



Bell Potter Emerging Leaders Conference

Investor Presentation

14 September 2021

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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.

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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The background of the slide is a close-up, top-down view of a tree trunk's cross-section. It shows concentric growth rings in shades of light brown and tan, with some darker, irregular patterns and knots. The texture is organic and natural.

1. Key highlights for FY21

Key highlights for FY21

1 TRADING¹

Revenue
\$120.4m ▲ 8.7%

Funeral volumes
13,916 ▲ 4.6%

Average Revenue Per Funeral
\$5,917 ▲ 4.3% (up 2.8% on the pre-COVID period²)

2 EARNINGS¹

Operating EBITDA
\$36.3m ▲ 11.9%

Operating NPAT
\$15.3m ▲ 7.6%

Cash Flow Conversion
101.8% ▼ 160bps

3 CAPITAL MANAGEMENT^{1,3}

Total Dividends
11.75cps ▲ 17.5%

Gearing Ratio
29.7%

Funding Capacity⁴
\$92.4m

4 GROWTH³

Locations
136 ▲ 6

Acquisitions⁵
\$142.1m
committed 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 and other potential future acquisitions in a highly fragmented industry

¹ Movements shown above relate to movements between FY21 and the prior year, unless otherwise stated

² 1 July 2019 to 31 March 2020

³ As at 30 June 2021 for Gearing Ratio, Locations (movement from 30 June 2020) and Expansion

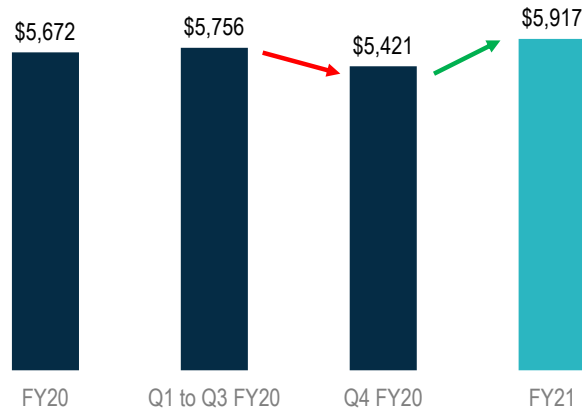
⁴ As at 14 September 2021

⁵ As at 14 September 2021

COVID-19 impacts

Average Revenue Per Funeral growth despite below trend death volumes

1 Average Revenue Per Funeral



Unlike the widespread impacts of strict funeral attendee limits in Australia and New Zealand during Q4 FY20, Average Revenue Per Funeral impacts during FY21 were:

- generally isolated to COVID-19 hotspot areas that went into temporary lockdown
- temporary, with Average Revenue Per Funeral growth on the pre COVID-19 period (i.e. Q1 to Q3 FY20) of 2.8%

2 Funeral volumes

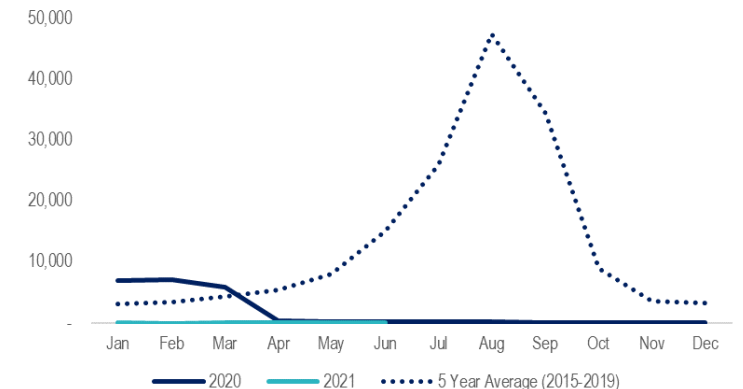
During FY21:

- death volumes were below historical long term trends in key markets within which Propel operates - for example, total registered deaths in New South Wales and Queensland declined 4.2% compared to the prior year¹
- flu cases in Australia were more than 99%² below the 5 year average to 2019, as illustrated

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

- contributed to unusually benign flu seasons in 2020 and 2021 YTD
- are expected to result in a deferral of death volumes into future periods

Flu cases in Australia²



¹ Source: Industry association

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

Management internalisation completed

Management internalisation completed on 26 July 2021

As described in the Explanatory Memorandum¹:

1 The management internalisation involved:

- the assignment and termination of the management agreement between the Company and the Manager
- payment of a \$15.0 million termination fee to the Manager, settled as follows:
 - \$7.5 million (50%) via the Company issuing 2,307,692 new fully paid ordinary shares at \$3.25 per share²; and
 - \$7.5 million (50%) in cash
- three Executives becoming employees of the Group³
- the transfer of intellectual property from the Manager, its officers and employees to the Group³
- changes to the Company's constitution
- amendments to the voluntary escrow arrangements relating to 14,732,667 shares (**Escrowed Shares**) held by an associated entity of the Manager, so that:
 - 50% of the Escrowed Shares will be released from voluntary escrow following the release of Propel's audited FY2022⁴ financial results; and
 - 50% of the Escrowed Shares will be released from voluntary escrow following the release of Propel's audited FY2025⁴ financial results.

