



Service Corporation International Reports Record Third Quarter Results

October 17, 1996

HOUSTON, Oct. 17, /PRNewswire/ -- Service Corporation International (NYSE: SRV)(SCI), the world's largest funeral and cemetery company, today reported record third quarter revenues and earnings. For the three months ended September 30, 1996, the company reported revenues of \$544.5 million, net income of \$57.4 million and primary earnings per share of \$.24 (fully diluted of \$.23). This represents a 34.9 percent increase in revenues, a 46.7 percent increase in net income and a 20.0 percent increase in primary earnings per share (27.8 percent increase in fully diluted) over the third quarter of 1995.

For the nine months ended September 30, 1996, the company reported revenues of \$1.685 billion, net income of \$191.5 million and primary earnings per share of \$.80 (fully diluted of \$.77). This represents a 52.4 percent increase in revenues, a 50.6 percent increase in net income and a 23.1 percent increase in primary earnings per share (26.2 percent increase in fully diluted) over the same period in 1995.

Observing these results, SCI Chairman Robert L. Waltrip said, "These impressive operating results continue to validate the effectiveness of SCI's strategy and its proven business practices. This performance was made possible by more than 29,000 dedicated employees who strive to exceed the expectations of our client families."

During the third quarter of 1996, SCI acquired 33 funeral service locations and 5 cemeteries at a cost of approximately \$46 million. These businesses are expected to produce annualized revenues of approximately \$28 million. During the first nine months of 1996, SCI acquired 153 funeral service locations, 25 cemeteries, and 1 crematory at a cost of approximately \$250 million. These businesses are expected to produce approximately \$127 million in annualized revenues. Of these amounts, international acquisitions were completed at a cost of nearly \$22 million.

1996 Third Quarter Highlights:

Revenues from existing business clusters in North America, the United Kingdom and Australia owned for all of the third quarters of 1996 and 1995 increased 14.3 percent to \$395.7 million, contributing \$116.5 million to existing cluster operating profit, a 14.1 percent increase over the same period last year. During the third quarter of 1996, SCI operations performed approximately 120,000 funeral services worldwide, 56,000 in North America, 55,000 in Europe and 9,000 on the Pacific Rim.

Compared to the third quarter of 1995, Funeral segment revenues increased 38.3 percent to \$389.0 million, reflecting the impact of recently acquired properties, particularly those in Europe. Funeral segment profits rose \$17.4 million to \$78.4 million, an increase of 28.6 percent. Operating margins averaged 20.1 percent for the third quarter of 1996, compared to 21.7 percent for the same period in 1995, reflecting the expected impact of the traditionally lower margins associated with the businesses acquired in Europe.

During the third quarter of 1996, sales of prearranged funeral contracts were approximately \$146 million or 59 percent more than 1995. At the end of third quarter of 1996, the backlog of prearranged funeral contracts to be serviced in future periods was approximately \$2.6 billion. Revenues from such contracts will be recognized during the periods in which the services are performed.

Compared to the third quarter of 1995, Cemetery segment revenues increased 28.6 percent to \$150.6 million. Cemetery segment profits rose \$7.4 million to \$50.1 million, an increase of 17.4 percent, reflecting the results of recently acquired cemeteries, offset in part by the planned increase in administrative overhead associated with cemetery operations. Operating margins averaged 33.3 percent for the third quarter of 1996, compared to 36.5 percent for the same period in 1995.

General and administrative costs increased approximately one percent during the third quarter of 1996 to \$12.3 million, or 2.3 percent of revenues, as compared to \$12.2 million, or 3.0 percent of revenues for the same period in 1995.

Interest expense was \$3.7 million higher than the same period last year due to increased indebtedness related to acquisitions.

