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# 2017 Half-Year Results

Martin Earp, CEO
Josée Lemoine, CFO

16 August 2017

# Summary of Performance H1 2017

## Financials

Sales Revenue
$218.2m↑ 1.7%

Expenses
$171.0m↓ (0.6)%

Operating EBITDA
$51.9m↑ 9.9%

Operating Earnings after tax
$24.5m↑ 13.5%

Reported profit
$41.7m↑ 50.1%

## Pillars of Growth

Demographics
Deaths[1]↑ 2.8%

Funeral Market Share[1]
Circa↓ 130bps

Funeral Case Average↑ 5.7%

Operating Margins
↑ 180bps

Prepaid FUM
↑ 15.0%

[1]on a 12-month rolling basis

## EBITDA/Countries[2]

Australia
$44.1m↑ 6.0%

New Zealand
$4.8m↑ 20.6%

Singapore
$4.3m↑ 8.1%

USA
$(0.6)m↑ 59.3%

[2]in local currency

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# Financial Results

## Josée Lemoine, CFO

# Group Results – Income Statement

## Consolidated Business

| | Actual H1 2016 | Actual H1 2017 | Variance to 2016 | |
|---|---|---|---|---|
| | $ m | $ m | $ m | % |
| **Sales revenue** | **$214.5** | **$218.2** | **$3.7** | **1.7%** |
| Other revenue | $4.8 | $4.7 | $(0.1) | (1.5)% |
| Operating expenses(1) | $172.0 | $171.0 | $(1.0) | (0.6)% |
| **Operating EBITDA(1)** | **$47.3** | **$51.9** | **$4.7** | **9.9%** |
| Margin on sales | 22.0% | 23.8% | n/a | +1.8% |
| Operating earnings after tax(1) | $21.6 | $24.5 | $2.9 | 13.5% |
| **Net profit** ***(after tax & non-controlling interest)*** | **$27.8** | **$41.7** | **$13.9** | **50.1%** |
| **Operating EPS** | **19.7c** | **22.3c** | **2.6c** | **13.2%** |
| EPS Basic | 25.4c | 38.0c | 12.6c | 49.6% |
| Dividend | 17.0c | 18.5c | [1.5]c | 8.8% |

(1) Non-IFRS financial information

Note that the data in the table above has been calculated in thousands and presented in millions. As a consequence some additions cannot be computed from the tables as presented.

**Sales revenue** grew 1.7% as a result of increased funeral case averages and improved NZ and Singapore markets

**Other revenue** in line with PCP

Improved **Operating leverage** reflects favourable case averages and cost containment with **EBITDA margins** improvement of 180bps

Improved returns on **Prepaid contract funds under management** are major contributor to reported statutory profit increase

**Dividends** increased by 8.8% representing a payout ratio of 83.3%

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# Group Results – EBITDA to NPAT

| | H1 2016<br>$ m | H1 2017<br>$ m | Variance to 2016<br>$ m | %<br> |
|---|---|---|---|---|
| **Operating EBITDA[(1)]** | **$47.3** | **$51.9** | **$4.7** | **9.9%** |
| *Operating margin* | *22.0%* | *23.8%* | | *1.8%* |
| Depreciation and amortisation | $(10.4) | $(10.6) | $(0.2) | (1.8)% |
| Finance & net interest costs | $(6.5) | $(5.7) | $0.8 | 12.3% |
| Business acquisition costs | $(0.0) | $(0.2) | $(0.2) | |
| **Operating earnings before tax[(1)]** | **$30.3** | **$35.5** | **$5.2** | **17.0%** |
| Income tax on operating earnings[(1)] | $(8.7) | $(11.0) | $(2.2) | (25.7)% |
| *Effective tax rate* | *28.8%* | *31.0%* | | *2.1%* |
| **Operating earnings after tax[(1)]** | **$21.6** | **$24.5** | **$2.9** | **13.5%** |
| *Operating earnings per share[(1)]* | 19.7 cents | 22.3 cents | 2.6 cents | 13.2% |
| Net gain on undelivered prepaid contracts after tax[(1)] | $5.2 | $17.0 | $11.8 | |
| Asset sales gain after tax[(1)] | $1.1 | $0.3 | $(0.8) | |
| Non-controlling interest | $(0.0) | $(0.0) | $0.0 | |
| **Net profit after tax attributable to ordinary equity holders of InvoCare** | **$27.8** | **$41.7** | **$13.9** | **50.1%** |
| **Basic earnings per share** | 25.4 cents | **38.0 cents** | 12.6 cents | 49.6% |
| **Interim ordinary dividend per share (Paid Oct)** | 17.00 cents | **18.50 cents** | 1.50 cents | 8.8 % |
| **Final ordinary dividend per share (Paid Apr)** | 22.25 cents | | | |
| **Total ordinary dividend per share** | 39.25 cents | | | |