2 Advantages include:

- increased investor participation
- enhanced alignment and corporate governance benefits
- continuity of strategy, the Board and the Executives
- shareholder influence on management election and remuneration
- market alignment
- financial benefits
- further alignment of interests

¹ The Notice of Meeting and Explanatory Memorandum made available to shareholders on 22 June 2021

² Representing the 30 day volume weighted average price of the Company's shares as at 28 May 2021

³ The Company and its wholly owned subsidiaries

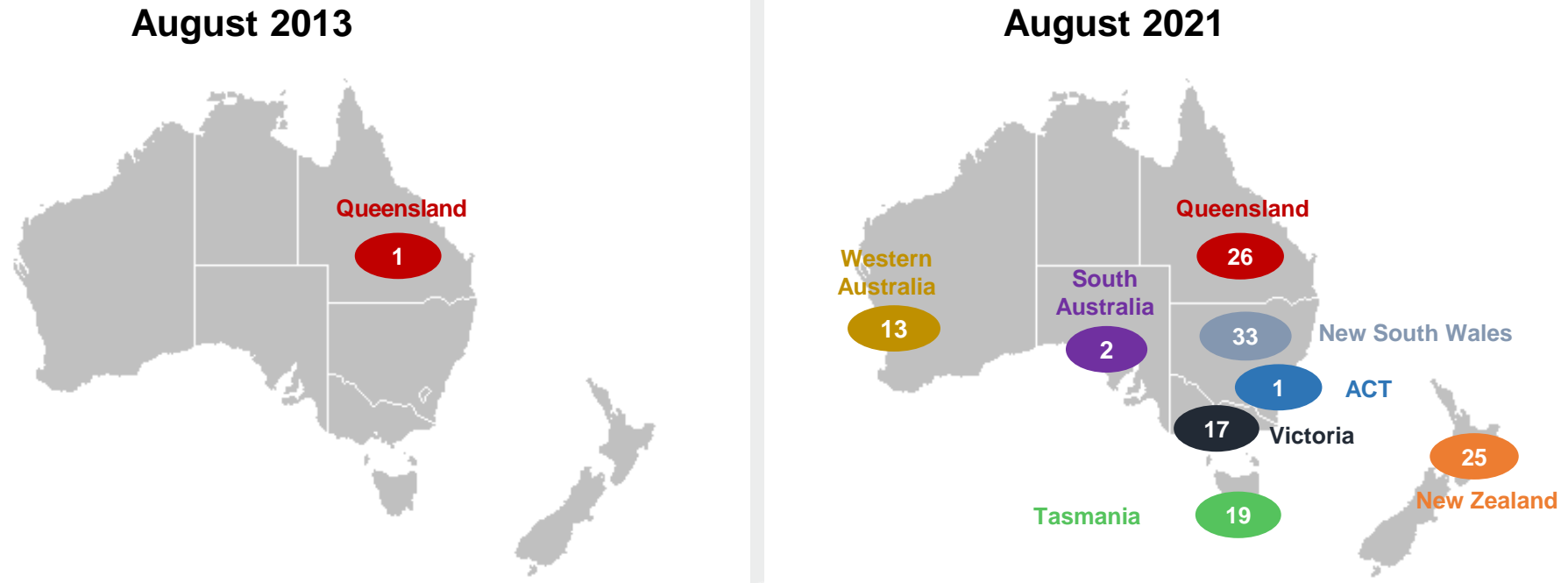
⁴ Instead of a release from escrow in November 2027

The background of the slide is a close-up photograph of a wooden surface. It features several concentric, roughly circular rings of wood grain, creating a target-like or bullseye pattern. The wood has a warm, light brown tone with visible grain texture and some darker spots. The text is overlaid on the left side of the image.

2. Company overview

Geographic presence

136 locations (77 owned / 59 leased), including 32 cremation facilities and 9 cemeteries



