

SERVICE CORPORATION INTERNATIONAL



Investor Presentation

FEBRUARY 2024



Forward-Looking Statements

This presentation contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Any statements in this presentation that are not historical facts are forward-looking statements. You can generally identify our forward-looking statements by the words “anticipate,” “believe,” “continue,” “could,” “estimate,” “expect,” “forecast,” “goal,” “intend,” “may,” “objective,” “plan,” “potential,” “predict,” “projection,” “should,” “target,” “will,” or other similar words. The absence of these or similar words, however, does not mean that the statements are not forward-looking. These statements are based on assumptions and expectations that the Company believes are reasonable at the time made; however, many important factors could cause the Company’s actual results in the future to differ materially from any forward-looking statements.

For further information on these and other risks and uncertainties, see our Securities and Exchange Commission filings, including our 2023 Annual Report on Form 10-K. Copies of this document as well as other SEC filings can be obtained from our website at www.SCI-Corp.com. Except as required by law, we undertake no obligation to update or revise any forward-looking statements made herein or any other forward-looking statements made by us, whether as a result of new information, future events, or otherwise.



Our strategy has been effective
and remains intact



Grow Revenue



Leverage Scale

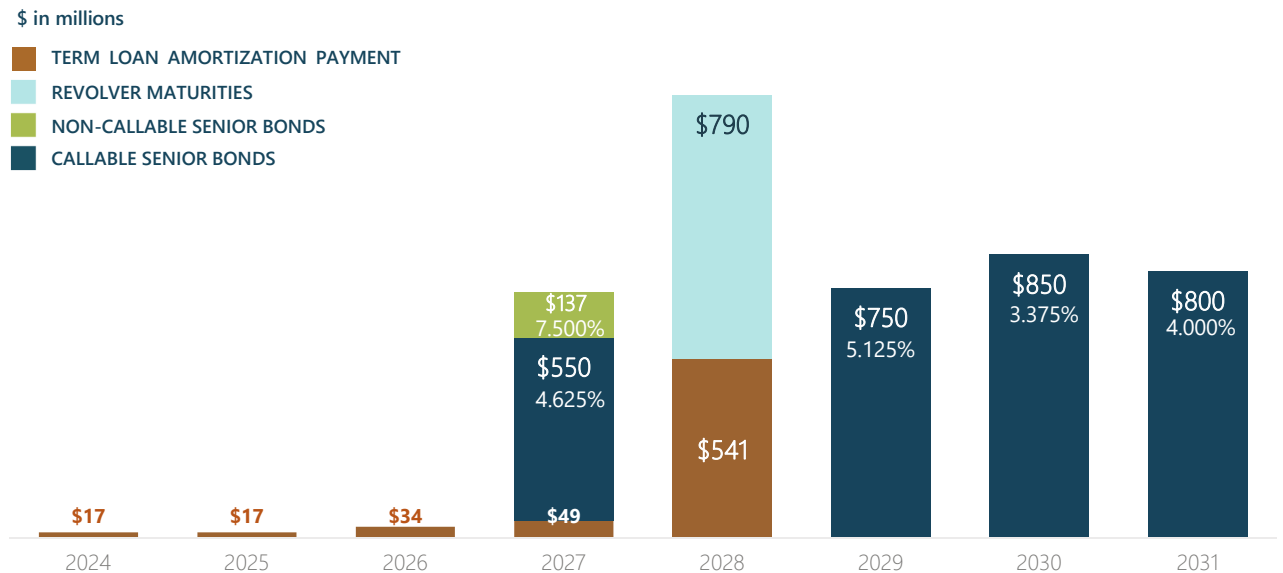


Deploy Capital

Our financial position affords us financial flexibility, which allows us to be opportunistic

Financial flexibility to invest in our associates and our businesses, and pursue strategic acquisitions and new builds

