BELL

STRONG RELIABLE MACHINES
STRONG RELIABLE SUPPORT

2022

RESULTS FOR THE PERIOD ENDED 30 JUNE 2022

CONTENTS

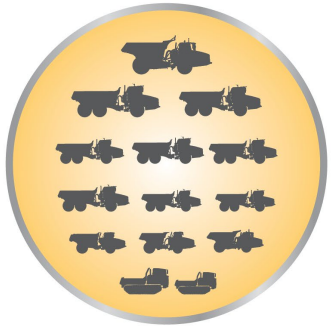
Operational update

Financial results

Looking ahead

Appendix

4 DEFINED AREAS OF OPERATION



1 Innovative mining and construction solutions provider

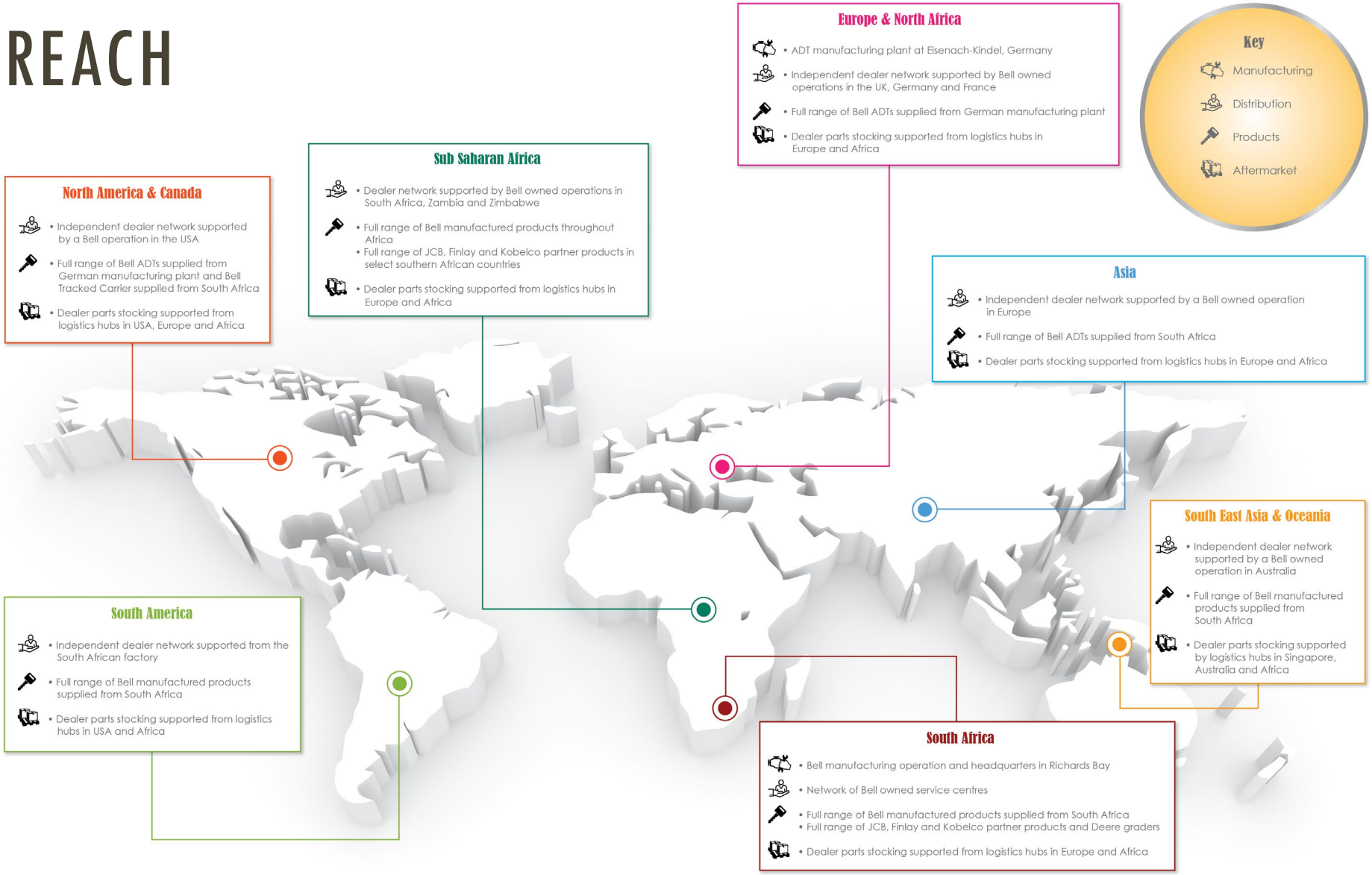
2 Southern Africa's full range material handling distributor

BELL JCB FINLAY KOBELCO

3 Cost-effective agriculture and forestry solutions provider

4 Provider of aftermarket services

GLOBAL REACH



SUMMARY OF THE PERIOD

Overall contributors:

- Strong demand ensuring strong order book across the globe
- Manufacturing and logistics hubs working well
- JCB distribution gaining traction
- Exchange rate USD/Euro

Overall detractors:

- Global supply chain constraints
- Location of ADT manufacture in SA far from suppliers and major markets
- Inflation

OEM – MANUFACTURING, ASSEMBLY, LOGISTICS & DEALER SALES OPERATIONS, **SOUTH AFRICA**

Achievements and realities of the period ended 30 June 2022:

- External Dealer sales from South Africa increased by 16,2% from the prior period and now represents 19,5% of Group Sales (18,4% prior period)
- Production rate increased, supported by a recovery in demand based on commodity prices
- A stronger operating profit of R134,4m is up from an operating profit of R38,2m in the prior period, due to improved volumes
- Dealer network expanded and migration to independent dealer model proving beneficial
- Significant increase in overall operating inventory and borrowings experienced as geared up for higher production combined with supply chain challenges that prevented completion of planned production
- New product development on track

Outlook / expectations:

