

InvoCare

Investor Strategy Day

12 May 2021

For personal use only

Important information

This presentation dated 12 May 2021 contains summary information about InvoCare Limited (ACN 060 060 031) and its related bodies corporate (together, InvoCare) and InvoCare's activities as at the date of this presentation. It is information given in summary form only and does not purport to be complete. It should be read in conjunction with InvoCare's most recent financial report and other periodic corporate reports and continuous disclosure announcements filed with the Australian Securities Exchange (ASX), available at www.asx.com.au

The content of this Presentation is provided as at the date of this Presentation (unless otherwise stated). Reliance should not be placed on information or opinions contained in this Presentation and, subject only to any legal obligation to do so, InvoCare does not have any obligation to correct or update the content of this Presentation.

The distribution of this Presentation in jurisdictions outside Australia may be restricted by law and you should observe any such restrictions.

Not financial product advice or offer

This presentation is for information purposes only and is not a prospectus or product disclosure statement, financial product or investment advice or a recommendation to acquire InvoCare shares or other securities. It has been prepared without taking into account the investment objectives, financial situation or needs of individuals. Before making an investment decision, prospective investors should consider the appropriateness of the information having regard to their own investment objectives, financial situation and needs and seek legal, taxation, business and/or financial advice appropriate to their circumstances. Past performance is no guarantee of future performance.

No representation or warranty, express or implied, is made as to the fairness, accuracy, completeness or correctness of the information, opinions and conclusions contained in this presentation. To the maximum extent permitted by law, none of InvoCare or its directors, employees or agents, nor any other person, accepts liability for any loss arising from the use of this presentation or its contents or otherwise arising in connection with it, including, without limitation, any liability from fault or negligence on the part of InvoCare or its directors, employees, contractors or agents.

Certain market and industry data used in this Presentation may have been obtained from research, surveys or studies conducted by third parties, including industry or general publications. Neither InvoCare nor its representatives have independently verified any such market or industry data provided by third parties or industry or general publications.

Forward-looking statements

This presentation contains forward-looking statements in relation to InvoCare, including statements regarding InvoCare's intent, belief, goals, objectives, initiatives, commitments or current expectations with respect to InvoCare's business and operations, market conditions, results of operations and financial conditions, and risk management practices. Forward-looking statements can generally be identified by the use of words such as 'forecast', 'estimate', 'plan', 'will', 'anticipate', 'may', 'believe', 'should', 'expect', 'intend', 'outlook' and 'guidance' and other similar expressions.

The forward-looking statements are based on InvoCare's good faith assumptions as to the financial, market, risk, regulatory and other relevant environments that will exist and affect InvoCare's business and operations in the future. InvoCare does not give any assurance that the assumptions will prove to be correct. The forward-looking statements involve known and unknown risks, uncertainties and assumptions and other important factors, many of which are beyond the control of InvoCare, that could cause the actual results, performances or achievements of InvoCare to be materially different to future results, performances or achievements expressed or implied by the statements.

Readers are cautioned not to place undue reliance on forward-looking statements, which speak only as at the date of the presentation. Except as required by applicable laws or regulations, InvoCare does not undertake any obligation to publicly update or revise any of the forward-looking statements or to advise of any change in assumptions on which any such statement is based.

Non-IFRS financial information

To support an understanding of comparable business performance, this Presentation presents results on a statutory and Operating/Non Operating (non-IFRS) basis when presenting measures of profitability. InvoCare considers Operating EBITDA, EBIT and NPAT as key performance measures. These measures are adjusted earnings before interest, tax, depreciation and amortisation as applicable after excluding the following items:

- The financial impacts of the prepaid funeral business

- Other non-operating activities, including asset sales gain/loss, impairment loss and restructuring costs as applicable

AASB 16 Leases, which was effective for the Group from 1 January 2019, is reflected in both the current and prior periods presented in this report and therefore no reference to 'Underlying', has been made as both periods presented are comparable.

Balance sheet and cash flow information presented in this Presentation is consistent with the information disclosed in the statutory presentation in the Appendix 4E Full Year Financial Report.

Due to rounding, numbers presented throughout this document may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures.

personal use only

Acknowledgement of Country

InvoCare wishes to acknowledge the traditional custodians of the land we are meeting on, the Ngunnawal people from whose language the name Canberra, was derived, appropriately for today meaning “Meeting place”.

We acknowledge and respect their continuing culture and the contribution they make to this city and region.

In the spirit of reconciliation and in keeping with the vision of InvoCare, we also wish to acknowledge, honour and celebrate the Traditional Custodians of country throughout Australia, and recognise the unique connection to the land, sea and relationships across communities of which we are privileged to be a part.

We pay our respect to Elders, past, present and emerging, and extend that respect to all Aboriginal and Torres Strait Islander peoples today.



Albany Creek, QLD

ersonal use only

The team presenting today

ersonal use only



Chief Executive Officer
Olivier Chretien



Chief Financial Officer
Adrian Gratwicke



Executive General Manager Funerals
Lynne Gallucci



Executive General Manager Cemeteries & Crematoria
Steve Nobbs

Today's objectives

1. Outline InvoCare today and key market trends
2. Explain the context for this strategic reset and our new strategic direction
3. Showcase our business units and key strategies
4. Provide an overview of our approach to financial discipline
5. Outline our ambition and measures of success
6. Address your questions

ersonal use only

Tobin Brothers/White Lady
Belconnen, ACT

For personal use only



1. InvoCare Today & Market Trends

Olivier Chretien

Photo: Nancy, Location Manager
Allan Drew Funerals Castle Hill

InvoCare today

Leading provider in Australia, New Zealand and Singapore

45K

Funerals cases annually
- 36K Australia
- 7K New Zealand
- 2K Singapore

333

Locations
- 282 Australia
- 48 New Zealand
- 3 Singapore

c.1,800

Full Time Equivalent (FTE) Employees

+79 NPS

An exceptional result for any industry

$613M

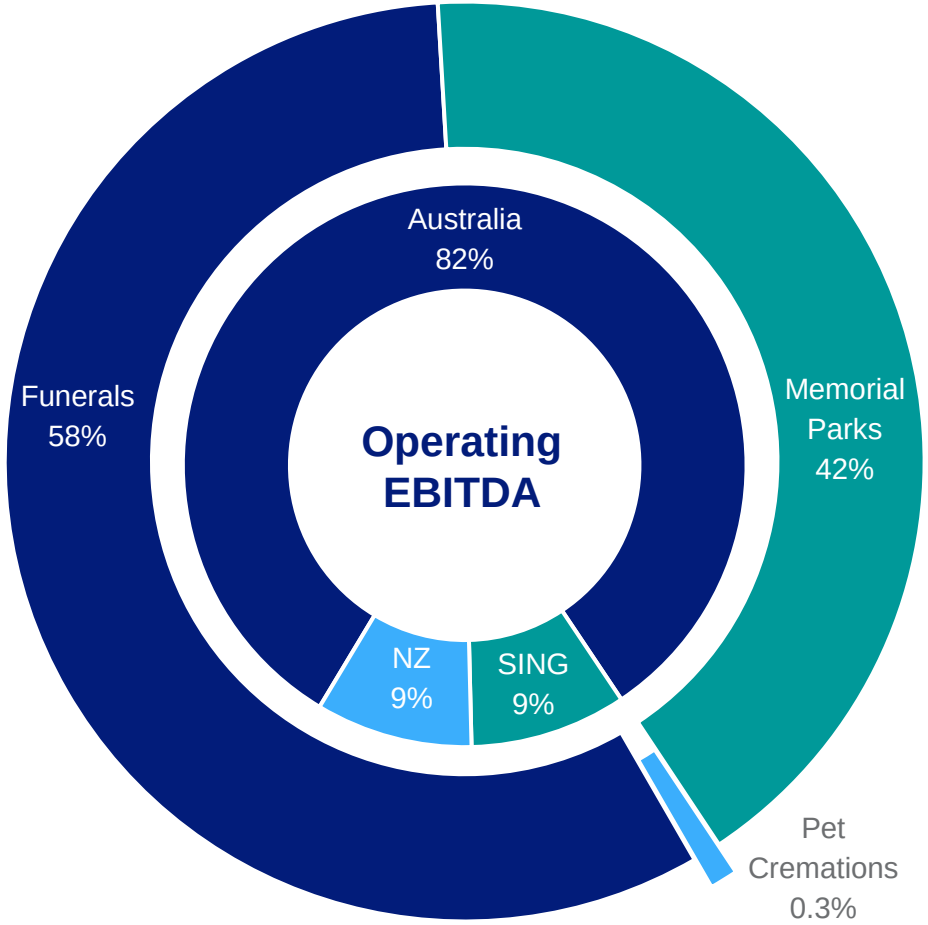
In pre-paid funerals funds under management

$377M

BV of cemetery land and other owned property

$137M

property NBO and shared services spend to date on our funeral facilities



$103M

FY20 Operating EBITDA

$56M

FY20 Operating EBIT

8.6%

FY20 ROCE

Pre-Need	At-Need Funerals	Post-Need Memorialisation	Pet Cremations
Pre-paid Funerals AUS | Cemeteries & Crematoria AUS	Funerals: AUS, NZ & SIN | Cemeteries & Crematoria: AUS & NZ	Cemeteries & Crematoria: AUS & NZ	

