Fun and games at Bell Equipment

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JSE listed **Bell Equipment** might have a small market capitalisation of below R1bn, but it is by no means a small or unimpressive business.

Founder Irvine Bell started Bell Equipment 67 years ago in 1954. Right from the outset and to this day it has been a family affair, without grandstanding and fanfare. The way Bell is understated is interesting, given it is one of very few businesses in South Africa that created genuinely globally competitive and commercially valuable intellectual property. It is even more impressive when one evaluates the entrenched competency, sheer size, and market shares of the key competitors they have taken on – **Caterpillar**, **John Deere**, and **Komatsu**, to name a few. Lastly, but certainly not least, consider they are not only competing in South Africa or Africa, but right across the world.

As a listed share, Bell Equipment is considered so small and illiquid – in part courtesy of the founding family's large ownership stake - that it is generally ignored by buy-side firms and sell-side analysts alike. It is *apparently* not worth their time and attention. Small wonder then that the founding families recently announced a potential offer to minorities and an intention to delist from the JSE.

A chilling scene in the movie 'The Equalizer' unfolds when the two adversarial leads ask each other "*What do you see when you look at me?*"

We see the following.

1. A great, proud, family-owned, South African, long-term, and growth oriented, business that is fed up with being ignored and disrespected.
2. A few Bell Equipment shareholders pursuing a public campaign through the annual general meeting and media.
3. The founding families have every right to offer whatever price they want, even if it is very far from the real-world value of the business.

4. The largest minority shareholders have every right to reject or accept any offer. Only once they accept can smaller minorities be forced out.
5. The rules governing this process is well established, clearly understandable, and fair.

Our work continues...

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