
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

FORM 8-K

**CURRENT REPORT
Pursuant to Section 13 OR 15(d)
of The Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported): May 15, 2018

Carriage Services, Inc.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation)

1-11961
(Commission
File Number)

76-0423828
(I.R.S. Employer
Identification No.)

3040 Post Oak Boulevard, Suite 300
Houston, Texas
(Address of principal executive offices)

77056
(Zip Code)

(713) 332-8400
(Registrant's telephone number, including area code)

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR §230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR §240.12b-2). Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

ITEM 7.01. REGULATION FD DISCLOSURE

On May 15, 2018, Carriage Services, Inc. (the “*Company*”) issued a press release announcing that it intends to offer \$325 million aggregate principal amount of senior notes due 2026 (the “*Notes*”). The press release is attached hereto as Exhibit 99.1 of this Current Report and is incorporated by reference herein.

On May 15, 2018, the Company is also furnishing certain additional information about the Company as Exhibit 99.2 hereto and incorporated by reference herein.

In accordance with General Instruction B.2 of Form 8-K, the foregoing information, including Exhibit 99.1 and Exhibit 99.2, shall not be deemed “filed” for the purposes of Section 18 of the Securities Exchange Act of 1934 (the “*Exchange Act*”) or otherwise subject to the liabilities of that section, nor shall such information, Exhibit 99.1 and Exhibit 99.2 be deemed incorporated by reference in any filing under the Securities Act or the Exchange Act, except as shall be expressly set forth by specific reference in such a filing.

The Notes are being offered in a private offering that is exempt from registration under the Securities Act of 1933, as amended (the “*Securities Act*”), and may not be offered or sold in the United States absent such registration or an exemption from the registration requirements of the Securities Act. Neither this Current Report on Form 8-K nor Exhibits 99.1 and 99.2 incorporated by reference herein, constitutes an offer to sell, or a solicitation of an offer to buy, any security and shall not constitute an offer, solicitation or sale in any jurisdiction in which such offering would be unlawful.

ITEM 9.01. FINANCIAL STATEMENTS AND EXHIBITS

(d) Exhibits

99.1 [Press Release of Carriage Services, Inc. dated May 15, 2018.](#)

99.2 [Certain additional information about the Company.](#)

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: May 15, 2018

CARRIAGE SERVICES, INC.

By: /s/ Viki K. Blinderman
Viki K. Blinderman
Senior Vice President, Principal Financial Officer and
Secretary



Carriage Services Announces Offering of Senior Notes

HOUSTON, Texas, May 15, 2018 (GLOBE NEWSWIRE) — Carriage Services, Inc. (NYSE:CSV) (“Carriage Services” or the “Company”) today announced that it intends to offer, subject to market and other conditions, \$325 million aggregate principal amount of senior notes due 2026 (the “notes”) through a private offering to persons who are reasonably believed to be qualified institutional buyers pursuant to Rule 144A and to certain persons outside of the United States pursuant to Regulation S, each under the Securities Act of 1933, as amended (the “Act”).

The notes will be unsecured, senior obligations of the Company, and interest will be payable semi-annually in arrears. The notes will initially be fully and unconditionally guaranteed, on a senior unsecured basis, jointly and severally by each of the Company’s subsidiaries that is a borrower, or guarantees indebtedness, under the Company’s new credit facility.

In connection with the offering, the Company expects to enter into a new \$150 million senior secured revolving credit facility. The new facility is expected to be undrawn at the closing of the notes offering.

The Company intends to use the net proceeds of the proposed offering to repay its existing indebtedness under its existing secured credit facility, and for general corporate purposes, including acquisitions.

Neither the notes nor the related guarantees have been, nor will be, registered under the Act or the securities laws of any other jurisdiction and may not be offered or sold in the United States absent registration or an applicable exemption from such registration requirements.

This news release shall not constitute an offer to sell or the solicitation of an offer to buy any securities, nor shall there be any offer, solicitation or sale of securities in any state or jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such state or jurisdiction.

About Carriage Services

Carriage Services is a leading provider of deathcare services and merchandise in the United States. Carriage operates 178 funeral homes in 29 states and 32 cemeteries in 11 states.

Certain statements made herein or elsewhere by, or on behalf of, the Company that are not historical facts are intended to be forward- looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. These statements are based on assumptions that the Company believes are reasonable; however, many important factors, as discussed under “Forward-Looking Statements and Cautionary Statements” in the Company’s Annual Report on Form 10-K for the year ended December 31, 2017, could cause the Company’s 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. The Company assumes no obligation to update or publicly release any revisions to forward-looking statements made herein or any other forward-looking statements made by, or on behalf of, the Company. A copy of the Company’s Annual Report on Form 10-K, and other information about the Company and news releases, are available at <http://www.carriageservices.com>.

Source: Carriage Services, Inc.

For more information, please contact Viki Blinderman at 713-332-8568 or Ben Brink at 713-332-8441 or email InvestorRelations@carriageservices.com.



Investor Presentation

May 2018

Cautionary Statement on Forward Looking Statements and Disclosure of Non-GAAP Performance Measures

Certain statements made herein or elsewhere by, or on behalf of, the Company that are not historical facts are intended to be forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. These statements are based on assumptions that the Company believes are reasonable; however, many important factors, as discussed under "Forward-Looking Statements" in the Company's Annual Report on Form 10-K for the year ended December 31, 2017, could cause the Company's 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. Forward-looking statements contained herein regarding acquisitions include assumptions about the pricing, timing, and terms and conditions of such acquisitions. We can provide no assurances that our growth strategy will be successfully implemented. In particular, we can provide no assurances that we will find attractive acquisition targets, that we will succeed in negotiating the terms and conditions reflected in the model, or that we will execute any acquisitions during the next five years. Forward-looking statements contained herein regarding the performance of our acquisition and same store businesses include assumptions related to future revenue growth. We can provide no assurances that our acquisition and same store businesses will generate the revenue growth set forth herein, or any revenue growth at all. The Company assumes no obligation to update or publicly release any revisions to forward-looking statements made herein or any other forward-looking statements made by, or on behalf of, the Company.

This presentation uses Non-GAAP financial measures to present the financial performance of the Company. Non-GAAP financial measures should be viewed in addition to, and not as an alternative for, the Company's reported operating results or cash flow from operations or any other measure of performance as determined in accordance with GAAP. We believe the Non-GAAP results are useful to investors because such results help investors compare our results to previous periods and provide insights into underlying trends in our business. In addition, the Company's presentation of these measures may not be comparable to similarly titled measures of other companies. Pursuant to the requirements of Regulation G, the Company has provided quantitative reconciliations in our press releases on our Investors page of the website and in the Additional Materials section of this presentation of the non-GAAP financial measures to the most directly comparable GAAP financial measures.

A copy of the Company's Form 10-K, and other Carriage Services information and news releases, are available at www.carriageservices.com.

