

LOGO BUSINESS SOLUTIONS

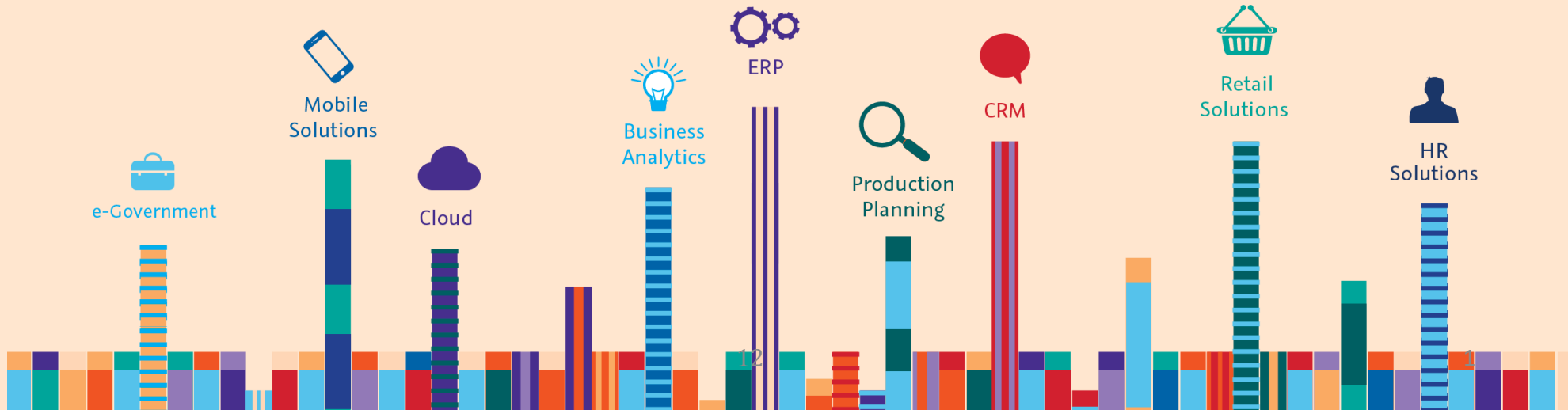


Analyst Presentation for FY 2014

Gülnur Anlaş

Chief Financial Officer

February 16, 2015



Disclaimer



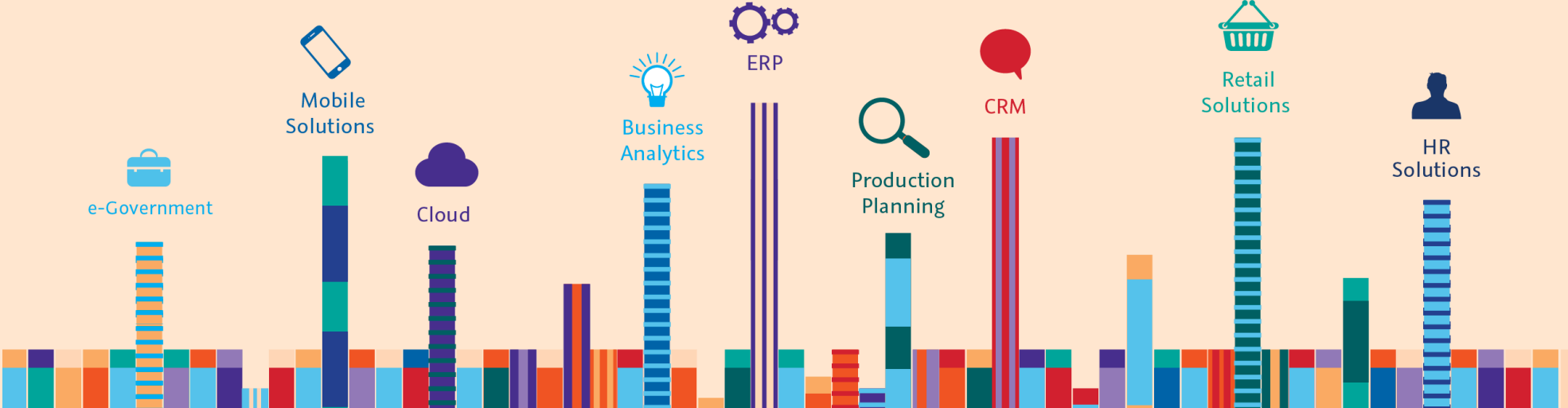
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2014 Milestones



