



FY2016 RESULTS PRESENTATION

Gülnur ANLAŞ

CHIEF FINANCIAL OFFICER

February 16th, 2017

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.

Content

FY16 Operating Highlights

Financial Review

Questions & Answers



2016 Highlights: Targets Achieved



2016 marks another year of achievements for Logo. Strong organic and inorganic growth has yielded top-line growth and increased profitability in line with budget:

- **Top-line IFRS growth of 48% y/y**
- **EBITDA growth of 60% y/y**
- **Net profit growth of 14% y/y**
- **User base continued to grow and c.6K new customers joined Logo's customer pool.**
- **Recurring revenues made up 48% of revenues (52% w/o Total Soft).**
- **Logo coin sales growth reached 24% y/y in 2016 onto the high base of 2015.**
- **e-invoice natural pool expansion has been above expectations in 2016 and 2017, coin burn rates have quadrupled and c.50K users throughout 2016 increased to the current 62K. Although, the number of players went up from 51 to 61, e-logo with its scale and profitability maintains its market share at c.25%.**
- **Rapid expansion of the cloud business continued thru Diva. SaaS subscriptions & support revenue grew by 20% y/y.**
- **Total Soft had a successful last quarter performance signing on a major international account in three countries**
- **Logo's force of 526 people as of year-end 2015 has grown to 569 at year-end 2016. Together with Total Soft our organization is now a work force of 1,009 employees.**

2016 Highlights: Inorganic Growth Continued



Logo's strategy to seek value-added inorganic growth opportunities continued in 2016.

- **Total Soft, Romania**

- Total Soft of Romania was acquired on September 2nd.
- The company was re-organized as two main business units: ERP Division for local SMEs and large enterprises and Financial Solution Division targeting the Leasing Sector internationally.
- ERP Division's goal will be to maximize profitability with controlled growth and efficient project management. The ERP product is to be "packaged" and sold to SMEs in Romania through a BP channel.
- Financial Solution Division is geared to high growth and profitability with a solid intn'l customer base.

- **Logo Infosoft, India**

- Through a partnership with GSF, Logo Infosoft was established on December 8th to operate in India.
- We are ahead of our plans in India, thanks to our product customization experience. India case is a clear indication that our product experience is readily applicable to emerging markets.
- Product's customization with respect to local legislation is completed and will be hosted by Amazon.
- Technical team is hired, the training center will be operative this year.
- First customer and first BP have been acquired last week.
- Prevalent opportunity in e-government services in India that could be tapped.

