

Singapore

ADD (previously HOLD)

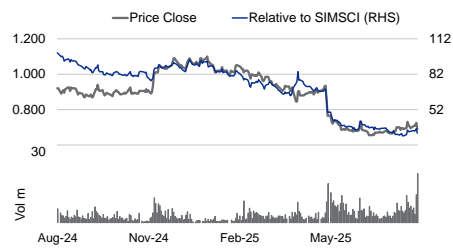
Consensus ratings*: Buy 2 Hold 2 Sell 0

Current price:	S\$0.69
Target price:	S\$0.91 ▲
Previous target:	S\$0.84
Up/downside:	31.9%
CGSI / Consensus:	1.1%
Reuters:	RVHL.SI
Bloomberg:	RSTON SP
Market cap:	US\$795.7m
	S\$1,023m
Average daily turnover:	US\$3.06m
	S\$3.94m
Current shares o/s:	1,482m
Free float:	34.6%

*Source: Bloomberg

Key changes in this note

- FY25F EPS increased by 1.7% on housekeeping adjustments to our model.
- FY26F and FY27F EPS forecasts reduced by 0.4% as we update our US\$/RM and S\$/RM exchange rate assumptions.



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	1.5	-19.3	-25.0
Relative (%)	-1.6	-27.6	-67.9

Major shareholders	% held
Ringlet Investment Limited	50.9
Lee Wai Keong	8.8
EPF	4.8

Analyst(s)



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Riverstone Holdings

Cleanroom segment seeing recovery

- 1H25 net profit disappointed at 43%/35% of our/Bloomberg consensus' full-year expectations.
- 2H25F outlook improved as management guided for hoh growth as its higher margin cleanroom segment is experiencing stronger demand.
- We upgrade to Add on rollover to FY27F as net profit decline concerns are priced in and market looks forward to net profit recovery in FY26-27F.

2Q25 continues to be impacted by weak US\$ vs. RM

Riverstone Holdings' (RSTON) 1H25 revenue formed 47%/42% of our/Bloomberg consensus' FY25F forecasts, below expectations. Net profit was also below expectations at 43%/35% of our/Bloomberg consensus' FY25F forecasts. 1H25 revenue was flat at RM497.1m, supported by higher contribution from the generic healthcare segment, offset by a slight yoy decline in cleanroom volumes and foreign exchange translation losses. 1H25 gross profit declined 24.8% yoy to RM147.9m as margin was impacted by: 1) depreciation of the US dollar against the Malaysian ringgit, 2) higher volume of lower margin generic healthcare gloves, and 3) higher depreciation costs.

2H25F likely to be stronger vs. 1H25

In its 1H25 results press release, management guided that market conditions are improving heading into 2H25F. Although competition in the healthcare glove segment is intensifying, demand for generic healthcare gloves remains stable. In the cleanroom glove segment, management expects stronger contribution in 2H25F underpinned by increasing demand from data centres and AI-related industries. RSTON's strategy continues to focus on higher margin cleanroom gloves and customised healthcare gloves.

Upgrade to Add on rollover

Despite the 1H25 net profit miss, we leave our FY25F net profit forecast unchanged as we assume a catch-up with a stronger 2H25F performance. We upgrade our call to Add from Hold as: a) we roll over to FY27F, b) current net profit decline concerns are priced in, c) net profit likely to recover hoh, and d) 7.0-8.3% dividend yields limits share price downside. We now value RSTON at 15.6x FY27F EPS forecast, +0.5 s.d. above its 10-yr (FY16-25) average P/E multiple. We lengthen the valuation time frame to better appreciate how the market has valued RSTON in the past over different business cycles. In our view, RSTON deserves a 0.5 s.d. premium given its earnings exposure to higher margin cleanroom gloves vs. its competitors and management's professionalism in returning excess cash earned during the Covid pandemic to shareholders. Previously, we valued RSTON at 16x FY26F P/E (RSTON's 5-year pre-Covid-19 [2015-19] historical mean). Upside risks: stronger-than-expected glove demand recovery, and better sales of cleanroom gloves on the back of a recovery in the electronics sector. Downside risks: weaker-than-expected gross margins due to change in product mix, and a stronger RM against the US\$, as well as more intense competition in the Asia and Europe markets as higher US tariffs have led to a diversion of gloves output by Chinese suppliers to these markets.

