



Carriage Services 2nd Quarter 2025 Earnings Webcast

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Corporate Speakers

- **Steve Metzger**; Carriage Services; President
- **Carlos Quezada**; Carriage Services; CEO & Vice Chairman
- **John Enwright**; Carriage Services; CFO

Participants

- **George Kelly**; ROTH Capital Partners; Analyst
- **Liam Burke**; B. Riley Securities, Inc.; Analyst
- **Parker Snure**; Raymond James & Associates, Inc.; Analyst
- **Alexander Paris**; Barrington Research Associates, Inc.; Analyst
- **Scott Schneeberger**; Managing Director at Oppenheimer & Co. Inc.

Operator: Good day and thank you for standing by. Welcome to the Carriage Services Second Quarter 2025 Earnings Conference Call. Please be advised that today's conference is being recorded.

I would now like to hand the conference over to your speaker today, Steve Metzger, president. Please go ahead, sir.

Steve Metzger: Good morning, everyone. Thank you for joining us to discuss our second quarter results. In addition to myself, on the call this morning for management are Carlos Quezada, Chief Executive Officer and vice chairman of the board of directors, and John Enright, chief Financial Officer.

On the Carriage Services website, you can find our earnings press release, which was issued yesterday after the market closed. Our press release is intended to supplement our remarks this morning and includes supplemental financial information, including the reconciliation of differences between GAAP and non-GAAP financial measures. Today's call will begin with formal remarks from Carlos and John and will be followed by a question and answer period.

Before we begin, I'd like to remind everyone that during this call, we'll make some forward-looking statements, including comments about our business, projections, and plans. Forward-looking statements inherently involve risks and uncertainties and only reflect our views as of today. These risks and uncertainties include, but are not limited to, factors identified in our earnings release as well as in our SEC filings, all of which can be found on our website.

Thank you all for joining us this morning. And now I'd like to turn the call over to Carlos.

Carlos Quezada: Thank you, Steve, and welcome to everyone joining today's second quarter earnings call. As we move through 2025, I continue to be inspired by the dedication and purpose that drive our Carriage team. The results we're sharing today reflect that our strategy is working. But more importantly, they reflect the power of execution across every level of our organization. To every employee who wakes up each day committed to delivering premier experiences to families in need, thank you. Your impact is felt far and wide.

Today, I will walk you through our financial performance for the quarter, followed by updates on a couple of key initiatives. John will then provide more detail around our financial drivers, cash flow, and updated guidance.

Let's begin with the financial results. Total revenue for the second quarter was \$102.1 million, essentially flat compared to the same quarter last year. Total funeral operating revenue grew 1.4%, reaching \$59.6 million, driven by a slight increase in costs of 0.5% for the quarter. Year-to-date, total funeral operating revenue grew \$3.9 million, or 3.1%, while year-to-date volume increased by 1.5%.

We feel encouraged to see this volume trend, especially after accounting for the divestitures of non-core assets. We're confident in a slight organic volume growth rate of 50 to 100 basis points

for the remainder of the year and returning to a normalized volume rate of 1% to 2% in 2026.

Cemetery operating revenue was \$33.5 million, a slight decrease of 0.6% from the same period last year. While modest, this variance is linked to timing differences in preneed sales against a strong second quarter last year, which were driven by more large sales in addition to the divestiture of two non-core cemeteries in the first quarter of this year.

Year-to-date, cemetery revenue is up 2.2%, which is below our year-over-year growth range of 10% to 20%. As mentioned on our previous call, the main reason was the availability of high-end inventory at some of our top cemeteries due to delays in new construction projects. We estimate that most projects will be completed this quarter, and we have a strategy and plan in place that we believe will help us achieve at least a 10% year-over-year growth rate for the remainder of the year.

We continue to see a strong results in our financial revenue, which rose 18.8% to \$8.2 million. This growth was primarily driven by an impressive 96.2% increase in preneed funeral commission income when compared to the same period last year, showcasing the continued strength of our insurance preneed strategy and the ongoing success of our sales teams in helping families plan their final wishes.

Turning to profitability. GAAP net income for the quarter was \$11.7 million, up 85.7% from \$6.3 million in the same quarter last year. GAAP diluted EPS came in at an impressive \$0.74 compared to \$0.40, an 85% increase when compared to the same period last year. Adjusted consolidated EBITDA for the second quarter was \$32.3 million, down 1% from the prior year period. The decline was driven by last year's adjusted expense of \$5 million related to non-recurring costs.