Content

FY16 Operating Highlights

Financial Review

Questions & Answers



Financial Summary

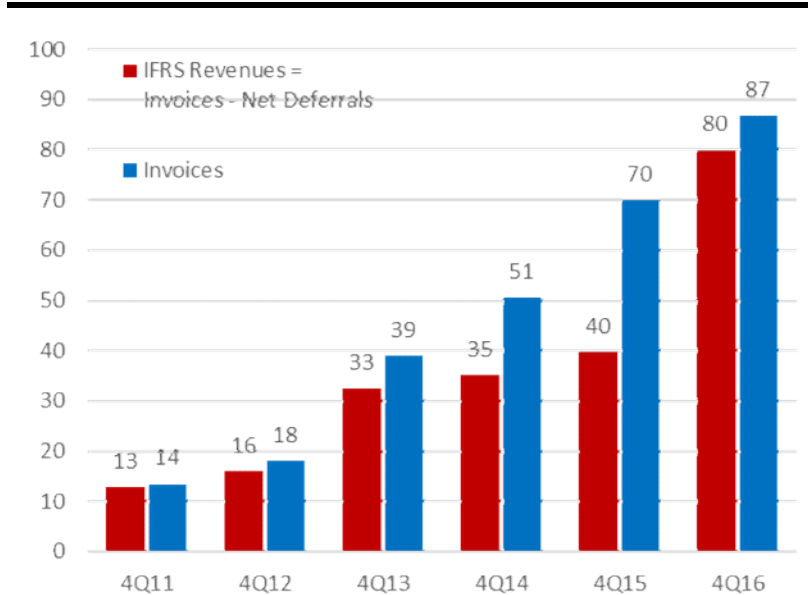


	FY					4Q					Guidance	
	2015	2016*	Δ	w/o TS 2016	Δ	4Q15	4Q16**	Δ	w/o TS 4Q16	Δ	2016*	Dev
IFRS (mn TL)												
Revenue	128.8	190.4	48%	163.0	27%	39.8	80.0	101%	58.4	47%	191.1	0%
EBITDA	53.7	86.1	60%	81.0	51%	6.1	27.7	357%	23.3	285%	88.1	-2%
EBITDA Margin	41.7%	45.2%		49.7%		15.2%	34.6%		40.0%		46.1%	
EBT	40.0	51.2	28%	50.2	26%	-0.7	1.5	n.m.	0.8	n.m.	50.9	1%
EBT Margin	31.1%	26.9%		30.8%		-1.7%	1.9%		1.3%		26.6%	
Net Income	39.9	45.3	14%	45.0	13%	0.5	0.4	-29%	0.2	-53%		
Net Income Margin	31.0%	23.8%		27.6%		1.3%	0.5%		0.4%			

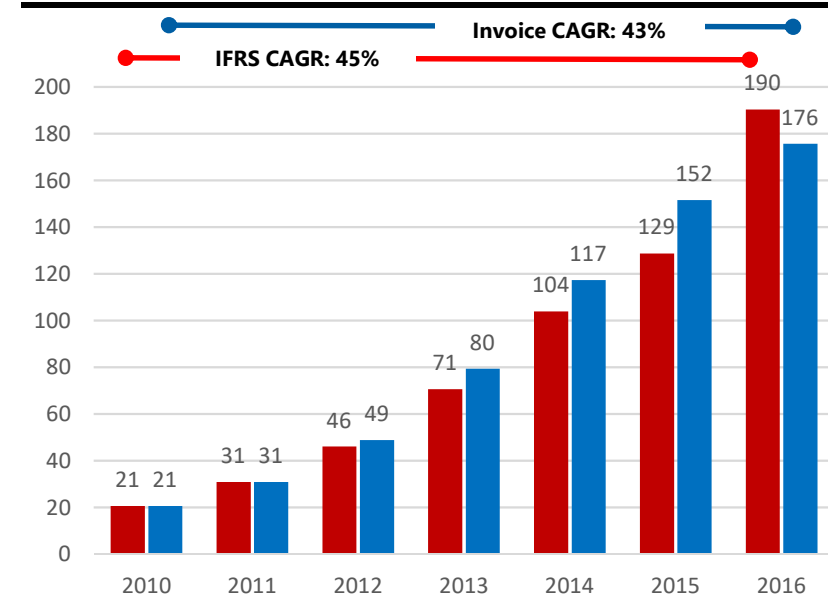
* Includes September-December Total Soft figures ** Includes Total Soft figures

- IFRS revenues grew by a strong 48% y/y to TL190.4mn.
 - Sales excluding Total Soft grew by 27% y/y despite the absence of one-time e-government module sales and discontinued AliBaba in 2016.
 - Excluding these impacts from both years, like-for-like y/y growth in revenues excluding Total Soft is a strong 43% in 2016 versus the actual 27%.
 - Total Soft contributed TL27.4mn with its last 4 month sales in 2016.
- EBITDA growth of 60% y/y with margin improvements from 42% to 45%.
 - excluding Total Soft, EBITDA growth is 51% y/y and margins up from 42% to 50%
- EBT growth of 28% y/y, to TL51mn with margin of 27%, after one-off FMO related expenses and provisional expenses of Total Soft (TL18.3mn), is in line with guidance.
- Net Income growth of 14% y/y, to TL45.3 mn with margin of 24% (28% ex Total Soft)

Fourth Quarter Invoices & IFRS Revenues (TLmn)



Invoices & IFRS Revenues (TLmn)

