



ANNUAL GENERAL MEETING 27 NOVEMBER 2019

Chief Executive Officer



Mitchell
SERVICES



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MITCHELL SERVICES MARKET PROFILE

ASX Information

ASX Stock Symbol	MSV
Shares Issued	1,742,382,681
Share Price (at 25/11/2019)	A\$0.061
Market Capitalisation	A\$106.2m

Major Shareholders

Mitchell Group	20.4%
Washington H Soul Pattinson	7.39%
CVC Limited	6.1%

Board of Directors



Nathan Mitchell
Executive Chairman

Peter Miller
Non-Executive Director

Robert Douglas
Non-Executive Director

Neal O'Connor
Non-Executive Director

Senior Management Team



Andrew Elf
Chief Executive Officer

Greg Switala
CFO & Company Secretary

Josh Bryant
GM People & Risk

Todd Wild
GM Commercial

FY19 BUSINESS OVERVIEW

Revenue of \$120.2m

↑ **65%**

from FY18

EBITDA of \$24.1m

↑ **286%**

from FY18

Net Debt of \$8.2m

54%

reduction from June 2018

**Zero Lost
Time Injuries**

in FY19 with 400+ employees

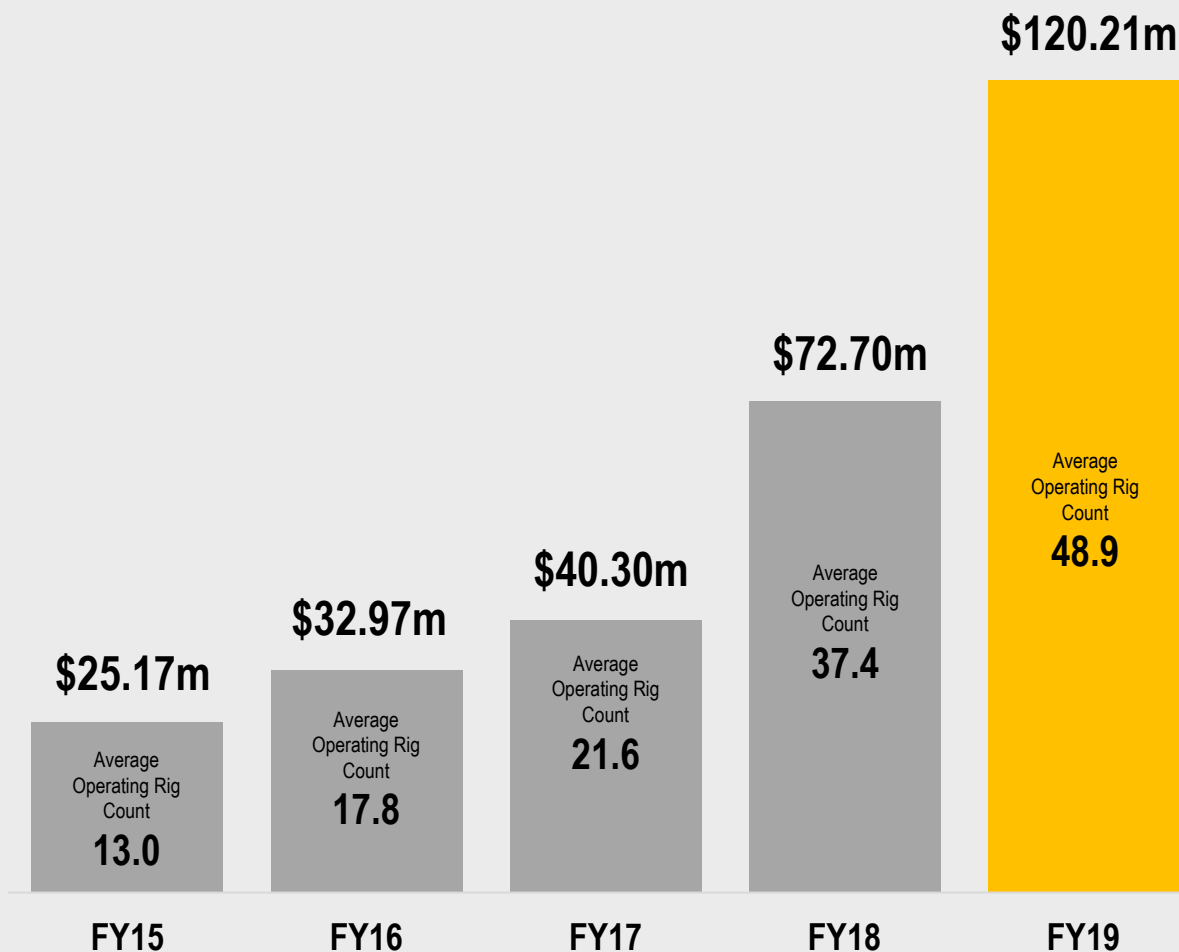
**Special
dividend**

declared in FY19

