

Press release

TenCate net profit increases by 13% to € 30.5 million up to and including third quarter

-Expected profit growth 2007 remains at least 25% excl. results on divestments

- Corporate sales up to and including September € 660 million (+ 10%)
- Operating result (EBIT) € 48.3 million (+ 20%)
- Growth of net profit 13% to € 30.5 million, adjusted for result on divestments
- Increase in net profit adjusted for amortization (cash earnings) 21%
- Strong growth in sales of Defender™ M in the US (American army)
- Sales in antiballistics up to and including third quarter are lagging behind; higher deliveries in fourth quarter are secured
- Deliveries to Airbus (CETEX®) will get under way again in fourth quarter
- Continuing restraint in American market for geosynthetics
- Expansion of production capacity for synthetic turf has led to temporarily higher production and quality costs (Netherlands)

Developments in the third quarter 2007

Sales in the third quarter increased by more than 15% to € 233 million (autonomous + 13.3%). The currency effect amounted to – 4.6%.

There was above-average growth in fire-resistant fabrics (including TenCate Defender™ M and TenCate TecaSafe®).

Sales of personal and vehicle protection (antiballistics) fell behind in the third quarter too. In the fourth quarter there will be a strong catch-up effect, as a result of which the year in this segment will end well.

In a cautious market, sales of geotextiles (geosynthetics) in the United States remained stable. Ongoing sales growth was generated in Asia and Europe. In the Netherlands there was a considerable expansion and reconstruction operation in synthetic turf production this year. This involved some start-up problems and it has not produced the required output.

In the third quarter the operating result increased by 9% to € 18.4 million (autonomous – 1%). The autonomous decline can mainly be attributed to the Geosynthetics & Grass sector. The reticent American economy resulted in lower profit margins at TenCate Geosynthetics. The machine fleet at the Grass group in the Netherlands, which is not functioning to its maximum, exercised a considerably negative effect on the result. The production of synthetic turf yarns in Dubai (TenCate Thiolon Middle East) was in line with expectations.

The continuing weakening of the dollar resulted in a currency effect on EBIT level of – 6.7%.

The net profit (excl. result on divestments) in the third quarter amounted to € 11.2 million (+ 3.6%).

Developments in the first nine months

Sales for the first nine months rose by 10% to € 660 million (autonomous + 10.2%, currency effect – 4.2%). The operating result (EBIT) increased by 19.6 % to € 48.3 million (autonomous + 11.2%). The EBIT margin improved from 6.7% to 7.3%.

An amount of € 2.5 million (2006: € 0.4 million) was included in the operating result up to and including the third quarter for the amortization of intangible assets. Excluding this item, the operating result (EBITDA) increased by 24.5%.

The net profit before amortization and before the result on divestments (cash earnings) rose by 21%.

The reported net profit for the first nine months amounted to € 30.6 million. Adjusted for the result on divestments, net profit rose by 13% (autonomous + 12.9%; currency effect - 2.4%) to € 30.5 million.

Earnings per share (adjusted for the result on divestments) increased by 4% to € 1.34.

Outlook

As regards the profit forecast for 2007 as a whole, a number of positive factors play a role in this:

- the additional contribution of TenCate Thiolon Middle East in the fourth quarter;
- the current orders for fire-resistant fabrics for the American defence market, which will be delivered up to the beginning of 2008;
- a strong catch-up effect in orders for antiballistics in the fourth quarter.
- deliveries of CETEX® for Airbus will get under way again in the fourth quarter.

Despite the sluggish growth in profit in the third quarter, TenCate stands by its statement for 2007 made earlier that net profit (adjusted for the result on divestments) is expected to increase by at least 25%, barring unforeseen circumstances.

Developments per sector

Advanced Textiles & Composites

(x € million)	Q3 2007	Q3 2006	to Sept 2007	to Sept 2006
Net sales	82.0	62.1	250.0	211.9
EBIT	7.9	3.6	24.6	14.7
EBIT margin (%)	9.6	5.8	9.8	6.9

Strong autonomous sales growth continued in the third quarter (+ 34.7%). The operating result more than doubled compared to the third quarter of last year. In

autonomous terms, growth was as high as 133%. The order position offers good prospects until mid-2008.

