



Magic Software Enterprises Ltd.

November 2017

Guy Bernstein - CEO

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.

1983





magic

Unique Development Tools

Technology

Proven productivity

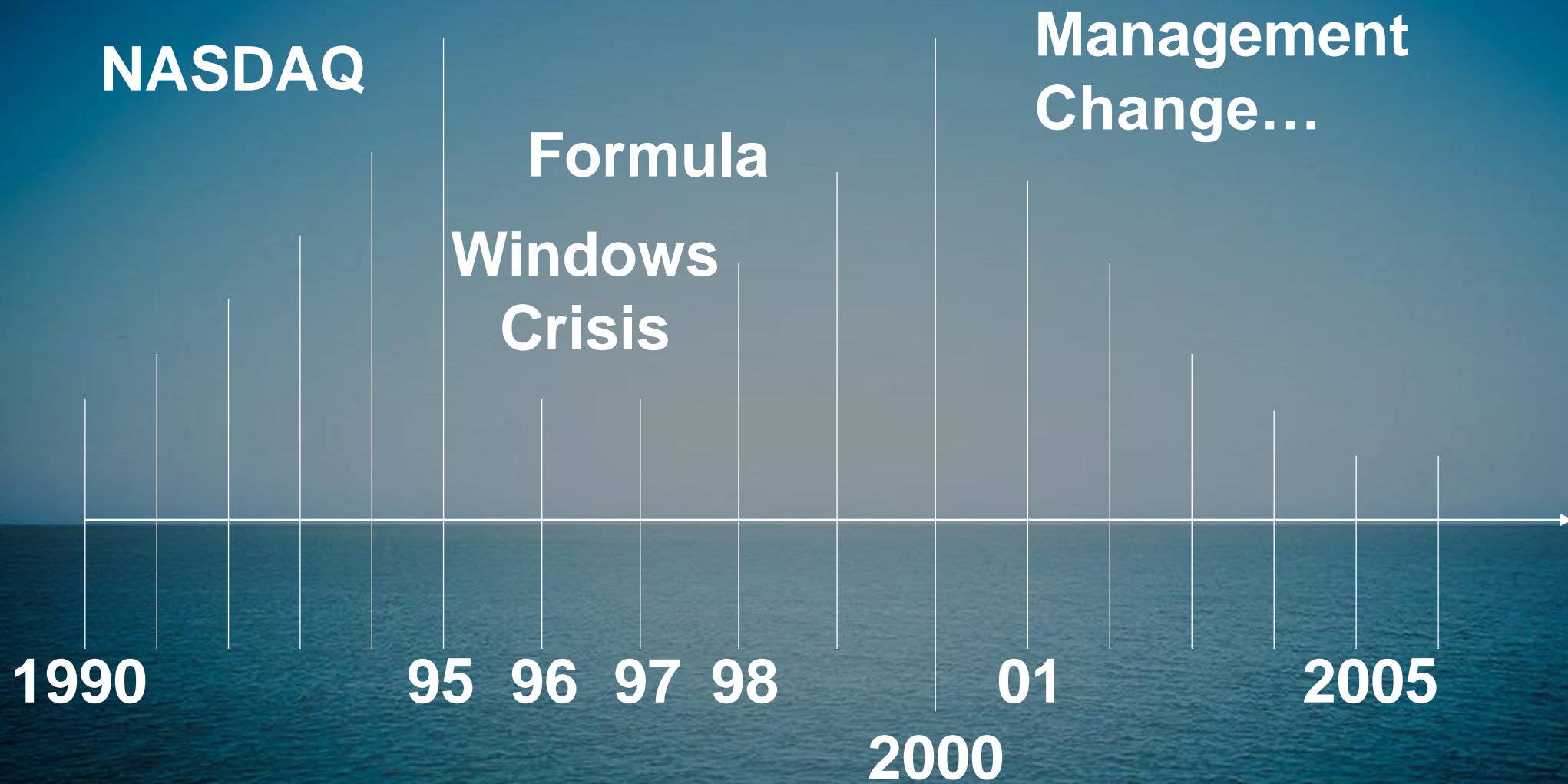
Negligible maintenance

Scalable & robust

Platform agnostic

Seamless integration

Future proof



2006

Management change



2008

To end-to-end
solutions

From pure
technology
player

High Level Projects Management
Unique Professional Services
Generic Staffing

and focus on
our integration
technology

TODAY

Experienced Global
Integration House with
Unique Supporting
Technologies & Expertise

