

HOUSTON, Oct. 23, 2013 /PRNewswire/ -- Service Corporation International (NYSE: SCI), the largest provider of deathcare products and services in North America, today reported results for the third quarter 2013. Our unaudited condensed consolidated financial statements can be found at the end of this press release. The table below summarizes our key financial results:

Written by Australian Business

(In millions, except for per share amounts)

Three Months Ended September 30,

Nine Months Ended September 30,

2013

2012

2013

2012

Revenues

\$

610.0

\$

581.2

\$

1,887.8

\$

1,781.1

Operating income

\$

83.3

\$

95.2

\$

300.2

\$

296.0

Net income attributable to common stockholders

\$

26.8

\$

41.1

\$

118.0

\$

126.2

Diluted earnings per share

\$

0.12

\$

0.19

\$

0.55

\$

0.57

Earnings from continuing⁽¹⁾ operations excluding special items

\$

38.5

\$

42.2

\$

140.0

\$

127.2

Diluted earnings per share⁽¹⁾ from continuing operations excluding special items

\$

0.18

\$

0.19

\$

0.65

\$

0.58

Diluted weighted average shares outstanding

216.4

218.5

215.9

220.3

Net cash provided by operating activities

\$

99.5

\$

121.9

\$

326.4

\$

280.3

Net cash provided by operating activities excluding special items

\$

102.2

\$

123.0

\$

334.4

\$

288.4

(1)

Earnings from continuing operations excluding special items, diluted earnings per share from continuing

Quarterly Highlights:

- Diluted earnings per share from continuing operations excluding special items was \$0.18 in the third quarter 2013 compared to \$0.19 in the same period of the prior year.
- Funeral gross profit decreased by \$8.9 million, or 11.7%, primarily due to inflationary increases in fixed costs and lower funeral services performed.
- Cemetery gross profit increased \$3.7 million, or 8.2%, due primarily to an increase in

cemetery recognized preneed revenues led by a strong growth in preneed sales production.

- Net cash provided by operating activities excluding special items decreased to \$102.2 million

compared to

\$123.0 million

in 2012. This was in line with expectations due to lower cash outflows in the prior year primarily associated with the timing of vendor payments, partially offset by higher preneed cash receipts.

Tom Ryan, the Company's President and Chief Executive Officer, commented on the third quarter of 2013:

"We delivered a solid quarter with preneed funeral and cemetery sales percentage growth in the mid-teens. Coming off a strong first half of 2013, we knew the quarter over quarter earnings comparisons would be challenging in the last half of the year. However, year-to-date we continue to trend very favorably to last year with a 12% growth in normalized earnings per share and a 16% increase in normalized operating cash flow. This gives us great momentum as we enter 2014. As you can see from our initial outlook provided for next year, the Stewart acquisition is expected to accelerate our growth and deliver significant value to our shareholders in year one. I am excited about the opportunities that lie ahead as we capitalize on our resources and financial strength to continue delivering solid results."

OUTLOOK FOR REMAINDER OF 2013 AND PRELIMINARY OUTLOOK FOR 2014

Our outlook for potential earnings and cash flow for the full year of 2013 as well as our initial outlook for 2014 is detailed below.

(In millions, except per share amounts)

2013 Outlook

2014 Preliminary Outlook

Diluted earnings per share⁽¹⁾ from continuing operations excluding special items

\$.87 to \$.91

\$1.00 to \$1.10

Net cash provided by operating activities excluding special items

\$415 to \$430

\$430 to \$480

Capital improvements at existing facilities and cemetery development expenditures

Approx. \$110

\$135 to \$145

(1)

Diluted earnings per share from continuing operations excluding special items and Net cash provided by

Key Assumptions for 2014 Preliminary Outlook:

- Our outlook for 2014 includes expected earnings and cash flow for a full twelve months from our pending acquisition of Stewart Enterprises.
- Our outlook assumes that we will achieve half of our targeted synergies related to the Stewart acquisition, or \$30 million, in 2014. Our outlook specifically excludes one-time cash costs incurred to achieve these synergies.
- Interest expense is expected to grow to a range of \$175 to \$185 million on the incremental acquisition debt, net of expected debt reductions during the year. Cash interest payments are expected to range from \$170 to \$180 million
- Corporate general and administrative expenses are expected to be approximately \$26 to \$27 million per quarter excluding Stewart acquisition and transition costs, system and process transition costs, and other one-time costs.
- Cash tax payments in 2014 are expected to increase to approximately \$70 million, compared to approximately \$30 million in 2013. The effective tax rate is expected to be approximately 38%.

