

## FY20 Full Year Results

### BINGO delivers a solid result in a challenging market with statutory profit of \$66 million, up 196%

**BINGO Industries Limited (ASX:BIN) (“BINGO”)** today announced its full year results for the 12 months ended 30 June 2020. Statutory NPAT was up 196% to \$66 million, underlying revenue was up 21% to \$486.7 million and underlying EBITDA was up 41% to \$152.1 million.

#### Performance highlights:

| \$million                   | FY19               | FY20                     | Variance  |   |
|-----------------------------|--------------------|--------------------------|-----------|---|
| Underlying Revenue          | 402.2              | <b>486.7<sup>1</sup></b> | 21.0%     | ↑ |
| Underlying EBITDA           | 108.0 <sup>2</sup> | <b>152.1<sup>3</sup></b> | 40.8%     | ↑ |
| Underlying EBITDA margin    | 26.9%              | <b>31.3%<sup>4</sup></b> | 440 bps   | ↑ |
| Statutory NPAT              | 22.3               | <b>66.0</b>              | 196.0%    | ↑ |
| Statutory EPS               | 3.9 cents          | <b>10.1 cents</b>        | 159.0%    | ↑ |
| Operating Free Cash Flow    | 116.5              | <b>160.1</b>             | 37.4%     | ↑ |
| Cash Conversion             | 109.8%             | <b>106.9%</b>            | (290 bps) | ↓ |
| Leverage Ratio <sup>5</sup> | 2.6x               | <b>2.0x</b>              | 23.1%     | ↑ |
| ROCE <sup>6</sup>           | 9.4%               | <b>8.0%</b>              | (143 bps) | ↓ |
| Dividend per share          | 3.72 cents         | <b>3.70 cents</b>        | (0.5%)    | - |

- Improved year-on-year safety performance with LTIFR of 0.4, down from 0.8 in FY19.
- Significant progress on sustainability initiatives including responsible sourcing program; achievement of diversity targets and commitment to 100% renewable electricity at all BINGO facilities by FY25.
- Pro-active COVID-19 mitigation strategy has helped limit the impact; focused on protecting the health and safety of our people, the continuity of our service and the preservation of cash flow.
- Solid financial performance in a challenging COVID-19 environment which helped deliver a 31.3% Underlying EBITDA margin, a 440-basis point improvement against the Prior Corresponding Period (“PCP”).

<sup>1</sup> FY20 statutory net revenue was \$509.7 million and includes \$22.4 million from gain on sale of Banksmeadow facility and a credit of \$0.6 million pertaining to the purchase price of the acquisition of DADI.

<sup>2</sup> FY19 Underlying EBITDA has been restated to include interest income of \$1.9 million.

<sup>3</sup> Underlying EBITDA \$152.1 million includes \$2.1 million associated with property related activities in the ordinary course of business and excludes gain on sale of Banksmeadow facility.

<sup>4</sup> Underlying EBITDA margin excludes gain on sale of Banksmeadow of \$22.4 million. Excluding net property related profit, underlying EBITDA margin is 30.8%.

<sup>5</sup> Leverage ratio calculated as net bank debt (bank borrowings less cash) / Underlying EBITDA.

<sup>6</sup> Return on Capital Employed (ROCE) (%) = (Underlying EBIT) / (Average net bank debt + Average equity)

- Balance sheet strength maintained with strong capital management and cash conversion of 106.9% and underlying operating free cash flow up 37.4% to \$160.1 million. Our total leverage ratio reduced by 23.1% to 2.0 times.
- Network investment well advanced with installed network capacity of 4.6 million tonnes per annum. This additional network capacity of 35-40% will support future growth with no new investment required.
- BINGO is a strong through the cycle business. Our vertically integrated network, scale, available capacity and low-cost base makes the company very resilient. We are well positioned for growth over the medium-term due to structural, regulatory and anticipated market tailwinds.
- The Board has declared a final dividend of 1.5 cents with a record date of 1 September 2020 and payment date of 8 October 2020; bringing total FY20 dividends to 3.70 cents, broadly in line with FY19.

#### Management commentary

“We are now three years into a five-year strategy and have delivered against our stated objectives, weighting our business model towards post-collection infrastructure assets. This has enabled us to deliver a solid result in a challenging market,” BINGO’s Managing Director and Chief Executive Officer, Daniel Tartak, said.

“Our underlying EBITDA was up 40.8% to \$152.1 million and our underlying EBITDA margin was 31.3%, exceeding our long-term target of 30% a year earlier than forecast.

“We have invested ahead of the curve and continue to prove our ability to deliver on our development program. During the year we increased our network capacity to 4.6 million tonnes per annum across our key markets of New South Wales (NSW) and Victoria (VIC). Since IPO in 2017 we have delivered an additional 3.6 million tonnes of network capacity.

“Our strong fundamentals make us resilient to normal market cycles, so despite the current economic uncertainty and further softening in our key markets, we are well positioned for future growth through the cycle,” he said.

#### COVID-19 Impact and Mitigation Strategy

BINGO took decisive action in March when COVID-19 restrictions began and this helped ensure our operations continued with limited disruption.

The Company adopted a three-step approach to dealing with the crisis. The immediate focus was on protecting the health, safety and wellbeing of employees and customers. Secondly, we sought to maintain the continuity of service to our customers. Thirdly, we implemented business contingency plans focused on health, cost and cash management.

“We initially experienced a drop in total collections and post-collections volumes in April as restrictions were introduced. Our Commercial & Industrial (C&I) revenue was down approximately 20% against the first nine months of FY20 as hospitality, entertainment and office activity slowed due to government-mandated restrictions and had recovered to an overall decline of 13% by June 2020. Our Building & Demolition (B&D) collections operations were significantly less affected as construction projects continued to operate.

