CARRIAGE SERVICES

Moderator: Chris Jones
February 26, 2015
10:30 a.m. ET

Operator: This is conference # 67804537.

Good day, ladies and gentlemen, and welcome to the Carriage Services Full Year 2014 Earnings Conference Call. At this time all participants are in a listen-only mode. Later we will conduct a question and answer session and instructions will follow at that time. If anyone should require operator assistance please press star then zero on your touchtone telephone.

As a reminder, this conference call is being recorded.

I would now like to introduce your host for today's conference, Chris Jones, representing Carriage Services. You may begin.

Chris Jones: Thank you, and good morning, everyone. We're glad you could join us. We'd like to welcome you to the Carriage Services conference call. Today, we will be discussing the company's 2014 full year results, which were released yesterday after the market closed.

Carriage Services has posted the press release, including supplemental financial tables and information on its Web site at carriageservices.com. This audio conference is being recorded, and an archive will be made available on Carriage's Web site. Additionally, later today, a telephone replay of this call will be made available and active through March 2. Replay information for the call can be found in the press release which was distributed yesterday.

Speaking on the call today from management are Mel Payne; Bill Heiligbrodt; and Dave DeCarlo. Today's call will begin with formal remarks from management, followed by a question-and-answer period.

Please note that during the call, management will make forward-looking statements in accordance with the safe harbor provision of the Private Securities Litigation Reform Act of 1995. I'd like to call your attention to the risks associated with the statements, which are more fully described in the company's report filed on Form 10-Q 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.

In addition, during the course of this morning's call, management will reference certain non-GAAP financial performance measures. Management's opinion regarding the usefulness of such measures, together with the reconciliations of such measures to the most directly comparable GAAP measures for historical period, are included in the press release and the company's filings with the Securities and Exchange Commission.

Now I'd like to turn the call over to Mel Payne.

Melvin Payne: Thank you, Chris. Our fourth quarter performance was just a quarter but what a quarter of high performance it was, fully showcasing the emerging earning power of Carriage as a mature, just-right sized for consolidation and operation of best-in-class funeral homes and cemeteries in the best markets in our country.

I'll hand off now to Bill for additional quantitative color on our fourth quarter and full year record performances. I will end the call today with a more comprehensive explanation of the qualitative drivers of the high and sustainable quantitative performance that Bill will now cover.

And I strongly encourage each of you to stay tuned for the qualitative segment at the end because it is critical to the future quantitative success of our company. Bill?

L. William Heiligbrodt: Thank you, Mel. It's a real pleasure to report our record 2014 year ending results today together with our fourth quarter performance. These results are the culmination of the team effort of all the employees of Carriage Services. Quality results such as these that I have the opportunity to report to you today are not easy to accomplish and require a real dedicated effort on behalf of the complete operating team of Carriage.

Our year 2014 started with Carriage comparing against an unusually strong funeral market in the first 2 quarters of 2013. During this period, we reported that these funeral cycles tend to run in periods longer than quarters. And as we moved through 2014 and continued our strong operating performance, these comparisons would change. That was the case and is measured by our financial report today.

Also during 2014, we were able to close a $54 million acquisition in May from Service Corporation International. These acquisitions in New Orleans and Washington, D.C. were enhanced by strong operating performance in those properties through the remainder of 2014. These businesses were further enhanced through balance sheet improvements and finance in the form of a new convertible subordinated note of $144 million that is fully described in our earnings release.

With the new convertible notes, we were also able to obtain a new increased 5-year $325 million bank credit at very competitive rate that will provide financing for future Carriage growth. This combination of events: first, operational improvements within the company; second, new significant business acquisitions of $54 million; third, new convertible subordinated notes; fourth, balance sheet enhancement; and fifth, new increased bank credit – have led to both large earnings per share of growth and increased shareholder value.

Therefore, today, we are able to report diluted earnings per share of almost 30 percent – growth of almost 37 percent to $1.34 a share. This was accomplished with increased cash flow and improving performance margins within Carriage. Also in terms of performance ratio, we increased our adjusted net income return on equity from 11.6 percent in 2013 to almost 14 percent in 2014 – quite a move and puts us close to a 15 percent return on equity.