(1) Non-IFRS financial information

Note that the data in the table above has been calculated in thousands and presented in millions.
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**Depreciation** up 1.8% reflecting increased investment in properties, motor vehicles & IT

**Finance & net interest costs** reduced 12.3% as a result of new interest swaps to improved rates

**Income tax on operating earnings** of $11.0m at an effective tax rate of 31.0%. Prior period capital losses reduced the 2016 effective rate.

**FUM** mark to market leads to volatility in IVC s reported profit as property investment revaluations increase FUM earnings by $11.8m on PCP.

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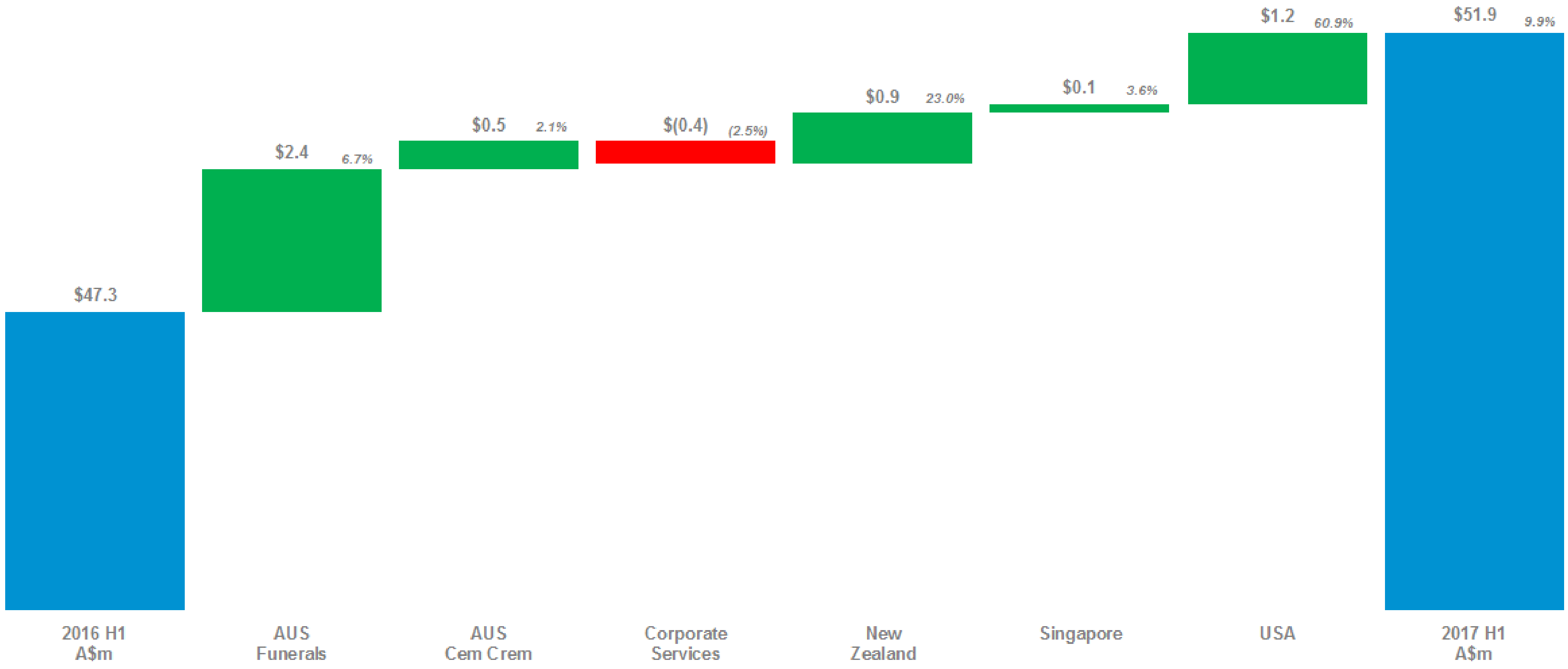
# Operating EBITDA Movement vs Prior Year

