



Record operating profit, strategic reset gaining momentum

2022 Half Year Results

29 August 2022





Agenda

1. HY22 Highlights
2. Operations
3. Financials
4. Strategy & Outlook
5. Questions



Chief Executive Officer
Olivier Chretien



Chief Financial Officer
Adrian Gratwicke

HY22 Highlights

Olivier Chretien, CEO

The InvoCare logo is centered within a dark blue circular graphic. It features a white circular icon with a stylized 'C' inside, followed by the word 'InvoCare' in a white, sans-serif font.

Team at Simplicity Osborne Park, WA

HY22 Trading Conditions

Various macro factors have been a backdrop to HY22 results



Sharp jump in 'excess deaths'¹, with strong variability across our markets



Employee absenteeism & tight labour market



Return to full service farewells post lockdowns



Inclement weather impacting memorial parks



Continued strong Pet Cremation market fundamentals



Cost inflation & supply chain pressures

HY22 Highlights: Long Term Measures of Success

Strong operational profit metrics and growth in Operating EPS & ROCE

 Customer & Team	 Operational Excellence	 Growth: Operational	 Growth: Financial¹	 Sustainable Leadership
NPS +81.5 ↑ 2.2 on PCP	OPEX % Sales 51% Flat	Funeral Case Volumes 23,891 ↑ 8% on PCP	Operating Revenue \$283.3M ↑ 10% on PCP	Sustainability reporting ‘Comprehensive’ Assessed by ACSI
LTIFR 10.7 ↓ 31% on PCP	Debt Leverage ratio r12 1.2x ↑ 0.1x on PCP	Funeral Case Average² \$8,434 ↑ 4% on PCP	Operating EBITDA \$68.5M ↑ 8% on PCP	Operating EPS 19.3c ↑ 31% on PCP
TRIFR 32.1 ↓ 32% on PCP	Cashflow Conversion 72%³ ↓ 28 pts on PCP	Memorialisation Revenue +3.2% ↑ On PCP sales	Operating EBIT \$44.0M ↑ 10% on PCP	ROCE r12 11.9% ↑ 1.2 pts on PCP
		Pet Cremation Case Volume 49,341 ↑ 20% on PCP	Operating EBIT Margin 16% Flat	Interim Dividend 13.5c ↑ 42% on PCP

N.B. Definition of terms and measures used in this report included in the glossary on pages 41- 42.

¹: For reconciliation of operating to statutory results see page 34

²: Group gross funeral case average, including disbursements

³: Normalised Cashflow Conversion of 80% after removing the impact of change in accounting policy for SaaS expenses as incurred

Strategy: HY22 Update

Raised the bar on our operational foundations



Customer led, People empowered

- › Launched enhanced ‘WeCARE’ customer feedback
- › Initiated data strategy & CRM implementation
- › New employee L&D offerings



Operational Excellence

- › Prepared for rollout of new Cemeteries & Crematoria ERP
- › Implemented new payroll system
- › Three funeral shared service centre investments
- › Initiated Pet Cremation operational integration



Stronger core growth

- › Targeted Funerals network investments
- › Upgraded key websites, optimising digital & phone channels
- › Developed new Pre-paid Funerals strategy
- › Progressed ‘Park as a Destination’ master planning for several parks



New growth platforms

- › Expanded digital customer self-serve capability
- › Invested in Parting Stone (solidified cremains)
- › Growing M&A & partnership pipeline



Sustainable Leadership

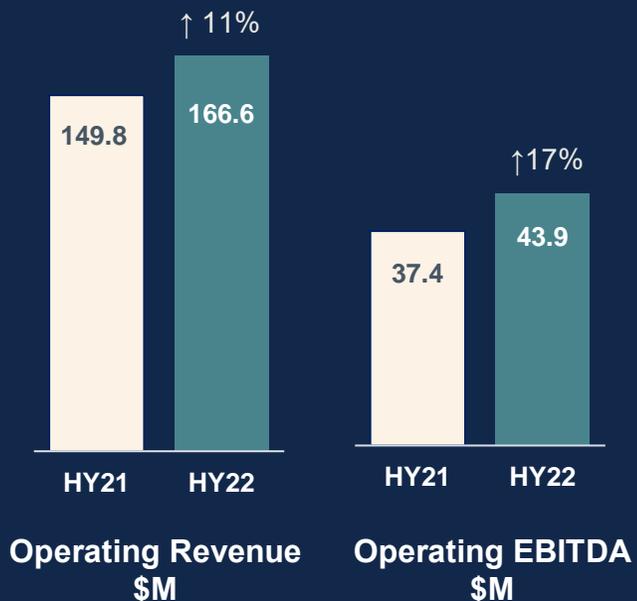
- › Rolled out key safety programs & investments
- › 2021 Sustainability Report assessed as ‘Comprehensive’ by ASCI
- › Assessing emissions footprint & reduction opportunities

Operations

Olivier Chretien, CEO

 InvoCare

Funerals Australia



OPEX % Sales

41%

↓ 2 points

EBITDA Margin

26%

↑ 1 point

HY 22

- › Record funeral case volume & case average
- › Disciplined, quarterly pricing approach has limited inflation impacts
- › Labour constraints and cost control drove improved operating profit metrics
- › Trial roll-out of new urn and jewellery ranges
- › Continued investment in network, including new shared services centres
- › Upgraded key websites & expanded digital customer self-serve capability
- › Rebalancing our marketing & CX investment to convert new customers

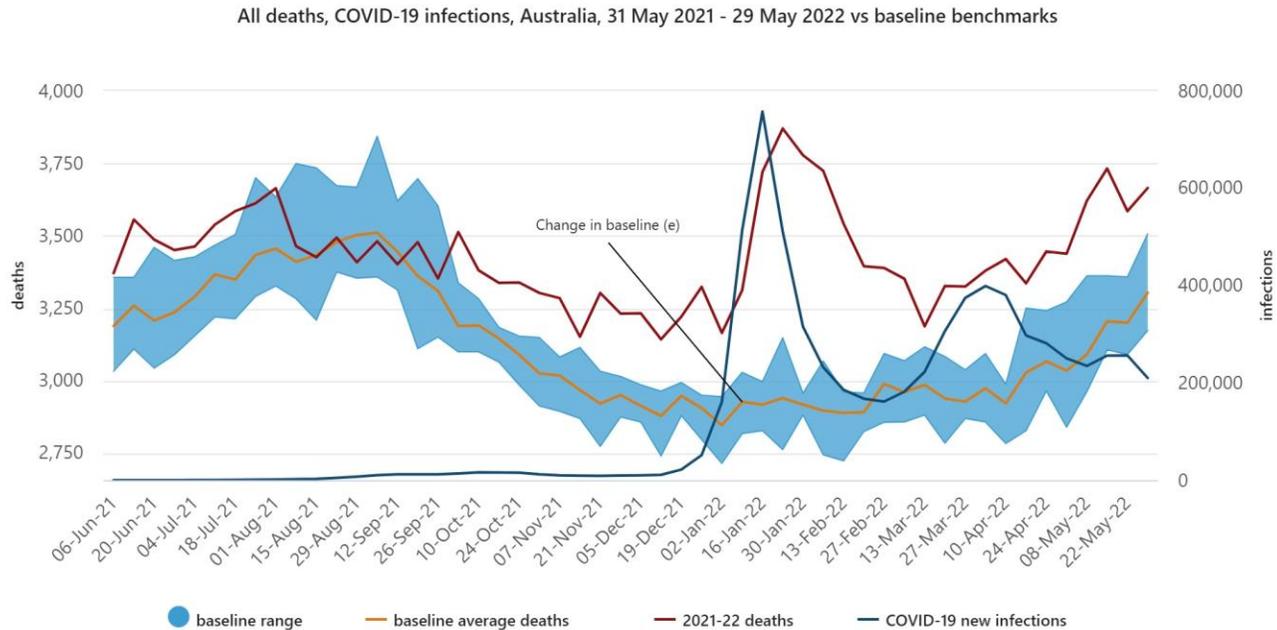


FY 22 Focus

- › Talent recruitment, on-boarding and development
- › Continued operational excellence, cost efficiency & workforce planning focus
- › CRM & data investments
- › Digital investments and improved sales lead capture & conversion
- › Embed Memories services and new partnerships

Provisional Mortality Statistics – r12

Spike in ‘excess deaths’ evident during Q1 2022, which coincided with high level of staff absenteeism



a. Data is by occurrence.

b. Data is provisional and subject to change.

c. Weeks are defined as seven-day periods which start on a Monday as per the ISO week date system. Refer to 'Weekly comparisons' on the methodology page of this publication for more information regarding the data in this graph.

