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

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**FORM 8-K**

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

Date of Report (Date of earliest event reported): December 5, 2019

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**Carriage Services, Inc.**  
(Exact name of registrant as specified in its charter)

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**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)

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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))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
<b>Common Stock, par value \$.01 per share</b>	<b>CSV</b>	<b>New York Stock Exchange</b>

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.

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## ITEM 7.01. REGULATION FD DISCLOSURE

On December 5, 2019, Carriage Services, Inc. (the “*Company*”) issued a press release announcing that it intends to offer an additional \$75 million aggregate principal amount of its 6.625% Senior Notes due 2026 (the “*New Notes*”). On May 31, 2018, the Company completed an offering of \$325 million of its 6.625% Senior Notes due 2026 (the “*Initial Notes*” and, together with the New Notes, the “*Notes*”). The New Notes will have terms identical to the Initial Notes, except with respect to the date of issuance, the issue price, the initial interest accrual date and the initial interest payment date, and the New Notes and the Initial Notes will be treated as a single class of securities under the indenture governing the Notes. The press release is attached hereto as Exhibit 99.1 of this Current Report and is incorporated by reference herein.

On December 5, 2019, 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 New 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 December 5, 2019.](#)
- 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: December 5, 2019

CARRIAGE SERVICES, INC.

By: /s/ Viki K. Blinerman

Viki K. Blinerman

Senior Vice President, Principal Financial Officer and  
Secretary



### **Carriage Services Announces Offering of Additional Senior Notes**

HOUSTON, Dec. 05, 2019 (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, an additional \$75 million aggregate principal amount of its 6.625% senior notes due 2026 (the “new 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”). On May 31, 2018, the Company completed an offering of \$325 million of its 6.625% Senior Notes due 2026 (the “initial notes” and, together with the new notes, the “notes”). The new notes will have terms identical to the initial notes, except with respect to the date of issuance, the issue price, the initial interest accrual date and the initial interest payment date, and the new notes and the initial notes will be treated as a single class of securities under the indenture governing the notes.

The new notes, like the initial notes, will be unsecured, senior obligations of the Company, and interest will be payable semi-annually in arrears. The new notes, like the initial 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 credit facility.

The Company intends to use the net proceeds of the proposed offering for general corporate purposes, including reducing revolving debt and acquisitions.

Neither the new 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 187 funeral homes in 29 states and 30 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, 2018 and the Company’s Quarterly Report on Form 10-Q for the quarter ended September 30, 2019, 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, the Company’s Quarterly Reports on Form 10-Q, and other information about the Company and news releases, are available at <http://www.carriageservices.com>.

Source: Carriage Services, Inc.



Investor Presentation  
December 2019

# Cautionary Statement on Forward Looking Statements and Information

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, (the "Securities Act") 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 "Risk Factors" and "Forward-Looking Statements" in the Company's Annual Report on Form 10-K for the year ended December 31, 2018, and Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2019 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. There may be other factors of which the Company is not currently aware that may affect matters discussed in the forward-looking statements and may also cause actual results to differ materially from those discussed. Forward-looking statements contained herein regarding acquisitions include assumptions about the pricing, timing, terms and conditions of such acquisitions, our ability to close such acquisitions, and the anticipated benefits, impacts, cost savings and operational improvements of the 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 additional attractive acquisition targets in the future, that we will succeed in negotiating the terms and conditions reflected in the model, or that we will execute any additional 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 contains information about the potential offering of senior notes. This presentation has been prepared and is being furnished solely for informational purposes and solely for use by you in preliminary discussions in connection with your consideration of a potential transaction. This presentation is not, and is not intended to be, an offer to sell, or a solicitation of an offer to purchase, any securities or any other interest. Any such offering and sale would be made only on the basis of certain transaction documents and, as the case may be, an offering circular and related documents.

The senior notes have not been, and will not be, registered under the Securities Act and may not be offered or sold in the United States or to U.S. persons unless registered under the Securities Act or an exemption from the registration requirements of the Securities Act is available. The distribution of this presentation in certain jurisdictions may be restricted by law.



# Cautionary Statement on Forward Looking Statements and Information (Con't)

This presentation contains preliminary information only, is subject to change at any time and is not, and should not be assumed to be, complete or to constitute all the information necessary to adequately make an investment decision or other determination. It is expected that investors interested in participating in any transaction will conduct their own independent investigation of the Company and the terms of any transaction, including the merits and risks involved.

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 Annual Report Form 10-K, Quarterly Report on Form 10-Q for the quarter ended September 30, 2019, and other Carriage Services information and news releases, are available at [www.carriageservices.com](http://www.carriageservices.com).

