InvoCare
Innovation Vocation Care

Investor Presentation
2011 Full Year Results

February 2012

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2011 Full Year Highlights

Overall Performance

- Operating earnings after tax(i) increased 10.6% to $36.4m; Operating EPS(i) increased 6.6% to 34.5 cents per share
- ASIC change to prepaid contract accounting, asset sales, investment allowance tax benefit and non-cash swap gains backed out for operating performance
- Statutory profit after tax decreased 1% to $27.0m; Statutory EPS decreased 4.8% to 25.6 cents per share
- Ordinary dividends increased 1.5 cents to 29.75 cents per share. Dividend payout ratio to operating EPS of 89% (LYr: 88%)

(i) Non IFRS financial information

2011 Full Year Highlights

Overall Operating Performance

- Sales revenues increased 20.1% to $321.1m
- Operating EBITDA(i) increased 16.2% to $81.8m
- Acquired Bledisloe which is market leader in NZ & No. 2 in Aust.

(i) Non IFRS financial information

2011 Full Year Highlights

Bledisloe Performance in 2011

- Integration on plan. Operations performing slightly better than expected
- Sales revenues of $38.0m
- Operating EBITDA(i) of $6.5m
- Operating earnings after tax(i) of $0.1m (includes $1.6m in acquisition related costs). Operating EPS(i) of 0.1 cents per share.
- Delivered $2.6m in synergies by 31 Dec & further $0.7m early H1 2012

(i) Non IFRS financial information

2011 Full Year Highlights

Bledisloe Ongoing Annualised Performance

- Operating EBITDA[(i)] (Pre Synergies) slightly ahead of $11m in 2011
- On track to deliver $3.5m in annualised net synergies by 2013
- Annualised Maintainable Operating EBITDA[(i)] slightly ahead of $14.4m
- Properties $34m book value re-valued to $40m
- Goodwill of $68.7m

(i) Non IFRS financial information

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2011 Full Year Highlights

Comparative Operating Performance

- Sales revenues increased 5.4% to $281.2m
- Operating EBITDA(i) increased 6.2% to $75.1m
- Operating margins improved 20bpts to 26.7%

(i) Non IFRS financial information

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2011 Full Year Highlights (continued)

- Revenue growth pillars evident in 2011:
  - Favourable demographics ✓
  - Pricing / average contract values ✓ / ✗
  - Market share improvements ✓
  - Prepaid surpluses ✗
  - New locations annualisation/New Locations ✓ / ✓
  - Business acquisitions ✓
- Operating leverage improved
- Business model is re-affirmed
- Accordingly, no shift in strategic direction warranted

Operational Highlights

	2011	2010	Change	
	$'million	$'million	$'million	%
Sales revenue				
Comparable businesses				
Australia	**271.7**	257.1	14.5	5.6%
Singapore	**9.5**	9.5	0.0	0.0%
Comparable businesses	**281.2**	266.7	14.5	5.4%
Acquisitions				
Bledisloe - Aust	**22.0**		22.0	
Bledisloe - NZ	**16.0**		16.0	
Total Bledisloe (from 15 Jun 2011)	**38.1**		38.1	
Other (from 15 Jun 2010)	**4.8**	2.7	2.2	
Acquisitions	**42.9**	2.7	40.2	
Sales before prepaid impact	**324.1**	269.3	54.7	20.3%
Delivered prepaid contracts impact	(2.9)	(1.9)	(1.1)	56.3%
Total Sales	**321.1**	267.4	53.7	20.1%

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Operational Highlights (continued)

