



BABYLON

PUMP & POWER LTD

AGM Presentation
FY22 Year End Results and Growth Outlook

30 November 2022



ASX:BPP

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FY22 Achievements

Strong growth in revenue with debt reduction

- Continued revenue growth despite challenges from COVID-19 and tight labour market
- Post year end elimination of c\$4.5M of convertible loan current liability
- 29% Revenue growth FY22 vs FY21 with positive operating cashflow

Strengthened Board with enhanced governance

- Appointment of James Cullen as Non-Executive Chairman and separation of Managing Director role
- Post year end Board restructure will reduce corporate expenses and further improve governance
- Achieved third party carbon neutral certification

Strategic entry into the higher margin water management segment

- Successful acquisition of Resource Water Group (RWG) is a key step in strategic positioning
- Advanced discussions with an established business in rental and mine water management sector expected to contribute steady earnings without any additional overhead

Rationalisation of lower margin segments

- Rationalisation of the maintenance services business has reduced costs and improved profit margins
- Fulfillment of long-term profitable contracts while transitioning to rental support role
- Operations now positioned to absorb increasing rental revenues without material increase to cost base

About Babylon Pump & Power Ltd



Establishing a portfolio of specialty, essential services highly-valued by major resources companies



Rental of specialty water management equipment



Recent, strategic addition of water management services



Environmental and industrial services (Ausblast)



Rental of specialty power equipment

EBITDA

-\$1.1M

(FY21: -\$2.8M) **+60%**

Revenue

\$27.5M

(FY21: \$21.3M) **+29%**

OP. Cash Flow

\$0.3M

(FY21: -\$5.8M) **+105%**

Cash

\$2.2M

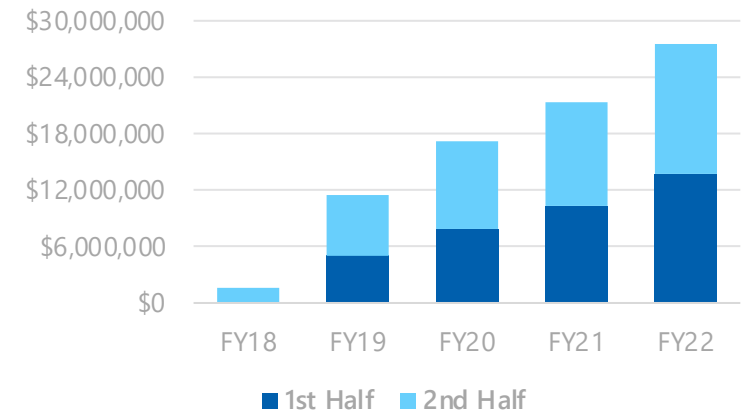
(FY21: \$1.0M) **+120%**

Financial Results

Key Takeaways

Babylon has grown revenue consistently at +95% p.a. since 2018 and is transitioning to +EBITDA driven by organic growth and targeted acquisitions

Total Revenue



FY23 YTD: +EBITDA, revenue growth and cashflow with "run rate" forecast to increase during the year

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)

Financial Results

BPP Group P&L

- Revenue \$27.5M (29% improvement)
- Admin and corporate expenses reduced 29%
- Group EBITDA -\$1.1M (60% improvement)
- Post year end elimination of c\$4.5m of convertible loan will further reduce finance expense
- NLAT \$5.2M (18% improvement)

Financial Results

Poised for Growth



Earnings improvement across the Group

- Group consolidated EBITDA improved 60%
- Reorganisation of Prime Power QLD improved EBITDA 80%
- Improved sales efforts and new management returned Ausblast EBITDA to positive
- Cost controls of Corporate entity reduced costs by 19%



Continued strong revenue growth since inception

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



Return to positive operational cashflow

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



Key focus on rental / water management

- Assets acquired from Resource Water Group (RWG) post year end will support continued rental growth as BPP focuses on higher margin segments



Poised for further strategic and earnings accretive acquisitions

- Progressing specialty rental acquisition in water management space to expand depth of fleet, geographical coverage and increase recurring earnings



Mine Water Management

Water Management

An Escalating Issue

- Global water and wastewater management market to the mining sector – incremental growth expected of \$1.73B at a +6% CAGR from 2020 – 2024¹
- Virtually all mines experience “Mission Critical” water issues – too little / too much
- >70% of mines in Australia have water ingress issues (rain or subterranean)
- Requirement is further driven by increasingly stringent environmental regulations and ESG considerations
 - increasing obligation on miners to contain & 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

