



OUTPERFORM THE FUTURE™

Financial Fact Sheet

Q2 & H1 2019
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.

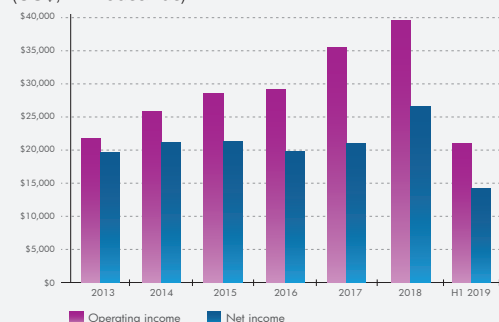
Magic solutions are backed by over 30 years of experience, millions of installations, and strategic alliances with global mobile and IT leaders, including Samsung, IBM, Microsoft, Oracle, Salesforce.com, Sage, SugarCRM, SYSPRO and SAP. With a presence in more than 50 countries, including 24 regional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

	Q2/2019	Q2/2018	YOY%	H1/2019	H1/2018	YOY%	2018	2017
Revenues	77.1	70.2	10%	148.9	139.9	6%	284.4	258.1
Operating Income	10.7	9.8	9%	20.8	19.5	6%	39.5	35.1
Net Income	7.1	7.0	1%	13.7	13.2	4%	25.7	21.5

Income Highlights (Non-GAAP)

(US\$, in thousands)



Balance Sheet Highlights

(US\$, in millions)

	30/6/2019
Total Cash*	116.6
Total Assets	399.0
Total Debt	28.8
Total Equity	254.9

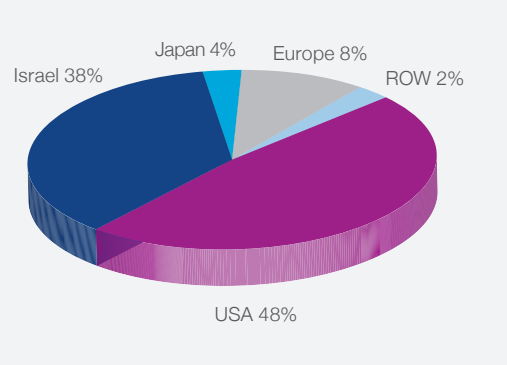
* Including cash and cash equivalents, short and long-term bank deposits and short-term investments in marketable securities

H1 2019 YTD Cash Flow Overview (US\$, in millions)

Total Cash 31/12/2018*	115.6
Purchase of Property, net	(0.7)
Investment in Subsidiaries, net	(8.4)
Net Cash Provided by Operations	24.4
Change in Loans from Financial Institutions, net	(5.7)
Dividend Distribution	(7.3)
Dividend Paid to Non-Controlling Interests	(2.0)
Exchange Rate Differences	0.7
Total Cash 30/6/2019*	116.6

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

Revenues by Geography - H1 2019



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
Fuji Film
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
Orangina Schweppes
Pacific Steel
Petzl
Rosenbauer
Segafredo Zanetti France
Sennheiser
Sharp
Sony DADC
Stallergenes
Sterling Crane
Sun Life Insurance
Superior Industries
TOTO
Vishay Intertechnology
Vodafone Iceland
Volvo Brazil
Vox International
WellMark

Q2 & H1 2019 Highlights

• Financial Performance

- Revenues for Q2 2019 increased 10% YOY to \$77.1 million. Revenues for the six months increased 6% YOY to \$148.9 million.
- Non-GAAP operating income for Q2 2019 increased 9% to \$10.7 million compared to \$9.8 million in the same period last year. Operating income for Q2 2019 remained constant at \$8.0 million compared to the same period last year. Non-GAAP operating income for the six months increased 6% to \$20.8 million compared to \$19.5 million in the same period last year. Operating income for the six months increased 6% to \$16.4 million compared to \$15.6 million in the same period last year.
- Non-GAAP net income attributable to Magic's shareholders for Q2 2019 increased 1% to \$7.1 million compared to \$7.0 million in the same period last year. Net income for Q2 2019 decreased 15% to \$4.8 million compared to \$5.7 million in the same period last year. Non-GAAP net income attributable to Magic's shareholders for the six months increased 4% to \$13.7 million compared to \$13.2 million in the same period last year. Net income attributable to Magic's shareholders for the six months decreased 1% to \$10.2 million compared to \$10.3 million in the same period last year.
- Strong cash position with a healthy total cash balance of approximately \$116.6 million as of June 30, 2019.
- Cash flow from operating activities for the six months ended June 30, 2019 amounted to \$26.6 million compared to \$16.1 million in the same period last year.
- 2019 guidance for full year revenues - target of \$313.0 - \$319.0 million, reflecting annual growth of 10% to 12%.
- In May 2019 Magic acquired PowWow, creator of SmartUX™, a leading Low-Code development platform for mobilizing and modernizing enterprise apps.

• Dividend Policy

- As of H1 2017, our dividend distribution policy increased from 50% to 75% of the company's annual net income attributable to Magic's shareholders. Between September 2012 and November 2017, the dividend policy provided distribution of up to 50% of annual distributable profits. Cumulative dividend distribution of approximately \$65.8 million between 2012 and 2019 year to date. Dividend yield - 3.5%.
- Cash dividend for H1 2019 of approximately \$7.6 million (or \$0.156 per share) announced on August 13, 2019. The dividend is payable on September 12, 2019 to all of the company's shareholders of record at the close of the NASDAQ Global Select Market on August 27, 2019. Cash dividend for H2 2018 of approximately \$7.3 million (or \$0.15 per share) paid on March 27, 2019. Cash dividend for H1 2018 of approximately \$7.6 million (or \$0.155 per share) paid on September 5, 2018. Cash dividend for 2017 of approximately \$11.6 million (or \$0.26 per share) paid on September 13, 2017 and on March 26, 2018, in two semi-annual payments. Cash dividend

for 2016 of approximately \$7.5 million (or \$0.17 per share) paid on September 22, 2016 and on April 5, 2017, in two semi-annual payments. Cash dividend for 2015 of approximately \$8.2 million (or \$0.185 per share) paid on September 10, 2015 and on March 17, 2016, in two semi-annual payments.

• 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
- More than 15 acquisitions in the past 8 years.
- 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
- Global: 2,300 employees worldwide, comprised mostly of technology experts who provide a wide array of global professional services and product development
- Modern technology with 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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