



# 2021

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**UNAUDITED INTERIM RESULTS FOR  
THE PERIOD ENDED 30 JUNE 2021**

# CONTENTS

Operational update

Financial results

Looking ahead

Appendix



# 4 DEFINED AREAS OF OPERATION



1 Global ADT specialist  
and innovation  
pioneer



2 Southern African full-  
range material-  
handling distributor



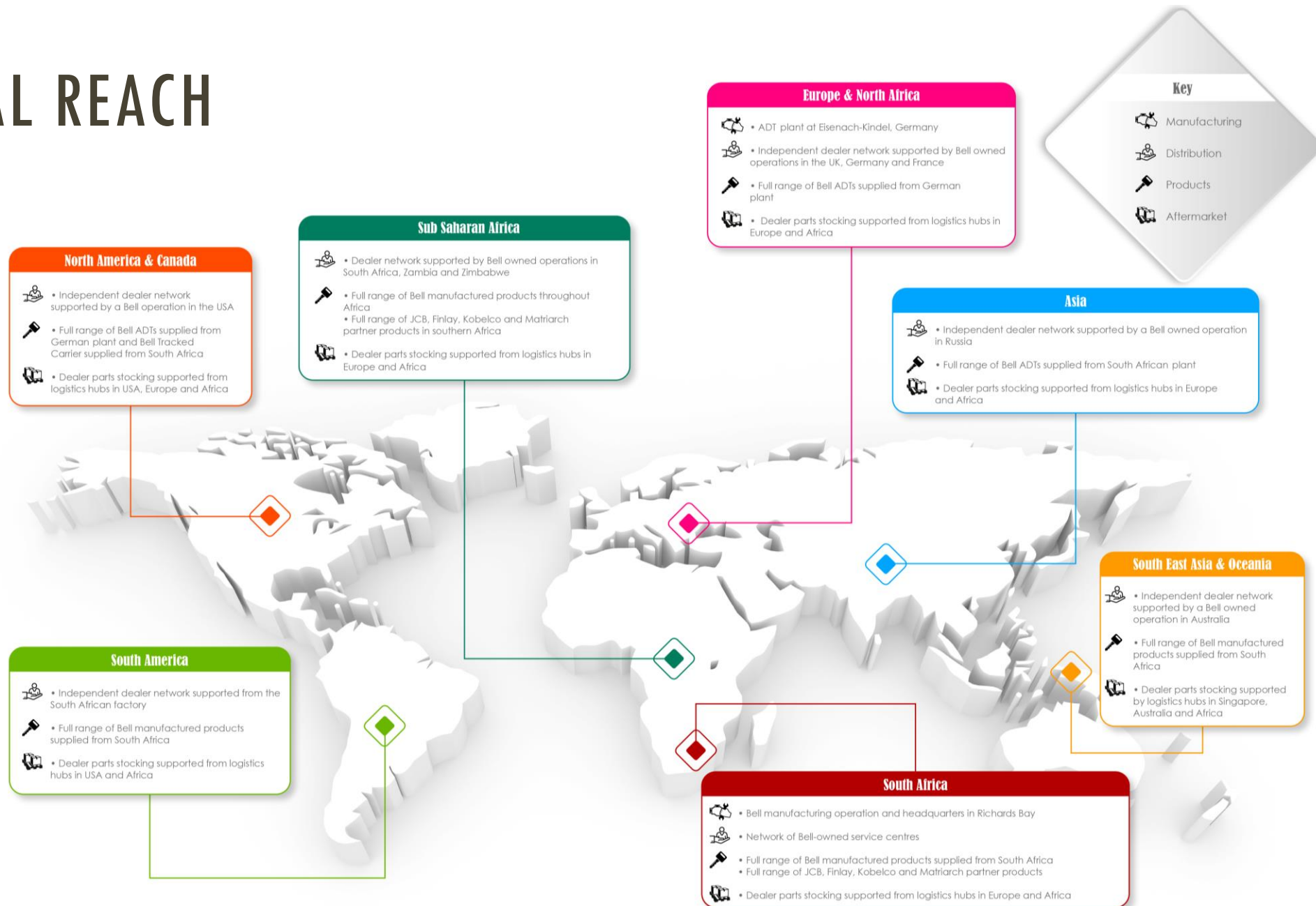
3 Innovative niche  
material-handling  
solutions



4 Provider of premium  
aftermarket support



# GLOBAL REACH





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

## Achievements and realities for the half year ended June 2021:

- External South African Dealer Sales up 52.2% from prior period and now represents 18.4% of Group Sales (15.1% prior period) due to increased demand from Australasia and Africa dealers.
- Production rate increase due to normalised inventory levels and increased demand, resulting in higher recovery of overheads and positive impact on bottom line.
- Operating profit of R38,2m compared with a loss of R70,3m for the prior period.
- Significant once-off costs in prior period not repeated in 2021.
- Product manufacturing quality good.
- Independent dealer model in selected markets proving beneficial.
- Further reduction in overall operating inventory and borrowings.
- New product development on track.
- Manufacturing entity 51% black owned 1 January 2020, with L3 B-BBEE score.
- Tracked carrier machine performing well in the USA.
- Online solution for used equipment for global sales implemented.

## Outlook / expectations:

- Anticipated further increase in production and sales due to Northern Hemisphere market recoveries and increased demand for commodities across the globe.
- “Aspire” dealer management programme focus.
- Component shortages, increased lead-times and pricing pressure due to pressure on the supply chain, driven by higher global demand, remain a concern.
- Quality, efficiencies (lean manufacturing) and expense reduction continue to be key focus.
- Continued investment in new IP generation.
- Pursuing other fabrication opportunities given capacity and capabilities.
- Sufficient capacity for future growth and good safety record.

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

## Achievements and realities for the half year ended June 2021:

- External sales from OEM Germany consistent at 37.5% of Group Sales.
- Production rate increase due to normalised inventory levels and increased demand, resulting in higher recovery of overheads and positive impact on bottom line.
- Significant once-off costs in prior period not repeated in 2021.
- Operating profit of R120,1m for the period compared to R14,2m profit in the prior period.
- Production in Europe improves lead times, efficiency in freight and working capital cycles and costs, and provides for greater flexibility and improved response times to dealers and customers.
- USA and UK markets positive.
- Market share gain in main markets.
- Online solution for used equipment for global sales implemented.

## Outlook / expectations:

- Strong outlook for Northern Hemisphere region due to infrastructure led recovery and large infrastructure projects in northern hemisphere.
- Anticipated increase in sales driven by increased demand for commodities across the globe.
- “Aspire” dealer management programme focus.
- Component shortages, increased lead-times and pricing pressure due to pressure on the supply chain, driven by higher global demand, remain a concern.

