



BELL EQUIPMENT Ltd

Business Review

November 2006





Presentation

- **Products and Markets**
- **Revenue per Region**
- **RSA Market Performance**
- **Business Model Change**
- **BELL Strategy**
- **Financial Results**
- **Business Forecast**
- **Discussion**



New Business Model

BELL/Deere Integration

**ADT – USA Manufacture
Loss making Contract
terminated**



**TLB – RSA Manufacture
Substantial Cost Reduction
US\$ Cost Base**



**FEL – RSA Assembly
Expanded Range 9 Models
US\$ Cost Base**





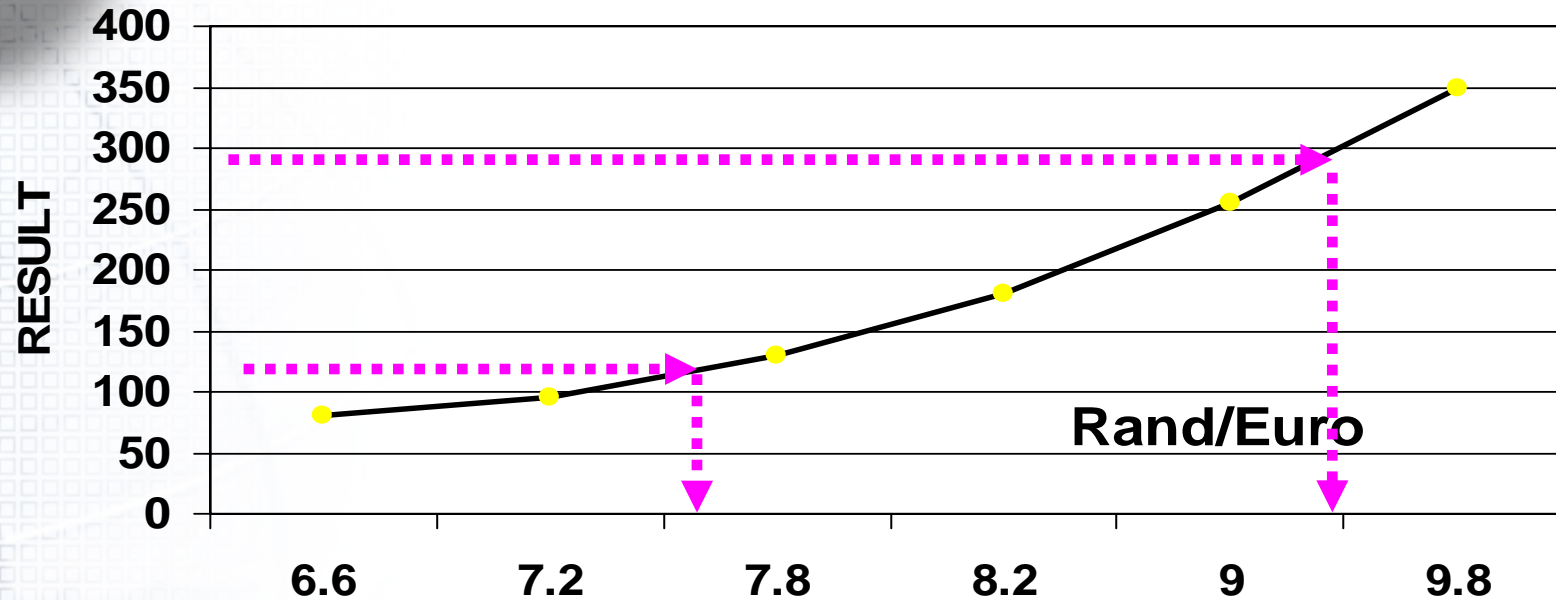
Improved Profitability

From:

- New Business Model
- Lower Operating Costs
- Reduced Warranty Costs
- Product Cost Focus
- Currency Impact



