

Babylon Pump & Power Limited



# Investor Presentation

22 June 2020

ASX: BPP

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## A Rapidly Growing Specialist Mining Services Provider

- Babylon delivers specialist services to the resource and infrastructure sectors, focused on two high value segments:
  - Rental of specialty pumping and power generation equipment
  - Maintenance and rebuild services for large diesel driven equipment
- FY20 year to date highlights include
  - Primepower QLD acquisition revenue growth higher then expected
  - Rental contract renewals at Nickel West and BHP Iron Ore
  - Bank support via increased finance facilities
- Strong financial performance
  - 1249% EBITDA growth YTD vs full FY19 and positioned for ongoing growth
  - Positive operational cash flow for FY20
- Babylon is led by an experienced team, with a proven track record and high-level of employee share ownership (circa 15%)

**\$15.0 m**  
**Revenue TYD**      ↑ **31%\***

**\$1.5 m**  
**EBITDA YTD**      ↑ **1249%\***

**\$21.0 m**  
**Assets**      ↑ **84%\***

**16 Tier 1**  
**Clients**      ↑ **78%\***

\* April FY20 YTD vs FY19  
unaudited

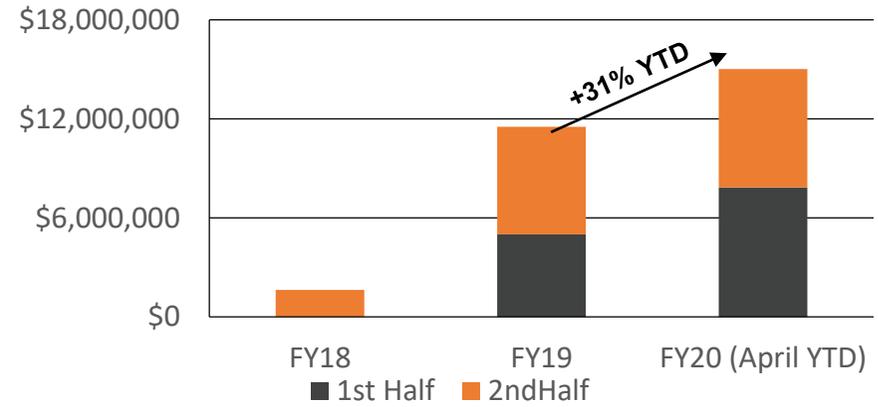
# Corporate Snapshot

ASX Code: BPP	
Ordinary Shares	837m
Performance Rights	26m
Market cap (@ 1.5 cents)	\$12.6m
Average Monthly Volume (shares)	9.6m
Trading Range since Listing (cents)	1.3 – 2.5
Top 20 Holdings	61%

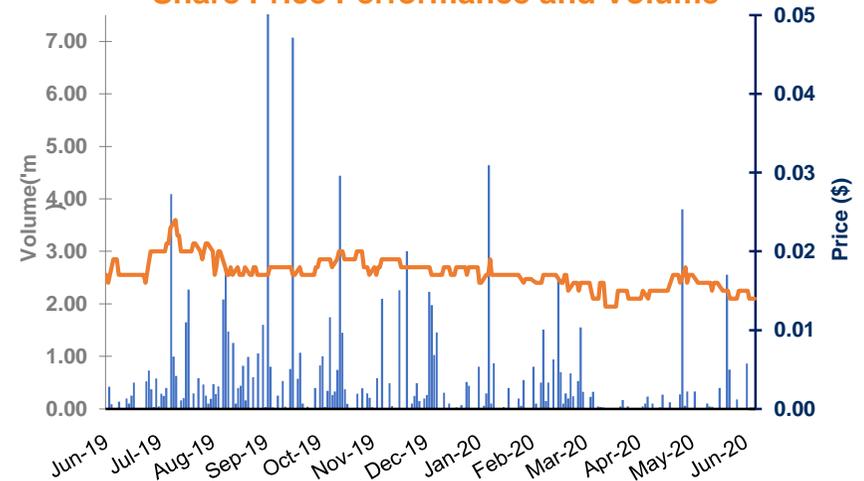
Directors & Senior Management	
Michael Shelby	Executive Chairman
Patrick Maingard	Executive Director
Michael Kenyon	Non Exec. Director and Company Secretary
Mark Lagemann	Operations Manager
Alan Ings	Chief Financial Officer

