



# HALF-YEAR RESULTS PRESENTATION

December 2016



**Mitchell**  
SERVICES

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# SAFETY UPDATE

- Finishing each day without harm is a **core Mitchell Services value**
- Key initiatives implemented to **strengthen safety culture** and performance have primarily focused on key risks and field leadership
- Five recordable injuries occurred across the organisation during the reporting period
- Mitchell Services had **zero recordable injuries** across all underground operations during the reporting period





# 1<sup>ST</sup> HALF FY17 BUSINESS OVERVIEW

Total revenue of \$20.8m

↑ **13%**

from 1<sup>st</sup> Half FY16

Cash flow from operations

**\$2.4m**

↑ 915% from 1<sup>st</sup> Half FY16

Revenue from underground operations increased by

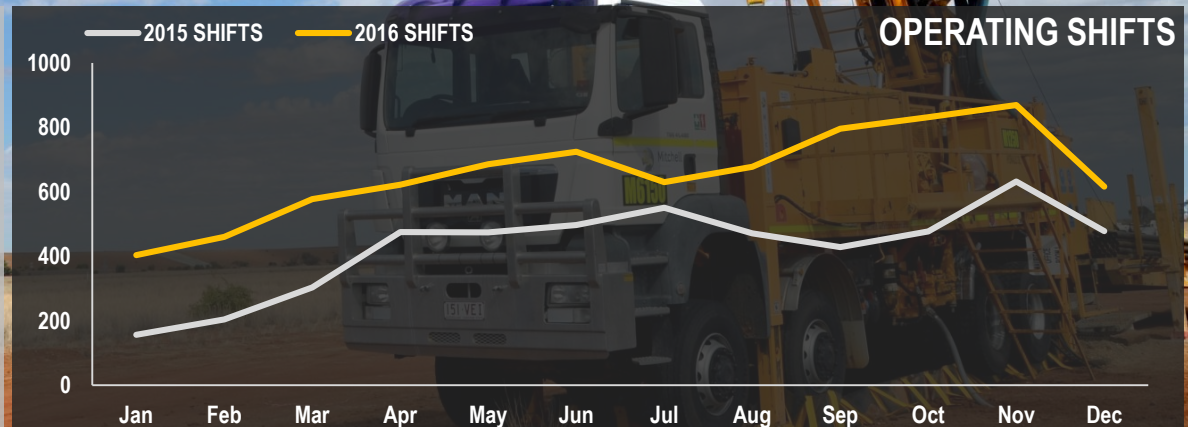
**168%**

from 1<sup>st</sup> Half FY16

**EBITDA \$2.6m**

↑ **1,857%**

from 1<sup>st</sup> Half FY16



# RESULTS OVERVIEW

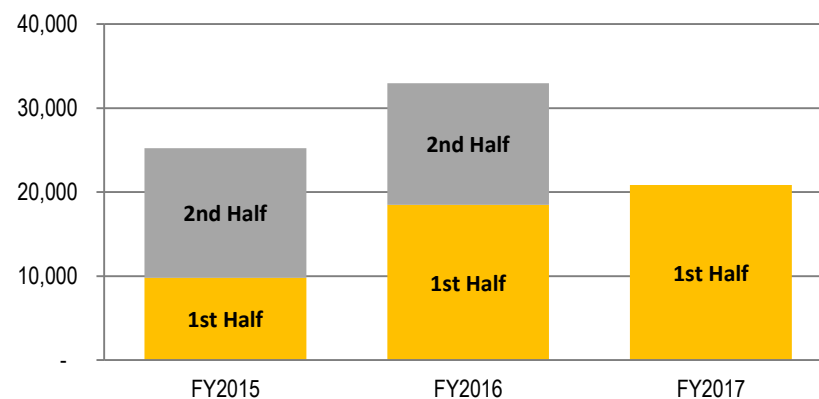
## Profit & Loss

	1 <sup>st</sup> Half FY17	1 <sup>st</sup> Half FY16	1 <sup>st</sup> Half FY15	Change
	\$000's	\$000's	\$000's	%
Revenue	20,843	18,472	9,808	13%
EBITDA	2,559	131	(1,113)	1857%
EBIT	(114)	(2,467)	(2,607)	95%
NPBT	(719)	(3,116)	(2,917)	77%

