BÉLL POTTER

Analyst Sam Haddad 612 8224 2819

Authorisation Chris Savage 612 8224 2835

Recommendation Buy (unchanged) Price \$4.09 Target (12 months) \$4.65 (previously \$4.25)

GICS Sector

Commercial Services and Suppliers

| Expected Return | |
|------------------------|-----------------|
| Capital growth | 13.7% |
| Dividend yield | 2.6% |
| Total expected return | 16.3% |
| Company Data & Ratio | s |
| Enterprise value | \$534.4m |
| Market cap | \$418.4m |
| Issued capital | 102.3m |
| Free float | ~77% |
| Avg. daily val. (52wk) | \$267k |
| 12 month price range | \$2.71 - \$4.17 |
| | |

| Price Performance | | | | | | |
|-------------------|-------|-------|-------|--|--|--|
| | (1m) | (3m) | (12m) | | | |
| Price (A\$) | 3.66 | 3.70 | 2.73 | | | |
| Absolute (%) | 11.75 | 10.54 | 49.82 | | | |
| Rel market (%) | 13.88 | 8.79 | 23.75 | | | |

Absolute Price

SOURCE: IRESS BELL POTTER SECURITIES LIMITED ABN 25 006 390 772 AFSL 243480

Propel Funeral Partners (PFP)

Enters Adelaide and expands in Auckland

Acquisitions - PFP to enter Adelaide & expand in Auckland

PFP announced it has executed binding sale agreements to acquire: 1) Berry Funeral Directors - fourth generation family business since 1934 located in Norwood, Adelaide; 2) Glenelg Funerals – operating for >25 years located in Glenelg, Adelaide; & 3) State of Grace – operates from two locations in Auckland. Together, the businesses conduct ~1,200 funerals per annum and generated ~\$9.0m in their most recent financial year. Total consideration is up to \$17.6m and includes an upfront payment of \$15.2m in cash + \$0.2m in PFP shares escrowed for up to 3 years + earn-out of up to ~\$2.2m in cash over 3 years. Expected completion of the proposed acquisitions is by 31 Dec'21.

We believe the acquisitions are attractive, as follows:

- Marks entry into Adelaide, a new fragmented metropolitan market for PFP: The acquisition of Berry Funeral Directors (amongst the market leaders in metro Adelaide) and Glenelg Funerals, mark PFP's entry into Adelaide while providing a strong platform to pursue further growth opportunities. Adelaide metro is a highly fragmented market, and therefore we see potential for further consolidation.
- **Expands PFP's footprint in Auckland**: The acquisition of State of Grace (west Auckland) further expands PFP's presence in Auckland, nicely complementing Dils Groups (north Auckland) and Davis Funerals (throughout Auckland).
- Timely ahead of normalisation of death volumes: Market volumes have been tracking below long-term trends. This will normalise at some point, with potential to 'overshoot'. These acquisitions strengthen PFP's market position ahead of this.

Earnings changes & Investment view: Retain Buy, PT \$4.65

We assume the businesses being acquired operate at an average EBITDA margin of ~25%, implying an EV/EBITDA purchase multiple of ~7.8x. Including the acquisitions based on this assumption results in FY22/FY23/FY24 EPS upgrades of +4.5%/+7.5%/ +7.7% and our 12-month price target increases to \$4.65 (previously \$4.25). Based on further acquisition prospects (noting PFP's does not yet have a presence in Sydney metro, Melbourne metro, Wellington or Christchurch), an expected normalisation in volumes and opex leverage benefits this will provide, we retain our Buy rating.