- Optimistic that momentum experienced in first half of the year will continue, especially in light of continued demand for commodities and large infrastructure projects globally
- Global markets restocking in 2022/2023
- Ongoing focus on managing component shortages, increased lead times and price increases due to high global demand
- Quality, efficiencies (lean manufacturing) and cost reduction continue to be key focus
- Continued investment in new IP generation
- Manufacturing entity 51% black owned which is beneficial in pursuing insourcing of heavy metal fabrication opportunities
- Excess operating inventory and higher gearing to be worked down over next 12 months

OEM – MANUFACTURING, ASSEMBLY, LOGISTICS & DEALER SALES OPERATIONS, **EUROPE**

Achievements and realities of the period ended 30 June 2022:

- External sales from the OEM operations in Europe improved by 1,5% and accounts for 34,6% of Group Sales
- Production rate increases are due to higher Northern Hemisphere demand for equipment driven by large infrastructure projects
- Operating profit of R75,1m compared to the prior period profit of R120,1m, reduced by an under-recovery of costs as a result of lower than planned production volumes, product cost increases and increased aftersales support cost
- North American and the UK markets rebounded well
- Significant increase in overall operating inventory and borrowings experienced as geared up for higher production combined with supply chain challenges that prevented completion of planned production
- Market share gain in main markets

Outlook / expectations:

- Outlook for the UK, Europe and USA markets positive with stronger order books
- Strong outlook supported by infrastructure-led recovery, large infrastructure projects, and increased demand for commodities across the globe
- Ongoing focus on managing component shortages, increased lead times and price increases due to high global demand
- Excess operating inventory and higher gearing to be worked down over next 12 months

DIRECT SALES – SOUTH AFRICA

Achievements and realities of the period ended 30 June 2022:

- Sales improved by 12,1% from prior period and makes up 40,7% of Group Sales
- Operating profit increased to R84,1m compared to R62,9m for the prior period
- Policy uncertainty and low economic growth impacted demand
- Mining of commodities strong, with optimism in coal, while construction and road building sectors remain exceptionally weak
- Overall reduction in finished goods inventory due to strong demand and production constraints of all products
- Successful JCB construction equipment distribution introduction - JCB product is proving to be a good fit and invigorated the offering to the South African market

Outlook / expectations:

- Optimistic that momentum experienced in the first half of the year will continue, especially in light of continued demand for commodities
- Digitisation will continue to be a focus area
- Consolidation of alliance partners in our marketplace is proving to be beneficial
- Enhanced product and service line positions for market recovery
- Agriculture equipment dealer rollout and underground mining equipment focused support arm to grow penetration
- South African sales entity 51% black owned, 30% black woman owned with Level 1 B-BBEE score achieved, maximising benefit for customers

DIRECT SALES – REST OF AFRICA (ZIMBABWE & ZAMBIA)

Achievements and realities of the period ended 30 June 2022:

- Sales improved by 41,4% compared to the prior period and represent 5,3% of Group Sales
- Operating profit stable at R13,0m compared to R14,5m in the prior period
- Most African countries showing improved demand and the migration to an independent dealer model is showing pleasing growth
- Demand for products is broad and includes ADT's, water tankers, construction, agriculture, forestry and mining equipment

Outlook / expectations:

- Rebound in African market is encouraging, albeit a small part of the overall Bell business
- Positive sentiment and increased commodity prices should continue to support growth as well as sectors such as agriculture, forestry and construction being a focus of government development and support
- Economic and political challenges in Zimbabwe expected to continue