	2011 $'million	2010 $'million	Change $'million	%
EBITDA				
Comparable businesses				
Australia	**70.2**	65.8	4.4	6.7%
Singapore	**4.9**	4.9	0.0	-0.1%
Comparable businesses	**75.1**	70.7	4.4	6.2%
Acquisitions				
Bledisloe - Australia	**3.6**		3.6	
Bledisloe - New Zealand	**3.0**		3.0	
Total Bledisloe (from 15 Jun 2011)	**6.6**		6.6	
Other (from 15 Jun 2010)	**1.0**	0.4	0.6	
Acquisitions	**7.6**	0.4	7.1	
EBITDA before prepaid impact	**82.7**	71.2	11.6	16.2%
Delivered prepaid contracts impact	(0.9)	(0.8)	(0.2)	21.5%
Total EBITDA	**81.8**	70.4	11.4	16.2%

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Operational Highlights (continued)

	2011	2010	Change	
	$'million	$'million	$'million	%
% Margin on sales				
Comparable businesses				
Australia	**25.8%**	25.6%		0.3%
Singapore	**51.7%**	51.8%		-0.1%
Comparable businesses	**26.7%**	26.5%		0.2%
Acquisitions				
Bledisloe - Australia	16.1%			
Bledisloe - New Zealand	18.9%			
Total Bledisloe (from 15 Jun 2011)	**17.3%**			
Other (from 15 Jun 2010)	**20.9%**	16.7%		4.2%
Acquisitions	**17.7%**	16.7%		1.0%
Total % Margin on sales	**25.5%**	26.3%		-0.9%

Operational Highlights (continued)

Australian Funeral Market

- IVC estimates deaths in its markets increased 0.7% (decreased 0.2% in 2010)
- Comparative market share since 31 December 2010 marginally up (maintained H1 gains in H2)
- In “normal” band for number of deaths trends

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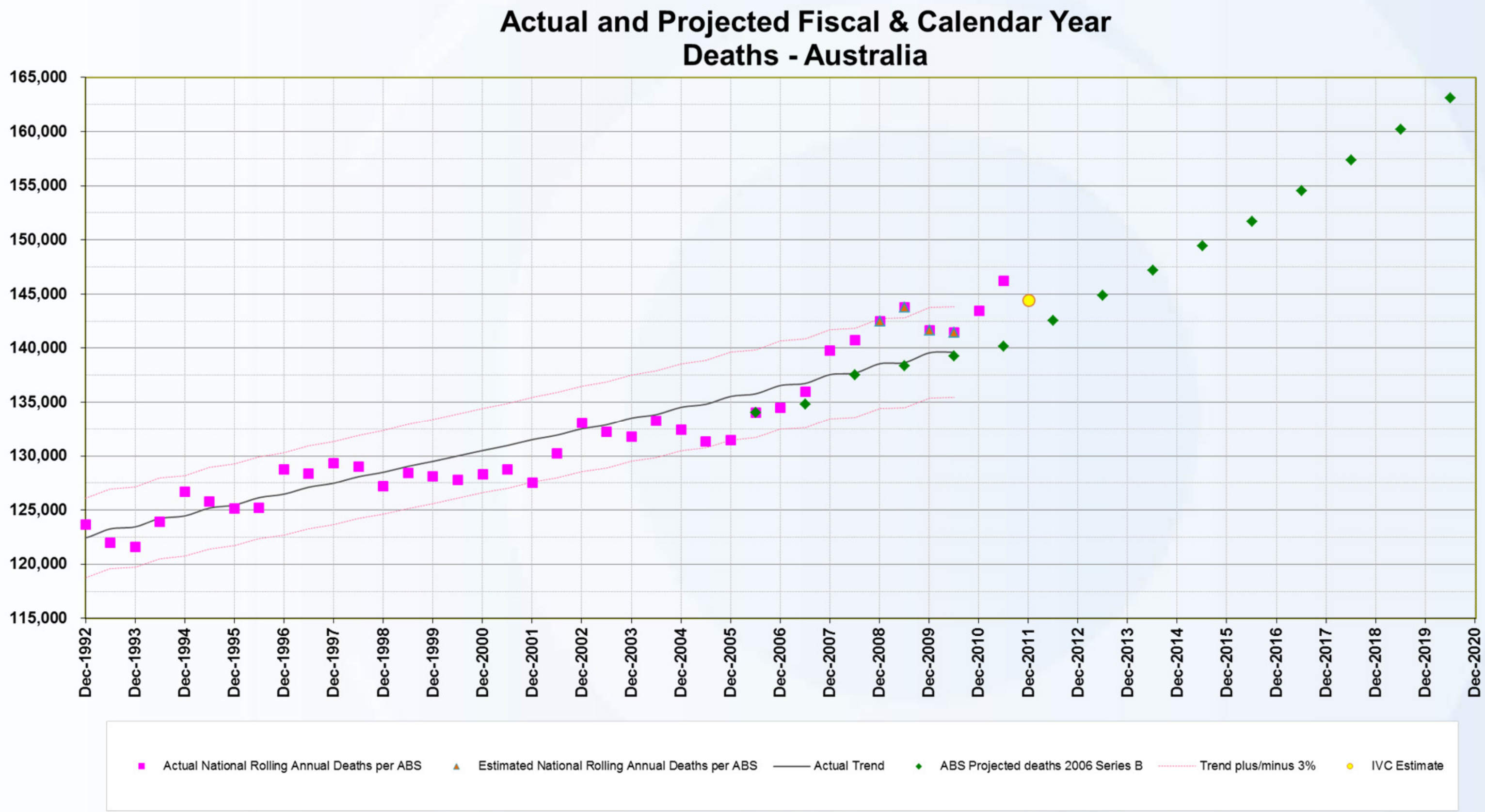
Operational Highlights (continued)



