



InvoCare Limited
Macquarie Connections
Australia Conference 2012
Sydney

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InvoCare Overview

- Largest funeral, cemetery & crematorium industry operator in Australia, New Zealand and Singapore
- Market capitalisation \$900m, enterprise value \$1.1bn
- Sales revenues in 2011 \$321m
- 240 locations across Australia, New Zealand & Singapore, including 14 cemeteries & crematoria
- Only provider with national brands - White Lady, Simplicity & Singapore Casket
- Over 1,400 employees



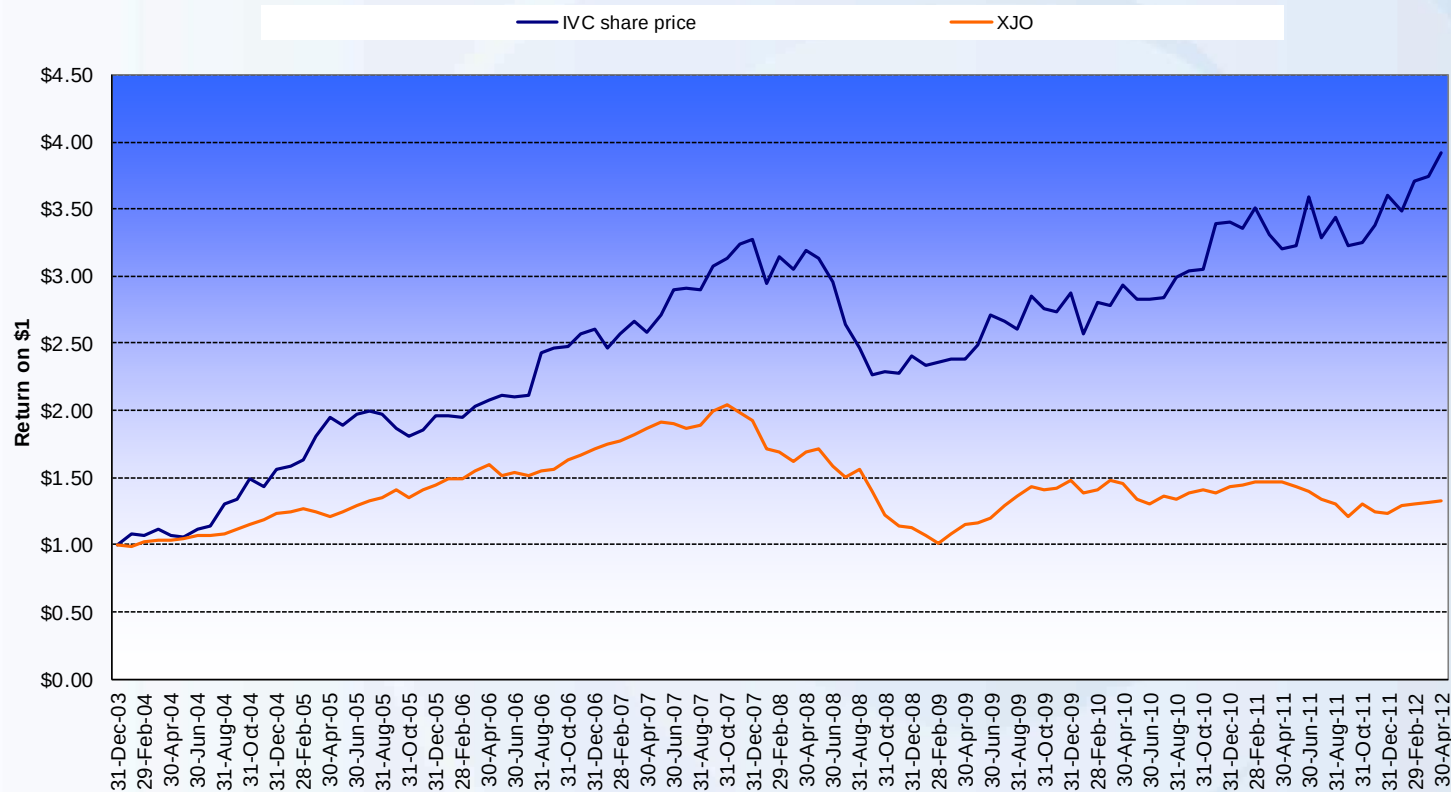
InvoCare Business Strengths

- Risk averse and experienced management
- Strong & consistent conversion of EBITDA to cash – approx 92%
- Scale efficiencies
- Asset rich balance sheet - total assets at 31 Dec 2011 of \$806m (incl \$311m prepaid funds)
- Healthy debt service capability - leverage ratio 2.35x (net debt/EBITDA), interest cover ratio 6.10x (EBITDA/net interest)
- Attractive dividend yield - around 4%
- Defensive characteristics and outperformed ASX 200



InvoCare Business Strengths (continued)

Return on \$1 - InvoCare Limited against S&P/ASX 200 Index (XJO)

