

FY22 First Half Results

Investor Presentation

23 February 2022

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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. The current reporting period discloses both statutory and pro forma numbers, as specified.

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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Presenters



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Agenda

1. Key highlights for 1H FY22
 2. Company overview
 3. 1H FY22 financial results detail
 4. Industry trends and acquisitions
 5. Summary and outlook
 6. Q&A
-

Appendices



The background of the slide is a close-up, circular cross-section of a tree trunk, showing concentric growth rings in shades of light brown and tan. The rings are dense and slightly irregular, with some darker spots and a small, irregular hole or knot on the right side. The overall texture is smooth but shows natural wood grain variations.

1. Key highlights for 1H FY22

Key highlights for 1H FY22

1 TRADING¹

Revenue
\$68.0m ▲ 15.2%

Funeral volumes
7,928 ▲ 14.9%

Average Revenue Per Funeral
\$5,902 ▲ 0.5% *(up 2.5% on the pre-COVID period²)*

2 EARNINGS¹

Pro forma³ Operating EBITDA
\$18.4m ▲ 17.8%

Pro forma³ Operating NPAT
\$7.8m ▲ 30.4%

Cash Flow Conversion
98.4% ▲ 80bps

3 CAPITAL MANAGEMENT^{1,4}

Interim Dividend
6.0cps (1H FY21: 6.0cps)

Gearing Ratio
13.3%

Funding Capacity⁵
\$149.3m

4 GROWTH⁴

Locations
143 ▲ 7

Acquisitions⁶
\$147.7m
 committed since IPO

Expansion
 SA, VIC, WA and NZ

5 OUTLOOK

Expecting to benefit from:

- favourable demographics in Australia and New Zealand
- a strong funding position
- acquisitions completed and announced to date and other potential future acquisitions in a highly fragmented industry

¹ Movements shown above relate to movements between 1H FY22 and the PCP, unless otherwise stated

² 1 July 2019 to 31 March 2020

³ Statutory results excluding one-off, non-recurring items relating to the Management Internalisation and government subsidies and including the recurring impacts of the Management Internalisation, as if it had occurred on 1 July 2020

⁴ As at 31 December 2021 for Gearing Ratio, Locations (movement from 30 June 2021) and Expansion

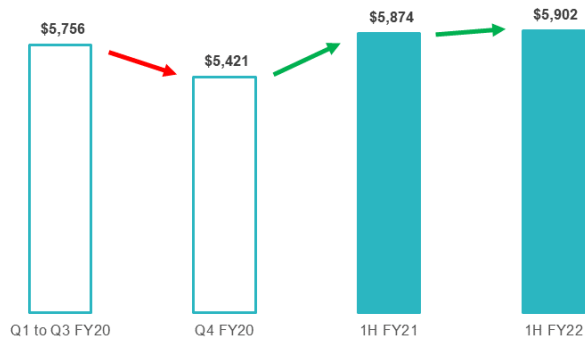
⁵ As at 31 December 2021. Refer to slide 24

⁶ Refer to slide 28

COVID-19 impacts

Average Revenue Per Funeral resilient, despite COVID-19 impacts

1 Average Revenue Per Funeral



Average Revenue Per Funeral in 1H FY22 was \$5,902:

- up 0.5% on the PCP
- up 2.5% on the pre-COVID-19 period¹

COVID-19 impacts were less severe than during the initial wave of the pandemic in Q4 FY20

Extended lock downs and strict funeral attendee limits in parts of Australia and New Zealand contributed to a higher mix of lower value funerals during 1H FY22 compared to the PCP

Average Revenue Per Funeral has generally rebounded quickly, as restrictions have eased

2 Funeral volumes

In 1H FY22, Propel performed 7,928 funerals with:

- total funeral volumes up 14.9% on the PCP
- comparable funeral volumes up 7.8% on the PCP

In most markets in which the Company operates, death volumes increased in 1H FY22

¹ 1 July 2019 to 31 March 2020

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 government subsidies in New Zealand

Management Internalisation¹ completed

Management Internalisation completed on 26 July 2021

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 50% cash and 50% in Propel shares
- three senior Executives becoming employees of the Group, with Propel no longer paying fees (including uncapped potential performance fees) to the Manager
- the transfer of intellectual property from the Manager, its officers and employees to the Group
- changes to the Company's constitution
- amendments to the voluntary escrow arrangements relating to 14,732,667 shares (**Escrowed Shares**), so that:
 - 50% of the Escrowed Shares will be released from voluntary escrow following the release of Propel's audited FY2022² financial results
 - 50% of the Escrowed Shares will be released from voluntary escrow following the release of Propel's audited FY2025² 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 Refer to the Company's ASX announcements dated 31 May 2021 and 26 July 2021

² Instead of a release from escrow in November 2027

The background of the slide is a close-up photograph of wood grain. It features several concentric circular patterns, likely from a tree trunk cross-section, with varying shades of light brown and tan. The wood grain is clearly visible, showing the natural texture and growth rings.

2. Company overview

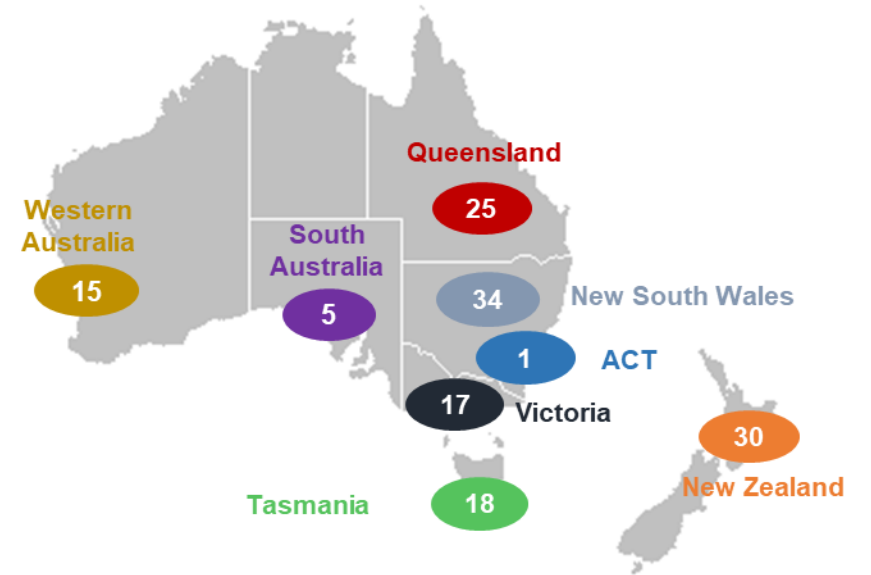
Geographic presence

145 locations (78 owned / 67 leased), including 32 cremation facilities and 9 cemeteries

