



**LOGO Business Solutions  
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**Orhan Ayanlar**

Board Member

**Glnur Anlař**

Chief Financial Officer

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## Disclaimer

This presentation contains information and analysis on financial statements as well as forward-looking statements that reflect the Company (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.

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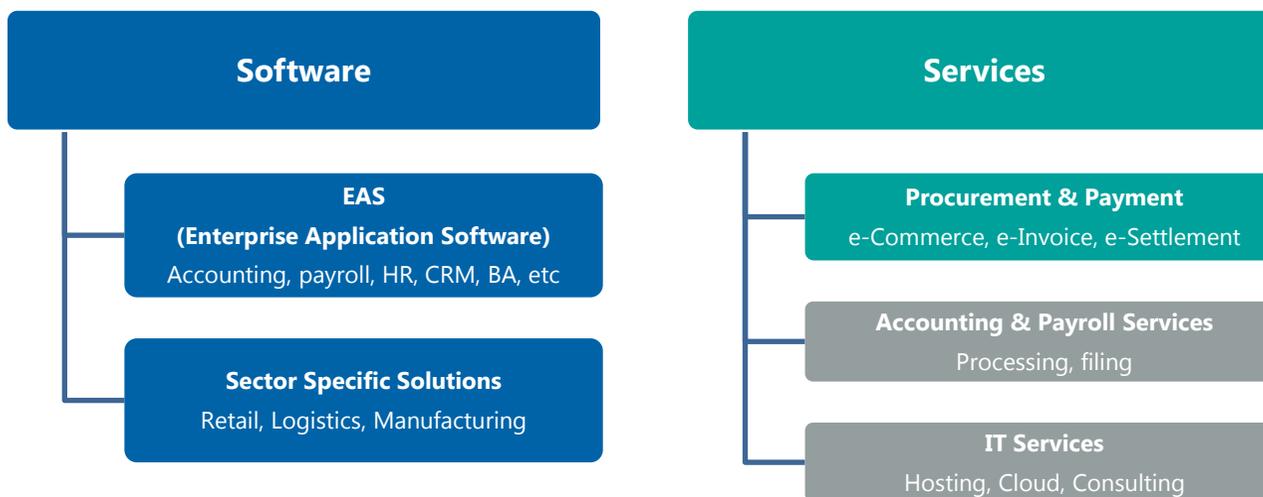


## **LOGO Business Solutions**

### **A. Logo at a Glance**

# LOGO at a Glance

Established in 1984, LOGO is the leading provider of Enterprise Application Software for SMEs and Mid-sized companies in Turkey



- Market leader in Turkey by number of customers (2<sup>nd</sup> by turnover) with more than 65,000 active customers
- Network of 900 business solution partners (largest in the country)
- Served 170,000 companies, 1.3 million + users since establishment
- IPO in May 2000 (the first-ever IPO in the Turkish software industry)

- Existing software solutions
- Existing service offerings
- Potential service areas

## Corporate Statement

### Vision

To become the trusted business partner that enables SME's and mid-sized companies in Turkey to excel in their businesses by providing high value added technology oriented business solutions

### Mission

To enable SME's and mid-sized companies to do more business more efficiently through optimal utilization of technological resources

### Values

Customer First  
Embrace Change and Innovation  
Integrity, Passion and Commitment

## Sustainable Competitive Advantage (1 of 2)

### LOGO is clearly positioned as the leading EAS player targeting the SME segment

#### Largest SME/Mid Cap client base with resilient revenue base

- LOGO has a strong and sustainable customer & revenue base: 65,000 active users (largest in the country)
- LOGO's products are typically more appropriate for SME customers – simpler, easier to implement, adapted to local regulations in more timely manner
- Sticky product with wide range of choices for customers, low churn rate
- LOGO has displayed strong revenue growth across both value (49% CAGR) and volume (33% CAGR) products between 2009 and 2013
- Recurring revenue has increased to 40% of total sales
- LOGO's prices are considerably lower than international players (SAP at 2.0x price point)
- International benchmark countries have shown a similar battle between local players and international players (SAP/Microsoft), with local players winning out (e.g. TOTVS in Brazil)
- Revenue at risk if LOGO's larger customers are lost to SAP or MS is ~8% at most

#### Extensive distribution network

- Largest business partner network in the country with 900 BPs
- No business partner has a share of sales greater than 1%
- Consistent sales performance in an experienced BP network; 50% of BPs have tenure longer than 10 years

## Sustainable Competitive Advantage (2 of 2)

### LOGO is clearly positioned as the leading EAS player targeting the SME segment

#### Strong customer perception & brand name

- Trusted and well known brand with 30 years presence. Positive perception of LOGO products across the board
- There is potential to vitalize large passive customer base (c. 100,000); there is willingness to buy LOGO services
- Most non-users seem content with in-house solutions

#### Best in-class technology

- Continuously developing R&D department
- Superior technology and proprietary segmented SME database

#### One stop shop for SME's

- Cross sell opportunity
- Entered the services business (scalable services)

## Key Investment Attractions

- 1 Turkey macro story with secular growth: SME growth & EAS penetration story
- 2 Attractive industry dynamics
- 3 Sustainable competitive advantage
- 4 Captive business solutions for SME's
- 5 Resilient revenue base, sticky product, low churn
- 6 Expanding recurring revenue base through maintenance and service
- 7 Strong margins & cash generation
- 8 Proven expansion strategy with further bolt-on opportunities
- 9 Ample opportunities in global trends such BPO, Mobility and SaaS
- 10 Best-in-class management & governance

