



Investor Presentation

Q1 2018 Results

Roni Giladi, CFO

Yaffa Cohen-Ifrah, CMO

May 2018

SAPIENS
Partnering for Success

Certain statements made in this presentation may be constitute “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, Section 21E of the Securities and Exchange Act of 1934 and the United States Private Securities Litigation Reform Act of 1995. Words such as "will," "expects," "believes" and similar expressions are used to identify these forward-looking statements (although not all forward-looking statements include such words). These forward-looking statements, which may include, without limitation, projections regarding our future performance and financial condition, are made on the basis of management’s current views and assumptions with respect to future events. Any forward-looking statement is not a guarantee of future performance and actual results could differ materially from those contained in the forward-looking statement.

These statements speak only as of the date they were made, and we undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. We operate in a changing environment. New risks emerge from time to time and it is not possible for us to predict all risks that may affect us. For more information regarding these risks and uncertainties as well as certain additional risks that we face, you should refer to the Risk Factors detailed in Item 3 of Part III of our Annual Report on Form 20-F for the year ended December 31, 2017 and subsequent reports and registration statements filed from time to time with the Securities and Exchange Commission.

Sapiens at a Glance

1982

Year Founded

~ 400

Customers

11

Acquisitions
(in 8 years)

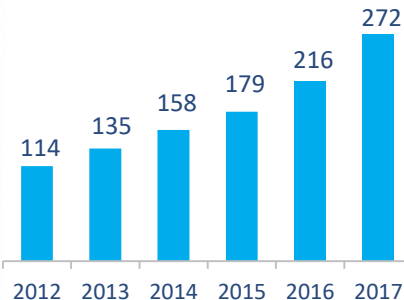
\$272m

2017 Revenues
(non-GAAP)

\$26.9m

2017 EBITDA
(non-GAAP)

REVENUE GROWTH



GLOBAL PRESENCE

41% North America

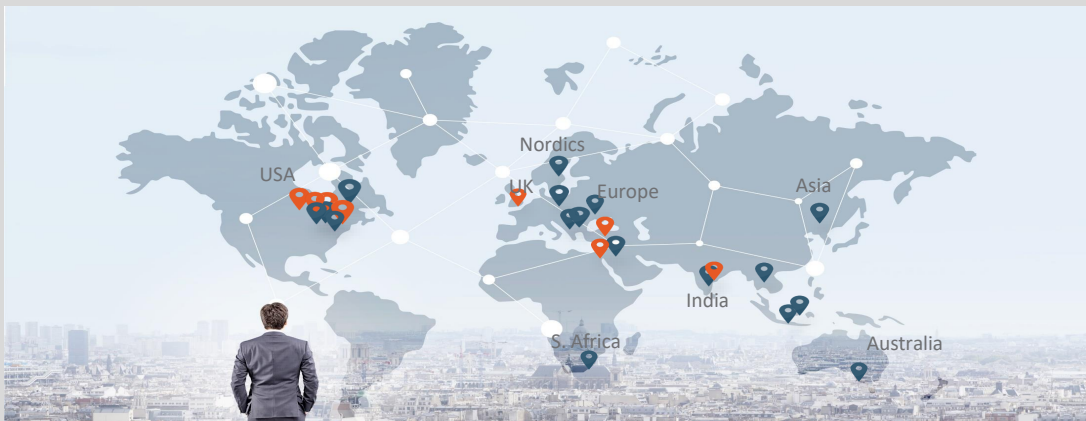
17% United Kingdom

24% Rest of Europe & SA

11% Israel

7% APAC

*Full year 2017



Enabling Transformation in the Global Insurance Market

Integrated core software solutions, business services and a full digital suite for insurance carriers

Leading Technology



Award-winning, packaged solutions

Domain Expertise



Consultative approach

End-to-End Solutions



Decades of proven project delivery

Sapiens' Total
Addressable Market

\$40B

Global IT Spending
expected to increase by
5% in 2017-2018



External Software
and IT Services
Spending
expected to grow by
8%
from 2017 to 2018

