



1H2018 RESULTS PRESENTATION



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CONTENT

1H18 Highlights

Financial Review

Questions & Answers



1H2018 Highlights

- On track with 2018FY expectations despite a challenging macro environment at home market
- **Healthy** revenue **growth** and higher profitability
- **Strong** growth in **recurring** revenues yielding a solid subscription base
- Continued focus on **R&D** with optimum level of investment
- Greater emphasis on **marketing** with targeted and efficient projects
- Continued investments in **personnel**
- Sustainable **SaaS** revenue growth
- **Strong** and **liquid** balance sheet



1H2018 Highlights

Logo (Turkey)

- Strong results in spite of volatile macro dynamics of Q2
- **Invoiced revenue** increasing by **20%** and **top-line IFRS** growing by **22% y/y** with new customer additions, product and user upgrades
- **Recurring revenues** now **58%** of total invoices
- Major **recurring revenue** streams **LEM** (Logo Enterprise Membership) and **pay-as-you-go** continued offering healthy and sustainable contribution with **31%** and **28% y/y growth** rates
- As the market leader, Logo's **e-government** business completed another successful quarter where number of **customers** grew by 26%y/y and **coin usage** was up by 32% y/y



1H2018 Highlights

Total Soft (Romania)

- **Revenue** increased by 15% y/y
- New system implementation and consulting **contracts** have been signed with existing and new clients
- **New** countries of key clients in **financial services** went live successfully
- **New clients** were added for both HCM solutions and Healthcare solutions
- Increased **efficiency** in project management resulted in higher gross profitability
- Greater emphasis on R&D to improve infrastructure and product quality with 13% y/y increase in **R&D spending**
- Continuing **product development**, including webification of the front end and back end solutions, HCM, Web Leasing and other new technology add-ons on strategic products



1H2018 Highlights

Logo Infosoft (India)

- **Product Empanelment by GSTN** (Goods and Services Tax Network): GSTN initiated a very stringent process of evaluating and **endorsing commercially available Accounting and Billing software** in December 2017, for SMEs, by a panel of experts comprised of distinguished academia, professionals from ICAI (The Institute of Chartered Accountants of India) and GSTN. Logo worked with IRIS Business Solutions, a local partner, to participate in this evaluation, and **Logo solutions of Jugnu and Vyapari are in the final empaneled list** (18 companies) announced by GSTN at the end of March 2018. Evaluation process continues and it is expected to be finalized in H2.
- **Partners:** Partner enablement programs continued in this period with 30+ reselling and solution partners to enhance partner capabilities for project delivery and marketing.
- **Customers:** A couple of new client additions achieved on **Logo Vira** (Distribution Network Management solution) and **Logo Jugnu** (midmarket ERP).
- **Product:** The first ever Mobile ERP for India, branded **Vyapari**, was launched.

CONTENT

1H18 Highlights
Financial Review
Questions & Answers

FINANCIAL SUMMARY – Consolidated

IFRS (mn TL)	2Q			1H		
	2Q17	2Q18	y/y Δ	1H17	1H18	y/y Δ
Revenue	63.3	72.4	14%	116.9	139.8	20%
Gross Profit	51.0	57.5	13%	92.1	112.2	22%
Gross Profit Margin	81%	79%		79%	80%	
EBITDA	23.0	26.4	15%	41.2	50.7	23%
EBITDA Margin	36%	36%		35%	36%	
EBT	14.3	17.2	21%	25.5	34.9	37%
EBT Margin	23%	24%		22%	25%	
Net Income[*]	13.1	17.1	30%	23.6	34.9	48%
Net Income Margin	21%	24%		20%	25%	

** Impact of Investments under Equity Method to net income in 1H18: Logo Infosoft (-) TL 2.01 mn, FiGO (-) TL 0.65 mn.*

- IFRS revenues grew by a healthy 20% y/y to 139.8 TL mn.
- EBITDA was up by 23% and margin was 36%.
- Net income grew by 48% y/y and margin was up from 20% to 25% with net financial gains.

