



InvoCare Limited
Macquarie Connections
Australia Conference 2010
Sydney

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Presenters:

Andrew Smith CEO

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InvoCare Overview

- Largest funeral, cemetery & crematorium industry operator in Australia and Singapore
- Market capitalisation \$0.6 billion, enterprise value \$0.8 billion
- Sales revenues in 2009 \$257m
- Estimated 29% of industry revenues in Australia *(note)*
- 182 locations across Australia, including 12 cemeteries & crematoria
- Only Australian provider with national brands, White Lady & Simplicity
- Over 1,200 employees

Note - IBISWorld Pty Ltd Industry Report, Funeral Directors, Crematoria and Cemeteries in Australia, October 2009



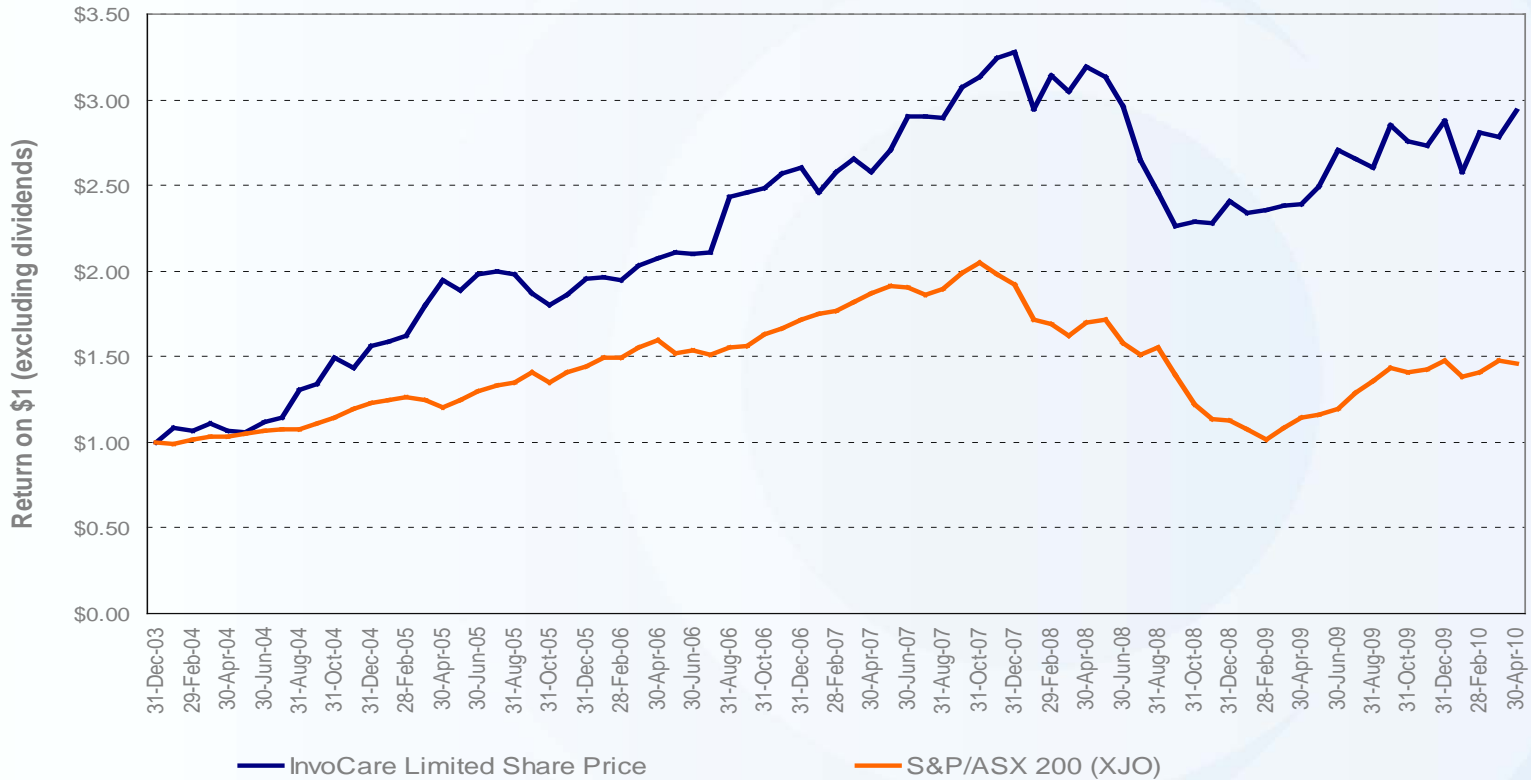
InvoCare Business Strengths

- Risk averse and experienced management
- Strong & consistent conversion of EBITDA to cash - approx 100%
- Scale efficiencies and prepaid funerals
- Asset rich balance sheet - total assets \$342m
- Healthy debt service capability - leverage ratio 2.3, interest cover 6.7
- Attractive dividend yield - above 4%
- Defensive characteristics and outperformed ASX 200



InvoCare Business Strengths (continued)

