STONEMOR PARTNERS

Moderator: Keith Trost
March 23, 2021
5:00 pm CT

Operator: Greetings and welcome to the StoneMor Fourth Quarter and Full Year Call. During the presentation all participants will be in a listen-only mode. Afterwards we'll conduct a question-and-answer session. At that time, if you have a question, please press the 1 followed by the 4 on your telephone. If at any time during the conference you need to reach an operator, please press star zero. As a reminder, this conference is being recorded Tuesday, March 23, 2021. And now, I'd like to turn the conference over to Keith Trost. Please go ahead.

Keith Trost: Thank you. Good afternoon everyone and thank you again for joining us on the StoneMor, Inc. conference call to discuss our 2020 fourth quarter and full year financial results.

You should all have a copy of the press release we issued earlier today. If anyone does not have a copy, you can find the full release on our Web site at www.stonemor.com. Additionally, a copy of the presentation can also be found on our Web site.

With us on the call this afternoon are Joe Redling, President and Chief Executive Officer; and Jeffrey DiGiovanni, Senior Vice President and Chief

Financial Officer.

Before we begin, as usual, I would like to remind everyone that this conference call will include certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. All statements that address operating performance, events, or developments that we expect or anticipate to occur in the future are forward-looking statements. These forward-looking statements are based on management's good faith, beliefs, and assumptions. Our management believes that these forward-looking statements are reasonable. However, you should not place undue reliance on any such forward-looking statements because such statements speak only as of today's date.

We do not undertake any obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise, except as required by law. In addition, forward-looking statements are subject to certain risks and uncertainties that could cause actual results, events and developments to differ materially from our historical experience and our present expectations or projections. These risks and uncertainties include but are not limited to those described in the reports which we file with the SEC.

During the call, we will reference certain non-GAAP financial measures such as adjusted operating income, EBITDA, adjusted EBITDA, field EBITDA, unlevered cash from operations and unlevered free cash flow. A reconciliation of these measurements to the most directly comparable measures calculated in accordance with GAAP is provided in the press release and presentation.

With that, I'll now turn the call over to Joe Redling who will take it from here.

Joe Redling: Thank you, Keith, and thank you everyone for joining us this afternoon for our fourth quarter and full year earnings call.

It's now been just over a year since the COVID-19 pandemic disrupted our lives, our businesses, and our communities. Each quarter over this past year has presented new challenges as we navigated through unprecedented times and adapted to an ever-changing world. One year ago, we were just beginning to learn about the threats and the expansive impact the pandemic would have on our lives, and the uncertainty quickly gave way -- a lockdown, business closures, remote working, and a change in everyone's daily behaviors.

At StoneMor, as the initial severity of the pandemic became clear, we quickly adapted to the new normal and initiated immediate responses and procedures as all our locations across the country remained open to serve our families and our communities. We instituted new safety protocols, setting up a dedicated procurement team for PPE to keep our employees safe. We launched new virtual sales training modules and launched new meetings software to service our customers virtually and safely. Our corporate team began working remotely while targeting and quickly implementing cost-saving initiatives in the event that the pandemic negatively impacted our operations.

As the second quarter began, the lockdown extended indefinitely in most of our markets. Despite that uncertainty, our teams responded. We remained open and continue to faithfully serve our families. After an initial lull at the onset of the pandemic that continued into early April last year, we saw our sales production rebound as families stopped delaying services, ultimately generating a 5% year-over-year increase over the second quarter of 2019 on a continuing operations basis. We were bolstered by 17% growth in at-need production as unfortunately many of our locations were overburdened with COVID cases.

The third quarter saw surges in the number of cases, particularly later in the quarter. As became the norm, our teams around the country continued to push through the issues of the pandemic and delivered for our communities. Our sales production during the third quarter was up 33% versus the third quarter of 2019 on a continuing operations basis. Most of this growth was attributed to strong pre-need production, which grew 32% over the prior-year period.