However, our corporate overhead cost for the second quarter of this year came in at 12.2% of revenue, 80 basis points lower than our long-term range of 13% to 14%, and 39% lower than the same quarter last year. This allowed for adjusted consolidated EBITDA margin to be 31.6%, a slight decrease of 30 basis points from the prior year period. The modest decline in EBITDA margin is directly correlated to margin compression in both our funeral and cemetery segments.

Funeral field EBITDA margin was 37%, down 250 basis points from 39.5% last year. Cemetery field EBITDA margin was 44.9%, down 480 basis points from 49.7% last year. While our revenue performance remains solid, these margin pressure reflects the ongoing impact of inflationary costs primarily related to S&B, planned investments in our systems, including our new ERP, as well as the timing of unrecognized profits from undeveloped cemetery sales in previous months. John will share more details regarding field margins.

On the earnings front, adjusted diluted EPS for the second quarter was \$0.74 per share, an increase of 17.5% compared to \$0.63 per share in the prior year quarter. Year-to-date adjusted diluted EPS was \$1.70 per share, a 23.2% increase over the first half of 2024, and a reflection of our commitment to the execution of our strategic objectives.

Looking ahead, we remain confident in our strategy and execution. After two years of disciplined capital management and more than \$100 million paid to reduce our debt, we are pleased to share that we're back to growth mode and we're under contract to acquire new businesses, which we anticipate will close this quarter, subject to customary regulatory approvals.

Combined, these premier locations served more than 2,600 families and generated more than \$15 million in revenue last year. We are excited to return to our long-term strategy of adding shareholder value through high-quality acquisitions, and we look forward to providing more details once these transactions formally close in the coming weeks.

With these new acquisitions, and after accounting for the divestitures of certain non-core assets that closed in the first quarter and others suspected to close in the third quarter of this year, we're updating our full year guidance. John will share our updated ranges later on this call.

We continue to monitor broader economic trends and indicators, and as we move forward with our strategic objectives, we will continue to track them closely. At the same time, we reaffirm our commitment to being prudent stewards of our capital while leaving room for upside value creation through high-quality and strategic acquisitions.

As a quick update, our urn core line continues to gain traction across our businesses, and we're in the final planning stages of rolling out our casket core line. Both initiatives are key steps in our broader strategy to streamline operations, elevate service consistency, and deliver an enhanced experience to the families we serve. As shared before, we are confident the recently negotiated pricing tied to this core line strategies will drive meaningful margin expansion. But more importantly, the curated selections offer families thoughtful, high-quality options to personalize their loved one's farewell, further advancing our commitment to creating premier experiences at every touchpoint with every family, every time.

Our passion for service program is set to become a cultural movement, igniting a passion for service delivery and wow moments across our organization. By certifying and celebrating team members who go above and beyond in elevated service delivery, we are creating a community of service champions driven by purpose and compassion. Passion for service will transform how we connect with each other, our work, and most importantly, with the families who trust us in their most vulnerable moments. We expect the results to be a higher standard of care, deeper team engagement, and a powerful competitive edge that sets Carriage apart.

In closing, we are pleased with our second quarter results, which reflect the strength of our business model and the focused execution of our teams. While we experience some margin compression this quarter, our year-to-date results and momentum remains strong. We continue to invest in the future of Carriage with a clear focus on long-term value creation, cultural alignment, and creating premier experiences for the families we serve.

The last two years were focused on paying down our debt while laying the groundwork for

exponential growth. Now our systems, processes, and people are in place. And with our acquisition strategy back in place, Carriage is positioned well for the future and continue to create value for our employees, the family we serve, and our shareholders.

Thank you again for your continued trust and believe in Carriage. With that, I will now turn the call over to John.

John Enwright:

Thank you, Carlos, and good morning. The company reported strong second quarter results and a solid first half performance. The organization maintained its disciplined approach, resulting in a 17.5% increase in adjusted EPS for the second quarter of 2025. These results would not be possible if it weren't for the collective efforts of the field and support teams, and their dedicated service to our families.

As Carlos mentioned, EBITDA margins in the field faced some pressure in the second quarter of 2025 compared to 2024. Funeral margins decreased by 250 basis points year-over-year. Approximately half of the decline was due to expenses unlikely to recur, while the remaining half was attributed to inflationary increases, primarily salary expenses. Cemetery margins declined by 480 basis points compared to the prior year, with the erosion being more broad-based.

