



Sarine Technologies Ltd.

Corporate Presentation

February - March 2015



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Agenda

- ◆ Executive Summary
- ◆ Results Update
- ◆ New Products Update
- ◆ Appendices
 - ◆ Company Overview
 - ◆ Industry Overview and Sarine's Competitive Positioning



Executive Summary



- ◆ Sarine achieved record performance in FY2014 with 15% growth in revenue to US\$ 87.8m and 14% increase in net profit to US\$ 27.2m
- ◆ Record 48 Galaxy™ family systems deliveries expanded total installed base to 190 as at 31 Dec 2014 and overall recurring revenue grew to over 35% of FY2014 group revenue
- ◆ Cash and bank deposit balances amounted to US\$ 45.5m as of 31 Dec 2014, with no bank debt
- ◆ Challenges in the diamond industry: inventory overhang, tightening credit availability and divergence of rough and polished diamond price trends will affect the Group's business in the immediate term
- ◆ Sarine's polished diamond imaging and inspection systems, also as bundled into new offering, Sarine Profile™, are expected to contribute materially to group revenue in FY2015, market conditions allowing
- ◆ With beta rollout expected in Q2 and commercial launch in late 2015 or early 2016, the new Allegro™ processes non-diamond gemstones and transforms the preformed rough stone directly into a shaped gem at high speed and accuracy; will be offered on a per-stone processing fee basis



