

# ***Sarine Technologies Ltd.***

## ***Corporate Introduction***

***January 2017***



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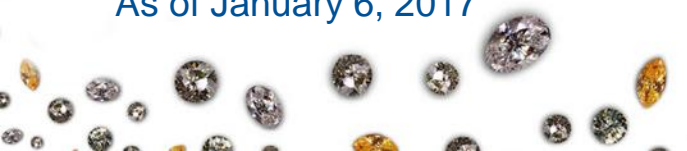
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# Highlights

- ◆ Public since 2005 on the Singapore Exchange Mainboard: U77.SI
- ◆ Market Cap\*: \$424 million; Shares Outstanding: 350.29 million
- ◆ Develops, manufactures and sells technology-based systems and services for the evaluation, planning, cutting, polishing, grading and wholesale and retail trade of diamonds and gemstones
- ◆ Global sales - India, Asia Pacific, Africa, Europe, North America and Israel
- ◆ 9 months 2016: Revenues \$53.6 million, ~40% recurring; EBITDA of \$18 million and Net Profit of \$13 million for the period
- ◆ Cash: \$34.9 million (as of 30 September 2016); no debt
- ◆ Expanding product and service offerings into wholesale and retail trade of polished diamonds; significant potential for additional revenue streams with higher margins and recurring elements

\* As of January 6, 2017



# Diamond Industry Value Chain

Our products increase profits at all stages of the diamond trade from purchase of rough stones to sale of polished diamonds

## Value of Market in US\$ in 2015



# Sarine Technologies

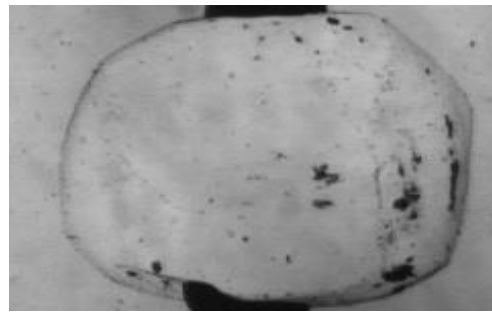
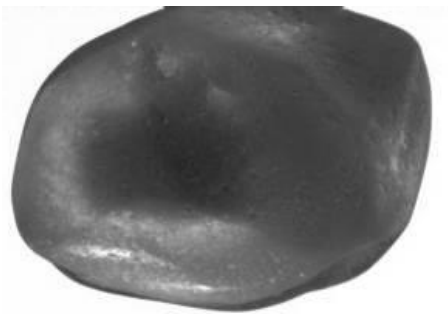
Sarine Technologies, through its application of patented and proprietary solutions, involving precision mechanics, electronics, optics and laser platforms and sophisticated software is a global leader in the development of systems used throughout the entire diamond value chain, from rough diamonds evaluation, planning and polishing to polished diamonds assessment, grading and trade



# Traditional Diamond Planning

- ◆ Based on worker skill and experience. Long training process. Inconsistent results from different planners
- ◆ Needs windows to be opened in rough stone
- ◆ Typically limited to simple solutions; single sawing plane with two polished stones
- ◆ Significant transfer error between planning and execution

## Traditional Diamond Planning



# Planning Revolution

1995

- ◆ In 1995 Sarine introduces first computerized planning for diamonds
- ◆ Advanced algorithms to model and plan the optimized polished diamond
- ◆ Based on patented technologies for scanning and marking of diamonds

Advisor 1.0 Lens 2 1.925 ct.

Stone Planes Planning Polish Reports Tools Help

Map Plan Mark

Part A 0.442ct. (0.924ct.) 47.8%

L:W	W:5.19	L:4.92
Height	59.3%	3.08mm
Table	64.0%	3.32mm
Crown <sup>°</sup>	34.9°	
Crown H	12.0%	0.62mm
Girdle M:	5.0%	0.26mm
Pavil. <sup>°</sup>	41.5°	
Pavil.H	42.3%	2.20mm
L / W	0.95	
Tilt	0°	

Rough & Saw

Rough	1.925ct.
Saw Width	50mic.
Loss (Saw)	1.3%
Saw Tilt	39.1°

Part B 0.322ct. (0.876ct.) 36.8%

L:W	W:3.89	L:3.89
Height	59.9%	2.33mm
Table	53.0%	2.06mm
Crown <sup>°</sup>	36.0°	
Crown H	11.7%	0.45mm
Girdle M:	4.2%	0.16mm
Pavil. <sup>°</sup>	31.9°	
Pavil.H	44.0%	1.71mm
L / W	1.00	
Tilt	11°	