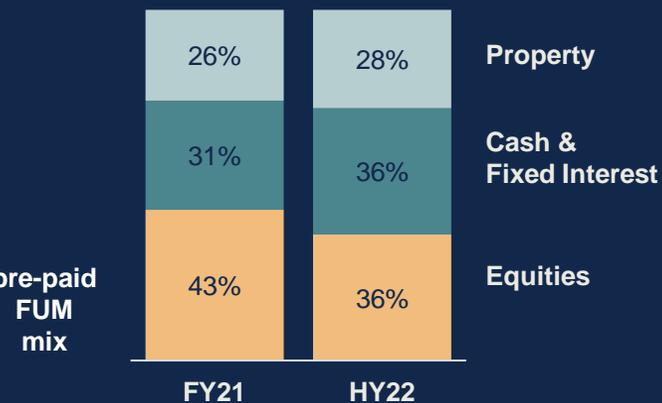
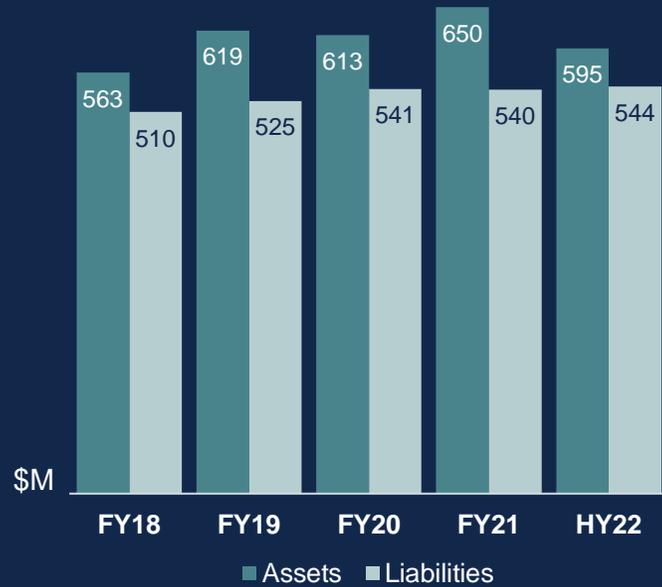
d. Data for the number of COVID-19 infections has been sourced on 3 August 2022 from the COVID-19 daily infections graph published on the Australian Department of Health website.

e. The baseline includes deaths from 2015-19 (for 2021) and from 2017-19 and 2021 (for 2022).

Source: Australian Bureau of Statistics, Provisional Mortality Statistics Jan - May 2022

- › Australian provisional mortality statistics available to the end of May 2022
- › ‘Excess death’ spikes at different times during the period, across markets and states
- › Key spike in ‘excess deaths’ in January & February coincided with high level of staff absenteeism
- › Mortality rates are trending back to long term trend after two years of below average deaths

Pre-paid Funerals



HY 22

- › Global equity market performance has driven the revaluation loss in pre-paid FUM assets in H1
- › COVID and staffing impacts on operations and sales
- › Conducted Pre-paid strategic review
- › Further work to automate back-end processes

Prepaid % of At Need Funerals

14%

↓ 0.2 points

Prepaid asset headroom¹

\$51.5M

↓ 53% from Dec

MTM impact through Non-Operating earnings	HY22 \$M	HY21 \$M
(Loss)/Gain on pre-paid contract FUM	(46.0)	38.6
Change in provision for pre-paid contract liabilities ²	(10.3)	(10.6)
Net (loss)/gain on undelivered contracts	(56.3)	28.0

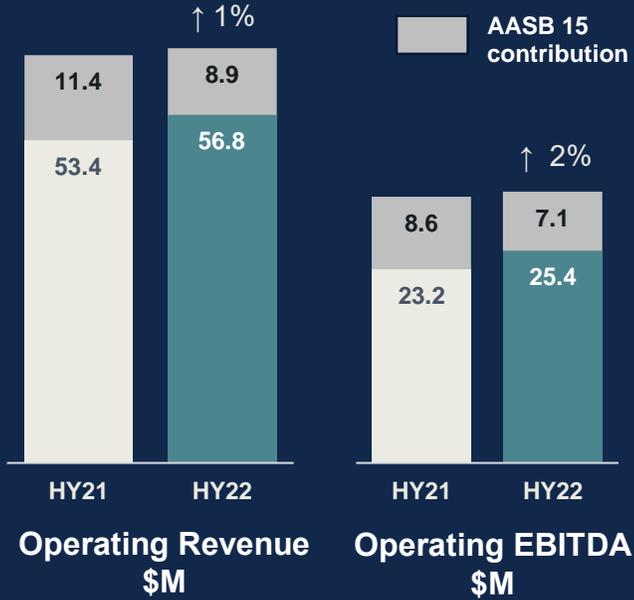
FY 22 Focus

- › New senior resource to drive operations and strategy execution
- › Phased implementation of strategic review to maximise long term opportunity
- › Optimisation of back-end system & processes
- › Recovery in pre-paid FUM asset value if global equity markets stabilise

¹: Pre-paid contract FUM (i.e., assets) less contract liabilities

²: Revaluation of pre-paid contract liabilities to reflect financing charge from liability discount unwind for the time value of money and estimated future cost of delivering funeral services

Cemeteries & Crematoria Australia



OPEX % Sales
37%
Flat

EBITDA Margin
49%
Flat

HY 22

- › Double digit growth in burials and cremations reflect market conditions
- › AASB 15 revenue & EBITDA contribution continues to decline as expected
- › Elevated rainfall constrained park development & growth, and increased maintenance costs & issues, driving decline in NPS
- › Drier conditions in June enabled return to construction & revenue recognition
- › Supply chain delays impacting receipt of new, more efficient cremators
- › Prepared for the phased roll-out of new ERP
- › Progressed 'Park as a destination' planning for several parks

NPS
+70.4
↓ 3.7 points

LTIFR
8.3
↓ 50%

Memorialisation¹
+ 3.2%
On PCP sales

Cremations
11,196
↑ 13%

Burials
1,674
↑ 18%

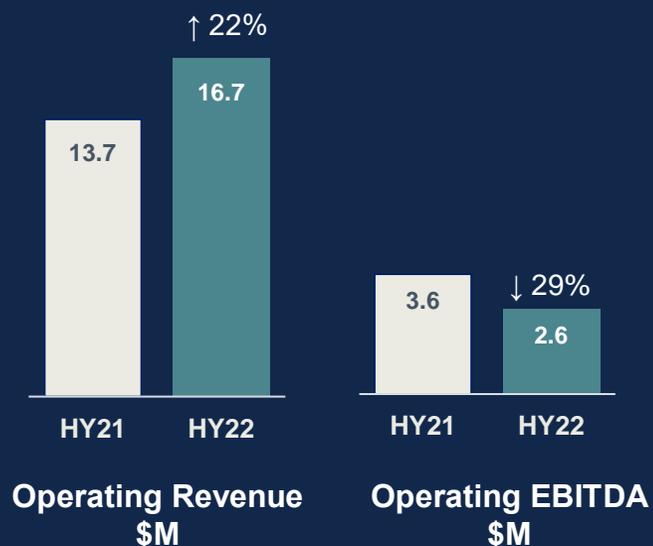
FY 22 Focus

- › New ERP system implementation
- › Upgrade of national cremator network
- › 'Park as a destination' upgrades & memorialisation construction, weather permitting
- › Continue to broaden community relationships

¹: Sale of memorials, plaques, burial plots etc.