August 2013



February 2022



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

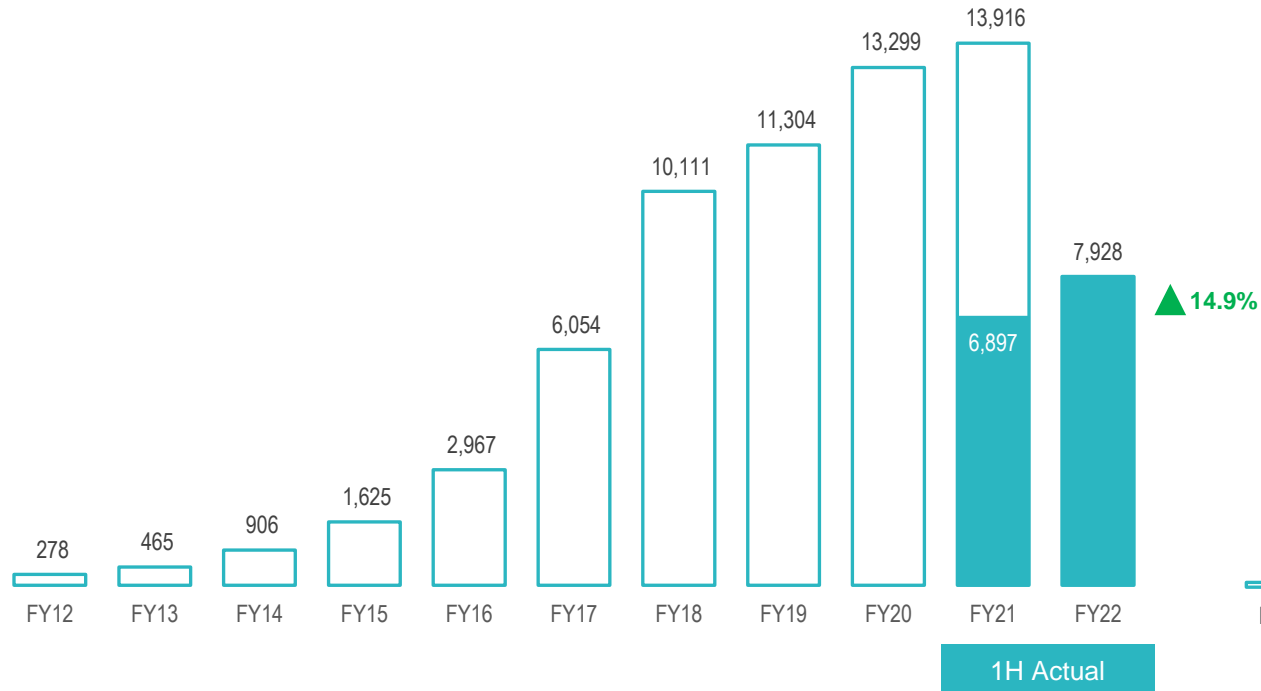


 Completed or announced since 1 July 2021

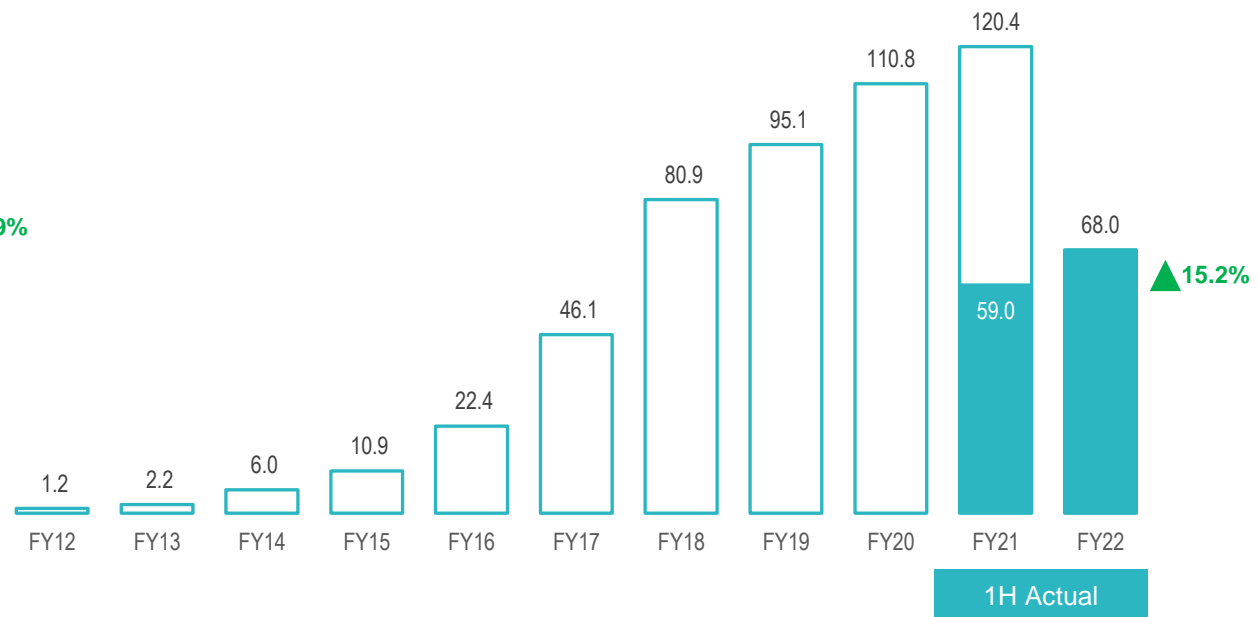
Volume and revenue growth

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

Funeral volumes



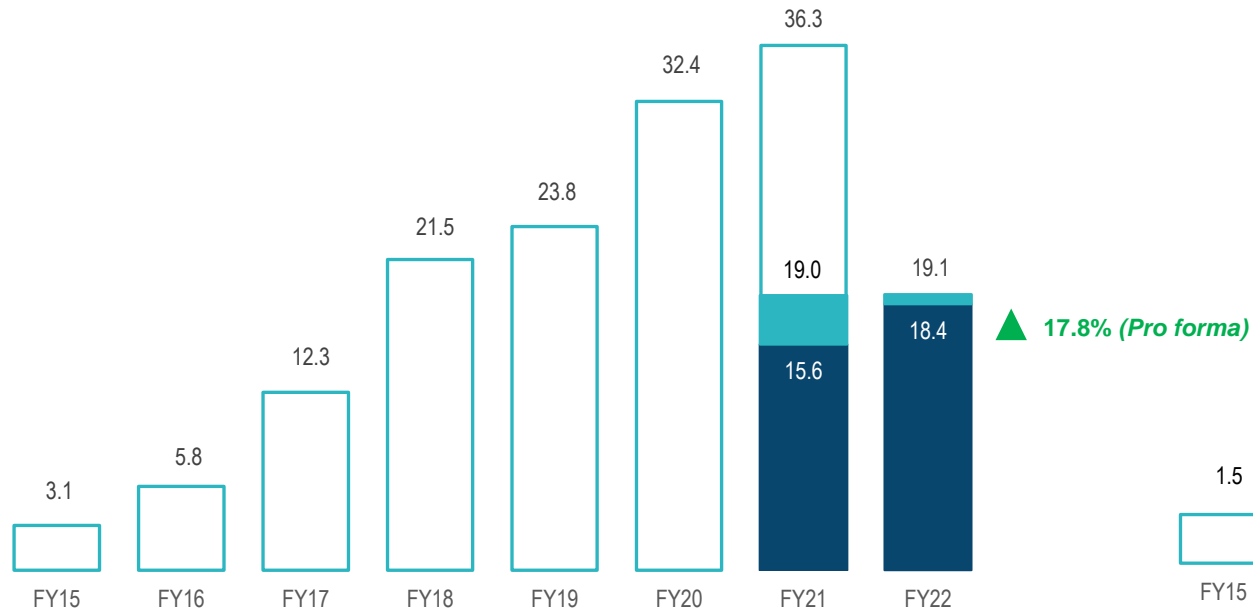
Revenue (\$m)