# Strategy

- 1 • Continue to capitalize on the SME growth and penetration opportunity
- 2 • Become the local champion in key vertical solutions in selected sectors
- 3 • Provide value-added services to fulfill SMEs' business solutions needs
- 4 • Further improve revenue resilience through product/service diversification & increase in recurring revenues
- 5 • Expand margins through scale & synergies
- 6 • Establish strategic alliances (technology, geographical footprint, business solutions, sector, etc)
- 7 • Expand regionally in select markets in MENA, CIS & the Balkans mainly through acquisitions
- 8 • Capitalize on the significant opportunities in the upcoming E-initiatives of the government



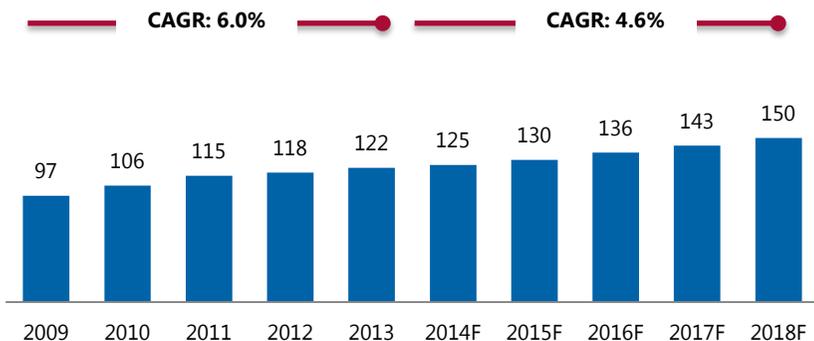
## **LOGO Business Solutions**

### **B. Turkey: Macro Review and EAS Market**

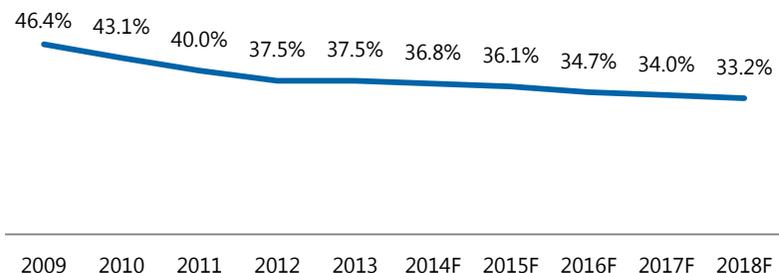
# Turkish Macroeconomic Outlook

Turkey is the fastest growing Emerging Europe economy with real GDP projected to grow nearly 5% CAGR through 2018...

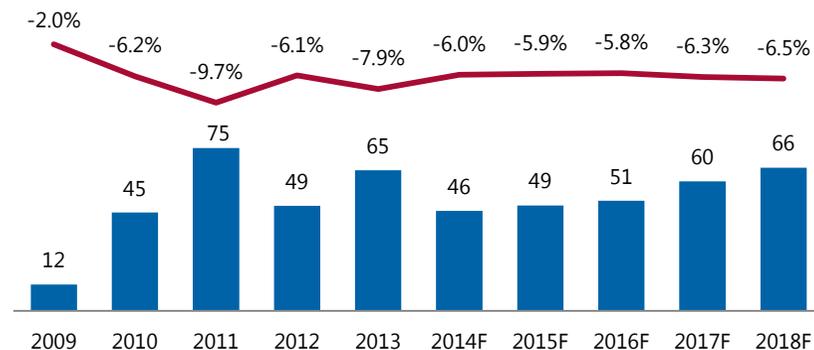
### Real GDP Evolution (TL bn)



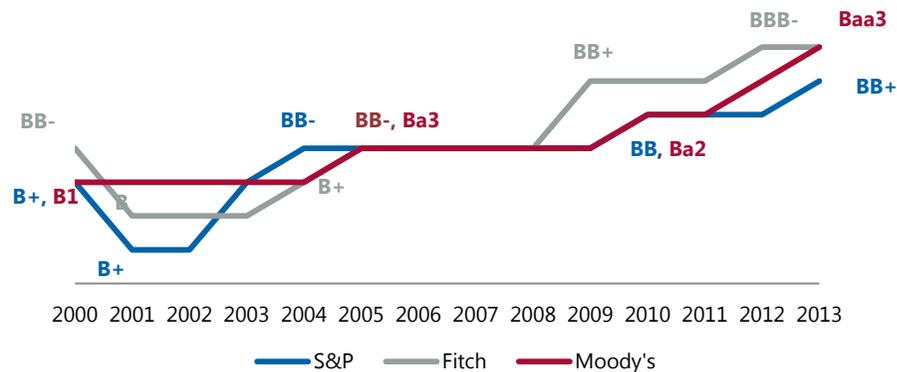
### Government Debt (as % of GDP)



