Thank you Mr Chairman, and good morning to everyone attending.

I will provide an overview of the Bell Group, an overview of the 2019 financial year, and then give an update on the 2020 year as requested.

Overview of the Group.

We are a leading global manufacturer, distributor, and exporter of a wide range of heavy equipment for the construction, mining, quarrying, sugar, forestry and waste handling industries worldwide.

The Articulated Dump Truck is the group's core OEM product and we are acknowledged globally as an ADT specialist for our ongoing innovations and the class leading performance. Machines are marketed, distributed and supported, both locally and internationally, through a wide network of branches and independent dealers.

With a common thread of providing solutions for customers who require material handling machinery, our business model is clearly defined as a Global ADT OEM, a Southern African full range material handling distributor, a Cost effective agriculture and forestry solutions provider, and finally a provider of premium aftermarket support.

Currently on our E-series generation of trucks, we are recognised as a world leader and innovator for the ground-breaking technological advancements that we have pioneered over the past three decades to improve safety, productivity and machine efficiencies. Our strategy is to focus on manufacturing efficiencies and to ensure world class quality and durability across the range.

As we own our distribution network in South Africa, there has been a dedicated focus on building the product range in this region to offer customers a full range of equipment solutions across all industries. This has largely been achieved through strategic partnerships with like-minded OEMs that are leaders in their respective fields.

These partnerships enable us to meaningfully augment our own manufactured products, thereby providing the full spectrum of equipment for mining, quarrying, construction, roads and rehabilitation as well as the government and waste management sectors. The strategy going forward is to consolidate these product ranges to improve the group's ability to stock and support machines that are popular in the market.

Distribution of our own as well as the strategic alliance products takes place through Bell Customer Service Centres in South Africa, Zambia, Zimbabwe, Swaziland and Namibia and through dealer owned operations elsewhere in southern Africa. Whether Bell owned or dealer managed service centres, the focus is always on understanding applications, and customer expectations, to provide the right combination of equipment.

The independent dealer model has proven to be the most effective model in global markets where we distribute only the ADT, mainly due to the wider product offering and shared resources of independent dealers. This ensures that our customers receive the level of service and support that they expect.

Dealers are part of the extended Bell family and are supported by strategically placed, locally staffed Bell owned operations and a network of logistics centres that are ideally positioned to provide quick and efficient parts supply, across the globe. We continue to invest in these support structures.

Now for an overview of our 2019 financial year.

2019 was a tale of two worlds for our Group, where respectable results and much optimism at mid-year were followed by extremely tough global trading conditions, reduced margins and a number of extraordinary expenses during the second half of the year.

Tough market conditions and lower than forecast sales resulted in excess inventory and consequently higher than planned borrowings and interest costs in 2019. Revenue increased by a modest 4% to R7,8 billion from R7,5 billion in 2018. Profit after tax reduced from R276,4 million in 2018 to just R61,0 million for 2019, following profit after tax reported for the 2019 half year of R152,3 million.

Markets contracted in the second half of 2019, the pressure on sales margins increased, and a number of significant once off costs, particularly the very substantial non-cash IFRS2 share based payment charges of R82,3 million and related professional services charges of approximately R10 million, on the BEE transaction concluded in December 2019, were incurred in the second half of the year.

Headline earnings reduced from two-hundred-and-seventy-eight (278) cents per share in 2018 to 80 cents per share in 2019.

As explained, due to lower than expected sales, inventory remained at higher than planned levels at 242 days at the end of 2019. The area hardest hit with excess inventory was BESSA, where the construction, road building, mining, and agriculture sectors in South Africa performed at an even lower level than the modest level forecast. This meant that sales targets were not met and that the group ended 2019 with far higher inventory levels in South Africa than planned.

Trade receivables ended 2019 at 42 days, the same as at the end of 2018. Interest-bearing receivables increased with an increase in finance leases and instalment sale agreements with customers, to assist them with funding the purchase of machines from the group. The group retains ownership of machines until they are fully paid for. The security in the value of the underlying financed equipment is a key consideration in the extension and management of credit risk.

Customers in the tough construction and mining industries in South Africa are operating in increasingly difficult circumstances and many are experiencing cash flow challenges. This impacted on the timely collection of receivables. Despite this, bad debts remain low and although amounts due to the group are taking longer to collect, receivables are usually recovered in full.

In South Africa, we managed to grow our share of a smaller market during the first half of the year due to several of our new partner product lines gaining good market acceptance. However, by the third quarter a shift in market funding requirements made it increasingly difficult to remain competitive and resulted in us not achieving the same gains as earlier in the year. We continue to work on plans to provide our customers with funding solutions.

