



BABYLON

PUMP & POWER LTD

INVESTOR PRESENTATION

FY22 YEAR END RESULTS AND GROWTH OUTLOOK

1 September 2022

(ASX:BPP)



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HIGHLIGHTS

- ▶ Continuing improvement in revenue, earnings, cashflow, and balance sheet as the business moves towards scale
- ▶ Strategic expansion in higher margin equipment rental segment with rationalisation of lower margin maintenance activities
- ▶ Recent acquisition of Resource Water Group expands water management capability while increasing rental asset base
- ▶ Strengthened board with improved independence and governance
- ▶ Leveraged to strong outlook for Australian mining sector with opportunities generated from:
 - Mines with complex water issues
 - Environmental regulations and requirements
 - Capital restrictions
- ▶ Advanced discussions with potential acquisitions that are highly complementary to existing business units



Selected Clients

BHP

RioTinto



IMPROVING CORE BUSINESS WHILE REFOCUSING ON RENTAL

Earnings improvement across the Group

- Group consolidated EBITDA improved 60%
- Prime Power Queensland EBITDA improved 80%
- Ausblast returned to positive EBITDA
- Administration and corporate costs reduced by 29%

Continued strong revenue growth since inception

- 95% revenue growth from <\$2M in FY18 to \$27.5M in FY22
- 29% increase in FY22 revenue over FY21

Return to positive operational cashflow

- Over \$6M improvement in operating cashflow in FY22 to return to positive result

Refocus on rental has begun with asset acquisition

- Purchase of Resource Water Group business post year-end will support continued growth in the rental business; other acquisition targets identified
- BPP refocus on the rental segment is delivering higher margins



FINANCIAL RESULTS - KEY TAKEAWAYS

EBITDA

-\$1.1M

(FY21: -\$2.8M)

+60%

REVENUE

\$27.5M

(FY21: \$21.3M)

+29%

OP. CASH FLOW

\$0.3M

(FY21: \$-5.8M)

+105%

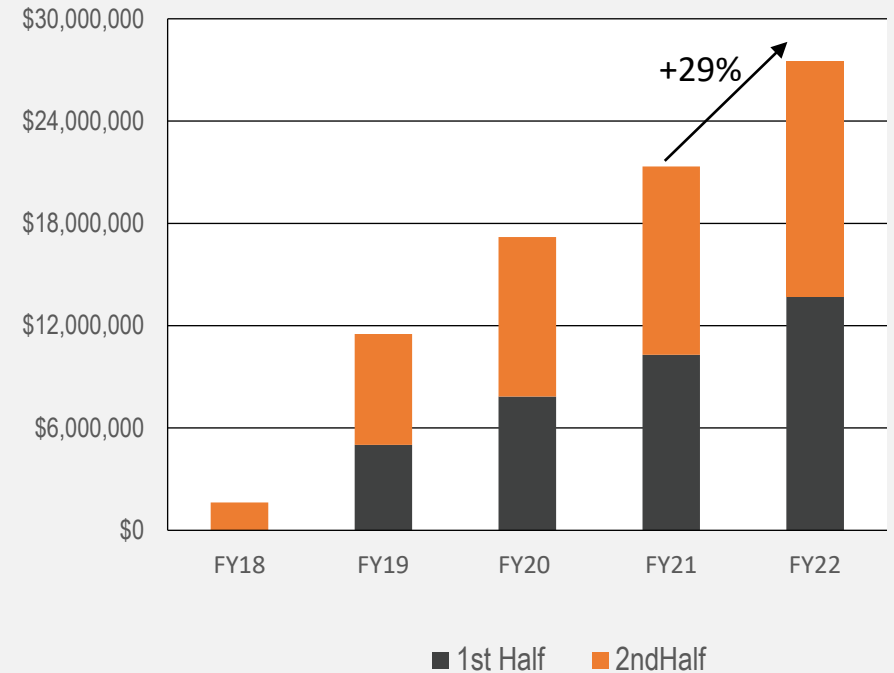
CASH & EQUIVALENTS

\$2.2M

(FY21: \$1.0M)

+120%

TOTAL REVENUE



CORPORATE SNAPSHOT

ASX Code: BPP	
Ordinary Shares	2,458m
*Performance Rights	130m
Market cap (@ 0.6 cents)	\$14.7m
90 Day Average Volume (shares)	2.7m
Top 20 Holdings	47%
Cash & Undrawn Debt Facilities (as at 30 June 2022)	\$4.2m

