

22 May 2015

The Manager
ASX Markets Announcements Office
Australian Securities Exchange Limited
Level 4, Exchange Centre
20 Bridge Street
SYDNEY NSW 2000

Dear Sir

InvoCare Limited – Annual General Meeting Announcement

The directors of the Company announce that concerns have been expressed by various stakeholders and larger shareholders in the Company about aspects of the proposed retirement arrangements for the former CEO, Mr Andrew Smith. These were to be put to shareholders at the Annual General Meeting of the Company by way of the 6th resolution on the Agenda.

As a result of those expressions of concern, the directors have, with Mr Smith's consent, withdrawn the resolution. The directors believe that, given Mr Smith's significant contribution to the Company, arrangements should be made for the recognition of that contribution by way of an appropriate reward of retirement benefits. Accordingly, the Company will liaise with various stakeholders and shareholder groups with a view to formulating an alternative termination benefit arrangement which would be likely to be supported by shareholders of the Company. If such an alternative is formulated, a further resolution will be put to members at the next general meeting of the Company.

Attached to this letter are the Annual General Meeting presentation slides.

Yours faithfully,



Phillip Friery
Company Secretary

Encl.



Annual General Meeting

Held at:
PricewaterhouseCoopers
201 Sussex Street Sydney
Friday 22 May 2015 at 11:00am

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.



Annual General Meeting

Chairman's Overview

Andrew Smith

- On behalf of Company, I thank Andrew Smith for his contribution to InvoCare over the last nine years, as CFO (approx. 1 year), COO (almost 2 years) and CEO (over 6 years)
- During his employment:
 - Company doubled in size due significantly to completion of numerous acquisitions, particularly Bledisloe in 2011
 - Market capitalisation increased from \$0.4bn to \$1.4bn
 - TSR grew by near 18% per annum, well above ASX200 TSR of 7%
 - Whilst CEO, average annual TSR growth was 21% compared to ASX200 of 12%
- Commercial and financial performance is testimony to Andrew's legacy to the Company, but he also had a great talent for friendship



Inflexion Point

- Acquisitions have been large contributor to Company's success
- Acquisitions still possible, but regulatory hurdles mean need to focus on more creativity and innovation in existing business for purpose of continuing to drive growth, an example of which is testing a different service delivery model in USA
- These changing circumstances caused Board to reflect on Company's leadership after Andrew's 9 years and it seemed to both Board and Andrew time had come for a change
- With greater focus on consolidation and innovation than acquisition in next phase of Company's evolution, past remuneration strategy (which Board was comfortable suited the business, despite some market concerns) will be revisited during 2015



Sound financial performance despite volume challenges

Operating earnings after tax (\$ million)



- ❖ Operating earnings after tax up 8.7%

Profit after tax attributable to members (\$ million)



- ❖ Profit after tax attributable to members up 11.5% on 2013 on improved FUM and operating earnings



Shareholder value

- ❖ Dividends for 2014 year up 5.8% to 36.5 cents per share
- ❖ Continued more than 80% dividend payout since listing
- ❖ Total shareholder return since 2003 listing was 23.5% at mid April 2015
- ❖ TSR for ASX200 since listing 10.1%

Ordinary dividends
per share (cents per share)

12	34.0
13	34.5
14	36.5



Continuing the growth

- Proven growth pillars continue to deliver sustained growth
- Market share stable and remains a key focus of board and management
- Focus on operational efficiency improvements to deliver sustained margin growth
- Continuing exploration of opportunities in existing and other markets
- Testing US market with the establishment of InvoCare USA



Board and corporate governance

- Strong commitment to best practice corporate governance
- Focus on succession planning
- Board continued its regular program of meeting with InvoCare staff during location visits
 - ❖ Melbourne March 2014
 - ❖ Sydney October 2014
 - ❖ Brisbane March 2015
- In addition, various other operational visits were conducted by individual directors
- Audit, Risk, Remuneration and Nomination Committees each functioned effectively throughout the year



Employee assets

- Company's people are amongst, if not the, greatest assets
- Professionalism and dedication of employees are key to InvoCare's success
- Launch of the "InvoCare Way" to communicate Company's mission, vision and values across an expanding and geographically diverse workforce
- Like staff, shareholders here today presented with a drinking mug emblazoned with acronym CARE



The InvoCare Way

Our Vision

To be known around the world as the people who excel at honouring, celebrating and memorialising a loved one.

Our Mission

We're here to support our clients, their families and friends, at a pivotal time in their lives. We do this by being compassionate, exceeding expectations and delivering outstanding service.

Our Values

Innovation

We continuously look to innovate. To take new approaches, to find new opportunities, to use new technologies. But always to help client families to farewell a loved one.

