

BELL EQUIPMENT LTD

RESULTS – FINANCIAL YEAR 2007



17th & 18th March 2008

**Strong Reliable Machines
Strong Reliable Support**



Growing Our Business & Profitability

Highlights 2007

***BELL* Equipment - Today**

Financial Review

Business Review

FAQ's

Looking Ahead ...



HIGHLIGHTS – FY 2007

Revenue R4,62 billion

Up 31%

Operating Profit R494 million

Up 34%

Earnings per Share 385c

Up 55%

Fully diluted EPS 384c

Up 54%

NAV per Share 1456c

Up 45%

Dividend per Share 40c

Up 60%

FINANCIALS



Results - Financial Year 2007

THE BELL GROUP
The Bell Group


Introduction - Our Products



- Articulated Trucks
 - Designed and built in Richards Bay
 - Exported to Asia; sold under Hitachi brand
 - Built in Germany and distributed in Europe
 - Deere licensed to build Bell product in USA; sold under Deere brand
- Front End Loaders
 - Deere licenses Bell to build in R/Bay
- Tractor Loader Backhoes
 - Deere licenses Bell to build in R/Bay
- Sugar and Forestry machines
 - Designed and built in Richards Bay
- Branded Machines
 - Imported: Graders Bulldozers
Excavators
 - Imported: Compaction & Road building
- Parts and Service

BELL Equipment - Today



Results - Financial Year 2007

100% SOUTH AFRICAN
100% BELLS EQUIPMENT



Introduction – Our Markets



BELL Equipment - Today



Results - Financial Year 2007

Strong Global Presence
Strong Market Support



Group Strategy

Optimising the Business for better Efficiency

*Refine
the Business*

FINANCIAL MODELING / BUSINESS PLANNING / MEASUREMENT

Priorities

CUSTOMER

QUALITY

COST MANAGEMENT

WORKING CAPITAL

PEOPLE

COST REDUCTION OF EFFICIENCY

CRITICAL

*IMMEDIATE
Initiatives*

PARTICIPATION

IMP 5S

Value Improvement
COST REDUCTION

CONSISTENCY

REDUCE ASSETS

TRAINING &
DEVELOPMENT

SUPPORT

QTY SYS

OH REDUCTION

BOTTLENECKS

LOCALIZE EU / NA / SA

REWARD &
REMUNERATION

*STRATEGIC
Initiatives*

PORTFOLIO
PLAN

QID

PDP/SMP

LEAN MFG
DFT

BLD TO DEMAND

SUCCESSION
PLANNING

New Series
Development

Design product aligned with total business strategy

PERFORMANCE MGT

EMPLOYEE SAFETY

BELL Equipment - Today



Results - Financial Year 2007

Small text: Group Strategy Review
Bell logo

Summary of 2007

- ❑ Strong growth in all Markets other than North America
 - Offshore performance particularly pleasing
 - Record Exports and profits
 - Greater spread of markets
- ❑ Volume growth mainly in Trucks and Branded machines driven by :
 - Infrastructure spending internationally
 - Strong demand from Mining Industry Worldwide due to high commodity prices
- ❑ Costs contained:
 - Quality improved – Customer experience Improved
 - World Class warranty costs 1.7% – Competitor bench mark 2.2-2.5%

BELL Equipment - Today



Results - Financial Year 2007

Strong Growth
Strong Results
Strong Future
BELL

Group Structure

Structural changes to facilitate BBBEE transaction and focus business units

Kagiso

Employees

22.5%

7.5%

BESSA
Bell Equip
Sales
South Africa

BEDDA
Bell Equipment
Distribution
Africa

BEURO
Bell Equipment
Sales & Manuf
Europe

Engineering
&
MANUFACTURING
Division

South Africa
Sales

Africa
Distribution

Europe
Sales & Manuf

Division
MANUFACTURING

R2,7 Billion

R1,2 Billion

R1,4 Billion

R3,2 Billion

REVENUE 2008 - Estimate R6 Billion after inter-company eliminations

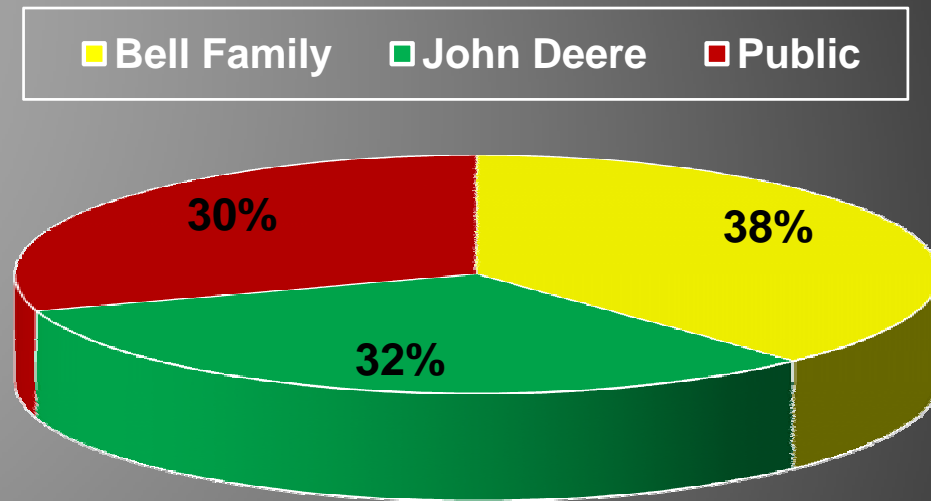
BELL Equipment - Today



Increased Free Float

Shareholding:

□ Bell family*	38%
□ Deere	32%
□ Public	30%



* Family reduced shareholding to increase free float/liquidity and diversify family investments

