



FY20 Full Year Results Investor Presentation

25 August 2020

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This presentation includes certain financial measures, such as Operating EBITDA, Operating EBIT and Operating NPAT which are not prescribed by Australian Accounting Standards (**AASBs**) and represents the results under AASBs adjusted for the Performance Fee (as defined in the prospectus prepared by the Company in connection with the IPO (**Prospectus**)) and certain non-operating items, such as acquisitions costs. The directors consider Operating EBITDA, Operating EBIT and Operating NPAT to reflect the core earnings of the Group. These financial measures, along with other measures, have not been subject to specific audit or review procedures by the Company's auditor, but have been extracted from the accompanying financial statements.

The FY15 to FY18 Operating EBITDA, Operating NPAT and Cash Flow Conversion numbers disclosed in this investor presentation are presented on a pro forma basis (consistent with the Prospectus and FY18 reporting), unless otherwise stated. In addition, the pro forma references for the current period results relate to the statutory results, adjusted for the impact of AASB 16 which Propel adopted on 1 July 2019. Note that there were no pro forma adjustments in FY19.

Capitalised words and phrases in this presentation will have the meaning given in the Prospectus and the definition slide set out in the Appendix.

All references in this presentation to '\$' are to Australian currency, unless otherwise stated.

A number of figures, amounts, percentages, estimates, calculations of value and fractions in this presentation are subject to the effect of rounding. Accordingly, the actual calculation of these figures may differ from the figures set out in this presentation.

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Agenda

1. Key highlights
2. COVID-19 impacts and responses
3. Company overview
4. FY20 financial results detail
5. Industry trends and acquisitions
6. Outlook
7. Q&A



Appendices

1. Key highlights



Key highlights for FY20

<p>1</p> <p>TRADING¹</p>	<p>Revenue:</p> <p>\$110.8 million ↑ 16.5%</p>	<p>Volumes:</p> <p>13,299 funerals ↑ 17.6%</p>	<p>Average Revenue Per Funeral:</p> <p>\$5,672 ↑ 1.6% YoY / 2.1% comparable</p>
<p>2</p> <p>EARNINGS¹</p>	<p>Operating EBITDA:</p> <p>\$32.4 million ↑ 36.4% (up 19.7% ex AASB 16)</p>	<p>Operating NPAT:</p> <p>\$14.2 million ↑ 6.5% (up 8.4% ex AASB 16)</p>	<p>Cash Flow Conversion:</p> <p>103.4% ↑ 600 bps</p>
<p>3</p> <p>CAPITAL MANAGEMENT</p>	<p>Cash position:</p> <p>\$53.9 million as at 30 June 2020</p>	<p>Net Leverage Ratio:</p> <p>~1.7 times as at 30 June 2020</p>	<p>Total Dividends:</p> <p>10.0 cents Fully franked</p>
<p>4</p> <p>GROWTH</p>	<p>Growing network:</p> <p>130 locations 10 locations added</p>	<p>Acquisitions:</p> <p>\$125.8 million committed since IPO²</p>	<p>Expansion:</p> <ul style="list-style-type: none"> • in QLD, NSW, WA and NZ • largest acquisition to date completed (Gregson & Weight) • acquired three freehold properties
<p>5</p> <p>OUTLOOK</p>	<p>Expecting to benefit from:</p> <ul style="list-style-type: none"> • a growing and ageing population • a strong funding position • acquisitions signed and completed to date and other potential future acquisitions in a fragmented industry (although timing is uncertain) 		

¹ Percentage movements shown above relate to movements between FY20 and the prior year, unless otherwise stated

² Refer to slide 30

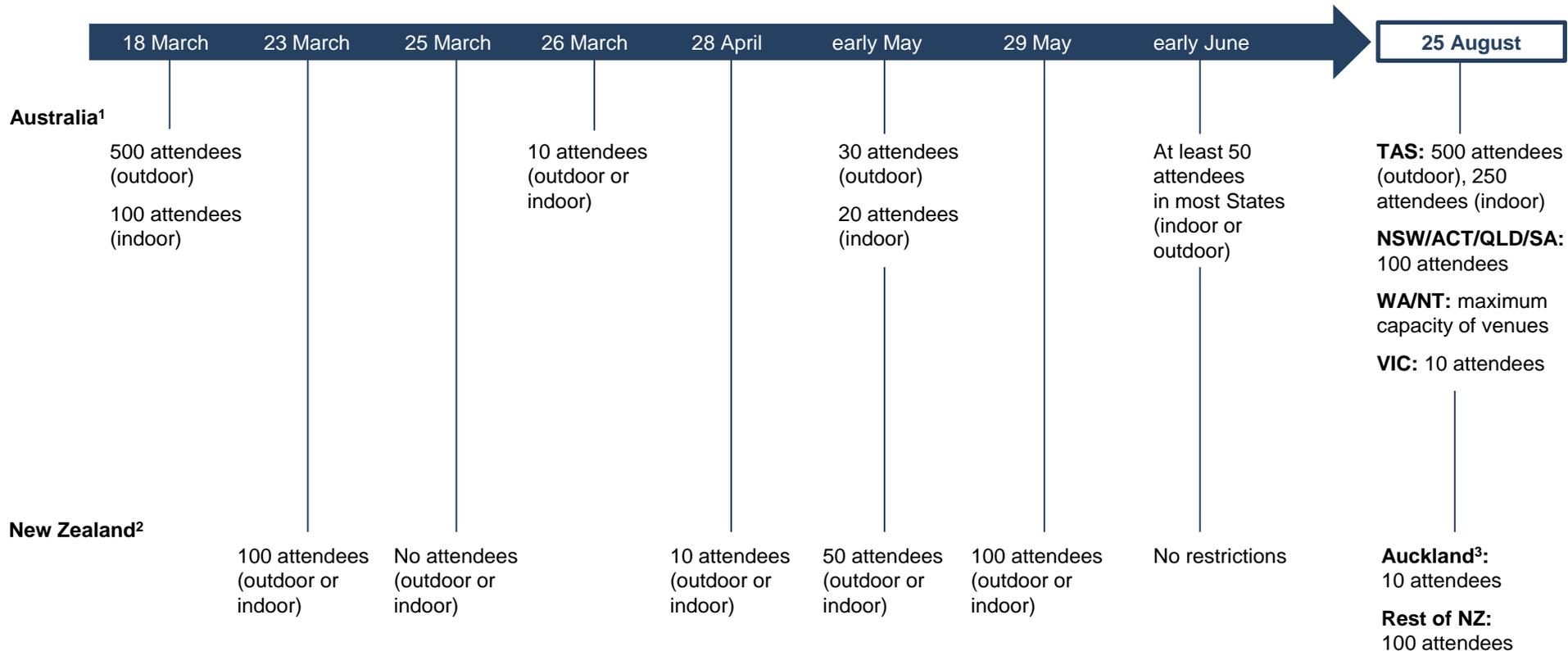
2. COVID-19 impacts and responses



COVID-19 impacts

Funeral attendee limits introduced in late March 2020 have changed numerous times

Timeline of funeral attendee limits since late March 2020



¹ Funeral attendee limits are also subject to social distancing requirements, which vary across States and Territories

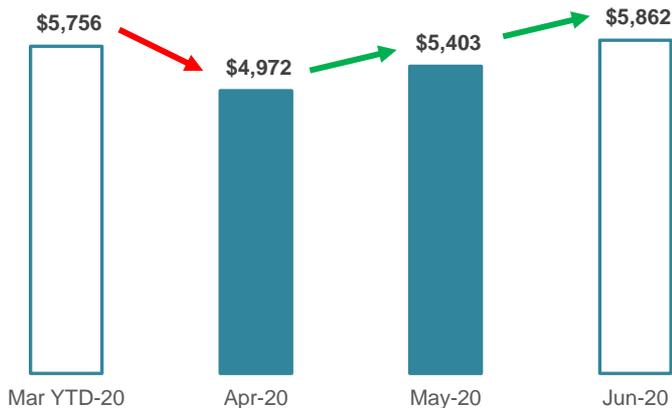
² Social distancing requirements ceased on 7 June 2020 and were reintroduced on 12 August 2020

³ Scheduled to increase to 50 mourners on 31 August 2020

COVID-19 impacts

Average Revenue Per Funeral and funeral volumes were negatively impacted in Q4 FY20

1 Average Revenue Per Funeral



Funeral attendee limits¹ and social distancing measures introduced in late March 2020 to curb the spread of COVID-19:

- affected Propel's ability to offer a full range of services to its client families
- negatively impacted Average Revenue Per Funeral in Q4 FY20

Restrictions began to ease from late April 2020, which contributed to an increase in Average Revenue Per Funeral in the months of May 2020 and June 2020

