



Matrix publishes financial statements for the fourth quarter and for all of 2018, showing yet again all-time records on all financial indices for the quarter and for the entire year

Matrix revenues in 2018 crossed the NIS 3B mark and reached NIS 3.17B.

Annual net profit grew by 14% to NIS 144.2M, an all-time record

In the fourth quarter of 2018, company revenues grew by about 13.7%, to approximately NIS 870.7M. Quarterly net profit grew by about 9.8%, to approximately NIS 44M, an all-time record

Today, Matrix published its financial statements for 2018 and for the fourth quarter of the year. In 2018, Matrix recorded growth in revenues, gross profit, operating profit, and net profit, reaching an all-time high on all of these indices, both for the quarter and for the entire year. In addition, Matrix reported an increase in revenues in all operating sectors. The activity of Matrix in the US IT service sector is particularly prominent, with revenues growing by about **21%** and operating profit by about **40%**. In 2018, Matrix operation in the US constituted approximately 12.1% of the company revenues, and contributed about 26.1% of its operating profit.

Matrix **revenues** in 2018 exceeded NIS 3B and reached approximately NIS 3.17B, an increase of about 10.9%, compared with approximately NIS 2.85B in 2017. The sales in the fourth quarter of 2018 amounted to approximately NIS 870.7M, compared with approximately NIS 766M in the fourth quarter of 2017, an increase of 13.7%. The increase in sales in 2018 derives from an increase in activity in all operating sectors of the company and from the initial consolidation of companies acquired in Israel and the US.

Gross profit in 2018 amounted to approximately NIS 465M, compared with approximately NIS 420.3M in 2017, an increase of about 10.6%. Gross profit for the quarter amounted to approximately NIS 137M million, representing about 15.7% of sales, compared with approximately NIS 117.3M in the corresponding quarter of 2017, representing about 15.3% of sales, an increase of about 16.8%.

Operating profit in 2018 amounted to approximately NIS 220.6M, representing about 7% of sales, compared to approximately NIS 198M last year, representing about 6.9% of sales, an increase of about 11.4%. Operating profit for the quarter reached approximately NIS 68.3M, compared with approximately NIS 56.2M, an increase of about 21.6%.

Net profit in 2018 reached approximately NIS 144.2M, compared with approximately NIS 126.6M in 2017, an increase of about 13.9%. Net profit in the fourth quarter totaled approximately NIS 44M, compared with NIS 40M in the corresponding quarter of 2017, an increase of about 10%. The increase in net profit in 2018 derives mainly from an increase in operating profit, offset by a slight increase in financing expenses and an increase in tax expenses.

Dividends. Matrix continues to distribute dividends to its shareholders every quarter at a rate of up to 75% of the net profit. In 2018, the company distributed dividends in the amount of approximately NIS 102.4M (also an all-time record), compared with approximately NIS 86.7M in 2017, an increase of about 18.1%. Following the publication of the financial results, Matrix announced the distribution of an additional dividend of approximately NIS 30.8M (50 agorot per share).



Financial status, liquidity, and sources of financing. Cash and cash equivalents, and financial assets of the company, as of 31.12.2018, amount to approximately NIS 305M, compared with approximately NIS 277M on 31.12.2017, an increase of about 10.1%. Shareholders' equity in Matrix at the end of 2018 amounted to approximately NIS 714.4M, compared with approximately NIS 653.5M, an increase of about 9.3%.

"We have once again had a record year on all the indices: revenues, gross profit, operating profit, and net profit. I am proud that we continue to meet our growth targets and exceed market expectations," said **Moti Gutman, Matrix CEO**. "In 2018, Matrix continued to develop and improve its positioning in the Israeli and international arena. Matrix continues to lead in the information technological solutions and services market in Israel, and to break into new fields. In addition to our growing activity in Israel, we are also reaping the rewards of our investments in the US market."

