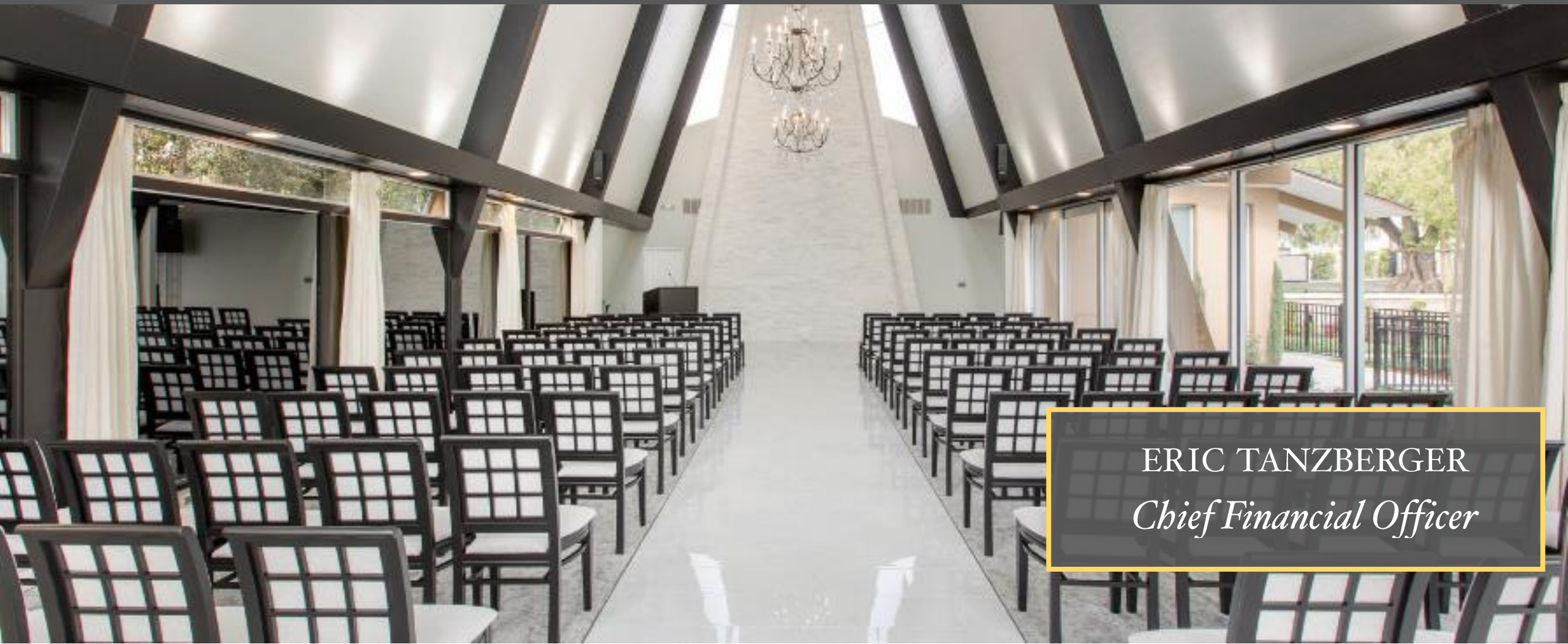




Raymond James Annual Institutional Investors Conference

MARCH 2019



ERIC TANZBERGER
Chief Financial Officer

Forward-Looking Statements



The statements in this presentation that are not historical facts are forward-looking statements made in reliance on the “safe harbor” protections provided under the Private Securities Litigation Reform Act of 1995. These statements are based on assumptions that the Company believes are reasonable; however, many important factors could cause the Company’s actual results in the future to differ materially from the forward-looking statements made herein and in any other documents or oral presentations made by, or on behalf of, the Company.

For further information on these and other risks and uncertainties, see our Securities and Exchange Commission filings, including our 2018 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. We assume no obligation to publicly 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.



Industry and Company Overview



We are the largest company in the highly fragmented deathcare space with an approximate 15%-16% revenue market share in the U.S. & Canada

2018 Company Snapshot	
Revenues	\$3.2B
Market Cap	NYSE: \$8B
Employees	24,000 ~18% sales associates
Headquarters	Houston, TX
Preneed Sales	\$1.8B \$0.9B Funeral / \$0.9B Cemetery
Backlog of Future Revenue	\$11.1B \$8.2B Funeral / \$2.9B Cemetery
Market share ¹	SCI 15%-16% Other Consolidators ~5% Independently Owned ~80%



Total Locations	1,195	Stand-alone Funeral Homes
1,962	195	Stand-alone Cemeteries
	286	Combos ²

¹Revenues in the Deathcare industry in the U.S. and Canada are estimated at \$21-\$22 billion using data from Census Bureau and Statistics Canada. Company specific revenues based on public filings and internal estimates.

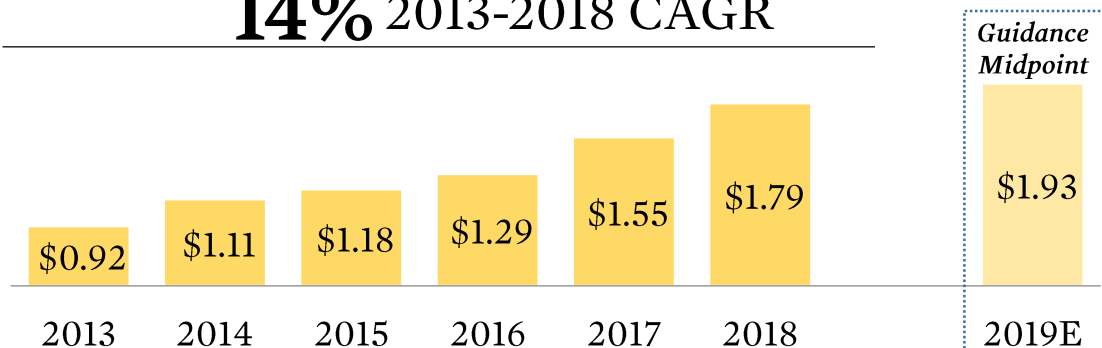
² Each combo represents two locations: one funeral home and one cemetery.

