



CHEMED

CHEMED CORPORATION

Annual Stockholders' Meeting

May 20, 2019



Safe Harbor and Regulation G Statement

This presentation contains information about Chemed's EBITDA, Adjusted EBITDA, EBIT, Adjusted EBIT, Adjusted Net Income and Adjusted Diluted EPS, which are not measures derived in accordance with GAAP and which exclude components that are important to understanding Chemed's financial performance. In reporting its operating results, Chemed provides EBITDA, Adjusted EBITDA, EBIT, Adjusted EBIT, Adjusted Net Income and Adjusted Diluted EPS measures to help investors and others evaluate the Company's operating results, compare its operating performance with that of similar companies that have different capital structures and evaluate its ability to meet its future debt service, capital expenditures and working capital requirements. Chemed's management similarly uses EBITDA, Adjusted EBITDA, EBIT, Adjusted EBIT, Adjusted Net Income and Adjusted Diluted EPS to assist it in evaluating the performance of the Company across fiscal periods and in assessing how its performance compares to its peer companies. These measures also help Chemed's management estimate the resources required to meet Chemed's future financial obligations and expenditures. Chemed's EBITDA, Adjusted EBITDA, EBIT, Adjusted EBIT, Adjusted Net Income and Adjusted Diluted EPS should not be considered in isolation or as a substitute for comparable measures calculated and presented in accordance with GAAP. We calculated Adjusted EBITDA margin by dividing Adjusted EBITDA by service revenues and sales. We calculated Adjusted EBIT margin by dividing Adjusted EBIT by service revenues and sales. Adjusted Diluted EPS is calculated by dividing Adjusted Net Income by the number of diluted average shares outstanding, and Diluted EPS is calculated by dividing Net Income by the number of diluted average shares outstanding. A reconciliation of Chemed's net income to its EBITDA, Adjusted EBITDA, EBIT, Adjusted EBIT and Adjusted Net Income is presented in appendix tables located in the back of this presentation.

Forward-Looking Statements

Certain statements contained in this presentation and the accompanying tables are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. The words "believe," "expect," "hope," "anticipate," "plan" and similar expressions identify forward-looking statements, which speak only as of the date the statement was made. Chemed does not undertake and specifically disclaims any obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. These statements are based on current expectations and assumptions and involve various risks and uncertainties, which could cause Chemed's actual results to differ from those expressed in such forward-looking statements. These risks and uncertainties arise from, among other things, possible changes in regulations governing the hospice care or plumbing and drain cleaning industries; periodic changes in reimbursement levels and procedures under Medicare and Medicaid programs; difficulties predicting patient length of stay and estimating potential Medicare reimbursement obligations; challenges inherent in Chemed's growth strategy; the current shortage of qualified nurses, other healthcare professionals and licensed plumbing and drain cleaning technicians; Chemed's dependence on patient referral sources; and other factors detailed under the caption "Description of Business by Segment" or "Risk Factors" in Chemed's most recent report on form 10-Q or 10-K and its other filings with the Securities and Exchange Commission. You are cautioned not to place undue reliance on such forward-looking statements and there are no assurances that the matters contained in such statements will be achieved.



CHEMED

CHEMED CORPORATION

Kevin J. McNamara
President & CEO

Chemed - Results from Continuing Operations

(in thousands, except per share data)

	(1)	(2)	(3)
	Full-Year Results		
	2017 (a)	2018 (b)	Fav/(Unfav) % Growth
(1) Service Revenues and Sales	\$1,666,724	\$1,782,648	7.0%
(2) Adj. EBITDA (c)	268,459	305,506	13.8%
(3) Adj. EBITDA Margin (c)	16.1%	17.1%	1.0 pts.
(4) Adj. Net Income (c)	141,054	200,374	42.1%
(5) Adj. Diluted EPS (c) (d)	8.43	11.93	41.5%
(6) Capital Expenditures	64,300	52,872	17.8%

(a) Excludes expenses related to the DOJ litigation and settlement.

(b) 2019 and 2018 reflect GAAP Revenue Recognition Accounting Standard. Prior years are not restated for the 2018 Revenue Recognition Accounting Standard.

(c) See footnote (d) below and the Appendix at the back of this presentation for reconciliation from GAAP reported results to adjusted (non-GAAP) results.

(d) Adj. Diluted EPS is calculated by dividing Adj. Net Income by Diluted Average Shares Outstanding, and Diluted EPS is calculated by dividing Net Income by Diluted Average Shares Outstanding.

Roto-Router – Branch Performance

	(1)	(2)	(3)
	<u>Percent Increase Over 2017</u>		
	<u>Commercial</u>	<u>Residential</u>	<u>Combined</u>
(1) Plumbing	13.5%	17.5%	15.9%
(2) Drain Cleaning	<u>9.7%</u>	<u>12.1%</u>	<u>11.1%</u>
(3) Subtotal	11.2%	14.4%	13.1%
(4) Excavation	4.0%	16.1%	12.8%
(5) Water Restoration	11.7%	25.6%	23.7%
(6) Other	<u>(4.8%)</u>	<u>(10.7%)</u>	<u>(8.4%)</u>
(7) Total All Services	9.4%	16.9%	14.5%

VITAS

- ◆ **Revenues \$1.2 Billion**
 - Increased 4.3%

- ◆ **Adjusted EBITDA \$189 Million**
 - Increased 9.5%

- ◆ **Adjusted EBITDA Margin 15.8%**
 - Increased 75 Basis Points

- ◆ **Cared for over 85,000 patients**
 - 6,476,139 Days of Care
 - Increased 7.2%

Chemed – Purchase of Capital Stock

For the Period January 1, 2007, through March 31, 2019

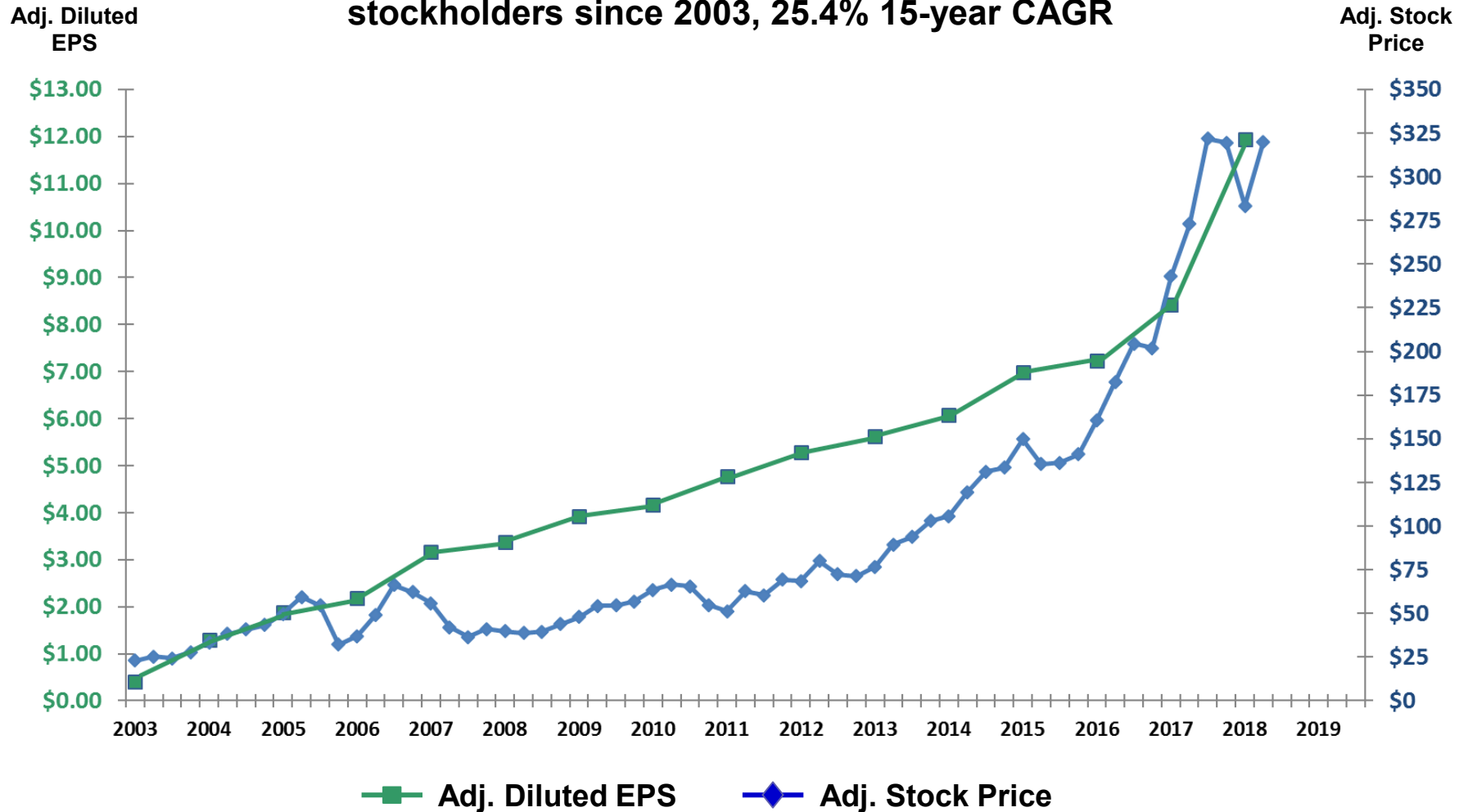
	Shares Repurchased	Dividends	Total Returned to Shareholders	Free Cash Flow Generated (1)
(1) Activity in 2007	\$ 127,881,453	\$ 5,888,000	\$ 133,769,453	72,944,000
(2) Activity in 2008	67,125,500	5,543,000	72,668,500	85,989,000
(3) Activity in 2009	741,726	8,157,000	8,898,726	139,336,000
(4) Activity in 2010	104,054,995	11,881,000	115,935,995	60,373,000
(5) Activity in 2011	143,875,353	12,538,000	156,413,353	144,751,000
(6) Activity in 2012	60,529,057	13,026,000	73,555,057	96,516,000
(7) Activity in 2013	92,911,155	14,148,000	107,059,155	121,523,000
(8) Activity in 2014	110,019,257	14,255,000	124,274,257	66,708,000
(9) Activity in 2015	59,323,141	15,605,000	74,928,141	127,365,000
(10) Activity in 2016	102,312,635	16,440,000	118,752,635	95,621,000
(11) Activity in 2017	94,639,666	17,371,000	112,010,666	98,195,000
(12) Activity in 2018	158,883,849	18,661,000	177,544,849	234,266,000
(13) Activity in 2019	49,249,552	4,772,000	54,021,552	73,585,000
(14) Cumulative Activity 2007 - 2019 (2)	<u>\$ 1,171,547,339</u>	<u>\$ 158,285,000</u>	<u>\$ 1,329,832,339</u>	<u>\$ 1,417,172,000</u>

(1) Net cash provided by operating activities.

(2) 14.0 million shares repurchased at an average cost of \$83.56.

Adj. EPS⁽¹⁾ and Stock Price⁽²⁾ History

Chemed has delivered strong and consistent EPS to stockholders since 2003, 25.4% 15-year CAGR



(1) Adjusted Diluted EPS (non GAAP); see Appendix at the back of this presentation for reconciliation from GAAP reported results to adjusted (non-GAAP) results.

(2) Adjusted for stock split.



CHEMED

CHEMED CORPORATION

David P. Williams
Executive VP and CFO

Cumulative Results Since the VITAS Acquisition

For the years ended December 31, 2003 through 2018

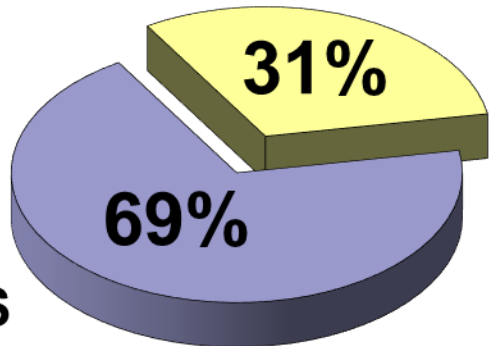
	(1)	(2)	(3)
	CAGR		
	One	Three	Fifteen
	Year	Year	Year
Chemed			
(1) Service revenues and sales	7.0%	4.9%	13.7%
(2) Adj. net income	42.1%	18.1%	24.1%
(3) Adj. diluted EPS from continuing operations	41.5%	19.6%	25.4%
Roto-Rooter			
(4) Service revenues and sales	12.8%	11.0%	5.5%
(5) Adj. net income	50.9%	26.7%	14.4%
VITAS			
(6) Service revenues and sales	4.3%	2.4%	6.9%
(7) Adj. net income	36.5%	13.4%	13.8%

(a) VITAS was acquired in February 2004

Chemed Corporation Revenue

2017

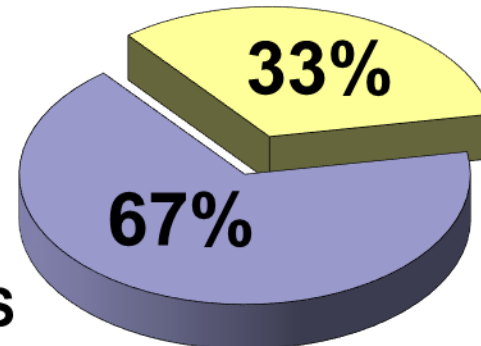
Roto-Router



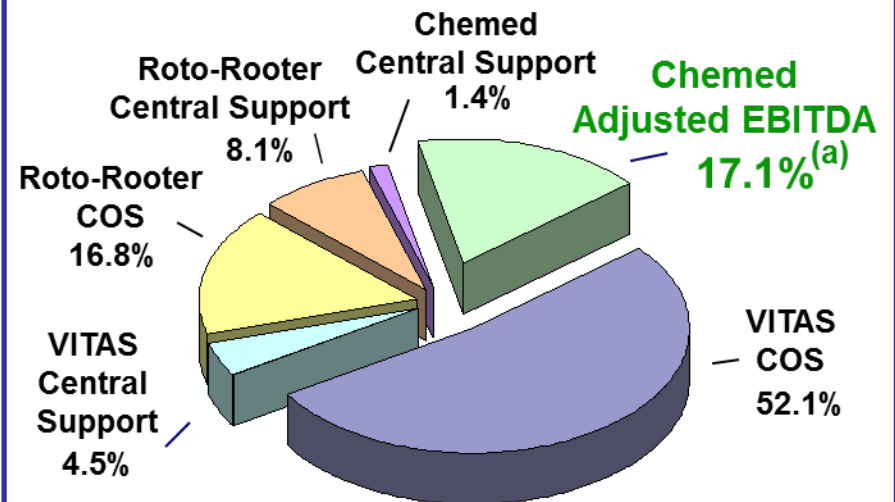
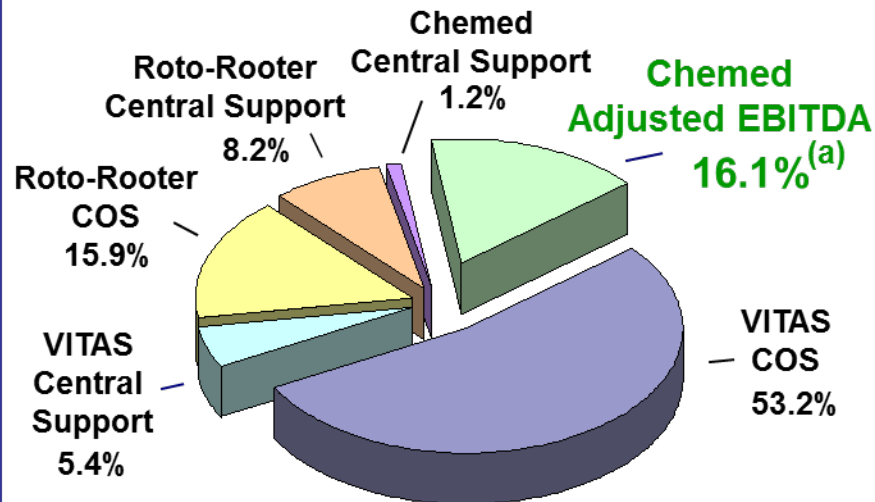
VITAS

2018

Roto-Router



VITAS



(a) See Appendix at the back of this presentation for reconciliation of EBITDA and Adjusted EBITDA to Net Income

Chemed - Results from Continuing Operations

(in thousands, except per share data)

	(1)	(2)	(3)
	Full-Year Results		
	2017 (a)	2018 (b)	Fav/(Unfav) % Growth
(1) Service Revenues and Sales	\$1,666,724	\$1,782,648	7.0%
(2) Adj. EBITDA (c)	268,459	305,506	13.8%
(3) Adj. EBITDA Margin (c)	16.1%	17.1%	1.0 pts.
(4) Adj. Net Income (c)	141,054	200,374	42.1%
(5) Adj. Diluted EPS (c) (d)	8.43	11.93	41.5%
(6) Capital Expenditures	64,300	52,872	17.8%

(a) Excludes expenses related to the DOJ litigation and settlement.

(b) 2019 and 2018 reflect GAAP Revenue Recognition Accounting Standard. Prior years are not restated for the 2018 Revenue Recognition Accounting Standard.

(c) See footnote (d) below and the Appendix at the back of this presentation for reconciliation from GAAP reported results to adjusted (non-GAAP) results.

(d) Adj. Diluted EPS is calculated by dividing Adj. Net Income by Diluted Average Shares Outstanding, and Diluted EPS is calculated by dividing Net Income by Diluted Average Shares Outstanding.

