



9M2018 RESULTS PRESENTATION



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Questions & Answers



9M2018 Highlights

- **Healthy** revenue **growth** and strong **profitability** despite challenging market conditions in Turkey
- **Cautious outlook** for Q4 performance due to slowdown in demand in October. 2018FY guidance remains as volatility in the market conditions (upwards and downwards) continues. Guidance revision to be revisited in November pending better visibility.
- **Increased** contribution from **euro-zone** operations, representing 35% of consolidated revenues
- **Solid** growth continued in **recurring** revenues offering visibility
- **Stronger** balance sheet with **improved liquidity, asset and equity growth**
- Enhanced focus on financial risk management and further review of OpEx budget due to volatile macro dynamics in Turkey
- Continued investments in **product development** and **personnel**



9M2018 Highlights

Logo (Turkey)

- **Solid** Q3 performance despite **macro uncertainties**: slower than expected sales in July-August compensated by a stronger performance in September
- Probability of **downside risks** is higher than upside risks regarding the **2018FY guidance** with slower demand in October. Guidance revision to be revisited in November pending better visibility.
- **Invoiced revenue** and **top-line IFRS** growing by **20% y/y** with new customer additions, product and user upgrades. New customer additions were around 3 thousand and new license sales increased by 43%.
- **Recurring revenues** now **57%** of total invoices
- Major **recurring revenue** streams **LEM** (Logo Enterprise Membership) and **pay-as-you-go** recorded **16%** and **38% y/y growth** rates
- As the market leader, Logo's **e-government** business achieved stellar results; coin sales increased by 36% and **coin usage** was up by 29% y/y, and the number of **customers** grew by 26%y/y



9M2018 Highlights

Total Soft (Romania)

- On track with top-line yearly budget in € terms. **Revenues** increased by 36% y/y with TL depreciation against euro.
- **Higher profitability** as a result of increased **efficiency** in project management
- **New clients** and **new project additions continue** overall and under Human Capital Management (HCM), Medical Solutions and Business Intelligence Divisions
- Successful **project completions** under Financial Services and ERP divisions
- 24% y/y increase in **R&D spending** to improve infrastructure and product quality

9M2018 Highlights

Logo Infosoft (India)

- Logo's solutions of **Jugnu** and **Vyapari** were **technically shortlisted** in **H1** by Goods and Services Tax Network (**GSTN**) panel as part of its process of evaluating and endorsing commercially available Accounting and Billing software. Commercial evaluation has not yet started.
- **New customer** wins achieved in all products; Logo **Jugnu**, Logo **Vira** and Logo **Vyapari** during the third quarter. Revenue growth modest but promises growth over time.
- **Customers' sectors** vary from FMCG and edible oil to pharma, chemicals and electrical panels.
- **Digital campaigns** under the "Zero Tension" branding continues.

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FINANCIAL SUMMARY – Consolidated

	3Q			9M		
IFRS (mn TL)	3Q17	3Q18	y/y Δ	9M17	9M18	y/y Δ
Revenue	56.6	77.4	37%	173.6	217.2	25%
Gross Profit	45.5	60.3	33%	137.6	172.5	25%
Gross Profit Margin	80%	78%		79%	79%	
EBITDA	21.2	27.1	28%	62.4	77.8	25%
EBITDA Margin	37%	35%		36%	36%	
EBT	14.9	19.8	32%	40.4	54.7	35%
EBT Margin	26%	26%		23%	25%	
Net Income [*]	14.6	17.5	20%	38.1	52.4	38%
Net Income Margin	26%	23%		22%	24%	

^{*} Impact of Investments under Equity Method to net income in 9M18: Logo Infosoft (-) TL 2.01 mn, FiGO (-) TL 1.04 mn.

- IFRS revenues grew by a healthy 25% y/y to 217.2 TL mn.
- EBITDA was up by 25% and margin was 36%.
- Net income grew by 38% y/y and margin was up from 22% to 24% with net financial gains.