The contents of this presentation are not to be construed as legal, regulatory, business, accounting or tax advice. You should consult your own attorney, business advisor, accountant and tax advisor as to legal, regulatory, business, accounting and tax advice. This presentation has been prepared exclusively for the internal confidential use of the recipient only. Any reproduction or distribution of this presentation, in whole or in part, or the disclosure of the contents hereof, without the prior written consent of the Company, is prohibited.

Neither Goldman Sachs & Co. LLC nor any other initial purchaser of the senior notes has independently verified the information contained herein or any other information that has or will be provided to you.





# I. Company Update

# Carriage Services Overview

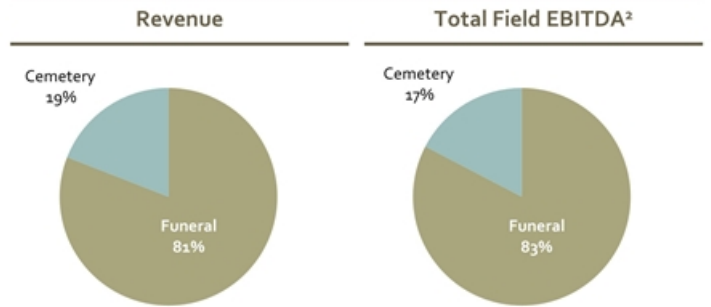
## Business Overview

- Founded in 1991, Carriage Services is a leading owner and consolidator of funeral homes and cemeteries in the U.S.
- Operates through two segments: Funeral Home Operations and Cemetery Operations, offering a complete range of high value personal services to meet a family's needs
  - In addition to these two segments, CSV generates preneed funeral insurance commission income, preneed funeral trust earnings, preneed cemetery trust earnings and preneed cemetery finance charges
- Provides services and products on both an "atneed" (time of death) and "preneed" (planned prior to death) basis
- Industry leading Adjusted Consolidated EBITDA Margins in the consolidated funeral home and cemetery industry

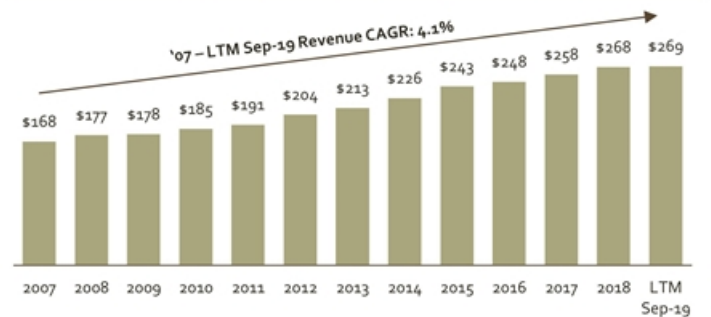
## Diverse National Footprint<sup>3</sup>



## Operating Segment Overview (LTM Sep-19)<sup>1</sup>



## Track Record of Long Term Revenue Growth<sup>4</sup>



<sup>1</sup> Includes Cemetery and Funeral same store and acquisition revenue / EBITDA  
<sup>2</sup> Excludes variable overhead, regional fixed overhead, and corporate fixed overhead costs  
<sup>3</sup> Map shown as of Nov-2019 and gives effect to Lombardo and Rest Haven acquisitions  
<sup>4</sup> Figures shown in millions