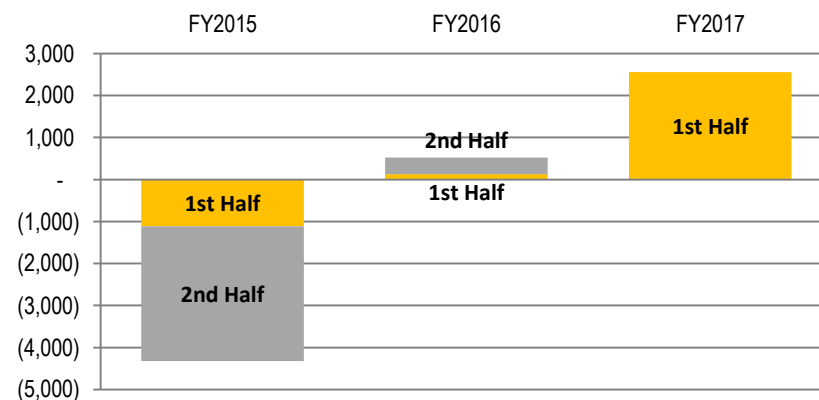
## Balance Sheet

	31 Dec 16	30 Jun 16	Change
	\$000's	\$000's	%
Current assets	9,472	8,375	13%
Property, plant & equipment	29,245	30,251	(3%)
Other non-current assets	18	18	0%
<b>Total assets</b>	<b>38,735</b>	<b>38,644</b>	<b>0%</b>
Current liabilities	8,764	8,276	6%
Non-current liabilities	11,743	12,396	(5%)
<b>Total liabilities</b>	<b>20,507</b>	<b>20,672</b>	<b>(1%)</b>
<b>Net assets</b>	<b>18,228</b>	<b>17,972</b>	<b>1%</b>

## Revenue (\$000's)



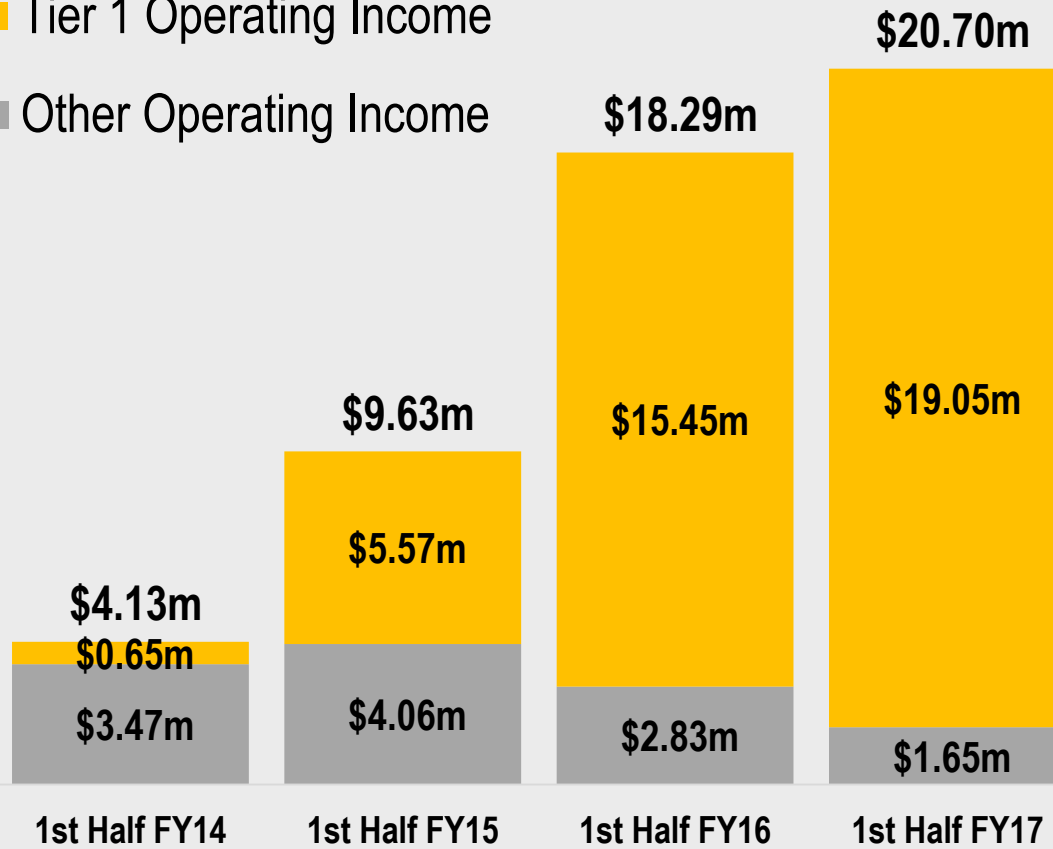
## EBITDA (\$000's)



