



CARRIAGE
SERVICES

Investor Presentation
May 2019

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, 2018, 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 within the most current press release and on our Investor Relations page of the website 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.

Key Investment Highlights

Carriage Services is a leading owner and operator of funeral homes and cemeteries in the United State and one of the largest consolidators in our industry.

Leader in the Funeral Home and Cemetery Industry

Industry leading Operating Results driven by Execution of our Standards Operating Model

Favorable Consolidation Landscape in a Highly Fragmented Industry



The Most Attractive Succession Planning Solution for Leading Independent Businesses

Long Term Organic Revenue Growth at High EBITDA Margins supported by Favorable Demographic Trends

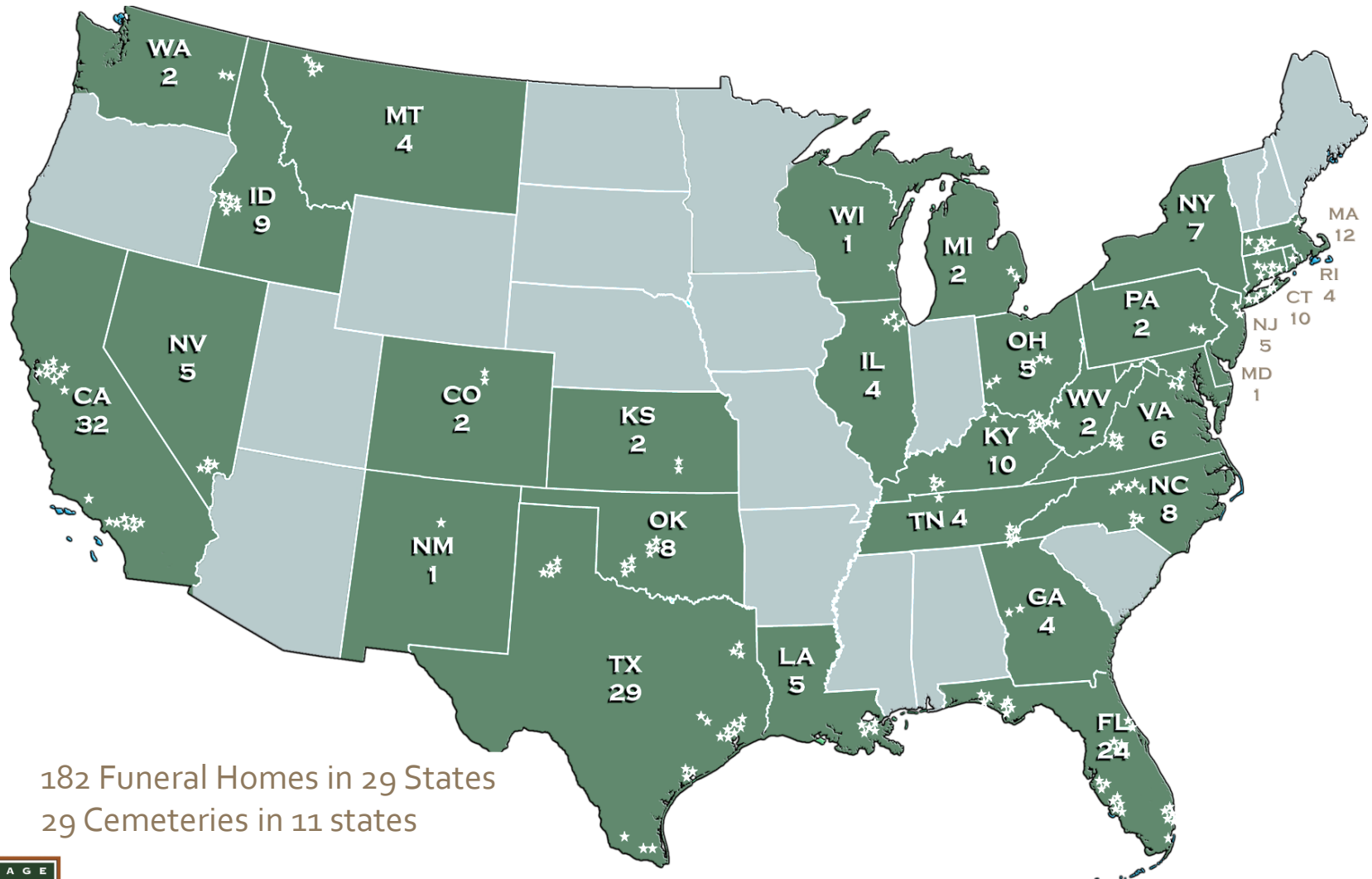
Entrepreneurial Decentralized High Performance Culture Attracts and Retains Top Industry Talent

Who is Carriage Services?