Support Office

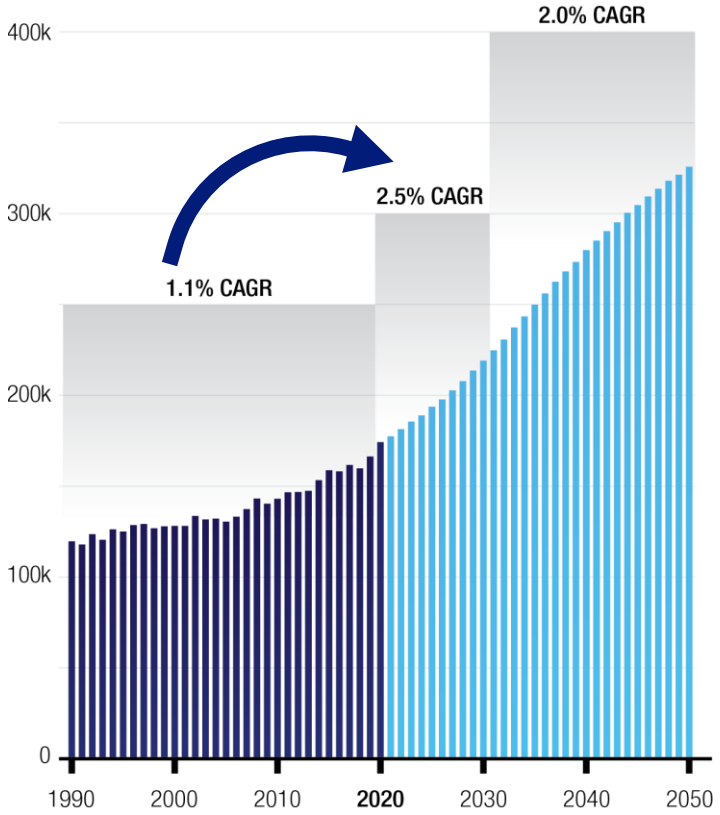
Numbers are 2020 actuals unless stated otherwise

Prepaid Funerals Only

More supportive long-term outlook

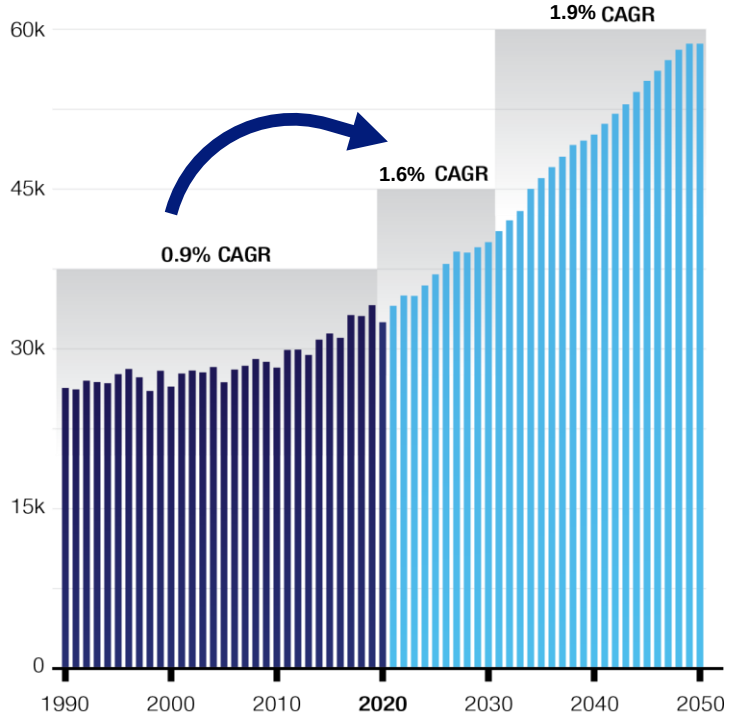
Long-term industry dynamics supported by a growing and ageing population

Australia



Source:
https://www.abs.gov.au/statistics/people/population/population-projections- australia/2017-base-2066

New Zealand



Source:
https://www.stats.govt.nz/information-releases/national-population projections-2020base2073

However, underlying growth remains at low single digit, requiring a focus on services and adjacencies to grow our Addressable Market, and Operating Leverage to deliver satisfactory returns

Note Projections pre-date COVID; The Singapore Government does not disclose annual projections

Personal use only

Key trends

Expanding opportunity set

Personal use only

Customer



Sustained population growth



Greater cultural diversity



Regionalisation of the ageing population



Growth in pet ownership and humanisation of pets

Demand



Attitude shifts towards pre-planning, celebration and memorialisation of life



Increased personalisation of funerals and memorialisation

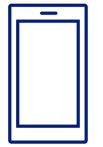


Growing demand for ‘green solutions’



Emerging societal trend towards direct cremations

Market



Increasing role of digital



Emerging ecosystem of businesses & charities supporting services



Rising scarcity of public cemetery space



Increasing regulation 'lifting the bar' for market participants

Uniquely positioned for sustained growth - strong investment case

InvoCare today

Extraordinary people, world class NPS

- >1,800 dedicated employees with extraordinary service ethics
- Best practice NPS of +79 highlights our referral potential

Leading brands and breadth of offering

- Unique national brand portfolio
- Iconic local and inclusive brands, trusted by communities
- Pre, At and Post Need Care and Pet Cremation Offering
- Scale across three countries

Best in class facilities

- Platform for growth, supported by referrals and return to celebrations
- Memorial parks assets with long useful lives
- Shared Services sites delivering scale efficiencies

Market drivers

Supportive long term industry dynamics

- Steady growth, supported by growing and ageing population
- In Australia, the growth rate in deaths over the next decade is projected to be 2x the previous 10 years

Demand for an expanded offering

- Regionalisation of the population makes new fragmented markets viable for expansion
- Evolution in consumer preferences and greater multiculturalism enable an expanded service offering
- Expanding set of value-add service opportunities

Well placed to benefit from a 'raised bar'

- Welcoming increasing regulatory and stakeholder focus on the industry
- Opportunity to lift industry standards of care

ersonal use only



2. Strategy Reset

Olivier Chretien

Photo: Pinegrove Memorial Park, NSW

For personal use only

Resetting strategy

ersonal use only

We can better leverage our core assets...

Inspire our teams to drive engagement & service excellence

Realise the investment in our world class facilities and lift operational excellence

Maximise our technology investments to enable change

Reinvigorate our brands to modernise offerings & enhance differentiation

...while shifting our business focus

Simplify, standardise, control costs

Prioritise 'share of value' & profitable growth over 'volume market share'

Expand focus across lifetime customer journey

Innovate through digital & engagement with the customer ecosystem

Lead the industry on safety & sustainability, with more proactive stakeholder engagement

Honouring life & celebrating memories for generations

Enhancing the customer experience along the lifetime journey

Customer lifetime journey	Pre-Need	At-Need	Post-Need
Customer & their Needs	**Individual** or Carer/Family	**Funeral Commissioner** Individual's Family/Friends//Community	**Memorialisation Commissioner** Individual's Family/Friends//Community
	• Information & options • Peace of mind / control • Their wishes honoured • Smart financial solutions • Keeping funeral and estate plans	• Information & advice &support • A flexible customer experience • A seamless event • Administration & co-ordination • Contemporary, meaningful farewells that reflect & honour the individual	• Information, advice & ongoing support • Committal & memorialisation meeting tastes and values • Digital identity management
Our role and opportunities to meet their needs	• Pre-paid / pre-planned funerals • Memorial / Plot Reservation • Balance of service vs. self-serve	• Single point of co-ordination to streamline a meaningful farewell • Flexible brands & customer experience • Funeral service & event management • Support to family/friends/community	• Memorialisation options marking a farewell and/or providing enduring connection (physical & digital) • Locations that bring communities together in celebration of a life • Ongoing support & care