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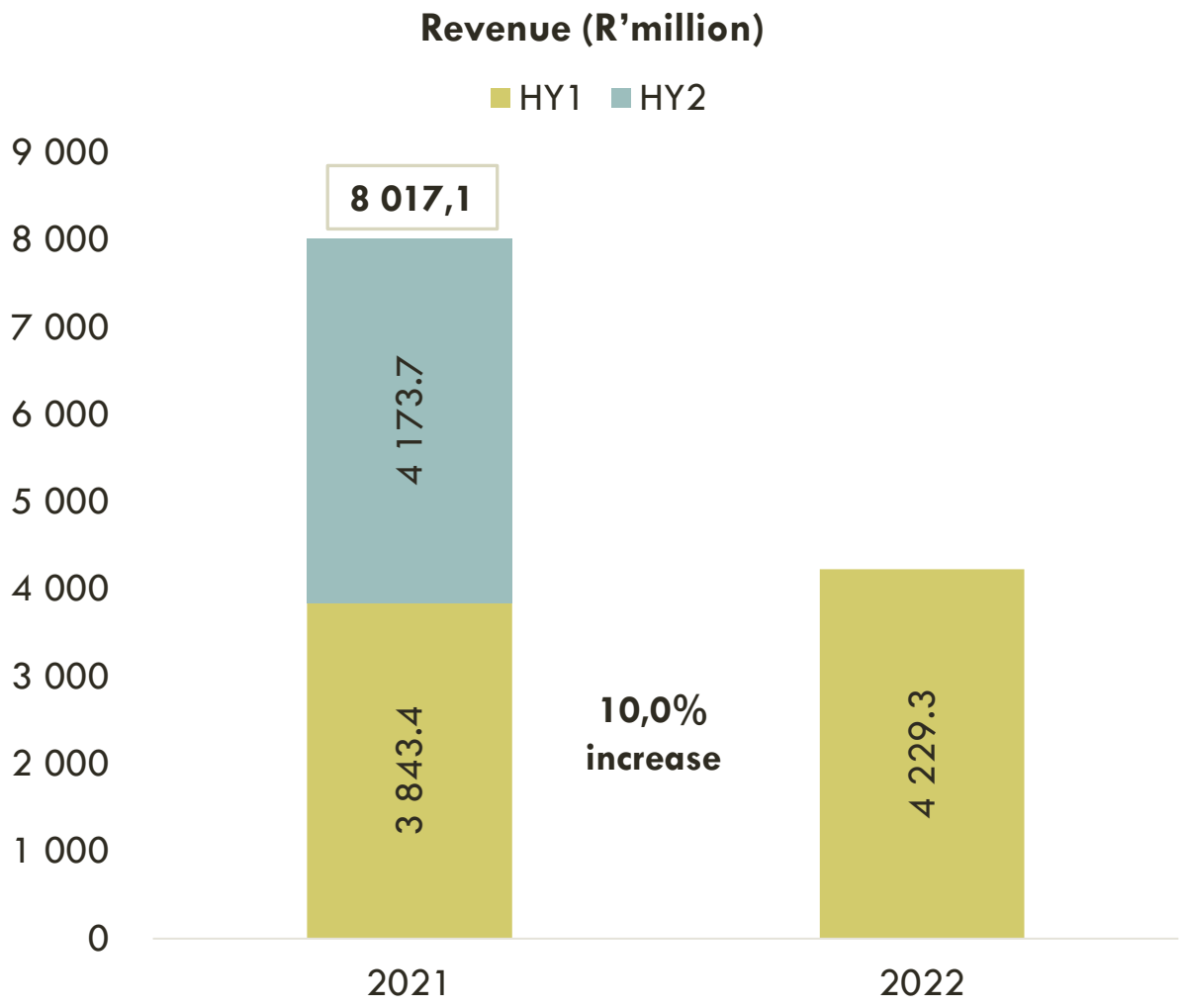