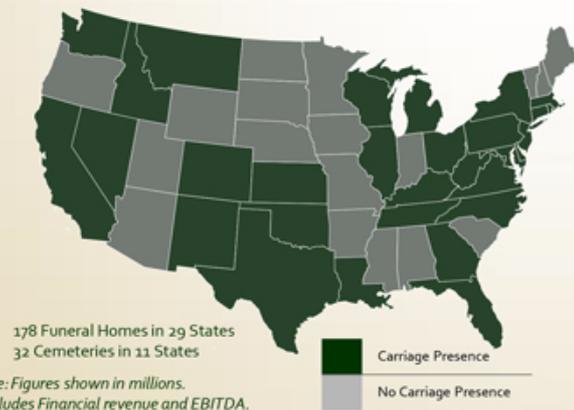
II. Company Overview

Carriage Services Overview

Business Overview

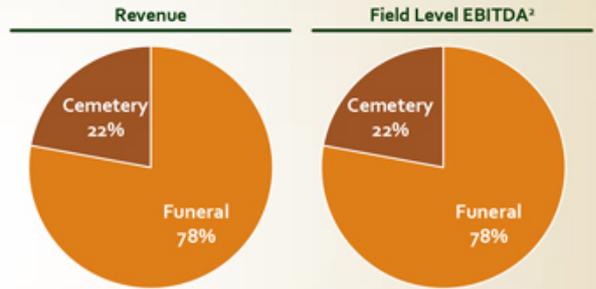
- Carriage Services is a leading owner and consolidator of funeral homes and cemeteries in the U.S.
- After growth and leverage mistakes of 1990's consolidation mania, Carriage reinvented and evolved the Consolidation/Operating Model of a highly fragmented industry
- Highest Consolidated EBITDA Margins in the 66 year history of funeral home and cemetery consolidation
- High Performance Culture Company that just happens to be in the funeral and cemetery industry pioneered by SCI.

Diverse National Footprint



Note: Figures shown in millions.
¹ Includes Financial revenue and EBITDA.
² Excludes variable overhead, regional fixed overhead, and corporate fixed overhead costs.

Operating Segment Overview (LTM Mar-18)¹



Track Record of Long-term Revenue Growth

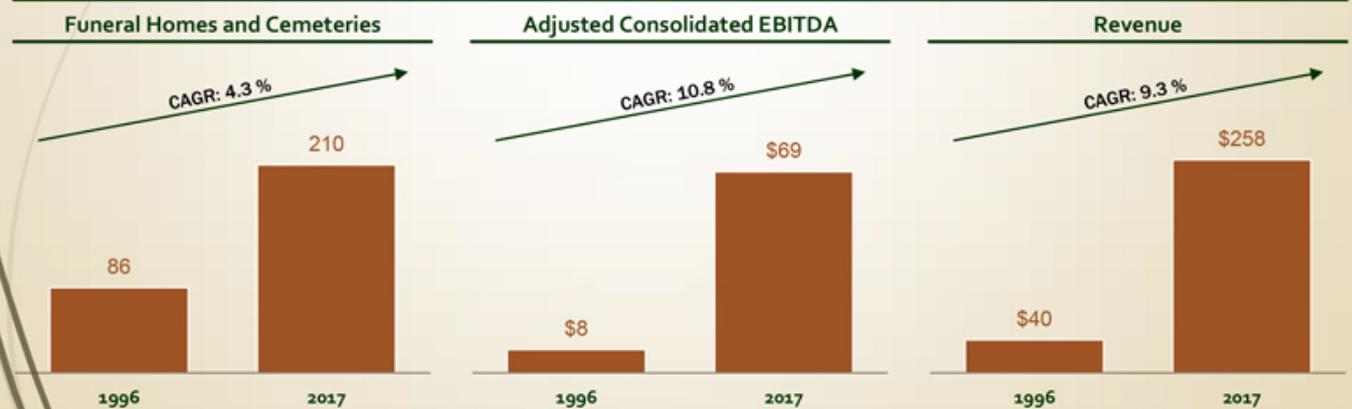


History of Carriage

Evolution Into an Industry Leader

1991	1996	1998	1999	2004	2005	2007	2008	2011	2012	2018
Founded as an acquisition company to consolidate fragmented Funeral & Cemetery industry	IPO: began trading on the NASDAQ under the ticker symbol "CSV"	Last publicly offered common equity issuance of CSV (May 8, 1998)	Stock crashed along with sector because of aggressive growth and over leverage	Implemented Innovative Funeral Standards Operating Model — Abandoned "Budget & Control" model	Refinanced all 1990's mania era bank loans and insurance private placements with ten year unsecured notes	Created Strategic Acquisition Model & began to grow selectively	Assumed control of preneed trust investment strategy and execution	Board and Senior Management transformation	Launched First Five Year Carriage Good To Great Journey with a theme of 2012: A New Beginning	Launched Next Five Year Carriage Good To Great Journey with a theme of 2017: Owning the Future, Accelerating the Good To Great Journey!

Long Term Track Record of Performance



Note: Revenue and Adjusted Consolidated EBITDA bar charts are in millions.

High Performance Culture Framework

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- ✓ Innovative and powerful Standards Operating Model has led to industry leading operating and financial performance
- ✓ Entrepreneurial culture and empowerment attracts top industry talent to Carriage
- ✓ One and five year incentives reward top Managing Partners and their teams for growth at sustainable margins
- ✓ Acquisition criteria and valuation methodologies provide discipline for most attractive opportunities in strategic growth markets

