

NOOSA MINING AND INVESTMENT CONFERENCE

JULY 2022



Mitchell
SERVICES



ASX:MSV

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AGENDA

1. Market profile

2. Fast facts

3. Overview

4. Revenue and earnings growth into FY23

5. MSV is returning funds to shareholders

6. Debt profile

7. Strong cash generation in FY23

8. Why invest in Mitchell services?

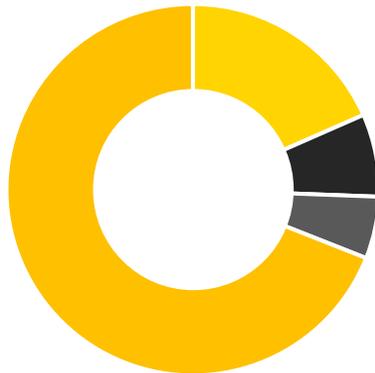
9. Summary

MARKET PROFILE

ASX INFORMATION

ASX Stock Symbol	MSV
Shares Issued	225,401,769
Share Price (at 12/07/2022)	A\$0.375
Market Capitalisation	A\$84.53m

SHAREHOLDERS



- 18.4% - Mitchell Group
- 7.2% - Dream Challenge Pty Ltd
- 5.4% - Washington H Soul Pattinson
- 69% - Other

BOARD OF DIRECTORS



Nathan Mitchell	Executive Chairman
Scott Tumbridge	Executive Director
Peter Miller	Non-Executive Director
Robert Douglas	Non-Executive Director
Neal O'Connor	Non-Executive Director
Peter Hudson	Non-Executive Director