Substantial & Major Shareholders	
G & N Lord Superannuation Pty Ltd / Geoff Lord	19.3%
FGI Holdings Pty Ltd	6.6%
Total Management and Staff	14.8%

## Total Revenue



## Share Price Performance and Volume



## COVID-19 Update

- Babylon's revenues and rate of business growth have not been materially impacted by COVID-19
  - Implemented interventions based on government guidelines for distancing and remote working
  - No COVID-19 illness recorded to date
  - Regular and routine communication with staff, suppliers and customers ensuring adherence to guidelines and best practices
  - BPP corporate HSEQ structures and reporting currently being implemented with Primepower QLD
- Early operational intervention secured supply chain and prevented material disruption
- Sustained growth through COVID period resulting in record revenue in month of April (c\$2.3m)

## Dual business model with strong revenue streams

Babylon's business model is focused on two complementary areas experiencing strong demand from major mining and oil & gas service companies as well as major iron ore producers and equipment providers:

### Specialty Rental

- Rental of specialty diesel driven pumping and power generation equipment
- The equipment business is focused on:
  - Generators from 20Kva to 1.25MW container-based sets capable of being synchronized for large power requirements
  - Pumps from 300hp to 1200hp with advanced control systems for remote monitoring and operation
  - Compressors, boosters and dryers for specialty high pressure applications

### Diesel Maintenance

- Maintenance and rebuild services for large diesel engines and heavy components
- Specialist in Caterpillar and Cummins engines
- Primary focus on Western Australian and Queensland resource sectors

## Specialty Rental

### Strong Growth in FY20

- Extension of Power Generation Contract with BHP Iron Ore
- Secured Dewatering Services Contract with BHP Nickel West
- Multiple O&G pressure pumping projects in WA
- Portable power generation supply to support Yandin Wind Farm Project



### Growth Outlook

- Expanding rental offering into QLD market
- In negotiation for specialty pumping application using remote-controlled technology new to rental market
- Adding to fleet of high flow and high head pumps to support mine dewatering projects
- Sales and marketing activities to scale up with easing of COVID-19 restrictions



## Diesel Equipment Maintenance

### FY20 business update

- Primepower QLD integrated and experienced leadership installed
- Opportunities identified to increase capacity in Mackay facility
- Purchasing synergies have increased efficiency and made supply chain more robust
- Continued/recurring work across top tier clients predominately in iron and coal sectors



### Growth Outlook

- Sales and marketing activities to recommence with lifting of COVID-19 restrictions
- Opportunity to increase component rebuild work with faster turnaround times to improve cash flow
- Investment in core engines in FY20 supports growth of service exchange business model

## Growing Tier 1 Client Base



Babylon currently 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



## Key Recent Projects



### BHP Billiton Iron Ore Pty Ltd

- Project Value \$1M/yr+
- Hire, install, commission and maintain 5MW temporary power generation

### Pressure Pumping Barrow Island

- Project Value <\$0.5M
- Hire, install, commission, operate and maintain 2x Zone II rated well service pumps

### 730E Module Rebuild Program

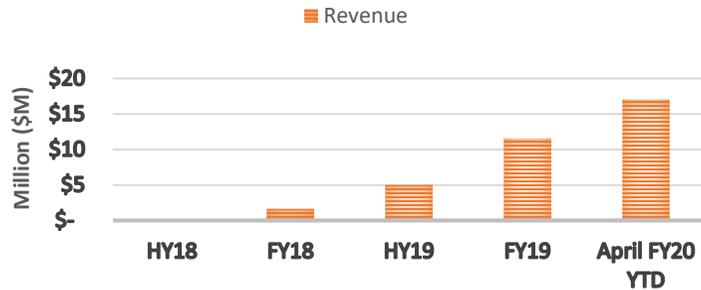
- Project Value \$2.5M/yr+
- Golding Contractors Pty Ltd & Coronado Curragh Pty Ltd

