

ASX Release

28 February 2022

BPP Half Year Results H1 FY22

- **Revenue of \$13.7 million (+33% over H1 FY21)**
- **EBITDA +40% over H1 FY21**
- **Operational Cash Flow +58% over H1 FY21**

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 FY22.

The Group has experienced a solid start to FY22 with growth and improvement in key performance indicators across the Group.

Group Key Performance Indicators	Six Months 31 December 2021 \$A'000	Six Months 31 December 2020 \$A'000	% Change
Revenues	13,701	10,291	+33%
EBITDA	(401)	(664)	+40%
Operational Cash Flow	(1,285)	(3,081)	+58%
Work in progress (WIP)	3,648	1,462	+150%

Increased turnover and WIP have led to a net reduction of Group inventory levels of \$271K at end of the reporting period. Worldwide supply chain delays and disruptions have necessitated operational decisions to invest and hold key stock, but these holdings have been offset by overall reduction in inventory. Profitability has improved as Babylon has begun to consolidate finance and administration services with more improvements and savings to occur in the second half of the year.

Babylon Operations (BOP)

BOP delivered a 62% increase in revenue and a 68% increase in EBITDA over the corresponding period in FY21. A sharp rise in diesel maintenance revenue has been complemented by a smaller increase in rental revenue where the company is transitioning from cross hired assets to higher utilisation of company owned assets improving profitability.



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As previously announced, Babylon secured multi-year contracts for maintenance services during the reporting period:

- Alcoa of Australia Limited - three-year contract extension
- Rio Tinto Services Limited – three-year contract with two-year extension period
- Premier Coal Limited – three-year contract with one-year extension option

These customer commitments show demand for the Company's services and provide a pipeline of expected future work to underpin the new Perth workshop, currently under development and slated to be in operation in 2022. The new workshop will provide extra capacity and capability for future rental and maintenance projects to support continued company growth.

Primepower Queensland (PPQ)

Worldwide delays in logistics and availability of parts from OEMs have pushed several projects into the next reporting period for PPQ. Whilst revenue is down, the EBITDA loss has improved 46% over the corresponding period FY21 and 76% over the second half of FY21. Improvements in business systems, processes and structure have contributed to the improved performance. Further improvements are planned for the second half of the year and PPQ is expected to return to a profitable run rate.

Ausblast (AUB)

AUB delivered a 215% increase in EBITDA over the prior period. This result was achieved despite the impact of cancelled projects due to site COVID restrictions and delayed work due to availability of site labour. Management is focused on equipment utilisation and opportunities that are less dependent on-site labour in the immediate term until availability of labour improves and travel restrictions ease.

During the period AUB lowered its average fleet age by disposing of an ageing asset for a gain and taking delivery of a new asset which was immediately mobilised in the Pilbara. Additionally, an order was placed for a long lead time high pressure water blasting unit. The new 1,000HP water blasting unit will enable Ausblast to confidently engage new clients and expand into new mineral sectors outside of our traditional iron ore base that require higher horsepower pumps. During the reporting period works were completed in the lithium and iron ore sectors.

Further business development initiatives coupled with improvements in business systems and consolidation of finance and administration with the Company will improve profitability in future periods.

Effects of COVID-19

Delays in supply chain during the quarter have resulted in project delays pushing forecast revenue into later reporting periods. The Company is continually evaluating short to medium term risks and working with clients to manage timelines as well as increasing stock and inventory of strategic items. These disruptions and delays in the supply chain are wide ranging in the resources service sector and not believed to be unique to Babylon's operations.

There is further uncertainty in future site works in the specialty services segment. Potential for delays and cancellations of works exist if COVID-19 outbreaks cause clients to limit or cancel site access to contractors.

Events Subsequent to the Reporting Period

In January 2022, Mr Gary Credaro was appointed to the position of Chief Financial Officer (CFO).

Mr Credaro initially joined Babylon in March 2021 in a contract role and was appointed as Group Financial Controller in July 2021. He has more than 30 years of experience in the mining services and related industries with expertise in financial and management accounting, statutory reporting, systems development and implementation and corporate services. He has previously held senior positions in a number of public and private companies, including E&A Ltd, Tasman Power, Mineral Resources, Ausdrill and Brandrill.

Summary and Outlook

The Company expects continued growth in revenue across its Speciality Rental, Industrial Services and Asset Maintenance segments for the remainder of FY22. Profitability is expected to improve as structural and operational improvements flow through the business, and the Company continues to increase its scale. The Company is focused on growing the profitable specialty services and rental revenue streams whilst conducting an ongoing evaluation on improving operational efficiencies and profitability.



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Commenting on the results Executive Chairman Michael Shelby said:

“The Babylon board are extremely confident our commitment on improving operational efficiencies and profitability will result in strong growth in H2 FY22 and deliver record performance across our business for FY22.”

Authorised for release by the Babylon Pump & Power Board of Directors.

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