



Formula Systems

July 2017



Safe Harbor Statement; No Offering in United States

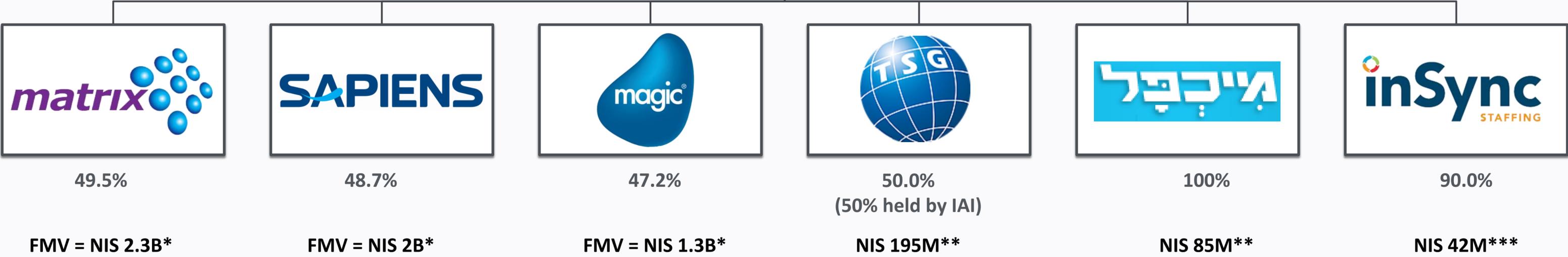
Certain statements and other information included in this presentation may constitute "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933 (the "Securities Act"), Section 21E of the Securities Exchange Act of 1934 and the United States Private Securities Litigation Reform Act of 1995. Words such as "will," "expects," "believes" and similar expressions are sometimes used to identify these forward-looking statements (although not all forward-looking statements include such words). These forward-looking statements, which may include, without limitation, projections regarding our future performance and financial condition, are made on the basis of management's current views and assumptions with respect to future events. Any forward-looking statement is not a guarantee of future performance and actual results could differ materially from those reflected in the forward-looking statement.

The statements and information in the presentation speak only as of the date they are being made, and we undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. We operate in a changing environment. New risks emerge from time to time and it is not possible for us to predict all risks that may affect us. For more information regarding these risks and uncertainties as well as certain additional risks that we face, you should refer to the Risk Factors detailed in Item 3.D of our Annual Report on Form 20-F for the year ended December 31, 2016 and subsequent reports and registration statements filed or furnished by our company from time to time with the U.S. Securities and Exchange Commission.

This presentation has been provided for informational purposes only and does not constitute an offer to sell, or a solicitation of an offer to buy, any securities. The offering of any securities that may be made by our company in the aftermath of this presentation will be made in Israel only and not to U.S. persons (as defined in Rule 902(k) under the Securities Act), in an overseas directed offering (as defined in Rule 903(b)(i)(ii) under the Securities Act), and will be intended to be exempt from registration under the Securities Act pursuant to the exemption provided by Regulation S thereunder. The sale of any such securities will not be registered under the Securities Act, and any such securities may not be offered or sold in the United States and/or to U.S. persons without registration under the Securities Act or an applicable exemption from the registration requirements of the Securities Act.