It is important to look at the fourth quarter results as we conclude this discussion. In the fourth quarter, total revenue is up almost 13 percent with total Field EBITDA up over 25 percent.

Looking at performance in our businesses in this outstanding quarter. First, we see revenue – Funeral revenue up 13 percent with Field EBITDA up over 31 percent. Second, Cemetery in the fourth quarter, real performance heroes, with revenue up 15 percent and Field EBITDA up over 27 percent and an operating margin in excess of 30 percent – quite a comparison when looking at total 2014 Cemetery results.

The fourth quarter shows you, the shareholder, the power of our team approach in operating models working in a reasonable funeral market, as we generated 52 percent growth in adjusted diluted earnings per share of $0.38 in the fourth quarter. The good news is this performance should continue into 2015.

To start this year, we had closed one new business acquisition in the first quarter. And in summary, we are increasing our 2015 rolling 4 quarter forecast of adjusted diluted earnings per share to a range to $1.55 to $1.59. All of us at Carriage are truly looking forward to 2015.

Melvin Payne: Thank you, Bill, for the commentary on our recent record performance.

As I explained in our press release and detailed by Bill's commentary just now, we fully expect, and I quote in the press release, "sustainable earning power trend from existing operations and the value creation leveraging dynamics to continue into 2015 and thereafter and to be supplemented by new high-quality acquisitions from our growing pipeline of top-quality acquisition candidates in strategic markets."

Our strategic growth function is now headed by Dave DeCarlo, who joined Bill and me full-time last March as 1 of our 3-member Carriage executive team. The 3 of us are also members of a new highly collaborative 12-member operations and strategic growth leadership team that operates informally as owner-leaders, without titles, direct reports and all the stuff that goes with hierarchy. We address as a team all important Carriage value creation matters consistent with our theme for last year, One Team, One Vision.

Dave, I'll turn the call over to you now to elaborate on our strategic market methodology and focus over the balance of this year and thereafter to grow the company.

David J. DeCarlo: Thanks, Mel, I'll be glad to.

First, I want to let our audience know that in terms of acquisitions, our industry is characterized by long-term careers; that is, very few people leave the industry, they just change companies. Look at Bill and me. Bill came from SCI, came from Matthews International. And together, Mel, Bill and myself have over 100 years of experience. The same hold true for funeral and cemetery owners and their employees and vendors. So over time, we all get to know each other pretty well and develop relationships. And those relationships are very important in this industry, and there is a lot of sharing of ideas, whether it's on how to improve services for families or making sure families they serve have or are aware of the cremation options available in terms of funeral services and memorialization products and also, the different cultures of the consolidators.

Most importantly, your reputation precedes you in all that you do, and it's especially critical in your chances in partnering with funeral home and cemetery owners. That's because the owners are a very caring group. They want to protect their legacy, their ongoing heritage of families they serve and their employees, especially when it comes to selling their businesses. And that is one of the main reasons I joined Carriage, first as a board member, as Mel mentioned, in May 2011 and then as an employee in March 2014.

Because when Mel founded the company in 1991, the first guiding principle was honesty, integrity and quality in all that we do. And we're not – we not only walk that talk but live it at Carriage because you have to do that in this industry to succeed as a consolidator. Because integrity and honesty has a huge influence on the funeral homes and cemetery owners, that you'll be trying to partner with.

In addition, what I have learned in my 4 years with Carriage about acquisitions is that you cannot wait for brokers to bring you acquisition candidates because they come in spurts. And when they do show up, they do not always meet our minimum criteria of caseload, average revenue per contract, demographic profiles and sustainable market growth. Or they simply do not fit into our unique decentralized entrepreneurial culture.

So accordingly, in September of 2013, due to the slowdown in the flow of broker-supplied qualifying candidates, we strategically refocused our acquisition efforts to 25 to 30 of the most attractive markets for our minimal criteria. And Mel and I hit the road to begin knocking on doors of these major players in these markets to develop relationships, as well as Mel joined the convention circuit as a speaker. We simply wanted to inform the industry how great life will be after you partner with Carriage, something that all candidates are anxious about and want to hear. And I can tell you, once they hear our unique story of our decentralized model, where they can partner with us and continue to run their business as owners, protect their legacy, preserve the growth of the heritage of their families they serve, and we handle all the departments that distract them, such as IT, accounting, HR, legal, et cetera that distracts them from keeping – from serving their families, and plus, we help them grow their business.

