

DIGNITY PLC INVESTOR PRESENTATION

Annual General Meeting 2021

DIGNITY
PLC

Final Voting Report

Parameters

Client	Dignity plc		
Task Name	Annual General Meeting		
Meeting Date	23-Jun-2021	Meeting Time	11:00:00 AM
Issued Capital	50,028,426	Treasury Holding	0
Voting Capital	50,028,426		

Resolution Number	Resolution Name	Number of Cards For	Number of Votes For	% of Votes For	Number of Cards Against	Number of Votes Against	% of Votes Against	Number of Cards Discretionary	Number of Votes Discretionary	% of Votes Discretionary	Number of Cards For & Discretionary	Number of Votes For & Discretionary	% of Votes For & Discretionary	Total Votes Cast (Excluding Withheld)	Number of Cards Withheld	Number of Votes Withheld	% Votes Withheld	Total Votes Cast (Including Withheld)	Total % of Voting Capital voted (Including Withheld)
01	Report and Accounts	164	32,629,513	99.97%	7	5,174	0.02%	9	3,857	0.01%	173	32,633,370	99.98%	32,638,544	8	179,408	0.55%	32,817,952	65.60%
02	Remuneration Report	149	32,565,860	99.91%	16	26,731	0.08%	8	3,827	0.01%	157	32,569,687	99.92%	32,596,418	16	221,534	0.68%	32,817,952	65.60%
03	Dean Moore	137	31,073,876	94.91%	39	1,664,291	5.08%	9	3,857	0.01%	146	31,077,733	94.92%	32,742,024	10	75,928	0.23%	32,817,952	65.60%
04	Andrew Judd	155	26,573,524	99.49%	17	131,151	0.49%	10	4,102	0.02%	165	26,577,626	99.51%	26,708,777	8	6,109,175	18.62%	32,817,952	65.60%
05	Gary Channon	133	24,232,084	95.43%	31	1,156,066	4.55%	10	4,102	0.02%	143	24,236,186	95.45%	25,392,252	18	7,425,700	22.63%	32,817,952	65.60%
06	Re-appoint Auditors	159	32,690,707	99.62%	13	122,057	0.37%	10	4,102	0.01%	169	32,694,809	99.63%	32,816,866	3	1,086	0.00%	32,817,952	65.60%
07	Auditors Remuneration	164	32,807,466	99.98%	9	3,931	0.01%	9	3,857	0.01%	173	32,811,323	99.99%	32,815,254	4	2,698	0.01%	32,817,952	65.60%
08	Allot Relevant Securities	158	32,750,523	99.80%	14	62,140	0.19%	9	3,857	0.01%	167	32,754,380	99.81%	32,816,520	5	1,432	0.00%	32,817,952	65.60%
09	Pre-emption Rights	151	32,788,468	99.95%	17	14,088	0.04%	10	3,938	0.01%	161	32,792,406	99.96%	32,806,494	8	11,458	0.03%	32,817,952	65.60%
10	Additional Pre-emption Rights	148	32,680,260	99.60%	20	128,221	0.39%	11	4,183	0.01%	159	32,684,443	99.61%	32,812,664	8	5,288	0.02%	32,817,952	65.60%
11	Purchase Own Shares	154	32,667,936	99.60%	17	125,854	0.38%	10	4,008	0.01%	164	32,671,944	99.62%	32,797,798	8	20,154	0.06%	32,817,952	65.60%
12	General Meeting	157	32,676,046	99.57%	18	135,677	0.41%	12	4,246	0.01%	169	32,680,292	99.59%	32,815,969	3	1,983	0.01%	32,817,952	65.60%

PERCENTAGES OF VOTES CAST FOR, AGAINST & DISCRETIONARY HAVE BEEN CALCULATED EXCLUDING THE WITHHELD VOTES.
PERCENTAGES ARE ROUNDED TO 2 DECIMAL PLACES.

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.

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Nothing in this presentation is, or is intended as, a profit forecast or estimate for any period. This presentation does not contain or constitute an invitation, inducement or offer to underwrite, subscribe for, or otherwise acquire or dispose of any securities or financial instruments or any advice or recommendation with respect to such securities or other financial instruments.

Agenda

1. Dignity Snapshot
2. Funeral Plans
3. At-Need Funerals
4. Crematoria
5. Other Opportunities
6. Organisation & Culture
7. Capital Structure
8. Value Creation

01

DIGNITY SNAPSHOT

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Dignity Snapshot

UK's only vertically integrated nationwide end of life business



Est. 1812



46 Crematoria



75k Cremations¹



558k Active
Pre-arranged Plans¹



c.800 Branches



c.500 Trading Names



80k Funerals¹



c.3,000 FTE



c.1,600 in Fleet



c.100 Service Chapels



c.5k Mortuary Capacity



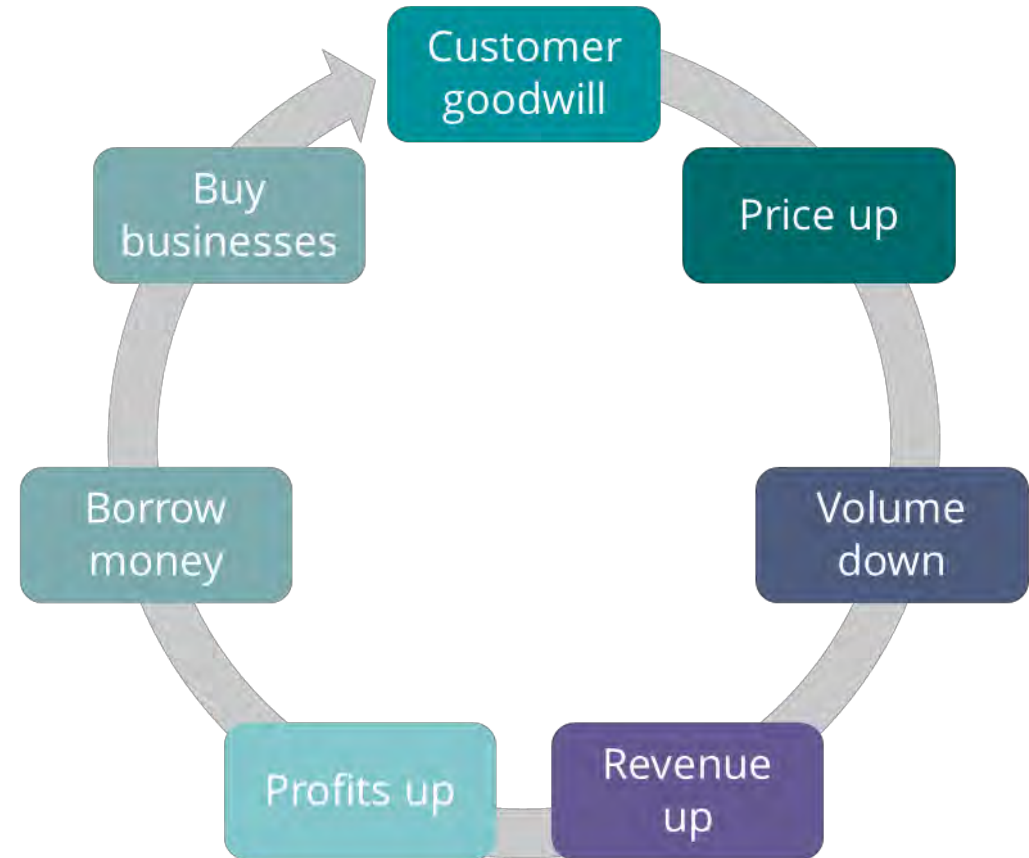
£314m Underlying Revenue¹

Previous Strategy

Set the business up for long term failure

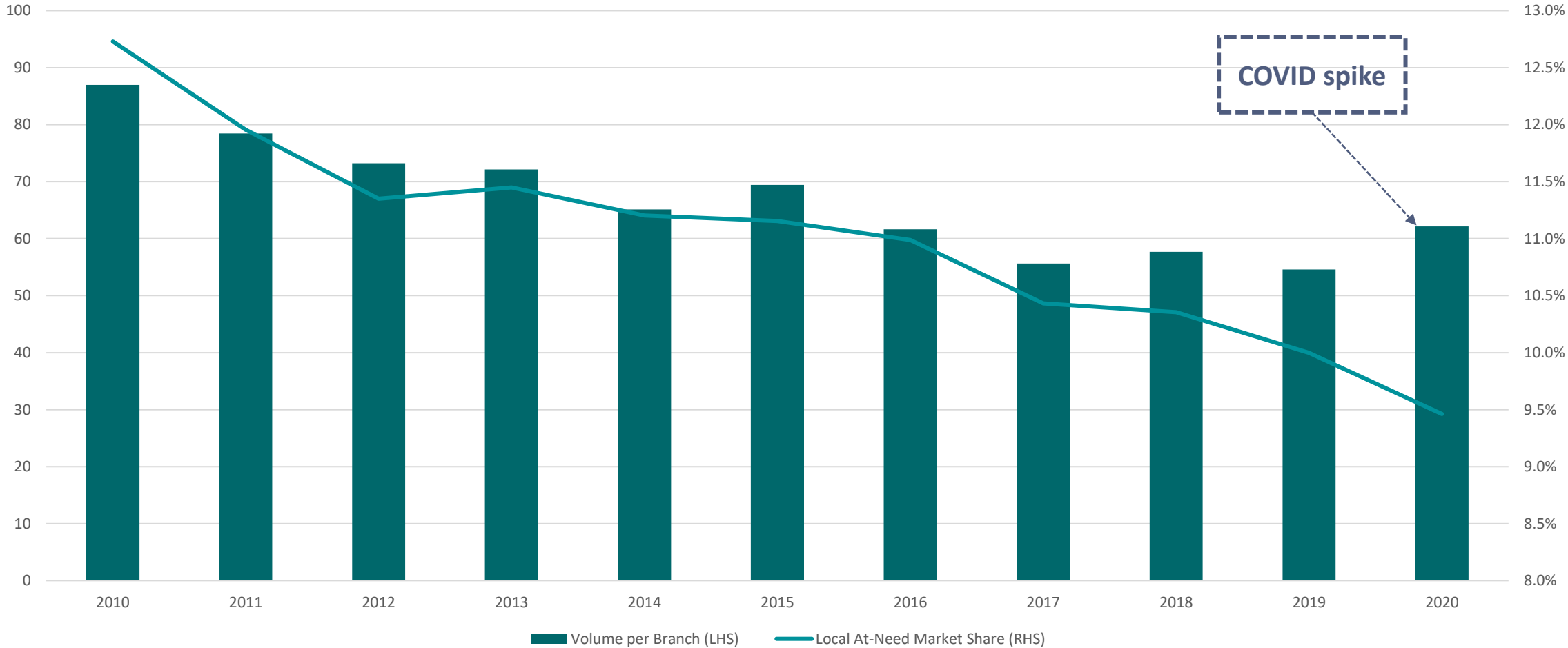
- Strategy to grow profits by increasing prices faster than volume losses
- Growth was purchased through acquisition, paying ever increasing prices for new businesses
- Price increases led to a loss of competitiveness
- Many new competitors emerged
- Market share losses
- Transformation plan failed to tackle core problem

Previous Dignity strategy



The Result

A steady decline in per branch performance and market share



Source: Dignity reporting database, Dignity management accounts

Note: Estimated local market share calculated as all funerals excluding pre-need, child, contract and simplicity, for people who lived within a local area (postcode sector centroid within 5 miles of a branch), over the number of deaths in the local area. This uses modelled ONS death data to account for location and date of death. The local market share data only includes England and Wales.