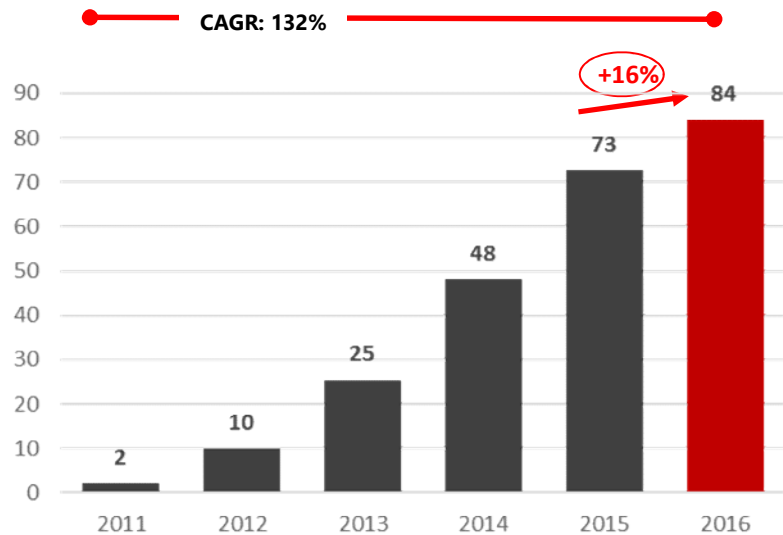


- Invoiced revenues (ex Total Soft) were TL147mn in 2016 vs. TL152mn in 2015. The decline comes as a result of higher e-government module sales and AliBaba sales in 2015. Exclusion of these from both years yields a y/y growth of 14%.
- Excluding Total Soft, revenue recognition in 2016 was higher supported by the regulatory boost of 2015 and IFRS revenues reached TL163mn, exceeding invoiced revenues.
- Going forward we expect further growth in our recurring revenue base, which would consequently mean increasing deferred revenue amounts.

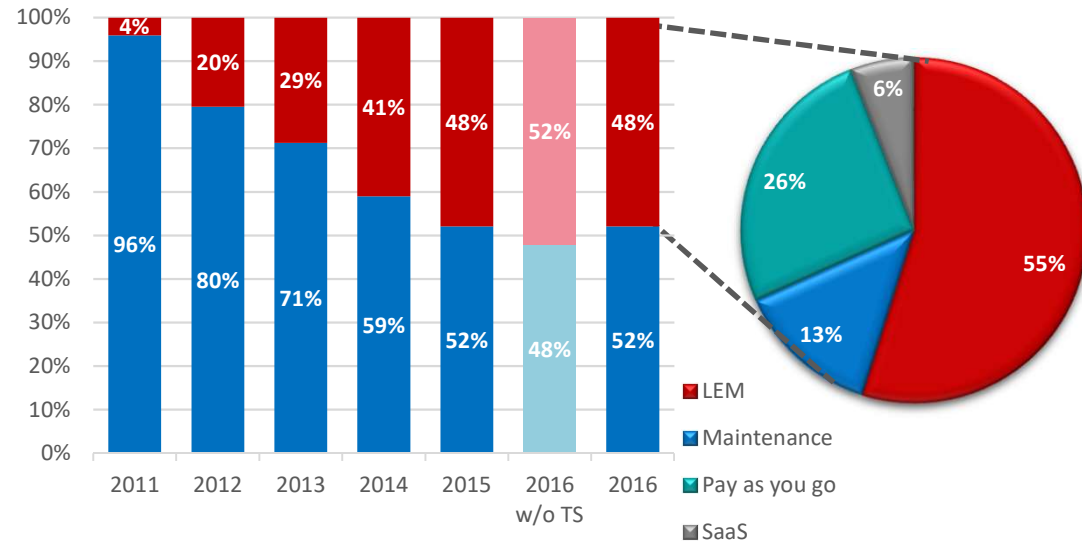
Key Financials



Recurring Invoices (TLmn)

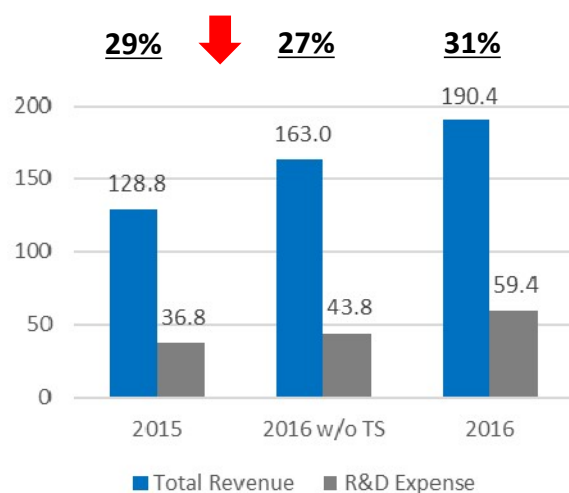


Recurring Invoices/Total Invoices (%)

