

DENEL

INSIGHTS



Fourth Issue 2014

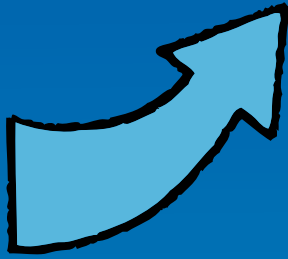


Here Comes
Denel
Integrated
Systems and
Maritime



Another Good Story to Tell in
20 Years of South Africa's Democracy





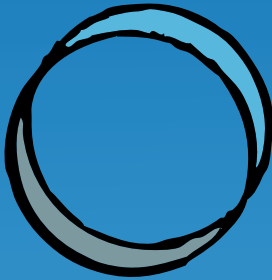
Performance

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.

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Ethics hotline

Denel's role in society and its interactions with stakeholders require commitment to the values of integrity and accountability and doing business ethically. We need your help to maintain our good corporate governance record and ask employees to report any unethical and /or suspicious behaviour such as theft and unauthorised release of Denel information or tender fraud - anything which may taint Denel's good standing as a responsible corporate citizen. You may report directly to senior management or through our confidential Ethics Line.

Here are the contact details:

KPMG Hotline: 0800 20 48 80 (South Africa) and

+27 12 543 5418 (Outside South Africa)

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Editor's Note



Welcome to the final edition of Insights for this year. I would like to take this opportunity to thank you for supporting us on our long but fruitful journey to business sustainability.

Reading through the various articles in this edition I was again struck by the immense diversity of activities that are ongoing at the various divisions of Denel, but also at the depth of the talent at our disposal.

Within this single publication we take you to Ecuador where one of our ace test pilots, Mike Weingartz, received one of that South American country's highest awards for his exceptional skills and bravery; but also to the southernmost tip of Africa where industry leaders joined the top brass of the SA Air Force to chart our future relationships at the Denel Overberg Test Range.

We take a journey to Canada where one of our company's brightest emerging stars, Lumka Msibi, presented a paper at the International Astronautics Conference; and we report on the handover of computers and a brand new telematics system to a school in the North West, through which Denel wants to inspire and empower the next generation of scientists and engineers to follow in Lumka's footsteps.

We reflect on the end of a contract in South Sudan where Denel Mechem has concluded a remarkable decade-long demining project and contributed to the building of Africa's newest democracy; and we celebrate the start of a new contract between Denel Aerostructures and Airbus that puts the spotlight on our cutting edge technology and ability to participate with great success in a major global venture.

We tell you about the ingenuity of our engineering interns at Denel Dynamics; report on the impact that PMP's world-class ammunition has on its clients and the progress made on the development of the new generation A-Darter, surface-to-air missile.

With this bird's eye view of Denel, a proudly South African company and a true national asset, we wish you well over the festive season and look forward to working with you next year.

Enjoy the read, and please do give us feedback!

Vuyelwa Qinga

Group Head: Corporate Communications

2014 Message from the GCEO

The transition from one year to the next always provides an opportunity to reflect on achievements and new opportunities. In the case of Denel it has been a remarkably successful year during which we set our course firmly on the road to long-term growth and sustainability.

Despite the lingering global economic slowdown which plays itself out in pressure on defence budgets – including in South Africa – Denel was able to report a profit for the fourth successive year and express optimism about an upward trajectory based on our confirmed order book and future business prospects.

We continue to evolve from a predominantly defence-company to a high-technology powerhouse with a firm presence in aerospace, aviation, unmanned aerial vehicles, missile technology and the space sciences.

It is within this context that the establishment of a new division, Denel Integrated Systems and Maritime, denotes another important transition in our company's growth.

Our proven capabilities in landward defence and aerospace are now being extended into the maritime environment and we are putting in place a highly capable and experienced team to lead this division. With this development, Denel is also responding proactively to two important challenges posed to us during the course of 2014.

The one is the recommendation contained in the Defence Review 2014 which emphasised the need for Denel to expand its offering into the strategic arenas of systems integration, command and control and electronic warfare, including in the maritime arena.

The second was the call of the new Minister of Public Enterprises, Ms Lynne Brown, when she attended our Annual General Meeting shortly after her appointment. While noting the progress Denel has made in the field of transformation, she called for a stronger role for women in the upper echelons of management.

The establishment of DISM inevitably leads to new appointments and changes in the executive leadership. We are delighted to make announcements on the appointment of two women with immense experience and stature as deputy chief executives at two of our divisions. They are joining the ranks of a number of other women who already occupy key strategic positions within the organisation and will, hopefully, also serve as role models for the many talented women who have joined our ranks in recent years.

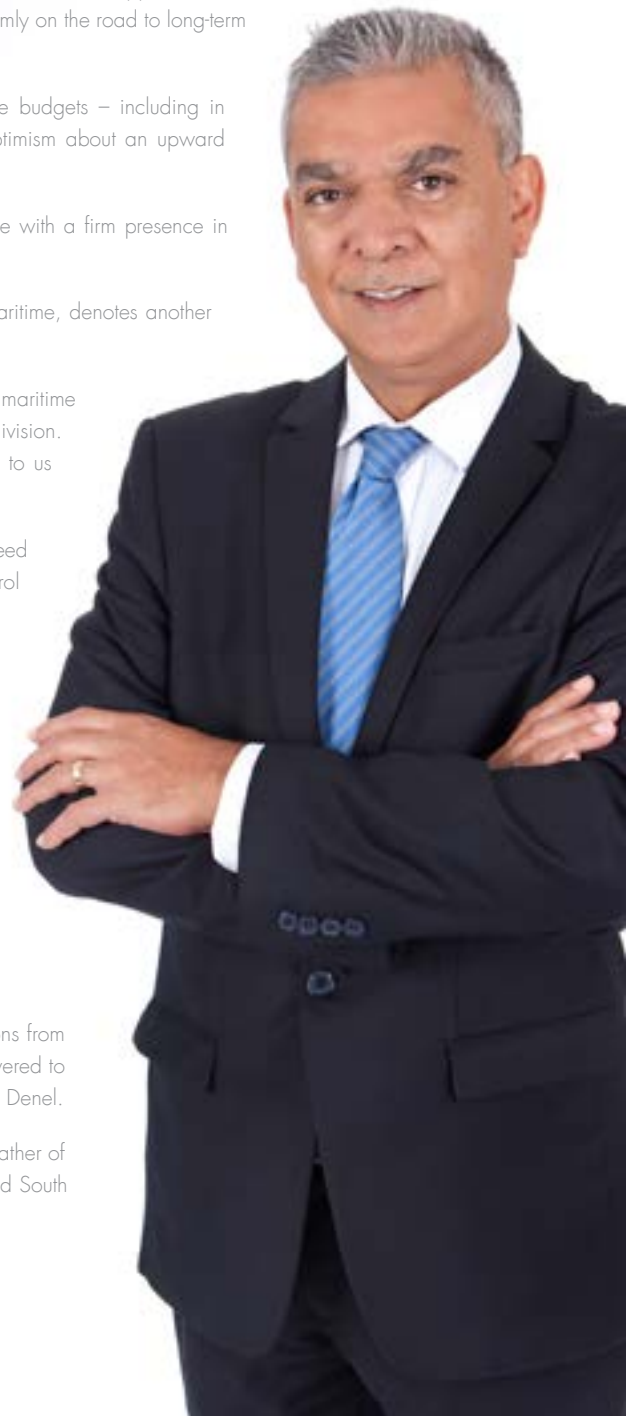
Of equal importance to me is the fact that we have been able to fill all the new executive positions from within our own ranks. Their promotions are just reward for the quality of leadership they have delivered to the company through the years and confirmation of our approach to "grow our own timber" within Denel.

