



Investor Presentation

Q3 2017 Results

Roni Al-Dor, CEO

Roni Giladi, CFO

Yaffa Cohen-Ifrah, CMO

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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, 2016 and subsequent reports and registration statements filed from time to time with the Securities and Exchange Commission.

Sapiens in a Nutshell

1982

Year Founded

~400

Customers

~2,500

Employees

\$216m

2016 Revenues
(non-GAAP)

\$32.5m

2016 EBITDA
(non-GAAP)

9

Acquisitions
(in 6 years)



Non-GAAP revenue (USD M)

GLOBAL PRESENCE

44% North America

15% United Kingdom

23% Rest of Europe & S. Africa

10% Israel

8% APAC



*Third quarter 2017

We offer integrated core software solutions, business services and a full digital suite for insurance carriers worldwide

Property & Casualty



Life & Annuities



Workers' Compensation



Reinsurance



Financial & Compliance





Leading Technology



Award-winning, packaged solutions

Domain Expertise



Consultative approach

End-to-End Solutions



Decades of proven project delivery

Sapiens' MISSION

Help our clients keep pace with the changes ahead and become fully digital.

Allow our clients to offer a personalized, omni-channel experience that puts them in the center.

Enable operational efficiency and agility to accelerate growth.

The Insurance Markets

Big Market

\$5,200,000,000,000

gross written premium (GWP)

