

A person wearing a white shirt is holding a blue origami crane in their hands. The crane is made of a single sheet of paper, folded into a bird shape with long, pointed wings and a long, thin beak. The background is a soft, out-of-focus light blue and white.

FY21 First Half Results

Investor Presentation

25 February 2021

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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.

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.

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Agenda

1. Key highlights for 1H FY21
2. COVID-19 impacts and responses
3. Company overview
4. 1H FY21 financial results detail
5. Industry trends and acquisitions
6. Outlook
7. Q&A



Appendices

1. Key highlights for 1H FY21



Key highlights for 1H FY21

1

TRADING¹

Revenue

\$59.0m ▲ 3.5%

Funeral volumes

6,897 ▲ 3.8%

Average Revenue Per Funeral

\$5,874 ▲ 3.6% on FY20

2

EARNINGS¹

Operating EBITDA

\$19.0m ▲ 14.8%

Operating NPAT

\$8.4m ▲ 7.6%

Cash Flow Conversion

97.6% ▼ 160 bps

3

CAPITAL MANAGEMENT^{1,2}

Interim Dividend

6.0cps ▲ 2.0 cents

Gearing Ratio

30.2%

Funding Capacity

\$63.2m

4

GROWTH²

Locations

138 ▲ 8

Acquisitions

\$126.7m
deployed since IPO

Expansion

- in NZ, WA, QLD and NSW
- acquired two freehold properties
- expansion in pet loss sector

5

OUTLOOK

Expecting to benefit from:

- death volumes reverting to long term trends
- a growing and ageing population
- a strong funding position
- acquisitions completed to date and other potential future acquisitions in a fragmented industry

¹ Movements shown above relate to movements between 1H FY21 and the PCP, unless otherwise stated

² As at 31 December 2020 for Gearing Ratio, Funding Capacity (refer to slide 22) and Locations (movement from 30 June 2020)

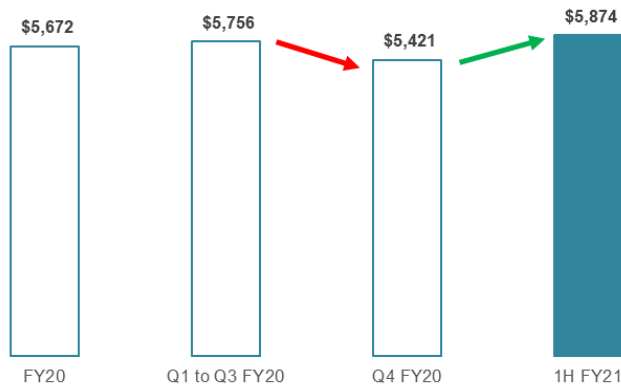
2. COVID-19 impacts and responses



COVID-19 impacts

Below trend death volumes partially offset by Average Revenue Per Funeral growth

1 Average Revenue Per Funeral



Unlike the widespread impacts of strict funeral attendee limits in Australia and New Zealand during Q4 FY20:

- the easing of funeral attendee limits contributed to an increase in Average Revenue Per Funeral in 1H FY21
- Average Revenue Per Funeral impacts during 1H FY21 were generally isolated to COVID-19 hotspot areas that went into temporary lockdown
- Average Revenue Per Funeral growth returned to the Company's target range of 2-4% per annum

2 Funeral volumes

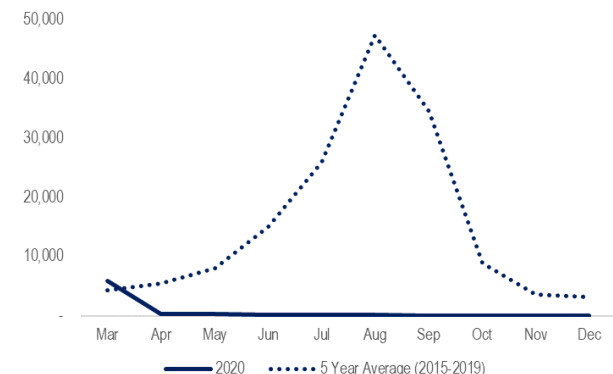
During 2020:

- death volumes were below historical long term trends in key markets within which Propel operates - for example, in the first five months of FY21, total registered deaths in the state of Queensland declined 10.5%¹ compared to the PCP
- flu cases in Australia were circa 99%² below the prior 5 year average

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

- contributed to an unusually benign 2020 flu season
- are expected to result in a deferral of death volumes into future periods

Flu cases in Australia²



¹ Source: Queensland Government

² Source: National Notifiable Diseases Surveillance System

COVID-19 responses

Focused on people safety, essential service continuity and financial resilience

1 People safety

- communicating government guidelines and directives to staff and mourners
- 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
- 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 could cross state/territory borders and access 'hotspot' 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
- regular dialogue with key stakeholders

3 Financial resilience

- ensuring adequate liquidity levels in place
- continuing to support and fund essential capital expenditure
- controlling operating costs
- eligible businesses accessing wage subsidies in Australia and New Zealand, enabling headcount to be maintained

