

**LOGO**

**Ünlü&Co. Roadshow Presentation  
London**

**Gölnur Anlaş  
CFO**

**Canan Şenkut  
IR Manager**

**March 13<sup>th</sup>-14<sup>th</sup>, 2019**



**LOGO**

# **Investor Presentation**

# 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



35%  
IFRS revenue  
CAGR  
in 2013-2018



321 mn TL  
2018  
revenues



54%  
Recurring  
revenue base



Growing SaaS  
business



Dedicated  
R&D spending



1.200+  
employees



45%  
women  
employees



5.000+  
people in  
ecosystem



90.000+  
active  
customers

# Key Investment Highlights



Solid Growth



Leading Provider of EAS Solutions



High Profitability



Latest Technology



Extensive Product Suit



Largest Business Partner Network in Turkey / 800+

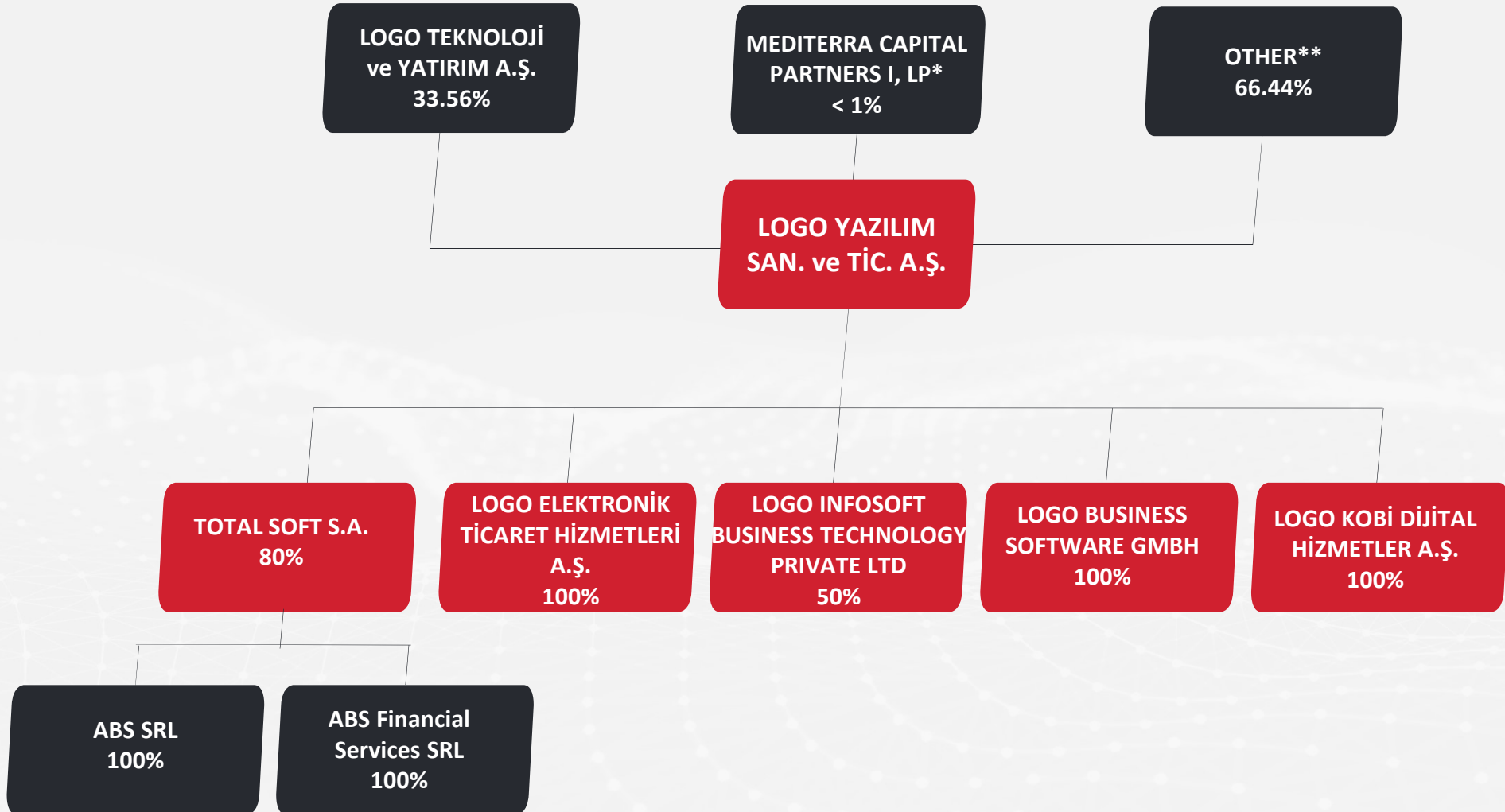
International Expansion in Emerging Markets



