

## Acquisition of Dial A Dump Industries and \$425 million Entitlement Offer

### Acquisition highlights:

- Acquisition of Dial A Dump Industries (“**DADI**”), a fully integrated recycling and waste management business in New South Wales (“**Acquisition**”), for \$577.5 million
- Complementary post-collections assets, including Genesis Waste Facility at Eastern Creek, a recycling and landfill asset with approved capacity of up to 2 million tonnes per annum and remaining useful landfill life of approximately 15 years
- Compelling future growth opportunities, including the opportunity to develop a ‘Recycling Ecology Park’ in Eastern Creek aligned with Bingo’s strategy of diversifying further into putrescible, Commercial & Industrial (C&I) and Municipal Solid Waste (MSW), waste post collections
- Provides economic benefits through volume growth and internalisation of 100% of Bingo’s non-putrescible Building & Demolition (B&D) and C&I waste, with significant landfill capacity for external customers and a broader coverage of revenue from the excavation and demolition phases of the construction process
- DADI generated FY18 revenue of \$198.2 million and EBITDA of \$51.6 million<sup>1</sup> and has strong future growth opportunities through exposure to favourable NSW infrastructure market and structural shifts towards recycling
- Funded by an underwritten<sup>2</sup> 1 for 2.48 \$425 million pro-rata accelerated non-renounceable entitlement offer (“**Entitlement Offer**”) and \$200 million scrip consideration to the vendors of DADI, priced at \$2.54 per new ordinary share
- Acquisition and Entitlement Offer expected to deliver mid-single digit EPS accretion on a FY19 pro forma basis pre synergies, and >15% EPS accretion including run-rate synergies of \$15 million per annum<sup>3</sup> and is expected to deliver Return on Capital Employed<sup>4</sup> of approximately 15% within 2 years of completion
- Implied acquisition multiple of approximately 9.6 times EV/EBITDA and 10.7 times EV / EBIT for the 12 months ending 30 June 2019<sup>5</sup>
  - 7.7 times EV / EBITDA and 8.4 times EV / EBIT including expected run-rate synergies of \$15 million per annum
- 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
- Following completion of the Acquisition, Ian Malouf, the largest vendor of DADI will join the Bingo board with a shareholding in Bingo of up to 12%<sup>6</sup> post completion of the Entitlement Offer and the Acquisition

<sup>1</sup> DADI’s FY18 financials are unaudited.

<sup>2</sup> The Entitlement Offer is underwritten other than in respect of the commitments received from entities associated with Daniel Tartak, Tony Tartak and Mark Tartak.

<sup>3</sup> EPS defined as earnings per share before amortisation of acquisition related intangibles. EPS accretion reflects the impact of the transaction as though it had occurred on 1 July 2018 and excludes the impact of integration, implementation and transaction costs. In accordance with AASB 133, for the purposes of the calculation, Bingo’s standalone earnings per share has been adjusted to account for the bonus element of the Entitlement Offer.

<sup>4</sup> Return on Capital Employed calculated as pro forma EBIT / Average (Borrowings + Equity).

<sup>5</sup> Based on forecast EBITDA of \$60 million and forecast EBIT of \$54 million for the 12 months ending 30 June 2019.

<sup>6</sup> Shareholding of between 10.3% and 11.9%, depending on scrip take-up among minority DADI shareholders.

**Acquisition Overview**

Bingo Industries (ASX: BIN) today announced it has entered into a binding agreement to acquire DADI for an enterprise value of \$577.5 million. Consideration for the acquisition will comprise \$377.5 million in cash and \$200.0 million in Bingo shares to be issued to the vendors of DADI at completion of the Acquisition<sup>7</sup>.

Separate to the Acquisition, Bingo will acquire two freehold properties, one located in Melbourne and one in Sydney (Bingo currently rents the Sydney property).<sup>8</sup>

The Acquisition will be partly funded by an underwritten 1 for 2.48 pro-rata accelerated, non-renounceable entitlement offer priced at \$2.54 per ordinary share ("Offer Price") to raise \$425 million of which \$377.5 million will be used as cash consideration for the Acquisition.

The remaining \$200 million of scrip consideration for the Acquisition will be satisfied by the issue of approximately 79 million new Bingo shares to the vendors of DADI at the Offer Price upon completion of the Acquisition. The new Bingo shares issued to one of the vendors, Ian Malouf, will be subject to escrow over four equal tranches released, 9, 12, 18 and 24 months after completion of the Acquisition<sup>9</sup>.

