



Service Corporation International

Raymond James

ANNUAL INSTITUTIONAL INVESTORS  
CONFERENCE

March 2018







# ERIC TANZBERGER

SENIOR VICE PRESIDENT &  
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 2017 Annual Report on Form 10-K filed on February 14, 2018. Copies of this document as well as other SEC filings can be obtained from our website at [www.sci-corp.com](http://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.



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

## LARGEST NORTH AMERICAN DEATHCARE COMPANIES

**1 15%-16% SCI**

**2 1.6% StoneMor<sup>1</sup>**

**3 1.3% Carriage<sup>1</sup>**

**4 1.2% NorthStar<sup>1</sup>**

**5 1.1% Arbor<sup>1</sup>**

<sup>1</sup>Carriage and StoneMor revenue are based on publicly available information.  
NorthStar and Arbor are based on internal estimates.

**\$7.0B**  
**SCI MARKET**  
*Capitalization<sup>2</sup>*

<sup>2</sup>As of March 1 2018

## 2017 SCI FINANCIAL SNAPSHOT<sup>1</sup>

**\$3.1B**  
Revenue

**\$10.7B**  
Backlog of Future  
Revenue

**\$1.7B**  
Preneed Sales

**23,400**  
Employees

**SCI**  
**LISTED**  
**NYSE**

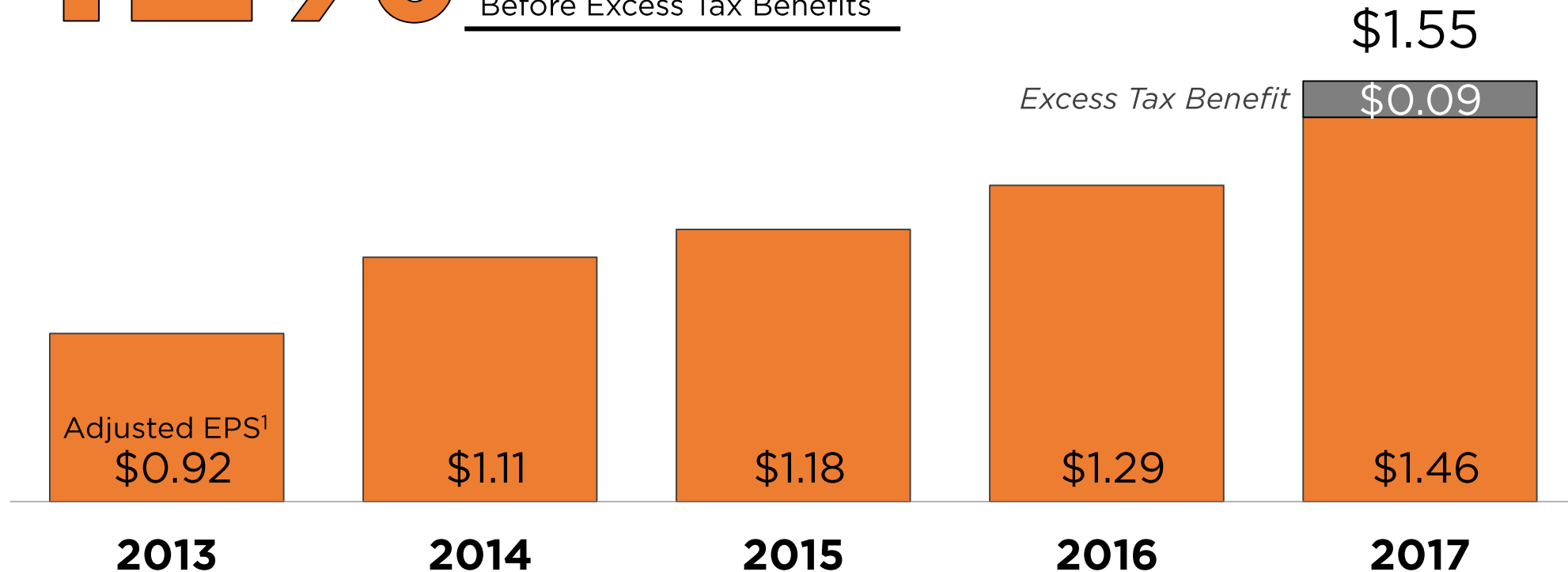
<sup>1</sup>Information is based on consolidated information as of December 31, 2017.



We have a strong track record for adjusted earnings per share<sup>1</sup> growth over time

## ADJUSTED EARNINGS PER SHARE<sup>1</sup> BEFORE EXCESS TAX BENEFITS

**12% CAGR**  
2013-2017 Adjusted EPS<sup>1</sup>  
Before Excess Tax Benefits

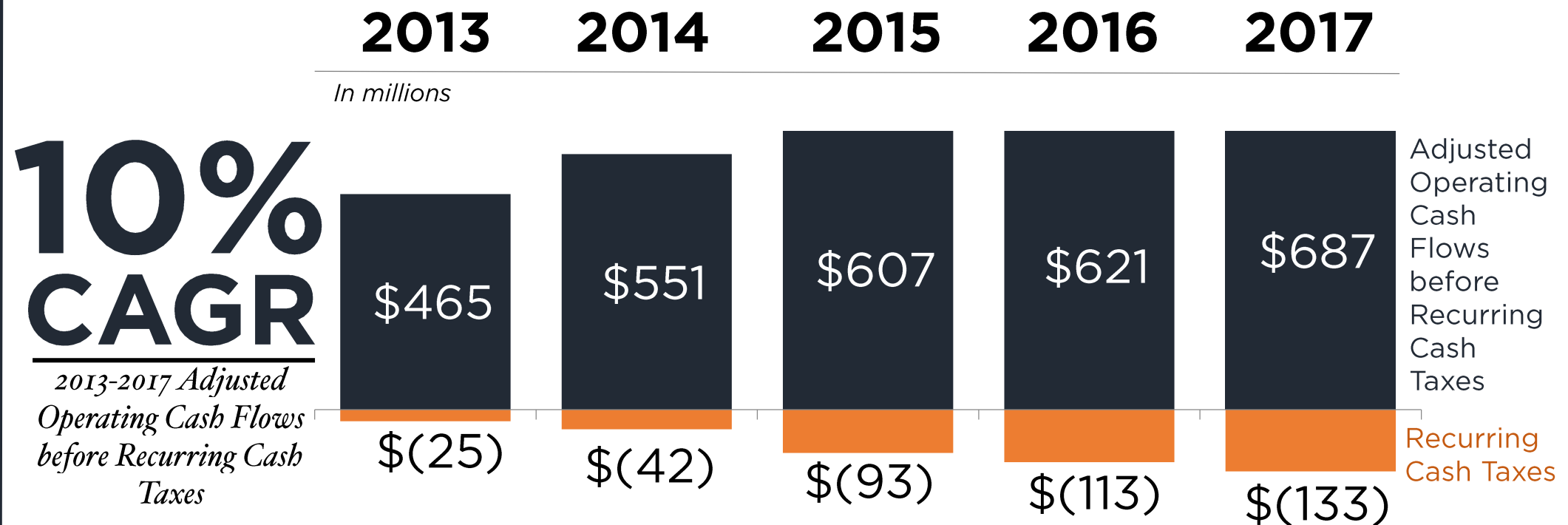


<sup>1</sup>Adjusted earnings per share is a non-GAAP financial measure. Please see appendix for a reconciliation to the appropriate GAAP measure and for other disclosures.



We also have steady and robust cash flow despite our journey towards becoming a full cash tax payer