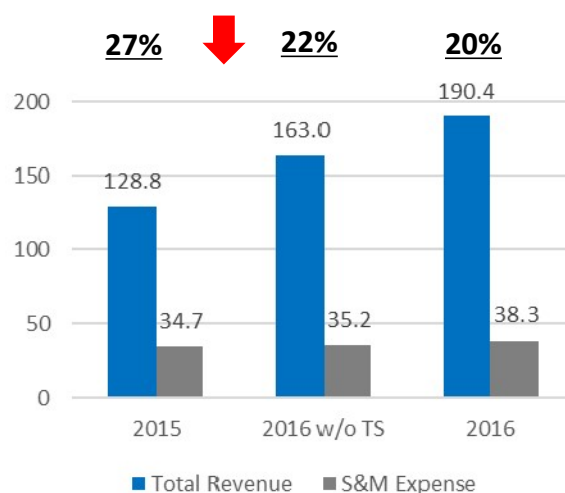


- Recurring revenues were composed of 55% LEM, 26% pay as you go, 6% SaaS and 13% maintenance revenues in 2016:
 - LEM contract sales grew by 27% y/y,
 - Logo Coin sales grew by 24 % y/y, and
 - recurring SaaS sales grew by 10% y/y.
- Accordingly, total recurring invoices grew by 16% y/y in 2016. The share of recurring part of revenues excluding Total Soft increased to 52% in 2016 from 48% in 2015. When Total Soft is included, the ratio remained stable at 48%.