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# Group Operating Expenses *(as a % of gross sales)*

**All Lines of Business**

| | H1 2016 | | H1 2017 | | Variance to 2016 | |
|---|---|---|---|---|---|---|
| | $ m | % of Gross Sales | $ m | % of Gross Sales | $ m | % |
| **Sales Revenue** | **$214.5** | | **$218.2** | | **$3.7** | **1.7%** |
| Other Revenue | $4.8 | 2.2% | $4.7 | 2.2% | $(0.1) | (1.5)% |
| **Expenses** | | | | | | |
| Cost of Goods Sold | $60.0 | 28.0% | $60.0 | 27.5% | $0.0 | 0.1% |
| Personnel | $75.3 | 35.1% | $76.8 | 35.2% | $1.6 | 2.1% |
| *Personnel - Non-Sales* | *$67.3* | *31.4%* | *$68.8* | *31.8%* | *$1.5* | *2.3%* |
| *Personnel– Sales* | *$8.0* | *3.7%* | *$8.0* | *3.7%* | *$0.0* | *0.0%* |
| All Other Expenses | $36.7 | 17.1% | $34.2 | 15.7% | $(2.5) | (6.9)% |
| **Operating Expenses** | **$172.0** | **80.2%** | **$171.0** | **78.4%** | **$(1.0)** | **(0.6)%** |
| **Operating EBITDA** | **$47.3** | **22.0%** | **$51.9** | **23.8%** | **$4.7** | **9.9%** |
| Operating Margin | 22.0% | | 23.8% | | | 1.8% |

Note that the data in the table above has been calculated in thousands and presented in millions. As a consequence some additions cannot be computed from the tables as presented.

Equivalent table for comparable business is included in Appendix A

**Focused cost discipline** has improved operating margins with operating expenses down $1m or 0.6% while comparable business increased $0.3M or 0.2% on PCP.

**Non-Sales Personnel Costs** up $1.5m or 2.3% on PCP. The underlying cost increase was 3.4%, consistent with Award and Enterprise Agreements, after excluding net reductions in termination payments.

**Sales Personnel Costs** Flat on PCP given lower commissions on CemCrem sales

**All Other Expenses** decreased $2.5m or 6.9%. A focus on reducing discretionary costs led to savings in travel, IT and professional fees.

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# Cash Flow

| | H1 2016 $ m | H1 2017 $ m |
|---|---|---|
| **Cash flows from operating activities** | | |
| Receipts from customers (incl GST) | $240.3 | $250.9 |
| Payments to suppliers and employees (incl GST) | $(199.7) | $(201.9) |
| Other revenue | $4.1 | $3.9 |
| **Ungeared pre-tax operating cash flows** | **$44.8** | **$52.9** |
| Finance costs | $(6.8) | $(5.9) |
| Income tax paid | $(15.4) | $(16.5) |
| **Net cash inflow from operating activities** | **$22.5** | **$30.5** |
| **Cash flows from investing activities** | | |
| Proceeds from sale of property, plant & equipment | $3.7 | $1.5 |
| Purchase of subsidiaries and other businesses | $(1.2) | $(0.2) |
| Purchase of property, plant & equipment | $(15.4) | $(17.9) |
| Payments to funds for pre-paid contract sales | $(18.5) | $(20.5) |
| Receipts from funds for pre-paid contracts performed | $18.3 | $20.5 |
| **Net cash outflow from investing activities** | **$(13.1)** | **$(16.5)** |
| **Net cash flows from financing activities** | | |
| Net proceeds from borrowings | $19.0 | $19.4 |
| Dividends paid | $(24.6) | $(28.1) |
| **Net cash outflow from financing activities** | **$(5.6)** | **$(8.7)** |
| **Cash and cash equivalents at the end of the year** | **$12.6** | **$16.7** |