## ADJUSTED OPERATING CASH FLOW<sup>1</sup> AND RECURRING CASH TAXES



**Adjusted Operating Cash Flows**

**\$440M**

**\$509M**

**\$514M**

**\$508M**

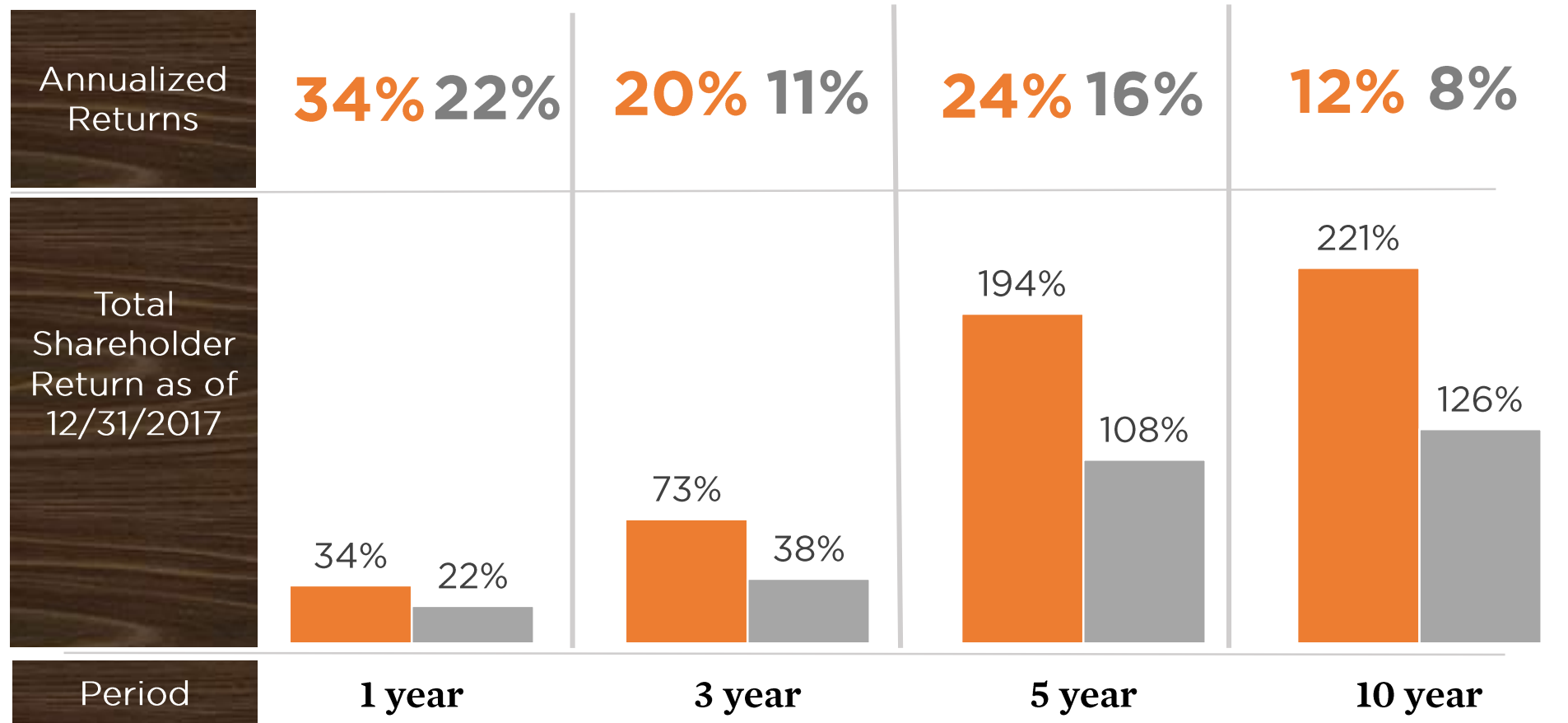
**\$554M**

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



Our success has resulted in superior total shareholder returns over time

## SCI OUTPACING S&P 500 OVER TIME



SOURCE: S&P Global Market Intelligence. Returns include the reinvestment of dividends.







# COMPANY STRATEGY



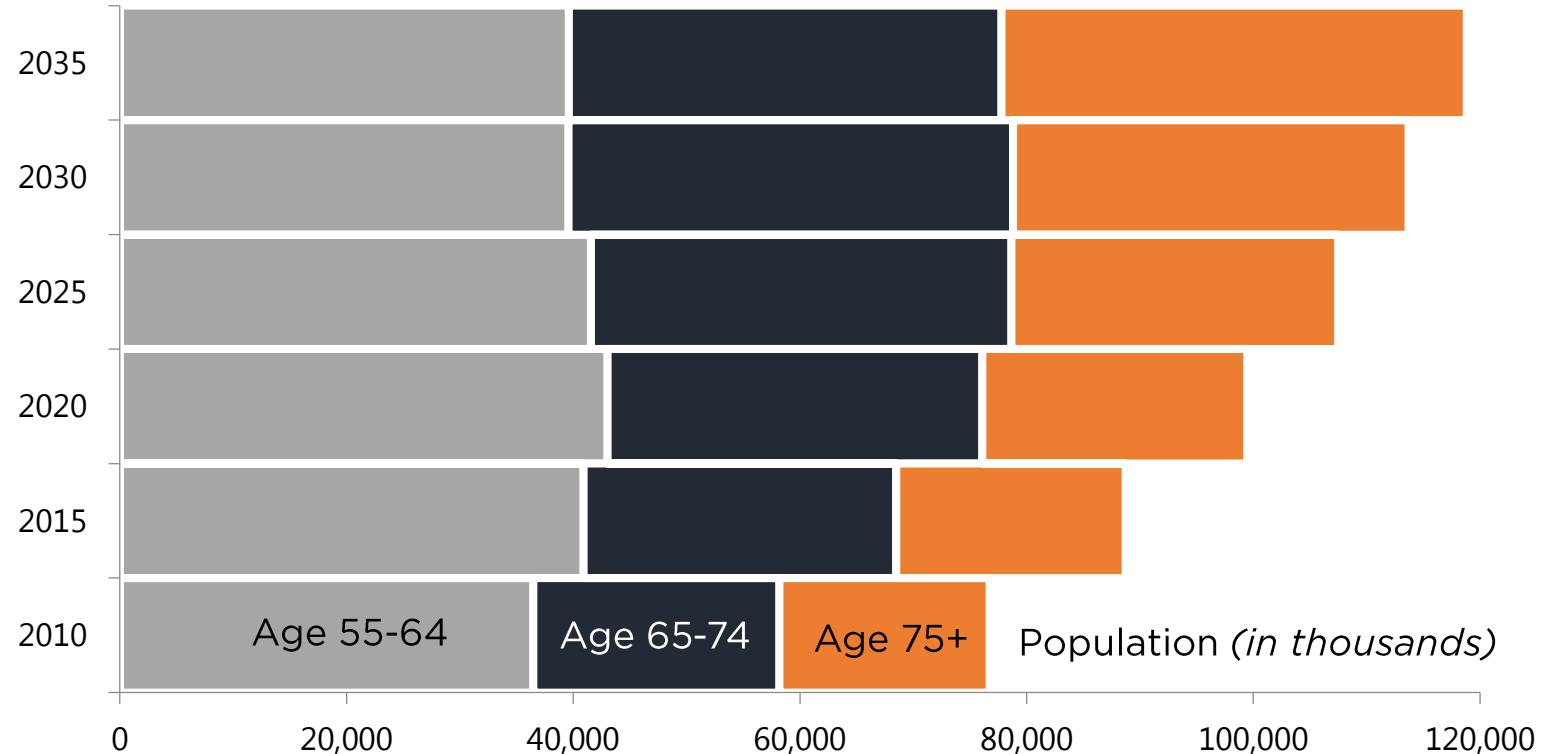


The demographic landscape of an aging population forms the foundation for our growth strategy; it is already benefiting the cemetery industry today and provides opportunity for the future

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

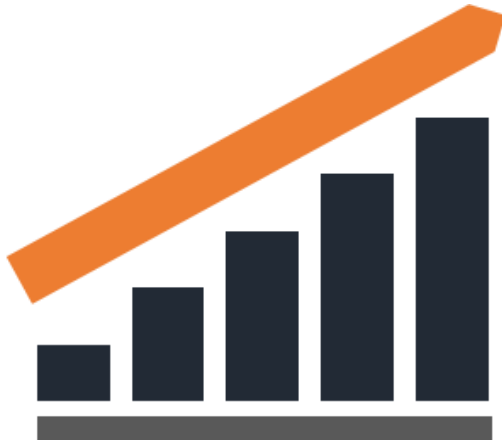
AGING OF AMERICA



SOURCE: U.S. Census Bureau

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

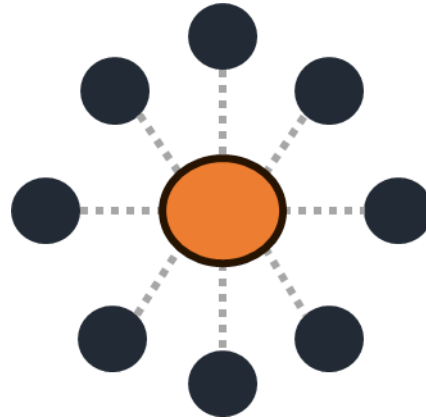
## REVENUE GROWTH



### FIRST CORE STRATEGY

- Remain relevant to our customers
- Drive preneed sales now and into the future

## LEVERAGE SCALE



### SECOND CORE STRATEGY

- Develop the sales organization
- Network optimization and customer-facing technology
- Preneed backlog

## CAPITAL DEPLOYMENT



### THIRD CORE STRATEGY

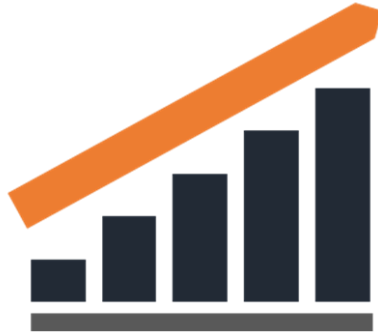
- Growth Capital
- Dividends
- Share repurchases
- Debt profile and liquidity management



