



OUTPERFORM THE FUTURE™

Financial Fact Sheet

Q2 & H1/2014
NASDAQ, TASE: MGIC

About Magic

Magic Software Enterprises is a global provider of enterprise-grade application development and business process integration software solutions and a variety of IT-related professional services. Our powerful and versatile software lets customers develop, deploy and integrate on-premise, mobile and cloud-based business applications quickly and cost effectively.

Magic's code-free metadata approach lets organizations develop once and deploy to any device, including desktop/web, smartphones and tablets, regardless of operating system and form factor. By enabling easy and secure automation, integration and mobilization of business processes and workflows (CRM, ERP, e-commerce, HR, etc.), Magic solutions enable customers to benefit from increased efficiencies, innovation and return on investment.

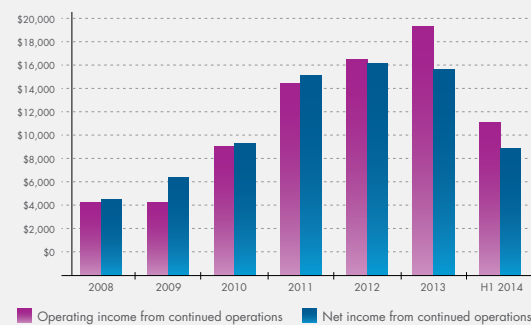
Magic solutions are backed by 30 years of experience, millions of installations, and strategic alliances with global mobile and IT leaders, including Samsung, IBM, Microsoft, Oracle, Salesforce.com, Sage, SugarCRM, SYSPRO and SAP. With a presence in more than 50 countries, including 19 regional offices, we collaborate closely with our customers and thousands of business partners to accelerate their business performance.

Income Statement Highlights (US\$, in millions)

| | Q2/2014 | Q2/2013 | YOY% | H1/2014 | H1/2013 | YOY% | 2013 | 2012 | YOY% |
|---------------------------|---------|---------|------|---------|---------|------|-------|-------|------|
| Revenues | 40.6 | 34.8 | 17% | 81.6 | 68.2 | 20% | 145.0 | 126.4 | 15% |
| Operating Income | 5.1 | 4.1 | 26% | 11.1 | 8.7 | 27% | 19.1 | 16.4 | 17% |
| Non-GAAP Operating Income | 6.0 | 4.7 | 28% | 12.4 | 9.9 | 25% | 22.7 | 18.6 | 22% |
| Net Income | 3.9 | 3.5 | 11% | 8.3 | 7.0 | 19% | 15.9 | 16.2 | (2)% |
| Non-GAAP Net Income | 4.7 | 3.8 | 24% | 9.7 | 8.0 | 20% | 19.5 | 18.3 | 6% |

Income Highlights

(US\$, in thousands)



Balance Sheet Highlights

(US\$, in millions)

| | 30/6/2014 |
|--------------|-----------|
| Total Cash* | 92.8 |
| Total Assets | 227.4 |
| Total Equity | 188.0 |

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

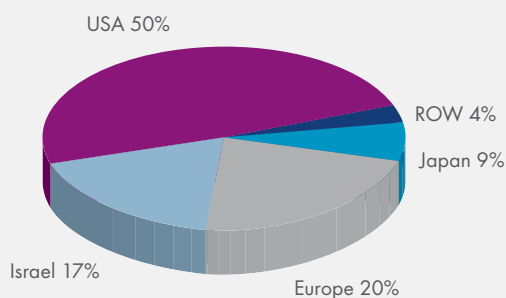
H1/2014 YTD Cash Flow Overview

(US\$, in millions)

| | |
|---------------------------------|-------|
| Total Cash 31/12/2013* | 36.0 |
| Issuance of new shares | 55.1 |
| Payment Towards M&A | (4.1) |
| Dividend Distribution | (4.5) |
| Other | (1.1) |
| Net Cash Provided by Operations | 11.4 |
| Total Cash 30/6/2014* | 92.8 |