Results Update

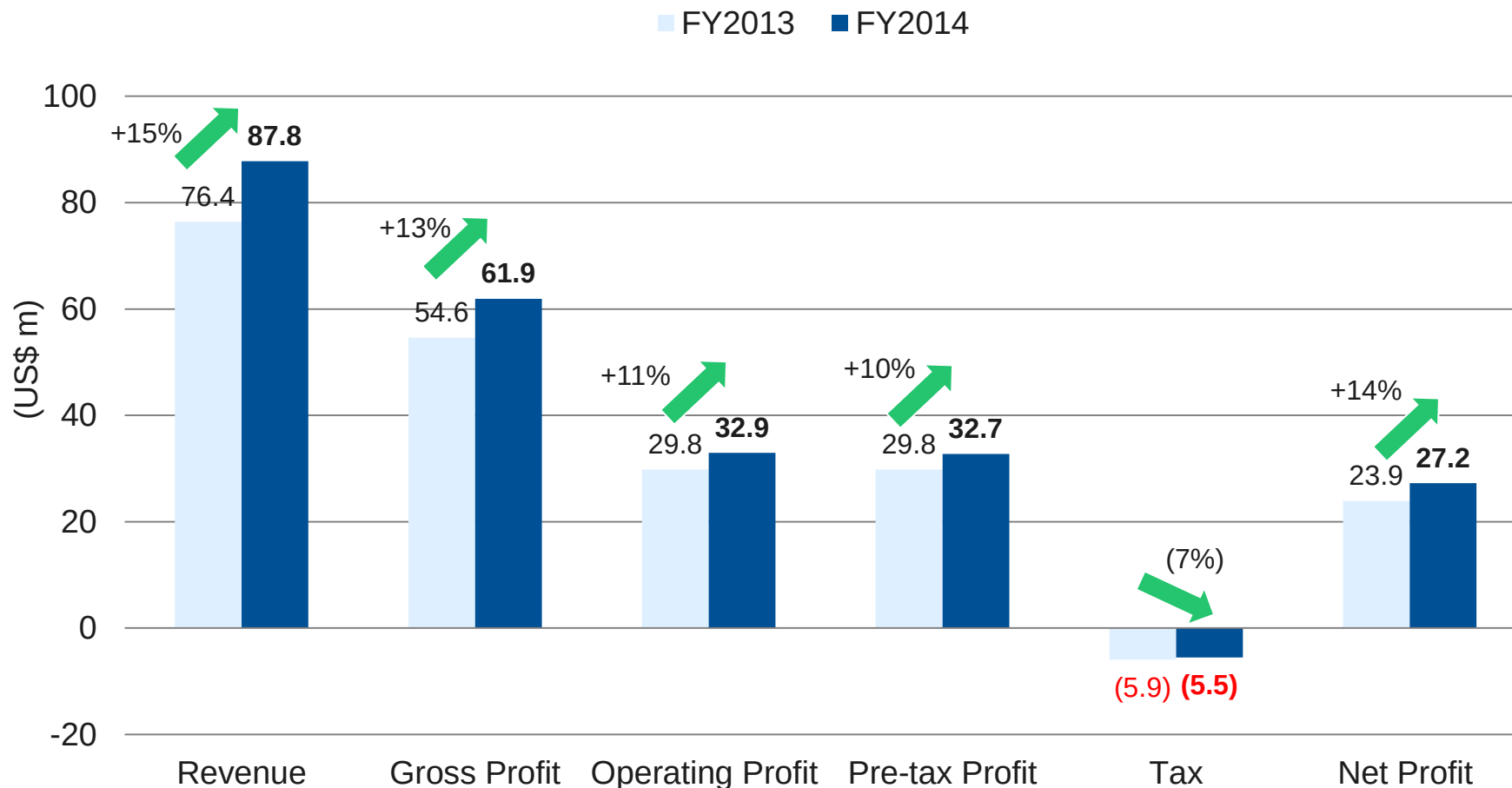


Results Highlights

- ◆ Record performance in FY2014 with increased Galaxy™ family related revenue and higher sales of traditional planning and rough-diamond processing products:
 - Revenue and net profit rose 15% and 14% to US\$ 87.8m and US\$ 27.2m respectively
- ◆ Total installed base of Galaxy™ family systems increased to 190 with record 48 deliveries in FY2014; overall recurring income grew to over 35% of group revenue
- ◆ In Q4 2014, revenue rose 10% to US\$ 18.3m but net profit declined 13% to US\$ 3.9m due to lower gross margin, higher operating expenses, as in line with new product development and roll-out, and increased income tax expense
- ◆ The Board has proposed a final dividend of US 2.0 cents per share and declared an increase in semi-annual dividends by 25% to US 2.5 cents per share for FY2015



FY2014 Results Summary



Note: FY2013 tax expense included a one-time US\$ 2.6m charge associated with the release of approximately US\$ 30m in exempt profits from prior years and a US\$ 0.4m benefit related to revaluation of deferred tax assets

Revenue Breakdown by Geography

Region	FY2014 (US\$' 000)	FY2013 (US\$' 000)	% Change	% Share (FY2014)
India	69,595	58,446	+ 19%	79%
Africa	4,011	3,785	+ 6%	5%
Europe	2,381	2,033	+ 17%	3%
N. America	1,210	821	+ 47%	1%
Israel	5,060	4,136	+ 22%	6%
Other	5,513	7,148	(23%)	6%
Total	87,770	76,369	+ 15%	100%



Strong Balance Sheet (debt free)

(US\$ millions)	31 Dec 2014	31 Dec 2013
Non-Current Assets	20.5	20.4
- Property, plant & equipment	11.5	10.7
- Intangible assets	6.8	8.4
Current Assets	71.6	61.2
- Inventories	10.1	8.5
- Trade receivables	13.5	15.8
- Cash & bank deposits	45.5	33.1
Non-current Liabilities	0.2	0.3
Current Liabilities	12.3	13.9
- Trade payables	2.8	3.3
Shareholders' Equity	79.6	67.3

Dividend

- ◆ FY2014 final dividend of US 2.0 cents per share subject to AGM approval, payable on 7 May 2015

US cent/share	FY2014	FY2013	FY2012
Interim	2.00	1.50	1.25
Special interim	1.00	2.50	2.00
Final	2.00	2.00	1.25
Total	5.00	6.00	4.50

- ◆ Revised dividend policy: semi-annual dividend to increase by 25% to US 2.5 cents per share in FY2015, subject to Board and AGM approval as well as relevant business considerations



