INVESTOR PRESENTATION

For the 26 week period ended 29 June 2018

Agenda

- Interim results
- Our transformation plan
- Outlook
- Q&A

INTERIM RESULTS

Financial highlights

Dignity financial highlights

	26 week period ended 29 June 2018	26 week period ended 30 June 2017	Increase/ (decrease) percent
Revenue (£million)	174.7	169.8	3
Underlying operating profit[(1),(2)] (£million)	56.4	59.5	(5)
Underlying profit before tax[(1),(2)] (£million)	43.4	46.1	(6)
Underlying earnings per share[(1),(3)] (pence)	69.4	74.1	(6)
Cash generated from operations before non-underlying items[(4)] (£million)	65.6	61.9	6
Operating profit (£million)	51.5	58.7	(12)
Profit before tax (£million)	38.5	45.3	(15)
Basic earnings per share (pence)	61.4	72.5	(15)
Number of deaths	324,000	308,000	5
Interim dividend (pence)	8.64	8.64	-

Note 1, 2, 3, 4: see appendix for information regarding alternative performance measures

2018 highlights

- Strong financial performance ahead of market's expectations
- Number of deaths significantly higher than the prior period
- Increased funeral market share
- Three year transformation plan for funeral operations now determined
- Solid performance from crematoria
- Acquisition activity continues
- Pre-need business experiencing tougher market conditions
- Strong cash generation continues to help fund the Group's plans

CMA and HM Treasury

- We support and welcome the Competition and Markets Authority (‘CMA’) market study of funeral and crematoria services and the HM Treasury consultation on the funeral plan sector

- We believe there is a need for much higher standards, greater transparency on pricing and more consumer choice across the sector

- Our commitment to putting prices online, to unbundle the price structure in our funeral business and our decision to request that a greater percentage of each funeral plan’s sales value remains in the Trust rather than being paid to us at the time of sale, demonstrates our desire to lead the industry in best practice

- Given the CMA study is not due to issue preliminary findings until November 2018 and the HM Treasury consultation on pre-need closes on 1 August 2018, it is too early to report anything further at this stage. The Group will make further announcements as appropriate

Expected number of deaths

590k

2017 deaths

580k

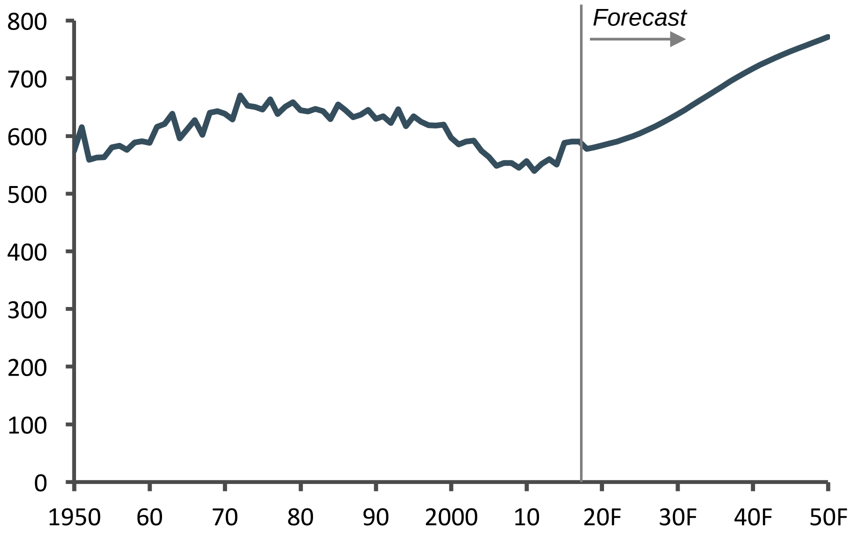
ONS 2018 forecast deaths

600k

Possible 2018 deaths based on H1 2018 run rate

Deaths in Great Britain (1950-2050F)

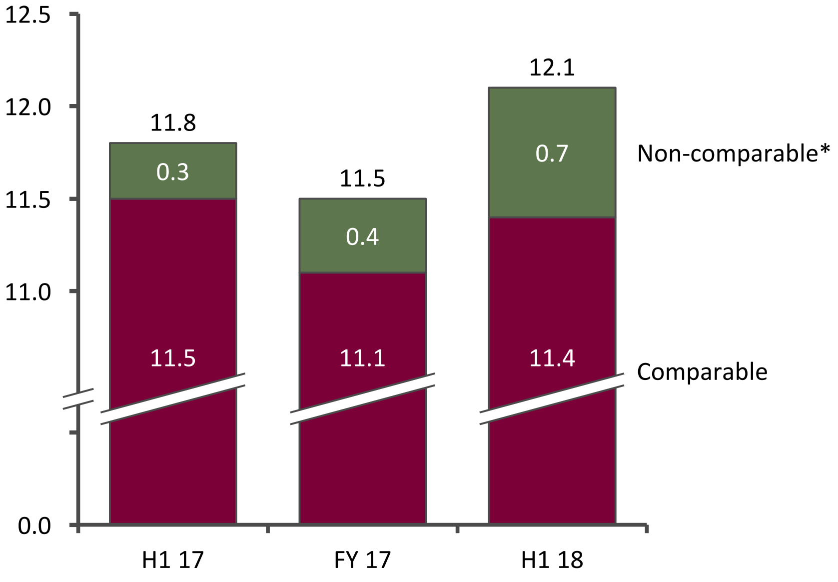
Thousands of deaths



Source: Office for National Statistics (ONS)

Funeral market share

Funeral volume market share (H1 2017 – H1 2018)
Percent



- **While still too early to be certain**, this leads the Group to conclude that **a future outlook of stable, comparable market share should be achievable** through a combination of service, price and promotion
- We will have a clearer picture at year end

Note: * Non-comparable includes volumes from locations not contributing for all of 2017 and 2018 year to date

