



BELL

**STRONG RELIABLE MACHINES
STRONG RELIABLE SUPPORT**

2021

**RESULTS FOR THE YEAR
ENDED 31 DECEMBER 2021**

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Operational update

Financial results

Looking ahead

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4 DEFINED AREAS OF OPERATION



Global ADT specialist
and innovation
pioneer

1

2

Southern Africa's
full range material
handling distributor



Cost-effective
agriculture and forestry
solutions provider

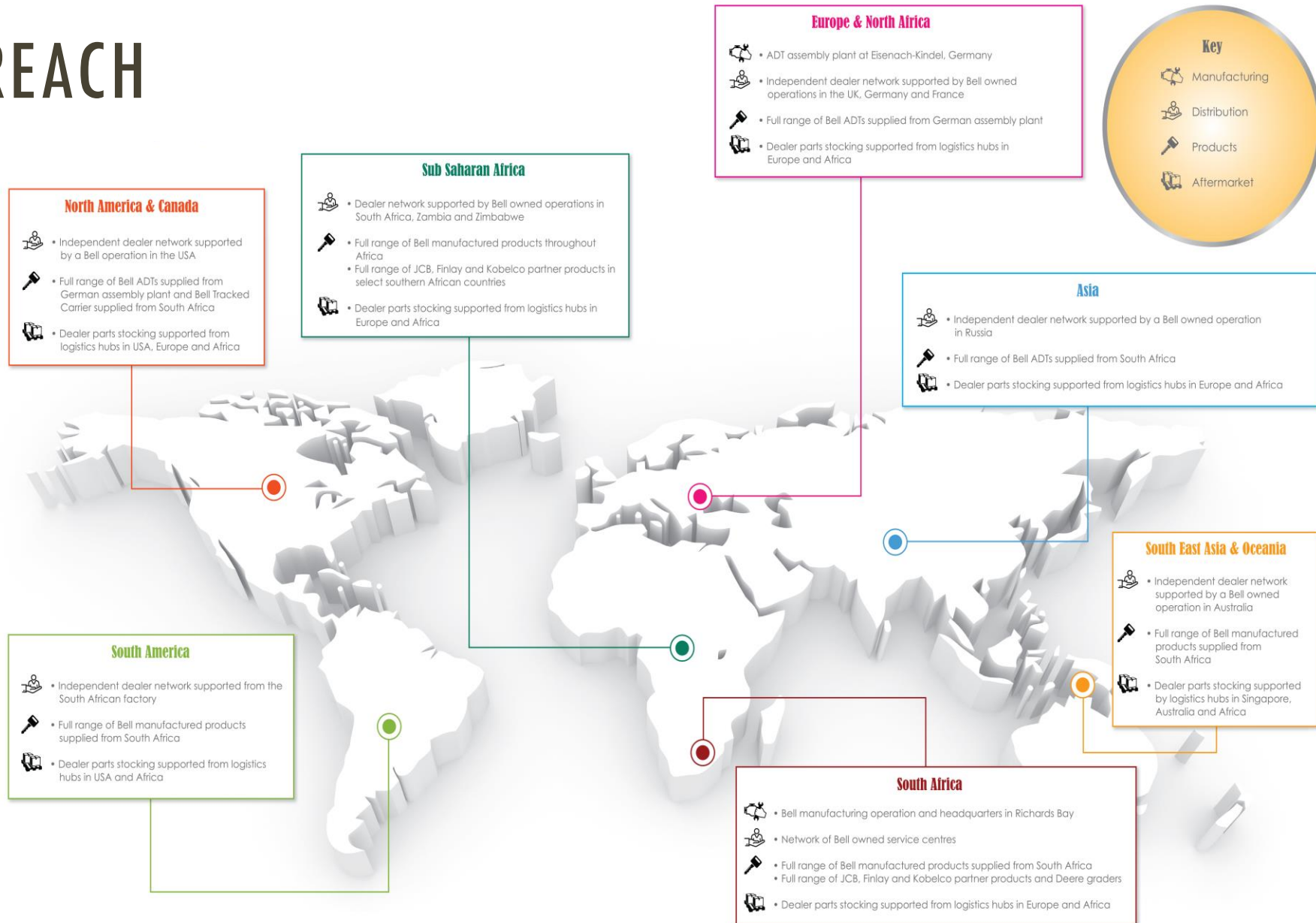
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4

Provider of
aftermarket
services



GLOBAL REACH



OEM — MANUFACTURING, ASSEMBLY, LOGISTICS & DEALER SALES OPERATIONS, SOUTH AFRICA

Achievements and realities of the year-end 2021:

- External South African Dealer Sales increased by 45,3% from prior year and now represents 19,4% of Group Sales (16,0% prior year) in line with a pleasing recovery
- Production rate increased to level closer to pre-Covid-19, supported by a recovery in demand based on commodity prices
- A modest operating profit of R8,6m is a turnaround from an operating loss of R64,8m in the prior year, following margin pressure in later part of year due to increased raw material and component costs
- Supply chain challenges and logistics issues were well managed
- Despite having to close operations during civil unrest, product manufacturing quality and volumes showed good results
- Several new products were introduced to the market
- Pleasing increase in sales volumes to the Australasian market
- Dealer network expanded and migration to independent dealer model proving beneficial
- Significant reduction in overall operating inventory and borrowings achieved during year
- New product development on track
- Manufacturing entity 51% black owned which is hugely beneficial

Outlook / expectations:

- Optimistic that momentum experienced at the start of the year will continue, especially in light of improved commodity prices
- Global markets expecting to restock in 2022
- Component shortages, increased lead times and price increases due to high global demand and more recently the invasion of Ukraine have put the supply chain under even more pressure
- Quality, efficiencies (lean manufacturing) and expense reduction continue to be key focus
- Continued investment in new IP generation

OEM — MANUFACTURING, ASSEMBLY, LOGISTICS & DEALER SALES OPERATIONS, EUROPE

Achievements and realities of the year-end 2021:

- External sales from the OEM operations in Europe improved by 32,6% and accounts for 38,4% of Group Sales
- Production rate increases are due to higher Northern Hemisphere demand for equipment driven by large infrastructure projects
- In the UK Bell recorded revenue of over R1bn for the first time supported by large orders
- Operating profit improved to a positive R157,6m compared to the prior year loss of R74,0m
- North American and European markets rebounded well with increased orders placed towards end of financial period
- Production in Europe improved lead times, efficiency in freight and working capital cycles and costs, and provided for greater flexibility and improved response times to dealers and customers
- High operating inventory, particularly finished goods, worked down
- 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
- Component shortages, increased lead times and price increases due to high global demand and more recently, the invasion of Ukraine have put the supply chain under even more pressure
- Russian business on hold due to the Ukraine conflict

DIRECT SALES — SOUTH AFRICA

Achievements and realities of the year-end 2021:

- Sales improved by only 2,3% from prior year and makes up 38% of Group Sales
- Operating profit reduced to R94,0m compared to R125,7m for the prior year due to weak market conditions
- Policy uncertainty and low economic growth impacted buying decisions and increased requirement for customer funding solutions
- Mining stable, with some optimism in coal, while construction and road building sectors remain exceptionally weak
- Overall reduction in inventory
- Successful JCB construction equipment distribution introduction - JCB product is proving to be a good fit and invigorated the offering to the South African market
- South African sales entity 51% black owned, 30% black woman owned with Level 1 B-BBEE score achieved, maximising benefit for customers

Outlook / expectations:

- Optimistic that momentum experienced at the start of the year will continue, especially in light of improved commodity prices
- 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

DIRECT SALES — REST OF AFRICA

Achievements and realities of the year-end 2021:

- Sales improved by 4,8% compared to the prior year and represent 4,2% of Group Sales
- Operating profit improved to R27,1m (adjusted) compared to an operating loss of R17,8m in the prior year
- Most African countries are showing slightly 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

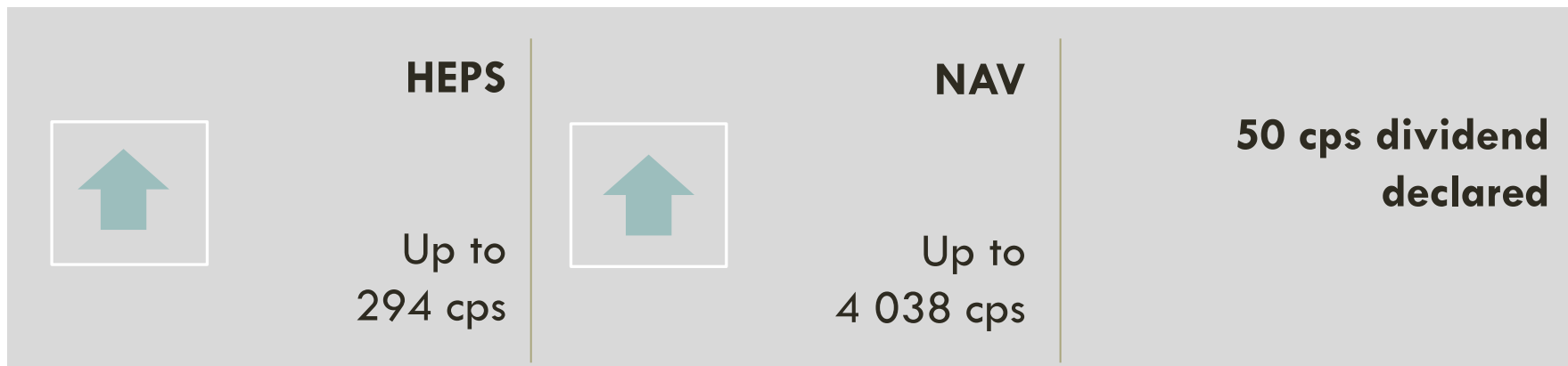
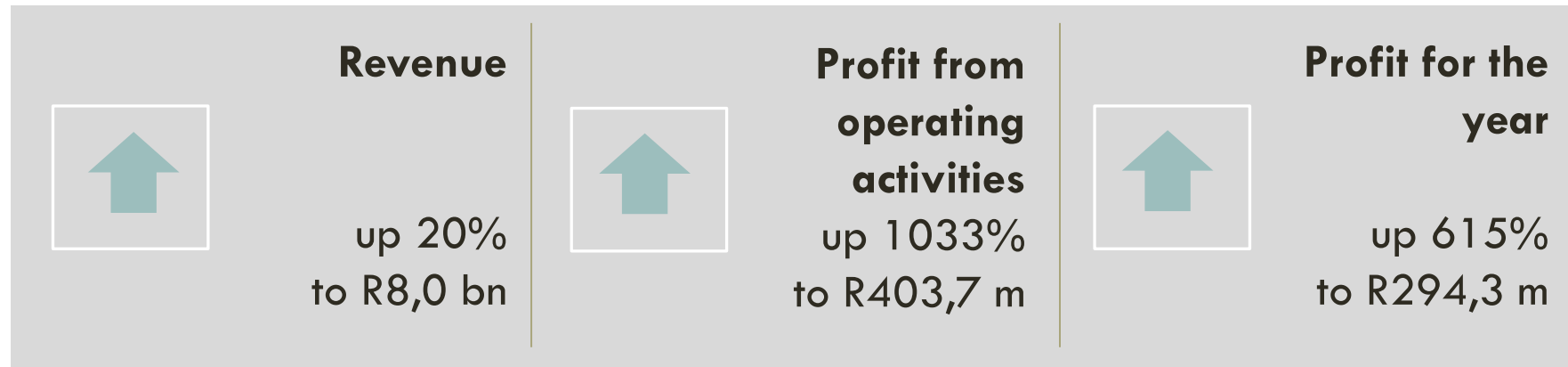
Outlook / expectations:

- 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

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FINANCIAL RESULTS

SALIENT FEATURES — DEC 2021 vs DEC 2020

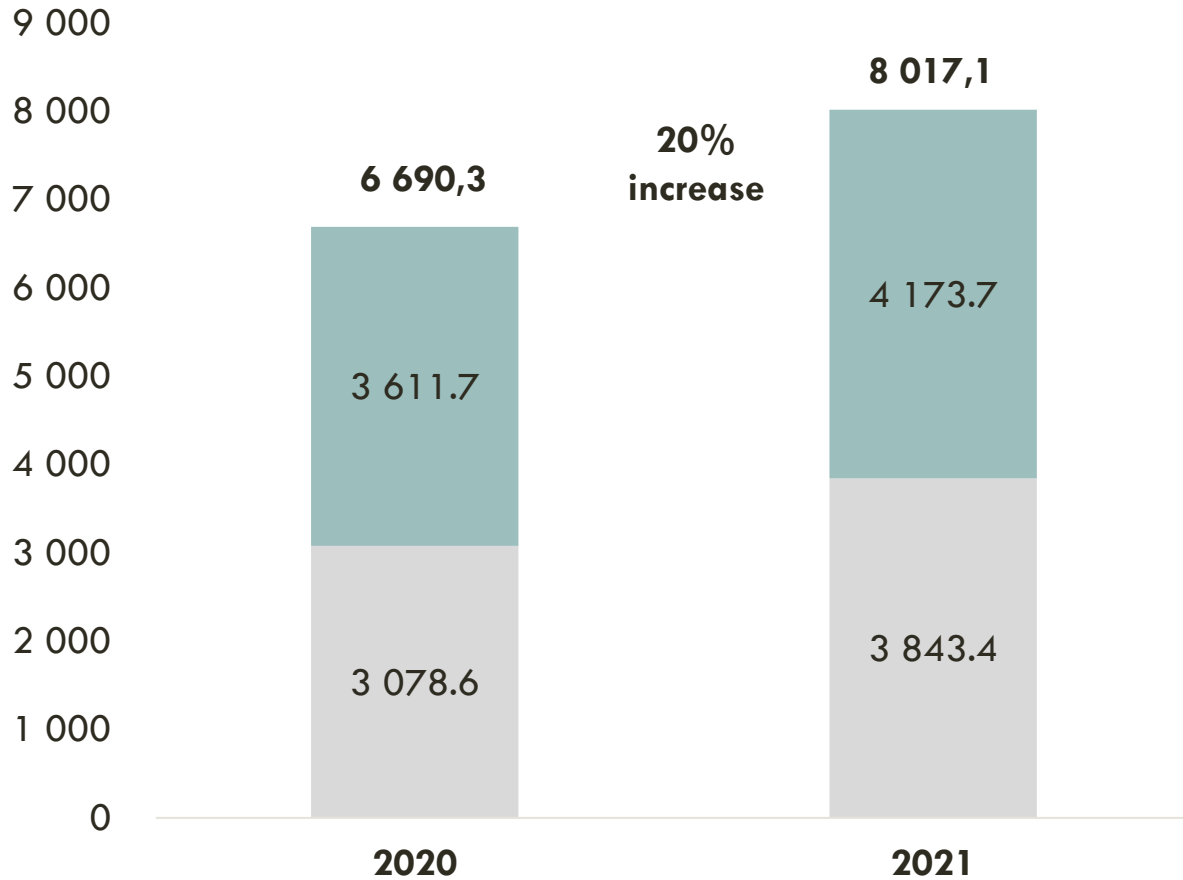


- Higher demand drove a recovery in sales and higher production volumes, improving the recovery of labour and overhead and the bottom line.
- Margins under pressure in second half of year due to rising input costs.

REVENUE & OPERATING PROFIT

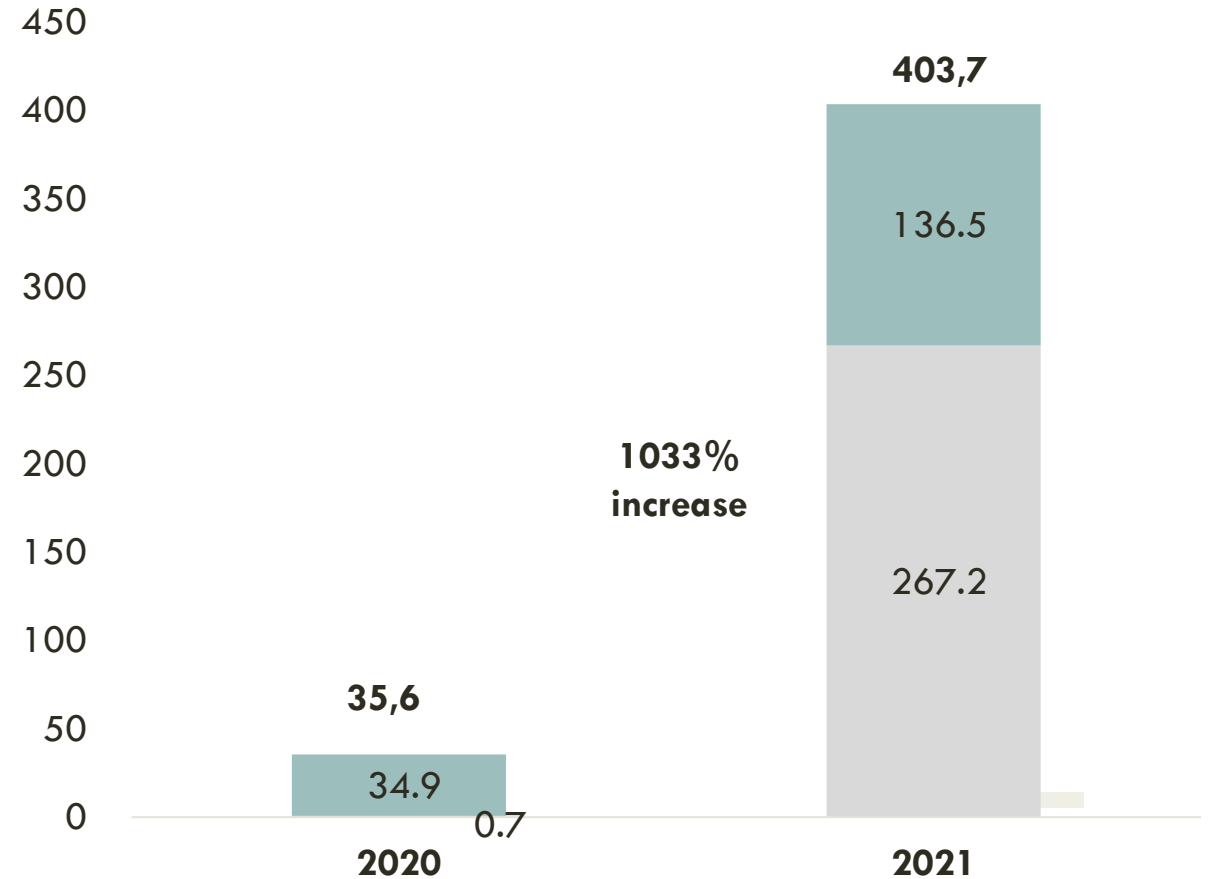
Revenue (R'm)