02

FUNERAL PLANS

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Funeral Plans – The Past

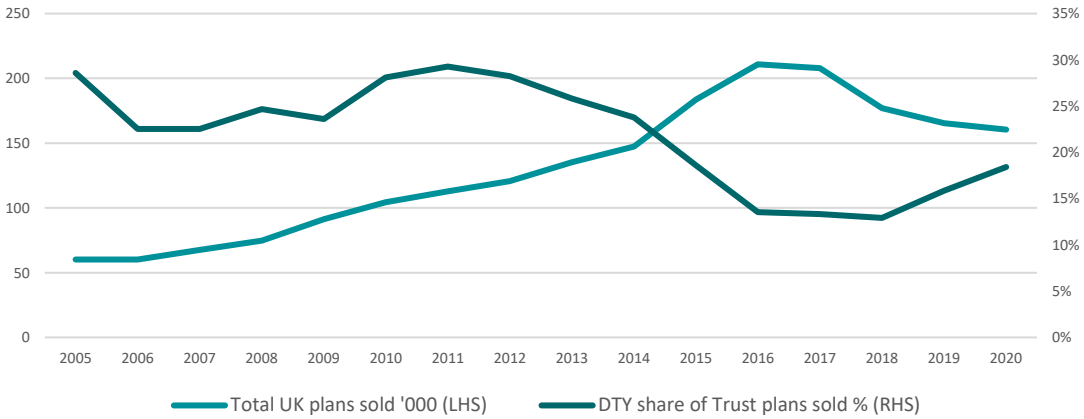
We did have a problem but it is now behind us

- Phoenix raised concerns about third-party telephony partners' conduct and the economics of 25 year plans – subject of the General Meeting requisition
- Learned on first day of internal concerns in relation to third-party telephony partners' conduct. Internal audit appointed to investigate
- Slaughter and May appointed to carry out an external investigation
- No evidence that Dignity's Board were aware of the internal concerns when they responded to shareholders
- Contracts with third-party telephony partners now terminated
- In process of reorganising the division

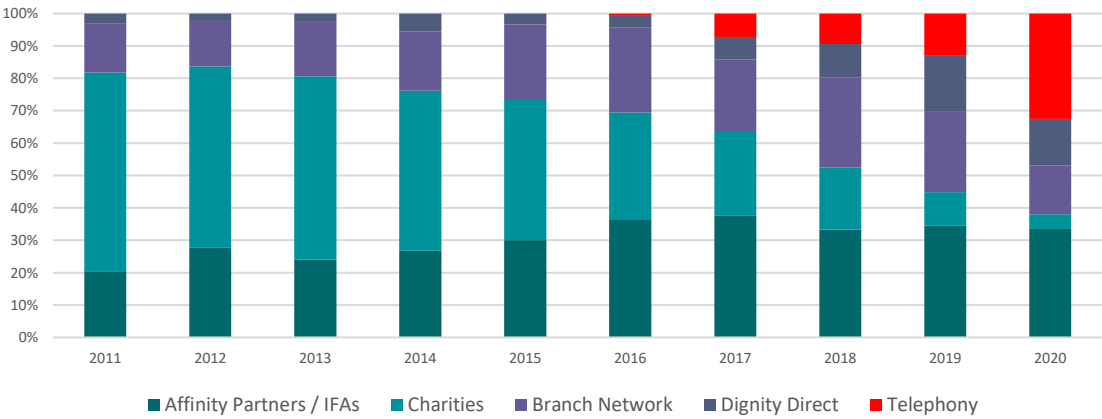
Dignity Funeral Plans Evolution

Mix shifted to telephony partners with longer instalment plans and higher cancellation rates

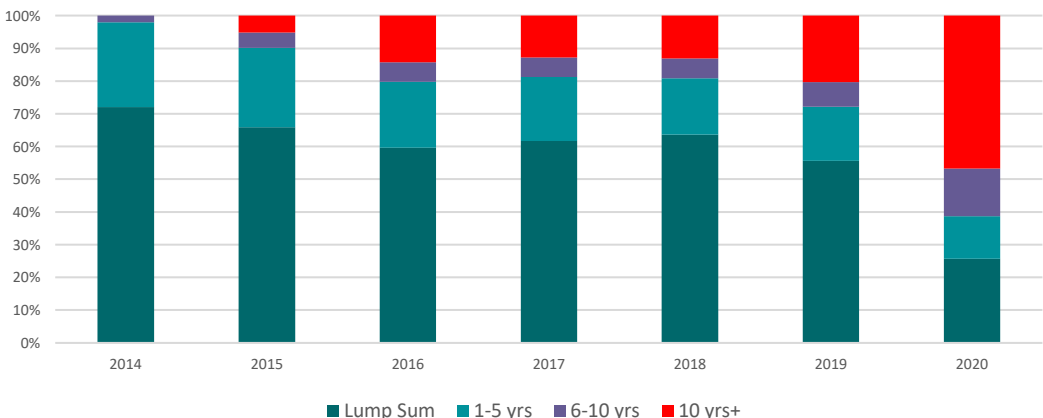
DTY Share of Funeral Plans



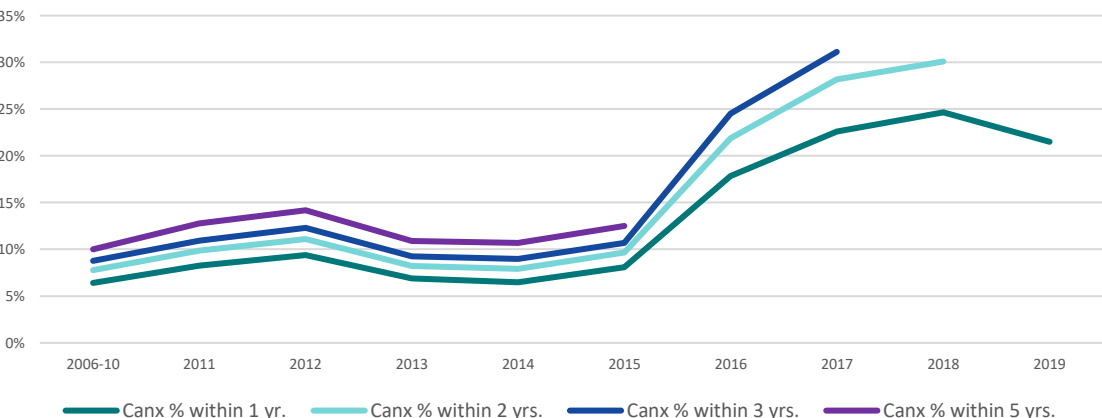
DTY Mix of Funeral Plan Sales



DTY Changing Mix of Instalment Plans



Cancellation Rates by Vintage

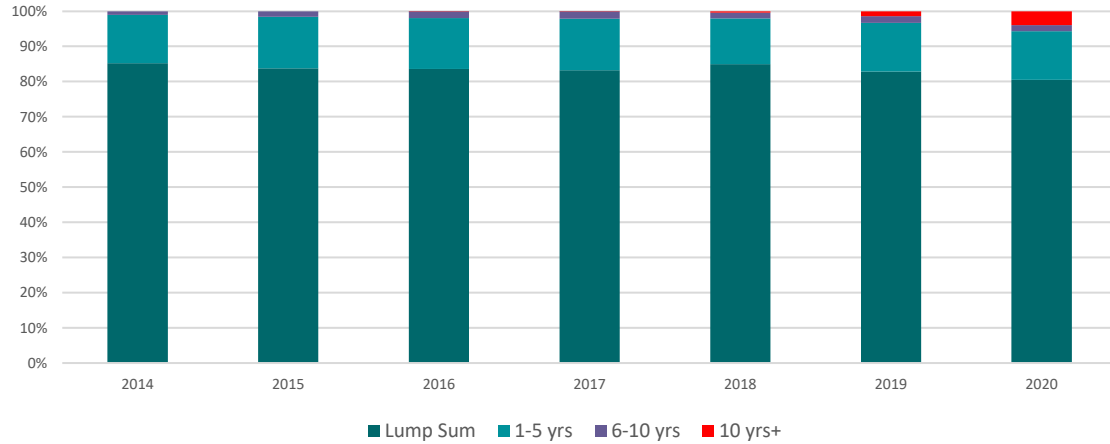


Source: Funeral Planning Authority, Dignity reporting database

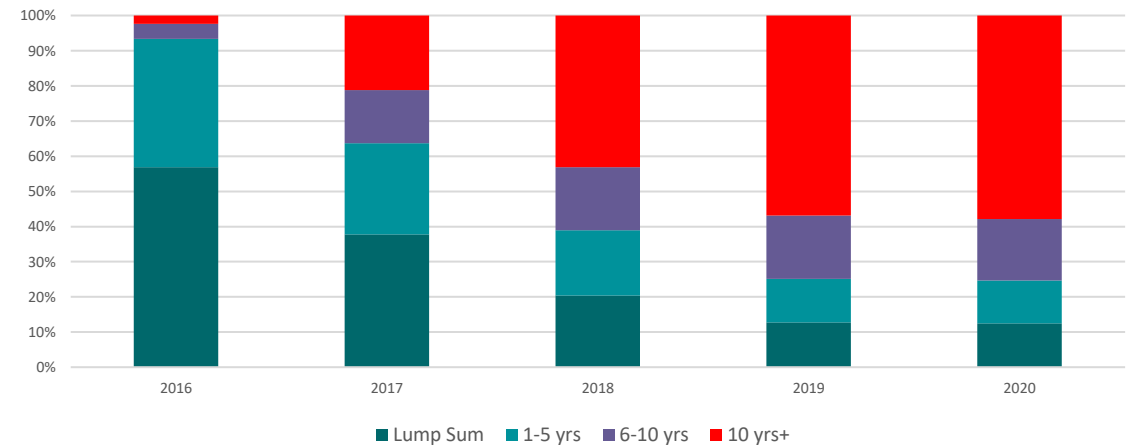
Branch vs. Telephony Partners

We will prioritise sales through the branches in the future

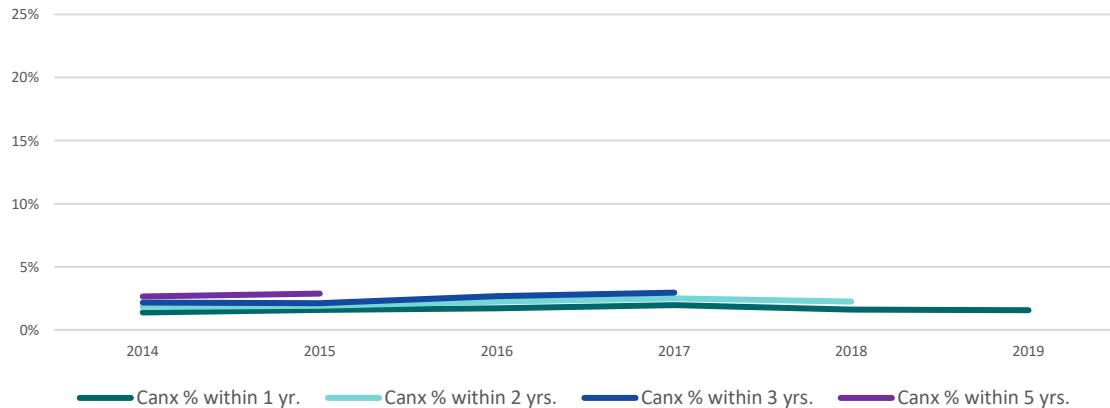
Branch Mix of Instalment Plans



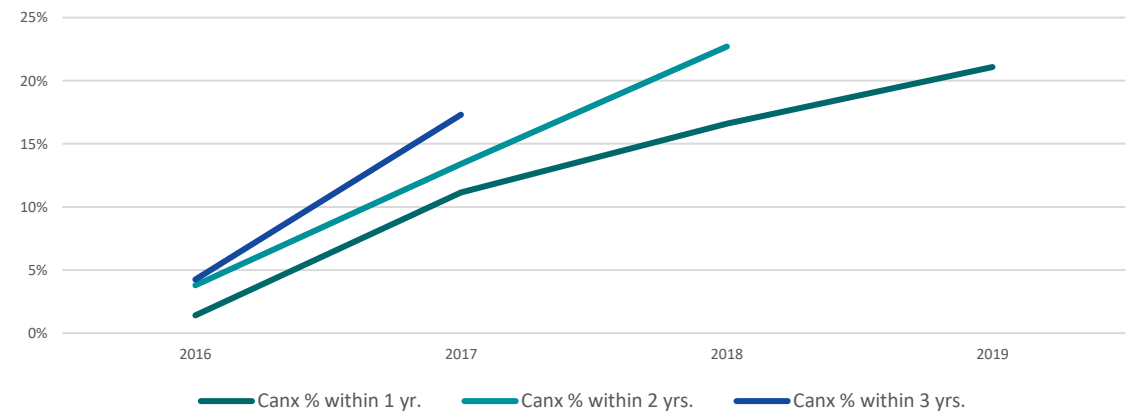
Telephony Partner Mix of Instalment Plans



Branch Cancellation Rates



Telephony Partner Cancellation Rates



Impact of cancelled contracts

We cancelled contracts with 5 telephony partners

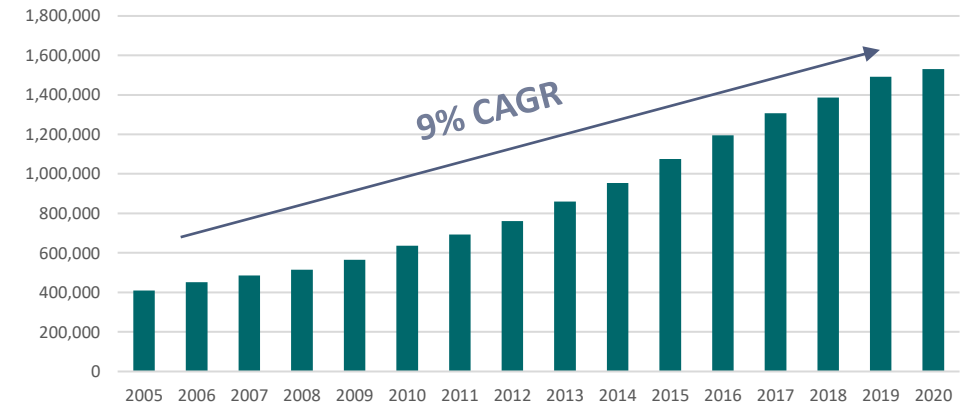
- Insignificant in context of total Dignity undrawn plans
 - 18k (6%) of active plan holders in Trust were sold via Telephony partners
- No clients harmed – all will be given a Dignity funeral
- In process of withdrawing from all 10 year+ plans
- Loss of c.35% of 2021 Funeral Plan division budgeted revenue, but largely mitigated through £12m saving from the budgeted 2021 Telephony commission costs
- Rebase division – aim to remain break-even