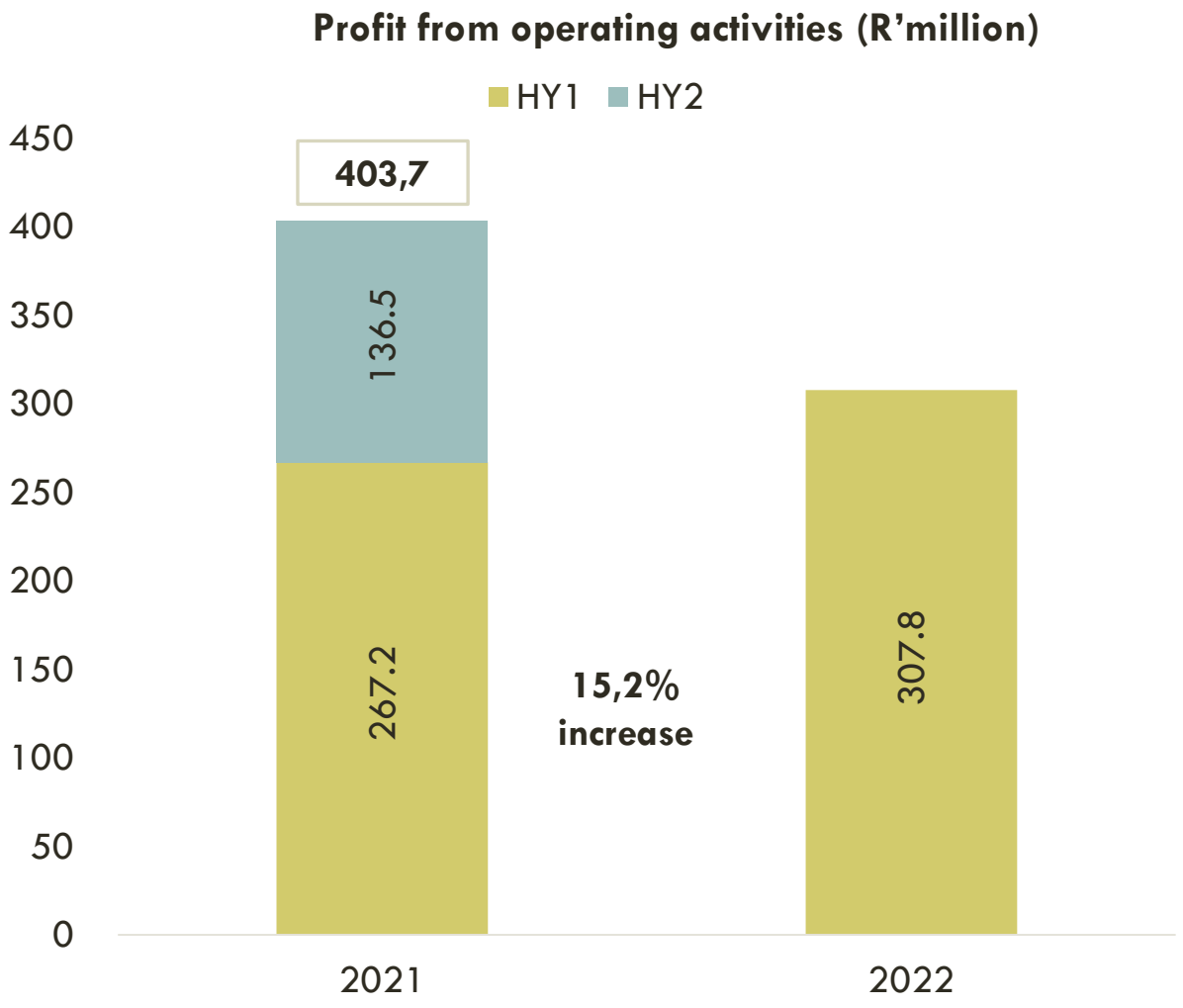
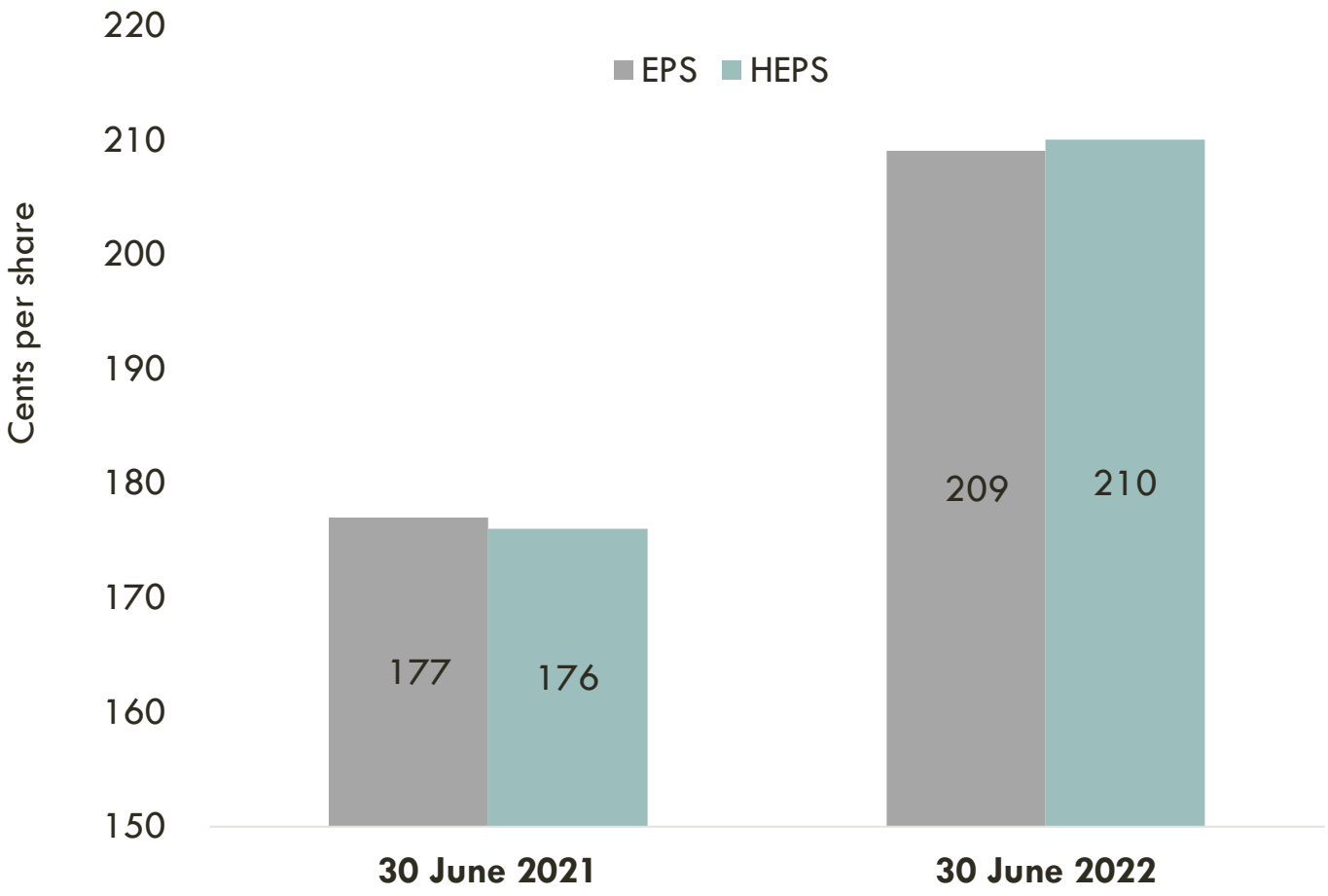
FINANCIAL RESULTS

