



# Hilan Group

Capital Market Presentation • May 2019



## Forward- looking information

The presentation includes the Company's forecasts, estimates and plans regarding its activities, which constitute forward-looking information as defined in the Securities Law, 5728-1968, the realization of which are not certain and which may be influenced by factors that cannot be estimated in advance and that are beyond the Company's control. Therefore, the Company cannot be certain that its forecasts and/or estimates and/or plans will be realized, in full or in part, or that they will be realized in a different manner to expectations, inter alia, for reasons beyond the Company's control, changes in market conditions and in the competitive and business environment, or realization of any of the Company's risk factors.

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This presentation is not to be viewed as a proposal or invitation to purchase the Company's securities.



## Profile



A leading  
technology  
services group



Specializing in  
management of the  
human resource and  
business solutions



More than a decade  
of growth in all  
the operational  
parameters



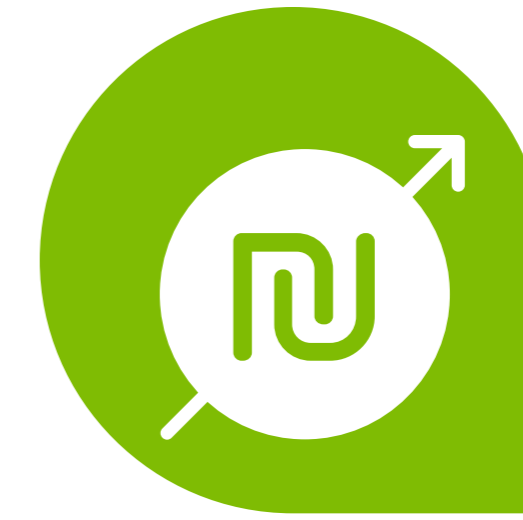
20.0% average growth  
in net profit in Q1  
over the past 5 years



## General data Q1 2019



11.3% revenue  
growth



18.0% growth  
in operating  
income



Over 3,900  
Employed



Since the beginning of the  
year, a dividend  
of 22.5 NIS million has been  
declared (1 NIS per share)\*

\*A dividend of NIS 1 per share (NIS 22.5 million) was declared in Q1 2019 and paid out in April 2019



Results for  
quarter  
ended  
March 31, 2019

Q1 2019

(NIS million)

Revenues

**399**

NIS million

Growth



Operating  
income

**44.9**

NIS million

Growth



Operating  
income  
percentage

**11.2%**

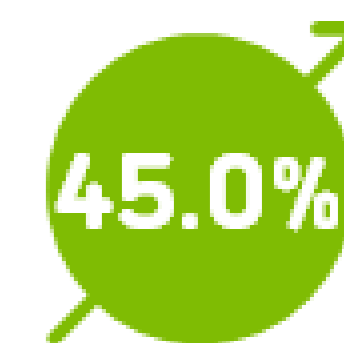


EBITDA

**62.4**

NIS million

Growth



Q1 2018

(NIS million)

