



# DIGITAL TRANSFORMATION SOLUTIONS & SERVICES

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May 2021

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

**\$371 Million** Revenues in 2020  
**+14% YOY**  
**80%** from repeatable business  
based on long engagement  
cycles

**\$107 Million** Revenues in 3M  
YTD 2021  
**+26% YOY**  
**\$54 Million**  
EBITDA in 2020  
**+20% YOY**

**\$15 Million**  
EBITDA in 3M YTD 2021  
**+37% YOY**

**Experienced and Stable  
Management**

## Global Presence

50% North America  
38% Israel  
7% Europe  
5% RoW<sup>1</sup>

## 2018-2020

Average annual rate of  
**14%** Revenue CAGR  
**15%** Operating Margin

## Attractive dividend distribution policy

Up to 75% of the  
annual net income  
(Since August 2017)

## 3,114 Employees spread globally (31.3.21)

1,569 North America  
1,200 Israel  
134 Europe  
211 RoW<sup>1</sup>

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

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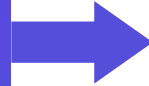
The IT world is changing rapidly

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

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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

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



## BEST PRACTICES

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

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



## BEST PEOPLE

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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

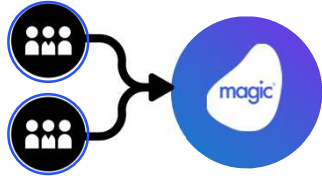


# Our Strategy



# Acquisition Track Record 2009-2020





## 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**



# Financial Highlights

# Revenue Growth

## Consistent Record of Revenue Growth

14% average revenue

CAGR 2012-2020

(from \$126 million in '12 to \$371 million in '20).

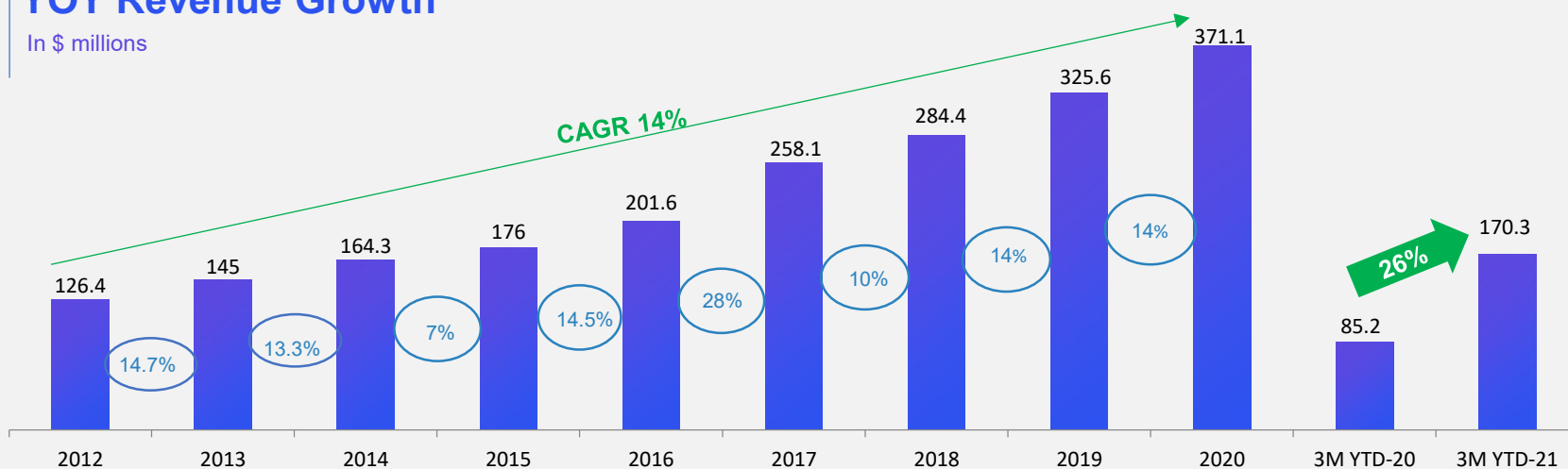
2021 Revenue guidance:

\$425 million – \$435 million,  
reflecting 13.5% - 17.2% growth.