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

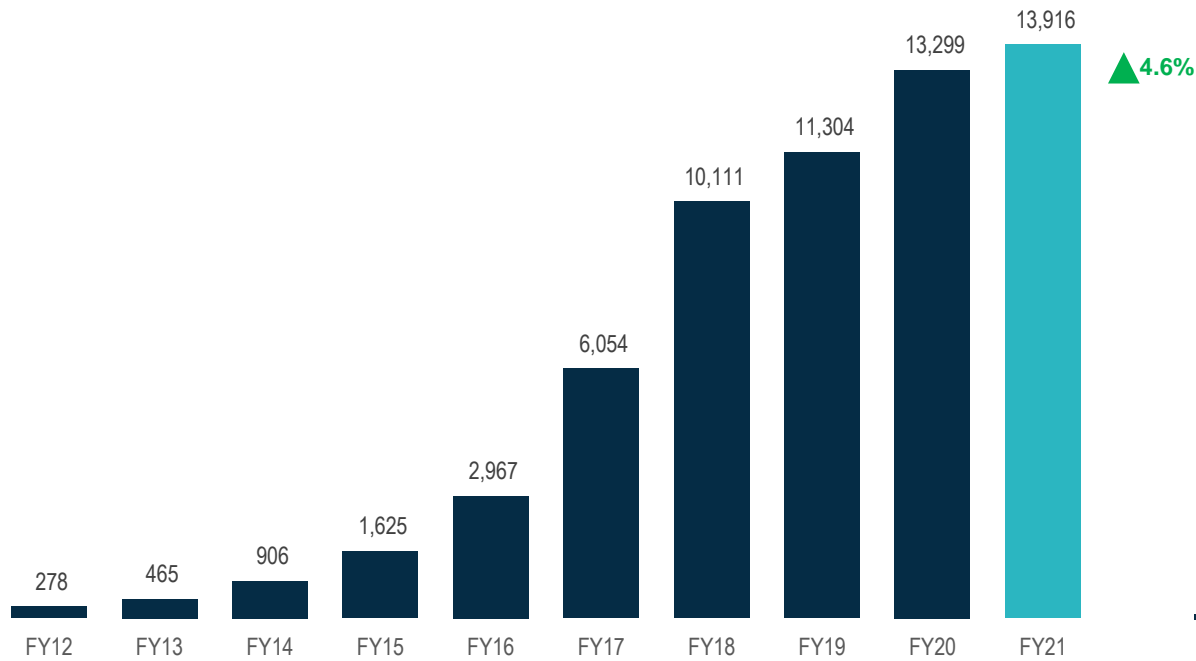


 Acquired during FY21

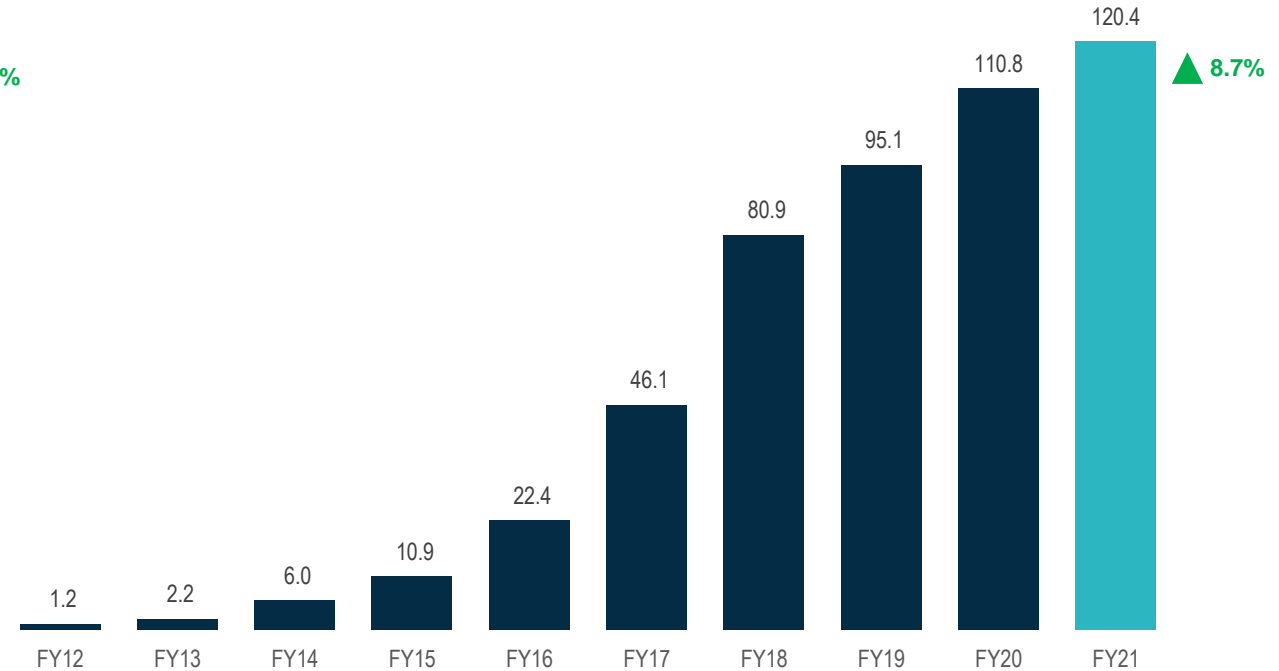
Volume and revenue growth

Propel has maintained a strong growth trajectory despite COVID-19 impacts

Funeral volumes



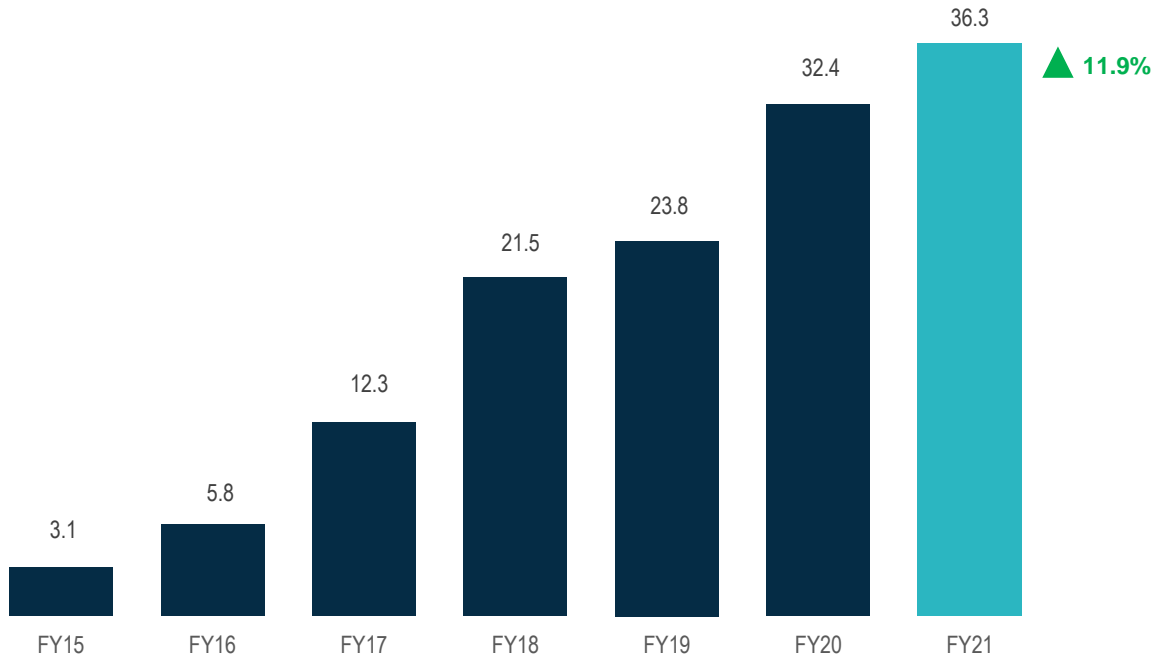
