Investor Fact Sheet
Q1/2011

Do it Once. Do it Right.
MAGIC SOFTWARE

Company Overview

Magic Software Enterprises Ltd. (NASDAQ: MGIC) is a global provider of **on-premise and Cloud-enabled application platform (uniPaaS)** and **business integration solutions (iBOLT)**. The Company has 14 offices worldwide, including 3 R&D centers, and a presence in over 50 countries with a global network of ISVs, system integrators, value-added distributors and resellers, and consulting and OEM partners.

The Company's award-winning code-free solutions give our partners and customers the power to leverage existing IT resources, enhance business agility and focus on core business priorities. Magic Software's technological approach, product roadmap and corporate strategy are recognized by leading industry analysts and the Company has partnerships with global IT leaders including SAP AG, salesforce.com, IBM, Oracle and MicroStrategy.

Our application and integration platforms enable enterprises and software vendors to build innovative and cost effective end-to-end business solutions. We plan to leverage our 25 years of experience by adding **Cloud-based development and deployment capabilities – all in a single, fully integrated service offering**. Our hybrid application platform technology will allow customers to benefit from the time-to-market advantages of building applications in the Cloud while giving them the freedom to deploy both in the Cloud and on-premise without the need to re-code from scratch.

Income Statement Highlights

(US$, in millions)

	Q1/2011	Q1/2010	%	2010	2009	%
Revenues	25.5	19.7	29%	88.6	55.4	60%
Operating Income	3.1	1.8	72%	9.3	4.3	116%
Net Income	3.1	1.9	63%	9.4	6.2*	52%
Non-GAAP Net Income	2.9	2.1	38%	10.0	6.8*	47%
Cash Flow from Operations	4.8	6.7	-28%	11.7	4.5	160%

*Including $2.0 million one-time capital gain from the sale of the company's headquarters office building.

Balance Sheet Highlights - No Debt

(US$, in millions)

	31/03/2011	31/12/2010
Total Cash*	50.2	46.5
Total Assets	120.9	112.0
Equity	94.9	88.9

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

Q1 2011 Cash Flow Highlights

(US$, in millions)

Total Cash 31/12/2010*	46.5
Payment Towards M&A	(1.9)
Other Non-Operating Activities	0.8
Net Cash Provided by Operations	4.8
Total Cash 31/03/2011*	**50.2**

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

Income Highlights

(US$, in thousands)

Legend: Operating income, Net income from continued operations

Investment Highlights

- Industry's **most comprehensive** application and integration platforms
- **Financial strength**
  - Solid cash position with continued rise
  - Profitable - 4 consecutive years
  - Reliable (more than 25 years; thousands of global installations)
  - History of organic growth
  - No debt
- **Global industry recognition**
  - Global partner and customer base
  - Gartner and Forrester analysts recognition
  - Product innovation and reliability
  - Technological and industry expertise
  - Highly skilled workforce

Revenues by Geography - Q1 2011
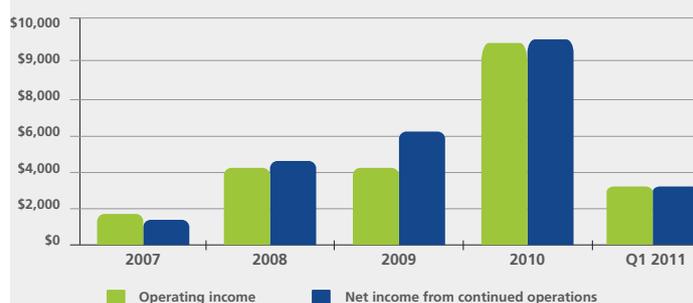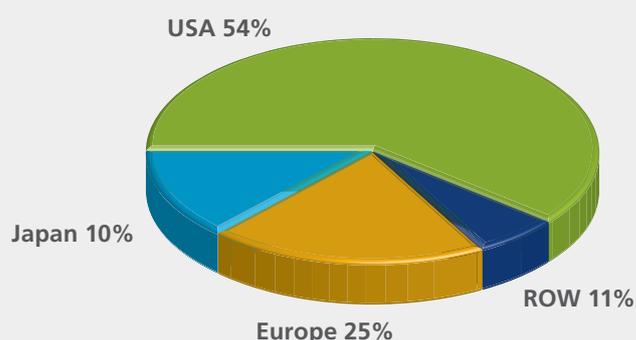