In America and Europe TenCate has built up a leading position in protective fabrics. In addition to the positive developments in the US (fire brigade and army), there is growth in the industrial market in Europe.

As regards production in the Netherlands, TenCate will gradually streamline and modernize its production in order to further reduce costs. The remaining part of the production of interlinings (Permess) in China will be closed, as it does not fit in our strategic portfolio. The financial effect of this is extremely limited.

The sales and results of TenCate Aerospace & Armour Composites will reach their peak in the fourth quarter. This has budgetary causes at customers in the field of defence. TenCate Armour Composites is a supplier of antiballistic materials on the European and Asian market for personal and vehicle protection and operates commercially as an integrated group. On the American market for antiballistics, TenCate currently still plays a relatively modest role. However, in view of the programmes communicated by the American government, there is strong market growth.

The deliveries for Airbus will get under way again in the fourth quarter. In 2008 sales for the A-380 will increase substantially; for the A-350 XWB too, TenCate will be involved as supplier of CETEX®.

Geosynthetics & Grass

(x € million)	Q3 2007	Q3 2006	to Sept 2007	to Sept 2006
Net sales	135.9	121.1	357.2	312.7
EBIT	11.2	12.8	24.4	24.7
EBIT margin (%)	8.2	10.6	6.8	7.9

In the Geosynthetics & Grass sector there was autonomous sales growth of 4.3% in the third quarter. The operating result was under strong pressure, with an autonomous decline of 32.1%. The geosynthetics activities outside the US and the synthetic turf activities of TenCate Thiolon Middle East provided some compensation.

Although the volume in the American market for geosynthetics is at approximately last year's level, margins have declined. Moreover, there is a continual increase in the price of raw materials as a result of shortage and the effect of oil prices, which is putting margins further under pressure.

Outside the US, good progress is being made, although the market for large projects relating to geotextile solutions is at a lower level. For some large projects traditional solutions were selected, although our products are extremely environment-friendly

and cost-saving. Now that governments are placing a greater focus on environmental aspects and sustainability, our products offer additional advantages in this field.

The synthetic turf market is showing considerable growth worldwide (+ 15%), although large regional differences do exist. In America, growth in volume remained limited to 10% and projects were transferred to 2008 because of inadequate production capacity in 2007 for certain types of synthetic turf fibres.

The Grass group implemented a major changeover at the end of 2006 / beginning of 2007, in view of the (future) growth of the synthetic turf market as a whole and the strong increase in demand for monofilament (MF) fibres in particular. The consequences of this process were felt most strongly in the production facility in the Netherlands. The production output has not reached the desired level as regards volume and costs.

The new product portfolio for this year, consisting of a larger share of MF fibres and combined fibre products (multifilaments), which integrate different functional characteristics, made adjustments necessary within the production processes.

The acquisition of TenCate Thiolon Middle East resulted in TenCate being able to secure a large part of the increased demand for MF products in 2007. In the year 2008 the product portfolio and the prices policy will globally be harmonized.

Furthermore, for 2008 a plan will be drawn up for the Grass group as a whole so as to be able to serve the global market to maximum effect from three production locations. In this connection, an investment plan has been approved for a substantial capacity expansion in the US and Dubai. In 2008 TenCate Thiolon Middle East will be the largest production facility within the Grass group. This plan is intended to result in considerably higher results in 2008.

Technical Components / Holding & Services

(x € million)	Q3 2007	Q3 2006	to Sept 2007	to Sept 2006
Net sales	15.4	18.9	52.4	75.1
EBIT	-0.7	0.5	-0.7	1.1

The developments in respect of TenCate Enbi's sales and result are positive, although the picture in the different geographical areas is varied. TenCate Enbi is the only company in the sector that operates on three continents in the printer and copier market. The core of this market is shifting more and more to Asia. TenCate Enbi is active here from Singapore and Zhuhai (China), where growth is being generated.

