

ASX Release
5 March 2021

Babylon Completes Acquisition of Ausblast

Babylon Pump & Power Limited (**Babylon**), (ASX: BPP) is pleased to announce the completion of the acquisition of Pilbara Trucks Pty Ltd trading as Ausblast (**Ausblast**) on 5 March 2021. Babylon announced on 25 February 2021 that it had entered into an agreement to acquire Ausblast, a specialised mining services business based in Western Australia.

Consideration for the Acquisition consisted of an upfront cash payment of \$4.4 million and 40,000,000 BPP shares (subject to a 12 - month escrow and issued at \$0.025 per share). A deferred payment of \$1.0 million is subject to the Ausblast business achieving at least \$1 million EBITDA in FY23 (to be settled in cash or shares at the election of Babylon with the issue of shares being subject to shareholder approval following satisfaction of the milestone).

The Acquisition represents an FY20 EV/EBITDA multiple of 2.7x (upfront) and 3.2x (upfront & deferred) and a price / asset value of 1.3x (upfront) and 1.5x (upfront & deferred).

Acquisition Rationale

Ausblast is a highly complementary and accretive acquisition for Babylon which will significantly enhance Babylon's scale and service offering, accelerate growth and deliver strong financial outcomes. The compelling acquisition rationale includes:

- **Highly complementary business:** Ausblast's specialist services have significant pumping and maintenance components consistent with Babylon's core capabilities and expertise. This will enable operational efficiencies, cross-selling opportunities, and cost savings to be realised. Common clients and operating regions, together with similar can-do, client first and operational excellence culture further supports a highly complementary fit.
- **Proven, high margin business:** Ausblast has consistently generated revenue of approximately \$9 million per annum at an EBITDA margin of +20% over the past 7 years under the current management team. In FY20, Ausblast had revenue of \$8.5m and EBITDA of \$2.0 million. Based on Babylon's FY20 revenue of \$17.1 million and EBITDA of \$1.0 million the acquisition of Ausblast will deliver Babylon a significant earnings and margin step-change and will be highly accretive.
- **Valuable fleet:** Ausblast provides a well-maintained fleet of specialised and valuable equipment from which Babylon can realise significant operational benefits. In November 2020, independent valuer Grays valued Ausblast's fleet to have a market replacement value of \$4.2 million.



- **Strategic operating presence:** Ausblast's facilities in Port Kennedy and in particular Newman, in the Pilbara region of Western Australia, will provide Babylon an enhanced strategic operating presence, the ability to realise operational synergies and a strong platform for future growth.
- **Significant growth opportunity:** There is significant and growing demand for Ausblast's key high-pressure water blasting services given high barriers to entry and limited competition. Ausblast is considered the third largest high-pressure water blasting service provider in Western Australia with significant scope for growth. The removal of Ausblast's private ownership constraints will enable significant growth opportunities to be realised by Babylon.
- **High quality management team:** Ausblast has a highly experienced management team with leading expertise and relationships. Ausblast's management team will continue to lead Ausblast as an independent business within Babylon and are well aligned to deliver on-going success. This continuation in conjunction with Ausblast's specialised workforce provides Babylon the immediate benefit of ongoing expertise and capability that can be leveraged.
- **Attractive acquisition structure:** The acquisition of Ausblast has been attractively structured to minimise upfront cash consideration while providing Ausblast vendor's positive upside exposure through upfront share ownership.

For further information please contact:

Michael Shelby

Executive Chairman

+61 (0) 8 9454 6309

mshelby@babylonpumpandpower.com

