



**ASX Announcement
InvoCare Limited (ASX:IVC)**

10 May 2023

SHAREHOLDER LETTER

InvoCare Limited (InvoCare) attaches a letter to shareholders to be sent today in relation to the InvoCare Board's unanimous rejection of the unsolicited non-binding indicative proposal from TPG.

-ENDS-

This announcement has been authorised by the Board of InvoCare Limited.

For more details, contact:

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BACKGROUND

InvoCare, headquartered in Sydney, is a leading provider of funeral services in Australia, New Zealand, and Singapore, and operates private memorial parks and crematoria in Australia and New Zealand. It is also a leading provider of pet cremation services in Australia.

10 May 2023

Chairman's Letter

Dear Shareholder,

As you may be aware, on 7 March 2023 InvoCare Limited (**InvoCare** or **the Company**) received an unsolicited non-binding indicative proposal from TPG Global, LLC (**TPG**), an international private equity investor, to acquire 100% of the shares in your Company for \$12.65 per share (the **TPG Proposal** or **Proposal**). The TPG Proposal followed TPG acquiring a 19.9% interest in InvoCare.

Your Board gave careful consideration to the TPG Proposal but **concluded that it did not provide compelling value for InvoCare shareholders**.

TPG was offered the opportunity to access non-public information to assist in revising its Proposal but declined to engage with the Company to agree to customary and appropriate conditions, including the requirement to sign a confidentiality agreement, in line with the Company's non-disclosure obligations as a publicly listed company. TPG subsequently withdrew its Proposal on 24 April 2023.

The Board remains prepared to offer TPG access to non-public information and has engaged with TPG since the withdrawal of its Proposal to explore whether it is willing to put forward a revised proposal at a value at which the Board could recommend. TPG has not provided a revised proposal to date.

As Chairman of InvoCare, I would like to take this opportunity to share with you why the Board believed the TPG Proposal undervalued your Company and its prospects, and our plans to maximise value for all InvoCare shareholders.

Your Board's consideration of the TPG Proposal

In considering the TPG Proposal, the Board formed the view that the **timing of the TPG Proposal was highly opportunistic, representing a negligible 1% premium to the share's 12-month high¹** and only a 16% premium to the share's 12-month VWAP².

As reported in our 2022 Annual Report, our results for the 12 months to 31 December 2022 showed growth in Operating Revenue and Operating Net Profit After Tax of 12% and 11% respectively as well as a 17% growth in full-year dividends. This was despite difficult macro-economic conditions, in addition to COVID-19 impacts and adverse weather events.

¹ Calculated to 6 March 2023 being the last undisturbed trading day prior to receipt of the Proposal

² Volume Weighted Average Price ("VWAP") calculated as at 6 March 2023 being the last undisturbed trading day prior to receipt of the Proposal

Your Board has spent considerable time evaluating the TPG Proposal **against the Company's strategic plan and the revenue and profitability growth** that InvoCare is seeking to deliver through its five-year plan. The TPG Proposal came at a time when the Company had completed only the first phase ('Raising the Bar') of the plan – a period of major investment in strategies designed to drive significant future revenue and EBITDA growth.

In addition, the Board believes that the TPG Proposal did not adequately compensate shareholders for the **strengths inherent in the business**. These include the stability of the deathcare industry, the importance of InvoCare as a pillar of social infrastructure, the portfolio of property and stable of brands and assets that would take many years and significant capital investment for other operators to replicate, and its position as the leading funeral and crematoria operator across Australia, New Zealand and Singapore.

InvoCare is well positioned for long-term growth

In recent years, InvoCare has made significant investments to consolidate our market position and build on our competitive strengths. Our strategy has been to invest in upgrading and modernising our properties and in building InvoCare's digital and other technological capabilities to enhance customer service and deliver omnichannel capability. These targeted investments are the foundation for, and the catalyst of, the long-term growth and sustainability of the business.

Importantly, for example, over the past two years InvoCare has:

- Invested in strengthening our customer service, including developing digital services to meet evolving customer needs and enhance the customer experience.
- Invested in our workforce, bolstering our team's capabilities, and strengthening our culture and the safety of our people – as a result, employee engagement has materially improved.
- Grown customer satisfaction, measured by net promoter score.
- Established a market-leading position in the fast-growing pet cremation category.
- Made significant investment in technologies that are delivering operational efficiencies and assisting to reduce risk.

The strategy is working. Our operating EPS and ROCE³ have grown strongly over the past two years, and recent preliminary data indicates that for the three months to 31 March 2023, InvoCare would have grown Australian market share for the third quarter in a row⁴. In addition, our New Zealand business grew market share in 2022⁵.

InvoCare is now in the position of being able to focus on leveraging the investments we have made to capture future earnings growth as well as further consolidation opportunities in Australia and overseas.

³ Earnings Per Share and Return on Capital Employed

⁴ Australian 2022 deaths data sourced from ABS Provisional Mortality Statistics – data by date of occurrence released 31 March 2023. Australian 2023 deaths data to 31 March 2023 sourced from ABS Provisional Mortality Statistics January 2023 released on 28 April 2023 and State-based Birth, Deaths & Marriages (BDM) data for February and March 2023.

⁵ Year on Year growth for New Zealand sourced from Stats NZ, Births and Deaths: Year ended December 2022, released 20 February 2023.

Other initiatives to create shareholder value

We are also considering other initiatives that have the potential to create value for our shareholders. We have obtained an independent valuation of our property portfolio and work is underway to evaluate the merits of the real estate options available to us in the context of our strategic plan. We are also considering ways in which the Company could release its material franking credit balance.

We will update the market in relation to these topics in due course.

Request to appoint a new Director

Since withdrawing its Proposal, TPG (InvoCare's largest shareholder) has asked the Board to consider the appointment of Genevieve Gregor as a Non-Executive Director. I have met with Ms Gregor, as will the other Directors, and we are considering her appointment in our customary manner.

Voting at the AGM

We recognise the loyalty of our shareholder base, which includes approximately 22,000 retail shareholders, and are working hard to ensure that any actions we take are in the best interests of all our shareholders.

We ask each and every shareholder to exercise their right to vote at the upcoming AGM on 26 May 2023, and to vote in line with the recommendations made by your Directors. The **due date for proxy forms is 10:30am on 24 May 2023**. You can access the voting proxy forms:

- Online at the following link: <https://www.linkmarketservices.com.au/>; or
- You can request a copy by contacting the InvoCare Share Registry on 1300 854 911.

In both cases you will need your Holder Identification Number (HIN) or Security Reference Number (SRN) to identify yourself.

I look forward to seeing as many of you as possible at the AGM, where we will provide an update on our business and recent trading. We will also provide additional information on our strategic plan and the initiatives we believe can deliver the planned future growth in profitability and shareholder returns that will reinforce our position as the leading funeral and crematoria operator across Australia, New Zealand, and Singapore.

Yours sincerely,



Bart Vogel

Chairman
