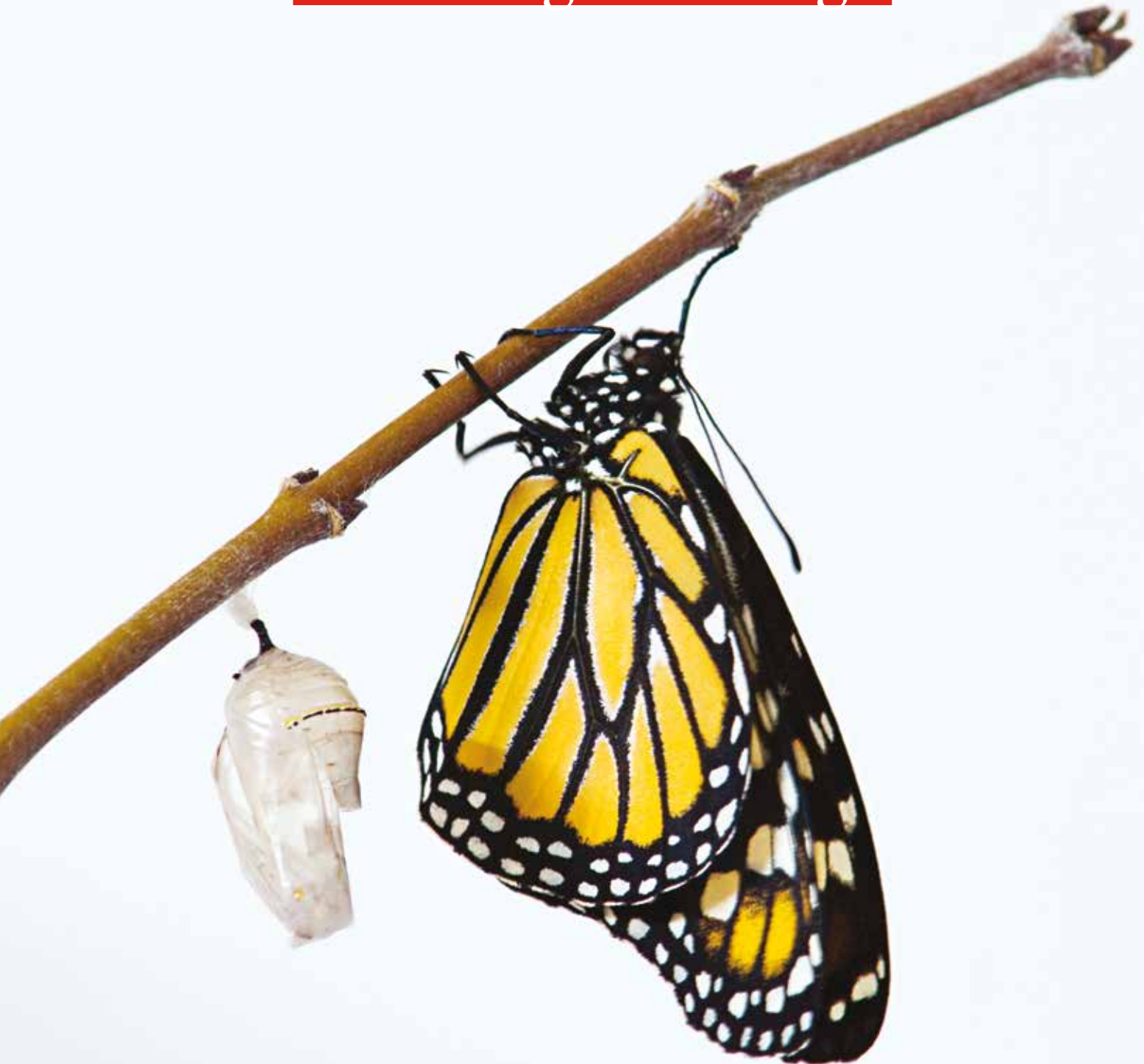**LOGICALIS**

Business and technology working as one

Annual Review 2018

On the curve of technological change

Logicalis sits on the curve of technological change making technology an asset for society.

We do this all over the world, helping businesses to succeed, communities to function more effectively and public services to be delivered more efficiently.

Our global IT solutions and managed services are delivered through 4,700 employees across 25 countries.
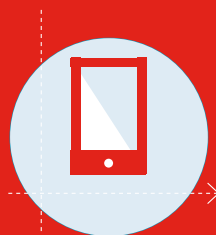
HIGHLIGHTS

Revenue

$1.6bn
(2017* $1.5bn)

Gross Profit (25%)

$393m
(2017* $354m)

Annuity Services (24%)

$377m
(2017* $331m)

EBITDA (5.8%)

$91m
(2017* $79m)

*2017 re-presented

– Strongest revenue growth in five years and highest profit since FY15
– Gross margin improvement driven by services mix and favourable rebates
– Organic services up 12%
– Revenue increases in Latin America, Asia-Pacific and Europe
– EBITDA rose 16% to $91m and operating profit by 21% to $65.4m

CONTENTS

A globally connected network with specialist hubs to drive advanced thinking

Revenue by geography

24%

Logicalis has over 20 offices in the US, together with three cloud data centres and three managed service centres.

With a strong heritage in managed and cloud services, Logicalis US is the specialist hub for cloud services, with certified experts to support the best practices for hybrid cloud architectures and methodologies. Logicalis US was named in the Elite 150 category of the CRN 2018 Managed Service Provider (MSP) 500 list.

North America

833 people

20+ offices

Presence in the US.

Revenue by geography

28%

Logicalis Europe hosts a number of managed services centres, data centres and our state-of-the-art Security Operations Centre, and is the centre of excellence for security and data analytics. Logicalis has been providing managed security services across the globe for more than 10 years. Its managed security service centre of excellence in the Channel Islands is manned 24/7 by a highly skilled team of individuals with a broad range of cyber security skills delivering a full portfolio of managed security services to clients.

Revenue by geography

34%

Logicalis operates in 11 countries in Latin America. Logicalis Latin America is our centre of excellence for software development, IoT and cloud integration, with a team of over 60 focusing on IT service management, software defined networks, operational support systems and industry-specific IoT projects.

Latin America

1,539 people

Presence in Argentina, Bolivia, Brazil, Chile, Colombia, Ecuador, Mexico, Paraguay, Perú, Puerto Rico and Uruguay.

Our services for digital enablement

Digital-ready infrastructure
- Networking
- Software-defined networking

Hybrid IT
- Data centre
- Cloud solutions
- Security

Digital workplace
- Communications and collaboration
- IT Service Management
- Mobility

Advisory and managed services
- Advisory services
- Assessment services
- Data and information insights
- Maintenance services
- Managed services

Revenue % by segment
- 🔴 Product
- ⚫ Professional services
- ⚪ Maintenance and managed services

24%
22%
13%
13%
FY 2017
65%
FY 2018
63%
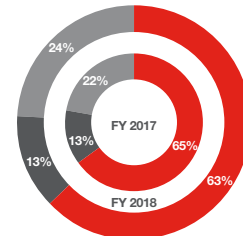
Revenue by geography

14%

Our Asia Pacific region has expertise in dealing with telcos on international operations – utilising an extensive partner network.