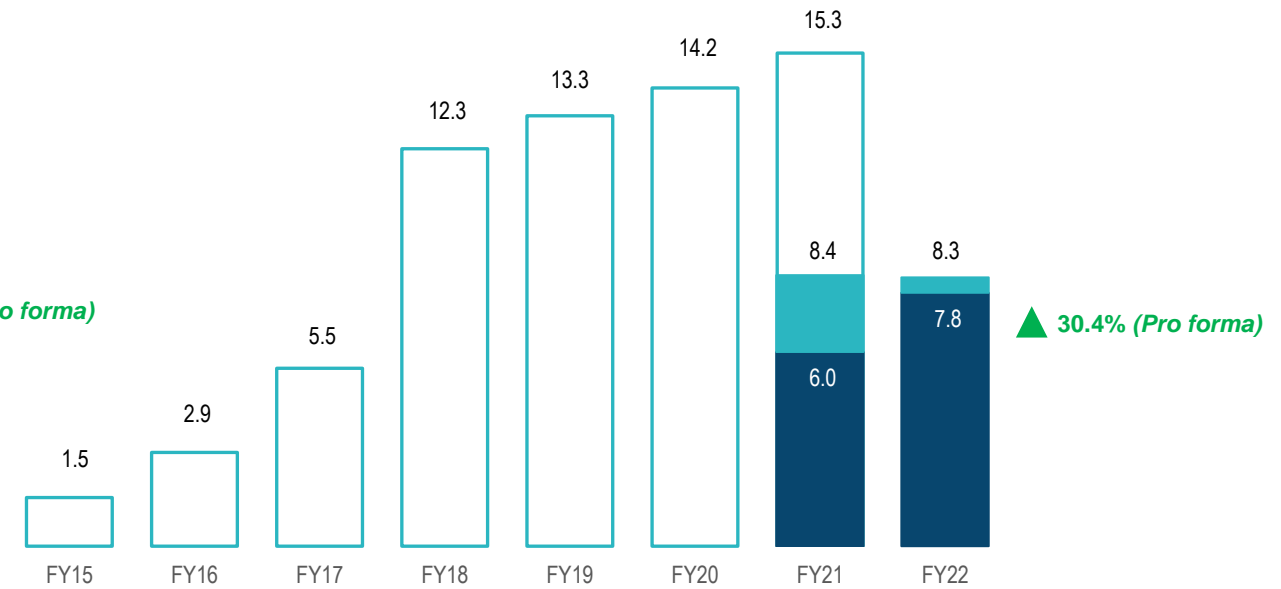
Earnings growth

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

Operating EBITDA (\$m)



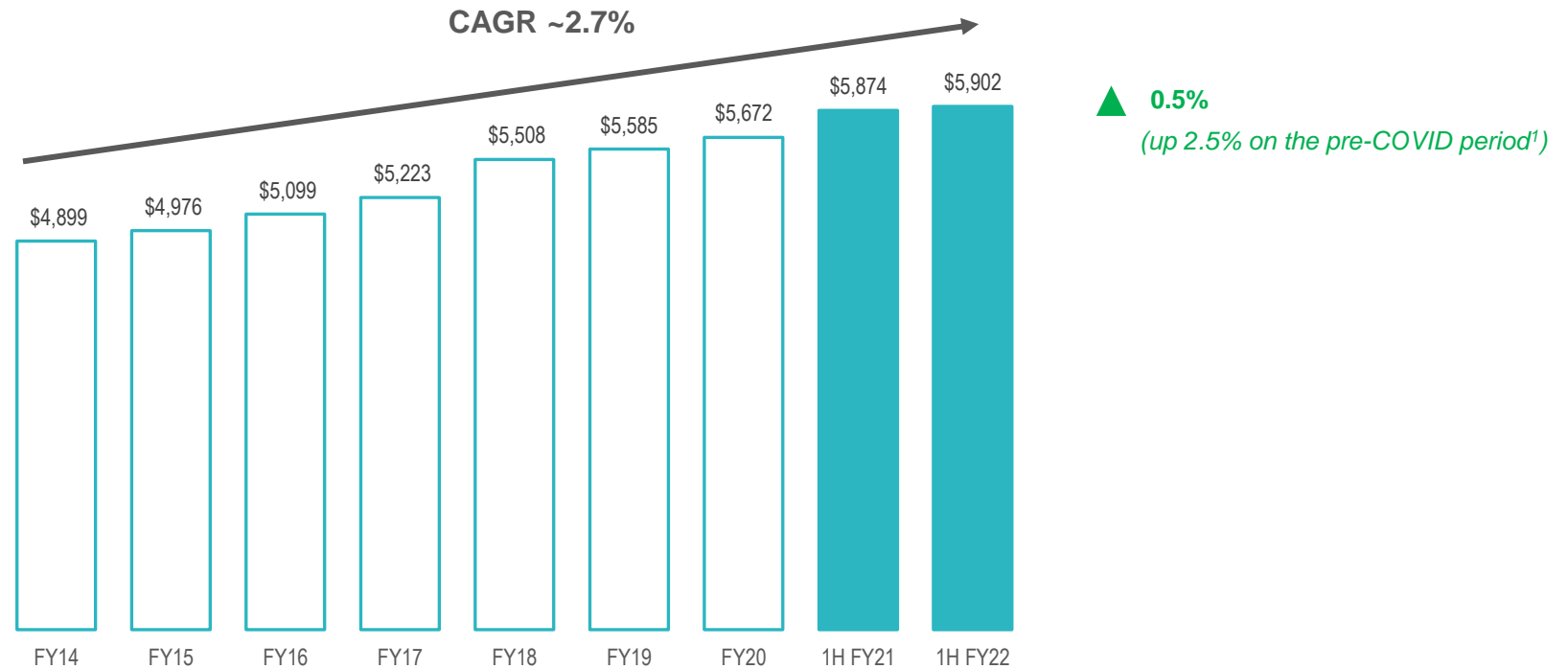
Operating NPAT (\$m)