3. Company overview



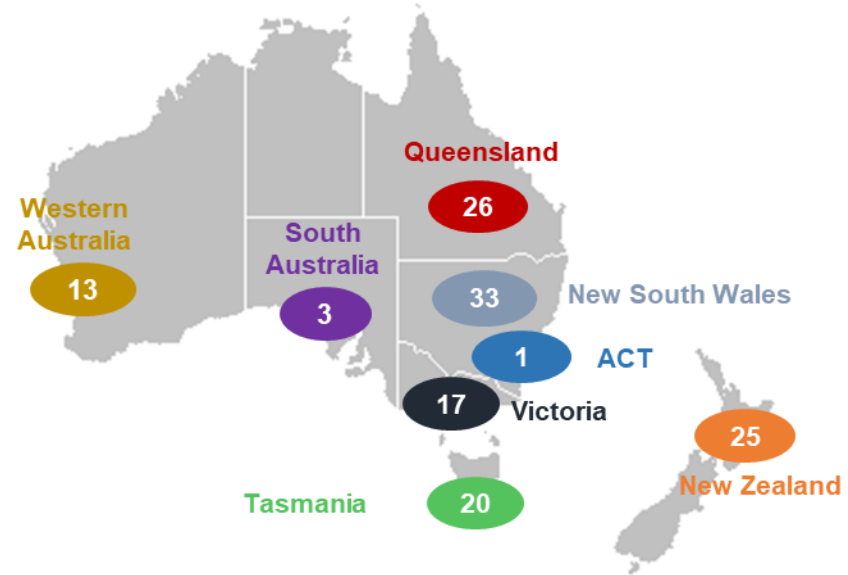
Geographic presence

138 locations (77 owned / 61 leased), including 32 cremation facilities and 9 cemeteries

