FY20 First Half Results

Investor Presentation

27 February 2020

PFP PROPEL FUNERAL PARTNERS

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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. In addition, the pro forma references for the current period results relate to the statutory results, adjusted for the impact of AASB 16 which Propel adopted on 1 July 2019. Note that there were no pro forma adjustments in FY19.

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.

Presenters

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Head of M&A, General Counsel and Company Secretary

Agenda

1. Key highlights for 1H FY20
2. Business overview
3. 1H FY20 financial results detail
4. Industry trends and acquisitions
5. Outlook
6. Q&A

Appendix

1. Key highlights for 1H FY20

Key highlights[1] for 1H FY20

1 TRADING	**Revenue:** $57.0 million ↑ 21.0%	**Volumes:** 6,646 funerals ↑ 17.8%	**Average Revenue Per Funeral:** $5,764 ↑ 3.2% on FY19
2 EARNINGS	**Operating EBITDA:** $16.6 million ↑ 42.1% *(up 25.9% ex AASB 16)*	**Operating NPAT:** $7.8 million ↑ 22.6% *(up 24.6% ex AASB 16)*	**Cash Flow Conversion:** 99.2% ↑ 180 bps on FY19
3 CAPITAL MANAGEMENT	**Interim Dividend:** 4.0 cents Fully franked	**Net Leverage Ratio:** ~1.9 times as at 31 December 2019	**Expanded Debt Facilities:** $150.0 million up from $50 million at 30 June 2019
4 GROWTH	**Growing network:** 128 locations 8 locations added	**Acquisitions:** $124.6 million committed since IPO[2]	**Expansion:** • in QLD and NZ • largest acquisition to date completed (Gregson & Weight) • acquired two freehold properties

5 OUTLOOK

Continued growth, expecting to benefit from:

- a growing and ageing population
- recently expanded funding facilities
- acquisitions completed prior to and since the start of FY20
- other potential future acquisitions, in a fragmented industry (although timing is uncertain)

[1] *Percentage movements shown above relate to movements between 1H FY20 and the PCP, unless otherwise stated*
[2] *Refer to slide 25*

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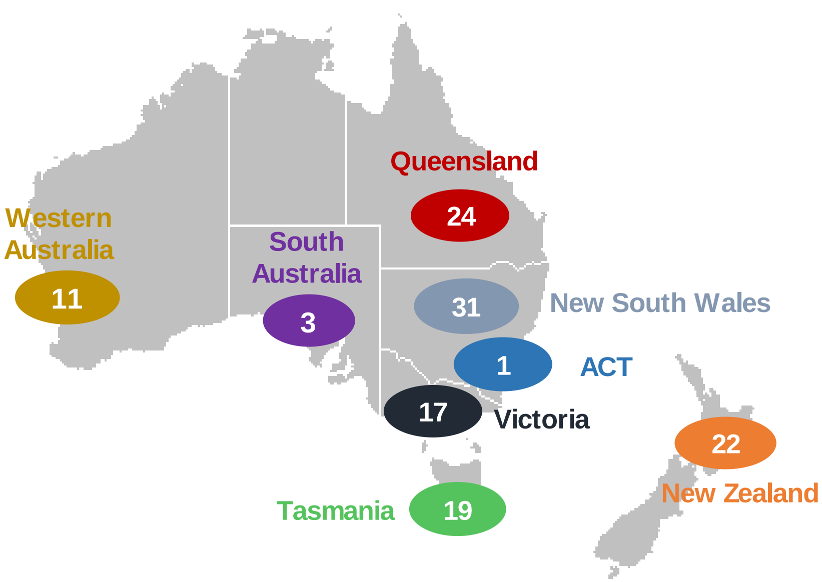
2. Business overview

Geographic presence

128 locations (71 owned / 57 leased), including 31 cremation facilities and 9 cemeteries

August 2013

February 2020



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

- Millingtons Funeral Directors | Millingtons Cemeteries
- Seasons Funeral Homes
- Parkview Funeral Home – Always caring
- Quinn Funerals at Wesley Place
- Handley Funeral Services – South Gippsland & Phillip Island
- Ross Funerals
- Burke & Douglas Funerals
- Latrobe Valley Funeral Services
- McGuiness Funerals
- Phillip Stephens Funerals
- Integrity Funerals
- Riverina Funerals
- North West Funerals
- Pinegrove Funerals
- JustCremations
- William R. Groves Funeral Director
- Lightfoot Funerals Gunnedah
- Gympie Funerals
- WT Howard Funerals
- Huon Funerals – Funeral Directors
- Norwood Park
- Heritage Park Crematorium & Memorial Gardens
- F. W. Barnes & Son
- Premier Funerals
- Lismore Funeral Services
- Williams Funeral Services – Our Family Caring For Your Family
- Gregson&Weight Funeral Directors
- Newhaven Funerals
- Conway Funeral Home
- John Hossack Funeral Services – Always caring
- Hall Funerals
- Morleys Funeral Home
- Manning Great Lakes Memorial Gardens
- Acacia Funerals
- Virgo Funerals
- Philpott Funerals & Monumental Masons

New Zealand

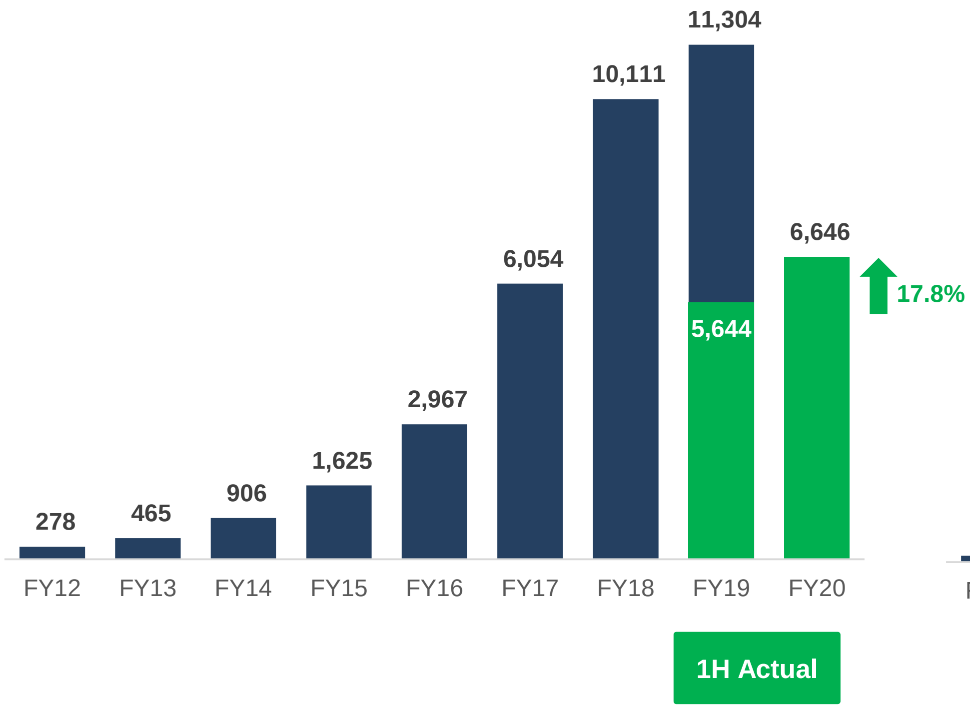
- Davis Funerals
- Morris & Morris Funerals
- Return to Sender – The Responsible Casket Company
- Geards Funeral Home
- Scotts Funeral Services
- Rowley Funerals
- Waikanae Funeral Home – celebrating the life of those we have loved
- Martin Williams Funeral Directors Auckland
- Grahams funeral services
- Dils

