

FORM 10-Q
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Quarterly Report Under Section 13 or 15 (d)
of the Securities Exchange Act of 1934

For Quarter Ended March 31, 1995

Commission File Number 1-8351

CHEMED CORPORATION
(Exact name of registrant as specified in its charter)

Delaware 31-0791746
(State or other jurisdiction of (IRS Employer Identification No.)
incorporation or organization)

2600 Chemed Center, 255 E. Fifth Street, Cincinnati, Ohio 45202

(Address of principal executive offices) (Zip code)

(513) 762-6900
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all
reports required to be filed by Section 13 or 15(d) of the
Securities Exchange Act of 1934 during the preceding 12 months (or
for such shorter period that the registrant was required to file
such reports) and (2) has been subject to such filing requirements
for the past 90 days. Yes X No

Indicate the number of shares outstanding of each of the issuer's
classes of common stock, as of the latest practicable date.

Class	Amount	Date
Capital Stock	9,868,060 Shares	April 28, 1995
\$1 Par Value		

Page 1 of 12

CHEMED CORPORATION AND
SUBSIDIARY COMPANIES

Index

Page No.

PART I. FINANCIAL INFORMATION:

Item 1. Financial Statements

Consolidated Balance Sheet -

March 31, 1995 and

December 31, 1994

3

Consolidated Statement of Income -

Three months ended

March 31, 1995 and 1994

4

Consolidated Statement of Cash Flows -

Three months ended

March 31, 1995 and 1994

5

Notes to Unaudited Financial Statements

6

Item 2. Management's Discussion and Analysis of

Financial Condition and Results of

Operations

7 - 10

PART II. OTHER INFORMATION

11

Page 2 of 12

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

CHEMED CORPORATION AND SUBSIDIARY COMPANIES

CONSOLIDATED BALANCE SHEET

(in thousands except share and per share data)

UNAUDITED

	March 31, 1995	December 31, 1994
	-----	-----
ASSETS		
Current assets		
Cash and cash equivalents	\$ 1,552	\$ 4,722
Marketable securities	29,540	19,517
Accounts receivable, less allowances of \$3,260 (1994 - \$2,974)	82,498	81,822
Current portion of note receivable	6,000	5,740
Inventories		
Raw materials	7,105	8,086

Finished goods and general merchandise	53,573	52,187
Other current assets	12,255	11,245
	-----	-----
Total current assets	192,523	183,319
Other investments	79,222	85,073
Note receivable	5,455	5,455
Properties and equipment, at cost less accumulated depreciation of \$42,446 (1994 - \$40,375)	77,026	77,116
Identifiable intangible assets less accumulated amortization of \$2,185 (1994 - \$1,928)	21,004	21,192
Goodwill less accumulated amortization of \$18,416 (1994 - \$17,346)	114,022	113,417
Other assets	21,736	19,911
	-----	-----
Total Assets	\$ 510,988	\$ 505,483
	=====	=====
LIABILITIES		
Current liabilities		
Accounts payable	\$ 29,742	\$ 31,386
Bank notes and loans payable	25,000	25,000
Current portion of long-term debt	6,575	6,391
Income taxes	19,458	17,233
Deferred contract revenue	23,962	22,630
Other current liabilities	37,268	40,026
	-----	-----
Total current liabilities	142,005	142,666
Deferred income taxes	9,523	7,606
Long-term debt	90,975	92,133
Other liabilities and deferred income	39,311	40,564
Minority interest	37,458	36,194
	-----	-----
Total Liabilities	319,272	319,163
	-----	-----
STOCKHOLDERS' EQUITY		
Capital stock-authorized 15,000,000 shares \$1 par; issued 12,414,400 (1994 - 12,369,212) shares	12,414	12,369
Paid-in capital	140,303	138,733
Retained earnings	125,322	123,993
Treasury stock - 2,546,340 (1994 - 2,504,641) shares, at cost	(72,626)	(71,230)
Unearned compensation - ESOPs	(37,208)	(38,486)
Unrealized appreciation on investments	23,511	20,941
	-----	-----
Total Stockholders' Equity	191,716	186,320
	-----	-----
Total Liabilities and Stockholders' Equity	\$ 510,988	\$ 505,483
	=====	=====

See accompanying notes to unaudited financial statements.