This outlook 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. This outlook also reflects management's current views and estimates on the timing of closing of the Stewart acquisition, the amount of divestitures that will be required, the timing of the divestitures and estimated proceeds, the timing of synergies, the future performance of Stewart's businesses acquired, and cash taxes of the combined entity. 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 highlighted above. A further list and description of these risks and uncertainties and other matters can be found later in this press release under "Cautionary Statement on Forward-Looking Statements".

REVIEW OF RESULTS FOR THIRD QUARTER AND FIRST NINE MONTHS OF 2013

Consolidated Segment Results (See definitions of revenue line items later in this earnings release.)

(In millions, except funeral services performed and average revenue per funeral service)

Three Months Ended September 30,

Nine Months Ended September 30,

2013

2012

2013

2012

Funeral

Funeral atneed revenue

\$

224.4

\$

227.3

\$

728.0

\$

714.5

Funeral matured preneed revenue

124.2

119.2

400.9

371.1

Core funeral revenues

348.6

346.5

1,128.9

1,085.6

Funeral recognized preneed revenue

19.6

14.4

56.5

42.2

Other funeral revenue

31.4

27.5

92.0

81.3

Total funeral revenues

\$

399.6

\$

388.4

\$

1,277.4

\$

1,209.1

Gross profit

\$

67.1

\$

76.0

\$

267.5

\$

257.7

Gross margin percentage

16.8

%

19.6

%

20.9

%

21.3

%

Funeral services performed

66,603

67,455

216,434

211,012

Average revenue per funeral service

\$

5,234

\$

5,137

\$

5,216

\$

5,145

Cemetery

Cemetery atneed revenue

\$

58.7

\$

58.6

\$

181.2

\$

175.9

Cemetery recognized preneed revenue

126.3

110.9

350.5

325.6

Other cemetery revenue

25.4

23.3

78.7

70.5

Total cemetery revenues

\$

210.4

\$

192.8

\$

610.4

\$

572.0

Gross profit

\$

49.0

\$

45.3

Written by Australian Business

\$

134.0

\$

119.3

Gross margin percentage

23.3

%

23.5

%

22.0

%

20.9

%

Comparable Funeral Results

The table below details comparable funeral results of operations ("same store") for the three months ended September 30, 2013 and 2012, including the results of the Neptune Society for both periods. We consider comparable operations to be those owned for the entire period beginning January 1, 2012 and ending September 30, 2013.

(Dollars in millions, except average revenue per funeral service and average revenue

Three Months Ended September 30,

2013

2012

Comparable funeral revenue:

Atneed revenue ⁽¹⁾

\$ 218.7

\$ 225.1

Matured preneed revenue ⁽²⁾

122.8

118.7

Core funeral revenue ⁽³⁾

341.5

343.8

Recognized preneed revenue ⁽⁴⁾

16.7

13.9

Other funeral revenue ⁽⁵⁾

30.9

27.5

Total comparable funeral revenues

\$

389.1

\$

385.2

Comparable gross profit

\$

66.4

\$

76.2

Comparable gross margin percentage

17.1

%

19.8

%

Comparable funeral services performed

64,641

66,576

Comparable average revenue per funeral service

\$

5,283

\$

5,164

Comparable preneed funeral sales production:

Sales

\$

186.6

\$

163.4

Preneed funeral contracts sold - SCI (excluding Neptune Society)

27,918

25,053

Preneed funeral contracts sold - Neptune Society

11,484

10,953

Average revenue per contract sold - SCI (excluding Neptune Society)

\$

5,893

\$

5,734

Written by Australian Business

Average revenue per contract sold - Neptune Society

\$

1,921

\$

1,802

(1)

Funeral atneed revenue represents merchandise and funeral services sold after a death has occurred.