Revenues

**358**

NIS million

Growth



Operating  
income

**38.0**

NIS million

Growth



Operating  
income  
percentage

**10.6%**

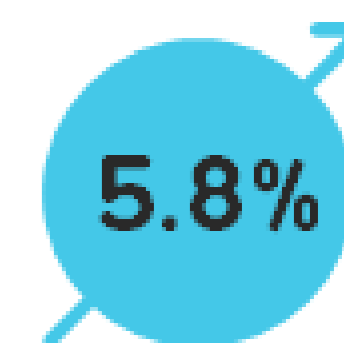


EBITDA

**43.0**

NIS million

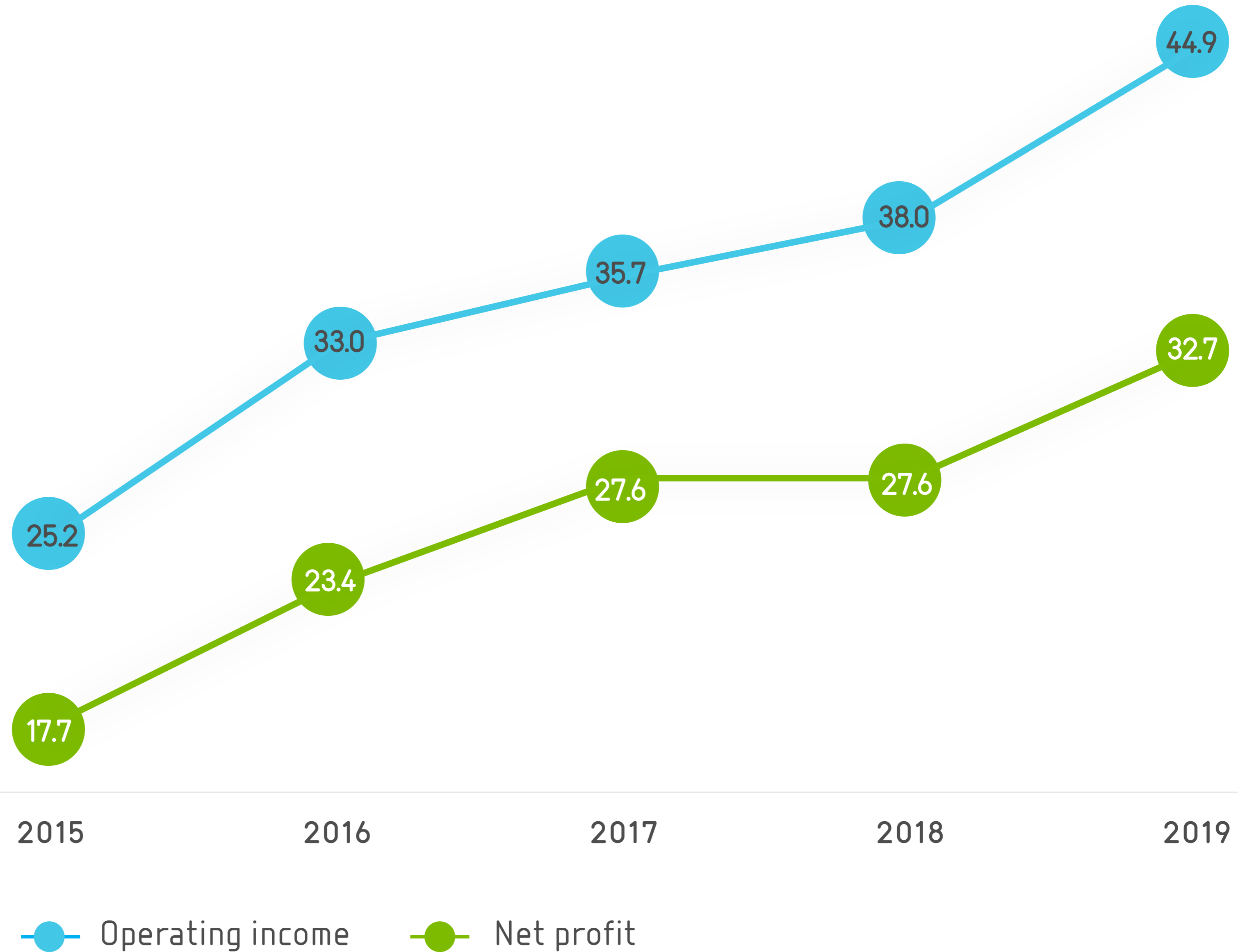
Growth





# Growth in operating income and net profit Q1

NIS million