Potential

Over 11,000

insurance companies globally

IT-related Investment

3-4% of GWP invested in IT

\$185B in 2017

Life - \$102B; P&C - \$83B

The Insurance IT Opportunity is Large and Growing

Sapiens' Total
Addressable Market

\$30B

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



InsurTech Investments

New Business
Models

Customer Engagement

Customer Experience

Personalization

Automation

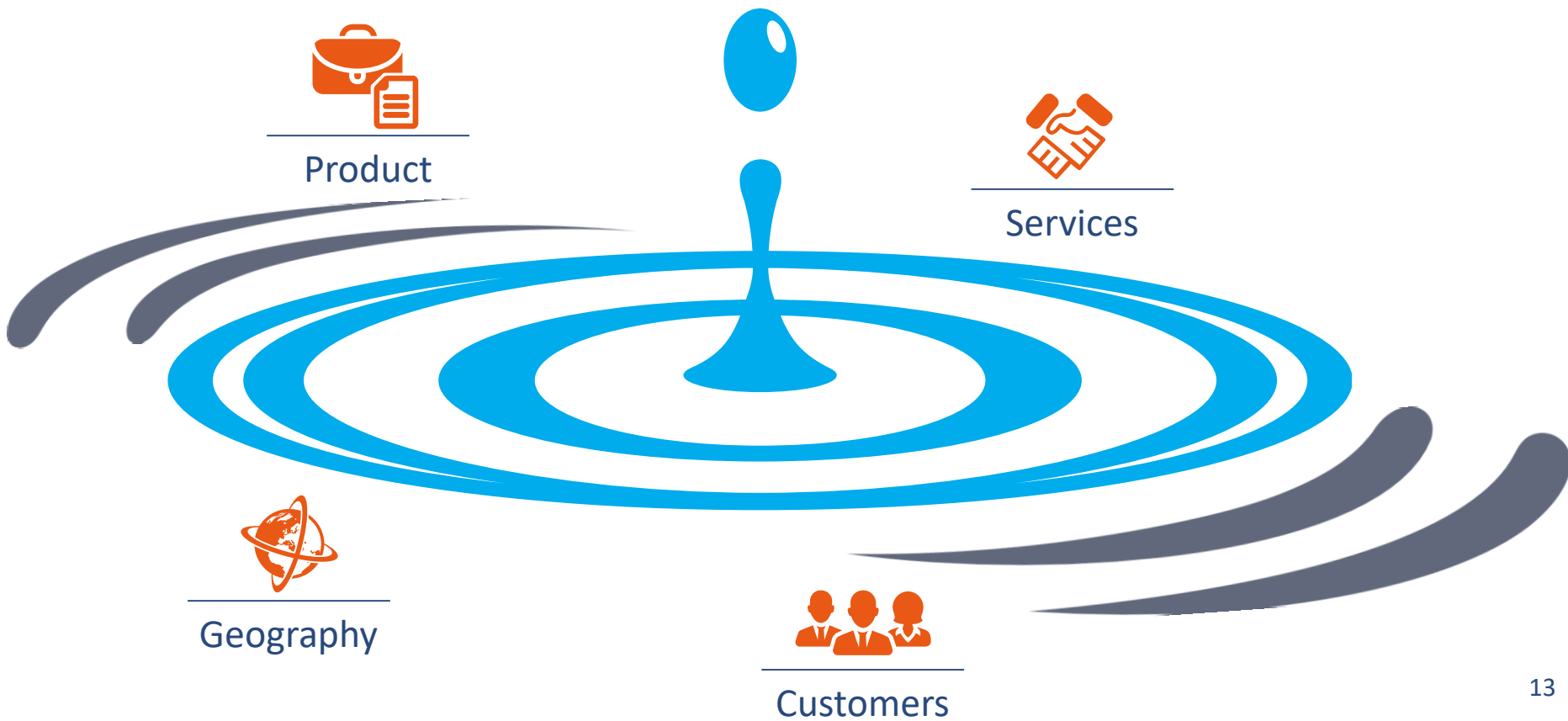