Funeral Plans – The Opportunity

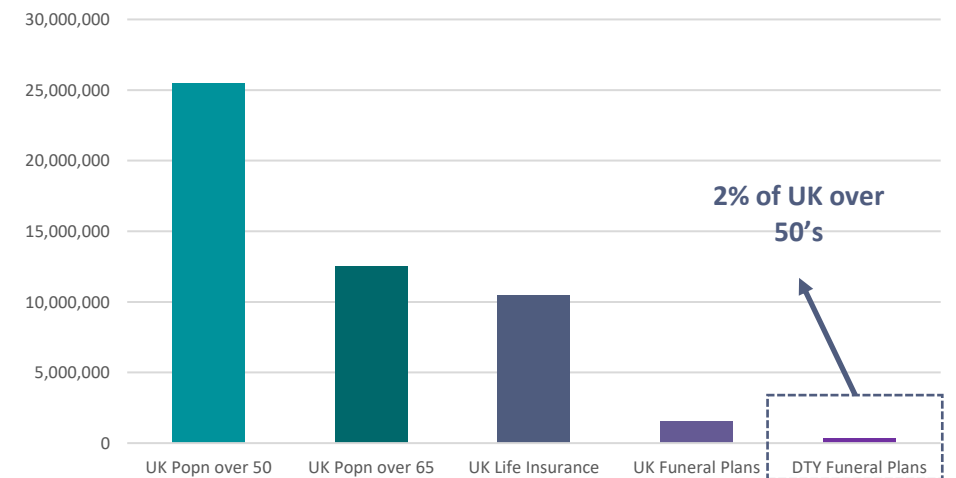
A growing market that's good for the client

- Funeral Plans are a growth industry but remain underpenetrated as an end of life planning product
- Penetration vs. addressable market is very low
 - In Europe, penetration is much higher. E.g. Netherlands 60% of Dutch adult population have some sort of funeral insurance
- Dignity have 21% share of undrawn plans and 18% share of new plans taken out
- Incoming FCA regulation will open up new distribution channels
- CMA wants to help build the industry to avoid stressed purchase decision

UK Undrawn Plans

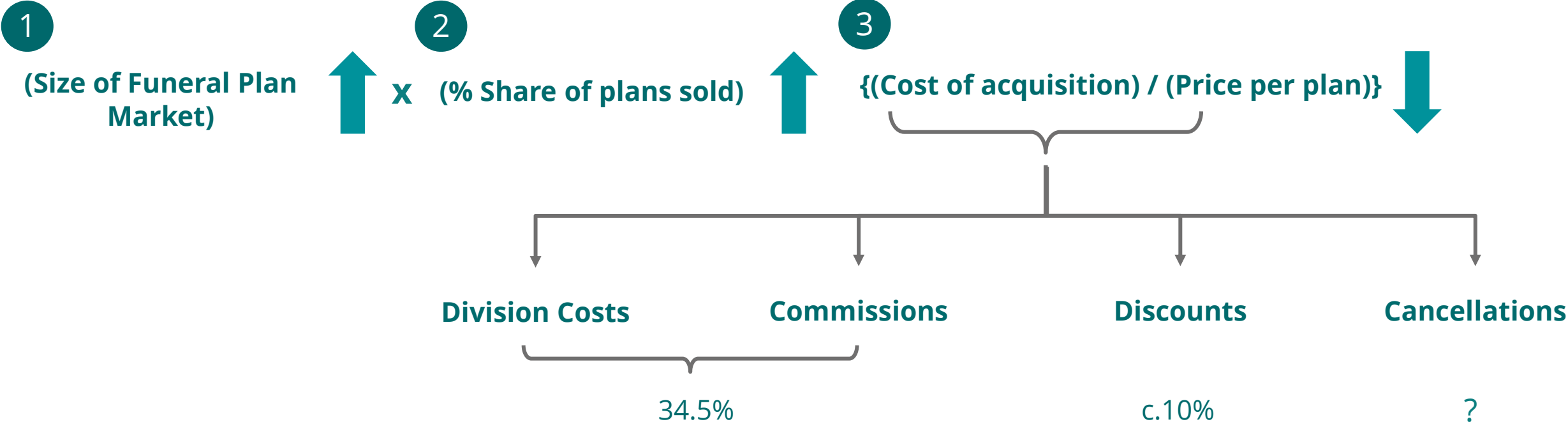


Huge Market Penetration Opportunity



Funeral Plans

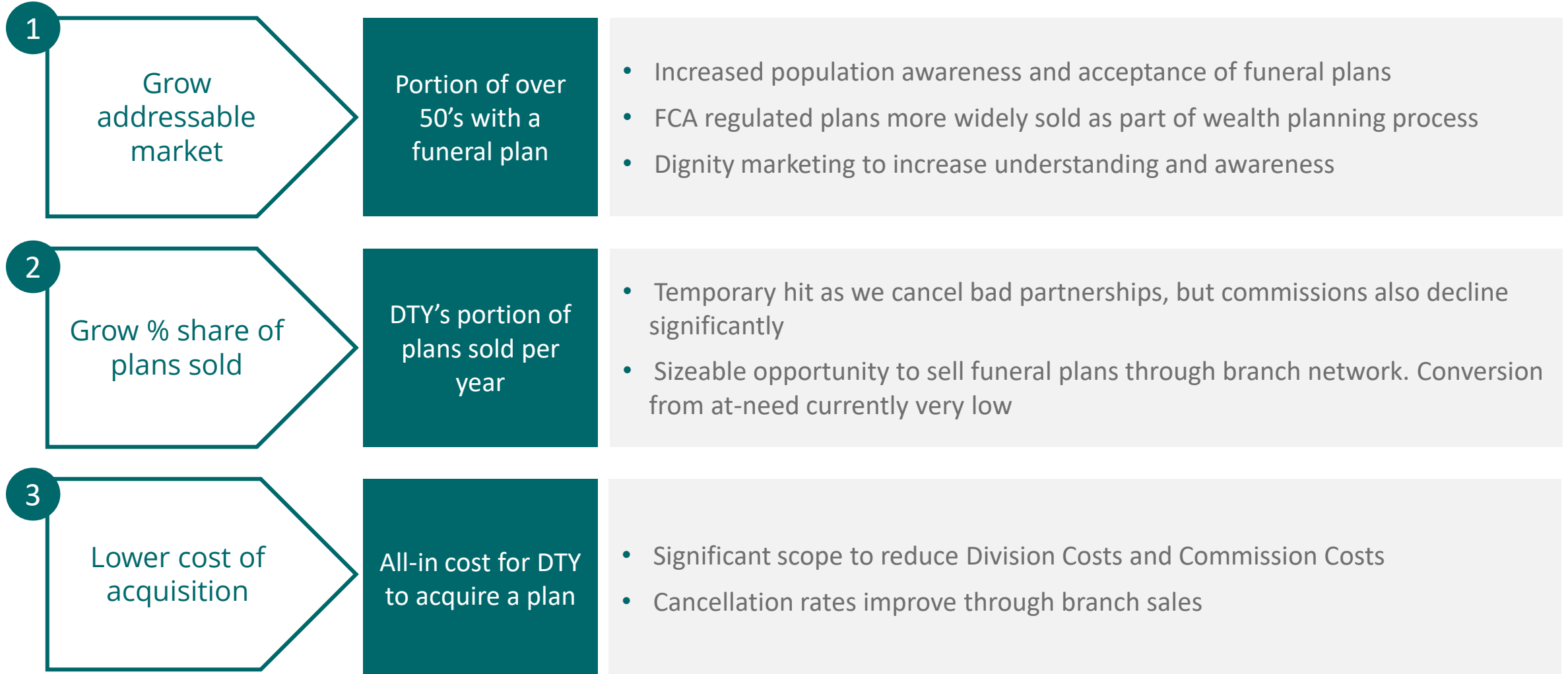
How to judge this division in the future



Source: Dignity reporting database, Dignity management accounts

Funeral Plans

How we will engineer success



The Trust

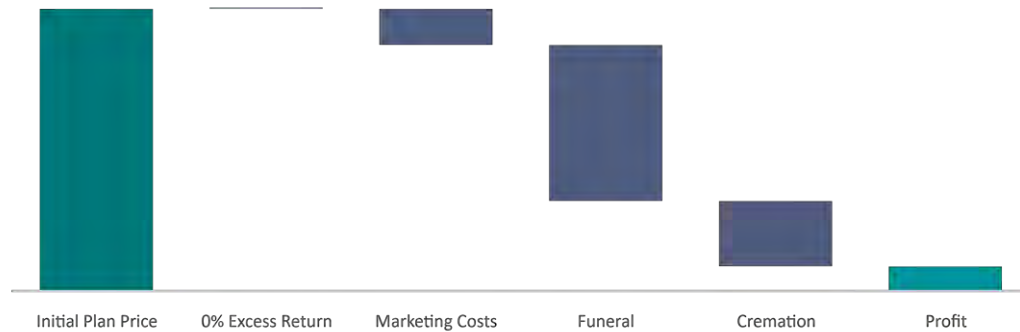
Trust to become important lever of value creation

- Trust solvency becomes a competitive advantage for Funeral Plans division
- Change of Trust Investment Manager
 - Previous strategy did not keep up with funeral cost inflation
 - c.£1bn of Trust assets with average duration c.10+ years. Small improvements to investment returns are incredibly valuable to the equity
- Target +3% returns over and above funeral cost inflation (£30m on £1bn of Assets)
- Trust surplus to become meaningful lever of value creation

The Trust

Small gains in investment performance translate to a big increase in profit

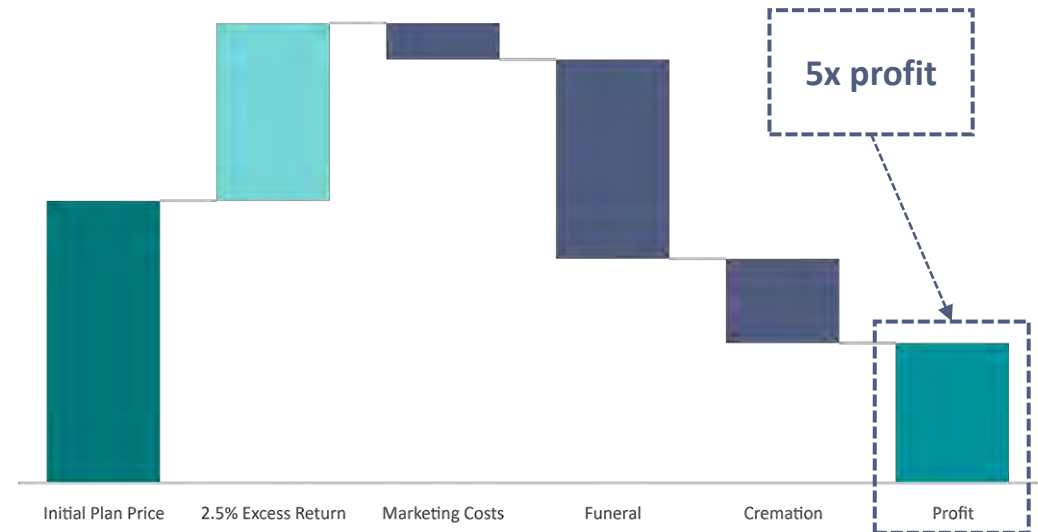
Current Investment Strategy



Net investment performance = inflation

Minimal profit generation

Indicative Returns Over 10 Years



Net investment performance = 2x inflation at 5%

2x investment performance translates to 5x profit

Note: Numbers displayed here are indicative

03

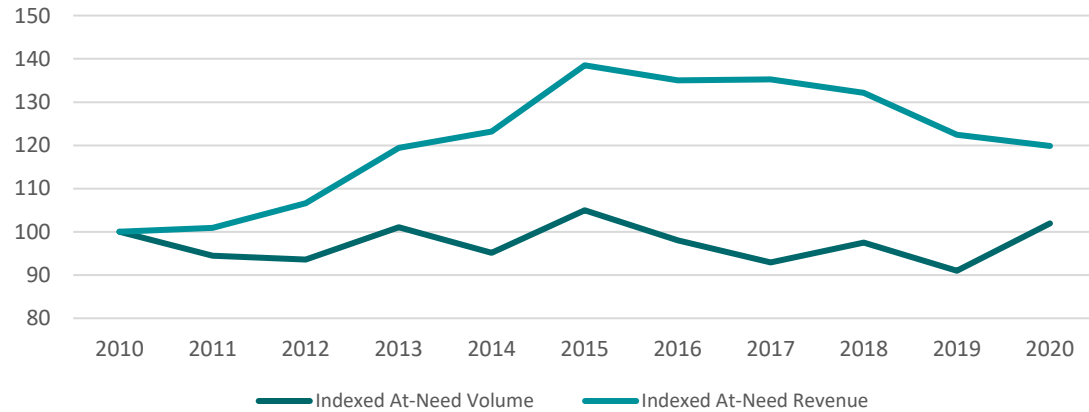
AT-NEED FUNERALS

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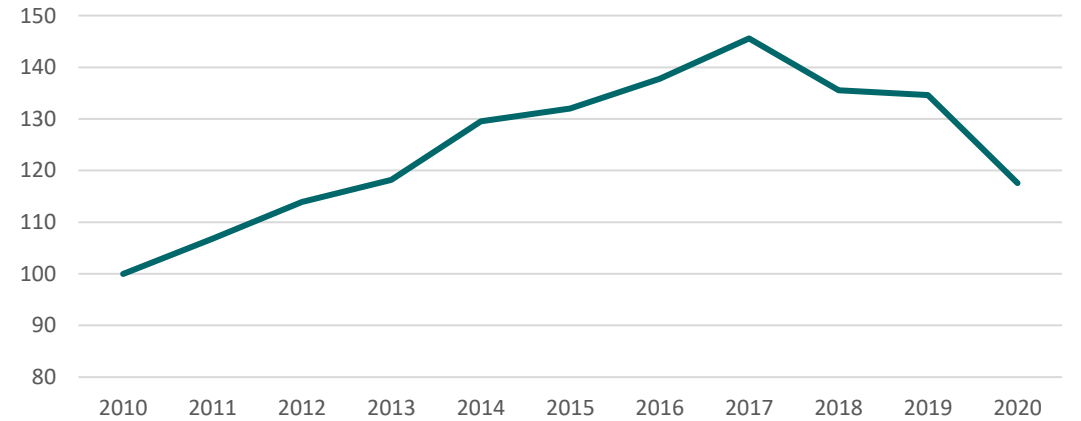
At-Need Funeral Challenge

