



Service Corporation International Reports First Quarter Results

April 23, 1998

HOUSTON, April 23 /PRNewswire/ -- Service Corporation International (NYSE: SRV) (SCI), the world's largest funeral and cemetery company, today reported record first quarter revenues and earnings. For the three months ended March 31, 1998, the company reported revenues of \$682.7 million, net income of \$108.8 million and diluted earnings per share of \$.42 (\$.43 basic). This represents a 6.9 percent increase in revenues, a 20.4 percent increase in net income and a 16.7 percent increase in diluted earnings per share (13.2 percent basic) when compared to the first quarter of 1997. The first quarter of 1997 included a gain on the sale of a corporate investment and an extraordinary loss related to the early retirement of certain outstanding debt which, when combined, resulted in a gain of \$1.7 million or \$.01 diluted earnings per share (\$.01 basic).

SCI Chairman and Chief Executive Officer Robert L. Waltrip said, "We are pleased with the consolidated results achieved in the first quarter despite the softness experienced in European mortality rates. Our North American operations performed well. Additionally, recently announced major acquisitions in Spain and Norway, which will close in the second quarter, reflect our confidence in the European death care market."

Acquisition Activity

As of April 19, 1998, SCI had acquired, or received signed letters of intent to acquire, 183 funeral service locations, 36 cemeteries and 2 crematoria for an aggregate purchase price of \$442 million. These businesses are expected to produce approximately \$189 million in annualized revenues, including \$64 million from North American operations and \$125 million from operations outside North America.

1998 First Quarter Highlights:

Revenues from existing business clusters of funeral homes and cemeteries in North America, Europe and the Pacific Rim owned for both periods increased 4.9 percent to \$656.9 million, contributing \$209.7 million to existing cluster operating profit, a 13.3 percent increase over last year.

Compared to the first quarter of 1997, funeral segment revenues increased 3.3 percent to \$472.1 million. During the first quarter of 1998, SCI operations performed approximately 147,000 funeral services worldwide, 73,000 in North America, 67,000 in Europe and 7,000 on the Pacific Rim. Funeral segment profits rose \$13.0 million to \$132.7 million, an increase of 10.9 percent. Funeral segment margins for the first quarter of 1998 increased to 28.1%, compared to 26.2% in the same period of 1997. A 7.3% increase in North American funerals performed fueled the increase. Growth in funeral revenues was limited by a reduced number of mortalities in markets served by SCI in Europe due primarily to mild winter weather. Additionally, the strengthening of the U.S. dollar relative to the French franc, compared to the same period last year had the effect of a \$12.4 million reduction in revenue this quarter.

During the first quarter of 1998, sales of prearranged funeral contracts were approximately \$135 million, which expanded the backlog of prearranged funeral contracts to be serviced in future periods to approximately \$3.3 billion. Revenues and associated investment earnings from such contracts are deferred, and will be recognized during the periods in which the funeral services are actually performed.

Compared to first quarter of 1997, cemetery segment revenues increased 15.8 percent to \$205.9 million. Cemetery segment profits rose \$14.5 million to \$81.3 million, an increase of 21.6 percent, reflecting the results of recently acquired cemeteries and increased investment returns associated with the larger asset base from the cemetery merchandise and endowment care trust funds. Cemetery segment margins expanded to 39.5 percent, compared to 37.6 percent for first quarter of 1997.

As of March 31, 1998, SCI operated 3,166 funeral service locations, 398 cemeteries and 166 crematoria. SCI provides funeral and cemetery services in 18 countries on five continents. 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

(Thousands, except per share amounts)	Three Months Ended	
	1998	1997
	March 31,	
	1998	1997
Revenues:		
Funeral	\$472,128	\$457,071
Cemetery	205,941	177,790
Financial services	4,615	3,588
	682,684	638,449
Cost and expenses:		
Funeral	339,436	337,368
Cemetery	124,688	110,997
Financial services	2,432	1,932
	466,556	450,297
	216,128	188,152
General and administrative expense	(17,008)	(16,628)

Income from operations	199,120	171,524
Interest expense	(37,710)	(34,538)
Dividends on preferred securities of SCI Finance LLC	---	(2,629)
Other income	6,651	3,090
Gain on sale of investment	---	68,077
	(31,059)	34,000
Income before income taxes and extraordinary loss	168,061	205,524
Provision for income taxes	59,275	74,377
Net income before extraordinary loss	108,786	131,147
Extraordinary loss on early extinguishment of debt (net of \$23,383 income taxes)	---	(40,802)
Net income	\$108,786	\$ 90,345

Earnings per share:

Basic:

Income before extraordinary loss	\$ 0.43	\$ 0.55
Extraordinary loss on early extinguishment of debt	---	(0.17)
Net income	\$ 0.43	\$ 0.38

Diluted:

Income before extraordinary loss	\$ 0.42	\$ 0.52
Extraordinary loss on early extinguishment of debt	---	(0.16)
Net income	\$ 0.42	\$ 0.36

Basic weighted average number of shares	254,635	237,264
Diluted weighted average number of shares	261,768	255,538

Geographic segment information was as follows:

(Dollars in thousands)

	United States	France	Other European	Other Foreign
Revenues:				
Three months ended March 31:				
1998	\$453,026	\$122,928	\$63,714	\$43,396
1997	403,282	133,614	61,313	40,844
Change from prior year	\$ 49,744	\$(10,686)	\$ 2,401	\$ 2,552
Percentage change from prior year	12.3%	-8.0%	3.9%	6.2%

Income from
operations:

Three months
ended March 31:

1998	\$163,804	\$ 11,554	\$13,293	\$10,469
1997	126,721	15,258	16,590	12,806
Change from prior year	\$ 37,083	\$ (3,704)	\$(3,297)	\$(2,337)
Percentage change from prior year	29.3%	-24.3%	-19.9%	-18.2%

Operating income

margin:

Three months

ended March 31:

1998	36.2%	9.4%	20.9%	24.1%
1997	31.4%	11.4%	27.1%	31.4%

Funeral services

performed:

Three months

ended March 31:

1998	66,069	38,776	29,330	13,300
1997	61,964	41,587	29,772	12,240
Percentage change from prior year	6.6%	-6.8%	-1.5%	8.7%

Number of locations

at March 31:

1998	1,584	1,118	731	297
1997	1,483	1,073	633	261

SOURCE Service Corporation International

Web site: <http://www.sci-corp.com>

Company News On-Call: <http://www.prnewswire.com> or fax, 800-758-5804, ext. 104532

CONTACT: George R. Champagne, Senior Vice President/Chief Financial Officer, 713-525-5238, or Investor Relations, 713-525-9072, both of Service Corporation International