# DIRECT SALES — SOUTH AFRICA

## Achievements and realities for the half year ended June 2021:

- Sales down to 39.9% of Group Sales compared to 43.0% in prior period, up 16.0% compared to June 2020, market contraction offset by good market share gain.
- Operating profit up to R62,9m compared to R14,7m for the prior period due to severe impact of COVID-19 in the prior period.
- 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.
- Appointment as distributor of the full range of JCB products, effective 1 May 2021, progressing well.
- Reduction in inventory – high levels of inventory in both used and new manufactured machines worked down.
- South African sales entity 51% black owned, 30% black woman owned with L1 B-BBEE score, maximising benefit for customers.
- Increase in ISAs with customers – interest-bearing receivables.
- Receivables recoverable, provisions R18m.

## Outlook / expectations:

- JCB opportunity exciting with new products introduced and replacement products to reinvigorate affected product lines.
- Continued mining activity optimism, while construction and road building sectors remain weak, although some increased activity experienced.
- Enhanced product and service line positions for market recovery.
- SA unrest and looting in July 2021 is a further destabiliser.

# DIRECT SALES — REST OF AFRICA

## Achievements and realities for the half year ended June 2021:

- Sales represent 4.1% of Group Sales, compared to the 4.4% of the prior period, 17% up.
- Slow demand for commodities directly impacts ADT market.
- Reduced overall machine market volumes.
- Focus on aftermarket revenue.
- Operating profit for the period of R14,5m compared to an operating profit of R13,0m for the prior period.

## Outlook / expectations:






- Ongoing foreign currency shortages and low economic activity.
- Focusing on improving customer experience, fleet rebuild opportunities and cost containment.
- Continue to drive growth in the aftermarket and supporting our active fleet.
- Indications of positive political change in Zambia.



# BELL EQUIPMENT LIMITED

## FINANCIAL RESULTS

# SALIENT FEATURES — JUNE 2021 vs JUNE 2020

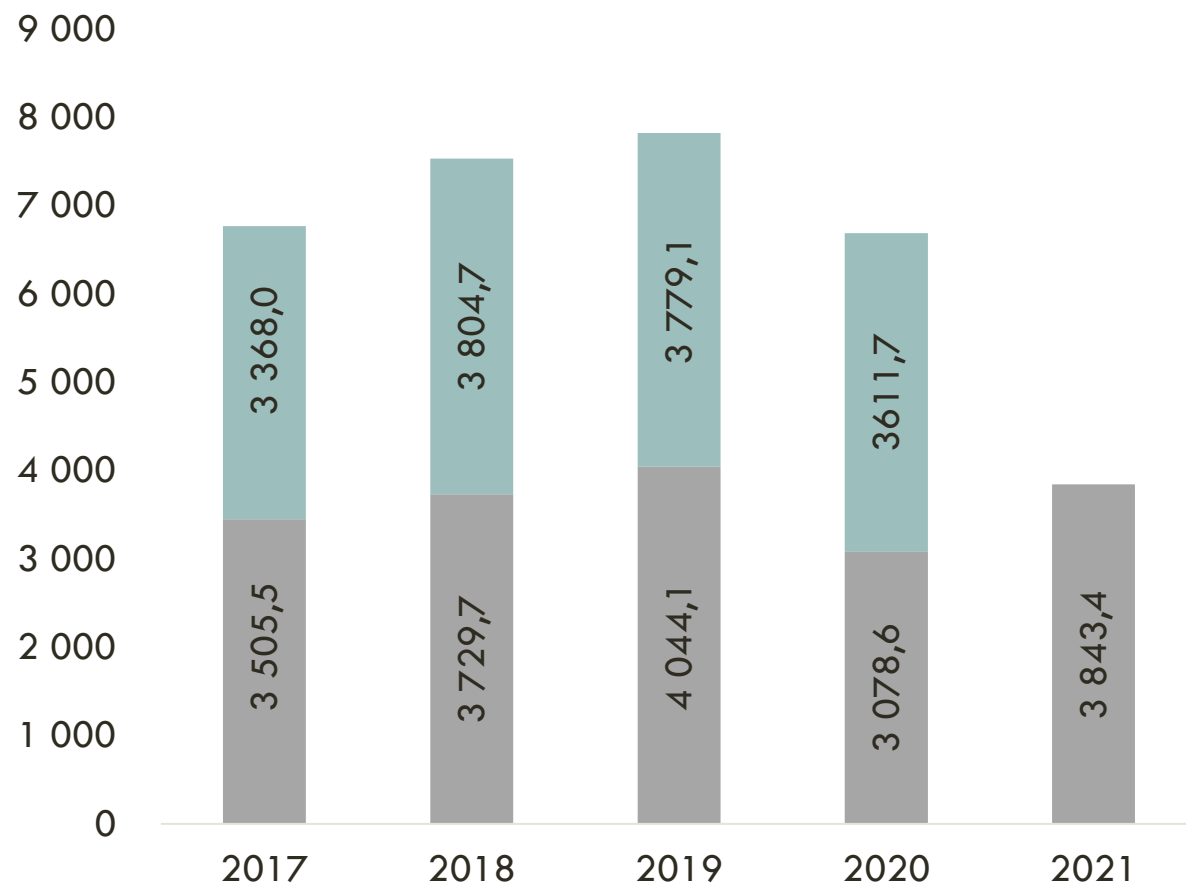
	<b>Revenue</b>  Up to R3,8 bn		<b>Profit from operating activities</b>  Up to R267m		<b>Profit for the period</b>  Up to R176m
	<b>HEPS</b> (diluted)  Up to 1 68cps		<b>NAV</b>  Up to 3 779 cents	<b>No interim dividend declared</b>	

- Increase in production volumes and stronger market conditions resulted in higher recovery of overheads and higher sales, improving bottom line.
- Higher production driven by higher demand and normalised inventory levels, following the right-sizing of inventory in the prior year.
- Tough conditions remain, but cautiously optimistic.

