



# CHEMED

CHEMED CORPORATION

Results as of March 31, 2020



# 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.

# Cumulative Results Since the VITAS Acquisition

For the years ended December 31, 2003 through 2019

	(1)	(2)	(3)
	CAGR		
	One	Three	Sixteen
	Year	Year	Year
<b>Chemed</b>			
(1) Service revenues and sales	8.7%	7.1%	13.4%
(2) Adj. net income	15.0%	23.8%	23.5%
(3) Adj. diluted EPS from continuing operations	16.9%	24.4%	24.9%
<b>Roto-Rooter</b>			
(4) Service revenues and sales	12.4%	13.2%	5.9%
(5) Adj. net income	11.1%	27.7%	14.2%
<b>VITAS</b>			
(6) Service revenues and sales	7.0%	4.5%	6.9%
(7) Adj. net income	17.8%	22.0%	14.1%

(a) VITAS was acquired in February 2004

# Chemed – Purchase of Capital Stock

For the Period January 1, 2007, through March 31, 2020

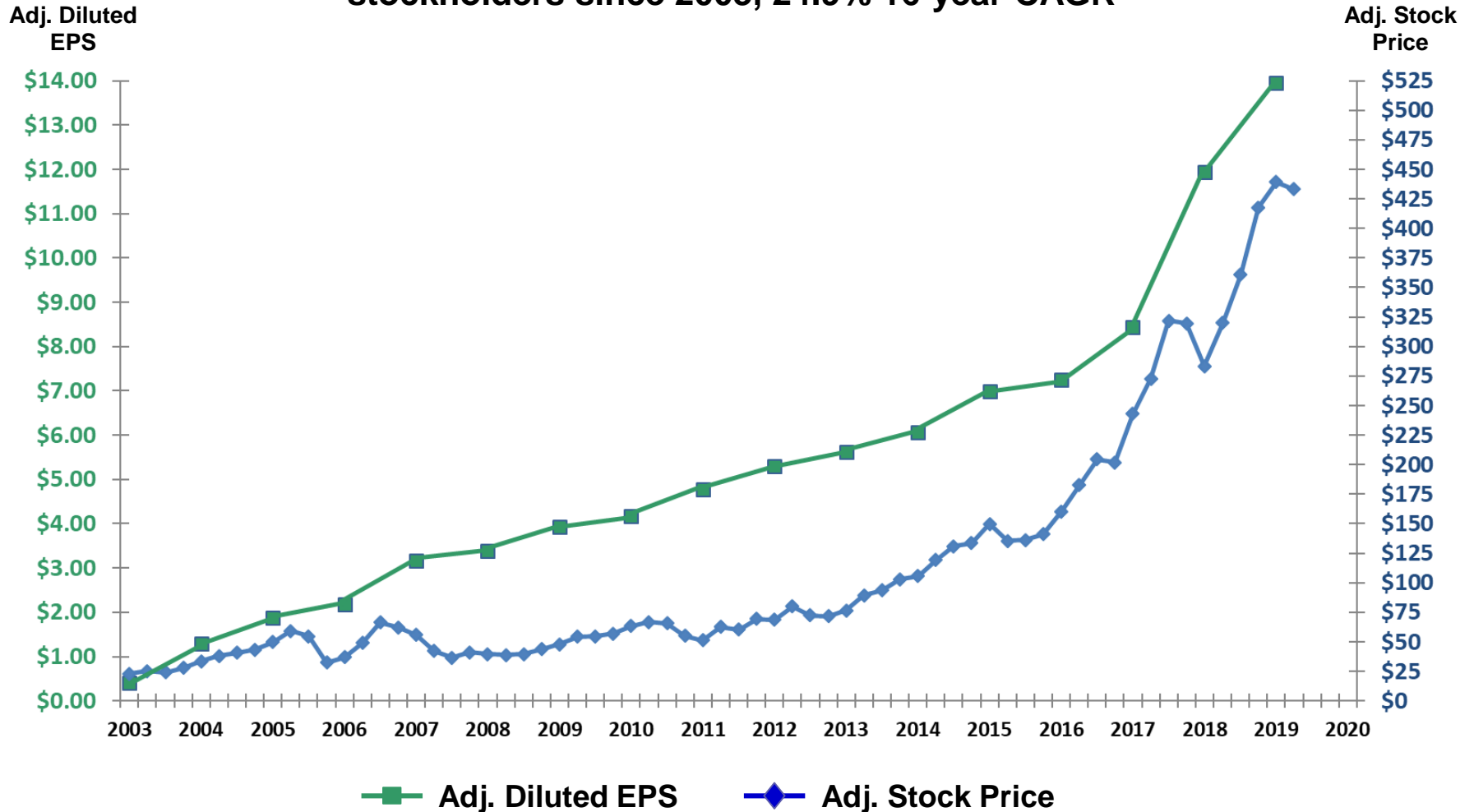
	(1)	(2)	(3)	(4)
	Shares Repurchased	Dividends	Total Returned to Shareholders	Free Cash Flow Generated (1)
(1) Activity in 2007	\$ 127,881,453	\$ 5,888,000	\$ 133,769,453	72,944,000
(2) Activity in 2008	67,125,500	5,543,000	72,668,500	85,989,000
(3) Activity in 2009	741,726	8,157,000	8,898,726	139,336,000
(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	92,630,812	19,788,000	112,418,812	301,249,000
(14) Activity in 2020	100,234,917	5,130,000	105,364,917	89,326,000
(15) Cumulative Activity 2007 - 2020 (2)	<u>\$ 1,315,163,516</u>	<u>\$ 178,431,000</u>	<u>\$ 1,493,594,516</u>	<u>\$ 1,734,162,000</u>

(1) Net cash provided by operating activities.

(2) 14.4 million shares repurchased at an average cost of \$91.56.

# Adj. EPS<sup>(1)</sup> and Stock Price<sup>(2)</sup> History

Chemed has delivered strong and consistent EPS to stockholders since 2003, 24.9% 16-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 – Consolidated Summary of Operations

For the years ended December 31, 2003 through 2019  
(in thousands, except per share data)

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
	2003	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	Average Annual Inc./(Dec.)
(1) Service Revenues and Sales (a)	\$ 260,776	\$ 1,190,236	\$ 1,280,545	\$ 1,355,970	\$ 1,430,043	\$ 1,413,329	\$ 1,456,282	\$ 1,543,388	\$ 1,576,881	\$ 1,666,724	\$ 1,782,648	\$ 1,938,555	13.4%
(2) EBITDA (c)	30,366	157,827	172,275	181,157	188,059	168,206	201,541	217,270	215,407	156,814	283,453	311,349	15.7%
(3) Adj. EBITDA (c)	25,118	177,050	189,395	197,273	201,455	206,850	212,562	235,931	236,979	268,459	305,506	350,927	17.9%
(4) Net Income (GAAP)	11,188	73,784	81,831	85,979	89,304	77,227	99,317	110,274	108,743	98,177	205,544	219,923	20.5%
(5) Adj. Net Income (c)	7,894	89,289	95,961	100,030	102,317	104,372	107,731	121,667	121,487	141,054	200,374	230,473	23.5%
(6) Diluted EPS (GAAP)	0.56	3.24	3.55	4.10	4.62	4.16	5.57	6.33	6.48	5.86	12.23	13.31	21.9%
(7) Adj. Diluted EPS (c)(d)	0.40	3.93	4.17	4.78	5.29	5.62	6.07	6.98	7.24	8.43	11.93	13.95	24.9%
(8) Diluted Average Shares Outstanding	19,908	22,742	23,031	20,945	19,339	18,585	17,738	17,422	16,789	16,742	16,803	16,527	(1.2%)

(a) Continuing operations

(b) Restated for the retrospective adoption of FASB Staff Position No. APB 14-1, "Accounting for Convertible Debt Instruments that May Be Settled in Cash upon Conversion (Including Partial Cash Settlement)," effective January 1, 2009

(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)	(4)	(5)	(6)
	Full-Year Results			Three Months Ended March 31,		
	2018	2019	Fav/(Unfav) % Growth	2019	2020	Fav/(Unfav) % Growth
(1) Service Revenues and Sales	\$1,782,648	\$1,938,555	8.7%	\$ 462,034	\$ 515,798	11.6%
(2) Adj. EBITDA (a)	305,506	350,927	14.9%	74,798	93,029	24.4%
(3) Adj. EBITDA Margin (a)	17.1%	18.1%	1.0 pts.	16.2%	18.0%	1.8 pts.
(4) Adj. Net Income (a)	200,374	230,473	15.0%	48,175	60,715	26.0%
(5) Adj. Diluted EPS (a) (b)	11.93	13.95	16.9%	2.92	3.68	26.0%
(6) Capital Expenditures	52,872	53,022	(0.3%)	13,866	19,897	(43.5%)

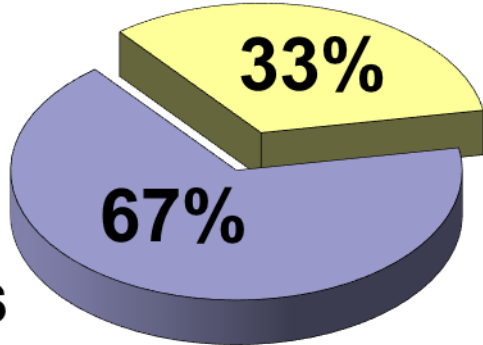
(a) See footnote (b) below and the Appendix at the back of this presentation for reconciliation from GAAP reported results to adjusted (non-GAAP) results.

(b) 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.

