

Investor Presentation

2007 Full Year Results

February 2008

Presenters

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2007 Full Year Highlights

Strong overall performance

- Sales Revenue increased 16.7% to \$223.9m
- Operating EBITDA improved 19.9% to \$58.9m
- Operating Margin increased 72 bps to 26.3%
- Normalised operating profit after tax increased 25.1% to \$27.1m



2007 Full Year Highlights (continued)

Strong overall performance (continued)

- Profit after Tax increased 14.6% to \$27.6m
- Net cash flow from operations increased 30.3% to \$38.6m
- Basic EPS improved 11.7% to 27.6 cents per share
- Ordinary dividends for the year increased 15.4% to 22.5 cents per share



2007 Full Year Highlights (continued)

Strong overall performance (continued)

- Overall market share improvement due to acquisitions
- Acquisitions completed in 2006 (Singapore Casket Company & Drysdales) and 2007 (Liberty) performing in line with expectations
- Perth's 3rd largest funeral operator (Chippers) acquired effective December 2007
- 9 new locations opened in 2007, bringing Australian total to 163
- Prepaid funeral funds under management increased 7.9% to \$272m



Key Performance Indicators - Full Year

	31 Dec 2007 \$'m	31 Dec 2006 \$'m	Movement %
Funeral Revenues (incl. funeral disbursement exp)	173.2	146.4	18.4%
Cemetery & Crematoria Revenues	57.3	51.8	10.6%
Elimination of intra-group sales	(6.6)	(6.2)	
Total Sales Revenues	223.9	191.9	16.7%
Operating EBITDA (i)	58.9	49.1	19.9%
Operating Margin (ii)	26.3%	25.6%	+72bps
Normalised Operating PAT	27.1	21.6	25.1%
After tax effect on the profit from sale of assets	0.6	4.9	
After tax effect on the loss from asset impairments	-	(2.4)	
Minority Interest	(0.1)	(0.1)	
Profit After Tax	27.6	24.0	14.6%
Basic Earnings (cents per Share)	27.6	24.7	11.7%

(i) EBITDA excluding asset sales & asset impairments

(ii) (EBITDA excluding asset sales & asset impairments)/ sales revenues



Operational Highlights

Funeral Revenues

	2007 v 2006		2006 v 2005	
	Total	Comp	Total	Comp
Sales revenue \$ growth	18.4%	11.9%	11.1%	6.2%
Services growth (case volume)	11.7%	4.8%	7.4%	2.1%
Average \$ sale growth	6.0%	6.8%	3.4%	4.0%

Funeral revenues now reported inclusive of funeral disbursements which amounted to \$36.7m in 2007 (2006: \$32.1m) – refer appendix 8

Prepaid funerals redeemed as a result of the delivery of funeral services contributed 1.5% to the comparable average sales growth



