FULL YEAR RESULTS

FINANCIAL YEAR 2023

ASX:MSV

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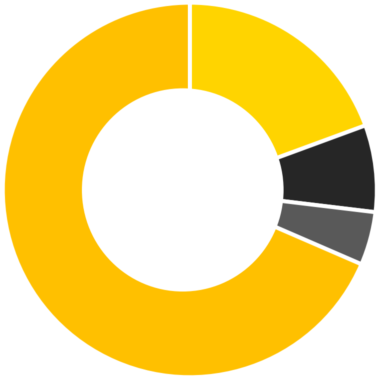
AGENDA

MARKET PROFILE

ASX INFORMATION

ASX Stock Symbol	MSV
Shares on Issue (at 21/08/2023)	215,827,424
Share Price (at 21/08/2023)	A$0.40
Market Capitalisation	A$86.3m

SHAREHOLDERS



- 19.4% - Mitchell Group
- 7.5% - Dream Challenge Pty Ltd
- 4.6% - Washington H Soul Pattinson
- 68.5% - Other

BOARD OF DIRECTORS

Nathan Mitchell	Executive Chairman
Scott Tumbridge	Non- 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

FY23 BUSINESS SUMMARY

RECORD REVENUE $243.1m

↑ 14%

FROM FY22

RECORD EBITDA $41.2m

↑ 28%

FROM FY22

PROFIT AFTER TAX $7.6m

↑ 100%

FROM FY22

OPERATING CASHFLOW $35.6m

↑ 60%

FROM FY22

SAFETY PERFORMANCE

INDUSTRY LEADING
DRIVEN BY CRITICAL RISK CONTROL VERIFICATION PROGRAM

RETURN ON INVESTED CAPITAL 12.5%

↑ 941%

FROM FY22

OVERVIEW

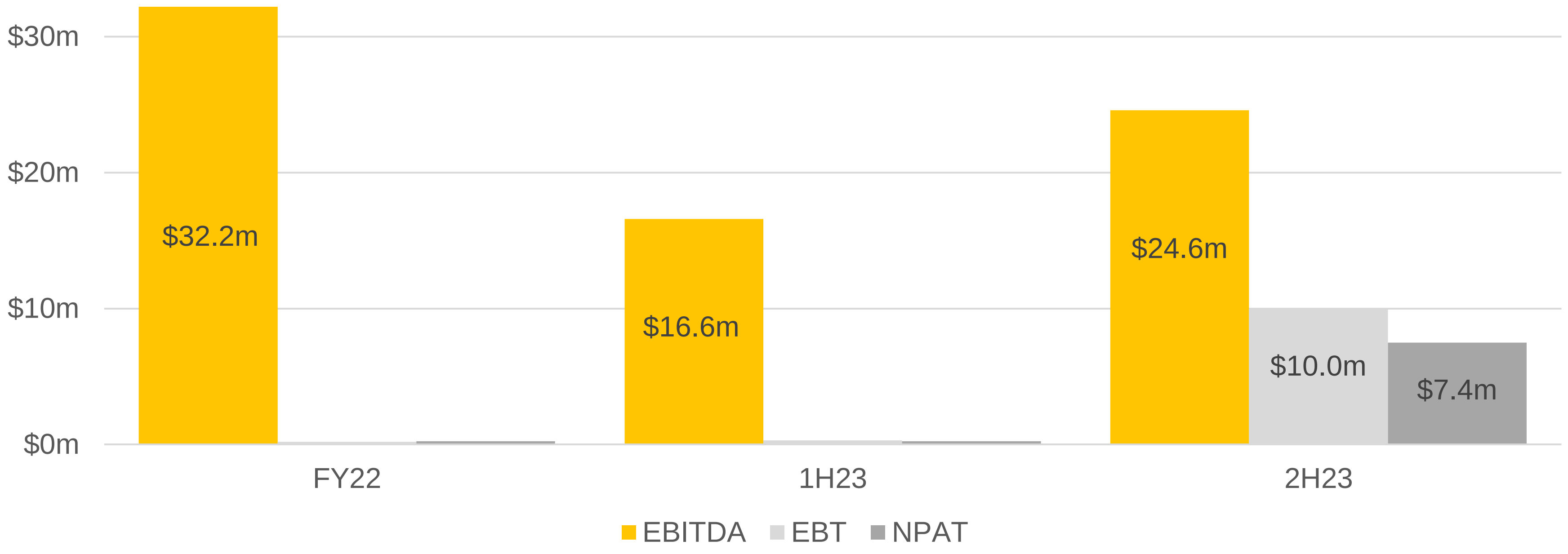
- High commodity prices driving continued **strong demand** for drilling services particularly for highly skilled specialist drilling services
- Inflationary pressures are **beginning to ease**
- Company's capital investment program is complete. All 12 LF160 rigs are working for global major miners and are **generating returns**
- High quality revenue streams and strong organic growth positions the Company to deliver **strong shareholder returns** through a focused capital management policy
    - 90% of revenue is from global mining majors
    - Revenue is split circa 50% surface drilling & 50% underground drilling
    - Gold represents circa 40% of revenue
    - 80% of revenue is from production, development and resource definition drilling