Salary and benefit expenses increased due to market adjustments for maintenance teams as well as recently filled positions. Burial expenses tied to revenues were higher in the second quarter of 2025 compared to 2024. General liability expenses increased year-over-year, and unrecognized revenue and profit for land under development also contributed to the variance. If those revenues had been fully recognized during the quarter, cemetery margin would have improved by approximately 180 basis points.

Cash from operating activities for the quarter totaled \$8.1 million, an increase of \$2.2 million in the same period last year. The \$5.9 million increase was mainly attributable to operational results. Adjusted free cash flow for the second quarter was \$6.9 million, compared to a cash outflow of \$300,000 in 2024. The variance was driven by higher operational cash flow and lower capital expenditures in 2025.

Our leverage ratio was 4.2 times, compared to 4.6 times at the end of the second quarter of 2024. The company paid \$7 million toward outstanding debt during the quarter, bringing the year-to-date total to \$24 million. As a result of our ongoing debt reduction, interest expense for the quarter was \$1.3 million lower than the previous year. With a year-to-date decrease of \$2.7 million at quarter end, \$113 million was drawn on the credit facility.

Capital expenditures for the quarter totaled \$2.8 million, compared to \$3.5 million in the same period last year. Of the \$2.8 million, \$1.1 million was allocated to maintenance capital and \$1.7 million to growth capital. Overhead spending was \$12.5 million, or 12.2%, compared to \$20.4 million, or 20%, in the prior year quarter. The previous year's figures included \$5.1 million in non-recurring expenses related to the strategic review and \$800,000 in separation expenses.

Excluding these one-time expenses, prior year overhead was 14.2%, or 200 basis points higher than the second quarter of 2025. The main factors for the improvement in 2025 were reduced incentive compensation and the consolidation and management of award trips, which led to lower expenses than initially expected.

Moving on to our updated outlook. For the remainder of 2025, the outlook includes the impact of acquisitions and additional divestitures expected to close in the third quarter, which are not part of our initial guidance. Additionally, small adjustments in the back half of the year have been made to our original expectations to the cemetery segment to reflect current trends, which should result in full year margins in this segment between 44.7% and 45%. Nevertheless, measures are being taken to address the shortfall of the first two quarters, and we expect to have a strong second half of the year.

The current outlook anticipates revenues in the range of \$410 to \$420 million. Adjusted consolidated EBITDA between \$129 to \$134 million. Adjusted diluted EPS of \$3.15 to \$3.35. Overhead expenses ranging from 13% to 13.5%. Adjusted free cash flow between \$40 and \$50 million. Leverage ratio ending between 4.1 and 4.2 times.

This concludes the prepared remarks. I will now turn it over to the operator to open it up for questions.

Operator:

Thank you. If you are dialed in via the telephone and would like to ask a question, please signal by pressing Star One on your telephone keypad. If you are using a speakerphone, please make sure your mute function is turned off to allow your signal to reach our equipment. Again, please press Star One to ask a question. We will take our first question from Alex Paris with Barrington Research.

Alex Paris:

Hi, guys. Thanks for taking my question. Congratulations on the quarter. I have a few questions for you. I guess I'll start with the exciting news on M&A. The businesses are under contract. Just the way the press release was written, is this more than one entity you're acquiring, or is it an entity with multiple locations?

Steve Metzger:

Good morning, Alex. This is Steve. So yes to both. So it's multiple transactions, and each one has multiple businesses.

Alex Paris:

Okay. And then you expect it to close in Q3. Again, that will be the first closed acquisition since Greenlawn in the first quarter of 2023. You say it had more than 15 – I guess you're going to probably talk more about it after you close it, but it has more than \$15 million in revenue. I'm curious as to pricing. What did pricing look like relative to recent acquisitions in the market?

Steve Metzger: So I'd say pricing is in line with our philosophy on valuation. So generally speaking, without going into specifics, for a premium business where it's a competitive landscape, which is generally the type of business we're looking at, high single digits on the multiples is a fair estimate. And then there's specifics around the actual business. What's the potential for value creation? Does it have a cemetery, retorts, those type of details that will help you fine-tune what that multiple will look like?

Alex Paris: Got you. And at this point, you're not going to talk about the properties acquired. You'll do it after you close. Is that it?