As we get closer to the end of 2014 we treasure with fondness the memory of Madiba, our late Father of the Nation who passed away exactly one year ago. His leadership, foresight and wisdom helped South Africa to make the transition to a democratic state, 20 years ago.

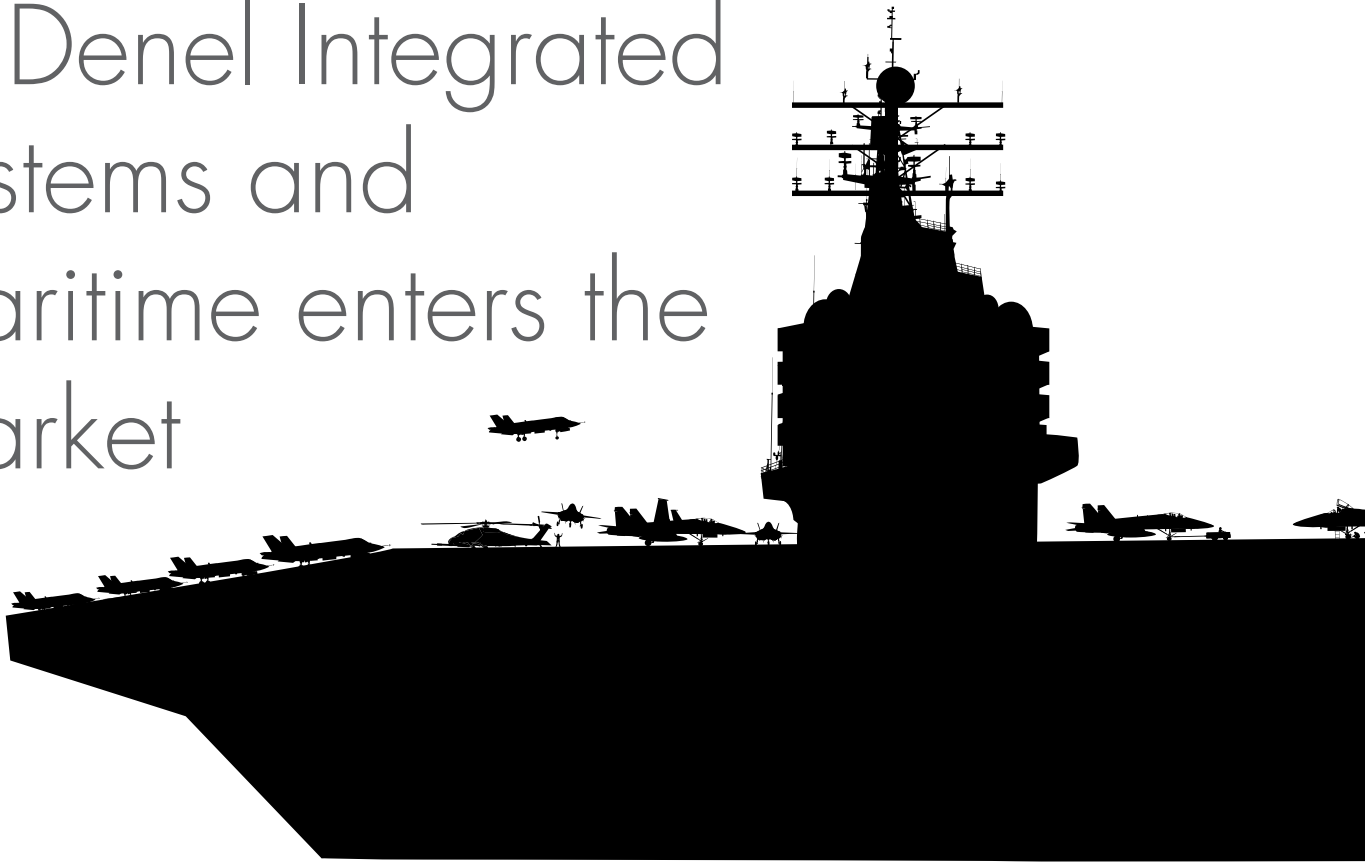
Denel is ready to start the third decade in service of this democracy and in tribute to his memory.

Riaz Saloojee

Group Chief Executive



Together, Growing "From Good to Great" as Denel Integrated Systems and Maritime enters the Market



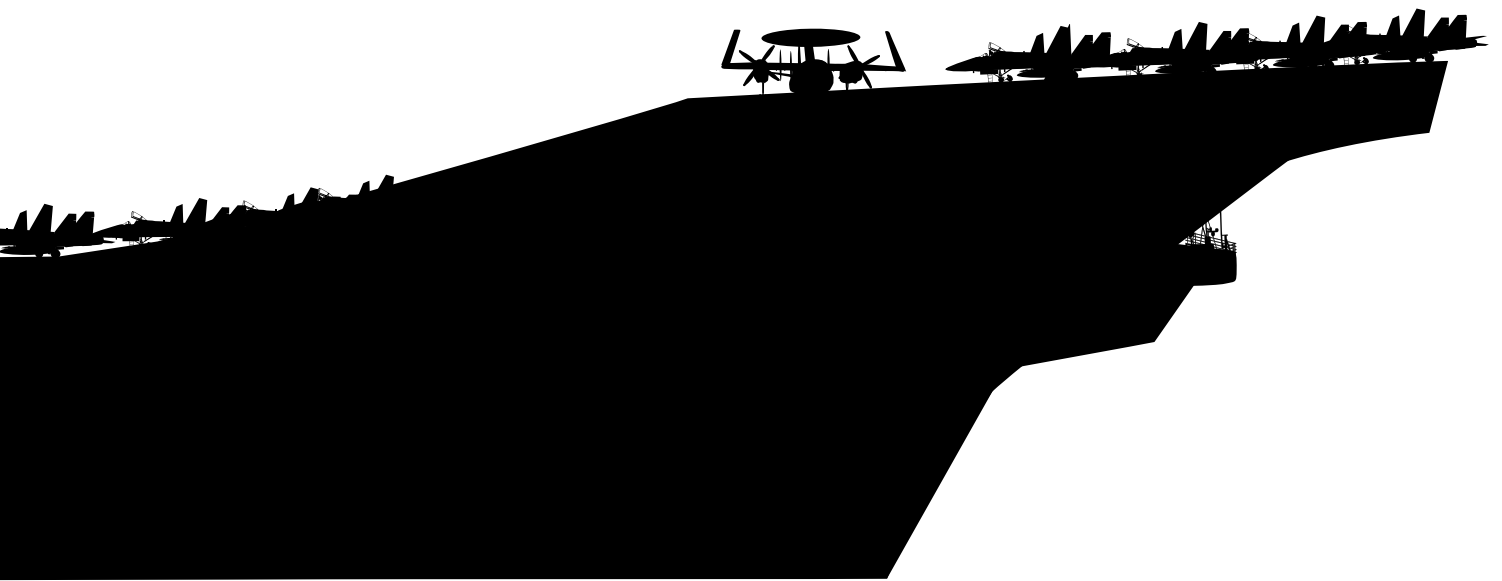
On Wednesday 19th November 2014, history was made at Denel when the company's board of directors approved the creation of the new "Denel Integrated Systems and Maritime (DISM)" business division. Of even more significance, however, was the appointment of two women as deputy chief executives at two of Denel divisions. Bredasdorp-born and raised Bridget Salo and Dublin-born now proudly South African Denise Wilson are now deputy chief executives at Denel Overberg Test Range and Denel Dynamics respectively. A true historical moment in the combined 50+ existence of the various companies that make up Denel!

