



OUTPERFORM THE FUTURE™

# Financial Fact Sheet

Q3 and First Nine Months 2016  
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.

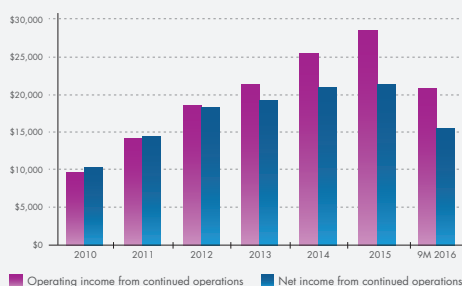
Magic solutions are backed by over 30 years of experience, millions of installations, and strategic alliances with global mobile and IT leaders, including Samsung, IBM, Microsoft, Oracle, Salesforce.com, Sage, SugarCRM, SYSPRO and SAP. With a presence in more than 50 countries, including 24 regional 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)

	Q3/2016	Q3/2015	YOY%	9M/2016	9M/2015	YOY%	2015	2014	YOY%
Revenues	54.5	45.3	20%	146.5	128.2	14%	176.0	164.3	7%
Operating Income	7.7	6.6	17%	20.9	19.8	6%	27.2	25.9	5%
Net Income	5.3	5.7	(7%)	15.3	16.1	(5%)	21.7	20.5	6%

### Income Highlights (Non-GAAP)

(US\$, in thousands)



### Balance Sheet Highlights

(US\$, in millions)

	30/9/2016
Total Cash*	60.8
Total Assets	284.1
Total Equity	199.7

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

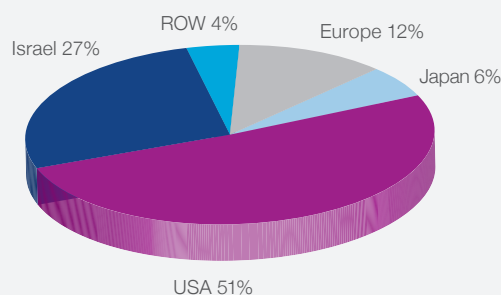
### 9M 2016 YTD Cash Flow Overview

(US\$, in millions)

Total Cash 31/12/2015*	76.7
Dividend Distribution	(7.7)
Investment in Subsidiaries	(26.1)
Net Cash Provided by Operations	18.4
Change in Bank Loans and Other Deposits	1.0
Other	(1.5)
<b>Total Cash 30/9/2016*</b>	<b>60.8</b>

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

### Revenues by Geography - 9M 2016



## 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

## Q3 & 9M 2016 Highlights

### • Strong Financial Performance

- Strong cash position with a healthy total cash balance of approximately \$60.8 million as of September 30, 2016.
- Operating cash flow for the nine months ended September 30, 2016 totaled approximately \$18.4 million.
- Revenues for Q3 2016 increased 20% YOY to \$54.5 million. Revenues for the first nine months increased 14% YOY to \$146.5 million.
- Non-GAAP operating income for Q3 2016 increased 17% to \$7.7 million compared to \$6.6 million in the same period last year. Operating income for Q3 2016 increased 13% to \$6.0 million compared to \$5.3 million in the same period last year.
- Non-GAAP net income for Q3 2016 decreased 7% to \$5.3 million compared to \$5.7 million in the same period last year.
- Net income for Q3 2016 decreased 4% to \$4.0 million compared to \$4.2 million in the same period last year.
- 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.
- Dividend policy provides distribution of up to 50% of annual distributable profits. Cumulative dividend distribution of approximately \$35.8 million between 2012 and 2016 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, Salesforce.com, IBM, Microsoft, Sage, SugarCRM, SYSPRO, MicroStrategy and Oracle

[www.magicsoftware.com](http://www.magicsoftware.com) | [ir@magicsoftware.com](mailto:ir@magicsoftware.com)

## Magic Worldwide Offices

<b>CORPORATE HEADQUARTERS</b> Tel: +972 3 538 9292	<b>NORTH &amp; LATIN AMERICA</b> Tel: +1 949 250 1718	<b>BENELUX</b> Tel: +31 30 65 66 266	<b>DISTRIBUTION</b> Tel: +972 3 538 9480
<b>UK</b> Tel: +44 1344 667 000	<b>GERMANY</b> Tel: +49 89 962 730	<b>INDIA</b> Tel: +91 20 4102 2022	<b>SOUTH AFRICA</b> Tel: +27 11 258 4442
<b>FRANCE</b> Tel: +33 1 49 10 58 58	<b>HUNGARY</b> Tel: +36 1 216 9910	<b>JAPAN</b> Tel: +81 3 5937 3300	<b>ISRAEL</b> 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.  
© 2016 Magic Software Enterprises Ltd.

[www.magicsoftware.com](http://www.magicsoftware.com)