



Sarine Technologies Ltd.

Corporate Presentation

November 2014



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Agenda

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



Executive Summary

- ◆ The Group achieved record 3Q and 9M performance:
 - Q3 2014 revenue +17% to US\$20.4m and net profit +85% to US\$5.7m
 - 9M 2014 revenue +16% to US\$69.5m and net profit +20% to US\$23.3m
- ◆ With the deployment of 7 Galaxy™ family systems in Q3 2014, total installed base grew to just under 185 as of 30 September 2014 and recurring revenue accounted for 35% of 9M 2014 sales
- ◆ Cash and bank balances amounted to US\$40.7m as of 30 September 2014, with no bank debt
- ◆ Following the commercialisation of Sarine Loupe™ imaging service in India, Israel and New York, initial roll-out of the product at customers' sites expected in Q4 2014



Results Update

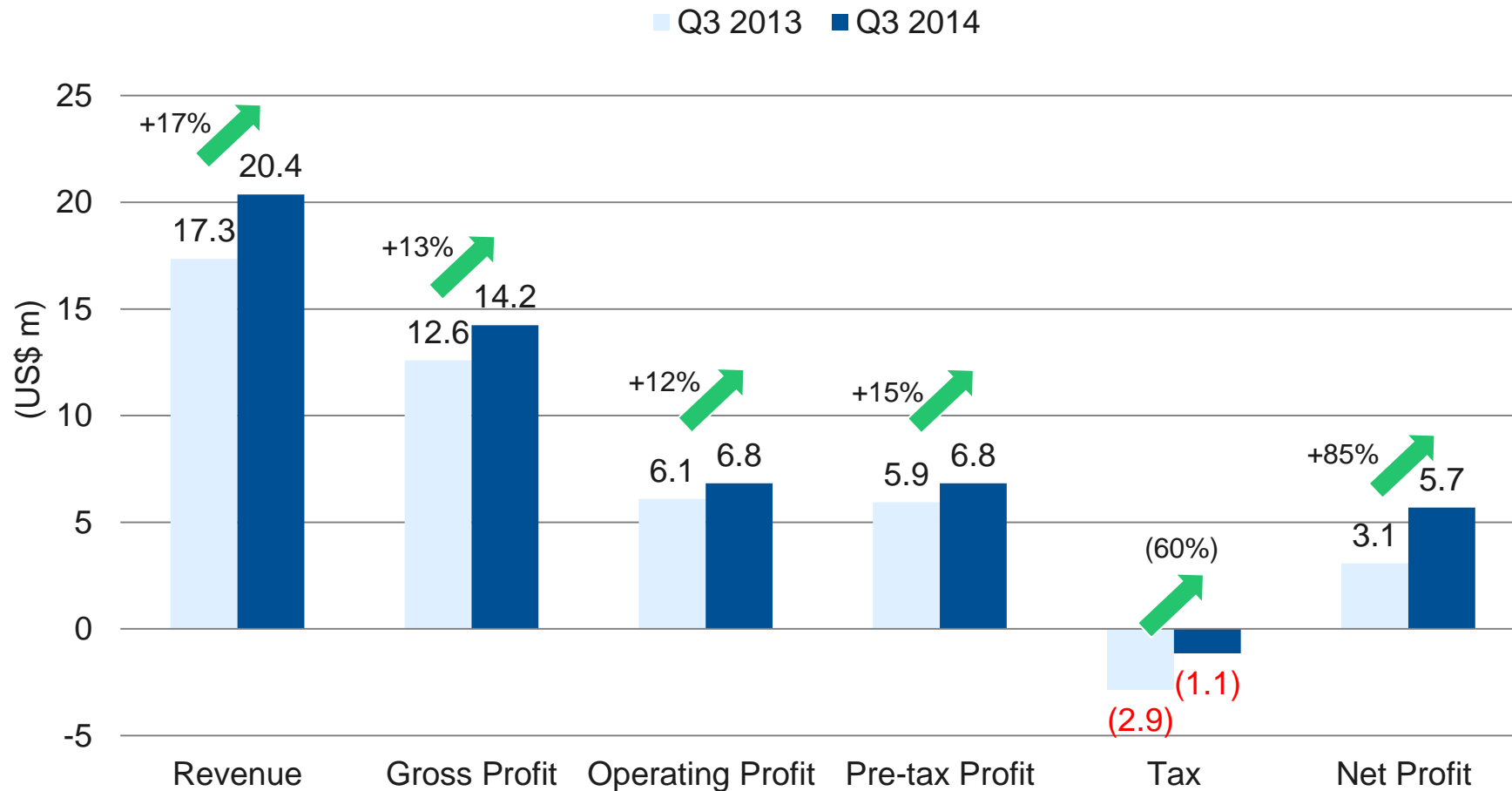


Q3 and 9M 2014 Results Highlights

- ◆ Sarine set new 3Q and 9M record on the back of increased Galaxy™ family related revenue and higher sales of traditional planning and rough-diamond processing products:
 - Q3 2014 revenue and net profit rose 17% and 85% to US\$20.4m and US\$5.7m, respectively
 - 9M 2014 revenue and net profit rose 16% and 20% to US\$69.5m and US\$23.3m, respectively
- ◆ Deliveries of 6 Galaxy™ family systems to customers and deployment of a Galaxy™ XL to the service centre in New York in Q3 2014 increased total installed base to just under 185 as of 30 Sept 2014. Recurring income was 35% of overall sales in 9M 2014
- ◆ Roll-out of Sarine Loupe™:
 - Sarine Loupe™ imaging services launched in India, Israel and New York
 - Overwhelming positive feedback for improved systems in September Hong Kong trade shows and selected launch events
 - Initial roll-out at customers' sites expected in Q4 2014



