



Lot 55 & 56, No. 13, Jalan Jasmin 2, Kawasan
Perindustrian Bukit Beruntung,
48300 Bukit Beruntung, Selangor, Malaysia.
Tel: +603-6028 3033, +603-6028 3077
Fax: +603-6028 3022

Riverstone reports net profit of RM32.5 million for 2QFY2019

- Driven by an uptick in demand for both cleanroom and healthcare gloves, the Group's revenue rose 11.9% yoy to RM239.7 million
- Core operations continues to generate positive operating cash flows of RM22.3 million for 2QFY2019, bolstering balance sheet strength with a net cash position of RM76.4 million
- Phase 6 of expansion plan is currently in progress and on track to gradually raise production capacity up to 10.4 billion pieces per annum by 1QFY2020
- As a mark of confidence in the Group's long-term prospects, the Board of Directors declares an interim dividend of 1.55 sen (RM) per share, representing a 35.3% payout ratio (2QFY2018: 28.7%)

Financial Highlights

<u>RM million</u>	<u>2QFY2019</u>	<u>2QFY2018</u>	<u>Change (%)</u>
Revenue	239.7	214.2	11.9
Cost of Goods Sold	(191.5)	(166.0)	15.4
Gross Profit	48.3	48.3	0.0
Profit Before Tax	38.6	39.2	(1.7)
Net Profit	32.5	33.6	(3.1)
EPS* - fully diluted (sen)	4.39	4.53	(3.1)

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

SINGAPORE – 7 August 2019 – 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 has announced its financial results for the second quarter (“2QFY2019”) ended 30 June 2019.

The Group recorded an 11.9% year-on-year (“yoy”) increase in revenue to RM239.7 million for 2QFY2019, driven by an uptick in demand for both its premium cleanroom and specialty healthcare gloves.

While the Group's gross profit figures remained flat at RM48.3 million for 2QFY2019, its gross profit margin contracted 2.4 percentage points yoy to 20.1% due to a decline in average selling prices of healthcare gloves coupled by a changing product mix. Apart from intensifying competition, the average selling prices of gloves were revised downward due to macroeconomic variables such as lower raw material prices as the Group adopts a cost-plus pricing model.

Notwithstanding these external headwinds, the Group's gross profit margins have improved steadily quarter-on-quarter since 4QFY2018, expanding 0.5 percentage points to 19.4% for 1QFY2018 and 0.7 percentage points to 20.1% for 2QFY2019.

In spite of rising competition, demand for the Group's products remain robust. Correspondingly, selling and distribution expenses rose 18.4% yoy to RM4.3 million in 2QFY2019 due to increased sales activities.

Overall, net profit attributable to shareholders recorded a 3.1% yoy decline to RM32.5 million for 2QFY2019.

Executive Chairman and CEO, **Mr. Wong Teek Son (黄德顺)** remarked, “*We continue to remain cautious over challenging market conditions such as volatility in raw material prices and foreign exchange rates. Furthermore, we are monitoring the competitive landscape closely in order to respond promptly to industry movements when they occur. In the face of these challenges, we are constantly focusing internally on initiatives that can help us navigate these headwinds and build a sustainable business model for the long-term. For one, we will continue to adopt automation within our operations to raise productivity and ensure*

earnings resiliency. In addition, our R&D team are working diligently to develop new products that will allow us to venture into new product segments to further diversify our business and improve profitability margins.”

To satisfy higher sales volume during the quarter, the Group’s balance sheet recorded a hike in inventories to RM96.2 million as at 30 June 2019 (As at 31 December 2018: RM83.6 million). With the new production capacity from phase 6 of the Group’s expansion plans expected to be commissioned progressively over the second half of 2019, the increment in inventories is also in line with the ramp up in orders expected.

The Group’s core operations continues to generate positive operating cash flows of RM22.3 million for 2QFY2019. This bolstered a healthy balance sheet as the Group maintains a net cash position of RM76.4 million as at 30 June 2019 (31 December 2018: RM77.0 million).

Looking ahead, **Mr. Wong** added, *“Following the completion of construction of our new plant for phase 6 of our capacity expansion plans, we will be commissioning production lines progressively over the remainder of the year. This will lift our total annual production capacity from 9.0 billion pieces of gloves up to 10.4 billion pieces by 1QFY2020. In the lead up to the new capacity coming on board, our sales and marketing efforts for both cleanroom and healthcare products continue to gain traction as we secure order allocations from both new and existing customers. As a mark of confidence in the Group’s long-term prospects, the Board of Directors is pleased to declare an interim dividend of 1.55 sen (RM) to reward fellow shareholders.”*

– 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 9.0 billion gloves as at 31 December 2018. 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

Investor Relations:

Mr. Kamal Samuel

Mr. James Bywater

Mr. Jonathan Wee

Email: Riverstone@financialpr.com.sg

Phone: +65 6438 2990