2 Funeral volumes

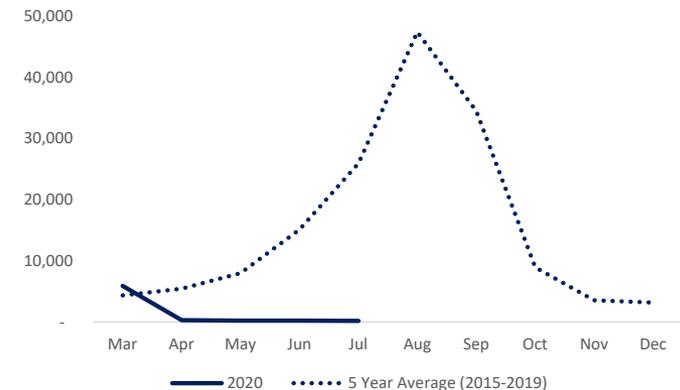
In Q4 FY20:

- flu cases in Australia² were more than 95% below the prior 5 year average
- there was only one flu death in Australia²
- there were 106 COVID-19 deaths in Australia and New Zealand³
- Propel's funeral volumes cycled a strong PCP and were ~350 below pre COVID-19 expectations

Social distancing, travel restrictions, an increased focus on personal hygiene and effective flu vaccinations:

- have contributed to a benign 2020 flu season to date
- may result in a deferral of death volumes into future periods

Flu cases in Australia³



¹ Refer to slide 8

² Source: National Notifiable Diseases Surveillance System

³ Source: World Health Organisation Coronavirus Disease (COVID-19) Dashboard

COVID-19 responses

Focused on people safety, essential service continuity and financial resilience

1 People safety

- ensuring sufficient supply of PPE
- cessation of certain services (e.g. catering)
- working from home where feasible
- changed seating arrangements, increased time and cleaning between services
- communicating government guidelines and directives to staff and mourners
- monitoring impacts on teams, trading and suppliers, with the health and safety of employees and client families front of mind

2 Essential service continuity

- ensuring staff able to cross state/territory borders and access 'hot spot' areas
- more remote arrangements (by phone and online) and with fewer family members (when in person)
- increased streaming services with the option of a deferred memorial service
- ensuring government guidelines and directives followed by staff and mourners
- regular dialogue with key stakeholders

3 Financial resilience

- prudently increasing cash at bank
- deferring non-essential capital expenditure
- controlling operating costs by:
 - optimising staffing mix and temporarily reducing staff costs, while maintaining headcount
 - 100% fee waivers from Directors and the Manager in April and May 2020
 - eligible businesses accessing wage subsidies

3. Company overview



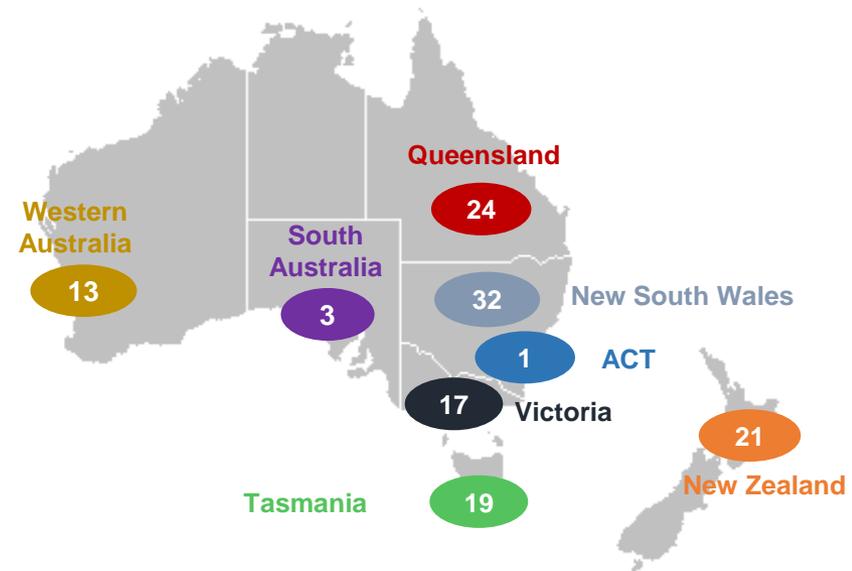
Geographic presence

130 locations (72 owned / 58 leased), including 31 cremation facilities and 9 cemeteries

August 2013



August 2020



Geographic footprint is difficult to replicate, with funeral homes dating back to the late 1800s and early 1900s

Brand portfolio

Diversified single and multi-site brands with strong local community awareness

Australia



New Zealand

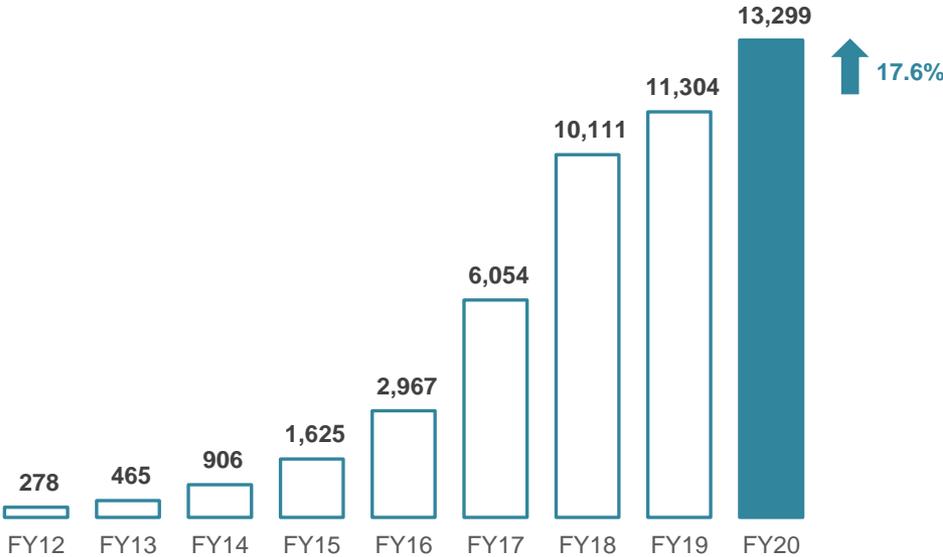


 Acquired in FY20 or expected to be acquired by 31 December 2020

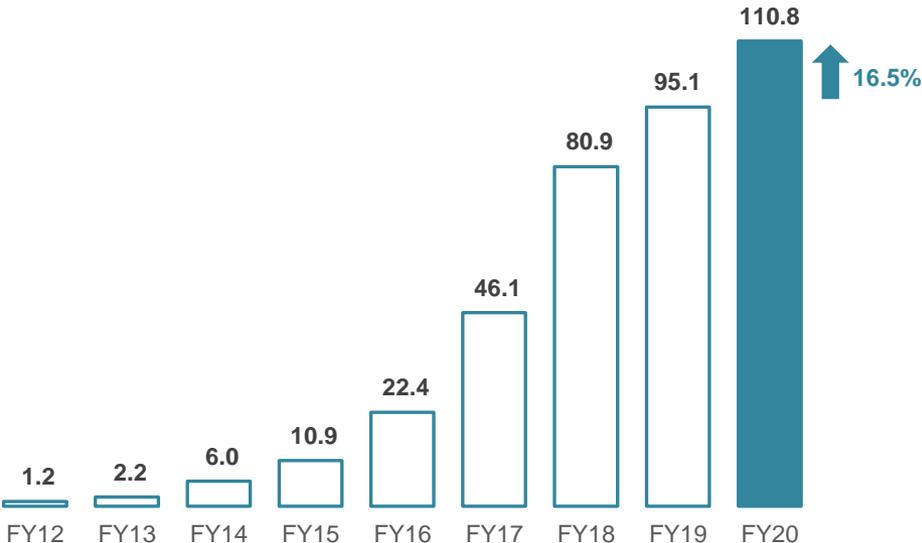
Volume and revenue growth

Propel has maintained a strong growth trajectory

Funeral volumes



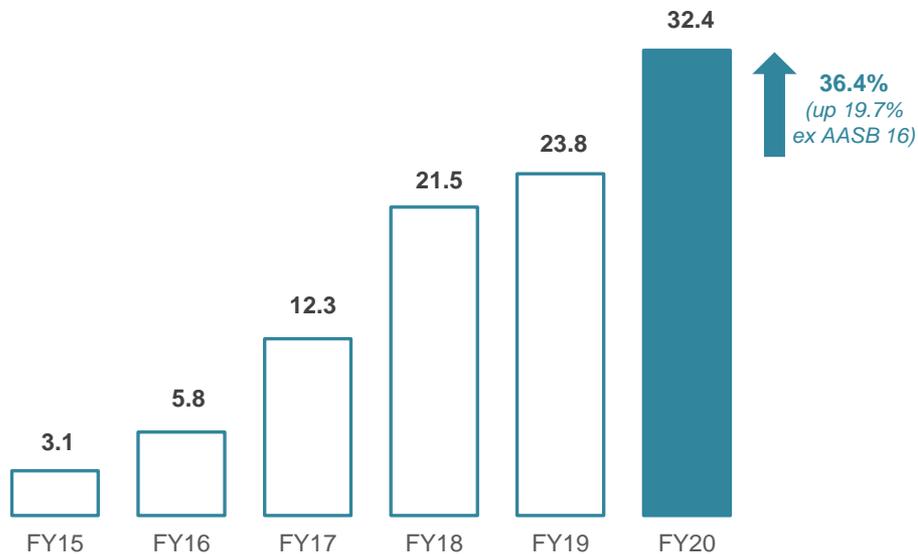
Revenue (\$m)



