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Market / InvoCare

> IVC is the largest funeral, cemetery and crematorium operator in Australia, New Zealand and Singapore with circa 25% market share of funeral markets

> Australian market is approx. 1,000 businesses generating $1bn revenue and remains dominated by fragmented private ownership

> Statutory and financial barriers to entry in funeral business are low but brand and reputation is vital with 70% of business being referrals and repeat business. Statutory and funeral barriers are high in the cemeteries & crematoria sector

> Integrated business operating in pre-need, at-need and post-need

> Over 250 locations, including 16 cemeteries & crematoria

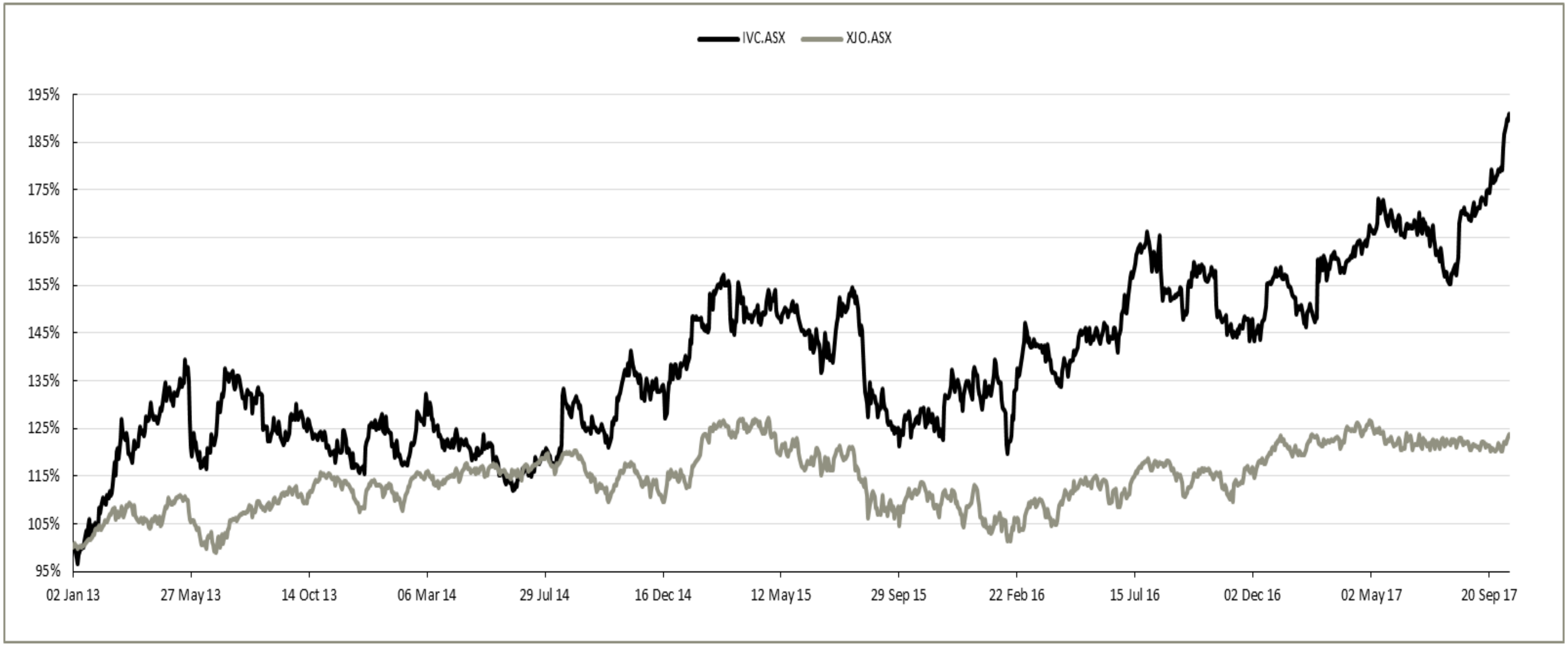
> Both national and local brands

> Over 1,500 full time equivalent employees

> Business model that delivers efficiencies through consolidation

> Strong year on year growth forecast in the number of deaths leading to strong longer term growth for IVC (circa 10% operating EPS)

