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2018 Full Year Results

22 February 2019
Martin Earp, CEO
Josée Lemoine, CFO

Agenda

2018 Summary	Martin Earp, CEO
Financial Results	Josée Lemoine, CFO
Growing Shareholder Value	Martin Earp, CEO
Outlook	Martin Earp, CEO

2018 Summary – Investing for Growth

- 2018 Operating EBITDA results are consistent with October 2018 trading update
- Changing customer needs and demographics require IVC to invest in order to deliver sustainable growth
- In 2018, IVC deployed significant capital in support of its two growth strategies:
  - Growth Strategy #1: Protect & Grow (P&G) - $57m
  - Growth Strategy #2: Regional Acquisitions - $73m
- In February 2018, IVC advised that the P&G investment would impact financial performance in 2018 (low single digit operating EBITDA growth / flat operating EPS)
  - Soft market conditions have exacerbated the impact as detailed in October 2018 trading update
- IVC is at a point in the investment cycle where considerable capital has been, and will continue to be, outlaid on both growth strategies. This positions IVC for strong growth into the future

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Funeral Market Update – 2018

Market conditions soft

Death volumes were lower in Australia due to mild winter and effective flu vaccinations

> Number of people presenting influenza-like illness (ILI) to practitioners significantly down on both 2017 and 5 year average

> Calendar 2018 saw unusually low number of deaths, down an estimated 3.1% on 2017

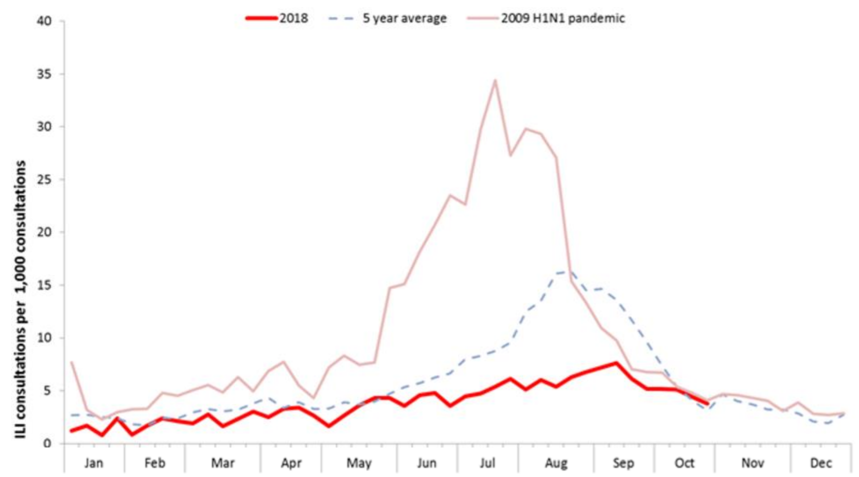
> Two consecutive years of reduced deaths is rare - last occurred in 1990/1991[2]

> ABS data indicates that between 1990-2017, the largest year-on-year decrease was 3.4% and the largest year on year increase was 4.4%[2]

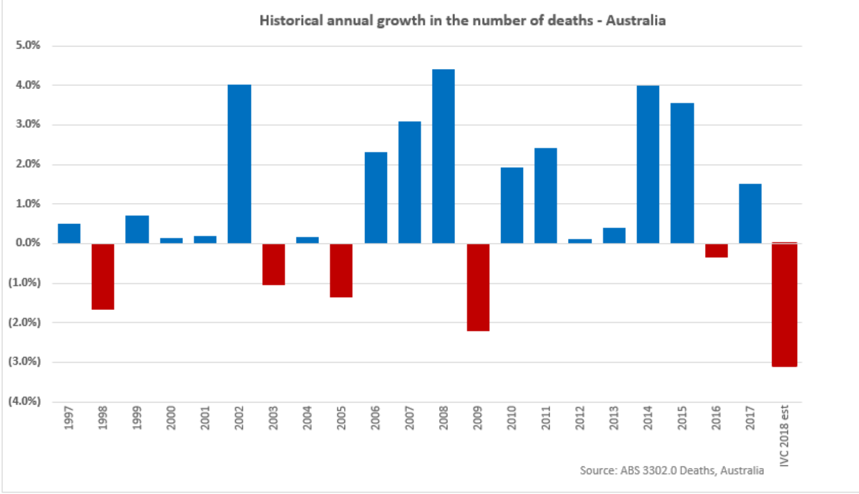
Long term industry fundamentals are strong

> 240k deaths p.a. by 2034 in Australia (projected circa 160k in 2018)[3]

Mild 2018 Australian winter[1]



Annual growth in death volumes[2]



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[1] Source: Department of Health: 2018 Influenza Season in Australia Information Brief
[2] Source: ABS 3302.0 Deaths, Australia
[3] Source: ABS 3222.0 Population Projections

Performance Summary 2018

Financials[1]

Sales Revenue
$477.3 ↑ 1.4%

Expenses
$361.2 ↑ 3.3%

Operating EBITDA
$119.0 ↓ 4.3%

Operating Earnings after tax
$49.5 ↓ 22.1%

Reported Profit
$41.2 ↓ 57.7%

[1]includes AASB15 transitional impact

Pillars of Growth

Demographics
Deaths ↓ 2.3%

Market Share
Circa ↑ 40bps[2]

Funeral Case
Average ↓ 0.3%[2]

Operating Margin
↓ 150bps

NPS
↑ +79

Prepaid FUM
↑ 3.2%

Protect & Grow
↑ 55 locations renovated

Acquisitions
↑ 11 completed

[2] includes regional acquisitions

EBITDA/Countries[3]

Australia
$102.6m ↓ 4.7%

New Zealand
$10.5m ↓ 3.8%

Singapore
$6.7m ↓ 6.5%

[3]in local currency

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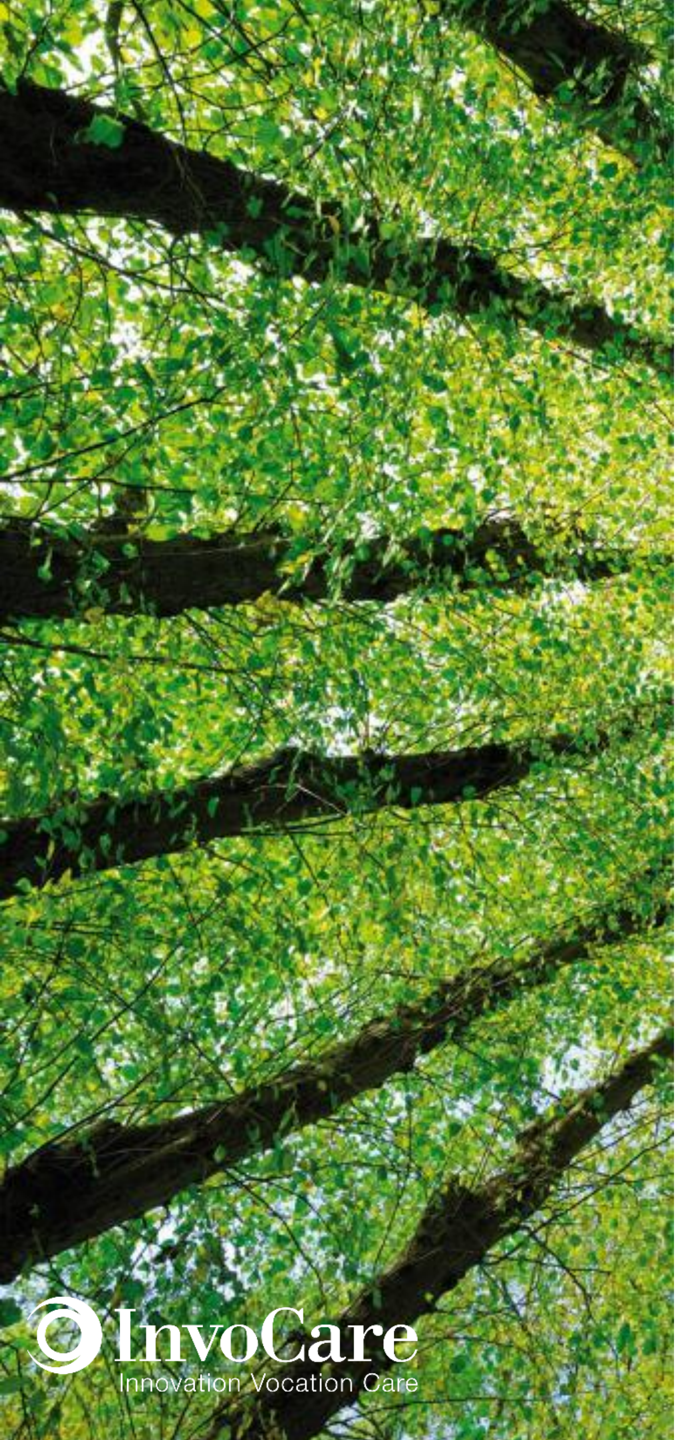