# REVENUE & OPERATING PROFIT

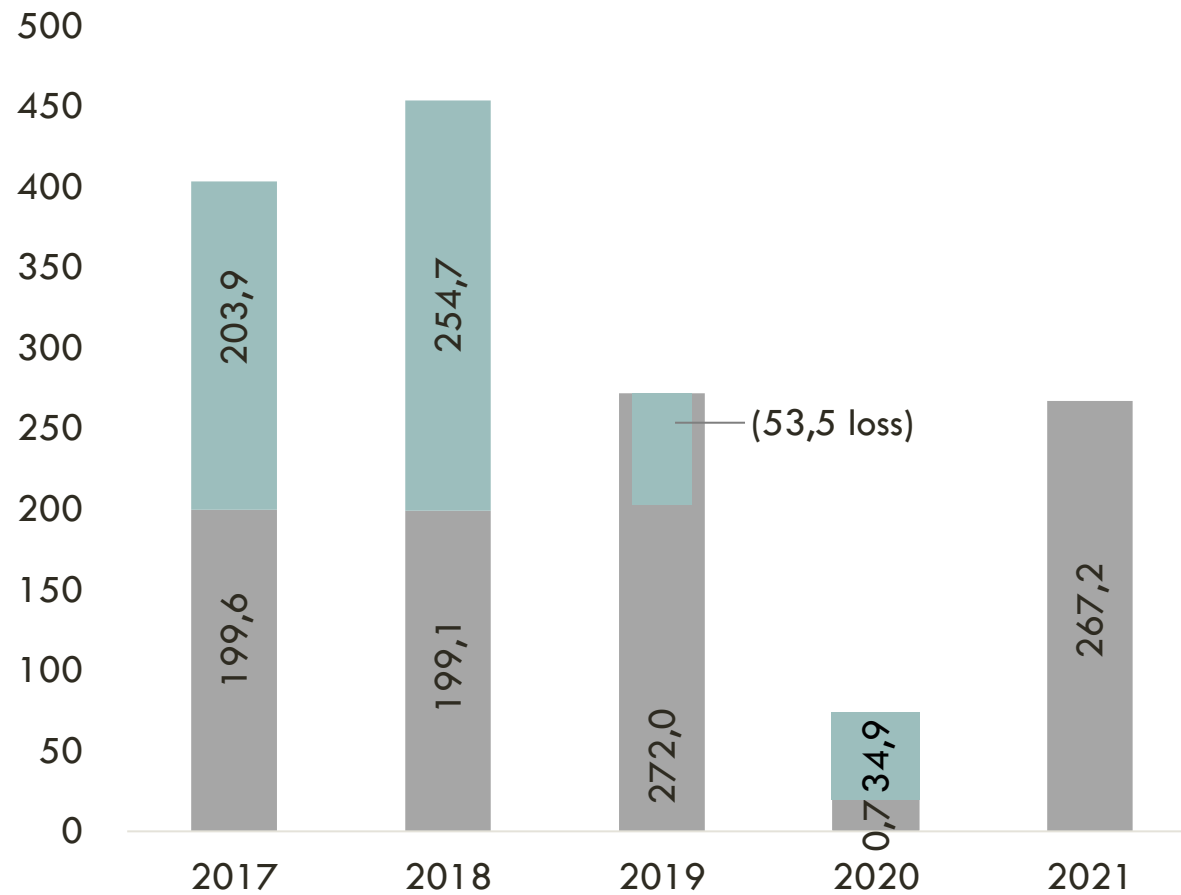
Revenue (R'million)

■ HY1 ■ HY2

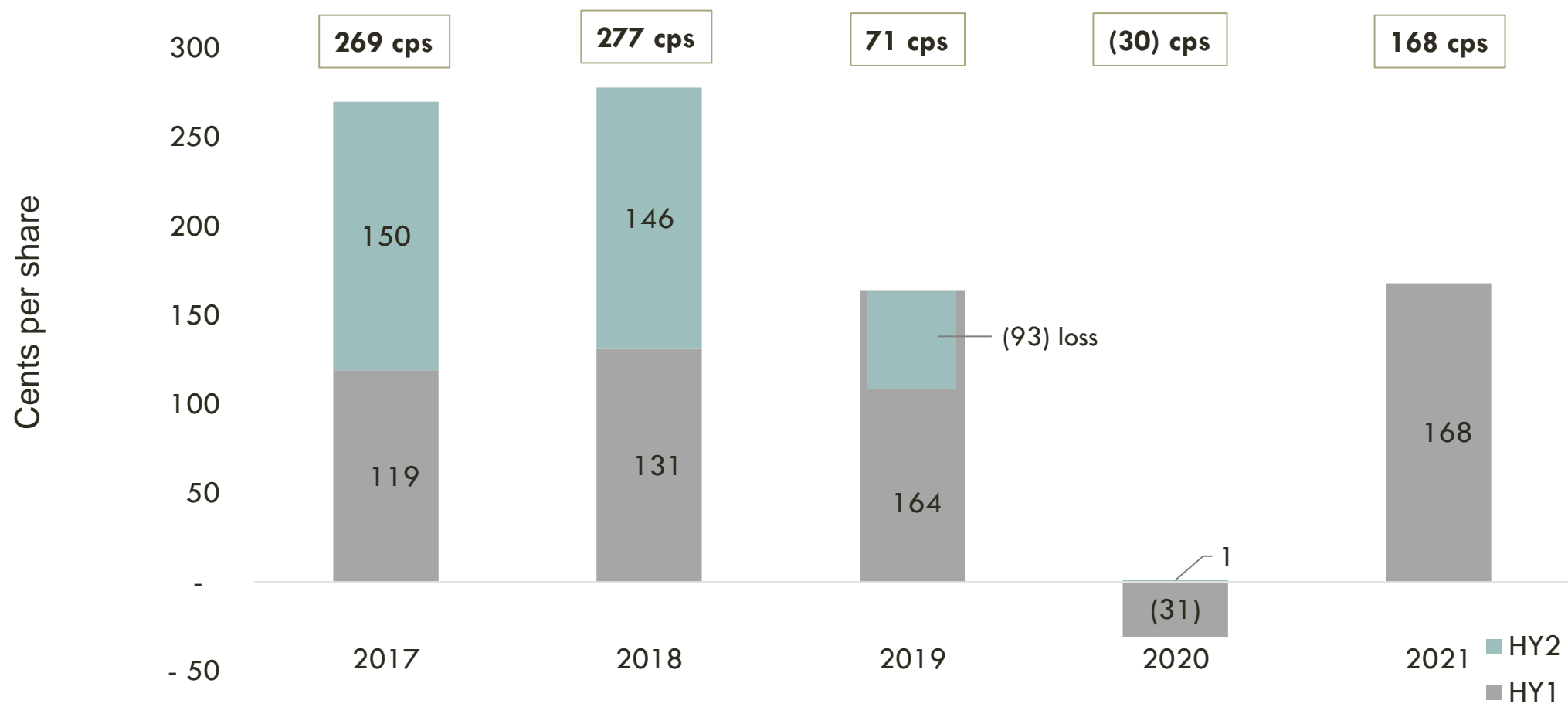


Profit from operating activities (R'million)

