



Hilan Group

Capital Market Presentation
May 2021

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Calling Card

-  | A leading technology services group
-  | Over 5,000 customers
-  | Approximately 4,000 employees in the Group
-  | Years of sustained organic growth beside mergers and acquisitions
-  | Two decades of consistent growth in revenues and profitability
-  | AA- rating: stable horizon Ma'alot (S&P)



Payroll
and human
resources services

Sectors of activity



Business
solutions



IT
Infrastructures



Marketing of
software products

 Revenues

Growth 2.8%
424.2

 Gross profit

Growth 0.7%
99.9

 Operating income

Growth 12.6%
50.0

 Net profit

Growth 6.8%
35.3

 EBITDA

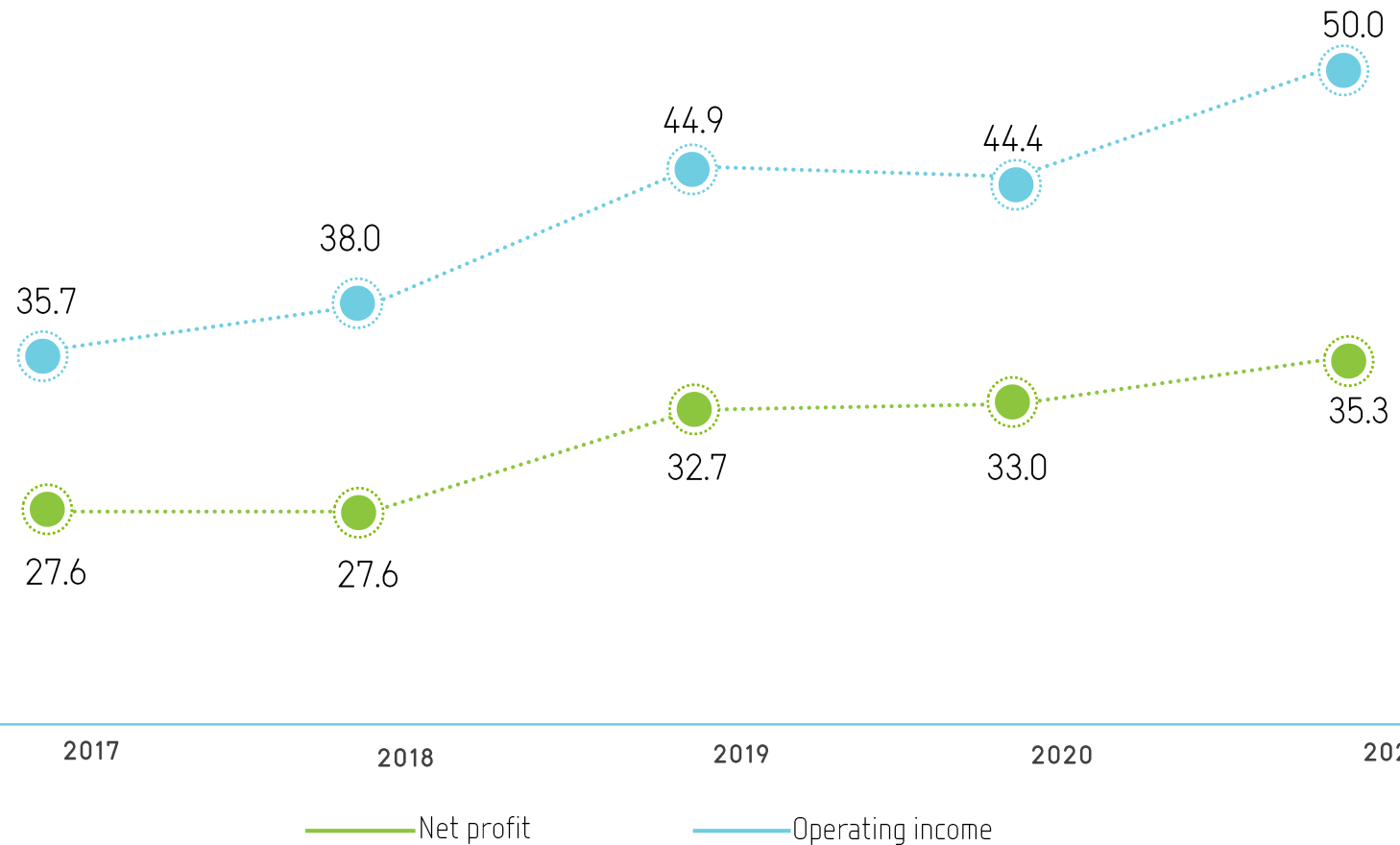
Growth 4.7%
67.8

 Operating income percentage

Last year 10.8%
11.8%

Trendline: Operating and net income (NIS million)