5-Year Results Summary (2010 – 2014)

(US\$'000)	FY2010	FY2011	FY2012	FY2013	FY2014
Revenues	45,663	57,803	63,750	76,369	87,770
Gross Profit	29,350	38,281	43,388	54,583	61,903
Net Profit	11,111	17,366	20,755	23,888	27,230
Gross Profit Margin	64.3%	66.2%	68.1%	71.5%	70.5%
Net Profit Margin	24.3%	30.0%	32.6%	31.3%	31.0%
Cash and investments (no debt)	28,270	33,946	36,787	33,059	45,497
EPS (US cents, fully diluted)*	3.30	5.12	6.03	6.87	7.70
Annual Dividend (US cents)*	1.60	2.60	4.50	6.00	5.00

*Adjusted for bonus issue in May 2012

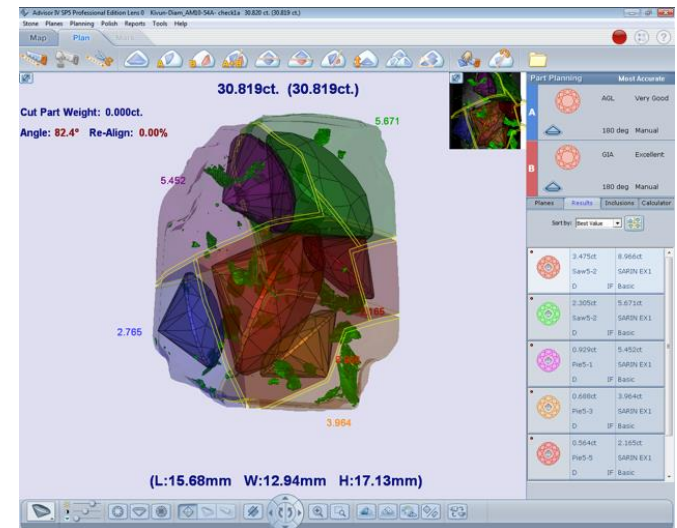
New Products Update



Galaxy™ Family Rollout

- ◆ Demand for Galaxy™ family of products remains strong in all major industry centres
- ◆ Total install base of Galaxy™ family of products increased to 190 as at 31 Dec 2014
- ◆ The Group is capitalising on the ongoing lack of meaningful competition for inclusion mapping systems in the market to deepen Galaxy™ penetration
- ◆ The Group is currently working on inclusion mapping systems for the smaller stone sizes and targets commercialisation in late 2015 or 2016

Optimal Planning with Galaxy™ Inclusion Mapping



Note Unique Strategist™ & Quazer™ II pie-cut sawing



◆ DiaMension™ Axiom

- ◆ Quantum leap in proportion measurement and symmetry grading of polished diamonds
- ◆ New Cut and Symmetry grading standards possibly a new business opportunity

◆ The Instructor™ software product

- ◆ For the ongoing quality control of the actual polishing process as the polished diamond is faceted
 - ◆ Unique capability of providing instructions on necessary corrective actions and/or possible asymmetric enhancements
 - ◆ Enhanced handling of fancy shaped diamonds to counter competition
- ◆ These products are expected to continue to drive the growth of Group's polished diamond grading product line

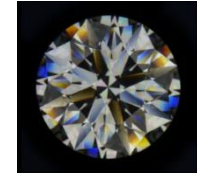


Sarine Light™

- ◆ With increasing demand for prettier diamonds, Light Performance parameters (brilliance, fire, scintillation/sparkle and symmetry) are becoming accepted as understandable consumer-oriented criteria
- ◆ In April 2013, CIMA, a leading bridal diamond jewellery chain in Japan, launched Sarine Light™ Light Performance grading reports for polished diamonds in all its stores
- ◆ Subsequently, an esteemed diamond manufacturer adopted the Sarine Light™ Light Performance grading system.
- ◆ In 2014, the Group concluded sales of Sarine Light™ with launch customers in the US, India and Taiwan
- ◆ In FY2015 Sarine will integrate light performance grading technology with rough diamond planning systems and polished diamond facet polishing quality control systems to allow manufacturers to add light performance optimisation to polished diamond manufacturing criteria.