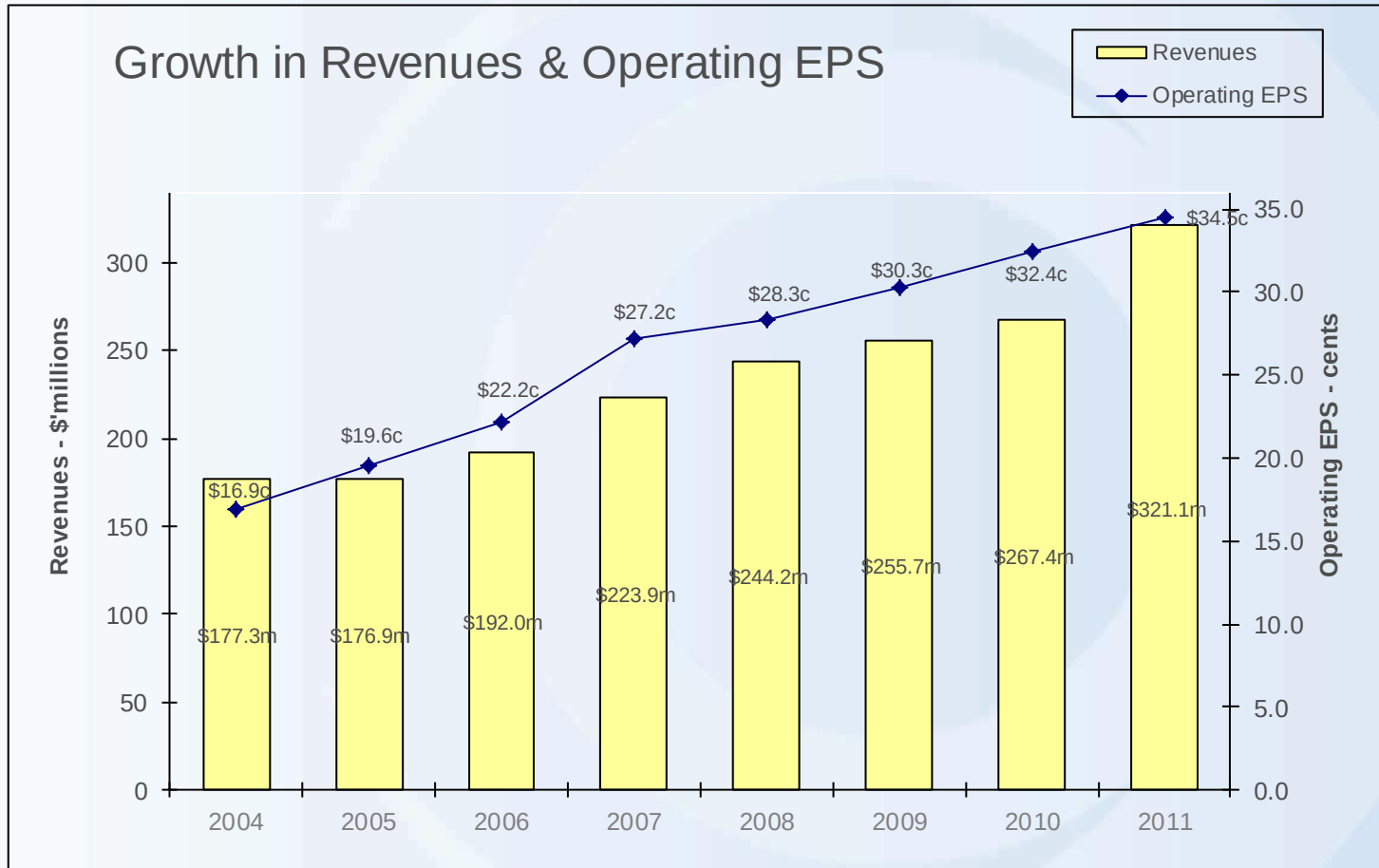


Strategies for Long Term Revenue Growth

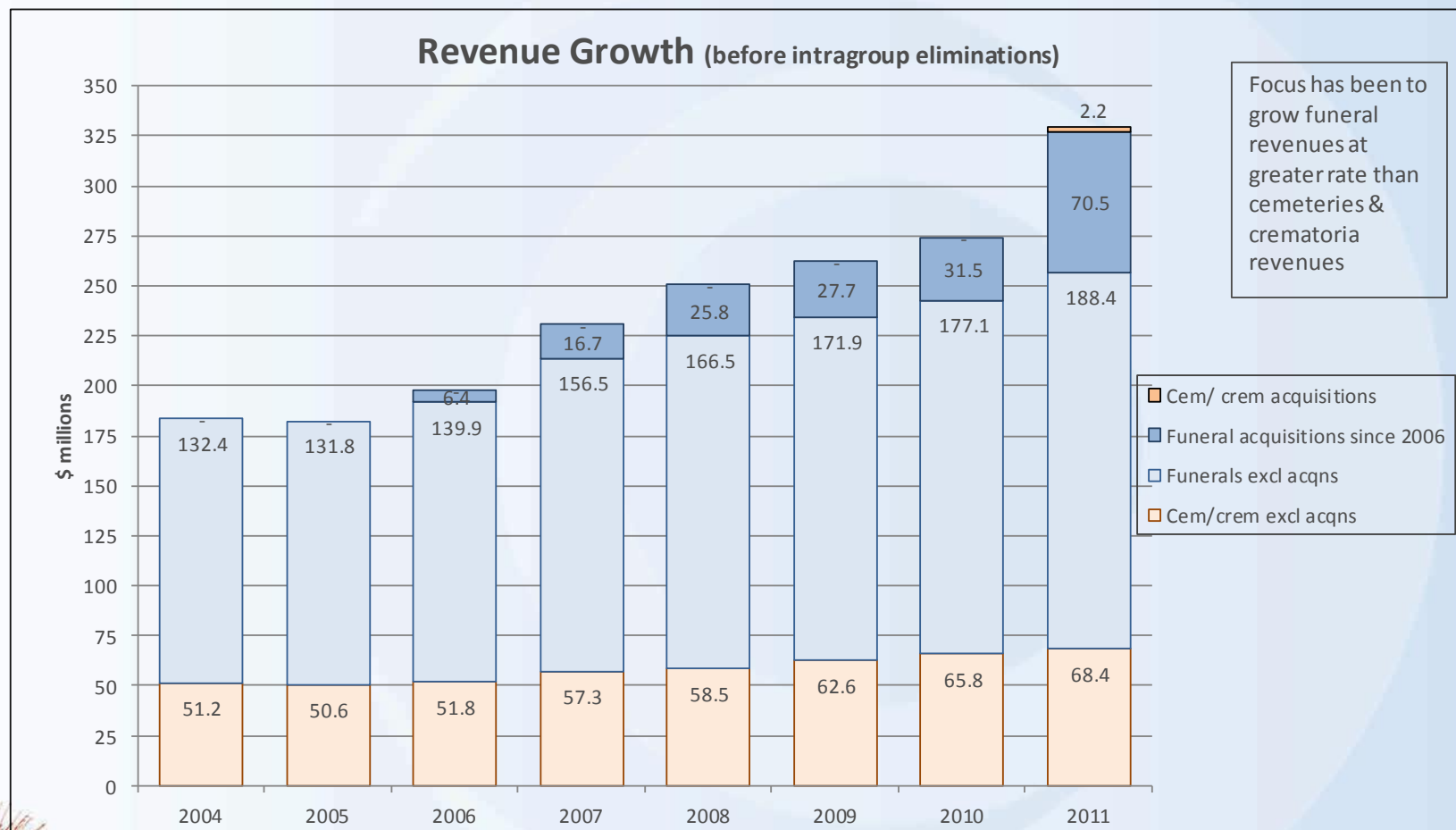
- Target approximate 6% to 7% annual revenue growth from:
 1. Ageing population trend - approx. 1% annual increase in deaths
 2. Consistent annual 3-4% pricing increments
 3. Market share improvements including new funeral locations (1%)
 4. Prepaid funeral contributions (1%)
- Achieved approx. 9.7% compound annual revenue growth since 2005 - adversely impacted in last few years by prepaid fund returns and death rate
- Revenue growth from fifth pillar, business acquisitions, averaged 4.2% per annum over last six years since 2005