²: See page 38 for further information on the impact of AASB 15 on operating results of this business.

Pet Cremations Australia



OPEX % Sales

64%

↑ 8 points

EBITDA Margin

15%

↓ 11 points

HY 22

- › Continued volume growth supporting market fundamentals
- › National operational integration brought forward a year, aligning business models and systems
- › Supply chain delays impacting receipt of new, more efficient cremators
- › Increased labour cost investment to meet volume demands and capability requirements for next stage of growth
- › Frictional costs of integration have driven \$1.5 million of one-off restructuring costs, included in non-operating EBIT



FY 22 Focus

- › Implementing national service, product and price changes
- › Cost base efficiency measures
- › Continuing to pursue vet agreement opportunities
- › Acquisition pipeline

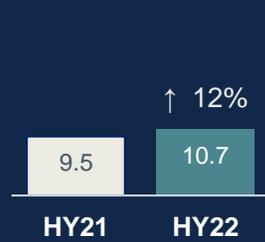
International

New Zealand

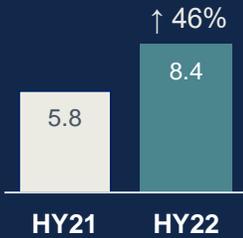


Operating Revenue
NZ\$M

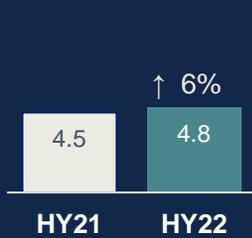
Singapore



Operating Revenue
S\$M



Operating EBITDA
NZ\$M



Operating EBITDA
S\$M

OPEX % Sales
45%
↓ 3 points

EBITDA Margin
26%
↑ 5 points

OPEX % Sales
33%
↑ 1 point

EBITDA Margin
45%
↓ 3 points

New Zealand

HY 22

- › Restrictions relaxed from April allowing for additional service offerings
- › Spike in excess deaths, record funeral case volume delivered
- › Labour constraints and cost control drove improved profit metrics
- › Continued investment in network

Singapore

- › Restrictions relaxed from May allowing for additional service offerings
- › Record funeral case volume delivered
- › Increase in workforce costs impacting profit metrics

NPS
+88.0
↑ 1.3 points

LTIFR
2.5
↓ 84%

Funeral case volumes
3,703
↑ 13%

Customer recommendation
98.8%
↑ 0.8 points

Funeral case volumes
889
↑ 6%

FY 22 Focus

- › Expand exposure to larger markets
- › Increase offering along customer lifetime journey
- › Delivery of scheduled network projects

- › Continued service and value-add focus

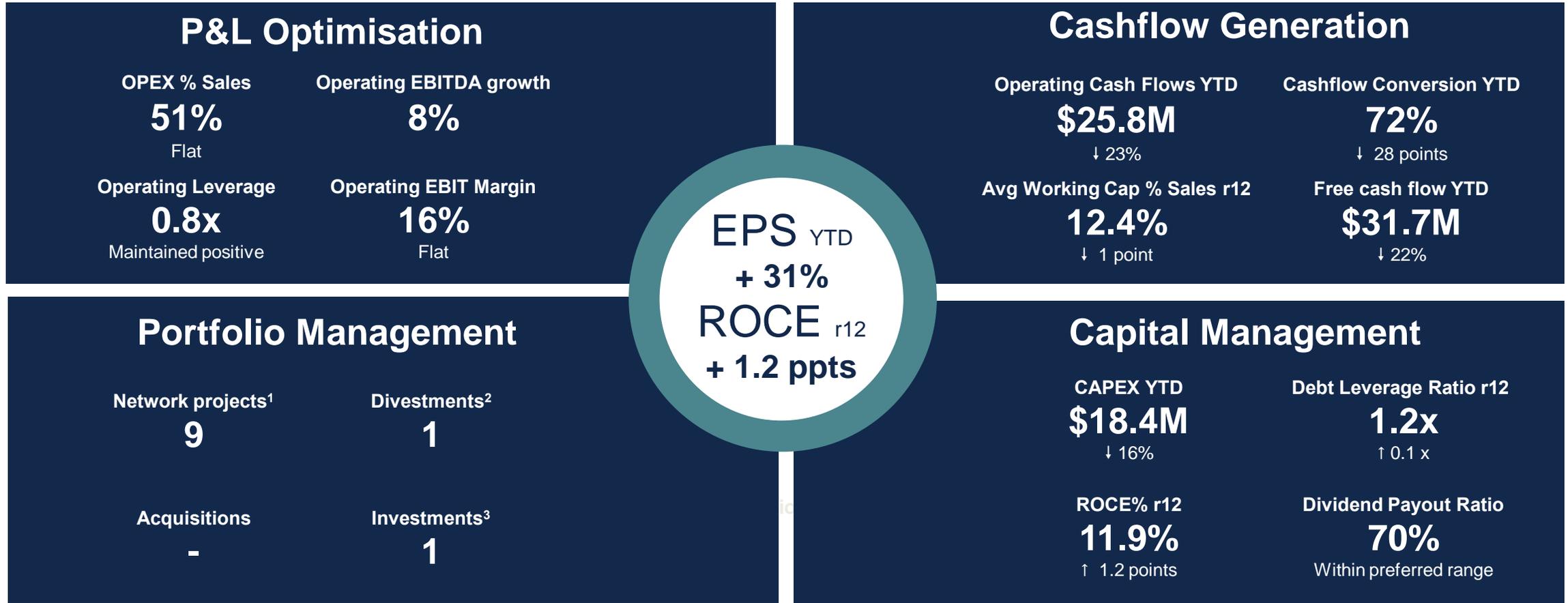
Financials

Adrian Gratwicke, CFO

 InvoCare

HY22 Financial Management Scorecard

Strong growth in key measures of success



N.B. Definitions of these financial measures are provided in the Glossary on pages 41-42

¹: Network Projects includes major location enhancements and shared service centre construction completed or underway in the period

²: Divestments include property and business divestments

³: Includes equity investments in companies

HY22 Profit & Loss

Growth in operating earnings supported by increased mortality rate and cost control