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



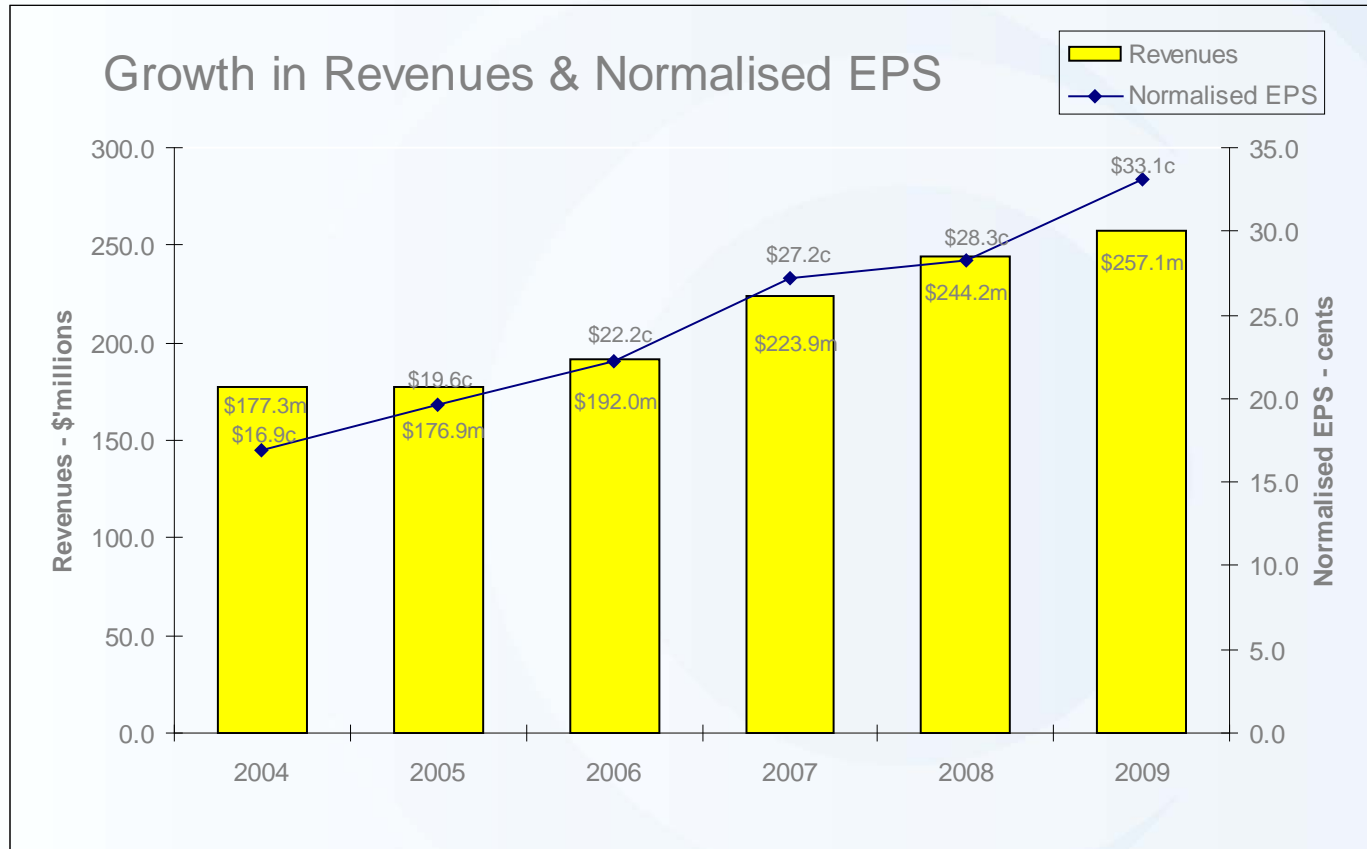
Strategies for Long Term Revenue Growth

Pillars of Growth:

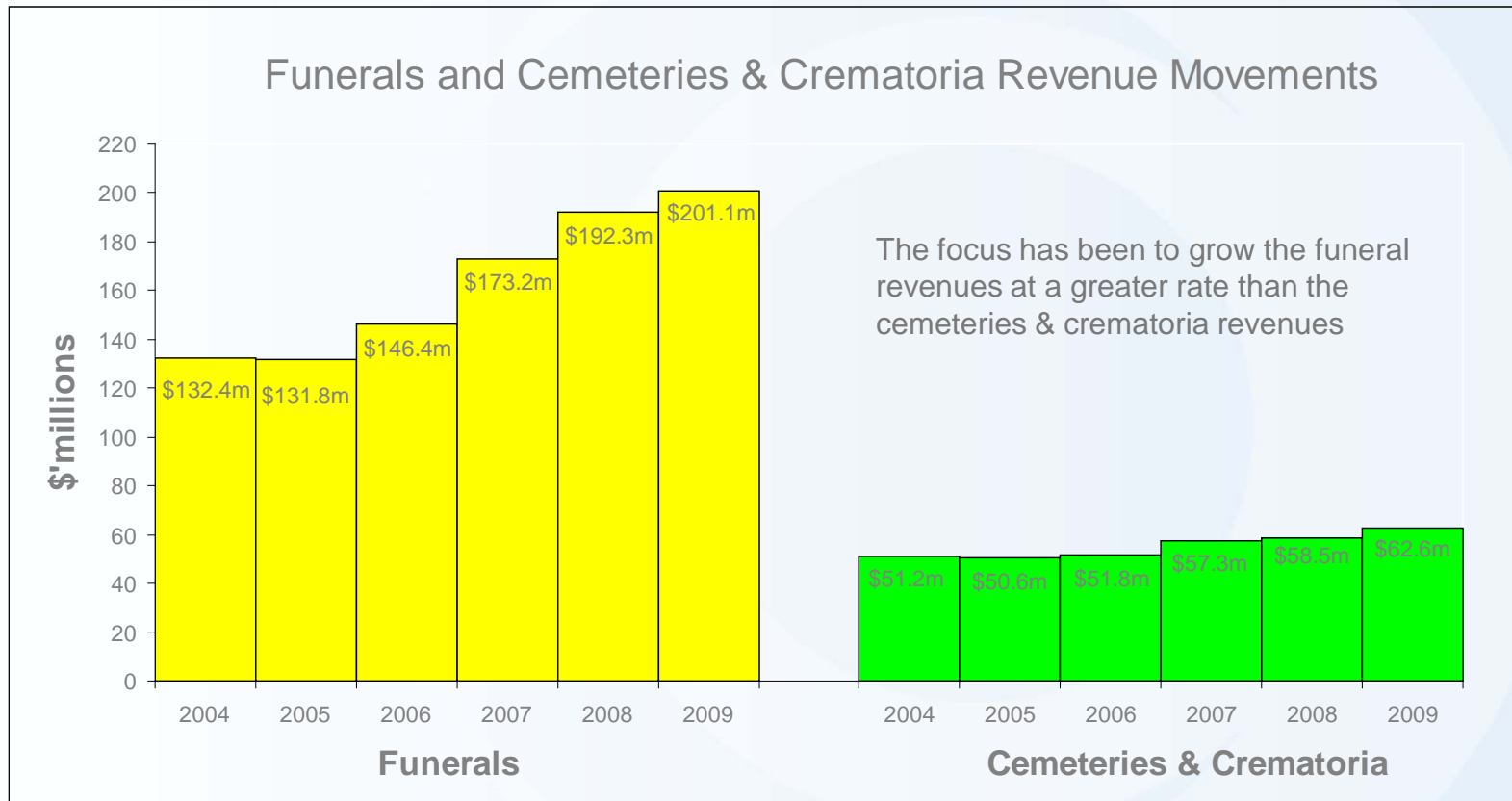
1. Ageing population trend
2. Consistent annual 3-4% pricing increments
3. Market share improvements including new funeral locations
4. Business acquisitions in Australia and internationally
5. Prepaid funeral contributions