Standards Operating Model

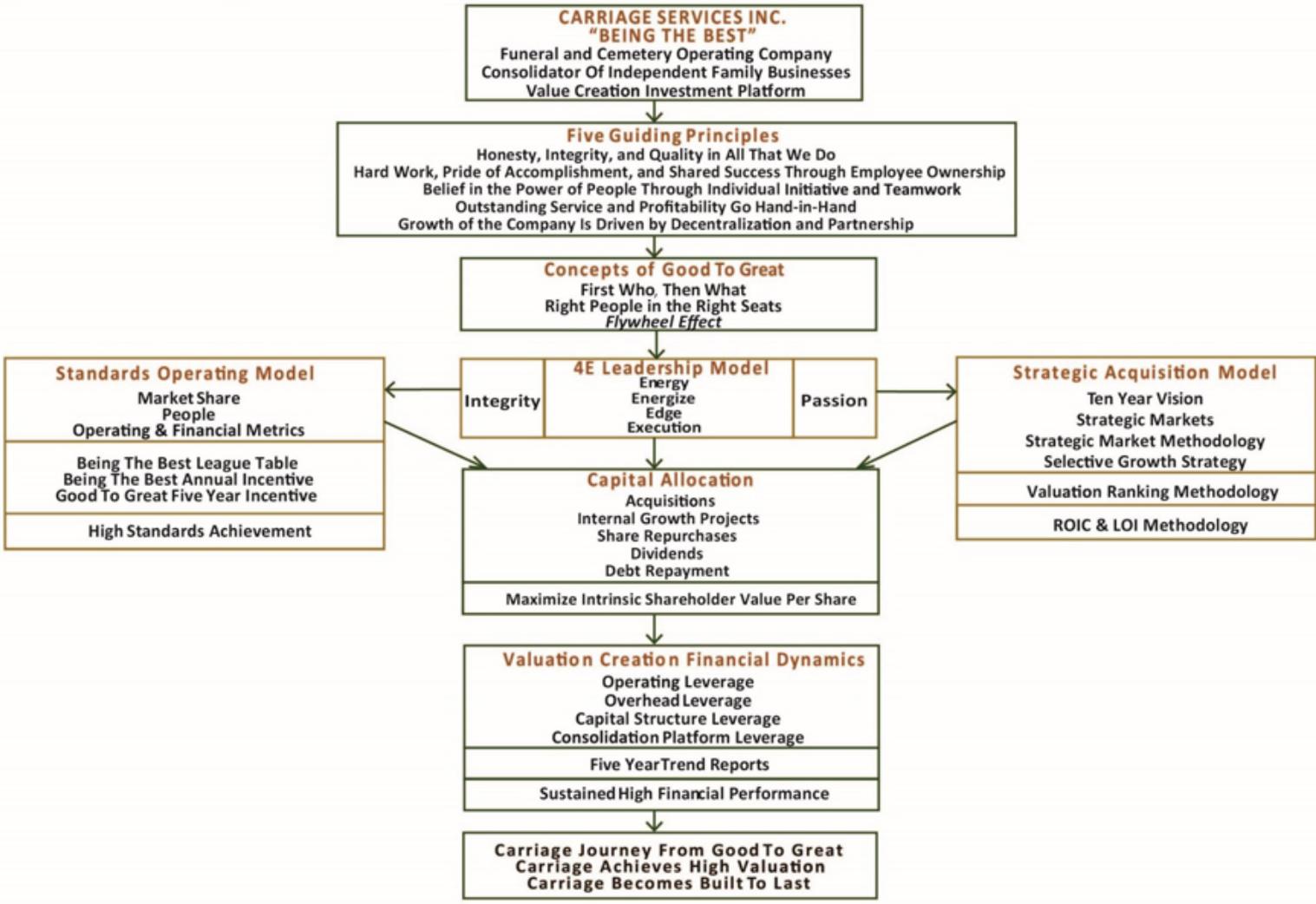
- Eight Funeral and six Cemetery operating standards that lead to high and sustainable financial performance
- Focus on growing local market share, people development, and key metrics that drive long term sustainable revenue and profit growth
- Local business market share growth is key to achieving sustainable revenue growth that creates powerful financial dynamic of operating leverage
- Annual incentive compensation linked to Standards Achievement and can be as high as 8% of Funeral Field EBITDA or Cemetery Field EBITDA, as applicable

4E Leadership Model

- Used to attract, develop, and retain the top Managing Partners in the industry with entrepreneurial and competitive characteristics
- Strong local leadership is required in each business to grow high value, personal service and sales business at sustainable profit margins
- Growth of a local business is driven by and through high performing local employee teams aligned toward Standards Achievement

Strategic Acquisition Model

- Assess acquisition candidates based on ten Strategic Criteria each of which is weighted for predictability of future revenue growth
- Seek to acquire larger and higher margin funeral home and cemetery businesses in large, demographically attractive strategic markets
- Key criteria: cultural alignment; volume and price trends; size of business; size of market; competitive standing; demographics; strength of brand; and barriers to entry
- Strategic Criteria Rankings in the 60%-80% range align well with Standards Operating Model



Funeral Home Operations

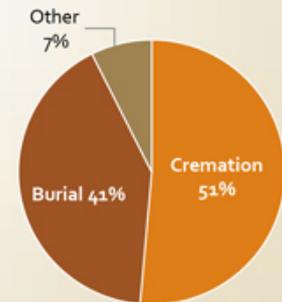
Segment Overview

- Operates 178 funeral homes in 29 states within the United States
- Offers a complete range of services to meet a family's funeral needs, including:
 - Consultation
 - Removal and preparation of remains
 - Sale of caskets and related funeral merchandise
 - Use of funeral home facilities for visitation and remembrance services
- Provide funeral services and products on both an "Atneed" (time of death) and "Preneed" (planned prior to death) basis
- Standards Operating Model allows for flat corporate organizational structure where Managing Partners make local business decisions supported by a small regional leadership team of experienced industry professionals
- Demonstrated long term record of improved performance and earning power evolution of the funeral portfolio profile
 - Same Store Revenue growth of 1% annually even with Cremation Rate increasing 450 bps since 2013
 - Sustainable and growing Funeral Field EBITDA Margins

Total Funeral Home Operating Revenue & Funeral Field EBITDA Margin



Funeral Home Volume Breakdown (2017A)



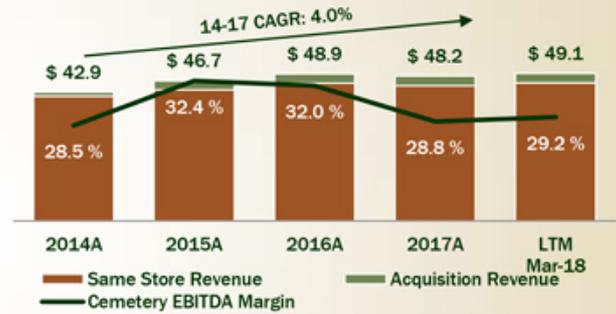
Note: Figures shown in millions. See reconciliation of Funeral Field EBITDA on page 37 of this presentation

Cemetery Operations

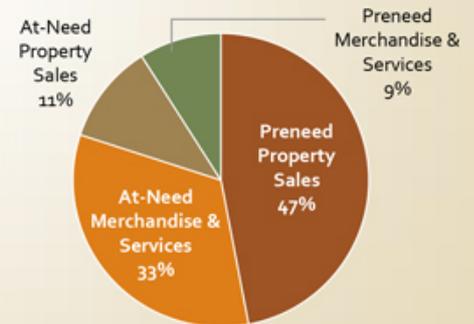
Segment Overview

- Operates 32 cemeteries in 11 states within the United States
- Product and service offering includes:
 - Interment services
 - Right to interment in cemetery sites (primarily grave sites, mausoleum crypts and niches)
 - Related cemetery merchandise (e.g. memorials and vaults)
- Revenue generated through sales of interment rights and memorials, finance charges from installment sales contracts, and investment income from preneed trusts
 - Financial Revenue and EBITDA important components to Cemetery Strategic Ranking/Performance Valuation
- Long term organic improvement in Cemetery performance through upgraded sales leadership talent and improved inventory development

Cemetery Operating Revenue & Cemetery Field EBITDA Margin



Cemetery Revenue Breakdown (2017A)



Note: Figures shown in millions. See reconciliation of Cemetery Field EBITDA on page 37 of this presentation.