Historical Financial Highlights



Historical Financial Highlights (continued)



Pillars of Growth

1. Favourable Demographics

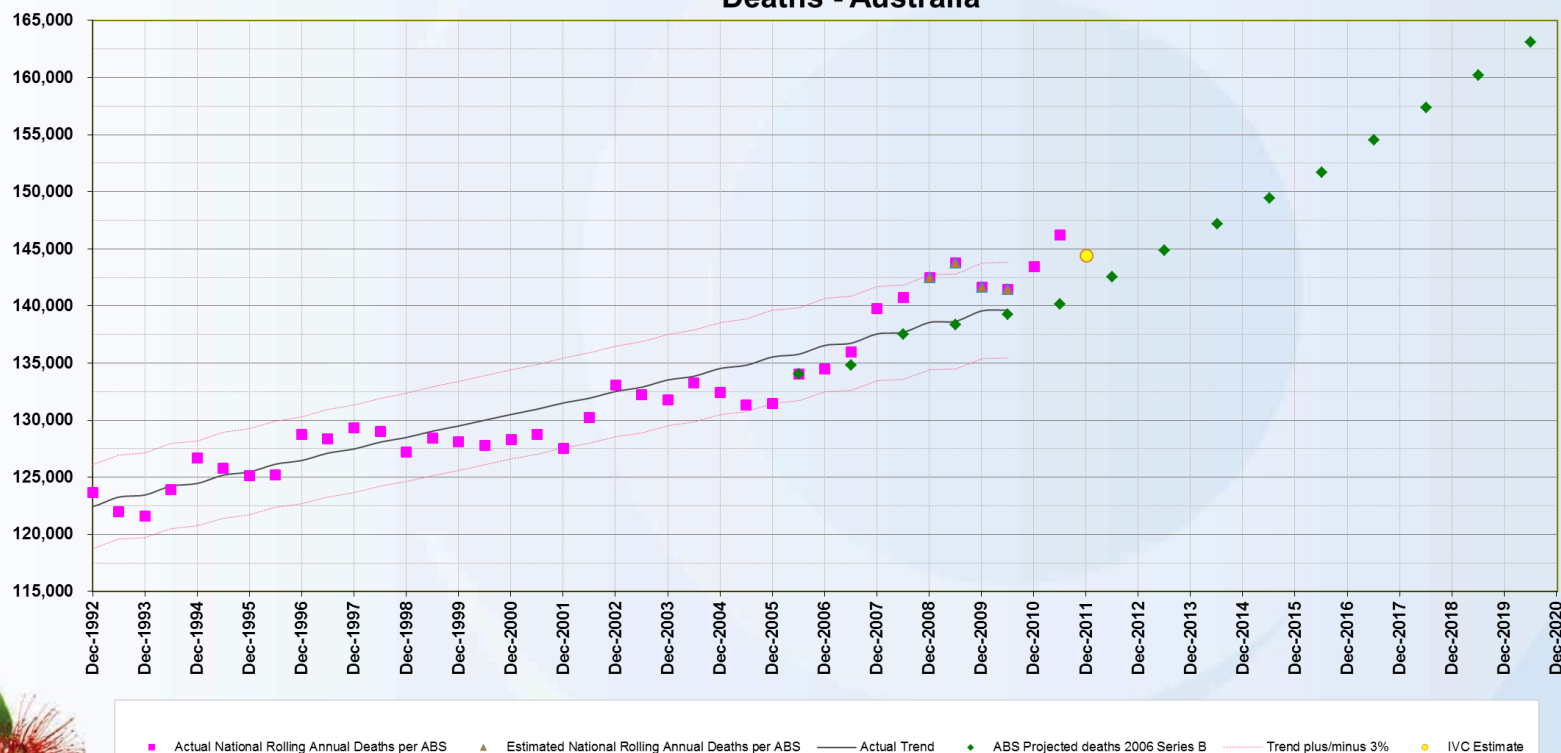
- InvoCare has current footprint in large metropolitan and nearby regional urban areas
- Population growing and ageing across all markets
- Average 1% annual increase in number of deaths in last decade, but swings around trend occur
- Projected annual increases climb progressively to peak at around 2.7% in 20 years, dropping back to around 1% by 2050