Vocation

Our people are passionate about the service they provide to client families and the local community – their work is their vocation.

Care

We take great pride in what we do but caring is at our heart. We are a team of compassionate people. By always being genuine in this care, we build trust with our customers, suppliers and our communities.



CARE is at the core of InvoCare. It brings together our four key values.

Collaboration

We respect one another and **achieve more by working together** as a team across the InvoCare group

Accountability

We always **act with integrity**, through honesty, fairness and accountability

Responsiveness

We put our **clients and community first** by listening, anticipating, supporting and actioning, to exceed their expectations

Excellence

We **continuously improve** the way we do business through innovation, creativity and flexibility



Annual General Meeting

Business Overview

2014 Full Year - Key Highlights

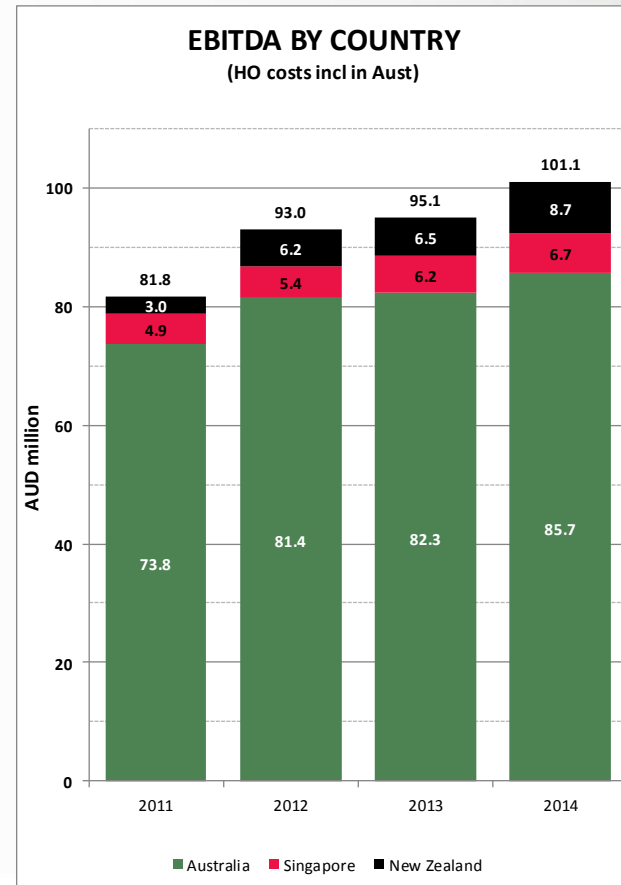
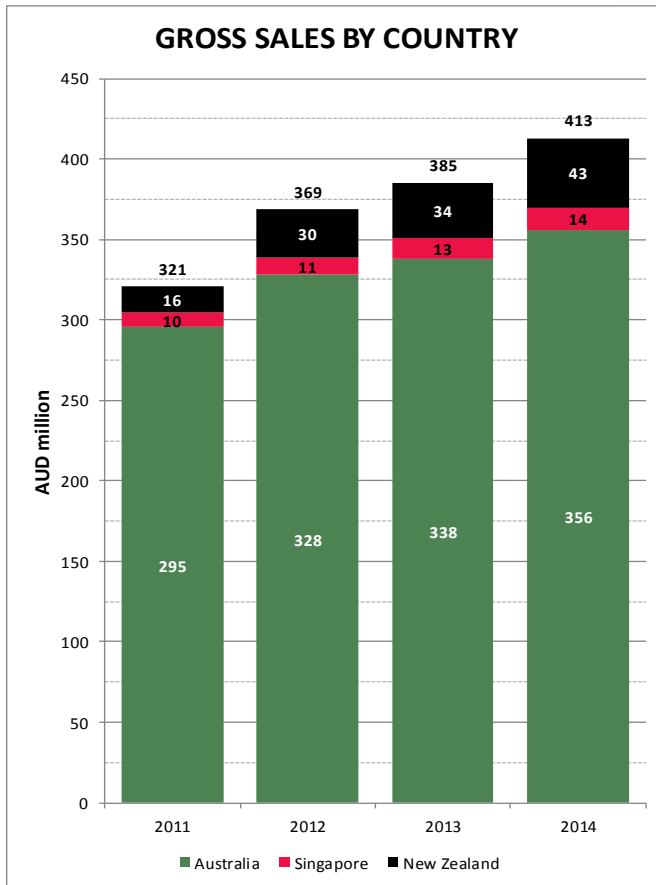
- Strong profit growth, increased numbers of deaths, stable market share
- Growth pillar summary:
 - Demographics
 - Average contract values
 - Market share improvements
 - Prepaid funeral business
 - New locations
 - Business acquisitions
 - Operating leverage improvements
 - ✓ Numbers of deaths up estimated 3.2%
 - ✓ Price, brand and mix shifts
 - ↔ Solid since Dec 2013, arrested 2013 decline
 - ✓ Improved FUM returns
 - ✓ Annualisation benefits
 - ✓ NZ acquisitions performing to plan
 - ✗ 24.5% vs 24.7% - eased 2013 tight cost controls to more sustainable levels after H2 improvement in case volumes