Fortunately, the changes we made across the sales organization throughout 2019 to greatly improve our sales leadership, productivity and culture were paying off. I believe these changes made it possible for our sales team to overcome the challenges posed by the pandemic and still excel and deliver record results. These changes will also allow for continued growth as the country moves past the pandemic.

And in the fourth quarter, those surges continued as the country reached new highs in death counts from the COVID-19 pandemic. That surge contributed to a (20%) increase in at-need production on a comparable location basis during the fourth quarter compared to the prior-year period. It should be noted that in most states that we operate, the increase in our at-need production is outpacing the growth in death rates as reported by the CDC, indicating that we're also growing our market share.

I was also very encouraged that even with the sharp rise in at-need activity, we also experienced a 20% increase in pre-need sales production in the fourth quarter versus the prior year. As we sit here today, almost through another quarter, we've continued to see very strong sales production results from our teams. At-need sales production during January and February rose by nearly

35%, as we continued to see a high volume of COVID-related deaths around the country, coupled with StoneMor's market share gain.

We supplemented that growth with an additional double-digit growth in pre-need production, which is actually quite remarkable as so much of our attention has been turned to the rising at-need activity. Throughout March, we have begun to see our at-need volumes begin to moderate somewhat, and conversely, pre-need sales production has accelerated. We expect that this will - this positive momentum in sales, coupled with our improved operating efficiency, will result in a very strong financial quarter in Q1, generating positive unlevered free cash flow for the third consecutive quarter.

As I reflect back on the last 12 months, I'm continually impressed by the team and the culture that we've developed at StoneMor, even in the face of an unprecedented global pandemic. It's a testament to the work that our team put in to the turnaround and transformation of the company. Had we been faced with this pandemic 12 or 18 months earlier before our initiative has taken hold, we wouldn't be seeing the level of success we've experienced to date.

I want to once again thank all StoneMor employees, especially those on the frontlines who never wavered in their dedication despite potential personal risk. They have been truly courageous and are real heroes, and I continue to be inspired by the passion and commitment.

We're also pleased that the National Funeral Directors Association has issued a letter to the states urging that cemetery and funeral home work will be included in the 1A phase of vaccines. And we're hopeful that every one of our employees will get the vaccine as soon as they can. As a company, we are also preparing for the vaccines to reach quick critical mass by early summer, and we expect the death rate will return to pre-pandemic levels during the second half of the year.

As I mentioned, we expect a very strong Q1 performance both on the top line and bottom line as we have experienced excellent sales production results in the quarter, and our cost reductions are truly taking effect. Our growth outlook on Q2 is also very positive as April of last year was a low point due to the pandemic. While we do expect to begin to see at-need volume begin to moderate, I'm confident that our sales team will once again rise to the challenge and deliver pre-need production that will offset the declines in at-need.

In order to support the work of those teams, we're implementing a number of initiatives to aid sales, including expanding sales training for all team members. We are constantly reviewing our pricing strategies to drive revenue growth opportunities, and that includes both price increases and decreases to meet market demand. There's a tremendous data and analytics opportunity in our pricing process that we're only first starting to access and will be a key focus in the coming quarters.

We're also launching new inventory projects and products, most notably significant increases in the cremation garden offerings in our signature properties. Lastly, we've also launched new initiatives and strategies focused on targeting large sales, which is a place that we've really struggled over the last year amidst the pandemic. Jeff will speak in a minute about our full year outlook and provide some guidance on our expectations for 2021.

We made significant strides in 2020 and accomplished a great deal during the year even in the light of the pandemic. As a reminder, in early January 2020, we completed the first asset sale within our divestiture initiative as we completed the sale of Oak Mountain, California for $33 million. That was followed by a $25 million sale of Olivet in California in March, and the full exit of the remaining properties in California in October for another $7 million.

All told, we've completed $65 million in asset sales and paid down our debt by $60 million. Additionally, we are under agreement to sell our remaining West Coast properties in Oregon and Washington for $6 million, which we expect to close by the end of Q2 and generate an additional $5.5 million of debt repayment.

