



Service Corporation International Reports Record Results for 1996

February 6, 1997

HOUSTON, Feb. 6 /PRNewswire/ -- Service Corporation International (NYSE: SRV) (SCI), the world's largest funeral and cemetery company, today reported record revenues and earnings for 1996. For the year ended December 31, 1996, the company reported revenues of \$2.3 billion, net income of \$265.3 million and primary earnings per share of \$1.10 (fully diluted of \$1.07), after recording a \$6 million pretax charge for expenses related directly to the Loewen exchange offer. This represents a 38.9 percent increase in revenues, a 44.5 percent increase in net income and a 22.2 percent increase in primary earnings per share (25.9 percent increase in fully diluted) when compared to 1995.

For the three months ended December 31, 1996, the company reported revenues of \$609.5 million, net income of \$73.8 million and primary earnings per share of \$.30 (fully diluted of \$.30). This represents an 11.5 percent increase in revenues, a 30.7 percent increase in net income and a 20.0 percent increase in primary earnings per share (25.0 percent increase in fully diluted) over the same period in 1995.

SCI Chairman and Chief Executive Officer Robert L. Waltrip said, "This year marks the seventh consecutive year of increased revenues and earnings per share for SCI, a record that we confidently plan to extend. I am pleased to report that SCI's consistent earnings growth over the last seven years has resulted in an impressive, compounded annual earnings per share growth rate of 19.3 percent."

During 1996, SCI acquired 210 funeral service locations, 35 cemeteries, and 9 crematoria at a cost of approximately \$363 million. These businesses are expected to produce approximately \$180 million in annualized revenues. From 1991 through 1996, SCI invested approximately \$3.2 billion to acquire funeral and cemetery businesses which at the time of such acquisitions represented nearly \$1.6 billion in annualized revenues.

Waltrip stated, "Very significant growth opportunities exist for SCI, both domestically and internationally. SCI will continue to execute its proven strategy of solid internal growth and growth by acquisitions that add value for our shareholders."

1996 Highlights:

Revenues from existing business clusters in North America, the United Kingdom and Australia owned for all of 1996 and 1995 increased 15.9 percent to \$1.6 billion, contributing \$587.5 million to existing cluster operating profit, a 22.2 percent increase over last year. During 1996, SCI operations performed approximately 510,000 funeral services worldwide, 237,000 in North America, 242,000 in Europe and 31,000 on the Pacific Rim.

Funeral segment revenues increased 42.6 percent to \$1.7 billion, reflecting the impact of recently acquired properties, particularly those in Europe. Funeral segment profits rose \$85.7 million to \$380.8 million, an increase of 29.0 percent. Operating margins averaged 22.9 percent for 1996, compared to 25.3 percent in 1995, reflecting the expected full year effect of the traditionally lower margins associated with the businesses acquired in Europe. However, 1996 fourth quarter operating margins expanded 230 basis points to 24.6% from 22.3% for 1995.

During 1996, sales of prearranged funeral contracts were approximately \$550 million, 48 percent more than 1995. At the end of 1996, the backlog of prearranged funeral contracts to be serviced in future periods was approximately \$2.7 billion. Revenues from such contracts will be recognized during the periods in which the services are performed.

Compared to 1995, Cemetery segment revenues increased 32.1 percent to \$612.4 million. Cemetery segment profits rose \$54.3 million to \$214.7 million, an increase of 33.8 percent, reflecting the results of recently acquired cemeteries. Operating margins averaged 35.1 percent for 1996, compared to 34.6 percent for 1995. Notably, 1996 fourth quarter operating margins grew 420 basis points to 35.9% compared to 31.7% for 1995.

General and administrative costs for 1996 were \$63.2 million or 2.8 percent of revenues and include a \$6 million pretax charge for expenses directly related to the Loewen exchange offer. Excluding the Loewen related expenses, 1996 general and administrative costs were \$57.2 million or 2.5% of revenues, compared to \$53.6 million, or 3.2 percent of revenues for 1995.

Interest expense in 1996 was \$20.4 million higher than 1995 due to increased indebtedness related to acquisitions.

Service Corporation International is the largest funeral and cemetery organization in the world, with 2,882 funeral service locations, 345 cemeteries and 150 crematoria as of December 31, 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

	Three Months Ended		Twelve Months Ended	
	December 31,		December 31,	
	1996	1995	1996	1995
	(Thousands, except per share amounts)			
Revenues:				
Funeral	\$ 444,356	\$ 404,950	\$1,663,387	\$1,166,247
Cemetery	162,221	134,829	612,421	463,754
Financial services	2,915	7,094	18,386	22,125
	609,492	546,873	2,294,194	1,652,126

Cost and expenses:				
Funeral	335,013	314,845	1,282,546	871,096
Cemetery	103,959	92,036	397,700	303,312
Financial services	1,677	3,152	9,496	12,497
	440,649	410,033	1,689,742	1,186,905
	168,843	136,840	604,452	465,221
General and administrative expense	(22,378)	(17,923)	(63,215)	(53,600)
Income from operations	146,465	118,917	541,237	411,621
Interest expense	(35,631)	(33,085)	(138,557)	(118,148)
Dividends on preferred securities of SCI Finance LLC	(2,695)	(2,695)	(10,781)	(10,781)
Other income	6,177	4,993	21,982	11,519
	(32,149)	(30,787)	(127,356)	(117,410)
Income before income taxes	114,316	88,130	413,881	294,211
Provision for income taxes..	40,560	31,698	148,583	110,623
Net income	\$ 73,756	\$ 56,432	\$ 265,298	\$ 183,588
Earnings per share:				
Primary	\$ 0.30	\$ 0.25	\$ 1.10	\$ 0.90
Fully diluted	\$ 0.30	\$ 0.24	\$ 1.07	\$ 0.85
Weighted average number of common shares				
	242,181	232,580	241,178	204,148

All share and per share data has been restated to reflect a 2 for 1 common stock split in August 1996.

Geographic segment information was as follows:
(Dollars in thousands)

	United States	France*	Other European**	Other Foreign***	Consolidated
Revenues:					
Twelve months ended December 31:					
1996	\$1,409,408	\$537,080	\$184,943	\$162,763	\$2,294,194
1995	\$1,178,407	\$191,256	\$150,060	\$132,403	\$1,652,126
Three months ended December 31:					
1996	\$375,182	\$143,485	\$49,606	\$41,219	\$609,492
1995	\$325,362	\$143,519	\$42,759	\$35,233	\$546,873

Income from operations:

Twelve months ended December 31:					
1996	\$400,622	\$52,204	\$37,376	\$51,035	\$541,237
1995	\$314,698	\$18,783	\$34,261	\$43,879	\$411,621
Three months ended December 31:					
1996	\$107,989	\$19,016	\$8,285	\$11,175	\$146,465
1995	\$83,431	\$16,778	\$8,037	\$10,671	\$118,917
Funeral services performed:					
Twelve months ended December 31:					
1996	217,471	150,269	92,491	50,039	510,270
1995	198,682	49,298	81,101	44,381	373,462
Three months ended December 31:					
1996	57,285	38,219	22,772	12,342	130,618
1995	52,518	35,538	20,558	11,201	119,815

Number of locations
at December 31:

1996	1,441	1,056	631	249	3,377
1995	1,274	1,067	618	237	3,196

* French operations began in August 1995.

** Includes United Kingdom operations as well as other European operations which began in August 1995.

*** Primarily Canadian and Australian operations.

SOURCE Service Corporation International

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