FINANCIAL SUMMARY – Logo Standalone*

IFRS (mn TL)	2Q			1H		
	2Q17	2Q18	y/y Δ	1H17	1H18	y/y Δ
Revenue	44.6	49.0	10%	78.0	94.9	22%
EBITDA	24.1	23.7	-2%	40.6	46.1	13%
EBITDA Margin	54%	48%		52%	49%	
EBT	18.4	18.6	1%	30.6	37.7	23%
EBT Margin	41%	38%		39%	40%	
Net Income	17.5	18.9	8%	28.9	37.9	31%
Net Income Margin	39%	39%		37%	40%	

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

- IFRS revenues increased by a 22% y/y to 95 TL mn.
- EBITDA margin was realized at 49% with 13% y/y EBITDA growth.
- 2Q operational performance is slightly weaker y/y due to challenging macro environment especially in the month of June and 2Q17 offering a high base with e-export being mandatory for e-invoice users and KGF supporting demand.
- Also, 2017 EBITDA offers a high base due to provision reversals from 2016.
- Net income grew by 31% y/y and margin was up from 37% to 40% with net financial gains.

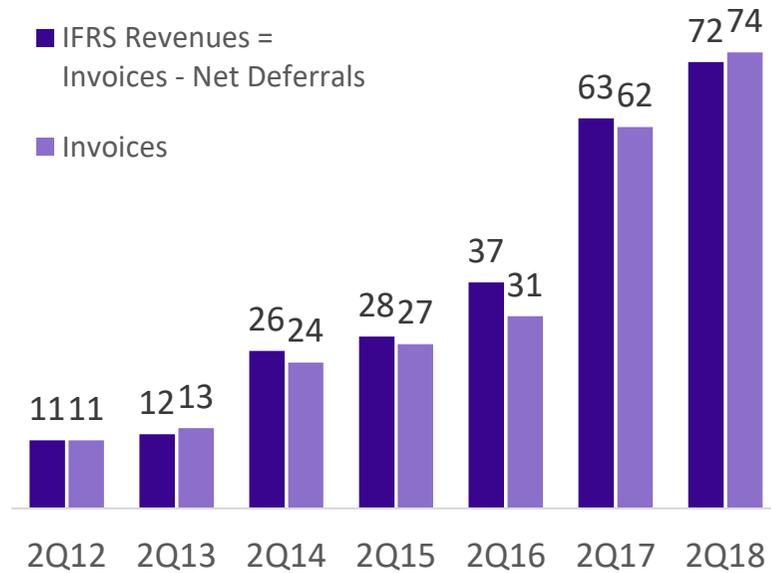
FINANCIAL SUMMARY – Total Soft

IFRS (mn TL)	2Q			1H		
	2Q17	2Q18	y/y Δ	1H17	1H18	y/y Δ
Revenue	18.7	23.5	26%	38.9	44.9	15%
Gross Profit	7.2	9.3	28%	15.6	18.8	20%
Gross Profit Margin	39%	39%		40%	42%	
EBITDA	-0.2	3.1	n/m	1.8	5.2	179%
EBITDA Margin	-1%	13%		5%	11%	
EBT	-2.9	0.2	106%	-3.2	0.4	114%
EBT Margin	-16%	1%		-8%	1%	
Net Income	-3.4	-0.1	96%	-3.8	0.3	107%
Net Income Margin	-18%	-1%		-10%	1%	

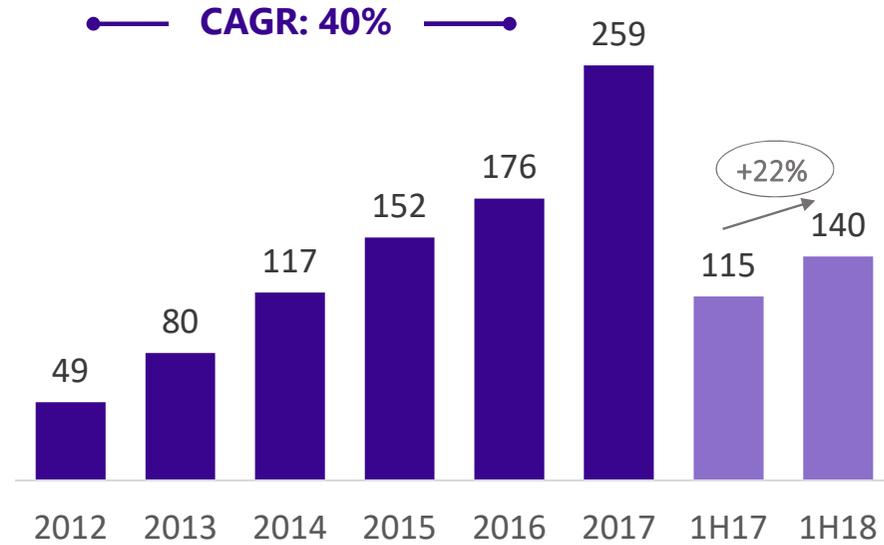
- IFRS revenues grew by 15% y/y.
- Overall operational efficiency and R&D focused spending resulted in gross margin and EBITDA margin improvement.
- Net income margin was 1% with considerable improvement y/y.