- Carriage currently operates 211 funeral homes and cemeteries in 29 states.
- **High Performance Culture** company in the funeral and cemetery industry
- Committed to **“Being The Best”**
 - Funeral Home and Cemetery Operating Company
 - Consolidator of Independent Family Businesses
 - Shareholder Value Creation Platform
- Driven by our **Five Guiding Principles** including:
 - Honesty, Integrity, and Quality in All That We Do
 - Growth of the Company is Driven by Decentralization and Partnership
 - Belief in the Power of People through Individual Initiative and Teamwork
 - Outstanding Service and profitability Go Hand-In-Hand
 - Hard work, Pride of Accomplishment, and Shared Success Through Employee Ownership
- Carriage’s corporate strategy is defined by our three core models:
 1. Standards Operating Model
 2. 4E Leadership Model
 3. Strategic Acquisition Model

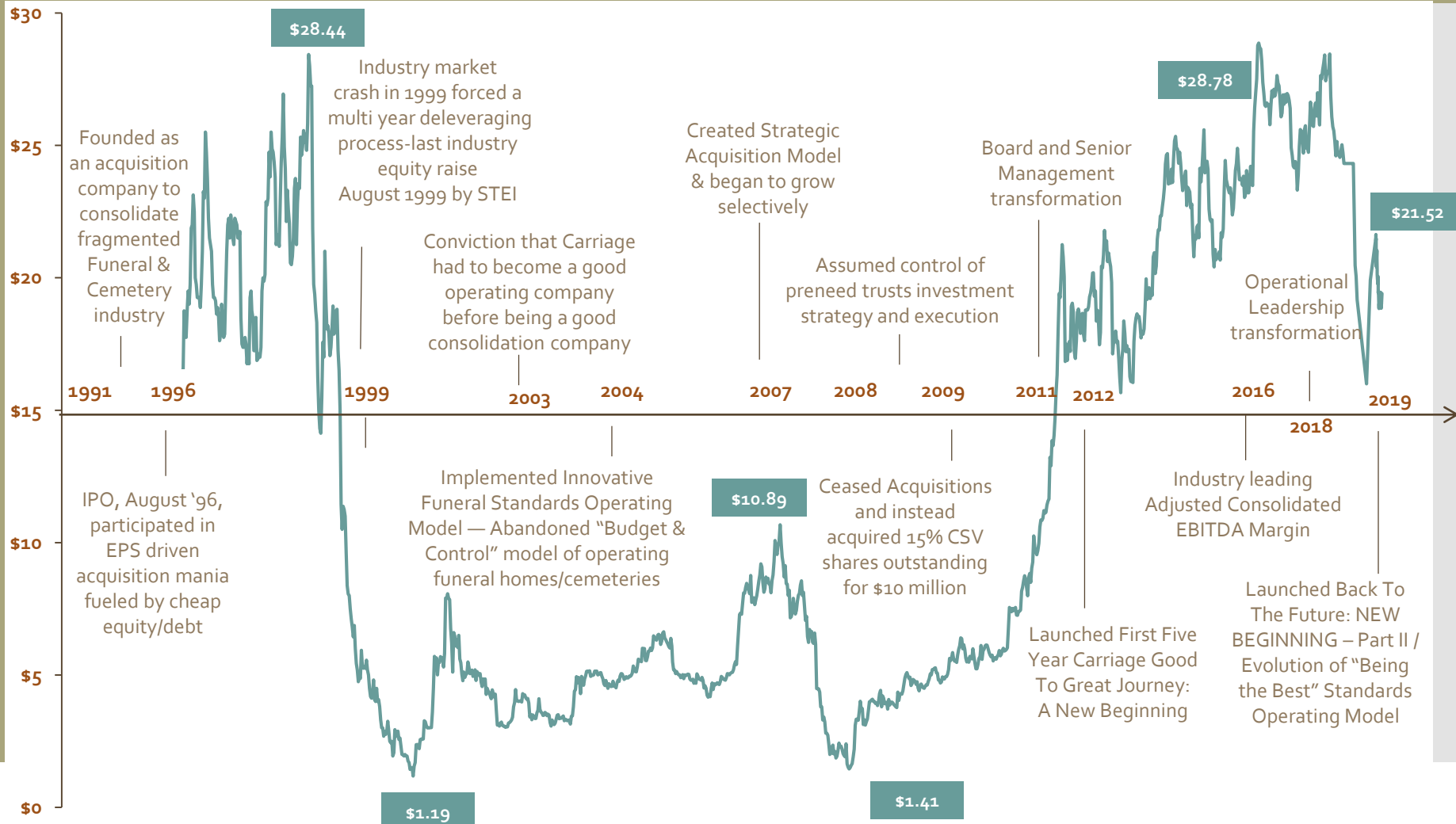


Where is Carriage Services?

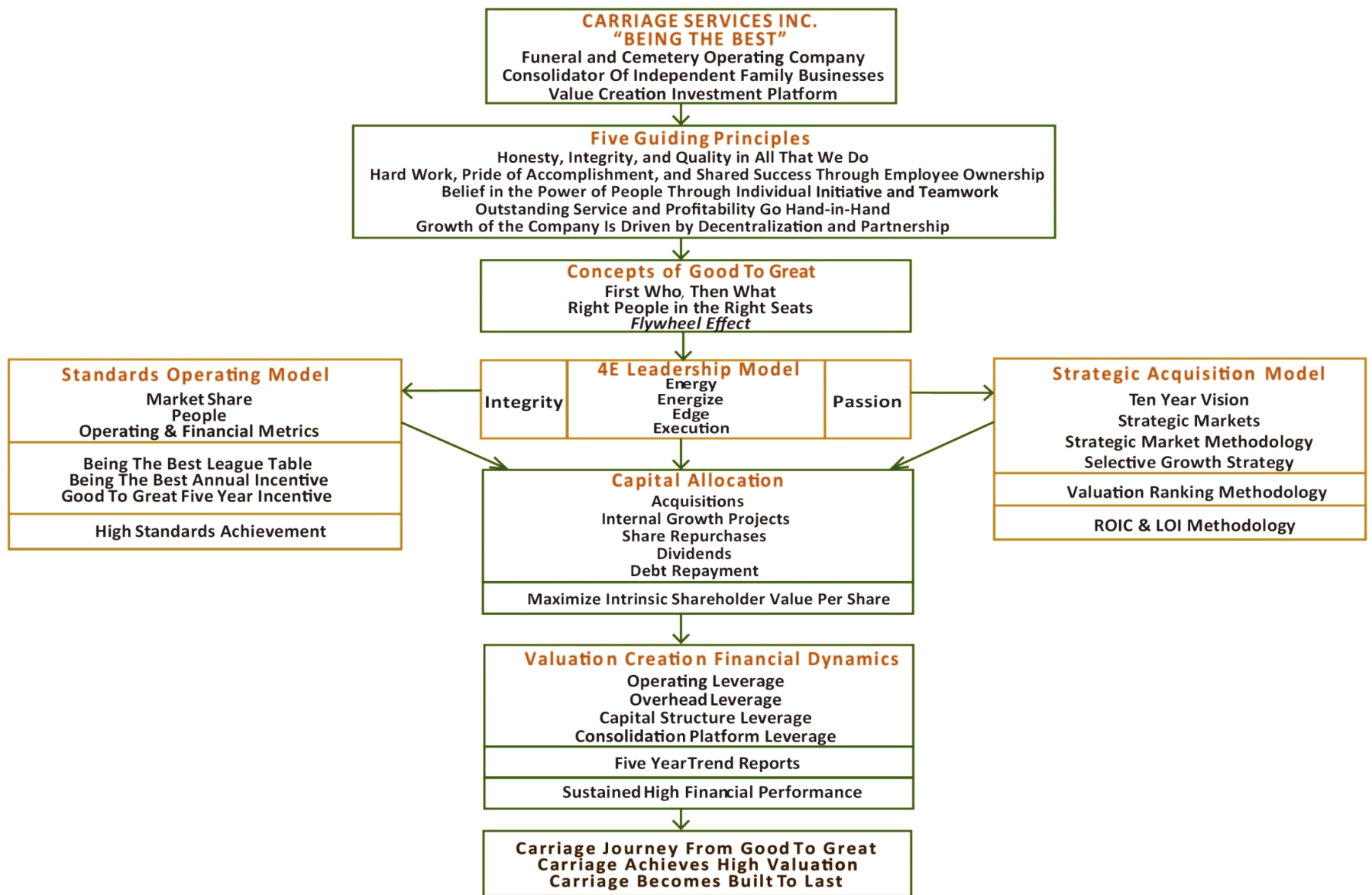


182 Funeral Homes in 29 States
29 Cemeteries in 11 states

Carriage's Learning Journey



Carriage Services' High Performance Culture Framework



Carriage Services, Inc.