Changing Social Behavior

Machine-Learning
&
Artificial Intelligence

IoT & Wearables

Sapiens Today

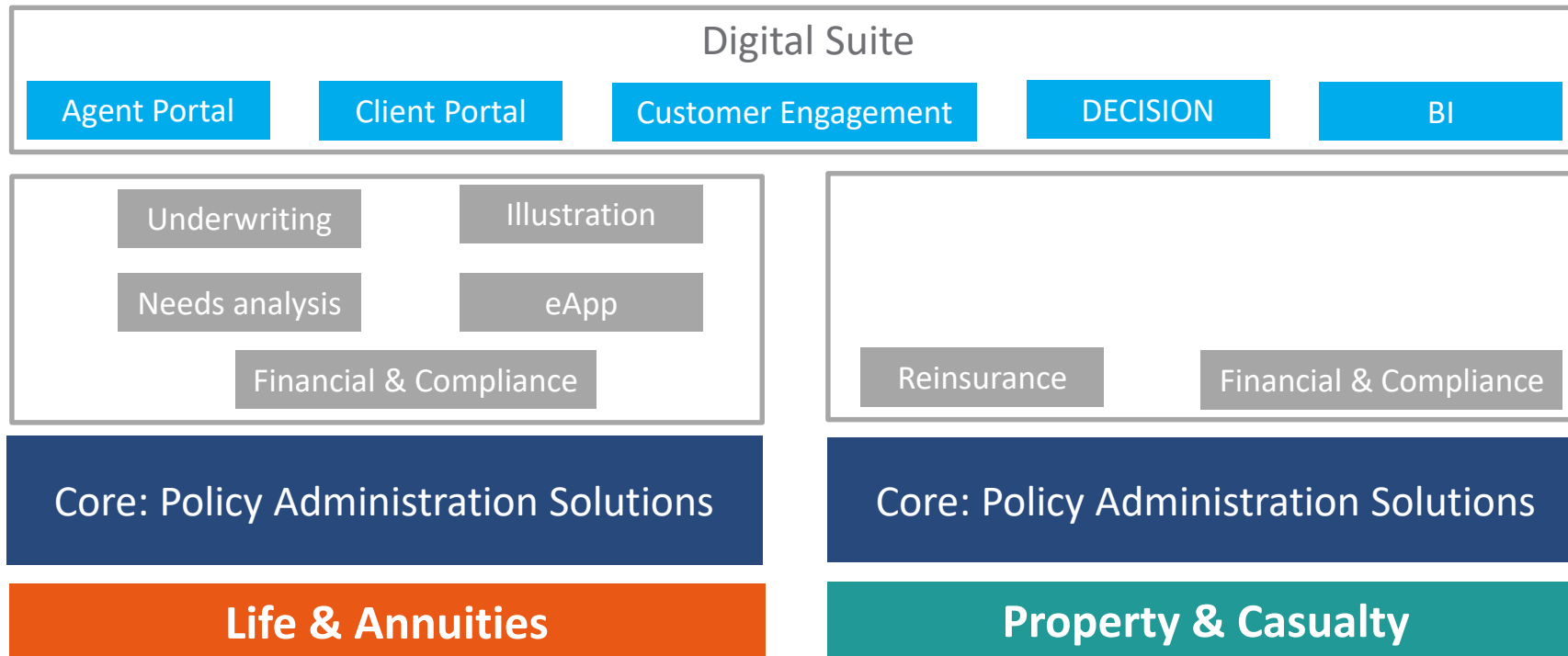
Endless Journey of Evolution



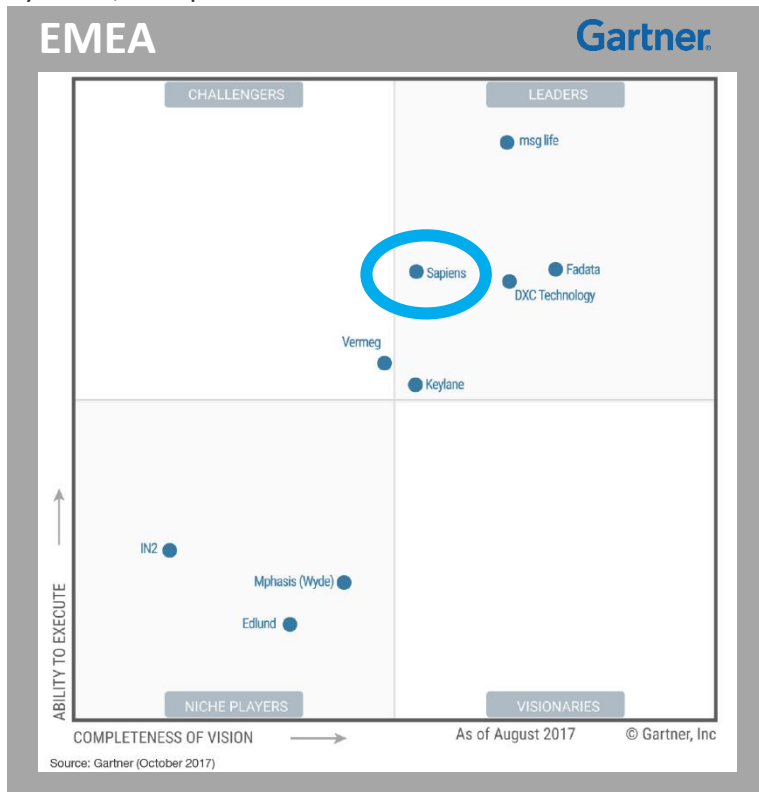
Evolution of Our Offering



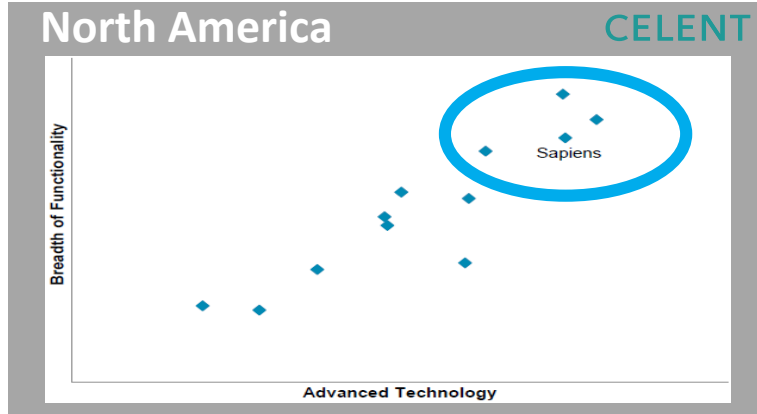
Our Offering – Insurance Software Suites



Magic Quadrant for Life Insurance Policy Administration Systems, Europe - 2017