BELL Equipment - Today

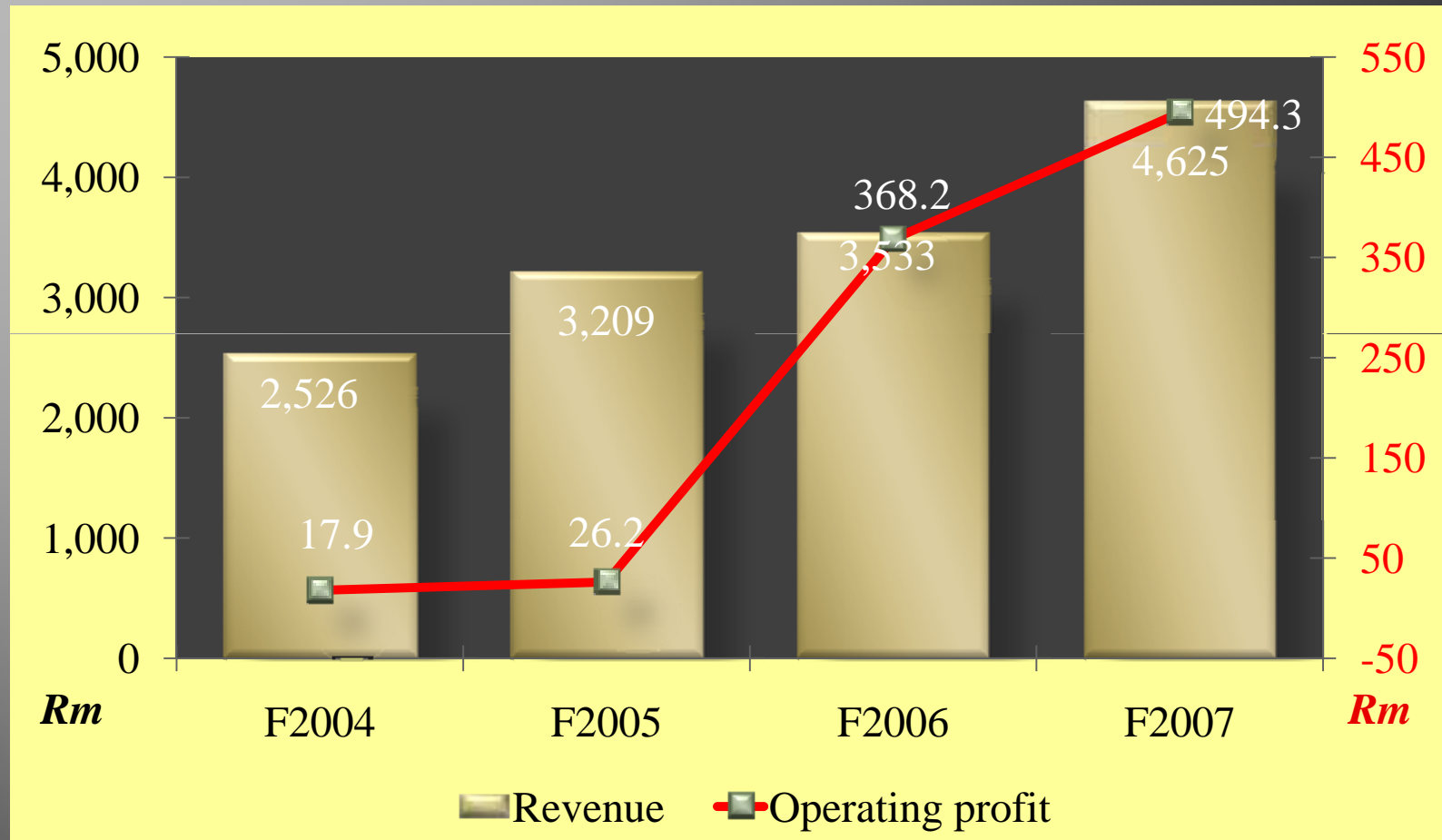


Results - Financial Year 2007

Strong Growth Potential
Strong Market Support



Historic Performance



BELL Equipment - Today



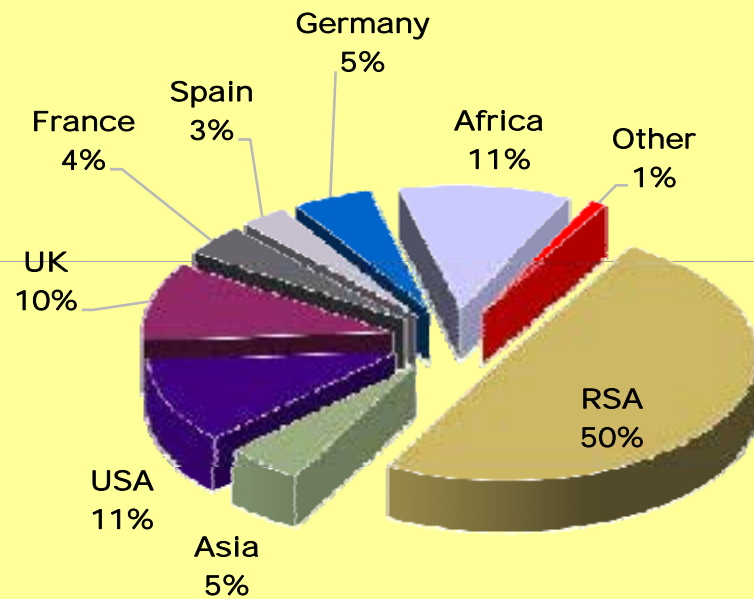
Results - Financial Year 2007

Strong Growth Potential
Strong Market Support



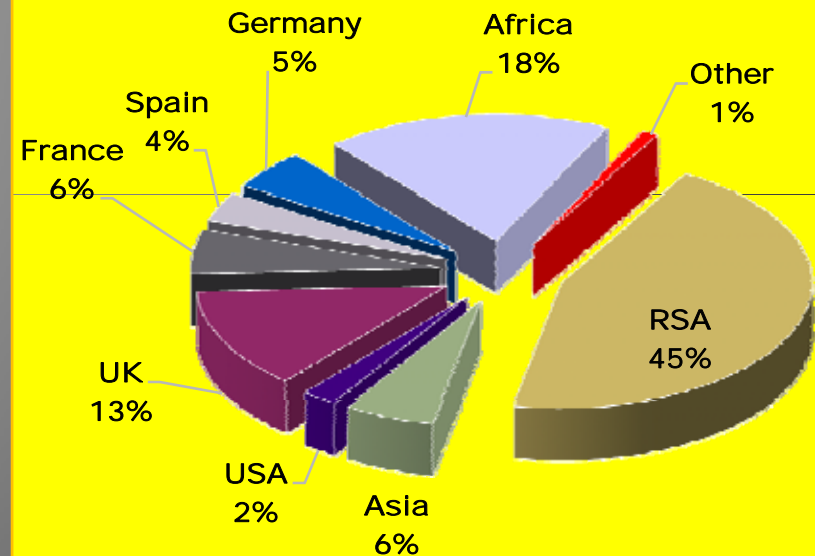
Contribution to Turnover - Geographic

2006



R3,5 Billion

2007

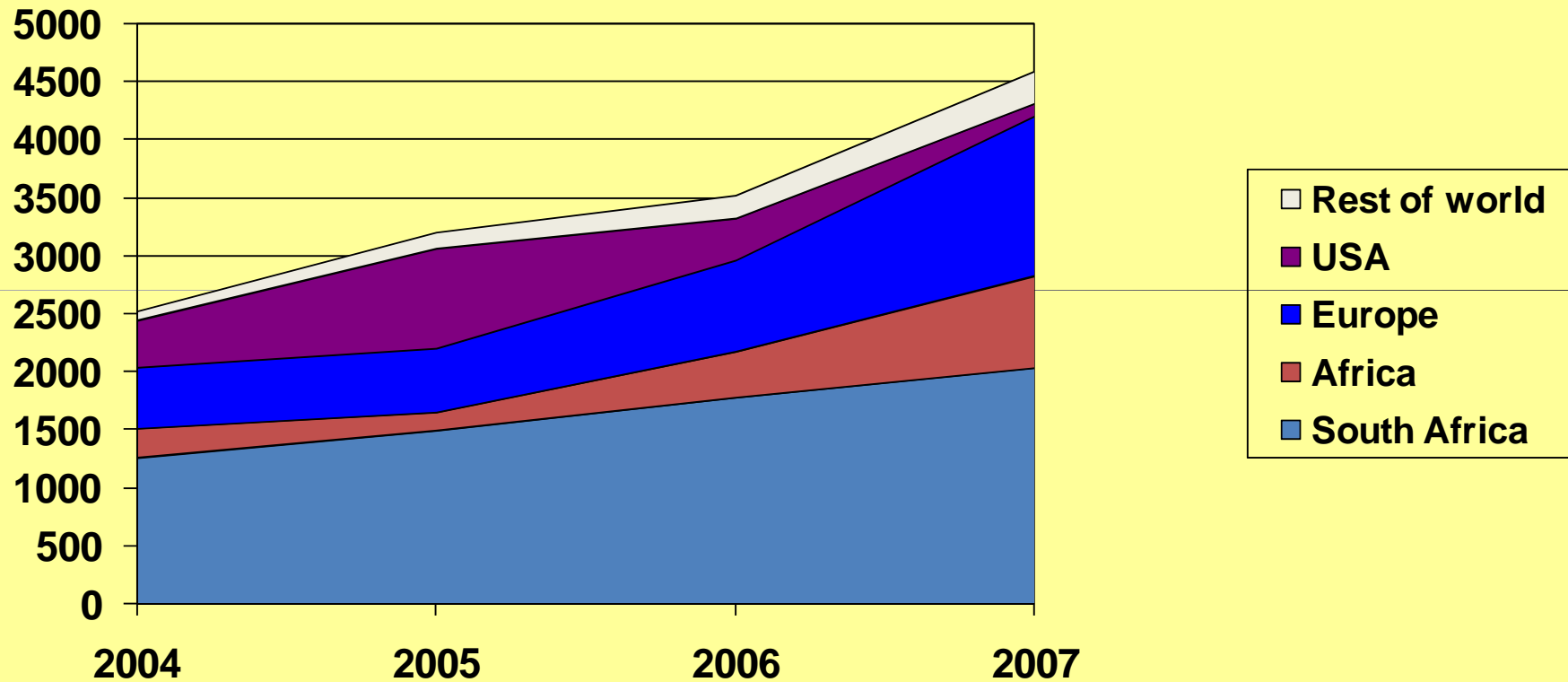


R4,6 Billion

BELL Equipment - Today



Sales Growth per Region (R million)



