



OUTPERFORM THE FUTURE™

Financial Fact Sheet

Q4 & Full Year 2018
NASDAQ, TASE: MGIC

About Magic

Magic Software Enterprises Ltd. is a global provider of enterprise-grade application development and business process integration software solutions as well as a broad range of integration and IT professional services.

Magic's software solutions are used by thousands of enterprises, ISVs and implementation partners to develop, deploy and integrate on-premise, mobile and cloud-based business applications.

By enabling enterprises to leverage existing IT systems and get to market quickly with new applications, Magic customers can dramatically improve operational efficiency and innovation with a high return on investment. Magic's integration and IT project management and staffing augmentation services enable enterprises to implement all types of IT projects, from complex to simple, quickly and efficiently.

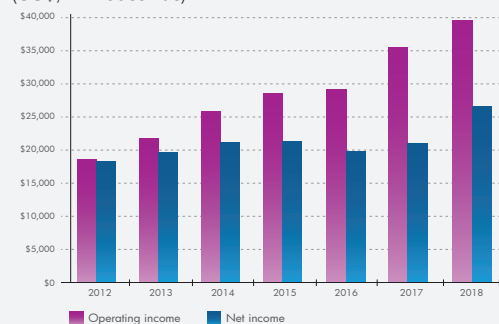
Magic solutions are backed by over 30 years of experience, millions of installations, and strategic alliances with global mobile and IT leaders, including Samsung, IBM, Microsoft, Oracle, Salesforce.com, Sage, SugarCRM, SYSPRO and SAP. With a presence in more than 50 countries, including 24 regional offices, we collaborate closely with our customers and thousands of business partners to accelerate their business performance.

Income Statement Highlights Non-GAAP (US\$, in millions)

	Q4/2018	Q4/2017	YOY%	2018	2017	YOY%	2016
Revenues	72.2	66.2	9%	284.4	258.1	10%	201.6
Operating Income	10.0	8.7	15%	39.5	35.1	12%	28.2
Net Income	5.8	4.8	21%	25.7	21.5	20%	19.6

Income Highlights (Non-GAAP)

(US\$, in thousands)



Balance Sheet Highlights

(US\$, in millions)

	31/12/2018
Total Cash*	115.6
Total Assets	362.3
Total Debt	28.0
Total Equity	248.4

* Including cash and cash equivalents, short and long-term bank deposits and short-term investments in marketable securities

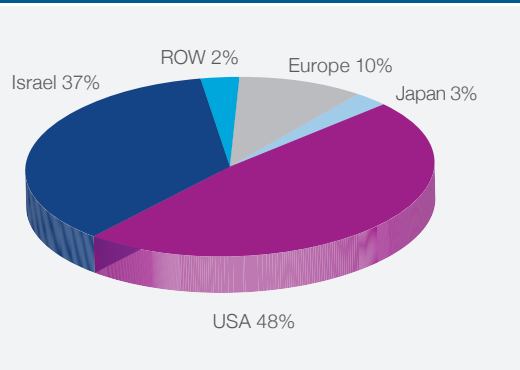
2018 YTD Cash Flow Overview

(US\$, in millions)

Total Cash 31/12/2017*	90.9
Purchase of Property, net	(0.8)
Issuing of shares	34.8
Investment in Subsidiaries, net	(4.3)
Net Cash Provided by Operations	20.1
Change in Loans from Financial Institutions, net	(7.0)
Dividend Distribution	(13.5)
Dividend Paid to Non-Controlling Interests	(2.7)
Exchange Rate Differences	(1.9)
Total Cash 31/12/2018*	115.6

* Including cash and cash equivalents, short and long-term bank deposits and short-term investments in marketable securities

Revenues by Geography - 2018



Customers

Able B.V.
adidas Canada
Adecco Nederland
Agricultural Bank of China
Allstate Life Insurance
AutoScout24
Bank Leumi
BNP Paribas
Boston Medical Center
Celebi Ground Handling
Christie Digital
Club Med
Coca Cola Brazil
Crane & Co
Datenlotsen
Ekro
Euroclear
Fiskars
FMRP
Fuji Film
Fujitsu-Marketing
Fukushima Bank
GE Capital
Grange Insurance
Guardian Life Insurance
Hitachi Systems
IDF
ING Commercial
Japan Chamber of Commerce
L'Occitane
Mahindra & Mahindra
Mitsubishi
Mundipharma
NHS Trust
Orangina Schweppes
Pacific Steel
Petzl
Rosenbauer
Segafredo Zanetti France
Sennheiser
Sharp
Sony DADC
Stallergenes
Sterling Crane
Sun Life Insurance
Superior Industries
TOTO
Vishay Intertechnology
Vodafone Iceland
Volvo Brazil
Vox International
WellMark

