DIGNITY PLC
INVESTOR PRESENTATION

For the 26 week period ended 28 June 2019

Agenda

- Interim results
- CMA & HM Treasury
- Transformation Plan
- Outlook
- Q&A

INTERIM RESULTS

Financial highlights

	26 week period ended 28 June 2019	26 week period ended 29 June 2018	Decrease per cent
Underlying revenue (£million)	**155.3**	174.7	11
Underlying operating profit (£million)	**36.7**	56.4	35
Underlying profit before tax (£million)	**23.9**	43.4	45
Underlying earnings per share (pence)	**37.8**	69.4	46
Underlying cash generated from operations (£million)	**41.3**	65.6	37
Revenue (£million)	**153.3**	174.7	12
Operating profit (£million)	**28.0**	51.5	46
Profit before tax (£million)	**14.9**	38.5	61
Basic earnings per share (pence)	**23.0**	61.4	63
Cash generated from operations (£million)	**36.0**	62.6	42
Number of deaths	**300,000**	324,000	7
Interim dividend (pence)	**-**	8.64	n/a

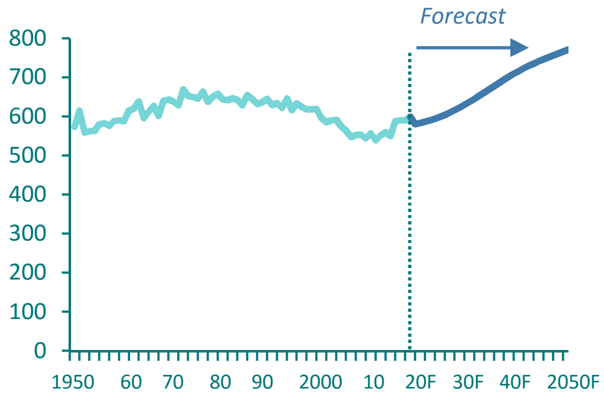
Alternative performance measures
All measures marked as underlying in the table above and throughout this presentation are alternative performance measures. The reasons for the Group's use of alternative performance measures, definitions and where relevant, reconciliations are provided in the Group's Interim report.

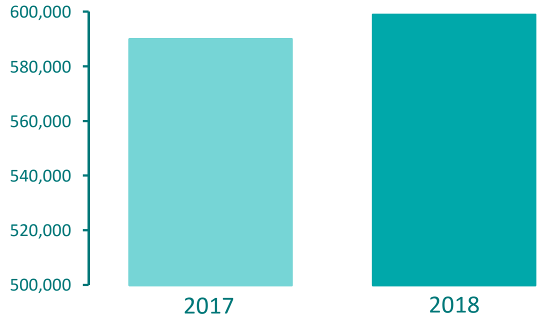
H1 2019 key points

- Number of deaths significantly lower than originally expected leading to lower financial performance
- Funeral market share stable since 2018 year end
- Transformation Plan on track and key branch pilots commencing in the second half of the year
- Strong market share performance by crematoria business
- Simplicity continues to grow strongly
- Company fully engaged with the CMA sector investigation
- The Group welcomes regulation of pre-paid funerals announced in March 2019
- Temporary cessation of dividends