ersonal use only

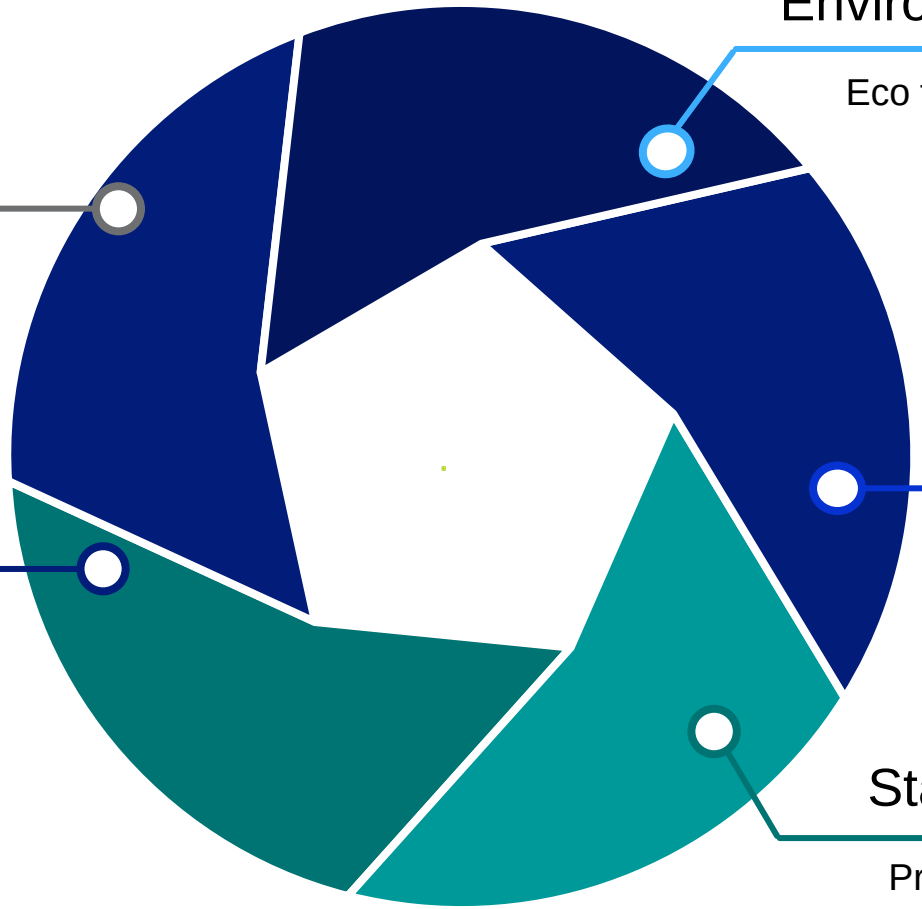
Our Strategy to 2025

ersonal use only

Our Strategy to 2025

	Customer Led People Empowered	Operational Excellence	Stronger Core Growth	New Growth Platforms and Innovation	Sustainable Leadership
Pillars					
Objectives	***Be customer - centric in everything we do***	***Optimise our foundations to drive sustainable returns***	***Excel in serving customer needs and grow share of market value***	***Innovate & diversify to expand addressable market & meet future customer needs***	***Lead company & industry to more sustainable outcomes***
Outcomes	• Customer advocacy & community trust • Safe, rewarding and inclusive place to work	• Operating model efficiency, standardised processes & optimised networks • Positive operating leverage • Capital efficiency	• Increased weight of value-add services • Omni-channel customer experience • Customer offering aligned with community needs • Growing contribution from prepaid contracts	• Higher growth rates • Earnings diversification (adjacencies) • Transactions at scale (B2B & Communities) • Increased defensible characteristics • Partner of choice	• Increased community contribution and brand trust • Improved industry standards of clinical care & safety • Recognised industry leader
Key Measures	**Trusted by Client Families & Communities** *Outstanding NPS*	**Great place to work** *High Engagement & Retention*	**Recognised industry leader & partner of choice** *Sustainability commitments*	**Creating value for all stakeholders** *EPS Growth & Satisfactory ROCE*	

A drive to sustainable leadership



Safety & Clinical Excellence

Raise the bar for ourselves and the industry

Talent & inclusiveness

Engage, retain and develop a diverse team

Support Centre of Excellence

Environmental Sustainability

Eco friendly operations and offerings

Minimise environmental impact of our footprint

Innovation

New offerings & digital tools

Engage with the broader eco-system

Stakeholder engagement

Proactive trusted relationships with our communities & key stakeholders

ersonal use only

For personal use only



3.1 Funerals Australia

Lynne Gallucci

Photo: Julie, Funeral Director's Assistant
White Lady Funerals Kelvin Grove

Australian Funerals overview

+79 NPS
A world class result

36K
Funeral case volume

$8K
Funeral case average

$292M
FY20 Operating Revenue

$63M
FY20 Operating EBITDA

254
Locations

985
FTE

14%
Of At-Need Funerals pre-paid

c.10%
Of Funeral case volume from regional locations

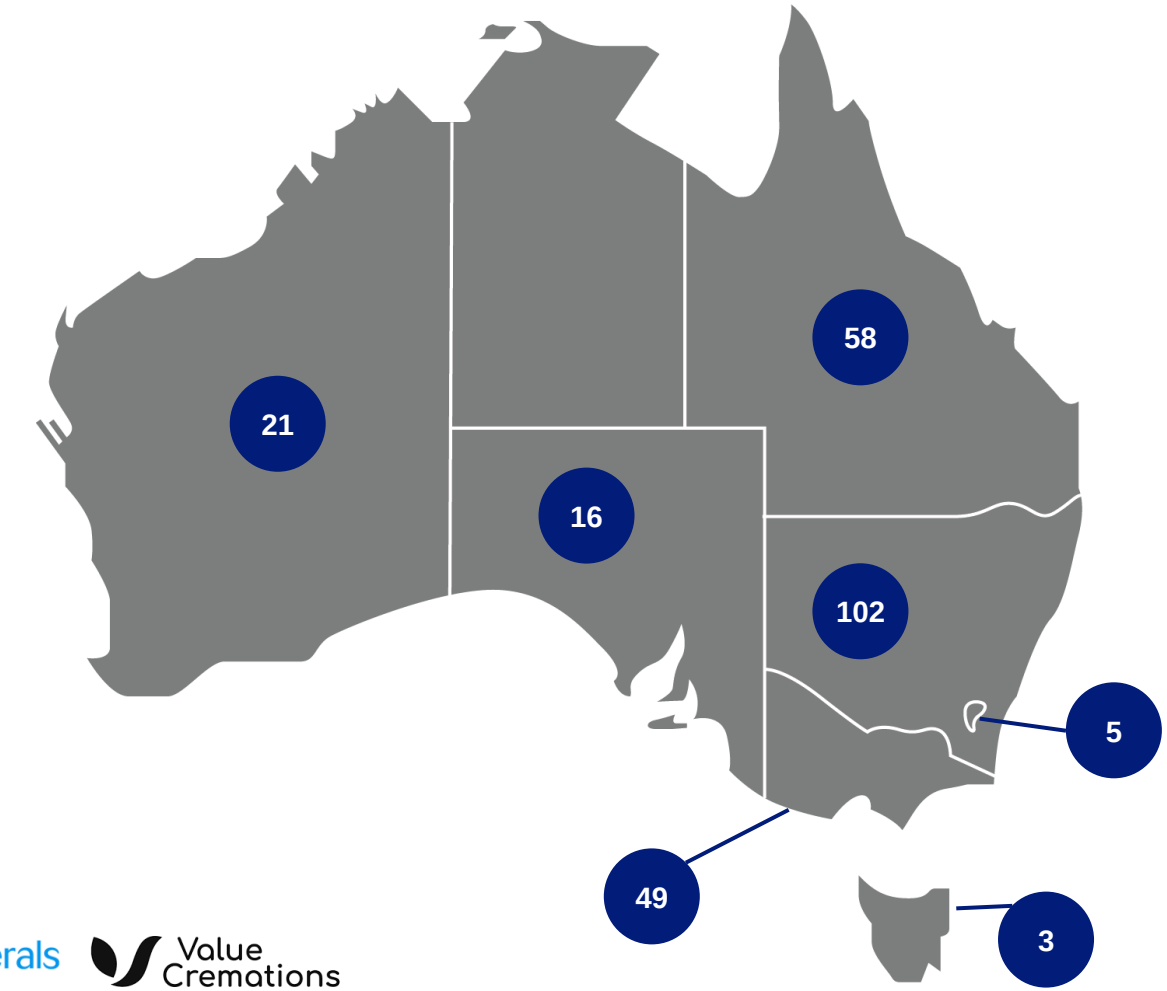
3
National Brands

WHITE LADY FUNERALS *a woman's understanding*

Simplicity Funerals
Simply Affordable.

Value Cremations

+ Portfolio of trusted regional, local brands



Location numbers

Numbers are 2020 actuals unless stated otherwise

Personal use only

Operating model – Australian Funerals

Cluster approach to allocating resources and improving value

Customer led

- Customer lifetime journey
- Local community engagement & marketing
- Customer Care Centre
- Brand Value Propositions
- Digital Portal/Websites
- Extended product/service range

People empowered

- Strong local leadership
- Flexible workforce
- Recognised and valued career paths and training
- Optimised workforce systems
- Committed professional partners (e.g., celebrants, caterers, etc.)



*Example of a Cluster Model, utilised where regional scale justifies investment

Asset efficiency

- Shopfronts (arrangements)
- Chapels & reception rooms (shared)
- Shared Services Centre & Fleet optimisation
- Standard Operating Procedures
- Digitised records

Support office value-add

- HR and Employee Value Proposition
- Safety & Sustainability
- Pricing & Procurement
- Research and Innovation
- Finance/reporting/insights
- IT Support

ersonal use only

Best-in-class Shared Services centres









Shared Services Centre, Malaga WA

Purpose-built facilities supporting a cluster of locations

Customer Experience

- Dedicated facilities for families to wash and dress loved ones
- Ensures space in funeral homes is dedicated to client service
- Creates B2B opportunities

Employee Value Proposition

- Modern mortuary facilities provide safe operating environment

Operational excellence

- Consistent, high standards of care and efficiency
- Logistical support
- Fleet efficiency / protection
- Inventory reductions in field

ersonal use only

Reinvigorating our brand propositions

ersonal use only



Strategic focus

- Review of ranging and pricing
- Service value propositions and positioning
- Website, digital and collateral refresh

National Brands

WHITE LADY FUNERALS *a woman's understanding*

Simplicity Funerals Simply Affordable.