USA 54%
Japan 10%
Europe 25%
ROW 11%

The Power of Choice

On-premise - Cloud
Software - SaaS
Private Cloud - Public Cloud
Local - Global
Desktop - Mobile

uniPaaS
The Power of Choice

The Software Development Challenge

To increase productivity, businesses have come to rely upon software applications.

Software applications are created using programming languages that require a very high degree of precision and completeness.

It's a process that's labor intensive and open to errors.

Software applications also need to be stored and run on servers, desktops and other hardware.

For enterprises and software vendors, the costs of building and running business applications are exorbitant.

The Solution - uniPaaS

uniPaaS is a Cloud-enabled application platform that provides the most effective means for building and deploying Cloud applications.

uniPaaS is not a programming language - it's a comprehensive application platform.

uniPaaS provides pre-compiled business functionality that speeds up the development of Cloud applications and avoids the need for repetitive hard coding.

Developers can bypass the technical coding chores and focus on building a Cloud offering with optimized business logic and spot-on functionality.

And the result? A Cloud application with **superior performance**, that's delivered **on-time** and **on-budget**.

uniPaaS doesn't force businesses to choose a Cloud-only deployment mode that puts customers at the mercy of a single vendor.

uniPaaS lets you deploy your applications on-premise, or in the Cloud, or both – using the same development effort.

In conclusion: uniPaaS puts the productivity back into the process of building and deploying software applications.

And it represents **the only industry-proven platform that offers full and flexible Cloud development and deployment under one roof.**

Why Magic Software?

- **The only comprehensive platform available for Cloud applications**
- **Shorter development time**
- **More business focus – less technical coding**
- **Negligible maintenance costs and easy scalability**
- **The only Cloud platform where you develop once and deploy in multiple channels - no deployment lock-in**
- **Makes Cloud also attainable for small companies and software vendors**
- **Provides simple integration of Cloud apps with on-premise enterprise systems**

uniPaaS – cloud and on-premise applications from one development effort.

The Power of Information without Boundaries

Delivering Application Integration

iBOLT is Magic Software's code-free business integration suite giving organizations the ability to effectively customize and streamline their business processes and then integrate them across diverse applications, platforms, and databases.

iBOLT is business focused - allowing users to rapidly create workflows using wizard and drag-and-drop options rather than working directly through hard code.

Using **iBOLT**, organizations of any size can quickly and cost-effectively integrate their business IT systems, enabling them to respond faster and more effectively to current and future business demands.

iBOLT has won multiple industry awards, including three SAP awards for leadership and innovation, and is recognized by many of the world's leading industry analysts. The iBOLT product range includes special editions designed to extend the capabilities of some of the most commonly used ERP and CRM systems including SAP, Salesforce.com, JDE Connect, IBM i (and AS/400 applications), Lotus Notes and HL7.

Why is integration easier with iBOLT?