Most Valuable IT Brand\*

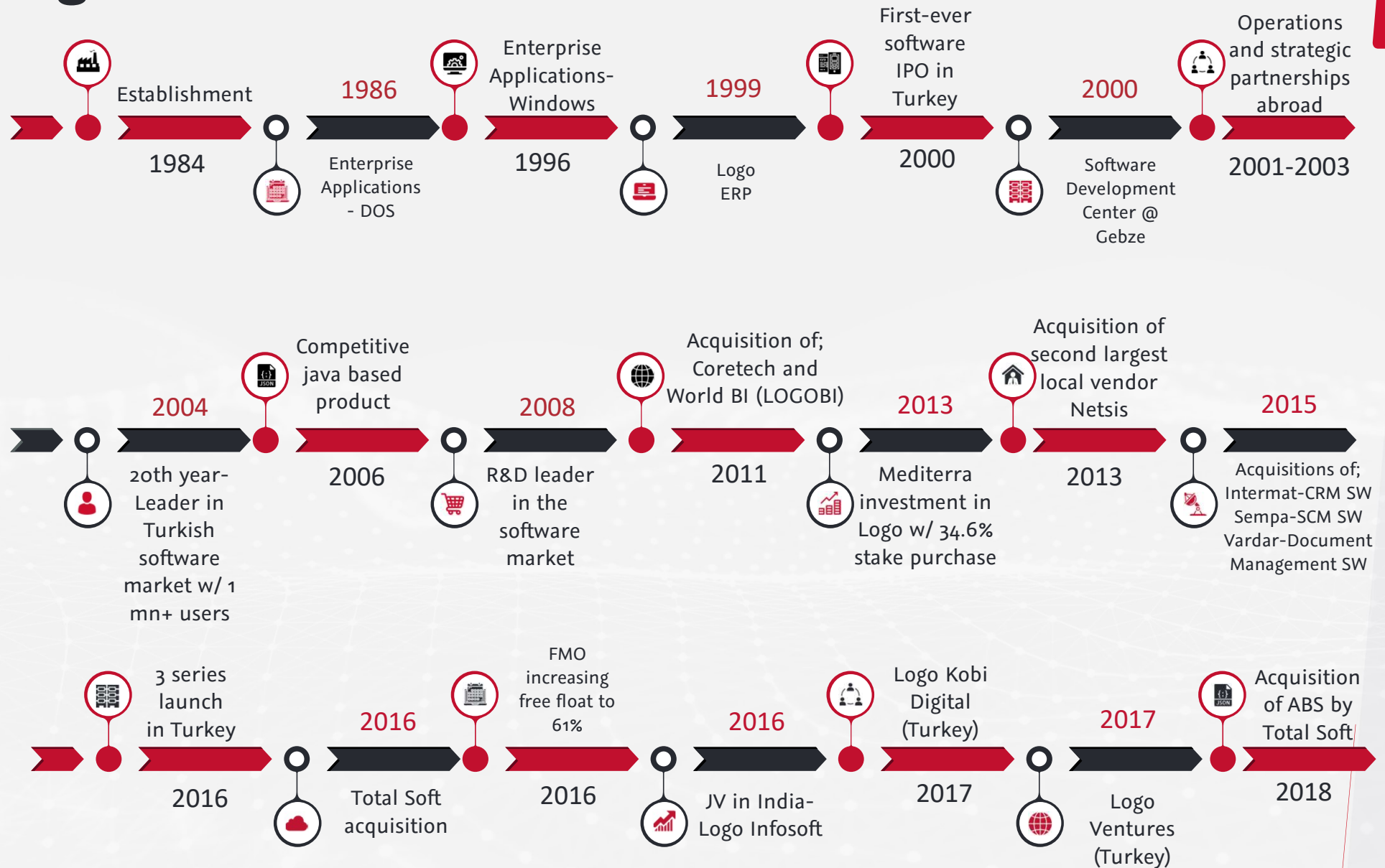


# Shareholder Structure



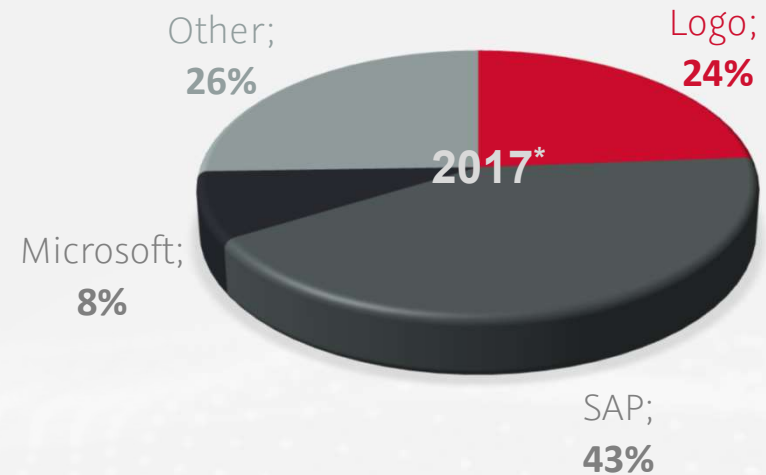
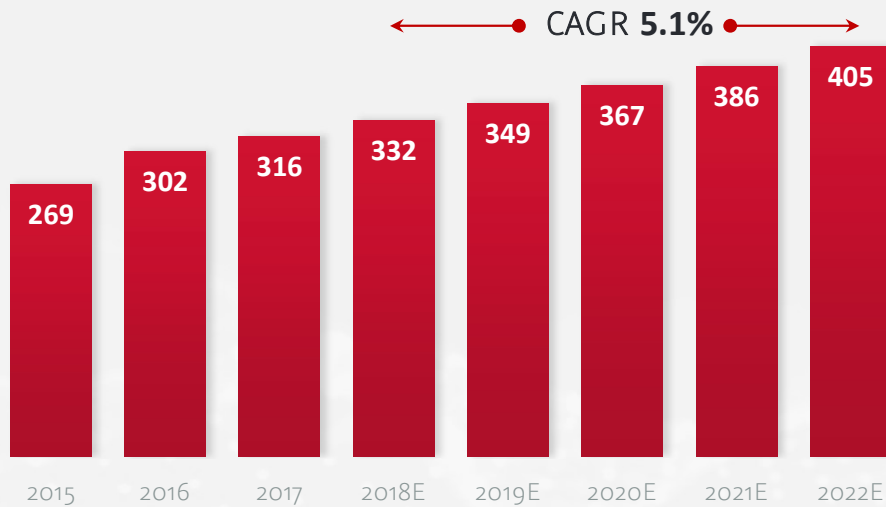
\* Includes Group A shares owned by Mediterra Capital Partners I, LP  
\*\* Includes the treasury shares of 3.48%.

# Logo Milestones



# Turkish EAS Market and Logo Market Share

Turkish EAS Market is Expected to Have Robust Growth\* (\$mn)



SMEs lead software market growth



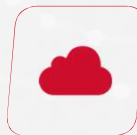
Lower ERP penetration compared to EU



Potential pricing upside



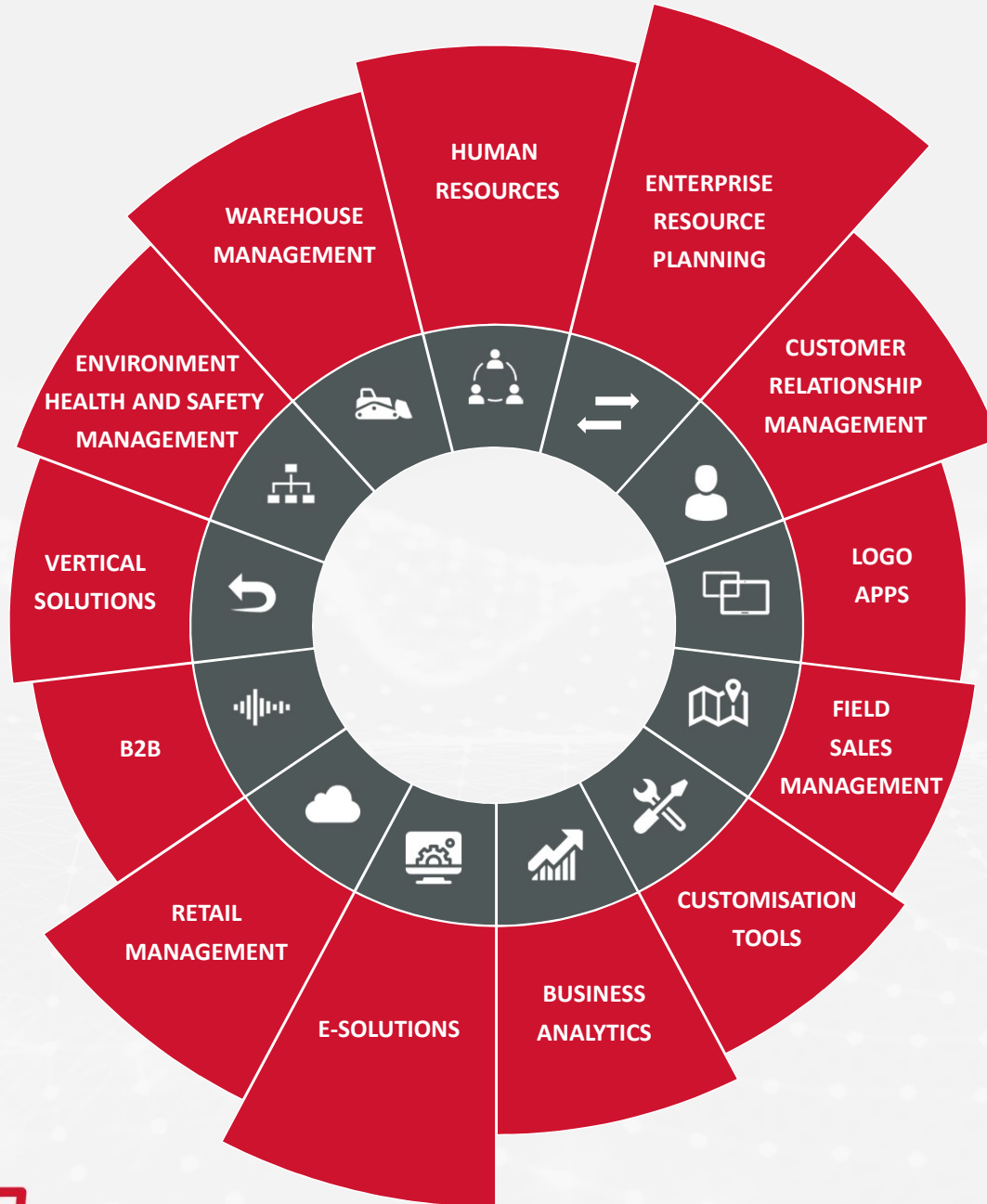
Government push for digitalisation



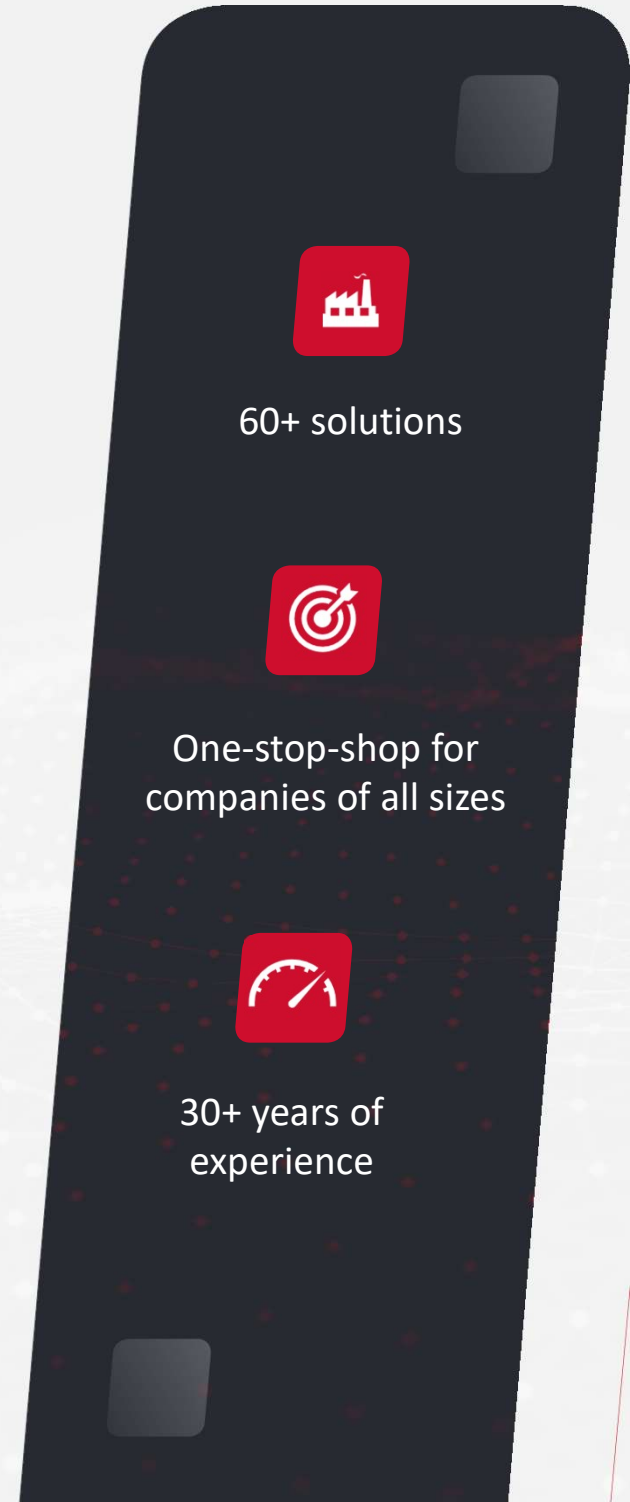
Enterprise cloud adoption will be on the rise and big data will be one of the fastest growing fields



