

ANNUAL GENERAL MEETING 2023

25 October 2023



Mitchell
SERVICES



ASX:MSV

CEO PRESENTATION

Andrew Elf
Chief Executive Officer





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2. FY23 BUSINESS SUMMARY

3. OVERVIEW

4. OPERATIONAL UPDATE

5. CAPITAL MANAGEMENT UPDATE

6. FY23 CAPITAL MANAGEMENT PERFORMANCE

7. FY24 Q1 UPDATE

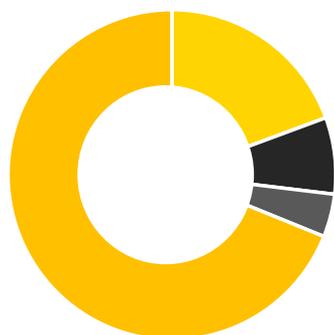
8. SUMMARY

MARKET PROFILE

ASX INFORMATION

ASX Stock Symbol	MSV
Shares on Issue (at 23/10/2023)	215,748,123
Share Price (at 23/10/2023)	A\$0.355
Market Capitalisation	A\$76.59m

SHAREHOLDERS



- 19.4% - Mitchell Group
- 7.5% - Dream Challenge Pty Ltd
- 4.2% - Washington H Soul Pattinson
- 68.9% - 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

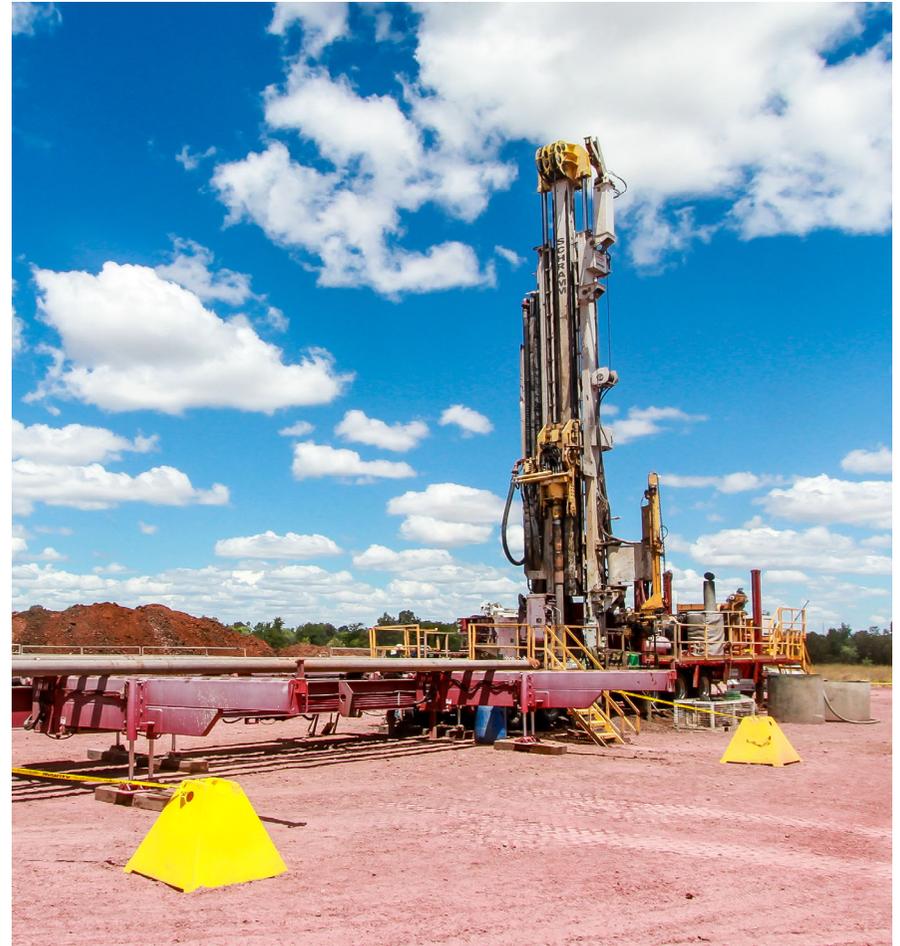
- Capital investment program to deliver MSV's organic growth strategy now complete
- All 12 new LF160 drill rigs now operating for global mining majors and have driven record annual revenue and EBITDA
- Multiple rainfall events and unplanned contract variations temporarily reduced operating margins in 1H23 during a period of significant mobilisations and demobilisations
- 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



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%	↓ 71%	↑ 100%	Representing a capital reduction of approx. 4% based on the number of shares on hand at the time the buyback was implemented
FROM FY22	FROM FY22	FROM FY22	

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

FY24 Q1 UPDATE

REVENUE \$64.8m

↑ **6%**

FROM FY23Q1

EARNINGS BEFORE TAX \$4.8m

↑ **178%**

FROM FY23Q1

OPERATING CASH FLOW \$10.3m

↑ **243%**

FROM FY23Q1

SAFETY PERFORMANCE

WINNER OF PRESTIGIOUS NATIONAL
SAFETY AWARD WITH COMPETITION
ACROSS ALL INDUSTRIES

NET DEBT \$18.3m*

↑ **4%**

FROM 30 JUNE 23

ANUALISED ROIC 20.1%

↑ **148%**

FROM FY23Q1

*reflects combined dividend and share buyback payments of approx. \$6.0m post 30 June 2023

SUMMARY

- MSV generated FY23 EBITDA and NPAT of \$41.2m and \$7.6m respectively
- High commodity prices driving continued **strong demand** for drilling services particularly for highly skilled specialist drilling services
- Quality brand with long history and high-quality revenue streams
- Most contracts have had recent price resets with pricing for the balance of contracts expected to be reset in 1H24
- Inflationary pressures are **beginning to ease**
- Net debt has decreased by 55% since 30 June 2022 and the Company remains on track to reach its net debt target of \$15.0m by 30 June 2024
- MSV has returned approx. \$8.5m to shareholders based on the FY23 final dividend plus payments for shares bought back under the buyback.
- Solid FY24 Q1 result with ROIC and EBT leverage beginning to play out