OPERATIONAL UPDATE

- Capital investment program to deliver MSV's organic growth strategy now complete
- All 12 new LF160 drill rigs now operating for global mining majors and have driven record annual revenue and EBITDA
- Multiple rainfall events and unplanned contract variations temporarily reduced operating margins in 1H23 during a period of significant mobilisations and de-mobilisations
- Full year EBITDA of $41.2m was significantly skewed to the 2nd half ($16.6m in 1H23 vs $24.6m in 2H23) which talks to the earnings capacity of the business when not negatively impacted by weather, contract variations etc.
- COVID and inflationary impacts in the business in FY23 were significantly reduced when compared to FY21 and FY22 levels
- Most contracts have had recent price resets with pricing for the balance of contracts expected to be reset in 1H24

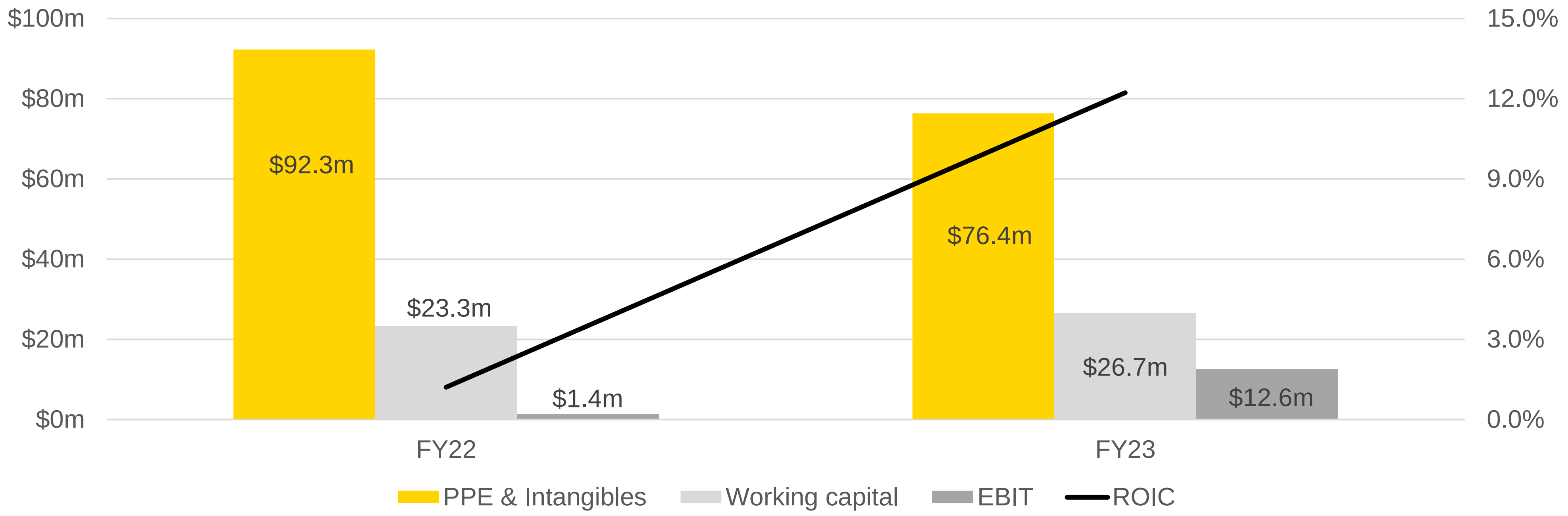
PROFIT AND LOSS

Exceptional second half performance



- The strong second half profit of $7.4m talks to the full year earnings potential of the business
- The FY23 second half EBT improvement of $10.0m represents 125% of the improvement in EBITDA
- In addition to the stronger EBITDA, the improved EBT performance was also driven by lower levels of depreciation, amortisatio n and interest.

