



FY18

First Half Results Presentation

26 February 2018

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Agenda

1. Key highlights for 1H FY18
2. Business overview
3. 1H FY18 financial results detail
4. Industry 'tail winds' and acquisition update
5. FY18 Outlook
6. Q&A

Appendix





1. Key highlights for 1H FY18

Key highlights for 1H FY18

1

TRADING

Revenue:  **84%** to \$38.9 million (1H FY17: \$21.2 million)

Funeral volumes:  **85%** to 5,053 (1H FY17: 2,729)

ARPF¹:  **3.9%** to \$5,427 (FY17: \$5,223)

2

EARNINGS²

Operating EBITDA:  **79%** to \$11.0 million (1H FY17: \$6.1 million)

Operating NPAT³:  **90%** to \$6.3 million (1H FY17: \$3.3 million)

Cash flow conversion⁴: 100.3% (1H FY17: 103.6%)

3

CAPITAL MANAGEMENT

Operating cash flow^{2,5}:  **73%** to \$11.0 million (1H FY17: \$6.4 million)

Net cash: \$52.0 million cash as at 31 December 2017 and no senior debt

Interim dividend: As stated in the Prospectus, no interim dividend will be paid in 1H FY18 period

4

GROWTH

Growing portfolio: 80 locations as at 31 December 2017 (1H17: 50 locations, FY18YTD: 103 locations)

Investment Strategy: Entered WA via the acquisition of Seasons Funerals
Signed agreement to expand in NSW/VIC (Brindley Group)
Began planning to launch a takeover offer for Norwood Park (ACT/NSW/QLD)⁶
Continued focus on delivering the Investment Strategy

5

FY18 OUTLOOK

Operating EBITDA: Increased to \$21.1 million,  **15%** on Prospectus forecast of \$18.4 million

¹Average Revenue Per Funeral excluding disbursements and delivered prepaid funeral impacts

²Pro forma

³Proforma net profit after tax adjusted for one off non recurring items including the one off non cash share based payment, transaction costs, profit or loss on sale of fixed assets and foreign exchange impacts

⁴Operating EBITDA converted into pro forma, ungeared pre tax operating cash flow

⁵Operating cash flow pre interest and tax

⁶Takeover offer launched post 1H FY18

A large, leafless tree with a complex network of branches is silhouetted against a solid dark blue background. The tree's trunk is thick and dark, with many smaller branches extending outwards and upwards, creating a dense, intricate pattern of lines.

2. Business overview

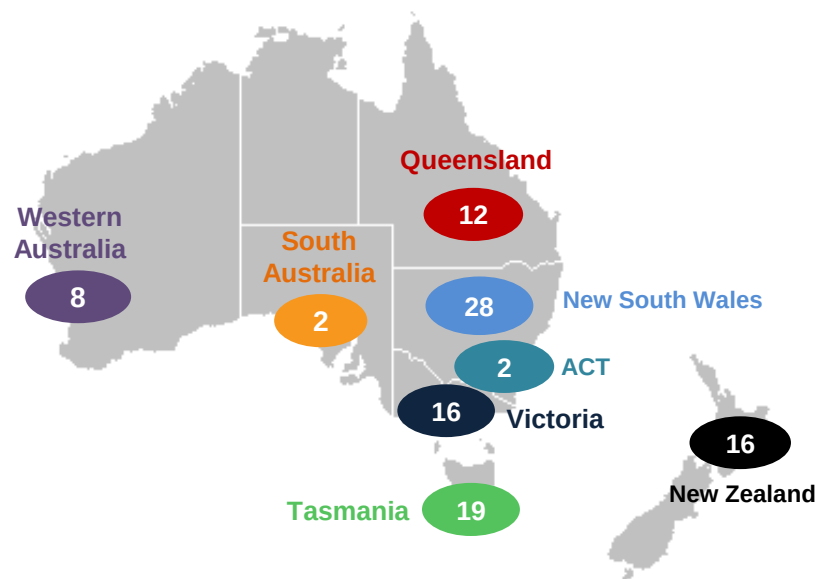
Geographic presence

103 locations (50 freehold and 53 leasehold), including 23 crematoria and 7 cemeteries