Acquired in 1H FY20 or expected to acquire by 30 June 2020

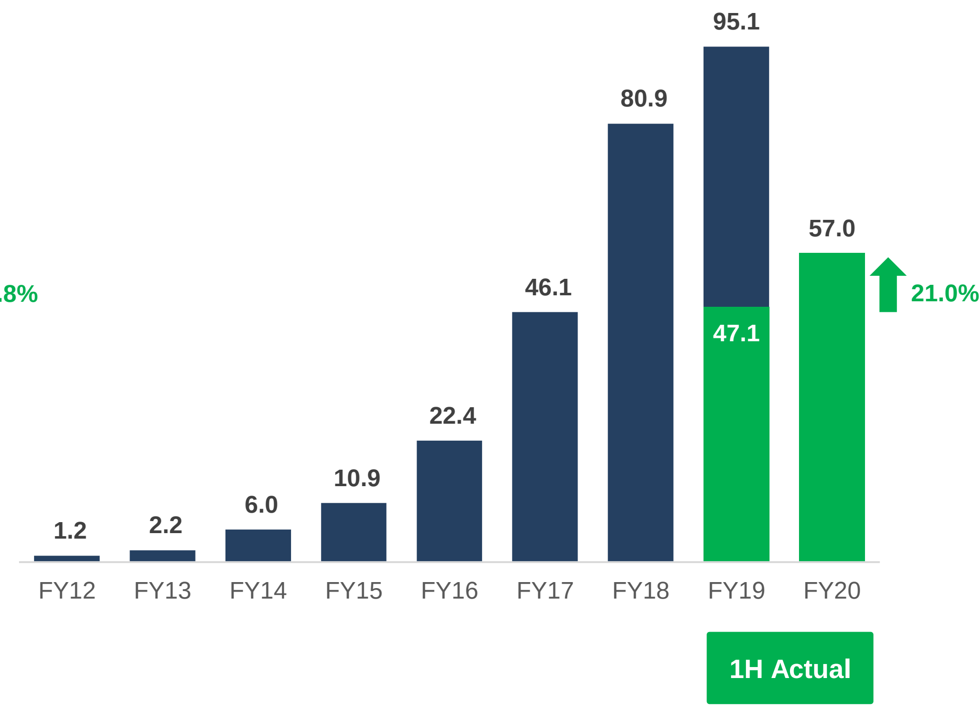
Volume and revenue growth

Propel has maintained a strong growth trajectory

Funeral volumes

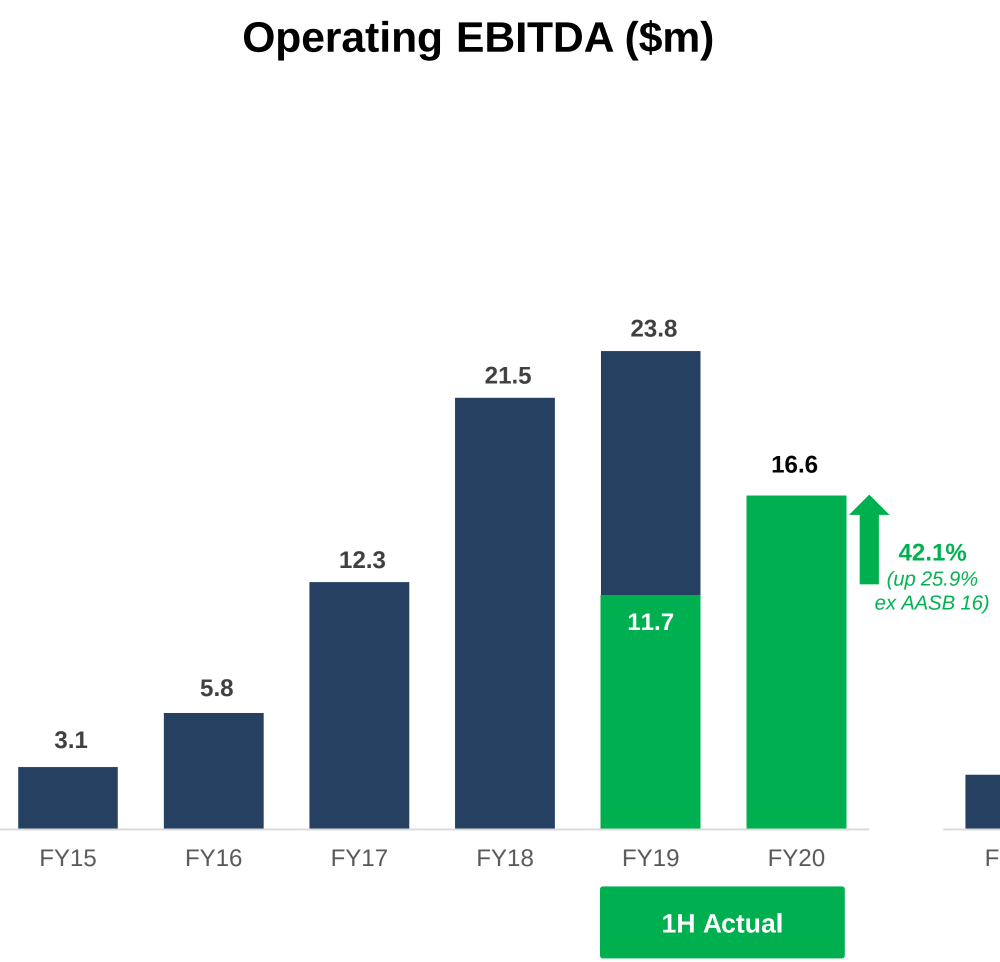


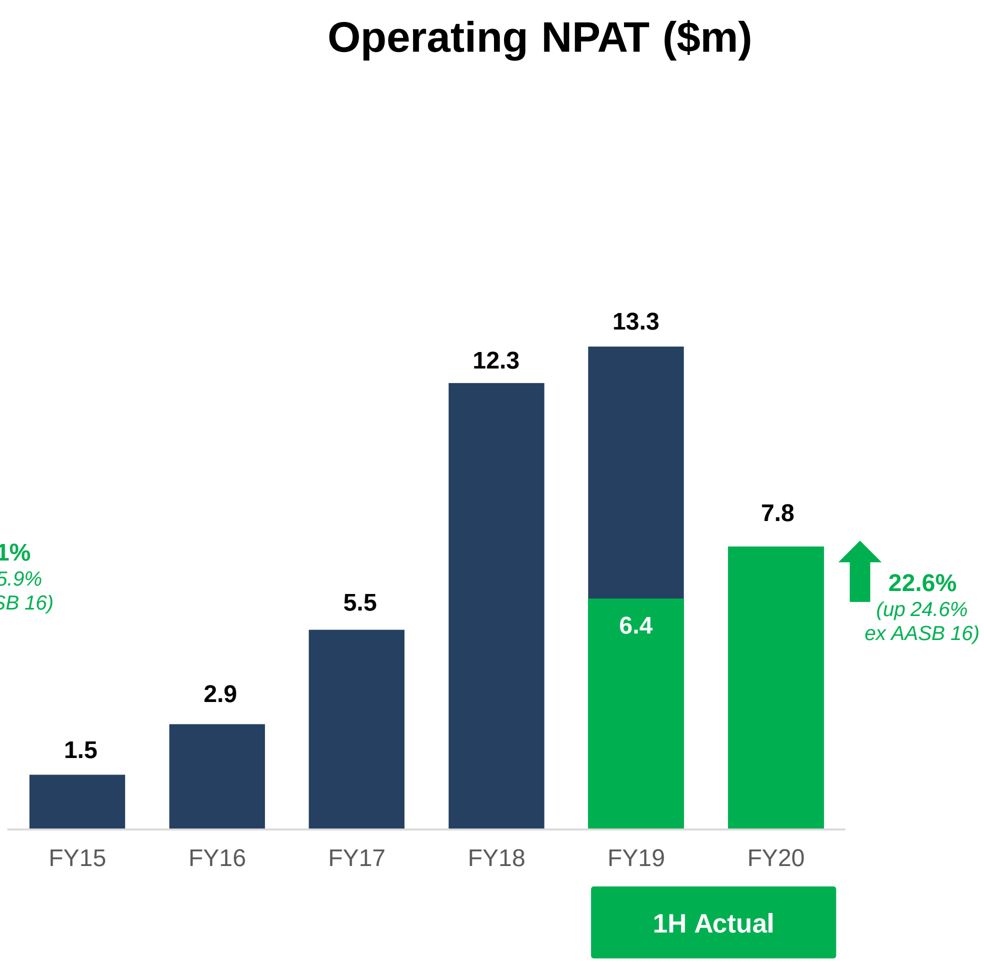
Revenue ($m)