Q3 2014 Results Summary

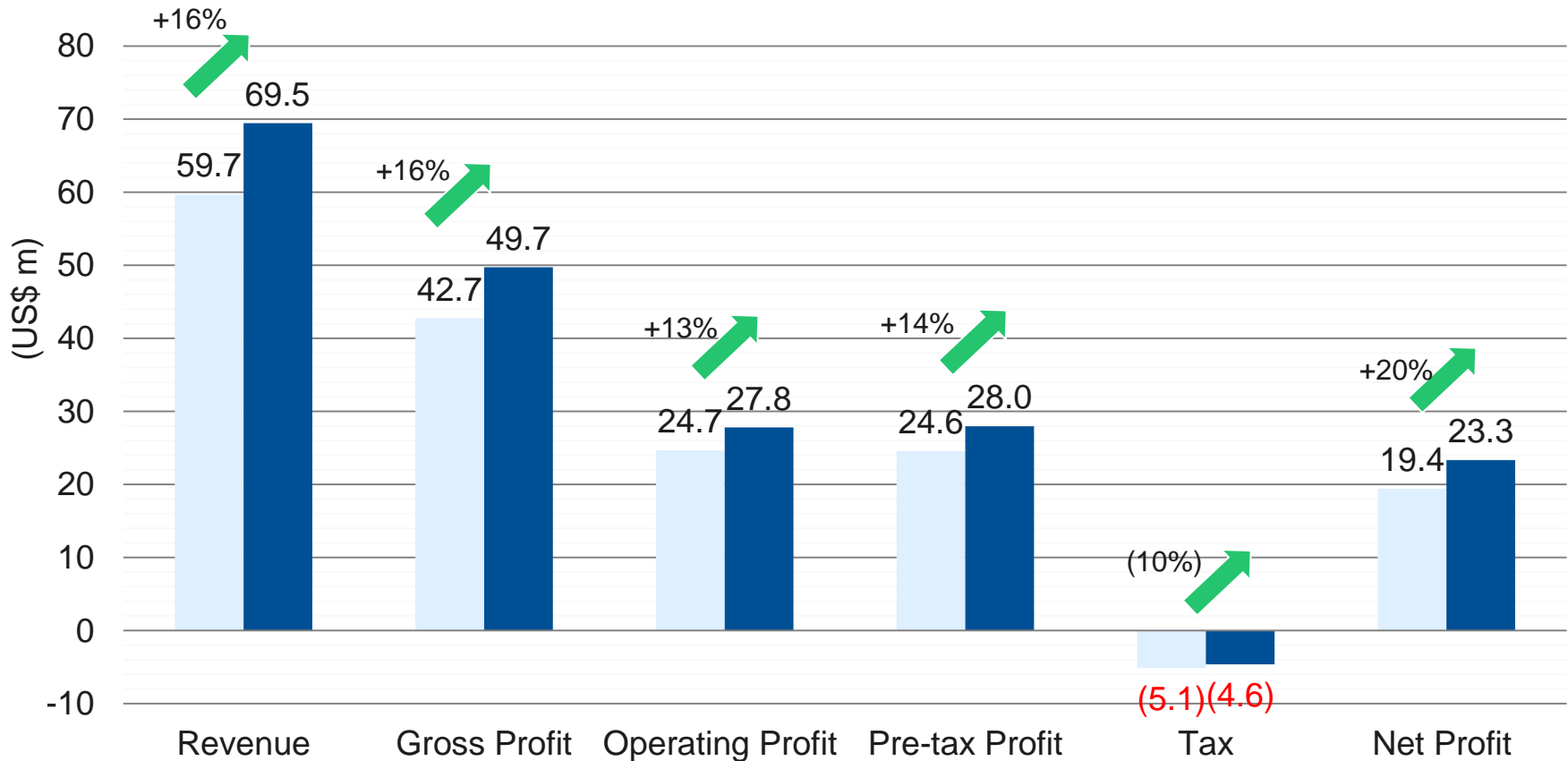


Note: Q3 2013 tax expense included a US\$ 2.6m charge associated with the release of approximately US\$ 30m in exempt profits and a US\$ 0.4m benefit related to revaluation of deferred tax assets

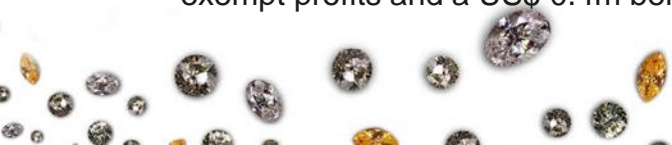


9M 2014 Results Summary

■ 9M 2013 ■ 9M 2014



Note: 9M 2013 tax expense included a US\$ 2.6m charge associated with the release of approximately US\$ 30m in exempt profits and a US\$ 0.4m benefit related to revaluation of deferred tax assets



Revenue Breakdown by Geography

Region	Q3 2014 (US\$' 000)	Q3 2013 (US\$' 000)	% Change	% Share (Q3 2014)
India	16,366	13,122	25%	80%
Africa	803	1,103	(27%)	4%
Europe	315	355	(11%)	2%
N. America	385	309	25%	2%
Israel	1,178	908	30%	6%
Other	1,315	1,552	(15%)	6%
Total	20,362	17,349	17%	100%



Strong Balance Sheet (debt free)

(US\$ millions)	30 Sep 2014	31 Dec 2013
Non-Current Assets	20.9	20.4
- Property, plant & equipment	11.4	10.7
- Intangible assets	7.5	8.4
Current Assets	70.1	61.2
- Inventories	10.4	8.5
- Trade receivables	16.7	15.8
- Cash & bank deposits	40.7	33.1
