

MEDIA RELEASE
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InvoCare 2017 Half-Year Results Demonstrate Continued Cost Discipline and Solid Market Conditions

InvoCare Limited (ASX:IVC, the Company), the largest private funeral, cemetery and cremation operator in the Asian Pacific region, today announced its results for the half-year ended 30 June 2017.

Operating earnings after tax, which excludes asset sales, asset impairments, impacts of undelivered prepaid contracts and non-controlling interests, increased by 13.5% or \$2.9 million to \$24.5 million from \$21.6 million in the first half of financial year 2016 (the previous corresponding period "PCP").

The Group's Operating EBITDA of \$51.9 million was up 9.9% on the PCP, reflecting the achievement of increases in the case averages of 5.7% and improved operating cost control. Stronger financial management is evident in the operating margin increase of 180 basis points on the PCP.

Statutory profit after tax of \$41.7 million was up 50.1% or \$13.9 million on the PCP, a significant contributor was the year-on-year increase in returns from the pre-paid Funds Under Management (FUM). The current balance of FUM asset is \$507.8 million compared to \$473.1 million at the end of financial year 2016.

Martin Earp, Chief Executive Officer of InvoCare, said, *"InvoCare's operating results this period reflect our work to strengthen financial discipline throughout the company together with solid market conditions. Material gains have been achieved in our business processes, which is evident in the expanded operating margin."*

"I would also like to highlight the contribution from our people to our overall performance. Our people have been integral in both embracing and implementing changes to the way we operate to meet the evolving needs of our client families", continued Mr Earp.

The Group's overall gross sales were up 1.7% to \$218.2 million. The increase in sales was achieved despite a loss of market share in Australia in the low yielding products & services within the traditional market segment.

"In Australia the market remains competitive, underpinning the rationale for the Protect & Grow plan and specifically for our program to refresh and enhance our properties. It is imperative that our assets are positioned to meet the changing needs of our customers and in order to maintain and grow market share. Our progress on Protect & Grow this period has focussed on planning, with implementation set to begin post the winter trading period", concluded Mr Earp.

Cash flow generation remained strong with ungeared tax free operating cash flow improving to 102% of Operating EBITDA compared to 95% on the PCP.

The Directors have determined that the dividend for the first half of financial year 2017 is 18.5 cents per share fully franked. This dividend is up 8.8% on the 2016 interim dividend and represents an 83.3% payout of operating earnings. InvoCare's Dividend Reinvestment Plan ("DRP") remains activated for this interim dividend but it is not intended that the DRP be underwritten and nor will shares be issued at a discount.

The dividend will be paid on 6 October 2017, with a DRP election date of 8 September 2017, a record date of 7 September 2017 and an ex-dividend date of 6 September 2017.

For immediate release

For more details, contact Fergus Kelly on +61 2 9978 5290, +61 412 922 029 or fkelly@invocare.com.au.