Perfect Stone

High Clarity, Colour and Cut grades



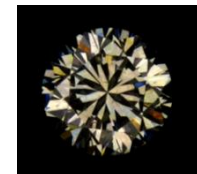
Low Clarity



Low Colour



Low Cut



- ◆ An imaging and inspection system that captures a polished diamond, including its internal features, in simulated three dimensions
- ◆ Enables buyers to view it, as if with a traditional loupe, from a multitude of angles and at varying magnifications, without having the polished diamond physically in hand
- ◆ Expected to empower online polished diamond trading and significantly simplify the buying process of polished diamonds by reducing costs and time involved for both buyers and sellers
- ◆ Commercial Sarine Loupe™ imaging service launched in service centres in India, Israel and New York

Sarine Loupe™ Imagery of Included Stone



Sarine Profile™



- ◆ Imaging technologies are increasingly recognised as an essential marketing tool for the polished diamond trade
- ◆ Instead of a dry tabular non-intuitive report, Sarine Profile™ utilises all the benefits of Sarine's diverse cutting-edge technologies to “show and tell” the stone with graphic and video displays on a concise “page”
- ◆ This new product has been launched in India, Israel, Japan and the US to significant market interest
- ◆ Subject to prevailing industry conditions, the Group expects material revenue contribution from Sarine Profile™ in FY2015



SARINE

Stock #	Carat	Color	Clarity	Cut	Polish	Symmetry	Fluorescence	GIA
DR-26-20A	1	F	SI1	F	EX	G	NONE	1189604656

NOTES:

3D Inspection

SARINE LIGHT PERFORMANCE RESULTS

Conditions

TOTAL GRADE: Premium **

Brilliance: Very High Fire: Very High
Sparkle: Very High Light Symmetry: Standard