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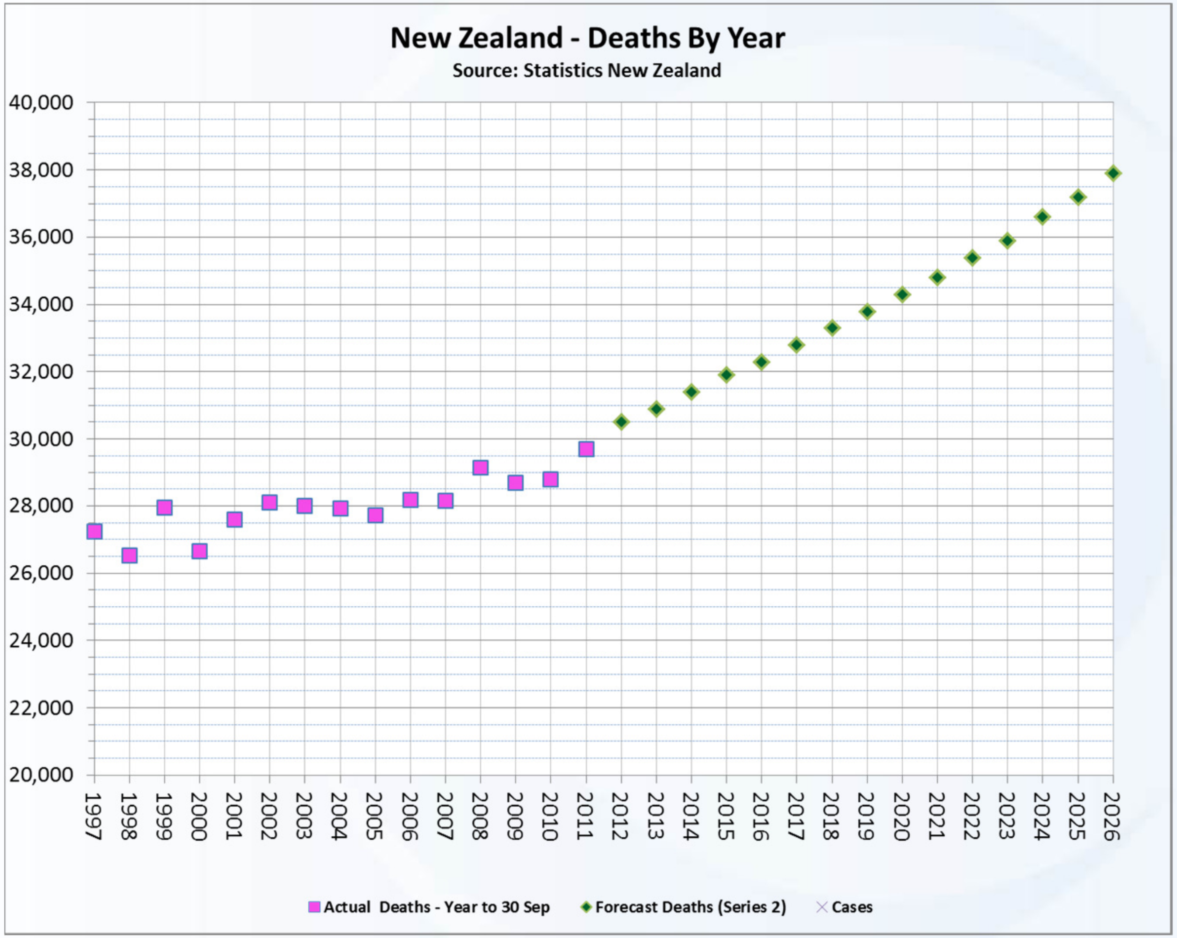
Operational Highlights (continued)