IVC vs ASX200



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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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Key trends within the Funeral industry

- Funerals have become an 'event'
  - Global trend to 'celebration of life' that is unique to individual (and family)
  - Funerals are following weddings
  - Still have ceremony before 'the party' however strict rules around formal proceedings have changed – venue, cars, flowers, photography
- Choices and cost transparency are now expected
  - Consumers today are used to open and transparent pricing in other categories
  - Product bundling and packaging is growing
- Personalisation is expected
  - More expressive display with the service
  - Photo story tributes (DVD)
  - Music etc
- Technology plays a significant role
  - Online is increasing becoming the first destination for information
  - Live streaming of ceremonies
  - Increased presence in social media
- Contemporising is everywhere
  - Funeral services to be reflective of today's modern society yet respectful of the deceased
  - We live in a culture of modernity and rising aspirations

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Growing Value in a Changing Market

Demographics

> Population trends and number of deaths continues to underpin the business with increase in number of deaths continuing to grow circa 2.8% by 2034 (*Australia)*

Market Share

> Improvements in product offering and branding, acquisitions, new locations and a renewed focus on local leadership offers opportunities to grow market share

Case Averages

> Market pricing environment remains favourable although customer preferences are changing to favour services over product and IVC offering needs to keep pace with consumers demands

Operational Efficiency

> Opportunity to deliver efficiencies and provide better service to customers by process automation, standardisation and taking advantage of efficiencies of scale

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	Integrated approach to deliver sustainable value growth over next 10-15 years
People & Culture	Greater focus on entrepreneurial ethos by encouraging local leadership	
Operational Efficiencies $40m	Capture operational benefits of scale & standardise quality of service provision	

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 > Provide high quality "hub" locations that serve "satellite" shop fronts thereby increasing utilisation of core assets	**Delivered** > 22 sites refresh > 2 sites enhance **Commenced** > 25 sites refresh > 8 site enhance	> On track to deliver all set key deliverables > Comprehensive design specifications developed for funeral homes and shopfronts > Project delivery partner appointed for implementation > Phase 1 sites identified, selected and modelled > Tenders completed and all consultants appointed for AU & NZ implementation > DAs submitted and under review

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

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 > Roll out culture program to all location managers > Track customer satisfaction through net promoter score (NPS)	> Culture review project completed > Target culture framework developed and culture plan to roll-out in H2 > 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 > Integrated brand strategy by region > Market share gains driven by more empowered local managers	> Complete Regional Manager restructure	> Regional Manager restructure completed across all regions in AU and NZ

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) > Finalisation of the Implementation Schedule > Implementation commencing in Q4 of 2017	> ERP & CRM (Compass) contract signed with Oracle > Phase 1 Implementation Plan developed and on schedule > Detailed design phase is currently underway. > System Demonstrations scheduled for Q3.

Dedicated Shared Service Centres

Rationale	2017 Deliverables	H1 2017 Progress
> Current operational centres will not cope with increasing volume. > Opportunity to extract additional operational benefits	> Optimal standardised design of a Shared Service facility > 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

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Protect & Grow - Indicative Returns

The plan will deliver a sustainable increase in the earnings rate growth for the business and add significant economic profit *(i.e. returns above WACC)*

Earnings growth

- The 2016 LTI program incentivises management to achieve compound Operational EPS growth of 10% p.a. over a rolling 5 year period - with a stretch target of 12% p.a. growth
- The plan will progressively drive improvements to deliver a growth rate of 10% whilst allowing for over performance without introducing high levels of risk to the primary objective

Value Creation

- All investment expenditure has been analysed using unlevered project level cash flows *(i.e. leverage has not been used to support the investment case)*
- The investment program is forecast to give rise to returns on invested capital consistent with historical levels (circa 15%)
- The capital expenditure will commence in 2018 and the benefit will ramp up through to 2022
- Forecast payback period is circa 6 - 7 years

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[1]s funding options has been completed.

> A competitive process is currently being run to implement a new and more flexible funding package - strong interest shown from both existing and new prospective lenders

> The new funding package is anticipated to be concluded prior to the end of Q1 2018 and will provide the funding required to complete the Protect and Grow Program

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Questions?

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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