DADI is a fully integrated recycling and waste management business in NSW with operations across the waste value chain from collections to recycling, landfill and recycled product sales. Assets to be acquired through the Acquisition include:

- Genesis Transfer Station in Alexandria;
- Genesis Waste Facility (landfill, materials processing facility ("MPC") and recycled product processing facility) in Eastern Creek; and
- collections fleet of 55 vehicles.

In FY18, DADI generated revenue of \$198.2 million and EBITDA of \$51.6 million<sup>10</sup>.

The Genesis Waste Facility at Eastern Creek spans approximately 55 hectares and is located in the Western Sydney Growth Precinct. It has an approved capacity of up to 2 million tonnes per annum and approximately 15 year remaining landfill life. The Acquisition includes an option for Bingo to retain up to a further 27 hectares of expansion land adjacent to the Eastern Creek site for the payment of a further \$98 million (including any GST) (if all the expansion land is retained) over the next two<sup>11</sup> years and an option to acquire properties at Alexandria for \$63.6 million<sup>12</sup> (excluding GST) over the next five years. The Acquisition does not include DADI's proposed Next Generation Energy from Waste Facility and associated land at Eastern Creek.

**Strategic Rationale**

Chief Executive Officer of Bingo Industries, Daniel Tartak said "The DADI site at Eastern Creek provides us with an opportunity to transform waste recovery and recycling in Greater Sydney through the development of a Recycling Ecology Park, accepting both putrescible and non-putrescible waste

<sup>7</sup> Share consideration will be issued based at the same price as the Offer Price.

<sup>8</sup> Greenacre property in Sydney and adjacent property to Braeside in Melbourne to be acquired. The Greenacre property is owned by the Tartak family and has been independently valued.

<sup>9</sup> New Shares issued to Ian Malouf will represent between 86% and 100% of the total shares issued to the DADI vendors. Mr Malouf's final shareholding will be between 10.3% and 11.9%, depending on scrip take-up among minority DADI shareholders.

<sup>10</sup> DADI's FY18 financials are unaudited.

<sup>11</sup> The option can be exercised up to the later of 2 years after completion of the Acquisition and the subdivision of the expansion land.

<sup>12</sup> Price escalates 4% per annum, compounding monthly. Years 3, 4 and 5 price is the greater of market price and the indexed amount.

streams<sup>13</sup>. It fully supports our expansion into post-collections for C&I putrescible waste and provides a platform to enter the post-collections market for municipal solid waste (MSW). This will broaden our customer base and make us much more competitive with the larger local and international players.”

“Centralising our recycling, processing, distribution and landfill at a single site will deliver economic benefits. It allows us to further grow waste volumes, by freeing up space in our satellite sites across our network, some of which can be used as transfer stations.”

“The Recycling Ecology Park, once completed, will considerably broaden our range of processed end products as we work towards building a circular economy. By seeking alternative waste solutions, we can enhance recovery rates, consistent with Bingo’s strategic intent of diverting waste from landfill through recycling led solutions.”

Ian Malouf, founder of Dial A Dump said: “We have a lot of respect for Bingo and how they have built their business. Bringing together these two Australian companies makes complete sense. I fully support Daniel Tartak the CEO and Bingo’s growth strategy, particularly the vision of a master site at Eastern Creek that can process all waste types. With the infrastructure program in NSW and the new waste levy in Queensland, the market is only going to grow and I’m excited to be on board for the journey.”

Bingo expects to deliver run-rate synergies of \$15 million per annum to be realised over two years, from internalisation of waste volumes, operational efficiencies and rationalisation of overheads. The DADI purchase price implies an acquisition multiple of approximately 9.6 times EV/EBITDA for the 12 months ending 30 June 2019 and 7.7 times including identified annual synergies.

The Acquisition and Entitlement Offer are expected to deliver mid-single digit EPS accretion on a FY19 pro forma basis pre synergies, and to be more than 15% EPS accretive including run rate synergies of \$15 million per annum<sup>14</sup>.

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

#### **Entitlement Offer and Share Placement**

Bingo is today announcing an underwritten<sup>15</sup> 1 for 2.48 pro-rata accelerated non-renounceable Entitlement Offer to raise \$425 million. The capital raised from the Entitlement Offer is proposed to be used as follows:

1. Cash consideration to DADI vendors: \$377.5 million
2. Acquisition of two additional freehold properties located in Melbourne and Sydney<sup>16</sup>: \$20.5 million
3. Transaction costs: \$15.0 million
4. Stamp duty: \$12.0 million

<sup>13</sup> Pending approvals and amendments as required. The site currently only accepts non-putrescible waste.

