

## ASX ANNOUNCEMENT

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#### Business Update and Capital Raising

14 April 2020

**InvoCare is undertaking an institutional placement to raise \$150m and follow on share purchase plan to maintain the momentum of its growth initiatives and further strengthen its balance sheet during COVID-19.**

#### Key points:

- InvoCare is raising \$150m through an underwritten institutional placement (**Placement**) to continue the positive momentum achieved on its growth initiatives through an environment of temporary restrictions on the funeral industry as a result of COVID-19. A follow-on non-underwritten share purchase plan (**SPP**) will also be offered to eligible shareholders
- **Case volumes** have been relatively unaffected by the COVID-19 restrictions. InvoCare continues to deliver high quality memorial services for our client families operating in accordance with the new Government regulations on social distancing
- **Case averages**, although impacted by COVID-19, have been resilient to date (<10% decrease<sup>1</sup>). The Group continues to introduce innovative arrangements to deliver its services (e.g. video streaming and deferred memorial services) to reduce the impact of COVID-19 on case averages
- InvoCare is implementing a package of proactive measures to prudently manage its liquidity position, including:
  - Deferring the payment of the FY19 final dividend until the impact and duration of COVID-19 are better understood
  - Continuing to negotiate an extension of the debt tranche due to mature in February 2021
  - Reducing operational expenditure and deferring some elements of capital expenditure
- Core **growth initiatives** (Protect and Grow, Regional Acquisitions and Pet Cremations) continue to offer the Company solid growth opportunities into the future
- This capital raising is designed to provide InvoCare with increased comfort on its debt covenants and allow it to continue with the roll-out of its growth initiatives

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<sup>1</sup> Period going from 23 March to 7 April 2020 vs. pre-COVID-19 Q1 FY20 for Australian funerals.

### Use of Funds

The net proceeds of the capital raising will initially be used to reduce net debt, increase liquidity and balance sheet flexibility to support the business during the current uncertain environment.

Funds will then be deployed progressively prioritising:

- Protect & Grow
- Pre-identified acquisitions
- Digital transformation

InvoCare will continue to take a conservative approach to both capital management and operational expenditure.

### FY19 Final Dividend

The Board has determined it is prudent to defer the payment of the FY19 final Dividend (and the associated issue of securities under the Dividend Reinvestment Plan (DRP), which was to be paid on Friday, 17 April 2020, until the impact and duration of COVID-19 is better understood.

### Strengthened Balance Sheet

Upon completion of the Placement (and prior to any proceeds being received under the SPP), InvoCare's pro forma leverage ratio will reduce to approximately 1.5x with pro forma net debt as at 31 December 2019 of \$204m<sup>2</sup>. Following the Placement, total pro forma liquidity (cash on hand plus committed undrawn bank facilities) as at 31-Dec-19 will increase to approximately \$258m<sup>3</sup>.

A further trading update for Q1 FY20 will be provided at the AGM in May.

InvoCare's Chief Executive Officer, Martin Earp, said:

*"Our ability to offer a full range of services to our client families is being affected by the current restrictions issued by governments on social distancing in response to the COVID-19 outbreak. We have implemented a series of contingency plans to both reduce the impact of COVID-19 on our business and allow us to continue to meet the needs of our client families during this unprecedented crisis. We are now taking prudent actions to safeguard the success of our growth initiatives."*

*"Despite the short-term challenges, we are focused on ensuring that our business is well positioned to deliver sustainable long-term growth. The decisive actions we are taking today will assist the Company in being well placed to weather the current market uncertainties from a position of strength. A fortified balance sheet will also increase our flexibility to capitalise on growth opportunities to enhance shareholders returns."*

### Management Changes

InvoCare advises that Chief Financial Officer, Josée Lemoine, will be departing the company before the end of this calendar year to pursue other opportunities. The timing of her departure coincides with InvoCare's transformational change program, Protect and Grow, being well embedded in the business. Josée's departure is by mutual agreement and following a period of transition and hand over. The Board has commenced an executive search to review suitable candidates and will advise investors in due course once an appointment is made. The Board extends its thanks to Josée for her contribution to

<sup>2</sup> Pro forma net debt / FY19 EBITDA for the 12 months period ended 31-Dec-19, calculated excluding any proceeds received under the proposed non-underwritten SPP and after tax-effected transaction costs.