| June Year end | 2021a | 2022e | 2023e | 2024e |
|----------------------------|-------|--------|-------|-------|
| Sales (A\$m) | 120.4 | 135.6 | 146.3 | 153.0 |
| Operating EBITDA (A\$m) | 36.3 | 35.7 | 39.2 | 41.2 |
| Operating NPAT (A\$m) | 15.3 | 13.5 | 15.7 | 16.3 |
| EPS operating (cps) | 15.4 | 13.2 | 15.4 | 15.9 |
| EPS operating growth (%) | 7.2% | -14.1% | 16.3% | 3.4% |
| NPAT (reported) (A\$m) | 14.4 | (8.3) | 15.0 | 15.6 |
| PER (on operating EPS) (x) | 26.6 | 30.9 | 26.6 | 25.7 |
| PER (on reported EPS) (x) | 28.2 | (50.5) | 27.8 | 26.9 |
| EV/operating EBITDA (x) | 14.7 | 15.0 | 13.6 | 13.0 |
| Dividend (¢ps) | 11.8 | 10.5 | 12.3 | 12.7 |
| Yield (%) | 2.9% | 2.6% | 3.0% | 3.1% |
| Franking (%) | 100% | 100% | 100% | 100% |

SOURCE: BELL POTTER SECURITIES ESTIMATES

DISCLAIMER: THIS REPORT MUST BE READ WITH THE DISCLAIMER ON PAGE 4 THAT FORMS PART OF IT.

Propel Funeral Partners Limited

Company description

Established in FY12, Propel Funeral Partners Ltd (PFP) has since emerged as the second largest provider of funeral, cemetery, crematoria, and related services in ANZ. PFP has a strong presence in regional areas and an emerging metropolitan presence. PFP operates under a multi-brand strategy with the majority of its funeral homes dating back over many decades. PFP was founded by Propel Investments Pty Ltd, the former external manager for PFP. However, effective July 2021, PFP internalised all senior management functions, with all key staff of the former external manager becoming employees of the company.

Investment Strategy

We rate PFP Buy with a PT of \$4.65. PFP intends to continue to build on its strong track record of making and integrating profitable acquisitions of private businesses, properties, infrastructure and related assets which operate within the death care industry in Australia and New Zealand. PFP expects to continue to invest in its funeral homes to facilitate growth, including selectively identifying potential sites in new locations and expanding (and/or re-furbishing) existing locations. PFP's portfolio also includes land and buildings adjacent to existing funeral homes that can potentially be refurbished or expanded.

Valuation

Our 12 month valuation is \$4.65 based on DCF (WACC 9.0%; terminal growth rate of 4%).

Risk to Investment Thesis

Key downside risks to our valuation include (but are not limited to):

- **COVID-19**: The substantial impact of COVID-19 on the global and domestic economies is creating enormous volatility and uncertainty in global share markets. The forecasts in the report may be subject to significant changes if this situation continues for an extended period of time.
- **Death volumes**: Death volumes is the most significant driver of the level of activity in the Death Care industry. A sustained decline in volumes can have a negative impact.
- Acquisitions may not be successful: There can be no assurance PFP will be able to identify suitable acquisitions at acceptable prices or integrate acquisitions successfully.
- Failure to execute acquisition opportunities: Risk PFP is unable to identify/execute suitable opportunities, and a failure to do so could adversely impact PFP's share price.
- **Reliance on key personnel**: The unexpected loss of key management personnel, or the inability of PFP to attract personnel, may adversely affect its financial performance.
- **Competition**: Actions by existing competitors, the entry of new competitors, or failure by PFP to continue to meet changing market conditions and customer needs.
- **Brand and reputation damage**: Factors that adversely affect PFP's reputation may impact PFP's competitiveness, growth and profitability.
- **Pre-paid funds under management**: Pre-paid funeral contracts exposes PFP to potential escalation in costs in the period between when the contract is signed and when the funeral event is performed. If costs escalate at a higher rate versus the return on investment, this will exposure PFP to losses on pre-paid contracts & erode margins.
- Regulation: Changes in gov't legislation, regulation and policy may impact profitability.

