



BELL

**STRONG RELIABLE MACHINES
STRONG RELIABLE SUPPORT**

BELL Celebrating our **70th** ANNIVERSARY

**RESULTS FOR THE YEAR
ENDED 31 DECEMBER 2023**

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○ Operational update

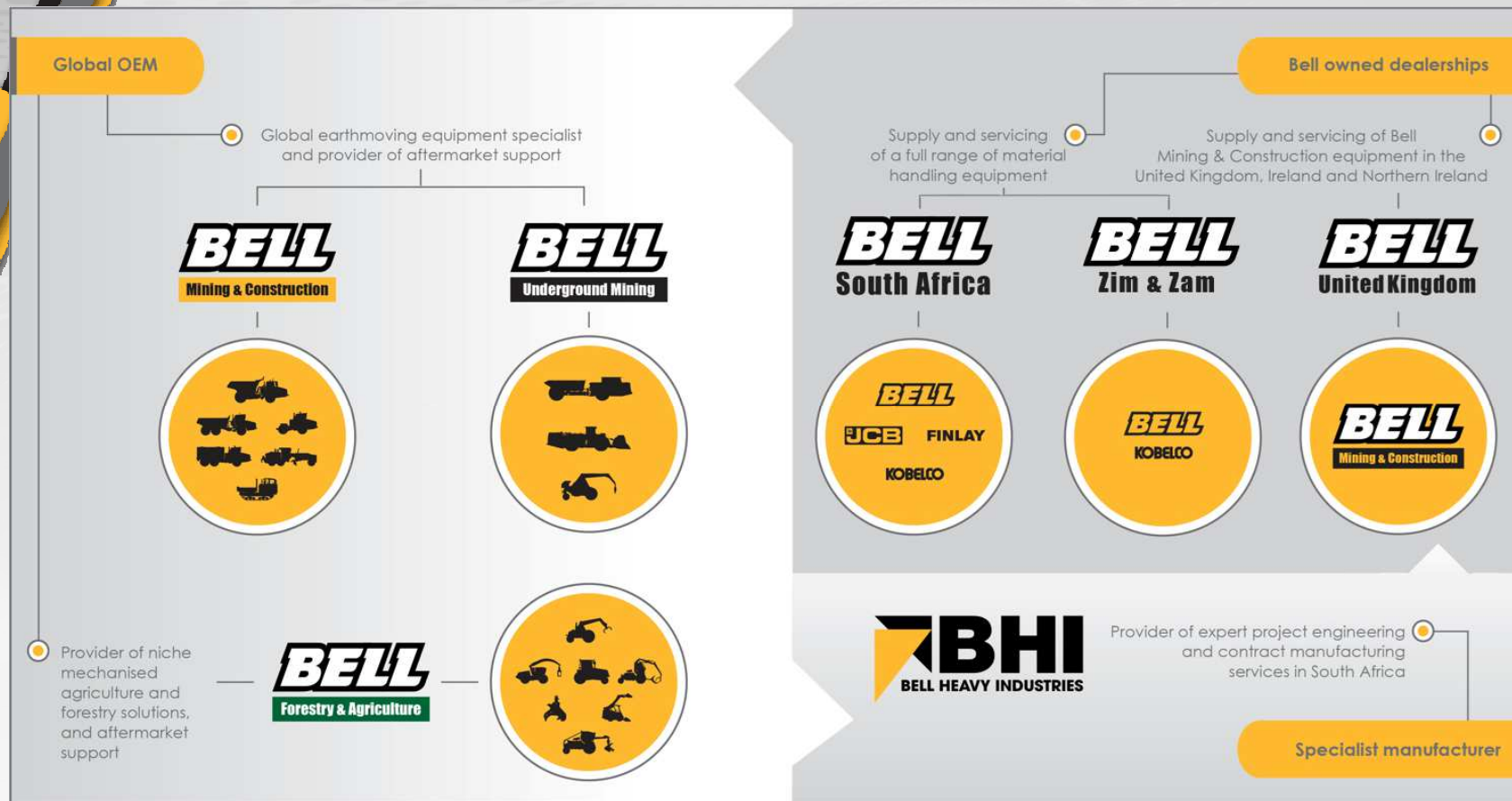
○ Financial results

○ Looking ahead

○ Appendix



BUSINESS MODEL



GLOBAL REACH

112 independent dealers globally.

22 Bell-owned branches in South Africa.

Bell machines operate in over **80** countries.

Bell has **2** manufacturing facilities based in Richards Bay, South Africa, and Eisenach-Kindel, Germany to serve the Southern and Northern Hemisphere markets.

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.

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

The Bell OFM range includes **47** products, of which **27** are geared towards mining and construction and **20** cater to the mechanised needs of our forestry and agriculture customers.

The South African factory has **45 000m²** of undercover manufacturing area and provides project manufacturing and contract engineering through its Bell Heavy Industries division.

Bell has a Bell-owned dealership network in **4** countries, namely the United Kingdom, Zimbabwe, Zambia, and South Africa. In all other territories Bell uses independent dealerships to support our customers.