# Extensive Product Suite



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



60+ solutions

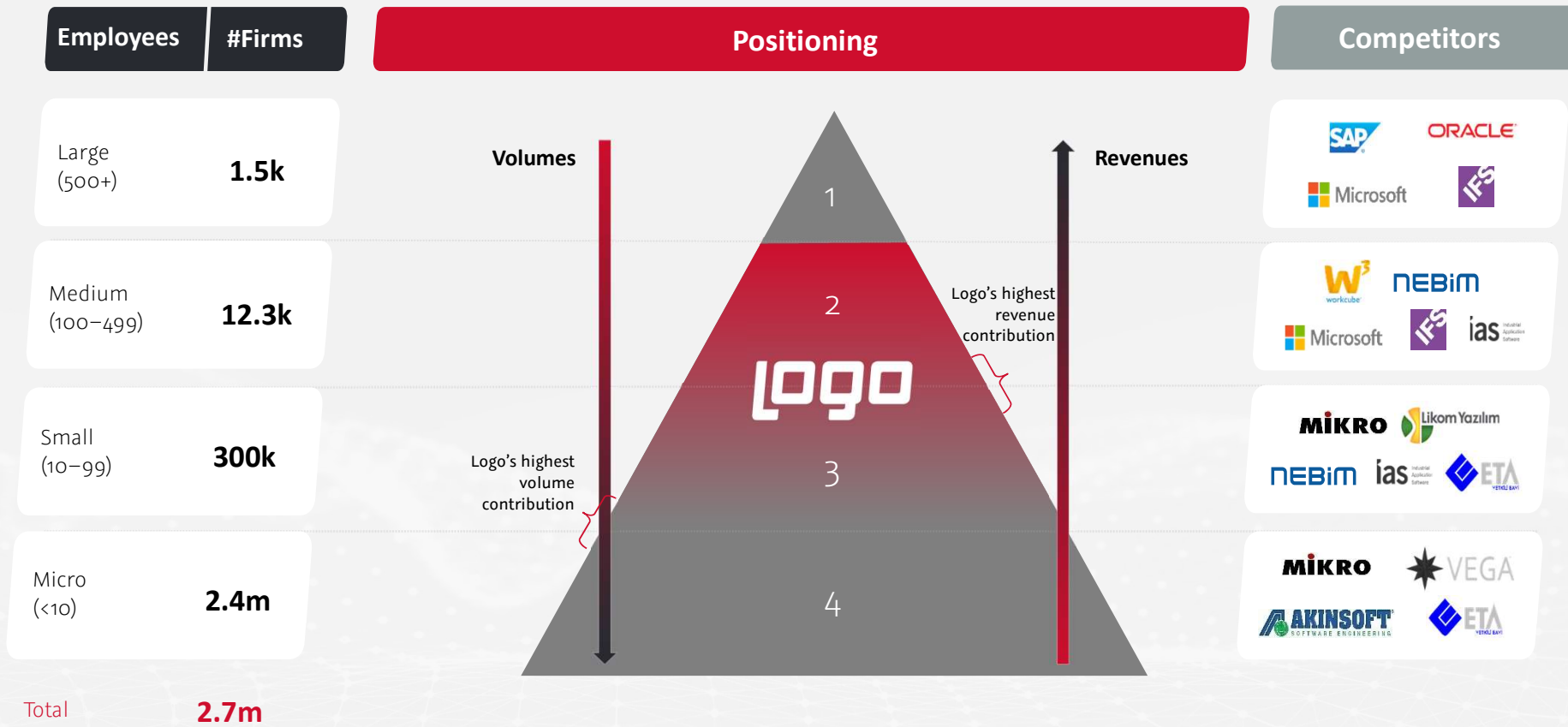


One-stop-shop for companies of all sizes



30+ years of experience

# 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

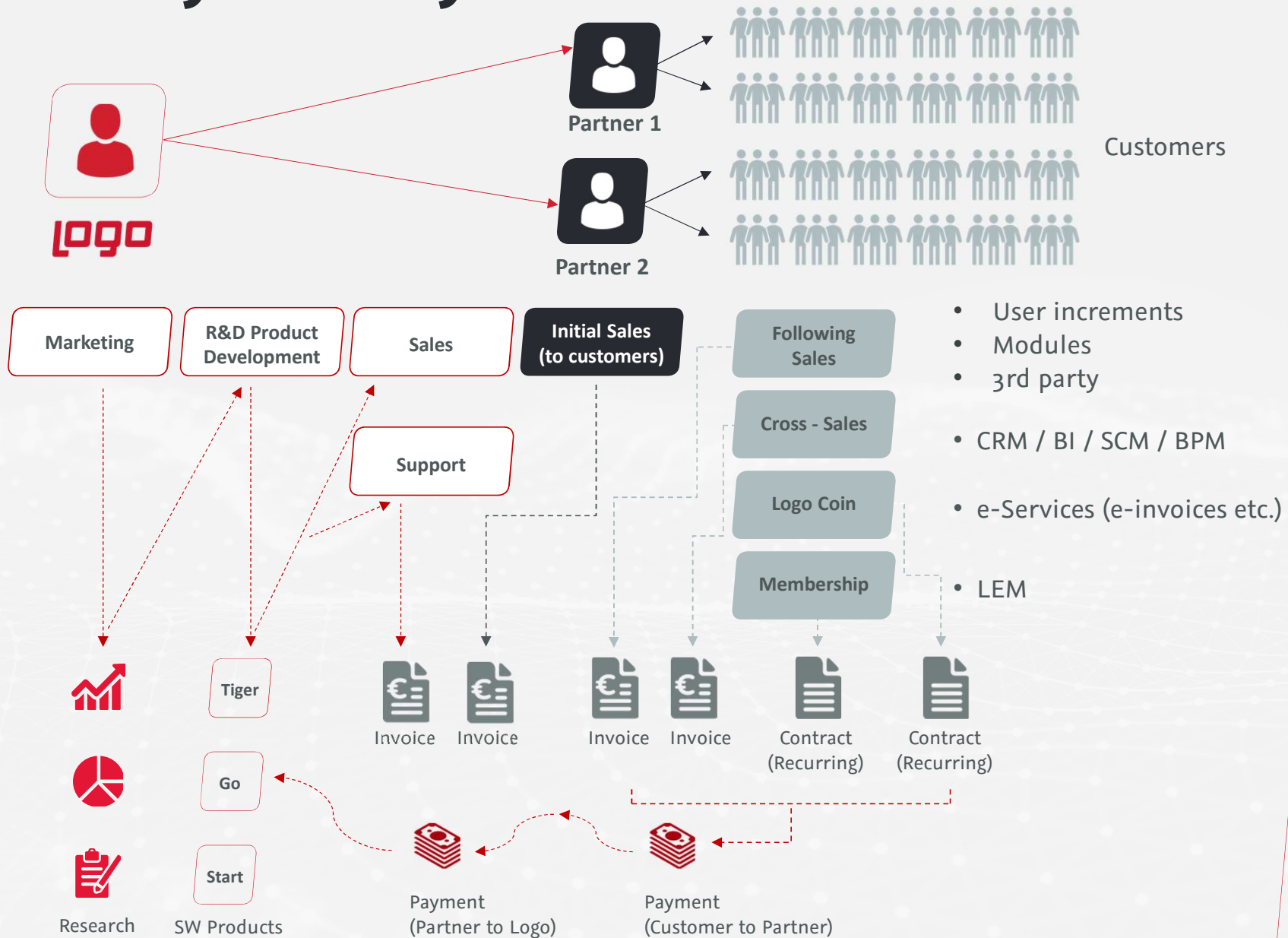
**2-3**

- 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



License  
Maintenance



4000+  
new features  
added in 2018

28%  
Revenue  
CAGR in  
2015-2018

 Version releases  
 New features  
 Regulatory changes

42%  
share in  
recurring  
revenues in  
2018


  
7  
version  
releases in  
2018

## Pay as you go – Logo Coins

Market  
leader in  
e-government  
solutions



15,000+  
customers

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

31%  
Logo Coin  
Revenue  
CAGR in  
2015-2018

22%  
share in  
recurring  
revenues in  
2018

60%  
increase in  
coin sales in  
2018

# Logo Total Soft - Romania



25 years of experience



Over 1,000 clients in 45 countries



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 the expectations of the new user generation

