



## ASX & Media Release

### Babylon Pump & Power Limited

10 January 2018

#### Successful Capital Raising and ASX Re-listing Strong Growth Momentum Continues

##### Highlights:

- **Babylon Pump & Power Limited ASX re-listing commences today**
- **Successful capital raising to raise \$4.5m in new capital**
- **Strong growth in revenue and client contracts**
- **Outstanding pipeline of opportunities for early 2018**
- **Funds raised will support ongoing growth**

Babylon Pump & Power Limited (Babylon), (ASX: BPP, BPPOA), the specialist resources services company, is pleased to announce its successful re-listing on the ASX. This follows completion of the acquisition by IM Medical Limited of Babylon Operations Pty Ltd, the recent capital raising to raise \$4.5m and renaming of the group as Babylon. Our new ASX code is "BPP" and our website is [babylonoperations.com](http://babylonoperations.com).

Babylon was established to capitalise on the need for a specialised provider of equipment rental and maintenance services to the resources sector. Babylon's focus is on two key areas:

- a) Specialised Equipment Rental – Owning and renting specialised pumping equipment and providing operators and technicians for the oil & gas and mining sectors. Target applications include process and pipeline maintenance, wellhead and well service work, decommissioning services and mine dewatering and water management; and
- b) Equipment Maintenance Services – Repair and maintenance of customer equipment with a specific emphasis on rebuilding and providing maintenance for large diesel engines similar to the Babylon rental fleet. The engine rebuild service is focused on engines of 1000hp or greater. Points of differentiation include a focus on smaller underserved equipment owners, flexible parts and labour supply, in-house testing capability and an experienced and respected team.

##### Growing Industry Demand

Babylon is positioned to capitalise on the continuing improvement in the resources and mining services sector. In the November 2017 Ophir Letter to Investors, Ophir Asset Management reiterates "a growing level of confidence out of management teams operating within the resources and mining services sectors, and these 'green shoots' have continued to develop into more sturdy growths." Specifically "WA-facing businesses this month have again provided evidence of companies



seeing increased order book activity and/or net new employee hires as the outlook for the space continues to improve. This growing level of optimism is already being confirmed in the reported economic data, with the release of the National Accounts in early November confirming the WA economy has officially now returned to economic growth.”

Babylon is seeing direct evidence of the strength in underlying industry fundamentals being reflected in its work in progress, order book and pipeline.

### **Operations Update**

Babylon has made rapid progress since commencing operations just seven months ago in May 2017. The Company has generated gross revenue of more than \$1,000,000 in the period to 31 December 2017, with majority of this revenue coming from heavy diesel service work undertaken for top tier clients across the resource sector while at the same time establishing supply chain relationships and securing core staff to underpin growth.

Babylon is attracting new clients, and has doubled operating assets since the end of August 2017 with further asset purchases to come, funded by our recent capital raising.

Babylon is currently providing services to oil & gas, iron ore and gold projects for a client base including ASX 100, large multinationals and the Commonwealth. Examples of some of the Company’s recent and current contracts include:

- Supply of portable power generation, above and below ground pumps for new gold mine
- Supply of downhole pumping system for Commonwealth research project
- Supply of offshore flushing pumps for large marine services company
- Supply of portable diesel compression for large WA based oil & gas project
- Fleet maintenance for major global oil & gas service company
- Engine rebuild services for one of Australia’s largest ASX listed miners
- Engine rebuild services for WA based mining service contractor
- Diesel maintenance services for Kalgoorlie based mining contractor
- Diesel maintenance services for international specialty lifting contractor
- Engine and component rebuild services for one of the world’s largest used heavy equipment companies

In all of these cases the work is specialised and is performed with a high degree of professionalism resulting in satisfied customers for completed work.

### **Summary and Outlook**

The Board and Management of Babylon are excited about the growth prospects for the Babylon business. Babylon has an outstanding pipeline of opportunities awaiting decision in early 2018 is spread across various commodities and client type. The opportunities cover long term rental of pumping and power generation as well as heavy diesel maintenance projects.



The completed capital raising and relisting positions Babylon with financial strength and puts it in a nimble position to secure and execute these opportunities, including the capability to add to the existing inventory of specialised equipment as required to meet client needs.

The Performance Rights issued to Senior Management in several tranches include performance hurdles relating to revenues of \$4.6m in FY19; revenues of \$9.2m in FY20, EBITDA breakeven in FY19; EBITDA of at least \$2.6m in FY20, and exercise of 80% of the BPPOA options currently on issue by 31 March 2019. Based on current business conditions, and the current pipeline of opportunities, Senior Management are confident that these targets can be met. Investors should be aware that there is no certainty any quotes or proposals will be successful or that these performance targets will be achieved.

We continue to execute opportunities in this growth environment with the safety and certainty of a sound balance sheet and adequate financial resources, as well as having a talented and dedicated work force committed to delivering results both financially and operationally.

The strong industry fundamentals, combined with the response from clients to the Company's specialised equipment and service capabilities gives the Board of Directors confidence that our underlying business can continue its rapid early growth in 2018.

Michael Shelby  
Executive Chairman  
Babylon Pump & Power Limited