**Improved working capital** led to stronger cash conversion as EBITDA to ungeared, tax free operating cash flow increased from 95% (2016) to 102%.

**Capex** of $17.9m up $2.5m on PCP includes purchase of Singapore facilities of $8.0m completed in H1.

> PPE $12.1m

> M/V $ 2.5m

> IT $ 1.1m

> Other $ 2.2m

**Increased dividends** reflecting operating performance and on-going strength of cash flows.

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# Capital Management Analysis

## Capital management metrics indicate robust balance sheet and strong credit metrics

| | | H1 2016 \$m | H1 2017 \$m |
|---|---|---|---|
| Gross Debt | | 252.4 | 253.6 |
| Net Debt | | 239.8 | 236.3 |
| Liquidity Buffer[1] | | 50.2 | 53.1 |
| Effective Interest Rate | | 5.00% | 4.40% |
| % of Drawn Debt[4] swapped to fixed rate | | 66% | 73% |
| Debt Maturing in | > 12 - 24 months | - | 170 |
| | > 24 - 36 months | 170 | 120 |
| | > 36 - 48 months | 120 | - |
| Core Debt Metrics | ***Range*** | | |
| Interest Cover[2] | >4 x | 8.9 x | 11.5 x |
| Gearing[3] | 3.0 - 3.5 x | 2.2 x | 2.0 x |

Notes
1 Committed undrawn lines less net debt (excluding overdraft facility)
2 EBITDA / Net Interest Expense
3 Net Debt / Adjusted EBITDA (to exclude non-cash items)
4 Excludes Singapore debt of S$27m

**Liquidity Buffer:**
Minimum liquidity buffer of \$25m.

**Interest Rate Hedging:**
The Group continues to manage its interest rate exposure through swap contracts.

**Maturity Profile:**
Subject to pricing considerations, it is anticipated that debt maturities will be further extended during the next six months.

**Gearing:**
The balance sheet has gearing capacity.

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# Funds Under Management (FUM)

## Undelivered prepaid contracts FUM increased 15.0% to $507.8m reflecting property investment revaluations

| | H1 2016 | H1 2017 |
|---|---|---|
| **P&L impacts of undelivered contracts:** | | |
| FUM earnings | $14.5m | $32.9m |
| Service delivery liability increase | ($7.1m) | ($8.6m) |
| Net pre-tax gain/*(loss)* on undelivered contracts | $7.4m | $24.2m |
| **Total FUM** | **$438.7m** | **$507.8m** |
| % in equities | 15% | 17% |
| % in property | 27% | 30% |
| % in cash & fixed interest | 58% | 53% |

**FUM mark to market** creates volatility in IVC's reported profit

Property investment **revaluations** of $16.0m pre-tax are the major contributor to improved FUM earnings

**Prepaid contracts sold** continues to exceed redemptions by 24%, up 3% on PCP. Redemptions make up 14.3% of funeral services.

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Funds under Management are held in trust and independently managed.

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# Funding for the 2020 Growth Plan

The Protect & Grow 2020 Plan will require an incremental capital investment of circa $200m over four years. This will be split approximately $160m across the Network, Brand & Optimisation projects and $40m on funding operational efficiency projects.

