

De Beers Earnings Slide in Challenging First Half



De Beers' profit fell sharply in the first half of the year amid weak consumer demand, a lower average selling price, and a rise in expenses.

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The diamond miner's underlying earnings plunged 83% to \$85 million, parent company [Anglo American](#) reported Thursday. Revenue dropped 21% year on year to \$2.83 billion, despite sales volume being flat at 15.3 million carats. The average price dropped 23% to \$163 per carat.

"The high levels of polished-diamond inventory in the midstream coming into 2023, as well as the ongoing macroeconomic headwinds, impacted demand for rough diamonds,"

Anglo American explained. “The anticipated rebound in Chinese demand following the removal of Covid-19 restrictions was impacted by a large wave of infections during the first quarter of 2023, which dampened consumer confidence.”

Midstream inventories grew further during the first six months of this year due to a slowdown in sales, while profitability came under pressure as polished prices softened and financing costs rose, the company added.

De Beers’ lower average price reflects an increase in the proportion of lower-value diamonds it sold this year. [Sightholders](#) took a “more cautious approach” to planning their rough allocations because of the economic uncertainty, management noted. The company’s average rough-price index — which tracks like-for-like prices — decreased 2%. However, the cost per carat increased to \$63 due to lower production volumes as well as higher inflation and input costs.

De Beers Jewellers, the miner’s high-end retail brand, “delivered a solid first-half performance, with double-digit growth in bridal and collections,” it said. Demand for branded diamond jewelry remains strong, the company added.

Consumer desire for natural diamonds will remain robust in key markets in the long term, while supply of rough diamonds is expected to decline, the company projected. However, short-term difficulties remain.

“Macroeconomic conditions are expected to remain challenging over the near term, impacting consumer spending on diamond jewelry,” the company said.

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IMAGE: A HAUL TRUCK AT THE ORAPA MINE IN BOTSWANA. (BEN PERRY/ARMOURY FILMS/DE BEERS)