Exchange Rate - Sensitivity - Unaudited



25 Competitors in local Market

All Imported

Cost Base = US\$ / Euro € /

Yen

Exports approximately 50%

Rand conversion benefits



Strategic Priorities 2006/7





FOCUS

OUR CUSTOMERS

- GROW OUR BUSINESS
 - **Service Excellence**
 - **Quality Products**
 - **Competitive Products**
 - **Lifetime Revenue Stream**



Lifetime Revenue Stream

- Service work
- Parts
- Service Exchange
- Rebuild
- Used Machines 2nd and 3rd Life
- Fleetm@tic

And more



Financial Results

YTD September 2006



Result YTD Sep 2006 - Unaudited

R'000

Sales

Operating profit

Profit after tax

EPS - (cents) (annualised)

Net asset value per share - (cents)

% return on shareholders funds (annualised)

RONA % (annualised)

Sept 06

Dec 05

2,604,421 3,209,233

268,046 47,279

187,442 -8,196

264 -9

972 738

31% -1%

28% 4%



Income Statement Sep 2006 - Unaudited

INCOME STATEMENT	Actual Sept 06	Actual Dec 05
R'000		
Sales	2,604,421	3,209,233
Cost of Sales	2,051,787	2,701,658
Gross Profit	552,634	507,575
G P %	21%	16%
Other Income	85,484	92,615
Total Income	638,118	600,190
Total expenses	370,072	552,911
Depreciation	26,772	31,566
Salaries and wages	371,074	417,379
Increase in warranty provision	2,802	16,212
Warranty	59,395	111,115
Manufacturing and services labour and overhead recovered	(288,865)	(281,394)
General	198,894	258,033
Profit before finance charges and tax	268,046	47,279
Net finance (income) costs	(1,415)	43,459
Net interest paid	16,797	22,404
Net foreign currency (gains)/losses	(18,212)	21,055
Profit before tax	269,461	3,820
Tax	82,019	12,016
Profit (loss) after tax	187,442	(8,196)



Balance Sheet Sep 2006 - Unaudited

BALANCE SHEET R'000			Actual Sept 06	Actual Dec 05
ASSETS				
Non - current assets				
Property, plant and equipment			328,624	237,394
Investments			33,567	36,537
Long term receivables			7,482	14,348
Total non - current assets			369,673	288,279
Current assets			1,640,989	1,345,842
Current portion of long term receivables			14,588	12,128
Inventory			1,111,986	928,838
Trade receivables			442,520	288,048
Other receivables			53,202	73,764
Prepayments			12,135	7,732
Cash resources			5,677	33,138
Taxation			881	2,194
TOTAL ASSETS			2,010,662	1,634,121



Balance Sheet Sep 2006 (cont) - Unaudited

EQUITY AND LIABILITIES	Actual	Actual
Capital and reserves	Sept 06	Dec 05
Stated capital	225,946	225,946
Non - distributable reserves	71,043	36,921
Retained earnings	624,164	436,391
Total capital and reserves	921,153	699,258
Non - current liabilities	156,034	81,916
Long - term borrowings	2,981	4,755
Repurchase obligations and deferred leasing income	140,963	69,176
Long - term warranty provision	10,879	9,024
Long - term provision for residual value risk	752	2,525
Lease escalation	3,541	3,922
Deferred taxation	(3,082)	(7,486)
Current liabilities	933,475	852,947
Trade payables	180,183	172,948
Other payables	382,332	218,722
Current portion of long - term warranty provision	73,313	59,035
Current portion of provision for residual value risk	5,161	5,602
Current portion of long - term borrowings	2,705	2,731
Current portion of repurchase obligations and deferred leasing income	21,107	8,639
Taxation	58,757	0
Short - term interest bearing debt	209,917	385,270
TOTAL EQUITY AND LIABILITIES	2,010,662	1,634,121



Next 12 Months

- Growth in all Major markets (except US)
- Margins expected to Improve further
- Investment in Additional Capacity 2007
- Expanded Product Range
- Quality Improvements
- Lower Warranty Costs
- Inventory Reductions
- Forecast Revenue up 18-20%