Non-current Liabilities	0.2	0.4
Current Liabilities	14.6	13.9
- Trade payables	3.9	3.3
Shareholders' Equity	76.2	67.3



Dividend

- ◆ Dividend policy: US 2.0 cents per share every six months subject to Board approval, AGM approval and other conditions

US cent/share	1H 2014	FY2013	FY2012
Interim	2.0	1.50	1.25
Special interim	1.0	2.50	2.00
Final	N.A.	2.00	1.25
Total	3.0	6.00	4.50

- ◆ Total dividend payout for FY2013 (including special dividend) was about 87% of the year's net profit (or just over 77% of net profit for the year before the income tax expense for prior periods)



5-Year Results Summary (2007 – 2013)

(excluding 2008 & 2009, years impaired by the GFC)

(US\$'000)	FY2007	FY2010	FY2011	FY2012	FY2013
Revenues	37,123	45,663	57,803	63,750	76,369
Gross Profit	24,402	29,350	38,281	43,388	54,583
Net Profit**	8,010	11,111	17,366	20,755	26,475
Gross Profit Margin	65.7%	64.3%	66.2%	68.1%	71.5%
Net Profit Margin**	21.6%	24.3%	30.0%	32.6%	34.7%
Cash and investments (no debt)	25,270	28,270	33,946	36,787	33,059
EPS (US cents, fully diluted)*	2.49	3.30	5.12	6.03	6.87
Annual Dividend (US cents)*	1.32	1.60	2.60	4.50	6.00