EXECUTIVE MANAGEMENT TEAM



Andrew Elf	Chief Executive Officer
Greg Switala	CFO & Company Secretary

FAST FACTS – BUSINESS UPDATE

RIGS

100

EXPERIENCED EMPLOYEES

750⁺

50+ YEARS BRAND HISTORY



FY22 REVENUE GUIDANCE
\$200M-\$220M

FY22 EBITDA GUIDANCE
\$31-\$35M

INDUSTRY LEADING
SAFETY PERFORMANCE
AND CULTURE

CIRCA 90% OF
REVENUE IS FROM
GLOBAL MINING
MAJOR CLIENTS

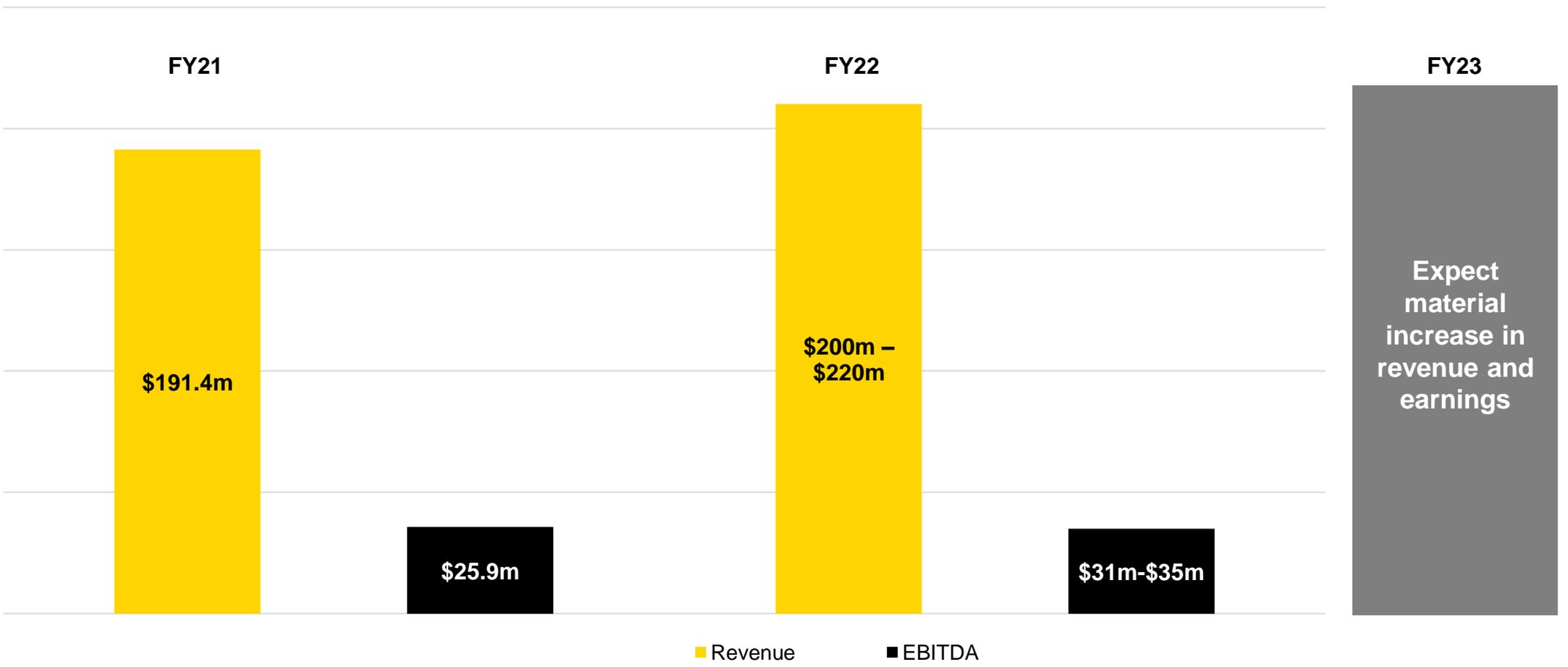
OVERVIEW

- High commodity prices driving **increasing demand for drilling services** from explorers through to multi-nation resource companies.
- Supply constraints on rigs is supporting **increased utilisation**, pricing and contract terms
- Company' organic growth strategy of pre-ordering new drilling rigs and upgrading technology ahead of current supply constraints and growing customer demand **positions the company strongly**
- High quality revenue streams and strong organic growth positions the Company to deliver **strong shareholder returns** through a focused capital management strategy
 - 90% of revenue is from global mining majors
 - Revenue is split 50% surface drilling 50% underground drilling
 - Gold represents circa 60% of revenue
 - 80% of revenue is from production, development and resource definition drilling



* Logos of current and previous global mining major clients

REVENUE AND EARNINGS GROWTH INTO FY23



MSV IS RETURNING FUNDS TO SHAREHOLDERS

A disciplined approach to capital management. Over the next two years MSV will significantly reduce the company's debt profile while paying strong dividends and buying back shares

BUY-BACK

Where appropriate, funds from rig sales (if any) will be utilised to buy-back shares

- Sale of 2 drill rigs bought for circa \$400k and just sold for \$2.5m will contribute toward the buy back
 - These were older rigs and the sale negated the need to spend \$1.8m on rebuilds
- Buyback has been initiated and shares are being bought back daily

DIVIDENDS

Dividends to be paid from earnings

- Formal dividend policy from 1 July 2022
- Up to 75% of the company's reported post tax profits will be paid to shareholders in the form of a dividend
- An interim dividend is intended to be declared with the company's half year results (expected February 2023)
- A final dividend is intended to be declared at the company's full year results (expected August 2023)

DEBT PROFILE

- Capital expenditure in FY23 to be limited where it makes sense to do so and will be cash funded
- Gross **debt will reduce materially** in FY23 to approximately \$27m (a reduction of ~36% year on year)
- Large portion of recent capital investment at **fixed interest rates** pre interest rate rises
- NAB is Mitchell Services house banker

With strong cashflow generation MSV has a target net debt level of \$15m by the end of FY24

	Balance 30/06/22	Estimated Balance 30/06/23	Average cost of debt	Fixed or variable interest rate
Equipment finance	\$35.2m	\$22.6m	4.9% pa	Fixed
Corporate Term Debt	\$7.7m	\$4.5m	4.3% pa	Variable*
Total	\$42.9m	\$27.1m	4.8% pa	Fixed/Variable

* Variable rate is based on BBSY plus 2.7% pa

STRONG CASH GENERATION IN FY23

A portion of free cashflows will be used to reduce leverage and the company has no present intention to raise equity to reduce leverage or for any other reason