(2)

Funeral matured preneed revenue represents merchandise and services primarily sold on a preneed contract.

(3)

Core funeral revenue represents merchandise and funeral services recognized after a death has occurred.

(4)

Funeral recognized preneed revenue represents merchandise and products sold on a preneed contract.

(5)

Other funeral revenue consists primarily of General Agency revenues, which are commissions we receive.

- Comparable funeral revenues increased by \$3.9 million. Higher recognized preneed revenue and other revenue growth were partially offset by lower core funeral revenues.
- The comparable average revenue per funeral service included within our core funeral revenues grew 2.3% over the prior year quarter which helped to offset a 2.9% decline in funeral services performed. Excluding an unfavorable Canadian currency impact and a benefit from higher trust fund income, the average revenue per funeral service grew approximately 1.8%. This was achieved despite a 160 basis point increase in the cremation rate to 50.2% in the third quarter of 2013.
- Comparable funeral gross profit decreased \$9.8 million, or 12.9%, compared to the prior year quarter, and the gross margin percentage decreased 270 basis points to 17.1%. Core funeral revenues declined by \$2.3 million on lower funeral volumes, while we experienced inflationary increases in our fixed costs (including higher healthcare costs) which negatively impacted profits and margins. An increase in recognized preneed revenue (primarily from Neptune) generated profit growth which partially offset the decline.
- Comparable preneed funeral sales production increased \$23.2 million, or 14.2%, compared to the prior year. Preneed funeral sales are deferred and recognized as revenues in future periods when the funeral service is performed, unless the corresponding merchandise or product is delivered before death has occurred.

Comparable Cemetery Results

The table below details comparable cemetery results of operations ("same store") for the three months ended September 30, 2013 and 2012. We consider comparable operations to be those owned for the entire period beginning January 1, 2012 and ending September 30, 2013.

(Dollars in millions)

Three Months Ended September 30,

2013

2012

Comparable cemetery revenue:

Atneed revenue (1)

\$

58.7

\$

58.6

Recognized preneed revenue⁽²⁾

126.3

110.9

Other cemetery revenue⁽³⁾

25.4

23.3

Total comparable cemetery revenues

\$

210.4

\$

192.8

Comparable gross profit

\$

49.3

\$

45.3

Comparable gross margin percentage

23.4

%

23.5

%

Comparable preneed and atneed cemetery sales production:

Property

\$

116.6

\$

101.6

Merchandise and services

98.2

91.5

Discounts

(24.5)

(20.6)

Preneed and atneed cemetery sales production

\$

190.3

\$

172.5

Recognition rate (4)

97

%

98

%

(1)

Cemetery atneed revenue represents property, merchandise and services sold after a death has occurred

(2)

Cemetery recognized preneed revenue represents property sold on a preneed contract and merchandise

(3)

Other cemetery revenue is primarily related to cemetery merchandise and service trust fund income, endowment

(4)

Represents the ratio of current period revenue recognition stated as a percentage of current period sales

- Comparable cemetery revenues increased \$17.6 million, or 9.1%, generally as a result of higher recognized preneed revenues. This was led by strong preneed sales production during the quarter and an increase in new construction revenue.
- Comparable cemetery gross profit increased \$4.0 million and the gross margin percentage was relatively flat. Higher revenues more than offset higher selling-related expenses and higher healthcare costs.
- Included in the preneed and atneed cemetery sales production above is an increase of \$18.7 million, or 16.3%, in preneed cemetery sales production for the current quarter.