Invoiced Revenue vs IFRS Revenue

Second Quarter Invoices & IFRS Revenues (TLmn)



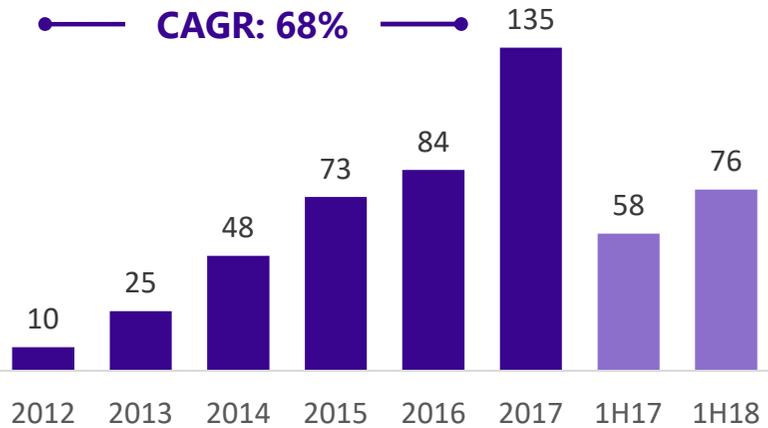
Invoiced Revenues (TLmn)



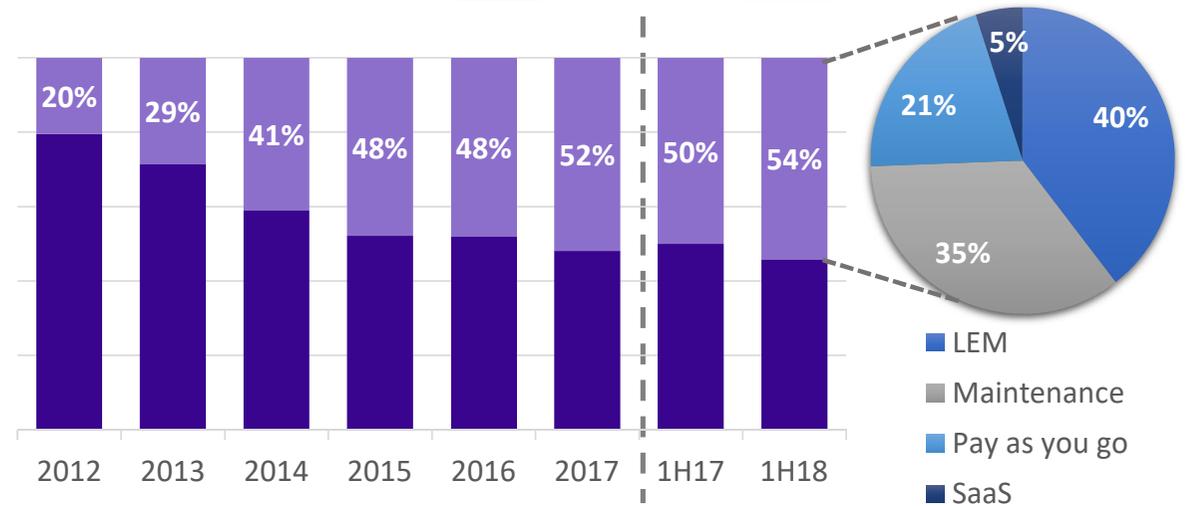
- 1H invoiced revenues were up by 22% y/y reaching 140 TL mn.
- In Turkey, invoiced revenue growth was 20% y/y reaching 93 TL mn. This marks a significant success in continued new customer additions, product and user upgrades.
- Total Soft's invoiced revenue increased by 24%.

