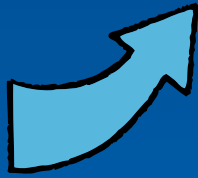


DENEL INSIGHTS

Second Issue 2016



DENEL GROUP VALUES



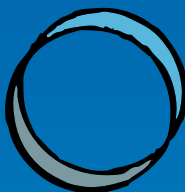
PERFORMANCE

WE EMBRACE OPERATIONAL EXCELLENCE.



INTEGRITY

WE ARE HONEST, TRUTHFUL AND ETHICAL.



INNOVATION

WE CREATE SUSTAINABLE INVESTMENT SOLUTIONS.



CARING

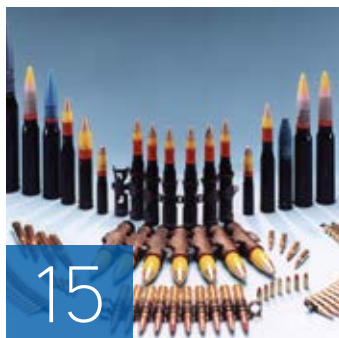
WE CARE FOR OUR PEOPLE, CUSTOMERS,
COMMUNITIES, NATIONS AND THE ENVIRONMENT.



ACCOUNTABILITY

WE TAKE RESPONSIBILITY FOR ALL OUR ACTIONS.

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Editor's Note

We would like to hear from you!

Denel Insights has been created as an external communications platform to keep you – our stakeholders informed about the projects and developments within our Group. We would love to hear your comments and suggestions about issues that you would like us to update you on.

Please email your letter to the editor to pamm@denel.co.za, and include your name and contact details.

We look forward to hearing from you.

Pamela Malinda

Apology: The third edition of Denel Insights 2015 carried an article titled: "Training Links with Cameroon grow stronger". The flag used in the article was that of Senegal and not Cameroon. We sincerely apologise for this mistake.



Ms Vuyelwa Qinga

Our ability to attract talented individuals to our ranks and to integrate them into our leadership team is demonstrated by recent senior appointments.

Editor-in-Chief

Denel's deep commitments to the development of communities that live close to our campuses and business activities regularly come to the fore through our social investment initiatives. The annual celebration of Mandela Day. This year again gave employees more opportunities to reach out to communities and enrich their lives. We always enrich our own lives in the process!

In this edition of Denel Insights you will, through words and pictures, be able to share the inspirational activities initiated at our campuses and get a glimpse of the impact that we have on the broader South African society. This is also reflected in our support for educational programmes, the enrichment classes we offer to young learners and the opportunities we gave to young learners as they experienced the worlds of defence and aviation during a camp hosted in partnership with the SA Air Force recently.

Our ability to attract talented individuals to our ranks and to integrate them into our leadership team is demonstrated by recent senior appointments. They are joining an organisation that has recently received a thumbs-up from one the major global ratings agencies, which confirmed their confidence in the quality of

corporate governance and financial oversight at Denel.

We are also looking forward with great anticipation to AAD 2016 the bi annual showcase of the defence and aerospace sectors. This year's focus is on the potential for growth in Africa and, with this in mind, our edition tells you more about our activities on the continent and why we are poised to grow and expand our business even further in the coming years.

We continue to value the support we receive from our stakeholders, our partners, our clients and the communities within which we operate. Please take the time during AAD 2016 to come and visit our pavilion at the AFB Waterkloof and to interact with us on a personal basis.

We will in hall 4 at stand no. 4W8
#DefenceInnovationRedefined!

Vuyelwa Qinga

Group Head: Corporate Communication & Public Affairs



Mr Zwelakhe Ntshepe

Our reputation in areas such as camp management, logistics support and demining is well-established and will be a major area of future business and revenue growth within Denel.

Message from the Acting GCEO

We Remain the Trusted Partner in Africa

Denel's deep roots on the African continent were highlighted at a number of opportunities in recent weeks. We are proud of our reputation as the leading defence and technology company in Africa and we are increasingly seen as the partner of choice by governments and defence forces on the continent.

Our partners to the north recognise the value of doing business with a defence company that knows the unique characteristics of the continent in terms of geography, climate, infrastructure and access to resources. Our products and systems are home-grown, locally designed and developed, tried and tested under African conditions.

But, most importantly, Denel is no "fair weather" partner. We are in business for the long-haul and with clear intentions to strengthen and grow relationships, build trust and increase our commitments. Thus, our products and systems are always accompanied by service agreements and undertakings for maintenance, repairs, spares and through-life cycle support.

The African nature of our business was highlighted during our participation at the South African United Nations Procurement Summit 2016 in Tshwane. This was an opportunity to showcase the work Denel has done – and is still doing – in support of peace-keeping operations on the African continent, but also our potential to expand these services into the future.