DEBT MATURITY PROFILE December 31, 2023



LIQUIDITY

\$893M

Cash \$222M / Credit Facility \$671M

LEVERAGE

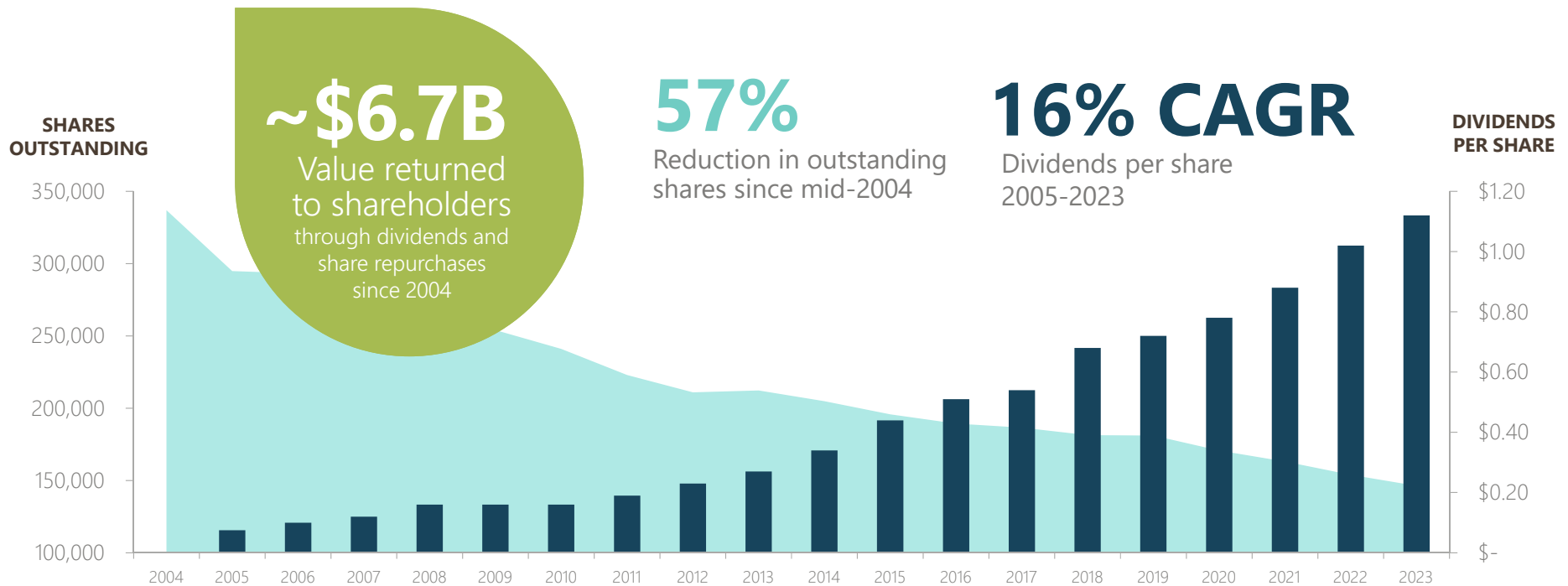
3.58x

Target 3.50x-4.00x



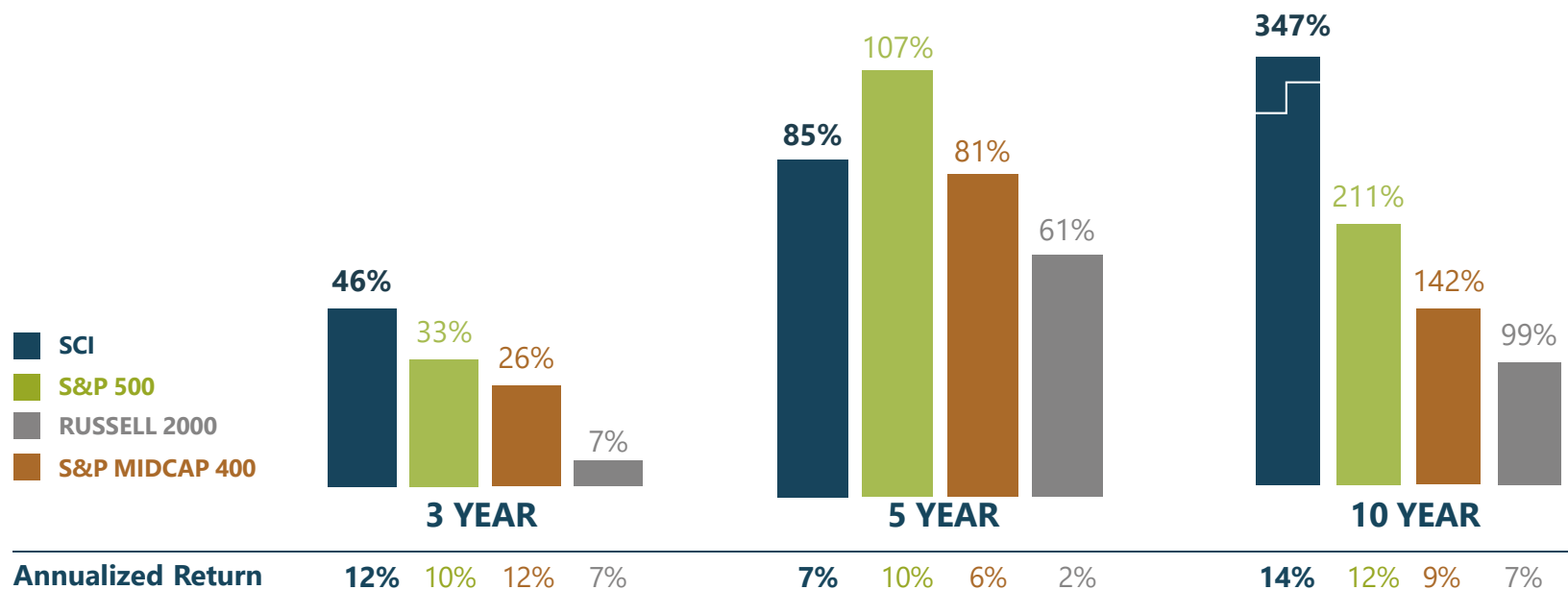
We have enhanced shareholder returns through dividends and share repurchases