Formula Organizational Structure



*Market Cap based on 100% interest as of 23.7.2017

**Purchase Price (For TSG May 9, 2016; For Michpal January 3, 2017)

*** Based on Zero equity and multiple of 7xEBITDA

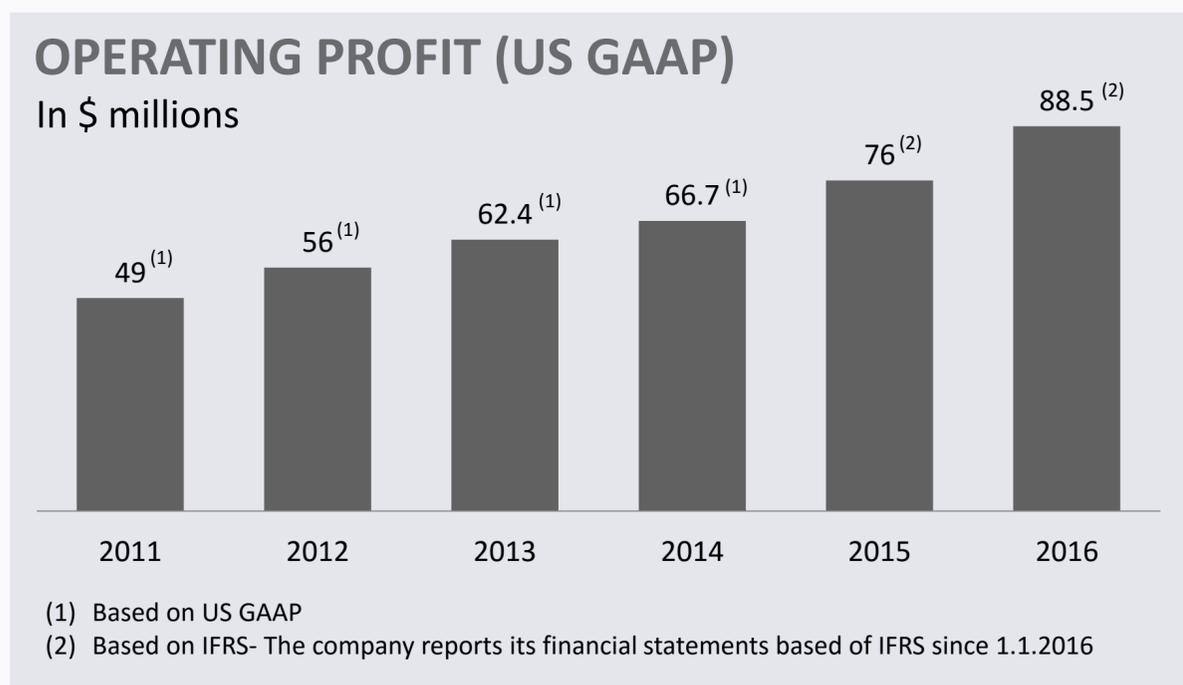
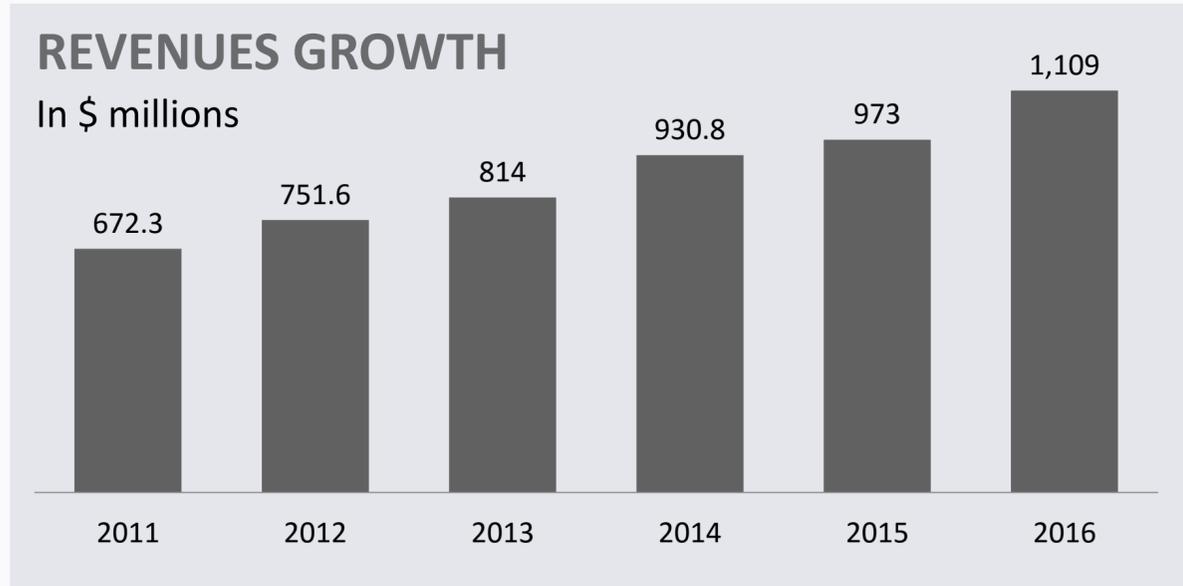
Formula at a glance*