"Through organic growth, in addition to mergers and acquisitions, we take an increasingly significant part in our customers' core business, and are a valuable contributor to their success," says Gutman. "Our strategy is based on four axes of business development: strategic consulting that brings us closer to the core business of our customers, project management, with an emphasis on long-term projects, expansion of our value proposition through new ventures and acquisitions in Israel and abroad, and synergy and sophisticated integration of the value propositions of the various business units and capabilities in Matrix. We have implemented this strategy in recent months, among others, by purchasing Dana Engineering, which joined the consulting activity of Aviv, and by the acquisition of MedaTech (which is subject to the approval of the Competition Authority). This acquisition strengthens the business-enterprise information solutions we offer to our customers' core business. In addition, we demonstrated Matrix's ability to handle mega-projects by integrating the contributions of our centers of excellence with that of our various divisions in the project for establishing the credit database we have carried out for the Bank of Israel."

"Throughout the many changes taking place in the business arena in general and in the technology arena in particular, we continue to adhere to our core values: innovation, professionalism, agility, stable management and transparency. We are proud that our employees are part of large and important projects in Israel and abroad."

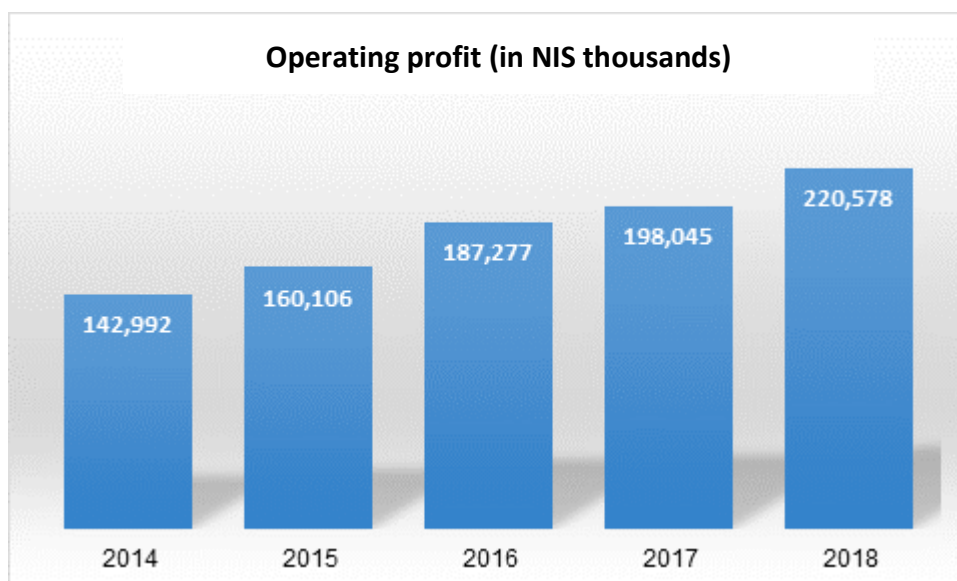
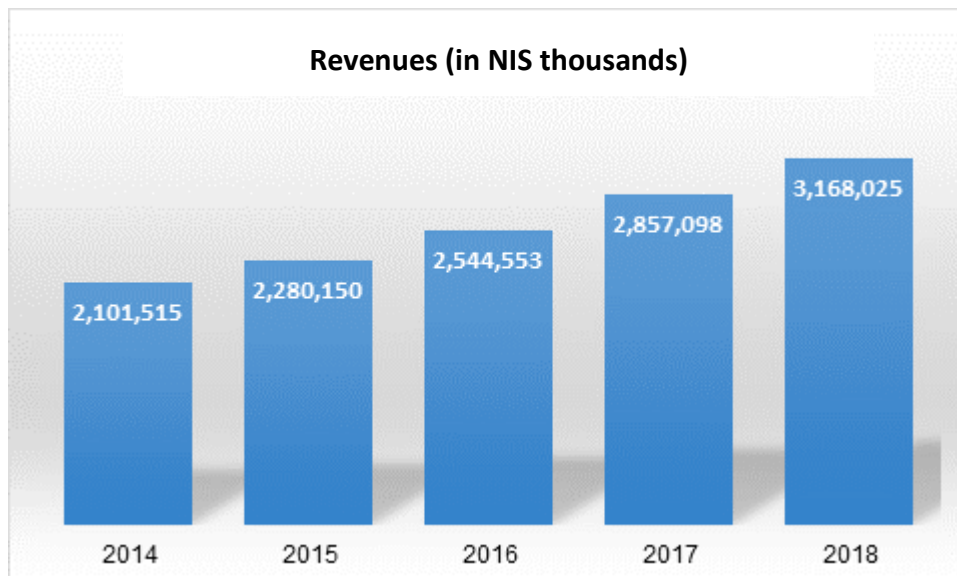
"The research companies continue to rank us as the leaders of the software services market in Israel, in addition to receiving the highest financial ratings in the industry over time. We have achieved the highest credit rating in the industry, Aa3 with a stable outlook, for 12 consecutive years," noted Gutman.