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Operational Highlights (continued)

Singapore Funeral Market (in local SGD currency)

	Full Year
Revenue	↑ 3.7% to $12.3m
EBITDA	↑ 0.6% to $6.3m
EBITDA Margin	↓ 1.6% to 51.0%

- Average funeral prices ↑ 8.0%
- Case Volume ↓ 3.5%
- Market share approx. 10.6% down 0.6% from 2010 - driven by parlour refurbishments & increased competition
- Simplicity brand needs repositioning to better compete & grow share

Operational Highlights (continued)

New Funeral Locations

- 3 new locations opened in 2011 (4 in 2010)
- 1 location closed in 2011 (3 in 2011)
- EBITDA margins improve as new locations become established – more quickly when serviced by local shared service centres

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Operational Highlights (continued)

Cemeteries & Crematoria Comparative Revenues

	2011 v 2010 Full Year		2010 v 2009 Full Year	
Sales revenue growth coming from:	**$**	**%**	**$**	**%**
Sales before deferred revenue movement	$1.8m	2.7%	$4.8m	7.7%
Decrease /(Increase) in deferred revenue pool*	$0.7m	1.1%	($1.7m)	(2.6%)
Total	**$2.5m**	**3.8%**	**$3.2m**	**5.1%**
Services growth (at need case volume)		6.0%		(2.5%)

*2011 includes $0.8m in revenue from recently completed Crypt complex previously deferred (2010:$1.6m)

Operational Highlights (continued)

Cemeteries & Crematoria Market

- Number of contracts with average sale value greater than $15k slightly down
- IVC estimates deaths in its markets up approximately 2.7% (2010: down 0.2%)
- Market share growth in all markets contributed 1.5% to comparative market share
- Memorialisation rate slightly down receiving close management attention to address

Operational Highlights (continued)

Prepaid Funeral Sales & Redemptions

	2011	2010
Funds under management	$312m	$273m
Number of contracts sold	↑ 8.0%	↑ 0.9%
Average contract value	↑ 6.3%	↑ 5.8%
% by which new contracts exceed redemptions	↑ 18.9%	↑ 16.8%
% of IVC's Australian funerals that were prepaid	13.2%	12.9%
% of FUM in equities	8%	50%
% of FUM in cash & fixed term deposits	83%	46%
Estimated net return (after admin fees)	0.7%	0.6%