Pro forma 1H Actual
 Statutory 1H Actual

Average Revenue Per Funeral growth

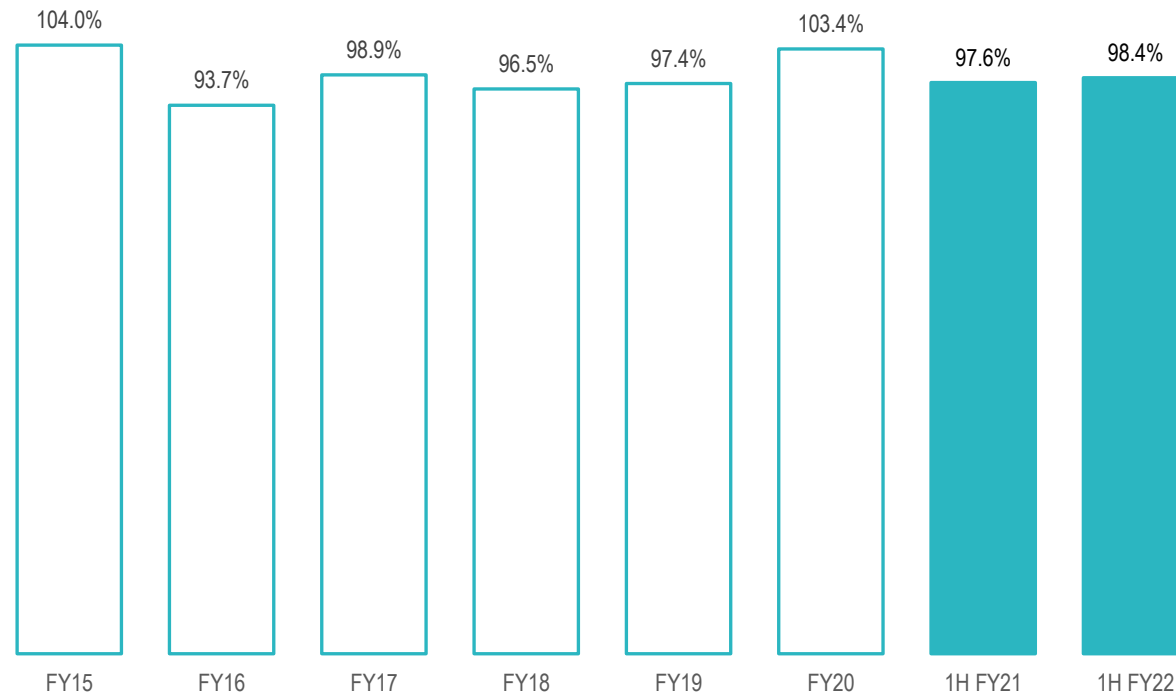
Compound annual growth rate (CAGR) of ~2.7% since FY14



¹ 1 July 2019 to 31 March 2020

Cash Flow Conversion

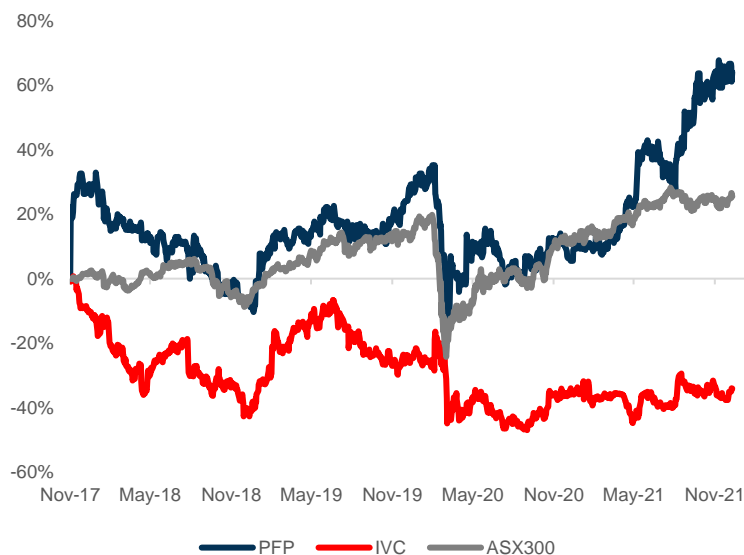
Cash Flow Conversion has been consistently strong, averaging ~99% since FY15



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



Propel
+64.1%¹

ASX300
+25.5%²

InvoCare
-34.1%³

Comments

Since Propel's IPO on 23 November 2017 and as at 31 December 2021:

- Propel's share price was up +64.1%¹
- the ASX300 Index was up +25.5%²
- InvoCare's share price was down -34.1%³
- Propel has delivered:
 - total shareholder value accretion of ~\$237 million⁴
 - a total shareholder return of ~69%⁵
 - material growth in Revenue and Operating EBITDA

¹ Propel's IPO issue price on 23 November 2017 was \$2.70 and its closing share price on 31 December 2021 was \$4.43

² The ASX300 Index closed at 5,940.5 on 22 November 2017 and at 7,453.9 on 31 December 2021

³ InvoCare's closing share price on 22 November 2017 was \$17.85 and its closing share price on 31 December 2021 was \$11.76

⁴ Propel's closing market capitalisation plus total dividends paid (grossed up) since the IPO, less the total value (at cost) of shares issued at and since the IPO, as at 31 December 2021

⁵ Total shareholder value accretion divided by the total value (at cost) of shares issued at and since the IPO, as at 31 December 2021

The background of the slide is a close-up photograph of a wood surface. It features a prominent knot on the left side, characterized by concentric, circular growth rings. The rest of the surface shows a dense, interlocking pattern of wood fibers, creating a complex, textured appearance. The color palette is a range of natural wood tones, from light tan to deep, dark browns.

3. 1H FY22 financial results detail

Financial Summary - Statutory

Statutory Income Statement

\$ million	31-Dec-21	31-Dec-20
Total revenue	68.0	59.0
Gross profit	48.5	42.7
...margin	71.3%	72.3%
Total operating costs	(29.4)	(23.7)
Operating EBITDA	19.1	19.0
...margin	28.1%	32.2%
Depreciation	(5.0)	(4.8)
Operating EBIT	14.0	14.2
...margin	20.7%	24.1%
Termination fee ¹	(15.0)	-
Share based payment revaluation expense	(5.4)	-
Fair value adjustment on termination shares ²	(1.0)	-
Acquisition and transaction costs	(1.1)	(0.2)
Net other expenses	(0.2)	(0.1)
Net interest expense	(1.8)	(1.8)
Net financing charge on pre-paid contracts	(0.3)	(0.5)
Net (loss)/profit before tax	(10.8)	11.7
Income tax benefit/(expense)	1.6	(3.5)
Net (loss)/profit after tax	(9.2)	8.2
Operating NPAT	8.3	8.4
Operating EPS (cps)	7.8	8.5