They soon realize, once they hear this, why we are the best-kept secret in the industry. As a result of our new refocused strategy, together with our road trip, Mel and I have developed a number of good relationships with owners in these markets, which we are optimistic that they will bear fruit, just like the great funeral home we closed this week in Clarksville, Tennessee, Neal-Tarpley Parchman, which has over 375 calls and $2.7 million in revenues, together with a great team and leader, Mike Parchman.

I will conclude my thoughts here, reminding you this is a very long-term industry with many remaining good strong independent candidates, and we will continue to implement our strategy of knocking on doors and building relationships, explaining the Carriage decentralized model, which I consider to be a great competitive advantage for us, and that we are still the best-kept secret in the industry. Looking forward to 2015.

Melvin Payne: Thank you, Dave. In the press release, I mentioned that we began what we themed a Good To Great Journey in 2012. We just finished the third year, 2014, of that 5-year journey. So now we're beginning the fourth year of our defined 5-year Good To Great Journey.

And I will tell you, the company today is materially better in all areas than even 1 year ago, even 6 months ago, even 3 months ago. That's the nature of a Good To Great Journey, it's continuous improvement, dynamic change. Get out ahead of the change or it will slap you and keep you from becoming great.

As we successfully execute our 3 models, which are Standards Operating Model that Dave referred to; our Strategic Acquisition Model, that Dave referred to; and our 4E Leadership Model, over this year and next to complete our 5-year Good To Great Journey. We fully expect to accelerate the earning power of our Carriage consolidation and operating platform because we are experiencing – and you see it in the quantitative results that Bill described in the fourth quarter particularly – we are experiencing what we describe internally as the Carriage Good to Great flywheel effect.

The flywheel effects in any – the flywheel effect occurs in any company or enterprise only when the idea of being the best at what you do is deeply and broadly believed to not only be possible by your leaders and employees in each business, but then committed to by every single individual and team in the company. In our case, that's both in Field operations and Houston support departments.

Only then can you unleash the power of people, and Bill referenced this, at every level of your company. which is now happening and you can see it in the financial performance. I will be sending a personal letter with 7 enclosures in the next 2 weeks to each shareholder and analyst that we can identify, that comprehensively explains the company and the qualitative ideas and concepts that we refer to as Carriage's High Performance Culture Framework. I will then reach out to each recipient to answer any questions about anything in the package or not in the package. We will also have this information available in an 8-K filing for anyone and in hard copy at our Houston offices for anyone requesting a copy.

I want to end this call, before I take questions – let's go ahead and take questions, and then I'll end the call after that with a qualitative part that I mentioned at the beginning of the call. So questions, please.

Operator: Ladies and gentlemen if you have a question at this time please press star and then the one key on your touchtone telephone. If your question has been answered or you wish to remove yourself from the queue please press the pound key.

Our first question comes from Alex Paris of Barrington Research.

Joseph Janssen: This is Joe, actually. Let me focus first, because you spent a little time, Dave, speaking about some of the changes that we've seen here. You mentioned changes in the strategic acquisition model to kind of better align with your operating model. Maybe this is model 3.0.

And I know these models are never static or dynamic, they constantly change. But from where I sit, I'm just trying to wrap my head around what are the – what's the biggest difference, I guess, between the old model and the new model?

Melvin Payne: This is Mel. It's Joe?

Joseph Janssen: Yes.

Melvin Payne: There is no real difference. We're buying businesses. What we're doing is looking at the markets differently. We want to get at bigger markets that have more bigger targets rather than be fishing in ponds all across America. What's different is, on the front end, we're looking at a lot of history because what you can find, the best indicator of future performance in a funeral business, let's say, is the past long-term history of their number of funerals each year.

So we look and qualify all candidates by first getting 2 things. One is the 10-year history of their call volume, that's the number of funerals by year, by location. And we look at that trend – if there is one – up, down or whether it's stable. Along with that, we look at the market because that's the best predictor of what the next 10 years will look like. And if that is a stable or increasing trend in a bigger market with other competitors, you then look at the competitive positioning of the business. Is it #1 in the market? #2? #3? Is it increasing from #3 to #2? Is it a strong #2 versus a distant #2?