We've exceeded all our internal targets on our cost reduction and transformation initiatives. We publicly discussed cost savings initiatives that would generate more than $30 million in (at-need) savings. With the initiatives that we've completed, we can now discuss savings that are north of $50 million on an annual run rate basis, and we expect that those savings will continue to show up in our income statement going forward.

In prior calls, I talked about how we've achieved those savings. We've seen a major reduction in our corporate overhead expense, driven in part by a number of reductions enforced that have seen our corporate headcount cut nearly in half. Despite those reductions, we've upgraded our team across the board, allowing us to decrease the historical over-reliance on expensive third-party consultants and professionals.

Further, we've moved our corporate office, downsizing the amount of square footage and reducing the rent expense by $1 million annually. We've - excited to move in to our new space in a few weeks. The office has been specifically designed for 2021's new work environment.

From a sales perspective, we reduced our costs across all our categories. We've been able to reduce our selling expenses despite revenue growth. We've seen improved efficiency in marketing and advertising expenses. We've refocused our marketing spend on more effective digital channels, reducing costs while generating a greater percentage of leads. In the latter part of 2019 and early 2020, we reorganized our sales force, creating a compensation structure that rewards our best performers for overachieving, while overall reducing our sales compensation as a percentage of revenue. All in all, a very successful transformation of our entire sales and marketing approach.

We've also reduced our cemetery G&A through the number of - through a number of initiatives closely tied to the rollout of the general manager program in late 2019. With those GMs having been firmly entrenched for over a year now, we saw reductions in admin positions and other cost categories through tighter controls and accountability.

I'm pleased with the strides that we've made on these saving initiatives, which is reflected in the growth in field EBITDA, which increased to a positive $4.6 million for 2020 from a loss of nearly $16 million for 2019, a more than $20 million improvement just from field operations. That doesn't consider the $15 million reduction in corporate overhead or the $7 million increase in investment and other income.

However, we're not resting on this success, as there remains additional material opportunities for us to further reduce our costs and strengthen our cash flow. We have targeted a number of initiatives that are currently underway. We still have a lot of work to do to become a best-in-class operator, but I know this team is up to the task.

Earlier, I talked about our plans to achieve organic growth, that is continued same-store sales growth. 2020 was the first year in quite some time that the company has been able to talk about same-store growth. For 2021 and beyond, that needs to be a continuing trend. I believe with our continued support, our sales team can make that a reality.

We also intend to grow our company with strategic acquisitions. Our acquisition strategy is going to be focused on bolt-on opportunities in our existing markets and taking advantage of the synergies from our current organization and general manager structure. I'm excited to share that we had now entered into an asset purchase agreement related to four cemeteries on the East Coast that fit nicely into our current geographic footprint. We're excited to complete the process and close on these properties.

While this is a small step, it does represent a very important strategic moment as we shift from a focus of divesting assets to acquiring new locations that are strategic fits for our portfolio. While we intend to complete this first - this first acquisition from cash on hand, continued execution of our longer-term acquisition pipeline will require additional capital.

Our intention is to obtain that infusion of capital through a refinancing of our current debt facility as market conditions allow in the coming quarters. We started that process, it's early stage, but we are actively exploring various opportunities while being mindful that we still have over three years left on the existing facility. So, a medium-term refinancing must be compelling.

Aside from bringing additional capital to drive strategic growth, our expectation would be a significant increase in the interest rate that we're paying on the debt (to allow) increased flexibility through the elimination of certain financial covenants and freeing up our restricted cash by allowing for letters of credit.

On that note, I will turn the call over to Jeff DiGiovanni, who will walk you through more details on our financial performance.

Jeffrey DiGiovanni: Thank you, Joe, and thank you all for joining us today. I'm proud of the financial performance the StoneMor team delivered in the fourth quarter and full year. In addition to the delivery of solid financial results, I want to thank our team for the significant progress we've made against our strategic priorities during the year and for their unwavering commitment to take the steps necessary for us to continue our transformation as a company. I'm proud of what we've accomplished in 2020 and I'm excited for what we can achieve going forward.

