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Q2 2019 Carriage Services Inc Earnings Call

EVENT DATE/TIME: AUGUST 01, 2019 / 2:30PM GMT

CORPORATE PARTICIPANTS

Carl Benjamin Brink *Carriage Services, Inc. - CFO, Senior VP & Treasurer*
Melvin C. Payne *Carriage Services, Inc. - Founder, Executive Chairman, CEO & COO*
Viki King Blinderman *Carriage Services, Inc. - Principal Financial Officer, CAO, Senior VP & Secretary*

CONFERENCE CALL PARTICIPANTS

Christopher Paul McGinnis *Sidoti & Company, LLC - Special Situations Equity Analyst*
Huang Howe *Barrington Research Associates, Inc., Research Division - Senior Investment Analyst & Research Analyst*
Komal Rohit Patel *Goldman Sachs Group Inc., Research Division - Fixed Income Analyst*

PRESENTATION

Operator

Good day, ladies and gentlemen, and welcome to the Carriage Services Second Quarter 2019 Conference Call. (Operator Instructions) As a reminder, today's conference is being recorded. I would now like to turn the call over to Viki Blinderman, Senior Vice President and Chief Accounting Officer. You may begin.

Viki King Blinderman ***Carriage Services, Inc. - Principal Financial Officer, CAO, Senior VP & Secretary***

Thank you, and good morning, everyone. Today, we will be discussing the company's second quarter results for 2019.

Our related earnings release was made public yesterday after the market closed. Carriage Service has posted the press release, including supplemental financial tables and information on the Investors page of our website. The audio conference is being recorded, and an archive will be made available on our website later today through August 6. Replay information for the call can be found in the press release distributed yesterday.

On the call, today, for management, are Mel Payne, Chairman and Chief Executive Officer; and Ben Brink, Chief Financial Officer; and myself. Today's call will begin with formal remarks from management followed by a question-and-answer period.

Please note that during the call, we will make forward-looking statements in accordance with the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. I'd like to call your attention to the risks associated with these statements, which are most fully described in the company's report filed on Form 10-K and other filings with the Securities and Exchange Commission.

Forward-looking statements, assumptions or factors stated or referred to on this conference call are based on information available to Carriage Services as of today. Carriage Services expressly disclaims any duty to provide updates to these forward-looking statements, assumptions or other factors after the date of this call to reflect the occurrence of events, circumstances or changes in expectations.

Furthermore, during the course of this morning's call, we will reference certain non-GAAP financial performance measures. Management's opinion regarding the usefulness of such measures, together with a reconciliation of such measures to the most directly comparable GAAP measures, for historical periods, are included in the press release and the company's filings with the SEC. Now I'd like to turn the call over to Ben.

Carl Benjamin Brink ***Carriage Services, Inc. - CFO, Senior VP & Treasurer***

Thank you, Viki. Carriage Services' comparative year-over-year financial and operational results for the second quarter were simply fantastic and showed tremendous progress from where we were a year ago.

Our performance in the second quarter and year-to-date is in line with our expectations we laid out in January for improved performance both on a relative basis and on comparative basis as we progress through our Carriage Services 2019: Back To The Future - A New Beginning - Part II. And while we are much to be proud of by the improved performance of many of our Funeral Homes and Cemetery businesses, we recognized that portions of our portfolio are below minimum standards achievement through the first 6 months of the year.

Our teams across the company are highly focused on improving results in these businesses over the remainder of the year to ensure we exit 2019 with high-performance standards achievement momentum more broadly across the company.

And now I will review our second quarter and year-to-date results. In our press release and in my remarks, we referred to both our trend reporting as we normally stated and pro forma results normalized for the restructuring expenses started in the fourth quarter of 2018, the loss of a larger cemetery management contract in the fourth quarter of 2018 and the increase in interest cost from our balance sheet recapitalization we completed last May.

