

## BELL EQUIPMENT LIMITED

('Bell' or 'the group' or 'the company')

(Incorporated in the Republic of South Africa)

Share code: BEL

ISIN: ZAE000028304

Registration number: 1968/013656/06

## UNAUDITED INTERIM RESULTS

FOR THE PERIOD ENDED 30 JUNE 2018

AND CASH DIVIDEND DECLARATION

### Highlights

		Unaudited 30 June 2018	Unaudited 30 June 2017	% Change
		Restated		
Revenue	R billion	3,7	3,5	up 6
NPAT	R million	133,1	119,6	up 11
HEPS	cents	131	119	up 10
Interim dividend	cents	20	20	-

### Commentary

Ongoing economic growth and increased demand for

equipment in the major global markets of Europe, the Americas and South East Asia have delivered stable 2018 half year results for Bell Equipment Limited.

This is despite the South African market underperforming, mainly due to the country's political landscape failing to boost business confidence and drive infrastructure development. Investor appetite for the mining industry has remained under pressure because of uncertainty surrounding the Mining Charter while general caution is likely to continue in the run up to the 2019 national elections.

Volatility in exchange rates has also put margins under pressure. No immediate respite is expected as trade threats, Brexit and political instability in Europe continue to influence emerging markets.

Positive management interventions have enabled the group to contain losses in its African markets outside South Africa during this period. During the next six months the group expects to finalise a transaction to sell assets of its Democratic Republic of Congo operation as it migrates to a dealer model in order to position itself to better serve this market.

The E-series range of trucks has been well accepted

in all global regions and the Bell product continues to lead the market in terms of providing the lowest fuel burn, lowest cost per tonne of material moved and in providing leading innovative features for onsite safety and vehicle protection.

In Europe new product introductions are settling in well and will give Bell access to a wider customer and industry base. These include a range of 4x4 quarry trucks, the new B20E LGP (Low Ground Pressure) truck, a narrowed B20E truck as well as the B33L Low Profile truck for underground mining applications.

The Americas offer good promise for the next few years as mining, aggregates and construction, the main applications for Bell ADTs, all continue to show good growth.

In Southern Africa the strategic partnership with Japanese excavator specialist, Kobelco, continues to grow from strength-to-strength with tremendous interest and uptake from the market. To further bolster the traditional size classes, three mini excavator models were introduced in March to develop new opportunities in the light construction, demolition and light forestry applications, and

thereby tapping into an expanded customer segment.

Following an exclusive distribution agreement with Russian heavy-duty tipper manufacturer, Kamaz, the first trucks have been delivered to customers and with promising feedback received, Bell is investigating applications of the product as it explores this highly competitive market.

South East Asia is another focus market going forward. In Indonesia the market adoption of the Bell product through an established dealer network has been extremely positive, with mining conditions and operations very similar to Africa where Bell trucks are born, bred and tested.

We are progressing with investigations towards introducing BBBEE ownership partners at our South African manufacturing operations and to build on the ownership profile at our sales distribution operation to further improve our empowerment credentials.

## OUTLOOK

We are enjoying strong global increase in demand for all types of heavy equipment. This has however led to pressure on upstream suppliers to meet increased volume requirements. The group is mindful of the

challenge this may pose to our manufacturing and sales operations in the coming months.

A restructuring exercise has commenced to better utilise and direct resources in pursuit of continuous improvement and the most effective alignment of group structures to the evolving group strategy. Key objectives are to better satisfy market requirements while being optimised for efficient manufacturing, to develop a dedicated and effective global sourcing service to the manufacturing and aftermarket teams to counter the continuous pressure on margins and to implement a more coordinated approach to product quality and on time delivery to enhance overall business performance.

The group will continue its ongoing focus on its aftermarket and product support offering in all regions. The expansion of the Bell Eisenach-Kindel facility in Germany is underway with completion of Phase 2 scheduled for the second quarter of 2019. This will facilitate better flexibility and quicker responsiveness to customers to support the group's market growth in the Northern Hemisphere.

Our American Logistics Centre (ALC), located in North Carolina, will start trading in quarter 4 of this year,

and is ideally positioned to service the expanding dealer network and rapidly growing truck population in the North American region.

# Condensed consolidated statement of financial position

AS AT 30 JUNE 2018

	Unaudited	Unaudited	Audited	
	30 June	30 June	31 December	
	2018	2017	2017	
	R'000	R'000	R'000	
<b>ASSETS</b>				
Non-current assets	1 250 793	1 102 314	1 111 406	
Property, plant and equipment		793 860	767 947	691 429
Intangible assets	256 878	215 584	224 766	
Investments	624	584	574	
Interest-bearing long-term receivables		105 396	28 736	92 774
Deferred taxation	94 035	89 463	101 863	
Current assets	4 768 400	3 969 145	4 246 208	
Inventory	3 311 032	2 458 719	3 047 119	
Trade and other receivables		1 047 447	1 127 844	778 555
Current portion of interest-bearing long-term receivables			112 093	48 610 96 053
Prepayments	32 748	62 514	51 912	
Other financial assets	12 501	1 300	13 139	
Current taxation assets	19 073	3 664	9 179	
Cash and bank balances (note 13)		233 506	266 494	250 251
Assets classified as held for sale (note 12)		55 562	-	-

Total assets	6 074 755	5 071 459	5 357 614
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