

# CHEMED

CHEMED CORPORATION

Results as of December 31, 2015



# 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 2015

	(1)	(2)	(3)	(4)
	CAGR			
	One	Three	Five	Twelve
	Year	Year	Year	Year
<b>Chemed</b>				
(1) Service revenues and sales	6.0%	2.6%	3.8%	16.0%
(2) Adj. net income	12.9%	5.9%	4.9%	25.6%
(3) Diluted EPS from continuing operations (GAAP)	13.6%	11.1%	12.3%	22.4%
(4) Adj. diluted EPS from continuing operations	15.0%	9.7%	10.9%	26.9%
<b>Roto-Rooter</b>				
(5) Service revenues and sales	9.1%	5.6%	3.8%	4.2%
(6) Adj. net income	15.6%	14.7%	8.1%	11.5%
<b>VITAS</b>				
(7) Service revenues and sales	4.8%	1.5%	3.8%	8.0%
(8) Adj. net income	10.1%	3.4%	3.5%	13.9%

# Chemed – Purchase of Capital Stock

For the Period January 1, 2007, through December 31, 2015

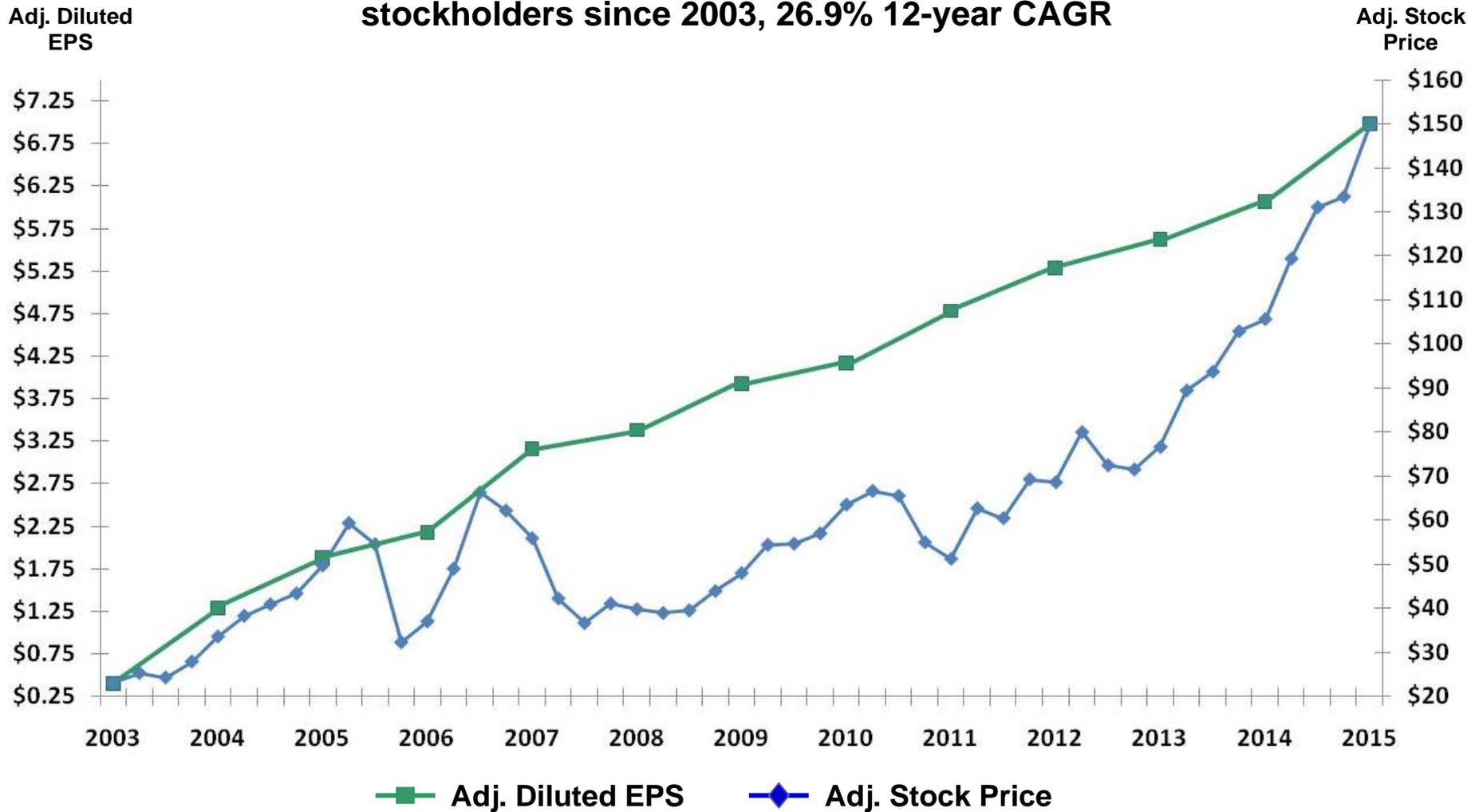
	(1)	(2)	(3)	(4)
	Shares Repurchased	Dividends	Total Returned to Shareholders	Free Cash Flow Generated (1)
(1) Activity in 2007	\$ 127,881,453	\$ 5,888,000	\$ 133,769,453	72,944,000
(2) Activity in 2008	67,125,500	5,543,000	72,668,500	85,989,000
(3) Activity in 2009	741,726	8,157,000	8,898,726	139,336,000
(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) Cumulative Activity 2007 - 2015 (2)	<u>\$ 766,461,637</u>	<u>\$ 101,041,000</u>	<u>\$ 867,502,637</u>	<u>\$ 915,505,000</u>