The creation of DISM is clearly not only a critical milestone in the sustained growth of Denel into the future, but a turning point in the continued empowerment of women in our company, within the Defence sector and in South Africa. Making this even more poignant is that the appointments took place only a few days before the global community celebrates the 16 Days of Activism on Violence Against Women and Children!

Speaking at the Ministerial segment of the Regional Conference in Addis Ababa, on exactly the same day the Denel Board meeting took place, the Executive Secretary of the Economic Commission for Africa (ECA), Mr. Carlos Lopes, noted that time for token references on women empowerment and gender equality was over. "Nobody should have been given the chance to get away with it in the first place. But, unfortunately it was tolerated for quite a long time. We have a chance to make a real difference. Building on the lot that has been achieved, let us recharge our batteries to continue the fight." At Denel, we could not agree more!

DISM is a definite step in a new strategic direction for Denel, a step informed in the main by the following:

- The Defence Review 2014 envisions an expanded role for Denel, and recommends that Denel establishes a Maritime division; and that the company plays a key role in sovereign capabilities like Command and Control, Electronic Warfare, etc.
- Denel's share-holder, the South African Government, with the Minister of Public Enterprises, requires Denel to diversify into defence and security markets in line with our core mandate
- Market conditions and commercial imperatives point towards Denel developing new capabilities to remain globally competitive into the future
- Denel has a responsibility to ensure that we make timely investments to develop capability to meet the future needs of the South African National Defence Force (SANDF)



We all know that Denel has faced many challenges in the recent past. From being known as an “ailing company” that relied on state hand-outs, to one that has posted modest profits in the past four years we have collectively turned our fortunes around as we rose like the proverbial phoenix, marching resolutely forward. That has not been a mean feat by any company’s standards! It is a well-known fact that the modern dragonfly is almost identical to the pre-historic one. Its secret is in acquiring as much knowledge as possible, acquiring the truth, and being prepared to change to cope with new situations it finds itself in. To continue on the upward trend that we are in, we need to embrace these positive changes not only in our business processes but on us as individuals and as a collective.

The Denel Group has 5 strategic drivers to make sure that we move the company “From Good to Great”. Our strategic drivers are aimed at growing revenue and improving customer relationships; increasing productivity and profitability; enhancing capabilities and fostering innovation; and also creating a dynamic and vibrant organisation. The creation of DISM and other acquisitions of additional capabilities and diversification into other strategic capabilities are all aligned to the strategy that drives our business. The establishment of Denel ISM will further facilitate our ability to contribute positively to a range of capabilities as articulated in the Defence Review. These include Maritime Systems; Command and Control System; Intelligence, Surveillance and Reconnaissance (ISR) Systems; Electronic Warfare Systems; Cyber Warfare and Cyber Security; Secured Communications; Integrated Defence and Security Systems; National Strategic Projects; Civil Security; as well as Training and Simulation related

to all these capabilities. This is further confirmation of Denel’s reputation as a high-technology powerhouse and a global player in the defence and security sector.

The creation of Denel ISM is the next step in our evolution as a company. The prospects and opportunities that this new area of operation brings, as well as the value it enables us to offer the SANDF, are exciting. Like the pre-historic dragon-fly, Denel has grown and evolved into a global force of technological advancement and innovation of note. It is a well-known fact that the modern dragonfly is almost identical to the pre-historic one. Its secret is in acquiring as much knowledge as possible, acquiring the truth, and being prepared to change to cope with new situations.

Denel has entered an exciting new era of growth, both in the expansion of our business and in fulfilling the developmental objectives of South Africa. This is a good story to tell, the story of a company that in the past four years has grown into a good company; and is without a doubt on its way to becoming a great company that every South African can be proud of as we celebrate 20 years of South Africa’s Freedom and Democracy!

It is only befitting that at this point; we collectively join hands and in unison blow our Vuvuzelas as we say hearty Congratulations! to our colleagues who assume new positions as a result of the new division:

- The new Chief Executive of Denel ISM (DISM), Ismail Dockrat
- Theo Kleynhans, the new Chief Executive of Denel Aerostructures (DAe)
- The new deputy Chief Executive at DAe, Victor Xaba.
- Ms Bridget Salo the new Deputy Chief Executive of Denel Overberg Test Range



Bridget Salo



Victor Xaba.



Ismail Dockrat



Denise Wilson



Theo Kleynhans

From Temba to deputy Chief Executive at DAe



The new deputy Chief Executive at DAe, Victor Xaba.

The township of Temba near Hammanskraal in the North of Pretoria was started in the late 1950s to house Pretoria's black workers in their own "homeland". This was to be the "Tswana homeland". The idea was that the workers would still be within easy reach of their workplace. Temba is situated on the road to Pietersburg (now Polokwane) and is near the Hammanskraal station. The Pretoria government of the '50s doubled the capacity of the railway line from Pretoria to Hammanskraal to allow for express trains to transport black workers to and from the city.

This is the same place where one of our brand-new deputy Chief Executives, the young and super energetic Victor Xaba was born and bred. The creators of Themba could not have imagined that more than 60 years later, that same labour supply settlement would give birth to a future leader of Denel! Neither would his parents have even dared think of such, I would imagine. Victor describes himself as an energetic and humble man whose affinity for acquiring and disseminating knowledge is the yard stick that guides his day to day experience of life. "My highest values are about learning, teaching, giving and selfless living," he says. Victor lived in Temba until he commenced his professional career as a technician at Denel 14 years ago.

"My family, both nucleus and extended matter the most to me. I owe my grooming and acquired character traits to their love, support and values they continue to instill in me," he says. What keeps this ball of energy awake at night in relation to Denel Aerostructures? "Looking at how well Aerostructures has managed its turn-around keeps me awake at night, because it remains an even greater task to sustain the turn-around momentum while at the same time transcending into the growth part of the company's journey from good to great." Victor sees the new role he now proudly occupies as presenting him with an excellent opportunity for growth.

He explains: "Having started my professional career in Denel 14 years ago as a technician, I have personally experienced a sustained level of growth, learning and development in this company through a process of "doing", rather than being a spectator. This new role serves as an opportune step and a clear testament to Denel's stated intent to develop its people. The timing could not be more befitting. Changing from a turn-around stage to a growing stage, this new leadership role will harness the variety of skills I have acquired over the past years and instill a new set of skills that will add value to DAe growing into a great company".

