



**Matrix announces the results for the second quarter of 2019 and presents continued double-digit growth across all indices**

**Revenues in the second quarter grew by about 16.2% to approximately NIS 886M;  
operating profit increased by about 18.4% to approximately NIS 59.3M;  
and net profit increased by about 10.1% to approximately NIS 37.6M**

**Matrix revenues in the first six months of 2019 reached approximately NIS 1.75B, operating profit approximately NIS 119.4M, and net profit approximately NIS 75.8M.**

Today, Matrix released its results for the second quarter of 2019 and for the first six months of the year. Matrix shows double-digit growth across all key indices compared with the same quarter and the same period of the previous year: revenues, gross profit, operating profit, net profit, and EBITDA. The results are particularly spectacular in light of the fact that the number of working days in the second quarter was about 2.5% lower than last year, because of holidays and the election day, which occurred during the quarter.

Matrix **revenues** in the second quarter of 2019 amounted to approximately NIS 886.1M, compared with approximately NIS 762.2M in the corresponding quarter of the previous year, an **increase of about 16.2%**. The revenues of the company in the first six months of the year amounted to approximately NIS 1.74B, compared with approximately NIS 1.54B in the corresponding period of the previous year, an increase of about 12.9%. The increase in sales is due to the increase in activity and the initial integration of Dana Engineering and Medatech Information Technologies, since March 2019.

**Gross profit** grew to approximately NIS 126M in the second quarter, compared with approximately NIS 110.8M in the corresponding quarter of the previous year, an increase of about 13.7%. Gross profit in the first six months of the year amounted to approximately NIS 249.3M, compared with approximately NIS 220.3M in the corresponding period of the previous year, an increase of about 13.1%.

**Operating profit** for the quarter **grew by about 18.4%**, to **approximately NIS 59.3M**, compared with approximately NIS 50.1M in the corresponding quarter of the previous year. Operating profit for the first six months of 2019 amounted to approximately NIS 119.4M, compared with approximately NIS 102.2M, an increase of about 16.8%.

Matrix has recorded sharp growth in the profitability of the company in two sectors of operation, which constitute the core of Matrix operations in Israel and the US. In the first six months of 2019 (the period), operating profit in the IT Solutions and Services, Consulting and Management sector in Israel increased by about 24.6%, to approximately NIS 60.6M. Operating profit for the period in the IT Solutions and Services sector in the US grew by about 20.5%, to approximately \$8.8M.



**Net profit** for the quarter **grew by about 10.1%, to approximately NIS 37.6M**, compared with approximately NIS 34.2M in the corresponding quarter of the previous year. Net profit in the first six months of 2019 amounted to approximately NIS 75.8M, compared with approximately NIS 69.3M in the corresponding period of the previous year, an increase of about 9.4%. The increase in net profit is due mainly to an increase in operating profit and a decrease in tax expenses, which were partially offset by an increase in financing expenses.

### Dividends

Matrix continues its policy of distributing dividends every quarter at up to 75% of net profit. In March and June 2019, dividends in the amount of approximately NIS 58.3M were distributed.

Today, with the release of the second quarter reports, Matrix announced an additional distribution of dividends of 43 agorot per share, totaling approximately NIS 26.7M.

Since the beginning of 2019, Matrix has distributed a cumulative dividend in the amount of NIS 85M.

### Summary of reports for the three months and six months ending on June 30, 2019 and June 30, 2018 (in NIS thousands)

	For three months ending on		Change in %	For six months ending on		Change in %
	30.06.19	30.06.18		30.06.19	30.06.18	
Turnover	886,057	762,205	+16.2%	1,737,970	1,539,861	+12.9%
Cost of sales and services	760,083	651,392		1,488,718	1,319,513	
Gross profit	125,974	110,813	+13.7%	249,252	220,348	+13.1%
%	14.2%	14.5%		14.3%	14.3%	
Sales and marketing expenses	29,144	26,150		58,630	51,541	
Management and general expenses	37,500	34,571		71,234	66,627	
Operating profit	59,330	50,092	+18.4%	119,388	102,180	+16.8%
%	6.7%	6.6%		6.9%	6.6%	
Financing costs	11,646	6,738		23,179	12,165	
Financing gains	--	1,563		--	1,751	
The Company's share in the profits (losses) of affiliated companies	--	(45)		--	(21)	
Profit before taxes	47,684	44,872		96,209	91,745	
Taxes on income	10,082	10,705		20,413	22,436	
Net profit	37,602	34,167	+10.1%	75,796	69,309	+9.4%
%	4.3%	4.5%		4.4%	4.5%	
Net profit of:						
Owners of capital rights in the company	35,619	32,656		72,055	66,858	
Minority rights	1,983	1,511		3,741	2,451	
Net profit	37,602	34,167		75,796	69,309	



<b>EBITDA</b>	<b>90,129</b>	<b>57,374</b>		<b>179,983</b>	<b>116,371</b>	
<b>%</b>	<b>10.2%</b>	<b>7.5%</b>		<b>10.3%</b>	<b>7.6%</b>	

**Moti Gutman**, CEO of Matrix: "We are proud of our results for the second quarter and the first six months of 2019, which reflect continued growth in our core areas as well as in new ones, both through organic growth and through the implementation of our acquisition and merger strategy. We recorded an increase across all the indices in the first quarter and the first six months of the year, despite the fact that Passover, Independence Day, Shavuot and the Knesset elections all occurred during the second quarter. This quarter we consolidated for the first time the reports of Dana Engineering, which adds great value to the engineering consulting activities of Matrix, and the results of Medatech, which strengthens our operation in the ERP market. These acquisitions have high growth potential, together with continued organic growth deriving from ongoing operations of the company."

"Matrix is currently implementing innovative and breakthrough technology projects for companies and organizations of all sizes in Israel and worldwide. We work in a wide range of fields, from the field of IT to consulting projects in the area of national infrastructure in Israel and around the world. The professionalism of Matrix, our wide range of solutions in various fields, the financial strength of the company, and its stable and committed management enable us to successfully carry out small-to-mega projects, within the constraints of budget and schedule, as we did in establishing the credit database for the Bank of Israel, digital transformation projects, significant cyber projects, and other unique projects.

Gutman adds: "For many years, Matrix continues to lead the IT market in Israel and maintain financial stability. Matrix is the largest company in the field, and the largest employer, with over 10,000 employees. STKI has ranked Matrix as the leader in the IT services market for the 14th consecutive year. The Midrug credit rating company has confirmed Aa3 issuer rating for Matrix, based on a stable outlook, for the 12th consecutive time, since 2007—the highest rating for IT companies in Israel. In addition, in the ranking of the best places of employment, performed annually by The Marker and CofaceBDI, Matrix once again occupies first place among all information technology companies."

#### **Financial position and liquidity**

As of June 30, 2019, Matrix's total cash and cash equivalents stood at approximately NIS 338.3M, compared with approximately NIS 218.6M in the previous year, an increase of about 54.8%. Cash flow from ongoing activities in the first six months of 2019 amounted to approximately NIS 27.3M, compared with approximately NIS 17.9M used for operating activities in the corresponding period of the previous year. The total capital of the company on June 30, 2019 amounts to approximately NIS 711.9M, compared with approximately NIS 683.7M the previous year.