VALUE RETURNED TO SHAREHOLDERS



Our execution has translated into superior total shareholder returns over the long term

TOTAL SHAREHOLDER RETURN December 31, 2023



Returns are as of December 31, 2023, and include the reinvestment of dividends.



Sustainable value creation foundational in everything we do



Our most recent Sustainability Report is available at sci-corp.com

SUPPORTING OUR 25,000 ASSOCIATES



Supporting the personal and professional goals of our associates and empowering inclusive and diverse teams

INVESTING IN OUR COMMUNITIES



Delivering service excellence and supporting the communities where we do business and where our associates live and work

OPERATING WITH PRINCIPLE



Operating with integrity, responsibility and accountability to our stakeholders and with respect to our environment



Service Corporation International At a Glance

2023 SNAPSHOT



Revenues
\$4.1B



Employees
25K



Customers Served
~700K



Preneed Sales
\$2.6B



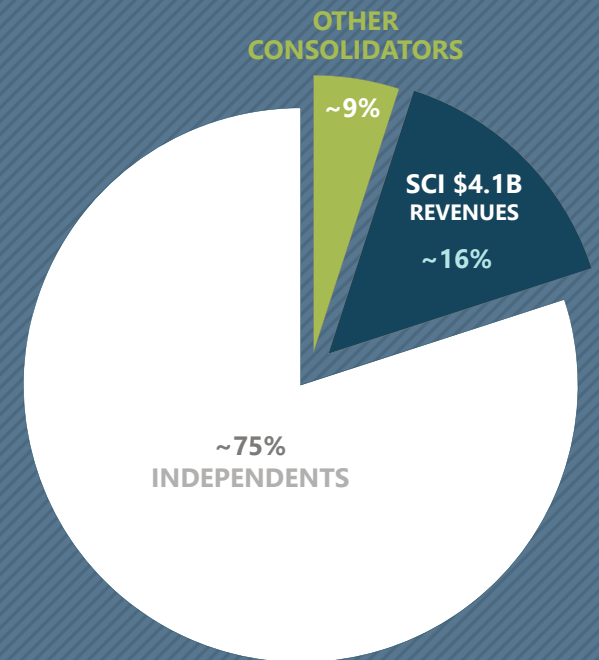
Backlog of Future Revenue
~\$15B

We are the **largest company** in the highly fragmented deathcare space with an approximate **~16% revenue market share in the U.S. & Canada**



SCI LISTED NYSE
Since 1974

Market Cap \$10.5B
(as of 2/20/2024)