Planes Results Inclusions Calculator

Sort by: Best Weight

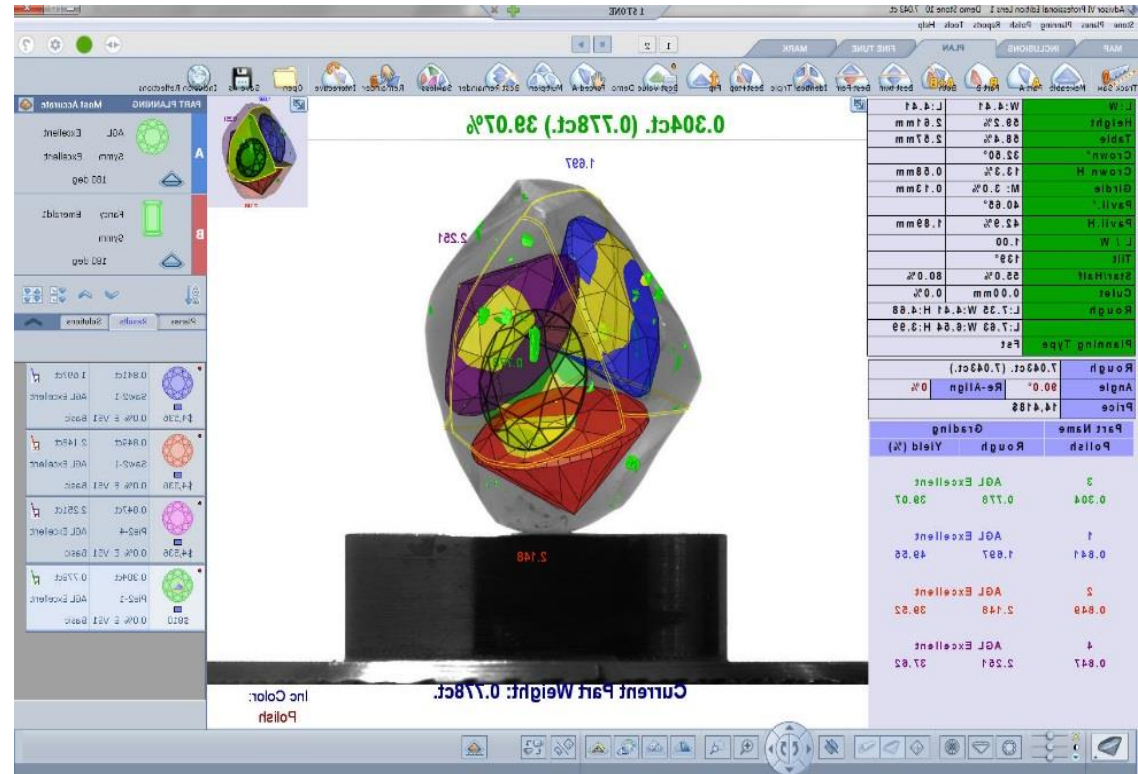
	0.442ct	0.924ct
Saw 1	Fancy Heart1	
F	VWS2 Evaluator0	
	0.322ct	0.876ct
Saw 1	Fancy Princess1	
F	VWS2 Evaluator0	