Average revenue per funeral

	Funeral type	FY 2018* (£)	Q1 2018 (£)	Q2 2018 (£)	H1 2018 (£)
Average revenue (£)	Full service	3,800	3,875	3,700	3,800
	Simple and Limited service	1,965	2,100	2,340	2,240
	Pre-need	1,650	1,680	1,680	1,680
	Other	500	580	535	560
Volume mix (%)	Full service	44	55	48	52
	Simple and Limited service	20	12	20	15
	Pre-need	30	28	26	27
	Other	6	5	6	6
Weighted average		2,590	2,883	2,713	2,799
Ancillary revenue		280	212	225	224
Average revenue		**2,870**	**3,095**	**2,938**	**3,023**

- As anticipated, trials have significantly impacted average incomes
- Original FY 2018 expectations are indicative of average income anticipated for H2 2018 and FY 2019

Note: * As per January 2018 trading update

Crematoria

- Unaffected by transformation review – but may benefit from technological advances
- New build crematorium in Derby opened July 2018 – total investment £5 million
- Remaining two under construction and due to open late 2019 – total investment £11 million
- The Group’s remaining two planning applications have not been successful. We are appealing one of these decisions

Strong operating performance

Positive outlook for crematoria continues

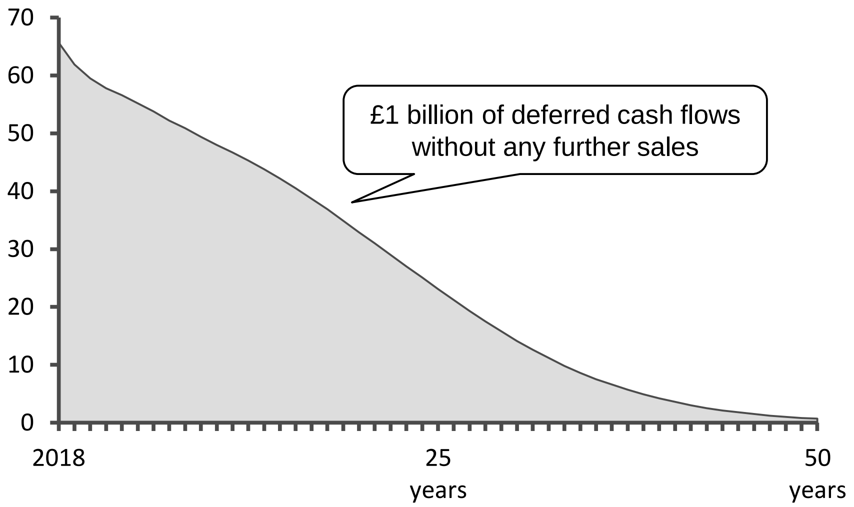
Pre-arranged funeral plans

Market environment

- Adverse publicity about funeral plan market
- HM Treasury consultation
- Lower trust-based sales
- Reduction in marketing allowances provides higher level of capital solvency to protect consumers
- IFRS 15 applicable for 2019

Existing active plans represent a predictable incremental cash flow stream

Pre-need plan deferred income (trust-based plans)
Millions of pounds

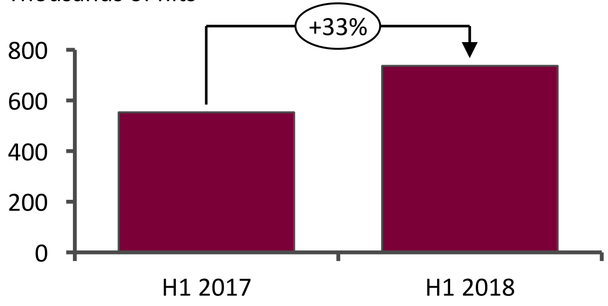


Digital and marketing update

- Dignity Funerals website still has highest UK domain authority
- Significant increase in Pay Per Click advertising to ensure presence when consumers search online for a funeral director
- 33% increase in traffic to our website as our online search strategy proves effective
- 38% of our clients now find us online, up from 27% in H1 2017, with over 60% of our site traffic now coming from mobile devices
- Funeral Notices digital service successfully trialled; potential to introduce two and a half million new consumers annually to our brands
- Simplicity Direct Cremation service continues to grow with online visits to our Simplicity site up over 650%, with traffic rising from 37,000 in H1 2017 to 280,000 in H1 2018

