

RedRocet News



A MEMBER OF THE **Hudaco** GROUP

The official Deutz
Dieselpower Newsletter

July 2011

Dear Colleagues



What a year for sports this will be, and has already started to be! Well done to India and Sri Lanka for producing arguably the best cricket world cup final ever! India is on top form at the moment, and it was sad to see South Africa dropping out the way they did. Let us hope for a better performance in the Rugby World Cup.

By the time this newsletter is printed, we would have passed the mid-year mark for DDP and the Hudaco group as a whole. The year had a slow start for the group, but momentum in sales has really picked

up from February. DDP's sales figures are well on its way to improve last year's results.

The global economy has definitely come out of its slump; especially if one watches the upward trends in the prices of minerals like gold, platinum, silver, copper, coal, etc. These minerals are mined in Southern Africa and they are indicators of growth prospects for DDP and the Hudaco group as a whole. Hudaco, as part of its growth strategy, has bought FHS (distributors of filters for earthmoving equipment and industrial hose), Midrand Special Steels (distributors of special round and hexagon steel), Pentagon (electronic security distributors and VOIP specialists) and Global Communications (provider of integrated telecommunications infrastructure and two-way radios). We welcome them to the group!

It is also important to know that our main supplier, DEUTZ AG, has turned the profitability corner and has posted its first profit since 2008. The outlook for 2011 in terms of their order book indicates that

they will double their output of engines compared to 2009 and maintain their profitability – good to see that your supplier is in good shape!

Talk about good shape – thank you all for making our first Wellness Day such a success. This day was set up for you to establish a base and to work from. I hope each one of you is going to embrace your results and work on possible areas of improvement.

The most recent customer seminar was well received in the market place. The content was concentrated on the latest product technology and how it would influence the applications in the marketplace. Feedback from customers was positive and they are looking forward to the next one!

This is again testimony to the gaps in the value chain that still exists out there – all we need to do is to get to know the customer's needs in the same way as if we are employed by them, and then react to those needs to get committed customers.

Best wishes for the year ahead!

Ossia

SHEQ Management System



SHEQ News

As part of DDP's continual improvement program and our commitment to ensure full compliance to all ISO and OHSAS standards, the team has shown enthusiasm and commitment to ensure that our new Monitoring and Measuring program is fully implemented and becomes part of our SHEQ management and operational culture.

The program identifies key areas in which we are tasked to reduce, re-use and recycle as much as humanly possible. The main areas receiving our maximum focus are noise emissions, electricity and water usage and compliance to local and national laws regarding the disposal of workshop effluent into our sewer-controlled system. At this stage of the program we are confident that all our management targets will be met and in some cases exceeded.

DDP Johannesburg hosted a 'Personal Health Assessment Campaign' at their premises together with Global Occnet on 25th & 26th January 2011. The aim of this campaign was to create personal awareness on the staff's health status and to encourage staff members to take responsibility for their own health and wellbeing.

Shani Ellis



Field Service



Excellent Growth Shown

The Deutz Dieselpower (DDP) Field Service department in Johannesburg has shown excellent growth over the past year despite the relatively slow economic recovery. The number of field service technicians has doubled from two to four full time technicians. All the technicians have been equipped with vehicles with all the required special tools and equipment to carry out field service related tasks on all Deutz products in the field. New technicians go through extensive product training which is facilitated by the DDP trainer who attends the Deutz train-the-trainer programme at the Deutz Headquarters in Cologne Germany. The great investment in training and equipment makes the DDP field service team the best in the business to handle Deutz product related requirements, especially on the new technology engines.

The field service department has been successful in acquiring a full time contract for a service technician based at Great Basin Gold Mine (GBG) in Balfour, Mpumalanga. The Deutz technician is responsible for all Deutz engines on site. The service contract is seen as a means of improving availability of Deutz products to Sandvik and the Mine. The responsible technician also acts as a direct liaison between Sandvik and Deutz. His responsibility is to ensure proper engine maintenance is carried out and in doing so, prolong the life of Deutz Engines. This site has approximately 80 Deutz engines and the onus rests on the technician to ensure optimal engine performance.

Customers are enjoying the improved response time from this department as the additional technicians help reduce engine down time thus allowing DDP to be more flexible and having increased technician availability. Field service has also had a hand in increasing parts sales as well as building strong foundations for future business with various customers in the Gauteng area. Due to customer demands, the field service technicians have been travelling across the country to areas as far as Postmasberg, De Aar, Durban, Piet Retief, East London and Richards Bay.