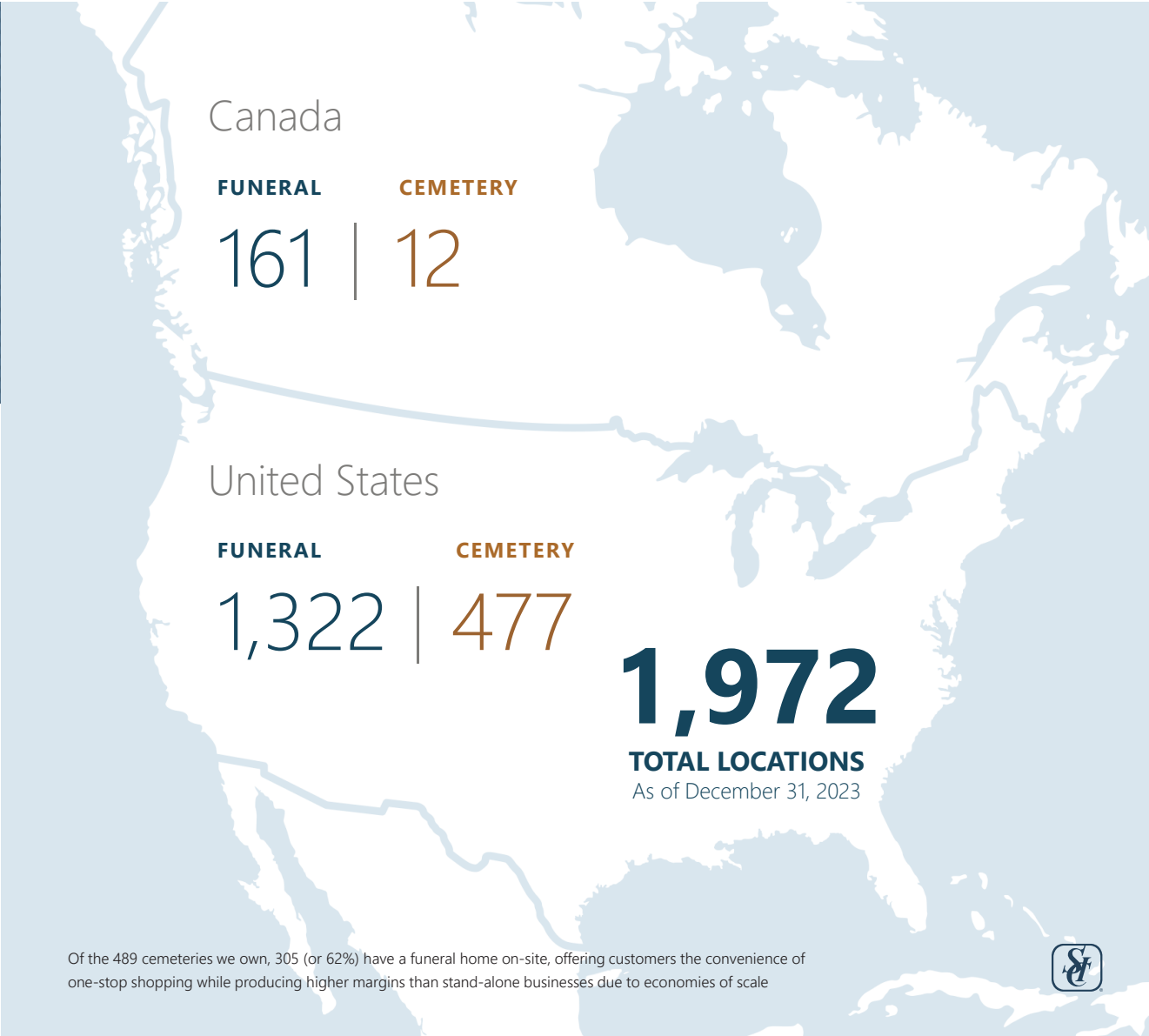


¹ Total 2023 revenues for the Deathcare industry in the U.S. and Canada are estimated at ~\$25 billion using data from U.S. Census Bureau and Statistics Canada.