**REVENUE
FY23**



**EBITDA
FY23**



**FUNDS FOR
RETURNS TO
SHAREHOLDERS
FY23**



**CAPEX
FY23**



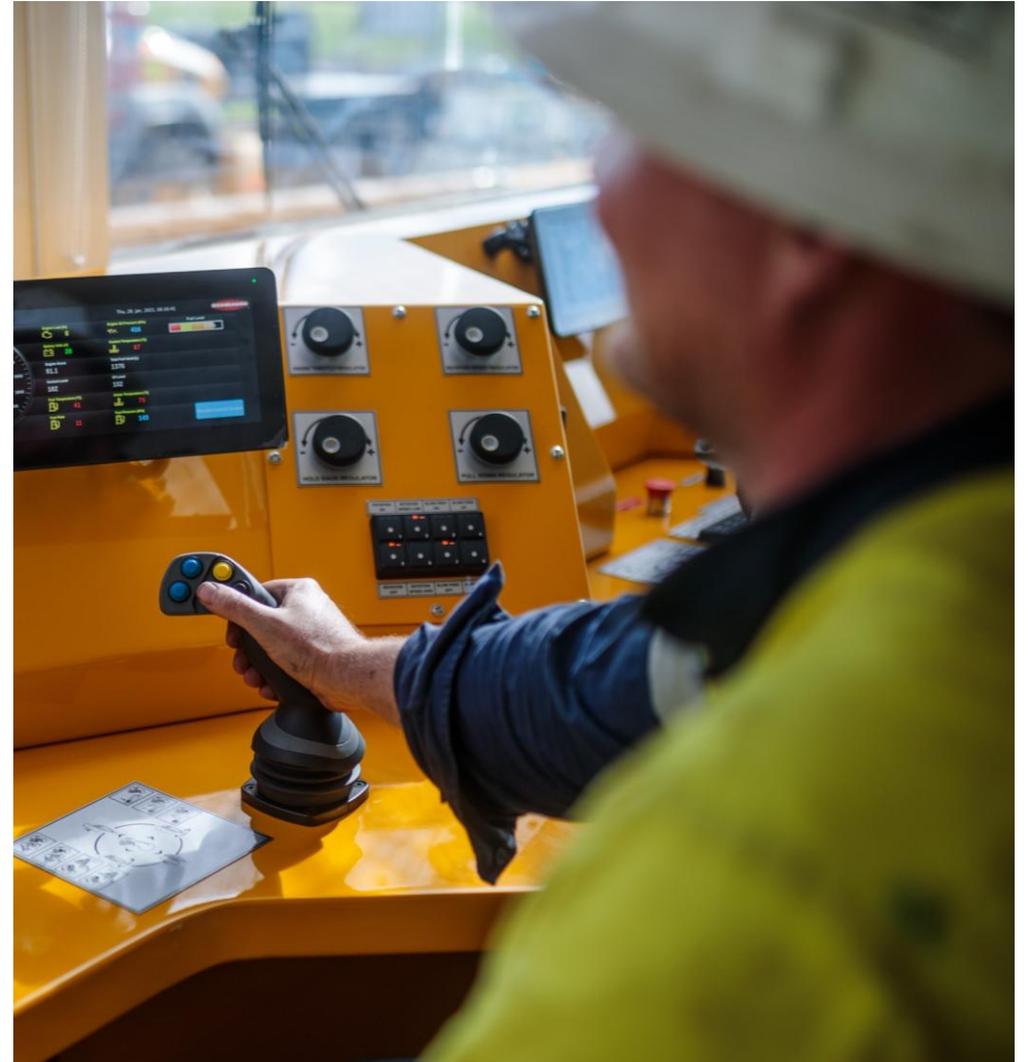
**DEBT
FY23**



WHY INVEST IN MITCHELL SERVICES?

- World class rig fleet
- Strong client base
- Revenue and earnings will grow materially year on year into FY23
- Focused capital management strategy over the next 2 years delivering:
 - Significant reduction in net debt to \$15m by the end of FY24
 - Expected cash flow to deliver strong dividends
 - Share buy-backs
- Equity price is low versus net tangible assets.
- Equity price is low versus traditional multiples

Targeting material shareholder returns via dividends and buybacks over the next two years



SUMMARY

- Mitchell Services expects to generate full year FY22 revenue and EBITDA of \$200m-\$220m and \$31m-\$35m respectively
- FY23 is expected to drive a **material year on year increase in earnings**
- Quality brand with long history and high quality revenue streams
- Strong cash flow generation
- Targeting **material shareholder returns** over the next two years
- Buy back has been initiated
- Interim and full year dividends moving forward
- **Compelling investment opportunity**