(1) Net cash provided by operating activities less capital expenditures.

(2) 12.0 million shares repurchased at an average cost of \$63.72.

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

Chemed has delivered strong and consistent EPS to stockholders since 2003, 26.9% 12-year CAGR



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

# Chemed – Consolidated Summary of Operations

For the years ended December 31, 2003 through 2015  
(in thousands, except per share data)

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14) Average Annual Inc./(Dec.)
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	
(1) Service Revenues and Sales (a)	\$ 260,776	\$ 734,877	\$ 915,970	\$ 1,018,587	\$ 1,100,058	\$ 1,148,941	\$ 1,190,236	\$ 1,280,545	\$ 1,355,970	\$ 1,430,043	\$ 1,413,329	\$ 1,456,282	\$ 1,543,388	16.0%
(2) EBITDA (c)	30,366	71,999	96,106	128,515	137,238	153,142	157,827	172,275	181,157	188,059	168,206	201,541	217,270	17.8%
(3) Adj. EBITDA (c)	25,118	91,950	120,513	131,373	161,846	161,754	177,050	189,395	197,273	201,455	206,850	212,562	235,931	20.5%
(4) Net Income (GAAP)	11,188	27,512	35,817	50,651	61,641 (b)	67,281 (b)	73,784	81,831	85,979	89,304	77,227	99,317	110,274	21.0%
(5) Adj. Net Income (c)	7,894	31,893	49,542	58,102	79,277	78,900	89,289	95,961	100,030	102,317	104,372	107,731	121,667	25.6%
(6) Diluted EPS (GAAP)	0.56	1.12	1.36	1.90	2.46	2.88	3.24	3.55	4.10	4.62	4.16	5.57	6.33	22.4%
(7) Adj. Diluted EPS (c) (d)	0.40	1.29	1.88	2.18	3.16	3.38	3.93	4.17	4.78	5.29	5.62	6.07	6.98	26.9%
(8) Diluted Average Shares Outstanding	19,908	24,636	26,299	26,669	25,077	23,374	22,742	23,031	20,945	19,339	18,585	17,738	17,422	(1.1%)

(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)
	Full Year Results		
	2014	2015	Fav/(Unfav) % Growth
(1) Service Revenues and Sales	\$1,456,282	\$1,543,388	6.0%
(2) Net Income	99,317	110,274	11.0%
(3) Diluted EPS (b)	5.57	6.33	13.6%
(4) Adj. EBITDA (a)	212,562	235,931	11.0%
(5) Adj. EBITDA Margin (a)	14.6%	15.3%	0.7 pts.
(6) Adj. Net Income (a)	107,731	121,667	12.9%
(7) Adj. Diluted EPS (a) (b)	6.07	6.98	15.0%
(8) Capital Expenditures	43,571	44,135	(1.3%)

