

# THE CAPITAL NETWORK INVESTOR PRESENTATION



**Mitchell**  
SERVICES

24 November 2022



ASX:MSV

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# AGENDA

**1. Market profile**

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**2. History**

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**3. FY22 Business Summary**

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**4. Revenue and earnings growth into FY23**

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**5. Overview**

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**6. Strong cash generation in FY23**

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**7. MSV is returning funds to shareholders**

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**8. Why invest in Mitchell Services**

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**9. FY23 Q1 update**

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**10. Summary**

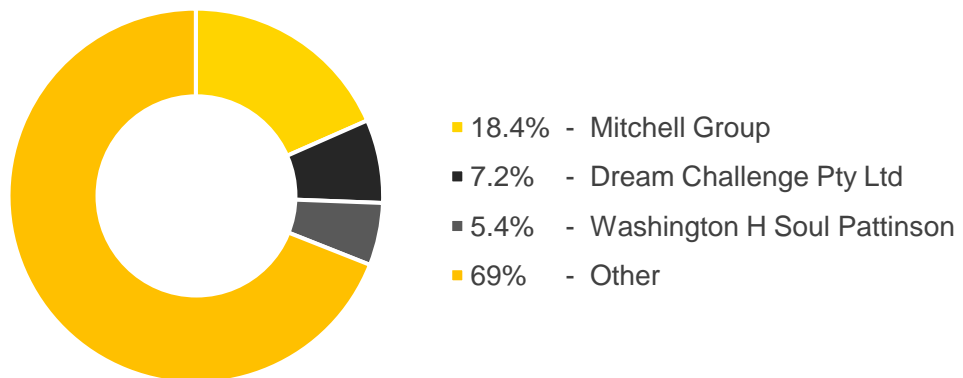
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# MARKET PROFILE

## 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



## BOARD OF DIRECTORS



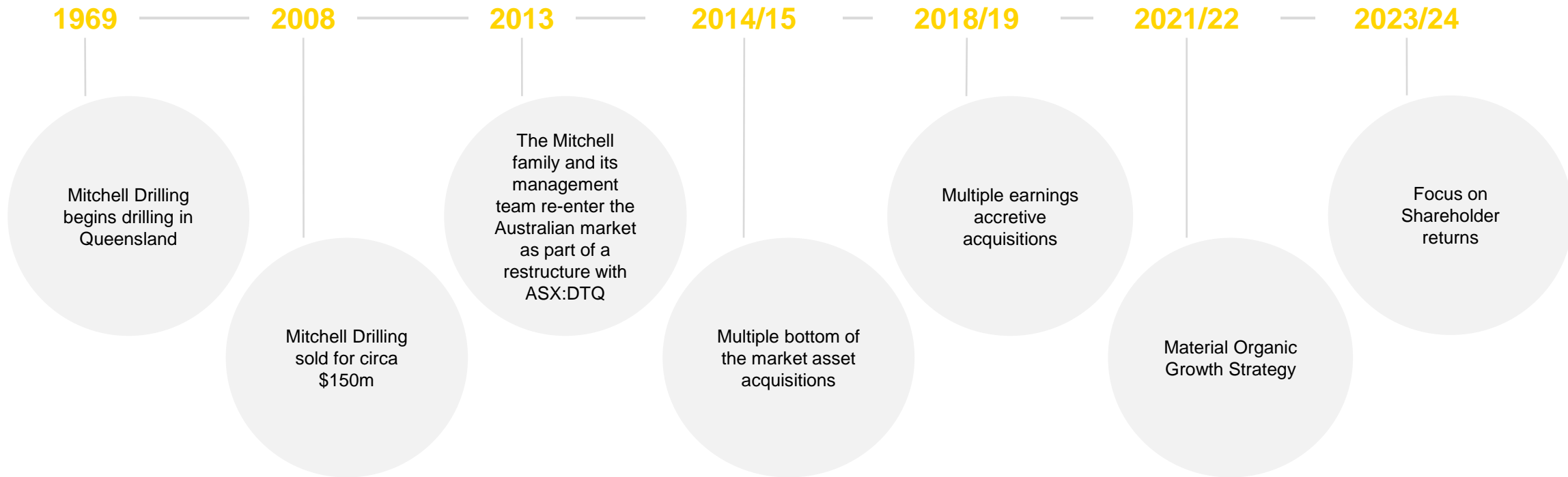
|                        |                        |
|------------------------|------------------------|
| <b>Nathan Mitchell</b> | Executive Chairman     |
| Scott Tumbridge        | Executive Director     |
| Peter Miller           | Non-Executive Director |
| Robert Douglas         | Non-Executive Director |
| Neal O'Connor          | Non-Executive Director |
| Peter Hudson           | Non-Executive Director |

## EXECUTIVE MANAGEMENT TEAM



|                   |                         |
|-------------------|-------------------------|
| <b>Andrew Elf</b> | Chief Executive Officer |
| Greg Switala      | CFO & Company Secretary |