### Current Account Deficit (US\$ bn)



### Sovereign Rating Profile

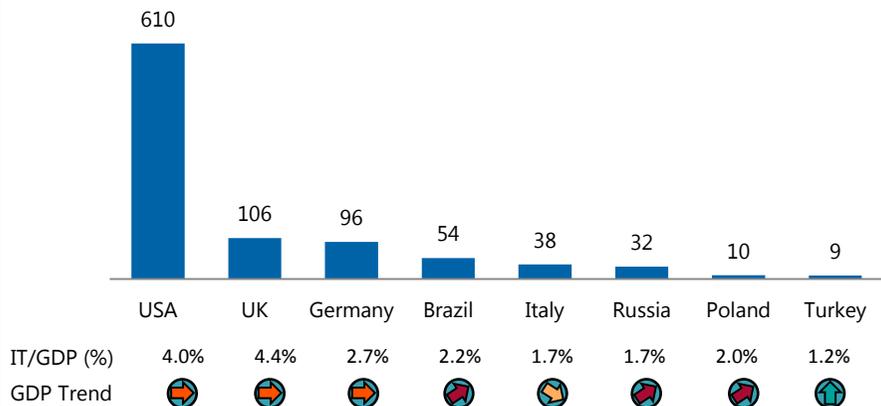


Source: EIU Country Update – April 2014

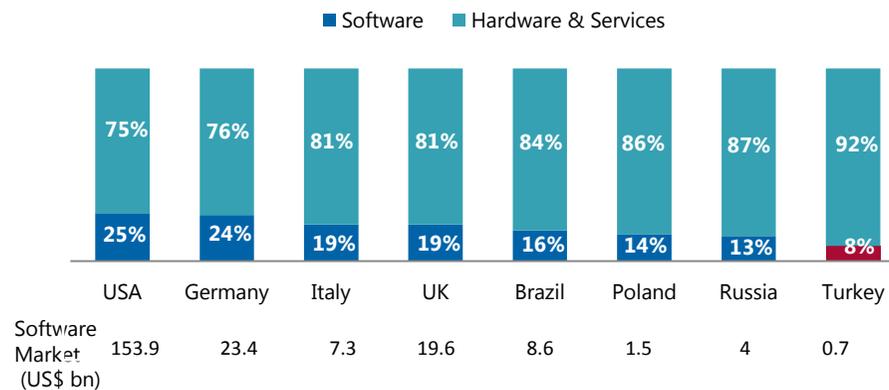
# EAS Market Trends (1 of 3)

Turkey's IT spending and share of SW spending is the lowest among its peers, room for continued growth...

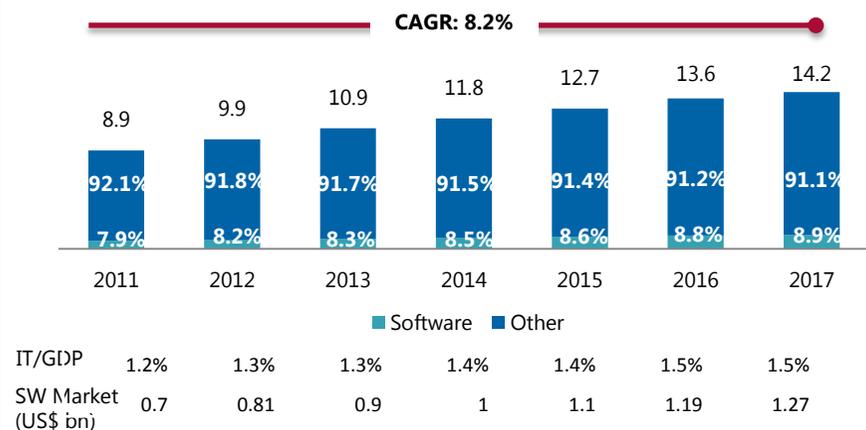
### IT Spend in Various Countries (2011, US\$ bn)



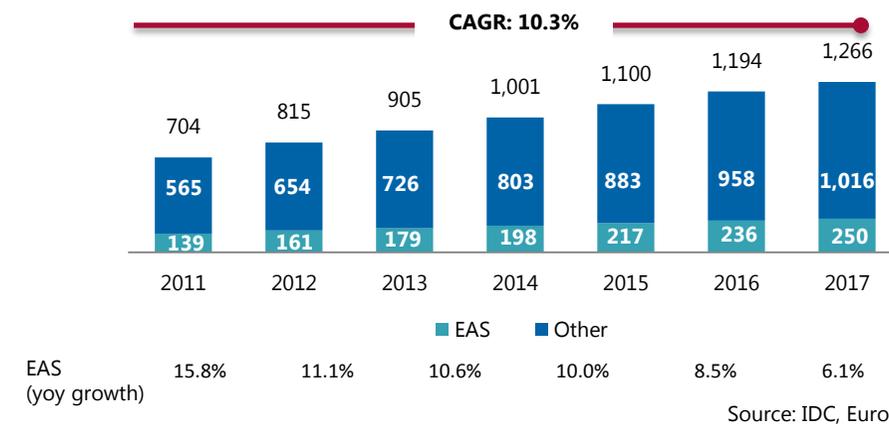
### Software / IT Ratio in Various Countries (2011)



