



**LOGO**

**Investor presentation**

**May 2020**

# Disclaimer

This presentation contains information and analysis on financial statements as well as forward-looking statements that reflect Logo management's current views with respect to certain future events. Although it is believed that the information and analysis are correct and expectations reflected in these statements are reasonable, they may be affected by a variety of variables and changes in underlying assumptions that could cause actual results to differ materially. Neither Logo nor any of its managers or employees nor any other person shall have any liability whatsoever for any loss arising from the use of this presentation.

# Logo at a glance



Enterprise  
Application  
Software (EAS)  
Company



Local leader  
in Turkey and  
Romania



Active in  
India  
through a JV



41%  
IFRS revenue  
CAGR  
in 2009-2019



422 mn TL  
2019  
revenues



56%  
Recurring  
revenue base



Growing SaaS  
business



Dedicated  
R&D spending



1.200+  
employees



44%  
women  
employees



5.000+  
people in  
ecosystem



90.000+  
active  
customers

# Key investment highlights



Solid growth



Leading provider of EAS solutions



High profitability



Extensive product suit



Latest technology



Largest business partner network in Turkey / 800+

International expansion in emerging markets

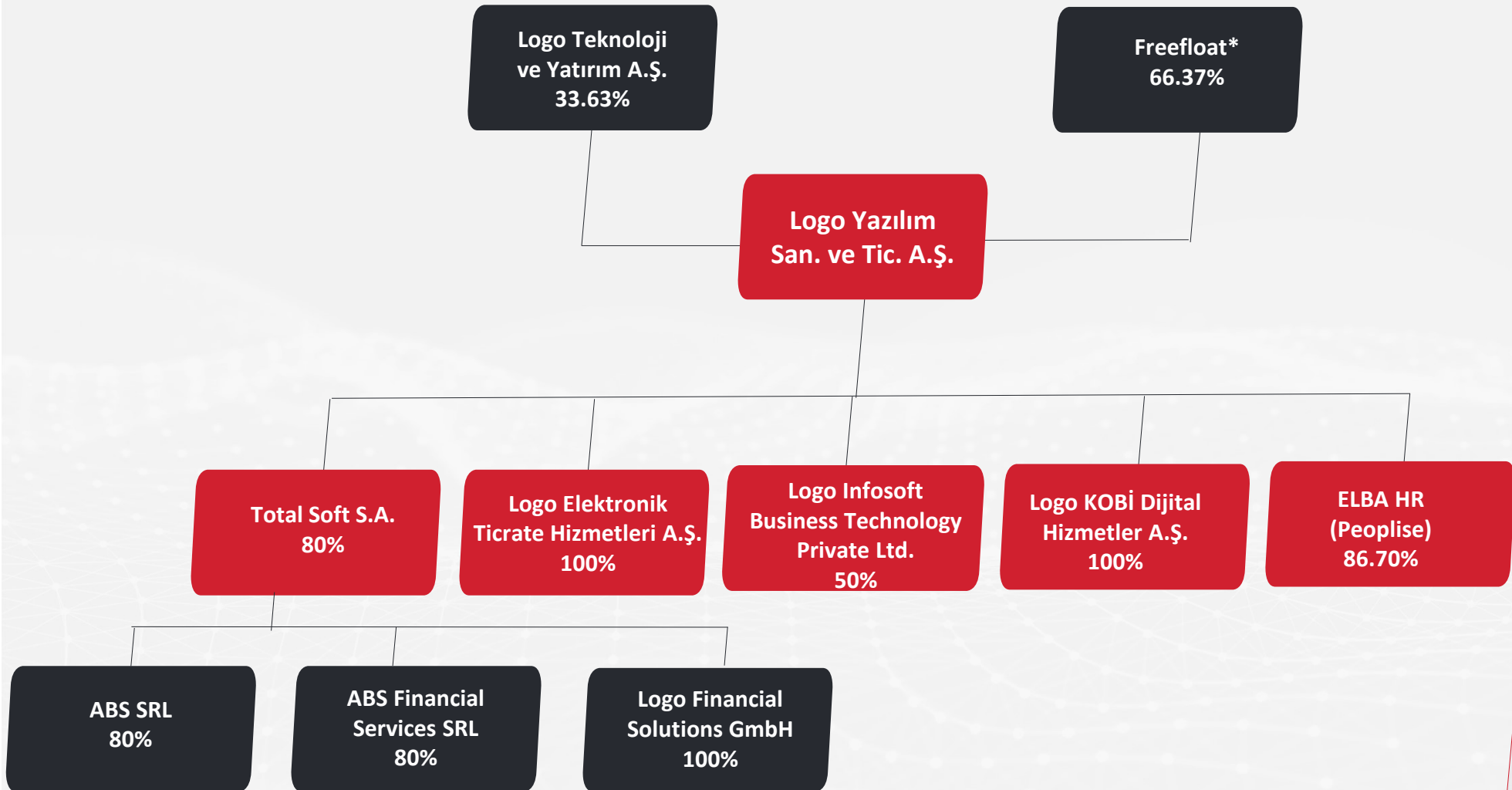


Most valuable IT brand\*

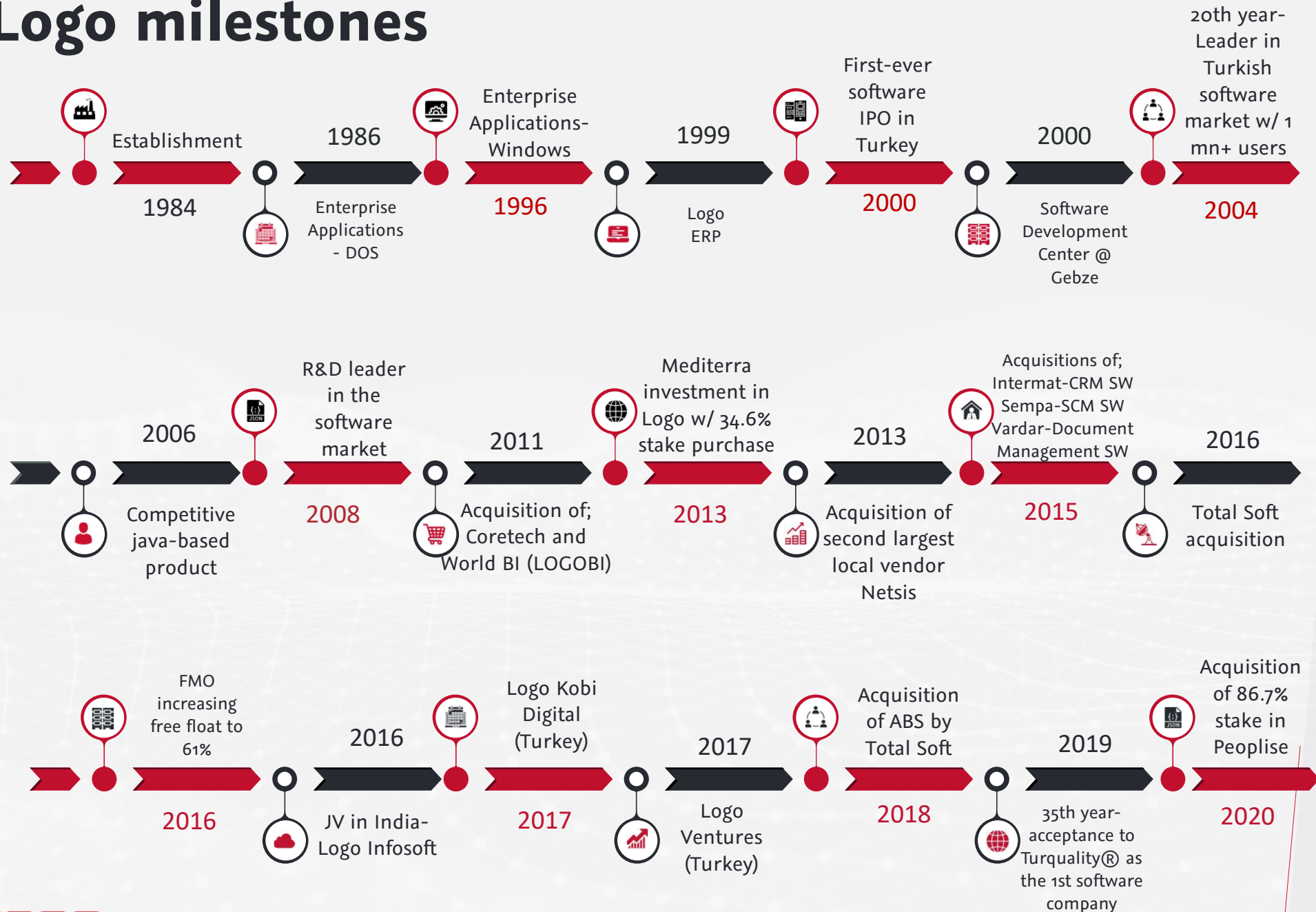




# Shareholder structure

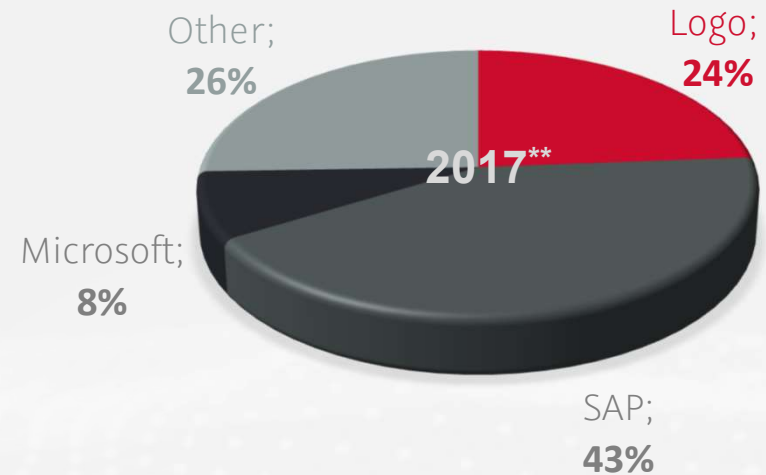
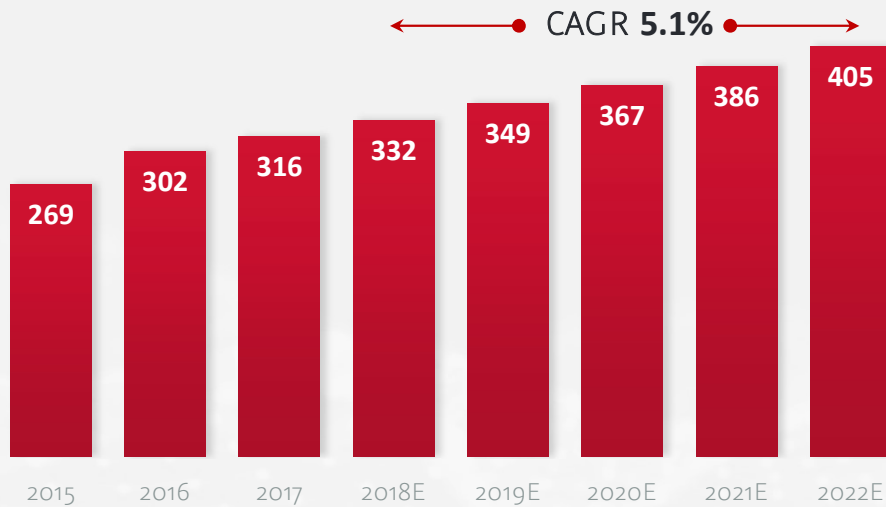


# Logo milestones



# Turkish EAS market and Logo market share

Turkish EAS market is expected to have robust growth\* (\$mn)



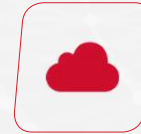
SMEs lead software market growth



Government push for digitalisation



Lower ERP penetration compared to EU



Enterprise cloud adoption will be on the rise and big data will be one of the fastest growing fields



Potential pricing upside



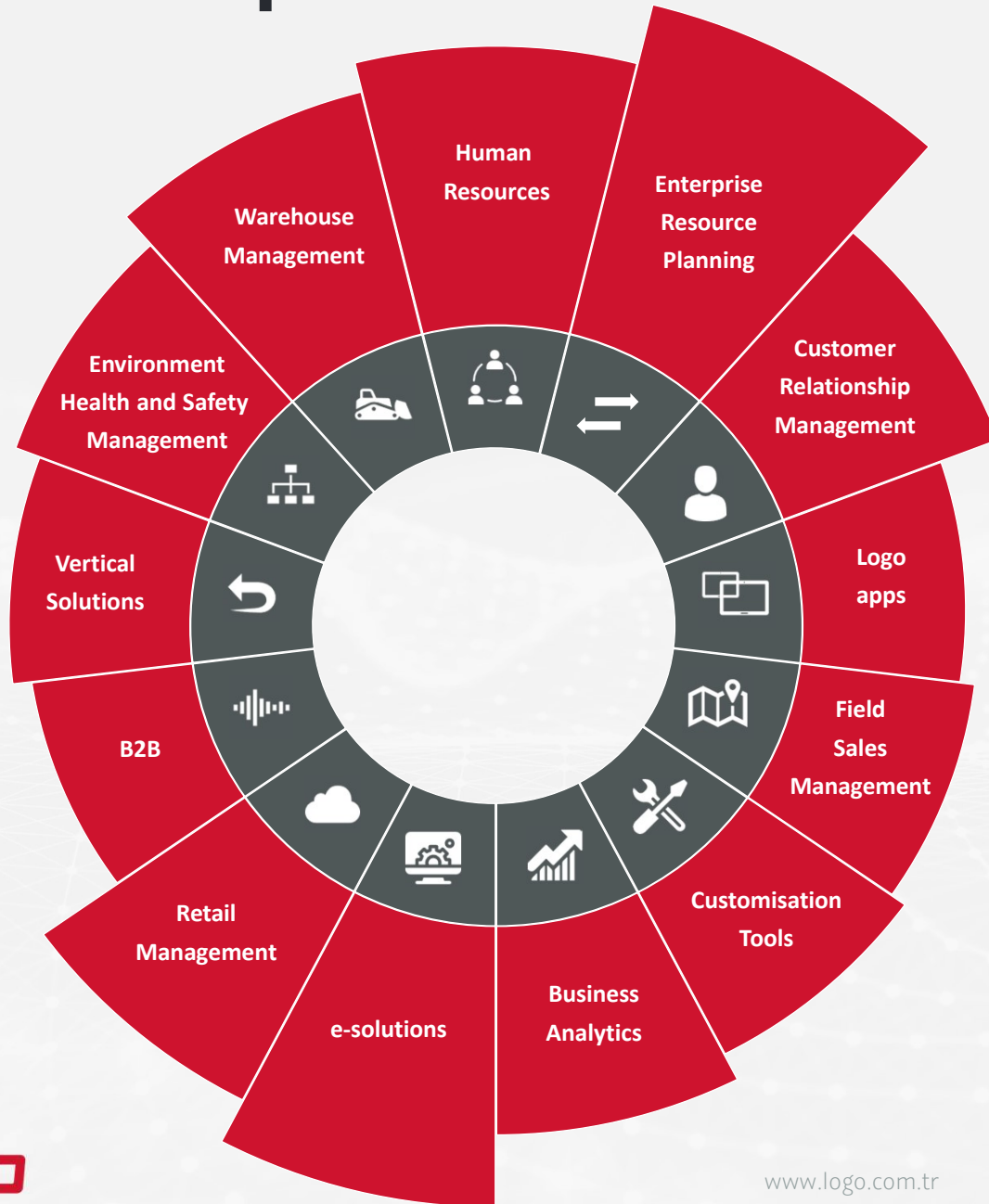
Digitalization becoming more of an obligation than choice post Covid



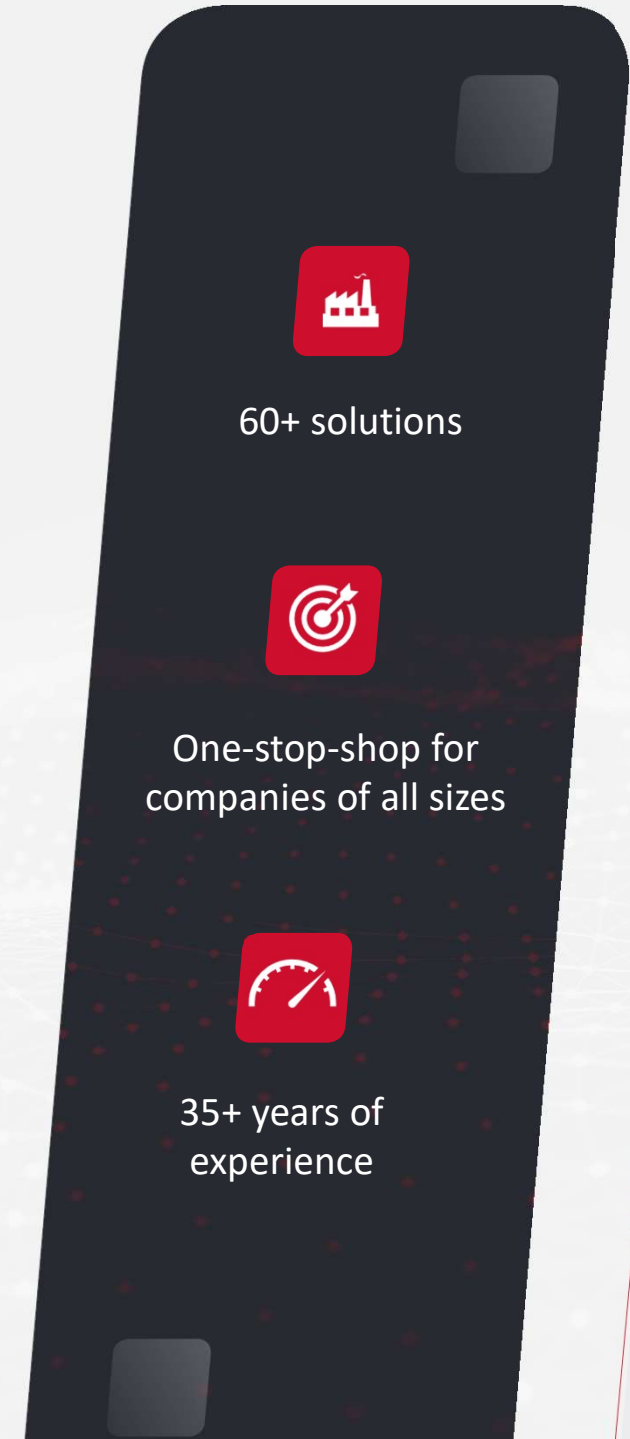
\*Based on IDC.  
\*\*Based on IDC and Logo management estimations. Market share excluding cloud EAS and e-government revenues.

