



## Supply Chain Opportunities



Global supplier of world-class defence products and solutions

## VISION

The credible State Owned South African strategic partner for innovative Defence, Security and related technology solutions.

## PURPOSE

As a values driven SOC, Denel's purpose is to:

- Supply the RSA defence & security environment with strategic technology capability, products, services, and support.
- Leverage indigenous capability to access selected export markets.
- Contribute to the socio economic imperatives of Government such as:
  - Job creation, Skills development and social investment.
  - Enhancing the local technology and manufacturing base.
  - Supplier development.
  - Exploiting commercial use of technology.
  - Foreign policy and regional security objectives .
- Be a responsible corporate citizen to ensure:
  - Good governance, and sustainability.
  - Transformation and employee well being.

## Table Of Contents

Overview of Denel	4
Foreword by the Denel Group CEO	6
Foreword by the Group Supply Chain Executive	7
Denel Aviation	8
Denel Aerostructures (SOC) Ltd	9
Denel Dynamics	10
Denel Overberg Test Range	11
Denel Land Systems	12
Denel Mechem	13
Denel PMP	14
Denel Industrial Properties	15
LMT Products (Pty) Ltd	16
Supply Chain Management	17

# Denel Group of South Africa

*Denel SOC Ltd is a state-owned commercially-driven company and strategic partner for innovative defence, security and related technology solutions. It groups together several defence and aerospace divisions and associated companies.*

Denel provides turn-key solutions of defence equipment to its clients by designing, developing, integrating and supporting artillery, munitions, missiles, aerostructures, aircraft maintenance, unmanned aerial vehicle systems and optical payloads based on high-end technology.

Its defence capabilities date back more than 70 years when some of Denel's first manufacturing plants were established. Between the Denel divisions there is a collective experience of over 200 years.

Denel's purpose is to:

- Supply South Africa's defence and security environment with strategic technology capability, products, services and support;
- Leverage indigenous capability to access selected export markets;
- Contribute to the socio-economic imperatives of Government such as:
  - Job creation, skills development and social

investment;

- Enhancing the local technology and manufacturing base;
- Supplier development;
- Exploiting commercial use of technology; and
- Foreign policy and regional security objectives.

Denel is a holding company, wholly owned by its shareholder, the South African Government. The associated businesses in the Denel Group have equity partnerships with major international companies in the airmotive, aerostructures, electro-optics and munitions fields.

Denel is managed as one, integrated business, it has an executive management team responsible for daily operations, reporting to an independent Board of Directors appointed by the South African Government through the Minister of Public Enterprises. Its core operating divisions are clustered according to geographical location and similarity of business.

## **Irene Campus:**

- Denel Corporate Office – including Denel Industrial Properties and LMT Products (Pty) Ltd
- Denel Dynamics including Denel Integrated Systems Solutions and Spaceteq in Somerset West

## **Lyttelton Campus:**

- Denel Land Systems
- Denel Mechem

## **Kempton Park Campus:**

- Denel Aviation – including Denel Technical Academy
- Denel Aerostructures

## **Western Cape Campus:**

- Denel Overberg Test Range

## **Pretoria West Campus:**

- Denel Pretoria Metal Pressings (PMP)

## **Associated companies:**

- Cassidian Optronics (Pty) Ltd – Denel 30%
- Rheinmetall Denel Munition (Pty)

Ltd – Denel 49%

- Turbomeca Africa (Pty) Ltd – Denel 49%
- Tawazun Dynamics LLC - 49%

To serve its customers with cost-effective and quality solutions in the military aerospace, landward and maritime defence environments, Denel is constantly extending its global footprint through partnerships and collaborative ventures. It is committed to ensuring that its divisions and associated companies grow to provide the best possible solutions to their customers, both locally and abroad.

## **Contact details:**

Corporate Communications  
Tel: +27 12 671 2700  
Email: [marketing@denel.co.za](mailto:marketing@denel.co.za)  
Website: [www.denel.co.za](http://www.denel.co.za)

NAME	DESCRIPTION	SHAREHOLDING
Denel Aviation	Aircraft maintenance, repair and overhaul (MRO), upgrades, system integration, aircraft operation & flight test	Denel 100%
Denel Aerostructures (SOC) Ltd	Metallic and composite aerostructure components, sub-assemblies and special processes	Denel 100%
Denel Dynamics	Missiles, guided weapons, UAVS, Space technology and Integrated Systems Solutions	Denel 100%
Denel Overberg Test Range	Multi-purpose test range	Denel 100%
Denel Land Systems	Land systems equipment and systems integrator, including "Badger" new generation infantry combat vehicle project	Denel 100%
Denel Mechem	Mine action, contraband detection, specialised vehicles and field services	Denel 100%
Denel PMP	Small and medium calibre ammunition, brass products, detonics, power cartridges and mining drill bits	Denel 100%
Rheinmetall Denel Munition (Pty) Ltd	Medium and large calibre munitions, rocket and missile subsystems, grenades and forging business	Equity partnership with Rheinmetall (Denel 49%).
Cassidian Optronics (Pty) Ltd	Optronics	Equity partnership with Cassidian Optronics (Denel 30%)
Turbomeca Africa (Pty) Ltd	Manufacturing of aircraft gearboxes and maintenance & repair of aero engines.	Denel 49%, remainder held by Turbomeca (France), part of Safran Group
Tawazun Dynamics LLC	Supplier of precision guided minitions	Denel 49% remainder held by Tawazun