Earnings growth

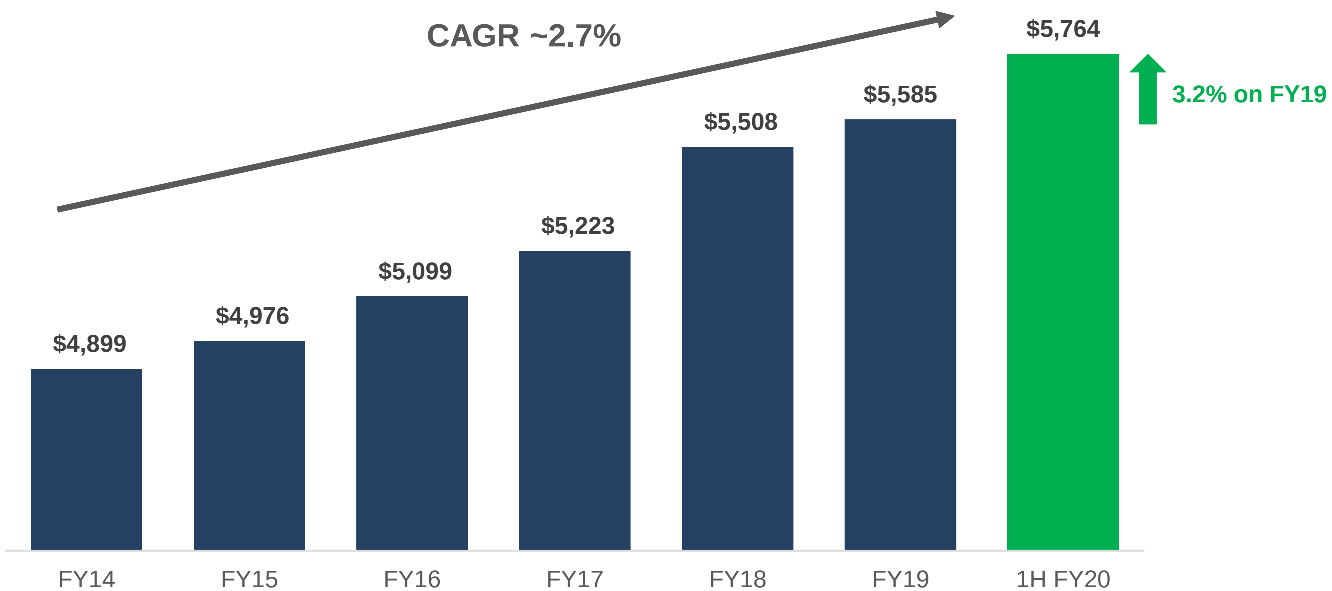
Propel has maintained a strong growth trajectory





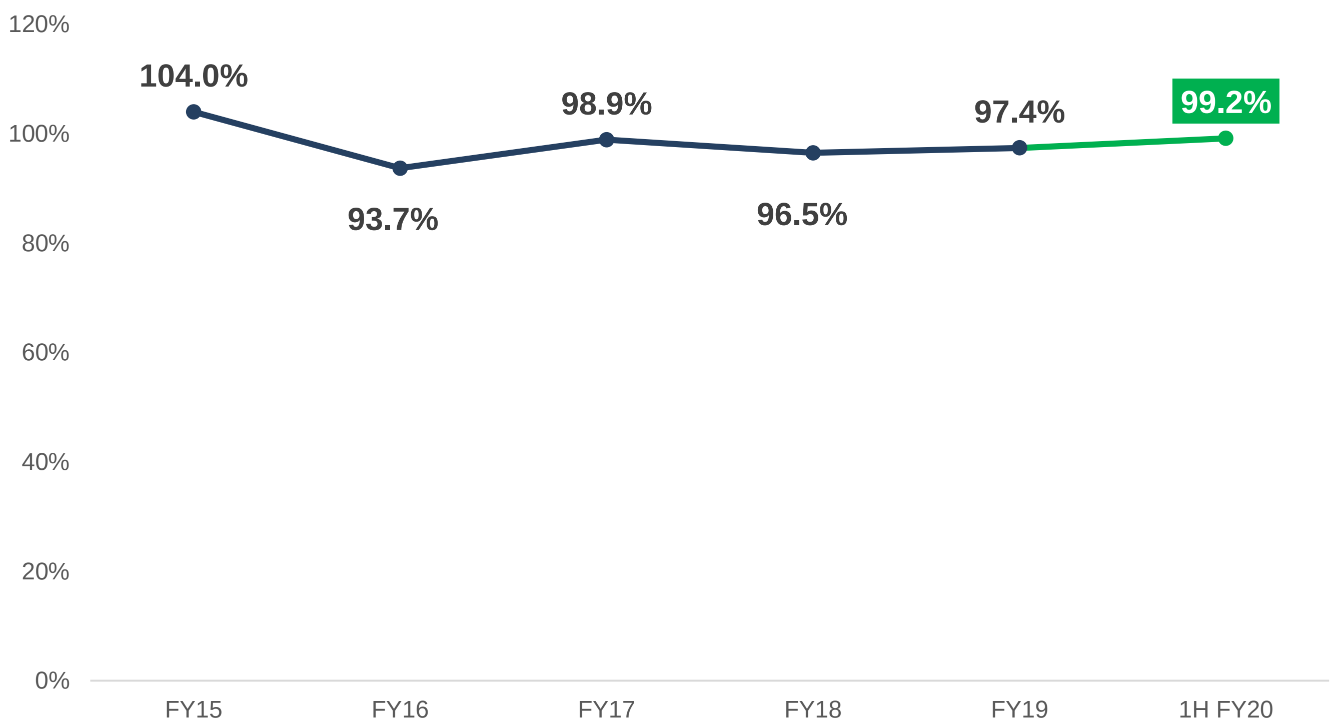
Average Revenue Per Funeral growth

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



Cash Flow Conversion

Cash Flow Conversion has been consistently strong, averaging ~98% since FY15



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3. 1H FY20 financial results detail

Financial Summary – Statutory Result

Income statement

$ million	31-Dec-19	31-Dec-18
Total revenue	**57.0**	**47.1**
Gross profit	40.7	33.1
…margin	*71.5%*	*70.2%*
Total operating costs	(26.1)	(21.4)
Operating EBITDA	**14.7**	**11.7**
…margin	*25.7%*	*24.8%*
Depreciation	(2.7)	(2.1)
Operating EBIT	12.0	9.6
…margin	*21.0%*	*20.4%*
Performance fee	(4.1)	-
Net other income/(expenses)	(0.2)	0.5
Acquisition costs	(1.4)	(0.6)
Net interest expense	(0.7)	(0.0)
Net financing charge on pre-paid contracts	(0.3)	(0.5)
Net profit before tax	**5.3**	**8.9**
Income tax expense	(1.8)	(2.5)
Net profit after tax	**3.5**	**6.4**
Operating NPAT	7.9	6.4
Adjusted EPS (cps)	***8.0***	***6.5***

Comments

Revenue

- Increased 21.0% on the PCP to $57.0 million, primarily due to:
  - the impact of seven acquisitions completed in FY19 and 1H FY20
  - increases in comparable funeral volumes and ARPF

Gross profit margin

- Increased 130 bps on the PCP to 71.5%, due to sales mix and the financial profile of recent acquisitions (which included cremation facilities)

Operating EBITDA

- Increased 42.1% on the PCP to $16.6 million, primarily due to:
  - the impact of AASB 16[1]
  - re-leverage of higher funeral volumes
  - the impact of seven acquisitions completed in FY19 and 1H FY20