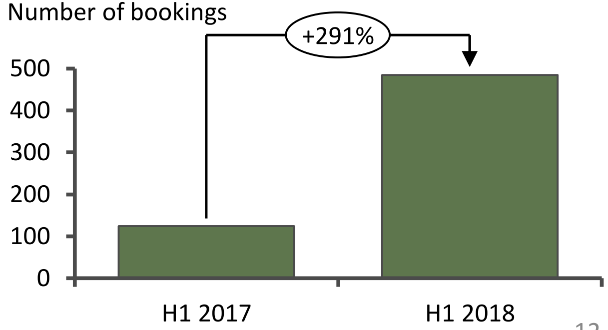
Traffic to Dignity Funerals website

Thousands of hits



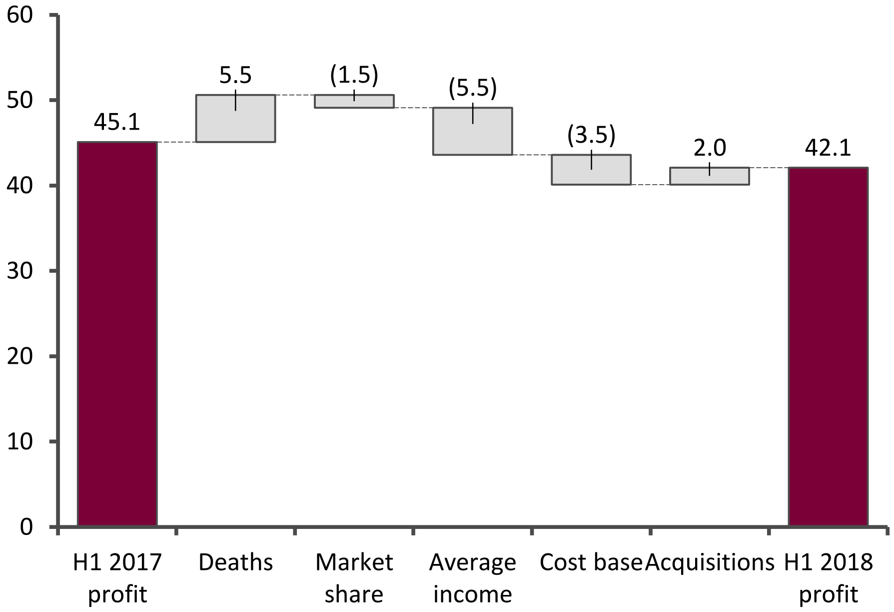
Simplicity Service Bookings

Number of bookings



Financial performance

Funeral Service financial performance (H1 2017 – H1 2018)
Millions of pounds



Financial summary

	26 wks 29-Jun 2018	26 wks 30-Jun 2017	Change
Revenue (£m)			
Funeral services	120.1	116.7	2.9%
Crematoria	42.1	38.4	9.6%
Pre-arranged funeral plans	12.5	14.7	(15.0%)
Revenue	**174.7**	**169.8**	**2.9%**
Underlying Operating Profit (£m)			
Funeral services	42.1	45.1	(6.7%)
Crematoria	23.4	20.9	12.0%
Pre-arranged funeral plans	2.8	4.9	(42.9%)
Central overheads	(11.9)	(11.4)	4.4%
Underlying Operating Profit	**56.4**	**59.5**	**(5.2%)**
Underlying net finance costs (£m)	(13.0)	(13.4)	
Underlying Profit before tax (£m)	**43.4**	**46.1**	**(5.9%)**
Taxation (£m)	(8.7)	(9.2)	
Underlying Earnings (£m)	**34.7**	**36.9**	**(6.0%)**
Weighted average number of ordinary shares in issue during the period (million)	50.0	49.8	
Underlying EPS (pence)	**69.4p**	**74.1p**	**(6.3%)**

Cash conversion

- Strong cash generation
- Cash tax will gradually build to be broadly equal to income statement
- Cash flow continues to fund all planned investment

Cash generation summary	**26 wks 29-Jun 2018**	**26 wks 29-Jun 2018**	**26 wks 30-Jun 2017**	**26 wks 30-Jun 2017**
£m (except for amounts per share)	**Profit**	**Cash**	**Profit**	**Cash**
EBITDA	**65.6**		**68.4**	
Cash generated from operations		**65.6**		**61.9**
Depreciation and amortisation	(9.2)		(8.9)	
Maintenance capital expenditure		(6.8)		(9.5)
Underlying Operating Profit	**56.4**		**59.5**	
Operating cash flow after capital expenditure		**58.8**		**52.4**
Underlying net finance costs	(13.0)		(13.4)	
Net finance payments		(12.5)		(12.8)
Underlying Profit before Tax	**43.4**		**46.1**	
Cash generated before tax		**46.3**		**39.6**
Tax on underlying earnings	(8.7)		(9.2)	
Tax paid		(6.6)		(5.4)
Underlying earnings	**34.7**		**36.9**	
Cash after tax		**39.7**		**34.2**
Underlying earnings per share	**69.4p**		**74.1p**	
Cash per share		**79.4p**		**68.7p**

Capital structure

Securitisation

- Main source of debt funding continues to be from the Group's securitisation structure, which was restructured in 2014
  - £561.2 million principal outstanding publicly traded investment grade securitised debt in issue, £238.9 million issued at c.3.5% and £356.4 million issued at c.4.7%, overall cost c.4.2%
  - Fixed coupon and fully amortising – equates to annual cash debt service of £33 million per annum
  - Governed by EBITDA: DSCR ratio – at least 1.5:1
  - Approximately 88% of EBITDA of group is within securitisation as at end of June 2018
  - No remedial action required in respect of the Secured Notes in issue despite downgrade by S&P

Revolving credit facility

- £50 million revolving credit facility until July 2021
  - Option to renew for a further year with RBS agreement
  - Margin of 150 – 225 basis points over LIBOR (depending on leverage)
  - Whilst undrawn, the facility will incur a non utilisation fee of circa £0.3 million per annum

Net debt

Debt summary	29-Jun 2018	30-Jun 2017
	£m	£m
Net amounts owing on Secured Notes	(560.6)	(569.5)
Add: unamortised issue costs	(0.6)	(0.7)
Gross amounts owing on Secured Notes	**(561.2)**	**(570.2)**
Net amounts owing on Crematoria Acquisition Facility	-	(15.8)
Gross amounts owing	**(561.2)**	**(586.0)**
Accrued interest on Secured Notes	-	-
Accrued interest on other debt facilities	(0.2)	(0.2)
Cash and cash equivalents	64.0	65.4
Net debt	**(497.4)**	**(520.8)**

- At the balance sheet date, the market value of Secured Notes was £564.8 million compared to a balance sheet value of £561.2 million. Whilst the Group has no plans to do so, should it wish to repay all amounts due under the Secured Notes, the cost to do so at the year end would have been approximately £764 million.