Operational Highlights

Funeral Market

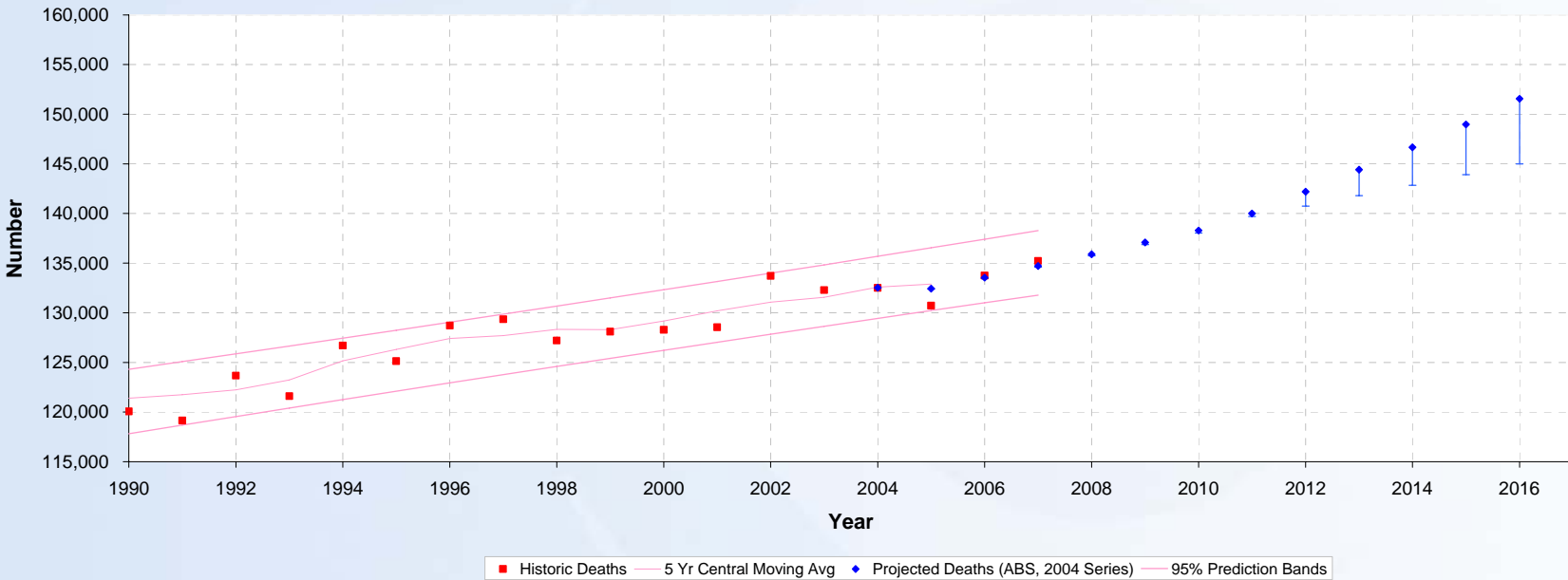
- IVC estimates deaths increased 4.4% in its Australian markets (2006: 2.3%)
- Preliminary ABS data for H1 2007 reported deaths in states IVC operates increasing 0.4%, compared to IVC H1 guidance of 2.0%
- Estimated overall funeral market share in IVC's Australian markets increased 60bps since 31 December 2006 due primarily to acquisitions (market share in comparable IVC markets relatively stable)
- The current market surveys indicate that:
 - 97% of IVC clients continue to definitely or probably recommend an IVC funeral provider at a time of need
 - 99% of IVC clients indicating IVC funeral providers exceed or meet their expectations



Operational Highlights (continued)

Revised Australian Death Projections

Actual and Projected Deaths



Prepared by Rice Warner Actuaries



Operational Highlights (continued)

Singapore Casket Company

- Singapore Casket Company generated revenues amounting to A\$7.4m representing a 3.5% increase on 2006
- Case volume declined by 3%, with minor market share erosion, but average price increases more than compensated, in particular increased parlour hire revenue
- EBITDA increased approximately 17% to A\$3.7m due to average sale improvement and cost management

Note full year 2006 comparatives are provided for reference only as Singapore Casket Company was only acquired by IVC in October 2006



Operational Highlights (continued)

Chippers Funerals

- Chippers funeral business acquired with effect from mid December 2007
- 3rd largest operator in the Perth region being established in 1889
- Chippers operates 5 locations (3 in Perth, 1 in Rockingham & 1 in Mandurah)
- Estimated 2007 full year revenues and EBITDA were approximately \$5m and \$0.6m respectively
- Chippers made a small contribution to 2007 IVC Group results with sales of \$0.2m



Operational Highlights (continued)

New Locations

- The 8 new locations opened in 2006 generated revenues (comparable) of \$3.4m in 2007 (2006: \$1.2m)
- 9 new funeral locations opened in 2007 as follows:
 - 5 Simplicity locations
 - 4 Traditional locations
- Generating revenues (comparable) of \$0.6m



Operational Highlights (continued)

Cemeteries & Crematoria Revenues

	2007 v 2006	2006 v 2005
Sales revenue \$ growth	10.6%	2.4%
Services growth (case volume)	3.5%	2.5%
Average \$ sale growth*	6.9%	(0.1%)

*Includes the impact of pricing & product mix



Operational Highlights (continued)

Cemeteries & Crematoria Market

- IVC estimates deaths increased 3.8% in it's Australian markets
- Overall cemeteries & crematoria market share in the markets IVC operates relatively stable
- The current market surveys indicate that 94% of IVC clients continue to definitely or probably recommend an IVC cemeteries & crematoria provider at a time of need