Our strong track record for adjusted earnings per share¹ growth over time has resulted in robust & steady cash flow



ADJUSTED EARNINGS PER SHARE¹

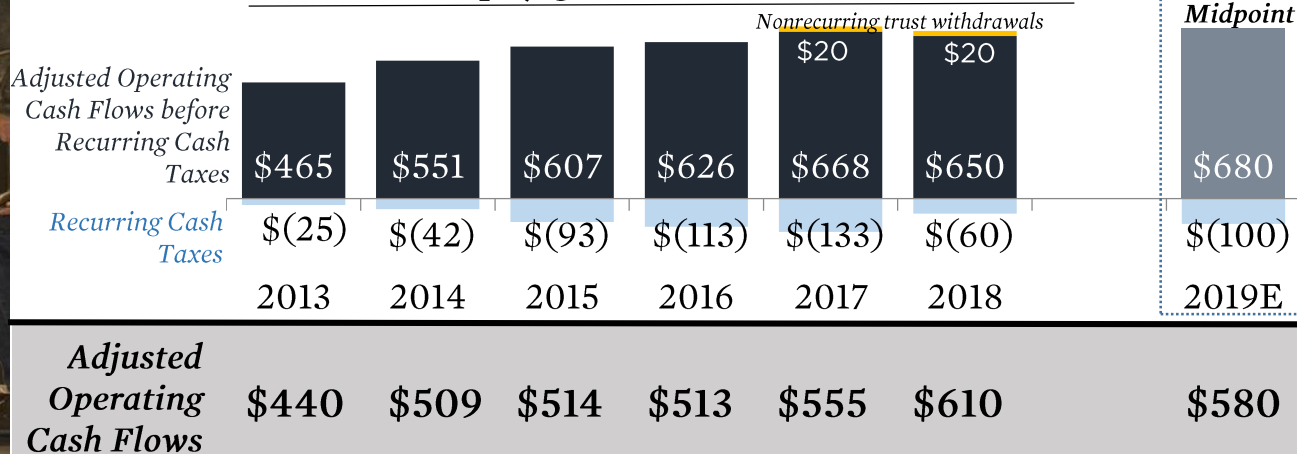
14% 2013-2018 CAGR



ADJUSTED OPERATING CASH FLOW¹ & RECURRING CASH TAXES

In millions

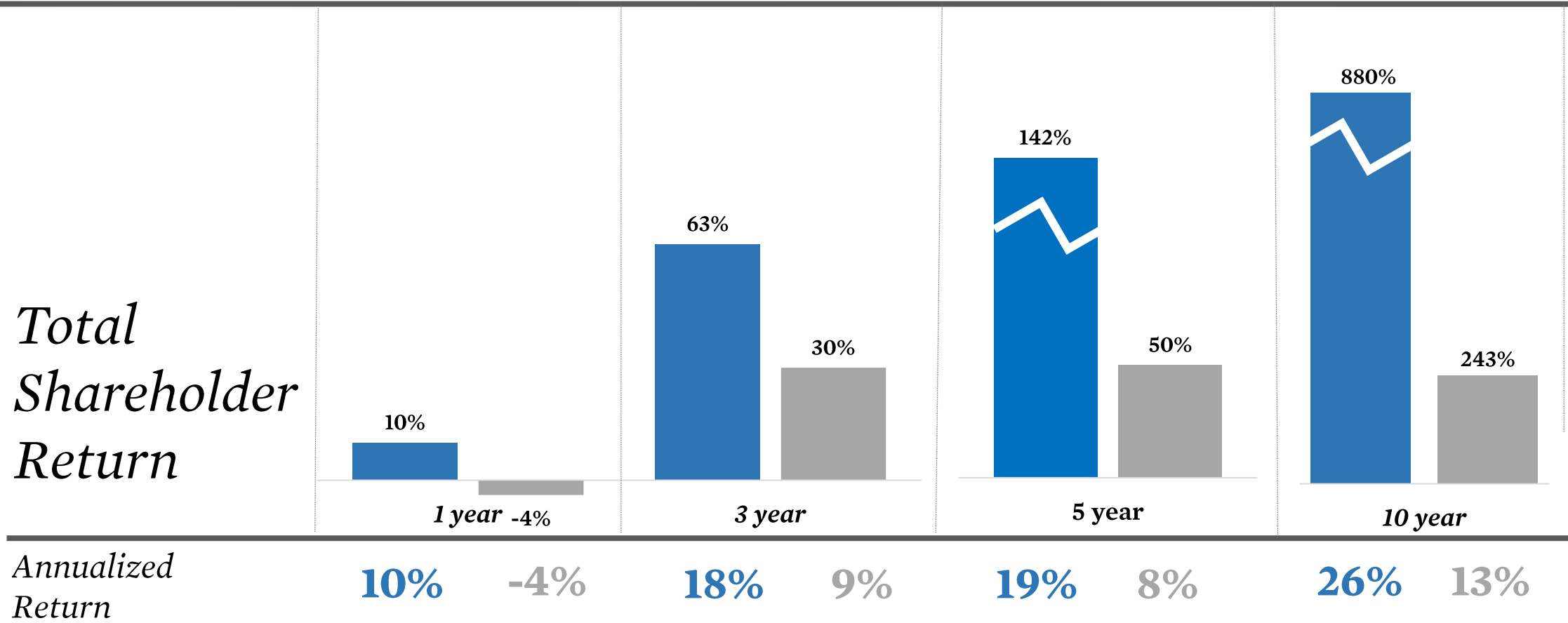
7% 2013-2018 CAGR



¹Adjusted earnings per share and Adjusted operating cash flow are non-GAAP financial measures. Please see appendix for a reconciliation to the appropriate GAAP measure and for other disclosures. Results for 2018 included \$.16 from tax reform and \$.05 from implementing revenue recognition accounting standard. Adjusted operating cash flow in 2017 and 2018 benefited from nonrecurring trust withdrawals that had no impact on earnings. Lower cash taxes in 2018 was a result of tax reform as well as changes to tax accounting methods.

This success has resulted in consistent superior total shareholder returns

SCI has outpaced S&P 500 over time



Annualized
Return

SOURCE: S&P Global Market Intelligence. Returns are as of December 31, 2018, and include the reinvestment of dividends.