LEADERSHIP

Leadership is all about people and servitude to the people. With a clear understanding of the common goal, leadership calls for a passion to be attuned to the values that drive the people, and aligning actions to the values in order to achieve the common shared goal.

5 THINGS YOU MAY NOT KNOW ABOUT VICTOR

- Fear of Public Speaking – which he tackles head-on daily
- He is shy, but tries very hard to hide this from the Denel family
- As a child he had two imaginary friends, Emdiddy and Elton. The 3 have jolly reunions once every decade.
- He wanted to be a gymnast when he grew up, but breaking his ankle while using old tyres for a trampoline in the dusty streets of Temba put that to rest.
- He then nursed a dream of becoming a professional hip-hop dancer. That's where his love of dancing comes from!

A Jewel from South Africa's First Dorp



Ms Bridget Salo the new Deputy Chief Executive of Denel Overberg Test Range

For someone driving on the N2 from Cape Town towards George in the Southern Cape, if you blinked, you could very easily miss the signs directing you towards Bredasdorp. This is a town in the Southern Overberg region of the Western Cape, not too far from the southern-most tip of Africa. Known today as South Africa's wheat and wool centre, one of this little gem's claims to fame is that it is South Africa's first "dorp".

This beautiful country-style getaway in the heart of Cape Agulhus is where our new Deputy Chief Executive of Denel Overberg Test Range, Bridget Salo, was born and bred. She left very briefly when the academic bug struck. "I went to study at Peninsula Technikon and later the University of Stellenbosch, after which I came back to Bredasdorp and started my career there." Bridget describes herself as someone who is dedicated to her family and work. "I am firm in my decisions and I feel unsatisfied if I have not achieved what I set out to do," she tells me. She adds that she is also friendly and open-minded, and someone who cares about other people and feels joy if she can be of a little help. Many of us from other divisions of Denel, including DCO, have been at the receiving end of her friendliness and warm hospitality whenever we have visited "the Range". "I believe in myself and the goals I set for myself," she says.

Things that matter the most to Bridget are: "Family, respect for self and others, my religion, living according to a good value system and doing the best that I can in any situation". In relation to the Denel Overberg Test Range, nothing keeps Bridget awake at night because of the confidence she has in the team she joined and the leadership capacity she has been exposed to at OTR. "I honestly sleep well at night. If something does bother me I take it up during the day with the relevant parties to try and find a solution," she says. She sees her new role as the beginning of a new era for Denel OTR and the role she will continue to play in ensuring that women in particular rise up to the challenges they face in the male dominated defence field. "I am extremely honoured and at the same time very humbled by the faith and trust that the current leadership has placed on me. I am determined to learn more about the business, to support my CEO, to continue service delivery to the best of my ability and to make a success of this opportunity," she says.

LEADERSHIP

Leadership to me is about being able to listen, to consult and at times make hard decisions not to be popular but because it is the right thing to do. To be a good leader I need to know what my own strengths and weaknesses are in order to build on or to improve on them.

5 THINGS THAT MAY SURPRISE YOU ABOUT BRIDGET

- I love to sing at karaoke!
- I love jazz music and especially listening to live bands.
- I do ballroom dancing.
- I have a very soft spot for the elderly and especially those who have worked hard to raise a family under very challenging situations.
- I was a crèche "drop-out" at the age of four.

A Rocket Scientist who thought She would Teach



New Deputy Chief Executive of Denel Dynamics, Ms Denise Wilson

A message to the younger South African girl aspiring to be a Rocket Scientist

"We live in an age where everything is possible if you believe in yourself. Just go for it girls!"

For many of us, I suspect, before joining Denel, the only time the words "rocket scientist" entered our conversational spaces was when some one told you "C'mon, this is not rocket science, anyone can do this...". Well, at Denel, a young girl growing up about 30 kilometres from London with a passion for Mathematics and Science, ended up being one in the defence industry. "I was always good in Maths and Science.

In fact I intended to be a Maths teacher but then I applied for a scholarship with Hunting Engineering which is a weapons manufacturing company in the UK. The rest, as they say, is history," says Denel Dynamic's Denise Wilson. Denise describes herself as a fun loving person who strives to keep balance in her life. "Balance between the most important people in your life, your spiritual health and your working life." This proudly South African mother of 2 sons came to South Africa with her better half in 1982. The plan was to stay for just two years.

Well, the two years turned into 32 years! Making a difference and adding value in any environment she finds herself in is what matters the most to Denise. While the budget is the single thing that keeps Denise awake at night in relation to Denel Dynamics, she however feels very honoured about her new position. "Having worked in many different areas of the company over the years, I feel that I understand the environment very well and believe we can make a difference in being part of taking Denel from a good to a great company," she says confidently.

LEADERSHIP

For me leadership is about serving the people of the organization so that together we can achieve greater results

5 THINGS THAT MAY SURPRISE YOU ABOUT DENISE

- I do a lot of knitting
- I bake my own bread every week
- I started making cheese
- I have a beautiful grand daughter
- I like driving my husband's Lotus 7

Committing to our Goals will make us Great!



Theo Kleynhans, the new Chief Executive of Denel Aerostructures (DAe)

To inspire the younger generation in our company towards their towering greatness, Theo has these wise words:

"To me it starts with enjoying your work, finding the meaning of it and developing a deep understanding of it. Commit yourself totally to your goals. As Johan von Goethe put it – 'Boldness has genius, power and magic in it!' Developing strong networks and good mentors are important. There are so many hidden gems and talent in our organisation – it's time for them to shine.

Out of Ekurhuleni, the metropolitan municipality whose name means "place of peace" in Tsonga, comes our brand new Chief Executive of Denel Aerostructures, Theo Kleynhans. "I am a proud Ekurhuleniian," he says. Getting to know where Theo grew up can prove to be a bit tricky though, because it depends on which rugby team is winning! "I was born in Durban (Sharks), grew up in Germiston (Lions) and studied at the University of Stellenbosch (Province) and the University of Pretoria (Bulls). But when it matters, I am a Lions supporter through and through." Theo describes himself as still an engineer at heart, one who loves to operate in a dynamic and complex environment.

"One plus one is however not always two!" He's made the discovery! He says he maintains life balance, personal integrity and ability to laugh at himself. "But ultimately, I walk in faith and depend on Gods guidance. I know at times I can be extremely analytical and tough but I have learnt the value of working in a team to build relationships, drive inventiveness and foster alignment." Recognising and harnessing the abilities of the Denel Aerostructures team to win in the marketplace is without a doubt what matters the most to Theo. "There is very little that we cannot do. We have top-class people in South Africa. Ultimately, what really matters is about creating jobs and developing a better life for all," he concludes. In reflecting on what keeps him awake at night in relation to Denel Aerostructures, Theo explains: "Every industry has its unique complexities and ours is no different. For us it is to keep our regionally and functionally diversified value chain aligned to deliver on-time quality products to our customers, whilst contending with complex processes, on-going design changes, cost restructuring, capacity expansion, machine breakdowns, and a host of other things. Ultimately Denel Aerostructures must drive revenue growth so that we can improve economic sustainability".