FINANCIAL SUMMARY – Logo Standalone*

	3Q			9M		
IFRS (mn TL)	3Q17	3Q18	y/y Δ	9M17	9M18	y/y Δ
Revenue	40.1	46.9	17%	118.1	141.8	20%
EBITDA	22.0	23.3	6%	62.6	69.4	11%
EBITDA Margin	55%	50%		53%	49%	
EBT	17.7	20.9	18%	48.3	58.6	21%
EBT Margin	44%	45%		41%	41%	
Net Income	17.2	19.0	10%	46.1	56.9	23%
Net Income Margin	43%	40%		39%	40%	

* Logo's operations in Turkey excluding Logo KOBİ, Logo Infosoft (India) and FIGO.

- **IFRS revenues** increased by a 20% y/y to 141.8 TL mn, representing 65% of consolidated revenues
- **EBITDA margin** was realized at 49% with 11% y/y EBITDA growth.
- Lower EBITDA margin in line with **2018FY guidance**, and includes marketing and personnel investments. 3Q and 9M **margins** should be assessed bearing this perspective.
- **Net income** grew by 23% y/y and margin was at 40%.

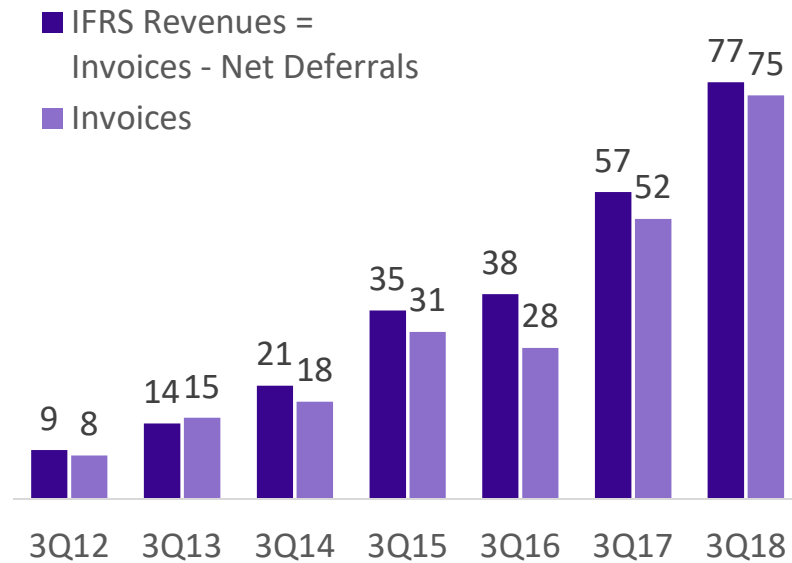
FINANCIAL SUMMARY – Total Soft

	3Q			9M		
IFRS (mn TL)	3Q17	3Q18	y/y Δ	9M17	9M18	y/y Δ
Revenue	16.6	30.5	84%	55.4	75.4	36%
Gross Profit	6.0	13.9	134%	21.6	32.8	52%
Gross Profit Margin	36%	46%		39%	43%	
EBITDA	-0.5	4.4	836%	1.4	9.5	588%
EBITDA Margin	-3%	14%		2%	13%	
EBT	-2.0	-0.3	87%	-5.2	0.2	103%
EBT Margin	-12%	-1%		-9%	0%	
Net Income	-2.0	-0.6	72%	-5.7	-0.3	95%
Net Income Margin	-12%	-2%		-10%	0%	

