



Sapiens 2011 Revenue Increases 34% to \$70 Million

2011 Non-GAAP Net Income Grows 22% to \$9.4 Million;

REHOVOT, Israel, March 7, 2012 -- [Sapiens International Corporation N.V.](#) (NASDAQ and TASE: SPNS), a provider of innovative insurance software solutions and a member of the Formula Group (NASDAQ: FORTY and TASE: FORT), announces its financial results for the fourth quarter and full year ended December 31, 2011.

Fourth Quarter Year-over-Year Highlights include:

- Revenue increased 68% to \$24.6 million, compared to \$14.7 million in the fourth quarter of 2010;
- Non-GAAP net income increased 27% to \$2.8 million compared to \$2.2 million for fourth quarter of 2010;

Full Year 2011 Highlights include:

- Full year revenue increased 34% to \$70.0 million, compared to \$52.2 million in 2010;
- Non-GAAP operating income increased 11% to \$9.2 million, compared to \$8.3 million
- Non-GAAP net income increased 22% to \$9.4 million, compared to \$7.7 million in 2010;
- End of year cash and cash equivalent reached \$21 million, no debt, with total equity of \$115 million, representing 73% of total balance sheet

Roni Al Dor, CEO of Sapiens International, commented, "As expected, 2011 was a good year of performance for Sapiens, setting the stage for us to capitalize on growth trends in the insurance industry. Our revenue grew organically and non-organically by 34%. Our 2011 net income GAAP reach \$5.9 million, compared to \$6.2 million last year. This mainly due to the one-time restructuring and related transaction expenses following the merger that we have completed during the third quarter of 2011; on a non-GAAP basis we showed growth of 22% on our net profit."

"With our operations worldwide, over 70 top-tier insurance customers in multiple geographic markets, a proven track record, and regulation-compliant solutions to handle domestic and overseas expansion, I firmly believe Sapiens will grow to be recognized as a leader in the industry." Mr. Al-Dor continued. "Sapiens products and customers have been recognized for their business, technology and functionality excellence, winning excellent awards by industry analysts."

Mr. Al Dor concluded, "Looking ahead to 2012, we expect to cross the \$100 million revenue bar."

Reconciliation between U.S. GAAP and Non-GAAP results is summarized in the following table. For a complete reconciliation, please refer to the tables at the end of this release.

(U.S. Dollars in thousands, except per share amounts)

	For the three months ended		For the years ended	
	31/12/2011	31/12/2010	31/12/2011	31/12/2010
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenues	24,586	14,667	69,927	52,235
Operating profit	864	1,938	5,624	6,711
Net income	1,044	1,706	5,897	6,152
Basic earnings per share	0.03	0.08	0.21	0.29
Diluted earnings per share	0.02	0.07	0.19	0.28
Non GAAP				
Revenues	24,586	14,667	69,927	52,235
Operating profit	2,635	2,408	9,224	8,306
Net income	2,761	2,156	9,377	7,692
Basic earnings per share	0.07	0.10	0.33	0.36
Diluted earnings per share	0.07	0.09	0.31	0.35

About Sapiens International

Sapiens International Corporation (NASDAQ and TASE: SPNS), is a global provider of innovative business solutions for the insurance industry, helping to modernize business processes, to proactively define and provide innovative new services and to respond quickly to changes in the industry. We offer end to end solutions for the L&P, P&C and Reinsurance markets, with customers across the globe. We jointly serve over 70 insurance customers, backed by a team of over 700 insurance experts. Coupled with our financial stability, Sapiens aims to become the vendor of choice in the insurance software marketplace. For more information about Sapiens, visit <http://www.sapiens.com>.

Except for historical information contained herein, the matters set forth in this release are forward-looking statements that are dependent on certain risks and uncertainties, including such factors, among others, as market acceptance, market demand, pricing, changing regulatory environment, changing economic conditions, risks in new product and service development, the effect of accounting policies, specific system configurations and software needs of individual customers and other risk factors.

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SAPIENS INTERNATIONAL CORPORATION N.V.