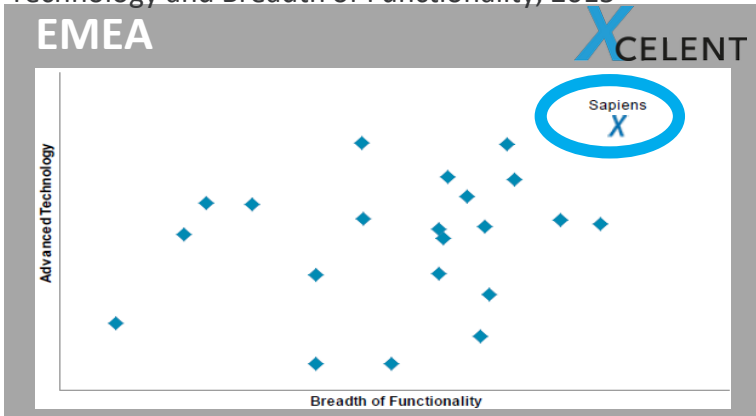
Breadth of Functionality, 2015



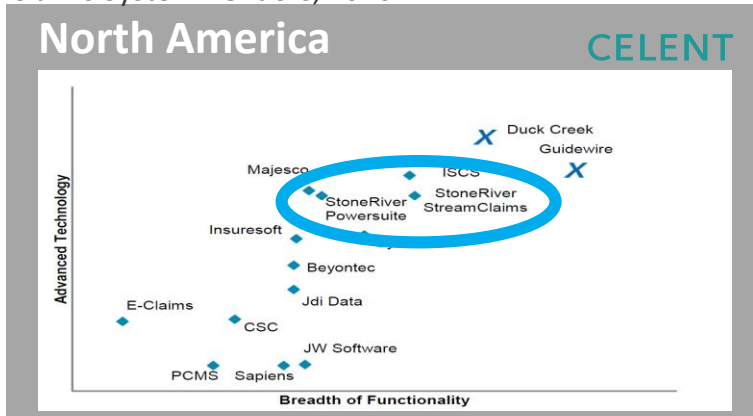
“The ALIS system has a very good user interface. It is simple for the user and flows well...The ALIS system has a graphical policy timeline that is unique and useful for a customer service representative working with a client. Sapiens is releasing new portals, which Celent reviewed, that are among the best we have seen.”