The decline in the sales of the Technical Components / Holding sector has mainly been caused by the divestment of Plasticum in 2006. Apart from currency effects, TenCate Enbi's sales remained virtually unchanged.

Other financial information

The tax rate for the first nine months decreased from 30.4% to 23.5%. This was in part caused by the one-off tax gain and the zero rate that applies to TenCate Thiolon Middle East, as mentioned in the previous publication.

The investment level for the year as a whole will amount to approx. € 60 million. This amount is related to the investments the production of synthetic turf and composites and building a second geosynthetics factory in Asia (Zhuhai, China).

The increased working capital is linked in particular to the orders to be delivered in antiballistic materials and fire-resistant fabrics (American army).

The net interest-bearing debt amounts to € 235.3 million (end of the second quarter: € 245.8 million). The debt position is still expected to improve somewhat in the fourth quarter, as a result of seasonal influences.

Almelo, 1 November 2007
Royal Ten Cate nv

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KEY FIGURES	January - September			half	Q3	half	Q3
				year		year	
	2007	2006		2007	2007	2006	2006
million euro's							
Revenues	659.6	599.7	10.0%	426.3	233.3	397.6	202.1
EBITDA	70.4	57.4	22.6%	43.9	26.5	35.1	22.3
Depreciation	19.6	16.6	18.1%	12.6	7.0	11.3	5.3
Amortisation	2.5	0.4	-	1.4	1.1	0.3	0.1
EBIT	48.3	40.4	19.6%	29.9	18.4	23.6	16.8
EBIT margin	7.3%	6.7%	9.0%	7.0%	7.9%	5.9%	8.3%
Net profit	30.6	69.5	-56.0%	19.4	11.2	19.4	50.1
Net profit (excl. result on divestments)	30.5	26.9	13.4%	19.3	11.2	16.1	10.8
Earnings per share	1.35	3.34	-59.6%	0.86	0.49	0.93	2.41
Earnings per share (excl. result on divestment)	1.34	1.29	3.9%	0.85	0.49	0.78	0.51

Key figures per sector

million euro's	January - September			half	Q3	half	Q3
				year		year	
	2007	2006		2007	2007	2006	2006
Advanced Textiles & Composites							
Revenues	250,0	211,9	18,0%	168,0	82,0	149,8	62,1
EBIT	24.6	14.7	67.3%	16.7	7.9	11.1	3.6
EBIT margin	9.8%	6.9%	42.0%	9.9%	9.6%	7.4%	5.8%
Investments	12.3	6.6	86.4%	8.9	3.4	4.3	2.3
Depreciation and amortisation	6.3	4.6	37.0%	4.1	2.2	3.0	1.6
Net assets	186.4	124.3	50.0%	177.4	186.4	120.4	124.3
Return on net assets	18.2%	15.8%	15.2%	19.4%	17.0%	18.2%	11.6%
Number of staff-years (at the end of)	1,224	1,186	3.2%	1,229	1,224	1,177	1,186

Geosynthetics & Grass

Revenues	357.2	312.7	14.2%	221.3	135.9	191.6	121.1
EBIT	24.4	24.7	-1.2%	13.2	11.2	11.9	12.8
EBIT margin	6.8%	7.9%	-13.9%	6.0%	8.2%	6.2%	10.6%
Investments	34.5	21.1	63.5%	19.7	14.8	19.2	1.9
Depreciation and amortisation	14.3	10.0	43.0%	8.9	5.4	6.7	3.3
Net assets	368.9	224.9	64.0%	385.8	368.9	226.9	224.9
Return on net assets	10.0%	16.5%	-39.4%	8.4%	11.8%	11.2%	21.5%
Number of staff-years (at the end of)	2,017	1,670	20.8%	1,952	2,017	1,617	1,670

Technical Components / Holding & Services *

Revenues	52.4	75.1	-30.2%	37.0	15.4	56.2	18.9
EBIT	-0.7	1.0		0.0	-0.7	0.6	0.4
Investments	0.7	2.0	-65.0%	0.3	0.4	1.7	0.3
Depreciation and amortisation	1.5	2.3	-34.8%	1.0	0.5	1.8	0.5
Net assets	33.9	42.8	-20.8%	37.9	33.9	56.6	42.8
Number of staff-years (at the end of)	750	720	4.2%	732	750	715	720

