

26 February 2018

Propel Funeral Partners Limited – FY18 First Half Results

- Successful Initial Public Offering (IPO) completed in November 2017, raising \$131.2 million
- 1H FY18 revenue of \$38.9 million, up 84% on the prior corresponding period, ahead of expectations
- 1H FY18 pro forma Operating EBITDA¹ of \$11.0 million, up 79% on the prior corresponding period, ahead of expectations
- Full year forecast pro forma Operating EBITDA¹ increased to \$21.1 million, 15% above Prospectus forecast
- Strong balance sheet to help fund Propel's Investment Strategy¹

Dear Shareholders,

On behalf of the board we are pleased to report that the financial performance of Propel Funeral Partners Limited (ASX: PFP) (**Propel**) exceeded expectations during the six months ended 31 December 2017 (**1H FY18**).

It was a period of significant achievement, which included Propel being admitted to the official list of the Australian Stock Exchange (**ASX**) on 23 November 2017, after successfully raising \$131.2 million via an IPO.

Financial performance

In 1H FY18, the key financial highlights from the result include:

- revenue of \$38.9 million, an increase of 84% on the prior corresponding period (**PCP**);
- Operating EBITDA¹ (pro forma) of \$11.0 million, an increase of 79% on the PCP; and
- Operating NPAT² (pro forma) of \$6.3 million, an increase of 90% on the PCP.

\$ million	Pro forma actuals			Statutory actuals		
	31-Dec-17	31-Dec-16	Change	31-Dec-17	31-Dec-16	Change
Total revenue	38.9	21.2	84%	38.9	21.2	84%
Operating EBITDA ¹	11.0	6.1	79%	10.8	6.1	78%
Operating EBIT ³	9.7	5.4	79%	9.5	5.3	79%
EBIT ¹	9.7	5.0	93%	(15.1)	5.0	nm
Operating NPAT ²	6.3	3.3	90%	5.2	2.5	108%
NPAT ¹	6.2	2.9	112%	(19.5)	2.1	nm
Operating cash flow	11.0	6.4	73%	10.9	6.3	73%

Acquisitions

During 1H FY18 and consistent with its Investment Strategy, Propel:

- acquired the entire issued share capital of Erceg McIntyre Pty Ltd (trading as Seasons Funerals) on 22 August 2017; and
- announced it had entered into a conditional agreement to acquire the business, assets and certain freehold properties of Brindley Group Pty Ltd and associated entities (**Brindley Group**) on 13 December 2017.

¹ As defined in Propel's Prospectus dated 25 October 2017 (**Prospectus**).

² Net profit after tax adjusted for one-off non-recurring items.

³ Operating EBITDA less depreciation.

Acquisitions *(continued)*

Subsequent to 31 December 2017, Propel announced it had:

- made an all cash takeover offer for Norwood Park Limited (**Norwood Park**) on 12 January 2018 and, as at the date of this announcement, Propel has a relevant interest in Norwood Park of approximately 96%; and
- completed the acquisition of Brindley Group on 31 January 2018.

Propel is exploring other potential acquisitions in line with its Investment Strategy, however, the timing associated with any future acquisitions is uncertain.

Funding position

As at 31 December 2017, Propel had a strong balance sheet, with net cash of \$52.0 million and no senior debt. Following the acquisition of Brindley Group and settlement of the Norwood Park transaction, Propel's net cash position is expected to reduce to approximately \$21.0 million⁴. Propel intends to explore raising a senior debt facility during 2018.

FY18 Outlook

Taking into consideration the 1H FY18 financial performance and the expected impacts of the Brindley Group and Norwood Park transactions, Propel has increased its full year pro forma forecast Operating EBITDA for FY18 to \$21.1 million, which is an increase of 15% above the pro forma forecast Operating EBITDA in the Prospectus of \$18.4 million. The revised forecast assumes:

- funeral volumes and mix track in line with expectations during the second half of FY18 (**2H FY18**). The revised forecast is highly dependent on the number of deaths that occur during 2H FY18. Variances in the number of deaths may cause short term volatility in the financial performance of Propel, despite positive long-term trends in respect of death volumes; and
- no other acquisitions are completed prior to 30 June 2018.

Further details are provided in the 1HFY18 results presentation.

Dividend policy

As foreshadowed in the Prospectus, no interim dividend has been declared in H1 FY18, however, the board intends to declare a final dividend around the time of the release of the FY18 financial statements.

Our People

We wish to make special mention of our employees across Australia and New Zealand. We thank them for their hard work, professionalism and commitment to providing essential and caring services to the families that they serve.

We look forward to reporting our further progress to shareholders during 2018.



Brian Scullin
Chairman



Albin Kurti
Managing Director

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⁴ 31 December 2017 cash balance less amounts deployed and committed in respect of the acquisitions of Brindley Group and Norwood Park including repayment of debt and transaction costs.

ASX ANNOUNCEMENT



About Propel:

Propel is listed on the ASX and is the second largest provider of death care services in Australia and New Zealand. Propel currently operates from 103 locations, including 23 crematoria and 7 cemeteries.

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Important notice:

This announcement may contain forward-looking statements, which include all matters that are not historical facts. Without limitation, indications of, and guidance on, future earnings and financial position and performance are examples of forward-looking statements. Forward-looking statements, including projections or guidance on future earnings and estimates, are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance. No representation, warranty or assurance (express or implied) is given or made in relation to any forward-looking statement by any person (including Propel). In particular, no representation, warranty or assurance (express or implied) is given that the occurrence of the events expressed or implied in any forward-looking statements in this announcement will actually occur. Actual results, performance or achievement may vary materially from any projections and forward-looking statements and the assumptions on which those statements are based.