Evolving from content richness to usability and accessibility approach

Mobile and web usage

Compliance with e-gov't processes



Customer centric design

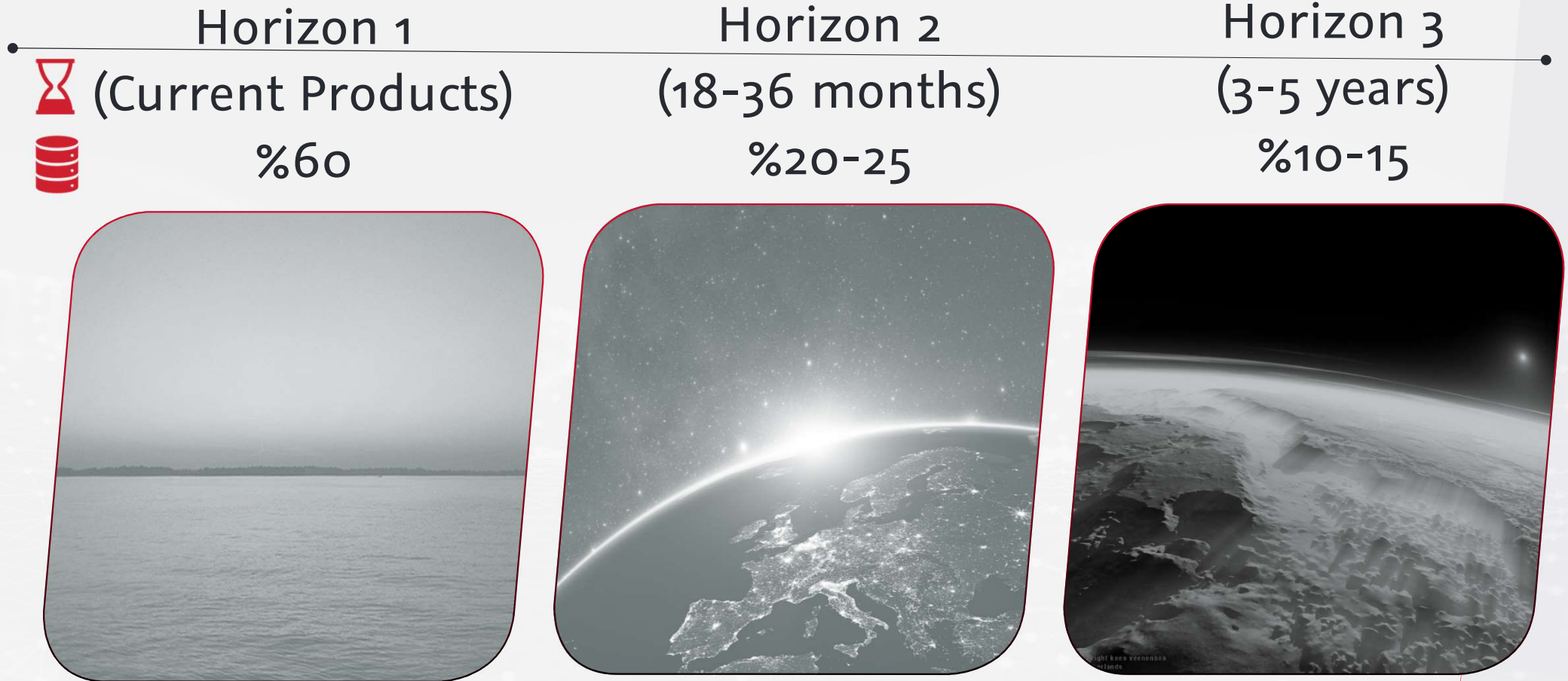
All products on one platform

All products with the same design approach

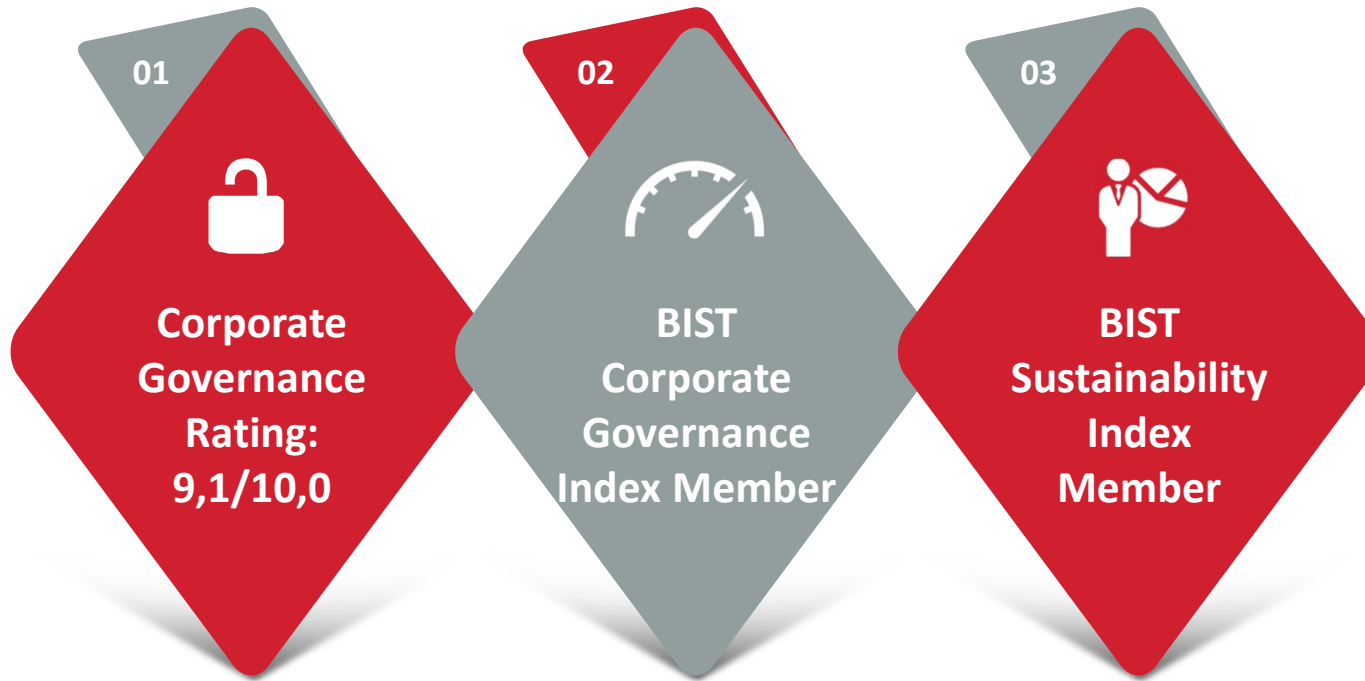


# R&D Strategy

Resource Management of Continuous Transformation



# Corporate Governance and Sustainability





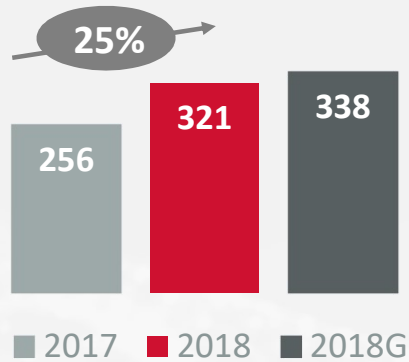
**LOGO**

**FY2018 Results**

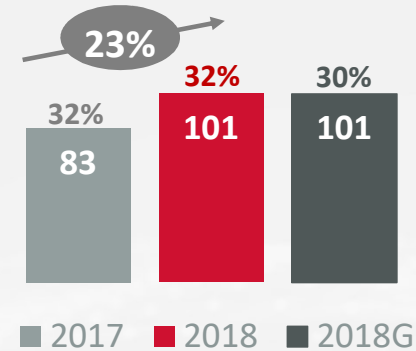
# Profitable and Sustainable Growth/Targets Achieved

Consolidated

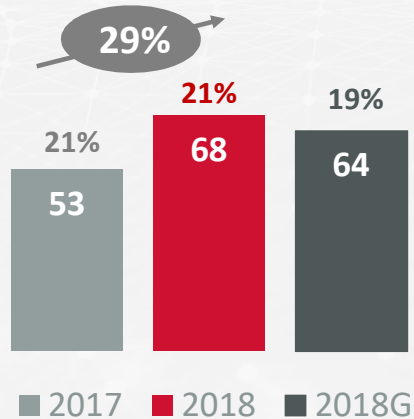
### Revenues (TL mn)



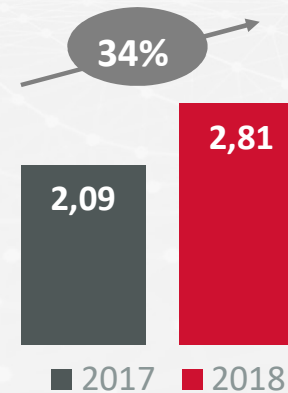
### EBITDA (TL mn)



### EBT (TL mn)



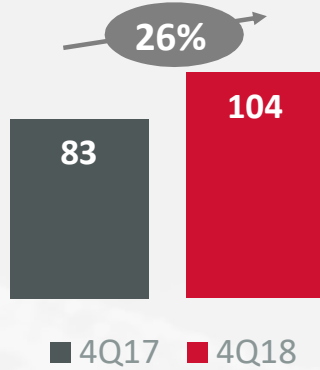
### EPS Growth



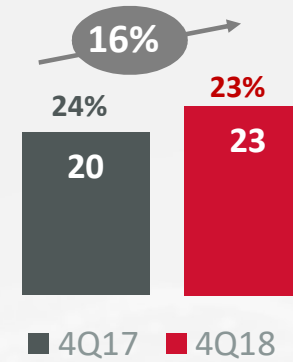
# Growth and profitability in 4Q18

Consolidated

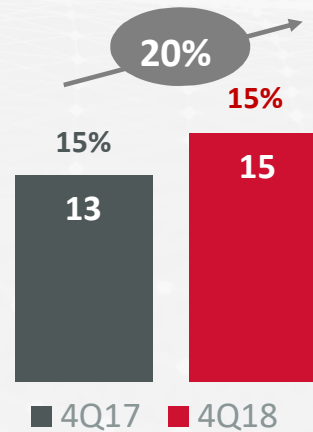
Revenues (TL mn)