* figures 2006 adjusted for comparison purposes

CONSOLIDATED PROFIT AND LOSS ACCOUNT

million euro's	third quarter		up to third quarter	
	2007	2006	2007	2006
Revenues	233,3	202,1	659,6	599,7
Changes in inventories of finished products and work in progress	-3,2	-12,6	5,7	-6,5
Raw materials and manufacturing supplies	-121,2	-96,8	-348,1	-304,7
Work contracted out and other external expenses	-14,6	-8,4	-36,5	-26,8
Personnel costs	-41,7	-40,0	-131,9	-131,3
Depreciation	-7,0	-5,3	-19,6	-16,6
Amortisation	-1,1	-0,2	-2,5	-0,4
Other operating costs	-26,1	-22,0	-78,4	-73,0
Total operating expenses	-214,9	-185,3	-611,3	-559,3
Operating result (EBIT)	18,4	16,8	48,3	40,4
Net financial expenses	-3,5	-2,7	-8,5	-6,5
Result before tax	14,9	14,1	39,8	33,9
Profit tax	-3,7	-3,8	-9,3	-10,3
Result after tax before divestments	11,2	10,3	30,5	23,6
Result on associated companies	-	0,5	-	3,3
Result on divestments after tax	-	39,3	0,1	42,6
Result after tax	11,2	50,1	30,6	69,5
Atributable to:				
Shareholders of the company (net profit)	11,2	50,1	30,6	69,5
Minority interests	-	-	-	-
Operating result as a % of sales	7,9%	8,3%	7,3%	6,7%
Return on capital employed (excluding divestments)	12,3%	17,5%	13,3%	14,7%
Weighted average number of shares outstanding (x 1,000)				
- basic	23,080	20,718	22,725	20,817
- diluted	23,322	21,265	22,935	21,364
Per € 2,50 share				
- cash flow excluding result on divestments	0.84	0.79	2.31	2.11
- net earnings excluding result on divestments	0.49	0.52	1.34	1.29
- diluted net earnings excluding result on divestments	0.48	0.51	1.33	1.26
Number of staff-years (at the end of)			3,991	3,576
of which in the Netherlands			980	974

CONSOLIDATED BALANCE SHEET
in € mln

	September 2007	end of 2006	September 2006
Fixed assets			
Tangible fixed assets	216.4	165.8	161.1
Intangible fixed assets	140.4	12.4	12.9
Associated companies	1.3	1.3	0.1
Other Long term receivables	4.9	5.1	4.2
Deferred tax receivables	12.0	11.9	11.3
Total fixed assets	<u>375.0</u>	<u>196.5</u>	<u>189.6</u>
Current assets			
Inventories	167.6	157.7	146.6
Receivables			
- Trade debtors	153.3	109.0	130.7
- Tax receivables	3.4	4.7	4.1
- Other receivables	16.7	14.5	13.6
- Cash and Cash equivalents	7.0	6.7	6.4
Total current assets	<u>348.0</u>	<u>292.6</u>	<u>301.4</u>
Total assets	<u><u>723.0</u></u>	<u><u>489.1</u></u>	<u><u>491.0</u></u>
Equity			
Share capital	58.9	52.7	52.7
Share premium reserve	50.7	6.3	6.3
Statutory reserves	-14.5	-2.0	0.1
Other reserves	176.4	105.7	106.8
Undistributed result	30.6	76.0	69.5
Equity attributable to shareholders	<u>302.1</u>	<u>238.7</u>	<u>235.4</u>
Minority interests	0.2	0.2	0.2
Group equity	<u>302.3</u>	<u>238.9</u>	<u>235.6</u>
Long-term liabilities			
Long-term debts	218.0	63.5	83.6
Pension liabilities	29.4	31.8	33.8
Provisions	10.5	11.8	13.6
Deferred tax liabilities	0.9	0.2	0.5
Total long-term liabilities	<u>258.8</u>	<u>107.3</u>	<u>131.5</u>
Short-term liabilities			
Banks, current accounts	23.7	29.1	20.1
Repayment of long-term debts	0.6	1.3	0.5
Trade creditors and other payables	129.9	103.1	96.5
Provisions	3.9	5.8	4.4
Tax payable	3.8	3.6	2.4
Total short-term liabilities	<u>161.9</u>	<u>142.9</u>	<u>123.9</u>
Total liabilities	<u>420.7</u>	<u>250.2</u>	<u>255.4</u>
Total group equity and liabilities	<u><u>723.0</u></u>	<u><u>489.1</u></u>	<u><u>491.0</u></u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

