



## **Riverstone Holdings Limited**

*(Incorporated in Singapore)*

(SGX: AP4)

### **VOLUNTARY ANNOUNCEMENT**

#### **Unaudited Business Update for the Third Quarter (“3Q2020”) ended 30 September 2020**

Without prejudice to or derogating from the generality of the foregoing, no representation or assurance is given by Riverstone Holdings Limited (“the Company”) that this unaudited business update contains all information that an investor may require. To the extent permitted by applicable law, the Company or its related persons (and their respective directors, associates, connected persons and/or employees) shall not be liable in any manner whatsoever for any consequences (including but not limited to any direct, indirect or consequential losses, loss of profits and damages) arising from the reliance or use of the information contained in this unaudited business update.

Shareholders and potential investors are reminded to exercise caution when dealing or trading in the securities of the Company and should consult their stockbrokers, bank managers, solicitors, accountants or other professional advisers if they are in doubt about the actions that they should take.

## Financial Highlights

<u>RM million</u>	<u>3Q2020</u>	<u>3Q2019</u>	<u>Change (%)</u>
Revenue	482.3	251.3	92.0
Gross Profit	251.6	51.4	389.6
Profit Before Tax	232.4	41.8	456.8
Net Profit to Equity Holders	178.6	35.6	401.6

  

	<u>As at 30 September 2020</u>	<u>As at 31 December 2019</u>
Cash & Cash Equivalents (RM '000)	427,337	130,409

## Operational Review

Due to the surge in global demand for personal protection equipment amid the Covid-19 pandemic, average selling price of the Group's healthcare examination gloves has maintained its upward momentum since June 2020. On the other hand, the Group's high-tech cleanroom gloves has also experienced strong volume growth and several increases in average selling price during this period due to robust demand. Collectively, this led to a significantly improved performance for the quarter, as the Group recorded a 92.0% year-on-year ("yoy") increase in revenue to RM482.3 million for 3Q2020.

While certain production costs such as packaging and raw material costs have risen during this period, the surge in average selling prices of glove products has led to a 389.6% yoy increase in gross profit to RM251.6 million for 3Q2020. Correspondingly, the Group's blended gross profit margin expanded 31.7 percentage points yoy to 52.2% for 3Q2020.

The Group's ability to generate robust cash inflows from operations has contributed to the resiliency of its balance sheet. With cash and cash equivalents amounted to RM427.3 million as at the end of 30 September 2020, the Group remains well-positioned to carry out its expansion plans to drive future growth, and weather the macroeconomic headwinds associated with the Covid-19 pandemic

## Outlook

Phase 6 of the Group's expansion plans is on track to raise total production capacity by 1.5 billion pieces to 10.5 billion pieces of gloves annually by the end of 2020. For phase 6, the Group has commissioned five production lines which are currently in operation, with a remaining two production lines to be commissioned progressively over the next two months. Due to the strong demand for both healthcare and cleanroom gloves, the Group's current orderbook has been filled up to the first half of 2021.

Looking ahead, construction of the Group's latest production facility for phase 7 of its expansion plans is currently ongoing. With phase 7, the Group will add seven production lines in 2021, with the first line of this new phase ready in April 2021. This is expected to add up to 1.5 billion pieces of gloves to bring total annual production capacity by up to 12.0 billion pieces by 4Q2021. At this early stage, all of the new capacity coming online for phase 7 have already been taken up by the Group's customers.

Executive Chairman and CEO, **Mr. Wong Teek Son (黄德顺)** remarked, "*Beyond phase 7 which is currently under construction, we have in-place a clear expansion roadmap that will increase our production capacity by up to 1.5 billion pieces of gloves each year to a total of up to 15.0 billion pieces by end-FY2023, representing a growth rate of approximately 59% from our expected capacity of 10.5 billion gloves at the end of FY2020. With the market for healthcare gloves expected to grow at approximately 11% per annum on a large base of 296 billion in 2019 to reach approximately 330 billion pieces worldwide in 2020<sup>1</sup>, the new lines coming onboard will allow us to capitalise on this burgeoning demand. On the other hand, our cleanroom glove segment has also experienced growth in demand from the technology and manufacturing industries, such as lenses, batteries and semiconductors. As a clear market leader in the high-end cleanroom glove space, we remain positive that our diversified income streams will allow us to ensure earnings resiliency for sustainable growth over the longer term.*"

– The End –

<sup>1</sup> "Malaysia's glove makers struggle to meet booming demand", New Straits Times, 5 September 2020

**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 4,000 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 2019. 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 Financial PR**

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