EBITDA (TL mn)



Net Income (TL mn)

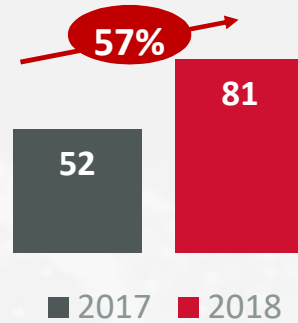


# Strong Financial Management

Consolidated

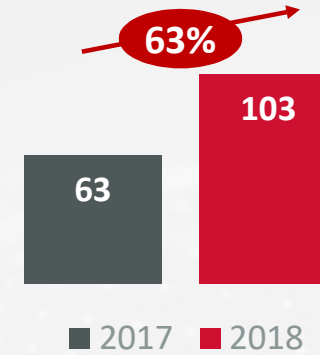
## Improved Liquidity

Cash and Cash Eq. (TL mn)



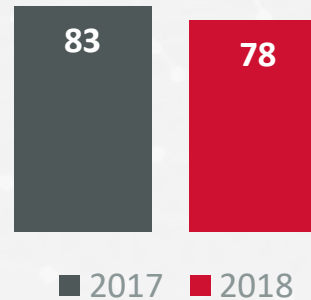
## Operating Cash Growth

Operating Cash (TL mn)



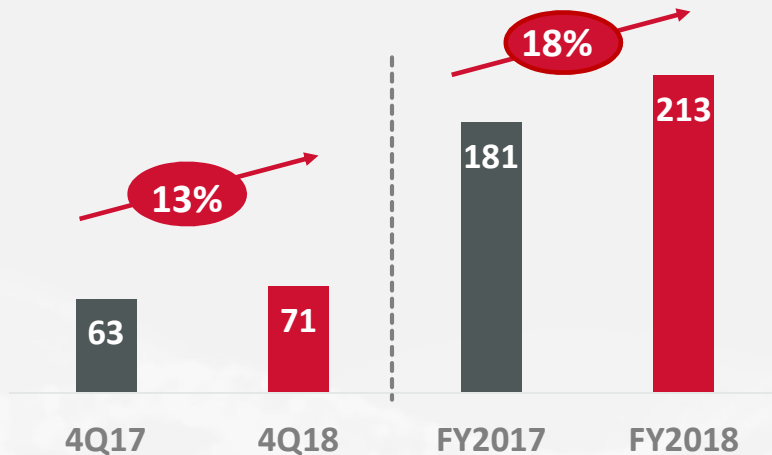
## Decrease in Receivable Days

Rcvb days w/out credit card

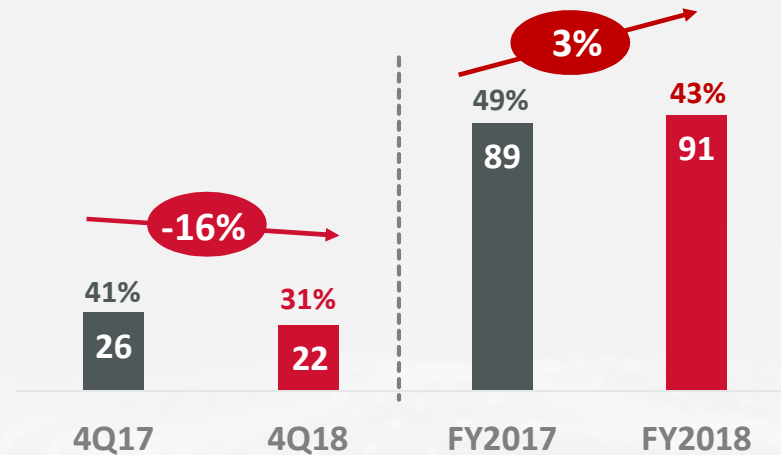


# Robust performance despite challenging macro environment in Turkey

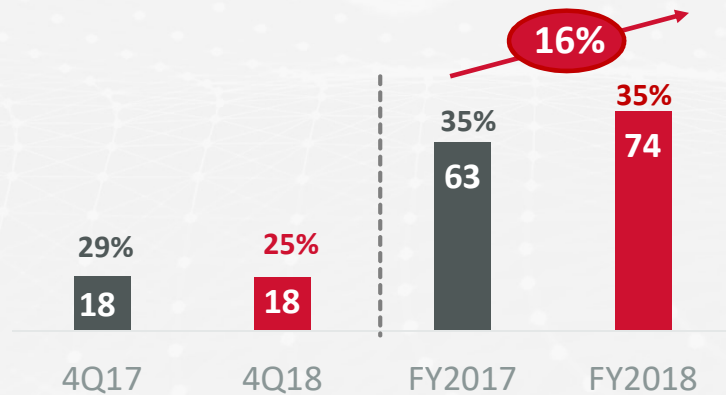
Logo Turkey Standalone - Revenues



Logo Turkey Standalone - EBITDA



Logo Turkey Standalone - Net Income



- FY18 EBITDA margin inline with guidance
- 4Q EBITDA margin is lower due to increase in deferred revenue, higher marketing expenses, and higher business partner bonuses

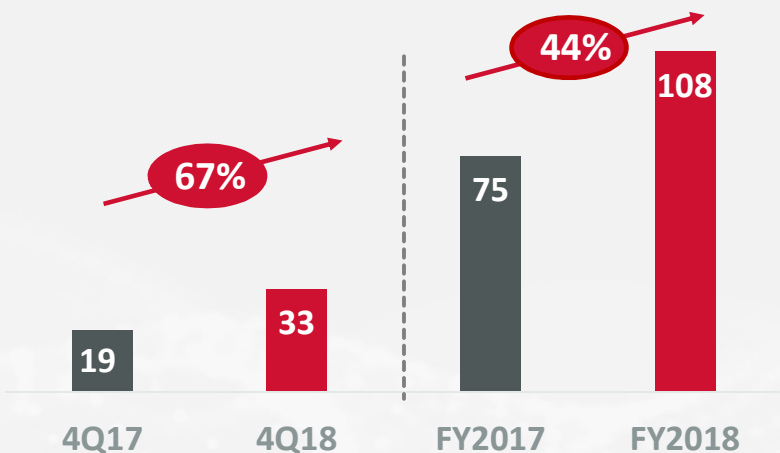


Logo Turkey Standalone: Logo's operations in Turkey excluding Logo KOBİ and Logo Infosoft (India)

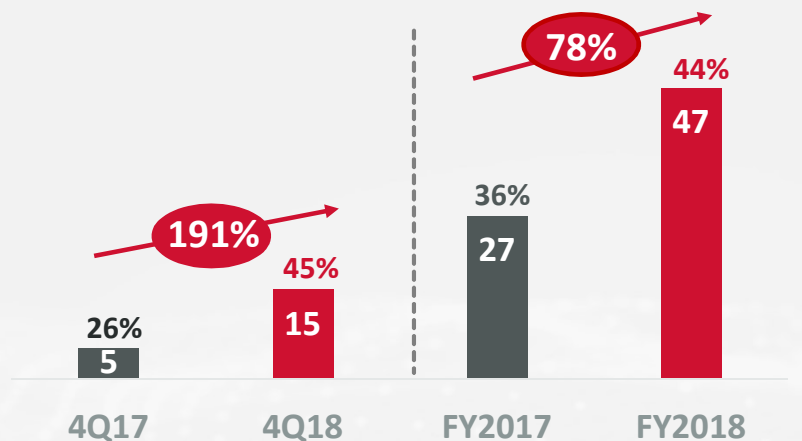
# Romanian operations off to a good start