Number of deaths

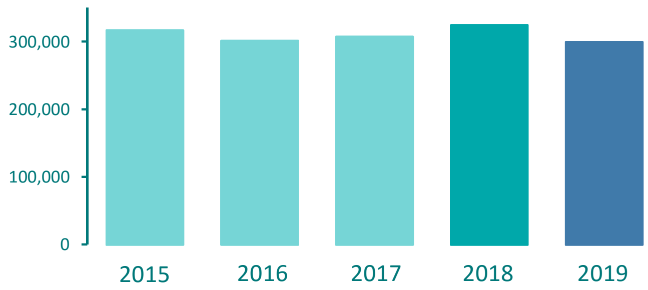
- 2018 was as expected



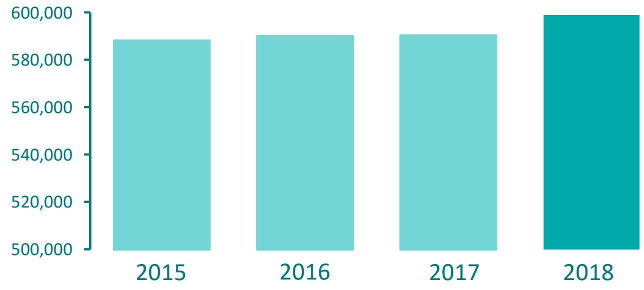


- ...but H1 2019 is lower than H1 2018

26 weeks



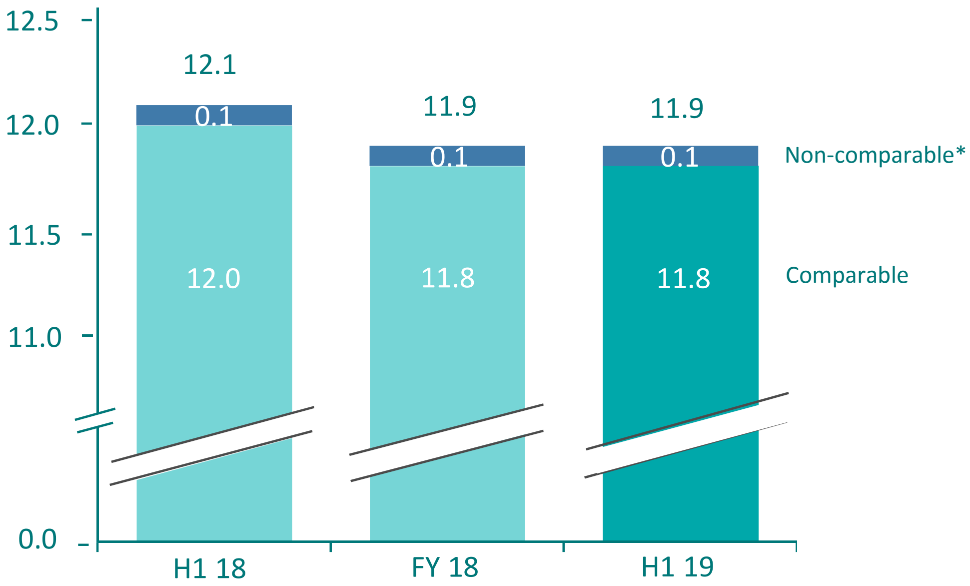
Full year



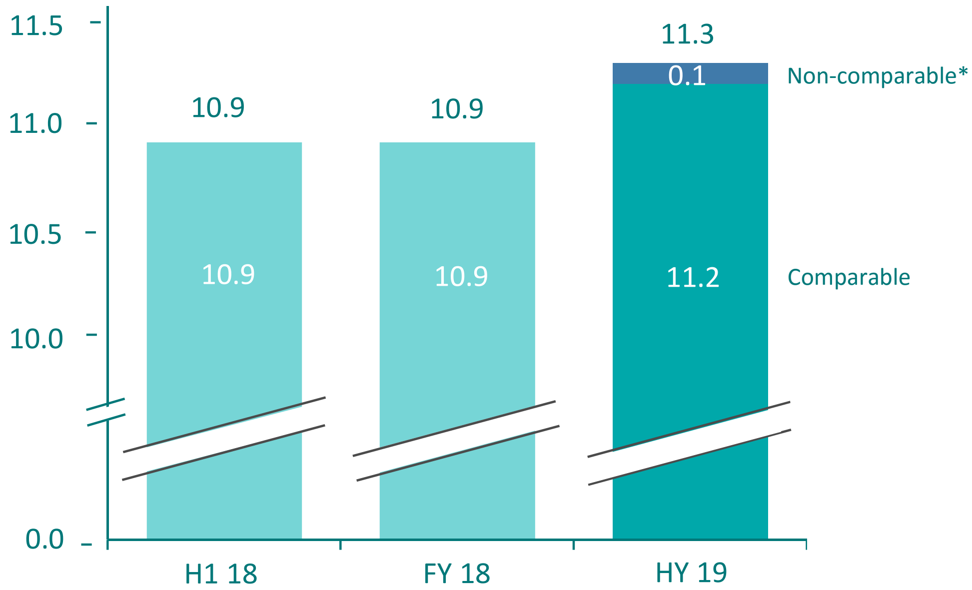
- H1 deaths decreased by approximately 7 per cent to 300,000 from 324,000 (H1 2018)
- Historical data indicates that the full year should finish within approximately three per cent of the previous year implying 580,000 deaths
- Longer term expectations (based on ONS) remain unchanged, with the number of deaths reaching c. 700,000 per year by 2040