Other Financial Results

- General and administrative expenses increased \$7.4 million to \$33.8 million. The current quarter included \$6.9 million of costs related to the pending acquisition of Stewart Enterprises and \$2.3 million of other system integration costs. The prior year included, \$2.3 million of costs related to the implementation of a new purchase order system and the transition to new outsource providers for certain accounting and administrative functions.
- Interest expense increased to \$38.1 million compared to \$33.6 million in the prior period. The current period included \$5.7 million of interest expense associated with the incremental debt raised in anticipation of the Stewart acquisition.
- Other income declined \$1.6 million in the third quarter primarily reflecting a lower foreign currency impact from liability settlements between the U.S. and Canadian subsidiaries.

Cash Flow and Capital Spending

Set forth below is a reconciliation of our reported net cash provided by operating activities prepared in accordance with GAAP to net cash provided by operating activities excluding special items (or sometimes referred to as normalized operating cash flow). We do not intend for this information to be considered in isolation or as a substitute for other measures of performance prepared in accordance with GAAP.

(In millions)

Three Months Ended September 30,

Nine Months Ended September 30,

2013

2012

2013

2012

Net cash provided by operating activities, as reported

\$

99.5

\$

121.9

\$

326.4

\$

280.3

System and process transition costs

0.6

0.9

2.2

1.3

Stewart acquisition and transition costs

2.1

0.2

3.6

0.2

Legal defense fees and other matters

—

—

2.2

—

IRS audit payment

Written by Australian Business

\$

—

—

\$

—

6.6

Net cash provided by operating activities excluding special items

\$

102.2

\$

123.0

\$

334.4

\$

288.4

- Net cash provided by operating activities excluding special items decreased \$20.8 million to \$102.2 million compared to \$123.0 million in 2012. This was in line with our expectations due to lower cash outflows in the prior year primarily associated with the timing of vendor payments, partially offset by higher preneed cash receipts.
- A summary of our capital expenditures is set forth below:

□ □

□ Capital Expenditures (In millions)

Three Months Ended September 30,

Nine Months Ended September 30,

2013

2012

2013

2012

Capital improvements at existing locations

\$

14.8

\$

13.8

\$

47.2

\$

45.6

Development of cemetery property

11.7

12.3

25.8

29.9

Construction of new funeral home facilities

2.3

2.9

6.6

5.5

Total capital expenditures

\$

28.8

\$

29.0

\$

79.6

\$

81.0

TRUST FUND RETURNS

Total trust fund returns include realized and unrealized gains and losses and dividends. A

Written by Australian Business

summary of our consolidated trust fund returns for the three and nine months ended September 30, 2013 is set forth below:

Three Months

Nine Months

Preneed funeral

5.7%

11.5%

Preneed cemetery

6.3%

13.2%

Cemetery perpetual care

1.9%

4.7%

Combined trust funds

4.7%

9.9%

NON-GAAP FINANCIAL MEASURES

Earnings from continuing operations excluding special items and diluted earnings per share from continuing operations excluding special items (or sometimes referred to as normalized earnings per share) shown above are non-GAAP financial measures. We believe these non-GAAP financial measures provide a consistent basis for comparison between quarters and better reflect the performance of our core operations, as they are not influenced by certain income or expense items not affecting continuing operations. We also believe these measures help facilitate comparisons to our competitors' operating results.

Set forth below is a reconciliation of our reported net income attributable to common stockholders to earnings from continuing operations excluding special items and our GAAP diluted earnings per share to diluted earnings per share from continuing operations excluding special items. We do not intend for this information to be considered in isolation or as a substitute for other measures of performance prepared in accordance with GAAP.

(In millions, except diluted EPS)

Three Months Ended September 30,

2013

2012

Net

Income

Diluted

EPS

Net

Income

Diluted

EPS

Net income attributable to common stockholders, as reported

\$

26.8

\$

0.12

\$

41.1

\$

0.19

After-tax reconciling items:

Impact of divestitures and impairment charges, net

(0.4)

—

(0.4)

(0.01)

System and process transition costs

2.0

0.01

1.5

0.01

Stewart acquisition and transition costs

8.7

0.04

—

—

Legal defense fees and other matters

0.6

—

—

—

Change in certain tax reserves

0.8

Written by Australian Business

0.01

—

—

Earnings from continuing operations and diluted earnings per share excluding special items