Built A Diverse Global Customer Base of 400 Blue-Chip Insurers

North America



UK



Continental Europe



APAC



Sapiens Today

Our Offering – Insurance Platforms Supported with Services

Life & Annuities

Core: Policy Administration Solutions

Underwriting

Illustration

Needs analysis

eApp

Financial & Compliance

Property & Casualty

Core: Policy Administration Solutions

Reinsurance

Financial & Compliance

Digital Suite

Agent Portal

Client Portal

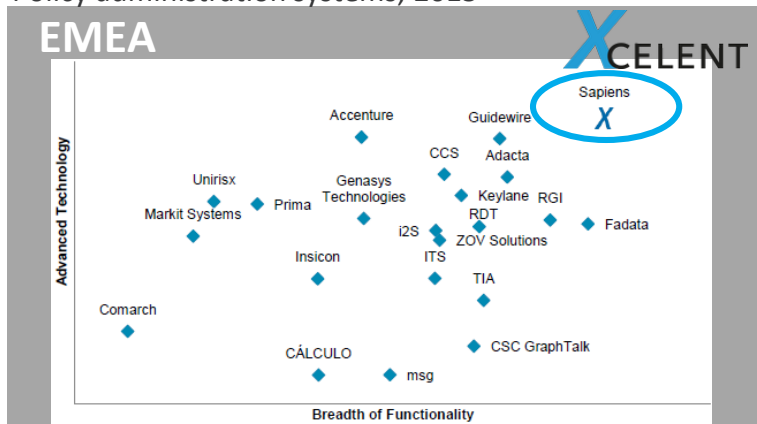
Customer Engagement

DECISION

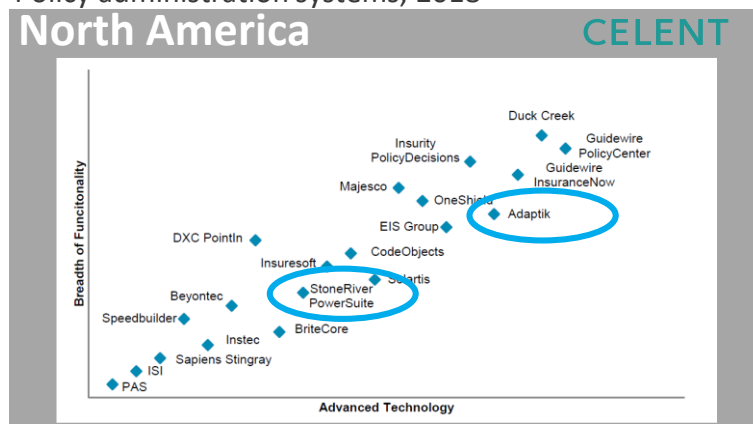
BI

Technology Leader for Property & Casualty Solutions

Policy administration systems, 2015



Policy administration systems, 2018

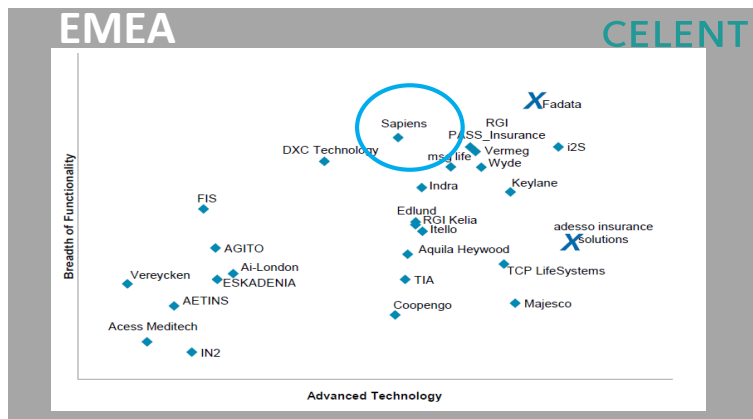
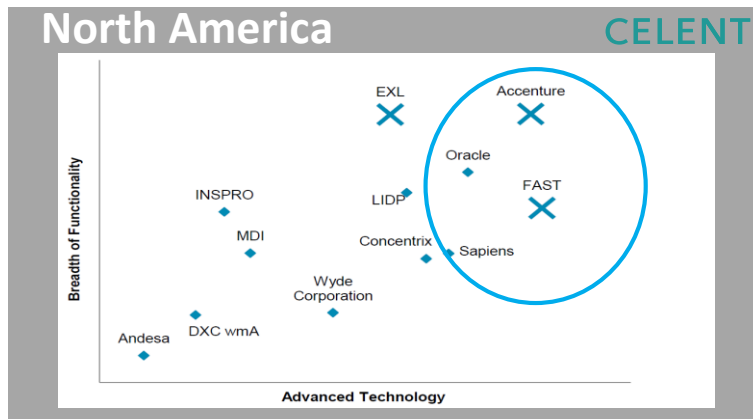
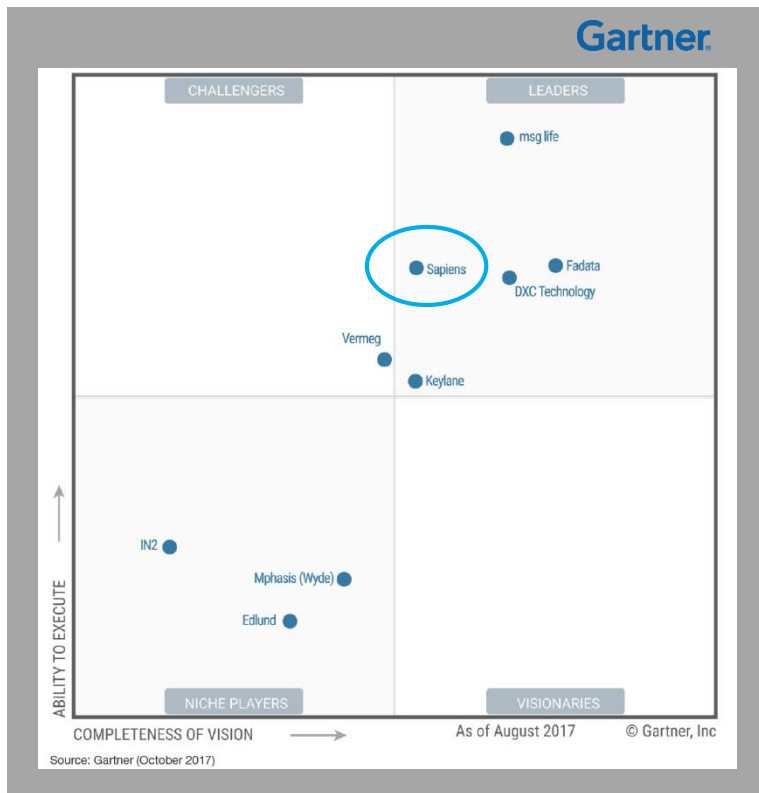