Per branch volume and revenue are in continual decline (excl. pandemic)

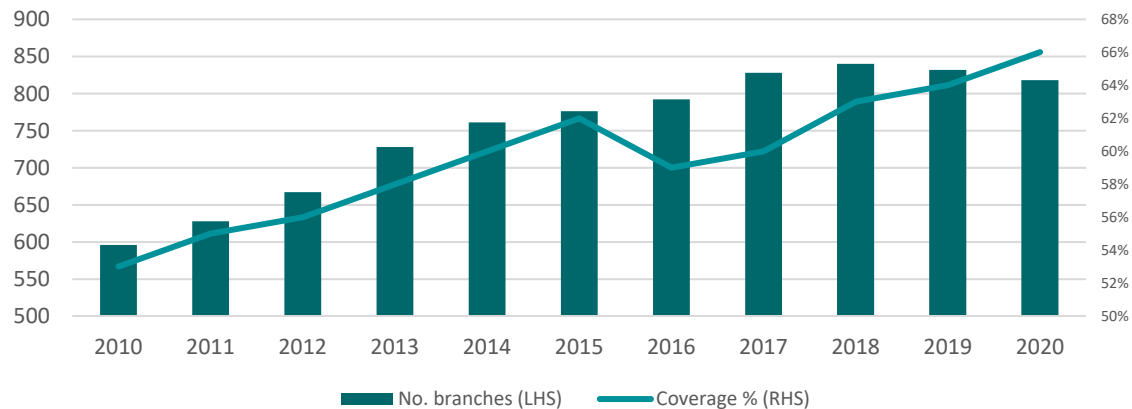
At-Need Indexed Performance (2010=100)



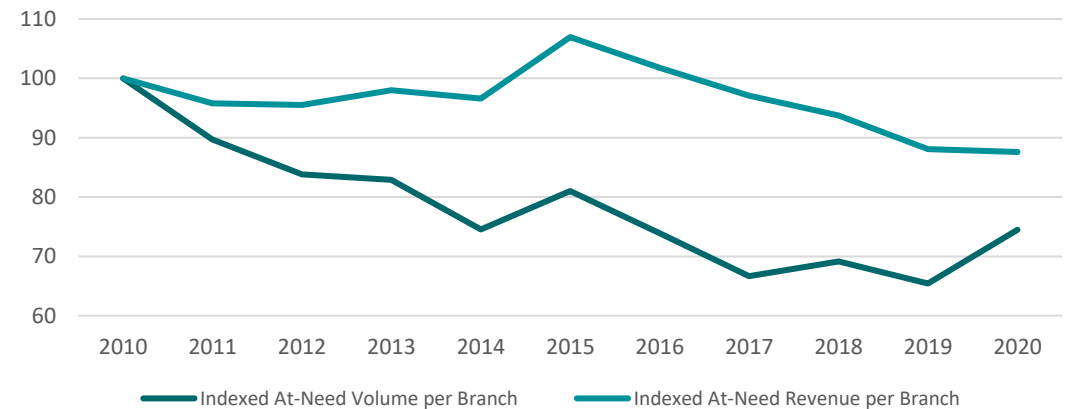
Average At-Need Price per Funeral Indexed



DTY Branch Coverage



DTY per Branch Indexed Performance



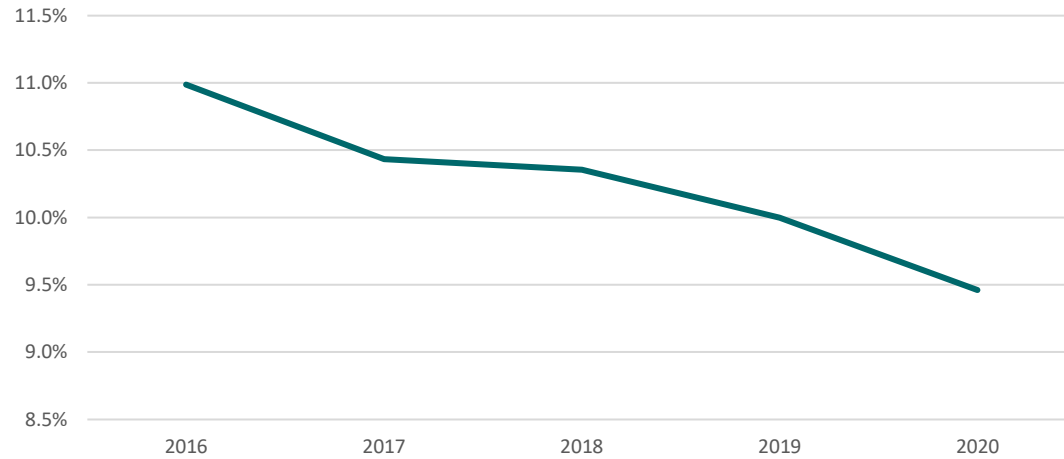
Source: Dignity management accounts, Dignity reporting database

Note: Coverage (%) refers to the portion of the country covered by Dignity branches. All data refers to controllable at-need volume and revenue, which excludes Pre-Need, Contract, Child and Simplicity business

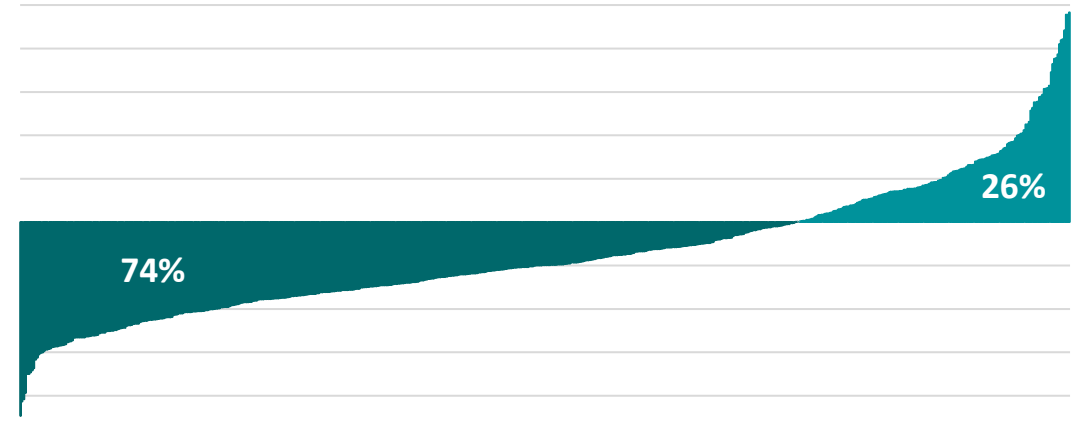
At-Need Funeral Challenge

This has resulted in declining market share

DTY At-Need Local Market Share



Proportion of Branches that Gained Local Share L5 Yrs.



- Dignity bought volume through acquisition
- Price increases were not matched by service improvements
- Branches underinvested / staff unempowered
- Low barriers to entry meant competitive intensity increased
- Per branch performance suffered and we continue to lose market share at the local level

Source: Dignity reporting database

Local at-need market share: Estimated market share excluding pre-need, simplicity, child, & contract, for people who lived within a local area (postcode sector centroid within 5 miles of a branch), over the number of deaths in the local area (postcode sectors with a centroid within 5 miles of the branch). This uses modelled ONS death data to account for location and date of death. The local market share data only includes England and Wales.

Underinvestment in the Estate

Estimated underinvestment in range of £50-£75m



Levers to Regain At-Need Market Share

Price alone is enough to generate significant volume growth

Investment

- Address underinvestment in branches

Empowerment

- Autonomy of decision making in branch
- Act like owners – do what is necessary to best serve clients

Price

- Price competitively across the estate
- Offer more choice, flexibility and innovation

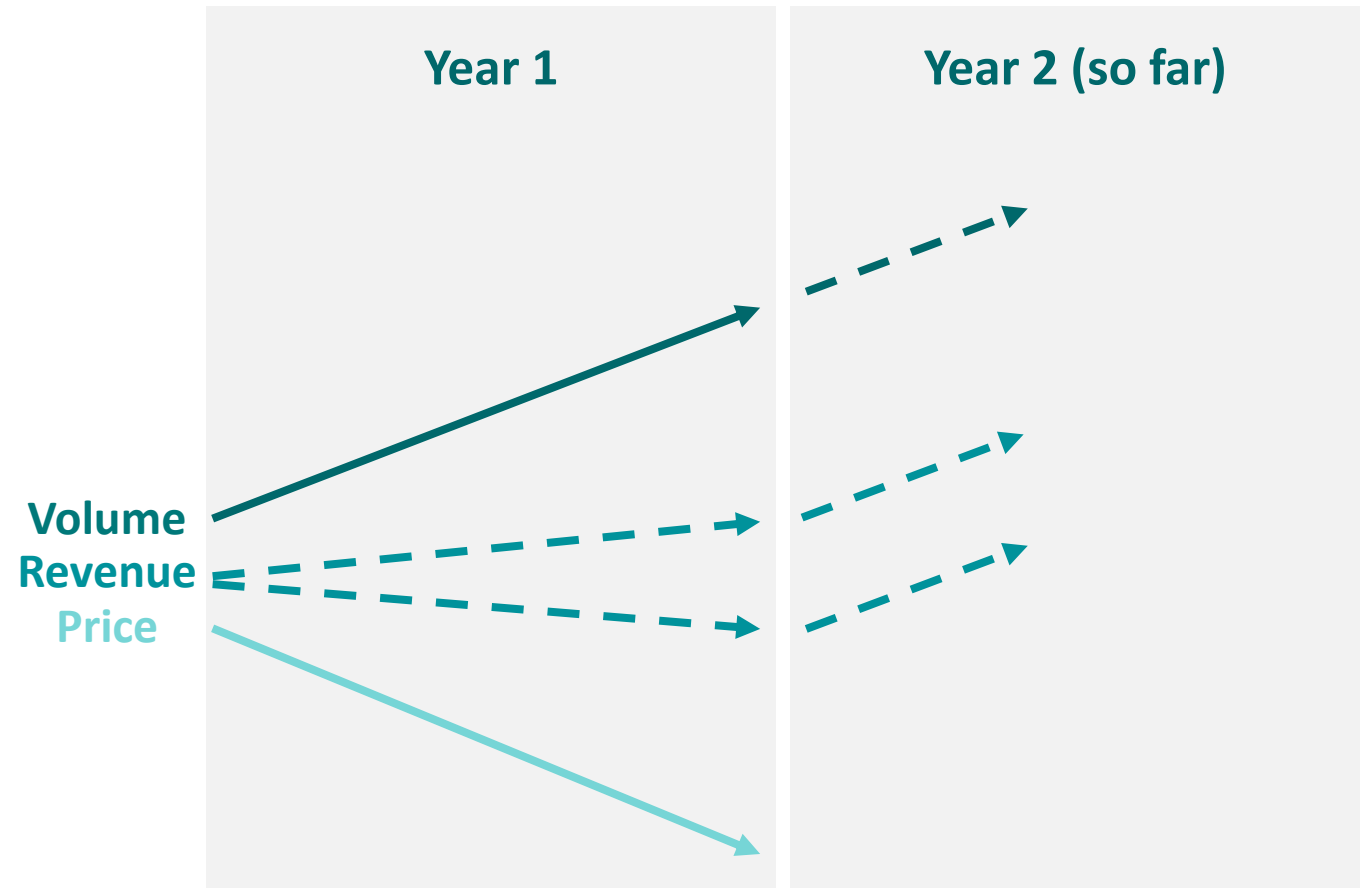
Local brands

- Invest in and build our strong local brands

Price – Low Price Trials

Low price trials demonstrate volume is highly sensitive to price

- Trials began on 10th Feb 2020
- Conducted so far across c.70 branches, with another c.50 soon to go live
- Trials across: price, proposition, empowerment, branding
- Large volume increases in all instances
- Range of outcomes includes both revenue declines and increases
- Impact appears enduring with volume continuing to grow in year 2
- Excellent marginal returns due to fixed cost base and current low capacity utilisation
- COVID noise means we continue to trial