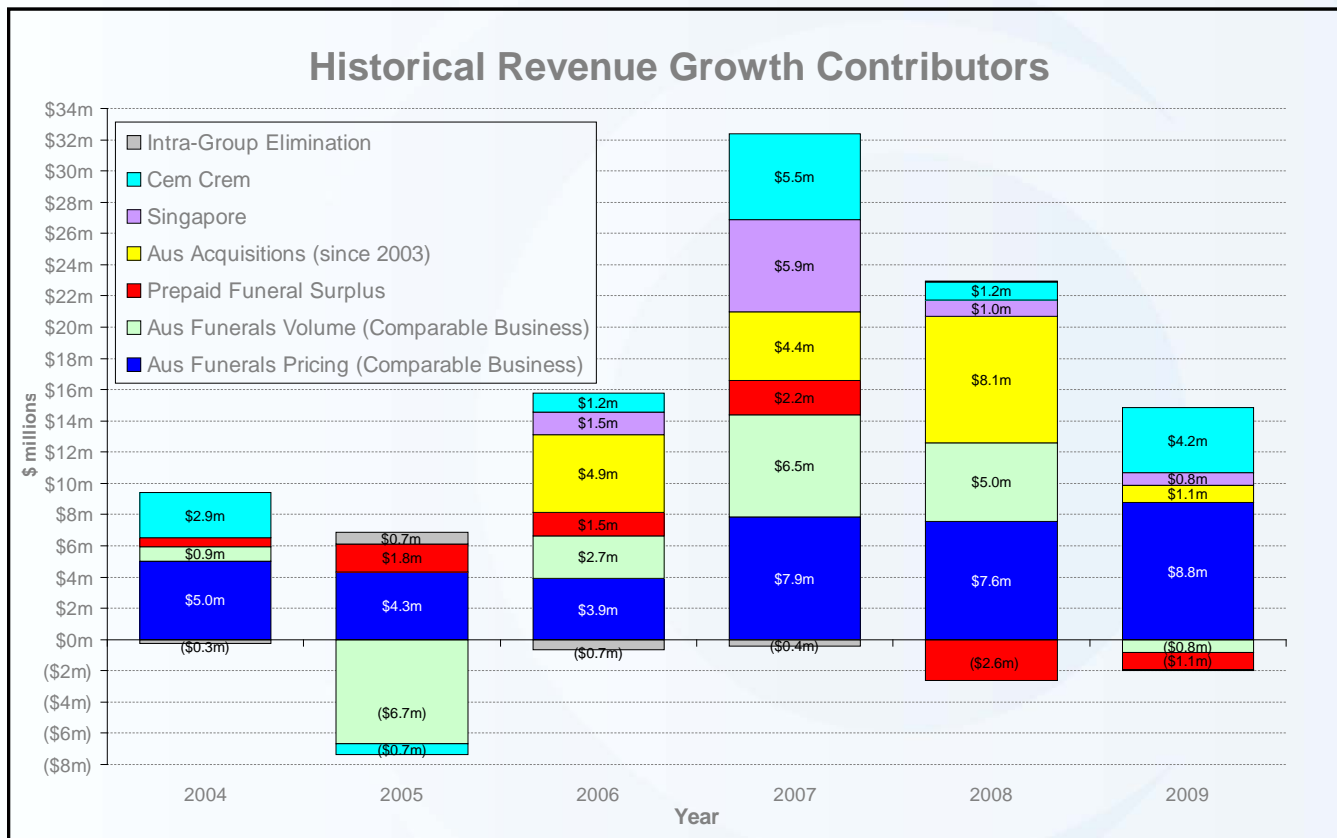
Historical Financial Highlights



Historical Financial Highlights (continued)



