

14 October 2020

Trading Update and COVID-19 Impacts

Propel Funeral Partners Limited (ASX: PFP) (**Propel** or **Company**) announces that its Operating EBITDA¹ for the three months ended 30 September 2020 (**Q1 FY21**)² was materially above the prior corresponding period (**PCP** or **Q1 FY20**)², despite COVID-19 impacts, further demonstrating the Company's financial resilience in recent months.

Trading Update

In Q1 FY21, Propel reported:

- Operating EBITDA of \$10.5 million, up circa 18% on the PCP;
- Average Revenue Per Funeral³ growth on FY20 within its target range of 2% to 4%;
- total funeral volume growth on the PCP; and
- strong Cash Flow Conversion⁴.

The Company's Q1 FY21 trading:

- included contributions from Gregson & Weight Funerals and Grahams Funeral Services (acquisitions completed in November 2019);
- did not include any contribution from Mid West Funerals (acquisition completed on 1 October 2020) or the Dils Group (acquisition expected to complete in November 2020, noting the final condition precedent involving a third party was recently satisfied); and
- reflects three months of trading only and, given death volumes can fluctuate over short time horizons, caution is required when extrapolating historical data to forecast potential future performance.

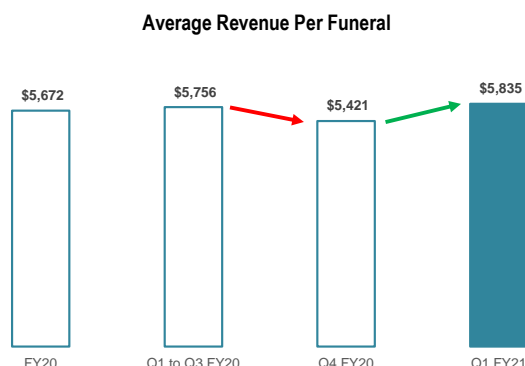
COVID-19 Impacts

Average Revenue Per Funeral

In Australia, attendance at funeral services was generally limited to 10 mourners from late March 2020 to early May 2020. In New Zealand, attendance at funeral services was prohibited from late March 2020 to late April 2020. These restrictions affected the Company's ability to offer a full range of services to its client families. However, funeral attendee limits in both countries have since eased and, during Q1 FY21, were generally limited to:

- 100 mourners in most states and territories of Australia and 10 mourners in Victoria⁵; and
- 100 mourners throughout most of New Zealand and 10 mourners in Auckland⁵.

The easing of funeral attendee limits has contributed to an increase in Average Revenue Per Funeral in Q1 FY21, as illustrated below:



¹ Earnings before interest, tax, depreciation and amortisation and certain non-operating items, such as acquisition costs.

² Based on the Company's unaudited management accounts.

³ Revenue from funeral operations, excluding direct disbursements (such as third party cemetery fees and third party cremation fees) and delivered prepaid impacts, divided by the number of funerals performed in the relevant period.

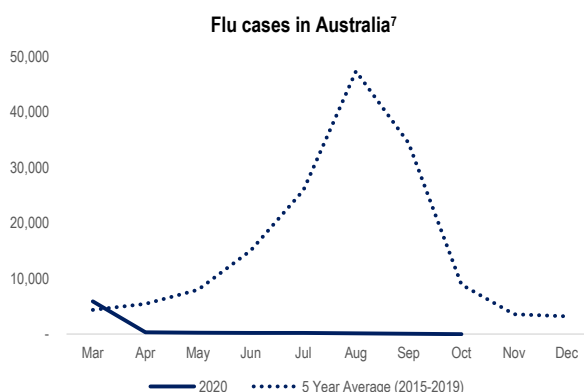
⁴ Operating EBITDA converted into ungeared, pre-tax operating cash flow.

⁵ The funeral attendee limit in regional Victoria increased to 20 mourners on 17 September 2020. The funeral attendee limit in Auckland increased to 50 mourners on 31 August 2020 and to 100 mourners on 23 September 2020, with limits removed throughout the rest of New Zealand on 21 September 2020.

Funeral volumes

In Q1 FY21:

- the Company's funeral volumes cycled a strong PCP and death volumes were materially below historical long term trends in key markets within which Propel operates – for example, in Tasmania registered deaths declined 12.6%⁶ on the PCP; and
- flu cases in Australia⁷ were circa 99% below the prior 5 year average, as illustrated below:



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

- have contributed to a benign 2020 flu season to date; and
- may result in a deferral of death volumes into future periods.

Operations

Propel's core operating focus is on people safety, essential service continuity and financial resilience. The Company continues to monitor the impacts of COVID-19 on its teams, trading and suppliers, with the health and safety of its employees and bereaved families front of mind. In recent months, Propel has maintained headcount and implemented measures to mitigate potential financial impacts from COVID-19, such as providing client families with the option of streaming funeral services, controlling operating costs and accessing wage subsidies, where applicable.

Managing Director comments

Albin Kurti, Managing Director of Propel, said: "Physical attendance at a funeral service is an important part of the grieving process and the easing of funeral attendee limits in recent months has assisted bereaved families with their grief journey and enabled Propel to provide a broader range of services. Propel's diversified network across seven states and territories of Australia and in New Zealand, including regional and metropolitan markets, has delivered considerable financial resilience in recent months and I thank our staff for their dedication to providing essential funeral and related services to local communities."

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⁶ Tasmanian Registry of Births, Deaths and Marriages

⁷ Source: National Notifiable Diseases Surveillance System

ASX ANNOUNCEMENT

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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 132 locations, including 31 cremation facilities and 9 cemeteries.

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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.