



ASX Release

28 April 2020

Babylon Quarterly Update and Appendix 4C

Highlights

- **Cash receipts of \$3.98m in Q3 FY20**
- **Operational cash flow positive quarter with \$0.58m cash generated from operating activities**
- **Record monthly revenue of \$2.25m in March**
- **Investment in PPE to support growth initiatives**
- **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 quarterly cash flow report for the quarter ended 31 March 2020.

The Board is delighted to report a positive quarter of operational cash flow, with a growing revenue base. Cash receipts of \$3.98m in the quarter represent 73% growth on prior year Q3 FY19 cash receipts of \$2.3m.

The Company finished the quarter with cash reserves of \$0.08m, invoiced accounts receivable of \$4.7m and undrawn bank debt facilities of \$4.5m. Investment of \$0.87m in property, plant and equipment represents a significant increase in investment over previous quarters and is expected to support organic growth initiatives. The Company expects to maintain positive operational cash flow for the full year.

Operations Update

Specialty Rental

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

Notable rental works / highlights for the quarter include:

- Previously announced contract extension of power generation with BHP Iron Ore Pty Ltd for a term of 52 weeks contributing circa \$1.1m revenue over the term
- Previously announced dewatering services contract win with BHP Nickel West for a 3-year term contributing circa \$9m in revenue over the term
- Ongoing specialty high pressure pumping work on Barrow Island utilizing Zone 2 Well Service Pumps
- Increasing provision of rental power generation for global wind turbine provider



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.

Notable diesel maintenance highlights for the quarter included:

- Ongoing successful rebuild program of multiple 730E modules for a major mining services contractor in QLD
- Undertaking multiple Cummins engine rebuilds for Anglo American
- Undertaking repair and overhaul of Cat 988K in our Perth facilities for WA gold miner
- Successful repair and upgrade of multiple pump sets and diesel generators for major iron ore producers

Corporate Activities

As previously announced on 24 February 2020, Babylon's combined finance facility limit with NAB was increased to \$8.6m to support ongoing growth initiatives. Additionally, the executive team has been strengthened with the appointment of Alan Ings as Chief Financial Officer.

Summary and Outlook

The Company continues to grow its revenue base via its diesel maintenance and project rental services. Babylon continues to see material contract opportunities which are expected to maintain the Company's ongoing rapid growth trajectory. Record revenue of \$2.25m was recorded in March. Outlook for Q4 FY20 revenue and operational cash flow remains strong.

The Company has not suffered any material impact due to conditions caused by COVID-19 and is monitoring its supply chain to proactively meet client opportunities. Babylon has implemented measures communicated by public health authorities to ensure staff are informed and remain safe. Whilst the outlook remains strong there is a level uncertainty regarding parts supply particularly from outside Australia. Any material impact will be communicated in accordance with our duty of continuous disclosure.

The Company's Appendix 4C follows for the quarter ended 31 March 2020.

For more information, please contact:

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Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

Babylon Pump & Power Limited

ABN

47 009 436 908

Quarter ended ("current quarter")

31 March 2020

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (...9...months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	3,975	12,814
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(2,009)	(7,566)
(c) advertising and marketing	-	(7)
(d) leased assets	-	-
(e) staff costs	(1,065)	(3,234)
(f) administration and corporate costs	(147)	(562)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	(117)	(346)
1.6 Income taxes paid	(62)	(484)
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	8	8
1.9 Net cash from / (used in) operating activities	583	623

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) entities	-	-
(b) businesses	-	(1,743)
(c) property, plant and equipment	(872)	(1,120)
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	30	30

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (...9...months) \$A'000
2.2 Proceeds from disposal of:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	-	-
(d) investments	-	-
(e) intellectual property	-	-
(f) 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)	-	(294)
2.6 Net cash from / (used in) investing activities	(842)	(3,127)

3. Cash flows from financing activities		
3.1 Proceeds from issues of equity securities (excluding convertible debt securities)	600	3,570
3.2 Proceeds from issue of convertible debt securities	-	-
3.3 Proceeds from exercise of options	-	-
3.4 Transaction costs related to issues of equity securities or convertible debt securities	(4)	(278)
3.5 Proceeds from borrowings	2,137	3,436
3.6 Repayment of borrowings	(2,645)	(4,646)
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (provide details if material)	-	-
3.10 Net cash from / (used in) financing activities	88	2,082

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	253	504
4.2 Net cash from / (used in) operating activities (item 1.9 above)	583	623
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(842)	(3,127)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (...9...months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	88	2,082
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	82	82

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	62	258
5.2	Call deposits	30	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	(10)	(5)
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	82	253

6. Payments to related parties of the entity and their associates

- 6.1 Aggregate amount of payments to related parties and their associates included in item 1
- 6.2 Aggregate amount of payments to related parties and their associates included in item 2

Current quarter \$A'000
Nil
Nil

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments

Quarterly cash flow report for entities subject to Listing Rule 4.7B

7. Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1 Loan facilities	4,500	(2,444)
7.2 Credit standby arrangements	-	-
7.3 Other (please specify) Invoice Finance	4,100	(1,685)
7.4 Total financing facilities	8,600	(4,129)

7.5 **Unused financing facilities available at quarter end** 4,471

7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.

The above facilities comprise:

- NAB invoice finance facility \$4,100,000, rate variable +/- 6.58%, secured by GSA, subject to review on 30 April 2021.
- NAB asset finance facility \$2,500,000, rate variable +/- 5.36%, secured by GSA, subject to review on 30 April 2021.
- NAB Import trade facility \$2,000,000, rate variable +/- 6.58%, secured by GSA, subject to annual review on 30 April 2021.

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (Item 1.9)	583
8.2 Cash and cash equivalents at quarter end (Item 4.6)	82
8.3 Unused finance facilities available at quarter end (Item 7.5)	4,471
8.4 Total available funding (Item 8.2 + Item 8.3)	4,553
8.5 Estimated quarters of funding available (Item 8.4 divided by Item 8.1)	N/A as cash from operating activities in item 8.1 is positive

8.6 If Item 8.5 is less than 2 quarters, please provide answers to the following questions:

1. Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer: N/A

2. Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer: N/A

3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: N/A

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.

Date: ...28 April 2020.....

Authorised by:By the Board.....
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow 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 cash flow 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.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.