



MEDIA STATEMENT

Armescor - Keeping the defence industry abreast of developments

Date: 23 February 2015

While to many, 2015 has just started, with some still getting accustomed to their routine job-related activities, the Armescor Board has been hard at work, keeping up the same momentum with which they started when first appointed in May 2014. The mission to continue enhancing relationships with critical stakeholders remains key. The engagement session held on 19 February 2015 with the recognised defence industry association Aerospace Maritime and Defence (AMD) is evidence of the commitment of both parties to ensure that meeting the requirements of the South African National Defence Force (SANDF) **in time and on time** is at the centre of what each party does.

Opening the session with AMD, the Chairman of Armescor, retired Vice Admiral Mudimu clearly stated that Armescor is not the regulator of the industry but rather an equal partner in ensuring that SANDF delivers on its mandate. He further said: "The session has been called to take stock of progress made since our last engagement and also to share developments within the Corporation as far as Armescor strategic direction and overall industry performance is concerned."

With Armescor approaching financial-year end, the Corporation geared the industry to expect tighter delivery deadlines. Looking at this on the brighter side, as the upcoming projects will boost the defence industry, the industry companies warmly welcomed the task ahead amid the anticipated challenges highlighted, such as capacity to deliver within such short space of time. Of the total R8, 2billion projected cash flow budgeted by Armescor, R4, 5billion was already paid to the industry as at the end of January 2015, and the remainder is expected to be paid in February and March 2015. Armescor undertook to enhance its internal processes by placing multi-year contracts and finalising its medium-term requirements for consumables for single source contractors, in order to enable efficient planning by the industry and improve cash flow timelines.

Armescor also announced the termination of its mandatory 25% BEE equity shareholding, with more emphasis being placed on all the BEE elements. In this regard, both Armescor and the defence industry companies have resolved that more

efforts need to be undertaken to support and nurture new entrants into the industry as well as SMMEs, and, amongst other initiatives, to develop suppliers and, focus on skills development, the youth, women and military veterans.

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