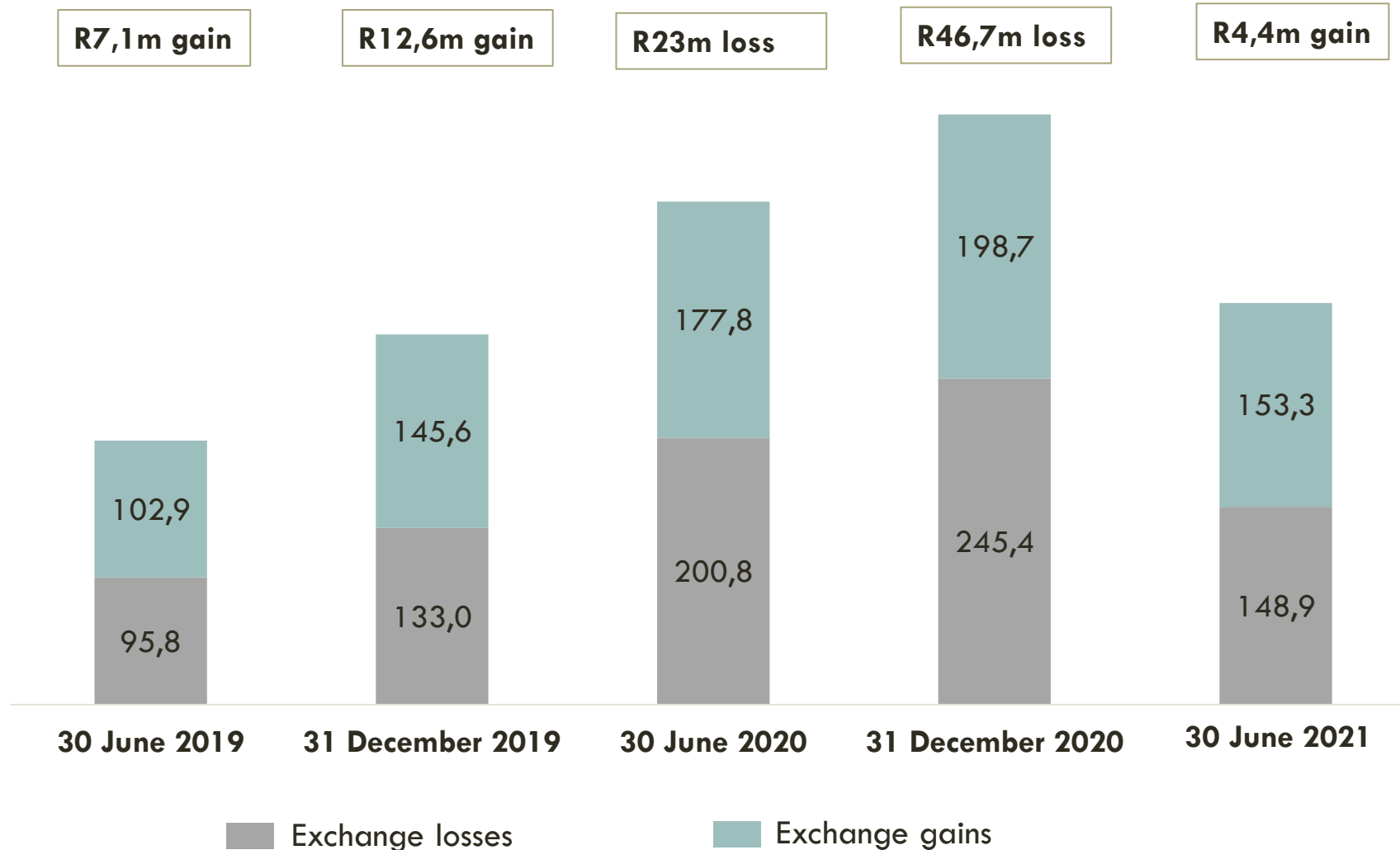
■ HY1 ■ HY2



# HEADLINE EARNINGS PER SHARE (HEPS) – DILUTED



# EXCHANGE GAINS/(LOSSES)



- Rand volatile during period. Initially strengthened from 2020 year end, but lost some gains by half year end.
- Large net exchange losses at Richards Bay factory in prior period on import payments and revaluation of foreign payables due to weaker Rand.

# BALANCE SHEET — ASSETS

Rm	Unaudited 30 June 2021	Audited 31 Dec 2020	% change
<b>Non-current assets</b>	<b>1 761,6</b>	<b>1 845,7</b>	<b>(4.6)</b>
Property, plant and equipment	910,3	935,2	
Right-of-use assets	260,6	287,4	
Intangible assets	278,2	277,7	
Investments	46,5	33,6	
Interest-bearing receivables	62,0	90,6	
Deferred taxation	204,0	221,2	
<b>Current assets</b>	<b>4 902,4</b>	<b>4 794,2</b>	<b>2.3</b>
Inventory	3 399,5	3 595,2	(5.4)
Trade and other receivables	1 045,1	884,1	18.2
Current portion of interest-bearing receivables	185,2	118,8	55.9
Contract assets	39,8	28,3	
Prepayments	22,8	22,7	
Other financial assets	4,1	10,2	
Current taxation assets	28,0	52,1	
Cash and bank balances	177,9	82,8	
<b>Total assets</b>	<b>6 664,0</b>	<b>6 639,9</b>	<b>0.4</b>



# BALANCE SHEET — EQUITY & LIABILITIES

Rm	Unaudited 30 June 2021	Audited 31 Dec 2020	% change
<b>Capital and reserves</b>	<b>3 613,6</b>	<b>3 503,8</b>	<b>3.1</b>
<b>Non-current liabilities</b>	<b>673,1</b>	<b>759,3</b>	<b>(11.4)</b>
<b>Current liabilities</b>	<b>2 377,3</b>	<b>2 376,8</b>	<b>0.0</b>
Trade and other payables	1 301,2	933,0	39.5
Current portion of interest-bearing liabilities	310,6	547,4	(43.3)
Current portion of lease liabilities	45,9	49,7	
Current portion of contract liabilities	252,6	209,6	
Current portion of refund liabilities	33,9	27,4	
Current portion of provisions	95,7	110,7	
Other financial liabilities	5,1	14,5	
Current taxation liabilities	19,9	3,1	
Bank overdrafts and borrowings on call	312,4	481,4	(35.1)
<b>Total equities and liabilities</b>	<b>6 664,0</b>	<b>6 639,9</b>	<b>0.4</b>

# INCOME STATEMENT

Rm	Unaudited 30 June 2021	Unaudited 30 June 2020	% change
<b>Revenue</b>	<b>3 843,4</b>	<b>3 078,6</b>	<b>24.8</b>
Cost of sales	(3 025,6)	(2 552,1)	18.6
<b>Gross profit</b>	<b>817,8</b>	<b>526,5</b>	<b>55.3</b>
<i>Gross profit margin</i>	<i>21.3%</i>	<i>17.1%</i>	
<b>Other operating income</b>	<b>72,6</b>	<b>43,9</b>	<b>65.4</b>
Expenses	(623,2)	(569,6)	9.4
<b>Profit from operating activities</b>	<b>267,2</b>	<b>0,8</b>	
Net interest expense	(29,8)	(68,1)	(56.2)
<b>Profit (loss) before taxation</b>	<b>237,4</b>	<b>(67,3)</b>	
Taxation	(61,6)	15,0	
<b>Profit (loss) for the period</b>	<b>175,8</b>	<b>(52,3)</b>	<b>436.1</b>

- The gross profit margin in the prior period was negatively impacted by substantial net foreign currency losses on imports accounted for in cost of sales, as a result of the sharp weakening of the Rand during that period.