Recurring Revenues

Recurring Invoices (TLmn)



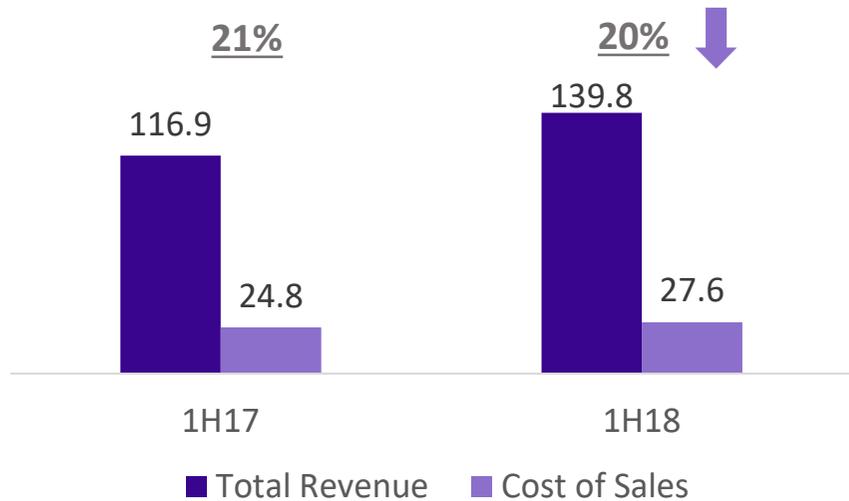
Recurring Invoices/Total Invoices (%)



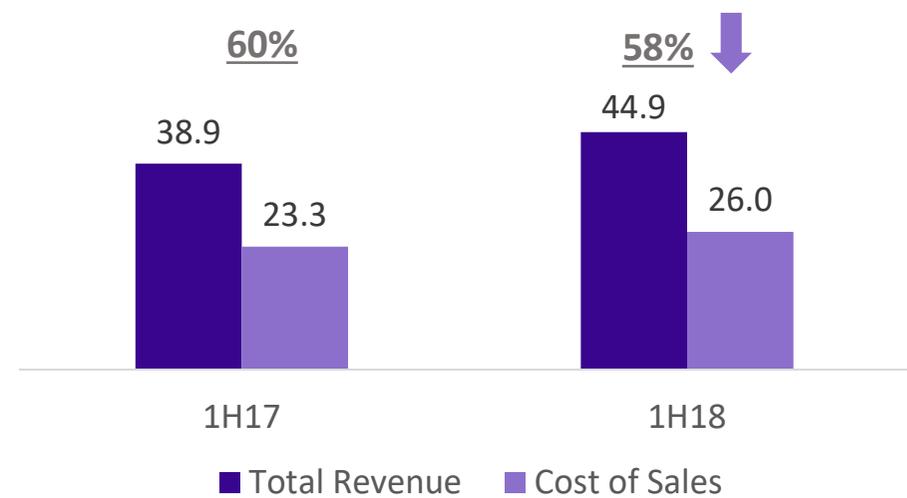
- Strong growth in **recurring invoices** continued in 1H18 with 32%y/y increase, making up 54% of total invoices (55% of IFRS revenues).
- **LEM** contract sales grew by an impressive 31% y/y and represented 40% of the total recurring invoices. In **Logo Turkey**, LEM represented 56% of the total.
- **Pay as you go** revenues grew by 28% y/y, constituting 21% of the total. Logo Coin customers up by 26% y/y, coin burn rates up by 32% y/y.
- **Maintenance revenues** with Total Soft’s contribution represented 35% of total.
- Recurring **SaaS** grew by 29% y/y and represented 5% of total.

Cost of Sales

Consolidated (TLmn) – As % of IFRS Revenue



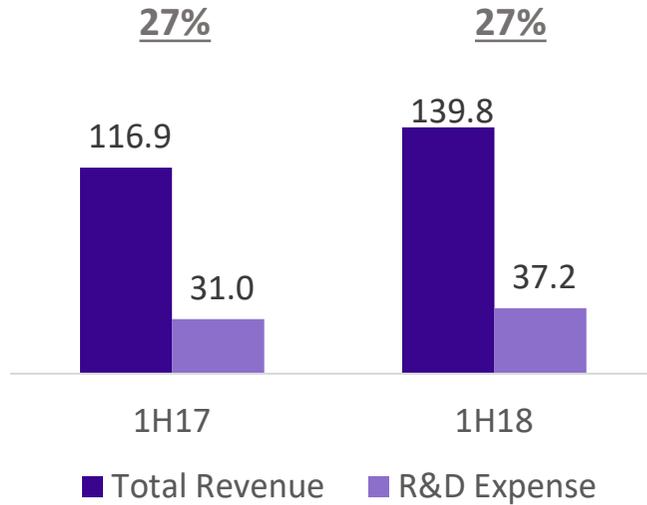
Total Soft (TLmn) – As % of IFRS Revenue