Operational Highlights (continued)

Prepaid Funeral Redemptions & Sales

- Number of contracts sold increased 11.2%
- Contract redemptions exceeded new contracts by 2.1% (2006: 19.1%)
- New contracts exceeded redemptions by 11.8% in Q4 2007



Financial Highlights

- Strong growth in EBITDA, margin & normalised operating profit after tax
- Employee costs represent approximately 40% of total costs and 30% of sales
- Employee costs increased 15.0% to \$66.7m, compared to 16.7% increase in sales revenues
- Additional head count to support growth, incentive compensation, investment in learning & development, new uniforms for operational staff and normal wage increases (generally contained to 4%-5%) have all contributed to the increase with the majority of these costs being incurred in H2 2007
- Other operating expenses increased 15.6% to \$101.8m, generally in line with sales growth except advertising and marketing increasing 29.6% or \$1.6m to promote brand development and prepaid funerals



Financial Highlights (continued)

Capital Management

Dividends

- Fully franked final dividend increased 8.7% to 12.5 cents per share (2006 – 11.5 cents)
 - Record date 20 March 2008
 - Payable date 11 April 2008
- Total ordinary dividend for year increased 15.4% to 22.5 cents per share (2006 – 19.5 cents)
- Payout ratio 81.8% (2006: 79.8%), again exceeding stated 75% policy
- DRP remains activated for final dividend - no discount to market price, not underwritten, proposed that shares will be acquired on market



Financial Highlights (continued)

Capital Management (continued)

Cash flows from operating activities

- Net cash inflows from operations increased 30.3% to \$38.6m
 - Conversion of EBITDA to ungeared, pre-tax cash flow remains high
 - 105% (2006:103%)
 - Strong trading result and ongoing working capital management contributed to operating cash flow growth



Financial Highlights (continued)

Capital Management (continued)

Cash flows from investing activities

- Investing cash outflows amounted to \$21.3m
- Acquisition payments totalling \$8.5m (2006: \$25.2m) made relating to Singapore Casket Company earnout and acquisition of Liberty and Chippers funerals
- Capital expenditure increased to \$17.4m (2006: \$9.8m), including strategic capex \$11.1m (2006: \$6.4m) – see appendix 7



Financial Highlights (continued)

Capital Management (continued)

Cash flows from financing activities

- Financing outflows amounted to \$17.7m to \$13.9m (2006: inflow of \$3.7m):
 - Net draw-downs on borrowings amounted to \$2.4m (2006: \$12.5m), to support acquisitions
 - Proceeds from issue of ordinary shares totalled to \$0.3m (2006: \$5.1m)



Financial Highlights (continued)

Capital Management (continued)

Banking Facility & Hedges

- Net debt decreased by \$0.8m to \$145.6m (2006: \$146.4m)
- Leverage ratio (Net debt/Operating EBITDA) 2.5x (2006: 3.0x)
- Interest cover (Operating EBITDA/Net Interest) remains healthy and improved to 6.0x (2006: 5.4x)
- Total debt facility is \$185.0m, inclusive of a \$5m overdraft facility, maturing January 2011



Financial Highlights (continued)

Capital Management (continued)

Banking Facility & Hedges

- 99% (2006: 99%) of debt hedged with floating to fixed interest rate swaps to January 2011
- Effective rate of interest on drawings, including margin, at balance date was 6.6% (2006: 6.6%)
- Finance costs include non-cash swap costs \$0.9m (2006: \$0.5m)



Financial Highlights (continued)

Prepaid funds under management

	31 Dec 2007 \$'m	31 Dec 2006 \$'m	Movement %	
Prepaid Funeral Funds	272	252	7.9%	
Gross Annual Returns	%	%	%	
12 months ended	11.9%	17.2%	(30.8%)	(i)
3 years ended	14.4%	16.2%	(11.1%)	
5 years ended	13.5%	10.7%	26.2%	
7 years ended	10.1%	10.0%	1.0%	

- Gross returns exclude investment management fees and administration fees (currently 1.6%)
- Percentage of 2007 Australian funerals performed previously prepaid 13% (prior year 14%)
- (i) Refer Appendix 6 - Year on Year Prepaid fund benchmark comparison



Financial Highlights (continued)

