



PRESS RELEASE

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Sarine Reports Higher Revenue in Q1 2017 From Increased Capital Equipment Sales and Recurring Income

- *Group revenue rose 5% y-o-y to US\$16.3 million in Q1 2017 with higher capital equipment sales and recurring income driven by positive business conditions*
- *Galaxy™ deliveries were slower on a sequential quarterly basis following end of Meteor™ promotion during 2016 and other issues*
- *Recurring revenue contributed about 42% of total revenue of which trade revenues (contributions from Sarine Profile™ and its components) accounted for about 2% of overall revenue in Q1 2017*
- *Strong balance sheet as of 31 March 2017 with cash and cash equivalents totaling US\$40.9 million and no debt*

Singapore, 14 May 2017 – Singapore Exchange Mainboard-listed Sarine Technologies Ltd ("Sarine" or "the Company", and with its subsidiaries "the Group") (U77:SI), a worldwide leader in the development, manufacture and sale of precision technology products for the evaluation, planning, processing, finishing, grading and trading of diamonds and gemstones, today announced its financial results for the first quarter ended 31 March 2017.

Q1 2017 Financial Results Review

Backed by healthy level of manufacturing activities in the diamond industry, Sarine recorded higher revenue of US\$16.3 million in Q1 2017 from increased capital equipment sales and higher recurring revenues. However, group revenue was lower on a sequential quarterly basis due to fewer Galaxy™ deliveries following the termination of the Meteor™ promotion at attractive introductory terms as of the end of



December 2016 and other issues. The Group delivered 17 Galaxy™ family systems, comprising 11 Meteor™ small stone machines, 5 Solaris™ machines and a Galaxy™ system, to customers in Q1 2017, bringing the total installed base to 316 as of 31 March 2017. Overall recurring income accounted for approximately 42% of total revenue, with trade revenue derived from the polished diamond line of products and services representing about 2% of total revenue in Q1 2017.

In line with increased revenue, gross profit rose 6% to US\$11.1 million and gross profit margin remained stable at 68%. In order to support continued growth and the launch of new services, higher operating expenses were incurred in Q1 2017. The increase in expenses was compounded by the 5% strengthening of the Israeli NIS against the US dollar. As a result, profit from operations fell 14% from US\$3.7 million in Q1 2016 to US\$3.2 million in Q1 2017. The Group registered a drop in Q1 2017 net profit to US\$2.5 million.

Prospects

The positive business conditions in the diamond industry are likely to persist in FY2017 but nevertheless, the Group will continue to monitor market developments closely. Although termination of the Meteor™ promotion and pricing revision of the Solaris™ ongoing use fee have affected Galaxy™ deliveries in Q1 2017, this was expected and the Group is confident that the value of yield enhancement offered by its Galaxy™ family systems remains very compelling to diamond manufacturers.

The market penetration of Sarine Profile™ continues to accelerate, especially in the Asia Pacific (APAC) region. "We have a number of significant successes in the APAC region and the list of new customers include two new chains in Japan, K-Uno and Sadamatsu, and a large buyers' group in Australia, Leading Edge Group," commented Mr. David Block, the Group's newly appointed CEO. "We intend to double the number of stones scanned for Sarine Profile™ in 2017 and expect its contribution to account for around 5% of group sales this year," added Mr. Block.



Coming up next will be Sarine's new technologies for Clarity and Colour grading for polished diamonds. These new technologies will address the US\$500 million a year 4Cs grading market and their application could potentially extend grading to smaller stones under a fifth of a carat, which would effectively expand the total addressable market value by an estimated 50% to US\$750 million annually. These technologies are currently undergoing large scale testing in India and the Group expects the commercialisation of these new services in Q3 2017.

This press release should be read in conjunction with Sarine's Q1 2017 results announcement released on 14 May 2017 to the Singapore Exchange.

About Sarine Technologies:

Established in 1988, Sarine Technologies Ltd. is a worldwide leader in the development and manufacturing of advanced evaluation, planning, processing, and finishing systems for diamond and gemstone production. Sarine products include diamond Cut, Color and light performance grading tools, the Galaxy™ family of inclusion mapping systems, rough diamond planning optimisation systems, laser cutting and shaping systems, laser-marking and inscription machines and polished diamond visualisation systems. Sarine systems have become an essential gemology tool in every properly equipped gem lab, diamond appraisal business and manufacturing plant, and are today considered essential items by both diamond dealers and retailers. For more information about Sarine and its products and services, visit <http://www.sarine.com>.

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