



OUTPERFORM THE FUTURE™

Financial Fact Sheet

Q1 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.

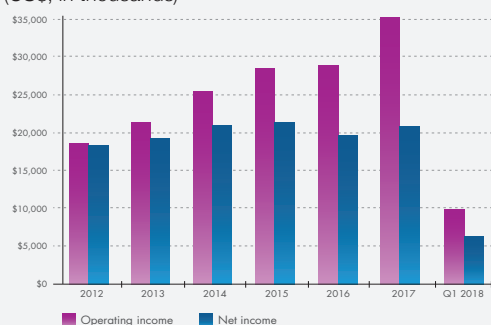
Magic solutions are backed by over 30 years of experience, millions of installations, and strategic alliances with global mobile and IT leaders, including Samsung, IBM, Microsoft, Oracle, Salesforce.com, Sage, SugarCRM, SYSPRO and SAP. With a presence in more than 50 countries, including 24 regional 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)

	Q1/2018	Q1/2017	YOY%	2017	2016	YOY%	2015
Revenues	69.7	60.8	15%	258.1	201.6	28%	176.0
Operating Income	9.7	8.4	16%	35.1	28.2	24%	27.2
Net Income	6.2	5.7	7%	21.5	19.7	9%	21.7

Income Highlights (Non-GAAP)

(US\$, in thousands)



Balance Sheet Highlights

(US\$, in millions)

	31/3/2018
Total Cash*	87.6
Total Assets	340.4
Total Equity	212.6

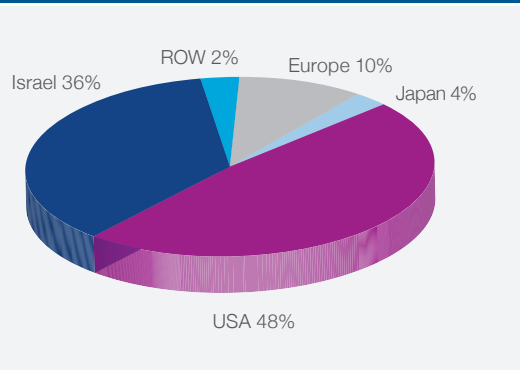
* Including cash and cash equivalents, short-term bank deposits and short-term investments in marketable securities

Q1 2018 YTD Cash Flow Overview (US\$, in millions)

Total Cash 31/12/2017*	90.9
Purchase of Property, net	(0.3)
Investment in Subsidiaries, net	(3.0)
Net Cash Provided by Operations	6.6
Change in Loans from Financial Institutions, net	(0.1)
Dividend Distribution	(6.0)
Dividend Paid to Non-Controlling Interests	(0.7)
Exchange Rate Differences	0.2
Total Cash 31/3/2018*	87.6

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

Revenues by Geography – Q1 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
 Voxx International
 WellMark

Q1 2018 Highlights

• Strong Financial Performance

- Strong cash position with a healthy total cash balance of approximately \$88 million as of March 31, 2018.
- Cash flow from operating activities for the first quarter amounted to \$7.3 million compared to \$10.5 million in the same period last year.
- Revenues for Q1 2018 increased 15% YOY to \$69.7 million.
- Non-GAAP operating income for Q1 2018 increased 16% to \$9.7 million compared to \$8.4 million in the same period last year. Operating income for Q1 2018 increased 19% to \$7.6 million from \$6.3 million in the same period last year.
- Non-GAAP net income attributable to Magic's shareholders for Q1 2018 increased 7% to \$6.2 million compared to \$5.7 million in the same period last year. Net income for Q1 2018 increased 7% to \$4.6 million compared to \$4.3 million in the same period last year.
- 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 \$51.0 million between 2012 and 2017 year to date.
- Cash dividend for H2 2017 of approximately \$5.8 million (or \$0.13 per share) paid on March 26, 2018. Cash dividend for H1 2017 of approximately \$5.8 million (or \$0.13 per share) paid on September 13, 2017. 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
- 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
- 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

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