DIGNITY PLC
INVESTOR PRESENTATION

For the 52 week period ended 28 December 2018

Agenda

- 2018 results
- CMA & HM Treasury
- Transformation Plan update
- Outlook
- Q&A

2018 RESULTS

Financial highlights

	52 week period ended 28 December 2018	52 week period ended 29 December 2017	Increase / (decrease) per cent
Revenue (£million)	**315.6**	324.0	(3)
Underlying operating profit (£million)	**80.2**	104.6	(23)
Underlying profit before tax (£million)	**54.4**	77.8	(30)
Underlying earnings per share (pence)	**85.8**	128.3	(33)
Underlying cash generated from operations (£million)	**101.9**	115.4	(12)
Operating profit (£million)	**66.3**	98.0	(32)
Profit before tax (£million)	**40.5**	71.2	(43)
Basic earnings per share (pence)	**63.0**	115.8	(46)
Cash generated from operations (£million)	**94.9**	112.5	(16)
Interim dividend paid in the period (pence)	**8.64**	8.64	-
Final dividend proposed in respect of the period (pence)	**15.74**	15.74	-
Number of deaths	**599,000**	590,000	2

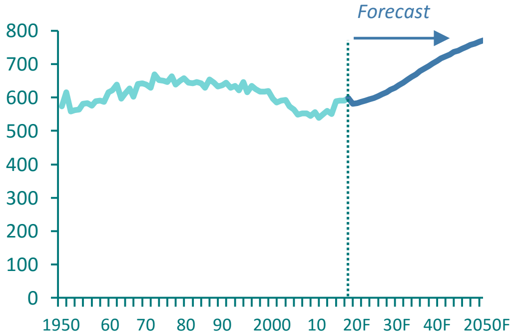
Alternative performance measures
All measures marked as underlying in the table above and throughout this presentation are alternative performance measures. The reasons for the Group's use of alternative performance measures, definitions and where relevant, reconciliations are provided in the appendix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

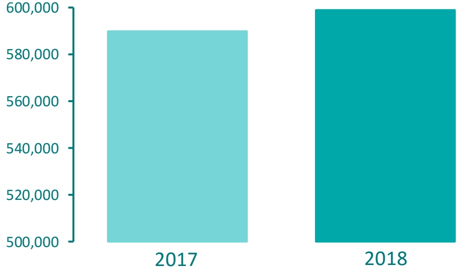
2018 key points

- Number of deaths as expected
- Comparable funeral market share increased slightly following significant declines in 2016 and 2017
- Simple funeral pricing reset
- Unbundled funeral replacing full service package
- Simplicity service offering expanded
- Transformation team in place
- 3 year detailed Transformation Plan established
- Good performance from crematoria
- Pre-need environment remains challenging