- **Code free**, no complex code writing necessary
- **Large library** of pre-built components
- **Drag & drop functionality** for easy configuration of your business processes
- **Visual Data Mapper** transforms information regardless of format
- **Step-by-step wizards** simplify integration
- **Open architecture** lets you connect to every database, platform, file format etc.
- **Intuitive** graphical user interface
- Powerful **built-in security and encryption tools**
- **Online monitoring** capability
- **Automated handling** of exceptions and errors in business processes
- **Easily scalable** from departmental collaboration to company and enterprise workflows
- **Encryption & security capabilities** extend to both data and business processes
- **Out-of-the-box SOA** for any organizational scale
- **Optimized connectors** for SAP, Salesforce.com, Lotus Notes, iBM i, JDE, HL7 and others
- Certified and Gold SAP Software Solution partner
- Certified Salesforce.com AppExchange partner

Customers

Magic Software's products are used by millions of people, in thousands of enterprises, from every industry vertical. The Company also has over 2,500 ISVs and System Integrators worldwide.

Our customers say that our core strength lies in delivering business productivity and reducing the complexity of IT projects.

Some of our customers include:

• adidas Canada • Adecco • Allstate Life Insurance • Anritsu Corporation • Bank of Cyprus UK • Bank Discount • Bank Hapoalim • Bank Leumi • Boeing • CBS Outdoor • CB Medical • Datenlotsen • Deutsche Bank • Discovery • Fortis Assurances • FMRP • Fujitsu-Ten • Genworth Financial • Grange Insurance • Guardian Life Insurance • Heller Bank • Honda Europe Power Equipment • IDF • ING Commercial Finance • Intelys • Merill Lynch • Mitsubishi • Nespresso • Norfolk and Norwich University NHS Trust • Paradise Cruise • Rosenbauer • Sharp System Products • Sheba Medical Center • Steelcase • Sun Life Insurance • TOTO • UNHCR • United Nations • UPS • Vandrie Group • Victorinox • Vishay Intertechnology • Vodafone • Volvo Brazil • State of Washington Courts •

Executive Management Team

Guy Bernstein
Chief Executive Officer

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Executive Vice President, General Manager Europe and Japan, and CEO Hermes Logistic Technologies

Eyal Pfeifel
Chief Technology Officer

Asaf Berenstin
Chief Financial Officer

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Vice President, Global Marketing

Amit Birk
Vice President, M&A and General Counsel

Oded Lavee
Vice President, Products Development

Einat Silver
Vice President, Operations

Udi Ertel
Vice President, Sales and Distribution

Regev Yativ
President and Chief Executive Officer, Magic Software Enterprises Inc. (Americas)

Yoram Aharon
Chief Executive Officer, Magic Software Enterprises Israel

Magic Software Quick Facts

- **Cloud/On-Premise Application Platform and Business Integration Solutions Provider**
- **Proven Technology with more than 25 Years of Experience**
- **14 Offices and Presence in over 50 Countries**
- **Thousands of Customers, in every Industry Vertical**
- **Over 2,500 ISVs and System Integrators Worldwide**
- **Alliances: SAP, Salesforce.com, IBM, Oracle**
- **Publicly Traded (NASDAQ: MGIC)**

Magic Software Value Proposition

Magic Software offers the **most productive** Cloud and on-premise application platform and integration solutions on the market:

- **Fewer technologies to acquire** – comprehensive end-to-end solutions, one platform, one skill-set
- **Faster time to market** – code-free approach enables rapid project completion using fewer resources
- **More business focus** – partitioning of technical complexity from the mission-critical design and deployment process
- **Scalability & future safe** – hybrid deployment allows businesses to code once and deploy in multiple models for maximum market exposure
- **Ahead of technology competition** – innovators in enabling Client/Server, Cloud, Rich Internet Applications, Mobile Enterprise Applications and Software-as-a-Service

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SAP® Certified
Integration with SAP Applications

SAP Gold Partner

SAP® Certified
Integration with SAP NetWeaver®

SAP Innovation
Award 2005

SAP Quality
Award 2006

SAP Leadership in Innovation
2007 Global Award

salesforce.com AppExchange Partner

CERTIFIED

IBM SOA Ready for Specialty

IBM Business Partner

IBM Server Proven

IBM Lotus Certified for e-business software

ORACLE PARTNER

MicroStrategy

Do it Once. Do it Right.

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