

# NOOSA MINING CONFERENCE

16 July 2021



**Mitchell**  
SERVICES



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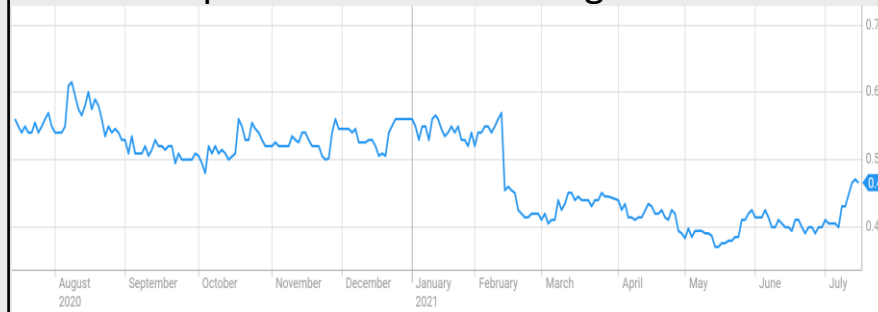
# MITCHELL SERVICES MARKET PROFILE

## ASX Information

ASX Stock Symbol	MSV
Shares Issued	199,954,290
Share Price (at 14/07/2021)	A\$0.47
Market Capitalisation	A\$93.97m

## Share Price Movement

Share price movement rolling 12 months



## 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

# PEOPLE, RISK AND SUSTAINABILITY


- Implemented critical risk management program. Infield program designed to verify the presence and effectiveness of critical control measures to prevent life changing injuries and fatalities
- Covid 19 has continued to present logistical changes but credit to our entire team who have continued to deliver safe and efficient services to our clients
- Developed and released a Modern Slavery Statement

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# FATAL 8

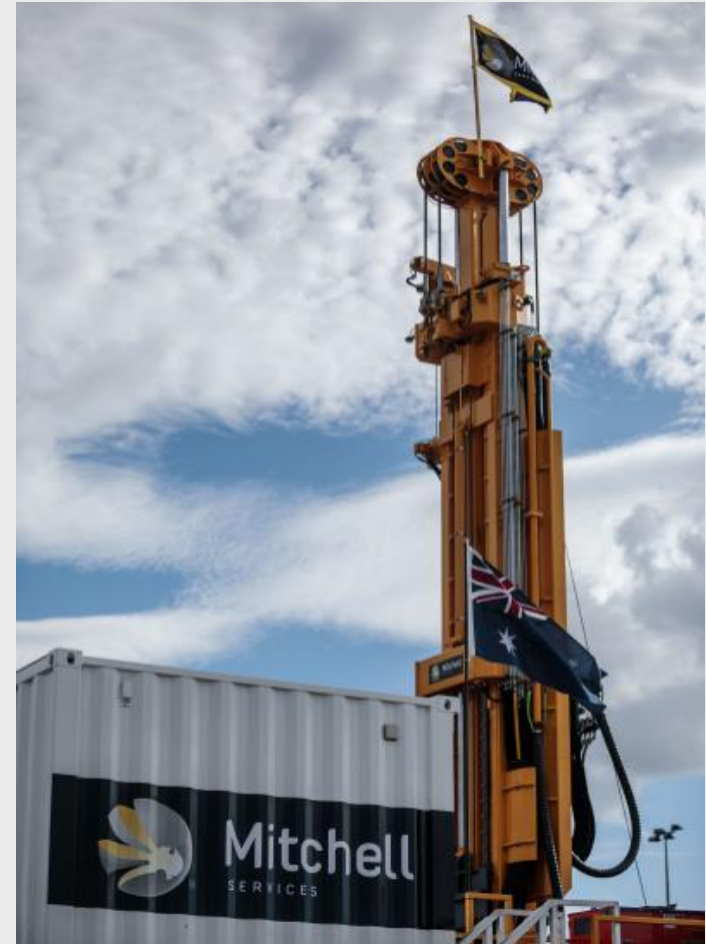
1. Driving
2. Plant & Equipment Operation
3. Entanglement in Rotating Equipment
4. Lifting Operations
5. Electrical Energy
6. Working at Heights
7. Hazardous Materials
8. Stored Energy Sources



A failure to control these risks could lead to serious injury or death.

