

Press release

investor relations

TenCate net profit growth of 47% in third quarter

TenCate trading update for third quarter of 2010

Highlights of third quarter of 2010

- Sales € 273 million (+ 22% compared to 3rd quarter of 2009)
- Increase in EBITA of 40% compared to 3rd quarter of 2009
- Net profit up 47% compared to 3rd quarter of 2009
- Substantial recovery in the result by European activities in protective fabrics
- The TenCate Geosynthetics & Grass sector exhibits an outperformance
- Profit growth hampered by tight conditions in a number of raw materials markets and costs related to the coordination of downstream activities in the synthetic turf market
- Turnaround at TenCate Enbi proves successful
- Debt ratio 2.5 (3rd quarter of 2009: 2.5)

X € million	Third quarter 2010	Third quarter 2009	9 months 2010	9 months 2009
Sales	272.8	222.9	727.4	656.4
EBITA	25.4	18.2	63.6	39.1
EBITA margin (%)	9.3	8.2	8.7	6.0
Net profit	14.7	10.0	34.3	25.2

(2009 figures incl. € 10.1 million profit on sale of Geofabrics Australasia and € 4.9 million impairment on PFF)

Loek de Vries, President and CEO of TenCate: 'Sales in the third quarter are at approximately the same level as recorded in the top year 2008. A significant rise in sales is also expected in the fourth quarter, in view of the strong growth in industrial protective fabrics (TenCate Tecasafe™ Plus), the increasing demand for TenCate Defender™ M products and an improved outlook for aerospace composites.'

Despite shortages and price rises in raw materials (fibres) as well as pressure on margins and integration costs at synthetic turf companies related to TenCate (downstream activities), profit growth amounted to 47%.

The close relationship with strategic market participants has led to an increased market share in synthetic turf fibres. These parties are enabling TenCate to strengthen its position in end markets and to make a positive contribution to quality improvements at system level.'

Key developments in each sector

- Advanced Textiles & Composites
 - Profit recovery in this sector for the first nine months is primarily due to a recovery in the result in Europe in the field of safety fabrics.
 - Sales of TenCate Defender™ M increased during the third quarter following the temporary decrease in demand (new camouflage print). Sales up to and including the third quarter still remain below the level recorded in 2009. On an annual basis, however, sales will recover as a result of strong growth in the fourth quarter.
 - New products, such as TenCate Tecasafe™ Plus, have led to a very significant rise in sales in the industrial market.
 - The demand for aerospace composites (Airbus, Boeing) developed favourably.
 - The armour composites market particularly in Europe is characterized by tight budgetary conditions prevailing among national government agencies, which has resulted in delays to projects.
 - The general demand for products such as aramids and para-aramids (synthetic fibres) and carbon fibres is growing faster than the supply, which is inhibiting profit growth.

- Geosynthetics & Grass
 - Sales and result in the US market for geosynthetics have picked up, partly due to government stimulus measures.
 - TenCate Geosynthetics is taking advantage of the opportunities for growth arising in South America and Asia.
 - The TenCate Grass group recorded a good performance, particularly as a result of positive market trends in the United States. There is a substantial demand for newly-developed high-grade fibre types.
 - The output volume of grass fibres for the first nine months rose considerably compared to 2009, which is illustrative of the increased share of the synthetic turf fibre market.
 - Downstream activities (TenCate holdings in marketing and installation companies) are being more strongly integrated into the TenCate organization, with organizational measures being taken where necessary to increase market synergy. This involves initial costs.
 - Consolidation is taking place in the synthetic turf sector as a result of more stringent quality requirements being made by end-users, the increased importance of R&D, the high costs of certification, requirements relating to the environment / sustainability and tight banking financing opportunities for small market participants. TenCate is playing an active role in this process.

- Other activities
 - Following the turnaround, TenCate Enbi continued its good performance, partly as a result of positive developments in the global printer and copier market.

- Xennia Technology recorded strategic progress, but received insufficient deliveries of print heads. Contacts have now been made with other suppliers.

Other information

Investments during the first nine months of 2010 amounted to € 13.3 million (2009: € 10 million). The net debt position was reduced by € 20 million, compared to the third quarter of 2009, to € 244 million. The debt ratio is 2.5. The tax rate of 29.6% for the first nine months is in line with the previous year.

Outlook

Expectations announced earlier relating to profit growth in the second half of 2010 will be achieved, as a minimum.

The following factors will partly be of influence on the expected future results:

- Timing of delivery of orders to the US military (TenCate Defender™ M).
- Situation in the raw materials market, in which tight conditions are being seen in respect of aramid fibres and exceptionally steep rises in the price of raw materials are occurring.
- Delays relating to defence projects (vehicle armouring) make it more difficult to predict future sales.
- Temporary downward pressure on earnings performance as a result of the integration of downstream activities into the synthetic turf market, aimed at market synergy.

Royal Ten Cate

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Royal Ten Cate (TenCate) is a multinational company that combines textile technology with chemical processes and material technology in the development and production of functional materials with distinctive characteristics. TenCate products are sold throughout the world.

Systems and materials from TenCate come under four areas of applications: safety and protection; space and aerospace; infrastructure and the environment; sport and recreation. TenCate occupies leading positions in protective fabrics, composites for space and aerospace, antiballistics, geosynthetics and synthetic turf. TenCate is listed on NYSE Euronext (AMX).