Prepaid funds under management

- Strong returns attributed to equity performance in recent years
- Asset allocation:
 - 57% Australian equities
 - 2% international equities
 - 5% property
 - 36% cash and/or fixed interest
- Surplus of \$56m (2006 \$46m) being funds under management \$272m less estimated retail price of services at 31 December 2007 \$216m
- Prepaid funerals redeemed as a result of the delivery of funeral services contributed 1.5% to the comparable average sales growth
- Surplus redeemed during 2007 \$3.2m (2006: \$1.0m)



Financial Highlights (continued)

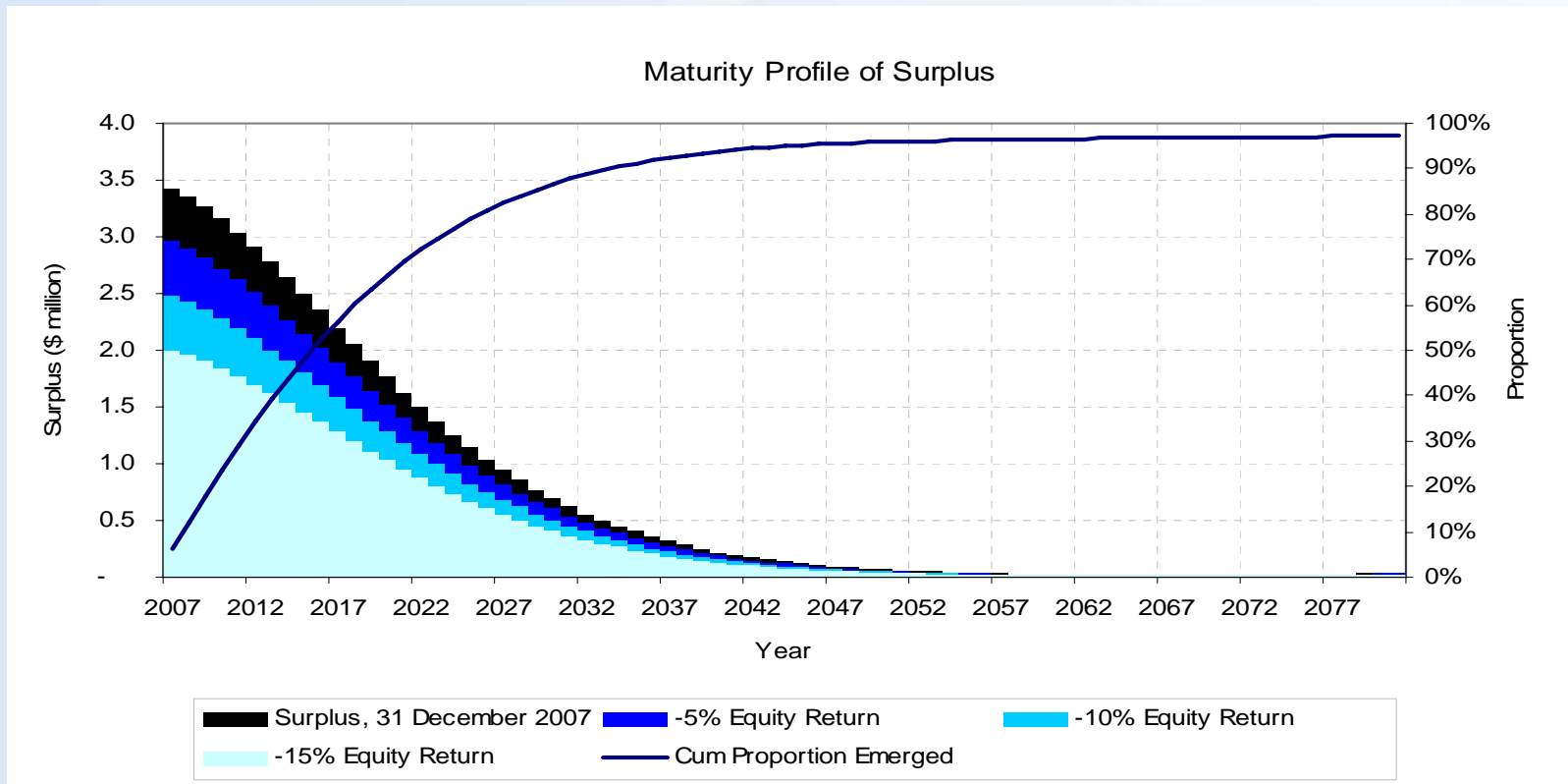
Prepaid funds under management

- Note IVC's balance sheet excludes prepaid funds under management
- Prepaid revenue, including the surplus, is only recognised on delivery of products and services.
- The surplus is not guaranteed and is subject to fluctuation, being dependent upon date of delivery of the contract, future returns on the funds under management and the future movements in IVC retail prices.
- A 1% change in equity markets would alter surplus by 3%. For example, a 10% decline in equities would reduce surplus from \$56m to \$39m.
- IVC takes long term and vigilant view of fund investments - short term equity market volatility is not of major concern



Financial Highlights (continued)

Prepaid funds under management



Actuarially determined by Rice Warner Actuaries using current account balances and estimates of future mortality



2nd Half 2007 Highlights

- Sales Revenue increased 17.4% to \$118.5m
- Operating EBITDA improved 18.7% to \$32.2m
- Operating Margin increased 30 bps to 27.2%
- Normalised operating profit after tax increased 24.9% to \$15.7m
- Profit after Tax increased 7.5% to \$16.1m



Key Performance Indicators – H1 vs H2

	H1 2007 \$'m	H1 2006 \$'m	Movement %	H2 2007 \$'m	H2 2006 \$'m	Movement %
Funeral Revenues (incl. funeral disbursement exp)	80.7	68.7	17.5%	92.5	77.7	19.1%
Cemetery & Crematoria Revenues	27.7	25.3	9.6%	29.6	26.5	11.6%
Elimination of intra-group sales	(3.0)	(3.0)		(3.6)	(3.2)	