[www.logo.com.tr](http://www.logo.com.tr)

# Extensive product suite

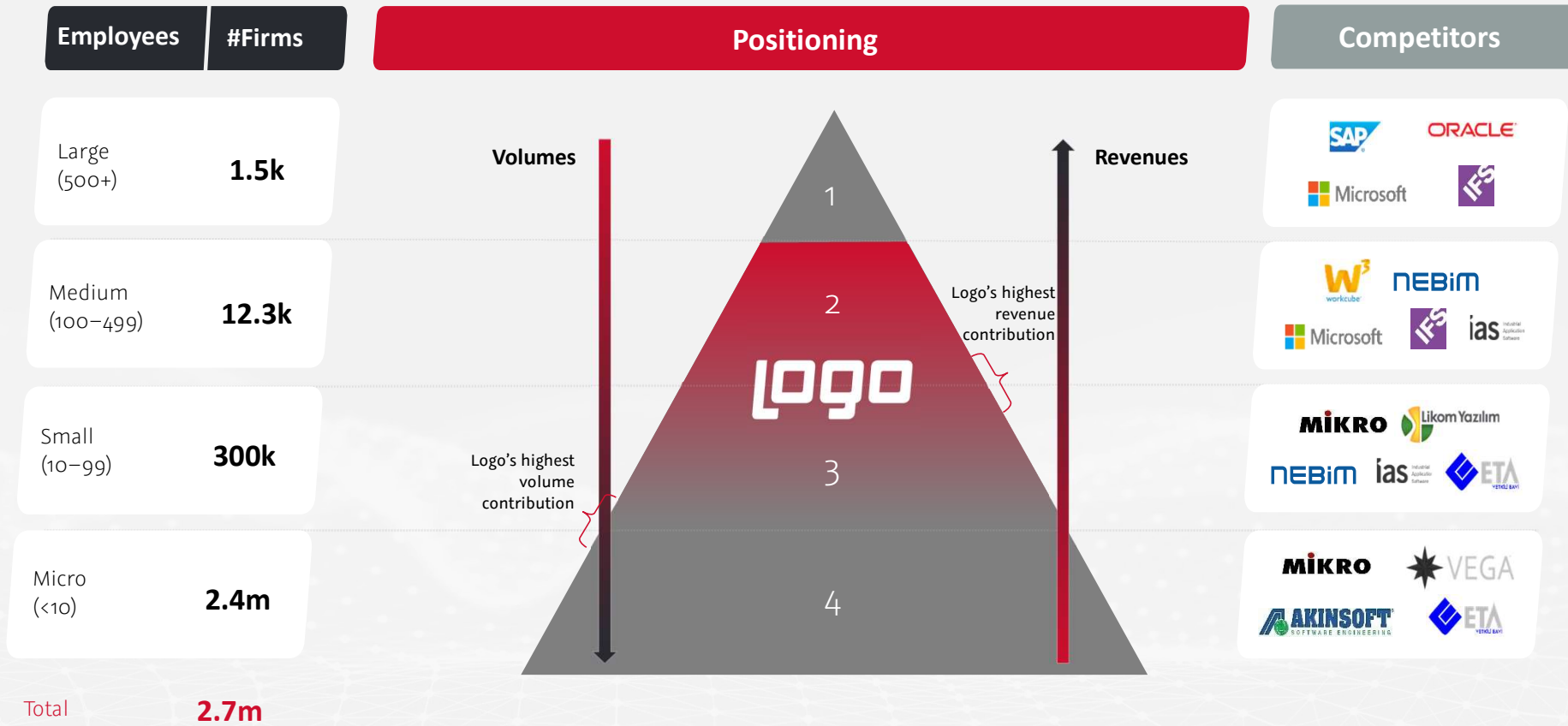


[www.logo.com.tr](http://www.logo.com.tr)





# Logo Turkey's product portfolio from micro to large corporates



**1**

- Higher presence of large incumbents that do not have SME tailored products
- Low volume, high penetration region

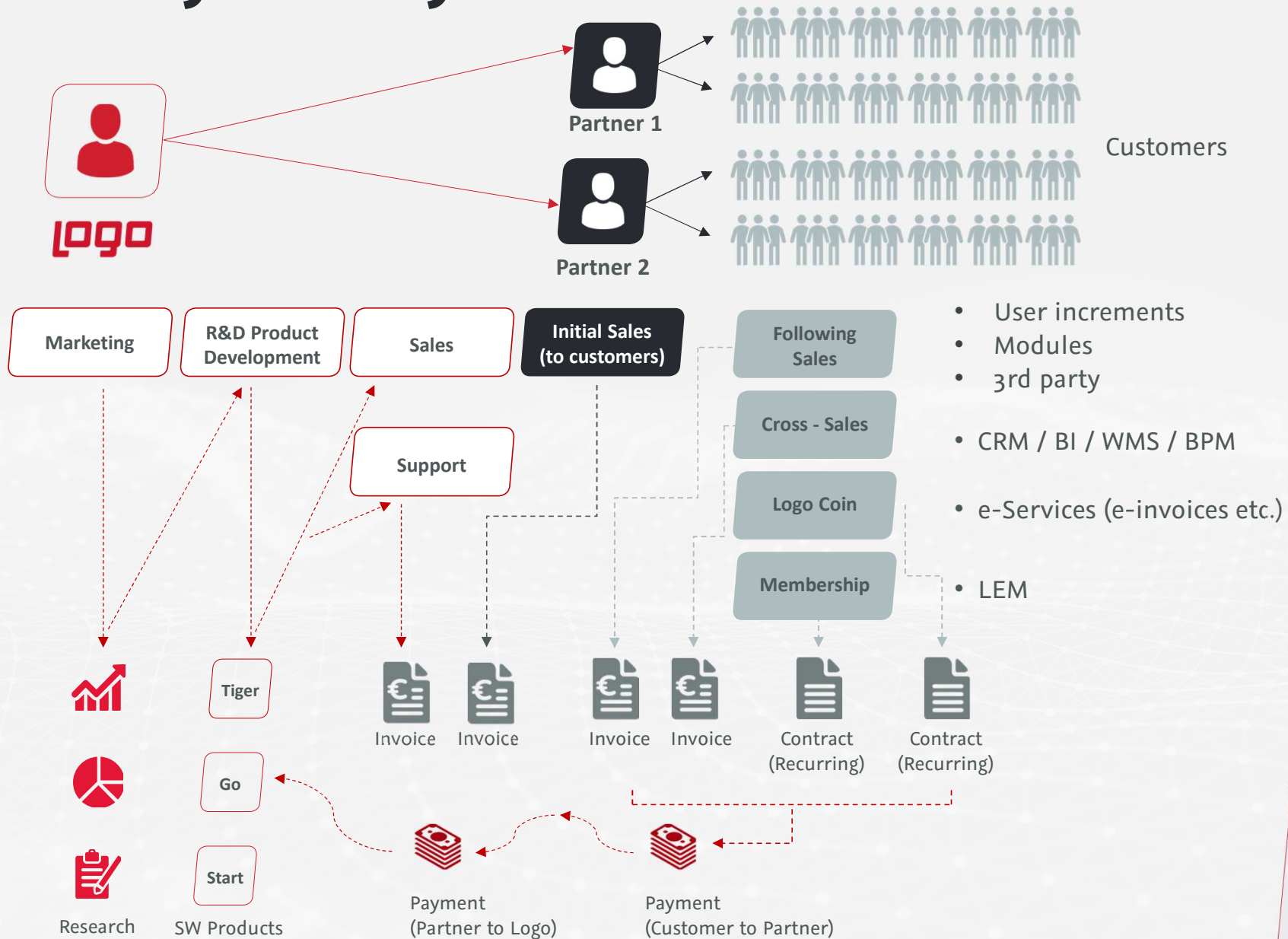
**2-3**

- Market leadership with highest number of customers in Turkey
- Tailored SME products with local know-how

**4**

- High growth potential area
- Next largest competitor is a local Turkish player with c. 1/5th of Logo's market share by revenue

# Logo Turkey sales cycle



# Competitive advantages of Logo Turkey

1

## Robust product suite

- Best suited to local market legislations and business practices
- Lower total cost of ownership
- Attractive price point, simple maintenance and easy implementation
- Best-in-class technology and adaptive to trends

2

## Extensive distribution network

- Large network of 800+ BPs and c. 5,000 sales and implementation team members
- All BPs exclusively sell Logo software products creating high barriers of entry
- 50% of BPs have tenure longer than 10 years
- No BP with over 1-2% of sales

3

## Strong brand

- Trusted brand with >30yrs of presence
- Positive perception of Logo products across the board
- Upsell opportunities to large passive customer base of c. 100k
- Strong advocates of Logo products