Pillars of Growth

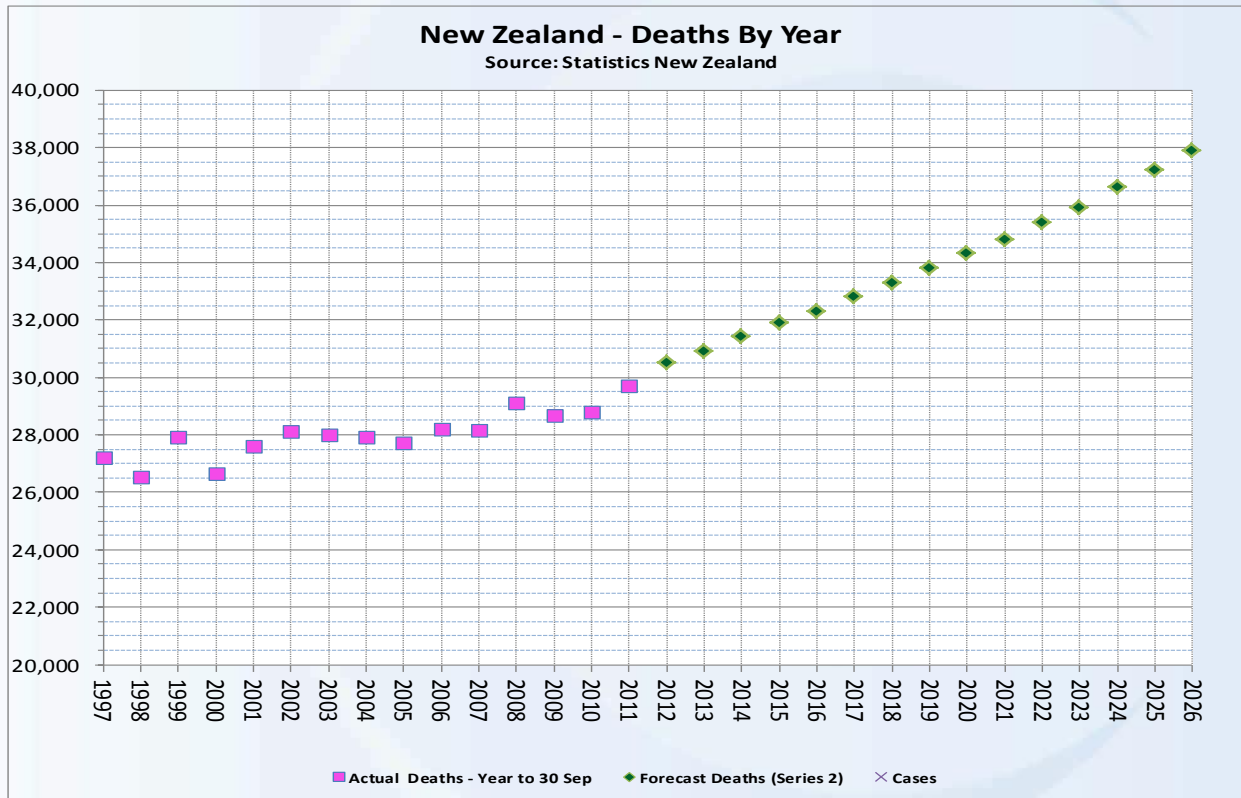
1. Favourable Demographics (continued)