Our reputation in areas such as camp management, logistics support and demining is well-established and will be a major area

of future business and revenue growth within Denel. We are, indeed, strategically placed to offer one-stop and turnkey solutions for governments and multinational companies looking for a partner with an exemplary record of delivery.

In the same period we also participated in the inaugural seminar between the defence industries of South Africa and Nigeria, an initiative with major potential to grow in both scope and depth. Many of the major defence and security concerns relating to issues such as border security, human trafficking and drug smuggling were raised in the forum and Denel was able to talk about what we can offer to deal with these threats.

The coming Africa Defence and Aerospace Exhibition – AAD 2016 – will provide us with another platform to celebrate our capabilities. This year's show at the Air Force Base Waterkloof in September has a strong focus in unlocking Africa's aerospace and defence potential.

As in the past, Denel and all its divisions will have a very prominent presence at AAD. We are looking forward to hosting delegations from countries and companies that we do business with – and to explore possibilities for new partnerships and emerging opportunities.

Zwelakhe Ntshepe
Acting Group CEO

Mandela Day Actions Reach Out to Communities

**NELSON
MANDELA
DAY**

MAKE EVERY DAY A MANDELA DAY!

Mandela Day activities at Denel campuses across the country focused on support for children from disadvantaged backgrounds through donations and maintenance work at schools and crèches.

Vuyelwa Qinga, Group Executive: Corporate Communications says Denel's objective is to engage with communities for more than the 67 minutes usually associated with Mandela Day.

All of the divisions in the group have ties with schools and communities in their vicinity and focus their corporate social investment activities towards education-related activities that leave lasting imprints.

On 18 July the Irene campus donated furniture to the Moleboheng Day Care Centre which accommodates vulnerable children in Mooiplaas in Pretoria West. They also refurbished and painted the administration block at the Irene Middle School.

At the Kempton Park campus employees of Denel Aerostructures visited Elethu Home in Daveyton which is part of Cheshire Homes South Africa. This is a non-profit organisation which looks after people with disabilities. Employees assisted with maintenance around the home and planted a vegetable garden.

Denel PMP has long-standing relationships with schools in the west of Pretoria and this year they handed over a vegetable garden, greenhouse and did maintenance work at the DH Pheta High School in Atteridgeville.

In the southern Cape employees of the Denel Overberg Test Range will spend the day at the Cape Agulhas Safe House for battered women and children, they donated food, a Wendy house to be used for counselling purposes and did maintenance work around the Safe House.

Denel Land Systems donated items to the Indaba Zosindiso Orphanage in Danville near Atteridgeville while Mechem focused attention on its role in training dogs for demining and anti-poaching action by organising a dog walk and donating the proceeds to the SPCA.

Qinga says "our involvement in these drives contribute to the welfare of children, encourage them to stay in school and help to make South Africa a better place while celebrating the legacy of former President Nelson Mandela."



"Our involvement in these drives contributes to the welfare of children, encourages them to stay in school and help to make South Africa a better place for all while celebrating the legacy of Madiba."
~ Vuyelwa Qinga

African Giants Meet on Defence Industry

Defence industry cooperation between South Africa and Nigeria received a major boost with the first seminar between companies in the two countries recently held in Abuja.

Denel was one of 17 South African companies that participated in the two day event in the Nigerian capital. The Nigeria-South Africa Defence Industry Seminar – NIGSA – underscored the fact that defence cooperation between the two economic powerhouses on the African continent is taken seriously.

Simphiwe Hamilton, the executive director of the SA Aerospace Maritime Defence Industries Association (AMD) said the seminar “focused on establishing strategic partnerships with defence companies in Nigeria. South Africa looks at Nigeria as a key partner in Africa and we are confident that this event will increase future collaborations.”

“NIGSA comes at a time when Africa is faced with serious challenges such as terrorism, drug smuggling and human trafficking,” a senior Nigerian diplomat, Ambassador Sheni, said. “During the seminar we examined our respective strengths and explored the potential for cooperation to boost relations between our two nations. This will ensure the modernisation of defence industries in our countries and across Africa.”

In his response the Secretary of Defence, Dr Sam Gulube, said the defence community is of critical importance to ensure peace and security exists for economic development to flourish.

“Defence plays a key role in advanced research and technologies which broaden economic development away from a reliance on raw materials. We need to build exchange programmes and share information, training and research and development,” he said.

Things to know about NIGSA 2016

- The seminar flows from the official visit to South Africa by Nigeria’s Minister of Defence, Mansur Dan-Ali in March 2016.
- This was followed by Pres Jacob Zuma’s state visit at the invitation of his Nigerian counterpart, President Muhammadu Buhari.
- It was agreed that the inaugural Defence Industry Seminar would be hosted by Nigeria, followed by a defence committee meeting.
- The meeting focused on the areas of military technical cooperation, defence exchange programmes, joint military exercises, training and research & development.