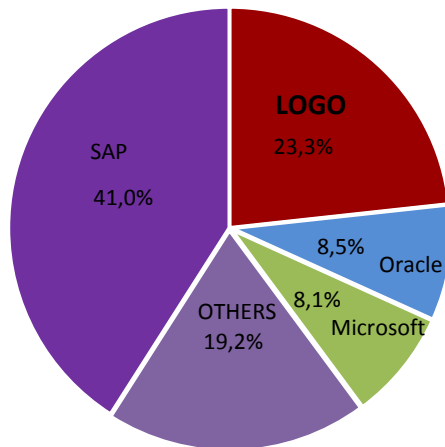
- Strong revenue performance with organic and inorganic growth
- Strong recurring revenue growth of 93%.
- Share of recurring revenues up to 36%
- Cloud revenue growth at 15%. Diva now used in 4000+ companies at 7500 points of presence
- International sales maintained at last year's levels despite continuing uncertainties in the export markets
- Growing operating profitability
- Earnings Per Share up by 43%
- Lol signed with Intermat, a major CRM solutions provider –transaction concluded as of January 3rd, 2015.
- Lol signed with a payment services company in February 2015
- Well-positioned to continue the momentum into 2015

Expanding Market Share & Growing Product Range



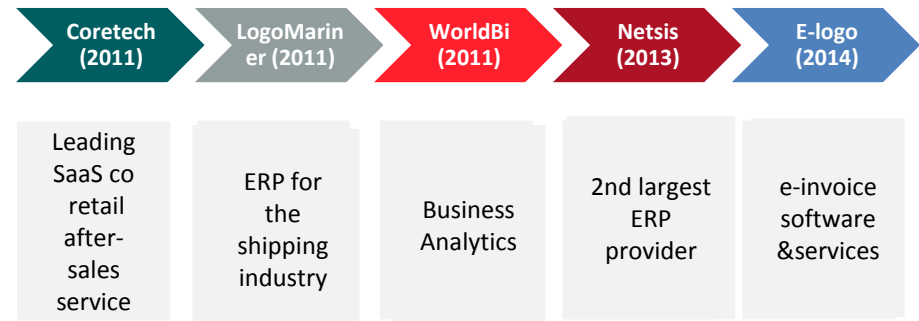
Expanding Market Share

- Continued growth at above market growth rates leading to **market share gains**
- Increased market share up to 23,3% from 20%
- Continued to be the leading company in the SME segment and ranked the second after SAP.



Growing Product Range

- Product range expansion through organic growth and value oriented acquisitions.
- CRM provider Intermat joins Logo in early 2015
- LOI signed with a payment services company in February 2015

