

ANNUAL GENERAL MEETING 2022

16 November 2022



Mitchell
SERVICES



ASX:MSV

CEO PRESENTATION

Andrew Elf
Chief Executive Officer





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AGENDA

- 1. Market profile**

- 2. FY22 Business Summary**

- 3. Revenue and earnings growth into FY23**

- 4. Overview**

- 5. Strong cash generation in FY23**

- 6. MSV is returning funds to shareholders**

- 7. Why invest in Mitchell Services**

- 8. FY23 Q1 update**

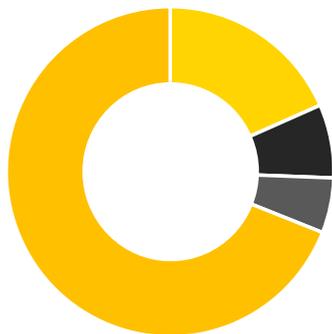
- 9. Summary**

MARKET PROFILE

ASX INFORMATION

ASX Stock Symbol	MSV
Shares on Issue (at 14/11/22)	222,394,033
Share Price (at 14/11/22)	A\$0.395
Market Capitalisation	A\$87.85m

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

FY22 BUSINESS SUMMARY

44,086 SHIFTS IN FY22

↑ 3.4%

FROM FY21

SAFETY PERFORMANCE

INDUSTRY LEADING
DRIVEN BY CRITICAL RISK
CONTROL VERIFICATION
PROGRAM

EXPERIENCED EMPLOYEES

750⁺

Currently over 800 employees

RIGS

100

FY22 REVENUE

\$213.4_M

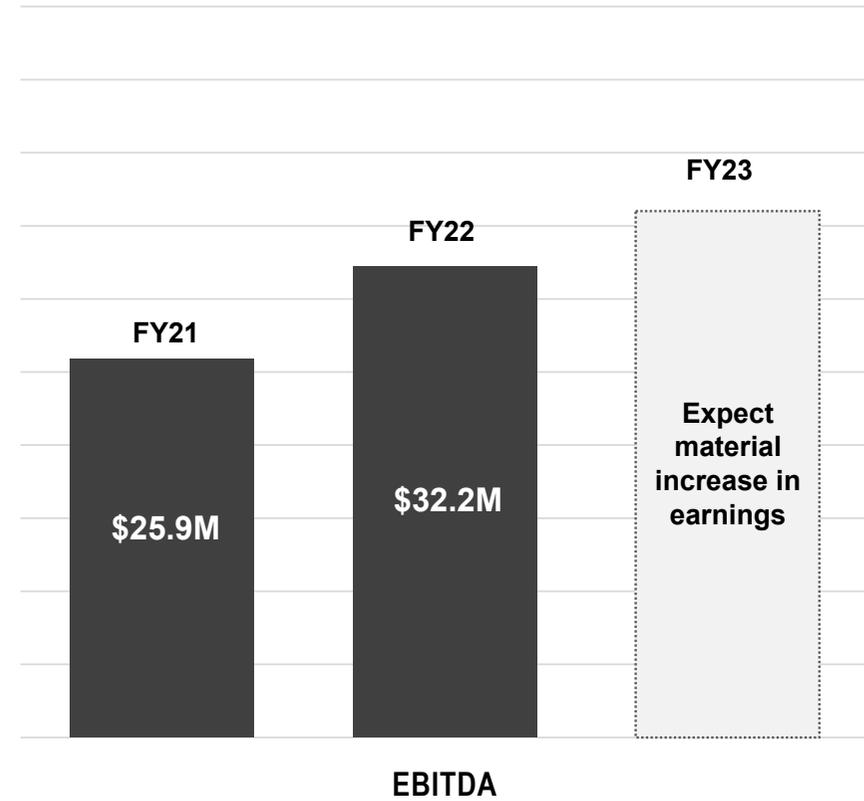
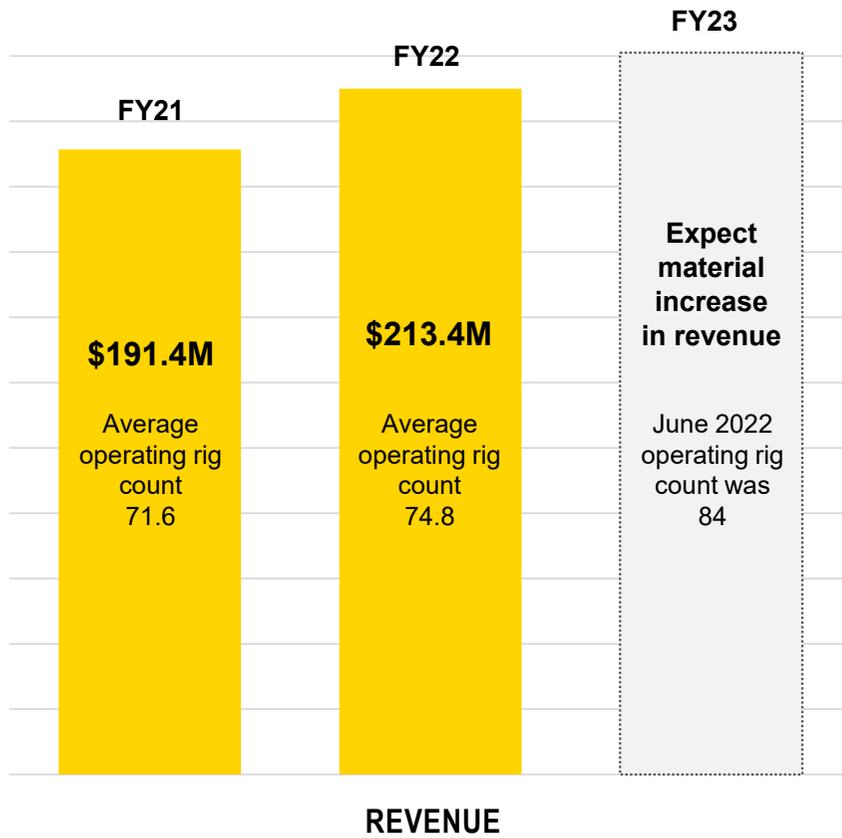
90% FROM GLOBAL MINING MAJORS