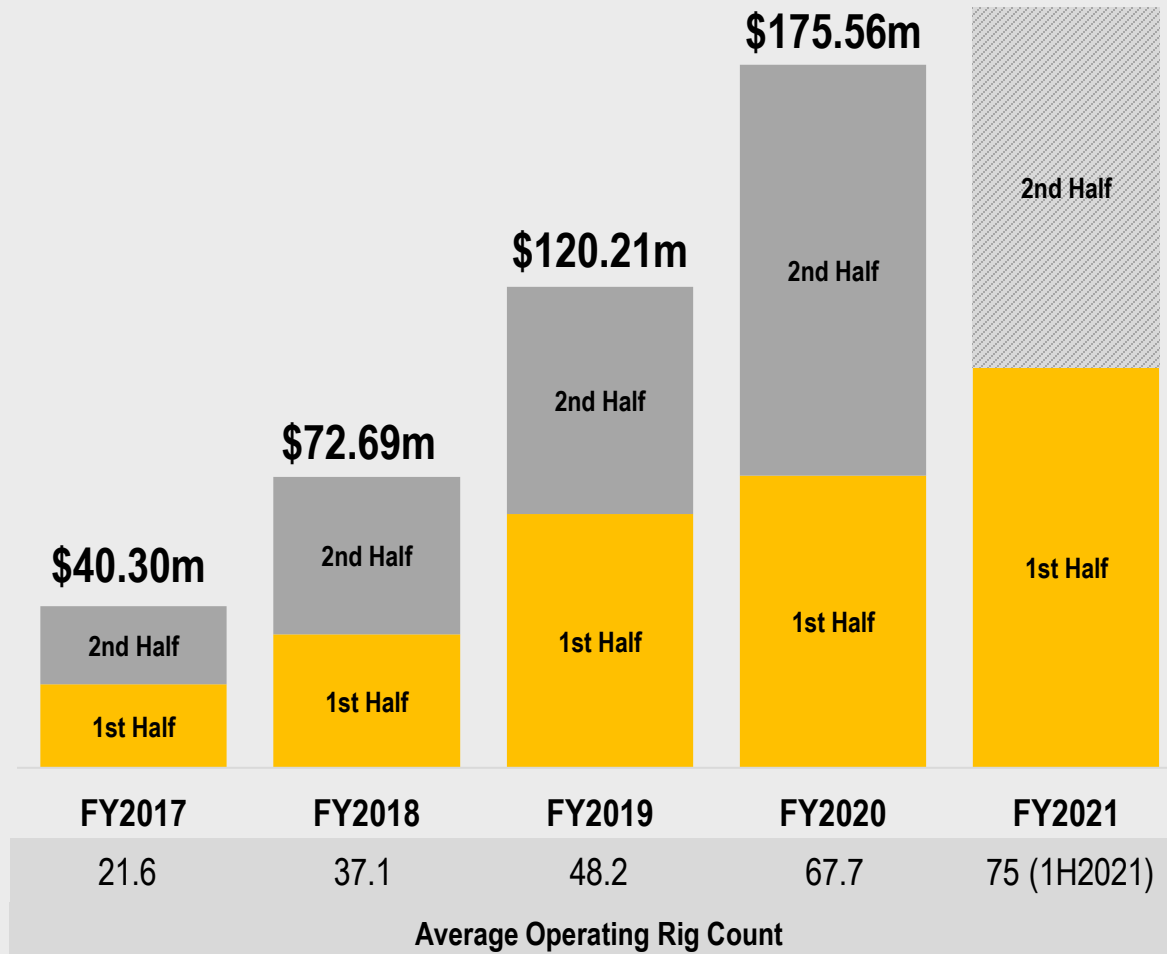
# HIGHLIGHTS

- **Strong underlying performance** excluding impairment loss on trade receivables. Solid operating base to move forward on in a strong market
- Safe and efficient demobilisation from SMS project. Three Epiroc D65 drill rigs from this project were sold for approximately \$3.5m with **proceeds used to repay equipment finance debt**
- **SMS Settlement Agreement reached. \$5m.**
  - \$3m in July
  - \$1m in September
  - \$1m in December
- Asset recycling program placed on hold to **deploy more rigs to satisfy increasing demand** for services





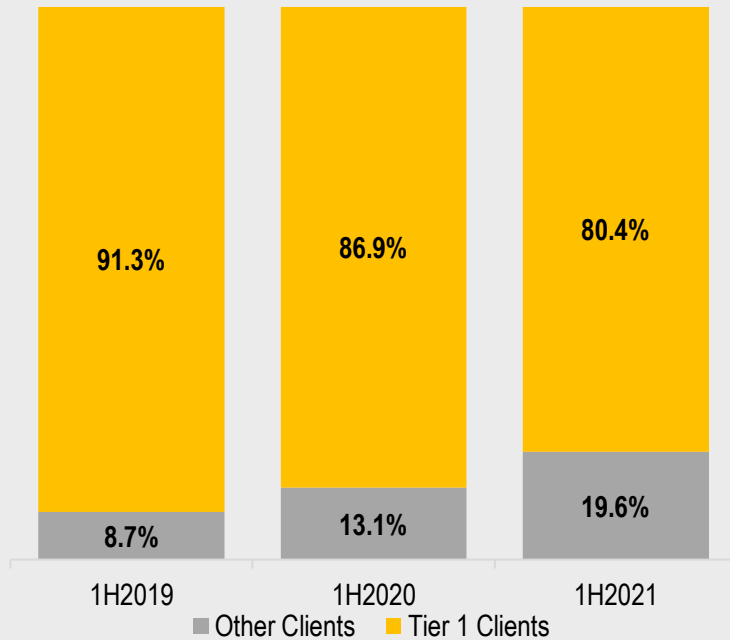
# IMPACT OF INCREASED UTILISATION ON REVENUE



- Average operating revenue per rig continued to increase due to improved productivity, pricing and drilling mix
- Mitchell Services anticipates further increases in operating rig count in FY2022
- Operating rig count subject to change due to seasonality or other factors
- 96 rigs in fleet