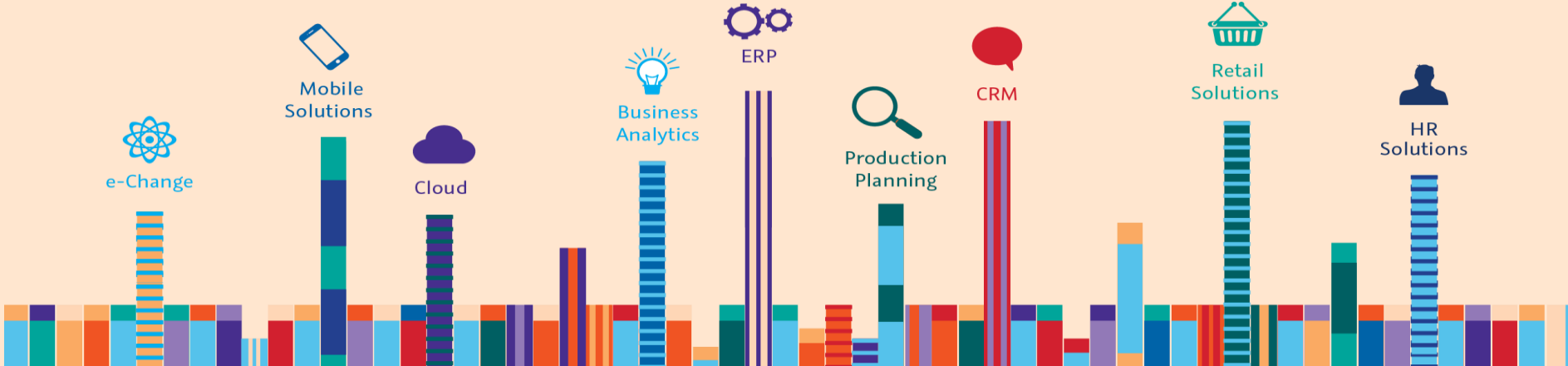


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Financial Summary



	Q4					12 M					G	
IFRS (m TL)	Q413	Q414	Δ	LFL13	LFL Δ	12M13	12M14	Δ	LFL 13	LFL 14	LFL Δ	YE14
Revenue	32,5	35,2	8%	33,9	4%	70,7	104,0	47%	85,9	105,4	23%	120
EBITDA	11,6	8,7	-25%	11,4	-24%	27,1	39,6	46%	29,2	40,0	37%	50
EBITDA Margin	36%	25%		34%		38%	38%		34%	38%		42%
Net Income	6,1	8,5	39%	6,4	33%	19,4	27,7	43%	20,8	28,2	39%	35
Net Income Margin	19%	24%		19%		27%	26%		24%	27%		29

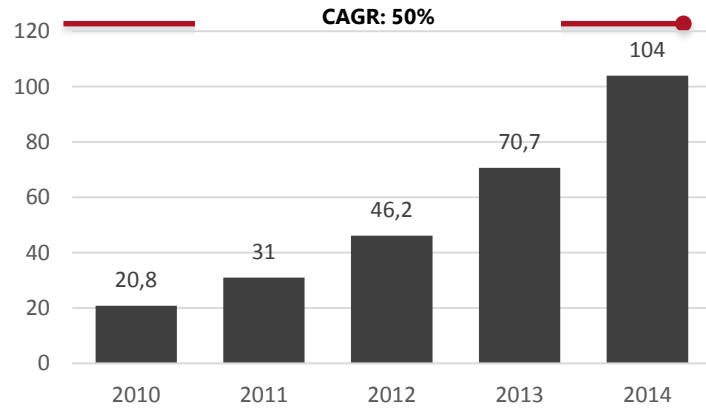
- Economic slowdown in the 3rd & 4th quarter had a negative impact on expected sales growth
- Sales fell below target but growth rates of sales revenue and profitability continued to be in high double digits
- Sales and profitability on LFL basis taking into account recent acquisitions (Netsis & e-Logo) also remained significant

*LFL: includes Netsis and e-Logo full year results

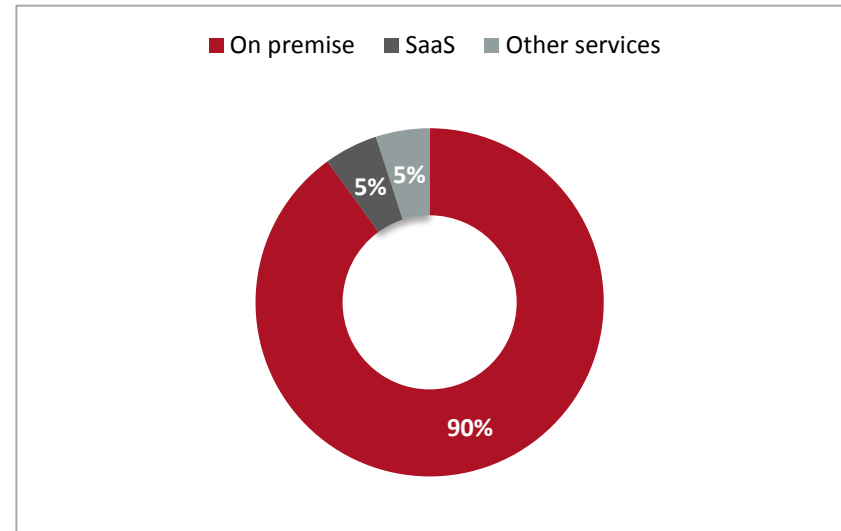
Solid top-line growth with revenue quality