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Financial Highlights

Results highlights:	2011 $'000	2010 $'000	Change $'000	%
Total sales to external customers	**321,113**	267,449	53,663	20.1%
Other revenue	6,383	5,125	1,258	24.6%
Operating expenses [i]	(245,695)	(202,162)	(43,533)	21.5%
Operating EBITDA [i]	**81,802**	**70,413**	11,389	16.2%
Operating Margin	*25.5%*	*26.3%*		*(0.9%)*
Depreciation and amortisation	(13,746)	(11,215)	(2,531)	22.6%
Finance costs [ii]	(15,092)	(11,874)	(3,218)	27.1%
Interest income	729	654	75	11.4%
Business acquisition costs	(1,309)	(1,284)	(25)	1.9%
Operating earnings before tax [i]	**52,383**	46,693	5,690	12.2%
Income tax on above operating earnings [i]	(15,977)	(13,765)	(2,212)	16.1%
Effective tax rate	*30.5%*	*29.5%*		*1.0%*
Operating earnings after tax [i]	**36,406**	32,928	3,478	10.6%
Operating earnings per share [i]	*34.5 cents*	*32.4 cents*	*2.1 cents*	*6.6%*

(i) Non-IFRS financial information

(ii) Finance costs exclude non-cash fair value movements on financial instruments (eg. interest rate swaps).

Financial Highlights (continued)

Results highlights:	2011 $'000	2010 $'000	Change $'000	Change %
Operating earnings after tax (i)	**36,406**	32,928	3,478	10.6%
Operating earnings per share (i)	*34.5 cents*	*32.4 cents*	*2.1 cents*	*6.6%*
Net (loss) on undelivered prepaid contracts after tax (i) & (iii)	(9,434)	(7,210)	(2,224)	30.9%
Investment allowance tax benefit (i)	-	443	(443)	
Non-cash swap movements after tax (i)	-	593	(593)	
Asset sale gains after tax (i)	142	707	(565)	
Non-controlling interest	(103)	(94)	(9)	
Net profit after tax attributable to InvoCare shareholders	**27,012**	27,366	(354)	(1.3%)
Basic earnings per share	*25.6 cents*	*26.9 cents*	*(1.3 cents)*	*(4.9%)*
Dividends				
Interim ordinary dividend per share	13.50 cents	13.00 cents	0.50 cents	3.8%
Final ordinary dividend per share	16.25 cents	15.25 cents	1.00 cents	6.6%
Total ordinary dividend per share	29.75 cents	28.25 cents	1.50 cents	5.3%

(i) Non-IFRS financial information

(iii) The net loss on undelivered prepaid contracts more fully explained below under heading "Prepaid Contracts".

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Financial Highlights (continued)

Results highlights:	IVC alone $'million	Bledisloe $'million	**Total Group $'million**
Total sales to external customers	283.1	38.0	**321.1**
Other revenue	5.9	0.5	6.4
Operating expenses (i)	(213.7)	(32.0)	(245.7)
Operating EBITDA (i)	75.3	6.5	**81.8**
Operating Margin	*26.6%*	*17.2%*	*25.5%*
Depreciation and amortisation	(12.2)	(1.6)	(13.7)
Finance costs	(12.5)	(2.6)	(15.1)
Interest income	0.7	0.0	0.7
Business acquisition costs	0.3	(1.6)	(1.3)
Operating earnings before tax (i)	51.5	0.8	**52.4**
Income tax on above operating earnings (i)	(15.3)	(0.7)	(16.0)
Effective tax rate	*29.7%*	*87.1%*	*30.5%*

(i) Non-IFRS financial information

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Financial Highlights (continued)

Results highlights:	IVC alone $'million	Bledisloe $'million	**Total Group $'million**
Operating earnings after tax [(i)]	36.2	0.1	**36.4**
Operating earnings per share [(i)]	*34.4 cents*	*0.1 cents*	*34.5 cents*
Net loss on undelivered prepaid contracts after tax [(i)]	(8.4)	(1.0)	(9.4)
EPS impact of prepaid contract losses [(i)]	*8.0 cents*	*1.0 cents*	*9.0 cents*
Asset sale gains after tax [(i)]	0.1	(0.0)	0.1
Non-controlling interest	(0.1)		(0.1)
Net profit after tax attributable to InvoCare shareholders	27.9	(0.9)	27.0
Basic earnings per share	*26.5 cents*	*(0.9 cents)*	*25.6 cents*