RETURN ON INVESTED CAPITAL



- ROIC increased exponentially from 1.2% in FY22 to 12.5% in FY23
- ROIC is expected to increase materially as EBIT continues to increase ($12.6m in FY23 vs $1.4m in FY22) and as the PPE asset base continues to decrease (through depreciation and lower levels of capex).

BALANCE SHEET

FY23 OPERATING RESULT HAS MATERIALLY STRENGTHENED THE BALANCE SHEET

- The net asset position has improved by circa 9%
- No current intention to raise equity to further strengthen balance sheet or for any other reason.
- Net current asset position has strengthened by 25% from 0.96 times at 30 June 22 to 1.20 times at 30 June 23
- Overall working capital investment beginning to normalise following temporary requirements that were necessary to fund growth in revenue and new contract inventory

	30 Jun 23	30 Jun 22	Change
	$000's	$000's	%
Balance Sheet Summary			
Current assets	56,782	49,208	15.4
Non-current assets	77,823	94,077	(17.3)
Total assets	**134,605**	**143,285**	**(6.1)**
Current liabilities	47,454	51,006	(7.0)
Non-current liabilities	20,051	30,533	(34.3)
Total liabilities	**67,504**	**81,538**	**(17.2)**
Net assets	**67,100**	**61,747**	**8.7**
Working Capital Summary			
Receivables	34,546	36,003	(4.0)
Prepayments & other assets	2,284	2,224	2.7
Inventories	8,845	7,237	22.2
Trade & other payables	(19,005)	(22,131)	(14.1)
Working Capital Investment	**26,670**	**23,333**	**14.3**

CASH FLOW

SIGNIFICANTLY IMPROVED CASH CONVERSION RATIO

- As temporary working capital requirements reduced, FY23 operating cashflows began to normalise.
- The EBITDA to cash conversion ratio in the second half of FY23 was 109%
- FY23 Cashflow from operating activities was $35.6m representing a 60.4% improvement on FY22.
- Cashflows from investing activities in FY23 included a third and final earnout payment in relation to the Deepcore acquisition of $0.2m.
- Having benefited from the recent ATO instant asset write-off program, MSV expects no tax payments until at least FY25

OPERATING CASH FLOW SUMMARY

	FY23	FY22	Change
	$000's	**$000's**	**%**
Receipts from customers	266,841	232,495	14.8
Payments to suppliers / employees	(228,965)	(210,162)	(8.9)
Cash generated from operations	**37,876**	**22,333**	**69.6**
Interest & other financing costs	(2,248)	(1,656)	(35.7)
Income tax refunded	-	1,539	(100)
Cash flow from operating activities	**35,628**	**22,216**	**60.4**
EBITDA	41,167	32,153	28
Cash Conversion Ratio (CCR)	**87%**	**69%**	**25.3**

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DEBT PROFILE

CONTINUED REDUCTION IN DEBT AND LEVERAGE

- FY23 performance delivered a 55% reduction in net debt
- MSV remains on track to reach its net debt target of $15m by 30 June 2024
- Current blended average cost of debt is approximately 5.37% p.a with the significant majority fixed prior to recent rate increases
- MSV has access to a $15m working capital facility (undrawn) to fund any working capital requirements with new or expanding contracts
- On a gross debt and historical EBITDA basis, Operating Leverage is now circa 0.7 times