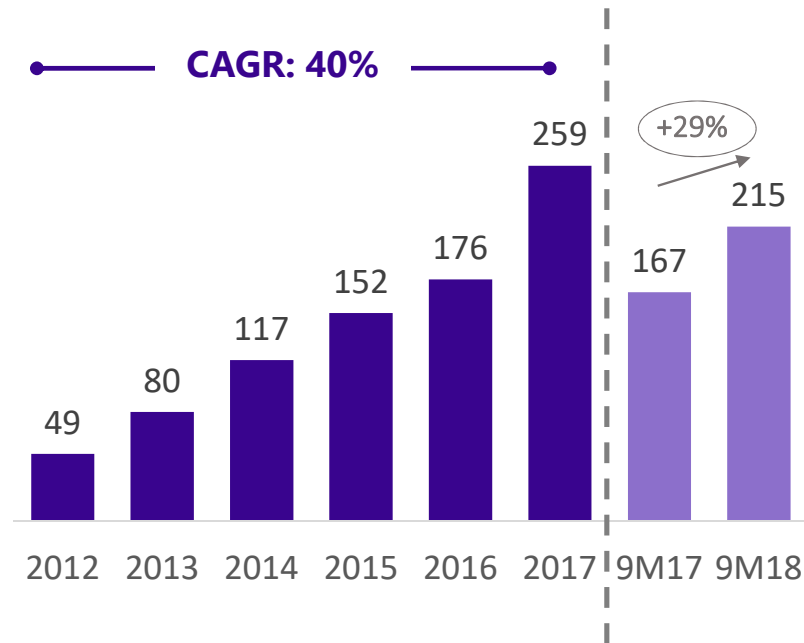
- IFRS revenues grew by 36% y/y in TL terms while remaining flat in euro (14 mn €) basis as of 9M18.
- Gross margin and EBITDA margin improved due to increased operational efficiency and R&D focused spending
- As of 9M18, 95% of 2018FY EBITDA guidance was achieved.
- Net income margin improved considerably y/y.

Invloed Revenue vs IFRS Revenue

Third Quarter Invoices & IFRS Revenues (TLmn)



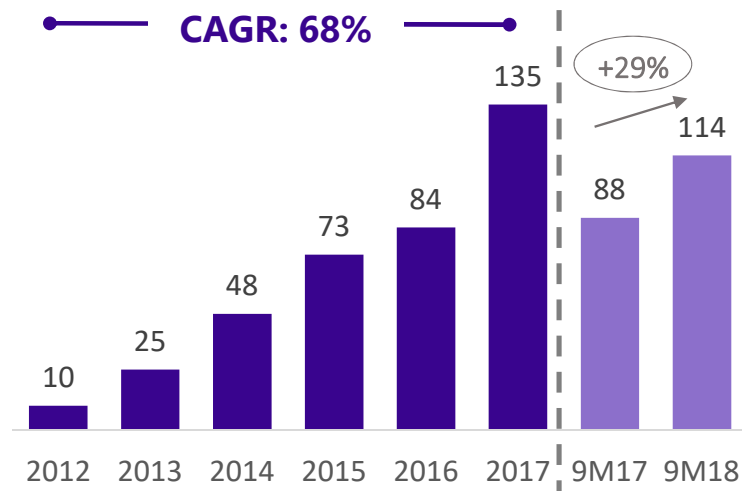
Invloed Revenues (TLmn)



