



BABYLON
PUMP & POWER LTD

Investor Presentation | August 2018

Convertible Loans Issue



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Babylon Pump & Power Limited

- Babylon Pump & Power Limited (“Babylon”) (ASX:BPP, BPPOA) commenced operations in Perth as a start-up resources services company in May 2017 and listed on the ASX on 10 January 2018
- Michael Shelby, Executive Chairman, formerly responsible for growing the oil and gas service business of Resource Equipment Ltd, was encouraged to back himself to build Babylon to meet a clear market need.
- Babylon is focused in two complementary areas experiencing strong demand from major mining and oil & gas service companies as well as major iron ore producers and equipment providers
 - Rental of specialty diesel driven pumping and power generation equipment
 - Maintenance and rebuild services for diesel driven equipment similar to company fleet
- Babylon experienced a stronger than expected six months since listing, with quarterly revenue doubling to \$1m in Q4 FY18 as initial equipment acquired post-listing began to be deployed
- Babylon finished its first year of operations with an underlying revenue run-rate of over \$4m p.a. with a further \$1.5m of FY19 revenues secured in July, with a strong revenue growth outlook
- Babylon has a strong and growing pipeline of diesel engine maintenance, pumping and power generation opportunities and the Company’s growth is constrained by funding
- Babylon is seeking to raise \$2.5m and up to \$3.0m via the issue of Convertible Loans to support this growth
- Experienced team with proven track record, lean structure and invested workforce, who subscribed for +\$1m of equity, positioned for rapid growth

Corporate Snapshot

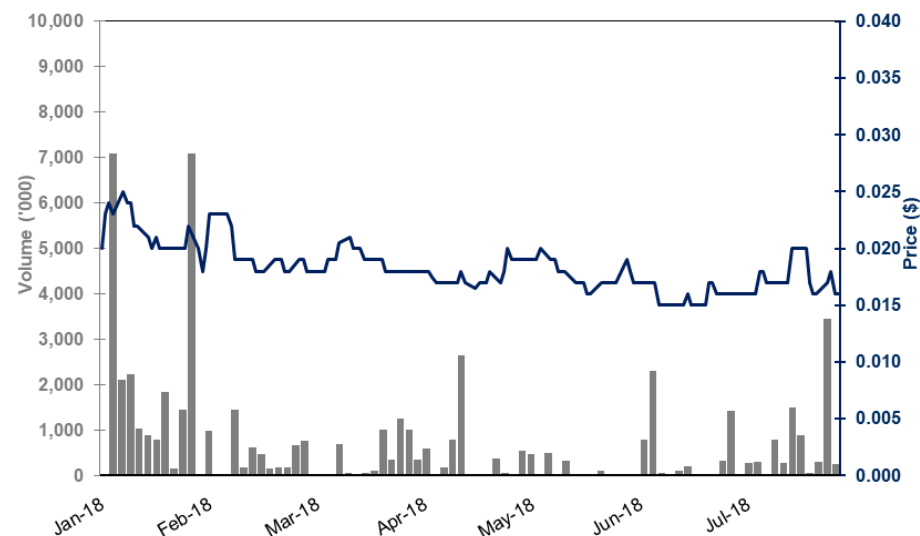
ASX Code: BPP, BPPOA

Ordinary Shares	372m
Options (4.0 cents, 31 March 2019)	290m
Performance Shares	40m
Market cap (@ 1.6 cents)	\$6.0m
Average Monthly Volume (shares)	7.2m
Trading Range since Listing (cents)	1.5 – 2.5
Top 20 Holdings	45%
Cash (30 June 2018)	\$0.56m

Directors & Senior Management

Michael Shelby	Executive Chairman
Patrick Maingard	Executive Director
Michael Kenyon	Non Exec. Director and Company Secretary
Mark Lagemann	Operations Manger