North America & Canada



South America



Europe



North Africa



Sub Saharan Africa



South Africa



Asia



South East Asia



Oceania



Legend

- Manufacturing hubs
- Logistics hubs
- Bell-owned dealership
- Independent dealership
- Mining & construction
- Forestry & agriculture
- Underground mining
- Partner products

SUMMARY OF THE YEAR

Contributors to the year:

- Strong global demand supported by commodity cycle and infrastructure projects
- Resultant healthy order book
- Optimisation of logistics hubs
- Independent dealer network growth
- Third-party product sales in South Africa continued positive trajectory

Challenges to the year:

- Global supply chain constraints
- SA port congestion and European labour shortages
- Increased inventory buffers to mitigate supply chain risk and logistics pressure
- ADT manufacture location - far from suppliers and major markets





OEM

- MANUFACTURING, ASSEMBLY, LOGISTICS & DEALER SALES OPERATIONS, SOUTH AFRICA

RICHARDS BAY RSA

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

Achievements and realities for the year 31 Dec 2023:

- External Dealer sales from South Africa increased by 26,5% from the prior year and now represents 19,1% of Group Sales (19,8% PY)
- Production rate increased, driven by a recovery in demand supported by strong commodity prices
- A stronger operating profit of R834,0m is up from an operating profit of R369,2m in the prior year, due to improved volumes
- Dealer network expanded and migration to independent dealer model for forestry and agriculture products proving beneficial (24 dealers and 49 outlets in national footprint)
- Increased operating inventory and borrowings to support higher production and aftersales
- Healthy Southern Hemisphere ADT demand – Africa, SEA and Australia
- Installed >1MW of solar capacity
- Supply chain challenges eased in Q4 allowing catch up of planned production – but SA port congestion challenges

Outlook / expectations:

- Cautiously optimistic that momentum will be maintained
- Demand for commodities under pressure with global markets showing signs of 'cooling off'
- Develop stronger dealer network to support national forestry and agriculture customers
- Ongoing focus on managing supply chain and logistics risk
- Quality, manufacturing efficiencies and cost reduction continue to be key focus
- Continued investment in new IP development
- Manufacturing entity 51% black owned which is beneficial in pursuing insourcing of heavy metal fabrication opportunities through BHI division
- Continued focus on optimising operating inventory and gearing
- Focus on growing Bell Heavy Industries (BHI) contract manufacturing division

OEM

- MANUFACTURING, ASSEMBLY, LOGISTICS & DEALER SALES OPERATIONS, EUROPE

EISENACH GERMANY





OEM

- MANUFACTURING, ASSEMBLY, LOGISTICS & DEALER SALES OPERATIONS, EUROPE

ALSFELD GERMANY

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

Achievements and realities for the year 31 Dec 2023 :

- External sales from the OEM operations in Europe improved by 51,5% and accounts for 41,9% (2022: 36,4%) of Group Sales
- Production rate increases are due to higher Northern Hemisphere demand for equipment driven by large infrastructure projects
- Operating profit of R158,3m reflects an increase on prior year profit of R141,8m due to lower margin prior year orders carried into 2023
- North American markets continued their positive trajectory
- Increase in overall operating inventory and borrowings as geared up for higher production
- Supply chain challenges improved, allowing some production catch up, but labour shortages in European factory were a challenge
- Operation in Russia remains 'paused' with restricted cash challenge

Outlook / expectations:

- Outlook for the Northern Hemisphere markets showing signs of 'normalizing' from unprecedented highs
- Restocking cycle appears to be nearing an end – focus on growing market share
- Ongoing focus on managing supply chain risk and European factory labour challenges
- Focus on growing ADT manufacturing capabilities and capacity in Europe for production flexibility and working capital optimisation
- Continuous optimisation and enhancement of the dealer network
- Israel conflict with Hamas and Red Sea avoidance by shipping lines adds logistics pressure

DIRECT SALES

- SOUTH AFRICA

JOHANNESBURG RSA

An aerial photograph of a large industrial complex in Johannesburg, South Africa. The central feature is a massive, long, yellow warehouse with a gabled roof. To its left and in front are several smaller buildings, including a multi-story office or administrative building. The facility is surrounded by extensive parking lots filled with numerous vehicles, including cars, trucks, and a large number of yellow construction vehicles like excavators and bulldozers. The site is bordered by a fence, and beyond that, there are roads, other industrial buildings, and green spaces. The overall scene depicts a busy industrial and sales hub.

DIRECT SALES - SOUTH AFRICA

Achievements and realities for the year 31 Dec 2023 :

- Sales improved by 11,7% from prior year and makes up 32,5% (2022: 38,2%) of Group Sales
- Operating profit increased to R220,4m compared to R174,9m for the prior year
- Mining of commodities and demand for ADTs was strong, while construction sector remained volatile
- Some loss of ADT market share due to supply constraints
- Lead time challenges across OEM and third-party product lines amidst unprecedented global demand
- Third-party product distribution is proving to be a great fit and invigorates total product offering to the South African market
- Inventory holding has increased to cater for the market demand

Outlook / expectations:

- Cautiously optimistic that momentum from commodities will be maintained – outlook is 'flat' at best
- Export coal market is a concern
- Focus on product availability and regaining market share
- Concentrate on forestry and agriculture product dealer outlets
- Potential impact of national elections on market is a concern
- Ongoing focus on Lifetime Revenue Stream (LTRS) growth and positive customer experience
- South African sales entity 51% black owned, 30% black woman owned with Level 1 B-BBEE score achieved, maximising benefit for customers

DIRECT SALES – REST OF AFRICA (ZAMBIA & ZIMBABWE)

Achievements and realities for the year 31 Dec 2023 :

- Sales improved by 54,1% compared to the prior year and currently represent 6,6% (2022: 5,6%) of Group Sales
- Operating profit increased to R113,8m from R45,1m in the prior period
- Strong commodity led growth in Zambia resulted in record sales year, with strong demand for ADTs
- Demand for agriculture products into Zambia sugar industry was positive
- Zimbabwe presented an extremely challenging operating environment, with very little activity

Outlook / expectations:

- Third consecutive year of growth in Zambia is encouraging
- Positive sentiment in Zambia and demand for commodities supports continued growth
- Continued focus on Lifetime Revenue Stream (LTRS) and customer support
- Interest in underground mining equipment in Zambia, which presents opportunity
- Economic and political challenges in Zimbabwe expected to continue

SUSTAINABILITY AND STRATEGIC POSITIONING

- **Organic growth**

- Investing in ongoing new product development and enhancement of existing Bell products
- Increase market share in key markets
- Bell Heavy Industries (BHI) contract manufacturing division (Richards Bay)