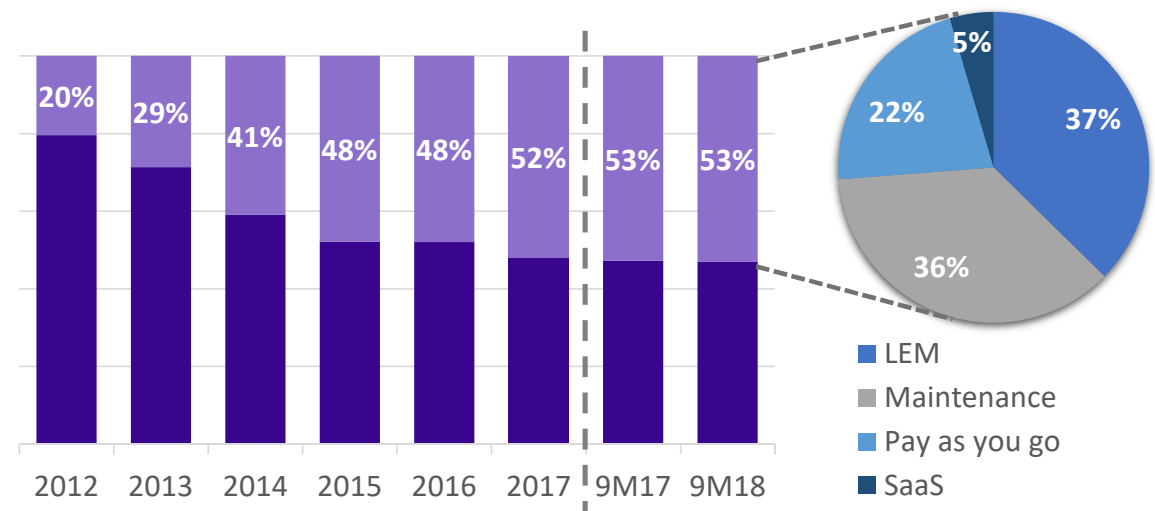
- **3Q sales invoice** growth reached 44% y/y and revenue growth was 35%y/y despite a very challenging environment
- **9M invloed revenues** were up by 29% y/y reaching 215 TL mn.
- In **Turkey**, invloed revenue growth was 20% y/y reaching 136 TL mn. This marks a significant success in continued new customer additions, product and user upgrades.
- **Total Soft's** invloed revenue increased by 46%.

Recurring Revenues

Recurring Invoices (TLmn)



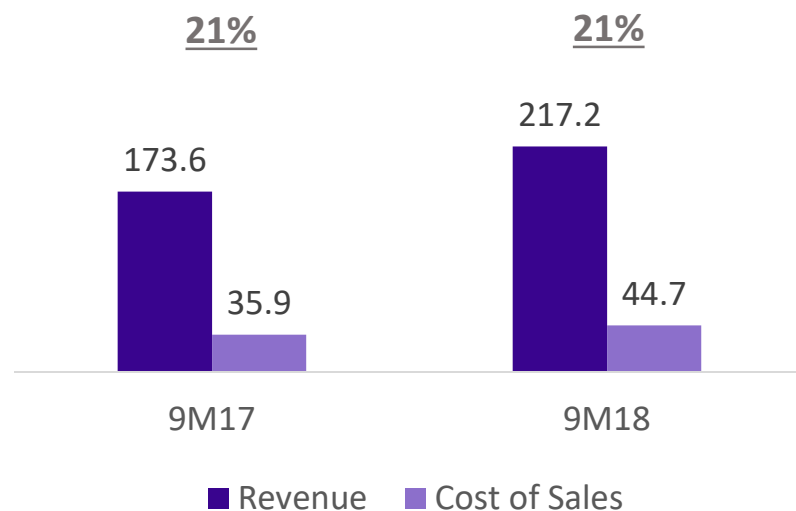
Recurring Invoices/Total Invoices (%)



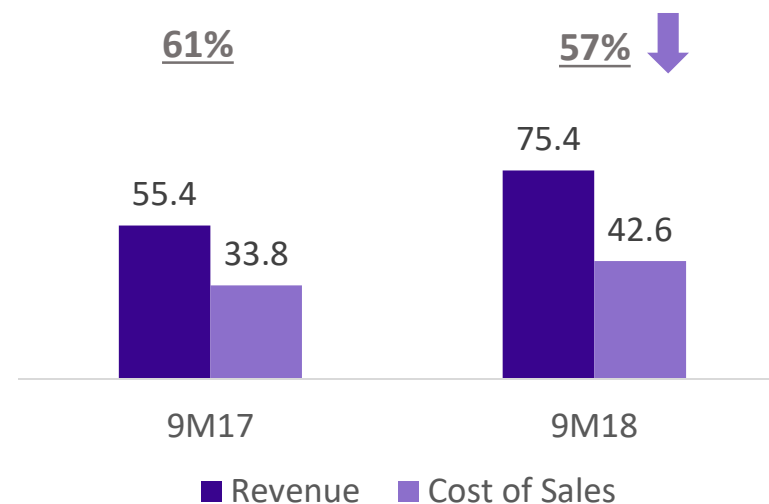
- Strong growth in **recurring invoices** continued in 9M18 with 29%y/y increase, making up 53% of total invoices (55% of IFRS revenues).
- **LEM** contract sales grew by 16% y/y and represented 37% of the total recurring invoices. In **Logo Turkey**, LEM represented 55% of the recurring invoices.
- **Pay as you go** revenues grew by 38% y/y, constituting 22% of the total. Logo Coin customers up by 26% y/y, coin burn rates up by 29% y/y.
- **Maintenance revenues** with Total Soft's contribution represented 36% of total.
- Recurring **SaaS** grew by 20% y/y and represented 5% of total.