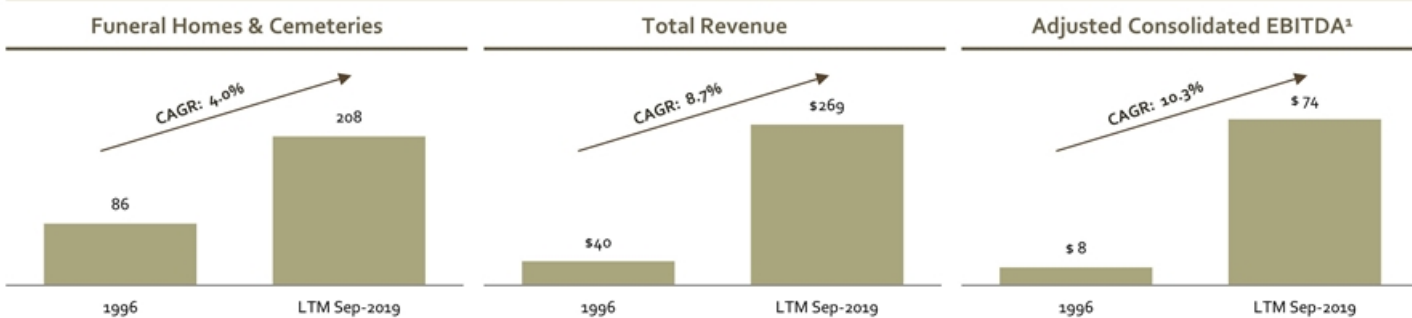


# History of Carriage

## Evolution Into an Industry Leader

1991	1996	1998	1999	2004	2005	2007	2008	2011	2012	2018	2019
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 Funeral sector because of aggressive growth and over leverage	Implemented Innovative 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	Operational Leadership Transformation Issued \$325 million unsecured notes	Launched next evolution of the Standards Operating Model with a theme of 2019: Back To The Future – A New Beginning – Part II

## Long Term Track Record of Performance



Source: Company filings

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

<sup>1</sup> Please refer to page 25 for the EBITDA reconciliation



# Business Segment Overview

	Funeral Home Operations	Cemetery Operations	Financial Earnings Preneed & Trust
<b>Overview</b>	<ul style="list-style-type: none"> <li>• 187 funeral homes in 29 states<sup>1</sup></li> </ul>	<ul style="list-style-type: none"> <li>• 30 cemeteries in 11 states<sup>1</sup></li> </ul>	<ul style="list-style-type: none"> <li>• Earnings from insurance contracts &amp; trust fund assets as merchandise and services are provided to customers</li> </ul>
<b>Description</b>	<ul style="list-style-type: none"> <li>• Complete range of services, including:                             <ul style="list-style-type: none"> <li>• Consultation</li> <li>• Removal and preparation of remains</li> <li>• Sale of caskets and related funeral merchandise</li> <li>• Use of funeral home facilities for visitation and remembrance services</li> </ul> </li> <li>• Both available on an "atneed" and "preneed" basis</li> <li>• High Value Personal Service Business</li> </ul>	<ul style="list-style-type: none"> <li>• Product and service offering includes:                             <ul style="list-style-type: none"> <li>• Interment services</li> <li>• Right to interment in cemetery sites (primarily grave sites, mausoleum crypts and niches)</li> <li>• Related cemetery merchandise (e.g. memorials and vaults)</li> </ul> </li> <li>• Revenue &amp; EBITDA growth driven by sale of property on a preneed basis</li> </ul>	<ul style="list-style-type: none"> <li>• Derived from four components:                             <ul style="list-style-type: none"> <li>• Preneed Funeral Commission Income</li> <li>• Preneed Funeral Trust Earnings</li> <li>• Preneed Cemetery Trust Earnings</li> <li>• Preneed Cemetery Finance Charges</li> </ul> </li> </ul>
<b>% of LTM Sep-2019 Revenue</b>	<b>76%</b>	<b>18%</b>	<b>6%</b>



<sup>1</sup> As of Nov-2019 and gives effect to Lombardo and Rest Haven acquisitions

# High Performance Culture Framework

- ✓ Innovative and disciplined 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 high and sustainable margins
- ✓ Acquisition criteria and valuation methodologies provide discipline for most attractive opportunities in strategic growth markets

## Standards Operating Model

- Seven funeral and four cemetery operating standards designed for long-term strong financial performance, focused on organic growth in market share and revenue and achieving high profit margins
- Local business market share growth is key to achieving sustainable revenue growth that creates a powerful financial dynamic of operating leverage
- Designed for flexible, decentralized decision-making by Managing Partners, with incentive compensation for them and their teams based on Standards Achievement

## 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

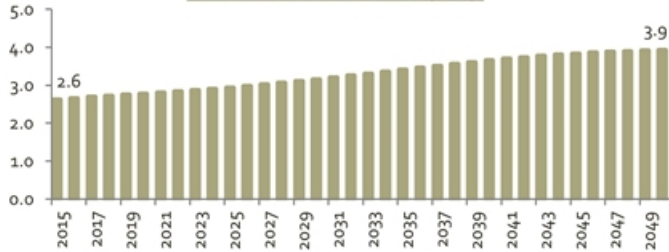
- Assess acquisition candidates based on ten Strategic Criteria, each of which is weighted for predictability of future revenue growth
- Seek to acquire larger and higher margin funeral home and cemetery businesses in large, demographically attractive strategic markets
- Key criteria: cultural alignment;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

# 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...

Annual Deaths in the U.S. (mm)<sup>1</sup>



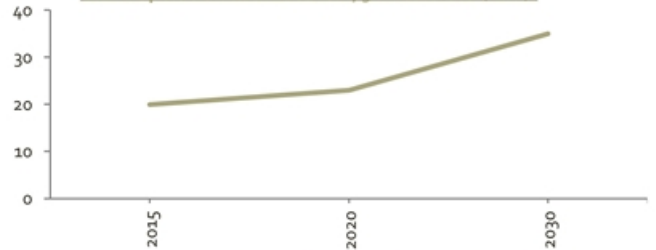
Carriage has grown Same Store Revenue<sup>4</sup> despite Increasing Cremation Trends...