Page 3 of 12

CHEMED CORPORATION AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENT OF INCOME
UNAUDITED
(in thousands except per share data)

	Three Months Ended March 31,	
	-----	-----
	1995	1994
	-----	-----
Continuing Operations		
Sales	\$108,598	\$ 97,585
Service revenues	61,260	54,484
	-----	-----
Total sales and service revenues	169,858	152,069
	-----	-----
Cost of goods sold	74,607	67,120
Cost of services provided	38,159	34,038
Selling and marketing expenses	25,460	23,307
General and administrative expenses	22,071	19,280
Depreciation	2,865	2,654
	-----	-----
Total costs and expenses	163,162	146,399

Income from operations	6,696	5,670
Interest expense	(2,103)	(2,047)
Other income - net	5,649	3,129
Income before income taxes and minority interest	10,242	6,752
Income taxes	(3,814)	(2,680)
Minority interest in earnings of subsidiaries	(1,043)	(833)
Income from continuing operations	5,385	3,239
Discontinued Operations	901	2,438
Net Income	\$ 6,286	\$ 5,677
Earnings Per Common Share		
Income from continuing operations	\$.55	\$.33
Net income	\$.64	\$.58
Average number of shares outstanding	9,863	9,824
Cash Dividends Paid Per Share	\$.51	\$.51

See accompanying notes to unaudited financial statements.

Page 4 of 12

CHEMED CORPORATION AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENT OF CASH FLOWS
UNAUDITED
(in thousands)

	Three Months Ended March 31,	
<F1>	1995	1994*
Cash Flows From Operating Activities		
Net income	\$ 6,286	\$ 5,677
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	4,346	3,909
Gain on sale of investments	(3,732)	(1,643)
Minority interest in earnings of subsidiaries	1,043	833
Provision for uncollectible accounts receivable	520	418
Provision for deferred income taxes	(451)	(78)
Discontinued operations	(901)	(2,438)
Proceeds from sale of trading securities	-	1,041
Purchase of trading securities	-	(1,000)
Changes in operating assets and liabilities, excluding amounts acquired in business combinations		
Increase in accounts receivable	(1,195)	(2,686)
(Increase)/decrease in inventories and other current assets	(1,015)	64
Increase/(decrease) in accounts payable, deferred contract revenue and other current liabilities	(2,988)	2,011
Increase in income taxes	3,142	3,358
Other - net	(1,936)	(633)
Net cash provided by operating activities	3,119	8,833
Cash Flows From Investing Activities		
Proceeds from sale of investments	4,933	3,457
Capital expenditures	(2,884)	(5,025)

Business combinations, net of cash acquired	(1,601)	(14,822)
Purchase of investments	(1,200)	(75)
Net Proceeds from sale of discontinued operations	(433)	3,295
Other - net	74	130
	-----	-----
Net cash used by investing activities	(1,111)	(13,040)
	-----	-----
Cash Flows From Financing Activities		
Dividends paid	(5,032)	(5,018)
Purchase of treasury stock	(517)	-
Issuance of capital stock	40	218
Repayment of long-term debt	(35)	(3,526)
Proceeds from issuance of long-term debt	-	10,000
Other - net	366	751
	-----	-----
Net cash provided/(used) by financing activities	(5,178)	2,425
	-----	-----
Decrease In Cash And Cash Equivalents	(3,170)	(1,782)
Cash and cash equivalents at beginning of period	4,722	14,615
	-----	-----
Cash and cash equivalents at end of period	\$ 1,552	\$ 12,833
	=====	=====

See accompanying notes to unaudited financial statements.

<F1> * Reclassified to conform to 1995 presentation.

Page 5 of 12

CHEMED CORPORATION AND SUBSIDIARY COMPANIES

Notes to Unaudited Financial Statements

1. The accompanying unaudited consolidated financial statements have been prepared in accordance with Rule 10-01 of SEC Regulation S-X. Consequently, they do not include all the disclosures required under generally accepted accounting principles for complete financial statements. However, in the opinion of the management of Chemed Corporation (the "Company"), the financial statements presented herein contain all adjustments (consisting only of normal recurring adjustments) necessary to present fairly the financial position, results of operations and cash flows of the Company and its consolidated subsidiaries ("Chemed"). For further information regarding Chemed's accounting policies, refer to the consolidated financial statements and notes included in Chemed's Annual Report on Form 10-K for the year ended December 31, 1994.
2. Primary earnings per common share are computed using the weighted average number of shares of capital stock outstanding and exclude the dilutive effect of outstanding stock options as it is not material.
3. Following the resolution of various issues pertaining to the Company's accruals for income taxes relative to the sale of DuBois Chemicals Inc. ("DuBois") in 1991, the Company recorded an adjustment of \$1,365,000 (\$901,000 net of federal income taxes) to its state and local income tax provision in the first quarter of 1995. This adjustment is classified as "discontinued operations" in the statement of income.