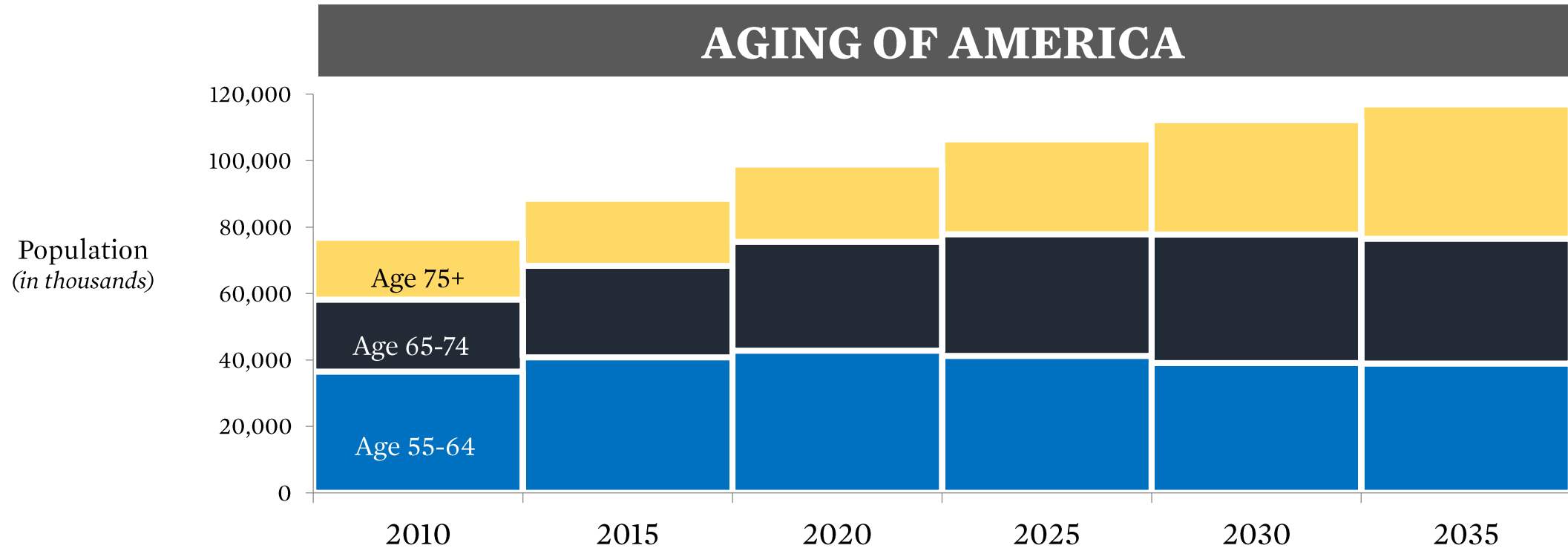


Strategy & Outlook



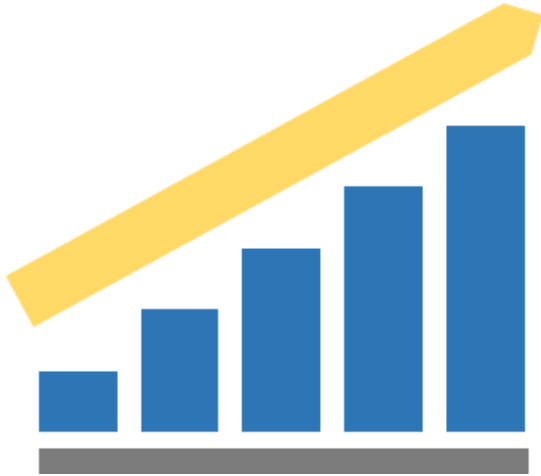
The aging demographic profile forms the foundation for our growth strategy; the cemetery industry is currently benefiting from this and we anticipate it will provide future opportunity for the funeral industry

LEGEND	AVERAGE AGE	Late 50's/Early 60's	Late 60's/Early 70's	Late 70's/Early 80's
	SCI CUSTOMER	Preneed Cemetery Customer	Preneed Funeral Customer	Atneed Customer

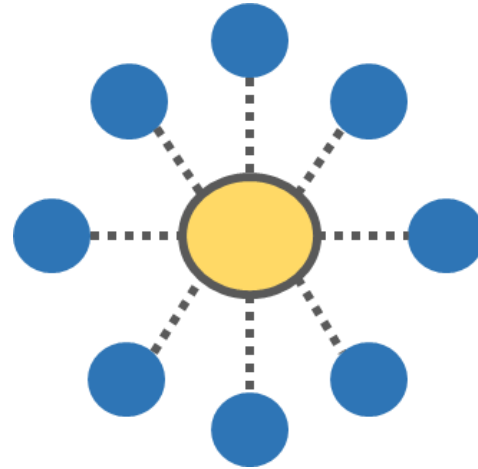


Our three core strategies are centered on our customer and our competitive advantages