August 2013



February 2021



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

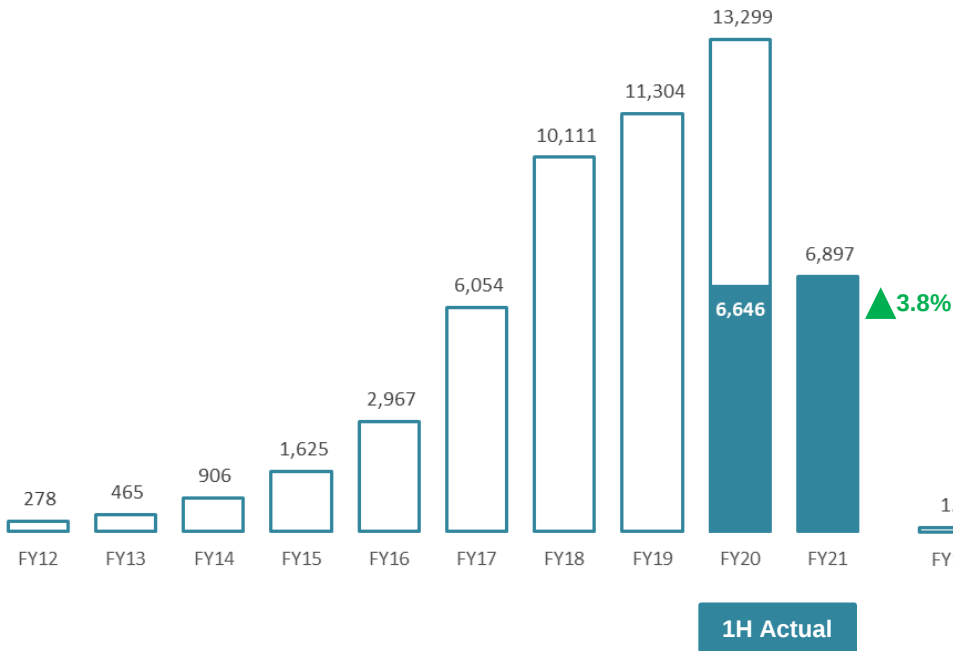


 Acquired in 1H FY21

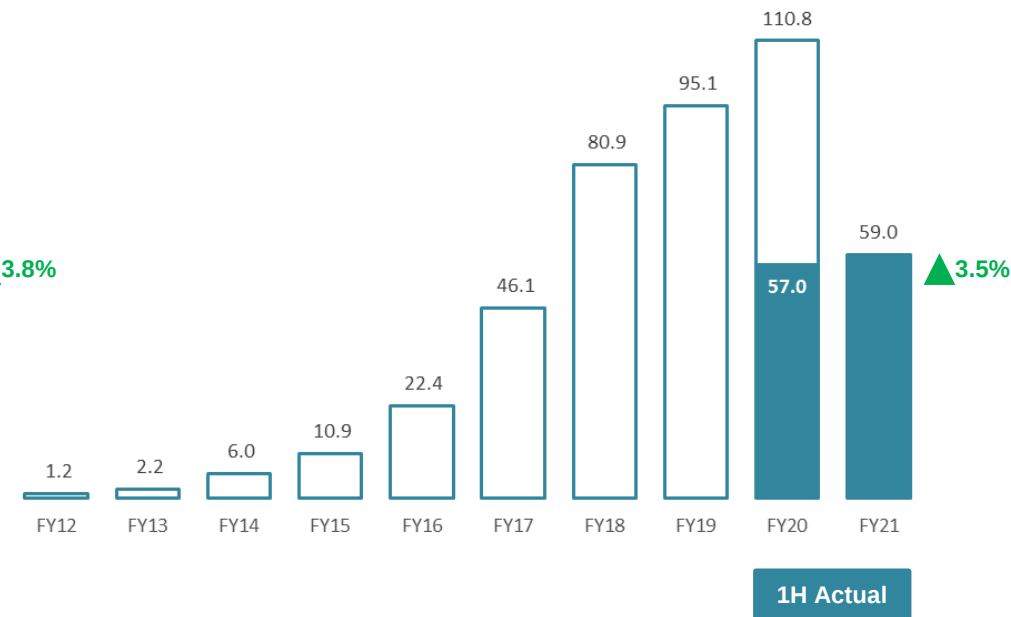
Volume and revenue growth

Propel has maintained a strong growth trajectory

Funeral volumes



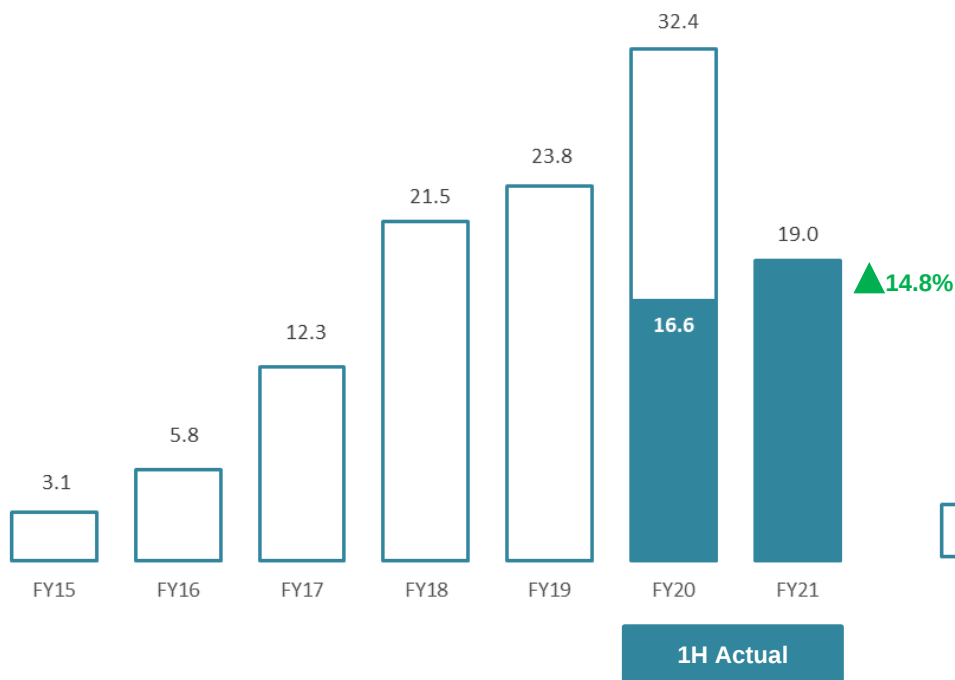
Revenue (\$m)



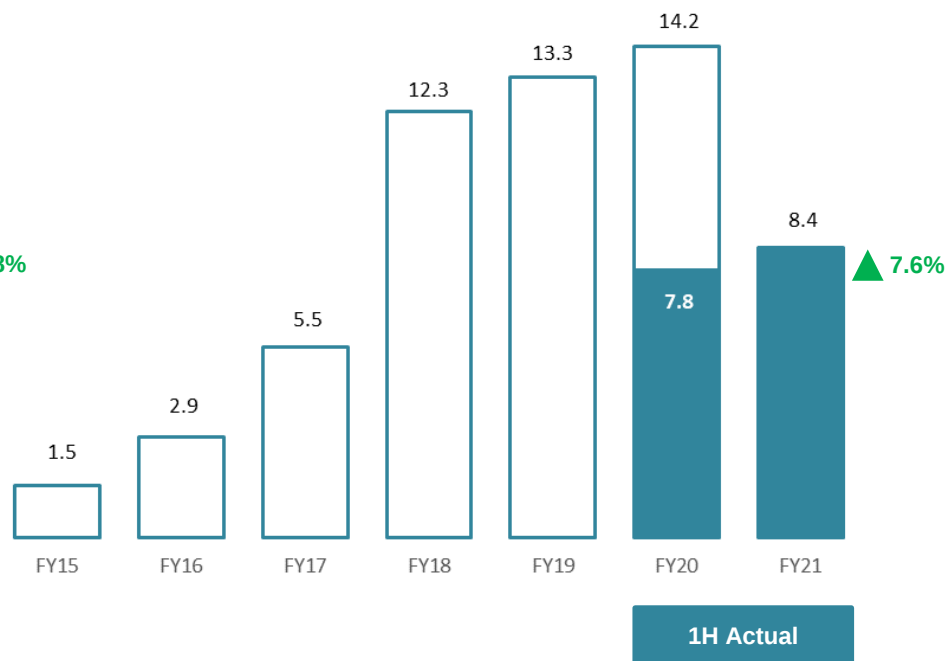
Earnings growth

Propel has maintained a strong growth trajectory

Operating EBITDA (\$m)