REVENUE & OPERATING PROFIT

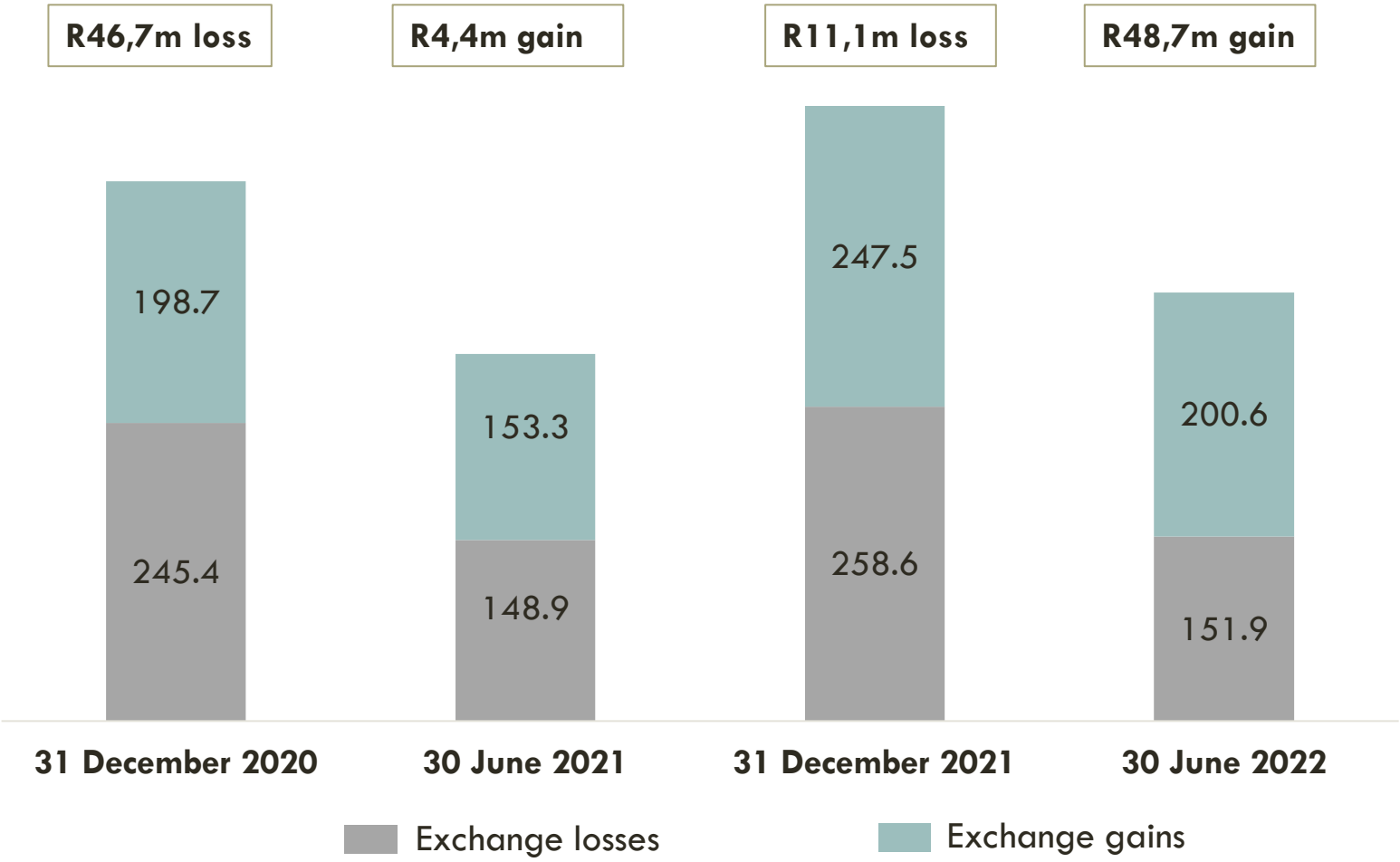




EPS AND HEPS


EPS
HEPS
Cents per share
220
210
200
190
180
170
160
150
177
176
209
210
30 June 2021
30 June 2022

CURRENCY EXCHANGE GAINS/(LOSSES)



- Net currency exchange gains arose on Euro denominated purchases and trade payables and USD denominated revenue and receivables as a result of the movement in the ZAR against those currencies during the period

BALANCE SHEET – ASSETS

Rm	Unaudited 30 Jun 2022	Audited 31 Dec 2021	% change
Non-current assets	**1 853,8**	**1 792,9**	**3.4**
Property, plant and equipment	1 004,7	919,0	
Right-of-use assets	235,6	251,0	
Intangible assets	271,7	282,2	
Investments	54,6	58,7	
Interest-bearing receivables and contract assets	62,7	50,4	
Deferred taxation	224,5	231,6	
Current assets	**6 283,4**	**5 131,1**	**22.5**
Inventory *	4 745,2	3 624,5	30.9
Trade and other receivables	1 104,4	1 023,1	8.0
Interest-bearing receivables and contract assets	265,6	218,3	21.7
Other assets	34,7	78,6	
Current taxation assets	22,1	30,3	
Cash and bank balances	111,4	156,3	
Total assets	**8 137,2**	**6 924,0**	**17.5**

(*) The increase in inventory and interest-bearing liabilities is mainly due to planned higher production volumes to match higher consumer demand in the current period as well as poor performance from certain component suppliers in meeting the group's purchase order volume and timing requirements.

BALANCE SHEET – EQUITY & LIABILITIES

Rm	Unaudited 30 Jun 2022	Audited 31 Dec 2021	% change
Capital and reserves	**4 005,6**	**3 861,7**	**3.7**
Non-current liabilities	**772,8**	**681,4**	**13.4**
Current liabilities	**3 358,8**	**2 380,9**	**41.1**
Trade and other payables	1 569,0	1 215,3	29.1
Interest-bearing liabilities *	665,7	202,8	228,3
Lease liabilities	39,8	42,8	
Contract liabilities	269,1	243,8	
Refund liabilities	40,2	51,7	
Provisions	109,3	111,1	
Other liabilities	17,3	8,1	
Current taxation liabilities	43,2	31,9	
Bank overdrafts and borrowings on call	605,2	473,4	27.9
Total equities and liabilities	**8 137,2**	**6 924,0**	**17.5**

INCOME STATEMENT

Rm	Unaudited 30 Jun 2022	Unaudited 30 June 2021	% change
Revenue	**4 229,3**	**3 843,4**	**10,0**
Cost of sales	(3 330,7)	(3 025,6)	10,1
Gross profit	**898,6**	**817,8**	**9,9**
Gross profit margin	*21,3%*	*21.3%*	
Other operating income	**100,0**	**72,6**	**37,7**
Expenses	(690,8)	(623,2)	10,9
Profit from operating activities	**307,8**	**267,2**	
Net interest expense	(21,1)	(29,8)	(29,2)
Profit before taxation	**286,7**	**237,4**	
Taxation	(76,4)	(61,6)	
Profit for the period	**210,3**	**175,8**	**19,7**

NOTES ON INVENTORY

Rm	Unaudited 30 Jun 2022	Audited 31 Dec 2021	% change
Finished goods – Manufactured	586,0	385,1	52
Finished goods – Third Party	350,0	273,0	28
Finished goods – Used	203,5	238,1	(15)
Spares, components & raw materials	2 881,1	2 310,7	25
Work in progress	724,6	417,6	74
Total	**4 745,2**	**3 624,5**	**31**

- High level of investment in spares and work in progress reflects impact of supply chain challenges on meeting the production schedule and planned sales targets.

CASH FLOW STATEMENT

Rm	Unaudited 30 Jun 2022	Unaudited 30 Jun 2021	% change
Cash operating profit before working capital changes	599,8	444,4	
Cash (utilised in) generated from working capital	(1 090,9)	149,4	
Cash generated from operations	**(491,1)**	**593,8**	**(182,7)**
Interest paid	(46,5)	(51,5)	
Interest received	44,6	23,9	
Taxation paid	(51,7)	(3,3)	
Net cash (utilised in) generated from operating activities	**(544,7)**	**562,9**	**(196,8)**
Net cash utilised in investing activities	**(77,1)**	**(26,9)**	
Net cash generated from (utilised in) financing activities	**445,1**	**(271,8)**	
Net cash (outflow) inflow	(176,7)	264,2	
Net bank overdrafts & borrowings on call at beginning of period	(317,0)	(398,6)	
Net bank overdrafts & borrowings on call at end of period	**(493,7)**	**(134,4)**	**(267,3)**