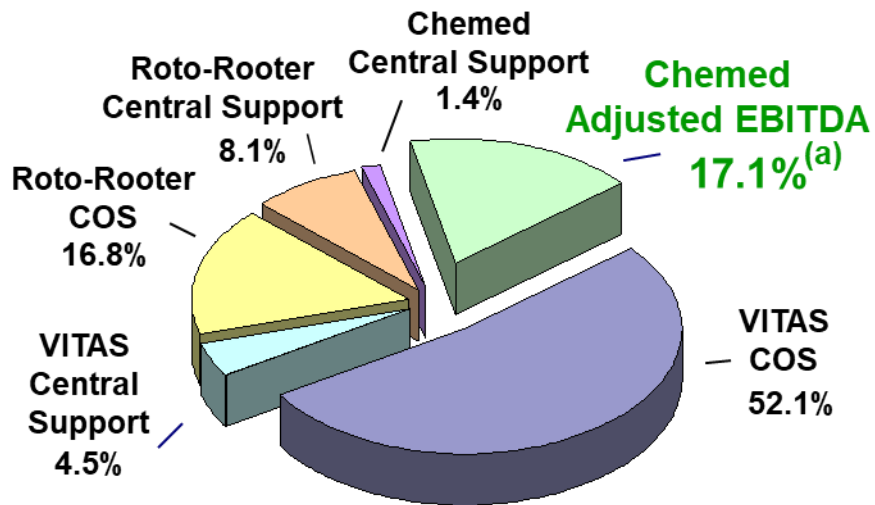
# Chemed Corporation Revenue

2018

Roto-Router

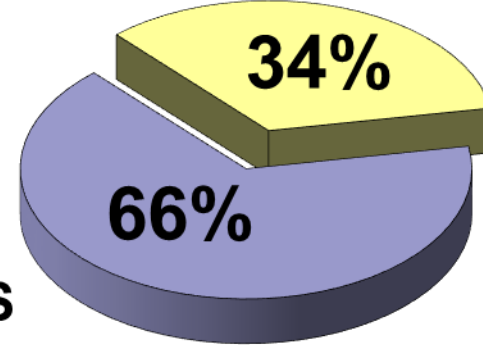


VITAS

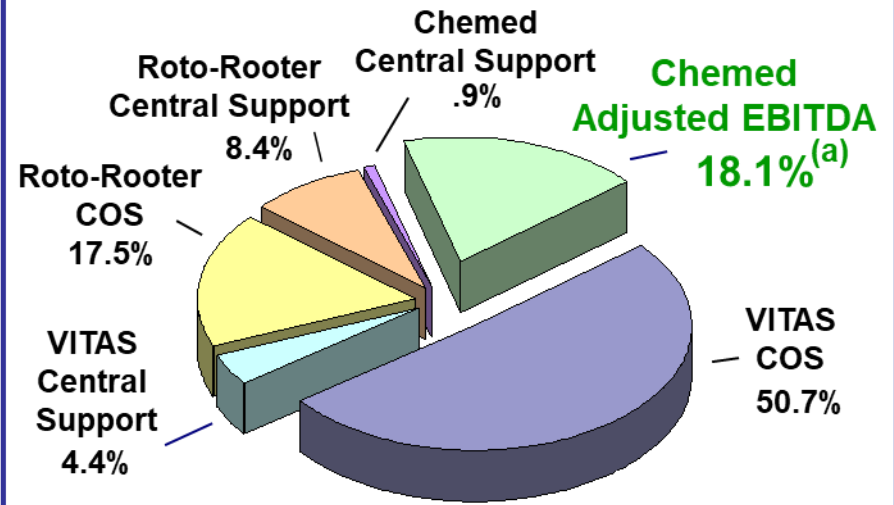


2019

Roto-Router



VITAS



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



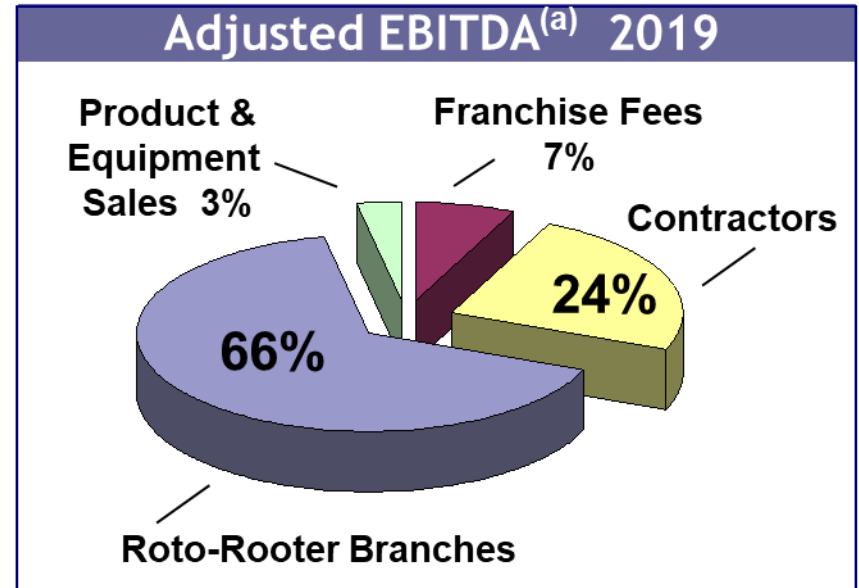
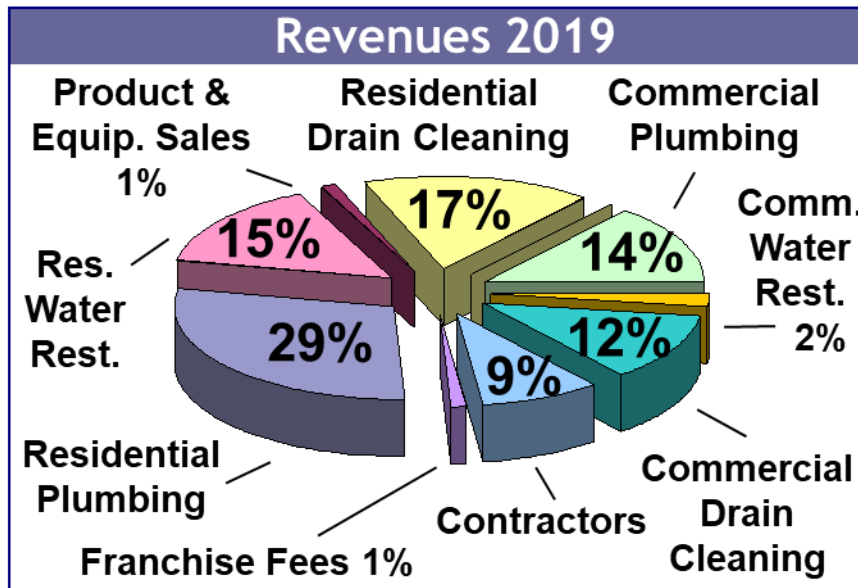


***ROTO-  
ROOTER***®

**PLUMBING &  
WATER CLEANUP**

# Roto-Rooter Company Overview

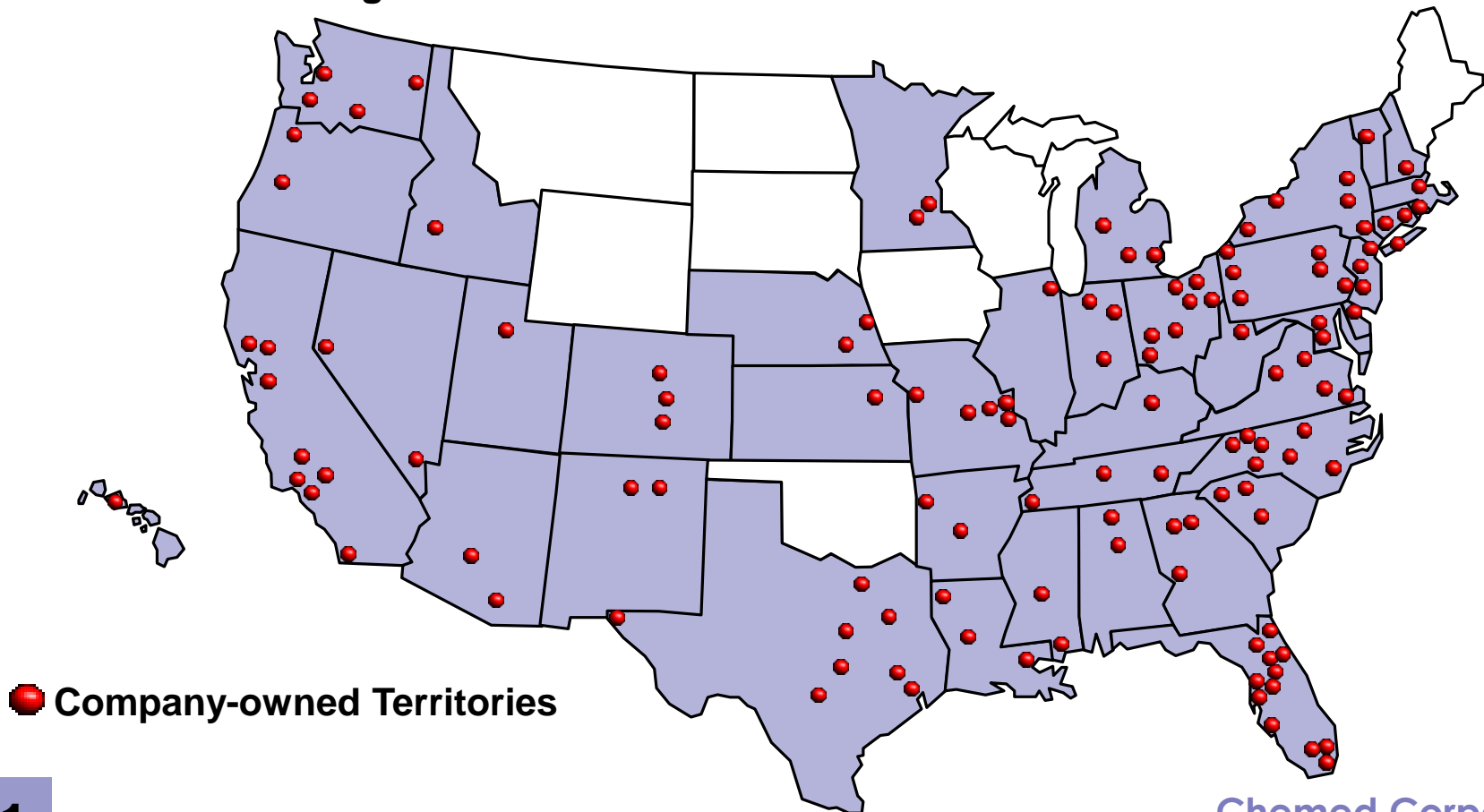
- ◆ Largest provider of plumbing and drain cleaning services in North America
  - ▶ Provides plumbing services to approximately 90% of the United States and 40% of the Canadian population
- ◆ Provides plumbing and drain cleaning services in more than 130 company-owned territories and approximately 365 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 61% 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

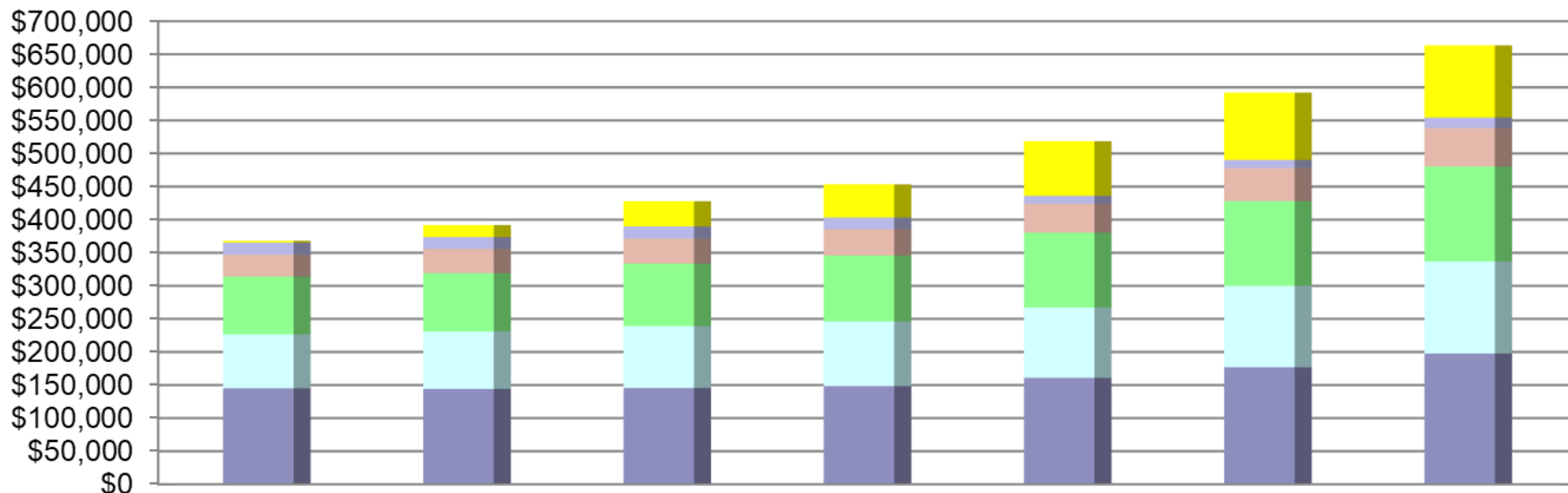
# Chemed Growth Strategy – Roto-Rooter

- ◆ Continue to increase efficiency
- ◆ Acquire franchisee territories at reasonable valuations
  - ▶ \$75 - \$100 million in franchise street sales in desirable markets
  - ▶ Purchase at 6-8 times Proforma Adjusted EBITDA
  - ▶ Minimal capital expenditure
- ◆ Focus on earnings and cash flow



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

2013	2014	2015	2016	2017	2018(a)	2019(a)
\$368,216	\$392,077	\$427,837	\$453,564	\$518,464	\$592,007	\$663,561



- Drain Cleaning & Misc.
- Excavation
- Franchise Fees & Product Sales
- Plumbing
- Contractors
- Water Restoration

(a) 2018 and 2019 reflect 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 2019

(in thousands, except percentages)

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
	2004	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	Average Annual Inc./(Dec.)
(1) Service Revenues and Sales (a)	\$ 276,611	\$ 335,893	\$ 354,735	\$ 369,698	\$ 363,006	\$ 368,216	\$ 392,077	\$ 427,837	\$ 453,564	\$ 518,464	\$ 585,086	\$ 657,371	5.9%
(2) EBITDA (b)	38,314	61,780	59,369	64,948	58,751	56,398	79,221	91,911	100,946	123,194	146,896	159,325	10.0%
(3) Adj. EBITDA (b)	42,355	59,862	58,516	64,176	58,232	70,936	75,110	87,614	96,312	116,670	140,544	155,759	9.1%
(4) Adj. EBITDA Margin (b)	15.3%	17.8%	16.5%	17.4%	16.0%	19.3%	19.2%	20.5%	21.2%	22.5%	24.0%	23.7%	n.a.
(5) Net Income (GAAP)	18,795	33,040	31,678	34,879	30,905	29,243	42,075	48,573	52,893	73,299	98,711	103,710	12.1%
(6) Adj. Net Income (b)	21,044	33,574	32,960	36,260	32,276	39,845	42,093	48,680	52,921	65,667	99,114	110,092	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)	(4)	(5)	(6)
	Full-Year Results			Three Months Ended March 31,		
	2018	2019	Fav/(Unfav) % Growth	2019	2020	Fav/(Unfav) % Growth
(1) Service Revenues and Sales	\$ 585,086	\$ 657,371	12.4%	\$ 155,253	\$ 177,882	14.6%
(2) Net Income (GAAP)	98,711	103,710	5.1%	22,986	24,322	5.8%
(3) Adj. EBITDA (a)	140,544	155,759	10.8%	33,500	40,017	19.5%
(4) Adj. EBITDA Margin (a)	24.0%	23.7%	(0.3) pts.	21.6%	22.5%	0.9 pts.
(5) Adj. EBIT (a)	121,528	130,765	7.6%	28,036	31,680	13.0%
(6) Adj. EBIT Margin (a)	20.8%	19.9%	(0.9) pts.	18.1%	17.8%	(0.3) pts.
(7) Capital Expenditures	26,915	26,814	0.4%	7,645	6,720	12.1%