First, before we dive into the GAAP results, please note that when we look at a performance for both the fourth quarter and full year 2020, I want to point out that portions of the presentation in our consolidated financial statements and during this conversation today is based upon a continuing operations basis, that is basically the financial performance of our West Coast operations that have been or certainly will be divested.

In the fourth quarter of 2020, we drove total revenues from continuous operations of $74.9 million, representing a 16.6 million or 29% increase over the 58.3 million in the fourth quarter of 2019. This increase was driven largely by the growth in our cemetery segment, which comprised 86% of our 4Q revenue and contributed 15.9 million to the increase in revenue.

Within the cemetery segment, we experienced a $4.4 million increase in at-need revenues, driven by the incidence death rates. We also experienced a $7.4 million increase in revenue recognized on pre-need driven by increases in pre-need (churn), at-need interments, and increased servicing on pre-need merchandise. Additionally, we experienced a $4.1 million increase in our investment income driven largely by strong investment returns on our perpetual care trust.

Funeral Homes, comprise the remaining 14% of our fourth quarter revenues, grew modestly, driven by increased call volumes, offset by lower average pricing.

Looking at the full year 2020, we experienced a $22.3 million or a 9% increase in total revenues to 279.5 million. As with the fourth quarter, much of this performance was driven by the tremendous growth in the cemetery segment, which drove 21.3 million of the growth. Again, we experienced growth in both at-need revenue and revenue recognized on pre-need contracts.

For the year, we experienced a $10.6 million in growth attributed to at-need revenue driven largely by the COVID - impact of COVID-19. But as Joe mentioned, we're also seeing the evidence of market share and pricing increases. Revenue recognized on our pre-need contracts was up 3.9 million for the year, driven by the fourth quarter performance, offset by lower servicing rates early in the year as our field teams adapted to the rising at-need activity.

Funeral Homes grew 1 million versus 2019, again, the impact being driven by higher call volume and merchandise sales, offset by lower average pricing on services as those were limited through the COVID-19 pandemic.

As a reminder, when we talk about GAAP revenues, that is largely a function of the revenue recognition standards. Particularly, when talking about the revenue recognition on pre-need, that relies heavily on the timing pre-need (churning) at-need and servicing on pre-need merchandise. The non-GAAP sales reduction metrics that Joe referenced is a measure of a current period sales reduction and does not reflect our GAAP revenue results.

We recorded an operating income of 3.3 million for the fourth quarter of 2020, representing a $16.3 million improvement over the $13 million operating loss we recorded in the fourth quarter of 2019. For the full year, we recorded operating income of 3.2 million, and that represents a 43.1 million improvement over the prior period. The remarkable turnaround was driven by the increase in sales, but also by the reduction on our cost structure that stem from our successful turnaround initiatives.

Looking at our total expenses, we were flat versus the fourth quarter of 2019, despite the $16.6 million increase in revenues. For the full year, we saw a $20.9 million decrease in our total expenses, and that's with the ($22.3 million) increase in revenues.

We saw an uptick in cemetery cost of goods sold driven by the increased sales. For the full year, our cost of goods sold as a percent of cemetery revenue was flat. Cemetery expense, which includes expenses related to maintenance and landscaping as well as certain facility charges, including non-capitalized repairs and maintenance, increased by 2.3 million during the fourth quarter of 2020 when compared to the fourth quarter of 2019. That increase was largely driven by additional expense related to the interment volume increases that we experienced late in the fourth quarter.

The fourth quarter 2019 was positively impacted by $0.6 million of a coverage from insurance. For the full year, we experienced a $1.2 million reduction in cemetery expenses.

Looking at selling expenses, we actually saw a $1 million decrease in expenses for the fourth quarter, even with the $15.9 million increase in cemetery revenues. As a percent of cemetery revenue, we saw that rate decrease to 19.1% for the fourth quarter 2020 versus 27.5% for the fourth quarter of 2019.