Chemed - Results from Continuing Operations

(in thousands, except per share data)

	(1)	(2)	(3)
	<u>Three Months Ended March 31,</u>		
	<u>2018 (a)</u>	<u>2019 (a)</u>	<u>Fav/(Unfav) % Growth</u>
(1) Service Revenues and Sales	\$ 439,176	\$ 462,034	5.2%
(2) Adj. EBITDA (b)	72,767	74,798	2.8%
(3) Adj. EBITDA Margin (b)	16.6%	16.2%	(0.4) pts.
(4) Adj. Net Income (b)	45,851	48,175	5.1%
(5) Adj. Diluted EPS (b) (c)	2.72	2.92	7.4%
(6) Capital Expenditures	12,648	13,866	(9.6%)

(a) 2019 and 2018 reflect GAAP Revenue Recognition Accounting Standard. Prior years are not restated for the 2018 Revenue Recognition Accounting Standard.

(b) See footnote (d) below and the Appendix at the back of this presentation for reconciliation from GAAP reported results to adjusted (non-GAAP) results.

(c) Adj. Diluted EPS is calculated by dividing Adj. Net Income by Diluted Average Shares Outstanding, and Diluted EPS is calculated by dividing Net Income by Diluted Average Shares Outstanding.

Chemed – Consolidated Balance Sheets

(\$000)

Assets	March 31, 2019	Dec. 31, 2018	Liabilities & Stockholder Equity	March 31, 2019	Dec. 31, 2018
Cash and cash equivalents	\$8,768	\$4,831	Long-term debt	\$100,000	\$89,200
Accounts receivable	119,575	119,504	Other current liabilities	217,100	191,670
Other current assets	30,812	35,505	Other liabilities	<u>164,721</u>	<u>103,325</u>
Fixed assets, net	164,629	162,033	Total Liabilities	\$481,821	\$384,195
Non current assets	<u>746,047</u>	<u>653,656</u>	Total Stockholders' Equity	<u>\$588,010</u>	<u>\$591,334</u>
Total Assets	<u>\$1,069,831</u>	<u>\$975,529</u>	Total Liabilities & Stockholders' Equity	<u>\$1,069,831</u>	<u>\$975,529</u>

Chemed – Historical Analysis of Adj. EDITDA and Debt

(\$000)

	(1)	(2)	(3)	(4)	(5)	(6)	(7)
	Year	Adjusted EBITDA	Cash	Debt	Debt, net	Net Debt/Adj EBITDA	
(1)	2004	\$ 97,937	\$ 71,448	\$ 291,695	\$ (220,247)	2.25	years
(2)	2005	120,513	57,133	235,103	\$ (177,970)	1.48	18
(3)	2006	131,373	29,274	150,540	\$ (121,266)	0.92	11
(4)	2007	161,846	4,988	224,831	\$ (219,843)	1.36	16
(5)	2008	161,754	3,628	209,825	\$ (206,197)	1.27	15
(6)	2009	177,050	112,416	152,127	\$ (39,711)	0.22	3
(7)	2010	189,395	49,917	159,208	\$ (109,291)	0.58	7
(8)	2011	197,273	38,081	166,784	\$ (128,703)	0.65	8
(9)	2012	201,455	69,531	174,890	\$ (105,359)	0.52	6
(10)	2013	206,850	84,418	183,564	\$ (99,146)	0.48	6
(11)	2014	212,562	14,132	147,500	\$ (133,368)	0.63	8
(12)	2015	235,931	14,727	91,250	\$ (76,523)	0.32	4
(13)	2016	236,979	15,310	108,750	\$ (93,440)	0.39	5
(14)	2017	268,459	11,121	101,200	\$ (90,079)	0.34	4
(15)	2018	305,506	4,831	89,200	\$ (84,369)	0.28	3



VITAS[®]

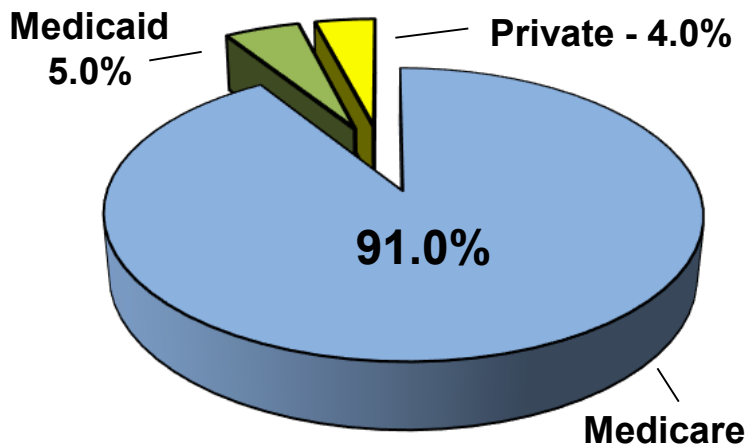
Healthcare

Nicholas M. Westfall
President and CEO

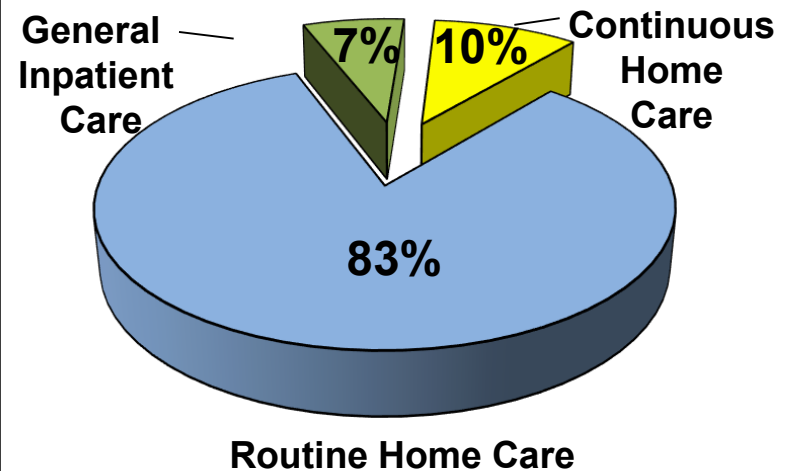
VITAS Healthcare Company Overview

- ◆ Largest provider of hospice services for patients with severe, life-limiting illnesses with approximately 7% of the U.S. market share
- ◆ Operates a comprehensive range of hospice services through 47 operating programs in 14 states and the District of Columbia
- ◆ Utilizes an approach for customized plans of care which is intended to maximize quality and enhance patient satisfaction
- ◆ Operating statistics:
 - ▶ Revenues: \$307 million (Q1 2019)
 - ▶ Average daily census per established program: approximately 400 ADC, largest approximately 2,000 (Q1 2019)
 - ▶ Average length of stay: 91.3 (Q1 2019)
- ◆ Approximately 12,000 employees, including approximately 4,700 nurses (Q1 2019)

Revenue by Payer - 2018

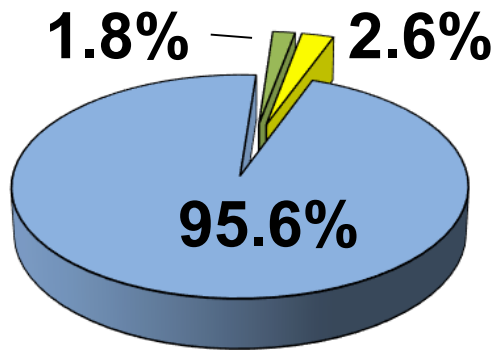


Revenues - 2018



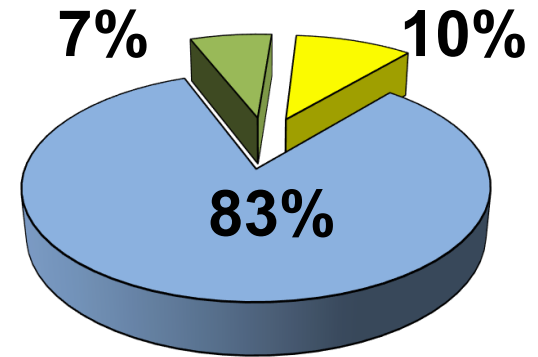
VITAS – Analysis of Revenue

Days of Care - 2018

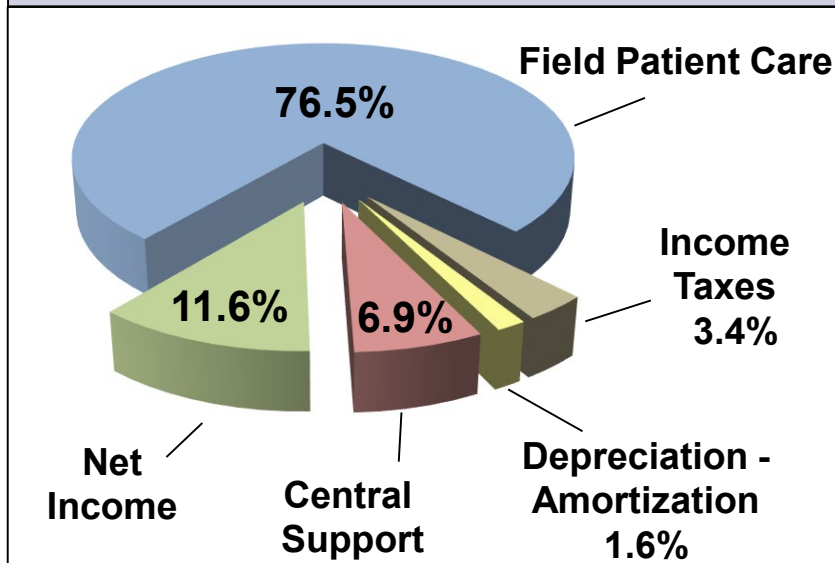


- Routine Home Care
- General Inpatient Care
- Continuous Home Care

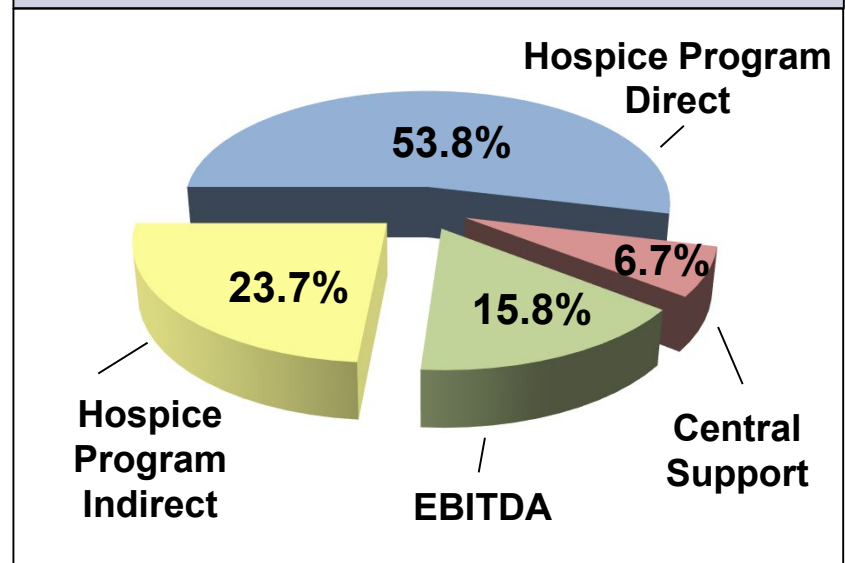
Revenues - 2018



Revenue and Expenses - 2018



Adjusted EBITDA - 2018



VITAS – Summary of Operations ^(a)

For The Years Ended December 31, 2004 through 2018
(in thousands, except percentages)

	(1)	(2)	(3)	(4)	(5)	(6)	(7)
	2004	2014	2015	2016	2017	2018	Average Annual Inc./ (Dec.)
(1) Service Revenues and Sales	\$ 531,136	\$ 1,064,205	\$ 1,115,551	\$ 1,123,317	\$ 1,148,260	\$ 1,197,562	6.0%
(2) EBITDA (b)	65,685	158,719	169,768	156,172	92,899	199,568	8.3%
(3) Adj. EBITDA (b)	64,553	155,449	167,498	159,393	172,401	188,764	8.0%
(4) Adj. EBITDA Margin (b)	12.2%	14.6%	15.0%	14.2%	15.0%	15.8%	n.a.
(5) Net Income (GAAP)	33,052	86,186	93,346	84,961	57,645	138,846	10.8%
(6) Adj. Net Income (b)	32,961	87,585	96,418	91,190	103,121	140,710	10.9%
(7) Adj. Net Income as a percent of Sales	6.2%	8.2%	8.6%	8.1%	9.0%	11.7%	n.a.

(a) Assumes VITAS was purchased on January 1, 2004

(b) See Appendix at the back of this presentation for reconciliation from GAAP reported results to adjusted (non-GAAP) results

VITAS – Results from Continuing Operations (\$000)

	(1)	(2)	(3)
	Full-Year Results		
	2017	2018 (c)	Fav/(Unfav) % Growth
(1) Service Revenues Before Medicare Cap	\$ 1,150,942	\$ 1,201,685	4.4%
(2) Medicare Cap	(2,682)	(4,123)	(53.7%)
(3) Net Service Revenues and Sales	\$ 1,148,260	\$ 1,197,562	4.3%
(4) Adj. Net Income (a)	\$ 103,121	\$ 140,710	36.5%
(5) Adj. EBITDA (a) (b)	172,401	188,764	9.5%
(6) Adj. EBITDA Margin (a) (b)	15.0%	15.8%	0.8 pts.
(7) Capital Expenditures	23,156	25,829	(11.5%)

(a) Excludes expenses related to the DOJ litigation and settlement.

(b) Reconciliation from GAAP reported results to adjusted (Non-GAAP) results is provided in the Appendix at the back of this presentation.

(c) 2019 and 2018 reflect GAAP Revenue Recognition Accounting Standard. Prior years are not restated for the 2018 Revenue Recognition Accounting Standard.

VITAS – Results from Continuing Operations (\$000)

	(1)	(2)	(3)
	Three Months Ended March 31,		
	2018 (c)	2019 (c)	Fav/(Unfav) % Growth
(1) Service Revenues Before Medicare Cap	\$ 290,195	\$ 310,181	6.9%
(2) Medicare Cap	1,818	(3,400)	(287.0%)
(3) Net Service Revenues and Sales	\$ 292,013	\$ 306,781	5.1%
(4) Adj. Net Income (a)	\$ 32,278	\$ 34,640	7.3%
(5) Adj. EBITDA (a) (b)	44,687	46,319	3.7%
(6) Adj. EBITDA Margin (a) (b)	15.3%	15.1%	(0.2) pts.
(7) Capital Expenditures	5,793	6,221	(7.4%)

(a) Excludes expenses related to the DOJ litigation and settlement.

(b) Reconciliation from GAAP reported results to adjusted (Non-GAAP) results is provided in the Appendix at the back of this presentation.

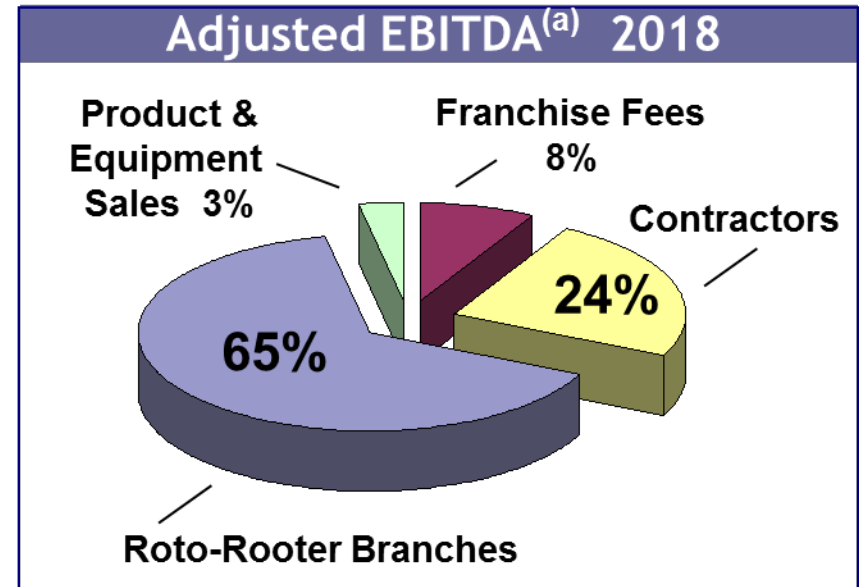
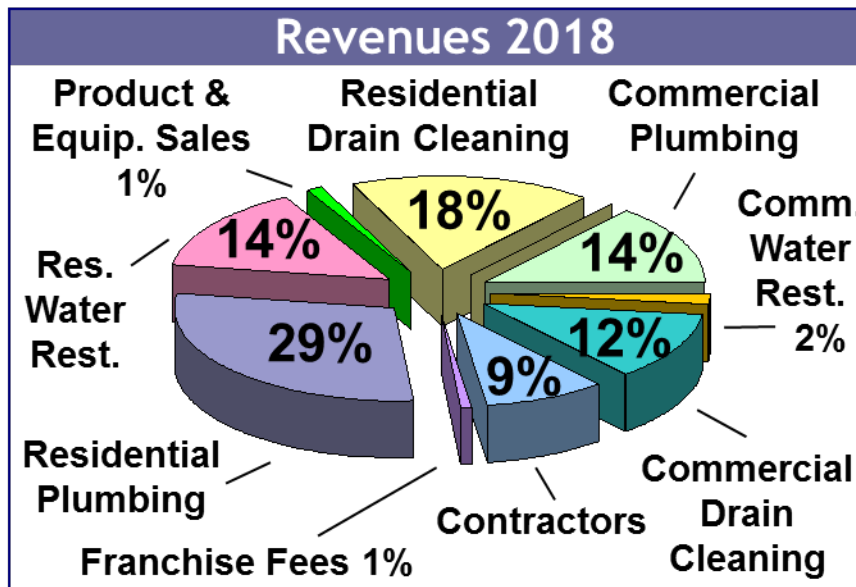
(c) 2019 and 2018 reflect GAAP Revenue Recognition Accounting Standard. Prior years are not restated for the 2018 Revenue Recognition Accounting Standard.