Value Cremations

Traditional Regional Brands (Examples)

Guardian Funerals

Le Pine FUNERALS

Culturally Significant Brands (Selection)

世界中華 Universal Chung Wah Funeral Directors

Liberty FUNERALS

Galaxy funerals

Lifting our focus on prepaid funerals

Sales and marketing excellence strategy

Personal use only

Overview

Start of the customer lifetime journey, moving beyond a transactional relationship

On-boards customer with an InvoCare brand, customer retains maximum flexibility

$613M in funds under management

Extends our product offering

Meaningful underwrite to future case volume

Initiatives

Dedicated pre-paid consultants embedded in locations

Product and Service offering review

Enhanced Training

Call centre support

Digital engagement with customer

Updated marketing collateral & product enhancement

Inclusive Strategy underpinned by evolving demography

We want to reflect our community and be the first choice for all Australians

Offerings that transcend issues of race, religion, ability, gender and other factors are increasingly important

- Case averages are comparably higher in multicultural funerals due to specific consumer taste and customs
- The 2016 Census showed that **49%** of Australians were born overseas or have a parent born overseas
- **21%** speak a language other than English at home
- Australians citing Chinese ancestry increased **2.3%** on the previous ABS Census
- Migration accounts for **more than half** the population growth in Australia

Source: ABS Media Release 'Census reveals a fast changing, culturally diverse nation', 27 June 2017

We grow our capability by…

- Hiring and training our workforce
- Targeted acquisition of specialised businesses
- Forming partnerships and alliances









ersonal use only

Digital to improve customer experience

ersonal use only

Initial Focus



Allowing customers to start ‘discovery’ online before moving to a physical location to plan their funeral



Assisting customers as they need to make decisions and recall information at a time when they are experiencing grief



Enabling access to amend the funeral plan, enabling reflection and revision between planning and the funeral



Providing one platform, to be used by customer and funeral arranger, avoiding double handling

Future Opportunities



Online e-commerce for pre-paid funerals



Hosting of, and direction to online grief support materials



Access to third party services



Harness data and analytics

For personal use only



3.2 Cemeteries & Crematoria Australia

Steve Nobbs

Allambe Memorial Park (Artist Impression), QLD

Cemeteries & Crematoria Australia overview

+72 NPS
And growing YoY

20K
Cremations

3K
Burials

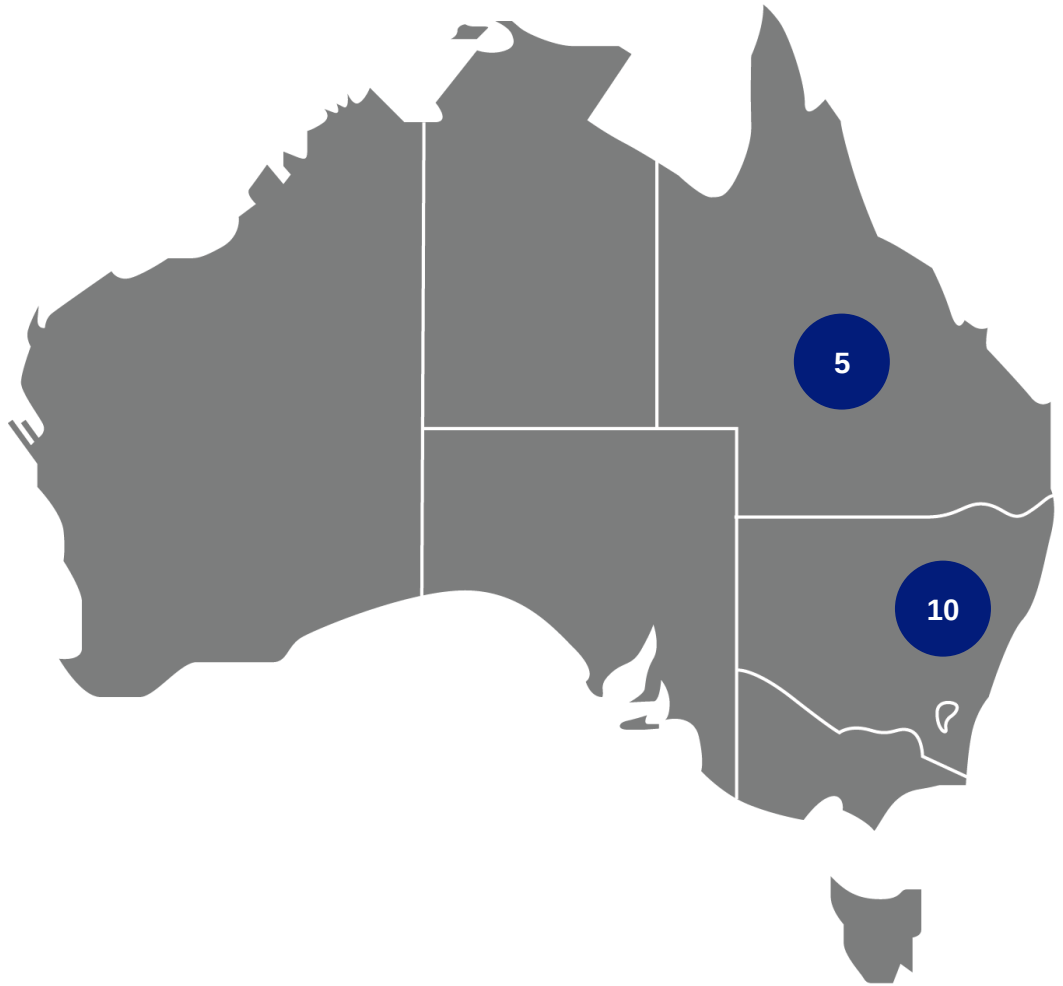
$120M
FY20 Operating Revenue

$58M
FY20 Operating EBITDA

15
Memorial Parks

290
FTE

29
Crematoria



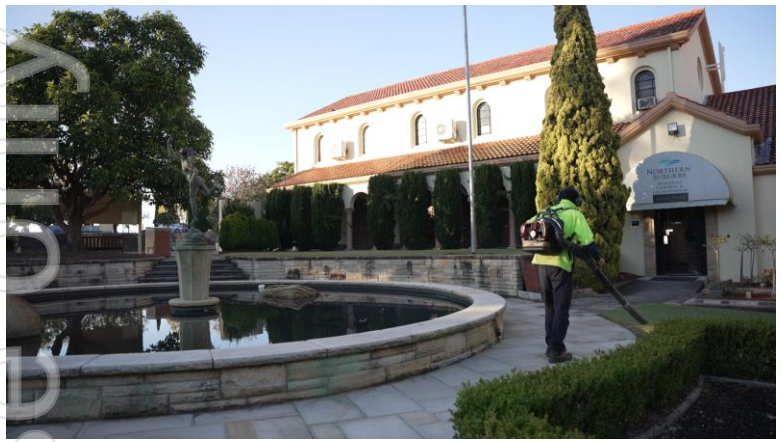
Location numbers (Memorial Parks)

[1] Includes impact of AASB 15 revenue recognition of approx. $16million
Numbers are 2020 actuals unless stated otherwise

Personal use only

Operating model optimised at park level

Shared support platform



Northern Suburbs Memorial Park, NSW



Allambe Memorial Park, QLD

Memorials & Crematoria
Lawn burials | Crypts | Crematoria | Range of mobile & fixed memorialisation

Events
Chapels | Function Rooms | Community & religious-based events | Outdoor Venues | Catering | Florists

Maintenance
Grounds maintenance & Landscaping | Monument installation & maintenance

Planning
Master plans | Community Engagement | Multi-cultural | Evolving Needs

Business Development
Funeral Directors | Pre-paid | Community allocations & agreements | Family Services Advisors | Community events | Digital offerings

Shared Support
Safety | HR | Commercial | Financial | IT | Marketing

organise only

Unique portfolio of private memorial parks





Allambe Memorial Park QLD , Impact of Remediation Works (artist impression)

Disciplined and proactive maintenance approach fundamental to limiting remediation risk

Customer Experience

- Consistent presentation of the parks is key to maintaining high NPS results

Sustaining asset base

- InvoCare's Memorial Park portfolio has a long useful life
- Site master planning ensures we keep pace with societal shifts and that all future considerations of the park are optimised for the best use of the available space

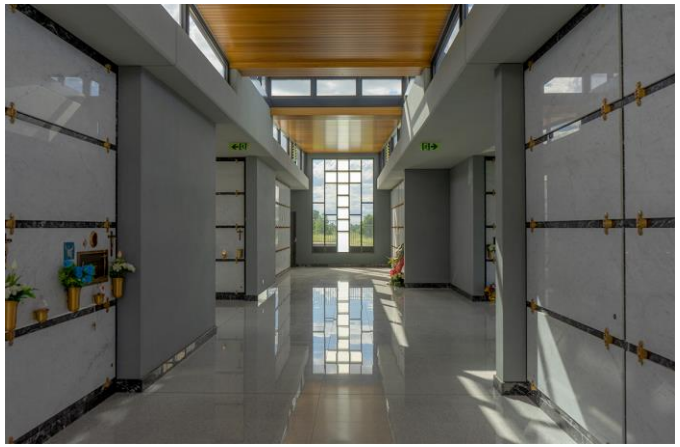
ersonal Use only

Positioning our parks for growth

Castlebrook Memorial Park: Multi-Cultural Offerings



Ga Fook Log Yuen 家福樂園



Crypts of Devine Mercy (Italian Community)