Financial Summary

	Dec-23A	Dec-24A	Dec-25F	Dec-26F	Dec-27F
Revenue (RMm)	915	1,073	1,063	1,115	1,239
Operating EBITDA (RMm)	310.0	396.8	336.8	355.5	401.5
Net Profit (RMm)	220.4	286.9	239.5	255.4	286.8
Core EPS (RM)	0.15	0.19	0.16	0.17	0.19
Core EPS Growth	(29.9%)	30.2%	(16.5%)	6.6%	12.3%
FD Core P/E (x)	15.33	11.77	14.10	13.23	11.78
DPS (RM)	0.23	0.24	0.16	0.17	0.19
Dividend Yield	9.9%	10.5%	7.0%	7.5%	8.3%
EV/EBITDA (x)	8.07	6.71	7.94	7.52	6.61
P/FCFE (x)	17.09	14.25	13.29	14.18	12.33
Net Gearing	(52.1%)	(45.3%)	(45.3%)	(44.9%)	(45.3%)
P/BV (x)	2.01	2.14	2.18	2.15	2.11
ROE	12.5%	17.6%	15.3%	16.4%	18.1%
% Change In Core EPS Estimates			1.72%	(0.41%)	(0.43%)
EPS/Consensus EPS (x)			0.87	0.83	0.85

SOURCES: CGSI RESEARCH ESTIMATES, COMPANY REPORTS

Figure 1: Results comparison

FYE Dec (RM)	2QFY25	2QFY24	yoy % chg	qoq % chg	1HFY25	1HFY24	yoy % chg	Prev FY25F	Comments
Revenue	245	247	-1%	-3%	497	496	0%	1,260	Below. 1H25 revenue formed 47%/42% of our /Bloomberg consensus' FY25F forecast.
COGS	(179)	(148)	21%	5%	(349)	(300)	17%	(835)	
Gross profit	66	99	-34%	-20%	148	197	-25%	425	
Gross margin	27%	40%	-13% pts	-6% pts	30%	40%	-10% pts	34%	
Net operating costs	(8)	(7)	13%	-8%	(17)	(30)	-44%	(30)	
Operating profit	58	92	-37%	-21%	131	184	-29%	395	
Operating margin	24%	37%	-14% pts	-6% pts	26%	37%	-11% pts	31%	
Interest expense	(0)	(0)	-57%	-14%	(0)	(0)	-54%	0	
Pretax profit	58	92	-37%	-21%	131	184	-29%	395	
Tax	(12)	(19)	-36%	-26%	(29)	(39)	-25%	(84)	
Tax rate (%)	22%	21%	+1% pt	-1% pt	22%	21%	+1% pt	21%	
Net profit	45	73	-37%	-20%	102	145	-30%	311	
Core net profit	45	73	-37%	-20%	102	145	-30%	311	Below. 1H25 net profit formed 43%/35% of our /Bloomberg consensus' FY25F forecast.
EPS (RM sen)	3.06	4.89	-37%	-20%	6.87	9.76	-30%	21.00	
Core EPS (RM sen)	3.06	4.89	-37%	-20%	6.87	9.76	-30%	21.00	

SOURCES: CGSI RESEARCH, COMPANY REPORTS

Figure 2: Earnings revision

(RMm)	Old			New			Chg		
	FY25F	FY26F	FY27F	FY25F	FY26F	FY27F	FY25F	FY26F	FY27F
Revenue	1,063	1,139	1,271	1,063	1,115	1,239	0%	-2%	-3%
EBITDA	337	364	414	337	356	401	0%	-2%	-3%
Net profit	240	261	295	240	255	287	0%	-2%	-3%
Core net profit	240	261	295	240	255	287	0%	-2%	-3%
US\$/MYR	4.20	4.33	4.35	4.20	4.24	4.24	0%	-2%	-3%
S\$/MYR	3.31	3.41	3.43	3.31	3.30	3.30	0%	-3%	-4%
Core EPS (RM cents)	15.88	17.30	19.43	16.16	17.23	19.35	1.72%	-0.41%	-0.43%