Our scale and footprint provide a competitive advantage

- National Brand
- Leading technologies
- Supply chain cost advantages
- Premier preneed sales program
- Network optimization/back-office efficiencies
- Leading cemeteries in markets where we operate
- Differential economics in preneed trust/insurance structures
- Training and development thru Dignity University®





Long-Term Power of SCI's Growth Model



Our long-term
earnings growth
framework remains
sound

8%–12%



ORGANIC GROWTH

5%–7%

FUNERAL

Modest revenue growth driven by
increases in volume and sales average
supporting stable margins

CEMETERY

Mid-single digit % preneed sales growth
supporting increasing margins



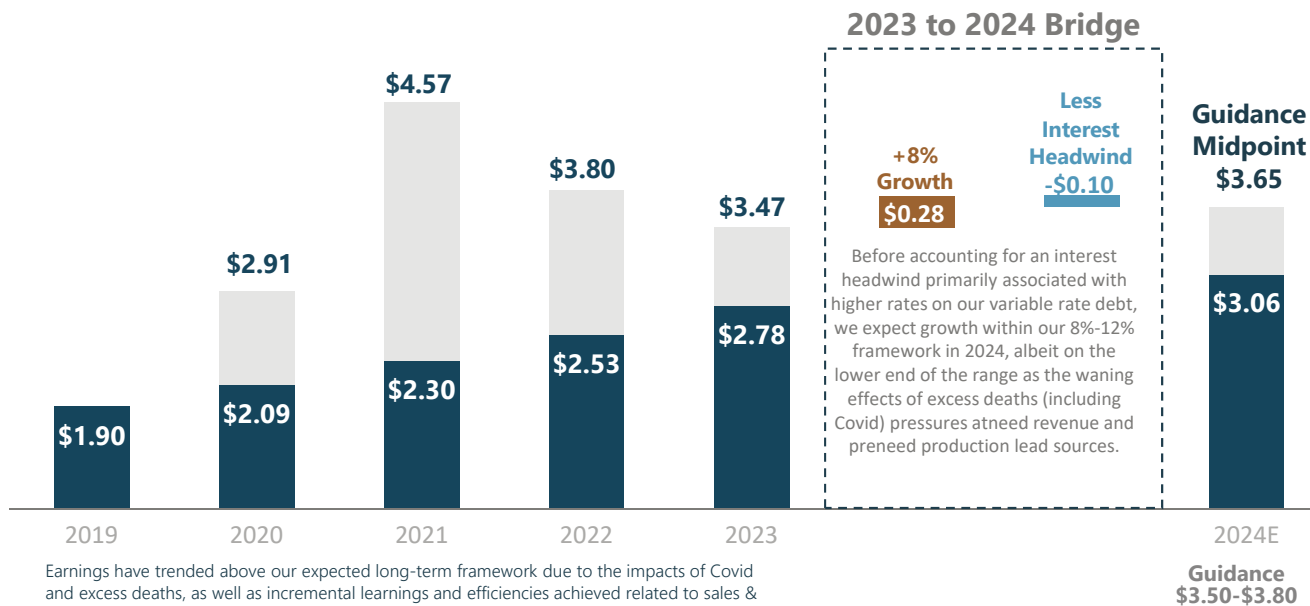
**CAPITAL
DEPLOYMENT**

3%–5%

Reinvesting in business,
growth capital, share repurchases
and debt management

New higher earnings base reflects post-COVID learnings and efficiencies

ADJUSTED EARNINGS PER SHARE



We expect 2024 to become a new base year for future earnings growth in line with our long-term framework of 8%-12%


10% Annual growth off of 2019 base

Adjusted earnings per share is a non-GAAP financial measure. Please see appendix for a reconciliation to the appropriate GAAP measure and for other disclosures.

Earnings have trended above our expected long-term framework due to the impacts of Covid and excess deaths, as well as incremental learnings and efficiencies achieved related to sales & marketing productivity, cost efficiencies, and accelerated share repurchases. The level of deaths have waned since peaking in 2021 and is expected to normalize in 2024.



There are 4 key pillars to reach even greater potential growth




Demographic Tailwinds



Marketing, Sales & Cemetery Inventory Impact



Enhanced Growth Capital Opportunities



Preneed Backlog Impact

Favorable conditions exist for future volume growth



MAIN DRIVERS

**AGING
DEMOGRAPHICS**

**EXCESS DEATHS
INCLUDING COVID**

**PRENEED DRIVING
MARKET SHARE**

These drivers could easily increase our current assumptions for funeral volume and cemetery atneed production

Initiatives underway supporting even further production growth

MAIN DRIVERS



**QUALITY & QUANTITY
OF MARKETING-
DRIVEN LEADS**

**IMPROVED SALES
EFFECTIVENESS &
EFFICIENCIES**

**CEMETERY
INVENTORY
OPPORTUNITIES**

These drivers could easily increase our current assumptions for cemetery preneed production