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

# 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
- ▶ Share buy-back, increased dividends

## ◆ Roto-Router Divestiture Considerations:

- ▶ 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 long-term stockholder value



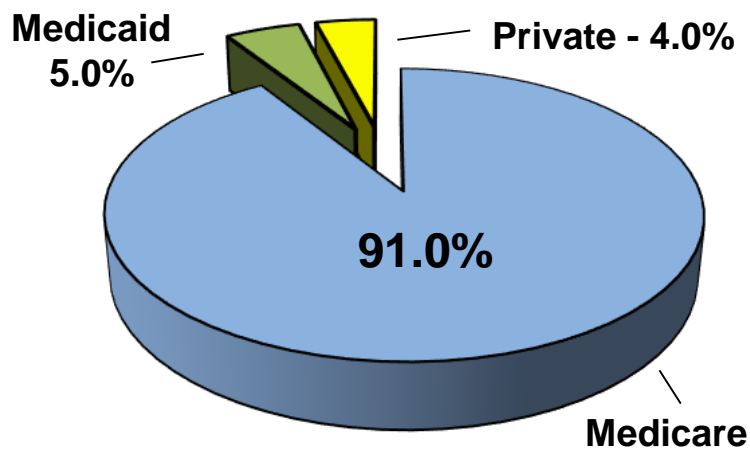
**VITAS**<sup>®</sup>  
Healthcare



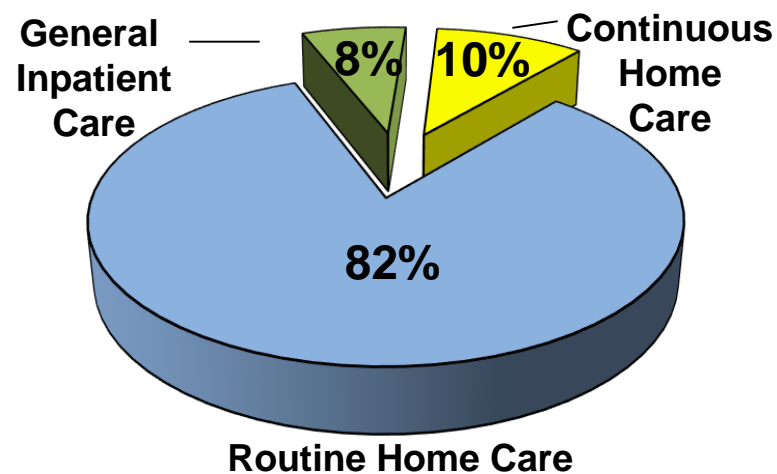
# VITAS Healthcare Company Overview

- ◆ 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 48 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: \$338 million (Q1 2020)
  - ▶ Average daily census per established program: approximately 400 ADC, largest approximately 2,000 (Q1 2020)
  - ▶ Average length of stay: 90.7 (Q1 2020)
- ◆ Approximately 12,300 employees, including approximately 5,000 nurses (Q1 2020)