Spencer S. Lee
CEO

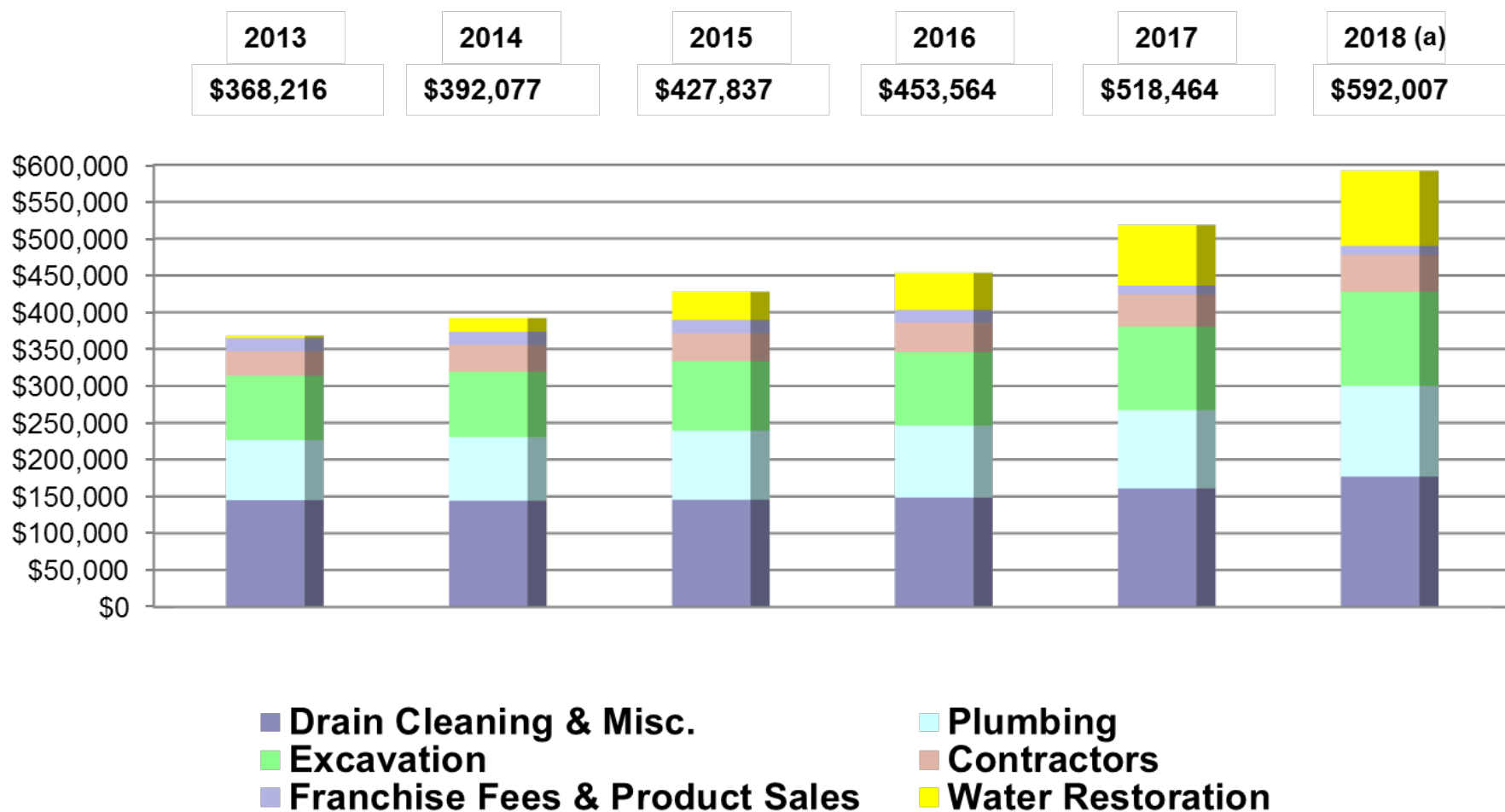
Roto-Rooter Company Overview

- ◆ Largest provider of plumbing and drain cleaning services in North America
 - ▶ Provides plumbing services to approximately 90% of the United States and 40% of the Canadian population
- ◆ Provides plumbing and drain cleaning services in more than 115 company-owned territories and approximately 400 franchise territories
- ◆ Maintains an estimated 15% of the drain cleaning market and 2-3% share of the same-day service plumbing market
- ◆ Residential customers represent 64% of revenues, while commercial customers represent 28% of revenues



(a) See Appendix at the back of this presentation for reconciliation of EBITDA and Adjusted EBITDA to Net Income

Roto-Rooter – Gross Revenue Analysis (\$000)



(a) 2018 reflects GAAP Revenue Recognition Accounting Standard. Prior years are not restated for the 2018 Revenue Recognition Accounting Standard.

Roto-Rooter – Summary of Operations

For The Years Ended December 31, 2004 through 2018

(in thousands, except percentages)

	(1)	(2)	(3)	(4)	(5)	(6)	(7)
	2004	2014	2015	2016	2017	2018	Average Annual Inc./ (Dec.)
(1) Service Revenues and Sales (a)	\$ 276,611	\$ 392,077	\$ 427,837	\$ 453,564	\$ 518,464	\$ 585,086	5.5%
(2) EBITDA (b)	38,314	79,221	91,911	100,946	123,194	146,896	10.1%
(3) Adj. EBITDA (b)	42,355	75,110	87,614	96,312	116,670	140,544	8.9%
(4) Adj. EBITDA Margin (b)	15.3%	19.2%	20.5%	21.2%	22.5%	24.0%	n.a.
(5) Net Income (GAAP)	18,795	42,075	48,573	52,893	73,299	98,711	12.6%
(6) Adj. Net Income (b)	21,044	42,093	48,680	52,921	65,667	99,114	11.7%

(a) Continuing Operations

(b) See Appendix at the back of this presentation for reconciliation from GAAP reported results to adjusted (non-GAAP) results

Roto-Router – Results from Continuing Operations

	(\$000)		
	(1)	(2)	(3)
	Full-Year Results		
	2017	2018 (b)	Fav/(Unfav) % Growth
(1) Service Revenues and Sales	\$518,464	\$ 585,086	12.8%
(2) Net Income (GAAP)	73,299	98,711	34.7%
(3) Adj. EBITDA (a)	116,670	140,544	20.5%
(4) Adj. EBITDA Margin (a)	22.5%	24.0%	1.5 pts.
(5) Adj. EBIT (a)	99,880	121,528	21.7%
(6) Adj. EBIT Margin (a)	19.3%	20.8%	1.5 pts.
(7) Capital Expenditures	21,107	26,915	(27.5%)

(a) Reconciliation from GAAP reported results to adjusted (non-GAAP) results is provided in the Appendix at the back of this presentation.

(b) 2019 and 2018 reflect GAAP Revenue Recognition Accounting Standard. Prior years are not restated for the 2018 Revenue Recognition Accounting Standard.

Roto-Router – Results from Continuing Operations

(\$000)

	(1)	(2)	(3)
	<u>Three Months Ended March 31,</u>		
	<u>2018 (b)</u>	<u>2019 (b)</u>	<u>Fav/(Unfav) % Growth</u>
(1) Service Revenues and Sales	\$ 147,163	\$ 155,253	5.5%
(2) Net Income (GAAP)	22,938	22,986	0.2%
(3) Adj. EBITDA (a)	33,883	33,500	(1.1%)
(4) Adj. EBITDA Margin (a)	23.0%	21.6%	(1.4) pts.
(5) Adj. EBIT (a)	29,413	28,036	(4.7%)
(6) Adj. EBIT Margin (a)	20.0%	18.1%	(1.9) pts.
(7) Capital Expenditures	6,747	7,645	(13.3%)

(a) Reconciliation from GAAP reported results to adjusted (non-GAAP) results is provided in the Appendix at the back of this presentation.

(b) 2019 and 2018 reflect GAAP Revenue Recognition Accounting Standard. Prior years are not restated for the 2018 Revenue Recognition Accounting Standard.



CHEMED

CHEMED CORPORATION

Annual Shareholders' Meeting

May 20, 2019





Appendix

Future of Roto-Router

◆ Continue to Consolidate Franchises

- ▶ Purchase at reasonable multiples
- ▶ Avoid over-paying for current acquisitions
 - ▶ Inflates expectations/demands of remaining franchisees

◆ Utilize Cash Flow for:

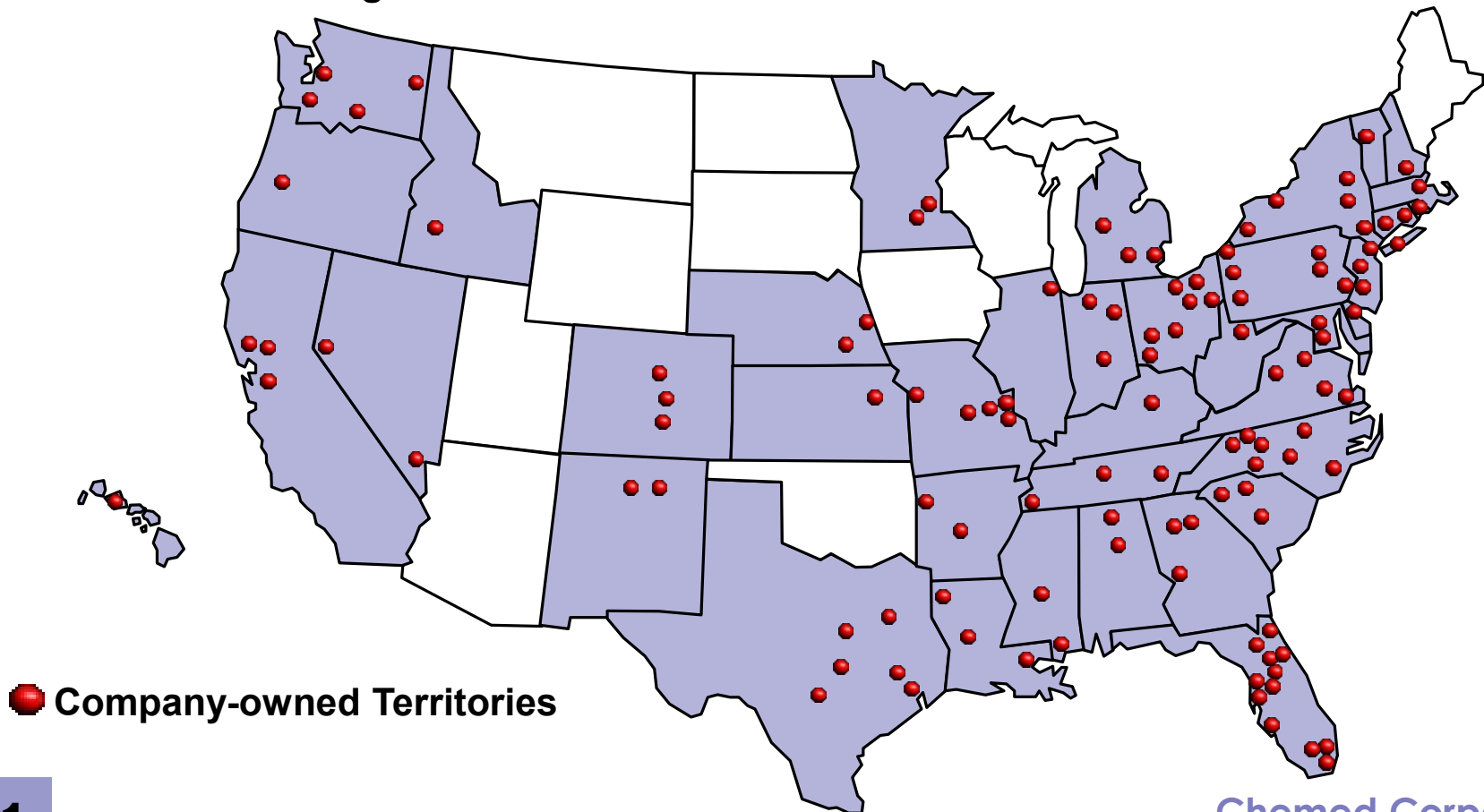
- ▶ Purchase of franchises
- ▶ Acquisition of hospices
- ▶ Debt pay-down, share buy-back, increased dividends

◆ Roto-Router Divestiture Considerations:

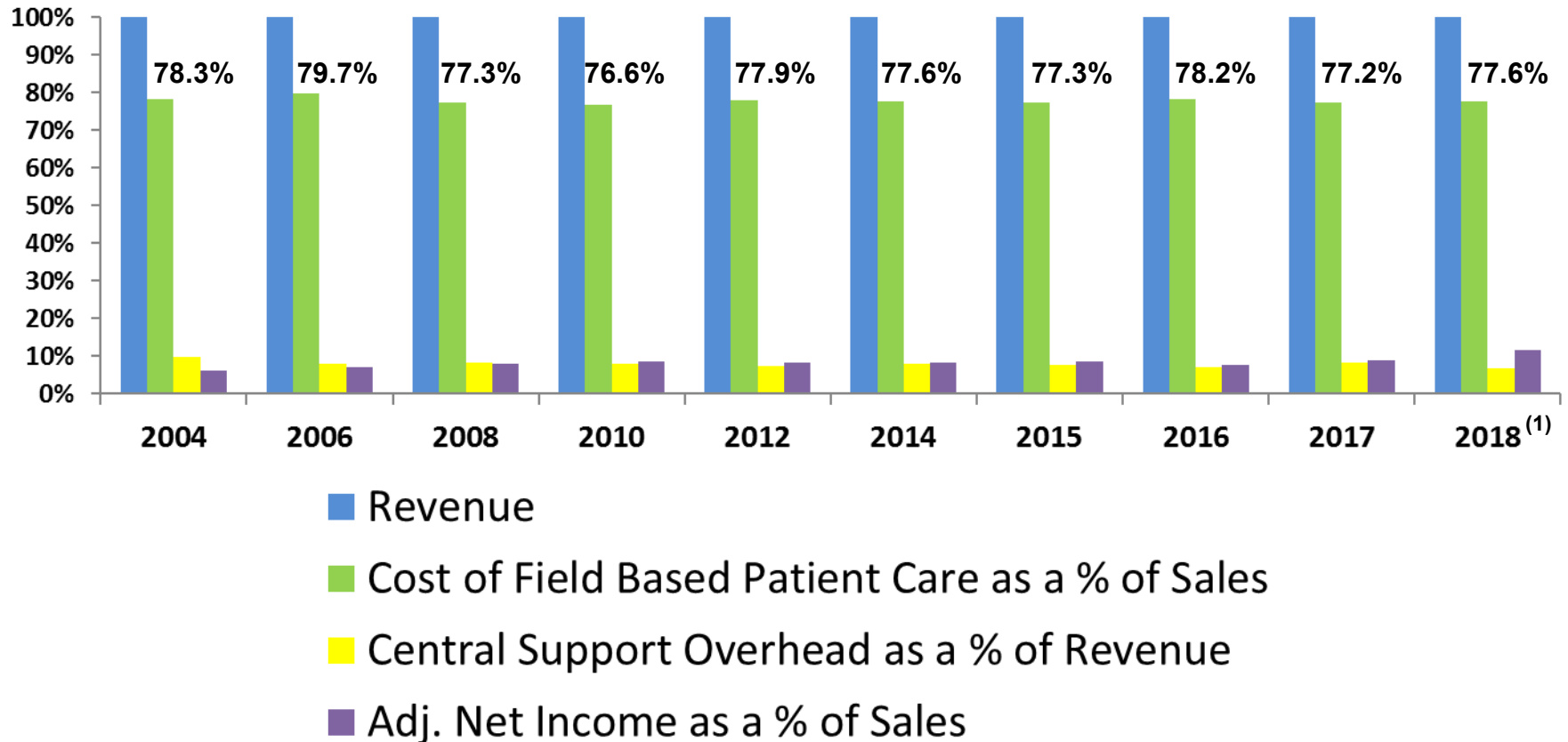
- ▶ If arbitrage of buying at low multiples is exhausted
- ▶ If after-tax proceeds can be reinvested at higher return, risk adjusted
- ▶ If Chemed's capital structure and cash flow without Roto-Router provide it significant flexibility to support continued growth of VITAS
- ▶ If tax-free spin-off creates stockholder value

Chemed Growth Strategy – Roto-Rooter

- ◆ Continue to increase efficiency
- ◆ Acquire franchisee territories at reasonable valuations
 - ▶ \$175 - \$200 million in franchise street sales
 - ▶ Purchase at 4-5 times EBITDA
 - ▶ Minimal capital expenditure
- ◆ Focus on earnings and cash flow