# OPERATING REVENUE BY CLIENT TYPE

Mitchell Services will continue to build a baseload of Tier 1 clients

- Tier 1 Operating Income
- Other Operating Income



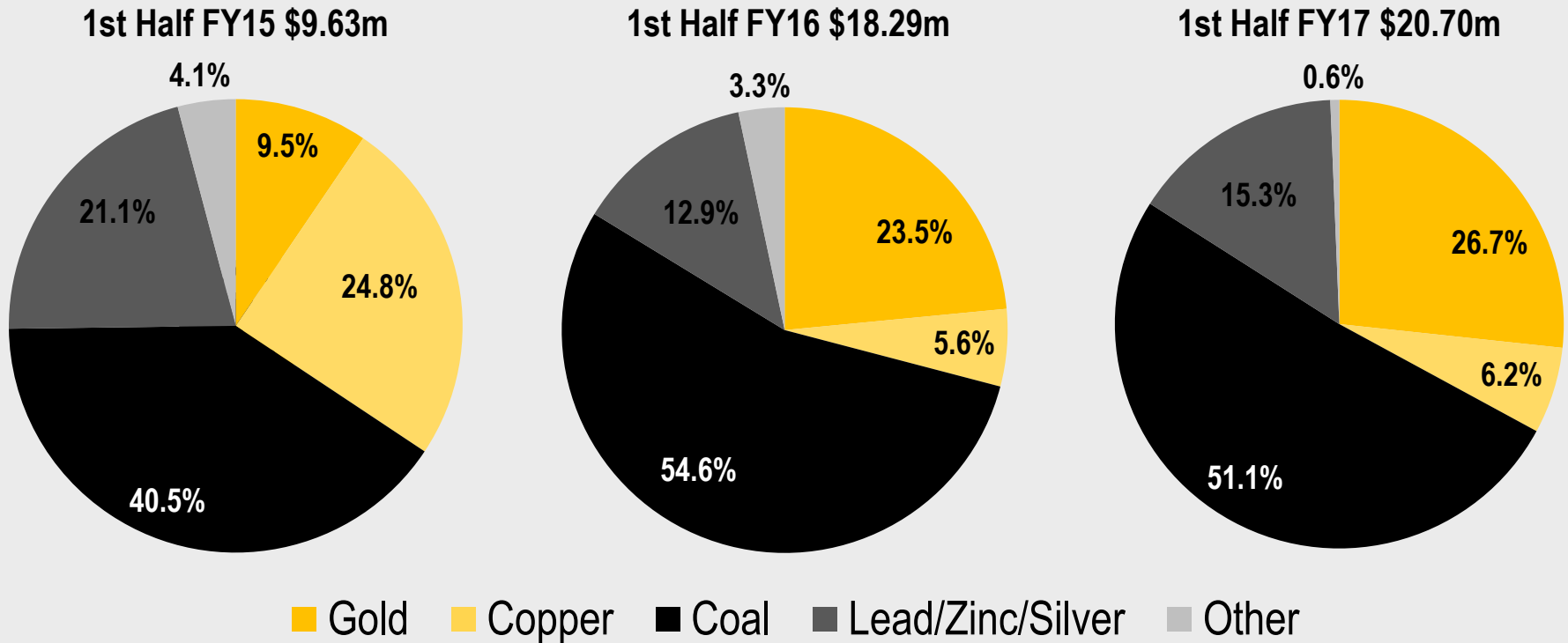
## TIER 1 CLIENTS

- Large / multinational mining and energy companies
- Very high safety and business system requirements
- Generally brownfield work for existing mining operators
- Longer term contracts