Our people have established specialist skills in wireless networks for campus environments and in security with their own security operations centre supporting customers across the region.

Europe

1,422 people

Presence in the Channel Islands, Germany, Ireland, Spain and the UK.
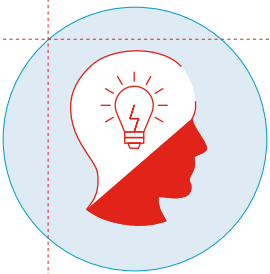
Asia Pacific

908 people

Presence in Australia, China, Hong Kong, Indonesia, Malaysia, Singapore and Taiwan.

Africa

60 people

The South African-based operation in Cape Town is a centre of excellence for managed services.

Deep sector knowledge and technological insight helps us to imagine the future

First came water and steam power, then electricity and assembly lines, followed by computerisation. So, what's next?

Some call it the fourth industrial revolution, or Industry 4.0, which has its origins in the combination of recent technology developments such as artificial intelligence, big data, Internet of Things (IoT), autonomous vehicles, virtual reality, 3D printing and advanced robotics. And this latest revolution is transforming every aspect of our world.

In order to thrive, business leaders must think beyond traditional approaches and embrace new ideas and systems. This means questioning everything, from rethinking strategies and business models to identifying the value of investments in training and potentially disruptive R&D.

Internet of Things (IoT)

IoT now accounts for 15% of ICT spending (IDC) and is moving mainstream through initiatives for facilities automation, predictive maintenance, asset management, fleet management and smart cities. Companies are increasing their IoT budgets by more than 30% on average next year (451 Research).

In our 2017 survey of almost 900 chief information officers, 24% of respondents agreed that IoT is already a reality for their businesses (up from 19% in 2016). These CIOs want to use IoT to deliver new or enhanced products and services, improve customer services and drive improved operational efficiency.

However, there remains a high failure rate of proof of concepts (PoC) within IoT, with only 25% estimated to move into production. Organisations want to mitigate risks of large investments until use cases are proven and return on investment is established.

The good news is that given the enormous transformative potential of IoT, businesses appear willing to embrace the necessary changes. Those who take the lead and recognise that a new world of sensors, communicating objects, artificial intelligence and machine learning are closer than we think, will seize competitive advantage.

Big data and analytics

Driven by the explosion of data, worldwide revenues for big data and business analytics was expected to reach $150.8 billion in 2017, an increase of 12.4% over 2016, according to the Worldwide Semiannual Big Data and Analytics Spending Guide from IDC.

Most organisations recognise the value of the data they hold, and are looking to leverage three key areas of data sets: incremental revenue generation (i.e. product development), increased efficiency (i.e. machine learning) and compliance with regulatory requirements (i.e. open banking). However, according to our 2017 CIO Survey, the barriers to do so are the result of complexity, siloed data, the lack of a clear brief from the business and a lack of available skills.

The power of analysis is transforming organisations and industries. Gartner reports that subjective decisions such as employee recruitment or product branding are increasingly data-driven, and objective decisions such as logistics planning or customer risk analysis are being made using more sophisticated analysis on more complex data than was previously available.
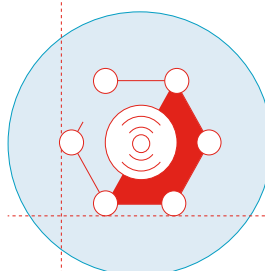
Relevancy is one of the most critical qualities for analytics. In the next few years, users should not have to look for information – instead, the system should recognise that a piece of information is relevant to the user and deliver the insight on an intuitive and need-to-know basis.

According to 451 Research, public cloud is driving the adoption of big data platforms and analytics, as organisations look to access the benefits of more effective management. Most new deployments are being delivered through cloud services rather than on-premise.

Data is key to the success of analytics and especially artificial intelligence (AI). There is a cost and risk associated with storing data so businesses must determine what needs to be stored and what should be deleted. It is essential that maximum value is obtained from the data that a business decides to store.
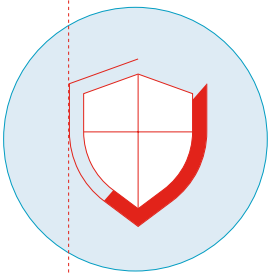
Cloud first

Over the next 12 months, enterprises will see a shift in IT operations' spend from on-premise to public cloud, with over 30% of enterprises spending more on public cloud operations than on all their other datacentre IT operations combined. (Source: IDC FutureScape: Worldwide Cloud 2018 Predictions).

IT markets are transforming as organisations turn to cloud technologies in pursuit of digital business outcomes. Cloud computing continues to be core to digital transformation by delivering IT solutions with scale, performance, efficiency, speed and agility. Cloud computing is also increasingly providing the momentum for innovation, including advanced analytics and artificial intelligence capabilities such as machine learning. It enables solutions based on broad ecosystems of partners, suppliers, customers and consumers, and determines to a large extent the user experience of each.

Cloud computing is the engine enabling networks of connected things, known as the Internet of Things (IoT).

There are now more and more projects based on OpenStack, a trend closely aligned with the expertise that we are developing in-house, complemented by acquisitions of companies with the relevant knowledge.

According to MarketsandMarkets, the OpenStack market is expected to grow from $1.63 billion in 2017 to $5.66 billion by 2022, at a CAGR of 28.3% from 2017 to 2022. The market is primarily driven by the advantages offered by OpenStack services, such as fast and easy deployment, no compulsion of vendor lock-in and wide community support.

Security

The cyber security market has been gaining traction due to its increased adoption across multiple industries. Cyber security solutions have been garnering higher revenues than services – although services are also seeing higher growth, particularly as organisations continue to face talent shortages.

Security services enable enterprises to identify threats and protect data from disruptive cyber-attacks. An effective security service speeds up the identification of attacks and enables organisations to adopt predictive measures in combating the cyber-crimes which have been driving this market.

Security remains a high priority for organisational spend and is expected to rise quickly over the next few years. This will be driven by factors such as: the increasing number of connected devices – for example, those associated with IoT; the ongoing shift towards a cloud-based model; increased spending on security automation and critical infrastructure, such as power and telecoms; and the need for in-house training on security skills regarding data protection and regulatory compliance.

In Europe, the adoption of the General Data Protection Regulation to strengthen the data protection of EU citizens will drive organisations to improve security solutions and training.

Managed detection and response (MDR) is an emerging area, with demand coming from organisations that struggle to deploy, manage and use an effective combination of expertise and tools to detect threats, and then to restore their environment to a known good state.

This is particularly true for targeted advanced threats and insider threats. As more MDR providers target the midmarket, these services are additional drivers for security spending by both large and small organisations.
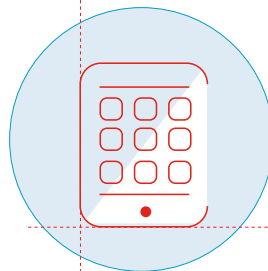
We are on a clear path to sustainable growth

Jens Montanana
Chairman

Overall this was a very pleasing year with a good set of results for Logicalis; our strongest revenue growth in five years, and the highest profit since FY15. All regions grew except North America, which has been impacted by lower product sales and reduced capex demands from many customers.