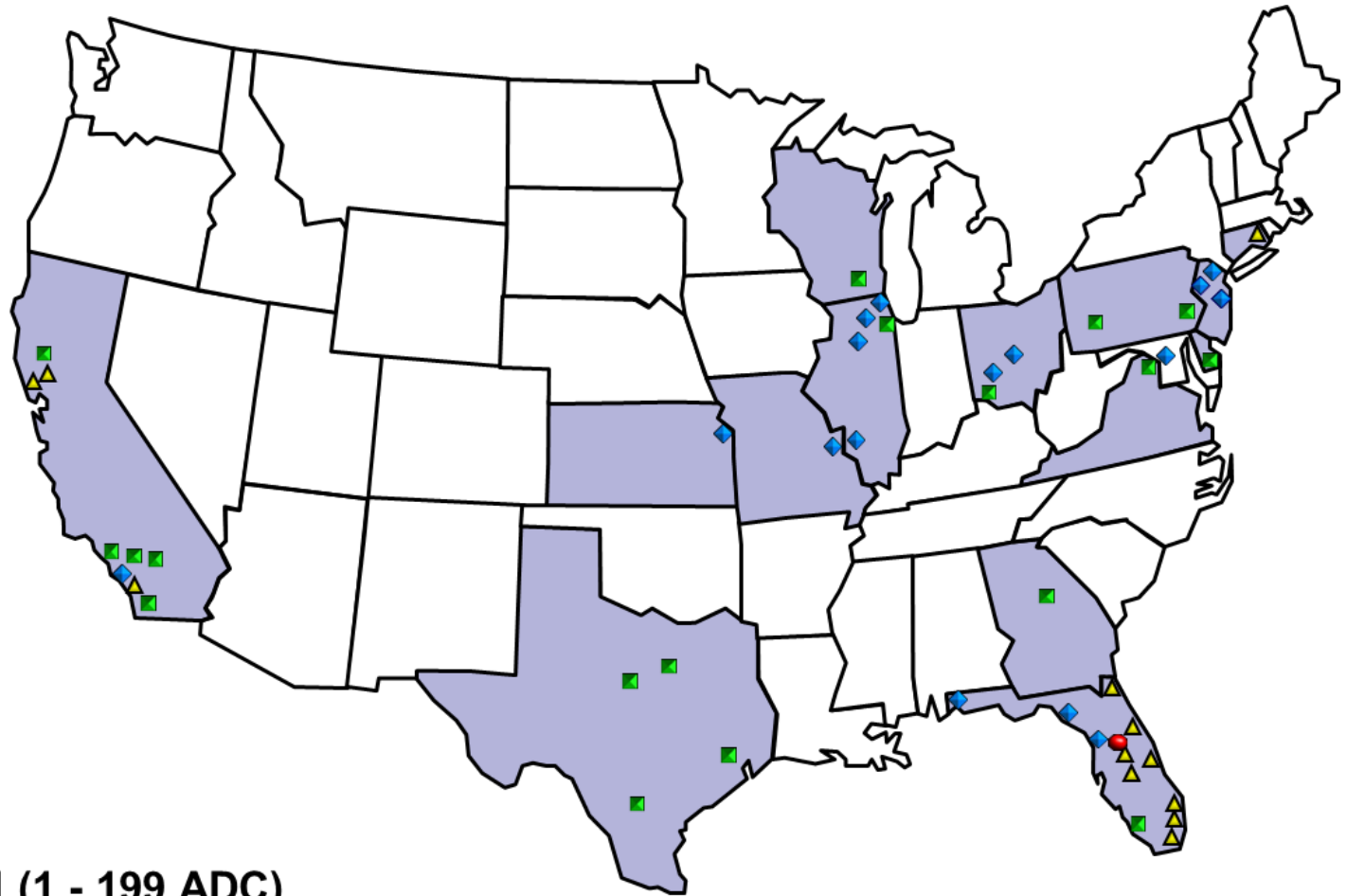


VITAS – Operations as a Percent of Revenue



(1) 2018 includes the impact of the new revenue recognition accounting standard. Prior periods are not restated for the new revenue recognition accounting standard.

VITAS – Locations & ADC (as of March 31, 2019)



- ◆ 16 Small (1 - 199 ADC)
- 18 Medium (200 – 449 ADC)
- ▲ 12 Large (450+ ADC)
- 1 New Start (Revenue < 12 Mos.)

VITAS Analysis of 2018 Expenses and Margin

Per Patient Day-of-Care

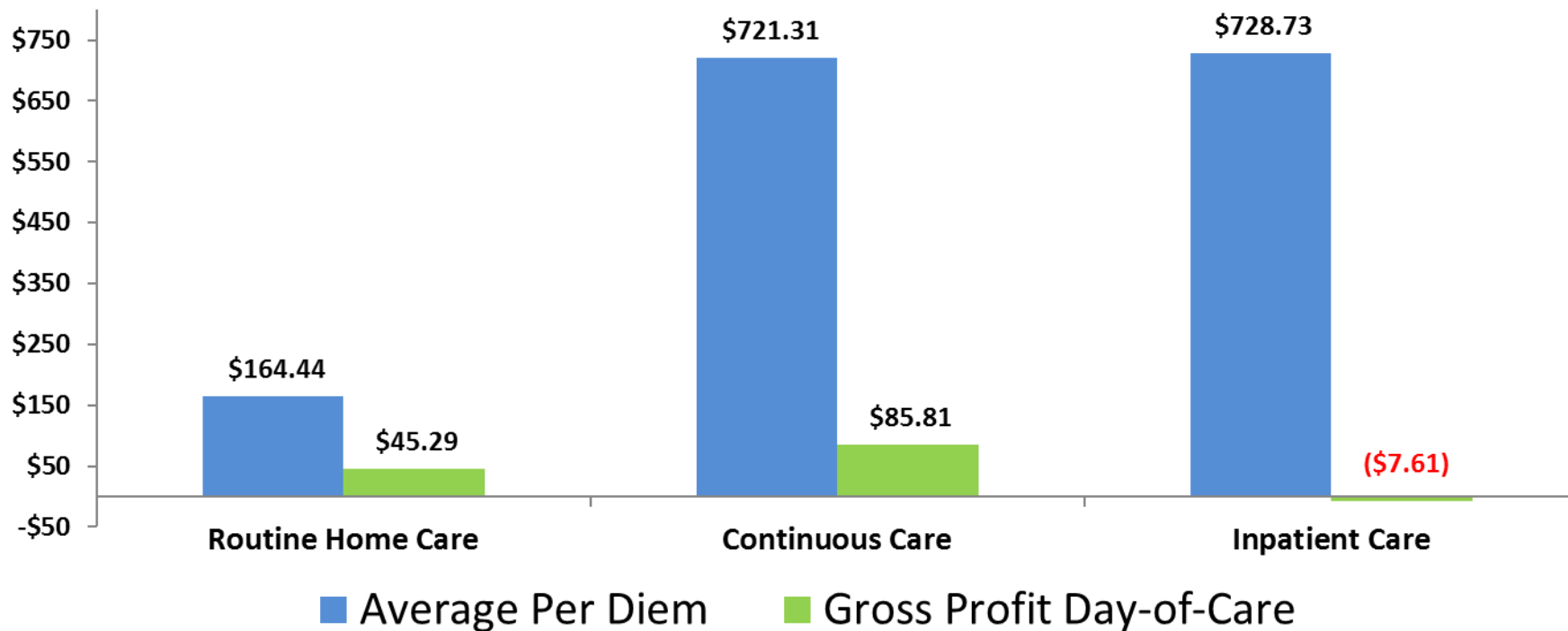
	(1)	(2)	(3)	(4)	(5)	(6)
	Per Patient Day-of-Care					
	Direct Patient Care Expenses (1)	Average Per Diem	Direct Patient Cost-of-Care (1)	Direct Care Contribution	Other Field Cost-of-Care (2)	Net Field Hospice Margin
(1) Routine Home Care	47.00%	\$ 164.44	\$ (77.29)	\$ 87.15	\$ 41.86	\$ 45.29
(2) Continuous Home Care	82.30%	\$ 721.31	\$ (593.64)	\$ 127.67	\$ 41.86	\$ 85.81
(3) Inpatient Care	95.30%	728.73	(694.48)	34.25	41.86	\$ (7.61)
(4) Total High Acuity Care	87.50%	\$ 724.28	\$ (633.75)	\$ 90.53	\$ 41.86	\$ 48.67
(5) Total Hospice Care	53.80%	\$ 188.93	\$ (101.64)	\$ 87.29	\$ 41.86	\$ 45.43

(1) Costs directly attribute to bedside care. Labor, fringes, meds, DME, supplies, etc.

(2) Indirect costs for labor and fringes and other expenses for admissions, administrative, medical directors, etc.

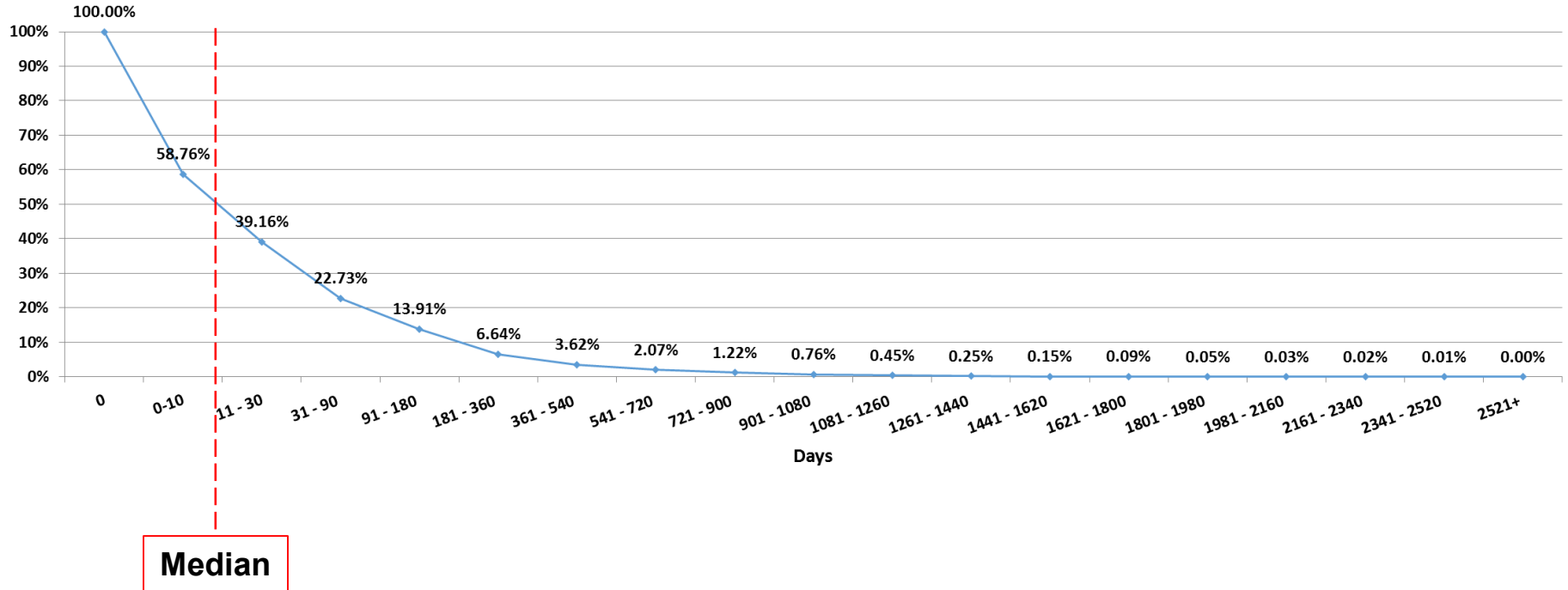
VITAS – Analysis of Gross Profit Per Patient Day-of-Care

2018



VITAS 2018 Discharge Rate – Total

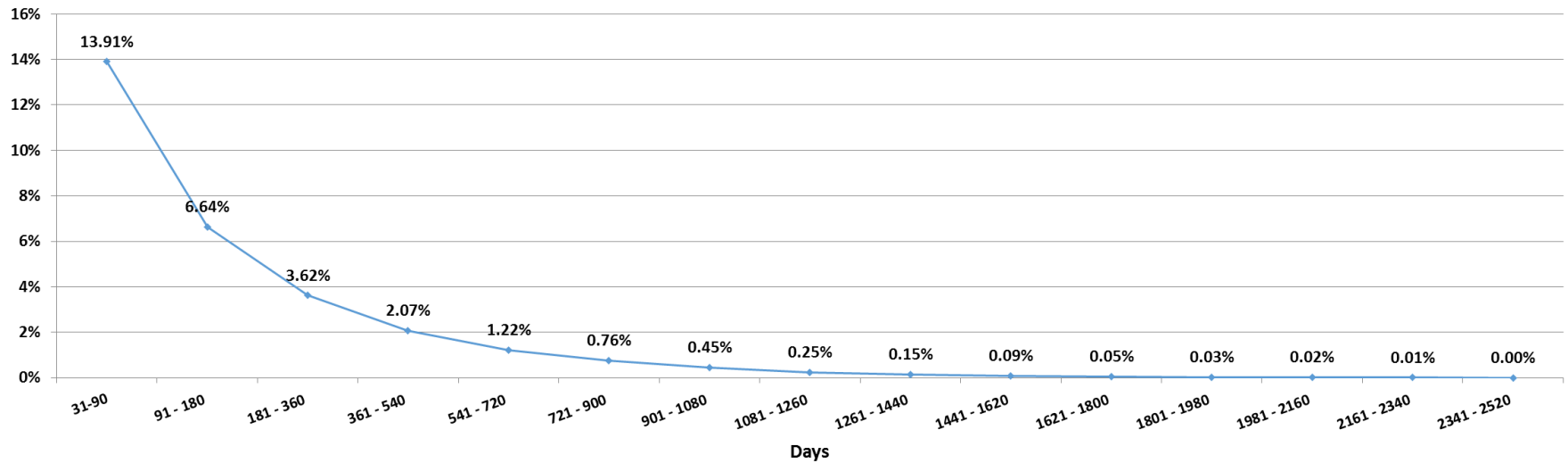
Population: 66,826 patients (MLOS 17)