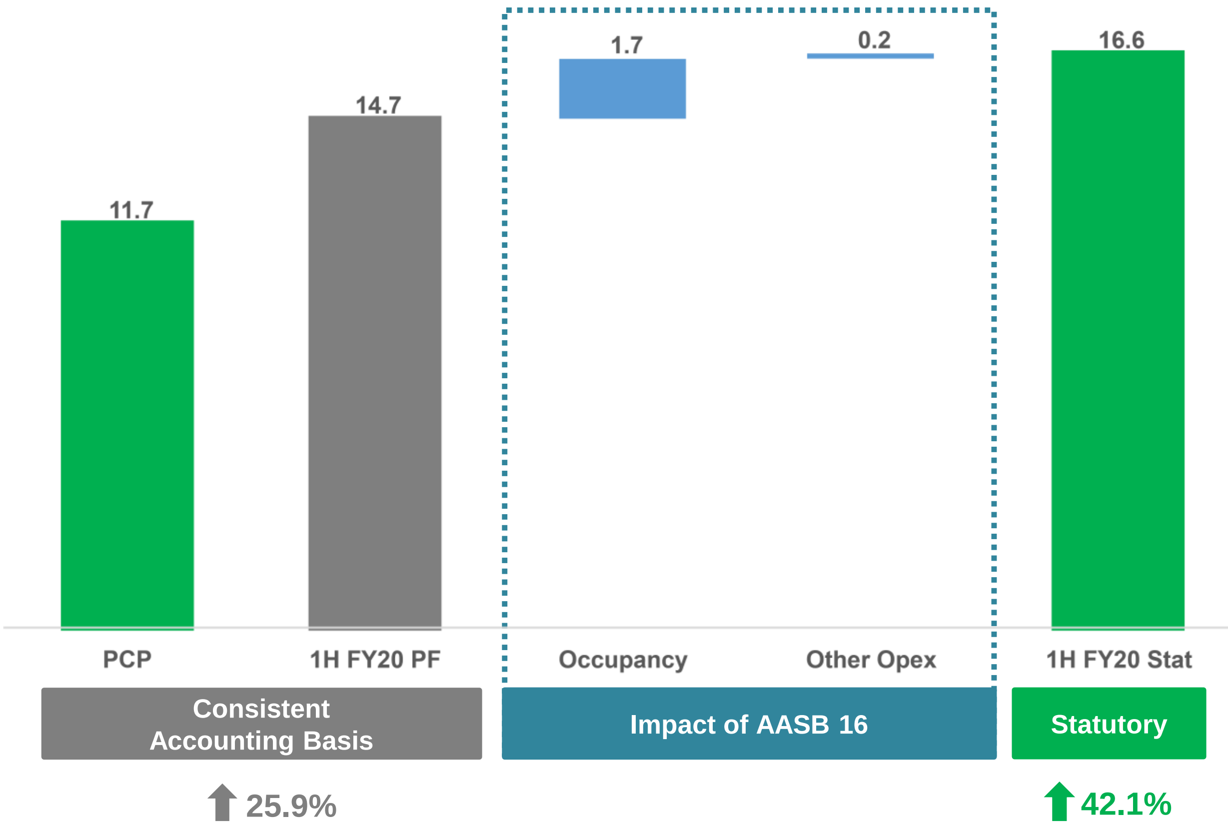
Other items

- Depreciation increased primarily due to AASB 16[1] and acquisitions
- Performance Fee triggered in the second Calculation Period (TSR of 24.2% verses the benchmark of 8.0%)
- Primarily stamp duty on acquisitions
- Interest increased due to AASB 16[1] and the increased net debt position (2.6% on drawn debt at the reporting date)
- Net financing charge relates to investment returns generated on Pre-paid Contracts (circa 1.6%) net of the non-cash financing charge applied to funds held for Pre-paid Contracts (circa 2.6%) per AASB 15
- Adjusted Effective Tax Rate of 29.5%
- Adjusted EPS up 22.1% on the PCP

[1] *Refer to slides 16-20 and the appendices*

Operating EBITDA ($m) – Impact of AASB 16[1]

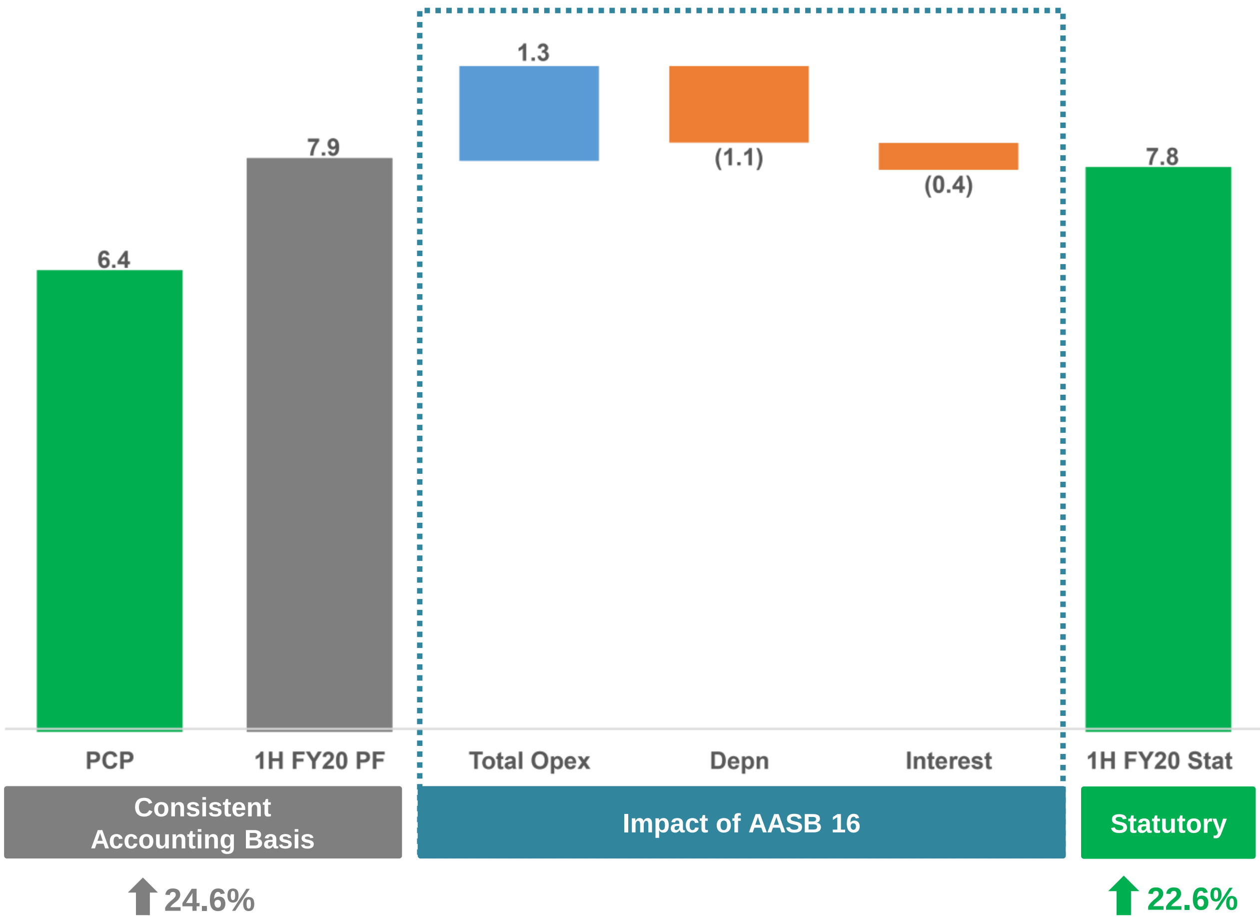
AASB 16 adopted on 1 July 2019, with no cash impact and no change to operations



