



ASX Release

19 October 2018

Babylon Quarterly Update and Appendix 4C

Highlights

- **Further dewatering and power generation rental projects secured directly with BHP**
- **Installation of power generation equipment for Adenco is continuing**
- **Convertible Loans Issue oversubscribed and asset financing secured from NAB**
- **On track to exceed FY19 annual revenue target of \$4.6m with Q1 FY19 revenue of \$1.41m**

The Board of specialist resources services provider Babylon Pump & Power Limited (Babylon), (ASX: BPP, BPPOA), is pleased to present its Quarterly Cash Flow Report for the quarter ended 30 September 2018.

The Board is delighted with this early progress and continues to invest in the business and add to its inventory of specialised equipment to meet client needs.

Improving Industry Fundamentals

The company is continuing to see strength in underlying industry fundamentals which is being reflected in the level of client engagement and growth in Babylon's opportunity pipeline. Completion of the \$4.5m Convertible Loan Issue and securing asset finance with NAB in August have positioned Babylon to aggressively pursue additional opportunities.

Operations Update

- **Specialty Rental**

Babylon is pleased to have secured dewatering and power generation rental project work direct for BHP. Babylon will supply equipment for new applications as well as replacing competitor's equipment on site applications. Equipment will be installed throughout Q2 FY19 and the rental period is expected to continue on a month to month basis after an initial 6-month term.

Further to Babylon's announcement on 30 July 2018, Babylon continues to supply and maintain power generation and pumping equipment for Asset Technologies Pty Ltd on various Water Corporation sites in Western Australia and the pump rental contract with IKM Testing Australia Pty Ltd is expected to commence in Q3 FY19.

- **Diesel Maintenance**

Heavy diesel maintenance workload continues to grow and Babylon continues to expand workforce capabilities to meet market demands. Babylon has secured significant new engine and component rebuild works for multiple Caterpillar 789B mining trucks for a new client via a number of purchase orders. This work will be completed in the calendar year and is expected to bring more opportunity as Babylon continues to make inroads into this market.



Babylon continues to invest in innovative maintenance solutions to allow the company to increase throughput and gain efficiencies in its diesel maintenance services. These investments are expected to reduce customer lead times and decrease low skill labour hours required in rebuild activities.

Quarterly Cash Flow

- Noting Babylon secured multiple purchase orders for new engine and component rebuilds, the net benefit from circa \$1.8m in operating costs is not expected to be released until Q2 FY19.
- Babylon continues to expand its asset base of specialised rental equipment to meet clients' needs. Circa \$2.5m in acquisition of equipment for the quarter largely related to current dewatering and power generation contracts.
- Cash inflows are expected to significantly increase in Q2 FY19 noting the (i) commencement of rental revenue from the commissioning of power generation and dewatering contracts, and (ii) completion of the ongoing diesel maintenance new engine and component rebuild works.
- As at 30 September 2018, net debt is circa \$3.53m which is inclusive of the convertible loans issue.

Summary and Outlook

The Board and Management of Babylon are excited about the market response for Babylon's services. Babylon has secured significant rental and diesel maintenance contracts in the short time since relisting in January 2018 and a healthy pipeline of further opportunities in the coming months.

The Board is encouraged by the number of clients offering repeat business and the level of inbound inquiry from leading companies seeking specialist service providers. Babylon has a variety of tenders/proposals with key clients and potential clients and is confident of significant growth in the work/order book during the current quarter.

Cash receipts were circa \$1.01m in Q1 FY19, with revenues of circa \$1.41m in the quarter. The Company's cash balance at 30 September 2018 was circa \$1.93m. The strong start to the year gives the Board confidence that the Company is on track to exceed the \$4.6m revenue target as detailed in the Company's relisting prospectus.

The strong industry fundamentals combined with the response from clients to the Company's specialised equipment and service capabilities gives the Board of Directors confidence that our underlying business can continue its rapid growth.

The Company's September 2018 Appendix 4C follows.

For more information, please contact:

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Executive Chairman

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Appendix 4C

Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

Name of entity

Babylon Pump & Power Limited

ABN

47 009 436 908

Quarter ended ("current quarter")

30 September 2018

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	1,008	1,008
1.2 Payments for		
(a) research and development		
(b) product manufacturing and operating costs	(1,798)	(1,798)
(c) advertising and marketing	(16)	(16)
(d) leased assets		
(e) staff costs	(811)	(811)
(f) administration and corporate costs	(166)	(166)
1.3 Dividends received (see note 3)		
1.4 Interest received	3	3
1.5 Interest and other costs of finance paid	(37)	(37)
1.6 Income taxes paid		
1.7 Government grants and tax incentives		
1.8 Other (provide details if material)	(143)	(143)
1.9 Net cash from / (used in) operating activities	(1,959)	(1,959)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(2,555)	(2,555)
(b) businesses (see item 10)		
(c) investments		

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
(d) intellectual property		
(e) other non-current assets	55	55
2.2 Proceeds from disposal of:		
(a) property, plant and equipment		
(b) businesses (see item 10)		
(c) investments		
(d) intellectual property		
(e) other non-current assets		
2.3 Cash flows from loans to other entities		
2.4 Dividends received (see note 3)		
2.5 Other (provide details if material)		
2.6 Net cash from / (used in) investing activities	(2,499)	(2,499)

3. Cash flows from financing activities		
3.1 Proceeds from issues of shares		
3.2 Proceeds from issue of convertible notes	4,500	4,500
3.3 Proceeds from exercise of share options		
3.4 Transaction costs related to issues of shares, convertible notes or options	(300)	(300)
3.5 Proceeds from borrowings	2,545	2,545
3.6 Repayment of borrowings	(845)	(845)
3.7 Transaction costs related to loans and borrowings		
3.8 Dividends paid		
3.9 Other (provide details if material)	(19)	(19)
3.10 Net cash from / (used in) financing activities	5,881	5,881

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of quarter/year to date	506	506
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(1,959)	(1,959)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(2,499)	(2,499)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	5,881	5,881

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
4.5	Effect of movement in exchange rates on cash held		
4.6	Cash and cash equivalents at end of quarter	1,928	1,928

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	1,937	513
5.2	Call deposits		
5.3	Bank overdrafts		
5.4	Other (provide details)	(8)	(7)
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	1,928	506

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

**Current quarter
\$A'000**

132

Directors' remuneration

7. Payments to related entities of the entity and their associates

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

**Current quarter
\$A'000**

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	300	294
8.2 Credit standby arrangements		
8.3 Other (please specify)	500	Nil
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

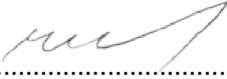
8.1) Asset finance facility, National Australia Bank Limited, secured
8.2) Invoice finance facility, National Australia Bank Limited, secured

9. Estimated cash outflows for next quarter	\$A'000
9.1 Research and development	
9.2 Product manufacturing and operating costs	(1,400)
9.3 Advertising and marketing	(15)
9.4 Leased assets	
9.5 Staff costs	(800)
9.6 Administration and corporate costs	(150)
9.7 Other (Asset Purchases)	(20)
9.8 Total estimated cash outflows	(2,385)

10. Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	Acquisitions	Disposals
10.1 Name of entity		
10.2 Place of incorporation or registration		
10.3 Consideration for acquisition or disposal		
10.4 Total net assets		
10.5 Nature of business		

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here:  Date: 19/10/2018
Director

Print name: Michael Shelby

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.