		Restated ¹		
	HY22	HY21	CHANGE	CHANGE
	\$000	\$000	\$000	%
Operating Revenue	283,332	257,343	25,989	10%
Finished goods, consumables and funeral disbursements ²	(70,531)	(62,486)	(8,045)	13%
Operating Expenses ²	(144,322)	(131,307)	(13,015)	10%
Operating EBITDA	68,479	63,550	4,929	8%
Funerals Australia	43,857	37,437	6,420	17%
Cemeteries & Crematoria Australia ³	32,421	31,835	586	2%
Pet Cremations	2,575	3,649	(1,074)	(29%)
Support Office – Field	(5,776)	(4,039)	(1,737)	43%
Australia	73,077	68,882	4,195	6%
New Zealand⁴	7,751	5,337	2,370	44%
Singapore⁴	4,896	4,414	490	11%
Support Office IT ⁵	(6,806)	(4,875)	(1,932)	40%
Support Office Corporate ⁵	(10,439)	(10,247)	(192)	2%
Depreciation & Amortisation expense	(23,925)	(24,104)	180	(1%)
SaaS arrangements – pre-paid technology expense	(496)	(281)	(215)	77%
Business acquisition costs	(382)	(714)	332	(47%)
Net gain on lease modifications/terminations	337	1,493	(1,156)	(77%)
Operating EBIT	44,013	39,944	4,070	10%
Non-Operating EBIT	(63,034)	32,743	(95,778)	(293%)
Net finance costs ⁶	(6,031)	(9,112)	3,082	(34%)
Tax	8,378	(20,431)	(28,810)	(141%)
Non-controlling interest	(91)	(49)	(42)	85%
Reported (Loss)/ Profit After Tax attributable to s'holders	(16,765)	43,095	(59,860)	(139%)

- › Recovery in key value drivers (volumes and case average) drives strong revenue growth
- › Operating cost growth held in line with revenue growth
- › Ongoing cost investment in technology
- › D&A in line with PCP
- › Lower financing costs reflect lower interest margin charged and \$1.6million FX gain on translation of NZD debt
- › Non-Operating EBIT includes the impact of the 'unrealised' mark-to-market (MTM) revaluation of FUM (large gain in PCP)
- › Tax benefit reflects FUM MTM loss
- › Despite strong underlying operating earnings growth, the Group reported a Loss, driven primarily by the Non-Operating impact

¹: PCP restated to reflect impact of change in accounting for SaaS implementation costs, as set out in 2021 Annual Report

²: Further details provided on page 17

³: Includes AASB 15 contribution, which is decreasing, see page 38 for details

⁴: This is the AUD equivalent of Operating EBITDA for these businesses. Local currency equivalent earnings are set out on page 13

⁵: Further details provided in appendix on page 35

⁶: Further details provided in appendix on page 36

Operating expenses

OPEX % Sales kept flat, reflects cost containment & pricing approach despite inflationary pressures

	HY22 \$000	Restated HY21 \$000	CHANGE \$000	CHANGE %	
Finished goods, consumables and funeral disbursements	(70,531)	(62,486)	(8,045)	13%	Increased sales activity including passed-through disbursements (such as cemetery fees), and increased use of external mortuary ambulance to cope with volume 'spikes'
Employee benefits expense	(103,500)	(92,933)	(10,567)	11%	Increased marginal cost of delivery driven by volume 'spikes' (such as overtime), wage increases, and annualised impact of capability investments made in 2021
Advertising and public relations expenses	(6,305)	(7,296)	991	(14%)	Timing of marketing programs, will normalise in H2
Occupancy and facilities expenses	(12,735)	(11,878)	(857)	7%	Insurance and land tax cost increases and increased facility & garden maintenance
Motor vehicle expenses	(4,702)	(3,963)	(739)	19%	Fuel cost increases and increase in use of hired mourning cars
Technology expenses	(8,372)	(6,740)	(1,632)	24%	Increased data & telephony costs and licensing costs reflecting larger footprint; new digital and customer related software licensing
Other expenses	(8,707)	(8,498)	(210)	2%	Increase in client amenities costs (activity driven)
Operating expenses	(144,322)	(131,307)	(13,015)	10%	
OPEX % Sales	51%	51%	-	-	

Non-Operating EBIT

Decline in global equity markets driving revaluation loss on pre-paid FUM in the half

	HY22 \$000	Restated ² HY21 \$000	CHANGE \$000	CHANGE %	
Revenue ¹	2,041	3,512	(1,470)	(42%)	Lower pre-paid contract sales and FUM balance has driven lower fee income
Expenses	(2,920)	(2,882)	(39)	1%	Costs of pre-paid business including employee and marketing costs – largely fixed
EBITDA – NON OPERATING	(879)	630	(1,509)	(239%)	
Depreciation & Amortisation expense	(2)	(6)	4	(58%)	
SaaS arrangements – expensed as incurred ²	(4,673)	(1,655)	(3,018)	182%	Costs related to implementation of SaaS solutions that are expensed as incurred
Restructuring cost	(1,476)	-	(1,476)	n/a	One-off restructuring costs in Pet Cremation business associated with the frictional cost of integrating the operations into a national business
Asset sales gain	361	5,780	(5,419)	(94%)	Net gain on disposal of one location during the half
Net (loss)/gain on pre-paid contracts	(56,365)	27,994	(84,359)	(301%)	Decline in global equity markets has driven a significant MTM ‘unrealised revaluation loss’ on Prepaid FUM
EBIT– NON-OPERATING	(63,034)	32,743	(95,778)	(293%)	

¹: Primarily administration fee & other revenue earned on pre-paid contracts recognised when service is performed

²: Change in accounting for SaaS implementation costs in FY21, such costs are expensed as incurred and classified as non-operating. See 2021 Annual Report for further details on this accounting policy change.

Balance Sheet

Maintained strong balance sheet and increased return on capital employed

	HY22 \$000	FY21 \$000	CHANGE \$000	CHANGE %	Restated HY21 ¹ \$000	
Trade and other receivables	86,054	80,630	5,424	7%	81,089	Strong end to the half in sales has driven increase in current debtors
Inventories	44,009	46,866	(2,857)	(6%)	42,957	Memorialisation sales have driven decrease in inventory
Trade and other payables	(59,250)	(69,226)	9,976	(14%)	(57,546)	Lower creditor days and payment of prior period accrued incentives
Net Working Capital	70,813	58,270	12,543	22%	66,500	
Property, plant and equipment	495,506	494,454	1,052	<1%	467,081	
Intangibles	226,145	226,913	(768)	(<1%)	224,746	
Pre-paid Technology asset	11,447	8,601	2,846	33%	7,939	SaaS-related implementation spend that meets the criteria for Prepayment
Net Pre-paid Funds/liabilities – Pre-paid Funerals	51,511	109,435	(57,924)	(53%)	97,777	Reduced 'headroom' primarily reflecting reduced FUM asset value
Net right of use asset and lease liabilities ²	(11,081)	(12,646)	1,565	(12%)	(11,334)	
Net Deferred costs and revenue	(86,572)	(90,241)	3,669	(4%)	(92,882)	Drier end to Q2 permitted memorialisation construction & revenue recognition but lower sales & related commissions held balances below FY21 & PCP
Net tax items	(34,497)	(47,095)	12,598	(27%)	(41,309)	Net decrease reflecting deferred tax benefit of FUM MTM revaluation loss
Other items ³	(23,294)	(22,116)	(1,178)	5%	(36,527)	
Total Capital Employed	699,978	725,575	(25,597)	(4%)	681,989	
Net Debt	(154,277)	(144,654)	(9,623)	7%	(124,741)	Refer page 22
Net Assets	545,701	580,921	(35,220)	(6%)	557,249	
Average working capital as a % of sales r12	12.4%	11.4%			13.4%	
ROCE % r12	11.9%	11.2%			10.7%	Continued incremental growth, up 1.2 points on PCP

¹: Change in accounting for SaaS implementation costs in FY21, such costs are expensed as incurred and classified as non-operating. See 2021 Annual Report for further details on this accounting policy change.