Market share

Funeral volume market share (H1 2018 – H1 2019)
Percent



Cremation volume market share (H1 2018 – H1 2019)
Percent



Note: * Non-comparable includes volumes from locations not contributing for all of 2018 and 2019 to date

Funeral mix and average income

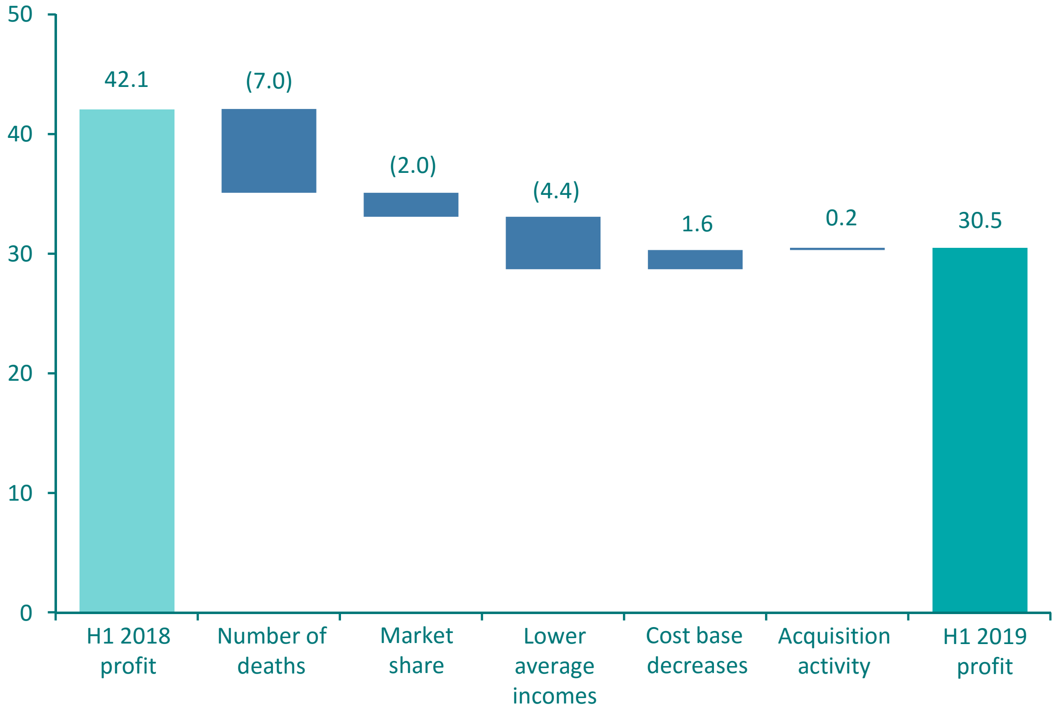
	Funeral type	FY 2018 Actual	Q1 2019 Actual	Q2 2019 Actual	H1 2019 Actual	Q1 2018 Actual	Q2 2018 Actual	H1 2018 Actual
Underlying average revenue (£)	Full service	3,735	3,542	3,585	3,558	3,875	3,700	3,800
	Simple and Limited service	2,350	2,159	2,000	2,089	2,100	2,340	2,240
	Pre-need	1,705	1,826	1,789	1,806	1,680	1,680	1,680
	Other (including Simplicity)	570	773	734	756	580	535	560
Volume mix (%)	Full service	48	52	53	52	55	48	52
	Simple and Limited service	19	14	13	14	12	20	15
	Pre-need	27	27	28	28	28	26	27
	Other (including Simplicity)	6	7	6	6	5	6	6
Underlying weighted average (£)		**2,734**	**2,691**	**2,705**	**2,694**	**2,883**	**2,713**	**2,799**
Ancillary revenue (£)		239	213	233	225	212	225	224
Underlying average revenue (£)		**2,973**	**2,904**	**2,938**	**2,919**	**3,095**	**2,938**	**3,023**