February 2013



February 2018



FY2012

FY2013

FY2014

FY2015

FY2016

FY2017

FY2018YTD

26 acquisitions
since inception

Enters & expands in QLD

Enters NSW,
VIC & SA

Enters TAS
& NZ

Expands in
QLD, NSW,
VIC & NZ

Enters WA &
ACT. Expands in
NSW, VIC & QLD

Established
platform for
further growth

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

Brand portfolio

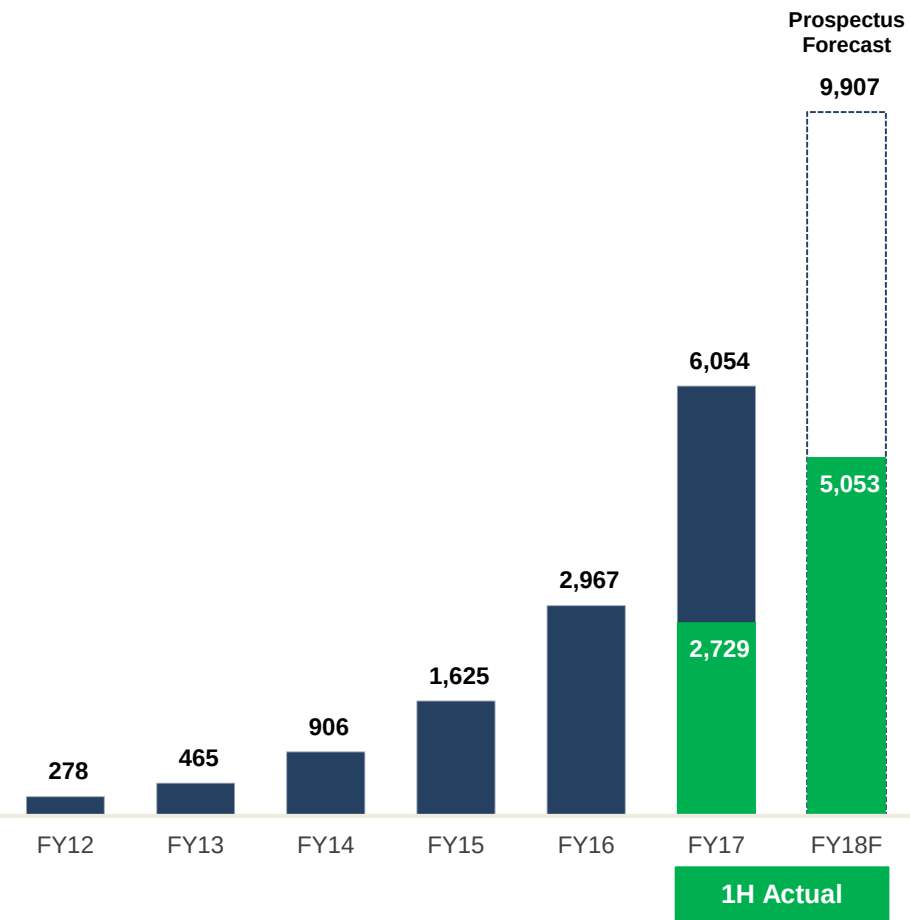
Diversified single and multi-site brands with strong local community awareness

QLD	NSW/ACT	VIC	TAS	SA	WA	NZ
						
						
						
						
						
						
						
						
						
						
96% relevant interest acquired via a takeover offer which closed 13 February 2018						

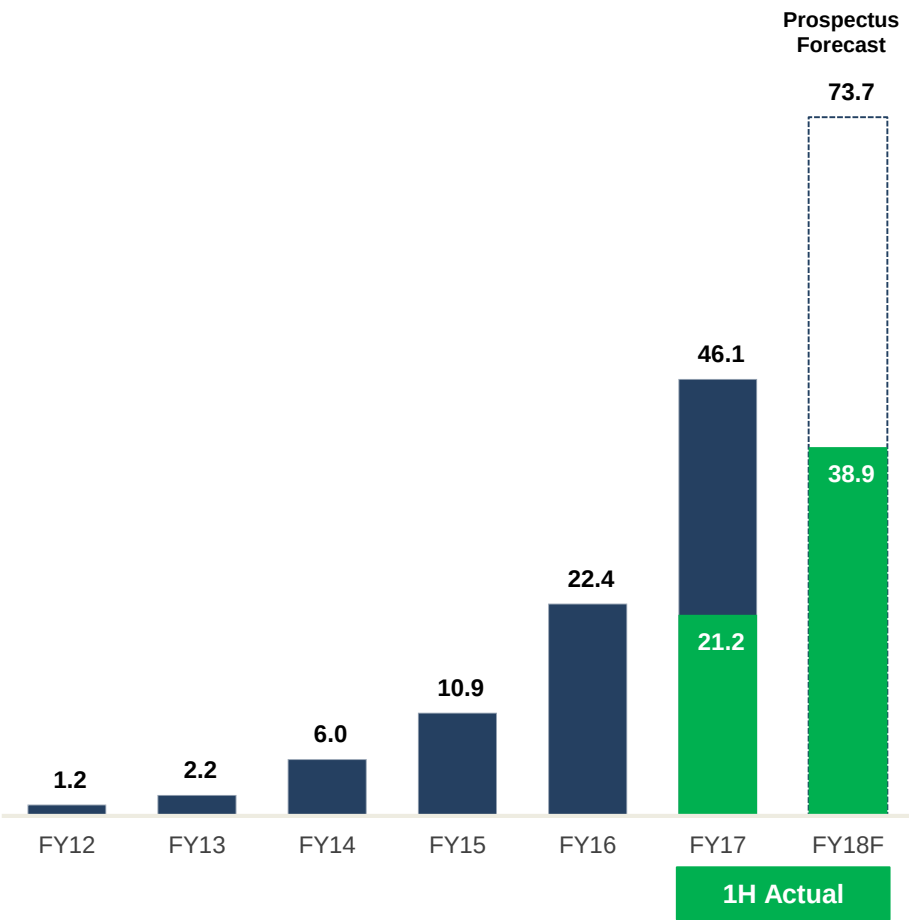
Volume and revenue growth

Propel has maintained a strong growth trajectory

Funeral volumes



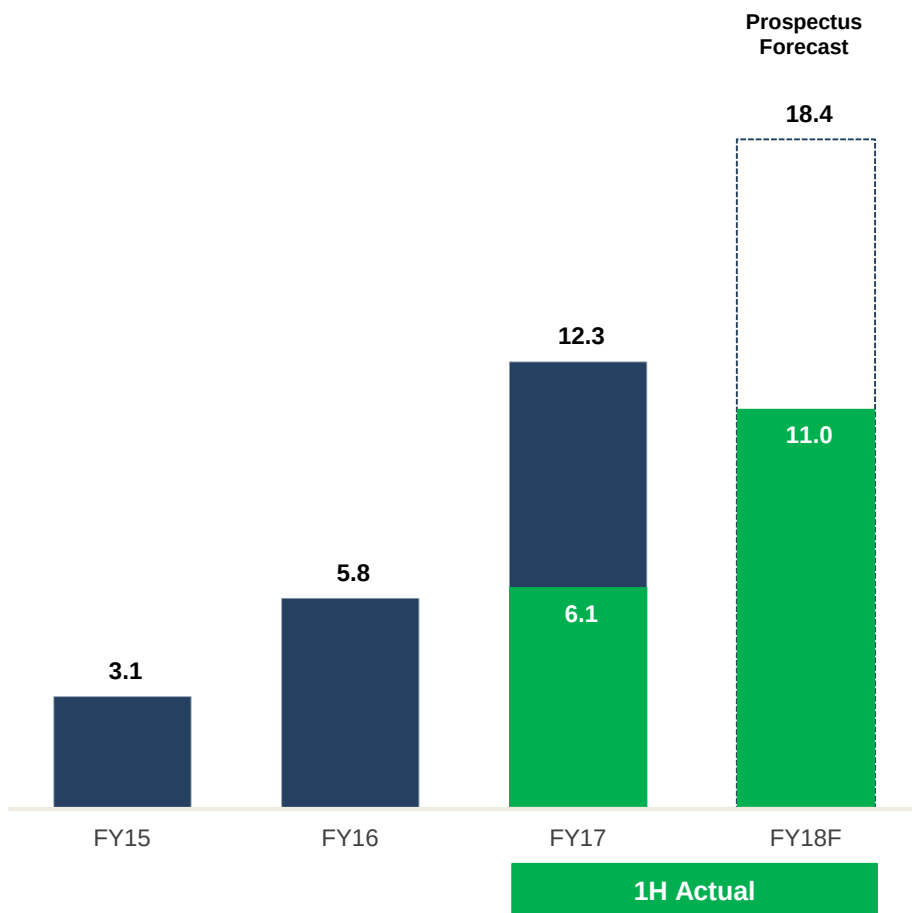
Revenue (\$m)



