

ASX Release

31 May 2023

Trading Update and Variation of Agreement

With the end of the financial year approaching, Babylon Pump & Power Limited (“Babylon” or the “Company”) (ASX:BPP) is pleased to provide a trading update, including commentary on the performance of its two recent acquisitions, together with information on a variation to the payment terms for one of these acquisitions.

The business is on track to deliver record EBITDA and revenue for the year ending 30 June 2023 and maintains a solid outlook for FY24. The strong growth and outlook have been driven by a combination of factors as set out below:

1. Improved utilisation of specialty water management rental assets has resulted from the previously outlined renewed focus, together with recruitment of key personnel and generally strong demand in the resources sector.
2. The recent acquisitions of Resource Water Group (“RWG”) and RBH Engineering Pty Ltd (“RBH”) have been seamlessly integrated into Babylon’s existing operations and facilities with minimal incremental overheads being assumed, resulting in strong contributions to earnings. Demand for equipment in both businesses remains strong, with high utilisation being experienced.
3. Rationalisation of Babylon’s maintenance businesses in Western Australia and Queensland has resulted in lower revenues but higher EBITDA contributions.

The outlook for FY24 is for continuing growth to be delivered with the resources sector remaining buoyant and a number of new projects already lined up to mobilise in the new year in the specialty rental and test pumping (RWG) business units.

As a result of the positive outlook, Babylon expects to continue adding specialty assets to its fleet and to accommodate this requirement, the Company is pleased to advise that it has agreed with RWG’s vendor, Mr Frank Ashe, to extend the final payment date for the RWG acquisition from 31 May 2023 to 31 December 2023.

Since acquisition RWG has contributed a steady flow of test pumping works for clients such as Mineral Resources, Newcrest and Rio Tinto and has recently secured new projects in Western Australia and Northern Territory for delivery in FY24. The variation in vendor financing provides the Company cash flow to continue to invest across its fleet.





RWG's vendor, Frank Ashe, now serving in the Executive Management Team of BPP commented: *"I am pleased that Babylon has delivered on its commitment to strengthening test pumping capabilities as well as growing its rental fleet. I'm confident the strategic initiatives will continue to deliver earnings growth for the Company and am excited about the opportunities ahead. We are working on a number of technology partner innovations, which we aim to offer (via test pumping and rental services) to our clients within the next 12 months."*

The Company continues to progress potential opportunities for the new financial year utilising hybrid power solutions incorporating portable renewable energy to partner with its clients in reducing emissions. Technical discussions continue with multiple top-tier miners looking to incorporate new technology on a rental basis.

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