

22 February 2021

Russell Wright | T+02 8288 6900 | E:russell@barclaypearce.com.au

Bingo Industries Ltd

Industrials

HOLD

BIN A\$3.18
TARGET PRICE A\$2.47

BIN's Principal Activity is the to provide recycling and waste management solutions across Building and Demolition (B&D) and Commercial and Industrial (C&I) waste streams with capabilities across waste collections, processing, separation, recycling, product manufacture and disposal components of the waste value chain.

Company Data

Number of shares	655.0 M
Market Capitalisation	\$2,089.3 M
Free float (%)	65.5
12-month high/low	\$3.3/\$1.82
Average Daily Turnover (\$m)	12.2370
% S&P/ASX200	0.11%
DDM Ranking	210
% All Ordinaries	0.09%
GICS Industry Group	Commercial & Professional Services

Source: FactSet, Barclay Pearce Capital

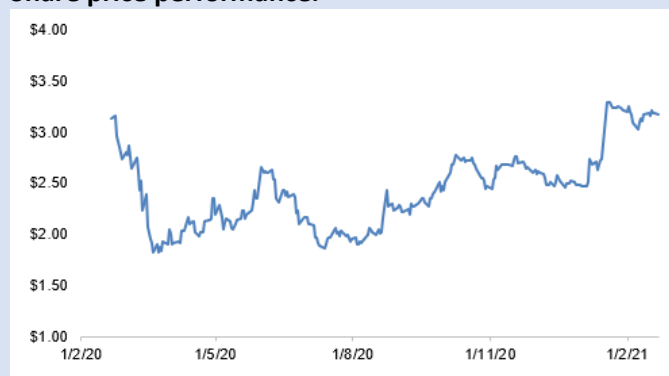
Earnings Summary (AUD)

Year end June	2020A	2021F	2022F	2023F
Revenue (\$M)	478.6	473.3	553.6	615.7
EBITDA (\$M)	152.1	135.1	171.6	198.0
Reported NPAT (\$M)	66.0	36.2	61.3	79.7
Adjusted NPAT (\$M)	58.8	37.3	61.8	78.7
Reported EPS (c)	10.1	5.5	9.4	12.0
Adjusted EPS (c - FD)	7.7	5.9	9.5	12.4
Adjusted EPS growth (%)	-16.6	-23.6	62.2	29.7
Adjusted P/E (x)	41.4	54.2	33.4	25.8
Dividend (c/sh)	3.7	2.0	4.0	5.4
Gross yield (%)	1.7	0.9	1.8	2.4
Net yield (%)	1.2	0.6	1.3	1.7
ROIC (%)	4.9	3.1	5.2	6.7

Source: Barclay Pearce Capital

Barclay Pearce Capital contributes all company estimates to Thomson Reuters, FactSet, Nucleus 195, Capital IQ and Bloomberg.

Share price performance.



Source: FactSet, Barclay Pearce Capital

Half Year Results Media Release

On 22nd February, Bingo Industries Ltd (BIN) released their interim results for the half year ended 31 December 2020 with the following highlights:

- BINGO delivers a robust result in a challenging market;
- Underlying EBITDA of \$65.2m 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	-

Outlook

- BIN 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%.
- 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.

BIN's CEO and MD, 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."

Earnings changes

For 1H FY21, BIN reported underlying EBITDA of \$65.2M which is largely in line with market expectations of \$65M. Similarly, the underlying NPAT of \$16.7m was close to market expectations of \$17.9m. Hence, we don't expect any significant earnings revisions for future periods.

Valuation

We are initiating on BIN with a price target of \$2.47 and a HOLD recommendation. The price target is underpinned by our Valuation.

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Barclay Pearce Capital provides research services to its client. Mr Wright is General Manager of Research and has over twenty (26) years' experience in the financial services industry, particularly in financial analysis and research report writing. Mr Wright joined the Barclay Pearce team in 2017 where he has been involved in the research and publication of reports. Prior to this Mr Wright worked at a number of entities where he held Director/Head of Research and General Manager of Research positions. Mr Wright holds a Bachelor of Mathematics (Honours) from Edinburgh University and has completed the SDIA Accreditation Program (RG146) through DeakinPrime.

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Hold – Describes stocks that are neither a buy nor underperform.

Underperform – Describes stocks that we expect to provide a total return (price appreciation plus net yield) of less than minus 10% within a 12-month period.

NR – The investment rating and price target have been temporarily suspended. Such suspensions are in compliance with applicable regulations and/or Barclay Pearce Capital policies.

Speculative Buy – Describes stocks we research with a positive bias, whose company fundamentals and/or financials are being covered, but for which there is insufficient information for Barclay Pearce Capital to assign a Buy or Underperform rating.

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Buy	40.2%	(0.0% of stocks with recommendations are Barclay Pearce clients)
Speculative Buy	0.4%	(100.0% of stocks with recommendations are Barclay Pearce clients)
Hold	19.5%	(0.0% of stocks with recommendations are Barclay Pearce clients)
Underperform	40.0%	(0.0% of stocks with recommendations are Barclay Pearce clients)