



magic[®]

DIGITAL TRANSFORMATION SOLUTIONS & SERVICES

August 2019
Q2 & H1 2019



magic

Safe Harbor Statement

Certain statements made in this presentation may be forward-looking in nature (within the meaning of the "safe harbor" provisions of the US Private Securities Litigation Reform Act of 1995). These statements are based on the current expectations or beliefs of the company's management and are subject to various known and unknown risks that could cause actual results to differ materially from those described in the forward-looking statements, including, but not limited to, product demand, pricing, market acceptance, changing economic conditions, risks in product and technology development, the effect of the company's accounting policies, increasing competition, our ability to integrate companies and businesses acquired by us and certain other risk factors, including those that are set forth from time to time in the company's filings with the United States Securities Exchange Commission, which may cause the actual results, performance and achievements of the Company to be materially different from any future results, performance and achievements implied by such forward-looking statements.

Magic

Global Provider of Digital Transformation Solutions and Services

Dual-listed Company
Traded on NASDAQ and
TASE (MGIC)



>**3,000 Customers**
around the globe

\$284 Million Revenues in 2018
80% from repeatable business
based on long engagement
cycles

\$149 Million Revenues in H1
2019

\$41 Million
EBITDA in 2018
+13% YOY

\$21.3 Million
EBITDA in H1 2019
+6% YOY

2,300 Employees

**Experienced and Stable
Management**

Global Presence
48% North America
37% Israel
10% Europe
5% RoW¹

2013-2018
Average annual rate of
16% Revenue CAGR
14% Operating Margin

**Attractive dividend
distribution policy
since 2012**
Up to 75% of the
annual net income

25 Acquisitions
in 9 Years

1. Includes APAC and South Africa.





Our Mission

To become a preferred vendor of the digital transformation market by providing a wide range of top technologies, methodologies and services.

Value Proposition



Top Transformation &
Integration
Technologies



Top Methodologies
& Delivery Teams



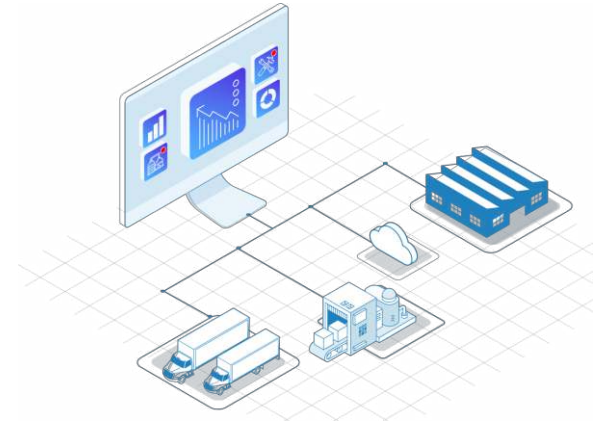
One
Stop-Shop
A-Z

The Market

The IT world is changing rapidly

In order to remain competitive, enterprises need to be able to quickly and easily adjust to market changes and trends

Technology became a critical factor for achieving future business success



Digital transformation
is in center of the world's
attention with endless
market size

Our Solutions



BEST TECHNOLOGIES

35 years of developing and offering best low-code technologies which are well-known for their very high ROI



BEST PRACTICES

Best practices to support today's constant changes of the IT world:

- ✓ Agility
- ✓ Flexibility
- ✓ Reduced time to market (TTM)



BEST PEOPLE

Top quality and experienced human resource, alumni of top IDF units and universities

Customers Benefits

- ✓ We support our customers throughout the full cycle
- ✓ We offer them the most appealing agile/ on-demand products and services out there
- ✓ We use top methodologies
- ✓ Our software is future safe

**We significantly reduce
our customers'**



TIME



RISKES



**AND
ESPECIALLY
MONEY!**

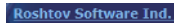
Global Customer Base

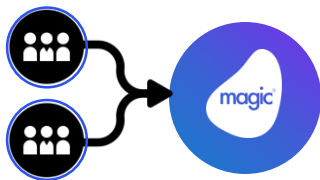


Our Strategy



Acquisition Track Record 2009-2018





Our M&A Strategy



100% of Acquisitions Driven By Our Business Units

as a result of long-term relationship and familiarity with targets' business and management, and therefore low risk



Target Companies with Knowledgeable and Unique High Skilled Capabilities



Complementary Technologies, Solutions and Services

A photograph of a person's hand pointing at a tablet displaying financial charts, overlaid with a blue and purple gradient. The background shows a meeting table with a laptop, a coffee cup, and a glass of water.

