polyfelt and increased sales**
- **Net positive effect of payment incentives/ bonuses (negative for working capital / positive for procurement results)**

# Financial position and ratios

- **Cash flow negative due to growth (- €45 mln.)**
  - Working capital (+ €23 mln.)
  - Divestments / acquisitions (- €41 mln.)
  - (capacity) investments
- **debt /EBITDA 2.32 (cov. < 3)**
- **EBITDA/net interest 13.5 (cov. > 4)**
- **Solvency 37 %**
- **RONA 15.3% (2004: 13.5%)**
- **Target for EBIT margin (operational): minimum 8% within period of 2-3 years**



# Future developments & trends



## Advanced Textiles & Composites



- **Market for safety and protection keeps growing globally**
- **Increased usage of Cetex® in aerospace industry continues; positive expectations for Boeing 787 and Airbus A350**
- **Further initiatives Asian market (procurement, production, sales)**
- **Good progress with European SME subsidy program Ten Cate /TEX/ Digifin**
- **Start production with unique bleaching technology in April / May 2006**

# Future developments & trends



## Geosynthetics & Grass



- Growing interest for water management and coast protection with geosynthetic systems
- Integration Polyfelt in TenCate and materializing synergies
- Growth European grass market approx. 10% annually
- Gradual acceptance synthetic turf in professional soccer in Europe
- Continued strong growth (>30%) grass market in US



# Future developments & trends



## Technical Components



- Modest growth global market for laserprinters and copiers
- Strong growth color- and multifunctional printers
- Ongoing shift of production from Euro to US Dollar areas
- Actions TC Enbi to increase imbalance in production
  - additional efforts in marketing and sales
  - increased R&D capacity (new products)
  - Sales growth in technical rollers in aftermarket laserprinter cartridges

# Forecast 2006

- **Ongoing organic growth in strategic core markets**
- **Progress in process of divestments / acquisitions will offer new opportunities for growth**
- **Raw material prices continue to provide uncertainties based on strong price fluctuations**



materials that make a difference

**Annual figures 2005**

**Royal Ten Cate nv**

**2 March 2006**