



SERVICE CORPORATION INTERNATIONAL REPORTS RECORD SECOND QUARTER RESULTS

July 22, 1996

HOUSTON, July 22 /PRNewswire/ -- Service Corporation International (NYSE: SRV) ("SCI"), the world's largest funeral and cemetery company, today reported record second quarter revenues and earnings. For the three months ended June 30, 1996, the company reported revenues of \$564.7 million, net income of \$62.3 million and primary earnings per share of \$.52 (fully diluted of \$.50). This represents a 60 percent increase in revenues, a 53 percent increase in net income and a 24 percent increase in primary earnings per share (28 percent increase in fully diluted) over the second quarter of 1995.

For the six months ended June 30, 1996, the company reported revenues of \$1.14 billion, net income of \$134.1 million and primary earnings per share of \$1.12 (fully diluted of \$1.08). This represents a 62 percent increase in revenues, a 52 percent increase in net income and a 23 percent increase in primary earnings per share (27 percent increase in fully diluted) over the same period in 1995.

Observing these results, SCI Chairman Robert L. Waltrip said, "This quarter's record performance resulted from the strategic acquisitions completed in the fall of 1995 and the continued progress we are making to improve the results of our existing and newly acquired operations by successfully applying our proven cluster strategy. Our 1996 acquisition activity has been solid and we are very pleased with the quality of the businesses acquired to date."

During the second quarter of 1996, SCI acquired 65 funeral service locations and 8 cemeteries at a cost of \$110 million. These businesses are expected to produce annualized revenues of approximately \$53 million. During the first six months of 1996, SCI acquired 120 funeral service locations, 20 cemeteries, and 1 crematory at a cost of \$204 million. These businesses are expected to produce approximately \$99 million in annualized revenues.

1996 Second Quarter Highlights:

Funeral Segment revenues increased nearly 71 percent to \$405.3 million compared to the second quarter of 1995, reflecting the impact of the large number of recently acquired properties, particularly those in Europe. Funeral Segment profits rose \$21.1 million to \$87.0 million, an increase of 32 percent. Operating margins averaged 21.5 percent for the second quarter of 1996, compared to 27.7 percent for the same period in 1995, reflecting the expected impact of the traditionally lower margins associated with the businesses acquired in Europe.

Funeral revenues from existing business clusters in North America, the United Kingdom and Australia owned for the second quarter of 1996 and 1995 increased 8 percent, contributing \$79.2 million to segment operating profit, a 9 percent increase over the same period last year. During the second quarter of 1996, SCI operations performed approximately 124,000 funeral services worldwide, 57,000 in North America, 60,000 in Europe and 7,000 in the Pacific Rim.

During the second quarter of 1996, sales of prearranged funeral contracts were approximately \$142 million or 57 percent more than 1995. At the end of second quarter of 1996, the backlog of prearranged funeral contracts to be serviced in future periods was approximately \$2.5 billion. Revenues from such contracts will be recognized during the periods in which the services are performed.

Cemetery Segment revenues increased 38 percent to \$154.1 million compared to the second quarter of 1995. Cemetery Segment profits rose \$16.3 million to \$54.6 million, an increase of 42 percent, reflecting the results of recently acquired cemeteries and improved productivity at existing cemetery operations. Operating margins averaged 35.4 percent for the second quarter of 1996, compared to 34.4 percent for the same period in 1995.

General and administrative costs increased approximately 34 percent during the second quarter of 1996 to \$14.8 million, or 2.6 percent of revenues, as compared to \$11.0 million, or 3.1 percent of revenues for the same period in 1995.

Interest expense was \$6.7 million higher than the same period last year due to increased indebtedness related to acquisitions.

Service Corporation International is the largest funeral home and cemetery organization in the world, with 2,832 funeral service locations, 331 cemeteries and 146 crematoria as of June 30, 1996. SCI provides funeral and cemetery services in North America, Europe and the Pacific Rim. SCI's stock is traded on the New York Stock Exchange. The company's ticker symbol is SRV.

SERVICE CORPORATION INTERNATIONAL CONSOLIDATED STATEMENT OF INCOME (Unaudited)

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	1996	1995	1996	1995
	(Thousands, except per share amounts)			
Revenues:				
Funeral	\$ 405,300	\$ 237,213	\$ 830,000	\$ 479,969
Cemetery	154,054	111,400	299,616	211,797
Financial services and other.	5,395	5,036	10,586	9,996
Total	564,749	353,649	1,140,202	701,762

Cost and expenses:				
Funeral	318,346	171,407	636,887	335,878
Cemetery	99,472	73,089	193,285	136,851
Financial services and other.	2,868	3,171	5,799	6,376
Total	420,686	247,667	835,971	479,105
TOTAL	144,063	105,982	304,231	222,657
General and administrative				
expense	(14,786)	(11,018)	(28,541)	(23,471)
Operating income	129,277	94,964	275,690	199,186
Interest expense	(34,245)	(27,525)	(66,931)	(52,809)
Dividends on preferred				
securities of				
SCI Finance LLC	(2,696)	(2,696)	(5,391)	(5,391)
Other income	5,232	1,757	7,423	3,073
Total	(31,709)	(28,464)	(64,899)	(55,127)
Income before				
income taxes	97,568	66,500	210,791	144,059
Provision for				
income taxes	35,318	25,860	76,644	56,039
Net income	\$ 62,250	\$ 40,640	\$ 134,147	\$ 88,020
Earnings per share:				
Primary	\$ 0.52	\$ 0.42	\$ 1.12	\$ 0.91
Fully diluted	\$ 0.50	\$ 0.39	\$ 1.08	\$ 0.85
Weighted average number of common				
shares	120,556	96,987	120,147	96,729

CONTACT: Todd Matherne, Vice President Investor Relations of SCI, 713-525-5243, or 102121.2653@compuserve.com -- e-mail