

Annual General Meeting

Held at:
PricewaterhouseCoopers
201 Sussex Street Sydney
Friday 23 May 2014 at 11:00am

Disclaimer

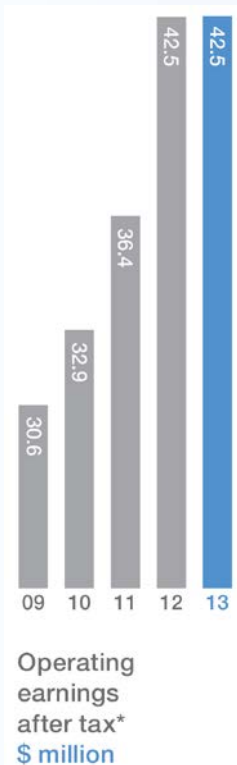
This presentation contains forward looking statements, which may be subject to significant uncertainties outside of InvoCare's control. No representation is made as to the accuracy or reliability of these forecasts or the assumptions on which they are based. Actual future events may vary from these forecasts.



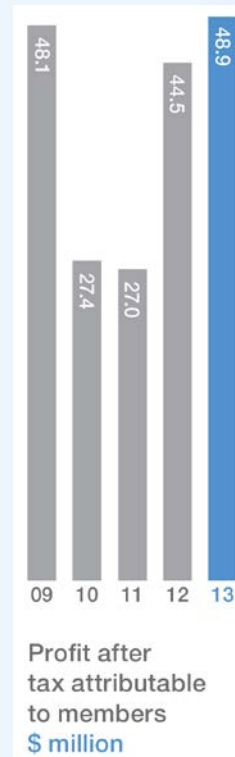
Annual General Meeting

Chairman's Overview

Sound financial performance despite volume challenges



- ❖ Operating earnings after tax static at \$42.5m



- ❖ Profit after tax attributable to members \$48.9m up 9.9% on 2012 on improved FUM, asset sale gains and impairment reversals



Shareholder value

- ❖ Dividends for 2013 year up 1.5% to 34.5 cents per share
- ❖ Continued more than 80% dividend payout since listing
- ❖ Total shareholder return since 2003 listing was 615% at end of April 2014



Continuing the growth

- ❖ Acquisitions significant contributor to InvoCare's growth to date
- ❖ Regulatory constraints may limit expansion by acquisitions in existing markets
- ❖ Market share erosion noted and is key focus of Board and management
- ❖ Timely focus on next stage of growth with continuing exploration of opportunities in existing and other markets



Board and corporate governance

- ❖ Strong commitment to best practice corporate governance
- ❖ Focus on succession planning and quality of senior management
- ❖ Board continued its regular program of meetings and location visits
 - ❖ - Canberra in May 2013
 - ❖ - Melbourne in March 2014
- ❖ Audit, Risk, Remuneration and Nomination Committees each functioned effectively throughout the year



Employees

- ❖ On behalf of the Board, I would like to again publicly acknowledge our employee contributions and efforts
- ❖ Professionalism and dedication of InvoCare's employees are key to InvoCare's success
- ❖ Human resource strategy is focused on workforce engagement
- ❖ Service excellence stands out in customer surveys with an overwhelming majority continuing to recommend InvoCare's brands



Annual General Meeting

CEO's Overview

2013 Review

- ❖ Sales revenue up 4.5% to \$385.4m (2012: \$368.7m)
- ❖ Numbers of deaths down 0.8% across InvoCare's markets with estimated \$1.6m profit after tax impact
- ❖ Funeral market share down in comparable operations from 31.3% to 30.6% with estimated after tax impact of \$2.8m
- ❖ Volume declines mitigated by case averages and cost management
- ❖ EBITDA⁽ⁱ⁾ up 2.2% to \$95.1m (2012: \$93.0m)



(i) This is non-IFRS financial information

2013 Review

- ❖ Operating earnings after tax⁽¹⁾ flat at \$42.5m
- ❖ Improved second half with operating earnings after tax up \$1.8m on 2012 after first half down \$1.7m
- ❖ Net profit after tax up 9.9% to \$48.9m (2012: \$44.5m)
- ❖ Net profit included after tax benefits from:
 - ❖ Net impairment reversals (\$2.2m; 2012: \$nil)
 - ❖ Asset sale gains (\$3.2m; 2012: \$2.1m)
 - ❖ Undelivered prepaid impacts (net gain \$1.1m; 2012: breakeven)



(1) This is non-IFRS financial information

2013 Review

- ❖ Full year EBITDA to sales ratio lower at 24.7% (2012: 25.2%) impacted by high fixed cost base in lower volume market
- ❖ Second half EBITDA to sales ratio of 26.7% up on first half 22.5% (2012: 26.0%) supported by cost management and case averages
- ❖ Continued strong EBITDA to cash conversion : 110% (2012: 95%)
- ❖ Final dividend 19.5 cents, full year 34.5 cents – payout 89% of operating earnings after tax