■ HY1 ■ HY2

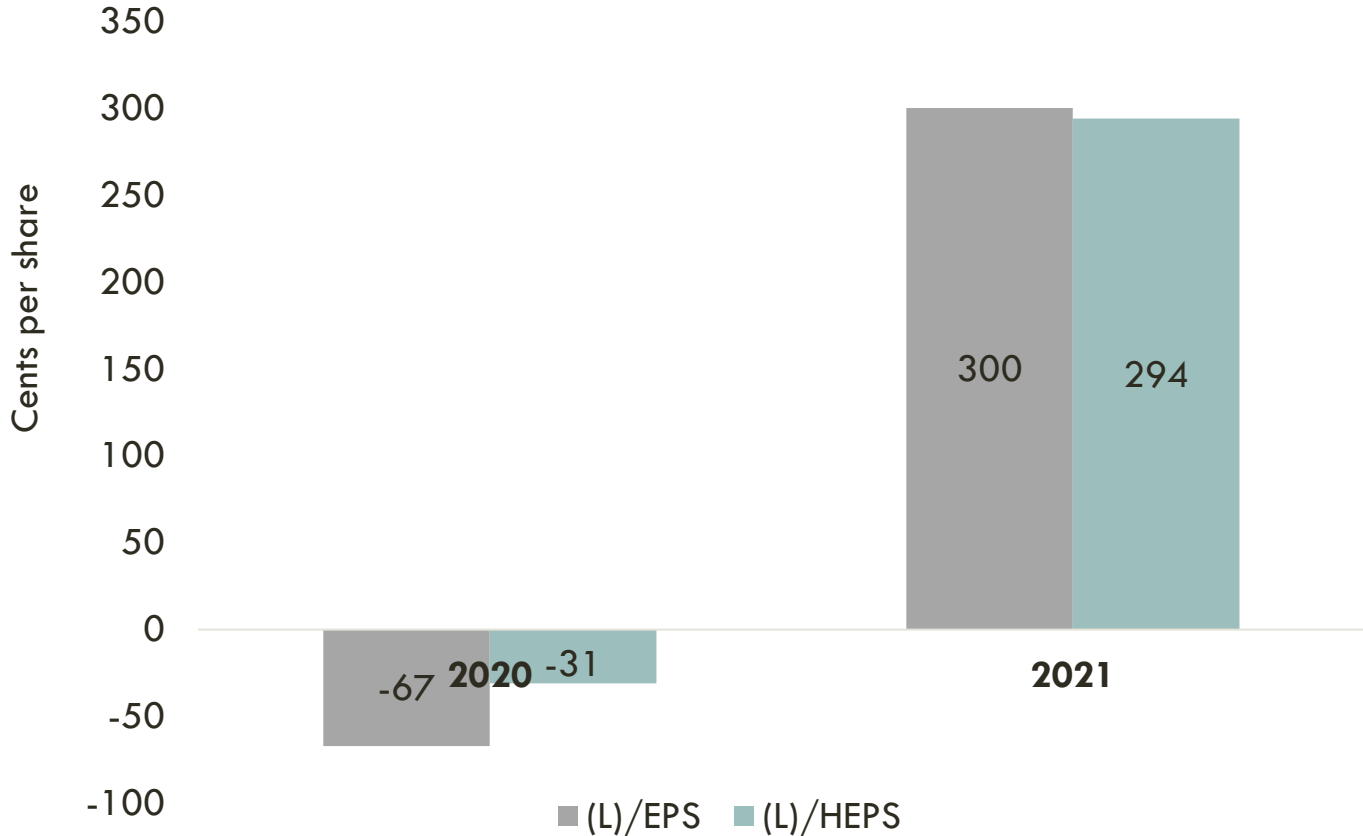


Profit from operating activities (R'm)

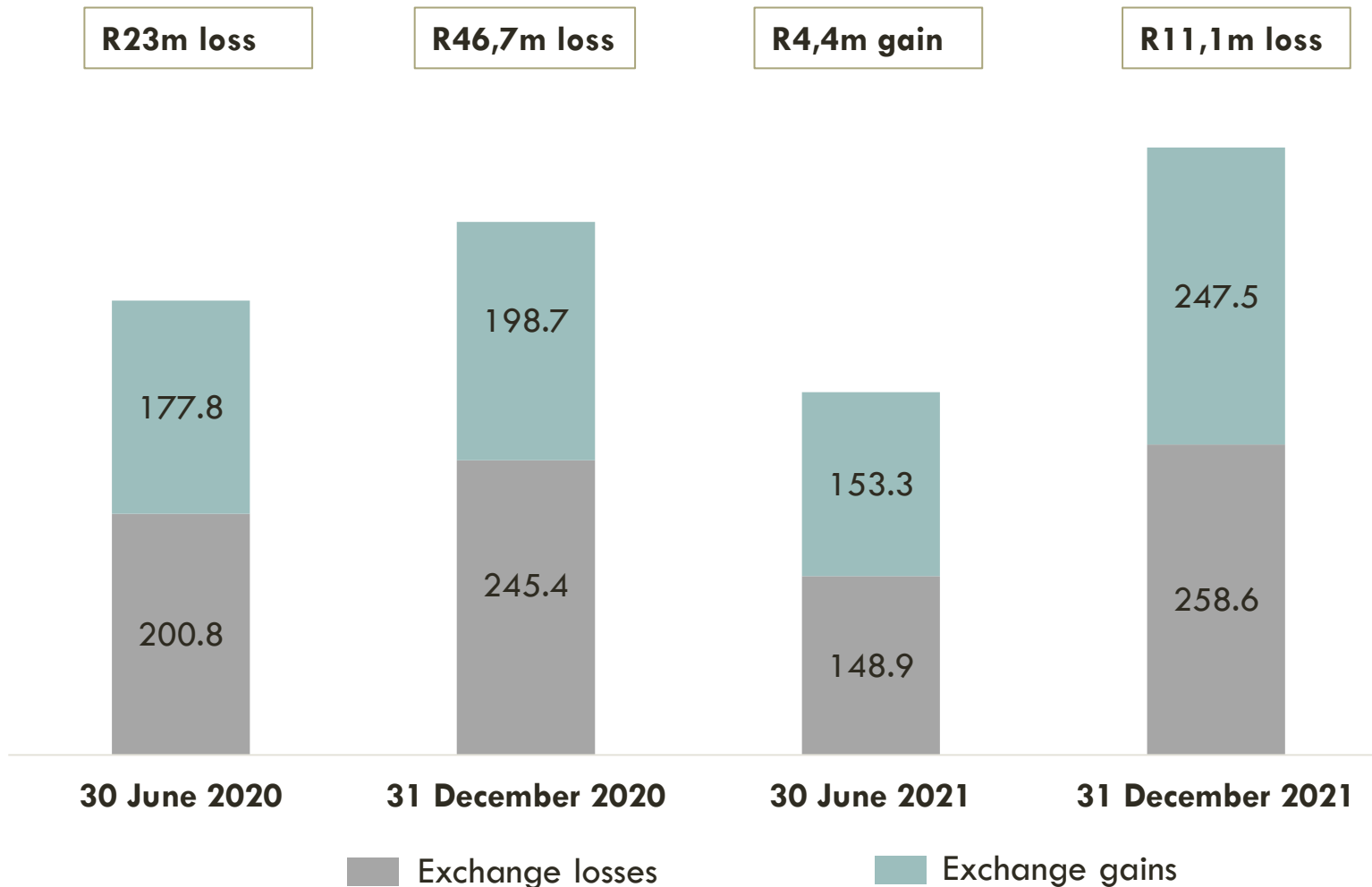
■ HY1 ■ HY2



EPS vs HEPS



EXCHANGE GAINS/(LOSSES)



- Net exchange losses at Richards Bay factory on import payments and revaluation of foreign payables due to currency volatility. These losses marginally exceeded gains on foreign currency receivables.

BALANCE SHEET - ASSETS

R'm	Audited 31 Dec 2021	Audited 31 Dec 2020	% change
Non-current assets	1 792,9	1 845,7	(3)
Property, plant and equipment	919,0	935,2	
Right-of-use assets	251,0	287,4	
Intangible assets	282,2	277,7	
Investments	58,7	33,6	
Interest-bearing receivables and contract assets	50,4	90,6	
Deferred taxation	231,6	221,2	
Current assets	5 131,1	4 794,2	7
Inventory	3 624,5	3 595,2	
Trade and other receivables	1 023,1	884,1	
Interest-bearing receivables and contract assets	218,3	147,1	48
Other assets	78,6	33,0	
Current taxation assets	30,3	52,1	
Cash and bank balances	156,3	82,7	
Total assets	6 924,0	6 639,9	4

- Inventory reduced from 240 to 204 days.
- Receivables days steady at 47 vs 48 days.

