



**CONTACT:** John McNamara  
Director - Investor Relations  
StoneMor Partners L.P.  
(215) 826-2945

---

## **STONEMOR PARTNERS L.P. REPORTS FINANCIAL RESULTS FOR 2018 THIRD QUARTER**

**TREVOSE, PA – February 15, 2019 – StoneMor Partners L.P. (NYSE: STON) (“StoneMor” or the “Partnership”)**, a leading owner and operator of cemeteries and funeral homes, today reported financial results for the three and nine month periods ended September 30, 2018. Investors are encouraged to read the Partnership's quarterly report on Form 10-Q which it expects to file with the Securities and Exchange Commission (the “SEC”) later today. That report, which will contain additional details, will be able to be found at [www.stonemor.com](http://www.stonemor.com) after it is filed.

Joe Redling, StoneMor’s President and Chief Executive Officer, said, “Soon after joining StoneMor in July of 2018, we began to implement changes that we believed lay the foundation for improvements in 2019 and beyond. We established a new operating structure to drive greater accountability, and we executed a comprehensive cost reduction plan, which has continued into 2019. Our third quarter financial results do not yet reflect the benefits of these efforts, which, as we have previously stated, will take time to deliver the desired financial results. With the filing of our interim financial statements we are pleased to be up to date with our financial reporting. With this behind us, we can now focus on the work of improving operational and financial performance.”

### **THIRD QUARTER AND NINE MONTH FINANCIAL PERFORMANCE**

- For the three months ended September 30, 2018, revenues were \$73.2 million compared to \$84.0 million in the prior year period. 2018 nine-month revenues were \$232.7 million compared to \$252.9 million in the prior year period. As previously reported, in 2017, revenues benefited from a large backlog of preneed cemetery merchandise that became available to be serviced. Third quarter and year-to-date revenues were also impacted by decreases of \$4.7 million and \$9.5 million, respectively, in investment and other income, primarily due to the adoption of ASC 606.
- Third quarter net loss was \$17.2 million compared to \$9.6 million in the prior year period. Year-to-date net loss was \$52.2 million compared to \$29.7 million in the prior year period. The increased losses were driven largely by the unfavorable comparisons previously mentioned and lower overall sales resulting from the impact of cost cutting and implementation of the general manager operating model. Overall expenses

increased as a result of adoption of ASC 606, as well as higher corporate overhead related to professional fees associated with delayed SEC filings, work related to our planned conversion to a C-Corp, and legal costs.

- For the nine months ended September 30, 2018, cash from operating activities was \$19.4 million, compared to \$24.7 million in the prior year period.
- Merchandise trust value at September 30, 2018 was \$520.0 million compared to \$515.5 million at December 31, 2017.
- Deferred revenue at September 30, 2018 was \$943.8 million compared to \$912.6 million at December 31, 2017.
- As of September 30, 2018, the Partnership had \$8.0 million of cash and cash equivalents and \$315.3 million of total debt, including \$150.0 million outstanding under its revolving credit facility.

\* \* \*

### ***About StoneMor Partners L.P.***

StoneMor Partners L.P., headquartered in Trevese, Pennsylvania, is an owner and operator of cemeteries and funeral homes in the United States, with 322 cemeteries and 90 funeral homes in 27 states and Puerto Rico.

StoneMor is the only publicly traded death care company structured as a partnership. StoneMor's cemetery products and services, which are sold on both a pre-need (before death) and at-need (at death) basis, include: burial lots, lawn and mausoleum crypts, burial vaults, caskets, memorials, and all services which provide for the installation of this merchandise. For additional information about StoneMor Partners L.P., please visit StoneMor's website, and the investors section, at <http://www.stonemor.com>.

### ***Cautionary Note Regarding Forward-Looking Statements***

*Certain statements contained in this press release, including, but not limited to, information regarding the expected timing of filing the Form 10-Q Report for the Quarter Ended September 30, 2018 (the "Third Quarter 10-Q") and operational improvements, are forward-looking statements. Generally, the words "believe," "may," "will," "estimate," "continue," "anticipate," "intend," "project," "expect," "predict" and similar expressions identify these forward-looking statements. These statements are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995.*

*Forward-looking statements are based on management's current expectations and estimates. These statements are neither promises nor guarantees and are made subject to certain risks and uncertainties that could cause actual results to differ materially from the results stated or implied in this press release. StoneMor's major risks are related to our substantial secured and unsecured indebtedness, our ability to refinance our secured indebtedness in the near term, uncertainties associated with the cash flow from pre-need and at-need sales, trusts and financings, which may impact StoneMor's ability to meet its financial projections, service its debt and resume paying distributions, as well as with StoneMor's ability to maintain an effective system of internal control over financial reporting and disclosure controls and procedures.*