[1] *Refer to appendices for additional disclosures on AASB 16*

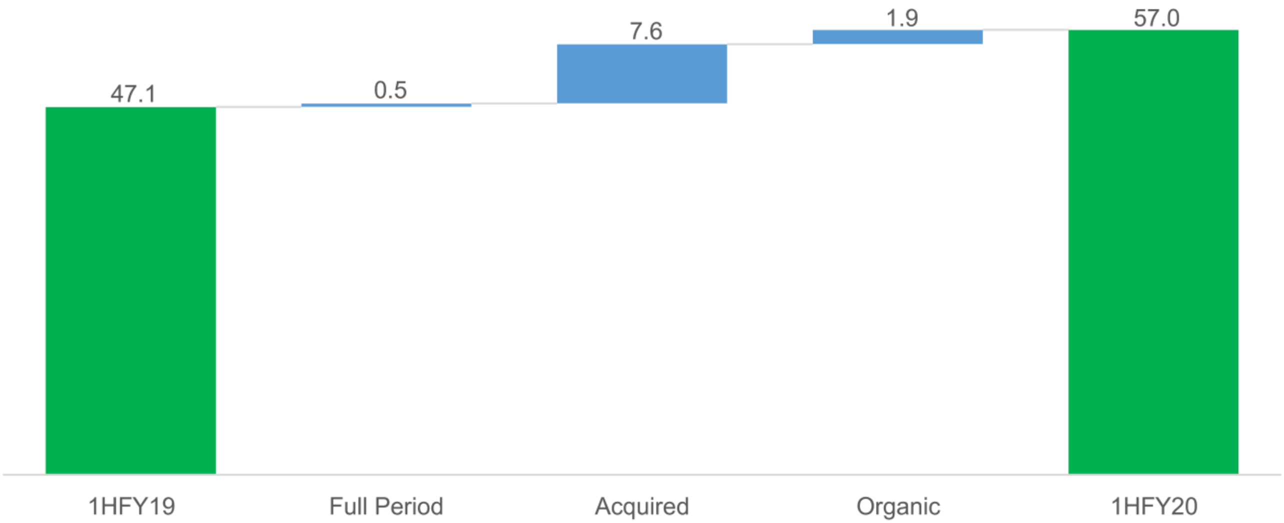
Operating NPAT ($m) – Impact of AASB 16[1]

AASB 16 adopted on 1 July 2019, with no cash impact and no change to operations



[1] Refer to appendices for additional disclosures on AASB 16

Revenue bridge and Operating EBITDA margin



Operating EBITDA Margin	***24.8%***	***29.1%*** *(25.7% ex AASB 16)*

Comments

Total growth:

ARPF

- ⬆ 3.2% on FY19, impacted by the financial profile of acquisitions, pricing and sales mix

Funeral Volumes

- ⬆ 17.8% on PCP due to acquisitions and organic growth

Organic growth:

ARPF

- ⬆ 3.2% on FY19 primarily influenced by pricing and sales mix

Funeral Volumes

- ⬆ 252 (2.4%)[1] on the PCP

Operating EBITDA Margin:

⬆ 430 bps (⬆ 90 bps Pro forma) on the PCP, influenced by:

- AASB 16 (+340 bps)
- improved gross margin and re-leverage of higher funeral volumes
- good cost control (comparable funeral opex up ~2% per funeral)
- the margins of seven acquisitions completed in FY19 and 1H FY20

[1] CY19

Cash flow

Statutory actuals

$ million	31-Dec-19	31-Dec-18
Receipts from customers (inc GST)	62.2	52.1
Payments to suppliers & employees (inc GST) ★	(45.4)	(41.3)
	16.8	**10.8**
Performance fee (inc GST)	(4.5)	-
Income taxes paid	(3.5)	(3.6)
Interest paid ★	(1.3)	(0.2)
Interest received	0.1	0.2
Net cash provided by operating activities	**7.6**	**7.2**
Payment for purchase of businesses	(45.5)	(9.6)
Payments for property, plant and equipment	(6.0)	(9.0)
Other investing cash flows	(1.4)	(0.0)
Net cash used by investing activities	**(52.9)**	**(18.6)**
Proceeds from borrowings	54.3	-
Dividends paid	(5.7)	(6.3)
Other financing cash flows ★	(1.9)	(0.2)
Net cash provided by financing activities	**46.7**	**(6.5)**
Net increase in cash during the period	1.5	(18.0)
Cash at the start of the period	5.3	28.3
Exchange rate effects	(0.0)	0.1
Cash at the end of the period	**6.7**	**10.3**
Cash Flow Conversion %	**99.2%**	**92.5%**

Comments

Operating activities

- Cash Flow Conversion strong at ~99.2% (PCP: ~92.5%)
- Performance Fee paid in cash
- Increase in interest paid as a result of net debt position and AASB 16
- Minor working capital movements which can be influenced by acquisitions

Investing activities

- Includes acquisitions ($42.6m), transaction costs ($2.0m) and earn out payments ($0.9m)
- Capex ($1.9m) and two previously tenanted property acquisitions completed in 1H FY20 ($4.2m)
- Maintenance capital expenditure amounted to 3.0% of 1HFY20 revenue

Financing activities

- Draw down of senior debt of $54.3m primarily in connection with acquisitions
- Reflects the FY19 final fully franked dividend paid in 1H FY20

★ **Key Impact of AASB 16**

- Refer to Appendix for AASB 16 reconciliation

Balance Sheet

Statutory actuals

$ million	31-Dec-19	30-Jun-19
Cash and cash equivalents	6.7	5.3
Contract assets	48.5	47.9
Other current assets	13.8	10.6
Total Current Assets	**69.1**	**63.8**
Property, plant & equipment	128.6	97.9
Right-of-use assets ★	40.0	-
Goodwill	123.5	106.4
Other non-current assets	3.6	2.9
Total Non-Current Assets	**295.6**	**207.3**
Total Assets	**364.7**	**271.0**
Trade and other payables	7.6	6.7
Contract liabilities	52.2	51.9
Lease liabilities ★	6.4	-
Other current liabilities	5.9	8.3
Total Current Liabilities	**72.1**	**66.9**
Borrowings	67.2	13.2
Lease liabilities ★	34.3	-
Other non-current liabilities	11.1	8.5
Total Non-Current Liabilities	**112.6**	**21.7**
Total Liabilities	**184.6**	**88.6**
Net Assets	**180.1**	**182.5**
Total Equity	**180.1**	**182.5**

Comments

Net debt position

- $60.5m of net debt
- Drawn senior debt of approximately $67m versus $13m at 30 June 2019

Pre-paid contracts

- Largely held with third party friendly societies
- Asset increases by investment returns
- Liability increases by financing charge
- Asset and liability derecognised when the contract turns at need
- In 1H FY20, ~9% of funeral volumes in Australia related to Pre-paid Contracts, in line with FY19

Property, plant and equipment

- Includes land and buildings at cost (less depreciation) of $102.8m

Goodwill

- Represents purchase price of acquisitions less fair value of tangible assets and liabilities acquired
- No impairment

★ **Key Impact of AASB 16**

- Recognition of right-of-use assets and lease liabilities
- Immaterial impact to Net Assets
- Refer to Appendix for AASB 16 reconciliation

Capital management

Funding capacity

Debt facility limits / maturity:	**$ million**
- Tranche A (matures in August 2022)	50.0
- Tranche B (matures in August 2022)	40.0
- Tranche C (working capital facility, matures August 2022)	10.0
- Tranche D (matures August 2023)	50.0
	150.0
Net Debt as at 31 December 2019	**(60.5)**
Commitments:	
Dils Acquisition[1]	(20.2)
Interim Dividend	(3.9)
Total commitments	**(24.1)**
Funding capacity[2]	**65.3**

Debt covenant summary (as at 31 December 2019)

Net Leverage Ratio (must be < 3.0x)[3]	1.9x
Fixed Charge Cover Ratio (must be > 1.75x)	6.8x

Dividend summary

	1HFY20
Fully franked dividend (cps)	4.0
Dividend Payout Ratio	78%

Comments

Debt facilities

- Expanded to $150.0m in December 2019
- Includes a $10.0m working capital facility which is to be 'cleaned down' once every 12 months

Funding capacity

- Binding commitments to:
  - acquire the Dils Group ($20.2m in cash on completion, expected to occur by 30 June 2020)
  - pay the interim dividend of $3.9m (on 6 April 2020)
- Funding capacity of approximately $65m

Covenants

The Company remained comfortably in compliance with its debt covenants as at 31 December 2019