Consolidated

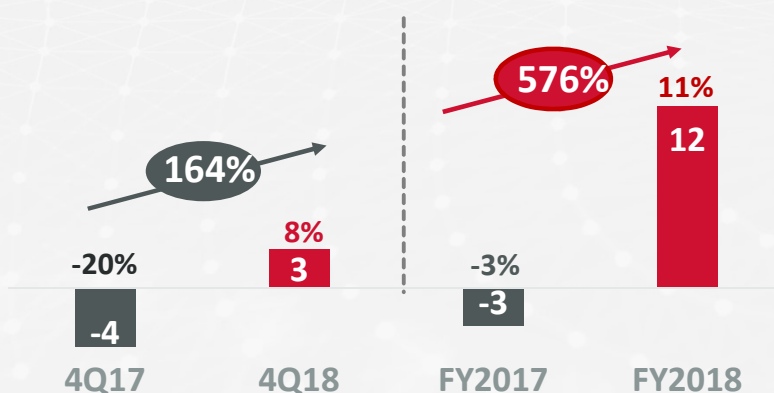
Total Soft - Revenues



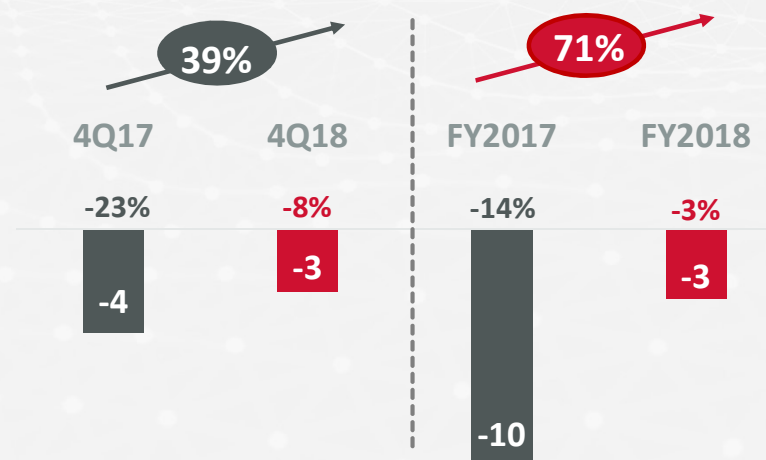
Total Soft – Gross profit



Total Soft - EBITDA



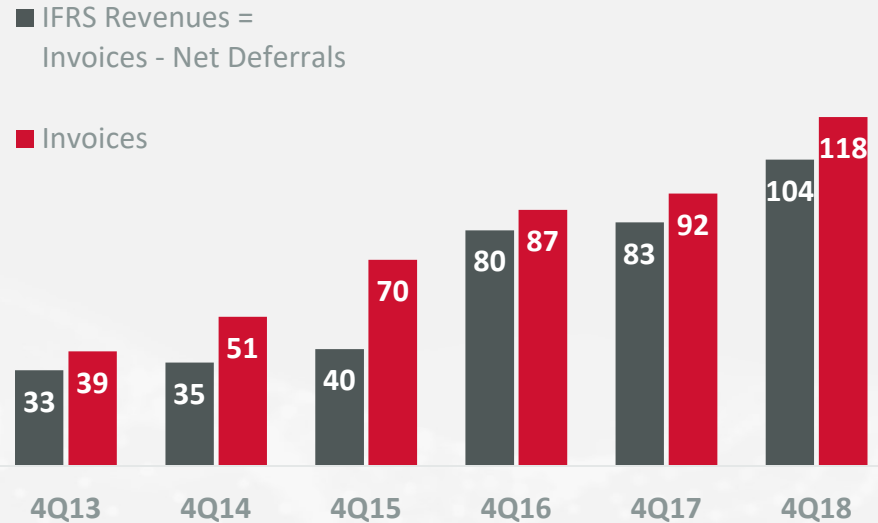
Total Soft - Net Income





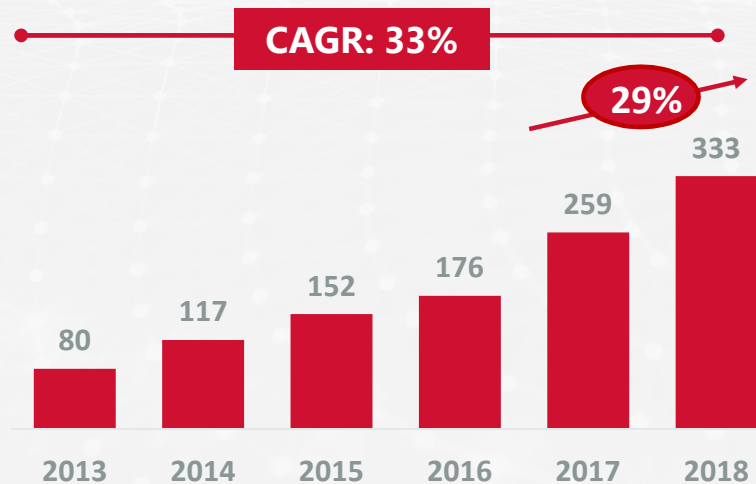
# Invoiced Revenue vs IFRS Revenue (Consolidated)

## Fourth Quarter Invoices & IFRS Revenues (TL mn)



- 4Q sales invoice **growth** reached **28% y/y**
- **Revenue growth** was **26%y/y** in 4Q despite a very challenging environment

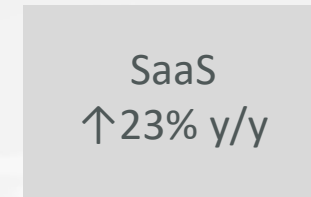
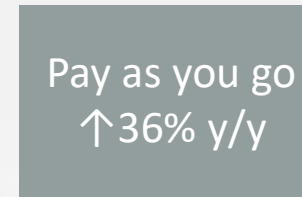
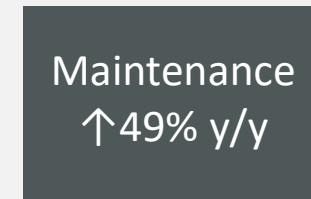
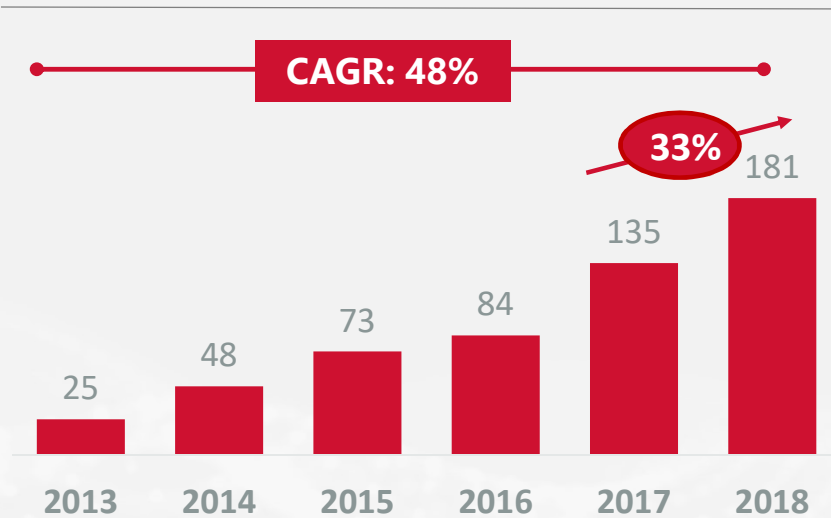
## Invoiced Revenues (TL mn)



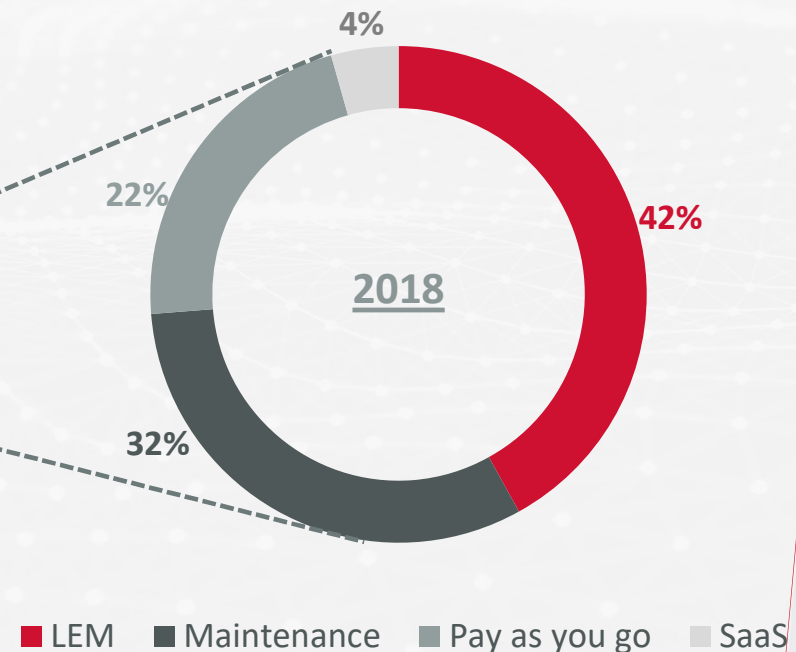
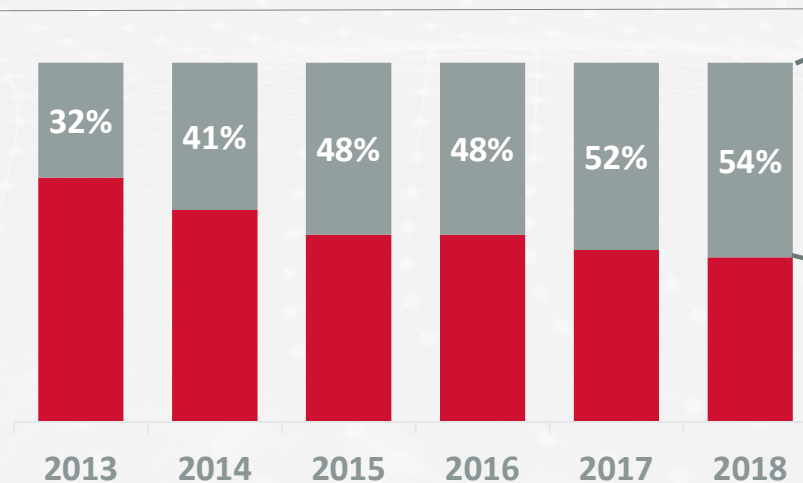
- In **Turkey**, invoiced revenue growth was **21% y/y** in Turkey reaching **225 TL mn**
- **Total Soft's** invoiced revenue increased by 47% and reached **108 TL mn**
- **Recurring** revenues 54% of invoices