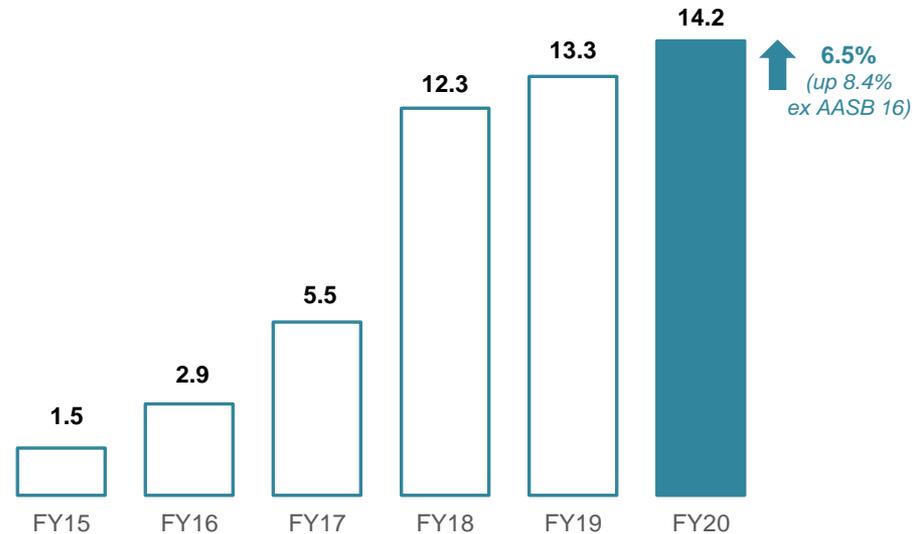
Earnings growth

Propel has maintained a strong growth trajectory

Operating EBITDA (\$m)

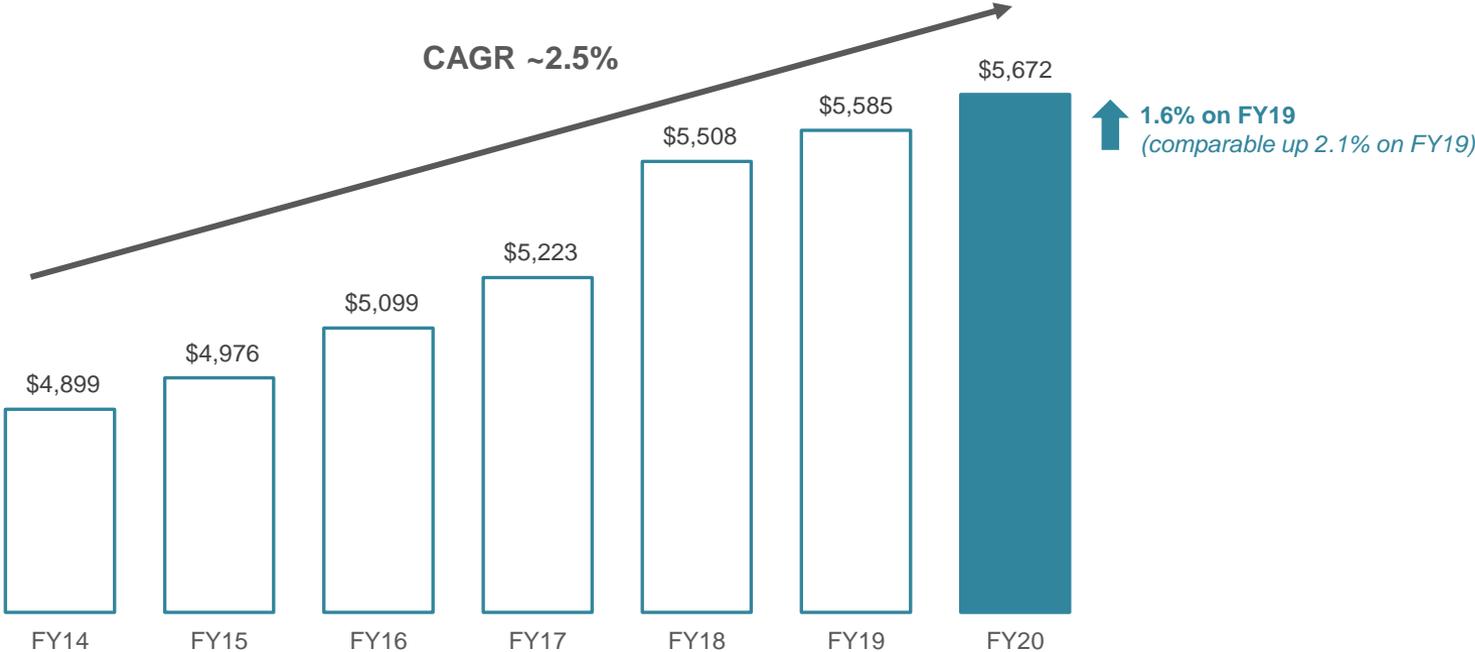


Operating NPAT (\$m)



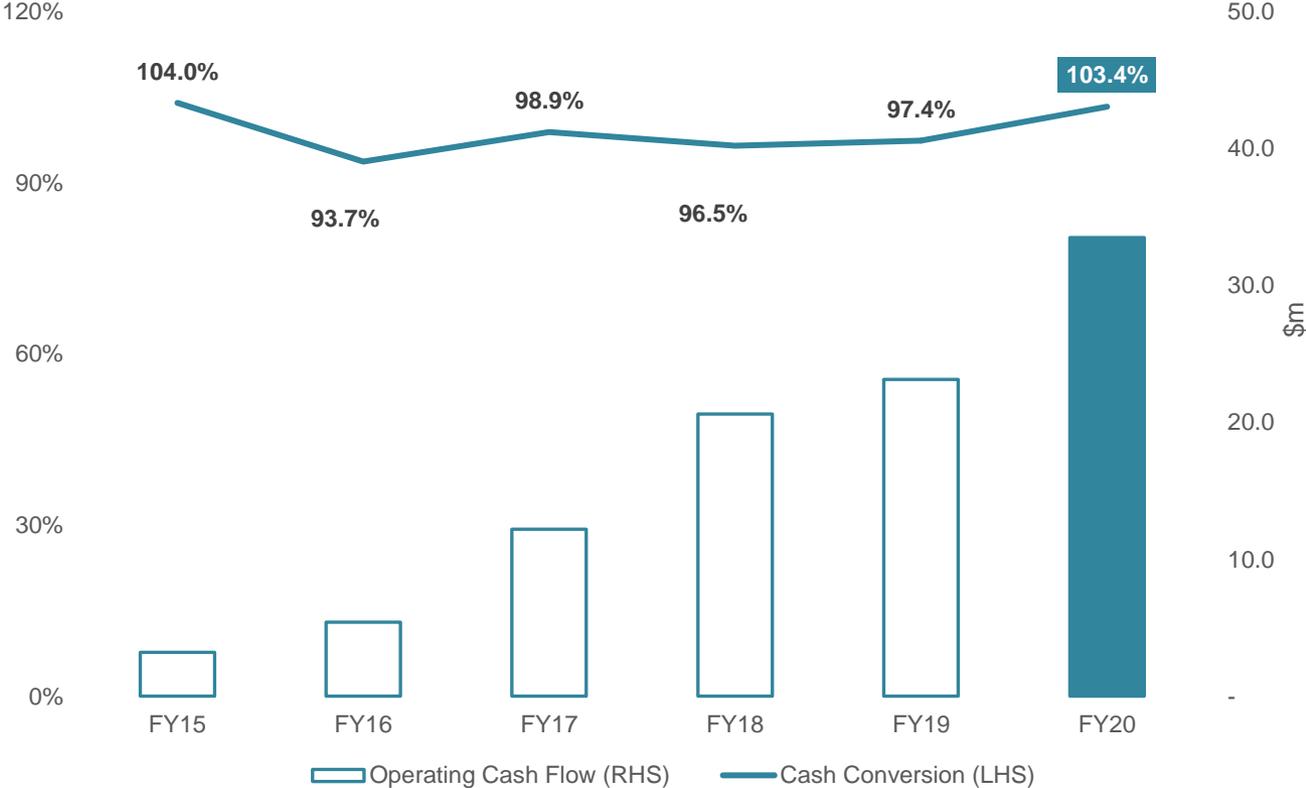
Average Revenue Per Funeral growth

Compound annual growth rate (CAGR) of ~2.5% since FY14



Cash Flow Conversion

Cash Flow Conversion has been consistently strong, averaging ~99% since FY15



Performance summary since IPO

Propel's share price has outperformed the ASX300 and its listed domestic peer since IPO