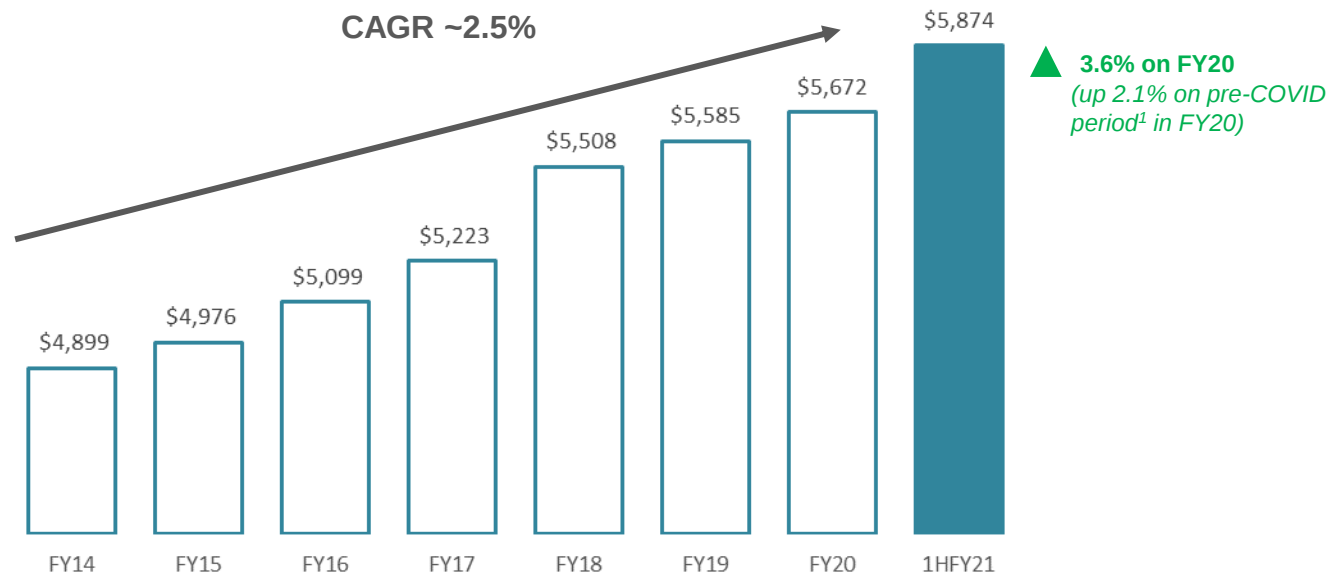


Operating NPAT (\$m)



Average Revenue Per Funeral growth

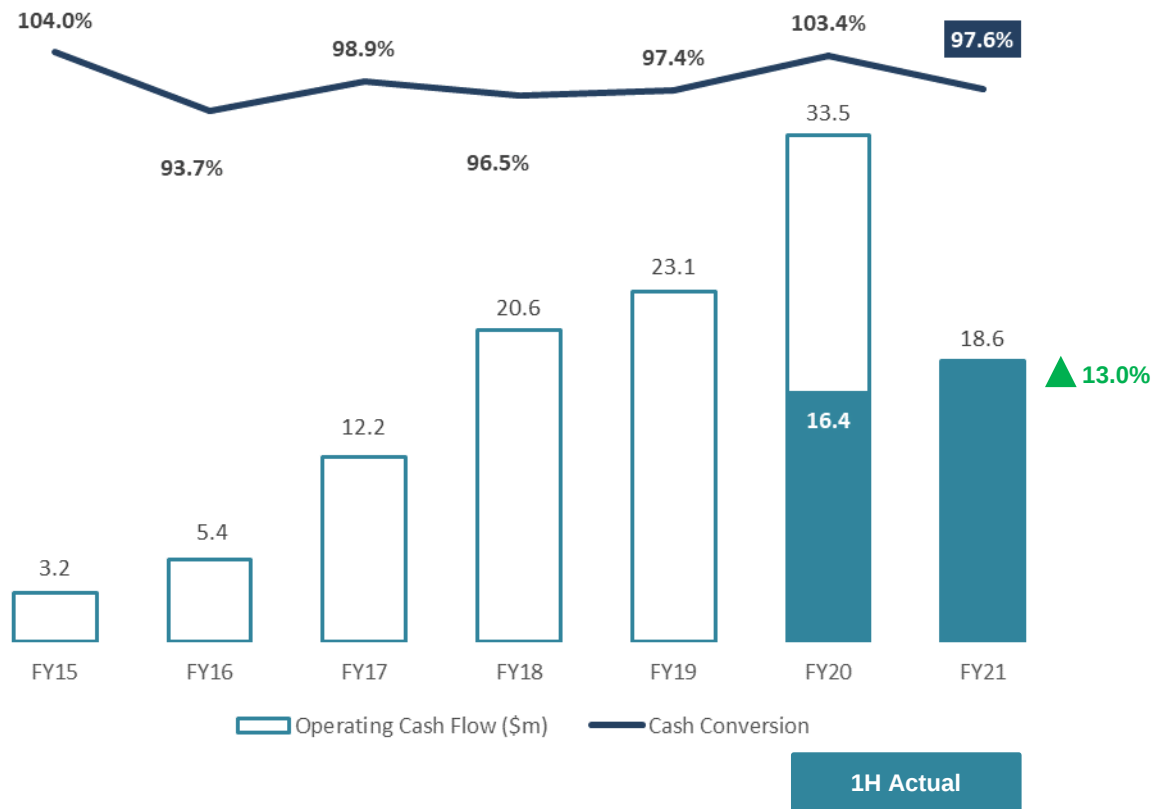
Compound annual growth rate (CAGR) of ~2.5% since FY14