BELL Equipment - Today

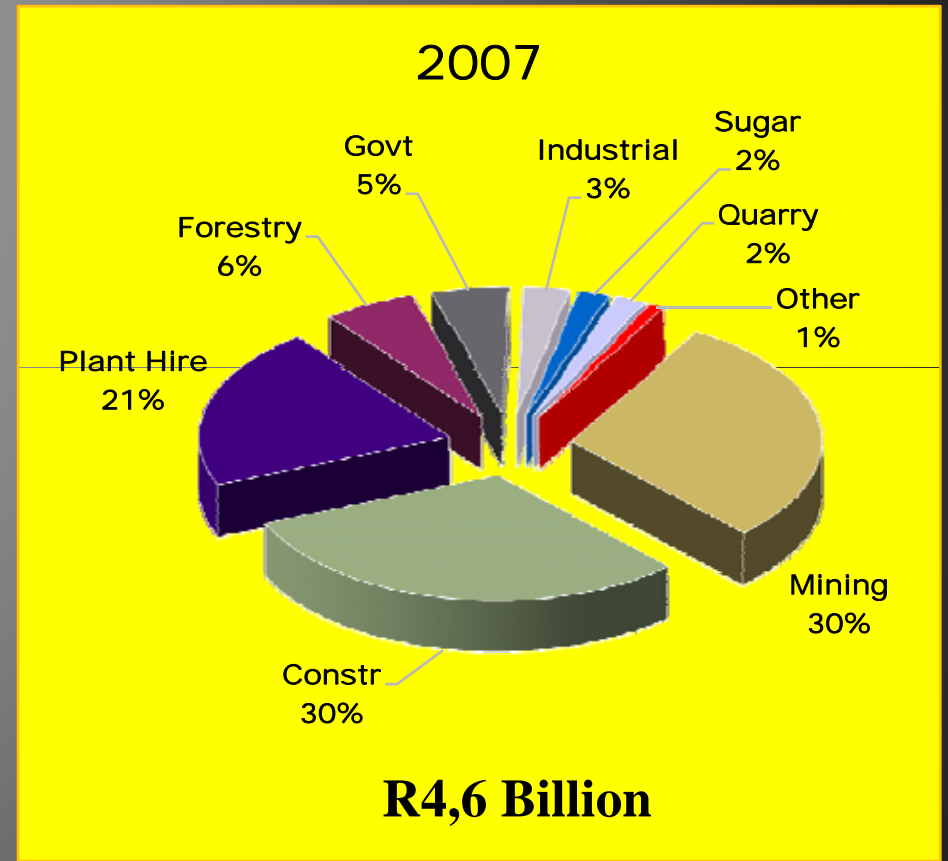
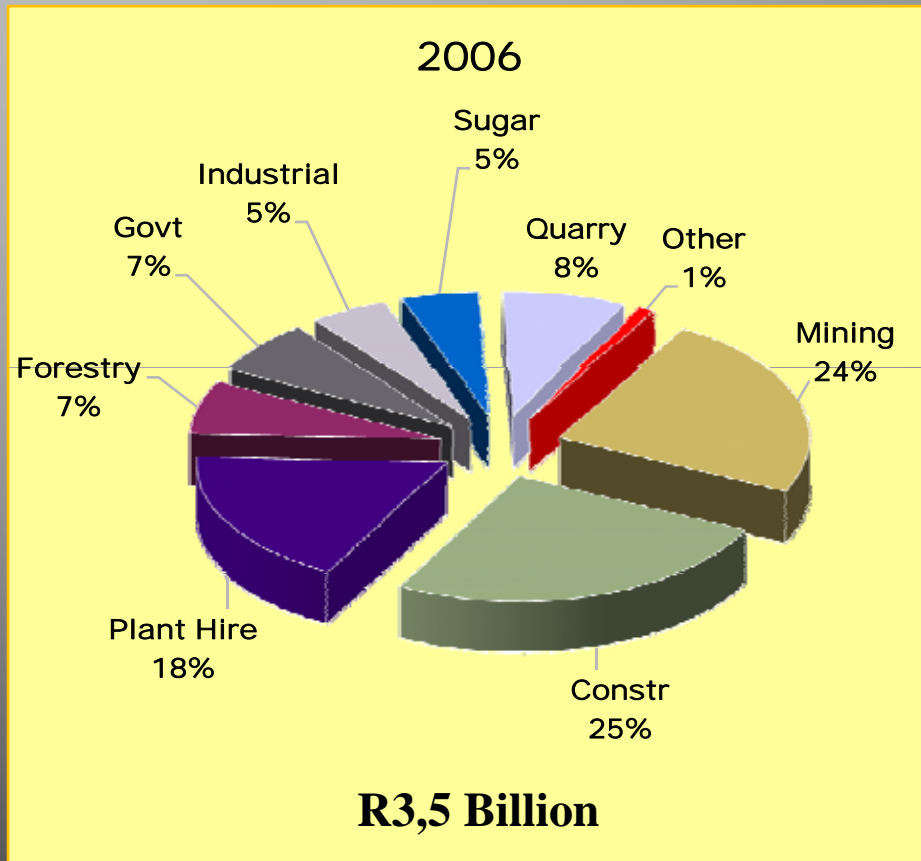


Results - Financial Year 2007

100% Global Presence
Strong Market Support



Contribution to Turnover - Industries



BELL Equipment - Today



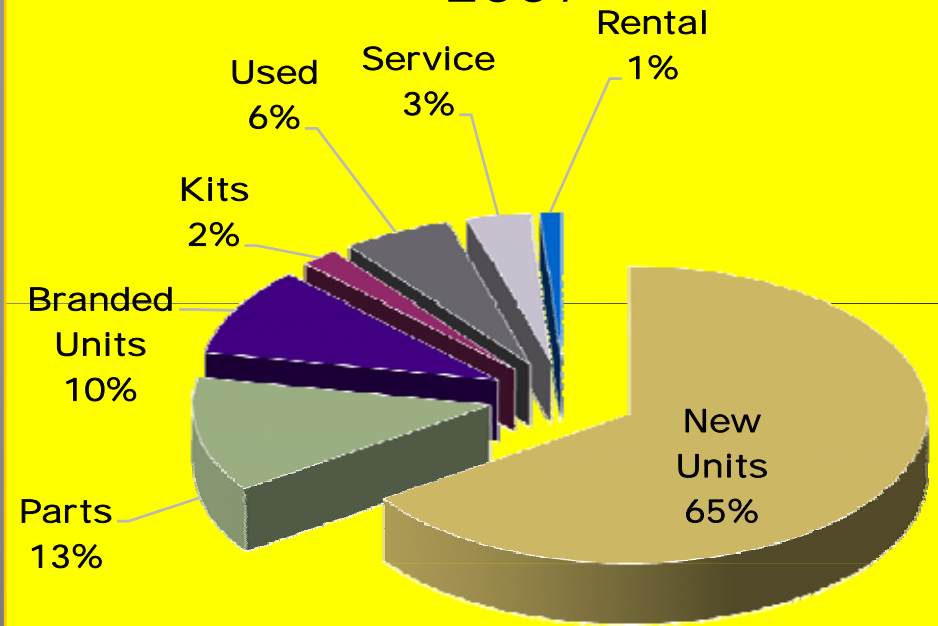
Contribution to Turnover - Products

2006



R3,5 Billion

2007



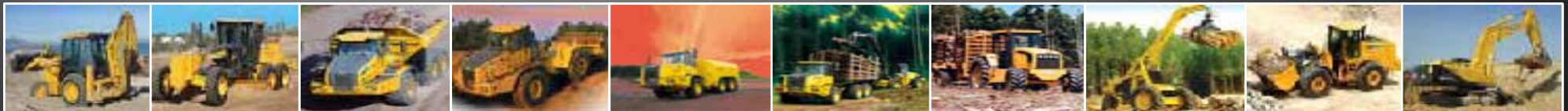
R4,6 Billion

BELL Equipment - Today



FINANCIAL REVIEW

FOR THE
12 MONTHS ENDED
DECEMBER 2007



Growing Our Business & Profitability

Income Statement

CONDENSED CONSOLIDATED INCOME STATEMENT	For year ended	
	31 December 2007	31 December 2006
R'000		
Revenue	4,624,961	3,533,177
Cost of sales	3,647,808	2,739,263
Gross profit	977,153	793,914
Other operating income	70,894	102,604
Distribution costs	(453,548)	(415,194)
Administration expenses	(54,816)	(60,307)
Other operating expenses	(45,421)	(52,853)
Profit from operating activities	494,262	368,164
Net finance costs	(19,696)	(21,127)
Profit before taxation	474,566	347,037
Taxation	(109,657)	(110,880)
Profit for the year	364,909	236,157
Earnings per share (basic)(cents)	385	249
Earnings per share (diluted)(cents)	384	249

Financial Review



Balance Sheet

CONDENSED CONSOLIDATED BALANCE SHEET		
	At 31 December	At 31 December
R'000	2007	2006
ASSETS		
Non-current assets	473,633	368,315
Property, plant and equipment	426,649	318,140
Intangible assets	8,328	7,074
Investments and long-term receivables	24,695	20,637
Deferred taxation	13,961	22,464
Current assets	2,408,034	1,673,937
Inventory	1,698,820	1,219,834
Trade and other receivables	662,828	378,983
Current portion of long-term receivables	10,499	15,271
Prepayments	13,314	10,486
Taxation	1,865	1,623
Cash and bank balances	20,708	47,740
Total assets	2,881,667	2,042,252



Balance Sheet (cont)

R'000		
EQUITY AND LIABILITIES		
Capital and reserves	1,380,869	954,912
Stated capital	226,293	226,185
Non-distributable reserves	140,040	55,490
Retained earnings	1,014,536	673,237
Non-current liabilities	214,779	158,371
Interest-bearing liabilities	76,624	2,319
Repurchase obligations and deferred leasing income	83,695	133,253
Deferred warranty income	50,740	11,724
Long-term provisions and lease escalation	3,720	11,075
Current liabilities	1,286,019	928,969
Trade and other payables	758,984	557,330
Current portion of interest-bearing liabilities	31,838	2,467
Current portion of repurchase obligations and deferred leasing income	20,638	17,021
Current portion of deferred warranty income	2,497	5,291
Current portion of provisions and lease escalation	51,048	70,748
Taxation	52,927	88,741
Short-term interest bearing debt	368,087	187,371
Total equity and liabilities	2,881,667	2,042,252
Number of shares in issue ('000)	94,858	94,817