(i) Non-IFRS financial information

Financial Highlights (continued)

- **Employee Costs ($96.5m up 19.8% from 2010: $80.6m)**
  - % of sales revenue slightly improved by 0.1% to 30.0%
  - Bledisloe added $9.5m
  - Comparative increased $6.0m or 7.6%
    - Base Labour rate increases generally contained to approx. 3.5%
    - 2 additional independent Non-Executive Directors, Aliza Knox & Richard Davis
    - Newly created roles, such as COO Australia, CIO, NSW State General Manager of Cemeteries & Crematoria, Group Financial Controller, etc.
    - Secondment of manager as VP China & HK to explore product sourcing & business development opportunities

Financial Highlights (continued)

- **Finished goods, consumables & disbursements**
  - Increased $18.7m or 24.3% to $95.4m from 2010: $76.7m
  - Bledisloe added $12.9m
  - Comparative increased $5.1m or 6.5%
  - Selling price increases and product mix contributed to slight increase in comparative gross margins, excluding impact of higher disbursements
- **Advertising & Promotion costs**
  - Increased $1.2m or 14.0% to $10.1m from 2010: $8.9m
  - Bledisloe added $1.3m
  - Comparative decreased $0.1m or 1.4%
  - Constant comparative main media spend

Financial Highlights (continued)

- **Occupancy costs ($22.0m up 21.7% from 2010: $18.0m)**
  - Bledisloe added $2.8m
  - Comparative increased $1.0m or 5.8%
  - Normal annual rental reviews, new locations, gas & electricity, & land tax explain comparative increases

- **Motor Vehicle expenses ($6.9m up 34.8% from 2010:$5.1m)**
  - Bledisloe added $1.3m
  - Comparative increased $0.3m or 6.8%
  - Higher fuel prices & more vehicles in the fleet contributed to the comparative increases

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Financial Highlights (continued)

- **Finance Costs ($15.1m up 36.9% from 2010: $11.0m)**

	2011	2010	Var
- Interest & other finance costs	$15.1m	$11.9m	↑ 27.1%
- Non cash interest rate swap gains	$0.0m	($0.8m)	
- **Total Finance Costs**	**$15.1m**	**$11.0m**	↑ **36.9%**

– Bledisloe added $2.6m
– Comparative increased $0.6m or 5.2%
– 2011 hedges effective (versus 2010 where benefit booked due to ineffective hedges)

Financial Highlights (continued)

- **Gains/Losses on disposal of assets**
  - $0.2m gain compared to $0.6m gain in 2010
  - Related mainly to vehicles in 2011, minor surplus property sales in 2010
- **Income Tax**
  - Effective tax rate on Statutory Profit 30.7% (2010: 27.4%)
  - Effective tax rate on Operating Earnings 30.5% (2010: 29.5%)
  - Lower Singapore rate (17% vs Australian 30%)
  - Lower New Zealand rate (28% vs Australian 30%)
  - Non tax deductibility of business acquisition costs
  - Investment allowance $0m (2010: $0.4m) on qualifying asset purchases
  - Utilised capital losses in 2010 to reduce tax payable on property sales

Financial Highlights (continued)

Cash flow highlights

	2011	2010
Net cash inflows from operations	$44.0m	$46.2m
Purchase of property, plant & equipment	($16.7m)	($14.3m)
Proceeds from sale of property, plant & equipment	$0.7m	$2.0m
Proceeds from sale of business	$7.2m	$0.0m
Purchase of businesses (including property)	($44.5m)	($8.7m)
Net increase / (decrease) in borrowings	$25.4m	($0.4m)
Payment of dividends	($25.4m)	($23.7m)
Proceeds from issue of shares	$11.2m	$0.0m
Conversion of EBITDA to ungeared, pre-tax cash flow *	92%	98%

