Overview of Bell Equipment

Bell Equipment is a South African company that operates on a global scale, but has retained the family ethos instilled by Irvine Bell when he founded the company in 1954 as a small engineering and agricultural repair service in northern KwaZulu Natal.

Strong family values of integrity, honesty, accountability, and respect have seen Bell become an integral part of the communities in which it operates. The group takes its responsibilities as a corporate citizen seriously, purchasing from local suppliers wherever possible and investing in meaningful outreach initiatives with a focus on education, training, and development both internally and externally.

Bell Equipment's vision is to be a globally recognised OEM and a leader in the capital equipment and industrial goods sector, developing and supplying leading quality brands into the construction, mining, forestry, agriculture and industrial sectors in a number of chosen markets.



The early days: Bell founders, Irvine and Eunice Bell (seated), with their three sons (back left) Peter, Gary, and Paul, who have all played significant roles in developing different aspects of the business.



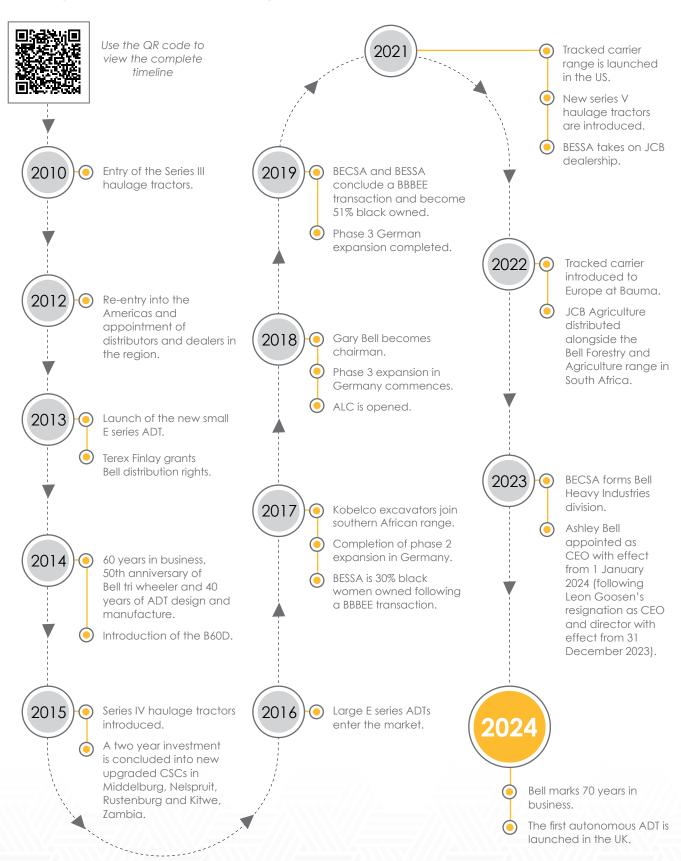
Irvine Bell in his later years, in the original workshop on the Bell farm where the company began.



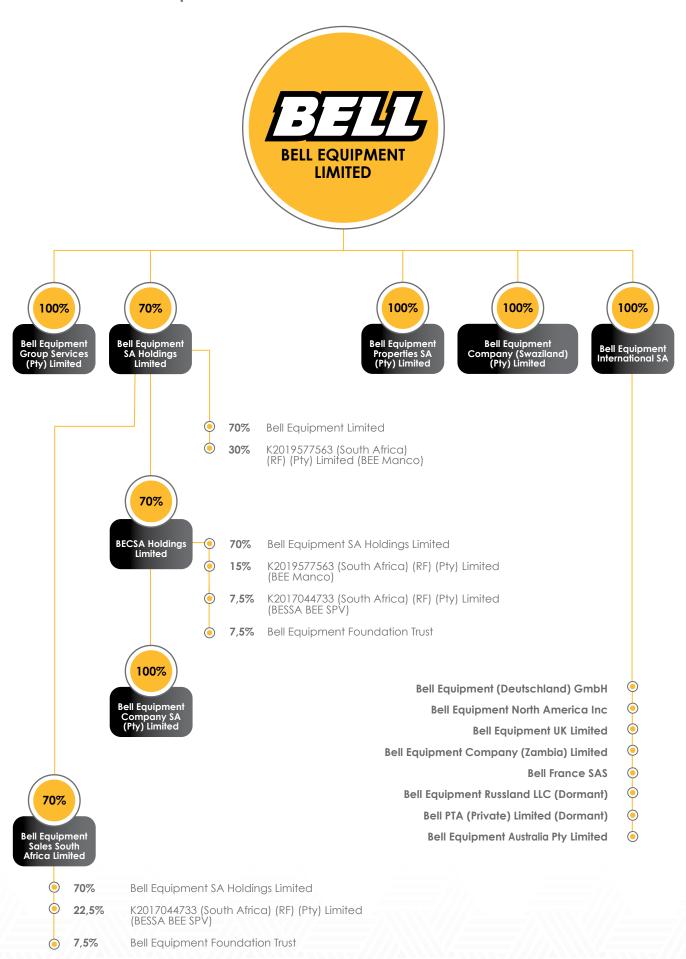
The next generation, (from left): CEO Ashley Bell (Peter Bell's son) with chairman Gary Bell and his sons, Mark Bell (IT operations manager) and Quentin Bell (quality assurance manager).