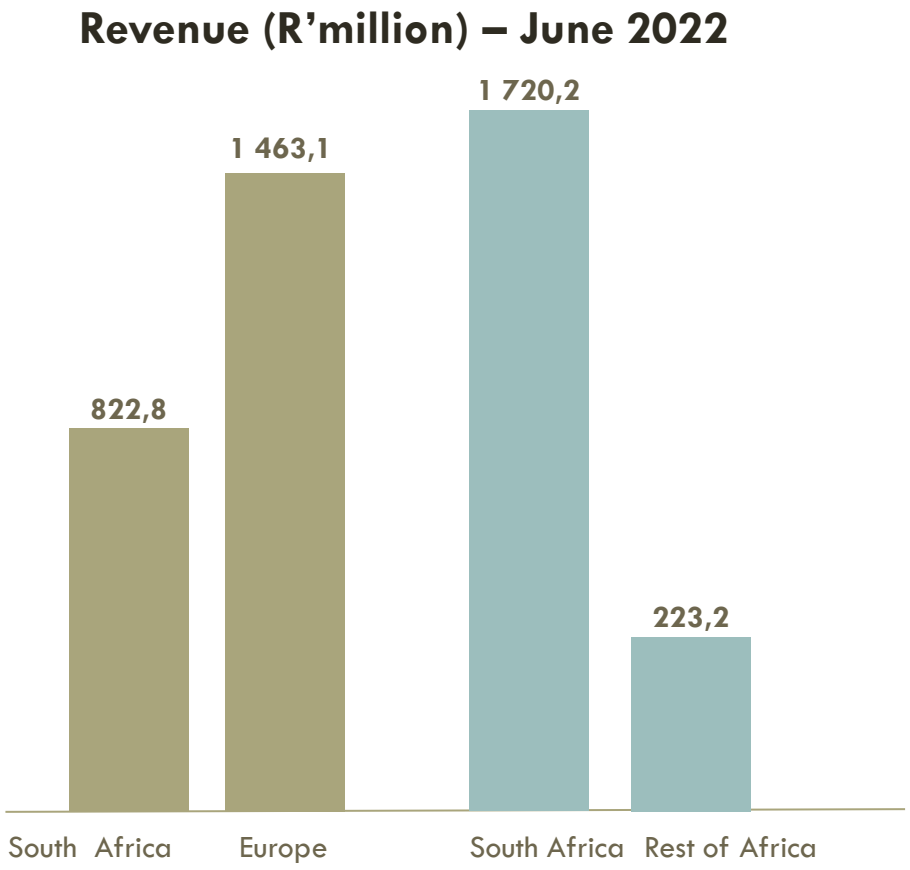
NET DEBT AND FINANCE COST

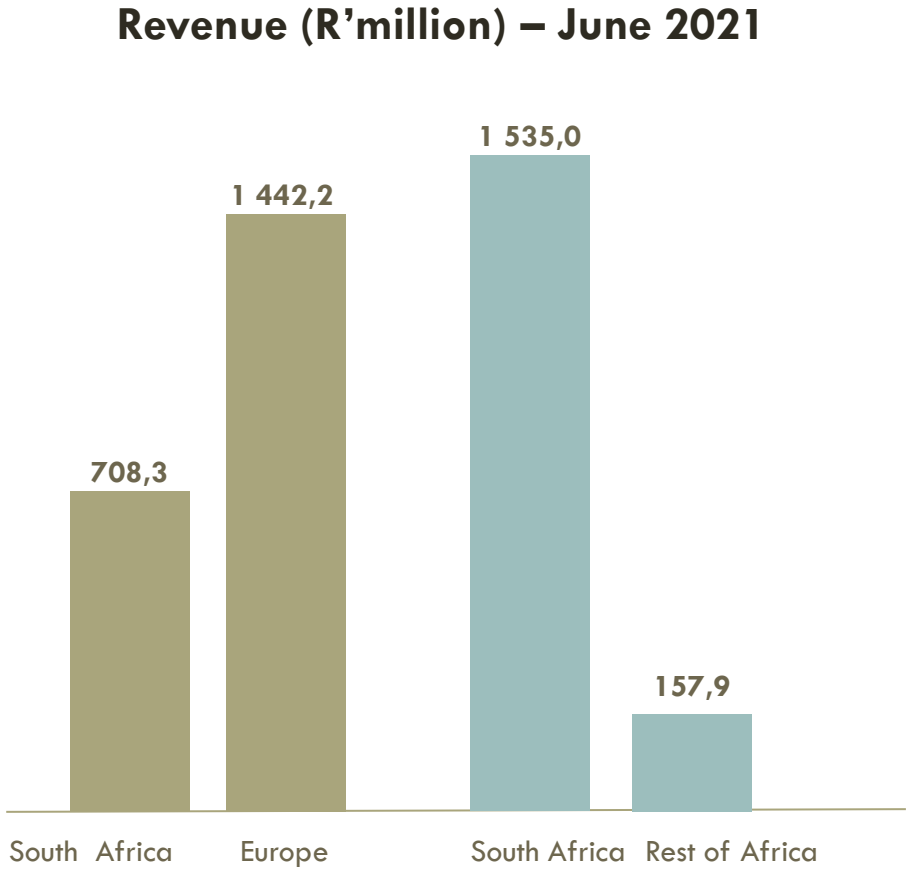
	Unaudited 30 Jun 2022	Audited 31 Dec 2021	% change
Net debt – close (Rm)	1 391	696	99.9
Net debt – average (Rm)	1 044	923	13,1
Interest paid for the period annualised / year (Rm)	56,4	96,4	17,0
Gearing % (net debt)	34,7	18,0	92.8
Interest cover (times) (underlying EBIT)	5,5	4,2	30,9
Net debt to EBITDA (times, annualised)	1,76	1,18	49,2

* Net debt excludes lease liabilities in respect of right-of-use assets.

