



## **Chemed Reports Third-Quarter Earnings**

October 18, 2002

CINCINNATI, October 18, 2001--Chemed Corporation (NYSE:CHE) (OTCBB:CHEQP) today reported that, for the third quarter, ended September 30, 2001, Chemed's earnings from continuing operations before capital gains, interest, taxes, depreciation, amortization, and nonrecurring charges (EBITDA) amounted to \$11.3 million versus \$15.1 million in the 2000 third quarter. Earnings from continuing operations before capital gains and nonrecurring charges were \$.26 per share (\$2.5 million) in the 2001 third quarter. Nonrecurring charges comprise \$.19 per share (\$1.8 million) related to Roto-Rooter's previously announced overtime wage settlement with the Department of Labor and \$.06 per share (\$620,000) impairment loss arising from Service America's closing its Tucson, Arizona, operation in October. This closing is one element of a companywide restructuring initiative, which will be fully implemented by year-end. In the year-ago third quarter, both income from continuing operations (\$4.7 million) and net income (\$4.6 million), which included a loss from discontinued operations of \$73,000, amounted to \$.48 per share. Chemed's service revenues and sales from continuing operations for the 2001 third quarter were \$117.5 million as compared with revenues of \$121.7 million in the year-ago third quarter.

Year to date, for the nine months ended September 30, 2001, income from continuing operations before capital gains and nonrecurring charges amounted to \$1.00 per share (\$9.8 million) versus \$1.40 per share (\$13.8 million) for year-to-date 2000. EBITDA totaled \$37.8 million for 2001 to date as compared with \$44.8 million for the same period of 2000. Year-to-date income from continuing operations of \$.83 per share (\$8.0 million) for 2001 compares with \$1.58 per share (\$15.6 million) for 2000. Year-to-date earnings from continuing operations for 2001 include capital gains of \$.07 per share (\$703,000) and nonrecurring charges of \$.24 per share (\$2.4 million). For 2000, capital gains were \$.18 per share (\$1.8 million). Net income for 2001 year to date also includes a loss of \$.21 per share (\$2.0 million) from the Cadre Computer Resources operation, which was discontinued in the second quarter, versus income from Cadre of \$37,000 in the first nine months of 2000. Chemed's year-to-date service revenues and sales from continuing operations of \$359.5 million for 2001 compare with \$364.0 million for 2000.

Commenting on the company's results, Chemed President and Chief Executive Officer Kevin J. McNamara said, "Our Service America and Patient Care Inc. subsidiaries achieved excellent profit results in the third quarter of 2001. Economic trends, however, continued to negatively affect results at our flagship Roto-Rooter subsidiary."

Discussing the company's individual operations, Mr. McNamara continued, "For the 2001 third quarter, Roto-Rooter Inc. recorded revenues of \$65.4 million, 5% below the year-ago third quarter. Year-to-date revenues of \$201.0 million were 3% below the same prior-year period. Earnings before nonrecurring charges for the 2001 third quarter of \$3.1 million and year to date of \$10.7 million were 40% and 27%, respectively, below the year-ago periods. These results notwithstanding, we believe that the business is beginning to turn around as initiatives undertaken by Roto-Rooter in the past several months are starting to take effect.

"Roto-Rooter made a significant 45-day push to boost the field service force, resulting in a 6.9% increase in the technician head count at September 30 versus June 30. As these new service technicians become trained and productive in the long term, we expect growth in revenues and, ultimately, Roto-Rooter's bottom line.

"Making a more immediate contribution to results, commercial sales in company-owned Roto-Rooter operations are helping to offset slower residential sales. Roto-Rooter has launched all-out efforts to sell preventive maintenance services to high repeat users, such as food-service establishments and large retailers. The advantages of preventive maintenance programs over emergency service are significant to this target market, and the recurring revenues generated by these commercial services should give Roto-Rooter a source of steady, predictable income.

"During the 2001 third quarter, Service America, our major-appliance and heating and air-conditioning service subsidiary, achieved excellent results. It continued to reduce its portfolio of less-profitable contracts, while concentrating on increasing lead generation and closing rates in its higher-margin retail sales and service business. Retail air-conditioner sales were solid, relative to economic conditions, off just 4% versus the year-ago third quarter. Additionally, strict expense controls kept costs in line with the planned reduction in contract revenues. Net, net, while revenues for both the third quarter and year to date declined 7%, to \$17.2 million and \$52.9 million, respectively, earnings before the Tucson closing expenses rose 67% to \$310,000 for the 2001 third quarter and 22% to \$1.3 million for the year to date.

"Patient Care, our home health subsidiary, continued to improve its results by selectively focusing on high-quality relationships with large referral sources and by providing supplemental staffing to meet increasing demand for healthcare personnel, particularly from Medicare agencies and assisted-living facilities. Revenues reached \$34.9 million in the 2001 third quarter versus \$34.5 million in the 2000 third quarter, and year-to-date 2001 revenues grew 5% to \$105.7 million. Patient Care achieved net income of \$604,000 in the third quarter, 24% above the year-ago third quarter, and year-to-date net income of \$1.9 million was up 32% over the same 2000 period."

