

# Joint report by the chairman and chief executive

## Overview

While 2024 was a milestone year as we celebrated our 70th anniversary, it was a challenging one from a business perspective. Despite the excitement surrounding this achievement, we faced a global slowdown across our key markets following the unprecedented post COVID highs. What first seemed like a normalisation of market demand turned out to be a more pronounced downturn in some regions.

Northern hemisphere markets for our ADT are primarily focused on construction and infrastructure development. We saw a weakening in these industries, particularly in Europe, towards the end of 2023 and planned accordingly for 2024. A key contributor to this downturn was the failure of anticipated infrastructure projects to materialise to the extent that was originally planned, which may be attributed to global conflicts and redirected government spending.

Our southern hemisphere markets, largely driven by mining, cooled off more rapidly than expected during the second half of 2024 due to an improvement in supply and lagging demand for commodities driven by lacklustre growth from some of the world's largest economies. The resultant decline in mining equipment demand is expected to continue in 2025.

During 2024, uncertainty surrounding elections worldwide contributed to market hesitation and delayed spending decisions. In South Africa, we witnessed a significant moment in our nation's history with the national elections and the formation of the Government of National Unity ('GNU'). We remain cautiously optimistic that these developments will benefit our country, our economy, and our people.

It is pleasing to note the significant reduction in load shedding in South Africa during 2024, though most companies are now well equipped to manage this when it does occur. At our Richards Bay factory and Jet Park sales operation, we successfully commissioned our grid tied solar power projects, reducing our dependence on the state power producer and reinforcing our commitment to lowering our carbon footprint as an organisation.

In March 2024, we also commissioned an 820kW solar system at our Kindel factory in Germany. This investment supports our long term sustainability goals and makes financial sense in terms of our own power generation and as surplus power is sold back to the grid.

While global demand for yellow metal equipment slowed considerably during 2024, global supply chains normalised, resulting in the highest inventory levels seen across the industry since the 2009 global financial crisis driving increased competition.

While there has been some improvement in South African port and logistics efficiencies, we have had to maintain a level of buffering on certain incoming componentry and the Red Sea conflict is impacting transit times for our European operations. On a positive note, the declining global demand has resulted in a considerably more stable and responsive supply chain in 2024, allowing us to work on reducing overall inventory buffers to more manageable levels.

Throughout this period, our focus has been on consolidation, expense control and cash preservation, and inventory management through aligning production rates with declining sales levels. At the same time, we have prioritised cost containment directed at organisational efficiencies and reinforced our production quality processes across our factories and operations.

## Operations and product development

Our South African dealership business, BESSA, remains an industry leader in the distribution and support of equipment solutions for mining, construction, and agriculture in the country.

We have continued to strengthen our partner product relationships within our owned dealership network, which remain key components of our full line equipment offering. Our Bell Zambia dealership, celebrating 30 years in 2024, performed strongly, driven by commodities, most notably copper. Meanwhile, our dealer support operation in France will mark its 30th anniversary in 2025, adding to Bell Equipment's 70 year legacy and 40 years of ADT manufacturing in 2024.

Due to extremely challenging and unsustainable trading conditions, we closed our Zimbabwe dealership in 2024 and appointed an independent partner to represent us in this country. In our experience, working through an independent dealer allows us to provide better coverage and support to customers in markets where areas are vast, and machine populations are comparatively low. This is due to the synergies found with dealers that have complementary product lines in their stable, which enables them to manage through cyclical market trends and drive high efficiencies and utilisation from resources critical to superior customer support.

Since the outbreak of the Ukraine Russian conflict, our business in Russia has been on pause and in 2024 we took further steps to scale this operation down, disposing of parts inventory and closing the warehouse, to contain costs. Remaining personnel have been redeployed to support our business in surrounding markets.

Demand for aftermarket products and services was lower, which we attribute to reduced machine utilisation globally due to sluggish economic activity - if machines are not working, they are not using parts. Growing our aftermarket business and lifetime revenue stream remains a strategic priority. Leveraging telematics, we are working with our customers and constantly looking for ways to enhance our customer service experience by better supporting our machines and customers in the field.



On the machinery sales front, there is an ongoing drive to regain market share that was lost during supply chain disruptions, while growth of our new divisions such as BHI, our contract manufacturing division operating out of our Richards Bay factory, and AMD, our new agricultural machinery distribution division, is key to our group diversification plans.

