



Mitchell
SERVICES

28 May 2024

MITCHELL SERVICES LIMITED
(ASX: MSV)

CAPITAL MANAGEMENT UPDATE

Mitchell Services Limited (ASX: MSV) (the Company) is pleased to provide the following update in relation to its ongoing capital management objectives.

Key Points

- Net debt at 30 April 2024 of \$6.5m representing an 83% reduction since 30 June 2022
- Expects 30 June 2024 net debt to be significantly lower than \$15.0m target
- Expects FY24 final dividend of approximately 2cps
- Committed to disciplined capital allocation framework
- Strong balance sheet provides optionality

Net Debt

The Company's net debt peaked at \$39.0m at 30 June 2022 post an organic growth strategy that required material capital investment. Post that investment it was the Company's strategy to reduce net debt to no more than \$15.0m by 30 June 2024 whilst concurrently maximising returns to shareholders.

Through disciplined allocation of capital and the provision of quality services to clients, the Company is pleased to advise that net debt at 30 April 2024 had reduced to \$6.5m. This represents a \$32.5m (or 83.3%) reduction from peak levels. The Company expects net debt at 30 June 2024 to be significantly lower than the original target of \$15.0m.

FY24 final dividend guidance

Given the positive cashflow performance to date and the anticipated cashflow performance for the remainder of FY24, the Company expects that the FY24 final dividend will be broadly in line with the FY24 interim dividend of 2cps. It is anticipated that total FY24 dividends will be approximately 4cps.

Capital management performance

On the basis that the FY24 final dividend is paid in accordance with the above expectation, the Company's capital management performance since the inception of the current strategy can be summarised as follows:

Mitchell Services Limited

ABN 31 149 206 333

112 Bluestone Circuit
Seventeen Mile Rocks Qld 4073 Australia
PO Box 3250 Darra Qld 4076 Australia

t +61 7 3722 7222

e info@mitchellservices.com.au

f +61 7 3722 7256

w www.mitchellservices.com.au

Objective

Reduce net debt to no more than \$15.0m by 30 June 2024

Whilst maximising returns to shareholders

Outcome

✓ \$32.5m reduction in net debt to \$6.5m at 30 April 2024 and expects 30 June 2024 net debt to be significantly lower than target

✓ \$17.5m returned to shareholders via dividends and buy backs

Commitment to disciplined capital allocation

The overall strategy of the Company is to optimise the long-term growth of the business and returns to shareholders by:

- Maintaining and, where possible, improving the profitability of the existing business
- Identifying opportunities in the domestic mining sector to provide new services to Tier 1 clients
- Identifying drilling opportunities offshore for existing clients.

With a significantly stronger balance sheet, the Company now has the advantage of optionality and intends to manage the allocation of capital into FY25 as follows:

The business will seek to optimise its capital allocation across the four pillars of dividends, buy backs, growth and debt management.

Whilst a ceiling of \$15.0m will remain the longer-term net debt target, the Company may at times and where appropriate look to increase or decrease this in the short-term subject to growth opportunities that may present.

The Company will continue to provide updates on its capital management objectives more broadly as they evolve and are refined.

This announcement has been authorised by the Company's Board of Directors.

For more information, contact:

Andrew Elf – Chief Executive Officer

Telephone +61 7 3722 7222 or 0413 608 018