BALANCE SHEET - EQUITY & LIABILITIES

R'm	Audited 31 Dec 2021	Audited 31 Dec 2020	% change
Capital and reserves	3 861,7	3 503,8	10
Non-current liabilities	681,4	759,3	(10)
Current liabilities	2 380,9	2 376,8	
Trade and other payables	1 215,3	933,0	
Interest-bearing liabilities	202,8	547,4	(63)
Lease liabilities	42,8	49,7	
Contract liabilities	243,8	209,6	
Refund liabilities	51,7	27,4	
Provisions	111,1	110,7	
Other liabilities	8,1	14,5	
Current taxation liabilities	31,9	3,1	
Bank overdrafts and borrowings on call	473,4	481,4	(2)
Total equities and liabilities	6 924,0	6 639,9	4

INCOME STATEMENT

R'm	Audited 31 Dec 2021	Audited 31 Dec 2020	% change
Revenue	8 017,1	6 690,3	20
Cost of sales	(6 473,4)	(5 456,3)	19
Gross profit	1 543,7	1 234,0	25
<i>Gross profit margin</i>	<i>19,3%</i>	<i>18,4%</i>	
Other operating income	185,0	112,7	64
Expenses	(1 325,0)	(1 311,1)	1
Profit from operating activities	403,7	35,6	
Net interest expense	(34,1)	(103,2)	(67)
Profit (loss) before taxation	369,6	(67,6)	
Taxation	(75,3)	10,4	
Profit (loss) for the year	294,3	(57,2)	

- In addition to higher sales, robust expense containment and a reduction in interest costs due to lower borrowings contributed to an improved result.

NOTES ON INVENTORY

R'm	Audited 31 Dec 2021	Audited 31 Dec 2020	% change
Finished goods – Manufactured	385,1	640,9	(40)
Finished goods – Third Party	273,0	378,7	(28)
Finished goods – Used	238,1	295,6	(19)
Spares, components & raw materials	2 310,7	1 898,0	22
Work in progress	417,6	382,0	9
Total	3 624,5	3 595,2	1

- Increase in components, raw materials and work in progress reflects ramp up to satisfy high order book for 2022.

CASH FLOW STATEMENT

R'm	Audited 31 Dec 2021	Audited 31 Dec 2020	% change
Cash operating profit before working capital changes	790,1	410,3	
Cash (utilised in) generated from working capital	(132,6)	585,9	
Cash generated from operations	657,5	996,2	(34)
Interest paid	(97,7)	(170,7)	
Interest received	60,5	60,8	
Taxation paid	(26,4)	(67,7)	
Net cash generated from operating activities	593,9	818,6	(27)
Net cash utilised in investing activities	(90,5)	(82,8)	
Net cash utilised in financing activities	(421,8)	(559,5)	
Net increase in cash for the year	81,6	176,3	
Net bank overdrafts & borrowings on call at beginning of year	(398,6)	(574,9)	
Net bank overdrafts & borrowings on call at end of year	(317,0)	(398,6)	(20)

NET DEBT & FINANCE COST

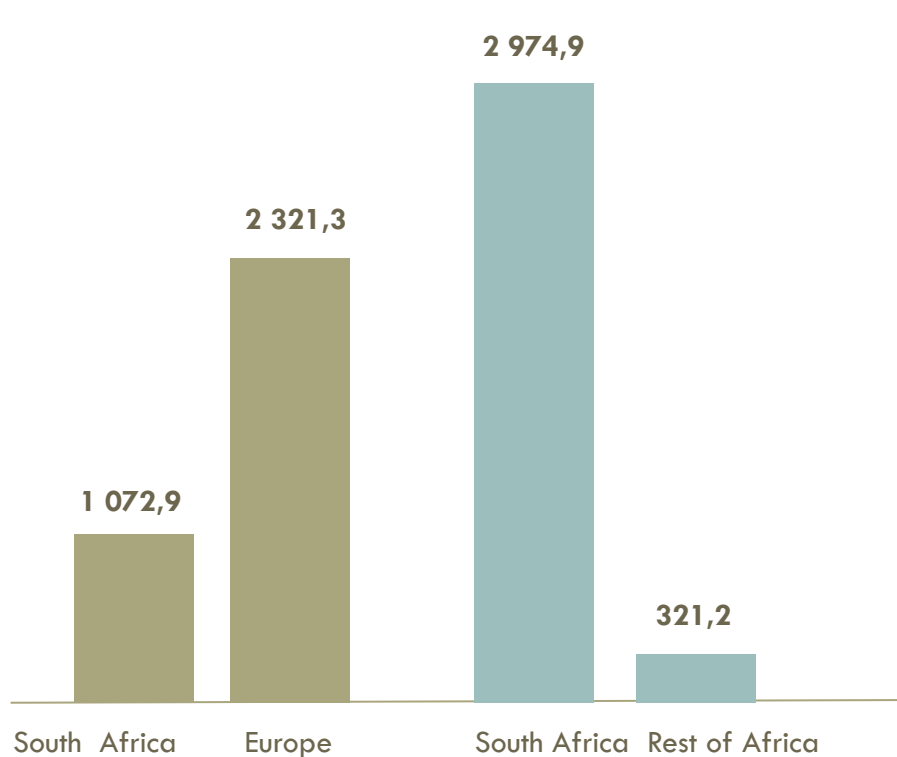
R'm	Audited 31 Dec 2021	Audited 31 Dec 2020	% change
Net debt – close	696	1 150	(39)
Net debt - average	923	1 500	(38)
Interest paid for the year	96,4	154,2	(37)
Gearing % (net debt)	18	33	(45)
Interest cover (times) (underlying EBIT)	4,2	0,23	1 726
Net debt to EBITDA (times, annualised)	1,18	5,49	(79)