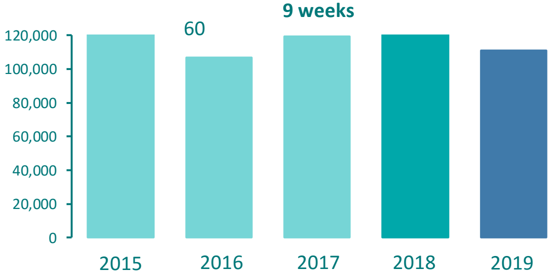
Number of deaths

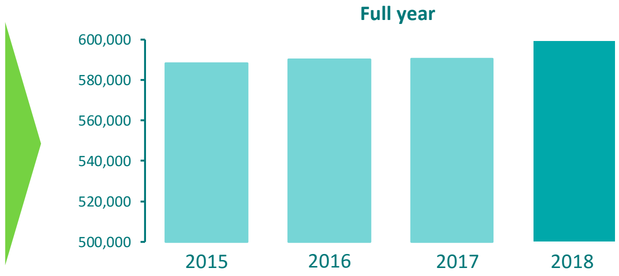
- 2018 was as expected





- …but 2019 is lower than 2018 so far



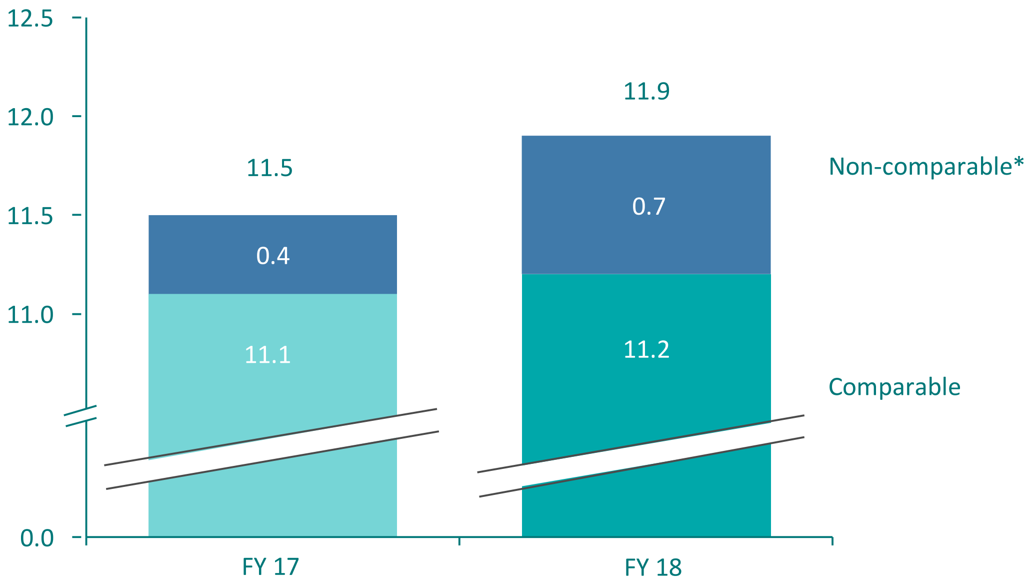


- Current assumption is that deaths in 2019 will remain flat on 2018

- Longer term expectations (based on ONS) remain unchanged

Funeral market share

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



Changes to pricing had a noticeable positive impact on market share

Profitability is lower (but higher than originally anticipated)

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

Funeral mix and average income

	Funeral type	FY 2017 Actual	FY 2018 Board's original expectation*	H1 2018 Actual	Q4 2018 Actual	FY 2018 Actual
Average revenue (£)	Full service	3,800	3,800	3,800	3,590	3,735
	Simple and Limited service	2,700	1,965	2,240	2,435	2,350
	Pre-need	1,650	1,650	1,680	1,750	1,705
	Other (including Simplicity)	500	500	560	610	570
Volume mix (%)	Full service	60	44	52	43	48
	Simple and Limited service	7	20	15	24	19
	Pre-need	27	30	27	27	27
	Other (including Simplicity)	6	6	6	6	6
Weighted average (£)		**2,945**	**2,590**	**2,799**	**2,637**	**2,734**
Ancillary revenue (£)		277	280	224	260	239
Average revenue (£)		**3,222**	**2,870**	**3,023**	**2,897**	**2,973**

Note: * As per January 2018 trading update

As anticipated, trials impacted average incomes in the fourth quarter

Board expects average income in 2019 to be £2,940

Crematoria

- Unaffected by transformation review, but may benefit from technological advances
- 10.9% share of all deaths: grown slightly as a result of increase in locations and direct cremations
- Memorial income per cremation robust at approximately £276
- Rebranded as ‘The Crematorium and Memorial Group’

Strong operating performance

Pricing expected to be no more than inflation in the medium-term

Positive outlook for crematoria continues

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 late 2019
- Sevenoaks crematorium, Kent
    - Land acquired in 2018 with planning permission
    - Construction planning underway
    - Due to open 2020
- Sites under development represent a capital commitment of approximately £20m - £21m, of which £4.3m was invested by the end of 2018
- The Group is also appealing two other planning applications