### IT Spend Breakdown (US\$ bn) - Turkey



### Turkish Software Spend Breakdown (US\$ bn) - Turkey



Source: IDC, Euromonitor

# EAS Market Trends (2 of 3)

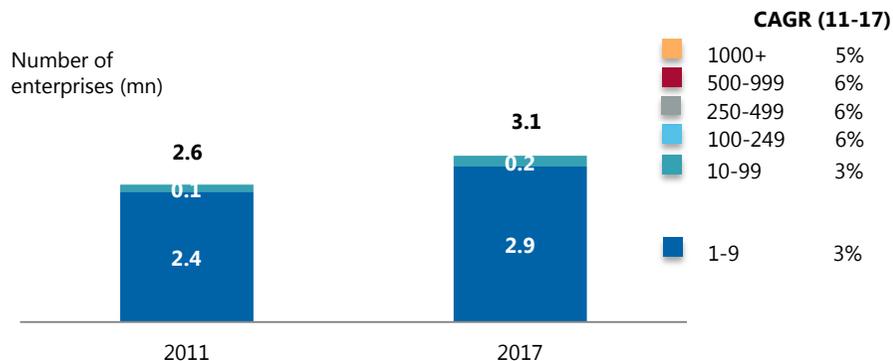
	 <u>USA</u>	 <u>UK</u>	 <u>Germany</u>	 <u>Italy</u>	 <u>Brazil</u>	 <u>Russia</u>	 <u>Poland</u>	 <u>Turkey</u>
<b>GDP Trend in the last 3 years</b>								
<b>IT \$B 2011</b>	\$610 bn	\$106 bn	\$96 bn	\$38 bn	\$54 bn	\$32 bn	\$10 bn	\$9 bn
<b>IT/GDP</b>	4.0%	4.4%	2.7%	1.7%	2.2%	1.7%	2.0%	1.2%
<b>SW \$B</b>	\$154 bn	\$20 bn	\$23 bn	\$7 bn	\$9 bn	\$4 bn	\$1.5 bn	\$1 bn
<b>SW/IT</b>	25%	19%	24%	19%	16%	12%	14%	8%
<b>Maturity Index</b>								
<b>Network Readiness*</b>	5.56	5.50	5.32	4.17	3.92	4.02	4.16	4.07
<b>Benchmarked</b>								n/a

\*Network Readiness Index is an index prepared by World Economic Forum which demonstrates the development level of broadband and IT infrastructure of a country

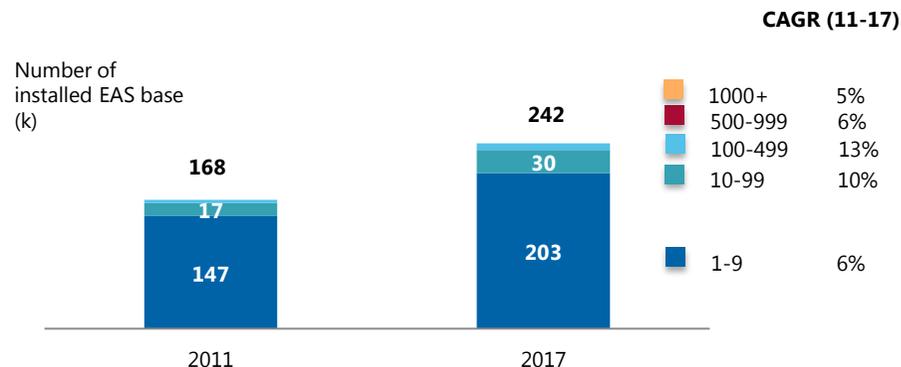
# EAS Market Trends (3 of 3)

EAS market is expected to grow at ~11% to reach 260M USD by 2017 both through macro and secular growth...

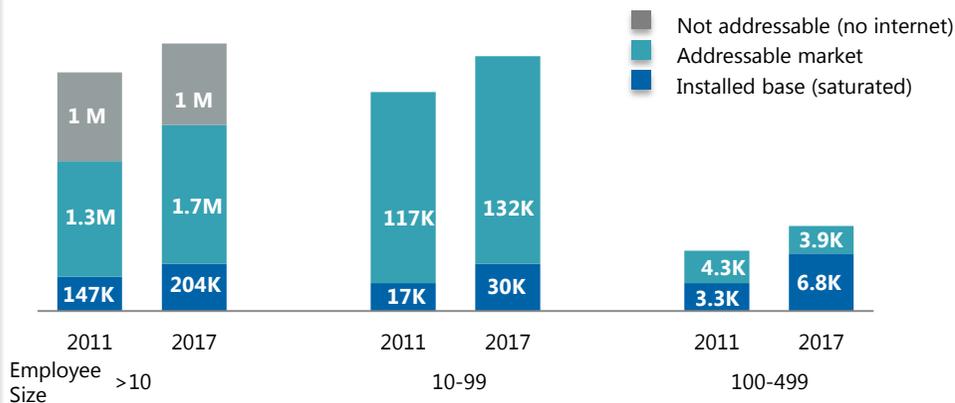
## Growth of Enterprise Universe (mn)



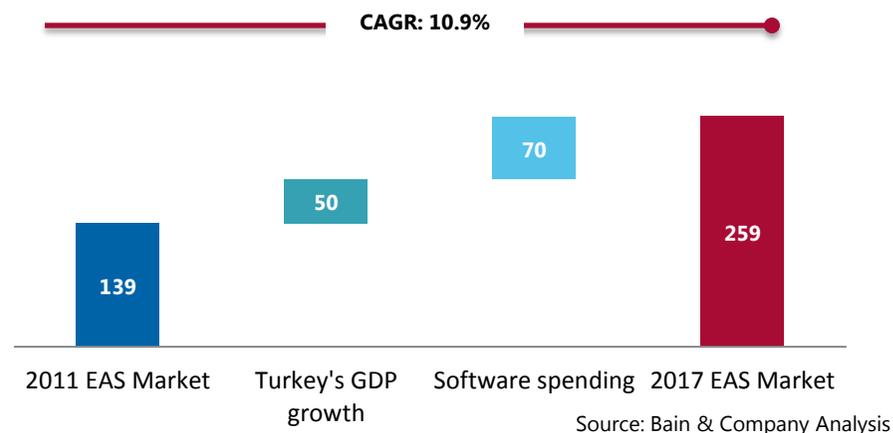
## Growth of EAS Installed Base (k)



