



## PRESS RELEASE

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### Sarine Reports Improved Sequential Quarterly Performance in Q2 2017

- **Q2 2017 revenue and net profit of US\$18.2 million and US\$3.2 million represent growth of 12% and 32% respectively compared to Q1 2017**
- **16 Galaxy™ deliveries in Q2 2017 expanded total installed base to 332 as of 30 June 2017 and boosted contribution of recurring revenue to about 41% of overall revenue in H1 2017**
- **Retailers' sales programs utilising Sarine Profile™ continue to expand in the Asia Pacific region and North America**
- **Sarine's new technologies for polished diamond Clarity and Colour grading set to launch in Q3 2017**

**Singapore, 6 August 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 second quarter and half year ended 30 June 2017.

#### **Q2 and H1 2017 Financial Results Review**

In Q2 2017, Sarine deployed 16 Galaxy™ family systems, comprising deliveries of 6 Meteor™ systems, 3 Solaris™ systems, 3 Galaxy™ systems and 3 Galaxy™ Ultra systems to customers as well as shipment of a Galaxy™ XL to the Botswana service centre. Total installed base grew to 332 Galaxy™ family systems as of 30 June 2017. Given the higher mix of Galaxy™ models and increased recurring income, the Group recorded revenue of \$18.2 million in Q2 2017, an improvement of 12% over \$16.3



million in Q1 2017. The net profit of \$3.2 million in Q2 2017 was 32% higher compared to US\$2.5 million in Q1 2017.

In H1 2017, Group revenue totaled US\$34.4 million and approximately 41% of this revenue was recurrent in nature. Trade revenues from polished diamond related products and services represented about 2% of H1 2017 revenue and the proportion of contribution from this business segment is expected to grow as the year unfolds. For the half year, the Group recorded net profit of US\$5.7 million.

On a year-on-year basis, both Q2 2017 and H1 2017 results were lower in comparison to the previous corresponding periods. This is mainly due to lower equipment sales in India as well as higher operating expenses, in part due to the weaker U.S. Dollar. The Group's sales of inclusion mapping systems for smaller stones (primarily the Meteor™) were affected by patent and copyright infringement activities of an illegal competitor in India, against which the Group has been taking aggressive legal and other actions.

### **Prospects**

Although the illicit competition is likely to prevail into Q3 2017, Sarine remains confident of maintaining its solid market leadership position, as evident by the record number of stones processed by its growing base of inclusion mapping systems. The Group also expects growth in the number of stones scanned for Sarine Profile™ to accelerate in the second half of 2017. "For Sarine Profile™, we continue to enjoy successful business expansion in the Asia Pacific region and North America. In addition to new customers commencing services in Thailand and South Korea this quarter, we have concluded plans for launches with major Hong Kong and mainland China chains, with actual in-store operations scheduled for the beginning of 2018," commented Sarine's CEO, Mr. David Block. "Based on previous experience, we expect revenue from sales programs utilising Sarine Profile™ in H2 2017 to double the revenues realised H1 2017," Mr Block added.

In Q3 2017, the Group will begin to commercialise its new technologies for Clarity and Colour grading of polished diamonds, with the formal launch scheduled for mid-September. "These technologies address the US\$500 million 4Cs grading market which currently generates about 7 million reports a year for stones typically a fifth of a



carat and up, at prices ranging from US\$50 to US\$100 a carat. We believe that by introducing a cost-effective, consistent and reliable automated solution, the addressable market can be expanded to polished diamonds of a tenth of a carat and up, effectively increasing the total addressable market value by 50% to US\$ 750 million annually," explained Mr. Block.

This press release should be read in conjunction with Sarine's Q2 2017 results announcement released on 6 August 2017 to the Singapore Exchange.

#### **About Sarine:**

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, Clarity, 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 standard tools in every properly equipped gemology lab, diamond appraisal business and manufacturing plant, and are essential aids for both diamond dealers and retailers. For more information about Sarine and its products and services, visit <http://www.sarine.com>.

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