Funeral Revenue Growth Contributors



Pillars of Growth

1. Favourable Demographics

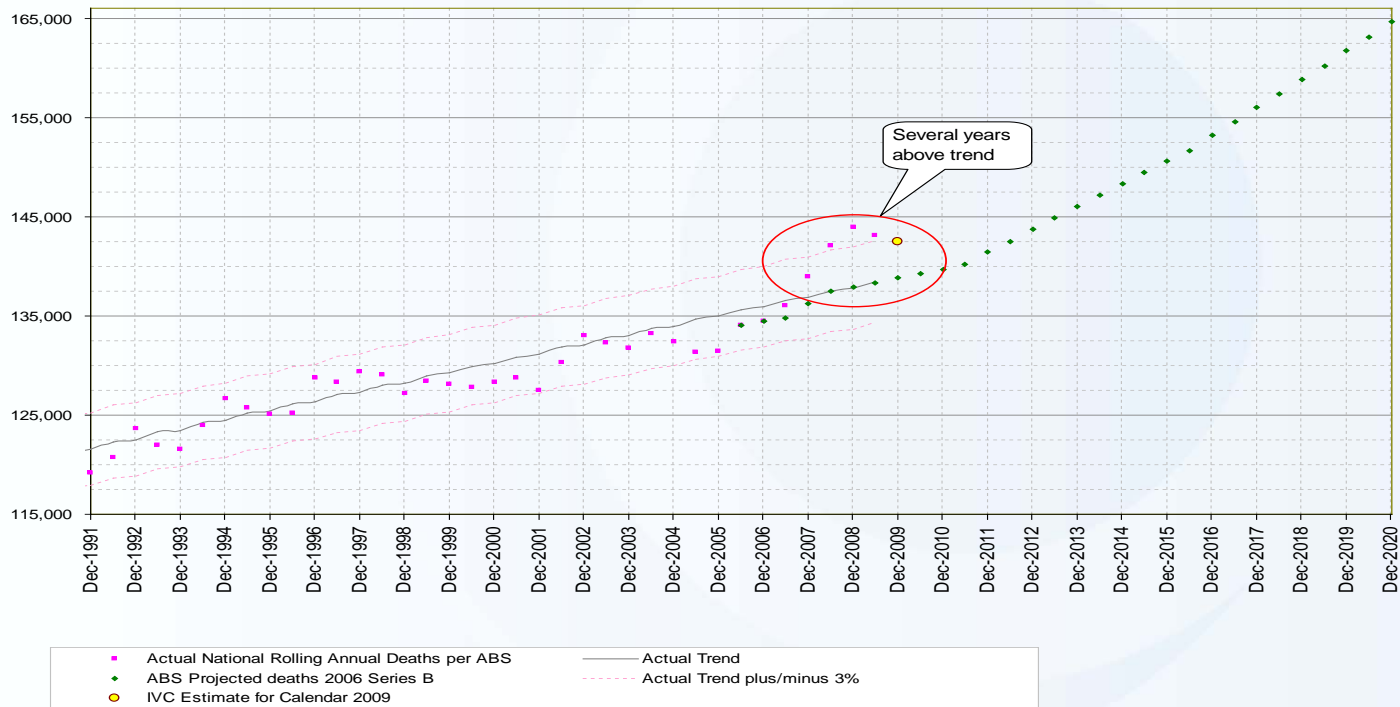
- InvoCare has current footprint in large metropolitan and nearby regional urban areas
- Future opportunities to grow in more distant, but increasingly populated, regions as Australia's population grows and ages
- Average 1% annual increase in number of Australian deaths in last decade
- Short term fluctuations occur, as evidenced by reported ABS death numbers
- Projected annual increases climb progressively to peak at 2.7% around 2030, dropping back to around 1% by 2050