Revenue (\$m)



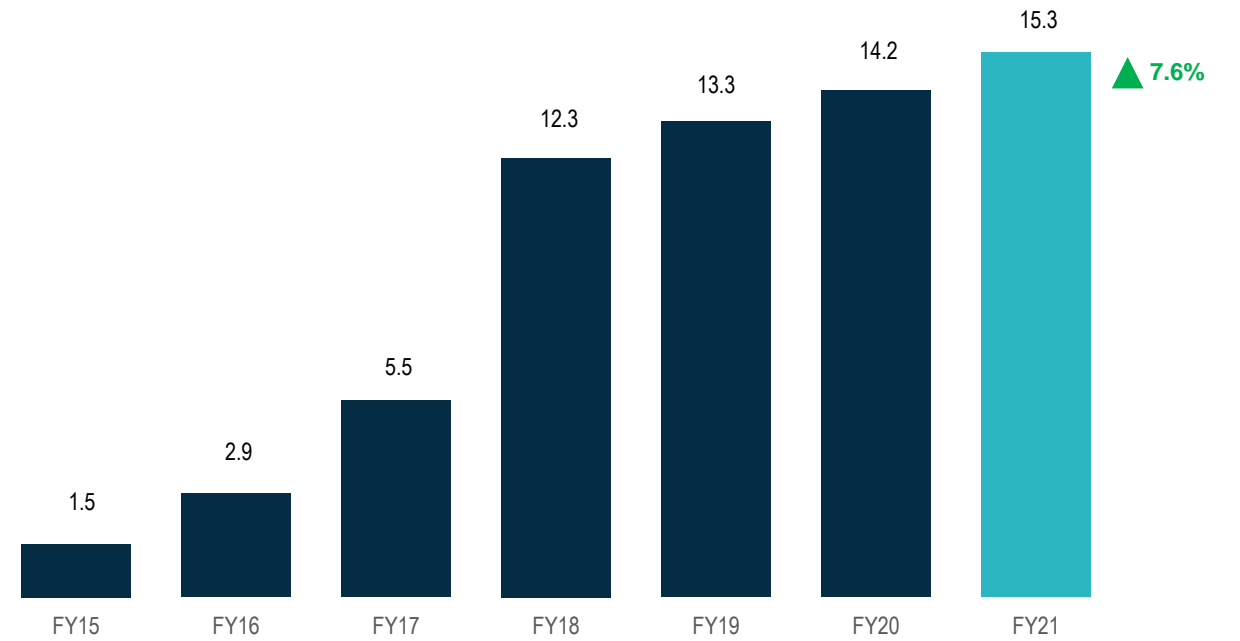
Earnings growth

Propel has maintained a strong growth trajectory despite COVID-19 impacts

Operating EBITDA (\$m)



Operating NPAT (\$m)



Dividend growth

Total dividends declared in connection with FY21 are up 17.5% on the prior year

Dividends Declared (cps)