Youth from various schools at Denel's Falcons Fly High Camp

Young Falcons Fly High at Camp

More than 100 young people from various schools in the country had an enriching life-experience at a youth camp hosted by Denel and the South African Air Force.

Speaking at the passing-out of the Young Falcons, Denel’s Acting GCEO, Zwelakhe Ntshepe, said the participants returned to their homes as individuals who have been shaped by a week of intensive training and equipped with skills and memories that will last a life time.

The camp held at the Swartkop Air Force Base was a partnership between Denel and the SA Air Force and the event was also attended by the Chief of the SAAF, Lieutenant General Fabian Msimang.

Mr Ntshepe described it as “a unique chance for young people to get a first taste of the country’s defence sector, especially the aerospace and aviation sectors. During the week the young participants visited the Denel campuses in Irene and Lyttelton and had opportunities to speak to executives, engineers and artisans.

They also had a close-up view of some of Denel’s iconic products such as the Badger infantry combat vehicle, the Casspir and the Rooivalk, combat helicopter, described by Ntshepe as “a formidable aircraft and a proud product of our country.”

He said Denel is keenly aware of the fact that careers in both the Air Force and the defence industry are highly-contested and difficult to access. Good grades in science, maths and technology at high school level are absolute prerequisites for entry and this has to be combined with personal characteristics of discipline, commitment, attention to detail and determination, Ntshepe said.

Top Industry Leader Joins Denel's Ranks



Mr Thami Mbele, GCOO of the Denel Group

Thami Mbele is the new Group Chief Operations Officer of the Denel Group – bringing with him a wealth of experience and capability to drive a new phase in the growth of our business.

Mbele has provided leadership across diverse sectors and industries for more than 25 years. He joins Denel from Tata Africa where he served as Managing Director responsible for driving business growth across Sub-Saharan Africa and South East Asia. Prior to this role, he served as President and CEO of GE in Southern Africa.

He has a stellar track record in both the defence and state-owned enterprise environments. He spent 10 years with BAE System Land Systems OMC, as General Manager and Director, and has held various engineering and management positions with Sasol and Eskom.

Mbele served on the board of the American Chamber of Commerce in South Africa and on the Industrial Advisory Committee of the University of Witwatersrand's School of Mechanical, Industrial and Aeronautical Engineering.

He holds Bachelor's degrees in Mechanical Engineering and Commerce as well as Master's degrees in Engineering Management and Business Leadership from the Universities of Pretoria and South Africa respectively.

He has also completed executive leadership programs at Wharton Business School (University of Pennsylvania) and Saïd Business School (Oxford University), as well as a production management program sponsored by the Carl Duisberg Gesellschaft and the Hochschule für Technik und Wirtschaft des Saarlandes in Germany.

Top Notch Executive Joins the Ranks



Ms Ntombi Felicia Msiza

A career professional with extensive experience in the public sector has joined Denel as the Group Chief Audit Executive.

Ntombi Felicia Msiza joins Denel from City Power in Johannesburg where she served as Director: Risk, Assurance and Compliance. Prior to this she was the Governance Executive at Broadband Infraco.

Msiza brings to Denel a wealth of experience and capability to drive a new phase in the growth of our business. She holds a B Com Degree from Vista University as well as an MBA from Regent School of Business. She is currently doing a PhD in Internal Auditing at the University of Pretoria. Her board experience includes serving on the Institute of Internal Auditors Board.

Fitch Ratings Confirms Denel's AAA Status



Mr Odwa Mhlwana, Acting GFCO of the Denel Group

"Our order book is looking good, our cash reserves are growing, and we are seeing an increasing interest in our business proposition. The markets clearly have confidence in Denel as a business and its projections into the future, as well as its executive leadership and the board."

~ Mr Mhlwana

Denel welcomes the decision by Fitch ratings agency to maintain the company's long-term rating and affirm its current short-term rating and outlook, despite a broad set of challenges that have been facing the South African economy.

Fitch recently re-confirmed Denel's long-term ratings status as "AAA (zaf)", a status it has held since 2014.

"So much has happened in the global and domestic economy since 2014, yet Denel has been able to more than hold its own – against all odds," says Denel's acting Group Financial Director, Odwa Mhlwana.

"Fitch's evaluation took place during December 2015 and January 2016 -- one of the most unstable periods in our economy, with exchange rate volatility and global uncertainty around the direction which the South African economy was headed," he said.

"Fitch's decision is a vote of confidence in the continuing success of the company's turnaround and its financial recovery, which has strengthened more under the current board and management.

"We believe it is also a measure of the confidence the markets have in Denel as a business. It confirms our ongoing financial performance, strengthened balance sheet and continued strong support from stakeholders and our shareholder, the Department of Public Enterprises," Mr Mhlwana says.

The Fitch rating comes on the back of Denel's hugely successful investor roadshow earlier this year to refinance the company's bond and at the same time introduce the new executive team.