As the new Chief Executive at DAe, Theo sees the new role as an honour and privilege to lead such a wonderful team! "Ismail Dockrat has left such a wonderful legacy in the turnaround of Denel Aerostructures on which we can build. We owe him and the entire Denel team a great debt of gratitude. The way in which we are winning in this industry is by drawing on our deep experience, smartly leveraging our technology and finding new innovative ways to be more competitive – it requires focus and on-going performance growth. We can do it!"

LEADERSHIP

The ability to operate in full confidence supported by an environment that instills boldness to act with strong and sometimes disruptive leadership. It is true that one must have a solid understanding of the technology and challenges but I believe it is essential to have a passion for your job, to believe in the team's ability and to inspire them to be successful. Let's live out our company values and go from being Good to Great!

5 THINGS THAT MAY SURPRISE YOU ABOUT THEO

- He thinks he should have been a teacher. He teaches Management to BMin 3rd year students at CFCL Bible College.
- He has never stopped coding software, and has written a number of educational applications for schools.
- Recently, he's started coding apps for Android Cell phones
- He loves spicy food. But a good hamburger and chips would do just fine every now and then.
- Spending time with family and friends and chatting away into the night is one of his favourite past times.

Out of Laudium “Village”, the new Chief Executive of DISM



The new Chief Executive of Denel ISM (DISM), Ismail Dockrat

He has climbed the highest peak in South Africa, Mount Mafadi in the Drakensburg; has competed in both the 94.7 Mountain Bike Challenge, as well as the 94.7 road race. Not only that, but in his spare time, he writes books for his children. Tell me about being one of the very few who somehow get this elusive life-balance thing right! The brand new Chief Executive of the equally brand new Denel Integrated Systems & Maritime division, Ismail Dockrat, describes himself as mostly serious, hard-working, diligent and thoughtful in the business world.

“But in my private life and to those close to me at work, I can be often quite playful and silly. But in all aspects of my life I take responsibility seriously,” he says, adding at the same time that does not in any way dim his light hearted adventurous side! Ismail was born in Pretoria, and grew up in a little “village” on the outskirts of Pretoria called Laudium. “I call it a village because everyone knows everyone there.

They say it takes a village to raise a child, and that is how I was raised. I am very grateful for the childhood I had, filled as it was with fun, adventure and the love of everyone around me”. Knowledge, family, close colleagues, community, ideas, contributing to the growth and development of our country, health and “the coolness of my eyes in prayer” are things that matter the most to Ismail.

As a pathfinder and pioneer, who will go down in history as the first CEO of DISM, the one thing that keeps him awake at night will be living up to the expectations of stakeholders, both internal and external, for the new division. “But also, I always set very high expectations for myself and I am more often than not lying awake at night worrying about meeting my own high expectations for the things I am responsible for,” he says.

He sees his new role at DISM as an opportunity to take the Denel Group into markets that it has never ventured into before. “To build a new business, almost from scratch; to establish Denel within the maritime and naval environment; to establish new sovereign capabilities within Denel, as envisaged by the Defence Review; to contribute to national security and the defence of the Republic... Wow! I am truly super excited and energized to be heading up this new division. I am grateful to our GCEO, Riaz Saloojee, in particular, for having trust and confidence in me to appoint me to this new role”. The most surprising aspect of the route his career has taken so far are the blessings that have been bestowed upon him. “I have been blessed, over and over again, during the course of my life and my career.

I am so grateful for these blessings. I never imagined I would be in Denel for more than 8 years, and that I would have been afforded such great opportunities during my time in the company,” he says. When Ismail joined Denel in 2006, who would have imagined that he would lead a turn-around and be part of the team that would head Denel towards the great company it is on track to become? “What an amazing journey it has been. I feel very honoured and privileged to have been a part of it. This company has been very good to me, and I am grateful for that. The time I spent at Denel Aviation and Denel Aerostructures, undoubtedly, has been the highlight of my career. I worked with such wonderful people and we had such an amazing leadership team. After what we have been able to achieve together, I feel anything is possible,” says Ismail with clear conviction.

5 THINGS THAT MAY SURPRISE YOU ABOUT ISMAIL

- He has climbed the highest peak in South Africa, Mount Mafadi in the Drakensburg. Quite chuffed about that too.
- He has started cycling; and has competed in the 94.7 MTB Challenge, and the 94.7 road race.
- He writes books for his children; and loves reading books.
- He is terrified of public speaking.
- He thinks he is an ambivert: I love the company of people, and action and adventure, but, equally, I've always been quite shy and introverted as well.

Technology Donated by Denel to Assist High School Achievers



Ikarabele Makhate telling learners about available opportunities at Denel

High school learners from the Vaal community in the North West now have access to a brand new telematics system and computers following a donation by Denel's School Outreach Programme.

Speaking at the handover of the cutting-edge equipment at the Vaal Reefs Technical High School, the Deputy Minister of Public Enterprises, Bulelani Magwanishe, congratulated Denel for making a difference in the community and contributing to skills development in the country.

The school will now become a centre of excellence for its own learners as well as those from five other high schools in the region. This is the second handover of a telematics centre donated by Denel, following a similar event at Ingquza Hill in the Eastern Cape in 2013.

The telematics system enables the learners to benefit from distance learning programmes and receive maths and science lectures from academics at the University of Stellenbosch.

Denel's School Outreach Programme has grown from strength to strength since its inception in 2004 with 20 grade 11 and 12 learners. More than 450 learners in five provinces now benefit from the programme after it was gradually extended into Gauteng, Mpumalanga, Limpopo and the Free State. In Gauteng the programme is operational in both Tshwane and Ekurhuleni.

At Vaal Reefs Technical High, one of its school's learners, Itumeleng Mofokeng, was among the country's top matric achievers in Mathematics and Science in 2013. He is currently studying Actuarial Science at Wits University.

Deputy Minister Magwanishe was joined at the handover by Fikile Mhlontlo, Denel's Group Financial Director and Natasha Davies, the Group Executive: HR and Transformation. The event was also attended by community leaders and officials from provincial, district and local government in the region.



Deputy Minister Bulelani Magwanishe (second from left) and Fikile Mhlontlo, Group Financial Director at Denel (third from right) with bursary beneficiaries from the various SOCs



Denel Hosts Parliamentarians for an Oversight Visit



Some of the Members of the Select Committee on Communications and Public Enterprises

The Select Committee on Communications and Public Enterprises from Parliament visited Denel in October this year. This was an oversight visit, where the committee interacts with various State organs, including SOCs with regards to service delivery, the business performance and challenges. The Committee further uses the opportunity to interact with the employees where possible.

Denel used the opportunity to inform the Select Committee about the progress the company is making in its financial turnaround strategy and skills development and talent management across the group.

Select Committee members were also taken on a tour of the Denel Dynamics plant to see the work done there, interact with Denel employees and were given a briefing by the current interns from the Engineering Academy.





High Honour for Bravery Awarded to Denel Ace Pilot

South African test pilot, Mike Weingartz, recently received one of the highest military orders from Ecuador for his bravery and skills in saving the life of a pilot and safely landing a stricken jet fighter.