Financial Highlights

Revenue Growth

Consistent Record of Revenue Growth

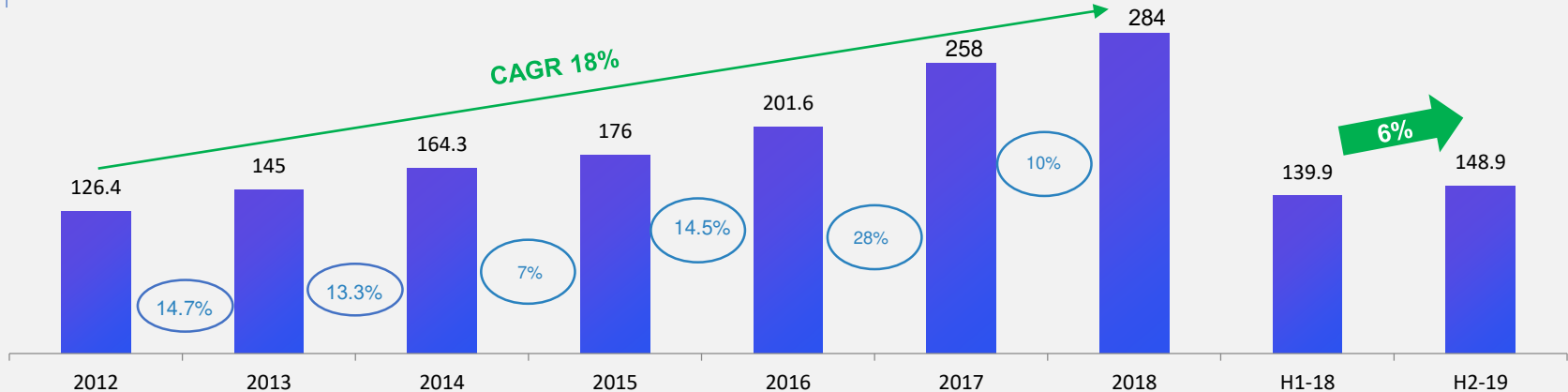
18% average revenue
CAGR 2012-2018
(from \$126 million in '12 to \$284 million in '18).

2019 Revenue guidance:
\$313 million – \$319 million,
reflecting 10% - 12% growth.

Track record of acquiring diversified
targets and generating significant
value by increasing revenues and
profits.

YoY Revenue Growth

In \$ millions



Operating Profit Growth

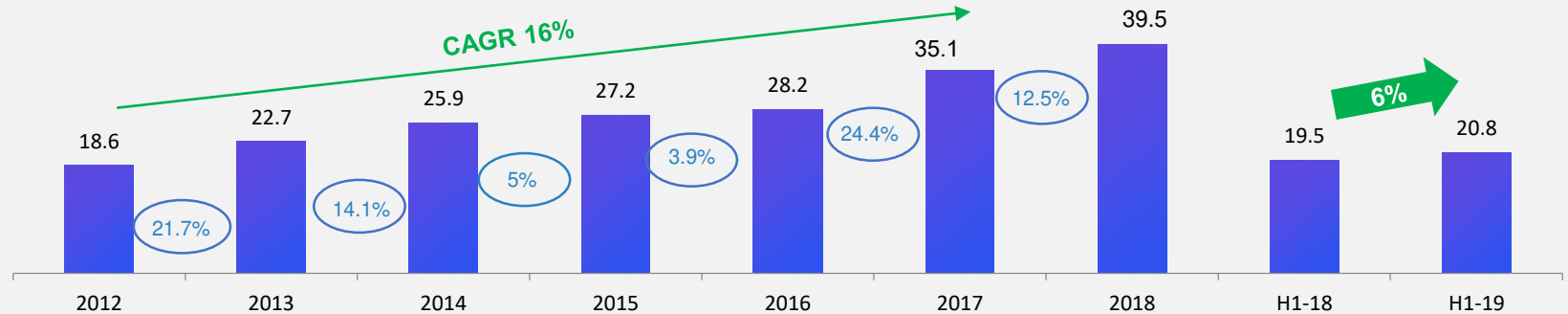
Strong Profitability

Average Non-GAAP operating profit CAGR of 16% from 2012 to 2018, with \$40.7 million EBITDA for 2018.

Operating margins⁽¹⁾ range between 14%-15% in 2012-2018.

