



Matrix announces the results for the third quarter of 2019 with 26% growth in revenues, 36% in operating income, and 42% in net income

**Revenues in the third quarter grew by about 26%, to approximately NIS 953.4M;
operating profit increased by about 35.6%, to approximately NIS 68M;
and net profit increased by about 41.8%, to approximately NIS 43.9M**

The results of the company for the first nine months of 2019 also showed impressive growth:

The revenues grew by about 17.2%, to approximately NIS 2.7B during the period, operating profit grew by about 23%, to approximately NIS 187.4M, and net profit increased by about 19.4%, to approximately NIS 119.7M.

Today, Matrix released its results for the third quarter of 2019 and for the first nine months of the year. Matrix recorded impressive growth in the third quarter, across all indices, compared with the corresponding quarter of last year: company revenues in the third quarter reached approximately NIS 953.4M, an increase of about 25.9%, gross profit grew by about 25.1%, to approximately NIS 134.7M, operating profit grew sharply by about 35.6%, to approximately NIS 68M, and net profit by about 41.8%, to approximately NIS 43.9M. EBITDA rose by about 71.6%, to approximately NIS 98.8M.

Matrix also recorded impressive growth across all indices in the first nine months of 2019 (the period): company revenues in the period grew by about 17.2%, to approximately NIS 2.7B, gross profit increased by about 17.1%, to approximately NIS 383.9M, operating profit grew by about 23%, to approximately NIS 187.4M, net income increased by about 19.4%, to approximately NIS 119.7M, and EBITDA grew by about 60.3%, to approximately NIS 278.8M.

The increase in sales in the quarter and period is due to the increase in activity in all sectors, as well as the first consolidation of the companies Dana Engineering and Medatech, which Matrix acquired in 2019. The increase in operating profit and net profit is attributed to an increase in sales while retaining the gross profit rate in the period, and a decrease in sales and marketing expenses, and in administrative expenses in general.

Moti Gutman, CEO of Matrix: "This is the best third quarter of Matrix ever, showing impressive double-digit growth across both quarter and period indices. These good results illustrate the ability of Matrix to continue its organic growth combined with acquisitions, and to improve efficiency. The acquisition of Dana Engineering and Medatech in Israel, as well as acquisitions we made in the US, significantly contributed to the profit line."

"Matrix is the largest company in Israel that executes technology, management, and infrastructure projects. Matrix DNA enables us to carry out innovative and breakthrough projects for our clients professionally, and at a high level of service. This is why year after year we are selected as the leader in our fields of operation by all rating and research companies, in terms of size, quality, and as a good place of employment. "



Dividend

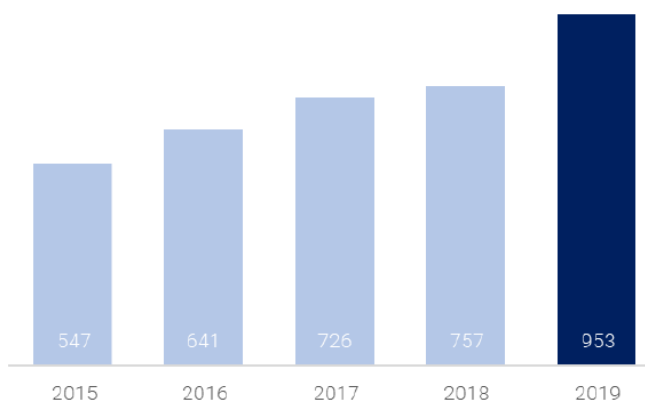
Matrix continues its policy of distributing dividends every quarter at up to 75% of net profit. In March, June, and September 2019, Matrix distributed a cumulative dividend of approximately NIS 85M. This morning, with the release of the third quarter results, Matrix announced an distribution of dividends of 50 agorot per share, amounting to approximately NIS 31M. Since the beginning of 2019, Matrix has distributed a cumulative dividend in the amount of NIS 116M.

Summary of reports for the three months and nine months ending on September 30, 2019 and September 30, 2018 (in NIS thousands)