Northern Suburbs Memorial Park: Café / memorialisation options





Northern Suburbs - Image of Café & Skyline Memorial Garden

Long term master plan for each park to ensure offering remains contemporary and keeps pace with changing demography

Customer Experience

- Focus on the Memorial Park as a destination
- Space within each Memorial Park is crafted to cater to the specific tastes and cultural needs of the surrounding community

Growth opportunities

- Increasing range of memorialisation options
- Expanding existing chapel and function space
- Crematior capacity - onsite and new locations
- Enhance parks as a destination e.g. on-site retail with cafes, florists

For personal use only

New growth opportunities

Personal use only

New product development opportunities e.g. ‘Green’ memorialisation

Digital engagement and memorialisation

Growing B2B opportunity - forward reservation engagement with communities

Expansion of cremator network

Exploring ways to enter new territories that deliver sound economic returns

Property options

For personal use only



3.3 Pet Cremations

Steve Nobbs

Patch and Purr Kanahooka, NSW

Pet Cremations overview

National Leadership Platform

c.70k
FY20 Proforma Case Volume

$316
Pet Case Average

$5M
FY20 Proforma Operating EBITDA

13
Locations

150
FTE

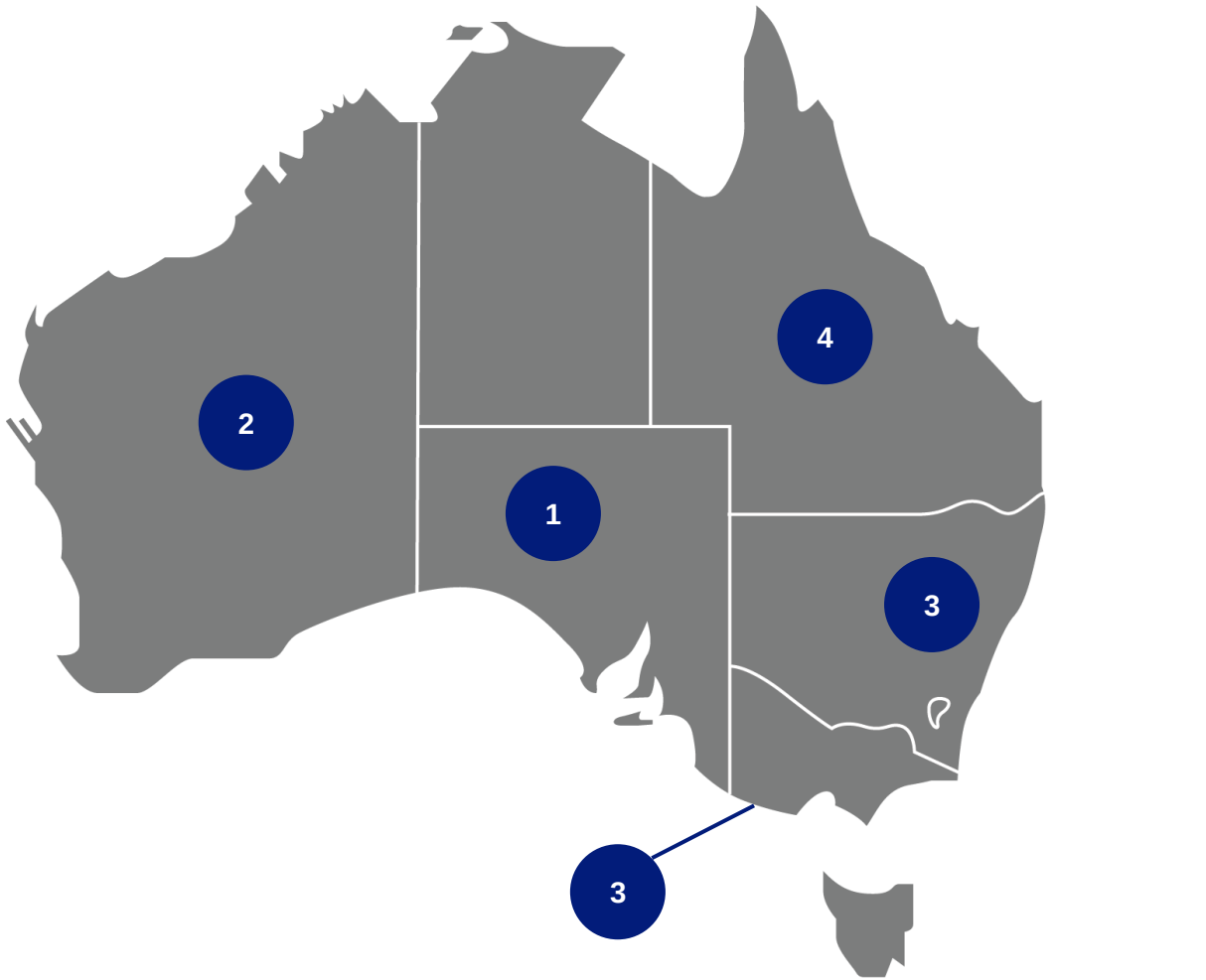
4
Brands

Patch & Purr Pet Cremations

Edenhills xo

Lawnswood xo

Pets in Peace
PET FUNERAL DIRECTOR & PET CREMATORIUM



Location numbers

Numbers are 2020 actuals unless stated otherwise

personal use only

Opportunity and integration agenda

Personal use only

Opportunity

- Pet ownership rates continue to grow
- Pet owners own multiple pets throughout their lifetime – a multi-generational relationship
- Increasing humanisation of pets
- Veterinary networks seeking seamless service
- Highly fragmented industry

Integration Agenda

- Best in class operating procedures
- Optimise memorialisation ranging
- System integration
- Brand review
- Expansion of service and product offering

For personal use only



3.4 International

Adrian Gratwicke

Photo: Beth Shan Funerals, Taradale NZ

New Zealand

+86 NPS
A world class result

7K
Funeral case volume

NZ$7K
Funeral case average

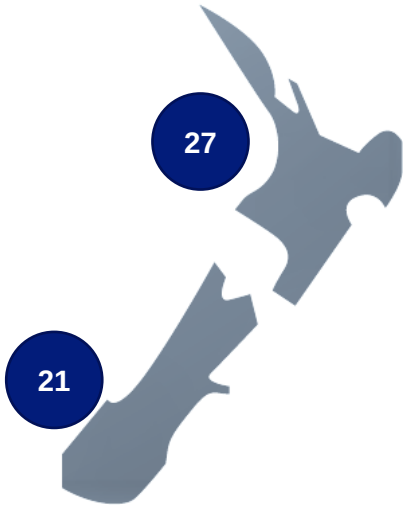
NZ$55M
FY20 Operating Revenue

NZ$9M
FY20 Operating EBITDA

24
Traditional, local brands

48
Locations, including two memorial parks

220
FTE



Market Features

- Increasing long term mortality rate
- Regionalisation of population
- Rise in multi-culturalism
- Elevated price competition in traditional market

Strategy

- Regional expansion following population trends
- Value-added services
- Memorial park expansion opportunities Network optimisation

John Rhind Funeral Directors
Morrisons Funeral Directors
Sibuns Funeral Directors & Advisors
Value Cremations
Forrest Funeral Services East Coast Bays
Gee & Hickton Funeral Directors Serving Wellington families since 1946

Numbers are 2020 actuals unless stated otherwise

Personal use only

Singapore

2K
Funeral case volume

S$11K
Funeral case average

S$18M
FY20 Operating Revenue

S$9M
FY20 Operating EBITDA

S$8M
FY20 Operating EBIT

2
Local brands

3
Locations

60
FTE

#1
Largest funeral parlour in Singapore



Market Features

- Mortality rate to double by 2040
- Growing middle class
- Increasing rates of direct cremation

Strategy

- Focus on operational efficiencies and value added services
- Consider participation in government tenders

