1H FY20 Results

BINGO delivers solid first half result with strong growth in earnings

BINGO Industries Limited (ASX:BIN) ("BINGO") today announced its half year results for the six months ended 31 December 2019. Net revenue was up 50.7% to $271.2 million[1] and underlying EBITDA was up 67.9% to $78.8 million; including property sales, underlying EBITDA was up 74.8% to $82.0 million. Statutory EPS was up 132% from 2.5 cents to 5.8 cents.

Performance highlights:

$million	1H FY19	1H FY20	Variance	
Net Revenue	180.0	**271.2**	50.7%	↑
Underlying EBITDA	46.9	**82.0[2]**	74.8%	↑
Underlying EBITDA margin	26.1%	**33.0%**	690 bps	↑
Statutory NPAT[3]	13.4	**38.2**	185.9%	↑
Statutory EPS	2.5 cents	**5.8 cents**	132.0%	↑
Operating Free Cash Flow	47.2	**70.4**	49.1%	↑
Cash conversion	103.5%	**90%**	(1,350 bps)	↓
ROCE	13.1%	**9.2%**	(390 bps)	↓
Interim Dividend Per Share	1.72 cents	**2.20 cents**	27.9%	↑

- Lost Time Injury Frequency Rate (LTIFR) remains below industry averages at 1.7, up from 1.4 achieved in the prior comparative period ("PCP" or "1H FY19").
- Group underlying EBITDA margin continues to expand, driven by optimisation from the network reconfiguration program, Dial A Dump Industries (DADI) synergy realisation, sale of properties and the New South Wales (NSW) price rise. Underlying EBITDA margin was up 690 basis points to 33.0%[4].
- Solid EPS growth up from 2.5 cents per share to 5.8 cents per share
- Strong cash flow generation with operating free cash flow of $70.4 million, up 49.1% against the PCP and cash conversion of 90.0% for the six months ended 31 December 2019.

[1] Net Revenue includes $22.4 million from gain on sale of Banksmeadow.
[2] Underlying EBITDA includes profit on sale of properties of $3.2 million.
[3] Statutory NPAT includes transaction and integration costs of $6.6 million associated with the DADI acquisition and one-off profit from sale of Banksmeadow of $22.4 million.
[4] Underlying EBITDA margin excludes gain on sale of Banksmeadow of $22.4 million in Revenue and EBITDA. Excluding $3.2 million associated with profits from sale of properties in the ordinary course, underlying EBITDA margin is 32.0%.

- Development program on track; Mortdale and Patons Lane advanced recycling equipment now fully operational and construction of Materials Processing Centre 2 (MPC 2) well progressed.
- West Melbourne 24-hour license approval granted in February 2020, providing scope for future growth in Victoria (VIC)
- Remain on track to deliver FY20 Underlying EBITDA guidance of $159 million to $164 million.

Management commentary

BINGO's Managing Director & CEO, Daniel Tartak, said "This is a solid result in a still challenging operating environment.

"We achieved strong growth in revenue and underlying EBITDA, and we increased our EBITDA margin by nearly 700 basis points to 33%[5].

"Our balance sheet is robust and we recorded strong EPS growth of 132%, up from 2.5 cents per share in the prior corresponding period to 5.8 cents per share.

"We've made some great progress on our redevelopment program, with Mortdale now complete and the Paton's Lane advanced recycling equipment now fully operational as at February 2020. Construction is progressing well on MPC 2 at Eastern Creek and we're starting to benefit from the synergies associated with the integration of DADI.

"While it's a good result, we are by no means completely satisfied. We've identified a number of areas of the business within our control that we can improve. We see significant potential upside from the existing business platform as we move towards FY21 and beyond," he said.

Segmental performance

Collections

Collections revenue was up 21.5% to $122.0 million, primarily driven by a full six-month contribution of the DADI collections business and an increase in the size of the collections fleet in VIC. Collections EBITDA margin increased from 19.2% in the PCP to 20.3%, underpinned by a combination of route optimisation, transport cost efficiencies and price increases. The collections sector remains highly competitive with low barriers to entry. Collections margin is expected to moderate slightly in 2H FY20 as we target greater volumes to support capacity into Patons Lane, Mortdale and in anticipation of licence modifications at Eastern Creek.