These are very long-term legacy businesses so you want to look at those kinds of themes so you can better predict a couple of things in the future. One is the call volume, whether it's trending up and whether there's more out there in the market with weaker competitors that you can take away from them. The other is the competitive positioning and the branding in the market.

Do you have pricing power because you're the best in the market, not only the biggest or the second-biggest? So the key in this business is future revenue predictability. Because we know given a certain size business, the normalized Field EBITDA margin is going to be within a range defined by our Standards Operating Model. You cannot trick it.

So beyond the call volume and looking at the market more strategically in-depth, we look at the last 3 years plus interim contracts. The contracts in this business define what we call the client family revenue profile. In other words, if you got a client family revenue – average revenue of $10,000 versus $3,000, we would prefer to have the $10,000.

And so we rank all these things with 10 different criteria now. It gets you to the same place, but you don't waste any time on places that you really don't want to have in your portfolio. So you're able to carve out and discard candidates that might come in and you might do a financial analysis on it before. We don't want to spend time on businesses that we can't grow in the future.

So this is not a big change. We're still going to be buying the quality of businesses you've seen in the past, but the methodology of looking at various markets and profiling those markets and spending a lot of time in those markets is different. For example, we like Pittsburgh.

Pittsburgh has not been consolidated.

We like Nashville. There has been consolidation, but there's still great independence, more than 1, more than 2, more than 3. We like in and around New York City.

So we don't have to be all over the country just trying to look at deals. We want to be very focused on very strategic markets, where we build our reputation by buying the best-in-class because you are known in this industry by who you affiliate with.

And that's how we build the company, very focused and not all over the country. I hope that helps.

Joseph Janssen: No, it does, Mel, I appreciate the color. Let me ask a follow-up on that. With the new kind of maybe geographic focus, maybe just talk about how the pipeline is looking within that.

And looking at your guidance of $1.55 to $1.59, I know we have easy comps in the first half, get a little more difficult in the second half '15, reasonable to assume from where we sit that we would expect maybe a few more acquisitions on top of the one you announced yesterday in the first half of '15?

David J. DeCarlo: Yes, Joe, this is Dave DeCarlo. Yes, our pipeline, as I've said, we've developed relationships over the past 2 years in the strategic markets with some great independents. And as I've said, we're optimistic that we're going to be able to close on some of those, hopefully in 2015.

Melvin Payne: Just – let me throw my $0.02 in there, OK? I know the problem, you have to model this stuff out, and I respect your job and what you have to do. The problem with this is that you don't know when someone is exactly ready to sell, the month, the day, the period. You know whether they have the right motivations, whether that is aligned with being a motivated seller that fits within our criteria.

What I am totally confident of is that there are a lot of great independents out there, and we offer a stark choice. A stark choice, there is nothing else like Carriage in this industry. And so it's not a matter of whether we're going to do enough acquisitions to grow the company over 5 years, it's only a matter of when they happen within the year. That's a challenge that you have to try to model it out. It's not something that I worry about because I'm here for the long term, and I am about as shareholder-friendly a creator that you'll ever meet.

And we're going to grow by acquisition this year. We're going to grow by adding more acquisitions on top of our platform. They're going to be top quality. I know the pipeline, I know the people that Dave and I have been out to see. It's growing, and it's not a concern of mine. I'm sorry that it's difficult to model it, but I can't help you there.

Joseph Janssen: I appreciate that. One more question, I'll jump back in queue. Just from a modeling perspective, the 2 new buildouts in Katy and College Station, when will those be contributing to the P&L? Are they up and running?

L. William Heiligbrodt: Yes, we're expecting to – we're hopeful of opening College Station this month. Those are – I mean, those are the kind of markets that Mel kind of has been talking about, because our funeral operation in Bryan, we can't even do the number of funerals that are coming to us because we don't have enough space in one location.

Therefore, we're building in a market that all you got to do is just look on Google and you could look day to day, and it's changing. I think everybody knows what's going on in – unfortunately in Bryan College Station as it relates to the university that is located there.

So we'll be up and running. We're going to have an official opening in the middle of March – I mean, middle of April, but we will be open before then. Katy is on its way. We had a lot of building problems there that had to be overcome just because of requirements, a new area; we were in 2 counties with the piece of property that we owned.