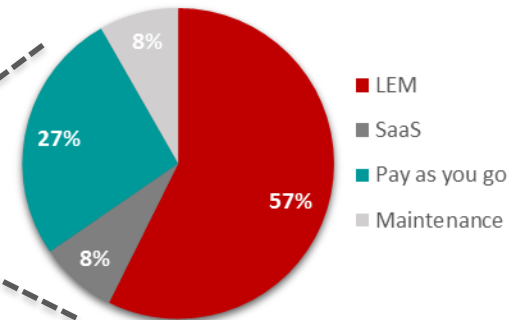
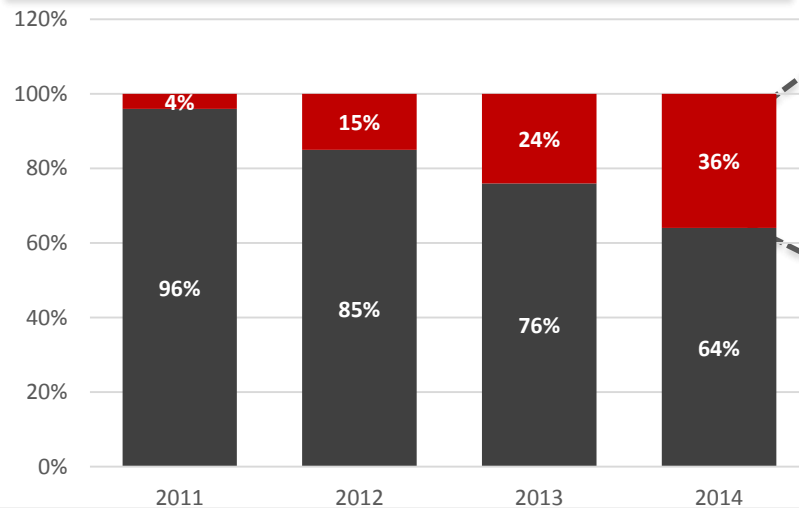
Sales Performance in the Last 5 Years



Sales Categories



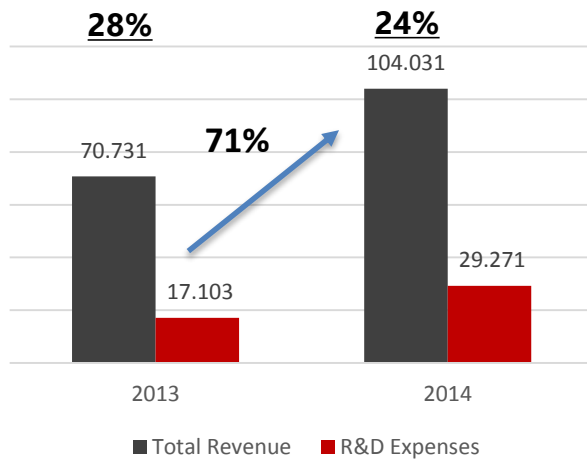
Recurring Sales



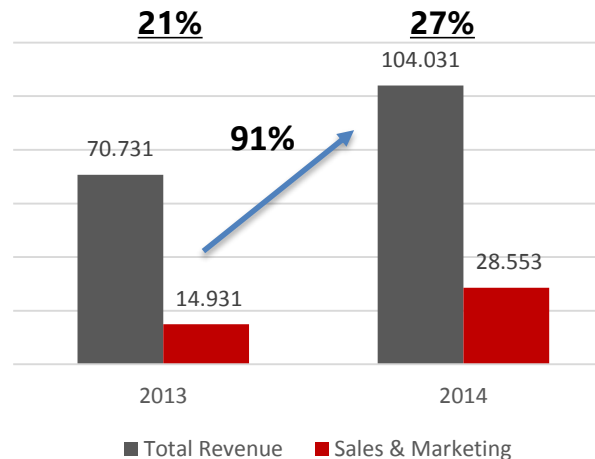
- Along with market leadership in the SME segment, corporate clients substitute a major share in revenues, providing stability
- Continued increase in recurring revenues