SOURCES: CGSI RESEARCH ESTIMATES, COMPANY REPORTS

Figure 3: Peer comparison

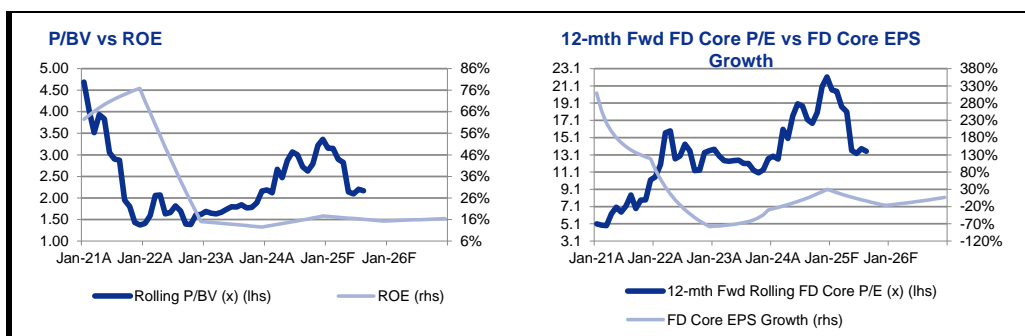
Company	Bloomberg Ticker	Recom.	Price (lcl curr)	Target Price (lcl curr)	Market Cap (US\$ m)	P/E (x)		3-year EPS CAGR (%)	P/BV (x)		Recurring ROE (%)	Dividend Yield (%)
						CY25F	CY26F		CY25F	CY26F		
Riverstone Holdings	RSTON SP	Add	0.69	0.91	796	14.1	13.2	2.5%	2.18	2.15	14.9%	7.0%
Hartalega Holdings	HART MK	Reduce	1.20	1.75	965	37.2	24.2	70.7%	0.94	0.92	2.5%	3.2%
Kossan Rubber Industries	KRI MK	Hold	1.19	1.80	709	22.9	17.8	35.8%	0.81	0.78	3.5%	0.9%
Top Glove Corporation	TOPG MK	Reduce	0.60	0.60	1,124	47.6	22.2	na	1.04	1.02	2.0%	1.0%
Simple average excluding Riverstone						35.9	21.4	na	0.93	0.91	2.7%	1.7%

DATA AS AT 8 AUG 2025

 SOURCES: CGSI RESEARCH ESTIMATES, COMPANY REPORTS, BLOOMBERG
 Note: Forecasts for Not Rated (NR) companies are based on Bloomberg consensus' estimates