Recent Results

Q1 2019 Results

- Revenue: \$69.1 million, a 5.9% decrease from \$73.4 million.
- Adjusted Consolidated EBITDA: \$20.9 million, a 7.1% decrease.
- Adjusted Consolidated Margin of 30.2%, a 0.4% decrease from 30.6%.
- Adjusted Diluted Earnings Per Share: \$.38, a 35.6% decrease from \$.59.

Operational & Financial Highlights During Q4 2018

- Launched Carriage Services 2019 – Back To The Future – New Beginning Part II.
- Evolved our Standards Operating Model for improved operating performance in 2019 and beyond.
- Operational Leadership Transformation to improve collaboration & alignment with our Mission Statement, Guiding Principals and concepts of High Performance across Carriage.
- Repurchased \$22.4 million 2.75% convertible notes (\$6 million remain o/s).
- Repurchased 1.1 million CSV shares (~6% of outstanding) @ ~\$16/share.

Four Quarter Outlook- Period Ending March 31, 2020

Range (in millions, except per share amounts)	
Revenues	\$270-\$274
Adjusted Consolidated EBITDA	\$77-\$79
Adjusted Net Income	\$24-\$26
Adjusted Diluted EPS	\$1.34-\$1.44
Adjusted Free Cash Flow	\$37-40



Forastiere Smith Funeral & Cremation, East Longmeadow, MA

Carriage Services, Inc.

Balance Sheet Recapitalization – Q2 2018

Repurchase of Convertibles

Repurchased roughly 80% of the 2.75% Subordinated Convertibles.

- Funded through a combination of cash and equity: \$75 million of cash and 2.8 million common shares.
- Reduced equity short interest levels.
- Reduced Total Debt to Adj. Consolidated EBITDA Leverage Ratio to 4.5x; Target 4.0x.

Issuance of Long-Term Debt

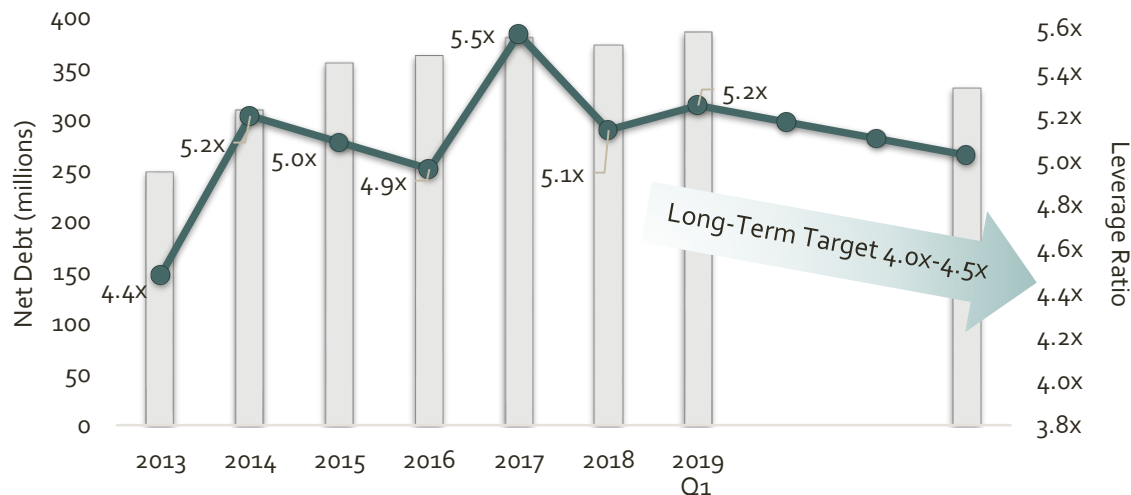
Issued \$325 million 6.625% Senior Unsecured Notes due 2026.

- Refinanced all outstanding debt including term loan and revolving credit bank facilities due 2021.
- Increased financial flexibility through extended maturity & unsecured
- Locked in long-term financing in low interest environment.

