ASX Announcement

21 August 2018

FY18 Full Year Results

Bingo delivers pro forma EBITDA ahead of guidance and continued strong revenue and earnings growth

Bingo Industries Limited (ASX: BIN) ("**Bingo**") today announced its full year results for the 12 months ended 30 June 2018. Pro forma EBITDA was up 46.0% to $93.7 million, ahead of updated guidance of $93 million. The strong growth trajectory was maintained with net revenue up 44.5% to $303.8 million, and pro forma NPATA up 44.8% to $48.2 million.

Performance highlights:

- Strong ongoing safety performance with a 65% reduction in LTIFR from 4.3 to 1.5
- Net revenue of $303.8 million, up 44.5% on FY17
- Pro forma EBITDA of $93.7 million, up 46.0% on FY17
- Pro forma NPATA[1] of $48.2 million, up 44.8% on FY17
- Statutory NPAT of $38.0 million, up 91.6% on FY17
- Statutory EPS growth of 53.1% year-on-year
- Strong operating free cash flow of $88.9 million, up 45.6% and cash conversion of 94.9%
- Financial discipline maintained with Return on Capital (ROCE[2]) of approximately 20%
- Net debt of $136.6 million and leverage ratio of 1.5x net bank debt / pro forma EBITDA[3], in line with guidance and within target range
- Debt refinance, increasing the Group's principal debt facility from $200 million to $400 million (maturing August 2021)
- Development program on track and on budget with network capacity as at 30 June 2018 of 2.2 million tonnes per annum across NSW and VIC
- Acquisitions performing in line with guidance and on track to realise full identified synergy benefits of $6 million from the acquisition of National Recycling Group (NRG) in FY19
- Acquisition of Dial A Dump Industries for $577.5 million announced today, funded via $425 million Entitlement Offer and an issue of new Bingo shares to vendors at completion of the acquisition
- Final dividend of 2.0 cents per share
- Anticipated growth in the underlying business of approximately 15-20% for FY19 pro forma[4] EBITDA

Net revenue increased by 44.5% to $303.8 million compared to the prior period reflecting ongoing business momentum, underpinned by favourable economic and market conditions, and acquisitions. Pro forma EBITDA increased by 46.0% to $93.7 million, delivering a group EBITDA margin of 30.8%. The business continued to generate strong organic growth with 47% of the year-on-year uplift in pro forma EBITDA from growth in the underlying business.

[1] Pro forma NPATA defined as pro forma NPAT before amortisation of acquired intangibles.
[2] ROCE calculated as pro forma EBIT / Average (Borrowings + Equity).
[3] Pro forma excludes acquisition, capital raising, integration costs and prepayment amortisation.
[4] Pro forma excludes acquisition, capital raising, integration costs and prepayment amortisation. Prior to any impact of the acquisition of DADI.

Pro forma NPAT of $45.6 million increased 42.0% over the prior period while statutory NPAT, which includes transaction and integration costs associated with acquisitions made during the year, was $38.0 million, up 91.6%.

Management Commentary

Daniel Tartak, CEO of Bingo said; "The 2018 financial year was a very successful year across many measures for Bingo. We are proud to have achieved an LTIFR of 1.5 as at 30 June 2018, an improvement of 65% over the last 12 months. Consistently achieving zero harm remains our primary goal and we are pleased with our continued progress."

"We delivered strong growth in revenue and earnings, and successfully executed on our growth plans set out at the time of the IPO, through strong organic growth, acquisitions and entry into the Victorian market."

"We are on track to realise the full annualised synergies identified with the acquisition of National Recycling Group in FY19. Meanwhile construction at Paton's Lane is progressing well and remains on track to be operational in July 2019."

"We have strong momentum across the business, supported by major infrastructure programs in NSW and Victoria. We have seen a significant ramp up in government work in our Building & Demolition (B&D) business and are winning more Commercial & Industrial (C&I) contracts with Tier 1 customers. The infrastructure sector now contributes 22% (against 8% at the time of the IPO) to our Bins business, while residential construction activity remained buoyant during the year."

"We continue to generate strong cash flows, with operating free cash flow up 45.6% to $88.9 million, and have strengthened our balance sheet by refinancing our debt on more attractive terms. This provides a funding platform that is more aligned with the scale of our operations and greater flexibility to execute on our growth plans."

Segment Performance

Collections

Revenue from collections increased by 45.2% to $176.9 million primarily driven by increased volumes in the market underpinned by sustained construction activity and buoyant economic conditions. Pro forma EBITDA increased by 48.1% to $41.6 million.

Post-collections

Whilst a number of sites have been closed during the period as part of our FY20 development program, revenue from Post-collections increased by 47.7% to $172.6 million primarily driven by increased network capacity in NSW, with full year contributions from St Marys and Revesby. Artarmon, Campbellfield and Greenacre came on stream during the year. Internal revenue from Bingo is 36% of total Bingo Recycling revenue, with 64% from external clients.