Controlled growth in expenses

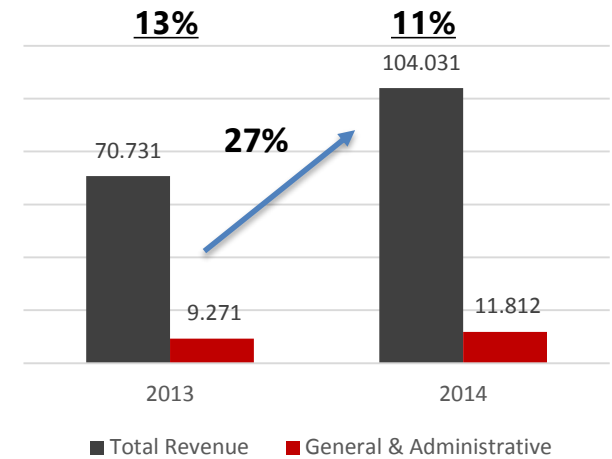
R&D (000 TL) Share in Revenue (%)



S&M (000 TL) Share in Revenue (%)



G&A (000 TL) Share in Revenue (%)

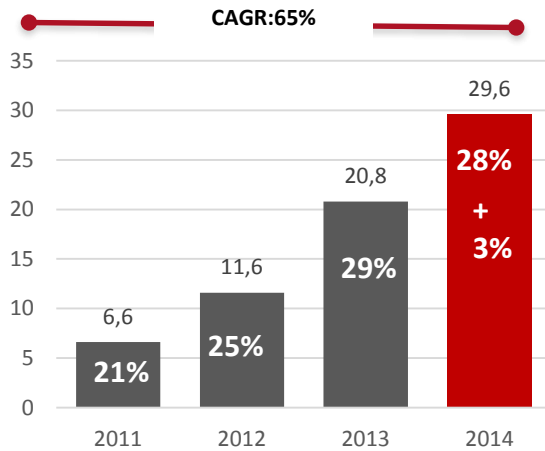


- Continued R&D spending,
- New product offerings through successful R&D
- Approximately 30% of revenues in 2013 and 2014 have been generated from products and services introduced in the last two years.
- Extensive sales channel development continued along with synergies with Netsis.
- Higher marketing spending to reinforce brand image and facilitate integration of Netsis
- Share of G&A expenses in the sales revenue declined with increasing efficiency

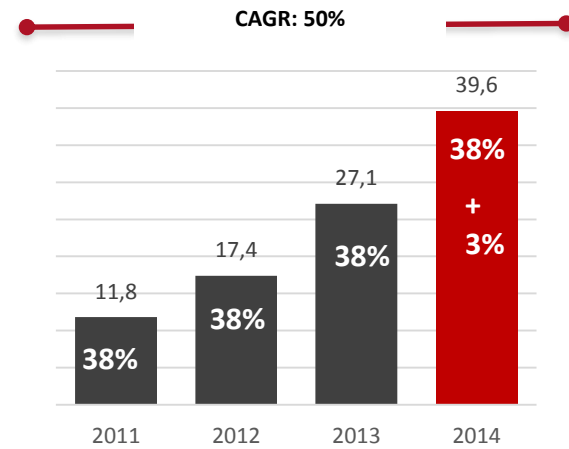
Bottom line performance above sales growth



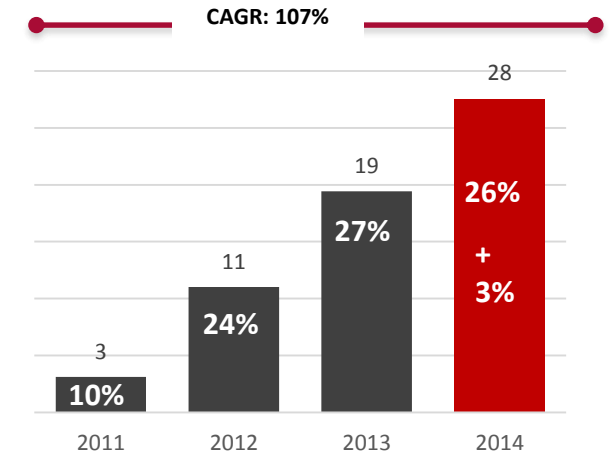
EBIT (m TL)