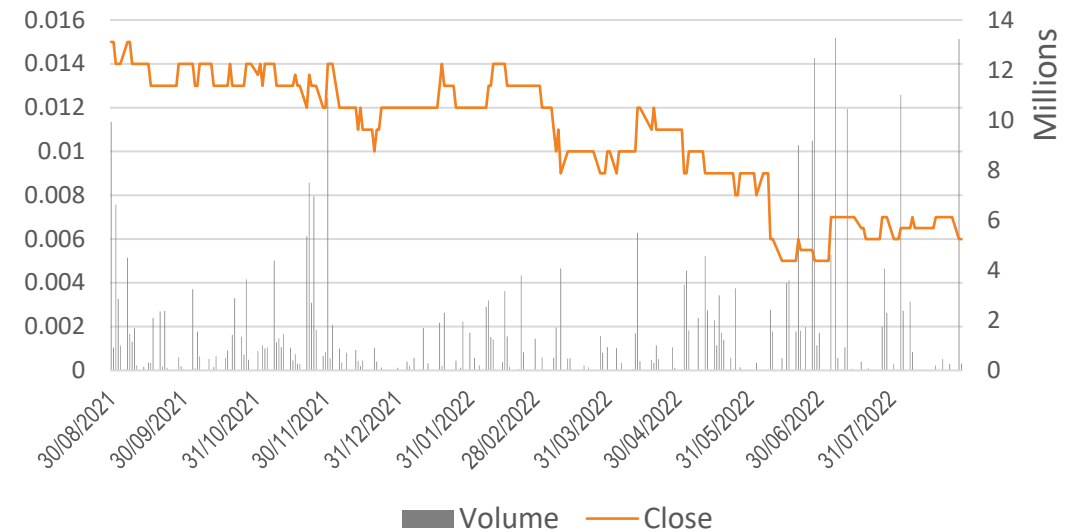
*Proposed to be cancelled and replaced with alignment to share price

Financial Snapshot	FY22 (\$M)	FY21 (\$M)	% Change on FY21
Group EBITDA	-\$1.1	-\$2.8	+60%
Operating Cash Flow	\$0.3	-\$5.8	+105%

Substantial & Major Shareholders

G & N Lord Superannuation Pty Ltd & other entities controlled by Geoff Lord	25.1%
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12-month Share Price & Volume



FINANCIAL RESULTS - BPP GROUP P&L

Statement of Profit and Loss	30 June 2022 \$	30 June 2021 \$
Revenue from contracts with customers	27,517,238	21,331,973
Other income	170,437	330,976
Raw materials, consumables and changes in inventory	-19,905,670	-15,401,686
Employee benefits expense	-6,839,673	-5,182,649
Administration and corporate expense	-2,019,825	-2,846,106
Impairment of goodwill	-	-1,049,233
Other expense	-46,429	-
EBITDA	-1,123,922	-2,816,725
Depreciation and amortisation	-2,784,596	-2,330,862
Finance income	109	360
Finance expense	-1,301,472	-1,522,164
Loss before tax from continuing operations	-5,209,881	-6,669,391
Income tax benefit / (expense)	-	311,614
Loss after income tax for the period	-5,209,881	-6,357,777

- Revenue \$27.5M (29% improvement)
- Admin and corporate expense down 29%
- Group EBITDA -\$1.1M (60% improvement)
- Interest expense will reduce further in FY23 following settlement of convertible loans in July 2022
- NLAT \$5.2M (22% improvement)



REPOSITIONING & REFOCUSING

Strengthened balance sheet enabling BPP to execute strategic initiatives

Debt reduction

- Post year-end repayment of c\$4.5M of convertible loan current liability
- Post year-end improved balance sheet to allow for rental asset purchases

Enhance governance and strengthen Board

- Executive Chairman position now split between non-executive Chairman and Managing Director roles
- Post-year end Board restructure will further reduce corporate expenses and improve governance

Targeted Business Acquisitions

- Asset acquisition of Resource Water Group post-year end expands water management capability while increasing rental asset and client base
- Advanced discussions with several other prospects identified in rental and mine water management sector

Rationalization of lower margin segments

- Reorganization of maintenance business improving profit through simplification and cost reduction
- Fulfillment of long-term profitable contracts while transitioning to rental support role