YE 2016 / March 31, 2017



Formula
Systems

ESTABLISHED 1985	EMPLOYEES 14,000	MARKET CAP \$570M	STAND ALONE LTV 11%	TOTAL CASH \$211.1M
REVENUE \$1.1B / \$310.9M		OPERATING PROFIT \$88.5M / \$16.2M		NET INCOME \$22.4M / \$4.1M



*Based on consolidated financial statements



Formula Stand Alone NAV

July 23, 2017

Subsidiary	No. of Registered Shares	Formula Holding	Market value 100% 23.07.2017*	Formula's share in market value
Matrix	61,280,470	49.50%	₪2,278,408,000	₪1,127,919,795
Sapiens	49,176,141	48.71%	₪2,002,138,000	₪975,257,531
Magic	44,442,003	47.17%	₪1,277,003,000	₪602,346,258
TSG	202	50%	₪194,783,733	₪97,369,366
Michpal	12,100	100.00%	₪85,000,000	₪85,000,000
InSync	111	90.09%	₪41,582,721	₪37,424,449
				₪2,925,317,399
			Gross Debt	(₪337,702,505)
			Cash on hand	₪29,883,047
Total NAV				₪2,617,497,941
Issued and outstanding shares				14,728,732
NAV per Share				₪177.71
Share Price July 23, 2017				₪135.60
Discount				31.06%