I will primarily refer to the pro forma results, as we believe it provides investors with the most accurate picture of the operational improvements that have taken place in the first 6 months of the year and also is the most accurate reflection of the current earnings potential of Carriage.

So for the second quarter of 2019 compared to last year, total revenue increased $5.5 million to $67.8 million. Total field EBITDA increased 16.7% to $27.5 million, a margin increase of 270 basis points.

Adjusted consolidated EBITDA increased $4.5 million or 30.3% to $19.3 million, with the consolidated margin increase of 460 basis points to 28.4%.

Adjusted diluted EPS increased $0.17 to $0.31 per share.

For the first 6 months, with a strong second quarter, we now have positive year-over-year trends for the first 6 months. Revenue increased 2.1% to $136.8 million. Total field EBITDA increased 3% to $55.9 million with a slight increase of 40 basis points to 40.9%.

Adjusted consolidated EBITDA increased 9.2% to $40.1 million.

Our year-over-year results for the second quarter demonstrated the 4 important dynamics that will lead to shareholder value creation over the long term, the first of which is the operating leverage at the local business level.

In the second quarter, we leveraged a 3.6% increase in same-store funeral revenue into an increase of 7.8% in same-store funeral field EBITDA, which represented a 140 basis point increase in field EBITDA margin to 36.5%.

The cremation rate in our same-store portfolio has increased 50 basis points to 53.4%, and our average revenue per contract has remained consistent at approximately $5,500 through the first 6 months of the year.

We view the second quarter results of our same-store Funeral Home segment as indicative of improving performance trends that's to continue throughout the year while the greatest opportunity, as I mentioned before, is to accelerate the improvement of our same-store funeral businesses that are below minimum standards through the first 6 months.

The dynamics of local operating leverage was also evident in our Cemetery businesses in the second quarter, where we leveraged an incredible -- incredibly impressive 11.3% growth in Cemetery revenue into a 23.8% growth in Cemetery field EBITDA and a 360 basis points increase in margin to 36.3%.

These results were driven by a broad improvement in premium property sales in the quarter including the best cemetery sales performance in the history of Carriage, which occurred in April. None of this could have been accomplished without the efforts of our Cemetery leadership over the past 10 months, top great sales management talent and accelerated development of high-quality and unique inventory in our larger parks.

While we won't sit here and guarantee an 11% year-over-year revenue growth all the time, we do believe we have set the stage for a long-term sustainable revenue growth and consistent margin performance in our cemeteries.

Another important dynamic is our ability to leverage our overhead platform to provide world-class support to our local businesses in areas like information technology, human resources benefits, state regulatory matters or business operational improvement.

For the first 6 months of the year, overhead expenditures, including our non-GAAP -- excluding, excuse me, our non-GAAP severance charges have decreased $1.7 million, and overhead as a percentage of revenue has fallen to 11.5%, all while our non-cash stock-based compensation expense has continued to decrease by almost $1 million, all of which is in line with our expectations we set out at the beginning of the year of a $5 million to $6 million decrease in those categories in 2019.

As we move forward, we are confident in our ability to continue to invest in our support organization while we leverage our overhead platform to ensure a greater amount of organic and inorganic revenue growth falls to the bottom line of Carriage.

The second quarter and year-to-date field EBITDA margin performance of our acquired Funeral Home portfolio up 740 basis points and 340 basis points, respectively, are great examples of our ability to leverage our consolidation platform to bring great local businesses into our company and make them better over time. It is our continued belief that the consolidation landscape is highly favorable to Carriage as owners of best-in-class businesses across the country face a set of distinct choices when it comes to choosing the right succession-planning solution for their client families, staff and communities. Whether we are judged on our strong corporate culture, our standards operating model based on local entrepreneurial decision-making or our 28 years of operating funeral homes and cemeteries with integrity, passion and purpose, we believe we offer the best succession-planning solution for the highest-quality independent businesses in the country.