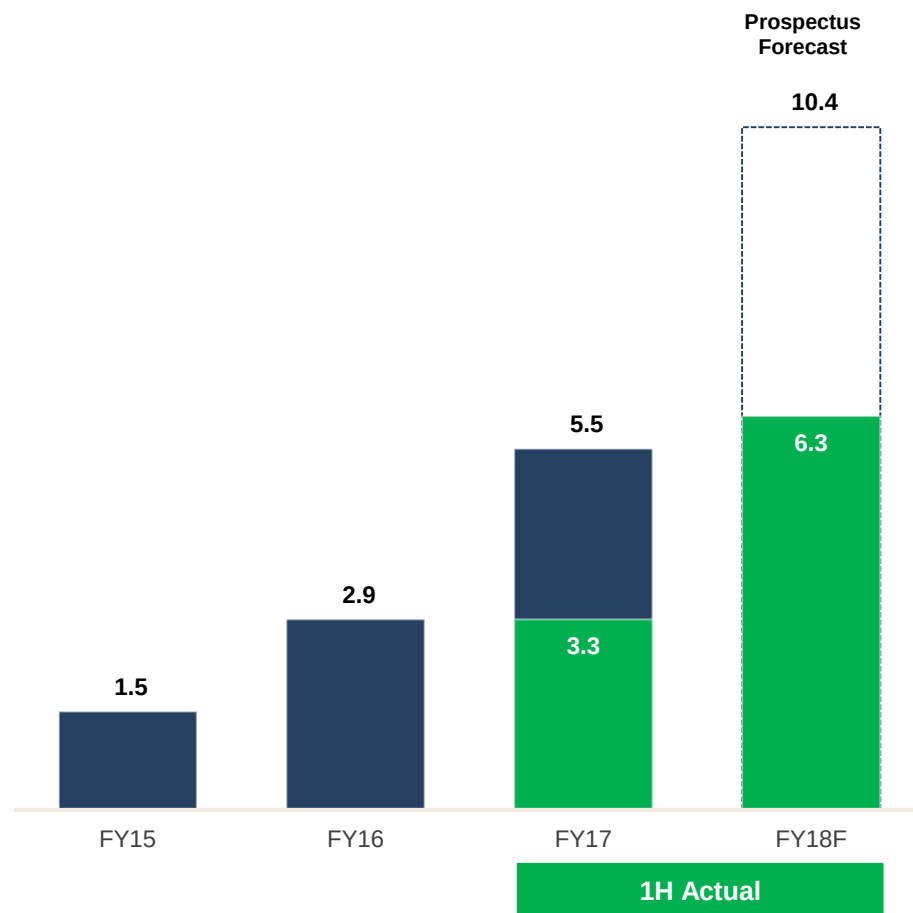
Earnings growth

Propel has maintained a strong growth trajectory

Operating EBITDA (\$m)



Operating NPAT¹ (\$m)