Revenues from continuing operations were $1.6 billion (FY17 $1.5 billion), including $39.1 million of revenue from acquisitions made during the period. Overall, revenues from product sales were up by 3.5%, with an increase in Cisco solution sales. Services revenues now represent 37% of the total revenues and were up 12.1% with strong growth in both professional services and annuity revenues.

Our European region contains the newly created shared services operation of South Africa, which has become a centre of excellence for managed services and supports many of our European customers. In Europe, the UK results improved significantly and Germany had a strong year. The UK benefited from a large supplier credit.

Latin America showed improvements, notably in Brazil, Argentina and a recently set up operation in Puerto Rico. In September 2017, Logicalis won a large multi-year project with a regional service provider covering multiple territories within Latin America which will contribute significantly to the business.

In July 2017, Logicalis acquired 51% of the share capital of NubeliU Limited, a South American company specialising in cloud computing projects based on OpenStack. NubeliU's expertise in OpenStack will accelerate the global expansion of Logicalis' cloud computing and SDx (software defined everything) practices, strengthening its position as a cloud integrator and ensuring its ability to meet its customers' requirements on their journey to digital transformation.

During FY18, Logicalis acquired 54% of the share capital of Packet Systems (Indonesia), which was integrated with the existing Indonesian operation, and made a strong contribution to the Asia Pacific region.

The sale of the SMC business in the Netherlands in October 2017 brought $42 million of cash into the business in H2 FY18.

Logicalis' gross margins from continuing operations were 25.0% (FY17 24.1%), benefiting from the improved services mix and a large supplier credit.

Gross profit from continuing operations was up 10.9% to $392.5 million (FY17 $354.0 million). Before restructuring costs, EBITDA from continuing operations was $91.4 million (FY17 $78.5 million), with a corresponding EBITDA margin of 5.8% (FY17 5.3%), and we expect to see the EBITDA margins continue to trend upwards. Operating profit from continuing operations before restructuring costs was $65.4 million (FY17 $54.1 million).

Digital innovation is accelerating and business technology is continuing to undergo a major shift. Logicalis is transitioning itself into a digital enabler for its customers, driven by the explosion of data, the rise of mobile and the cloud. Many opportunities exist to tap into themes such as security to augment its strong networking heritage.

Logicalis is also investing in areas such as business intelligence and data analytics to grow its data centre infrastructure offerings for customers. Cloud continues to be a key feature in the business and IT strategies of customers and Logicalis is well positioned to support customers, embracing all cloud strategies.

Logicalis remains confident about the prospects for the industry and its positioning and expects to build on the solid progress made in the past year to deliver a strong financial performance in FY19.
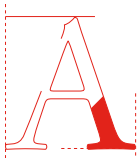
*2017 figures have been re-presented

As architects of change we can deliver more, faster

Mark Rogers
Chief Executive Officer

As Justin Trudeau, the Prime Minister of Canada, said at the World Economic Forum in Davos, in January this year, "the pace of change has never been this fast, yet it will never be this slow again."

Never has this been truer, and the signs are all positive for the marketplace; on the whole economies are growing, stock markets are climbing and employment is healthy. ICT spending remains on track with positive momentum, in line with gross domestic product (GDP) and general business and consumer sentiment, and the benefits to be derived from digital transformation are clear to the majority of CIOs.

And yet this digital transformation is not happening as quickly as predicted for a large number of organisations, with fears that some organisations could get left behind or, worse still, go out of business. Technology is now seen as not only enabling digital business, but actually disrupting business so is now both an enabler and a disruptor. Buyer demand for business outcomes is driving new expectations for service providers to respond. This is forcing service providers like ourselves to be more responsive and agile, and develop new roadmaps to chart our course.

Digital transformation is the critical response needed to meet rising customer expectations, deliver individualised experiences at scale, and operate at the speed of the market. According to our fifth annual global CIO survey of almost 900 CIOs around the globe, over 60% of executives believe they are behind in their digital transformation.

Digital transformation
The CIO survey highlighted where digital transformation and CIOs' plans for digital transformation in 2018 took centre stage. Overall, the Logicalis survey tells a story of slow progress, with CIOs aware of the barriers and plotting ways to overcome them.

"The pace of change has never been this fast, yet it will never be this slow again."

Justin Trudeau
Prime Minister, Canada
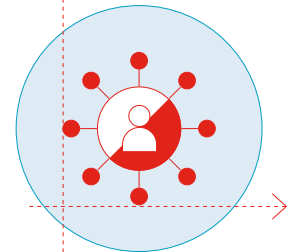
CIOs globally believe legacy and/or complex infrastructure, organisational culture and security, plus consequent issues like cost and skills, are the main barriers to digital transformation.

However, the benefits of digital transformation are clear to the majority of CIOs. They understand that digital opens up a wealth of possibilities, from new customer interfaces and experiences to greater operational efficiency. Those able to derive actionable insight from analytics that seamlessly harness market, customer, operational and financial data will be first to market with new products and services, enhanced customer experience and even new business models.

Progress towards full digital enablement may be slow, but CIOs are delivering new digital services and capabilities, albeit in reactive mode, as they respond to business demand and market dynamics.

They understand the scale of the digital transformation challenge and they are prepared to look outside for help, to trusted partners able to take on the heavy lifting of day to day IT and to simplify technology in creating environments in which digital enablement can flourish.
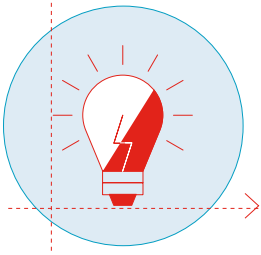
"*Change is now the norm. Just as we set a course based on our understanding of the technology landscape, that landscape changes. Businesses must accept that change is constant and work out how to get on the front foot – to shape change rather than being governed by it.*"

Mark Rogers, CEO, Logicalis

At Logicalis, we see ourselves as 'architects of change', differentiating through our depth of expertise and experience of managing end-to-end delivery of projects from initial concept, through to delivery of desired business outcomes. We have been working with our customers to ensure data platforms become highly automated self-service platforms, data and information capabilities create new value and business optimisation from existing data, the network connects more things securely, supporting mobility, new applications and communication tools, and IP operations are modernised to interconnect and automate. Logicalis' approach helps customers realise this transformation in a manageable and secure manner.

And our business has evolved over the last 12 months, changing the profile of Logicalis.

In order to stay relevant to our customers, Logicalis is expanding its ecosystem of partners. Alongside our traditional IT partners such as Cisco, IBM and HPE, we have strengthened relationships with Microsoft and Oracle for their software and services expertise; we partner with Amazon Web Services (AWS) and Microsoft Azure for their public cloud services to integrate with our hybrid cloud solutions; and we have new partners for new vertical solutions.

Logicalis has recently achieved Global Gold Certification with Cisco which positions us amongst one of only six global partners with this distinction and demonstrates a high level of commitment from both organisations.

We continue to develop capabilities in **IoT, security, data analytics, cloud and datacentre technologies** as our key strategic drivers:

- We have grown our capabilities in the IoT technology market, delivering projects in North and South America and Europe across a wide range of industry sectors but in particular, the manufacturing, retail and public sectors, delivering pilot projects for fleet management and smart cities, as just a few examples (see Customer Relationships on pages 20 and 21).

