



OUTPERFORM THE FUTURE™

Financial Fact Sheet

Q4 and Full Year 2012
NASDAQ, TASE: MGIC

About Magic

Magic Software Enterprises is a global provider of mobile and cloud-enabled application and business integration platforms and related professional services. Our powerful and versatile enterprise-grade application development and integration solutions enable enterprise mobility, enhance productivity and increase profitability.

Magic's code-free metadata approach lets organizations develop once and deploy to any device, including desktop/web, smartphones and tablets, regardless of operating system and form factor. Our solutions enable the fast, cost-effective and secure mobilization, integration, and automation of enterprise business processes (CRM, ERP, e-commerce, HR, etc.).

Magic solutions are backed by 30 years of experience, millions of installations, and strategic alliances with global mobile and IT leaders, including Samsung, IBM, Microsoft, Oracle, Salesforce.com, and SAP. With a presence in more than 50 countries, including 15 regional offices, we collaborate closely with our customers and thousands of business partners to accelerate their business performance.

Customers

- adidas Canada
- Adecco
- Allstate Life Insurance
- AXA
- Banco Caminos
- Bank Hapoalim
- Bank Leumi
- CB Medical
- Club Med
- Crane & Co
- Datenlotsen
- DHL
- Discovery
- Fiskars
- FMRP
- Fujitsu-Ten
- Grange Insurance
- Guardian Life Insurance
- Hitachi Systems
- Honda Europe
- IDF
- ING Commercial
- Intelys
- KDDI
- Merrill Lynch
- Mitsubishi
- NHS Trust
- Nintendo
- Rosenbauer
- Sheba Medical Center
- Sony DADC
- Stallergenes
- State of Washington Courts
- Sterling Crane
- Sun Life Insurance
- TOTO
- United Nations
- UPS
- Vandrie Group
- Victorinox
- Vishay Intertechnology
- Vodafone
- Volvo Brazil
- WellMark

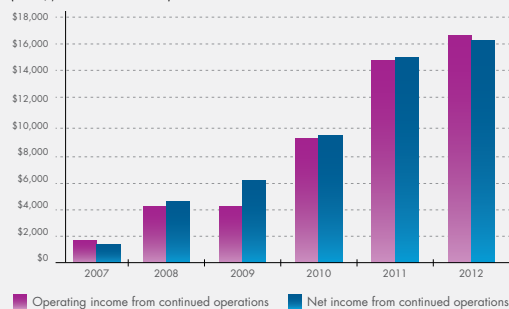
Income Statement Highlights

(US\$, in millions)

	Q4/2012	Q4/2011	YOY%	2012	2011	YOY%	2010	YOY%
Revenues	35.7	30.5	17%	126.4	113.3	12%	88.6	28%
Operating Income	4.3	4.2	2%	16.4	14.7	11%	9.3	58%
Non-GAAP Operating Income	5.1	4.5	13%	18.6	14.5	29%	10.0	45%
Net Income	4.3	4.4	(3)%	16.2	15.0	8%	9.4	60%
Non-GAAP Net Income	5.1	4.7	9%	18.3	14.8	24%	10.0	48%

Income Highlights

(US\$, in thousands)



Balance Sheet Highlights - Zero Debt

(US\$, in millions)

	31/12/2012	31/12/2011
Total Cash*	38.8	32.1
Total Assets	152.2	136.0
Total Equity	120.3	105.6

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

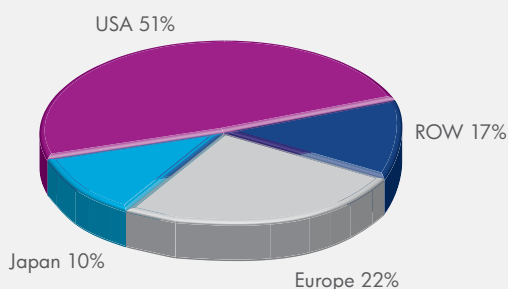
2012 YTD Cash Flow Highlight

(US\$, in millions)

Total Cash 31/12/2011*	32.1
Payment Towards M&A	(7.7)
Dividend Distribution	(3.7)
Net Cash Provided by Operations	18.1
Total Cash 31/12/2012*	38.8

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

Revenues by Geography - 2012



2012 Highlights

• Strong Financial Performance

- Strong cash position with zero debt and a healthy cash balance of \$38.8 million (after a cash dividend of \$3.7 million paid during the fourth quarter)
- Operating cash flow for the year ended December 31, 2012 totaled \$18 million
- Revenues for 2012 increased 12% year over year to \$126.4 million
- Non-GAAP operating income for 2012 increased 29% to \$18.6 million; Operating income for 2012 increased 11% to \$16.4 million
- Non-GAAP net income for 2012 increased 24% to \$18.3 million; Net income for 2012 increased 8% year over year to \$16.2 million
- Dividend policy provides distribution of up to 50% of annual distributable profits (cash dividend of \$3.7 million for H1 2012 paid on October 16, 2012; cash dividend of \$4.4 million for H2 2012 declared on February 14, 2013)

• Exceptional Product Offering

- Versatile and powerful environment for rapid development and deployment of enterprise-grade applications
- Develop once and deploy across all popular operating systems and devices – including, iOS, Android, BlackBerry, Windows Mobile, Desktop and Web. Only one skill-set needed for all
- Certified and native connectors to integrate with virtually all enterprise systems (CRM, ERP, Finance, HR, Warehouse Management System, Documentation Management, Website, etc.)
- High scalable, secure and future-proof technology

• Leadership and Corporate Vision

- Strong and talented management team focused on efficiency and growth
- 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

- 30 years of enterprise application development and integration experience
- Millions of successful installations worldwide
- Listed in the NASDAQ Global Select Market, the Tel-Aviv Stock Exchange TA-100, and the Deloitte Israel Technology Fast 50
- Israel-based company with a presence in over 50 countries, including 15 worldwide 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 mobile and leading global enterprise mobility and enterprise software ecosystem vendors, including Samsung, SAP AG, Salesforce.com, IBM, Microsoft, MicroStrategy and Oracle

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