GROWTH STRATEGY

**Growth Through
Acquisitions**

**Provide New Solutions to
New Ecosystems**

**Acquire New Partners and
Customers With Our New
Offerings**

**Increase Penetration in
our Existing
Customer Base with our
New Technology**

**Improve and Focus
on Cross-Selling**

Proven M&A Capabilities

Completed more than 15 Acquisitions since 2010

- Acquired targets at value
- Generated Significant Revenue Growth
- Drove Margin Expansion

Technology

Partner

Distributor

Competitor



Complementary
Technology

Expand Services Offering
and Leverage Customer
Relationships

Capture Better Margin
through Vertical Integration

Customer Acquisition

2017

Revenues ~25% Growth ~\$250M

EBITDA ~30% Growth ~\$40M

COMPARABLES


ISRAELI INTEGRATORS

	MARKET RANGE	MAGIC
REVENUE GROWTH	6.8% - 12.4%	24%
GROSS MARGIN	14.4% - 21.5%	34.6%
EBITDA MARGIN	5.7% - 11.7%	14.2%
NET DEBT (NIS MILLIONS)	14.8 – 233.0	NONE

A conceptual image featuring a long, straight road with a dashed white center line that recedes into the distance, flanked by a deep blue ocean. The sky above is filled with large, white, fluffy clouds against a light blue background. Overlaid on the center of the image is the text 'THE FUTURE' in large, white, sans-serif capital letters, with the word 'UNLIMITED' in smaller, white, sans-serif capital letters centered below it.

THE FUTURE

UNLIMITED

A man in a dark suit and scuba gear, including a mask and snorkel, stands on a sandy beach looking out at the ocean. The ocean is calm with gentle waves lapping at the shore. The sky is overcast and grey. The overall mood is contemplative and forward-looking.

Double digit Revenue & EBITDA
Growth over the past 8 years

3 years

Looking Forward.....