Q1



Highlights for report period and afterward



Growth of
approximately **12.6%**
in operating profit in Q1,
2021



Growth of
approximately **6.8%**
in net profit in Q1, 2021



EBITDA
NIS **67.8** Million
For Q1, 2021



Coped well
with the COVID-19
Pandemic and its
implications



Hybrid work
Endorsement of
hybrid work and
streamlining processes



Completion of acquisition
of the remaining **35%** of
the share capital
in Hilan Pension



Payroll and human resources services

- Business process management services in BPO mode
- Professional service center in ASP mode
- Solutions for local software on customer premises
- Payroll Management services
- T&A Management
- Human Resources management
- Pension administration
- Additional added value services



Business solutions

- Technological added value solutions
- Outsourcing and managed service solutions
- IT, Digital and innovation project solutions
- Assimilation and implementation of IT systems
- Consulting and expert services, software solutions and training
- Operation of cloud services for customers
- Software testing and performance quality
- Solutions for financial asset management for securities portfolios for the financial and business sectors in Israel



IT Infrastructures

- Sale of computing infrastructure solutions
- Managed service solutions for the public and private cloud
- Advanced information security and cybersecurity solutions



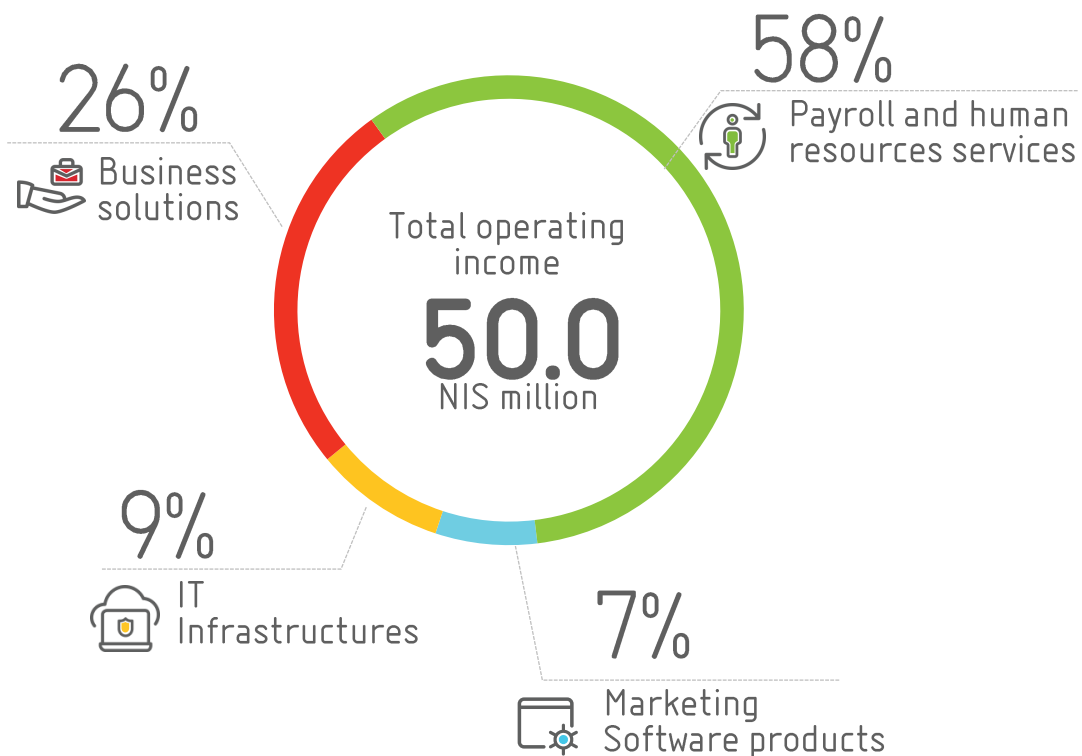
Marketing of software products

- Distribution and assimilation of software products
- Solutions in the field of Command & Control, Data, Analytics and Business Intelligence (BI), IT Infrastructure and Applications
- Document management solutions, content management, information security and cybersecurity