Relative share price and index performance
Propel vs ASX300 vs InvoCare



Comments

Since Propel's IPO on 23 November 2017 and as at 30 June 2020:

- Propel's share price was up +11.5%¹
- the ASX300 Index was down -1.4%²
- InvoCare's share price was down -41.3%³
- Propel has delivered:
 - fully franked dividends totalling 21.9 cps (~31 cps grossed up⁴)
 - a total shareholder return of ~23%⁵
 - total shareholder value accretion of ~\$61 million⁶
 - material growth in Revenue and Operating EBITDA:

	FY18 Prospectus Forecast (\$m)	FY20 Actual (\$m)	
Revenue	73.7	110.8	+50%
Operating EBITDA	18.4	32.4	+76%

¹ Propel's IPO issue price on 23 November 2017 was \$2.70 and its closing share price on 30 June 2020 was \$3.01

² The ASX300 Index closed at 5,940.5 on 22 November 2017 and at 5,858.5 on 30 June 2020

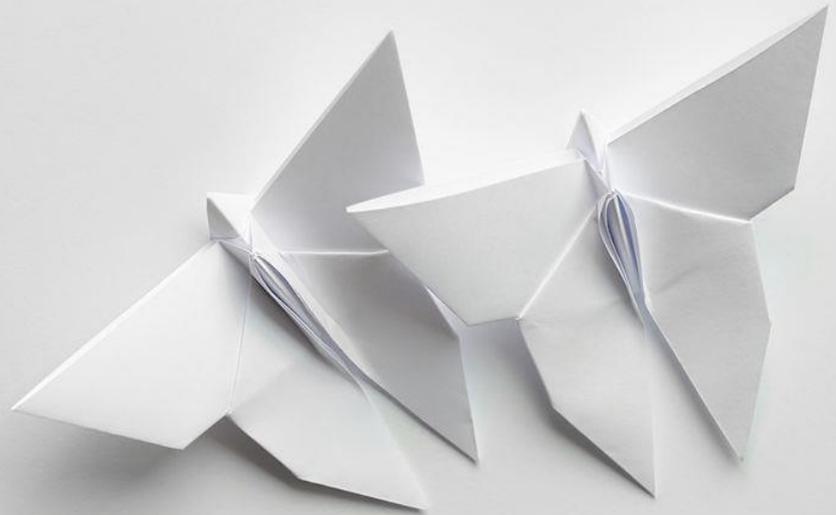
³ InvoCare's closing share price on 22 November 2017 was \$17.85 and its closing share price on 30 June 2020 was \$10.48

⁴ Based on the corporate tax rate of 30% in Australia

⁵ Propel's closing share price on 30 June 2020 (\$3.01) plus total dividends paid (grossed up) since the IPO to 30 June 2020 (\$0.31), compared to the IPO issue price (\$2.70)

⁶ Propel's closing share price on 30 June 2020 (\$3.01) plus total dividends paid (grossed up) since the IPO to 30 June 2020 (\$0.31) less the IPO issue price (\$2.70), multiplied by ~99 million shares on issue

4. FY20 financial results detail



Financial Summary – Statutory Result

Income statement

\$ million	30-Jun-20	30-Jun-19
Total revenue	110.8	95.1
Gross profit	79.6	67.3
...margin	71.8%	70.7%
Total operating costs	(47.2)	(43.5)
Operating EBITDA	32.4	23.8
...margin	29.2%	25.0%
Depreciation	(8.8)	(4.1)
Operating EBIT	23.6	19.6
...margin	21.3%	20.6%
Performance fee	(4.1)	-
Net other income/(expenses)	(0.4)	0.4
Acquisition costs	(1.6)	(1.6)
Net interest expense	(3.1)	(0.3)
Net financing charge on pre-paid contracts	(0.5)	(0.6)
Net profit before tax	13.9	17.6
Income tax expense	(3.2)	(5.2)
Net profit after tax	10.6	12.3
Operating NPAT	14.2	13.3
Adjusted EPS (cps)	14.4	13.6

Comments

Revenue

- Increased 16.5% on FY19 to \$110.8 million, primarily due to:
 - the impact of seven acquisitions completed in FY19 and FY20
 - comparable ARPF growth of 2.1%

Gross profit margin

- Increased 110 bps on FY19 to 71.8%, due to the financial profile of recent acquisitions (including cremation facilities) and funeral mix (COVID-19 in Q4)

Operating EBITDA

- Increased 36.4% on FY19 to \$32.4 million, primarily due to impacts of:
 - AASB 16¹
 - seven acquisitions completed in FY19 and FY20
 - COVID-19 and related mitigation measures, including wage subsidies of ~\$1.5m

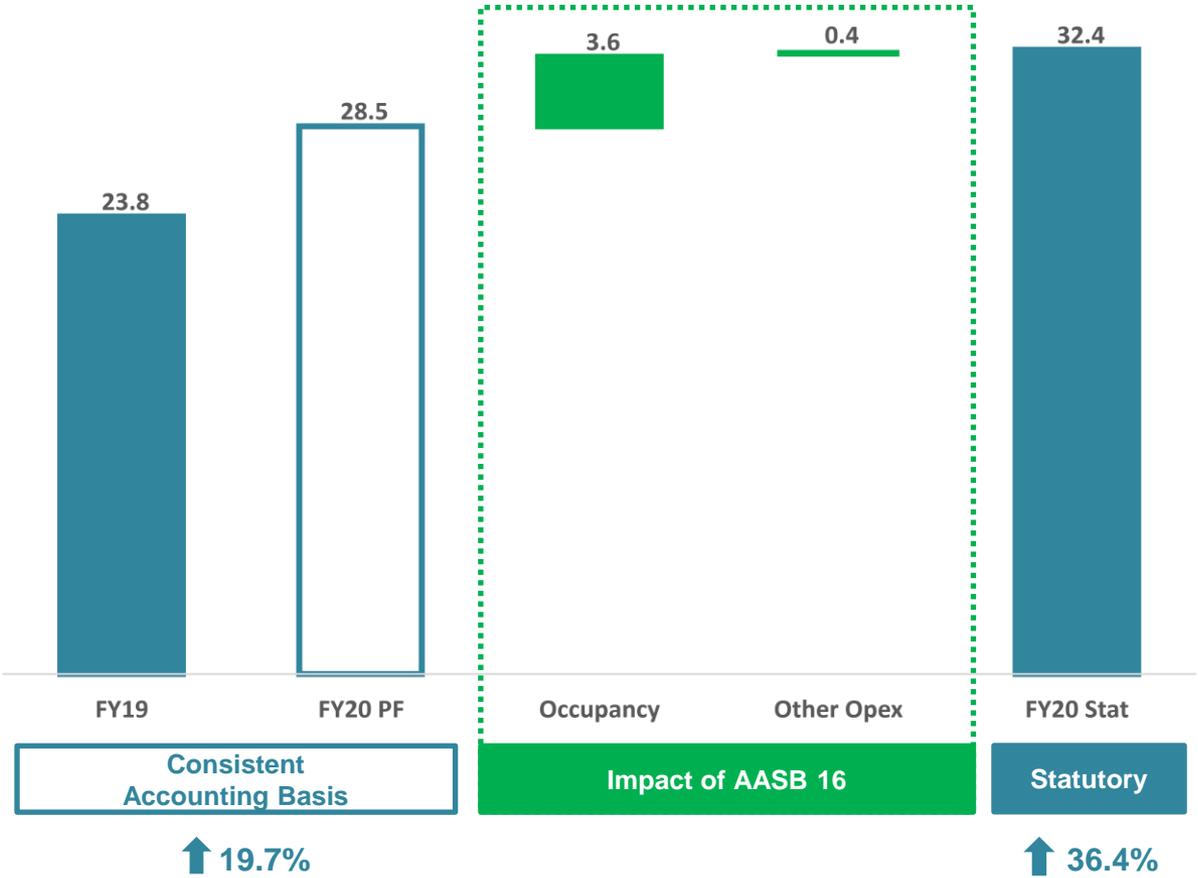
Other items

- Depreciation increased primarily due to AASB 16¹ and acquisitions
- Performance Fee triggered in the second Calculation Period (TSR of 24.2% verses the benchmark of 8.0%)
- Primarily stamp duty on acquisitions
- Interest expense increased due to AASB 16¹ and the increased borrowings (2.0% on drawn debt as at 30 June 2020)
- Adjusted Effective Tax Rate of 29.7%
- Adjusted EPS up 6.1% on FY19