Total Sales Revenues	105.4	90.9	15.9%	118.5	101.0	17.4%
Operating EBITDA (i)	26.7	22.0	21.5%	32.2	27.1	18.7%
Operating Margin (ii)	25.4%	24.2%	+116bps	27.2%	26.9%	+30bps
Normalised Operating PAT	11.4	9.0	25.5%	15.7	12.6	24.9%
After tax effect on the profit from sale of assets	0.1	0.1		0.5	4.8	
After tax effect on the loss from asset impairments	-	-		-	(2.4)	
Minority Interest	-	-		(0.1)	(0.1)	
Profit After Tax	11.5	9.1	26.2%	16.1	14.9	7.5%
Basic Earnings (cents per Share)	11.6	9.4	23.4%	16.1	15.3	5.2%

(i) EBITDA excluding asset sales & asset impairments

(ii) (EBITDA excluding asset sales & asset impairments)/ sales revenues



2nd Half 2007 Operational Highlights

Funerals	2007 v 2006		2007 v 2006	
	H1		H2	
	Total	Comp	Total	Comp
Sales revenue \$ growth	17.5%	9.0%	19.1%	14.5%
Services growth (case volume)	10.7%	1.4%	12.6%	7.9%
Average \$ sale growth	6.2%	7.4%	5.7%	6.1%

Cemeteries & Crematoria	2007 v 2006	2007 v 2006
	H1	H2
Sales revenue \$ growth	9.6%	11.6%
Services growth (case volume)	0.4%	6.4%
Average \$ sale growth*	9.2%	4.8%

*Includes the impact of pricing & product mix



2nd Half 2007 Operational Highlights

(continued)

- Sales revenue growth attributed to:
 - Higher than expected number of deaths in IVC markets
 - Strong average sale growth, including pre need surplus recognition
 - Acquisitions, and
 - New locations
- Deaths in IVC Australian funeral markets estimated to have increased 7.0% in H2 2007 vs H2 2006
- Deaths in IVC cemetery & crematoria markets estimated to have increased 7.4% in H2 2007 vs H2 2006



2nd Half 2007 Operational Highlights

(continued)

- Average sale improvement for funerals and cemetery & crematoria improved 6.1% and 4.8% respectively vs H2 2006, compared with the 7.4% and 9.2% improvement experienced in H1 2007 vs H1 2006
- Sales revenue from acquisitions completed in 2006 & 2007 amounted to \$6.4m (H2 2006: \$2.5m) contributing 5.1% to overall sales revenue growth for the period
- Sales revenue from 2006 & 2007 new locations amounted to \$2.4m (H2: 2006: \$0.8m) contributing 2.0% to overall sales revenue growth for the period