Appeals to customer base

Rapid growth in total & recurring revenues

Increased opportunity to cross-sell

Low churn

Economies of scale

# Major recurring revenue streams of Logo Turkey

LEM – Logo Enterprise Membership

Pay as you go – Logo coins



License  
maintenance



4000  
new features  
added in 2019

28%

Revenue  
CAGR in  
2015-2019



Version  
releases



New features



Regulatory  
changes

38%

share in  
recurring  
revenues in  
2019



7 version  
releases in  
2019

Market

leader in  
e-government  
solutions



32,000+  
customers



e-invoice  
e-archive  
e-ledger  
e-dispatch

43%

Logo Coin  
Revenue  
CAGR in  
2015-2019

28%

share in  
recurring  
revenues in  
2019

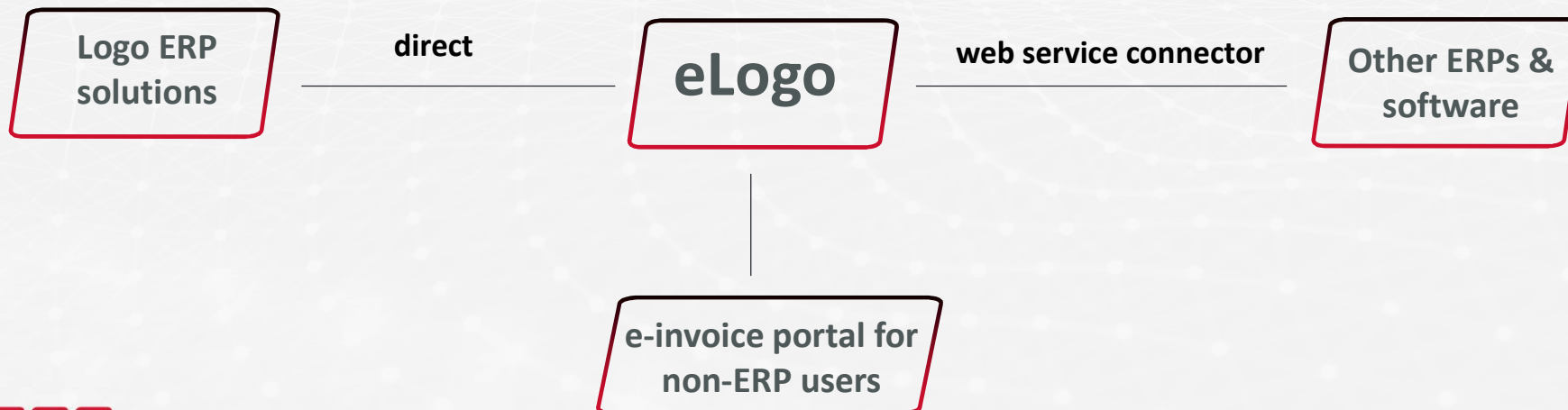
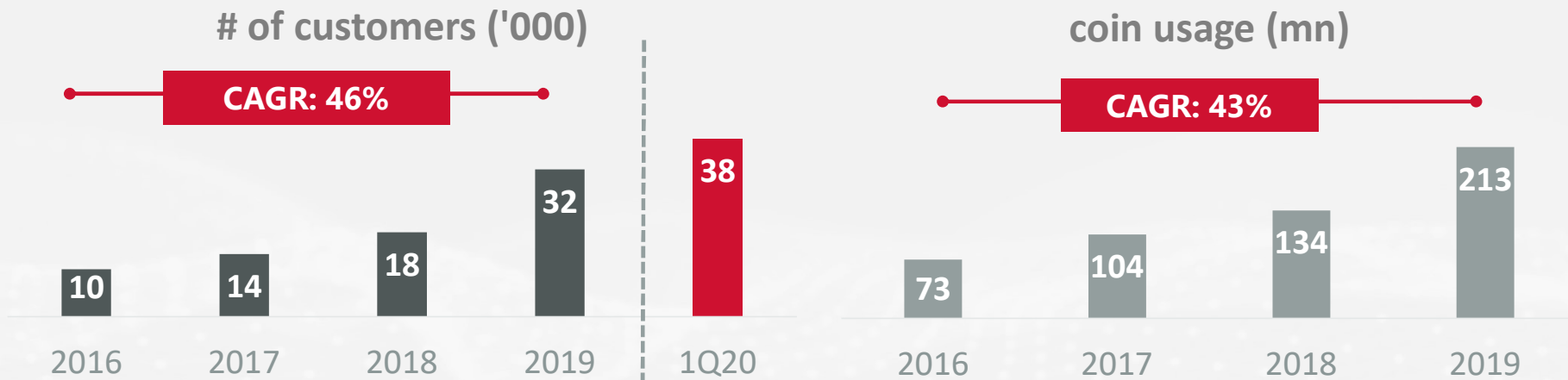
50%

increase in  
coin sales in  
2019



# eLogo: e-services platform and leader in digital transformation

Market leader in e-government solutions; e-invoice, e-archive, e-ledger, e-dispatch with 38K+ customers





# Logo Total Soft - Romania



25 years of experience



Over 800 clients



Expertise in business application software development & implementation across various industries

# Competitive advantages of Logo Total Soft

## 1 Robust product suite & superior service quality

- Charisma Business Suite; core being ERP and Human Capital Management (HCM)
- Focus on 8 verticals at the second layer; Financial Services, Healthcare and Agriculture standing out
- Innovation and technology present in all product and services

## 2 Strong brand

- Trusted brand with >20 yrs of presence
- 1st place in Romanian ERP providers
- Human Capital and Healthcare solutions expanded through CEE
- One of Top 10 Global Leasing and Credit solutions
- Member Firm of Global Retail Consulting, Ebeltoft

## 3 Project management know-how

- Development of best of breed solutions together w/ vertical leaders
- Project implementation experience in 35 countries
- Know-how, innovation and project management capabilities strengthened with ABS acquisition in 2018
- High-quality developers dedicated to project development

Appeals to medium and large sized local and international client base

Well-positioned to increase international sales

Client centric organization and business model

Competitive positioning in home market

Sustainable competitive advantages in multiple verticals

# Research and Development

Meeting new user generation's expectations

Evolving from content richness approach to usability and accessibility approach

Mobile and web usage

Compliance with e-gov't processes



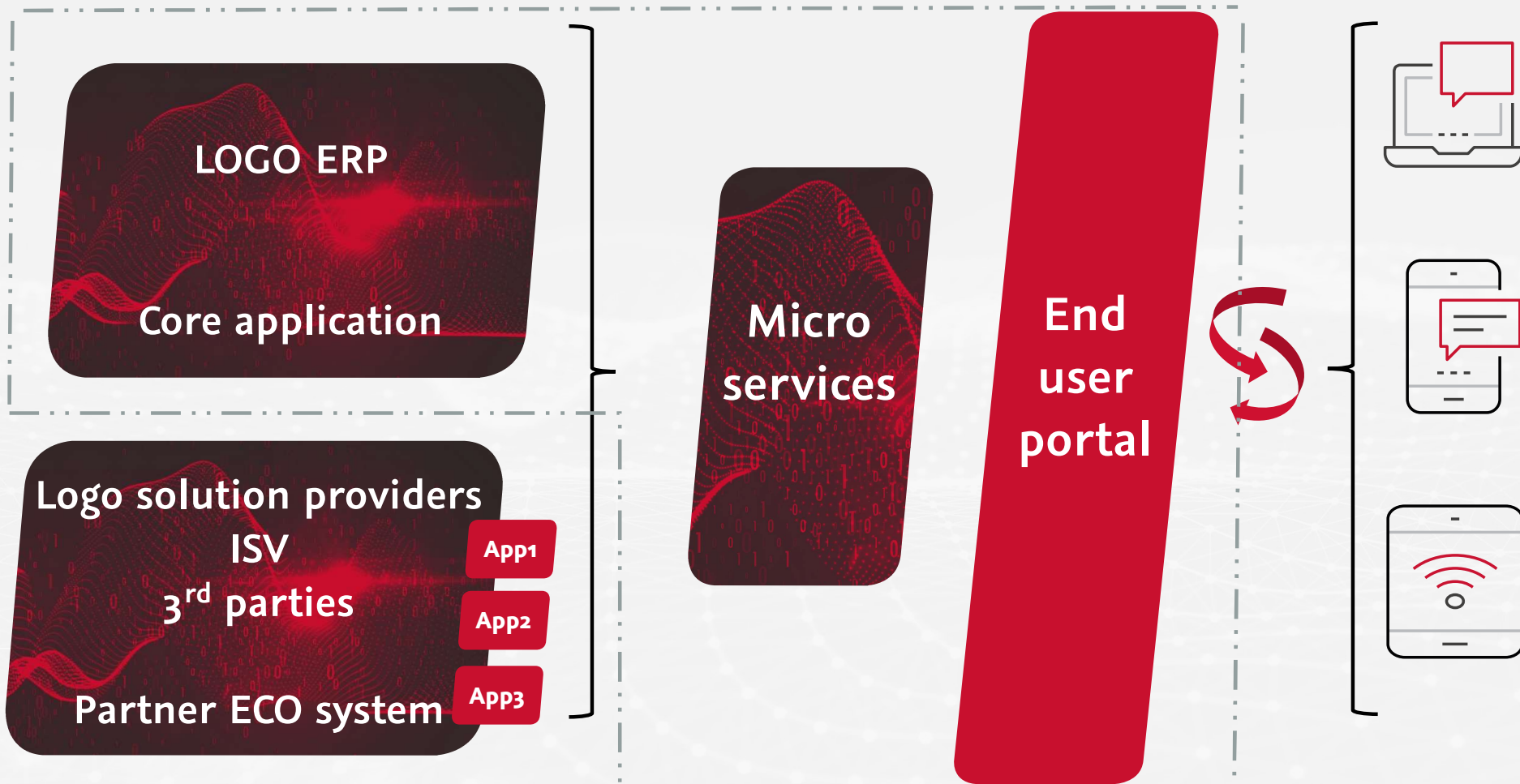
Customer centric design

All products on one platform

All products with the same design approach

# Logo Cloud Portal

*Software ecosystem on cloud infrastructure; enabling all Logo business partners and solutions partners to develop products that work in sync with core ERP*



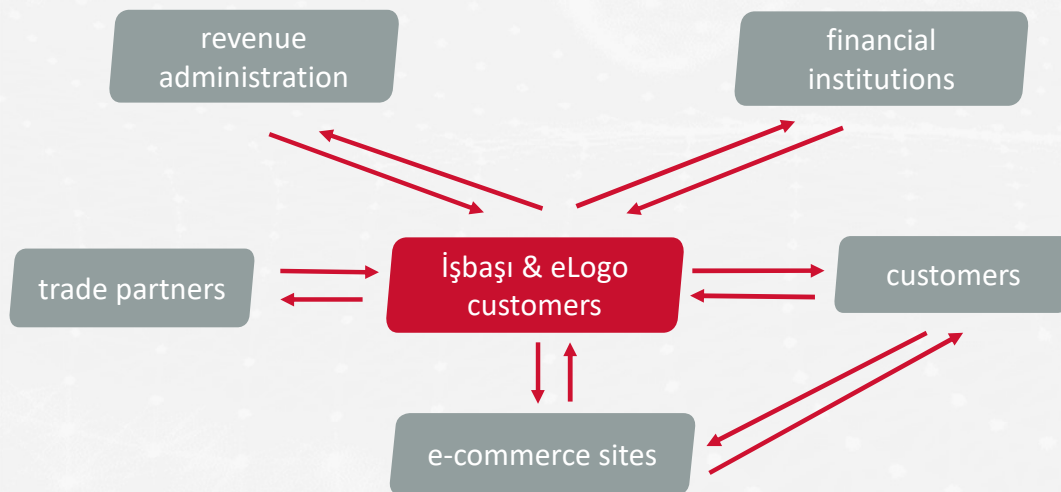
*Micro services include data, menu, management, notification, reporting, monitoring, measurement, log, billing services etc.*