Post-Collections

Our Post-Collections infrastructure assets now contribute approximately 70% of the Group's EBITDA, reflecting recent investment in acquired assets and redeveloped sites. Post-Collections revenue increased by 55.7% from $104.4 million to $162.7 million, underpinned by a full six-month contribution from DADI, West Melbourne and a limited contribution from Patons Lane. Post-Collections underlying EBITDA margin increased significantly from 24.2% to 34.2%, driven by DADI operational efficiencies and cost synergies, NSW network reconfiguration program and price increases. Post-Collections volumes in NSW have been impacted by competition and by

[5] Excluding $3.2 million associated with profits from sale of properties in the ordinary course, underlying EBITDA margin is 32.0%.

headwinds in multi-residential construction and a lag in the commencement of announced infrastructure projects. Victorian volumes continue to increase year-on-year.

Other

Other revenue increased to $39.8 million, a 129.7% increase against the PCP. Other revenue includes $22.4 million associated with the gain from the sale of Banksmeadow. Excluding the gain from Banksmeadow revenue was broadly flat year-on-year. Underlying EBITDA decreased from $2.4 million to $1.7 million and EBITDA margin decreased from 13.6% to 9.7%[6]. Other EBITDA was impacted by an increase in corporate costs, including higher insurance costs, and the TORO EBITDA margin. TORO EBITDA margin was lower due to a focus on refurbishment and restoration of BINGO bins versus external sales.

Strategy and Development

"We have established our operational footprint in NSW and VIC. Now our focus turns to realising the significant value opportunity we have created from our extensive network of assets," Mr Tartak said.

BINGO's development program remains on track. Construction of MPC 2 at Eastern Creek is well progressed and on track for completion in late CY20.

"Our Victorian operations continue to grow in-line with our strategy. We are well positioned to benefit from the anticipated increase in the Victorian waste disposal levy in 2020 now that we have received approval to operate our West Melbourne facility 24 hours a day," he said.

The strategic focus for the remainder of FY20 is "optimising the core" through a focus on maximising returns from our assets including optimising operations at Patons Lane and our Victorian footprint, improving cash conversion towards 100%, delivering licence modifications for Eastern Creek and implementing 24 hour operations at West Melbourne.

Dividends

The Board has declared an interim dividend of 2.2 cents per share to be paid to shareholders which represents an increase of 28% against the PCP and a payout ratio of 38%. This is below our stated payout range of 40% to 60% of statutory NPAT, as statutory NPAT includes an amount of $22.4 million for the sale of our Banksmeadow facility. As previously advised to the market, these proceeds were to be applied to reduce debt.

Outlook

BINGO expects to achieve solid year-on-year growth in FY20 underpinned by a full year contribution from our West Melbourne recycling facility, DADI operations and Patons Lane recycling facility now fully operational as at February 2020.

Group EBITDA margin has improved well above our longer-term Group average of ~30%, however some slight moderation in margin is expected in 2H FY20. Headwinds in multi-dwelling residential construction are expected to continue in FY20 with improvement forecast for CY21. Infrastructure

[6] Other Underlying EBITDA margin excludes gain on sale of Banksmeadow of $22.4 million in EBITDA and Revenue.

and the broader construction pipeline remains robust together with opportunities for further growth in Commercial & Industrial (C&I).

Mr Tartak said the outlook for BINGO was positive.

“By the time we enter FY21 we expect to benefit from ongoing structural shifts in the sector, our West Melbourne facility operating 24 hours a day and the net benefit from a likely increase in the Victorian waste levy. Together with license modifications at Eastern Creek, continued growth in the C&I sector, and our eventual entry into the Queensland market, the future looks very positive.

“Most importantly, however, is that we expect to deliver more value from our existing asset base. In short, we’re going to make more from what we already have.

“We have a number of factors turning in favour of our business as we move into FY21 and beyond. We have the right strategy, the right assets, and the right team in place to capitalise on a compelling growth outlook for this company, and we will enter FY21 with confidence,” he said.

Investor Briefing

The Company will be holding a webcast briefing on the results at 10:00am (AEDT) today.

Presenters:

Daniel Tartak	**Chris Jeffrey**
Managing Director & CEO	*Chief Financial Officer*

Slides and Audio Webcast: https://webcast.openbriefing.com/5684/

Note: public access to the webcast will only be available from 9.45am. Prior to that a lobby page will be displayed.

-ENDS-

This announcement has been authorised by the BINGO Continuous Disclosure Committee.

For Further Information:

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