Celent research: EMEA Policy Administration Systems, General Insurance, Property & Casualty, February 2016, Craig Beattie

Celent research: North American policy administration systems 2018, Karlyn Carnahan and Donald Light, February 2018

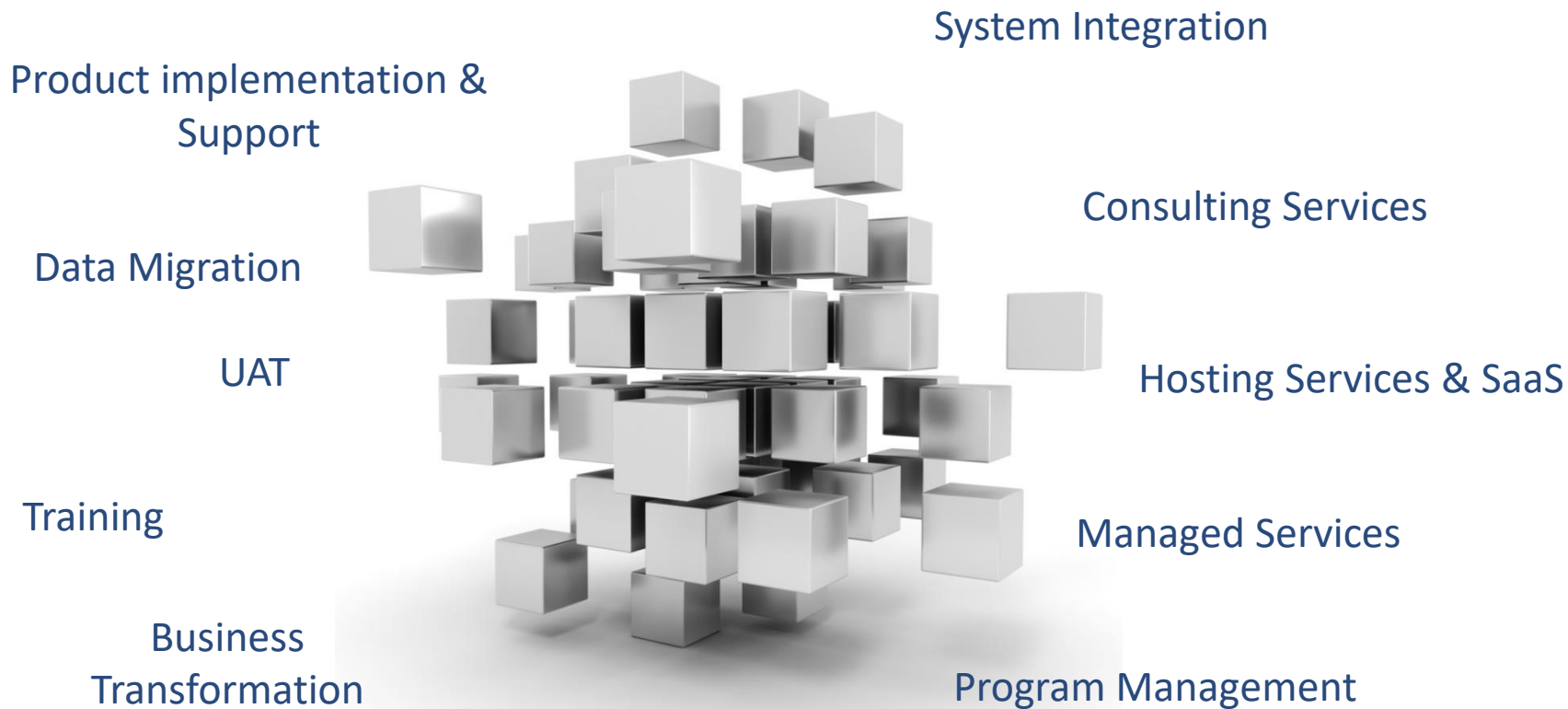
Novarica Market navigator:Property/Casualty Policy Administration Systems, February 2018

Leading Technology in Life & Annuities Solutions



Source: Gartner Magic Quadrant for Life Insurance Policy Administration Systems, Europe – 2017
 Celent North American Life and Annuity Policy Administration Systems – November 2017
 Celent EMEA Life and Annuity Policy Administration Systems – December 2017

Our Extended Service Offerings



Our Approach - One Hand to Shake



- **One** organization responsible for the product(s) and all aspects of the program delivery
- **One** contact point for all program-related matters
- **One** long-term partner!