Steve Metzger: Correct. Yeah. More details will come. We'll put a press release out once they close and share more about the markets and details of the businesses.

Alex Paris: Great. And then on the subject of M&A divestitures in the first quarter, you received proceeds of close to \$19 million. I think you still had a \$6 million property left to sell. Did you sell that in Q2? I don't think so. Do you expect to sell it in Q3?

Steve Metzger: Yes. We have closed one divestiture in Q3. We have a couple others pending. So more details to come there. I would say, in terms of thinking about divestitures for us moving forward, they should tail off this year. The reality is we're not shopping businesses, but every now and then we'll have some inbound interest. But I expect that to really tail off as we get back to focusing on acquisitions.

Alex Paris: So you didn't close the divestiture in Q2, but you closed one in early Q3. Is that what I'm hearing?

Steve Metzger: Right.

Alex Paris: Got you. And then did the press release suggest that there had been some other properties added to the target list for divestitures from the last time we did that?

Steve Metzger: Yeah, we do have a couple of other properties under contract right now. So more details to come in the back half of the year. But I think we're again, wrapping up the focus on divestitures and pivoting back over to acquisitions now.

Carlos Quezada: Just to add a little bit more color to that, those businesses that make it to the divestiture list are businesses that are located in areas where the demographics are declining, where the trends are not in the right direction, where the business it's really not fitting of the business that Carriage portfolio is made of today. And then we're reusing that or deploying that capital for different type

of business that it's more fitting of our current portfolio.

Alex Paris:

No, I mean, that makes sense. And it has a magnification on the portfolio effect. If you're acquiring premium properties and you're divesting properties that are profitable generally, but just not in growth markets, it turbocharges the contribution from the portfolio, in my opinion.

And then last thing for now, last thing on guidance. I'm just wondering if we can get a little bit more color, and what assumptions are embedded in the guidance. You obviously raised guidance for revenue, adjusted EBITDA, and adjusted EPS. If you look at the midpoint of the new revenue guide, it suggests an acceleration in the second half versus the first half. First of all, is that true? I want to make sure my math is correct. And then, where would you think the greatest growth would be? Q3 or Q4? I would think Q4, because the comp is a little easier year-over-year.

John Enwright:

Hey, Alex. This is John. I would say when we look at guide, we took into consideration the acquisitions that are going to close in the third quarter, as well as the divestitures that we didn't initially anticipate in our original guidance, as well as incremental performance in the back half of the year. To the question in regards to where you would see the benefit, the fourth quarter is likely where we see the more impact to performance as compared to last year.

Alex Paris:

Great. And then similarly, adjusted EBITDA at the midpoint of new guidance will be up 4% year-over-year. It was actually down in the first half year-over-year. So it does suggest even more significant adjusted EBITDA growth in the second half of the year. And where is that leverage coming from, funeral, cemetery?

John Enwright:

Yeah. So it's going to be broad-based. At the end of the day, we're going to expect - with incremental sales, we're going to see some additional EBITDA, just generally speaking, associated with that. But cemetery margins also were a little bit challenged in the first half of the year. And we've taken that into consideration as we look at the back half. But from a plan perspective and a guidance perspective, we see some opportunity in the back half of the year with cemetery margins as compared to last year.

Alex Paris:

Great. And then can I ask these simple questions? You had given a DNA target, a stock-based compensation target in the first quarter press release. I didn't see it in the second quarter press release. Shall I assume they're the same DNA of approximately \$25 million and stock-based compensation of around \$8.5 million?

John Enwright:

Yes. Those haven't changed.

Alex Paris: All right. And then last question, and I'll let somebody else ask. Tax rate for the full year, what's a good number to use? I think the last time you talked about 28% to 30%.

John Enwright: Yeah. So it's come down. So if you think about the full year, probably between 27% to 27.5% is a good number to use.

Alex Paris: Super helpful. Thank you. I'll pass the mic.

Steve Metzger: Thank you, Alex.

Operator: Thank you. We'll take our next question from Liam Burke with B. Riley Securities.

Liam Burke: Thank you. Good morning, Carlos, Steve, John.

Steve Metzger: Morning, Liam

Liam Burke: Carlos, you highlighted the overhead coming down, and it's significantly down year-over-year. But how low can that go? It is a very impressive drop.