*Market value is based on affiliates share market price as of 23.7.2017

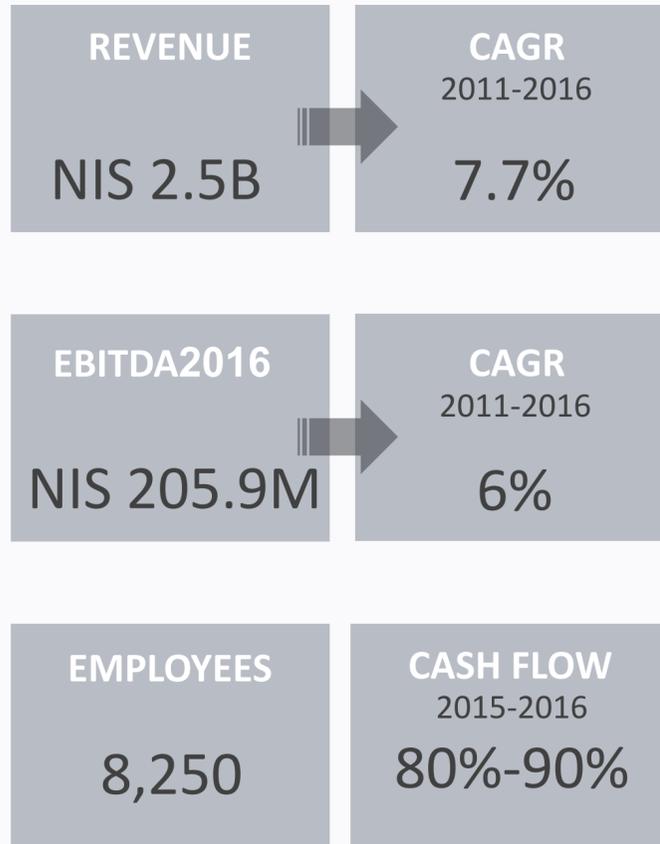
Matrix at a glance

Israel's leading IT services company

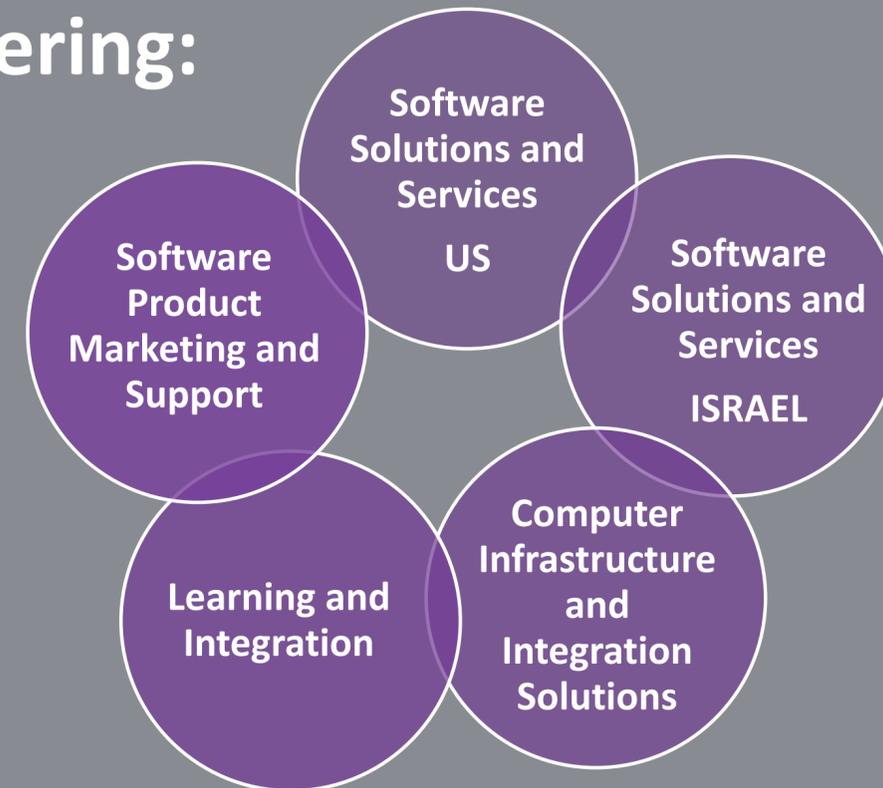


STATS

- Founded: 1989
- 1993- MTRX
- Dividend policy of 75 % of net income
- Formula Systems 49.5%
- More than 50% Free Float (TASE-TA90)



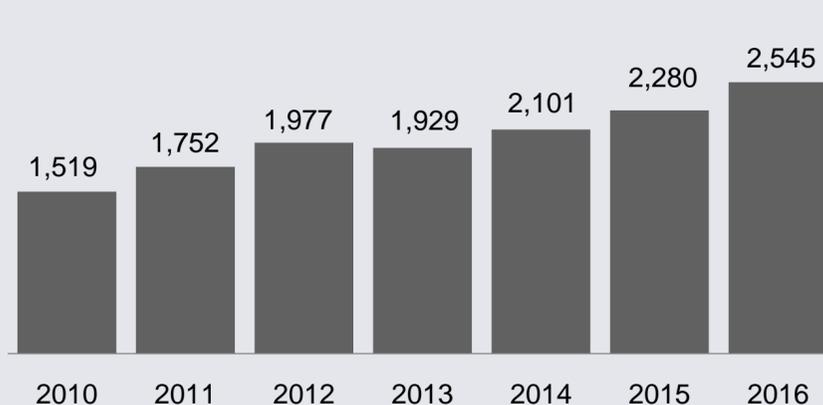
Our Offering:



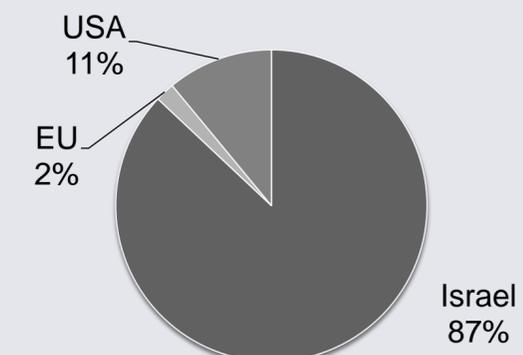
OPERATING PROFIT



REVENUE GROWTH



REVENUE BY GEOGRAPHY



* All figures are in millions of NIS

Matrix

Israel's leading IT services
company



Financial Highlights:

NIS million	Q1-17	Q1-16	%	2016YE	2015YE	%
Revenue	696.7	633.3	10%	2,545	2,280	12%
Gross Profit	102.0	95.7	7%	392.5	364.6	8%
Operating Income	48.6	44.2	10%	187.3	160.1	17%
Operating Cash Flow	75.5	75.2	0.4%	114.6	99.0	16%

Future Strategy:

- Leading the Israeli IT market by identifying and adapting company's offerings to market trends and demands
- Achieving Global leading positions in:
 - GRC, anti-Fraud and AML market
 - SIEM-SOC and Cyber Security solutions
- Rapid International growth via M&A