# Advanced Diamond Planning

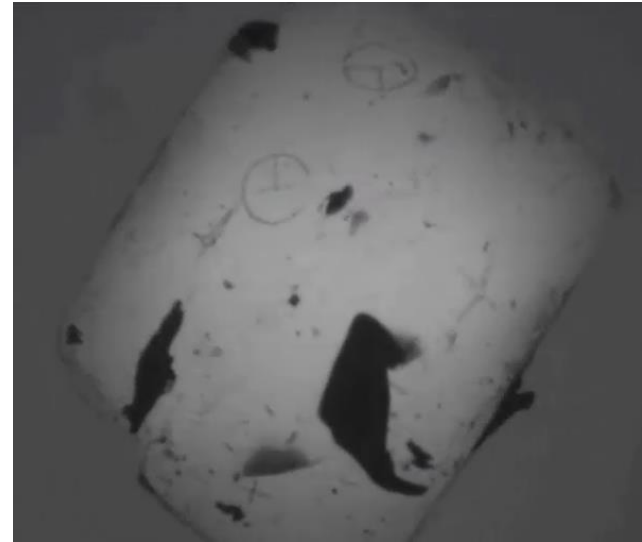
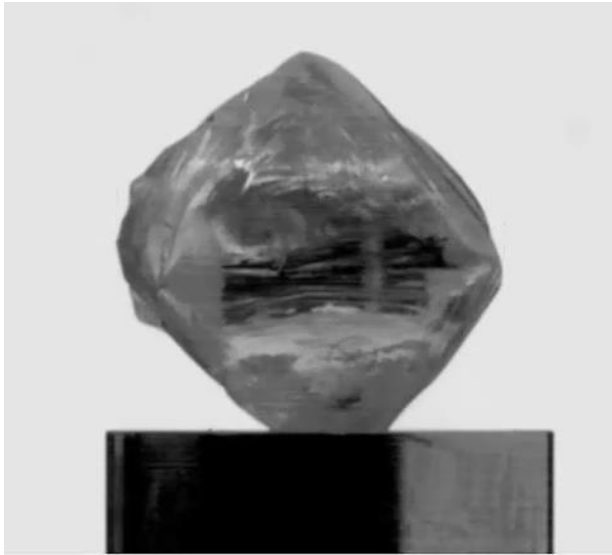
2005

- ◆ Advances in computerized planning enables significantly better utilization of the diamond raw material
- ◆ Multiple polished diamonds from a single rough diamond
- ◆ Initial use of manual indicated inclusion (diamond Clarity)

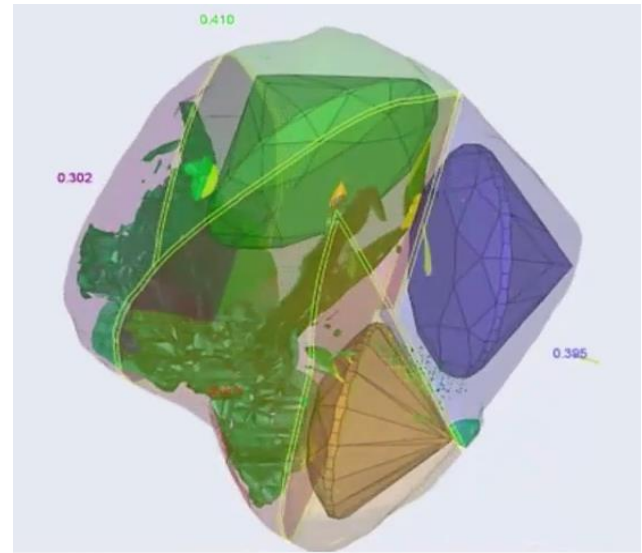
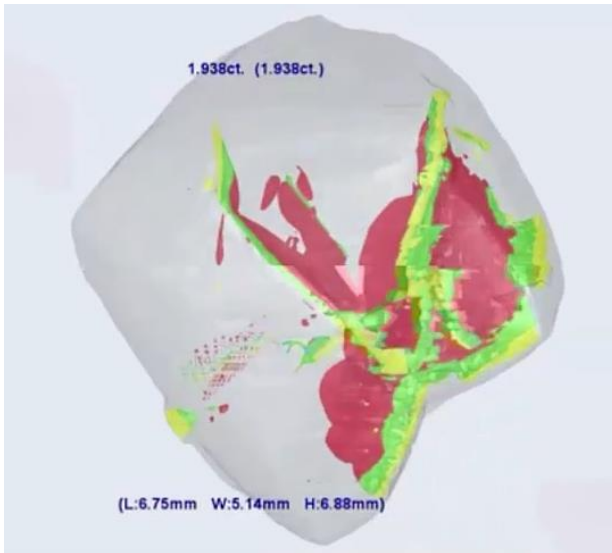




