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Riverstone's revenue surges 16.9% to RM654.9 million, buoyed by newly expanded capacity

- Addition of six new lines ramped up total annual production capacity to 6.2 billion pieces of gloves; Phase 4 of expansion plan has commenced, on track for completion by end FY2017
- Balance sheet remains robust with net cash position of RM 103.2 million, backed by healthy positive operating cash flow of RM119.0 million
- Board recommends a final dividend per share of 5.19 sen (RM), bringing total dividends to 6.49 sen (RM) (FY2015: 6.45 sen (RM)) to reward loyal shareholders

Financial Highlights

<u>RM million (Y/E Dec)</u>	<u>FY2016</u>	<u>FY2015</u>	<u>Change (%)</u>
Revenue	654.9	560.2	16.9
Cost of Goods Sold	(481.7)	(385.3)	25.0
Gross Profit	173.2	174.9	(1.0)
Profit Before Tax	138.8	144.4	(3.8)
Net Profit	120.4	126.5	(4.9)
EPS* - fully diluted (sen)	16.91	34.09	

*Based on weighted average of 711.5 million ordinary shares in issue (FY2015: 371.2 million ordinary shares in issue)

SINGAPORE – 22 February 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 fourth quarter and full year ended 31 December 2016 (“4QFY2016” and “FY2016”).

“Notwithstanding the intense competition, we are heartened to witness our efforts to actively tap new markets, such as the US and Japan, for our premium healthcare and cleanroom gloves pay off as our revenue surges 16.9% year-on-year (“yoy”) to RM654.9 million for FY2016. The uptick in demand from new and existing markets had wholly consumed our additional production capacity of one billion pieces of gloves, which came on board progressively in the final quarter of FY2016 as planned.

Following the successful completion of the third phase of our expansion plan, we are on track for the subsequent phase which will similarly supplement one billion pieces of gloves to our production capacity, bringing it to a total of 7.2 billion pieces per annum by the end of 2017.

Despite the foreseeable increase in our capital expenditure, we believe that it is important to reward our loyal shareholders, without whom our successes would not have been possible. As such, the Board is pleased to recommend a final dividend of 5.19 sen (RM) per share, which brings the full-year dividends to 6.49 sen (RM), to thank them for their continued support.”

- **Executive Chairman and CEO, Mr Wong Teek Son (黄德顺)**

Income statement

In spite of the increased revenue, the Group's gross profit slipped 1.0% yoy to RM173.2 million for FY2016. This is due to the allocation of much of the new production capacity for lower-margin healthcare gloves as a strategic response to the rapid growth in its demand which currently outpaces that of cleanroom gloves. Furthermore, the Group witnessed a decline in the average selling price of healthcare gloves in 2016, as a result of intense competition. Correspondingly, gross profit margin contracted by 4.8 percentage points to 26.4% for FY2016.

As a result of an increase in marketing activities, selling and distribution expenses rose 9.0% yoy to RM15.5 million. On the other hand, general and administrative expenses were reduced by 10.1% yoy to RM21.3 million due to a decrease in commission and incentives.

Comparing the same period, net profit after tax declined by 4.9% yoy to RM120.4 million, primarily because of higher raw material prices and less favourable foreign exchange fluctuations. As much of the Group's sales are denominated in US Dollar, the weakened US Dollar against Malaysian Ringgit had yielded a negative impact on the Group's financials for FY2016.

Balance sheet

As at 31 December 2016, the Group's property, plant and equipment increased ("PPE") to RM336.7 million from RM276.7 million as at 31 December 2015. This increase is in line with the acquisition of PPE amounting to RM89.9 million coupled with foreign exchange adjustment of RM0.6 million, offset by depreciation charge and PPE disposal worth RM29.9 million and RM0.6 million respectively.

Due to the growth in sales and production volume, trade receivables increased from RM103.1 million as at 31 December 2015 to RM140.3 million as at 31 December 2016. For similar reasons, the Group posted an increase in inventories from RM61.2 million as at 31 December 2015 to RM67.0 million as at 31 December 2016.

Within the same period, current liabilities increased from RM92.1 million to RM100.4 million. This was due mainly to higher payables and accruals, which were recorded at RM90.5 million as at 31 December 2016 relative to RM84.4 million as at 31 December 2015.

Cash flow

The Group generated strong positive cash operating cash flow of RM119.0 million as at 31 December 2016. Within the same period, a total of RM96.6 million was channeled towards investing activities, with the purchase of PPE for the Group's expansion plan utilising the bulk of that sum.

On the whole, the Group maintains a net cash position with cash and cash equivalents of RM103.2 million as at 31 December 2016.

Outlook

On the Group's prospects, **Mr Wong** commented, "Amidst the smooth progress of our expansion plan to continue our organic growth momentum, we remain cautious of our operational challenges brought about by the hike in raw material prices, overall production costs, and competition from other glove manufacturers in both the cleanroom and healthcare spaces. In view of these unfavourable conditions, we will persist to adopt a prudent cost management strategy and concentrate on long-term value creation for our shareholders."

Going forward, we will continue to actively seek new markets for our premium gloves while sharpening our competitive edge that lies in the provision of customised solutions for our new and existing customers."

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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