Also during the third quarter, Chemed completed the sale of Cadre Computer Resources, its former Internet and computer security services subsidiary, to the Cadre employees. Chemed is assisting Cadre in transitioning to an independent business.

In August, the Board of Directors declared a quarterly dividend of \$.11 per share, which was paid in September. This dividend represented the 121st consecutive quarterly dividend paid to Chemed shareholders.

Concluding, Mr. McNamara said, "We are extremely pleased with results at Service America and Patient Care year to date and expect them to post solid operating results for the full year. Roto-Rooter is continuing to boost sales and marketing efforts, keep tight control over expenses, and expand the service force, but we expect difficult comparisons for the remainder of the year. Chemed is financially sound, and the balance sheet is extremely healthy. We are streamlining operations for a leaner Chemed going into 2002. We believe our strategy of being the premier provider of essential services to home owners and businesses is on-target and will produce shareholder value in the long term."

Chemed Corporation ([www.chemed.com](http://www.chemed.com)), headquartered in Cincinnati, is a New York Stock Exchange-listed corporation with strategic positions in plumbing and drain cleaning; residential appliance and air-conditioning repair; and home healthcare services.

Statements in this press release or in other Chemed communications may relate to future events or Chemed's future performance. Such statements are forward-looking statements and are based on present information Chemed has related to its existing business circumstances. Investors are cautioned that such forward-looking statements are subject to inherent risk that actual results may differ materially from such forward-looking statements. Further, investors are cautioned that Chemed does not assume any obligation to update forward-looking statements based on unanticipated events or changed expectations.

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Chemed Corporation and Subsidiary Companies  
Comparative Results (Unaudited)  
(in thousands, except per share data)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2001	2000	2001	2000
Continuing Operations				
Service Revenues and Sales	\$117,498	\$121,652	\$359,487	\$363,995
Income from Operations	\$1,568(a)	\$7,948	\$15,425(a)	\$24,500
Interest Expense	(1,373)	(1,664)	(4,325)	(5,233)
Distributions on Preferred Securities	(275)	(282)	(830)	(856)
Other Income--Net	165	1,916	2,769(b)	7,104(c)
Income before Income Taxes	85	7,918	13,039	25,515
Income Taxes	7	(3,210)	(5,003)	(9,902)
Income from Continuing Operations	92	4,708	8,036	15,613
Discontinued Operations(d)	--	(73)	(1,973)	37
Net Income	\$ 92	\$ 4,635	\$ 6,063	\$15,650
Earnings Per Share				
Income from Continuing Operations before Capital Gains and Other Charges(e)	\$ 0.26	\$ 0.48	\$ 1.00	\$ 1.40
Income from Continuing Operations	\$ 0.01	\$ 0.48	\$ 0.83	\$ 1.58
Net Income	\$ 0.01	\$ 0.48	\$ 0.62	\$ 1.59
Average Number of Shares Outstanding	9,690	9,742	9,721	9,867
Diluted Earnings Per Share(f)				
Income from Continuing Operations before Capital Gains and Other Charges(e)	\$ 0.26	\$ 0.48	\$ 0.99	\$ 1.39
Income from				

Continuing Operations	\$ 0.01	\$ 0.48	\$ 0.82	\$ 1.57
	=====	=====	=====	=====
Net Income	\$ 0.01	\$ 0.47	\$ 0.62	\$ 1.57
	=====	=====	=====	=====
Average Number of Shares Outstanding	9,798	10,253	9,850	10,319
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- (a) Amounts include Roto-Rooter's pretax cost of its overtime wage settlement with the Department of Labor (\$3,000,000) and Service America's pretax impairment loss related to the closing of its Tucson branch (\$1,031,000). The combined aftertax impact of these charges is \$2,420,000 (\$.25 per share for the three months; \$.24 per share for the nine months).
- (b) Amounts for 2001 include pretax gains of \$993,000 (\$703,000 aftertax or \$.07 per share) from the sales of investments.
- (c) Amounts for 2000 include pretax gains of \$2,662,000 (\$1,799,000 aftertax or \$.18 per share) from the sales of investments.
- (d) Amounts include aftertax operating losses for Cadre Computer. The amount for the nine months ended September 30, 2001, include an aftertax loss of \$1,540,000 on the sale of Cadre.
- (e) Amounts exclude the charges and gains discussed in notes (a), (b), and (c).
- (f) For the three- and nine-month periods ended September 30, 2000, diluted earnings per share include the impact of outstanding stock options and nonvested stock awards and assume conversion of the Preferred Securities. For the three- and nine-month periods ended September 30, 2001, diluted earnings per share do not assume conversion of the Preferred Securities because the impact on diluted earnings per share from continuing operations is anti-dilutive.

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