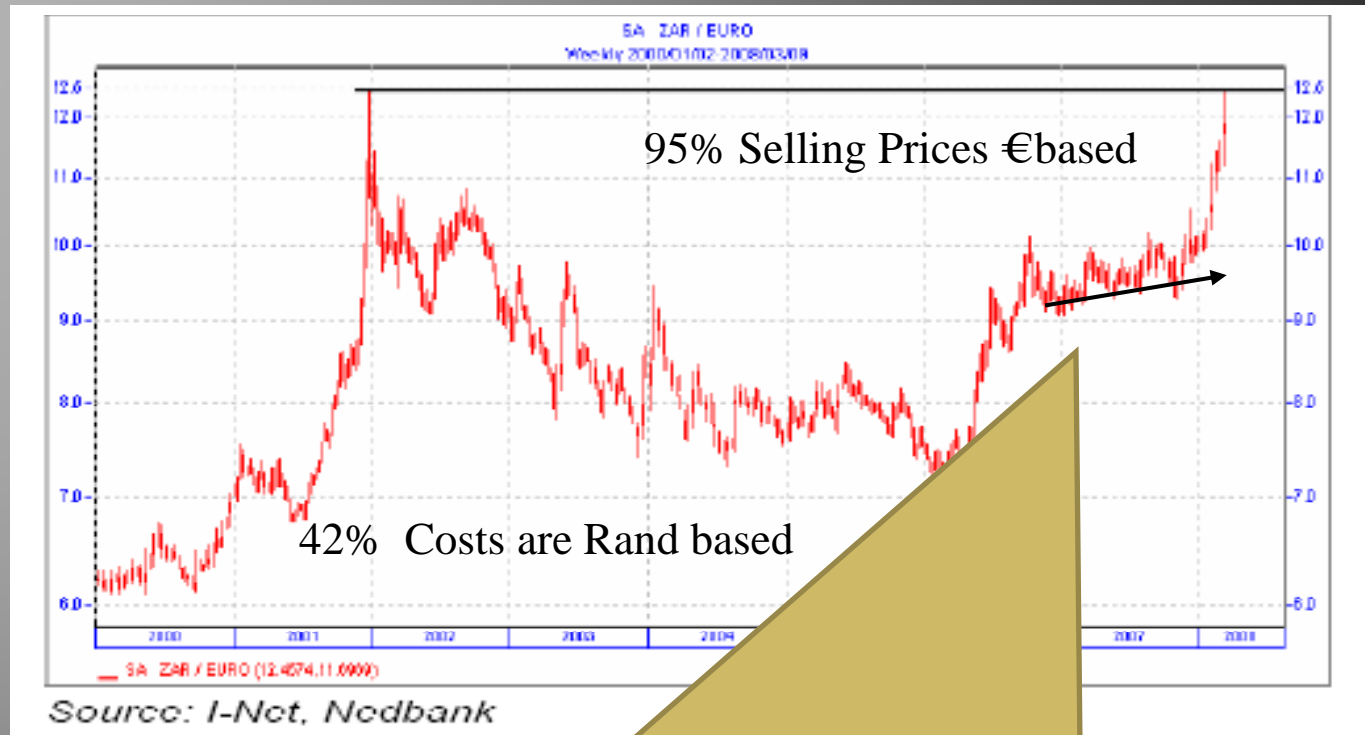
Operating Margin

Rm	F2007	% change	F2006
Revenue	4 625,0	+31	3 533,2
Operating Profit before interest	494,3	+34	368,2
Operating margin (%)	10,7%		10,4%

- ❑ Overheads well contained: R25m increase (+5%)
- ❑ Currency impact: Every 10% weakening in SA Rand vs Euro and US \$ = R103m increase in profit after Tax. (Excludes market share impact).
 - Import and export cash flows matched wherever possible.
 - Minimum of 50% of gross exposure is hedged



Currency Impact



- ❑ Currency basket Costs
 - 40% € and 18% US\$/Yen
- ❑ Very little assistance from Rand weakening in F2007

Financial Review



Interest

Rm	F2007	% change	F2006
Revenue	4 625,0	+31	3 533,2
Operating Profit before interest	494,3	+34	368,2
Operating margin (%)	10,7%		10,4%
Net interest paid	(19,7)		(21,1)

Interest Paid: R33.4m in F2007 vs R27.8m in F2006

Interest Received: R13.7m in F2007 vs R6.7m in F2006

- Net interest paid affected by higher borrowings and interest rates
- Interest received on customer financing and Wesbank joint venture.



Tax Rate

Rm	F2007	% change	F2006
Revenue	4 625,0	+31	3 533,2
Operating Profit before interest	494,3	+34	368,2
Operating margin (%)	10,7%		10,4%
Net interest	(19,7)		(21,1)
Taxation	(109,7)	-1	(110,9)

23% average effective tax rate

- Benefit from 150% Research and Development tax allowances
- Utilisation of offshore tax losses from previous years (R17m still available vs F2006 R74m)

Expected future tax rate of approx 25%



Earnings and Dividend per Share

Rm	F2007	% change	F2006
Revenue	4 625,0	+31	3 533,2
Operating Profit before interest	494,3	+34	368,2
Operating margin (%)	10,7%		10,4%
Net interest	(19,7)		(21,1)
Taxation	(109,7)	-1	(110,9)
Profit for the year	364,9	+55	236,2
EPS (cps)	385c	+55	249c
Diluted EPS (cps)	384c	+54	249c
HEPS (cps)	384c	+52	252c
Diluted HEPS (cps)	384c	+52	252c
DPS	40c	+60	25c

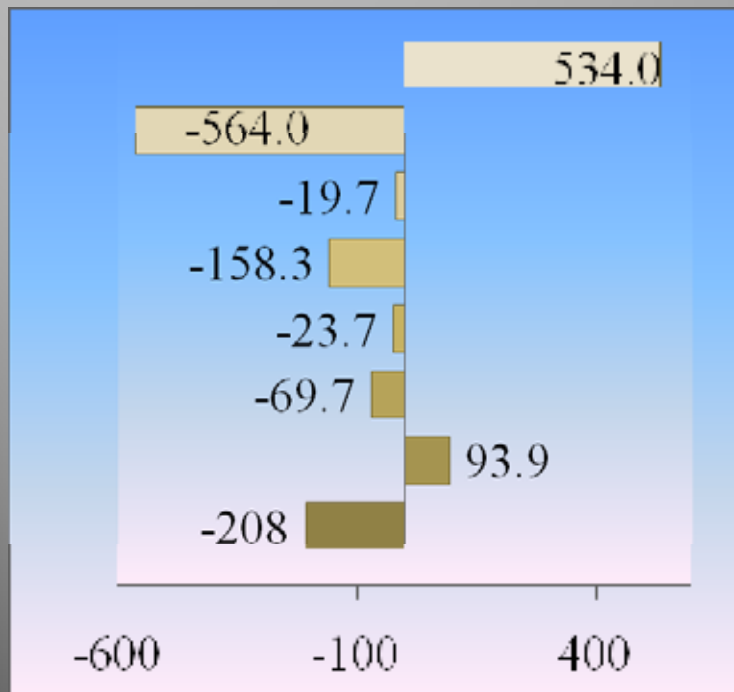
- Dividend cover of 9.6x vs 10x in F2006
- Dividend cover to remain high while group is in growth phase

Financial Review



Summarised Cash Flow Statement

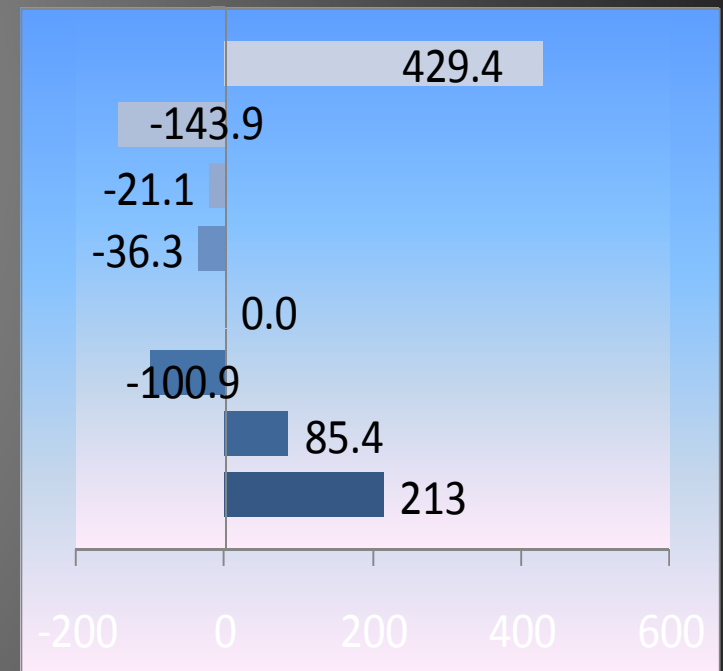
December 2007



R million

Cash generated from ops
 Working capital utilised
 Net finance charges
 Taxation
 Dividends
 Investing activities
 Financing activities
 Net cash (outflow) inflow