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

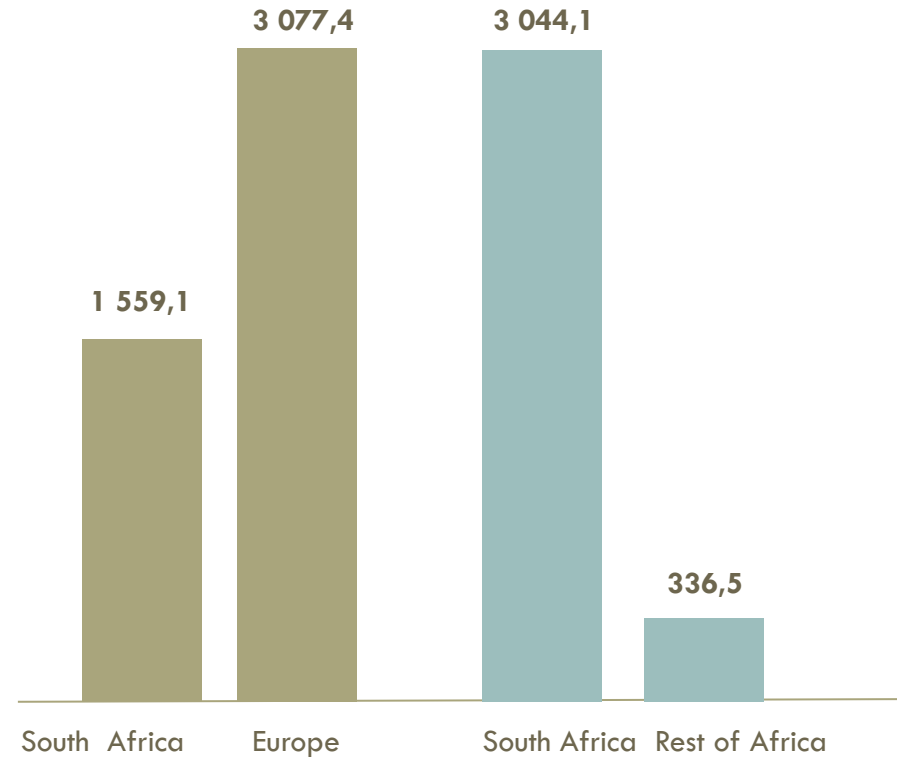
- Net debt reduced significantly across the year.
- Interest cover increased and net debt to EBITDA reduced due to improved earnings and lower debt levels.
- Gearing down from 33% to 18% at year end.

SEGMENTAL ANALYSIS - REVENUE

External revenue (R'm) – Dec 2020



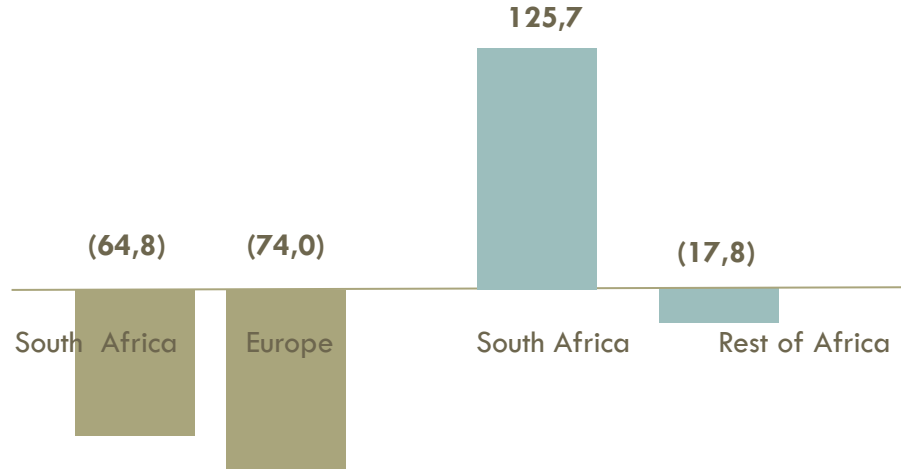
External revenue (R'm) – Dec 2021



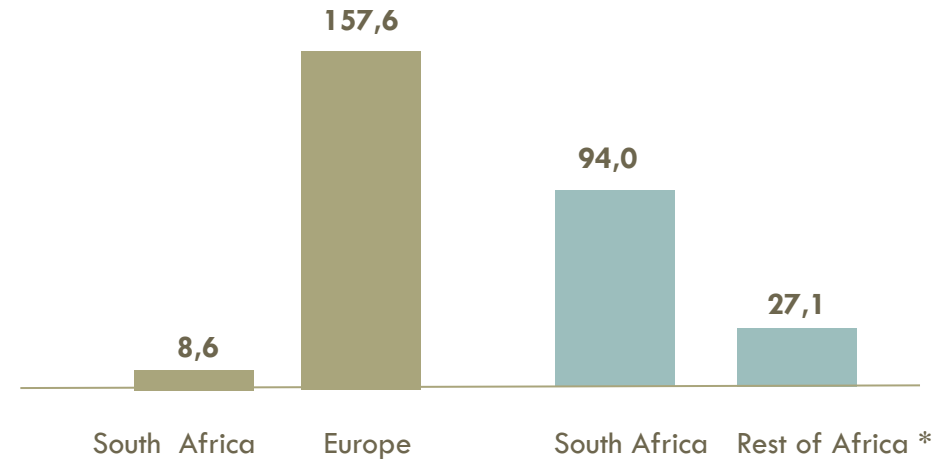
Manufacturing, assembly, logistics and dealer sales operations
 Direct sales operations

SEGMENTAL ANALYSIS – OPERATING PROFIT (LOSS)

Operating profit (loss) (R'm) – Dec 2020



Operating profit (R'm) – Dec 2021



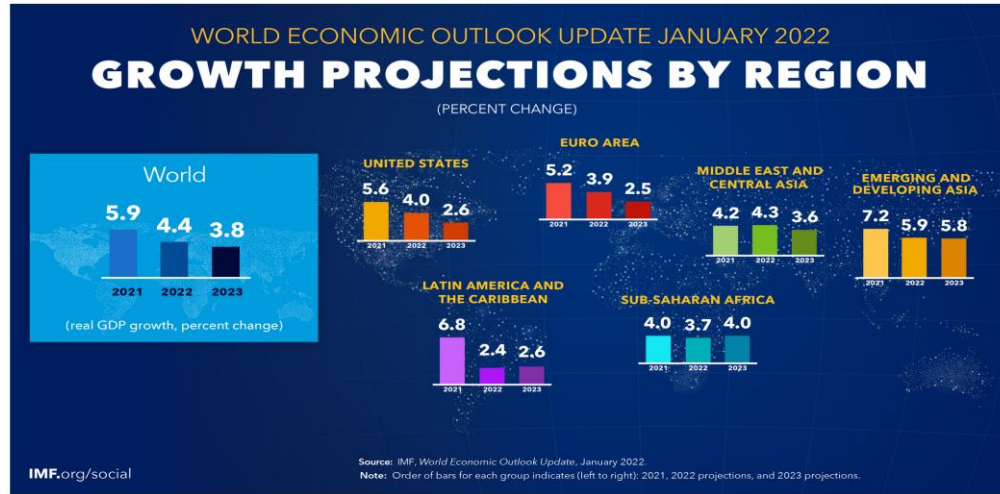
Manufacturing, assembly, logistics and dealer sales operations
 Direct sales operations

