



**PRESS RELEASE**  
FOR IMMEDIATE RELEASE



## **Sarine Technologies Profitability Guidance and Industry Conditions Update on Q1 2019**

**Hod Hasharon, (Israel), 18 April 2019** – Singapore Exchange Mainboard-listed Sarine Technologies Ltd (“**Sarine**” or “**the Company**” and together 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 gems, wishes to update its investing public as to the Group’s revenues and profitability for Q1 2019.

In our FY2018 results press release, published on 24 February 2019, we noted that the prevailing negatives in the diamond industry midstream, which impaired our results in the latter part of 2018, were likely to continue into FY2019.

Indeed, during Q1 2019 our midstream customers not only continued to experience working capital issues due to credit tightening policies implemented by Indian banks but also had to meet the latter’s call for return of some of the already extended credit by the Indian fiscal year’s end on 31 March 2019.

In addition, the uncertainties caused by the advent of lab-grown diamonds (LGD) in the market, notwithstanding the U.S. Federal Trade Commission’s (FTC) latest criticism of certain players’ lax implementation of their directives on the full disclosure of the diamonds’ non-natural source and their warning concerning the presentation of LGD as more environmentally friendly, as well as the ongoing trade disputes between the U.S. and China, which continue to dampen the critically important Chinese market, continue to drive adverse sentiments in the industry’s midstream.

Together, these factors have continued to result in a reduction in manufacturing activities, and consequently recurring revenues from inclusion mapping services, as also evidenced by the ongoing reduction of miners’ rough output into the pipeline,



such as DeBeers sights having been reduced by as much as 25%. These negatives have also contributed to a tendency to postpone capital equipment expenditures.

Notwithstanding all these issues, the Group delivered a record 33 Galaxy<sup>®</sup>-family inclusion mapping systems this quarter – continuing indication of the market's growing understanding and appreciation of the value of our technology over the pirated version of same. All of these systems were of the Meteorite<sup>™</sup> (29) and Meteor<sup>™</sup> (4) models, which have significantly lower gross margins than the models for larger stones and, coupled with fewer inclusion mapping scans, as noted above, this has reduced our overall gross margin to below 60%.

There may be some very preliminary indications that the midstream market is beginning to stabilise. The latest (March) De Beers sight was back to customary levels. Consequently, the number of stones being scanned by our inclusion mapping systems has also increased back to higher levels.

Current indications are that our revenues for the first quarter will be just under US\$11 million, and, given the above-noted reduction in our gross margin, even with our ongoing prudent management of our operational expenses (no significant increase in these except in G&A, which has bumped up sequentially by some US\$ 0.2 million, as we have moved into the actual trial phase of our patent litigation), we currently expect that we will record a net loss of between US\$ 1 to 1.5 million dollars, including non-cash expenses (depreciation, amortisation and option based compensation, typically a million dollars or so). The full report of our financials for Q1 2019 are expected to be released on 12 May 2019.

#### **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 the Galaxy<sup>®</sup> family of inclusion mapping systems, rough diamond planning optimisation systems, laser cutting and shaping systems, laser-marking and inscription machines and polished diamond Clarity, Color, Cut and light performance grading tools and visualisation systems. Sarine systems have become standard tools in every modern manufacturing plant, properly equipped gemmology lab and diamond appraisal business, and are essential aids for diamond polishers, dealers and retailers. For more information about Sarine and its products and services, visit <http://www.sarine.com>.



**Contact:**

**APAC IR**

Cyrus Capital Consulting  
Mr. Lee Teong Sang  
Tel: +65-9633 9035  
[teongsang@cyrus.com.sg](mailto:teongsang@cyrus.com.sg)

**North America IR**

MS-IR LLC  
Ms. Miri Scharia-Segal  
Tel: +1-917-607-8654  
[msegal@ms-ir.com](mailto:msegal@ms-ir.com)

**Sarine Technologies Ltd**

Marketing & Communications  
Ms. Romy Gakh-Baram  
Tel: +972-9-7903500  
[romy.gakh-baram@sarine.com](mailto:romy.gakh-baram@sarine.com)