# NOTES ON INVENTORY

Rm	Unaudited 30 June 2021	Audited 31 Dec 2020	% change
Finished goods – Manufactured	458,5	640,9	(28.5)
Finished goods – Branded	380,5	378,7	0.5
Finished goods – Used	242,3	295,6	(18.0)
Spares, components & raw materials	1 780,7	1 898,1	(6.2)
Work in progress	537,5	381,9	40.7
<b>Total</b>	<b>3 399,5</b>	<b>3 595,2</b>	<b>(5.4)</b>

- Finished goods – manufactured at lowest level in some years.
- Work in progress reflects gear up for increased demand.

# CASH FLOW STATEMENT

Rm	Unaudited 30 June 2021	Unaudited 30 June 2020*	% change
Cash operating profit before working capital changes	444,4	374,3	
Cash generated from working capital	149,4	425,7	
<b>Cash generated from operations</b>	<b>593,8</b>	<b>800,0</b>	<b>(25.8)</b>
Interest paid	(51,5)	(72,3)	
Interest received	23,9	24,9	
Taxation paid	(3,3)	(23,6)	
<b>Net cash generated from operating activities</b>	<b>562,9</b>	<b>729,0</b>	<b>(22.8)</b>
<b>Net cash utilised in investing activities</b>	<b>(26,9)</b>	<b>(49,0)</b>	
<b>Net cash utilised in financing activities</b>	<b>(271,8)</b>	<b>(235,4)</b>	
Net cash inflow	264,2	444,6	
Net bank overdrafts & borrowings on call at beginning of period	(398,6)	(575,0)	
<b>Net bank overdrafts &amp; borrowings on call at end of period</b>	<b>(134,4)</b>	<b>(130,4)</b>	<b>3.1</b>

\* Restated

# NET DEBT AND FINANCE COST

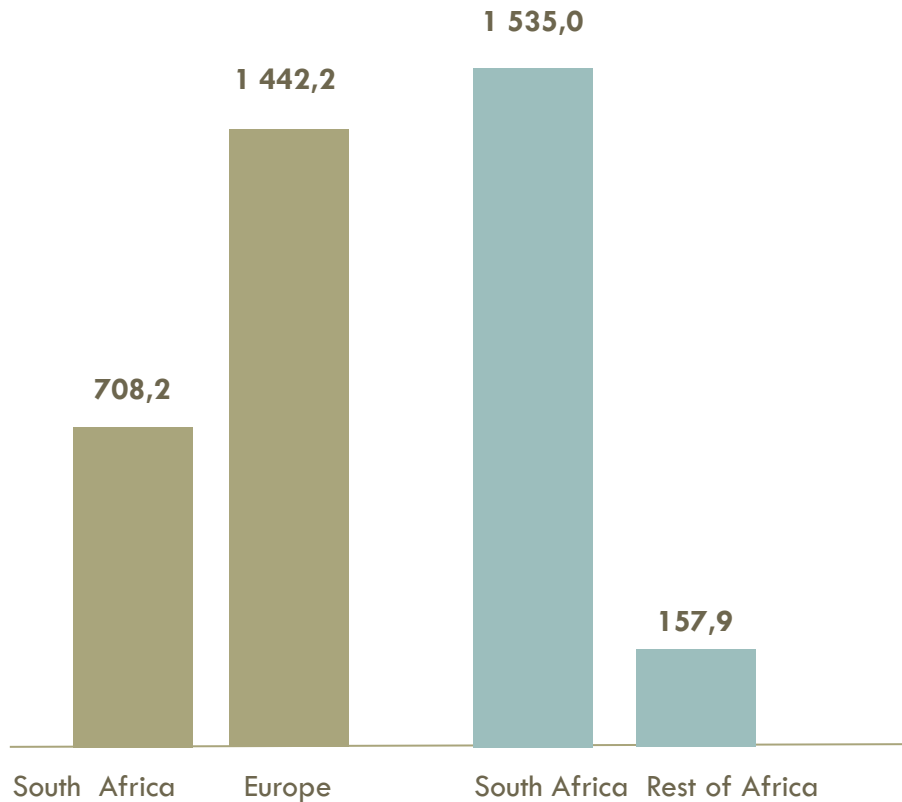
	Unaudited 30 June 2021	Audited 31 Dec 2020	% change
Net debt – close (Rm)	624	1 150	(45.7)
Net debt – average (Rm)	887	1 500	(40.9)
Interest paid for the period / year (Rm)	57,3	154,2	(62.8)
Gearing % (net debt)	17	33	(48.5)
Interest cover (times) (underlying EBIT)	4,66	0,23	1 926
Net debt to EBITDA (times, annualised)	2,5	7,16	(65.1)

- Net debt reduced further during period.
- Interest cover and net debt to EBITDA improved due to higher earnings and lower debt.
- Gearing down from 33% to 17% at end of period.

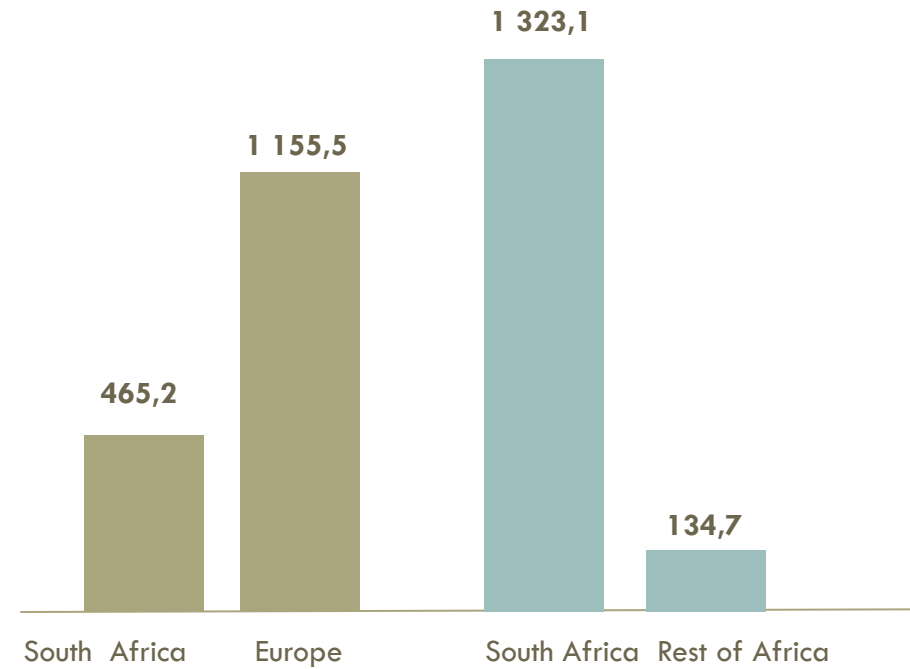
\* Net debt excludes lease liabilities in respect of right-of-use assets.