Cost of Sales

Consolidated (TLmn) – As % of IFRS Revenue



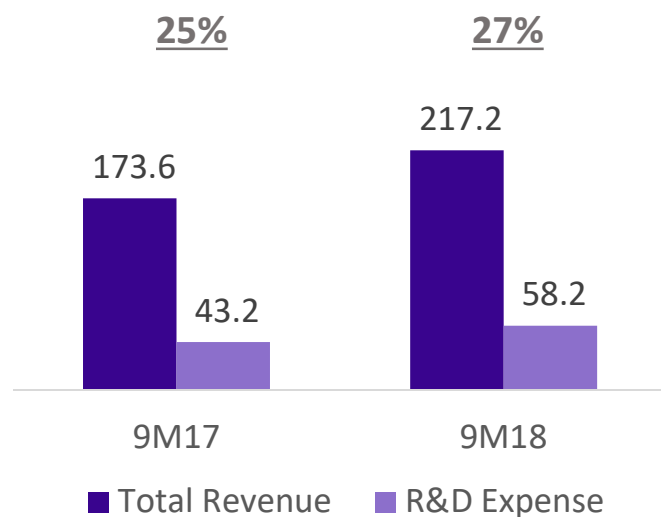
Total Soft (TLmn) – As % of IFRS Revenue



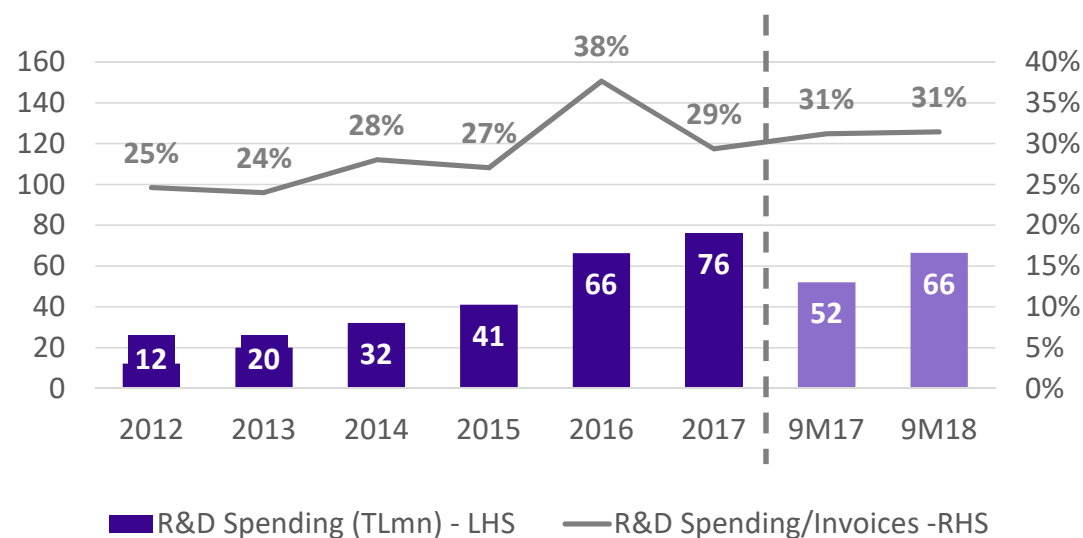
- With Total Soft's project implementation team's costs classified under Cost of Sales, total **CoS/IFRS revenue** ratio remained stable at 21% in 9M18 (9M17: 21%).
- As a result of higher sales and more efficient project implementation **CoS/IFRS Revenue ratio of Total Soft** improved from 61% to 57%.