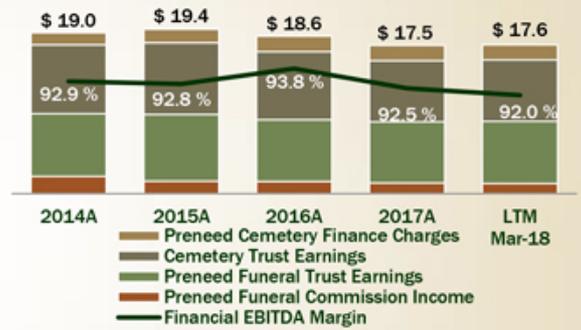
Financial Earnings Preneed & Trust

Overview of Financial Earnings

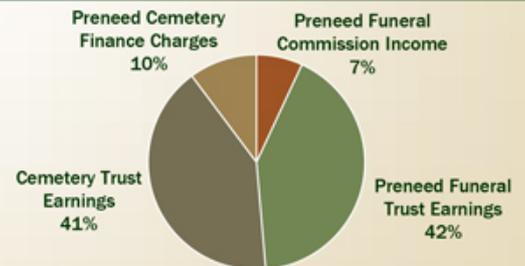
- Financial Revenue consists of 4 segments:
- Preneed Funeral Commission Income:** Commission earned from 3rd party insurance companies that sell preneed products through Carriage Funeral Homes
 - Strategic decision to de-emphasize preneed funeral sales
 - 92% of new preneed funeral sales through 3rd party insurance companies
- Preneed Funeral Trust Earnings:** Growth on matured Preneed Funeral insurance and trust contracts
- Preneed Cemetery Trust Earnings:** Growth on matured Preneed Cemetery Merchandise & Service contracts
- Preneed Cemetery Finance Charges:** Interest earned from Cemetery customers who pay for property in installments up to 5 years
- Carriage **does not** deliver Preneed Merchandise (urns, vaults, monuments, etc.) prior to death
- Preneed Funeral and Cemetery Trust Earnings both include revenue from Carriage's registered investment advisor subsidiary (CSIA)

Note: Figures shown in millions.

Financial Revenue & Financial EBITDA Margin



Financial Revenue Breakdown (2017A)



Financial Earnings Preneed & Trust

Preneed Funeral

- Strategic Decision to De-emphasize Preneed Funeral Sales
- Believe in protecting pricing power of Atneed service; No evidence aggressive PNF sales grow local market share and contract average
- Currently all Carriage funeral homes offer preneed products. Use 3rd party marketing firms to sell in local markets with certain competitive dynamics.
- Preneed Funeral backlog: \$479.1 million; \$371.5 million insurance funded, \$91.8 million trust funded, balance of preneed receivables as of March 31, 2018
- CSIA¹ manages \$71.1 million of PNF trust assets

Preneed Cemetery

- Sales of cemetery merchandise & services on a preneed basis; typically made in conjunction with preneed cemetery property sales.
- All Cemetery Preneed M&S trust assets \$70.3 million, as of March 31, 2018, are managed by CSIA

Cemetery Perpetual Care

- Regulations require 10% of Cemetery property sales to be deposited into trust
- Investment income is earned by Carriage monthly and is recorded as revenue in the current period
- Required to use investment income to offset cemetery care and maintenance expenses
- CSIA¹ manages all \$47.8 million in perpetual care assets

Preneed Trust Fund Management

- Carriage Senior Management took over trust fund management in October 2008 during the Financial Crisis.
- Long term track record of prudent investment management (2009 – 2017):
 - **256% Total Return 15.2% Annual Return**
- Investment strategy matches long term nature of underlying preneed contract liabilities and operational cash flow requirements from PC trusts.
 - Buy and hold, value oriented, 3-5 year investment outlook, deep dive credit analysis
- Long term returns have resulted in \$115 million of gains and income accrued to preneed trust contracts or earned through perpetual care accounts
 - Carriage estimates preneed trusts have **\$30 - \$35 million in excess funding.**
- Focused on individual company and security analysis and relative value selection
- Manage a balanced portfolio between high yield fixed income and equity securities
 - 'Chocolate & Vanilla': No funds, no private investments, no Level III securities
- Historically portfolio weighted towards high yield fixed income
 - Large portion of bond portfolio, particularly long dated Jr. Subordinated debt of 'Too Big to Fail' financial institutions, built during 2009 and 2H 2011 (U.S. downgrade)
 - Duration: 6.1 years Yield on Cost: 7.1% 79%: BB- or better S&P Rating/Moody's: 68% B1 or better

¹ "CSIA" is Carriage's Registered Investment Advisor subsidiary Carriage Services Investment Advisors, Inc.

Strategic Acquisition Model

Ten Year Vision: To affiliate with the best remaining independently owned funeral home and cemetery businesses in strategic markets where the potential for future revenue growth is the highest

Strategic Acquisition Model

Goal: Transform Carriage's operating profile to a relatively higher growth and higher margin vs. current portfolio

- Prioritize acquisition targets with larger funeral home and combination (funeral & cemetery) businesses in larger, demographically attractive markets
- Typically target Funeral Homes with \$2.0-\$10 million or higher in annual Revenue and 250 -1000 or higher funerals performed annually
- Execution will lead to larger EBITDA base and greater concentration in large strategic markets

Recent Acquisition Performance

- Purchased 23 funeral homes and 1 cemetery since 2013
 - Total spend of \$143.8 million
 - Pro Forma EBITDA Contribution: \$19.8 million
 - After full integration "Acquired" Funeral Field EBITDA margin 100-200 bps higher than "Same Store" Funeral Field EBITDA margin
- 2017 Revenue up 4% YoY, Field EBITDA up 8% YoY for Acquired Funeral Homes owned more than two full years

Strategic Ranking Criteria

	Qualitative Criteria	Weighting
1.	Seller Motivation Alignment	5%
2.	Large Strategic Market	15%
3.	Large Strategic Business	15%
4.	10 Years SS Volumes	15%
5.	Average Revenue Per Contract	15%
6.	Competitive Standing Trend	10%
7.	Burial/Cremation Mix Trend	10%
8.	Demographics Trends	5%
9.	Institutional Brand Strength	5%
10.	Barriers to Entry	5%
TOTAL		100%

III. Key Credit Highlights

Key Credit Highlights

- 1 A Leader in the Fragmented Funeral and Cemetery Industry
- 2 Stable Industry With Favorable Trends
- 3 National Presence Focused on Local Strategic Markets
- 4 Standards Operating Model = Industry Leading Results
- 5 Impressive Financial Results Through the Cycle
- 6 Experienced and Proven Management Team