<sup>14</sup> EPS defined as earnings per share before amortisation of acquisition related intangibles. EPS accretion reflects the impact of the transaction as though it had occurred on 1 July 2018 and excludes the impact of integration, implementation and transaction costs. In accordance with AASB 133, for the purposes of the calculation, Bingo’s standalone earnings per share has been adjusted to account for the bonus element of the Entitlement Offer.

<sup>15</sup> The Entitlement Offer is underwritten other than in respect of the commitments received from entities associated with Daniel Tartak, Tony Tartak and Mark Tartak.

<sup>16</sup> 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.

## ASX Announcement

21 August 2018

Eligible shareholders will be entitled to subscribe for 1 new Bingo ordinary share ("**New Shares**") for every 2.48 existing Bingo ordinary shares held as at 7:00pm Sydney time on Thursday, 23 August 2018.

Under the Retail Entitlement Offer, eligible retail shareholders may apply for additional New Shares in excess of their entitlement up to a maximum of 25% of their entitlement under an oversubscription facility ("**Oversubscription Facility**"). Additional New Shares will only be available under the Oversubscription Facility to the extent that there are entitlements under the Retail Entitlement Offer that are not taken up by eligible retail shareholders. The allocation of additional New Shares under the Oversubscription Facility will be subject to the terms set out in the Retail Offer Booklet expected to be despatched to eligible retail shareholders on Tuesday, 28 August 2018 and which will be available on Bingo's website.

The Offer Price of \$2.54 per New Share represents a 10.9% discount to dividend adjusted last close price of Bingo shares of \$2.85 on Monday, 20 August 2018 (being the last trading day before announcement of the Acquisition and Entitlement Offer) and a 8.0% discount to dividend adjusted TERP<sup>17</sup> of \$2.76.

Approximately 167 million New Shares are expected to be issued under the Entitlement Offer. Each New Share issued under the Entitlement Offer will rank equally with existing Bingo shares on issue. New Shares will not be eligible for the FY18 final dividend of 2.0 cents per share. Bingo will, upon issue of the New Shares, seek quotation of the New Shares on ASX.

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.

### Timetable

A timetable of key dates in relation to the Entitlement Offer is set out below. The timetable is indicative only and dates and times are subject to change without notice.

Dates and times are subject to change without notice	Date (Sydney time)
Trading halt and announcement of Acquisition and Entitlement Offer	Tuesday, 21 August 2018
Institutional Entitlement Offer opens	Tuesday, 21 August 2018
<b>Institutional Entitlement Offer closes</b>	<b>Wednesday, 22 August 2018</b>
Shares recommence trading / Announcement of results of Institutional Entitlement Offer	Thursday, 23 August 2018
Entitlement Offer record date	7:00pm on Thursday, 23 August 2018

<sup>17</sup> The theoretical ex-rights price ("TERP") is the theoretical price at which a Bingo share should trade immediately after the ex-date for the Entitlement Offer. It is a theoretical calculation only and the actual price at which Bingo shares trade immediately after the ex-date for the Entitlement Offer will depend on many factors and may not be equal to TERP. TERP is calculated by reference to Bingo's closing price of \$2.87 on Monday, 20 August 2018 and is adjusted for the FY18 final dividend of 2.0 cents per share.

## ASX Announcement

21 August 2018

Retail offer booklet despatched to Eligible Retail Shareholders	Tuesday, 28 August 2018
<b>Retail Entitlement Offer opens</b>	<b>Tuesday, 28 August 2018</b>
Settlement of New Shares issued under the institutional Entitlement Offer	Wednesday, 29 August 2018
Allotment and commencement of trading of New Shares issued under the Institutional Entitlement Offer	Thursday, 30 August 2018
Retail Entitlement Offer closes	5:00pm on Friday 7 September 2018
Allotment of New Shares issued under the Retail Entitlement Offer	Friday, 14 September 2018
Commencement of trading of New Shares issued under the Retail Entitlement Offer	Monday, 17 September 2018
Holding statements sent to retail holders	Tuesday, 18 September 2018

### FY2018 Financial Results

Bingo today also separately announced its financial results for the 12 months ended 30 June 2018 on the ASX.

### Further Information

Further information on the Acquisition and the Entitlement Offer is set out in the Investor Presentation separately lodged with the ASX today. The Investor Presentation contains important information including key risks and foreign selling restrictions with respect to the Entitlement Offer, which you are encouraged to review.

If you have any questions in relation to the Entitlement Offer, please contact the Bingo Offer Information Line on 1300 853 481 (within Australia) or +61 1300 853 481 outside of Australia between 8:30am to 5:30pm (Sydney time) Monday to Friday. For other questions, you should consult your stockbroker, solicitor, accountant or other professional adviser.

-ENDS-

### For Further Information

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