- **Larger portion of ADT manufacturing in Northern Hemisphere**

- Closer to market demand and component supplier base
- Decrease round-tripping of materials and components
- Improve manufacturing flexibility and responsiveness to changes in the market
- Test and consult with potential contract manufacturers to ensure high quality standards and reliability is maintained

- **Align repositioning** of ADT manufacturing (Northern Hemisphere) with growth of own and contract manufacturing (Southern Hemisphere)

- **Empowerment**

BECSA (Level 3)
51% black owned

BESSA (Level 1)
51% black owned & 30% black women owned

GROWTH AND INVESTMENT STRATEGY

- **Bell Motor Grader**

- Prototype units performed well
- Demand in Southern and Northern Hemisphere
- Class-leading product (innovative, performance, reliability)
- Plan to manufacture in Richards Bay
 - Production from Q1 2025

- **ADT innovation**

- Autonomous driver-less Bell ADT's operating on customer sites in Europe and North America
- R&D into sustainable fuel and propulsion solutions to support zero-carbon future
- Pedestrian Detection System (PDS) – new mining safety regulation

- **Underground 6t Load Haul Dumper (LHD)**

- Prototype commissioning Q2 2024

- **Bell Timber Processing Head**

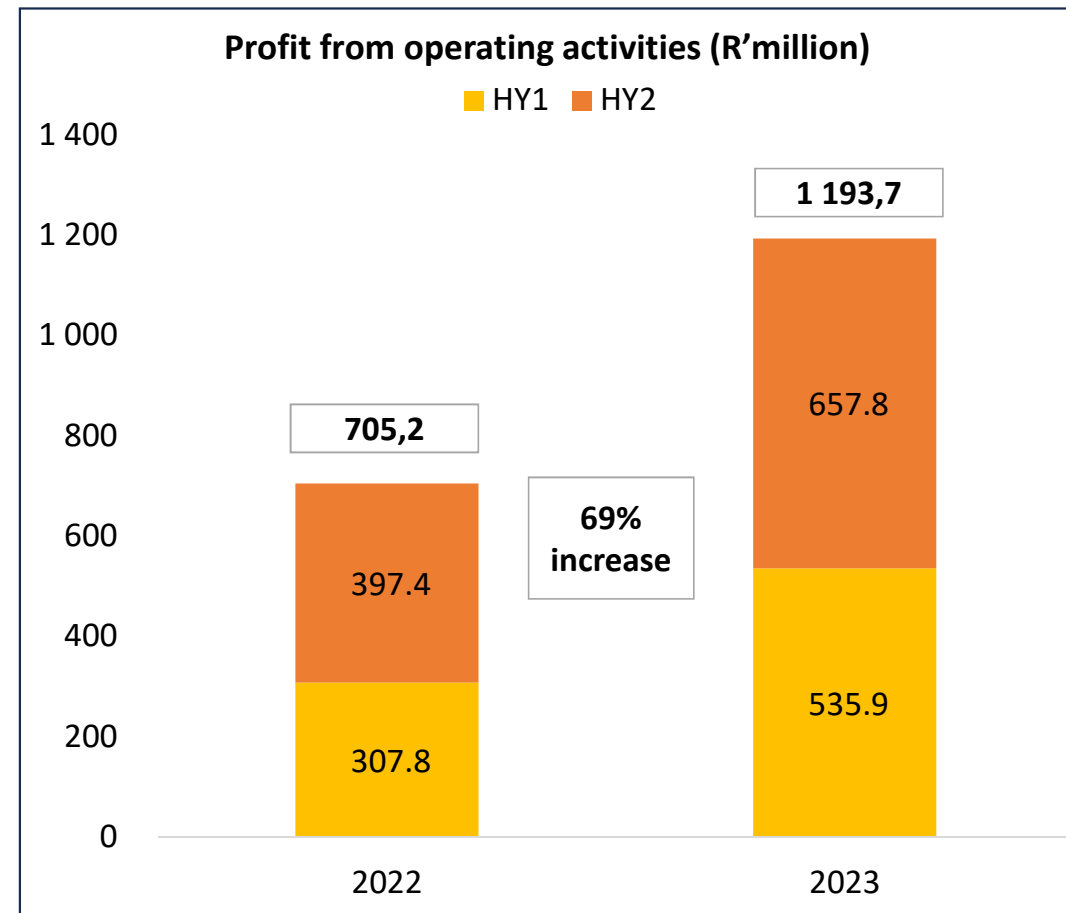
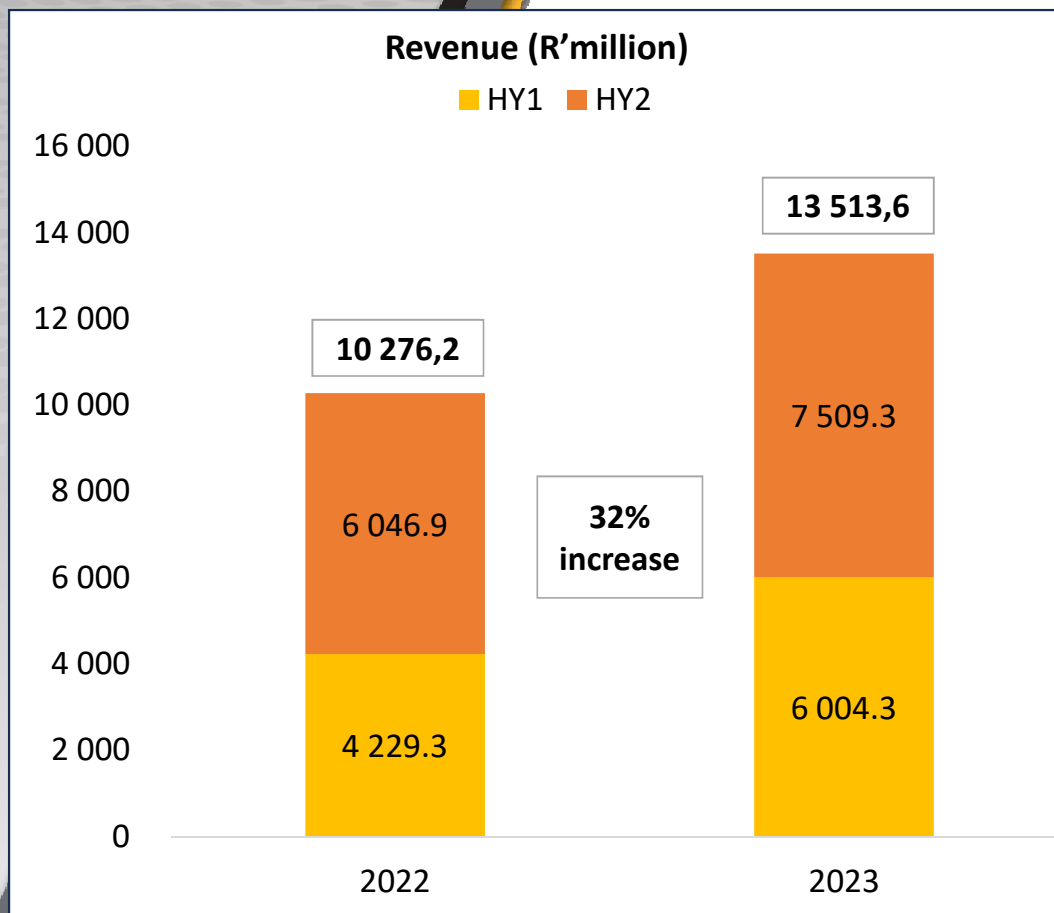
- Prototype trials returned positive results
- Production planned for H1 2025



