

**ASX Release**

19 February 2019

**Babylon Pump & Power on track to exceed Prospectus Forecasts**

**Highlights**

- **Exciting first half delivers strong revenue of A\$5.0 million**
- **First half revenue exceeds full-year forecast**
- **Operations close to break-even in the first half (EBITDA -A\$48,000), exceeding expectations**
- **Positive operating cashflow recorded in the December quarter**
- **Business ramp-up and growth trajectory continues**
- **Significant revenue from numerous contract wins expected to flow in the second half**

Specialist services provider Babylon Pump & Power (“Babylon” or “the Company”), (ASX: BPP, BPPOA) is pleased to advise it is on track to significantly exceed its prospectus forecasts following an exciting first-half performance as a listed company.

For the six months to December 31 2018, the Company has reported revenue of A\$5.01 million and a small loss in earnings before interest, tax, depreciation and amortisation of -A\$48,157. First half revenue has exceeded the forecast for the full 2018-2019 Financial Year and EBITDA is on target to meet first year forecast. Babylon reported an after-tax loss of A\$1.19 million for the first half.

Babylon Executive Chairman Mr Michael Selby said:

*“I am delighted that this first half performance has exceeded our expectations,” he said. “We have been able to deliver in the first half, effectively what we had forecast for the full year.*

*“We continue to grow in terms of our credibility, market acceptance, volume of work, new enquiries and repeat business. Babylon was focused on introducing an operating model that has been sought after by the industry – specialist power generation and pumping solutions complementing our large diesel engine maintenance services, delivered by an independent operator with a highly-skilled and professional workforce. Our team is focussed on exceeding client expectations.*

*“Industry feedback indicates that the outlook is strong. There is good demand for our dewatering and power generation solutions, while the age of Australia’s mining fleet provides a growing pipeline of opportunities for our maintenance division.*

*“While we continue to pursue rapid growth, our approach will be measured, and new client opportunities will be evaluated to ensure that we maximise returns from our available resources.”*



### **Diesel Maintenance**

The heavy diesel maintenance workflow has continued to grow and has been a strong contributor to revenue in the half year.

During the six-month period the division stripped, assessed and repaired more than 20 large diesel engines for clients, excluding Babylon's own engine rebuilds. In total, Babylon technicians have clocked more than 28,000 man hours in the maintenance workshop. Several factors are contributing to this:

- Deferred maintenance programs by machinery owners in the past several years has driven growing needs for more comprehensive engine and component rebuilds;
- Current industry capacity constraints are extending rebuild lead times;
- Another important catalyst for increasing demand within the sector is the widespread shortage of skilled and experienced diesel maintenance technicians; and
- Many companies are looking for alternative service providers to the original equipment manufacturers.

Currently Babylon staff are deployed at numerous client sites maintaining and servicing heavy equipment for clients complementing our offsite services. As well as external client maintenance work, the Babylon team has also been active in building internal assets and refurbishing returned short term rental equipment such as compressors and pumps.

### **Power Generation and Dewatering**

Babylon has continued to build its fleet of specialist power generation and dewatering equipment and secured multiple new contracts during the period, which will have a positive financial impact during the second half as they start to generate rental revenue.

Babylon continues to adopt a model of providing complete project solutions for clients by building and sourcing the appropriately specified equipment for the task. This approach targets higher margin and more complex opportunities while minimising the level of rental fleet sitting idle.

The Company currently has power and pumping contracts covering power generation, renewable energy back-up, and pumping and dewatering services in the iron ore, infrastructure, drilling, nickel and gold sectors.

Key contract wins for the period include:

- Supply, install and maintain power generation equipment for BHP's Mining Area C surplus water pipeline project. The minimum 52-week project commenced in September and is expected to contribute approximately \$0.6 million to FY19 revenue;
- Supply and maintain power generation and pumping equipment for use on various Water Corporation sites in WA. Contract term is 24 months; and
- Supply and install power generation and pumping equipment for BHP at one of its key WA mining operations. The initial 6-month contract began in November and is expected to contribute approximately \$0.67 million to FY19 revenue.

**-ENDS-**





For investor or media queries, please contact:

**Michael Shelby**  
Executive Chairman  
+61 8 9454 6309

**Michael Weir / Cameron Gilenko**  
Citadel-MAGNUS  
0402 347 032 / 0466 984 953

#### **ABOUT BABYLON PUMP & POWER**

*Babylon Pump & Power is a specialist services provider for the resources, oil and gas, and infrastructure sectors. It has two core business units, Power Generation and Dewatering Solutions and Heavy Diesel Maintenance.*

*Babylon provides bespoke generation and dewatering solutions through the rental of large diesel generation sets and water pumps. The Heavy Diesel Maintenance division contains a highly-skilled workforce that specialises in the repair, maintenance and rebuild and large-size diesel engines.*