So anyway, we're well on our way there. Likewise, the situation – same-type situation, Katy is one of the fastest-growing cities in the nation. We actually, at the time we started this new facility, there was only one funeral home in Katy, and we owned it. So we have the same exact problem of growth there. So both of those are going to be well-received. It will come onstream, hopefully as – towards the end of this year, we hope, barring weather or any other unforeseen problems.

Melvin Payne: Just to throw a little more in there, Joe. It's difficult if you're outside the company to see what's going on inside the company. And over the last 3 years, we've come so far within operations, as you can tell, by – hope, but sixth straight year of record, but the fourth quarter really, I think, stowed off the platform leveraging dynamics.

All the engines were powering the company performance: same-store Funeral, same-store Cemetery acquisition portfolio, which is the portfolio we've owned 5 years; and the acquisition Cemetery, along with the financial, which is unbelievable. And our overhead now has been built out. So the platform is mature.

So getting these bigger, better businesses is going to add a lot. But look, we don't depend on that for growth – EPS growth and earning power growth. This year, we're making a real, real focus on getting substantial earning power out of our existing operations without acquisitions. So that doesn't mean we're not going to get acquisitions.

In fact, my own view is over the next 2, 3, 4, 5 years, we will do more than what we have been saying we will do in our long-term outlook. That's what I believe will happen. So I see the earning power of Carriage accelerating both from existing operations and from acquisitions, along with capital structure low cost.

And so it's an exciting time to be here. It's an exciting time to be a large shareholder, and it's just maybe not easy for you to model quarter to quarter, and I respect that.

Operator: One moment for questions. Our next question comes from the line of Alan Weber, Robotti & Company. Your line is now open.

Alan Weber: A quick question. When you look at the acquisitions today, Mel, versus, say, a few years ago, can you – and obviously, you're moving up in terms of quality and like that. Can you just talk about the valuation? How that's changed? And how you factor that in? And what kind of return you're looking when you look out a few years, to get?

Melvin Payne: Yes. You know we've arrived at an interesting place, Alan, and you've been along for the ride.

Alan Weber: I have.

Melvin Payne: And greatly appreciate it. You're one of the ones that have always been there for counsel, and it's never been unwise. It's always been spot on. We got to a spot here where I guess it's sort of like a dream come true, the company grew up. We have a framework. We have a structure.

We have models that are so innovative and they're designed really for the operator, not for, let's say, Wall Street. The language of our Standards Operating Model and the criteria we use in our Strategic Acquisition Model attract the best of the best.

And it's a language they relate to and a culture they fit into. So luckily – or not luckily entirely, I think a lot of it came with just staying with it and not in believing that someday it would all come together and work. We really get – we'll get the pick of the litter of the remaining top-quality independents out there because there's no other place where the change doesn't disrupt who they are, what they stand for.

And it doesn't disrupt the owners, the former owners' feelings about the business and being involved in it on a continuing basis, involved in the community. Now you have to understand that these criteria that I laid out are hard to meet: businesses that have been growing their volumes and can grow their revenues faster in the future because of demographics, market share gains, pricing power.

More ways you have to grow revenue, the higher the growth profile of that business, meaning the higher valuation we will have to offer to get it. The owners know what they got.

So the better businesses that are really the ones that pay off the most will be the ones that have a higher valuation. So I would say that based on the methodologies we have developed, we are a paying a higher multiple than we would have been paying 5 or 7 years ago, but we're getting better businesses with more predictable and higher revenue growth in the future.

And when you get that business, and integrate it into Carriage, the returns on invested capital are higher than what we would've been getting before paying a lower multiple, because you're getting a higher quality business that, over time, if you get enough of them, changes the entire growth profile of the entire company, and that's where we are.

Alan Weber: OK, great. I guess last question is as you've kind of – you talked about, I guess if you want to call it marketing for acquisitions, do you get more candidates coming to you with more of an interest? Has that changed? I mean, that should be changing in your favor.

David J. DeCarlo: Yes, that's true, Alan. We get since, as I've said, we've been out on the road, Mel has been on the speaker circuit – the more people get to hear us talk, the more they come up to us and call us, et cetera. So they're finding out who we are, and they like what they see.