## Revenue by Payer - 2019

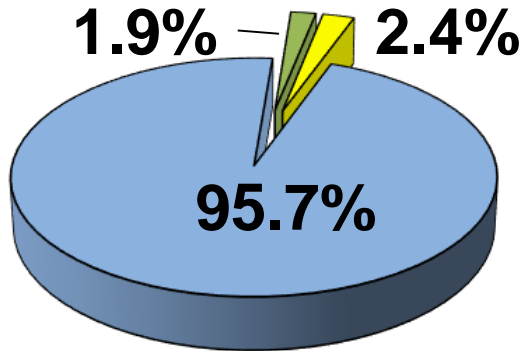


## Revenues - 2019



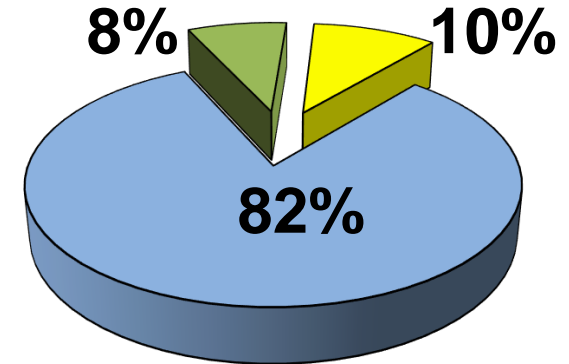
# VITAS – Analysis of Revenue

Days of Care - 2019

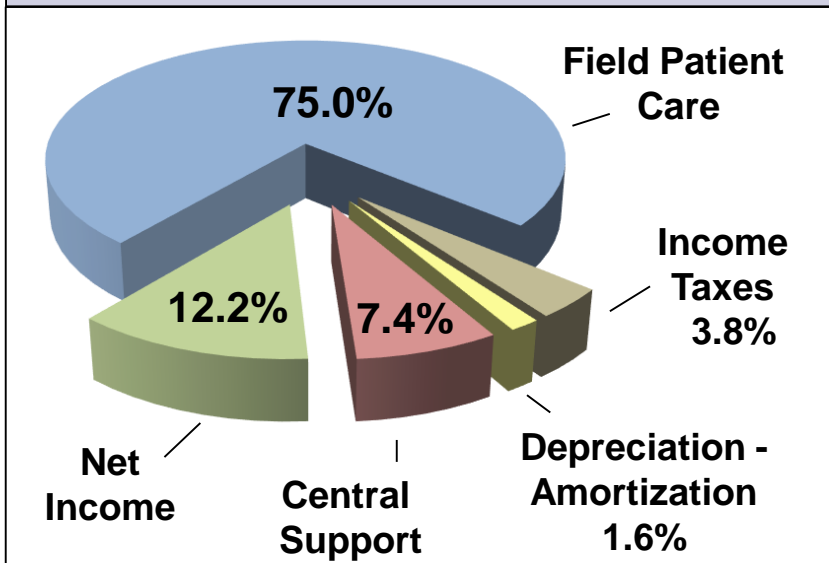


- Routine Home Care
- General Inpatient Care
- Continuous Home Care

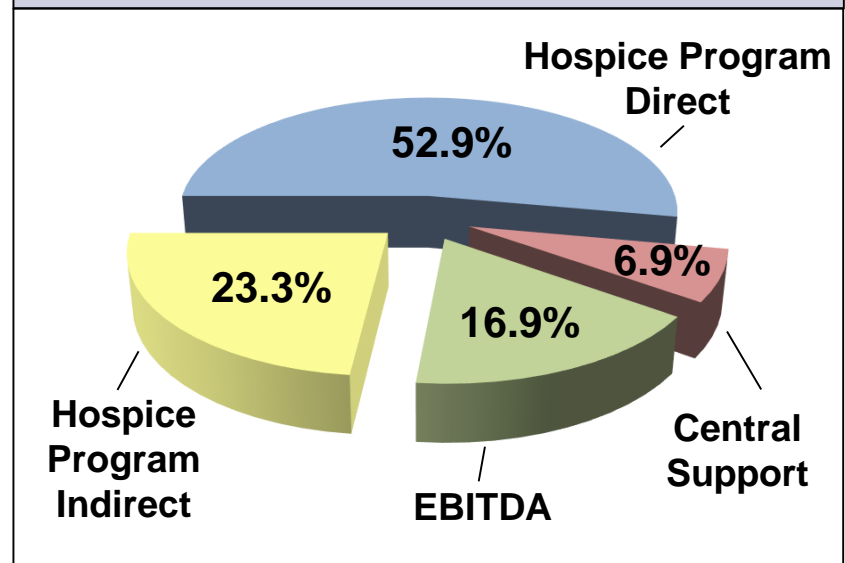
Revenues - 2019



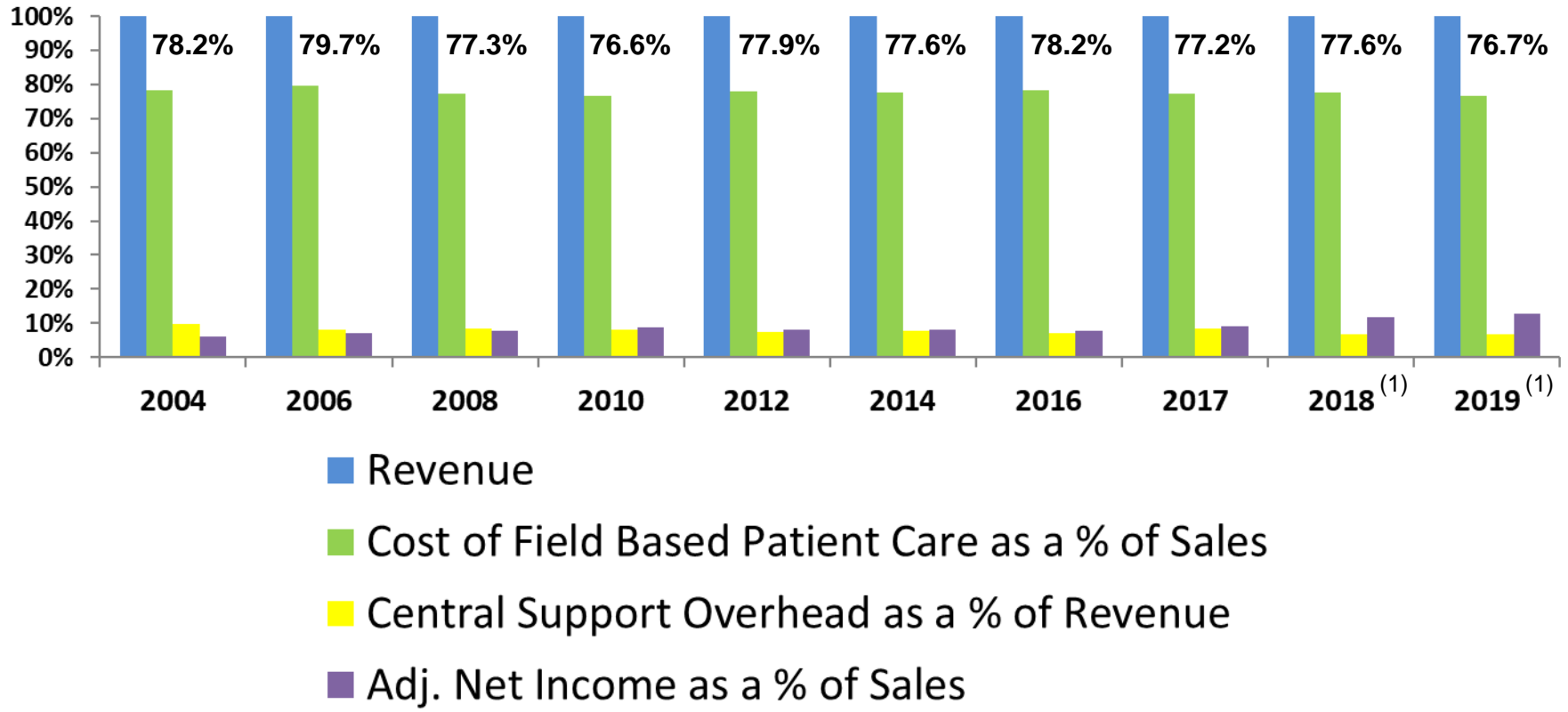
Revenue and Expenses - 2019



Adjusted EBITDA - 2019

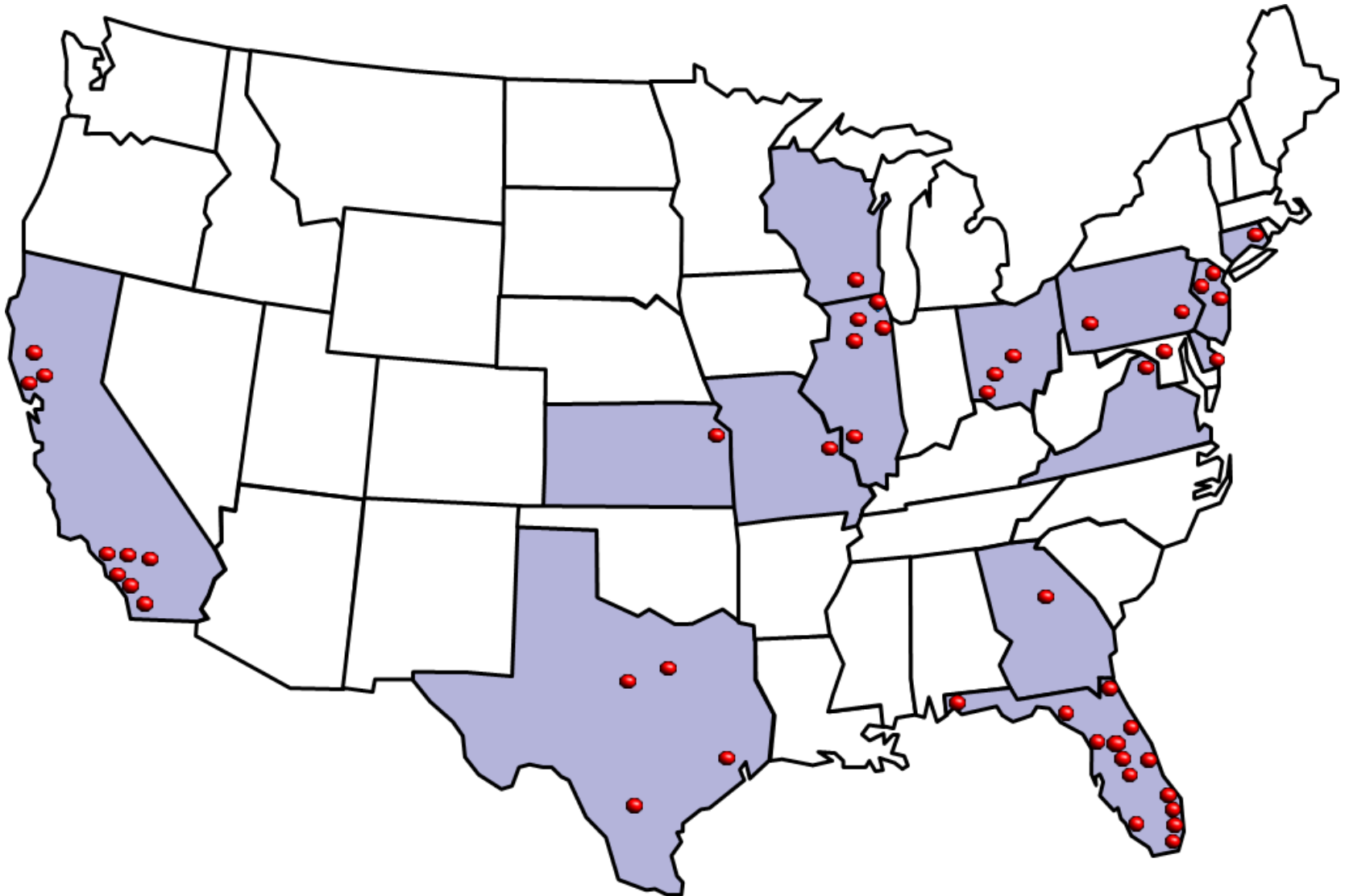


# VITAS – Operations as a Percent of Revenue



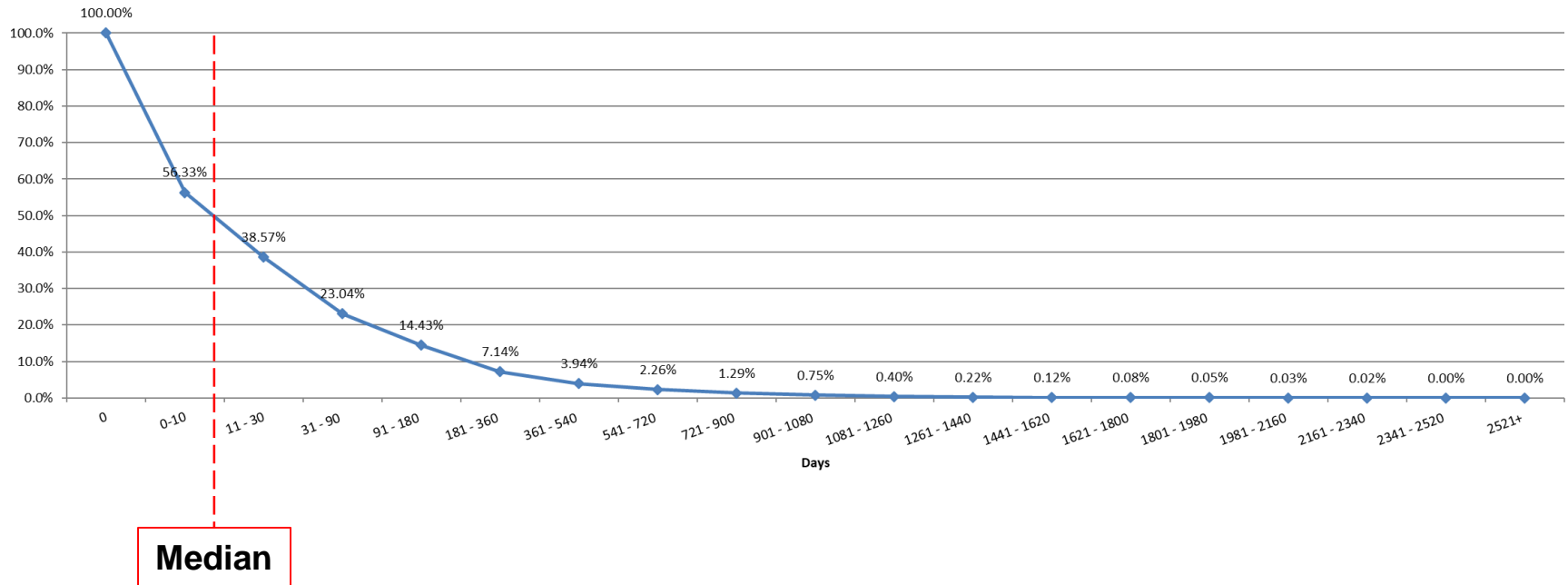
(1) 2018 and 2019 include the impact of the new revenue recognition accounting standard. Prior periods are not restated for the 2018 revenue recognition accounting standard.

# VITAS – Locations (as of March 31, 2020)



# VITAS 2019 Discharge Rate – Total

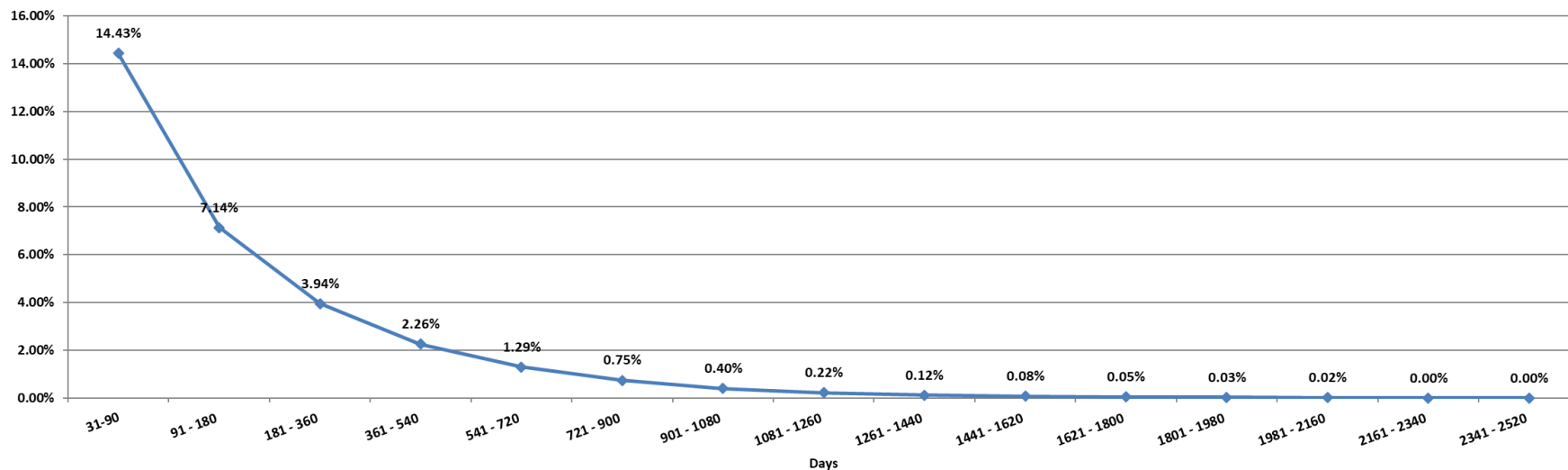
Population: 68,857 patients (MLOS 16)