InvoCare will fund this program through a combination of operational cash flow, sale of surplus properties and additional debt facilities supported by a two-stage funding approach:

**Stage 1 - 2017 Funding**

> In July 2017, the Group's existing banking syndicate increased its existing funding lines to $350m (from $290m), to cover 2017 funding needs including a conservative liquidity buffer of $25m.

> Drawdowns to commence in H2 2017 in line with capital investment activity.

**Stage 2 - 2018 to 2020 Funding**

> A comprehensive review of InvoCare's capital structure is being undertaken.

> The funding package for 2018-2020 will be put in place to meet requirements.

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# Growing Shareholder Value

Martin Earp, CEO

# Protect & Grow – 2020 Plan

- Protects existing network while driving sustainable growth
- Augmented by traditional lever of growth by acquisitions in both core and regional markets

| Project | Aim / Objective |
|---|---|
| Network & Brand Optimisation $160m | Deliver the right product, in the right locations, at the right price |
| People & Culture | Greater focus on entrepreneurial ethos by encouraging local leadership |
| Operational Efficiencies $40m | Capture operational benefits of scale & standardise quality of service provision |

Integrated approach to deliver sustainable value growth over next 10-15 years

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# Network & Brand Optimisation

> Capital investment to optimise current asset base and underpin growth for the next decade

**Refresh & Enhance**

| Rationale | 2017 Key Deliverable | H1 2017 Progress |
|---|---|---|
| > Current expectations of service offerings have evolved e.g. customers want a "one-stop-shop" for all their needs | **Delivered**<br>> 22 sites refresh<br>> 2 sites enhance<br><br>**Commenced**<br>> 25 sites refresh<br>> 8 site enhance | > On track to deliver all set key deliverables<br>> Comprehensive design specifications developed for funeral homes and shopfronts<br>> Project delivery partner appointed for implementation<br>> Phase 1 sites identified, selected and modelled<br>> Tenders completed and all consultants appointed for AU & NZ implementation<br>> DAs submitted and under review |

**Growth**

| Rationale | 2017 Key Deliverable | H1 2017 Progress |
|---|---|---|
| > Market analysis has highlighted opportunity for new sites in existing network<br><br>> These opportunities include both full service and satellite locations | **Commercial in Confidence** | > New sites sourced for relocation and designs underway<br>> Search for Phase 1 new satellites shopfronts complete and lease negotiations underway |

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# People & Culture

> Transitioning to a geographic regional management structure with empowered local leaders supported by experienced technical experts

**People & Culture**

| Rationale | 2017 Deliverable | H1 2017 Progress |
|---|---|---|
| > Provide increased levels of responsiveness to the already strong culture of service delivery | > Complete review of existing culture<br>> Roll out culture program to all location managers<br>> Track customer satisfaction through net promoter score (NPS) | > Culture review project completed<br>> Target culture framework developed and culture plan to roll-out in H2<br>> On-line tracking of NPS implemented |

**Organisation Structure**

| Rationale | 2017 Deliverable | H1 2017 Progress |
|---|---|---|
| > Improved performance driven by managing geographic areas rather than by brand<br>> Integrated brand strategy by region<br>> Market share gains driven by more empowered local managers | > Complete Regional Manager restructure | > Regional Manager restructure completed across all regions in AU and NZ |

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# Operational Efficiencies

> Investment in upgraded systems and business processes to drive both capacity and operational efficiencies

## Systems & Processes

| Rationale | 2017 Deliverables | H1 2017 Progress |
|---|---|---|
| > The projected volume growth over the next 10-15 years will require more sophisticated systems to enable full synergies to be extracted. | > Finalisation of all in scope modules for the full project (2017 and beyond)<br>> Finalisation of the Implementation Schedule<br>> Implementation commencing in Q4 of 2017 | > ERP & CRM (Compass) contract signed with Oracle<br>> Phase 1 Implementation Plan developed and on schedule<br>> Detailed design phase is currently underway.<br>> System Demonstrations scheduled for Q3. |

## Dedicated Shared Service Centres

| Rationale | 2017 Deliverables | H1 2017 Progress |
|---|---|---|
| > Current operational centres will not cope with increasing volume.<br>> Opportunity to extract additional operational benefits | > Optimal standardised design of a Shared Service facility<br>> Location of Shared Service facility for each region, mapped against the NBO Optimised Network | > Finalisation of optimal standardised design of Shared Service facility to be completed in H2 |


# 2017 Outlook

## Martin Earp, CEO

# Outlook

High single digit 2017 operating EBITDA and operating EPS growth.

