



Matrix completes the first quarter of 2020 showing continuing growth in all indices

First quarter revenues grew by about 14% to approximately NIS 97M, operating profit grew by about 13% to approximately NIS 68M, and net profit grew by about 13% to approximately NIS 43M

Today Matrix released Q1 2020 results, which show its continued growth across all indices. This is the best quarter ever in all metrics: revenues, gross profit, operating profit, net profit, and EBITDA. These results are particularly striking in light of the COVID-19 crisis, which began in mid-March 2020.

The company revenues in the first quarter of 2020 amounted to approximately NIS 974.1M, compared with approximately NIS 851.9M in the corresponding quarter of the previous year, an increase of about 14.3%. Gross profit amounted to approximately NIS 133.2M, compared with approximately NIS 123.3M last year, an increase of about 8%. Operating profit amounted to approximately NIS 68M, compared with approximately NIS 60M last year, an increase of about 13.3%. Net profit amounted to approximately NIS 43.1M, compared to approximately NIS 38.2M last year, an increase of about 12.7%.

The financial indices of Matrix also improved compared to the corresponding quarter of the previous year. As of March 31, 2020, the equity of the company amounted to approximately NIS 753.6M. All liquidity indices show impressive growth. Net cash flow from operations in the quarter reached approximately NIS 106.9M, compared with approximately NIS 63M last year, an increase of about 68%. The total cash and cash equivalents, and the financial assets of Matrix amounted to approximately NIS 772.2M at the end of the quarter, compared with approximately NIS 403.3M at the end of the corresponding quarter of the previous year, an increase of about 91%. The current ratio is about 1.3, compared with about 1.1 last year.

During the first quarter, Matrix distributed a dividend of approximately NIS 35.4M to its shareholders (57 agorot per share). At the release of the quarterly report, Matrix announced an additional distribution of approximately NIS 29.2M (47 agorot per share).

Regarding the COVID-19 crisis and its impact on the results of the reported period, the Board of Directors of Matrix stated that "At the time of writing the report, the direct effects of the COVID-19 crisis on the company business are assessed as insignificant. In a scenario that suggests a slowdown in the spread of the virus in Israel and in the world, resulting in alleviation of substantial restrictions and in the absence of additional macro effects, the company expects that the COVID-19 crisis and its consequences will not have a adverse material effect on the financial results of the company."

The Board of Directors report also states that "the company has little exposure to customers in industries that were directly affected by the crisis, such as airlines, fashion, tourism, and the hotel industry. It is estimated, however, that the adverse crisis will eventually have a negative effect on most sectors of the economy (at varying levels of severity, from sector to sector), and consequently, it will also hurt demand in the IT market." The report also noted that "with the exception of the Training and Deployment department, the rest of the operating sectors of the company were not significantly affected by the crisis, some even increasing their activity owing to customers' need to make arrangements for work from home in a short time. Demand increased for software and communication infrastructure solutions, hardware, cloud services, and information security, as well as for accelerating



healthcare, control and monitoring, and digital projects. The company is evaluating the possibility of hybrid work (a combination of work from home and office) also in the future, reducing the need for real estate and operating costs."

According to **Moti Gutman**, CEO of Matrix: "Today we are announcing good results, showing growth in all business indices, during the most challenging period we have experienced in the last decade. At this time, we cannot yet assess the full extent of the crisis, its duration, and its consequences for business, therefore we are preparing for any scenario with cautious and responsible financial conduct and with utmost care for the health of our employees."

According to Gutman, "at this stage, there has been no harm to the routine operation of the company in Israel and abroad. With the outbreak of the crisis, we set up for control and monitoring in real time, rapidly expanded our technology infrastructure for working from home, implemented technological solutions for maintaining business continuity, and assisted our clients in addressing the crisis through remote work solutions, cyber protection services, web training, control and monitoring solutions, and more."

Gutman added: "Matrix believes that its financial strength, cash flow, degree of leveraging, absence of liens, and broad client diversification will allow it to cope adequately with the consequences of the crisis. The company has a significant available cash balance and credit frameworks. **In the midst of the crisis, Midrug renewed the highest ranking in the industry for Matrix, Aa3, with a stable outlook, a rating that we have been maintaining for 13 consecutive years. At the same time, the STKI research company also ranked us as the leader in the computing and technology services industry for the 15th consecutive year.**"

	For three months ending on		Change in %
	31.03.20	31.03.19	
Turnover	974,068	851,913	14.3%+
Cost of sales and services	840,853	728,635	
Gross profit	133,215	123,278	8.1%+
% of Sales	13.7%	14.5%	
Sales and marketing expenses	30,890	29,486	
Management and general expenses	34,299	33,734	
Operating profit	68,026	60,058	13.3%+
% of Sales	7%	7%	
Financing costs	11,016	11,533	
Profit before taxes	57,010	48,525	
Taxes on income	13,958	10,331	
Net profit	43,052	38,194	12.7%+
% of Sales	4.4%	4.5%	



Net profit of:			
Owners of capital rights in the company	39,550	36,436	
Minority rights	3,502	1,758	
Net profit	43,052	38,194	12.7%+
EBITDA	98,149	89,854	9.2%+
% of Sales	10.1%	10.5%	