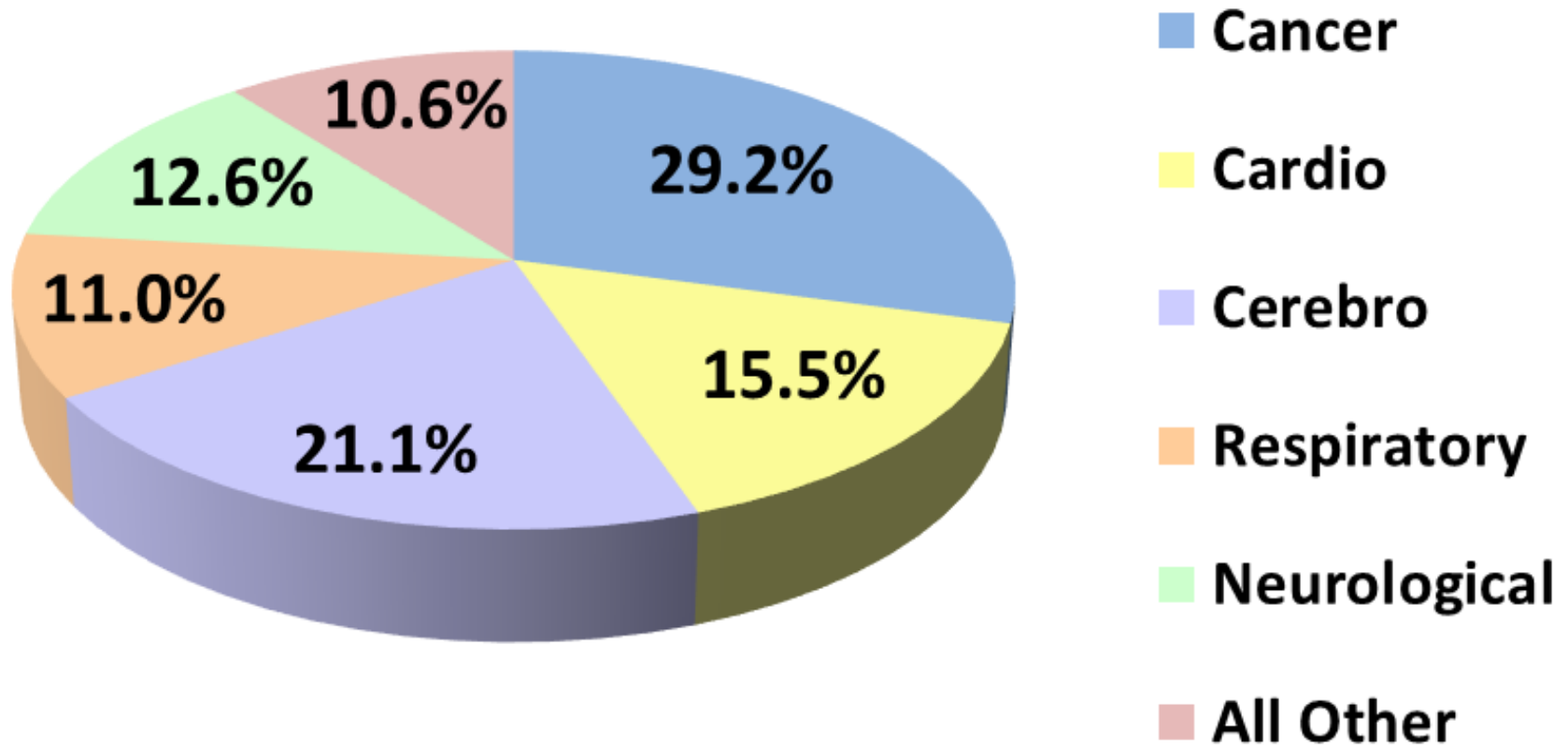
# VITAS 2019 Discharge Rate – Total

## After 180 Days

Population: 9,934 patients

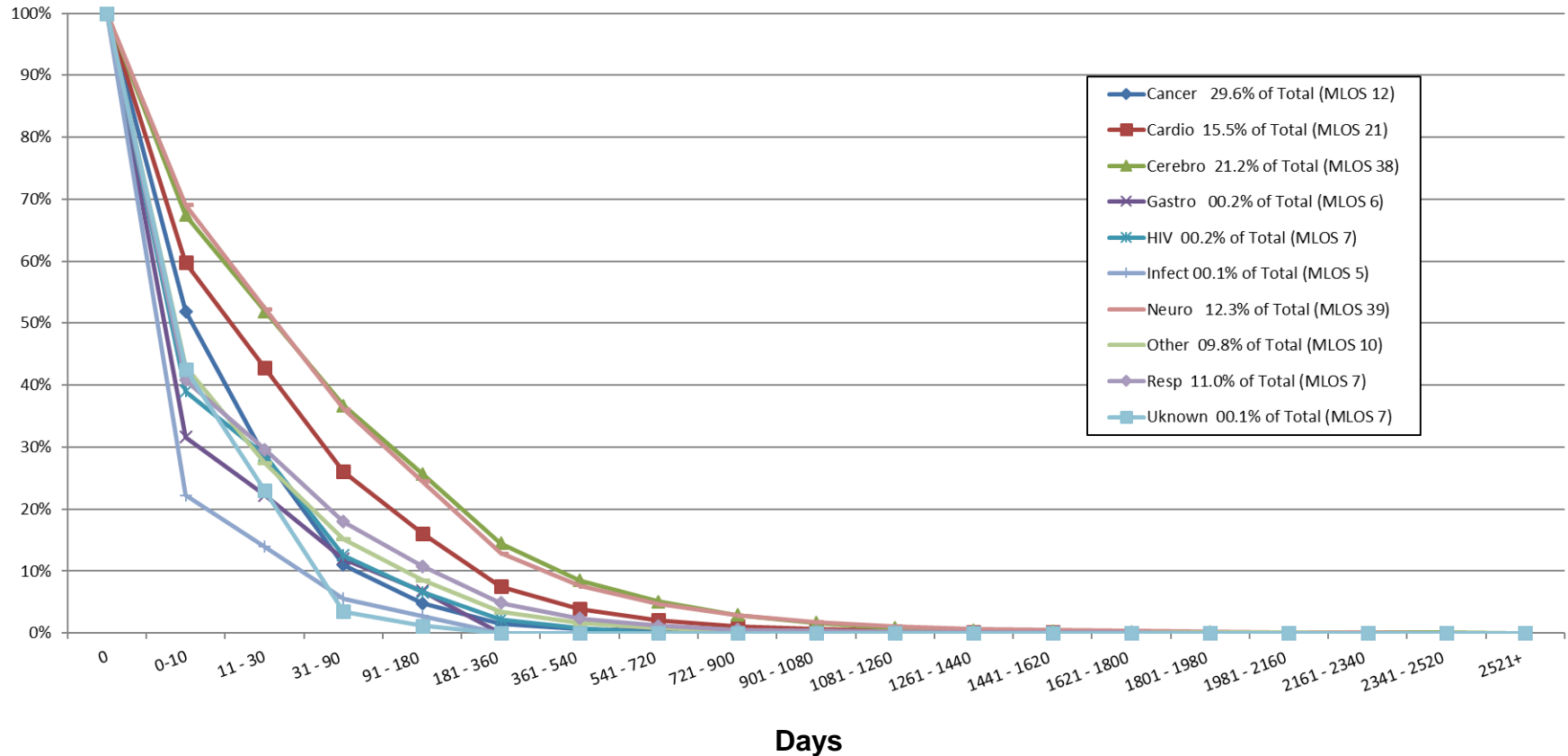


# VITAS Admissions by Diagnosis - 2019



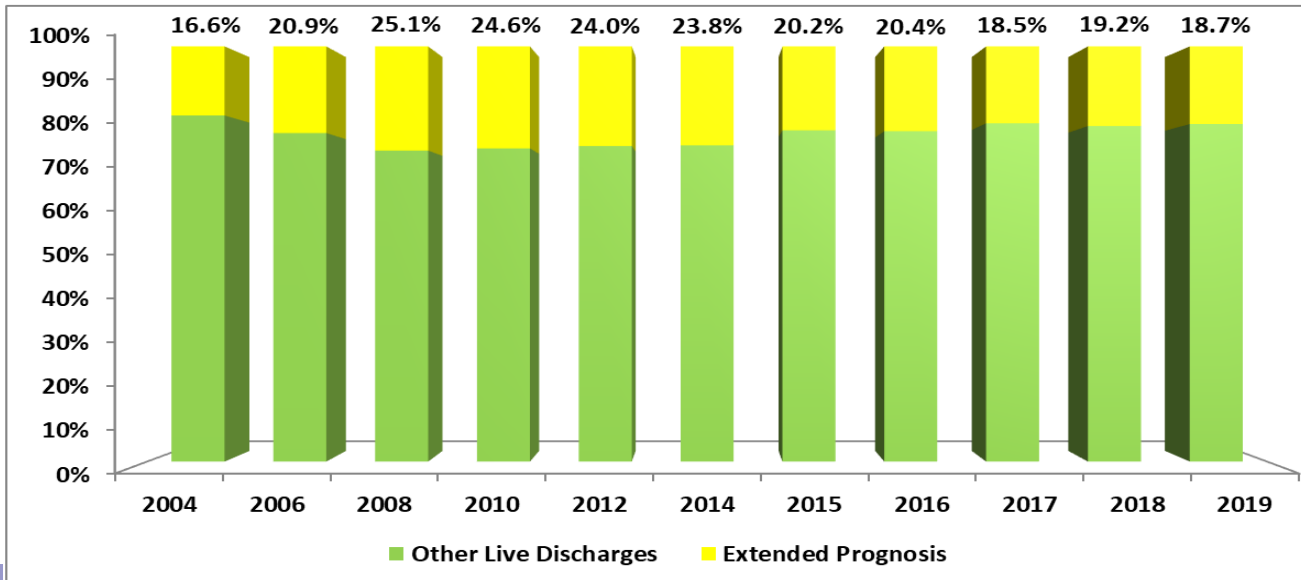
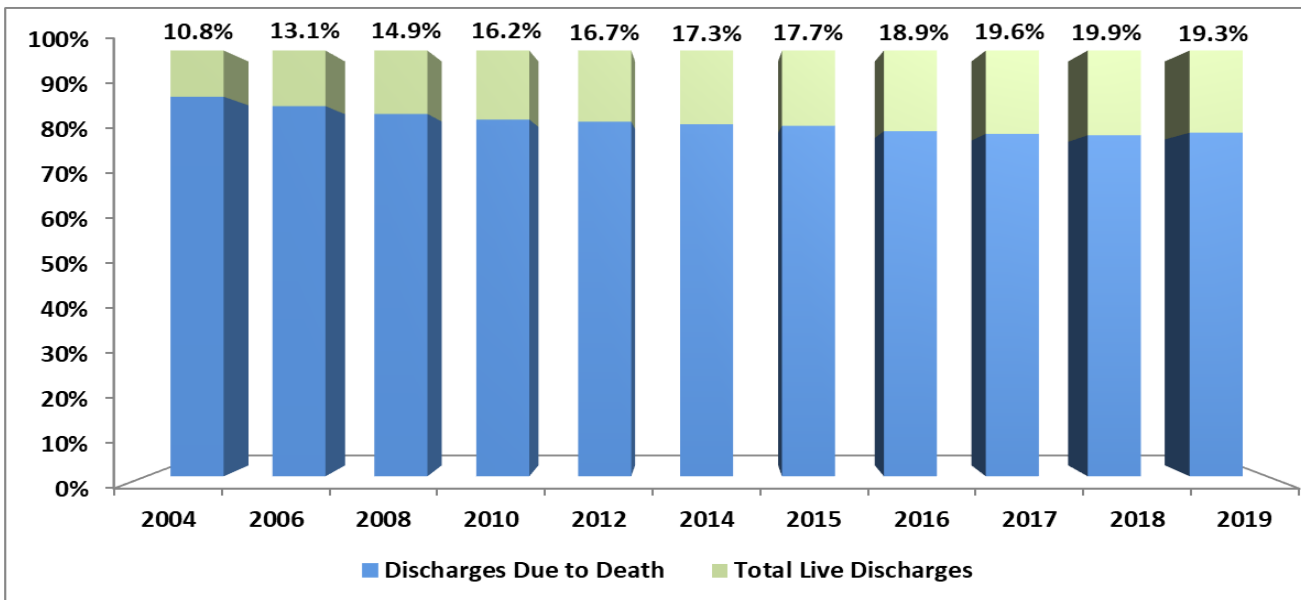
# VITAS 2019 Discharge Rate – All Diagnosis