ACQUISITION OF RESOURCE WATER GROUP

Advancing growth strategy with shift to higher margin rental and water management services

- Significant increase in Babylon's water management rental asset pool
- Experienced team adds to the Group capabilities during tight labour market
- Purchase price represents estimated 3x times multiple of net EBITDA contribution
- Sales funnel delivering immediate utilization and results
- Broadens existing relationships with significant leading and developing miners including:
 - Rio Tinto
 - Strandline
 - Mineral Resources

- ▶ Test pumping capabilities engage client base at earlier stages of projects
- ▶ Work in hand utilizing existing assets
- ▶ Deferred payment structure assisting with cashflow



SIGNIFICANT BASE OF RENTAL AND INDUSTRIAL SERVICES

Select rental and industrial service engagements already managed by BPP

- Ongoing power generation with BHP Iron Ore
- 12-month highwall pump rental for internationally listed miner
- Water management and power generation with BHP Nickel West
- Water management with Mt Gibson at Koolan Island
- Testing pumping with Rio Tinto and Mineral Resources
- Ongoing power generation with Vestas Australian Wind Technology
- Rental of dewatering equipment to FMG and Strandline
- One Year Trial Contract for Services with Alcoa
- Recurring equipment rental and services to major industrial service companies such as Cleanaway, Suez and Veolia
- Recurring high pressure water blasting and vacuum works on shutdowns
- Recurring works in the Pilbara on Rio Tinto and FMG sites
- Recurring industrial service work with Pilbara based lithium miner

OUR BOARD



Jamie Cullen
Non-Executive Chairman

- CEO of Pacific Energy since 2015 – One of Australia’s largest providers of sustainable distributed energy to remote mines and townships
- Previously CEO of Resource Equipment Ltd (2008-2014) and PCH Group Ltd (1995-2007)
- All three were ASX listed resource sector service companies until being acquired under takeover transactions
- Extensive commercial and practical experience in growing businesses domestically and internationally, both organically and through acquisitions
- Qualified Chartered Accountant, FAICD and member of Governance Institute of Australia; Prior to CEO roles was finance executive in USA and with PwC in Australia and the USA
- Waiving Board fees in return for a performance rights plan based on share price performance to fully align with shareholder interests



Michael Shelby
Managing Director

- Co-founder of Babylon in February 2017
- Over two decades of experience in oil & gas, mining and specialty rental markets spanning commercial, technical and project management roles
- Previously GM at Resource Equipment Ltd, primarily responsible for growing the oil & gas water management service business from inception until its takeover in 2015
- Holds a Bachelor of Science in Chemical Engineering from Louisiana State University
- MBA from Melbourne Business School and member of AICD



Patrick Maingard
*Executive Director

- Co-founder of Babylon in February 2017
- Over 30 years of management experience with a strong SME background with Director and Managing Director portfolios
- Previously Director/co-owner of plastics manufacturing business Omni with key customers including Bunnings, Reece Plumbing, Masters, Australian Defense Force, Constellation Wines and Matrix Asia Pacific
- MSc Management from Oxford University and member of AICD
- *Transitioning to Non-Executive Director on 1 September 2022



Louise Bower
Non-Executive Director

- Appointed November 2021
- Chartered Accountant with 27 years’ experience in senior executive roles across various industry sectors and jurisdictions including Australia, South Africa and the United Kingdom
- Non-Executive Director of DUG Technology Ltd (ASX: DUG) - a technology company providing high-performance computing with a strong foundation in applied physics.
- Chair of Risk and Audit Committee



Michael Kenyon
*Non-Executive Director &
Company Secretary

- Extensive senior finance experience with a range of private and public companies over the past 24 years
- Previously CFO of Pacific Energy prior to its \$470m takeover by QIC in 2019 and before that CFO of Resource Equipment
- Currently CFO and Company Secretary for Resource Development Group (ASX:RDG) and WA Kaolin (ASX:WAK)
- Bachelor of Business, Chartered Accountant, Graduate of AICD and of the Governance Institute of Australia.
- *Stepping down from Board but to remain Company Secretary from 1 September 2022



□ A CORE PARTNER TO RESOURCE SECTOR LEADERS

Babylon services the iron ore, gold, nickel, and oil & gas sectors with significant opportunities in infrastructure, alternative energy and other commodities in Western Australia and in Queensland through its subsidiary Primepower QLD.