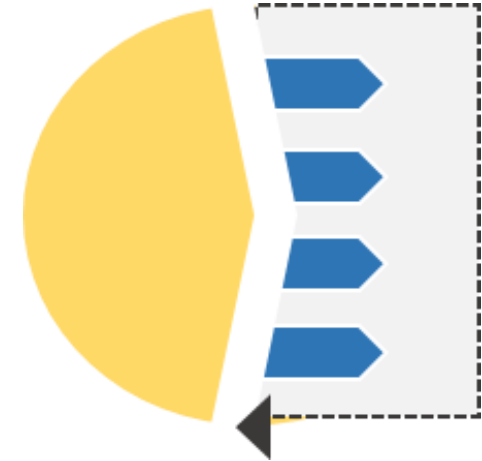
**REVENUE
GROWTH**

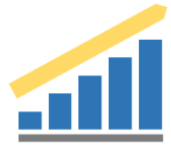


**LEVERAGE
SCALE**



**CAPITAL
DEPLOYMENT**





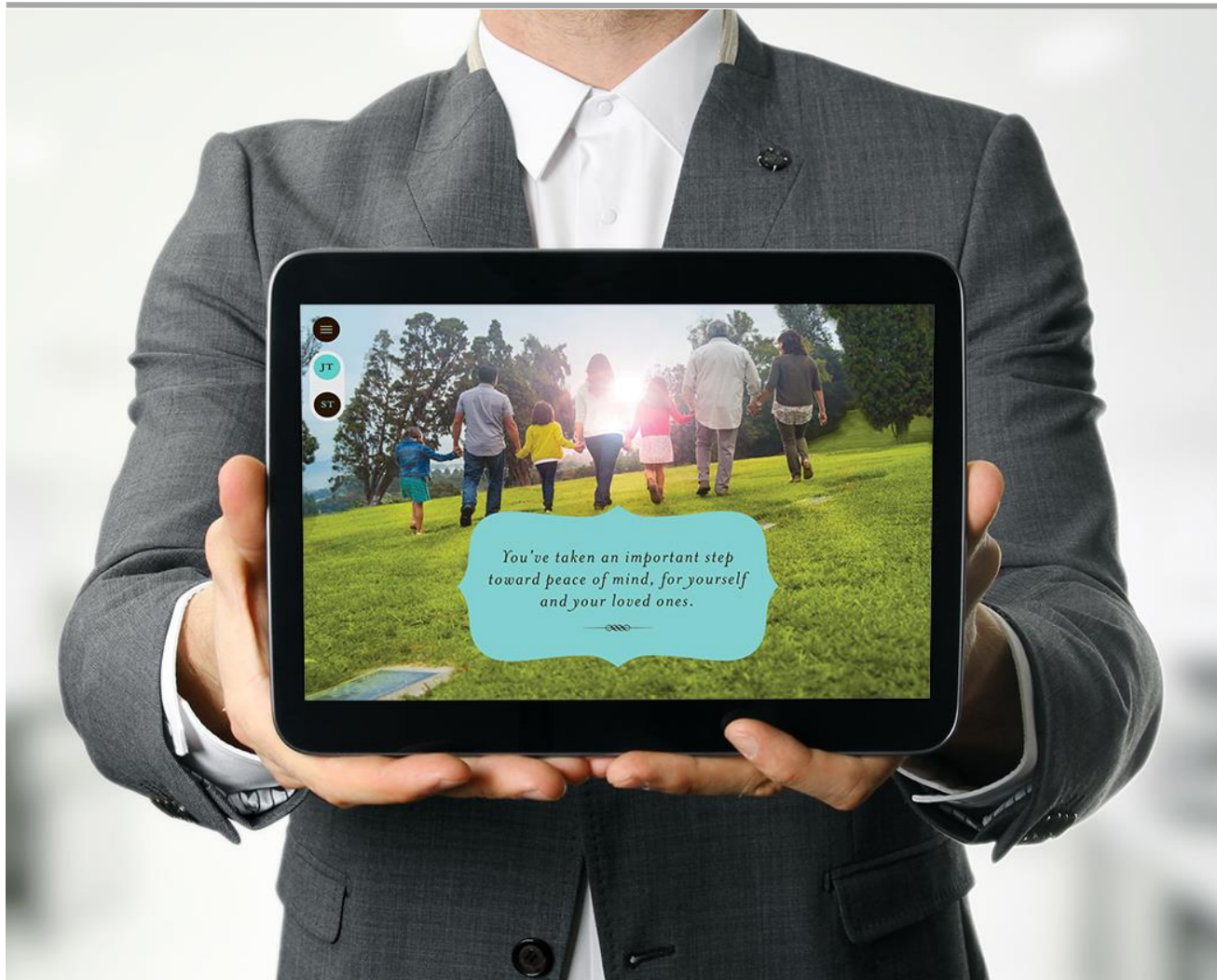
First, remaining relevant to our customer is key to generating *revenue growth* in a changing customer environment



- New and contemporary products and experiences as well as tiered cemetery property offerings
- Addressing varying customer needs and preferences
- Customer-facing technology and simplification of the selection process
- Embracing cremation opportunities (*funeral home & non-funeral home channels*)



We are enhancing the customer experience through innovative technology that also improves sales counselor and other efficiencies



State of the Art Tools

HMIS+

Atneed Presentation

BEACON

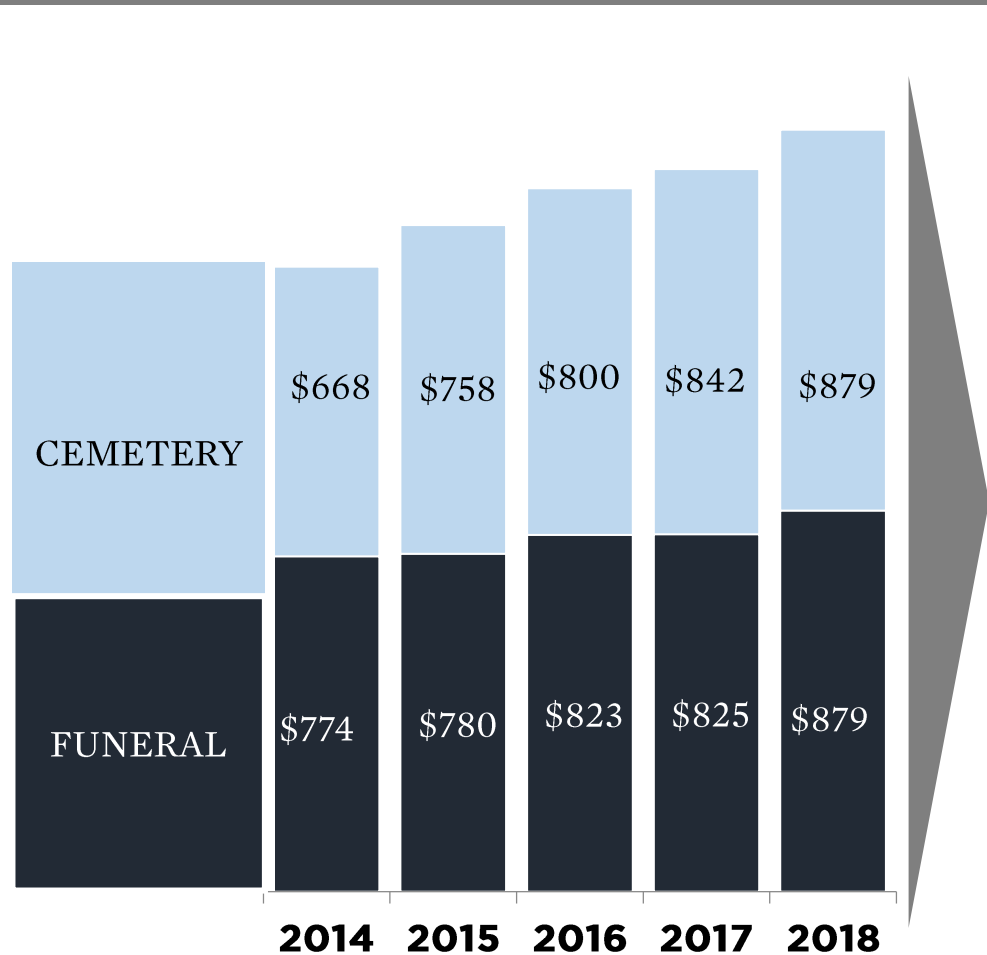
Mobile, Preneed Presentation

- Improves customer experience
- Ensures entire suite of products and services are presented
- Eliminates selection rooms and related printed presentation materials
- Accelerates availability of new products and services
- Provides counselor productivity tracking mechanism
- Simplifies counselor training and aids in recruiting efforts



