

Press release

investor relations

TenCate Trading update

Increase in TenCate profit for the first half of 2008 approx. 40%

-Very strong second quarter as a result of large defense orders -

In anticipation of the publication of the half-year figures on 20 August and on the basis of the preliminary figures TenCate announces that for the first half of 2008 an increase in net profit before amortization (cash earnings) will be reported of approx. 40%, compared with the first half of 2007.

The growth in net profit before amortization amounted to approx. 45% in the second quarter.

Sales in the second quarter rose by approx. 28%. Over the first six months of 2008 sales totalled approx. € 510 million (+ 20%).

The market outlook for the second half of 2008 remains favourable.

Profit forecast

When the half-year figures are published a more specific indication of the outlook will be given in respect of the profit for 2008 as a whole.

Explanatory Notes

Advanced Textiles & Composites

- In the second quarter the operating result before amortization (EBITA) of the Advanced Textiles & Composites sector rose by approximately 130%, as a result of the continuing increase in orders from the American defense market and the strong trend in results of the company Composix (US), which was acquired at the beginning of 2008.
- *Market for protective fabrics:* The growth is to a significant degree based on the fact that the standard level of protection for soldiers is being raised. At the moment this applies mainly (as regards volume of sales) in the US, but other countries in the world are also following this trend. Sales of TenCate Defender™ M, the fire-resistant material that was specially developed for the American army, remains at a high level. Lenzing recently announced expansion of the production of the flame-resistant fibre that is incorporated in the TenCate Defender M product. Currently there are wearer trials taking place with this material in army units in Europe.

In Asia TenCate is the first non-Asian company that has entered the emerging market for protective fabrics through a joint venture with an important local player. The joint venture will be operational from mid-August 2008.

- *Armour composites*: The US has announced a considerable programme in respect of the conversion and modernization of military vehicles using modern armour. After the recent acquisition of the companies Roshield (Denmark) and Composix (US), TenCate has built up a strong position in the European and American markets. After a number of large orders in the first few months of 2008, Composix succeeded in securing an order for US \$ 60 million. In this market too a substantial expansion of fibre production is taking place (including Dyneema® from DSM, of which TenCate is a major customer).
- *Aerospace composites*: The aircraft industry started on a development several years ago, in which there was a considerable increase in the use of light-weight composite materials. The substantial increase in the price of fuel supports this development. This is positive for TenCate, which occupies a leading position relating to these materials (TenCate CETEX®). The Airbus A380 (5 delivered/ 192 orders) and shortly the Boeing 787 (79 orders) are of increasing importance for the trend in TenCate sales.

Geosynthetics & Grass

- The Geosynthetics & Grass sector showed growth in EBITA of approximately 18% in the second quarter. The growth occurred in both market groups.
- *Geosynthetics*: In 2008 the American market remained at the same level as in 2007. However, in the rest of the world the market is growing, particularly in Asia. Here TenCate has recently strengthened its position, with the opening of a new factory in China. In total TenCate sales in this market will increase, despite the less favourable economic climate currently prevailing in the US.
- *Synthetic turf*: The market for synthetic turf is growing worldwide by an average of 15%-20%. In the Grass group there is a considerable improvement in the results in the first half year.

Royal Ten Cate

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