**Demographics**– reversion to trend

**Market Share**– 2017 currently anticipating a decline / 2018 stabilising and then increasing late 2018 as the Protect & Grow plan starts to take effect

**Case Averages**– growth consistent with history

**Operational Efficiency**– continued focus on productivity gains

Longer term outlook is for double digit EPS (operating) growth.

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# Q&A

Martin Earp, CEO
Josée Lemoine, CFO


# Appendices

# Appendices - Contents



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# A: Comparable Business – Income Statement

| | Comparable Business[1] | | | |
|---|---|---|---|---|
| | Actual H1 2016 $m | Actual H1 2017 $m | Variance to 2016 | |
| **Sales revenue** | **$213.6** | **$217.5** | **$4.0** | **1.9%** |
| Other revenue | $4.7 | $4.5 | $(0.2) | (4.7)% |
| Operating expenses | $169.1 | $169.3 | $0.3 | 0.2% |
| **Operating EBITDA** | **$49.2** | **$52.7** | **$3.5** | **7.1%** |
| Margin on sales | 23.0% | 24.2% | n/a | +1.2% |
| Operating earnings *(after tax)* | $23.8 | $25.6 | $1.7 | 7.3% |
| **Net profit** ***(after tax & non-controlling interest)*** | **$30.1** | **$42.9** | **$12.8** | **42.4%** |
| **Operating EPS** | **21.7c** | **23.3c** | **1.6c** | **7.4%** |
| EPS Basic | 27.4c | 39.0c | 11.6c | 42.3% |

[1]excludes USA

Note that the data in the table above has been calculated in thousands and presented in millions. As a consequence some additions cannot be computed from the tables as presented.

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# B: Comparable Business – EBITDA
## (including expenses category breakdown)

| | H1 2016 | | H1 2017 | | Variance to 2016 | |
|---|---|---|---|---|---|---|
| | $ m | % of Gross Sales | $ m | % of Gross Sales | $ m | % |
| **Total – all lines of business** | | | | | | |
| **Sales Revenue** | **$213.6** | | **$217.5** | | **$4.0** | **1.9%** |
| Other Revenue | $4.7 | 2.2% | $4.5 | 2.2% | $(0.2) | (4.7)% |
| **Expenses** | | | | | | |
| Cost of goods sold | $59.8 | 28.0% | $59.9 | 27.5% | $0.1 | 0.1% |
| Personnel | $74.1 | 34.7% | $75.8 | 34.8% | $1.6 | 2.2% |
| Advertising & promotions | $7.7 | 3.6% | $7.9 | 3.6% | $0.2 | 2.7% |
| Occupancy & facility expenses | $14.2 | 6.7% | $14.3 | 6.6% | $0.1 | 0.7% |
| Motor vehicle expenses | $3.7 | 1.7% | $3.8 | 1.7% | $0.1 | 2.3% |
| Other expenses | $9.6 | 4.5% | $7.7 | 3.5% | $(1.8) | (19.2)% |
| **Operating expenses** | **$169.1** | **79.2%** | **$169.3** | **77.8%** | **$0.3** | **0.2%** |
| **Operating EBITDA** | **$49.2** | **23.0%** | **$52.7** | **24.2%** | **$3.5** | **7.1%** |
| Operating margin | 23.0% | | 24.2% | | | 1.2% |

Note that the data in the table above has been calculated in thousands and presented in millions. As a consequence some additions cannot be computed from the tables as presented.