Water Abstraction in WA Mining Sector

654GL
2016

773GL
2025

1080GL
2050

Water must be managed at all stages of the mine life cycle including:

- exploration
- project planning and design
- mining and minerals processing
- rehabilitation
- closure and post-closure

1. Technavio - Global Water and Wastewater Management Market for the Mining Sector 2020-2024

Critical for Australian mines



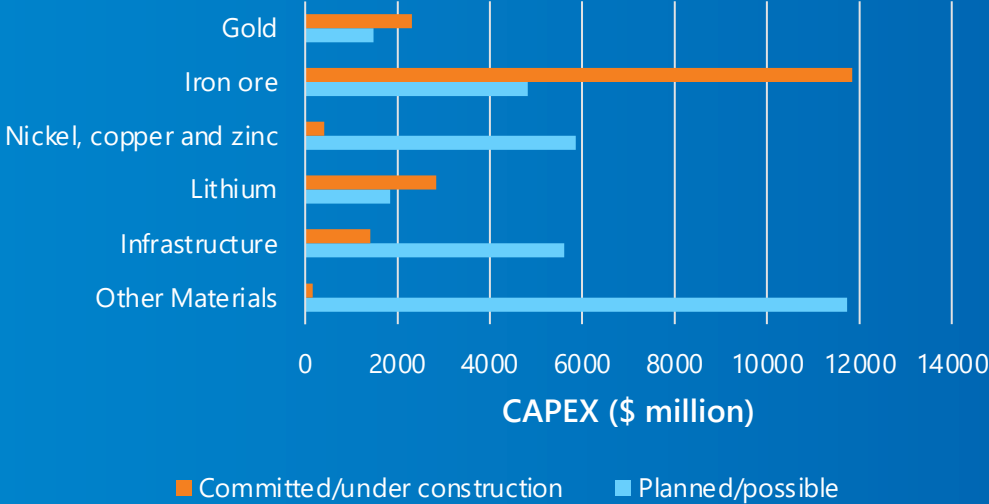
Australia hosts some of the world’s oldest and deepest mines. As mines deepen, issues typically become more complex (eg more water, changing flow rates, increased discharge pressure requirements, changing water qualities).

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.