(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

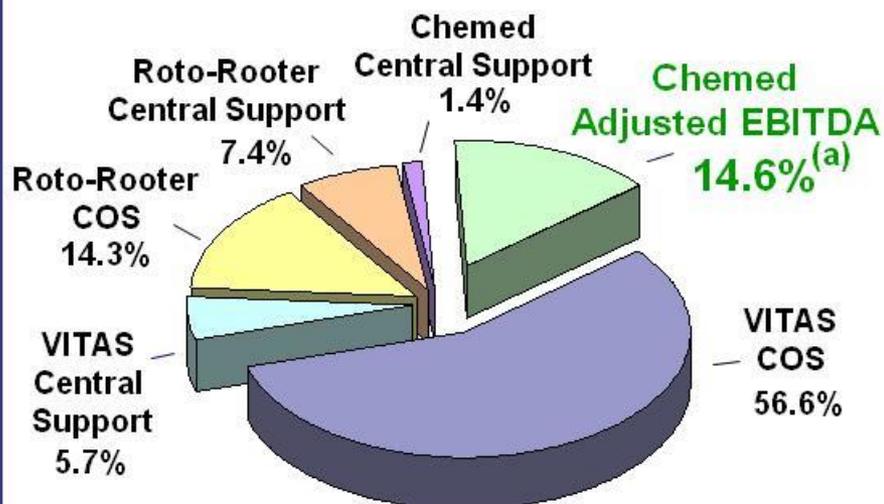
2014

Roto-Router

27%

73%

VITAS



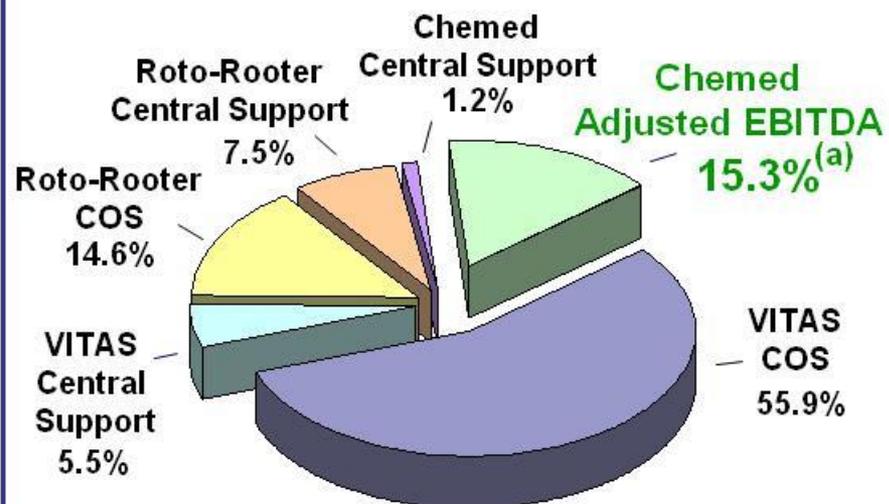
2015

Roto-Router

28%

72%

VITAS



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

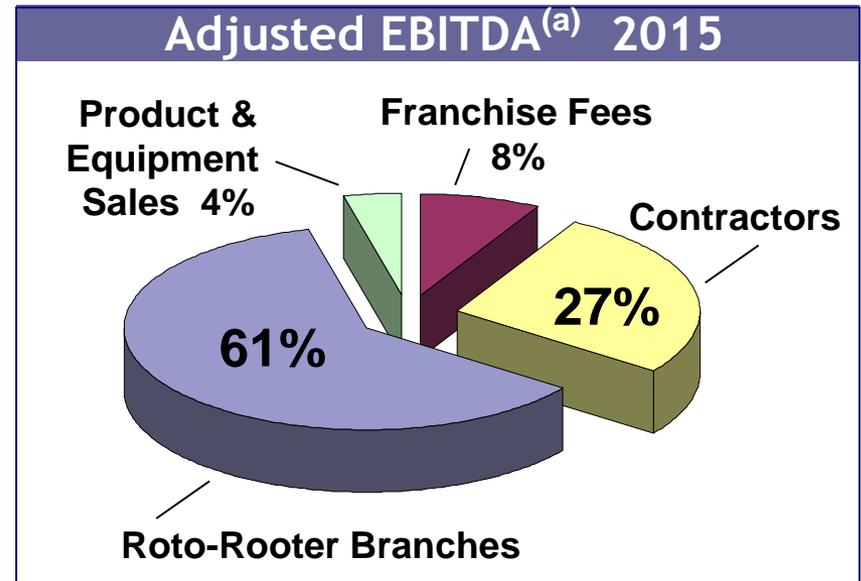
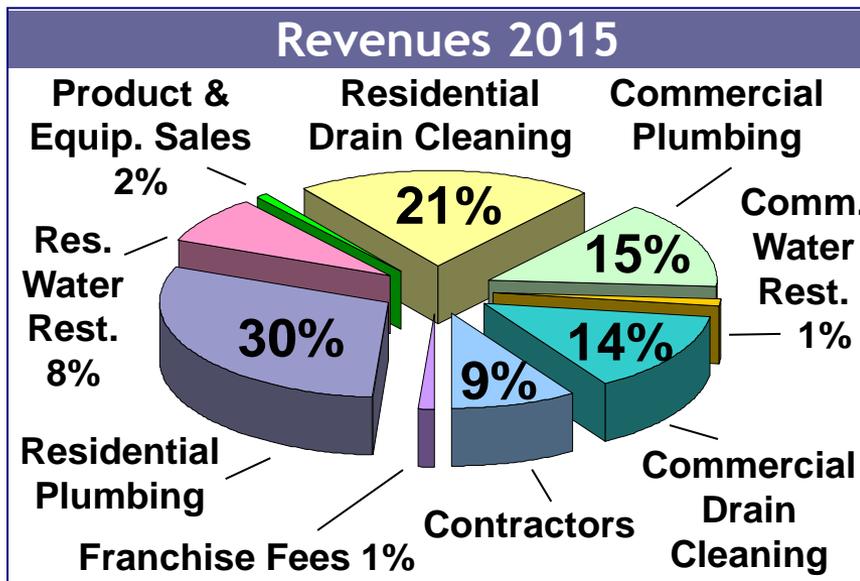