While not fully apparent in our second quarter results and year-to-date results, the fourth value-creation component within Carriage is to leverage our capital structure to allow us to maintain flexibility in our capital allocation decisions. During the quarter, we repurchased 400,000 shares for an average price of $19.40. Since the beginning of the fourth quarter 2008, we have repurchased approximately 1.5 million shares for an average price of $16.90.

Yesterday, our Board of Directors approved an additional $25 million share repurchase authorization in conjunction with an amendment to our credit facility to allow the future repurchase activity. We thank our Board and our bank group for their continued support.

Our pro forma leverage ratio fell to 5x as of the end of second quarter due to improved operational performance. We fully expect to make meaningful progress towards 4.5x pro forma leverage ratio over the next 12 to 18 months.

Our discretionary trust fund had a total return of 17.4% through the first half of the year as our portfolio benefited from the increase in equity in credit markets from their December lows, and the dry powder we put to work over the year has continued to perform well. Additionally, throughout the first 6 months, we averaged between 10% to 15% in cash in the portfolio while the remaining was invested -- mixed between fixed income and equity securities. We expect that to maintain throughout the rest of the year.

Given our current results and the outlook for our business over the next 6 months, we are reaffirming -- or next 12 months, we are reaffirming our rolling fourth-quarter outlook of revenues between $200 million and $274 million; adjusted consolidated EBITDA, $77 million to $79 million; and adjusted diluted earnings per share of $1.34 to $1.44. And with that, I'll turn it back over to Viki.

Viki King Blinderman ***Carriage Services, Inc. - Principal Financial Officer, CAO, Senior VP & Secretary***

Thank you. And at this time. I'm very honored to announce our High Performance Hero Managing Partners for the second quarter: Dean Marnell, Covenant Funeral Home, Fredericksburg, Virginia; Victor Logiudice, Thomas F. Dalton Funeral Homes, Floral Park, New York; Jason Higginbotham, Lakeland Funeral Home, Lakeland, Florida; David Keller, Lane Funeral Home - Coulter Chapel, Chattanooga, Tennessee; Michael Redgate, Redgate Funeral Home, Trumbull, Connecticut. Bob Prindiville, Bright Funeral Home, Wake Forest, North Carolina; Courtney Charvet, North Brevard Funeral Home, Titusville, Florida; Tim Hauck, Harvey-Engelhardt Funeral Home & Cremation Service; Fort Meyers, Florida; Brian Binion, Steen Funeral Homes, Ashland, Kentucky; Jim Pitts, Buck Ashcraft Funeral Home; Harlingen, Texas; Cyndi Hoots, Schmidt Funeral Homes, Katy, Texas; Kevin Latham, Maddux Fuqua-Hinton Funeral Homes; Hopkinsville, Kentucky; Christine Amittone, Greer Family Mortuary, Alameda, California; Larry Davis, Bunkers Mortuary and Cemeteries, Las Vegas, Nevada; and Anthony Rodriguez, Higgins Chapel, Antioch, California. Congratulations to all. Now I'm going to turn the call over to Mel.

Melvin C. Payne ***Carriage Services, Inc. - Founder, Executive Chairman, CEO & COO***

Thank you, Viki. Thank you, Ben. I'll start my remarks with a note I got from one of our Board members. We had a board meeting yesterday, a Board dinner -- Tuesday night. And this is from James Schenck. James joined our Board in '16. He is a CEO of PenFed, out of Washington, it's a large credit union. Started in military and consolidating the credit unions across America and he's ex-military. He's -- went to Harvard, got an MBA. West Point graduate and it's an honor to have him and our other Board members here yesterday.

Without exception, I heard this was the best meeting we ever had. It wasn't just me and our Board, it was me and our leadership team, and primarily focused on operations and what we've been doing since the beginning of the year, and what we intend to do in the third quarter and the fourth quarter and then after that the next 4 years. So there is a lot of work to be done.

There is a lot of good work to be done. There has been already a lot of work that has been done. It is in the results. James' note says, "What a difference, a few quarters make when you have the team energized and all rolling forward together, well done."