Carlos Quezada: Liam, over the last couple of years, we have worked really hard in creating a foundation for growth. We couldn't really go back to acquisitions after Greenland. We focused on paying down our debt, but part of that was really to working hard in systems, process, and people, especially here at the Houston Support Center. And we have been able to add positions we never had before with new departments, and also re-engineer and restructure some of what we had from a serviceability perspective and financial analysis perspective as well.

I think we're pretty much where we should be. I think the overhead right now is quite stable. We might add one more position probably before the end of the year. Potentially, two, but they're not highly paid positions. And I do think that along with the revenue growth we're projecting, which we should be right under the 13% we have as a long-term range or number of percentage to revenue on our overhead costs here at the office. We do feel, though, that as we continue to grow through acquisitions, starting with these new acquisitions in the third quarter that we will not need to add cost to the overhead for the short-term future.

John Enwright: Yeah. The only thing I would add to that would be when you look at your model, we guided towards 13% to 13.5% from an overhead range perspective. So we did bring that down from 13% to 14%. And as you think about, and as Carlos just said, as you think about that long term roughly, that's probably the right range for us to be at.

Liam Burke: Great. Thank you. John, you mentioned that on the funeral home looking at year-over-year profitability, that half the addition, the incremental expense that held back margins was non-recurring. Is that the Trinity program?

John Enwright: No. There were some benefits that we received last year in our numbers that ultimately didn't recur. So that impact, as well as we had a catch-up entry for certain expense that was multi-year. So as you take those two expenses out, we don't expect that to happen again. So ultimately, the impact was really more associated with just inflationary expense, salary and benefits within that channel or within that segment of business, which was really the driver of margin compression there.

Liam Burke: Great. Thank you.

Operator: Thank you. We will take our next question.

John Enwright: Thank you, George. I'm sorry. Go ahead

Operator: We will take our next question from George Kelly with Roth Capital Partners.

George Kelly: Hey, Carlos.

Carlos Quezada: Hey, George, how are you doing?

George Kelly: I thought that was maybe you. I'm doing well. How are you guys doing?

Carlos Quezada: Doing fantastic. Thank you for asking.

George Kelly: Great. I appreciate you taking my questions. Maybe to start, I'll just follow up on one of the previous questions. Just trying to better understand your revenue guide and the change versus prior. Could you break - so if the midpoint of your revenue guide grew \$10 million, could you just break down between what changed on the organic business and then divestitures, the newly added divestitures and acquisitions? Can you just give us a more detailed breakdown of how that \$10 million breaks out?

John Enwright: Yeah. So if you think about, and again, these are going to be broad numbers. If you think about just the acquisitions and the comment that had \$15 million of acquisition revenue. If you just think about the last third of the year, that would equate to roughly about \$5 million. Obviously, it might be

a little bit more weighted than that. So call that five - call that about half the increase associated with the guide increase, which is offset a little bit by the divestitures, but not terribly significantly.

And the rest would be associated with the core business or the organic business. The fourth quarter was a tough quarter for us last year as compared to a normal quarter. So we've taken that back into consideration and looking at a normal fourth quarter as we look at the businesses. So that's both in funeral as well as cemetery.

George Kelly:

Okay. Okay. That's helpful. Thanks. And then second question for me on your cemetery expectations for the back half. I think in your prepared remarks, you said you expect to get back to ten plus percent growth. Maybe that was just preneed, but what's the plan to get back there? Is it really just all about inventory, or is there anything else that's worth flagging?

Carlos Quezada:

No. George, what has happened is we got some delays on permits in some very high-end, high-volume businesses that we own, cemeteries specifically. And when you look at our year-to-date and quarter for the second quarter, our contract count versus last year, contract volume is higher on preneed cemetery sales than last year. But these are the single sales.

So low average sales, your bread and butter sales, which we always want to do. It's just the lack of higher-end sales because of the lack of inventory that were not able to be sold, pre-developed for the second quarter, and really, the first half of this year. We do expect those projects to be finalized and able to sell within the third quarter.

And then fourth quarter should allow us to then catch up to some of that growth we're expecting for the year. That's really it because the sales force are working really well. They're delivering the numbers with honestly just single sales. And that's pretty hard to do. And I'm very proud of their work on being able to achieve that without having those \$150, \$250,000 sales, which imagine that makes up probably about 50 contracts. So great, great job. And I do expect to be back on track by Q3.