For the full year, we saw a $4 million reduction in selling expenditures, with the percent of cemetery revenue decreasing to 20.9% for 2020 compared to 24.8% in 2019. This savings was largely driven by decrease in marketing and advertising spend as we improved the efficiency of that spend through our digital marketing channels. We also have been able to drive considerable savings on our fixed payrolls by improving our retention rates on new hires and investing more heavily in our strongest sales performers.

The last cemetery expense category is our G&A spend, which is largely focused on our regional support administration functions. During the fourth quarter, we drove savings of 0.5 million, and that created a $2.9 million savings for the full year. Keep in mind that these savings are net of approximately 600,000 in increased spending for PPE as our locations dealt with the ongoing COVID pandemic.

Funeral home expenses showed slight increases year over year for both the quarter and the full year, largely driven by an uptick in revenue.

And finally, we reduced our corporate overhead by $4 million for the fourth quarter of 2020, compared to the fourth quarter of 2019. For the full year, we reduced these expenses by $15.1 million or 29.6%. This savings was driven by a number of our transformation initiatives, notably the decreased reliance upon third-party consultants. But we reduced that associated cost by $2.6 million for the fourth quarter and 8.4 million for the full year.

We also reduced our payroll-related expenditures through planned corporate reductions enforced by 1.4 million for the fourth quarter and 3.2 million for the full year.

Collectively, that's $4 million for the quarter and $11.6 million for the year. That our team has accomplished that successful turnaround while reducing these costs is truly a testament to the team that we've built. As we look at our current structure, we believe there remains opportunities and efficiencies that will reduce further our expenses, both variable and fixed. But at this point, we have exceeded our best-case scenario internal targets for cost savings.

I do want to note that, with the exception of pay reduction taken by our corporate leadership team during the early days of COVID-19, there haven't been any one-time cost savings directly attributable to COVID.

As an essential operation, we've remained open at all of our locations. We did not furlough any employees or have any temporary layoffs. The structure that we establish, the larger would be the cost structure going forward.

The positive strides we've made with our income statement had been equaled by the strides we've made with our cash flows and balance sheet. Starting up the cash flow, we generated operating cash flow for the 12 months ended December 31, 2020 of 3.2 million. That is compared to the use of cash of 40.7 million for the 12 months ended December 31, 2019. And this improvement was generated while reducing our AP and other liabilities by $7.1 million. That turnaround was driven by sales performance, coupled with the intense focus on cost savings and transformation initiatives.

Our unlevered free cash flows for 2020 were $26.0 million. We define unlevered free cash flows as cash flow from operations plus interest payments which were 29.2 million for 2020, less capital expenditures which were 6.4 million for 2020. This compares with an unlevered free cash flow of 14.9 million in 2019. This improvement is largely driven by our sales performance, coupled with strong trust performance and the cost-saving initiatives that have been implemented, as well as the cost of implementing the cost savings coming down significantly.

During the fourth quarter, we had unlevered free cash flow of $6.7 million, which included 1.6 million of capital expenditures and 8.9 million of cash interest payments. Note that the company did not elect to (pick up) interest option on the notes in the fourth quarter, which reduced the total interest expense but added approximately 2 million in additional cash interest during the quarter. Absent that increased cash interest, StoneMor would have achieved another quarter of positive operating cash flow.

As we look ahead to 2021, we expect to see continued improvements in our unlevered free cash flow. Specifically, we're targeting positive $40 million, which represents a more than 50% improvement over our 2020 unlevered free cash flow. That target includes a committed effort to increase our capital expenditures to support our locations with needed great inventory and capitalize returns on agents. There's a tremendous number of high-return capital improvement opportunities across the portfolio. But we will continue to be very disciplined in the projects that we select.

Additionally, and while it doesn't impact the target, we do intend to continue not electing to pick option on our interest for the remainder of the loan. Again, that sets the interest rate at 9.875% payable fully in cash, instead of having a 7.5% cash interest rate with a 4% pick interest rate.

Lastly, we're focused on driving our trust performance and our growth, and that growth is part of deleveraging our balance sheet and building the future success of the company. Our trust assets represent future revenue and cash flow streams for the company. As of December 31, 2020, we had 497.7 million in merchandise trust assets and 312.2 million in perpetual care trust assets. That's excluding the trusts associated with the upcoming divestitures in Oregon and Washington.