What does he mean by that? I will read my take on the front page of our earnings release on the bullet points for the second quarter and 6 months year-to-date. This take is the reason I got into this business in the first place. I was a financial guide.

In the second quarter, we had $4.5 million of consolidated EBITDA increase, 30.3% on an 8.9% increase in revenue. If you divide the $5.5 million increase in revenue, divided that by the $4.5 million increase in consolidated EBITDA, we converted 81.8% of incremental revenue into cash in the consolidated EBITDA, which we consider cash earnings of the company, 81.8%. Ben gave you the various leveraging dynamics at work to cause that to happen.

We also had the 8.9% new growth converted into 30.3% earnings of cash. And for the 6 months, even though the first 3 -- the first quarter was a very tough comparison, and we mentioned that at that time, there was a belief, I think, in the market that we would continue to decline. There were hints in the first quarter that, that was not the case. If you go back and look at what we printed, the first quarter of '18 had a consolidated EBITDA margin of 30.6% on high volumes because of flu. But the first quarter this year was only 40 points less, 30.2% on a lot less revenue. That reversed in the second quarter, and we got very strong conversion of the additional revenue into consolidated EBITDA cash earnings.

What that meant was the first quarter of '18 should have been a 33% or 34% consolidated EBITDA margin, it wasn't. That was symptomatic. And at the end of the last call, I said, look, the second quarter last year, I think it was 23.8% margin, was pathetic. The third quarter was a little bit higher, 24% unchanged, pathetic. The fourth quarter, a little bit higher, pathetic.

When I say things like pathetic, and we've already seen April, that means something. We don't like pathetic, we were humiliated, embarrassed and hold ourselves accountable, that will not happen again. So the 6 months, we had $2.8 million of revenue, and we have $3.4 million of additional EBITDA year-over-year. So we converted 121.4% of the additional revenue in the consolidated EBITDA cash earnings.

All we are lacking now is more revenue, and we will get much higher pop because we're having much higher margins. And guess what? We're not done. There is more work to be done in the margin area and that work is being done broadly. Over the last 2 weeks, we've been -- we've gone through an entire portfolio review, business by business. Our operating teams are spread across the country working as we speak. That will not repeat itself, and it will get better over the second half.

We want to end this year, not with add-backs giving you normalized earnings at the time, which we did in the second quarter and 6 months. Normalized earnings for the 6 months doesn't mean that's optimal earnings power of our portfolio businesses, not at all. So we want to see what we can do between now and end of the year to optimize the earning power broadly in our portfolio. And what you've seen so far in the second quarter and 6 months is a big down payment towards that. There is more to come.

With that, I am known in the company, and I guess, I am known externally as having rather colorful commentary and analogies. So I want to come up with [noop], and I'll end this call and take questions.

Last year, we served up some performance meals that made everybody sick. It was not edible. So I'm going to say for this quarter, we served up a meal that was worthy, performance meal. And it's beginning of building a reputation back as a great restaurant where you can come and get fine meals very inexpensively. And note, it's going to be healthy and the next one, you come back is even going to be better. So the analogy I'd like to make is, Ben served up the entrée first. It was very meaty, Ben.

Let's call it a fine steak that was not a hamburger. And that meal is hard to come by and you described it beautifully. Viki followed with a salad, it was awesome salad. Our High Performance Heroes, there will be many more, they'll be different, and the dessert. So we want you to come back to our restaurant, and we want you to have a great meal, and we want to be consistent and predictable from now on so that you spread word of mouth, go over there, Carriage will give you a great experience, buy some of their stock and then settle back and watch and enjoy. Thank you very much. Let's take some questions.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions) And your first question comes from the line of Alex Paris from Barrington Research.

