



OUTPERFORM THE FUTURE™

# Financial Fact Sheet

Q2 & H1 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.

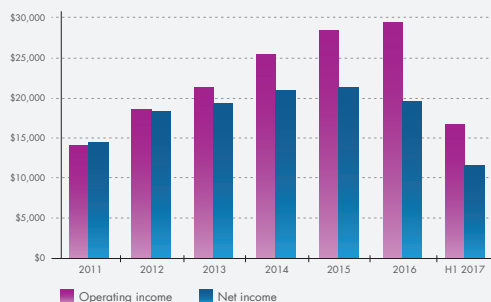
Magic solutions are backed by over 30 years of experience, millions of installations, and strategic alliances with global mobile and IT leaders, including Samsung, IBM, Microsoft, Oracle, Salesforce.com, Sage, SugarCRM, SYSPRO and SAP. With a presence in more than 50 countries, including 24 regional offices, we collaborate closely with our customers and thousands of business partners to accelerate their business performance.

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

	Q2/2017	Q2/2016	YOY%	H1/2017	H1/2016	YOY%	2016	2015	YOY%
Revenues	65.5	47.4	38%	126.2	92.0	37%	201.6	176.0	15%
Operating Income	9.0	6.5	37%	17.4	13.2	31%	28.2	27.2	4%
Net Income	5.7	5.2	11%	11.5	10.0	15%	19.6	21.7	(10%)

### Income Highlights (Non-GAAP)

(US\$, in thousands)



### Balance Sheet Highlights

(US\$, in millions)

	30/6/2017
Total Cash*	100.1
Total Assets	344.6
Total Equity	207.0

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

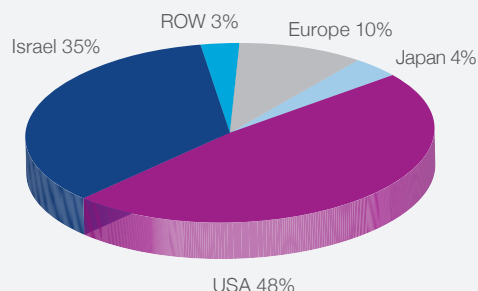
### H1 2017 YTD Cash Flow Overview

(US\$, in millions)

Total Cash 31/12/2016*	87.8
Purchase of Property, net	(0.9)
Investment in Subsidiaries, net	(3.8)
Net Cash Provided by Operations	12.9
Change in Loans from Financial Institutions, net	7.9
Dividend Distribution	(3.7)
Dividend Paid to Non-Controlling Interests	(1.4)
Issuing of Shares	0.3
Exchange Rate Differences	1.0
<b>Total Cash 30/6/2017*</b>	<b>100.1</b>

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

### Revenues by Geography – H1 2017



## 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

## Q2 & H1 2017 Highlights

### • Strong Financial Performance

- Strong cash position with a healthy total cash balance of approximately \$100.1 million as of June 30, 2017.
- Cash flow from operating activities for the six months ended June 30, 2017 totaled approximately \$15.1 million.
- Revenues for Q2 2017 increased 38% YOY to \$65.5 million. Revenues for the first half increased 37% YOY to \$126.2 million.
- Non-GAAP operating income for Q2 2017 increased 37% to \$9.0 million compared to \$6.5 million in the same period last year. Operating income for Q2 2017 increased 19% to \$6.3 million from \$5.3 million in the same period last year.
- Non-GAAP net income for Q2 2017 increased 11% to \$5.7 million compared to \$5.2 million in the same period last year. Net income for Q2 2017 decreased 12% to \$3.6 million compared to \$4.1 million in the same period last year.
- Cash dividend for H2 2016 of approximately \$3.8 million (or \$0.085 per share) paid on April 5, 2017. Cash dividend for H1 2016 of approximately \$3.8 million (or \$0.085 per share) paid on September 22, 2016. Cash dividend for H2 2015 of approximately \$4.0 million (or \$0.09 per share) paid on March 17, 2016. Cash dividend for H1 2015 of approximately \$4.2 million (or \$0.095 per share) paid on September 10, 2015.
- As of H1 2017, our dividend distribution policy increased from 50% to 75% of the company's annual distributable profits. Between September 2012 and August 2017, the dividend policy provided distribution of up to 50% of annual distributable profits. Cumulative dividend distribution of approximately \$39.6 million between 2012 and 2017 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

- 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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