\$

38.5

\$

0.18

\$

42.2

\$

0.19

Diluted weighted average shares outstanding (in thousands)

216,370

218,460

(In millions, except diluted EPS)

Nine Months Ended September 30,

2013

2012

Net

Income

Diluted

EPS

Net

Income

Diluted

EPS

Net income attributable to common stockholders, as reported

\$

118.0

\$

0.55

\$

126.2

\$

0.57

After-tax reconciling items:

Impact of divestitures and impairment charges, net

3.5

0.02

—

—

System and process transition costs

3.8

0.02

2.9

0.02

Stewart acquisition and transition costs

11.2

0.05

—

—

Gain on early extinguishment of debt, net

(0.3)

—

—

—

Legal defense fees and other matters

2.0

—

—

—

Change in certain tax reserves

1.8

0.01

(1.9)

(0.01)

Earnings from continuing operations and diluted earnings per share excluding special items

\$

140.0

\$

0.65

\$

127.2

\$

0.58

Diluted weighted average shares outstanding (in thousands)

215,877

220,306

Conference Call and Webcast

We will host a conference call on Thursday, October 24, 2013, at 9:00 a.m. Central Time. A question and answer session will follow a brief presentation made by management. The conference call dial-in number is (847) 619-6548 with the passcode of 35883594. The conference call will also be broadcast live via the Internet and can be accessed through our website at

www.sci-corp.com

. A replay of the conference call will be available through November 23, 2013 and can be accessed at (630) 652-3042 with the passcode of 35883594#. Additionally, a replay of the conference call will be available on our website for approximately ninety days.

Cautionary Statement on Forward-Looking Statements□□

The statements in this press release 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 may be accompanied by words such as "believe," "estimate," "project," "expect," "anticipate" or "predict," that convey the uncertainty of future events or outcomes. These statements are based on assumptions that we believe are reasonable; however, many important factors could cause our 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 us, or on our behalf. Important factors, which could cause actual results to differ materially from those in forward-looking statements include, among others, the following:

- Our affiliated funeral and cemetery trust funds own investments in equity securities, fixed income securities, and mutual funds, which are affected by market conditions that are beyond our control.
- We may be required to replenish our affiliated funeral and cemetery trust funds in order to meet minimum funding requirements, which would have a negative effect on our earnings and cash flow.
- Our ability to execute our strategic plan depends on many factors, some of which are beyond our control.

- Our credit agreements contain covenants that may prevent us from engaging in certain transactions.
- If we lost the ability to use surety bonding to support our preneed funeral and preneed cemetery activities, we may be required to make material cash payments to fund certain trust fund.
- The funeral home and cemetery industry continues to be increasingly competitive.
- Increasing death benefits related to preneed funeral contracts funded through life insurance or annuity contracts may not cover future increases in the cost of providing a price-guaranteed funeral service.
- The financial condition of third-party insurance companies that fund our preneed funeral contracts may impact our future revenues.
- Unfavorable results of litigation, including currently pending class action cases concerning cemetery or burial practices, could have a material adverse impact on our financial statements.
- Unfavorable publicity could affect our reputation and business.
- If the number of deaths in our markets declines, our cash flows and revenues may decrease.
- If we are not able to respond effectively to changing consumer preferences, our market share, revenues and profitability could decrease.
- The continuing upward trend in the number of cremations performed in North America could result in lower revenues and gross profit.
- Our funeral home and cemetery businesses are high fixed-cost businesses.
- Regulation and compliance could have a material adverse impact on our financial results.
- Increased costs, including potential increased health care costs, may have a negative impact on earnings and cash flows.
- Cemetery burial practice claims could have a material adverse impact on our financial results.
- A number of years may elapse before particular tax matters, for which we have established accruals, are audited and finally resolved.
- Declines in overall economic conditions beyond our control could reduce future potential earnings and cash flows and could result in future goodwill impairments and/or other intangible assets.
- Any failure to maintain the security of the information relating to our customers, their loved ones, our associates, and our vendors could damage our reputation, could cause us to incur substantial additional costs and to become subject to litigation, and could adversely affect our operating results.
- The acquisition of Stewart Enterprises, Inc. is subject to certain closing conditions that, if not satisfied or waived, will result in the acquisition not being completed, which may cause the market price of SCI common stock to decline.
- We may fail to realize the anticipated benefits of the acquisition of Stewart Enterprises.
- The acquisition of Stewart Enterprises may result in unexpected consequences to our business and results of operations.
- Our level of indebtedness following the completion of the acquisition of Stewart Enterprises could adversely affect our ability to raise additional capital to fund our operations, limit our ability to react to changes in the economy or our industry and prevent us from fulfilling our obligations under our indebtedness.