Dividend

1H FY20 interim dividend payout ratio within target range of 75% - 85% of Distributable Earnings

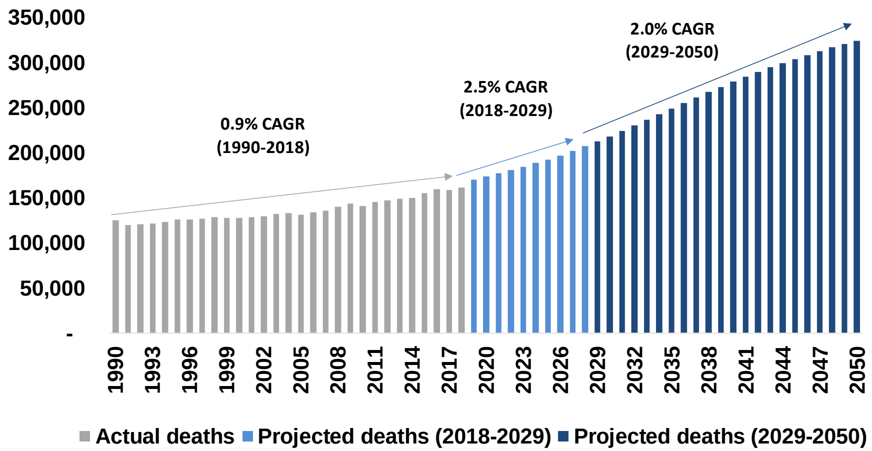
[1]Cash payable on completion of acquisition of Dils Group, an acquisition which has been signed but not yet completed. Subject to exchange rate movements. Excluding transaction costs.
[2]Undrawn debt and cash at bank as at 31 December 2019, less the estimated cash that will be required to complete the proposed acquisition of the Dils Group and pay the interim dividend.
[3] Including the annualised impact of acquisitions and other adjustments. Covenant of 3.0x until Propel notifies the Financier of an election to increase the covenant to 3.5x which will endure for two consecutive testing dates, following which, the covenant will reduce to 3.25x.

4. Industry trends and acquisitions

Increasing number of deaths

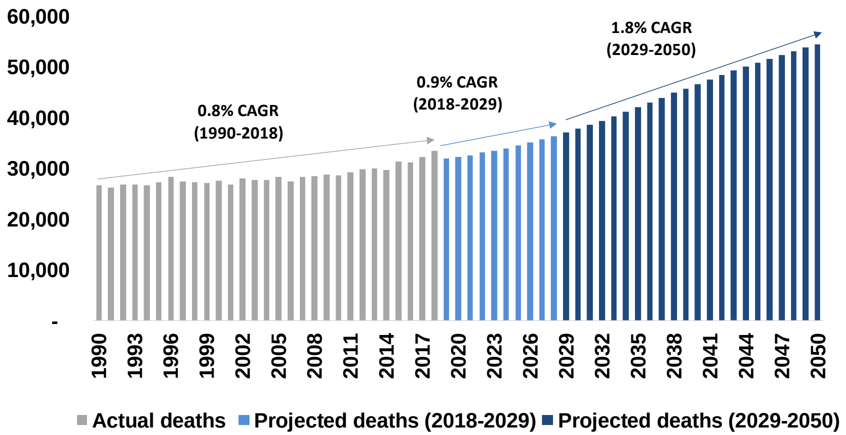
Number of deaths is the most significant driver of revenue in the death care industry

Australia[1]



- Death volumes in Australia grew by 0.9% pa between 1990 and 2018[1]
- Death volumes are expected to increase by 2.5% pa from 2018 to 2029[1] and 2.0% from 2029 to 2050[1]

New Zealand[2]



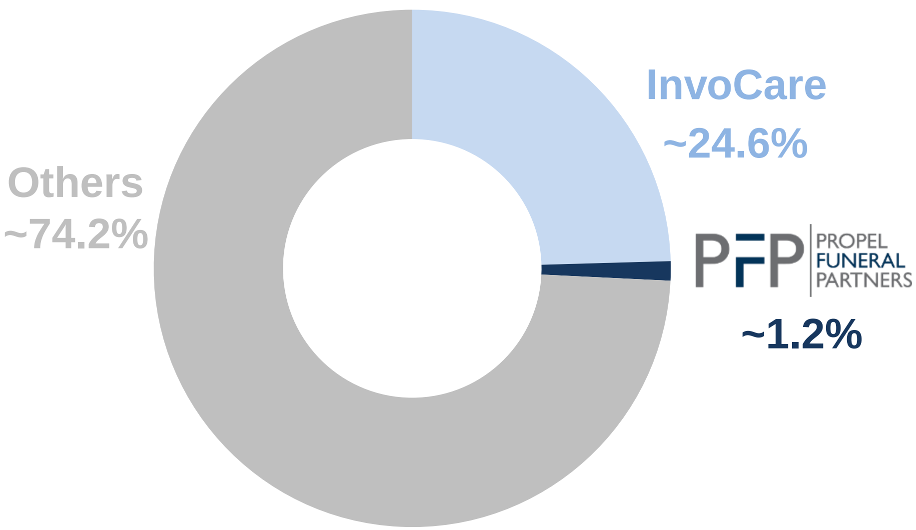
- Death volumes in New Zealand grew by 0.8% pa between 1990 and 2018[2]
- Death volumes are expected to increase by 0.9% pa from 2018 to 2029[2] and 1.8% from 2029 to 2050[2]

[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, 2016(base)-2068) for projected deaths by financial year (released in October 2016).

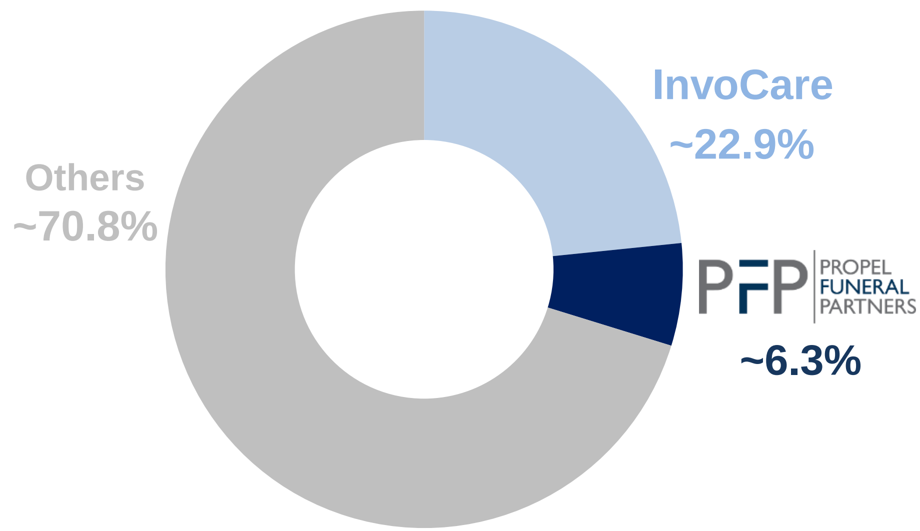
Market Share estimate (funeral volumes)

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

CY15[1]



CY19[2]



[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:161,500 estimated deaths (mid point of Propel's estimated range of 159,000 to 164,000 deaths) for market size, 10,132 funerals performed by Propel and an estimated 37,070 funerals performed by InvoCare (35,886 in Australia in CY18 (page 44 of InvoCare's Results Presentation dated 22 February 2019) plus an estimated 3.3% increase in Australian funeral volumes in CY19 (page 6 of InvoCare's Results Presentation dated 26 February 2020))

Acquisitions (since IPO)