December 2006

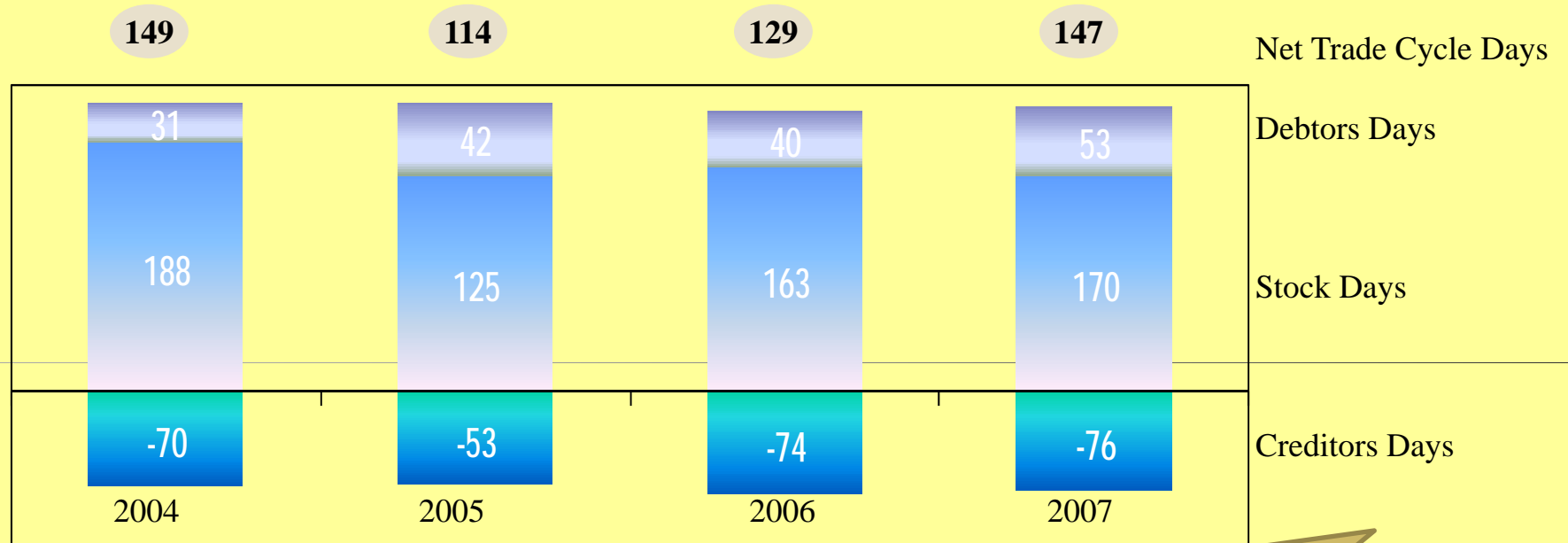


- ❑ Positive trend in Cash generated by operations before working capital utilisation
- ❑ Available overdraft facilities utilised 12/07 =55% and utilised 2/08 =51%

Financial Review



Net Working Capital Days

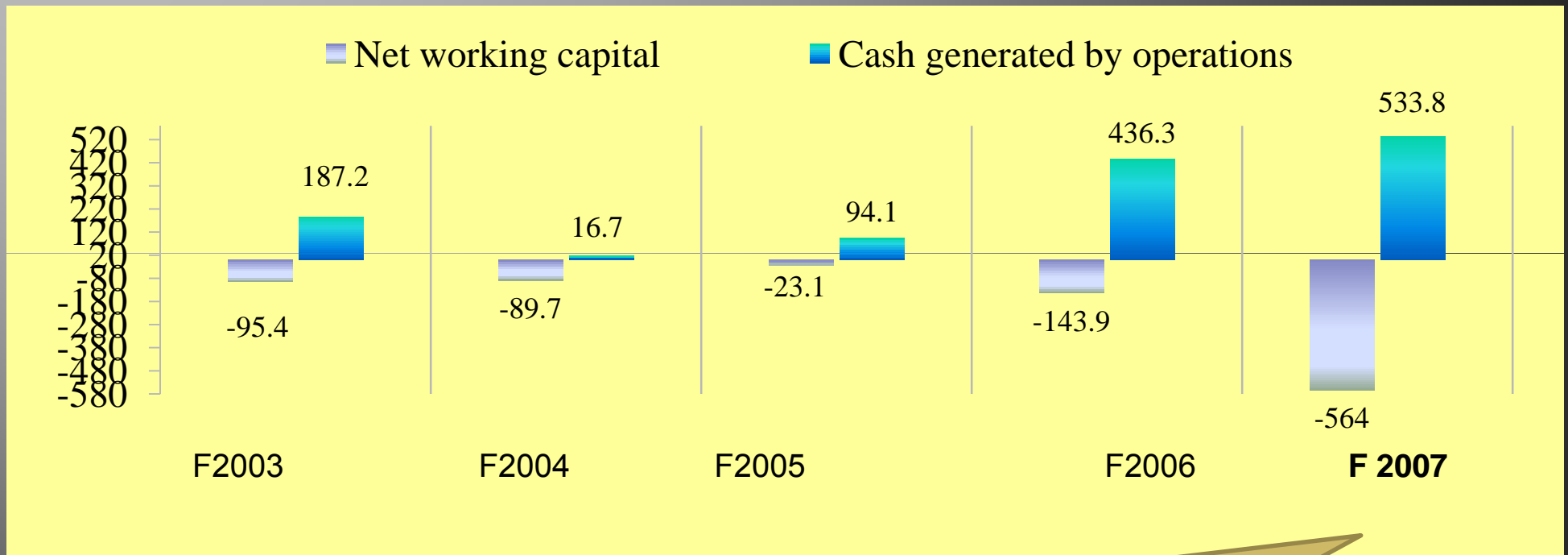


- ▶ Structural change in debtors book
 - ▶ Key export customers funded on interest-bearing basis
 - ▶ Quality of debtors book is good – risks tightly controlled
- ▶ Increased exports and branded goods imports are reflected in stock days
- ▶ Stock reduction continues to be a focus area. Elements of the group are still over-stocked. 40% of management incentives in F2008 dependent on achievement of stock targets.

Financial Review



Net Working Capital Flows vs Cash generated from Operations



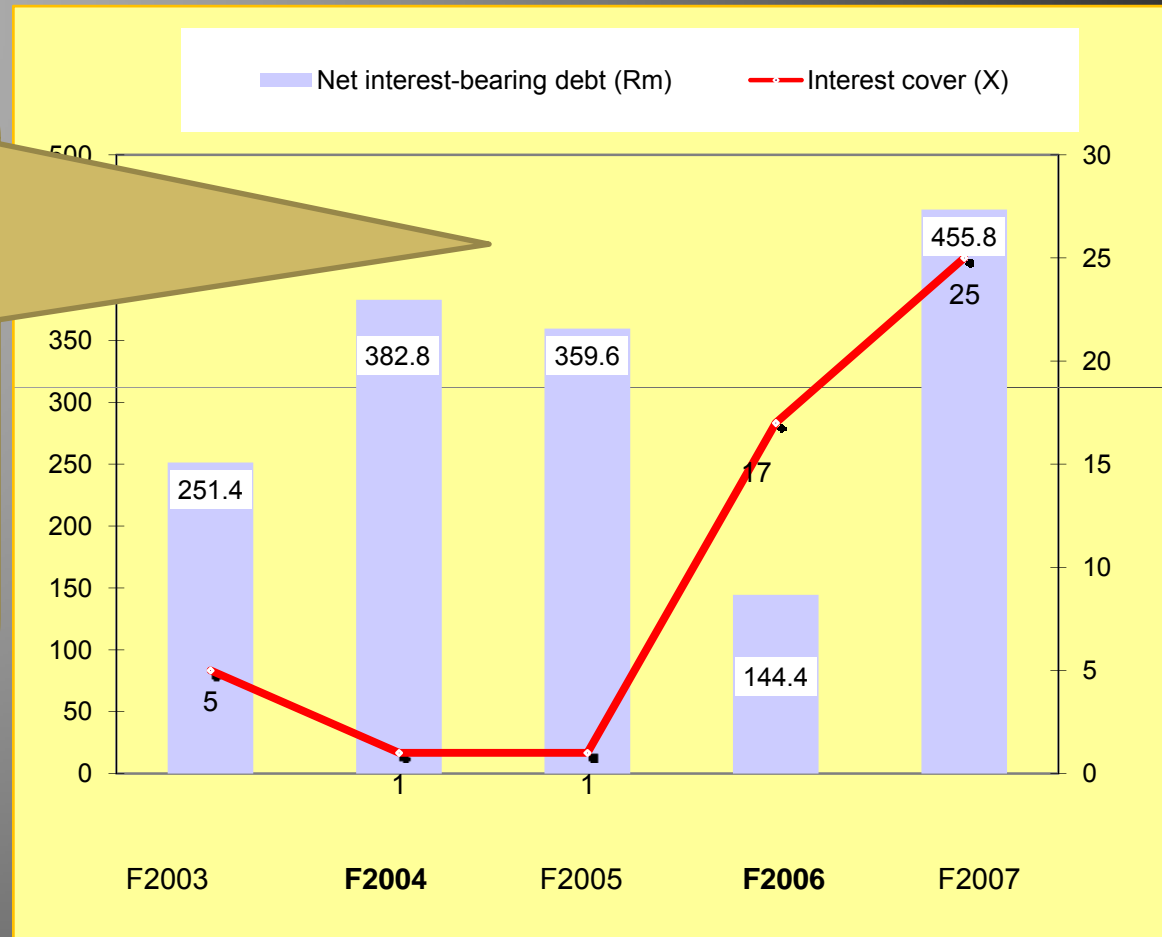
- ▶ Pressure on cash flow from working capital increases –positive trend in cash generated by ops.
- ▶ Profits used to fund growth/absorbed by working capital increases