Melvin Payne: Just to clarify, Alan. I get no fees on the speaker circuit. A very low-paying job.

Operator: And our next question comes from Nicholas Jansen of Raymond James & Associates.

Nicholas Jansen: Just a quick question on free cash flow expectations for 2015. Obviously, you've done a great job of growing that over time. Just wanted to get your thoughts on should we be thinking about that growing similarly as adjusted net income or EBITDA? Or how should we think about the free cash flow growth in '15, unless we think about your ability to further capture M&A opportunities over the next 12 months?

L. William Heiligbrodt: Well considering where our rolling forecast is, we probably are going to – we're looking at a range of somewhere of free cash flow, somewhere in the $44 million, $45 million range. There's some asset changes as a result of this balance sheet enhancement and the changes since that we've done in the company that have affected it somewhat this year, but we're actually looking at free cash flow somewhere in that range.

Operator: And I'm showing no further question at this time, I'd like to hand the call back over to Mel Payne for any closing remarks.

Melvin Payne: Thank you, everyone, for tuning in. And this is the part of the call that honestly is my favorite part because I now have the honor and privilege of calling out by name our high-performance heroes for the fourth quarter and the full year of 2014.

I'd first like to start with our fourth quarter high-performance heroes.

In the East region: Jason Higginbotham, Lakeland Funeral Home, Lakeland, Florida; Charlie Eagan, Greenwood Funeral Home, Metairie, Louisiana, came with the group we bought from SCI last May; Ben Friberg, Heritage Funeral Home and Crematory, Fort Oglethorpe, Georgia; Curtis Ottinger, Heritage Funeral Home, Chattanooga, Tennessee; James Terry, James Terry Funeral Home, Downingtown, Pennsylvania.

In the Central region: Jeff Hardwick, Bryan & Hardwick Funeral Homes, Zanesville, Ohio; Pam Parramore, Baker Stevens Parramore Funeral Home, Middletown, Ohio; Mark Ratliff, Carman and Robertson Funeral Home, Flatwoods, Kentucky; Kyle Incardona, Hillier Funeral Home, Bryan, Texas; Kyndall Hale, Grantham Velta – Velma Funeral Home, Duncan, Oklahoma, Oklahoma; and Jeremy Sparks, Resthaven Funeral Home, Oklahoma City.

West region: Nathan Stifler, Bunker's Mortuary, Las Vegas, Nevada; Matthew Simpson, Fry Memorial Chapel, Tracy, California; Ken Summers, P.L. Fry & Son, Manteca, California; Steven Mora, Conejo Mountain and Cemetery, Camarillo, California; and Nicholas Welzenbach, Los Gatos Memorial Park, San Jose, California. Those are the fourth quarter high-performance heroes.

Now because this is year-end, it's a big deal for the people in this company that they earn a special prestigious award called the Pinnacle, being the best pinnacle award. These are people who have averaged – these are Managing Partners who have averaged 70 percent standard achievement over the last 3 years. This is not short-term performance, it's long-term performance within the Standards Operating Model.

We also have a group that earned 100 percent of their standards in 2014. This group will go on a special trip, we do it every year, with spouse or partner, to New Orleans in April to celebrate. We'll have 4 days, 3 nights, and it's a big deal. They are a big deal, so we make a big deal of honoring them and being with them for that period of time. And I can tell you, it's like a corporate family event.

I'd like to mention those names now. I'll start with Pinnacle winners that were 100 percent winners this year. Ken Pearce, Alameda Group. This is his fourth straight year of 100 percent, never been done before. Way to go, Pearce – way to go, Ken.

Jim Terry, this is his third straight year, 100 percent. James Terry Funeral Home, I mentioned him before in the fourth quarter.

James Bass, 1 year, 100 percent, but he had 2 different businesses he was 100 percent: Emerald Coast and McLaughlin Mortuary in McLaughlin Twin Cities in the Panhandle of Florida.

Robert Maclary, 2 straight years, 100 percent, Kent Forest Lawn Funeral Home, Panama City.

And Kyle Incardona, his second 100 percent year, Hillier Funeral Home, College Station. Now Kyle is the one Bill mentioned, we're building a new place. It looks like Texas A&M outside the facility. We haven't been sued yet for intellectual property violation, but it's going to be an awesome showcase. And our concept in Carriage is when you get a winning horse like Kyle, you bet on it, especially in a winning market like that.