Colonel Weingartz, a senior test pilot at Denel Aviation received the honour at a military parade at the Air Force Base Taura from the Chief of the Ecuadorian Air Force, Brig Gen Raúl Banderas Dueñas. The award, known as the Atahualpa Decoration Merit in the grade of Grand Cross, is the highest honour to be bestowed on people below the rank of head of state.

Col Weingartz was in the back cockpit of the two seater Cheetah D fighter jet which was damaged during a flying incident in Ecuador in August 2011. During a test flight decompression occurred which caused the front cockpit canopy to shatter.

The Ecuadorian pilot, Major Galo Alvarez, was injured during the incident and Col Weingartz took over the controls of a very unstable jet fighter travelling at high speed. He managed to land the Cheetah safely at Taura without causing any further injuries to Major Alvarez or additional damage to the jet.

Mike Kgobe, the CEO of Denel Aviation, says the Col Weingartz displayed great bravery to save the life of a fellow pilot who was incapacitated at high speed. The damage to the aircraft made it very unstable in flight and required exceptional flying skills to return it to base intact.

The aircraft is one two Cheetah D (dual seat) and 10 Cheetah C (single seat) aircraft delivered by Denel to the Ecuadorian Air Force in November

2010. The South African designed fighter jets were purchased as part of a programme to modernise the Ecuadorian aircraft fleet.

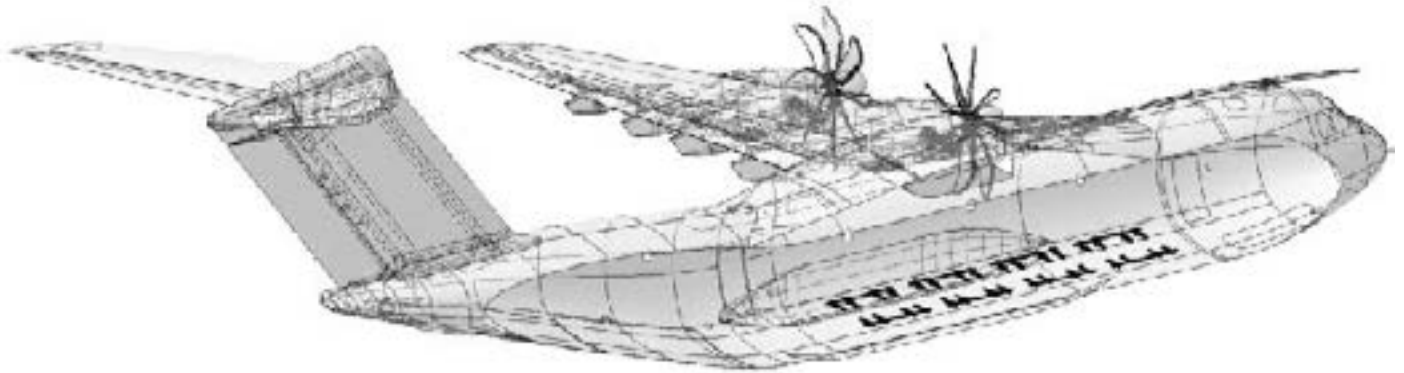
Ecuadorian pilots and ground support staff received extensive conversion training to fly and maintain the planes which were developed by Denel in the 1980s. Subsequent to the sale Denel Aviation provided technical and logistics support and advanced pilot training in Ecuador. The incident involving Col Weingartz occurred during such a training flight.

Kgobe says the Cheetah involved in the incident has been fully repaired by Denel and has returned to active flying duties.

Major Galo Alvarez recovered from his injuries and was among the Cheetah pilots and staff who participated in the parade and flypast to honour Col Weingartz.



First Shipment Of Iso Locks Marks Another Milestone For The Denel Aerostructures A400m Programme



The first shipment of ISO locks for the A400M is another major milestone for Denel Aerostructures' participation in this international venture.

CEO Ismail Dockrat says the first successful delivery within eleven months of receiving the tender from Airbus is a significant achievement and should be celebrated by all.

"I want to congratulate Denel Aerostructures employees who made this delivery possible," says Mr Dockrat. "It, once again, proved the exceptional skills we can draw on in the company and the commitment from the workforce to make this a reality."

"We are sending out positive signals to the global aerospace sector about the know-how and experience available within Denel Aerostructures and the broader South African manufacturing industry."

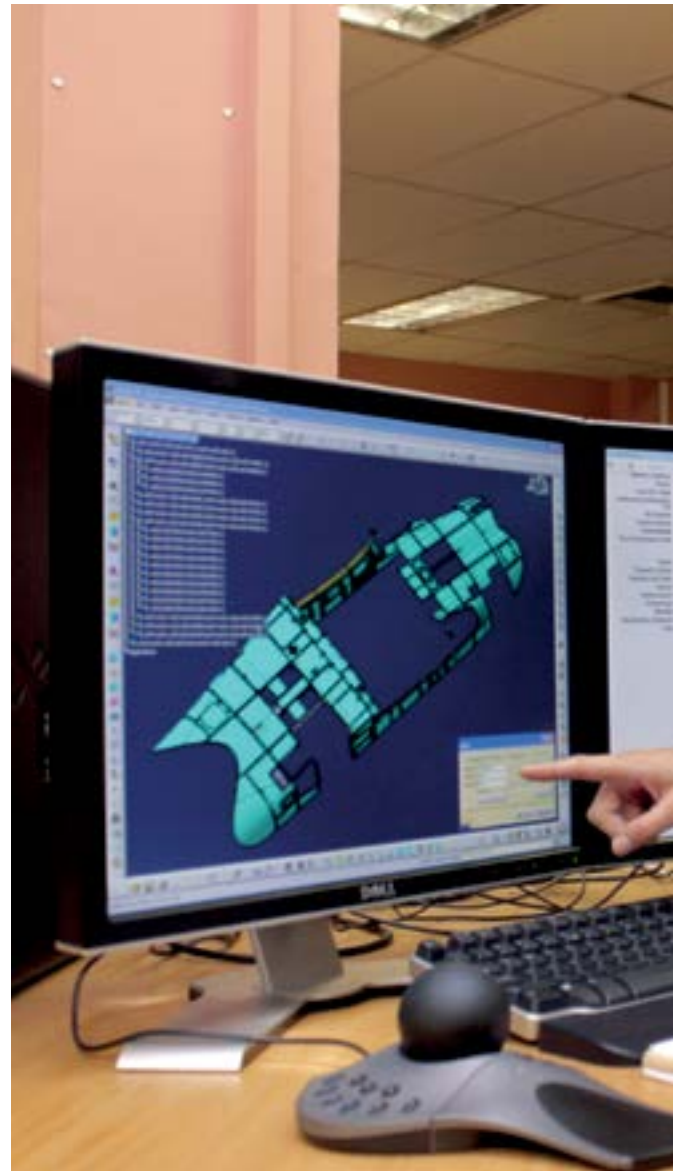
"It not only strengthened our relationship with Airbus Defence and Space – but I am also confident that this will lead to more business from other original equipment manufacturers who are taking note of our achievements," says Mr Dockrat.