# MicroSME digitalization

## Turkey

- ✓ SaaS solution **Logo İşbaşı**'s users reached 36K w/2K paying
- ✓ Very competitive MicroSME segment
- ✓ Logo as the leading e-invoice provider, differentiates itself with high service quality

value creation on digital platform



## India

**Logo Vyapari**  
is GSTN  
approved

Only 8 solutions are approved by the Goods and Services Tax Network (GSTN) of India

**Logo Vyapari**  
is a mobile  
solution

Only 4 solutions are mobile among the 8-GSTN-approved solutions

**248 users**  
at end-2019

Basic functionality is free for 1 user until March 2021 - when thru GSTN

**Same source-code**  
with **Logo İşbaşı**

Aligned R&D effort

- ✓ SaaS solution **Logo Vyapari** is currently at product-market fit stage, and digital marketing efforts to commence post Covid
- ✓ Total **investment** by Logo is **\$3 million** since JV's foundation at end-2016;
  - \$1mn equity
  - \$2mn long-term equity convertible



# Peoplise: next generation talent acquisition

Logo's new asset complementing its HR solutions

## ANALYSE



Online Assessments



Online Interview



Mobile Video  
Filtering



Social Media  
Sourcing



Early-Engagement  
Plan

 peoplise

## SOCIALISE



Talent Engagement  
Widgets

## HARMONISE



Pulse Survey



Employer Branding



On-boarding Accelerator

# ERP case study: Pegasus Airlines

Turkey's digital airline is using Logo's solutions since 2008

## eLogo

allows Pegasus process e-invoices within its vast supply chain network and with General Revenue Administration (GIB)

## Logo Connect

ensures seamless connection between the core ERP and e-gov't solutions



## Logo Flow

document flow among various business applications

## Logo Treasury Wizard

invoice cross-check with Logo ERP, and integration with banks via two-way automated flow

# Case studies for various solutions

## Unilever / Consumer Goods

- Logo j-Platform (ERP)

### Customer's need:

- Managing distributors' sales and distribution activities
- Centralized management
- Cost saving

### Logo solutions' benefits:

- Cost saving on server investment, maintenance and support
- Centralized data management
- Sales team of 1,600 people connected and integrated via tablet application

## Barilla / Pasta

- Logo Ocean (warehouse automation)
- Logo Tiger 3 Enterprise (ERP)
- e-gov't solutions (eLogo)

### Customer's need:

- Increasing efficiency in warehouse management
- Quicker response time for customer requests
- Faster and easier inventory counting
- Reducing aged product inventory

### Logo solutions' benefits:

- 20% reduction in order preparation duration
- 30% reduction in shipment error rates
- Up to 50% improvement in aged product inventory
- Shortening the inventory counting time

## Yaktas / Flooring

- Logo CRM
- Logo Netsis 3 Standard (ERP)

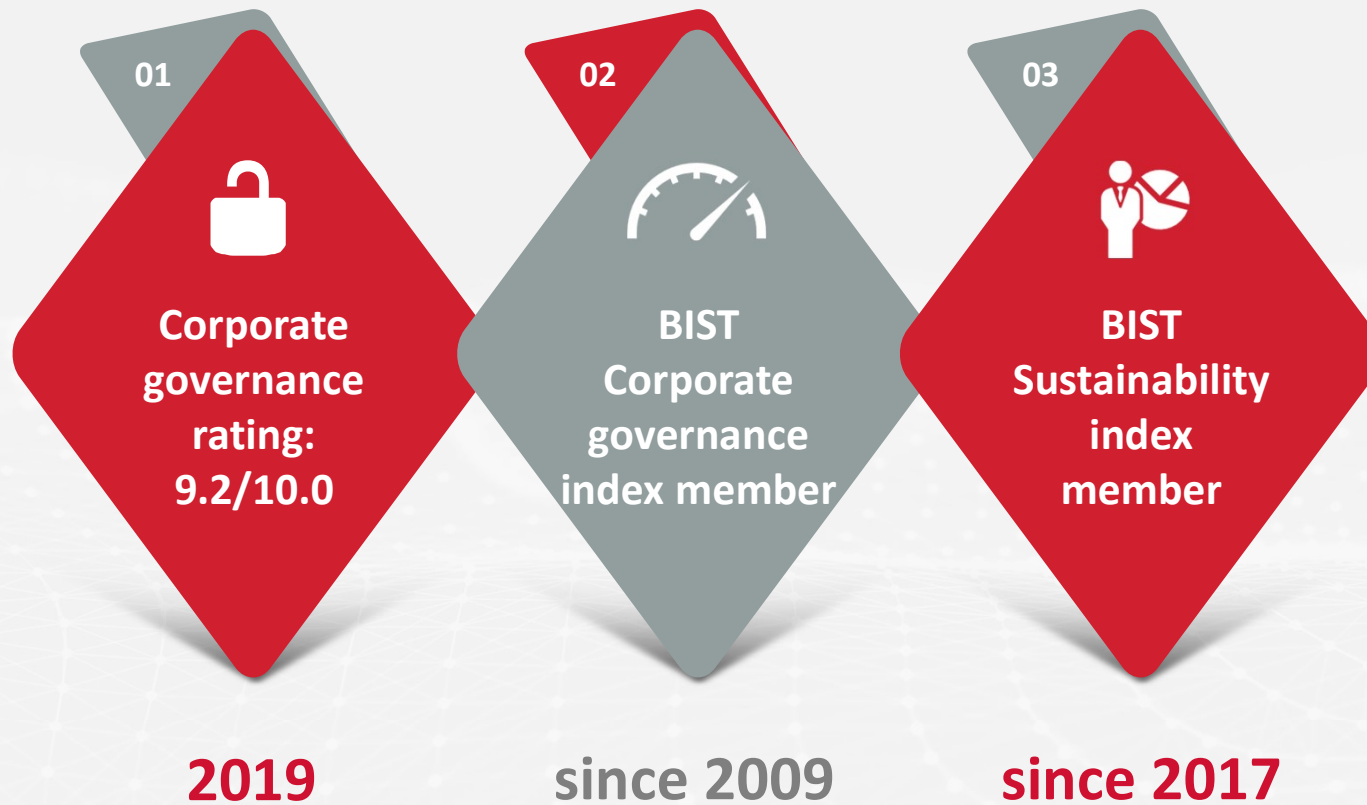
### Customer's need:

- Meeting customers' changing needs
- Effective management, follow-up and reporting of sales and marketing operations
- Recording all field activities

### Logo solutions' benefits:

- Increase in customer satisfaction
- Enhanced performance by sales teams thanks to mobile applications
- More effective communication with prospective clients

# Corporate governance and sustainability







**LOGO**

**1Q2020 results presentation**

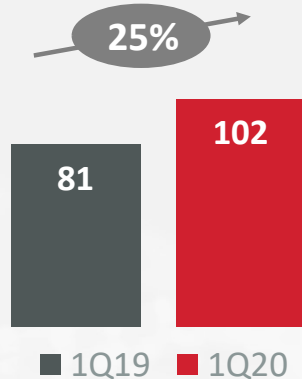




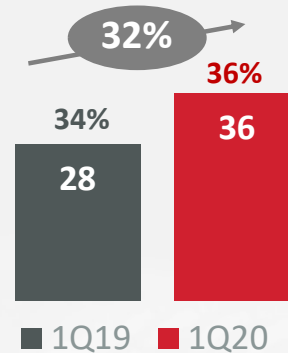
# Strong performance in 1Q20

Consolidated

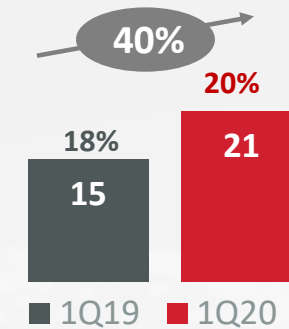
Revenues (TL mn)



EBITDA (TL mn)



Net Income (TL mn)



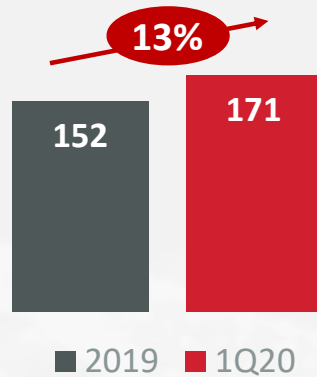
- **Revenues** grew by 25% reaching 102 TL mn, with Turkey and Romania operations contributing 62% and 38% respectively.
- **EBITDA** increased by 32%, yielding 36% margin.
- **Net income** grew by 40%, yielding 20% margin.
- Q1 results are in line with the business plan.
- Due to the coronavirus pandemic the **2020 guidance** declared on Feb 19<sup>th</sup> is **no longer valid**. A revised guidance will be shared once there is more visibility with respect to the impact of the pandemic.