Investment in the Estate

Commitment to restore pride to the Dignity estate



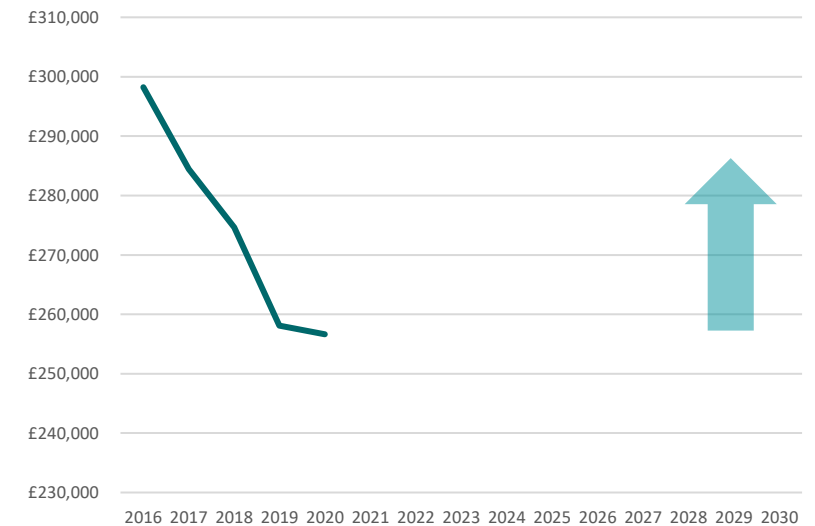
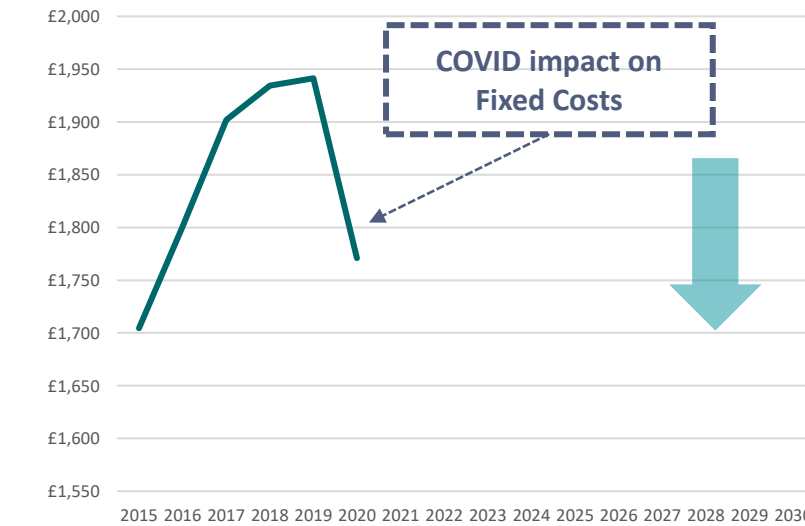
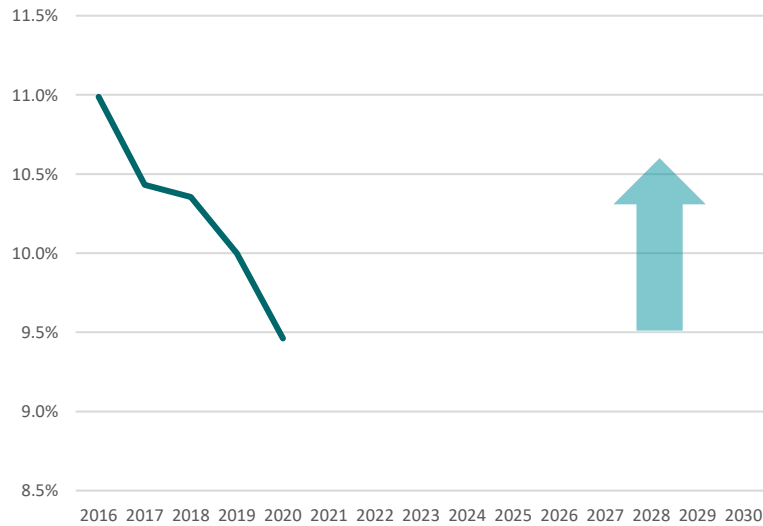
Funeral Directors – The Vision

We aspire to 20% share in 10 years (pre/at-need funerals)

- Become the UK's leading chain of Funeral Directors
- Leader in both Service and Price
- Offer an unbundled service providing more choice to clients
- Local brands with local leadership, embedded in the community and supported by a national infrastructure and central functions
- Empowered branch colleagues delivering outstanding customer service
- Offering a full end of life service including funeral plans, burial plots, memorials, etc.

At-Need Funerals

How to judge at-need performance in the future



Source: Dignity reporting database, Dignity management accounts
 Note: Arrows are indicative rather than specific forecasts

04

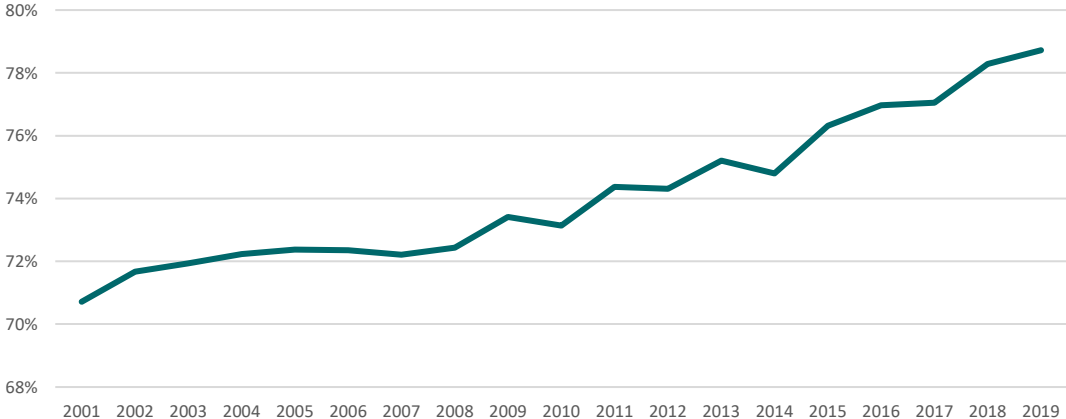
CREMATORIA

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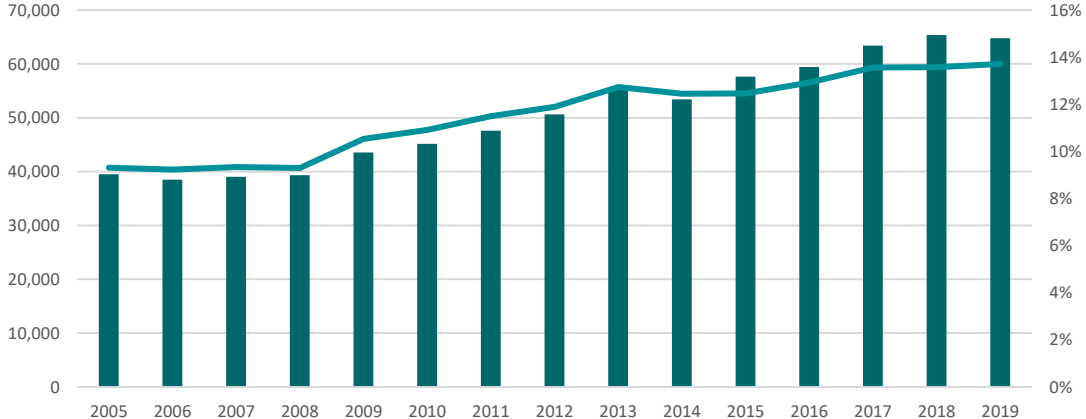
Crematoria Challenge

Whilst Dignity's total volume has grown, volume per crematorium has declined

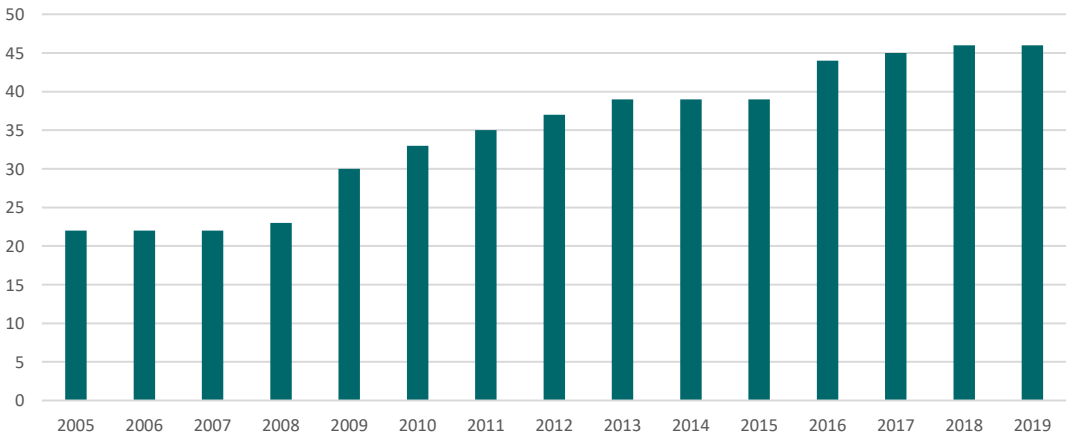
UK Penetration of Cremations



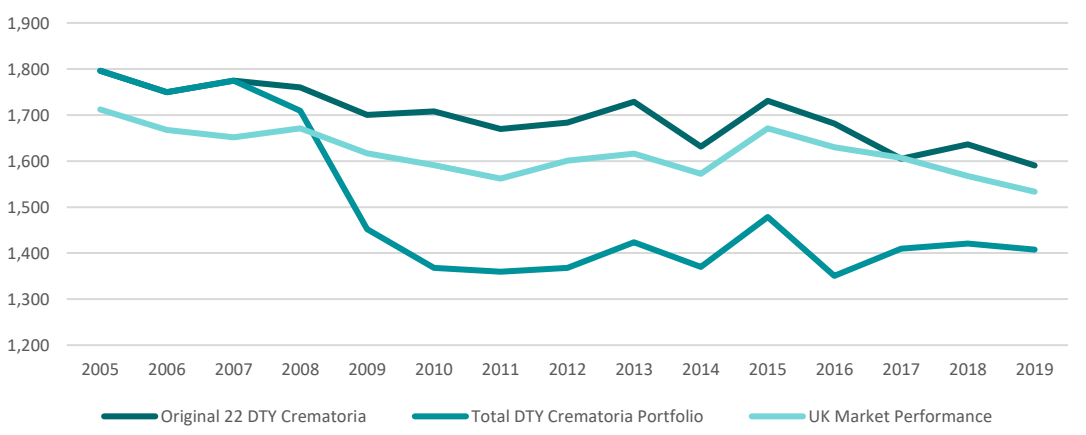
DTY Annual Volume and Market Share



Number of DTY Crematoria



DTY per Crematorium Performance

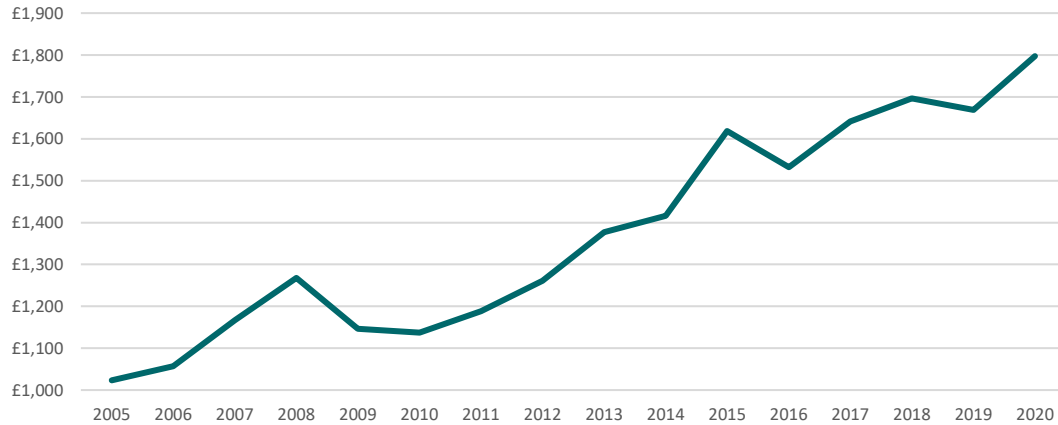


Source: The Cremation Society, Dignity reporting database, Dignity management accounts