BELL POTTER

Propel Funeral Partners as at 16 September 2021

Recommendation Price

Buy \$4.09 \$4.65

Target (12 months)

| June Year end | 2019 | 2020 | 2024 | 2022e | 2023e | 2024e |
|--|------------------------|------------------------|-----------------|-----------------|-----------------|----------------------|
| Profit & Loss (A\$m) | 2019 | 2020 | 2021 | 20226 | 20236 | 20246 |
| Sales revenue | 95.1 | 110.8 | 120.4 | 135.6 | 146.3 | 153.0 |
| Change | 17.6% | 16.6% | 8.7% | 12.5% | 7.9% | 4.6% |
| Operating EBITDA | 23.8 | 32.4 | 36.3 | 35.7 | 39.2 | 41.2 |
| Change Deprec. & amort. | 10.9% (4.1) | 36.2% (8.8) | 11.9% (9.7) | -1.5% (10.1) | 9.7% (9.9) | 5.0% (9.9) |
| Operating EBIT | (4.1) | (0.0) 23.6 | (9.7) 26.6 | 25.6 | (9.9) 29.3 | (9.9) 31.2 |
| Net Interest | (0.3) | (3.1) | (3.5) | (4.8) | (5.4) | (6.5) |
| Net pre-paid contracts charge | (0.7) | (0.5) | (1.0) | (1.0) | (1.0) | (1.0) |
| Operating Pre-tax profit | 18.8 | 19.9 | 22.0 | 19.8 | 22.9 | 23.7 |
| Operating tax expense (BPe) | (5.5) | (5.8) | (6.7) | (6.2) | (7.2) | (7.4) |
| tax rate Associates | 29% | 29% | 30% | 32% | 31% | 31% |
| Minorities/Prefs | - | | - | - | - | - |
| Operating Net Profit (BPe) | 13.3 | 14.2 | 15.3 | 13.5 | 15.7 | 16.3 |
| Change | 7.9% | 6.7% | 8.2% | -11.8% | 16.4% | 3.4% |
| Key P&L line items post transaction cost | ete and non-r | ocurring itor | ne | | | |
| Transaction costs / Other | (1.2) | (2.0) | (1.3) | (0.7) | (0.7) | (0.7) |
| Performance fees (n/a after FY21) | - | (4.1) | - | n/a | n/a | n/a |
| EBITDA | 22.6 | 26.3 | 35.0 | 35.0 | 38.5 | 40.5 |
| EBIT | 18.5 | 17.5 | 25.4 | 24.9 | 28.6 | 30.5 |
| Pre-tax profit | 17.6 | 13.9 | 20.8 | 19.1 | 22.2 | 23.0 |
| Tax expense Net Profit before one-offs | (5.2) 12.3 | (3.2) 10.6 | (6.3) | (6.2) 12.8 | (7.2) 15.0 | (7.4) |
| Abs. & extras. | - | - | - | (21.1) | - | 15.6 |
| Reported Profit | 12.3 | 10.6 | 14.4 | (8.3) | 15.0 | 15.6 |
| Cash(law) | | | | | | |
| Cashflow (A\$m) Operating EBITDA | 23.8 | 32.4 | 36.3 | 35.7 | 39.2 | 41.2 |
| Working capital changes | (1.7) | (0.2) | 2.3 | (0.8) | 1.7 | 0.3 |
| Net Interest Expense | (0.2) | (2.0) | (2.3) | (4.8) | (5.4) | (6.5) |
| Tax | (5.6) | (4.8) | (6.0) | (5.8) | (7.0) | (7.3) |
| Other operating items | 1.0 | 0.6 | (3.1) | 4.4 | 0.9 | 1.4 |
| Operating Cash Flow | 17.4 | 26.0 | 27.2 | 28.7 | 29.5 | 29.1 |
| Capex Free Cash Flow | (3.6) 13.8 | (4.1) 21.9 | (4.3) 22.9 | (5.4) 23.3 | (5.9) 23.7 | (6.1) 23.0 |
| Acquisitions | (38.1) | (51.2) | (30.5) | (34.4) | - | - |
| Disposals | 0.5 | 0.1 | 0.1 | - | - | - |
| Payment of leases | - | (3.0) | (3.1) | (3.2) | (3.3) | (3.4) |