Population: 68,857



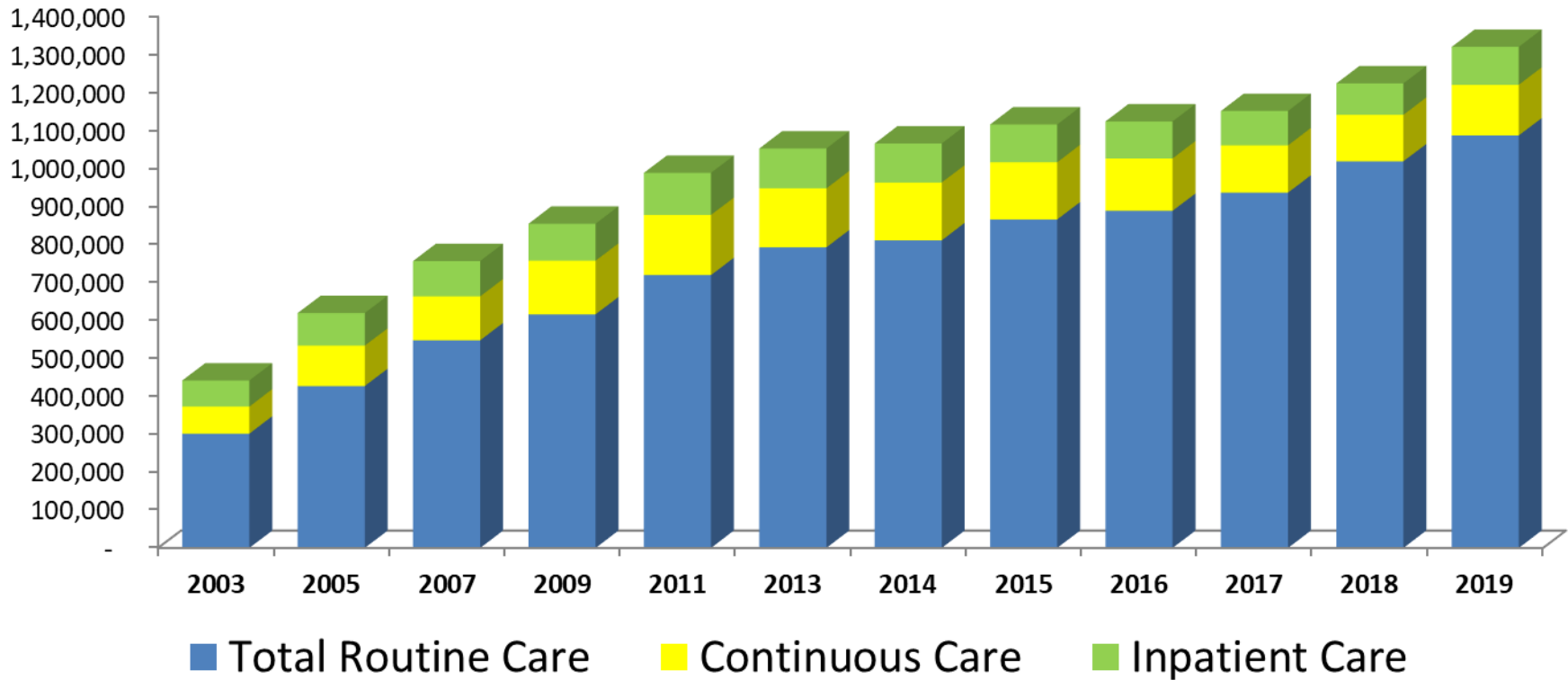


# Analysis of VITAS Discharges 2004-2019



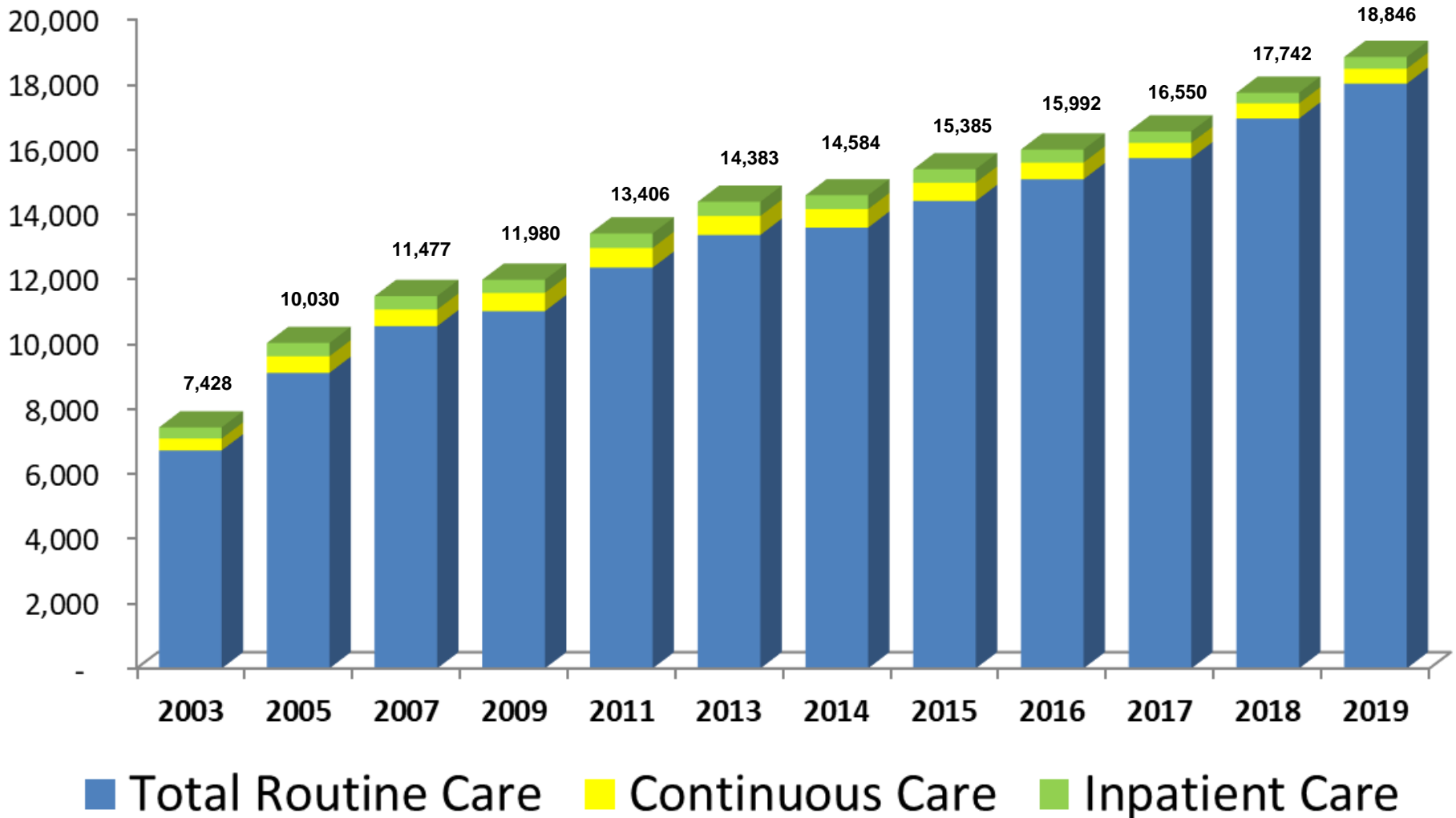
# VITAS Analysis of Gross Revenue By Level of Care

2003 through 2019  
(\$000)



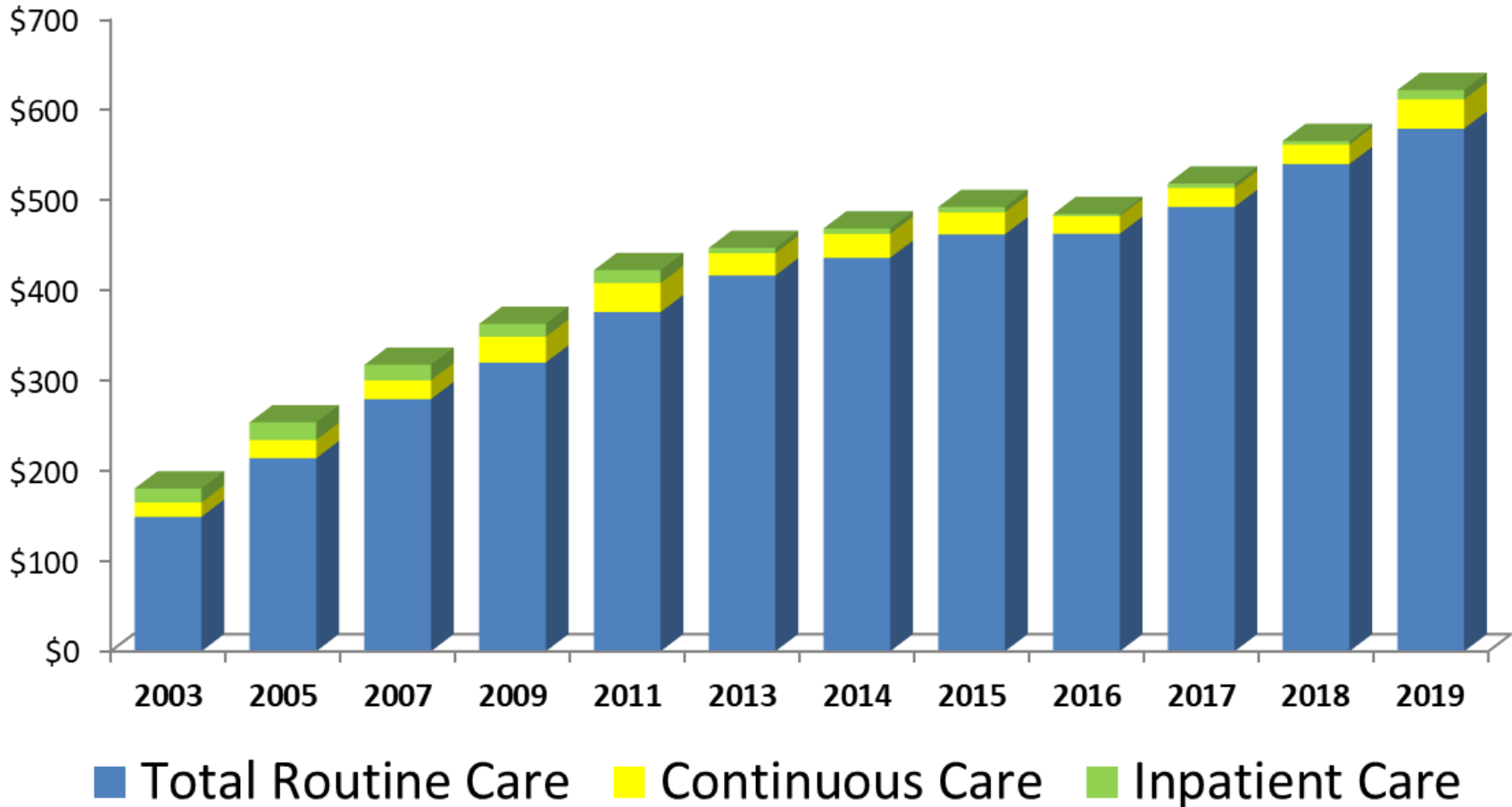
# VITAS Analysis of Average Daily Census (ADC)

2003 through 2019



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

2003 through 2019 (in millions)



# VITAS – Summary of Operations<sup>(a)</sup>

## For The Years Ended December 31, 2004 through 2019

(in thousands, except percentages)

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
	2004	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	Average Annual Inc./ (Dec.)
(1) Service Revenues and Sales	\$ 531,136	\$ 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	\$ 1,281,184	6.0%
(2) EBITDA (b)	65,685	146,652	147,243	158,251	142,770	158,719	169,768	156,172	92,899	199,568	224,757	8.5%
(3) Adj. EBITDA (b)	64,553	143,656	144,944	156,289	151,156	155,449	167,498	159,393	172,401	188,764	216,880	8.4%
(4) Adj. EBITDA Margin (b)	12.2%	15.5%	14.7%	14.6%	14.5%	14.6%	15.0%	14.2%	15.0%	15.8%	16.9%	n.a.
(5) Net Income (GAAP)	33,052	79,796	80,358	86,577	76,144	86,186	93,346	84,961	57,645	138,846	155,822	10.9%
(6) Adj. Net Income (b)	32,961	80,465	81,186	87,338	84,023	87,585	96,418	91,190	103,121	140,710	163,752	11.3%
(7) Adj. Net Income as a percent of Sales	6.2%	8.7%	8.2%	8.2%	8.0%	8.2%	8.6%	8.1%	9.0%	11.7%	12.8%	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 – Operating Results<sup>(a)</sup>

(in thousands, except percentages)

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
	2003 (b)	2004 (b)	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	Average Annual Inc./(Dec.)
(1) Net Service Revenue	\$ 441,017	\$ 531,136	\$ 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	\$ 1,281,184	6.9%
(2) Cost of field patient care	\$ 345,189	\$ 415,341	\$ 709,094	\$ 766,732	\$ 831,321	\$ 813,600	\$ 825,739	\$ 862,587	\$ 878,092	\$ 886,062	\$ 929,306	\$ 982,056	6.8%
(3) Gross profit	\$ 95,828	\$ 115,795	\$ 216,716	\$ 219,540	\$ 235,716	\$ 231,513	\$ 238,466	\$ 252,964	\$ 245,225	\$ 262,198	\$ 268,256	\$ 299,128	7.4%
(4) Selling and G&A expenses	\$ 53,526	\$ 51,266	\$ 74,531	\$ 76,357	\$ 81,188	\$ 82,969	\$ 85,183	\$ 89,879	\$ 92,550	\$ 95,215	\$ 80,969	\$ 86,345	3.0%
(5) Depreciation & amortization	\$ 9,285	\$ 10,149	\$ 18,124	\$ 17,821	\$ 18,349	\$ 19,534	\$ 19,049	\$ 19,547	\$ 19,090	\$ 18,630	\$ 19,700	\$ 20,055	4.9%
(6) Other operating expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,500	\$ -	\$ -	\$ 4,491	\$ 85,614	\$ 1,130	\$ 6,546	n.a
(7) Income from operations	\$ 33,017	\$ 54,380	\$ 124,061	\$ 125,362	\$ 136,179	\$ 118,510	\$ 134,234	\$ 143,538	\$ 129,094	\$ 62,739	\$ 166,457	\$ 186,182	11.4%
(8) EBITDA	\$ 42,986	\$ 65,685	\$ 146,652	\$ 147,243	\$ 158,251	\$ 142,770	\$ 158,719	\$ 169,768	\$ 156,172	\$ 92,899	\$ 199,568	\$ 224,757	10.9%
(9) Adjusted EBITDA	\$ 42,302	\$ 64,553	\$ 143,656	\$ 144,944	\$ 156,289	\$ 151,156	\$ 155,449	\$ 167,498	\$ 159,393	\$ 172,401	\$ 188,764	\$ 216,880	10.8%
<b>Percent of Sales</b>													
(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%
(11) Cost of field patient care	78.3%	78.2%	76.6%	77.7%	77.9%	77.8%	77.6%	77.3%	78.2%	77.2%	77.6%	76.7%	
(12) Gross profit	21.7%	21.8%	23.4%	22.3%	22.1%	22.2%	22.4%	22.7%	21.8%	22.8%	22.4%	23.3%	
(13) Selling and G&A expenses	12.1%	9.7%	8.1%	7.7%	7.6%	7.9%	8.0%	8.1%	8.2%	8.3%	6.8%	6.7%	
(14) Depreciation & amortization	2.1%	1.9%	2.0%	1.8%	1.7%	1.9%	1.8%	1.8%	1.7%	1.6%	1.6%	1.6%	
(15) Other operating expense	0.0%	0.0%	0.0%	0.0%	0.0%	1.0%	0.0%	0.0%	0.4%	7.5%	0.1%	0.5%	
(16) Income from operations	7.5%	10.2%	13.4%	12.7%	12.8%	11.3%	12.6%	12.9%	11.5%	5.5%	13.9%	14.5%	
(17) EBITDA	9.7%	12.4%	15.8%	14.9%	14.8%	13.7%	14.9%	15.2%	13.9%	8.1%	16.7%	17.5%	
(18) Adjusted EBITDA	9.6%	12.2%	15.5%	14.7%	14.6%	14.5%	14.6%	15.0%	14.2%	15.0%	15.8%	16.9%	