Actual and Estimated Cremation Rates<sup>2</sup>



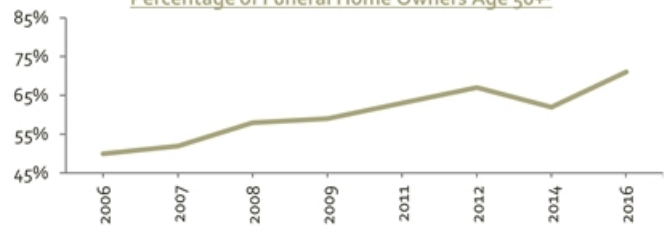
## ...Driven By An Aging Population

U.S. Population Estimate for 75+ Years Old (mm)<sup>1</sup>



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

Percentage of Funeral Home Owners Age 50+<sup>3</sup>



Sources: <sup>1</sup> 2017 National Population Projections, US CENSUS; <sup>2</sup> National Center for Health Statistics, Sundale Research 2017; <sup>3</sup> Homesteaders Life Company  
<sup>4</sup> "Same Store" refers to funeral homes owned and operated since January 1, 2014



# Overview of Completed Acquisitions

## Lombardo



### Description

- Based in Buffalo, NY, Lombardo is a family-owned, best-in-class funeral service provider
- Largest funeral home business in Western New York, with 4 funeral homes serving approximately 2,000 families annually
- Transaction closed on October 9, 2019
- Purchase price of \$15.3 million

### Strategic Rationale

- Large and fast growing funeral home business with additional opportunities to continue above average growth rates

## Rest Haven



### Description

- Based in Rockwall, TX, Rest Haven is a family-owned funeral and cemetery business
- Rest Haven offers cemetery, funeral, and cremation services, including floral and pet cremation options
- Transaction closed on October 28, 2019
- Purchase price of \$23.6 million

### Strategic Rationale

- Large combination business in Rockwall with a number of growing ancillary businesses and opportunity for CSV to grow in strategic Dallas market

# Overview of Pending Acquisitions

## Fairfax



### Description

- Based in Fairfax, VA, Fairfax is one of the largest, privately owned combination businesses (funeral home & cemetery) remaining in the U.S.
- Easily accessible to over 1 million people, and boasts an established heritage of property owners
- Currently under definitive acquisition agreement and expected to close in late December 2019
- Purchase price of \$100.0 million

### Strategic Rationale

- Large acquisition in an affluent area with limited competition and relatively high barriers to entry
- Multiple years of organic growth opportunities. Signature property for CSV
- Significant opportunities for improved performance once under CSV management and Standards Operating Model

## Oakmont



### Description

- Based in Lafayette, CA, Oakmont will be purchased from StoneMor and has a funeral home, large cemetery and crematory
- Holds high-end inventory and serves affluent clientele in northern California area
- Currently under definitive acquisition agreement and expected to close in January 2020
- Purchase price of \$33.0 million

### Strategic Rationale

- Solidifies CSV footprint in strategic Bay Area
- Believe it presents CSV with significant opportunities to improve funeral operations & cemetery sales once under CSV management and Standards Operating Model



# Key Credit Highlights

## A Leader in the Funeral Home and Cemetery Industry

- #2 player in a highly fragmented industry, with the top 3 players representing only ~20% of the total market and the remaining 80% consisting of independent market players who are primarily local and family-owned
- High barriers to entry as heritage and local brand loyalty have been built over generations
- Death care industry is estimated \$18bn in annual revenue with 21,000 funeral homes and cemeteries in the U.S.