| Dividends paid | (11.9) | (9.7) | (11.9) | (11.0) | (12.0) | (12.9) |
| Performance fee (n/a after FY21) | - | (4.5) | - | n/a | n/a | n/a |
| Other investing items Equity (FY18 represents IPO) | 0.0 (0.1) | (1.4) (0.4) | (0.0) | (7.8) 7.7 | | |
| Core debt increase/(reduction) | 12.8 | 96.9 | (23.9) | 25.4 | (8.4) | (6.8) |
| Balance Sheet (A\$m) | | | | | | |
| Cash | 5.3 | 53.9 | 7.5 | - | - | - |
| Receivables | 5.4 | 4.6 | 4.9 | 5.9 | 6.2 | 6.5 |
| Inventories | 3.7 | 4.2 | 4.4 | 5.2 | 5.5 | 5.3 |
| Pre-paid funds, within 1 year | 4.7 | 4.9 | 4.7 | 4.7 | 4.7 | 4.7 |
| Pre-paid funds, after 1 year Other current assets | 43.2 1.5 | 42.6 1.3 | 41.4 1.5 | 41.4 1.5 | 41.4 1.5 | 41.4 1.5 |
| Current Assets | 63.8 | 111.5 | 64.5 | 58.8 | 59.3 | 59.4 |
| Receivables | - | - | - | - | - | - |
| Assoc & investments | - | - | - | - | - | - |
| Fixed Assets (PP&E) | 97.9 | 129.3 | 152.8 | 138.3 | 138.0 | 137.9 |
| Right-of-use Assets Intangibles | 106.4 | 39.1 123.2 | 34.8 131.7 | 35.7 166.1 | 36.5 166.1 | 37.5 166.1 |
| Other non-curr assets | 2.9 | 3.8 | 3.7 | 3.7 | 3.7 | 3.7 |
| Non Current Assets | 207.3 | 295.4 | 322.9 | 343.7 | 344.2 | 345.1 |
| Total Assets | 271.0 | 406.9 | 387.3 | 402.5 | 403.5 | 404.5 |
| Short term debt | 0.2 | 4.1 | 10.1 | 10.1 | 10.1 | 10.1 |
| Creditors | 7.2 | 6.1 | 7.7 | 8.7 | 10.9 | 11.4 |
| Pre-paid liabilities, within 1 year Pre-paid liabilities, after 1 year | 5.1 46.8 | 5.1 47.3 | 5.2 46.7 | 5.2 46.7 | 5.2 46.7 | 5.2 46.7 |
| Provisions | 5.7 | 5.4 | 6.2 | 7.4 | 7.7 | 8.0 |
| Other curr liabilities | 1.9 | 6.1 | 8.7 | 8.9 | 9.1 | 9.3 |
| Current Liabilities | 66.9 | 74.2 | 84.6 | 86.9 | 89.7 | 90.7 |
| LT debt (incl. leases) | 13.2 | 140.5 | 104.7 | 123.2 | 115.3 | 109.1 |
| Creditors Provisions | - 8.0 | 9.7 | 10.7 | - 13.9 | - 14.5 | - 15.6 |
| Other non curr liabilities | 0.5 | 0.6 | 0.5 | 0.5 | 0.5 | 0.5 |
| Non Current Liabilities | 21.7 | 150.8 | 115.8 | 137.5 | 130.3 | 125.2 |
| Total Liabilities | 88.6 | 225.0 | 200.4 | 224.5 | 220.0 | 215.9 |
| Net Assets | 182.5 | 181.9 | 186.9 | 178.0 | 183.5 | 188.6 |
| Share Capital | 200.4 | 200.9 | 203.4 | 211.1 | 211.1 | 211.1 |
| Reserves Retained Famings | 1.1 | (0.0) | (0.1) | (0.1) | (0.1) | (0.1) |
| Retained Earnings Shareholders Equity | (19.0) 182.5 | (18.9) 181.9 | (16.4) 186.9 | (33.0) 178.0 | (27.5) 183.5 | (22.5) 188.6 |
| Outside Equity Interests | | - | - | - | - | - |
| Total Equity | 182.5 | 181.9 | 186.9 | 178.0 | 183.5 | 188.6 |
| Core Net debt/(cash) \$m | 8.2 | 56.3 | 79.3 | 104.5 | 96.0 | 89.1 |
| Net debt/(cash) [incl. leases] \$m | 8.2 | 96.8 | 116.0 | 142.1 | 134.5 | 128.6 |
| A function of the second the second the second the second se | | | | | | |