## OTHER CLIENTS

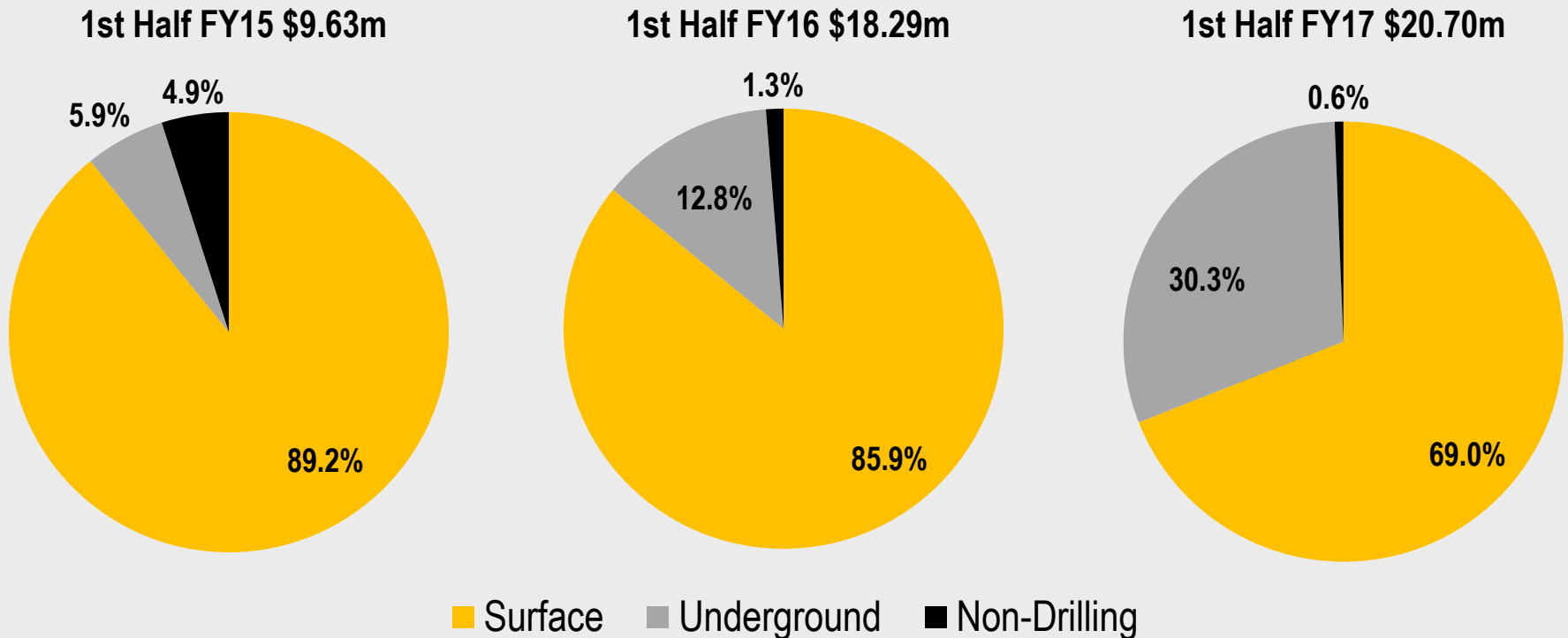
- As market conditions continue to improve, Mitchell Services is well positioned to take advantage of this historically lucrative market sector

# OPERATING REVENUE BY COMMODITY



Management remains mindful of the importance of diversification in revenue streams including diversity in commodity mix. Our commodity mix remains well balanced with revenue from coal and revenue from minerals accounting for 48% and 51% of total operating revenue respectively.

# OPERATING REVENUE BY DRILLING TYPE



Management remains mindful of the importance of diversification in revenue streams including diversity in the mix between underground and surface drilling. Underground drilling is generally performed on a double shift basis and is generally not subjected to seasonal fluctuations. Revenue from underground drilling has grown by 168% compared to 1<sup>st</sup> Half FY16 and now accounts for 30% of our total operating revenue.



# MARKET OUTLOOK

- **Competitive Profile** of the market has continued to **improve**, however, pricing remains competitive
- **Pipeline** of identified **opportunities** remains **strong** within Tier 1 clients
- Clients are **more active** across greenfield and brownfield sectors
- **Ability to leverage** to the upside as general market conditions **improve**:
  - Drilling rates
  - Utilisation (operating rig count)
  - Contract terms and conditions
  - Productivity per rig (double shift operations)



# SUMMARY

- Mitchell Services' vision is to be **Australia's leading provider of drilling services** to the global exploration, mining and energy industries
- Tender pipeline provides opportunity for further **revenue growth**
- Previous acquisitions of surface assets early in the cycle has positioned Mitchell Services to **generate a superior return** versus investing in new equipment
- Mitchell Services has a diverse revenue stream across different drilling types and commodities and will continue to take advantage of **strategic underground opportunities**
- **Material improvement** in EBITDA on prior half year
- Ability to leverage increased returns in an **improving market**