Service Corporation International is the largest funeral and cemetery organization in the world, with 2,864 funeral service locations, 335 cemeteries and 147 crematoria as of September 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
 September 30,
 1996 1995
 (Thousands, except per share amounts)

Revenues:		
Funeral	\$ 389,031	\$ 281,328
Cemetery	150,584	117,128
Financial services	4,885	5,035
Total	544,500	403,491

Cost and expenses:		
Funeral	310,646	220,373
Cemetery	100,456	74,425
Financial services	2,020	2,969
Total	413,122	297,767
	131,378	105,724
General and administrative expense	(12,296)	(12,206)
Income from operations	119,082	93,518
Interest expense	(35,995)	(32,254)
Dividends on preferred securities of SCI Finance LLC	(2,695)	(2,695)
Other income	8,382	3,453
	(30,308)	(31,496)
Income before income taxes	88,774	62,022
Provision for income taxes	31,379	22,886
Net income	\$ 57,395	\$ 39,136

Earnings per share:		
Primary	\$ 0.24	\$ 0.20
Fully diluted	\$ 0.23	\$ 0.18

Weighted average number of common shares	241,875	197,094
	Nine Months Ended	
	September 30,	
	1996	1995

Revenues:		
Funeral	\$1,219,031	\$ 761,297
Cemetery	450,200	328,925
Financial services	15,471	15,031
Total	1,684,702	1,105,253

Cost and expenses:		
Funeral	947,533	556,251
Cemetery	293,741	211,276
Financial services	7,819	9,345
Total	1,249,093	776,872
	435,609	328,381
General and administrative expense	(40,837)	(35,677)
Income from operations	394,772	292,704
Interest expense	(102,926)	(85,063)
Dividends on preferred securities of SCI Finance LLC	(8,086)	(8,086)
Other income	15,805	6,526
	(95,207)	(86,623)
Income before income taxes	299,565	206,081
Provision for income taxes	108,023	78,925
Net income	\$ 191,542	\$ 127,156

Earnings per share:		
Primary	\$ 0.80	\$ 0.65
Fully diluted	\$ 0.77	\$ 0.61

Weighted average number of common shares	240,843	194,670
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All share and per share data has been restated to reflect a 2 for 1 common stock split in August 1996.

Geographic segment information:

	United States	France
Revenues:		
Nine months ended		
September 30:		
1996	\$1,034,226	\$ 393,595
1995	853,045	47,737
Three months ended		
September 30:		
1996	338,677	121,162
1995	285,825	47,737
Income from operations:		
Nine months ended		
September 30:		
1996	\$ 292,633	\$ 33,188
1995	231,267	2,005
Three months ended		
September 30:		
1996	89,915	7,227
1995	73,130	2,005
Funeral services performed:		
Nine months ended		
September 30:		
1996	160,186	112,050
1995	146,164	13,760
Three months ended		
September 30:		
1996	51,009	34,403
1995	46,943	13,760
Number of locations at		
September 30:		
1996	1,392	1,101
1995	1,163	1,067

Geographic segment information

	Other European**	Other Foreign ***	Consolidated
Revenues:			
Nine months ended September 30:			
1996	\$ 135,337	\$ 121,544	\$1,684,702
1995	107,301	97,170	1,105,253
Three months ended September 30:			
1996	41,386	43,275	544,500
1995	34,641	35,288	403,491
Income from operations:			
Nine months ended September 30:			
1996	\$ 29,091	\$ 39,860	\$ 394,772
1995	26,224	33,208	292,704
Three months ended September 30:			

1996	7,664	14,276	119,082
1995	6,336	12,047	93,518

Funeral services performed:

Nine months ended September 30:

1996	69,719	37,697	379,652
1995	60,543	33,180	253,647

Three months ended September 30:

1996	20,809	13,571	119,792
1995	18,327	11,806	90,836

Number of locations at September 30:

1996	609	244	3,346
1995	611	227	3,068

* French operations from August 1995.

** Includes United Kingdom operations, and other European operations from August 1995.

*** Primarily Canadian and Australian operations.

SOURCE Service Corporation International

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