The field service department is at the forefront of the organization as they represent the brand and the company's image and thus plays a vital role in business development. Field service Johannesburg can only grow from strength to strength and build on its existing customer relationships whilst pursuing and building new customer relationships along the way.

For an excellent service experience please contact our field service department to assist you with your service requirements:

Kabelo Mojapelo (Field Service Foreman)

Contact No: 011 923 0694
Mobile: 072 576 0304

Training



Deutz Product Training in Germany

Product training is essential for DDP to ensure that our sales and technical staff are up to date with the latest product developments and technologies used in the design and manufacture of our engines. Regular product training is key to this.

In November 2010 nine employees from the various DDP branches went to Germany for general product training and the latest on exhaust emissions Deutz had to offer.

The three days of training took place at Maritim Hotel which is located in the historical Altstadt area of Cologne.

Cologne itself is a fascinating city filled with history and the well known landmark, the Cologne "Dom" or cathedral.

The seminar was presented by a Deutz trainer, whose knowledge on the Deutz product and exhaust emissions was excellent.

He took us through the exhaust legislation and their consequences, the TIER3 and TIER4 engines and differences to the predecessors, the market requirements and how to handle them. He also gave us some handy sales tips and product benefits that we will put to good use.

The seminar was very informative and interactive, the DDP guys really got involved in asking questions, raising opinions and expressing concerns that they had on behalf of their local and African customers with regards to the exhaust emission legislation. After the third and final day of the seminar we all went to one of the most famous local breweries for some Kölsch beer and well known German eisbein.

The following day we were given a tour through the Porz factory in Cologne where most of the liquid cooled and 2011 engines are being built. The technology used in the factory is amazing. We were taken through the Deutz museum where we saw the very first Deutz engine (serial nr 1) ever built.

It was fascinating to see how the first diesel engines looked and how they were designed compared to today's modern engines.

The future of the Deutz engine looks very healthy and is definitely one of the market leaders with regards to technology and reliability.

This makes us very proud to be associated with this amazing product.

On a final note – From all of the touring team, thank you for this opportunity, it was truly an awesome experience and like saying goes **"The Symbol Points the way"**.

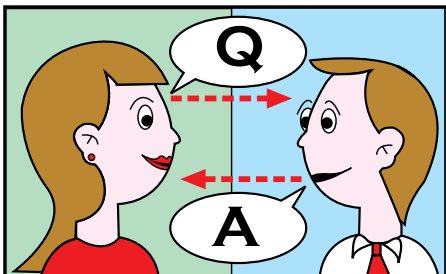
Ettienne Rabie

The Symbol Points the Way



Customer Training

DDP is constantly searching for ways to improve our value offering to the customer. We recently had product training both for DDP personnel in Cologne and also for DDP personnel and customers in South Africa.



Furthermore, as part of our continuous sales training intervention for all personnel that come into contact with customers we have developed a program that is aimed to improve the standard of communication with the customer.

These personnel include people from the reception desk, through to customer order desk, field service technicians, sales personnel, etc. They are taught how to identify and define many sales imperatives through defined questioning techniques. Amongst these sales imperatives are the customer's buying cycle, customer's needs and concern, pre-call planning techniques. They get taught skills on how to formulate opening statements, how to listen and pick out important information and paraphrase them to ensure optimal understanding.

Further courses in this value-add initiative will be focused on account management skills, consultative selling skills and ways on how to build agreements. Account Management skills will be required where sales personnel interact with customers with measurable long term value can be added, by applying a coordinated approach of several product lines and services. Consultative selling skills will commensurate the consultative communication skills.

Good customer service and good value is only "good" when it is perceived as such by the customer. By applying all these skills, the person interacting with the customer will be so much better equipped to add value to the customer, and it is this perceived Deutz experience will ultimately add to the "customer-for-life" achievement that we strive for.

Ossie Carstens

Sales



Deutz Engine Designations for the Next Emission Level

It seems like just the other day when the Stage/Tier III exhaust emission legislation was introduced, but the time is almost here again for the next level already!

Yes the Stage IIIB/Tier IVi (interim) has already been introduced in 2011 for the engine range >130kW < 560kW and will be introduced in 2012 for engines in the range >56kW <130kW.