²: Lease liabilities excludes finance leases included within Net Debt, see page 22 for breakdown of Net Debt

³: Includes derivative financial instruments, deferred/contingent consideration liabilities arising from acquisitions, provisions for employee entitlements, other financial assets (including investment in Memories) and assets held for sale

Cash Flow

Short-term working capital timing & SaaS expenditure impacted H1 cash conversion %

		Restated ¹			
	HY22 \$000	HY21 \$000	CHANGE \$000	CHANGE %	
Operating EBITDA	68,479	63,550	4,930	8%	
Net change in working capital ²	(31,875)	(12,263)	(19,615)	160%	Increased short-term working capital investment reflecting increased activity levels
Net Finance costs paid ²	(6,559)	(7,254)	695	(10%)	
Tax paid	(4,209)	(10,488)	6,279	(60%)	Lower tax instalments
Operating Cash Flows	25,836	33,545	(7,711)	(23%)	Reflects working capital movement and increased SaaS related expenditure (Alternative statutory operating cashflow presentation included on page 37)
(Acquisitions)/ Divestments	596	7,850	(7,254)	(92%)	No material acquisitions or disposals in the half
Capital Expenditure	(18,380)	(21,885)	3,506	(16%)	See page 21
Net Funds from pre-paid contracts	12,300	11,888	413	3%	Net of new pre-paid contract sales and redemption cash flows
Investing Cash Flows	(5,484)	(2,147)	(3,335)	155%	PCP benefitted from inflows from material property divestments
Dividends paid	(16,643)	(10,084)	(6,559)	65%	FY21 final dividend paid in the half
Net draw down/(repayment) of borrowings	5,903	-	5,903	n/a	New revolving syndicated debt facility allows for more flexible drawdowns/ repayments to minimise finance costs
Net lease payments	(10,171)	(9,020)	(1,151)	13%	Lease payments higher due to new facilities and prior year acquisitions
Other	33	-	33	n/a	
Financing Cash Flows	(20,878)	(19,104)	(1,774)	9%	
Change in Cash Held	(526)	12,294			
Cash conversion %	72%	100%		(28 ppts)	Decline primarily driven by working capital timing & SaaS expenditure; normalised ³ cash conversion in the range of 80-90%, closer to pre-COVID H1 levels
Free Cash Flow	31,715	40,556	(8,841)	(22%)	

¹: Change in accounting for SaaS implementation costs in FY21, such costs are expensed as incurred and classified as operating cash flows. See 2021 Annual Report for further details on this accounting policy change.

²: Net working capital movement and net finance costs disclosed exclude non-cash movements and therefore will not reconcile to disclosures of working capital in the balance sheet and net financing costs included in the profit or loss respectively

³: Normalised cash conversion workings in appendix on page 37

CAPEX

Combination of disciplined capital investment and project delays limited H1 CAPEX

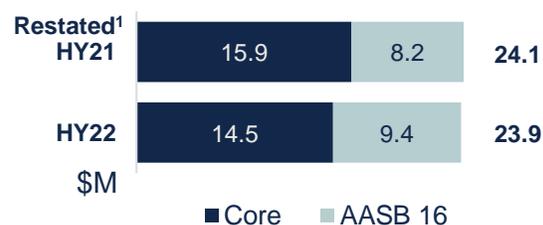
		HY22 \$000	Restated HY21 ¹ \$000	CHANGE \$000	CHANGE %
By Nature	Maintenance CAPEX	7,498	8,253	(755)	(9%)
	Investment – Platform ²	5,652	4,044	1,608	40%
	Investment – Growth/Network	5,229	9,588	(4,359)	(45%)
	TOTAL	18,380	21,885	(3,506)	(16%)
By Category	Facilities	8,838	14,381	(5,543)	(39%)
	Information Technology & Digital	7,551	5,267	2,284	43%
	Motor Vehicles	645	765	(120)	(16%)
	Other assets	1,345	1,472	(127)	(9%)
	TOTAL	18,380	21,885	(3,474)	(16%)
By Business	Funerals Australia	7,145	10,799	(3,654)	(34%)
	Cemeteries & Crematoria Australia	4,343	1,316	3,027	230%
	Pet Cremations	693	1,226	(533)	(43%)
	New Zealand	819	1,633	(814)	(50%)
	Singapore	47	77	(30)	(39%)
	Support Office	5,332	6,834	(1,502)	(22%)
	TOTAL	18,380	21,885	(3,474)	(16%)

- › Platform investment includes Shared Service Centre projects and ERP implementation spend
- › Growth/Network includes digital project initiatives (websites, e-Commerce and CRM projects) and other network property projects
- › Information Technology & Digital spend includes PC, Tablet & Phone refresh program together with digital projects spend

Outlook

- › Continued platform investment on ERP solutions for wider business and investment in digital solutions and e-Commerce
- › DA approval & construction delays in some planned network and park upgrade projects as well as ongoing recruitment challenges have pushed spend to H2/ FY23
- › Core D&A expense expected to increase in H2 as projects complete and begin to be depreciated/amortised

Depreciation & Amortisation expense



¹: Change in accounting for SaaS implementation costs in FY21, such costs are expensed as incurred and classified as operating cash flows. See 2021 Annual Report for further details on this accounting policy change. HY21 includes one-off \$1.1million of accelerated depreciation of leasehold improvements as a result of an office move

²: CAPEX excludes \$4.7 million of SaaS related expenditure now expensed as incurred and captured in Operating Cash Flows (HY21: \$1.7 million)

Capital Management

Increased returns to shareholders and strong funding capacity to support future growth

	HY22	FY21	CHANGE	CHANGE	Restated ²
	\$000	\$000	\$000	%	HY21
					\$000
Net Debt					
Cash and cash equivalents	52,977	53,630	(653)	(1%)	131,151
Borrowings	(194,279)	(188,843)	(5,436)	3%	(246,355)
Finance lease liabilities	(12,975)	(9,441)	(3,534)	37%	(9,537)
Net Debt	(154,277)	(144,654)	(9,623)	7%	(124,741)
Lease liabilities ¹	(162,708)	(165,962)	3,254	(2%)	(161,615)
Total Lease Adjusted Debt	(316,984)	(310,616)	(6,369)	2%	(286,356)
Total shareholders' equity²	545,701	580,921	(35,220)	(6%)	557,249

	HY22	FY21	CHANGE	Restated ²	Covenant
				HY21	
Debt metrics					
Debt Leverage ratio r12	1.2x	1.2x	-	1.1x	< 3.5x
Interest cover ratio r12	25.1x	15.8x	9.3x	11.2x	> 3.0 x

Debt facilities	HY22 Drawn \$M	HY22 Limit \$M	HY22 Tenor Remaining
Note Purchase Agreement	100.0	100.0	7 years
Syndicated debt – multi currency revolving cash advance ³	96.3	275.0	3 years
Working capital overdraft facility	-	7.4	1 year
Total available debt	196.3	382.4	

	HY22	Restated ²	CHANGE
		HY21	%
Dividends			
Weighted average # shares (thousands)	142,946	142,922	n/m
Operating EPS (cents)	19.3	14.7	31%
Interim Dividend (cents)	13.5	9.5	42%
Dividend payout ratio	70%	65%	

Net Debt & Debt Leverage (r12)



¹: Lease liabilities excludes finance leases that are included within Net Debt

²: Change in accounting for SaaS implementation costs in FY21, such costs are expensed as incurred which has impacted retained earnings and Operating EBIT. See 2021 Annual Report for further details on this accounting policy change.