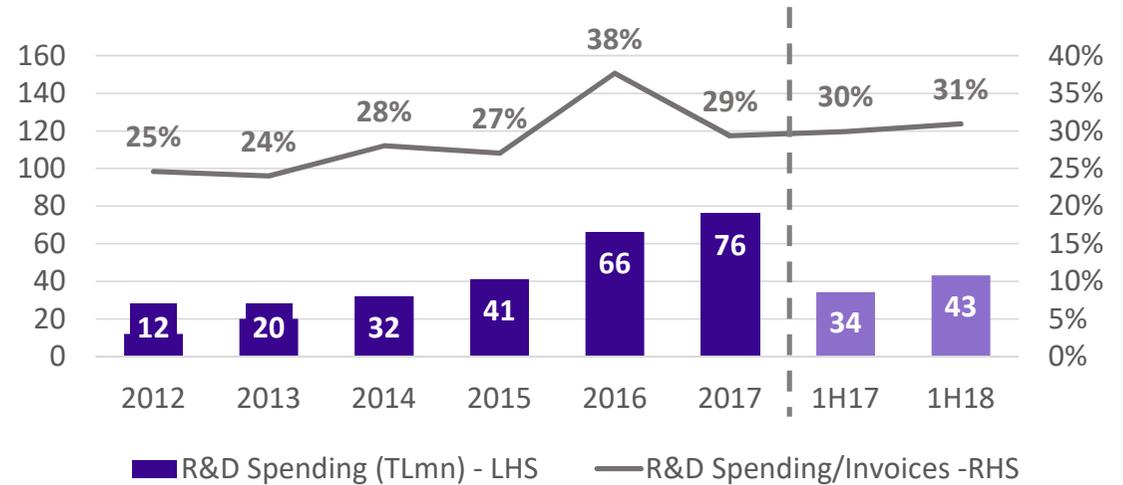
- With Total Soft's project implementation team's costs classified under Cost of Sales, total **CoS/IFRS revenue** ratio was realized as 20% in 1H18 (21% in 1H17).
- As a result of higher sales and more efficient project implementation **CoS/IFRS Revenue ratio** of Total Soft improved from 60% to 58%.