- Net debt increased during period.
- Gearing up from 18% to 34,7% at end of period.

SEGMENTAL ANALYSIS – SUMMARY



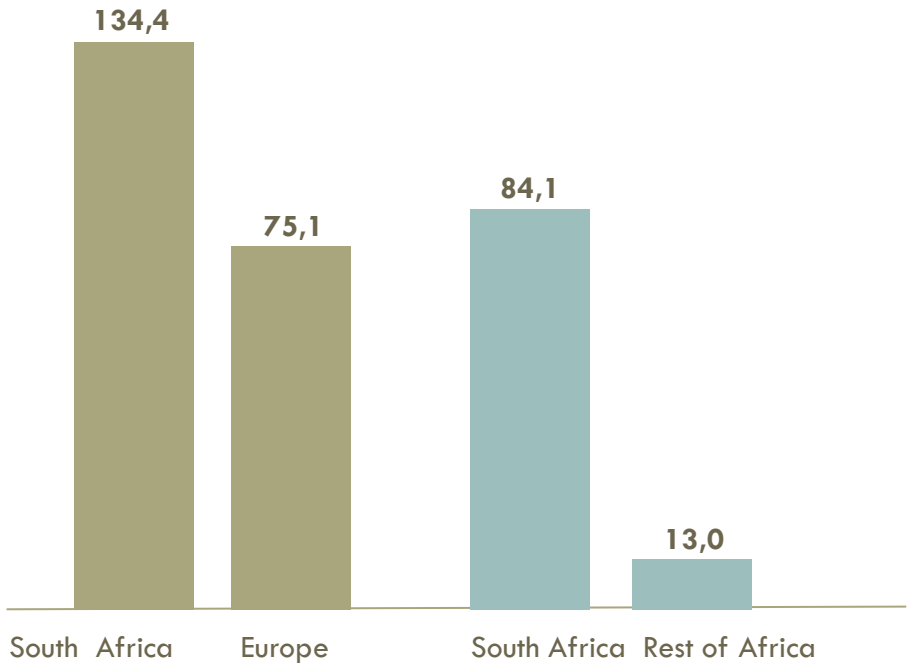


Manufacturing, assembly, logistics and dealer sales operations

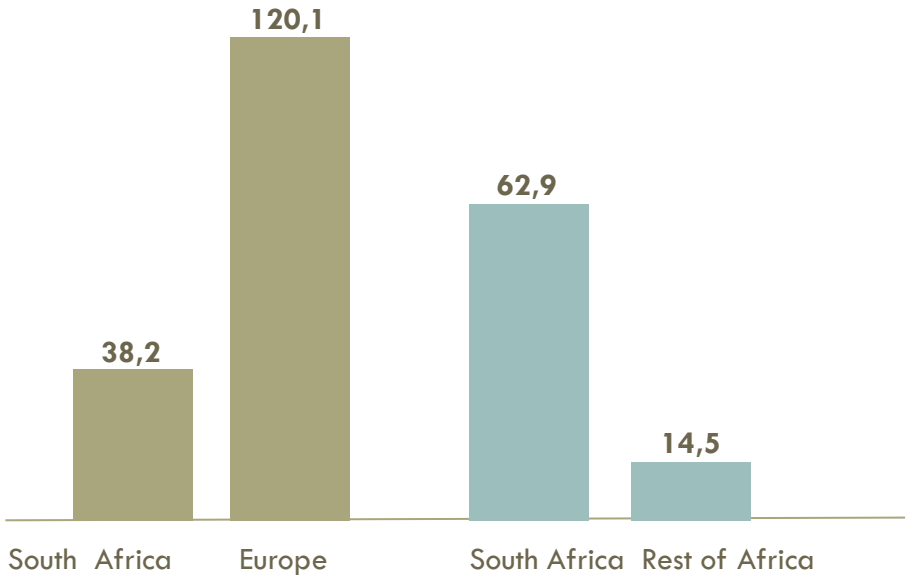
Direct sales operations

SEGMENTAL ANALYSIS – SUMMARY

Operating profit (R'million) – June 2022



Operating profit (R'million) – June 2021



Manufacturing, assembly, logistics and dealer sales operations

Direct sales operations

LOOKING AHEAD

LOOKING AHEAD

- We remain cautiously optimistic with most Northern Hemisphere markets reflecting strong order books through to the first half of 2023.
- Given increased demand for commodities and massive post-Covid-19 global stimulus packages, we expect strong global demand.
- Industry outlook for South Africa remains depressed as the country grapples with low infrastructure spending in a weakened economy.
- JCB distribution partnership will lead to gains in market share and volume growth.
- Ongoing focus on cash preservation and working capital and expense management.
- Increased focus on product cost containment and efficiency improvements to minimise impact of high global inflation.
- Development of new products to meet longer-term strategies, contribution and overhead absorption.
- Continued focus on strategic priorities and global growth objectives.
- Stringent focus on improving customer service and dealer management to drive growth in the aftermarket and supporting our active fleet globally.

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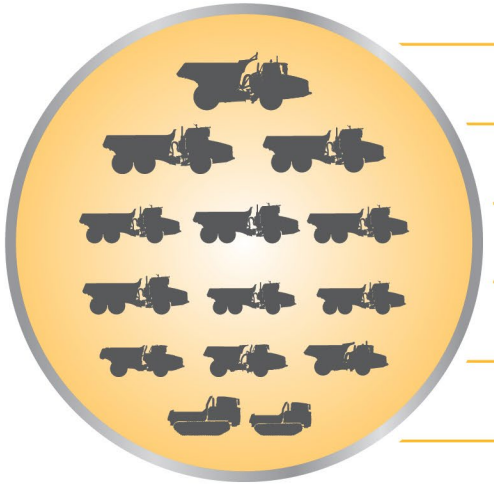
BELL EQUIPMENT LIMITED