George Kelly:

Okay. Okay. Great. And then last question for me is just back to M&A. Can you talk about beyond these transactions that you've talked about and expect to close in 3Q, what does the pipeline look like behind these transactions, and should we anticipate that in, I don't know, if maybe Q4 is too early, but in 2026 there will be continued stuff that you're seeing that you like that you're working towards? Or just, I guess, what's the frequency that you hope to execute on more M&A?

Steve Metzger:

Good morning, George. Yeah. So the pipeline is strong right now for us. We're currently in several conversations with owners of premium businesses that we're excited about. With that said, the real benefit for us is we're in a position to be selective. So there are some opportunities where we've had to walk away just because the valuation we couldn't all agree on. And at the end of the

day, what we're trying to do is continue to build a portfolio that we

So we'll continue to be active with M&A throughout this year. I can't give you timing in terms of when the announcement will be. And then certainly through '26 and moving forward, want to get to a regular cadence on acquisitions while we continue to balance our leverage, which has been the goal going back to two years ago.

George Kelly: Okay. Thank you. And best of luck

John Enwright: Thank you, George.

Steve Metzger: Thanks, George.

Operator: Thank you. Once again, if you would like to ask a question, please signal by pressing star One. Your next question comes from Scott Schneeberger with Oppenheimer.

Scott Schneeberger: Thank you very much. Thanks for taking my question. Good morning, gentlemen. I just wanted to ask you had in second quarter of last year, strong growth in average revenue per funeral contracts. And again, this year you had nice growth as well. Could you just speak to what's behind that and the sustainability of that attractive growth? Thanks.

Carlos Quezada: Good morning, Scott. Thank you for your question. It's really coming from two fronts. At the end of last year, we started with what we call the strategic pricing reviews. And what that is on a quarterly basis, the director of operations for that business and our analysts here at the Houston Support Center they come together with the managing partner to evaluate with a very specific set of metrics that look at volume trends for five years. They look at average cremation rates, burial rates. They look at competition pricing, their pricing. When was the last time they increased price? Service charge, all these different things. And then after the meeting, they decide based on their trends if they want to increase the price. Of course, they look at cost margins and things of that nature.

And so that has worked really, really well because it's not a push-down price. The strategy is really making the managing partner aware what's going on in their market, going on in their business, and what strategy they can use to price to make up for any inflation rate cost they have seen for salaries that may have been increasing, or perhaps volume trends are going down. We need to think actually the opposite and decrease price if that's the case or increase price if the volume trends continue to be spiking up. That's one side.

The other side has being our cremation conversion strategy, which basically emphasizes an educational process with the family. We created these brochures, if you will, where a family can

sit down and be more educated about reclamation so that most likely than not, they can walk away from the funeral home with something more other than just a reclamation. That could be just an upgraded urn, could be a visitation, could be a viewing, could be an ID, could be a full blown funeral service, could be a life celebration. And that has worked really, really well. And so that's helping.

And I'll add one more, Scott, if you don't mind. And that is our urn core line strategy. So the margins are expanding a little bit, and the price has not decreased from our urn core line that we launched at the beginning of Q1 this year. That's helping also on our average revenue per contract on the commission side. And so I truly believe these are the three things that are helping us drive price on the funeral home side.

**Scott
Schneeberger:**

Great. Thanks, Carlos. I appreciate that color. And John, for you, my follow-up. Have you had a chance to look at the July 4th Federal Tax Act? Might you see some benefit going forward in free cash flow and cash taxes from anything in the bill at Carriage? Thanks.

John Enwright:

Yeah. So we look at right now our expectation is probably around about a \$5 to \$6 million benefit associated with cash taxes in 2025. And as we look through the remainder of the bill's time frame, we'll see small incremental benefits associated with cash taxes.

**Scott
Schneeberger:**

Great. Thanks very much.

Operator:

Thank you. This does conclude today's question and answer session. I would now like to turn the call back to Carlos for closing remarks.

Carlos Quezada:

Thank you all for joining us today. As we reflect on a strong second quarter, it's clear that our transformation is delivering results, but we're just getting started. The foundation we have built is unlocking new opportunities for sustainable growth, operational excellence, and long-term value creation. We're confident in the upside that lies ahead, and we remain focused on executing with discipline, innovation, and a passion for service. Thank you for your continued support and believe in our vision. Have a great day.

Operator:

This concludes today's call. Thank you for your participation. You may now disconnect.