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Service Corporation International Q1 2009 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator Instructions). The first question will come from the line of Robert Willoughby, Bank of America/Merrill Lynch.

Robert Willoughby - Bank of America/Merrill Lynch

Tom and Eric, if I look at the profit profile in the quarter, I could conclude this would have been a vastly better experience, even a blowout, if the atneed demand had been there in the quarter. Did you defer any spending on anything material in the quarter or is this just through fixed costs coming down and should stay down on any pickup going forward in revenues?

Tom Ryan

No big deferrals, just people managing the cash well, prioritizing projects, and clearly, we've got most aspects of the company where, again, we're in a salary freeze mode. So that's allowed us to manage expenses pretty diligently through this period.

Robert Willoughby - Bank of America/Merrill Lynch

You did mention some open market purchases of the debt. Have you removed any of the debt that had the restrictive covenants? I think you had \$150 million in notes sitting out there. Is that what you've attacked?

Eric Tanzberger

No, it really hasn't at this point. The November 2011 debt related to the private placements that you're referring to is still \$150 million. Those private placement notes have the same covenants at the bank credit facility. The open market purchases were based on the yield perspective, the best value for us. It was primarily the 2013, the reduction of \$55 million balances that was out there for the 2013, that we're able to repurchase in the month of April.

Robert Willoughby - Bank of America/Merrill Lynch

So no plans here to jumpstart a share repurchase program anytime soon? Is that the safe assumption?

Eric Tanzberger

Not anytime soon.

Robert Willoughby - Bank of America/Merrill Lynch

Lastly, I [de-netted] trend lower than I had thought. Is this a good run rate for you going forward?

Tom Ryan

Yes, it is.

Operator

The next question will come from the line of Clint Fendley from Davenport.

Clint Fendley - Davenport

I wondered if you guys could comment on how you're thinking about your guidance at this juncture, given the strong start that we've had here with Q1.

Tom Ryan

As you know, we've given annual guidance and we've not given, at least for a long time, any quarterly guidance. So as I look at this, this quarter was about where we expected to land. I know a lot of the external guidance was probably a little bit lower, and therefore, this is viewed as more favorably I think in some of you guys eyes.

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