FACILITY

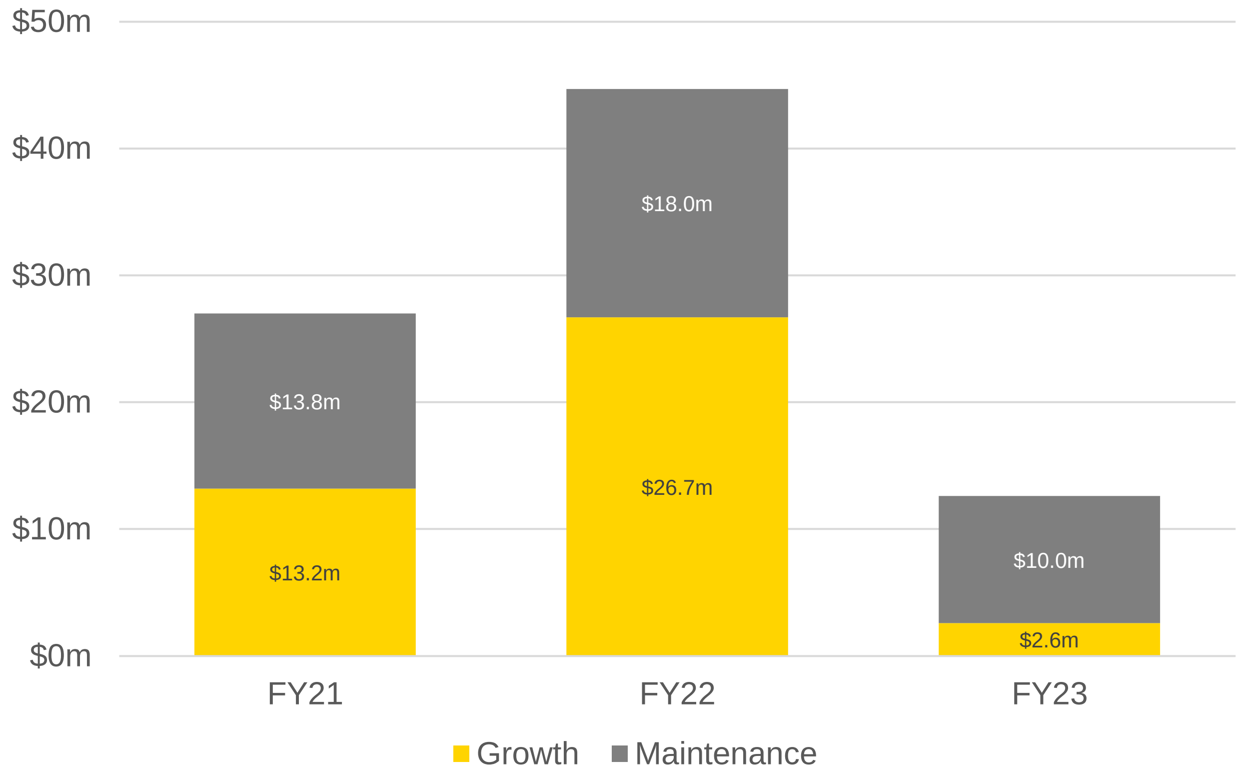
	30 Jun 23	30 Jun 22	Movement
	$000's	**$000's**	**$000's**
Equipment finance	24,217	35,189	(10,972)
Corporate/acquisition loan	4,533	7,733	(3,200)
$15m overdraft/working capital	-	-	-
Gross debt	**28,750**	**42,922**	**(14,172)**
Cash on hand	11.108	3,742	7,366
Net debt	**17,642**	**39,180**	**21,538**

CAPITAL EXPENDITURE

MATERIAL REDUCTION IN CAPEX IN FY23

- Pursuant to a structured capital management policy, capex has decreased significantly in FY23 vs FY22 whilst maintaining excellent productivity, mechanical availability and safety performance
- The timing of the organic growth strategy and capital investment program in FY22 allowed Mitchell Services to take advantage of the cash flow benefit associated with the ATO's instant asset write off program
- Maintenance capital expenditure will continue to be deployed as required with growth capital expenditure limited where it makes sense to do so

YEAR ON YEAR CAPITAL EXPENDITURE



CAPITAL MANAGEMENT UPDATE

The Company is committed to returning surplus cash to shareholders under a capital management policy with the following summarised key terms.

- The Company will prioritise a portion of free cash flow to reduce leverage and has set a net debt target of $15.0m by 30 June 2024 (current net debt $17.6m)
- A portion of free cashflows generated from earnings will be returned to shareholders via a dividend with up to 75% of post tax profits available for distribution under the current dividend policy
- MSV will continue to apply a portion of completed equipment sales and any future potential asset sales to the on-market share buy back when considered appropriate
- MSV has returned approx. $8.5m to shareholders based on the FY23 final dividend plus payments for shares bought back to date under the buyback.

