ASX Announcement

22 February 2021

1H FY21 Half Year Results

BINGO delivers a robust result in a challenging market. Underlying EBITDA of $65.2 million and strong cash conversion of 98.5%

- **COVID-19 impact less than originally anticipated with key markets on track to recover ahead of schedule**
- **Disciplined capital management with continued strong cash conversion and positive organic free cash flow generated across CY20**
- **Post-Collections volumes above pre-COVID levels and price has stabilised**
- **State of the art Materials Processing Facility 2 (MPC 2) to be commissioned in late 2H FY21**

Performance highlights:

$million	1H FY21	1H FY20	Variance
Underlying Revenue	**241.1**	248.9[1]	(3.1%)
Underlying EBITDA	**65.2[2]**	82.0[3]	(20.5%)
Underlying EBITDA margin	**27.0%**	33.0%	(600 bps)
Underlying NPAT	**16.7**	28.4	(41.2%)
Operating Free Cash Flow	**64.2**	70.4	(8.9%)
Cash Conversion	**98.5%**	90.0%	850 bps
Leverage Ratio	**2.4x**	2.0x	24.3%
ROCE	**5.4%**	9.2%	380 bps
Net debt	**317.4**	321.1	(1.2%)
Interim dividend per share	**1.50 cents**	2.20 cents	-

- Pro-active safety response to COVID-19 and a renewed focus on lead indicators. Outperformance against industry metrics with LTIFR of 0.4 down from 1.7 in the PCP.
- Robust financial performance in a challenging market with half year results slightly ahead of budget. Revenue of $241.1 million was down 3.1% against the PCP.
- Underlying EBITDA of $65.2 million was down 20.5% against the PCP and Underlying EBITDA margin of 27.0% down 600 bps against the PCP, driven by:

[1] Underlying revenue excludes $22.4 million for the sale of Banksmeadow.
[2] Underlying EBITDA of $65.2 million includes $0.4 million associated with losses from sale of properties in the ordinary course.
[3] Underlying EBITDA of $82.0 million includes $3.2 million associated with profits from sale of properties in the ordinary course.

- Softening in BINGO's addressable markets as a result of COVID-19. Underlying EBITDA impact of $13.2 million compared to PCP (ex. property sales).
- Lower pricing across B&D Collections cube rates and Post-Collections in NSW, required to attract volume.
- Strong year-on-year growth in NSW Post-Collections volume to support its increased network capacity.
- Higher costs of $0.7m due to COVID-19 related labour expenses and VIC lockdown disruptions, together with impacts on revenue opportunities.

- Cash conversion of 98.5% achieved and generated positive organic free cash flow across the 2020 calendar year (CY20) despite COVID-19 impacts on the business.
- Reduction in net debt from $321.1 million to $317.4 million over the past 12 months, achieved whilst completion of growth capital expenditure program has occurred.
- Refinanced $500 million Syndicated Debt Facility providing increased financial flexibility and extending the facility tenor out to October 2024.
- Enhanced management team and operating structure; recent appointments and changes in roles include new Chief Executive of New South Wales (NSW) Building and Demolition (B&D), Head of Engineering and Construction, General Manager of NSW Recycling, and General Manager of Operational Development.
- Market conditions have held up better than first anticipated and greater certainty around outlook together with the pipeline of opportunities supports a broader recovery going into FY22.
- Maintained dividend payment with the Board declaring an interim dividend of 1.5 cents, with a record date of 2 March 2021 and payment date of 31 March 2021.

Management commentary

"We've delivered a solid result in a challenging operating environment, due to our five-year strategy of weighting the business towards defensive infrastructure assets. 85% of the Group's earnings for the period came from our Post-Collections operations," BINGO's Managing Director and Chief Executive Officer, Daniel Tartak, said.

"We expect to benefit from the strong infrastructure pipelines in NSW and VIC, before a recovery in the residential and non-residential markets over the medium term. C&I volumes are also set to increase with reduced restrictions and the wider workforce moving back to offices in the short term.

"We have built a sustainable business with a low cost of operations, which has allowed us to continue to generate industry leading margins. We have continued to gain Post-Collections market share in a declining market and are well positioned to emerge from the COVID-19 environment as a bigger, better and stronger business," he said.