Denel had an R815m 3-year bond that matured in January. "Under the guidance of the Board and in support of Denel's growth, it was decided to re-finance the bond for a 12 month and 18 month period".

"Denel's bond issue was twice oversubscribed, which is a confirmation of the investor confidence in Denel," says Mr Mhlwana.

"It's clear that we are on the right track, and we are confident that investor sentiment was boosted even further with the recent affirmation by the Denel board of its commitment to good corporate governance".

Mr Mhlwana says that it was unfortunate that internal company-related matters were being pushed into the public domain by people with an axe to grind. "But the Board has fully engaged our key stakeholders on these matters and this has ensured confidence in Denel, enabling us to focus on our core business."

"Our order book is looking good, our cash reserves are growing, and we are seeing an increasing interest in our business proposition. The markets clearly have confidence in Denel as a business and its projections into the future, as well as its executive leadership and the board."

United Nations Highlights Opportunities for Local Suppliers



Left to right: Lt General (rtd) Themba Nkabinde, Denel Board Member, Minister of Small Business Development, Ms Lindiwe Zulu, Mr Colin Singarum, Senior Executive, Business Development; Ms Nana Mabe, Group Stakeholder and Government Affairs Manager both from Denel.

Denel featured prominently at a recent summit hosted by the United Nations to explore opportunities to become suppliers for peace-keeping and peace support operations in agencies.

The first ever South African United Nations Procurement Summit 2016 took place at the CSIR Convention Centre in Tshwane and was described by organisers as “the place to be for the local defence and allied industries.”

Group Chief Operations Officer, Thami Mbele speaking at the summit, highlighted the services, products and systems that the company can offer to multinational missions.

Denel has a proud record of providing services to the United Nations, primarily in the highly-specialised areas of demining and detection of unexploded ordnance of war. In recent years this has been extended to camp management services and the provision of support to troops from forces that are on active duty.

More than half of the UN's 16 peace-keeping missions currently underway are in Africa and 80% of the world body's peacekeepers are deployed on the continent.

This requires massive logistic support to succeed and the international body is, increasingly looking towards suppliers and service providers on the African continent.

The summit was open by the Secretary of Defence, Dr Sam Gulube, with Armscor chief executive, Kevin Wakeford, also among the speakers. During the second day there was a panel discussion

on paving the way forward for South African industry to deliver to UN Africa operations.

Last year the United Nations invited South African companies to register and bid for major procurement tenders. Sean Purcell, the Chief of Field Procurement Services pointed out that the UN spent \$17.2 billion on procurement in 2014, up from \$16 billion in 2013. South Africa, however accounted for less than 1% of the total spent in this period.

Purcell said that when the UN establishes a peace-keeping operation there is often no infrastructure available and everything has to be built up from scratch. Most peace-keeping money is spent in the first two years of an operation, primarily

Mbele highlighted four critical areas of Denel's business and its value to the African continent.

- It is Africa's premier defence and technology company – and among the 100 leading enterprises in this field in the world;
- It has delivered on its primary mandate to serve the democratic state and the SANDF and already contributed to peace-keeping missions on the continent.
- It provides fault-free and fit-for-purpose equipment, the back-up support and peace-of-mind to missions involved in difficult operations;
- Denel's programmes in Africa help to stabilise communities, encourage social cohesion and contribute to the growth of stable economies.



“We have the capacity and experience to broaden the range of field facilities that we offer to clients like the United Nations, to also include security systems and monitoring, stock control and safety management of ammunition, water purification and the management of smaller airfields.”

~ Thami Mbele

on construction. The major items procured by the United Nations include food, pharmaceuticals, vehicles, computers and software, shelter and housing, telecommunications, building materials and security equipment.

Mbele said peace-keeping work is a strong area for future revenue growth in Denel. It fits into its broader objectives to diversify the company's activities, mobilise the accumulated expertise within the group and provide clients with turnkey solutions.

“We have the capacity and experience to broaden the range of field facilities that we offer to clients like the United Nations, to also include security systems and monitoring, stock control and safety management of ammunition, water purification and the management of smaller airfields.”

He thanked the organisers from “Team South Africa” for providing the opportunities for Denel and other companies to better understand the UN procurement processes and how it acquires the services of suppliers and vendors.

In recent years, Denel has developed a very sound policy framework that not only meets the codes of good practice developed by government, but also fulfils the spirit of our own, internal commitment to broad transformation.

“We have brought in emerging companies – especially black-owned and women-owned enterprises – into our supply chains and we work closely with our suppliers and partners to ensure that their practices contribute to the broader and faster transformation of the local defence industry.”