Business and investor confidence continued to decline in the face of uncertainty regarding property rights, mining rights and the sustainability of state-owned enterprises. Actions taken in the 3rd quarter of 2019 to reduce factory production to deal with high levels of inventory and borrowings, and in response to weakening market conditions, also impacted the 2019 results and this will continue into 2020. We have however made meaningful progress in bringing down inventory and gearing subsequent to year end, and will talk more about this later on.

Australia and New Zealand showed good growth in 2019, stimulated by infrastructure development in those countries while a stronger demand for commodities in Indonesia impacted favourably on the uptake of product in the SEA and Oceanic region.

The South AMERICAN market remains relatively small and challenging but there was an overall increase in the total market and we increased our presence in the region.

Bell has a strong dealer network in the US that covers over 70% of that country's ADT sales market. A strategic objective is to cover 90% of the country by appointing additional dealers in targeted regions. We have redeployed resources to Canada and the USA as we continue to develop these markets.

Although our major markets of North America and Europe benefited from another good year in 2019, a slowdown became apparent late in the year due to Brexit and the China trade wars.

Throughout 2019 we continued to face difficulties on the back of our E-series large truck implementation, due to unforeseen challenges with component parts and higher than anticipated warranty costs. We are comfortable that we are resolving these issues along with our suppliers.

During the third quarter of 2019 we commenced production of our Mark 3 E-series ADTs, which are fitted with the relevant Stage 5 emissions regulated engines for the European markets. Included in this global upgrade are new features and technologies to improve safety and fuel economy, thereby keeping Bell at the forefront in these critical areas. We now anticipate a relatively stable path forward from a product perspective with the majority of emission projects behind us.

Furthermore, the favourable market acceptance of our range of Kobelco excavators has ensured that we are better positioned to provide customers with a full load and haul package, and we have seen growing interest from the Southern African mining sector in our large Kobelco excavators, which are well matched to our B45, B50 and B60 ADT units.

The acquisition of Matriarch Equipment in 2018 has enabled the sharing of the manufacturing load and engineering skills for increased machine throughput of Matriarch and other low volume products. Together with the market acceptance of our Kobelco excavators in the forestry industry, it has also given impetus to forestry industry sales.

Following the expansion of the group's European Logistics Centre (ELC) in Germany in 2017 at a cost of Euro 6 million, the long-term project to expand our Eisenach-Kindel facility in Germany was completed in the latter half of 2019 at a cost of 13 million Euros. This project accommodates the fabrication of ADT components for the northern hemisphere, thereby evolving Bell from a global supplier to a global supplier and manufacturer.

Both the German facility property acquisitions & developments are in line with the group's strategy to own strategic long-term manufacturing and support operations. The investments are a progression of our sustainable growth strategy to bring the ADT production closer to our suppliers and customers in the major markets, while driving improved flexibility and reduced operational, product and product support costs.

The American Logistics Centre (ALC), which was commissioned over a year ago to support our growing American machine population with parts, is proving to be a valuable addition to our business, both the USA and Canadian distribution companies, various dealers and our customers, and has capacity to support growth in these markets.

The group continues to evaluate ways in which to improve sustainability and believes that continuous improvement across all aspects of the business is key. For this reason, adequate investment has been allocated to production-orientated equipment and maintenance at our South African and German manufacturing operations to ensure ongoing sustainability.

Total Research and Development increased by 9,7% to R88,7m in the current year, and includes amongst others the clean sheet design of our new tracked carrier units, a niche solution for select export markets, and the development of a system of small timber units under the Matriarch brand. Internet of Things and the Fourth Industrial Revolution are areas receiving more focus going forward as the group understands that there is significant scope to grow the business with better adoption of these technologies.

At the end of 2019, we successfully concluded a BBBEE transaction, which took effect on 1 January 2020. Through this transaction our South African manufacturing subsidiary, BECSA, has been empowered and the South African sales and distribution subsidiary, BESSA, has been further empowered following a transaction in April 2017. Current Bell executives, the Bell Foundation and the group's long term BBBEE partners, Sibi Capital, participate in the structures that position our South African operations very favourably in terms of Government's programme of historical redress.

BECSA and BESSA are now 51% black owned, which improves the BEE scorecards of both entities and positions the Group more competitively in the local market. BECSA, which is estimated to achieve a Level 2 BEE recognition, will benefit from continued access to the Automotive Production and Development Programme (APDP), the ability to increase manufacturing throughput and encourage the drive for greater industrialisation.