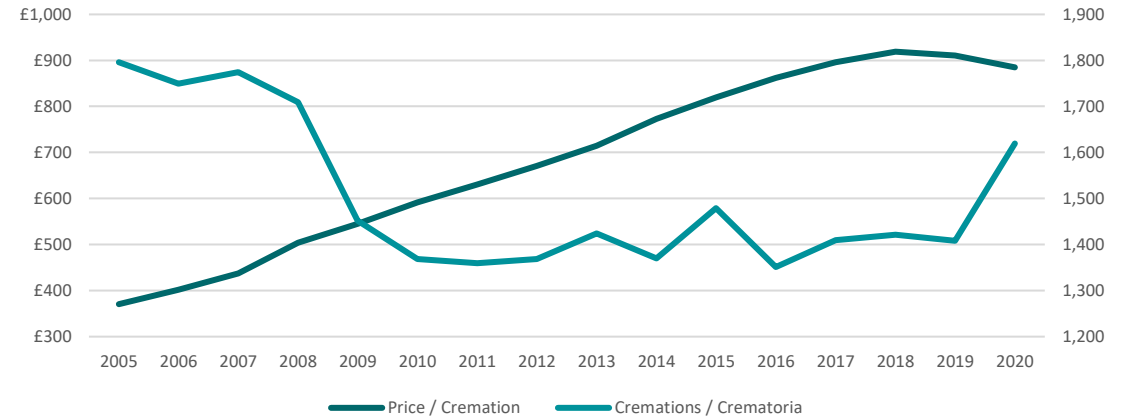
Crematoria Challenge

Yield has increased but it's been driven purely by price

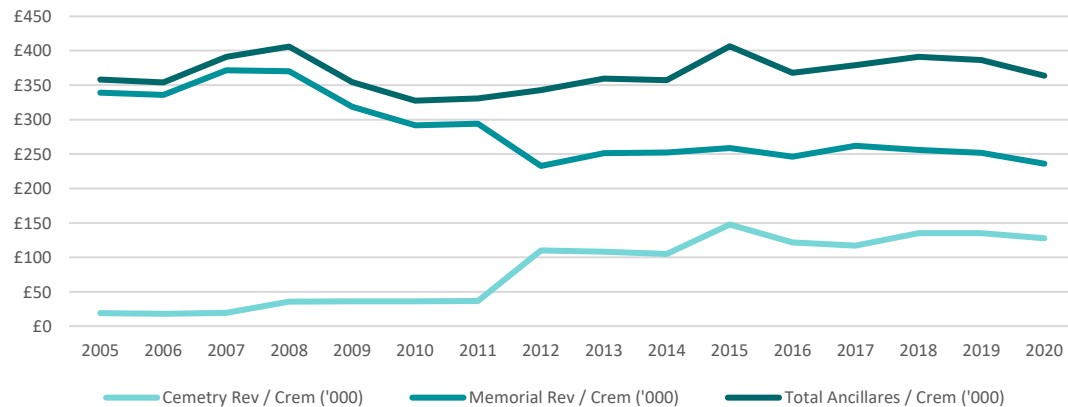
DTY Yield (£k) per Crematoria



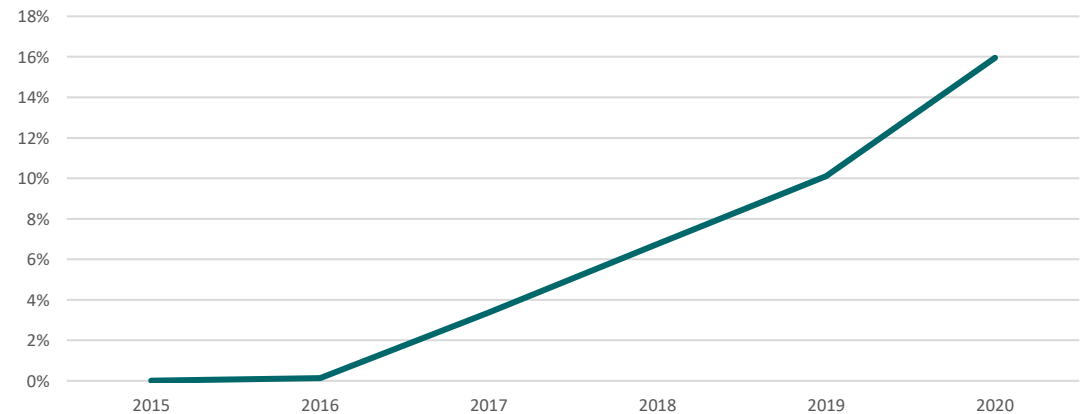
DTY Price per Cremation



Ancillary Revenue per Crematorium



Direct Cremations as Portion of DTY Cremations



Source The Cremation Society, Dignity reporting database, Dignity management accounts

Crematoria Opportunity

Increase both volume and yield per crematoria

- Crematoria have highest operational leverage of all divisions
 - Marginal cost of performing extra cremation is very low
 - Currently running way below capacity
- Direct Cremation separates celebration of life from cremation which removes the geographic constraint on available capacity
- Creates opportunity for DTY, as the only owner of a national network of crematoria and the infrastructure to transport and store the deceased all over the country
- Local authority main competitor, typically invest less in client experience
- Opportunity to work more closely with Funeral Directors to increase penetration of ancillary sales (e.g. memorials)

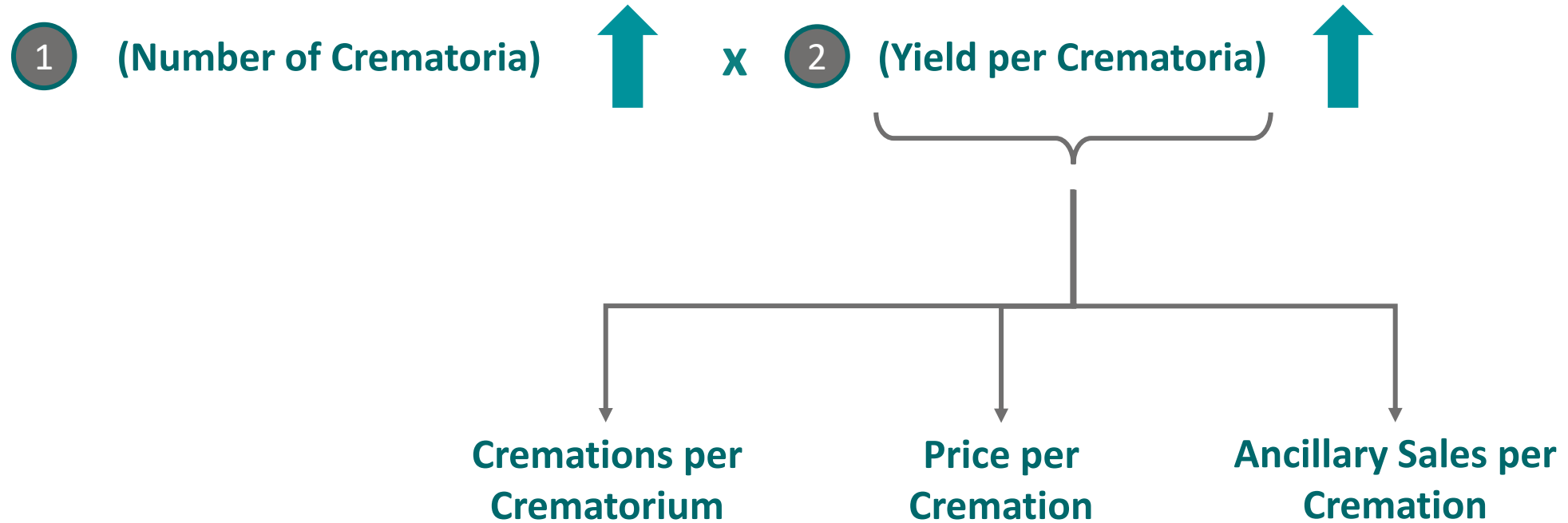
Crematoria Future Strategy

Increase both volume and yield per crematoria

- Dignity crematoria to serve the local community
- Service and proposition leaders through well invested, high quality crematoria with onsite tertiary services available
- Embrace direct cremations and become price leaders for location agnostic value segment of market
- Continue to build out pipeline of crematoria
- Build additional capacity onto existing facilities (service chapels)
- Business plan created for each of the 46 crematoria
 - Increase throughput
 - Improve penetration of ancillary sales (memorials / catering)
 - Property opportunities

Crematoria

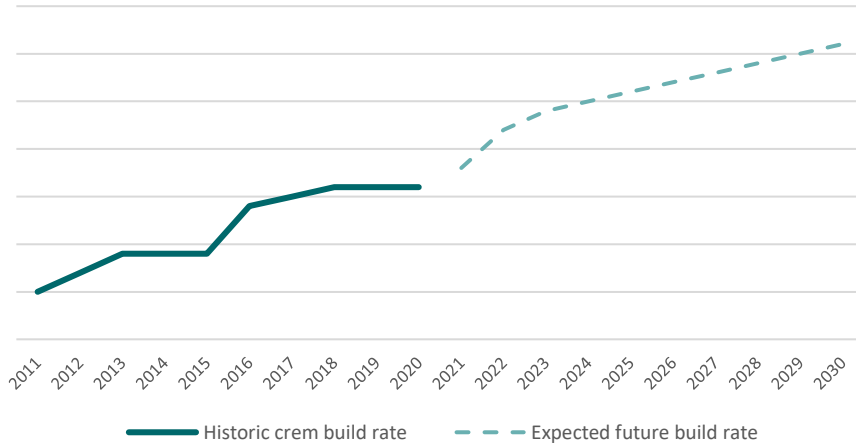
How to judge this division in the future



Crematoria Strategy

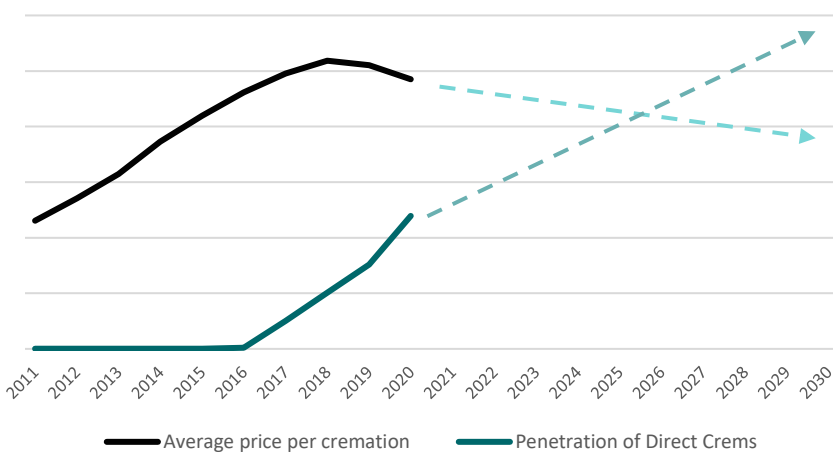
We have a pipeline of crematoria planned for the next 10 years

Expected Crematoria Build Rate



- Planning permission for 6 crematoria
- Expect to build another ten over following decade
- 6 new builds should generate c.£6-8m EBITDA at maturity
- After the prolonged exercise to gain permission we have the capability to build assets with an attractive return on capital

Expected Average Price per Cremation



- Price likely to trend down as penetration of Direct Cremations increases

Crematoria Strategy

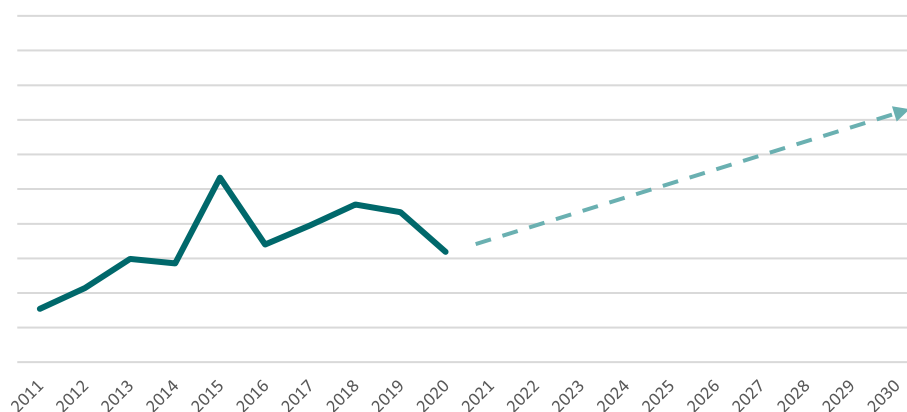
Improve yield by increasing throughput and growing ancillary sales

Expected Throughput per Crematoria



- Increase throughput per crematoria
 - Embrace direct cremations / price leadership
 - Use our service chapels to increase capacity at peak hours

Expected Ancillary Revenue per Crematoria



- Grow ancillary revenue per crematoria
 - Grow memorial and cemetery plot sales
 - Introduce catering and café revenue where appropriate

Sustainability

Bold vision for Dignity to achieve negative carbon impact

- Dignity ranked Top 200 in FT/Statista's Europe's Climate Leaders 2021 report (27% reduction in core emissions since 2014-19)
- Flue Gas Treatment (reduce heavy metals and acid content of gasses). 25 sites fitted so far
- Increase Bio-gas usage from current 10%. Aiming for 100%
- NOx abatement fitted on all sites
- Testing burner 'Pilot Gas' upgrades
- Energy reclamation – reclaimed heat from water cooling system. Heat exchangers already fitted at each site
- Goal for new build crematoria is to be Carbon Neutral
- **With heat reclamation Dignity could achieve a negative carbon impact**

