

## Clarification of BINGO's inorganic and organic growth disclosures

In response to queries raised by some of our investors in relation to financial disclosure of Bingo's inorganic and organic growth, we provide the following detail:

The key areas of clarification relate to the following points:

- A. Bingo's FY17 business combination note;
- B. The bridge to FY18 organic growth; and
- C. Reconciliation of FY18 results presentation disclosure.

Over the last 12 months, Bingo has grown rapidly through a combination of inorganic and organic growth. Bingo's objective in providing detail on organic and inorganic classifications within our investor presentations and market disclosures is to enhance transparency in relation to year-on-year growth. We are committed to continuing to provide transparency in our reporting to the financial markets which includes disclosures in respect to key financial and non-financial metrics, operating developments, sustainability reporting and tracking against our 5 year strategy.

We define inorganic growth as any business acquired and its associated profits; where a business was purchased, and Bingo has deployed capital to upgrade the site, or develop the greenfield assets, the associated uplift in revenue and profitability is considered organic growth. In relation to the annualisation of acquired profits, we have based the annualisation from the date of completion of the acquisition. We note that in respect to acquisitions over the last 12 months, this has typically occurred early in the month.

### A. Bingo's FY17 business combination note

In Bingo's 2017 Annual Report (Note 15, page 79) we included detail on the business combinations. The note included the below statement:

***"Had these business combinations been effected at 1 July 2016, the revenue of the Group would have been \$247.9 million, and the profit for the year would have been \$23.8 million."***

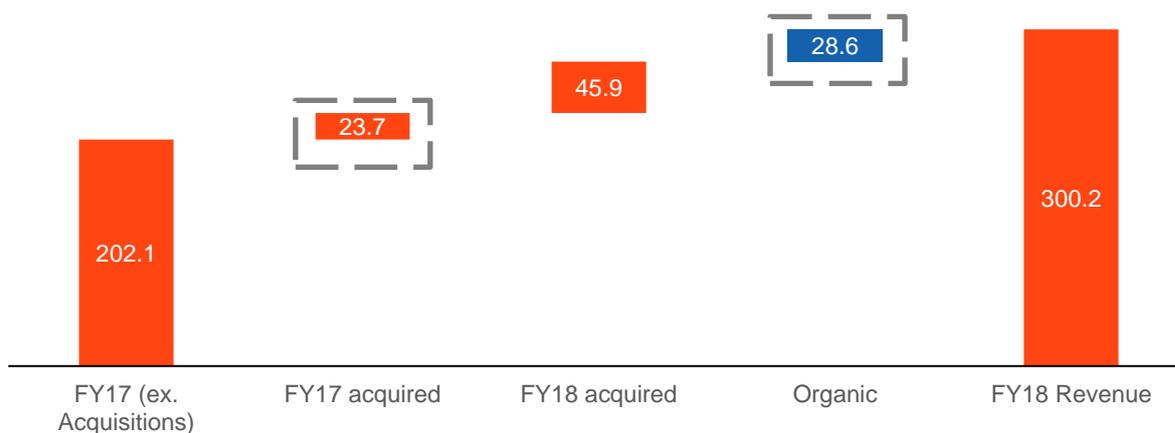
The figure of \$247.9 million in the above note did not take into account "internal" revenue which need to be eliminated as the acquisitions would be considered to be part of the Bingo Group. The correct amount should have been \$234.0 million.

### B. The bridge to FY18 organic growth

During the period from 1 July 2017 to 30 June 2018, operational decisions were made that directly impacted FY18 revenue which related to acquisitions completed in FY17. These operational changes included the interim closure of Kembla Grange for redevelopment and upgrade, and the closure of Helensburgh (currently held for sale). Due to these changes it is not accurate to extrapolate and annualise the FY17 pro forma business combination in relation to these assets into FY18.

The annualised figure of revenue, based on the reported business combinations note, attributed to acquisitions completed in FY17 was approx. \$23.7 million, and hence organic revenue in FY18 was \$28.6 million. This implies a year-on-year organic growth rate of ~14.1%.

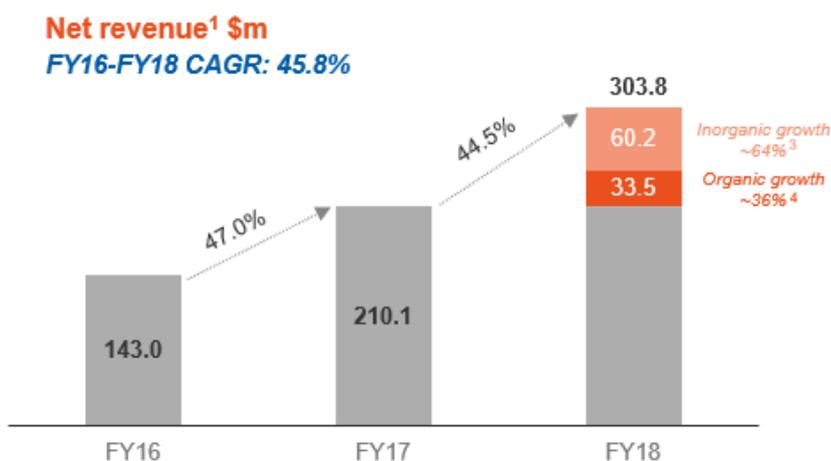
**Figure 1. BIN organic growth – bridge from FY17 Revenue to FY18 Revenue (A\$m)**



### C. Reconciliation to FY18 Investor Presentation disclosure

Bingo provided the below chart in its FY18 results investor presentation, which shows year-on-year organic revenue growth of \$33.5 million.

**Figure 2. Organic and Inorganic splits shown in FY18 investor presentation**



As shown in bridge presented in figure 1, organic year-on-year revenue is \$28.6 million based on the apportioned revenue of acquired assets in FY17 and FY18. To reconcile

to the \$33.5 million presented as a proportion of Group net revenue we need to also include the following:

- Adjustment for National Recycling Group acquired in FY18, relating to the acquisition of the greenfield asset in Artarmon, NSW and non-operating asset in Campbellfield, VIC. These sites have been classified as organic growth as at the time of acquisition these sites were not operational and all revenue is due to capital employed by Bingo to develop these sites into post-collections operating assets; and
- Adjustment for organic growth in Other income.

Reconciliation provided below:

FY18 organic revenue based on apportioned revenue of acquired assets	\$28.6 million
<u>ADD</u> : National Recycling Group (Artarmon and Campbellfield)	\$2.7 million
<u>ADD</u> : Other income organic growth	\$2.2 million
<b>Total Year-on-Year Organic Revenue in FY18</b>	<b>\$33.5 million</b>

**Anthony Story**

**Chief Financial Officer**