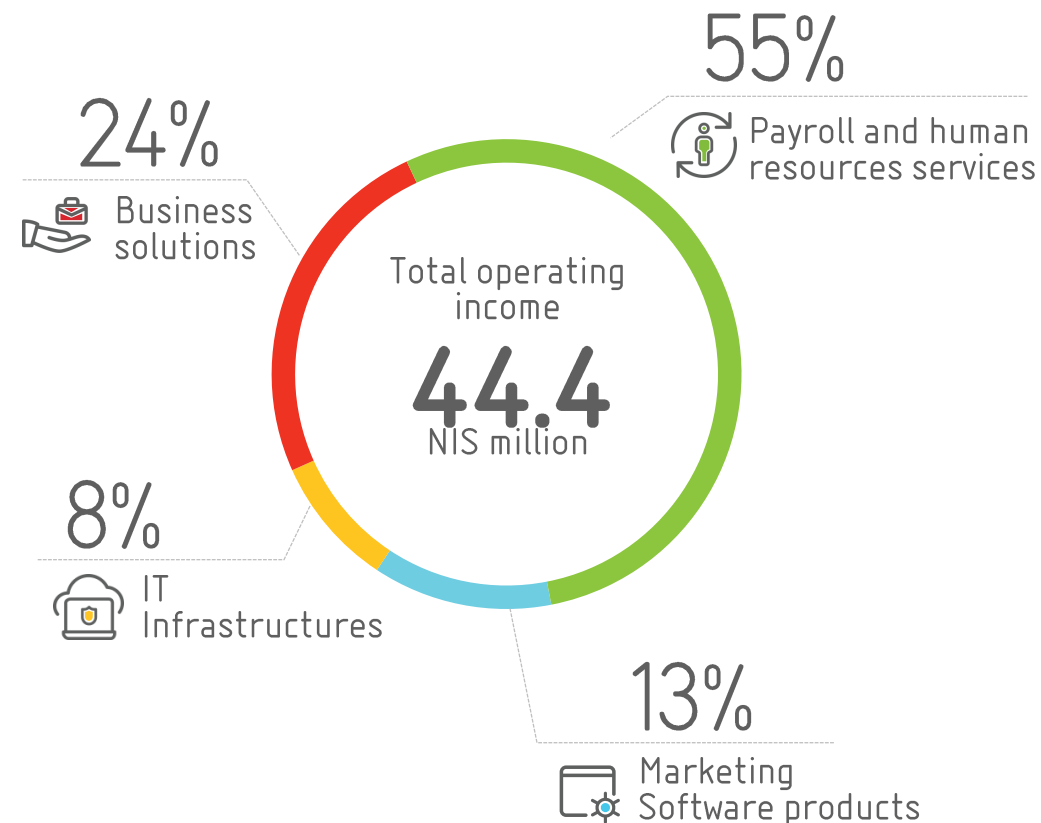


Distribution of operating income by activity sector

Q1 2021



Q1 2020



Q1 2021

Q1 2020



Revenues

86.7



Operating income

29.2



Operating income percentage

33.7%



Revenues

84.7



Operating income

24.9



Operating income percentage

29.4%



Continued growth trajectory in revenues and operating income

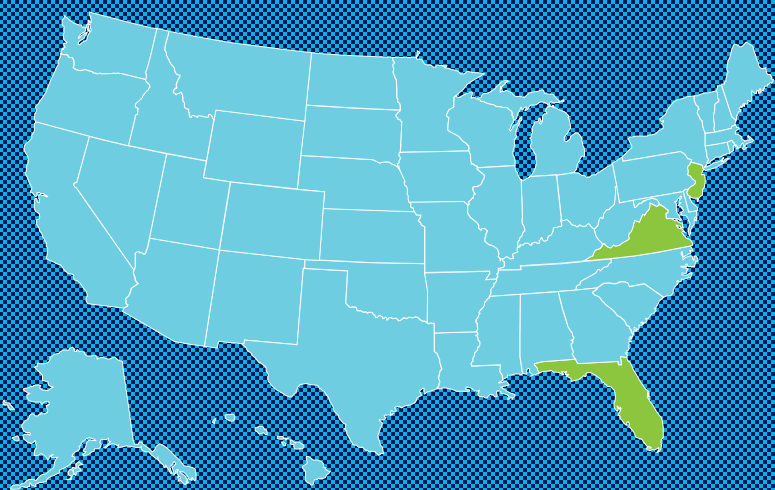


Reduction in cost of stock allocation and non-recurring costs following completion of Payday acquisition



New customers joining and continued growth in the delivery of value-added services (VAS)