"Discontinued operations" in 1994 includes a \$1,817,000 aftertax gain on the sale of a portion of the Company's investment in Omnicare, Inc. ("Omnicare") and \$621,000 aftertax equity earnings in Omnicare. Prior to December 1994, Chemed had maintained an equity investment in Omnicare in excess of 20% and, accordingly, had accounted for its investment using the equity method of accounting.

Item 2. Management's Discussion and Analysis
of Financial Condition and Results of Operations

Financial Condition

Marketable securities increased from \$19,517,000 at December 31, 1994 to \$29,540,000 at March 31, 1995. This increase is attributable to the reclassification of an investment in a U.S. Treasury Note, maturing in January 1996, in the amount of \$9,618,000 from noncurrent assets (other investments) to current assets at March 31, 1995. There were no other material changes in the balance sheet since December 31, 1994.

At March 31, 1995 Chemed had approximately \$34.3 million of unused lines of credit with various banks. Management believes its liquidity and sources of capital are satisfactory for the Company's needs in the foreseeable future.

Results of Operations

Sales and service revenues and operating profit from continuing operations by business segment follow (in thousands):

	Three Months Ended March 31,	
	1995	1994
Sales and Service Revenues		
National Sanitary Supply	\$ 80,793	\$ 71,460
Roto-Rooter	43,727	41,536
Veratex	24,858	23,966
Patient Care	20,480	15,107
Total	\$169,858	\$152,069
Operating Profit		
National Sanitary Supply	\$ 1,983	\$ 1,487
Roto-Rooter	3,874	3,526
Veratex	1,451	1,621
Patient Care	856	496
Total	\$ 8,164	\$ 7,130

operating profit as a percent of sales and service revenues for each segment for the first three months of 1995 and 1994 are set forth below:

	Sales and Service Revenues % Increase ----- 1995 vs. 1994 -----	Operating Profit as a % of Sales (Operating Margin) ----- 1995 1994 -----	
National Sanitary Supply	13%	2.5%	2.1%
Roto-Rooter	5	8.9	8.5
Veratex	4	5.8	6.8
Patient Care	36	4.2	3.3
 Total	 12 =====	 4.8 =====	 4.7 =====

Sales of the National Sanitary Supply segment for the first quarter of 1995 increased by 13% over sales for the first quarter of 1994 as most locations recorded double-digit sales gains. These gains were attributable to improved pricing, especially in paper and plastic product categories; the debut of a full-line product catalog; the introduction of proprietary chemicals and equipment; and a stronger economy. In addition, National Sanitary is investing in new sales and training programs which are expected to stimulate sales and earnings growth throughout 1995. As a result of the significant sales growth during 1995, the operating margin of this segment improved from 2.1% during the first quarter of 1994 to 2.5% during the first quarter of 1995.

The sales and service revenue for the Roto-Rooter segment for the first quarter of 1995 totalled \$43,727,000, an increase of 5% over the \$41,536,000 recorded in the first quarter of 1994. Revenues of the drain cleaning business and the plumbing services business for the first quarter of 1995, which together account for approximately 56% of this segment's total revenues, each increased 12% over revenues recorded during the first quarter of 1994. Revenues of the service contract business (Service America) for the first quarter of 1995, which account for approximately one-third of this segment's total revenue, declined by 6% as compared with revenues recorded in the first quarter of 1994. This decrease was attributable to declining sales of Service America's Maintenance and Management subsidiary, which was sold effective March 31, 1995. The sale of this marginally profitable business will allow management to focus its efforts on the core appliance and air conditioning repair and

Page 8 of 12

maintenance business. The operating margin of the Roto-Rooter segment increased from 8.5% during the first quarter of 1994 to 8.9% during the first quarter of 1995 primarily as a result of good cost management during the period.

Sales of the Veratex segment increased 4% in the first quarter of 1995, from \$23,966,000 in the prior year to \$24,858,000 in 1995. The operating margin of this segment declined from 6.8% during the first quarter of 1994 to 5.8% during the comparable quarter of 1995. This decline is attributable to a decline in the gross margin of the retail business, as a result of growing price competition due to

industry market consolidation in the retail segment. The wholesale market segment of Veratex, on the other hand, benefited from price increases which have stabilized its margins during the 1995 period.

Total revenues of the Patient Care segment increased from \$15,107,000 in the first quarter of 1994 to \$20,480,000 in the first quarter of 1995. This 36% revenue increase is primarily attributable to the opening of several new branches in 1994 and the first part of 1995. As a result of the significant revenue growth, the operating margin of this segment increased from 3.3% during the first quarter of 1994 to 4.2% during the 1995 quarter.