Operating Expenses

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



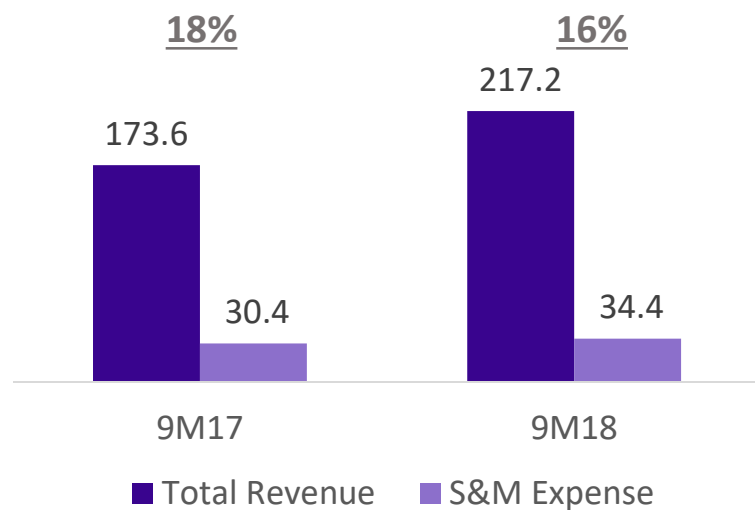
R&D Spending (TLmn) – As % of Invoices



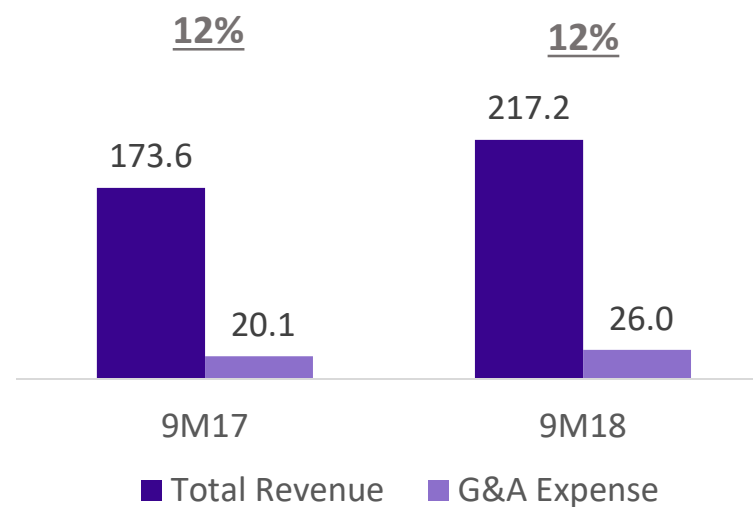
- **Total operating expenses** increased by 27% y/y and **OpEx/IFRS revenue** was at 55% in 9M18 (9M17: 54%)
- **R&D expenses** increased by 35%y/y and **R&D expense/IFRS revenue** ratio was 27%.
- **R&D spending** grew by 27% and it's ratio to invoiced revenue remained stable at 31% in 9M18.

Operating Expenses

S&M (TLmn) – As % of IFRS Revenue



G&A (TLmn) – As % of IFRS Revenue



- **S&M expenses** in 9M18 increased by 13% y/y, and **S&M expenses/IFRS revenue** ratio decreased from 18% to 16%.
- **G&A expenses** in 9M18 increased by 29% y/y mainly due to Q1's one-time re-structuring expense in Logo Turkey.