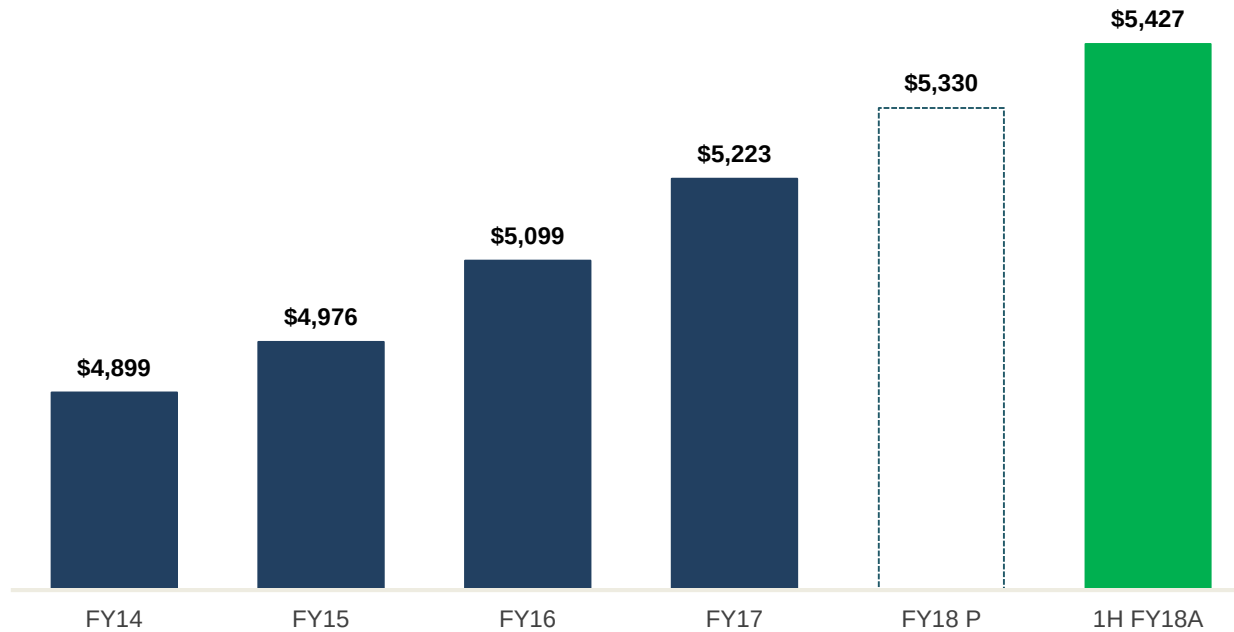


¹Proforma net profit after tax adjusted for one off non recurring items including the one off non cash share based payment, transaction costs, profit or loss on sale of fixed assets and foreign exchange impacts

Average Revenue Per Funeral growth

Propel has maintained a strong growth trajectory

Average Revenue Per Funeral¹



¹Average Revenue Per Funeral excluding disbursements and delivered prepaid funeral impacts

3. 1H FY2018 financial results detail

Financial summary

Pro forma income statement

\$ million	31-Dec-17	31-Dec-16	Change
Total revenue	38.9	21.2	84%
Cost of sales	(11.9)	(6.3)	90%
Gross profit	27.0	14.9	81%
... margin	69.4%	70.5%	
Total operating costs	(16.1)	(8.8)	83%
Operating EBITDA	11.0	6.1	79%
... margin	28.1%	29.0%	
Depreciation	(1.3)	(0.7)	76%
Operating EBIT¹	9.7	5.4	79%
... margin	24.8%	25.5%	
Other income/expenses	0.1	0.0	nm
Transaction/acquisition costs	(0.0)	(0.4)	(88)%
EBIT	9.7	5.0	93%
Interest expense	(0.0)	(0.0)	nm
Interest income	0.1	0.0	173%
Net financing charge on pre-paid contracts	(0.7)	(0.5)	28%
Net profit before tax	9.2	4.6	101%
Income tax expense	(3.0)	(1.6)	83%
Net profit after tax	6.2	2.9	112%
Operating NPAT ²	6.3	3.3	90%
Basic earnings per share (cps)	6.31	2.98	112%

¹Operating EBITDA less depreciation

² Net profit after tax adjusted for one off non recurring items including the one off non cash share based payment, transaction costs, profit or loss on sale of fixed assets and foreign exchange impacts

Comments

Revenue

- increased ~84% on PCP due to:
 - full period impact of six acquisitions completed in FY17
 - part period impact of Seasons Funerals acquisition
 - strong volume and ARPF performance - refer to slide 14

Gross profit margin

- 69.4% which is above FY18 Prospectus forecast of 68.2%
- down on PCP influenced by recent acquisitions

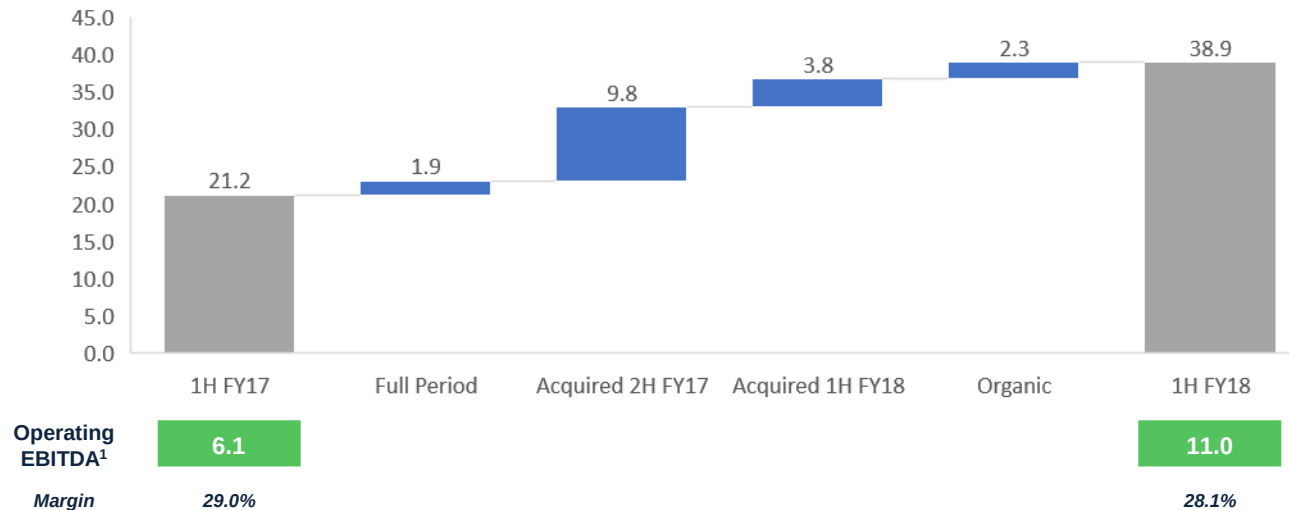
Operating EBITDA

- increased ~79% on PCP due to:
 - full period impact of six acquisitions completed in FY17
 - part period impact of Seasons Funerals acquisition
- reflects additional head office staff and pro forma ASX listing costs

Other items

- stamp duty and legal fees on acquisitions
- pro forma capital structure (i.e. no debt)
- net financing charge relates to investment returns generated on Pre-paid Contracts (circa 1.4%) net of the non-cash financing charge applied to funds held for Pre-paid Contracts (circa 4.6%) in accordance with AASB 15
- EPS growth of 112% on PCP

Revenue bridge and Operating EBITDA



Comments

Total growth (24 businesses):

Volumes

- up ~85.2% on PCP due to the full period impact of acquisitions completed in FY17, the part period impact of the Seasons Funerals acquisition and organic growth