## Expected Evolution of Turkish Enterprise Universe



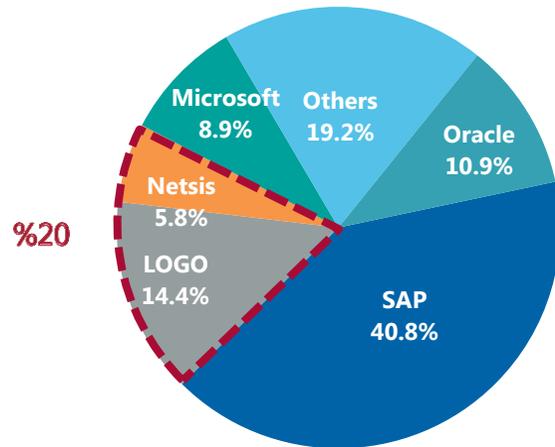
## EAS Market Evolution (US\$ mn)



# Competitive Positioning of Logo

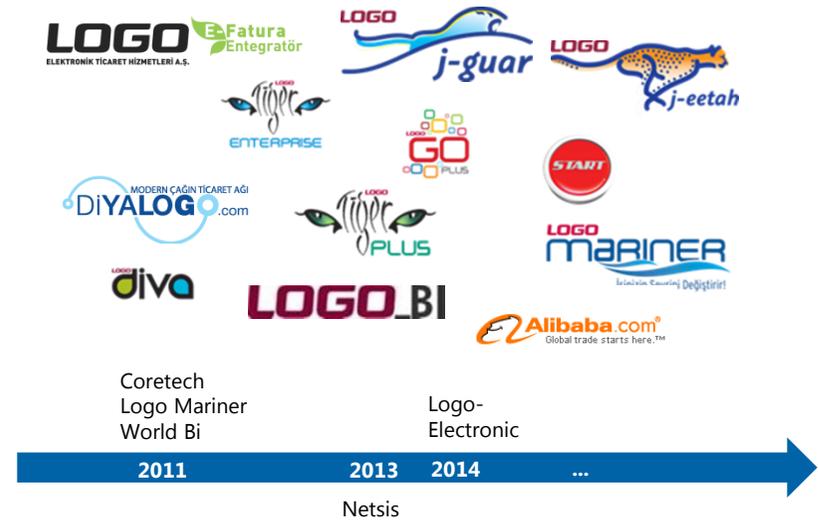
Logo is expected to increase its share in the rapidly growing EAS market through the expansion of product range and add-on acquisitions...

## Expanding Market Share



- Logo has been growing by 48% p.a. in 2009-2012 period; above market growth of 22% in the same period; increasing share from 10% to 20%
- Together with the acquisition of Netsis, LOGO's market share increased to more than 20%
- Market leader in terms of the number of customers, LOGO is in the second place in terms of turnover following the largest global player

## Growing Product Range



- With its strong brands in the fastest growing market segments along with product and distribution channel investments, LOGO reached 1.3 million users in 43 countries. LOGO's products are customized in several languages, business practices and legislations of numerous countries in Europe, Middle East, Africa and Asia.
- LOGO continued its inorganic growth in the first quarter of 2014 with the acquisition of LOGO Electronic.
- Further acquisitions with strategic value remain in our investment agenda.



## **LOGO Business Solutions**

### **B. Logo Highlights**

# Milestones

**1984**

LOGO established by 8 engineers with an average age of 25, incl'd. Chairman Tuğrul Tekbulut.

**1992**

LOGO Gold, the first multi language, multi currency commercial software. Awarded Product of the Year

**1993**

LOGO achieves market leadership. Launch of LOGO Alinteri

**1999**

LOGO ERP (Unity & HR)