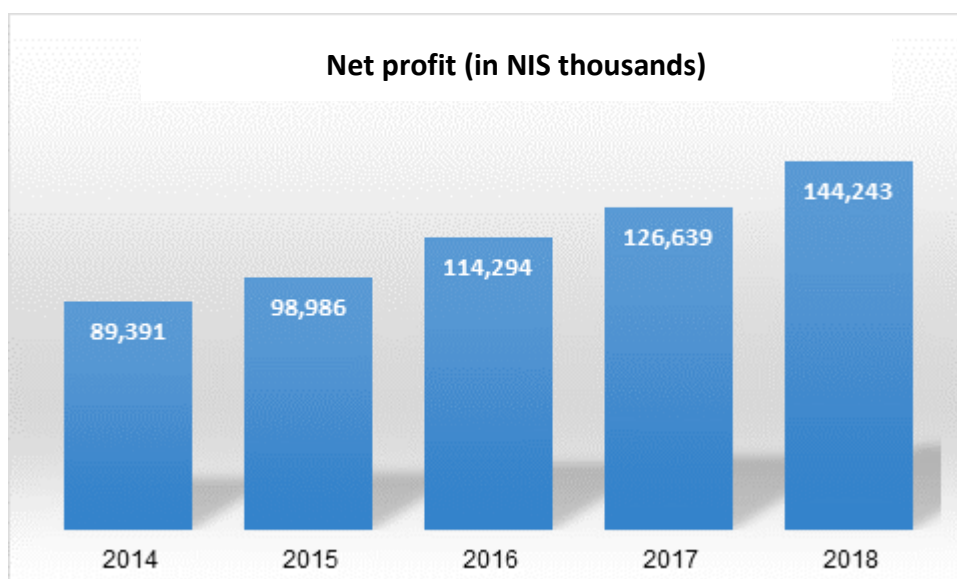


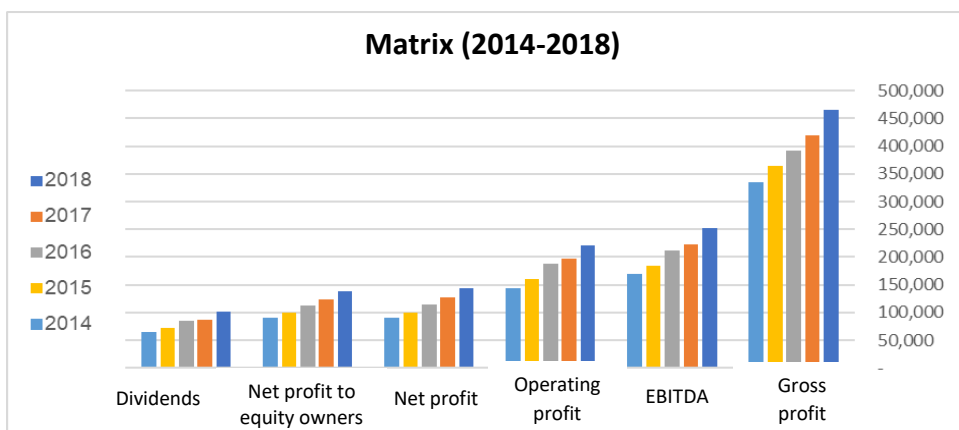
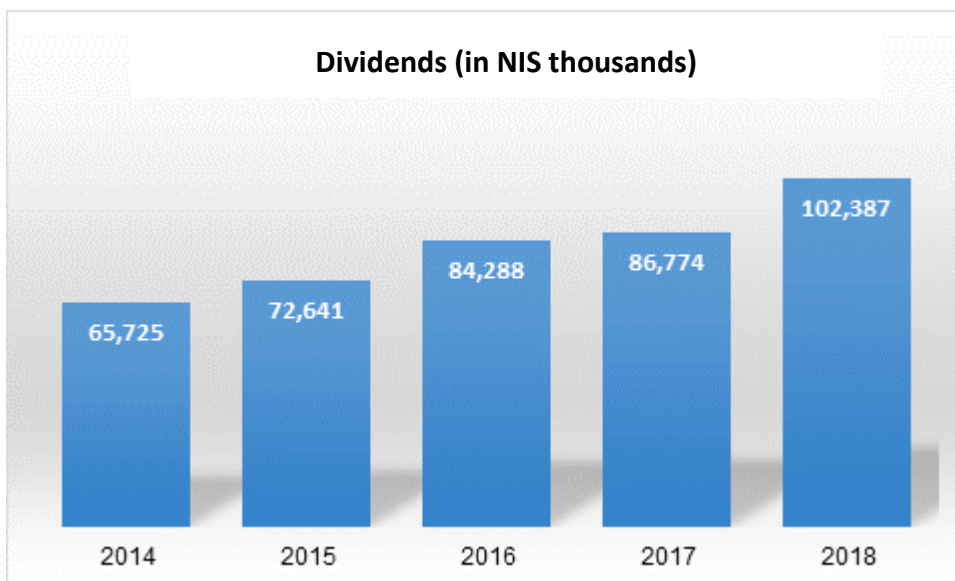
	For three months ending on		Change in %	For the year ending on		Change in %
	31.12.18	31.12.17		31.12.18	31.12.17	
Turnover	870,694	766,019	13.7%+	3,168,025	2,857,098	+10.9%
Cost of sales and services	733,634	648,764		2,702,965	2,436,837	
Gross profit	137,060	117,255	16.8%+	465,060	420,261	+10.6%
%	15.7%	15.3%		14.7%	14.7%	
Sales and marketing expenses	27,527	24,880		103,159	91,759	
Management and general expenses	41,257	36,214		141,323	130,457	
Operating profit	68,276	56,161	21.6%+	220,578	198,045	+11.4%
% of sales	7.8%	7.3%		7%	6.9%	
Financing costs	8,929	2,307		30,368	27,257	
Financing gains	(56)	(107)		1,325	(538)	
The Company's share in the profits (losses) of affiliated companies	(89)	(20)		(17)	38	
Profit before taxes	59,380	53,767		191,552	170,212	
Taxes on income	15,411	13,724		47,309	43,573	
Net profit	43,969	40,043	9.8%+	144,243	126,639	+13.9%
%	5%	5.2%		4.6%	4.4%	
Net profit of:						
Owners of capital rights in the company	41,863	39,186		138,322	123,040	
Minority rights	2,106	857		5,921	3,599	