Average income per funeral increased in the second quarter to be in line with the Board's expectation of £2,940

Financial performance – funeral services

Funeral services financial performance (H1 2018 – H1 2019)

Millions of pounds

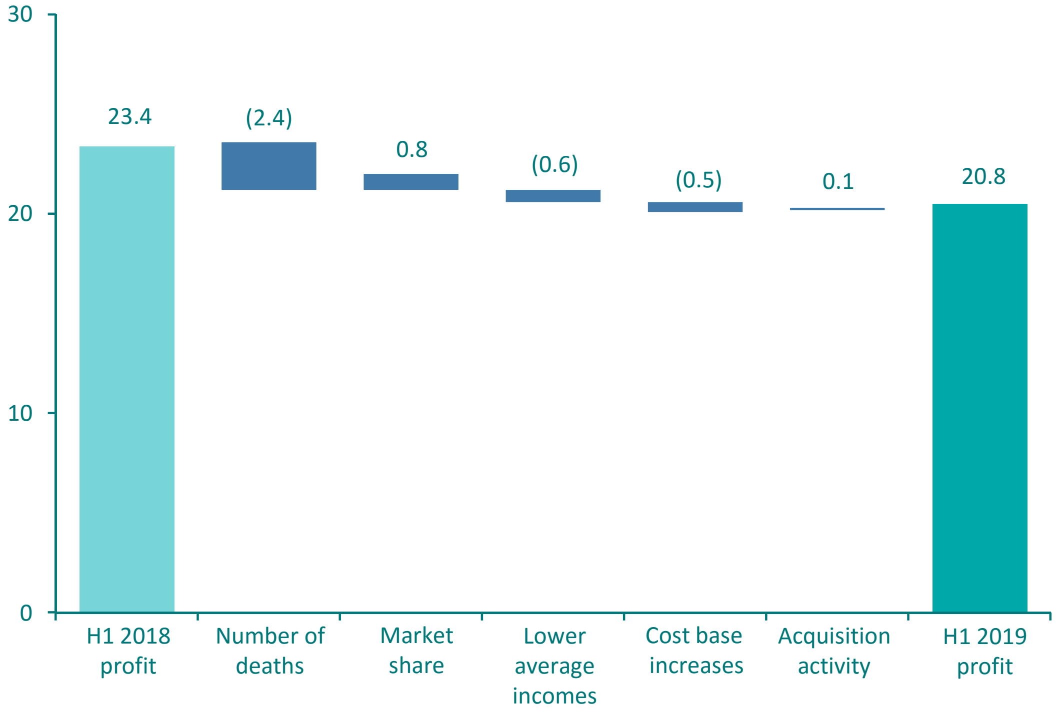


Financial summary	26 wks 28-Jun 2019	26 wks 29-Jun 2018	% Change
Underlying Revenue (£m)			
Funeral services	105.7	120.1	(12.0)
Crematoria	40.1	42.1	(4.8)
Pre-arranged funeral plans	9.5	12.5	(24.0)
Underlying Revenue (£m)	**155.3**	**174.7**	(11.1)
Underlying operating profit/(loss) (£m)			
Funeral services	30.5	42.1	(27.6)
Crematoria	20.8	23.4	(11.1)
Pre-arranged funeral plans	-	2.8	(100.0)
Central overheads	(14.6)	(11.9)	22.7
Underlying operating profit (£m)	**36.7**	**56.4**	(34.9)
Underlying net finance costs	(12.8)	(13.0)	
Underlying profit before tax (£m)	**23.9**	**43.4**	(44.9)
Taxation	(5.0)	(8.7)	
Underlying earnings (£m)	**18.9**	**34.7**	(45.5)
