

MEDIA RELEASE

InvoCare Limited announces scaling back of US operations

Tuesday February 2017: Following nearly two years of trialling funeral and cremation operations in the United States, InvoCare USA part of InvoCare Limited (ASX: IVC) has decided to close its Southern California funeral business but continue with its cremation services (Macera Crematory).

The Southern California funeral business was launched in February 2015 utilising a new funeral business model based on mobile arrangers supported by a centralised customer care centre with a focus on digital advertising to generate leads. This low cost / low risk model avoided the capital cost of funeral home acquisitions while allowing InvoCare to assess the attractiveness of a new market.

Investors will be aware InvoCare has previously reported that the ramp-up of demand and case averages for the US funeral operations were lower than expected. Despite an increased financial performance in 2016 (against 2015), the company has recently concluded that the US funeral business was unlikely to reach breakeven by the mid 2018 target date within the capital limit that had been allocated to this project (US\$8m).

InvoCare made a commitment to shareholders that if the US business could not reach breakeven within this limit the business would be closed before the limit was reached. The current net investment in the US funeral operations is US\$6m. The impacts of both the closure and the trading results in the US since 2015 are immaterial to the InvoCare group.

The Macera Crematory business which is based in Los Angeles and was acquired in November 2014 for \$US2m will continue its operations.

Focus on core business

The decision to close the US funeral business underscores InvoCare's focus on optimising performance in its core markets. InvoCare Limited will announce its results for the full year ended 31 December 2016 on 23 February 2017 and will provide more detail on its value growth plan.

InvoCare Chief Executive Officer, Martin Earp, said: *"We have been very clear with the market about the capital discipline we would apply to assessing the US opportunity.*

"While it's disappointing to conclude that the US funeral business should close, our core business will benefit from the very innovative approaches developed by our US team for digital marketing and the use of digital tools to improve customer service and customer care.

"The US team has put an enormous amount of time, energy and passion into exploring the new business model and that will add significant value in our core markets of Australia, New Zealand and Singapore."

The company will begin an immediate but orderly shutdown of the US funeral business and will ensure that it delivers the highest level of customer service to its existing client families.

For immediate release.

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