¹ Refer to slides 21 and 22 and the appendices

Operating EBITDA (\$m) – Impact of AASB 16¹

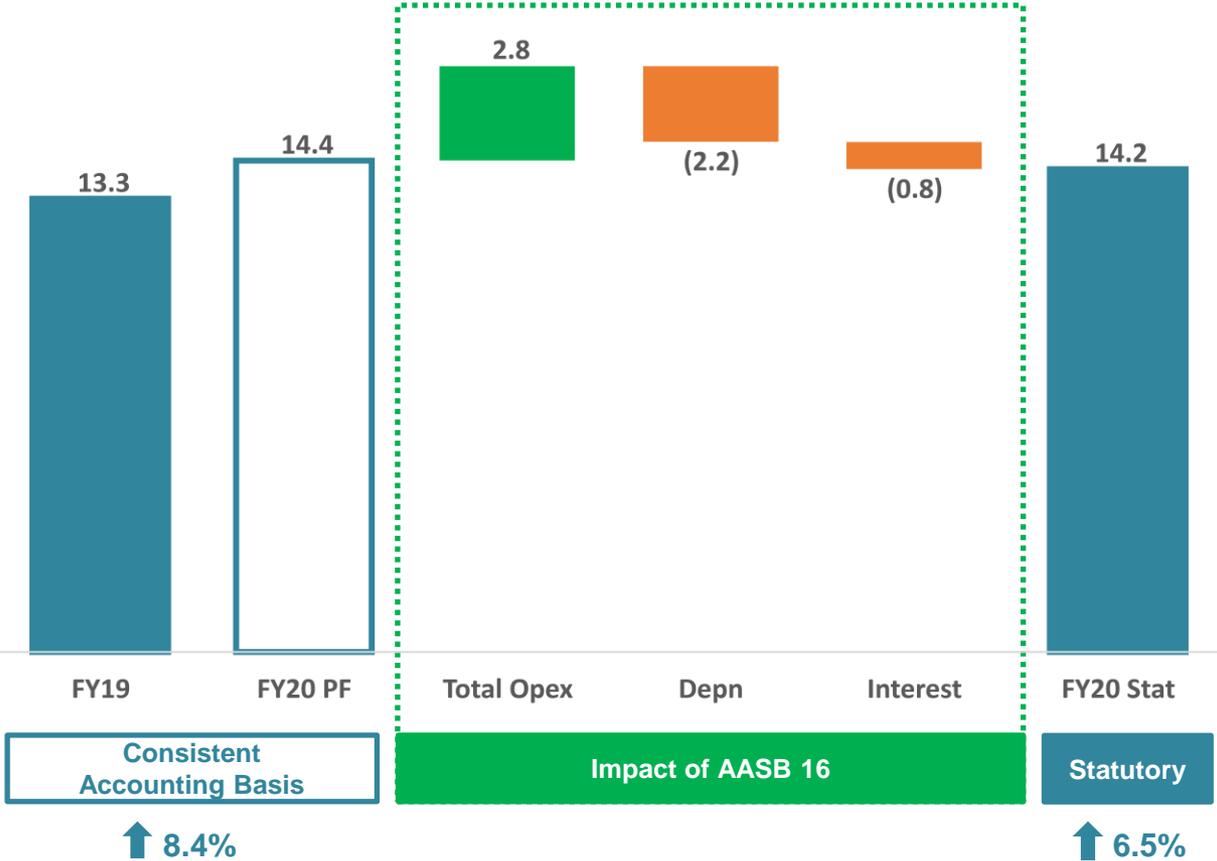
AASB 16 adopted on 1 July 2019, with no cash impact and no change to operations



¹ Refer to appendices for additional disclosures on AASB 16

Operating NPAT (\$m) – Impact of AASB 16¹

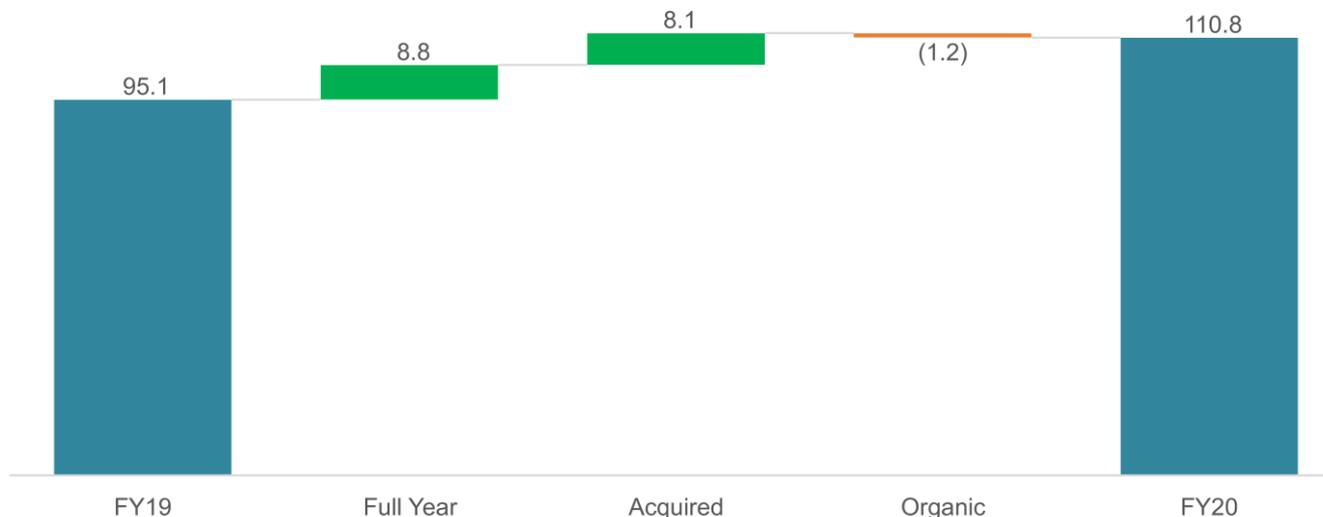
AASB 16 adopted on 1 July 2019, with no cash impact and no change to operations



¹ Refer to appendices for additional disclosures on AASB 16

Revenue bridge and Operating EBITDA margin

Propel generated significant revenue and margin growth despite COVID-19 impacts



Operating EBITDA Margin 25.0%

29.2% (25.7% ex AASB 16)

Comments

Total:

ARPF

- ▲ 1.6% on FY19, impacted by the financial profile of acquisitions, pricing and funeral mix (COVID-19 in Q4 FY20)

Funeral Volumes

- ▲ 17.6% on FY19 due to acquisitions

Organic:

ARPF

- ▲ 2.1% on FY19 primarily influenced by pricing and funeral mix (COVID-19 in Q4 FY20)

Funeral Volumes

- ▲ ~1.0% in the 12 months to 30 April 2020
- ▼ ~2.2% in the 12 months to 30 June 2020

Operating EBITDA Margin:

▲ 420 bps (▲ 70 bps Pro forma) on FY19, influenced by:

- AASB 16 (+350 bps)
- improved gross margin
- the margins of the seven acquisitions completed in FY19 and FY20
- COVID-19 mitigation measures and cost control

Cash flow

Statutory actuals

\$ million	30-Jun-20	30-Jun-19
Receipts from customers (inc GST)	121.7	104.3
Payments to suppliers & employees (inc GST)	★ (87.8)	(81.1)
	33.9	23.2
Performance fee (inc GST)	(4.5)	-
Income taxes paid	(4.8)	(5.6)
Interest paid	★ (3.3)	(0.5)
Interest received	0.1	0.3
Net cash provided by operating activities	21.5	17.4
Payment for purchase of businesses	(45.7)	(28.8)
Payments for property, plant and equipment	(9.6)	(13.0)
Other investing cash flows	(1.4)	0.5
Net cash used by investing activities	(56.7)	(41.2)
Proceeds from borrowings	97.0	12.9
Dividends paid	(9.7)	(11.9)
Other financing cash flows	★ (3.5)	(0.3)
Net cash provided by financing activities	83.9	0.8
Net increase in cash during the year	48.7	(23.1)
Cash at the start of the year	5.3	28.3
Exchange rate effects	(0.1)	0.1
Cash at the end of the year	53.9	5.3
Cash Flow Conversion %	103.4%	97.4%

