



OUTPERFORM THE FUTURE™

Financial Fact Sheet

Q1/2013

NASDAQ, TASE: MGIC

About Magic

Magic Software Enterprises is a global provider of mobile and cloud-enabled application and business integration platforms and related professional services. Our powerful and versatile enterprise-grade application development and integration solutions enable enterprise mobility, enhance productivity and increase profitability.

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. Our solutions enable the fast, cost-effective and secure mobilization, integration, and automation of enterprise business processes (CRM, ERP, e-commerce, HR, etc.).

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, and SAP.

With a presence in more than 50 countries, including 15 regional offices, we collaborate closely with our customers and thousands of business partners to accelerate their business performance.

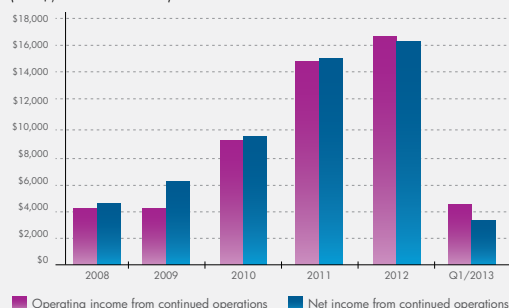
Income Statement Highlights

(US\$, in millions)

	Q1/2013	Q1/2012	YOY%	2012	2011	YOY%	2010	YOY%
Revenues	33.4	30.0	11%	126.4	113.3	12%	88.6	28%
Operating Income	4.6	4.2	10%	16.4	14.7	11%	9.3	58%
Non-GAAP Operating Income	5.2	4.7	12%	18.6	14.5	29%	10.0	45%
Net Income	3.5	4.2	(16)%	16.2	15.0	8%	9.4	60%
Non-GAAP Net Income	4.2	4.6	(7)%	18.3	14.8	24%	10.0	48%

Income Highlights

(US\$, in thousands)



Balance Sheet Highlights - Zero Debt

(US\$, in millions)

	31/3/2013
Total Cash*	37.6
Total Assets	153.0
Total Equity	116.5

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

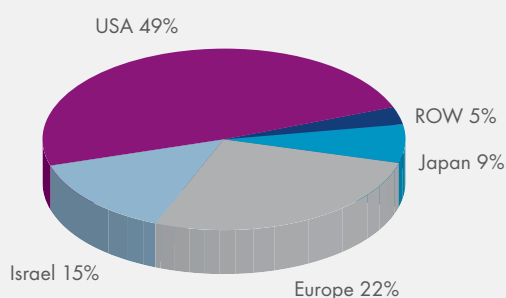
Q1/2013 Cash Flow Overview

(US\$, in millions)

Total Cash 31/12/2012*	38.6
Payment Towards M&A	(2.6)
Dividend Distribution	(4.4)
Net Cash Provided by Operations	6.0
Total Cash 31/3/2013*	37.6

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

Revenues by Geography - Q1/2013



Customers

- adidas Canada
- Adecco
- Agricultural Bank of China
- Allstate Life Insurance
- Banco Caminos
- Bank Leumi
- BNP Paribas
- CB Medical
- Club Med
- Crane & Co
- Datenlotsen
- DHL
- 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
- Sheba Medical Center
- Sony DADC
- Stallergenes
- State of Washington Courts
- Sterling Crane
- Sun Life Insurance
- TOTO
- United Nations
- UPS
- Vandrie Group
- Victorinox
- Vishay Intertechnology
- Vodafone
- Volvo Brazil
- WellMark

Q1/2013 Highlights

• Strong Financial Performance

- Strong cash position with zero debt and a healthy cash balance of \$37.6 million (after a cash dividend of \$4.4 million paid during the first quarter)
- Operating cash flow for the quarter ended March 31, 2013 totaled \$6 million
- Revenues for Q1/2013 increased 11% year over year to \$33.4 million
- Non-GAAP operating income for Q1/2013 increased 12% to \$5.2 million; Operating income for Q1/2013 increased 10% to \$4.6 million
- Dividend policy provides distribution of up to 50% of annual distributable profits (cash dividend of \$3.7 million for H1 2012 paid on October 16, 2012; cash dividend of \$4.4 million for H2 2012 paid on March 14, 2013)

• 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.)
- High 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, the Tel-Aviv Stock Exchange TA-100, and the Deloitte Israel Technology Fast 50
- Israel-based company with a presence in over 50 countries, including 15 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, MicroStrategy and Oracle

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