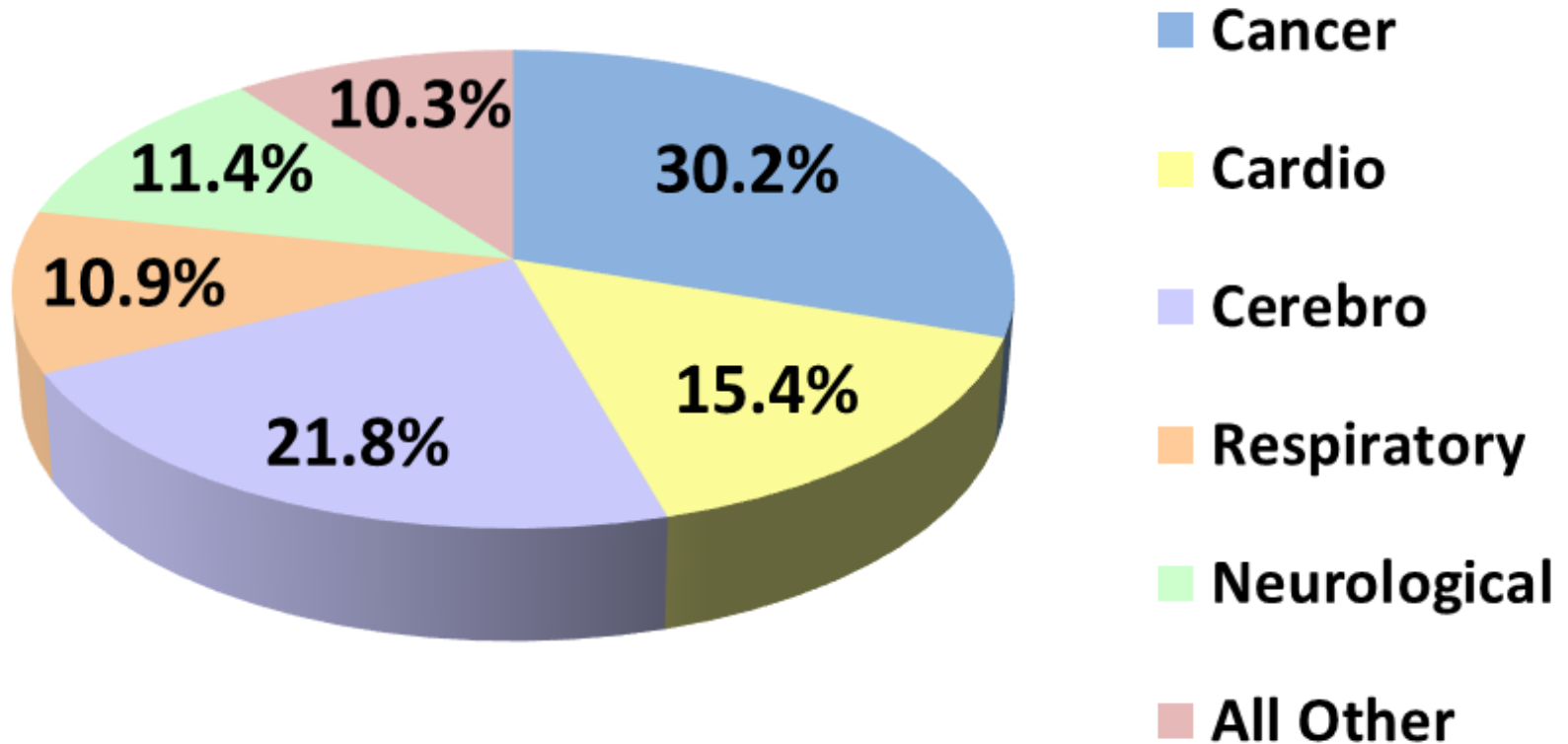
VITAS 2018 Discharge Rate – Total

After 180 Days

Population: 9,299 patients

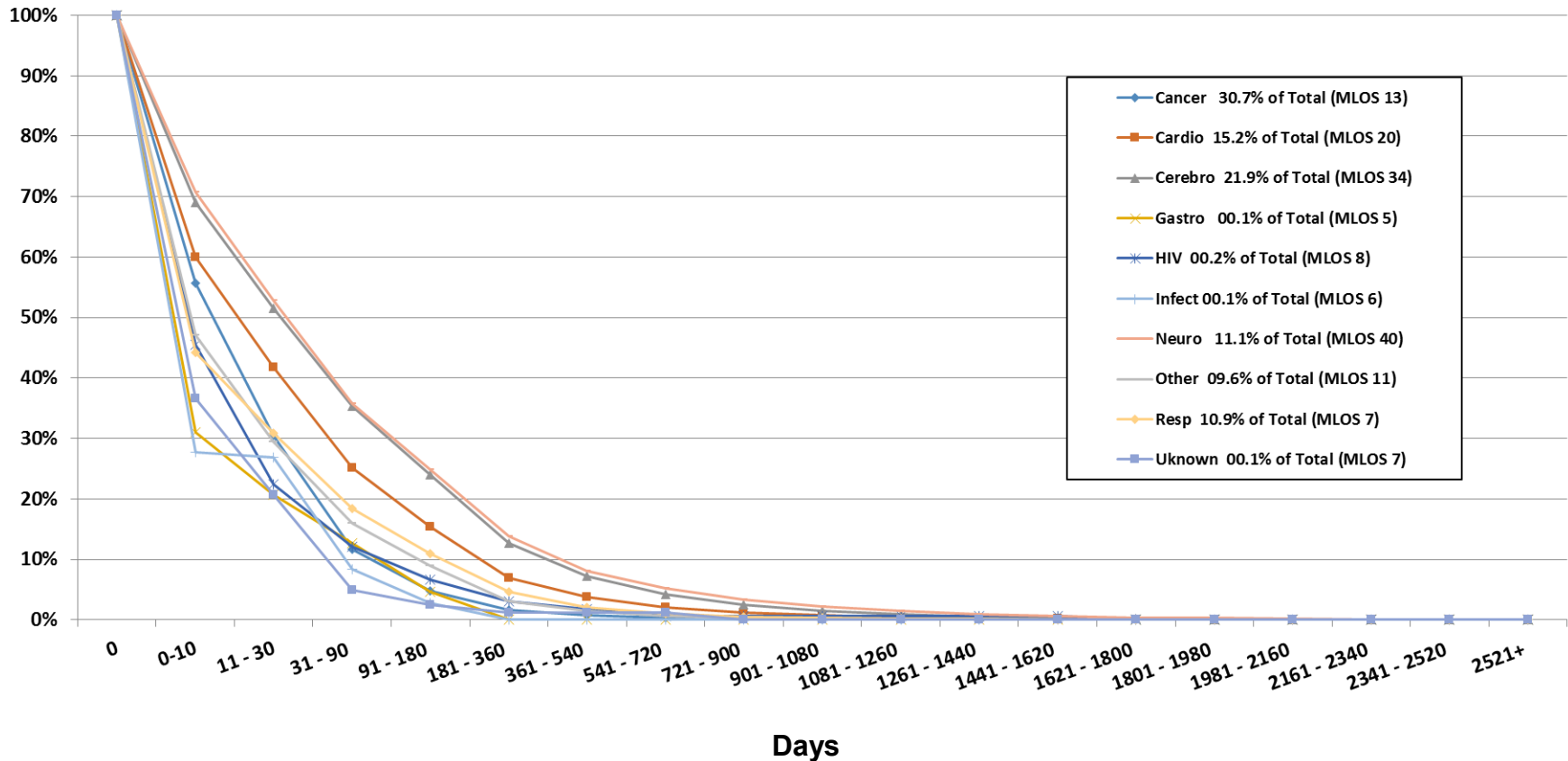


VITAS Admissions by Diagnosis - 2018

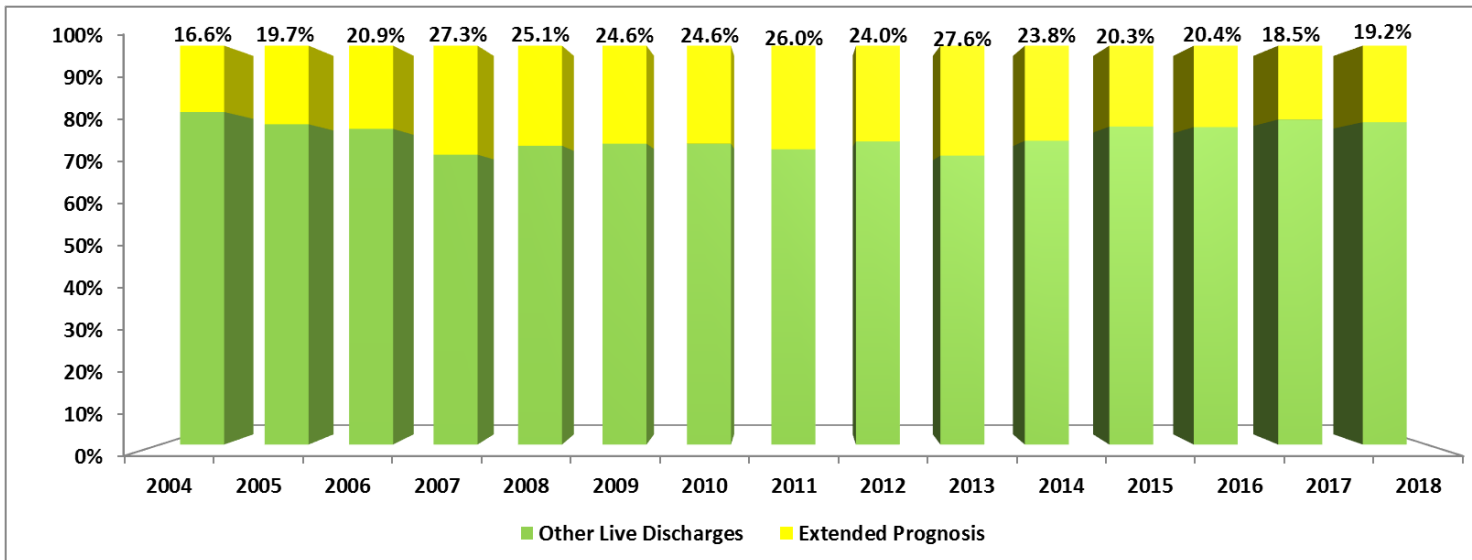
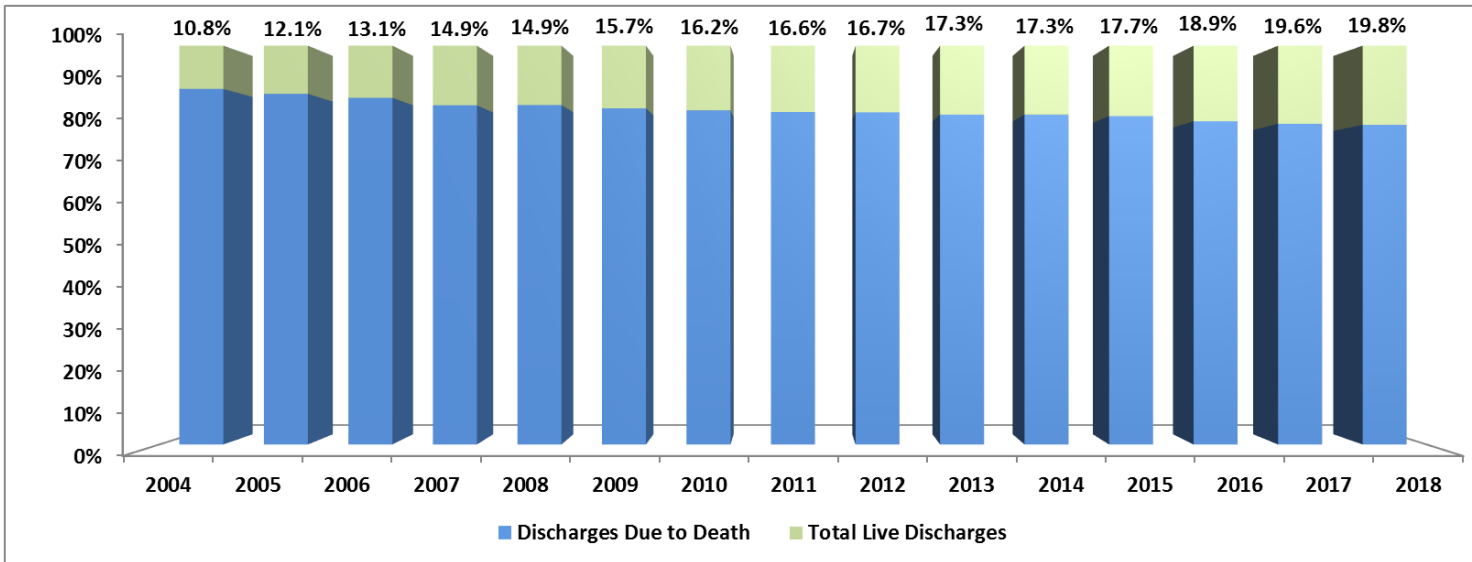


VITAS 2018 Discharge Rate – All Diagnosis

Population: 66,826



Analysis of VITAS Discharges 2004-2018

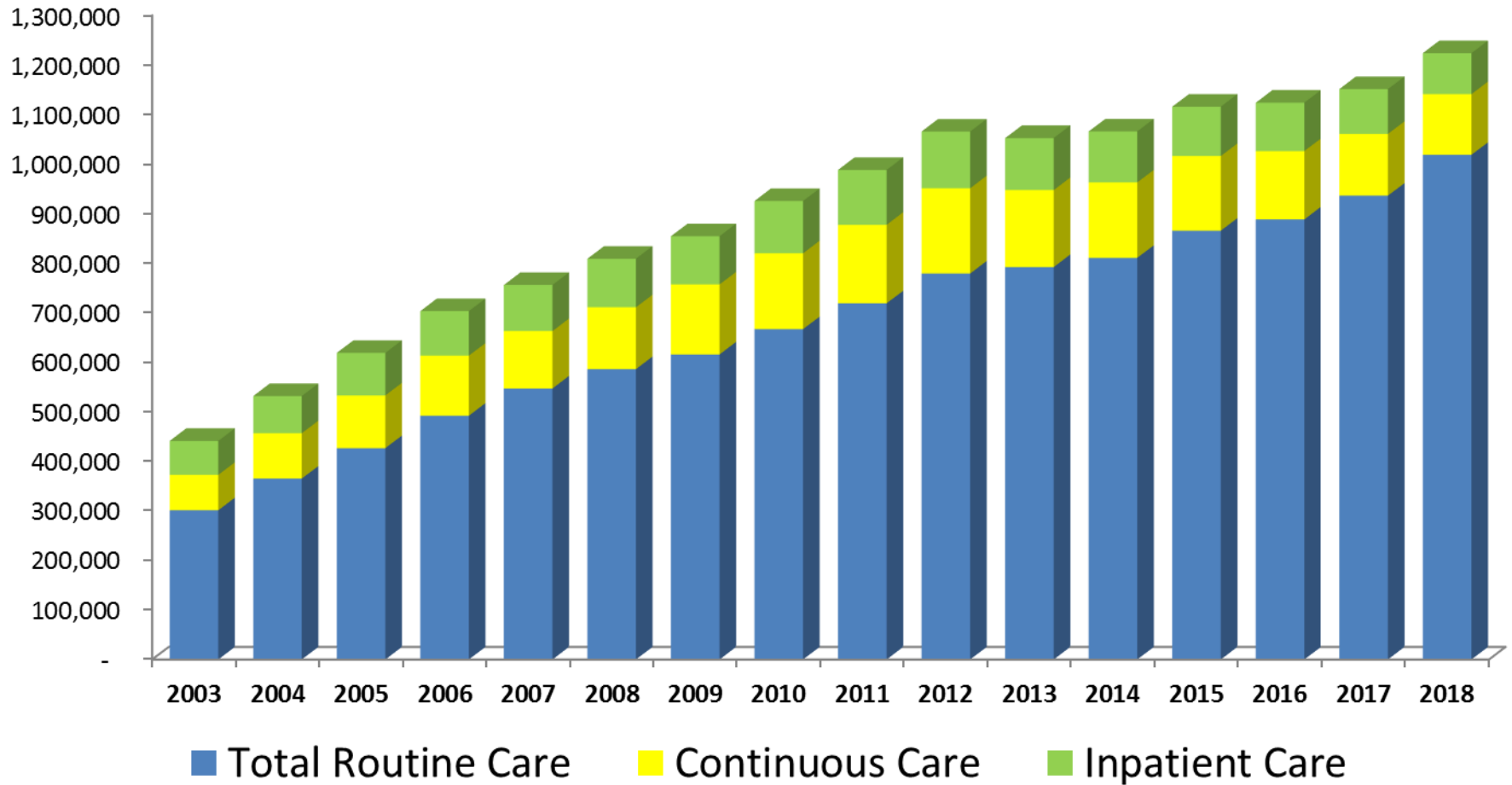


Total Discharges

Total Live Discharges

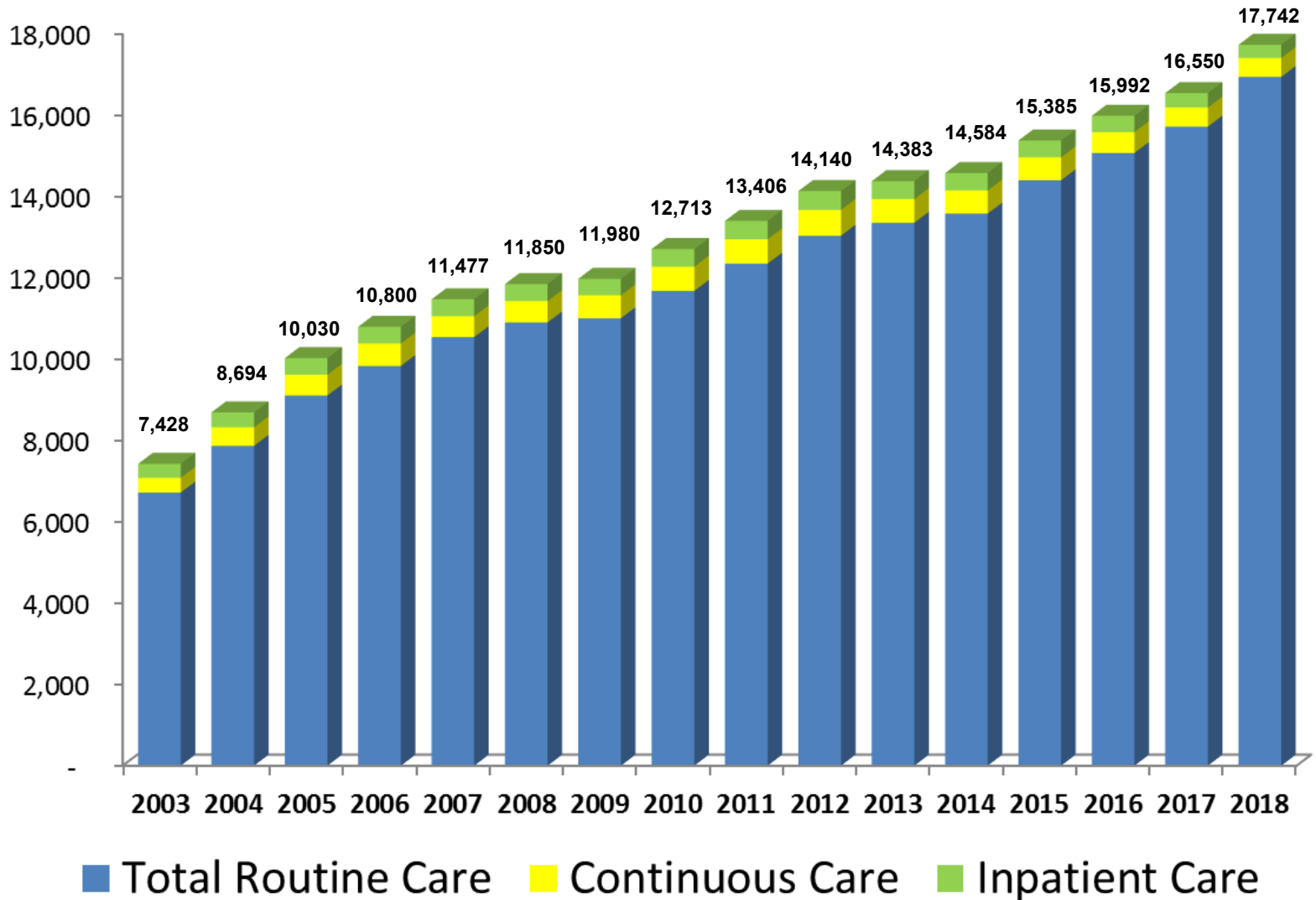
VITAS Analysis of Gross Revenue By Level of Care

2003 through 2018
(\$000)