Property & Manufacturing

Two new profit centres for Dignity

Dignity Property

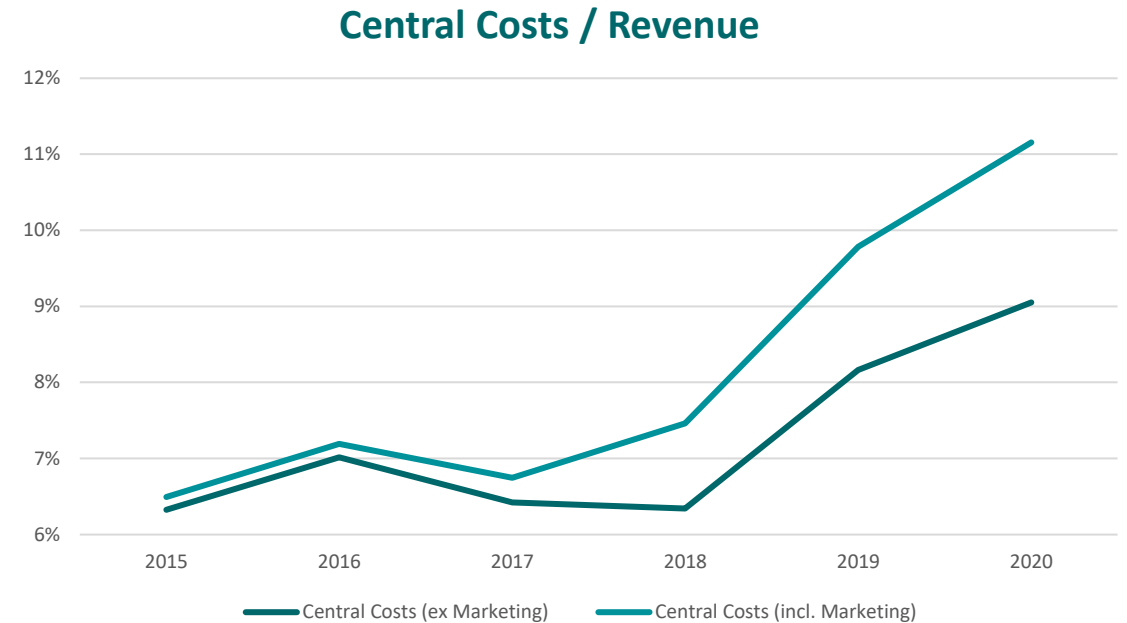
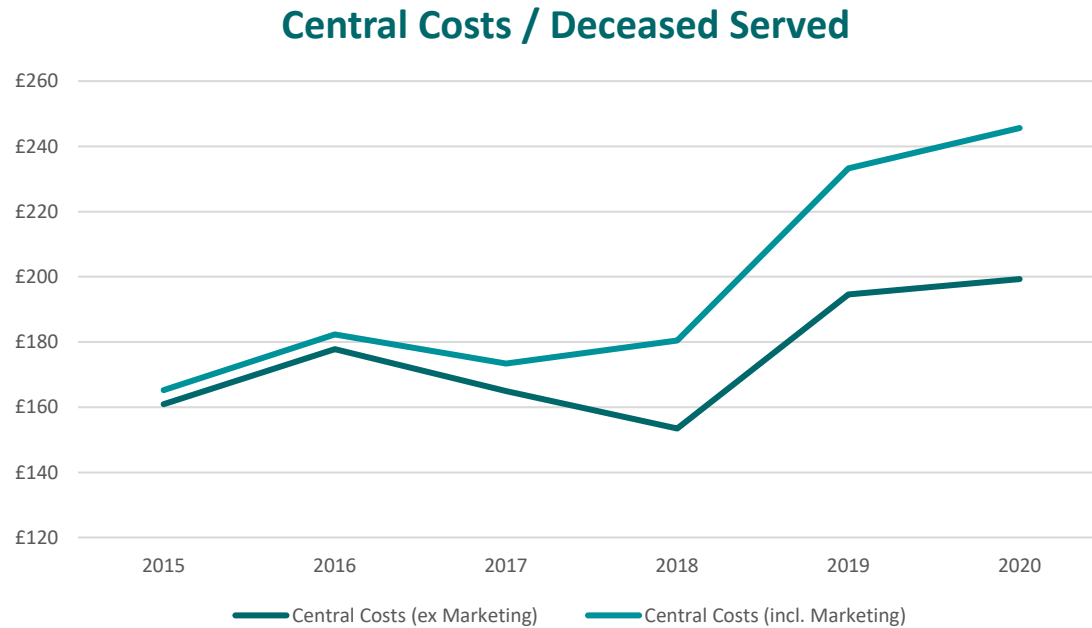
- c.400 freehold properties in the estate
- c.300 residential properties of which c.40% are currently vacant
- Working on attaining valuation for the estate
- Sizeable opportunities for: rental, planning gain, sale of assets

Dignity Manufacturing

- Dignity's Yorkshire manufacturing facility produces over 60k coffins per year
- Lean manufacturing
- Capacity to build 120k per year
- Opportunity to become the low-cost producer and service our peers

Significant Opportunity to Improve Efficiency

Central costs have ballooned since Transformation Program



- Significant inefficiency in the business (e.g. 3x call centres / fleet at 30% utilisation)
- Substantial scope to reengineer the business to a leaner cost base

06

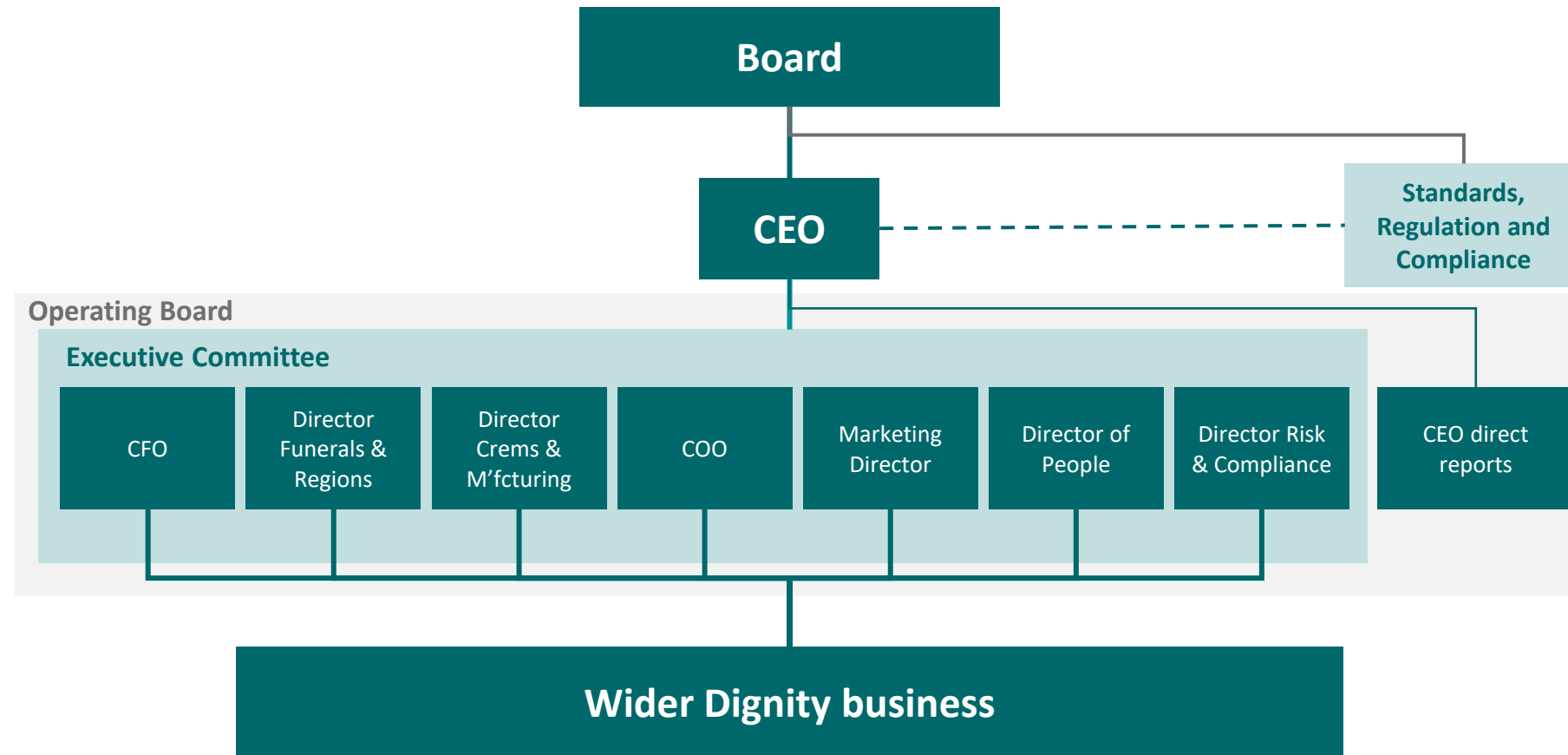
ORGANISATION & CULTURE

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New Organisational Structure

We are restructuring the company to be more open and dynamic

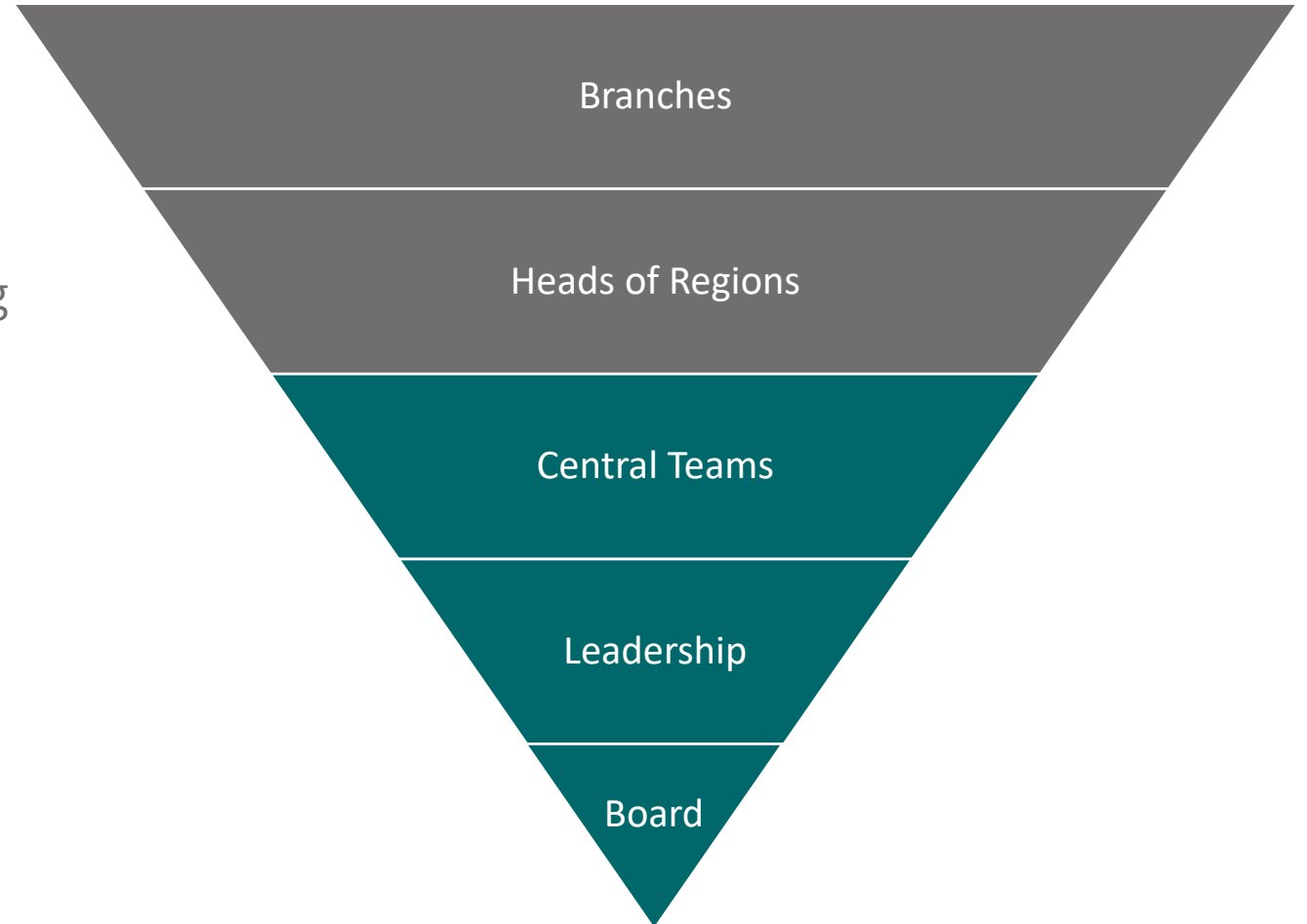
- Leaner, flatter structure with more empowerment
- Executive Committee runs the business
- COO (Kate Davidson) new hire
- Operating Board covers entire DTY business
- Director of People added to Executive Committee emphasising importance of cultural shift
- Standards, Regs & Compliance, new division, with elevated priority



Cultural Transformation

Invert the organisational pyramid to best serve the client

- Empowered locally
- Less bureaucracy / faster decision making
- Engaged in community
- Head office a support function
- DTY principles to be built from within



Standards, Regulation & Compliance

Dignity to become the benchmark for industry standards

Dignity Standards

- Separate body reporting directly to the Board
- Dignity Standards will be codified, trained and tested
- We will offer a Standards Network for our peers to join

