



ASX Release

26 June 2020

Babylon issue of Convertible Loans to support growing opportunities

Key Points

- Significant recent contract wins have expanded work in progress
- High level of customer enquiries and requests for proposals highlight growth prospects
- Strong growth outlook for both diesel engine maintenance and specialty rental divisions
- Convertible Loan issue to raise \$4.6 million to support ongoing growth

The Board of specialist resources services provider Babylon Pump & Power Limited (“Babylon”), (ASX: BPP), is pleased to announce that it has secured commitments for \$4,575,000 of Convertible Loan funding to support the Company’s rapid ongoing growth.

On 22 June 2020 Babylon announced unaudited April 2020 year to date revenues of \$15.0 million, 31% higher than full year revenues in FY19. Year to date unaudited EBITDA was \$1.5 million to the end of April 2020, up over 1,000% on full year FY19. Babylon is well positioned for ongoing growth in both core business segments: rental of specialty pumping and power generation equipment; and maintenance and rebuild services for large diesel driven equipment.

Babylon’s record financial results are supported by outstanding growth opportunities in both equipment maintenance and specialty rental sectors. To realise these opportunities, the Company is raising additional funding via the issue of Convertible Loans to sophisticated and professional investors.

The net proceeds of the Convertible Loans will be primarily used to purchase assets for rental projects and parts for heavy diesel maintenance programs, repayment of existing Convertible Notes, payment of deferred Primepower acquisition consideration and to provide working capital.

The Company believes it can put these funds to strategic use to further grow its business by providing excellent customer services and delivering appropriate returns to shareholders.

The funds were provided by 36 sophisticated and professional investors, including a \$1 million investment by Belgravia Strategic Equities Pty Ltd, a related party of Mr Geoffrey Lord who is a substantial investor in Babylon, and is also a strategic adviser to the Company. Canaccord Genuity (Australia) Limited was Lead Manager to the Convertible Loan issue.

The key indicative terms of the unsecured Convertible Loans include:

Term: 2 years

Interest rate: 12% p.a.

Conversion: Convertible into ordinary shares by the lender at any time after 6 months from date of issue until maturity. The conversion price will be the lower of 2.25 cents per share





or the price of any equity capital raising by the Company within the two months prior to conversion, subject to a minimum of 1.0 cents per share.

Redemption: The Convertible Loans will be redeemed at maturity if not converted. The Company may redeem the Convertible Loans after 1 January 2021 and prior to maturity subject to providing 30 days notice (during which period the holder may convert the Convertible Loans) and on payment of an early redemption fee of 5% on the amount of the Converting Loans redeemed.

The Convertible Loans will not be listed, and include other terms standard for this type of funding instrument. The conversion is subject to shareholder approval and accordingly the Convertible Loans will be issued as loans which convert to convertible loans on shareholder approval of the conversion rights. If shareholder approval for the conversion rights is not obtained by 30 November 2020 the total amount must be repaid.

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