- The security technology market is fast-growing and organisations in all sectors continue to invest more to protect their business against the rising threat of cyber attacks and data leaks. Logicalis has invested in regional security advisors to work with our clients developing their security strategies, compliance status and technology configuration, and security analysts in our state-of-the-art security operations centres in Europe, Latin America and Asia, that deliver cloud-based managed security services to our clients around the globe.

- In data analytics and AI, the organisation is hiring new skills such as Splunk-certified consultants and data scientists and developing new skills through training for AWS and Microsoft machine learning. We now have AI capability in the UK and Spain and are building new relationships with companies such as Satalia. In big data, we have built on the skills in our Latin American operation and now have capability in Spain and the UK to deploy and manage big data platforms for our customers.

- We became a relevant Microsoft partner in Brazil developing our software centre of excellence with focus on modern workplace, applications and infrastructure, business data and AI. We also acquired a 51% stake in NubeliU, strengthening our position as a cloud integrator, and our commitment with the opensource community, in particular with OpenStack, which is essential for large SDx and cloud computing projects.

Our international customers are very important to Logicalis and to increase our focus on delivering enhanced value to these clients, we have increased resources in this area.

Our people
As we develop new roadmaps to chart our course, we need to continue to develop our own people and attract new talent. We are now in the second phase of our leadership development programme for senior leaders. As a result of this programme, over 40% of the delegates have been promoted.

Our values
In 2017, Logicalis introduced consistent group-wide values which are helping the business to develop a more common identity across its international operations, as well as informing our clients, vendors and potential future employees about what the Company and its employees value most at Logicalis.

Our customers
As architects of change, we sit at the centre of this world of technology changes, supporting our customers on their journey to transform their organisations to take advantage of the great benefits of digital transformation, and we are well positioned to do so, with a solid global market perspective, a state-of-the-art solutions and services portfolio, and strong regional presence. By bringing together the tools and concepts with our advanced thinking, we can turn ideas into reality, supporting the ambition of countries, of communities and of individuals. Organisations have to realise that change is perpetual.
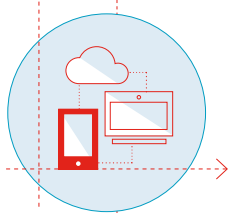
Staying on the curve of technological change requires an agile approach to strategic development. Here are our four strategic drivers:
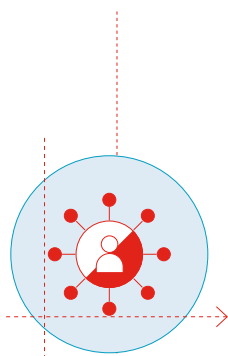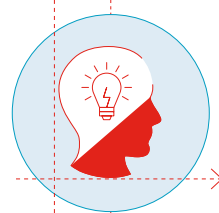
BUILDING DATA
ANALYTICS AND AI
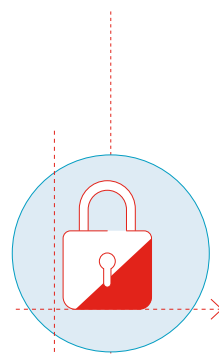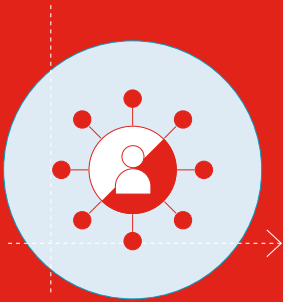
BLOCKING OUT THE
MOST CRITICAL RISKS

HARNESSING IOT FOR
GREATER ADVANTAGE

ACCELERATING TALENT
FOR A HIGHLY SKILLED
WORKFORCE

Through closer partnerships with the world's leading IT providers, we are sharing insight about the new challenges customers face, influencing product development and easing the path to smarter technology integration.

However, the biggest challenge is not around technology but around people and processes. Transforming into a data-driven business is a continuous process and should become part of business as usual.

Our dedicated advisory practice supports organisations on their journey, focusing on the business outcomes that will drive success. This practice complements our implementation and managed services, capabilities that cover the whole lifecycle of the business project, assisting organisations to build practical roadmaps to guide them through the necessary people, process and platform changes while delivering real value at every stage.
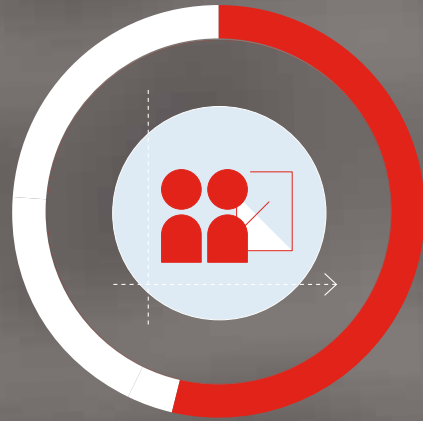
54%

More than half of the CIOs surveyed are working with line of business colleagues to understand their needs; 39% are addressing data challenges; and a similar percentage are setting up working groups to unravel complexity.

Logicalis CIO Survey 2017

Technology speaking to technology creates massive opportunities, but there are risks too. We sit at the centre of this digital transformation, helping society to derive the greatest advantage.

We expect our IoT experts to become more and more engaged with clients across a spectrum of industries as the opportunity for data from sensors and connected devices transforms the way organisations can do business. See examples of this for Smart City Lighting and Smart Vehicles in **Customer Relationships**.
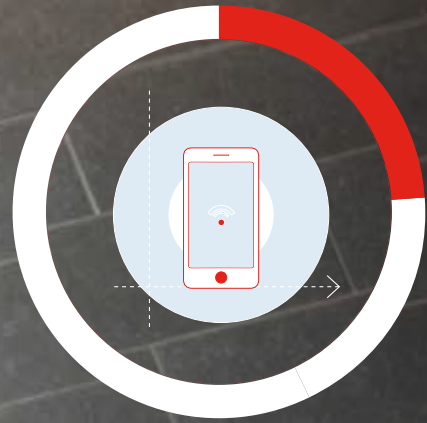
24%

IoT is already a reality for a quarter of CIOs (24%), up from 19% in 2016.

Logicalis CIO Survey 2017

Major global players have suffered costly breaches in hitherto resilient situations. To combat the changing threat landscape, we have created a new benchmark to spot and address threats before they become problems.

Our extensive teams in our security operation centres (SOCs) in Europe, Latin America and Asia Pacific support the correlation of endpoint security events and are skilled in deploying, maintaining, alerting and reporting on events that could potentially result in security incidents. Accredited by the leading security vendors and managed service providers, Logicalis has a unique capability to build, host, support and manage any size of security and computing infrastructure. Our state-of-the-art 24/7 SOCs are secure facilities with the latest in incident management capability and our highly skilled teams of individuals have a broad range of cyber skills, allowing us to deliver a full portfolio of managed security services to our clients.