in € mln

	<u>2007</u>	<u>2006</u>
As at the 1st. of January	238.7	181.8
Plus: Result 2007 respective 2006	30.6	69,5
Issued 2.106.329 number of shares	5.2	-
Premium on issued share capital	45.4	-
Share based payments option rights	0.9	1,3
Issue of repurchased shares for share savings scheme/option scheme	<u>0.5</u>	<u>0,3</u>
Less: Dividend paid out in cash	321.3	252,9
Exchange differences subsidiaries	-4.7	-5,8
Purchased shares for share savings scheme/option scheme	<u>-0.7</u>	<u>-7,2</u>
As at September 30th. 2007 respectively 2006	<u><u>302.8</u></u>	<u><u>242.6</u></u>

CONSOLIDATED STATEMENT OF CASH FLOWS

in € mln

	up to third quarter	
	2007	2006
Operating profit	48.3	40.4
Depreciation and amortisation	22.1	17.0
Result on sale of tangible and intangible fixed assets	-0.1	-0.7
Share-based payment transactions settled in equity instruments	0.8	-
Change in provisions	-5.1	-1.0
Cash flow from operating activities before change in working capital	66.0	55.7
Change in inventories	-9.0	6.6
Change in receivables	-36.7	-29.2
Change in short-term liabilities	16.5	6.8
Changes in working capital	-29.2	-15.8
	36.8	39.9
Interest paid	-8.2	-6.1
Profit tax paid	-8.8	-8.1
Cash flow from operating activities	19.8	25.7
Income from sale of tangible fixed assets	0.9	1.2
Interest received	-	0.2
Dividend received	-	0.6
Divested activities less cash	7.2	63.8
Receipt of long-term receivables	0.1	0.2
Acquisitions of operating companies less cash acquired	-182.9	0.2
Investments in intangible fixed assets	-1.3	-0.1
Capital expenditures	-45.9	-29.7
Increase in long-term receivables	-0.2	-0.7
Cash flow from investment activities	-222.1	35.7
Proceeds from the issue of repurchased own shares	0.5	0.3
Purchase of own shares	-0.7	-7.2
Issue of 2,106,329 shares	50.6	-
Drawing on long-term debt	231.6	0.5
Repayment of long-term debt	-77.7	-48.7
Dividend payment to shareholders	-4.7	-5.8
Cash flow from financing activities	199.6	-60.9
Change in cash *)	-2.7	0.5
Cash on 1 January	-22.4	-21.3
Currency differences in cash	8.4	7.1
Cash as at 30 June	-16.7	-13.7

*) Notes

Cash includes: cash and cash equivalents minus banks, current accounts.

The cash flow summary has been drawn up according to the indirect method.

Explanatory notes on the abridged consolidated interim report

General information

The abridged consolidated interim report of Royal Ten Cate nv (the company) for the first to the third quarter inclusive of 2007 relates to the Company and its operating companies (referred to collectively as the "Group") and the Group's interests in associated companies (non-consolidated) and a joint venture.

Statement of compliance

This abridged consolidated interim report has been prepared in accordance with International Financial Reporting Standard (IFRS) IAS 34 *Interim financial reporting*. It does not contain all the Information that is required for full financial statements and should be read in combination with the Group's 2006 consolidated financial statements.

This abridged consolidated interim report was prepared by the Executive Board and was approved by the Supervisory Board on 31 October 2007.