Driving preneed sales is currently our biggest driver of revenue growth and increasing long-term market share

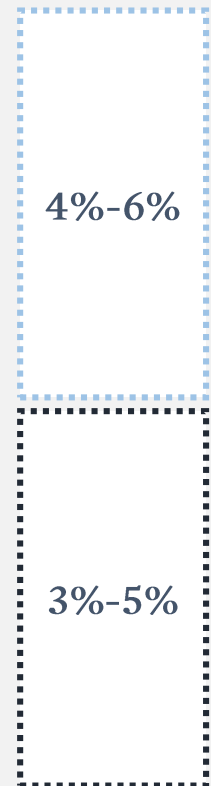
COMPARABLE¹ PRENEED SALES PRODUCTION



2014-2018
CAGR



2019
Guidance



Differential advantages

- 4,300+ sales force
- Premier properties
- Best in class training and leading technology

Key elements of future growth

- Leverage technology
- Training & Staffing
- Bundle, Tier & Simplify

¹Represents comparable (same store) locations owned at December 31, 2018.





Our second core strategy, *leveraging scale*, gives us a tremendous competitive advantage through our scale of operations



- Supply chain & back office efficiencies
- Online presence that is unmatched by competitors
- Enhanced network optimization
- Differential economics in trust investment structures and with preneed insurance providers
- Training & development – Dignity University



Our first two strategies of remaining relevant and leveraging scale affords us the opportunity to execute on our third key strategy of *deploying capital*

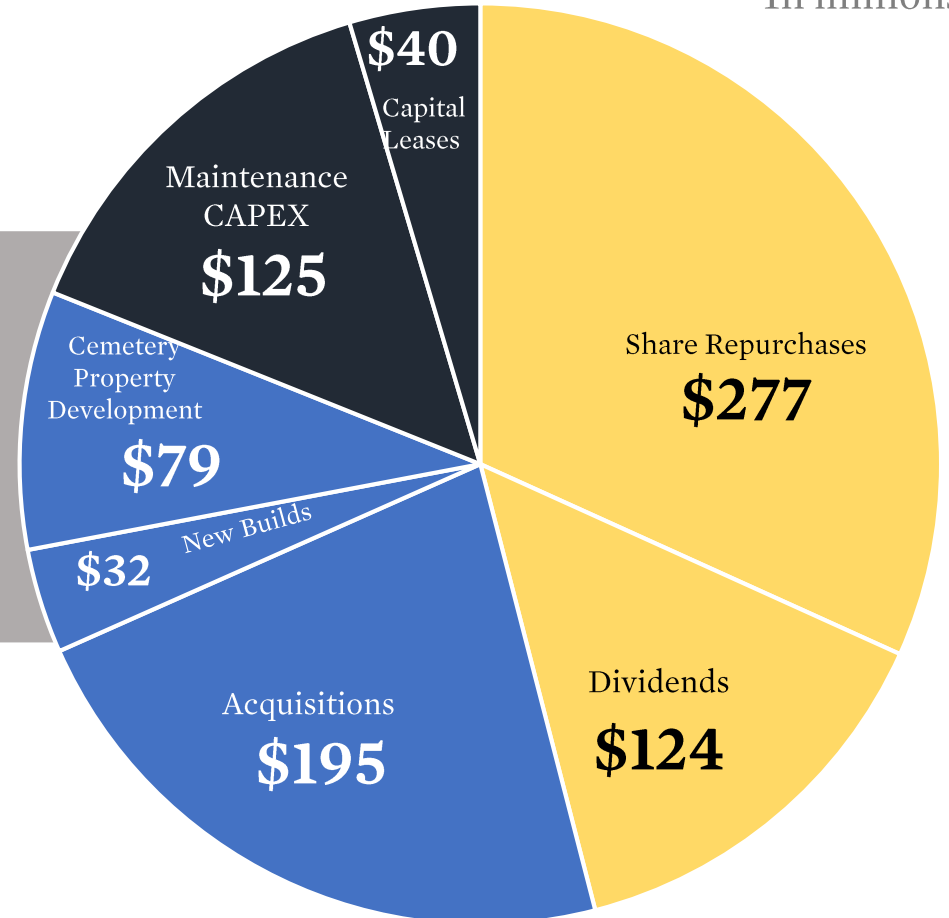
We employ a disciplined & balanced capital deployment strategy designed to yield the highest relative value

In millions



For the year ended December 31, 2018

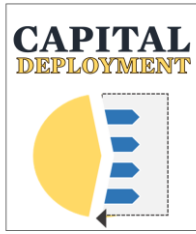
Allocation of adjusted operating cash flow¹ and other cash sources



¹Adjusted operating cash flow is a non-GAAP financial measure. Please see appendix for a reconciliation to the appropriate GAAP measure and for other disclosures.

²Adjusted operating cash flow in 2018 was \$610M and we benefited from other cash sources of \$262M including proceeds from divestitures and stock option exercises as well as an increase in debt/leverage.