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

### YOY Revenue Growth

In \$ millions



# Operating Profit Growth

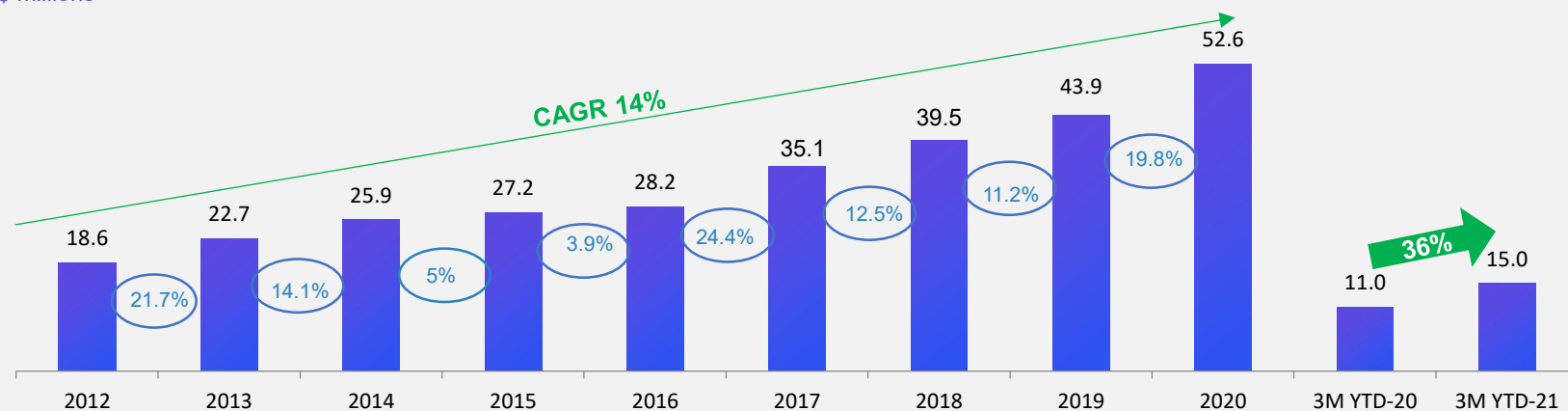
## Strong Profitability

Average Non-GAAP operating profit CAGR of 14% from 2012 to 2020, with \$54 million EBITDA for 2020.

Operating margins<sup>(1)</sup> range between 14%-16% in 2012-2021.

### YOY Non-GAAP Operating Profit Growth

In \$ millions



<sup>(1)</sup> Non-GAAP Operating Margin. 15

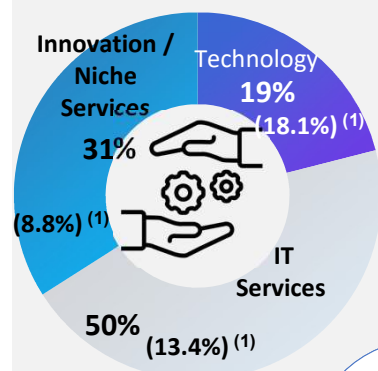


# Diverse Business Model

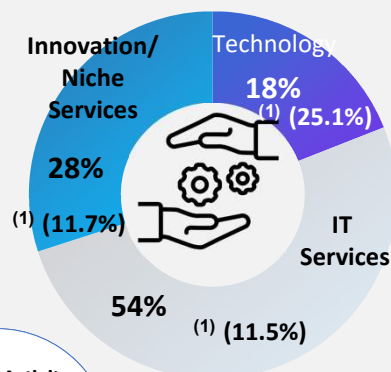
**Well Diverse Business Model:** Diverse customer base; our two largest customers account for 19% of revenue (with no other client accounting for more than 3% of our revenue).