EBITDA (m TL)



Net Income (m TL)



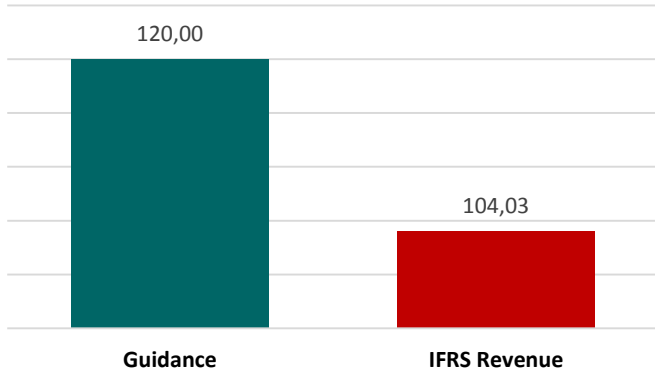
EBIT: Gross Profit + S&M + G&A + R&D

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

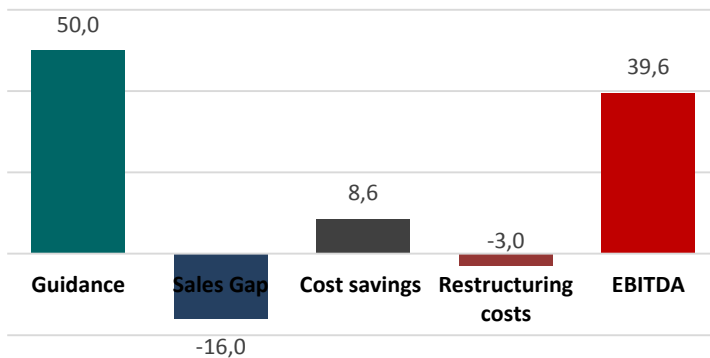
- Sustained growth in EBIT and EBITDA as a result of Logo's strategy for improved efficiency
- Maintained high profitability margins albeit one-time restructuring costs (**about 3% impact on margins**)

Performance vs Guidance

Sales (m TL)



EBITDA (m TL)



- e-government (e-invoice) sales fell below target due to government's manual driven portal solution remaining as an alternative to our software particularly in smaller size co.s. This group remains as a potential.
- The composition of e-government: one time e-invoice sales fell below expectations while e-service sales (deferrable in nature) were above expectations resulting in a (-) net deferred revenue.
- Deferred revenues up by 71% - 28 mio TL to be booked in 2015.
- Cost savings were possible due to variable costs plus proactive saving measures taken with slow-down in sales in Q3.
- Restructuring costs incurred for an efficient running organization
- Cost savings in the next 5 years is expected to total 10+ million TL

Strong capitalization and solid ROE



Balance Sheet Highlights (m TL)

	2013	2014	Δ
Cash & Cash Eq.	19,3	48,7	152%
Trade Receivables	52,8	53,7	2%
Tangible Assets	13,6	15,1	11%
Intangible Assets	36,5	43,6	20%
Other Assets	2,5	5,0	100%
Total Assets	124,7	166,1	33%
Total Liabilities	65,6	78,5	20%
Total Shareholders' Equity	59,1	87,6	48%
Total Liabilities and Equity	124,7	166,1	33%

Balance Sheet Ratios

	2013	2014
Shareholders Equity Ratio	0,47	0,53
Current Ratio	1,88	1,79
ROE	33%	32%
EPS	0,771	1,102

- Strong equity efficiently used for generating earnings growth
- Increasing ROE underlining Logo's ability to generate growth with organic activity as well as with acquisitions