Net profit	43,969	40,043	9.8%+	144,243	126,639	+13.9%
EBITDA	77,303	62,167	24.2%	251,330	222,722	+12.8%
%	8.9%	8.1%		7.9%	7.8%	



Matrix revenues in the past 5 years









Summary of consolidated profit and loss results by sector of operation for 2018 in comparison to 2017

	Year ending on		Change in%
	31.12.2018	31.12.2017	
Income by sector of operation:			
IT solutions and information services, consulting and management in Israel	1,984,408	1,817,907	+9.2%
IT solutions and services in the US	396,859	327,116	+21.3%
Marketing and support of software products	165,538	141,012	+17.4%
Integration and computing infrastructure solutions	556,682	522,629	+6.5%
Training and deployment	177,026	173,673	+1.9%
Cross-sector deployments	(112,488)	(125,239)	
Total revenues	3,168,025	2,857,098	+10.9%
Operating Profit			
IT solutions and information services,	102,239	96,133	+6.4%
IT solutions and services in the United States	57,686	41,175	+40.0%
Marketing and support of software products	22,506	21,270	+5.8%
Integration and computing infrastructure	23,990	21,490	+11.6%
Training and deployment	18,149	18,727	-3.1%
Cross-sector deployments	(3,992)	(750)	
Operating Profit	220,578	198,045	+11.4%