The ISO lock tender was awarded to Denel Aerostructures following a global tender process. This is the fourth work package on the A400M awarded to the company following on the wing-to-fuselage fairings, the top shells and the ribs, spars and swords on the airlifter's tail section.

Thivian Vadivelu, the Executive Manager of Programmes, says serial production of the ISO locks will be ramped up in 2015 and Denel Aerostructures will deliver at least 20 ship sets per year over the six year contract period. The ship sets are delivered to the Integrated Fuselage Assembly (IFA) line of Airbus Defence and Space in Bremen, Germany.

Each of the 174 aircrafts already ordered will be fitted with the ISO locks that consist of a system of aluminium rails and cross tracks inside the cargo hols and guides the effective movement of the massive ISO containers.

Mr Vadivelu says Denel Aerostructures is also manufacturing the central guide vehicle restraint system ordered by some A400M customers. This is used for the loading of smaller containers that are carried by the airlifter to deliver humanitarian aid and emergency supplies to communities that depend on the delivery of food, water, medicine and basic necessities from the air



Interns Fly to Success with Dynamic Micro-UAV



Countless hours and many weekends spent on the design and development of a micro-UAV surveillance system proved to be worth the efforts when the annual project for interns at Denel Dynamics took to the skies in October.

The challenge for this year's group of interns was to build a swarm of micro-UAVs with the ability to fly around a predefined target.

Russel Daries, one of the participants in the projects, says the steepness of the task was reflected in the substantial amount of work that was needed leading up to Flight Test 1. Three main aspects needed to be completed prior to the flight test – safety, configuration management and flight vehicle debugging.

To ensure safety an extensive flight test instruction process and safety dossier was created followed by a readiness review before the go-ahead was given for Flight Test 1. The readiness review ensured that the configuration management and safety aspects relating to the project were identified and recorded in accordance with company standards.

According to Daries a myriad of problems were encountered during debugging leading to many late hours and weekend sacrificed to iron them out. However valuable knowledge was gained from the experience.

The goal of the intern project is to provide Denel's graduate interns with the opportunity to gain experience and apply the knowledge they gained during tertiary studies to industry-related projects.

Daries pays tribute to Dynamics' Aerial Platform, especially Jeevan Samuel, Taariq Hassan and Iedrus Jacobs in helping to get the UAV airborne; to the mentors of the interns for their advice throughout the testing phase and to Danie Brynard who served as the project's designated test pilot.



Denel Dynamics's interns hard at work



South and North – Lumka Continues to Shine



From Antarctica in the south to Canada in the north, Spaceteq's Lumka Msibi's star continues to rise. The young aeronautical engineer has recently won first prize in an international competition that coincided with the 65th International Astronautics Conference in Toronto, Canada.

Her poster and technical paper which won her the accolade among 500 entries from across the world is titled – "53rd SA National Antarctic Expedition and Denel Spaceteq Schools Outreach Programme." It is based on the work Msibi did during her three months stint as part of the Summer Relief Team which travelled to Antarctica at the end of 2013.

During the time she spent on the icy continent she participated in the upgrade of the SA Super Dual Auroral Radar Network (Super DARN). This installation is used to monitor the dynamic space weather and serve as an early warning system for satellites by analysing solar activity.

The space education aspects of her presentation covered the work done by the Spaceteq team at various schools, especially Kayamandi in the Western Cape. Engineers from the company participate in the Denel Spaceteq School tours where they inform young learners about the activities of Denel and space engineering as a career. More than 200 learners in Grades 10 to 12 participated in this programme in 2014.

At the recent African Aerospace and Defence Exhibition 2014 Msibi served as ambassador for the Youth Development Programme during which she created awareness about aerospace, science, technology and engineering among the many young visitors to the exhibition.

Patrick Ndhlovu, General Manager of Spaceteq says Lumka received significant support from her colleagues in the preparation of her professional and attractive poster and presentation. Jean van der Merwe played a major role in the design while her manager, Hano Steyn, gave her time to prepare and offered guidance on the content of the paper, which met the stringent academic standards of the International Astronautics Federation.

Three other Spaceteq employees, Nikki Steenkamp, Daniel van der Merwe and Johan Lochner, also presented high quality papers at the Canadian Conference.

"This demonstrates the technical expertise and cohesion that is available at Spaceteq, says Ndhlovu. "I am very proud to be leading such a wonderful team."





Mechem Handlers and Dogs 'Succeed and Survive'

Mechem's reputation as world leader in the provision of canine services for the detection of explosives was confirmed with its renewed accreditation to support United Nations operations in the Sudan region.

The Mechem teams, consisting of supervisors, handlers and their highly-trained dogs received operational accreditation in October and will commence with operations on 1 November in support of its client, the United Nations Mine Action Service (UNMAS).

The accreditation means that both the company's mine dog detection capacity and its MEDDS facility meet the exacting standards required to provide these highly specialised services.

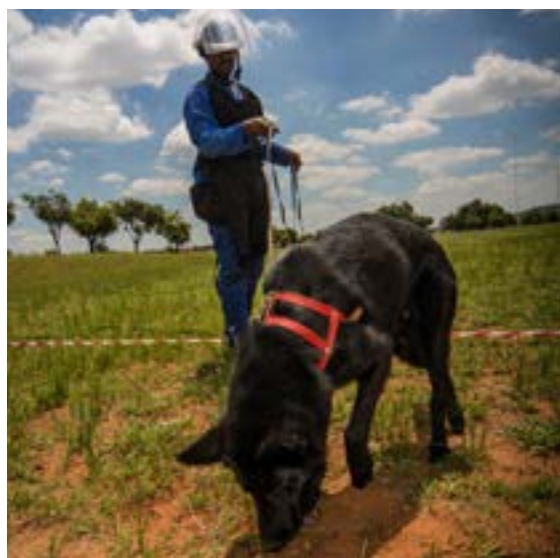
Ashley Williams, the General Manager of Denel Mechem, says the UNMAS standards are the highest in the world "and only the best can succeed and survive." Mechem is currently the only company approved and accredited to conduct canine mine clearing operations in South Sudan and in support of UNISFA, the UN agency responsible for peace-keeping in the disputed region between Sudan and its southern neighbour.

"We are exceptionally proud of this achievement and value the fact that we have again proven our ability to meet and exceed the highest requirements for humanitarian demining," says Williams.

Mechem's Explosive and Drug Detection System (MEDDS) was developed by the company to improve the efficiency of dogs responsible for the detection of explosives and contraband. Samples of suspicious odours are collected and then taken to the dogs in a controlled environment. This process eliminates the constraints associated with the utilisation of dogs such as fatigue, injury and distraction.

All organisations involved in mine clearance must meet the International Mine Action Standards and receive accreditation and licencing from UNMAS. These standards ensure that they are competent and able to execute humanitarian demining activities in a safe and effective manner.

The Mechem team deployed to Juba in South Sudan, led by MEDDS facility supervisor, Dane April and senior handler, Mario Maccarral started to prepare for the accreditation in September. Their hard work, dedication and professionalism paid off when they eventually completed the task successfully.