SOURCE: BELL POTTER SECURITIES ESTIMATES

| Recommendation | | | | | | E |
|--|---------------|---------------------|---------------|---------------|---------------|------------|
| Diluted issued capital (m) Market cap (\$m) | | | | | | 10: 41: |
| Target Price (A\$ps) | | | | | | \$ 4.6 |
| June Year end | 2019 | 2020 | 2021 | 2022e | 2023e | 202 |
| Valuation Ratios | 2010 | 2020 | 2021 | LULLU | 10100 | 201 |
| Operating EPS (¢ps) | 13.5 | 14.4 | 15.4 | 13.2 | 15.4 | 15 |
| % change | 8.1% | 6.0% | 7.2% | -14.1% | 16.3% | 3. |
| Reported EPS (¢ps) | 12.6 | 10.8 | 14.5 | (8.1) | 14.7 | 15 |
| % change | -1.5% | -14.3% | 34.8% | -155.9% | -281.4% | 3. |
| PE (on operating EPS) (x) | 30.2 | 28.5 | 26.6 | 30.9 | 26.6 | 25 |
| PE (on reported EPS) (x) | 32.6 | 38.0 | 28.2 | (50.5) | 27.8 | 26 |
| EV/Operating EBITDA (x) | 22.5 | 16.5 | 14.7 | 15.0 | 13.6 | 13 |
| NTA (\$ps) | 0.77 | 0.60 | 0.55 | 0.12 | 0.17 | 0. |
| P/NTA (x) | 5.30 | 6.87 | 7.40 | 35.07 | 24.04 | 18. |
| Book Value (\$ps) | 1.85 | 1.84 | 1.87 | 1.74 | 1.79 | 1. |
| Price/Book (x) | 2.21 | 2.22 | 2.19 | 2.35 | 2.28 | 2. |
| | | 10.0 | | 10.5 | 10.0 | 40 |
| DPS (¢ps) % pay-out | 11.5 86.9% | 10.0 88.5% | 11.8 76.7% | 10.5 77.7% | 12.3 78.3% | 12 78 |
| % pay-out Annualised Yield (%) | 2.8% | 88.5% 2.4% | 2.9% | 2.6% | 78.3% | 78. 3. |
| Franking (%) | 100% | 2.4% | 100% | 100% | 100% | 10 |
| | 10070 | 10070 | 10070 | 10070 | 10070 | 10 |
| Performance Ratios | | | | | | |
| Revenue growth (%) | 17.6% | 16.6% | 8.7% | 12.5% | 7.9% | 4. |
| Operating EBITDA growth (%) | 10.9% | 36.2% | 11.9% | -1.5% | 9.7% | 5. |
| EBITDA/sales margin (%) | 25.0% | 29.2% | 30.1% | 26.4% | 26.8% | 26. |
| EBIT/sales margin (%) | 20.7% | 21.3% | 22.1% | 18.9% | 20.1% | 20. |
| Gross cash conversion (%) | 97.3% | 101.0% | 97.8% | 110.1% | 106.8% | 104. |
| Free cash-flow yield (%) | 3.4% | 5.4% | 5.6% | 5.6% | 5.7% | 5. |