# Planning Using Galaxy™



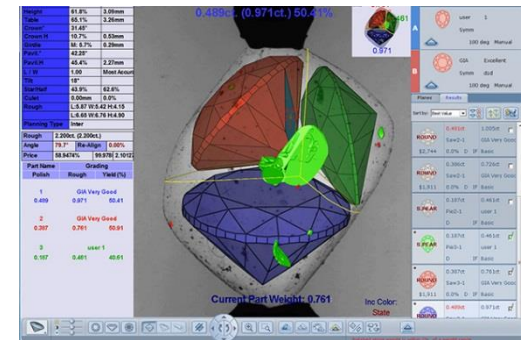
2010



# Rough Planning (Advisor™) Using Galaxy™

- ◆ Advisor™ rough planning software is the most widely used rough planning software - over 20,000 Advisor™ installations. Combined with Galaxy inclusion scanning it enables considering inclusions for value based planning.
- ◆ Optimizes value on virtually all rough stones from super fast analysis of single-point sizes to high accuracy multi-stone planning of large complicated diamonds up to 200 carats, based on 4Cs with market driven real-time trend data
- ◆ Integration with inclusion mapping creates effective penetration barrier; also integrated with our best-in-class Quazer's™ laser cutting system allowing even higher value – optimal use of rough stone weight pushed from 40% to over 50%

## Multiple Diamonds Planning



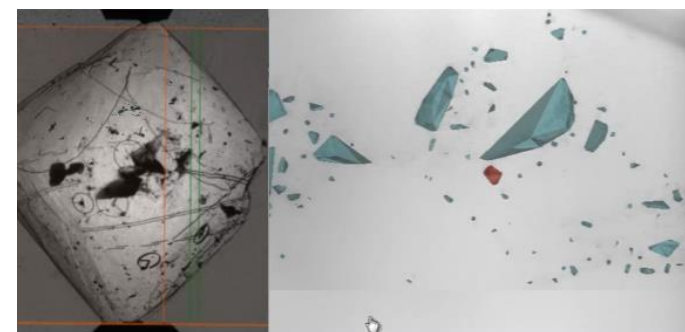
## Atom System (>1000 stones per day)



# Galaxy™ Family

- ◆ Rollout in 2010 with Galaxy 1000
- ◆ PPC model - recurring revenue
- ◆ Additional Galaxy systems launched:
  - ◆ Galaxy XL - for extra large diamonds
  - ◆ Solaris - specialized for smaller diamonds below 2.5 carats
  - ◆ Ultra –higher clarities (VVS)
  - ◆ Meteor – very small diamonds (below 0.2 - 0.9 carats)
- ◆ Total installed base of 299 systems as of 31 December 2016
- ◆ No competition for Group's automated inclusion mapping systems in the market

**///GALAXY**  
1000



**///GALAXY**  
ULTRA



# Trade & Retail Segment

- ◆ What are the challenges?
  - ◆ Trading challenges B2B – current grading criteria not definitive
  - ◆ Diamond Branding
  - ◆ Digital experience for today's consumer
  - ◆ Consumer transparency – 4C's define rarity; consumers want more