Average Revenue Per Funeral (ARPF)¹

- up ~3.9% in 1H FY18 over FY17, influenced by the financial profile of acquisitions and organic growth

Organic growth (16 businesses):

Volumes

- up 2.0% on PCP, impacted by 2017 winter flu season
- observable market share stable

ARPF

- up 5.3% in 1H FY18 over FY17 driven by price increases and favourable sales mix

Operating EBITDA Margin

Influenced by:

- volume and pricing leverage
- the full year impact of six acquisitions completed in FY17
- the part period impact of Seasons Funerals acquired in FY18
- an increase in third party lease payments
- additional head office staff in 1H FY18

¹ Excluding direct disbursements and delivered prepaid funeral impacts

Key operating and financial metrics

	1H FY18 Pro forma actual	FY18 Prospectus Forecast
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Operating metrics

Number of locations	80	80
Number of funerals	5,053	9,907
Average Revenue Per Funeral ¹	\$5,427	\$5,330

Financial metrics

Gross profit margin	69.4%	68.2%
Employee costs as a % of total revenue	28.1%	30.6%
Occupancy costs as a % of total revenue	5.9%	6.2%
Operating EBITDA margin	28.1%	25.0%
Operating EBIT margin	24.8%	21.6%
Cash flow conversion ² %	100.3%	98.9%

Encouraged by 1H FY18 performance given:

- funeral volumes were 3.4% above expectations
- Average Revenue per Funeral was \$97 above the full year forecast
- key metrics compared favourably to the FY18 Prospectus forecast, including:
 - gross margin;
 - operating margins;
 - key expenses as a % of revenue; and
 - cash flow conversion.

¹ Excluding direct disbursements and delivered prepaid funeral impacts

² Operating EBITDA converted into pro forma, ungeared pre tax operating cash flow

Cash flow highlights

Pro forma and Statutory actuals

\$ million	Pro forma actuals		Statutory actuals	
	31-Dec-17	31-Dec-16	31-Dec-17	31-Dec-16
Receipts from customers (inc GST)	43.1	22.4	43.1	22.4
Payments to suppliers and employees (inc GST)	(32.1)	(16.0)	(32.2)	(16.1)
Income taxes paid	(3.1)	(1.8)	(1.6)	(1.5)
Interest paid	(0.0)	(0.0)	(2.3)	(0.7)
Interest received	0.2	0.0	0.2	0.0
Net cash provided by operating activities	8.1	4.5	7.2	4.2
Payment for purchase of business, net of cash acquired	(11.7)	(21.5)	(11.7)	(21.5)
Payments for property, plant and equipment	(2.2)	(0.7)	(2.2)	(0.7)
Other investing cash flows	0.1	0.0	0.1	0.0
Net cash used by investing activities	(13.8)	(22.2)	(13.8)	(22.2)
Proceeds from issue of shares, net of transaction costs			106.0	0.0
Net repayment of borrowings			(40.2)	14.6
Dividends paid			(14.0)	(0.0)
Other financing cash flows			(0.0)	0.2
Net cash provided by financing activities			51.8	14.8
Net increase in cash during the year			45.2	(3.3)
Cash at the start of the year			6.8	11.3
Exchange rate effects			(0.0)	0.0
Cash at the end of the year			52.0	8.0
Cash flow conversion¹ %	100.3%	103.6%	100.3%	103.7%

Comments

Operating cash flow

- Reflects strong trading in 1H FY18
- Minimal working capital movements:
 - focus on debtor collection
 - can be influenced by acquisitions
- Operating EBITDA conversion to ungeared, tax free, operating cash flow strong at 100.3% (1H FY17: 103.6%)

Investing cash flow

- Includes acquisition of Seasons Funerals (\$9.8m), deposit for Brindley (\$1.0m), earn out payments (\$0.3m) and a property purchase relating to an acquisition completed in FY17 (\$0.5m)
- Capex (\$1.8m) + property purchase (\$0.4m)

Financing cash flow

- Statutory cash flows reflects:
 - Net IPO proceeds of \$111.5m less transaction costs of \$5.5m
 - Net repayment of fixed rate notes and senior debt of \$40.2m
 - Pre IPO dividend of \$14.0m

Strong cash position

¹ Operating EBITDA converted into pro forma, ungeared pre tax operating cash flow

Strong financial position

Statutory balance sheet

\$ million	As at 31 Dec 17	As at 30 June 17
Cash and cash equivalents	52.0	6.8
Trade and other receivables	4.2	3.9
Contract assets	38.3	35.6
Other current assets	3.9	3.0
Total Current Assets	98.4	49.3
Property, plant & equipment	59.7	57.9
Goodwill	73.7	63.6
Other Non-current assets	2.7	0.7
Total Non-current assets	136.2	122.1
Total Assets	234.5	171.3
Trade and other payables	6.0	5.1
Borrowings	0.1	7.3
Contract liabilities	41.5	38.1
Other current liabilities	6.6	4.3
Total Current Liabilities	54.2	54.9
Borrowings	0.4	64.9
Other Noncurrent liabilities	5.0	4.7
Total Non-Current liabilities	5.4	69.7
Total liabilities	59.6	124.5
Net assets	174.9	46.8
Issued capital	199.6	37.2
Foreign currency translation reserve	(0.4)	0.8
(Accumulated losses)/retained profits	(24.2)	8.9
Total Equity	174.9	46.8

Comments

Net cash position

- \$52.0m of cash (as at 31 December 2017)
- no senior debt
- strong balance sheet to continue Investment Strategy

Prepaid 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 1H FY18, 8.6% of funeral volumes in Australia related to Prepaid Contracts

Property, plant and equipment

- land and buildings at cost (less depreciation) of \$48.2m

Goodwill

- represents purchase price of acquisitions less fair value of assets and liabilities acquired
- no impairment

Other

- accumulated losses includes a one-off non-cash expense of \$21.9m which was recognised as a result of the Restructure in accordance with AASB 2 Share Based Payments which is based on the director's view of fair value having regard to the escrow arrangements set out in the Prospectus