Weighted average number of ordinary shares in issue during the period (million)	50.0	50.0	
Underlying EPS (pence)	**37.8**	**69.4**	(45.5)

Financial performance – crematoria

Crematoria financial performance (H1 2018 – H1 2019)

Millions of pounds



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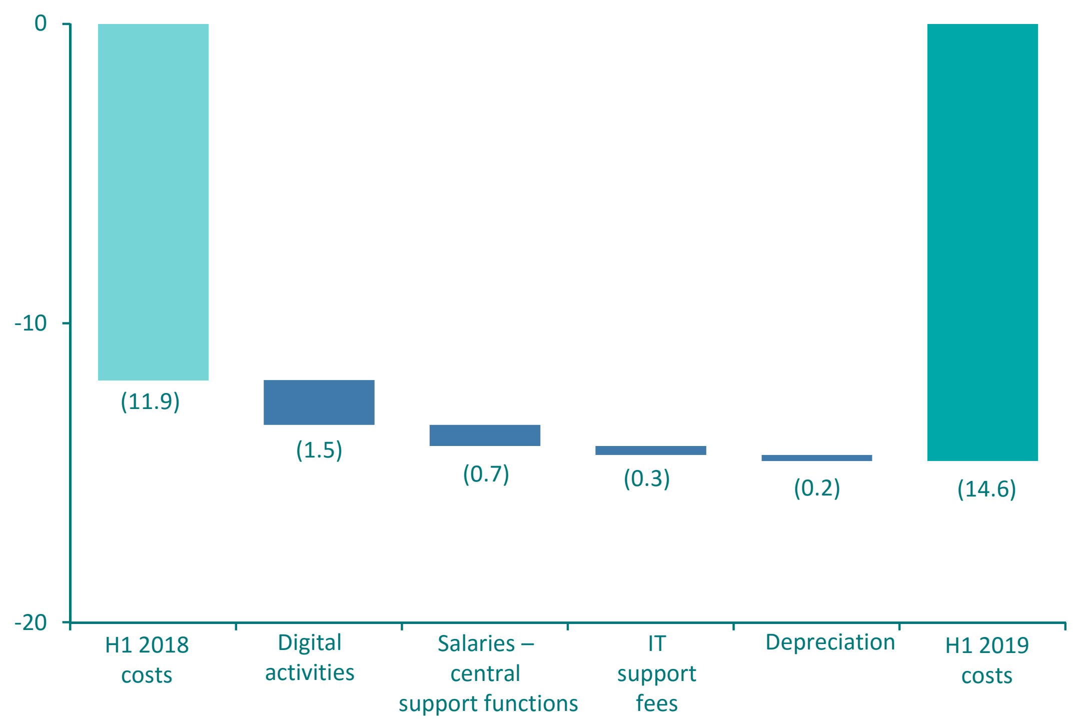
Financial performance – central overheads

Central overheads financial performance (H1 2018 – H1 2019)

Millions of pounds



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Crematoria developments

- Trent Valley crematorium, Derby
  - Opened July 2018
- Peterlee (Castle Eden) crematorium, County Durham
- Dartford crematorium, Kent
  - Planning permission granted
  - Building under construction
  - Due to open in 2020
- Sevenoaks crematorium, Kent
  - Land acquired in 2018 with planning permission
  - Construction planning underway
  - Due to open in 2020
- Huntingdon crematorium, Cambridgeshire
  - Planning permission granted
  - Due to open in 2021