# Trading Challenges

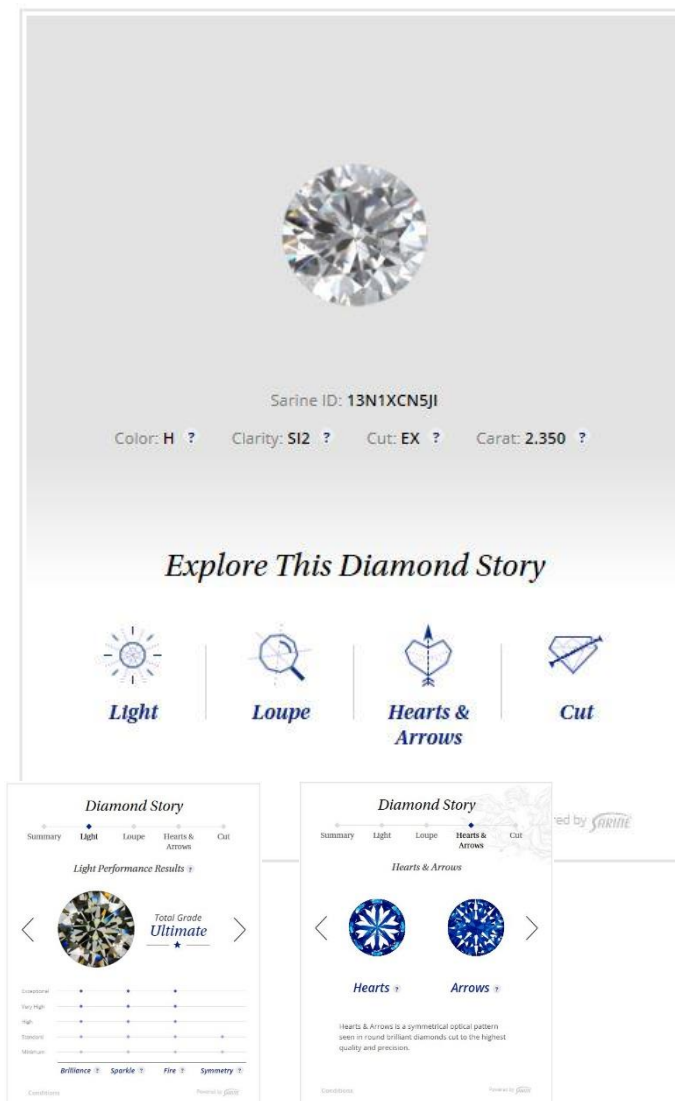


All GIA Graded I1 Diamonds



# Sarine Profile™

- ◆ Imaging technologies are gaining traction as an essential marketing tool in the polished diamond trade
- ◆ Instead of a dry tabular non-intuitive report, Sarine Profile™ utilizes all the benefits of Sarine's diverse cutting-edge technologies to “show and tell” the stone with graphic and video displays
- ◆ Product launched 2015 with focus now on pilot programs in U.S. and Asia Pacific
- ◆ Adopted by leading diamond retailers - Japan's Cima (Exelco and Ginza Shiraishi), Grace Fujimi (Garden), Mariage, and Verite (Maharaja), China's Shining House, Hope, Kela and Meidie, Singapore's Soo Kee (Love & Co and SK Jewellery) and US's third largest wholesale distributor – GN



Sarine ID: 13N1XCN5JI

Color: H ? Clarity: SI2 ? Cut: EX ? Carat: 2.350 ?

*Explore This Diamond Story*

Light Loupe Hearts & Arrows Cut

**Diamond Story**

Summary Light Loupe Hearts & Arrows Cut

Light Performance Results

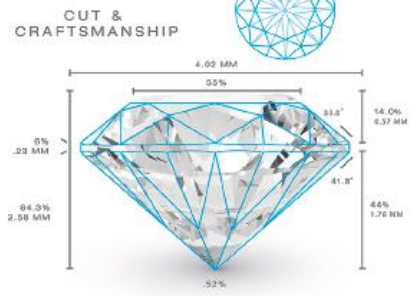
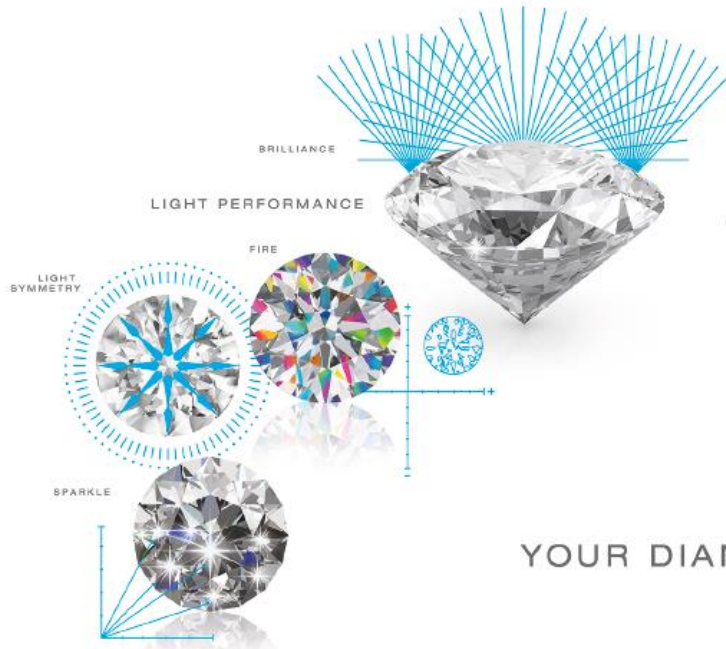
Total Grade Ultimate