## Stable Industry with Favorable Trends

- Increasing annual deaths and a growing aging U.S. population provide tailwinds for CSV's long term growth outlook
- CSV is the acquirer of choice for funeral owner succession planning given CSV's strong culture, decentralized business model and strong industry reputation that has been built over 28 years

## National Presence Focused on Local Strategic Markets

- Nationwide company with a local market focus, with a track record of growing in strategic markets where CSV sees favorable demographic and local operating trends
- CSV has increased its presence in such strategic markets from 76% of revenue in 2006 to 91% in 2018

## Standards Operating Model = Industry Leading Results

- Innovative and disciplined Standards Operating Model designed for long-term, high and sustainable financial performance
- 2018 evolution of Standards focused on improving organic revenue growth rates across CSV, improving Field & Corporate EBITDA margins consistent with 2016 levels and serving more families locally / gaining market share

## Impressive Financial Results Through the Cycle

- Consistent long term growth and improved profitability of Carriage, even through the recession of 2008-2009
- Highly resilient industry to economic variances with highly discretionary capex and low working capital needs

## Experienced and Proven Management Team

- Tenured, dedicated management team with long histories at Carriage and in the funeral & cemetery industry
- Mel Payne co-founded CSV in 1991 and has been the only CEO in CSV history



Source: Company filings

## II. Financial Overview

# Update on 2019 Operational Improvements

- CSV evolved its Standards Operating Model in Q4 2018 for 2019 and beyond, following a deep analytical and qualitative portfolio review with leading Managing Partners and other key internal stakeholders
- The next evolution encompasses:
  1. Focusing on organic revenue growth in both same store funeral and cemetery segments; added 3 yr. Revenue CAGR Standard
  2. Achieving Field & Corporate EBITDA margins consistent with 2015-2016 levels
  3. Leverage reduction towards the 4.0x – 4.5x target
  4. Acquisition activity would only resume once Carriage was confident in operation performance. Carriage is first and foremost an operating company
- Strong recent performance demonstrates CSV is successfully executing on its 2019 goal and validates changes made in 2018:

(\$ in millions)	Q3-2018	Q3-2019	% Change
Funeral Same Store ("SS") Revenue <sup>1</sup>	\$40.2mm	\$41.5mm	+3.2%
Cemetery SS Revenue <sup>1</sup>	\$11.1mm	\$12.8mm	+15.6%
SS Funeral Field EBITDA (Margin) <sup>2</sup>	\$13.8mm (34.3%)	\$15.0mm (36.2%)	+8.7% (+190bps)
SS Cemetery Field EBITDA (Margin) <sup>2</sup>	\$3.0mm (27.1%)	\$4.4mm (34.6%)	+47.6% (+750bps)
Total Field EBITDA (Margin) <sup>2</sup>	\$23.2mm (36.2%)	\$25.7mm (38.9%)	+10.7% (+270bps)
YTD Total Adj. Consolidated EBITDA (Margin) <sup>2</sup>	\$53.4mm (26.5%)	\$57.4mm (28.3%)	+7.5% (+180bps)

<sup>1</sup> Please refer to the 2019 Q3 10-Q for reconciliation

<sup>2</sup> Please refer to the Appendix for a reconciliation of all non-GAAP figures



# Financial Highlights for 3<sup>rd</sup> Quarter & YTD 2019

## Revenues

- Improved results from all segments Funeral, Cemetery & Financial in Q3-19
- Resulted in 2.9% growth in Q3-19, year-over-year bringing YTD growth to 0.7% despite an unusually strong Q1 2018
- Higher growth when factoring in the disposition of the Ft. Lauderdale city cemetery business in Q3-18 and the divestiture of two funeral businesses in Q3-19

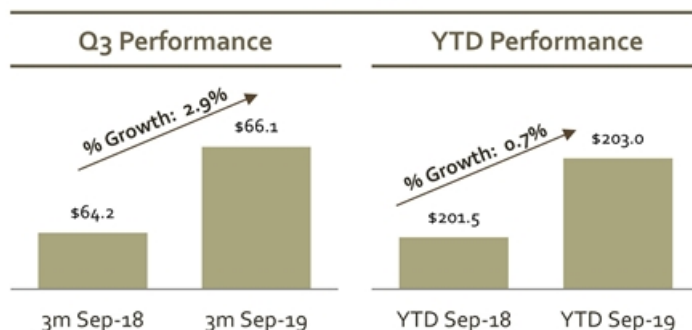
## Adj. Consolidated EBITDA<sup>1</sup>

- All four operating and financial profit centers that comprise Total Field EBITDA achieved higher revenue growth and led to higher Field EBITDA and Field EBITDA margins
- Adj. Consolidated EBITDA ~\$4.0mm higher YTD with margins 180bps higher than in 2018