CMA

- Lower the cost of dying in UK and increase options for clients
- We will commission an annual report on the cost of dying

FCA

- DTY Funerals applying for FCA authorisation for Funeral Plans
- Embrace Funeral Plan regulation

Health & Safety

- Redesign Health & Safety Standards
- Monitor and report on these Standards

07

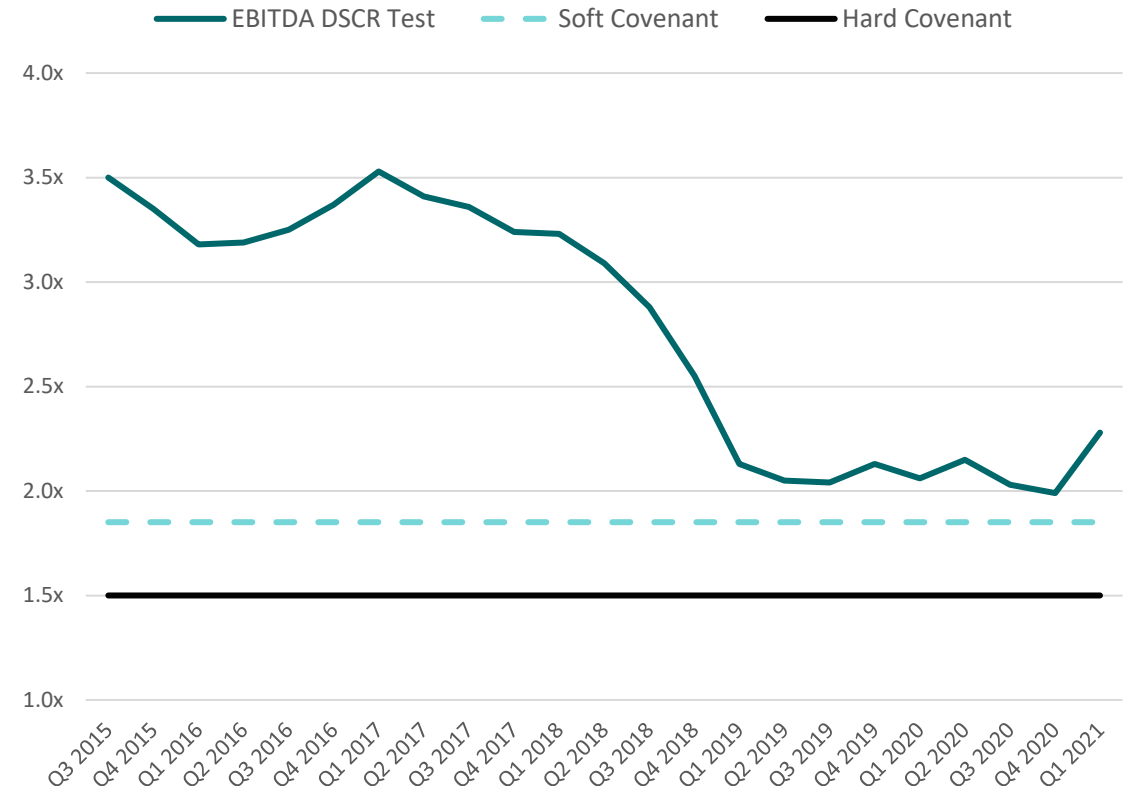
CAPITAL STRUCTURE

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Capital Structure

Capital structure must not impede long term shareholder value

- DTY has sufficient cash and profitability to complete successful turnaround
- However, must manage future uncertainty:
 - New price competitive strategy risks short term profit decline
 - Likely to see lower death rate post-COVID 19
- Dignity must remain vertically integrated
- Exploring several solutions with investment banks



Unlocking Value in the Crematoria Division

Valuable asset, attractive to many investors

- Crematoria division attractive asset for infrastructure investors
- Private placement of a portion of crematoria division
- List a portion of crematoria division
 - Shines light on undervaluation of wider DTY business
 - Operational improvements will drive valuation increase over time

Existing 46 crematoria	£50m EBITDA
	+
Planning permission for 6 additional crematoria	c.£6-8m EBITDA
	+
Operational improvements	c.£5-20m EBITDA
	+
Phoenix estimated industry multiple	20x ¹
	=
Potential valuation	c.£1.2 - 1.6bn

Note¹: Multiple estimated based on Phoenix due diligence

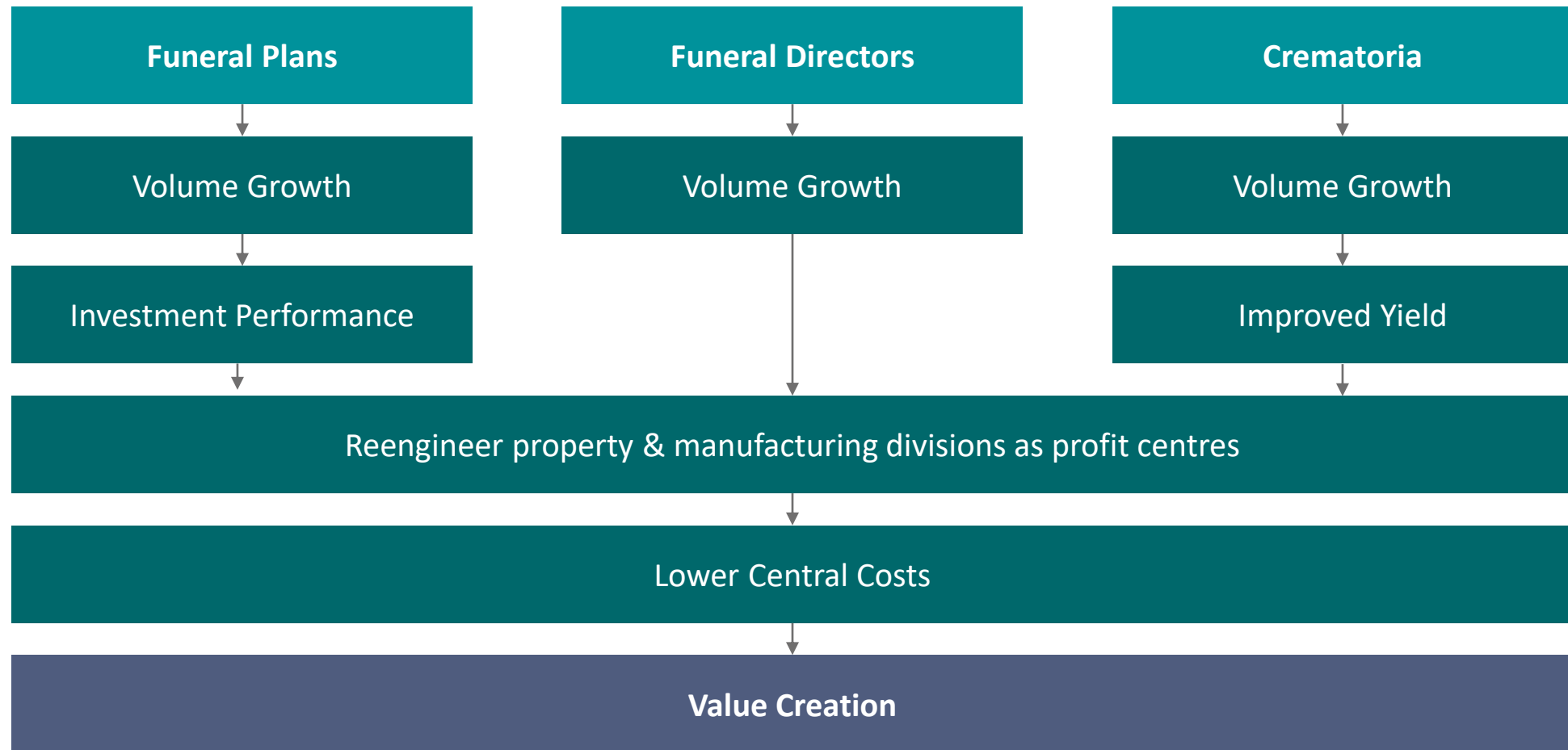
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VALUE CREATION

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Levers of Value Creation

Significant opportunity for value creation in the business

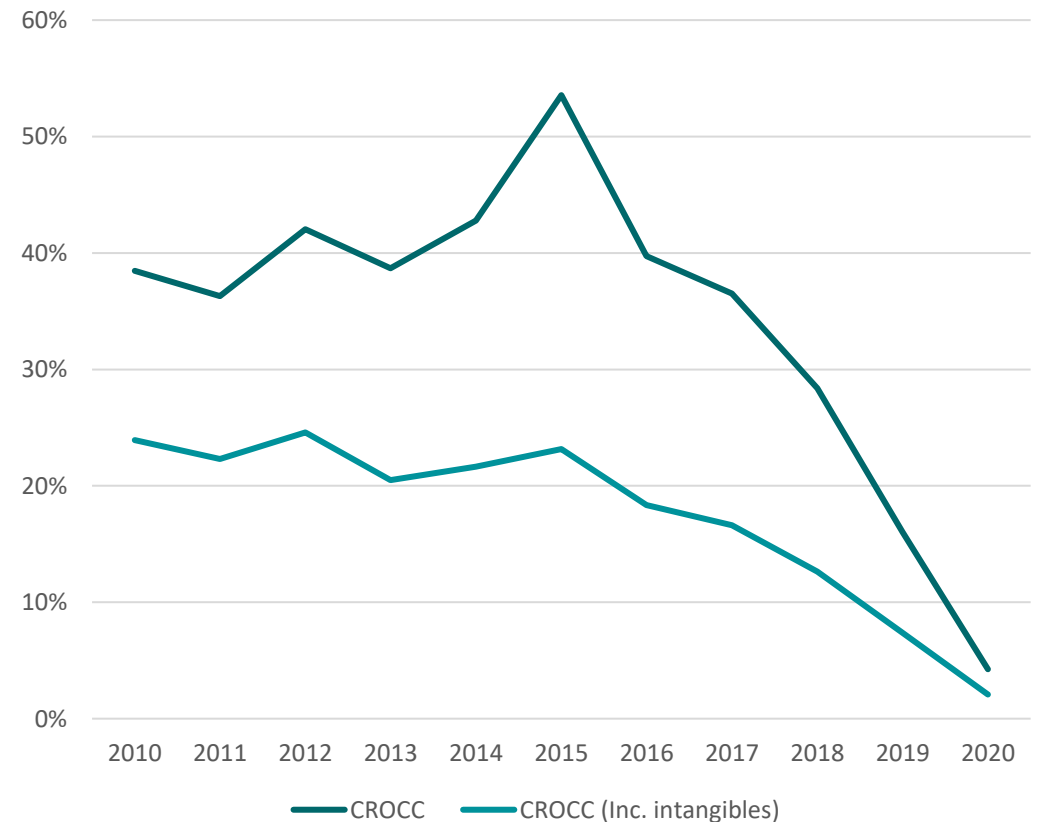


Cash Return on Core Capital (CROCC)

The primary KPI that guides all capital allocation decisions

- Ultimate generator of value over time is the allocation of capital at attractive rates
- All capital allocation decisions will aim to optimise **Cash Return on Core Capital**
 - **Return** = Cash return to business after paying necessary CAPEX, Tax and other routine expenditures. Includes excess return from Float
 - **Core Capital** = Tangible capital required to operate the business
- We expect excess return from the float to be a meaningful contributor to future returns
- We will continue to report our CROCC to investors

Dignity CROCC



What this could create in c.10 years time

Below are a few potential scenarios

	To	Modest	Good	Great
% Share of Funerals	12%	17%	19%	21%
# Crematoria	46	54	58	60
% Share of Cremations	14%	19%	27%	29%
Ancillaries / Crematoria	£0.45m	£0.75m	£1.30m	£1.80m
Active Plans	320k	625k	710k	880k
Investment outperformance	0%	3%	3.5%	5%
Operating Profit	£15.9m	£116m	£221m	£290m
Annual Surplus Generation	0	£70m	£95m	£175m

The information, modelling assumptions and scenario outcomes shown above are for illustrative purposes only and based on hypothetical assumptions that may prove to be incorrect. No scenario shown above is intended to predict actual results, which may differ substantially from those reflected in the information, nor is it intended to be a complete analysis of every material fact. The scenarios shown above are based on certain assumptions with respect to significant factors that might not reflect what actually might happen. The failure of any assumptions stated herein to materialize will have a negative impact on the outcome of the scenario. Actual results will differ and may differ substantially from that shown herein. In respect of all statements about the future, it should be noted that such statements by their nature consist of risks and uncertainties, as they pertain to events and depend on circumstances that may or may not occur in the future. Nothing in this presentation is, or is intended as, a profit forecast or estimate for any period.

What this could mean for intrinsic value

A range of possible outcomes

Discount Rate	Modest	Good	Great
5%	£58.0	£110.5	£176.0
7.5%	£31.5	£62.5	£102.0
10%	£19.3	£40.0	£66.0

Note: IV calculations include impact of post-tax surplus generation

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THANK YOU

4 King Edwards Court
King Edward Square
Sutton Coldfield
B73 6AP

t +44 (0)121 354 1557
e info@dignityuk.co.uk

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