Our growth capital continues to add strength to our earnings growth framework



MAIN DRIVERS

ACQUISITIONS

NEW BUILDS

**OTHER GROWTH
CAPITAL**

With continued deployment like recent years, we are able to support higher earnings growth potential



Our preneed strategy and backlog are structured to drive earnings and cash flow growth

MAIN DRIVERS



**HIGHER-QUALITY
CONTRACT SALES
PRODUCTION**

**TRUST INVESTMENT
RETURNS SUPPORTING
FUTURE GROWTH**

**INCREASING
CEMETERY BACKLOG
RECOGNITION**

Strength in our backlog could easily drive increases in our sales average and cemetery recognition assumptions





Key Takeaways

Strong business model with a **sustainable growth** platform

Significant and consistent cash flow continues to grow the company and **enhance shareholder value**

Industry leaders in **innovation and technology**

Preneed model and backlog strength differentiates us

Potential for incremental growth is much greater in the coming years, as we are **poised to benefit from demographic tailwinds**

For additional information:

Allie O'Connor | Trey Bocage

InvestorRelations@SCI-US.com



SERVICE CORPORATION INTERNATIONAL

APPENDIX



Definitions: Non-GAAP Financial Measures

This information should not be considered in isolation or as a substitute for related GAAP measures. Additionally, these measures as calculated by the Company may not be comparable to similarly titled measures used by other companies.

ADJUSTED EPS OR DILUTED EARNINGS PER SHARE EXCLUDING SPECIAL ITEMS

We use diluted earnings per share excluding special items (adjusted EPS) as an underlying operational performance measure of the business and to have a basis to compare operating results to prior and future periods. We make adjustments to net income (a GAAP measure) to remove certain charges and credits. We believe these adjustments are relevant in evaluating the overall performance of the business.

ADJUSTED OPERATING CASH FLOW OR NET CASH PROVIDED BY OPERATING ACTIVITIES EXCLUDING SPECIAL ITEMS

We use adjusted operating cash flow, or net cash provided by operating activities excluding special items, as an underlying operational performance measure of the continuing operations of the business and to have a basis to compare excluding special items cash flow results to prior and future periods. We make adjustments to cash flow from operations (a GAAP measure) to remove certain receipts and payments. We believe these adjustments are relevant in evaluating the overall performance of the business.

FREE CASH FLOW

We define free cash flow as adjusted operating cash flow minus expenditures for capital improvements at existing locations, expenditures for the development of cemetery property, and digital investments and corporate, collectively referred to as Maintenance capital expenditures. We use free cash flow to assess the financial performance of the Company. We believe that free cash flow is useful to investors because it relates the operating cash flow of the Company to the capital that is spent to continue and improve business operations, such as investment in the Company's existing businesses. Further, free cash flow facilitates our ability to strengthen the Company's balance sheet, repay our debt obligations, pay cash dividends and repurchase our common shares. We also believe the presentation of this measure will enhance the investors' ability to analyze trends in the business and evaluate our underlying performance relative to other companies in the industry.

ADJUSTED EBITDA

We define adjusted EBITDA as a financial measure calculated in accordance with our credit agreement and represents EBITDA to remove certain charges and credits. We use adjusted EBITDA to provide investors and lenders with additional information to measure our financial performance and evaluate our ability to service debt.



Adjusted EPS – 2023 to 2019

(In millions, except Diluted EPS)