Sapiens at a glance

A leading global provider of software solutions for the insurance industry



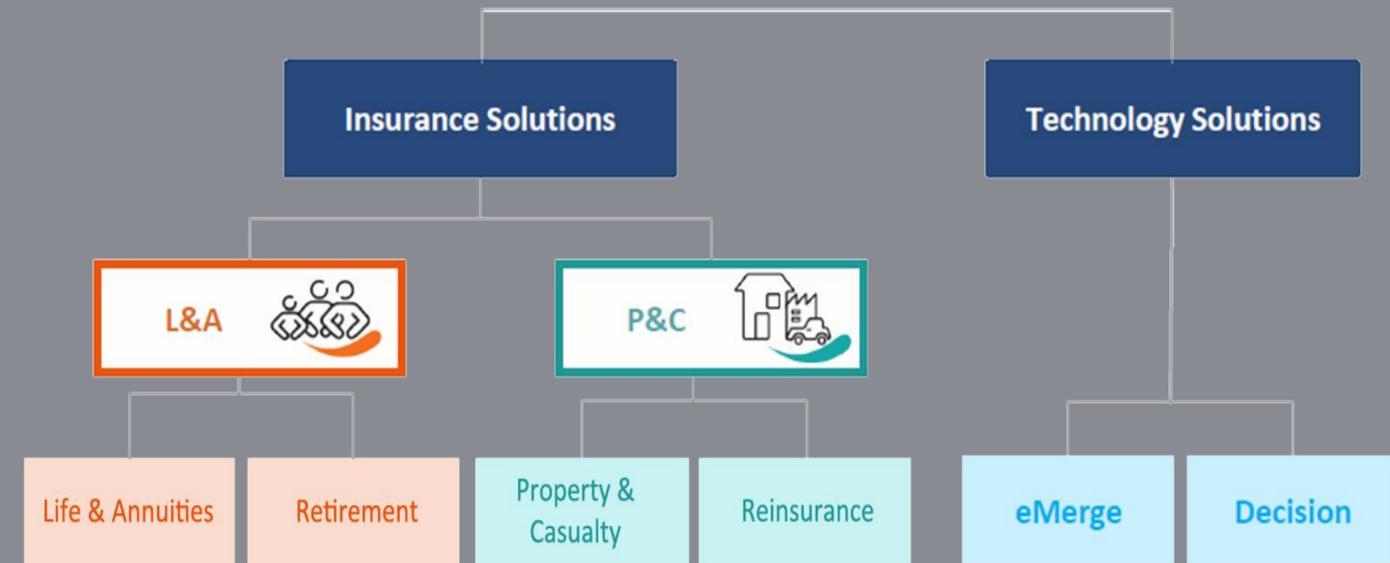
STATS

- Founded: 1982
- 1992- SPNS
- Dividends up to 50 % of net income (no dividend policy)
- Formula Systems 48.71%
- More than 50% Free Float (TASE-TA90;NASDAQ)

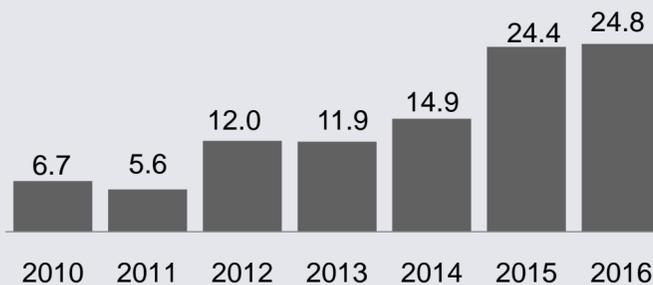
REVENUE \$216m 2017 Guidance \$265-275m	CAGR 2011-2016 17.1%
EBITDA 2016 \$32.5M	CAGR 2011-2016 30%
CASH FLOW 2015-2016 +100%	2011-2016 76 new customers
EMPLOYEES 2500	FOOT PRINT 25/400 Offices/Customers

Our Offering:

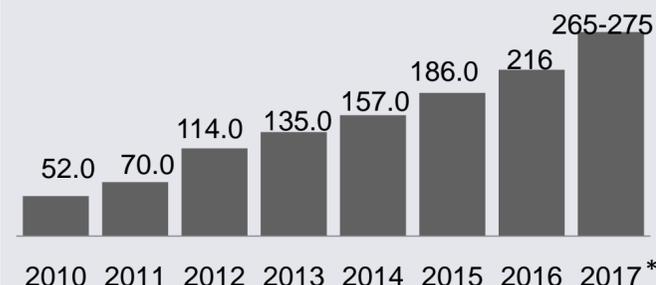
Provide core software solutions for insurance and financial services companies