Financials

16

Asaf Bernstein - CFO

Financial Highlights

Revenues - 3rd Quarter, 2017

21%



Q3-2017 \$65.7M
Q3-2016 \$54.4m

Business Segments

0% - SW Solutions
\$19.4m

32% - IT Professional Services
From \$35.1m to \$46.3m



Financial Highlights

Operating Income - 3rd Quarter, 2017

17%



Q3-2017 \$9.1M
Q3-2016 \$7.7m

Business Segments

11% - SW Solutions
From \$3.6m to \$4.1m

21% - IT Professional Services
From \$4.1m to \$5.0m



Financial Highlights

Revenues - 9 Months 2017

31%

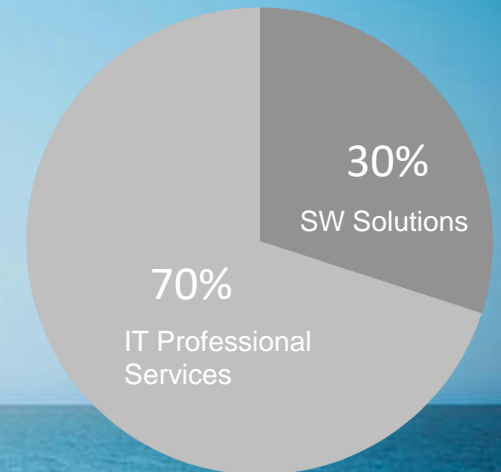


9 months-2017 \$191.9M
9 months-2016 \$146.5m

Business Segments

10% - SW Solutions
From \$52.2m to \$57.3m

43% - IT Professional Services
From \$94.3m to \$134.6m



Financial Highlights

Operating Income – 9 Months, 2017

26%

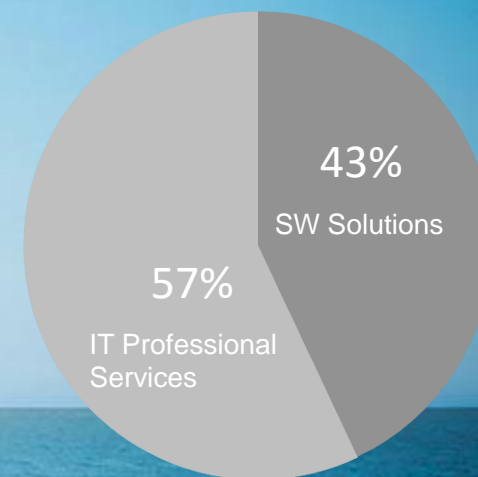


9 months-2017 \$26.4M
9 months-2016 \$20.9m

Business Segments

21% - SW Solutions
From \$9.2m to \$11.3m

28% - IT Professional Services
From \$11.7m to \$15.1m



Financial Highlights

Net Income

-2%



Q3
2017

2017 \$5.2M
2016 \$5.3m

9%



9 Months
2017

2017 \$16.7M
2016 \$15.3m

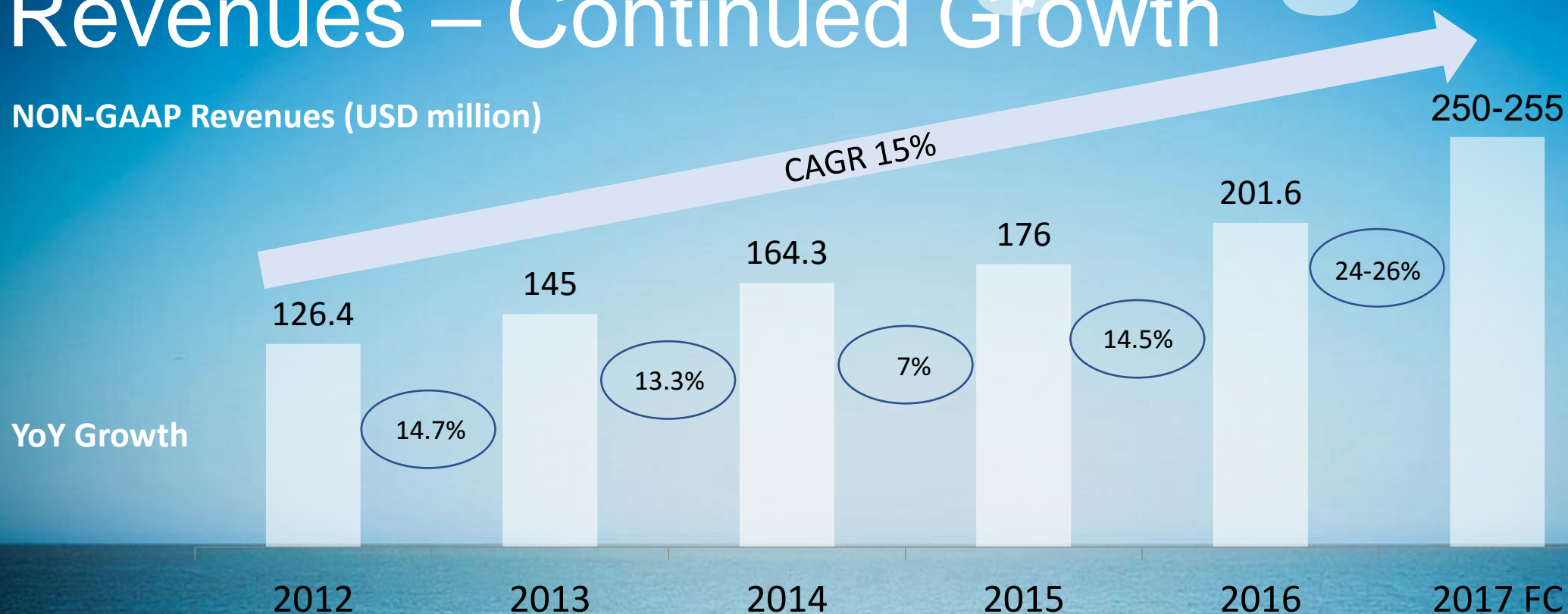
Dividend

H1 2017
\$5.8 Million

Financial Highlights

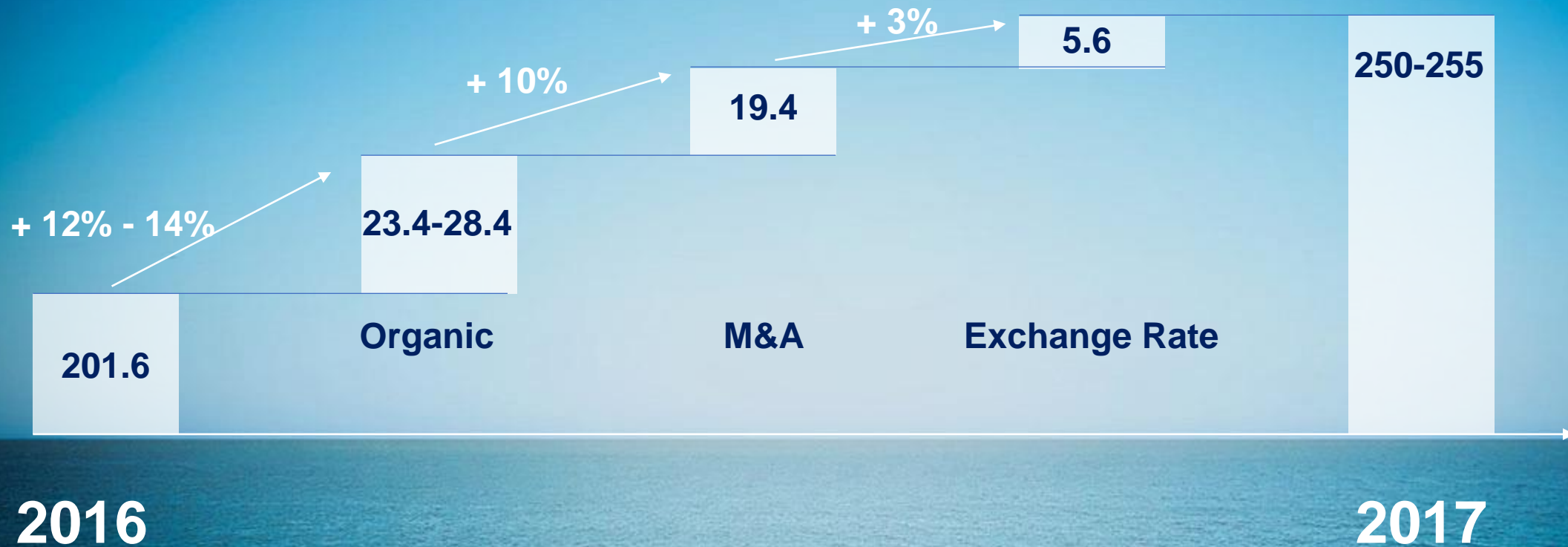