Critical Review Meeting Confirms A-Darter Progress

The A-Darter programme was taken another critical step closer to completion with a very successful review meeting held in the Cape. This was the 14th Programme Management Review meeting which is held alternately in South Africa and Brazil, Denel's partner in the development of the surface-to-air missile.

Some 50 delegates from Denel Dynamics, the Brazilian industry and its Air Force (COMAER), Armscor and the SA Air Force attended the two day session which started with a welcome from the SAAF's Director, Air Force Acquisition, Brig Gen L L Mtirara. The COMAER delegation was led by Brigadier Wilmar.

Fanie Louw from Armscor gave a high-level programme overview and Marcus de Jonge from Denel Dynamics provided the programme management

feedback. It was quite clear from the presentations and discussions that significant progress has been made since the previous review meeting held in the heart of the Amazon in Brazil.

The scenic Cape setting also provided a good backdrop for a number of constructive meetings between Denel Dynamics and the Brazilian industry to discuss the potential for future cooperation. After two days of hard work the delegates were taken on a tour of the Cape of Good Hope.

The missile hardware is all but complete and everything is in place for the all-important third series of in-flight guided tests scheduled for the coming weeks.

Proud End to Mechem's Vital Role in South Sudan

More than 22 600 kilometres of road were cleared of landmines and explosive devices during Denel Mechem's decade long presence in South Sudan which was recently concluded. The company's participation in the UN-led international operations has brought major social and economic benefits to the newly-independent country and improved the lives and safety of its people.

Denel Mechem's General Manager, Ashley Williams, says the company is exceptionally proud of its achievements and contributions through the years. The Mechem road clearance project had a substantial impact on development across the country. "We can look back with pride on our track record and the commitment of our team members who have all contributed to the establishment of peace and stability in the region," he says.

In February 2004 Mechem was the first private contractor to start with demining and clearance operations at the height of the civil war in Sudan. During the ten year period it has contributed to the removal of landmines and a reduction of the impact of explosive remnants of war, especially after South Sudan achieved independence in 2011.

More than 30 years of civil war between the north and the south has left its mark on a country the size of France with large numbers of mines and other

explosive devices placed or discarded by the various combating forces. Even after independence landmines have hindered movement, dissuaded investors and frightened returning refugees.

However, during Mechem's participation in the demining operations notable progress has been made to ensure a "mine free future" for the world's newest nation. A recent study showed that, as a result of demining, the cost of transportation has gone down by 40% and there was a 60% growth in new business opening.

The cleared roads is helping South Sudan's integration into the regional economy, bringing goods, services and humanitarian assistance to the population and helping with the rebuilding of society. It is generating economic activity, creating new employment opportunities and providing better access to security and vital social services such as education and healthcare.

Williams says Mechem's involvement in the project has provided the company with valuable experience in a difficult and harsh environment. "Our members have been proactive in overcoming the challenges and were never reluctant to meet any situation or emergency in a very professional manner."

Test Range praised by Air Force leader during Show and Tell event



Maj Gen Cedric Masters, Mr Dumisani Dladla, Abrie van der Walt, Chief Executive Officer of Denel Overberg Test Range, Maj Gen Gerald Malinga, R Adm (JG) Sagaren Pillay and R Adm (JG) Cobus Visser during the "Show and Tell" hosted by Denel Overberg Test Range.

Denel Overberg Test Range is a unique facility even when compared to facilities in Europe and needs to be guarded jealously. This was the message of the Deputy Chief of the South African Air Force, Major General Gerald Malinga at the recent "Show and Tell" event hosted by the Test Range.

The event was attended by major clients and stakeholders of Denel and, once again, confirmed the Test Range role as a strategic flight test facility in South Africa.

Speaking at the opening CEO, Abrie van der Walt, recounted the achievements of the Test Range over the 20 years since the democratic transition. The Test Range is now a well-established, world class test facility for both local and international defence industries; an impressive client base has been established; it is a transformed organisation and keeps up with technology advancements.

He expressed the hope that the delegates will experience the "can do" attitude of the Test Range's people.

This year's event was attended by more than 40 guests, including representatives from the Department of Defence, the SANDF, Armscor, Air Force Base Overberg, the defence industry, other state departments, as well as Denel Corporate Office. It was held over two days with a formal function on the first evening, which proved to be an excellent networking forum.

Presentations and demonstrations on various aspects of the Test Range were delivered by knowledgeable Test Range employees. Topics covered varied from an overview of test support provided during the past two years, to projects like the upgrading of the command destruct system, the track mount and the infrared capabilities, the replacement of the synchronized time code generator and technology renewal projects on the tracking radar.

Major General Malinga expressed his pride at being associated with the Test Range and said he is encouraged to see the many young people with bright futures working at the facility.

Jan Wessels, Denel's Group Chief Operational Officer at Denel, emphasized the importance of the support from the Department of Defence to the Test Range. "Denel is well aware of the fact that 50% of our income comes from the DoD and we would like to thank the department for this very important support," he said.

Wessels said the Test Range is in good hands and that he is extremely proud of what the facility has achieved.

Speaking at the closing, Vuyelwa Qinga, Group Head: Corporate Communications, commented on the importance of the "Show and Tell" in strengthening relations between Denel and its stakeholders. "Taking care of our clients as partners will contribute to ensuring that Denel grows from being Good to Great," she said.

Southern Africa's Top Shottists Meet at Denel PMP



Southern Africa's most proficient shottists convened at Denel PMP to vie for top honours in a competition designed to test their skills and accuracy to the limits.

The PROAMM National Grouping Championships competition attracts sharp shooters from across South Africa and Namibia. 3 600 shottists participated in the preliminary rounds held at various regional venues and only the best achieved the stringent qualification standards set by PMP, the organisers of the competition.

Phaladi Petje, the CEO of Denel PMP says the competition raises awareness about the quality of locally manufactured ammunition and support a culture of responsible participation in gun-related activities.

"This is also an event which showcases the world-class quality of PMP's range of hunting ammunition. The amazing accuracy achieved by the marksmen and women is testimony to the quality of the products manufactured by our local ammunition industry," says Petje.

To qualify for the finals participants had to shoot a 3-shot grouping of 18mm or smaller over a distance of 100 metres. Only standard hunting rifles may be used with PMP's Standard and PROAMM ammunition.

Petje says the competition has been part of the Southern African hunting scene since the launch of the ProAmm range in 1996. There is close collaboration between PMP and local hunting and conservation organisations to promote the event and the South African ammunition industry.

The required 18mm grouping is exceptionally difficult to achieve. More than 64 400 rounds were fired at 16 600 targets during the duration of the competition with only 5.4% of participants achieving the desired tight grouping.

The accuracy of the keenest competitors in this year's event was, however, among the best ever with the top shot, Frans Fourie of Ventersdorp, achieving a measured grouping of a mere 1.8mm with his three shot. With this record grouping he won himself a 30-06 Krieghoff rifle with a Swarovski scope to the value of R50 000.00.

Petje says men and women compete on equal footing; however, there are separate winners in the ladies and junior categories.

The most proficient shottist will receive the winner's prize consisting of a CZ De Lux hunting rifle equipped with a Leupold scope, with a total value of R25 000.



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