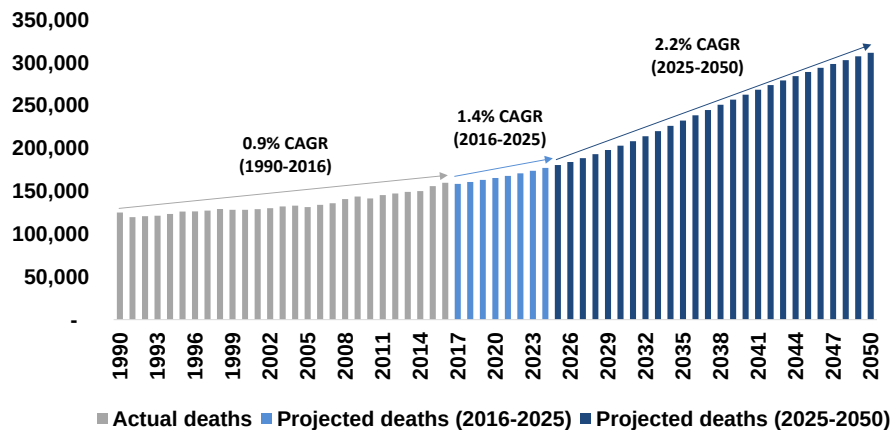


4. Industry 'tail winds' and acquisition update

Increasing number of deaths

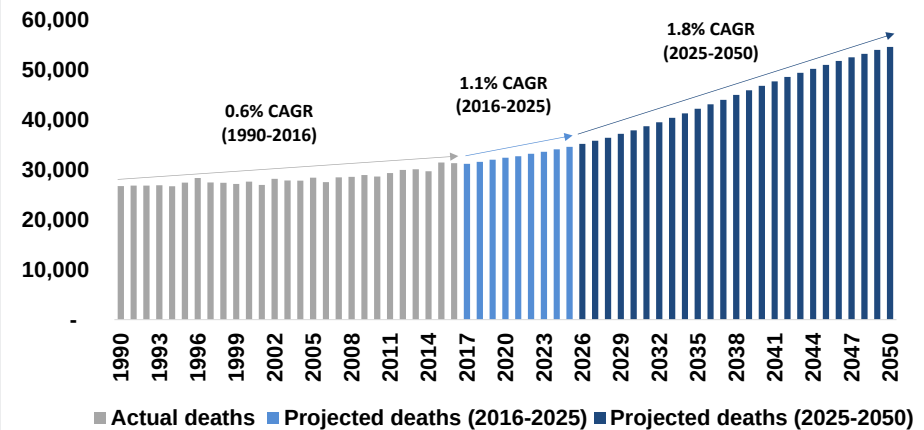
Number of deaths is the most significant driver of revenue in the death care industry

Australia



- Death volumes in Australia grew by 0.9% pa between 1990 and 2016¹
- This is expected to increase by 1.4% pa from 2016 to 2025¹ and 2.2% from 2025 to 2050¹

New Zealand



- Death volumes in New Zealand grew by 0.6% pa between 1990 and 2016²
- This is expected to increase by 1.1% pa from 2016 to 2025² and 1.8% from 2025 to 2050²

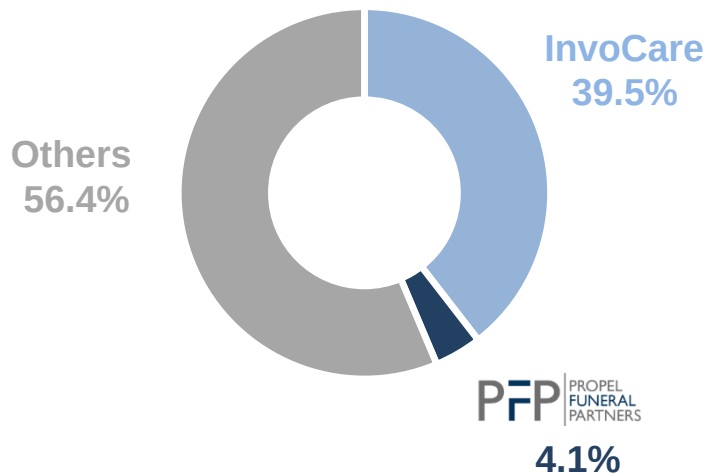
¹Source: ABS (3101.0 Australian Demographic Statistics, Dec 2016) for Actual deaths and ABS (3222.0 Population Projections, Australia, 2012 (base) to 2101) for Projected deaths.

²Source: This work 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. (Table Reference: VSD022AA - Group: Deaths - VSD) for Actual deaths and Statistics New Zealand (National population projections, characteristics, 2016(base)-2068) for Projected deaths.

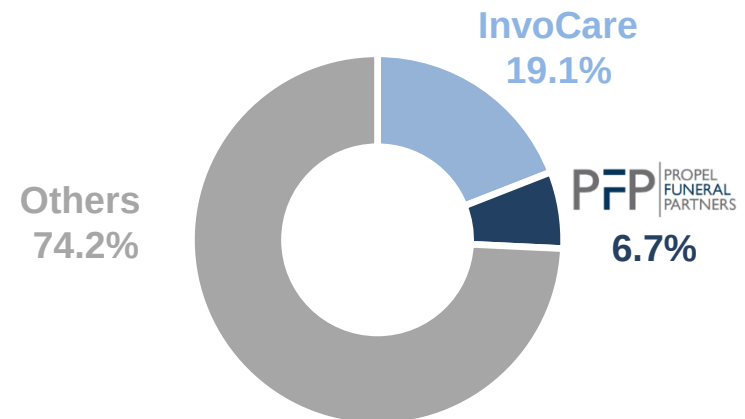
Fragmented industry of scale

Industry revenue estimated to be \$1.1 billion¹ in Australia and NZ\$0.26 billion² in NZ

Australian death care industry
market share by revenue¹



New Zealand death care industry
market share by revenue²



¹The market size is based on IBISWorld's estimate for FY2017 revenue. "Propel" is based on pro forma FY2017 revenue. "InvoCare" is based on its LTM revenue to 30 June 2017.