**2000**

The first-ever software IPO in Turkey

**2001**

LOGO Germany

**2003**

Technology cooperation with IBM

**2004**

e-products Supply Chain Execution

**2005**

LOGO Tiger

**2006**

Unity on Demand

**2007**

Sales office in Dubai

**2008**

LOGO Start

**2010**

GO Plus  
Tiger Plus  
Tiger Enterprise

**2011**

Coretech acquisition



WorldBI (renamed as LOGO BI) acquisition

**LOGO BI**

**2012**

J-guar  
LOGO Mobile  
LOGO Store  
LOGO e-Ledger  
LOGO e-Invoice

**2013**

Mediterra\* investment in LOGO



IFC financing  
Netsis acquisition



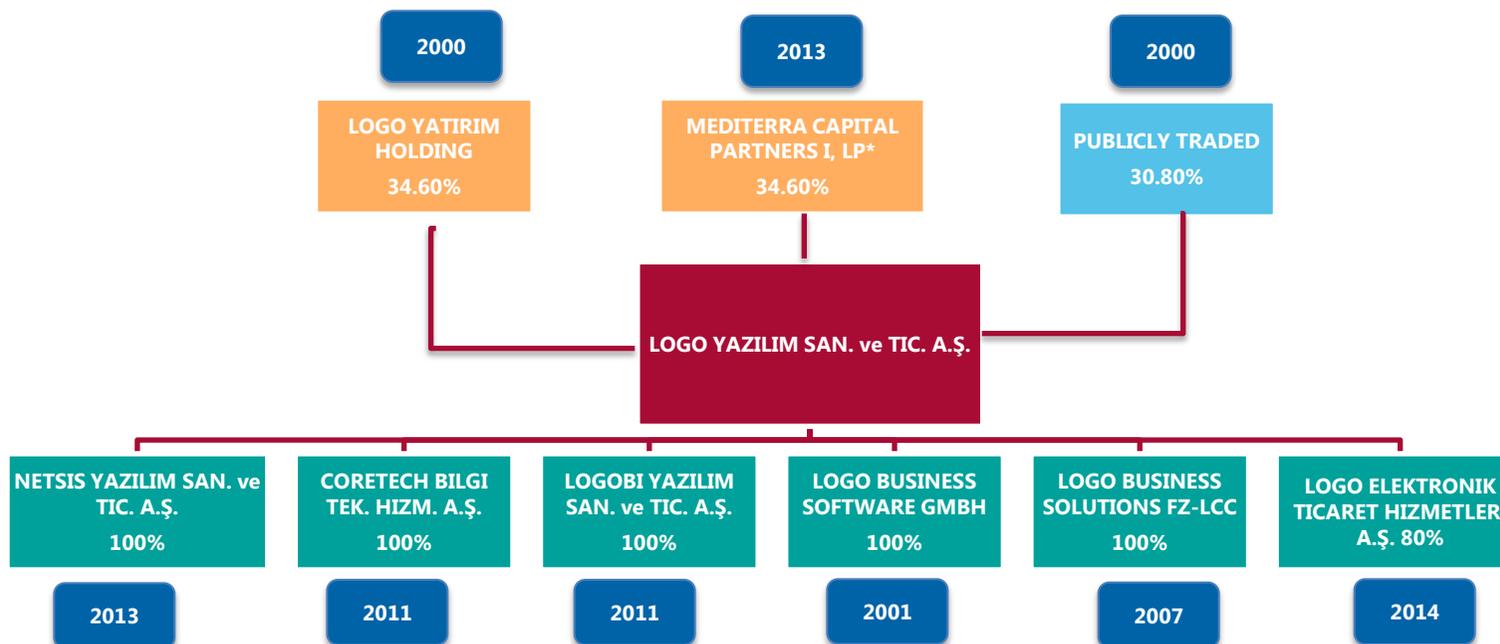
Post merger integration

**2014**

LOGO Elektronik acquisition

\*Established in 2011, Mediterra is a Turkish PE firm with a fund size of 164 mn and investors including EBRD, IFC, FMO, EIF, DEG, Alp Invest and Siguler Guff. The fund has made 8 investments to date.

# Corporate Structure



 Date established or acquired

\* Through wholly owned subsidiary, EAS S.a.r.l

## Share Buy Back Program

- The Company has repurchased shares between 2012 and 2014 through Share Buy Back Program
- The repurchased shares currently constitute 2.34% of the Company's entire share capital

## Product Offerings

### **Innovative products that improve company competitiveness**

- Developing solutions for the coming decades
- Providing services for a wide range of industries, including among others,
  - Retail
  - Distribution
  - Production
  - Tourism
  - Technology
  - Marine
- Solutions for structuring in line with contemporary management principles
- Increasing efficiency and profitability through
  - SME Solutions
  - ERP Solutions
  - Vertical Solutions
  - Industrial Solutions
  - Integration Products
  - HR Solutions
  - Business Intelligence
  - Mobile Solutions

## Leading SaaS provider in Turkey

- LOGO is the leading SaaS provider in Turkey
- Acquired major competitors in the market: Diva (Coretech) and Netlite (Netsis)
- Dominant player in certain verticals such as retail and after sales services. Potential for a wide range of vertical add-ons
- R&D structure focusing on SaaS
- New sales channel to be developed for SaaS
- Current revenues from the cloud ~5% of total with aim to increase share parallel to *market demand*
- **LOGO's strong position and achievements in cloud computing was highlighted with 3 Euro Cloud Awards in 2013:**
  - Netlite – The Best Cloud Service Product
  - Diva DeLonghi Project –The Best Cloud Service Customer
  - Diva- The Second Best Cloud Service Product



## Operational Presence

*Turkey, Germany, Azerbaijan, United Arab Emirates,  
Ethiopia, Morocco, Georgia, Iraq, Iran,  
Kazakhstan, Kyrgyzstan, Kosova, Libya, Egypt  
Russia, Sudan, Saudi Arabia, Turkmenistan  
Ukraine, Jordan*



### **The leading player in a geography offering unrivaled opportunities**

- Strong presence in Central Asia and the Middle East.
- Market leader in Azerbaijan
- Products localized in 12 languages in 43 countries

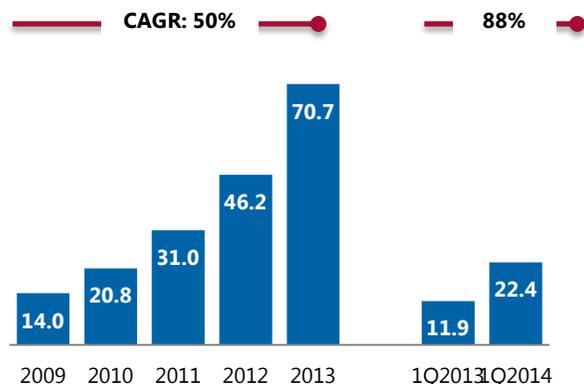
# Financial Snapshot

IFRS (TL mn)	Guidance YE2014	Reported YE2013	Reported 1Q2013	Reported 1Q2014	
<b>Revenue</b>	120	<b>70.7</b>	11.9	<b>22.4</b>	<b>88%</b> <ul style="list-style-type: none"> <li>• Sales revenue growth 53% in 2013 YoY</li> <li>• Periodic sales more than doubled YoY</li> <li>• Sales revenue in Q1 almost doubled YoY</li> <li>• Performance in line with the guidance</li> </ul>
<b>EBITDA</b>	50	<b>27.1</b>	5.7	<b>9.8</b>	<b>72%</b> <ul style="list-style-type: none"> <li>• 53% EBITDA growth in 2013 YoY</li> <li>• 72% EBITDA growth compared to 1Q2013</li> </ul>
<b>Net Income</b>	35	<b>19.3</b>	3.8	<b>6.1</b>	<b>58%</b> <ul style="list-style-type: none"> <li>• Net income almost doubled, margin increased by 400 bps</li> <li>• 58% net income growth compared to 1Q2013</li> </ul>