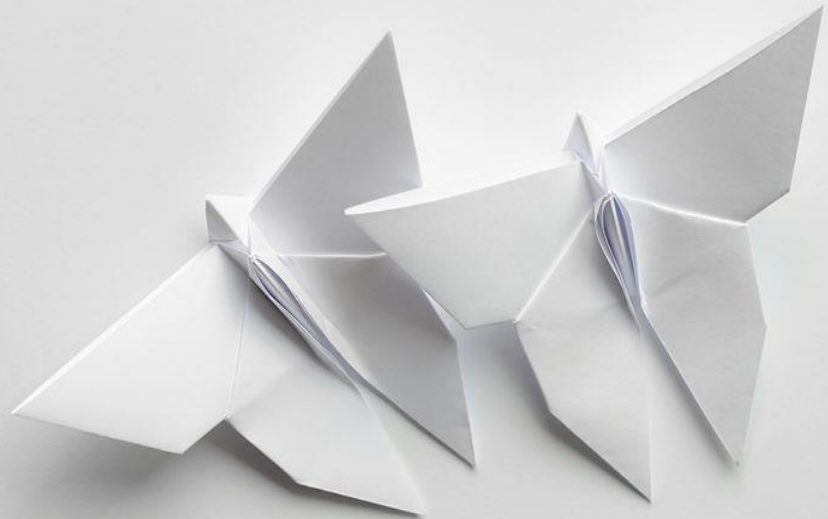
¹ 1 July 2019 to 31 March 2020

Cash Flow Conversion

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



4. 1H FY21 financial results detail



Financial Summary

Income statement

\$ million	31-Dec-20	31-Dec-19
Total revenue	59.0	57.0
Gross profit	42.7	40.7
...margin	72.3%	71.5%
Total operating costs	(23.7)	(24.2)
Operating EBITDA	19.0	16.6
...margin	32.2%	29.1%
Depreciation	(4.8)	(4.2)
Operating EBIT	14.2	12.3
...margin	24.1%	21.6%
Performance fee	-	(4.1)
Net other expenses	(0.1)	(0.2)
Acquisition costs	(0.2)	(1.4)
Net interest expense	(1.8)	(1.3)
Net financing charge on pre-paid contracts	(0.5)	(0.3)
Net profit before tax	11.7	5.1
Income tax expense	(3.5)	(1.7)
Net profit after tax	8.2	3.4
Operating NPAT	8.4	7.8
Operating EPS (cps)	8.5	7.9

Comments

Revenue

- Increased 3.5% on the PCP to \$59.0m despite below trend funeral volumes, primarily due to:
 - the contributions from five acquisitions completed in FY20 and 1H FY21
 - ARPF growth of 3.6% on FY20

Gross profit margin

- Increased 80 bps on the PCP to 72.3%, primarily due to the financial profile of recent acquisitions (including cremation facilities) and funeral mix

Operating EBITDA

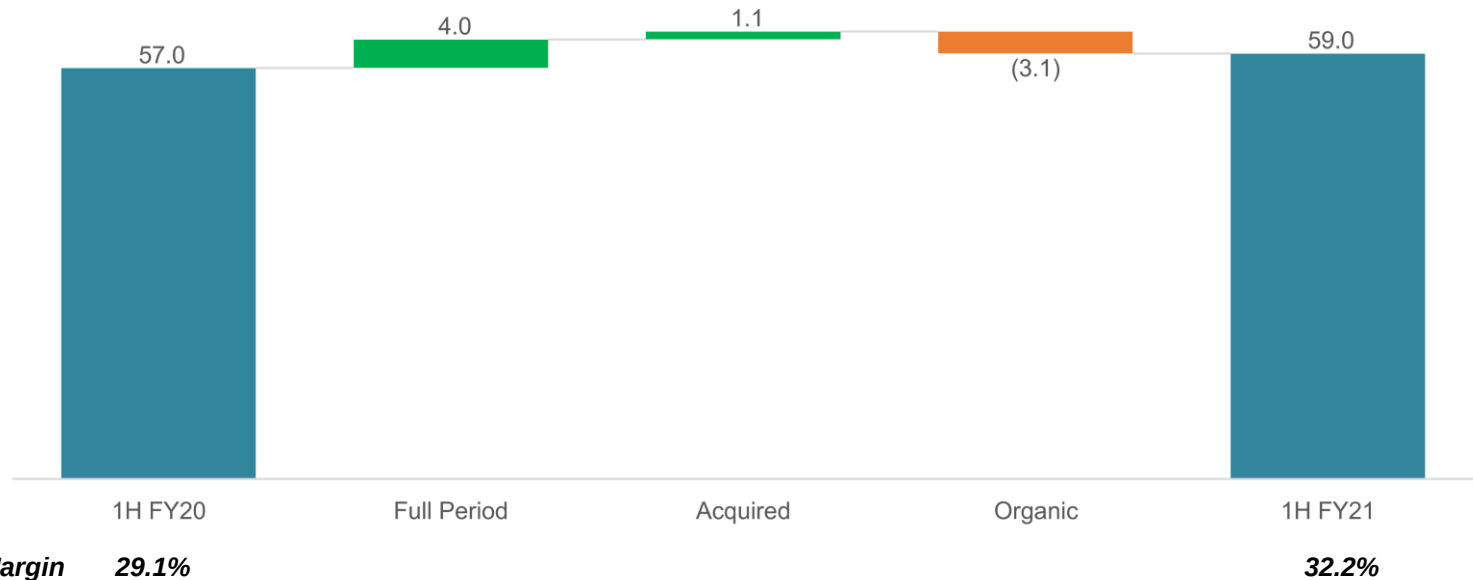
- Increased 14.8% on the PCP to \$19.0m, primarily due to impacts of:
 - five acquisitions completed in FY20 and 1H FY21
 - COVID-19 and related mitigation measures, including wage subsidies of ~\$2.2m, enabling headcount to be maintained, partially offset by below trend death volumes

Other items

- Depreciation increased primarily due to acquisitions
- No Performance Fee triggered in the third Calculation Period
- Interest expense increased due to higher borrowings (average effective interest rate on drawn debt of ~2.3% in 1H FY21)
- Adjusted Effective Tax Rate of 29.8%
- Operating EPS up 7.0% on the PCP

Revenue bridge and Operating EBITDA margin

Propel generated revenue and margin growth despite COVID-19 impacts



Comments

Total:

ARPF

- ▲ 3.6% on FY20, impacted by the financial profile of acquisitions, pricing and funeral mix

Funeral Volumes

- ▲ 3.8% on PCP including contributions from acquisitions

Organic:

ARPF

- ▲ 3.5% on FY20

Funeral Volumes

- ▼ 6.5% in the 12 months to 31 December 2020

Operating EBITDA Margin:

- ▲ 320 bps on the PCP, influenced by:
 - improved gross margin
 - the margins of the five acquisitions completed in FY20 and 1H FY21
 - COVID-19 mitigation measures and cost control (comparable opex ~2% below PCP)

Cash flow

Statutory actuals

\$ million	31-Dec-20	31-Dec-19
Receipts from customers (inc GST)	64.1	62.2
Payments to suppliers & employees (inc GST)	(45.6)	(45.4)
	18.6	16.8
Performance fee (inc GST)	-	(4.5)
Income taxes paid	(3.1)	(3.5)
Interest paid	(1.8)	(1.3)
Interest received	0.1	0.1
Net cash provided by operating activities	13.7	7.6
Payment for purchase of businesses	(22.5)	(45.5)
Net payments for property, plant and equipment	(8.2)	(6.0)
Other investing cash flows	(0.0)	(1.4)
Net cash used by investing activities	(30.7)	(52.9)
Net (repayment)/proceeds of borrowings	(22.6)	54.3
Dividends paid	(5.9)	(5.7)
Other financing cash flows	(1.6)	(1.9)
Net cash provided by financing activities	(30.1)	46.7
Net (decrease)/increase in cash during the half year	(47.2)	1.5
Cash at the beginning of the half year	53.9	5.3
Cash at the end of the half year	6.8	6.7
Cash Flow Conversion %	97.6%	99.2%

Comments

Operating activities

- Cash Flow Conversion strong at ~97.6% (PCP: ~99.2%)
- No Performance Fee triggered in the third Calculation Period
- Increase in interest paid due to higher borrowings

Investing activities

- Includes acquisitions (\$22.1m), transaction costs (\$0.1m) and earn out payments (\$0.3m)
- Capex (\$3.8m). Maintenance capital expenditure amounted to 3.9% of 1H FY21 revenue (PCP: 3.0%)
- Two property acquisitions, one previously tenanted, completed in 1H FY21 (\$4.4m)

Financing activities

- Net repayment of funds drawn down in Q4 FY20 to increase liquidity during the initial wave of COVID-19
- Reflects dividend paid during the period

Balance Sheet

Statutory actuals

\$ million	31-Dec-20	30-Jun-20
Cash and cash equivalents	6.8	53.9
Contract assets	46.9	47.5
Other current assets	12.6	10.1
Total Current Assets	66.2	111.5
Property, plant & equipment	152.6	129.3
Right-of-use assets	36.3	39.1
Goodwill	133.3	123.2
Other non-current assets	3.7	3.8
Total Non-Current Assets	325.9	295.4
Total Assets	392.1	406.9
Trade and other payables	7.8	6.1
Borrowings	10.1	4.1
Contract liabilities	52.3	52.5
Lease liabilities	3.1	6.1
Other current liabilities	6.7	5.3
Total Current Liabilities	80.0	74.2
Borrowings	77.9	106.0
Lease liabilities	34.9	34.4
Other non-current liabilities	12.7	10.3
Total Non-Current Liabilities	125.5	150.8
Total Liabilities	205.5	225.0
Net Assets	186.6	181.9
Total Equity	186.6	181.9

Comments

Cash and net debt position

- \$6.8m of cash
- \$80.8m of net debt¹
- \$87.6m of drawn senior debt (30 June 2020: \$109.8m)

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
- Pre-paid contracts that turned at need in Australia accounted for less than 10% of the Group's Australian funeral volumes in 1H FY21, consistent with the PCP

Property, plant and equipment

- Includes land and buildings at cost (less depreciation) of \$122.1m

Goodwill

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

¹ Senior debt less cash and cash equivalents

Capital management

Funding capacity

Debt facility limits / maturity:

	\$ 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 December 2023)	50.0
	150.0

Net Debt¹ **(80.8)**

Interim Dividend **(6.0)**

Total commitments **(6.0)**

Funding capacity² **63.2**

Debt covenant summary (as at 31 December 2020)

Net Leverage Ratio (must be < 3.5x) ³	2.2x
Fixed Charge Cover Ratio (must be > 1.75x)	5.3x

Dividend summary

	1H FY21	1H FY20
Fully franked dividend (cps)	6.0	4.0
Dividend Payout Ratio	82%	78%

Comments

Debt facilities

- Expanded to \$150.0m in FY20
- Includes a \$10.0m working capital facility which is to be 'cleaned down' once every 12 months

Funding capacity

- Binding cash commitments to pay the interim dividend of \$6.0m (on 9 April 2021)
- Funding capacity of approximately \$63.2m

Covenants

The Company remained comfortably in compliance with its debt covenants as at 31 December 2020

Dividend

Interim dividend payout ratio of 82% Distributable Earnings

¹ Senior debt less cash and cash equivalents

² Undrawn debt and cash at bank as at 31 December 2020, less the estimated cash that will be required to pay the interim dividend

³ Including the annualised impact of acquisitions and other adjustments. The ratio of 3.5x endures for two consecutive testing dates (being 31 December 2020 and 30 June 2021), 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