¹ \$15.0 million (settled 50% in cash and 50% in Propel shares)

² measured at the share price of \$3.67 on completion date of the Management Internalisation, compared with the issue price of \$3.25 (representing the 30 day volume weighted average price to 28 May 2021)

Comments

Revenue

- Increased 15.2% on the PCP to \$68.0m, primarily due to:
 - the contributions from seven acquisitions completed in FY21 and 1H FY22
 - comparable funeral volume growth of 7.8%

Gross profit margin

- decreased 100 bps on the PCP to 71.3%, primarily due to sales mix and the financial profile of recent acquisitions

Statutory Operating EBITDA

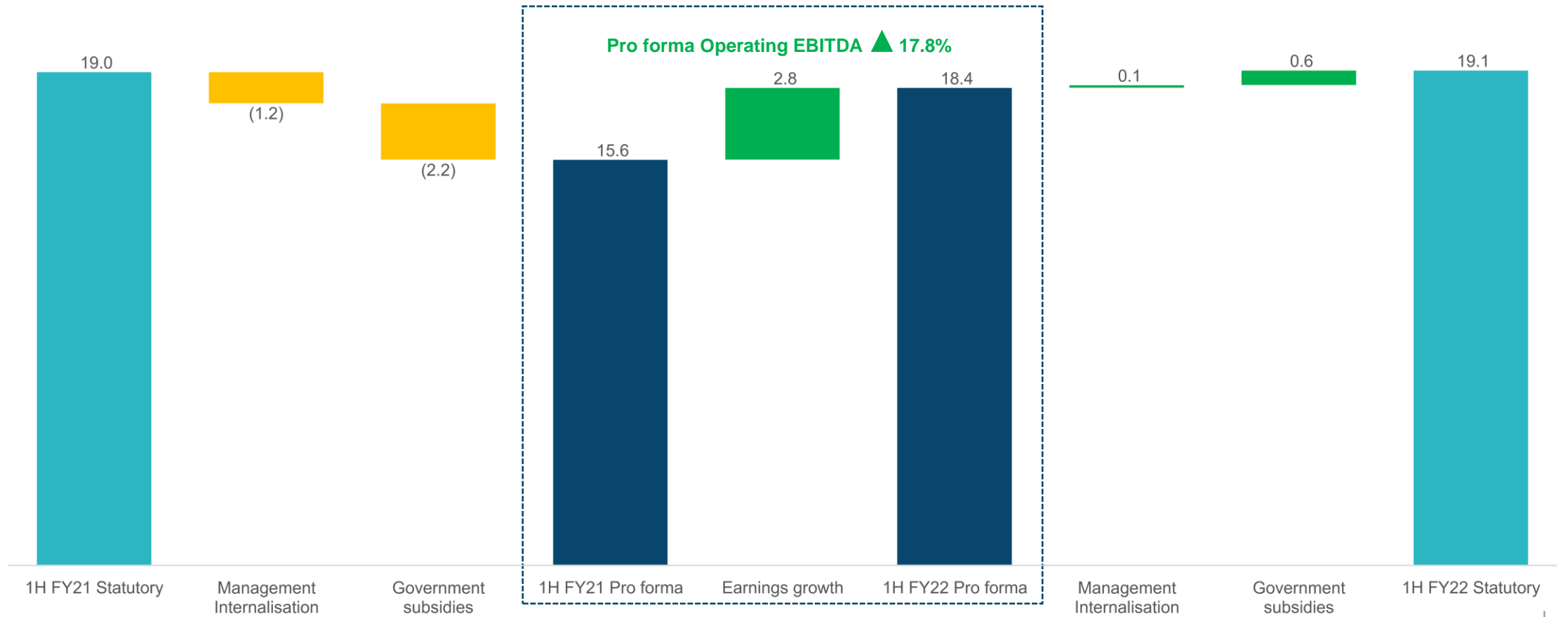
- In line with the PCP at \$19.1m, primarily due to impacts of:
 - seven acquisitions completed in FY21 and 1H FY22 and solid growth in funeral volumes, offset by
 - impacts of the Management Internalisation and materially higher government subsidies received in the PCP (\$2.2m) versus 1H FY22 (\$0.6m)

Other items

- Depreciation increased primarily due to acquisitions
- In connection with the Management Internalisation:
 - termination fee paid to the Manager¹
 - one-off, non cash fair value adjustment expense related to the termination shares²
 - one-off, non cash share based payment revaluation expense recognised, relating to a modification of the voluntary escrow arrangements on 14.7 million Propel shares
 - transaction costs
- Interest expense in line with the PCP (average effective interest rate on drawn debt of ~2.0% in 1H FY22)
- Operating EPS impacted by an 18% increase in shares on issue

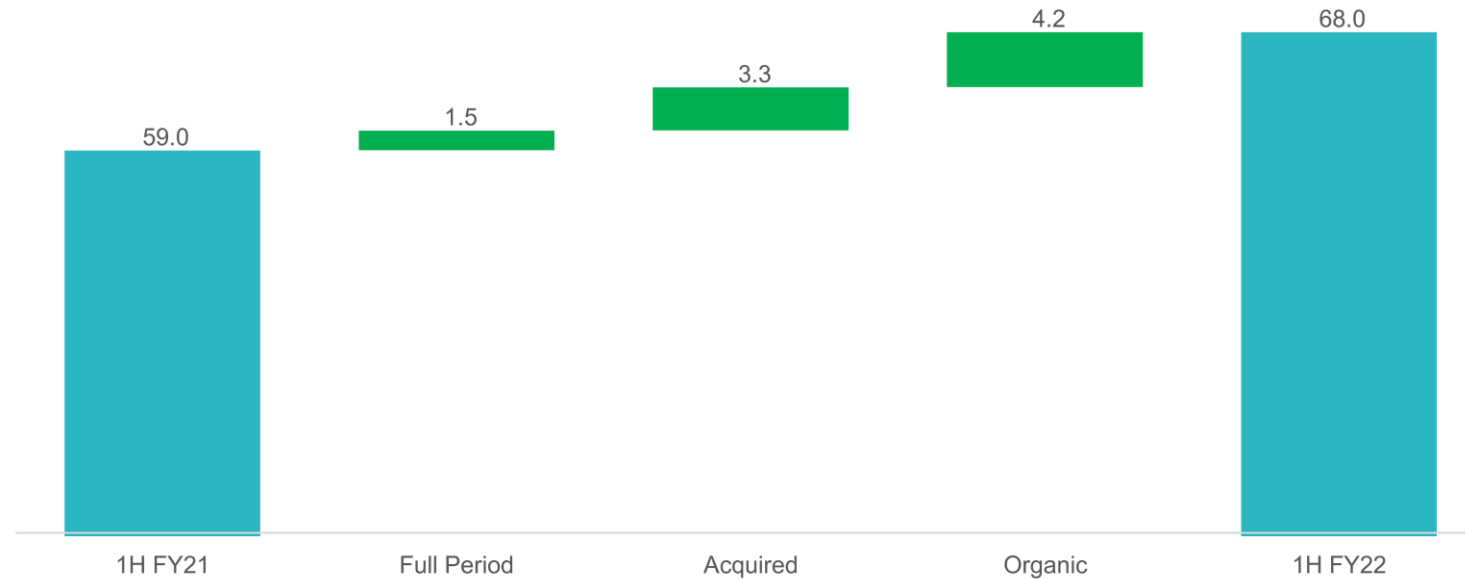
Pro forma earnings bridge

Pro forma Operating EBITDA grew by 17.8%, driven by materially higher funeral volumes