11 This is non-IFRS financial information

Strategic growth pillars

❖ Revenue growth pillars evident in 2013:

- Favourable Demographics	✗
- Pricing / average contract values	✓
- Market share improvements	✗
- Prepaid contracts	✓
- New locations	✓
- Business acquisitions	✓

❖ Leverage (growth in revenues exceeding growth in costs)



2014 Update

(Including high level commentary on results since 2013 year end)

- ❖ Funeral case volume down 0.3% on PCP* (comparable down 1.9%)
- ❖ Lower volume trend experience from May 2013 has continued into early 2014

	2014	2013				
	Apr YTD	Apr YTD	May & June	Half 1	Half 2	Full Year
Australia	-1.6%	1.1%	-2.7%	-0.3%	-5.1%	-2.8%
New Zealand	-5.9%	4.2%	-14.4%	-2.7%	-7.4%	-5.2%
Singapore	0.7%	-2.0%	-4.7%	-2.9%	2.6%	-0.3%
Total Comp Business	-1.9%	1.3%	-4.2%	-0.7%	-5.1%	-3.0%
Total Business (incl Acqns)	-0.3%	4.0%	-1.5%	2.0%	-2.0%	-0.1%

* PCP – Prior comparative period of four months to 30 April 2013



2014 Update

- ❖ Preliminary indications market share has remained flat since Dec 2013 (but down on PCP)
- ❖ Number of deaths down on PCP
- ❖ Initiatives implemented to address market share decline in core business (which negatively impacted 2013 operating earnings after tax by estimated \$2.8m):
 - ❖ Reinforcing customer service excellence
 - ❖ Enhancing employee engagement
 - ❖ Additional investment in advertising & promotion
 - ❖ Continued investment upgrading digital facilities
 - ❖ Community involvement



2014 Update

- ❖ Total group sales revenue up 4.2% (Comp 3.0%) on PCP
- ❖ Funeral case averages up approx. 4 - 5%
- ❖ Cemetery & crematoria sales improvements over PCP continue
- ❖ Leverage improvement noted (comp up approx 20 bpts) on PCP
- ❖ Prepaid funeral contract sales down 6.2% on PCP, and new contracts exceeded redemptions by 3.5%



2014 Update

- ❖ Operating earnings after tax and minorities but before prepaid contract impacts were up 6.6% (comp 4.9%) on PCP
- ❖ Investment returns on prepaid FUM meeting price rise impacts
- ❖ Finance costs lower than PCP benefiting from debt refinancing completed in December 2013
- ❖ Net debt \$236m
- ❖ Debt headroom plus cash provide \$19m in available funds
- ❖ Capital expenditure \$9.5m, including a strategic funeral home property investment in Perth



2014 Update

- ❖ Asset sale gains (\$1.3m after tax) and impairment reversals (\$2.1m after tax) in H1 2013 will not be repeated in H1 2014
- ❖ Continued leverage improvement dependent on volume recovery off low base experienced from May 2013
- ❖ Full year capex expected to be approx. \$20m, including:
 - ❖ Ongoing motor vehicle fleet upgrades
 - ❖ Chapel facilities and refurbishment of existing sites
 - ❖ Innovative technology solutions (AV and business systems)
 - ❖ Investment in ERP and front office process and systems



2014 Update

- ❖ Recent acquisitions in New Zealand are performing to plan
- ❖ Acquisition of two memorial parks in Christchurch expected in H2 2014 subject to regulatory approvals
- ❖ Small acquisition discussions continue but no certainty over success or timing
- ❖ Caution using early 2014 results as indicator for full 2014 year due to variables around each growth pillar and annualisation effects of acquisitions



Annual General Meeting

Ordinary Business

Financial reports

- ❖ To receive and consider the Financial Reports, Directors' Report and Independent Audit Report of InvoCare Limited and its controlled entities for the year ended 31 December 2013
- ❖ Mr Brett Entwistle, partner from PricewaterhouseCoopers, InvoCare's external auditor is in attendance
- ❖ Questions to the Board or InvoCare's external auditor are now invited



Resolutions

- ❖ Adoption of the remuneration report
- ❖ Re-election of directors



Resolution 1

That the Remuneration Report (which forms part of the Directors' Report) for the year ended 31 December 2013 be adopted.

Note: The vote on this resolution is advisory only and does not bind the directors or the Company.



Resolution 2

Re-election of Richard Fisher

That Richard Fisher, who retires by rotation in accordance with the Company's Constitution, be re-elected as a director of the Company.



Resolution 3

Re-election of Richard Davis

That Richard Davis, who retires by rotation in accordance with the Company's Constitution, be re-elected as a director of the Company.



Other business

To transact any other business that may be lawfully brought forward in accordance with the Constitution and Corporations Act 2001



Annual General Meeting

Thank you