Accounting policies and determination of earnings

For the accounting policies and determination of results, reference is made to pages 75 to 85 of the 2006 financial statements.

Estimates

The preparation of interim reports requires judgment by the management, who make estimates and assumptions that affect the application of policies for financial reporting and the reported value of assets and liabilities and the amounts of income and expenditure. The actual results may differ from these estimates.

Unless otherwise stated, in preparing this abridged consolidated interim report, the significant judgments made by the management in applying the Group's policies for financial reporting and the key sources of estimation are the same as those applied to the consolidated 2006 financial statements.

Acquisitions and sale of operating companies

On 15 February 2007 the Group acquired the shares of Roshield A/G, Odense Denmark for a cash payment of € 35 million.

On 29 March 2007 the Group acquired the assets and liabilities of Mattex Leisure Industries for a cash payment of \$ 178 million. Advance payments on investments in machinery and a higher working capital ultimately led to an aggregate acquisition sum of \$ 189 million.

On 12 August 2007 the Group acquired the shares of Phoenixx, Taunton USA for a cash payment of \$7.25m.

The amounts of the acquisitions have been allocated to the identified assets and liabilities, which - except for Phoenixx - are based on the market value. The amounts of the acquisition of Phoenixx are as yet based on estimates.

Effect of the acquisitions

The effect of the above-mentioned acquisitions on the assets and liabilities was as follows:

	<u>Stated values</u>	<u>Fair value adjustments</u>	<u>Book values</u>
Tangible fixed assets	32.9	5.5	27.4
Intangible fixed assets	20.6	20.6	-
Deferred tax receivables	1.1	-	1.1
Inventories	9.9	1.0	8.9
Trade and other receivables	19.4	-	19.4
Cash and cash equivalents	0.3	-	0.3
Deferred tax liabilities	-1.3	-1.3	-
Interest-bearing loans	-0.1	-	-0.1
Banks, current accounts	-0.9	-	-0.9
Trade creditors and other payables	-16.4	-	-16.4
Balance of identifiable assets and liabilities	65.5	<u>25.8</u>	<u>39.8</u>
Goodwill on acquisition	<u>116.8</u>		
Purchase price paid in cash	182.3		
Cash acquired minus short-term bank debts	<u>0.6</u>		
Cash outflow	<u>182.9</u>		

Divestment

Business Key, Barcelona Spain was sold on 16 February 2007. The proceeds from this amounted to € 7.2 million, (including debts), which resulted in a capital gain of € 0.1 million.

Outstanding shares

On 12 February 2007, 2,106,329 shares were issued at a price of € 24.50. In April 2007, 386,537 shares were issued relating to stock dividend. As of 30 September 2007 the number of outstanding shares amounted to 23,556,158 (as of 30 September, 2006: 21,063,292). The average number of outstanding shares for the first to the third quarter inclusive of 2007 amounted to 22,724,542 (first to third quarter inclusive 2006: 20,816,623).

Repurchased shares

In the first to the third quarter inclusive of 2007, 42,400 shares were issued through the exercise of options, and 3,274 shares were issued relating to the share savings scheme. In the third quarter 25,000 shares were repurchased to hedge the options still to be exercised at an average price of € 27.43. As of 30 September the balance of the repurchased shares was 488,272.

Dividend

At the Annual General Meeting of Shareholders on 29 March 2007, the dividend was set at € 0.70 per ordinary share of € 2.50. The dividend was payable in cash or as a stock dividend at a ratio of 2 new shares for 83 dividend rights. As of 27 April 2007, € 4.7 million had been paid out in cash and 386,537 shares had been issued relating to stock dividend.

Long-term liabilities

On 16 February TenCate arranged a new syndicated loan of € 250 million through a consortium of 10 banks. The previous syndicated loan has been repaid in full.

Liabilities not shown in the balance sheet

As of 30 September 2007, the Group entered into contractual liabilities for the purchase of tangible fixed assets in an amount of € 40.3 million (as of 30 September 2006: € 20.0 million). Of this, € 23.6 million has already been prepaid and included under tangible fixed assets.

Almelo, 31 October 2007

Executive Board