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Service Corporation International Q3 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator Instructions). Our first question comes from the line of John Ransom of Raymond James. Please proceed.

John Ransom - Raymond James

Good morning. Eric, I guess just wanted to review the assumptions for the '09 guidance to make sure we have all those. So, you are assuming a share count in the 253 million range, so where it is today?

Eric Tanzberger

That is where it is today, it's 253 million. You are right.

John Ransom - Raymond James

That's what's assumed in your guidance?

Eric Tanzberger

Yes.

John Ransom - Raymond James

Okay. Secondly, could you help us out a little bit with some of the gross margin ranges on the funeral and cemetery side, especially compared to the low gross margins that you had in the cemetery third quarter, what were you assuming in 2009?

Thomas Ryan

That I think, John, at this point, what we are trying to do is provide -- again, we did this to give an overall view of what we see. I don't think we're in a position to talk about gross margins by business, some of the other details. We plan to provide all of that in February. I think we will be able to provide details a lot better to a lot of people's points in a sense when we will see what October is like, and we see what November is like.

John Ransom - Raymond James

Okay.

Tom Ryan

Okay, I'd like to stay at this level. We ran it very high at \$0.48 to \$0.60, and we will be in a better position. We're really just starting to communicate with you guys as best we can.

John Ransom - Raymond James

Right. Just if you look at your cemetery margin, obviously it was very high in 1Q '07. It was low this quarter, and I know the volatility around cemetery construction. If we took kind of a four quarter or six quarter rolling average, is that a good way to look at it?

Tom Ryan

A much better way to look at it. John, you're hitting on a great point. It is very volatile as it relates to constructed revenue. So take the difference between the third quarter we just reported and the fourth quarter we are about to report. We should have \$7 million more of construction revenue that will come through at 80% margins in the fourth quarter as compared with the third quarter.

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