“Post-collections volumes remained solid in Q4 FY20 against the first 9 months of FY20. After experiencing some initial pricing pressure, we saw pricing stabilise post-May and remain stable into FY21.

“Due to the impacts of COVID-19 we anticipate non-residential commencements may fall by approximately 20%<sup>7</sup> in FY21 and residential commencements are forecast to reduce by approximately 15%<sup>7</sup>. However, we anticipate the backlog of projects this will cause will result in a surge of activity towards the end of FY21 and into FY22 and beyond. Infrastructure activity is expected to increase by around 10%<sup>7</sup>. Infrastructure is expected to remain strong for the foreseeable future and for BINGO will partially off-set the softness in the building sector. The overall size of our addressable market remains positive.

“As we enter FY21 we continue to focus on maximising revenues through protecting volumes and managing expenses, particularly labour costs. Our capex budget for the year of \$85 million is around \$55 million less than last year and we have the ability to reduce this further should circumstances require,” Mr Tartak said.

### Segmental performance

#### Collections

Collections revenue was up 4.1% to \$222.3 million largely driven by a full year contribution of the Dial A Dump (DADI) business as well as an increased operating fleet across VIC and BINGO Commercial. Collections Underlying EBITDA was \$42.8 million, up 11.5% against the PCP of \$38.4 million. Collections EBITDA margin increased by 130 basis points to 19.3% driven by a combination of route optimisation and transport cost efficiencies.

#### Post-collections

Post-collections infrastructure assets now account for approximately 70% of our underlying EBITDA and continue to support the repositioning of the business. Post-collections revenue was up 34.9% from \$243.8 million to \$329.0 million, driven by a full year contribution from DADI and redeveloped or acquired assets coming online. Underlying EBITDA was up 62.2% from \$67.2 million to \$109.0 million. Underlying EBITDA margin expanded by 550 basis points to 33.1% underpinned by operational efficiencies, cost synergies and the NSW network reconfiguration.

#### Other

Other revenue remained flat at \$31.5 million, excluding \$22.4 million from the sale of our Banksmeadow facility. Underlying EBITDA decreased from \$2.4 million to \$0.4 million. This was primarily driven by lower interest income and increases in corporate overheads, including insurance costs. TORO delivered revenue of \$26.3 million and EBITDA of \$4.8 million. TORO external sales represented 60% of TORO revenue and was up against the PCP by 4%.

### Strategy and Development

Three years into BINGO’s five-year strategy the Company has achieved many of the strategic objectives set at IPO.

BINGO successfully achieved a number of major development milestones during the year. These included:

- reconfiguration of the NSW network,
- Patons Lane (Phase 1) Advanced Recycling facility operational,
- the completion of the Mortdale transfer facility,
- approval and implementation of 24-hour operations at West Melbourne, and
- approval of Mod 6 at Eastern Creek.

<sup>7</sup> Source: BIS Oxford Economics (residential and non-residential), ACIF (infrastructure), BINGO management estimates

“As a result, our network capacity has increased to 4.6 million tonnes per annum with significant additional capacity supporting future growth.

“Over the last three years we’ve made a significant investment in our post-collections network of waste infrastructure assets. Our existing asset base includes 3.6 million tonnes of additional capacity since IPO and we stand to benefit when volumes rebound post the market impacts of COVID-19. Our priority in FY21 and beyond is to optimise our returns from these assets and set the business up to target volumes in both the current environment and in a recovering market.

“With our current capacity we are now able to generate significantly higher earnings without the need for any additional capital investment,” Mr Tartak said.

BINGO also submitted the masterplan for Stage 1 of its proposed Recycling Ecology Park at Eastern Creek to NSW planning authorities in August 2020.

#### Dividends

The Board has declared a final dividend of 1.5 cents per share to be paid to shareholders. Together with the half year dividend of 2.2 cents paid in March 2020, this brings the total dividend for the year to 3.7 cents per share, broadly in line with FY19.

#### Outlook

Despite market volatility, the Company has entered FY21 with solid momentum with volumes rebounding from the initial downturn in Q4 FY20. Post-collections volumes increased above pre-COVID-19 levels in July and August with July being the largest ever month in the business.

BINGO expects COVID-19 related economic and market headwinds to continue in FY21 and cause a softening in the size of the addressable market. Infrastructure activity is expected to remain strong for the foreseeable future and for BINGO this will go some way to offsetting softness in other parts of the building sector.

As we move to a post-COVID-19 environment, the Company is well placed to benefit from significant market tailwinds, led by a continued boom in infrastructure investment and the eventual recovery of the residential and commercial building market supported by a backlog of projects that may trigger a surge in activity in FY22 and FY23.

In order to maintain and grow volumes, BINGO expects Group EBITDA margin to decline by approximately 200-300 bps in FY21 before rebounding to its longer-term target of 30%.

“We expect to resume our growth trajectory in FY22 as our key markets rebound, we continue to benefit from regulatory and market tailwinds and as we take advantage of the additional capacity within our existing network.

“We enter FY21 with a resilient business model and strong balance sheet. We are confident the business will continue to demonstrate its resilience and emerge from the current challenges bigger, better and stronger,” Mr Tartak said.

#### FY21 Guidance

Due to the considerable uncertainty surrounding market demand and the potential impacts of further COVID-19 outbreaks, BINGO will not provide earnings guidance for FY21 at this stage. However, we will endeavour to make periodic updates to investors during the year to provide visibility on trading conditions in our key markets.

[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 and CEO*   *Chief Financial Officer*

**Slides and Audio Webcast:** <http://webcast.openbriefing.com/6305/>

*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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