***ROTO-  
ROOTER***®

**PLUMBING &  
DRAIN SERVICE**

# 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 110 company-owned territories and over 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 58% of revenues, while commercial customers represent 31% of revenues



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



# Roto-Rooter – Summary of Operations

## For The Years Ended December 31, 2004 through 2015

(in thousands, except percentages)

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	Average Annual Inc./ (Dec.)
(1) Service Revenues and Sales (a)	\$ 276,611	\$ 297,337	\$ 319,495	\$ 344,632	\$ 340,496	\$ 335,893	\$ 354,735	\$ 369,698	\$ 363,006	\$ 368,216	\$ 392,077	\$ 427,837	4.0%
(2) EBITDA (b)	38,314	52,598	59,248	71,916	62,661	61,780	59,369	64,948	58,751	56,398	79,221	91,911	8.3%
(3) Adj. EBITDA (b)	42,355	49,234	55,548	69,188	59,922	59,862	58,516	64,176	58,232	70,936	75,110	87,614	6.8%
(4) Adj. EBITDA Margin (b)	15.3%	16.6%	17.4%	20.1%	17.6%	17.8%	16.5%	17.4%	16.0%	19.3%	19.2%	20.5%	n.a.
(5) Net Income (GAAP)	18,795	27,626	32,454	38,971	33,427	33,040	31,678	34,879	30,905	29,243	42,075	48,573	9.0%
(6) Adj. Net Income (b)	21,044	25,486	31,203	40,139	33,785	33,574	32,960	36,260	32,276	39,845	42,093	48,680	7.9%

(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		
	2014	2015	Fav/(Unfav) % Growth
(1) Service Revenues and Sales	\$ 392,077	\$ 427,837	9.1%
(2) Net Income (GAAP)	42,075	48,573	15.4%
(3) Adj. EBITDA (a)	75,110	87,614	16.6%
(4) Adj. EBITDA Margin (a)	19.2%	20.5%	1.3 pts.
(5) Adj. EBIT (a)	64,135	74,254	15.8%
(6) Adj. EBIT Margin (a)	16.4%	17.4%	1.0 pts.
(7) Capital Expenditures	21,345	19,862	6.9%