2nd Half 2007 Operational Highlights

(continued)

- Overall market share in markets IVC operates (excluding acquisitions) relatively stable
- H2 2007 operating margins impacted by increased investment in learning & development, marketing, new uniforms and additional head count (including new locations) to support future growth as discussed previously
- Labour costs increased 17.3% to \$34.4m vs 17.4% increase in sales revenue

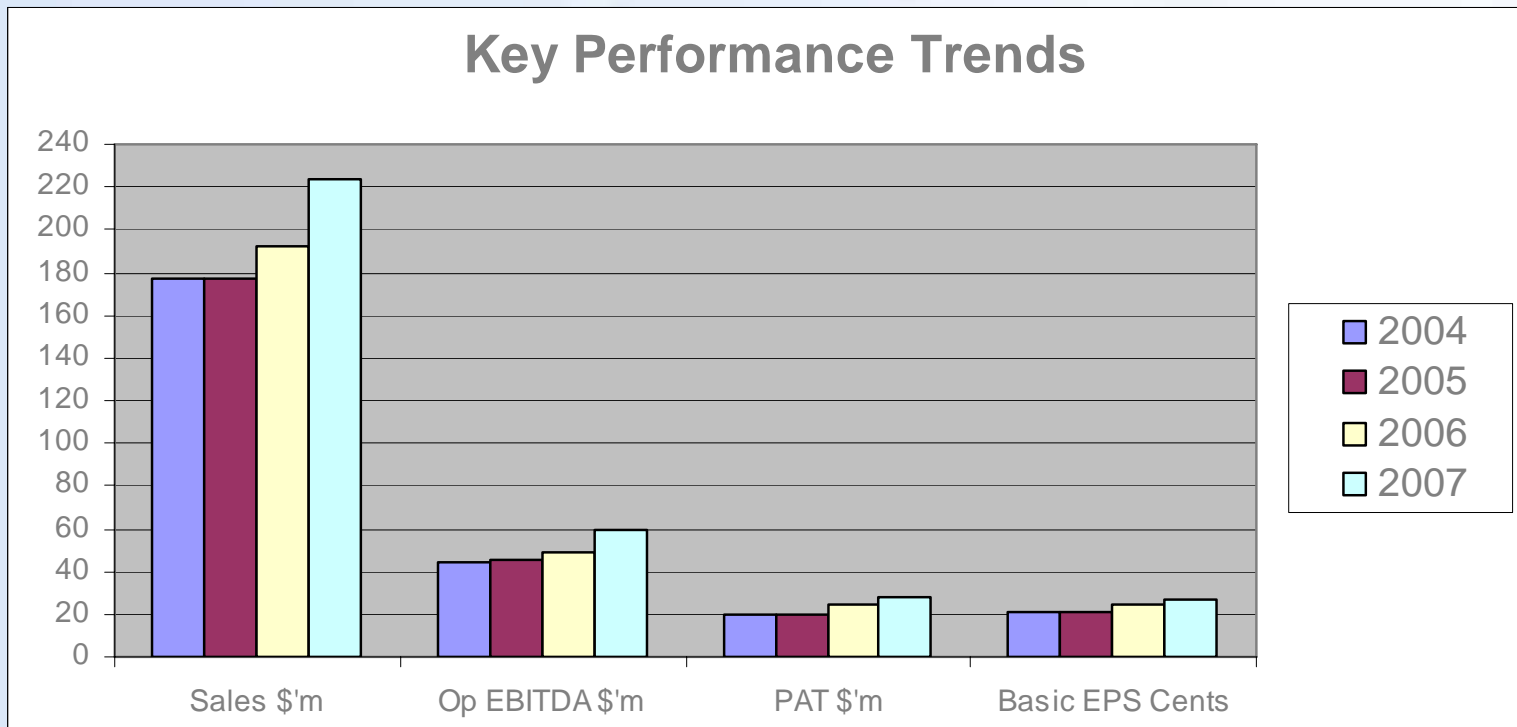


Attractive Business Model

- Full Year & H2 2007 results re-affirm the business model
- Continues to be well positioned given the ageing population
- No shift in strategic direction warranted