A Leader in the Fragmented Funeral and Cemetery Industry

A Leader in a Fragmented Market

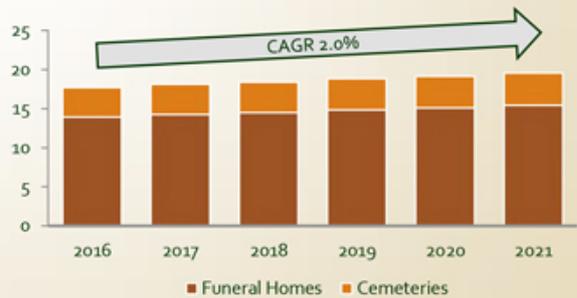
- The death care industry remains highly fragmented
 - Estimated \$18 billion in annual revenue¹
 - 21,000 funeral homes and cemeteries in the United States
- Mature industry with low organic Revenue growth that generates a high amount of Free Cash Flow
- No common equity has been publically raised in the industry since 1999. All growth achieved with internally generated capital
- Remaining high quality independent businesses have high barriers to entry as heritage and local brand loyalty have been built over generations.
- Carriage provides a unique consolidation and operating framework that offers a highly attractive succession planning solution for the best remaining independent owners of funeral homes and cemeteries
- Nationwide operations provide geographic diversity and significant opportunities to grow in existing markets

Industry Revenue By Market Share



"Independent" market players are primarily local and family owned

Industry Revenue (In billions)²



Sources: SCL & Carriage 2017 10-K, StoneMor 2016 10-K, Sundale Research 2017, U.S. Department of Commerce

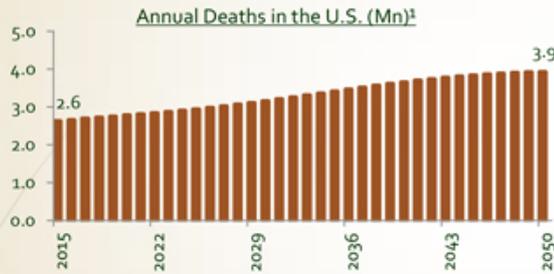
¹ As of September 2017.

² As of December 2012.

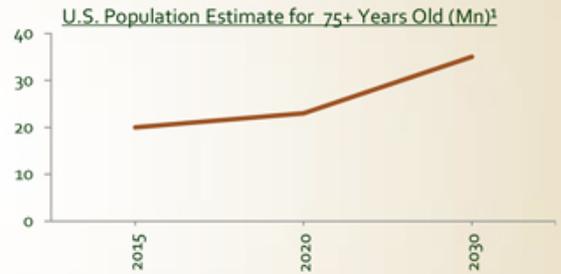
Stable Industry With Favorable Trends

Increasing annual deaths and a growing U.S. population provide tailwinds for Carriage Service's long term growth outlook

Favorable Secular Tailwinds...



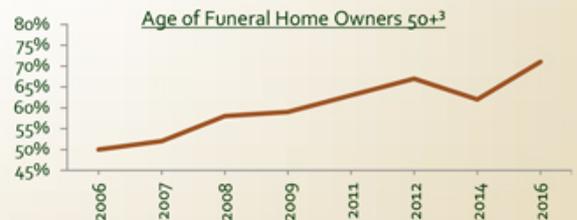
...Driven By An Aging Population



Carriage has grown Same Store Revenue despite Increasing Cremation Trends...



... and is the Acquirer of Choice for Funeral Owner Succession Planning Given Aging Owner Population

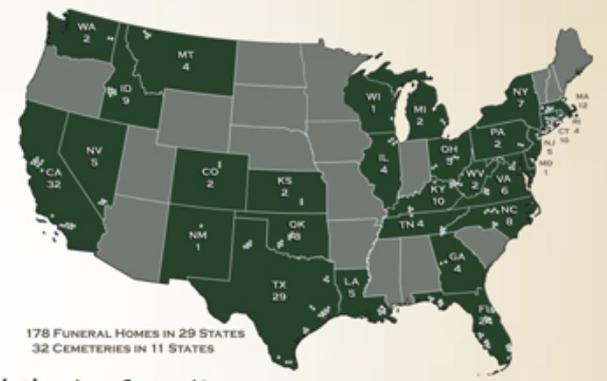


Sources: ¹ 2017 National Population Projections, US CENSUS; ² National Center for Health Statistics, Sundale Research 2017; ³ Homesteaders Life Company

National Presence Focused on Local Strategic Markets

A Nationwide Company With a Local Market Focus

- Carriage has a long term track record of growing in large strategic markets
- Provides Carriage with opportunities to affiliate with the best remaining independent funeral homes and cemeteries in those local markets
- Carriage intends to grow its portfolio in attractive strategic markets with favorable demographic and local market operating trends



Geographic Footprint Evolution (2006-2017)¹



¹ Includes funeral and cemetery financial revenue (in millions).

Standards Operating Model = Industry Leading Results

Standards Operating Model

- ▶ Innovative operating model for the funeral and cemetery industry
- ▶ Weighted towards local Revenue growth through Market Share gains at high and sustainable margins
- ▶ Reduces the need for large corporate bureaucracy which enables Carriage's flat organizational structure
- ▶ Decentralized operating model and long-term performance based compensation are unique in the industry, which enables Carriage to attract the best talent in the industry
- ▶ Evolution of Standards Operating Model has led to industry leading organic growth rates and Consolidated EBITDA Margins
 - ▶ Carriage 1/12th the size of SCL on a total revenue basis for the fiscal year ended 2017

Funeral Standards

Qualitative Metrics —50% (long term)

- ▶ 30% — Market Share / Volume Growth
- ▶ 10% — Continuous Upgrading of Staff
- ▶ 10% — Right Quality of Staff



Quantitative Metrics —50% (short term)

- ▶ 15% — Average Revenue Per Funeral Contract
- ▶ 12% — Salaries & Benefits Range % of Revenue
- ▶ 10% — Gross Margin Range % of Revenue
- ▶ 10% — EBITDAR Margin Range % Revenue
- ▶ 3% — Bad Debt % of Revenue