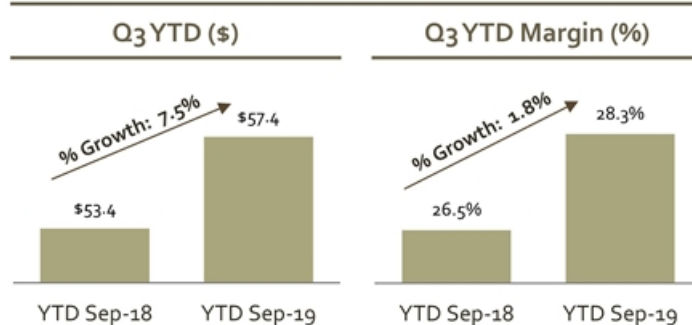
## Adj. Free Cash Flow<sup>2</sup>

- Generated Adj. Free Cash Flow of ~\$31.6 million YTD, in line with prior comparable period
- Consistent maintenance capex spend

## Revenue



## Adj. Consolidated EBITDA & Margin

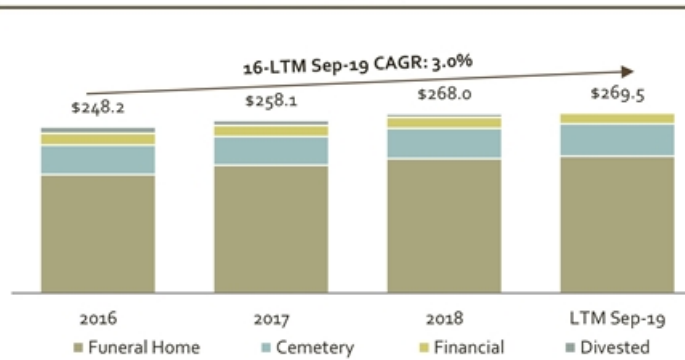


<sup>1</sup> Please refer to page 25 for the EBITDA reconciliation

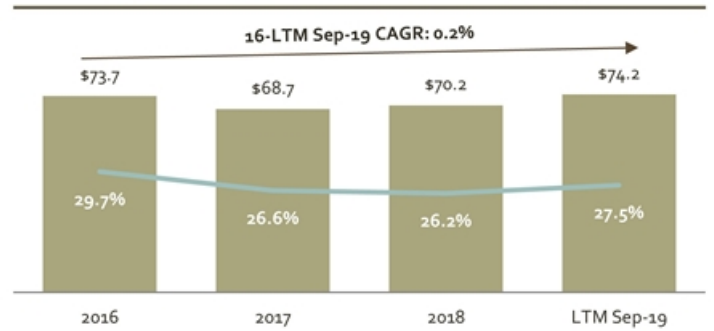
<sup>2</sup> Please refer to page 27 for the Free Cash Flow reconciliation

# Consistent Historical Financial Performance

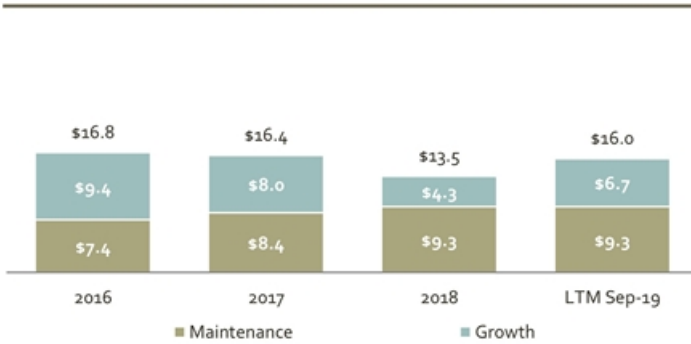
### Revenue by Segment



### Adjusted Consolidated EBITDA and Margin<sup>1</sup>



### Maintenance vs. Growth Capex



### Adj. Free Cash Flow & % Adj. EBITDA Conversion<sup>2</sup>



Note: Figures shown in millions.

<sup>1</sup> Please refer to page 25 for the EBITDA reconciliation

<sup>2</sup> Please refer to page 27 for the Free Cash Flow reconciliation



# Key Financial Highlights

- ✓ High and recurring Free Cash Flow generation
  - ✓ Industry leading EBITDA Margins
  - ✓ Significant embedded Operating Leverage; both at local business level and as a company
  - ✓ Consistent capex spending and minimal working capital needs
- ✓ Leverage target of 4.0 – 4.5x Total Debt / Adjusted Consolidated EBITDA
  - ✓ M&A on hold for next 12 months (unless highly strategic targets become available)
  - ✓ Ability to rapidly de-lever absent acquisition activity through strong Free Cash Flow generation
- ✓ Following the completion of these acquisitions, focus will be on:
  - ✓ Continued organic growth and generation of Free Cash Flow at high and sustainable profit margins
  - ✓ Successfully integrating acquired businesses to ensure achievement of performance targets
  - ✓ De-leveraging to reach leverage target by year end 2021