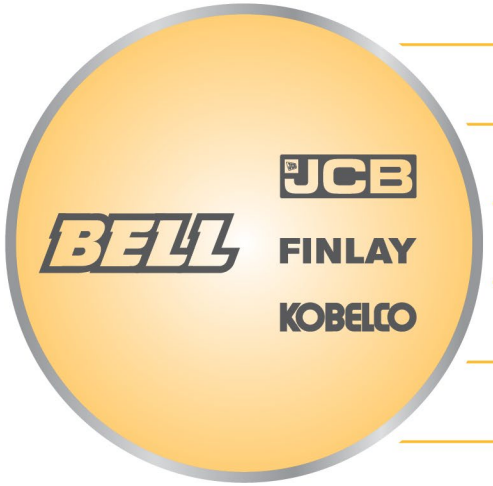
APPENDIX

MINING & CONSTRUCTION SOLUTIONS PROVIDER

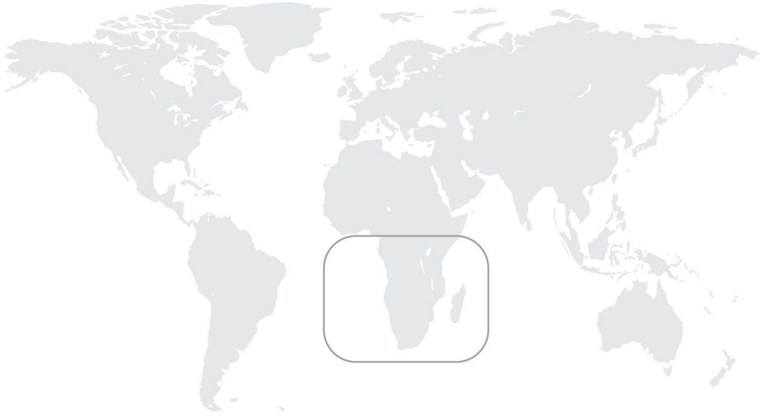


- Lowest cost per tonne/Reduced overall operating costs
- First to market with innovations
- Class leading fuel economy
- Proprietary fleet management system
- Superior ride quality
- Leading engine technology
- Uncompromising safety standards
- Highest level of automated machine protection

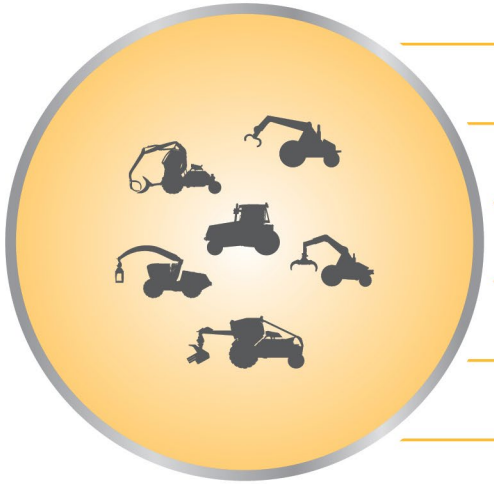
MATERIAL-HANDLING DISTRIBUTOR



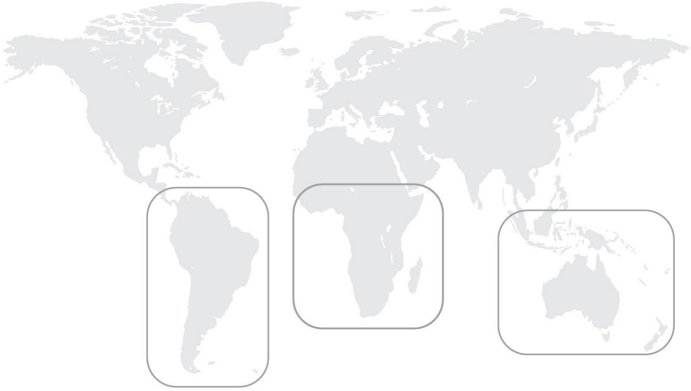
- Full line solutions
- High performance and reliability
- Low operating costs
- Meeting customers' equipment needs
- Innovative products
- Specialised manufacturers
- Premium like-minded partners
- Diversified industries

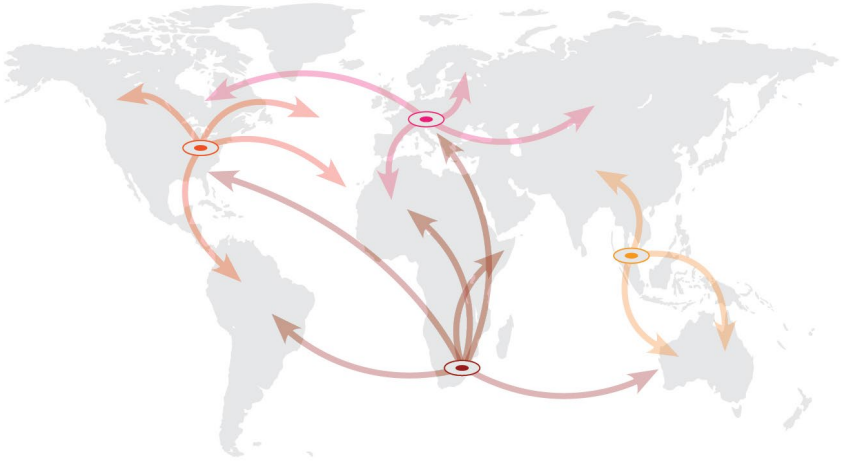


AGRICULTURE & FORESTRY SOLUTIONS PROVIDER



- Maximum availability and utilisation
- Robust for harsh African conditions
- Loading and haulage solutions
- Designed for ease of operation
- Purpose-built machines
- Low to medium volume operations
- First stage mechanisation
- Lowest cost per tonne



AFTERMARKET SUPPORT

- Bell Parts
- Bell Maintenance Contracts
- Bell Finance
- Bell ReMan
- Bell Lubricants
- Bell Fleetm@tic®
- Bell Pre Owned Equipment
- Bell Extended Warranty