Hearts & Arrows

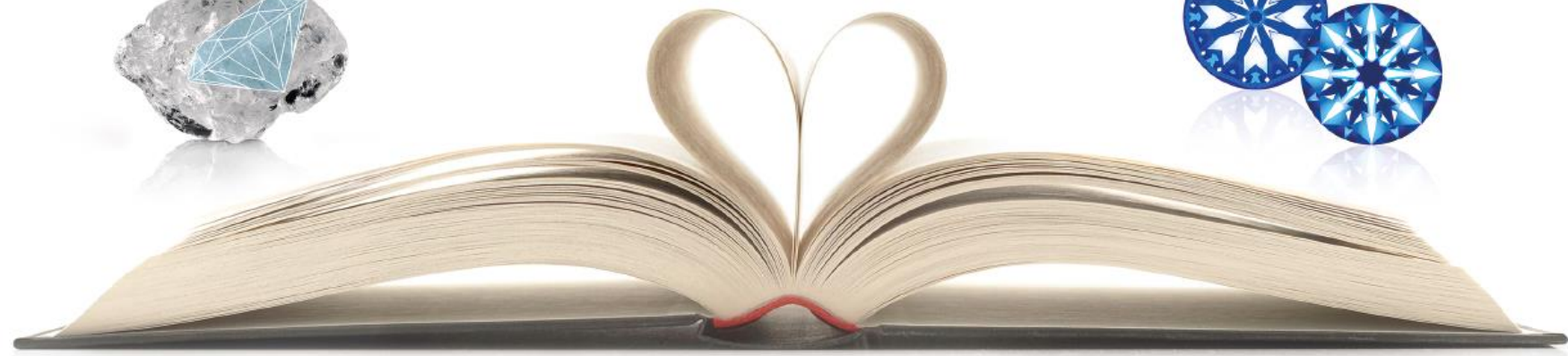
Hearts Arrows

Hearts & Arrows is a symmetrical optical pattern seen in round brilliant diamonds cut to the highest quality and precision.

# Sarine Profile™



## YOUR DIAMOND STORY



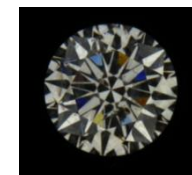
- ◆ With increasing demand for quality and branded diamonds, light performance parameters - brilliance, fire, scintillation/sparkle and symmetry, are becoming key consumer-oriented criteria
- ◆ Sarine Light™ light performance grading report launched in 2013 in Japan with CIMA, a leading bridal diamond jewellery chain; CIMA has confirmed Sarine Light™ has enhanced its positioning as high-end retailer and contributed to higher sales
- ◆ Subsequently, adopted by leading Belgian and Indian diamond manufacturers for quality assurance and sorting and by retail customers in the US and APAC
- ◆ Integration of Sarine Light™, Sarine Loupe™ and displays of a polished diamond's Cut and Hearts & Arrows has created consumer-oriented “diamond story” – the Sarine Profile™
- ◆ Development of new derivative functionality from Sarine Light™, polished diamond “fingerprinting”, completed proof-of-concept

## Perfect Stone

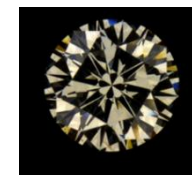
High Clarity, color and Cut grades



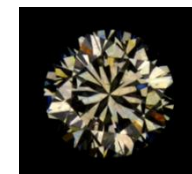
*Low Clarity*



*Low color*



*Low Cut*





- ◆ A unique imaging and inspection system that captures a polished diamond, including its internal features, in simulated 3D
- ◆ Enables buyers to view the polished stone from a multitude of angles and at varying magnifications without having it in hand; simplifies the buying process of polished diamonds while reducing costs and time involved for both buyers and sellers wholesale; enhances the online and in-store polished diamond buying experience while creating virtual inventories for retail chains
- ◆ Sarine Loupe™ imaging services opened in India, Israel and New York. Brinks has adopted it as an add-on service offered in Los Angeles and Hong Kong
- ◆ Integrated into Sarine Profile™ with optional levels of imaging and magnifications