# SEGMENTAL ANALYSIS – SUMMARY

Revenue (R'million) – June 2021



Revenue (R'million) – June 2020



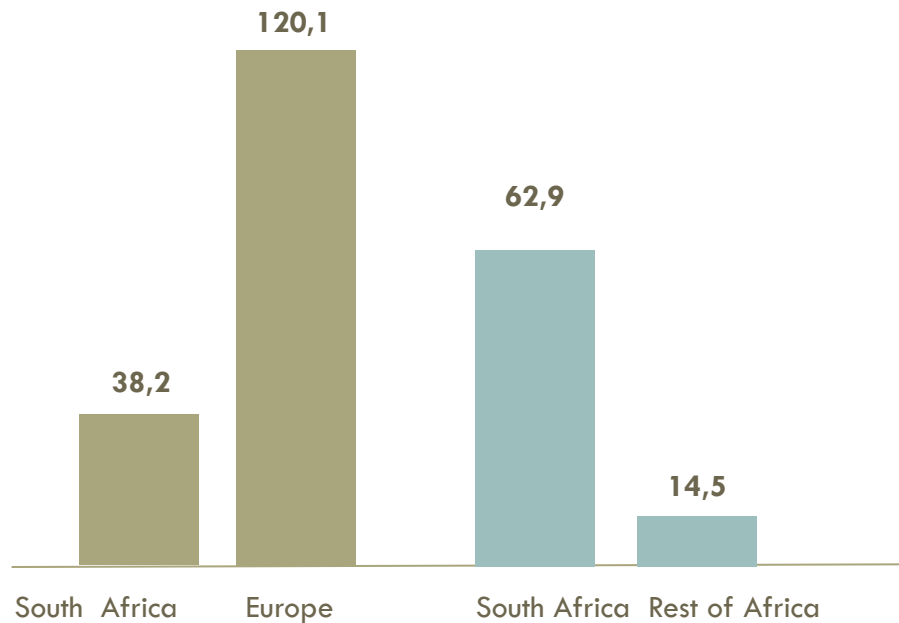
Manufacturing, assembly, logistics and dealer sales operations

Direct sales operations

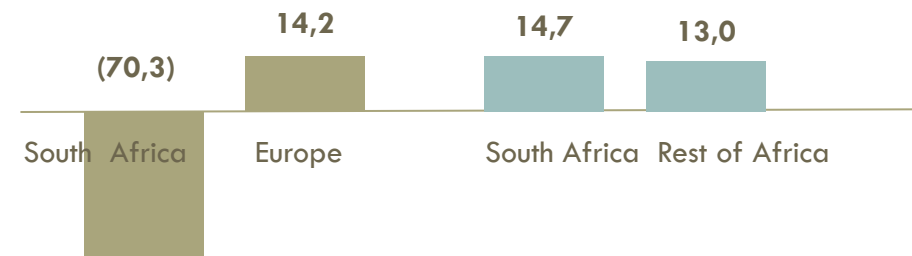


# SEGMENTAL ANALYSIS – SUMMARY

Operating profit (R'million) – June 2021



Operating profit (R'million) – June 2020



Manufacturing, assembly, logistics and dealer sales operations

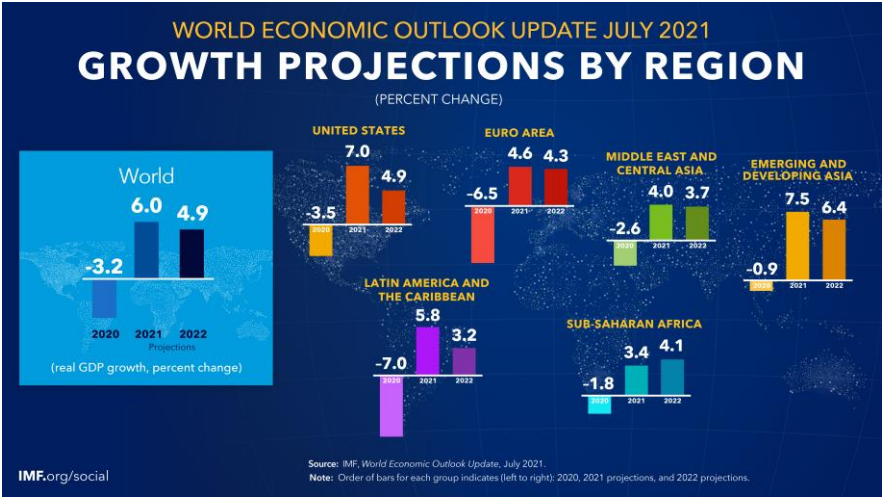


Direct sales operations

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## LOOKING AHEAD

# LOOKING AHEAD — INDICATORS



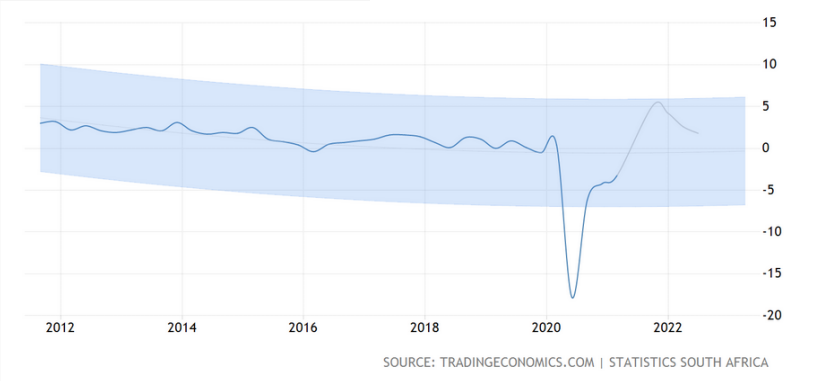
## Latest World Economic Outlook Update Growth Projections