Financial Results

Josée Lemoine, CFO

Group Results – Income Statement

Consolidated Business	FY 2017	FY 2018	Variance to 2017	
	$'m	$'m	$'m	%
Operating sales revenue	470.9	**477.3**	6.5	1.4%
Other revenue	3.0	**2.9**	(0.2)	(5.5%)
Operating expenses	(349.6)	**(361.2)**	(11.6)	(3.3%)
Operating EBITDA	124.3	**119.0**	(5.3)	(4.3%)
Operating margin	*26.4%*	***24.9%***		*(1.5ppts)*
Operating earnings after tax	63.5	**49.5**	(14.0)	(22.1%)
Net Profit[1]	97.4	**41.2**	(56.2)	(57.7%)
Operating earnings per share	*57.9 c*	***45.4 c***	*(12.5 c)*	*(21.6%)*
Basic earnings per share	88.8 c	**37.8 c**	(51.0 c)	(57.4%)
Dividend per share	46.0 c	**37.0 c**	(9.0 c)	(19.6%)

[1]after tax & non controlling interest

Results in line with October outlook reflecting soft market conditions

Operating sales revenue grew 1.4% due to 11 successful acquisitions and the realisation of deferred memorial sales

Operating margin impacted by soft market

Lower, comparative return on **prepaid contract funds under management** contributed to reported statutory profit decrease

Dividend of 37.0 cents per share represents a payout ratio of 82%

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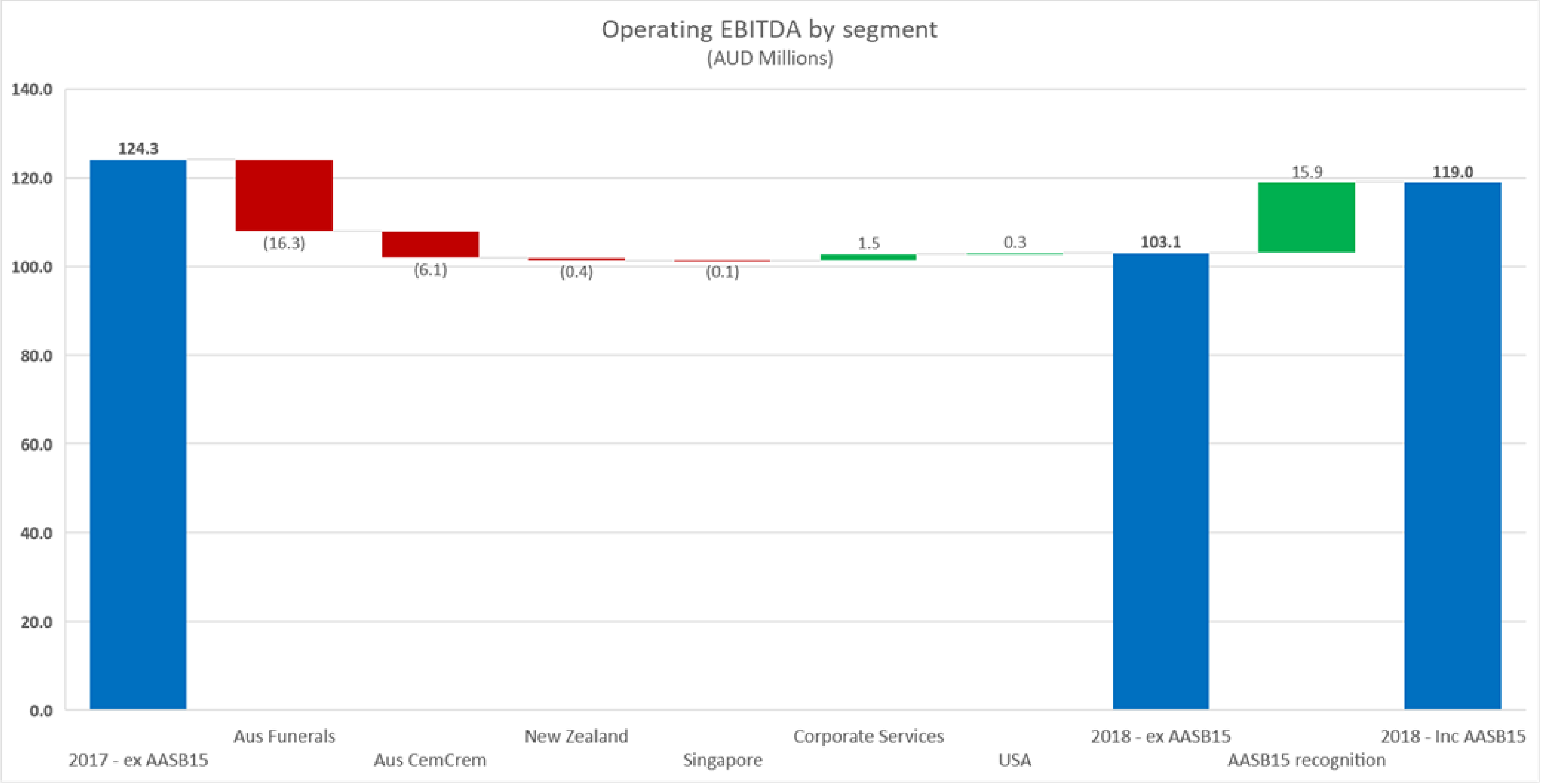
Operating EBITDA Performance

Lower case volumes partially offset by acquisitions and accounting standard changes



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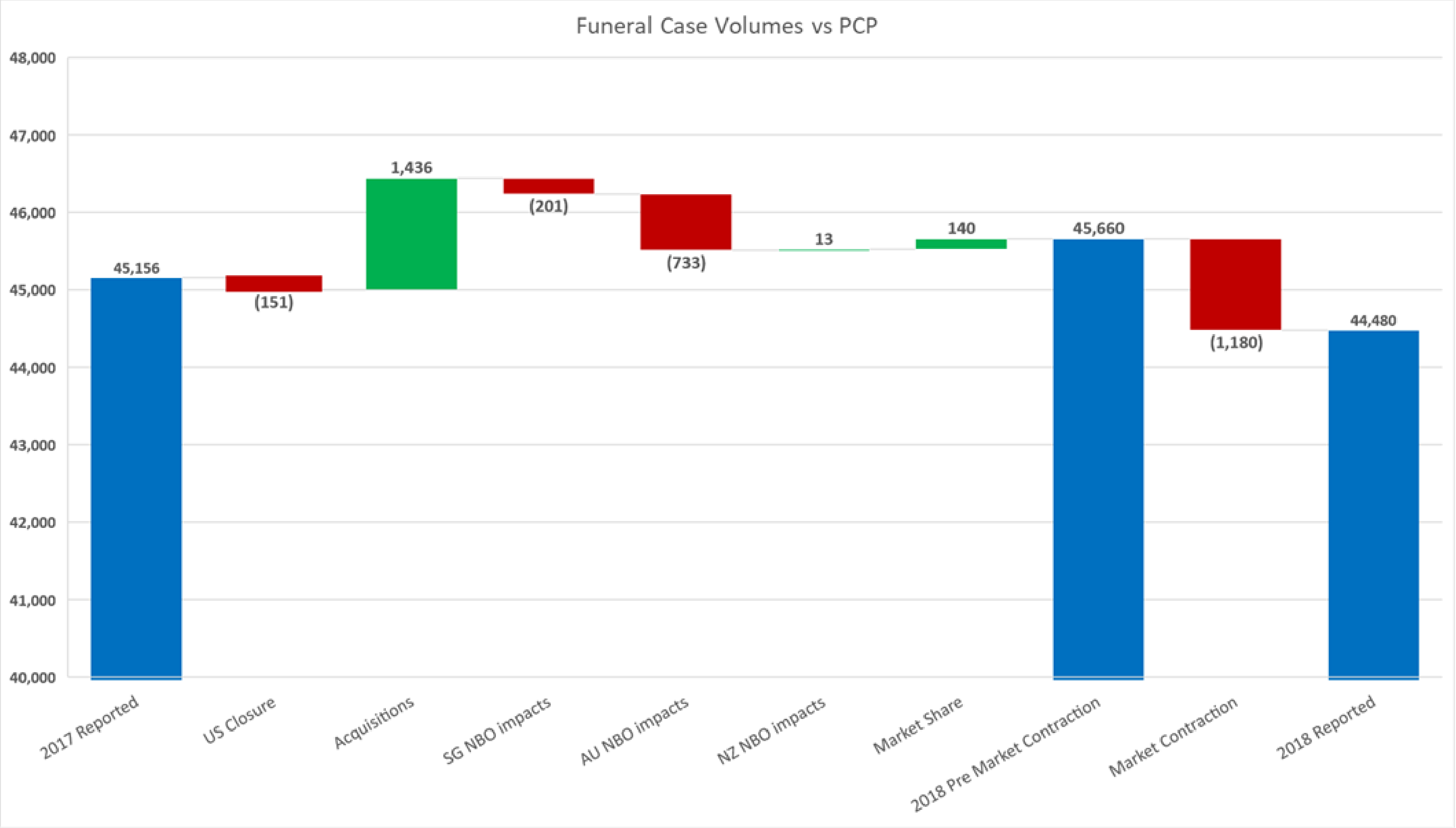
Funeral Volume Performance