## Foreword by the Group Chief Executive

The Denel Supply Chain Management strategy includes maximising local content and providing support to the local defence industry, while at the same time ensuring adequate participation by black owned businesses. Our strategy further entails identifying and ring-fencing non-specialised products and services which are readily available in the market and can be easily sourced from black-owned companies.

However, the company also goes further to identify small black companies that operate in the engineering space, with preference given to those that manufacture or design products for use in the core products of our company. The projected procurement value which will be directed towards black-owned companies in the current financial year (2014-15) is about R140-million.

South Africa's commemoration of 20 Years of Freedom and democracy also includes celebrating the opening of economic opportunities for our country's youth and emerging entrepreneurs. As a state-owned company, Denel is keenly aware of its own role in this regard and the contribution it can make to the transformation of the South African economy.

One such contribution can be found in our investment in training and skills development initiatives designed to produce the next generation of engineers, artisans and skilled technicians. We achieve this through

bursaries to deserving students, internships and educational programmes aimed at high school learners. At the same time the company is committed to a "South Africa First" approach to procurement with a special focus on emerging, black enterprises. We want to bring such companies into our own supply chain structures and thus, also introduce them to the wider defence and technology industries through Denel's own international linkages.

The identification and development of local enterprises which have the potential to supply into Denel's core business activities is one of Denel's top priorities. Through such interventions we make a tangible difference to the country's broader economic, human capital and developmental objectives.

Denel continues to look for opportunities to familiarise the broader public and especially prospective participants in the defence and technology industries about the extent of Denel's activities.

Denel is a national strategic asset that all South Africans can be proud of. The company is a key contributor to the good story of growth and development that South Africa has experienced over the past two decades.

*Riaz Saloojee*  
**Group CEO**



## Foreword by the Group Supply Chain Executive

Through its supply chain processes Denel demonstrates its commitment to support South Africa's developmental objectives by increasing our spending on historically disadvantaged suppliers and promoting the objectives of broad-based black economic empowerment.

The transformation of the supplier base is a key imperative for a number of Denel's stakeholders and, under the direction of the Board, management is pursuing a number of supply chain initiatives designed to benefit the company but also grow local economic sectors.

In recent years we have put in place firm systems, structures, and governance processes to ensure the development of core competencies within the group and strengthen the company's ability to cast its net wider when looking for partners within the local industry.

Through this approach we create a solid and sustainable base of emerging entrepreneurs to feed into Denel's local activities. The experience gained by working closely with a mature company such as Denel can be utilised by our suppliers to grow their own enterprises and thus contribute to the country's surge towards

job creation, skills development and the creation of an entrepreneurial culture. We are proud of the growth and achievements of many of the historically disadvantaged suppliers to the group whose work we continue to showcase.

Various communication interventions have been implemented to raise awareness about the wide range and scope of enterprise opportunities that are available within the Denel Group often in partnership with the Department of Public Enterprises.

Denel is looking forward to seeing people from our incubation interventions converted to partners in business and skilled participants in our supply chain

*Dennis Mlambo*  
**Group Supply Chain Executive**



# Denel Aviation



*As an aviation maintenance, repair and overhaul (MRO), upgrades and systems integration company, Denel Aviation has served the South African Air Force (SAAF) as a strategic partner for 50 years.*

With its well-established capabilities in the upgrade, servicing and overhaul of aircraft, as well as aircraft systems and related equipment. Denel Aviation is a prominent participant in the local and international rotary and fixed-wing aircraft markets.

Denel Aviation is formally accredited as a Lockheed Martin service centre, the only one in Africa and one of nine Hercules C-130 airframe support centres in the world.

With an eye on supporting the aircraft platforms in the SAAF and the greater Sub Saharan Africa , Denel Aviation works closely with original equipment manufacturers (OEM) such as Airbus Helicopters, Russian Helicopters, Lockheed Martin, as well as AgustaWestland, Saab and BAE Systems. It has played a major role in the modification

and upgrade programmes on the SAAF's C130 and Oryx helicopter fleets and maintenance support for the South African Police Services Eurocopter Bo105 and AS350 (Squirrel) helicopters.