<p>ESG in a nutshell</p>	 <p style="text-align: center;">LSEG ESG Scores</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <tr> <td style="background-color: #90EE90;">B-</td> <td style="background-color: #90EE90;">A+</td> <td style="background-color: #90EE90;">B-</td> <td style="background-color: #FFD700;">C</td> <td style="background-color: #90EE90;">C+</td> <td style="background-color: #90EE90;">B</td> </tr> <tr> <td style="font-size: 8px;">ESG Grade</td> <td style="font-size: 8px;">ESG Controversies Grade</td> <td style="font-size: 8px;">ESG Combined Grade</td> <td style="font-size: 8px;">ESG Environment Pillar Grade</td> <td style="font-size: 8px;">ESG Social Pillar Grade</td> <td style="font-size: 8px;">ESG Governance Pillar Grade</td> </tr> </table>	B-	A+	B-	C	C+	B	ESG Grade	ESG Controversies Grade	ESG Combined Grade	ESG Environment Pillar Grade	ESG Social Pillar Grade	ESG Governance Pillar Grade
B-	A+	B-	C	C+	B								
ESG Grade	ESG Controversies Grade	ESG Combined Grade	ESG Environment Pillar Grade	ESG Social Pillar Grade	ESG Governance Pillar Grade								
<p>Within the glove industry, we believe Riverstone (RSTON) has performed better vs. peers in ESG-related matters. Its commitment to ensuring the rights of all workers are respected in accordance with national and international laws has been recognised, with the awarding of the Business Social Compliance Initiative (BSCI) for being compliant with the BSCI Code of Conduct. We think such a recognition is important, especially when multiple peers within the industry have been hit by forced labour scandals. RSTON has set a medium-term target to reduce its energy intensity by at least 10% from its 2020 levels (by 2025F), and water intensity by c.25% over the same period.</p>													
<p>Keep your eye on</p> <p>Migrant worker and labour rights activist and researcher Andy Hall has filed petitions to the US Customs and Border Protection with allegations of forced labour by three of the four Malaysian-listed glove companies under our coverage. Singapore-listed RSTON has recorded no incident of non-compliance with the relevant laws and regulations related to fair employment practices.</p>	<p>Implications</p> <p>RSTON has a total workforce of 2,929 as of Dec 2024, of which 23% were foreign workers. In terms of ESG, glove companies face the biggest risk in terms of social compliance issues. To ensure that RSTON meets the highest standards of social compliance, the company actively engages with third-party social compliance auditors such as Responsible Business Alliance (RBA), Business Social Compliance Initiative (BSCI), Sedex Members Ethical Trade Audit (SMETA), and Worldwide Responsible Accredited Production (WRAP).</p>												
<p>ESG highlights</p> <p>RSTON has shown commitment in ensuring that the rights of all workers are respected according to national and international laws, and its commitment is evident with the BSCI award for being compliant with the BSCI Code of Conduct. The group is well equipped with facilities for employees' convenience, such as an in-house clinic with full-time paramedics, 24-hour canteens, hostel accommodation, gymnasium, laundry, grocery shops and indoor sports arena, while its hostel management service is outsourced to a facilities management specialist to ensure that hostel facilities are well maintained at all times so that workers have good living conditions and their well-being are taken care of.</p>	<p>Implications</p> <p>We view RSTON's policies positively as an indication of its commitment to social compliance.</p>												
<p>Trends</p> <p>RSTON has been making strides in environmental protection management. Its principal operating plant is in compliance with ISO 14001:2015 Environmental Management. RSTON has set a medium-term target to reduce its energy intensity by at least 10% from its 2020 levels (by 2025), and water intensity by c.25% over the same period. In FY24, RSTON had achieved 21% decrease in total energy use since 2020, and 38% reduction in Scope 1 and Scope 2 carbon emission since 2020.</p>	<p>Implications</p> <p>We are positive on RSTON's efforts to manage its environmental waste and resource usage, which have shown improvements over FY20-24, according to its Sustainability Report.</p>												

SOURCES: CGSI RESEARCH, COMPANY REPORTS, LSEG

BY THE NUMBERS

Profit & Loss

(RMm)	Dec-23A	Dec-24A	Dec-25F	Dec-26F	Dec-27F
Total Net Revenues	914.8	1,072.8	1,063.2	1,115.4	1,239.3
Gross Profit	295.5	390.1	345.4	364.7	408.1
Operating EBITDA	310.0	396.8	336.8	355.5	401.5
Depreciation And Amortisation	(60.4)	(64.9)	(47.8)	(50.2)	(55.8)
Operating EBIT	249.6	331.9	289.0	305.3	345.7
Financial Income/(Expense)	29.7	26.8	22.0	22.0	22.0
Pretax Income/(Loss) from Assoc.	0.0	0.0	0.0	0.0	0.0
Non-Operating Income/(Expense)	0.0	0.0	0.0	0.0	0.0
Profit Before Tax (pre-EI)	279.3	358.7	311.0	327.4	367.7
Exceptional Items	0.0	0.0	0.0	0.0	0.0
Pre-tax Profit	279.3	358.7	311.0	327.4	367.7
Taxation	(59.0)	(71.8)	(71.5)	(72.0)	(80.9)
Exceptional Income - post-tax					
Profit After Tax	220.4	286.9	239.5	255.4	286.8
Minority Interests	0.0	0.0	0.0	0.0	0.0
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
Net Profit	220.4	286.9	239.5	255.4	286.8
Recurring Net Profit	220.4	286.9	239.5	255.4	286.8
Fully Diluted Recurring Net Profit	220.4	286.9	239.5	255.4	286.8