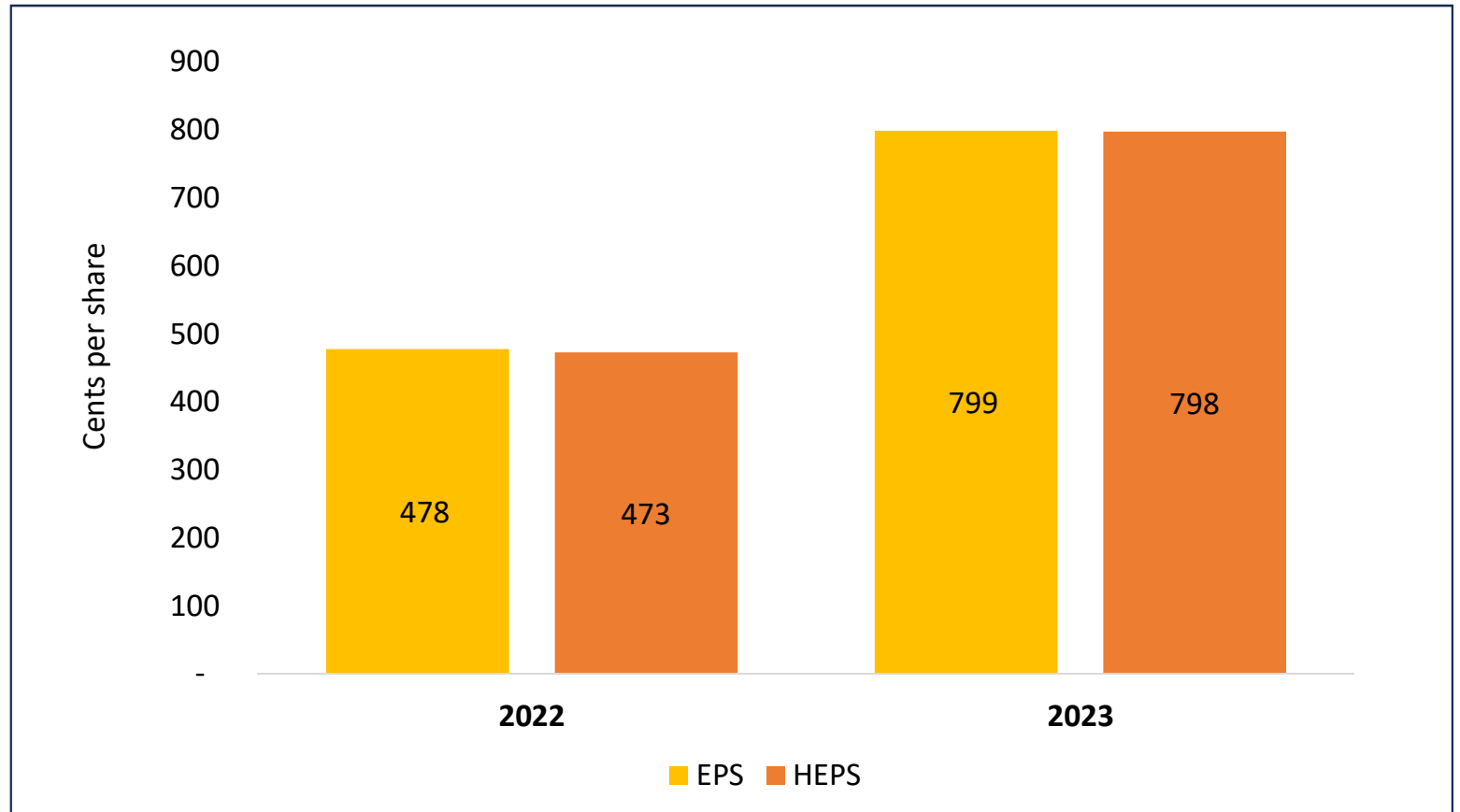
FINANCIAL RESULTS



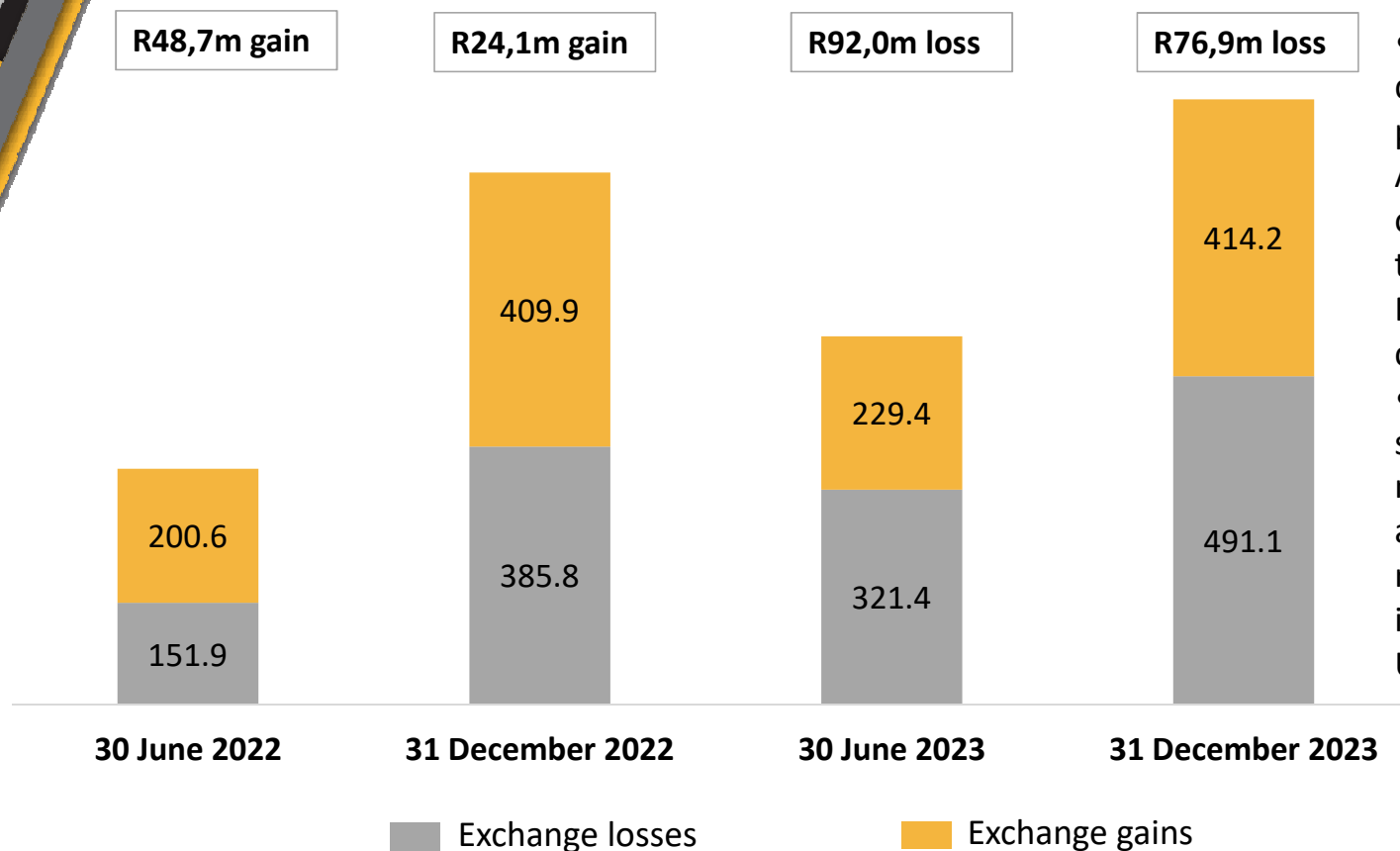
REVENUE AND OPERATING PROFIT



EPS AND HEPS



CURRENCY EXCHANGE GAINS/(LOSSES)



- USD and Euro denominated inventory purchases in the South African manufacturing operation as a result of the depreciation of the Rand against those currencies.
- USD denominated sales in the European manufacturing and assembly operation as a result of the movement in the Euro against the USD during the year.

BALANCE SHEET - ASSETS

R'm	Audited 31 Dec 2023	Audited 31 Dec 2022	% change
Non-current assets	2 025,1	1 894,1	7
Property, plant and equipment	1 006,1	944,5	
Right-of-use assets	414,6	367,9	13
Intangible assets	279,4	260,2	
Investments	35,7	63,0	
Interest-bearing receivables and contract assets	15,1	44,1	
Deferred taxation	274,2	214,4	
Current assets	8 509,5	6 756,6	26
Inventory	5 726,6	4 752,0	21
Trade and other receivables	1 989,4	1 278,1	56
Interest-bearing receivables and contract assets	179,0	231,3	
Other assets	318,9	231,2	
Current taxation assets	43,8	35,4	
Cash and bank balances	251,8	228,6	
Total assets	10 534,6	8 650,7	22

- Sales growth required greater investment in inventory and receivables
- Production catch up in Q4 resulted in lower inventory days at year end than in the prior year
- Receivables days increased to 54 vs 45 days in 2022, driven mainly by plans to have product in North America for start of 2024 sales season

BALANCE SHEET – EQUITY & LIABILITIES

R'm	Audited 31 Dec 2023	Audited 31 Dec 2022	% change
Capital and reserves	5 285,0	4 365,2	21
Non-current liabilities	1 030,7	870,7	18
Current liabilities	4 218,9	3 414,8	23
Trade and other payables	1 903,6	1 627,0	17
Interest-bearing liabilities	637,9	652,1	
Lease liabilities	76,4	50,3	
Contract liabilities	281,5	319,9	
Refund liabilities	34,3	34,1	
Provisions	206,1	142,5	
Other liabilities	24,3	10,6	
Current taxation liabilities	62,8	46,9	
Bank overdrafts and borrowings on call	992,0	531,4	87
Total equities and liabilities	10 534,6	8 650,7	22