- Sites under development represent a capital commitment of approximately £26m - £27m, with £5.3 million of this amount having already been invested
- The Group has one location where it is appealing the planning decision and another three that are currently in the planning process

Pre need accounting

- As previously announced, the Group reduced the level of marketing allowances it claimed from the trusts when it made a plan sale with effect from July 2018. As expected, the Group's pre-need division reported no underlying operating profit in the first half of 2019

- In addition, the adoption of IFRS 15 in 2019 has resulted in a change to the Group's accounting policies for the sale of trust based pre-arranged funeral plans. The adoption of this standard does not affect the Group's underlying reporting measures

Cash conversion

- Continued efficient cash generation
- Increase in adverse working capital movement principally reflects timing differences
- Cash flow continues to fund all planned investment

Cash generation summary **£m (except for amounts per share)**	**26 wks 28-Jun 2019 Profit**	**26 wks 28-Jun 2019 Cash**	**26 wks 29-Jun 2018 Profit**	**26 wks 29-Jun 2018 Cash**
Underlying EBITDA	**46.7**		**65.6**	
Underlying cash generated from operations		**41.3**		**65.6**
Underlying depreciation and amortisation	(10.0)		(9.2)	
Maintenance capital expenditure		(3.9)		(6.8)
Underlying operating profit	**36.7**		**56.4**	
Underlying operating cash flow after capital expenditure		**37.4**		**58.8**
Underlying net finance costs	(12.8)		(13.0)	
Net finance payments		(12.4)		(12.5)
Underlying profit before tax	**23.9**		**43.4**	
Underlying cash generated before tax		**25.0**		**46.3**
Tax on underlying earnings	(5.0)		(8.7)	
Tax paid		(5.0)		(6.6)
Underlying earnings	**18.9**		**34.7**	
Underlying cash after tax		**20.0**		**39.7**
Weighted average number of ordinary shares in issue during the period (million)	50.0	50.0	50.0	50.0
Underlying earnings per share ***(pence)***	**37.8**		**69.4**	
Cash per share ***(pence)***		**40.0**		**79.4**

Capital structure

Securitisation

- Main source of debt funding continues to be from the Group's securitisation structure, which was restructured in 2014
  - £551.8 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 85% of EBITDA of group is within securitisation as at end of June 2019
  - No remedial action required in respect of the Secured Notes in issue despite lower rating by S&P and Fitch

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

	28-Jun 2019 £m	29-Jun 2018 £m	28-Dec 2018 £m
Net amounts owing on Secured Notes	(551.3)	(560.6)	(560.6)
Add: unamortised issue costs	(0.5)	(0.6)	(0.6)
Gross amounts owing	**(551.8)**	**(561.2)**	**(561.2)**
Accrued interest on Secured Notes	-	-	(12.3)
Accrued interest on other debt facilities	(0.2)	(0.2)	(0.2)
Cash and cash equivalents	49.8	64.0	66.9
Net debt	**(502.2)**	**(497.4)**	**(506.8)**

- At the balance sheet date, the market value of Secured Notes was £501.4 million compared to a balance sheet value of £551.8 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 £792 million.

CMA & HM Treasury

CMA

- On 28 March 2019 the CMA confirmed a full market investigation

- We have established a strong working group of internal and external resource and seek to focus on these key areas:
  - Quality of service provided to meet customer needs
  - Regulation of the industry to protect customers
  - Capital employed in the crematoria

- Since the announcement in March, we have attended a hearing of the CMA's panel, facilitated site visits and have responded to detailed questions necessary for a proper analysis of the industry