**Strong balance sheet
provides flexibility**

IMPACT OF INCREASED UTILISATION ON REVENUE

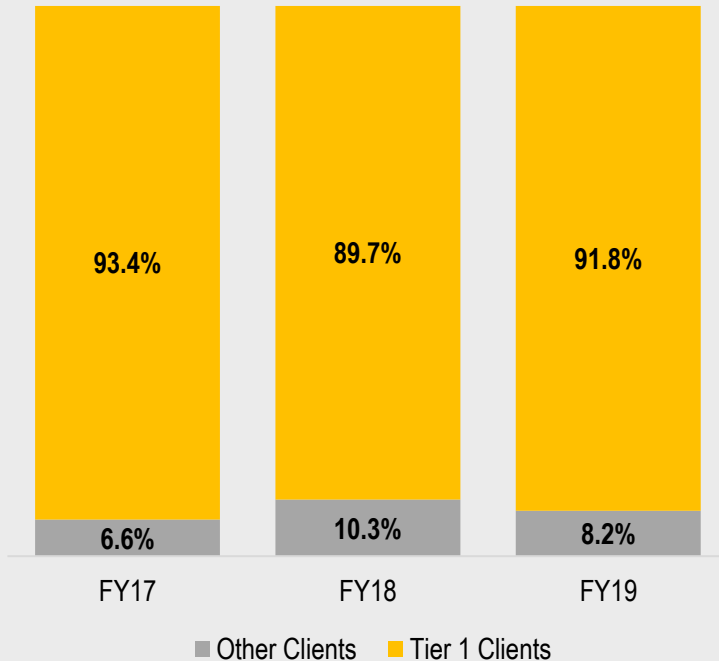
Annual Average Operating Rig Count vs Revenue



- Average operating revenue per rig continued to increase due to improved productivity, pricing and drilling mix
- Mitchell Services anticipates further increases in operating rig count in FY20
- Operating rig count subject to change due to seasonality or other factors
- 71 rigs in fleet as at 1 November 2019

HIGH QUALITY REVENUE STREAMS

Revenue by Client Type



- Tier 1 Clients are large / multinational mining & energy companies
- A significant majority of Mitchell Services revenue comes from Tier 1 Clients operating on long life, low cost mine sites
- Approximately 90% of revenue is at the mine site resource definition, development and production stage which is a critical service in the mining lifecycle
- Focus on production related services was further enhanced by the recent announcement of entry into the drill and blast market through a material contract award

