

ASX Release

30 April 2019

Babylon Quarterly Update and Appendix 4C

Highlights

- Revenue of c\$2.9M for Q3 FY19, up 480% on Q3 FY18
- Quarterly annualised revenue run-rate now c\$11.6m
- Continued growth within the Speciality Rental division including increased work at BHP Area C and the Yakabindie Nickel Project
- Increased demand for Diesel Maintenance services, underpinned by Babylon's service quality and performance, and by internal capacity constraints at major engine rebuild companies
- Babylon's blue-chip client portfolio strengthened with the addition of Mineral Resources and increased scope and complexity of contracts with existing clients BHP Billiton & FMG

The Board of specialist resources services provider Babylon Pump & Power Limited (Babylon), (ASX: BPP, BPPOA) is pleased to present its Quarterly Activities Report for the quarter ended 31 March 2019.

Commenting on the March quarter, Babylon Executive Chairman Michael Shelby said: *"We continue to be buoyed by our quarter-on-quarter performance, underpinned by increased project wins and new contract agreements. Revenue of c\$2.9m for the March quarter places the Company in a strong position, exceeding our FY19 revenue guidance announced in November 2018. Current annualised revenue run rate moving forward is c\$11.6m.*

"We continue to strengthen our client portfolio with highly-reputable, top-tier organisations in mining and other industries, including the addition of Mineral Resources this quarter. We are also pleased to see several clients increase the scope and complexity of work they require, after seeing the quality and value of our offering. The successful execution of this work has seen single jobs roll into multiple workstreams.

"However, the hard work doesn't stop here, we need to utilise this momentum to continue to grow Babylon and this will be driven by further contract wins, organic growth, value-adding acquisitions and a strong sector outlook."

Strong Ongoing Industry Fundamentals

Babylon continues to see healthy demand and ongoing opportunities for growth within both the rental and maintenance divisions.



Limited availability of internal skilled resources throughout the sector, along with deferred maintenance of engine rebuilds from clients, is driving increasing contract opportunities, and places Babylon in a position of strength to provide comprehensive engine and component rebuilds

Growth opportunities for Babylon moving forward, will be through an optimal mix of ongoing contract wins, addition of top-tier clients and acquisition opportunities.

Revenues for both Specialty Rental and Diesel Maintenance continue to increase, supported by the strong sector outlook and increased client work.

Operations Update

Specialty Rental

The Rental division provides specialty diesel-driven power generation and pumping equipment, to the mining, oil & gas and infrastructure sectors. Highlights for the quarter include:

- Throughout the March quarter, Babylon continued to increase its scope of works for BHP Area C and the Yakabindie Nickel Project.
 - Increased electrical scope work at Area C
 - Increased supply of rental gear and specialist pumps at Yakabindie
- Mobilized a high-pressure dry air rental package (including compressors, pipes, dryers and hoses) for a pipeline pre commissioning project in WA
- On-shore pressure pumping job secured, which will utilise one of our speciality Zone 2 well service pumps
- Babylon secured its first specialty pump rental with FMG. Ongoing diesel maintenance work has established Babylon as a trusted and capable supplier to FMG, which has led to further opportunities.

Diesel Maintenance

The Diesel Maintenance division provides rebuild services for large diesel-driven equipment. Highlights for the quarter include:

Several major engine rebuild companies continue to experience significant internal capacity constraints. Companies are now looking for highly-reputable service providers which has resulted in new approaches to Babylon for engine rebuild opportunities, and include the following key contract wins for the quarter:

- Re-building generators for a large multinational iron ore company not previously serviced by Babylon
- The addition of Mineral Resources to the client portfolio to provide heavy diesel engine works





Corporate Outlook

Babylon held cash at the end of the quarter of c\$0.96m. Ongoing growth is reflected by increased demands on operating cash. The Company is seeing increased opportunities for finance facilities to support growth based on the quality of its contracted customer base.

Babylon continues to experience a strong industry operating environment with outstanding opportunities for growth in both diesel maintenance and specialty rental.

The company's Appendix 4C follows.

For more information, please contact:

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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 March 2019

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	2,302	7,174
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(1,476)	(5,125)
(c) advertising and marketing	(6)	(34)
(e) staff costs	(1,144)	(2,994)
(f) administration and corporate costs	(135)	(396)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	1	7
1.5 Interest and other costs of finance paid	(138)	(319)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other	(151)	(173)
1.9 Net cash from / (used in) operating activities	(748)	(1,860)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(865)	(4,831)
(b) businesses (see item 10)	-	-
(c) investments	-	-
(d) intellectual property	-	-
(e) other non-current assets	5	(44)

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 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	-	-
2.6 Net cash from / (used in) investing activities	(860)	(4,875)

3. Cash flows from financing activities		
3.1 Proceeds from issues of shares		
3.2 Proceeds from issue of convertible notes	-	4,500
3.3 Proceeds from exercise of share options	-	-
3.4 Transaction costs related to issues of shares, convertible notes or options	-	(300)
3.5 Proceeds from borrowings	1,019	4,554
3.6 Repayment of borrowings	(348)	(1,583)
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other	(13)	19
3.10 Net cash from / (used in) financing activities	658	7,189

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	1,908	506
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(748)	(1,860)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(860)	(4,875)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	658	7,189

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of quarter	960	960

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	971	1,914
5.2	Call deposits		
5.3	Bank overdrafts		
5.4	Other (provide details)	(12)	(5)
5.5	Cash and cash equivalents at end of quarter	960	1,908

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
119
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	300	250
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	500	485
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
8.3) 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	(10)
9.4 Leased assets	-
9.5 Staff costs	(1,000)
9.6 Administration and corporate costs	(100)
9.7 Other (Asset Purchases)	(60)
9.8 Total estimated cash outflows	(1,169)

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: 30/04/2019
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.