(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

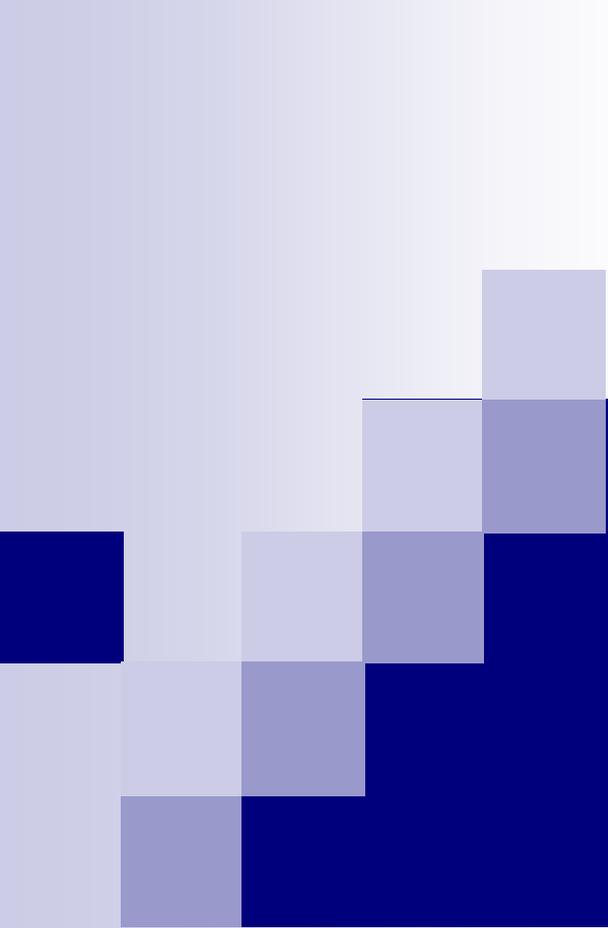
- ▶ Purchase at reasonable multiples
- ▶ Avoid over-paying for current acquisitions
  - ▶ Inflates expectations/demands of remaining franchisees

## ◆ Utilize Cash Flow for:

- ▶ Purchase of franchises
- ▶ Acquisition of hospices
- ▶ 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



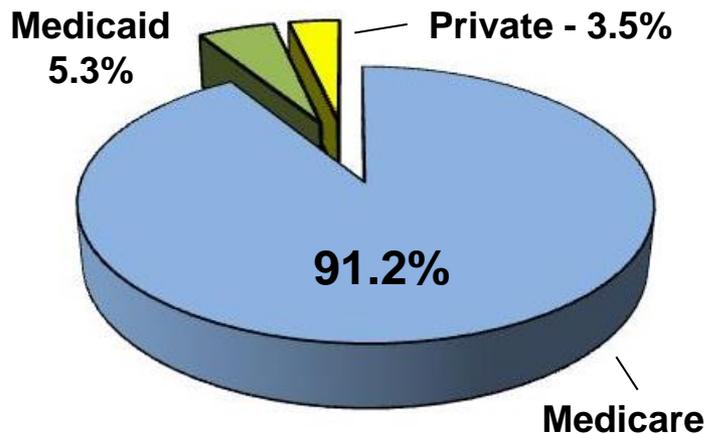
Innovative  
Hospice Care<sup>®</sup>

VITAS<sup>®</sup>

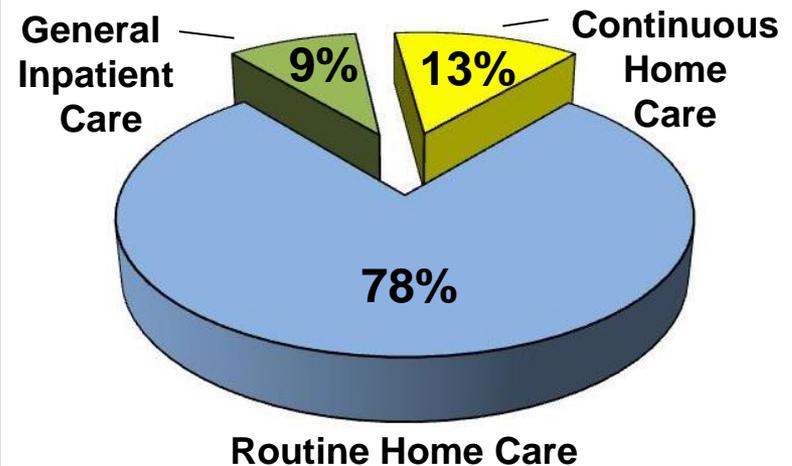
# VITAS Healthcare Company Overview

- ◆ 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 44 operating programs in 15 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: \$284 million (Q4 2015)
  - ▶ Average daily census per established program: approximately 300 ADC, largest approximately 1,600 (Q4 2015)
  - ▶ Average length of stay: 89.8 (Q4 2015)
- ◆ Approximately 11,700 employees, including approximately 4,700 nurses (Q4 2015)