Cash Flow

(RMm)	Dec-23A	Dec-24A	Dec-25F	Dec-26F	Dec-27F
EBITDA	310.0	396.8	336.8	355.5	401.5
Cash Flow from Invt. & Assoc.	0.0	0.0	0.0	0.0	0.0
Change In Working Capital	(17.4)	(32.4)	7.2	(7.6)	(18.7)
(Incr)/Decr in Total Provisions					
Other Non-Cash (Income)/Expense					
Other Operating Cashflow	(4.5)	0.0	0.0	0.0	0.0
Net Interest (Paid)/Received	29.7	26.8	22.0	22.0	22.0
Tax Paid	(68.8)	(64.8)	(71.5)	(72.0)	(80.9)
Cashflow From Operations	249.1	326.4	294.6	297.9	323.9
Capex	(51.7)	(89.3)	(40.4)	(59.6)	(50.0)
Disposals Of FAs/subsidiaries	0.3	0.0	0.0	0.0	0.0
Acq. Of Subsidiaries/investments	0.0	0.0	0.0	0.0	0.0
Other Investing Cashflow	0.0	0.0	0.0	0.0	0.0
Cash Flow From Investing	(51.5)	(89.3)	(40.4)	(59.6)	(50.0)
Debt Raised/(repaid)	0.0	0.0	0.0	0.0	0.0
Proceeds From Issue Of Shares	0.0	0.0	0.0	0.0	0.0
Shares Repurchased					
Dividends Paid	(415.1)	(363.1)	(266.8)	(237.1)	(252.0)
Preferred Dividends					
Other Financing Cashflow	(0.6)	(0.5)	0.0	0.0	0.0
Cash Flow From Financing	(415.6)	(363.6)	(266.8)	(237.1)	(252.0)
Total Cash Generated	(218.0)	(126.5)	(12.6)	1.1	21.9
Free Cashflow To Equity	197.6	237.1	254.2	238.3	273.9
Free Cashflow To Firm	197.7	237.1	254.2	238.3	273.9

SOURCES: CGSI RESEARCH ESTIMATES, COMPANY REPORTS

BY THE NUMBERS... cont'd

Balance Sheet

(RMm)	Dec-23A	Dec-24A	Dec-25F	Dec-26F	Dec-27F
Total Cash And Equivalents	875	715	702	704	726
Total Debtors	128	178	175	183	204
Inventories	83	98	98	103	114
Total Other Current Assets	12	9	9	10	11
Total Current Assets	1,098	1,001	985	999	1,054
Fixed Assets	726	778	770	780	774
Total Investments	0	0	0	0	0
Intangible Assets	0	0	0	0	0
Total Other Non-Current Assets	1	1	1	1	1
Total Non-current Assets	727	778	771	780	775
Short-term Debt	0	0	0	0	0
Current Portion of Long-Term Debt					
Total Creditors	72	123	127	133	147
Other Current Liabilities	13	10	10	10	10
Total Current Liabilities	85	134	137	143	157
Total Long-term Debt	0	0	0	0	0
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities	2	1	1	1	1
Total Non-current Liabilities	2	1	1	1	1
Total Provisions	58	68	68	68	68
Total Liabilities	144	202	206	212	226
Shareholders' Equity	1,682	1,577	1,550	1,568	1,603
Minority Interests	0	0	0	0	0
Total Equity	1,682	1,577	1,550	1,568	1,603

Key Ratios

	Dec-23A	Dec-24A	Dec-25F	Dec-26F	Dec-27F
Revenue Growth	(27.4%)	17.3%	(0.9%)	4.9%	11.1%
Operating EBITDA Growth	(32.2%)	28.0%	(15.1%)	5.6%	12.9%
Operating EBITDA Margin	33.9%	37.0%	31.7%	31.9%	32.4%
Net Cash Per Share (RM)	0.59	0.48	0.47	0.47	0.49
BVPS (RM)	1.13	1.06	1.05	1.06	1.08
Gross Interest Cover	7,341	N/A	N/A	N/A	N/A
Effective Tax Rate	21.1%	20.0%	23.0%	22.0%	22.0%
Net Dividend Payout Ratio	151%	124%	99%	99%	98%
Accounts Receivables Days	49.12	52.23	60.59	58.60	57.00
Inventory Days	48.79	48.63	49.98	48.90	47.58
Accounts Payables Days	46.09	52.26	63.74	63.31	61.49
ROIC (%)	29.4%	38.4%	31.1%	33.3%	37.1%
ROCE (%)	15.3%	21.2%	19.1%	20.1%	22.2%
Return On Average Assets	9.9%	14.4%	12.3%	13.2%	14.7%