*Adjusted for bonus issue in May 2012

** On a comparable basis before one-time tax for prior periods (exempt profits)



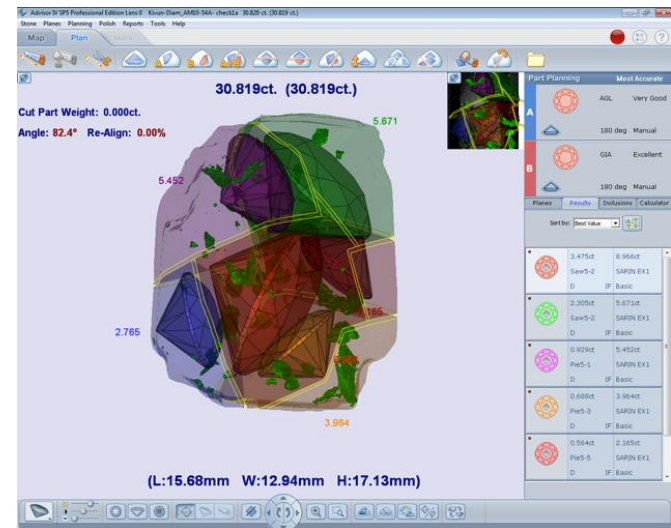
New Products Update



Galaxy™ Family Rollout

- ◆ Demand for Galaxy™ family of products remains strong in all major industry centres
- ◆ From just over 140 systems at year end 2013, the Group has increased total installed base to just under 185 systems as of 30 Sep 2014
- ◆ The Group is capitalising on the ongoing lack of meaningful competition for inclusion mapping systems in the market to deepen Galaxy™ penetration
- ◆ Commercialisation of Galaxy™ Ultra has commenced in India and Israel; system delivery to customers expected in Q4 2014

Optimal Planning with Galaxy™ Inclusion Mapping



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



DiaMension™ Axiom / Instructor™

- ◆ **DiaMension™ Axiom**
 - ◆ Quantum leap in proportion measurement and symmetry grading of polished diamonds
 - ◆ New Cut and Symmetry grading 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™

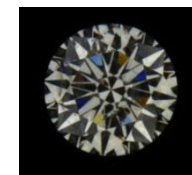
- ◆ With increasing demand for prettier diamonds, Light Performance parameters (brilliance, fire, scintillation/sparkle and symmetry) are becoming accepted as understandable consumer-oriented criteria
- ◆ In April 2013, CIMA, a leading bridal diamond jewellery chain in Japan, launched Sarine Light™ Light Performance grading reports for polished diamonds in all its stores
- ◆ Subsequently, an esteemed diamond manufacturer adopted the Sarine Light™ Light Performance grading system. In Q2 2014, the Group concluded sales of Sarine Light™ with launch customers in the US and Taiwan
- ◆ Current marketing efforts in the US, Japan, Taiwan and Korea, will be expanded to HK and China as well as to additional Southeast Asian countries, e.g. Thailand, Malaysia, Indonesia and Singapore in 2015

Perfect Stone

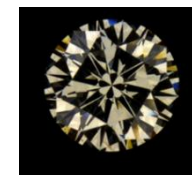
High Clarity, Colour and Cut grades



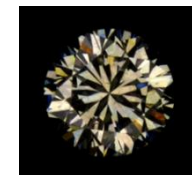
Low Clarity



Low Colour



Low Cut



- ◆ An imaging 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 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
- ◆ Initial roll-out at customer sites expected in Q4 2014

Sarine Loupe™ Imagery of Included Stones



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™ and Solaris™ inclusion mapping 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™ and similar services (as complementing bundles or standalone) address the wholesale and retail trade of polished diamonds – a significant new market segment that is expected to add to the Group's recurring revenue base, with more significant revenue contribution in 2015
- ◆ The Group seeks to broaden offerings for polished diamonds as well as for semi-precious gemstones manufacturing to increase sales, recurring revenue and overall profitability



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
- ◆ Adoption and roll-out of Sarine Light™ and Sarine Loupe™

Benefits to Sarine

- ◆ Expand Sarine's potential markets to the trade segment of the diamond industry
- ◆ Broaden the Group's revenue base into polished diamond trade
- ◆ Increase the recurrent portion of the revenue stream for the Group



Appendix

Company Overview



About Sarine Technologies






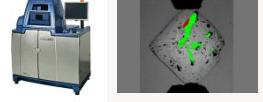


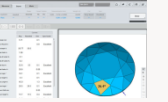









Sarine Technologies, through its proprietary systems and technologies, is a global leader in the development and provider of solutions for the entire diamond value chain, from rough diamonds (evaluation, planning, manufacturing and finishing) to polished diamonds (assessment and grading)