SINGAPORE CASKET CO (PTE) LTD
新加坡殡仪馆

Simplicity Casket
Simply Practical • Simply Affordable
咏恩殡仪纪念馆

Numbers are 2020 actuals unless stated otherwise

Personal use only



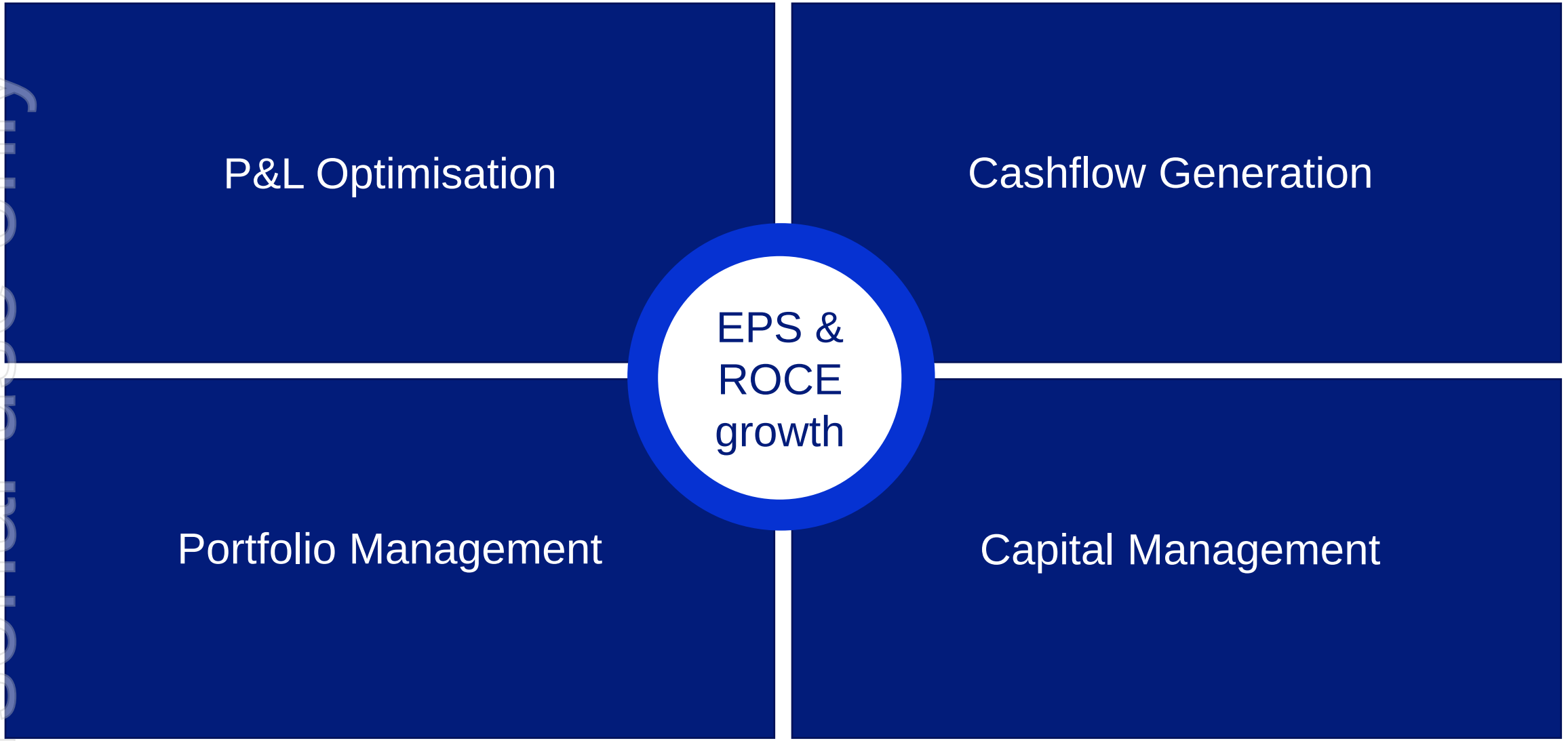
4. Financial Discipline

Adrian Gratwicke

Photo: Allan Drew Funerals, Castle Hill NSW

personal use only

Strategy execution complemented by strong financial management



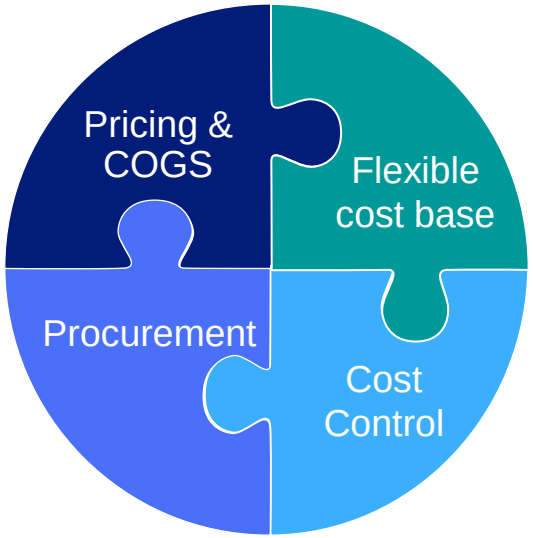
ersonal use only

P&L optimisation

Metrics and Monitoring

1. OPEX/Sales % (through the cycle)
2. Operating leverage
3. Operating EBITDA and EBIT growth
4. Support office cost growth

Earnings enhancement



OPEX/Sales %

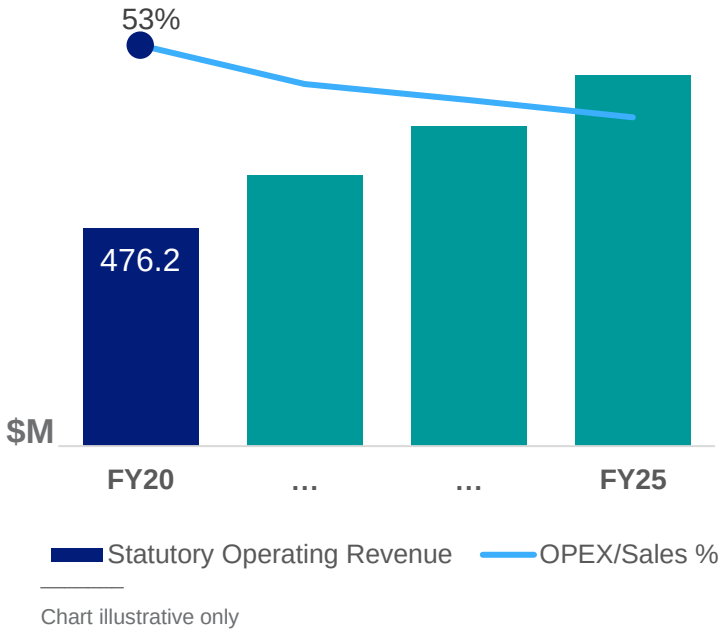


Chart illustrative only

Reporting transparency enhancements

- Prepaid funerals and deferred memorialisation revenue
- AASB15 and AASB16 forward looking expectations

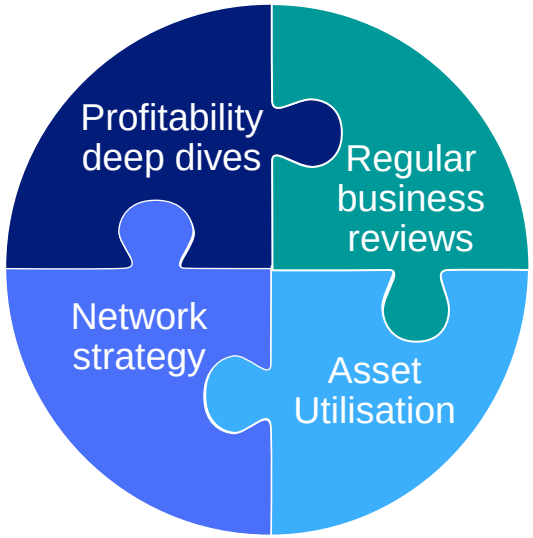
ersonal use only

Portfolio management

Metrics and Monitoring

1. Investment screening criteria vs hurdles
2. Portfolio diversification (to manage risk)
3. Asset lifecycle management

Effective portfolio management



Opportunity screening criteria

M&A

- Strategic and capability fit
- IRR and NPV
- EPS accretive

Platform growth

- Individual business case for Enhance/ Growth sites
- 3-5 Year Horizon
- Profitability and capital returns measured on a cluster basis

Projects

- Individual business case
- IRR and payback

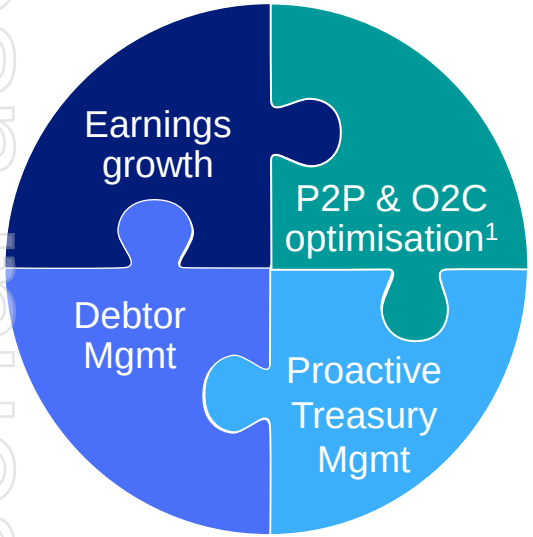
ersonal use only

Cashflow generation

Metrics and Monitoring

1. Increasing operating cash flows
2. Decreasing average working capital % of sales
3. Strong cash conversion %

Cashflow enhancement



Key actions

- ✓ Optimised financial processes enabled by Compass 2.0 enhancements
- ✓ Sustained focus on debtor collections, linked to STI
- ✓ Inventory control/ realisation, particularly memorials
- ✓ Disciplined CAPEX control (see next page)
- ✓ Fixed and ‘revolver’ tenure financing
- ✓ Cashflow forecasting (internal discipline and transparency)

