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Riverstone's 1QFY2017 revenue rises 38.9% to RM205.7 million; net profit grows 23.7% to RM33.6 million

- Growth can be attributable to increased demand for products and additional 1.0 billion glove pieces to production capacity from Phase 3 expansion
- Robust operating cash flow generation of RM40.4 million, strengthening balance sheet to net cash position of RM122.7 million
- Phase 5 expansion with an additional 1.4 billion pieces to ramp up total annual production capacity to 8.6 billion pieces by end FY2018
- New expansion to add 1.4 billion pieces by end FY2019 to 10.0 billion pieces in total annual production capacity

Financial Highlights

<u>RM million</u>	<u>1QFY2017</u>	<u>1QFY2016</u>	<u>Change (%)</u>
Revenue	205.7	148.1	38.9
Cost of Goods Sold	(153.9)	(105.0)	46.6
Gross Profit	51.8	43.1	20.1
Profit Before Tax	39.2	31.7	23.8
Net Profit	33.6	27.2	23.7
EPS* - fully diluted (sen)	4.54	3.67	23.7

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

SINGAPORE – 4 May 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 first quarter ended 31 March 2017 (“1QFY2017”).

The Group began the year on a bright note by delivering revenue of RM205.7 million for 1QFY2017, up 38.9% year-on-year (“yoy”). This was driven in particular by an uptick in demand for its premium healthcare and cleanroom gloves. Correspondingly, gross profit for the current period amounted to RM51.8 million, representing a 20.1% yoy increase. Although a spike in raw material prices resulted in the compression of the Group’s gross profit margin by 3.9 percentage points, tactical stockpiling of raw materials to tide over the price hike and streamlining of other operating expenses yielded a 23.7% yoy growth in net profit after tax to RM33.6 million for 1QFY2017.

Executive Chairman and CEO, Mr. Wong Teek Son (黄德顺) remarked, “The first quarter was a strong start to the year with growth from both healthcare and cleanroom glove segments. Our concentrated efforts to actively tap new markets for our cleanroom gloves have borne fruit as we gained traction among the non-HDD sectors – namely the mobile, tablet, and LCD manufacturing industries. This is a testament to the unrivalled, premium quality that is associated with our products as we continue to develop customised solutions to make our gloves viable in new contexts and new markets.”

As a result of the aforementioned favourable prospects which the Group enjoyed, net cash flows from operating activities amounted to RM40.4 million for 1QFY2017, compared to RM13.3 million for 1QFY2016. This is in spite of a significant surge in inventories as the Group strategically stocked up on raw materials to circumvent the price hike and a marked increase in depreciation expenses due to the planned expansion.

By virtue of the strong positive cash flows, the Group's balance sheet remains robust with net cash position of RM122.7 million as at 31 March 2017.

Mr. Wong further commented, "Previously, we have embarked on a five-year expansion plan to enlarge our total annual production capacity by one billion pieces of gloves each year. We are currently on track for the fourth phase of our expansion plan which will bring our total production capacity to 7.2 billion pieces per annum by the end of 2017. Throughout the execution of the past phases, we have witnessed overwhelming support from new and existing customers when it came to consuming the additional production capacity. In view of the new avenues of demand for our gloves, we will affix an additional production capacity of 1.4 billion pieces of gloves in the fifth (and final) phase of our existing expansion plan, thereby bringing our targeted total annual production capacity to 8.6 billion pieces by the end of 2018.

In addition, we have devised a subsequent expansion plan that is expected to add 1.4 billion pieces of gloves per annum by the end of 2019, giving us a total production capacity of 10.0 billion pieces. This allows us to fully utilise the 9.9-acre piece of land that adjoins our existing Taiping plant, where we also have ongoing construction for our workers' dormitory."

While the Group continues on its upward growth trajectory, it remains mindful of its operational challenges including competition from other glove manufacturers as well as unfavourable movements in raw material prices and foreign exchange rates. As always, the Group is committed to employing prudent cost controls so that it can reap maximum value for its 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 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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