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

2008 & Prior	2009	2010	2011	2012 & Beyond
<ul style="list-style-type: none"> ▪ DiaMension™ ▪ DiaExpert™  <ul style="list-style-type: none"> ▪ DiaMark™  <ul style="list-style-type: none"> ▪ DiaScan™ S+  <ul style="list-style-type: none"> ▪ DiaScribe™  <ul style="list-style-type: none"> ▪ Quazer™  <ul style="list-style-type: none"> ▪ Colibri™ 	<ul style="list-style-type: none"> ▪ Galaxy™ 1000 / 2000  <ul style="list-style-type: none"> ▪ DiaMension™ HD  <ul style="list-style-type: none"> ▪ DiaMobile™ XL  <ul style="list-style-type: none"> ▪ Instructor™ 	<ul style="list-style-type: none"> ▪ Solaris™ 100  <ul style="list-style-type: none"> ▪ DiaExpert™ Nano 6.5  <ul style="list-style-type: none"> ▪ Quazer™ II  <ul style="list-style-type: none"> ▪ Strategist™ 	<ul style="list-style-type: none"> ▪ Galaxy™ HD ▪ DiaMark™ HD 	<ul style="list-style-type: none"> ▪ Galaxy™ XL  <ul style="list-style-type: none"> ▪ Galaxy™ Ultra ▪ DiaExpert™ Atom  <ul style="list-style-type: none"> ▪ DiaMension™ Axiom  <ul style="list-style-type: none"> ▪ Sarine Light™  <ul style="list-style-type: none"> ▪ Sarine Loupe™ 



Appendix

Industry Overview and Sarine's Competitive Positioning



Diamond Industry Value Chain



Miners	De Beers concentrates ~ 40% of rough diamonds worldwide; Botswana; Russia; Zimbabwe; Australia; Canada; others
Manufacturers	India accounts for ~ 90% of all stones; Southern Africa (S. Africa, Botswana and Namibia) emerging as important centre
Gemmological Laboratories	Strategic customers setting industry standards
Wholesalers	Belgium, Israel, USA, Hong Kong
Retailers	<ul style="list-style-type: none"> • USA > 40% of global retail diamond market • Hong Kong is second largest market (~25%) • Chains gaining in importance over shops



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

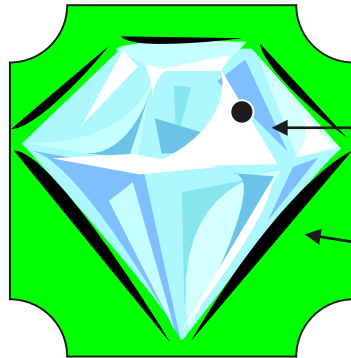
Sarine's Expertise

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

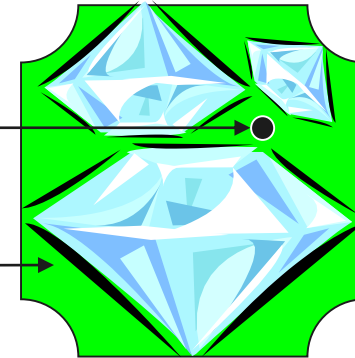


Inclusion Mapping - Overview

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

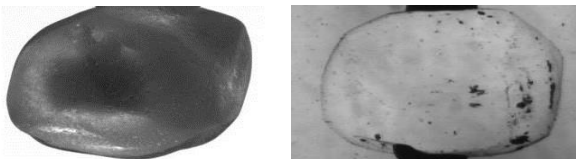


Inclusion Technologies Before Galaxy™ 1000

Technology	Suppliers	Disadvantages
Manual Inclusion Charting	Sarine and others	<ul style="list-style-type: none"> ◆ 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	<ul style="list-style-type: none"> ◆ 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



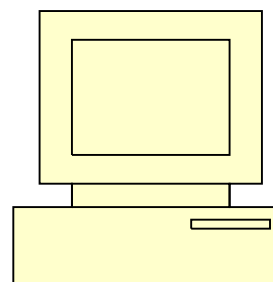
Galaxy™ / Solaris™ in Planning

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
<p>OctoNus (Russia) High-end rough planning and polished evaluation equipment; trying to launch Immersion Glass inclusion mapping system; teamed with Lexus in India for sales</p> <p>Sahajanand Technologies (Surat, India) Former Sarine distributor in India; markets rough planners for low and medium range applications</p> <p>Sahajanand Laser Technology (Ahmedabad, India) Low-end rough planning equipment with minimal market presence; trying to launch Nebula inclusion mapping system</p> <p>OGI Systems (Israel) Price player with diminishing international presence</p>	<p>Synova (Switzerland) High-end, fast, safe green lasers; extremely expensive (\$600K - \$1M price tag)</p> <p>Soenen (Belgium) Quazer copy; very low market presence</p> <p>Laxmi (India) Low-cost/low-end green laser without cutting/shaping capabilities</p> <p>S.O.S. (India) Mainstream infra-red (IR) laser supplier</p> <p>Sahajanand Technologies (India) Low-end/low-cost IR laser; broadest presence</p> <p>Sahajanand Laser Technology (India) Low-end/low-cost IR laser; wide presence</p> <p>OGI Systems (Israel) Very limited market presence with a laser</p>
<p>Combined market share of competitors for diamond planning & grading products is still smaller than Sarine's (~70+%)</p>	



Thank You Q & A