## Supply Chain Opportunities:

- Aircraft parts : components and spares
- Engineering services : Manufactured Parts
- Electronics
- Logistics / Shipping
- Electrical parts
- Fuel and gas
- Aircraft Spray painting
- Tooling
- Personal Protective Equipment

For more information visit [www.denelaviation.co.za](http://www.denelaviation.co.za)





*Situated within the core of the Ekurhuleni Aerotropolis, Denel Aerostructures' world-class facility specialises in advanced manufacturing of complex aerostructures, making them a recognised leader in the African aerospace field industry.*

As the first company in Africa to be NADCAP accredited across multiple technology disciplines in Africa, Denel Aerostructures' reputation extends internationally to customers like Airbus.

### **Supply Chain Opportunities:**

- Aluminium machined parts
- Titanium machined parts
- Stainless steel machined parts
- Industrial machine maintenance
- Aluminium plates
- Laser and Water jet cutting
- Band saw cutting
- Jigs, Tools and Fixtures

- Plant maintenance equipment
- Machine tools and accessories
- Supply of chemicals
- Test equipment
- Oils and lubricants
- Electrical spares and consumables
- Mechanical spares and consumables

For more information visit [www.denelaerostructures.com](http://www.denelaerostructures.com)

# Denel Dynamics



*Denel Dynamics has proved itself as an innovative leader in advanced systems technology. Its core business covers tactical missiles, precision guided weapons, Unmanned Aerial Vehicles (UAVS), integrated systems and Space solutions.*

## **Supply Chain Opportunities:**

### Electronic/Optics

- Electronic Design, Development, Product Supply
- Electrical Bought-outs
- Looms
- Printed Circuit Boards and Assemblies
- Bare Printed Circuit Boards

### Mechanical

- Castings/Extrusions/Forgings
- Composites
- Non Destructive Testing Labs

- Gear Cutting/Fine Precision Machining
- Laser Cutting, Sheet Metal and Welding
- Machining and Grinding Production Suppliers
- Mechanical Bought-outs
- Hydraulics
- Plastic, Rubber, Foam
- Springs and fasteners

### Commercial

- Labels
- Commercial Hardware
- Measuring Instruments

For more information visit [www.deneldynamics.co.za](http://www.deneldynamics.co.za)



*Located near the southernmost point of Africa, Denel Overberg Test Range is a versatile Test Range specialising in in-flight systems performance measurements for the local and international aerospace industries.*

Denel Overberg Test Range's spectrum of services ranges from tests of short-range guided munitions for land, sea and air combat, to evaluation of modern stand-off weapons and aviation systems. In addition, the Test Range can provide mobile telemetry launch support services at remote sites almost anywhere around the world.

Whilst its primary business goal is to meet the strategic flight test requirements of South Africa's military industrial users, the Test Range has built an enviable reputation with numerous international clients.

#### **Supply Chain Opportunities:**

- Electronic components and spares
- Electronic subsystem maintenance
- Test and measuring instruments
- Electrical spares and consumables
- Mechanical spares and consumables
- Infrastructure maintenance and upgrade

For more information visit [www.denelotr.co.za](http://www.denelotr.co.za)

# Denel Land Systems



*Denel Land Systems (DLS) is a landward defence systems business and is also positioning itself to participate in the vehicle business. It primarily serves the South African National Defence Force (SANDF) and international customers as a system designer and integrator, as well as subsystem supplier for artillery, rapid-fire medium-calibre weapons and combat vehicle systems.*

The division's main activities, including the supply of key products and services, are as follows:

- Utilising its high-end technology and engineering capabilities to take complex systems and/or products through their entire life-cycle, from conceptualisation to production.
- Providing product and logistic support, including qualification, maintenance, upgrades and eventual decommissioning, as required.

## **Supply Chain Opportunities:**

- Mechanical precision machining parts
- Springs
- Fasteners
- Laser Cutting and Fabrication
- Electrical & Mechanical Components
- Connectors & Wires
- Sub Assembly Components
- Canvases
- Welded Structures
- Plastic Tubing Components
- Packaging boxes and Inserts
- Hydraulic components
- Steel Boxes

For more information visit [www.denellandsystems.co.za](http://www.denellandsystems.co.za)



Mechem, a global leader in creating a safer world through providing continuous quality explosive remnants of war clearance solutions, specialised canine products and services, mine protected vehicles, ancillary equipment, related skills development and field services.