10 Things to Know about Denel in Africa

1. **We help make the African skies safer.** Through the Denel Technical Academy we train artisans and technicians for the broader African aviation sector. About 20% of the students in aviation-related courses at the DTA come from countries such as Cameroon, Nigeria, Rwanda, Angola, Zambia, Botswana, Zimbabwe, Namibia and the Democratic Republic of the Congo.
2. **We lead the planning for future opportunities in travel and tourism on the African continent.** Denel Aviation and Denel Aerostructures are working with academic and research institutions to design a regional aircraft – the Small African Regional Aircraft (SARA). She will service routes and destinations currently not served by the mainstream airline industry.
3. **We are part of the collective efforts to tackle the scourge of poaching and the destruction of our natural resources.** Mechem's tracker dogs are deployed in the Kruger National Park to combat rhino and ivory poaching and catch those who want to deplete our natural heritage.
4. **Our Unmanned Aerial Vehicles** can offer further advanced capacity and support African countries in their efforts to protect the environment, regulate borders and stop the surge in human trafficking.
5. **We keep border points and airports safe to protect lives.** Our trained Mechem sniffer dogs inspect cargo and support institutions responsible for the detection of drugs, explosives, contraband and environmentally-sensitive products.
6. **We provide a protective shield** for UN peacekeeping operations and for the South African forces serving with the UN MONUSCO mission in the Democratic Republic of the Congo where Denel Aviation is responsible for specialist maintenance, repair and overhaul services on helicopters.
7. **We support communities in post-conflict environments.** Mechem is respected across the world in demining and the destruction of unexploded remnants of war. We are the only African-based commercial demining company accredited with the United Nations.
8. **We create environments for lasting peace.** One of the Denel Group's fastest-growing businesses is in the provision of life support and camp management services to UN operations, especially in Somalia. Mechem teams are responsible for facility management, catering and laundry services, driver training and vehicle recovery – enabling the peace-keeping forces to perform their primary duties.
9. **We use our accumulated experience and expertise to design and manufacture products that meet the needs of our African clients.** We know the continent well and our products are tested and proven to perform at their peak in the unique geography and climate of the continent.
10. **We serve our clients through continued support and maintenance throughout their life cycles.** We create lasting partnerships with African clients and are committed to training and skills-transfer programmes.

High Praise for Young Innovators in Parliament

Young innovators at Denel are doing pioneering research and producing technology that contributes to “the creation of new industries” in South Africa.

Speaking in Parliament the Deputy Minister of Public Enterprises, Mr Bulelani Magwanishe, highlighted recent breakthroughs in engineering and technology achieved by young employees at Denel.

“Young people at Denel are giving the country hope through innovation,” Mr Magwanishe said, “and it is particularly significant that this is taking place in the year in which South Africa commemorates the 40th anniversary of the 1976 Soweto Uprising.”

Denel has invested more than R467-million in research and development over the past year and expanded its partnerships with research organisations, the academic community and companies in the defence and manufacturing sectors.

One of the future-oriented projects referred to by Mr Magwanishe is the design and development of a new Small African Regional Aircraft (SARA) to serve regional destinations that are not accessible for existing passenger planes. This is a joint research project with post-graduate students at local universities and is being led by three young female engineers from Denel -- Preshni Govender, Puseletso Matlala and Naadira Hassim.

In addition, two young software engineers at Denel Aviation, Lindokuhle Mpanza and Anish Punnen, have developed a computerised mission planning system for the pilots and crew of Oryx helicopters. This system enables the crew to plan their missions in advance, share information across locations and facilitate a comprehensive evaluation at completion.

At Denel Mechem electronic technicians Selaelo Mojela and Isak Sokuwe have designed an innovative robot that detects landmines and minimises the risks on lives. The robot scans for landmines and the information is picked up by an on-board camera and sent back through a wireless system.

Mr Magwanishe also singled out the achievements of five interns at Denel Dynamics who developed a tactical observation ball that can be used by soldiers to conduct surveillance operations without placing any lives in danger.

He also congratulated Denel for its investment in education and training by providing bursaries and experiential learning for engineering students at four Gauteng colleges.



The RG31 is a Mobile Mortar Platform (MMP) which is highly-regarded for its 4x4 capabilities, mobility and the protection it offers against anti-tank mines and explosive devices.

Denel Vehicles Shipped to UAE Client

The first batch of RG31 mine-resistant vehicles manufactured by Denel Vehicle Systems for the UAE Armed Forces has been shipped.

The RG31 is a Mobile Mortar Platform (MMP) which is highly-regarded for its 4x4 capabilities, mobility and the protection it offers against anti-tank mines and explosive devices.

Johan Steyn, CEO of Denel Vehicle Systems says an order for 24 RG31 MMP vehicles was placed by its client in the United Arab Emirates, the International Golden Group (IGG) in June 2015. This follows on the successful delivery of 73 vehicles that are already in service with the UAE Armed Forces.

In terms of the follow-on contract Denel Vehicle Systems was required to make some 30 improvements to the performance and reliability aspects of the vehicle based on assessments in the operational environment.

The client recently visited Denel for static acceptance of the vehicles as well as dynamic testing conducted at Armscor's Gerotek test facilities in Pretoria West.