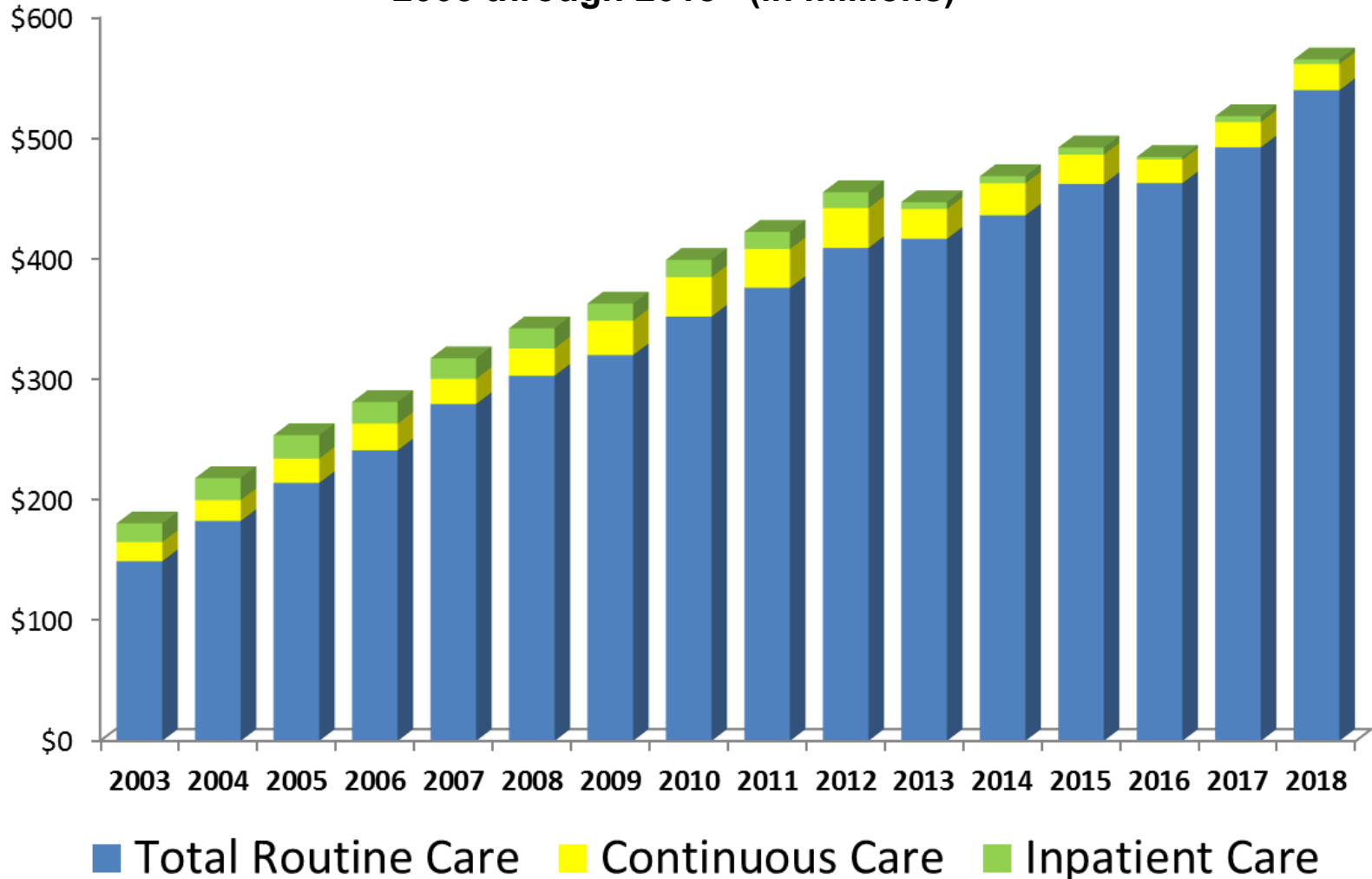
VITAS Analysis of Average Daily Census (ADC)

2003 through 2018

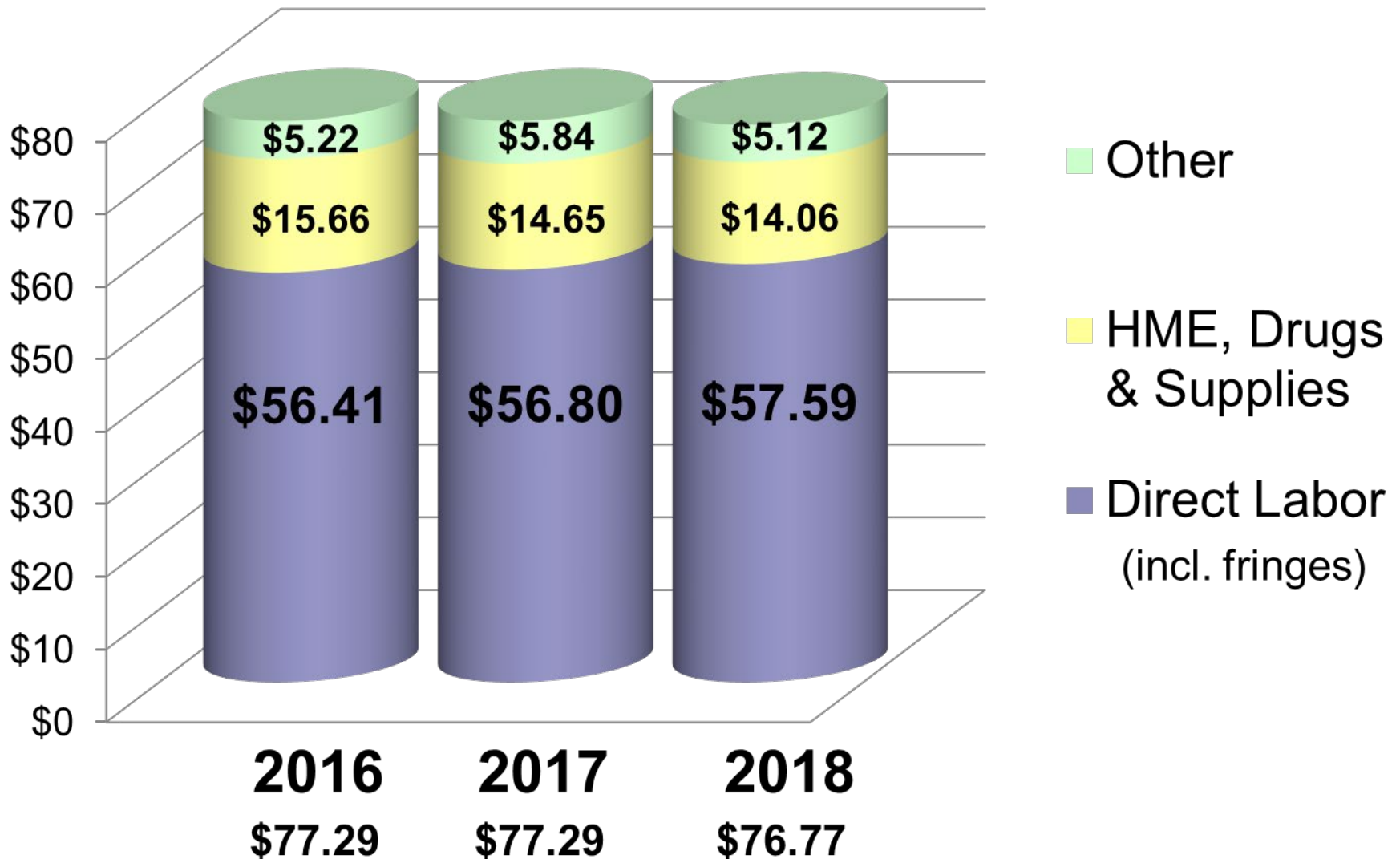


VITAS Analysis of Direct Gross Profit Contribution Margin By Level of Care

2003 through 2018 (in millions)



VITAS – Homecare Direct Cost Driver



VITAS – Operating Results^(a)

(in thousands, except percentages)

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17) Average Annual Inc./(Dec.)
	2003 (b)	2004 (b)	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	
(1) Net Service Revenue	\$ 441,017	\$ 531,136	\$ 618,633	\$ 699,092	\$ 755,426	\$ 808,445	\$ 854,343	\$ 925,810	\$ 986,272	\$ 1,067,037	\$ 1,045,113	\$ 1,064,205	\$ 1,115,551	\$ 1,123,317	\$ 1,148,260	\$ 1,197,562	6.9%
(2) Cost of field patient care	\$ 345,189	\$ 415,341	\$ 484,609	\$ 557,260	\$ 586,435	\$ 625,177	\$ 653,212	\$ 709,094	\$ 766,732	\$ 831,321	\$ 813,600	\$ 825,739	\$ 862,587	\$ 878,092	\$ 886,062	\$ 929,306	6.8%
(3) Gross profit	\$ 95,828	\$ 115,795	\$ 134,024	\$ 141,832	\$ 168,991	\$ 183,268	\$ 201,131	\$ 216,716	\$ 219,540	\$ 235,716	\$ 231,513	\$ 238,466	\$ 252,964	\$ 245,225	\$ 262,198	\$ 268,256	7.1%
(4) Selling and G&A expenses	\$ 53,526	\$ 51,266	\$ 54,141	\$ 57,707	\$ 65,719	\$ 68,417	\$ 72,388	\$ 74,531	\$ 76,357	\$ 81,188	\$ 82,969	\$ 85,183	\$ 89,879	\$ 92,550	\$ 95,215	\$ 80,969	2.8%
(5) Depreciation & amortization	\$ 9,285	\$ 10,149	\$ 11,504	\$ 11,923	\$ 14,814	\$ 16,317	\$ 17,228	\$ 18,124	\$ 17,821	\$ 18,349	\$ 19,534	\$ 19,049	\$ 19,547	\$ 19,090	\$ 18,630	\$ 19,700	5.1%
(6) Other operating expense	\$ -	\$ -	\$ 17,350	\$ 272	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,500	\$ -	\$ -	\$ 4,491	\$ 85,614	\$ 1,130	n.a
(7) Income from operations	\$ 33,017	\$ 54,380	\$ 51,029	\$ 71,930	\$ 88,458	\$ 98,534	\$ 111,515	\$ 124,061	\$ 125,362	\$ 136,179	\$ 118,510	\$ 134,234	\$ 143,538	\$ 129,094	\$ 62,739	\$ 166,457	11.4%
(8) EBITDA	\$ 42,986	\$ 65,685	\$ 65,259	\$ 89,237	\$ 110,515	\$ 119,901	\$ 132,935	\$ 146,652	\$ 147,243	\$ 158,251	\$ 142,770	\$ 158,719	\$ 169,768	\$ 156,172	\$ 92,899	\$ 199,568	10.8%
(9) Adjusted EBITDA	\$ 42,302	\$ 64,553	\$ 80,455	\$ 85,880	\$ 103,953	\$ 115,278	\$ 129,685	\$ 143,656	\$ 144,944	\$ 156,289	\$ 151,156	\$ 155,449	\$ 167,498	\$ 159,393	\$ 172,401	\$ 188,764	10.5%
Percent of Sales																	
(10) Net Service Revenue	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
(11) Cost of field patient care	78.3%	78.2%	78.3%	79.7%	77.6%	77.3%	76.5%	76.6%	77.7%	77.9%	77.8%	77.6%	77.3%	78.2%	77.2%	77.6%	
(12) Gross profit	21.7%	21.8%	21.7%	20.3%	22.4%	22.7%	23.5%	23.4%	22.3%	22.1%	22.2%	22.4%	22.7%	21.8%	22.8%	22.4%	
(13) Selling and G&A expenses	12.1%	9.7%	8.8%	8.3%	8.7%	8.5%	8.5%	8.1%	7.7%	7.6%	7.9%	8.0%	8.1%	8.2%	8.3%	6.8%	
(14) Depreciation & amortization	2.1%	1.9%	1.9%	1.7%	2.0%	2.0%	2.0%	2.0%	1.8%	1.7%	1.9%	1.8%	1.8%	1.7%	1.6%	1.6%	
(15) Other operating expense	0.0%	0.0%	2.8%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	1.0%	0.0%	0.0%	0.4%	7.5%	0.1%	
(16) Income from operations	7.5%	10.2%	8.2%	10.3%	11.7%	12.2%	13.1%	13.4%	12.7%	12.8%	11.3%	12.6%	12.9%	11.5%	5.5%	13.9%	
(17) EBITDA	9.7%	12.4%	10.5%	12.8%	14.6%	14.8%	15.6%	15.8%	14.9%	14.8%	13.7%	14.9%	15.2%	13.9%	8.1%	16.7%	
(18) Adjusted EBITDA	9.6%	12.2%	13.0%	12.3%	13.8%	14.3%	15.2%	15.5%	14.7%	14.6%	14.5%	14.6%	15.0%	14.2%	15.0%	15.8%	

(a) Continuing operations

(b) VITAS was acquired in February 2004. This schedule assumes VITAS was acquired January 1, 2003.

Future of VITAS

Short-term

- ◆ Continue organic growth
- ◆ Acquisitions
 - ▶ Fragmented industry
 - ▶ Dominated by “Mom & Pop” not-for-profits
 - ▶ Average operating margin in hospice is 4% - 8%*
 - ▶ Estimated 50% of hospices have negative margin*
 - ▶ Economies of scale
- ◆ Access to reasonably priced capital critical to expansion

Long-term

- ◆ Government reimbursement structure will drive VITAS' future
- ◆ Consolidation
 - ▶ Will “pure play” dominate industry? ➡ Consolidation continues
 - ▶ Will continuum of care dominate? ➡ Acquire other healthcare providers
 - ▶ Self referral ➡ Divest VITAS to diverse healthcare provider
 - ▶ Control of patient

*Source - MedPac

VITAS – Operating Metrics (\$000)

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)
	2015				2016				2017				2018 (d)				2019
Operating Metrics	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
(1) Average Daily Census (ADC)	14,824	15,283	15,722	15,697	15,653	15,952	16,201	16,160	16,222	16,398	16,652	16,920	17,209	17,643	17,957	18,149	18,345
(2) Admissions	17,268	16,683	16,131	15,790	16,868	16,180	16,157	15,889	17,563	16,311	16,000	16,575	18,279	16,858	16,403	16,579	17,758
(3) Discharges	16,990	15,912	15,949	15,915	16,743	15,960	15,690	16,282	17,213	16,124	15,726	16,553	17,558	16,474	16,171	16,623	17,339
(4) Average Length of Stay (ALOS) (Days)	79.0	78.5	78.6	89.8	83.7	84.2	87.7	91.4	88.7	85.2	89.5	91.4	87.9	89.0	90.0	92.6	91.3
(5) Median Length of Stay (Days)	13	15	16	17	15	16	16	16	15	16	16	16	15	17	18	17	15
(6) Total Revenue Before Medicare Cap Reduction (\$000)	\$269,448	\$276,460	\$285,008	\$284,470	\$277,528	\$278,739	\$283,093	\$284,186	\$282,316	\$284,957	\$288,951	\$294,718	\$290,195	\$297,335	\$303,714	\$310,439	\$310,181
(7) Medicare Cap Reduction	\$165	\$0	\$0	\$0	\$0	\$0	(\$228)	\$0	\$0	(\$247)	\$0	(\$2,435)	\$1,818	(\$536)	(\$1,950)	(\$3,454)	(\$3,400)
(8) Revenue After Medicare Cap Reduction (\$000)	\$269,613	\$276,460	\$285,008	\$284,470	\$277,528	\$278,739	\$282,865	\$284,186	\$282,316	\$284,710	\$288,951	\$292,283	\$292,013	\$296,799	\$301,764	\$306,985	\$306,781
(9) % Routine Home Care	75.9%	77.2%	78.2%	78.8%	77.4%	78.7%	79.6%	80.4%	79.9%	81.2%	81.9%	82.3%	81.5%	82.6%	83.2%	83.0%	82.0%
(10) % InPatient	9.9%	9.2%	8.5%	8.1%	9.2%	8.8%	8.4%	8.3%	8.5%	7.7%	7.8%	7.5%	7.5%	6.6%	6.3%	6.6%	7.1%
(11) % Continuous Care	14.2%	13.6%	13.3%	13.1%	13.4%	12.5%	12.0%	11.3%	11.6%	11.1%	10.3%	10.2%	10.4%	10.1%	9.8%	9.8%	10.2%
(12) % Other	-	-	-	-	-	-	-	-	-	-	-	-	(1.2%)	(1.9%)	(1.1%)	(1.1%)	(1.2%)
(13) % Medicare Cap	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	(0.1%)	0.0%	0.0%	(0.1%)	0.0%	(0.8%)	0.6%	(0.1%)	(0.6%)	(1.1%)	(0.9%)
Direct Care Margins: (a)																	
(14) Routine Home Care	52.7%	52.4%	53.7%	54.7%	52.1%	51.9%	51.4%	53.1%	51.3%	52.8%	52.4%	53.9%	52.1%	52.6%	53.0%	53.9%	52.7%
(15) In Patient Care	8.4%	6.0%	3.8%	1.3%	5.7%	4.6%	-2.4%	1.2%	5.9%	3.7%	3.4%	8.5%	7.5%	4.2%	3.1%	3.9%	6.5%
(16) Continuous Care	15.9%	16.7%	5.7%	16.1%	15.1%	13.8%	12.2%	15.8%	15.6%	18.0%	17.3%	16.8%	17.7%	17.3%	17.3%	18.4%	18.2%
(17) Gross Profit (Direct and Indirect) (\$000) (b) (c)	\$57,118	\$60,682	\$66,480	\$68,684	\$58,262	\$60,045	\$58,455	\$68,464	\$60,638	\$64,941	\$66,832	\$69,786	\$64,757	\$63,726	\$68,758	\$71,014	\$67,038
(18) Gross Profit Margin (b) (c)	21.2%	21.9%	23.3%	24.1%	21.0%	21.5%	20.7%	24.1%	21.5%	22.8%	23.1%	23.9%	22.2%	21.5%	22.8%	23.1%	21.9%
(19) Pro Forma Selling, General & Admin Exp (c)	\$21,971	\$22,237	\$22,241	\$23,086	\$24,783	\$22,638	\$21,775	\$23,354	\$24,294	\$24,531	\$23,783	\$22,607	\$20,510	\$20,702	\$20,394	\$19,363	\$21,536
(20) Pro Forma Adjusted EBITDA (\$000) (c)	\$35,954	\$39,828	\$45,311	\$46,404	\$35,908	\$38,631	\$38,632	\$46,225	\$38,422	\$42,601	\$43,922	\$47,456	\$44,687	\$43,110	\$48,945	\$52,024	\$46,319
(21) Pro Forma Adjusted EBITDA Margin (c)	13.3%	14.4%	15.9%	16.3%	12.9%	13.9%	13.7%	16.3%	13.6%	15.0%	15.2%	16.2%	15.3%	14.5%	16.2%	16.9%	15.1%

