

15 April 2020



**Mitchell**  
SERVICES

## Mitchell Services Limited (ASX:MSV)

### Quarterly Investor Update

Mitchell Services Limited recorded strong FY20 Q3 operating and financial performance:

- Revenue \$51.8m
- EBITDA \$10.1m
- Operating cash flow \$7.4m
- Operating cash conversion ratio 73%
- Net Debt reduction of 16% since 31 December 2019

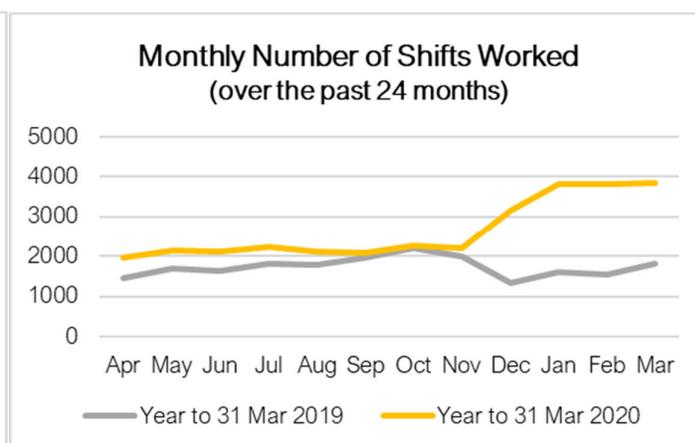
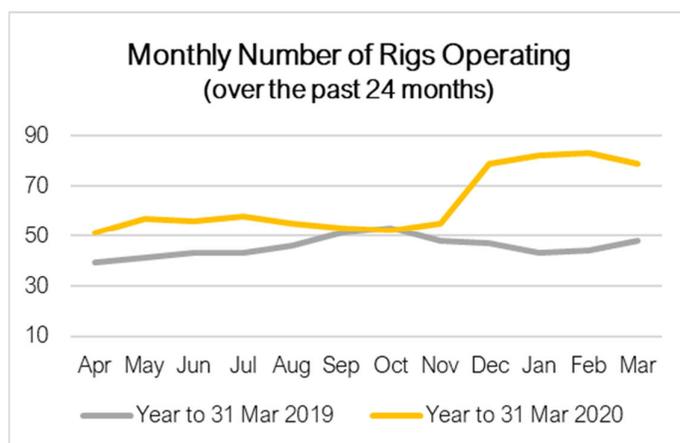
Dear Shareholder,

I am pleased to provide the following investor update for the quarter ending 31 March 2020 (**FY20 Q3**) for Mitchell Services Limited (**the Group**) based on the Group's un-audited management accounts. The Group has once again delivered a strong performance during FY20 Q3.

The FY20 Q3 result includes a full quarter's contribution from Deepcore Drilling (which was acquired on 29 November 2019) and I am pleased to inform shareholders that the Deepcore Drilling business is performing safely, efficiently and in line with expectations.

As utilisation and productivity levels continue to improve amid favourable market conditions and following the recent Deepcore Drilling acquisition, FY20 Q3 has seen significant increases in revenue, EBITDA, operating rigs and shift numbers when compared to the same quarter last year (FY19 Q3) as the below tables illustrate.

	FY20 Q3	FY19 Q3	Movement	Movement %
Average operating rigs	81.3	45.0	36.3	80.7%
Number of shifts	11,472	4,975	6,497	130.6%
Revenue (\$'000s)	51,806	25,851	25,955	100.4%
EBITDA (\$'000s)	10,045	4,109	5,936	144.5%
Operating cash flow (\$'000s)	7,351	3,273	4,078	124.6%



The following table summarises the year to date un-audited financial and operating results as at 31 March 2020. It is pleasing to note that the Group's net debt decreased by 16% from 31 December 2019 to 31 March 2020. At the current level of \$33.3m, net debt is well under one-times EBITDA on a forecast forward basis.

### Un-audited FY20 year-to-date information as at 31 March 2020

	FY20 Q1	FY20 Q2	FY20 Q3	FY20 YTD
Average operating rigs	55.3	62.2	81.3	66.3
Number of shifts	6,427	7,642	11,472	25,541
Revenue (\$'000s)	33,454	39,529	51,806	124,789
EBITDA (\$'000s)	6,247	7,901	10,045	24,193
EBITDA (%)	18.7%	20.0%	19.4%	19.4%
Operating cash flow (\$'000s)	5,674	8,338	7,351	21,363
Annualised revenue per rig (\$'000s)	2,420	2,542	2,549	2,510
Net debt (\$'000s)	12,695	39,487	33,266	33,266

### COVID-19 update

The health and wellbeing of Mitchell Services' employees, their families, our clients and the broader community remains our highest priority and we are committed to doing all we can to assist in reducing the spread of the COVID-19 virus. We are working closely with government, various specialist organisations, clients and all stakeholders to limit the spread of the virus through active preventative measures.

To date, the virus-related impacts on the business have been limited.

On certain sites, rigs that were deemed non-essential have ceased operating on a temporary basis. Given the fact that the majority of the Group's rigs operate on existing mine sites and are closely linked to production, the number of affected rigs is relatively small.

Inter-state border restrictions and reductions in domestic airline capacity represent our largest operational challenges at present for a business that, in certain instances, is reliant on its fly-in-fly-out workforce. To date this has been well managed, and I couldn't be prouder of all our teams. We have secured the supply of alternative forms of transport and accommodation including charter flights and busses where appropriate. A significant number of employees have volunteered to reside in accommodation near the site on which they ordinarily work to avoid the need to travel by air and cross inter-state borders. In certain instances, this has meant leaving their families behind in the state in which they usually reside – a gesture that I am extremely grateful for.

Thank you to everyone for their ongoing support during these unprecedented times. Stay safe. Stay well.

Yours faithfully,



**Andrew Elf**  
Chief Executive Officer