Which of the following IT security threats do you think will pose significant risk to businesses over the next 12 months?
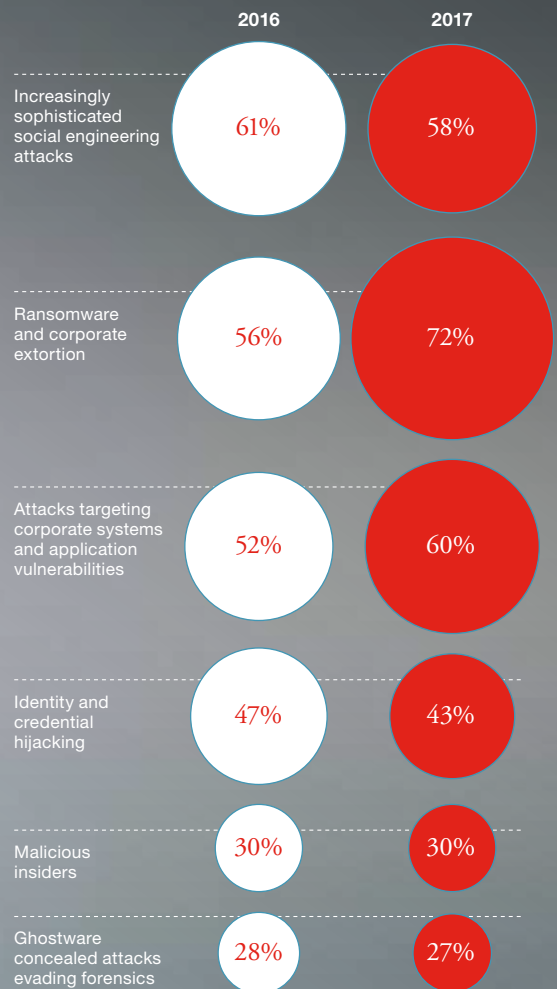
	2016	2017
Increasingly sophisticated social engineering attacks	61%	58%
Ransomware and corporate extortion	56%	72%
Attacks targeting corporate systems and application vulnerabilities	52%	60%
Identity and credential hijacking	47%	43%
Malicious insiders	30%	30%
Ghostware concealed attacks evading forensics	28%	27%

Logicalis CIO Survey 2017
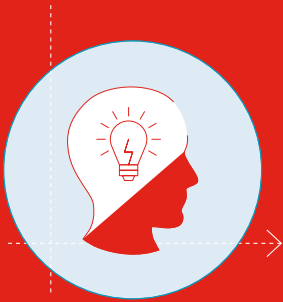
Staying ahead in times of rapid changes requires a progressive approach to developing talent. Logicalis' talent management strategy ensures it is shaping the leaders of the future to grasp the challenge of leading the next wave of change.

The Logicalis Leadership Academy – Be the best you can be

Logicalis aspires to have a high performance culture throughout its organisation, attracting and retaining the best people, and building a more consistent international footprint.

Logicalis High Potential Development Programme

Developed for high potential talent, who have the aptitude to take on leadership roles in Logicalis in the future. The programme started in Europe, and this year expands to the US.

Skillsoft

Logicalis has introduced Skillsoft as an online learning and development resource which focuses on people and business skills.

Creating
better value

We create value through…

Knowledge and insight

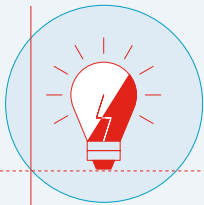We invest in skills training, development facilities and hands-on experience in our local operations to enable our people to stay at the forefront of technology and service innovation when developing industry relevant solutions.
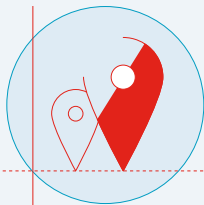
Locations that serve our customers

From multiple locations in 25 countries, we offer high-level services and sustainable solutions that sit on the curve of technological change.
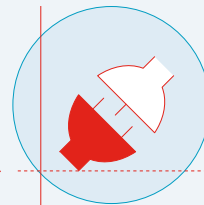
A sharp focus on our partner ecosystem

We have relationships with a number of global suppliers that account for over 75% of our product revenues. We are continually expanding our partnership ecosystem with vendors and core partners to stay ahead of the technology curve so we consistently deliver the best solutions to our clients locally and globally.

Underpinned by our values and financial stability…

Integrity

We champion an environment of honesty, transparency, fairness and high moral standards.

Innovation

Underpinned by our values and financial stability.

We achieve agility through local business innovation and management to execute our strategy, which is leveraged globally via a collaborative culture and exchange of skills and knowledge.

This is supported by a small central structure for executive management of finance, HR and marketing, and a global executive and leadership shaping and driving the Group strategy.

Customer relationships

Building intimate business relationships is essential to our success. We develop a perceptive understanding of our customers to fully grasp what they want and honestly tell them what they need. By combining empathy with expertise, we can manage daily realities and identify future issues.
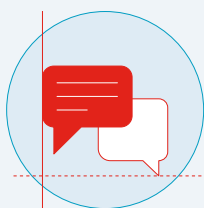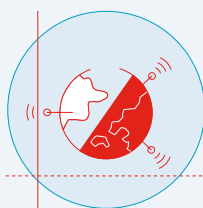
International presence

As we grow and expand into new territories and deliver solutions across new industry sectors, our clients benefit from the depth and breadth of our experience and technical knowledge.
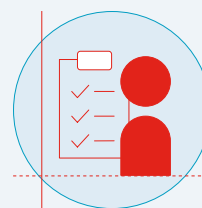
Operational excellence

Our customers expect high levels of customer service and a technology partner that remains relevant to the dynamic technological world that we live in.

Excellence

We strive to exceed expectations and be the best that we can be, maintaining the highest level of quality.

Partnership

We build strong relationships and alliances to achieve success for the long term.

Empowerment

We encourage initiative and provide opportunity for our people.

The Logicalis Group is a division of Datatec Ltd, a $3.9 billion multi-national Group listed on the Johannesburg Stock Exchange. Being part of the Datatec Group, Logicalis has financial strength and stability to access sources of capital for funding ongoing operations, investment and acquisitions. Ultimately, delivering operational excellence drives revenue and profit growth for shareholders.

We offer solutions that fit in with a business' unique culture and thinking

Luiz Sávio
Business Director,
Logicalis
Latin America

Smarter lighting

In a $4 million contract for the biggest and most important public lighting project in Latin America, we were chosen to initially manage the automation of 12,000 street lighting points, extending to 30,500 within a year. This achievement positions us among the leading players in the region's IoT and smart cities sectors.

Legislation regarding public lighting management in Brazil has evolved in recent years. What was previously the responsibility of power distribution companies, is now the remit of city halls. Each city has adapted to the new legislation and built an infrastructure to support public lighting. BHIP, which was awarded the concession of the public lighting in a public-private partnership (PPP) with the Belo Horizonte city hall, chose to work with Logicalis and to trust our ability to both provide appropriate technological solutions and also meet aggressive service level agreements.

We proposed a solution that would automate the management of 12,000 points across Belo Horizonte, extending to more than 30,000 points within a year. Our automated solution makes it possible to adjust light intensity, or turn it on and off remotely, and draw on a series of indicators to maintain greater control over power consumption.

This is the largest smart city project in progress in Latin America. The network infrastructure means that new sensors can be added for other services. For example, connected traffic lights and environmental management systems could co-exist on the same infrastructure.

In addition to gaining added value from a single infrastructure, our solution has delivered an improvement in the quality of life for the population of Belo Horizonte, due to an increased sense of security, showing that adequate lighting reduces crime.