<sup>3</sup> Pro forma liquidity as at 31 December 2019, which consists of committed undrawn bank lines plus cash on balance sheet post settlement of the underwritten Placement, calculated excluding any proceeds received under the proposed non-underwritten SPP and after tax-effected transaction costs.

InvoCare's growth, in particular the Protect and Grow program, which represents a significant transformation of the InvoCare business.

## **FULLY UNDERWRITTEN PLACEMENT**

InvoCare is undertaking a fully underwritten \$150m Placement.

It is intended that eligible institutional shareholders who bid for an amount less than or equal to their 'pro rata' share of New Shares under the Placement will be allocated their full bid, on a best endeavours basis as further described in the Investor Presentation also provided to the ASX today.

The Placement will be conducted at \$10.40 per New Share (**Placement Price**) which represents a 7.8% discount to the last closing price of \$11.28 on Thursday, 9 April 2020.

The Placement will result in approximately 14.4 million New Shares being issued, representing approximately 12.3% of InvoCare's existing issued capital.

New Shares issued under the Placement will rank equally with existing InvoCare's shares but will not participate in a FY19 final dividend.

The Placement is fully underwritten by Morgan Stanley Australia Securities Limited.

## **NON-UNDERWRITTEN SHARE PURCHASE PLAN**

Following the completion of the institutional Placement, InvoCare will offer eligible shareholders with a registered address in Australia and New Zealand the opportunity to participate in a non-underwritten SPP. The SPP is capped at \$30,000 per shareholder and up to \$50m in aggregate. InvoCare reserves the right to increase the size of the SPP or scale back applications under the SPP at its discretion.

New Shares under the SPP will be issued at the lowest of: (i) the Placement Price; (ii) a 2% discount to the 5-day volume weighted average price of InvoCare shares up to the SPP closing date; and (iii) a 2% discount to the volume weighted average price on the SPP close date.

The SPP will provide eligible InvoCare shareholders (being those persons registered as ordinary shareholders as at 7pm (AEDT) on Thursday 9 April 2020 with a registered address in Australia or New Zealand) to subscribe for additional shares in InvoCare.

New Shares issued under the SPP will rank equally with existing InvoCare's shares (but will not participate in a FY19 final dividend).

Further details of the SPP will be provided to eligible shareholders with a registered address in Australia and New Zealand in due course.

## INDICATIVE TIMETABLE

The timetable below is indicative only and subject to change. InvoCare reserves the right to alter the below dates at its full discretion and without prior notice, subject to the ASX Listing Rules and the Corporations Act. All times below are Sydney, Australia time.

| EVENT   | DATE                                    |
|---|---|
| SPP record date   | 7:00pm (AEDT) on Thursday, 9 April 2020 |
| Placement bookbuild   | Tuesday, 14 April 2020                  |
| Announcement of the outcome of the Placement                      | Wednesday, 15 April 2020                |
| Trading halt lifted – trading resumes on the ASX                  | Wednesday, 15 April 2020                |
| Settlement of New Shares under the Placement                      | Friday, 17 April 2020                   |
| Issue and normal trading of New Shares issued under the Placement | Monday, 20 April 2020                   |
| SPP offer opens and SPP offer booklet is dispatched               | Wednesday, 22 April 2020                |
| SPP closing date  | 5:00pm (AEDT) on Wednesday, 13 May 2020 |
| SPP issue date  | Wednesday, 20 May 2020                  |
| Normal trading of New Shares issued under the SPP                 | Thursday, 21 May 2020                   |
| Dispatch of holding statements                                    | Friday, 22 May 2020                     |

## ADDITIONAL INFORMATION

Further details of the offer are set out in the Investor Presentation also provided to the ASX today. The Investor Presentation contains important information including key risks and foreign selling restrictions with respect to the offer.

**-ENDS-**

## **BACKGROUND**

InvoCare, headquartered in Sydney, is a leading provider of funeral services in Australia, New Zealand and Singapore. It is also the largest operator of private cemeteries and crematoria in Australia.