³: Includes draws in NZD and SGD and therefore drawn balance moves due to FX fluctuations

Strategy & Outlook

Olivier Chretien, CEO



Strategy: Strong momentum

Increasing focus on profitable organic and acquisitive growth



Customer led, People empowered

- › CRM & data investments
- › Enhance Employee Value Proposition
- › Increased focus on Diversity, Equality & Inclusion initiatives



Operational Excellence

- › Continued shared services optimisation
- › Roll-out Cemeteries & Crematoria ERP
- › Scope new workforce planning system and capabilities



Stronger core growth

- › Accelerate Simplicity growth
- › Optimise customer digital & phone channels
- › Pursue M&A agenda for quality assets
- › Phased implementation of Prepaid Strategy
- › 'Park as a destination' upgrades



New growth platforms

- › Rapid digitisation of offering & ecosystem
- › Consolidate and scale Pet Cremation operations
- › Innovation Hub opportunities
- › Rebuilding pipeline of new M&A & partnership opportunities

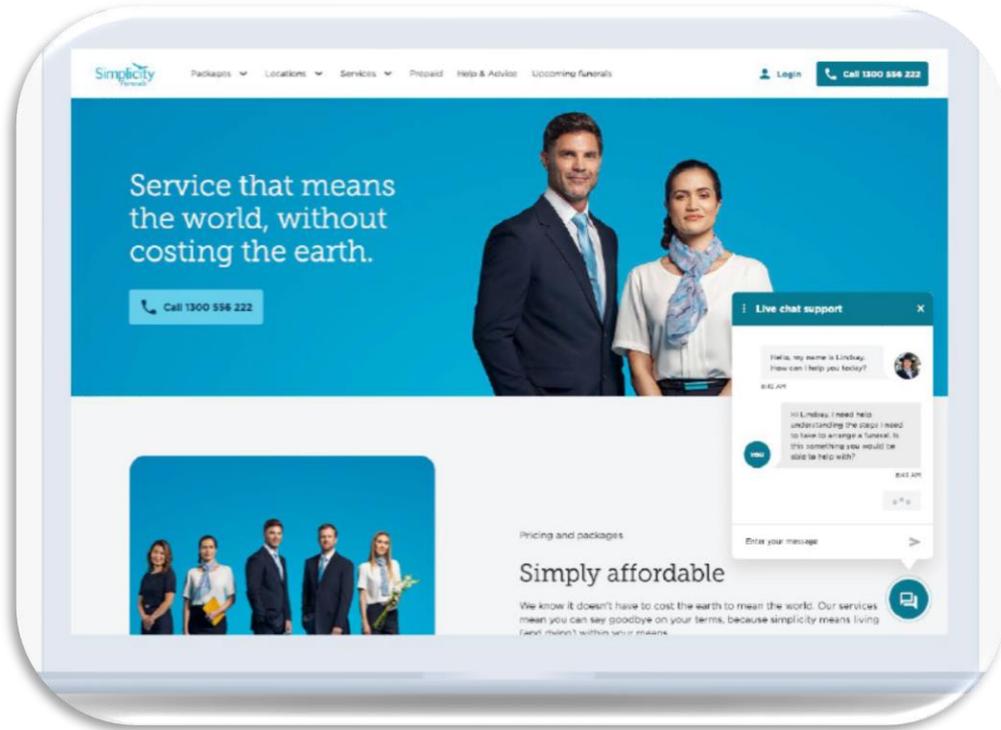


Sustainable Leadership

- › Embed new safety initiatives
- › Complete emission assessment and develop reduction strategies
- › Launch new sustainability initiatives

Digitising our offering and ecosystem

Meaningful modernisation of our assets



- › **Upgrading** our largest websites, enhancing content, modernising the brand and customer experience, and focusing on conversion
- › **Leveraging** the latest Adobe suite of technologies
- › Progressively adding **self-serve capabilities** to our offering – Simplicity the first to offer self-serve capabilities
- › **Investment** in National Customer Care Centre in H1 with expanded capabilities, knowledge management and scale enabling us to better meet the needs of first calls
- › **LiveChat** and e-Commerce to be deployed in H2
- › **Integrated CRM** investment underway, linking call, digital and in-location customer experience
- › **Expanding** customer omnichannel experience, from pre-need, at-need to post-need memorialisation

Innovation Hub – Journey to date

Establishing InvoCare as an essential part of the ecosystem

Launched at end of 2021 to connect InvoCare with...

Innovators



- › InvoCare employees utilising smart glasses technology
- › Enables expert training and remote support to regional mortuary employees from central locations

Commercial Partners



- › Investment in Memories and distribution agreement
- › Digital memorial timelines now available through the majority of Australian full service funerals
- › Currently scaling into New Zealand
- › New Investment in Parting Stone (see next page)

Not For Profit Partners



- › Partnership with the Violet Foundation - a NFP focused on supporting carers of the frail and terminally ill
- › Training provided to InvoCare field and support employees enabling referrals to Violet
- › InvoCare funding assists Violet to scale

Researchers & Universities



- › Sponsors of the DeathTech Research Team's *Redesigning Deathcare Conference*
- › Collaborating with University of Melbourne on research into consumer preferences in deathcare

Innovation Hub – Parting Stone

Strategic investment

- › Strategic investment in Parting Stone Incorporated - a US based start-up that has developed a proprietary process to solidify cremated remains known as '*solidification*'
- › Families may now choose burial, cremation or cremation *with solidification*
- › The solidified, river stone form enables families to feel a unique connection with their loved one (human or pet) that is not always experienced with granular cremains.
- › In partnership with Parting Stone Incorporated, InvoCare has created Parting Stone Australia – an InvoCare majority owned entity that will hold the exclusive rights to manufacture and distribute Parting Stone through Australia, New Zealand and select parts of South-East Asia.
- › Parting Stone Australia will operate both direct to consumer and through funeral homes and crematoria (of InvoCare & third parties)
- › Parting Stone Australia will launch in 2023



Executive Leadership Team

Right team in place to execute the strategy



Olivier Chretien
CEO



Adrian Gratwicke
CFO



Lynne Gallucci
EGM Funerals
Australia



Victoria Doidge
EGM Customer



Fergus Kelly
EGM Stakeholder
Engagement



Steve Nobbs
EGM Cemeteries &
Crematoria



Penny Lovett
EGM People &
Culture



Heidi Aldred
Company Secretary &
General Counsel



Tim Higgins
EGM International,
Strategy & Innovation



Grace Westdorp
EGM Health, Safety
& Sustainability

Outlook

Positive start to H2 FY22, confident in navigating short term uncertainties

- › ‘Excess’ mortality rates in Australia, New Zealand & Singapore
- › Eased restrictions expected to support larger, higher value funerals – early H2 funeral case average up 7% on PCP
- › Ongoing uncertainty with COVID, economic environment, labour markets and weather

Positioned to deliver near and long-term shareholder value

- › Growing & ageing population
- › Strong teams, customer advocacy, market leading positions, and balance sheet to support future growth
- › Strategic momentum, increasing focus on profitable organic and acquisitive growth

Thank you,
Questions?

 InvoCare

EXIT

春天本是命，
采华富贵自修。
看看白了少年头，
生死谁知先后。

EXIT

Important information

This presentation dated 29 August 2022 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

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Non-IFRS financial information

To support an understanding of comparable business performance, this 2022 Half Year Results 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 pre-paid funeral business;
- Other non-operating activities, including asset sales gain/loss, impairment loss, SaaS arrangement costs and restructuring costs as applicable.

Balance sheet and cash flow information presented is consistent with the information disclosed in the statutory presentation in the Appendix 4D Half 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.