Propel has committed $124.6 million[1,3] on acquisitions since its IPO

Australia	Announced	Funeral Volumes	Third Party Cremations	Revenue
Brindley Group (VIC, NSW)	December 2017	1,350	-	A$11.0m
Norwood Park (ACT, NSW, QLD)	January 2018	-	2,000	A$4.8m
Newhaven NQ (QLD)	June 2018	200	300	A$1.8m
Manning Great Lakes Memorial Gardens (NSW)	November 2018	-	700	A$1.2m
Morleys Group (QLD)	February 2019	900	100	A$7.8m
Gregson & Weight (QLD)	August 2019	1,650	-	A$12.0m
Sub-total		**4,100**	**3,100**	**A$38.6m**
New Zealand				
Dils Group[2] & Martin Williams Funerals	December 2018	800	-	NZ$7.2m
Waikanae Funeral Home and Kaiawa Crematorium	January 2019	170	-	NZ$1.6m
Grahams Funeral Services	October 2019	350	-	NZ$2.7m
Sub-total		**1,320**	**-**	**NZ$11.5m**
TOTAL		**5,420**	**3,100**	**A$49.4m[3]**

Note: Figures are approximate and unaudited

[1]Upfront cash and equity consideration paid and payable (subject to exchange rate movements). Excludes properties purchased subsequent to completion of the acquisitions referred to above and other properties purchased totalling $12.8 million

[2]Acquisition not yet completed

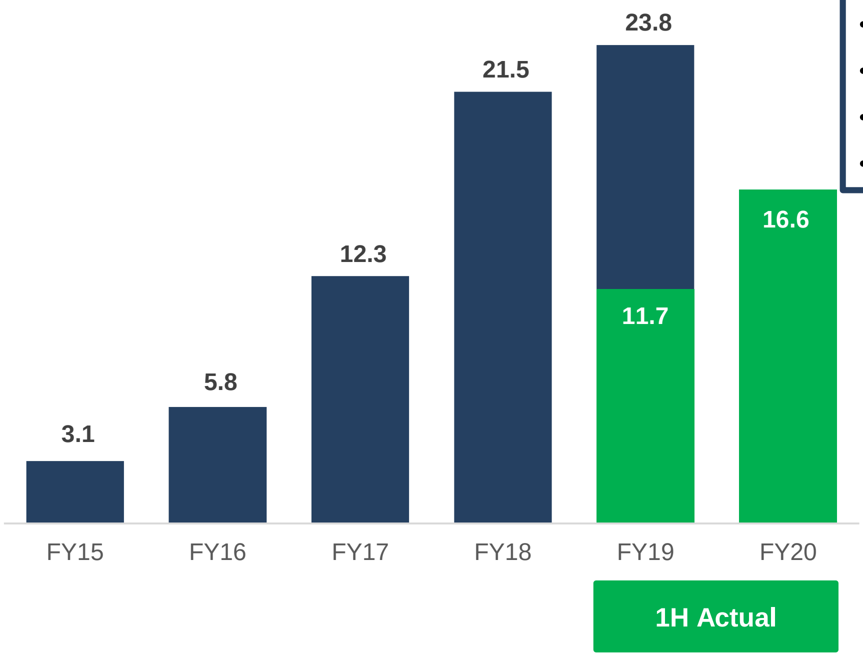
[3]Subject to exchange rate movements

5. Outlook

Outlook

Propel has started 2H FY20 positively, is well positioned and focussed on its growth strategy

Operating EBITDA ($m)



Positive start to 2H FY20:

- total funeral volumes during the first 7 weeks of 2020 were materially higher than the PCP, however, death volumes fluctuate over short time horizons

Expected growth drivers for 2H FY20 and beyond:

- the growing and ageing population
- recently expanded funding facilities
- acquisitions completed prior to and since the start of FY20
- other potential future acquisitions in a fragmented industry (although timing is uncertain)

6. Q&A

Appendix

Definitions

Adjusted Effective Tax Rate means income tax expense divided net profit before tax, adjusted for non deductible and non assessable items.

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

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.

Cash Flow Conversion means Operating EBITDA converted into ungeared, pre-tax operating cash flow, excluding the Performance Fee.

Cps means cents per share.

CY means calendar year.

Depn means depreciation.

Distributable Earnings means NPAT adjusted for non-cash net financing charge and acquisition costs.

EPS means earnings per share.

Financier means Westpac Banking Corporation.

Operating Cash Flow means ungeared, pre-tax operating cash flow.

Operating EBIT means Operating EBITDA less depreciation.

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

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

PCP means prior corresponding period.

PF means Pro forma.

Pro forma means Statutory result for the reporting period, adjusted for AASB 16 (i.e. on a consistent accounting basis to PCP).

TSR means total shareholder return.

Stat means Statutory, i.e. the reported result.

Impact of AASB 16 – Income Statement Reconciliation

$ million	31-Dec-19 Statutory	*AASB 16 Adjustments*[1]	31-Dec-19 Pro forma	31-Dec-18 Statutory
Total revenue	**57.0**		**57.0**	**47.1**
Gross profit	40.7		40.7	33.1
…margin	*71.5%*		*71.5%*	*70.2%*
Total operating costs	(24.2)	*(1.9)*	(26.1)	(21.4)
Operating EBITDA	**16.6**	***(1.9)***	**14.7**	**11.7**
…margin	*29.1%*		*25.7%*	*24.8%*
Depreciation	(4.2)	*1.5*	(2.7)	(2.1)
Operating EBIT	**12.3**	***(0.4)***	**12.0**	**9.6**
…margin	*21.6%*		*21.0%*	*20.4%*
Performance fee	(4.1)		(4.1)	-
Net other income/(expenses)	(0.2)		(0.2)	0.5
Acquisition costs	(1.4)		(1.4)	(0.6)
Net interest expense	(1.3)	*0.5*	(0.7)	(0.0)
Net financing charge on pre-paid contracts	(0.3)		(0.3)	(0.5)
Net profit before tax	**5.1**	***0.2***	**5.3**	**8.9**
Income tax expense	(1.7)	*(0.1)*	(1.8)	(2.5)
Net profit after tax	**3.4**	***0.1***	**3.5**	**6.4**
Operating NPAT	*7.8*	*0.1*	*7.9*	*6.4*
Adjusted EPS (cps)	***7.9***		***8.0***	***6.5***

1. AASB 16 adjustments exclude the impact of existing finance leases (hire purchase liabilities) which were accounted for on the same basis as the PCP

PFP PROPEL FUNERAL PARTNERS

Impact of AASB 16 – Cash flow Reconciliation

$ million	31-Dec-19 Statutory	*AASB 16 Adjustments*	31-Dec-19 Pro forma	31-Dec-18 Statutory
Receipts from customers (inc GST)	62.2		62.2	52.1
Payments to suppliers & employees (inc GST)	(45.4)	*(1.9)*	(47.2)	(41.3)
	16.8	***(1.9)***	**14.9**	**10.8**
Performance fee (inc GST)	(4.5)		(4.5)	-
Income taxes paid	(3.5)		(3.5)	(3.6)
Interest paid	(1.3)	*0.5*	(0.8)	(0.2)
Interest received	0.1		0.1	0.2
Net cash provided by operating activities	**7.6**	***(1.4)***	**6.3**	**7.2**
Payment for purchase of businesses	(45.5)		(45.5)	(9.6)
Payments for property, plant and equipment	(6.0)		(6.0)	(9.0)
Other investing cash flows	(1.4)		(1.4)	(0.0)
Net cash used by investing activities	**(52.9)**		**(52.9)**	**(18.6)**
Proceeds from borrowings	54.3		54.3	-
Dividends paid	(5.7)		(5.7)	(6.3)
Other financing cash flows	(1.9)	*1.4*	(0.5)	(0.2)
Net cash provided by financing activities	**46.7**	***1.4***	**48.1**	**(6.5)**
Net increase in cash during the period	1.5		1.5	(18.0)
Cash at the start of the period	5.3		5.3	28.3
Exchange rate effects	(0.0)		(0.0)	0.1
Cash at the end of the period	**6.7**		**6.7**	**10.3**
Cash Flow Conversion %	**99.2%**		**99.1%**	**92.5%**