# Sectors of activity



Marketing of software products

IT infrastructures

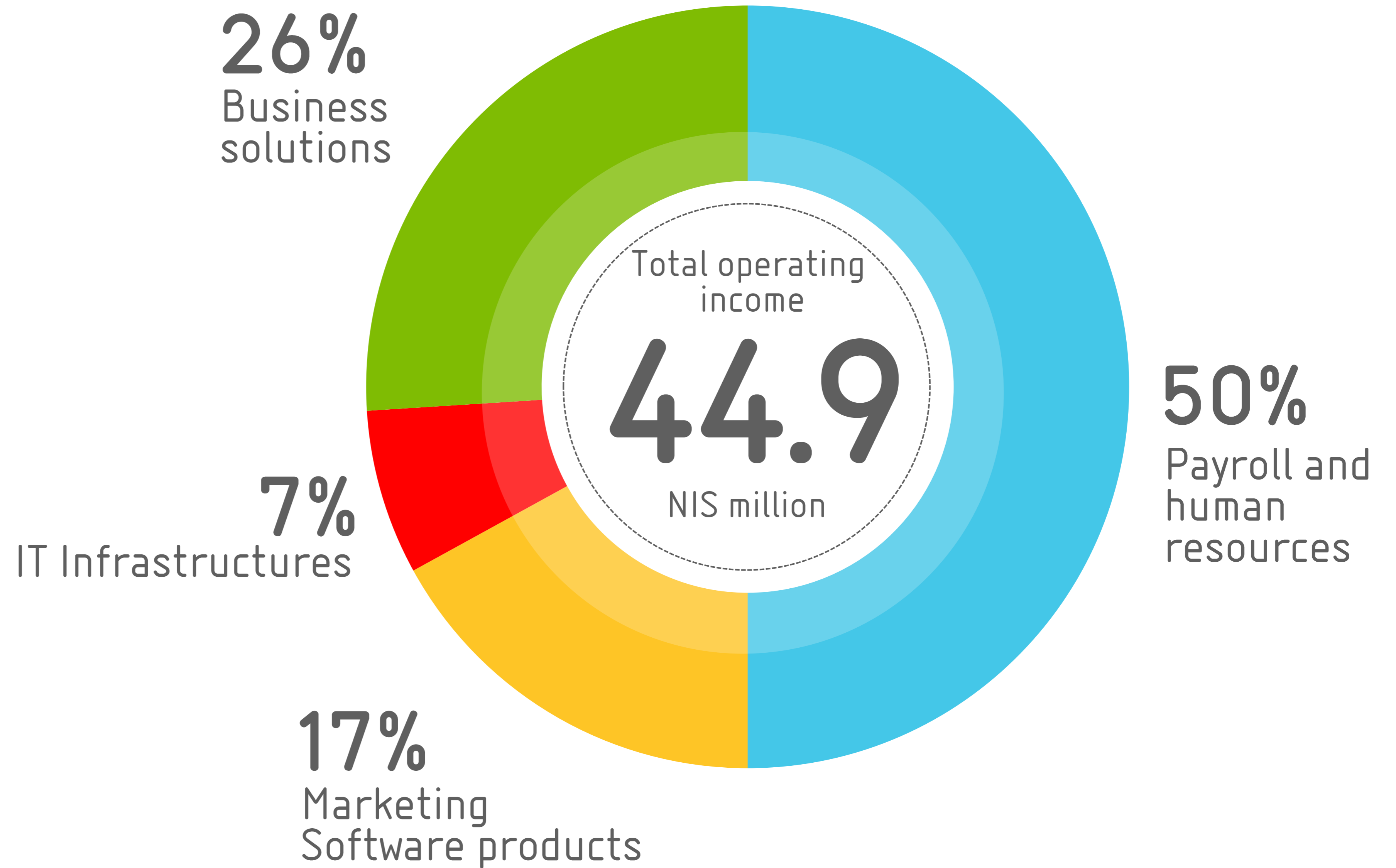
Payroll and human resources services

Business solutions





Operating  
income  
distribution  
Sectors of  
activity  
Q1 2019







Human  
resources  
and payroll  
services  
sector

Q1 2019  
(NIS million)