- Higher inventory and receivables increased debt levels at year end

INCOME STATEMENT

R'm	Audited 31 Dec 2023	Audited 31 Dec 2022	% change
Revenue	13 513,6	10 276,2	32
Cost of sales	(10 812,1)	(8 244,7)	31
Gross profit	2 701,5	2 031,5	33
<i>Gross profit margin</i>	<i>20,0%</i>	<i>19,8%</i>	
Other operating income	339,5	260,1	31
Expenses	(1 847,3)	(1 586,4)	16
Profit from operating activities	1 193,7	705,2	
Net interest expense	(113,6)	(59,5)	91
Profit before taxation	1 080,1	645,7	
Taxation	(286,5)	(166,8)	
Profit for the year	793,6	478,9	66

NOTES ON INVENTORY

R'm	Audited 31 Dec 2023	Audited 31 Dec 2022	% change
Finished machines – Manufactured	774,4	462,7	67
Finished machines – Third Party	682,7	499,4	37
Finished machines – Used	316,9	278,0	14
Spares, components & raw materials	3 226,3	2 969,1	9
Work in progress	726,3	542,8	34
Total	5 726,6	4 752,0	21

- The Rand investment in inventory increased, reflecting the high production rates
- Days inventory reduced to 193 days in 2023 from 210 days in 2022
- Higher than planned manufactured machine inventory at year end shipped to customers early in 2024
- Re-positioning ADT manufacturing closer to suppliers and key markets will, in the longer-term, improve efficiency

CASH FLOW STATEMENT

R'm	Audited 31 Dec 2023	Audited 31 Dec 2022	% change
Cash operating profit before working capital changes	1 529,7	1 131,2	
Cash utilised in working capital	(857,7)	(1 157,3)	(25,9)
Cash generated from (utilised in) operations	672,0	(26,1)	
Interest paid	(214,1)	(122,2)	
Interest received	124,0	89,8	
Taxation paid	(330,5)	(157,8)	
Net cash utilised in operating activities	251,4	(216,3)	216
Net cash utilised in investing activities	(207,8)	(122,3)	
Net cash (utilised in) generated from financing activities	(481,0)	352,8	
Net (decrease) increase in cash for the year	(437,4)	14,2	
Net bank overdrafts & borrowings on call at beginning of year	(302,8)	(317,0)	
Net bank overdrafts & borrowings on call at end of year	(740,2)	(302,8)	144

NET DEBT AND FINANCE COST

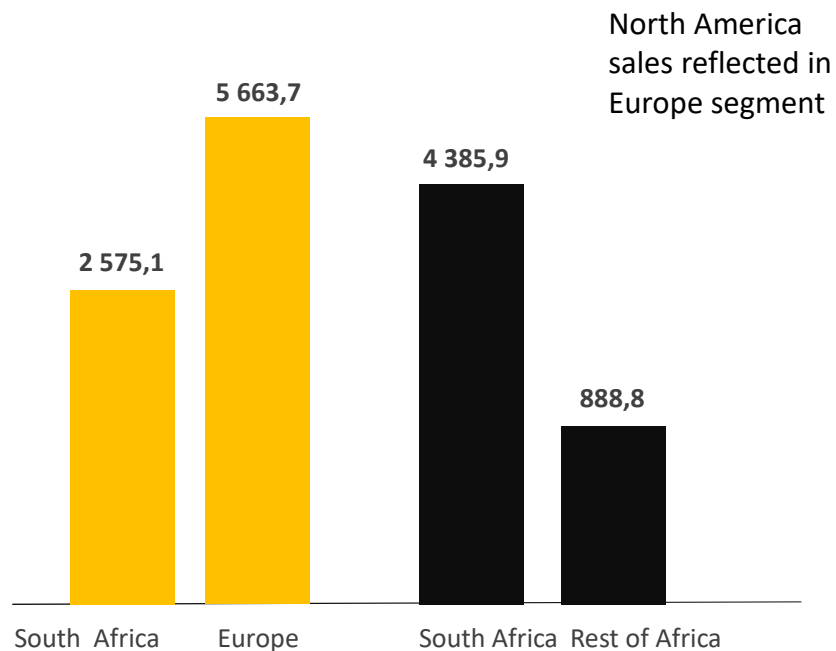
	Audited 31 Dec 2023	Audited 31 Dec 2022	% change
Net debt – close (Rm)	1 536	1 148	34
Net debt – average (Rm)	1 342	922	46
Interest paid for the period (Rm)	196,8	137,0	44
Gearing % (net debt)	29,1	26,3	11
Interest cover (times) (underlying EBIT)	6,1	5,2	17
Net debt to EBITDA (times)	1,1	1,3	(15)

- Net debt and gearing increased during period
- Interest cover improved due to higher earnings

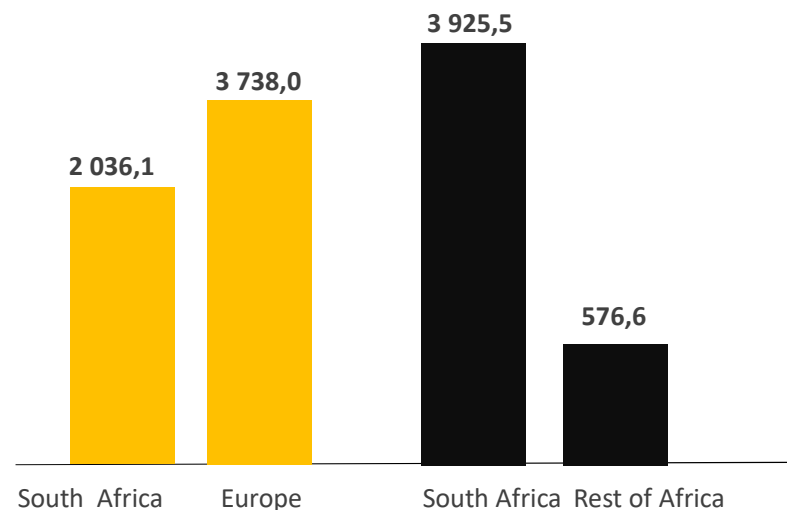
* Net debt excludes lease liabilities in respect of right-of-use assets