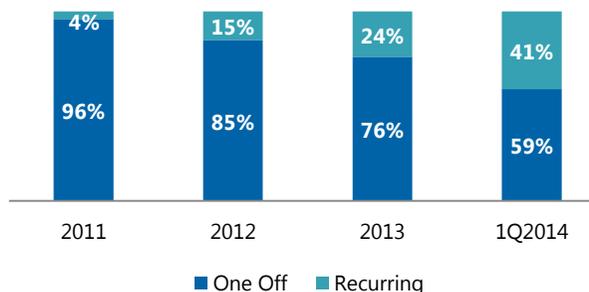
**Consistent record of high growth and high profitability**

# Key Financials (1 of 2)

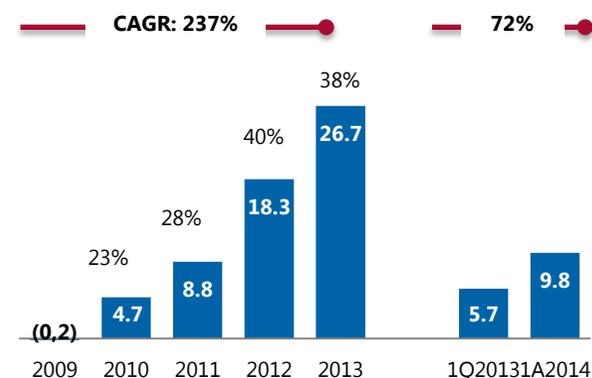
## Sales



## Recurring Sales



## EBITDA



- Sales revenue grew by 50% annually between 2009 and 2013
- Improved efficiency through extensive sales channel development and S&M activities
- Successful R&D activities led to increased productivity

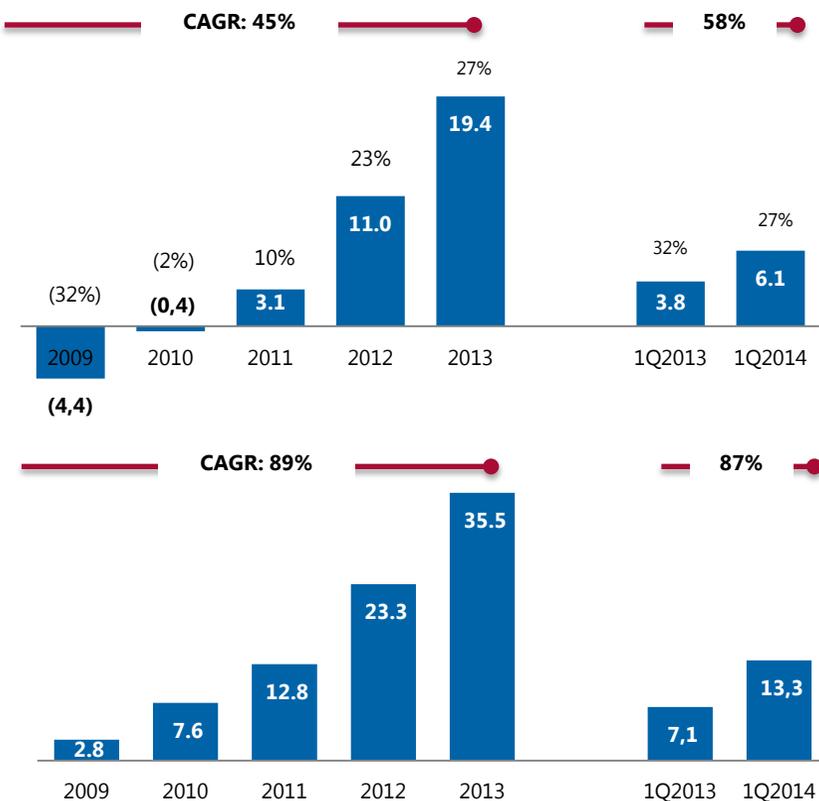
- Focus on recurring revenue has led to share growing from 4% to 41% while top-line sales grew at 50% during the same period

- Significant growth in EBITDA due to top-line growth coupled with margin improvement mainly due to more efficient R&D expense management and economies of scale

Note: 2013 financials include the last quarter of Netsis only.