For further information on these and other risks and uncertainties, see our Securities and Exchange Commission filings included in our 2012 Annual Report on Form 10-K, which was filed February 13, 2013. 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.

About Service Corporation International

Service Corporation International (NYSE: [SCI](#)), headquartered in Houston, Texas, is North America's leading provider of deathcare products and services. At September 30, 2013, we owned and operated 1,431 funeral homes and 374 cemeteries (of which 214 are combination locations) in 43 states, eight Canadian provinces and the District of Columbia. Through our businesses, we market the Dignity Memorial® brand which offers assurance of quality, value, caring service, and exceptional customer satisfaction. For more information about Service Corporation International, please visit our website at www.sci-corp.com. For more information about Dignity Memorial®, please visit www.dignitymemorial.com.

For additional information contact:

Investors:

Debbie Young - Director / Investor Relations

(713) 525-9088

(713) 525-3066

September 30,

2013

2012

2013

2012

Revenues

\$

609,951

\$

581,182

\$

1,887,808

\$

1,781,060

Costs and expenses

(493,872)

(459,911)

(1,486,308)

(1,404,033)

Gross profit

116,079

121,271

401,500

377,027

General and administrative expenses

(33,764)

(26,410)

(95,792)

(81,927)

Gains(losses) on divestitures and impairment charges, net

981

315

(5,533)

883

Operating income

83,296

95,176

300,175

295,983

Interest expense

(38,080)

(33,568)

(103,589)

(101,050)

Gains on early extinguishment of debt, net

—

—

468

—

Other income (expense), net

666

2,317

(1,017)

4,001

Income from continuing operations before income taxes

45,882

63,925

196,037

198,934

Provision for income taxes

(18,488)

(22,128)

(75,485)

(71,183)

Net income

27,394

41,797

120,552

127,751

Net income attributable to noncontrolling interests

(615)

(735)

(2,537)

(1,588)

Net income attributable to common stockholders

\$

26,779

\$

41,062

\$

118,015

\$

126,163

Basic earnings per share

\$

0.13

\$

0.19

\$

0.56

\$

0.58

Diluted earnings per share

\$

0.12

\$

0.19

\$

0.55

\$

0.57

Basic weighted average number of shares

211,954

214,914

211,721

216,974

Diluted weighted average number of shares

216,370

218,460

215,877

220,306

SERVICE CORPORATION INTERNATIONAL

CONSOLIDATED BALANCE SHEET

(In thousands, except share amounts)

September 30, 2013

December 31, 2012

ASSETS

Current assets:

Cash and cash equivalents

\$

182,592

\$

92,708

Receivables, net

78,990

101,817

Deferred tax asset

42,813

42,864

Inventories, net

24,612

24,560

Other

28,963

20,546

Total current assets

357,970

282,495

Preneed funeral receivables, net and trust investments

1,577,398

1,535,932

Preneed cemetery receivables, net and trust investments

2,003,478

1,826,835

Cemetery property, at cost

1,486,095

1,489,948

Property and equipment, net

1,623,187

1,641,101

Goodwill

1,377,946

1,382,410

Restricted cash

419,548

4,457

Deferred charges and other assets

423,014

420,810

Cemetery perpetual care trust investments

1,120,726

1,099,580

\$

10,389,362

\$

9,683,568

LIABILITIES & EQUITY

Current liabilities:

Accounts payable and accrued liabilities

\$

392,011

\$

373,783

Current maturities of long-term debt

36,647

31,429

Income taxes

3,103

6,892

Total current liabilities

431,761

412,104

Long-term debt

2,257,103

1,916,621

Deferred preneed funeral revenues

523,091

536,647

Deferred preneed cemetery revenues

895,893

861,148

Deferred tax liability

530,670

471,198

Other liabilities

397,113

399,950

Deferred preneed funeral and cemetery receipts held in trust

2,793,456

2,624,321

Care trusts' corpus

1,119,501

1,098,752

Stockholders' Equity:

Common stock, \$1 per share par value, 500,000,000 shares authorized, 212,082,348 and 211,056,501 shares

211,960

211,047

Capital in excess of par value

1,282,667

1,307,058

Accumulated deficit

(169,797)

(286,795)

Accumulated other comprehensive income

101,949

111,717

Total common stockholders' equity

1,426,779

1,343,027

Noncontrolling interests

13,995

19,800

Total Equity

1,440,774

1,362,827

\$

10,389,362

\$

9,683,568

SERVICE CORPORATION INTERNATIONAL

CONSOLIDATED STATEMENT OF CASH FLOWS

(In thousands)

Nine Months Ended

September 30,

2013

2012

Cash flows from operating activities:

Net income

\$

120,552

\$

127,751

Adjustments to reconcile net income to net cash provided by operating activities:

Gains on early extinguishment of debt, net

(468)

—

Depreciation and amortization

91,945

89,349

Amortization of intangible assets

16,619

17,950

Amortization of cemetery property

32,036

31,528

Amortization of loan costs

3,997

3,635

Provision for doubtful accounts

5,238

6,801

Provision for deferred income taxes

55,784

57,428

Losses (gains) on divestitures and impairment charges, net

5,533

(883)

Share-based compensation

8,887

8,217

Excess tax benefits from share-based awards

(6,083)

—

Change in assets and liabilities, net of effects from acquisitions and divestitures:

Decrease in receivables

14,487

1,066

Increase in other assets

(14,636)

(6,331)

Increase in payables and other liabilities

24,767

6,623

Effect of preneed funeral production and maturities:

Decrease in preneed funeral receivables, net and trust investments

33,066

34,134

Decrease in deferred preneed funeral revenue

(10,202)

(30,325)

Decrease in deferred preneed funeral receipts held in trust

(34,026)

(18,185)

Effect of preneed cemetery production and deliveries:

Increase in preneed cemetery receivables, net and trust investments

(49,500)

(72,012)

Increase in deferred preneed cemetery revenue

36,183

27,502

Decrease in deferred preneed cemetery receipts held in trust

(8,051)

(480)

Other

306)

(3,481)

Net cash provided by operating activities

326,434

280,287

Cash flows from investing activities:

Capital expenditures

(79,586)

(80,973)

Acquisitions

(8,543)

(19,281)

Proceeds from divestitures and sales of property and equipment, net

10,013

8,933

Net withdrawals (deposits) of restricted funds

341

(3,816)

Net cash used in investing activities

(77,775)

(95,137)

Cash flows from financing activities:

Proceeds from the issuance of long-term debt

—

17,907

Payments of debt

(91,794)

(988)

Principal payments on capital leases

(19,585)

(19,303)

Proceeds from exercise of stock options

4,954

17,347

Excess tax benefit from share-based awards

6,083

—

Purchase of Company common stock

(1,708)

(144,607)

Payments of dividends

(42,371)

(34,844)

Purchase of non-controlling interest

(8,333)

—

Bank overdrafts and other

(5,479)

868

Net cash used in by financing activities

(158,233)

(163,620)

Effect of foreign currency

(542)

1,448

Net increase in cash and cash equivalents

89,884

22,978

Cash and cash equivalents at beginning of period

92,708

128,569

Cash and cash equivalents at end of period

\$

182,592

\$

151,547

SOURCE Service Corporation International

RELATED LINKS <http://www.sci-corp.com>