Comments

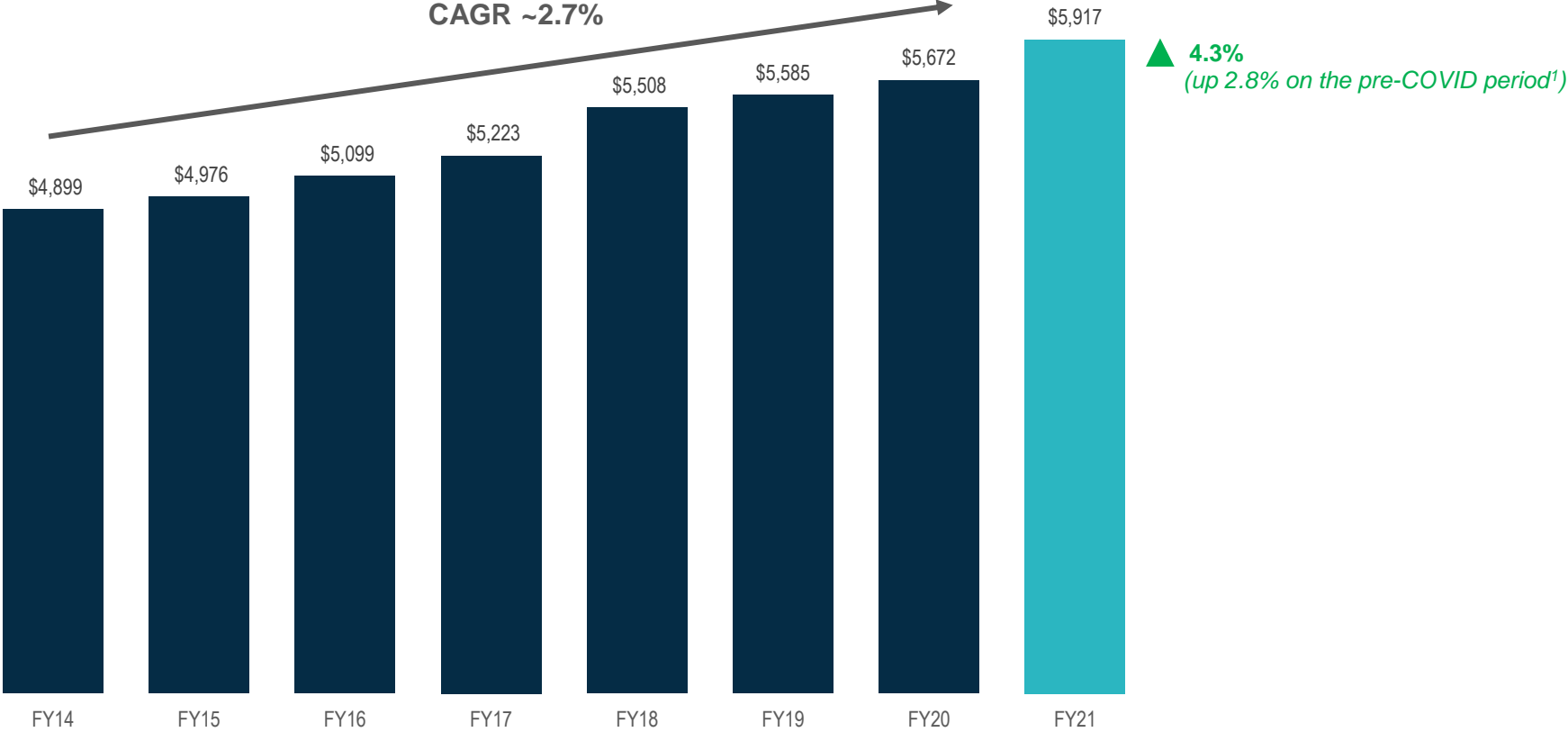
- Dividends declared in connection with FY21 totalled 11.75 cps fully franked (FY20: 10 cps), which represents:
 - a payout ratio of ~81% of Distributable Earnings
 - a dividend yield of 3.3%¹ (4.7%¹ grossed up for tax)
- A final dividend of 5.75 cps fully franked will be paid on 5 October 2021, with a record date of 2 September 2021
- Propel has declared fully franked dividends totalling 39.65 cps (or 56.6 cps², grossed up for tax) since its IPO in November 2017