Comments

Operating activities

- Cash Flow Conversion strong at ~103.4% (FY19: ~97.4%)
- Performance Fee paid in cash
- Increase in interest paid as a result of AASB 16 and higher borrowings
- Positive working capital movements

Investing activities

- Includes acquisitions (\$42.6m), transaction costs (\$2.1m) and earn out payments (\$0.9m)
- Capex (\$4.1m) and three property acquisitions, two previously tenanted, completed in FY20 (\$5.6m)
- Maintenance capital expenditure amounted to 3.1% of FY20 revenue (FY19: 3.2%)

Financing activities

- Draw down of senior debt of \$97.0m, \$48.2m in connection with business and property acquisitions and the balance, primarily to increase cash at bank in light of COVID-19
- Reflects dividend paid during the year

★ Key Impact of AASB 16

- Refer to Appendix for AASB 16 reconciliation

Balance Sheet

Statutory actuals

\$ million	30-Jun-20	30-Jun-19
Cash and cash equivalents	53.9	5.3
Contract assets	47.5	47.9
Other current assets	10.1	10.6
Total Current Assets	111.5	63.8
Property, plant & equipment	129.3	97.9
Right-of-use assets	★ 39.1	-
Goodwill	123.2	106.4
Other non-current assets	3.8	2.9
Total Non-Current Assets	295.4	207.3
Total Assets	406.9	271.0
Trade and other payables	6.1	6.7
Borrowings	4.1	0.2
Contract liabilities	52.4	53.8
Lease liabilities	★ 6.1	-
Other current liabilities	5.4	6.2
Total Current Liabilities	74.2	66.9
Borrowings	106.0	13.2
Lease liabilities	★ 34.4	-
Other non-current liabilities	10.3	8.5
Total Non-Current Liabilities	150.8	21.7
Total Liabilities	225.0	88.6
Net Assets	181.9	182.5
Total Equity	181.9	182.5

¹ Senior debt less cash and cash equivalents

Comments

Cash and net debt position

- \$53.9m cash and \$55.9m of net debt¹
- Drawn senior debt of \$109.8m versus \$12.9m as at 30 June 2019

Pre-paid contracts

- Largely held with third party friendly societies
- Asset increases by investment returns
- Liability increases by financing charge
- Asset and liability derecognised when the contract turns at need
- In FY20, ~9% of funeral volumes in Australia related to Pre-paid Contracts, compared to ~10% in FY19

Property, plant and equipment

- Includes land and buildings at cost (less depreciation) of \$102.8m

Goodwill

- Represents purchase price of acquisitions less fair value of tangible assets and liabilities acquired
- No impairment

★ Key Impact of AASB 16

- Recognition of right-of-use assets and lease liabilities
- Immaterial impact to Net Assets
- Refer to Appendix for AASB 16 reconciliation

Capital management

Funding capacity

<i>Debt facility limits / maturity:</i>	\$ million
- Tranche A (matures in August 2022)	50.0
- Tranche B (matures in August 2022)	40.0
- Tranche C (working capital facility, matures August 2022)	10.0
- Tranche D (matures August 2023)	50.0
	150.0

Net Debt as at 30 June 2020¹ **(55.9)**

Commitments:	
Dils Acquisition ²	(20.5)
Mid West Funerals Acquisition ³	(1.1)
Final Dividend	(5.9)
Total commitments	(27.5)

Funding capacity⁴ **66.6**

Debt covenant summary (as at 30 June 2020)

Net Leverage Ratio (must be < 3.0x) ⁵	1.7x
Fixed Charge Cover Ratio (must be > 1.75x)	5.5x

Dividend summary

	FY20	FY19
Fully franked dividend (cps)	10.0	11.5
Dividend Payout Ratio	85%	78%

¹ Senior debt less cash and cash equivalents.

² Cash payable on completion of acquisition of Dils Group, an acquisition which has been signed but not yet completed. Subject to exchange rate movements. Excluding transaction costs.

³ Cash payable on completion of acquisition of Mid West Funerals, an acquisition which has been signed but not yet completed. Excluding transaction costs.

⁴ Undrawn debt and cash at bank as at 30 June 2020, less the estimated cash that will be required to complete the proposed acquisitions of the Dils Group and Mid West Funerals and pay the final dividend.

⁵ Including the annualised impact of acquisitions and other adjustments. Covenant of 3.0x until Propel notifies the Financier of an election given in connection with a Permitted Acquisition to increase the covenant to 3.5x which will endure for two consecutive testing dates, following which, the covenant will reduce to 3.25x. The Company's \$10 million working capital facility is excluded from the Net Leverage Ratio calculation.

Comments

Debt facilities

- Expanded to \$150.0m in December 2019
- Includes a \$10.0m working capital facility which is to be 'cleaned down' once every 12 months

Funding capacity

- Binding cash commitments to:
 - acquire the Dils Group and Mid West Funerals (total of \$21.5m in cash on completion, both expected to occur in Q2 FY21)
 - pay the final dividend of \$5.9m (on 1 Oct 2020)
- Funding capacity of approximately \$66.6m

Covenants

The Company remained comfortably in compliance with its debt covenants as at 30 June 2020

Dividend

FY20 dividend payout ratio within target range of 75% - 85% of Distributable Earnings

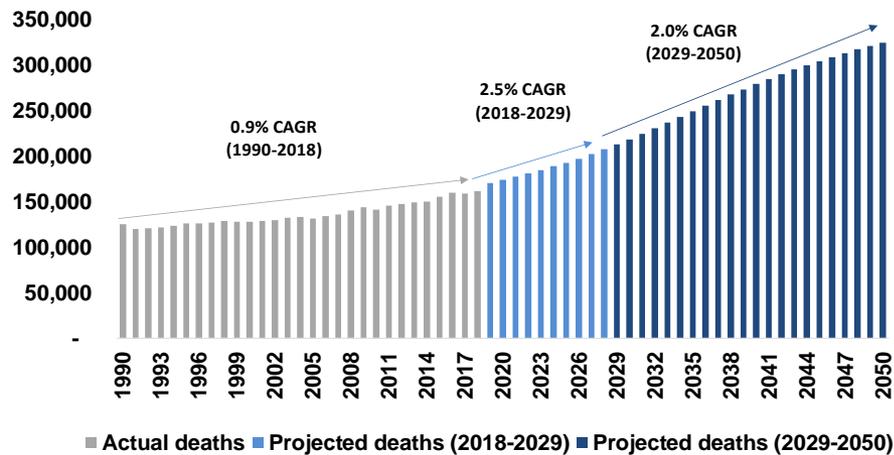
5. Industry trends and acquisitions



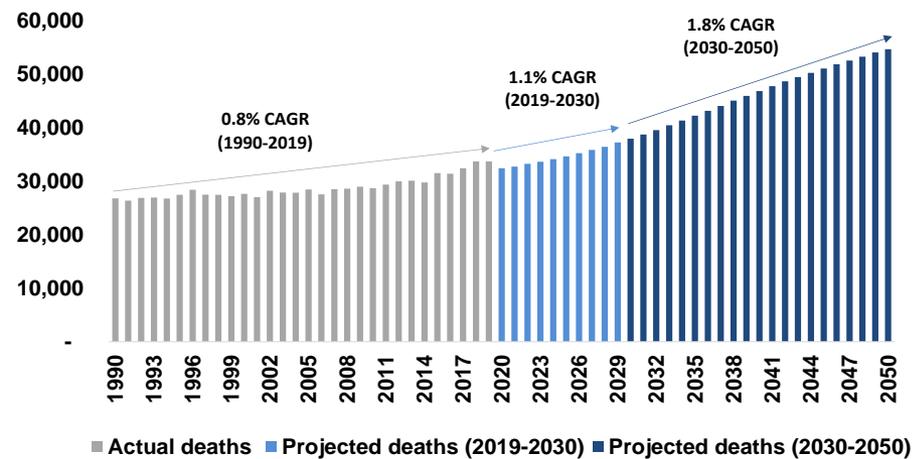
Increasing number of deaths

Number of deaths is the most significant driver of revenue in the death care industry

Australia¹



New Zealand²



- Death volumes in Australia grew by 0.9% pa between 1990 and 2018¹
- Death volumes are expected to increase by 2.5% pa from 2018 to 2029¹ and 2.0% from 2029 to 2050¹