Revenues

67.6

NIS million

Growth



Operating  
income

22.9

NIS million

Growth



Operating  
income  
percentage  
33.9%

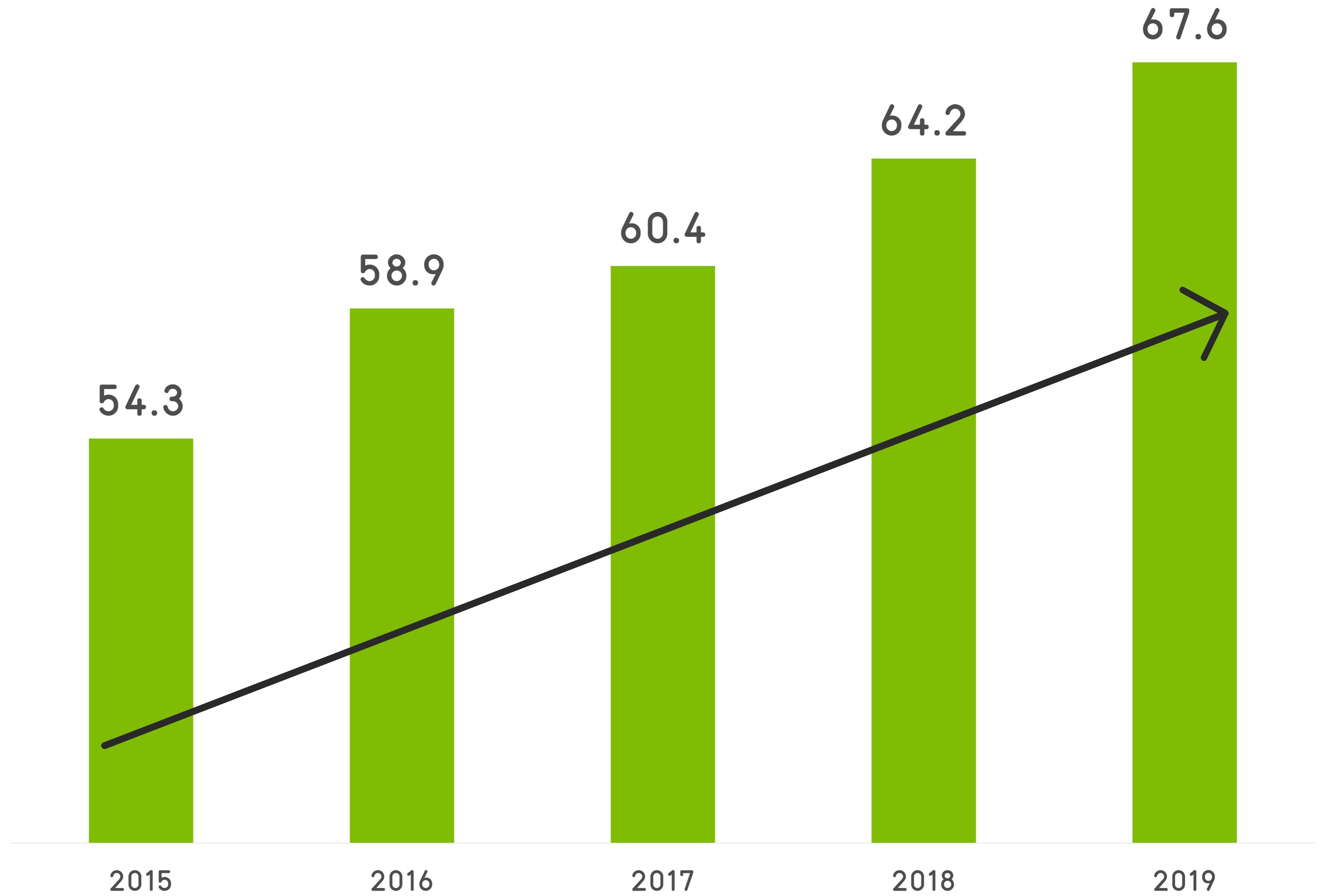
Highlights

- New customers recruited
- Expansion of value-added services to existing and new customers



# Revenue growth in HR and payroll services sector Q1

NIS million





Business  
solutions  
sector

Q1 2019  
(NIS million)