[1] ‘Procure to Pay’ (P2P) and ‘Order to Cash’ (O2C) financial process optimisation

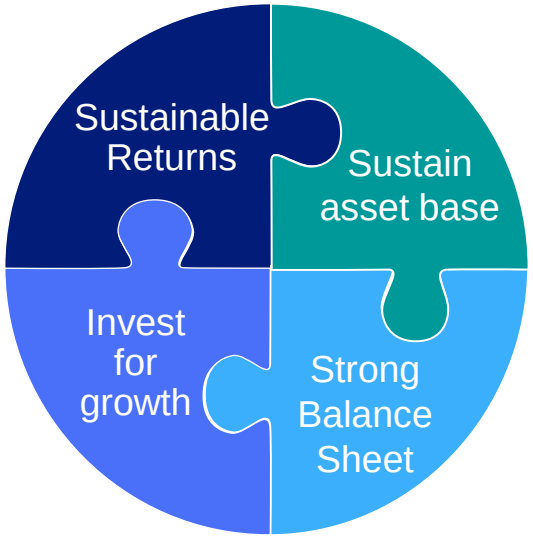
ersonal use only

Capital management

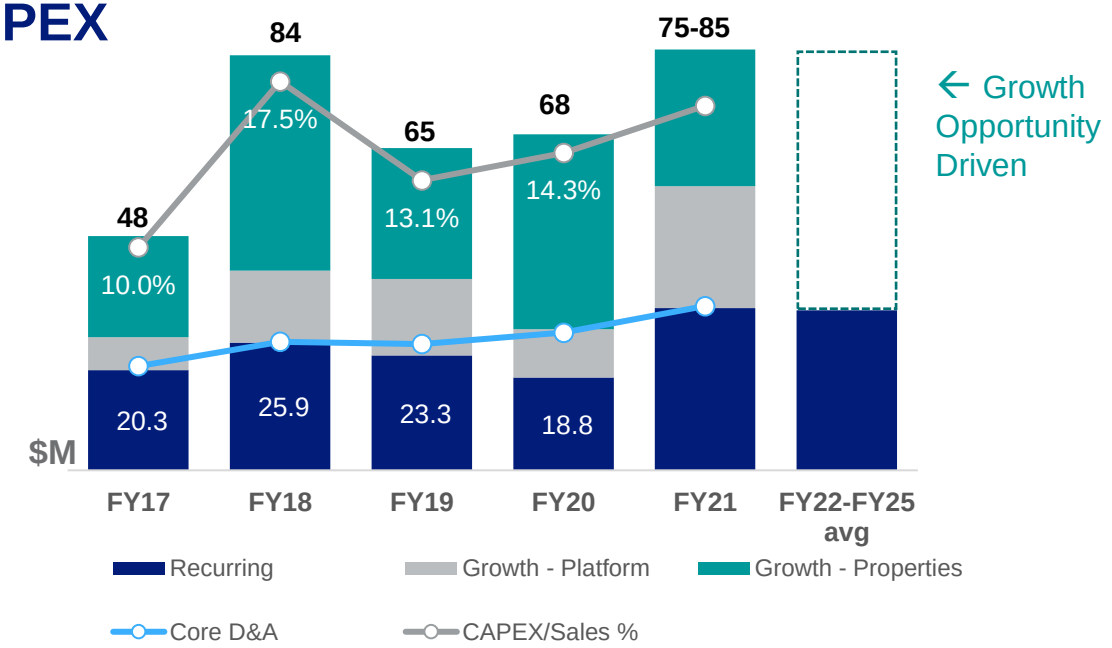
Metrics and Monitoring

1. Recurring CAPEX ~ Core D&A
2. Increasing enterprise level ROCE %
3. Debt Leverage Ratio within preferred range
4. Preferred dividend payout ratio range

Disciplined capital management



CAPEX



- CAPEX profile in past 4 years dominated by NBO
- COVID-driven deferred CAPEX spend in FY20 falling into FY21
- Clear demarcation between recurring maintenance CAPEX vs platform investment & growth
- 'Refresh'-type projects to form part of recurring CAPEX

ersonal use only

Capital and returns – key metrics and ambitions

		Measure	Past 5 years	2025 Ambition
1	**Sustaining our leading asset base** *Safe, fit-for-purpose operations to generate cash*	**Recurring CAPEX**	Range: **$20-25million**	**Recurring CAPEX in line with core D&A**
2	**Maintain strong balance sheet** *Balancing resilience and efficiency with flexible access to capital*	**Leverage ratio**	Range: **1.3x- 3.3x**	**Preferred debt leverage range 2 - 2.5x**
3	**Investment funds allocated for strategic benefit & returns** *Prioritising free cash flow for growth*	**ROCE%**	Range: **8.6% - 21.3%**	**Group ROCE % >12%[1]**
4	**Sustainable and growing returns to shareholders** *Stable, predictable and growing returns*	**Operating EPS growth** **Dividend payout ratio**	Range: **(61%) - 14%** Range: **61%-82%**	**Low to mid teen Operating EPS growth[1]** **Preferred Dividend payout ratio of 60-80%**

[1] through the cycle (subject to fluctuations in the mortality rate in a given year)

Personal Use only

For personal use only



5. Delivering on our ambition

Olivier Chretien

Photo: White Lady Funerals and Le Pine Funerals Kew Victoria

Disciplined and phased execution of our 5-year strategic plan

Program of change supported by Enterprise Project Management Office (EPMO)

ersonal use only

Reset

For sustainable growth

~18 Months

- Simplify & standardise
- Reinvigorate brand value propositions
- Network optimisation plans
- Targeted capability investment
- Targeted growth investments
- Support centre of excellence
- Operating leverage focus
- Balance sheet optimisation

Grow

Around the core

~18 Months

- Grow share of value (value-add services)
- Grow pre-paid
- Increased innovation
- Expand digital platform
- Develop industry partnerships

Diversify

Growth

Year 3+

- Sustainable multi-pronged growth
- New market positions
- M&A and partnerships (adjacencies)
- Industry leadership

Team accountable for successful execution

Executive Leadership Team



CEO
Olivier Chretien
Commenced 2021
Ex Ramsay, Wesfarmers, BCG



EGM Funerals
Lynne Gallucci
Commenced 2018
New in role 2020
Ex API



EGM Human Resources
Amanda Tober
Commenced 2017
Ex UXC, iSentia



CFO
Adrian Gratwicke
Commenced 2020
Ex Ruralco, Metcash, PWC



EGM Cemeteries & Crematoria
Steve Nobbs
Commenced 2016
New in role 2020
Ex Campus Living



