

27 August 2024

FY24 Full Year Results

- Revenue of \$209.2 million, up 24.2% on the prior year (within the guidance range of \$200-220 million)
- Operating EBITDA¹ of \$55.4 million, up 20.5% on the prior year (within the guidance range of \$54-60 million)
- Operating NPAT (Pro forma)^{1,2} of \$23.4 million, up 12.2% on the prior year
- Total dividends of 14.4 cents (FY23: 14.0 cents) per share fully franked, including a final dividend of 7.2 cents (FY23: 6.9 cents)
- Twelve³ acquisitions completed or announced in FY24, totalling ~\$104 million⁴
- Strong cash flow conversion and funding position

Dear Shareholders,

On behalf of the board, we are pleased to report the financial performance of Propel Funeral Partners Limited (ASX: PFP) (**Propel** or **Company**) for the year ended 30 June 2024 (FY24).

Financial performance

FY24 was another record year for Propel. The Company experienced material growth in key operating and financial metrics, despite the higher inflationary and interest rate environment and a contraction in industry death volumes, which is expected to be temporary. The table below compares the Company's Pro forma² FY24 financial results with the prior year and summarises its FY24 statutory financial results:

	FY24 Pro forma ²	FY23 Statutory	Change	FY24 Statutory
Revenue (\$m)	209.2	168.5	+24.2%	209.2
Operating EBITDA (\$m)	55.4	46.0	+20.5%	55.4
Margin	26.5%	27.3%	-80bps	26.5%
Operating NPAT (\$m)	23.4	20.9	+12.2%	21.1
Operating EPS (cents) ¹	17.0	17.7	-4.0%	16.8
Cash flow conversion (%) ¹	99.0	95.4	+360bps	99.0

The Company's FY24 financial results:

- include part year contributions from eleven³ acquisitions completed during FY24;
- do not include contributions from one acquisition announced during FY24 (completed in July 2024);
- include full year contributions from five acquisitions completed during FY23; and
- include impacts of the capital raising completed during FY24.

Further details are provided in the Appendix 4E, 2024 Annual Report and FY24 Investor Presentation released to the ASX today.

Final dividend

The board has declared a fully franked final dividend of 7.2 cents (FY23: 6.9 cents) per share, bringing the total dividends declared in connection with FY24 to 14.4 cents (FY23: 14.0 cents) per share fully franked, which represents:

- a payout ratio of ~85% of Distributable Earnings¹; and
- a dividend yield of ~2.5%⁵ (or ~3.6% grossed up for tax).

The final dividend will be paid on 3 October 2024, with a record date of 3 September 2024.

Since its IPO in November 2017, Propel has declared fully franked dividends totalling 80.3 cents per share (or ~\$1.15 per share, grossed up for tax).

Funeral volumes

In FY24, Propel's:

- total funeral volumes were 21,655, up ~20% on the prior year and a more than 13 fold increase since FY15; and
- comparable funeral volumes contracted ~6%, having cycled positive organic growth in consecutive prior years of ~9% in FY22 and ~1% in FY23.

Average Revenue Per Funeral

In FY24, the Company's:

- Average Revenue Per Funeral¹ was \$6,635, up ~4% on the prior year; and
- comparable Average Revenue Per Funeral was up 5.5% on the prior year.

¹ Refer to definitions on slide 29 of the FY24 Investor Presentation.

² Statutory results adjusted for the impacts of the placement of new shares and follow on share purchase plan, announced on 31 January 2024, which raised net proceeds of \$97.6 million, including lower interest expense (net of tax) relating to the changes in the Company's capital structure, as if it had occurred on 1 July 2023.

³ Acquired a 49.99% interest in an entity operating the business Osbornes Funeral Directors (**Osbornes**) as well as 100% of the property from which it operates, noting Osbornes is equity accounted.

⁴ Upfront cash and equity consideration paid. Excludes properties purchased subsequent to completion of the acquisitions and other properties purchased totalling \$35.9 million (excluding stamp duty).

⁵ Based on Propel's closing share price of \$5.76 on 28 June 2024, total dividends declared in connection with FY24 of 14.4 cents per share fully franked and the corporate tax rate in Australia of 30%.