For more details, contact:

Media – Fergus Kelly at [fergus.kelly@invocare.com.au](mailto:fergus.kelly@invocare.com.au)

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*This release was authorised by the Board.*

**IMPORTANT NOTICE  
FORWARD-LOOKING STATEMENTS**

This announcement contains certain “forward-looking statements”. The words “expect”, “anticipate”, “estimate”, “intend”, “believe”, “guidance”, “should”, “could”, “may”, “will”, “predict”, “plan” and other similar expressions are intended to identify forward-looking statements. Indications of, and guidance on, future earnings and financial position and performance are also forward-looking statements. Forward-looking statements, opinions and estimates provided in this announcement are based on assumptions and contingencies that are subject to change without notice and involve known and unknown risks and uncertainties and other factors that are beyond the control of InvoCare, its directors and management. This includes statements about market and industry trends, which are based on interpretations of current market conditions.

Investors are strongly cautioned not to place undue reliance on forward-looking statements, particularly in light of the current economic climate and the significant volatility, uncertainty and disruption caused by the outbreak of COVID-19. Forward-looking statements are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance. Actual results, performance or achievements may differ materially from those expressed or implied in such statements and any projections and assumptions on which these statements are based. These statements may assume the success of InvoCare’s business strategies. The success of any of those strategies will be realised in the period for which the forward-looking statement may have been prepared or otherwise. Readers are cautioned not to place undue reliance on forward-looking statements and except as required by law or regulation, none of InvoCare, its representatives or advisers assumes any obligation to update these forward-looking statements. No representation or warranty, express or implied, is made as to the accuracy, likelihood of achievement or reasonableness of any forecasts, prospects, returns or statements in relation to future matters contained in this announcement. The forward-looking statements are based on information available to InvoCare as at the date of this announcement. Except as required by law or regulation (including the ASX Listing Rules), none of InvoCare, its representatives or advisers undertakes any obligation to provide any additional or updated information whether as a result of a change in expectations or assumptions, new information, future events or results or otherwise. Indications of, and guidance or outlook on, future earnings or financial position or performance are also forward-looking statements.

This announcement is not financial product advice and has not taken into account your objectives, financial situation or needs.

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The distribution of this announcement in jurisdictions outside Australia may be restricted by law and you should observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws. In particular, this announcement may not be distributed or released in the United States.

This announcement does not constitute an offer to sell, or the solicitation of an offer to buy, any securities in the United States or in any jurisdiction in which such an offer would be illegal. The New Shares have not been, and will not be, registered under the U.S. Securities Act of 1933 as amended (the “Securities Act”) or the securities laws of any state or other jurisdiction of the United States. Accordingly, the New Shares to be offered and sold in the Placement may not be offered or sold, directly or indirectly, in the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable securities laws of any state or

other jurisdiction of the United States. The New Shares to be offered and sold in the SPP may not be offered or sold, directly or indirectly, in the United States, and may only be offered or sold outside the United States in “offshore transactions” (as defined in Rule 902(h) under the Securities Act) in reliance on Regulation S under the Securities Act.

## **FINANCIAL INFORMATION**

All financial information in this announcement is in Australian dollars (A\$ or AUD) unless otherwise stated.

This announcement includes certain pro forma financial information (to reflect the impact of the capital raising and transaction costs). The pro forma historical financial information provided in this announcement is for illustrative purposes only and is not represented as being indicative of InvoCare’s views on its, nor anyone else’s, future financial position and/or performance. The pro forma historical financial information has been prepared by InvoCare in accordance with the measurement and recognition principles, but not the disclosure requirements, prescribed by the Australian Accounting Standards (AAS). In addition, the pro forma financial information in this announcement does not purport to be in compliance with Article 11 of Regulation S-X of the rules and regulations of the U.S. Securities and Exchange Commission.

Investors should be aware that certain financial measures included in this announcement are ‘non-IFRS financial information’ under ASIC Regulatory Guide 230: ‘Disclosing non-IFRS financial information’ published by ASIC and also ‘non-GAAP financial measures’ within the meaning of Regulation G under the U.S. Securities Exchange Act of 1934, as amended, and are not recognised under AAS and International Financial Reporting Standards (IFRS). Such non-IFRS financial information/non-GAAP financial measures do not have a standardised meaning prescribed by AAS or IFRS. Therefore, the non-IFRS financial information may not be comparable to similarly titled measures presented by other entities, and should not be construed as an alternative to other financial measures determined in accordance with AAS or IFRS. Although InvoCare believes these non-IFRS financial measures provide useful information to investors in measuring the financial performance and condition of its business, investors are cautioned not to place undue reliance on any non-IFRS financial information/non-GAAP financial measures included in this announcement.