Market share gain despite NBO scheduled downtime, US closure and market contraction



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Group Results – EBITDA to Operating Earnings

Consolidated Business	FY2017	FY2018	Variance to 2017	
	$'m	$'m	$'m	%
Operating EBITDA	124.3	**119.0**	(5.3)	(4.3%)
Operating margin	*26.4%*	***24.9%***		*(1.5ppts)*
Depreciation & amortisation	(21.3)	**(26.0)**	(4.8)	(22.5%)
Finance & net interest costs	(11.4)	**(18.3)**	(6.9)	(60.3%)
Business acquisition costs	(0.4)	**(3.6)**	(3.2)	-
Operating earnings before tax	91.3	**71.1**	(20.2)	(22.1%)
Income tax on operating earnings	(27.7)	**(21.6)**	6.2	22.2%
Effective tax rate	*30.4%*	***30.4%***		*0 ppts*
Operating earnings after tax	**63.5**	**49.5**	**(14.0)**	**(22.1%)**
Operating earnings per share	*57.9*	***45.4***	*(12.5c)*	*(21.6%)*
Interim ordinary dividend per share (paid October 2018)	18.5 c	**17.5 c**	(1.0 c)	(5.4%)
Final ordinary dividend per share (paid April 2019)	27.5 c	**19.5 c**	(8.0 c)	(29.1%)
Final ordinary dividend p/s	46.0 c	**37.0 c**	(9.0 c)	(19.6%)

Depreciation up $4.8m or 22.5% in line with increased P&G investment in network properties and facilities, including acquired assets and technology investment

Finance and net interest costs increased $6.9m reflecting impact of changes in accounting standard of $3.5m on advance payments and further funding of P&G and new business investments

Successful **business acquisitions** reflected in increased related costs

Income tax on operating earnings of $21.6m at an effective tax rate of 30.4% in line with PCP

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Group Results – Operating Earnings to NPAT

Consolidated Business	FY 2017	FY 2018	Variance to 2017	
	$'m	$'m	$'m	%
Operating earnings after tax	**63.5**	**49.5**	**(14.0)**	**(22.1)**
Non operating items after tax				
Gain/(loss) on disposal of non current assets	2.3	**0.2**	(2.1)	-
Gain/(loss) on Prepaid contracts	40.0	**(8.4)**	(48.4)	-
Impairment	(8.3)	**0.0**	8.3	-
Profit to minority interest	(0.1)	**(0.1)**	-	-
Net profit after tax[1]	**97.4**	**41.2**	**(56.2)**	**(57.7)**
Basic earnings per share	88.8c	37.8c	(51.0c)	(57.4)

[1]attributable to ordinary equity holders of IVC

Prepaid contracts relative under-performance due to prior year property investment revaluations / sale, highlighting the volatility in IVC reported profit resulting from **FUM mark to market** accounting

FUM liability increased at a higher rate subject to AASB15

No change in impairment provision. Remediation at memorial park in Qld started in late July 2018 targeting to complete in late 2019

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Group Operating Expenses

Consolidated Business	FY 2017		FY 2018		Variance to 2017	
	$'m	% Sales	$'m	% Sales	$'m	%
Operating sales revenue	470.9	100%	**477.3**	100%	6.4	1.4%
Other revenue	3.0	0.6%	**2.9**	0.6%	(0.1)	(5.5%)
Expenses						
Cost of goods sold	(124.4)	26.4%	**(124.4)**	26.1%	0.0	0.0%
Personnel	(150.2)	31.9%	**(158.0)**	33.1%	(7.8)	(5.2%)
All other expenses[1]	(75.0)	15.9%	**(78.8)**	16.5%	(3.8)	(5.1%)
Operating expenses	(349.6)	74.2%	**(361.2)**	75.7%	(11.6)	(3.3%)
Operating EBITDA	124.3	26.4%	**119.0**	24.9%	(5.3)	(4.3%)
Operating margin	*26.4%*		***24.9%***			*(1.5ppts)*

[1]$4.3m re-allocated to pre-need marketing

Operating expenses up $11.6m or 3.3% include impact of changes in accounting standard of $5.7m on advance payments, $7.6m from newly acquired businesses and $2.6m greenfield locations

Cost of goods sold slightly lower through improved purchasing practices and sales mix

Personnel costs increased 5.2% following recognition of deferred memorial sales commissions following transitional AASB15 adjustment of $2.8m and $4m from new businesses / greenfield locations

The underlying cost increase was < 3%, consistent with Award and Enterprise Agreements offset by reduction in incentives provisions

All other expenses increased $3.8m or 5.1% following $1.3m from additional opex of greenfield locations and $1.9m one-off costs related to efficiency projects under the P&G program

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Cash Flow

Consolidated Business	FY 2017 $'m	FY 2018 $'m	Variance to 2017 $'m	Variance to 2017 %
Ungeared pre-tax operating cash flows	*116.9*	***104.2***	*(12.7)*	*(10.8%)*
Finance costs	(11.9)	**(14.5)**	(2.6)	(21.8%)
Income tax paid	(26.9)	**(27.6)**	(0.7)	(2.3%)
Other Cash inflow/(outflow) pre-paid business	(2.5)	**(13.9)**	(11.4)	-
Net cash inflow from operating activities	*75.6*	***48.2***	*(27.4)*	*(36.1%)*
Cash flows from investing activities				
Purchase of subsidiaries and other businesses	(0.4)	**(73.0)**	(72.6)	-
Purchase of property, plant & equipment (PP&E)	(47.5)	**(84.1)**	(36.6)	(77.2%)
Other investing inflows/(outflows)	13.9	**12.5**	(1.4)	(10.0%)
Net cash outflow from investing activities	*(34.0)*	***(144.6)***	*(110.6)*	*-*
Net cash flows from financing activities				
Payment for shares acquired by IVC Deferred Employee Share Plan Trust	-	**(16.2)**	(16.2)	-
Net proceeds from borrowings	10.9	**158.3**	147.4	-
Payment of dividends	(48.5)	**(46.9)**	1.6	3.2%
Net cash outflow from financing activities	*(37.6)*	***95.2***	*132.8*	*-*
Effects of exchange rate changes on cash and cash equivalents	(0.1)	**3.0**	0.4	-
Cash and cash equivalents at the end of the year	15.5	**14.8**	(0.7)	(4.5%)

[1] Cash Conversion: operating EBITDA / ungeared pre-tax operating cash flows

Cash conversion[1] at 88% (2017: 94%), adversely impacted by the development of inventory in our memorial parks and other working capital movements

Eleven successful **acquisitions** completed in the year.