Leading Technology – P&C Solutions

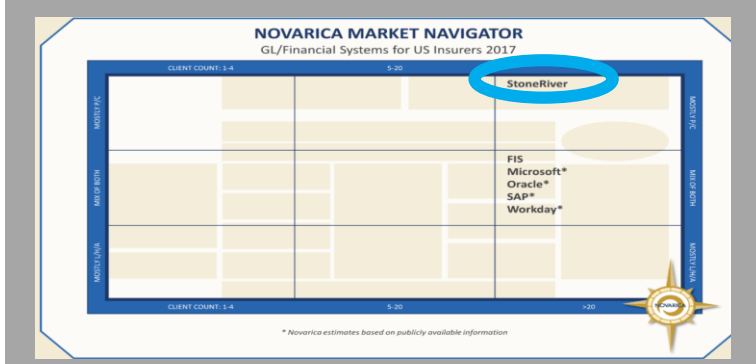
Technology and Breadth of Functionality, 2015



Claims System Vendors, 2016



North America



“Sapiens IDIT continues to offer a strong digital policy administration system for insurers globally, with strong experience across Europe.”

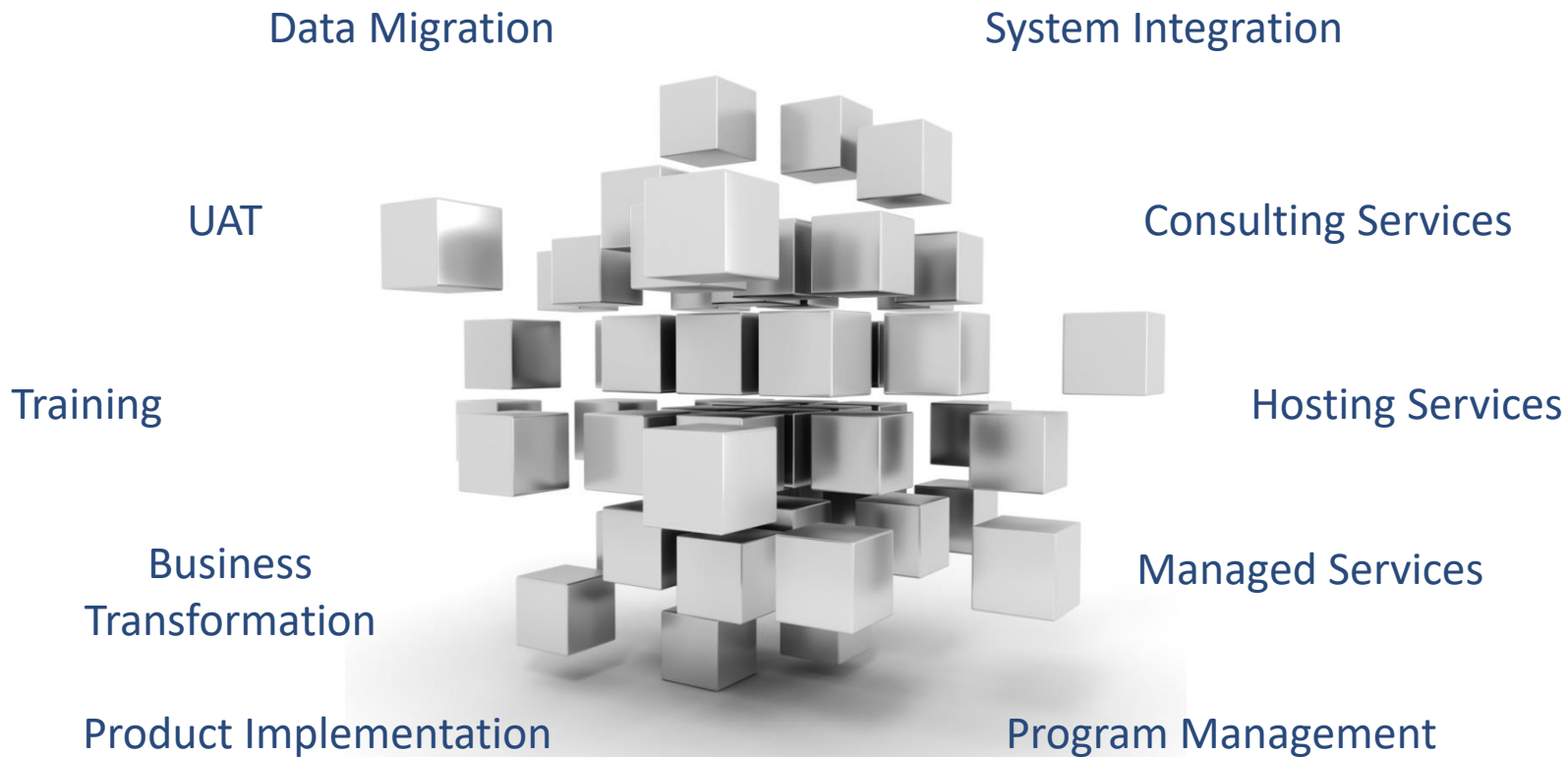
“Stream claims is views by Celent as a feature-rich solution with an intuitive configuration tool that handles all lines of business nicely.”