# Recurring Revenue Growth Ensuring Predictability

Consolidated Recurring Invoices (TL mn)

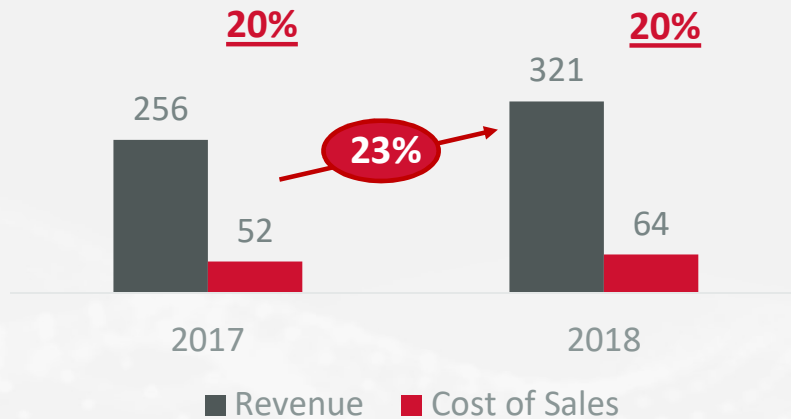


Recurring Invoices/Total Invoices (%)

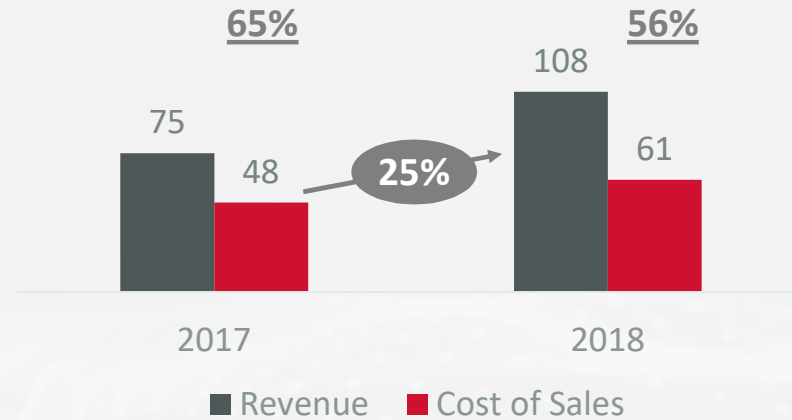


# Cost of Sales

Consolidated (TL mn) – As % of IFRS Revenue



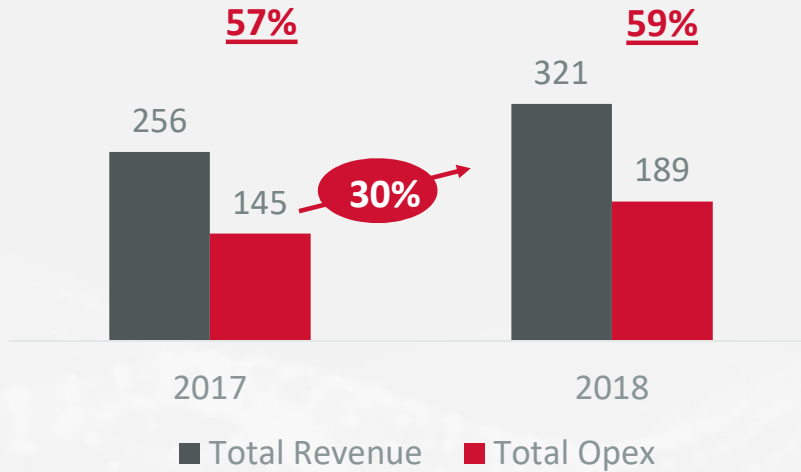
Total Soft (TL mn) – As % of IFRS Revenue



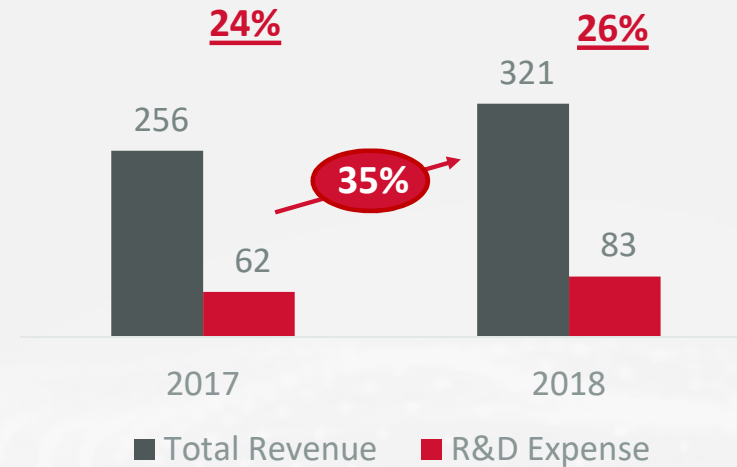
- **New clients** and **new project** additions continue in all solutions
- Successful **project completions** under Financial Services and ERP divisions
- As a result of **higher sales** and more **efficient project implementation** CoS/IFRS Revenue ratio of Total Soft **improved**

# Operating Expenses

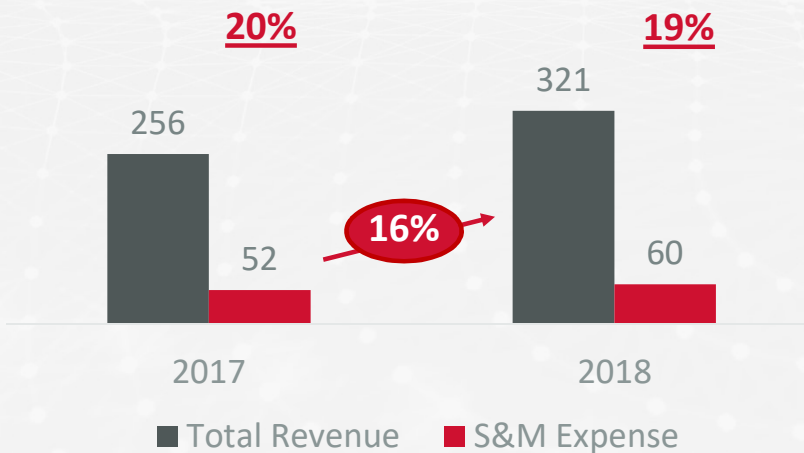
OpEx (TL mn) – As % of IFRS Revenue



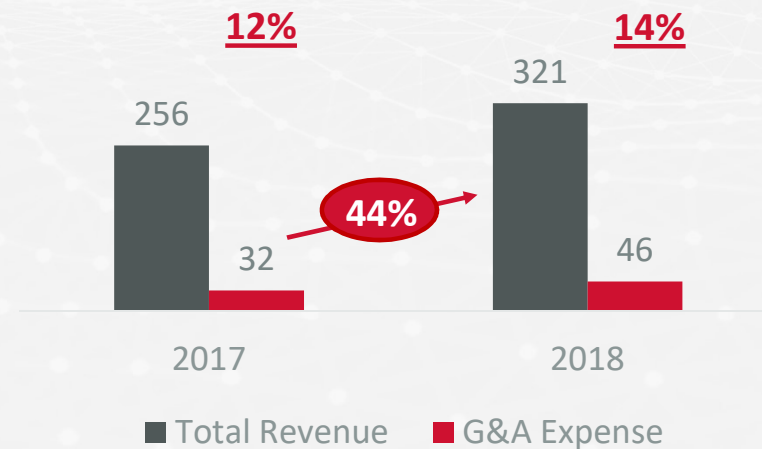
R&D Expenses (TL mn) – As % of IFRS Revenue