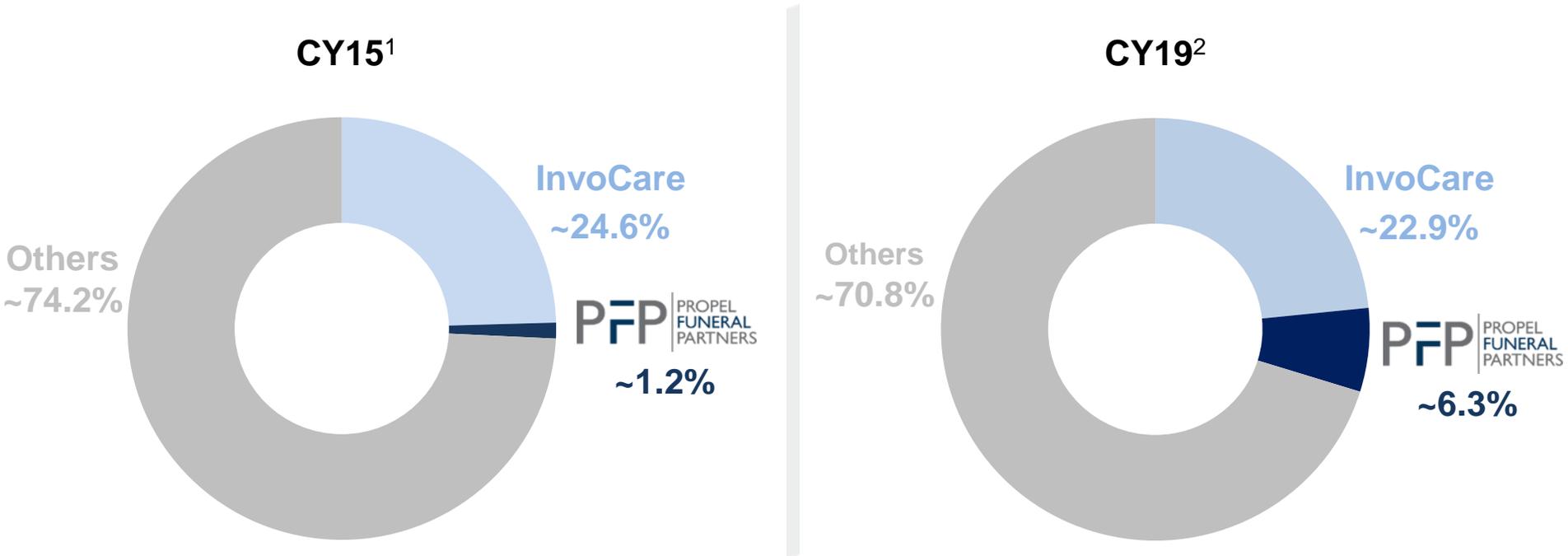
- Death volumes in New Zealand grew by 0.8% pa between 1990 and 2019²
- Death volumes are expected to increase by 1.1% pa from 2019 to 2030² and 1.8% from 2030 to 2050²

¹ Source: ABS, Dataset: Deaths and Infant deaths, Year and month of occurrence, Sex, States, Territories and Australia for actual deaths by financial year. 3222.0 Population Projections, Australia, 2017 (base) – 2066, Table 1 Projected population, Australia, Series B, for projected deaths by financial year (released in November 2018).

² Source: This data is based on/includes Stats NZ's data which are licensed by Stats NZ for re-use under the Creative Commons Attribution 4.0 International licence. Population, Deaths - VSD, Table: Month and year of death (Monthly) for actual deaths by financial year and National population projections, characteristics, 2016(base)-2068 for projected deaths by financial year (released in October 2016).

Market Share estimate (funeral volumes)

Propel has increased its market share in the highly fragmented Australian funeral industry



¹ Note: 159,052 actual deaths (ABS data) for market size, 1,920 funerals performed by Propel and 39,050 funerals performed by InvoCare (Appendix D of InvoCare's Results Presentation dated 23 February 2017) in Australia in CY15

² Note: 161,500 estimated deaths (mid point of Propel's estimated range of 159,000 to 164,000 deaths) for market size. NB ABS data not yet released. 10,132 funerals performed by Propel and an estimated 37,070 funerals performed by InvoCare (35,886 in Australia in CY18 (page 44 of InvoCare's Results Presentation dated 22 February 2019) plus an estimated 3.3% increase in Australian funeral volumes in CY19 (page 6 of InvoCare's Results Presentation dated 26 February 2020))

Acquisitions (since IPO)

Propel has committed \$125.8 million^{1,3} on acquisitions since its IPO

	Announced	Funeral Volumes	Third Party Cremations	Revenue
Australia				
Brindley Group (VIC, NSW)	December 2017	1,350	-	A\$11.0m
Norwood Park (ACT, NSW, QLD)	January 2018	-	2,000	A\$4.8m
Newhaven NQ (QLD)	June 2018	200	300	A\$1.8m
Manning Great Lakes Memorial Gardens (NSW)	November 2018	-	700	A\$1.2m
Morleys Group (QLD)	February 2019	900	100	A\$7.8m
Gregson & Weight (QLD)	August 2019	1,650	-	A\$12.0m
Mid West Funerals ² (WA)	August 2020	120	-	A\$0.7m
Sub-total		4,220	3,100	A\$39.3m
New Zealand				
Dils Group ² & Martin Williams Funerals (Auckland)	December 2018	800	-	NZ\$7.2m
Waikanae Funeral Home and Kaiawa Crematorium	January 2019	170	-	NZ\$1.6m
Grahams Funeral Services	October 2019	350	-	NZ\$2.7m
Sub-total		1,320	-	NZ\$11.5m
TOTAL		5,540	3,100	A\$50.2m³

Note: Figures are approximate and unaudited

¹ Upfront cash and equity consideration paid and payable (subject to exchange rate movements). Excludes properties purchased subsequent to completion of the acquisitions and other properties purchased totalling \$14.2 million (excluding stamp duty)

² Acquisitions not yet completed

³ Subject to exchange rate movements

6. Outlook



Outlook

Demand for essential funeral services remains, underpinned by favourable demographics

1 In the month of July 2020:

- Resilience in operating earnings continued
- Average Revenue Per Funeral continued to improve, with growth over the PCP within the Company's 2-4% target range
- Propel performed ~1,200 funerals, in line with the PCP but below the Company's expectations (potential deferral of death volumes into future periods)

2 Expected growth drivers for FY21 and beyond:

- Growing and ageing population
- Strong funding position
- Acquisitions signed and completed to date and other potential future acquisitions in a fragmented industry (although timing is uncertain)

3 COVID-19 related disruptions and uncertainties expected to continue:

- Funeral attendance in Victoria and Auckland¹ currently limited to 10 mourners, with Average Revenue Per Funeral impacts expected to be temporary and not as severe as experienced in April 2020:
 - less than 20% of the Company's earnings are generated in Victoria and Auckland
- Diversified network and ongoing demand for essential funeral services have delivered considerable resilience in earnings and operating cash flows
- Propel is well placed to navigate COVID-19 related disruptions and uncertainties

¹ Scheduled to increase to 50 mourners on 31 August 2020

7. Q&A



Appendices



Definitions

Adjusted Effective Tax Rate means income tax expense divided net profit before tax, adjusted for non deductible and non assessable items.

Adjusted EPS means Operating NPAT divided by the weighted average number of ordinary shares on issue for the year ended 30 June 2020.

ARPF means Average Revenue Per Funeral.

Average Revenue Per Funeral means revenue from funeral operations excluding direct disbursements (such as third party cemetery fees and third party cremation fees) and delivered pre-paid impacts, divided by the number of funerals in the relevant period.

Bps means basis points.

Cash Flow Conversion means Operating EBITDA converted into ungeared, pre-tax operating cash flow, excluding the Performance Fee.

Cps means cents per share.

CY means calendar year.

Depn means depreciation.

Distributable Earnings means NPAT adjusted for certain non-cash, one off or non recurring items such as the net financing charge and acquisition costs.

EPS means earnings per share.

Financier means Westpac Banking Corporation.

Operating Cash Flow means ungeared, pre-tax operating cash flow, excluding the Performance Fee.

Operating EBIT means Operating EBITDA less depreciation.

Operating EBITDA means earnings before interest, tax, depreciation, amortisation, the Performance Fee and certain non-operating items, such as acquisition costs.

Operating NPAT means NPAT adjusted for the Performance Fee and certain non-operating items, such as acquisition costs.

PCP means prior corresponding period.

PF means Pro forma.

Pro forma means Statutory result for the reporting period, adjusted for AASB 16 (i.e. on a consistent accounting basis to PCP).