Appendices

Indigenous smoking ceremony at the opening of our enhanced Hansen & Cole Kembla Grange site, NSW

Supplementary information: Sustainability strategy

2022 and beyond



People

- › Progressing health and safety initiatives
- › Training & development and new platforms and systems
- › Employee Value Proposition (EVP)
- › Diversity, Equity and Inclusion (DEI)
- › New ergonomically designed facilities



Place

- › Expanded use of memorial parks
- › Diverse products and inclusive funerals
- › Digital transformation
- › Continued community engagement



Planet

- › Modern Slavery training & statement refresh
- › Minimising cremation impacts on the environment
- › Electric fleet and hearses
- › Sustainable buildings
- › Task Force on Climate-Related Financial Disclosures (TCFD)
- › Investigate greenhouse gas (GHG) emissions and reduction initiatives
- › Use of chemicals and disposal of waste

Supplementary information: Reconciliation – Operating to Statutory Earnings

	Operating Results HY22 \$000	Non- Operating HY22 \$000	Statutory Results HY22 \$000	Restated ¹ Operating Results HY21 \$000	Restated ¹ Non- Operating HY21 \$000	Restated ¹ Statutory Results HY21 \$000
Revenue	283,332	2,041	285,373	257,343	3,512	260,855
Expenses	(214,853)	(2,920)	(217,773)	(193,793)	(2,882)	(196,675)
EBITDA	68,479	(879)	67,600	63,550	630	64,180
Depreciation & Amortisation	(23,925)	(2)	(23,927)	(24,104)	(6)	(24,110)
SaaS arrangements	(496)	(4,673)	(5,169)	(281)	(1,655)	(1,936)
Business acquisition costs	(382)	-	(382)	(714)	-	(714)
Restructuring costs	-	(1,476)	(1,476)	-	-	-
Net gain/(loss) on pre-paid contracts	-	(56,365)	(56,365)	-	27,994	27,994
Net gain on lease modifications/terminations	337	-	337	1,493	-	1,493
Asset sales gain	-	361	361	-	5,780	5,780
EBIT	44,013	(63,034)	(19,021)	39,944	32,743	72,687
Net Finance Costs	(5,604)	(427)	(6,031)	(8,583)	(529)	(9,112)
Tax	(10,770)	19,148	8,378	(10,361)	(10,070)	(20,431)
Non-controlling interest	(91)	-	(91)	(49)	-	(49)
Net profit/(loss)	27,548	(44,413)	(16,765)	20,951	22,144	43,095
EPS (cents per share)	19.3	(31.0)	(11.7)	14.7	15.5	30.2

¹: Restated to reflect change in accounting for SaaS implementation costs in FY21, such costs are expensed as incurred and classified as operating or non-operating depending on their nature. See 2021 Annual Report for further details on this accounting policy change.

Supplementary information: Support Costs

Support Office - IT	HY22 \$000	HY21 \$000	CHANGE \$000	CHANGE %
Employee benefits expense	(1,929)	(1,607)	(322)	20%
Technology expenses	(538)	(482)	(55)	11%
Software licence fees	(4,206)	(2,755)	(1,451)	53%
Other expenses	(133)	(30)	(103)	340%
Total EBITDA	(6,806)	(4,875)	(1,932)	40%

Support Office - Corporate	HY22 \$000	HY21 \$000	CHANGE \$000	CHANGE %
Employee benefits expense	(8,961)	(8,252)	(708)	9%
Occupancy and facilities expenses	(335)	(136)	(200)	147%
Technology expenses	(285)	(380)	95	(25%)
Other expenses	(858)	(1,479)	620	(42%)
Total EBITDA	(10,439)	(10,247)	(192)	2%

Support – IT

- › Significant capability investment commenced in FY21 to internalise roles & reduce reliance on 3rd party vendors to build a 'right-sized' function capable of supporting the business
- › Increase in software licence fees reflecting ERP deployments, increase in number of user licences and digital strategy related software investments

Support - Corporate

- › Corporate support functions (e.g. Finance, Legal, listed company costs and office of the CEO/CFO)
- › Annualised impact of FY21 capability investments reflected in employee cost growth
- › Savings in professional fees partly due to internalisation of critical roles

Supplementary information: Composition of net finance costs

	HY22 \$000	HY21 \$000	CHANGE \$000	CHANGE %	
Interest paid and payable	(3,443)	(3,950)	507	(13%)	Calculated as BBSY+ margin
Interest expense: customer advance payments	(646)	(1,030)	385	(37%)	Non-cash financing costs relating to customer advance payments
Interest expense on lease liabilities	(2,874)	(2,762)	(112)	4%	AASB 16 related interest, see page 38
FX gain/(loss)	1,643	(242)	1,885	n/a	Gain/(loss) on translation of NZ denominated debt
Other	(1,288)	(1,604)	316	(20%)	Loan establishment, commitment and merchant fees
Interest expense	(6,608)	(9,589)	(2,981)	(31%)	
Interest received	577	477	100	21%	Interest received on cash at bank
Net finance costs	(6,031)	(9,113)	3,082	(34%)	

Supplementary information: Cash flow metrics calculations

	Restated		
	Restated	CHANGE	CHANGE
	HY22	HY21	
	\$000	\$000	\$000
			%
Cash conversion % calculation			
Receipts from customers (incl GST)	261,666	266,770	(5,140)
Payments to suppliers and employees (incl GST)	(228,182)	(218,865)	(9,317)
Other revenue	3,120	3,382	(262)
Interest received	170	134	36
Interest paid	(6,729)	(7,388)	659
Income tax paid	(4,209)	(10,488)	6,279
Operating Cash Flows	25,836	33,545	(7,709)
Add back: Net Finance costs paid	6,559	7,254	(695)
Add back: Tax paid	4,209	10,488	(6,279)
Net Funds from pre-paid contracts	12,300	11,888	412
Other cash flows related to pre-paid contracts	592	118	474
Ungeared, tax free operating cash flows	49,496	63,293	(13,797)
Operating EBITDA	68,479	63,550	4,929
Cash Conversion %	72%	100%	(28 ppts)
Add back: SaaS arrangements expense	4,673	1,655	3,018
Normalised Cash Conversion %	80%	102%	(22 ppts)

	Restated		
	Restated	CHANGE	CHANGE
	HY22	HY21	
	\$000	\$000	\$000
			%
Free Cash Flow calculation			
Operating cash flows	25,836	33,545	(7,709)
Add back: Interest paid	6,729	7,388	(659)
Add: Net Funds from pre-paid contracts	12,300	11,888	412
Less: CAPEX – Maintenance	(7,498)	(8,253)	755
Less: CAPEX - Investment – Platform	(5,652)	(4,012)	(569)
Free cash flow	31,715	40,556	(8,841)

Supplementary information: AASB15 & AASB 16 impacts

	AASB 15 impact	FY18	FY19	FY20	FY21	HY22	FY22 est	FY23 est
		\$M	\$M	\$M	\$M	\$M	\$M	\$M
Unwind of deferred revenue when revenue recognition criteria met e.g. control of property/interment right, usually upon receipt of full payment	Operating Revenue	21.6	16.3	20.3	18.8	8.9	14.0 – 17.0	Nil – 3.0
Unwind of deferred selling costs including inventory movements and commissions paid to sales staff	Operating Expenses	(5.7)	(3.9)	(5.0)	(4.5)	(1.9)	(3.0) – (4.0)	(Nil) – (0.5)
	Operating EBITDA	15.9	12.4	15.3	14.3	7.1	11.0 – 13.0	Nil – 2.5
Financing cost from receiving customer payments in advance, increases deferred revenue to reflect current selling price	Interest	(3.5)	(2.9)	(2.0)	(0.9)	(0.2)	(0.5) - (1.0)	(Nil) – (0.5)
	Profit before tax	12.4	9.5	12.3	13.4	6.8	10.5 – 12.0	Nil – 2.0