# HISTORY OF MITCHELL SERVICES



## 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<sup>+</sup>

Currently over 800 employees

RIGS

100

FY22 REVENUE

\$213.4<sub>M</sub>

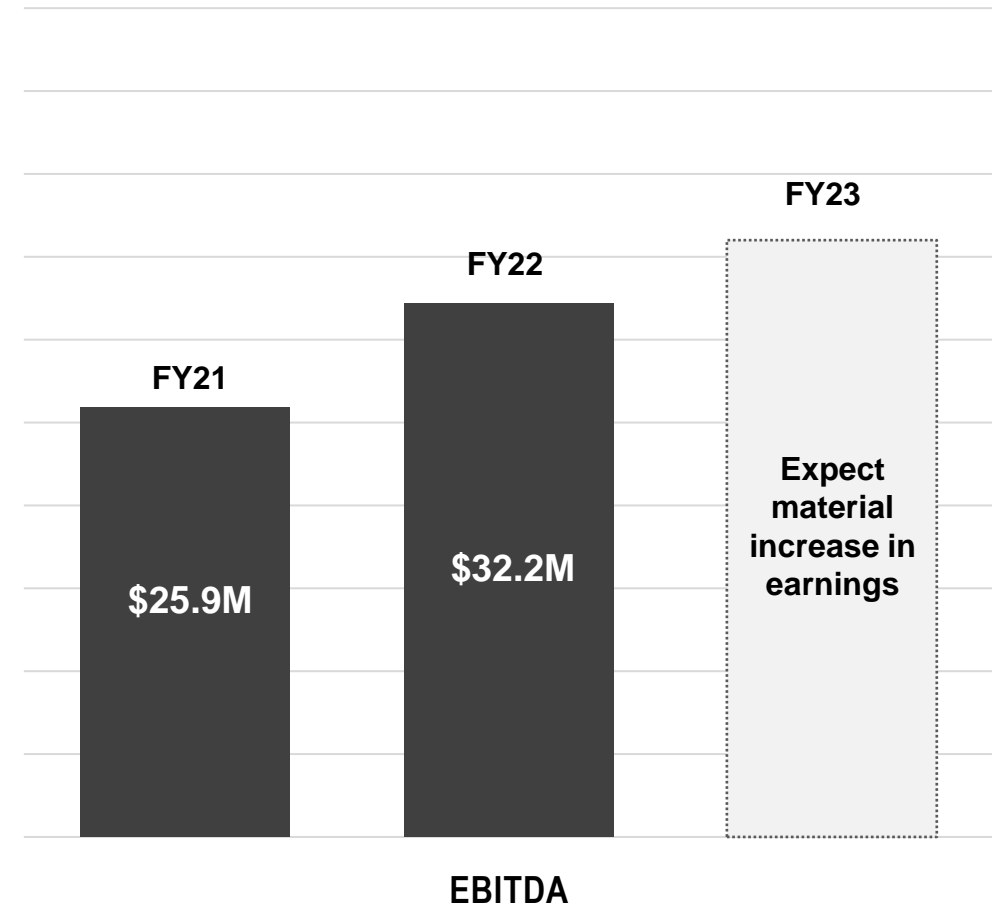
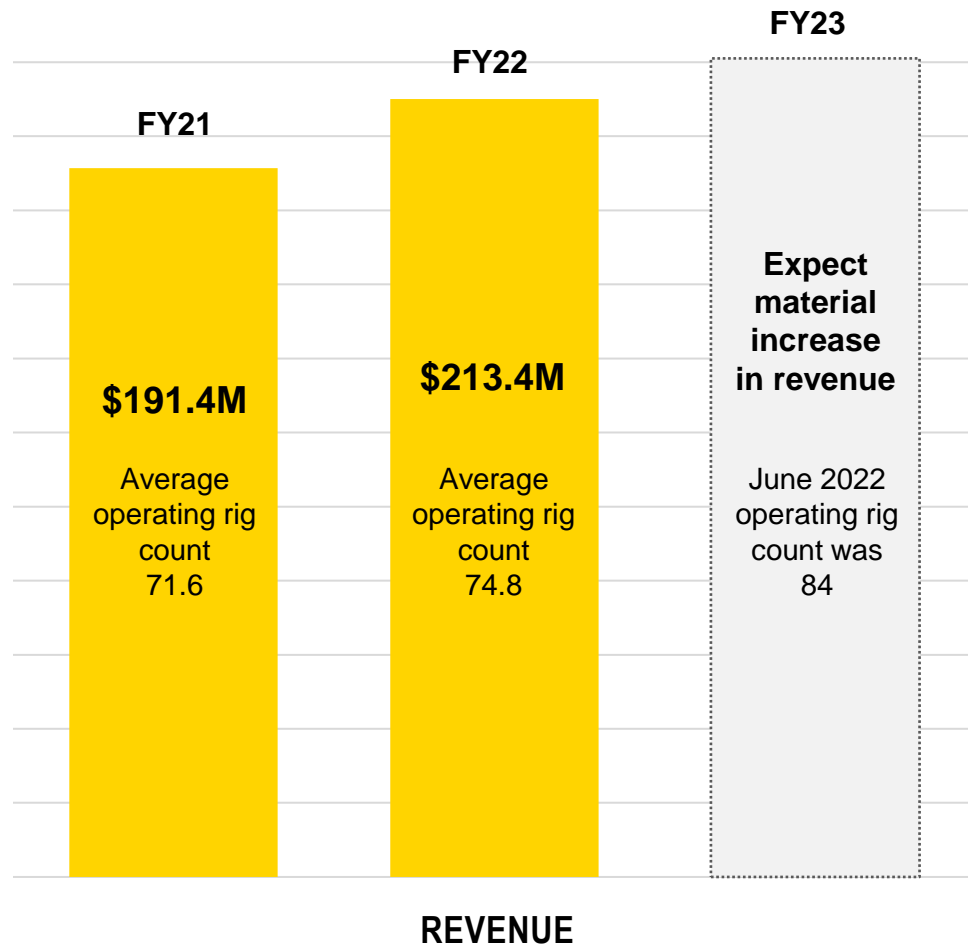
90% FROM GLOBAL MINING MAJORS