*StoneMor's additional risks and uncertainties include, but are not limited to: the consequences of the Partnership's delinquent filing of its Third Quarter 10-Q, including that the U.S. Securities and Exchange Commission could institute an administrative proceeding seeking the revocation of the registration of the Partnership's common units under the Exchange Act, and that the Partnership remains delinquent in its required filings with the New York Stock Exchange ("NYSE") and could ultimately face the possible delisting of its common units from the NYSE; the potential for defaults under the Partnership's amended credit facility if the Third Quarter 10-Q is not filed today or the indenture governing its senior notes if the Partnership fails to file it within 120 days after notice from the trustee under the indenture; the Partnership's ability to obtain relief from its creditors if it cannot file the Third Quarter 10-Q today or within 120 days after notice from the trustee under the indenture governing its senior notes, the terms on which such relief might be granted and any restrictions that might be imposed in connection with any relief that might be obtained; uncertainty associated with the consummation of the Partnership's reorganization transactions; StoneMor's ability to successfully implement its strategic plan relating to achieving operating improvements, including improving sales productivity and reducing operating expenses; the effect of economic downturns; the impact of StoneMor's significant leverage on its operating plans; the decline in the fair value of certain equity and debt securities held in StoneMor's trusts; StoneMor's ability to attract, train and retain an adequate number of sales people; uncertainties associated with the volume and timing of pre-need sales of cemetery services and products; increased use of cremation; changes in the death rate; changes in the political or regulatory environments, including potential changes in tax accounting and trusting policies; StoneMor's ability to successfully compete in the cemetery and funeral home industry; litigation or legal proceedings that could expose StoneMor to significant liabilities and damage StoneMor's reputation, including but not limited to litigation and governmental investigations or proceedings arising out of or related to accounting and financial reporting matters; the effects of cyber security attacks due to StoneMor's significant reliance on information technology; uncertainties relating to the financial condition of third-party insurance companies that fund StoneMor's pre-need funeral contracts; and various other uncertainties associated with the death care industry and StoneMor's operations in particular.*

*When considering forward-looking statements, you should keep in mind the risk factors and other cautionary statements set forth in StoneMor's Annual Report on Form 10-K and the other reports that StoneMor files with the Securities and Exchange Commission, from time to time. Except as required under applicable law, StoneMor assumes no obligation to update or revise any forward-looking statements made herein or any other forward-looking statements made by it, whether as a result of new information, future events or otherwise.*

**STONEMOR PARTNERS L.P.**  
**CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)**  
(in thousands)

	<u>September 30, 2018</u>	<u>December 31, 2017</u>
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 8,043	\$ 6,821
Accounts receivable, net of allowance	64,150	79,116
Prepaid expenses	9,218	4,580
Assets held for sale	1,083	1,016
Other current assets	19,145	21,453
Total current assets	<u>101,639</u>	<u>112,986</u>
Long-term accounts receivable, net of allowance	89,765	105,935
Cemetery property	333,724	333,404
Property and equipment, net of accumulated depreciation	113,674	114,090
Merchandise trusts, restricted, at fair value	520,027	515,456
Perpetual care trusts, restricted, at fair value	345,022	339,928
Deferred selling and obtaining costs	112,621	126,398
Deferred tax assets	95	84
Goodwill	24,862	24,862
Intangible assets, net	61,905	63,244
Other assets	24,549	19,695
Total assets	<u>\$ 1,727,883</u>	<u>\$ 1,756,082</u>
<b>Liabilities and Partners' Capital</b>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 56,472	\$ 43,023
Accrued interest	5,331	1,781
Current portion, long-term debt	1,184	1,002
Total current liabilities	<u>62,987</u>	<u>45,806</u>
Long-term debt, net of deferred financing costs	314,103	317,693
Deferred revenues, net	943,805	912,626
Deferred tax liabilities	6,730	9,638
Perpetual care trust corpus	345,022	339,928
Other long-term liabilities	41,776	38,695
Total liabilities	<u>1,714,423</u>	<u>1,664,386</u>
Commitments and contingencies		
Partners' capital (deficit):		
General partner interest	(3,794)	(2,959)
Common limited partners' interest	17,254	94,655
Total partners' capital	<u>13,460</u>	<u>91,696</u>
Total liabilities and partners' capital	<u>\$ 1,727,883</u>	<u>\$ 1,756,082</u>

See Accompanying Notes to the Unaudited Condensed Consolidated Financial Statements.

