



OUTPERFORM THE FUTURE™

Financial Fact Sheet

Q4 and Full Year 2017
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.

Customers

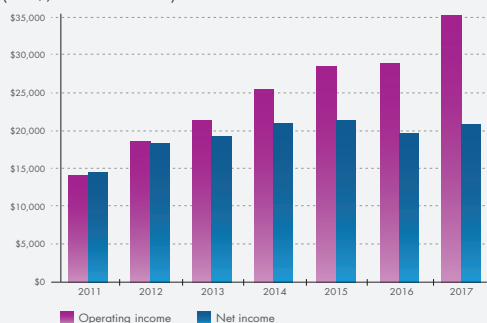
- Able B.V.
- adidas Canada
- Adecco Nederland
- Agricultural Bank of China
- Allstate Life Insurance
- AutoScout24
- Bank Leumi
- BNP Paribas
- Boston Medical Center
- Celebi Ground Handling
- Christie Digital
- Club Med
- Coca Cola Brazil
- Crane & Co
- Datenlotsen
- Ekro
- Euroclear
- Fiskars
- FMRP
- 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
- Nintendo
- Orangina Schweppes
- Pacific Steel
- Petzl
- Rosenbauer
- Segafredo Zanetti France
- Sennheiser
- Sheba Medical Center
- Sony DADC
- Stallergenes
- State of Washington Courts
- Sterling Crane
- Sun Life Insurance
- TOTO
- UPS
- Vishay Intertechnology
- Vodafone Iceland
- Volvo Brazil
- WellMark

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

	Q4/2017	Q4/2016	YOY%	2017	2016	YOY%	2015
Revenues	66.1	55.1	20%	258.0	201.6	28%	176.0
Operating Income	8.7	7.3	19%	35.1	28.2	24%	27.2
Net Income	4.8	4.3	10%	21.5	19.7	9%	21.7

Income Highlights (Non-GAAP)

(US\$, in thousands)



Balance Sheet Highlights

(US\$, in millions)

	31/12/2017
Total Cash*	90.8
Total Assets	342.4
Total Equity	213.6

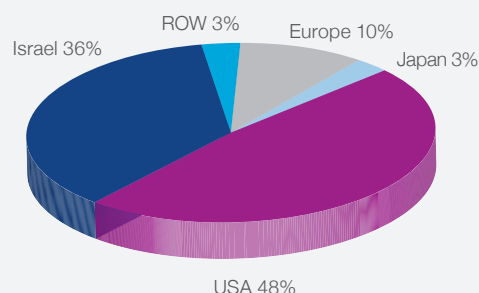
* Including cash and cash equivalents, short-term bank deposits and short-term investments in marketable securities

2017 YTD Cash Flow Overview (US\$, in millions)

Total Cash 31/12/2016*	87.8
Purchase of Property, net	(1.4)
Investment in Subsidiaries, net	(6.9)
Net Cash Provided by Operations	23.7
Change in Loans from Financial Institutions, net	1.3
Dividend Distribution	(9.4)
Dividend Paid to Non-Controlling Interests	(5.9)
Issuing of Shares	0.6
Exchange Rate Differences	1.0
Total Cash 31/12/2017*	90.8

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

Revenues by Geography – 2017



Q4 and Full Year 2017 Highlights

• Strong Financial Performance

- Strong cash position with a healthy total cash balance of approximately \$91 million as of December 31, 2017.
- Cash flow from operating activities for the 12 months ended December 31, 2017 totaled approximately \$26.5 million.
- Revenues for Q4 2017 increased 20% YOY to \$66.1 million. Annual revenues for 2017 increased 28% YOY to \$258.0 million.
- Non-GAAP operating income for Q4 2017 increased 19% to \$8.7 million compared to \$7.3 million in the same period last year. Operating income for Q4 2017 increased 36% to \$6.2 million from \$4.5 million in the same period last year.
- Non-GAAP net income attributable to Magic's shareholders for Q4 2017 increased 10% to 4.8 million compared to \$4.3 million in the same period last year. Net income for Q4 2017 increased to \$3.8 million compared to \$0.1 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) announced on February 28, 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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