High liquidity through strong cash conversion



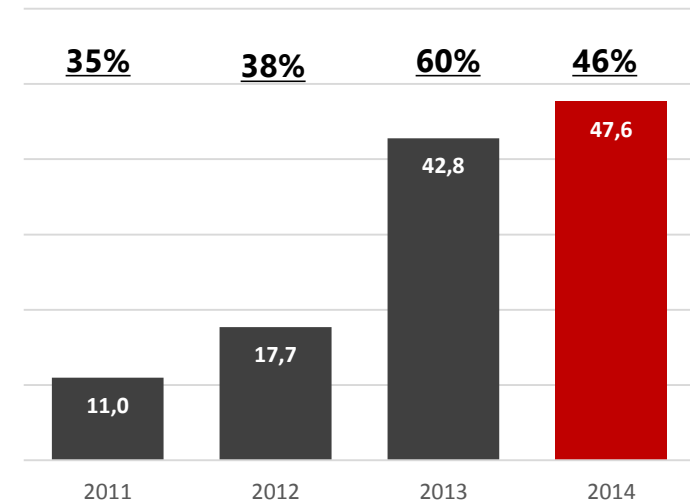
Cash Flow Statement (m TL)

	2013	2014
Cash & Cash Equivalent (Beginning)	9,8	19,3
Cash from /(used in) Operating Activities	21,4	55,9
(-) Net cash used in Investing Activities	-31,9	-22,2
Cash from Financing Activities	19,9	-4,3
Cash and Cash Equivalents (End)	19,3	48,6
	2013	2014
Total Debt*	24,1	23,2
Cash & Cash Equivalents & Financial Investments	19,5	48,7
Net Cash (NC) / Net Debt (ND)	ND 4,6	NC 25,5

*Total debt: ST borrowings + ST portion of LT borrowings + LT borrowings

- Strong cash conversion cycle
- Tax exempt
- Minimal capital expenditure requirement
- Continued improvement in w/c to sales due to improved cash management policy and consolidation effects
- High receivable quality through credit card collections

Working Capital (m TL) (Share in Revenue %)



Working capital: Trade receivables + Inventories – Trade payables

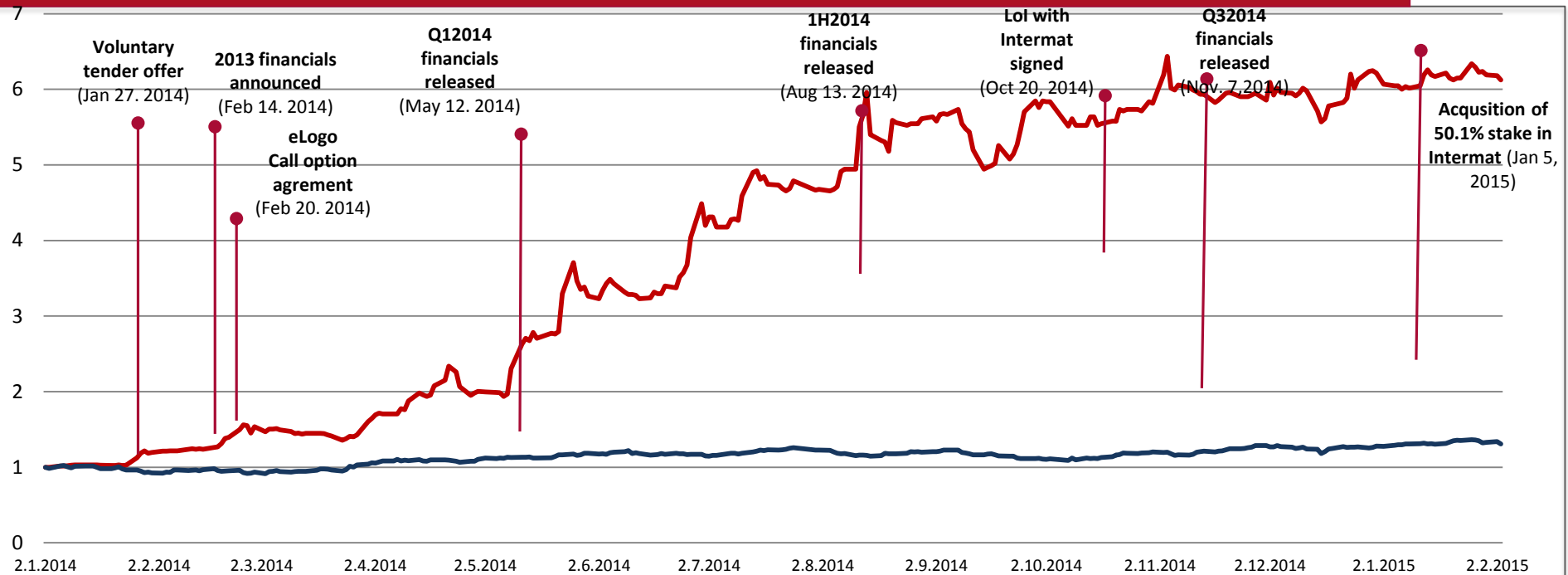
- Post merger integration of Logo & Netsis finalized; merger of technical teams and processes resulting in major cost reductions :
 - Excess resources are allocated to new development projects, especially SaaS
 - Best technologies from each member interchanged to create a uniform set of frameworks across environments: our legacy Delphi, .NET, and Java
 - Integration of Netsis HR product to best selling Tiger platform to provide new offering
- All product UI's (user interfaces) are redesigned to a role based app model which will drive upgrade and maintenance sales
- Redesign of UI's will enable mobile usage of our products
 - ➔ Penetration to the next 1.000.000 users as of 2016
- CRM product acquired from Interimat has been moved to Logo technology and UI standards and will be one of the key drivers of secular growth