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

Celent research: Claims Systems Vendors, North America Property & Casualty Insurance, December 2016, Karlyn Carnahan and Donald Light

Novarica market navigator: GL/Financial Systems for U.S. Insurers, May 2017

Our Extended Service Offerings





400 Blue-Chip Global Customers

North America



UK



Continental Europe



APAC



Our Strategy

“Land and Expand” Growth Strategy



Win New
Customers



Grow with Existing
Customers



M&As



Our M&A Strategy

Growing Customer Base



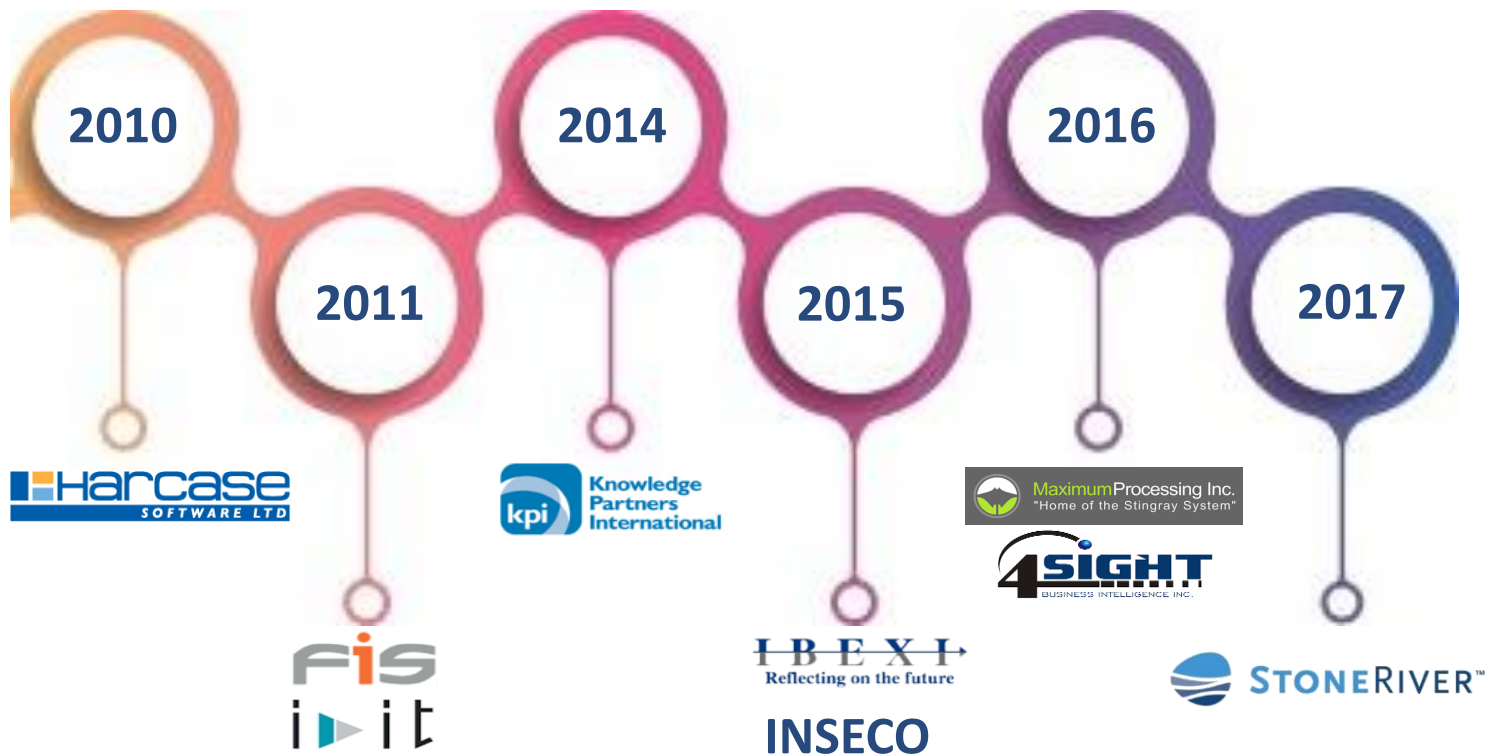
Geographic Expansion



Complementary Solutions



Sapiens Acquisitions – 2010-2017





STONERIVER

500
Professionals

Domain Expertise

200
Customers

Customer Base

Strong
U.S.
Presence

Strategic Focus

Wide Range
of
Insurance
Products

Core & Complementary
Solutions

Financials

Revenue – Continue our Growth

Non-GAAP Revenues (USD millions)