# Appendix

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

## EBITDA Adjustments

(\$ in millions)	Fiscal Year Ended Dec 31,			Nine Months Ended		LTM Ended
	2016	2017	2018	Sep 30, 2018	Sep 30, 2019	Sep 30, 2019
Net Income	\$19.6	\$37.2	\$11.6	\$14.3	\$12.0	\$9.3
Plus: Tax Expense	12.7	(4.4)	6.6	5.1	5.8	7.3
Plus: Interest Expense	11.7	12.9	21.1	14.8	18.9	25.3
Plus: Depreciation & Amortization	15.4	16.0	17.4	13.1	13.3	17.7
Non-Cash Stock Compensation	2.9	3.2	6.6	2.9	1.6	5.3
<b>A</b> Accretion of Discount on Convertible Notes	3.9	4.3	2.2	2.0	0.2	0.4
Loss on Early Extinguishment of Debt	0.6	-	0.5	0.9	-	(0.4)
<b>B</b> Other, Net	1.8	(1.1)	1.2	0.3	3.9	4.8
<b>Consolidated EBITDA</b>	<b>\$68.5</b>	<b>\$68.1</b>	<b>\$67.3</b>	<b>\$53.4</b>	<b>\$55.7</b>	<b>\$69.6</b>
Acquisition and Divestiture Expenses	0.7	-	-	-	-	-
Severance and Retirement Costs	4.0	-	1.4	-	1.1	2.6
Consulting Fees	0.5	-	-	-	-	-
<b>C</b> Litigation Reserve	-	-	1.0	-	0.6	1.6
<b>D</b> Natural Disaster Costs	-	0.6	0.4	-	-	0.4
Other special items	-	-	-	-	-	-
<b>Adjusted Consolidated EBITDA</b>	<b>\$73.7</b>	<b>\$68.7</b>	<b>\$70.2</b>	<b>\$53.4</b>	<b>\$57.5</b>	<b>\$74.2</b>
<b>E</b> Pro Forma Acquisition Adjustments						17.1
<b>Pro Forma Adjusted Consolidated EBITDA</b>						<b>\$91.3</b>

<sup>1</sup> The adjustments for the Completed Acquisitions and the Pending Acquisitions are based on financial information provided to us from each of the Target Businesses (the "Target Financials"), as adjusted by management for estimated cost savings and operational improvements expected to be achieved in connection with the integration into the Company's business, although no assurances can be given that such cost savings and operational improvements will be achieved. The Target Financials provided to the Company consisted of information for the nine months ended September 30, 2019 and are presented on an annualized basis. The Target Financials have not been audited or verified by the Company and the Company cannot assure you of the accuracy or completeness of the information. Moreover, because the Target Financials are presented on an annualized basis, they are subject to significant assumptions and are not necessarily indicative of past or future performance. Investors should not place undue reliance on the Target Financials or the Pro Forma Acquisition Adjustments, which is presented solely for illustrative purposes. The Acquisitions are in varying stages of completion, with varying levels of certainty as to whether each Acquisition will be consummated. The two Completed Acquisitions have an aggregate annualized LTM Adjusted EBITDA of \$5.0mm. The two Pending Acquisitions have an aggregate annualized LTM Adjusted EBITDA of \$12.1mm.

## 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, 2018, Carriage recognized impairments and losses on divested businesses. For the year ended December 31, 2017, Carriage recognized gains on the sale of land, a funeral home business and other assets
- C. Putative class action filed against Carriage in March 26, 2018. As of December 31, 2018, Carriage accrued \$650,000 for the estimated settlement amount related to this case
- 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 the Acquisitions<sup>1</sup>



# Reconciliation of Non-GAAP Measures: Field EBITDA

Funeral Field EBITDA (\$ in millions)	Fiscal Year Ended December 31,			LTM Ended
	2016	2017	2018	Sep 30, 2019
Funeral Gross Profit (GAAP)	\$61.6	\$61.4	\$60.9	\$61.7
Depreciation and Amortization	8.9	9.8	10.7	11.1
Regional and Unallocated Costs	8.7	10.8	10.5	11.4
Funeral Financial EBITDA	(7.8)	(7.6)	(7.8)	(7.8)
Divested EBITDA	(1.4)	(0.4)	(0.1)	(0.1)
<b>Funeral Field EBITDA</b>	<b>\$70.0</b>	<b>\$74.0</b>	<b>\$74.2</b>	<b>\$76.3</b>

