

ASX Release

31 August 2021

RECORD REVENUE BOLSTERS BPP FINANCIAL RESULTS FOR FY21

- **Record revenue from operations, up 24% to \$21.3M (FY20 \$17.2M)**
- **Cash and undrawn debt facilities of \$6.1M**
- **Return to positive operational cash flow in Q4 FY21**
- **Significant ongoing growth opportunities in each business segment**

Specialist resources services provider Babylon Pump & Power Limited (“Babylon” or “the Company”), (ASX: BPP), is pleased to announce the Company’s full year results for FY21 in which Babylon delivered record revenue.

Babylon continued to accelerate through a growth phase, securing increased works from globally significant mining clients while also expanding revenue from operations for year ending 30 June 2021 to \$21.3 million, a 24% increase over the previous corresponding period.

Rental contracts in place with BHP Nickel West and Iron Ore continue to deliver revenue with an extension received during the financial year for power generation at Mining Area C. Assets acquired during the year have begun to be deployed for long term use at Koolan Island and Barrow Island in the Northwest of Western Australia.

Diesel maintenance continues to deliver the majority of revenue. Significant works for Alcoa, FMG and new clients such as Premier Coal have underpinned diesel maintenance revenue growth.

While the Company delivered record revenue, Babylon has also reported a loss before interest, tax, depreciation, and amortisation (EBITDA) of \$2.6 million, which largely reflects commitments to expand the revenue pipeline in FY22.

Adjustments to remove non-recurring expenses of acquisition costs, COVID delays, impairment of goodwill, payroll tax adjustments and ATO cash boosts results in a normalised EBITDA loss of \$1.1 million.

Key Financial Metrics			
Description	FY19 (\$)	FY20 (\$)	FY21 (\$)
Operational Revenue	11,509,158	17,199,633	21,331,973
Normalised EBITDA	109,814	1,059,070	(1,130,148)

Note: FY21 normalised EBITDA includes non-cash impairment of goodwill of \$1,049,233, as well as non-recurring cash expenses



The EBITDA loss for FY21 is primarily a result of lower-than-expected revenues at Primepower Queensland whilst strategically positioning the company for rapid customer response with finished product.

Operational capacity at the Queensland enterprise was consumed by building service exchange engines of circa \$1.6 million in value. This financial commitment reflects a strategic decision allowing Primepower to commence value accretive exchanges of these engines in future. As a result, Babylon expects to deliver larger contract opportunities into FY22.

Pleasingly, the investment in building service exchange engines during the period has already secured client orders in FY22.

COVID travel restrictions caused further delays in implementing the rental business plan at Primepower Queensland. Rental assets have now been positioned in Queensland, orders are in hand and first rental revenue from Queensland will occur in Q1 FY22. Recurring rental revenue will reduce revenue volatility and generate higher margin returns.

Babylon's diesel maintenance segment relies on a global supply chain which has experienced delays and caused minor losses due to pandemic related logistical challenges. Overseas orders impact working capital and delays contribute to irregularity of revenue and earnings.

The Company expects to show reduced volatility in earnings in future reporting periods as the service exchange platform grows and the investment in inventory reduces operational risk.

Average corporate overheads excluding acquisition costs were approximately \$0.24 million per month. The Company continues to focus on lean corporate operations during its continued growth phase.

Outlook

Future growth will be delivered by three specialised and complementary offerings to the Australian resources sector. Revenue streams are underpinned by a base of shared skillsets, facility requirements, operational processes, and clients allowing Babylon to engage a broader portion of the resource sector spend. Asset and personnel skillsets provide a base of support for existing revenue streams whilst allowing for future diversification of services.

Speciality Rental

- Dry hire or fully maintained supply specialty diesel driven pumping and power generation equipment
- Mine water management, high pressure pumping and remote power Diesel Maintenance
- Maintenance and rebuild services for large diesel engines and heavy components



- Specialists in large Caterpillar and Cummins engines and complete modules for electric driven machines

Speciality Industrial Services

- Water and abrasive blasting for routine cleaning and shut down preparation
- Protective coatings and vacuum loading for controlled collection of waste

The company is excited by FY21 initiatives to drive future growth including:

- Completion of acquisition of assets from Tilbrook Ryder Investments Pty Ltd (speciality rental growth)
- Investment in core engines for diesel maintenance service exchange programs (diesel maintenance growth)
- Completion of acquisition of Pilbara Trucks Pty Ltd trading as Ausblast (speciality services growth)
- Increased total financing facilities from National Australia Bank Limited to \$13.5M

Significant and material opportunities in FY22 are expected to drive revenue and earnings growth. Whilst Ausblast's revenue contribution in FY21 was minimal, it is expected revenue and earnings will contribute significantly to the Company as asset utilisation increases and successful business development efforts have diversified revenue streams, reducing dependence on the iron ore segment.

All operating entities have grown their client base and Babylon is achieving greater cross pollination of offerings across geography and business segments.

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

For more information, please contact:

Michael Shelby

Executive Chairman

+61 (0) 8 9454 6309

mshelby@babylonpumpandpower.com