Photo credit: Imagem oficial do acervo da BHIP

Smarter vehicles

A 241-mile toll road, the Ohio Turnpike is one of the most convenient routes for motorists travelling to destinations along the State's northern corridor.

With the aim of improving safety alerts inside its vehicles, the Ohio Turnpike and Infrastructure Commission (OTIC) approved a proof of concept (POC) project which saw on-board routers placed in snowploughs and salt trucks as well as 15 roadside units, along a 52-mile stretch of the road.

The Cisco IoT operations platform being leveraged is called Kinetic. Logicalis designed a network infrastructure to support the Kinetic application as well as the new on-board and roadside routers. In addition, we built a new hyperconverged environment to integrate with the customer's existing computing and storage environment, and to support the Kinetic application for IoT, paving the way for future server needs.

The POC successfully provided alerts about traffic, weather, work zones and other conditions on the dashboards of digitally connected fleet vehicles, and was endorsed by OTIC's executive director Randy Cole, who commented: "The Ohio Turnpike is embracing its role on the forefront of transportation technology. We expect immediate safety and efficiency benefits."

Additional benefits of the POC include information about the snowploughs and salt dispensers as well as data gathering, which allows an infinite number of future uses.

The pilot started in late October 2017 and was implemented in almost 50 fleet vehicles. The customer now aims to install more roadside units along a greater distance of highway, add on-board units to additional fleet vehicles, add more server nodes to geographically support the Kinetic application, and to build more applications and user cases within Kinetic.

Shawn O'Leary
Account Executive, Logicalis US

Cory Kramer
Solution Architect, Logicalis US

Jim Zelener
Engagement Manager, TDL Australia

Transforming government services

The City of Casey is toasting the success of what could be one of Australia's most ambitious local government ICT projects, thanks to Thomas Duryea Logicalis (TDL). The local authority has now completed ICT transformations across all of its 70 council sites, encompassing a new high-speed fibre network with wireless, VoIP and audio-visual integration, plus security and identity management, and a data platform running over private and public clouds.

Located in Melbourne's fast-growing south-eastern suburbs, the City of Casey engaged TDL to manage the project – which also included deploying Office 365, Citrix applications and virtual desktops.

The result, according to the council's manager of IT, Len Gemelli, is "a world-class, first of its kind solution for local government".

The council required the new infrastructure platform to be scalable and flexible, and to reduce ongoing IT expenditure and upfront costs. The new platform and applications support activity-based working across all 70 council sites, providing a working environment with premium technologies and communications to empower staff to excel in their fields of expertise.

In other quantifiable measures of success, the project has resulted in a reduction in the use of paper, inter-office travel and onboarding costs, an increase in first call IT resolutions, and improved service delivery to the general public, according to the team at TDL.

TDL designed and built the platform architecture for the core network infrastructure, wireless network, public and private cloud services and extended all services across all 70 sites via a single network backbone. This included building a particularly complex identity and security management system to ensure user access to data across the network was fully protected across all technology layers. Secure, real-time single sign-on to all software as a service (SaaS) applications ensures high availability.

Our global offices enable us to have a greater local impact

We believe that the pressure to digitally transform is driving the pace of globalisation and vice versa, and that managing the risk and complexity will be one of the key challenges in getting the balance correct for organisations. At Logicalis, we are focused on supporting our customers on their digital journey and helping them to unlock global opportunities for their business. We strongly believe that the power of our global reach and presence, which is balanced by our established local roots in every region, allows us to achieve strong outcomes for our customers.

At the core of our business are our people, our technology portfolio and our partner eco-system, and we are passionate about delivering value-based outcomes for our clients. To support this, we announced significant investments in 2018 around our global and international structure, with investments being made in people, platforms and tools to enable us to deliver a 'gold standard' of service to our international and global clients.

IoT in waste management

Our commitment to sustainable solutions is evident working with one of the world's leading infrastructure operators and municipal services companies.

They selected Logicalis to help them provide intelligent waste management for a city project. During each stage of the project, our international team from Spain, Brazil and UK offered a whole host of expertise, technical know-how and advice tailored to meet their objectives and the specific needs of the city. We digitally transformed the city's municipal services landscape, helping with pioneering the project's analytical implementation and introducing smart technologies alongside data analytics. With the fast deployment of the most effective and tailored solutions, our team turned what could have been a long, hard journey into a smooth transition.

Cook Medical is a family-owned company that works with physicians in over 135 countries to supply minimally invasive medical devices.

Cook relies on Logicalis to make sure their team maintains consistent standards and pricing across all their plants and locations, and to deliver a level of service that is driven from their local people and teams in each region who have the knowledge and expertise to provide additional support as and when Cook require assistance.

Kyle McAninch, IT Director,
Cook Medical

"Logicalis is a trusted advisor that plays an integral role in our global alignment objectives while continually helping us stay at the forefront of creating business value."

Global switching project to major biotech company

Our International investment in FY18 is a direct result of our customer's transformation.

Our global supply chain capability allowed us to win a multinational biotech company that operates in 30 countries and over 35 sites. With our new organisational hub structure that simplifies the entire order to cash process for customers, we provided almost every country with multinational network design expertise that was required on all five continents to modernise their infrastructure.

The skills required to provide considered and balanced governance

Pictured from left to right: Jens Montanana, Rodrigo Parreira, Bob Bailkoski, Mark Rogers, Rüdiger Rath, Vince DeLuca

Logicalis Statutory Board

Jens Montanana
Mark Rogers
Bob Bailkoski
See below for biographies

Eduardo Cardoso Non-Executive Director
Eduardo joined Logicalis as CEO of Latin American Operations in 2008 from Promon, where he had been Executive Officer of the Promon Holding, and CEO of the Brazilian IT operations. In February 2012, he stepped down and after a sabbatical period he returned to Logicalis Group in 2017 as a Non-Executive Director on the Logicalis Board.

Ivan Dittrich Non-Executive Director
Ivan re-joined Datatec on 30 May 2016 from Vodacom, where he had been Group Chief Financial Officer from June 2012 to July 2015. Prior to that, he held a number of senior executive positions at Datatec, including Group Chief Financial Officer from May 2008 to June 2012. Ivan qualified as an accountant with Deloitte in South Africa and also worked for PwC in London.

Jens Montanana
Chairman

Jens is the founder and chief architect behind Datatec, which he established in 1986. Between 1989 and 1993, he served as Managing Director and Vice-President of US Robotics (UK) operations, a wholly owned subsidiary of US Robotics Inc. which was acquired by 3Com. In 1993, he co-founded US start-up Xedia Corporation in Boston, Massachusetts, which was sold to Lucent Corporation in 1999.

In 1994, Jens became Chairman and Chief Executive Officer (CEO) of Datatec, which listed on the Johannesburg Stock Exchange in November 1994.

Jens is Chairman of Logicalis, a role he assumed in March 2007. He has previously served on the Boards and subcommittees of various public companies, and currently serves as Chairman of Corero plc, an AIM-listed network security business.

Mark Rogers
Chief Executive Officer

Mark joined Logicalis in 2003 as Finance Director for Logicalis UK, and in 2004 he became Chief Financial Officer, European Operations. Since March 2007, he has taken on the role of Chief Operating Officer (COO) for Logicalis Group and from 1 March 2015, he became CEO for Logicalis Group.