- The CMA controls the timeline – we will make announcements as appropriate

- Resolution not expected until late 2020, possibly early 2021

HM Treasury

- In June 2019, HM Treasury confirmed plans to regulate the pre-arranged funeral plan market via the FCA
- Timings and approach uncertain
- We welcome the principle of regulation to protect consumers, having long lead the industry in best practice
- Changes will apply to the industry as a whole and not just the Group
- Regulation could materially change the business model and would likely increase costs

TRANSFORMATION PLAN

Transformation plan update H1 2019

Activity has continued to accelerate with a focus on :

- Following the finalisation of future efficient branch networks, the commissioning of a development partner to co-ordinate the property investment agenda
- Ongoing development and monitoring of trials of unbundled services for bespoke funeral arrangements
- Continued enhancement for clients in the Group's online digital offering including Funeral Notices and improved site structure and ease of use
- Formalisation of projects addressing central capability including initiatives focused on the Group's Client Service Centre, purchase-to-pay cycle and procurement expertise
- Continued investment in central capabilities particularly Human Resources and Marketing
- Detailed engagement with front-line colleagues on specific role design and ways of working ahead of testing the Group's future network operating model
- Recruitment of a new IT Director to lead product selection and enhance the Group's development capabilities
- Pilot networks due to go live H2 2019

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 central support and invest in technology to centralise and automate administrative processes

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

Objectives for 2019

1 — Modernise the client proposition

- Finalise testing of different service propositions and implement nationally
- Implement trials of new technologies to test client responses
- Further support and marketing of Simplicity brand

2 — Invest in and simplify the operating model

- Implement first of new operating networks
- Commence disposal of surplus properties
- Trial new ways of working

3 — Streamline central support and invest in technology to centralise and automate administrative processes

- Introduce consistent management roles nationwide
- Finalise overall IT strategy and select relevant IT partners
- Selection of purchase to pay provider

OUTLOOK

Outlook

The decrease in the absolute number of deaths continued in the second quarter (albeit at a lesser rate) following a 12 per cent decrease in the first three months. The overall decrease in the first six months was seven per cent compared to the comparative period last year. Historical data over the last 20 years indicates that the number of deaths in 2019 is likely to be within three per cent of the previous year. If deaths were 580,000 (approximately three per cent lower than the previous year), then all other matters being equal, underlying operating profits for the full year could be approximately £3 million to £4 million lower than anticipated at the start of the year. The outlook for the full year therefore remains dependent on a greater number of deaths in the second half of this year than the previous year.

Following completion of the Transformation Plan, the Board continues to believe that targeting solid single digit increases in underlying earnings per share is appropriate and achievable.

CEO statement

"While the number of deaths in the first half meant that our financial performance for the period was lower than originally anticipated, we remain confident that the changes we are introducing will generate sustainable growth in the medium to long-term. Longer-term expectations, based on the ONS forecasts remain unchanged, with increases in the long-term number of deaths, reaching approximately 700,000 per year by 2040.

Building on the momentum and significant progress already made in the past 12 months, our Transformation Plan is now entering a new phase. In the second half of the year we will begin transforming our branches, starting with a three network pilot programme. As the Board always anticipated, the transformation of our branches will be radical, complicated and challenging. We have over 800 branches, with each network reflecting a range of differing local and historical approaches. Our staff will be working in materially different ways and we fully expect there to be refinements during the piloting process which is likely to take a number of months. We are committed to ensuring that the design of our branch model is right before we embark on what will be a careful roll-out across the entire network, which we expect to start in 2020.

Across the business, we are pleased with the development of our Simplicity offering which is now available in three forms. We are making good progress with our digital capability, which is crucial in order to secure existing business and acquire new customers.

As a Board we are determined to seize the current opportunity to create a business that is clearly differentiated from the competition and gives customers a clear choice. We are building a more coherent, cohesive and technology-enabled business, one geared to meet the changing needs of our customers while remaining focused on excellent client service. We look forward to delivering our vision to lead the funeral sector in terms of quality, standards and value for money."