Launch of New Revolver

Established a new (undrawn) \$150 million Bank Revolving Credit Facility.

- Increased financial flexibility with lower sr. secured debt and extended maturities
- Reduced # of lenders to 5 leading institutions.



New Capital Structure (millions)

6.625% Senior Notes (2025)	\$325
2.75% Convertible Notes (2021)	\$6
Revolver/Capital Leases/ Acquisition Debt Outstanding	\$52
Total Debt Outstanding	\$385
Cash & Cash Equivalents	\$0.7
Revolver Availability (undrawn)	\$129
Shareholder Equity	\$228

*Proforma EBITDA is defined by credit facility calculation.

Standards Operating Model

“Being The Best” Funeral and Cemetery Operating Company

- Seven Funeral and four Cemetery operating standards that when achieved lead to high and sustainable financial performance.
- Decentralized Entrepreneurial Operating Model places operational control with local Managing Partner.
- Incentive Compensation for Managing Partners and their teams based on Standards Achievement.



Los Gatos Memorial Park, Los Gatos, CA

New 2019 Funeral Standards

Market Share Metrics — 65% (long term)

- 35% — 3 yr. Compound Revenue Growth (0-3+%)
- 15% — Annual Contract Volume Growth
- 15% — Service & Guest Experience

Financial Metrics — 35% (short term)

- 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 (50% Minimum)*

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	251 - 400
	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 %	29 - 31%	27 - 29%	26 - 28%	26 - 28%	26 - 28%	26 - 28%	26 - 28%	26 - 28%
	Bad Debt %	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%
	Field EBITDAR %	36-40%	38 - 42%	37- 41%	39 - 43%	38 - 42%	40 - 44%	39 - 43%	40 - 44 %

Operational Discipline

- All Funeral businesses are grouped on operational characteristics (e.g. Average Revenue per Contract & No. of Contracts).
- Standards are designed for flexible decentralized decision-making by our Managing Partners.
- Standards are Not designed for unsustainable maximum short term profitability i.e. 100% Standards Achievement.
- Goal of organic growth in Market Share and Revenue at sustainable high profit margins.
- Volume Growth driven by Market Share gains primary driver of local operating leverage.
- New Service & Guest Experience Standard focused on differentiated high value personal service at each Carriage funeral home.

Strategic Acquisition Model

Growth by Buying and Building a Portfolio

Qualitative Strategic Ranking 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%



Carriage is an attractive succession planning option for owners of funeral homes and cemeteries due to the following:

- The decentralized Standards Operating Model,
- The Operational Support Center (Legal, HR, IT, Business Analysis and Planning, Regulatory), and
- The significant improvement in operating performance displayed in acquired businesses after integrating into the Operational Support Framework

The Model is used to assess strategic acquisition candidates based on specific criteria including: market size, demographic trends, client family revenue profile, institutional brand strength, 10 year contract volume and 3 year revenue per contract trends.