Pre-arranged funeral plans

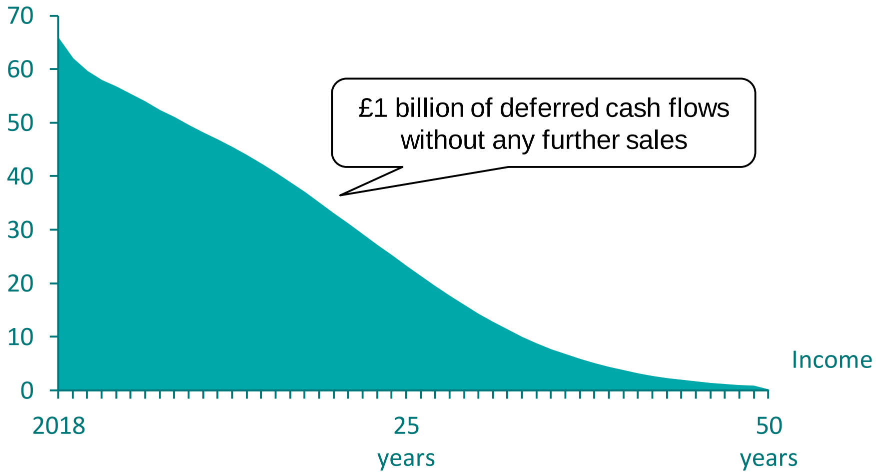
Market environment

- 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)

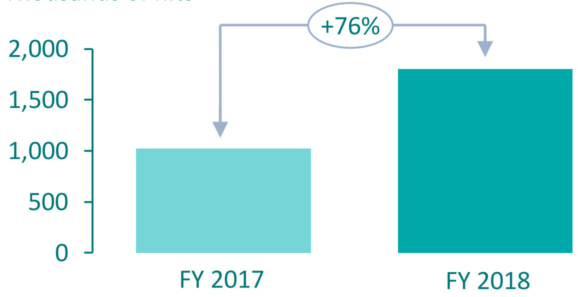
Millions of pounds



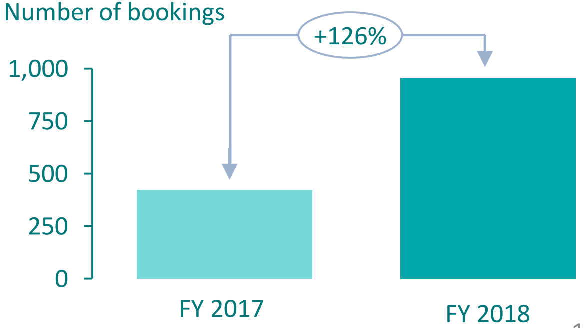
Digital and marketing update

- Dignity Funerals website still has highest UK domain authority
- 76% increase in traffic to our website as our online search strategy proves effective
- 38% of our clients now find us online, with over 60% of our website traffic now coming from mobile devices
- Funeral Notices generating over 100,000 views per month
- 2018 saw our first ever television adverts for funeral plans and Simplicity

Traffic to Dignity Funerals website
Thousands of hits



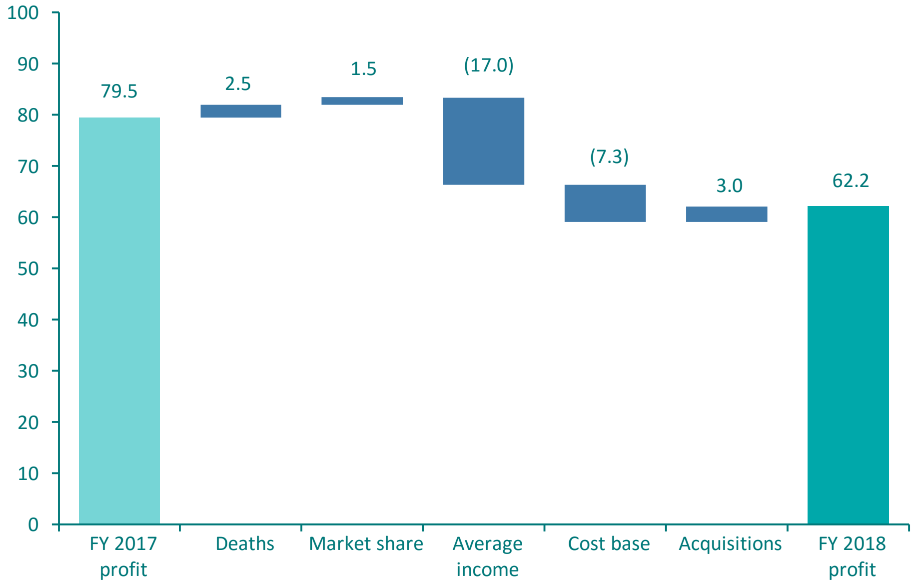
Simplicity Service Bookings
Number of bookings