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

## REMAINING RELEVANT TO OUR CUSTOMERS

### REVENUE GROWTH



FIRST CORE STRATEGY

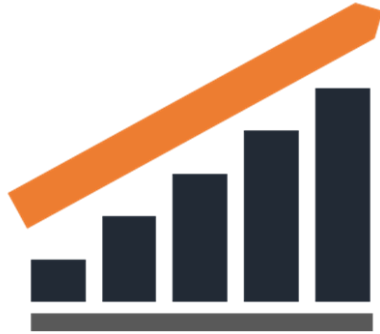
- New and contemporary products and experiences as well as tiered cemetery inventory offerings
- Addressing varying customer needs and preferences
- Visualization and simplification of the selection process
- Embracing cremation opportunities (funeral home and non-funeral home channels)
- Offering preneed to give consumers peace of mind:
  - Creates brand awareness
  - Increases market share
  - Diversifies our revenue stream



Second, we believe our preneed sales program is poised to continue to grow differentially

## DRIVE PRENEED SALES

### REVENUE GROWTH



FIRST CORE STRATEGY

### Leverage Technology

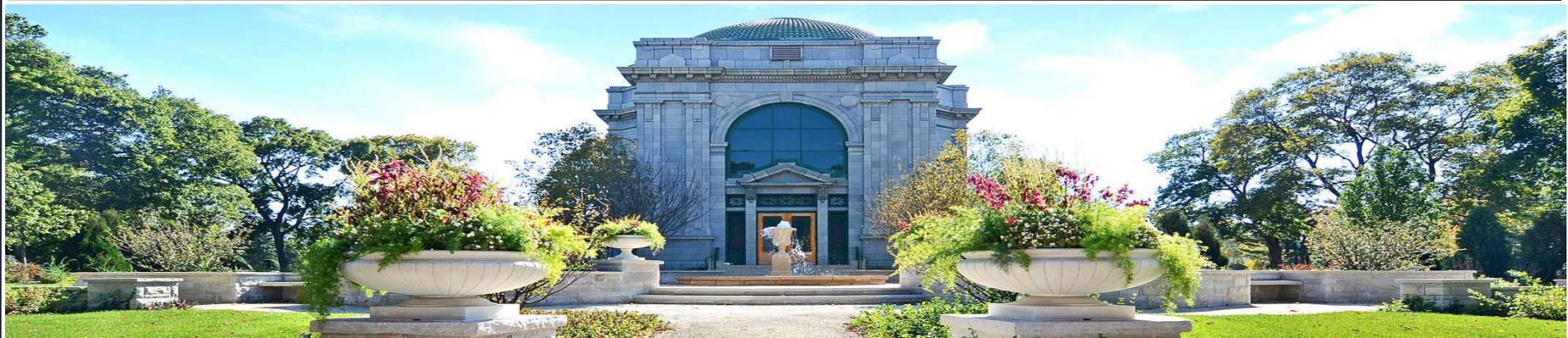
- Beacon, our tablet-based preneed sales enablement tool. Funeral module now live in select markets and cemetery module will go live in back half of 2018
- Salesforce Connect CRM driving greater efficiencies and effectiveness

### Training and Staffing

- 8 counselor and 2 sales manager training centers for our 4,300+ sales force
- Disciplined approach to adding sales force

### Bundle, Tier and Simplify

- Cemetery property tiering strategy and funeral home packages
- Ancillary product and service growth





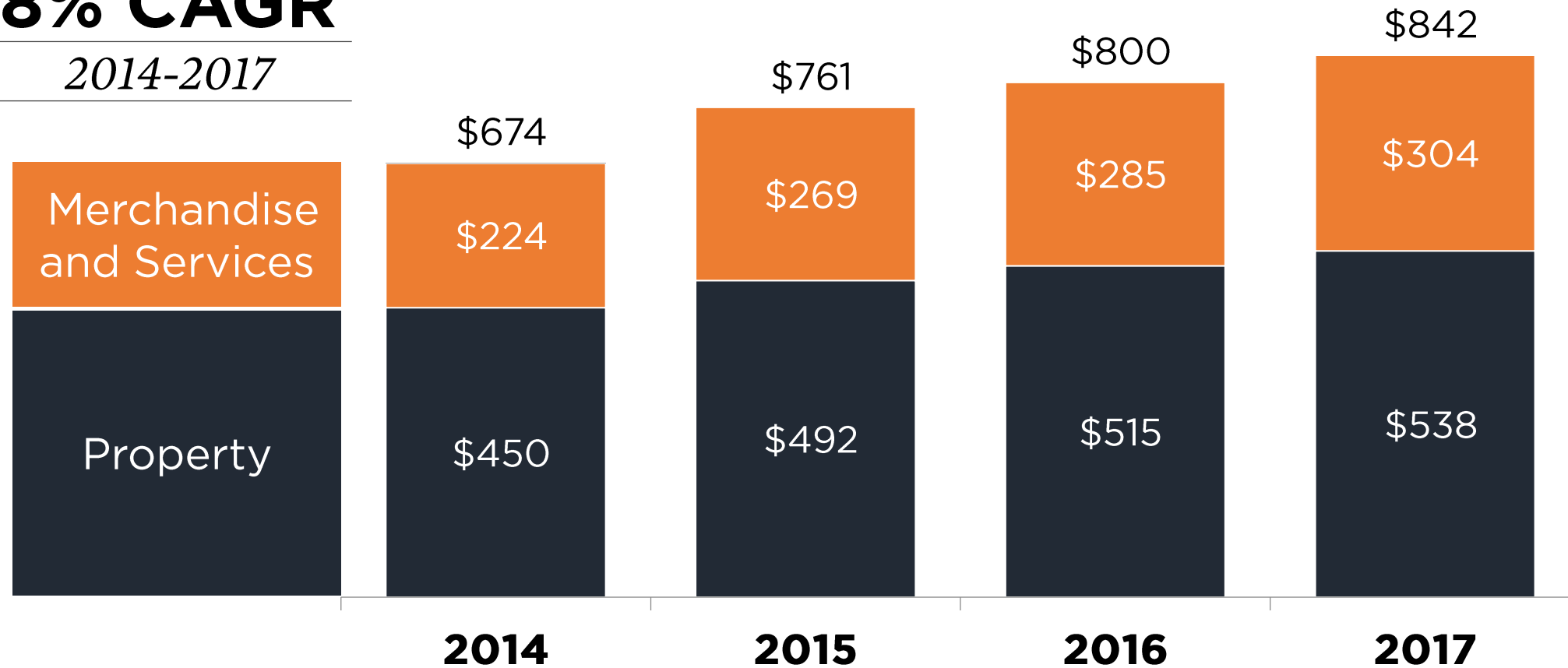
Preneed cemetery sales growth has been a key driver of increased earnings per share and cash flow over the last several years