OUR TRANSFORMATION PLAN

Timeline of 2018 investor updates

- **March 2018**
  - Brief update on changes to funeral mix in first seven weeks since pricing changes
  - Confirmation of approach to 2018

- **May 2018 – Q1 trading update**
  - Changes to funeral mix
  - Early indication on market share protection
  - Further details on additional testing of new prices and services and early results
  - Update on digital and promotional work being performed
  - No update on the Group's review of the funeral operating model

- **August 2018 – Interim results**
  - **Update on all revenue initiatives and impact**
  - **Update on digital and promotional work**
  - **Anticipate conclusions of funeral operating model review and timetable for implementation of conclusions**

- **November 2018 – Q3 trading update**
  - Update on detailed planning

A leader in the provision of quality funerals and after-life care

- ✓ **Standards**: Industry leading facilities and standards of care for the deceased
- ✓ **Service**: Offer clients caring, personal service; 98% of clients would recommend us
- ✓ **People**: Experienced, professional staff with a commitment to delivering quality funerals
- ✓ **Innovation**: Launched Simplicity Cremations, the only truly national low cost cremation service
- ✓ **Coverage**: Serve close to 90% of the UK population and still growing

The need for transformation

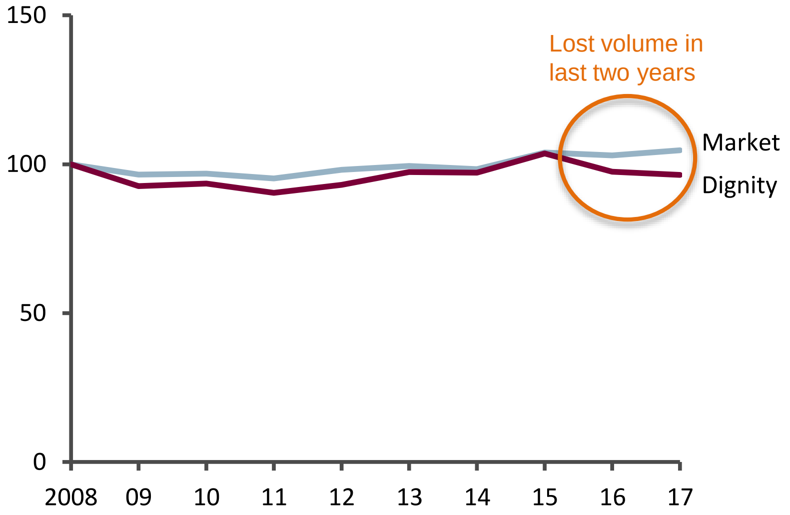
A combination of factors…

- 10% increase in number of funeral locations in the UK in past 5 years
- Price reductions by largest player in the market (Co-op) in 2016 and 2017
- Focus on profit not volume share growth
- Growth driven by acquisitions has led to some planned duplication of structures and resources

…has contributed to ongoing volume erosion

Indexed funeral volumes

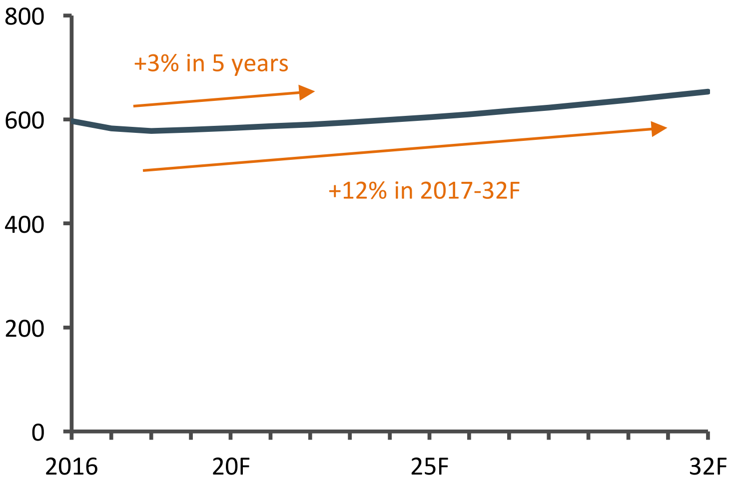
2008 = 100



Significant market opportunity with underlying growth forecast as well as potential for market share gain

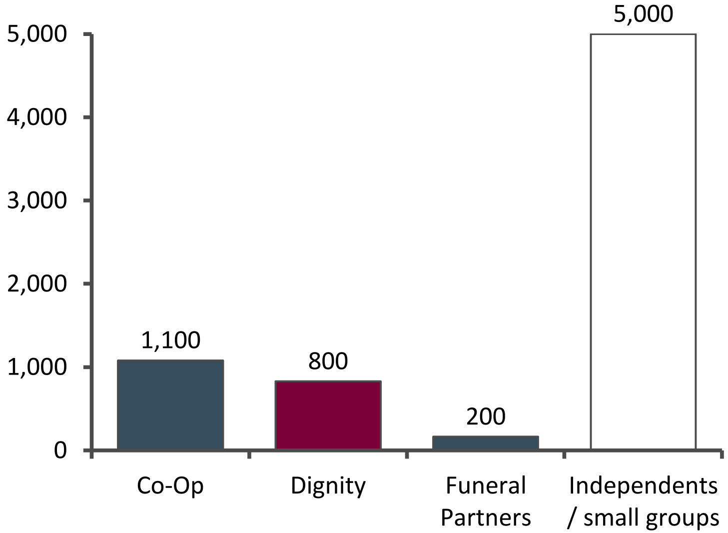
Large and growing market

Forecast market volumes (ONS, 2016)
Thousands of deaths



Room to grow market share

Number of branches (2018)



Source: ONS; Co-Op 2017 Financial statements; www.funeralpartners.co.uk

The combination of increased price competition and more demanding consumers requires a new approach

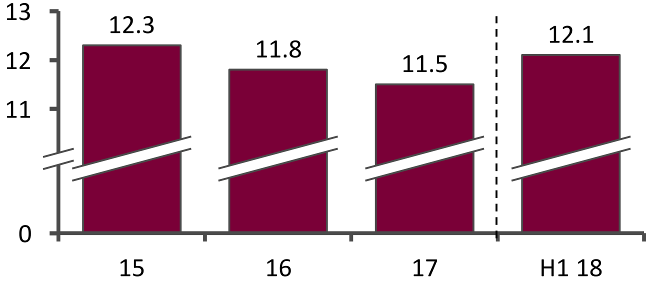
	Changes in landscape	Our strategic response
Increased price competition	• Growth in lower quality providers • Growth in lower cost funeral alternatives • Online channels driving increased price transparency	• Build a lower cost model • Build recognisable national brand associated with quality to support pricing position • Promote adoption of enhanced professional standards across the industry • Grow presence in low cost cremation market
More demanding, sophisticated consumers	• Changing values, e.g. increased secularism • Growing demand for personalised, lower-cost, digitally delivered services • Fewer visits to the high street with more online research and shopping around	• Embrace online and build leading digital presence • Unbundle full service funeral pricing to create a more compelling proposition and greater flexibility for clients • Align arrangement process to evolving client requirements (with increasing mobility for client-facing roles) • Further develop low cost Simplicity proposition