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# C: Country Segment Results

| | H1 2016 | H1 2017 | Change | |
|---|---|---|---|---|
| | $ m | $ m | $ m | % |
| **Sales Revenue** | | | | |
| Australia | $184.6 | $186.6 | $2.0 | 1.1% |
| New Zealand | $20.6 | $22.5 | $1.9 | 9.2% |
| Singapore | $8.4 | $8.4 | $0.0 | 0.5% |
| **Comparable Business** | **$213.6** | **$217.5** | **$4.0** | **1.9%** |
| USA & Acquisitions | $0.9 | $0.7 | $(0.3) | (26.2)% |
| **Total** | **$214.5** | **$218.2** | **$3.7** | **1.7%** |
| **EBITDA** | | | | |
| Australia | $41.6 | $44.1 | $2.5 | 6.0% |
| New Zealand | $3.7 | $4.6 | $0.9 | 23.0% |
| Singapore | $3.9 | $4.0 | $0.1 | 3.6% |
| **Comparable Business** | **$49.2** | **$52.7** | **$3.5** | **7.1%** |
| USA & Acquisitions | $(1.9) | $(0.8) | $1.2 | 60.3% |
| **Total** | **$47.3** | **$51.9** | **$4.7** | **9.9%** |
| **Margin on Sales** | | | | |
| Australia | 22.5% | 23.6% | | 1.1% |
| New Zealand | 18.0% | 20.3% | | 2.3% |
| Singapore | 46.5% | 47.9% | | 1.4% |
| Comparable Business | 23.0% | 24.2% | | 1.2% |
| USA & Acquisitions | | | | |
| **Total** | **22.0%** | **23.8%** | | **1.8%** |

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# D: Australian Results Summary

| | H1 2016 | H1 2017 | Variance to 2016 | |
|---|---|---|---|---|
| **Cases** | | | | |
| - Funerals | 18,314 | 17,988 | (326) | (1.8)% |
| - CemCrem | 11,279 | 11,596 | 317 | 2.8% |
| **Gross Sales** | | | | |
| - Funerals *inc LifeArt* | $135.9m | $137.9m | $2.0m | 1.5% |
| - CemCrem | $48.6m | $48.7m | $0.1m | 0.4% |
| **Total Australia Sales** | **$184.6m** | **$186.6m** | **$2.0m** | **1.1%** |
| **Expenses** | | | | |
| - Funerals *inc LifeArt* | $(106.5)m | $(105.9)m | $(0.5)m | (0.5)% |
| - CemCrem | $(27.3)m | $(27.0)m | $(0.3)m | (1.0)% |
| - Ops Head Office[1] | $(9.2)m | $(9.6)m | $0.4m | 4.0% |
| **Total Expenses** | **$(143.0)m** | $(142.5)m | **$(0.5)m** | **(0.3)%** |
| **Australian EBITDA** | **$41.6m** | **$44.1m** | **$2.5m** | **6.0%** |
| Operating Margin | 22.5% | 23.6% | - | 1.1% |

[1] Historically grouped with Corporate Services

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## Pillars of Growth

**Case Average**

Case averages successfully increased

Cemetery & Crematoria stable revenue performance

**Demographics**

Number of deaths increased 3.0% on rolling 12 month basis

**Market Share**

Market share has been impacted by a number of factors including the regional manager restructure, the retirement of some long serving employees, the evolution of customer preferences and price competition in the traditional market segment in NSW metropolitan markets, Qld and WA

**Operating Costs**

Tight control on both headcount and operating costs

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# D: Australian Results Summary cont.