(real GDP, annual percent change)	PROJECTIONS		
	2020	2021	2022
World Output	-3.2	6.0	4.9
Advanced Economies	-4.6	5.6	4.4
United States	-3.5	7.0	4.9
Euro Area	-6.5	4.6	4.3
Germany	-4.8	3.6	4.1
France	-8.0	5.8	4.2
Italy	-8.9	4.9	4.2
Spain	-10.8	6.2	5.8
Japan	-4.7	2.8	3.0
United Kingdom	-9.8	7.0	4.8
Canada	-5.3	6.3	4.5
Other Advanced Economies	-2.0	4.9	3.6
Emerging Market and Developing Economies	-2.1	6.3	5.2
Emerging and Developing Asia	-0.9	7.5	6.4
China	2.3	8.1	5.7
India	-7.3	9.5	8.5
ASEAN-5	-3.4	4.3	6.3
Emerging and Developing Europe	-2.0	4.9	3.6
Russia	-3.0	4.4	3.1
Latin America and the Caribbean	-7.0	5.8	3.2
Brazil	-4.1	5.3	1.9
Mexico	-8.3	6.3	4.2
Middle East and Central Asia	-2.6	4.0	3.7
Saudi Arabia	-4.1	2.4	4.8
Sub-Saharan Africa	-1.8	3.4	4.1
Nigeria	-1.8	2.5	2.6
South Africa	-7.0	4.0	2.2
Memorandum			
Emerging Market and Middle-Income Economies	-2.3	6.5	5.2
Low-Income Developing Countries	0.2	3.9	5.5

Source: IMF, World Economic Outlook Update, July 2021

Note: For India, data and forecasts are presented on a fiscal year basis, with FY 2020/2021 starting in April 2020. For the July 2021 WEO, India's growth projections are 8.8 percent in 2021 and 8.3 percent in 2022 based on calendar year.

South Africa GDP Annual Growth Rate



CRB Commodity Index



INTERNATIONAL MONETARY FUND

IMF.org

# LOOKING AHEAD

- We remain cautiously optimistic with most Northern Hemisphere markets reflecting healthy order books through to the first half of 2022.
- 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.
- Improved B-BBEE rating should continue to drive market share gains in South Africa.
- JCB distribution partnership will lead to gains in market share and volume growth.
- Continued focus on cash preservation, working capital and expense management.
- Continue to lobby Government against unfair competition.
- Development of new products to meet longer term strategies, contribution and overhead absorption.
- Continued focus on strategic priorities and global growth objectives.
- Continued focus on improving customer service and dealer management to drive growth in the aftermarket and supporting our active fleet globally.

# BELL EQUIPMENT LIMITED



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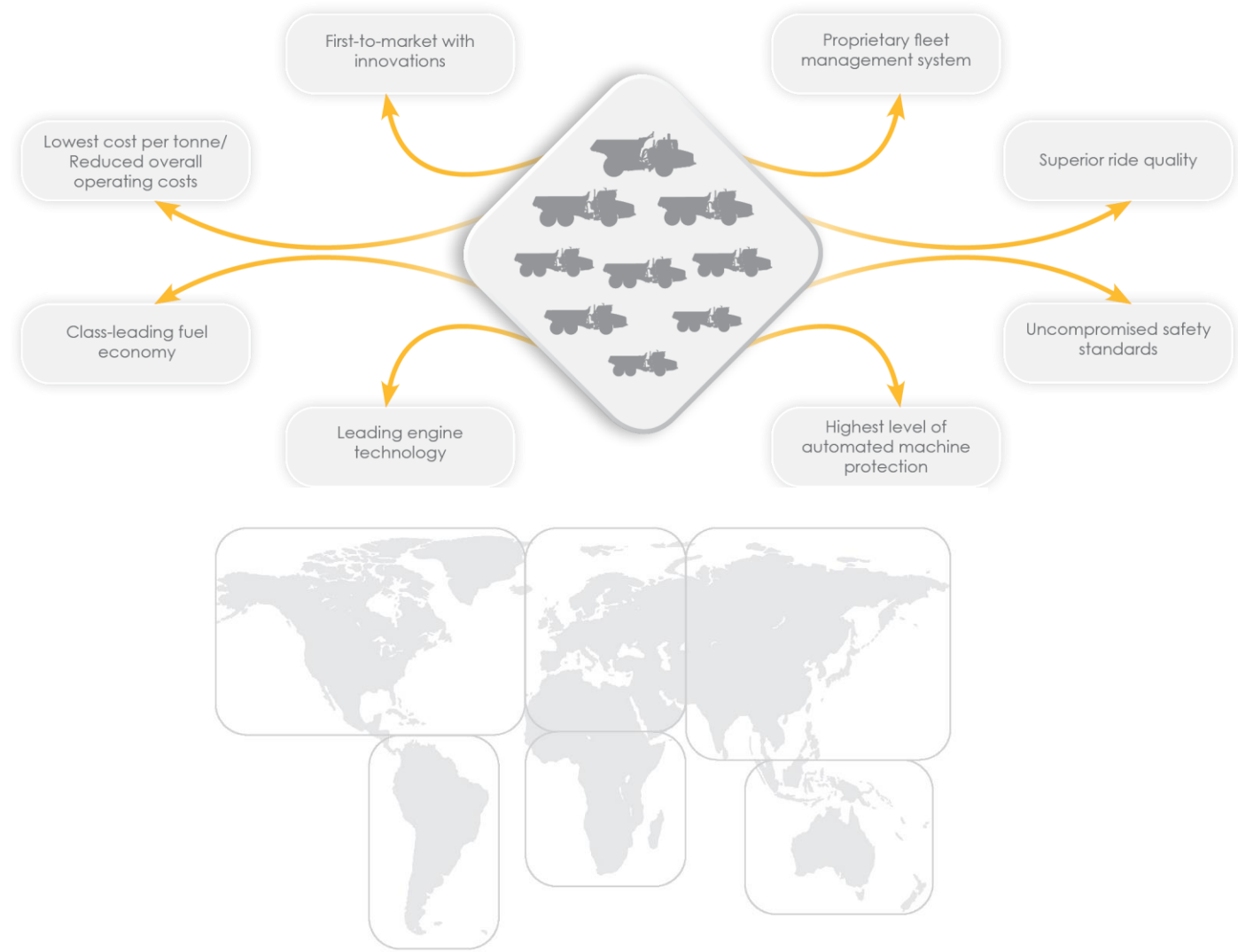
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# BELL EQUIPMENT LIMITED