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

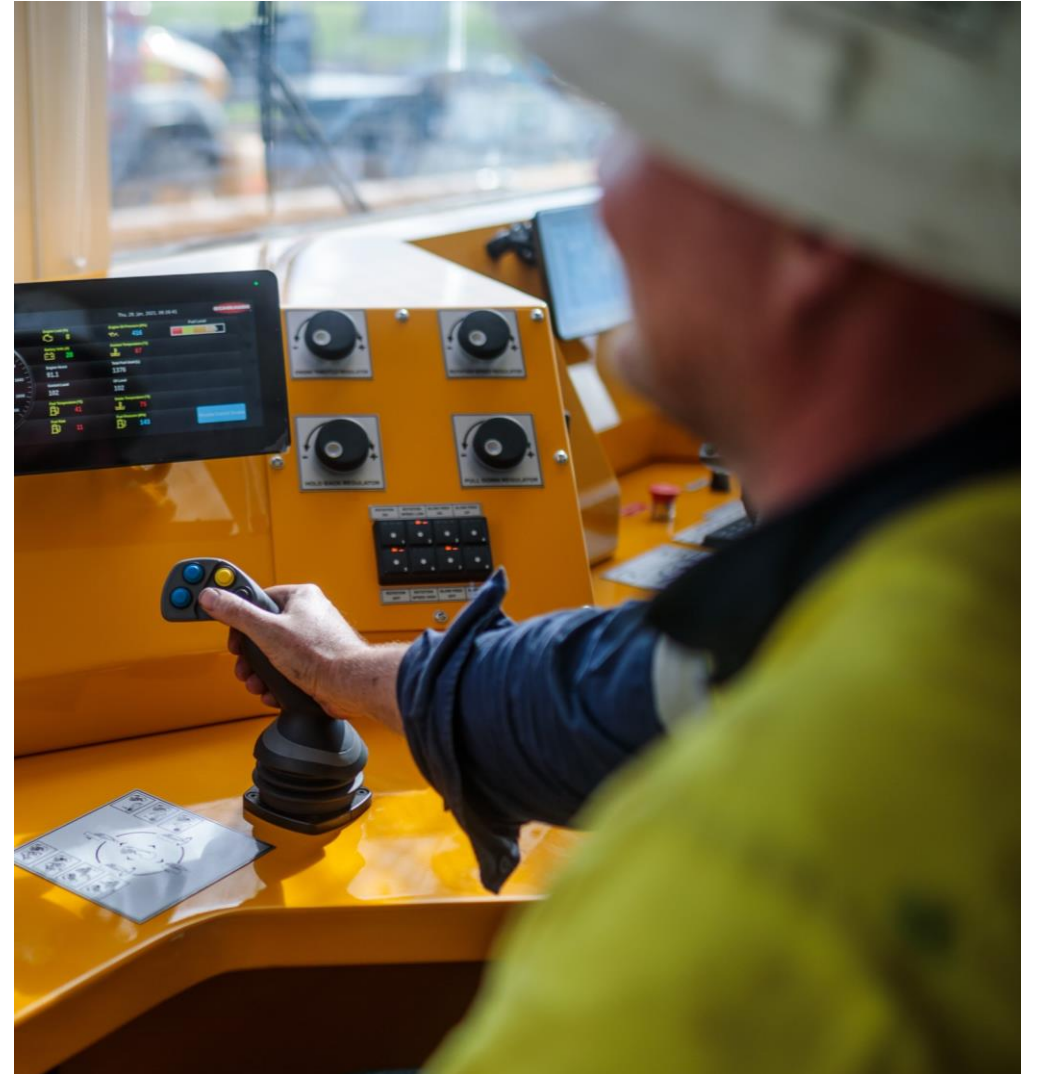
**Dividends to be paid from earnings**

- 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**