Key Drivers

	Dec-23A	Dec-24A	Dec-25F	Dec-26F	Dec-27F
Healthcare glove ASP (USD/carton)	26.5	27.9	26.0	26.1	26.2
Cleanroom glove ASP (USD/carton)	92.0	91.6	92.0	93.0	94.0
Healthcare segment GPM (%)	12.0%	20.6%	17.5%	17.8%	17.9%
Cleanroom segment GPM (%)	55.0%	56.7%	53.2%	53.3%	53.7%

SOURCES: CGSI RESEARCH ESTIMATES, COMPANY REPORTS

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Description:	Excellent	Very Good	Good	N/A	N/A

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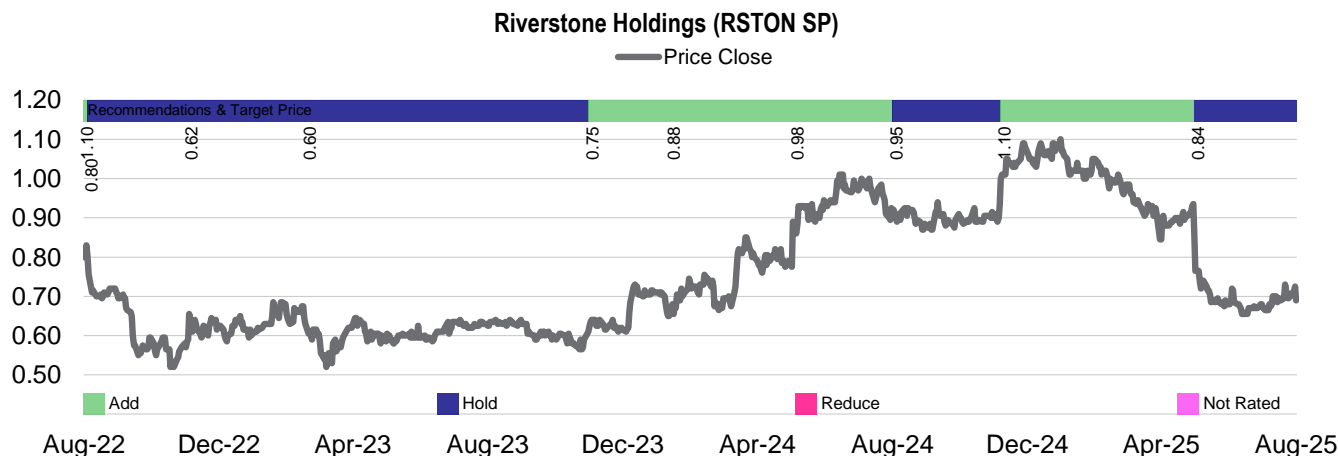
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Distribution of stock ratings and investment banking clients for quarter ended on 30 June 2025		
561 companies under coverage for quarter ended on 30 June 2025		
	Rating Distribution (%)	Investment Banking clients (%)
Add	70.6%	1.1%
Hold	20.5%	0.5%
Reduce	8.9%	0.5%

Spitzer Chart for stock being researched (2-year data)



Recommendation Framework	
Stock Ratings	Definition:
Add	The stock's total return is expected to exceed 10% over the next 12 months.
Hold	The stock's total return is expected to be between 0% and positive 10% over the next 12 months.
Reduce	The stock's total return is expected to fall below 0% or more over the next 12 months.
<i>The total expected return of a stock is defined as the sum of the: (i) percentage difference between the target price and the current price and (ii) the forward net dividend yields of the stock. Stock price targets have an investment horizon of 12 months.</i>	
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Neutral	A Neutral rating means stocks in the sector have, on a market cap-weighted basis, a neutral absolute recommendation.
Underweight	An Underweight rating means stocks in the sector have, on a market cap-weighted basis, a negative absolute recommendation.
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