OPERATING PROFIT



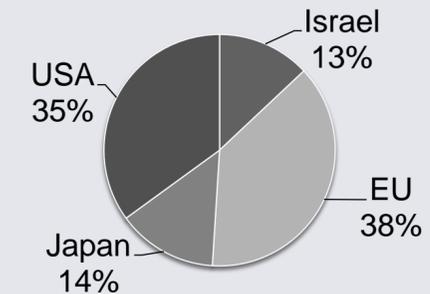
REVENUE GROWTH



GLOBAL PRESENCE



REVENUE GEOGRAPHY



* All figures are in millions of USD

* Revised guidance issued in April 2017 for full year revenues

Sapiens

A leading global provider of software solutions for the insurance industry



Financial Highlights:

USD million	Q1-17	Q1-16	%	2016YE	2015YE	%
Non GAAP Revenue	56.5	49.6	14%	216.2	179.3	21%
Non GAAP Gross Profit	20.5	21.6	(5%)	91.8	78.5	17%
Non GAAP Operating Income	1.7	7.3	(76%)	29.6	26.5	12%
Operating Cash Flow	(7.3)	4.5	N/A	26.0	40.4	N/A

Sapiens has revised its guidance for 2017 revenues due to the halt of a software development project with a significant customer to \$265-\$275 million. Expected Non-GAAP OP 9%-10% (14.5% in the second half of the year).

Future Strategy:

- Customer Base
- Geographic Expansion
- Complementary Solutions
- Increase footprint in the US P&C market via StoneRiver

Magic

A leading global provider of digital software technology and services



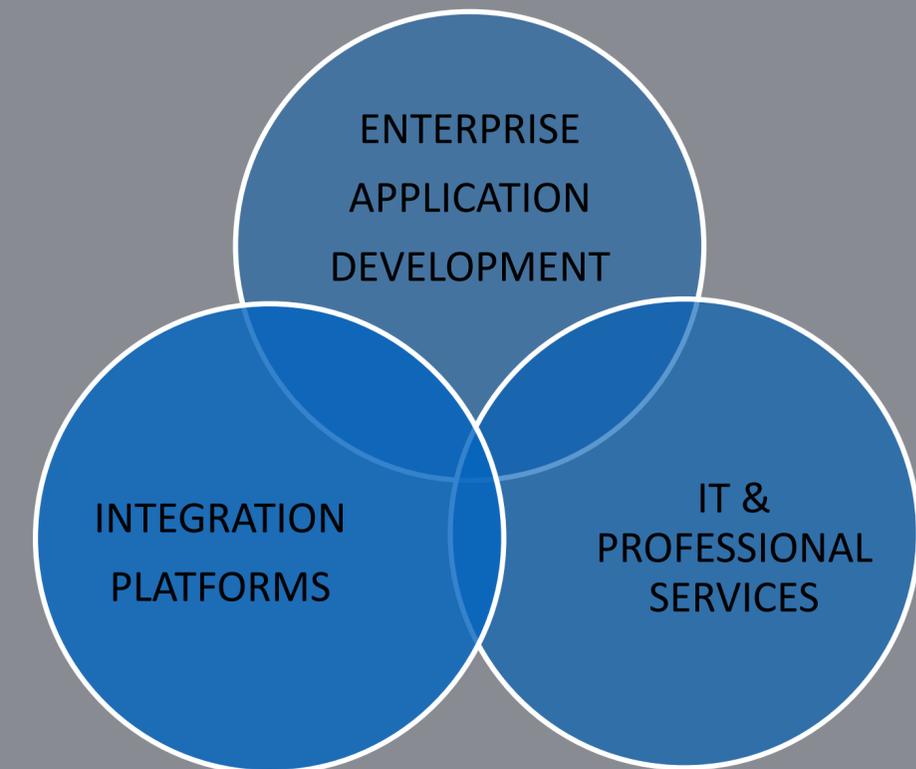
STATS

- Founded: 1983
- 1991- MGIC
- Dividend policy of 50 % of net income (~2% yield)
- Formula Systems 47.2%
- More than 50% Free Float (TASE-TA90;NASDAQ)