(*) adjusted for waiving of intra-group debt

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LOOKING AHEAD

LOOKING AHEAD — INDICATORS



CRB Commodity Index

SOURCE: TRADINGECONOMICS.COM | STATISTICS SOUTH AFRICA



Latest World Economic Outlook Growth Projections

(real GDP, annual percent change)	ESTIMATE PROJECTIONS		
	2021	2022	2023
World Output	5.9	4.4	3.8
Advanced Economies	5.0	3.9	2.6
United States	5.6	4.0	2.6
Euro Area	5.2	3.9	2.5
Germany	2.7	3.8	2.5
France	6.7	3.5	1.8
Italy	6.2	3.8	2.2
Spain	4.9	5.8	3.8
Japan	1.6	3.3	1.8
United Kingdom	7.2	4.7	2.3
Canada	4.7	4.1	2.8
Other Advanced Economies	4.7	3.6	2.9
Emerging Market and Developing Economies	6.5	4.8	4.7
Emerging and Developing Asia	7.2	5.9	5.8
China	8.1	4.8	5.2
India	9.0	9.0	7.1
ASEAN-5	3.1	5.6	6.0
Emerging and Developing Europe	6.5	3.5	2.9
Russia	4.5	2.8	2.1
Latin America and the Caribbean	6.8	2.4	2.6
Brazil	4.7	0.3	1.6
Mexico	5.3	2.8	2.7
Middle East and Central Asia	4.2	4.3	3.6
Saudi Arabia	2.9	4.8	2.8
Sub-Saharan Africa	4.0	3.7	4.0
Nigeria	3.0	2.7	2.7
South Africa	4.6	1.9	1.4
Memorandum			
Emerging Market and Middle-Income Economies	6.8	4.8	4.6
Low-Income Developing Countries	3.1	5.3	5.5

Source: IMF, World Economic Outlook Update, January 2022.

Note: For India, data and forecasts are presented on a fiscal year basis, with FY 2021/2022 starting in April 2021. For the January 2022 WEO Update, India's growth projections are 8.7 percent in 2022 and 6.6 percent in 2023 based on calendar year. For India the impact of the Omicron variant is captured in the column for 2021 in the table.

INTERNATIONAL MONETARY FUND

IMF.org

LOOKING AHEAD

- Momentum of new products introduced is expected to continue
- Given increased demand for commodities, massive post-Covid-19 global stimulus packages, we expect demand to increase globally
- The industry outlook for South Africa remains depressed as the country grapples with low infrastructure spending in a weakened economy
- All regions reflect healthy order books for the remainder of the financial year
- JCB distribution partnership in South Africa progressing well
- The improved B-BBEE rating is driving market share gains in South Africa
- Autonomous vehicle operation continues to be an exciting opportunity
- Continued focus on cash preservation, working capital and expense management
- Continued focus on improving customer service and dealer management to drive growth in the aftermarket and supporting our active fleet globally
- Continued focus on strategic priorities, new product development and global growth objectives

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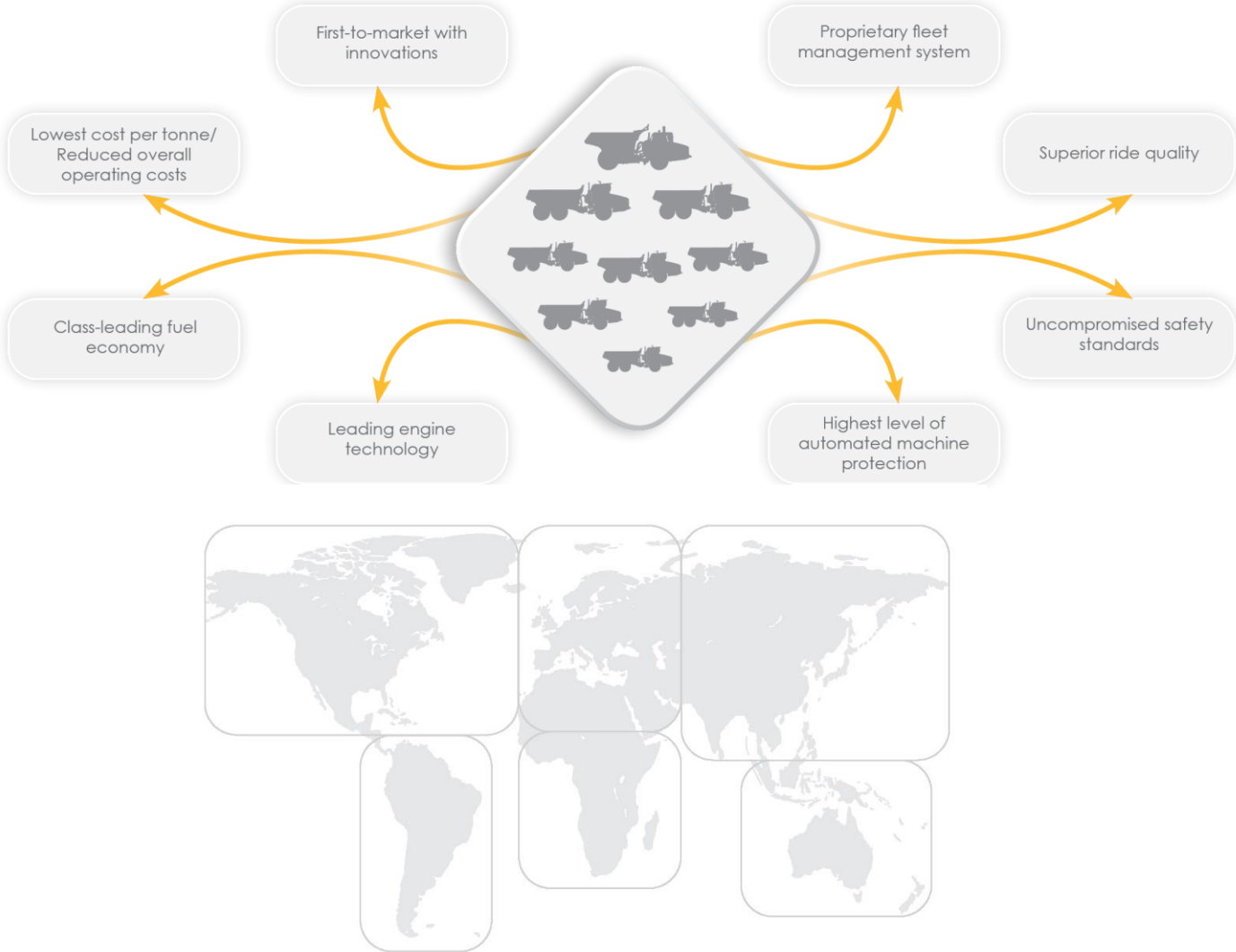
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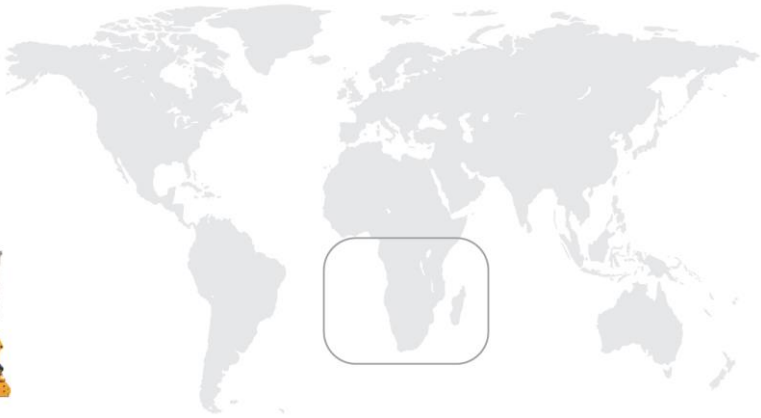
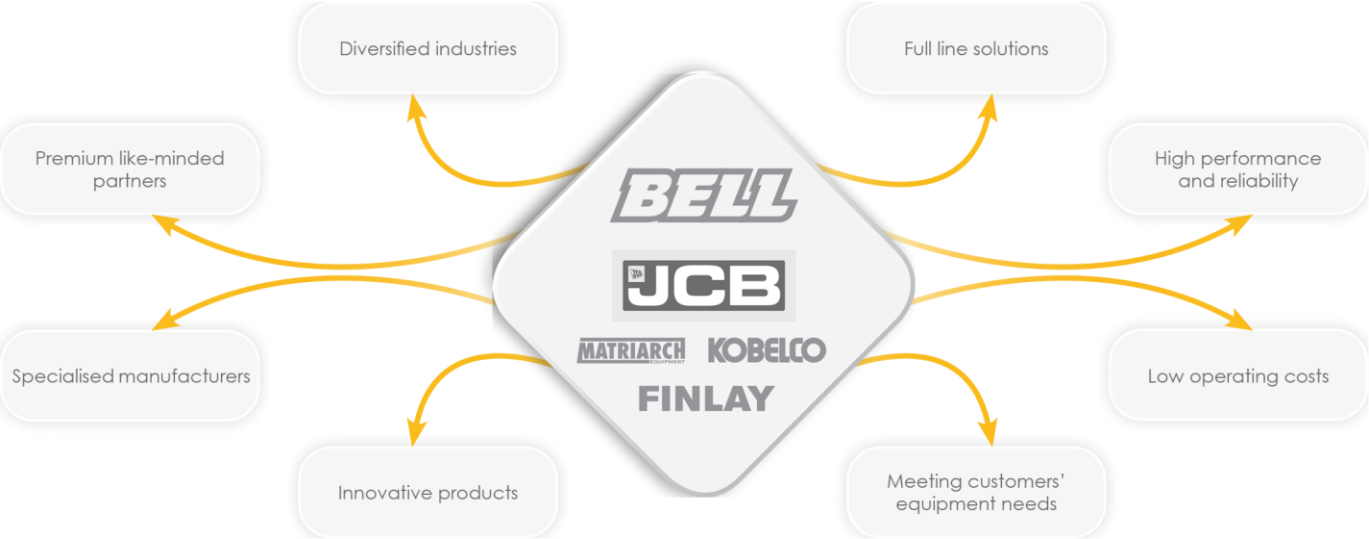
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APPENDIX

