

SAM TYRER MESSAGE FOR COLLEAGUES ON ANNUAL RESULTS

Funeral and Life Planning Annual Results 2019



The numbers

Sales revenue

£307m ↓

2018: £317m

Underlying profit

£14m ↓

2018: £25m

Funerals conducted

90,630 ↓

Down 5% YoY

Our funerals business had a challenging year, with sales and profit down on 2018. Although funeral sales have been impacted last year by a 2% fall in the death rate, we know that the most significant factor in our performance has been the Unprecedented change in public expectations and wishes which means we need to innovate and adapt to recover performance.

We are now implementing our turnaround plans for the business.

Funeral plans sold

49,066 ↓

2018: 55,593

At need market share

15.16% ↓

2018: 15.54%

Number of legal cases opened

27,683 new cases ↑

11% increase on 2018

Our Funeral & Life Planning business includes our legal services business Co-operative Legal Services ("CLS"). CLS had an excellent year, with a 13% increase in revenue to £40 million and profits up £4 million to £6 million. This reflects strong growth in probate, together with operational improvements that have accelerated progression of cases.

Co-operating for a fairer world

Launched new turnaround strategy for our Funeralcare business

Successfully called for a children's funeral fund

With one being launched by the government in the summer.

We welcomed our 2,500th apprentice into Funeralcare

We're still the only funeralcare provider to offer a funeral apprenticeship.

Secured a partnership with the Institute of Professional Will writers (IPW)

When IPW members identify a probate need, they now refer customers to the Co-op.

Awarded an 'Excellence in Innovation & Technology' award by the Law Society

For our Family Law team's pioneering approach to digital technology.



Dear Colleagues,

I know it seems odd to be looking back to last year when there's so much to think about right now, but as the Co-op as a whole announces its annual results for 2019, I wanted to give you an update on our own part of the business.

As Steve Murrells has said in his message this morning, we're living through an exceptional moment in history. Colleagues in Funeralcare are very much at the forefront of this crisis and all of you are 'key workers' for our whole nation during these sad times. Together we're supporting thousands of families, each with their own unique and painful circumstances, in ways none of us could have imagined just a few weeks ago.

I'm incredibly proud of all you're doing. The professionalism, care and compassion you've been showing over the last few weeks has been outstanding.

Every part of our business has stepped up to the challenges created by this pandemic. Our procurement team has sourced extra PPE from around the world; our property team has located and secured additional mortuary space; our coffin factory in Glasgow is working six days a week; our HR resourcing team has led a massive recruitment programme delivered at rapid speed. Meanwhile, we're advising government at a national and local level and lobbying for consistent practice across all local authorities across the UK.

As you know, we've introduced new ways of working and new support for bereaved families, such as live streaming and a cortege passing and stopping at a family's home. We made these changes in a matter of days, when usually it would take months to organise and prepare for. Many of our teams have come together to help us develop, train and launch our new client propositions that are so needed at this time.

Locally, you've also used your initiative and imagination to help families find ways to celebrate the life of loved ones despite all of the restrictions. It's taken a huge effort and massive commitment for all of this to happen and I can't thank you enough for what you're all doing.

The daily government figures on new infections and hospital deaths are thankfully showing a downward curve and hopefully we are passing the worst moment of the crisis. Coping with the last few weeks has placed immense pressure on everyone in Funeralcare and it's been without precedent. Of course, the pressure is far from over for us but I know that we'll get through these next days and weeks and it will begin to ease. In the meantime it's important that we support each other and find time to rest when we can.

Looking ahead

The 2019 results show that last year continued to be difficult for us commercially but by the end of December we had begun to implement our turnaround strategy and were seeing early signs of progress. Now of course, we're seeing a whole different set of challenges, however, the underlying issues still remain true.

As the pandemic took hold it quickly became clear to us that we'll have to pause important aspects of our recovery plans while we focus on the current national crisis. So we're reviewing all aspects of our implementation timeline and we'll defer some initiatives to later in the year, or beyond. Our immediate priority is to support bereaved families and the government's efforts on dealing with the pandemic.

Finally, let me thank every one of you once again for all you are doing. I'm truly proud to be leading such an exceptional group of colleagues through these unprecedented times.

Sam