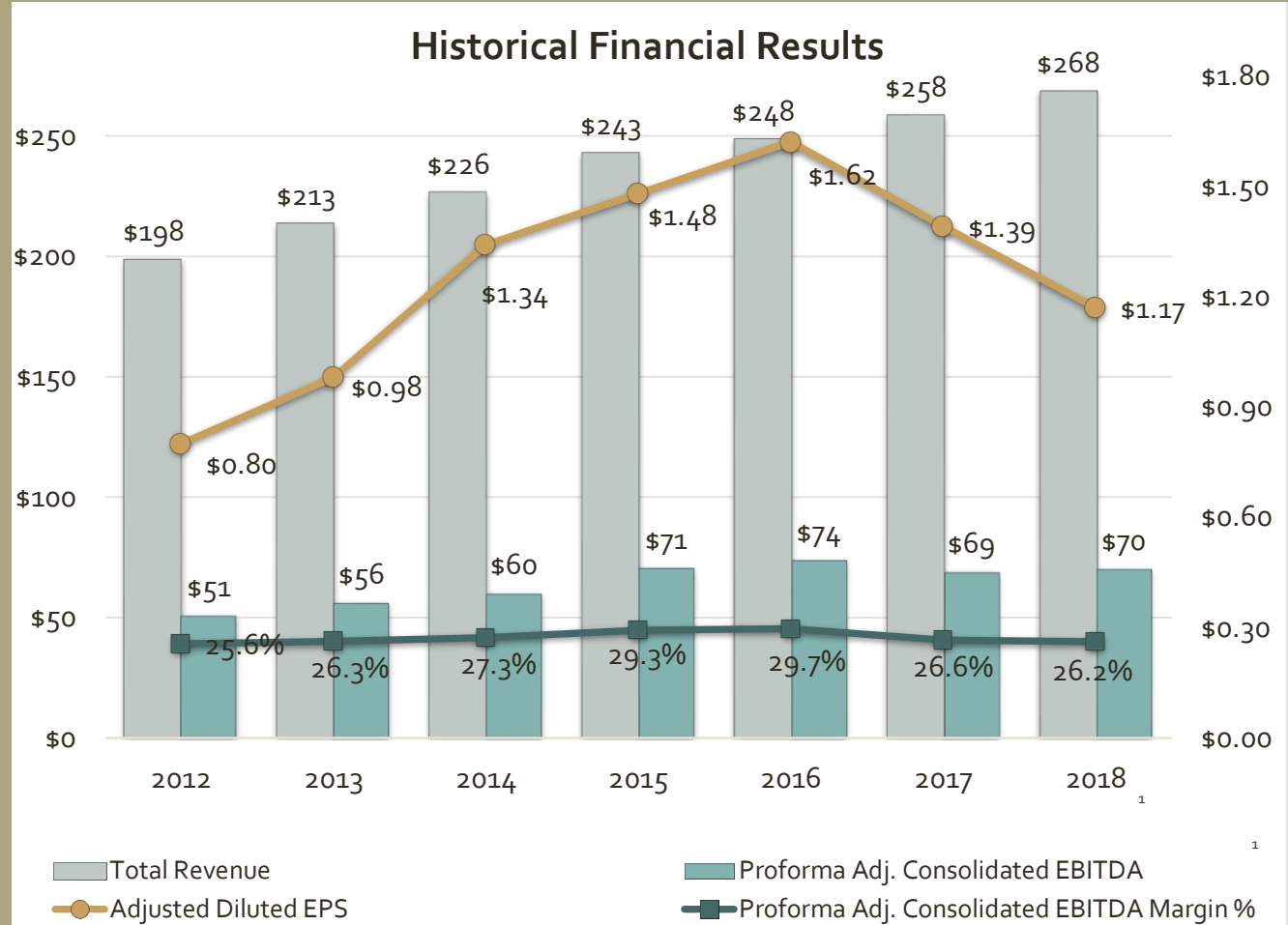
Strategic Ranking Criteria are highly predictive of future long term revenue growth.

Final valuation of acquired businesses ensure Return on Invested Capital is greater than our Cost of Capital in early years and increases over time.

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A Value Creation Investment Platform

Ability to leverage single digit Revenue growth rates into larger increases in Adjusted Consolidated EBITDA and Adjusted Diluted EPS.