# Strong Financial Management

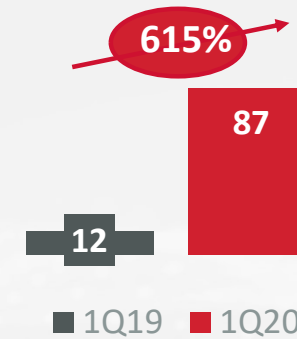
Consolidated

## Improved Liquidity

Cash and Cash Eq. (TL mn )

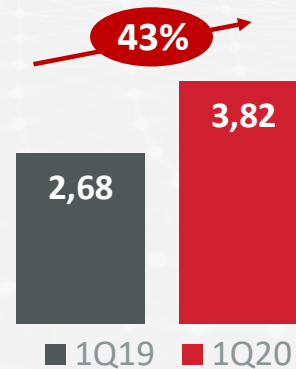


## Net Cash\* (TL mn)



\* Net cash together with 3.48% treasury shares @Mcap and excluding IFRS impact of 17 TL mn and 15 TL mn for 1Q19 and 1Q20 respectively

## EPS\* growth (LTM)



\*Adjusted by 3.48% treasury shares

[www.logo.com.tr](http://www.logo.com.tr)

# Update on Covid-19 outbreak's impact

All employees well and safe working remotely since March 17<sup>th</sup> with **no disruption in operations**

Logo's **diversified** customer base (geography, sector and size) minimizes risk for periods to come

Big ticket sales completed during this period and solid sales **pipeline** exists for both TR and RO

**Agile** adaptation to conditions: keeping SG&A in line with sales



Strategically positioned to leverage the enhanced need of companies for **digital transformation**

Sustaining the strength of the ecosystem by utilizing financial and operational tools **supporting our Business Partners**

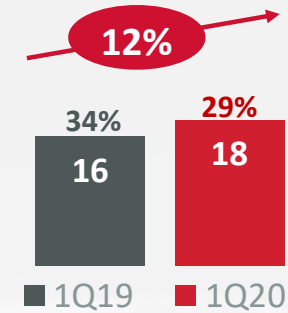
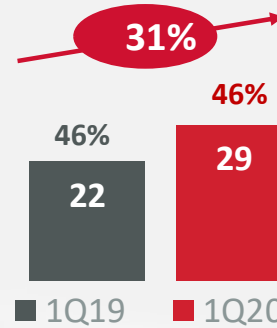
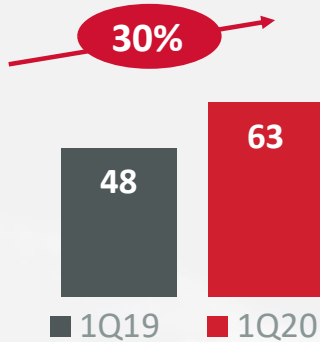
**Strong and liquid balance sheet** makes Logo resilient against volatility and uncertainty in the market

# Stellar performance in Turkey

Logo Standalone-Revenues (TL mn)

Logo Standalone-EBITDA (TL mn)

Logo Standalone-Net Income (TL mn)



Logo Turkey Standalone: Logo's operations in Turkey excluding Logo KOBİ (İşbaşı) and Logo Infosoft (India)

- **Revenues** increased by 30% with healthy growth in new customer acquisitions, increased spending from existing customers, and exceptional growth in e-government related module and coin sales
- **EBITDA** grew by 31% with margin maintained at 46%
- Tax expenses on invoiced revenue were relatively higher impacting the net income margin
- Logo Turkey standalone new customer acquisitions was strong in 1Q with 104% growth reaching 2,1K
- Substantial **user growth** of **237%** y/y at end-1Q at **Logo İşbaşı** reaching **39K** (2,1K paying) users.



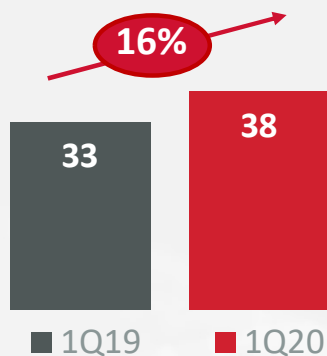
\*IFRS 16 impact: EBITDA +1.7 TL mn (1Q19: 1.2. TL mn) / EBIT +337 TL thou (1Q19: +350 TL thou) / EBT -131 TL thou (1Q19: -141 TL thou)

www.logo.com.tr

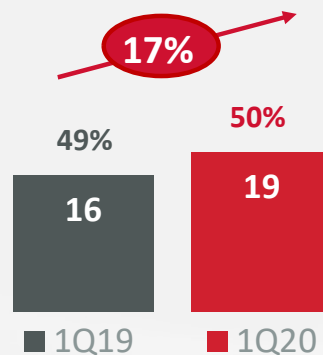


# Significant profitability improvements at Total Soft

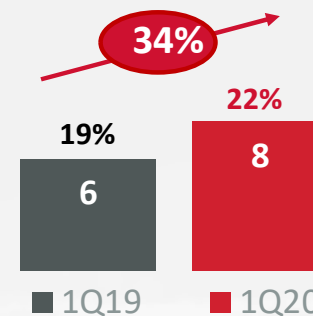
Total Soft–Revenues (TL mn)



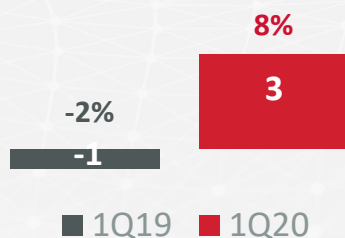
Total Soft–Gross profit (TL mn)



Total Soft–EBITDA (TL mn)



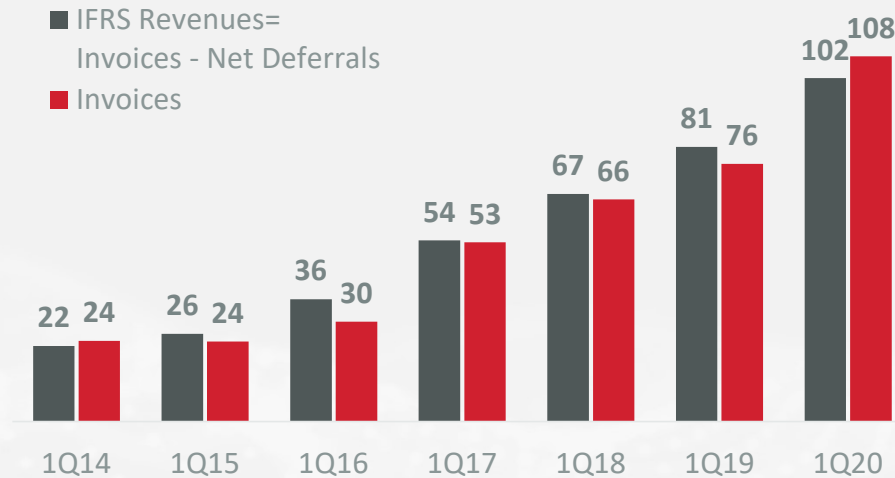
Total Soft–Net Income (TL mn)



- **Revenues** grew by 16% y/y and revenue growth in Euros was 5% y/y
- **Efficiency** improvement continued and gross profit is up by 17% yielding a 50% gross margin
- **EBITDA** went up by 34%, yielding 22% margin
- 1Q20 **net income margin** reached 8%, significantly improving on the back of higher operational profitability and lower net financial expenses

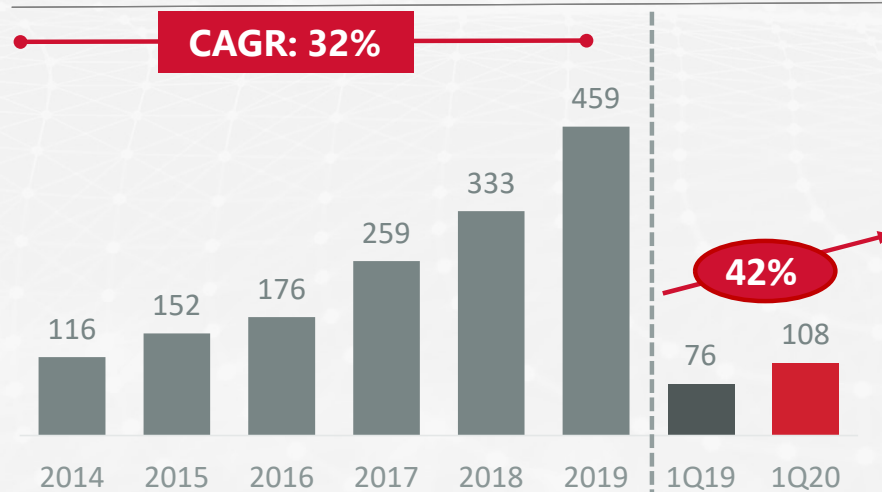
# Invoiced Revenue vs IFRS Revenue (Consolidated)

First Quarter Invoices & IFRS Revenues (TL mn)



- 1Q sales invoice growth was 42% y/y
- IFRS Revenue growth was 25%y/y in 1Q

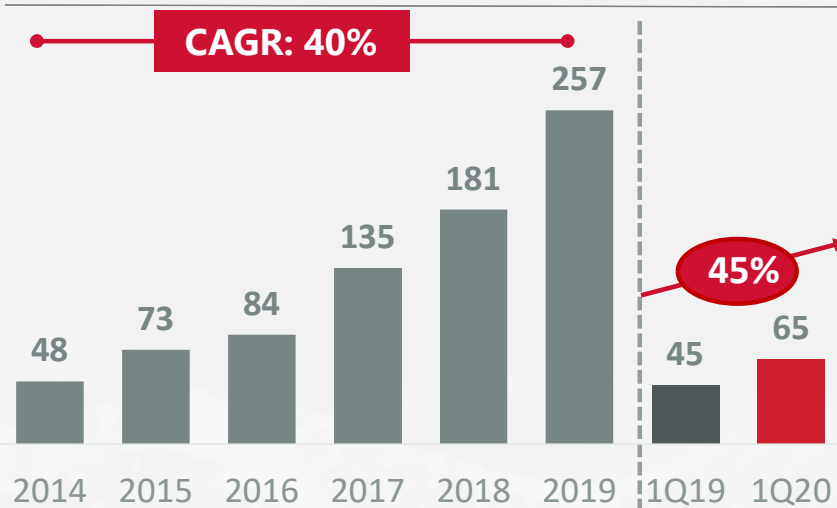
Invoiced Revenues (TL mn)



- In Turkey, invoiced revenue was 66 TL mn with 64% increase
- Total Soft's invoiced revenue increased by 17% and reached 42 TL mn
- Recurring revenues make up 60% of invoices

