

ASX Release

27 February 2020

Half Year Results H1 FY20
Strong Earnings Growth Achieved

- Focus on earnings growth delivers \$1.3 million EBITDA in H1 FY20
- Revenues in H1 FY20 of \$7.8 million increased 57% on H1 FY19
- Growth on track to achieve revenue run rate of \$25 million p.a. by end of FY20
- Significant increase in finance facilities to support growth
- Secured largest contract to date, being a \$9m, 3-year contract with BHP Nickel West (in February 2020)

Specialist resources services provider Babylon Pump & Power Limited (“Babylon” or “the Company”), (ASX: BPP), is pleased to announce the Company’s first half results for FY20.

Babylon has experienced a strong start to 2020 with solid growth in revenue and earnings across both core divisions on the back of increased contract wins in its existing operations and the acquisition of Primepower Queensland.

	Change	6-month period 31 December 2019	6-month period 31 December 2018
Revenue from operations	+57%	7,845,719	5,008,458
Reported EBITDA	n/a	1,317,197	(48,157)
Reported profit/(loss) after tax	+72%	(333,269)	(1,187,259)

Table 1: 1H FY20 Results

Babylon operates a specialised services business model comprising two complementary divisions:

1. Rental of specialty diesel driven pumping and power generation equipment, and
2. Maintenance and rebuild services for large diesel driven equipment.

The Company’s specialised and tailored service offerings have resulted in the development of a tier-one client base which includes several blue-chip mining companies and large oil & gas and mining service companies. This is evidenced by the recently announced \$9m, 3-year contract agreement with BHP Nickel West for power generation and dewatering services.



In September 2019 Babylon completed the acquisition of Mackay-based, Primepower Queensland, a highly regarded specialist provider of diesel maintenance to the resources sector with a blue-chip client base including Peabody, FMG, BMA, Anglo, Wesfarmers and Minerva. This acquisition resulted in a significant increase in inventories which will support accelerating growth in diesel maintenance projects.

Diesel Maintenance Activities

Babylon's heavy diesel maintenance workload continues to increase, delivering positive growth in underlying revenue, as Babylon expands capabilities to meet market demand.

Growth in Babylon's work in progress, order book and pipeline are being driven by the following key factors:

- Deferred maintenance by clients, driving a need for more comprehensive engine and component rebuild programs;
- Limited availability of internal skilled resources to support ongoing diesel maintenance, increasing the importance for clients to continue to look for alternatives to OEMs; and
- Leveraging the Company's growing reputation and capabilities as a result of Primepower acquisition.

Larger engine maintenance opportunities are currently under development with multiple clients.

Power Generation and Dewatering Activities

Babylon recently finalised and announced a 3-year dewatering services contract with BHP Nickel West.

Other current rental projects cover multiple industries including power generation to iron ore, renewable energy backup and pumping to oil & gas, mining, infrastructure, minerals drilling.

Current power generation projects include:

- 5MW portable diesel power generation for BHP Area C; and
- Multiple applications of smaller synchronized portable diesel power generation installations for resources.

Dewatering and pumping projects include dewatering and water management for nickel, gold and iron ore miners as well as pressure pumping projects for oil and gas service companies.

Further, Babylon has multiple material rental proposals outstanding for long term power generation and specialty oil and gas pumping with top tier clients.



Primepower Acquisition

The acquisition of Primepower has provided Babylon with:

- Geographic and technical expansion;
- Diversification of commodity exposure;
- Purchasing power and contract synergies;
- East coast platform to introduce rental services; and
- Workshop flexibility with no additional corporate overhead.

The acquisition of Primepower has played a key role in the financial growth of Babylon as it has delivered increased recurring revenues, broadened Babylon's client reach and enhanced the Company's operational expertise.

The Company will continue to assess complementary businesses which have the potential to provide significant growth upside, commodity diversification and geographical expansion, on an earnings accretive basis.

Corporate

Post half year end, Babylon has secured a significant increase in its combined facility limit with National Australia Bank to \$8.6m. The increase in financial flexibility will provide a strong basis for Babylon to continue to execute its key growth objectives in 2020 and beyond.

With strong demand forecast for the Company's services and firm industry fundamentals, Babylon has recently strengthened its management team with the appointment of experienced mining executive Alan Ings as Chief Financial Officer. Alan has previously worked within the mining services sector and will play an important role as the level of client engagement and growth in Babylon's opportunity pipeline continue.

Outlook

The Company's recent cash flow positive result and the ongoing expansion of the opportunity pipeline in both divisions provides a solid basis for ongoing rapid growth. Pleasingly, the Company is seeing strong growth opportunities on both the West Coast and East Coast of Australia.

This positive momentum positions Babylon to achieve its objective of a revenue run rate of \$25 million p.a by the end of FY20. Importantly the Company now has the processes and procedures in place to achieve positive EBITDA with the continued increase in revenue to support ongoing earnings growth.

The Company will continue to focus on delivering financial gains across the board and execution of our growth strategy in order to deliver long-term shareholder value.

Commenting on the successful first half of 2020, Babylon Executive Chairman Michael Shelby said, *"We are extremely happy with the performance of the Company in the first half of 2020,*





with the business performing across both divisions delivering very impressive increases in revenue and EBITDA.

“It was always our plan that year one as a listed company our focus was on revenue, establishing scale and building a solid foundation. In year two we are focussing on increasing the earnings and delivering long-term sustainable profitability.

“We have been extremely happy with the growth of both our business divisions and our blue-chip client base. The recent contract win with BHP Nickel West is a testament to our business offering and reputation as specialist resources services provider.

“2020 is shaping up to be an exciting year for Babylon as shown by our performance over the first six months, and we will continue to focus on delivering financial gains across the board and execution of our growth strategy to deliver long-term shareholder value”.

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About Babylon Pump & Power Limited

Babylon Pump & Power Limited is a specialist resources services provider operating a business model focussed on two complementary divisions:

- 1. rental of specialty diesel driven pumping and power generation equipment, and*
- 2. maintenance and rebuild services for large diesel driven equipment.*

Since commencing operations in May 2017, both divisions have grown rapidly under the guidance of an experienced management team and highly skilled employee workforce. Babylon owns and rents specialised pumping equipment for various uses including process and pipeline maintenance, wellhead and well service work, decommissioning services and mine dewatering and water management.

The equipment maintenance services division provides repair and maintenance of customer equipment with a specific emphasis on rebuilding and providing maintenance for large diesel engines.

Babylon has operations on both the West Coast and East Coast of Australia through the Company’s subsidiary Primepower Queensland.