United States



Revenues of
approximately

13.4 NIS million

For Q1, 2021

(approximately 13.1 NIS million
quarter on quarter)



Over
1,500
Customers



Approximately
50
Employees



Continued trend
of new customers
recruited despite
the COVID-19
Pandemic



Extensive
experience
in the Payroll and
Human Resources
Services Sector



Readiness for
further growth

Q1 2021

Q1 2020



Revenues

241.9



Operating
income

13.2



Operating
income
percentage

5.5%



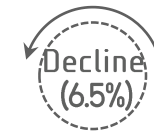
Revenues

237.9



Operating
income

10.9



Operating
income
percentage

4.6%



Revenue and profit growth despite reduction in workdays due to the timing of the Passover holidays quarter on quarter



Continued growth trend in the health sector business



Transition to hybrid work model including teleworking

Q1 2021



Revenues

46.2

Growth
11.9%



Operating
income

4.4

Growth
25.4%



Operating
income
percentage

9.5%

8.5%
Same
quarter



Revenues

41.3

Decline
(14.2%)



Operating
income

3.5

Growth
5.5%



Operating
income
percentage

8.5%

6.9%
Same
quarter

Q1 2020



Growth in demand for information security and cyber solutions



Continued trend toward change in revenue mix and transition to cloud-based managed services



The Shekel revaluation against the dollar quarter-on-quarter has eroded revenues and operating income

Q1 2021



Revenues

51.0



Operating income

3.7



Operating income percentage

7.2%



Revenues

50.5



Operating income

5.7



Operating income percentage

11.3%



Q1 2020



Erosion in income and operating income due to Shekel appreciation quarter on quarter



Continued allocation of resources toward migrating customers to cloud-based solutions and transition to a Subscription-based licensing model



Change in revenue mix, according to which the revenue component from services has seen a relative increase at the expense of the revenue component from products

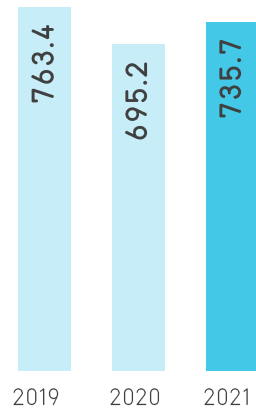
Main data from the profit and loss statement 2020 Vs 2021 (NIS million)

Q1

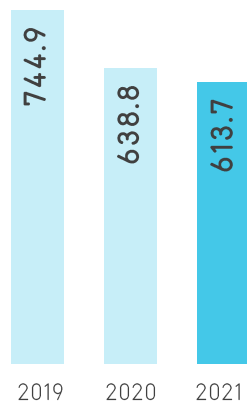
	Q1.2021	Q1.2020	Change in %
Revenues	424.2	412.7	2.8%
Gross profit	99.9	99.1	0.7%
Sales and G&A expenses	49.9	54.7	(8.9%)
Operating income	50.0	44.4	12.6%
Financing expenses, net	3.8	1.4	164.1%
Earnings before tax	46.2	43.0	7.4%
Taxes on revenues	10.9	10.0	9.6%
Net profit	35.3	33.0	6.8%
EBITDA	67.8	64.8	4.7%
Gross profit margin	23.5%	24.0%	
Operating income percentage	11.8%	10.8%	
Net profit margin	8.3%	8.0%	

Selected financial data as of March 31 (NIS million)

