

29 April 2019



Mitchell
SERVICES

MITCHELL SERVICES LIMITED (ASX:MSV)

Quarterly Investor Update

Strong FY19 Q3 performance with significant improvements against FY18 Q3 and solid seasonal contribution to year-to-date revenue and earnings

- Revenue \$25.9m
- EBITDA \$4.1m
- EBIT \$1.9m
- Operating cash flow \$3.3m
- EBITDA to operating cash conversion rate 80%

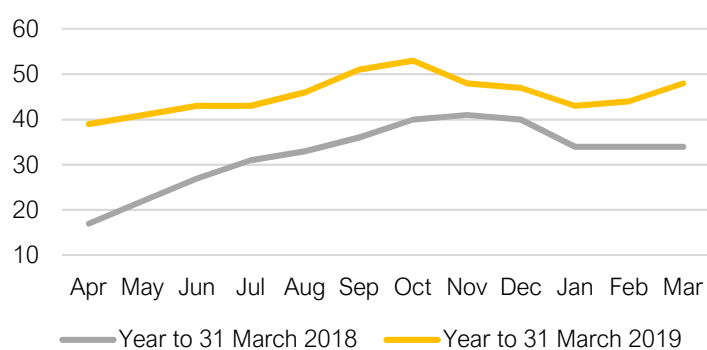
Dear Shareholder,

I am pleased to provide the following investor update for the quarter ended 31 March 2019 for Mitchell Services Limited (**the Company**).

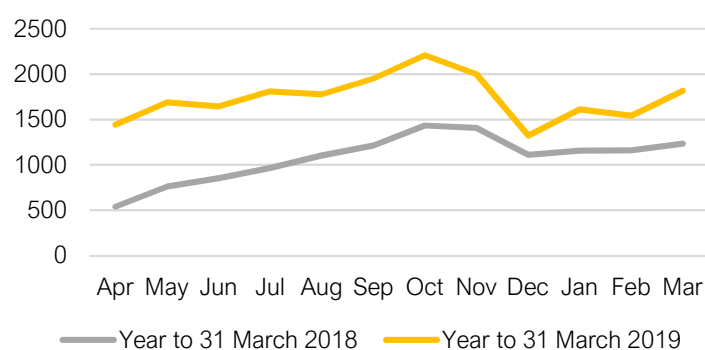
As utilisation, productivity, pricing levels and general market conditions continue to improve, the Company has again recorded significant improvements across most operational and financial metrics when comparing the 2019 March quarter to the same quarter in 2018 as the below tables illustrate.

	3Q19	3Q18	Movement \$	Movement %
Average operating rigs	45.0	34.0	11.0	32%
Number of shifts	4,975	3,550	1,425	40%
Revenue (\$'000s)	25,851	14,794	11,058	75%
EBITDA (\$'000s)	4,109	(380)	4,490	1,180%
Operating cash flow (\$'000s)	3,273	310	2,963	956%

Monthly Number of Operating Rigs



Monthly Number of Shifts Worked



Year to date financial information as at 31 March 2019

	FY19 Q1	FY19 Q2	FY19 Q3	FY19 YTD
Average operating rigs	46.7	49.3	45.0	47.0
Number of shifts	5,542	5,536	4,975	16,053
Revenue (\$'000s)	30,980	32,173	25,851	89,004
EBITDA (\$'000s)	7,011	7,218	4,109	18,338
EBITDA (%)	22.60%	22.40%	15.90%	20.60%
EBIT (\$'000s)	4,188	4,270	1,855	10,313
EBIT (%)	13.50%	13.30%	7.18%	11.59%
Operating cash flow (\$'000s)	4,409	10,901	3,273	18,583
Annualised revenue per rig (\$'000s)	2,654	2,610	2,298	2,525
Net debt (\$'000s)	11,493	2,565	4,891	4,891
Gross debt (\$'000s)	15,925	6,490	9,817	9,817
Cash on hand (\$'000s)	4,432	3,925	4,926	4,926

As is traditionally the case (given the seasonality within the business), utilisation and productivity levels were slightly lower in the March quarter when compared to the September and December quarters. The longer term trend for utilisation and productivity levels continues to be positive as demand for drilling services strengthens across all commodities. Despite this seasonal decrease the Company's quarterly performance was strong with revenue and EBITDA of \$25.9m and \$4.1m respectively. The conclusion of the March quarter has seen year-to-date revenue reach \$89.0m, with year-to-date EBITDA and EBIT reaching \$18.3m and \$10.3m respectively.

The Company has again recorded a strong EBITDA to operating cash flow conversion ratio with 80% of the quarterly EBITDA converting to operating cash flows of \$3.3m.

Net debt at 31 March 2019 of \$4.9m has increased by \$2.3m since 31 December 2018 following the recently announced BHP Olympic Dam Corporation and KCGM Mount Charlotte contract awards. The Company has invested in three new underground rigs and ancillary equipment to service these contracts and has drawn from its equipment finance facility with NAB (at an interest rate of approx 4.9%) to fund these requirements.

I am pleased to announce that the recent mobilisations for both KCGM Mount Charlotte and BHP Olympic Dam have been conducted in a safe and efficient manner.

The outlook remains positive and our near-term focus is to:

- Continue to operate safely across all operations
- Ensure successful mobilisations at numerous sites that are ramping up post the Q3 break
- Continue to generate strong operational cash flows
- Consider further capital management options
- Continue to assess potential acquisition or growth opportunities that align with our strategy

Thank you for your continued support.

Yours faithfully



Andrew Elf
Chief Executive Officer