PP&E of $84.1m up $36.6m on PCP reflects the continuing roll-out of the **P&G Plan**

Increased borrowings to fund the acquisitions, P&G and purchase of shares by the deferred employee share plan trust

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Capital Expenditure Summary

	FY2017	FY2018	Variance to 2017	
	$'m	$'m	$'m	%
By Category:				
Facilities	29.7	**55.6**	25.9	87%
Information technology	10.3	**14.0**	3.7	36%
Motor vehicles	5.0	**4.7**	(0.3)	(6)%
Other assets	3.5	**2.3**	(1.2)	(34)%
Property acquisitions	10.5	**1.4**	(9.1)	(87)%
Total capital expenditure	**59.0**	**78.0**	**19.0**	**32%**
By Strategy:				
Business as usual	22.3	**26.7**	4.4	20%
Protect & Grow	36.7	**51.3**	14.6	40%
Facilities	*29.3*	***42.7***	*13.4*	*46%*
Information technology	*7.4*	***8.6***	*1.2*	*16%*
Total capital expenditure	**59.0**	**78.0**	**19.0**	**32%**

Notes: Based on an accrual basis

BAU capex up reflecting remediation work at a Qld memorial park

Next stage of investment in **P&G** resulted in $51.3m capex spend

Technology projects ramped up in preparation for ERP roll-out and telephony upgrade

Rollout of NBO projects in H2'18 were re-phased to allow re-designs to incorporate key NBO lessons and soft winter trading

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Capital Management

Consolidated Business	FY 2017	FY 2018	Variance to 2017	
	$'m	$'m	$'m	%
Gross debt	$243.1	**$408.2**	$165.1	67.9%
Net debt	$228.5	**$393.5**	$165.0	72.2%
Liquidity buffer	$161.5	**$53.5**	($108.0)	(66.9%)
Effective interest rate	4.0%	**4.3%**	0.3 ppts	
% of drawn debt at fixed rates	75.3%	**75.3%**		
Debt maturing in:				
> 12 – 24 months	$270.0	**-**		
> 24 – 36 months	-	**$200.0**		
> 36 – 48 months	$120.0	**-**		
> 48 – 60 months	-	**$150.0**		
> 108 – 120 months	-	**$100.0**		
Core debt metrics				
Interest cover	11.96 x	**8.96 x**	(3.00) x	
Gearing	1.88 x	**2.99 x**	(1.11) x	
Dividend per share	46.0 c	**37.0 c**	(9.0 c)	(19.6%)

Net Debt increased **in line** with P&G and acquisition investments

Debt & maturity profile - refinancing completed in February 2018 with $350m multi-currency bank debt and $100m 10-year fixed rate Australia dollar note to fund **P&G investment**

Gearing and interest cover – ratios within capital management framework

Capital management levers to manage ongoing P&G investment and acquisition activity include asset sales and underwriting of dividends paid in 2019

Dividend payout ratio expected to be maintained

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Growth Funding

- Circa $70m of regional acquisitions (including properties) completed in 2018 resulted in gearing towards the higher end of the target range under the capital management framework
- P&G, future acquisitions and gearing ratio to be managed via a combination of existing debt facilities, portfolio optimisation strategies and underwriting future dividends

Operating cash flow & debt

Operating cash flows were $48.2m in 2018

Cash CAPEX of $84.1m in 2018 across BAU and P&G together with $73m of acquisitions and related costs

Net debt position of $393.5m as at 31 December 2018

Portfolio optimisation

Disposal of non-core businesses

Review existing asset base and identify opportunities to redeploy capital to higher value-adding opportunities

Sale of surplus properties

Underwritten DRP

2018 final dividend to be fully underwritten

Discount of 2% offered on the DRP

Dividend payout ratio expected to be maintained

Underwriting of future dividends subject to ongoing capital requirements

Funds Under Management (FUM)

Consolidated Business	FY2017	FY2018	Variance to 2017	
	$'m	$'m	$'m	%
P&L impacts of undelivered contracts:				
FUM earnings	73.5	**13.6**	(59.9)	(81.4%)
FUM liability increase	(10.2)	**(18.6)**	(8.4)	(82.3%)
Net pre-tax gain/(loss) on undelivered contracts	63.3	**(5.0)**	(68.3)	-
Total Funds under Management	**545.9**	**563.6**	**17.7**	**3.2%**
Asset Allocations:				
% in equities	20	**31**	-	11.0%
% in property	16	**25**	-	9.0%
% in cash & fixed interest	64	**44**	-	(20.0%)

Note: Funds under management are held in trust and independently managed

FUM mark to market volatility impacts IVC's reported profit

Investment profile skewed to cash and fixed interest

2017 FUM earnings benefited significantly from **property investment revaluations / sale of commercial property**

FUM liability increased at a higher rate subject to AASB 15

Prepaid contracts sold exceed redemptions by 4%

Redemptions make up 15.0% of funeral services

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Accounting Standard Changes 2018 / 2019

AASB15 Revenue Recognition

> **Deferral of recognition of administration fee income and related commission expense on pre-paid funeral**, cremation and open/close service contracts until service is provided. Comprised 1% of reported revenue but no cash flow impact

> **Deferral of burial site** and **memorial revenue** in pre-need cemetery & crematoria (CemCrem) for pre-2018 partially paid contracts. Revenue deferred until customer pays in full (including deferral of related expenses). Comprised 8% of reported revenue. New memorial product contracts in 2018 provide the customer with control of the memorial product at contract inception, allowing revenue to be recognised once the product is constructed

> **Recognition of finance expense on pre-payments** from customers (as compared to cost uplifts) until goods/services are provided

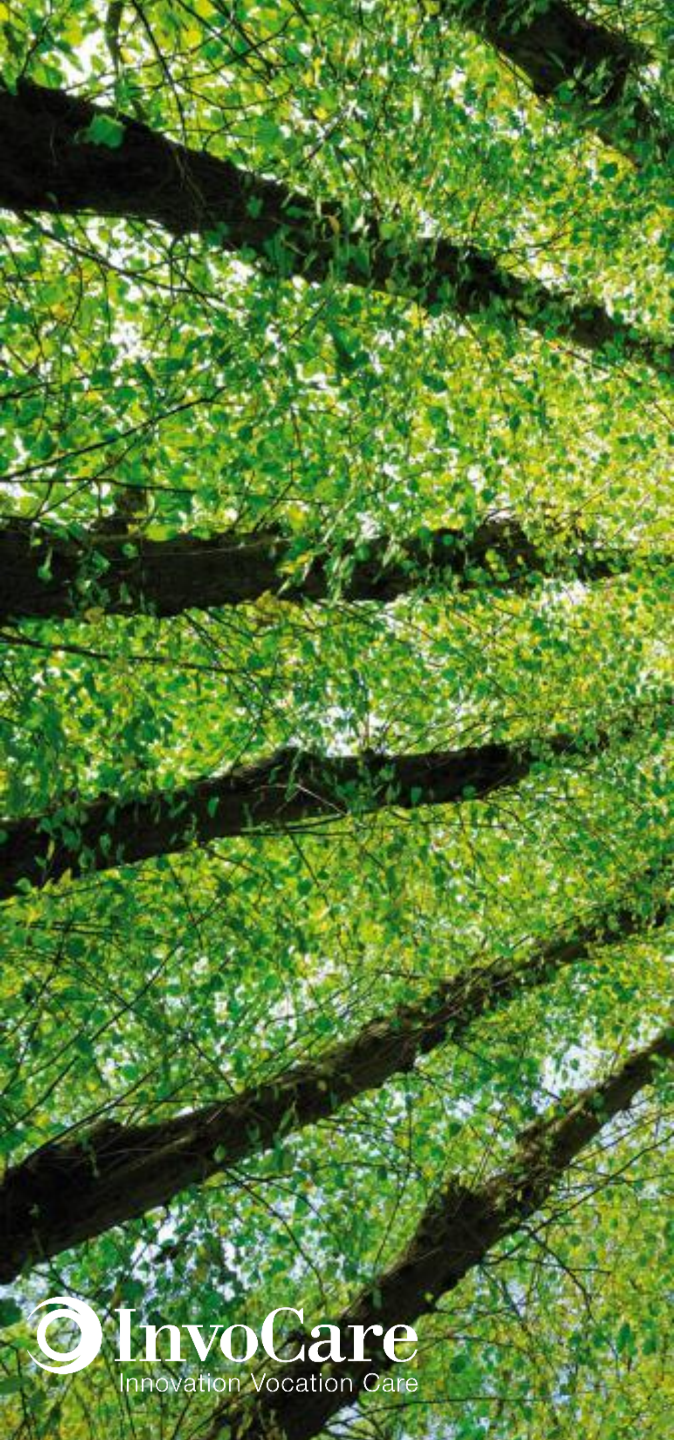
AASB16 Leases – effective 1 January 2019

> Distinction between **operating and finance leases** is removed. Accounting for the Group's operating leases on balance sheet takes effect from 1 January 2019 electing the **modified retrospective transition approach**

> **Non-cancellable operating lease commitments** of $55.5m as at December 2018 (see Note 29)

> On adoption, the Group expects to recognise right-of-use assets of between $125m - $130m on 1 January 2019, lease related liabilities of between $140m - $145m and deferred tax assets of $5.0m. **Overall net assets will be approximately $10.0m - $15.0m lower**