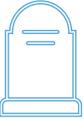
	AASB 16 impact	FY18	FY19	FY20	FY21	HY22	FY22 est
		\$M	\$M	\$M	\$M	\$M	\$M
Impact of reversal of operating lease rental expense , increases EBITDA	Operating EBITDA	-	14.2	15.5	16.0	8.5	16.0 – 19.0
Depreciation of Right to Use Asset , in lieu of rent expense	Depreciation	-	(11.4)	(16.4)	(17.3)	(9.4)	(16.0) – (20.0)
Unwind of discount rate on present value of lease liabilities	Interest	-	(4.8)	(5.3)	(5.7)	(2.9)	(5.0) – (7.0)
	Profit before tax	-	(1.9)	(6.2)	(7.0)	(3.8)	(5.0) – (8.0)

Supplementary information: Balance Sheet items

	HY22 \$000	FY21 \$000	Restated HY21 \$000
Cash and cash equivalents	52,977	53,630	131,151
Trade receivables	75,652	66,300	62,407
Other receivables	10,470	15,281	18,682
Inventories	44,009	46,866	42,957
Prepaid Technology asset	(A) 11,447	8,601	7,939
Pre-paid contract funds under management	(B) 595,048	649,875	642,111
Assets held for sale	-	89	-
Deferred selling costs	(C) 35,155	35,755	36,871
Deferred contract assets	(D) 1,086	1,963	2,761
Other financial assets	4,072	4,072	4
Property, plant & equipment	495,506	494,454	467,081
Right of use assets	(E) 151,626	153,315	150,281
Intangibles	226,145	226,913	224,746
Total Assets	1,703,193	1,757,114	1,786,991
Trade and other payables	(59,250)	(69,226)	(57,546)
Lease liabilities	(E) (175,682)	(175,402)	(171,152)
Derivative financial instruments	-	(76)	(551)
Current tax liabilities	(2,937)	(5,739)	(1,431)
Deferred revenue	(F) (122,813)	(127,959)	(132,514)
Pre-paid contract liabilities	(B) (543,536)	(540,440)	(544,334)
Provision for employee entitlements	(21,157)	(19,919)	(19,008)
Contingent considerations	(G) (6,278)	(6,282)	(16,973)
Deferred tax liabilities	(31,560)	(42,307)	(39,878)
Borrowings	(194,279)	(188,843)	(246,355)
Total Liabilities	(1,157,492)	(1,176,193)	(1,229,742)
Net assets	545,701	580,921	557,249

Item	Explanation
(A) Prepaid Technology asset	Specific implementation costs for a SaaS arrangement that are recognised as a pre-paid technology asset and unwound over the period of software service through the profit or loss (operating). Other SaaS related costs are expensed as incurred through non-operating EBIT
(B) Pre-paid Contracts	Change in accounting policy in FY10 increased volatility of Reported Profit as Pre-paid FUM asset brought onto the balance sheet with fair value movements recognised through the profit or loss (non-operating) The obligation to perform under the contract is recognised as a liability with increases going through profit or loss based on finance charges (non-operating)
(C) Deferred selling costs	Direct selling costs related to revenue deferred on undelivered memorials and merchandise and unperformed burial and cremation services (e.g. commissions to employees). These unwind through employee expenses when related revenue is recognised
(D) Deferred contract assets	Deferred costs of goods sold related to revenue deferred on undelivered memorials and merchandise and unperformed burial and cremation services. Presented separately from working capital inventory
(E) Right of Use assets & lease liabilities	Impact of adoption of AASB 16 in FY19 brings the present value of leases for locations and plant & equipment on to the balance sheet. See page 38 for impact on financial statements of unwind of these balances
(F) Deferred revenue	Deferred revenue on undelivered memorials and merchandise and unperformed burial and cremation services. Recognised when service is provided, e.g. for memorials upon delivery of the contract, usually reflects receipt of payment in full
(G) Deferred/Contingent consideration	Acquisition related payments that are deferred as they are contingent on achievement of performance conditions for 1 to 2 years post acquisition date depending on acquisition

Supplementary information: Operational & Financial structure

Operating	At need		Funerals	At-need Funeral Services - Australia At-need Funeral Services – New Zealand At-need Funeral Services – Singapore
			Pet Cremations	Pet cremation in Australia
	At need/ Post need		Cemeteries & Crematoria	Memorialisation Burial Services and Cremation Services Other services Located on Australian East Coast and New Zealand
			Field & Group Support	Field Support - including Field HR, Marketing, Procurement, Facilities management IT Support Corporate Support - including Finance, Legal, listed company costs and office of the CEO/CFO
Non-Operating	Pre need		Pre-paid funerals	Pre-Paid Funeral sales – sale and administration of Pre-paid Funeral Services, which creates a pool of funds that are independently controlled
			Significant items	Outcomes of business activities not related to operating business e.g. impairments, gain/loss on disposal of assets, recognition of SaaS costs as expensed as incurred

Glossary (1/2)

Term	Definition
Average capital employed	Average of opening and closing Capital Employed
Average working capital % of sales	Average of opening and closing Working Capital divided by Operating Revenue for a 12 month period
CAPEX	Capital expenditure
Capital employed	As used in ROCE % calculation. Calculated as Total Equity + Net Debt
Cashflow conversion %	Ungeared, tax free operating cash flows divided by Operating EBITDA
COVID	COVID-19 pandemic
CRM	Customer Relationship Management
CX	Customer Experience
DA	Development approval
D&A	Depreciation & amortisation expense
Debt 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). r12 measure uses rolling 12-month Operating EBITDA
Dividend payout ratio	Dividend per share divided by Operating EPS
EBIT Margin	Operating EBIT divided by Operating Revenue
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, e.g. the main Oracle general ledger financial system used by the business
Free cash flow	Operating cash flow + interest paid + net funds from pre-paid contracts less Maintenance CAPEX less Investment – Platform CAPEX
Funeral Case Average	Calculated as gross funeral revenue (including disbursements) divided by funeral case volume
Funeral Case Volume	Number of funeral services undertaken
FUM	Funds under management in the pre-paid funerals business
HSE	Health, Safety & Environment
Interest cover ratio	Calculated as Operating EBITDA divided by Net finance costs excluding AASB 16 interest, merchant fees and interest on customer advance payments. Interest cover 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)
Investment CAPEX	CAPEX undertaken to expand existing operations or further growth prospects, includes platform investments (IT and Shared Service Centre projects)

Glossary (2/2)

Term	Definition
L&D	Learning & Development
LTI	Long term incentives for employees, i.e. share based payments
LTIFR	Lost Time Injury Frequency Rate
Maintenance CAPEX	Recurring annual CAPEX required to maintain facilities, capital works, IT hardware and software and plant & equipment
Memorialisation revenue	Revenue earned from the sale of memorials, plaques, burial plots etc. in the Cemeteries & Crematoria business
MTM	Mark-to-market, revaluation of assets and liabilities held at fair value on the Group's balance sheet
Net debt	Cash and cash equivalents + Borrowings + Finance leases
NFP	Not-for-profit
NPS	Net Promoter Score, calculated based on customer feedback with Group score representative of Australia and New Zealand only
Operating EBITDA	Operating earnings before business acquisition costs, SaaS arrangements expense, gain/loss on lease modification/termination, 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 NPAT	Reported profit excluding non-operating items and associated tax
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
PCP	Prior corresponding period
Pet case average	Gross pet cremation revenue (gross of rebates) divided by Pet cremation volume, average revenue earned from pet cremation cases conducted
Pet cremation case volumes	The number of pets cremations conducted
ROCE %	Calculated as Operating EBIT divided by Average Capital Employed. r12 measure uses rolling 12-month Operating EBIT and Average Capital Employed using prior June balances
SaaS	Software-as-a-service
STI	Short term incentives for employees, i.e. cash based bonuses
TRIFR	Total Recordable Injury Frequency Rate
Ungeared, tax free operating cash flows	Calculated as operating cash flow excluding net finance costs paid and tax paid adjusted by net funds from pre-paid 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