Attractive Business Model (continued)



Operational Strategic Direction

No shift in strategic direction, with continued focus on:

1. Enhancement of service levels
 - 99% of IVC clients indicating IVC funeral providers exceed or meet their expectations
 - 97% of IVC clients indicating that they would definitely or probably recommend an IVC funeral provider at a time of need
 - 94% of IVC clients indicating that they would definitely or probably recommend an IVC cemeteries & crematoria provider at a time of need
2. Development of people via investment in recruitment, training & development
3. Increasing brand awareness and aligning to major segments
 - Guardian total brand awareness in Sydney up 32% to 46%
4. Upgrading existing facilities
5. Expanding memorialisation and prepaid



Operational Strategic Direction (continued)

No shift in strategic direction, with continued focus on:

6. Pursuing acquisition opportunities and opening new locations
 - Management confident that further acquisitions possible however uncertainty over timing
 - Keen to expand internationally on proviso overall low risk profile not materially affected. No major acquisitions are envisaged at this stage
 - On track to open 4 to 6 new funeral locations in 2008
7. Maintaining strong prepaid funeral fund performance
8. Monitoring asset performance, divesting non performing/non strategic assets
9. Improving efficiencies and controlling costs
10. Capital Management



Capital Management

- No major capital management initiatives planned for 2008
- Capital Management is constant focus
- Earnings and cash flow have remained strong in 2007 with confidence in maintaining in 2008, subject to death rate
- Debt headroom exists with ability to service higher debt
- Potential acquisition activity and capital expenditure plans
- Current volatility in equity markets
- Credit markets tightening and prevailing interest rates increasing
- With above factors and climate, DRP will remain active to reward approx 25% of shareholders electing to participate, but to avoid dilutive impact on non participating shareholders it is proposed that shares will be purchased on market



2008 Outlook & Beyond

- Growth expected to continue from:
 - revenue growth in existing comparable businesses from price, volume and realisation of prepaid surpluses
 - new acquisitions, both domestic and Asia Pacific
 - opening new locations
 - investing in existing locations to enhance service levels
 - ongoing operational improvements and
 - favourable demographic changes



2008 Outlook & Beyond (continued)

- January 2008 overall preliminary sales revenue growth 10% (comparable growth 6%)
- 2008 performance largely dependent on:
 - Continued average sale growth
 - Prepaid funeral contribution
 - Number of deaths in IVC markets increasing in line with actuarial trend predictions
 - At least maintaining market share
- Annualisation benefits from 2007 acquisitions will be less in H1 2008 v H2 2007 due to acquisition timings



Summary

- Another strong performance
- InvoCare's attractive and solid business model has again been proven
- Well positioned to capitalise on increasing number of deaths trend and to growing market share



Appendix 1 – Full Year 2007 Profit after Tax

	2007	2006	Movement
	\$'m	\$'m	%
Operating activities	35.1	28.8	21.6%
Other – interest, borrowing costs etc	(8.0)	(7.2)	11.0%
Normalised Operating PAT	27.1	21.6	25.1%
Profit on sale of assets	0.6	4.9	(88.2%)
Asset Impairment Losses	-	(2.4)	100.0%
Minority Interest	(0.1)	(0.1)	(7.6%)
Profit After Tax	27.6	24.0	14.6%



Appendix 2 – Full year 2007 Net Operating Results (excluding asset sales, depreciation & interest)

12 months ended	Dec 2007		Dec 2006		Movement
	\$'m	Sales Revenues %	\$'m	Sales Revenue %	
Sales revenues	223.9		191.9		16.7%
Other Revenue	3.6		3.4		7.2%
Finished Goods	64.6	28.9%	55.6	29.0%	16.2%
Employment	66.7	29.8%	58.0	30.2%	15.0%
Advertising & PR	6.9	3.1%	5.4	2.8%	29.6%
Occupancy Costs	13.3	5.9%	11.8	6.1%	12.4%
Motor Vehicle Costs	5.0	2.2%	4.4	2.3%	15.5%
Other	12.0	5.4%	11.0	5.7%	9.0%
Total net expenses	168.5	75.3%	146.2	76.2%	15.3%
Operating EBITDA	58.9	26.3%	49.1	25.6%	19.9%