REVENUE \$202M 2017 Guidance \$225-230M	CAGR 2011-2016 12%
EBITDA2016 \$29M	CAGR 2011-2016 13.5%
CASH FLOW 2015-2016 93%	REPEATED 80%
EMPLOYEES 1600	FOOT PRINT 10/50 Offices/countries

OUR BUSINESS

Robust application development and integration platforms that enable enterprises and ISV's to go digital

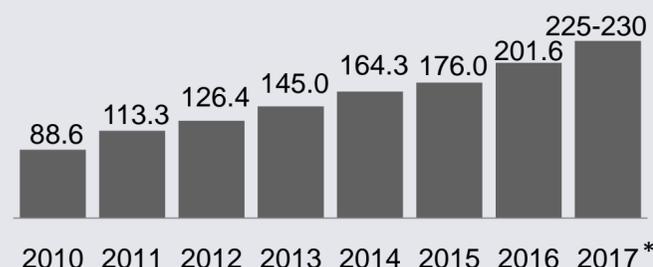


OPERATING PROFIT



* All figures are in millions of USD

REVENUE GROWTH

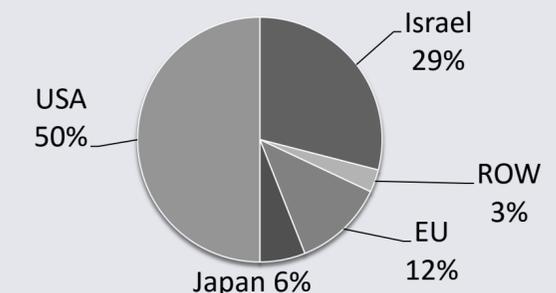


* Guidance issued in February 2017 for full year revenues

GLOBAL PRESENCE



REVENUE BY GEOGRAPHY



Magic

A leading global provider of digital software technology and services



Financial Highlights:

USD million	Q1-17	Q1-16	%	2016YE	2015YE	%
Non GAAP Revenue	60.8	44.7	36%	201.6	176.0	15%
Non GAAP Gross Profit	21.4	16.8	27%	73.6	68.3	8%
Non GAAP Operating Income	8.4	6.7	25%	28.2	27.2	4%
Operating Cash Flow	10.5	12.2	(14%)	28.0	22.0	27%

Magic has revised its guidance for 2017 revenues due to the halt of a software development project with a significant customer to \$225-\$230M.

Future Strategy:

- Improve and Focus on Cross-Selling
- Increase Penetration in our Existing Customer Base with New Technologies
- Acquire New Partners and Customers
- Provide New Solutions to New Ecosystems
- Growth Through Acquisitions

TSG

A global provider of C4iSTAR, HLS and cyber solutions



STATS

- Founded: 1999 as Ness-TSG; June 2014- TSG
- Formula Systems 50.0% (IAI 50%) – May 2016