Huang Howe ***Barrington Research Associates, Inc., Research Division - Senior Investment Analyst & Research Analyst***

This is Chris sitting in for Alex. So it seems that the seeds have been planted and you're beginning to see a harvest at Carriage. As we look at the leverage that you're seeing across Funeral and across Cemetery, you mentioned the 23.8% growth in EBITDA on the 11.3% revenue growth in Cemetery as well as Mel mentioning the 81.8% conversion into consolidated EBITDA. How should we look at these metrics? And what's the key to maintaining and growing upon this foundation that you've set here?

Melvin C. Payne ***Carriage Services, Inc. - Founder, Executive Chairman, CEO & COO***

Yes. This is Mel. The '17, '18 year we began to stumble operationally in revenue, and we get a lot of questions about cremation, secular trends on our pace and you can't grow revenues in Funeral business and bla bla bla and that kind of thing. What we did towards the last quarter of last year is we rebooted our Standards Operating Model. And it had grown outdated and some of the metrics were rigid and very difficult to achieve, which is demoralizing to your teams and the business, that's how they are being judged. And so we changed it up to be oriented towards compound revenue growth over 3 years. And what you're seeing is the traction by our best managing partners across the company, supported here by analytical groups and so on and then in the field by operational groups. And they're adjusting, they're adjusting behavior, they're adjusting leadership, they're adjusting key employees so that they go after more market share. We don't tell them how. They had to figure it out, they know what the metrics are. And so we have a whole new dynamic across the portfolio with different businesses and different markets getting traction at different times, and there's still a lot more of that to come.

And I think over the next year, certainly 2 years -- we've been through this before. When you change the metric of high-performance standard to something that encourages and rewards -- incentivizes and rewards revenue growth, we already know what the normalized range of earnings should be. So what you're seeing is more of that. And when more revenue growth over these individual businesses that have high and definable fixed cost, you'll see a lot of that incremental revenue converted to cash EBITDA at the field level, and we control our overhead, it falls right down to the shareholder level with consolidated EBITDA. So I think you'll continue to see that incrementally over time. Of course, we had very weak comparison. I mean, 121% for the 6 months is ridiculous. What we need is more revenue and convert about 70% of it into EBITDA and have that sustain over 5 years. And I think that's more like it, and I think this is what you'll see.

Huang Howe ***Barrington Research Associates, Inc., Research Division - Senior Investment Analyst & Research Analyst***

Mel, that was very helpful. And Ben, you mentioned that there were portions of the portfolio that aren't achieving the same standards as the larger portion of the portfolio. What's their progress in achieving these standards? And how impactful could this be assuming they achieve or even outperform the standards going forward?

Carl Benjamin Brink ***Carriage Services, Inc. - CFO, Senior VP & Treasurer***

Yes. Chris, I think it's -- a lot what Mel just talked about the timing of when traction takes hold and changes that we put in place at the local level in some of our key managing partner positions have only happened in the past couple of months. So those changes and progress will continue. I think it can be -- I think we look at the portfolio as a whole and underachievers, the folks that haven't really seen that traction in their business and performance can be meaningful and impact our results in a meaningful way as we move forward in getting up to that 50% minimum level of standards achievement.

Melvin C. Payne ***Carriage Services, Inc. - Founder, Executive Chairman, CEO & COO***

Yes. This is Mel. Look, yesterday's Board meeting, we played a 1-minute video, and the entire operating team in there with the Board, and all the support operations people here in home office. And that 1-minute video was Nick Saban, I don't know how many of you out there follow Alabama football. But it was a 1-minute video of Nick Saban talking to a group, I think, of young people going into business or maybe they were already there. And he started off by saying, "Look, we're about to get into spring training here at Alabama, and our goal in spring training will be to sort out the players who should be on the team and have a seat on the team bus and then to get that person in the right seat on the team bus and to get the wrong people off the bus." And he said, "Look, until you do that in any organization, whether it's football, baseball, basketball, any company, you will not have the team chemistry, you will not have the high-performance culture that will lead to a winning season and then a legacy of winning over time, so to see recruit the best talent." What we will see now at Carriage is that kind of process and it will be the people who see the opportunities with these standards as upside rather than fearful and risk-averse. There will be some turnover. This is normal over time. And when we did this, we all sat around and said this will lead over time to pruning the low-performing businesses and the low-performing leaders. This is the natural process of how a company goes through, what we consider, a good great journey. We're back on that and this time we're not going to get off of it.