With the merchandise trust, that value has increased with new trust contributions from previous customer contracts on both cemetery and funeral home sales. We receive distributions on the principal as services occur. Depending on the state, investment income is either disbursed through operating cash as its parent or is retained in the trust until servicing occurs, creating a compounding opportunity on that return.

For the perpetual care trust, these contributions are made with each interment rights (owned) at varying percentages depending upon the requirements of each state where we operate. The principal will remain in the trust in perpetuity, while disbursements are made for the investment income to cover expenses incurred to (the caring) cemetery.

During 2020, we increased the value of these trusts through contributions and retained investment returns by $22 million net of permitted cash distributions of both principal and income. Keep in mind that this growth is being measured based upon GAAP reporting methodology, which includes mark-to-market adjustments in unrealized losses, which were particularly impacted during the first half of 2020.

With a proven and comprehensive investment strategy, bolstered by continued growth in pre-need sales (adoption), we expect that we will drive growth in the range of 15 million in our trust during 2020, net of cash distributions that support our operating cost and free cash flow. Collectively, between our targeted unlevered free cash flow and the growth in the trust assets, that's represents a combined $90 million increase in our asset base.

It's been a remarkable year, and I'm excited about what the future holds for StoneMor. Our performance, our successful implementation of the transformation strategy, has put us in a position to thrive going forward. With that, we will open the floor to any questions.

Operator: Thank you. If you'd like to register for a question, please press the 1 followed by the 4 on your telephone. You will hear a three-tone prompt to acknowledge your request. If your question has been answered and you would like to withdraw your registration, please press the 1 followed by the 3. Once again that's 1 4 to register for a question. One brief moment for the first question. Once again, just as a reminder, if you'd like to register for a question, please press 1 4 on your telephone. And we do have a question from the line of (Jack Kelly) with (Brooklake Group). Please go ahead, your line is open.

(Jack Kelly): Yes. Hi, Joe. Nice quarter and a good explanation of it all. I just had a question, maybe just kind of some assumptions. If we started with the field EBITDA of, I think it was 4.6 million, in 2020. You and Jeff outlined a number of initiatives, whether it's more, additional cost savings, et cetera. But in broad strokes and where you can throw numbers, it'd be great, you know, if we started with, you know, 4.6 at the field level, what should we be thinking about as incremental to that? And, you know, I'm kind of putting aside volume because that can change. But just in terms of cost savings, you know, whether it's landscaping, you know, etcetera.

And then secondly, once we, you know, get those factors kind of on that table, you know, what below-the-line savings might we see? You know, Jeff was talking about interest expense and whether you toggle back and forth between cash or stocks. But, you know, what would be the potential savings if you refinanced in today's market? I don't know if you're going to do it today or six months from now, but what can we look for possibly an interest savings on refinancing?

Joe Redling: Sure, Jack. Good question. So, on the field EBIT, remember, field EBIT does not include any investment income at all from the trust. So, anything positive is really strong. You know, as long as our, you know, investment income is greater than our corporate overhead, we're going to flow through a lot of margin and a lot of profitability.

Our focus on the field EBITDA is really around EBITDA margins. We've really focused this year on our larger locations, where we were, I would say, behind our peers in terms of EBITDA margins for our larger property. In 2020, we did a very good job of improving that. I would say our tier 1 properties now are equal to any of our peers in the same range of EBITDA margin

What's remaining for us now, as we go down to that second tier of properties and focus there, I think there's opportunity to expand margins there as well. And I also believe, as I mentioned in the prepared remarks, getting our hands around pricing and margin and discounting is something that I think has, you know, pretty huge implications and positive results for us going forward. We have a big project underway right now to automate pricing margin discounts, so we have real controls on a market-by-market basis.

The company never had that before. I think that's going to have a big impact on our ability to drive margins higher in those properties. I can't really, you know, get into specifics about what those numbers will be at this point, it's still pretty early.