Mark has extensive experience in the technology and service sectors in the UK and internationally. He spent 20 years at Racal Electronics/Thales of which 13 years were at Finance Director level. Whilst at Thales, he was also Chairman of CityLink Telecommunications.

He started his career with Revlon where he qualified as a chartered management accountant.

Bob Bailkoski
Chief Operating Officer

Bob joined Logicalis Group in November 2015 as Chief Financial Officer and was appointed Chief Operating Officer in March 2018.

He brings over ten years of international experience to his role having previously worked in Australia, Switzerland and the USA. He was previously Group Finance Director at Monitise plc and prior to that was a Divisional Finance Director at TUI Travel plc.

Bob started his career with PricewaterhouseCoopers before joining Wolseley plc where he held a variety of finance, commercial and strategic roles.

Rüdiger Rath
Head of Europe, Logicalis Group

Rüdiger became Head of Europe at Logicalis in November 2016. He has responsibility for all subsidiaries in Europe (the UK, Ireland, Spain, Germany and the Channel Islands) and works closely with Logicalis' country managers to shape and speed up the growth strategy, which includes securing more international customers.

Rüdiger has ten years' experience in general management. He joined Logicalis in 2015 through the acquisition of inforsacom Informationssysteme GmbH where he had been Managing Director and shareholder since 2008. He was also CFO at inforsacom from 2006 until 2008. Prior to that, he held senior finance roles at Amadeus Germany GmbH. Rüdiger graduated in Business Studies (Diplom-Betriebswirt/FH) at Mainz University of Applied Sciences, majoring in tax and auditing.

Rodrigo Parreira
CEO, Logicalis Latin America

Rodrigo joined PromonLogicalis as Executive Director in 2008, when Logicalis acquired Promon Tecnologia. He joined Promon Group in 2000, where he was responsible for communications solutions and mobile data, and then became Business Development Director for Promon Engineering. In 2005, he was appointed Executive Director of Technology. In March 2009, Rodrigo was appointed COO for Logicalis Southern Cone and in 2010, he took over as its CEO. In March 2012, he was appointed CEO of Logicalis Latin America.

Rodrigo is a physicist with a PhD in Mathematical Physics from the University of São Paulo, Brazil. He started his corporate career at McKinsey & Co as a consultant. He then worked for Cluster Consulting, where he led projects in the areas of IT and telecommunications in several European countries.

Vince DeLuca
CEO, Logicalis US

Vince joined Logicalis US in 2010 as the COO and in July 2012, he was appointed CEO of Logicalis US. Prior to Logicalis, he served as Senior Vice-President for Wipro with responsibility for infrastructure practice service delivery and client engagement. He joined Wipro in 2004 when it acquired Infocrossing where he was a key executive.

Before Infocrossing, Vince managed the strategy group responsible for defining and implementing overall strategic direction for SMS, a mid-sized IT outsourcing firm. He also served as Vice-President, Solutions Development for Marconi's worldwide enterprise division, and was a Board-appointed member of the global executive team responsible for planning, developing and implementing a new enterprise division.

How can we make our world a better place?

Logicalis recognises that its people are critical to the ongoing success of the business and, by striving to attract the best talent, develop and reward its people for great performance and engage effectively with them, aims to optimise the performance of the business.

In Logicalis, the focus on advanced technologies requires a high level of technical expertise, and management works closely with its vendors to ensure that employees are trained appropriately and have the necessary accreditations. In the interests of the long-term sustainability of the business and in order to develop and retain its top leadership talent, Logicalis has established a nine-month leadership development programme for senior leaders, with its second phase starting in FY19. In recognition that the business ideally wants to develop its future leaders internally, Logicalis introduced in FY18 a high potential development programme across Europe, to fast-track the development of some of its early to mid-career employees who are showing signs of having the capability and ambition to assume senior leadership roles. Following the success of this programme in Europe last year, it is being launched in the US this year.

Logicalis has a culture of meritocracy where great performance is rewarded. The majority of employees at Logicalis have performance objectives which are linked to the strategy of the local business. Talent and succession management reviews of the leadership team in each business are held annually, to focus on the retention of top leadership talent and effective succession management.

Logicalis aims to be an employer of choice within the technology industry, attracting, developing and retaining the best talent. To assess what its employees think of the business, Logicalis conducts biannual group-wide employee engagement surveys, where improvement opportunities are identified in each operation, followed up by action plans which managers and employees agree upon together.

Logicalis introduced group-wide values in FY18 for the first time, which is helping the business to develop more of a common identity across its international operations, as well as to educate our clients, vendors and potential future employees about what it is that the Company, and its employees, value most at Logicalis. In FY19, employees will be able to nominate fellow colleagues from around the Group for quarterly values recognition awards.

As Logicalis' operations around the world become more collaborative and expertise is shared between operations, Logicalis have launched an international mobility programme, to enable leadership and technical expertise to be moved around the business, to solve particular challenges and also to offer enriching development opportunities to employees.

Human resource practices and policies ensure that all employees, wherever they work, whatever their role, are treated equally, fairly and respectfully at all times. Logicalis maintains consistent and transparent diversity policies across all its markets.
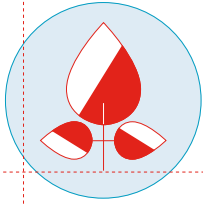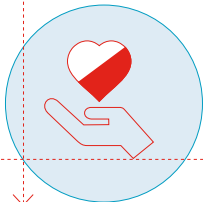
Environment

As a responsible international provider of IT solutions, Logicalis seeks to measure and minimise the way in which its commercial activities may impact the environment. Logicalis is also committed to providing practical advice and support to its customers and vendor partners to help them along the path to ever cleaner and greener IT solutions.

Logicalis recognises that a responsible attitude to green IT can lead to significant reductions in energy consumption and carbon emissions. As well as reducing greenhouse gases and operational costs, the technologies it promotes, such as remote working and video and teleconferencing, enable flexible working environments, greater productivity and improved business continuity.

Logicalis promotes remote working and video conferencing across regional and home offices to minimise car or air transportation and reduce its carbon footprint. This is also supported through Logicalis' schemes to encourage employees to use public transport.

Logicalis' local operations support initiatives for reducing power and water usage and monitoring waste reduction in its offices. These range from paper and plastic recycling to water filtration and office lighting efficiency systems.
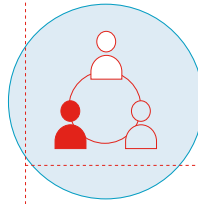
Community

Logicalis' operating companies are committed to improving the quality of life for their local communities and have participated in a number of activities that make a difference.

Many of the local operations have donated employees' time to volunteer in their local communities to support the elderly, the sick, or people in disadvantaged and underprivileged situations.

Donations have been made to different charities in the communities Logicalis serves across the globe, through various fundraising events, raising in excess of over $130,000. Our South American local operations campaigned to collect food, toys and clothes to support local communities affected by flooding in Salta, Argentina and Ñeembucú, Perú.