> **Net profit after tax** will decrease by approximately **$1.1m** for 2019 as a result of adopting the new rules. **Operating EBITDA** used to measure segment results is expected to increase by approximately **$15m**, as the operating lease payments were included in EBITDA, but the amortisation of the right-of-use assets and interest on the lease liability are excluded from EBITDA



Growing Shareholder Value

Martin Earp, CEO

Changing Customer Needs

- IVC undertook detailed research into the customer and future demographics in Australia and New Zealand
- The research showed:
  - Customers want more say - they want an advisor and arranger not a “director”
  - Technology increasingly used to select funeral advisor and the service
  - Customers want a modern location that is uplifting, local and has ample parking
  - Customers want provision of all services at one site (arrangement, service, wake)
  - Customers want local arrangements (15mins) / will travel for service (30 mins)
  - Customers are moving out of city to regional centres (sea / tree change)
- Opportunity exists for IVC to gain market share and increase case average through being first to market to meet the changing needs of customers

Growing Value in a Changing Market

Strategic strengths

- Largest funeral and memorialisation provider (Australia, New Zealand and Singapore) allows for operational efficiencies and high quality service standards
- Established local brands are supported by IVC's national brands (White Lady, Simplicity and Value Cremations) to provide service and price offerings across the value spectrum
- These attributes along with access to capital and a willingness to innovate allows IVC to take advantage of the opportunity presented by changing customer needs

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Protect & Grow

- Refresh our locations to offer updated, contemporary locations
- Provide more services to meet customer needs
- In-fill core markets with new locations
- Stretch core markets with new greenfield locations

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Regional Acquisitions

- Demographic trends (sea / tree change) favour growth in demand for funeral services in regional areas
- Strategically targeted five regional areas in Australia
- Initial growth through acquisition but greenfield growth with national brands where appropriate

Re-Cap P&G Project Fundamentals

The P&G program was split into three distinct categories:

Project	Aim / Objective
Network & Brand Optimisation	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	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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Re-Cap Key P&G Assumptions

- Net capital spend of the program is $200m, with the incremental return on capital of 15% (10 year return). Average payback per location is 6-7 years
- Returns driven by growth in market share - renovated sites expected to increase market share from circa 33% to 40% (excluding acquisitions) across a 10 year period
- Projected funeral case growth rate (CAGR) for location types:

	5 Year	10 Year
Refreshed Shopfronts	4.9%	3.5%
Refreshed Funeral Homes	5.5%	3.9%
Enhanced Funeral Homes	9.4%	5.7%
New Growth Shopfronts	28.0%	13.0%

- Increased service levels to drive case averages into the future of 3-4% pa

Protect & Grow 2018

Network & Brand Optimisation

Completed

Total 55
- Refreshed 33
- Enhanced 6
- Growth 16

Project progress – Total 83 which represents 35% of locations to be renovated

Operating EBITDA

NBO uplift over a "do-nothing" scenario is ahead of expectations

People & Culture

2018

Customer Service Masterclass program

IVC cultural awareness program

NPS

+79 in 2018 up from +74 in 2017

Operational Efficiencies

2018

People and payroll system implemented

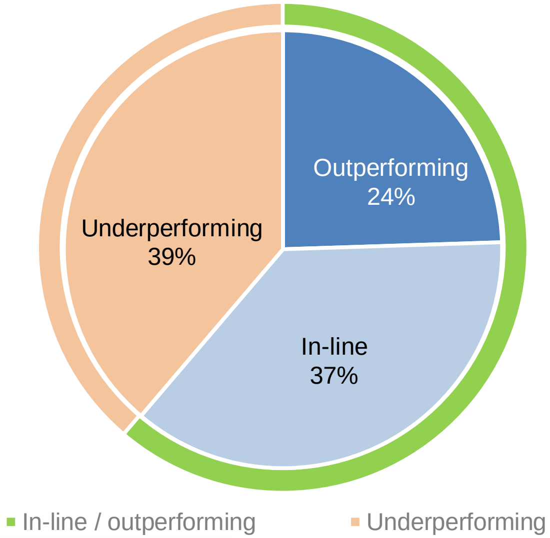
3 new operational centres secured with completion scheduled for H1 2019

ERP pilot launched in Q4 2018

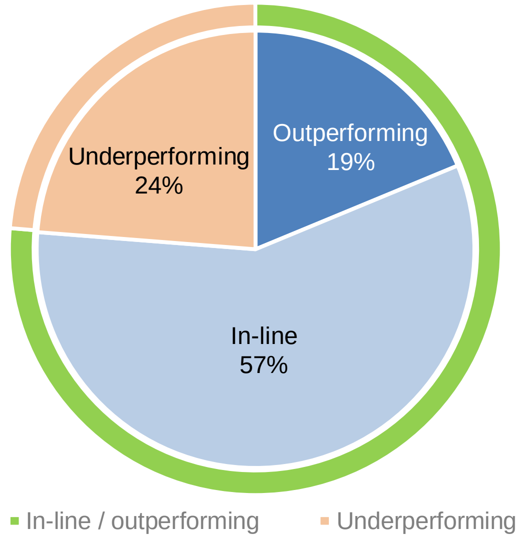
NBO Results are Favourable

- P&G construction phase has been running for 15 months
- 49 locations have been operating six months or more[1]
  - Adjusted for the soft market, the expected EBITDA uplift in aggregate is running ahead of model
  - 61% of locations are performing ahead of or in-line with expectations for EBITDA improvement (i.e. uplift performance against “baseline model”)
  - P&G locations that are underperforming tend to be smaller locations
  - Causes of underperformance have been identified and are being addressed

Performance of P&G locations by number
61% in-line or out-performing



Performance of P&G locations by EBITDA contribution
76% in-line or out-performing



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[1]Average months of operating data is 10.8

NBO Key Lessons

- The larger capex investments are delivering the greatest uplift in performance (Dandenong / Singapore) and are engines of growth
- Enhance projects require a "full" renovation to deliver the range of services sought by customers
- Opportunities to leverage our premium national brand, White Lady Funerals, through co-locating within traditional enhanced locations are both material and unique to IVC
- Growth shopfronts have exceeded expectations in both national brands (Simplicity Funerals and White Lady Funerals)
- Traditional shopfronts require proximity to full service funeral home and do not work well when isolated

NBO Case Study #1: Full Enhance

Le Pine Funerals – Dandenong, VIC

Overview

- Location closed from Oct 2017 until April 2018
- Complete ‘enhanced’ redesign
- New facility includes
  - Chapel to accommodate up to 170 people
  - Celebration lounge of equal size / capacity
  - Two arrangement rooms
  - Reflection / viewing room
- White Lady Funerals introduced as complementary co-brand. Location now provides both a Le Pine brand offering and the premium White Lady offering

H2 Results Pre and Post Renovation

- 45% EBITDA uplift in its first six months of operations post renovation despite soft market conditions

	Change
Case volume	+40%
Case average	+15%
EBITDA	+45%

Renovation

NBO Case Study #2: Full Enhance

Singapore Casket

Overview

- Location closed for 7 months from Oct 17 until Apr 18 for renovations
- Complete 'enhanced' redesign undertaken including the purchase and refurbishment of a new operations administration facility
- Enhancements included:
  - Expansion of capacity from 10 to 12 funeral parlours
  - New contemporary fit out and refurbished mortuary
  - New administration facility
  - Expanded space for off road vehicle parking

H2 Results Pre and Post Renovation

	Change
Case volume	(2.2)%
Case average (SGD)	+10.0%
EBITDA	+7.0%

Renovation

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NBO Case Study #3: Growth (Shopfront)

Tuckers Funeral & Bereavement Service – Torquay, VIC

Overview

- New Tuckers Funerals shopfront opened in Torquay, Victoria in Q1-18
- Filling a high-growth gap where IVC was previously un-represented
- Single arrangement room shopfront with high visibility to community
- Anticipated results have been realised
- Results validate the hub and spoke business model delivering strong ROI

2018 Results

	2018
Case volume	25
Case average	Commercial in confidence
EBITDA	> $100k

Renovation

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Full Enhance (re-opened Jan 2019)

George Hartnett Metropolitan / White Lady Funerals, Kelvin Grove QLD

Full Enhance (re-opened Jan 2019)

Drysdale and White Lady Funerals, Nambour QLD

Protect & Grow 2019

- Focus for 2019 is to complete implementation of phase one (19 locations)
- This work will take the total number of completed locations to 102, representing 43% of network planned for renovation
- Three operational shared service locations to be delivered (QLD, WA & ACT)
- Ongoing assessment of locations will feed into planning for future work
- Majority of renovation program to be completed in 2020
- Complete implementation of ERP system
- Continued rollout of culture plan with focus on One InvoCare and development of local leaders