## Funerals / General - At Need

- The Australian funeral business produced good financial results despite increased competition, particularly in Western Australia.
- Refining the offerings of traditional brands *(e.g. Guardian)*, remains a core focus to ensure InvoCare is meeting customer expectations.
- Strong case average performance with increase of 5.7% on PCP partially driven by loss of volume in low yielding funerals
- Regional management strategy implemented with regional managers accountable for all brands within their region

## Cemetery & Crematoria -Pre/Post Need

higher than last year

- Revenue from memorial sales solid given large one-off sales in PCP
- On-going investment in park development activity – opening new areas, introducing new memorial products

## Pre-Need

- Marginal increase in contracts sold on the back of a strong FY16 driven by dedicated marketing program launched in Q3 & Q4 2016
- Contracts sold exceeding redemptions by 24%, up 3% on PCP

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# E: New Zealand Results Summary

| Local Currency | H1 2016 | H1 2017 | Variance to 2016 | |
|---|---|---|---|---|
| Case Volume | 2,636 | 2,785 | 149 | 5.7% |
| Sales | $22.3m | $23.9m | $1.6m | 7.3% |
| Expenses | $(18.4)m | $(19.2)m | $0.8m | 4.2% |
| EBITDA | $4.0m | $4.8m | $0.8m | 20.6% |
| Operating Margin | 17.9% | 20.2% | - | 2.2% |

## Performance

> Overall performance has been strong with increasing case volumes & market share stable in a competitive market.
> Competitors continue to discount price in regional areas
> Major upgrade of the Academy facility in Christchurch completed in March 2017 has contributed to volume improvement
> NZ COO transitioned to the Chair of InvoCare NZ
> Internal appointment made for role of General Manager NZ

## Pillars of Growth

**Case Average**
Case Averages increased on PCP led by strong professional service revenues

**Demographics**
Number of deaths increased 1.2% on rolling 12 month basis ramping up in the last six months

**Market Share**
Market share remains stable

**Operating Costs**
Increased cost of finished goods in line with volume increases & product mix.
Increases in personnel costs due to market wage increases of 2.5% and impact of organisational redesign

Note that the data in the table above has been calculated in thousands and presented in millions. As a consequence some additions cannot be computed from the table as presented.

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# F: Singapore Results Summary

| Local Currency | H1 2016 | H1 2017 | Variance to 2016 | |
|---|---|---|---|---|
| Case Volume | 808 | 843 | 35 | 4.3% |
| Sales | $8.5m | $8.9m | $0.4m | 5.0% |
| Expenses | $(4.8)m | $(4.8)m | $0.0m | 0.1% |
| EBITDA | $4.0m | $4.3m | $0.3m | 8.1% |
| Operating Margin | 46.5% | 47.9% | | 1.4% |

## Performance

- Competitive environment remains elevated with new parlours being developed by private operators
- InvoCare has acquired a neighbouring property to allow for an upgrade on its existing premises in Q4 2017 / Q1 2018.
- Upgrade will allow for additional parlours and improved customer service

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## Pillars of Growth

**Case Average**
Increases achieved through the effective use of packages, increasing both service and merchandise revenues

**Demographics**
Number of deaths increased 3.6% on rolling 12 month basis

**Market Share**
Market share is relatively stable in a highly competitive market

**Operating Costs**
Costs were flat over PCP due to good cost controls. Marginal increases incurred in facility related expense offset by savings in non-personnel costs

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# G: USA Results Summary

| Local Currency | H1 2016 | H1 2017 | Variance to 2016 | |
|---|---|---|---|---|
| Funeral Cases | 351 | 151 | (200) | (57.0)% |
| Cremation Cases | 1,173 | 1,755 | 582 | 49.6% |
| | | | | |
| Sales | $0.7m | $0.5m | $(0.2)m | (24.6)% |
| Expenses | $(2.2)m | $(1.3)m | $0.9m | 41.7% |
| EBITDA | $(1.4)m | $(0.6)m | $0.8m | 59.3% |
| Operating Margin | n/a | n/a | | |

**Summary and Next Steps**

> Funeral business wound down in an orderly manner

> Cremation business is benefitting from a new contract

**Performance**

> Business results reflects progressive winding down of funeral operations resulting in lower losses year on year

> A total of $0.4M one-off redundancy costs were incurred in relation to the closure of the US funeral business.

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# Disclaimer

This presentation contains forward looking statements, which may be subject to significant uncertainties outside of IVC'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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