



OUTPERFORM THE FUTURE™

# Financial Fact Sheet

Q1 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
- GE Capital
- Fujitsu-Marketing
- Grange Insurance
- Guardian Life Insurance
- Hitachi Systems
- Honda
- IDF
- ING Commercial
- KDDI
- Merrill Lynch
- Mitsubishi
- NHS Trust
- Nintendo
- Petzl
- 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

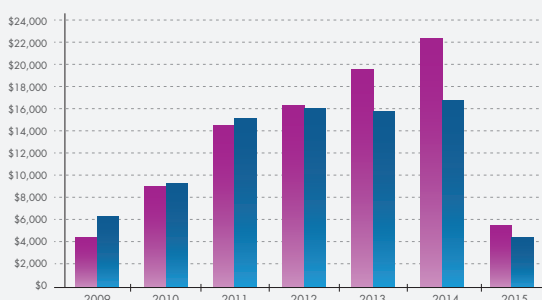
## Income Statement Highlights (US\$, in millions)

	Q1/2015	Q1/2014	YOY%	2014	2013	YOY%	2012	YOY%
Revenues	40.3	40.9	1%	164.3	145.0	13%	126.4	15%
Operating Income	5.8	6.0	3%	22.3*	19.1	16%*	16.4	17%
Non-GAAP Operating Income	6.7	6.4	5%	25.9	22.7	14%	18.6	22%
Net Income	4.3	4.5	(5)%	16.6*	15.9	5%*	16.2	(2)%
Non-GAAP Net Income	5.2	5.0	5%	20.3	19.5	4%	18.3	6%

\* 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)



■ Operating income from continued operations ■ Net income from continued operations

## Balance Sheet Highlights

(US\$, in millions)

	31/3/2015
Total Cash*	88.5
Total Assets	229.0
Total Equity	184.9

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

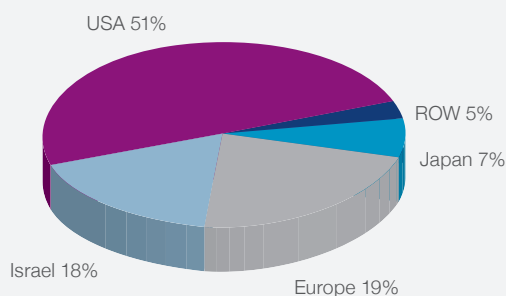
## Q1 2015 YTD Cash Flow Overview

(US\$, in millions)

Total Cash 31/12/2014*	84.4
Exchange rate differences	(1.1)
Dividend Distribution	(3.6)
Net Cash Provided by Operations	9.1
Other	(0.3)
<b>Total Cash 31/3/2015*</b>	<b>88.5</b>

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

## Revenues by Geography - Q1 2015



## Q1 2015 Highlights

### • Strong Financial Performance

- Strong cash position with virtually no debt and a healthy total cash balance of \$88.5 million as of March 31, 2015
- Operating cash flow for quarter ended March 31, 2015, totaled approximately \$9.1 million
- Revenues for Q1 2015 were \$40.3 million; Had it not been for the negative impact of foreign exchange rates, Q1 2015 would have reflected an increase of 5% YOY to a record-breaking result of \$42.8 million
- Non-GAAP operating income for Q1 2015 increased 5% YOY to \$6.7 million; Had it not been for the negative impact of foreign exchange rates, non-GAAP operating income would have reflected an increase of 14% YOY to a record-breaking result of \$7.3 million; Operating income for Q1 decreased to \$5.8 million from \$6.0 million in the same period last year
- Non-GAAP net income for Q1 2015 increased 5% YOY to \$5.2 million; Had it not been for the negative impact of foreign exchange rates, non-GAAP net income would have reflected an increase of 34% YOY to a record-breaking result of \$6.7 million; Net income for Q1 2015 decreased to \$4.3 million from \$4.5 million in the same period last year
- Dividend policy provides distribution of up to 50% of annual distributable profits; (During 2014, distributed cash dividends totaling \$8.7 million or 21.5 cents per share, with a dividend yield of 3.5%; Cumulative dividend distribution of \$20 million between 2012-2014)
- Cash dividend of \$0.081 per share and in the aggregate amount of approximately US \$3.6 million for H2 2014 paid on March 11, 2015
- \$54.7 million net capital raised from secondary public offering of ordinary shares in 2014

### • 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
- Over 200 new direct customers using our solutions and services in 2014

### • 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

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