Impact of AASB 16 – Balance Sheet Reconciliation

$ million	31-Dec-19 Statutory	*AASB 16 Adjustments*	31-Dec-19 Pro forma	30-Jun-19 Statutory
Total Current Assets	**69.1**		**69.1**	**63.8**
Property, plant & equipment	128.6	*0.8*	129.4	97.9
Right-of-use assets	40.0	*(40.0)*	(0.0)	-
Goodwill	123.5		123.5	106.4
Other Non-current assets	3.6	*(0.3)*	3.3	2.9
Total Non-Current Assets	**295.6**	***(39.5)***	**256.2**	**207.3**
Total Assets	**364.7**	***(39.5)***	**325.3**	**271.0**
Trade and other payables	7.6		7.6	6.7
Contract liabilities	52.2		52.2	51.9
Lease liability	6.4	*(6.4)*	0.0	-
Other current Liabilities	5.9	*0.3*	6.2	8.3
Total Current Liabilities	**72.1**	***(6.1)***	**65.9**	**66.9**
Borrowings	67.2		67.2	13.2
Lease liability	34.3	*(34.3)*	(0.0)	-
Other Non-current Liabilities	11.1	*0.4*	11.5	8.5
Total Non-Current Liabilities	**112.6**	***(33.9)***	**78.7**	**21.7**
Total Liabilities	**184.6**	***(40.0)***	**144.6**	**88.6**
Net Assets	**180.1**	***0.5***	**180.6**	**182.5**
Total Equity	**180.1**	***0.5***	**180.6**	**182.5**

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NPAT to Operating NPAT reconciliation

$ million	31-Dec-19 Statutory	31-Dec-18 Statutory
Profit after income tax	3.4	6.4
Add: Acquisition costs	1.4	0.6
Add: Performance fee	4.1	-
Add: Net foreign exchange losses	0.0	0.0
Add: Other non-operating expenses	0.2	-
Add: Net loss on disposal of assets	0.1	0.0
Less: Tax effect of certain Operating NPAT adjustments	(1.4)	-
Less: Release of contingent consideration from prior acquisitions	-	(0.7)
Operating NPAT	**7.8**	**6.4**

Income statement analysis

Income Statement

$ million	31-Dec-19 Statutory	*AASB 16 Adjustments*	31-Dec-19 Pro forma	31-Dec-18 Statutory
Funeral operations	49.4		49.4	40.9
Cemetery, crematoria and memorial gardens	6.3		6.3	5.2
Other trading revenue	1.3		1.3	1.0
Total revenue	**57.0**		**57.0**	**47.1**
Cost of sales	(16.3)		(16.3)	(14.0)
Gross profit	**40.7**		**40.7**	**33.1**
Employment costs	(17.4)		(17.4)	(14.3)
Occupancy and facility costs	(3.0)	*(1.9)*	(4.8)	(3.9)
Administration fees	(0.1)		(0.1)	(0.1)
Other operating costs	(3.7)	*(0.0)*	(3.7)	(3.0)
Total operating costs	**(24.2)**	***(1.9)***	**(26.1)**	**(21.4)**
Operating EBITDA	**16.6**	***(1.9)***	**14.7**	**11.7**

Comments

Revenue segments:

- 86.7% generated from funeral operations (PCP: 86.8%)
- 11.1% generated from cemetery and memorial gardens (PCP: 11.0%)
- 2.2% from other sources (including coroners contracts) (PCP 2.2%)

Employment costs:

- 30.5% of revenue (PCP: 30.4%)

Occupancy and facility costs:

- 5.2% of revenue on a statutory basis and 8.5% of revenue on a Proforma basis (PCP: 8.3%)

Administration fees:

- $60k per quarter (escalated by CPI on each IPO anniversary) paid to the Manager

Distributable Earnings and Dividend

Reconciliation

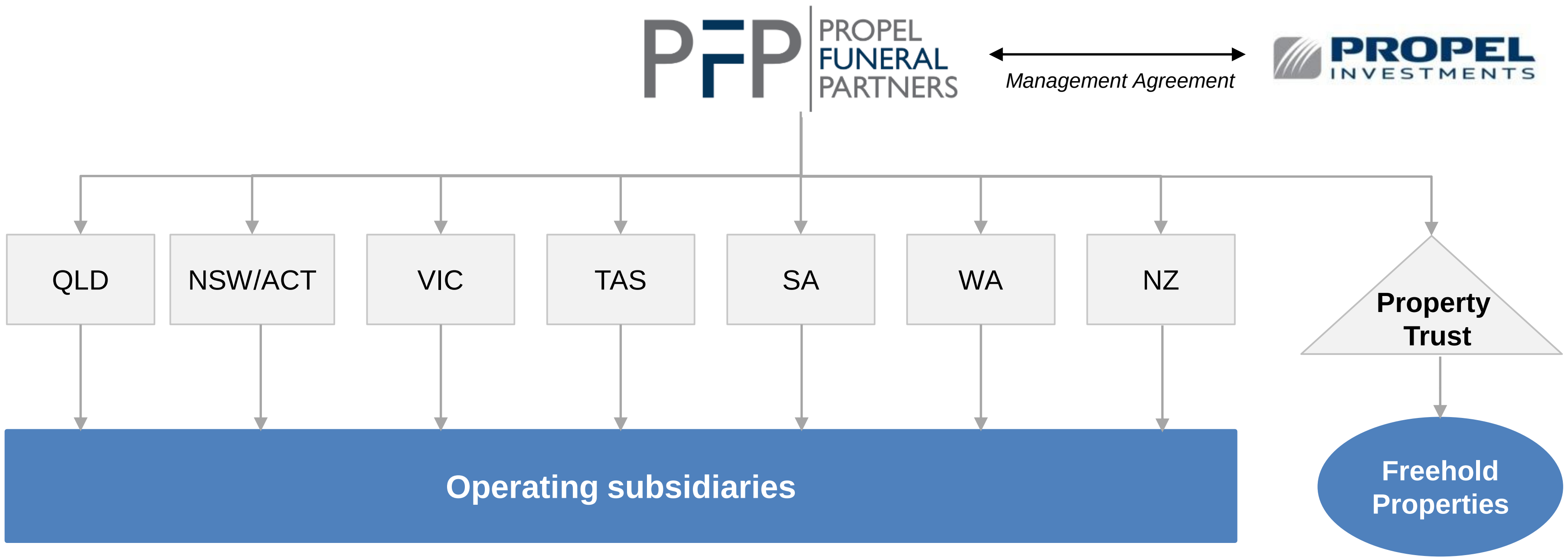
$ million	31-Dec-19
NPAT	**3.4**
Distributable Earnings calculation	
Acquisition costs	1.4
Net financing charge on prepaid contracts	0.3
Distributable Earnings	**5.1**
Dividend Payout Ratio	78%
Number of share on issue	98,735,427
Dividend per share (Rounded)	**4.0**

External management structure with 10 year escrow

Management Agreement and escrow provisions put shareholder returns first and align for the long term

1 **Exclusivity**	❑ The Manager works exclusively for Propel
2 **No performance = no fee**	❑ No salaries or directors fees are paid to the Management Shareholders ❑ **No Management Fee** during the Initial Term (10 years) of the Management Agreement ❑ Nominal Administration Fee of $60,000 per quarter (increasing with CPI)
3 **Termination rights**	❑ Limited termination rights by either party (e.g. insolvency or material breach)
4 **Highly incentivised via a Performance Fee to maximise long term, total shareholder returns**	❑ **8% annualised Total Shareholder Return (TSR) hurdle** (inc. grossed up dividends) **(Benchmark)** before a performance fee is triggered ❑ **High watermark** that must be exceeded before a performance fee is triggered ❑ **20% of the absolute dollar value of the amount that the TSR outperforms the Benchmark,** subject to the high watermark and recoupment of any prior underperformance ❑ Calculated each anniversary of Completion of the Offer. Refer to notes 17 and 18 of the financial statements ❑ The Manager **can opt to take up to 50% of the performance fee in shares in the Company** (10 day VWAP)
5 **Compliance and governance**	❑ **Highly experienced** and **majority of independent directors,** with a focus on governance and compliance
6 **Management shareholding and voluntary escrow**	❑ **Management Shareholders own ~21% of Propel and have voluntarily escrowed the majority of their shares for up to 10 years from Admission,** further aligning interests with shareholders

Simplified corporate structure

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