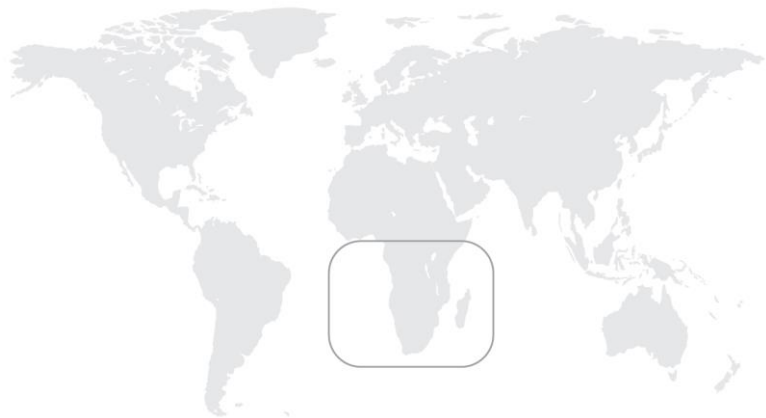
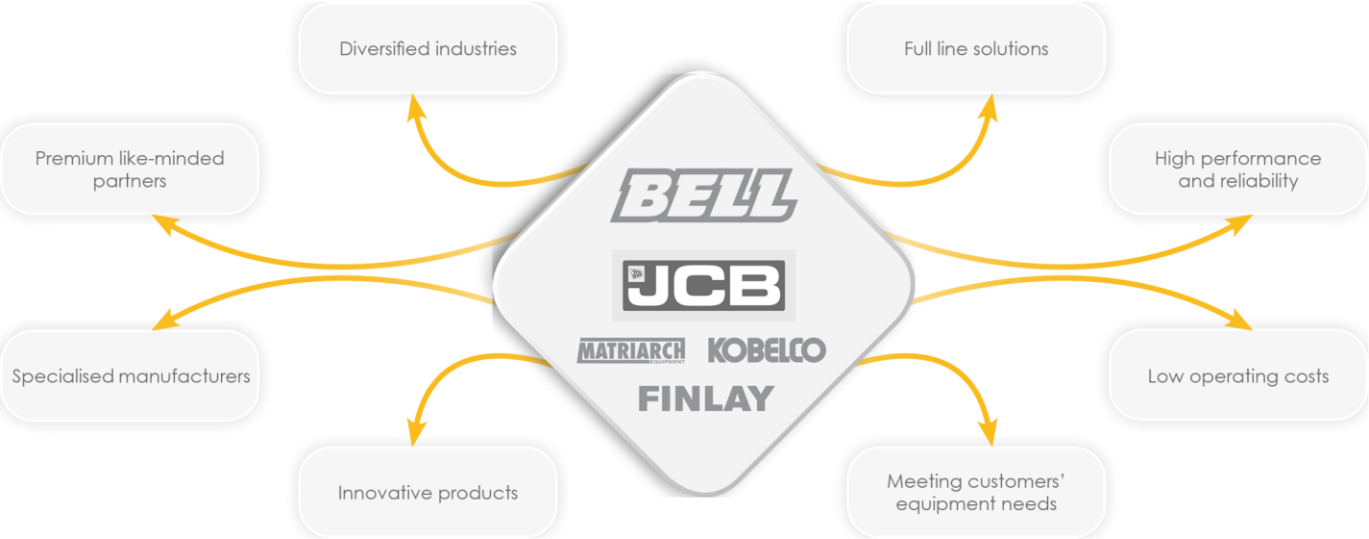
## APPENDIX



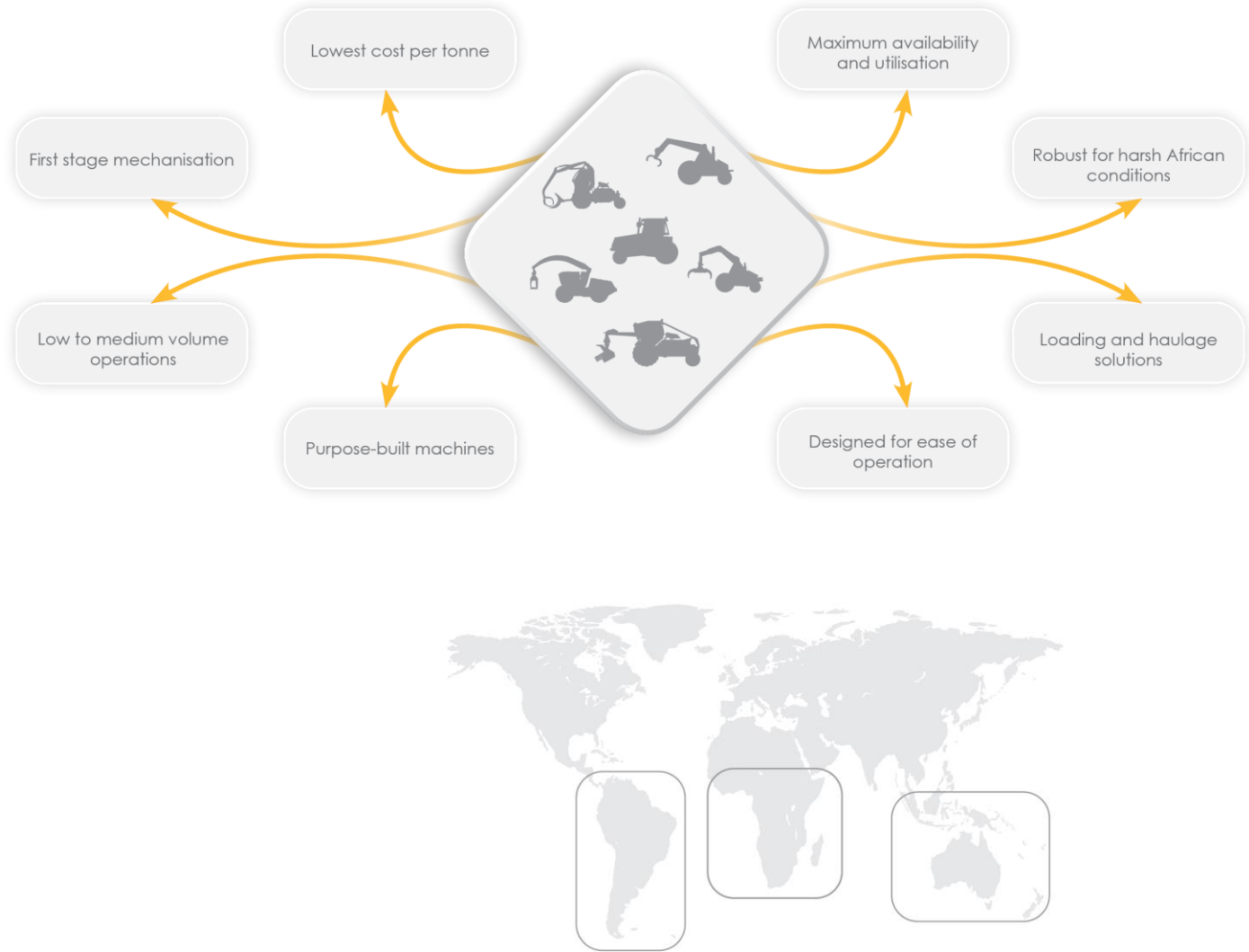
# ADT SPECIALIST



# MATERIAL-HANDLING DISTRIBUTOR



# AGRICULTURE & FORESTRY SOLUTIONS PROVIDER





# AFTERMARKET SUPPORT

