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Carriage Services Q4 2007 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator Instructions) Our first question will be coming from Jamie Clement with Sidoti & Company. Please go ahead.

James Clement – Sidoti & Company, LLC

Joe, first of all on behalf of the Wall Street community, thanks very much for over the years helping us better understand the Carriage Services' story and for all the work you did.

Joseph Saporito

You're quite welcome, Jamie. It was a pleasure.

James Clement – Sidoti & Company, LLC

Mel, looking at some of the overhead expenses in the quarter I think your press release refers to the variable line item as an anomaly or an aberration, can you give us a little bit more feel on why that number came in a little higher than it has in previous quarters?

Melvin C. Payne

We've always had litigation but we've got four cases that popped up during 2007 that we have separated of what I call recurring type litigation which we've always had. Two of these are class action in nature. Some of the other companies have suffered from some of these type suits. We were blessed until 2007 in avoiding that. Some of this relates to past leadership and issues and we think it will be resolved. We don't think these four based on how we're organized today and the strong leadership we had in place will occur in the future to the same degree, so we've separated them into variable overhead. They are now, they will pass and after they pass I think you'll see that trend down materially. So I don't see this, and this is the language we use around here, I don't see the variable overhead increase as a sustainable overhead hit against a sustainable earning power of the company which we define as consolidated EBITDA margin.

James Clement – Sidoti & Company, LLC

I hear you. Mel, in looking back at 2007, did you call out seven acquisitions? Is that the right number?

Melvin C. Payne

Seven.

James Clement – Sidoti & Company, LLC

Heading into 2007, was the number seven, was that a lot higher than you thought you'd end up with? Or did you have enough visibility that that was the number that you kind of expected? In other words, was this a – I think you all said probably you don't expect any deals to close in the first half of 2008, so was there anything unusual about the circumstances of 2007?

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