



Mitchell
SERVICES

ASX RELEASE

(ASX: MSV)

**2023 ANNUAL GENERAL MEETING
CHAIRMAN'S ADDRESS**

Dear Fellow Shareholders

On behalf of the Board of Mitchell Services Limited, I am delighted to deliver the annual Chairman's address and reflect on another positive and successful year.

VISION

The success of the organisation and our FY23 achievements were underpinned by our vision of finding a better way to unlock resources for our customers, for the benefit of our shareholders, our people and the community.

A key aspect of this year's financial and operational success was the completion of the organic growth strategy. In late 2021 we foresaw the resources upcycle and invested to expand our fleet in advance of supply constraints and before those constraints impacted on supply costs, lead times and funding costs.

The organic growth strategy has positioned the business to capitalise on increased demand for specialist drilling services across a range of different commodities. The success of this initiative has ensured that our fleet remains world class and that we retain our position as Australia's leading provider of drilling services across a broad range of drilling types and commodities.

SAFETY PERFORMANCE

From an already industry leading position, pleasingly, the overall safety performance of the Group continued to improve year-on-year with traditional/custom safety measures and ratios all significantly improved in FY23 vs FY22.

We are continually reminded of the safety risks associated with our business and the importance of robust systems and controls to manage and mitigate those risks. The Board and Management remain proud of the safety performance and culture within the business that is driven by an industry leading critical risk control verification program.

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FINANCIAL PERFORMANCE

FY23 benefited from the hard work and heavy lifting that was undertaken in FY22 in the execution of the organic growth strategy. The strategy is now complete and has delivered a substantial and expanding contract base which has translated into significant improvements in financial performance when comparing FY23 to FY22.

The Group generated post tax profits and earnings per share in FY23 of \$7.6m and 3.4c respectively which represents a significant and fundamental improvement on the FY22 break-even position.

CAPITAL MANAGEMENT

We intend to continue to return surplus cash to shareholders under the Capital Management Policy announced in June 2022. Below is a summary of the implementation of the capital management strategy measured against our previously stated objectives.

The aggregate of the share buy back payments to date and the FY23 dividend payment represents funds returned to shareholders of \$8.5m which, when considering the current MSV market capitalisation, is an outstanding result.

Net debt peaked at \$39.2m on 30 June 2022 following the completion of the FY22 capital investment program. After the substantial reduction in net debt during FY23, and allowing for the continuation of shareholder returns, the Company remains on track to meet its net debt target of \$15.0m by June 2024.

FY24 STRATEGY

Given the broader economic environment in which we currently operate, with rising interest costs and a level of geopolitical uncertainty, our short-term strategy heading into FY24 is to remain committed to the current capital management strategy with a focus on operational excellence to deliver strong shareholder returns and achieve our net debt target of \$15.0m. We believe the targeted reduction in leverage will position us to take advantage of potential growth opportunities should they arise during the coming uncertain economic conditions.

In closing, I would once again like to thank all staff, customers, suppliers and shareholders for your continued support.

On behalf of the Board, thank you.

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