The transformation is advantageous to Bell customers as BESSA is now a 51% black owned and 30% black women owned entity, with an estimated Level 1 BEE recognition, allowing customers to maximise the benefit of their procurement spend from BESSA.

An improved BEE level, coupled with local manufacturing, is aligned with the goals of the 2018 Mining Charter and SANRAL's transformation goals. This transaction reflects the group's commitment to South Africa and optimally positions the Bell entities to continue to deliver our premium product range and comprehensive support for the benefit of our local customers.

Respect for the environment is important to our sustainability and during 2019 the group initiated several projects aimed at lessening our environmental footprint in terms of water and power usage as well as waste to landfill.

We still have some way to go to deliver on our objective of providing meaningful financial returns to shareholders through the business cycle. Return on Invested Capital for the year was only 1,7%, but as explained our results were severely impacted by a number of large once-off charges and excess investment in inventory. It should also be noted that invested capital and the resultant gearing were disproportionately increased with the major capital investments made in Germany over the last few years, the operating returns on which will only be enjoyed in years to come, as well as the investment in excess inventory due to our extended global supply chain not being able to respond quickly enough to a further decline in sales volumes in the second half of 2019 as explained.

In order to ensure executives are incentivized to drive long term shareholder value creation, amendments have been made to the executive phantom share incentive scheme during the year under review. 50% of the zero strike awards is now subject to an ROIC performance condition. The ROIC performance condition is based on achieving and maintaining annual operational returns in excess of the group's average cost of capital, plus a margin, over the vesting period. If this hurdle is not met, there is no payout on this portion of the incentive.

<u>I will now deal with the 2020 year so far:</u>

The year did not start well at all, with a portion of the main administration building in Richards Bay that was destroyed by fire, caused by an electrical fault, on 5 January 2020. It has necessitated the temporary relocation of the Marketing, Strategic Sourcing and Supplier Quality departments to available offices on site.

The building will be rebuilt to its original state, however in light of the lockdown as a result of the COVID-19 pandemic, the work on this project will be delayed. All documentation was backed up on servers and in the cloud, which ensured that business could resume as normal when employees returned after the annual shutdown in early January.

After a stringent design and testing phase, we showcased a new machine, the Bell tracked carrier, at ConExpo in Las Vegas in March 2020, which was well received. The machine, geared for short hauls in extremely poor underfoot conditions, is designed to provide a niche solution to the USA pipelaying industry. Start of production is planned for quarter 4 in 2020.

This was all overshadowed by the impact of the global outbreak of the COVID-19 pandemic in the 1^{st} quarter of the year.

The nationwide lockdown implemented by the South African government to contain the COVID-19 pandemic, and the subsequent gradual phasing out approach of the lockdown based on five phases, has significantly impacted the group's operations. These and the less severe restrictions imposed in other countries in which the group operate and trade, had a significant impact on trading in the month of April 2020, but we have seen a gradual recovery of sales since May 2020, with pleasing sales performance in June and July so far considering the market conditions. An extraordinary effort from the team and the executive, limited the impact of Covid-19.

Measures were implemented by the group prior to the South African lockdown to prevent and minimise potential infections and transmissions of the virus within our operations globally. The group's employees received and continue to receive ongoing education and communication on the COVID-19 pandemic and the appropriate preventative measures to be taken. The current economic challenges arising from COVID-19 across the world, are unprecedented and have resulted in uncertainty and reduced demand across all our key markets.

South Africa has been particularly hard hit as the lockdown and ongoing restrictions coincided with further downgrades by both Moody’s and Fitch in 2020, to align with the Standard & Poor’s downgrade in prior years.

The combination of these factors has meant that our sales and production plans have been reduced across the group. Significant short term decisions have therefore been taken by the group to mitigate some of the impact of the virus and the uncertainty that currently exists.

These include the undesirable but unavoidable step of implementing a 20% short time across the global operations, that started in May 2020 for a three-month period. The group executive committee took a 25% salary reduction for the corresponding period and the non-executive directors of the Bell Equipment Limited board have taken a 30% reduction in their directors meeting fees for a six month period.

In addition to these measures, and in order to deal with the reduction in demand, action has been taken to delay capex, and halt any unnecessary expenses. Actions to reduce factory production to deal with high levels of inventory and borrowings, and in response to weakening market conditions will continue to receive our focus and will also impact the results in the current year. Although steps have been taken to reduce costs during the period, a key management focus remains the restructure of operations to reduce the cost base and improve operating margins.