Pillars of Growth

1. Favourable Demographics (continued)

Actual and Projected Deaths - Australia



Pillars of Growth

2. Pricing

Funerals

- Historically list price increases 3-4% pa
- Pricing largely unaffected in adverse economic conditions
- 87% of customers indicate pricing in line or below expectations
- Mix of where deaths occur affect overall average funeral revenue
- Australian funeral case avg* grew 5.3% in 2009 (4.3% pa over last 5 yrs)
 - Higher volumes in southern states
 - White Lady funerals fastest growing funeral brand

* Excluding disbursements and prepaid funeral contribution



Pillars of Growth

2. Pricing (continued)

Cemeteries & Crematoria

- Historically achieved price increases of 3-4% pa
- 98% of customers indicate pricing in line or below their expectations
- Some short term declines in overall average contract values during adverse economic conditions, but since recovered
- Increasing competition continues in the cremation market
- Cemetery land shortage, particularly in our largest market Sydney, means our burial plots likely to compensate cremation pricing pressures



Pillars of Growth

3. Market Share Growth

- Excellent customer service essential
- Mid to high 90% recommendation rates
- Local community involvement and relationships
- Increasing brand awareness
- Australian InvoCare funeral market share estimated increase 2.7% over last 5 years, assisted by acquisitions and new locations



Pillars of Growth

3. Market Share Growth (continued)

- Market share estimates for InvoCare's main funeral markets are:
 - Sydney 41%
 - Melbourne 23%
 - Brisbane 28%
 - Adelaide 27%
 - Perth & Surrounds 49%
 - Singapore 11% (22% of Christian & Buddhist)
- Headroom for improvement in some markets



Pillars of Growth

3. Market Share Growth (continued)

New Funeral Location Openings (Net of Closures)

	NSW	QLD	VIC	SA	WA	TOTAL
2004	0	0	0	(1)	0	(1)
2005	1	0	1	0	(1)	1
2006	2	3	2	1	0	8
2007	1	3	3	1	1	9
2008	4	2	1	1	1	9
2009	1	2	3	0	1	7
Total	9	10	10	2	2	33

Practical	5	2	4	2	3	16
Traditional	1	5	1	0	(1)	6
Involved	3	3	5	0	0	11
Total	9	10	10	2	2	33

Mainly in '06 & '07 when "value" shift was expected

Mostly in last couple of years to meet emerging trend

S.E QLD fastest growing retirement area in Australia

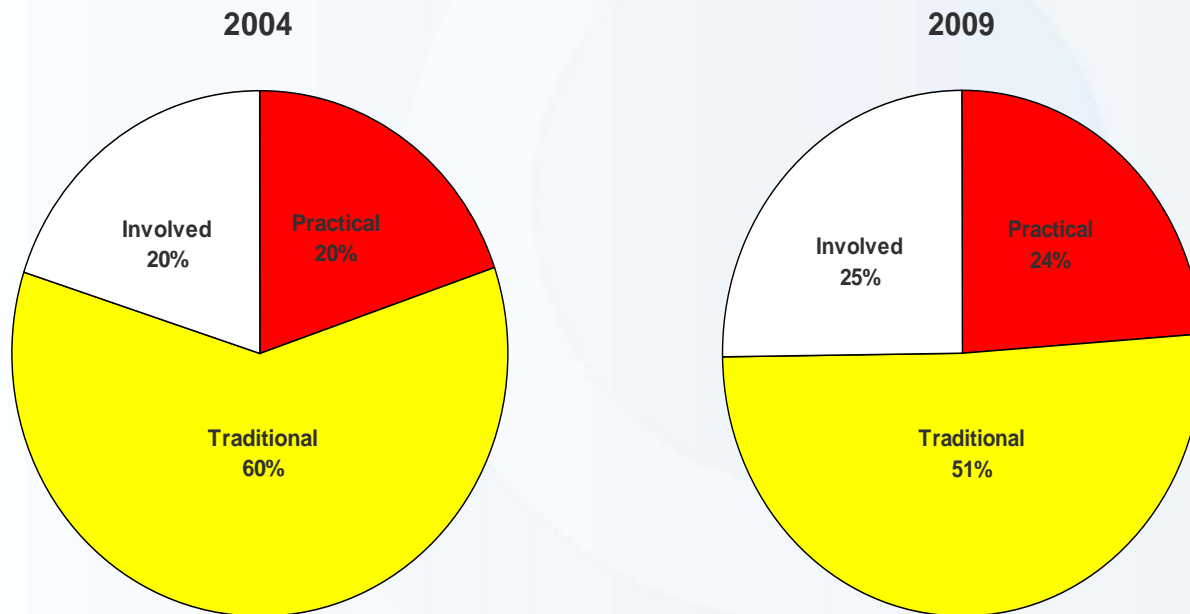
Growth strategy in VIC where White Lady is least represented. Market share gains of more than 1% achieved from this over the last 2 years in that market