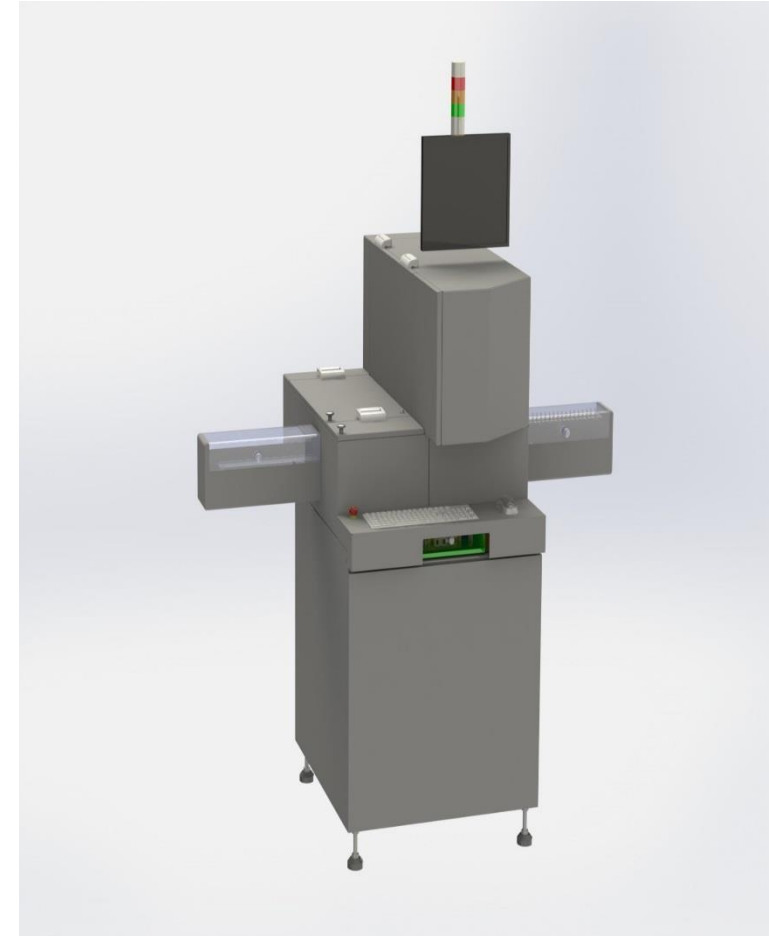
GIA

IDENTIFICATION

REPORT

HEARTS AND ARROWS

- ◆ The Allegro™ system processes gemstones (excluding diamonds) and transforms the preformed rough stone directly into a shaped (unfinished) gem at high speed and accuracy
- ◆ Positive prospect for this new product as the manufacturing market for gemstones is significantly larger in volume than that of diamonds (albeit lower dollar value)
- ◆ Beta-rollout is expected in Q2 2015, followed by commercialisation in late 2015 or early 2016
- ◆ The Group plans to offer Allegro™'s capabilities as an inexpensive per-stone service to expand the recurring revenue base



Going Forward

- ◆ Given the immediate tangible benefits of Sarine's unique technology and the ongoing lack of meaningful competition, the Group is confident of deepening the market penetration of the Galaxy™ family of inclusion mapping systems
- ◆ Galaxy™ family systems enhances demand for Sarine's planning products and contributes to the consolidation of the Group's leading market share for manufacturing products
- ◆ New products such as Sarine Light™, Sarine Loupe™, Sarine Profile™ and similar services (as complementing bundles or standalone) address the wholesale and retail trade of polished diamonds – a significant new market segment that adds to the Group's recurring revenue base
- ◆ Gemstone processing product, Allegro™, will address the significantly bigger gemstones market and create new recurrent income stream for the Group



Growth Drivers for Recurring Revenue

Important Catalysts to Future Growth

- ◆ Deliveries of additional Galaxy™ family systems for rough diamond inclusion scanning and mapping to customers
- ◆ Increased adoption and roll-out of Sarine Light™ , Sarine Loupe™ and Sarine Profile™
- ◆ Commercialisation of Allegro™ gemstones processing services

Benefits to Sarine

- ◆ Expand Sarine's presence to the trade segment of the diamond industry as well as manufacturing market for other gemstones
- ◆ Broaden the Group's revenue base into polished diamond trade and gemstones market
- ◆ Increase the recurrent portion of the revenue stream for the Group