Revenues – Continued Growth

NON-GAAP Revenues (USD million)



Revenue Growth

Analysis (USD million)



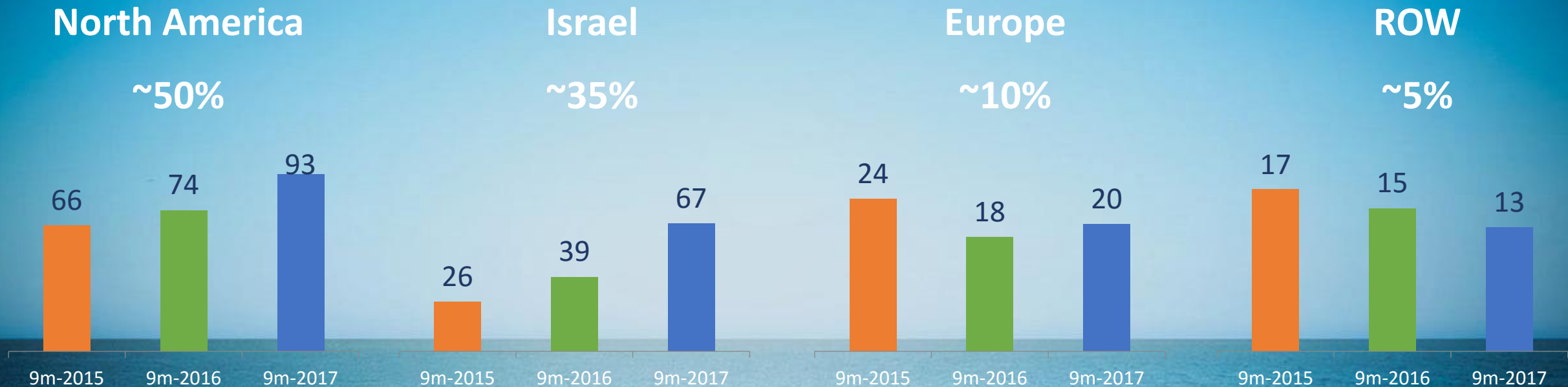
Financial Highlights

EMPLOYEES

Admin 122	S&M 133	R&D 206	PS 1,238	1,699 Employees	Dec 2016
ROW 132	EU 127	IL 843	US 597		
Admin 120	S&M 130	R&D 190	PS 1,560	2,000 Employees	Sep 2017
ROW 126	EU 124	IL 900	US 850		

Financial Highlights

Revenues by Geography – 9 Months 2017



Financial Highlights

Cash flow from operating activities

\$17.8 Million

Cash flow derived from Operating activities, for the 9 month period ending September 30, 2017, amounted to \$17.8m (compared to \$21.8m in the respective period).

Cash flow derived from Operating activities in 2017 was impacted by an increase of \$12m in Magic working capital compared to an increase of \$4m in the respective period.

Financial Indicators

	30/9/2017	30/9/2016
Equity attributable to Magic Share Holders (USD millions)	205	198
Current Ratio	3.45	3.25

CONSOLIDATED

Dividend

Q3
\$5.8m
(\$0.13 per share)

YTD - 2017
\$9.6m
(\$0.215 per share)

2010– 2017
\$61.4m

Dividend yield
3%

Attractive dividend policy of up to 75% of net annual profits (reflecting 3% dividend yield)

Thank you.