The logo for BHP, consisting of the letters "BHP" in a bold, orange, sans-serif font.The logo for Fortescue, featuring a blue silhouette of Australia with "FMG" inside, followed by the word "Fortescue" in a blue sans-serif font.The logo for Rio Tinto, with "Rio" in red and "Tinto" in black, both in a serif font.The logo for ALCOA, featuring a blue square with a white geometric design and the word "ALCOA" in blue below it.The logo for Mineral Resources, showing a stylized mountain range in black and red with the words "MINERAL RESOURCES" in black below.The logo for Strandline Resources Limited, with a red and white textured square icon, the word "STRANDLINE" in black, and "resources limited" in a smaller font below.The logo for South32, a black square containing yellow horizontal and vertical lines, with "SOUTH32" in yellow below.The logo for Force by Emeco, featuring a red circular icon with a white arrow, the word "Force" in black, and "by Emeco" in a smaller font below.The logo for Vestas, with the word "Vestas" in a blue, italicized sans-serif font.The logo for Macmahon, featuring a blue Greek letter Omega symbol above the word "MACMAHON" in black.The logo for Newmont, with a yellow triangle icon followed by the word "Newmont" in blue.The logo for Anglo American, showing a blue and white circular icon with a triangle, followed by the words "ANGLO AMERICAN" in blue.The logo for Mount Gibson Iron, featuring a stylized mountain range in black and gold, with the words "Mount Gibson Iron" in black below.The logo for Premier Coal, with a red circular icon containing a white mountain, the word "Premier" in red, "Coal" in black, and "MANAGED BY THE YANCOAL AUSTRALIA GROUP" in a smaller font below.The logo for Newcrest Mining Limited, featuring a gold circular icon with a mountain, the word "NEWCREST" in gold, and "MINING LIMITED" in black below.The logo for Pilbara Minerals Limited, showing a gold circular icon with a grid pattern, the word "PILBARA" in black, "MINERALS" in black, and "LIMITED" in a smaller font below.



Babylon Pump & Power Limited

74 Harrison Road
Forrestfield WA 6058

Michael Shelby | Managing Director

mshelby@babylonpumpandpower.com



APPENDIX: GROWTH DRIVERS OF WATER MANAGEMENT SERVICES

- ▶ Virtually all mines experience water issues – too little or too much
- ▶ Estimated that > 70% of mines in Australia have water ingress issues (rain or subterranean)
- ▶ Water management/dewatering is “Mission Critical” for mines and must be dealt with
- ▶ Requirement is further driven by increasingly stringent environmental regulations and ESG considerations
 - increasing obligation on miners to contain and manage water (ground & rain)
 - restrictions on ability to discharge water off site (restrictions on timing and amount) – therefore water must be captured and managed on site

- ▶ Other key factors:
 - Australia hosts some of the world’s oldest and deepest mines. As mines deepen, issues typically become more complex (eg more water, changing flow rates, increased discharge pressure requirements, changing water qualities)
 - this requires larger and more sophisticated systems and considerable expertise in selection, design and set up
 - while new and expanding mines form the target market re-established mines are also a key customer
 - if dewatering has not occurred during care & maintenance significant work is required to remove water and restart mining

APPENDIX: FOCUS ON WATER MANAGEMENT SOLUTIONS

Rental assets continue to deliver higher margins for BPP with consistent high levels of rental asset utilisation by major resource sector clients – strategic equipment purchases will expand specialist fleet

EXPANDING THE RENTAL BUSINESS

- ▶ Specialist nature of rental assets presents opportunity to capitalise on favourable industry dynamics through greater internal resourcing and selective strategic acquisitions.
- ▶ Specific growth initiatives include:
 - expand specialist rental fleet of water management and power generation assets servicing resource sectors
 - increased capabilities in groundwater management with RWG acquisition
 - expand environmental and industrial services business (via wholly-owned subsidiary Ausblast)
 - repurpose lower-value asset maintenance capacity towards rental operations

EXPANDING INTO ADJACENT SECTORS

- ▶ Rental expansion will assist Babylon expand future industry focus by moving up the value chain with potential to introduce:
 - environmentally sustainable solutions to support client ESG and NZE targets
 - explore water services adjacencies in natural resources sector (e.g. hydrogen production requires H₂O)