There is a huge amount of excitement within the organisation and the market surrounding the much anticipated launch of the Bell motor grader. We have made good progress in 2024 with the manufacture of a fleet of pre production units, which have allowed us to smooth out our supply chain and production processes in preparation for full production and start of sales in mid 2025. This is a little later than during quarter one of 2025 as initially envisaged due to the timing of the completion of pre production units and supply chain readiness. The staged global rollout will commence in southern hemisphere markets, namely southern Africa, southeast Asia and Oceania, followed by northern hemisphere markets later.

The Bell grader is a truly global product, engineered to meet various international emission standards and operator control configuration preferences. It marks a major milestone in the company's strategy to expand its line of OEM manufactured equipment for the global construction and mining industries. We believe that, in time, this product will bring a step change in our journey from a global ADT specialist into a broader yellow metal OEM.

Our engineers are constantly working to evolve our ADTs in line with the latest technology advancements. Future developments are focused on design for manufacture, alternative energy solutions and seeking to enhance efficiencies for our customers.

We continue to maintain our agnostic stance on autonomous control systems, and we work with multiple technology partners around the world. Our focus is on having an autonomous ready ADT that is the easiest to integrate with third party autonomous control systems, and we believe that we are industry leading in this respect.

In terms of growing our participation in the forestry and agriculture industry, we are making strides with new product developments to increase our OEM offering. Testing of our timber processing head continues, and we will be building pre production units in 2025. The market launch is expected in 2026, initially in South Africa, before being rolled out globally. This product will join our existing range of attachments for forestry applications, which includes felling heads and grapples, among others. Also in the prototype phase, the new Bell developed skidder, for timber extraction applications, is being put through its paces in testing, for launch to market further down the track.

Although not a clean sheet design, we have expanded our haulage tractor range with a higher powered 4WD model to meet the market requirement for a more powerful machine, which will be available during 2025.

In addition to increasing our product offering, our forestry and agriculture business continues to gain momentum through AMD, and our expanding independent dealer network in South Africa. This network complements those BESSA dealers who are more focused on the agriculture industry by allowing us to reach farming communities in regions where we were previously not represented.

Our first forestry and agriculture dealer conference in 2024 was well received by the delegates and we built on this momentum with our second conference in March 2025, which took place in Richards Bay. With the theme 'geared for success', it gave dealers their first opportunity to see our facility and gain a better understanding of the Bell business, product range, and culture.

We have made pleasing strides in Central and South America with our rigid and articulated Bell haulage tractors and cane slew loaders. 2024 also saw the first stage 5 emissions regulated three wheelers delivered to Chile following a change to their emissions laws in October 2023.

Having sold some forestry and agriculture machines in southeast Asia, this region is on our radar as we consider how we can grow our participation in this market.

We took a decision during 2024 to put our Bell underground mining division plans on ice as we reprioritised the deployment of resources to products and operations more aligned with market sectors where we traditionally participate. Whilst we still offer a limited range of underground mining machines, we are not pursuing further product development and the establishment of a separate business division.

### **Sustainability and strategic positioning**

The group understands the importance of being a sustainable business and the risks associated with not relentlessly pursuing this as a goal. We therefore continue to evaluate ways in which to enhance sustainability and believe that continuous improvement across all aspects of the business is key.

Our strategy is to grow the business organically by focusing on investing in the ongoing development and enhancement of our Bell products, increasing our market share in key markets, improving our market reach and participation through dealer development and growing our BHI contract manufacturing business in Richards Bay. This supports the local economy in South Africa and, importantly, keeps people and skills employed.

We are making steady progress with our strategic initiative to enhance our manufacturing capabilities for our ADT in Europe. It bears reiterating that this is a three to four year project because it involves significant decisions around our supply chain and durability testing of componentry to ensure that, following implementation, we continue to manufacture products that are of the same high quality and durability standard.

Our pursuit of growing our contract manufacturing services in Richards Bay ties together with the expansion of our ADT manufacturing capabilities in the northern hemisphere, both of which are strategic imperatives for our business. BHI has made a start in securing non BELL OEM manufacturing work, with the first contract for an external party having commenced during quarter four of 2024. This work includes fabricated and machined components for a leading supplier of automated production line systems to the automotive industry globally.



As part of our strategy, we recognise the importance of digital transformation in driving business efficiencies and creating value for our customers through systems integration. During 2024 we initiated a SAP implementation project at our Richards Bay factory - the last and most complex operation within our group to implement this system – and 'go live' will be during 2025. While we continue to develop digital tools that enhance our customers' ease of doing business with us, we will only adopt AI where it offers clear advantages for efficiency gains within our operations.