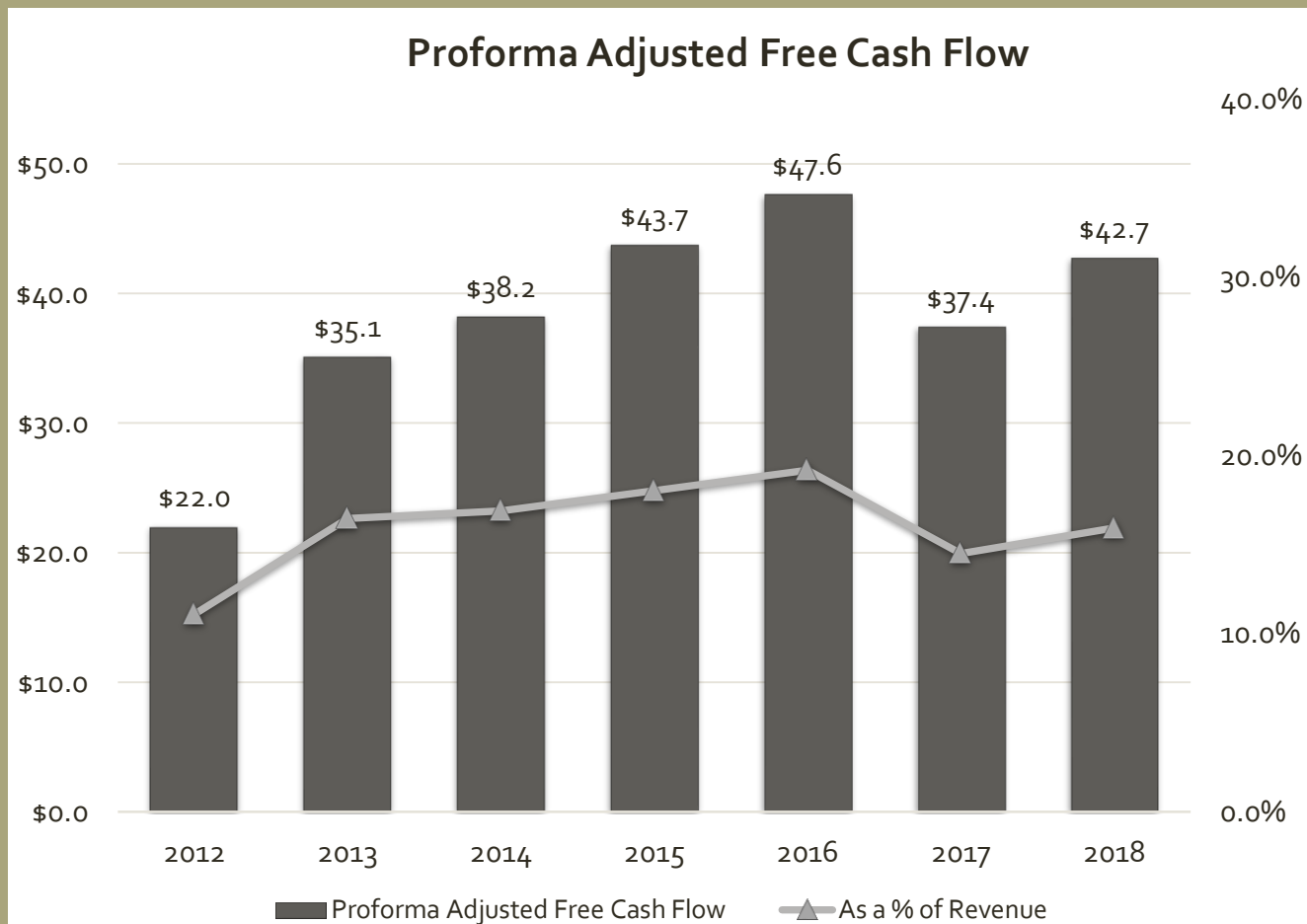


Note 1: Adjusted to exclude Non-GAAP Withdrawable Trust Income from Jan. 1, 2013 for comparative consistency with new reporting policy beginning in 2016.

Carriage Services, Inc.

A Value Creation Investment Platform

Consistent Free Cash Flow allows Carriage to fund the majority of acquisition activity, in addition to other investment activity that generate returns for shareholders (e.g. internal growth capital expenditures, share repurchases, dividends).



Carriage Services, Inc.