## Comparable Preneed Cemetery Production<sup>1</sup>

*In millions*

**8% CAGR**

*2014-2017*

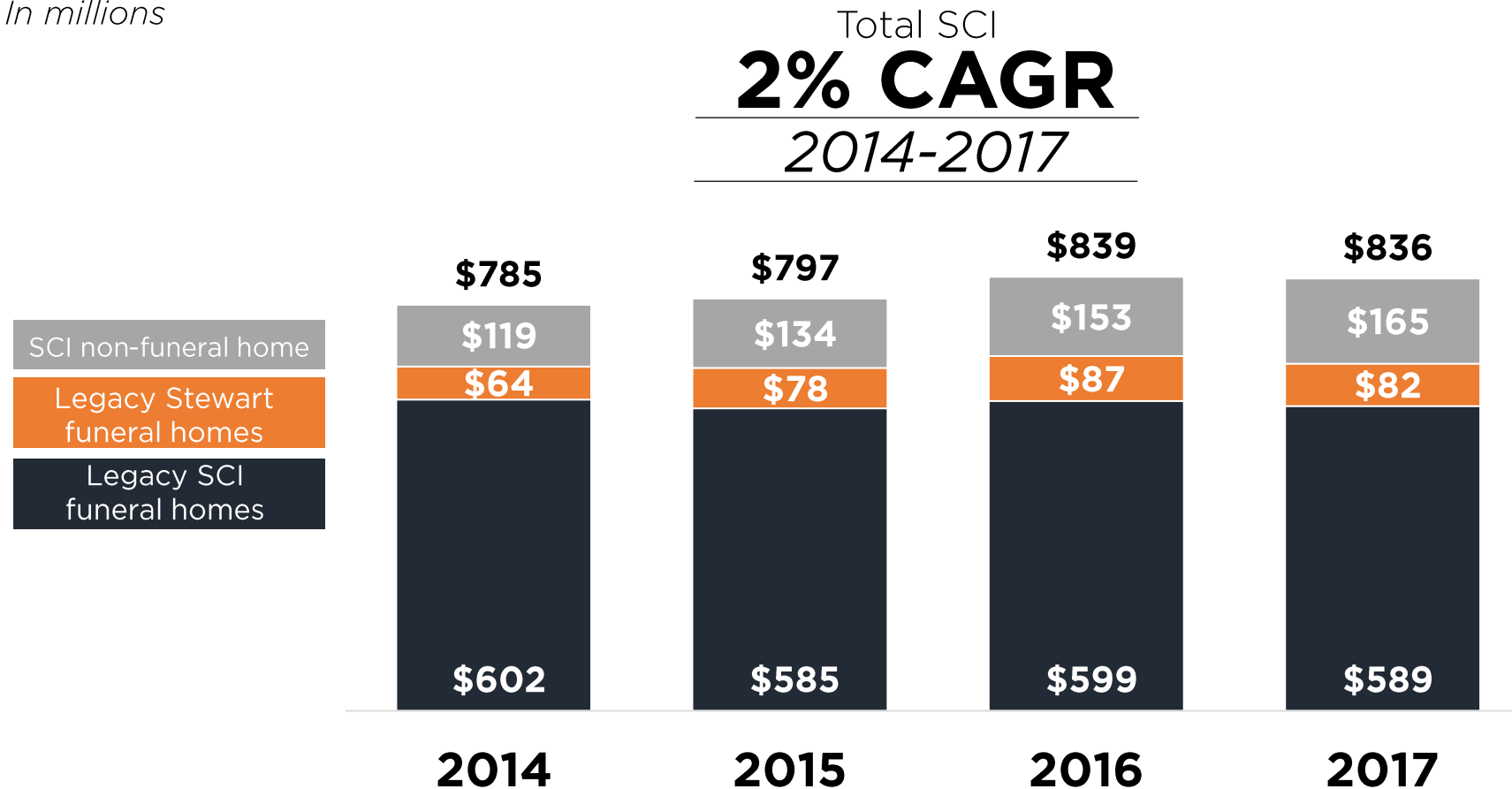


<sup>1</sup> Information is based on comparable operations owned as of December 31, 2017.

Preneed funeral sales production growth has been modest in recent years, but going forward we expect to achieve 3%-5% annual growth

## Comparable Preneed Funeral Sales Production<sup>1</sup>

*In millions*



*We believe our sales force and technology initiatives will help us achieve a new normal of 3%-5%*

<sup>1</sup> Information is based on comparable operations owned as of December 31, 2017.

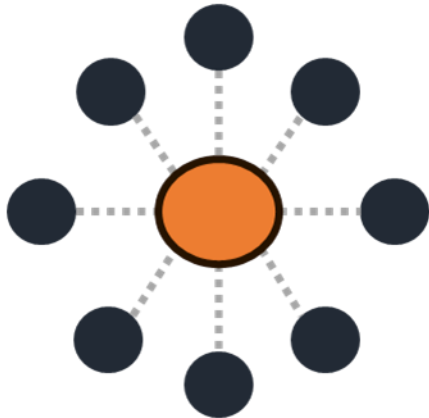




Our second core strategy, *leveraging scale*, gives us tremendous competitive advantages and will drive future revenue and efficiencies

## UNPARALLELED SCALE

### LEVERAGE SCALE



SECOND CORE STRATEGY

#### Develop the Sales Organization

- Enabling a sales organization of 4,300+ sales personnel with new tools and capabilities
- Customer-relationship management systems are helping drive improvements in productivity and sale production
- Unlike competition, we are able to capture customers in a cash flow neutral manner

#### Network Optimization and Customer-facing Technology

- Supply chain and back-office efficiencies
- Bringing customer-driven decision-making technology into the selection process
- Enhancing our internet footprint

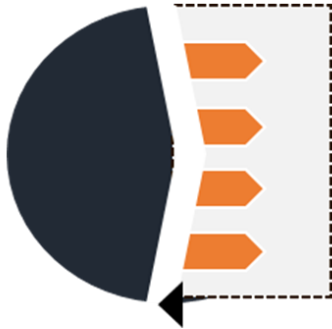
#### Preneed Backlog

- Insurance backlog - Access to better terms with insurance partner allowing for enhanced earnings and cash flow benefits
- Trust backlog - Access to preeminent money managers/fee structures to generate superior returns
- Internal registered investment advisor structure drives future cash flows and cost efficiencies

Our third core strategy is maximizing *capital deployment* opportunities to grow the company while maintaining our target leverage ratio

## CAPITAL DEPLOYMENT OVERVIEW

### CAPITAL DEPLOYMENT



THIRD CORE STRATEGY

### Growth Capital

- Acquisitions
- New builds
- Cemetery property development CAPEX

### Dividends

- Payout ratio target of 30% - 40% of recurring net income

### Share Repurchases

- Value-weighted share repurchase strategy

### Debt Profile and Liquidity Management

- Actively manage our near-term liquidity profile and leverage targets







# COMPANY OUTLOOK

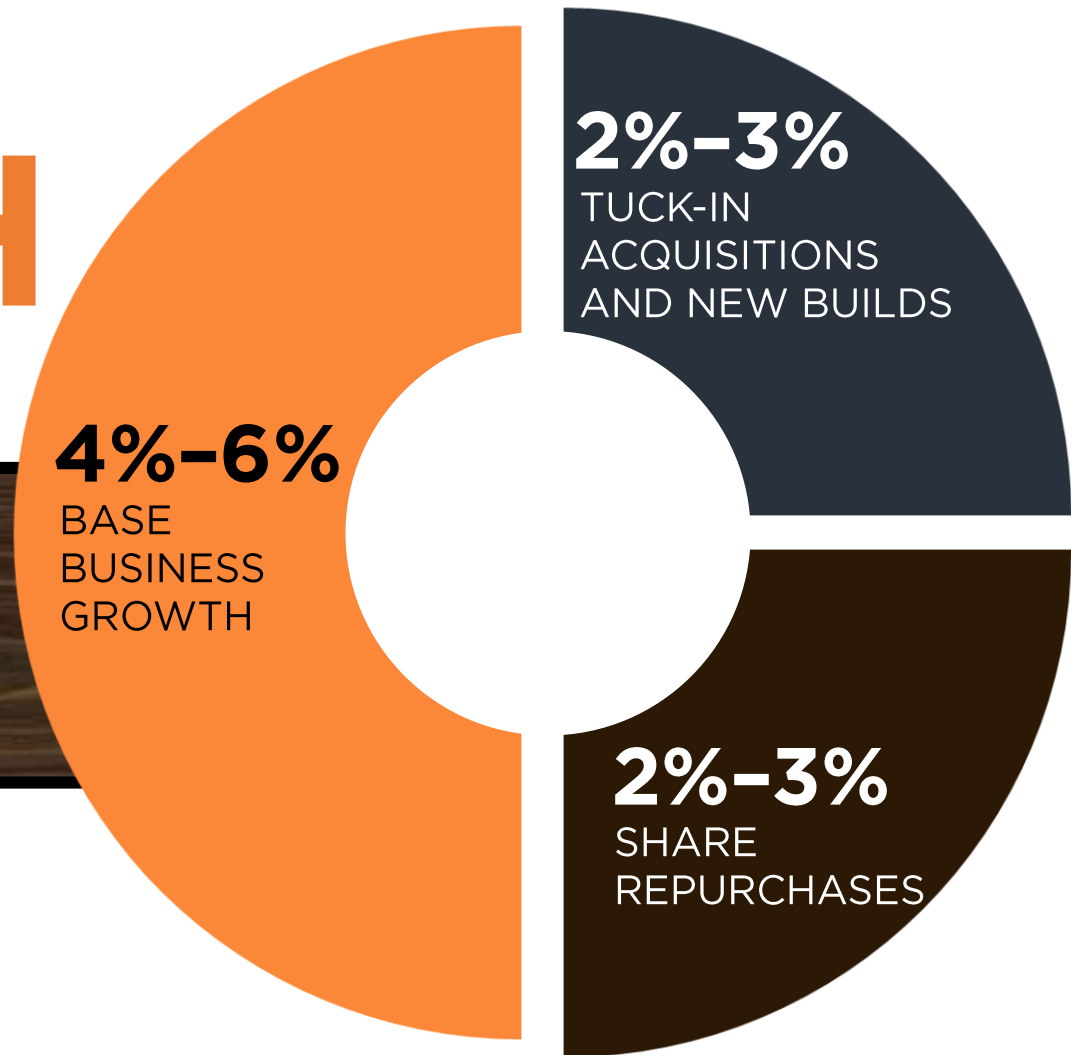




We believe we can generate an average of 8%-12% annual growth in adjusted earnings per share<sup>1</sup> over the long term

# GROWTH FRAMEWORK

**8% – 12%**  
ANNUAL ADJUSTED EPS<sup>1</sup> GROWTH



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



We believe the key funeral and cemetery drivers to deliver base business growth of 4%-6% are achievable

