Bingo Industries Limited 2018 Annual General Meeting

Chairman's Address

Good morning and welcome. My name is Michael Coleman, I am Bingo's Chairman and it is my pleasure to welcome you to Bingo Industries Limited's Annual General Meeting for 2018, our first as an ASX 200 company and our second as a listed company.

Before we begin the proceedings, on behalf of the Board I would like to acknowledge and pay respect to the traditional owners of the land on which we meet; the Gadigal people of the Eora Nation.

As we have a quorum, I declare the meeting open.

Today I am joined by my fellow board members:

- Maria Atkinson, Chair of the People and Culture Committee,
- Richard England, Chair of the Audit and Risk Committee
- Daniel Girgis,
- Barry Buffier; and
- Daniel Tartak, Bingo's Managing Director and Chief Executive Officer.

The momentum created in FY17 and 18 has progressed into FY19. The Bingo story has continued with significant organic and inorganic growth, our entry into the Victorian market and a refreshed Group strategy and vision.

Other highlights in FY18 include Bingo's acquisition of National Recycling Group and a significant investment in key personnel to support our growth and geographic expansion. Since year-end we have raised additional capital and entered into an agreement to purchase Dial A Dump Industries, subject to Australian Competition and Consumer Commission (ACCC) approval.

Since listing, we have more than doubled our network capacity in New South Wales and Victoria and we are expecting more improvements in this area with the redevelopment program across both states well underway and on-track.

I am pleased to report to shareholders that during the FY18 period, Bingo continued its strong growth trajectory as we delivered on all key metrics.

We delivered a 92 per cent increase in statutory net profit after tax (NPAT) of $38 million, an increase in net revenue of 45 per cent to $304 million, and pro forma EBITDA increase of 46 per cent to $94 million, delivering a group EBITDA margin of 31 per cent.

Our operating footprint has continued to grow over the past 12 months, with Bingo's on-going geographic expansion. The Group now operates 17 resource recovery centres and 254 trucks across New South Wales and Victoria. Bingo's workforce continues to grow, with the Company now employing almost 800 employees.

Significantly, in August this year, we launched our new Vision "Pushing for a waste free Australia." This vision embodies our purpose – to divert waste from landfill - and aligns with developments in the waste industry and government waste management policy more broadly.

Recent developments, such as the China National Sword Policy and the pending introduction of the Queensland waste disposal levy, both present exciting new growth opportunities for Bingo's recycling operations in New South Wales and Victoria and show that we are well positioned to leverage the Australia-wide reduction in landfill use.

Importantly, the second independent audit of Bingo's recourse recovery rates carried out in FY18 confirmed an average recovery rate of 77 per cent across our Auburn, Minto and St Marys facilities, with Minto achieving 85 per cent, an increase of 10 percentage points from FY17.

Bingo remains committed to upholding a minimum recovery rate of 75 per cent and we are making investments to enhance this in the future.

In October this year, Bingo was proud to deliver our 2018 Sustainability report, which sets out a roadmap to deliver our sustainability targets over the coming two years. This open commitment to sustainability ensures Bingo will be aligned with client and investor expectations for a listed company such as ours.

Our long-term sustainability commitments reflect the material sustainability issues of our stakeholders and specifically address:

1. Climate Risk;
2. Leading practice environmental management;
3. Health and Safety;
4. Energy and Green House Gas emissions; and
5. Diversity and Inclusion.

The targets we have set for your Company ensure we will be kept accountable to our commitment and sets Bingo up to become a leader in sustainability in the recycling and waste industries.

Bingo paid a final dividend to shareholders of 2.0 cents per share. Together with the half-year dividend of 1.72 cents paid in March 2018, this bought the total dividend for the year to 3.72 cents per share.

On behalf of the Board, I would like to take this opportunity to thank the entire Bingo team, which we call our "Bingo Family", for their hard work and dedication. I'd also like to express my gratitude to my fellow Board members and Bingo's management team for their efforts over the past year. I look forward to the year ahead in anticipation of delivering future positive results for shareholders.

Michael Coleman
Chairman
Bingo Industries Limited

Managing Director and Chief Executive Officer's Address

Good morning everyone. Twelve months ago, I stood here and outlined what an eventful year we had in 2017. It's fair to say that 2018 has surpassed 2017 by virtually any measure. It has been a year of significant activity and growth.

In a year full of highlights and achievements there is one that I'm particularly proud of. We achieved a Lost Time Injury Frequency Rate of 1.5 for the year, an improvement of 65 per cent over the last 12 months and an extraordinary 85 per cent improvement over the last 24 months. Yet while this was a fantastic performance, we still have some way to go to achieve our ultimate goal of zero harm to our people and we will continue to strive for this goal.

The Australian waste management industry is characterised by strong long-term growth fundamentals.

We are generating waste in this country at a compound growth rate of 7.8 per cent per annum due to continued economic and population growth. This is six times the annual growth of the Australian population. There is no question we are operating in a true growth industry.

Australia's population growth is concentrated across the urban centres along the east coast of Australia, confirming Australia as one of the most urbanised countries in the world. This aligns with our Group strategy to expand along the east coast of Australia.

We're fortunate to be operating in a supportive regulatory environment. Both Federal and State policies are supportive of recycling and the diversion of waste from landfill and offer favourable economic incentives. From March next year Queensland will align with all other states with the introduction of a new waste disposal levy. This will promote a more robust recycling market in Queensland and will lead to more than 1 million tonnes of waste remaining in NSW to be recycled.