QUESTIONS

APPENDICES

Investment is necessary to stabilise and ultimately grow funeral market share

Configuring for growth

Operating expenditure to support revenue growth*	Short term (2021) £m	Long term (2028) £m
Extending coverage (branch & service delivery network)	2	1
Investment in marketing and demand generation (central support)	5	6
Total	**7**	**7**

Long-term targets (10 year horizon)

90%+
market coverage

15%
volume market share

Note: * Constant volume basis, excluding transition costs and inflation

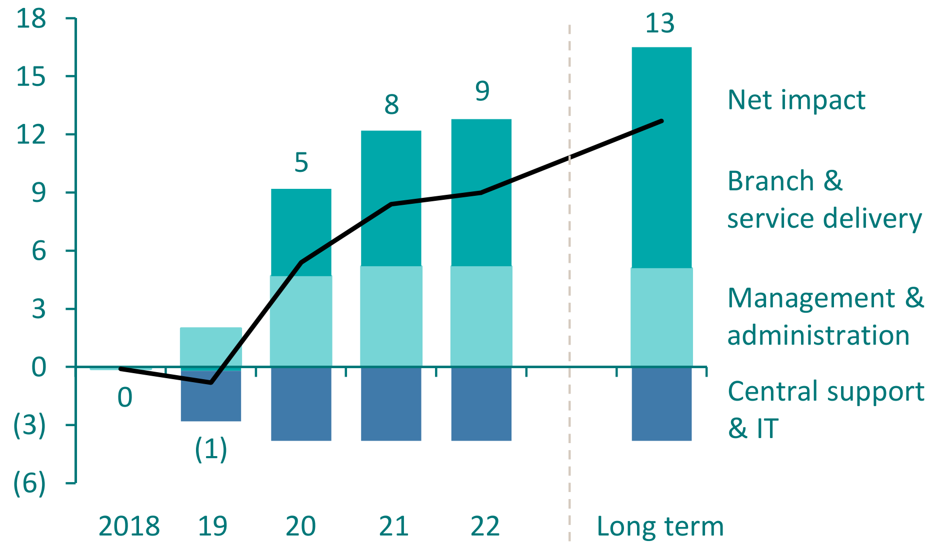
The transformation is expected to deliver an £8m underlying EBIT benefit by 2021 through efficiency improvements

Reconfiguring for efficiency gains

Underlying EBIT impact*	**Short term (2021) £m**	**Long term (2028) £m**
Branch & service delivery network	7	12
Streamlined management & admin.	5	5
Investment in central support & IT	(4)	(4)
Total	**8**	**13**

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 £m	Growth £m
IT systems	6	-
Property / equipment	30	5
Transformation	9	0
Total	45	5
Funded by disposals	(17)	-
Net Investment	**28**	**5**

Expected to be 30% opex

Secured Notes amortisation

	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
	£m	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**
Capital structure																
Interest on Class A & B Notes	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	17.2
Principal repayments on Class A & B Notes	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	16.0
Cash cost	**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**	**33.2**

	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049
	£m	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**
Capital structure															
Interest on Class A & B Notes	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	16.9	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	**33.4**	**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**

EBITDA reconciliation

	H1 28-Jun 2019 £m	LTM 28-Jun 2019 £m
EBITDA per covenant calculation - securitisation group	40.9	69.6
Add: EBITDA of entities outside securitisation group	6.4	12.1
Add: Non cash items	(0.6)	(1.4)
Underlying operating profit before depreciation and amortisation – Group	**46.7**	**80.3**
Underlying depreciation and amortisation	(10.0)	(19.8)
Non-underlying items	(7.7)	(16.7)
Effect of IFRS 15	(1.0)	(1.0)
Operating profit	**28.0**	**42.8**

Forward-looking statements

This presentation and the Dignity plc investor website may contain certain ‘forward-looking statements’ with respect to Dignity plc (the “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.

DIGNITY PLC
INVESTOR PRESENTATION

For the 26 week period ended 28 June 2019