	Revenue	Margins
FUNERAL	<b>1%-2% Growth</b>	<b>Maintain margins of 19%-21% until funeral demographics arrive</b>
CEMETERY	<b>4%-6% Growth</b>	<b>50 to 130bps annual improvement</b>

**4% – 6%**  
BASE BUSINESS GROWTH

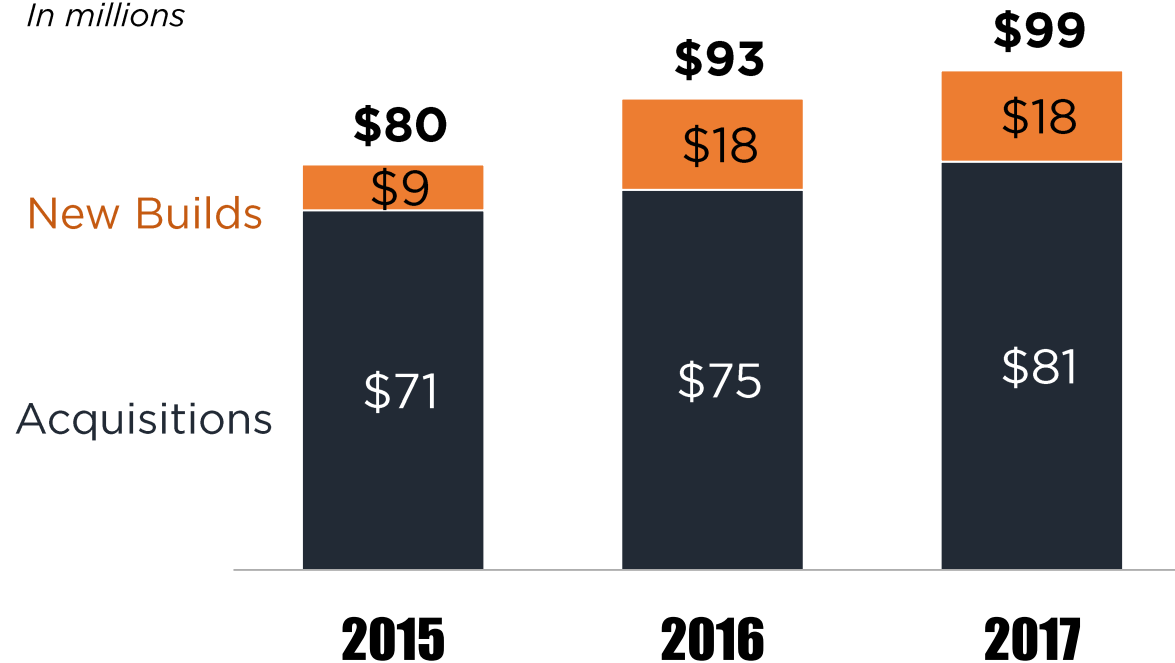


We believe tuck-in acquisitions and new builds can contribute an additional 2%-3%

# \$70M-\$125M

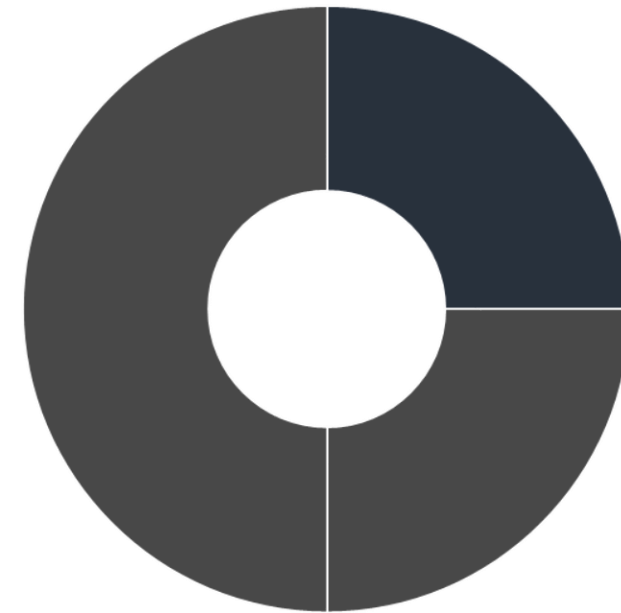
AVERAGE ACQUISITION AND NEW BUILD SPEND<sup>1</sup> PER YEAR

*In millions*



# 2% - 3%

TUCK-IN ACQUISITIONS

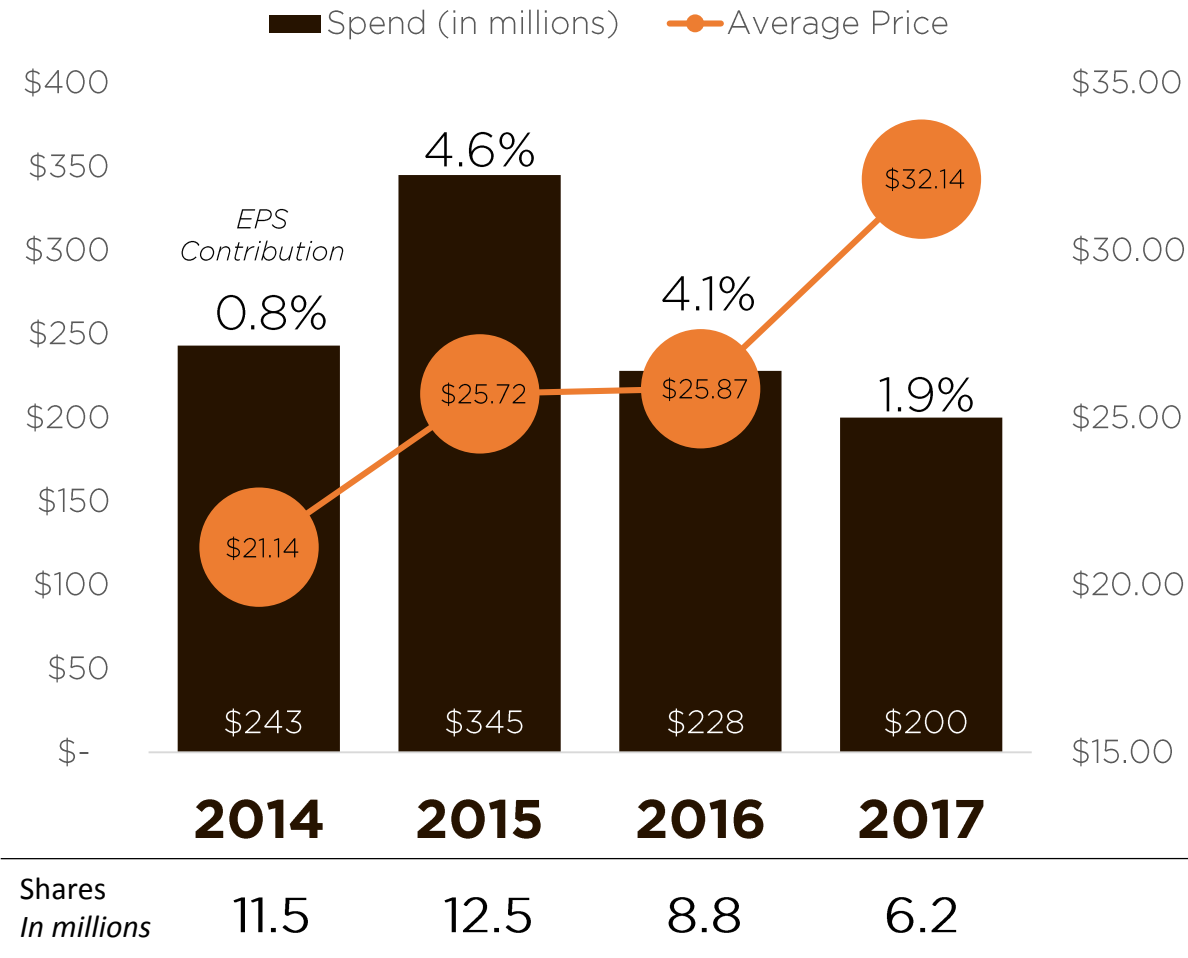


<sup>1</sup> Consolidated amounts presented above include 1031 exchange funds and the purchases of non-controlling interests of \$4.6M, \$1.9M, and \$2.1M in 2017, 2016, and 2015, respectively, which is reflected in financing cash flows.