“The vehicle was put through rigorous testing and met all the expectations and requirements of the client,” says Steyn.

Turning War Machines into Instruments for Peace



Democratic South Africa is a major contributor to peace-making and peace-keeping operations across the continent of Africa.

Denel, with its 40 year experience in the defence and technology sectors, play a vital role in many of these initiatives. It has long left behind its history of supplying weapons of war to the apartheid government and has turned those products into instruments for peace.

Today Denel is a key provider of infrastructure and services for African peacekeeping missions that are led by the African Union and the United Nations.

"Our business model has changed totally, and we are now the go-to people for other African countries which are addressing the legacies of civil war and conflict," says Peter Faro, General Manager of Denel Mechem which spearheads activities in a number of former conflict zones across the continent.

"Our focus now is almost entirely humanitarian, and we are using the skills and expertise we gained over the years to leave a lasting legacy in countries recovering from war."

The Casspir, once used to conduct war and suppress internal uprisings, has been retooled into a world-class weapon of peace, and is used extensively in mine-detection activities in a number of post-conflict areas.

Denel Mechem has been conducting research and development into counter-landmine warfare and clearance solutions for explosive remnants of war for more than 40 years. Since 1999, it has applied the knowledge and experience gained during this process in the field of commercial and humanitarian demining.

According to United Nations estimates there are at least 110 million active mines scattered across the world, of which about 44 million have been planted on the African continent. Mechem is the only UN-accredited ERW clearance company in Africa.

Using retooled Casspirs and other methods, Mechem has cleared in excess of 200 000 000 square meters of land and 16 000km of roads world-wide, the bulk of them in Africa. It is currently conducting operations in nine African countries, of which six are in support of the UN and the AU.

A typical team consists of demining experts travelling in mine-protected vehicles supported by Mechem-trained sniffer dogs.



Roads are being swept on a regular basis but most time is spent on clearing identified minefields in the countryside.

"This is a painstaking and highly dangerous operation, explains Johan Coetzee, Senior Portfolio Manager for Operations at Mechem. "Modern technology and sniffer dogs can help us to detect the presence of mines – but in most instances the lifting and disposal of the mines have to be done manually."

"We are now in a position where our expertise and track record enable us to not only clear mined areas – as we have done with great success in Mozambique – but we also prepare the land for new development," says Faro.

Faro says the South African work-teams in various parts of the continent are hugely encouraged by the role they play in rehabilitating war-torn areas and contributing to post-war reconstruction.

"It's a liberating process for the communities involved," he says. "Some of the areas we work in have been no-go zones for decades. But once we clear the areas of mines, people are able to move around freely again. Their children can play without the fear of death or injury. Schools are being constructed, roads are being built, and life is finally returning to normal again.

"For us, it's not just about getting paid and leaving – we want to add value to any service we render. And our teams are fully committed to leave a legacy of peace and safety wherever they work," says Faro.

Scope for Support in Africa is Growing

Denel intends to expand the range of logistical support and camp management services it offers to international peacekeeping forces on the continent, according to Acting Group CEO, Zwelakhe Ntshepe.

"This is a strong area for future revenue growth," he says. "It also fits into Denel's broader objectives to diversify the company activities and use the shared experience from our various divisions to provide holistic solutions that can meet the needs of our clients."

Ntshepe says Denel has the capacity and experience to provide a range of support services to a number of UN and AU missions across the continent, and is increasingly exploring possibilities for collaboration with the UN's peacekeeping missions on the continent.

"There are also significant opportunities to broaden the range of field facilities that can be offered to clients – to include security systems and monitoring, ammunition management, water purification and the management of smaller airfields," he says.



Playing a Crucial role in Stabilizing Somalia

Somalia is a pivotal and strategic country located in the Horn of Africa and after decades of strife it is gradually returning to stability. South Africans, including Denel employees, are playing a crucial role in supporting peace-keeping initiatives by the African Union and the United Nations.

"We have a team of 460 people providing field services to the AU and the UN," says Peter Faro, General Manager of Denel Mechem.

"We provide essential support services to enable the peace-keeping forces to focus on increasing stability in the country – not just in the capital, Mogadishu, but across the countryside."

The Denel team provides a comprehensive facilities management service, which includes cleaning, cooking and maintenance.

The team also provides demining training for African Union peacekeepers, sharing their experience gained from operating in other former conflict zones such as Angola and Mozambique.

Somalia is gradually recovering from an insurrection by a coalition of Islamist sharia courts in 2006, which prompted the intervention of the African Union.

A new internationally-backed government was installed in 2012, and has been inching towards stability since then -- but the new authorities still face a challenge from Al-Qaeda-aligned Al-Shabaab insurgents.

"It is dangerous work, but the threat levels have definitely diminished as the peace-keeping forces regained ground" says Faro.