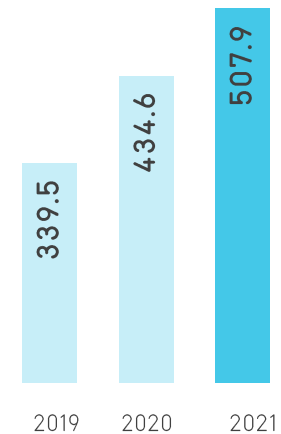
Current assets



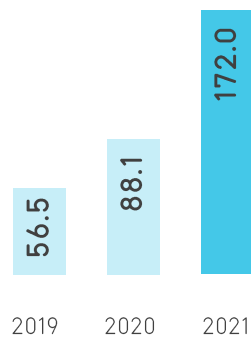
Current liabilities



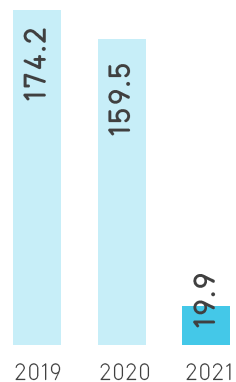
Owner's capital



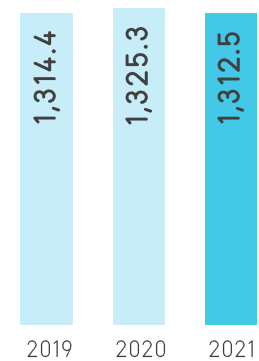
Cash and cash equivalents



Net financial debt



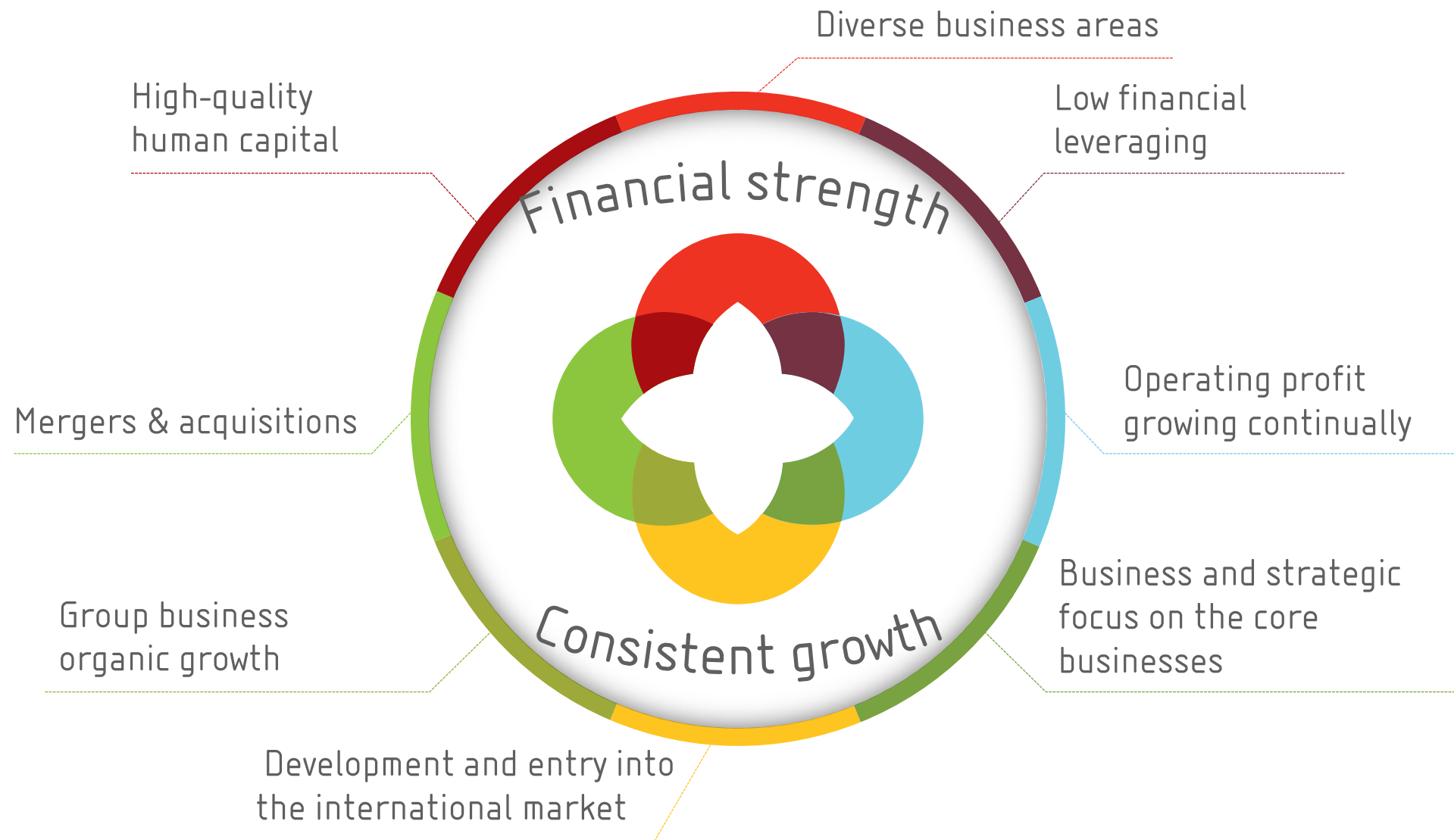
Total assets



Holdings structure



* The percentages in this slide reflect Hilan's percentage holding in the respective companies for January 2021





Hilan Group

Thank you