2015 Action Plan



- Restructuring our sales channel and sales process to create a pro-active sales force, with better focus on end-users
- Restructuring our project management organization and processes to create a reference projects and improve channel's project implementation capabilities (quality and capacity).
- High-end customer relation capabilities
- Investment in HR towards training, certification and specialization
- New acquisition potentials in the pipeline – especially in e-services

Share Performance



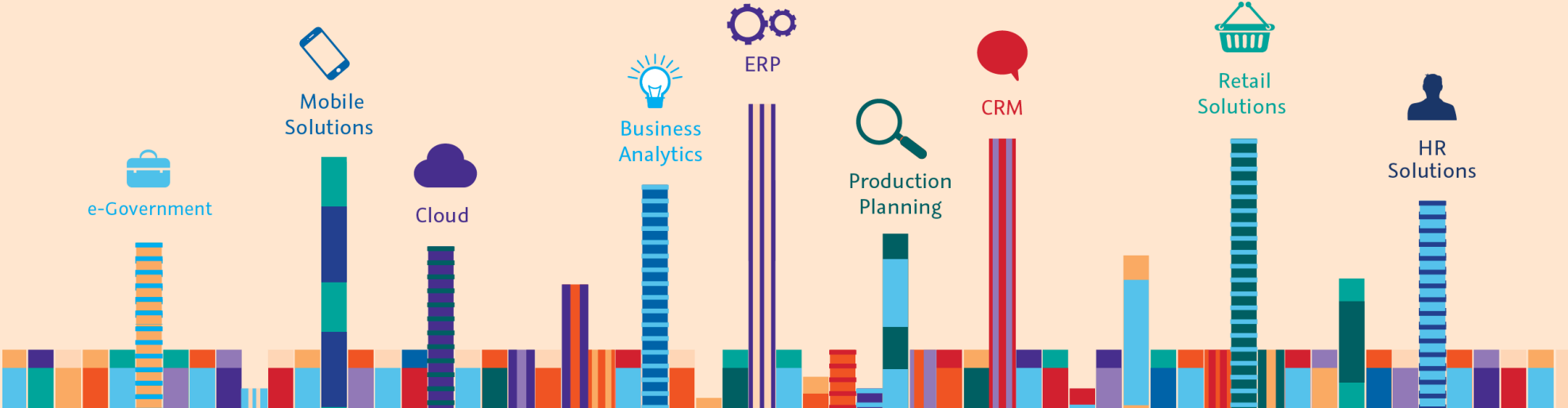
LOGO
BIST-100
— LOGO
— XU100

	Average Price	Price ▲	Average Price	Price ▲
L1M	27,80	0%	87900,57	-3%
L3M	27,12	4%	85605,88	6%
L6M	26,15	15%	81868,75	12%
L1Y	19,44	400%	77845,38	33%

Market Capitalization (TRALOGOW91U2)		m TL
Share Price @ Feb. 13 2015		27,85
Shares Outstanding		25M
MCAP @ Price @ Feb 13 2015		696,25M

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Thank you for joining us today

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