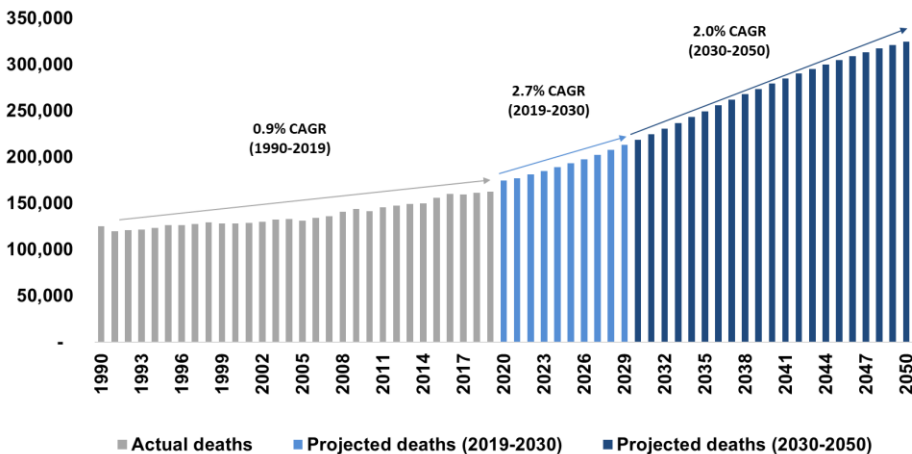
5. Industry trends and acquisitions



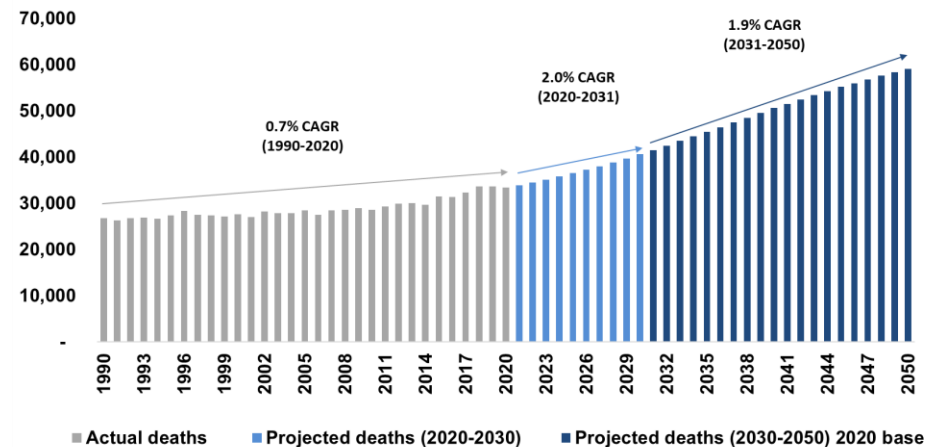
Increasing number of deaths

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 2019¹
- Death volumes are expected to increase by 2.7% pa from 2019 to 2030¹ and 2.0% from 2030 to 2050¹

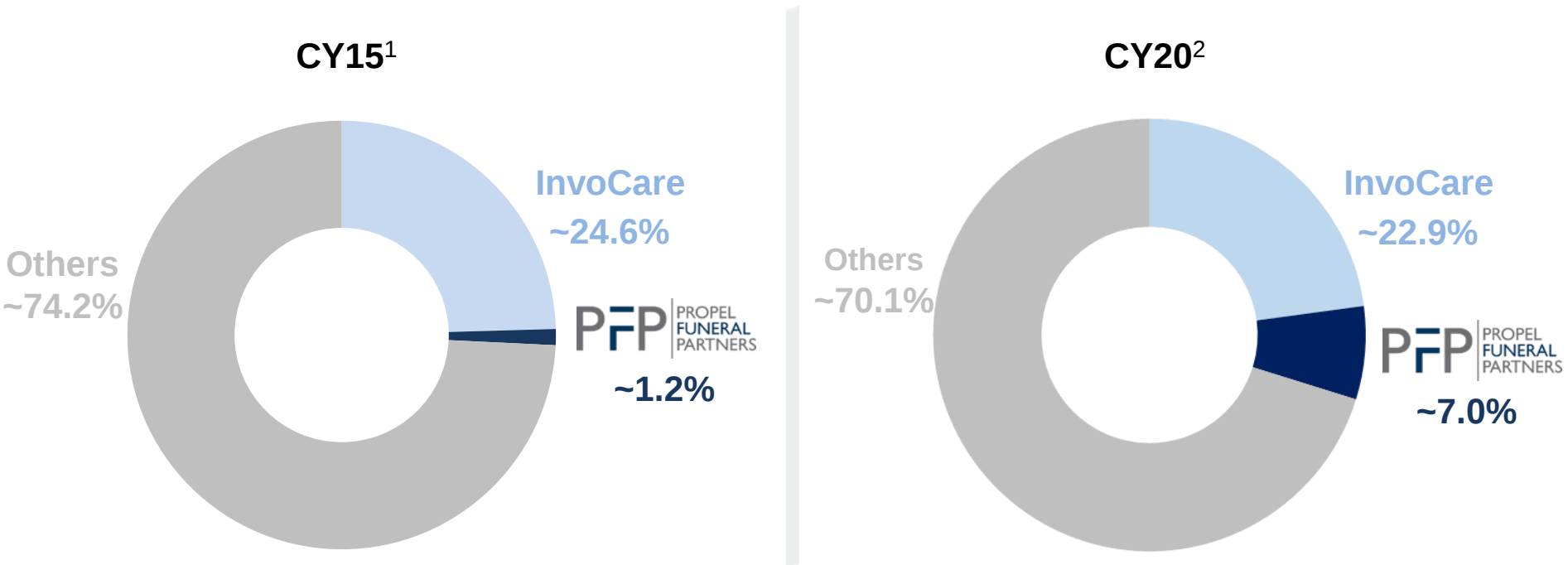
- Death volumes in New Zealand grew by 0.7% pa between 1990 and 2020²
- Death volumes are expected to increase by 2.0% pa from 2020 to 2031² and 1.9% from 2031 to 2050²