Revenue bridge and Pro forma Operating EBITDA margin

Propel generated revenue and Pro forma margin growth, despite COVID-19 impacts



Pro forma Operating EBITDA margin 26.5%

27.1%

Comments

Total:

Funeral Volumes

- ▲ 14.9% on PCP including contributions from acquisitions

ARPF

- ▲ 0.5% on PCP (+ 2.5% on pre-COVID period) - impacted by the financial profile of acquisitions, pricing and funeral mix

Organic:

Funeral Volumes

- ▲ 7.8% on the PCP

ARPF

- ▶ In line with the PCP

Pro forma Operating EBITDA margin:

- ▲ 60 bps on the PCP, positively impacted by:
 - operating leverage, driven by higher funeral volumes
 - good cost control, with comparable opex per funeral 3.9% below PCP
- partially offset by:
 - sales mix and margins of recent acquisitions

Cash flow

Statutory actuals

\$ million	31-Dec-21	31-Dec-20
Receipts from customers (inc GST)	74.3	64.1
Payments to suppliers & employees (inc GST)	(55.5)	(45.6)
	18.8	18.6
Termination fee	(7.5)	-
Transaction costs	(0.5)	-
Income taxes paid	(2.1)	(3.1)
Interest paid	(2.4)	(1.8)
Interest received	0.0	0.1
Net cash provided by operating activities	6.3	13.7
Payment for purchase of businesses	(16.3)	(22.5)
Net payments for property, plant and equipment	(3.9)	(8.2)
Other investing cash flows	(0.0)	(0.0)
Net cash used by investing activities	(20.2)	(30.7)
Proceeds from issue of shares, net of transaction costs	62.3	-
Net repayment of borrowings	(40.5)	(22.6)
Dividends paid	(5.9)	(5.9)
Other financing cash flows	(1.6)	(1.6)
Net cash provided/(used) by financing activities	14.3	(30.1)
Net increase/(decrease) in cash during the year	0.4	(47.2)
Cash at the beginning of the year	7.5	53.9
Cash at the end of the year	7.9	6.8
Cash Flow Conversion %	98.4%	97.6%

Comments

Operating activities

- Cash Flow Conversion strong at ~98.4% (1H FY21: ~97.6%)
- \$7.5m cash component of the termination fee
- Increase in interest paid due to higher borrowings for part of the period

Investing activities

- Includes acquisitions (\$15.2m), acquisition costs (\$0.7m) and earn out payments (\$0.4m)
- Maintenance capital expenditure amounted to 3.7% of 1H FY22 revenue (1H FY21: 3.9%)

Financing activities

- Net proceeds from the Capital Raising with funds used to repay borrowings
- Reflects dividends paid during the period

Balance Sheet

Statutory actuals

\$ million	31-Dec-21	30-Jun-21
Cash and cash equivalents	7.9	7.5
Contract assets	52.4	46.1
Other current assets	12.8	10.9
Total Current Assets	73.1	64.5
Property, plant & equipment	162.3	152.8
Right-of-use assets	37.4	34.8
Goodwill	141.8	131.7
Other non-current assets	8.6	3.7
Total Non-Current Assets	350.1	322.9
Total Assets	423.2	387.3
Trade and other payables	8.5	7.7
Borrowings	15.0	10.1
Contract liabilities	58.4	51.9
Lease liabilities	9.0	8.7
Other current liabilities	9.0	6.2
Total Current Liabilities	99.8	84.6
Borrowings	31.0	76.7
Lease liabilities	30.4	28.0
Other non-current liabilities	12.7	11.1
Total Non-Current Liabilities	74.1	115.9
Total Liabilities	173.9	200.4
Net Assets	249.3	186.9
Total Equity	249.3	186.9

Comments

Cash and net debt position

- \$7.9m of cash
- \$38.2m of net debt¹ (30 June 2021: \$79.0m)
- \$46.1m of drawn senior debt (30 June 2021: \$86.5m)

Pre-paid contracts

- Largely held with third party friendly societies
- Asset increases by investment returns
- Liability increases by non cash 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 FY22, consistent with the PCP

Property, plant and equipment

- Includes land and buildings at cost (less depreciation) of \$129.5m

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

	\$ million
Debt facility limit at 31 December 2021	200.0
Net Debt as at 31 December 2021¹	(38.2)
Commitments:	
Acquisitions	(5.4)
Interim dividend	(7.1)
Total commitments	(12.4)
Funding capacity²	149.3

Debt covenant summary (as at 31 December 2021)

Net leverage ratio (must be < 3.5x) ³	0.8x
Fixed charge cover ratio (must be > 1.75x)	5.4x

Dividend summary

	1H FY22	1H FY21
Fully franked dividend (cps)	6.0	6.0
Dividend payout ratio	88%	82%

Comments

Funding capacity

- Increase in senior debt facilities to \$200m
- Capital Raising proceeds of \$62.3m net of transactions costs
- Binding cash commitments, subsequent to 31 December 2021:
 - Crawford and McKee acquisitions totalling ~\$5.4m
 - 1H FY22 interim dividend \$7.1m (to be paid on 7 April 2022)
- Funding capacity of \$149.3m

Covenants

The Group remained comfortably in compliance with its debt covenants as at 31 December 2021

Dividend

Dividend payout ratio of ~88% of Distributable Earnings

¹ Senior debt less cash and cash equivalents

² Undrawn debt and cash at bank, as at 31 December 2021, less the estimated cash that will be required to pay the interim dividend and fund acquisitions announced but not completed