Now these are the Pinnacle only winners, 70 percent over the last 3 years.

Patty Drake, James Drake, Whaley-McCarty in Cynthiana, Kentucky; Ken Summers, P.L. Fry & Son Funeral Home, Manteca, California; Brian Binion, Steen Funeral Home, Ashland, Kentucky; Nicholas Welzenbach, Higgins Mortuary, Northern California; Kyndall Hale, Grantham Velma Funeral Homes – I mentioned that earlier in Oklahoma; Frank Forastiere, Forastiere Group, Springfield, Massachusetts; Mark Cooper, Seaside Funeral Home, Corpus Christi, Texas; (Dustin Liebin), Evans Brown Mortuaries, that's in Inland Empire, California; Kristi AhYou, Franklin & Downs Funeral Home, Modesto, California; Chris Chetsas, Cataudella Funeral Home, Methuen, Massachusetts, north of Boston; Steve Mora, Conejo Mountain Funeral Home, Camarillo, California, just north of L.A; Cesar Gutierrez, Dilday – Heritage-Dilday Memorial Service in Huntington Beach, L.A.; Tom O'Brien, O'Brien Funeral Home, Bristol, Connecticut, home of ESPN. Cliff Baird, Martin-Wilson Funeral Home, La Follette, Tennessee; Chris Duhaime, Funk Funeral Home, again Bristol, Connecticut; Chad Woody, Watson-King Funeral Homes in North Carolina; Dorn Rademacher, Cremation Society of Idaho in Boise; Jason Cox, Lane Funeral Home, S. Crest, Chattanooga; (Jeff Morris), Sterling-White Funeral Home, Highlands, Texas. Matt Simpson, Deegan Funeral Homes, that's in the Inland area, farming area near Northern California; Randy Valentine, Dieterle Memorial Home in Chicago.

So these are 100 percent-only winners that I will now mention: Ben Friberg – if you don't get 3 years under your belt, under the Standards Model, the only way to go on this trip is do 100 percent. So these are the ones who haven't been here 3 years, but they will go on the trip because they achieved 100 percent or they haven't had 3 years to qualify. Ben Friberg, Heritage Funeral Home in Fort Oglethorpe, Georgia; Jeff Hardwick, Bryan & Hardwick; Richard Munoz, Connolly & Taylor Funeral Home, California; Andrew Cumby, way to go Andrew, Cumby Funeral Homes in North Carolina; Michael Redgate, Redgate Funeral Homes, Connecticut; and Nathan Stifler, (Memory) Gardens Memorial Park.

Now those are the people in the field that produced the high performance that Bill covered. There are those in the home office that are just as high-performance heroes as those and without whom we wouldn't have the company we have. And I want to mention a few of those for the first time.

Amanda Anderson. Amanda had a huge role in closing the transaction in Clarksville, Tennessee. And she did a wonderful job.

Kelly Velasco. She's the first impression you get if you call our office because she answers the phone as our receptionist, and you will feel like you've died and gone to heaven when you talk to Kelly.

Rebecca Reyes. She supports all of our operations, including DOSs and MPs. She's wonderful. I don't know what we would do without her.

(Adiola Ilaneon) and her reporting team. The third quarter was the first time we ever released earnings and filed regulatory documents within 30 days after the quarter, and she had a huge part in accomplishing that.

Raymond Sebesta. Raymond does everything around the office. He's a wonderful man. He assists in any way he can. He's in the Legal Group, and he's just a joy to interact with on a daily basis.

Daniel Cox. He's in the IT group. He goes to the businesses. He helps them with our systems. He makes their life better and their ability to do their noble work more effective. And he energizes them while he does it.

And then finally, but not last, Anjana Jackson in the Accounting Tax Department, who came up with our theme for 2015, which is Carriage Services 2015: High Performance through Passion and Partnership. It doesn't get any better than that.

Thank you for turning in. We look forward to reporting 2015, which we think will be an incredible year for our shareholders and our employees. Thank you very much.

Operator: Ladies and gentlemen, thank you for your participation in today's conference. This does conclude today's call. You may all disconnect. Have a great day, everyone.

END