Pro forma EBITDA increased by 42.2% to $48.7 million from $34.3 million in the prior comparative period. The decrease in Post-collections margins primarily reflects lower margins in Victoria (as advised at the time of acquisition) and the incremental increase in operating costs.

Other

Revenue for the Other segment, which principally comprises of Toro Waste Equipment, increased by 44.2% to $27.7 million and EBITDA increased by 85.2% from $1.7 million to $3.4 million.

Dividends

The Board has determined to pay a final dividend of 2.0 cents per share to be paid to shareholders. Together with the half year dividend of 1.72 cents paid in March 2018, this brings the total dividend for the year to 3.72 cents per share. Shareholders have the option of re-investing their dividends back into Bingo via the previously announced dividend reinvestment plan.

Acquisition of DADI and Entitlement Offer

Today Bingo also announced the acquisition of Dial A Dump Industries ("**DADI**"), a fully integrated NSW recycling and waste management business for an enterprise value of $577.5 million ("**Acquisition**"). Consideration for the Acquisition will comprise $377.5 million in cash and $200.0 million in Bingo shares to be issued to the vendors at completion of the Acquisition.

The Acquisition remains subject to customary closing conditions including ACCC informal merger clearance.

Bingo also announced today an underwritten[5] 1 for 2.48 pro-rata accelerated, non-renounceable entitlement offer priced at $2.54 per ordinary share ("**Offer Price**") to raise $425 million ("**Entitlement Offer**"). The Entitlement Offer will be used as follows:

1. Cash consideration to DADI vendors: $377.5 million[6]
2. Acquisition of two additional freehold properties located in Melbourne and Sydney[7]: $20.5 million
3. Transaction costs: $15.0 million
4. Stamp duty: $12.0 million

CEO Daniel Tartak has committed to invest a further approximately $72 million to take up 100% of his entitlements. Separately each of Tony Tartak, the founder of Bingo, and Mark Tartak have committed to invest a further approximately $9 million each. The balance of the Entitlement Offer will be underwritten by UBS AG, Australia Branch and Goldman Sachs Australia Pty Ltd.

New Bingo shares issued under the Entitlement Offer will not be eligible for the final dividend of 2.0 cents per share.

Further information on the Acquisition and the Entitlement Offer is set out in the ASX announcement and the Investor Presentation separately lodged with the ASX today.

Outlook

Bingo remains well positioned to capitalise on favourable end markets in both NSW and Victoria. Continued revenue growth is expected to be underpinned by supportive macroeconomic conditions, ramp up in infrastructure and commercial construction activity and an ongoing structural shift towards increased recycling. Bingo's positive momentum has continued into FY19 with a strong base of contracted work, projects under tender and pipeline of B&D and C&I opportunities. As a result, Bingo expects to report year-on-year pro forma[8] EBITDA growth of the underlying business in the range of 15% to 20% in FY19, prior to any impact of the acquisition of DADI.

[5] The Entitlement Offer is underwritten other than in respect of the commitments received from entities associated with Daniel Tartak, Tony Tartak and Mark Tartak.

[6] The remaining $200 million of consideration for the Acquisition will be satisfied by the issue of approximately 79 million new Bingo shares to the vendors at the Offer Price upon completion of the Acquisition.

[7] Greenacre property in Sydney and adjacent property to Braeside to be acquired. The Greenacre property is owned by the Tartak family and has been independently valued.

[8] Pro forma excludes acquisition, capital raising, integration costs and prepayment amortisation.

FY19 EBITDA margin will be slightly impacted, relative to FY18, as a result of:

- temporarily lower recovery rates and higher transport costs pending upgrades to key sites from network expansion program
- ramp up of EBITDA margin from newly entered Victorian business towards Group margin over a 2 year period

Bingo expects EBITDA margin, excluding the Dial A Dump acquisition, to return to its longer term target of approximately 30% in FY20, supported by enhanced recovery rates and internalisation of volumes following completion of development program. Group ROCE expected to return to 18-20% in FY20 post completion of Bingo’s development program, positive impact from Queensland and the Acquisition.

Daniel Tartak, CEO of Bingo concluded: “Through strong organic growth opportunities in both B&D and C&I and our extensive development program, we are focused on increasing our network capacity, consolidating our Victorian footprint and continuing to diversify our operations. At the same time, we are driving greater efficiencies across the business and managing cash and capital expenditure in a disciplined manner.”

“We have a clear growth strategy in place which will see us continue to expand our network capacity over the next five years, to help meet the rapidly growing demand along the east coast of Australia. With a strong team in place and a culture of success, I am confident of another successful year ahead for our company.”

-ENDS-

For Further Information

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