Revenue by Stage in the Mine Lifecycle



FY20 Q1 OVERVIEW

Strong FY20 Q1 performance

Revenue

\$33.5m

EBITDA

\$6.2m

Operating Cash Flow

\$5.7m

EBITDA to operating
cash conversion rate

92%

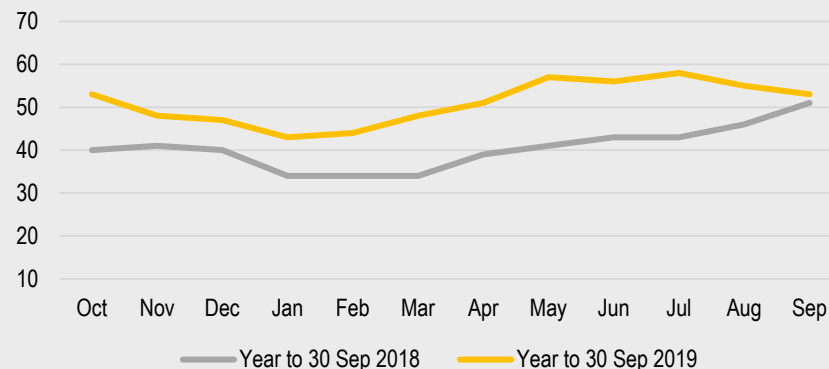
EBIT

\$3.6m

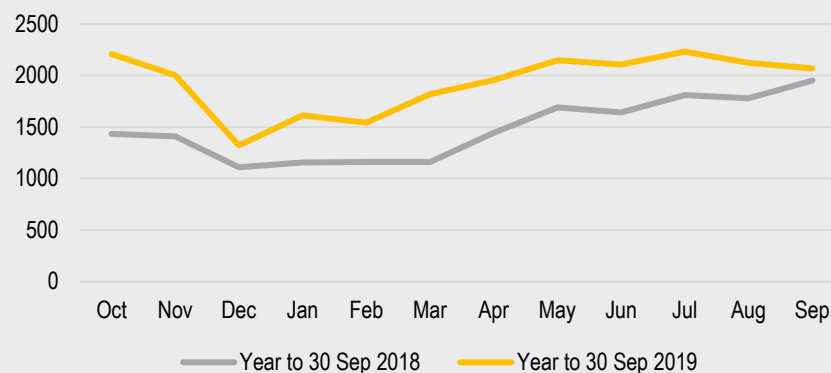
Net Debt

\$12.7m

Rig Count



Shifts Worked



DEEPCORE ACQUISITION SUMMARY

**Deepcore Drilling is
a compelling
acquisition for
Mitchell Services**

... strategically

... financially

... operationally

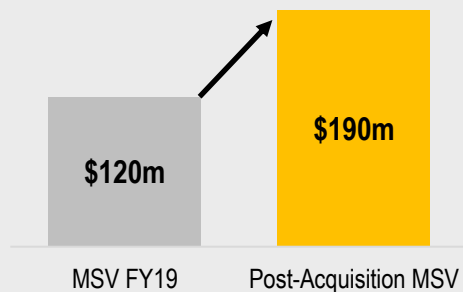
- ✓ The acquisition of Deepcore Holdings Pty Ltd (“Deepcore Drilling”) will make Mitchell Services Limited (“MSV”) one of the largest and most diversified pure play drilling services companies in Australia
- ✓ The acquisition is expected to be 38.5% EPS accretive based on pro forma financials*
- ✓ MSV is currently trading at an EV/FY19 EBITDA multiple of 4.7 times (based on an 11 Nov 2019 closing share price of \$0.058 and net debt of \$12.7 million) with the acquisition to be completed on a 3.52 times (based on FY20 Deepcore Drilling forecast EBITDA of \$12.5 million) basis
- ✓ Diversifies and strengthens market position by:
 - ✓ Drilling type: Deepcore Drilling offers complementary drilling services through surface and underground operations with specialty acoustic drilling that MSV does not currently provide
 - ✓ Commodity: Deepcore Drilling is primarily gold & copper focussed thereby balancing existing MSV commodity mix
 - ✓ Geography: Deepcore Drilling is primarily in Victoria and New South Wales where MSV has a small presence
- ✓ The acquisition significantly increases tender pipeline and growth opportunities
- ✓ Leverage of different brands to maintain strong nimble relationships with customers and employees while taking advantage of consolidation synergies
- ✓ The acquisition is expected to be completed by the end of this calendar year

*Based on FY19 underlying MSV results and FY20 forecast Deepcore Drilling results