* Operating cash flow & conversion drop caused by post acquisition payment of Bledisloe acquisition date creditors, otherwise conversion rate would have been around 100%

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Financial Highlights (continued)

Capital Management

Dividends

- Fully franked final dividend of 16.25 cents per share (2010: 15.25 cents)
  - Ex dividend date 8 March 2012
  - Record date 15 March 2012
  - Payable date 5 April 2012
- DRP remains activated for final dividend. No discount to market price and not underwritten. Shares will be purchased on market.
- Dividend payout ratio 89%, exceeding minimum 75% annual policy

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Financial Highlights (continued)

Capital Management (continued)

Banking Facility & Hedges

- Net debt $208m (June 2011: $230m; December 2010: $148m)
- 94% (2010: 99%) of debt hedged with floating to fixed interest rate swaps
- New financing facilities provide funding for future growth
- Headroom debt available is $40m

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Financial Highlights (continued)

Capital Management (continued)

Debt Facilities

- $255m unsecured, multi-currency, non-amortising bi-lateral debt facilities
- In place from 23 September 2010
- Three banks (ANZ, NAB & CBA) with $85m participation each
- Tranches & tenor: 3 yrs $127.5m, 4 yrs $64.5m, 5 yrs $63.0m
- Effective interest rate 7.0% inclusive of swaps, fees & margins (2010: 6.7%)

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Financial Highlights (continued)

Capital Management (continued)

Debt Refinancing

- Covenant ratios:
  - Leverage (Net Debt/EBITDA)
    - must be <3.5 (previously 3.75)
    - 2.4 at 31 December
  - Interest cover (EBITDA/Net interest)
    - must be >3.0 (same as previous)
    - 6.1 at 31 December

2012 Outlook & Beyond

- Death rate slightly down YTD 2012
- Normal levels of annual increases to funeral prices introduced late 2011, mitigating the impact from lower volumes
- Cemetery & Crematoria memorialisation revenues affected by wet weather but expect to be back on track in Q2
- Annualisation benefits of Bledisloe & synergies expected to contribute to growth in 2012 results

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2012 Outlook & Beyond (continued)

Strategic focus to remain on core long term growth pillars:

- Ageing population trend
- Consistent annual 3-4% pricing increments
- Improve on cemetery/crematorium memorialisation and contract averages
- Market share growth from existing business through:
  - continual service level enhancements, maintaining mid to high 90% recommendation rates
  - further human resource development & investment
  - improving already high brand awareness
  - facilities and other asset upgrades (capex spend of $20m estimated for 2012 & 2013, reverting to depreciation levels thereafter)
  - ongoing support of local communities

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2011 Outlook & Beyond (continued)

Strategic focus to remain on core long term growth pillars (continued):

- Opening new funeral locations to improve overall market penetration:
  - in both existing and new markets
  - potential 2 to 4 annually (4-5 in 2012)
  - divesting non-strategic property in Melbourne in 2012 ($1.7m before tax profit)
- Pursue acquisition opportunities:
  - ongoing discussions with potential smaller vendors
  - no major acquisition likely in near term
  - exploring opportunities in existing markets, regional areas, & offshore
- Invest in prepaid funeral business to:
  - secure future revenues
  - grow operating margins with fund under management returns
  - asset allocation in 2012 supports returns on FUM similar to normal pricing impacts

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Summary

- Bledisloe acquisition progressing slightly better than anticipated
- Another strong operational & financial performance from core business
- InvoCare's attractive and solid business model has again been proven
- Long term growth likely to continue from growth pillars

Disclaimer

This presentation contains forward looking statements, which may be subject to significant uncertainties outside of InvoCare's control. No representation is made as to the accuracy or reliability of these forecasts or the assumptions on which they are based. Actual future events may vary from these forecasts.

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