

28 August 2018

Propel Funeral Partners Limited – FY18 Full Year Results

- FY18 revenue of \$80.9 million, up 76% on the prior year, ahead of expectations
- FY18 pro forma Operating EBITDA¹ of \$21.5 million, up 75% on the prior year, ahead of expectations
- FY18 pro forma Operating NPAT² of \$12.3 million, more than double the prior year, ahead of expectations
- Dividend declared of 6.4 cents per share fully franked, ahead of expectations
- Strong balance sheet, announcing a new \$50 million undrawn debt facility, as planned

Dear Shareholders,

On behalf of the board, we are pleased to report that the financial performance of Propel Funeral Partners Limited (ASX: PFP) (**Propel** or **Company**) exceeded expectations during the year ended 30 June 2018 (**FY18**).

FY18 was a year of significant achievement, which included Propel being admitted to the official list of the Australian Securities Exchange (**ASX**) on 23 November 2017, after successfully raising \$131.2 million via an initial public offering (**IPO**).

The FY18 financial results have continued Propel's track record of delivering strong revenue and earnings growth. Pleasingly, the Company exceeded the revenue and earnings forecasts contained in the Prospectus and the guidance issued in February 2018.

Financial performance

The key financial highlights from the FY18 result include:

- revenue of \$80.9 million, an increase of 76% on the prior year and 10% above the Prospectus forecast;
- Operating EBITDA¹ (pro forma) of \$21.5 million, an increase of 75% on the prior year and 16% above the Prospectus forecast; and
- Operating NPAT² (pro forma) of \$12.3 million, an increase of 125% on the prior year and 19% above the Prospectus forecast.

	Pro forma actuals			Statutory actuals		
	FY18	FY17	Change	FY18	FY17	Change
Total revenue (\$m)	80.9	46.1	↑ 76%	80.9	46.1	↑ 76%
Operating EBITDA (\$m) ¹	21.5	12.3	↑ 75%	21.4	12.1	↑ 77%
Operating EBIT (\$m) ³	18.4	10.6	↑ 75%	18.3	10.4	↑ 77%
EBIT (\$m) ¹	18.6	10.0	↑ 86%	(6.2)	9.7	nm ⁴
Operating NPAT (\$m) ²	12.3	5.5	↑ 125%	10.9	4.1	↑ 164%
NPAT (\$m) ¹	12.5	5.5	↑ 128%	(14.3)	3.4	nm ⁴
Basic earnings per share (cents)	12.7	5.6	↑ 128%	(19.7)	11.3	nm ⁴
Cash flow conversion (%) ⁵	96.5	98.9	nm ⁴	96.5	97.6	nm ⁴

A reconciliation between the FY18 pro forma actuals and statutory actuals is provided in the FY18 results presentation.

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

² Net profit after tax adjusted for the one off, non-cash share based payment, transaction costs, foreign exchange impacts and other non operating items.

³ Operating EBITDA less depreciation.

⁴ "nm" means not meaningful.

⁵ The percentage of Operating EBITDA converted into ungeared, pre-tax, operating cash flows.

Dividend

The board has declared a fully franked dividend of 6.4 cents per share, which:

- is 10% higher than the Prospectus forecast; and
- represents 80% of Propel's Distributable Earnings¹ for the circa 7 month period from Completion of the Offer¹ to 30 June 2018.

The dividend will be paid on 5 October 2018, with a record date of 5 September 2018 and an ex-dividend date of 4 September 2018.

Acquisitions

During FY18 and consistent with its Investment Strategy, Propel:

- acquired the entire issued share capital of Erceg McIntyre Pty Ltd (trading as Seasons Funerals) (**Seasons Funerals**) on 22 August 2017;
- acquired the business, assets and certain freehold properties of Brindley Group Pty Ltd and associated entities (**Brindley Group**) on 31 January 2018; and
- completed the acquisition of Norwood Park Pty Limited (**Norwood Park**) on 8 April 2018.

Subsequent to 30 June 2018, Propel:

- completed the acquisition of the business, assets and a freehold property of Newhaven Funerals Pty Ltd (**Newhaven Funerals NQ**) on 2 July 2018;
- acquired or commenced the process of exercising options over 3 properties, 2 of which are currently tenanted by Propel; and
- exchanged a contract to acquire a parcel of land which is a potential greenfield expansion opportunity.

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

Funding position

Propel continues to have a healthy balance sheet, with cash of \$28.3 million as at 30 June 2018.

As foreshadowed in February 2018, we are pleased to announce that Propel has entered into a \$50 million senior debt facility with Westpac, which is currently undrawn. The new debt facility has a 3 year term and is available for general corporate purposes, including acquisitions.

Outlook

Propel continues to be well positioned to generate sustainable long-term growth and value creation. The Company operates in a fragmented and essential service industry with assets and infrastructure that are difficult to replicate and stands to benefit from a growing and ageing population, over the long term.

The Company expects to benefit from the full period impact of three acquisitions completed in FY18 (i.e. Seasons Funerals, Brindley Group and Norwood Park), the part period impact of the recently completed acquisition of Newhaven Funerals NQ, the property transactions referred to above and other potential future acquisitions, assuming death volumes track in line with long term trends and no material changes in market conditions.

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 the Company's further progress to shareholders during FY19, as and when appropriate.



Brian Scullin
Chairman



Albin Kurti
Managing Director

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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 107 locations, including 24 cremation facilities and 7 cemeteries.

For further information, please contact:

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