¹ Propel's closing share price of \$3.55 on 23 August 2021

² Based on the corporate tax rate of 30% in Australia

Average Revenue Per Funeral growth

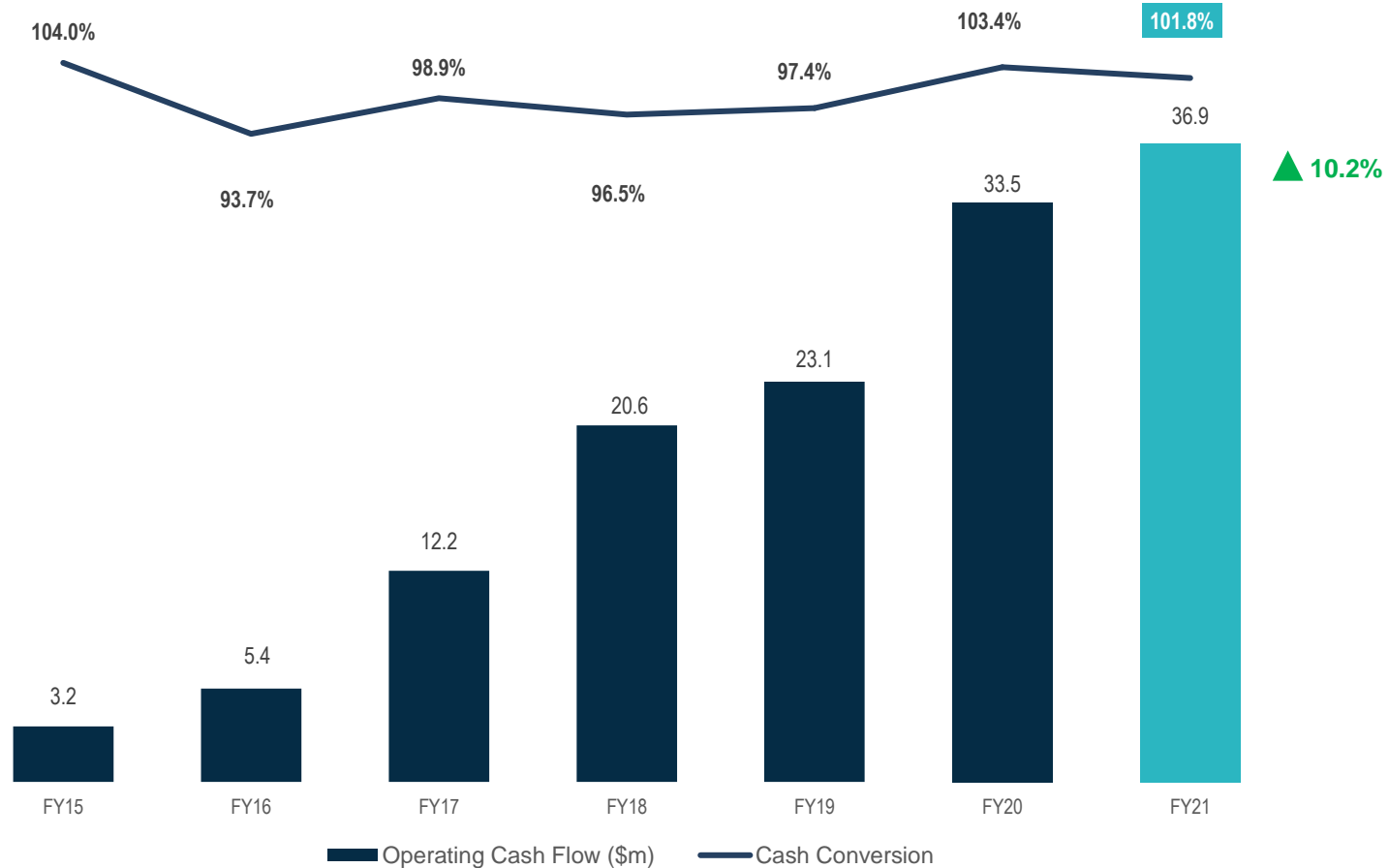
Compound annual growth rate (CAGR) of ~2.7% since FY14



¹ 1 July 2019 to 31 March 2020

Cash Flow Conversion

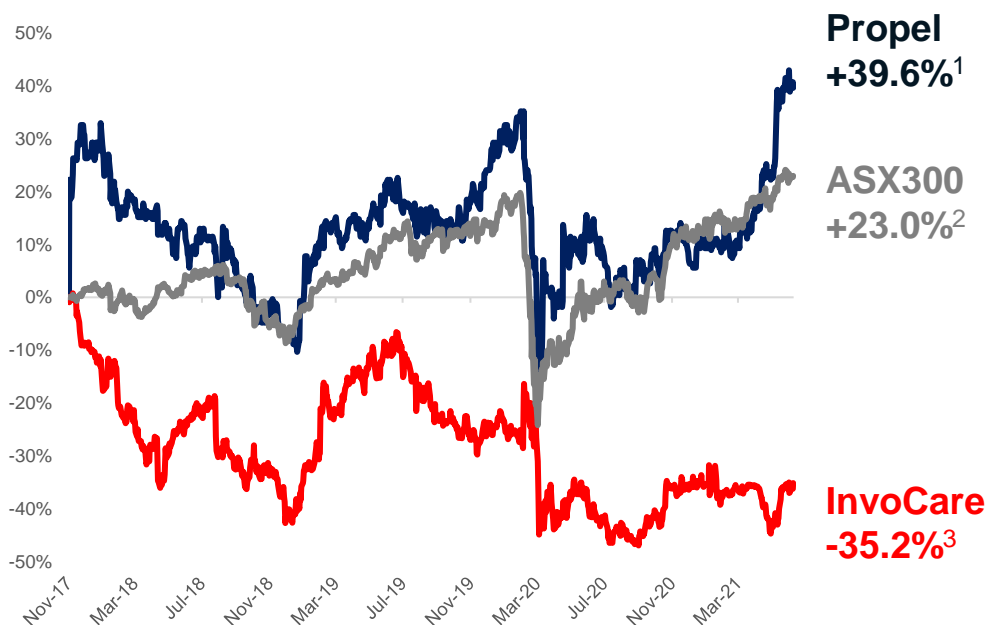
Cash Flow Conversion has been consistently strong, averaging ~99% since FY15



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 2021:

- Propel's share price was up +39.6%¹
- the ASX300 Index was up +23.0%²
- InvoCare's share price was down -35.2%³
- Propel has delivered:
 - a total shareholder return of ~57%⁴
 - total shareholder value accretion of ~\$153 million⁵
 - material growth in Revenue and Operating EBITDA:

	FY18 Prospectus Forecast (\$m)	FY21 Actual (\$m)	
Revenue	73.7	120.4	+63%
Operating EBITDA	18.4	36.3	+97%

¹ Propel's IPO issue price on 23 November 2017 was \$2.70 and its closing share price on 30 June 2021 was \$3.77

² The ASX300 Index closed at 5,940.5 on 22 November 2017 and at 7,306.5 on 30 June 2021

³ InvoCare's closing share price on 22 November 2017 was \$17.85 and its closing share price on 30 June 2021 was \$11.57

⁴ Propel's closing share price on 30 June 2021 (\$3.77) plus total dividends paid (grossed up) since the IPO to 30 June 2021 (\$0.48), compared to the IPO issue price (\$2.70)

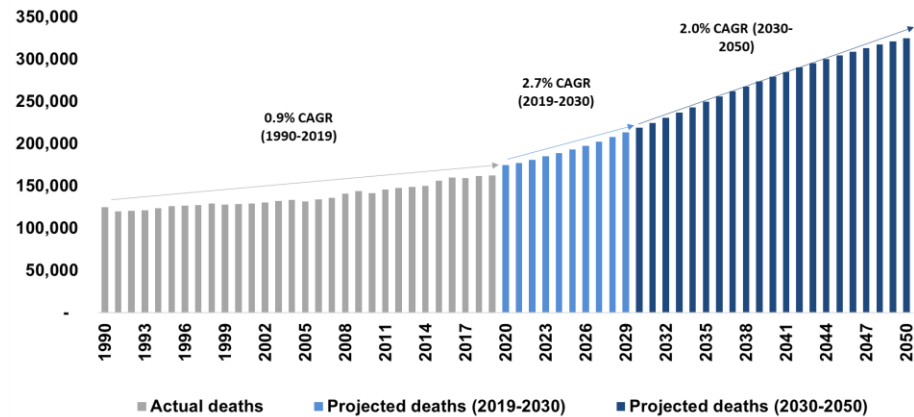
⁵ Propel's closing share price on 30 June 2021 (\$3.77) plus total dividends paid (grossed up) since the IPO to 30 June 2021 (\$0.48) less the IPO issue price (\$2.70), multiplied by ~99 million shares on issue

3. Industry trends and acquisitions

Increasing number of deaths

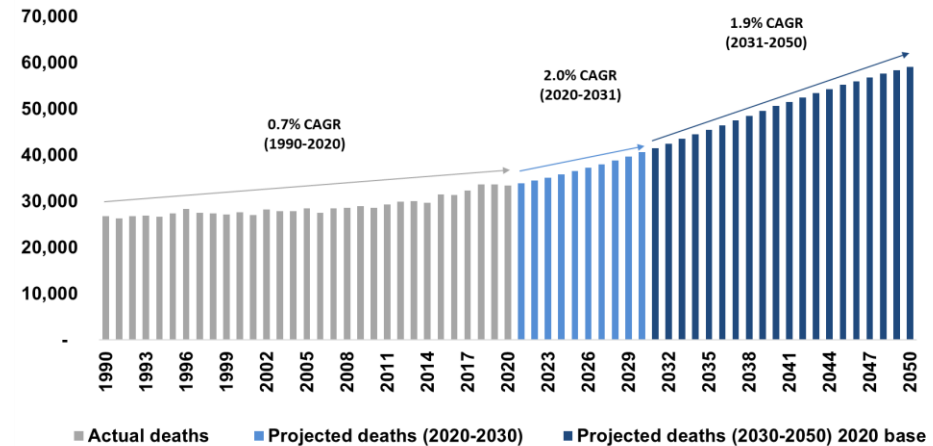
Number of deaths is the most significant driver of revenue in the death care industry