North American Expansion with 4 Acquisitions



STONERIVER



200
Customers

Customer Base

600
Professionals

Domain Expertise

Strong
U.S.
Presence

Strategic Focus

Diverse
Insurance
Portfolio

Core & Complementary
Solutions

Growing Global Footprint to Efficiently Support Customer Base



Our Strategy

Drivers of Growth Strategy to Expand Global Presence



Win New
Customers



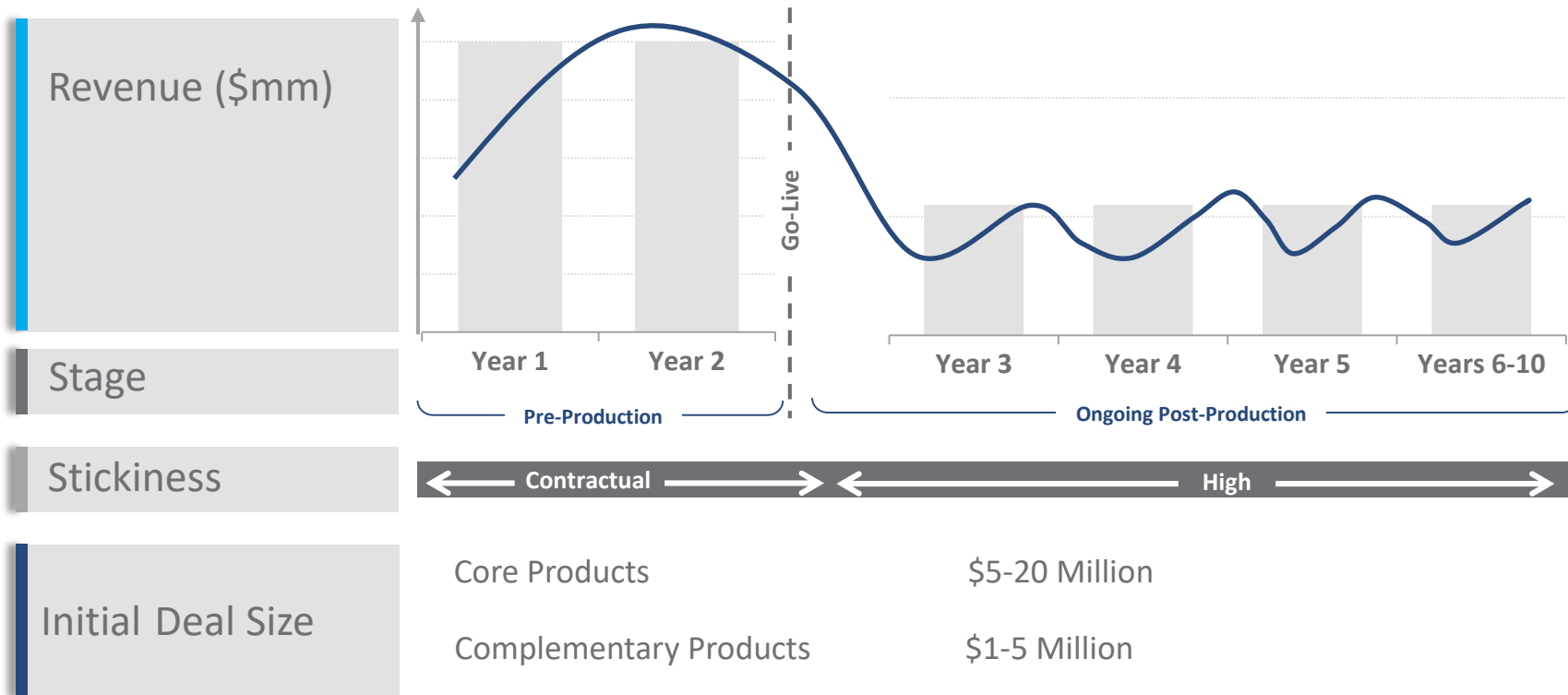
Grow with Existing
Customers



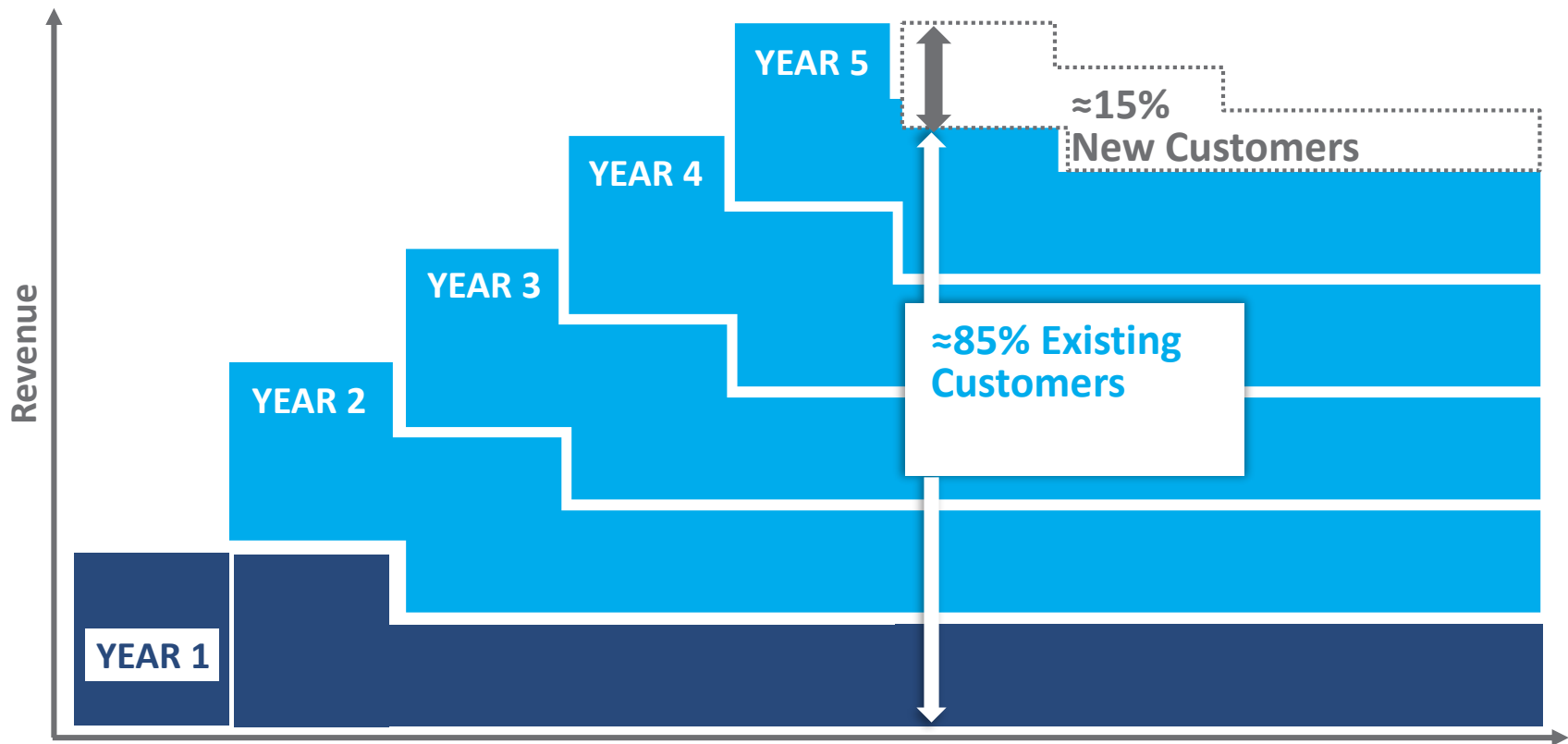
M&As



Attractive Revenue Model with Recurring Component



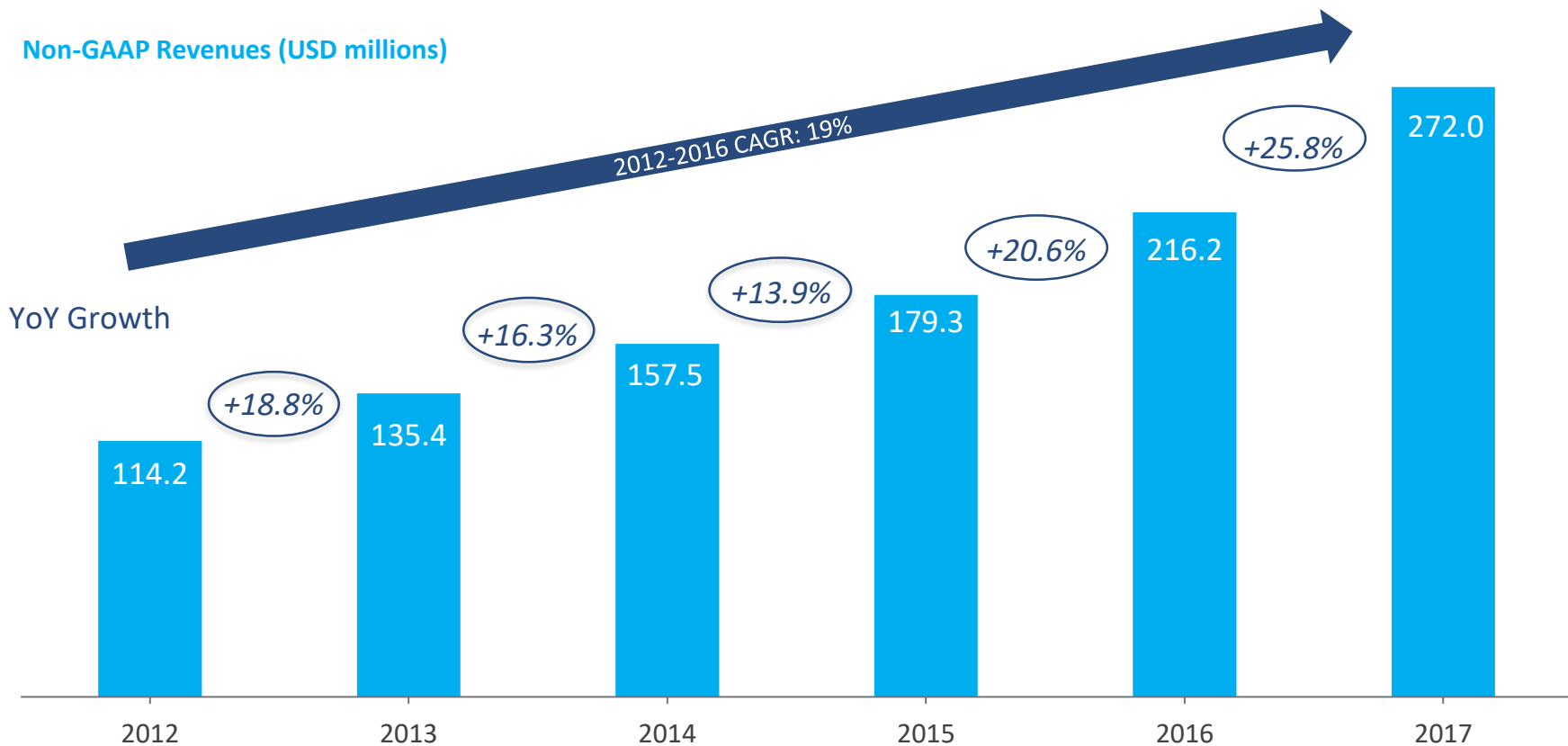
Layered Revenue Streams Create Significant Visibility



