InvoCare
Innovation Vocation Care

Media Release

2016 Half Year Results Released

16 August 2016: InvoCare Limited, the largest private funeral, cemetery and crematorium operator in the Asia Pacific region, today announced its results for the half year ended 30 June 2016.

Martin Earp, InvoCare's Chief Executive Officer, said:

"The business has performed well in challenging trading conditions. The focus for the second half of the year will be on continuing to manage our costs and putting in place revenue generating activities, whilst also continuing to fund initiatives for longer term value creation."

During a period of lower than anticipated numbers of deaths in InvoCare's core markets, comparable business funeral case volumes declined by 2.2% on the prior comparative first half of 2015. Through tight management of costs in this challenging environment, comparable Operating EBITDA increased by 4.0% or $1.9 million to $49.0 million on sales of $213.0 million, which were up 2.6% or $5.4 million. EBITDA to sales margins improved 0.3% to 23.0%. The comparable business excludes the USA start-up operations which commenced in February 2015 and the memorial park businesses acquired in Christchurch, New Zealand, in July 2015.

The above results were achieved notwithstanding incurring $1.1 million redundancy costs associated with elimination of some roles based at the Corporate Office and investing $0.5 million in strategic value creating projects which commenced during the half year. The various projects will progress over the rest of 2016 and through 2017. The focus will be to continue to improve operational efficiencies, to drive increased market share, to optimise the Group's network of brands, locations and product offerings and to yield better returns on invested capital.

After favourable movements in finance costs and income tax expense, comparable business operating earnings after tax increased by 12.0% or $2.5 million to $23.6 million.

For the total Group including the USA operation and New Zealand acquisitions, sales were up 3.1% or $6.4 million to $214.5 million. Operating EBITDA was up by 4.6% or $2.1 million to $47.3 million, EBITDA to sales margins up by 0.3% to 22.0% and operating earnings after tax up by 13.2% or $2.5 million to $21.6 million.

Reported profit after both tax and outside equity interest was up 50.6% or $9.3 million to $27.8 million. For the comparable business, reported profit was up 45.8% or $9.4 million to $30.0 million. In addition to the operating earnings growth, reported profit benefited from non-cash after tax gains on undelivered prepaid contracts of $5.2 million compared to the 2015 first half loss of $0.9 million and after tax asset sale gains of $1.1 million compared to $0.2 million gains in the first half of 2015.

Cash flows remained strong for the half with ungeared, tax free operating cash flow tracking at 95% of EBITDA (2015: 104%), underpinning the ability to pay a fully franked interim dividend of 17.00 cents per share, up 1.25 cents or 7.9% from 2015.

The dividend will be paid on 7 October 2016. The Dividend Reinvestment Plan (DRP) remains active for this interim dividend, without discount or underwriting, and the DRP election date is 16 September 2016.

For immediate Release

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