EGM Safety & Sustainability
Grace Westdorp
Commenced 2021
Ex Wesfarmers



Company Secretary
Heidi Aldred
Commenced 2019
Ex Computer Power Group



EGM Customer
Victoria Doidge
Commenced 2020
Ex Events, David Jones

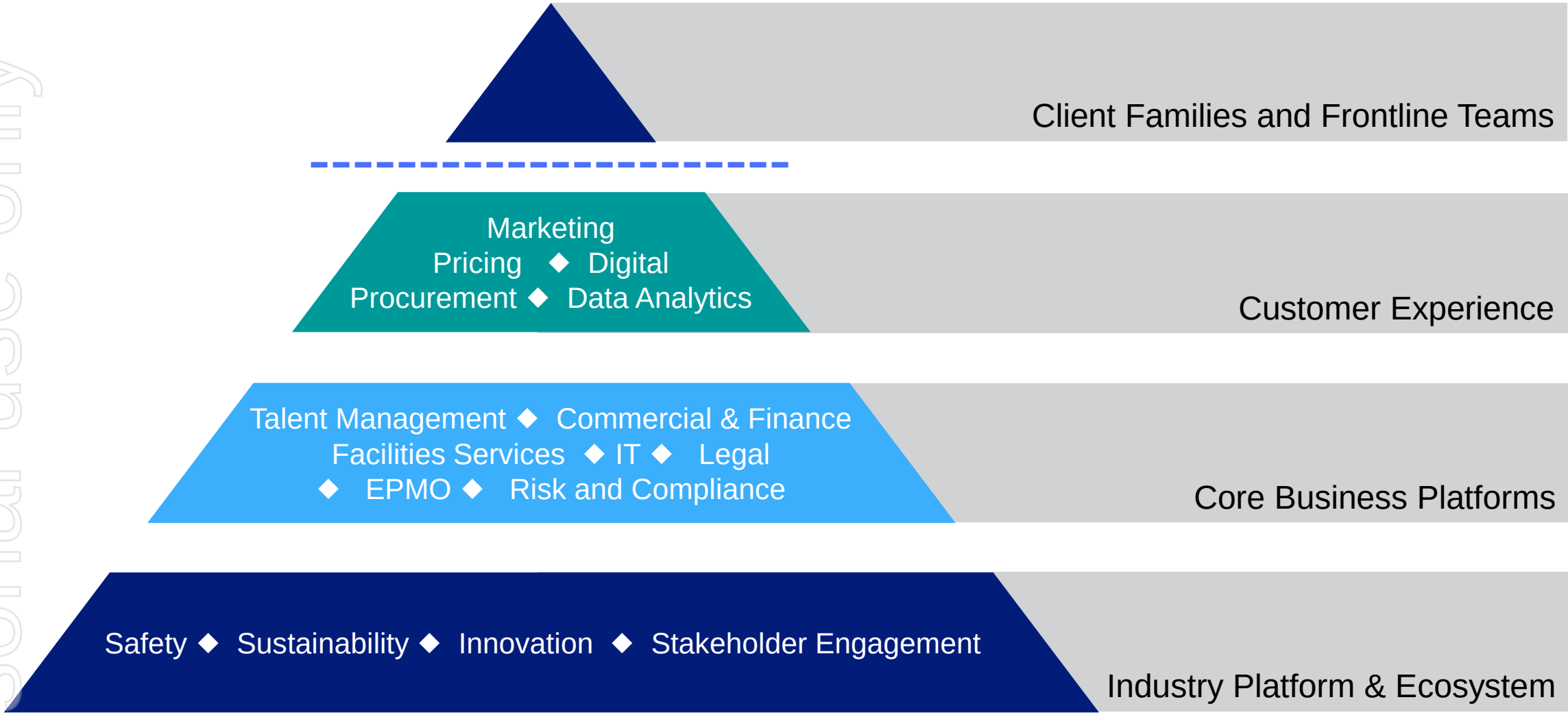


EGM Stakeholder Engagement
Fergus Kelly
Commenced 2015
New in role 2021
Ex Qantas

ersonal use only

Targeted investment in capabilities to support field execution

Customer led and people empowered organisation



ersonal use only

Measures of success

Customer	Team	Operational Excellence	Growth	Sustainable Leadership
NPS	LTIFR	OPEX/Sales %	Operating Revenue Growth	Sustainability Metrics
Voice of the Customer	TRIFR	EBITDA%	Case Volume Growth	EPS Growth
Lead Conversion Rates	Employee engagement	Operating Leverage	Case Average Growth	Dividend growth
	Diversity	Group ROCE%	EBITDA Growth	Leverage ratio
	Employee Turnover	Cash Conversion %	EBIT Growth	
		Avg working capital % sales		

ersonal use only

Emerging view of what success looks like

2025 ambition

Service and Operational excellence

- Best-in-class NPS and trusted brands
- Offerings inclusive to all families
- Highly engaged and high performing workforce
- A safe, inclusive and rewarding workplace

A balanced earnings mix

- Pre-need a stronger contributor to future volumes
- Strengthened cemeteries & crematoria footprint
- Multiple adjacencies including fully integrated, upsized Pet Cremations business

Meaningful international earnings

- Optimised investments in Singapore and NZ
- Stable platform for entry into selective markets where InvoCare can capture a meaningful position

Innovative new offerings, including digital

- Contemporary suite of products and services e.g. digital memorialisation, sustainable committals, personalised offerings
- A digital platform that drives lifetime engagement, advocacy and generational relationships

Recognised and trusted industry leader

- Increased trust in InvoCare and the industry
- Proactive, positive interactions with stakeholders
- Lifted standards of safety, clinical care and sustainability for the industry

Consistent value creation to all stakeholders

- Steady growth driving expanded value distribution
- Enterprise ROCE % > 12%
- Low to mid teen EPS growth
- Dividend growth

ersonal Use only

For personal use only

6. Questions



Photo: White Lady Funerals and Guardian Funerals Belconnen ACT

ersonal use only

InvoCare

Appendices

Further information - corporate reporting suite

InvoCare's corporate reporting suite brings together the Group's financial, non-financial, risk and sustainability performance for the financial year ended 31 December 2020, including:



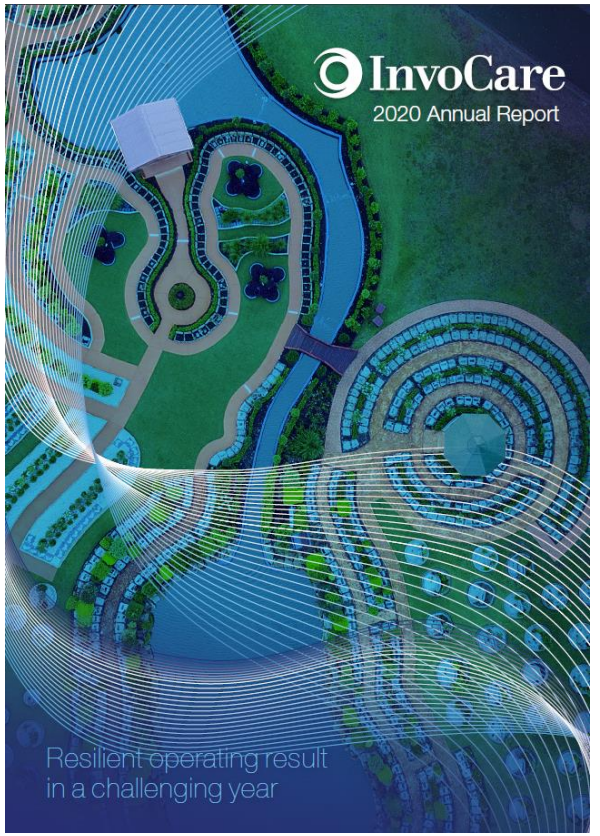
2020 Investor Presentation

Scan QR code on your smart device to download from InvoCare website



2020 Sustainability Report

Scan QR code on your smart device to download from InvoCare website



2020 Annual Report

Scan QR code on your smart device to download from InvoCare website

Our corporate reporting documents are available for download on the InvoCare Investor Relations page: www.invocare.com.au/investor-relations/

ersonal use only

Glossary

Term	Definition
Average capital employed	Average of opening and closing Capital Employed
Average working capital	Average of opening and closing Working Capital
Average working capital % of sales	Average working capital divided by Operating Revenue for a 12 month period
B2B/B2C	Business to business/Business to consumer
CAGR	Compound Annual Growth Rate
CAPEX	Capital expenditure
Capital employed	As used in ROCE % calculation. Calculated as Total Equity + Net Debt
Cash conversion %	Ungeared, tax free operating cash flows divided by Operating EBITDA
Core D&A	Total Depreciation & Amortisation expense excluding the impact of AASB 16 lease accounting
Dividend payout ratio	Dividend per share divided by Operating EPS
EBITDA Margin	Operating EBITDA divided by Operating Revenue
EGM	Executive General Manager
EPMO	Enterprise Project Management Office
EPS	Earnings per share, calculated as Reported profit/(loss) divided by weighted average number of shares
ERP	Enterprise Resource Planning, the main Oracle general ledger financial system used by the business
FTE	Full time equivalent
Funeral Case Average	Calculated as gross funeral revenue (including disbursements) divided by funeral case volume
Funeral Case Volume	Number of funeral services undertaken
Growth CAPEX	CAPEX undertaken to expand existing operations or further growth prospects
Leverage ratio	Calculated for disclosure purposes as Net debt divided by Operating EBITDA. Leverage calculation used for bank covenant testing purposes uses an Adjusted EBITDA measure (primarily adjusted to include proforma earnings from acquisitions and costs arising from restructuring initiatives)

Personal use only

Glossary

Term	Definition
LTIFR	Lost Time Injury Frequency Rate
Memorialisation revenue	Revenue earned from the sale of memorials, plaques, burial plots etc. in the Memorial Parks business
NBO	Network & Brand Optimisation program of projects as part of Protect & Grow Strategy
Net debt	Cash and cash equivalents + Borrowings + Finance leases
NPS	Net Promoter Score, calculated based on customer feedback with Group score representative of Australia and New Zealand only
O2C	Order to Cash financial process
Operating Earnings After Tax	Reported profit excluding non-operating items and associated tax
Operating EBITDA	Operating earnings before business acquisition costs, interest, tax, depreciation & amortisation
Operating EBIT	Operating earnings before interest and tax
Operating EPS	Operating net profit after tax divided by weighted average number of shares
Operating leverage	Means the percentage growth in Operating EBITDA divided by the percentage growth in Operating Revenue
Operating Revenue	Revenue for the Group excluding revenue earned from pre-paid funerals business
OPEX/Sales %	Operating expenses (excluding finished goods, consumables and funeral disbursements) divided by Operating Revenue
P2P	Purchase to Pay financial process
Pet case average	Pet Cremation revenue divided by Pet cremation volume
Pet cremation volumes	The number of pets cremated
Reported Profit/(loss)	Net profit/(loss) attributed to shareholders of InvoCare Limited
Recurring CAPEX	Annual maintenance CAPEX required to maintain facilities
ROCE %	Calculated as Operating EBIT divided by Average Capital Employed
TRIFR	Total Recordable Injury Frequency Rate
Ungeared, tax free cash flows	Calculated as operating cash flow excluding net finance costs paid and tax paid adjusted by net funds from prepaid contracts (Payments to funds under management for pre-paid contract sales and receipts from funds under management for pre-paid contracts performed) sourced from investing cash flows and other cash flows related to pre-paid contracts
Working capital	Inventories + Trade & Other Receivables + Trade & Other Payables

ersonal use only



ersonal use only