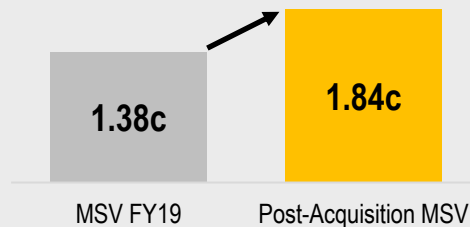
DEEPCORE ACQUISITION SUMMARY

Pro forma financials demonstrate strong financial position post-acquisition

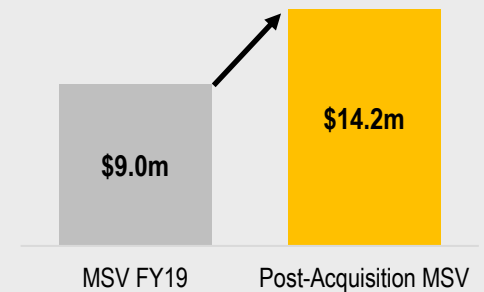
Pro forma Revenue



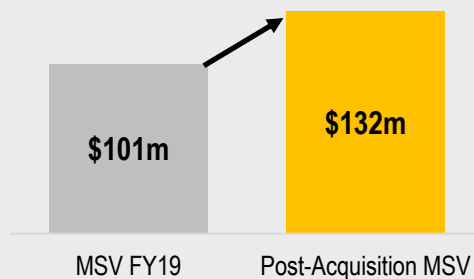
Pro forma EBITDA Per Share



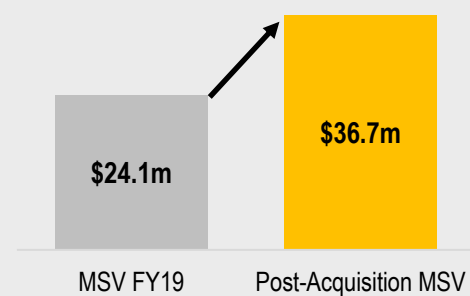
Pro forma Net Profit



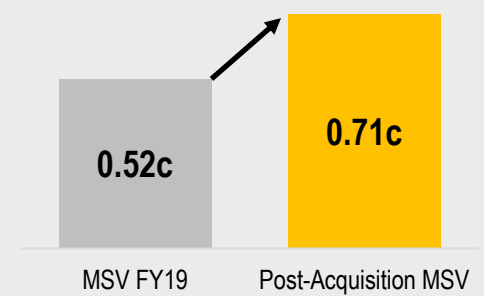
Theoretical Market Cap



Pro forma EBITDA



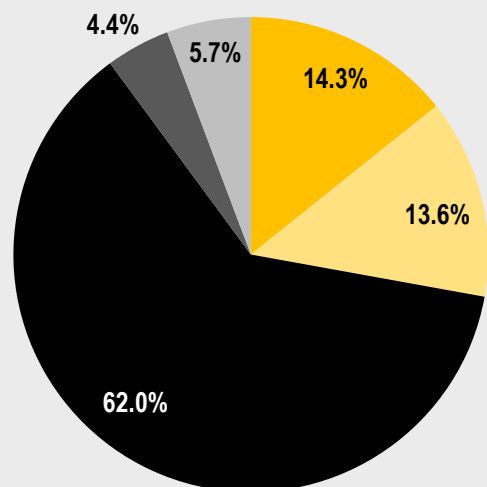
Pro forma EPS



Based on FY19 underlying MSV results and FY20 forecast Deepcore Drilling results

ACQUISITION STRATEGIC RATIONALE