EBITDA OF \$32.2M IN FY22

↑ 24%

FROM FY21

REVENUE AND EARNINGS GROWTH INTO FY23





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's 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



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**



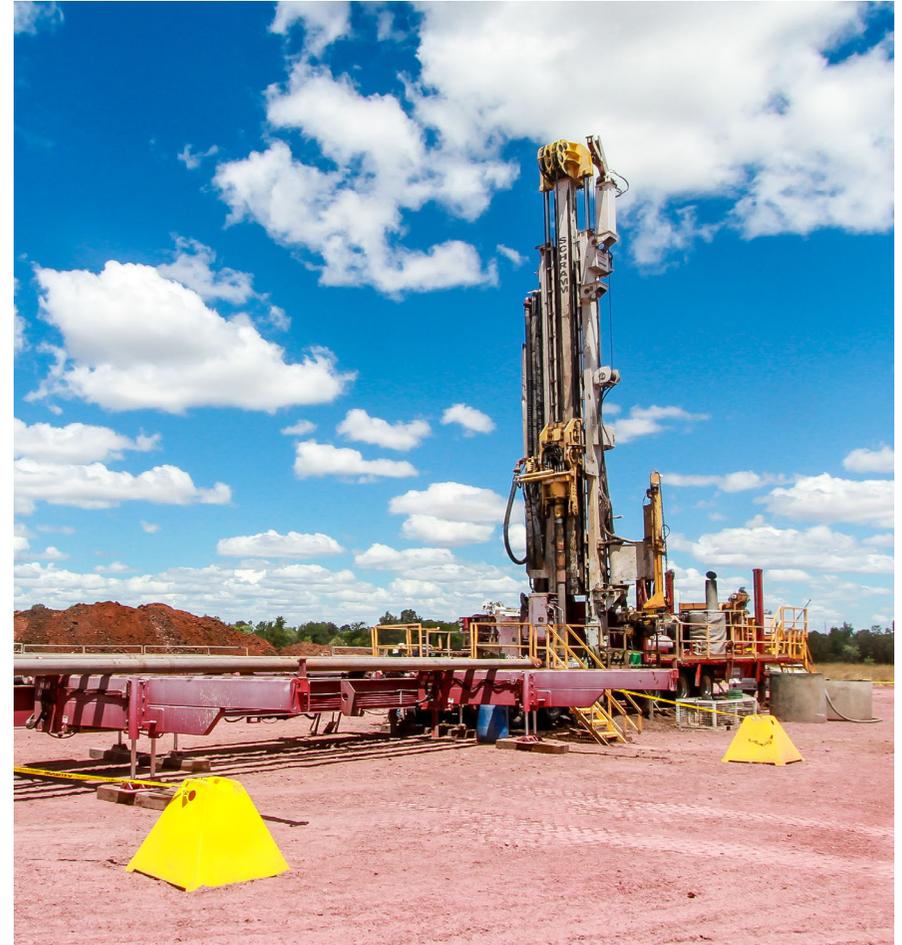
**FUNDS FOR
RETURNS TO
SHAREHOLDERS
FY23**