| ROE (%) | 7.3% | 7.8% | 8.3% | 7.5% | 8.7% | 8. |
| ROIC (%) | 8.0% | 7.8% | 8.2% | 7.4% | 8.2% | 8. |
| Capex/Depn (x) | 0.9 | 0.7 | 0.7 | 0.8 | 0.9 | 1 |
| Net interest cover (x) | 19.8 | 4.8 | 5.6 | 4.3 | 4.5 | 2 |
| Core Net Debt/EBITDA (pre-AASB16) (x) | 0.3 | 2.0 | 2.5 | 3.3 | 2.7 | 2 |
| Net debt/equity (%) | 4.5% | 53.2% | 62.1% | 79.8% | 73.3% | 68. |
| Net debt/net debt + equity (%) | 4.3% | 34.7% | 38.3% | 44.4% | 42.3% | 40. |
| | | | | | | |
| Half yearly (A\$m) Sales revenue | 1H19 47.1 | 2H19 48.0 | 1H20 57.0 | 2H20 53.8 | 1H21 59.0 | 21 61 |
| Operating EBITDA | 47.1 | 40.0 | 16.6 | 15.9 | 19.0 | 17 |
| Deprec. & amort. | (2.1) | (2.0) | (4.2) | (4.6) | (4.8) | (4 |
| Operating EBIT | 9.6 | 10.1 | 12.3 | 11.3 | 14.2 | 12 |
| Net Interest | (0.0) | (0.2) | (1.3) | (1.9) | (1.8) | (1 |
| Net pre-paid contracts charge | -0.5 | -0.1 | -0.3 | -0.3 | -0.5 | `- |
| Operating Pre-tax profit | 9.0 | 9.8 | 10.8 | 9.1 | 11.9 | 10 |
| Operating tax expense | (2.6) | (2.9) | (3.5) | (2.8) | (3.7) | (3 |
| tax rate Associates | 29% | 29% | 32% | 30% | 31% | 3 |
| Minorities | | | - | - | | |
| Operating Net Profit (BPe) | 6.4 | 6.9 | 7.4 | 6.4 | 8.2 | 7 |
| Abs. & extras. | - | - | - | - | - | - |
| Reported Profit | 6.4 | 6.9 | 7.4 | 6.4 | 8.2 | 7 |
| Key P&L line items post transaction costs | | | | | | |
| Transaction cost / Other | (0.1) | (1.1) | (1.7) | (0.3) | (0.3) | (1 |
| Performance fee (n/a after FY21) | - 11.6 | - | (4.1) | - | - 10 7 | - |
| EBITDA EBIT | 11.6 9.5 | 11.0 9.0 | 10.8 6.6 | 15.5 | 18.7 14.0 | 16 11 |
| Pre-tax profit | 9.5 8.9 | 9.0 8.6 | 6.6 5.1 | 10.9 8.8 | 14.0 | ę |
| Tax expense | (2.5) | (2.7) | (1.7) | 0.0 (1.5) | (3.5) | (2 |
| Net Profit before one-offs | (2.3) 6.4 | <u>(2.7)</u> 5.9 | 3.4 | 7.3 | 8.2 | é |
| | | | | | | |
| Abs. & extras. | - | - | - | - | - | - |