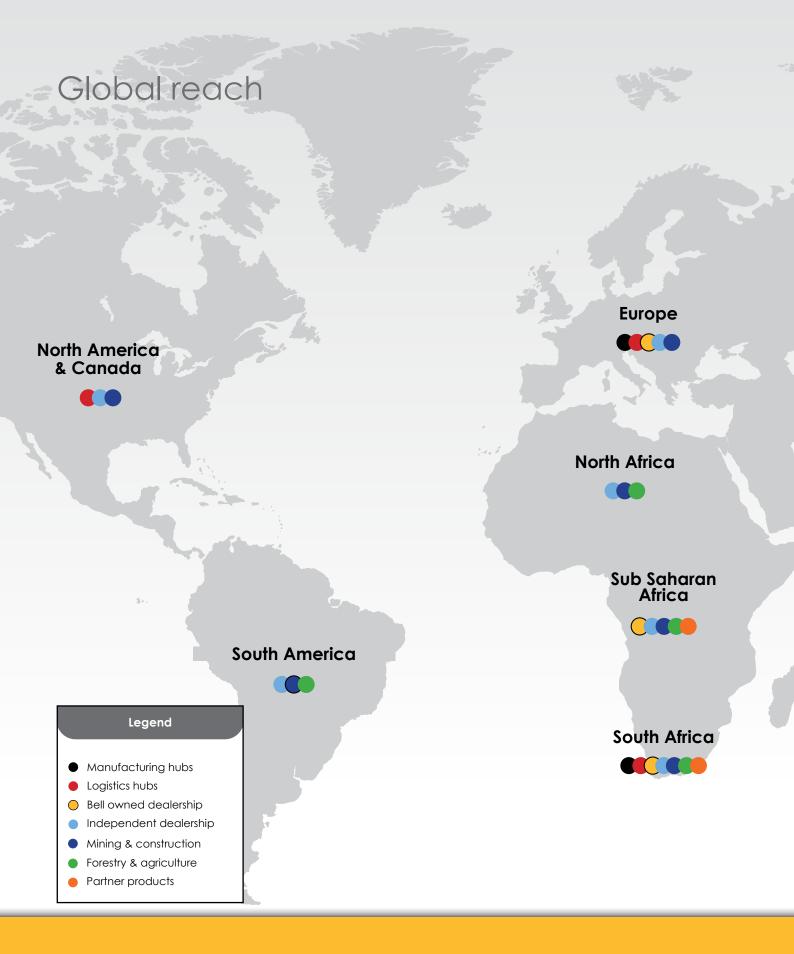
Our growth path

Celebrating seventy years of manufacture in 2024, our value creation process over this time has seen the group grow its intellectual property, product range, global footprint, and reputation as a provider of quality heavy equipment. Milestone developments in our recent history include:



Global corporate structure





2024 at a glance

9.5% net debt to equity ratio Bell has a Bell owned dealership network in

countries, namely the United Kingdom, Zambia, and South Africa. In all other territories Bell uses independent dealerships to support our customers.

South African factory has

of undercover manufacturing area and is able to provide project manufacturing and contract engineering through its Bell Heavy Industries division.

The Bell **OEM** range includes

products, of which **27** are geared towards mining and construction and **20** cater to the mechanised needs of our forestry and agriculture customers.

Dealership parts stocking is supported from Bell logistics hubs in South Africa, Germany and the USA, complemented by additional dealer owned logistics hubs.

The Richards Bay factory is home to the group's head office from where centralised group services are managed, including finance, logistics, supply chain management, and marketing.

Asia

Bell has

manufacturing facilities based in Richards Bay, South Africa, and Eisenach-Kindel, Germany to serve the southern and northern hemisphere markets.

South East Asia

Bell machines operate in over

countries.

Bell owned customer service centres in South Africa.

independent dealers globally.

Oceania



Contributed to people development in South Africa

in transformation at BESSA

265 apprentices are being trained decrease in revenue

Our material matters

A materiality framework is crucial for our business because it helps identify and prioritise the issues that significantly impact our ability to create value over time, encompassing financial, environmental, and social aspects, ultimately enabling informed decision making and effective reporting.