Financial performance

Funeral Service financial performance (FY 2017 – FY 2018)

Millions of pounds



Financial summary	52 wks 28 December 2018	52 wks 29 December 2017	% Change
Revenue (£m)			
Funeral services	214.9	221.8	(3.1)
Crematoria	78.0	74.0	5.4
Pre-arranged funeral plans	22.7	28.2	(19.5)
Revenue (£m)	**315.6**	**324.0**	(2.6)
Underlying operating profit (£m)			
Funeral services	62.2	79.5	(21.8)
Crematoria	40.3	40.0	0.8
Pre-arranged funeral plans	2.8	8.0	(65.0)
Central overheads	(25.1)	(22.9)	9.6
Underlying operating profit (£m)	**80.2**	**104.6**	(23.3)
Underlying net finance costs	(25.8)	(26.8)	
Underlying profit before tax (£m)	**54.4**	**77.8**	(30.1)
Taxation	(11.5)	(13.8)	
Underlying earnings (£m)	**42.9**	**64.0**	(33.0)
Weighted average number of ordinary shares in issue during the period (million)	50.0	49.9	
Underlying EPS (pence)	**85.8**	**128.3**	(33.1)

Cash conversion

- Cash generation remains strong
- Working capital fluctuates year on year
- Maintenance capital expenditure expected to be lower in 2019 as work will be done as part of Transformation Plan

Cash generation summary **£m (except for amounts per share)**	**52 wks 28-Dec 2018 Profit**	**52 wks 28-Dec 2018 Cash**	**52 wks 29-Dec 2017 Profit**	**52 wks 29-Dec 2017 Cash**
EBITDA	**99.2**		**121.7**	
Underlying cash generated from operations		**101.9**		**115.4**
Underlying depreciation and amortisation	(19.0)		(17.1)	
Maintenance capital expenditure		(16.1)		(20.2)
Underlying operating profit	**80.2**		**104.6**	
Underlying operating cash flow after capital expenditure		**85.8**		**95.2**
Underlying net finance costs	(25.8)		(26.8)	
Net finance payments		(24.9)		(25.6)
Underlying profit before tax	**54.4**		**77.8**	
Underlying cash generated before tax		**60.9**		**69.6**
Tax on underlying earnings	(11.5)		(13.8)	
Tax paid		(11.6)		(11.9)
Underlying earnings	**42.9**		**64.0**	
Underlying cash after tax		**49.3**		**57.7**
Weighted average number of ordinary shares in issue during the period (million)	50.0	50.0	49.9	49.9
Underlying earnings per share ***(pence)***	**85.8**		**128.3**	
Cash per share ***(pence)***		**98.6**		**115.6**

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 85% of EBITDA of group is within securitisation as at end of December 2018
  - 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-Dec 2018 £m	29-Dec 2017 £m
Net amounts owing on Secured Notes	(560.6)	(565.1)
Add: unamortised issue costs	(0.6)	(0.6)
Gross amounts owing	**(561.2)**	**(565.7)**
Accrued interest on Secured Notes	(12.3)	(0.3)
Accrued interest on Crematoria Acquisition Facility and Revolving Credit Facility	(0.2)	(0.2)
Cash and cash equivalents	66.9	49.3
Net debt	**(506.8)**	**(516.9)**

- At the balance sheet date, the market value of Secured Notes was £531.6 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 £752 million

Alternative performance measures

Adjustment to the definition of underlying operating profit

Non-underlying items in 2019 will also include the Group's share of profit or loss of associates following the first such investment by the Group in Funeral Zone Limited in 2018. Given the nature of the investment, the results of the investment are not considered by the Directors to be part of their day to day management of the business.

The impact of adopting IFRS 15

On adoption of IFRS 15 the Group will no longer separately recognise revenue for pre-need marketing activities, as for revenue recognition purposes, all pre-need activities are deemed to relate to a single performance obligation, being the performance of a funeral. All revenues will therefore be recorded within the funeral segment.

To aid a user of the financial statements, for the foreseeable future, the Group will amend its definition of underlying operating profit so that the effects of adopting IFRS 15 are removed.