Initial responses to market share loss have had a positive effect on achieved market share in Q2 2018

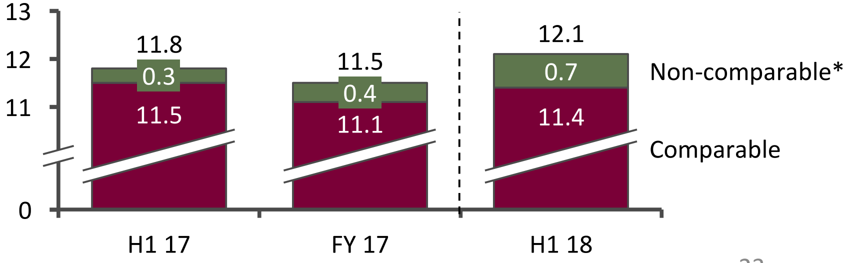
Responses to date

- ✓ Reduced Simple Funeral price to £1,995**
- ✓ Launched and monitored pricing trials throughout 2018
- ✓ Greater investment in digital promotion

Dignity UK volume market share*
Percent of funerals



Comparable/non-comparable volume market share
Percent of funerals



Note: * Excluding Northern Ireland; ** £1,695 in Scotland
Source: ONS

Strategy review

- Focus groups and quantitative surveys with clients, consumers and other stakeholders from across the market
- Analysis of 15+GB of data spanning the last 10 years on clients, transactions, fleet, property and people
- Review of branch network footprint and service delivery model
- Review and benchmarking of central and support model
- Engagement with staff to gather their insights and perspectives
- Supported by a team from L.E.K. Consulting

Components of the transformation plan

1 Modernise the client proposition

- Implement more client-centric service model
- Launch new product and pricing structure
- Build national brands (Dignity and Simplicity)

2 Invest in and simplify the operating model

- Separate front and back of house
- Right-sized branch network
- Scale operating networks

3 Streamline support to enable investment

- Simplified, focused management structure
- Invest in support capabilities and IT systems

The service model will be adapted to better suit evolving client needs and to improve efficiency

Dignity WITH DISTINCTION

Key considerations	
Client requirements	• Want choice, flexibility, and high levels of service • Willing to use technology to arrange or modify funerals
Low utilisation	• Constrained by the nature of branch-based roles for client-facing staff • Almost 40% of branches deliver less than 50 funerals per year
Legacy processes	• High reliance on paper-based processes, consuming staff time

Updates to service model	
Technology	Empower client-facing staff with better tools to improve service levels and efficiency
Mobility	Vehicles and mobile devices to support arrangement at location of the client's convenience
Recognition	Reward delivery of key objectives, e.g., exceptional client service
Productivity	Drive increased front-line productivity through more flexible ways of working

1. Modernise client proposition

New tiered proposition provides greater flexibility to meet individual client needs

Dignity WITH DISTINCTION

1 Simplicity (from £1,095)

- Affordable and dignified low cost cremation
- Range of services expanding
- Address growing demand for value-oriented services
- Currently online only

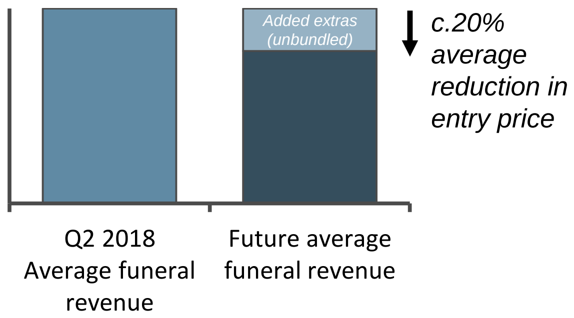
2 Simple (from £1,995*)

- Simple funeral in line with market standards
- Some, but few, options to tailor service
- Competitive entry price point for full funeral

3 Bespoke service

- Flexible offer allowing client to fully customise funeral to their needs
- Lower entry price but still commensurate with high standards of care for the deceased and levels of service to the client
- Provides fully unbundled pricing

New lower full service entry price



Note: * £1,695 in Scotland

1. Modernise client proposition

Building national brands leverages our scale and addresses the needs of increasingly digital clients

Legacy branding

- Over 500 distinct local brands with varying levels of local brand equity
- Corporate branding on 90% of fascia but limited emphasis and visibility of national brand, with only 6% of consumers currently aware of Dignity*
- Current marketing spend is only 0.5% of revenues

Future branding

- Build known, national brands to leverage scale advantage in the digital age
- Marketing to promote Dignity's commitment to high standards of care, quality service delivery and competitive entry prices
- **Full service**: increase prominence of national brand over low equity local brands whilst retaining strong local names
- **Low cost**: grow Simplicity in to the leading national provider of low cost cremations

Note: * Relates to unprompted awareness for at-need funeral providers
Source: Dignity Brand Health research

2. Simplify operations

Front and back of house activities will be separated to enable specialisation and efficiency gains

Dignity
WITH DISTINCTION

	Front of house	Back of house
Activities & resources	• Client-facing staff • Client meetings and funeral arrangement • In-branch pre-need sales • Viewings of the deceased	• Funeral Directors, Funeral Service Operatives • Collection and ongoing care of the deceased • Delivery of the funeral on the day
Optimisation enabled by separation	• Increases focus on client service and community engagement • Establishes flexible arrangement model to meet changing consumer needs as these migrate from the local branch to digital • Enables move to more appropriately sized branch locations	• Increases focus on operational efficiency • Creates a superior operational platform for future growth • Leverages organisational scale to realise operational efficiency benefits