Actual and Projected Fiscal & Calendar Year
Deaths - Australia



Pillars of Growth

1. Favourable Demographics (continued)



Pillars of Growth

2. Pricing

- Historically list price increases 3-4% pa in line with target
- Pricing largely unaffected in adverse economic conditions
- 86% of funeral customers and 98% of cemeteries/crematoria customers indicate pricing in line or below expectations
- Mix of brand and where deaths occur affect overall average funeral revenue
- Funeral case average* grew 4.0% in 2011 (4.4% pa over last 5 yrs)

* Excluding disbursements and prepaid funeral contribution



Pillars of Growth

3. Market Share Growth

- Excellent customer service essential
- 97% of funeral customers and 93% of cemeteries/crematoria customers felt our service levels were better or the same as expected & would definitely or probably recommend
- Local community involvement and relationships
- Increasing brand awareness, including through new location openings (27 opened in last 5 years)
- Increasing competition in cremation market



Pillars of Growth

3. Market Share Growth (continued)

- InvoCare share of its Australian funeral markets estimated increase 9.6% over last 5 years, assisted by acquisitions and new locations
- Market share estimates for InvoCare's main funeral markets are:
 - Sydney 43%
 - Melbourne 29%
 - Brisbane 45%
 - Adelaide 28%
 - Perth 48%
 - New Zealand 17%
 - Singapore 11%



Pillars of Growth

3. Market Share Growth (continued)

- Launch of White Lady and Simplicity in New Zealand
- Introduction of new White Lady uniforms
- Capex and major projects, reinvestment back into business
 - After funeral condolence facilities
 - Executing digital strategy
 - Executing social media strategy - online memorials and tributes

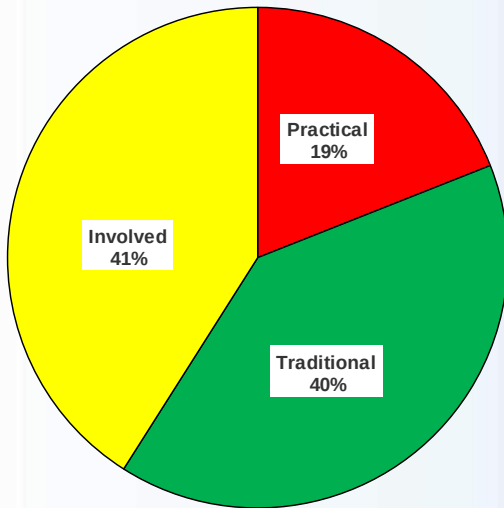


Pillars of Growth

3. Market Share Growth (continued)

Australian Funeral Market Segmentation

2006



White Lady caters to “Involved”

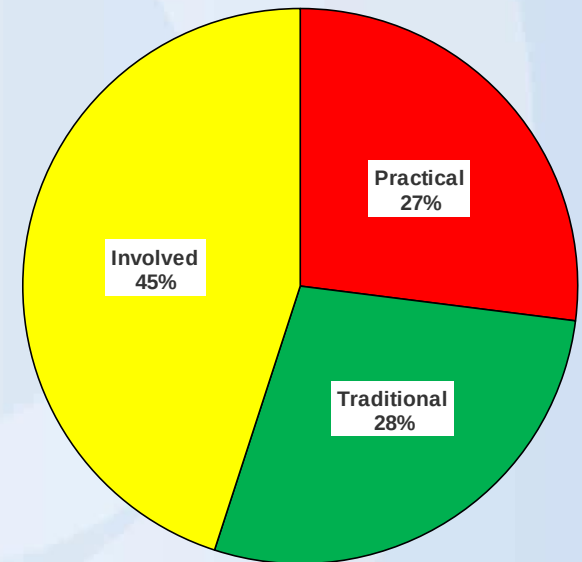
Simplicity caters to “Practical”