Additional APM

Like-for-like annualised operating profit ('LFL annualised operating profit')

The Group recognises that its current measure of underlying operating profit and statutory measures of financial performance will not provide a transparent view of financial performance whilst the Group's Transformation Plan is being implemented. This is because such existing measures will not give clarity of the economic impact of changes made part way through the period (e.g. new investments, location closures and staff changes). The Group therefore plans to introduce an additional alternative performance measure for the period of the Transformation Plan.

LFL annualised operating profit will adjust underlying operating profit in such a way as to reflect a best estimate of the Group's sustainable profitability into the following year. An explanation of the changes to underlying operating profit in arriving at LFL annualised operating profit will be provided in each reporting period.

As there have not been any changes in locations or staffing in 2018, LFL annualised operating profit is considered to be the same as underlying operating profit for 2018.

CMA & HM Treasury

CMA

- We expect the CMA to confirm a full market investigation
- We have engaged experienced external advisers
- The CMA controls the timeline – we will make announcements as appropriate
- Resolution not expected until late 2020, possibly early 2021

HM Treasury

- We expect HM Treasury to confirm plans to regulate the pre-arranged funeral plan market
- We expect regulation via the FCA
- Timings and approach uncertain
- We welcome the principle of regulation

TRANSFORMATION PLAN UPDATE

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

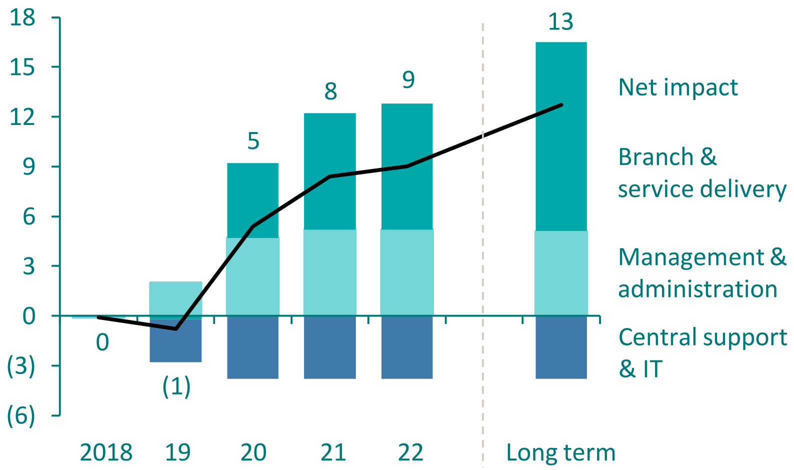
The transformation is expected to deliver an £8m underlying EBIT benefit by 2021 through efficiency improvements

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

Summary

Significant operational progress over the last year:

- We have cut the price of our simple and full service funerals
- We have introduced an expanded range of services through our Simplicity business
- We began trials of an unbundled full service funeral
- Quality has not suffered: the percentage of clients who would definitely recommend us has increased
- We have materially improved our online presence

We slightly grew comparable funeral market share

Opportunities remain

We still have opportunities:

- To modernise the way we do things
- To improve the way we present ourselves in the physical and digital worlds
- To make the most of our size as a major force in the funeral sector
- To lead the market in professionalism and service quality

1 **Modernise the client proposition**

2 **Invest in and simplify the operating model**

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

Progress in 2018

1 Modernise the client proposition

- New tiered pricing proposition tested
- Simplicity range extended
- Simplicity brand relaunched
- Online presence improved
- Simplicity supported by TV advertising

2 Invest in and simplify the operating model

- Operating networks identified and property gap analysis complete
- Funeral operations senior management structure realigned

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

- HR team expanded to support transformation
- IT roadmap established

The Group is being supported by an experienced team of change managers

Objectives for 2019

1 Modernise the client proposition

- Finalise testing of tailored funeral and implement nationally
- Implement trials of new technologies to test client responses
- Relaunch Dignity brand
- 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
- Trial and implement purchase to pay

OUTLOOK

Outlook

"The Board's expectations for the year ahead are unchanged from the most recent guidance.

2019 is likely to see underlying profitability lower than 2018 but in line with market expectations.

In the medium-term the Board believes that targeting solid single digit increases in underlying EPS is appropriate and achievable."

CEO statement

“2018 marked the beginning of a period of radical change for Dignity. We reduced our funeral prices, created a broader range of choices for clients and embarked on plans to transform the business by the end of 2021.