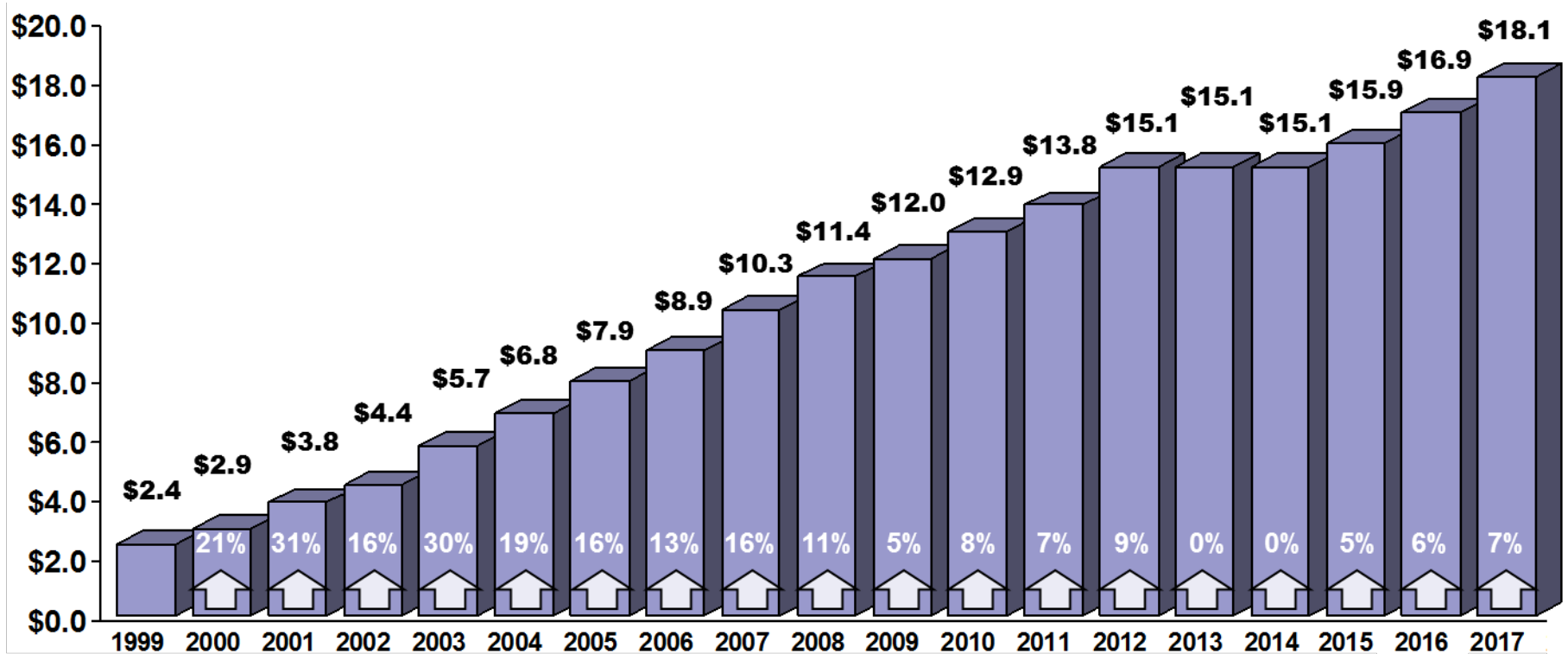
(a) Excludes any Medicare cap

(b) Includes any Medicare cap

(c) Excludes depreciation, amortization.

(d) 2018 reflects GAAP Revenue Recognition Accounting Standard. Prior years are not restated for the 2018 Revenue Recognition Accounting Standard.

Medicare Hospice Spending (in billions)

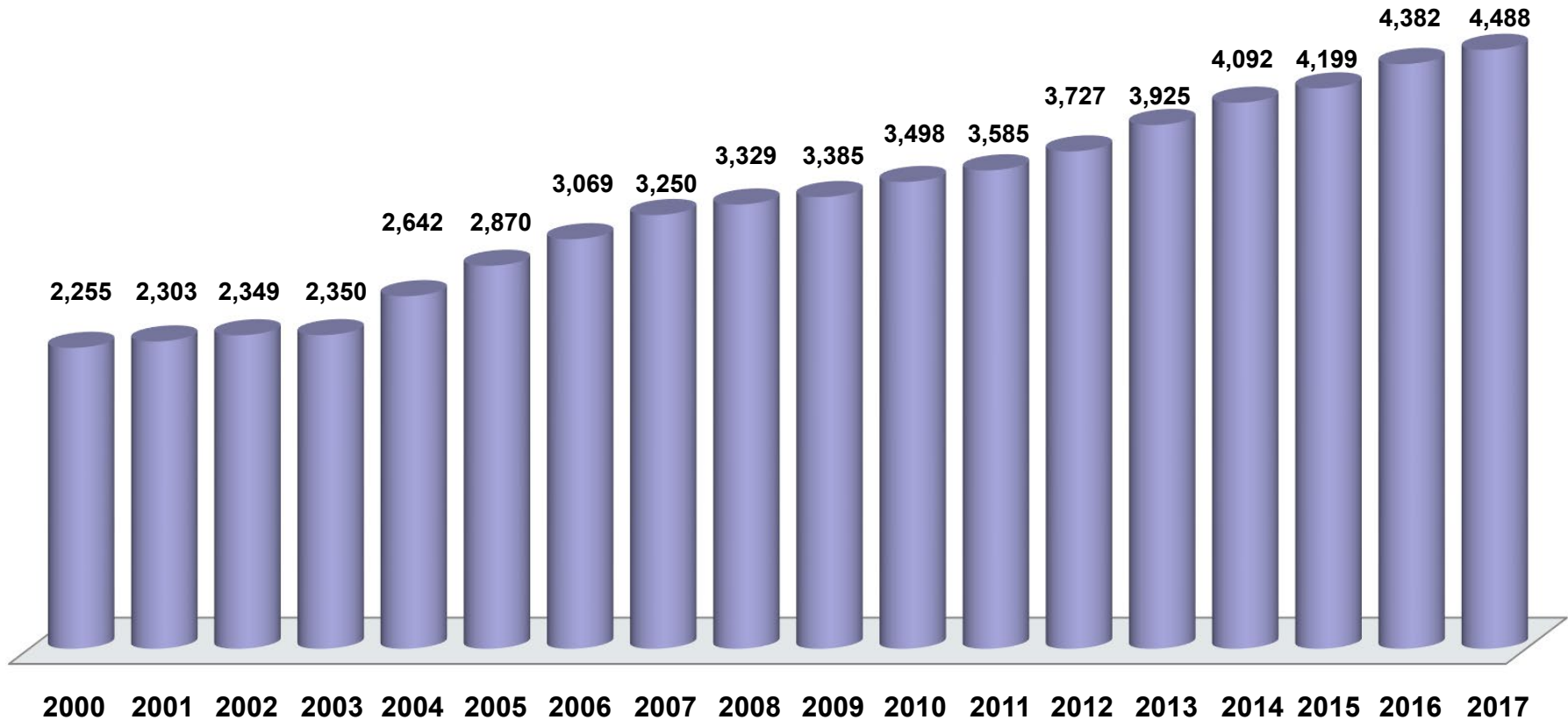


■ **11.9% Compounded annual growth rate from 1999 to 2017**

Sources: MedPAC Report to the Congress – 2011, 2012, 2013, 2014, 2015, 2017 and 2018

Annual Report of the Boards of Trustees of the Federal Hospital Insurance and Federal Supplementary Medical Insurance Trust Funds - 2017 and 2018

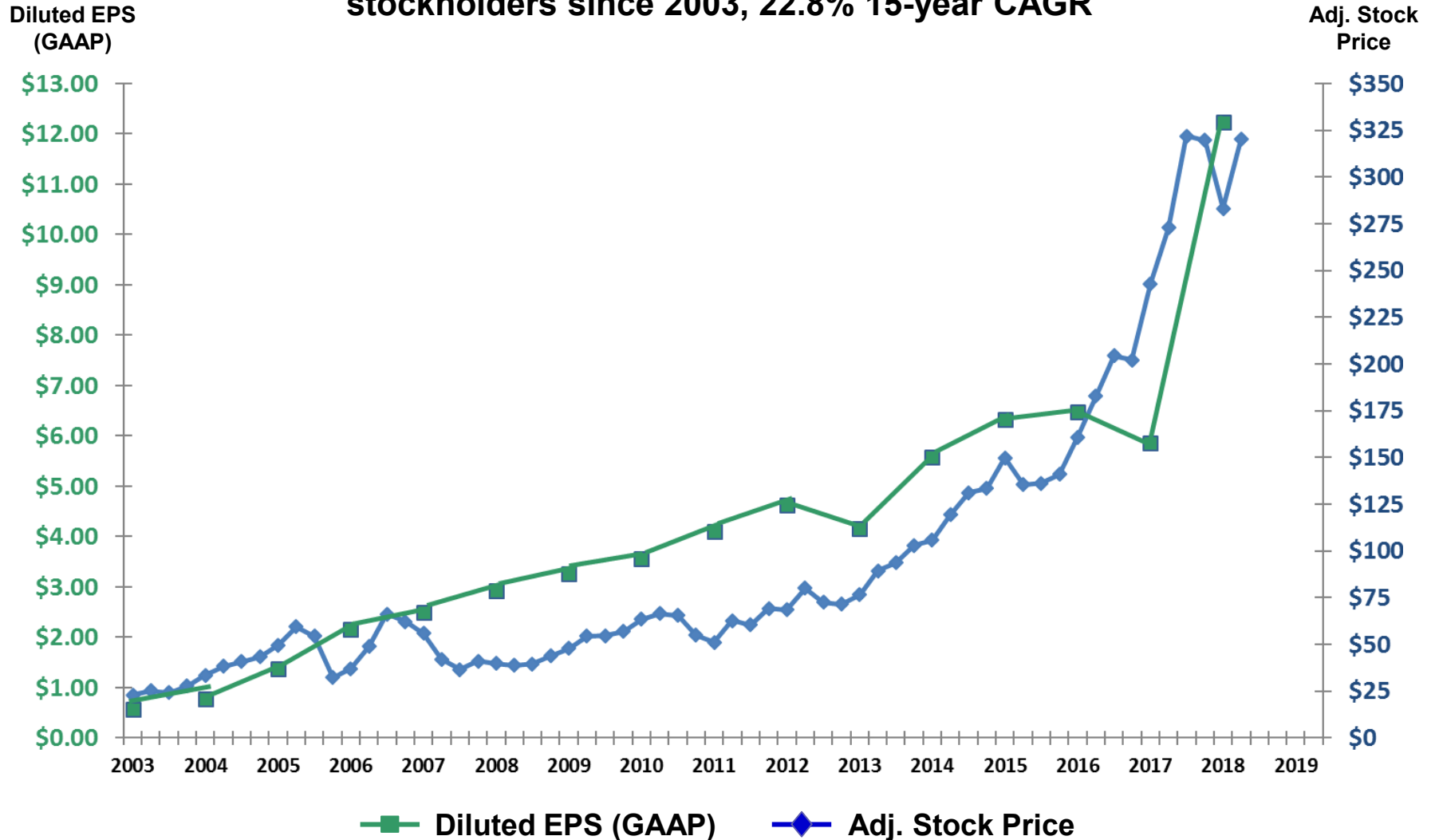
Growth in Hospice Programs



Source: MedPAC Report to the Congress – 2011, 2012, 2013, 2014, 2015, 2016, 2017, 2018 and 2019

EPS⁽¹⁾ and Stock Price⁽²⁾ History

Chemed has delivered strong and consistent EPS to stockholders since 2003, 22.8% 15-year CAGR



(1) Diluted EPS from continuing operations (GAAP)
 (2) Adjusted for stock splits

Chemed – Consolidated Summary of Operations

For the years ended December 31, 2003 through 2018
(in thousands, except per share data)

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	2003	2004	2014	2015	2016	2017	2018	Average Annual Inc./ (Dec.)
(1) Service Revenues and Sales (a)	\$ 260,776	\$ 734,877	\$ 1,456,282	\$ 1,543,388	\$ 1,576,881	\$ 1,666,724	\$ 1,782,648	13.7%
(2) EBITDA (b)	30,366	71,999	201,541	217,270	215,407	156,814	283,453	16.1%
(3) Adj. EBITDA (b)	25,118	91,950	212,562	235,931	236,979	268,459	305,506	18.1%
(4) Net Income (GAAP)	11,188	27,512	99,317	110,274	108,743	98,177	205,544	21.4%
(5) Adj. Net Income (b)	7,894	31,893	107,731	121,667	121,487	141,054	200,374	24.1%
(6) Diluted EPS (GAAP)	0.56	1.12	5.57	6.33	6.48	5.86	12.23	22.8%
(7) Adj. Diluted EPS (b) (c)	0.40	1.29	6.07	6.98	7.24	8.43	11.93	25.4%
(8) Diluted Average Shares Outstanding	19,908	24,636	17,738	17,422	16,789	16,742	16,803	(1.1%)

(a) Continuing operations

(b) See footnote (d) below and the Appendix at the back of this presentation for reconciliation from GAAP reported results to adjusted (non-GAAP) results

(c) Adj. Diluted EPS is calculated by dividing Adj. Net Income by Diluted Average Shares Outstanding, and Diluted EPS is calculated by dividing Net Income by Diluted Average Shares Outstanding

CHEMED CORPORATION
RECONCILIATION OF ADJUSTED EBITDA and ADJUSTED NET INCOME
FOR THE YEARS ENDED DECEMBER 31, 2004 THROUGH 2018

(IN THOUSANDS)

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Reconciliation of Adjusted EBITDA															
(1) Net income/(loss)	\$ 27,512	\$ 35,817	\$ 50,651	\$ 61,641	\$ 67,281	\$ 73,784	\$ 81,831	\$ 85,979	\$ 89,304	\$ 77,227	\$ 99,317	\$ 110,274	\$ 108,743	\$ 98,177	\$ 205,544
(2) Discontinued operations	(8,417)	411	7,071	(1,201)	1,088	253	-	-	-	-	-	-	-	-	-
(3) Interest expense	21,158	21,264	17,468	14,921	12,123	11,599	11,959	13,888	14,723	15,035	8,186	3,645	3,715	4,272	4,990
(4) Income taxes	13,736	18,428	32,562	37,721	47,035	46,583	52,000	54,577	56,515	46,602	63,437	69,852	68,311	18,740	34,056
(5) Depreciation	14,542	16,150	16,775	20,118	21,581	21,535	24,386	25,247	26,009	27,698	29,881	32,369	34,279	35,488	38,464
(6) Amortization	3,468	4,036	3,988	4,038	4,034	4,073	2,099	1,466	1,508	1,644	720	1,130	359	137	399
(7) EBITDA	71,999	96,106	128,515	137,238	153,142	157,827	172,275	181,157	188,059	168,206	201,541	217,270	215,407	156,814	283,453
Add/(deduct):															
(8) (Gains)/losses on investments	-	-	1,445	-	-	(1,211)	-	-	-	-	-	-	-	-	-
(9) Gain on sale of property	-	-	-	(1,138)	-	-	-	-	-	-	-	-	-	-	-
(10) Impairment loss on transportation equipment	-	-	-	-	2,699	-	-	-	-	-	-	-	-	-	-
(11) Interest income	(1,874)	(2,198)	(2,691)	(3,304)	(743)	(423)	(444)	(426)	(809)	(847)	29	(281)	(383)	(427)	(671)
(12) Equity in earnings of VITAS	4,105	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(13) Advertising cost adjustment	528	691	323	601	225	(540)	(679)	(1,240)	(1,573)	(1,166)	(1,462)	(1,317)	(1,333)	(1,371)	-
(14) Long-term incentive compensation	8,783	5,477	-	7,067	-	5,007	4,734	3,012	360	1,301	2,569	7,519	1,930	4,994	6,618
(15) Loss/(gain) on extinguishment of debt	3,330	3,971	430	13,798	(3,406)	-	-	-	-	-	-	-	-	-	-
(16) Legal expenses of OIG investigation	-	637	1,068	227	47	586	1,012	1,188	1,212	2,149	2,141	4,974	5,260	5,194	-
(17) Stock option expense	-	215	1,211	4,665	7,303	8,639	7,762	8,376	8,130	6,042	4,802	5,445	8,330	10,485	12,611
(18) Stock award expense	311	886	1,267	1,232	1,890	2,294	2,558	2,786	3,004	3,046	2,471	2,107	1,855	1,230	446
(19) Lawsuit settlement	3,135	17,350	272	1,927	-	882	1,853	2,299	1,016	27,646	120	5	1,194	84,689	796
(20) Debt registration expenses	1,191	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(21) VITAS transactions costs	442	(959)	-	-	-	-	-	-	-	-	-	-	-	-	-
(22) Prior-period insurance adjustments	-	(1,663)	-	-	597	-	-	-	-	-	-	-	-	-	-
(23) Expenses associated with contested proxy solicitation	-	-	-	-	-	3,989	-	-	-	-	-	-	-	-	-
(24) Acquisition Expenses	-	-	-	-	-	-	324	121	188	62	24	172	-	-	757
(25) Costs to Shut down HVAC operations	-	-	-	-	-	-	-	-	1,126	-	-	-	-	-	-
(26) Securities litigation	-	-	-	-	-	-	-	-	742	109	327	37	-	-	-
(27) Severance arrangements	-	-	-	-	-	-	-	-	-	302	-	-	-	-	-
(28) Early Retirement Expenses	-	-	-	-	-	-	-	-	-	-	-	-	4,491	-	-
(29) Medicare Cap Sequestration adjustment	-	-	-	-	-	-	-	-	-	-	-	-	228	447	1,496
(30) Other	-	-	(467)	(467)	-	-	-	-	-	-	-	-	-	-	-
(31) Loss on sale of transportation equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5,266
(32) Program closure expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,138
(33) Adjusted EBITDA	\$ 91,950	\$ 120,513	\$ 131,373	\$ 161,846	\$ 161,754	\$ 177,050	\$ 189,395	\$ 197,273	\$ 201,455	\$ 206,850	\$ 212,562	\$ 235,931	\$ 236,979	\$ 268,459	\$ 305,506
Reconciliation of Adjusted Net Income															
(34) Net income/(loss)	\$ 27,512	\$ 35,817	\$ 50,651	\$ 61,641	\$ 67,281	\$ 73,784	\$ 81,831	\$ 85,979	\$ 89,304	\$ 77,227	\$ 99,317	\$ 110,274	\$ 108,743	\$ 98,177	\$ 205,544
Add/(deduct):															
(35) Discontinued operations	(8,417)	411	7,071	(1,201)	1,088	253	-	-	-	-	-	-	-	-	-
(36) (Gains)/losses on investments	-	-	918	-	-	-	-	-	-	-	-	-	-	-	-
(37) Gain on sale of property	-	-	-	(724)	-	-	-	-	-	-	-	-	-	-	-
(38) Impairment loss on transportation equipment	-	-	-	-	1,714	-	-	-	-	-	-	-	-	-	-
(39) Severance charges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(40) Dividend income from VITAS	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(41) Equity in earnings of VITAS	4,105	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(42) Long-term incentive compensation	5,437	3,434	-	4,427	-	3,134	2,957	1,880	228	822	1,625	4,752	1,221	3,243	5,307
(43) Loss/(gain) on extinguishment of debt	2,030	2,523	273	8,778	(2,156)	-	-	-	-	294	-	-	-	-	-
(44) Legal expenses of OIG investigation	-	397	662	141	28	363	627	737	752	1,333	1,328	3,072	3,248	3,207	-
(45) Stock option expense	-	137	769	2,962	4,619	5,464	4,909	5,298	5,143	3,813	3,022	3,439	5,266	6,892	10,118
(46) Lawsuit settlement	1,897	10,757	169	1,168	-	534	1,126	1,397	617	16,926	74	3	28	52,504	594
(47) Prior period tax adjustments	(1,620)	(1,961)	(2,115)	-	(322)	-	-	-	-	(1,782)	-	-	-	-	-
(48) Debt registration expenses	727	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(49) VITAS transactions costs	222	(959)	-	-	-	-	-	-	-	-	-	-	-	-	-
(50) Prior-period insurance adjustments	-	(1,014)	-	-	358	-	-	-	-	-	-	-	-	-	-
(51) Non-cash interest on convertible debt	-	-	-	2,335	3,228	3,988	4,313	4,664	5,041	5,448	2,143	-	-	-	-
(52) Income tax impact of non-taxable investments	-	-	-	46	3,062	(756)	-	-	-	-	-	-	-	-	-
(53) Expenses associated with contested proxy solicitation	-	-	-	-	-	2,525	-	-	-	-	-	-	-	-	-
(54) Acquisition Expenses	-	-	-	-	-	-	198	75	114	38	15	104	-	-	559
(55) Costs to Shut down HVAC operations	-	-	-	-	-	-	-	-	649	-	-	-	-	-	-
(56) Securities litigation	-	-	-	-	-	-	-	-	469	69	207	23	-	-	-
(57) Severance arrangements	-	-	-	-	-	-	-	-	-	184	-	-	-	-	-
(58) Early retirement expenses	-	-	-	-	-	-	-	-	-	-	-	-	2,840	-	-
(59) Medicare cap sequestration adjustment	-	-	-	-	-	-	-	-	-	-	-	-	141	276	1,114
(60) Other	-	-	(296)	(296)	-	-	-	-	-	-	-	-	-	-	-
(61) Excess tax benefits on stock compensation	-	-	-	-	-	-	-	-	-	-	-	-	-	(18,932)	(22,862)
(62) Impact of tax reform	-	-	-	-	-	-	-	-	-	-	-	-	-	(8,302)	-
(63) Loss on sale of transportation equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,314
(64) Program closure expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	675
(65) Adjusted net income	\$ 31,893	\$ 49,542	\$ 58,102	\$ 79,277	\$ 78,900	\$ 89,289	\$ 95,961	\$ 100,030	\$ 102,317	\$ 104,372	\$ 107,731	\$ 121,667	\$ 121,487	\$ 141,054	\$ 200,374