Appendix

Company Overview



About Sarine Technologies

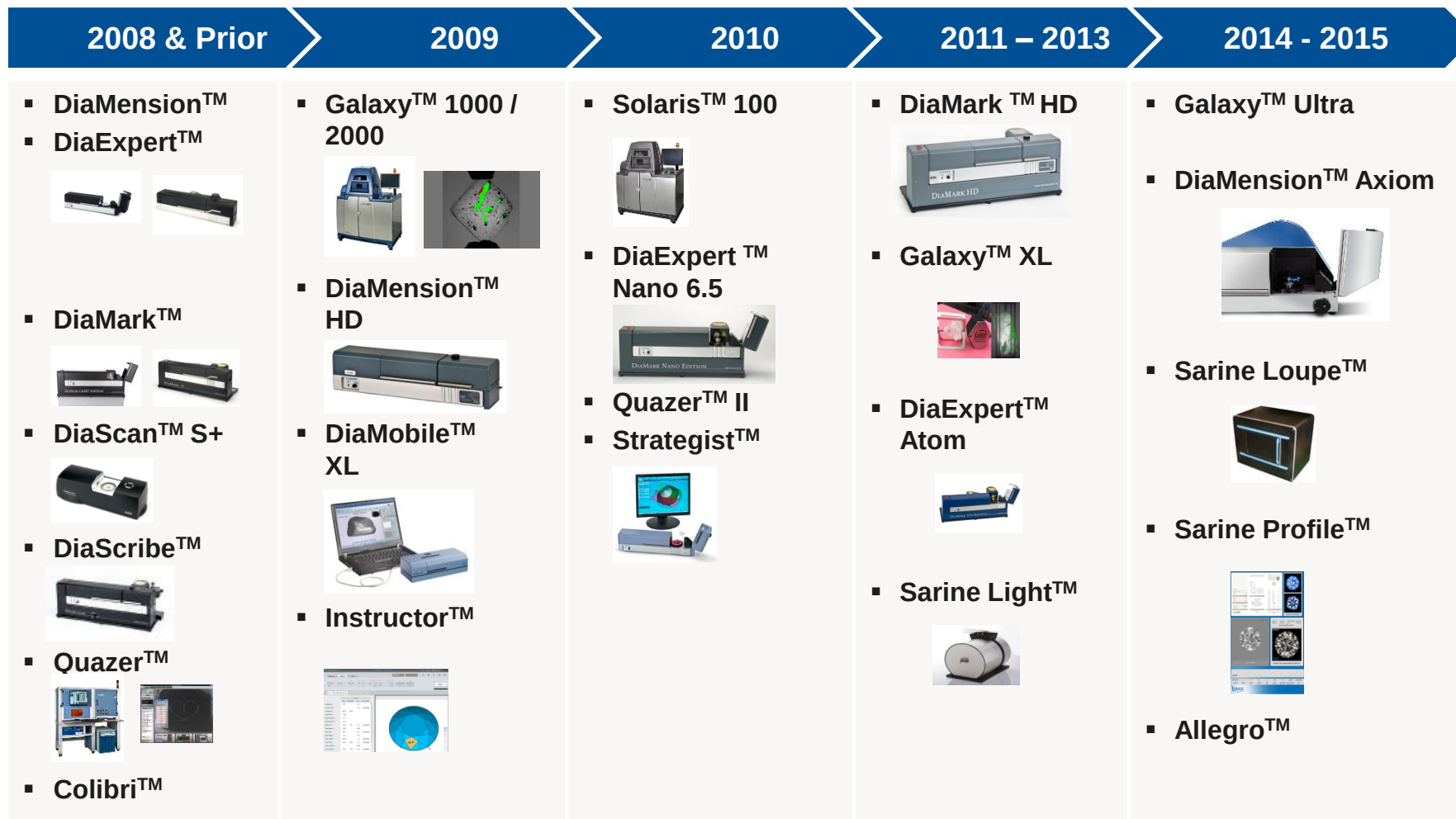
Sarine Technologies, through its proprietary systems and technologies, is a global leader in the development and provider of solutions for the entire diamond value chain, from rough diamonds (evaluation, planning, manufacturing and finishing) to polished diamonds (assessment and grading)



Established in Israel in 1988 and listed on the Main Board of the Singapore SGX-ST in April 2005



Proven Track Record of Product Innovation



Appendix

Industry Overview and Sarine's Competitive Positioning



Diamond Industry Value Chain



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 2013



Sarine's Value Proposition

Challenges

- Need to increase industry players' profits
- Address issues of quality and beauty

Sarine's Solutions

- Maximise profit from rough diamonds
- Grade quality and beauty polished diamonds according to 4Cs and light performance
- Solutions to affirm and enhance branding

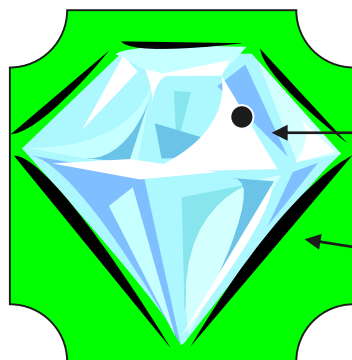
Sarine's Expertise

Proprietary precision mechanics, optics, electronics, laser and colour technology with sophisticated software in computerised systems