Financial Review



Borrowings

- Interest cover of 25 x
- R311 m increase in debt from F 2006:
 - Net capex of R94m
 - Net working capital of R564m
- Target Gearing 20-30%
 - 2007 at 33%



Capital Expenditure

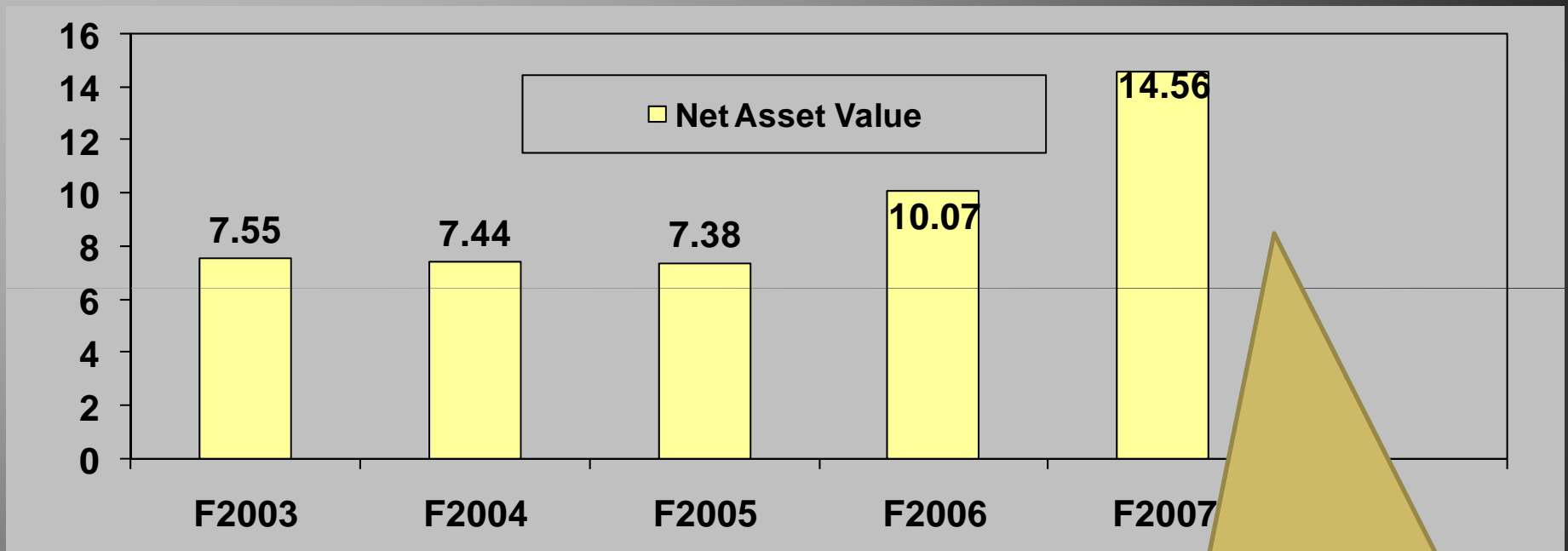
R'000	2008 Budget	2007 Audited
BECSA - Manufacturing & Distribution Division	104 963	77 413
BESSA - South African Sales Operations	6 354	3 560
Rest of Africa	11 803	7 614
Europe	8 512	5 014
Rest of world	11	68
TOTAL	131 643	93 669

Excludes indirect investment in rented facilities:

- ❑ 2007 Approximately R40 million in New Customer Service Centre
- ❑ 2008 Approximately R190 million in New Parts Centre – Jetpark Johannesburg



NAV per Share (Rand)



► Steady growth in value (45% for 2007)

Financial Review

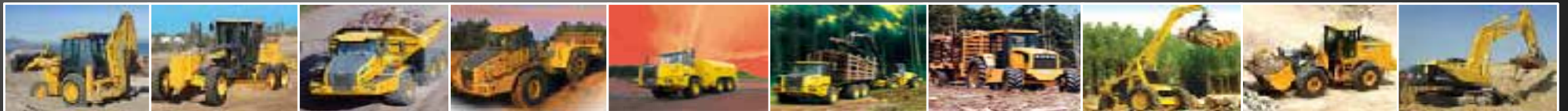


Results - Financial Year 2007

100% DIVIDEND PAYOUT
Strong Balance Sheet



BUSINESS REVIEW



Growing Our Business & Profitability

Global Network Growing +120 Outlets



Where we Operate



Results - Financial Year 2007

Strong Global Presence
Strong Regional Support



Business Units 2008

- ❑ South Africa (BESSA)
 - Competitive pricing position and Broader product Range
 - BBBEE rating and best network
- ❑ South Africa (Manufacturing):
 - Production rates at all time High
 - Supply challenges – Tyres, Steel and Hydraulics
 - Further Product Quality improvements
- ❑ Africa (BEDDA)
 - New markets(mining) continued Growth
 - Greater emphasis on Dealer Network and performance
 - Operations in DRC and Angola



Business Units 2008

- ❑ Europe (BEURO)
 - Slower industry Growth expected – Targeting market share gains
 - Bell UK initiative begins in Middle East.
 - Further penetration into former Eastern Europe markets
- ❑ North America:
 - Housing crisis slows demand for ADT kits to Deere
- ❑ Asia:
 - Markets, including China and India, still in developmental stage
 - Planned market gains through Hitachi network in the region



Rand Hedge Advantage



Source: I Net, Nedbank

Significant weakening (+ - 20%) of Rand vs € and US\$ in F2008 is already assisting bottom line