REVENUE2016

\$56m

EBITDA2016

\$6.10

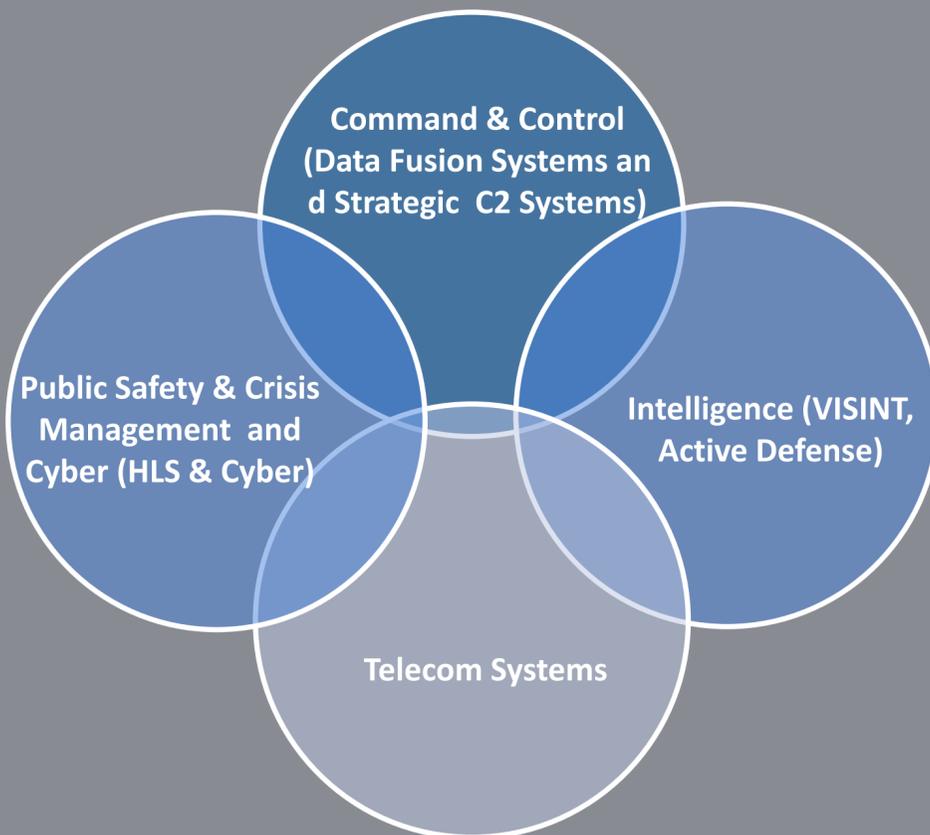
EMPLOYEES

375

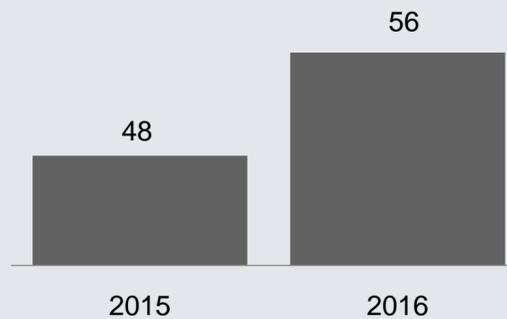
Terms with IAI:

- Preferences (based on \$32m valuation)
- Leverage IAI sales & marketing
- M&A strategy

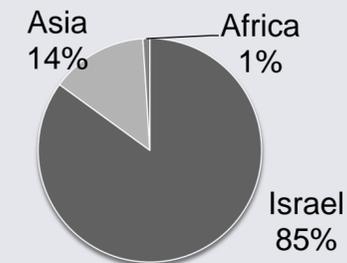
Our Offering:



REVENUE GROWTH



REVENUE BY GEOGRAPHY



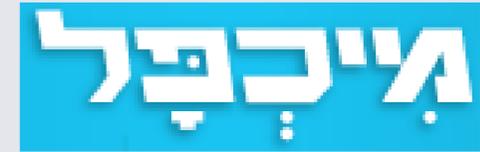
Future Strategy:

- Increase revenues to \$100M over 3 years:
 - More than 50% overseas
 - 50% Organic and 50% from M&A
- Strategic cooperation with IAI & Formula /Asseco
- Improve Sales & Marketing activities

June 2017- Winners of IMOD's tender for ICT center. The project considered to be the largest technological tender in the history of the IDF and estimated at hundreds of millions of shekels over the next decade.

Michpal

A developer of proprietary, on-premise payroll software solution for processing traditional payroll stubs to Israeli enterprises and payroll service providers



Founded in 1983, Michpal Micro Computers (1983) Ltd., is a developer of payroll software platform.

The company sells a perpetual licenses to its customers followed by a maintenance agreement.

The company developed several modules which are sold to its customers in addition to the standard payroll software for additional fees. In addition, it is currently in a progress stage of developing a cloud based attendance software.

The company has a strong and loyal customer base, with approximately 8,000 customers (with no customer concentration), most of which are very senior (61% are with 10 years and more of seniority). Approximately 400 new customers per year vs ~4% attrition per year.

CUSTOMERS

8,000

EMPLOYEES

40

Over 1m
Monthly
Pay Slips

Over 30
years of
experience

Future Strategy:

- Unified reporting
- Expend services

inSync



InSync is a U.S. based full-service provider of consulting and staffing solutions for IT, engineering and other professional staff (i.e. accounting and finance, administrative, customer service, healthcare, human resources, manufacturing, marketing/sales, and operations).

InSync currently supports more than 50 VMS program customers with employees in over 40 states.

Future Strategy:

- Cross selling



Formula Systems



Thank You