2012-2016 CAGR: 17.1%

+23% - 27%

265-275

+20.6%

216.2

+13.9%

179.3

+16.3%

157.5

+18.6%

135.4

114.2

2012

2013

2014

2015

2016

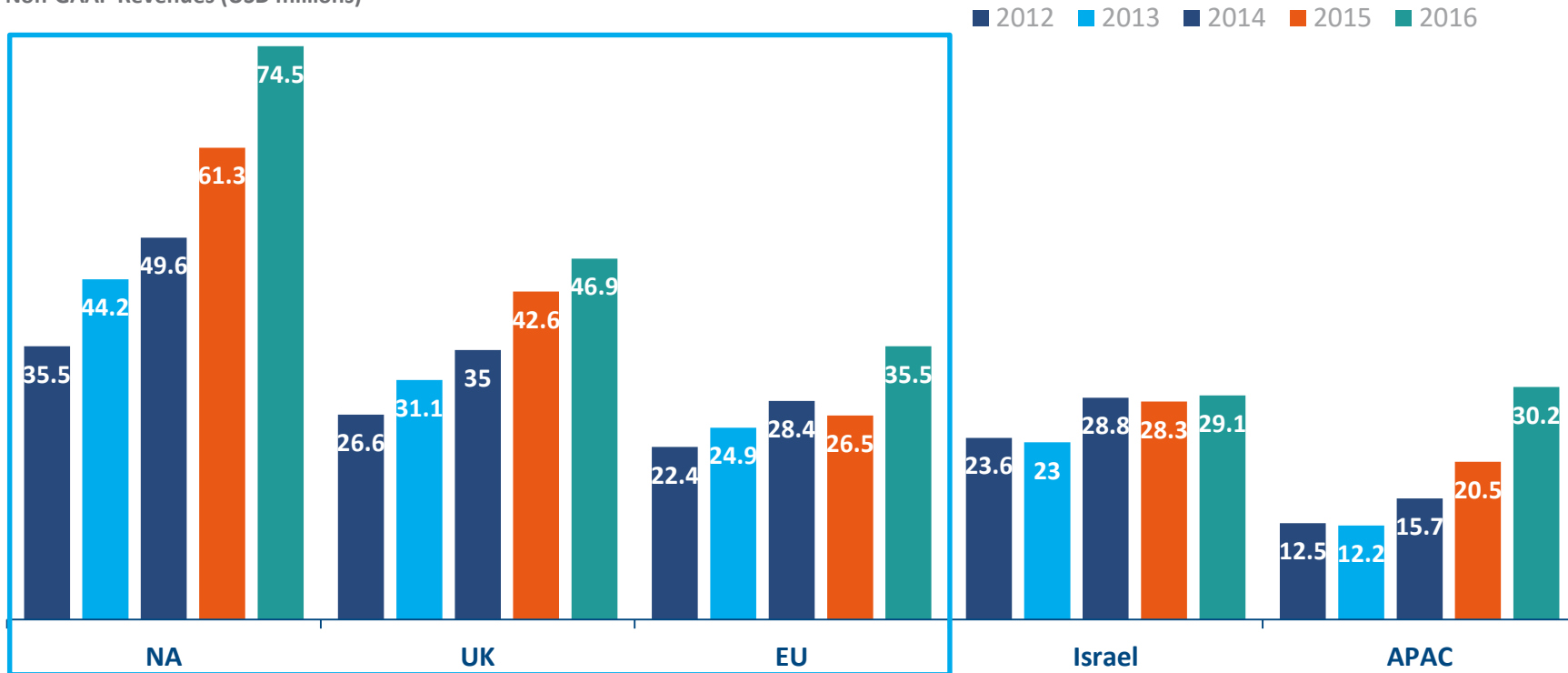
2017 Guidance

YoY Growth

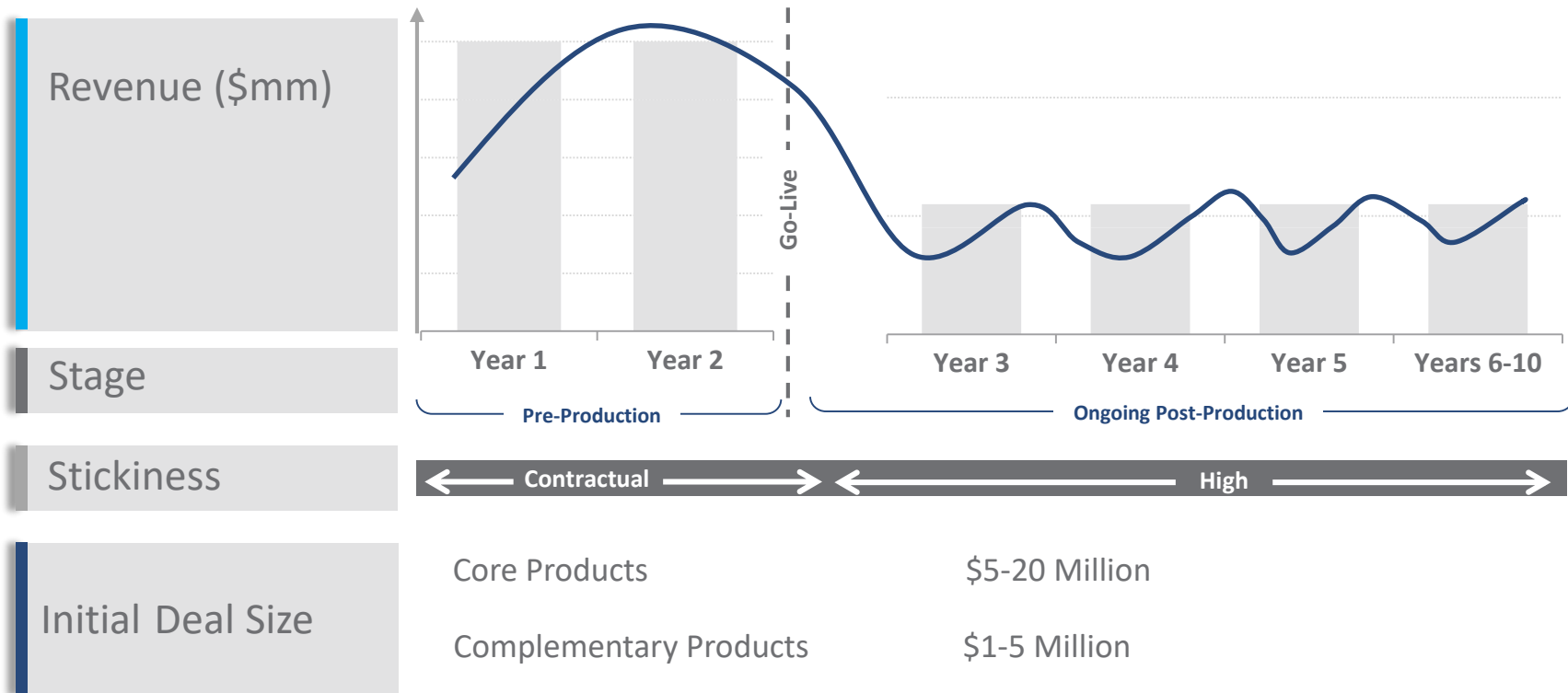
Annual Revenue by Geography

Focus on North America and Europe

Non-GAAP Revenues (USD millions)