Recommendation structure

Buy: Expect >15% total return on a 12 month view. For stocks regarded as 'Speculative' a return of >30% is expected.

Hold: Expect total return between -5% and 15% on a 12 month view

Sell: Expect <-5% total return on a 12 month view

Speculative Investments are either start-up enterprises with nil or only prospective operations or recently commenced operations with only forecast cash flows, or companies that have commenced operations or have been in operation for some time but have only forecast cash flows and/or a stressed balance sheet.

Such investments may carry an exceptionally high level of capital risk and volatility of returns.

Bell Potter Securities Limited ABN 25 006 390 772 Level 29, 101 Collins Street Melbourne, Victoria, 3000 Telephone +61 3 9256 8700 www.bellpotter.com.au

Research Team

Room 1701, 17/F

Central, Hong Kong, 0000

Telephone +852 3750 8400

| | Staff Member | Title/Sector | Phone | @bellpotter.com.au |
|-------------|-------------------------|---------------------------------|------------------|---------------------|
| on a | Chris Savage | Head of Research/Industrials | 612 8224 2835 | csavage |
| rded | Analysts | | | |
| % is | TS Lim | Banks | 612 8224 2810 | tslim |
| | John Hester | Healthcare | 612 8224 2871 | jhester |
| en -5% | Tanushree Jain | Healthcare | 612 8224 2849 | tnjain |
| | Elyse Shapiro | Healthcare | 613 9235 1877 | eshapiro |
| | Steven Anastasiou | Industrials | 613 9235 1952 | sanastasiou |
| na | Sam Brandwood | Industrials | 612 8224 2850 | sbrandwood |
| | James Filius | Industrials | 613 9235 1612 | jfilius |
| er start-up | Sam Haddad | Industrials | 612 8224 2819 | shaddad |
| ctive | Hamish Murray | Industrials | 613 9235 1813 | hmurray |
| d | Jonathan Snape | Industrials | 613 9235 1601 | jsnape |
| n flows, or | David Coates | Resources | 612 8224 2887 | dcoates |
| l | Stuart Howe | Resources | 613 9235 1856 | showe |
| tion for | Regan Burrows | Resources | 618 9326 7677 | rburrows |
| cash | Brad Watson | Resources | 618 9326 7672 | bwatson |
| heet. | Joseph House | Resources | 613 9235 1624 | jhouse |
| | Associates | | | |
| | Olivia Hagglund | Associate Analyst | 612 8224 2813 | ohagglund |
| risk and | Michael Ardrey | Associate Analyst | 613 9256 8782 | mardrey |
| Bell Potter | Securities (HK) Limited | Bell Potter Securities (US) LLC | Bell Potter Secu | rities (UK) Limited |

Floor 39 Prosperity Tower, 39 Queens Road 444 Madison Avenue, New York NY 10022, U.S.A Telephone +1 917 819 1410

(UK) Limited 16 Berkeley Street London, England W1J 8DZ, United Kingdom Telephone +44 7734 2929

The following may affect your legal rights. Important Disclaimer:

This document is a private communication to clients and is not intended for public circulation or for the use of any third party, without the prior approval of Bell Potter Securities Limited. In the USA and the UK this research is only for institutional investors. It is not for release, publication or distribution in whole or in part to any persons in the two specified countries. In Hong Kong, this research is being distributed by Bell Potter Securities (HK) Limited which is licensed and regulated by the Securities and Futures Commission, Hong Kong. In the United States, this research is issued and distributed by Bell Potter Securities (US) LLC which is a registered broker-dealer and member of FINRA. Any person receiving this report from Bell Potter Securities (US) LLC and wishing to transact in any security described herein should do so with Bell Potter Securities (US) LLC.

This is general investment advice only and does not constitute personal advice to any person. Because this document has been prepared without consideration of any specific client's financial situation, particular needs and investment objectives ('relevant personal circumstances'), a Bell Potter Securities Limited investment adviser (or the financial services licensee, or the representative of such licensee, who has provided you with this report by arrangement with Bell Potter Securities Limited) should be made aware of your relevant personal circumstances and consulted before any investment decision is made on the basis of this document.

While this document is based on information from sources which are considered reliable, Bell Potter Securities Limited has not verified independently the information contained in the document and Bell Potter Securities Limited and its directors, employees and consultants do not represent, warrant or guarantee, expressly or impliedly, that the information contained in this document is complete or accurate. Nor does Bell Potter Securities Limited accept any responsibility for updating any advice, views opinions, or recommendations contained in this document or for correcting any error or omission which may become apparent after the document has been issued

Except insofar as liability under any statute cannot be excluded. Bell Potter Securities Limited and its directors, employees and consultants do not accept any liability (whether arising in contract, in tort or negligence or otherwise) for any error or omission in this document or for any resulting loss or damage (whether direct, indirect, consequential or otherwise) suffered by the recipient of this document or any other person.

Research Policies

For Bell Potter's Research Coverage Decision Making Process and Research Independence Policy, please refer to our company website:

https://bellpotter.com.au/research-independence-policy/

Disclosure of interest:

Bell Potter Securities Limited, its employees, consultants and its associates within the meaning of Chapter 7 of the Corporations Law may receive commissions, underwriting and management fees from transactions involving securities referred to in this document (which its representatives may directly share) and may from time to time hold interests in the securities referred to in this document

ANALYST CERTIFICATION

Each research analyst primarily responsible for the content of this research report, in whole or in part, certifies that with respect to each security or issuer that the analyst covered in this report: (1) all of the views expressed accurately reflect his or her personal views about those securities or issuers and were prepared in an independent manner and (2) no part of his or her compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed by that research analyst in the research report.

BELL POTTER