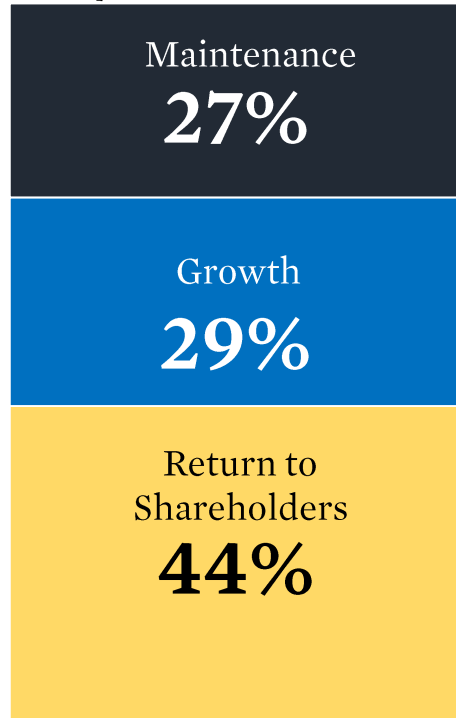
In 2019, with projected stable cash flow we expect to continue with our existing deployment strategy

Projected 2019 Capital Allocation

In millions

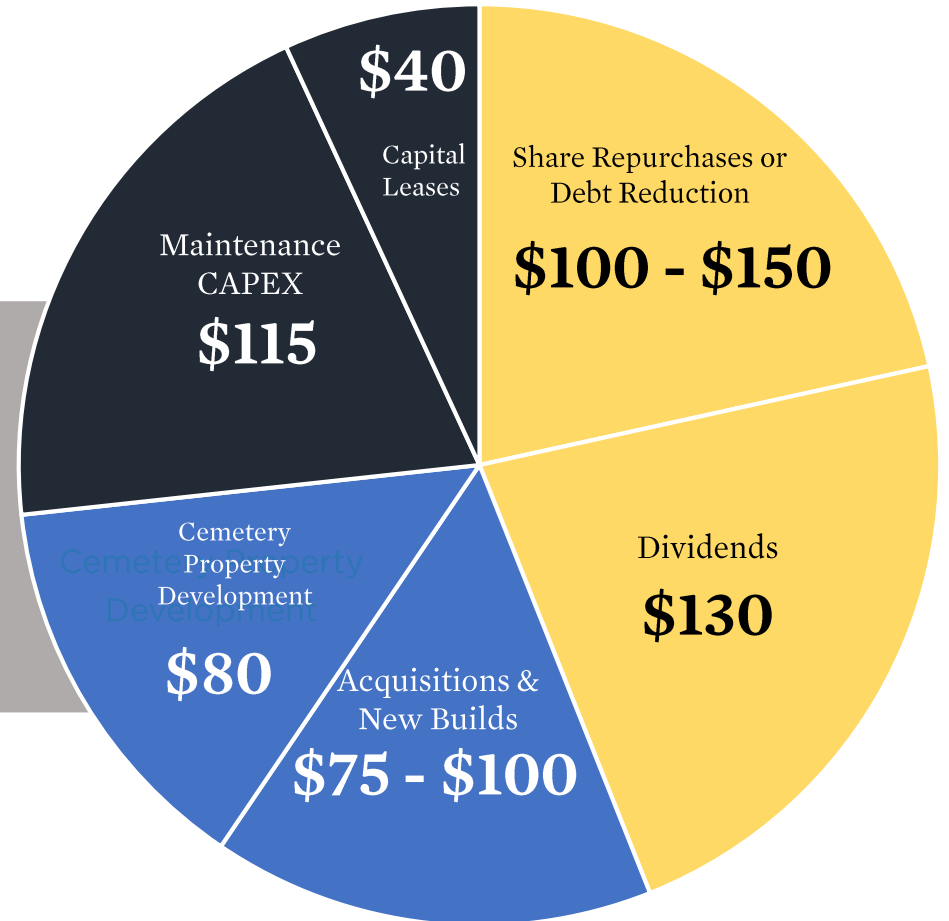
Adjusted Operating Cash Flow Guidance Midpoint

\$580M



For the year ended December 31, 2019

Allocation of adjusted operating cash flow¹



¹Adjusted operating cash flows is a non-GAAP financial measure. Please see appendix for a reconciliation to the appropriate GAAP measure and for other disclosures. Acquisitions remain our highest priority for capital deployment due to the average mid-teem aftertax returns we have historically achieved. Absent strategic acquisition opportunities, we will look to repurchase our shares or reduce debt.



We believe we can generate an average of 8%-12% annual growth in adjusted earnings per share¹ over the long term