At the same time, we place great value and are committed to the human connection that has defined our business since its inception. Our Building Us Stronger programme, introduced at the beginning of 2024, reinforces this by empowering employees with the mindset and tools needed to build strong relationships, both within our teams and with our customers and other stakeholders. More than just a programme, it strengthens our family culture, aligns our values, and underpins our commitment to delivering strong reliable machines and strong reliable support.

### Corporate governance and ESG

Our commitment to being a good corporate citizen pervades our total approach to the business, and we endeavour to act in a responsible, ethical, balanced and commercially sensible manner. As a global business we have established comprehensive compliance oversight frameworks, providing a high standard of assurance that governance, finances, and sustainability are all equally adhered to and monitored.

We are ever conscious of our impact on the environment and are pleased with our continued progress in measuring and mitigating these risks, as detailed in our sustainability report. This report further carries information on our approach to the environment and corporate social investment.

Bell is committed to the highest standards of corporate governance. We have selected directors who possess the qualities that make them suitable to lead the group, including global experience and knowledge across a variety of fields, excellent character, and broad experience and knowledge of business management. We strive to maintain a highly transparent and independent corporate governance structure and to introduce an executive compensation system that is linked to the enhancement of corporate value.

Details of governance structures and the extent to which we apply relevant principles of corporate governance, including King IV™ and regulatory requirements, are provided in our corporate governance report.

### Transformation

During 2024, we reaffirmed our commitment to transformation through various initiatives in BECSA and BESSA, such as our ESD programme and apprenticeship programme. Our ESD programme is aimed at providing financial assistance to EMEs and QSEs, including those looking to become suppliers to or customers of our business. We see education and training as a key driver in supporting and building social wellbeing and the economies where we operate. We remain one of the largest trainers of heavy equipment mechanics in South Africa, through our apprenticeship programme. Further information on our apprenticeship programme can be found on page 65.

BECSA and BESSA are both 51% black owned entities, and BESSA is additionally 30% black women owned. With their respective level 3 and level 1 BBBEE scorecards, the group is competitively positioned in the local market. BECSA and BESSA's BBBEE certificates are available on the group's website at [www.bellequipment.com](http://www.bellequipment.com).

### Outlook

The only certainty is that we live in an increasingly unpredictable world that will continually challenge our adaptability and resilience.

We are closely monitoring global trade developments, particularly the USA tariff situation. While it is too early to speculate how Bell might be impacted, we appreciate the risk this poses to the group and remain confident that our dual manufacturing locations will provide a degree of mitigation.

The general sentiment among our USA dealer network is positive and optimistic, once again, for the Bell tracked carrier, driven by the renewed appetite for oil and gas drilling. We are cautiously optimistic that the second half of 2025 will see improved market demand for this product.

In Europe, high interest rates have significantly affected business conditions. While the European Central Bank cut rates for the sixth time in nine months in March 2025, economic challenges, including US tariff threats and increased military spending, persist. The pace of market recovery will depend on how quickly interest rate cuts translate into increased infrastructure investment. While most of Europe remains under pressure, early signs of improvement are evident in the UK.

We will be introducing the Bell motor grader on the global stage at Bauma in April 2025. We have been encouraged by the positive feedback we received from expert advisers, operators and customers alike, who have experienced our pre production machines, and we look forward to illustrating some of the unique features we have incorporated in our design to visitors to the show.

### Dividends

A conservative approach was taken to the changing market conditions in 2024, and cash was preserved rather than paying a final dividend for the 2023 financial year. Recognising two years of solid financial performance, in the case of 2024 under challenging market conditions, the board has declared a gross final dividend of 160 cents per ordinary share.

### Appreciation

As we close out Bell Equipment's 70th anniversary year, we reflect with gratitude and pride on our journey, our founders and our people, and the legacy we continue to build.

Firstly, on behalf of our entire team, we would like to extend our appreciation to our customers, dealers and suppliers. Your partnership over the past seven decades has fuelled our growth, challenged us to innovate, and inspired us to continuously raise the bar. Please know that the satisfaction and success of our customers remains at the forefront of everything we do.

We remain appreciative of our board for always generously giving of their time and expertise to provide oversight and ensure good corporate governance for the betterment of the group.

Thank you to our dynamic executive management team for the way in which you provided support and added value to the group in your own specific areas of influence and as a collective.

Last, but certainly not least, to our employees, we value and acknowledge every team member's contribution to the success of our business over the decades. You are our daily dose of strong, reliable support.



Gary Bell  
Chairman



Ashley Bell  
Chief executive

26 March 2025