On the refinancing side, obviously the market is pretty hot right now. Obviously, Jeff mentioned, we're close to 10%. I mean, we would expect, you know, a 300, 400 basis-point improvement. You know, that would be a compelling change in our interest rates. You know, we have to see what the market says to us as we go out there (on the floor). But, you know, we think there's a huge opportunity to have a material reduction in our interest expense.

Again, we're in no hurry right now. The market will decide that for us as we go out and talk to potential lenders. But we think that's a pretty significant opportunity.

(Jack Kelly): And that would be on all of your debt or just a significant portion of it, Joe, that has potential reduction?

Joe Redling: That's all the debt.

(Jack Kelly): On all debt. Good. Just coming back to the tier 2, and I guess tier 1. So when you're talking about pricing, and you're doing it more on a localized basis, that means prices could go up or down depending on the market, right? Or are you implying that this pricing tool is - gives you better realizations on pricing, or does it give you better, you know, if you drop the price, you get more volumes, so net-net you have more absolute profit? Not necessarily high-profit margin. But maybe could you, you know, explain kind of what the, without giving us numbers, what the strategy is?

Joe Redling: Yes. I think there's three components to it, you know. I think when you set, let's call it retail pricing, there's also a lot of discounting that goes on from a sale go-to market strategy. If you're not controlling the margins of the discounts, you could raise prices all day long and not net any improved margin.

So what we're trying to kind of create is a model where we can test discount levels with pricing to garner the best result in terms of the bottom line. So it's really setting the right price for the market, whether that's up or down, controlling discounts, and driving improved margins. It's really those three components. So, you know, that'll be a little bit different depending on the markets we're competing in. But the first thing is to - you know, a very thorough competitive review of the market, and then set the right pricing and control the type of discount we're doing so we're not giving that pricing away.

I think in the past, you know, the company would set us a certain retail price or have a price sheet, but any price increases would be discounted away in the market through the sales process. So we're getting much better control over that whole process. I know it'll take us a couple of quarters to get it figured out, but I think as we get to the end of this year, and especially in 2022, that's going to be a big opportunity for us.

(Jack Kelly): Okay. And just last question, on your selling expense. You know, for the quarter it was down, for the year it was I guess kind of flattish, even though, you know, volumes were up substantially. Whatever adjustment you made in terms of headcount or compensating, you know, your top guys more, etcetera, is that pretty much through the system or do you still see that kind of leverage, meaning, you know, flattish kind of selling expense through another couple of quarters in the face of, you know, higher volumes?

Joe Redling: Yes. We're actually down for the year about $4 million in selling expense with that, you know, pretty significant increase in revenue. So our efficiency, I think as Jeff pointed out, our selling expense went down from 25% of revenue to under 20. I mean, that's a remarkable level of efficiency.

We expect that'll continue. You know, if it goes up, it's because we're making investments that we think have better returns on the marketing side and on the comp side. But right now it's kind of exactly where we had planned it to be. We're a little bit ahead of our plan right now in terms of the efficiency. We look at net sales income, which is really gross sales, less COGS, less selling expense, and we're kind of hitting all times high on that net sales income margin line. So we'd like that to continue. And if we did spend more, we would measure that and make sure that we're getting a good return for it.

(Jack Kelly): Okay, good. Thank you.

Joe Redling: Thank you.

Operator: I believe that's all the time we have for questions. I'll turn the call back to Joe Redling for closing remarks.

Joe Redling: Well, I'd like to thank everyone again for joining us today. We've clearly established positive momentum throughout 2020 and now into the first quarter and are well on our way to building another successful year here in 2021. This performance is the result of the hard work and dedication of the entire StoneMor team, and I greatly appreciate and must recognize their continued support and their commitment to our mission of reestablishing StoneMor as a true industry leader.

We look forward to sharing additional updates on our progress on our Q1 earning call in May. And thank you again and have a great evening.

Operator: That concludes the call for today. We thank you for your participation and ask that you please disconnect your line.

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