(a) Continuing operations

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

# VITAS – Results from Continuing Operations

## (\$000)

	(1)	(2)	(3)	(4)	(5)	(6)
	Full-Year Results			Three Months Ended March 31,		
	2018	2019	Fav/(Unfav) % Growth	2019	2020	Fav/(Unfav) % Growth
(1) Service Revenues Before Medicare Cap	\$ 1,201,685	\$ 1,293,599	7.6%	\$ 310,181	\$ 340,416	9.7%
(2) Medicare Cap	(4,123)	(12,415)	(201.1%)	(3,400)	(2,500)	26.5%
(3) Net Service Revenues and Sales	\$ 1,197,562	\$ 1,281,184	7.0%	\$ 306,781	\$ 337,916	10.1%
(4) Adj. Net Income (a)	\$ 140,710	\$ 163,752	16.4%	\$ 34,640	\$ 42,508	22.7%
(5) Adj. EBITDA (a)	188,764	216,880	14.9%	46,319	57,749	24.7%
(6) Adj. EBITDA Margin (a)	15.8%	16.9%	1.1 pts.	15.1%	17.1%	2.0 pts.
(7) Capital Expenditures	25,829	25,208	2.4%	6,221	7,953	(27.8%)

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

# 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%\*
- ◆ 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)
	2016 (d)				2017 (d)				2018				2019				2020
Operating Metrics	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
(1) Average Daily Census (ADC)	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	18,681	19,086	19,258	19,215
(2) Admissions	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	17,491	17,131	17,479	18,603
(3) Discharges	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	17,008	16,951	17,575	18,196
(4) Average Length of Stay (ALOS) (Days)	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	91.1	92.6	95.2	90.7
(5) Median Length of Stay (Days)	15	16	16	16	15	16	16	16	15	17	18	17	15	16	17	16	14
(6) Total Revenue Before Medicare Cap Reduction (\$000)	\$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	\$315,948	\$323,065	\$344,405	\$340,416
(7) Medicare Cap Reduction	\$0	\$0	(\$228)	\$0	\$0	(\$247)	\$0	(\$2,435)	\$1,818	(\$536)	(\$1,950)	(\$3,454)	(\$3,400)	(\$3,198)	(\$1,317)	(\$4,500)	(\$2,500)
(8) Revenue After Medicare Cap Reduction (\$000)	\$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	\$312,750	\$321,748	\$339,905	\$337,916
(9) % Routine Home Care	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%	82.7%	83.2%	78.5%	78.1%
(10) % InPatient	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%	7.1%	7.1%	8.8%	9.3%
(11) % Continuous Care	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%	9.5%	8.9%	11.7%	11.7%
(12) % Other	-	-	-	-	-	-	-	-	(1.2%)	(1.9%)	(1.1%)	(1.1%)	(1.2%)	0.7%	(1.4%)	(1.0%)	(1.3%)
(13) % Medicare Cap	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%)	(1.0%)	(0.4%)	(1.3%)	(0.7%)
Direct Care Margins: (a)																	
(14) Routine Home Care	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%	53.5%	53.4%	53.7%	51.9%
(15) In Patient Care	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%	7.4%	4.1%	20.6%	17.8%
(16) Continuous Care	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%	17.9%	16.8%	38.9%	35.6%
(17) Gross Profit (Direct and Indirect) (\$000) (b) (c)	\$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	\$71,646	\$74,197	\$86,246	\$78,487
(18) Gross Profit Margin (b) (c)	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%	22.9%	23.1%	25.4%	23.2%
(19) Pro Forma Selling, General & Admin Exp (c)	\$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	\$21,682	\$21,965	\$21,162	\$22,269
(20) Pro Forma Adjusted EBITDA (\$000) (c)	\$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	\$51,616	\$52,976	\$65,970	\$57,749
(21) Pro Forma Adjusted EBITDA Margin (c)	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%	16.5%	16.5%	19.4%	17.1%

(a) Excludes any Medicare cap

(b) Includes any Medicare cap

(c) Excludes depreciation, amortization.

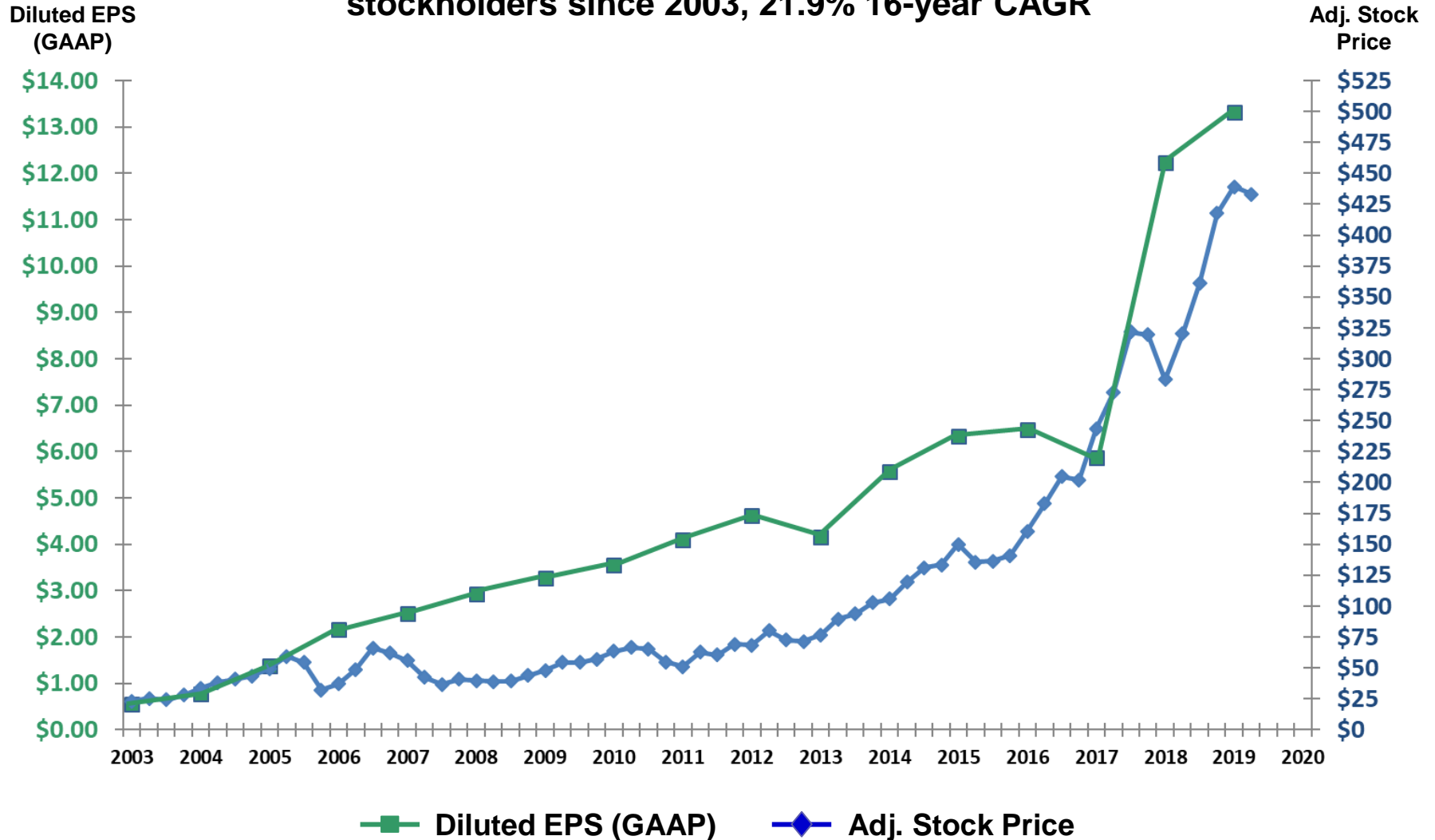
(d) 2016 and 2017 are not restated for the 2018 GAAP Revenue Recognition Accounting Standard.



# Appendix

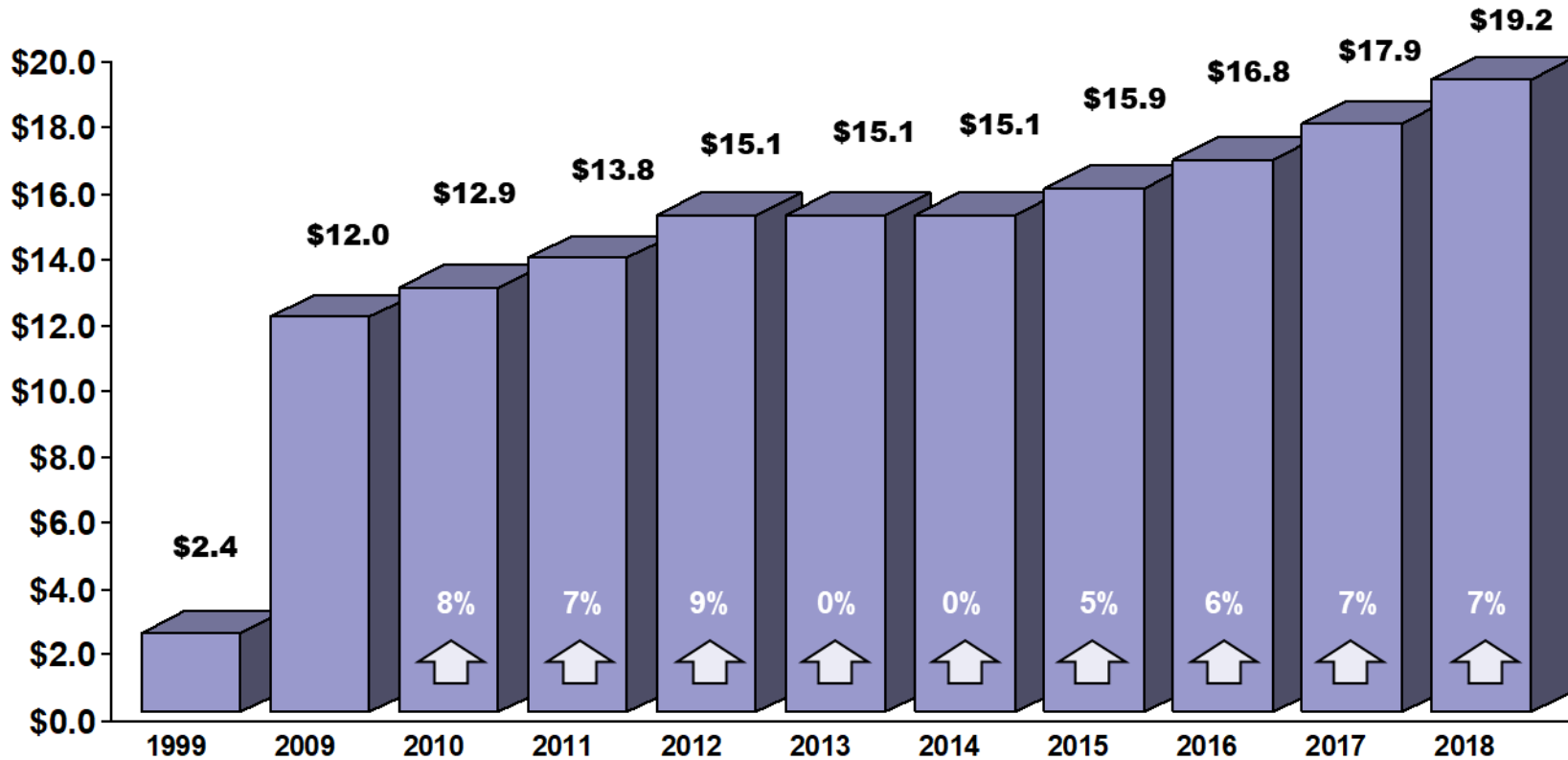
# EPS<sup>(1)</sup> and Stock Price<sup>(2)</sup> History

Chemed has delivered strong and consistent EPS to stockholders since 2003, 21.9% 16-year CAGR