"I visit Somalia regularly, and it is really encouraging to see how the country is gradually being stabilized by the various peace-keeping initiatives. South Africans are playing central roles in this process by sharing their experiences – and providing the service backbone that enables the various peace-keeping forces to focus on bringing about stability.

"We can measure and see the impact of our work. We continue to make a difference in a very important region on our continent and support the various international agencies to create a more conducive environment."



Mechem dogs in action.



Canine Sleuths Help to Catch Poachers at Kruger

Tracker dogs trained by Denel are having increasing success in curbing the smuggling of rhino horn and ivory in the Kruger National Park.

Six tracker dog teams consisting of dogs and their handlers have been deployed in the KNP since September 2015 in terms of an agreement between Denel Mechem and South African National Parks. Ten more dogs will soon see action at gates and entrances to the Park to detect hidden fire-arms and ammunition or smuggled contraband.

Dr Hannes Slabbert, the Senior Manager: Canine Business at Mechem says well-trained dog and handler teams remain among the most effective solutions to track and apprehend poachers in a vast terrain such as KNP. “Our success show that the number of rhinos killed for their horns in the iconic Park would have been much higher if not for the actions of our canine units,” he says.

Mechem has a global reputation for the quality of its sniffer dogs used to detect landmines and unexploded ordnance in conflict zones. Dog and handler teams have proven their value in landmine detection operations in countries such as South Sudan, Afghanistan and the Democratic Republic of the Congo.

A team of 30 Mechem handlers and dogs are currently deployed in Turkey to support demining activities.

The special abilities of the dogs are, increasingly, also being used to protect South Africa’s wildlife resources from poachers and smugglers.

Slabbert says the tracker dogs used in the KNP can detect the scent of a smuggler up to six hours after an incident occurred and then

follow it over vast distances. Once an operation starts fresh dogs are often flown in by helicopter to continue following the spoor.

It takes up to 12 weeks to train a dog together with its handler. Some of the most successful canine sleuths come from Mechem’s own dog breeding programme.

The ten new teams will be deployed at entrance and exit gates to the Park. They will conduct random surveillance of vehicles and then alert their handlers when suspicious substances are detected.

Mechem has developed a unique system which combines modern technology with the dogs’ capabilities to search for and uncover a wide range of substances. The Mechem Explosives and Drug Detection System (MEDDS) – involves collecting air samples from suspect vehicles and containers and taking them to the dogs in a controlled environment. When the dogs confirm the suspicions investigators take further steps to inspect the cargo.

Slabbert says the escalating global concerns about border security and aviation safety are contributing to a growth in demand for South African-trained dogs. Mechem is in the process of negotiating contracts to train dogs and handlers for custom services in Senegal and canines used by the Ivory Coast defence force.

Did you know?

- Denel’s highly-regarded dogs can be trained to sniff out almost anything. The Department of Correctional Services have deployed them to find hidden and illicit cellphones being used by prison inmates.
- Denel-trained dogs have also been used to help the manufacturers of Zambuk, a well-known lip balm, to sniff out “fake” products – cracking down on illicit trade and protecting the integrity of the manufacturer’s brand.
- Sniffer dogs trained by Denel Mechem play a crucial role in air safety – they inspect air cargo leaving South Africa from OR Tambo and Cape Town international airports.

Women Landmine Detectors Head for Turkey

The first team of South African women trained to detect explosives has left for Turkey to assist with Denel's demining activities on the country's eastern border.

The expert team was initially brought in to assist Denel Mechem in a project to find and disarm munitions dating back to the Second World War at Lotus Gardens in Pretoria West.

"The team received initial training to enable them to carry out the Lotus Gardens clean-up," says Mechem's General Manager, Peter Faro. "When the project ended in January we asked the team whether they would be interested in further training. We then put them through our more advanced explosives detection course – even though, at that stage, there was no clear indication of where they would be deployed.

"Soon after they started their training, we were asked to expand our presence in Turkey, where we are involved in demining the Eastern border.

"A few weeks later, they were on the plane and are now working alongside other members of the Mechem team," says Faro.



South African demining team in Turkey

Learners Gather Knowledge About Career Options

High school learners in the Eastern Cape were inspired to follow careers in science, technology and other critical and scarce skills at a big career exhibition hosted by Denel at the Mthatha Military Base.

Some 3 000 learners from five districts in the Province received information, and encouragement from young scientists, engineers and technicians working for Denel. They also had the opportunity to see and touch some of Denel's high-tech innovative defence products at the expo.

"We are responding to the national priority to develop the next generation of engineers, artisans, scientists and researchers. It starts with exposure and sharing relevant information," said Zwelakhe Ntshepe, acting Group CEO of Denel.

The career expo was supported by the Departments of Defence and Military Veterans, Basic Education and the OR Tambo District

Municipality. Executive Mayor, Nomakhosazana Meth, spoke to the learners on the importance of following careers in the critical and scarce skills categories, in line with the national development imperatives of South Africa.