	Twelve Months Ended December 31,									
	2023		2022		2021		2020		2019	
	Net Income	Diluted EPS	Net Income	Diluted EPS	Net Income	Diluted EPS	Net Income	Diluted EPS	Net Income	Diluted EPS
Net income attributable to common stockholders, as reported	\$ 537.3	\$ 3.53	\$ 565.3	\$ 3.53	\$ 802.9	\$ 4.72	\$ 515.9	\$ 2.88	\$ 369.6	\$ 1.99
<u>Pre-tax reconciling items:</u>										
Gains on divestitures and impairment charges, net	(9.8)	(0.06)	(10.0)	(0.06)	(25.2)	(0.15)	(7.0)	(0.03)	(32.9)	(0.18)
Losses on early extinguishment of debt	1.1	—	1.2	0.01	5.2	0.03	18.4	0.10	16.6	0.09
Certain legal matters	—	—	64.6	0.40	(8.3)	(0.05)	—	—	6.4	0.03
Foreign currency exchange loss	—	—	1.5	0.01	—	—	—	—	—	—
<u>Tax reconciling items:</u>										
Tax effect from special items	2.3	0.01	(14.0)	(0.09)	7.3	0.04	(2.6)	(0.02)	4.1	0.02
Change in uncertain tax reserves and other	(1.6)	(0.01)	(0.7)	—	(4.0)	(0.02)	(3.0)	(0.02)	(10.9)	(0.05)
Earnings and diluted earnings per share excluding special items (Adjusted EPS)	\$ 529.3	\$ 3.47	\$ 607.9	\$ 3.80	\$ 777.9	\$ 4.57	\$ 521.7	\$ 2.91	\$ 352.9	\$ 1.90
Diluted weighted average shares outstanding (in thousands)		152,351		160,131		170,114		178,990		185,523

The estimate of \$64.6 million included in Certain legal matters for 2022 is related to a private litigation matter in Florida and settlement discussions with the California Attorney General. Both matters relate to previously disclosed litigation.



Adjusted cash flow from operations and free cash flow – 2023 to 2019

(In millions)

Net cash provided by operating activities

Certain legal matters

Net cash provided by operating activities excluding special items
(Adjusted operating cash flow)

Total maintenance, cemetery development, and other capital expenditures

Free cash flow

Net cash used in investing activities

Net cash used in financing activities

Twelve Months Ended December 31,				
2023	2022	2021	2020	2019
\$ 869.0	\$ 825.7	\$ 920.6	\$ 804.4	\$ 628.8
13.3	—	(8.3)	—	6.4
\$ 882.3	\$ 825.7	\$ 912.3	\$ 804.4	\$ 635.2
(324.1)	(334.6)	(260.2)	(185.6)	(204.3)
\$ 558.2	\$ 491.1	\$ 652.1	\$ 618.8	\$ 430.9
\$ (469.4)	\$ (447.9)	\$ (414.9)	\$ (318.4)	\$ (278.5)
\$ (381.1)	\$ (448.0)	\$ (465.6)	\$ (492.8)	\$ (319.1)

Financial outlook for Fiscal 2024

In Millions, except Adjusted EPS	GUIDANCE 2024		
	Low	Midpoint	High
Diluted earnings per share excluding special items <i>Adjusted EPS</i>	\$3.50	\$3.65	\$3.80
Net cash provided by operating activities excluding special items and cash taxes	\$935	\$960	\$985
Cash taxes expected in 2024 (at the midpoint of Diluted earnings per share guidance) <small>In 2023, we implemented a tax accounting method change that will result in the deferral of tax payments to future years. As we transition to this new method, cash tax payments in 2023 and 2024 will be lower than normal.</small>	Approximately \$25M-\$35M		
Net cash provided by operating activities excluding special items <i>Adjusted operating cash flow</i>	\$900	\$930	\$960
Total maintenance, cemetery development, and other capital expenditures (Maintenance capital expenditures)	\$325		

Diluted earnings per share excluding special items and net cash provided by operating activities excluding special items are non-GAAP financial measures. We normally reconcile these non-GAAP financial measures from diluted earnings per share and net cash provided by operating activities; however, these measures calculated in accordance with GAAP are not current accessible on a forward-looking basis. Our outlook for 2024 excludes the following because this information is not currently available for 2024: expenses net of insurance recoveries related to hurricanes, gains or losses associated with asset divestitures, gains or losses associated with the early extinguishment of debt, potential tax reserve adjustments and IRS payments and/or refunds, acquisition and integration costs, system implementation and transition costs, and potential costs associated with estimated litigation charges or legal settlements or the recognition of receivables for insurance recoveries associated with litigation, or deferred tax items. The foregoing items could materially impact our forward-looking diluted earnings per share and/or our net cash provided by operating activities calculated in accordance with GAAP.

Our outlook for 2024 reflects management's current views and estimates regarding the impact on results from the Covid pandemic, future economic and financial market conditions, company performance and financial results, business prospects, the competitive environment, and other events. These views and estimates that support the outlook provided are subject to a number of risks and uncertainties, many of which are beyond the control of SCI, that could cause actual results to differ materially from the potential results.

