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Riverstone posts 36.1% growth in revenue to RM213.2 million for 2QFY2017 due to uptick in demand for products

- Despite the high raw material costs and losses due to volatility in foreign exchange, net profit remained stable at RM27.1 million due to cost controls and operational capabilities
- Continues to generate robust levels of operating cash flow amounting RM37.6 million, bolstering balance sheet strength to net cash position of RM85.3 million
- Underpinned by strong demand for our products, Phase 4 expansion has been revised upwards from 1.0 billion to 1.4 billion, bringing total annual production capacity to 7.6 billion pieces of gloves by end FY2017
- Board of Directors declares an interim dividend of 1.3 sen (RM) per share, representing a 35.6% payout ratio (2QFY2016: 35.3%) to reward shareholders

Financial Highlights

<u>RM million</u>	<u>2QFY2017</u>	<u>2QFY2016</u>	<u>Change (%)</u>
Revenue	213.2	156.7	36.1
Cost of Goods Sold	(169.6)	(118.5)	43.1
Gross Profit	43.7	38.2	14.1
Profit Before Tax	31.7	31.7	0.1
Net Profit	27.1	27.3	(0.8)
EPS* - fully diluted (sen)	3.65	3.68	(0.8)

*Based on weighted average of 741.1 million ordinary shares in issue

SINGAPORE – 3 Aug 2017 – Mainboard-listed Riverstone Holdings Limited (“Riverstone” or “the Group”) 立合斯顿有限公司, a leading manufacturer of specialised cleanroom and healthcare gloves, today announced its financial results for the second quarter ended 30 June 2017 (“2QFY2017”).

Led by an uptick in demand for the Group’s premium healthcare and cleanroom gloves, revenue rose 36.1% year-on-year (“yoy”) to RM213.2 million for 2QFY2017. While the Group stays on course with its growth trajectory, its profitability was weighed by higher raw material costs and foreign exchange volatility. The effects of a sudden rally in raw material prices to a five-year high witnessed in 1QFY2017 spilled over to the second quarter, contracting gross margins by 3.9 percentage points yoy to 20.5%. In addition, the Group was affected by the volatility in foreign exchange, reversing RM3.0 million of gains seen in 2QFY2016 to a loss of RM2.4 million for 2QFY2017.

Executive Chairman and CEO, Mr. Wong Teek Son (黄德顺) remarked, “Further to the competitive landscape of the industry, we are cognisant of the macroeconomic challenges that the Group faces. While these are variables beyond our control, we stay focused on parameters that we have control over. Our efforts on costs containment paid off, evidenced by the declines across the board of administrative, operating, selling and distribution expenses. Our existing production lines are performing at close to full capacity utilisation and we continue to benefit from economies of scale as we scale up operations. These collective efforts by the Group allowed us to post a stable net profit of RM27.1 million for the quarter. The Board of Directors has also declared an interim dividend of 1.30 sen (RM) per share to reward shareholders as we position ourselves for a seasonally stronger second half.”

Underpinned by the Group's efficient working capital management, it generated RM37.6 million of positive operating cash flow for 2QFY2017. This has contributed positively to the Group's balance sheet strength, where it reported a net cash position of RM85.3 million as at 30 June 2017. During the quarter, it has also invested RM34.9 million into the purchase of property, plant and equipment as part of the Phase 4 expansion plans.

In conclusion, Mr. Wong added, "Looking ahead, we remain cautious over the volatility in raw material prices and foreign exchange. We are monitoring the industry situation very closely in order to respond promptly to any changes. The rising operational costs ranging from labour to natural gas tariffs are but some of the issues that we stay attuned to.

At present, the management team is focused on executing our Phase 4 expansion and will be commissioning the first production line this month. To match the rising demand from new and existing customers for both our cleanroom and healthcare gloves, we are pleased to share that we will accelerate and revise our expansion plans for this new Phase. Instead of the planned addition of 1.0 billion pieces of gloves, we have increased it to 1.4 billion, bring our total annual production capacity to 7.6 billion by end FY2017. Having transitioned seamlessly for our expansion over the past years, we have in place the necessary preparations such as manpower and infrastructure to support our growth. After inking our expansion roadmap through till 2019 earlier this year, we are now on a new course to achieve a total annual production capacity of 10.4 billion by then."

– The End –

About Riverstone Holdings Limited ("Riverstone" or 立合斯顿有限公司)

Malaysia-based Riverstone is a global market leader in the manufacturing of nitrile and natural rubber clean room gloves used in highly controlled and critical environments as well as premium nitrile gloves used in the healthcare industry. The company's proprietary "RS Riverstone Resources" brand is the preferred cleanroom glove for use in high-tech manufacturing industries. The company also manufactures cleanroom consumables such as finger cots and facemasks. Its customers are global leaders in the HDD, LCD, semiconductor, consumer electronics, pharmaceutical and healthcare industries. The company employs more than 3,000 people throughout its six manufacturing facilities in Malaysia (4), Thailand (1) and China (1) with an annual production capacity of 6.2 billion gloves as at 31 December 2016. It also has an established global network of sales offices to serve its customers in Singapore, Malaysia, Thailand, the Philippines, China and the U.S. Riverstone was listed on the Mainboard of the Singapore in 2006. (www.riverstone.com.my)

Issued for and on behalf of **Riverstone Holdings Limited** by

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