MSV FY19 Actual Revenue by Commodity: \$120m

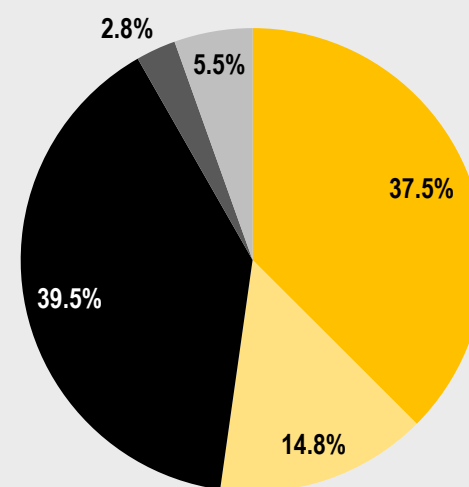


■ Gold ■ Copper ■ Coking Coal ■ Lead/Zinc/Silver ■ Other

Deepcore Drilling FY20 Forecast Revenue: \$70m



Pro forma Revenue by Commodity: \$190m



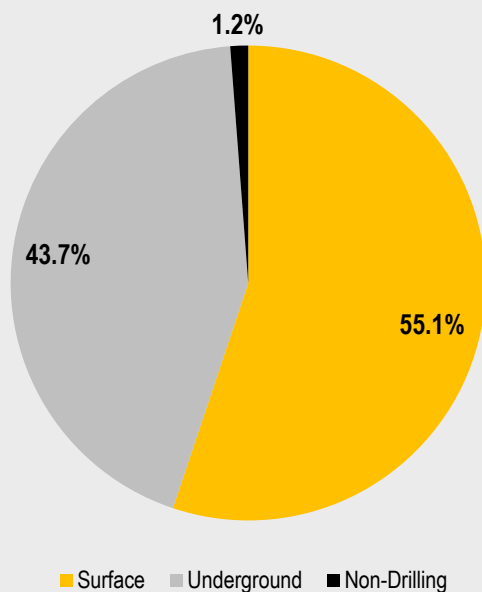
■ Gold ■ Copper ■ Coking Coal ■ Lead/Zinc/Silver ■ Other

Increase in revenue diversity by commodity

Based on FY19 actual MSV results and FY20 forecast Deepcore Drilling results

ACQUISITION STRATEGIC RATIONALE

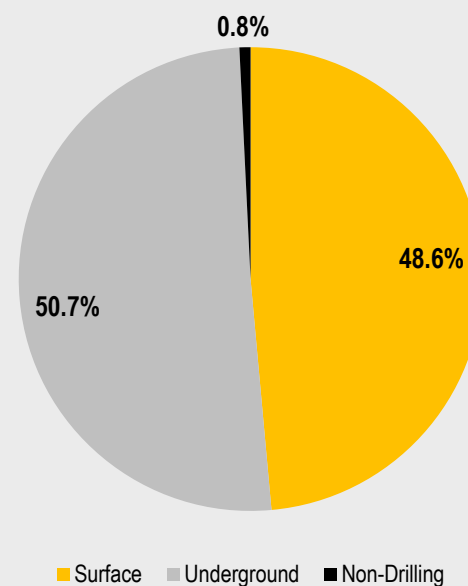
MSV FY19 Actual Revenue by
Drilling Type: \$120m