Regional Acquisition Strategy

Rationale

- Further source of growth for IVC
- Growing trend of retirees moving to regional centres
- Deaths in regional Australian markets are ~50,000 per annum (~1/3 of all deaths in Australia)[1]
- At the beginning of 2018, IVC had an estimated market share of circa 8% in regional areas, representing a significant growth opportunity
- At the end of 2018 this has grown to circa 13%

Demographic opportunity – population over 65

	2016	Projected 2036	CAGR %
Region 1	22.3%	30.6%	2.3%
Region 2	12.0%	18.6%	3.4%
Region 3	20.0%	35.0%	4.4%
Region 4	16.4%	25.4%	4.0%
Region 5	16.0%	20.2%	4.1%

Approach

- Focus on a select number of regional areas in Australia that collectively account for circa 19,000 deaths p/a (38% of the total regional opportunity)
  - Selected due to their favourable demographics and ability to be supported by IVC's existing network
- Market share gains in regional areas targeted initially from strategic acquisitions, then supported by
  - Protect & Grow strategy
  - Regional management & infrastructure

Acquisition criteria

- Must be in one of the 5 core regions targeted
- Strong local branding and a key operator in the market
- Ability to support the new business through existing network
- Stable workforce with experienced staff and strong local leader
- Well located, quality facilities or facilities capable of benefiting from Protect & Grow enhancement
- EPS accretive from year 1

Note 1: 2016 New South Wales State and Local Government Area Population Projections
Western Australia Tomorrow, Population Report No. 10
Victoria in Future 2016

Regional Acquisitions 2018

- Regional strategy has deployed circa $73m of capital during 2018
- Discussions with other vendors occurring – balance sheet capacity required to capitalise on strategic opportunities

	Australia	Completion	Location	Funeral Cases	Cremation Cases	Revenue ($m)[1]
1	Hastings Funerals, Port Macquarie NSW	Sept 2018	Regional	400	250	A$2.7
2	Harrison Funerals, Ballarat VIC	Sept 2018	Regional	150	-	A$1.0
3	Grafton & District Funerals, Grafton NSW	Aug 2018	Regional	300	-	A$2.0
4	Archer & Sons, Bunbury WA	Jul 2018	Regional	330	-	A$2.4
5	English Rose Funerals, Adelaide SA	Jul 2018	Metro	140	-	A$0.7
6	Lester & Son, Albury / Wodonga VIC/NSW	Jul 2018	Regional	460	240	A$3.5
7	Southern Highlands Funerals, NSW	Jan 2018	Regional	100	-	A$0.7
8	J.A. Dunn Funeral Services, Launceston TAS	Mar 2018	Regional	200	-	A1.0
	Total Australia			**2,080**	**490**	**A$14.0**
	New Zealand					
9	William Morrison Funerals, Auckland	Aug 2018	Metro	950	720	NZ$5.2
10	Hope & Sons Funeral Directors, Dunedin	Jun 2018	Regional	650	470	NZ$5.8
11	Whitestone Funerals, Oamaru	Jun 2018	Regional	130	90	NZ$1.0
	Total New Zealand		**Regional**	**1,730**	**1,280**	**NZ$12.0**

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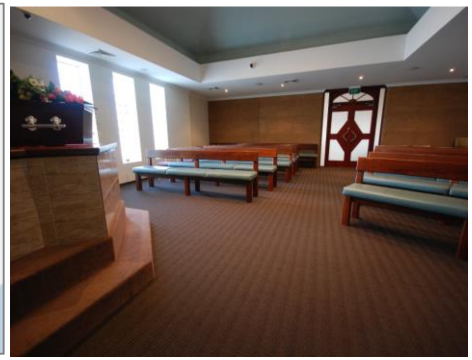
1. Funeral Cases, Cremation Cases and Revenue are approximate and derived from acquisition due diligence materials. Represent 12 months historical periods. Revenues may not be audited.

Regional Acquisition Strategy – Case Study

Acquisition of Archer & Sons

Bunbury, WA



Acquisition criteria

> **Location**: Two locations at Bunbury and Manjimup in high retiree growth area south of Perth

> **Size**: 330 funerals per annum

> **Brand / positioning**: Traditional branding servicing all segments of the market

> **Management team**: Experienced General Manager and team

> **Opportunity to add value**: Expansion into neighbouring regions using either Archer's brand or IVC's national brands, access to IVC's national purchasing arrangements, supported from IVC's network in Perth.

> **Geographic Profile:** High growth of retirees and aging population

Key highlights

- ✓ Established base to service the growing south west region of WA
- ✓ Second largest operator in the region
- ✓ Stable workforce with experienced GM
- ✓ Quality and recently renovated assets
- ✓ 330 funerals with opportunity to expand into neighbouring towns

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Regional Acquisition Strategy – Case Study

Acquisition of Hope & Sons

Dunedin, New Zealand

Acquisition criteria

- **Location**: Four locations in Dunedin (NZ) including a fully equipped crematorium.
- **Size**: 650 funerals services per annum
- **Brand / positioning**: Traditional branding servicing all segments of the local market
- **Management team**: Experienced GM and team
- **Opportunity to add value**: Expansion into neighbouring regions using Hope's or IVC's national brands, supported from IVC's existing network in Christchurch, potential to increase volumes through Hub 'n' Spoke strategy.
- **Geographic Profile:** Aging population and broader regional growth supported by retirees

Key highlights

- ✓ Established base to service the growing southern region of New Zealand's South Island
- ✓ Largest operator in Dunedin with approximately 60% market share
- ✓ Stable workforce with experienced GM
- ✓ Quality assets and well established heritage brand
- ✓ 650 funerals with opportunity to expand in a growing region

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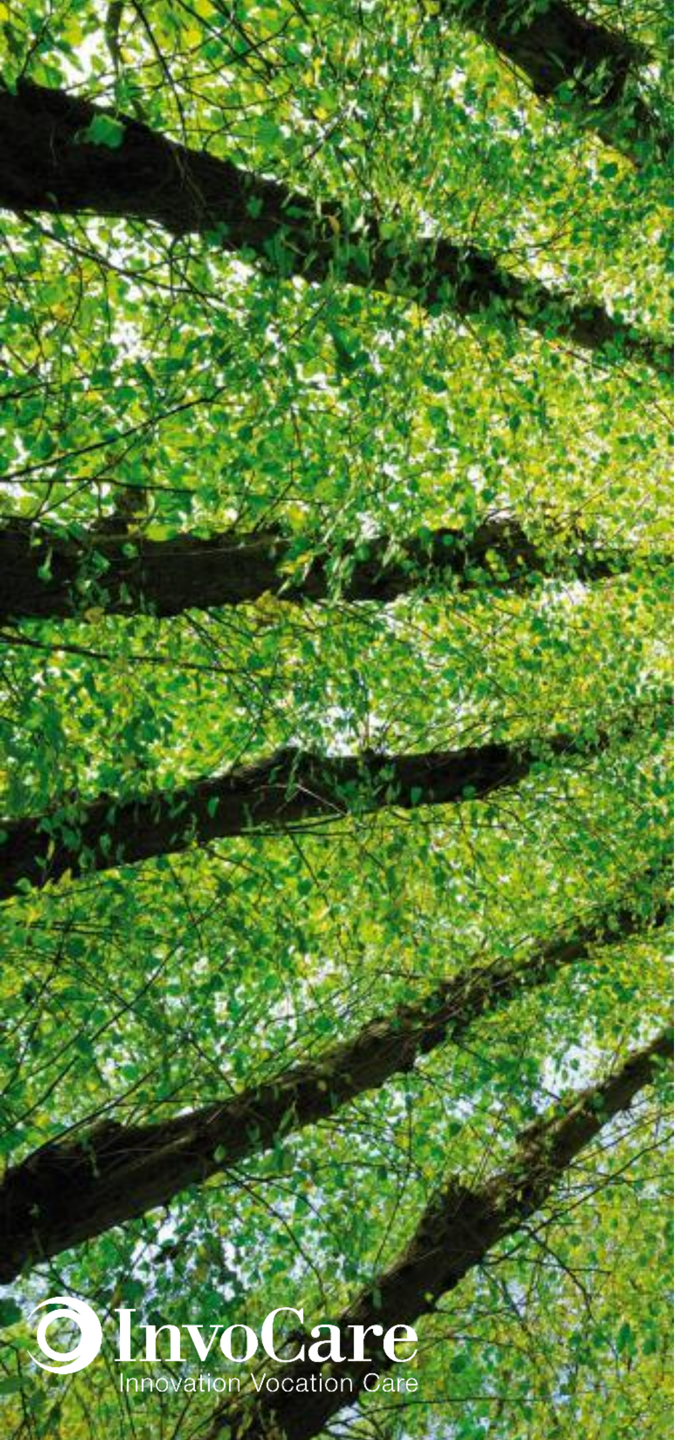