Huang Howe ***Barrington Research Associates, Inc., Research Division - Senior Investment Analyst & Research Analyst***

That's great. And then I had one minor bookkeeping question. I noticed that maintenance capital expenditures ticked up in the quarter. How should we anticipate this line item moving forward?

Carl Benjamin Brink ***Carriage Services, Inc. - CFO, Senior VP & Treasurer***

Yes. Chris, that's really just timing of when we're getting the stuff done. We continue to think -- maintenance CapEx is between $9 million and $10 million for the year. And if I were to guess one way or another, probably closer to $10 million.

Operator

And our next question comes from the line of Komal Patel from Goldman Sachs.

Komal Rohit Patel ***Goldman Sachs Group Inc., Research Division - Fixed Income Analyst***

Maybe just a big picture, you've clearly shown signs of turnaround. First, what inning of the transformation would you say you are in? Second or maybe, more importantly, heading into the back half of the year, what's kind of left on the to-do list? Or is it more just about seeing some of these new initiatives flow through the business? Just trying to get a sense of what does the management still have on its plate?

Melvin C. Payne ***Carriage Services, Inc. - Founder, Executive Chairman, CEO & COO***

This is Mel. We have a lot on our plate, and we don't call any of it initiatives. We consider the company initiative-free. But we do have simple concepts. First Who, Then What, you got the wrong who in a business or in a corporate office or whatever, get the wrong who off the bus. And you have -- you get the right people in the bus. And the what, First Who, Then What turns into high-performance. Almost when you get the right who, it's almost like going from a dark room and turning on a light. You don't have to wait years to see whether it's the right who, performance picks up right away. That's the process we're going through, and in some of the businesses under minimum standards, you can't see it in the second quarter results. But it's still there that just shows you how much opportunity is still left. And I would say I had the team, we went through the portfolio review, and I said, "Hey, let's all just give an estimate of where are we in terms of the earnings capacity, the maximum potential, we were at 100% everywhere, where are we right now with the portfolio?" We're realizing some places are way up there, some places are down and we got too many still down. And one for our young partners, acquisition and operations analyst, said 70%. I said I agree with that. So I think by year-end, we'll be at 85%, that's a lot. And it that doesn't mean we can be at 100%, you never will be at 100% with a broad portfolio of 200 businesses. But we can get to 85%, and then get a steady-state sustainable, 90%. And then over time, prune the ones that won't be very big businesses out the back door. So we have higher-revenue profile in the company and a higher-margin profile, I mean, 29.3% for 6 months is amazing consolidated EBITDA margin. Our maximum was 90 -- 29.7% in '16, and here we are in the middle of a turnaround 6 months at 29.3%. That's pretty impressive. Anyway, that's where we are.

Komal Rohit Patel ***Goldman Sachs Group Inc., Research Division - Fixed Income Analyst***

Got it. That's super helpful. And then maybe just a second question just to check in on the M&A pipeline. Given the progress that's kind of coming through in some of the core business, how is your appetite for deals changed at all? Or maybe separately, how's your confidence in being able to extract even more synergies kind of increased with recently acquired businesses given all the work that you've been doing?