Determining materiality

An annual assessment of our material matters has been undertaken, including a specific environmental, social and governance ('ESG') materiality assessment.

We continue to follow a double materiality determination process to enable us to identify our financial materiality (matters that impact our ability to generate revenue and preserve shareholder value over time) and our impact materiality (our impact on society, communities and the environment). Our integrated report applies double materiality as it covers content and disclosures that are material to investors and other providers of capital (financial materiality) as well as the impacts on people, the planet and profits (impact materiality) and results in matters that are prioritised and grouped into themes to inform our integrated report content. Effective management of risks and opportunities is crucial to achieving our business sustainability and strategy.

Materiality determination process

The four step process of identifying, assessing, organising and reviewing information to understand its materiality took place. This included:

- assessing the external context, including global, local and industry risks, opportunities and trends;
- considering internal reports and inputs such as the strategic risk register, stakeholder reports and surveys and strategy;
- prioritising material matters by senior management and executives; and
- reviewing and benchmarking our peers' material matters.

The outcome of our materiality process helps identify and manage both external and internal risks, including our ESG risks, and informs our reporting.



2024 material matters

Our 2024 review continues to confirm that our previous matters remained material as set out below, with an increased focus on the impact of climate change:



Environmental sustainability

We acknowledge the impact of the predominant use of carbon fuel energy in our operations and supply chain.

Minimising this effect is important to us, and we strive to address this key environmental issue. Business impact on the climate and companies' ability to withstand climate change are issues of increasing global importance, and vital to our stakeholders. We continue to develop and implement strategies to improve our environmental management standards and plan for climate risks and decarbonisation and to reimagine how we will continue to create value for generations to come.

Material matters:

- Impact of climate change
- Energy and decarbonisation
- Water stewardship
- Waste management and circularity



Driving business resilience

Underpinning our strategic objectives is the drive to enhance our business resilience through delivering financial results, to remain competitive and to mitigate against country risks. Social, political and economic issues all impact on our ability to create value. By cultivating a resilience culture throughout the organisation, it will make it a priority across all levels of the group and embedding it as a core value.

Material matters:

- Global competitiveness
- Niche product dependence
- Digital disruption and cyber security
- Financial performance
- BEL share price

- BBBEE status
- Business continuity due to power supply interruptions
- Business continuity due to supply chain failure



Executing strategy

Our vision is to be a globally recognised OEM and a leader in the capital equipment and industrial goods sector, developing and supplying leading, quality brands into the construction, mining, forestry, agricultural and industrial sectors in a number of chosen markets, and fostering a culture of continuous improvement. By regularly monitoring our key performance indicators to track progress towards these objectives we will successfully execute an effective strategy for the group.

Material matters:

- Global ADT volumes
- Aftermarket contribution
- Product and product support costs
- Increased intellectual property (new products)
- Strategic alliances
- Enhanced technology



Helping our people thrive

We recognise that human capital is vital to our success. To deliver on our strategic goals, we need to foster a culture that supports adaptability and innovation, while leveraging the strength of diversity, equity and inclusion. We are committed to protecting our people's health, safety and wellness and building trusting relationships through impactful programs that adopt a culture of safety, health, and wellbeing.

Material matters:

- Health, safety and wellness
- Talent acquisition/retention and development
- Empowerment, transformation and diversity
- Human rights and responsible supply chains
- CSI/SED



Principled governance

We act responsibly and ethically to build trust and accountability among stakeholders, including employees, investors, and the public; and deliver operational excellence. Our risk tolerance and risk bearing capacity thresholds provide forward looking risk management. Through principled governance we promote ethical behaviour and responsible decision making, which is crucial for long term sustainability and success of the organisation.

Material matters:

- Legal, regulatory and compliance excellence
- Risk management
- Transparency, ethics and integrity
- Labour relations
- Digital disruption and cyber security

Throughout the group, Bell creates, delivers and preserves value for its shareholders by focusing on the six capitals as follows:

802	Trade off	Outlook	Input	Outcomes	References
Human Capital	Investing in attracting, retaining and developing the best talent results in employee costs being a significant cost to our business and in turn impacting on the financial capital.	Employment force that is developed and retained will increase sustainable growth in the long term. Safety remains a top priority and a focus area.	 A strong executive team. A diverse board. 265 apprentices with the appropriate knowledge, skills and experience. Succession planning. 	 Wages and salaries of R2,0 billion (2023: R2,1 billion). 265 apprentices successfully trained (2023: 213). Board attendance of 100% (2023: 100%). 	 Remuneration committee report. Stakeholder relations report. Leadership report.