S&M (TL mn) – As % of IFRS Revenue

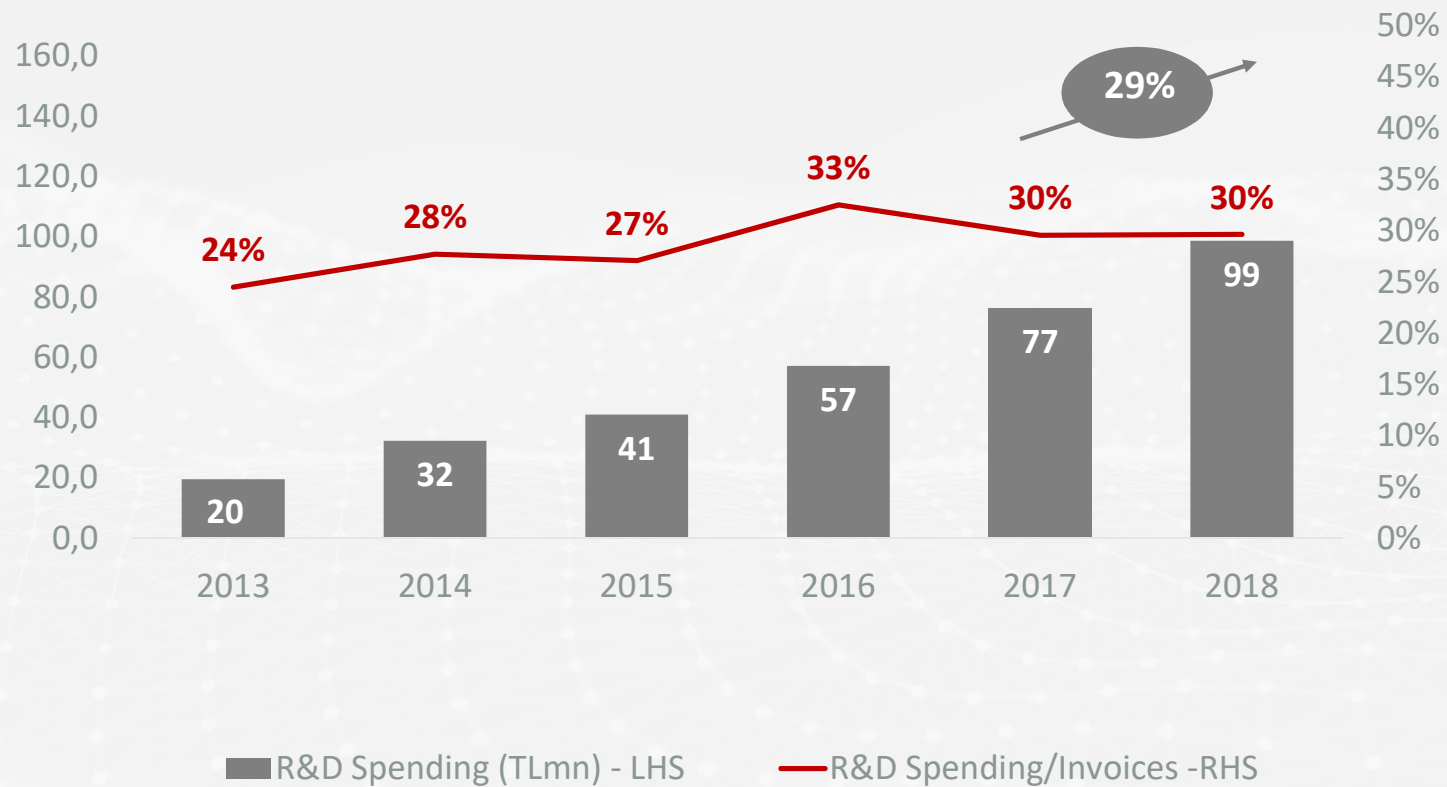


G&A (TL mn) – As % of IFRS Revenue



# Dedicated Investment in Technology

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



# Strong Balance Sheet

## Balance Sheet Highlights (TL mn)

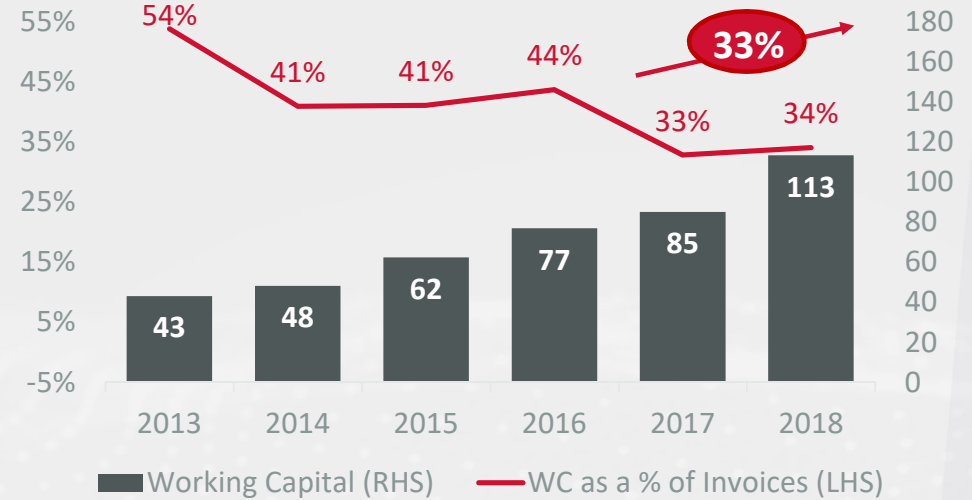
	2017	2018	Δ
Cash & Cash Eq.	51,6	80,9	57%
Trade Receivables	104,5	137,9	32%
Tangible Assets	19,9	20,7	4%
Intangible Assets*	191,9	301,1	57%
Other Assets	15,2	22,5	49%
<b>Total Assets</b>	<b>383,2</b>	<b>563,2</b>	<b>47%</b>
Total Liabilities	173,9	244,6	41%
Total Shareholders' Equity	209,3	318,6	52%
<b>Total Liabilities and Equity</b>	<b>383,2</b>	<b>563,2</b>	<b>47%</b>
Shareholders Equity Ratio	0,55	0,57	4%
Current Ratio	1,41	1,72	22%
EPS**	2,09	2,81	34%

\* Includes goodwill

\*\* Adjusted by 2.77% treasury shares for 2017, and by 3.48% for 2018.

- Further improvement in liquidity despite uncertainties and challenges in the Turkish market
- Net debt 18.6\* TL mn at end-2018 vs 13.8\* TL mn at end-2017
- Total Soft's debt extended with better terms
- Natural hedging, no f/x exposure
- Successful working capital management

## Working Capital (TL mn)

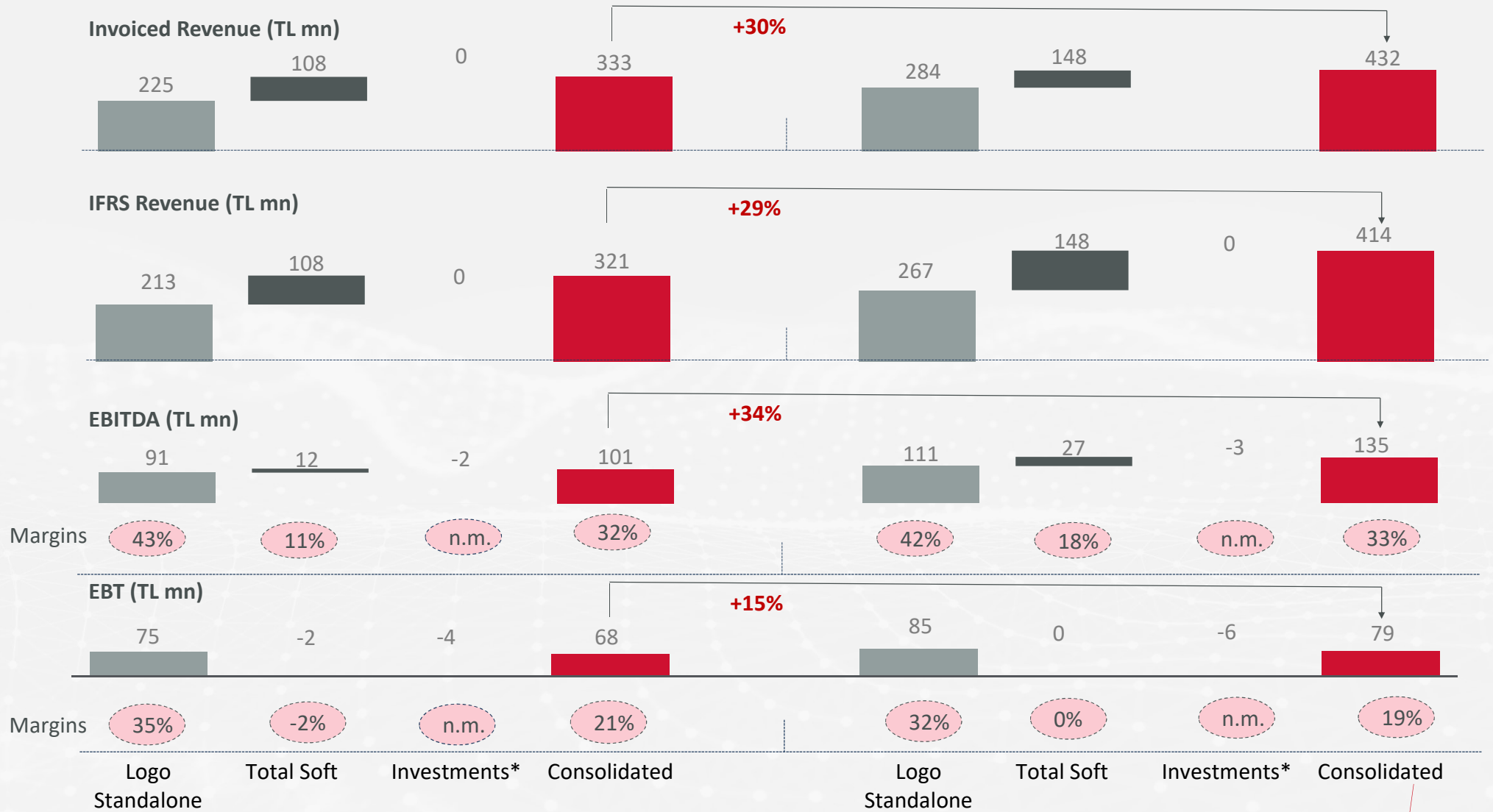


\*Cash together with 2.77% at end-2017 and 3.48% at end-2018 treasury shares @Mcap.

# Guidance

2018

2019 Guidance



\* Investments = Logo Infosoft (India) and Logo Kobi Digital (Turkey).





**Thank you**