



**Matrix completes the third quarter of 2020 showing continuing growth in all indices.**

**Revenues in the first nine months of 2020 grew by about 4.3%, to approximately NIS 2.8B, operating profit grew by about 10.6% to approximately NIS 207.1M, and net profit grew by about 8.5% to approximately NIS 130M. An all-time record was set in all indices for the period.**

**Revenues for the third quarter grew by about 2.3%, to approximately NIS 975.6M, operating profit grew by about 7.4%, to approximately NIS 73M, and net profit grew by about 3%, to approximately NIS 45M.**

Matrix released this morning the results for the third quarter of 2020 and the results for the first nine months of the year. In this challenging year, Matrix showed record growth for the third quarter in all indices (revenues, gross profit, operating profit, net profit, and EBITDA), compared with data for the corresponding quarter of the previous year. In the first nine months of 2020, Matrix showed record growth in all major indices as well as an all-time record in all revenue and profit indices. Matrix presents identical and even better profitability rates in gross, operating, and net profit, both for the quarter and for the period.

### **Revenues**

Matrix's revenues in the third quarter reached approximately NIS 975.6M, compared with approximately NIS 953.4M in the corresponding quarter of the previous year, an increase of about 2.3%. The revenues of the company in the first nine months of 2020 reached approximately NIS 2.8B, compared with approximately NIS 2.69B in the corresponding period of the previous year, an increase of about 4.3%.

### **Gross profit**

Gross profit in the third quarter of the year increased by about 5% and amounted to approximately NIS 141.5, representing about 14.5% of sales compared to approximately NIS 134.7M in the corresponding quarter of the previous year, which accounted for about 14.1% of sales. Gross profit in the first nine months of the year increased by about 4.4% and amounted to approximately NIS 400.8M, representing about 14.3% of sales, compared to approximately NIS 383.9M in the corresponding period of the previous year, which constituted the same percentage of sales.

### **Operating profit**

Operating profit in the third quarter grew by about 7.4% and amounted to approximately NIS 73M, representing about 7.5% of sales, compared with approximately NIS 68M in the corresponding quarter of the previous year, representing about 7.1% of sales. Operating profit in the first nine months of the year grew by about 10.6% and amounted to approximately NIS 207.2M, representing about 7.4% of sales, compared to approximately NIS 187.4M in the corresponding period of the previous year, which accounted for about 7% of sales.



## **Net profit**

Net profit in the third quarter grew by about 3% and amounted to approximately NIS 45.2M, representing about 4.6% of sales, compared with approximately NIS 43.9M in the corresponding quarter of the previous year, which constituted the same percentage of sales. Net profit in the first nine months of the year amounted to approximately NIS 129.9M, representing about 4.6% of sales, compared with NIS 119.7M in the corresponding period of the previous year, representing 4.4% of sales, an increase of about 8.5%.

## **Dividends**

Matrix continues its quarterly dividend distribution policy of up to 75% of net profit. This morning, with the publication of the reports for the third quarter, Matrix announced the distribution of an additional dividend at a rate of 50 ag per share, which amounts to approximately NIS 31M. Matrix has distributed accumulated total dividends in the amount of approximately NIS 94M since the beginning of 2020, an increase of about 10.4% compared with dividends distributed in the corresponding period of the previous year.

### [Summary of reports for the three months and nine months ended September 30, 2020 and September 30, 2019 \(in thousands of NIS\)](#)

Against the background of the effects of COVID-19 on the markets in Israel and the United States, and the negative impact on revenues in sectors such as training and the activity in the United States, Matrix shows growth in revenues and in profitability. In the first nine months of 2020, the company recorded an increase of about 5.8% in sales to customers in Israel, which constitute about 90% of company revenues. The main part of the increase in Israel derives from the growth in the Integration and Computing Infrastructure Solutions sector, which recorded an increase of about 47.3% for the quarter and about 34.5% for the period, from strong demand for infrastructure and communications solutions, and for cloud solutions, and from the merger with Gestetnertec, the acquisition of which Matrix completed at the beginning of the third quarter of 2020.

In the IT Solutions and Consulting Services in Israel, Marketing and Support of Software Products, and Integration Solutions and Computing Infrastructures, Matrix recorded an increase in profit both for the quarter and for the period. The direct effects of the crisis on the profit line were felt in the Training and Deployment sector (which constitutes about 4% of the company's revenues), and operations in the United States, but these are defined as not significant.

In its financial statements for the third quarter, Matrix reports slight exposure to customers directly affected by the crisis, but it is preparing for a possible crisis in other sectors in the economy as long as the morbidity situation deteriorates. The company reports high cash balances of approximately NIS 541M, cash flow from operating activity of approximately NIS 285M in the first nine months of the year (also an all-time record), and an improvement in the current ratio from 1.06 last year to 1.26. In addition, the company has significant credit reserves.

Most of the company credit is long-term (including a loan of NIS 200M taken in March 2020) and therefore, as of the date of the report, the company estimates that it does not need to raise credit at least until the end of the year. In the course of the second quarter, the company repaid most of its short-term credit and converted approximately NIS 80M of it into long-term credit. The "net" debt ratio decreased from about 17.5% last year to about



13.3% at the end of the period.

The company estimates that its financial stability, cash flow, leverage rate, lack of liens, and the wide distribution of its customers will enable it to adequately deal with the consequences of the crisis. It should be noted that on April 1, 2020 (in the midst of the crisis) Midroog confirmed the Aa3 issuer rating of Matrix, with a stable outlook for the company. Moti Gutman, CEO of Matrix: "Today we report the results of the third quarter and the nine months of a very challenging year in Israel and worldwide. Despite the crisis, we showed improvement in all major indicators — revenue, gross profit, operating profit, net profit, EBITDA, and cash flow.

Today Matrix is the largest contractor of technology, applications, and infrastructure in Israel. The profusion of our solutions in this period in the fields of digital transformation, supply chain and logistics, physical and cloud infrastructure, AI and cyber, alongside a range of solutions for the fields of health, security, transportation, and finance, place Matrix in a good position during the ongoing crisis and in an excellent position at the point of exit from it, which hopefully will come soon. Eleven thousand Matrix employees take an active part in facing the challenges posed by the epidemic to our customers, and employ their talents to allow our customers to overcome the crisis in the best possible way. I thank our customers for their trust and long-term partnership, as well as our many employees for their dedication during this turbulent period."

#### **Financial condition and liquidity**

As of September 30, 2020, total cash and cash equivalents, and financial assets of the company amount to approximately NIS 541M, compared with approximately NIS 351M in the previous year, an increase of about 54%. Cash flow from operations, as of September 30, 2020, amounted to approximately NIS 285.3M — an all-time record. The total equity, as of September 30, 2020, stands at approximately NIS 761.4M. Net debt-to-EBITDA ratio is about 13.3%.