2. Simplify operations

The existing network will be right-sized and enhanced

Optimise network footprint

Rationalise locations with low performance or highly overlapping catchments

Targeted acquisitions or greenfield expansions to expand geographic coverage in short to medium-term

Branch formats

Prestige – premium locations with outstanding facilities

Full service – full facilities including chapel of rest

Satellite – primary focus on arrangement meetings

Mobile client-facing staff

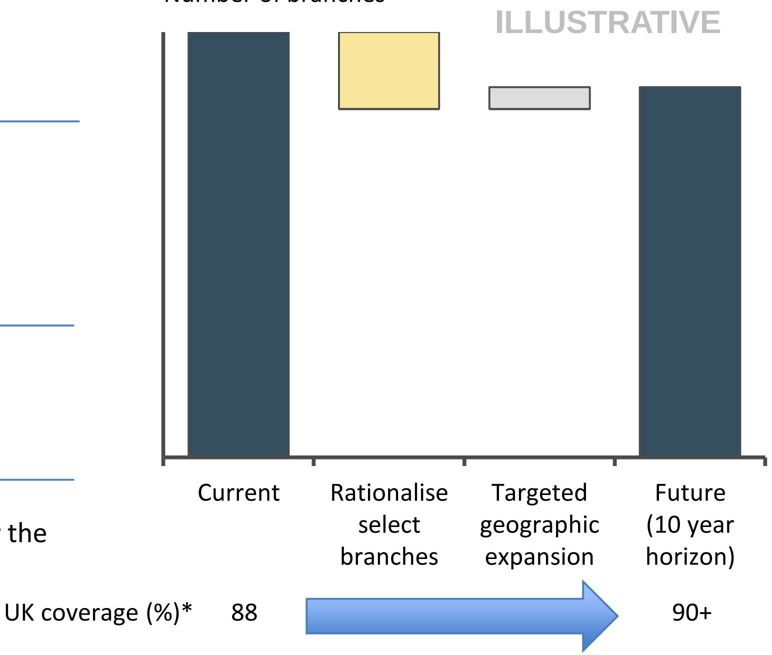
Introduce mobile staff to extend coverage to areas where traditional branches are not economic

Maintain facility quality

Ensure all facilities continue to set the industry standard for the quality of care provided for the deceased

Branch network size and coverage

Number of branches



Note: *coverage of deceased

2. Simplify operations

Greater efficiency in funeral delivery will be achieved by leveraging scale and better allocating resources

Operating network structure

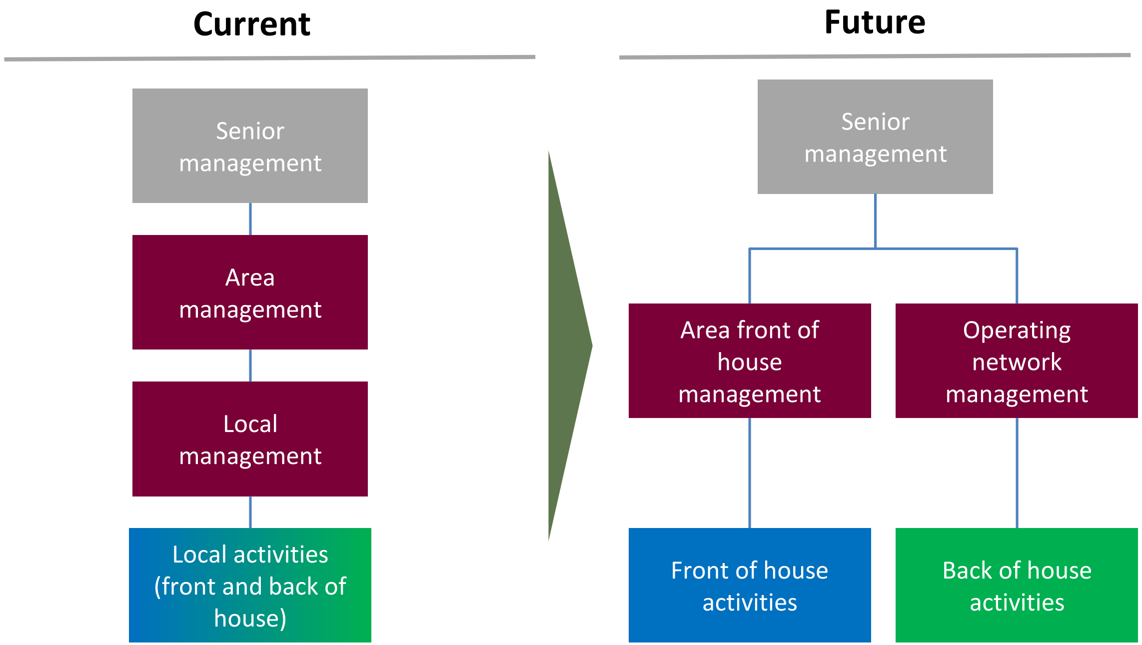
Today	Future
120+ networks	70 networks with local operating service centre
5 branches per network	10+ branches per network
Mix of distributed and centralised operations	Centralised operations where appropriate, e.g. mortuary, fleet

Better utilisation of people, fleet and facilities

Superior platform to enable synergies from new geographical openings / acquisitions

3. Streamline support

Consistency and focus in management roles will enable structural simplification



Benefits

- Introduce consistent management roles nationwide in support of new strategy
- Create operational focus, with management unencumbered by non-management tasks
- Create specialised front and back of house roles to support process excellence
- Introduce clearly defined KPIs to empower management
- Provide greater recognition of strong performance
- Reduce overall cost

3. Streamline support

Central investment will enable improved support function effectiveness

	Efficiencies	Capability build
Finance	Automate and centralise supplier / client payments Standardised reporting	Invest in electronic supplier / client payment tools Invest in centralised reporting tool
Marketing	Centralise creation of marketing materials Improve targeting of digital spend	Build leading digital capability Invest to create national brand
HR	Centralise HR capabilities and reduce management time spent on non-core activities	Expand HR team – more regional HR and recruitment with central training resources
Procurement	Realise savings in key procurement categories e.g., mortuary equipment, funeral stationery	Expand central procurement team