Source: IBISWorld (IBISWorld Industry Report S9520 – Funeral Directors, Crematoria and Cemeteries in Australia November 2016) for the market size and "Others", InvoCare Limited public announcements (H1CY2017 and CY2016 results presentations) for "InvoCare" and Propel for "Propel". IBIS has not consented to the use of the information in the form or context in which it is included in this presentation.

² The market size is based on Funeral Directors Association of NZ's estimate for CY2016 revenue. "Propel" is based on the annualised FY2017 revenue contribution for Davis Group and Far North Funeral Services. "InvoCare" is based on its LTM revenue to 30 June 2017. Source: NZ Funeral Services Industry Insights Report Funeral Directors Association of NZ 2016 for the market size and "Others", InvoCare Limited public announcements (H1CY2017 and CY2016 results presentations) for "InvoCare" and Propel for "Propel". IBIS has not consented to the use of the information in the form or context in which it is included in this presentation.

Acquisition update

Propel is focussed on delivering its Investment Strategy

1

**DURING
1H FY18**

WA entry:

Acquired Seasons Funerals

NSW/VIC expansion:

Signed agreement in relation to Brindley Group

2

**SINCE
1H FY18**

**NSW/VIC/QLD expansion
and ACT entry:**

Completed Brindley Group acquisition (NSW/VIC)

Acquired a relevant interest of approximately 96% in Norwood Park (ACT/NSW/QLD)

3

**FUTURE
ACQUISITIONS**

Acquisition pipeline:

Exploring other potential acquisitions

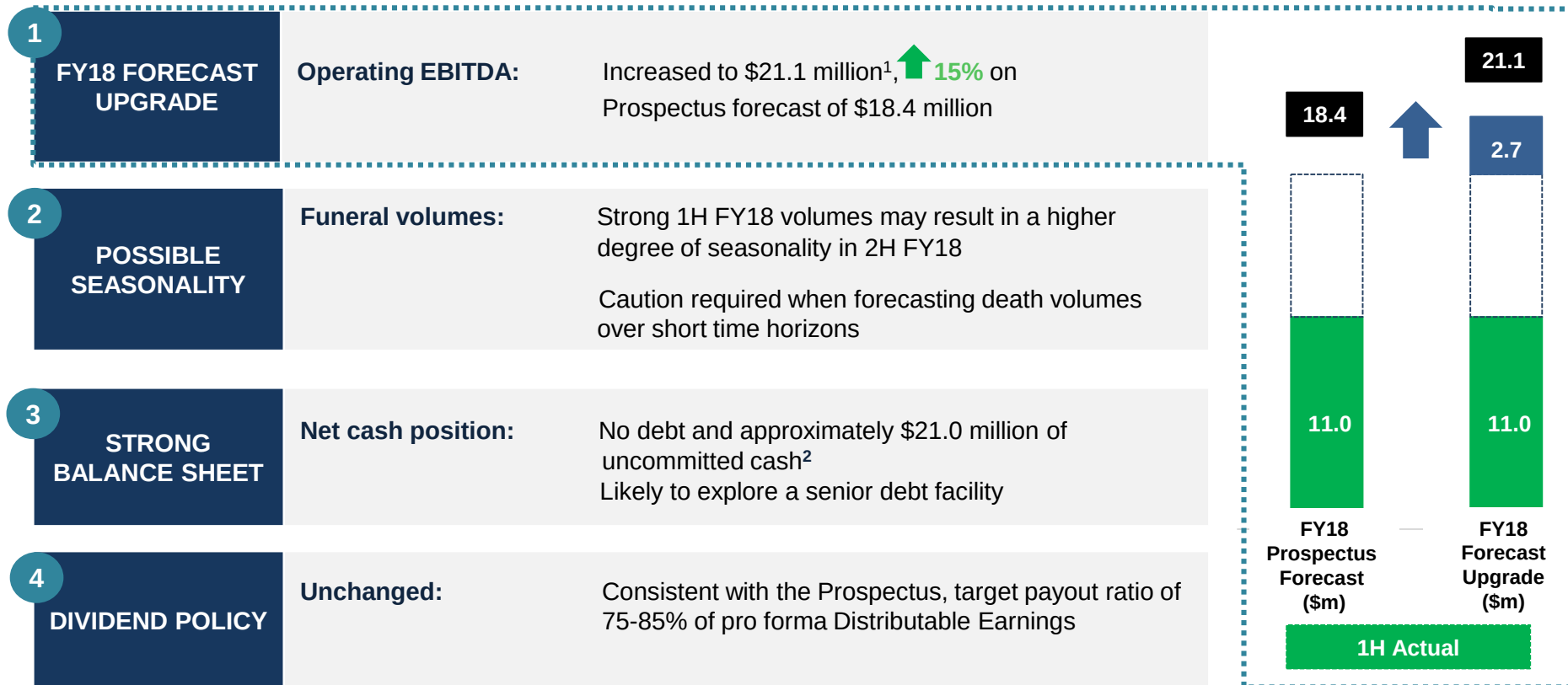
Timing associated with potential acquisitions uncertain

5. FY18 Outlook



FY18 Outlook

Propel is focussed on delivering on the Investment Strategy



¹The revised forecast assumes:

- funeral volumes and mix track in line with expectations during 2H FY18; and
- no other acquisitions are completed during 2H FY18.

² 31 December 2017 cash balance less amounts deployed and committed in connection with the acquisitions of Brindley Group and Norwood Park (including repayment of debt and transaction costs).