### BHP Billiton Nickel West Pty Ltd

- 3-year services contract
- Hire, install, commission and maintain dewatering and temporary power generation

# Positive Growth Trajectory

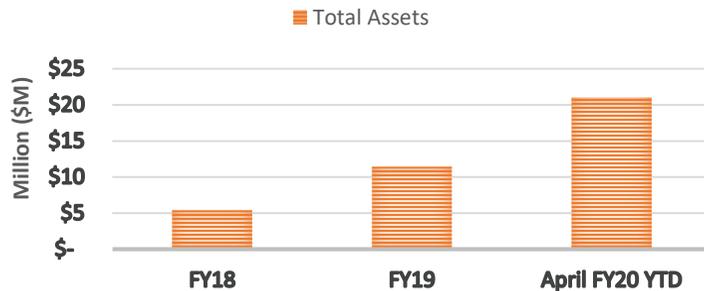
**REVENUE GROWTH**



**EBITDA TRAJECTORY**

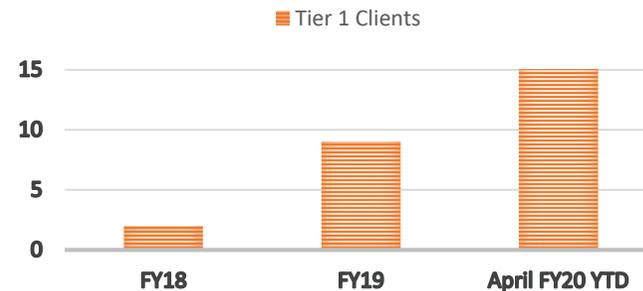


**ASSET GROWTH**



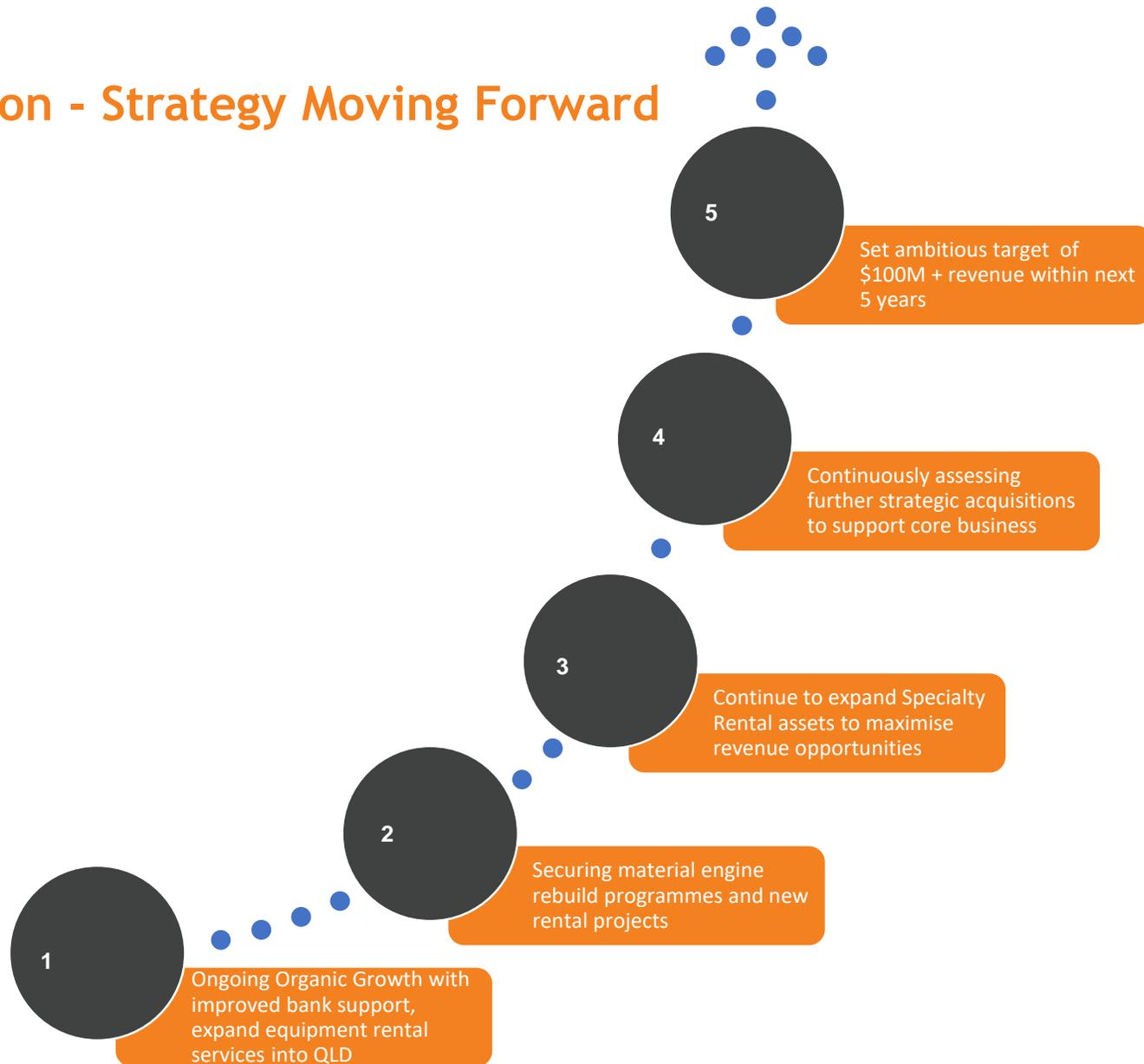
Growth in assets driven by rental assets and core engines to support diesel rebuild services