Segmental performance

Collections

Collections revenue was down 19.3% to $98.5 million, largely due to the challenging COVID-19 environment across both B&D and C&I waste streams. Collections Underlying EBITDA was $15.3 million, down 38.1% against the PCP of $24.7 million. Collections EBITDA margin decreased by 480 basis points to 15.5% driven by a decline in B&D cube rates together with reduced C&I activity in NSW and VIC, as a result of challenging market conditions.

Post-Collections

Post-Collections continue to support the repositioning of the business. Post-Collections revenue was up 5.0% from $162.7 million to $170.9 million, driven by increased volumes in line with BINGO's network capacity uplift and focus on attracting volumes in a contracting market. Underlying EBITDA was down 0.2% from $55.6 million to $55.5 million. Underlying EBITDA margin contracted by 170 basis points to 32.5%, underpinned by reduced pricing across landfill and recycling facilities.

Other

Other Underlying revenue was down 21.4% to $13.7 million from $17.4 million in the PCP. TORO revenue was down slightly to $12.5 million, down 10.1% against the PCP. Pleasingly, TORO external sales represented 65% of revenue and the business currently has a record level of work in hand at circa $5 million.

Strategy and Development

"We're now more than three years into our five-year strategy and many of the strategic objectives we set in FY17 have been achieved," Mr Tartak said.

"We invested in front of the curve with a focus on vertical integration and this has set us up for sustained future growth. Our existing asset base includes significant additional capacity which has increased from 1 million tonnes per annum in 2017 to 4.6 million tonnes per annum. The installed asset base could deliver in excess of $250 million EBITDA, prior to us looking at the upside associated with the delivery of the broader Recycling Ecology Park, expansion in Victoria and an entry into the Queensland market in due course. We stand to benefit from continued structural change and a rebound in volumes post-COVID-19 without any significant near-term capital requirements," he said.

BINGO expects its state of the art Materials Processing Facility 2 (MPC 2) to be commissioned in late 2H FY21. It will be the largest most sophisticated B&D and C&I waste processing facility in Australia and is expected to further improve BINGO's industry leading recovery rate in NSW. Recent operational and safety enhancements have been made to the design of the facility including overhead waste handling cranes and optical sorters to further improve automation and safety.

In December, the Company lodged an application to increase the recycling capacity at its Eastern Creek facility by an additional 1.5 million tonnes per annum. Subject to approval, this will result in a total network capacity of up to 6.1 million tonnes per annum in future years.

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 an interim dividend of 1.5 cents per share. We have continued to maintain dividend payments through COVID-19, whilst the payout ratio has increased to the upper end of the range.

Acquisition Offer

As previously advised, BINGO has received an indicative proposal from funds advised by CPE Capital (CPEC) on behalf of CPEC and its potential co-investors, which include Macquarie Infrastructure and Real Assets, for the acquisition of BINGO by way of scheme of arrangement. The Consortium is well progressed in due diligence and commercial negotiations are advancing. BINGO's Independent Board Committee (IBC) is continuing to review the merits of the proposal.

Outlook

"As we move to a post COVID-19 environment, we are well placed to benefit from significant market and regulatory tailwinds," Mr Tartak said.

BINGO expects a softening in its addressable market in FY21 as a result of COVID-19 related economic impacts, however the near-term outlook is better than previously anticipated.

As previously disclosed, to maintain and grow volumes, BINGO expected Group EBITDA margin to decline in FY21 by approximately 200-300 bps, before rebounding to its longer-term target of 30%. Volume has been maintained at higher levels and pricing has stabilised but is still below pre-COVID-19 levels. 2H FY21 to date has shown a continued improvement in pricing and if this trend continues BINGO remains confident that it will achieve an EBITDA margin close to the bottom of this range.

FY22 and beyond has the potential to offer significant upside and is expected to provide the foundation for sustained future growth underpinned by regulatory and market tailwinds increasing the addressable market size and the ability to better utilise our network capacity.

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: https://webcast.openbriefing.com/6998/

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:

Investors:	Tara Osborne	+61 499 998 572
	James Nicholias	+61 429 823 617
Media:	Chris Gordon	+61 467 333 440