

Press release

investor relations

Adjustment to 2012 profit forecast and sharpening of TenCate strategic focus

Highlights

- Continuing uncertain political climate combined with economic conditions has had a negative effect on government expenditure in 2012.
- Decrease in TenCate revenues of approximately 9% to € 540 million in the first six months.
- EBITA for the first half of 2012 approximately € 32 million (first half of 2011: € 56 million).
- Expected decrease in revenues in TenCate Defender™ M portfolio stronger than previously expected in the first half of 2012.
- Positive trend in sales in emerging markets.
- Developments at TenCate Advanced Composites, TenCate Geosynthetics and TenCate Grass in line with expectations.
- Profit forecast for 2012 as a whole reduced due to uncertainties in the order position for government projects.
- Sharpening of strategy and cost reductions will result in a future positive effect on EBITA of approximately € 25 million on an annual basis.
- Prospect for growth remains in force.

(The figures mentioned here are provisional)

General performance for 2012

In anticipation of the publication of the half-year figures on Friday, 27 July, 2012, TenCate is making a downward adjustment to the expected profit trend for the second half of 2012. This is as a result of the expected further tightening of government budgets and increasing uncertainty in respect of the timing of government orders. It is therefore no longer likely that, as announced earlier, the profit level for 2012 will be at least equivalent to that of 2011. No further profit forecast will be announced for 2012 as a whole.

TenCate revenues decreased by 9% to € 540 million during the first half of 2012. This decrease had been partly anticipated. With the exception of the revenues of TenCate Advanced Armour and the TenCate Defender™ M portfolio, which have thus far shown a decrease of approximately US\$ 60 million, the trend in sales for the first six months of 2012 was in line with expectations.

TenCate announced earlier a decline in revenues within the TenCate Defender™ M portfolio. This trend occurred, however, to a greater degree due to an unexpected

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decline in buffer inventories at the US military. TenCate is, however, involved in new US orders for various army units. The timing and impact of these on the results for 2012 are at present uncertain.

The sales of TenCate Defender™ M outside the US showed a positive trend. In addition to the countries referred to in the past (Italy, Australia and Norway), the countries which have now placed orders for TenCate Defender™ M include Canada, India, the Netherlands, Sweden, the United Kingdom, Poland, the Czech Republic and Brazil. Follow-up orders from these countries are expected. Wearer trials are furthermore being conducted in more than ten countries. This development is in line with the international market potential referred to previously.

Positive developments occurred during the first half of the year at the aerospace and space composites activities, TenCate Geosynthetics and TenCate Grass (downstream).

Sharpening of strategic focus

The potential for autonomous growth remains positive. TenCate is involved in a number of promising developments.

Within the TenCate strategic policy a sharper focus will be brought to bear on the growth of composites activities (buy & build strategy).

This will also entail exploitation of the innovative products and technologies developed earlier, in order to accelerate revenue growth partly through cooperation with international market players.

When sharpening the strategic focus emphasis will also be placed on the integration of activities and synergy effects. This will involve personnel reductions. The structural positive effect of cost reductions on the future operating result (EBITA) is estimated at approximately € 25 million on an annual basis.

Royal Ten Cate
Almelo, the Netherlands, Friday 20 July 2012

For further information:

The TenCate half-year figures for 2012 will be published before trading hours on Friday, 27 July at 08.00 CET. On Friday, 27 July, 2012 the Executive Board press conference will be held for the media in the Hilton Amsterdam at 10.30 CET. At 11.30 CET the same morning a conference call will take place for the financial relations of TenCate.

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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 application: 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).