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, 2020(base)-2073 for projected deaths by financial year (released in December 2020)

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: 159,500 estimated deaths (mid point of Propel's estimated range of 156,000 to 163,000 deaths) for market size. NB ABS data not yet released. 11,084 funerals performed by Propel and 36,464 funerals performed by InvoCare in CY20 (page 10 of InvoCare's FY20 Results Investor Presentation dated 24 February 2021)

Acquisitions

Propel has deployed \$126.7 million¹ on acquisitions since its IPO

1 During 1H FY21, Propel deployed \$29.6 million² on acquisitions completed in NZ, WA, QLD and NSW, including:



SCHNAPPER ROCK
CREMATIONS



ROWLEY
FUNERALS

100% of the issued share capital and certain freehold properties of, among others, Dils Funeral Services Limited, which provides funeral directing and cremation services and operates from four locations primarily on the North Shore of Auckland in New Zealand



Mid West Funerals
"Honouring your trust with dignity"

the business, assets and a freehold property relating to Mid West Funerals, which provides funeral directing services in Geraldton, Western Australia



the business and assets of Pets RIP, a provider of pet cremation services operating from two locations in Toowoomba and Ipswich, thereby expanding its existing pet loss service offering in Queensland



two freehold properties, one of which was previously tenanted by Propel

2 Propel continues to:

- focus on its core investment strategy to acquire assets and social infrastructure which operate in the death care industry in Australia and New Zealand
- explore other potential acquisitions, however, the timing associated with any future acquisitions is uncertain

¹ Upfront cash and equity consideration paid. Excludes properties purchased subsequent to completion of the acquisitions and other properties purchased totalling \$18.4 million (excluding stamp duty)

² Upfront cash and equity consideration paid. Includes two additional freehold properties purchased totalling \$4.2 million (excluding stamp duty)

6. Outlook



Outlook

Demand for essential funeral services remains, underpinned by favourable demographics

1 Death volumes expected to revert to long term trends given:

- prior period declines have rebounded quickly
- the unusually benign flu season in 2020
- the growing and ageing population in Australia and New Zealand

2 Recent trading indicates that death volumes may be starting to revert to long term trends:

- Propel recorded positive comparable funeral volume growth in the three months to mid February 2021
- however, death volumes fluctuate over short time horizons

3 Expected growth drivers for the remainder of FY21 and beyond:

- death volumes reverting to long term trends
- acquisitions completed to date and other potential future acquisitions in what is a fragmented industry (although timing is uncertain)
- a strong funding position

4 COVID-19 impacts:

- are expected to continue, particularly in COVID-19 hotspot areas which enter temporary lockdown
- recovery in Average Revenue Per Funeral highlights the defensive nature, social infrastructure characteristics and diversification of Propel's network

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.

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 the percentage of Operating EBITDA converted into ungeared, pre-tax operating cash flows, excluding the Performance Fee.

Cps means cents per share.

CY means calendar year.

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.

FY means financial year.

Gearing Ratio means net debt divided by net debt plus total equity.

IPO means initial public offering.

NPAT means net profit after tax.

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 EPS means Operating NPAT divided by the weighted average number of ordinary shares on issue.

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

PCP means prior corresponding period.

PPE means property, plant and equipment.

1H/2H means first half of the FY and second half of the FY, respectively.

NPAT to Operating NPAT reconciliation

\$ million	31-Dec-20	31-Dec-19
Net profit after income tax	8.2	3.4
Add: Acquisition costs	0.2	1.4
Add: Performance fee	-	4.1
Add: Other non-operating expenses	0.1	0.2
Add: Net loss on disposal of assets	0.0	0.1
Less: Tax effect of certain Operating NPAT adjustments	(0.1)	(1.4)
Operating NPAT	8.4	7.8

Income statement analysis

Income Statement

\$ million	31-Dec-20	31-Dec-19
Funeral operations	51.3	49.4
Cemetery, crematoria and memorial gardens	6.5	6.3
Other trading revenue	1.2	1.3
Total revenue	59.0	57.0
Cost of sales	(16.3)	(16.3)
Gross profit	42.7	40.7
Employment costs	(16.8)	(17.4)
Occupancy and facility costs	(3.2)	(3.0)
Administration fees	(0.1)	(0.1)
Other operating costs	(3.5)	(3.7)
Total operating costs	(23.7)	(24.2)
Operating EBITDA	19.0	16.6

Comments

Revenue segments:

- 87.0% generated from funeral operations (1H FY20: 86.7%)
- 11.0% generated from cemetery and memorial gardens (1H FY20: 11.1%)
- 2.0% from other sources (including coroners contracts) (1H FY20: 2.2%)

Employment costs:

- 28.5% of revenue (1H FY20: 30.5%)
- Reported net of government subsidies recognised of ~\$2.2m

Occupancy and facility costs:

- 5.4% of revenue (1H FY20: 5.2%)

Administration fees:

- Currently \$62k per quarter (escalated by CPI on each IPO anniversary) paid to the Manager

Distributable Earnings and Dividend

Reconciliation

\$ million	31-Dec-20
NPAT	8.2
Distributable Earnings calculation	
Acquisition costs	0.2
Net financing charge on prepaid contracts	0.5
Government wage subsidies	(1.5)
Distributable Earnings	7.3
Dividend payout ratio (rounded)	82%
Number of share on issue	99,946,016
Interim dividend (cps)	6.0

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 ~\$62,000 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. No Performance Fee was triggered in the third Calculation Period. No Performance Fee payable until recoupment of any prior underperformance ❑ 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