100%—Standards Achievement Total

4 Standards Operating Model

“Being The Best” Funeral and Cemetery Operating Company

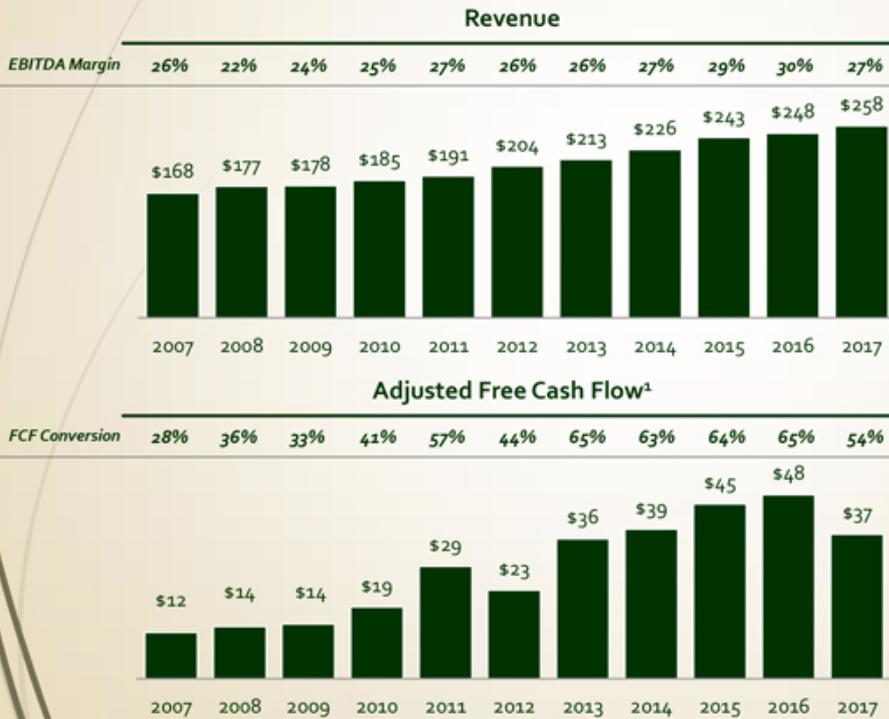
BEING THE BEST STANDARDS OPERATING MODEL									
Funeral Home Groupings	Group	B	C	B	C	B	C	B	C
	Funeral Contracts		125 - 250	251 - 400	125 - 250	251 - 400	125 - 250	251 - 400	125 - 250
Funeral Home Groupings	Group	1		2		3		4	
	ARPC	<\$4,500		\$4,500 - \$6,000		\$6,001 - \$7,500		>\$7,500	
Funeral Home Standards	Gross Margin %	87 - 89%	87 - 89%	86 - 88%	86 - 88%	85 - 87%	85 - 87%	85 - 87%	85 - 87%
	Salaries & Benefits %	28 - 30%	27 - 29%	26 - 28%	26 - 28%	26 - 28%	26 - 28%	26 - 28%	26 - 28%
	Bad Debt %	0.61%	0.61%	0.61%	0.61%	0.61%	0.61%	0.61%	0.61%
	Field EBITDAR %	37 - 41%	38 - 42%	38 - 42%	39 - 43%	39 - 43%	41 - 45%	39 - 43%	41 - 45%

Operational Discipline:

- All Funeral businesses grouped based on operational characteristics (Average Revenue per Contract & No. of Funerals).
- Standards designed for flexible decentralized decision making by our Managing Partners.
- Not designed for unsustainable maximum short term profitability, i.e. 100% Standards Achievement.
- Goal of organic growth in Market Share and Revenue at sustainably high profit margins.
 - Volume Growth driven by Market Share gains primary driver of local operating leverage.
- Two People Standards combined with entrepreneurial leadership (4E's) are the critical drivers of long term Standards Achievement.

Impressive Financial Results Through the Cycle

Consistent long term growth and improved profitability of Carriage, even through the Recession of '08-'09



Note: Figures shown in millions.

¹ Adjusted free cash flow defined as cash flow from operations less maintenance capex, plus special items. 2007-2015 restated to reflect accounting change related to taxes paid in equity/option exercise.

Consistency Driven By...

- Focused execution of Standards Operating Model across platform, particularly since 2011
- Disciplined execution of Strategic Acquisition Model focused on larger businesses in larger strategic markets
- Improved Overhead support structure evidenced by a reduction of Overhead spending as % of Revenue
- Upgraded 4E Managing Partner talent throughout Carriage
- Highly variable capex, with minimal maintenance needs

Experienced and Proven Management Team

Name	Years of Industry Experience	Background
Mel Payne <i>CEO and Chairman</i>	27	<ul style="list-style-type: none"> Co-founded Carriage in 1991 and only CEO in CSV history Extensive experience in other industries and roles including venture start-ups while spending 10 years in the private company financial restructuring and turnaround business Spent 10 years in the corporate lending business, initially in private placements with Prudential Insurance Company and later with Texas Commerce Bank in Houston
Mark Bruce <i>COO</i>	25	<ul style="list-style-type: none"> Joined Carriage in May 2005 Promoted to Executive Vice President and Chief Operating Officer in February 2017 and served in various roles throughout the company prior to his current position Previously served for 12 years in various sales and operational leadership roles with other public funeral and cemetery service companies
Ben Brink <i>CFO</i>	9	<ul style="list-style-type: none"> Joined Carriage in January 2009 and promoted to Senior VP and Chief Financial Officer in February 2017 Served as Treasurer since January 2012 Previously served as the Cash Manager for International Paper in their Corporate Treasury group from 2006 to 2009
Viki Blinderman <i>Principal Financial Officer</i>	16	<ul style="list-style-type: none"> Joined Carriage in May 2002 and was promoted to Senior VP and Principal Financial Officer in February 2017 Served as Chief Accounting Officer since September 2012 Previously served as the Chief Financial Officer of a privately-held litigation support and practiced public accounting
Shawn Phillips <i>Head of Corporate Development</i>	38	<ul style="list-style-type: none"> Joined Carriage in September 2007 and was promoted to Senior Vice President, Head of Strategic and Corporate Development in February 2017. Previously served from 1983 to 2007 in various leadership and operational roles with other public funeral and cemetery service companies. From 1979 to 1983, worked for an independent funeral operator

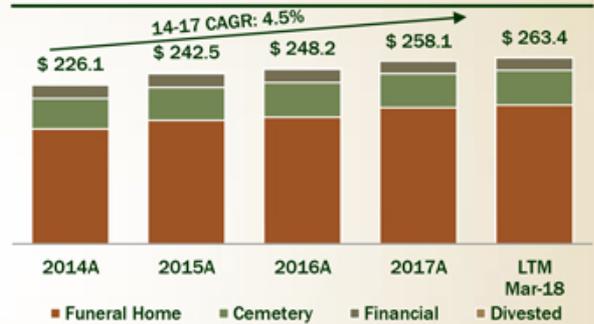
IV. Financial Overview

Historical Revenue Profile

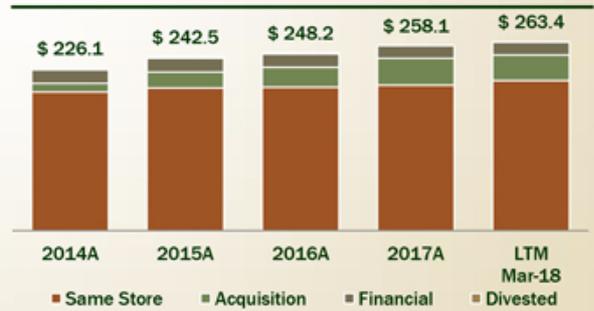
Commentary

- Over past five years, Carriage has achieved a consistent and stable Revenue growth profile
- Broad based growth across segments
 - Funeral Revenue Growth: 6.1%, driven by 1.1% same store growth and 193% acquisition growth
 - Cemetery Revenue Growth: 4.5%, driven by 2.7% same store growth and 35.0%¹ acquisition growth
 - Financial Revenue Decline: (1.6)%, driven by a decrease in Preneed Funeral Commission Income
 - Strong and stable underlying organic growth
- Long Term Revenue and Volume Trends
 - Same store growth by volume growth of 0.2% and 0.8% average revenue per contract growth
 - Focus on at-need vs. preneed sales preserves pricing power of "Best in Class" local businesses
- Additional growth supplemented by selective and accretive acquisitions
 - Acquisitions reported for 5 full years in CSV Trend Reports
 - Acquisitions revenue grew from \$0.5m in 2013 to \$37.5m in 2017
 - Acquisition revenue accounted for 14.5% of 2017 total revenue