## Sarine Loupe™ Imagery of Included Stone

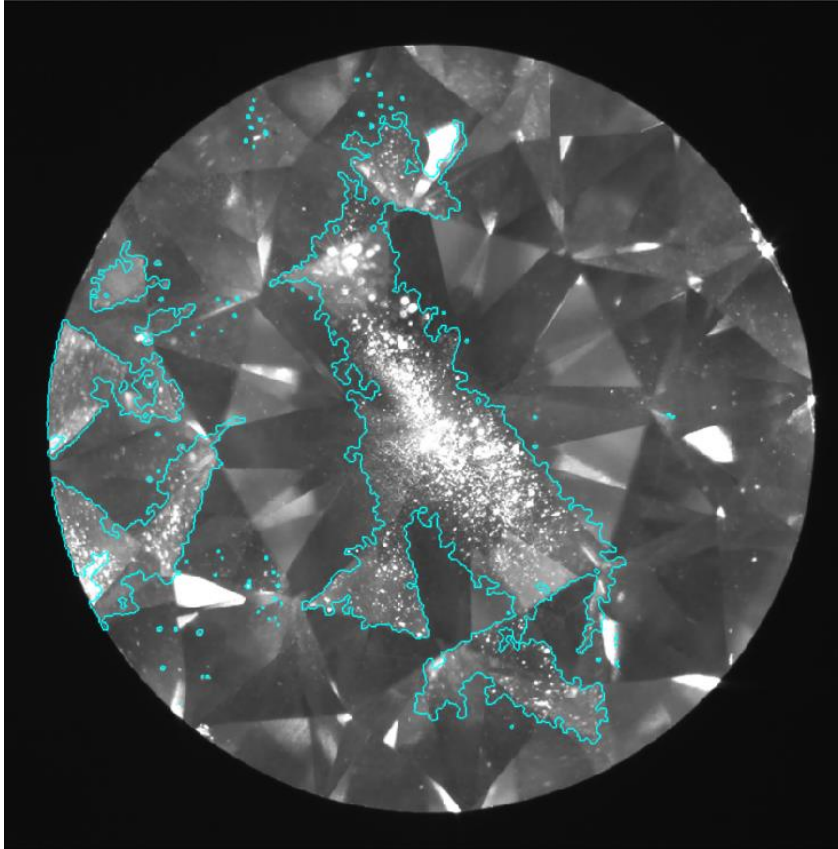


# New Clarity and Color Technology

- ◆ Groundbreaking Clarity technology to provide automated, objective and consistent Clarity measurement and grading – a first for the diamond industry
- ◆ This breakthrough technology will significantly simplify, expedite and refine the Clarity grading process, and hence polished diamond sorting and sourcing
- ◆ New advanced computerized color evaluation technology to provide automated, objective and precise Color grading
- ◆ The combination of these two new technologies will broaden the Group's offerings for polished diamonds with revolutionary new products and services for Clarity and Color grading
- ◆ Business model for products and services utilizing Clarity and Color grading capabilities will be similar to that of Galaxy™ family systems and should expand the Group's recurring income and improve margins
- ◆ Both technologies undergoing large scale testing now, with commercialization scheduled towards the middle of 2017