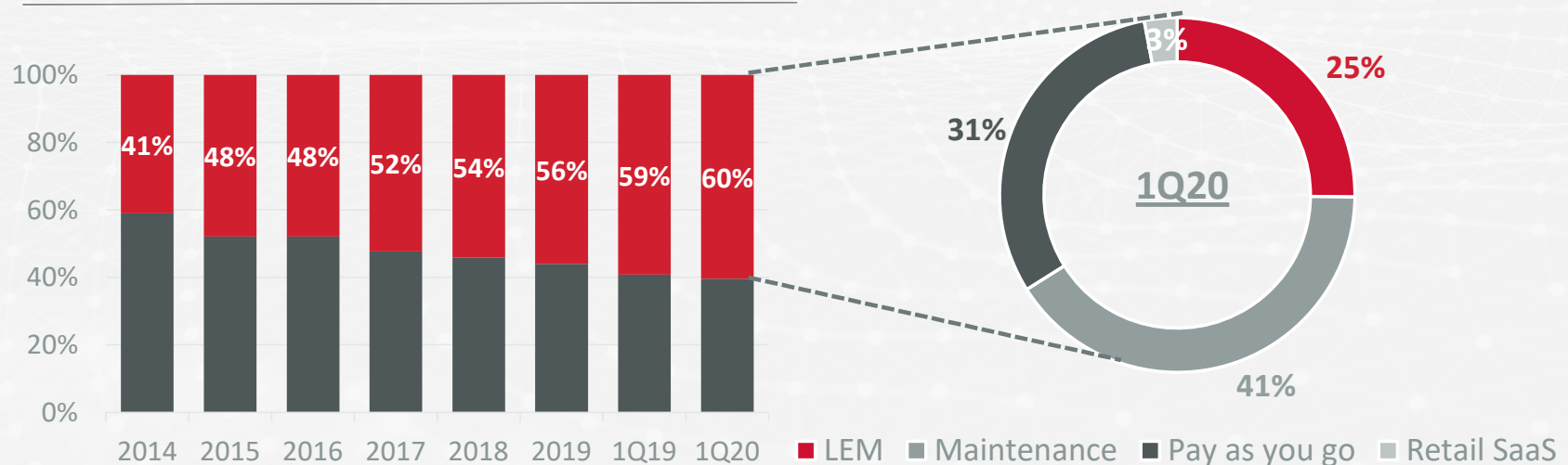
# Recurring Revenue Growth Ensuring Predictability

Consolidated Recurring Invoices (TL mn)



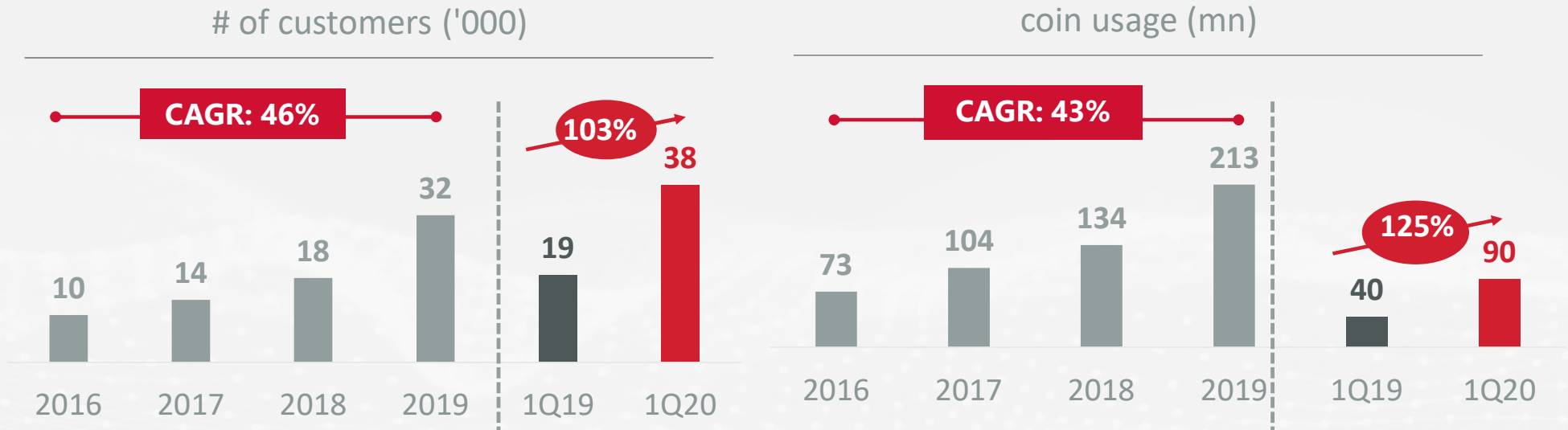
- **LEM** revenues increased by 33% y/y
- **Pay as you go** revenues increased by 130% y/y with strong coin sales. Coin customers and coin usage grew by 103% and 125%, respectively
- **Maintenance** revenues increased by 18% y/y with significant contribution from Total Soft
- **Retail SaaS** revenues increased by 31%

Recurring Invoices/Total Invoices (%)



# eLogo: e-services platform and leader in digital transformation

**Market leader in e-government solutions; e-invoice, e-archive, e-ledger, e-dispatch with 38K customers**

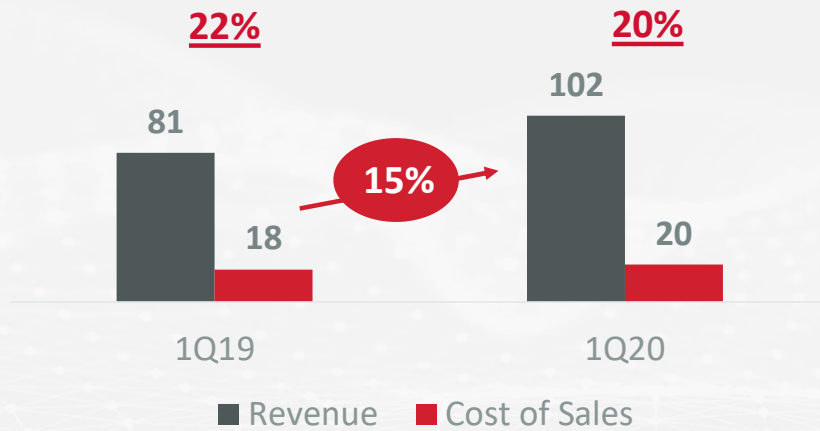


- ✓ Strong growth in number of customers and coin usage continued in 1Q with the support of the e-government solutions communique published in October 2019
- ✓ As the leader of the market, eLogo is well-positioned to take advantage of the market growth driven by the new communique