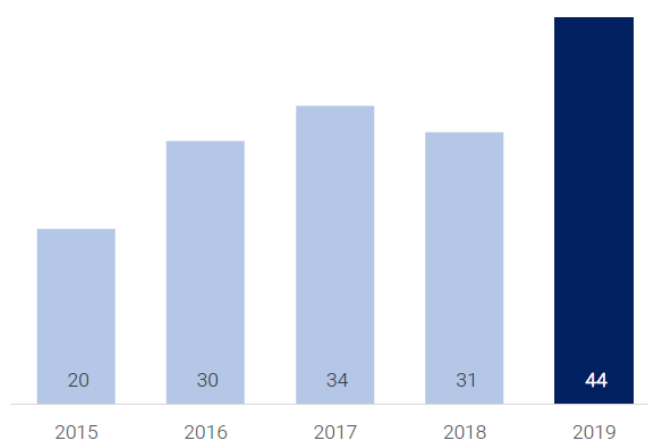
	For three months ending on		Change in %	For nine months ending on		Change in %
	30.09.19	30.09.18		30.09.19	30.09.18	
Turnover	953,395	757,470	25.9%	2,691,365	2,297,331	+17.2%
Cost of sales and services	818,711	649,818		2,307,429	1,969,331	
Gross profit	134,684	107,652	25.1%	383,936	328,000	+17.1%
%	14.1%	14.2%		14.3%	14.3%	
Sales and marketing expenses	29,452	24,091		88,082	75,632	
Management and general expenses	37,261	33,439		108,495	100,066	
Operating profit	67,971	50,122	+35.6%	187,359	152,302	+23%
%	7.1%	6.6%		7%	6.6%	
Financing costs	9,995	9,462		33,174	21,627	
Financing gains	--	(182)		--	1,569	
The Company's share in the profits (losses) of affiliated companies	--	(52)		--	(73)	
Profit before taxes	57,976	40,426		154,185	132,171	
Taxes on income	14,062	9,461		34,475	31,897	
Net profit	43,914	30,965	+41.8%	119,710	100,274	9.4%1+
%	4.6%	4.1%		4.4%	4.4%	
Net profit of:						
Owners of capital rights in the company	41,619	29,601	+40.6%	113,674	96,459	+17.8%
Minority rights	2,295	1,364		6,036	3,815	
Net profit	43,914	30,965	+41.8%	119,710	100,274	+19.4%
EBITDA	98,781	57,656	+71.6%	278,764	174,027	+60.3%
%	10.4%	7.6%		10.4%	7.6%	



Revenues of Matrix in the third quarter - 2015-2019 (in NIS millions)



Net profit of Matrix in the third quarter - 2015-2019 (in NIS millions)



Financial position and liquidity

As of September 30, 2019, total cash, cash equivalents, and financial assets of Matrix stood at approximately NIS 351.3M, compared with approximately NIS 231.4M on September 30, 2018, an increase of about 51.8%. As of September 30, 2019, cash flow from ongoing activity amounted to approximately NIS 120.5M (compared with approximately NIS 13.4M used for current operations in the corresponding period last year).

Total capital as of September 30, 2019, amounted to approximately NIS 721M, compared with approximately NIS 688.4M at the end of September 2018, an increase of about 4.7%.

Sectors of activity and geography

Matrix operates in five key sectors of activity. The IT Solutions and Services sector in Israel is responsible for about 63% of Matrix revenues, the IT Solutions and Services sector in the US for about 10.7% of revenues, the Infrastructure and Integration sector for about 16.4% of revenues, the Software Products sector for about 5.2 % of revenues, and the Training and Deployment sector contributed about 4.7% of revenues.

Matrix activity in the US and Europe shows higher profitability than does its activity in Israel. About 12% of revenue in the period and about 27% of operating profit originate from the US and Europe.



In the field of **IT Solutions, Consulting, and Management Services in Israel**, Matrix recorded a revenue increase of about 28% in the third quarter, which amounted to approximately NIS 618M and an increase of about 21% in revenues in the period, to a total of approximately NIS 1.75B. Operating profit for the quarter sharply increased by about 47.6%, to approximately NIS 36.1M, and for the period, by about 32.3%, to approximately NIS 96.7M.

In the **IT Solutions and Services sector in the US**, Matrix showed stability both for the quarter, with the revenues of approximately USD 27.8M, and for the period, with revenues of approximately USD 82.6M. Operating profit for the quarter increased sharply by about 31.7% in dollars, to approximately USD 5.4M, and for the period, by about 24.6% in dollars, to approximately USD 14.2M.

In the **Marketing and Support of Software Products** sector, in the third quarter, Matrix recorded a sharp increase of about 63% in revenues, which amounted to approximately NIS 54.6M, and for the period, an increase of about 32.6%, bringing it to approximately NIS 144.2M. Operating profit in the third quarter increased by about 2%, to approximately NIS 3.8M, and operating profit for the period increased by about 8.2%, to approximately NIS 13.7M, as a result of the transition from selling software licenses to selling subscriptions, which contributes to recurring revenues over time.

In the **Integration and Computing Infrastructure Solutions** sector, Matrix recorded a sharp increase of about 32% in quarterly revenues, which amounted to approximately NIS 165.6M, and for the period, to approximately NIS 457.3M, an increase of about 16.7%. Operating profit for the quarter soared by about 44.1%, to approximately NIS 8.5M, and operating profit increased by about 23.4%, to approximately NIS 19.8M.

In the **Training and Deployment** sector, revenues grew by about 12% for the quarter, to approximately NIS 43.8M, and by about 2.2% for the period, to approximately NIS 132.6M. Operating profit for the quarter rose sharply by about 73.3%, to approximately NIS 3.6M, and for the period decreased by about 4.2%, to approximately NIS 12.3M.