**STONEMOR PARTNERS L.P.**  
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)**  
(in thousands, except per unit data)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
<b>Revenues:</b>				
Cemetery:				
Interments	\$ 17,716	\$ 17,841	\$ 58,130	\$ 55,460
Merchandise	18,023	20,051	51,766	57,182
Services	16,419	17,729	50,647	52,861
Investment and other	9,247	13,922	30,785	40,313
Funeral home:				
Merchandise	5,581	6,591	19,532	21,176
Services	6,199	7,900	21,841	25,940
Total revenues	<u>73,185</u>	<u>84,034</u>	<u>232,701</u>	<u>252,932</u>
<b>Costs and Expenses:</b>				
Cost of goods sold	12,866	11,910	39,387	37,472
Cemetery expense	19,407	19,984	57,828	56,805
Selling expense	14,251	17,082	47,673	49,164
General and administrative expense	10,916	9,752	32,037	29,462
Corporate overhead	12,876	11,887	39,868	39,058
Depreciation and amortization	2,737	3,186	8,853	10,032
Funeral home expenses:				
Merchandise	1,341	1,793	4,927	5,176
Services	5,493	5,442	16,593	16,595
Other	3,314	5,346	12,315	15,678
Total costs and expenses	<u>83,201</u>	<u>86,382</u>	<u>259,481</u>	<u>259,442</u>
Other (losses) gains, net	702	338	(4,503)	(733)
Interest expense	(7,638)	(6,944)	(22,858)	(20,391)
Loss before income taxes	(16,952)	(8,954)	(54,141)	(27,634)
Income tax benefit (expense)	(273)	(622)	1,976	(2,085)
Net loss	<u>\$ (17,225)</u>	<u>\$ (9,576)</u>	<u>\$ (52,165)</u>	<u>\$ (29,719)</u>
General partner's interest	\$ (179)	\$ (99)	\$ (543)	\$ (309)
Limited partners' interest	\$ (17,046)	\$ (9,477)	\$ (51,622)	\$ (29,410)
Net loss per limited partner unit (basic and diluted)	\$ (0.45)	\$ (0.25)	\$ (1.36)	\$ (0.78)
Weighted average number of limited partners' units outstanding (basic and diluted)	37,959	37,958	37,959	37,945

See Accompanying Notes to the Unaudited Condensed Consolidated Financial Statements.

**STONEMOR PARTNERS L.P.**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)**  
(in thousands)

	Nine Months Ended September 30,	
	2018	2017
<b>Cash Flows From Operating Activities:</b>		
Net loss	\$ (52,165)	\$ (29,719)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Cost of lots sold	5,850	7,823
Depreciation and amortization	8,853	10,032
Provision for bad debt	3,776	5,123
Non-cash compensation expense	2,026	656
Non-cash interest expense	4,576	3,318
Non-cash impairment charge and other losses	4,503	517
Changes in assets and liabilities:		
Accounts receivable, net of allowance	5,574	(8,576)
Merchandise trust fund	(6,917)	44,251
Other assets	(2,047)	(5,053)
Deferred selling and obtaining costs	(4,780)	(7,246)
Deferred revenues, net	40,361	(12,119)
Deferred taxes, net	(2,545)	1,425
Payables and other liabilities	12,346	14,269
Net cash provided by operating activities	<u>19,411</u>	<u>24,701</u>
<b>Cash Flows From Investing Activities:</b>		
Cash paid for capital expenditures	(10,164)	(7,960)
Cash paid for acquisitions	(1,667)	—
Proceeds from divestitures	—	701
Proceeds from asset sales	954	401
Net cash used in investing activities	<u>(10,877)</u>	<u>(6,858)</u>
<b>Cash Flows From Financing Activities:</b>		
Cash distributions	—	(24,545)
Proceeds from borrowings	23,880	78,792
Repayments of debt	(27,924)	(74,627)
Cost of financing activities	(3,268)	(1,573)
Net cash used in financing activities	<u>(7,312)</u>	<u>(21,953)</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	<u>1,222</u>	<u>(4,110)</u>
<b>Cash and cash equivalents - Beginning of period</b>	<u>6,821</u>	<u>12,570</u>
<b>Cash and cash equivalents - End of period</b>	<u>\$ 8,043</u>	<u>\$ 8,460</u>
<b>Supplemental disclosure of cash flow information:</b>		
Cash paid during the period for interest	\$ 15,809	\$ 13,653
Cash paid during the period for income taxes	\$ 1,517	\$ 2,884
<b>Non-cash investing and financing activities:</b>		
Acquisition of assets by financing	\$ 1,620	\$ 2,285
Classification of assets as held for sale	\$ 543	\$ 1,169

See Accompanying Notes to the Unaudited Condensed Consolidated Financial Statements.

## SUPPLEMENTAL OPERATING DATA

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
Interments performed	12,876	12,859	41,550	40,916
Interment rights sold <sup>(1)</sup>				
Lots	4,787	5,644	20,264	21,497
Mausoleum crypts (including pre-construction)	235	275	1,082	1,358
Niches	336	443	1,195	1,405
Net interment rights sold <sup>(1)</sup>	5,358	6,362	22,541	24,260
Number of pre-need cemetery contracts written	9,067	10,411	30,776	33,934
Number of at-need cemetery contracts written	13,892	14,211	43,895	45,070
Number of cemetery contracts written	22,959	24,622	74,671	79,004

---

(1) Net of cancellations. Sales of double-depth burial lots are counted as two sales