

Riverstone's net profit rises 23.9% to RM33.6 million for 2QFY2018

- Revenue flat at RM241.2 million due to the strengthening Ringgit Malaysia (RM) against US Dollar (USD) during 2QFY2018 as compared to 2QFY2017 despite higher sales volume
- Core business activities continue to generate strong positive operating cash flows of RM26.3 million for 2QFY2018 as the Group remains in a healthy net cash position of RM70.5 million
- Supported by the Group's strong balance sheet, the Board of Directors declares an interim dividend of 1.30 sen (RM) per share (2QFY2017: 1.30 sen (RM)), representing a 28.7% payout ratio to reward shareholders

Financial Highlights

<u>RM million</u>	<u>2QFY2018</u>	<u>2QFY2017</u>	<u>Change (%)</u>
Revenue	214.2	213.2	0.5
Cost of Goods Sold	(166.0)	(169.6)	(2.1)
Gross Profit	48.3	43.7	10.6
Profit Before Tax	39.2	31.7	23.9
Net Profit	33.6	27.1	23.9
EPS* - fully diluted (sen)	4.53	3.65	

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

SINGAPORE – 7 August 2018 – 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 2018 (“2QFY2018”).

As the majority of the Group's revenue is denominated in USD, the Group's performance is susceptible to foreign exchange fluctuations. As RM strengthened against the USD during 2QFY18 as compared to 2QFY17, the Group's revenue was flat at RM214.2 million despite higher sales volume.

The Group's gross profit increased 10.6% yoy to RM48.3 million while gross profit margin expanded 2.0 percentage points to 22.5%. This increase in gross profit margin was mainly attributable to lower raw material costs and foreign exchange rates during 2QFY2018 as compared to 2QFY2017.

In anticipation of phase 5 of the Group's capacity expansion plans, management continues to ramp up its sales efforts to secure orders and capture growth. Correspondingly, selling and distribution expenses increased 2.3% yoy to RM3.6 million. A gradual appreciation of the currency against the RM during the quarter allowed the Group to record a net foreign exchange gain of RM0.5 million for 2QFY2018.

As a result, net profit attributable to shareholders rose 23.9% year-on-year (“yoy”) to RM33.6 million for 2QFY2018.

Executive Chairman and CEO, **Mr. Wong Teek Son (黄德顺)** remarked, “*Despite continued macroeconomic challenges such as foreign exchange rate volatility and fluctuations in raw material prices, we remain in growth mode. Internally, we are focused on improving operational efficiency, tightening cost controls and progressively introducing automation within our production processes. Furthermore, our ability to generate strong positive operating cash flows coupled with a resilient balance sheet will allow us to navigate the headwinds as we continue to chart steady growth.*”

With higher sales volume expected in the coming quarters, the Group's balance sheet recorded a hike in inventories to RM95.3 million as at 30 June 2018 (RM71.1 million as at 31 December 2017). With the bulk

of inventories comprising mainly work-in-progress and finished goods, the significant increase in inventories is in line with the expected ramp up in orders.

The Group continues to generate strong positive operating cash flows amounting to RM26.3 million for 2QFY2018. In line with its efforts to maintain an optimal capital structure, the Group maintains borrowings of RM22.0 million while remaining in a net cash position of RM70.5 million.

Looking ahead, **Mr. Wong** added, *“We have completed the construction of our new plant for phase 5 of our capacity expansion plans. Accordingly, we will be gradually commissioning production lines over the remainder of FY2018 as we continue our growth trajectory. This will bring our total annual production capacity from 7.6 billion gloves to 9.0 billion gloves by end FY2018. While increasing total production capacity, we are also intensifying sales and marketing efforts to increase order allocation from new and existing customers. Concurrently, our customised solutions which make our gloves viable in new contexts and markets continue to gain traction with customers. As a mark of confidence in the Group’s future operations and to reward shareholders, the Board of Directors is pleased to declare an interim dividend of 1.30 sen (RM).”*

– 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 7.6 billion gloves as at 31 December 2017. 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 Financial PR

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