2019 Outlook

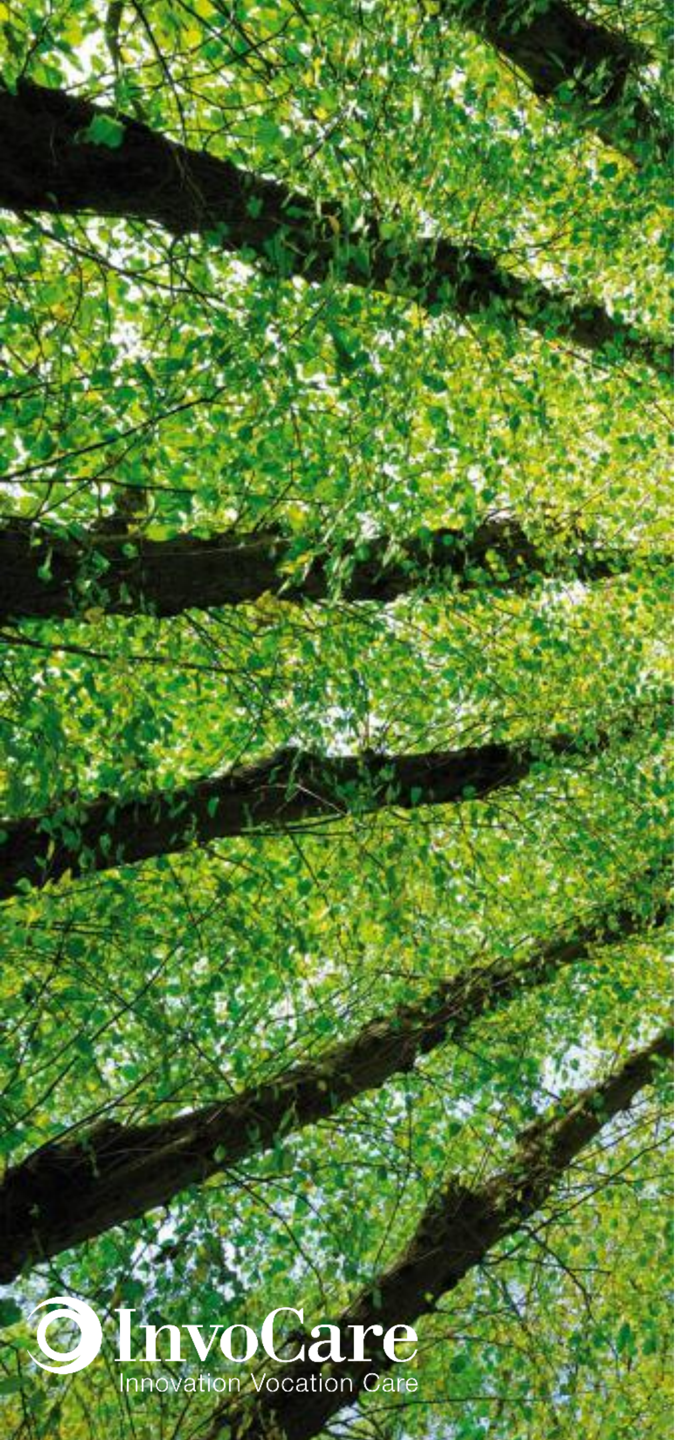
Martin Earp, CEO

Priorities for 2019

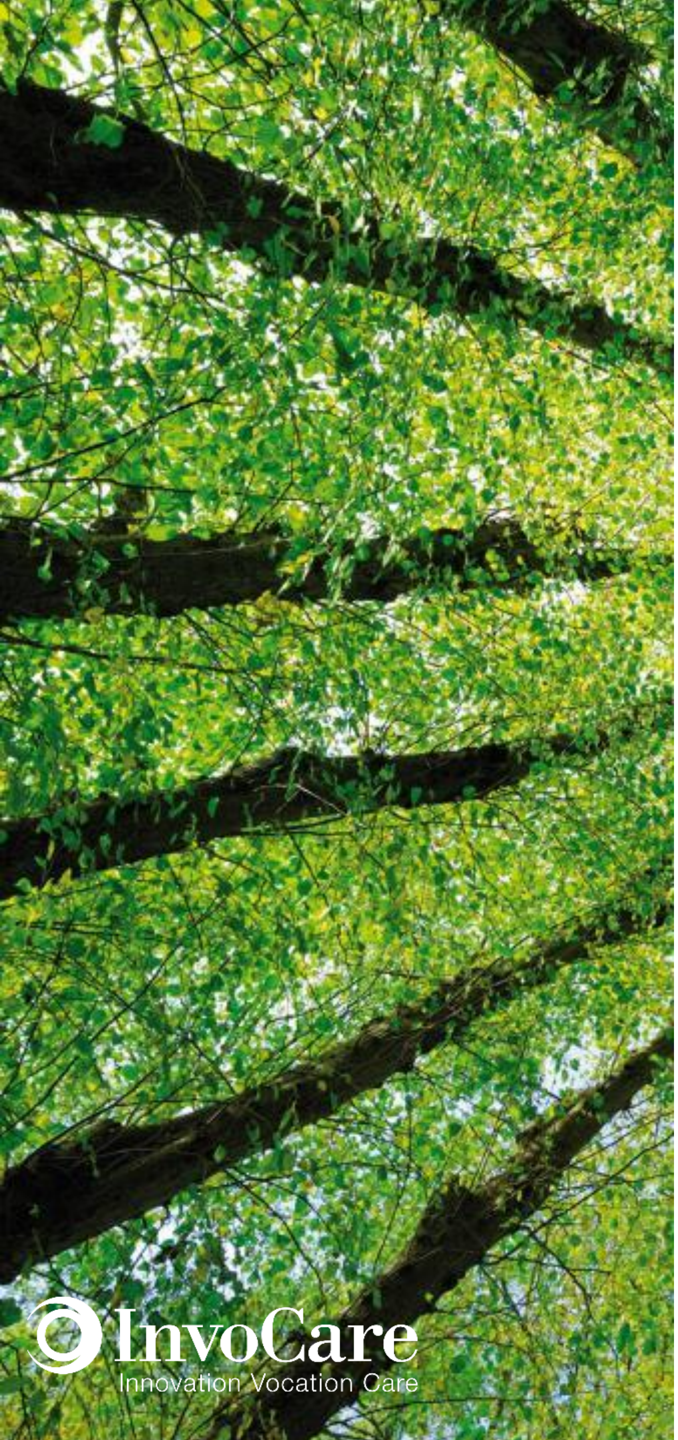
- Operational focus is on adjusting cost base to market conditions and achieving scale efficiencies
- Implement P&G, improve performance of renovated locations, incorporate early phase experience into future locations
- Delivery of transformational projects:
  - NBO (complete phase 1 of 19 sites / plan phase 2)
  - People and Culture (leadership training for field management)
  - Compass (full roll out of ERP system)
  - Shared service sites (open 3 new sites)
- Integrate 2018 acquisitions
- Continue regional acquisition strategy

Outlook

- Expectation is for the number of deaths to return to long term trend
- Improved trading in the Australian funeral business in Q4 2018 and January 2019 is pointing towards the market normalising
- IVC will provide a trading update and outlook for 2019 at the AGM in May
- Positive results from the Protect & Grow and regional acquisition strategies position IVC well to meet the challenges of changing customer preferences and circumstances
- IVC remains confident that these investments will deliver sustainable double digit operating EBITDA and EPS growth in the medium to longer term



Questions?



