

Sapiens Reports Double-Digit Revenue Growth and Improved Profitability

Submitted by: Sapiens

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Uxbridge, UK, November 4, 2015 – Sapiens International Corporation, (NASDAQ and TASE: SPNS), a leading global provider of software solutions for the insurance industry, with an emerging focus on the broader financial services sector, and a member of the Formula Group (NASDAQ: FORTY and TASE: FORT), today announced its financial results for the third quarter ended September 30, 2015.

Third Quarter Highlights:

- Non-GAAP revenue of \$46.1 million, up 14.2% compared to \$40.4 million in the third quarter of 2014. Excluding the impact of foreign currency exchange rates, revenue growth was above 20%.
- Non-GAAP operating profit increased by 58.1% and totaled \$7.0 million or 15.1% operating margin, compared to \$4.4 million, or 10.9% operating margin, in the third quarter of 2014.
- Non-GAAP net income attributable to Sapiens' shareholders totaled \$5.8 million or \$0.12 per diluted share increase of 42.4% compared to \$4.1 million or \$0.08 per diluted share in the third quarter last year.
- Cash, cash equivalents and securities investments as of September 30, 2015 was \$84.8 million, the company has no debt.
- The Company reiterated full-year 2015 revenue guidance. Management expects revenues to be in a range of \$176-\$180 million.
- The company is increasing operating margin guidance to be in a range of 14.5% - 15%.

Year-to-Date Financial Highlights:

- Non-GAAP revenue increased by 12.9% to \$130.6 million from \$115.7 million in the same period of 2014.
- Non-GAAP operating profit was \$19.2 million, or 14.7% operating margin, compared to \$12.1 million, or 10.4% operating margin, in the first nine months of 2014, an increase of 59.2%.
- Non-GAAP net income attributable to Sapiens' shareholders reached \$15.8 million, compared to \$11.1 million in the year ago period, an increase of 42.6%.

"We are pleased to report another strong quarter," said Roni Al-Dor, President and CEO of Sapiens.

"Solid growth and performance across all of our offerings, and from all geographies, enabled us to deliver another quarter of double-digit revenue growth. We are seeing the benefits of our business model as our operating margins expanded as a result of fundamental improvements in our base business which have led to a more efficient cost structure. Meanwhile, we continued to improve our position in the market, the investments we have made in product innovation are proving to be instrumental in winning new and expanding footprint in existing clients. The demand for our products and services remain strong, and we are confident in our outlook for the remainder of the year."

Quarterly Results Conference Call

Sapiens management will host its earnings conference call today, November 4 at 9:30 a.m. Eastern Time (4:30 p.m. in Israel) to review and discuss Sapiens' results. Please call the following numbers (at least 10 minutes before the scheduled time) to participate:

North America (toll-free): + 1- 888-668-9141; International: + 972-3-918-0609; UK: 0-800-917-5108

The live webcast of the call can be viewed on Sapiens' website at

<http://www.sapiens.com/investors/presentations-and-webcast/>

If you are unable to join live, a replay of the call will be accessible until November 14, 2015, as follows:

North America: 1-888-295-2634; International: + 972-3-925-5904

A recorded version of the webcast will also be available via the Sapiens website, for three months at the same location.

Non-GAAP Financial Measures

This press release contains the following non-GAAP financial measures: Non-GAAP revenue, Non-GAAP gross profit, Non-GAAP operating income, Non-GAAP net income attributed to Sapiens shareholders, Non-GAAP basic and diluted earnings per share.

Sapiens believes that these non-GAAP measures of financial results provide useful information to management and investors regarding certain financial and business trends relating to Sapiens' financial condition and results of operations. The Company's management uses these non-GAAP measures to compare the Company's performance to that of prior periods for trend analyses, for purposes of determining executive and senior management incentive compensation and for budgeting and planning purposes. These measures are used in financial reports prepared for management and in quarterly financial reports presented to the Company's board of directors. The Company believes that the use of these non-GAAP financial measures provides an additional tool for investors to use in evaluating ongoing operating results and trends and in comparing the Company's financial measures with other software companies, many of which present similar non-GAAP financial measures to investors.

Management of the Company does not consider these non-GAAP measures in isolation or as an alternative to financial measures determined in accordance with GAAP. The principal limitation of these non-GAAP financial measures is that they exclude significant expenses and income that are required by GAAP to be recorded in the Company's financial statements. In addition, they are subject to inherent limitations as they reflect the exercise of judgment by management about which expenses and income are excluded or included in determining these non-GAAP financial measures. In order to compensate for these limitations, management presents non-GAAP financial measures in connection with GAAP results. Sapiens urges investors to review the reconciliation of its non-GAAP financial measures to the comparable GAAP financial measures, which it includes in press releases announcing quarterly financial results, including this press release, and not to rely on any single financial measure to evaluate the Company's business. In addition, the Company adjusted revenues and expenses, recorded under US GAAP, of pre-acquisition date in respect of acquired business from its ultimate parent company. As this transaction is between companies under common control, under US GAAP, it was accounted for under the pooling of interest method. For non-GAAP measurement purposes, the Company excludes the pre-acquisition date revenues and expenses. Reconciliation tables of the most comparable GAAP financial measures to the non-GAAP financial measures used in this press release are included with the financial tables of this release.

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, compensation expenses related to acquisition, pre-acquisition revenues and expenses accounted under pooling of interest method, provision for income taxes and other income (expenses). These amounts are often excluded by other companies to help investors understand the operational performance of their business. The Company uses Adjusted EBITDA as a measurement of its operating performance because it assists in comparing the operating performance on a consistent basis by removing the impact of certain non-cash and non-operating items. Adjusted EBITDA reflect an additional way of viewing aspects of the operations that the Company believes, when viewed

with the GAAP results and the accompanying reconciliations to corresponding GAAP financial measures provide a more complete understanding of factors and trends affecting its business.

About Sapiens

Sapiens International Corporation (NASDAQ and TASE: SPNS) is a leading global provider of software solutions for the insurance industry, with an emerging focus on the broader financial services sector. We offer core, end-to-end solutions to the global general insurance, property and casualty, life, pension and annuities, and retirement markets, as well as business decision management software. We have a track record of over 30 years in delivering superior software solutions to more than 170 financial services organizations. The Sapiens team of approximately 1,500 professionals operates through our fully-owned subsidiaries in North America, the United Kingdom, EMEA and Asia Pacific. For more information: Sapiens (<http://www.sapiens.com>)

Forward Looking Statement

Some of the statements in this press release may 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, please 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, 2014, and subsequent reports and registration statements filed from time to time with the Securities and Exchange Commission.

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