Product margin in various territories will also continue to face pressure as the market gets smaller. We anticipate another difficult year in 2020 characterised by ongoing uncertainty in the major markets. Commodities are also expected to face pressure due to a slowdown in demand brought on by the COVID-19 pandemic. In this regard we issued a trading update earlier today as the expected results for the 6 months period ended 30 June 2020 will differ by more than 20% compared with the financial results for the previous corresponding period.

Shareholders were advised that the group's earnings per share and headline earnings per share are expected to be at least 80% lower for the 6 month ended 30 June 2020 when compared to the EPS and HEPS of 165 cents and 164 cents respectively for the 6 month period ended 30 June 2019. The expected decrease in earnings is mainly due to:

- Production and Sales interruptions globally during government enforced lockdowns.
- A slow-down in market demand and strong pricing competition in the markets in which the group is active, especially in South Africa

A further trading statement will be released on SENS once the group has reasonable certainty regarding the extent of the expected decrease in its results for the 6 month period ended 30 June 2020.

However, and very encouragingly, the group has produced a marked reduction in its physical inventory holding and gearing% during the 6 month period ended 30 June 2020, compared to the 31 Dec 2019 year end. The group generated pleasing positive cashflow during the 6 month period, and gearing% has been brought down to under 40%, compared to the 54% as at the end of 2019. We expect this positive trend to continue as we bring the inventory in line with our targeted levels.

We are aiming to achieve inventory days of about 210 to 220 at year end, which is higher than what we initially forecast due to us having received large orders for major infrastructure projects in the UK, for delivery early in 2021.

We concur with comments from certain shareholders that although they are pleased to see that gearing and working capital levels are now addressed in the LT incentive scheme with the introduction of a ROIC hurdle, that the STI scheme also needs to include such targets. I confirm that we have agreed to add specific KPI's on working capital and balance sheet efficiency targets to the STI performance measures for the current financial year.

There have however been significant changes in global markets and trading conditions in 2020 and both schemes will be comprehensively reviewed before the 2020 year end. This review will include a revision to the group's forecast financial results and the re-alignment of the schemes to these financial targets. We undertake to disclose any changes to the schemes, together with further details on changes to financial targets and related scheme measures, in the group's 2020 integrated annual report.

Looking forward and addressing the concerns of acceptable financial returns being generated, I am confident that the investments we have made and the strategies adopted will see us moving closer towards delivering meaningful financial returns to shareholders over the next few years. We will enjoy a more stable ADT product going forward, and our results should not be impacted by the significant once off costs experienced in 2019. As mentioned, a key management focus remains the restructure of operations to reduce the cost base and improve operating margins, in line with the reduced global demand outlook. We will also focus on expanding our online product offering and the introduction of new products as mentioned. Our investment in assets will be reduced by the normalizing of inventory holding, and further product model consolidation, as well as efficiency improvements in the supply chain.

As the most significant local manufacturer of yellow goods in South Africa, and a significant employer, we continue to lobby government with regards to levelling the playing field between ourselves and our major foreign competitors. Our competitors are significantly larger offshore multinationals which enjoy a number of associated benefits that make it harder for us to compete with them.

Construction and mining are tipped as the key players to realising the projected economic growth in South Africa. Pledges made at the President's 2019 Investment Summit suggest investment in infrastructure is on the cards. However, a steady flow of projects is needed in the medium to long term to drive meaningful recovery, investment and equipment purchases in South Africa. This seems unlikely due to a lack of clear, decisive leadership by Government, the increased cost of doing business due to ongoing power cuts by Eskom and the diminishing attractiveness of South African commodities.

There continues to be many external factors that could impact both our global and local businesses. While our order book remains relatively strong, albeit at lower levels than experienced in the prior year, we recognise the 2nd round risks that the Covid-19 pandemic may have on business globally. South Africa continues to experience negative economic growth and this is impacting our business locally. We are monitoring this closely and are confident that we have a resilient team coupled with a strategy that will assist us in overcoming any challenges and capitalising on any opportunities 2020 may bring.

On behalf of the board we would like to thank our extended family of customers and dealers around the world who continue to show confidence in our products and entrust us with the ongoing support of their Bell machines, and also the executive management and our global team for being fully committed and living our 1-BELL principles, of Customers, Teamwork, Quality, Efficiency and Safety, and going the extra mile to build on the Bell legacy.

We are also grateful to all of our stakeholders for their continued support and confidence in the group.

Thank you very much Mr Chairman