Key Financials

Balance Sheet Highlights (TLmn)

	2017	9M18	Δ
Cash & Cash Eq.	51.6	70.6	37%
Trade Receivables	104.5	103.3	-1%
Tangible Assets	19.9	21.3	7%
Intangible Assets*	191.9	264.2	38%
Other Assets	15.2	26.2	72%
Total Assets	383.2	485.6	27%
Total Liabilities	173.9	193.9	12%
Total Shareholders' Equity	209.3	291.7	39%
Total Liabilities and Equity	383.2	485.6	27%
Shareholders Equity Ratio	0.55	0.60	10%
Current Ratio	1.41	2.04	45%
EPS (LTM)**	2.09	2.70	29%

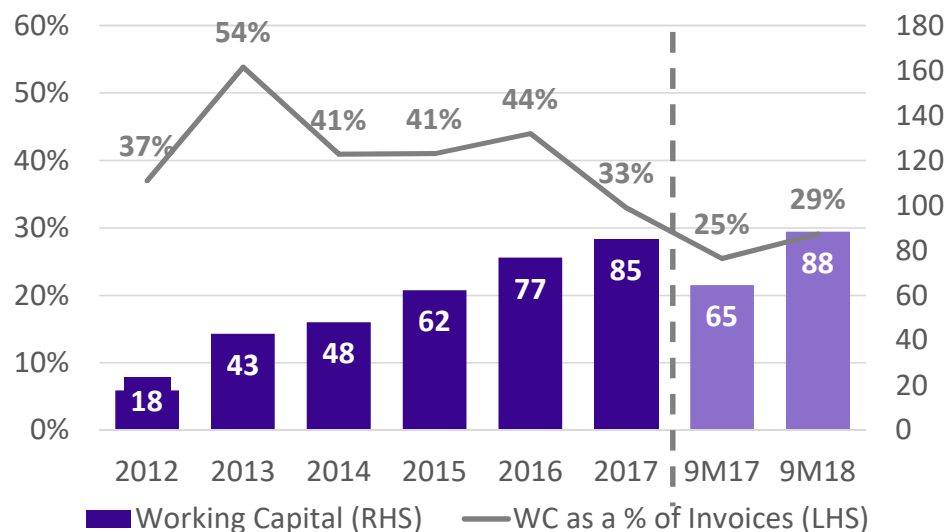
* Includes goodwill

** Adjusted by 2.77% treasury shares for 2017, and by 3.48% for 9M18.

- **Liquidity** as measured by current ratio improved from 1.41x to 2.04x.
- **Total Shareholder's Equity** grew by 39%
- **Net debt** position of 14* TL mn at end-2017 increased to 27* TL mn as of 3Q18 due to the impact of the devaluation of TL against Euro.
- **Working capital/invoices ratio** improved to 29% from '17 year-end.
- **Receivable days** improved from 123 days to 116 days.
- Strong **EPS** growth of 29% y/y as Logo continued its investments for future growth.

*Cash together with 2.77% at end-2017 and 3.48% at end-9M18 treasury shares @Mcap.

Working Capital (TLmn)



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

Guidance

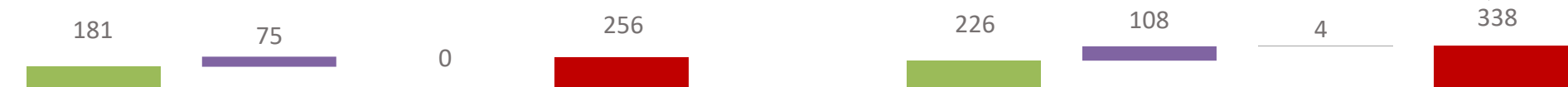
2017

2018 Guidance

Invoiced Revenue (TLmn)



IFRS Revenue (TLmn)



EBITDA (TLmn)



Margins



EBT (TLmn)



Margins



Logo Standalone Total Soft Investments* Consolidated Logo Standalone Total Soft Investments* Consolidated

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

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Thank you for joining us today

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