

MEDIA RELEASE

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HONG KONG

**DIAMOND INDUSTRY FUNDAMENTALS SUPPORT LONG-TERM
CONFIDENCE IN SECTOR AS INDIA PRESENTS FURTHER
GROWTH OPPORTUNITY**

Report shows strong global consumer and rough diamond demand in 2014 – and highlights growth potential of Indian retail sector

Global diamond jewellery demand rose three per cent to exceed US\$80 billion for the first time in 2014 – representing the fifth year of consecutive growth since the global recession – while global rough diamond production rose six per cent to US\$19 billion, according to The De Beers Group of Companies' Diamond Insight Report 2015.

Consumer demand in 2014 grew in each of the top five diamond consuming markets – the US, China, Japan, India and the Gulf – which account for 75 per cent of global demand. The strength of the US dollar suppressed further global growth, which at constant exchange rates amounted to almost five per cent.

Despite the strong performance in 2014, the Report notes that the continued strength of the US dollar and lower demand growth in China is likely to mean that global growth (in US dollar terms) in 2015 will remain stable on 2014 levels.

While rough diamond production value increased in 2014, production volume actually decreased three per cent to 142 million carats. According to the Report, rough diamond demand is likely to be lower in 2015 as higher levels of stock in the midstream and downstream work through the system.

The Report also reveals the extent of the opportunity presented by the growing economy and emerging middle class in India. It found that:

- Driven by a widening consumer base, economic development and increasing volumes, India's diamond consumer market has achieved almost uninterrupted growth over the last 20 years. It is now one of the world's largest consumer markets;
- The retail landscape is changing. Chains are set to grow in significance and lead the way in online development, both as a sales channel and as a means of researching future purchases. Brands are also becoming increasingly important for Indian consumers as reassurance of quality and authenticity;

- As affluence continues to grow, more Indian women will be able to purchase diamonds. 75 million new Indian households are expected to see income rise above US\$5,000-6,000 in the decade, contributing to growing diamond demand. Meanwhile, the number of Elite households is expected to triple over the next decade to 12 million, while the Super Elites are expected to quadruple in size and reach over three million households by 2024, presenting the industry with a further growth opportunity.

Philippe Mellier, CEO, De Beers Group, said: “2014 saw strong levels of consumer demand across all key markets. Rough diamond demand was also strong in 2014, although we have seen more challenges in 2015. Indigestion in the midstream and downstream has impacted rough diamond demand this year, despite consumer demand for diamond jewellery being stable on the levels seen last year.

“However, the challenges faced by the sector in 2015 are expected to be short-term and the industry has excellent prospects. The long-term trend for demand has been positive, with consistent growth in demand for diamond jewellery since the 2008/9 financial crisis. There are also further exciting growth opportunities in the main consumer markets and India is a great example of this. Already one of the world’s largest markets for diamond jewellery, the growth of the middle class in India over the next decade is set to make a major contribution to growing diamond demand.”

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NOTES TO EDITORS

The Diamond Insight Report 2015 is available for download at:
www.debeersgroup.com/insightreport

DE BEERS

GROUP OF COMPANIES

ABOUT THE DE BEERS GROUP OF COMPANIES

De Beers is a member of the Anglo American group. Established in 1888, De Beers is the world's leading diamond company with expertise in the exploration, mining and marketing of diamonds. Together with its joint venture partners, De Beers employs more than 20,000 people (directly and as contractors) across the diamond pipeline, and is the world's largest diamond producer by value, with mining operations in Botswana, Canada, Namibia and South Africa. As part of the company's operating philosophy, the people of De Beers are committed to *Living up to Diamonds* by making a lasting contribution to the communities in which they live and work, and transforming natural resources into shared national wealth. For further information about De Beers visit

www.debeersgroup.com