Cemetery Field EBITDA (\$ in millions)	Fiscal Year Ended December 31,			LTM Ended
	2016	2017	2018	Sep 30, 2019
Cemetery Gross Profit (GAAP)	\$18.0	\$15.4	\$15.1	\$15.0
Depreciation and Amortization	5.0	4.6	4.9	5.0
Regional and Unallocated Costs	2.2	2.5	2.2	2.7
Cemetery Financial EBITDA	(8.5)	(7.4)	(6.9)	(6.7)
Divested EBITDA	(1.8)	(1.7)	(1.4)	-
<b>Cemetery Field EBITDA</b>	<b>\$14.9</b>	<b>\$13.4</b>	<b>\$13.9</b>	<b>\$16.0</b>



Source: Company Filings

# Reconciliation of Non-GAAP Measures: Adjusted Free Cash Flow

(\$ in millions)	Fiscal Year Ended December 31,			Nine Months Ended		LTM Ended
	2016	2017	2018	Sep 30, 2018	Sep 30, 2019	Sep 30, 2019
Net cash provided by operating activities	\$50.0	\$45.2	\$49.1	\$38.7	\$36.1	\$46.5
<i>Special Items:</i>						
Acquisition and divestiture expenses	0.5	-	-	-	-	-
Severance costs	4.0	-	1.4	-	1.1	2.6
Consulting fees	0.5	-	-	-	-	-
Litigation reserve	-	-	1.0	-	0.6	1.6
Natural disaster costs	-	0.6	0.5	-	-	0.4
Cash used for maintenance capital expenditures	(7.4)	(8.4)	(9.3)	(6.2)	(6.2)	(9.3)
<b>Adjusted Free Cash Flow</b>	<b>\$47.6</b>	<b>\$37.4</b>	<b>\$42.7</b>	<b>\$32.5</b>	<b>\$31.6</b>	<b>\$41.8</b>



Source: Company Filings

# Non-GAAP Financial Measures Index

- Adjusted Consolidated EBITDA is defined as Consolidated EBITDA plus Special Items.
- Adjusted Free Cash Flow is defined as net cash provided by operating activities as adjusted by Special Items, less cash used for maintenance capital expenditures.
- Cemetery Field EBITDA or "operating profit" is defined as Cemetery segment gross profit, excluding the following relating to our Cemetery segment: depreciation and amortization, regional and unallocated costs and Financial EBITDA.
- Cemetery Field EBITDA Margin is defined as Cemetery Field EBITDA as a percentage of Cemetery revenue.
- Cemetery Financial EBITDA or "operating profit" is defined as Cemetery Financial Revenue (Cemetery Trust Earnings and Preneed Cemetery Finance Charges) less Cemetery Financial Expenses.
- Consolidated EBITDA is defined as net income before provision/benefit for income taxes, interest expense, non-cash stock compensation, depreciation and amortization, accretion of discount on convertible subordinated notes, loss on early extinguishment of debt, and other, net.
- Divested EBITDA is defined as Divested Revenue, less field level and financial expenses related to the businesses sold and reflected in the periods presented and revenues lost from the termination of a municipal contract in 2017.
- Divested Revenue is defined as revenue from businesses sold and reflected in the periods presented and revenues lost from the termination of a municipal contract in 2017.
- Funeral Field EBITDA or "operating profit" is defined as Funeral segment gross profit, excluding the following relating to our Funeral segment: depreciation and amortization, regional and unallocated costs, Financial EBITDA and Divested EBITDA.
- Funeral Field EBITDA Margin is defined as Funeral Field EBITDA as a percentage of Funeral revenue.
- Funeral Financial EBITDA or "operating profit" is defined as Funeral Financial Revenue (Preneed Funeral Commission Income and Preneed Funeral Trust Earnings) less Funeral Financial Expenses.
- Pro Forma Adjusted Consolidated EBITDA is defined as Adjusted Consolidated EBITDA plus annualized adjusted EBITDA based on actual EBITDA for the three months ended September 30, 2019, for the Target Businesses. Pro Forma Adjusted Consolidated EBITDA does not reflect pro forma adjustments made in compliance with Article 11 of the SEC's Regulation S-X, and the amounts used to calculate it were derived from internal to the Target Businesses' unaudited accounts.
- Special Items include a large number of charges such as severance and retirement, consulting and other activities, which are not core to operations.
- Total Field EBITDA or "operating profit" is defined as Funeral Field EBITDA plus Cemetery Field EBITDA plus Funeral Financial EBITDA plus Cemetery Financial EBITDA plus Divested EBITDA.
- Total Field EBITDA Margin is defined as Total Field EBITDA as a percentage of Total revenue.