



OUTPERFORM THE FUTURE™

Financial Fact Sheet

Q1/2014

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.

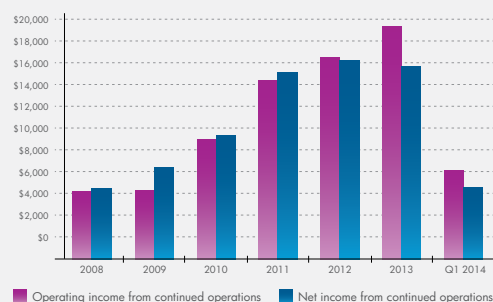
Magic solutions are backed by 30 years of experience, millions of installations, and strategic alliances with global mobile and IT leaders, including Samsung, IBM, Microsoft, Oracle, Salesforce.com, Sage, SugarCRM, SYSPRO and SAP. With a presence in more than 50 countries, including 19 regional offices,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

Income Statement Highlights (US\$, in millions)

	Q1/2014	Q1/2013	YOY%	2013	2012	YOY%	2011	YOY%
Revenues	40.9	33.4	23%	145.0	126.4	15%	113.3	12%
Operating Income	6.0	4.6	28%	19.1	16.4	17%	14.7	11%
Non-GAAP Operating Income	6.4	5.2	23%	22.7	18.6	22%	14.5	29%
Net Income	4.5	3.5	28%	15.9	16.2	(2)%	15.0	8%
Non-GAAP Net Income	5.0	4.2	17%	19.5	18.3	6%	14.8	24%

Income Highlights

(US\$, in thousands)



Balance Sheet Highlights

(US\$, in millions)

	31/3/2014	31/12/2013
Total Cash*	87.9	36.0
Total Assets	224.7	167.0
Total Equity	183.9	129.1

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

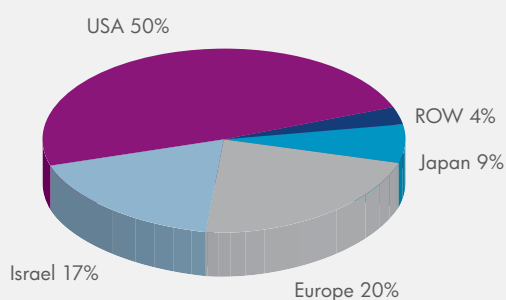
Q1/2014 YTD Cash Flow Overview

(US\$, in millions)

Total Cash 31/12/2013*	36.0
Issuance of new shares	55.1
Payment Towards M&A	(2.6)
Dividend Distribution	(4.5)
Other	(0.6)
Net Cash Provided by Operations	4.5
Total Cash 31/3/2014*	87.9

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

Revenues by Geography - Q1/2014



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

- **Strong Financial Performance**

- Strong cash position with virtually no debt and a healthy total cash balance of \$87.9 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 quarter ended March 31, 2014 totaled approximately \$4.5 million
- Revenues for Q1/2014 increased 23% YOY to \$40.9 million.
- Non-GAAP operating income for Q1/2014 increased 23% YOY to \$6.4 million; Operating income for Q1/2014 increased 28% to \$6.0 million
- Dividend policy provides distribution of up to 50% of annual distributable profits (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**

- Versatile and powerful environment for rapid development and deployment of 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 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-100
- 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 mobile and 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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