3. Streamline support

New IT capabilities to improve operational efficiency and enable delivery of plan

Dignity WITH DISTINCTION

Example systems	Applies to	Benefits
CRM system	*Call centre / Client-facing staff*	Enable consistent, informed communication and support for clients along the full journey from initial contact to final follow-up and potential referrals or returning clients
Tablet based arrangement software	*Client-facing staff*	Capture funeral arrangement data once digitally to maximise accuracy and efficiency (vs existing paper-based process) Provide rich, relevant visual content (e.g., choices of flowers, coffins, service locations, etc.)
Workflow management tool	*Funeral Directors / Client-facing staff*	Implement new end-to-end workflow system to optimise funeral arrangement and delivery process
Resource management	*Fleet & staff*	Optimise scheduling of limousines and hearses to maximise utilisation Optimise rostering of Funeral Directors and support staff

Transition programme expected to be largely completed over three year timeframe

	Activity	2018	2019	2020	2021	2022
Modernise client proposition	Roll-out proposition nationally					
	National brand building					
Simplify operations	Detailed planning and solution testing					
	Roll-out new operating model across operating networks and branches					
Streamline support	Invest in capability gaps for transition and support functions					
	Develop IT strategy and specify solutions					

Transformation will be driven by a Transformation Director with full PMO support

Transformation Director	Already appointed, starting on 1 August 2018 Significant experience driving organisational change at major UK retailers Will sit on the Executive board and report directly to the CEO
Programme Management Office (PMO)	PMO governance structure established and workstreams defined To provide tracking, value realisation and change management support On-going support from L.E.K. Consulting
Key external hires	Key hires will be made in H2 2018 to help address capability gaps as well as add temporary incremental capacity to functions (e.g., IT) supporting project execution

Investment is necessary to stabilise and ultimately grow funeral market share

Dignity
WITH DISTINCTION

Configuring for growth

Operating expenditure to support revenue growth*	Short term (2021)	Long term
Extending coverage (branch & service delivery network)	£(2)m	£(1)m
Investment in marketing and demand generation (central support)	£(5)m	£(6)m
Total	**£(7)m**	**£(7)m**

- £3 million of digital investment previously announced
- Expected run rate £6 million per annum by end of 2018

Long-term targets (10 year horizon)

90%+
market coverage

15%+
volume market share

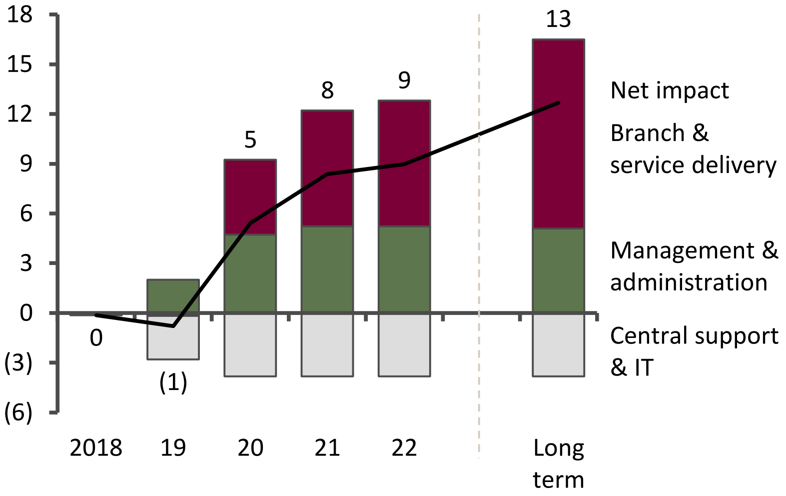
Note: * Constant volume basis, excluding transition costs and inflation; ** UK market (excluding Northern Ireland)

The transformation is expected to deliver an £8m underlying EBIT benefit by 2021 through efficiency improvements

Reconfiguring for efficiency gains

Underlying EBIT impact*	Short term (2021)	Long term
Branch & service delivery network	£7m	£12m
Streamlined management & admin.	£5m	£5m
Investment in central support & IT	£(4)m	£(4)m
Total	**£8m**	**£13m**

Underlying EBIT impact by year*
Millions of pounds



Note: * Constant volume basis, excluding transition costs and inflation; Totals may not sum due to rounding

One-off costs incurred to deliver the transformation do not require us to raise additional capital

£50m
investment required

£17m
funded from disposals

£33m
funded from internal cash

Investment required by 2021

	Reconfiguration	**Growth**
IT systems	£6m	-
Property / equipment	£30m	£5m
Transformation	£9m	-
Total	£45m	£5m
Funded by disposals	£(17)m	-
Net investment	£28m	£5m

Expected to be 30% opex

Key points

- ✓ The funeral services market remains attractive to investors
- ✓ The combination of increased competition and changing consumer behaviour requires a new approach
- ✓ Dignity has a strong platform but needs to invest in transformation now, with significant opportunity to improve the efficiency of the business
- ✓ The plan developed over the last six months is coherent, actionable and future-proofed
- ✓ The changes will position Dignity for long-term, sustainable and profitable growth whilst maintaining the highest possible standards of client service
- ✓ Strong initial progress on funeral market share already achieved

OUTLOOK

Outlook

"The Group is performing well compared to current market expectations. Whilst lower profitability is expected from pre-need, reflecting a greater proportion of each funeral plan's sales value being retained in the Trusts until the plan is used, this is offset by the stronger than expected performance from funeral operations. Consequently, the Board's expectations for 2018 remain as upgraded in May 2018.

2019 is likely to see underlying profitability lower than 2018, but in line with current market expectations. In the medium term, the Board believes that targeting solid single digit increases in underlying operating profit is appropriate and achievable."