Pillars of Growth

3. Market Share Growth (continued)

Australian Funeral Market Segmentation (excluding acquisitions)



Pillars of Growth

4. Business acquisitions

- Australian and Singapore funeral industry fragmented with most businesses small and family owned & operated
- Succession planning is the main issue for these businesses
- Health and relationship breakdowns may also trigger business sales
- EBITDA multiples for businesses, including earnouts, depend on factors such as size, reputation, location, management, staff and property ownership
- Vendor multiple expectations often too high to warrant serious consideration
- No distressed funeral business sales in recent unfavourable economic climate
- Most small funeral businesses are not highly leveraged



Pillars of Growth

5. 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
- New prepaid contract sales exceed number performed to maintain and grow prepaid pool (currently around \$275 million)



Pillars of Growth

5. Prepaid Funerals (continued)

- Investment returns must exceed annual selling price increases & fund management costs to protect & grow margins
- Long term investment strategy with bias to growth assets (typically 60% equities)
- Australian Equities now estimated to be 59% of funds under management
- Main funds with special purpose, independently managed vehicle under Over Fifty Group umbrella



2010 Outlook

Preliminary results for four months to 30 April 2010

Total IVC

- Sales revenue up 4.9%

Australian Funerals

- Sales revenue up 2.2% (up 3.1%*)
- Volume down 1.8% - death rate related
- Market share maintained
- Funeral case average* up 5.0%
- Prepaid funeral contributions increased by \$0.6million to \$0.1m surplus

* Excluding disbursements and prepaid funeral contribution



2010 Outlook

Preliminary results for four months to 30 April 2010

(continued)

Singapore Funerals

- Sales revenue up 14.4% in SGD but down 8.0% in AUD due to exchange rate movements
- Volume up 11.2%
- New parlours opened at Mt Vernon

Australian Prepaid Funerals

- Number of new contracts sold up 3.0%
- New sales exceed redemptions by 6.5%
- New contract averages up 6.0%



2010 Outlook

Preliminary results for four months to 30 April 2010

(continued)

Cemeteries & Crematoria

- Total revenue up 15.7% (but on a low GFC impacted base)
- At need case volume down 2.1% - mainly death rate related
- Minor market share decline from Dec 2009 (mainly QLD)
- Deferred revenue pool increased by \$1.6m



2010 Outlook

Preliminary results for four months to 30 April 2010

(continued)

Other operational and capital management

- Capital expenditure \$3.5m
- Construction work commenced for new condolence facility at Northern Suburbs Crematorium
- Ongoing cost management, including key payroll and marketing areas
- Received credit approved offers for more than total intended \$200 million bank debt facilities for refinancing and terms negotiations continuing
- Discussions continue with various business owners in various markets



2010 Outlook

Acquisition of WN Bull Funerals in NSW

- Commercial agreement reached to acquire WN Bull Funerals
- Completion anticipated before 30 June 2010, subject to conditions precedent
- Business has operated since 1892
- 3 Sydney locations
- Performs approximately 600 funerals a year
- Sales revenues approximately \$4.8m
- EPS accretive acquisition taking IVC Sydney market share to approx. 43%



Robust Business Model Continues To Perform

- Growth pillars evident in four months to 30 April 2010:

1. Favourable demographics ✘
2. Pricing ✔
3. Market share improvements, including new locations ✔
4. Business acquisitions ✔
5. Prepaid surpluses ✔

- However, caution using as indicator for full 2010 year as each element is subject to change



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.