#### **Supply Chain Opportunities:**

- Mechanical precision machining parts
- Springs
- Fasteners

- Laser Cutting and Fabrication
- Electrical & Mechanical Components
- Connectors & Wires
- Sub Assembly Components
- Canvases
- Welded Structures
- Plastic Tubing Components
- Packaging boxes and Inserts
- Hydraulic components
- Steel Boxes

For more information visit [www.mechemdemining.com](http://www.mechemdemining.com)

# Denel PMP



*Denel Pretoria Metal Pressings, popularly known as PMP, is an integrated manufacturer of small- and medium-calibre ammunition, brass products, detonics, power cartridges and mining drill-bits. PMP is based in Pretoria West.*

## **Supply Chain Opportunities:**

### Chemicals

- Lead nitrate
- Barium nitrate
- Sulphuric acid
- Cleaning chemicals
- Citric acid
- Strontium nitrate
- Barium peroxide
- Magnesium powder
- Sodium hydroxide
- Coal

### Metals

- Brass
- Copper wire unbaled
- Copper scrap
- Copper high purity
- Lead billets
- Zinc sable ignots
- Zinc high purity rg
- Non ferrous metals

### Production Materials

- Steel bars
- Aluminium bars
- Strip steel
- Lead tubes

For more information visit [www.pmp.co.za](http://www.pmp.co.za)



*Denel Industrial Properties (DeniProp) was established in 2004 for the centralised management of the real estate portfolio of Denel. Its main goals are to maintain and enhance the value of property-related assets and to optimise rental revenue for Denel.*

Denel Industrial Properties offers an extended range of Facility Management (FM) services including plant and reticulation system maintenance, estate management, security, catering, cleaning, waste management, industrial health and fire fighting services are provided to, or managed on behalf of tenants.

**Supply Chain Opportunities:**

- Professional services (Engineering)
- Maintenance Management
- Facility management
- Project Management
- Civil and Construction Solutions
- Horticultural and Landscaping
- Security Services
- Hospitality Services
- Consumable and related services

For more information visit [www.denelproperties.co.za](http://www.denelproperties.co.za)



LTM offers protected mobility services and products to local and international clients in the defence and security industries. These services and products include design and development, manufacturing and after sales support of complete systems, sub systems and components.

Exports consist of approximately 90% of turnover, mostly to the Middle East and Europe. LMT's 'flat-floor' solution for landmine protected vehicles was also the first of such a design that went into serial production.

LMT is also the main contractor to the SA Army for the Gecko Products System, used as a rapid deployment logistic vehicle by the Parachute Regiment. LMT is responsible, through its dealer network, for repair, maintenance and upgrade activities of the 106 strong vehicle fleet.

## Supply Chain Opportunities

Supply of Material

- Armoured Steel
- Ferrous and Non-Ferrous Metals

Services

- Engineering
- Upholstery and Trimming
- Cutting by Laser, Plasma and Waterjet.
- Bending and Sandblasting
- Painting and Protective Solutions

Fabrication of components on various levels of assembly  
Manufacture and Integration Services of complete systems.

System Supply

- Vehicle
- Add on Armour

- Driveline
- Electrical
- Turret integrated with weapon
- Hydraulics and Pneumatics
- Wheels, Rim, Tyre and Run Flats integrated.
- Seats
- Cooling by Radiator and Air-condition
- Fasteners
- Integrated Bearings and Seals

Validation and Testing Services

Packing, Preservation, Packaging and Marking  
Recycle of Material

For more information visit [www.lmt.co.za](http://www.lmt.co.za)



## HIGHLIGHTS

---

- Local spend of 71% vs 70% target;
- Black-owned spend increases from 8% to 10% of total spend of which 21% is spent on black woman-owned companies;
- Recognised B-BBEE spend of 79% vs 70% target in codes; and
- Increased number of ED beneficiaries from 58 to 76.

### **Denel through its supply chain activities is committed to:**

Ethical business dealings, South Africa's economic growth, increased spend on Black suppliers as part of Black economic empowerment, reduction in unemployment and poverty, focused development of eligible Black suppliers, with a specific focus on emerging Black SMMEs and increased support for locally manufactured products.

The Denel policy framework aims to meet the PPPFA and B-BBEE Codes of Good Practice and imperatives devised by the National Treasury and the dti within the latitude granted to State Owned Companies by the Minister of Public Enterprises. To ensure sound delegation of authority and the composition of supply chain committees. The Group has set targets to improve preferential procurement and measure the progress against its transformation programme. Transformation of the supplier base is a key imperative for a number of Denel's stakeholders and management under the leadership of the Board.

DENEL GROUP VALUES



## Performance

WE EMBRACE OPERATIONAL EXCELLENCE



## Integrity

WE ARE HONEST, TRUTHFUL AND ETHICAL.



## Innovation

WE CREATE SUSTAINABLE INNOVATIVE SOLUTIONS.



## Caring

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



## Accountability

WE TAKE RESPONSIBILITY FOR ALL OUR ACTIONS.





Corporate communications

**Tel:** +27 12 671 2700

**Email:** [marketing@denel.co.za](mailto:marketing@denel.co.za)

**Website:** [www.denel.co.za](http://www.denel.co.za)