Condensed Consolidated Balance Sheets

(U.S. Dollars in thousands)

	<u>31/12/2011</u>	<u>31/12/2010</u>
	<u>(Unaudited)</u>	<u>(Unaudited)</u>
Assets		
Cash and cash equivalents	\$ 21,460	\$ 16,182
Restricted cash	456	-
Trade receivables, net	14,484	5,511
Other current assets	<u>3,485</u>	<u>3,031</u>
Total current assets	<u>39,885</u>	<u>24,724</u>
Property and equipment, net	1,814	1,161
Other assets, net	115,779	32,834
Total assets	<u><u>\$ 157,478</u></u>	<u><u>\$ 58,719</u></u>
Liabilities and shareholders' equity		
Trade payables	\$ 3,233	\$ 1,693
Other liabilities and accrued expenses	18,985	11,646
Deferred revenue	<u>9,584</u>	<u>6,517</u>
Total current liabilities	<u>31,802</u>	<u>19,856</u>
Long-term debt and other long-term liabilities	10,954	4,745
Shareholders' equity	114,722	34,118
Total liabilities and shareholders' equity	<u><u>\$ 157,478</u></u>	<u><u>\$ 58,719</u></u>

SAPIENS INTERNATIONAL CORPORATION N.V.

Condensed Consolidated Statements of Operations
(U.S. Dollars in thousands, except per share amounts)

	For the three months ended		For the years ended	
	31/12/2011	31/12/2010	31/12/2011	31/12/2010
	<u>Unaudited</u>	<u>Unaudited</u>	<u>Unaudited</u>	<u>Unaudited</u>
Revenues	\$ 24,586	\$ 14,667	\$ 69,927	\$ 52,235
Cost of revenues	<u>\$ 15,354</u>	<u>\$ 8,176</u>	<u>\$ 40,067</u>	<u>\$ 29,921</u>
Gross Profit	9,232	6,491	29,860	22,314
Operating expenses				
Research and development, net	\$ 1,126	\$ 979	\$ 5,008	\$ 3,293
Selling, marketing, general and administrative	\$ 6,517	\$ 3,574	\$ 18,113	\$ 12,310
Restructuring and other related transaction costs	<u>\$ 725</u>	<u>\$ -</u>	<u>\$ 1,115</u>	<u>\$ -</u>
Operating Profit	864	1,938	5,624	6,711
Financial expenses (income), net	\$ 20	\$ 307	\$ (155)	\$ 364
Other expenses (income), net	<u>\$ (205)</u>	<u>\$ (117)</u>	<u>\$ (164)</u>	<u>\$ 177</u>
Net Income	\$ 1,049	\$ 1,748	\$ 5,943	\$ 6,170
Attribute table to non-controlling interest	<u>\$ 5</u>	<u>\$ 42</u>	<u>\$ 46</u>	<u>\$ 18</u>
Net income attributable to Sapiens	<u><u>\$ 1,044</u></u>	<u><u>\$ 1,706</u></u>	<u><u>\$ 5,897</u></u>	<u><u>\$ 6,152</u></u>
Earnings per share				
Basic	<u>\$ 0.03</u>	<u>\$ 0.08</u>	<u>\$ 0.21</u>	<u>\$ 0.29</u>
Diluted	<u><u>\$ 0.02</u></u>	<u><u>\$ 0.07</u></u>	<u><u>\$ 0.19</u></u>	<u><u>\$ 0.28</u></u>
Weighted average number of shares used to computation of earnings per share				
Basic	<u>39,647</u>	<u>22,058</u>	<u>28,461</u>	<u>21,583</u>
Diluted	<u><u>41,955</u></u>	<u><u>22,846</u></u>	<u><u>30,361</u></u>	<u><u>22,181</u></u>

SAPIENS INTERNATIONAL CORPORATION N.V.
Reconciliation of GAAP to Non-GAAP results
(U.S. Dollars in thousands, except per share amounts)

	For the three months ended		For the years ended	
	31/12/2011	31/12/2010	31/12/2011	31/12/2010
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
GAAP operating profit	864	1,938	5,624	6,711
Amortization of intangibles assets and compensation related to acquisition	1,003	444	2,293	701
Amortization of capitalized software	1,227	1,563	4,544	5,869
Capitalization of software development	(1,287)	(1,622)	(4,687)	(5,387)
Stock-based compensation	104	85	335	412
Restructuring and other related transaction costs	725	-	1,115	-
Total adjustments to GAAP	1,772	470	3,600	1,595
Non-GAAP operating profit	2,635	2,408	9,224	8,306
GAAP net income	1,044	1,706	5,897	6,152
Total adjustments to GAAP as above	1,772	470	3,600	1,595
Non-controlling interest in amortization intangible assets	(35)	-	(35)	-
Deferred taxes related to acquisition	(20)	(20)	(85)	(55)
Non-GAAP net income	2,761	2,156	9,377	7,692
Non-GAAP basic earnings per share	0.07	0.10	0.33	0.36
Non-GAAP diluted earnings per share	0.07	0.09	0.31	0.35
Weighted average number of shares used to computation of earnings per share				
Basic	39,647	22,058	28,461	21,583
Diluted	41,955	22,846	30,361	22,181