Growing Our Business & Profitability



Results - Financial Year 2007

2007 Financial Review
Strong Results Summary

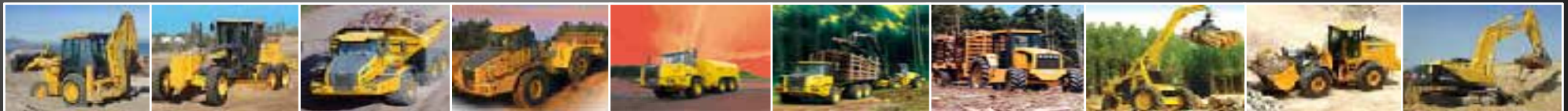


BUSINESS DRIVERS

INFRASTRUCTURE – CIVIL CONSTRUCTION

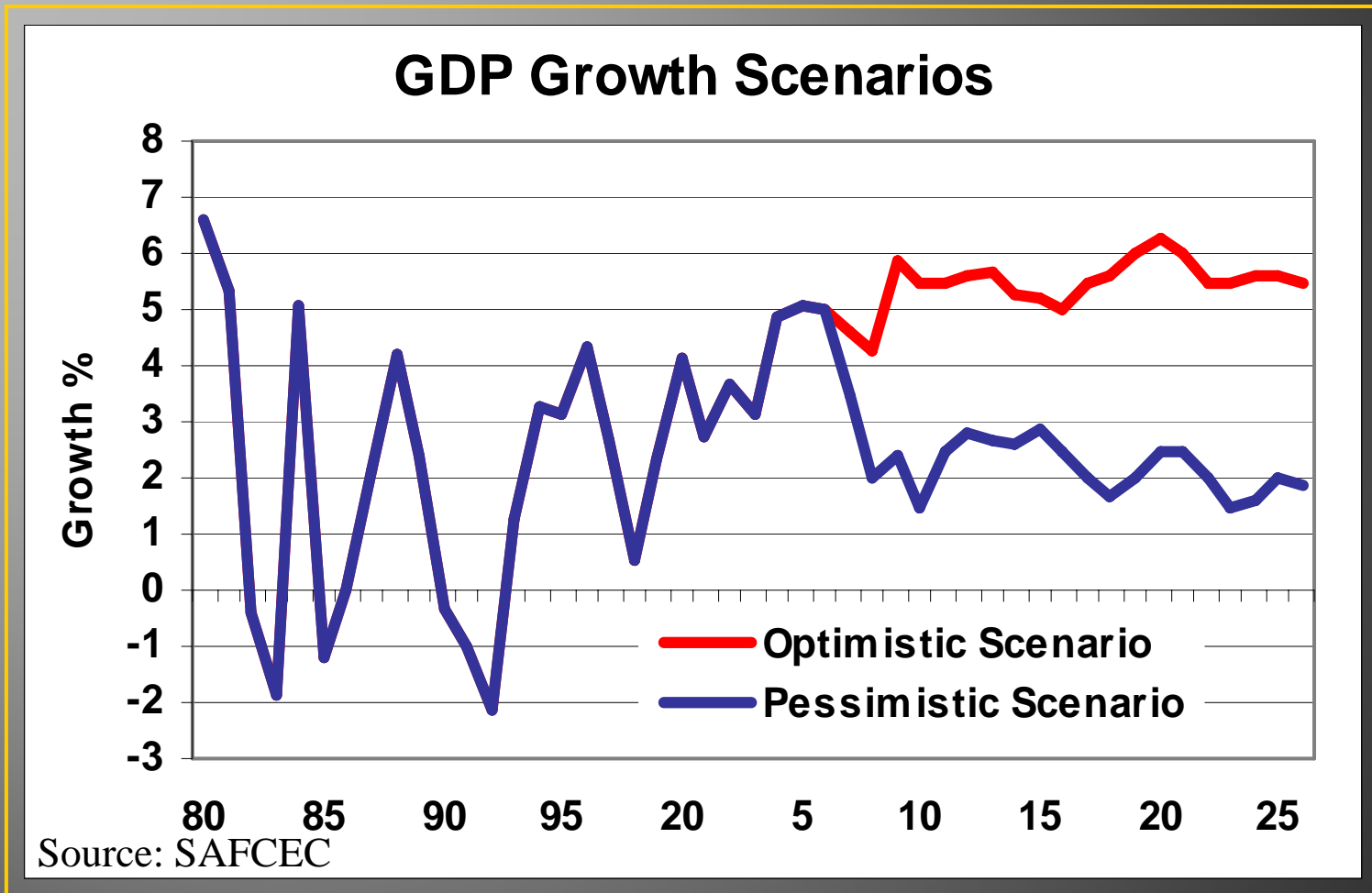
MINING – COMMODITIES

ENERGY – COAL (DRIVEN BY OIL)