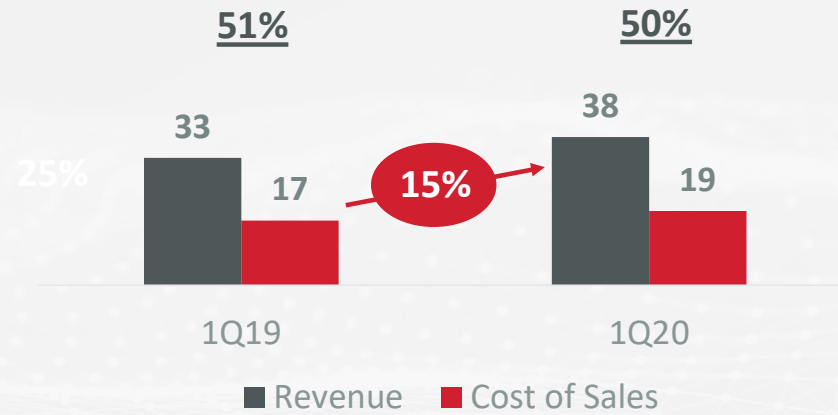


# Cost of Sales

Consolidated (TL mn) – As % of IFRS Revenue

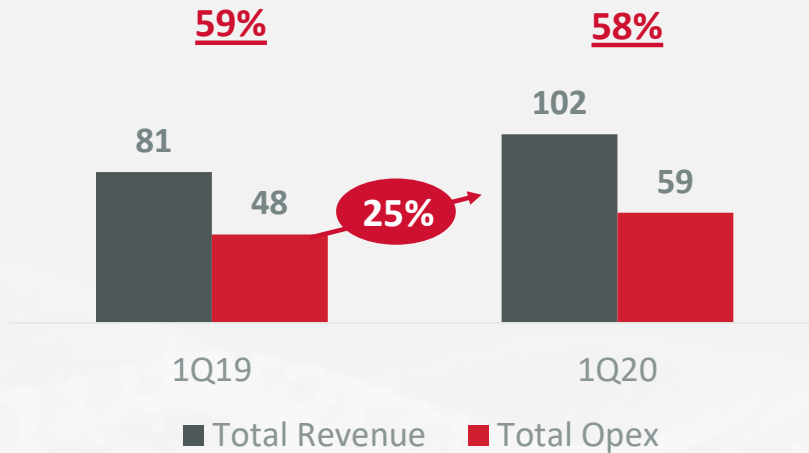


Total Soft (TL mn) – As % of IFRS Revenue

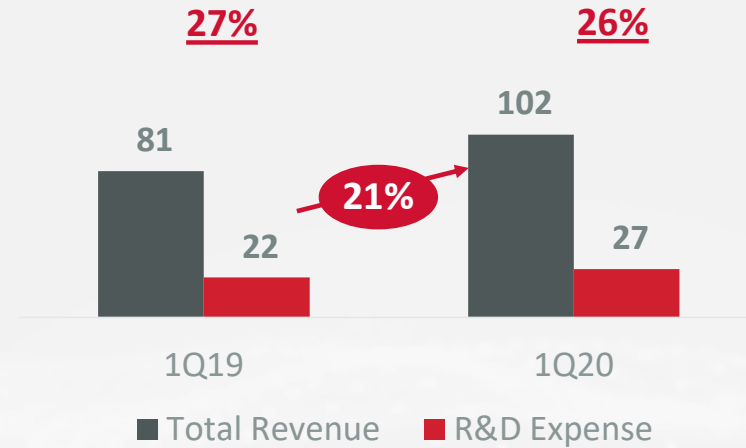


# Operating Expenses

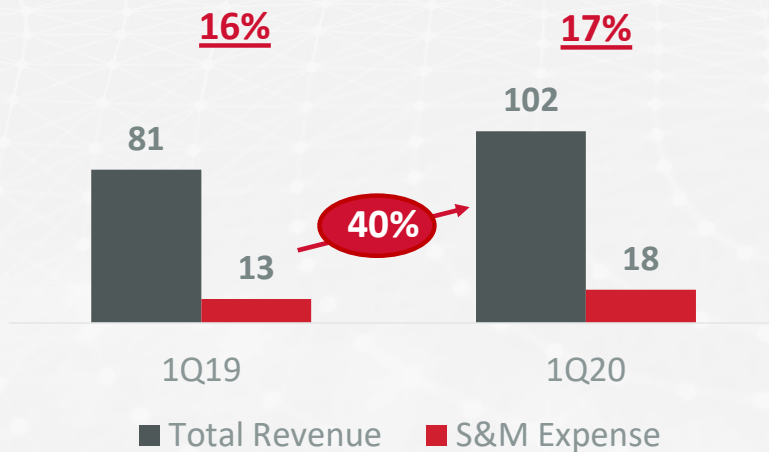
OpEx (TL mn) – As % of IFRS Revenue



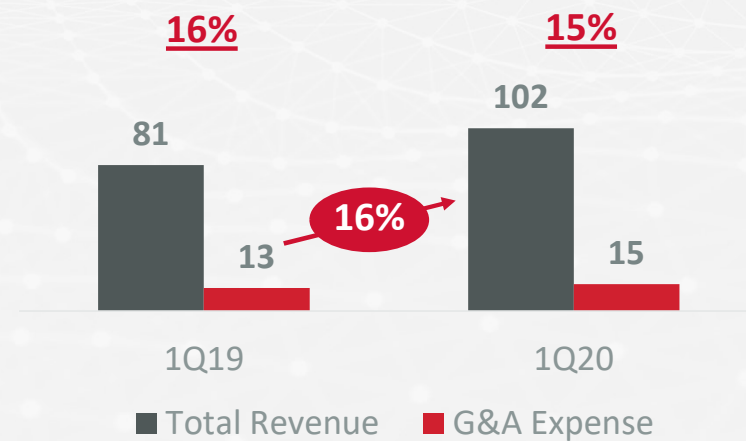
R&D Expenses (TL mn) – As % of IFRS Revenue



S&M (TL mn) – As % of IFRS Revenue

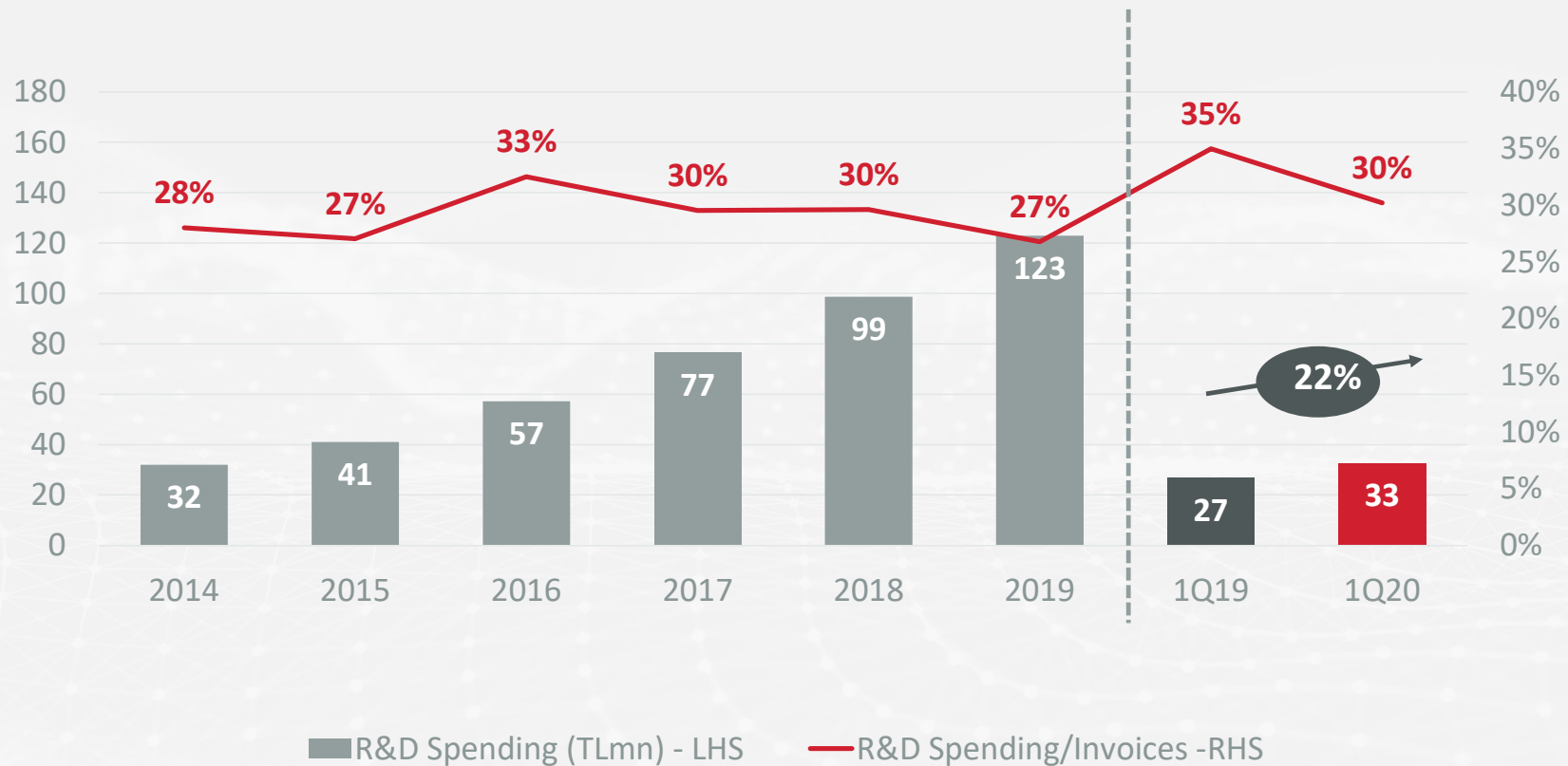


G&A (TL mn) – As % of IFRS Revenue



# Dedicated Investment in Technology

R&D Spending (TL mn) – As % of Invoices



# Strong Balance Sheet

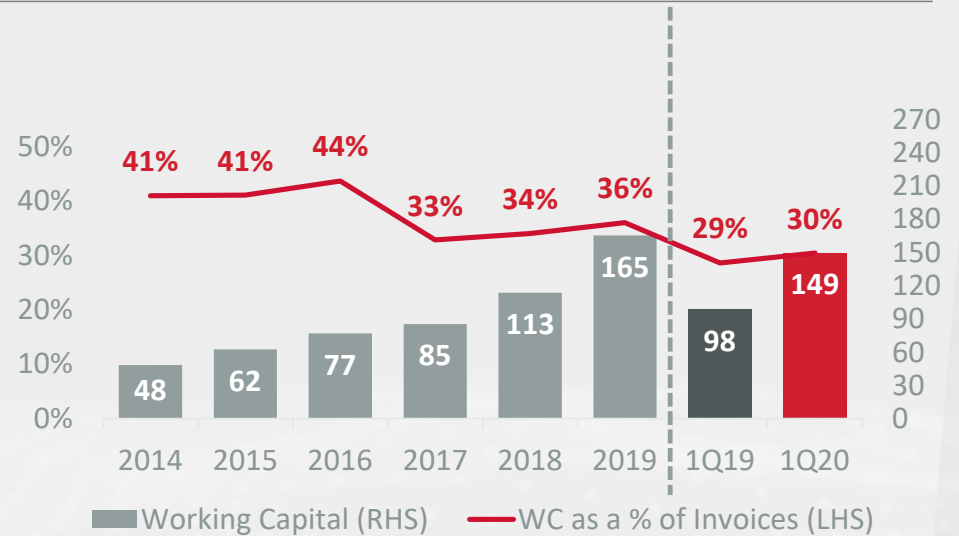
## Balance Sheet Highlights (TL mn)

	2019	1Q20	Δ
Cash & Cash Eq.	152,2	171,3	13%
Trade Receivables	211,2	176,4	-16%
Tangible Assets	20,0	20,6	3%
Intangible Assets*	342,2	365,9	7%
Other Assets	50,2	52,8	5%
<b>Total Assets</b>	<b>775,7</b>	<b>786,9</b>	<b>1%</b>
Total Liabilities	381,1	371,0	-3%
Total Shareholders' Equity	394,6	416,0	5%
<b>Total Liabilities and Equity</b>	<b>775,7</b>	<b>786,9</b>	<b>1%</b>
Shareholders Equity Ratio	0,51	0,53	4%
Current Ratio	1,55	1,52	-2%
EPS**	3,58	3,82	7%

\* Includes goodwill

\*\* Adjusted by 3.48% treasury shares

## Working Capital (TL mn)



Working capital: Trade receivables + Inventories – Trade payables  
WC/Invoices figures are based on 12-mnth trailing invoices

- Net cash is 34.7 TL mn at end-1Q20 (excluding 15.3 TL mn IFRS 16 impact) vs 31.3 TL mn at end-2019 (excluding 15.4 TL mn IFRS 16 impact). Net cash of 86.8 TL mn together with 3.48% treasury shares @Mcap at end-1Q20.
- WC is 30% of invoiced revenues, improving from 36% at end-2019.



**LOGO**

**Thank you**