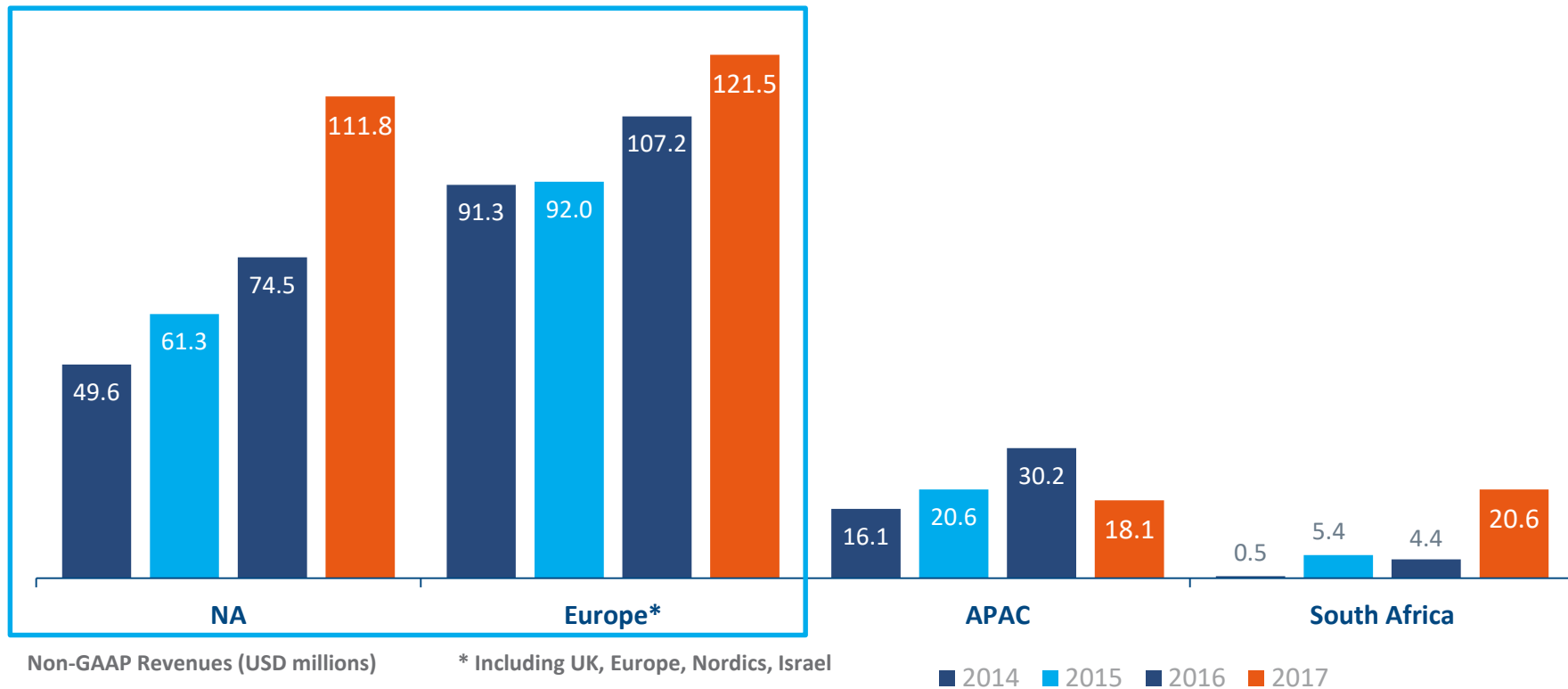
Successful Acquisition Track Record – 2010-2018



Financials



Annual Revenue by Geography



Q1 – Non-GAAP Results

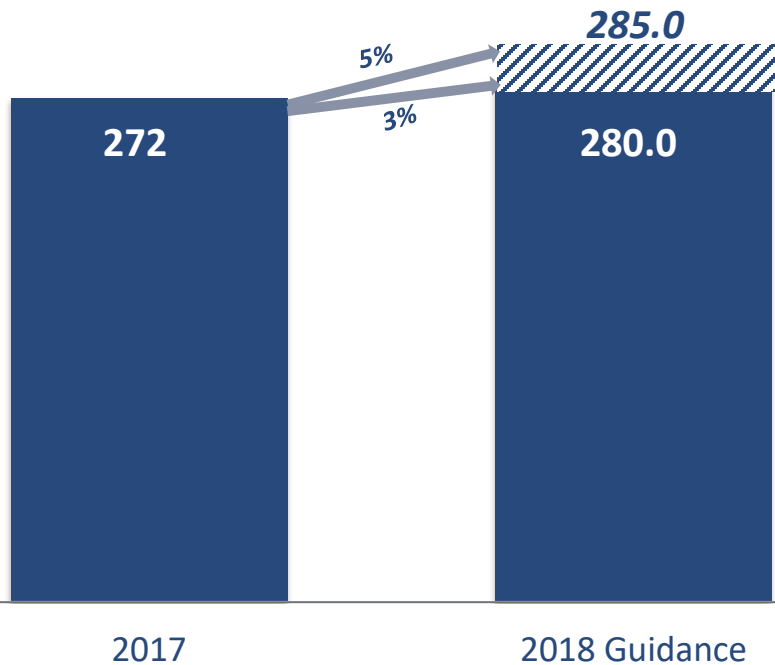
(in USD million, except per share amount)	Q1	
	2018	2017
Revenue	71.1	56.5
Gross Profit	30.3	20.5
	42.6 %	36.2 %
Operational Profit	8.9	1.7
	12.5%	3.0%
Net Income	6.3	1.2
	8.9%	2.1%
Adjusted EBITDA**	9.9	2.6
Diluted EPS	0.13	0.02
Diluted Weighted Average Number of Shares	50,070	49,998