## Business Segments % Revenues

3M YDT 2020



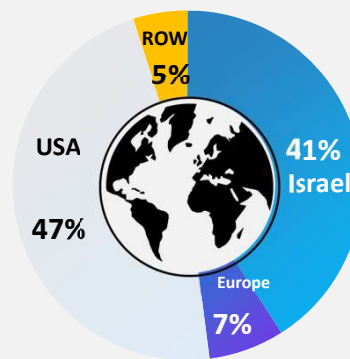
3M YTD 2021



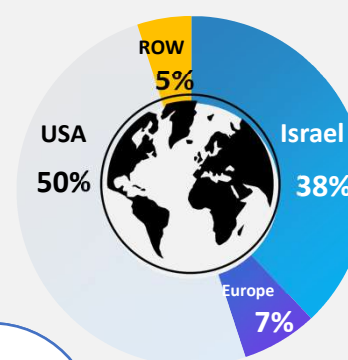
**Business Activity  
in Multiple Fields  
and Industries**  
Thousands of  
partners and  
customers

## Geographic Presence % Revenues

3M YDT 2020



3M YTD 2021



**Impressive  
Geographic  
Presence**  
4 Continents

(( 1Non-GAAP Operating margin

# Cash Flow

## High Cash Flow Low Capital Intensity

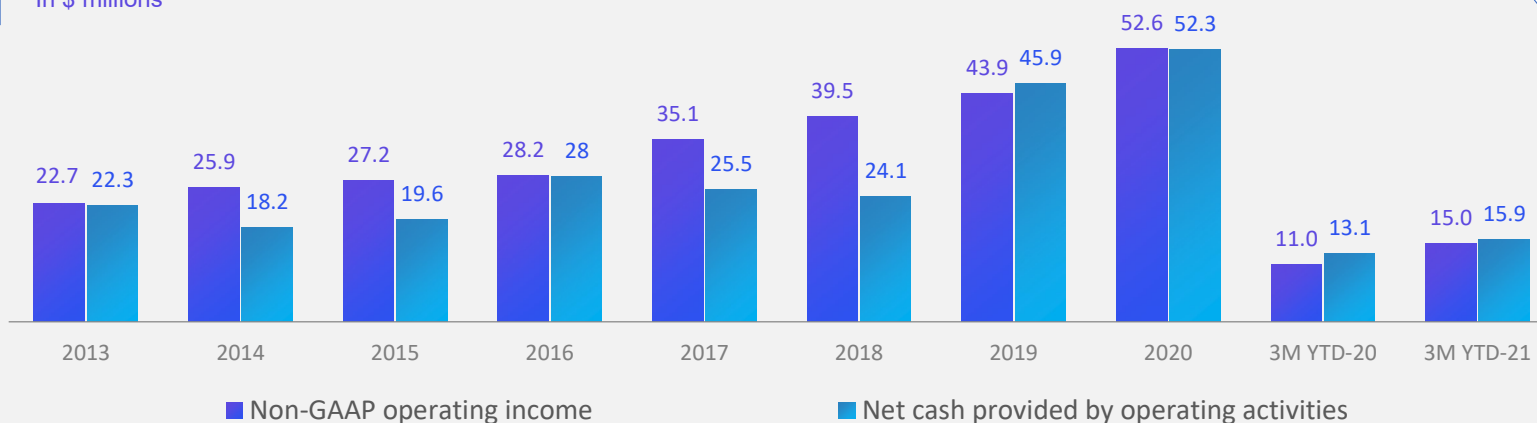
Our operating profits are translated into cash flow (\$258.8 million in operating cash flow 2012-2020 compared to \$293.7 million in non-GAAP operating profit; \$52.3 million cash flow from operating activities in 2020).

Attractive dividend policy of up to 75% of annual net income.

As of 3.31.2021 \$100.8 million in cash, cash equivalents, short and long-term bank deposits, and securities investments (Net Cash \$77.8 million).

### Strong Cash Flow

In \$ millions



Net  
Cash:  
**\$77.8**  
Million

# 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



## 2021 Revenue guidance

\$425 million – \$435 million,  
reflecting 13.5% - 17.2% growth.



Thank  
You

