



ASX Release

31 January 2020

Babylon Quarterly Update and Appendix 4C

Highlights

- **Cash receipts of \$5.3m in Q2 FY20 up 52% on previous quarter**
- **Strong growth outlook continues**

The Board of specialist resources services provider Babylon Pump & Power Limited (“Babylon” or “the Company”), (ASX: BPP), is pleased to present a quarterly update and its quarterly cash flow report for the quarter ended 31 December 2019.

The Board is delighted to report continued revenue growth. As a result, cash receipts of \$5.3m in the quarter represent 52% growth on the previous quarter. After two consecutive quarters of net positive operational cash flow, the quarter has resulted in a negative operational cash flow in line with initiatives to support the rapid growth of our Queensland operations and one-off corporate costs associated with completion of the acquisition.

The Company finished the quarter with cash reserves of \$0.25m, invoiced accounts receivable of \$3.4m and undrawn bank debt facilities of \$2.1m. Year to date net operational cash flow remains positive and the Company expects positive operational cash flow for the full year.

Operations Update

Specialty Rental

Babylon continues to receive strong and growing demand from major mining and oil & gas service companies. Further, the Company continues to field ongoing enquires regarding multiple specialised pumping projects in the oil and gas and mine dewatering sectors.

Notable new rental works / highlights for the quarter include:

- Securing repeat specialty high pressure pumping project on Barrow Island
- Providing diesel generator rental for global wind turbine provider
- Mobilising a temporary emergency pumping solution for FMG

Diesel Maintenance

A strengthening market awareness of the Company’s specialised service offering and timely project delivery in engine rebuilds continues to drive demand for the Company’s diesel maintenance services. The acquisition of Primepower in Queensland in September 2019 has given the Company a significant and growing footprint in that key resource sector market, and has strengthened the Company’s diesel maintenance offering, allowing the Company to take on larger engine rebuild programs.





Notable diesel maintenance highlights for the quarter included:

- Beginning a 730E module rebuild program for a major mining services contractor in QLD
- Multiple large Cummins engine rebuilds for FMG
- Multiple large Caterpillar engine rebuilds for WA based mining service contractors
- Undertaking multiple pump set and generator maintenance projects for major iron ore producers

Summary and Outlook

The Company continues to grow its revenue base via its diesel maintenance and project rental services and continues to see material contract opportunities which are expected to maintain the Company's ongoing rapid growth trajectory.

The Board is confident the Company is well placed to continue its growth trajectory, noting (i) the deferral of maintenance by clients is driving a need for more comprehensive engine and component rebuild programs across the resources sector, and (ii) the requirement for specialised equipment and services to complete projects in the mining and oil & gas space is leading to increasing demand for the Company's specialty rental and complete project solutions.

The Company's Appendix 4C follows for the quarter ended 31 December 2019.

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")

31 December 2019

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	5,331	8,839
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(3,864)	(5,558)
(c) advertising and marketing	(7)	(7)
(e) staff costs	(1,252)	(2,168)
(f) administration and corporate costs	(174)	(414)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	0.10
1.5 Interest and other costs of finance paid	(62)	(229)
1.6 Income taxes paid	(235)	(422)
1.7 Government grants and tax incentives	-	-
1.8 Other	-	-
1.9 Net cash from / (used in) operating activities	(262)	40

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(147)	(248)
(b) businesses (see item 10)	-	(1,743)
(c) investments	-	-
(d) intellectual property	-	-
(e) other non-current assets	-	-

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
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	(277)	(294)
2.6 Net cash from / (used in) investing activities	(424)	(2,285)

3. Cash flows from financing activities		
3.1 Proceeds from issues of shares	-	2,970
3.2 Proceeds from issue of convertible notes	-	-
3.3 Proceeds from exercise of share options	-	-
3.4 Transaction costs related to issues of shares, convertible notes or options	(27)	(273)
3.5 Proceeds from borrowings	1,215	1,298
3.6 Repayment of borrowings	(1,084)	(2,001)
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other	-	-
3.10 Net cash from / (used in) financing activities	104	1,993

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	835	504
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(262)	40
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(424)	(2,285)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	104	1,993

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of quarter	253	253

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	258	853
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	(5)	(18)
5.5	Cash and cash equivalents at end of quarter	253	835

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

158

Nil

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

Nil

Nil

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	1,000	(643)
8.2 Credit standby arrangements	-	-
8.3 Other	3,100	(1,028)
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.		

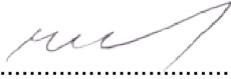
8.1) Asset finance facilities, National Australia Bank Limited, secured
8.3) Invoice finance facilities, National Australia Bank Limited, secured

9. Estimated cash outflows for next quarter	\$A'000
9.1 Research and development	-
9.2 Product manufacturing and operating costs	(3,400)
9.3 Advertising and marketing	(15)
9.4 Leased assets	-
9.5 Staff costs	(1,300)
9.6 Administration and corporate costs	(120)
9.7 Other	-
9.8 Total estimated cash outflows	(4,835)

10. Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	Acquisitions	Disposals
10.1 Name of entity	N/A	N/A
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: 31/01/2020
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.