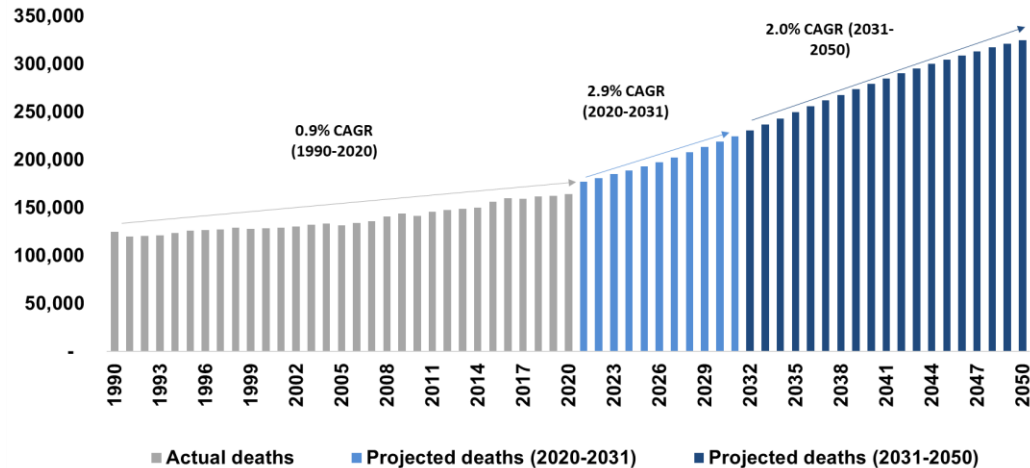
³ Including the annualised impact of acquisitions and other adjustments. A ratio of 3.5x, unless the Group elects to surge to 3.75x which endures for three consecutive testing dates, following which the covenant will reduce to 3.5x. The Group's working capital facility is excluded from the net leverage ratio calculation

4. Industry trends and acquisitions

Increasing number of deaths

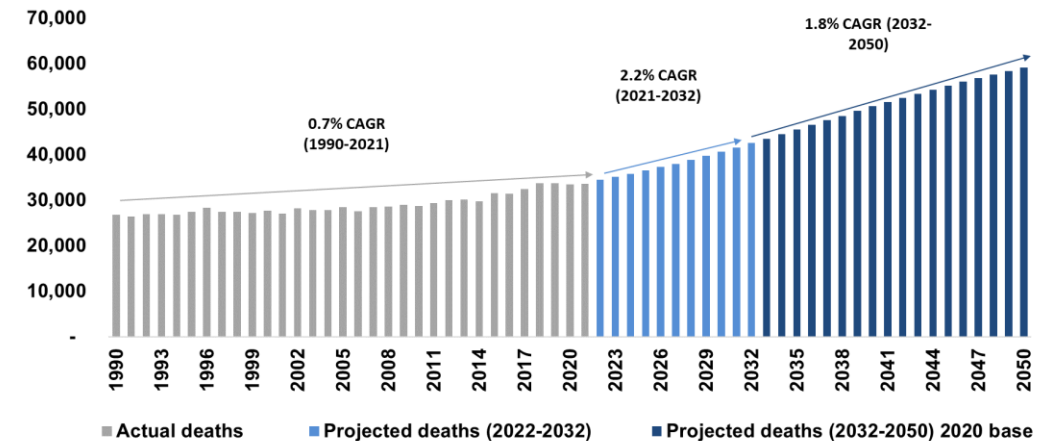
Number of deaths is the most significant driver of revenue in the death care industry

Australia



- Death volumes in Australia grew by 0.9% pa between 1990 and 2020¹
- Death volumes are expected to increase by 2.9% pa from 2020 to 2031¹ and 2.0% from 2031 to 2050¹

New Zealand



- Death volumes in New Zealand grew by 0.7% pa between 1990 and 2021²
- Death volumes are expected to increase by 2.2% pa from 2021 to 2032² and 1.8% from 2032 to 2050²

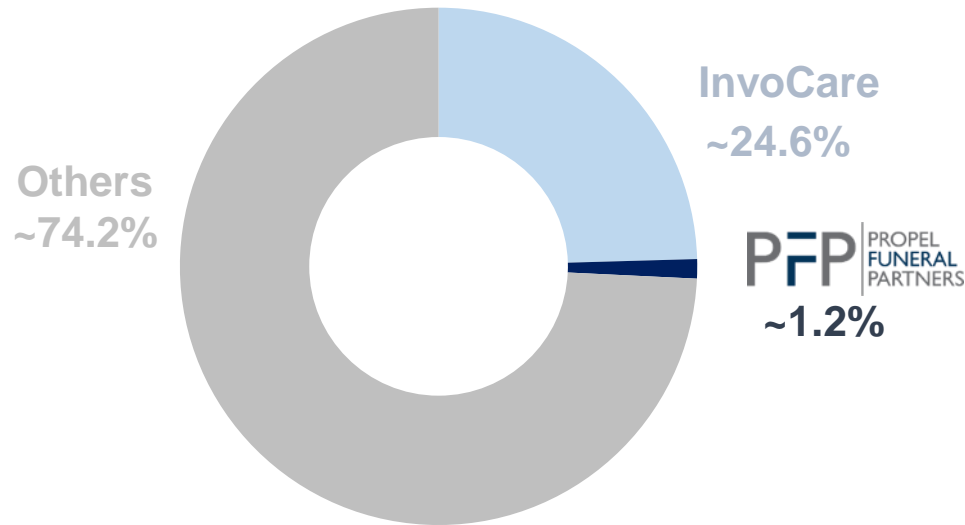
¹ Source: ABS, Dataset: Deaths and Infant deaths, Year and month of occurrence, Sex, States, Territories and Australia for actual deaths by financial year. 3222.0 Population Projections, Australia, 2017 (base) – 2066, Table 1 Projected population, Australia, Series B, for projected deaths by financial year (released in November 2018)

² Source: 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)

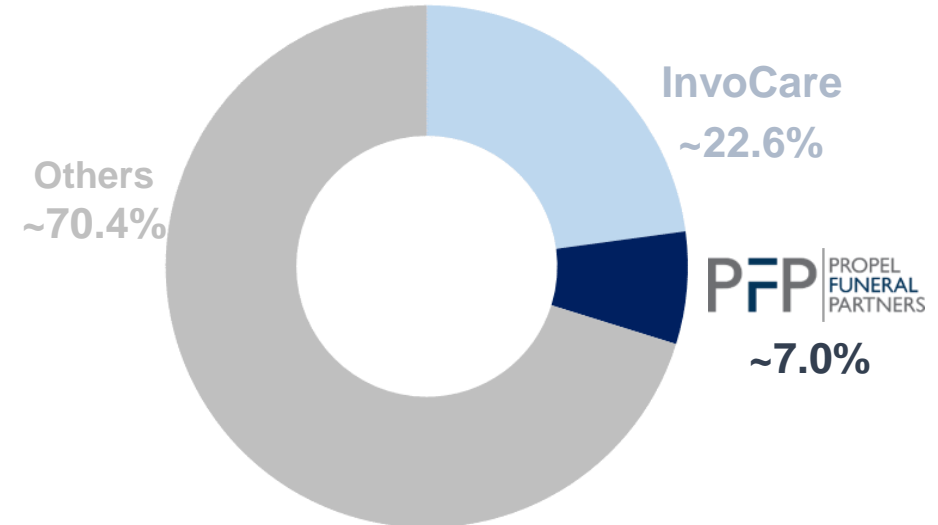
Market share estimate (funeral volumes)

Propel has increased its market share in the highly fragmented Australian funeral industry