IVC traditional / contemporary brands evolving to meet growing “Involved” segment

Consequently IVC revenues protected by segment shifts

Consistent New Zealand trend expected over the next 5 years

2011



Pillars of Growth

4. Prepaid Funerals

- Lock in future market share
- Take financial and emotional burdens away from family and friends
- Guaranteed future service at today's price
- Approximately 13% of InvoCare's Australian funerals are prepaid
- To grow prepaid pool, target number of new prepaid contracts to exceed redemptions – cumulative 12% excess over last five years
- Annual returns on pre need funds under management expected to exceed impacts of annual price increases
- Each 1% return greater than annual price increase equates to approx \$2m PAT



Pillars of Growth

5. Business acquisitions

- Bledisloe business acquired in June 2011, enterprise value approx \$107m
- Bledisloe is the largest operator in NZ & one of top 4 in several Australian markets
- Annualised contribution at acqn: Revenue \$60m & EBITDA \$11m
- Estimated annualised synergies \$3.5m by 2013 (HO closure, operating efficiencies, improved purchasing power)



Pillars of Growth

5. Business acquisitions (continued)

- ACCC undertaking for Bledisloe acquisition required display of ownership statement for all InvoCare's Brisbane funerals brands
- Further opportunities for acquisitions in existing markets
- Funeral industry fragmented with most businesses small and family owned & operated
- Succession planning is main issue for these businesses



Pillars of Growth

5. Business acquisitions (continued)

- Health and relationship breakdowns may also trigger business sales
- EBITDA multiples for businesses typically 4 to 6 times, but asking multiples higher
- Some consolidation activity in regional areas presents future opportunities for IVC
- Potential for offshore expansion
- In discussion with various parties for opportunities in various markets but timings uncertain



2012 Outlook

Results for three months to 31 March 2012

- Total Group Sales revenue up 27% (Comp 4%)
- Total Group EBITDA up 25% (Comp 6%)
- Bledisloe margins as expected below group margins
- Bledisloe EBITDA on track to deliver at least \$14m including \$3.0m synergy benefits
- Action taken to date will deliver approx \$3.3m annualised synergies
- On track for total synergy benefits of \$3.5m by 2013



2012 Outlook

Results for three months to 31 March 2012

(continued)

- Funeral cases up by 32% (Comp up 0.8%)
- Cem Crem cases up by 18% (Comp up 6.9%)
- Small gain in estimated market share
- Death rate estimated to be down 0.6% for Q1 (continuing H2 2011 trend)
- Cem Crem memorialisation continues slight negative trend from H2 2011
- Average net sales per funeral (comparable) up 3.5%, supported by:
 - 4.0 - 4.5% price increase
 - Mix effects (weak Victoria numbers of deaths)



2012 Outlook

Results for three months to 31 Mar 2012

(continued)

- Capital expenditure \$2.3m
- Full year capex expected to be between \$15 - \$20m, includes:
 - After funeral condolence facilities
 - Chapel facilities
 - Innovative technology solutions
 - Investment in operations centres
- Debt headroom approx \$27m. Debt reduction of \$3.7m since 31 December
- Disposal of Le Pine St Kilda property \$2.6m cash and \$1.7m profit. Another Melbourne property targeted for sale later in year.



2012 Outlook

Results for three months to 31 Mar 2012

(continued)

- Q1 returns on pre need FUM on track to perform slightly better than annual price increases expected in December 2012
- Pre Need FUM allocated towards term deposits and property whilst market volatility continues
- April YTD sales results will be provided at the AGM on 11 May 2012
- Caution using Q1 results as indicator for full 2012 year due to variables around each growth pillar and annualisation effects of Bledisloe acquisition



Robust Business Model Continues To Perform

- Growth pillars continue to prove business model
- Solid start to year
- Number of deaths is key variable impacting full year results
- Integration of Bledisloe and generating synergies remains the key acquisition priority for 2012



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.