Ntshepe said Denel makes substantial contributions to a number of educational programmes designed to improve the quality of teaching in the "STEM subjects" – Science, Technology, Education and Mathematics. Maths and Science enrichment programmes are offered to Grade 10 – 12 learners in the Eastern Cape, Limpopo, Mpumalanga, KZN, North West and Gauteng.

The Career Day encouraged high school learners to continue with their studies in STEM subjects, but also created a greater awareness about career opportunities within the defence and technology sectors. Denel annually offers bursaries and internships to students at various tertiary institutions and trains artisans at the Denel Technical Academy in Kempton Park.



Learners during the Mthatha Career Exhibition

Support for Free State Learners to Achieve

More than 1 000 high school learners in the Free State have benefited from enrichment classes offered by Denel employees in science and mathematics during the winter holidays.

This initiative is part of Denel's investment in education and the promotion of engineering, science and technology subjects among learners and students.

"This was another opportunity for Denel to support communities and education authorities in subjects that are vital for South Africa's knowledge economy. This was in the rural areas of the Free State", says Zwelakhe Ntshepe, acting Group CEO of Denel.

The Free State Department of Education approached Denel for assistance during the winter holiday. Grade 12 learners in the province attended a number of academic winter camps and enrichment programmes to prepare themselves for the year-end examinations.

A number of engineers from three Denel companies offered classes in the Xhariep and Lejweleputswa districts of the Free State. Jappie Monele, Neo Motshologane, Richmond Malinga, Mmakwena Ramatshela and Moorosi Motake are employed by Denel Dynamics, South Africa's leading designer and manufacturer of unmanned aerial vehicles and missile systems; Mike Dlulane and Murendani Randima work at Denel Land Systems and Sibusiso Nkosi at Denel Aviation.

Learners from Welkom attended the tuition classes in the Lejweleputswa district while the classes in Xhariep benefited those who attend schools in towns such as Trompsburg, Fauresmith, Zastron and Olien.

Over a four day period Denel's young engineers covered maths subjects such as calculus and geometry while the science tuition focused on mechanics and chemistry.

Denel regularly contributes to high school learning through bursaries, scholarships and participation in science weeks and enrichment programmes. In the 2015 academic year matriculants who attended Denel's maths and science enrichment programmes in Gauteng, Mpumalanga and the North West, received a 100% pass rate in the year-end exams. The 230 Grade 12 learners raked in 117 distinctions and more than 60% of the class received exemptions for university studies



PMP and Nammo Collaborate to Expand Product Range

PMP, in partnership with a Nordic company, Nammo, recently participated in a demonstration at the South African Special Forces School at Murrayhill. This was an opportunity to showcase the capabilities of Multi-Purpose (MP) ammunition and 66mm M72 Shoulder-Launched rockets.

The event was attended by senior officials of the Department of Defence and other stakeholders. Carel van der Merwe, Executive Manager R&D and Innovation says they were exceptionally impressed by the fire capabilities offered by the demonstrated munitions.

The collaboration also served as an example of PMP's implementation of Denel's key objective of 'Smart Partnerships.'

PMP and Nammo first agreed to collaborate on ammunition three years ago, particularly regarding Nammo ammunition in calibres and types PMP does not produce, such as 7.62 mm armour piercing.

The rounds that were demonstrated are the 7.62 mm armour piercing (AP) rounds, 12.7 mm (MP), 20x139 mm (MP) and M72 LAW 66 mm shoulder-launched unguided anti-tank rockets.



Young learners from Kliptown, Soweto with their new lap desks

Donated Lap Desks Contribute to Quality Education

Young people in Kliptown, Soweto, are now continuing their high school education with the aid of lap desks, sponsored by Denel Land Systems.

DLS has partnered with the Kliptown Youth Programme to support the educational development of children and teenagers. The programme offers a range of educational support including sponsorships for poor kids, daily tutoring for primary and high school learners and assisting tertiary students to access bursaries and scholarships.

A group of volunteers from DLS recently went to the centre and were given a tour of the historic area around Kliptown prior to the handing over of the equipment.

"I grew up in Kliptown," says Monwabisi Baleni, the Education Manager at the Centre, "and after I completed my matric I made a decision to help uplift my fellow brothers and sisters to have a better future."

The lap desks will be used by learners attending the after-school tutoring programmes. They are sponsored to support literacy development and enhance academic performance amongst the learners.

"It is so humbling knowing that the company I work for lends a helping hand to such organisations" says Nokwazi Buthelezi of Denel Land Systems. He was among the group of volunteers that helped to hand over the 250 sponsored lap desks to learners who participate in the programme.

Cliffton Letoaba says the Kliptown Youth Programme team is doing a fantastic job and the children in the community truly benefit from its activities. The KYP relies on funding to continue the work they do and appeals to the public to support the programme.



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