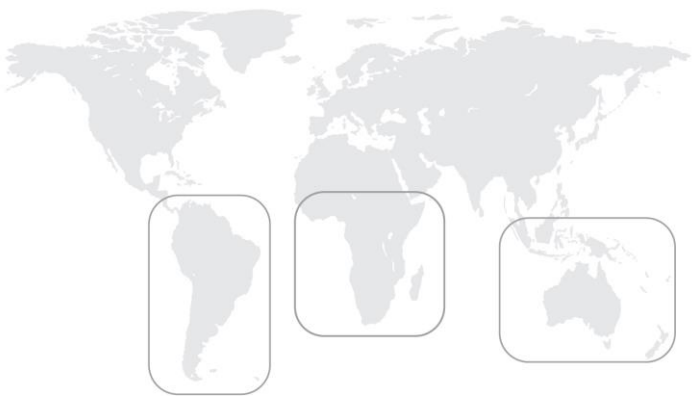
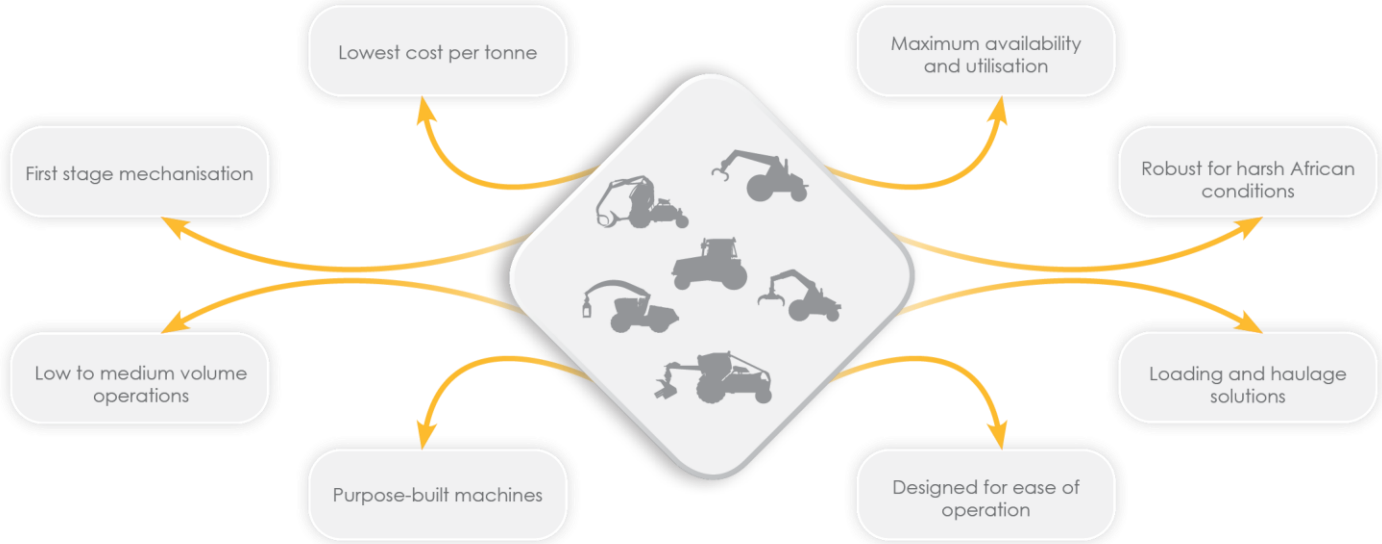
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MATERIAL-HANDLING DISTRIBUTOR



AGRICULTURE & FORESTRY SOLUTIONS PROVIDER



AFTERMARKET SUPPORT