The profile of waste and recycling has increased significantly in this country in recent years. The China Sword policy and the War on Waste have made waste a material issue for businesses, governments and the general public.

And the market here is ripe for disruption. In order to move to international best practice – something we are certainly aspiring to – the industry needs to invest in technology and this is an area we remain focused on.

Our exposure to the construction market is diversified across a number of sub-sectors. This chart shows how each of these sub-sectors have changed since our Initial Public Offering (IPO) last year.

Since the IPO, our revenue composition has been shifting from smaller projects, individuals and residential to diversified infrastructure construction.

Civil and Infrastructure projects have increased significantly as a percentage of Building and Demolition collections revenue, from 8 per cent at the time of the IPO to 23 per cent now, and residential construction has decreased by a similar magnitude.

Our five-year strategy is to diversify collections revenue to 50:50 across commercial and industrial and building and demolition and this remains on-track.

An Australian Construction Industry Forum report released this month estimates that total building and construction work in Australia is expected to hover between $242 billion and $245 billion per annum over the next three years, with New South Wales and Victoria, our key markets, making up just over half of this.

$87 billion will be spent on new infrastructure over the next four years in NSW, and $40 billion will be spent in Victoria over the same period – approximately double the average of the previous decade. This will be supplemented by the Federal Government's 10-year, $75 billion national infrastructure plan.

So while there will be peaks and troughs in the various sub-sectors within the construction market, the overall market will remain steady and at record high levels.

Our view on the market is supported by the various contracts we have secured in the first few months of FY19.

We've recently secured work on the Westconnex 3A project, which is a great example of the type of opportunity we are pursuing in infrastructure.

We've also secured more than 40 residential projects in FY19, with a total project value in excess of $4 billion.

Importantly, we have won a number of commercial and industrial projects, including the renewal of our contract with McDonalds and 19 sites across NSW and Victoria for Investa. This aligns with our strategy of further diversifying our business by growing our presence in the commercial and industrial sector.

Our Group strategy remains unchanged and on track.

While we have grown exponentially during the year, we have been careful to ensure this growth has not negatively impacted the core of our business.

We successfully expanded into Victoria and further enhanced our vertical integration with the acquisition of National Recycling Group and Paton's Lane, and the pending acquisition of Dial A Dump.

Our acquisition of Dial A Dump Industries will be transformational for our business.

Dial a Dump's high-quality waste assets, particularly their facility at Eastern Creek, are in prime locations in Greater Sydney and will enhance the value of our strategic network. It provides us with the opportunity to develop our Recycling Ecology Park.

It also provides an opportunity to diversify into new markets, most notably the post collections market for putrescible commercial and industrial and municipal solid waste.

We are targeting around $15 million per annum in synergies from the acquisition.

I must note that the acquisition remains subject to ACCC approval, and that we are expecting a decision before the end of the year.

For me, the most exciting aspect of the Dial a Dump acquisition is the opportunity it provides for us to develop our vision of a Recycling Ecology Park on the site at Eastern Creek.

This park will be a fully integrated recycling and waste infrastructure asset for both putrescible and non-putrescible waste in a single location. It will have the ability to accept all three mixed waste streams - building and demolition, commercial and industrial and municipal solid waste. It will be a truly unique facility and will be the first of its kind in this country.

We'll be able to recycle bricks and concrete; timber; organics; scrap steel; paper and cardboard; plastics; and contaminated soils. And we'll also be able to produce Refuse-Derived Fuel. What is not recoverable will then be sent to landfill. And all this will happen in a single location.

The Ecology Park will be 100% powered by renewable energy, and it will allow us to produce a much broader range of processed end products which can in turn be used to fuel Sydney's continued growth, as we work to close the loop and create a truly circular economy.

Over the past 12 months we have invested in recycling infrastructure across NSW and Victoria in order to expand our network to 17 resource recovery facilities.

I can confirm that our redevelopment program is on track to deliver an uplift in our annual processing capacity to our 2020 target. Just last week we received final development approval for our facility at St Marys.

Our first recycling centre in Victoria in West Melbourne is on track for completion early in the new year. Our Mortdale development is also well advanced and will be completed before the end of the financial year, and Paton's Lane is on track to commence operations in July 2019.

I'm pleased to advise that we remain on track to deliver our stated FY19 guidance of pro forma EBITDA growth of the underlying business of between 15 and 20 per cent, prior to any positive impact from the acquisition of Dial A Dump.

As we've stated previously, FY19 will be a transitional year as we deliver our extensive redevelopment program and build on the positive start we have made in the Victorian market. This year will act as a springboard for increased EBITDA growth in FY20.

The outlook for Bingo is positive. The slowdown in residential activity will be offset by opportunities in other sectors of the construction market, including major infrastructure and commercial construction.

We've got a solid base of work in hand and a range of project opportunities to pursue, particularly in infrastructure.

We remain focused on diversifying our revenue base over the long-term to reach a 50:50 balance between building and demolition and commercial and industrial waste streams.

We're very confident that we have the right strategy and the right team in place to capitalise on a compelling growth outlook for the company.

We anticipate further material upside in FY20 from: full year contributions from Patons Lane, Dial A Dump and the Queensland waste levy; the partial achievement of synergies as part of the Dial A Dump acquisition; the near-completion of our redevelopment program, and the ramp-up and operational efficiencies from our Victorian operations.

I'd like to take this opportunity to thank Michael and the Board for their support during the year, and the whole Bingo family for their hard work and dedication. I look forward to another exciting year working with you all.

Daniel Tartak
Managing Director and Chief Executive Officer
Bingo Industries Limited