Melvin C. Payne ***Carriage Services, Inc. - Founder, Executive Chairman, CEO & COO***

Great question. That's a wonderful question. You know, when we -- as one of my Board members, when the ox fell in the ditch last year, that's what he called it. And I said yes, you're right and my goal is to get out of the -- getting the ox out-of-the-ditch business. We wanted to very carefully work and focus on operations. And only until we were sure and confident that the trend was our friend, and there was a lot more improvement to make, and that it wasn't if, it was when we make it, and it's faster-is-better-than-slower and that's the process underway right now, only then would we consider capital allocation towards something other than buying in shares because they're so cheap, paying down debt, leverage. And as we speak now, not everybody in this industry is watching the scoreboard and the stock price crash. And your reputation, even though we might have been tarnished externally, it has an untarnished in the industry. So there's still people, as Ben mentioned, out there, really quality businesses that we're maintaining relationships with. It's all a matter of timing. And at some point, they will need a succession plan and we do have active relationships nearing those kinds of decision points. And so we just want to pause and get our operating act together and then stay tuned.

Operator

(Operator Instructions) Our next question comes from the line of Chris McGinnis from Sidoti.

Christopher Paul McGinnis ***Sidoti & Company, LLC - Special Situations Equity Analyst***

I guess, just a follow-up maybe on one of the prior questions. Mel, you're just talking about 2016 when you hit there obviously industry-leading numbers, but what were you operating at that versus later right now? I guess if you can just make a reference to that a little bit at that point?

Carl Benjamin Brink ***Carriage Services, Inc. - CFO, Senior VP & Treasurer***

So Chris, in -- kind of as we look in comparison to where we were back in 2016, we still have, like we said, a lot of work to do, progress still to be made in getting that moving at 70% into that 85%, 90% range that Mel just talked about. And I think as we look back at '16, you look at the margin performance and across our portfolio, even with our results year-to-date in the second quarter, there's still progress and work that we have to do. So you can pretty much look back at that margin profile of our field-level businesses and you can see what the goals are, what we're trying to attain to over at least next -- end of the year and into 2020.

Melvin C. Payne ***Carriage Services, Inc. - Founder, Executive Chairman, CEO & COO***

Yes. Chris, I'm Mel. I look back and chuckle because in my history of business in following various companies including some I've been in, any time a company builds a building after they get so good in this and that, they seem to hit the ditch. They get written up and good to great or built to last then they don't last, and then they turn anything but great. And when I wrote that is an industry milestone never before achieved, 29.7% then everybody wanted to know when you get it into the 30s. Well, I look back and laugh now, it was bound to go down, no matter what because I wrote about it. But here's where we are. I look back on that and then I look at the company as we are right now and the accelerating progress on the leadership team across the company at all levels and in home office. I look back on that 29.7%, that's not a standard that we're that proud of. We're going to hire. I just don't want to promise, when.

Christopher Paul McGinnis ***Sidoti & Company, LLC - Special Situations Equity Analyst***

Sure. No, I appreciate that. I was just wondering about portfolio mix and that changes but, obviously, nice quarter.

Melvin C. Payne ***Carriage Services, Inc. - Founder, Executive Chairman, CEO & COO***

We have a better portfolio today with the exception of some smaller businesses, we have some larger businesses, higher-margin businesses, higher-revenue growth profile. We have a better portfolio today than we did then, and it is going to be improving very rapidly, both in the performance of the existing portfolio and when we do start making acquisitions, I think there's some really top-notch businesses that will really add to the profile. So I think -- we look at things over a 5-year timeframe and this was the turnaround year. You can see the fruit is beginning to show up to be picked. There's a lot more of that and then I think I told the team the next 6 months a lot of work. We head in 2020, we'll have more visibility, we'll have more predictability. Then we'll start to look out over 4 or 5 years and put again out there for people a roughly right scenario about what the company might look like over time. But we're not ready to do that.

Operator

And I'm showing no further questions at this time. I would like to turn the call back to Mel Payne for closing remarks.

Melvin C. Payne ***Carriage Services, Inc. - Founder, Executive Chairman, CEO & COO***

Thank you, very much for listening to our call. We invite you back for a really nice performance meal every quarter, every year from here on, and I want to thank all those High Performance Heroes out there that didn't get their name called today, but you will be next. Thank you, very much.

Operator

Ladies and gentlemen, thank you for participating in today's conference. This does conclude the program and you may all disconnect. Everybody, have a good day.