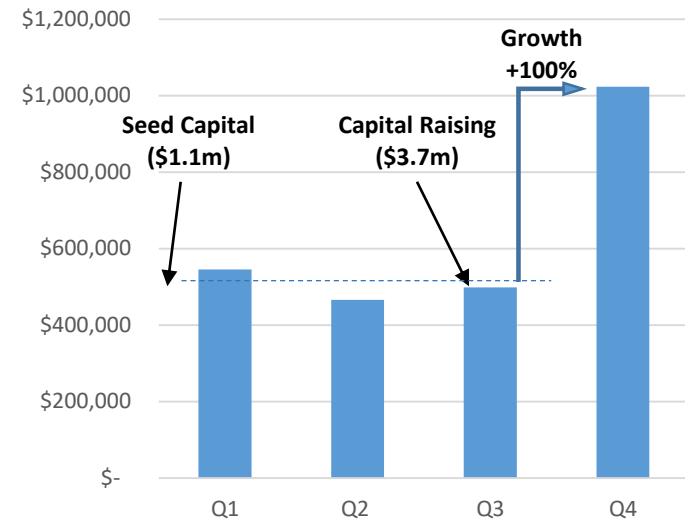
Share Price Performance and Volume



FY18 Overview

- Babylon raised \$3.7m net cash in January 2018 to grow operations
- Funds from the listing were applied to acquire new equipment with deployment commencing in Q4 FY18
- Results exceeded expectations with FY18 Revenue of \$2.5m
- Revenue momentum is highlighted by the doubling of revenues in Q4 to \$1.02m as initial investments in equipment were deployed with customers
- Babylon finished 2018 with an underlying revenue run rate of over \$4m p.a.
- The market has proven to be very receptive to a new provider with a skilled and experienced team able to provide specialised equipment and services to solve power, pumping a diesel maintenance issues

FY18 Quarterly Revenue



Pumping and Power Generation Outlook

- Current rental projects cover multiple industries:
 - Power generation to iron ore, renewable energy backup
 - Pumping to oil & gas, mining, infrastructure, minerals drilling
- Strong and growing sales pipeline for further power & pumping rental projects
 - Specialty oil & gas pumping opportunities carry higher margins
 - Long term power generation opportunities provide stable revenue stream
- Babylon is moving up to deal directly with more blue chip clients
 - Clients are seeking to deal directly with experienced operators
- Babylon has multiple material rental proposals outstanding for long term power generation and specialty oil and gas pumping with top tier clients
- The Convertible Loan funding will support the ability to grow the asset rental fleet and win new and larger contract works with a rapid payback on investment



Diesel Maintenance Outlook

- Continued revenue growth from current clients as workforce and capability is expanded
- Transitioning to larger, more complex engines and components which command higher margins
- Significant recent contract wins including for the rebuild of multiple Caterpillar diesel engines for an international equipment supplier and local service contractor
- Multiple large engine maintenance opportunities under development
- Growth in Babylon's work in progress, order book and pipeline is being driven by multiple factors:
 - Deferral of maintenance by clients, driving a need for more comprehensive engine and component rebuild programs
 - Increasing demand for diesel service field maintenance as Babylon's reputation grows
 - Field service activities are leading to increased workshop throughput as opportunities are encountered on site
 - Clients have limited availability of internal skilled resources to support ongoing diesel maintenance and OEMs are expensive, with long lead times and less service focus



FY19 Outlook

- Positive growth trajectory supported by:
 - Ongoing growth in underlying business due to high levels of client satisfaction
 - Strong pipeline of proposals submitted and further opportunities expected to materialise based on ongoing client communication and requests for tender proposals
 - New client relationships established and increased level of client engagement and service enquiry
 - Improved outlook for Australian mining sector
- Significant revenue growth expected in FY19
 - Strong start to FY19 with new contracts secured
 - FY19 commenced with a \$4m+ p.a. revenue run rate with an additional \$1.5M in FY19 revenue secured during July
 - Management expects to significantly exceed FY19 revenue budgets with a strong growth trajectory

Convertible Loan Issue

- Babylon intends to issue unsecured Converting Loans to institutional, sophisticated and professional investors to raise circa \$2.5m and up to \$3.0m in funding
- The net proceeds from the Convertible Loan issue will be put to use to purchase additional equipment, mainly specialised generators and pumps for rental fleet (circa \$2.2m), to meet customer demand for new projects with strong commercial returns. The balance will be used for working capital, primarily to provide float for parts and sub assemblies for maintenance and rebuilds of large diesel engines.
- The Company has also recently announced an asset and debtor financing facility from NAB for \$0.8m
- On completion, the balance sheet is expected to have circa \$4.3m equity, \$0.8m in bank debt and circa \$3m in Convertible Loans to be applied to fund growth
- Indicative capital structure assuming the issue of \$3 million of Convertible Loans:

	Ordinary Shares	Listed BPP Options ¹	Gross Amount Raised
Existing Securities	371,969,632	289,977,666	-
New Convertible Loans	133,333,333 ²	-	\$3,000,000
Total ³	505,302,965	289,977,666	\$3,000,000

- Note:
1. Options exercisable at 4 cents per share on or before 31 March 2019.
 2. Ordinary Shares expected to be issued on conversion of the Convertible Notes assuming a 2.25 cent conversion price (see slide 10)
 3. There are also 40 million Performance Rights on issue with varying performance hurdles.

Convertible Loans – Indicative Terms

Issuer	Babylon Pump & Power Limited (ABN 47 009 436 908)
Security	Unsecured
Gross Amount to be Raised	\$2.5m and up to \$3.0m
Purpose	The net proceeds of the Issue will be used to purchase specialised equipment for rental, and for general working capital purposes.
Maturity Date	2 years from date of issue.
Interest Rate	12% per annum. Interest will be payable quarterly in arrears calculated on the basis of a 360-day year consisting of twelve 30-day months.
Conversion Period	From 6 months from the date of issue until the Maturity Date.
Conversion	Convertible at any time during the Conversion Period into fully paid ordinary shares of the Company, in whole or in part (if in part subject to a minimum conversion value of \$50,000). Conversion of the Convertible Loans is subject to shareholder approval.
Conversion Price	The lower of 2.25 cents per share or the price of any equity capital raising in the two-month period prior to giving a conversion notice, subject to a minimum price of 1.0 cents per share.
Shareholder Approval	If Shareholder Approval for the conversion of the Convertible Loans is not obtained by 30 November 2018, the Convertible Loans will be immediately repayable together with accrued interest.
Transfer	A Convertible Loan may only be transferred by the lender to institutional, professional or sophisticated investors exempt from the disclosure requirements of Chapter 6D of the Corporations Act or otherwise to investors such that a disclosure document is not required under Chapter 6D of the Corporations Act; and who agrees to be bound by the same Convertible Loan terms applicable to the transferor
Early Redemption	Company can repay the Convertible Loan together with any unpaid interest plus the Early Redemption Premium after 6 months from the date of issue subject to 30 days notice. The lender will have the right to convert its Convertible Loan during this notice period.
Early Redemption Premium	An additional 10% of the principal amount of each Convertible Loan.
Redemption at Maturity	If the lender has not exercised its option to convert the Convertible Loan prior to the Maturity Date, the Company will redeem the Convertible Loan at maturity plus any accrued and unpaid interest in respect thereof.
Default	Following the occurrence and during the continuance of an event of default the Convertible Loans will be immediately repayable including accrued interest. The interest rate on the Convertible Loans will be increased by an additional 10% per annum from the date of default. The lender will have the right to convert its Convertible Loans during any default period, subject to shareholder approval for conversion having been obtained.
Takeover or Change of Control	In the event of a takeover or scheme of arrangement that results in a bidding party obtaining voting power in the Company of at least 50%, the lender may elect to convert the Convertible Loan, and if not converted the Company must repay the loan together with accrued interest with 30 business days.
Dividends	No dividends may be paid by the company until the Convertible Loans have been repaid or converted.

Summary

- Performance has exceeded expectations since listing in early 2018
- Opportunities pipeline continues to grow in all parts of the business
- Clients are seeking Babylon's services due to:
 - Technical expertise and ability to supply and support specialised equipment
 - Clients' internal capacity constraints and skilled resource shortages
 - OEM's long lead times in providing similar services
- Convertible Loans to support accelerated organic growth via
 - Expanding the rental equipment fleet
 - Providing the resources to allow Babylon to commit to further long term project contracts
 - Supporting working capital requirements for diesel maintenance programs
- Strong start to FY19 with new contracts secured
 - FY19 commenced with an underlying revenue run-rate of over \$4m p.a. with a further \$1.5m of FY19 revenues secured in July
 - Management expects to significantly exceed FY19 revenue targets with a strong forward growth trajectory



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