Committed and planned investment in WA Resources

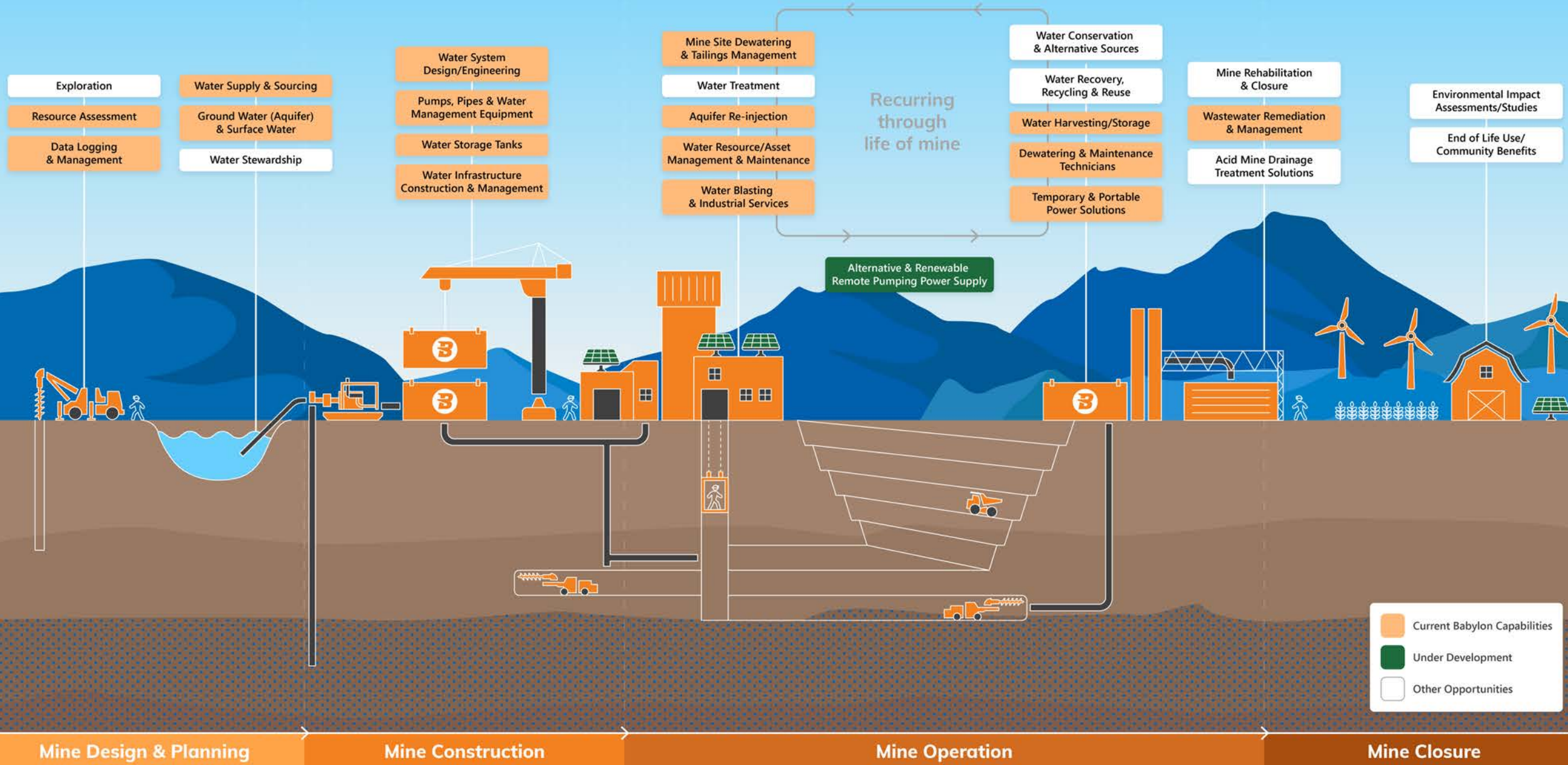


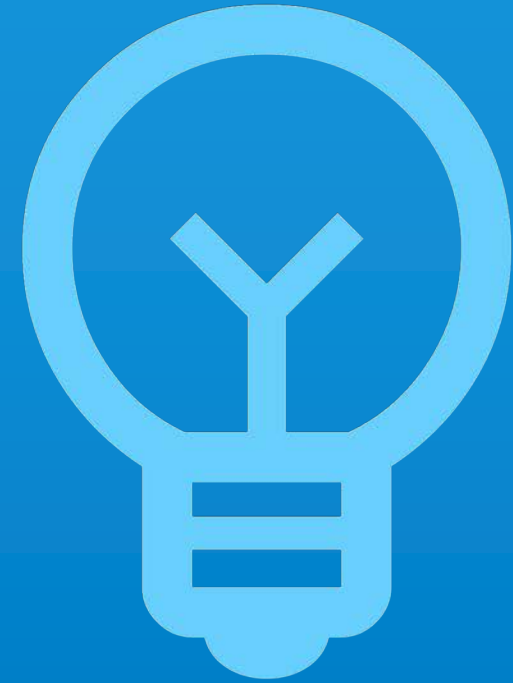
Total = \$20,468m

Total = \$31,319m

Source: DMIRS

Water Opportunities in the Mining Life Cycle





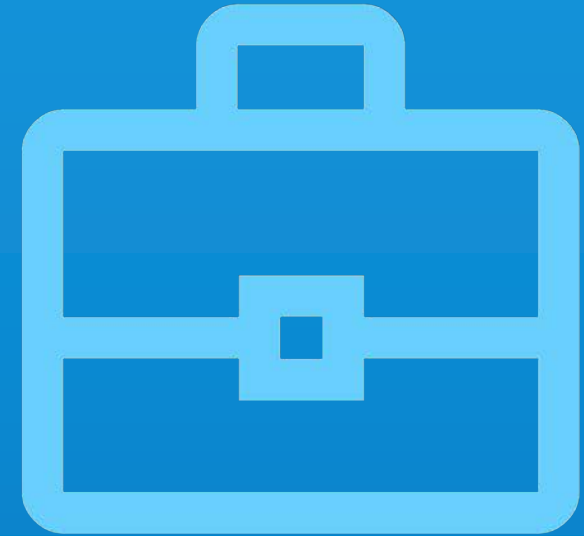
Strategic Acquisition

Resource Water Group (RWG) Acquisition

- Broadening Babylon's solutions with increased offerings with test pumping capability
- Test pumping is a critical early-stage service following completion of a bore to confirm project water supply
- Early client engagement provides potential to vertically integrate other Babylon water management services
- Experienced team delivering capability during tight labour market
- No additional overheads transferred to Babylon as RWG operations absorbed into Babylon's existing operational staff
- Immediate results with existing contracts contributing ~\$1M Revenue in first 4 months of FY23.
- Revenue expected to grow with contracts in hand on multiple sites
- Existing relationships with significant leading and developing miners including:
 - Rio Tinto
 - Strandline
 - Mineral Resources