# HIGH QUALITY REVENUE STREAMS

Revenue by Client Type



- Tier 1 Clients are large / multinational mining & energy companies
- A majority of Mitchell Services revenue comes from Tier 1 Clients operating on long life, low cost mine sites. **Approximately 80% of revenue is at the mine site resource definition, development and production stage which is a critical service in the mining lifecycle**
- The strength of the base metals sector and attractive returns has driven the revenue increase from other clients and we expect this percentage to remain fairly similar in the second half
- We maintain our focus on production related services but have exited the drill and blast sector. We may choose to re-enter this market sector in the future should an appropriate opportunity arise
- **Expect Tier 1 revenue to increase to circa 90% in FY22**

Revenue by Stage in the Mine Lifecycle



# REASONS FOR OPTIMISM

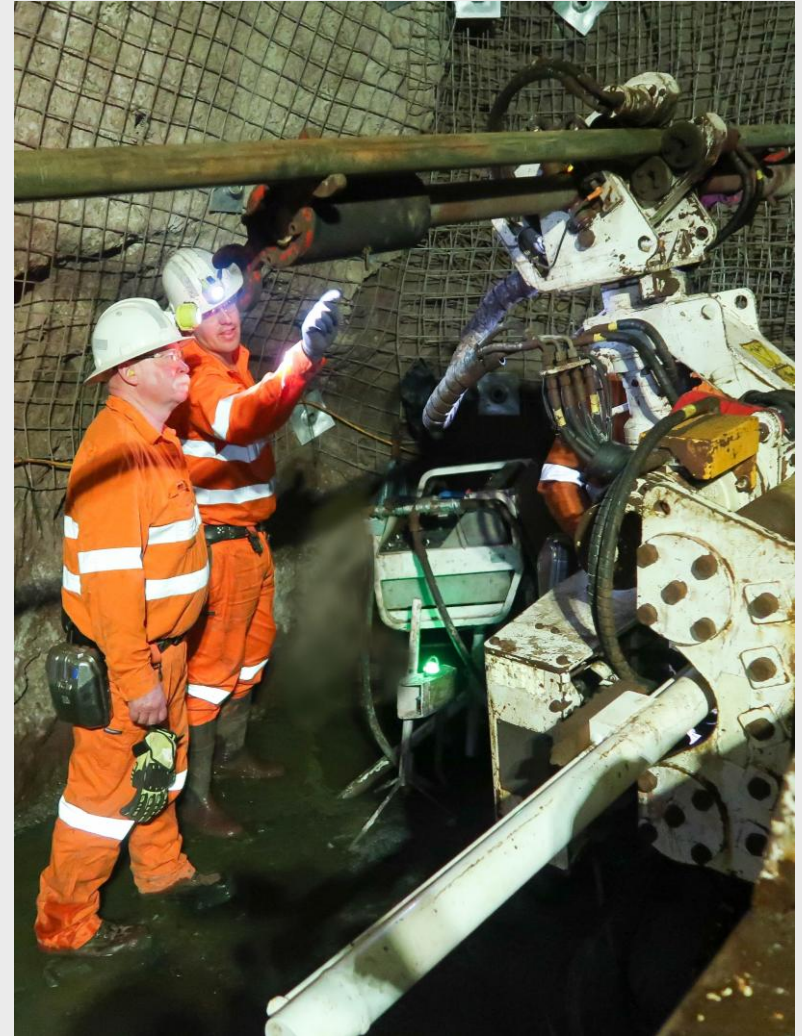
- **Strong commodity prices** for our clients
- **Resource capital raisings increasing**, and quality drilling results are being recognised by the market
- Both factors are driving demand and **increasing utilisation across the industry**
- Evidence of **rate improvements**
- Industry consolidation continues and **competitive profile of the market improving**
- The federal budget un-capped instant asset write-off has now been extended to the end of FY23. This will have a **positive impact on free cash flow**
- MSV is trading at less than net tangible asset value based on market values of property, plant and equipment





# OUTLOOK

- Pipeline of identified opportunities remains strong as does the demand for drilling services particularly from Tier 1 clients.
- **Rig utilisation is likely to reach capacity** at some stage in calendar year 2021.
- We will **invest in organic growth** to take advantage of additional opportunities
- Based on current market conditions, commodity prices, current contracts, and strong opportunity pipeline, **Mitchell Services expects FY22 Revenue and EBITDA to continue to grow.**
- Mitchell Services is covered by Morgans.



# SUMMARY

- Mitchell Services' vision is to be **Australia's leading provider of drilling services** to the global exploration, mining and energy industries
- Mitchell Services has a **diversified revenue stream** by different drilling types and clients
- Mitchell Services has a **high quality client base** with a majority of work related to mine site resource definition, development and production
- Further growth in net earnings anticipated in FY22
- Maintain a **strong balance sheet** to provide flexibility to take advantage of strategic opportunities