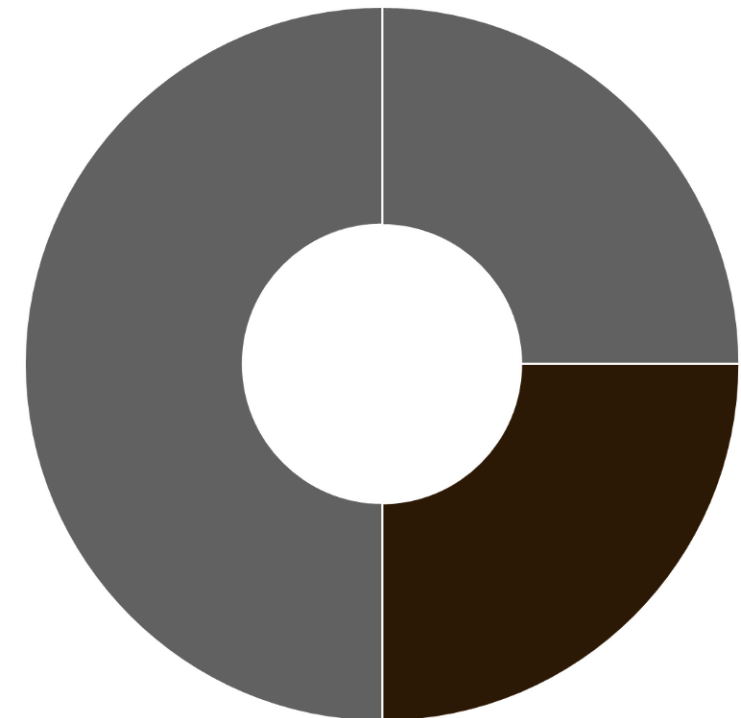


Finally, share repurchases are expected to contribute 2%-3% of additional growth

## SHARE REPURCHASES



**2% - 3%**  
**SHARE REPURCHASES**



We should become a full cash tax payer in 2018; however, due to the *2017 Tax Cuts and Jobs Act* (“Tax Reform”), we will benefit from a more favorable tax rate

	HISTORICAL <sup>1</sup>		GUIDANCE		
	2016	2017	Before Tax Reform 2018	Tax Reform Savings	After Tax Reform 2018
Adjusted Effective Tax Rate	37%	29%	34%-36%		24%-26%
Adjusted Cash Tax Rate <sup>2</sup>	28%	32%	35%-37%		25%-27%
Adjusted Cash Taxes <i>(in millions)</i>	~\$115	~\$135	\$160 - \$170	(\$50)	\$110 - \$120



**Approximate  
year-over-year  
net cash tax savings**

<sup>1</sup> Assumes 200bps reduction for excess tax benefits.

<sup>2</sup> *Adjusted cash tax rate* represents federal, state, and foreign taxes paid divided by recurring pre-tax income, and specifically excludes the 2017 payment made to the IRS for settlements on prior year audits.

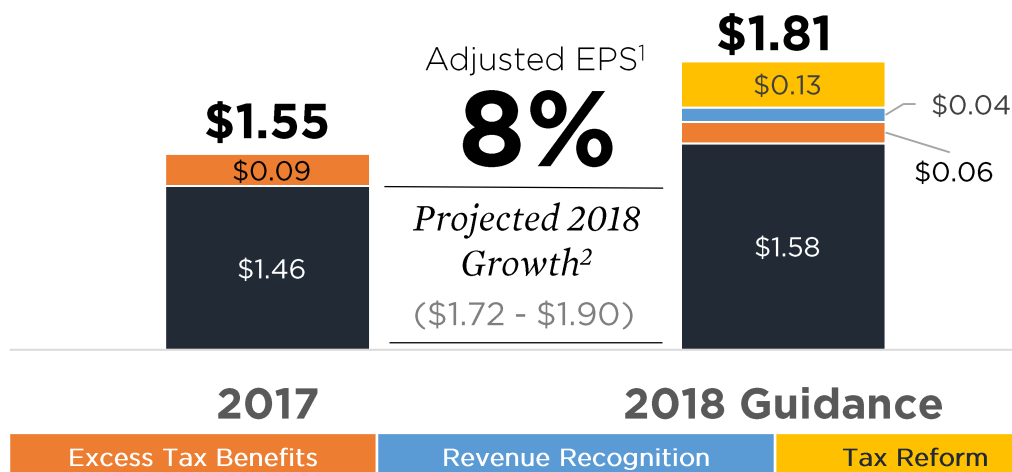


# Looking forward, we believe we are well positioned to deliver solid results in 2018

## KEY ASSUMPTIONS

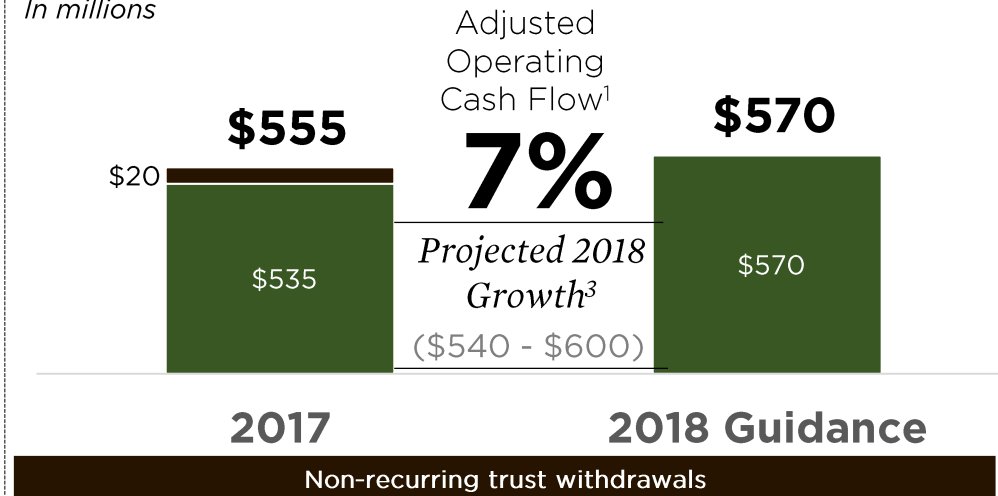
- Funeral revenue growth in the 1%-2% range with funeral fixed costs growing over 2%, resulting in relatively flat margins in the 19%-21% range
  - Core funeral revenue grows ~1% on relatively flat funeral services performed and slightly higher sales averages
  - Non-funeral home operating revenue and recognized preneed revenue grow in the low to mid single digit percentage range
- Cemetery revenue growth in the 4%-6% range with cemetery fixed costs growing in the 2%-3% range, resulting in margin enhancement of 50 to 130 bps
  - Property revenue grows in the mid single digit percentage range
  - Merchandise and service revenue grows in the low-to-mid single digit percentage range

### ADJUSTED EARNINGS PER SHARE<sup>1</sup>



### ADJUSTED OPERATING CASH FLOW<sup>1</sup>

In millions



<sup>1</sup> 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.

<sup>2</sup> 2018 Growth excludes Excess Tax Benefits as well as benefits from implementing revenue recognition accounting standard and tax reform. 2017 results include a 2 penny negative impact related to hurricanes which is anticipated to be offset by 1 penny in 2018.

<sup>3</sup> 2018 results include approximately \$20M of cash tax savings which is anticipated to be offset by \$20M of higher cash interest payments and incremental working capital uses.