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

Revenues by Geography - H1/2014



Customers

- Able B.V.
- adidas Canada
- Adecco
- Agricultural Bank of China
- Allstate Life Insurance
- Banco Caminos
- Bank Leumi
- BNP Paribas
- CB Medical
- Christie Digital
- Club Med
- Crane & Co
- Datenlotsen
- Discovery
- Euroclear
- Fiskars
- FMRP
- GE Capital
- Fujitsu-Marketing
- Grange Insurance
- Guardian Life Insurance
- Hitachi Systems
- Honda
- IDF
- ING Commercial
- KDDI
- Merrill Lynch
- Mitsubishi
- NHS Trust
- Nintendo
- Rosenbauer
- Sennheiser
- Sheba Medical Center
- Sony DADC
- Stallergenes
- State of Washington Courts
- Sterling Crane
- Sun Life Insurance
- TOTO
- UPS
- VanDrie Group
- Victorinox
- Vishay Intertechnology
- Vodafone
- Volvo Brazil
- WellMark

Q2 & H1/2014 Highlights

• Strong Financial Performance

- Strong cash position with virtually no debt and a healthy total cash balance of \$92.8 million (after additional public offering of \$54.7 million and cash dividends of \$4.5 million paid during Q1 2014)
- Additional capital of \$54.7 million raised from public offering of ordinary shares in Q1/2014
- Operating cash flow for the six months ended June 30, 2014 totaled approximately \$12 million
- Revenues for Q2/2014 increased 17% YOY to \$40.6 million; Revenues for the first half increased 20% YOY to \$81.6 million
- Non-GAAP operating income for Q2/2014 increased 28% YOY to \$6.0 million; Operating income for Q2/2014 increased 26% to \$5.1 million
- Non-GAAP operating income for H1/2014 increased 25% YOY to \$12.4 million; Operating income for H1/2014 increased 27% to \$11.1 million
- Dividend policy provides distribution of up to 50% of annual distributable profits (cash dividend of \$4.2 million for H1 2014 declared on August 12, 2014; cash dividend of \$3.4 million for H1 2013 paid on September 3, 2013, cash dividend of \$4.5 million for H2 2013 paid on March 14, 2014)

• Exceptional Product Offering

- Highly productive and agile environment for rapid development and deployment of multi-channel enterprise-grade applications
- Develop once and deploy across all popular operating systems and devices – including, iOS, Android, BlackBerry, Windows Mobile, Desktop and Web. Only one skill-set needed for all
- 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

• 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

- 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-75
- Israel-based company with a presence in over 50 countries, including 19 worldwide 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 AG, Salesforce.com, IBM, Microsoft, Sage, SugarCRM, SYSPRO, MicroStrategy and Oracle

www.magicsoftware.com | ir@magicsoftware.com

Magic Worldwide Offices

| | | | |
|---|--|---|---|
| CORPORATE HEADQUARTERS Tel: +972 3 538 9292 | NORTH & LATIN AMERICA Tel: +1 949 250 1718 | BENELUX Tel: +31 30 65 66 266 | DISTRIBUTION Tel: +972 3 538 9480 |
| UK Tel: +44 1344 667 000 | GERMANY Tel: +49 89 962 730 | INDIA Tel: +91 20 4102 2022 | SOUTH AFRICA Tel: +27 11 258 4442 |
| FRANCE Tel: +33 1 49 10 58 58 | HUNGARY Tel: +36 1 216 9910 | JAPAN Tel: +81 3 5937 3300 | ISRAEL Tel: +972 3 538 9389 |



OUTPERFORM THE FUTURE™

Magic Software provides the information in this brochure as is and without any warranties. In no event will Magic Software be liable for any loss of profit, or for any damages of any kind whether based in contract, negligence or other sort. Magic Software may make changes to this brochure and the product information and prices at any time without notice and without obligation to update the materials contained in this brochure. © 2014 Magic Software Enterprises Ltd. Q2/2014

www.magicsoftware.com