Operational Expenses

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



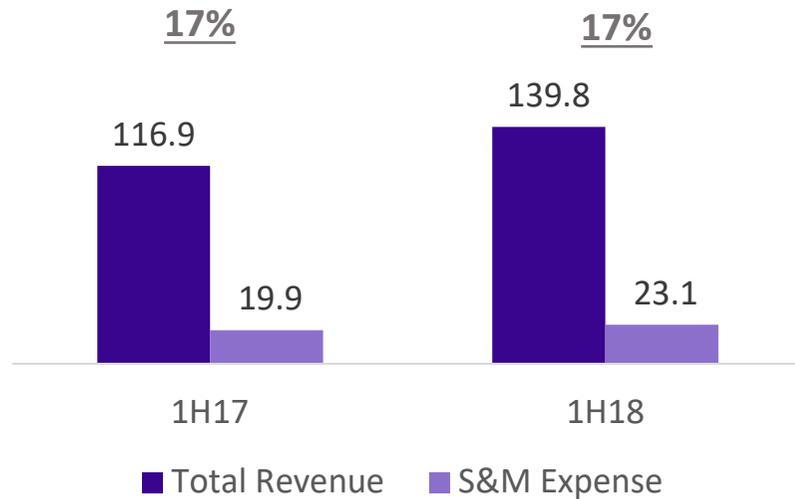
R&D Spending (TLmn) – As % of Invoices



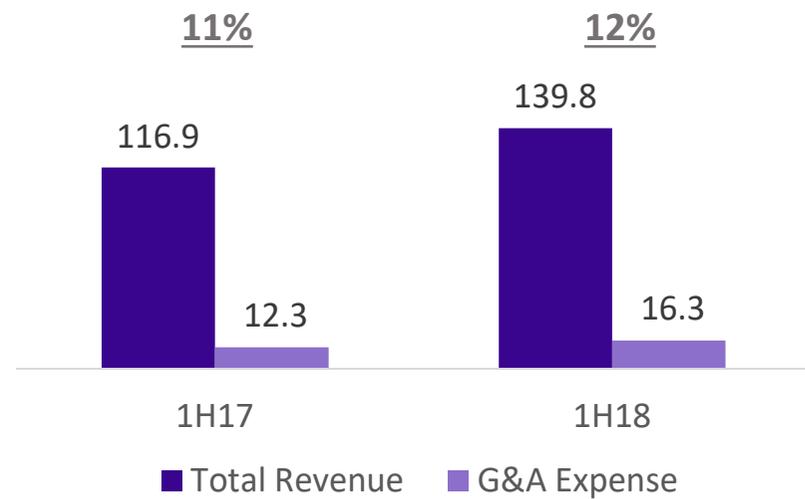
- **Total operating expenses** increased by 21% y/y and **OpEx/IFRS revenue** was at 55% in 1H18.
- **R&D expenses** increased by 20%y/y and **R&D expense/IFRS revenue** ratio was 27%.
- **R&D spending's** ratio to invoiced revenue was 31% in 1H18.

Operational Expenses

S&M (TLmn) – As % of IFRS Revenue



G&A (TLmn) – As % of IFRS Revenue



- **S&M expenses** in 1H18 increased by 16% y/y, and S&M expenses/IFRS revenue ratio was 17%.
- **G&A expenses** in 1H18 increased by 32% y/y mainly due to Q1's one-time re-structuring expense in Logo Turkey. G&A expenses in 2Q18 increased by 16% y/y.

Key Financials

Balance Sheet Highlights (TLmn)

	2017	1H18	Δ
Cash & Cash Eq.	51.6	59.0	14%
Trade Receivables	104.5	102.0	-2%
Tangible Assets	19.9	19.2	-4%
Intangible Assets*	191.9	219.3	14%
Other Assets	15.2	21.1	39%
Total Assets	383.2	420.5	10%
Total Liabilities	173.9	165.5	-5%
Total Shareholders' Equity	209.3	255.1	22%
Total Liabilities and Equity	383.2	420.5	10%
Shareholders Equity Ratio	0.55	0.61	11%
Current Ratio	1.41	2.02	43%
EPS (LTM)**	2.09	2.56	22%

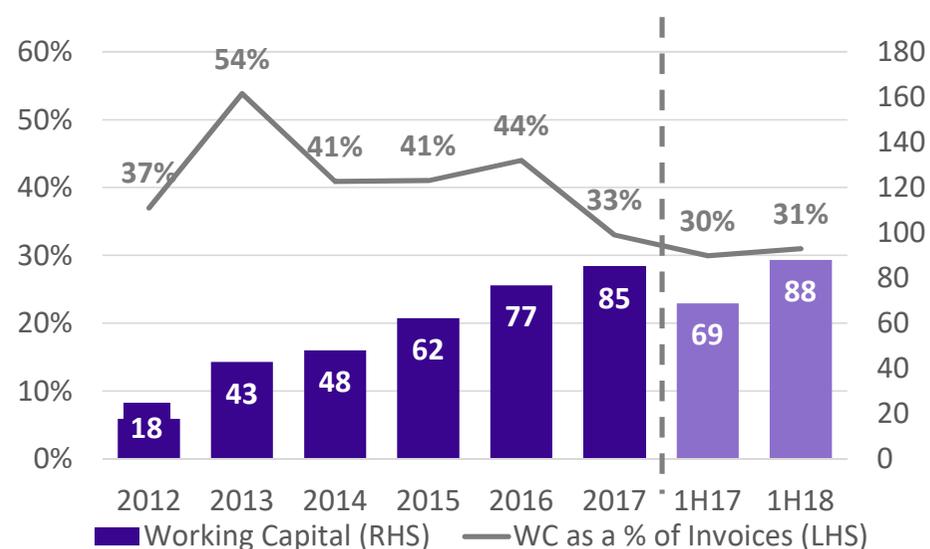
* Includes goodwill

** Adjusted by the 2.77% treasury shares

- **Liquidity** as measured by current ratio improved from 1.41x to 2.02x.
- **Net debt** position of 14* TL mn at end-2017 increased to 16* TL mn as of 2Q18 due to the impact of the devaluation of TL against Euro.
- **Working capital/invoices ratio** was 31%.
- Stellar **EPS** growth of 22% y/y as Logo continued its investments for future growth.

*Cash together with 2.77% treasury shares @Mcap.

Working Capital (TLmn)



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

CONTENT

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