Growing Our Business & Profitability

THE ECONOMIC LOCOMOTIVE



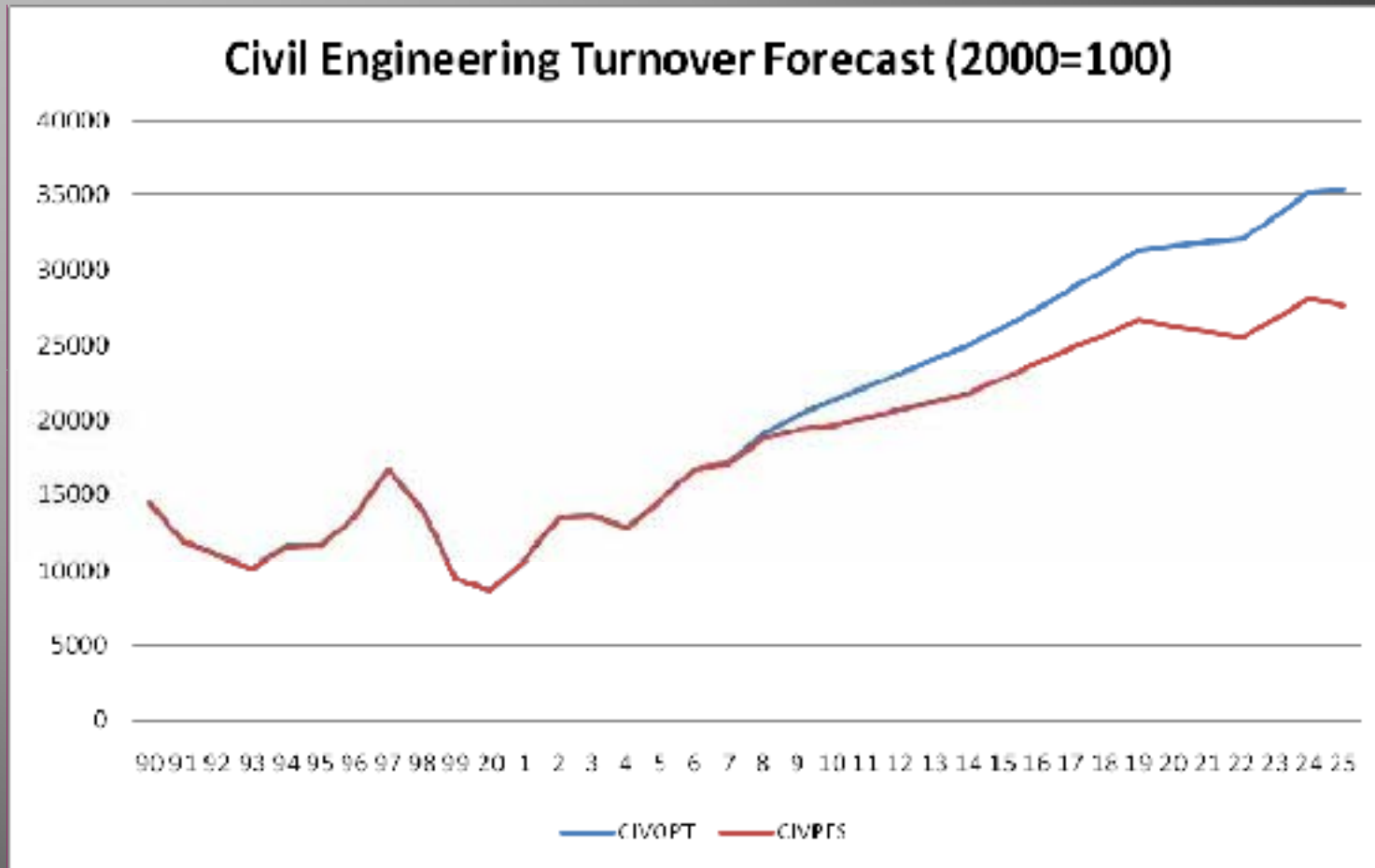
BUSINESS DRIVERS



Results - Financial Year 2007

Strong Global Presence
Strong Market Support

SAFCEC Future Scenarios



BUSINESS DRIVERS



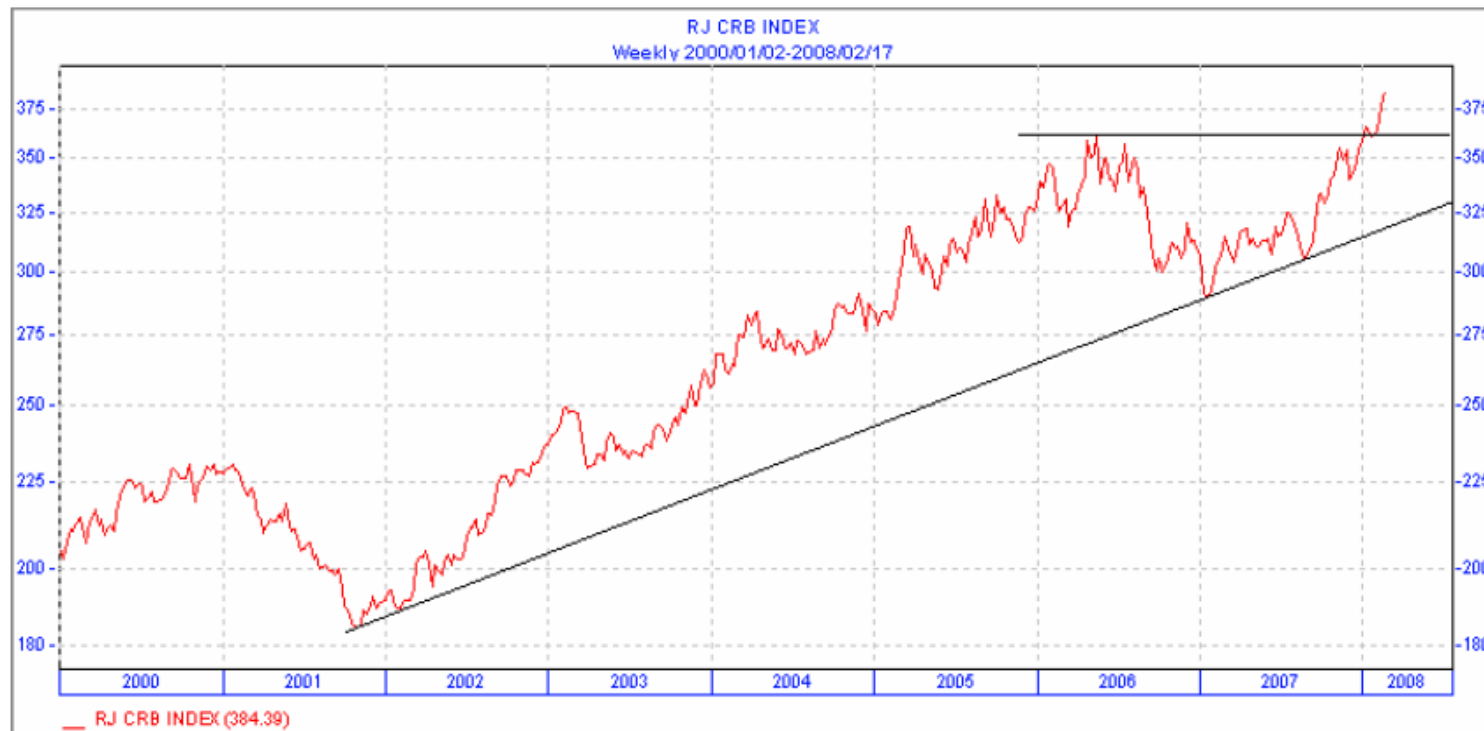
Results - Financial Year 2007

Strong Global Presence
Strong Business Support



Global Commodities

Commodities index at record peak



Source: I-Net, Nedbank

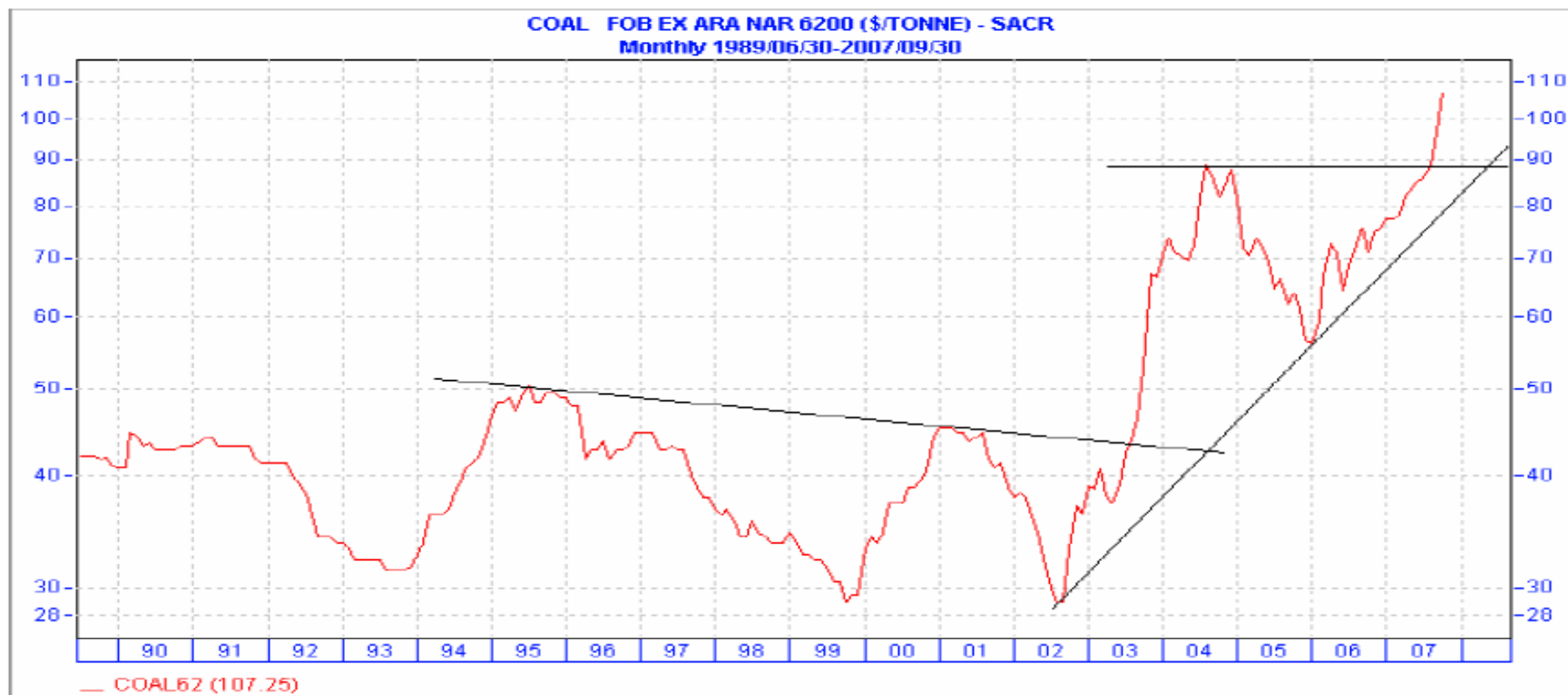
- Despite the dumping of speculative positions in commodities following steep losses on global stock markets, the CRB All Commodities index is at a record high.

BUSINESS DRIVERS



Global Energy Demand

Global energy demand pushes coal price to record high



Source: I-Net, Nedbank

BUSINESS DRIVERS



Results - Financial Year 2007

100% Dividend Payout
Strong Balance Sheet



FAQ's

Impact of Electricity situation in RSA ?

Global Steel price impact ?

Skills shortage in South Africa ?

Competitors from Asia ?

Order book at this time ?

Currency risks & forward cover policy ?

FAQ's



Results - Financial Year 2007

THE BELL GROUP
The Best in the Business



FAQ's

Impact of Electricity situation in RSA ?

No impact on Manufacturing at this stage.

Contingency Plans include multi-shifts, off-shore plants and load shedding.

No major affect on RSA suppliers thus far.

Opportunity through increased activity in coal mining is far more important than risks

Global Steel price Impact ?

Direct Steel usage amounts to 6-7% of our Costs

All global manufacturers face similar pricing – costs will be passed on in time

Approximate 20% currency weakening YTD will assist **BELL**

FAQ's



FAQ's

Skills shortage in South Africa ?

Challenge finding Engineering and Manufacturing Talent at this time
Industry turnover approximately 13% **BELL** turnover approx 8-9%
Substantial investment in Training and Development
Retention and Incentive strategies in place.

Competitors from Asia ?

Current competitors lagging in product quality and durability
Cost advantage is eroded as they introduce reputable componentry
Distribution and Support infrastructure lacking

FAQ's



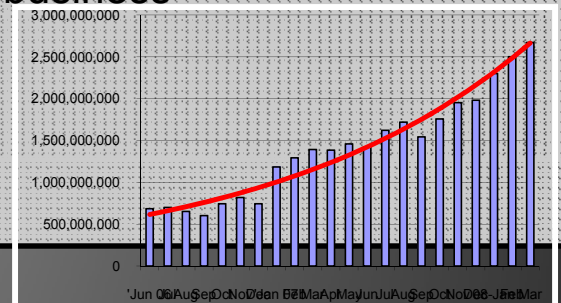
FAQ's

Order book at this time ?

Currently at record levels – representing approx 5-6 months business

Likely to put some business at risk

Planning rates up approximately 30% for 2008



Currency risks and forward cover policies ?

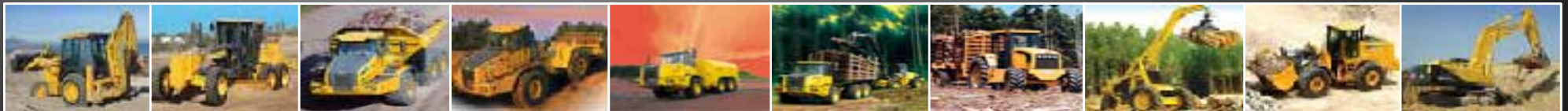
YTD weakening is favourable for **BELL**

Import and Export cash flows are matched

Inward and outward trade exposure is covered forward



LOOKING AHEAD



Growing Our Business & Profitability

BELL Initiatives

- ❑ Lifetime Revenue Stream – Annuity business
 - ❑ Service, Parts, Rebuilds (+25000 machines operational)
- ❑ New R190 million Parts Distribution Centre in Jhb
- ❑ Investing in productive Manufacturing Capacity
- ❑ Increased Product Range in South Africa and Europe
- ❑ SAP business ERP implementation underway
- ❑ Performance Management tools for greater efficiency



Looking Ahead

- **BELL** is a South African Group that is competing successfully in Global markets.
- We add value locally to SA raw materials and create many entry level and skilled jobs directly and indirectly.

- **BELL** will :
 - Continue to strengthen its Distribution channels
 - Invest in its People and Manufacturing Capacity
 - Grow its Global machine park and “Life Time Revenue Stream”
 - Lead in Technology of its core products

- **BELL** will benefit from the global mineral, infrastructure and Energy boom that is expected to last several years.
 - Supported by the large and sustained increase in demand for commodities largely from the Far East.
 - Planned infrastructure spend in Southern Africa.
 - Coal demand driven by record Oil prices
 - New Market Opportunities

Growing Our Business & Profitability



Growth Formula



Growing Our Business & Profitability



Results - Financial Year 2007

Strong Growth Potential
Strong Business Support



THANK YOU !

QUESTIONS?



**Strong Reliable Machines
Strong Reliable Support**