Revenues

232.9

NIS million

Growth

10.6%

Operating  
income

11.6

NIS million

Growth

15.6%

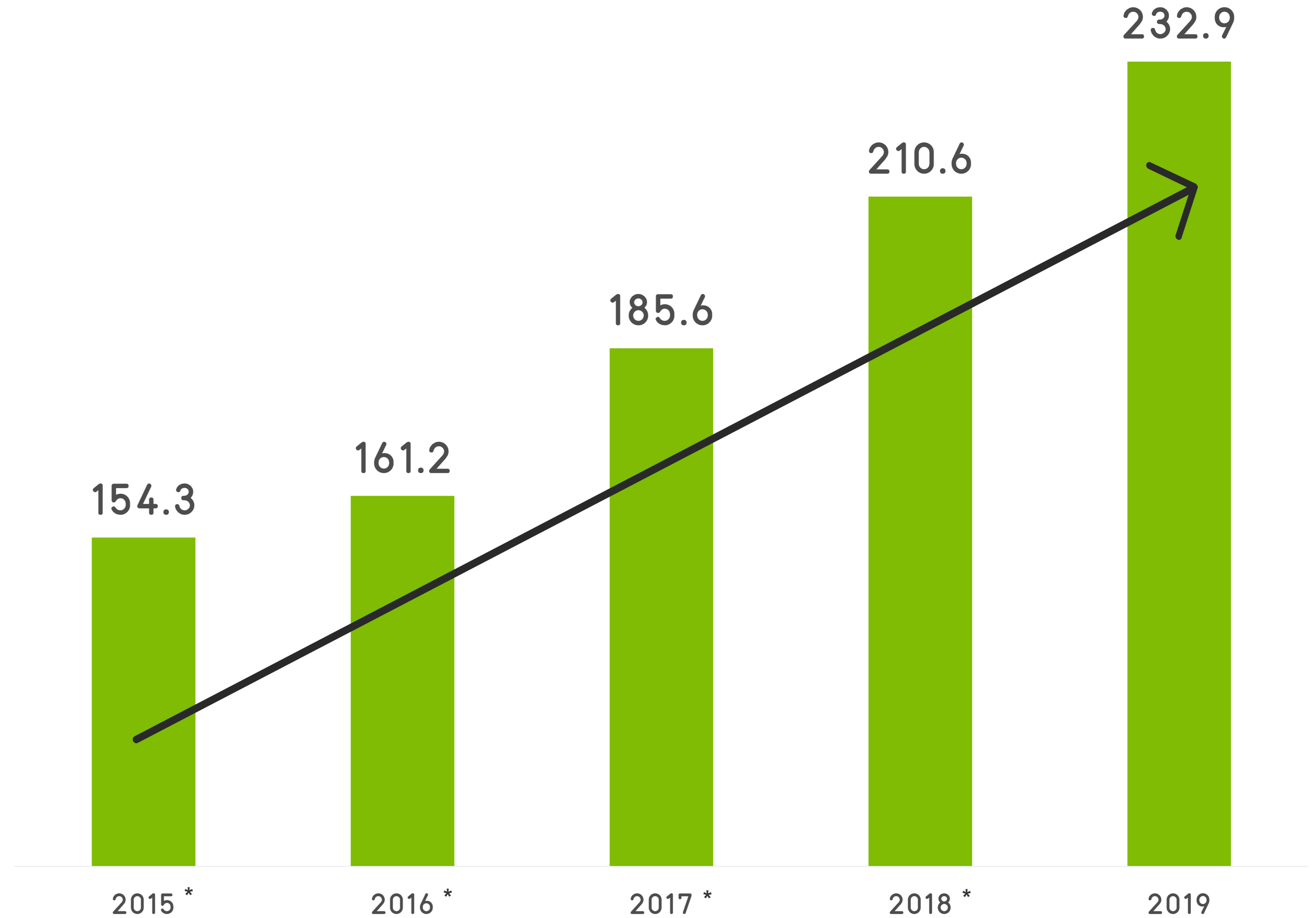
Operating  
income  
percentage  
5.0%

Highlights

- Growth in business activity with a focus on expanding activities into other sectors



Revenue  
growth  
Business  
solutions  
sector  
Q1  
NIS million



\* Reclassification



IT  
infrastructures  
sector

Q1 2019

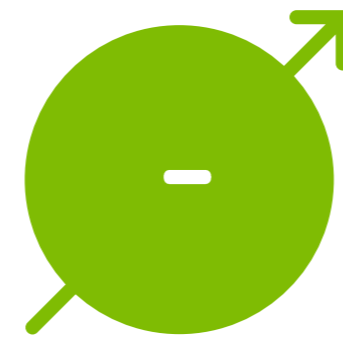
(NIS million)

Revenues

48.1

NIS million

Unchanged



Operating  
income

3.3

NIS million

Growth



Operating  
income  
percentage

6.9%

Highlights

- Focus on business activity and improved profit margins



Software  
products  
marketing  
sector

Q1 2019

(NIS million)

Revenues

51.9

NIS million

Growth

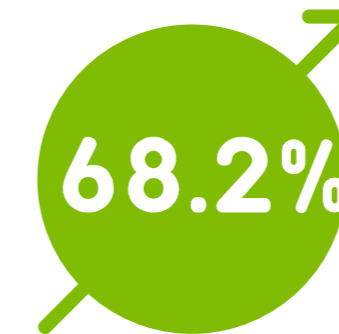


Operating  
income

7.6

NIS million

Growth



Operating  
income  
percentage  
14.6%

Highlights

- Expanding business activity and consolidation of ITway for the first time



# Main data from the profit and loss statement Q1

NIS thousands

	Q1 2019	Q1 2018	%
Revenues	399,040	358,456	11.3%
Gross profit	89,548	78,077	14.7%
Gross profit margins	22.4%	21.8%	
Operating income	44,865	38,031	18.0%
Operating income percentage	11.2%	10.6%	
Net profit	32,666	27,632	18.2%
Net profit margin	8.2%	7.7%	
EBITDA	62,365	42,996	45.0%



Impact of first implementation of the IFRS 16 lease standard – main data

	Q1.19	Q1.19 W/O IFRS 16 implementation	Change
Right-of-use assets	120,305	-	120,305
Lease liability	(122,316)	-	(122,316)
Operating income	44,865	44,415	450
Financing expenses	(1,645)	(952)	(693)
Net profit	32,666	32,464	(202)
EBITDA	62,365	51,603	10,762
Cash flow generated by operating activities	(29,457)	(39,567)	10,110
Cash flow generated by financing activities	54,053	43,205	(10,848)





# Selected financial data Q1 2019

NIS thousands



29,457

Cash flow used in  
operating activities



330,546

Shareholders' equity



174,173

Net financial debt



56,504

Cash and cash  
equivalents



1,314,452

Total assets



## Summary

Q1 results reflect Hilan's growing business activities, including growth and increase in operating income and net profit across all sectors of activity



Hilan Group

Thank you