Q4 & Full Year 2018 Highlights

• Financial Performance

- Revenues for Q4 2018 increased 9% YOY to \$72.3 million. Revenues for the twelve months increased 10% YOY to record-breaking \$284.4 million.
- Non-GAAP operating income for Q4 2018 increased 15% to \$10.0 million compared to \$8.7 million in the same period last year. Operating income for Q4 2018 increased 37% to \$8.4 million from \$6.2 million in the same period last year. Non-GAAP operating income for the year increased 12% to record-breaking \$39.5 million compared to \$35.1 million in the same period last year. Operating income for the year increased 22% to \$31.7 million compared to \$26.0 million in the same period last year.
- Non-GAAP net income attributable to Magic's shareholders for Q4 2018 increased 21% to \$5.8 million compared to \$4.8 million in the same period last year. Net income for Q4 2018 increased 20% to \$4.5 million compared to \$3.8 million in the same period last year. Non-GAAP net income attributable to Magic's shareholders for the year increased 20% to \$25.7 million, or \$0.55 per fully diluted share, compared to \$21.5 million, or \$0.48 per fully diluted share, in the same period last year. Net income attributable to Magic's shareholders for the year increased 29% to \$19.9 million, or \$0.39 per fully diluted share, compared to \$15.4 million, or \$0.35 per fully diluted share in the same period last year.
- Strong cash position with a healthy total cash balance of approximately \$115.6 million as of December 31, 2018.
- Cash flow from operating activities for the twelve months ended December 31, 2018 amounted to \$24.1 million compared to \$25.5 million in the same period last year.
- 2019 guidance for full year revenues - target of \$313.0 - \$319.0 million, reflecting annual growth of 10% to 12%.
- On July 12, 2018, Magic issued 4,268,293 of its ordinary shares at a price of \$8.20 per share in a private placement, for net proceeds of approximately \$34.5 million to Israeli institutional investors and to its controlling shareholder, Formula Systems (1985) Ltd.

• Dividend Policy

- As of H1 2017, our dividend distribution policy increased from 50% to 75% of the company's annual net income attributable to Magic's shareholders. Between September 2012 and November 2017, the dividend policy provided distribution of up to 50% of annual distributable profits. Cumulative dividend distribution of approximately \$58.5 million between 2012 and 2018 year to date. Dividend yield - 3.3%.
- Cash dividend for H2 2018 of approximately \$7.3 million (or \$0.15 per share) announced on March 4, 2019. The dividend is payable on March 27, 2019 to all of the Company's shareholders of record at the close of the NASDAQ Global Select Market on March 14, 2019. Cash dividend for H1 2018 of approximately \$7.6 million (or \$0.155 per share) paid on September 5, 2018. Cash dividend for 2017 of approximately \$11.6 million (or \$0.26 per share) paid on

September 13, 2017 and on March 26, 2018, in two semi-annual payments. Cash dividend for 2016 of approximately \$7.5 million (or \$0.17 per share) paid on September 22, 2016 and on April 5, 2017, in two semi-annual payments. Cash dividend for 2015 of approximately \$8.2 million (or \$0.185 per share) paid on September 10, 2015 and on March 17, 2016, in two semi-annual payments.

• Exceptional Product Offering

- Robust application development and integration platforms that enable enterprises and ISVs to accelerate cloud and mobile solutions
- Highly productive and agile environment for rapid development and deployment of multi-channel enterprise-grade applications
- Certified and native connectors to integrate with and mobilize virtually all enterprise systems (CRM, ERP, Finance, HR, Warehouse Management System, Documentation Management, Website, etc.)
- Highly scalable, secure and future-proof technology
- Integration and consulting services for highly complex end-to-end IT projects
- Expert project management and IT staffing augmentation services

• Leadership and Corporate Vision

- Strong and talented management team focused on efficiency and growth
- More than 15 acquisitions in the past 8 years.
- Corporate culture of openness, ingenuity, and forward-looking determination
- Clear strategic mission
- Close collaboration with customers to enhance and accelerate business performance

• Global Industry Recognition

- More than 30 years of enterprise application development and integration experience
- Global: 2,200 employees worldwide, comprised mostly of technology experts who provide a wide array of global professional services and product development
- Modern technology with millions of successful installations worldwide
- Listed in the NASDAQ Global Select Market and the Tel-Aviv Stock Exchange TA-90
- Israel-based company with a presence in over 50 countries, including 24 regional offices across North America, Europe, Japan, India, South Africa and Israel
- Global network of thousands of ISVs, system integrators, and value-added distributors and resellers
- Strategic partnerships with leading global enterprise mobility and enterprise software ecosystem vendors, including Samsung, SAP, Salesforce.com, IBM, Microsoft, Sage, SugarCRM, ServiceMax, SYSPRO, MicroStrategy and Oracle

MAGIC WORLDWIDE OFFICES

CORPORATE HEADQUARTERS
TEL: +972 3 538 9292

UK
TEL: +44 1344 667 000

FRANCE
TEL: +33 1 49 10 58 58

NORTH & LATIN AMERICA
TEL: +1 949 250 1718

GERMANY
TEL: +49 89 962 730

HUNGARY
TEL: +36 1 216 9910

BENELUX
TEL: +31 30 65 66 266

INDIA
TEL: +91 20 4102 2022

JAPAN
TEL: +81 3 5937 3300

DISTRIBUTION
TEL: +972 3 538 9480

SOUTH AFRICA
TEL: +27 11 258 4442

ISRAEL
TEL: +972 3 538 9389



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ir@magicsoftware.com | www.magicsoftware.com