Advancing growth
strategy with higher
margin rental and
water management
services



Business Outlook



Specialty Rental – Water & Power



Growth Outlook

- Growing rental revenue with improving margins
- Growth in rental revenue driven by expansion of asset base and services to include test pumping
- Long-term contracts underpinning performance and providing earnings stability
- Experienced operational team able to support growth with no material increase in overheads expected
- Further growth through acquisition as opportunities for pumping rental assets are progressed
- Opportunities in development to provide unique power solutions utilising renewable energy to reduce client's environmental footprint



Environmental and Industrial Services



Growth Outlook

- Environmental and industrial services subsidiary, Ausblast is contributing consistent and growing EBITDA.
- Multiple long-term projects in near-term to deliver consistent asset utilisation and improving margins.
- Sales activities and increased client engagement is broadening our range of clients and sectors to reduce commodity risk exposure.
- New clients include major service companies as well as major resource owner/operators.
- Recent project wins in the oil & gas and infrastructure sectors has reduced commodity exposure risk to the mining sector.
- Contract wins in metropolitan infrastructure works reduce exposure to the tight on-site labour market.

PRIMEPOWER
QUEENSLAND

Maintenance Services



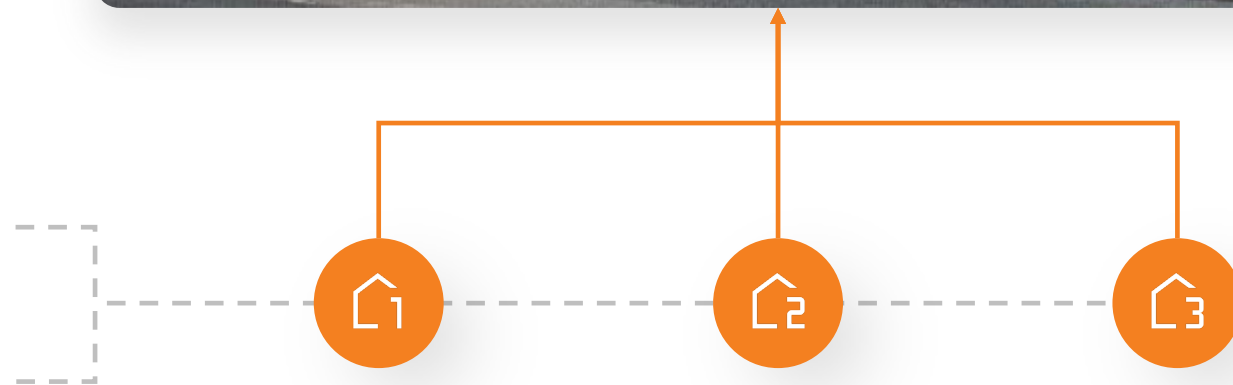
Growth Outlook

- Financial performance of QLD subsidiary PrimePower has improved with low margin activities discontinued.
- A strong improvement in margins has delivered better results, with the business returning to EBITDA profit for FY23 YTD.
- Restructure of operations in Perth has resulted in a more streamlined organisation with c\$0.7M in annualised cost reductions.
- Whilst flattening the management structure, Babylon has been successful in recruiting multiple new experienced tradespeople to support workshop activities across the group.
- Transitioning to our new Perth facility will further improve efficiencies in the delivery of existing maintenance contracts.

New Facility

Delivering on increasing demand

- New Perth facility catering for increased demand
- Provides efficiencies by having multiple business units located in the one facility, eliminating the need for multiple leases



Summary

- Consistent YoY improvement in revenue, earnings, cashflow, and improved balance sheet
- Recent strategic acquisition of Resource Water Group expands water management capability while increasing rental asset base
- Strengthened board with improved independence and governance
- Rationalisation of lower margin maintenance and expansion of higher margin rental services
- Leveraging the 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




Contact Us





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