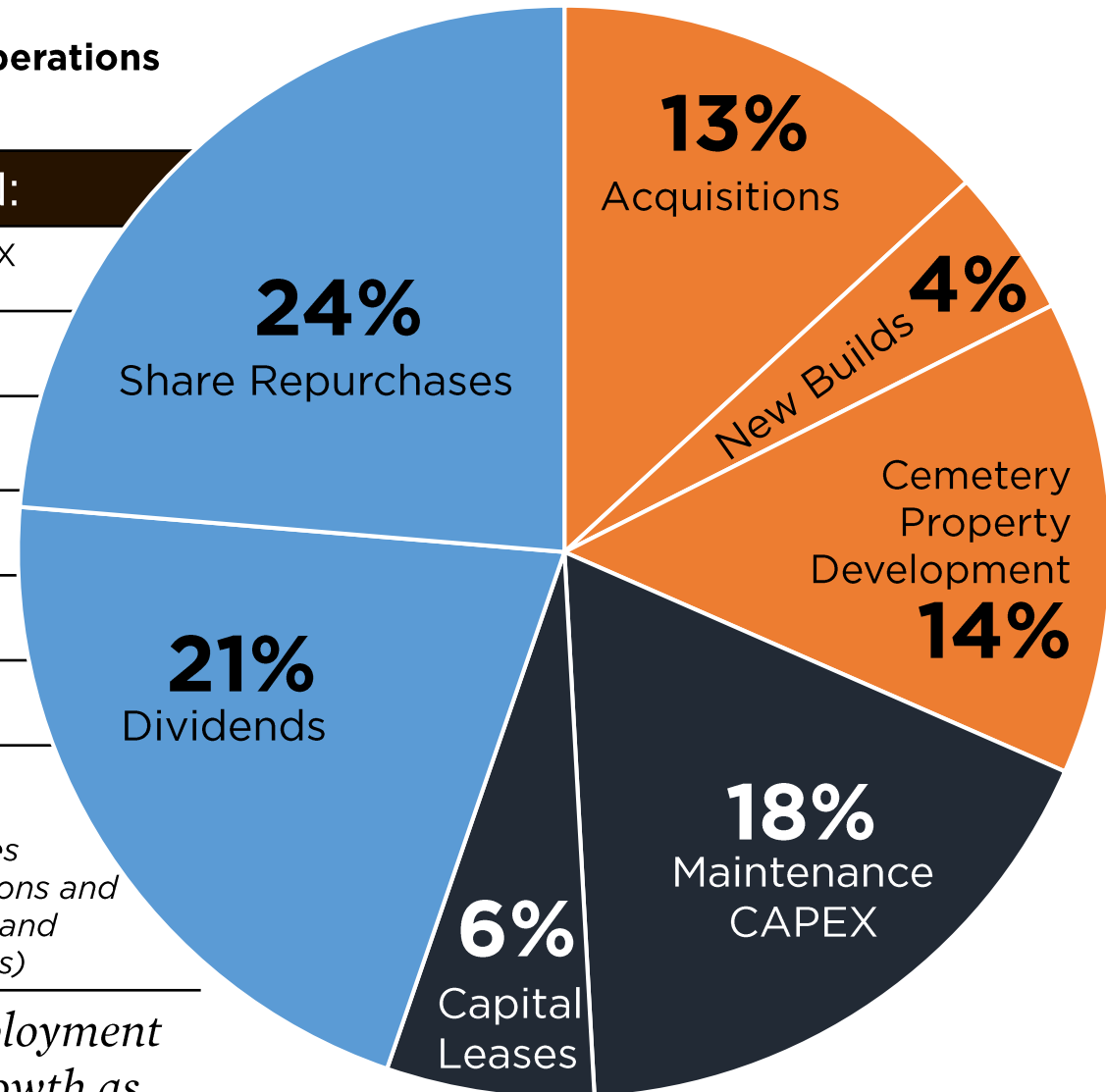
Strong cash flow allows us to strategically deploy capital to yield the highest relative value

**\$570M**

Adjusted Cash Flow from Operations  
Midpoint of 2018 Guidance

2018 EXPECTED CAPITAL ALLOCATION:

Maintenance	<b>\$135</b>	<b>\$100</b>	Maintenance CAPEX
		<b>\$35</b>	Capital Leases
Growth	<b>\$180</b>	<b>\$80</b>	Cemetery Property Development
		<b>\$75</b>	Acquisitions
		<b>\$25</b>	New Builds
Return to Shareholders	<b>\$255</b>	<b>\$120</b>	Dividends
		<b>\$135</b>	Share Repurchases (balance remaining absent opportunities for further acquisitions and before excess cash and divestiture proceeds)



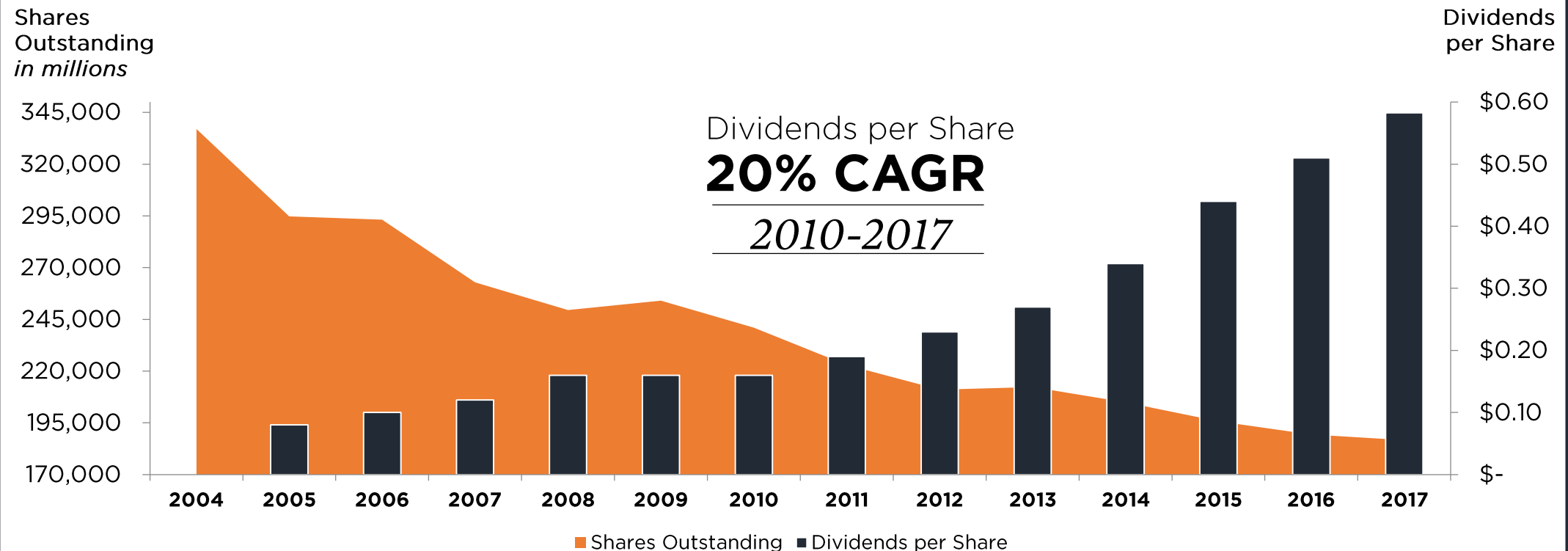
We believe we will have incremental capital deployment of **\$50M - \$100M** resulting from EBITDA growth as we maintain our target leverage



Since 2010, we have reduced shares outstanding by 23% and increased the dividend per share at a 20% CAGR

**\$3.3B** *Value returned to shareholders through dividends and share repurchases since 2004*

## SHARES OUTSTANDING AND DIVIDENDS PER SHARE

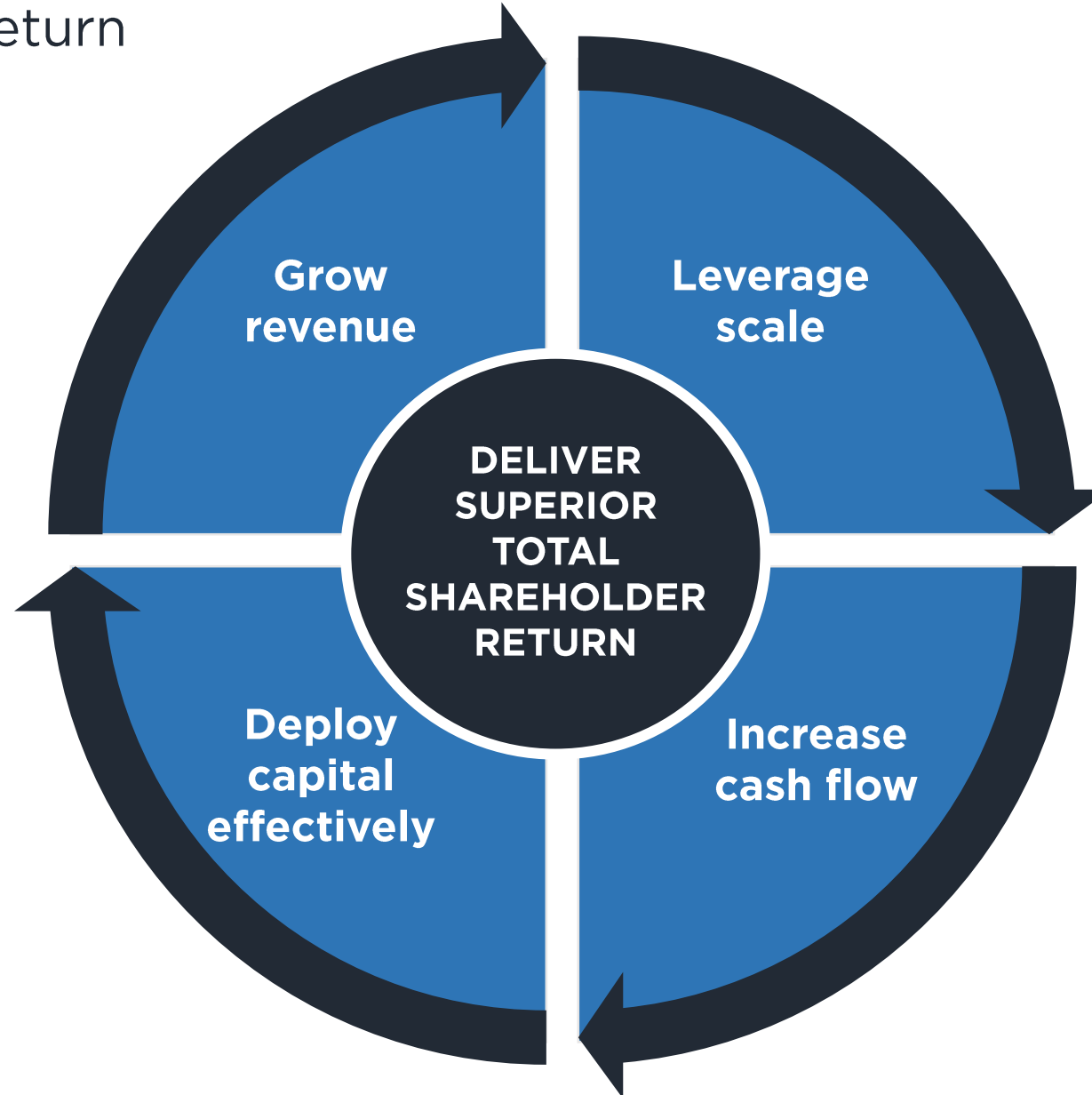


The amount of capital available for share repurchases in 2018 is expected to be ~\$185M-\$235M<sup>1</sup> based on our financial outlook for the year

<sup>1</sup> Capital available for share repurchases is derived from the 2018 expected share repurchase capital allocation of \$135M, plus an additional \$50M - \$100M resulting from EBITDA growth in 2018.