Stat means Statutory, i.e. the reported result.

TSR means total shareholder return.

YoY means year on year.

YTD means year to date.

Impact of AASB 16 – Income Statement Reconciliation

\$ million	30-Jun-20	AASB 16	30-Jun-20	30-Jun-19
	Statutory	Adjustments ¹	Pro forma	Statutory
Total revenue	110.8		110.8	95.1
Gross profit	79.6		79.6	67.3
...margin	71.8%		71.8%	70.7%
Total operating costs	(47.2)	(4.0)	(51.1)	(43.5)
Operating EBITDA	32.4	(4.0)	28.5	23.8
...margin	29.2%		25.7%	25.0%
Depreciation	(8.8)	3.2	(5.6)	(4.1)
Operating EBIT	23.6	(0.8)	22.8	19.6
...margin	21.3%		20.6%	20.6%
Performance fee	(4.1)		(4.1)	-
Net other income/(expenses)	(0.4)		(0.4)	0.4
Acquisition costs	(1.6)		(1.6)	(1.6)
Net interest expense	(3.1)	1.2	(2.0)	(0.3)
Net financing charge on pre-paid contracts	(0.5)		(0.5)	(0.6)
Net profit before tax	13.9	0.4	14.2	17.6
Income tax expense	(3.2)	(0.1)	(3.3)	(5.2)
Net profit after tax	10.6	0.3	10.9	12.3
Operating NPAT	14.2	0.3	14.4	13.3
Adjusted EPS (cps)	14.4		14.6	13.6

1. AASB 16 adjustments exclude the impact of existing finance leases which were accounted for on the same basis as the prior year

Impact of AASB 16 – Cash flow Reconciliation

\$ million	30-Jun-20 Statutory	AASB 16 Adjustments	30-Jun-20 Pro forma	30-Jun-19 Statutory
Receipts from customers (inc GST)	121.7		121.7	104.3
Payments to suppliers & employees (inc GST)	(87.8)	(4.0)	(91.8)	(81.1)
	33.9	(4.0)	30.0	23.2
Performance fee (inc GST)	(4.5)		(4.5)	-
Income taxes paid	(4.8)		(4.8)	(5.6)
Interest paid	(3.3)	1.2	(2.1)	(0.5)
Interest received	0.1		0.1	0.3
Net cash provided by operating activities	21.5	(2.8)	18.7	17.4
Payment for purchase of businesses	(45.7)		(45.7)	(28.8)
Payments for property, plant and equipment	(9.6)		(9.6)	(13.0)
Other investing cash flows	(1.4)		(1.4)	0.5
Net cash used by investing activities	(56.7)		(56.7)	(41.2)
Proceeds from borrowings	97.0		97.0	12.9
Dividends paid	(9.7)		(9.7)	(11.9)
Other financing cash flows	(3.5)	2.8	(0.6)	(0.3)
Net cash provided by financing activities	83.9	2.8	86.7	0.8
Net increase in cash during the year	48.7		48.7	(23.1)
Cash at the start of the year	5.3		5.3	28.3
Exchange rate effects	(0.1)		(0.1)	0.1
Cash at the end of the year	53.9		53.9	5.3
Cash Flow Conversion %	103.4%		103.8%	97.4%

Impact of AASB 16 – Balance Sheet Reconciliation

\$ million	30-Jun-20 Statutory	AASB 16 Adjustments	30-Jun-20 Pro forma	30-Jun-19 Statutory
Total Current Assets	111.5		111.5	63.8
Property, plant & equipment	129.3	0.0	129.3	97.9
Right-of-use assets	39.1	(39.1)	-	-
Goodwill	123.2		123.2	106.4
Other Non-current assets	3.8	(0.5)	3.3	2.9
Total Non-Current Assets	295.4	(39.6)	255.9	207.3
Total Assets	406.9	(39.6)	367.4	271.0
Trade and other payables	6.1		6.1	6.7
Borrowings	4.1		4.1	0.2
Contract liabilities	52.4		52.4	53.8
Lease liability	6.1	(6.1)	-	-
Other current Liabilities	5.4	0.0	5.4	6.2
Total Current Liabilities	74.2	(6.1)	68.1	66.9
Borrowings	106.0		106.0	13.2
Lease liability	34.4	(34.4)	-	-
Other Non-current Liabilities	10.3	(0.0)	10.3	8.5
Total Non-Current Liabilities	150.8	(34.4)	116.4	21.7
Total Liabilities	225.0	(40.6)	184.4	88.6
Net Assets	181.9	1.0	182.9	182.5
Total Equity	181.9	1.0	182.9	182.5

NPAT to Operating NPAT reconciliation

\$ million	30-Jun-20 Statutory	30-Jun-19 Statutory
Net profit after income tax	10.6	12.3
Add: Acquisition costs	1.6	1.6
Add: Performance fee	4.1	-
Add: Net foreign exchange losses	0.0	0.0
Add: Other non-operating expenses	0.3	0.3
Add/(Less): Net loss/(gain) on disposal of assets	0.1	(0.0)
Less: Tax effect of certain Operating NPAT adjustments	(1.4)	(0.2)
Less: New Zealand deferred tax liability restatement	(1.1)	-
Less: Release of contingent consideration from prior acquisitions	-	(0.7)
Operating NPAT	14.2	13.3

Income statement analysis

Income Statement

\$ million	30-Jun-20 Statutory	AASB 16 Adjustments	30-Jun-20 Pro forma	30-Jun-19 Statutory
Funeral operations	96.4		96.4	82.3
Cemetery, crematoria and memorial gardens	12.0		12.0	10.6
Other trading revenue	2.5		2.5	2.2
Total revenue	110.8		110.8	95.1
Cost of sales	(31.2)		(31.2)	(27.9)
Gross profit	79.6		79.6	67.3
Employment costs	(33.5)		(33.5)	(29.1)
Occupancy and facility costs	(6.0)	(3.9)	(9.9)	(8.2)
Administration fees	(0.2)		(0.2)	(0.2)
Other operating costs	(7.5)	(0.0)	(7.5)	(5.9)
Total operating costs	(47.2)	(4.0)	(51.1)	(43.5)
Operating EBITDA	32.4	(4.0)	28.5	23.8

Comments

Revenue segments:

- 86.9% generated from funeral operations (FY19: 86.5%)
- 10.8% generated from cemetery and memorial gardens (FY19: 11.2%)
- 2.3% from other sources (including coroners contracts) (FY19: 2.3%)

Employment costs:

- 30.2% of revenue (FY19: 30.6%)
- Reported net of government subsidies recognised of ~\$1.5m

Occupancy and facility costs:

- 5.4% of revenue on a statutory basis and 8.9% of revenue on a Proforma basis (FY19: 8.6%)

Administration fees:

- \$60k per quarter (escalated by CPI on each IPO anniversary) paid to the Manager. Fees waived by the Manager in the months of April and May 2020.

Distributable Earnings and Dividend

Reconciliation

\$ million	30-Jun-20
NPAT	10.6
Distributable Earnings calculation	
Acquisition costs	1.6
Net financing charge on prepaid contracts	0.5
New Zealand deferred tax liability restatement	(1.1)
Distributable Earnings	11.6
Dividend Payout Ratio	85%
Number of share on issue	98,735,427
Dividend per share (Rounded)	10.0

External management structure with 10 year escrow

Management Agreement and escrow provisions put shareholder returns first and align for the long term

1 Exclusivity

- The Manager works exclusively for Propel

2 No performance = no fee

- No salaries or directors fees are paid to the Management Shareholders
- No Management Fee** during the Initial Term (10 years) of the Management Agreement
- Nominal Administration Fee of \$60,000 per quarter (increasing with CPI)

3 Termination rights

- Limited termination rights by either party (e.g. insolvency or material breach)

4 Highly incentivised via a Performance Fee to maximise long term, total shareholder returns

- 8% annualised Total Shareholder Return (TSR) hurdle** (inc. grossed up dividends) (**Benchmark**) before a performance fee is triggered
- High watermark** that must be exceeded before a performance fee is triggered
- 20% of the absolute dollar value of the amount that the TSR outperforms the Benchmark**, subject to the high watermark and recoupment of any prior underperformance
- Calculated each anniversary of Completion of the Offer. Refer to notes 25, 27 and 28 of the financial statements
- The Manager **can opt to take up to 50% of the performance fee in shares in the Company** (10 day VWAP)

5 Compliance and governance

- Highly experienced and majority of independent directors**, with a focus on governance and compliance

6 Management shareholding and voluntary escrow

- Management Shareholders own ~21% of Propel and have voluntarily escrowed the majority of their shares for up to 10 years from Admission**, further aligning interests with shareholders

Simplified corporate structure