SEGMENTAL ANALYSIS - SUMMARY


External revenue (R'm) – Dec 2023



External revenue (R'm) – Dec 2022

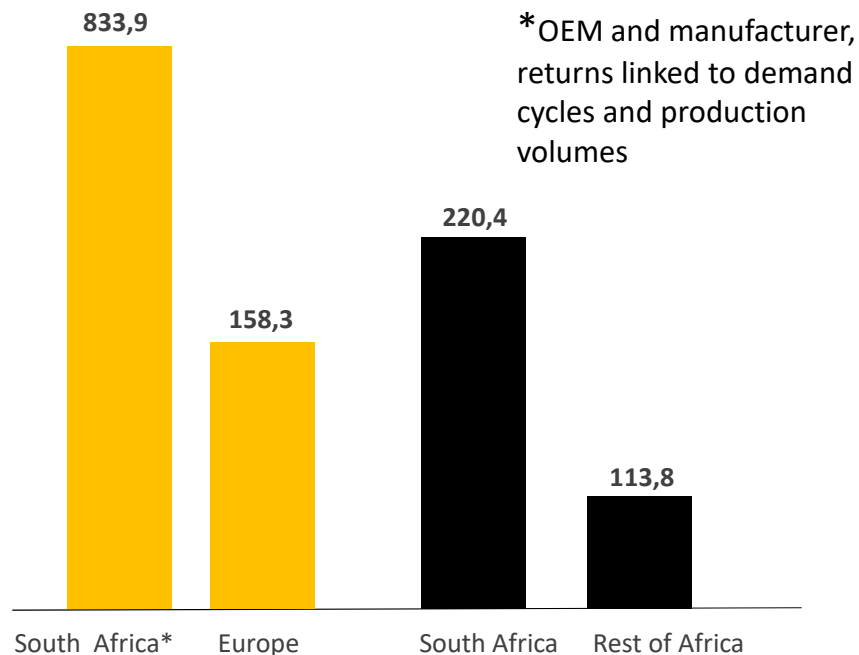


 Manufacturing, assembly, logistics and dealer sales operations

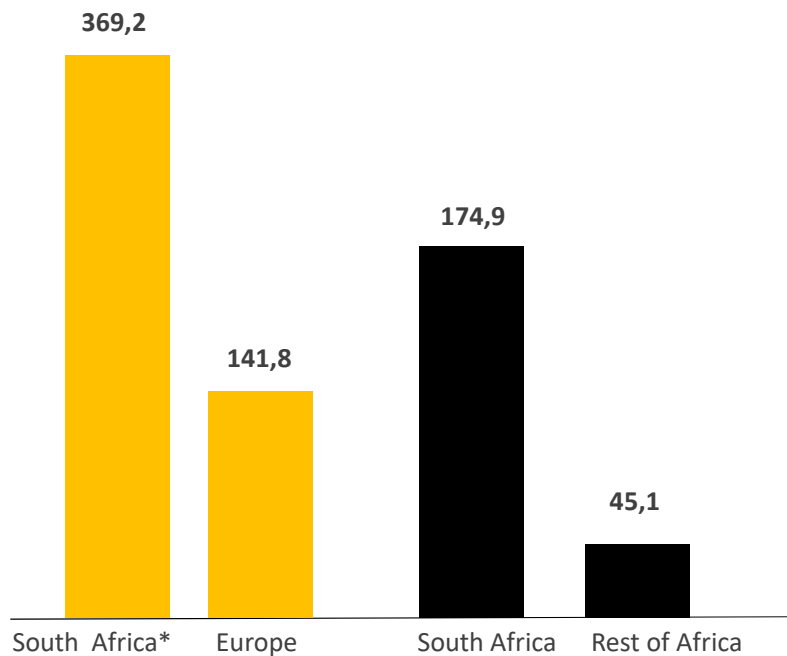
 Direct sales operations


SEGMENTAL ANALYSIS - SUMMARY

Operating profit (R'm) – Dec 2023



Operating profit (R'm) – Dec 2022



 Manufacturing, assembly, logistics and dealer sales operations

 Direct sales operations

LOOKING AHEAD



LOOKING AHEAD

- We remain cautiously optimistic - we are monitoring global markets closely as we see signs of market demand normalising
- Strategic focus on growth in the USA, the world's largest ADT market
- Pursue growth opportunities in new and existing markets – particularly larger ADT markets where we have relatively low market share
- Continue to drive technology innovation (autonomous drive and other technology integrations) on existing lines
- Planned launch of complementary global products in both Mining and Construction and Forestry and agriculture segments
- Grow existing third-party product sales in South Africa – complementary to Bell OEM product offering
- Supporting and growing the aftermarket, through customer and dealer relationships and leveraging active fleet globally
- Continued focus on expanding ADT manufacturing capabilities and capacity in the Northern Hemisphere – close to suppliers and markets
- Continual evaluation of operating structure for best deployment of strategies

Our customer focus, world class products and continuous innovation, coupled with our strategy to better balance the business globally, will ensure resilience and sustainability



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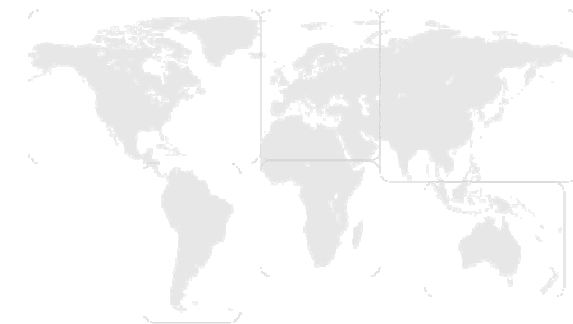
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GLOBAL OEM - MINING & CONSTRUCTION