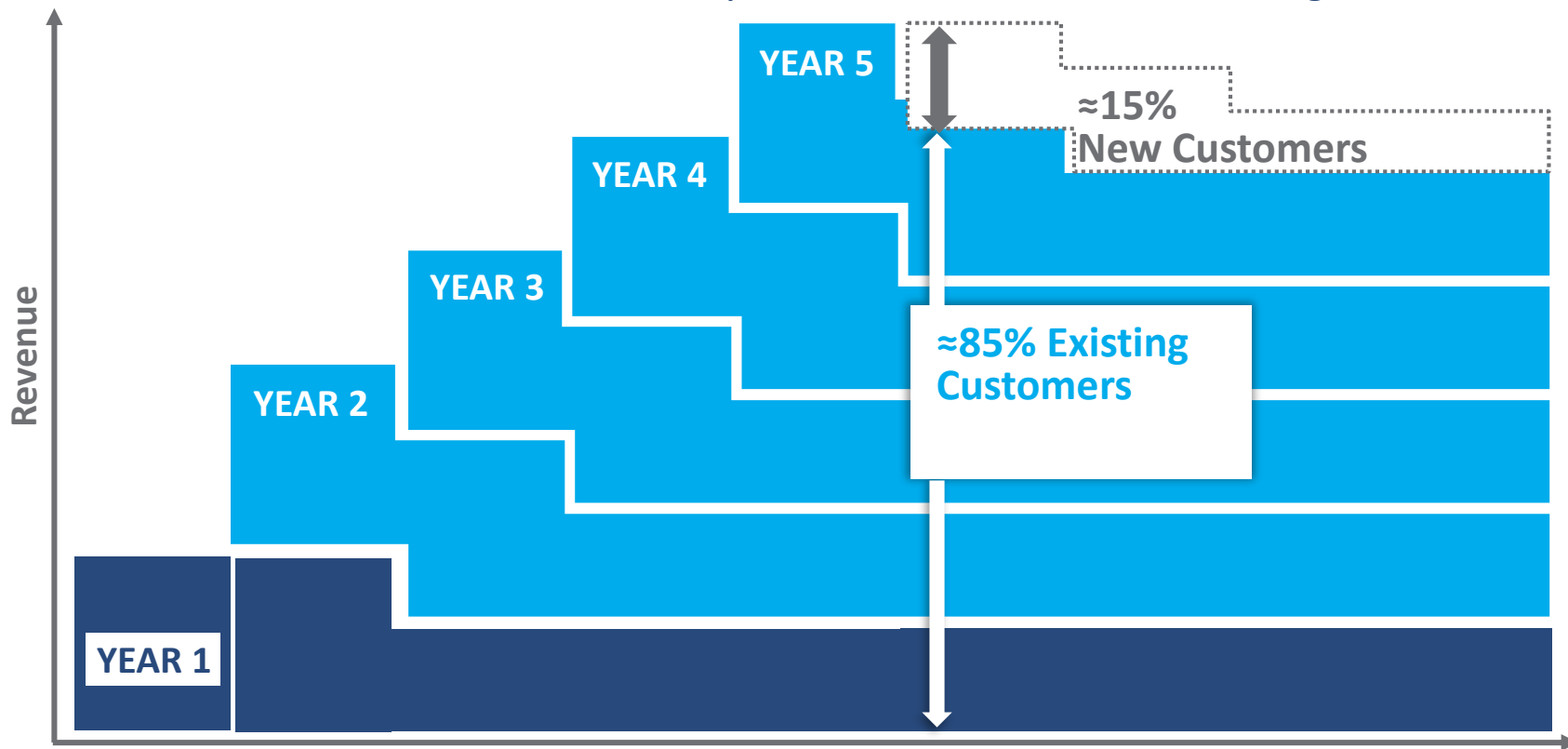


Attractive Revenue Model



Significant Visibility

Customer stickiness and layered revenue streams create significant visibility



Q3 – Non-GAAP Results

(in USD millions, except per share amount)	Q3	
	2017	2016
Revenue	73.9	56.5
Gross Profit	30.3	23.6
	41.0%	42.0%
Operational Profit	9.1	7.3
	12.4%	13.0%
Net Income	6.3	6.0
	8.5%	10.6%
Adjusted EBITDA**	10.1	8.1
Diluted EPS	0.13	0.12
Diluted Weighted Average Number of Shares	49,859	49,849

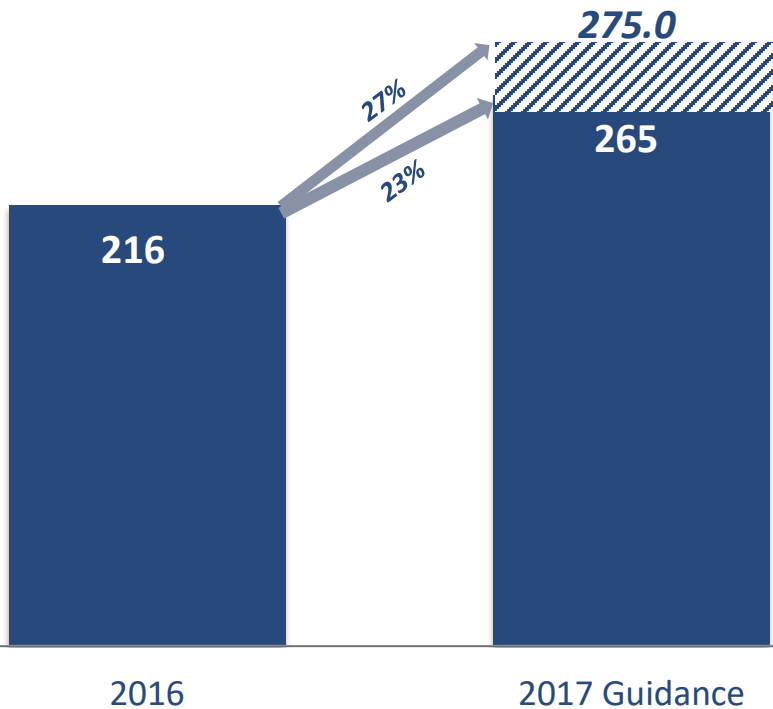
** The Company defines Adjusted EBITDA as net Profit, adjusted for stock-based compensation expense, depreciation and amortization, capitalized internal-use software development costs, amortization of internal-use software development costs interest expense, restructuring and cost reduction plan, provision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



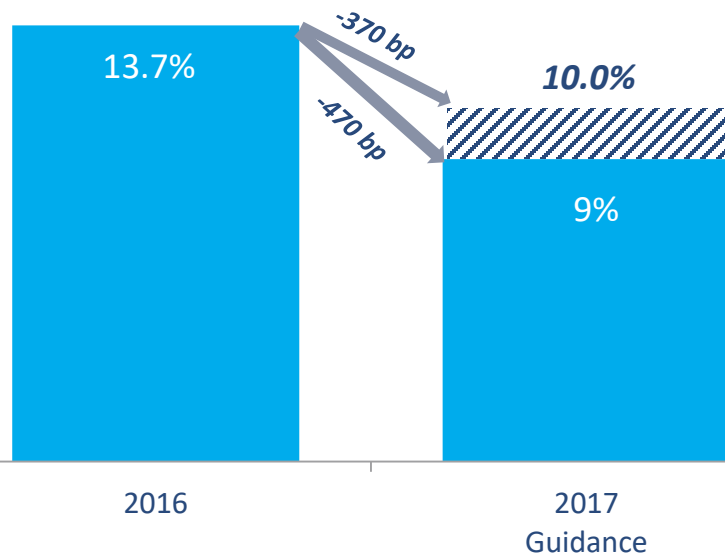
2017 Guidance

Revenue and Operational Margin Guidance

Revenue Guidance



Operational Margin Target



Investment Highlights

Financial and Investment Highlights



High growth



Recurring Revenue Model



Risk Mitigation



Global Player



Massive Market



Technology Leader



Top-Tier Customers



Proven Management



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