We believe the success of SCI's core strategies 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, 2016, and ending December 31, 2017.

# Adjusted Earnings per Share (2013-2017)

(In millions, except diluted EPS)

Net income attributable to common stockholders, as reported

Pre-tax reconciling items:

(Gains) losses on divestitures and impairment charges, net

Losses (gains) on early extinguishment of debt

Acquisition, integration costs, and system transition costs

Legal settlements, net of insurance recoveries

Pension termination settlement

Legal defense fees

Tax reconciling items:

Tax (benefit) provision from special items

Change in certain tax reserves and other (1)

Earnings from continuing operations and diluted earnings per share excluding special items (Adjusted EPS)

Twelve Months Ended December 31,

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
\$546.7	\$ 2.84	\$ 177.0	\$ 0.90	\$233.8	\$ 1.14	\$ 172.5	\$ 0.81	\$ 147.3	\$ 0.68
(7.0)	(0.04)	26.8	0.14	(6.0)	(0.02)	(113.5)	(0.53)	5.9	0.03
0.3	—	22.5	0.11	6.9	0.03	29.7	0.14	(0.5)	—
—	—	17.5	0.09	6.8	0.03	55.0	0.25	55.6	0.26
11.5	0.06	—	—	—	—	—	—	—	—
12.8	0.07	5.6	0.03	—	—	—	—	—	—
—	—	—	—	—	—	12.3	0.06	11.7	0.05
(5.7)	(0.03)	(17.2)	(0.09)	(2.3)	(0.01)	77.8	0.37	(26.0)	(0.12)
(260.1)	(1.35)	20.9	0.11	3.0	0.01	3.2	0.01	4.9	0.02
\$298.5	\$ 1.55	\$ 253.1	\$ 1.29	\$242.2	\$ 1.18	\$ 237.0	\$ 1.11	\$ 198.9	\$ 0.92

(1) On December 22, 2017, the U.S. government enacted comprehensive tax legislation commonly referred to as the "Tax Reform Act". As a result of the Tax Reform Act, we realized a net tax benefit for the remeasurement of deferred tax assets and liabilities, partially offset by a transition tax on certain unrepatriated earnings of our foreign subsidiaries. 2017 is also impacted by the settlement of IRS tax audits related to tax years 1999-2005. 2016 was impacted by a foreign valuation allowance and non-deductible goodwill resulting from gains on divestitures. Please see Part II, Item 8. Financial Statements, Note 5 in our 2017 Form 10-K filing for further details.

# Adjusted Cash Flow from Operations (2013-2017)

(In millions)

	Twelve Months Ended December 31,				
	2017	2016	2015	2014	2013
Net cash provided by operating activities, as reported	\$ 502.3	\$ 463.6	\$ 472.2	\$ 317.4	\$ 384.7
Premiums paid on early extinguishment of debt	—	20.5	6.5	24.8	—
Acquisition, integration and system transition costs	—	11.7	6.6	62.2	48.7
Legal settlements, net of insurance recoveries	11.5	—	—	—	—
Legal defense fees	—	—	—	10.3	6.8
Excess tax benefits from share-based awards (1)	—	12.7	18.1	30.1	—
Income tax payments associated with divestitures and structure changes	—	—	10.5	63.8	—
IRS tax settlement (on prior year audits)	34.2	—	—	—	—
Pension termination settlement	6.3	—	—	—	—
Net cash provided by operating activities excluding special items (adjusted cash flow from operations)	<u>\$ 554.3</u>	<u>\$ 508.5</u>	<u>\$ 513.9</u>	<u>\$ 508.6</u>	<u>\$ 440.2</u>
Recurring cash tax payments	<u>132.7</u>	<u>112.6</u>	<u>93.0</u>	<u>42.0</u>	<u>26.0</u>
Adjusted cash flow from operations before recurring cash tax payments	<u>\$ 687.0</u>	<u>\$ 621.1</u>	<u>\$ 606.9</u>	<u>\$ 550.6</u>	<u>\$ 466.2</u>

(1) Please see Part II, Item 8. Financial Statements, Note 2 in our 2017 Form 10-K filing for discussion regarding the change in accounting treatment for excess tax benefits from share-based awards.



# Free Cash Flow (2013-2017)

(In millions)

	Twelve Months Ended December 31,				
	2017	2016	2015	2014	2013
Net cash provided by operating activities, as reported	\$ 502.3	\$ 463.6	\$ 472.2	\$ 317.4	\$ 384.7
Premiums paid on early extinguishment of debt	—	20.5	6.5	24.8	—
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Pension termination settlement	6.3	—	—	—	—
Net cash provided by operating activities excluding special items (adjusted cash flow from operations)	<u>\$ 554.3</u>	<u>\$ 508.5</u>	<u>\$ 513.9</u>	<u>\$ 508.6</u>	<u>\$ 440.2</u>
Capital improvements at existing locations	(117.6)	(90.4)	(83.4)	(74.8)	(61.3)
Development of cemetery property	(79.0)	(85.4)	(58.3)	(57.7)	(42.5)
Free cash flow	<u>\$ 357.7</u>	<u>\$ 332.7</u>	<u>\$ 372.2</u>	<u>\$ 376.1</u>	<u>\$ 336.4</u>
Net cash (used in) provided by investing activities	\$ (178.6)	\$ (216.1)	\$ (166.4)	\$ 257.3	\$ (1,156.8)
Net cash used in financing activities	\$ (147.5)	\$ (188.9)	\$ (338.5)	\$ (538.0)	\$ 825.1

(1) Please see Part II, Item 8. Financial Statements, Note 2 in our 2017 Form 10-K filing for discussion regarding the change in accounting treatment for excess tax benefits from share-based awards.

# Adjusted EBITDA (2013-2017)

*In millions*

	Twelve Months Ended December 31,				
	2017	2016	2015	2014	2013
Net income attributable to common stockholders	\$ 546.7	\$ 177.0	\$ 233.8	\$ 172.5	\$ 147.3
(Benefit) provision for income taxes	(146.6)	149.4	135.0	226.0	93.0
Interest expense	169.1	162.1	172.9	177.6	142.4
Depreciation and amortization	248.9	244.9	235.3	237.0	192.4
EBITDA	<u>\$ 818.1</u>	<u>\$ 733.4</u>	<u>\$ 777.0</u>	<u>\$ 813.1</u>	<u>\$ 575.1</u>
Losses (gains) on early extinguishment of debt	0.3	22.5	6.9	29.2	(0.5)
Non-cash stock compensation expenses	14.8	14.1	13.8	13.1	11.9
Acquisition, integration, and system transition costs	24.3	23.1	6.7	67.2	56.0
(Gains) losses on divestitures and impairment charges, net	(7.0)	26.8	(6.5)	(116.6)	6.3
Net income attributable to noncontrolling interests	0.2	0.3	1.2	6.3	5.3
Other	1.3	(6.0)	0.6	(24.9)	121.7
Adjusted EBITDA	<u>\$ 852.0</u>	<u>\$ 814.2</u>	<u>\$ 799.7</u>	<u>\$ 787.4</u>	<u>\$ 775.8</u>

# FINANCIAL OUTLOOK FOR 2018

In millions, except diluted EPS

	Low	Midpoint	High
Net cash provided by operating activities excluding special items (A) <i>Adjusted cash flow from operations</i>	\$540	\$570	\$600
Capital improvements at existing locations and development of cemetery property	\$185	\$185	\$185
Diluted earnings per share excluding special items (B) <i>Adjusted EPS</i>	\$1.72	\$1.81	\$1.90

(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, 2018, 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, 2018 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 2018 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.