ROTO-ROOTER GROUP
RECONCILIATION OF ADJUSTED EBITDA and ADJUSTED NET INCOME
FOR THE YEARS ENDED DECEMBER 31, 2004 THROUGH 2018
(IN THOUSANDS)

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Reconciliation of Adjusted EBITDA															
(1) Net income	\$ 18,795	\$ 27,626	\$ 32,454	\$ 38,971	\$ 33,427	\$ 33,040	\$ 31,678	\$ 34,879	\$ 30,905	\$ 29,243	\$ 42,075	\$ 48,573	\$ 52,893	\$ 73,299	\$ 98,711
(2) Interest expense	206	563	368	495	246	186	233	358	433	322	363	348	332	323	319
(3) Income taxes	10,611	16,048	18,748	24,145	20,644	20,372	19,547	21,353	18,770	17,560	25,808	29,630	32,719	32,782	28,850
(4) Depreciation	8,583	8,271	7,665	8,365	8,294	8,068	7,775	8,130	8,397	9,014	10,702	12,988	14,698	16,667	18,629
(5) Amortization	119	90	13	(60)	50	114	136	228	246	259	273	372	304	123	387
(6) EBITDA	38,314	52,598	59,248	71,916	62,661	61,780	59,369	64,948	58,751	56,398	79,221	91,911	100,946	123,194	146,896
Add/(deduct):															
(7) Advertising cost adjustment	528	691	323	601	225	(540)	(679)	(1,240)	(1,573)	(1,166)	(1,462)	(1,317)	(1,333)	(1,371)	-
(8) Long-term incentive compensation	1,558	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(9) Lawsuit settlement	3,135	-	-	1,927	-	882	1,853	2,299	1,016	17,146	7	5	45	213	-
(10) Prior-period insurance adjustments	-	(1,663)	-	-	597	-	-	-	-	-	-	-	-	-	-
(11) Interest income	(139)	(156)	(85)	(377)	(116)	(73)	(49)	(40)	(30)	(41)	(39)	(40)	(58)	(39)	(92)
(12) Intercompany interest income	(1,041)	(2,236)	(3,997)	(4,993)	(3,708)	(2,514)	(2,612)	(2,136)	(1,617)	(2,055)	(2,892)	(3,385)	(3,595)	(5,596)	(6,908)
(13) Acquisition expenses	-	-	-	-	-	-	256	(26)	173	4	23	172	-	-	548
(14) Severance arrangements	-	-	-	-	-	-	-	-	-	302	-	-	-	-	-
(15) Costs to shut down HVAC operations	-	-	-	-	-	-	-	-	1,126	-	-	-	-	-	-
(16) Stock award amortization	-	-	59	114	263	327	378	371	386	348	252	268	307	269	100
(17) Adjusted EBITDA	\$ 42,355	\$ 49,234	\$ 55,548	\$ 69,188	\$ 59,922	\$ 59,862	\$ 58,516	\$ 64,176	\$ 58,232	\$ 70,936	\$ 75,110	\$ 87,614	\$ 96,312	\$ 116,670	\$ 140,544
Reconciliation of Adjusted Net Income															
(18) Net income	\$ 18,795	\$ 27,626	\$ 32,454	\$ 38,971	\$ 33,427	\$ 33,040	\$ 31,678	\$ 34,879	\$ 30,905	\$ 29,243	\$ 42,075	\$ 48,573	\$ 52,893	\$ 73,299	\$ 98,711
Add/(deduct):															
(19) Long-term incentive compensation	982	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(20) Lawsuit settlement	1,897	-	-	1,168	-	534	1,126	1,397	617	10,416	4	3	28	129	403
(21) Prior-period insurance adjustments	-	(1,014)	-	-	358	-	-	-	-	-	-	-	-	-	-
(22) Prior-period tax adjustments	(630)	(1,126)	(1,251)	-	-	-	-	-	-	-	-	-	-	-	-
(23) Acquisition expenses	-	-	-	-	-	-	156	(16)	105	2	14	104	-	-	-
(24) Severance arrangements	-	-	-	-	-	-	-	-	-	184	-	-	-	-	-
(25) Costs to shut down HVAC operations	-	-	-	-	-	-	-	-	649	-	-	-	-	-	-
(26) Impact of tax reform	-	-	-	-	-	-	-	-	-	-	-	-	-	(7,761)	-
(27) Adjusted net income	\$ 21,044	\$ 25,486	\$ 31,203	\$ 40,139	\$ 33,785	\$ 33,574	\$ 32,960	\$ 36,260	\$ 32,276	\$ 39,845	\$ 42,093	\$ 48,680	\$ 52,921	\$ 65,667	\$ 99,114

VITAS HEALTHCARE GROUP
RECONCILIATION OF ADJUSTED EBITDA and ADJUSTED NET INCOME
FOR THE YEARS ENDED DECEMBER 31, 2004 THROUGH 2018 (a)
(IN THOUSANDS)

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Reconciliation of Adjusted EBITDA															
(1) Net income	\$ 33,052	\$ 34,982	\$ 43,546	\$ 61,034	\$ 64,304	\$ 71,696	\$ 79,796	\$ 80,358	\$ 86,577	\$ 76,144	\$ 86,186	\$ 93,346	\$ 84,961	\$ 57,645	\$ 138,846
(2) Discontinued operations	(91)	(1,477)	4,872	(1,201)	-	-	-	-	-	-	-	-	-	-	-
(3) Interest expense	128	153	191	146	155	374	131	229	233	182	207	200	211	188	175
(4) Income taxes	22,447	20,097	28,705	35,722	38,458	43,637	48,601	48,835	53,092	46,910	53,278	56,675	51,910	16,436	40,847
(5) Depreciation	6,192	7,557	8,753	11,446	13,000	13,269	16,161	16,583	17,087	18,149	18,601	18,789	19,035	18,616	19,688
(6) Amortization	3,957	3,947	3,170	3,368	3,984	3,959	1,963	1,238	1,262	1,385	447	758	55	14	12
(7) EBITDA	65,685	65,259	89,237	110,515	119,901	132,935	146,652	147,243	158,251	142,770	158,719	169,768	156,172	92,899	199,568
Add/(deduct)															
(8) Legal expenses of OIG investigation	-	637	1,068	227	46	586	1,012	1,188	1,212	2,149	2,141	4,974	5,260	5,194	-
(9) Lawsuit settlement	-	17,350	272	-	-	-	-	-	-	10,500	113	-	1,149	84,476	796
(10) Interest income	(373)	(237)	(114)	(151)	(137)	(267)	(220)	(295)	(703)	(750)	78	(241)	(325)	(388)	(580)
(11) Intercompany interest income	(759)	(2,554)	(5,329)	(7,254)	(5,199)	(4,314)	(4,632)	(3,998)	(3,180)	(4,288)	(6,189)	(7,499)	(7,969)	(11,656)	(12,832)
(12) Acquisition expenses	-	-	-	-	-	-	68	147	15	58	1	-	-	-	209
(13) Stock award amortization	-	-	746	616	667	745	776	659	694	717	586	496	387	291	107
(14) Early retirement expense	-	-	-	-	-	-	-	-	-	-	-	-	4,491	-	-
(15) Medicare cap sequestration adjustment	-	-	-	-	-	-	-	-	-	-	-	-	228	447	1,496
(16) Program closure expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	1,138	-
(17) Adjusted EBITDA	\$ 64,553	\$ 80,455	\$ 85,880	\$ 103,953	\$ 115,278	\$ 129,685	\$ 143,656	\$ 144,944	\$ 156,289	\$ 151,156	\$ 155,449	\$ 167,498	\$ 159,393	\$ 172,401	\$ 188,764
Reconciliation of Adjusted Net Income															
(18) Net income	\$ 33,052	\$ 34,982	\$ 43,546	\$ 61,034	\$ 64,304	\$ 71,696	\$ 79,796	\$ 80,358	\$ 86,577	\$ 76,144	\$ 86,186	\$ 93,346	\$ 84,961	\$ 57,645	\$ 138,846
(19) Add/(deduct):															
(20) Discontinued operations	(91)	(1,477)	4,872	(1,201)	-	-	-	-	-	-	-	-	-	-	-
(21) Legal expenses of OIG investigation	-	397	662	141	28	363	627	737	752	1,333	1,328	3,072	3,248	3,207	-
(22) Lawsuit settlement	-	10,757	169	-	-	-	-	-	-	6,510	70	-	-	52,375	594
(23) Prior-period tax adjustments	-	-	-	-	(322)	-	-	-	-	-	-	-	-	-	-
(24) Acquisition expenses	-	-	-	-	-	-	42	91	9	36	1	-	-	-	156
(25) Early retirement expense	-	-	-	-	-	-	-	-	-	-	-	-	2,840	-	-
(26) Medicare cap sequestration adjustment	-	-	-	-	-	-	-	-	-	-	-	-	141	276	1,114
(27) Program closure expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	675	-
(28) Impact of tax reform	-	-	-	-	-	-	-	-	-	-	-	-	-	(11,057)	-
(29) Adjusted net income	\$ 32,961	\$ 44,659	\$ 49,249	\$ 59,974	\$ 64,010	\$ 72,059	\$ 80,465	\$ 81,186	\$ 87,338	\$ 84,023	\$ 87,585	\$ 96,418	\$ 91,190	\$ 103,121	\$ 140,710

(a) Assumes VITAS was purchased on January 1, 2004

CHEMED CORPORATION
RECONCILIATION OF ADJUSTED EBITDA AND ADJUSTED NET INCOME
FOR THE FIRST THREE MONTHS OF 2018 AND 2019
(IN THOUSANDS)

	(1) <u>2018</u>	(2) <u>2019</u>
Reconciliation of Adjusted EBITDA		
(1) Net income	\$ 44,996	\$ 44,667
(2) Interest expense	1,207	1,124
(3) Income taxes	11,212	6,120
(4) Depreciation	9,267	9,710
(5) Amortization	<u>27</u>	<u>519</u>
(6) EBITDA	66,709	62,140
Add/(deduct)		
(7) Interest income	(158)	(102)
(8) Litigation settlement	-	6,000
(9) Long-term incentive compensation	1,920	1,488
(10) Non cash ASC 842 expenses	-	548
(11) Stock option expense	3,653	4,089
(12) Acquisition expenses	-	120
(13) Stock award amortization	291	-
(14) Medicare cap sequestration adjustment	<u>352</u>	<u>515</u>
(15) Adjusted EBITDA	<u>\$ 72,767</u>	<u>\$ 74,798</u>
Reconciliation of Adjusted Net Income		
(16) Net income	\$ 44,996	\$ 44,667
Add/(deduct):		
(17) Long-term incentive compensation	1,499	1,230
(18) Non cash ASC 842 expenses	-	405
(19) Stock option expense	2,891	3,327
(20) Excess tax benefit on stock compensation	(3,798)	(6,732)
(21) Litigation settlement	-	4,476
(22) Medicare cap sequestration adjustments	263	387
(23) Amortization of acquired and cancelled franchise agreements	-	324
(24) Acquisition expenses	<u>-</u>	<u>91</u>
(25) Adjusted net income	<u>\$ 45,851</u>	<u>\$ 48,175</u>

ROTO-ROOTER GROUP
RECONCILIATION OF ADJUSTED EBIT AND ADJUSTED EBITDA
FOR THE FIRST THREE MONTHS OF 2018 AND 2019
(IN THOUSANDS)

		(1)	(2)
		2018	2019
Reconciliation of Adjusted EBIT and EBITDA		<u> </u>	<u> </u>
(1)	Net income	\$ 22,938	\$ 22,986
(2)	Interest expense	91	95
(3)	Income taxes	8,012	7,109
(4)	EBIT	<u>31,041</u>	<u>30,190</u>
	Add/(deduct)		
(5)	Non cash ASC 842 expenses	-	55
(6)	Interest income	(16)	(14)
(7)	Intercompany interest income	(1,677)	(2,195)
(8)	Stock award amortization	65	-
(9)	Adjusted EBIT	<u>29,413</u>	<u>28,036</u>
(10)	Depreciation	4,443	4,963
(11)	Amortization	27	501
(12)	Adjusted EBITDA	<u><u>\$ 33,883</u></u>	<u><u>\$ 33,500</u></u>

VITAS HEALTHCARE GROUP
RECONCILIATION OF ADJUSTED EBITDA
FOR THE FIRST THREE MONTHS OF 2018 AND 2019
(IN THOUSANDS)

Reconciliation of Adjusted EBITDA		(1)	(2)
		2018	2019
(1)	Net income	\$ 32,015	\$ 29,288
(2)	Interest expense	52	47
(3)	Income taxes	10,638	9,569
(4)	Depreciation	4,797	4,708
(5)	Amortization	-	18
(6)	EBITDA	<u>47,502</u>	<u>43,630</u>
	Add/(deduct)		
(7)	Litigation settlement	-	6,000
(8)	Interest income	(142)	(88)
(9)	Intercompany interest income	(3,095)	(4,394)
(10)	Stock award amortization	70	-
(11)	Medicare cap sequestration adjustment	352	515
(12)	Non cash ASC 842 expenses	-	656
(13)	Adjusted EBITDA	<u>\$ 44,687</u>	<u>\$ 46,319</u>



CHEMED

CHEMED CORPORATION

255 East 5th Street
Suite 2600
Cincinnati, OH 45202

(513) 762-6690 Phone
(513) 762-6919 Fax
www.chemed.com

Kevin J. McNamara
President and CEO
kevin.mcnamara@chemed.com

David P. Williams
EVP and CFO
dwilliams@chemed.com

Sherri L. Warner
Investor Relations
sherri.warner@chemed.com