** The Company defines Adjusted EBITDA as net Profit, adjusted for stock-based compensation expense, depreciation and amortization, capitalized internal-use software development costs, amortization of internal-use software development costs interest expense, provision for income taxes and other income (expenses).

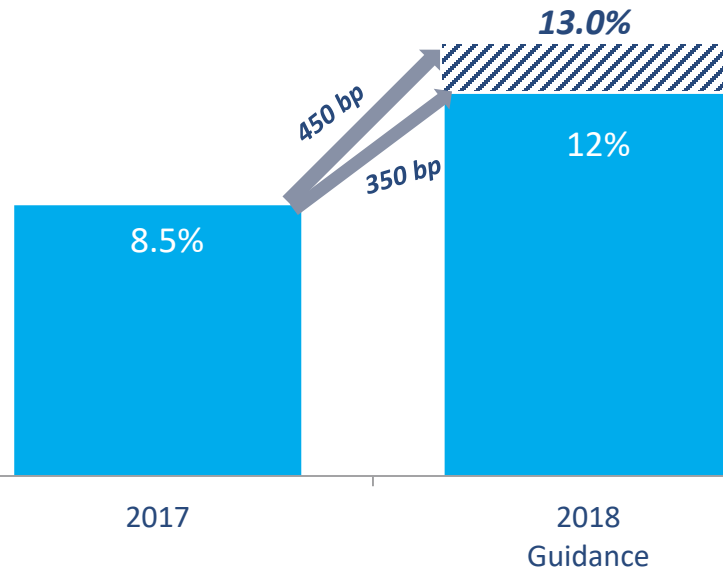
2018 Guidance

2018 Revenue and Operational Margin Guidance

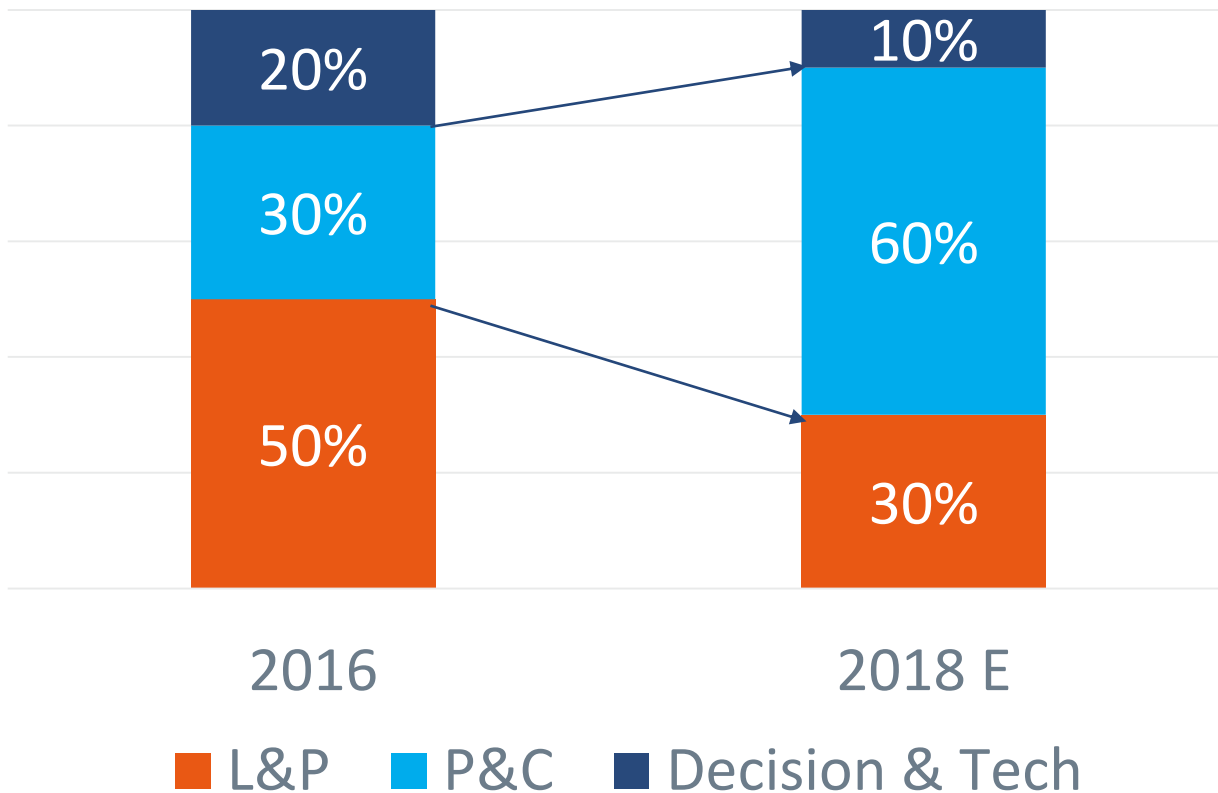
Revenue Guidance



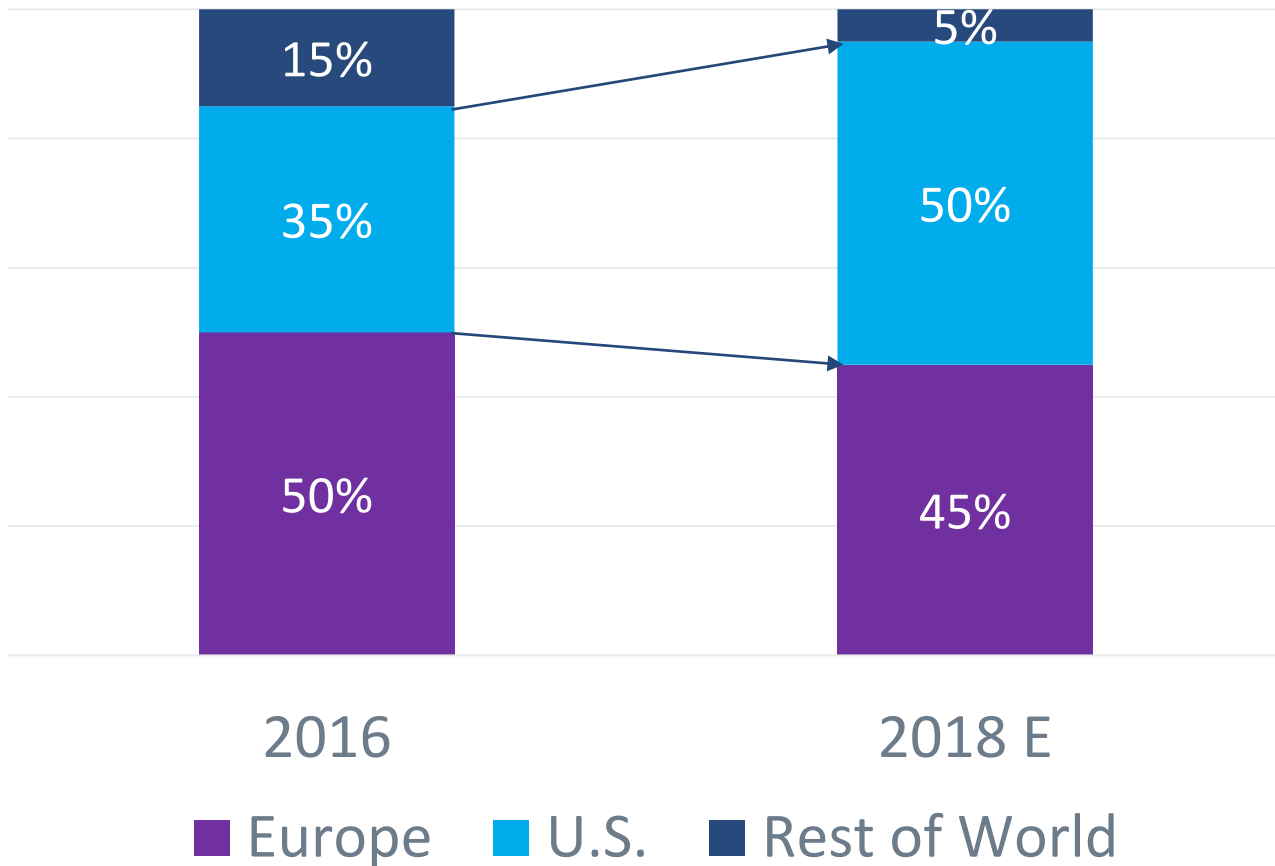
Operational Margin Target



Revenue Growth By Product Line



Revenue by Geography



Investment Highlights

Key Investment Highlights



Solid organic growth track record in growing market



High customer stickiness and recurring revenue



Global player with opportunity to take market share



Market sector under going secular transformation



Thank You

Contact:

Yaffa Cohen-Ifrah, CMO & Head of Corporate Communications

Mobile: +1-201-250-9414 | Phone: +972-3-7902032

Email: IR.sapiens@Sapiens.com | Website: www.sapiens.com

Non-GAAP Results

(in USD million, except per share amount)

	2016
Revenues	216,190
Gross Profit	91,767
	42.4%
R&D	22,033
SG&A	40,119
Operating Profit	29,615
	13.7%
Financial Income (expenses)	640
Minority	123
Profit before Tax	30,378
Tax	(6,179)
Tax %	20.3%
Net income	24,199
	11.2%

H1 2017	H2 2017	2017 Annual
125,701	146,302	272,003
46,859	59,808	106,667
37.3%	40.9%	39.2%
18,062	19,460	37,522
23,882	22,150	46,032
4,915	18,198	23,113
3.9%	12.4%	8.5%
(917)	(1,863)	(2,780)
38	109	147
4,036	16,444	20,480
(925)	(4,015)	(4,940)
22.9%	24.4%	24.1%
3,111	12,429	15,540
2.5%	8.5%	5.7%