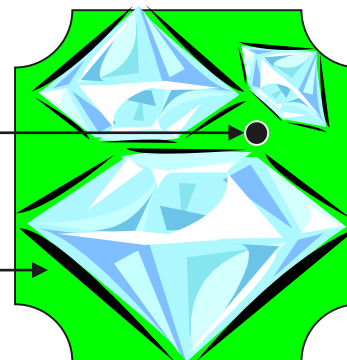


Inclusion Mapping - Overview

Diamond with Inclusion



Diamonds without Inclusion



Inclusion

Planned diamonds

- ◆ Diamonds without inclusions can be worth up to 10x more
- ◆ No cost effective automated inclusion mapping system existed in the market until the introduction of Galaxy™ 1000
- ◆ Galaxy™/Solaris™ offer automated, comprehensive and accurate mapping of inclusions within rough and polished diamonds in a far shorter time compared to currently available techniques

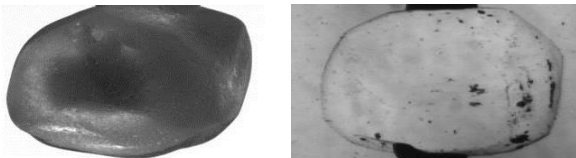


Inclusion Technologies Before Galaxy™ 1000

Technology	Suppliers	Disadvantages
Manual Inclusion Charting	Sarine and others	◆ Needs windows opened in stone ◆ Done by expert personnel ◆ Limited success on complicated inclusions ◆ Limited to larger inclusion sizes ◆ Very long (hours/days per stone) process
X-Ray	Others	◆ Expert personnel required - not all inclusions easily detected, often many “false positives” ◆ Relatively long process (hour +) ◆ High cost

Galaxy™ / Solaris™ Automated Inclusion Mapping Technology

How opaque becomes transparent



- ◆ No need to pre-process the rough diamond (no “windows”)
- ◆ Supports most types of stones (even thin mineral-coating)
- ◆ Automatic; little user-expertise required
- ◆ Identifies all types and most sizes of inclusions
- ◆ Relatively fast operation (minutes)
- ◆ Cost-effective



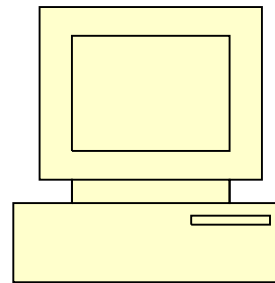
Galaxy™ / Solaris™ in Planning

DiaExpert™

Galaxy™
Solaris™

Set-up Station

DiaMark™ Z



3-D External
Convex /
Concave Mapping

Internal Inclusion
Scanning /
Mapping

Linking inclusion
mapping data and
rough planning to
optimise polished
diamonds' value

Marking



Competitors

Diamond Planning & Grading Products	Laser Sawing & Cutting Products
OctoNus (Russia) High-end rough planning and polished evaluation equipment-offers services and trying to gain traction, without success so far, with Immersion Glass inclusion mapping system; teamed with Lexus in India for sales Sahajanand Technologies (Surat, India) Former Sarine distributor in India- markets rough planners for low and medium range applications; announced in Dec. 2014 intent to offer competing inclusion mapping system (so far no news) Sahajanand Laser Technology (Ahmedabad, India) Low-end rough planning equipment with minimal market presence; has been trying, unsuccessfully so far, to launch Nebula inclusion mapping system OGI Systems (Israel) Price player with diminishing international presence; announced in Dec. 2014 competing inclusion mapping system (so far no news)	Synova (Switzerland) High-end, fast, safe green lasers; extremely expensive (\$600K - \$1M price tag) Soenen (Belgium) Quazer copy; very low market presence Laxmi (India) Low-cost/low-end green laser without shaping capabilities S.O.S. (India) Mainstream infra-red (IR) laser supplier Sahajanand Technologies (India) Low-end/low-cost IR laser; broadest presence Sahajanand Laser Technology (India) Low-end/low-cost IR laser; wide presence OGI Systems (Israel) Very limited market presence with a laser
Combined market share of competitors for diamond planning & grading products is still smaller than Sarine's (~70+%)	



Thank You
Q & A