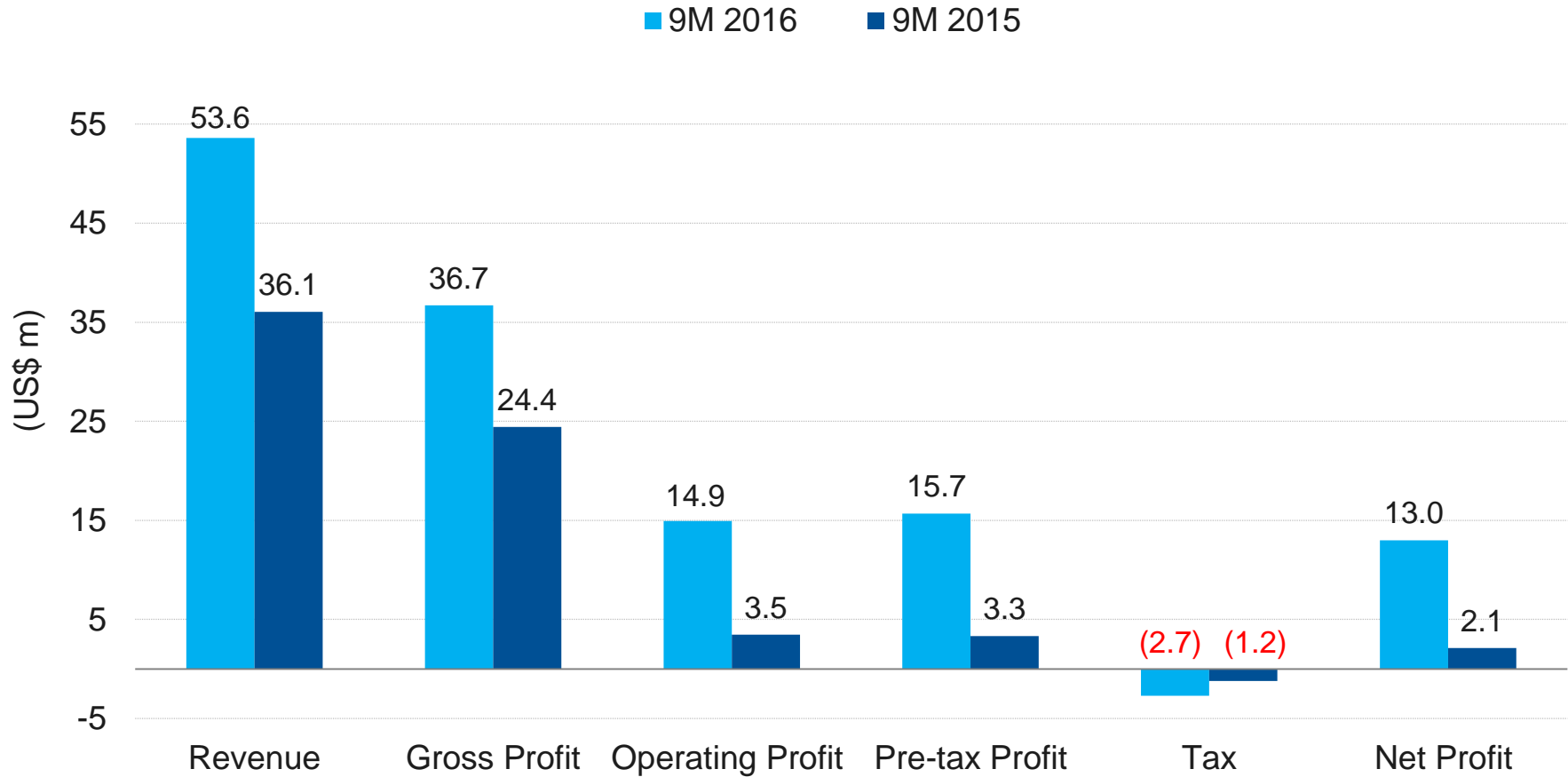
# New Clarity and Color Technology



Example - stone with invisible cloud of micron-sized inclusions



# 9M 2016 Results Summary



% change	+ 49%	+ 50%	+ 331%	+ 374%	+ 125%	+ 515%
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# Strong Balance Sheet (debt free)

(US\$ millions)	30 Sep 2016	31 Dec 2015
<b>Non-Current Assets</b>	<b>25.0</b>	<b>23.4</b>
- Property, plant & equipment	14.0	12.4
- Intangible assets	7.8	7.8
<b>Current Assets</b>	<b>62.3</b>	<b>57.8</b>
- Inventories	9.1	10.1
- Trade receivables	14.6	11.3
- Cash & bank deposits	34.9	32.6
<b>Non-current Liabilities</b>	<b>0.1</b>	<b>0.2</b>
<b>Current Liabilities</b>	<b>12.9</b>	<b>9.5</b>
- Trade payables	4.7	9.0
- Other payables	7.7	6.6
<b>Shareholders' Equity</b>	<b>74.2</b>	<b>71.5</b>



# Going Forward

- ◆ Given the immediate tangible benefits of Sarine's unique technology and the ongoing lack of substantial competition, the Group is confident in further expanding its market penetration of the Galaxy™ family of inclusion mapping systems
- ◆ Inclusion mapping systems market penetration enhances demand for Sarine's planning and laser cutting and shaping products and contributes to the consolidation of the Group's leading market share for diamond manufacturing products
- ◆ New services integrated and marketed as the Sarine Profile™, complemented by Sarine's new Clarity and Color grading technologies address the wholesale and retail trade of polished diamonds – a significant new market for the Group expanding its revenue base into an industry segment with substantially higher volume and margins and a significant potential for additional recurring revenue streams