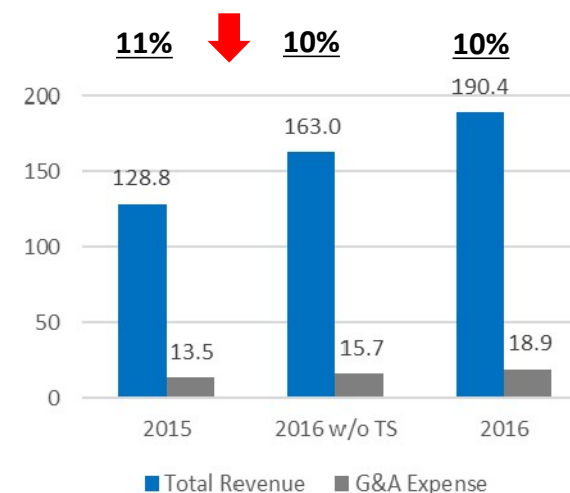
R&D (TLmn) - As % of IFRS Revenue



S&M (TLmn) - As % of IFRS Revenue

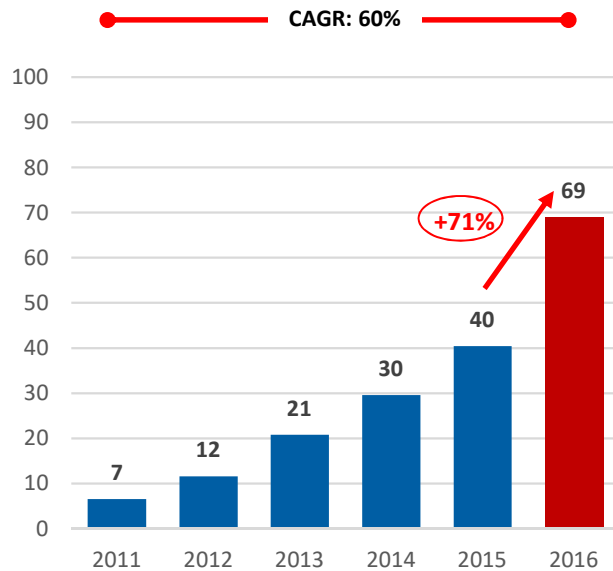


G&A (TLmn) - As % of IFRS Revenue



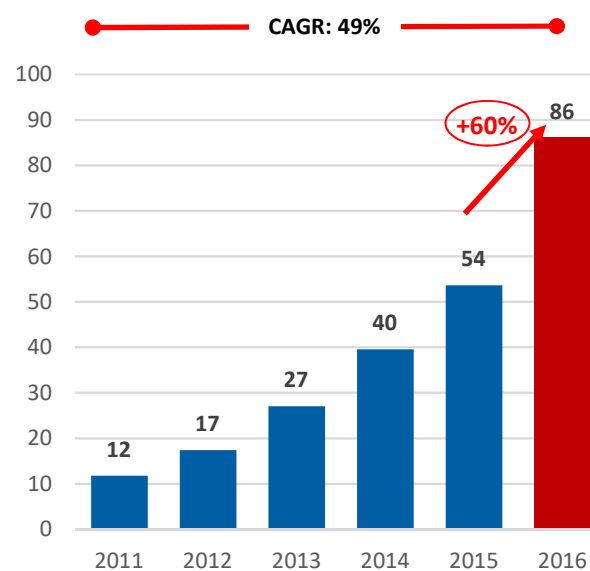
- Total R&D spending excluding Total Soft grew by 24% and its ratio to sales declined from 32% in 2015 to 31% in 2016. Together with Total Soft R&D spending/sales was 35% of IFRS revenues in 2016.
- R&D expense/sales declined from 29% in 2015 to 27% in 2016 excluding Total Soft. Together with Total Soft R&D expense/sales is 31%
- S&M expenses/sales declined from 27% in 2015 (24% without AliBaba sales commissions) to 22% in 2016 excluding Total Soft. The ratio is lower at 20% with Total Soft's inclusion.
- G&A expenses/sales declined from 11% in 2015 to 10% in 2016, both excluding and including Total Soft.
- Overall operating expenses increased by 37% y/y, mainly due to the consolidation of Total Soft. (11% exc Total Soft) Nevertheless, with strong top line growth opex/revenues ratio decreased to 61% in 2016, from 66% in 2015. (exc Total Soft opex/revenues: 58%)

EBIT (TLmn)



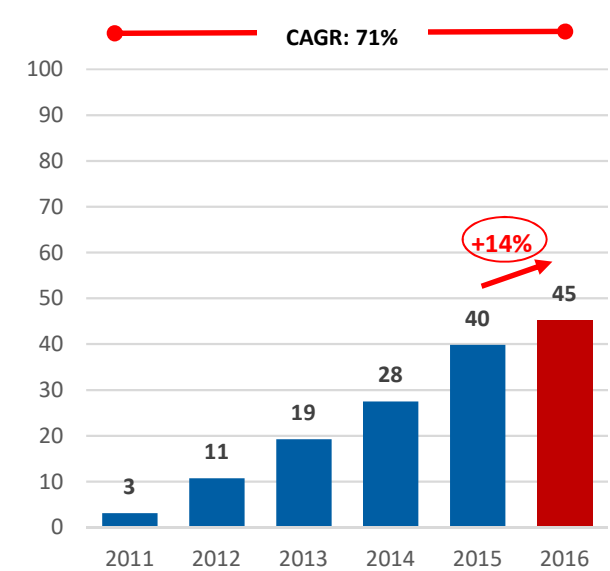
EBIT: Gross Profit - S&M - G&A - R&D

EBITDA (TLmn)



EBITDA: Gross Profit - S&M - G&A - R&D + Amortization

Net Income (TLmn)



- Significant y/y improvements were achieved at all levels in 2016, thanks to Logo's successful sustainable growth strategy.
- EBIT and EBITDA margins are very strong at 36% and 45%, respectively. Without the contribution of lower margin Total Soft, EBITDA margin would be even stronger at 50%.
- Positive operational performance reflected on the bottom-line with a y/y net income growth of 14% to TL45.0mn despite one-offs.

