



OUTPERFORM THE FUTURE™

Financial Fact Sheet

Q4 and Full Year 2015
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
- Agricultural Bank of China
- Allstate Life Insurance
- Banco Caminos
- Bank Leumi
- BNP Paribas
- Boston Medical Center
- CB Medical
- Christie Digital
- Club Med
- Crane & Co
- Datenlotsen
- Discovery
- Euroclear
- Fiskars
- FMRP
- Fujitsu-Marketing
- Fukushima Bank
- GE Capital
- Grange Insurance
- Guardian Life Insurance
- Hitachi Systems
- Honda
- IDF
- ING Commercial
- KDDI
- Merrill Lynch
- Mitsubishi
- NHS Trust
- Nintendo
- Petzl
- Rosenbauer
- Segafredo Zanetti France
- 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

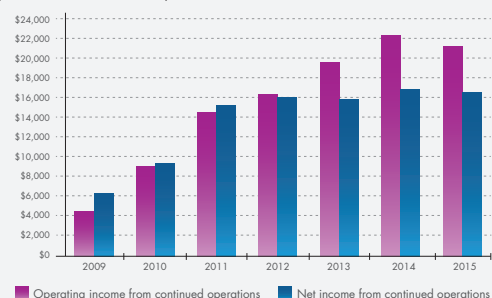
Income Statement Highlights (US\$, in millions)

	Q4/2015	Q4/2014	YOY%	2015	2014	YOY%	2013	YOY%
Revenues	47.9	42.5	13%	176.0	164.3	7%	145.0	13%
Operating Income	5.0	5.6*	(11%)*	21.4	22.3*	(4%)*	19.1	16%*
Non-GAAP Operating Income	7.4	7.0	5%	27.2	25.9	5%	22.7	14%
Net Income	3.7	4.5*	(18%)*	16.2	17.1*	(5%)*	15.9	8%
Non-GAAP Net Income	5.6	5.7	(2%)	21.7	20.5	6%	19.5	4%

* Excluding a one-time impact of \$1.6 million related to arbitration litigation costs as explained in our Q4 and Full Year 2014 Results Press Release

Income Highlights

(US\$, in thousands)



Balance Sheet Highlights

(US\$, in millions)

	31/12/2015
Total Cash*	76.7
Total Assets	240.0
Total Equity	193.1

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

2015 YTD Cash Flow Overview

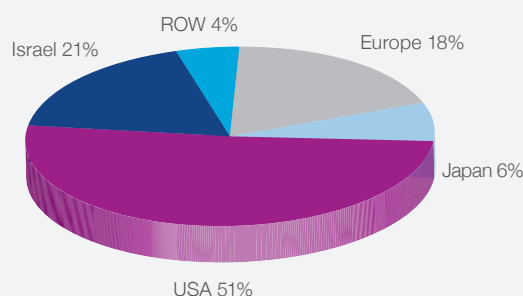
(US\$, in millions)

Total Cash 31/12/2014*	84.4
Exchange rate differences	(1.2)
Dividend Distribution	(7.8)
Investment in Subsidiaries	(10.5)
Net Cash Provided by Operations	18.0
Short-term Bank Credit	(2.8)
Other**	(3.4)
Total Cash 31/12/2015*	76.7

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

** Includes one-time litigation settlement cost of \$2.2 million

Revenues by Geography - 2015



Q4 and Full Year 2015

• Strong Financial Performance

- Six consecutive years of record-breaking revenues and operating results. Annual revenues for 2015 reached \$176.0 million; Non GAAP operating income for the year reached \$27.2 million.
- Strong cash position with virtually no debt and a healthy total cash balance of \$76.7 million as of December 31, 2015.
- Operating cash flow for the 12 months ended December 31, 2015 totaled approximately \$18.0 million.
- Revenues for Q4 2015 were a record-breaking \$47.9 million. On a constant currency basis, revenues for Q4 2015 would have reflected an increase of 15% YOY to a record-breaking result of \$49.1 million.
- Non-GAAP operating income for Q4 2015 increased 5% YOY to \$7.4 million. On a constant currency basis, non-GAAP operating income would have reflected an increase of 12% YOY to \$7.9 million. Operating income for Q4 2015 decreased 11% to \$5.0 million from \$5.6 million in the same period last year.
- Non-GAAP net income for Q4 2015 decreased 2% YOY to \$5.6 million, or \$0.13 per fully diluted share. On a constant currency basis, non-GAAP net income would have reflected an increase of 7% YOY to \$6.1 million, or \$0.14 per fully diluted share. Net income for Q4 2015 decreased 18% to \$3.7 million (or \$0.08 per fully diluted share), compared to \$4.5 million (or \$0.10 per fully diluted share) in the same period last year.
- Cash dividend for H2 2015 of approximately \$4.0 million (or \$0.09 per share) announced on February 21, 2016. Cash dividend for H1 2015 of approximately \$4.2 million (or \$0.095 per share) paid on September 10, 2015. Cash dividend for H2 2014 of approximately \$3.6 million paid on March 11, 2015.
- Dividend policy provides distribution of up to 50% of annual distributable profits. Cumulative dividend distribution of approximately \$28 million between 2012 and 2015 year to date.

• 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

- 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 24 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

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