FY23 CAPITAL MANAGEMENT PERFORMANCE

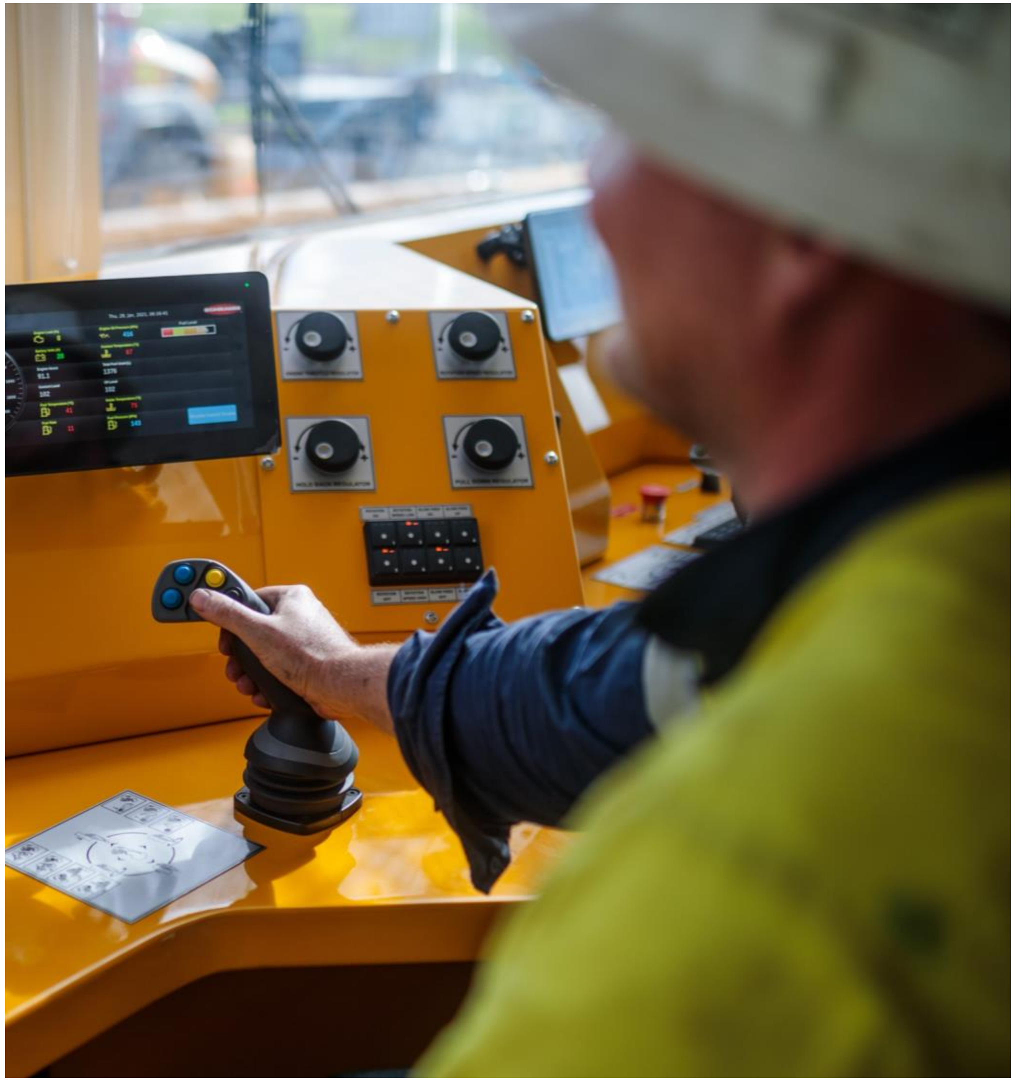
Prioritise leverage reduction	Sensible Capex allocation	Dividends	Share buy-backs*
NET DEBT $17.6m	**CAPEX $12.6m**	**FINAL DIVIDEND OF 2.08cps**	**BUYBACK PAYMENTS $4.0m**
↓ 55% FROM FY22	↓ 71% FROM FY22	↑ 100% FROM FY22	Representing a **capital reduction** of approx. **4%** based on the number of shares on hand at the time the buyback was implemented

*based on the number of shares bought back at 22 August 2023

WHY INVEST IN MITCHELL SERVICES?

- Our culture and safety performance
- World class rig fleet
- Strong client base
- Earnings expected to increase into FY24
- Focused capital management strategy delivering:
  - 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



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DEFINITIONS

Capex	Capital expenditure
Cash Conversion Ratio	The ratio of A to B; where A is the reported cash flows from operating activities (excluding interest and income tax paid) and B is the reported EBITDA
EBITDA	Earnings before interest, tax, depreciation and amortisation; calculated as NPAT plus income tax expense plus finance charges plus depreciation expense plus amortisation of intangibles
EBITDA Margin	EBITDA divided by reported revenue expressed as a percentage
EBIT	Earnings before interest and tax; calculated as NPAT plus income tax expense plus finance charges
EBIT Margin	EBIT divided by reported revenue expressed as a percentage
Gross Debt	Total principal balances outstanding on all bank loans, equipment finance facilities, hire purchase agreements, working capital facilities and overdrafts
Net Debt	Gross Debt less cash and cash equivalents on hand
NPAT	Net profit after tax; calculated as statutory reported profit before income tax less income tax expense
NPBT	Net profit before tax; calculated as NPAT plus income tax expense
ROIC	EBIT divided by (net PPE plus intangibles plus working capital)

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