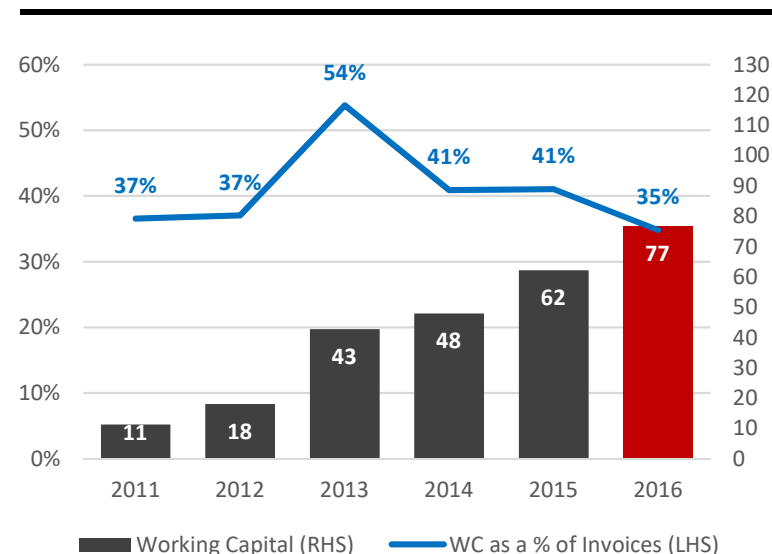
Balance Sheet Highlights (TLmn)

	2015	2016	Δ
Cash & Cash Eq.	51.5	43.8	-15%
Trade Receivables	71.9	92.9	29%
Tangible Assets	15.5	19.0	23%
Intangible Assets*	58.8	161.7	175%
Other Assets	4.6	10.1	119%
Total Assets	202.3	327.5	62%
Total Liabilities	92.0	163.4	77%
Total Shareholders' Equity	110.3	164.2	49%
Total Liabilities and Equity	202.3	327.5	62%
Shareholders Equity Ratio	0.55	0.50	-8%
Current Ratio	1.49	0.94	-37%
EPS**	1.64	1.87	14%

* Includes goodwill

** Adjusted by the 2.77% Treasury shares

Working Capital (TLmn)



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

- Asset size grew by 62% y/y in 2016, due to both organic and inorganic growth.
- As a result of the acquisition of Total Soft for €30mn on September 2nd, 2016, net cash position of TL81mn at end-1H16 turned into a net debt position of TL23mn at end-2016 (TL16mn net cash together with 2.77% Treasury shares @Mcap). Total Soft acquisition was financed through 57% equity and 43% debt (€ denominated financial loan on SPV).
- Working capital decreased from 41% of invoices at end-2015 to 35% at end-2016, due to the improvement (by 29 days ytd) in receivable terms, as a result of the emphasis we place on efficient collection.

2017 Guidance



2016

Logo + Total Soft 4M Consolidated

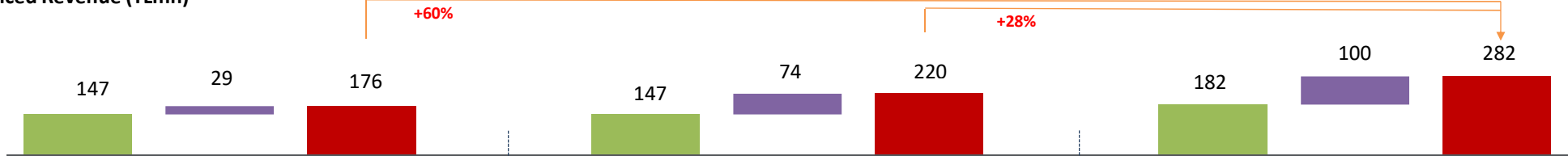
2016 Proforma

Logo + Total Soft 12M Consolidated

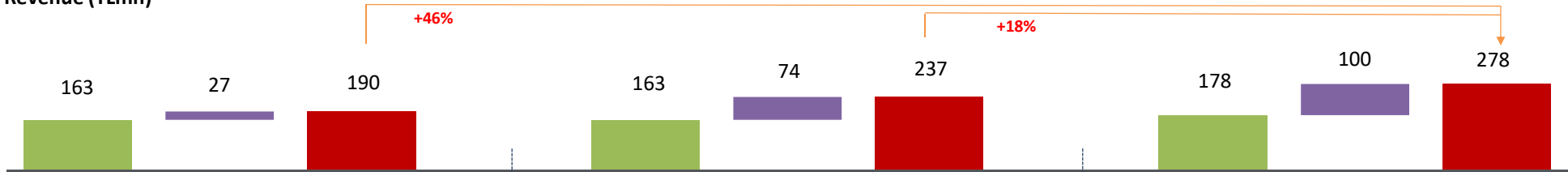
2017

Consolidated

Invoiced Revenue (TLmn)