CY15¹



CY20²



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: 161,300 actual deaths (ABS data) for market size, 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 \$147.7 million¹ on acquisitions since its IPO

1 During 1H FY22, Propel deployed/committed \$21.0² million on acquisitions in SA, VIC, WA and NZ including:



100% of the issued share capital and a freehold property (with multiple titles) of Berry Funeral Directors, which provides funeral directing services in Norwood, South Australia



the business and assets of Glenelg Funerals which provides funeral directing services from Glenelg, South Australia



the business and assets of State of Grace which provides funeral directing services from two locations in Auckland, New Zealand



the business and assets, including a freehold property³ of Eagars Funerals which provides funeral directing services from New Plymouth, New Zealand



the business and assets, including a freehold property of Carol and Terry Crawford Funerals which provides funeral directing services from Geelong, Victoria



the business and assets of McKee Family Funerals which provides funeral directing services in Perth, Western Australia

2 Propel continues to 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, in aggregate, \$18.4 million (excluding stamp duty)

² Upfront cash and equity consideration paid/payable (excluding stamp duty)

³ Subject to approval of a boundary adjustment subdivision

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.

5. 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 ~17% of the Company's issued capital
- Built the business from the ground up (from 1 funeral home in 2013 to a network of 145 locations over the last 8.5 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 145 locations (78 owned properties) is difficult to replicate
- Strong funding position (~\$150 million funding capacity) to fund growth through acquisitions and other initiatives

6 Value creation

- Total shareholder value creation of ~\$237 million and total shareholder return of ~69% since IPO

Outlook

Demand for essential funeral services remains, underpinned by favourable demographics

1 Propel has started 2H FY22 with positive trading momentum. In the month of January 2022:

- total and comparable funeral volumes were materially higher than the PCP
- a higher mix of full service funerals contributed to material growth in Average Revenue Per Funeral over the PCP

However, death volumes fluctuate over short time horizons

2 Expected growth drivers for the remainder of FY22:

- favourable demographics in Australia and New Zealand
- a strong funding position
- acquisitions completed and announced to date and other potential acquisitions in what is a highly fragmented industry (although timing is uncertain)

3 Ongoing COVID-19 impacts remain uncertain

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 densely packed, creating a textured, circular pattern.

6. Q&A

A close-up photograph of a tree trunk cross-section, showing concentric growth rings and radial cracks. The wood is a warm, golden-brown color. The word "Appendices" is overlaid in white text on the left side of the image.

Appendices

Definitions

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.

Capital Raising means the placement in October 2021 (issuing 12,245,122 Propel shares) and the follow on share purchase plan in November 2021 (issuing 3,344,374 Propel shares).

Cash Flow Conversion % means the percentage of Operating EBITDA converted into Operating Cash Flow.

Cps means cents per share.

CY means calendar year.

Distributable Earnings means NPAT adjusted for certain non-cash, one-off or non recurring items.

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.

Group means Propel and its wholly owned subsidiaries.

IPO means initial public offering.

Management Internalisation means the the internalisation of key senior management functions of Propel completed in July 2021. Refer to Propel's ASX announcements dated 31 May 2021 and 26 July 2021.

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

NPAT means net profit/(loss) after tax.

Operating Cash Flow means ungeared, pre-tax operating cash flow, excluding the termination fee and transaction costs in connection with the Management Internalisation.

Operating EBIT means Operating EBITDA less depreciation.

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

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

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

PCP means prior corresponding period.

PPE means property, plant and equipment.

Pro forma means statutory results excluding one-off, non-recurring items relating to the Management Internalisation and government subsidies and including the recurring impacts of the Management Internalisation, as if it had occurred on 1 July 2020.

Prospectus means the prospectus prepared by Propel in connection with the IPO.

YTD means year to date.

Statutory to Pro forma reconciliation

\$ million	31-Dec-21	31-Dec-20	Var %
Statutory Operating EBITDA	19.1	19.0	0.4%
Less: Management Internalisation	(0.1)	(1.2)	
Less: Government subsidies	(0.6)	(2.2)	
Pro forma Operating EBITDA	18.4	15.6	17.8%
Statutory Operating NPAT	8.3	8.4	-0.7%
Less: Management Internalisation	(0.1)	(0.8)	
Less: Government subsidies	(0.4)	(1.5)	
Pro forma Operating NPAT	7.8	6.0	30.4%

NPAT to Operating NPAT reconciliation

\$ million	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
	Pro forma	Pro forma	Statutory	Statutory
Net profit/(loss) after income tax	7.2	5.5	(9.2)	8.2
Add: Termination fee	-	-	15.0	-
Add: Share based payment revaluation expense	-	-	5.4	-
Add: Fair value adjustment on termination shares	-	-	1.0	-
Add: Acquisition and transaction costs	0.7	0.5	1.1	0.2
Add: Other non-operating expenses	0.2	0.1	0.2	0.1
Less: Tax effect of certain Operating NPAT adjustments	(0.3)	(0.2)	(5.2)	(0.1)
Operating NPAT	7.8	6.0	8.3	8.4

Statutory Income statement analysis

Statutory actuals

\$ million	31-Dec-21	31-Dec-20
Funeral operations	59.5	51.3
Cemetery, crematoria and memorial gardens	7.3	6.5
Other trading revenue	1.2	1.2
Total revenue	68.0	59.0
Cost of sales	(19.5)	(16.3)
Gross profit	48.5	42.7
Employment costs	(21.8)	(16.8)
Occupancy and facility costs	(3.5)	(3.2)
Other operating costs	(4.2)	(3.7)
Total operating costs	(29.4)	(23.7)
Operating EBITDA	19.1	19.0

Comments

Revenue segments:

- 87.6% generated from funeral operations (1H FY21: 87.0%)
- 10.7% generated from cemetery and memorial gardens (1H FY21: 11.0%)
- 1.7% from other sources (including coroners contracts) (1H FY21: 2.0%)

Employment costs:

- 32.0% of revenue (1H FY21: 28.5%)
- Impacted by employment cost associated with the Management Internalisation
- Reported net of government subsidies recognised of ~\$0.6m (1H FY21: ~\$2.2m)

Occupancy and facility costs:

- 5.1% of revenue (1H FY21: 5.4%)

Distributable Earnings and Dividend

Reconciliation

\$ million	31-Dec-21	31-Dec-20
Net (loss)/profit after tax	(9.2)	8.2
Distributable Earnings calculation		
Termination fee	10.5	-
Share based payment revaluation expense	5.4	-
Fair value adjustment on termination shares	0.7	-
Acquisition and transaction costs	0.8	0.2
Net financing charge on prepaid contracts	0.3	0.5
Government subsidies	(0.4)	(1.5)
Distributable Earnings	8.1	7.3
Dividend payout ratio (rounded)	88%	82%
Actual number of shares on issue	117,895,750	99,946,016
Dividend per share (rounded)	6.0	6.0



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