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

# Medicare Hospice Spending (in billions)

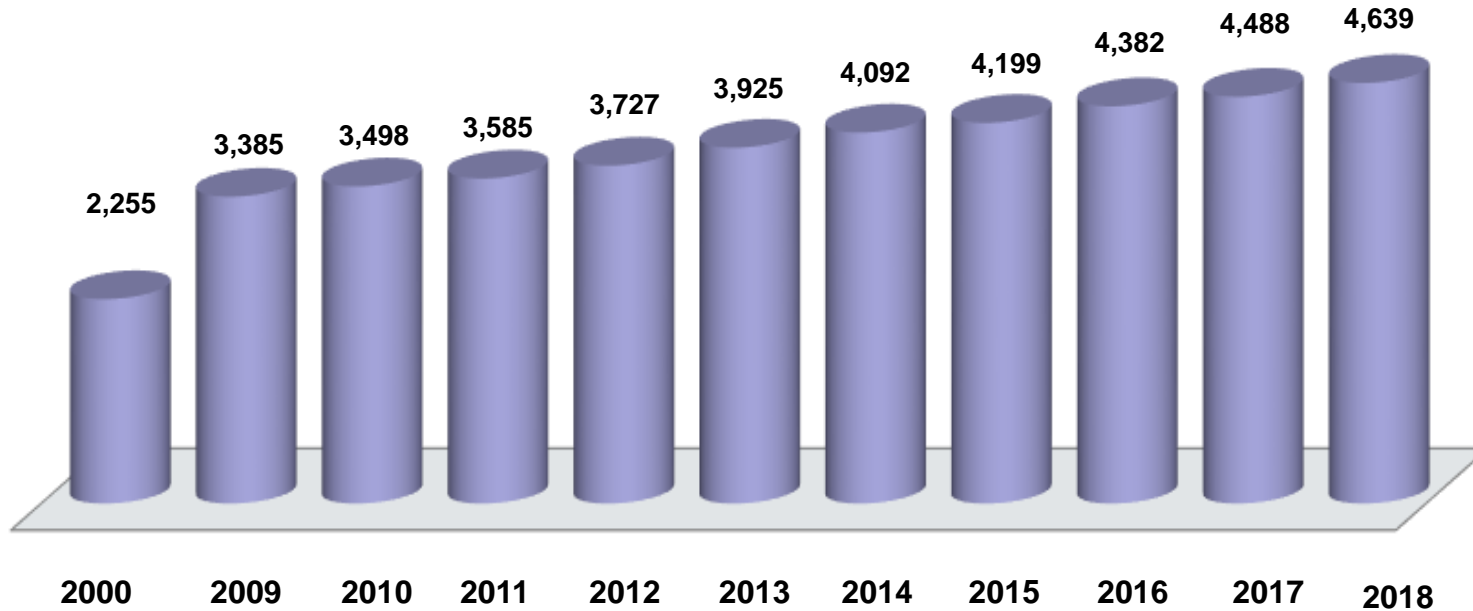


■ **11.6% Compounded annual growth rate from 1999 to 2018**

Sources: MedPAC Report to the Congress – 2011, 2012, 2013, 2014, 2015, 2017, 2018, 2019 and 2020

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 through 2020

**CHEMED CORPORATION**  
**RECONCILIATION OF ADJUSTED EBITDA and ADJUSTED NET INCOME**  
**FOR THE YEARS ENDED DECEMBER 31, 2004 THROUGH 2019 (IN THOUSANDS)**

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Reconciliation of Adjusted EBITDA</b>																
(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	\$ 219,923
(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	4,535
(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	41,686
(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	40,870
(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	4,335
(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	311,349
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)	(513)
(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	7,630
(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	14,831
(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	6,000
(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	4,834
(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	3,982
(30) Other	-	-	(467)	(467)	-	-	-	-	-	-	-	-	-	-	-	548
(31) Loss on sale of transportation equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	5,266	-	2,266
(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	\$ 350,927
<b>Reconciliation of Adjusted Net Income</b>																
(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	\$ 219,923
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	6,440
(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	12,237
(46) Lawsuit settlement	1,897	10,757	169	1,168	-	534	1,126	1,397	617	16,926	74	3	28	52,504	594	4,476
(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	3,557
(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	2,965
(60) Other	-	-	(296)	(296)	-	-	-	-	-	-	-	-	-	-	-	406
(61) Excess tax benefits on stock compensation	-	-	-	-	-	-	-	-	-	-	-	-	-	(18,932)	(22,862)	(24,177)
(62) Impact of tax reform	-	-	-	-	-	-	-	-	-	-	-	-	-	(8,302)	-	-
(63) Loss on sale of transportation equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	3,314	-	1,733
(64) Program closure expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	675	-	-
(65) Amortization of acquired and cancelled franchise agreements	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,913
(66) 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	\$ 230,473

**ROTO-ROOTER GROUP**  
**RECONCILIATION OF ADJUSTED EBITDA and ADJUSTED NET INCOME**  
**FOR THE YEARS ENDED DECEMBER 31, 2004 THROUGH 2019**  
(IN THOUSANDS)

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Reconciliation of Adjusted EBITDA</b>																
(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	\$ 103,710
(2) Interest expense	206	563	368	495	246	186	233	358	433	322	363	348	332	323	319	345
(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	30,276
(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	20,730
(5) Amortization	119	90	13	(60)	50	114	136	228	246	259	273	372	304	123	387	4,264
(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	159,325
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)	(133)
(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)	(8,152)
(13) Acquisition expenses	-	-	-	-	-	-	256	(26)	173	4	23	172	-	-	548	4,664
(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) Non cash ASC 842 expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	55
(18) 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	\$ 155,759
<b>Reconciliation of Adjusted Net Income</b>																
(19) 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	\$ 103,710
Add/(deduct):																
(20) Long-term incentive compensation	982	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(21) Lawsuit settlement	1,897	-	-	1,168	-	534	1,126	1,397	617	10,416	4	3	28	129	403	-
(22) Prior-period insurance adjustments	-	(1,014)	-	-	358	-	-	-	-	-	-	-	-	-	-	-
(23) Prior-period tax adjustments	(630)	(1,126)	(1,251)	-	-	-	-	-	-	-	-	-	-	-	-	-
(24) Acquisition expenses	-	-	-	-	-	-	156	(16)	105	2	14	104	-	-	-	3,429
(25) Severance arrangements	-	-	-	-	-	-	-	-	-	184	-	-	-	-	-	-
(26) Costs to shut down HVAC operations	-	-	-	-	-	-	-	-	649	-	-	-	-	-	-	-
(27) Impact of tax reform	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(7,761)	-
(28) Non cash ASC 842 expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	40
(29) Amortization of acquired and cancelled franchise agreements	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,913
(30) 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	\$ 110,092

**VITAS HEALTHCARE GROUP**  
**RECONCILIATION OF ADJUSTED EBITDA and ADJUSTED NET INCOME**  
**FOR THE YEARS ENDED DECEMBER 31, 2004 THROUGH 2019 (a)**  
(IN THOUSANDS)

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Reconciliation of Adjusted EBITDA</b>																
(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	\$ 155,822
(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	169
(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	48,711
(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	19,984
(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	71
(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	224,757
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	6,000
(10) Interest income	(373)	(237)	(114)	(151)	(137)	(267)	(220)	(295)	(703)	(750)	78	(241)	(325)	(388)	(580)	(380)
(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)	(18,135)
(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	3,982
(16) Program closure expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	1,138	-	-
(17) Non cash ASC 842 expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	656
(18) 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	\$ 216,880
<b>Reconciliation of Adjusted Net Income</b>																
(19) 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	\$ 155,822
(20) Add/(deduct):																
(21) Discontinued operations	(91)	(1,477)	4,872	(1,201)	-	-	-	-	-	-	-	-	-	-	-	-
(22) Legal expenses of OIG investigation	-	397	662	141	28	363	627	737	752	1,333	1,328	3,072	3,248	3,207	-	-
(23) Lawsuit settlement	-	10,757	169	-	-	-	-	-	-	6,510	70	-	-	52,375	594	4,476
(24) Prior-period tax adjustments	-	-	-	-	(322)	-	-	-	-	-	-	-	-	-	-	-
(25) Acquisition expenses	-	-	-	-	-	-	42	91	9	36	1	-	-	-	156	-
(26) Early retirement expense	-	-	-	-	-	-	-	-	-	-	-	-	2,840	-	-	-
(27) Medicare cap sequestration adjustment	-	-	-	-	-	-	-	-	-	-	-	-	141	276	1,114	2,965
(28) Program closure expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	675	-	-
(29) Impact of tax reform	-	-	-	-	-	-	-	-	-	-	-	-	-	(11,057)	-	-
(30) Non cash ASC 842 expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	490
(31) 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	\$ 163,753

(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 2019 AND 2020**  
**(IN THOUSANDS)**

	(1)	(2)
	<u>2019</u>	<u>2020</u>
<b>Reconciliation of Adjusted EBITDA</b>		
(1) Net income	\$ 44,667	\$ 55,891
(2) Interest expense	1,124	975
(3) Income taxes	6,120	13,031
(4) Depreciation	9,710	11,388
(5) Amortization	519	2,477
(6) EBITDA	<u>62,140</u>	<u>83,762</u>
Add/(deduct)		
(7) Interest income	(102)	(108)
(8) Litigation settlement	6,000	-
(9) Long-term incentive compensation	1,488	1,821
(10) Non cash ASC 842 expenses	548	-
(11) Stock option expense	4,089	5,045
(12) Acquisition expenses	120	-
(13) Direct costs related to COVID-19	-	1,834
(14) Medicare cap sequestration adjustment	515	675
(15) Adjusted EBITDA	<u>\$ 74,798</u>	<u>\$ 93,029</u>
<b>Reconciliation of Adjusted Net Income</b>		
(16) Net income	\$ 44,667	\$ 55,891
Add/(deduct):		
(17) Long-term incentive compensation	1,230	1,596
(18) Non cash ASC 842 expenses	405	-
(19) Stock option expense	3,327	4,190
(20) Excess tax benefit on stock compensation	(6,732)	(4,553)
(21) Litigation settlement	4,476	-
(22) Medicare cap sequestration adjustments	387	503
(23) Direct costs related to COVID-19	-	1,359
(24) Amortization of acquired and cancelled franchise agreements	324	1,729
(25) Acquisition expenses	91	-
(26) Adjusted net income	<u>\$ 48,175</u>	<u>\$ 60,715</u>

**ROTO-ROOTER GROUP**  
**RECONCILIATION OF ADJUSTED EBIT AND ADJUSTED EBITDA**  
**FOR THE FIRST THREE MONTHS OF 2019 AND 2020**  
**(IN THOUSANDS)**

		(1)	(2)
		<b>2019</b>	<b>2020</b>
<b>Reconciliation of Adjusted EBIT and EBITDA</b>		<u>          </u>	<u>          </u>
(1)	Net income	\$ 22,986	\$ 24,322
(2)	Interest expense	95	102
(3)	Income taxes	7,109	7,784
(4)	EBIT	<u>30,190</u>	<u>32,208</u>
	Add/(deduct)		
(5)	Non cash ASC 842 expenses	55	-
(6)	Interest income	(14)	(40)
(7)	Intercompany interest income	(2,195)	(1,349)
(8)	Direct costs related to COVID-19	-	861
(9)	Adjusted EBIT	<u>28,036</u>	<u>31,680</u>
(10)	Depreciation	4,963	5,878
(11)	Amortization	501	2,459
(12)	Adjusted EBITDA	<u>\$ 33,500</u>	<u>\$ 40,017</u>

**VITAS HEALTHCARE GROUP**  
**RECONCILIATION OF ADJUSTED EBITDA**  
**FOR THE FIRST THREE MONTHS OF 2019 AND 2020**  
**(IN THOUSANDS)**

<b>Reconciliation of Adjusted EBITDA</b>		(1) <b>2019</b>	(2) <b>2020</b>
(1)	Net income	\$ 29,288	\$ 41,279
(2)	Interest expense	47	45
(3)	Income taxes	9,569	13,739
(4)	Depreciation	4,708	5,474
(5)	Amortization	18	18
(6)	EBITDA	<u>43,630</u>	<u>60,555</u>
	Add/(deduct)		
(7)	Litigation settlement	6,000	-
(8)	Interest income	(88)	(68)
(9)	Intercompany interest income	(4,394)	(4,386)
(10)	Medicare cap sequestration adjustment	515	675
(11)	Non cash ASC 842 expenses	656	-
(12)	Direct costs related to COVID-19	-	973
(13)	Adjusted EBITDA	<u><u>\$ 46,319</u></u>	<u><u>\$ 57,749</u></u>



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