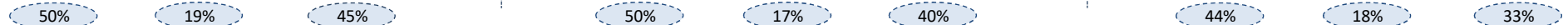
IFRS Revenue (TLmn)



EBITDA (TLmn)



Margins



EBT (TLmn)



Margins

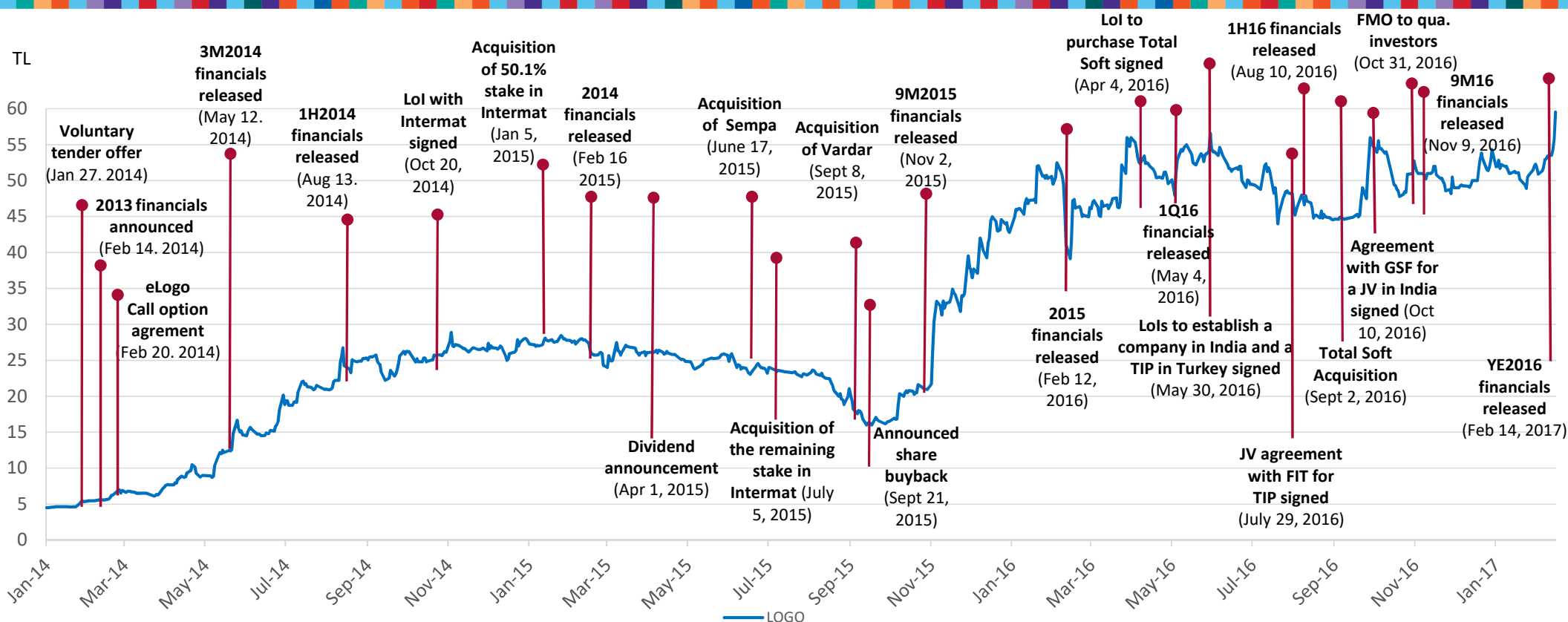


Logo Standalone Total Soft 4M Consolidated

Logo Standalone Total Soft 12M Consolidated Proforma

Logo Standalone Total Soft 12M Consolidated
*Including other group companies

Share Performance



	Δ Price	Relative Performance	Avg. Daily Volume (TLmn)
1M	17%	8%	4.0
3M	16%	-1%	2.8
6M	15%	-3%	2.9
1Y	15%	-2%	2.7

Market Capitalization

	TL
Share Price @ February 16, 2017 / 1. Session	59.55
Shares Outstanding	25M
MCAP	1,489M

Content

FY16 Operating Highlights

Financial Review

Questions & Answers



Thank you for joining us today

LOGO Investor Relations Team
T: +90 262 679 8000
E: investor@logo.com.tr