Further details of these initiatives can be found on our website: https://www.logicalis.com/about-us/annual-review/

Health and safety

Logicalis recognises its obligation to reduce the risk of injury in the work environment and to provide a clean and safe place in which to work. Logicalis undertakes to comply with health and safety regulations as set out in the jurisdictions in which the Company operates around the world.

Each Logicalis operation has its own health and safety policy which is consistent with best practice in the applicable jurisdiction, and regularly undertakes programmes and procedures such as risk assessments and safety audits, to mitigate health and safety risks.

Logicalis also ensures that the appropriate health and safety training is provided for its employees for the role that they perform, which includes, where appropriate, training in first aid and fire marshalling.

All employees within Logicalis annually complete an online code of conduct training course which covers the responsibilities of Logicalis as an employer and all Logicalis employees with regard to health and safety in the workplace.

Income statement – unaudited

USD millions	Continuing operations 2018	Continuing operations 2017
Revenue	**1,566.9**	**1,471.0**
Cost of sales	(1,174.4)	(1,117.0)
Gross profit	**392.5**	**354.0**
Administrative expenses	(301.1)	(275.5)
EBITDA	**91.4**	**78.5**
Depreciation of property, plant and equipment	(18.8)	(18.3)
Amortisation of intangible fixed assets	(7.2)	(6.1)
Operating profit	**65.4**	**54.1**
Net finance costs	(13.4)	(6.7)
Datatec management fees	(5.9)	(5.0)
Goodwill adjustments	(0.4)	(7.1)
Exceptional Items	(5.2)	(2.2)
Profit before tax	**40.5**	**33.1**
Tax on profit on ordinary activities	(7.3)	(16.8)
Profit for the year	**33.2**	**16.3**
Gross profit	**25.0%**	**24.1%**
EBITDA	**5.8%**	**5.3%**

Balance sheet – unaudited

USD millions	2018	2017
Intangible assets net book value	29.7	30.4
Goodwill net book value	192.4	186.2
Goodwill and other intangible assets	**222.1**	**216.6**
Property, plant and equipment	47.4	43.3
Deferred tax asset	28.4	25.8
Total non-current assets	**297.9**	**285.7**
Inventories	65.9	38.5
Trade and other receivables	757.8	520.6
Foreign corporation tax recoverable	3.4	4.0
Cash and cash equivalents	112.2	121.6
Total current assets	**939.3**	**684.7**
Total assets	**1,237.2**	**970.4**
Trade and other payables	(618.2)	(504.2)
Bank overdrafts and loans	(105.1)	(103.5)
Current tax liabilities	(5.6)	(5.0)
Obligations under finance leases	(7.6)	(2.7)
Provisions	(0.1)	(0.3)
Liability for share-based payments	(1.9)	(0.4)
Other short-term liabilities	(85.3)	(22.9)
Total current liabilities	**(823.8)**	**(639.0)**
Net current assets	**115.5**	**45.7**
Amounts owed to holding company and fellow subsidiaries	(13.7)	(22.8)
Obligations under finance leases	(17.4)	(6.8)
Liability for share-based payments	(0.4)	(0.6)
Deferred tax liabilities	(26.8)	(34.7)
Provisions	(3.5)	(3.0)
Other long-term liabilities	(32.2)	(13.5)
Total non-current liabilities	**(94.0)**	**(81.4)**
Total liabilities	**(917.8)**	**(720.4)**
Net assets	**319.4**	**250.0**
Share capital and share premium	130.2	130.2
Foreign currency exchange and other non-distributable reserves	(81.9)	(94.4)
Retained earnings	217.2	171.1
Attributable to equity holders of the parent	**265.5**	**206.9**
Non-controlling interest	53.9	43.1
Total equity	**319.4**	**250.0**

PRINCIPAL SUBSIDIARIES

Statutory name	Country of incorporation	% held 2018	% held 2017
Holding Company			
Logicalis Group Limited	England and Wales	**100%**	100%
Subsidiaries of Logicalis Group Limited			
Logicalis Group Services Limited	England and Wales	**100%**	100%
Logicalis UK Limited	England and Wales	**100%**	100%
Promon-Logicalis Latin America Limited	England and Wales	**65%**	65%
Logicalis Networks GmbH	Germany	**100%**	100%
Logicalis GmbH*	Germany	**100%**	100%
ITUMA GmbH*	Germany	**51%**	51%
Logicalis Guernsey Limited*	Guernsey	**100%**	100%
Logicalis Ireland Limited	Ireland	**100%**	100%
Logicalis Solutions Limited*	Ireland	**100%**	100%
Logicalis Technical Services Limited*	Ireland	**100%**	100%
Logicalis Technology Limited*	Ireland	**100%**	100%
Logicalis Channel Islands Limited	Jersey	**100%**	100%
Logicalis Jersey Limited*	Jersey	**100%**	100%
Logicalis Spain, S.L.	Spain	**100%**	100%
Logicalis Argentina S.A.*	Argentina	**65%**	65%
NubeliU Argentina S.R.L.*	Argentina	**51%**	N/A
Logicalis Andina Bolivia LAB. Ltda.*	Bolivia	**65%**	65%
PromonLogicalis Tecnologia e Participações Limitada*	Brazil	**65%**	65%
PTLS Serviços de Tecnologia e Assessoria Técnica Limitada*	Brazil	**65%**	65%
NubeliU Consultoria e Licenciamento de Software Limitada*	Brazil	**51%**	N/A
NubeliU Limited*	Cayman Islands	**51%**	N/A
Logicalis Chile S.A.*	Chile	**65%**	65%
Logicalis Colombia S.A.S.*	Colombia	**65%**	65%
Logicalis Ecuador S.A.*	Ecuador	**65%**	65%
Logicalis Mexico, S. de R.L. de C.V.*	Mexico	**65%**	65%
Logicalis Paraguay S.A.*	Paraguay	**65%**	65%
Logicalis Andina S.A.C.*	Peru	**65%**	65%
Logicalis Puerto Rico Inc.*	Puerto Rico	**65%**	N/A
Logicalis Uruguay S.A.*	Uruguay	**65%**	65%
Logicalis Inc. S.A.*	Uruguay	**65%**	65%
Logicalis South America, Inc.*	USA	**65%**	65%
PLLAL International LLC*	USA	**65%**	65%
Logicalis US Holdings, Inc.	USA	**100%**	100%
Logicalis, Inc.*	USA	**100%**	100%
Thomas Duryea Holdings Pty Limited*	Australia	**100%**	100%
Thomas Duryea Logicalis Pty Limited	Australia	**100%**	100%
NetStar Group Holding Limited	British Virgin Islands	**100%**	100%
Logicalis Shanghai Limited*	China	**100%**	100%
Logicalis Pte Limited (Xiamen)*	China	**100%**	100%
Logicalis Hong Kong Limited*	Hong Kong	**100%**	100%
P.T. Packet Systems (Indonesia)*	Indonesia	**54%**	N/A
Logicalis Malaysia Sdn Bhd*	Malaysia	**100%**	100%
Thomas Duryea Logicalis Asia Pacific MSC Sdn. Bhd.*	Malaysia	**100%**	100%
Logicalis Singapore Pte. Limited*	Singapore	**100%**	100%

*indicates a subsidiary which is owned indirectly via an intermediate holding company.

LOGICALIS

Business and technology working as one

This brochure has been printed in
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