Revenue by Segment



Revenue by Same Store vs. Acquisition



Note: Figures shown in millions. For the periods 2014 through 2017, "Same Store" refers to funeral homes owned and operated since January 1, 2014, and "Acquired" Funeral homes are purchased after December 31, 2013. For the LTM Mar-18 period, "Same Store" are Funeral homes owned and operated since January 1, 2014 and "Acquired" are Funeral homes purchased after December 31, 2013.
¹ 2014 to 2017 growth

Historical EBITDA Profile

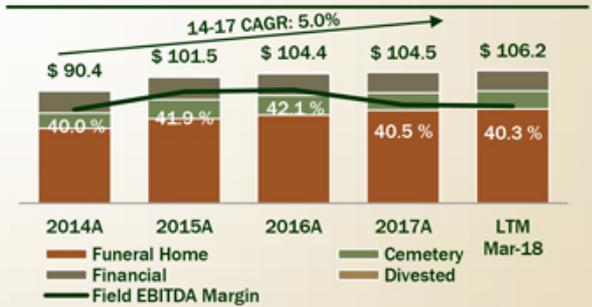
Commentary

- Key drivers of Field EBITDA Margin improvement include improved execution of our Standards Operating Model and accretive acquisitions,
- Fixed Regional and Corporate Overhead infrastructure costs create significant operating leverage
 - Overhead expenses have grown 2.5% annually compared to annual revenue growth of 4.9% from 2013-2017²
- Industry leading Adjusted Consolidated EBITDA Margins
 - 2017 Adjusted EBITDA Margin of 26.6% vs 24.8% for SCI
 - SCI 12x larger than Carriage (based on Revenue)
- Broad based margin improvements by segment
 - Funeral Home: 38.7% in 2017
 - Cemetery: 28.8% in 2017
 - Financial: 92.5% in 2017
- Moderation in 2017 driven by:
 - Ongoing integration of recent funeral home acquisitions made in 2016
 - Proactive investment in people and IT infrastructure
 - Lower cemetery preneed property sales

Adjusted Consolidated EBITDA and Margin



Field EBITDA and Margin



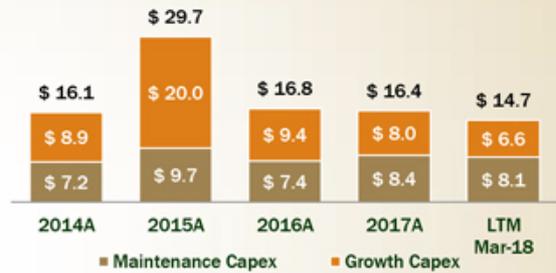
Note: Figures shown in millions. "Field EBITDA" excludes variable overhead, regional fixed overhead, and corporate fixed overhead costs.
² Per Carriage Annual Trend Report

Historical Cash Flow Profile

Commentary

- High fixed asset base generates significant location-level operating leverage and strong free cash flow
 - Record Q1 2018 free cash flow of \$13.4mm
- Low maintenance capex requirements (approx. 3.5%-4.0% of funeral and cemetery operating revenue)
 - Typical maintenance projects include: facility maintenance and repairs, general equipment and furniture, vehicles, paving roads and parking lots, and IT improvements
- Disciplined capital allocation policy for discretionary growth capex
 - Cemetery development, construction of new funeral homes, and renovations
- Elevated capex in 2015 due to:
 - Growth capex for three new funeral home facilities, renovations, and cemetery development
 - Maintenance capex driven by IT and facility upgrades (paving parking lots, new furniture, etc.)
- Minimal working capital requirements
- Free cash flow utilized for debt reduction and highly accretive M&A
 - ~\$143.8mm spend on M&A since 2013
 - 7 Funeral Home business acquired in 2017

Maintenance vs. Growth Capex



Adj. Free Cash Flow & % Adj. EBITDA Conversion



Note: Figures shown in millions. Adjusted Free Cash Flow defined as cash flow from operations, less maintenance Capex, plus any incremental special items.

Key Financial Highlights

- ✓ Industry leading EBITDA Margins
- ✓ High and recurring Free Cash Flow generation
- ✓ Significant embedded Operating Leverage
- ✓ Ability to rapidly de-lever absent acquisition activity
- ✓ Track record of rapidly integrating highly accretive acquisitions
- ✓ Minimal capex and working capital needs
- ✓ Leverage Policy: Total Debt/Adj. Consolidated EBITDA of 4 - 4.5x or less

VI. Additional Materials

Reconciliation of Non-GAAP Measures: Net Income to Adjusted EBITDA

EBITDA Adjustments

(\$ in millions)	FYE Ended December 31,			LTM
	2015	2016	2017	Mar-18
Net Income	\$ 20.9	\$ 19.6	\$ 37.2	\$ 39.5
Plus: Tax Expense	13.7	12.7	(4.4)	(6.3)
Plus: Interest Expense	10.6	11.7	12.9	13.7
Plus: Depreciation & Amortization	13.8	15.4	16.0	16.3
Non-Cash Stock Compensation	4.4	2.9	3.2	3.4
A Accretion of Discount on Convertible Notes	3.5	3.9	4.3	4.5
Loss on Early Extinguishment of Debt	-	0.6	-	-
B Other, Net	0.0	1.8	(1.1)	(1.1)
Consolidated EBITDA	\$ 66.9	\$ 68.5	\$ 68.1	\$ 70.0
C Withdrawable Taxable Income	0.6	-	-	-
Acquisition and Divestiture Expenses	0.6	0.7	-	-
Severance and Retirement Costs	1.0	4.0	-	-
Consulting Fees	1.9	0.5	-	-
D Natural Disaster Costs	-	-	0.6	0.6
Other special items	0.2	-	-	-
Adjusted Consolidated EBITDA	\$ 71.1	\$ 73.7	\$ 68.7	\$ 70.6
E Pro Forma Acquisition Adjustments	-	-	-	2.8
Pro Forma Adjusted Consolidated EBITDA	-	-	-	\$ 73.4

Description of Key Adjustments

- A.** Recognized accretion of the discount of convertible subordinated notes. Accretion is calculated using the effective interest method based on a stated interest rate of 6.75% and will increase each year through to maturity
- B.** For the year ended December 31, 2017, Carriage recognized a (i) \$0.9 million gain on the sale of land and (ii) \$0.2 million gain on the sale of a funeral home business and other assets.
- C.** Realized trust earnings prior to delivery from cemetery merchandise and services trusts allowed in certain states
- D.** Impact of hurricane Harvey and Irma. Represents the property damage and business disruption for thirteen funeral homes and six cemeteries
- E.** Pro forma full year benefit from acquisitions made at the end of 2017