Appendix 3 – H2 2007 Net Operating Results (excluding asset sales, depreciation & interest)

6 months ended	H2 2007 \$'m	Sales Revenues %	H2 2006 \$'m	Sales Revenue %	Movement %
Sales revenues	118.5		101.0		17.4%
Other Revenue	1.9		1.6		21.3%
Finished Goods	34.2	28.9%	29.7	29.4%	15.2%
Employment	34.4	29.0%	29.3	29.0%	17.3%
Advertising & PR	3.9	3.3%	2.8	2.8%	40.2%
Occupancy Costs	6.8	5.7%	6.2	6.1%	11.5%
Motor Vehicle Costs	2.6	2.2%	2.1	2.1%	23.6%
Other	6.3	5.3%	5.4	5.3%	16.3%
Total net expenses	88.2	74.4%	75.5	74.8%	17.0%
Operating EBITDA	32.2	27.2%	27.1	26.8%	18.7%



Appendix 4 – 2007 Working Capital Management

	Dec 2007 \$'m	Dec 2006 \$'m	Movement %
Receivables	18.6	20.6	(9.9%)
Inventories	13.2	12.7	3.4%
Other current assets	0.5	3.6	(85.0%)
Payables	(25.6)	(21.0)	21.6%
Other current liabilities	(8.1)	(7.4)	8.7%
Deferred revenues	(3.0)	(2.9)	0.5%
Current tax liability	(4.7)	(4.8)	(2.5%)
Net working capital	(9.0)	0.8	1225.8%



Appendix 5 - Balance Sheet Indicators

	Dec 2007 \$'m	Dec 2006 \$'m	Movement %
Net working capital	(9.0)	0.797	1225.8%
Fixed assets	212.7	201.8	5.4%
Intangibles	56.5	47.3	19.4%
Other assets	21.9	18.0	22.2%
Other creditors & provisions	(1.3)	(1.6)	(18.8%)
Deferred revenues	(41.4)	(41.2)	0.5%
Deferred tax liabilities	(33.4)	(32.3)	3.3%
Capital employed	206.0	192.7	6.9%
Net Debt	(145.6)	(146.4)	(0.5%)
Shareholder equity	60.5	46.4	30.5%



Appendix 6 – Year on Year Prepaid Fund performance comparison against benchmark

	Dec 2007	Dec 2006	Increase/ Decrease
Australian Equities	16.1%	24.2%	(8.1%)
International equities	(2.6%)	11.5%	(14.1%)
Property	(8.4%)	34.0%	(42.4%)
Fixed interest	3.5%	3.1%	0.4%
Cash	6.7%	6.0%	0.7%
Overall Benchmark before Admin Costs	10.5%	17.2%	(6.7%)
Actual performance before Admin costs	11.9%	17.2%	(5.3%)



Appendix 7 – Capital Expenditure

	2007	2006
	\$m	\$m
Property purchases	3.4	1.2
Refurbishments and facility upgrades	6.9	6.0
Motor vehicles	3.9	1.6
Cremators	1.8	0.1
Other assets	1.4	0.9
Total capital expenditure	17.4	9.8



Appendix 8 – Net sales adjustments

The following details adjustments to previously reported “net sales” to arrive at sales reported on a “gross” basis

	H1			H2			Full Year		
	Disbursement expenses	Less intra-group disbursements	Net sales adjustment	Disbursement expenses	Less intra-group disbursements	Net sales adjustment	Disbursement expenses	Less intra-group disbursements	Net sales adjustment
	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m
2003	15.4	(2.7)	12.7	18.5	(3.3)	15.2	33.9	(6.0)	27.9
2004	16.7	(2.9)	13.8	18.6	(3.3)	15.3	35.3	(6.3)	29.1
2005	16.2	(2.7)	13.5	18.0	(2.8)	15.2	34.2	(5.5)	28.6
2006	17.9	(3.0)	14.9	20.4	(3.2)	17.2	38.3	(6.2)	32.1
2007	20.0	(3.0)	16.9	23.3	(3.6)	19.7	43.3	(6.6)	36.7



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.