The Deutz engine series designation for the Stage IIIB/Tier IVi will change. The new series designation for the Stage IIIB/Tier IVi Deutz engines will be as indicated below:

New Engine designation DEUTZ AG

- **Structure**
Displacement in Liters + Cylinder number + Cylinder configuration
- **Advantage**
Restriction to the essential product information, simple and future-proof designation concept
- **Validity**
all newly introduced engines starting from Tier 4i (existing serial engines keep previous designations)

Edwin Engelbrecht

Previous Engine Designations

TCD 20XX L04

TCD 2010 L04

TCD 2012 L04 4V

TCD 2012 L06 4V

TCD 2013 L06 4V

TCD 2015 V06

TCD 2015 V08

New Engine Designations

TCD 2.9 L4

TCD 3.6 L4

TCD 4.1 L4

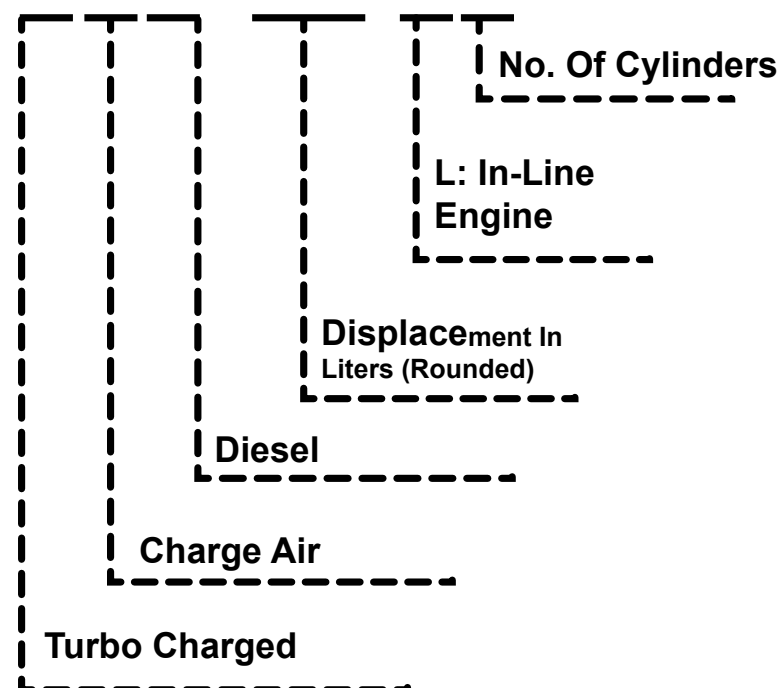
TCD 6.1 L6

TCD 7.8 L6

TCD 12.0 V6

TCD 16.0 V8

TCD 7.8 L6



Progress on the Deutz Dieselpower BBBEE Scorecard

DDP is a proud member of the Hudaco group of companies and is committed to establish itself as a responsible corporate citizen. It also subscribes to the Hudaco's company values and code of conduct.

One of the value offerings to the customer that we deem imperative is compliance to the Broad Based Black Economic Empowerment (BBBEE) Act (Act 53 of 2003).

Section 11(1)(a) of the Act requires the Minister of Trade & Industry to issue a strategy for the Broad-based black economic empowerment, and this strategy forms the basis for the Codes of Good Practice & Transformation Charters and will provide practical content to the ideals expressed in the Act. DDP has adopted the generic code as published by the DTI as we serve many industry segments. We are committed to achieve a satisfactory BBBEE rating in terms of this code as we deem this compliance as a business imperative to our customers; a social imperative to our community in which we do business in and we associate BBBEE compliance with good governance. This generic code comprises seven elements as depicted in the accompanying table.

Element	Weighting	Primary Codes Reference
Ownership	20 Points	Code 100
Management control	10 Points	Code 200
Employment equity	15 Points	Code 300
Skills development	15 Points	Code 400
Preferential procurement	20 Points	Code 500
Enterprise development	15 Points	Code 600
Socio-economic development	5 Points	Code 700

DDP did a self-assessment in March 2009, and achieved a score of 22%, deemed a non-compliant contributor. We created a strategic and focused transformation plan that spanned over three years, encompassing plans covering each of these elements, that will move the company's score from 22% (non-compliant contributor) to 55% (Level 5 contributor), ensuring a sustainable effect over the long term, instead of doing things as quickly as possible to satisfy a desired outcome.

This focused approach, especially on skills development, preferential procurement, enterprise development, socio-economic development and employment equity has had a fantastic effect on the scorecard, and the score for the financial year 2010

is 48% - more than a 100% improvement in two years! The detailed results for DDP's 2010 scorecard are displayed in the accompanying spider graph.

The plan for 2011 is to improve this score to 55% by further improving the score on the initiatives mentioned above.

Ossie Carstens