**CAPEX
FY23**



**DEBT
FY23**



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 recently 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
- Buy-back has been initiated and shares are being bought back daily
- Approximately 3m shares have been bought back at an average price of \$0.37

DIVIDENDS

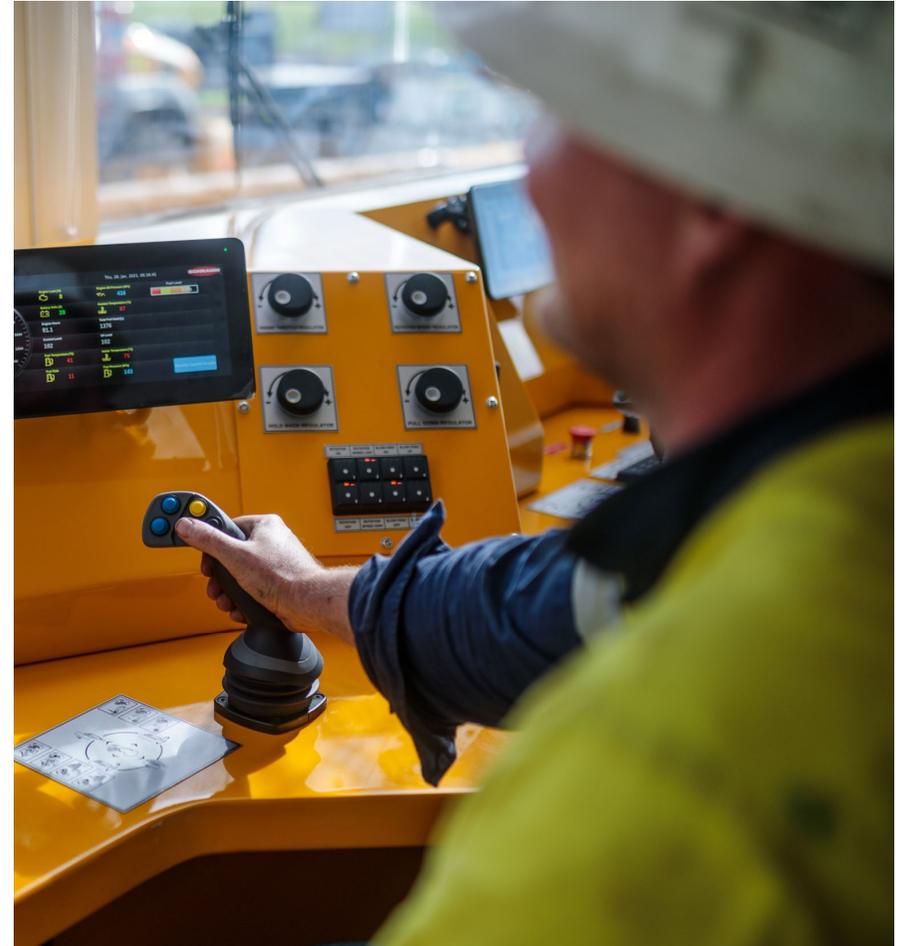
Dividends to be paid from earnings

- 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)

