

Press release

investor relations

TenCate trading update for the third quarter of 2012**Highlights of the third quarter of 2012**

- Lower result in third quarter compared to that of last year, which was in line with expectations.
- Corporate result is underpinned by the Geosynthetics & Grass sector, with TenCate Geosynthetics making relatively the greatest contribution.
- Operating result of the Advanced Textiles & Composites sector decreased sharply.
- Sales in defence markets (TenCate Defender™ M and antiballistics) in the US at a low level.
- Debt / EBITDA ratio: 2.6 (end of first half of 2012: 2.7).

X € million	Third quarter 2012	Third quarter 2011	9 months 2012	9 months 2011
Sales	276.8	290.0	816.4	882.4
EBITA	17.2	28.0	49.5	84.2
EBITA margin (%)	6.2	9.7	6.1	9.5
Net profit	8.2	17.3	22.9	50.5

Loek de Vries, President and CEO of TenCate: “The markets in which TenCate operates worldwide were increasingly impacted by lower public sector budgets and deferred spending. This is particularly the case in defence markets, although the importance of high quality personal security and protection continues to be recognized. It is positive that more countries have begun to specify TenCate Defender™ M for fire-resistant protection of army units and special forces. This is expected to increase further.

In the United States of America, a major geographic market of TenCate, there is uncertainty regarding government funding (Budget Control Act), which will continue to result in restraint in the US market until early 2013.

TenCate continues to facilitate technological innovations, even in the present day. Developments within the TenCate Protective Fabrics, TenCate Advanced Armour, TenCate Advanced Composites and TenCate Grass market groups are in part focused on marketing these through alliances with international market players. The first orders in this area are expected to become visible during the course of 2013.

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The net decrease in profit in the third quarter was inherent in the decline in defence sales and the change in sales mix that has in part resulted from this”.

Key developments in the third quarter by sector

- **Advanced Textiles & Composites**
 - Sales of TenCate Defender™ M remained at a very low level, partly due to the destocking effects at the US military.
 - Sales of protective fabrics in the industrial market (in particular the oil & gas industry) and the emergency response market (fire-fighting) increased.
 - Sales in the armour composites market in the US and Europe were sluggish and there was a delay in project orders.
 - The combined revenues of Space / Aerospace and Industrial Composites increased (in part due to the acquisition of PMC Baycomp).
 - The operating result of the Advanced Textiles & Composites sector fell sharply, as a result of the low level of sales, particularly in (US) defence markets.

- **Geosynthetics & Grass**
 - The positive trend in sales of geosynthetics stagnated, in particular in the US.
 - There was a slight organic decline in sales in the Grass group, mainly as a result of lower sales in the European sports market (caution being exercised by local authorities).
 - The operating result of the Geosynthetics & Grass sector declined due to lower sales of geosynthetics, inefficiencies in grass yarn production (underutilization of capacity) and higher costs of raw materials (PE / PP).

- **Other activities**
 - TenCate Enbi showed a positive trend in sales, mainly in Asia.
 - At Xennia Technology greater strategic focus was applied; the cost level (mainly development costs) will be further adapted to this.

Outlook

With reference to the statement made on 20 July last, TenCate will refrain from issuing a sales and profit forecast for the full year 2012. As a result of budgetary uncertainties relating to government spending, in particular in the United States of America, an unforeseen, sharp decline in sales occurred earlier in the year.

TenCate will maintain its vision in the longer term. Continuing growth is expected as a result of its strong technology position as well as its leading positions in the markets for personal protection and the safety of the human environment. Due to external factors the growth trend will fluctuate, such as the availability of public sector budgets, delays in orders and the timing of individual projects, some of which are large.

Progress was made in regard to the establishment of strategic alliances to speed up access to new markets. Examples include the announced alliance with BASF (automotive composites), eTAC (European Thermoplastic Automotive Composites consortium) and 3M Advanced Composites (thermoset composites for tooling applications).

TenCate expects strong growth in applications for protective fabrics and composites in the petrochemical and the space and aerospace industries.

Protective fabrics for the industrial market (including TenCate Tecasafe™ Plus) and aerospace and space composites are among the product groups that are expected to show strong growth.

Given the communication restrictions imposed by the authorities regarding the TenCate ABDS™ active blast countermeasure system (IED protection), no substantive announcements about this can as yet be made. The first sales relating to this system are expected in 2013.

Royal Ten Cate
Almelo, the Netherlands, Friday, 26 October 2012

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Royal Ten Cate nv (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).