6. Q&A



Appendix

Statutory – Pro forma reconciliation

Pro forma versus Statutory Income Statement

\$ million	31-Dec-17	Proforma Adjustments	31-Dec-17
Total revenue	38.9		38.9
Cost of sales	(11.9)		(11.9)
Gross profit	27.0		27.0
Total operating costs	(16.2)	0.1	(16.1)
Operating EBITDA	10.8		11.0
Depreciation	(1.3)		(1.3)
Operating EBIT¹	9.5		9.7
Other income/expenses	0.1		0.1
Transaction/acquisition costs	(2.8)	2.8	(0.0)
One off share based payment	(21.9)	21.9	0.0
EBIT	(15.1)		9.7
Interest expense	(2.0)	2.0	(0.0)
Interest income	0.1		0.1
Net financing charge on pre-paid contracts	(0.7)		(0.7)
Net profit before tax	(17.6)		9.2
Income tax expense	(1.9)	(1.0)	(3.0)
Net profit after tax	(19.5)		6.2

¹Operating EBITDA less depreciation

Comments

Key variances:

Operating costs

- Corporate expenses as a consequence of Propel being listed on ASX for the full period
- add back the management fee expense under the previous management agreement and deduct the administration fee of \$60,000 per quarter in accordance with the Management Agreement

Transaction costs:

- add back transaction costs expensed in respect of the IPO

Share based payment:

- add back the one off non cash share based payment recognised as a result of the Restructure

Capital structure:

- add back interest associated with Debt

Tax effect:

- income tax effect of the relevant adjustments above at a tax rate of 30%

Income statement analysis

Pro forma Income Statement

\$ million	31-Dec-17	31-Dec-16	Change	%
Funeral operations	35.6	18.8	16.8	89.3%
Cemetery and memorial gardens	2.6	2.2	0.4	20.3%
Other trading revenue	0.8	0.2	0.5	224.3%
Total revenue	38.9	21.2	17.8	83.9%
Cost of sales	(11.9)	(6.3)	(5.7)	90.4%
Gross profit	27.0	14.9	12.1	81.2%
Employment costs	(11.0)	(6.0)	(5.0)	83.0%
Occupancy and facility costs	(2.3)	(1.2)	(1.1)	95.6%
Administration fees	(0.1)	(0.1)	0.0	0.0%
Other operating costs	(2.7)	(1.5)	(1.2)	79.8%
Total operating costs	(16.1)	(8.8)	(7.3)	83.0%
Operating EBITDA	11.0	6.1	4.8	78.5%

Comments

Revenue segments:

- 91.3% generated from funeral operations
- 6.6% generated from cemetery and memorial gardens
- 2.1% from other sources

Employment costs:

- 28.1% of revenue, favourable to FY18 Prospectus forecast

Occupancy and facility costs:

- 5.9% of revenue, favourable to Prospectus forecast

Administration fees:

- \$60k per quarter paid to the Manager

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 will work exclusively for Propel

2

No performance = no fee

- ☐ No salaries or directors fees will be 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

- ☐ Termination by the Manager only if Propel becomes insolvent or is in serious breach of a material obligation

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
- ☐ Calculated each anniversary of Completion of the Offer
- ☐ 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

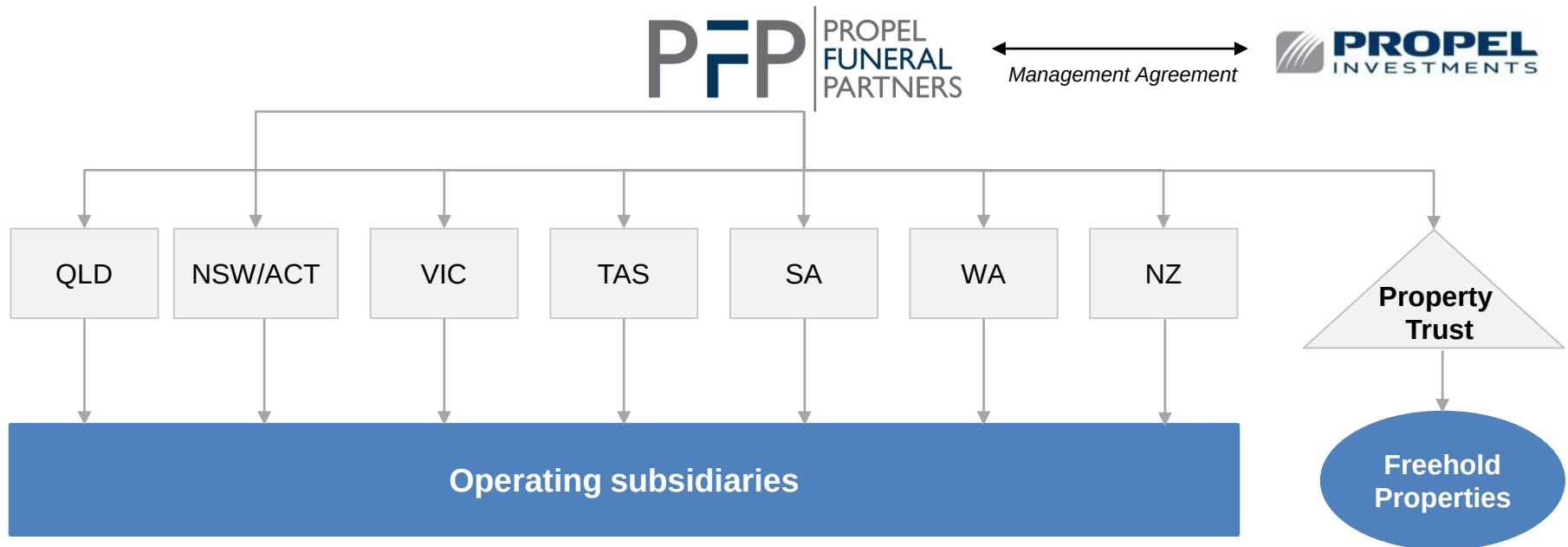
- ☐ **Highly experienced and majority of independent directors**, with a focus on governance and compliance

6

Management shareholding and voluntary escrow

- ☐ **Management Shareholders own 20.7% 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





PFP | PROPEL
FUNERAL
PARTNERS