Source: Company filings and 2017 annual report

Reconciliation of Non-GAAP Measures: Field EBITDA

Funeral Field EBITDA (\$ in millions)	FYE Ended December 31,				LTM
	2014	2015	2016	2017	Mar-18
Gross Profit (GAAP)	\$ 54.1	\$ 59.4	\$ 61.6	\$ 61.4	\$ 62.1
Depreciation & Amortization	6.8	7.6	8.9	9.8	10.0
Regional & Unallocated Costs	7.9	9.6	8.7	10.8	11.2
Funeral Financial EBITDA	(8.3)	(8.2)	(7.9)	(7.5)	(7.6)
Divested EBITDA	(1.0)	(1.0)	(1.2)	(0.3)	(0.3)
Funeral Field EBITDA	\$ 59.5	\$ 67.4	\$ 70.2	\$ 74.1	\$ 75.4

Cemetery Field EBITDA (\$ in millions)	FYE Ended December 31,				LTM
	2014	2015	2016	2017	Mar-18
Gross Profit (GAAP)	\$ 15.9	\$ 18.1	\$ 18.0	\$ 15.4	\$ 15.8
Depreciation & Amortization	3.7	4.4	5.0	4.6	4.7
Regional & Unallocated Costs	1.9	2.4	2.2	2.5	2.4
Cemetery Financial EBITDA	(9.3)	(9.8)	(9.6)	(8.6)	(8.6)
Cemetery Field EBITDA	\$ 12.2	\$ 15.1	\$ 15.7	\$ 13.9	\$ 14.3

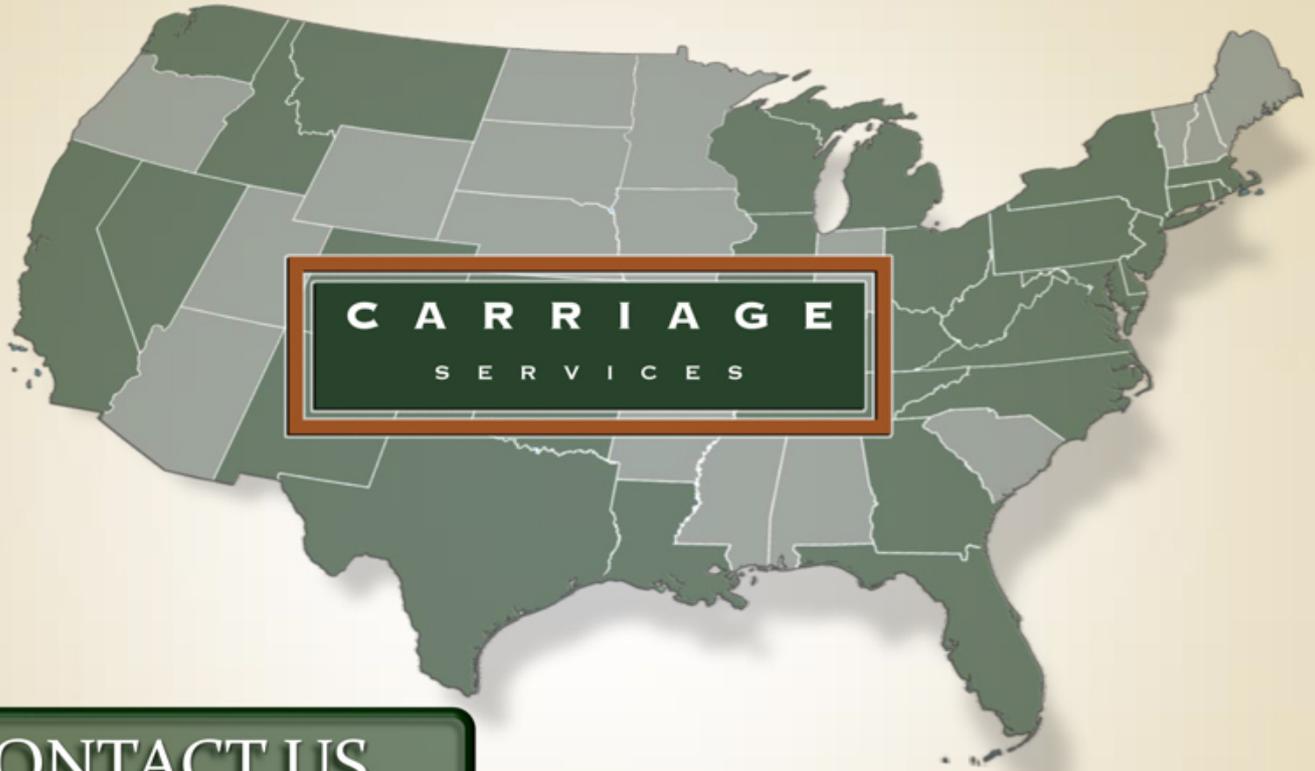
Source: Company filings and 2017 annual report

Reconciliation of Non-GAAP Measures: Adjusted Free Cash Flow

(US\$ in millions)	FYE Ended December 31,											LTM
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	Mar-18
Cash flow from operations	\$ 19.6	\$ 19.5	\$ 16.1	\$ 25.7	\$ 31.0	\$ 25.6	\$ 39.8	\$ 36.6	\$ 51.5	\$ 50.0	\$ 45.2	\$ 52.0
(-) Maint. Capex	(7.9)	(6.0)	(5.2)	(7.1)	(6.8)	(5.1)	(6.6)	(7.2)	(9.7)	(7.4)	(8.4)	(8.1)
Free Cash Flow	\$ 11.7	\$ 13.5	\$ 10.9	\$ 18.6	\$ 24.2	\$ 20.6	\$ 33.2	\$ 29.4	\$ 41.8	\$ 42.6	\$ 36.8	\$ 43.9
<i>Plus: Incremental Special Items:</i>												
Stock award tax benefit adjustments	-	-	-	-	-	-	-	4.8	-	-	-	-
Cash used for litigation settlement	-	-	3.3	-	-	0.2	-	-	-	-	-	-
Acquisition and divestiture expenses	-	-	-	-	1.2	1.3	0.8	1.2	0.6	0.5	-	-
Severance costs	-	-	-	-	1.9	0.8	1.5	1.1	1.0	4.0	-	-
Consulting Fees	-	-	-	-	0.1	-	0.6	0.4	1.9	0.5	-	-
Natural Disaster Costs	-	-	-	-	-	-	-	-	-	-	0.6	0.6
Other Incentive Compensation	-	-	-	-	1.1	-	-	1.0	-	-	-	-
Convertible redemption premium	-	-	-	-	-	-	-	0.8	-	-	-	-
Securitized Transaction Expenses	-	-	-	-	0.5	-	0.2	-	-	-	-	-
Adjusted Free Cash Flow	\$ 11.7	\$ 13.5	\$ 14.2	\$ 18.6	\$ 29.0	\$ 22.9	\$ 36.2	\$ 38.6	\$ 45.2	\$ 47.6	\$ 37.4	\$ 44.5

Source: Company filings and 2017 annual report

THANK YOU FOR YOUR TIME



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