

Bingo market update and FY19 outlook

BINGO Industries ("BINGO", ASX:BIN) today announced that it now expects underlying EBITDA for the full year ending 30 June 2019 to be broadly in-line with the previous year.

Whilst BINGO's post-collections and Toro business units have performed in-line with expectations in the first half of FY19, the following factors will impact BINGO's full year result:

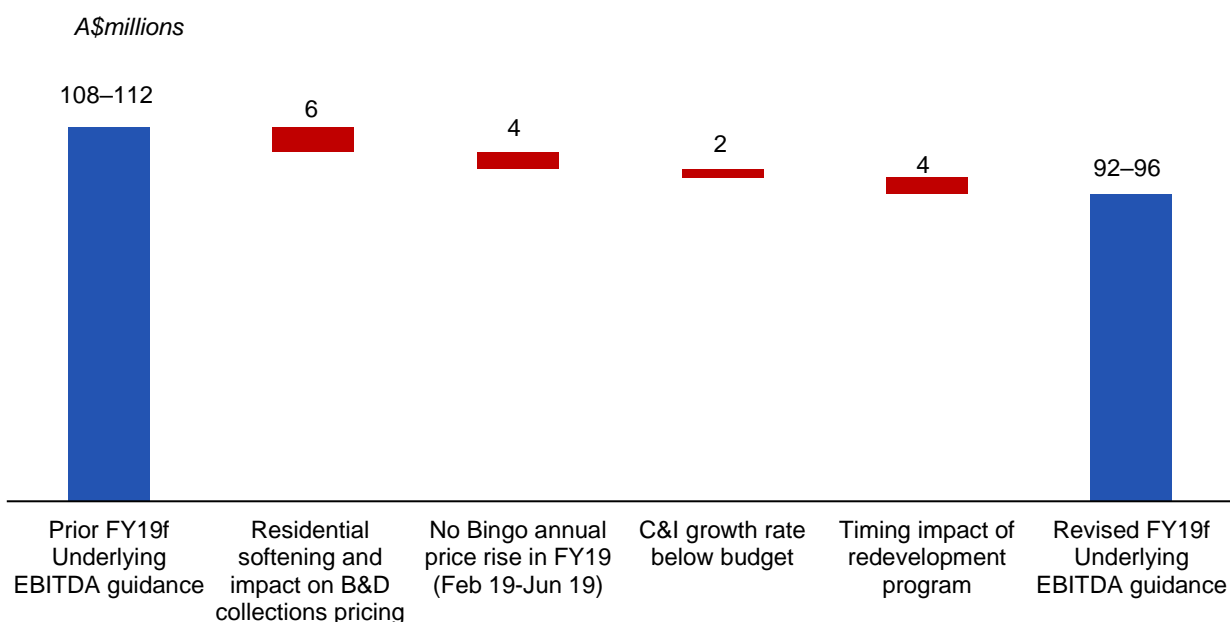
- **A faster than anticipated softening in multi-dwelling residential construction activity** across BINGO's key markets in NSW and Victoria. Volumes in our Building & Demolition (B&D) collections business were above the previous corresponding period, but have not grown as much as initially forecast. In addition, competition in the B&D collections market has put downward pressure on pricing, impacting our margins.
- **No BINGO price rise in FY19.** BINGO's forecasted price rise was delayed to coincide with the introduction of the Queensland waste levy, in order to ensure our customers received only one price increase during the year. Due to the delay in the introduction of the Queensland levy, together with the softening residential market, BINGO has decided not to implement a price increase until FY20¹. As a result, we will absorb increased costs for the whole of FY19, including tipping and transport, that would ordinarily be covered in the price rise.
- **Reconfiguration of our development projects.** As previously advised, BINGO has had a number of its recycling facilities in NSW and Victoria offline for redevelopment as part of its network expansion program. Based on the proposed acquisition of DADI and pending regulatory reforms, including comprehensive new fire regulations, a further review of the network configuration plan was conducted. This has resulted in a change in scope to certain projects, impacting timing. The reconfiguration will deliver enhanced operational efficiencies and lower the overall capital program by \$25 million to \$30 million, a saving of 15%-20% on the original budget. In order to achieve this, the reopening of our Mortdale facility will now occur in H1 FY20, whilst the requirement to redevelop our Minto facility is currently under review. Our Patons Lane redevelopment remains on track, and our West Melbourne facility will commence operations in April 2019. Once open, this facility will provide Bingo with the first of our advanced recycling facilities in Victoria and is an important step in our margin expansion in Victoria.

The combination of the above factors will result in a reduction to our full year guidance for the financial period ending 30 June 2019. BINGO now expects underlying EBITDA for the full year ending 30 June 2019 to be broadly in line with the previous year. This compares with the Company's prior guidance of underlying EBITDA growth in the range of 15%-20%.

The majority of these changes will impact the business in the second half of FY19.

BINGO's Managing Director and Chief Executive Officer, Daniel Tartak, said that while the revised guidance is disappointing, the outlook for the Company remains positive.

¹ price increase is typically in the range of 3-5% annually, last price increase February 2018.



Note: The categories above are indicative.

“While we have seen headwinds in some of our key markets in FY19 we expect the construction market to remain strong, with overall volumes of construction activity in NSW and Victoria of over \$130 billion.

“We remain committed to our five-year strategy and our focus for the coming year will continue to be on optimising our network of waste assets in both NSW and Victoria, with the aim of delivering greater efficiencies and improvements in operations in preparation for future growth.

“FY20 will be a transformational year for BINGO as we achieve several key milestones in our redevelopment program, including the commencement of operations at our new recycling and landfill asset, Patons Lane,” he said.

The ACCC has advised that a final decision is expected in relation to the proposed acquisition of DADI on Thursday, 28 February 2019.

Further detail regarding the Company’s performance for the 2019 financial year will be provided in its results announcement on Tuesday, 26 February 2019.

A brief conference call for investors in relation to today’s announcement will be held at 10am today. Conference call details are provided below.

Conference call details:

Conference ID: 8889897
Participant toll: +61 2 8038 5221
Participant toll-free: 1800 123 296

-ENDS-

For further information

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