

23 October 2019



Mitchell Services Limited (ASX:MSV)

Quarterly Investor Update

Mitchell Services Limited recorded strong FY20 Q1 operating and financial performance:

- Revenue \$33.5m
- EBITDA \$6.2m
- EBIT \$3.6m
- Operating cash flow \$5.7m
- Operating cash conversion ratio 92%

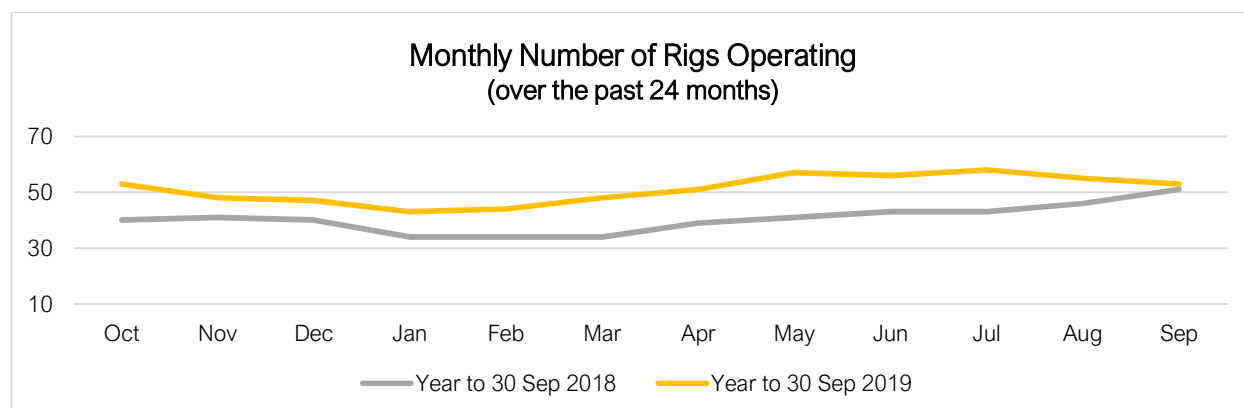
Dear Shareholder,

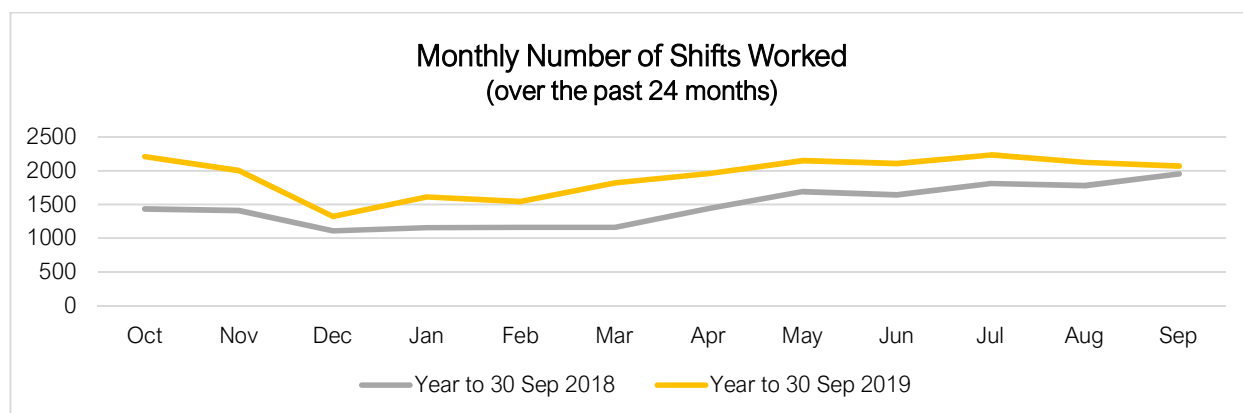
I am pleased to provide the following investor update for the quarter ending 30 September 2019 (**FY20 Q1**) for Mitchell Services Limited (**the Company**) based on the Company's un-audited management accounts.

The Company has once again recorded strong performance across most operational and financial metrics during the quarter ending 30 September 2019 with record levels of revenue and average operating rigs (\$33.5m and 55.3 rigs respectively). EBITDA and operating cash generation in FY20 Q1 were also strong with the Company generating \$6.2m in EBITDA and \$5.7m in operating cash flow at an operating cash flow: EBITDA conversion ratio of 92%.

As utilisation and productivity levels continue to improve (amid pricing levels and general market conditions that remain relatively similar to prior quarters), FY20 Q1 has seen increases in revenue, operating rigs and shift numbers as well as improvements in operating cash flow when compared to the same quarter last year (FY19 Q1) as the below tables illustrate.

	FY20 Q1	FY19 Q1	Movement \$	Movement %
Average operating rigs	55.3	46.7	8.6	18%
Number of shifts	6,427	5,542	885	16%
Revenue (\$'000s)	33,454	30,980	2,474	8%
EBITDA (\$'000s)	6,247	7,011	(764)	(11%)
Operating cash flow (\$'000s)	5,674	4,409	1,265	29%
EBIT (\$'000s)	3,573	4,188	(615)	(15%)





EBITDA in FY20 Q1 was 11% lower than in FY19 Q1 due to a combination of mobilisation and de-mobilisation costs as well as the mix of standard versus highly specialised work. The Company expects that full year FY20 revenue and EBITDA will be greater than full year FY19 figures of \$120m and \$24m respectively. The Company will provide more detailed FY20 revenue and EBITDA guidance post finalisation of the half year results (for the six months ending 31 December 2019) in February 2020.

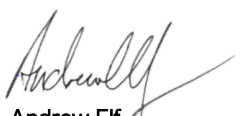
The Company reported significant year on year improvements in financial performance for the 12-month periods to 30 September 2019 and 2018, reflecting new multi-year, multi-rig contracts with major resource companies secured during a period in which pricing levels and general market conditions have steadily improved. The below table summarises the unaudited financial performance on a 12-month rolling basis.

	12-months ended 30 Sep 2019	12-months ended Sep 2018	Movement \$	Movement %
Average operating rigs	51.1	40.4	10.7	26%
Number of shifts	23,151	17,822	5,329	30%
Revenue (\$'000s)	122,460	89,607	32,853	37%
EBITDA (\$'000s)	23,348	13,707	9,641	70%
EBITDA (%)	19%	15%		
EBIT (\$'000s)	13,280	4,376	8,904	203%
EBIT (%)	11%	5%		
Operating cash flow (\$'000s)	19,490	5,699	13,791	242%
Annualised revenue per rig (\$'000s)	2,396	2,218	178	8%

The Company's net debt at 30 September 2019 is \$12.7m compared to \$8.2m at 30 June 2019. This overall increase of \$4.5m is a result of capital expenditure requirements associated with the Company's recently announced drill and blast contract award at Kirkalocka and the recently announced UIS contract extension and scope increase with Anglo American, both of which are operating safely, efficiently and in line with expectations.

The outlook across the business (and broader mining and resources industry) remains positive and I am grateful for your continued support.

Yours faithfully


Andrew Elf
 Chief Executive Officer