LONG-TERM GROWTH FRAMEWORK

*Base
Business
Growth*

4% - 6%

*Tuck-in
Acquisitions &
New Builds*

4% - 6%

*Share
Repurchases*

8% – 12%

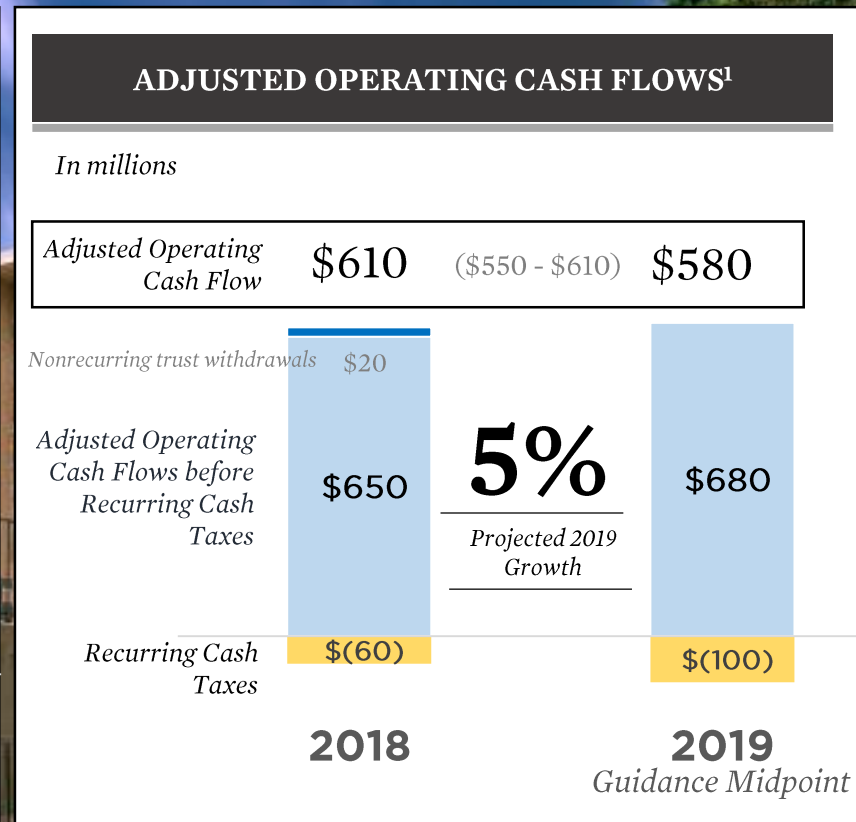
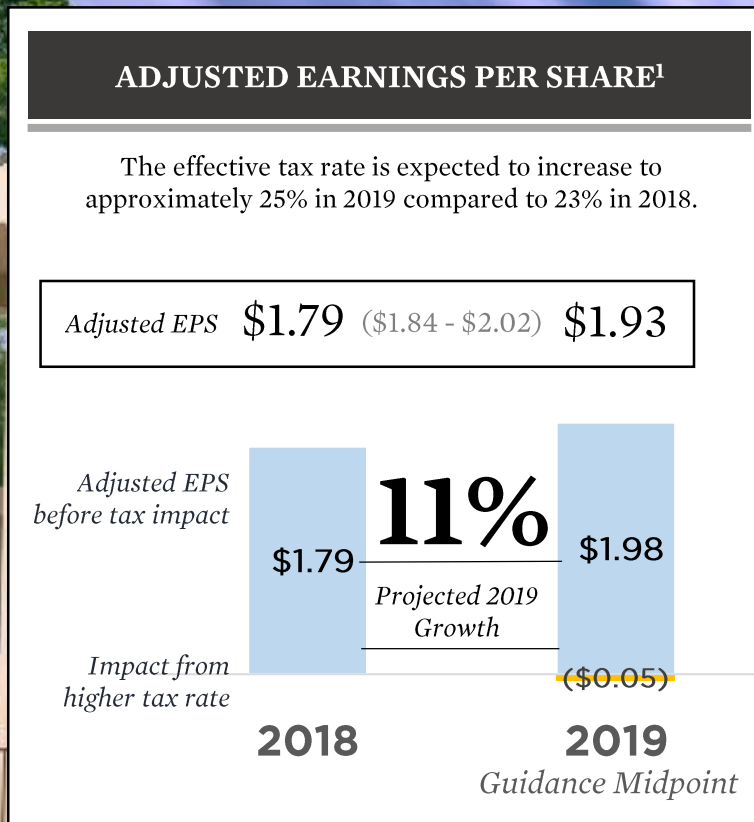
AVERAGE ANNUAL ADJUSTED EPS¹ GROWTH



¹ Adjusted EPS is a non-GAAP financial measure. Please see appendix for additional disclosures.

Looking forward, we believe we are well positioned to deliver solid results in 2019

ANNUAL GROWTH EXPECTATIONS	
Revenue 0%-2%	Revenue 4%-6%
Margins MAINTAIN 19%-21%	Margins INCREMENTAL 50-130bps
Funeral	Cemetery



¹ Adjusted earnings per share and Adjusted operating cash flow are non-GAAP financial measures. Please see appendix for a reconciliation to the appropriate GAAP measure and for other disclosures. Adjusted operating cash flow is expected to decline in 2019 as we return to a full year cash tax payer. We also had \$20M of nonrecurring trust withdrawals in 2018 that are not expected to recur. Excluding taxes and one-time items, adjusted operating cash flow is expected to be \$680M at the midpoint of guidance, or a growth of 5% over 2018.

Our commitment to service excellence and building the right company culture will help ensure our continued success

VISION

Celebrating life with dedication, excellence and innovation.

SERVICE EXCELLENCE.

This is who we are.



HONORING
THOSE WHO SERVE

We believe the success of SCI's core strategies & our commitment to service excellence has made us a strong investment and growth company that delivers superior total shareholder return





Appendix



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 CASH FLOW FROM OPERATIONS OR NET CASH PROVIDED BY OPERATING ACTIVITIES EXCLUDING SPECIAL ITEMS

We use *adjusted cash flow from operations, or net cash provided by operating activities*, 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 cash flow from operations* minus expenditures for capital improvements at existing locations and expenditures for the development of cemetery property, collectively referred to as *recurring CAPEX*. 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.

COMPARABLE OPERATIONS

We define comparable (or same store) operations as those funeral and cemetery locations owned by us for the entire fiscal period beginning January 1, 2017, and ending December 31, 2018.



EBITDA and Adjusted EBITDA

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.

- We use EBITDA as an underlying operational performance measure of the continuing operations of the business and to have a basis to compare underlying operating results to prior and future periods
- To calculate EBITDA, we make adjustments to net income (a GAAP measure) to remove provision for income taxes, interest expense and depreciation and amortization expense
- Adjusted EBITDA is a financial measure calculated in accordance with our credit agreement, and represents EBITDA further adjusted to reflect the impact of
 - Gains or losses on the early extinguishment of debt
 - Gains or losses on divestitures and impairment charges, net
 - Non-cash stock compensation expenses
 - Other operating income, net
 - Acquisitions and dispositions
 - Other non-recurring expenses
- We believe that EBITDA and Adjusted EBITDA provide investors and its lenders with additional information to measure our financial performance and evaluate our ability to service its debt
- Our calculations of EBITDA and Adjusted EBITDA are non-GAAP measures and are not necessarily comparable to other similarly titled measures of other companies. In addition, EBITDA and Adjusted EBITDA do not include interest expense and the replacement costs of assets, both of which can impact its ability to generate profits and cash flows



EBITDA and Adjusted EBITDA

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Net income attributable to common stockholders	\$ 447.2	\$ 546.7	\$ 177.0	\$ 233.8	\$ 172.5
(Benefit) provision for income taxes	(5.8)	(146.6)	149.4	135.0	226.0
Interest expense	181.6	169.1	162.1	172.9	177.6
Depreciation and amortization	248.5	248.9	244.9	235.3	237.0
EBITDA	<u>\$ 871.5</u>	<u>\$ 818.1</u>	<u>\$ 733.4</u>	<u>\$ 777.0</u>	<u>\$ 813.1</u>
Losses on early extinguishment of debt	10.1	0.3	22.5	6.9	29.2
Non-cash stock compensation expenses	15.6	14.8	14.1	13.8	13.1
Acquisition, integration, and system transition costs	-	24.3	23.1	6.7	67.2
(Gains) losses on divestitures and impairment charges, net	(15.9)	(7.0)	26.8	(6.5)	(116.6)
Net income attributable to noncontrolling interests	0.4	0.2	0.3	1.2	6.3
Other	5.4	1.3	(6.0)	0.6	(24.9)
Adjusted EBITDA	<u>\$ 887.1</u>	<u>\$ 852.0</u>	<u>\$ 814.2</u>	<u>\$ 799.7</u>	<u>\$ 787.4</u>