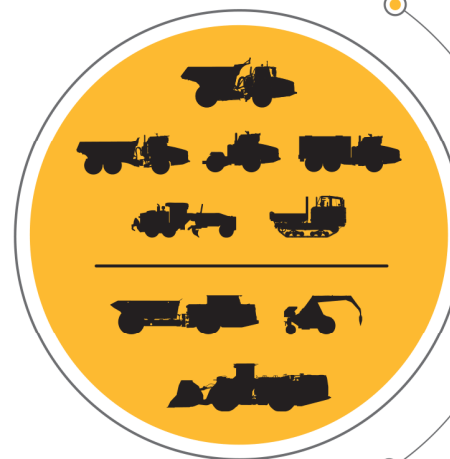


BELL

Mining & Construction

BELL

Underground Mining



Lowest cost per tonne/reduced overall operating costs

First to market with innovations, class leading fuel economy and proprietary fleet management system

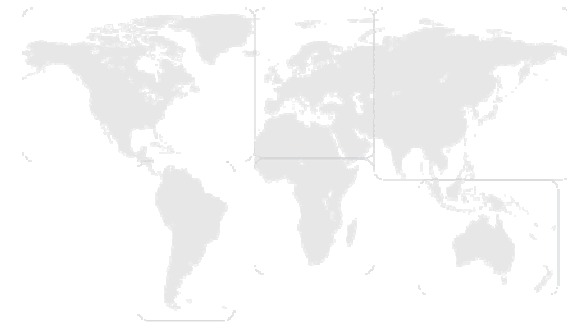
Superior ride quality

Leading engine technology

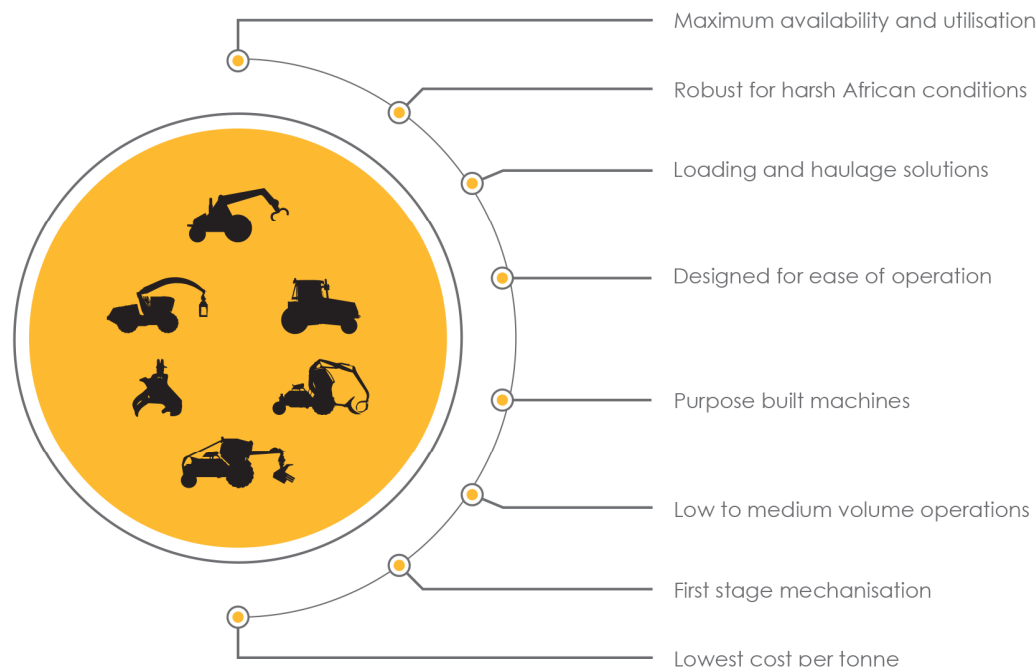
Uncompromising safety standards

Highest level of automated machine protection

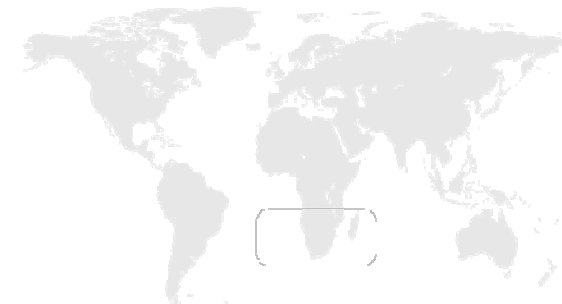
GLOBAL OEM – AGRICULTURE & FORESTRY



BELL
Forestry & Agriculture



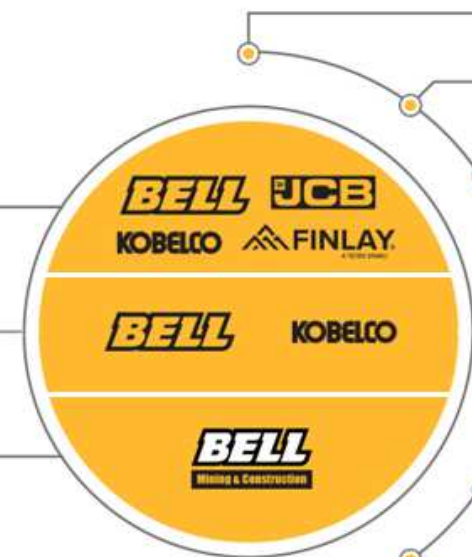
BELL OWNED DEALERSHIPS



BELL
South Africa

BELL
Zim & Zam

BELL
United Kingdom



- Full line solutions
- High performance and reliability
- Low operating costs
- Meeting customers' equipment needs
- Innovative products
- Specialised manufacturers
- Premium like-minded partners
- Diversified industries

AFTERMARKET SUPPORT