	Trade off	Outlook	Input	Outcomes	References
Manufactured Capital	Compliance and regulatory risks. Substitution products.	 New products motor grader leads to greater customer base, increased sales and associated benefits. Bell Heavy Industries division provides project manufacturing and contract engineering. Bell contributes to circularity through both component and machine remanufacturing and rebuilding, which reduces such components and machines going to landfills and extends the life of the machines and components. 	 Two manufacturing facilities based in Richards Bay and Germany to serve both southern and northern hemisphere markets. Property, plant and equipment R1,0 billion (2023: R1,0 billion). 	 Revenue: R11,7 billion. Capital investment for the year: R203,5 million on property, plant and equipment and intangibles. Depreciation and amortisation: R122,2 million on property plant and equipment and intangibles. 	 Finance director's report. Joint chairman and CEO report. Annual financial statements.



Trade off

autonomous

traditional

job functions,

but will allow

for additional opportunities in

new roles.

 High warranty costs, additional time and finances used in order to ensure that customers receive a world class machine.

machines may

result in pressure

on some existing

The use of Al and big data - development of reliable and Implementation of greater agility in certain business units.

Outlook

- Maintaining our reputation as a quality OEM with an exceptional brand.
- Robust governance structures.
- Product innovation.
- Value add for stakeholders.

- Brand reputation.
- Strategy for growth.
- Competitive advantage.

Input

- Research and development and design skills.
- Investment in quality assurance.
- Research and development investment

Outcomes

- R106,6 million (2023: R79,8 million).
- Annual financial statements.

References

Sustainability report.



Financial Capital

Trade off

Decision made to keep gearing low and preserve cash resources due to volatile and uncertain market conditions. Bell Equipment is negotiating additional end user customer funding to assist customers to fund

Outlook

customers to fund their acquisition of their Bell machines in line with the group strategy to be the preferred full range material handling solutions provider in southern Africa.

Input

- Market capitalisation of R3,9 billion (2023: R2,2 billion).
- Net debt: equity of 9,5% (2023:29,1%) to execute growth.
- Funding facilities of R1,5 billion (2023: R1,5 billion) of which R423 million is utilised.

Outcomes

- Revenue down 13,4% to R11,7 billion.
- HEPS: 465 cents (2023: 798 cents).
- Total dividend per share declared: 160 cents (2023: nil cents).

References

- Finance director's report.
- Annual financial statements.



Trade off Outlook

relationships across all stakeholder groups requires financial capital inputs, but generally generates positive return across most capitals over the

longer term.

Maintaining quality

Increased focus on

Increased focus on customer centric initiatives including:

- Building us stronger initiative.
- Driving digital transformation throughout the group to better serve our customer's needs.
- Innovating solutions to reduce environmental impact.

Continued use of the 'EYE' external customer service monitoring service to understand our

Input

 Training and skills development both inhouse through our accredited training centre and externally.

customer's needs.

 Focused on empowering EMEs/ QSEs through the Bell ESD programme.

Outcomes

Bell Equipment Sales South Africa Limited ('BESSA'), and level 3 for Bell Equipment Company SA (Pty) Ltd ('BECSA').

BBBEE 2023: level 1 for

Spending on skills and social economic development:

BECSA Skills 2024: R22m (2023: R19m) SED 2024: R1.19m (2023: R1,32m) BESSA Skills 2024: R25m (2023: R26m)

SED 2024: R1.4m (2023: R1.7m).

Stakeholder relations report.

References

 Social, ethics and transformation committee report.



Trade off Outlook Input Outcomes References Commitment The acceleration Bell is maintaining With a lifespan Sustainability to minimise the and expansion of various energy exceeding 20 years, report and ESG these solar projects our response in an environmental saving strategies roadmap. effort to be resilient including the represent our long impacts of our operations and in a lower carbon installation term commitment activities, taking future, by innovating of energy to environmental into account that environmentally efficient lighting, sustainability and responsible ADT the future of our the utilisation of airconditioning, natural resources solutions that meet and ventilation. The factory site. may in certain the demands of group is constantly At our Richards Bay instances the market, set investigating site, specialised negatively affect new benchmarks energy saving recycling units human and social in sustainability programmes. play a key role and relationship within our industry, A solar power in liquid waste capital. This is a and make a lasting project has been management. key trade off for positive impact on the commissioned at The thinners generating value environment. the Richards Bay recycling plant across the other factory whereby has significantly capitals. parking bays were reduced the fitted with solar volume of panels. contaminated thinners requiring A 770kW grid tied disposal, leading solar system has to cost savinas on been commissioned both new thinners at the Jet Park purchases and operations and an disposal expenses, 820 kW solar system while minimising was commissioned hazardous liquid at the Kindel waste as an factory. environmental An initiative was benefit. undertaken to divert waste to recyclers instead of landfill, thereby reducing the group's environmental

impact.