Acquisitions

Propel remains focused on its core strategy of acquiring assets and social infrastructure which operate in the death care industry in Australia and New Zealand. During FY24, Propel completed or announced ~\$104 million⁴ on the following twelve acquisitions:

- **Olsens (including Walter Carter and Andrew Kennedy)**: a funeral services provider operating in the south, south west and eastern suburbs of Sydney, NSW;
- **J Fraser & Sons**: a funeral services provider operating in and around Southland, NZ;
- **Harbour City**: a funeral services provider operating in and around Wellington, NZ;
- **Terry Longley and Tong & Peryer**: a funeral services provider operating in Hastings and Havelock North, NZ;
- **IC Mark**: a funeral services provider operating in and around Levin, NZ;
- **Penhall Funerals**: a funeral services provider operating in and around Orange, NSW;
- **Howard & Gannon**: a funeral services provider operating in and around Taradale, NZ;
- **Southern Funeral Home**: a funeral services provider operating in Otago and Gore, NZ;
- **Brunswick Valley Funerals**: a funeral services provider operating in and around Mullumbimby, NSW;
- **Gladstone Valley Funerals**: a funeral services provider operating in and around Gladstone, QLD;
- **Osbornes Funeral Directors**³: a funeral services provider operating in and around Rotorua, NZ; and
- **Decra**: a supplier of headstones and monuments in NZ.

Since its IPO in November 2017, Propel has deployed ~\$295 million⁴ on acquisitions and continues to explore other potential acquisitions, however, the timing associated with any future acquisitions is uncertain.

Funding position

During FY24, the Company strengthened its balance sheet by:

- expanding its senior debt facilities (which mature in October 2027) to \$275 million (previously \$255 million) and increasing the net leverage ratio covenant limit to 5.0 times (previously 4.0 times); and
- completing a ~\$100 million capital raising.

As at 30 June 2024, Propel had:

- ~\$625 million of total assets, including ~\$233 million⁶ of freehold properties;
- a gearing ratio of ~23%⁷ and a net leverage ratio of ~1.6 times (covenant limit of 5.0 times); and
- available funding capacity of ~\$153 million⁸.

Executive service agreements

Subsequent to year end, Propel and three senior executives (Albin Kurti, Fraser Henderson and Lilli Gladstone) agreed to vary their service agreements, which were otherwise due to expire on 31 August 2024. The varied service agreements are now evergreen contracts, with a six months' notice period. Key changes to the service agreements are set out on page 33 of the 2024 Annual Report.

Outlook

In terms of the outlook for FY25, the Company expects to benefit from:

- favourable demographics in Australia and New Zealand;
- its strong funding position; and
- acquisitions completed to date and other potential future acquisitions in what remains a highly fragmented industry.

In that regard, Propel has started FY25 positively - in the month of July 2024⁹ revenue growth over the PCP exceeded 20%, reflecting:

- strong growth in total funeral volumes, including contributions from acquisitions and material growth in comparable funeral volumes; and
- higher comparable Average Revenue Per Funeral.

It should be noted that:

- death volumes fluctuate over short time horizons; and
- inflation is expected to impact funeral related pricing and costs.

⁶ Land and buildings held at cost, less accumulated depreciation.

⁷ Net debt of \$105.9 million divided by net debt plus total equity of \$351.7 million.

⁸ Refer to slide 19 of the FY24 Investor Presentation.

⁹ Based on the Company's unaudited management accounts.

ASX ANNOUNCEMENT

Our people

Finally, we wish to make special mention of our employees across Australia and NZ. We thank them for their hard work, professionalism, flexibility and commitment to providing essential and caring services to the customers they serve, often under very difficult circumstances.

We look forward to reporting the Company's further progress to shareholders, as and when appropriate.



Brian Scullin
Chairman



Albin Kurti
Managing Director

ENDS

About Propel:

Propel is listed on the Australian Securities Exchange and is the second largest private provider of death care services in Australia and New Zealand. Propel currently operates from 198 locations, including 38 cremation facilities and 9 cemeteries.

For further information, please contact:

Lilli Gladstone
Chief Financial Officer
+612 8514 8644

Authority to release:

This document has been authorised for release by the Company's board of directors.

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.