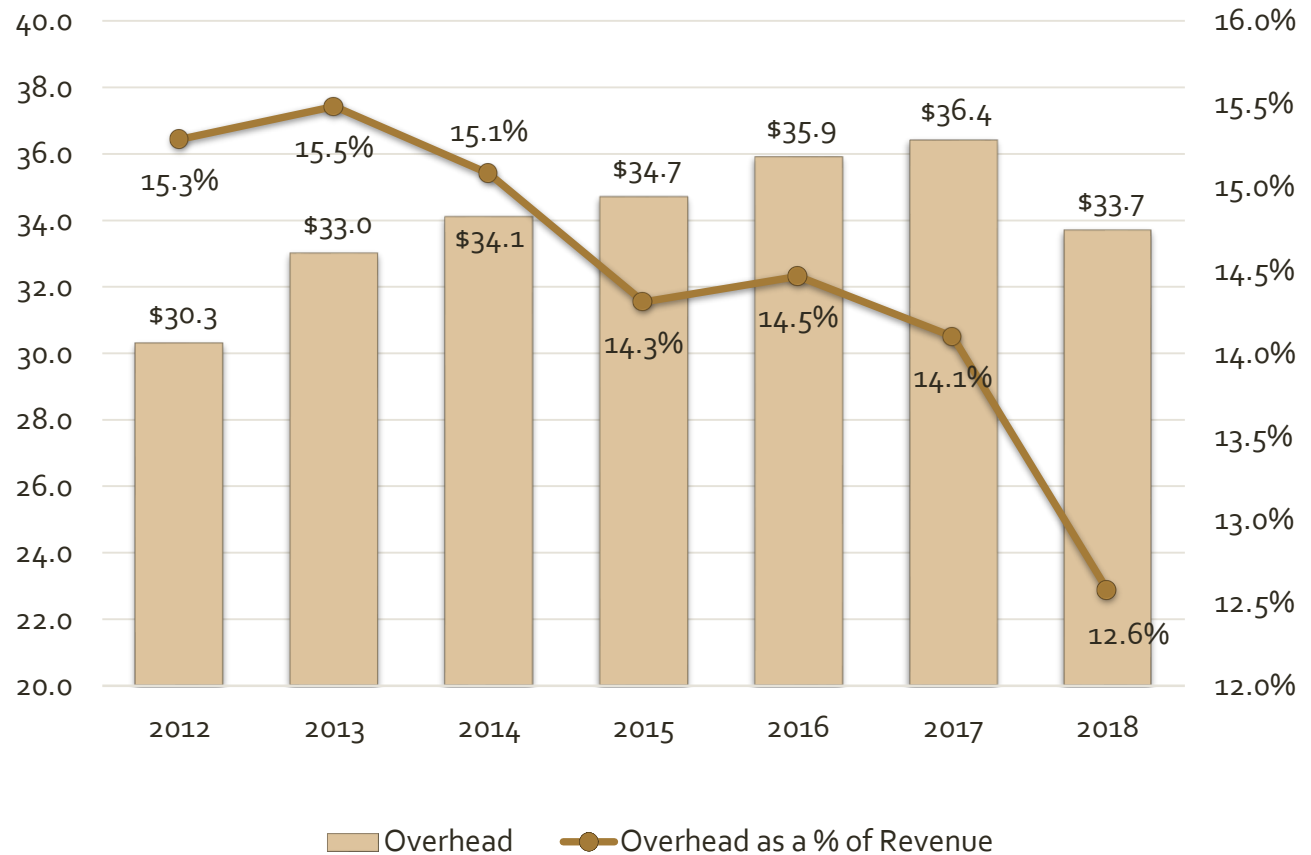
A Value Creation Investment Platform

Declining Overhead as a % of Revenue

ensures Revenue grows at a significantly faster rate than Total Overhead so that the majority of Acquired and incremental Same Store Field EBITDA falls to Adjusted Consolidated EBITDA.

*2018 Overhead excludes \$3.3 million of non-recurring severance, litigation & natural disaster expenses

Leveraged Consolidation Platform



Why Carriage?

- ✓ Standards Operating Model and High Performance Culture make Carriage the most attractive succession planning solution for independent funeral and cemetery owners
- ✓ Decentralized, Entrepreneurial Standards Operating Model with linked incentive compensation make Carriage the best destination for top industry talent
- ✓ Recurring Free Cash Flow facilitates majority of shareholder value creation through self-financed, disciplined capital allocation
- ✓ Long term track record of leveraging mid single digit Revenue growth, into higher Adjusted Consolidated EBITDA growth, and even higher Adjusted Diluted EPS growth
- ✓ Dedicated and tenured management team committed to long term shareholder value creation through differentiated performance because of our mission, purpose, principles and culture

Q&A for Long-Term Carriage Shareholders

Q: How does your Standards Operating Model promote operational discipline in a decentralized environment?

A: Clear expectations of high Standards Achievement/ Weighted towards revenue growth at high and sustainable margins/ linked incentive compensation based on Standards Achievement.

Q: What is the scalability of the Standards Operating Model as Carriage grows?

A: Scalable due to dependency on local 4E Leader Managing Partners (the Right 'Who')/IT systems and support groups in place to be leveraged across the platform.

Q: How does the increasing trend of cremation effect operating performance?

A: Opportunity to provide high value personal service to each cremation family served/trend positive with average revenue per cremation contract up 12% since 2014.

Q: How do you view the sustainability of your capital structure and how does it support your acquisition forecast?

A: \$120 million of revolver availability for acquisition activity/ majority of acquisition spend funded through Free Cash Flow/ Leverage 4-5x.

Q: What is the opportunity for Carriage to be the consolidator of choice for the funeral and cemetery industry?

A: 1) Approximately 75- 80% of industry is unconsolidated. The Carriage culture and models resonate with the best independent funeral and cemetery businesses; only a select number align with our acquisition profile. 2) The best business owners prefer not to lose control over vendors and product/ service pricing and having top down initiatives forced on them for 'efficiencies' that over managed for short term profits.



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