Deepcore Drilling FY20
Forecast Revenue: \$70m



Pro forma Revenue by
Drilling Type: \$190m



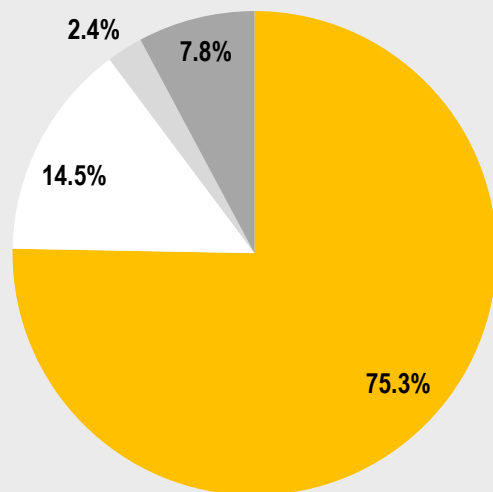
Maintains diversity by drilling type

Based on FY19 actual MSV results and FY20 forecast Deepcore Drilling results

ACQUISITION STRATEGIC RATIONALE

Increase in revenue diversity by geography

MSV FY19 Actual Revenue by Geography: \$120m

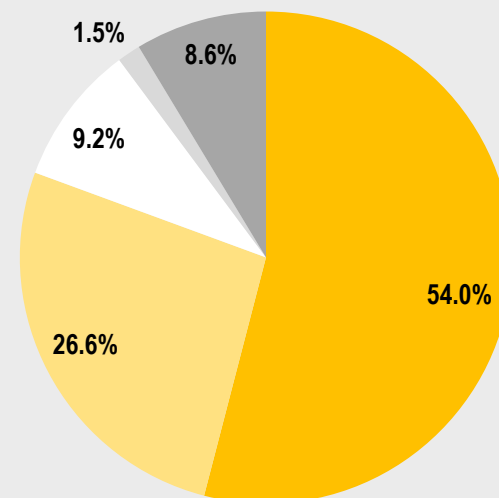


■ QLD ■ VIC ■ SA ■ WA ■ NSW

Deepcore Drilling FY20
Forecast Revenue: \$70m



Pro forma Revenue by Geography: \$190m



■ QLD ■ VIC ■ SA ■ WA ■ NSW

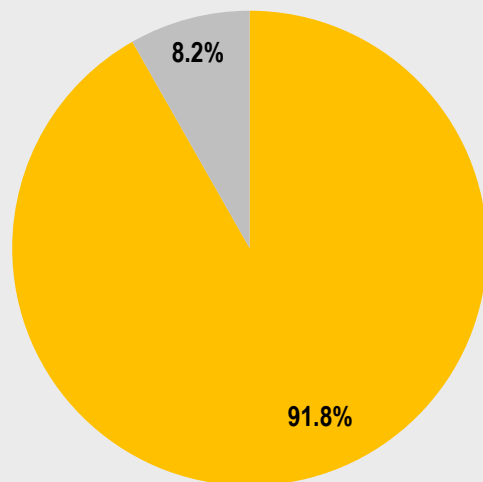
Increased exposure to southern Australia reduces business seasonality (wet season impact)

Based on FY19 actual MSV results and FY20 forecast Deepcore Drilling results

ACQUISITION STRATEGIC RATIONALE

Tier 1 client base increase in size and diversity

MSV FY19 Actual Revenue by Client Type: \$120m

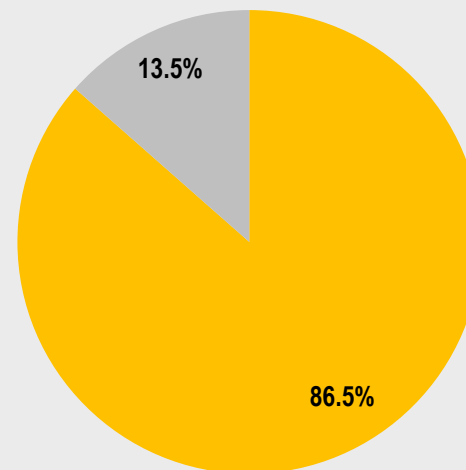


■ Tier 1 Clients ■ Other Clients

Deepcore Drilling FY20 Forecast Revenue: \$70m



Pro forma Revenue by Client Type: \$190m



■ Tier 1 Clients ■ Other Clients

Tier 1 Clients are large / multinational mining & energy companies

Based on FY19 actual MSV results and FY20 forecast Deepcore Drilling results

ACQUISITION STRATEGIC RATIONALE

Current brands



Mitchell Services



Radco Technologies

Future brand strategy



Mitchell Services



Radco Technologies



Deepcore Drilling

Leverage of brands to maintain strong nimble relationships with customers and employees while taking advantage of consolidation synergies

SUMMARY

- Mitchell Services' vision is to be **Australia's leading provider of drilling services** to the global exploration, mining and energy industries
- The acquisition of Deepcore Drilling will **further diversify revenue** by drilling type, commodity and geography
- Mitchell Services has a **high quality client base** with a majority of work related to mine site resource definition, development and production
- Mitchell Services will provide more detailed **FY20 revenue and EBITDA guidance** post finalisation of the 1H20 actual results in Jan/Feb 2020
- Pipeline of **identified opportunities remains strong** as does the demand for drilling services particularly from Tier 1 clients



CONCLUSION

Questions?