Our vision is to lead the funeral sector in terms of quality, standards and value-for-money. To achieve this we are building a more coherent, cohesive and technology-enabled business, one geared to meeting the changing needs of our customers. I am pleased with the progress we made during the year, we built momentum and our Transformation Plan is on track. A lot of work remains to be done, but I am confident that with our highly experienced staff and the new transformation expertise we have brought in, we will achieve our goals.

2019 is likely to mark the start of the Competition and Markets Authority’s (‘CMA’s) investigation into our industry. Our surveys demonstrate that the majority of clients assume the funeral industry is regulated, when it is not. Some may assume that they will receive the same quality of service from different operators irrespective of price. They will not. I am proud that underpinning all of the changes we are making to our business is a continued, relentless commitment to the highest levels of client service. This commitment makes me confident that we have the quality necessary to achieve our ambition of getting ahead of the competitive curve, leading the industry and providing sustainable growth.”

QUESTIONS

APPENDICES

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 non-underlying items which comprise certain non-recurring or non-trading transactions.

Non-underlying items
The Group's underlying measures of profitability exclude:
- amortisation of acquisition related intangibles;
- external transaction costs;
- profit or loss on sale of fixed assets;
- Transformation Plan costs (see below);
- operating and competition review costs;
- one-off costs in respect of the defined benefit pension obligations;
- trade name write-off and impairments; and
- the taxation impact of the above items together with the impact of taxation rate changes.

Non-underlying 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.

Transformation Plan costs
Given the on-going transformation of the Group's business will result in significant, directly attributable non-recurring costs over the period of the Transformation Plan, these amounts are excluded from the Group's underlying profit measures and treated as a non-underlying item.

These costs will include, but are not limited to:
- external advisers' fees;
- directly attributable internal costs, including staff costs wholly related to the Transformation (such as the Transformation Director and project management office);
- costs relating to any property openings, closures or relocations;
- rebranding costs;
- speculative marketing costs; and
- redundancy costs.

Calculation of underlying reporting measures
Underlying profit measures (including divisional measures) are calculated as profit before non-underlying items.

Underlying earnings per share is calculated as profit after taxation, before non-underlying items (net of tax), divided by the weighted average number of Ordinary Shares in issue in the period.

Underlying cash generated from operations excludes non-underlying items on a cash paid basis.

Non-underlying items

Income statement

52 week period ended 28 December 2018	Funeral services £m	Crematoria £m	Pre-arranged funeral plans £m	Central overheads £m	Group £m
Non-trading					
Amortisation of acquisition related intangibles	4.4	0.4	0.1	-	4.9
External transaction costs	0.6	-	-	0.2	0.8
Loss on sale of fixed assets	0.3	-	-	-	0.3
Non-recurring					
Transformation Plan costs	-	-	-	2.7	2.7
Operating and competition review costs	-	-	-	2.7	2.7
GMP past service cost	1.0	0.3	0.1	-	1.4
Trade name write-off	1.1	-	-	-	1.1
	7.4	0.7	0.2	5.6	13.9
Taxation					(2.5)
					11.4

52 week period ended 29 December 2017	Funeral services £m	Crematoria £m	Pre-arranged funeral plans £m	Central overheads £m	Group £m
Amortisation of acquisition related intangibles	1.1	0.5	0.2	-	1.8
External transaction costs	1.3	1.3	-	2.1	4.7
Loss on sale of fixed assets	0.1	-	-	-	0.1
	2.5	1.8	0.2	2.1	6.6
Taxation					(0.4)
					6.2

Cash flow

	28-Dec 2018 £m	29-Dec 2017 £m
External transaction costs	1.7	2.9
Transformation Plan costs	2.6	-
Operating and competition review costs	2.7	-
	7.0	2.9

Secured Notes amortisation

	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	2034 £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 £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	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

	28-Dec 2018 £m
EBITDA per covenant calculation - Securitisation Group	86.8
Add: EBITDA of entities outside Securitisation Group	13.9
Add: Non cash items	(1.5)
Underlying operating profit before depreciation and amortisation – Group	**99.2**
Underlying depreciation and amortisation	(19.0)
Non-underlying items	(13.9)
Operating profit	**66.3**

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.

INVESTOR PRESENTATION

For the 52 week period ended 28 December 2018