Note: "FUM" means prepaid funeral funds under management



2014 Review

- Sales up 7.2% and EBITDA⁽ⁱ⁾ up 6.3% on 2013
- Australia remains InvoCare's most significant market



2014 Review (continued)

- Operating earnings after tax⁽¹⁾ up 8.7% to \$46.2m (2014: \$42.5m)
- Net profit after tax up 11.5% to \$54.5m (2013: \$48.9m)
- Net profit included after tax benefits from:
 - Net impairment reversals (\$0.4m; 2013: \$2.2)
 - Asset sale gains (\$0.3m; 2013: \$3.2m)
 - Non-cash undelivered prepaid impacts (net gain \$7.6m; 2013: \$1.1m)
- Continued strong EBITDA to cash conversion: 106% (2013: 110%)
- Final dividend 20.75 cents, full year 36.5 cents – payout 87% of operating earnings after tax

(i) This is non-IFRS financial information



InvoCare USA



- Rationale for entry into Southern California
- Similar population and deaths to IVC's Australian markets
- Fragmented market – 300+ competitors, top 5 est. 37% share
- Increasing trend to cremate – 70% in CA, USA approx. 45% and growing
- Traditionally no full funeral service with cremations, unlike IVC's existing markets
- Low cost, low risk - three year start up phase - funding USD8m, loss making (up to USD2m per annum), expectation profitable thereafter
- Evolve and prove model before more aggressive rollout
- Significant potential upside & provides platform to consider expansion in due course



2015 Update (to end April)

- Group sales revenue up 7.6% (comp up 7.1%) on PCP
- Estimated market share solid since December 2014
- Funeral case volumes up 4.4% on PCP (comp up 3.5%)
- Funeral case averages up approx. 3%
- EBITDA/Sales margin in comp business down slightly on PCP as planned due to higher cost base – USA start up impacting overall margin
- Operating earnings after tax and minorities for comparable business up approx. 11%, but flat after USA start-up losses



2015 Update (continued)

- Investment returns on prepaid FUM exceeding price rise impacts
- Net debt of \$249m
- Capital expenditure \$8.3m
- Continue to invest in business with full year capital expenditure likely around \$22m-\$25m
- Small acquisition opportunities continue to be considered in existing markets

- As usual, winter trading will be critical to actual 2015 performance, so caution using early months as indicator of half or full year result



Annual General Meeting

Ordinary Business

Financial reports

- To receive and consider the Financial Reports, Directors' Report and Independent Audit Report of InvoCare Limited and its controlled entities for the year ended 31 December 2014
- Mr Brett Entwistle, partner from PricewaterhouseCoopers, InvoCare's external auditor is in attendance
- Questions to the Board or InvoCare's external auditor are now invited



Resolutions

- Adoption of the remuneration report
- Election of directors
- Increase in directors' fee pool



Resolution 1

That the Remuneration Report (which forms part of the Directors' Report) for the year ended 31 December 2014 be adopted.

Note: The vote on this resolution is advisory only and does not bind the directors or the Company.



Resolution 2

Re-election of Aliza Knox

That Aliza Knox, who retires by rotation in accordance with the Company's Constitution, be re-elected as a director of the Company.



Resolution 3

Re-election of Christine (Tina) Clifton

That Tina Clifton, who retires by rotation in accordance with the Company's Constitution, be re-elected as a director of the Company.



Resolution 4

Election of Gary Stead

That Gary Stead, being a Director appointed by the Board since the last Annual General Meeting, and who retires in accordance with the Company's Constitution, be elected as a director of the Company.



Resolution 5

Increase in director's fee pool

That with effect from the day after the conclusion of the 2014 Annual General Meeting of InvoCare Limited, for the purpose of Article 9.9 of the Constitution and Rule 10.17 of the ASX Listing Rules, the non-executive directors' aggregate fee pool be increased by \$250,000 to an amount not exceeding \$1,250,000 per annum.



Other business

To transact any other business that may be lawfully brought forward in accordance with the Constitution and Corporations Act 2001



Annual General Meeting

Thank you