Income from operations increased from \$5,670,000 in the first three months of 1994 to \$6,696,000 during the first three months of 1995, largely as a result of higher operating margins in the National Sanitary Supply, Roto-Rooter and Patient Care segments.

Other income--net increased from \$3,129,000 in the first quarter of 1994 to \$5,649,000 in the first quarter of 1995, primarily as a result of larger investment gains recorded in the 1995 period. During the first quarter of 1995 the Company recorded gains on the sales of investments aggregating \$3,732,000 as compared with \$1,643,000 recorded during the first quarter of 1994. Increased interest income, as a result of larger investments in marketable securities during the 1995 period, also contributed to the increase in other income--net.

The effective tax rate declined from 39.7% during the first three months of 1994 to 37.2% during the first three months of 1995, primarily as a result of lower state and local income taxes recorded on investment gains in 1995 as compared with those recorded in 1994.

Income from continuing operations increased from \$3,239,000 aftertax (\$.33 per share) in the 1994 quarter to \$5,385,000 aftertax (\$.55 per share) in the 1995 quarter largely as a result of improved operating performance within most of the

Page 9 of 12

Company's segments coupled with larger investment gains in the 1995 quarter. Investment gains during the 1995 quarter totalled \$2,463,000 aftertax (\$.25 per share) as compared with \$871,000 aftertax (\$.09 per share) during the 1994 quarter.

Net income increased from \$5,677,000 (\$.58 per share) during the first quarter of 1994 to \$6,286,000 (\$.64 per share) during the first quarter of 1995. Discontinued operations for 1994 included \$621,000 equity in the earnings of Omnicare, Inc. ("Omnicare"), which was discontinued in the fourth quarter of 1994 and a \$1,817,000 aftertax gain on the sale on a portion of the Company's investment in Omnicare. Discontinued operations for 1995 included a \$901,000 aftertax adjustment to the tax provision on the gain on the sale of the operations discontinued in 1991.

Page 10 of 12

PART II -- OTHER INFORMATION

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits

Exhibit No.	SK 601 Ref. No.	Description	Page No.
1	(11)	Statement re: Computation of Per Share Earnings	E-1
2	(27)	Financial Data Schedule	E-2

(b) Reports on Form 8-K - None

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Chemed Corporation

(Registrant)

Dated: May 10, 1995

By Naomi C. Dallob

Naomi C. Dallob, Vice
President and Secretary

Dated: May 10, 1995

By Arthur V. Tucker

Arthur V. Tucker
Vice President and
Controller (Principal
Accounting Officer)

CHEMED CORPORATION AND SUBSIDIARY COMPANIES

COMPUTATION OF PER SHARE EARNINGS

(in thousands except per thousands)

EXHIBIT 11

	Income From Continuing Operations		Net Income	
	Three Months Ended March 31,		Three Months Ended March 31,	
	1995	1994	1995	1994

Computation of Earnings Per Common

<F2>

and Common Equivalent Share (a):

Reported Income	\$ 5,385	\$ 3,239	\$ 6,286	\$ 5,677
	=====	=====	=====	=====
Average number of shares used to compute earnings per common share	9,863	9,824	9,863	9,824
Effect of unexercised stock options	34	59	34	59
	-----	-----	-----	-----
Average number of shares used to compute earnings per common and common equivalent share	9,897	9,883	9,897	9,883
	=====	=====	=====	=====
Earnings per common and common equivalent share	\$.54	\$.33	\$.64	\$.57
	=====	=====	=====	=====

Computation of Earnings Per

Common Share Assuming

<F2>

Full Dilution (a):

Reported Income	\$ 5,385	\$ 3,239	\$ 6,286	\$ 5,677
	=====	=====	=====	=====
Average number of shares used to compute earnings per common share	9,863	9,824	9,863	9,824
Effect of unexercised stock options	34	61	34	61
	-----	-----	-----	-----
Average number of shares used to compute earnings per common share assuming full dilution	9,897	9,885	9,897	9,885
	=====	=====	=====	=====
Earnings per common share assuming full dilution	\$.54	\$.33	\$.64	\$.57
	=====	=====	=====	=====

<F2>

(a) This calculation is submitted in accordance with Regulation S-K Item 601 (b) (11) although it is not required by APB Opinion

No. 15 because it results in dilution of less than 3%.

<ARTICLE> 5

<LEGEND>

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM FORM 10-Q
FOR THE QUARTER ENDED MARCH 31, 1995 FOR CHEMED CORPORATION AND IS QUALIFIED IN
ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

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