**TIER 1 CLIENTS**



100 clients in total with no single client representing more than 20% of revenue

## Babylon - Strategy Moving Forward



## Outlook

- Key growth drivers have not changed – still pent up demand for asset maintenance and need for specialty pumping solutions in resource sectors
- Higher US dollar will increase replacement value of gear, giving customers an incentive to rebuild rather than replace
- COVID restrictions are increasing the lead time for new gear providing a further incentive to rebuild existing equipment
- Babylon has a locally based workforce with no cross-country or international FIFO workers, which has prevented disruption from COVID travel restrictions
- Opportunity to expand into the growing gold sector going forward
- Opportunity for a quick entry into QLD rental market using Babylon's existing expertise and reputation
- Increased NAB asset and working financing has improved liquidity working capital flexibility
- Increasing level of enquiries for work in the new FY based on new client budgets is indicating a strong start to FY21
- Headwinds – higher US dollar increases the parts component of diesel maintenance which we expect to be able pass along; potential for new supply chain slowdowns due to COVID restrictions

## Investment Highlights

- **ACCELERATING TRAJECTORY** - Growth to date has been well supported in both equipment maintenance and specialty rental sectors
- **RECORD REVENUE** - Record revenue achieved in Q3 and Q4 to date positions Babylon for \$17M+ revenue for FY20 with record EBITDA
- **PLATFORM FOR FURTHER GROWTH** - Strong operating performance with a clear strategy and capability to move to the next level by gaining scale organically and through targeted strategic acquisition
- **COVID NEUTRAL** - No material disruptions due to COVID shows the strength of business processes and dedicated staff
- **ACQUISITION INTEGRATION** - Smooth integration of Primepower QLD has it performing above expectations with growth to accelerate as Babylon's specialty rental business is introduced to the QLD market
- **OPPORTUNITIES** - Successful integration and performance of Primepower QLD lends confidence for further accretive acquisitions on BPP's radar
- **EXPERIENCED CAPABLE BOARD** - Board and executive team has united vision, experience and skills to continue to win market share and drive growth



## Babylon Pump & Power Limited

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