Appendices

Comparable Business – EBITDA

All lines of business	FY 2017		FY 2018		Variance to 2017	
	$'m	% Sales	$'m	% Sales	$'m	%
Operating Sales revenue	470.0	100%	**467.4**	100%	**(2.6)**	**(0.6%)**
Other revenue	2.8	0.6%	**2.8**	0.6%	0.0	-
Expenses						
Cost of Goods Sold	(124.3)	26.4%	**(121.5)**	26.0%	2.8	2.3%
Personnel	(149.6)	31.8%	**(154.9)**	33.1%	(5.3)	(3.6%)
All other expenses[1]	(74.2)	15.8%	**(77.2)**	16.5%	(3.0)	(4.0%)
Operating Expenses	(348.1)	74.1%	**(353.6)**	75.7%	**(5.5)**	**(1.6%)**
Operating EBITDA	124.6	26.5%	**116.6**	24.9%	**(8.0)**	**(6.5%)**
Operating Margin	*26.5%*	-	***24.9%***	-	-	*(1.6) ppts*

Note: Comparable business excludes the USA divestment and current year acquisitions
[1]$4.3m re-allocated to pre-need marketing

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Country Segment Results

All lines of business	FY 2017	FY 2018	Variance to 2017	
	$'m	$'m	$'m	%
Operating Sales Revenue				
Australia	407.9	405.6	(2.3)	(0.6%)
New Zealand	46.4	45.3	(1.1)	(2.3%)
Singapore	15.7	16.5	0.8	5.1%
Comparable Business	**470.0**	**467.4**	**(2.6)**	**(0.6%)**
USA & Acquisitions	0.9	9.9	9.0	-
IVC Group	**470.9**	**477.3**	**6.4**	**1.4%**
Operating EBITDA				
Australia	107.8	101.2	(6.6)	(6.1%)
New Zealand	10.1	8.6	(1.5)	(14.3%)
Singapore	6.8	6.7	(0.1)	(1.0%)
Comparable Business	**124.6**	**116.6**	**(8.0)**	**(6.5%)**
USA & Acquisitions	(0.3)	2.4	2.7	-
IVC Group	**124.3**	**119.0**	**(5.3)**	**(4.3%)**
Operating Margin on Sales				
Australia	26.4%	24.9%	-	(1.5) ppts
New Zealand	21.7%	19.1%	-	(2.7) ppts
Singapore	43.4%	40.9%	-	(2.5) ppts
Comparable Business	**26.5%**	**24.9%**	**-**	**(1.6) ppts**
USA & Acquisitions	-	24.4%	-	-
IVC Group	**26.4%**	**24.9%**	**-**	**(1.5) ppts**

Australian Results Summary

	FY 2017	FY 2018	Variance to 2017	
	$'m	$'m	$'m	%
Case Volume				
Comparable Funerals	37,613	**35,886**	(1,727)	(4.6%)
CemCrem	24,524	**23,462**	(1,062)	(4.3%)
Gross Sales				
Comparable Funerals	302.1	**287.1**	(14.9)	(4.9%)
CemCrem	106.2	**118.5**	12.3	11.6%
Comp Australian Sales	**408.3**	**405.6**	**(2.6)**	**(0.6%)**
EBITDA				
Comparable Funerals	87.3	**69.4**	(17.9)	(20.5%)
CemCrem	49.8	**59.7**	10.0	20.0%
Corporate Services	(29.4)	**(27.9)**	1.5	4.9%
Comp Australian EBITDA	**107.7**	**101.2**	**(6.5)**	**(6.1%)**
Operating margin	*26.4%*	***24.9%***	*-*	*1.5 ppts*
Non Comparative	-	**1.4**	1.4	-
Total Australian EBITDA	**107.7**	**102.6**	**(5.1)**	**(4.7%)**

Pillars of Growth

Case Averages
At need comparable Funeral case averages nearly flat year on year in a competitive soft market

Demographics
Number of deaths decreased 3.1% on PCP with largest decline in VIC and NSW markets

Market Share
2018 has seen a stabilisation of market share despite NBO disruptions

Increase in market share following acquisitions

Operating Costs increase reflecting impact of changes in accounting standard of $5.7m and $2.6m greenfield locations

EBITDA includes $15.9m from the transitional adjustment following AASB15 adoption

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Australian Results Summary

Funerals / General - At Need

- AUS funeral business performance was behind 2017 due to slower market conditions and the impact of NBO locations (renovations). A significant slowdown in market conditions was experienced in Q3, with NSW & VIC experiencing >10% PCP declines. The transitional impact of **NBO initiatives** across all regions in FY18 is estimated at 733 cases.
- Simplicity, White Lady & Value brands held and or grew share over 2018. Our traditional brands continued to decline.
- Case average was nearly flat over previous year (↓$30 or 0.5%) due to increased competition & product mix. During H2, we delivered an increase of 0.9% on PCP and 2% on H1'18.
- **Local Leader strategy** roll out continued in H2 with encouraging trends in Q4.

Cemetery & Crematoria -Pre/Post Need

- Cemetery and crematoria "at need" case volume slowed 4.3% over the PCP due to slower market performance in 2018 outlined in Funerals overview
- Strong growth in **memorial & crypts sales** in both NSW & QLD (for pre need) forecast strong sales results in FY19 on completion of large developments

Pre-Need

- Continued growth in funeral contracts sold bring the number of active plans to circa 90,000
- **Prepaid contracts sold** exceeded redemptions by 4%. Redemptions make up 14.5% of funeral services
- FUM grew by 3.2% during FY18

New Zealand Results Summary

NZD	FY 2017 $'m	FY 2018 $'m	Variance to 2017 $'m	Variance to 2017 %
Case Volume	5,803	**5,700**	(103)	(1.8%)
Sales	50.1	**48.9**	(1.1)	(2.3%)
Expenses	(39.2)	**(39.6)**	(0.4)	(1.1%)
Comparative EBITDA	**10.9**	**9.3**	**(1.6)**	**(14.3%)**
Operating margin	*21.8%*	***19.1%***	*-*	*(2.7) ppts*
Acquisitions	-	**1.1**	1.1	-
Total EBITDA	**10.9**	**10.5**	**(0.4)**	**(3.8%)**

Performance

- Case volumes declined 1.8% in a competitive market;
- Pricing remains highly competitive in all markets;
- This saw a 2.3% decrease in case average PCP;
- Strong acquisitions in H2 FY18 positions NZ well for growth in FY19.

Pillars of Growth

Case Average
Case Averages decreased on PCP by 2.3**%** due to market conditions

Demographics
Number of deaths decreased - 1.8%

Market Share
Market share improves with recent acquisitions

Operating Costs
Increases in personnel costs due to market wage increases of 2.5% and impact of organisational redesign

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Singapore Results Summary

SGD	FY 2017 $'m	FY 2018 $'m	Variance to 2017 $'m	Variance to 2017 %
Case Volume	1,589	**1,458**	(131)	(8.2%)
Sales	16.6	**16.5**	(0.1)	(0.3%)
Expenses	(9.4)	**(9.8)**	(0.4)	(4.4%)
EBITDA	**7.2**	**6.7**	**(0.5)**	**(6.5%)**
Operating margin	*43.4%*	***40.7%***	-	*(2.7) ppts*

Performance

- IVC commenced its refurbishment and facilities upgrade program during Q4 2017 and re-opened in mid Q2 2018;
- The transitional impact of **NBO temporary closure** across is estimated at 201 cases in FY18 alone;
- Business remains profitable despite a decline in EBITDA over PCP as a result of the impact of the facilities upgrade;
- New products & service offerings since re-opening have had good consumer acceptance leading to increased volumes and case averages.

Pillars of Growth

Case Average
Case volumes, Case Averages and Service & merchandise revenues grew in Q4 following the completion of refurbishment activities

Demographics
Number of deaths in Singapore increased 1.5% on PCP (based on data up to Q3 2018)

Market Share
Estimated market share declined due to parlour temporary closure

Operating Costs
Costs increased marginally on PCP due to one-off items

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AASB15 Summary of Operating Impacts on Transition

> Impacts on Operating EBITDA for the adoption by the **modified retrospective** approach for the Cemetery & Crematoria business:

Unwind of CemCrem Transitional Adjustments* $million – Debit / (Credit)	**1 Jan 2018**	**12 months to Dec 2018**		**31 Dec 2018**
	B/S	**P&L**	**B/S**	**B/S**
Contracted Revenue	(82.2)	(21.6)	21.6	(60.6)
Historical Debtor Balance	55.4		(10.2)	45.2
Deferred Revenue (part cash received)	**(26.8)**		**11.4**	**(15.4)**
Inventory / COGS	11.3	2.9	(2.9)	8.4
Deferred Selling Costs / Employee Benefit Costs	12.3	2.8	(2.8)	9.5
Operating EBITDA		**(15.9)**		

*Excludes financing costs

> Contracted Revenue closing balance as at 31 December 2018 of $60.6m to be recognised upon full payment over the next 3-5 years in line with individual pre-2018 contracts.

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