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 buy-backs over the next two years



FY23 Q1 UPDATE

RECORD REVENUE \$61.1m

↑ **16%**

FROM FY22Q1

81 AVERAGE OPERATING RIGS

↑ **17%**

FROM FY22Q1

EBITDA \$10.1m

↑ **24%**

FROM FY22Q1

CAPITAL INVESTMENT PROGRAM

COMPLETE WITH ALL 12 LF160 RIGS
OPERATING FOR GLOBAL MAJOR
MINERS

GROSS DEBT \$38.8m

↓ **10.6%**

FROM 30 JUNE 22

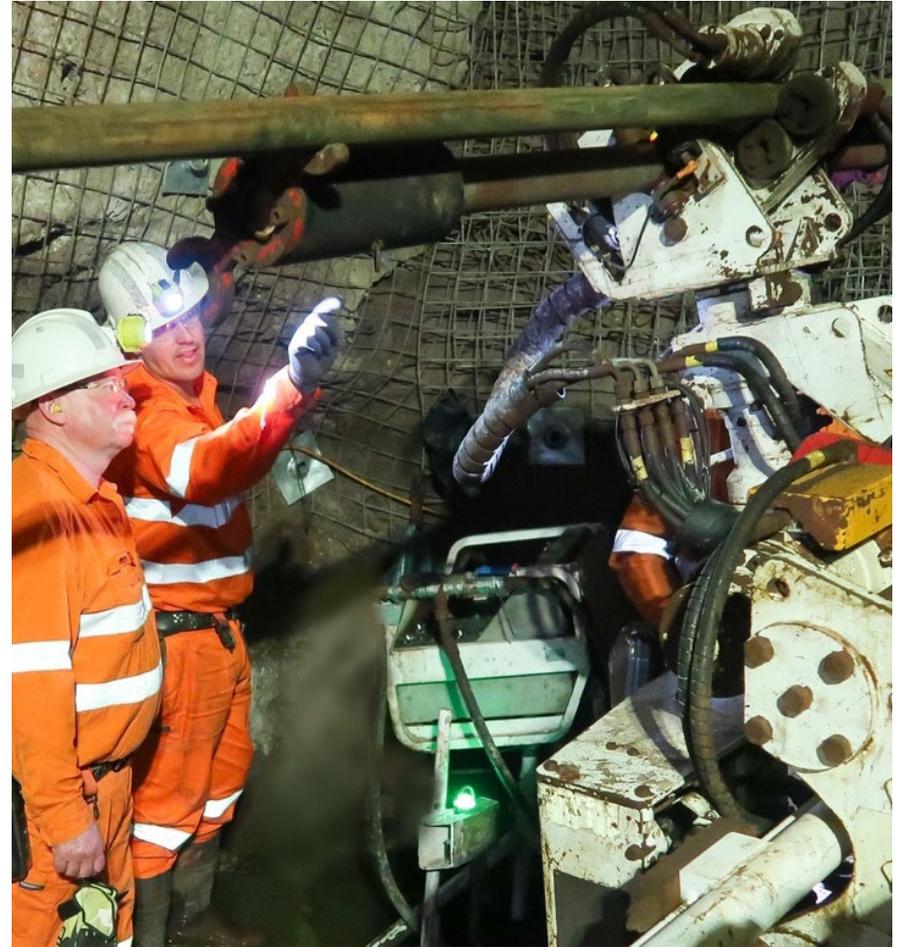
CAPEX \$3.6m

↓ **47%**

FROM FY22Q1

SUMMARY

- Mitchell Services generated FY22 revenue and EBITDA of \$213.4m and \$32.2m 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**



THANK YOU