Australia¹



- 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

New Zealand²



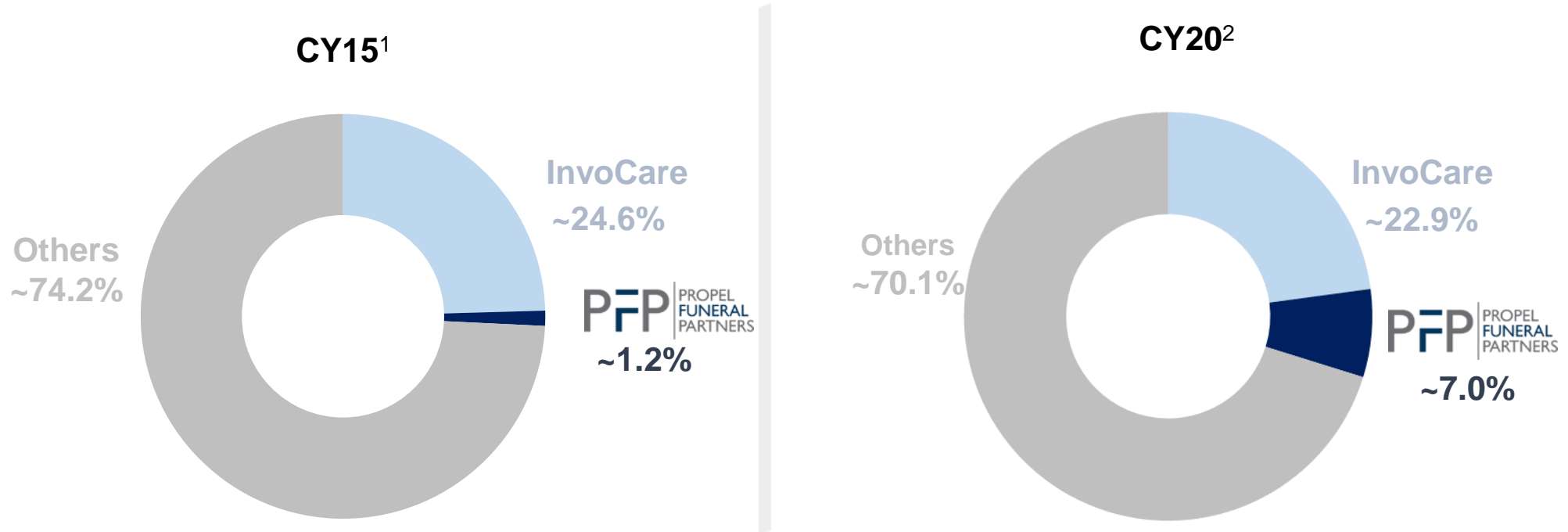
- Death volumes in New Zealand grew by 0.7% pa between 1990 and 2020²
- Death volumes are expected to increase by 2.0% pa from 2020 to 2031² and 1.9% from 2031 to 2050²

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 Australia in CY20 (page 10 of InvoCare's FY20 Results Investor Presentation dated 24 February 2021)

Acquisitions

Propel has committed \$142.1 million¹ on acquisitions since its IPO

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



SCHNAPPER ROCK
CREMATIONS



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, New Zealand



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 Earlier today, Propel announced it had committed \$15.4 million³ on three acquisitions in SA and NZ, including:



B E R R Y
Funeral Directors

fourth generation family business located in Norwood which has been supporting Adelaide families with personal, professional funeral services since 1934



a family owned business located in Glenelg which has been providing funeral services in Adelaide for over 25 years



a funeral services provider, which focuses on enabling families to personally care, and make specific home-based funeral arrangements, for their loved ones, and which operates from two locations in Auckland

¹ Upfront cash and equity consideration paid and committed as at 14 September 2021. Excludes earn-out payments and 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)

³ Upfront cash and equity consideration committed.

The background of the slide is a close-up, circular cross-section of a tree trunk, showing intricate concentric growth rings in various shades of brown and tan. The rings are dense and detailed, creating a textured, organic pattern that fills the entire frame.

4. Summary and outlook

Summary

Growth track record, stable management, defensive market position and sector thematic are attractive characteristics

1 Long term growth profile

- Strong growth track record (>10 fold increase in Revenue and Operating EBITDA since FY15)
- Consistent growth in key operating metrics (funeral volumes, Average Revenue Per Funeral and network size)

2 Founder led management with significant ownership and industry experience

- Proven management team (>15 years funeral industry experience) who own ~19% of the Company's issued capital
- Built the business from the ground up (from 1 funeral home in 2013 to a network of 136 locations over the last 8 years)

3 Attractive industry dynamics

- Growing and ageing populations in Australia and New Zealand (provide favourable demographic 'tail winds' over the long term)
- Stable industry with high fragmentation (leading to acquisition opportunities)

4 Consistently high cash conversion and stable operating margin

- Strong Cash Conversion (averaging ~99% since FY15)
- Stable Operating EBITDA margin (above 25% since FY15)

5 Defensive footprint, strong asset backing and funding position support growth strategy

- Diversified network of 136 locations (77 owned properties) is difficult to replicate
- Strong funding position (~\$108 million funding capacity) to fund growth through acquisitions and other initiatives

6 Value creation

- Total shareholder value creation of ~\$153 million and total shareholder return of ~57% since IPO

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 seasons in 2020 and 2021 YTD
- the growing and ageing populations in Australia and New Zealand

2 Propel has started FY22 with higher funeral volumes. In July 2021, the Company:

- performed a record number of funerals, with total and comparable funeral volumes materially higher than the PCP
- however, death volumes fluctuate over short time horizons

3 Expected growth drivers for the remainder of FY22:

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

4 Other impacts:

- increased employment costs, primarily due to the management internalisation
- COVID-19 impacts are expected to continue, particularly in hotspot areas which enter temporary lockdown

A close-up photograph of a wood cross-section, showing concentric growth rings in shades of tan and brown. The rings are slightly irregular and have a fine, fibrous texture. The center of the wood is a small, dark, circular pith.

5. Q&A

Definitions

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 and transaction costs.

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 and transaction costs.

EPS means earnings per share.

Executives means Albin Kurti, Fraser Henderson and Lilli Gladstone.

FY means financial year.

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

IPO means initial public offering.

Manager means Propel Investments Pty Limited (ACN 117 536 357).

NPAT means net profit after tax.

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

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

PCP means prior corresponding period.

YTD means year to date.



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