CEO statement

"We are pleased with the strong and better than originally expected financial performance in the first half of this year. Strong cash generation will support planned investments and costs which form part of our plan for the funeral business. Our focus remains on building a new lower cost model in our funeral business which will provide more competitive prices and a superior, future ready proposition. We have made good progress, but it is still early days. We have completed our operating review which has yielded a three part transformation plan while our trials continue to yield valuable information. We are confident that the changes will position Dignity for long-term, sustainable and profitable growth while maintaining the highest possible standards of client service."

QUESTIONS

APPENDIX

Forward-looking statements

This presentation and the Dignity plc investor website may contain certain ‘forward-looking statements’ with respect to Dignity plc (‘Company’) and the Group’s financial condition, results of its operations and business, and certain plans, strategy, objectives, goals and expectations with respect to these items and the economies and markets in which the Group operates.

Forward-looking statements are sometimes, but not always, identified by their use of a date in the future or such words as ‘anticipates’, ‘aims’, ‘due’, ‘could’, ‘may’, ‘should’, ‘will’, ‘would’, ‘expects’, ‘believes’, ‘intends’, ‘plans’, ‘targets’, ‘goal’ or ‘estimates’ or, in each case, their negative or other variations or comparable terminology. Forward-looking statements are not guarantees of future performance. By their very nature forward-looking statements are inherently unpredictable, speculative and involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. Many of these assumptions, risks and uncertainties relate to factors that are beyond the Group’s ability to control or estimate precisely. There are a number of such factors that could cause actual results and developments to differ materially from those expressed or implied by these forward-looking statements. These factors include, but are not limited to, changes in the economies and markets in which the Group operates; changes in the legal, regulatory and competition frameworks in which the Group operates; changes in the markets from which the Group raises finance; the impact of legal or other proceedings against or which affect the Group; changes in accounting practices and interpretation of accounting standards under IFRS, and changes in interest and exchange rates.

Any forward-looking statements made in this presentation or the Dignity plc investor website, or made subsequently, which are attributable to the Company or any other member of the Group, or persons acting on their behalf, are expressly qualified in their entirety by the factors referred to in this statement. Each forward-looking statement speaks only as of the date it is made. Except as required by its legal or statutory obligations, the Company does not intend to update any forward-looking statements.

Nothing in this presentation or on the Dignity plc investor website should be construed as a profit forecast or an invitation to deal in the securities of the Company.

Alternative performance measures

The Board believes that whilst statutory reporting measures provide a useful indication of the financial performance of the Group, additional insight is gained by excluding certain non-recurring or non-trading transactions. Underlying measures are those used in the day to day management of the business.

1. The Group's underlying measures of profitability exclude profit or loss on sale of fixed assets, external transaction costs, amortisation of acquisition related intangibles and exceptional items in respect of taxation. Given the planned transformation of the Group's funeral business will result in significant, directly attributable non-recurring costs, these amounts will also be excluded from the Group's underlying profit measures. Non-recurring costs will include external advisers' fees, directly attributable internal costs, including staff costs wholly related to the transformation (such as the Transformation Director and project management office) and direct costs relating to facilities closed part way through the year. These items have been adjusted for in determining underlying measures of profitability as these underlying measures are those used in the day to day management of the business and allow for greater comparability across periods and are collectively referred to as 'non-underlying items'.
2. Underlying profit measures (including divisional measures) are calculated as profit before non-underlying items.
3. Underlying earnings per share is calculated as profit on ordinary activities after taxation, before non-underlying items (net of tax), divided by the weighted average number of Ordinary Shares in issue in the period.
4. Cash generated from operations excludes non-underlying items on a cash paid basis.

In December 2017, following the commencement of amortisation of acquired intangible trade names and other crematoria related acquired intangibles, acquisition related amortisation was excluded in determining underlying profitability measures. Acquisition related amortisation is defined as being the amortisation arising in respect of trade names, use of third party brand names and other crematoria related acquired intangibles. Reported amounts for the first half of 2017 have not been restated. If restated, underlying operating profit would have been £59.9 million and underlying earnings per share would have been 74.7 pence.

Secured Notes amortisation

Secured notes amortisation summary

	2018 £m	2019 £m	2020 £m	2021 £m	2022 £m	2023 £m	2024 £m	2025 £m	2026 £m	2027 £m	2028 £m	2029 £m	2030 £m	2031 £m	2032 £m	2033 £m
Capital structure																
Interest on Class A & B Notes	24.1	23.7	23.4	23.1	22.7	22.3	21.9	21.5	21.1	20.7	20.2	19.8	19.3	18.8	18.3	17.7
Principal repayments on Class A & B Notes	9.2	9.5	9.8	10.2	10.5	10.9	11.3	11.7	12.1	12.6	13.0	13.5	14.0	14.5	15.0	15.5
Cash cost	**33.3**	**33.2**	**33.2**	**33.3**	**33.2**	**33.2**	**33.2**	**33.2**	**33.2**	**33.3**	**33.2**	**33.3**	**33.3**	**33.3**	**33.3**	**33.2**

	2034 £m	2035 £m	2036 £m	2037 £m	2038 £m	2039 £m	2040 £m	2041 £m	2042 £m	2043 £m	2044 £m	2045 £m	2046 £m	2047 £m	2048 £m	2049 £m
Capital structure																
Interest on Class A & B Notes	17.2	16.5	15.7	14.9	14.0	13.1	12.1	11.1	10.1	9.0	7.8	6.6	5.3	4.0	2.6	1.1
Principal repayments on Class A & B Notes	16.0	16.9	17.7	18.5	19.4	20.3	21.3	22.3	23.3	24.4	25.5	26.7	28.0	29.3	30.7	32.1
Cash cost	**33.2**	**33.4**	**33.4**	**33.4**	**33.4**	**33.4**	**33.4**	**33.4**	**33.4**	**33.4**	**33.3**	**33.3**	**33.3**	**33.3**	**33.3**	**33.2**

INVESTOR PRESENTATION

For the 26 week period ended 29 June 2018