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## Riverstone posts record earnings as net profit increases 7.4% to RM129.3 million for FY2017

- Group's revenue rose 24.8% year-on-year ("yoy") to RM817.4 million as a result of a ramp up in orders for both cleanroom and healthcare gloves
- Backed by healthy operating cash flow generation of RM145.7 million for FY2017, balance sheet continues to strengthen with a net cash position of RM89.3 million
- Completion of Phase 4 expansion with seven production lines fully commissioned lifts total annual production capacity to 7.6 billion pieces of gloves
- On the back of improved financial performance, the Board recommends a final dividend of 5.70 sen (RM), bringing total dividends to 7.0 sen (RM) (FY2016: 6.49 sen (RM)); dividend payout ratio of 40.1%

### Financial Highlights

<u>RM million</u>	<u>FY2017</u>	<u>FY2016</u>	<u>Change (%)</u>
Revenue	817.4	654.9	24.8
Cost of Goods Sold	(619.7)	(481.7)	28.6
Gross Profit	197.8	173.2	14.2
Profit Before Tax	150.8	138.8	8.6
Net Profit	129.3	120.4	7.4
EPS* - fully diluted (sen)	17.45	16.24	

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

**SINGAPORE – 22 Feb 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 fourth quarter ("4QFY2017") and full year ("FY2017") ended 31 December 2017.

The Group ended the year on a high as net profit increased 7.4% yoy to RM129.3 million for FY2017. This was accomplished in spite of a challenging quarter as the Group's gross profit margin declined 2.3 percentage points to 24.2%, mainly attributable to heightened competition within the healthcare glove segment as well as a change in product mix.

Executive Chairman and CEO, Mr. Wong Teek Son (黄德顺) remarked, "*We are pleased to announce yet another record year as both our top and bottom line achieved all-time high results since our company's listing back in 2006. While recognising that volatile raw material prices and foreign exchange fluctuations continue to weigh on the Company, we continue to strive and achieve better management of our costs so as to reduce the impact of these external factors. Furthermore, our commitment to streamline processes by progressively increasing automation has had a positive effect on the profitability of our business. With these measures in place, we remain confident that our healthy operational cash flows and resilient balance sheet will tide us through these macroeconomic headwinds and allow us to continue on our growth trajectory.*"

As the Group continues to manage its costs to enhance profitability, selling and distribution expenses decreased 3.1% yoy to RM15.0 million for FY2017, mainly from a reduction in marketing expenses. With majority of the Group's revenues denominated in the US Dollar, a gradual depreciation of the currency during the year caused a net foreign exchange loss of RM6.3 million for FY2017, compared to a gain of RM4.6 million

in the preceding year. In line with the uptick in sales, general and administrative expenses increased 17.7% yoy to RM25.1 million, mainly attributable to an increase in staff benefits.

The Group's balance sheet recorded an increase in inventories to RM71.1 million as at 31 December 2017 (RM67.0 million as at 31 December 2016). Given that inventories comprise mainly work-in-progress and finished goods, this increment is in line with the ramp up in orders.

Given that the hallmark for the Group's resilient balance sheet stems from its ability to generate a steady stream of operating cash flows, 4QFY2017 netted cash inflows from operations of RM8.9 million. In efforts to maintain an optimal capital structure, the Group maintains borrowings amounting RM25.0 million, while remaining in a net cash position of RM89.3 million.

Looking ahead, Mr. Wong added, "Our Phase 4 expansion plans were successfully implemented at the end of 2017. With the added capacity contributed by the newly commissioned seven production lines, the Group currently amasses an annual capacity of 7.6 billion gloves, further allowing us to capitalise on the burgeoning global demand for both cleanroom and healthcare gloves. Moreover, we committed resources and efforts to increase order allocations from existing and new customers. Our deliberate approach to venture into other geographies such as the US to increase our overall sales saw positive traction as business grew 43.7% yoy to RM158.6 million for FY2017, fast becoming our second largest market. Our mainstay European market continues to witness robust growth of 21.4% to RM275.0 million, representing 33.6% of the Group's revenue.

We previously announced plans to hike our production capacity to 10.4 billion pieces of gloves by end of 2019, marking a 36.8% growth from 7.6 billion production capacity we have at present. As we enter into 2018, we are on track to undertake Phase 5 of our expansion plans which will add an additional 1.4 billion gloves, bringing our total annual production capacity to 9.0 billion gloves by the end of the year. While we adopt a prudent approach in utilising our cash resources for future capital expenditure to support overall growth, it is equally important for us to reward loyal shareholders. In line with the Group's record earnings, the Board is pleased to recommend a final dividend of 5.70 sen (RM) per share, hiking full year dividends to 7.0 sen (RM) per share, representing a payout ratio of 40.1%."

– 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](http://www.riverstone.com.my))

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

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