# Key Financials (2 of 2)

## Net profit & Free cash flow



## Balance Sheet (2013YE)

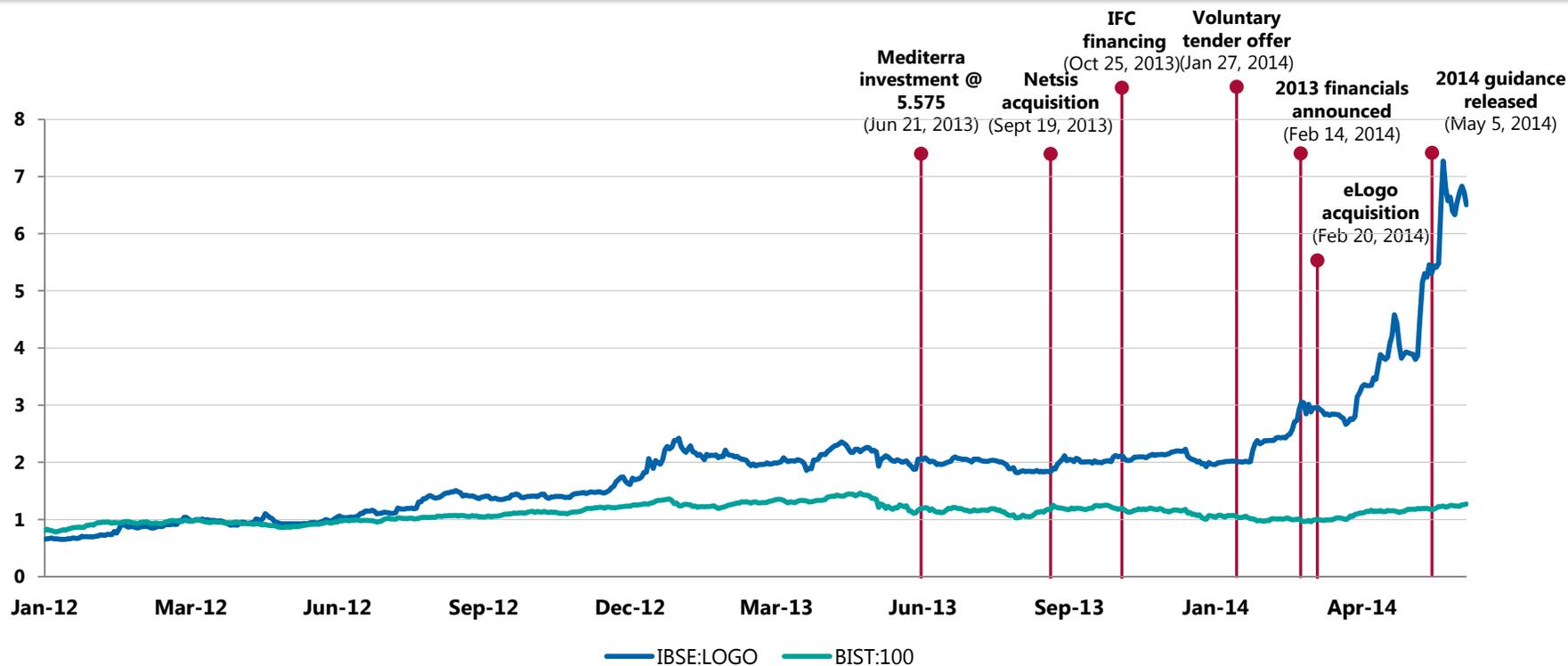
(TL mn)	2013YE
Cash and cash equivalents	19.5
Tangible assets	13.6
Intangible assets	36.5
Other assets	55.1
<b>Total assets</b>	<b>124.7</b>
Total liabilities	65.6
Total shareholder's equity	59.1
<b>Total liabilities + equity</b>	<b>124.7</b>

<b>Net debt</b>	<b>11.9</b>
Net debt / EBITDA x	0.45x

- Strong cash conversion cycle: Tax exempt, minimal capital expenditure requirement.

- Company well capitalized
- Low leverage: Net debt to EBITDA under 0.5x

# Share Performance



TL	Average Price	Average Volume	Δ Price	Δ Volume
L1M	13.9	332,120	7.5%	-69.7%
L3M	9.8	206,377	51.5%	-51.2%
L6M	7.5	198,374	97.6%	-49.3%
L1Y	6.1	145,962	144.3%	-31.1%
L3Y	3.9	271,086	280.3%	-62.9%

Market capitalization	TL mn
Share price @ June 9, 2014	14.9
# shares outstanding	25.0
<b>Mcap @ June 9, 2014</b>	<b>372.5</b>

## Trading Comparables

€ mln Company	Country	LTM Revenue	LTM EBITDA	EBITDA margin %	Market Cap.	Enterprise Value	EV/Sales			EV/EBITDA			P/E		
							LTM	14E	15E	LTM	14E	15E	LTM	14E	15E
Totvs	Brazil	537	126	23%	2,168	2,133	4.0x	3.4x	3.1x	17.0x	12.7x	11.0x	9.5x	17.3x	14.7x
Sage	UK	1,602	473	29%	5,327	5,777	3.6x	3.3x	3.0x	12.2x	11.0x	9.7x	20.5x	16.1x	14.0x
SAP	Germany	16,912	5,824	34%	68,487	68,195	4.0x	4.0x	3.5x	11.7x	10.3x	9.0x	20.1x	16.9x	15.4x
Intuit	US	3,192	1,081	34%	16,594	15,022	4.7x	4.3x	3.7x	13.9x	10.5x	9.0x	19.2x	23.0x	20.6x
Oracle	US	27,451	11,946	44%	140,654	131,428	4.8x	3.8x	3.5x	11.0x	6.9x	6.5x	12.7x	14.3x	13.0x
<b>Average</b>							<b>4.2x</b>	<b>3.8x</b>	<b>3.4x</b>	<b>13.2x</b>	<b>10.3x</b>	<b>9.0x</b>	<b>16.4x</b>	<b>17.5x</b>	<b>15.5x</b>
<b>Logo</b>	Turkey	28	11	38%	127	130	<b>4.6x</b>	<b>3.2x</b>	na	<b>12.1x</b>	<b>7.6x</b>	na	<b>16.6x</b>	<b>10.7x</b>	na

Source: CapitalIQ, Company Research Reports

## Future Outlook

### Expectations

- Revenue growth expected to continue at high double digit on a stand alone basis
- Revenue drivers: economic growth, penetration story, regulatory support, additional acquisitions
- Margins expected to increase: following post-merger integration of acquisitions and economies of scale
- Dividend policy: depending on acquisition appetite and optimal capital structure
- Cash management: sufficient cash and committed credit facilities are held to meet short term cash requirements