YoY Non-GAAP Operating Profit Growth

In \$ millions



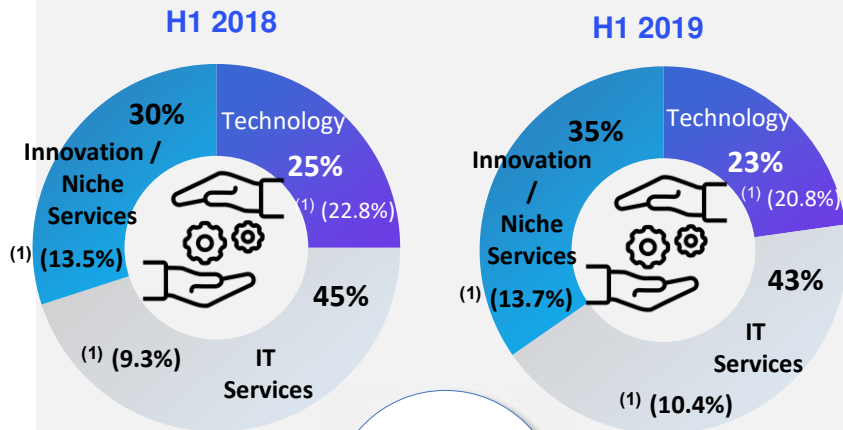
⁽¹⁾ Non-GAAP Operating Margin. 15



Diverse Business Model

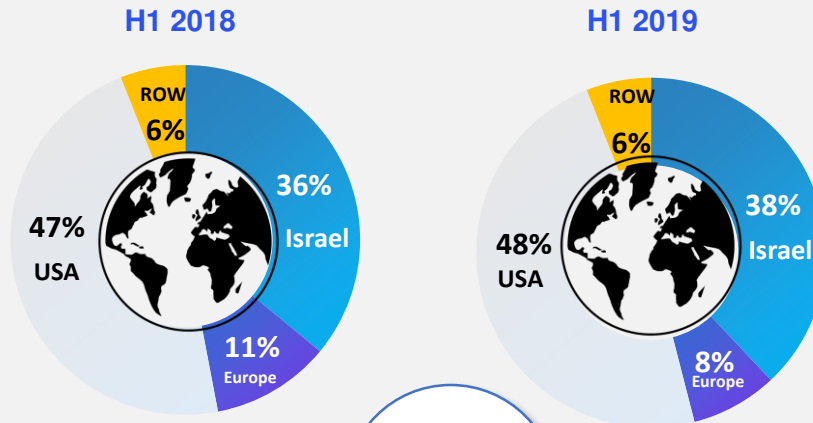
Well Diverse Business Model: Diverse customer base; our two largest customers account for 17% of revenue (with no other client accounting for more than 3% of our revenue).

Business Segments % Revenues



Business Activity in Multiple Fields and Industries
Thousands of partners and customers

Geographic Presence % Revenues



Impressive Geographic Presence
4 Continents

(1) Non-GAAP Operating Profit

Cash Flow

High Cash Flow Low Capital Intensity

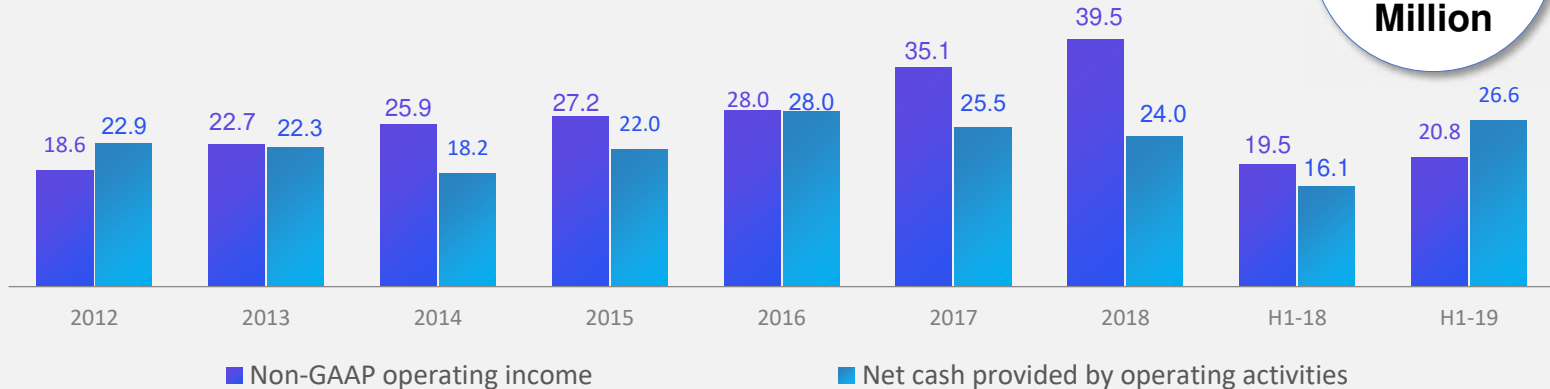
Our operating profits are translated into cash flow (\$160.5 million in operating cash flow 2012-2018 compared to \$197.3 million in non-GAAP operating profit; \$24 million cash flow from operating activities in 2018).

Attractive dividend policy of up to 75% of annual net income (reflecting ~3% dividend yield) .

As of 6.30.2019 \$114.3 million in cash, cash equivalents and securities investments (Net Cash \$87.8 million).

Strong Cash Flow

In \$ millions



Why Magic? Why Now?

Magic was under the radar in the Israeli market for too long, and it is time to bring it back to the spotlight



Global provider of digital transformation products and services



Targeting a massive market with significant growth potential



More than 3,000 customers across the globe



Repeated revenue business model



Double digit organic growth with M&A to accelerate



Proven growth strategy



2019 Revenue guidance

**\$313 million – \$319 million,
reflecting 10% - 12% growth.**



Thank
You