Adjusted Operating Cash Flow & Free Cash Flow

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Net cash provided by operating activities, as reported	\$ 615.8	\$ 503.4	\$ 489.0	\$ 472.2	\$ 317.4	\$ 384.7
Premiums paid on early extinguishment of debt	—	—	—	6.5	24.8	—
Acquisition, integration, and system transition costs	—	—	11.7	6.6	62.2	48.7
Legal settlement, net of insurance recoveries	—	11.5	—	—	—	—
Legal defense fees	—	—	—	—	10.3	6.8
Excess tax benefits from share-based awards	—	—	12.7	18.1	30.1	—
Income tax payments associated with divestitures and structure changes	—	—	—	10.5	63.8	—
IRS tax settlement	(5.6)	34.2	—	—	—	—
Pension termination settlement payment	—	6.3	—	—	—	—
Net cash provided by operating activities excluding special items (adjusted operating cash flow)	<u>\$ 610.2</u>	<u>\$ 555.4</u>	<u>\$ 513.4</u>	<u>\$ 513.9</u>	<u>\$ 508.6</u>	<u>\$ 440.2</u>
Capital improvements at existing locations	(124.8)	(117.6)	(90.4)	(83.4)	(74.8)	(61.4)
Development of cemetery property	(78.7)	(79.0)	(85.4)	(58.3)	(57.7)	(42.5)
Free cash flow	<u>\$ 406.7</u>	<u>\$ 358.8</u>	<u>\$ 337.6</u>	<u>\$ 372.2</u>	<u>\$ 376.1</u>	<u>\$ 336.3</u>
Net cash (used in) provided by investing activities	\$ (414.6)	\$ (242.9)	\$ (221.0)	\$ (166.4)	\$ 257.3	\$ (1,156.8)
Net cash (used in) provided by financing activities	\$ (329.2)	\$ (136.4)	\$ (209.5)	\$ (338.5)	\$ (538.0)	\$ 825.1

Net cash provided by operating activities in years 2016-2018, reflect new guidance related to the classification of certain cash receipts and payments including debt prepayments and extinguishment costs, contingent consideration in business combinations, proceeds from insurance claims, and premiums on company-owned life insurance. Years 2015 and prior have not been adjusted for these accounting standards.



Adjusted EPS

(In millions, except diluted EPS)

Twelve Months Ended December 31,

	2018		2017		2016		2015		2014		2013	
	Net Income	Diluted EPS	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	\$ 447.2	\$ 2.39	\$ 546.7	\$ 2.84	\$ 177.0	\$ 0.90	\$ 233.8	\$ 1.14	\$ 172.5	\$ 0.81	\$ 147.3	\$ 0.68
<u>Pre-tax reconciling items:</u>												
(Gains) losses on divestitures and impairment charges, net	(15.9)	(0.09)	(7.0)	(0.04)	26.8	0.14	(6.0)	(0.02)	(113.5)	(0.53)	5.9	0.03
Losses (gains) on early extinguishment of debt	10.1	0.05	0.3	—	22.5	0.11	6.9	0.03	29.7	0.14	(0.5)	—
Acquisition, integration costs, and system transition costs	—	—	—	—	17.5	0.09	6.8	0.03	55.0	0.25	55.6	0.26
Legal settlement, net of insurance recoveries	—	—	11.5	0.06	—	—	—	—	—	—	—	—
Pension termination settlement	—	—	12.8	0.07	5.6	0.03	—	—	—	—	—	—
Legal defense fees	—	—	—	—	—	—	—	—	12.3	0.06	11.7	0.05
<u>Tax reconciling items:</u>												
Tax effect from special items	1.6	0.01	(5.7)	(0.03)	(17.2)	(0.09)	(2.3)	(0.01)	77.8	0.37	(26.0)	(0.12)
Change in certain tax reserves and other	(107.8)	(0.57)	(260.1)	(1.35)	20.9	0.11	3.0	0.01	3.2	0.01	4.9	0.02
Earnings from continuing operations and diluted earnings per share excluding special items (Adjusted EPS)	\$ 335.2	\$ 1.79	\$ 298.5	\$ 1.55	\$ 253.1	\$ 1.29	\$ 242.2	\$ 1.18	\$ 237.0	\$ 1.11	\$ 198.9	\$ 0.92



Financial outlook for 2019

In millions, except diluted EPS

	Low	Midpoint	High
Net cash provided by operating activities excluding special items (A)	\$550	\$580	\$610
<i>Adjusted operating cash flow</i>			
Capital improvements at existing locations and development of cemetery property	\$195	\$195	\$195
Diluted earnings per share excluding special items (B)	\$1.84	\$1.93	\$2.02
<i>Adjusted EPS</i>			

(A) Reconciliations from GAAP Net cash provided by operating activities are not provided for these forward-looking estimates because GAAP net cash provided by operating activities for the fiscal year ending December 31, 2019, is not accessible and reconciling information is not available without unreasonable effort. We are unable to predict changes in assets and liabilities; future acquisition and transition costs; system and process transitions costs; potential tax adjustments to reserves, payments, credits or refunds; potential legal defense costs or settlements of litigation or the recognition of receivables for insurance recoveries associated with litigation, and these amounts could be material such that the amount of net cash provided by operating activities would vary substantially from the amount of projected net cash provided by operating activities excluding special items.

(B) Reconciliations from GAAP Net income per share are not provided for these forward-looking estimates because GAAP Net income per share for the fiscal year ending December 31, 2019 is not accessible and reconciling information is not available without unreasonable effort. We are not able to predict future system and process transition costs; acquisition and transition costs; gains/losses and impairment charges associated with asset dispositions; gains/losses associated with the early extinguishment of debt or foreign currency transactions; potential tax adjustments to reserves, payments, credits or refunds; potential costs associated with settlements of litigation or the recognition of receivables for insurance recoveries associated with litigation, and these amounts could be material, such that the amount of Net income per share would vary substantially from the amount of projected Adjusted earnings per share.

Our outlook for 2019 reflects management's current views and estimates regarding 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.