## Revenue by Payer - 2015

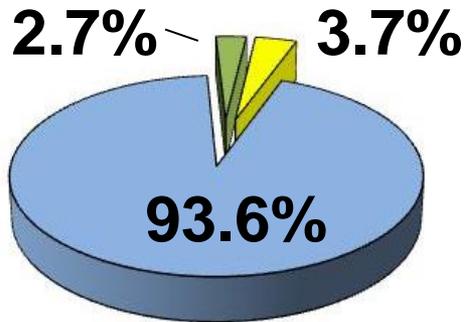


## Revenues - 2015



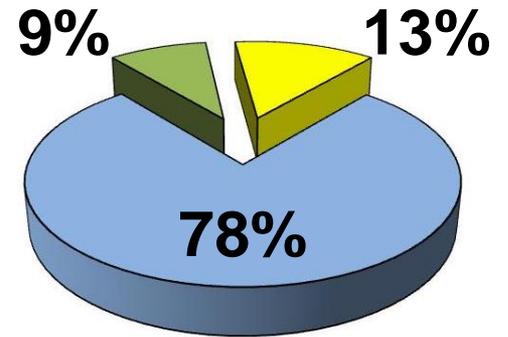
# VITAS – Analysis of Revenue

Days of Care - 2015

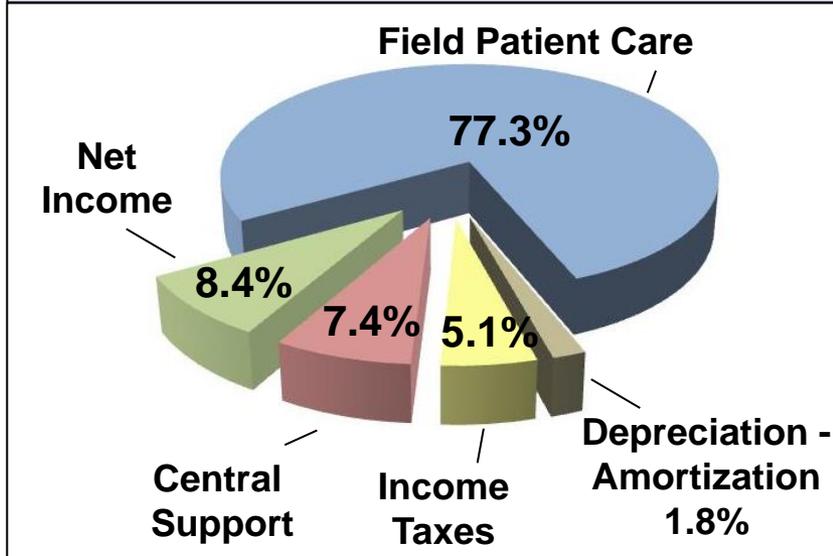


- Routine Home Care
- General Inpatient Care
- Continuous Home Care

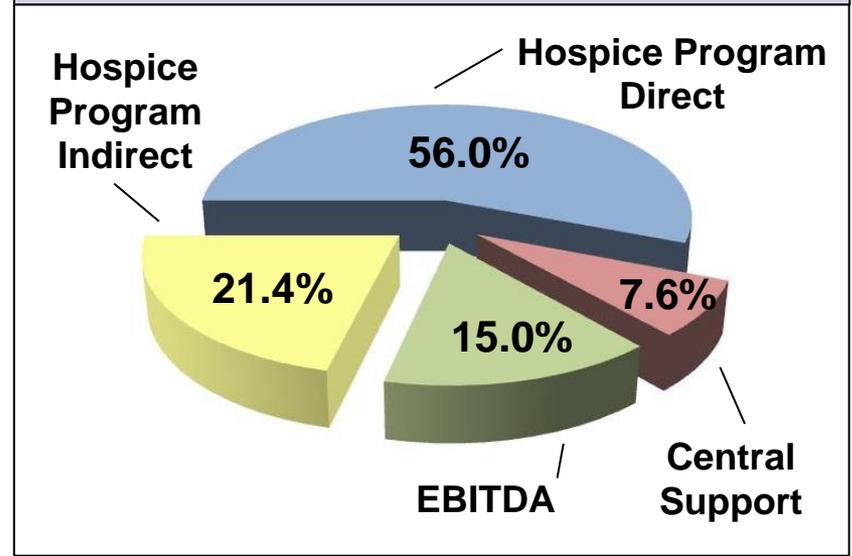
Revenues - 2015



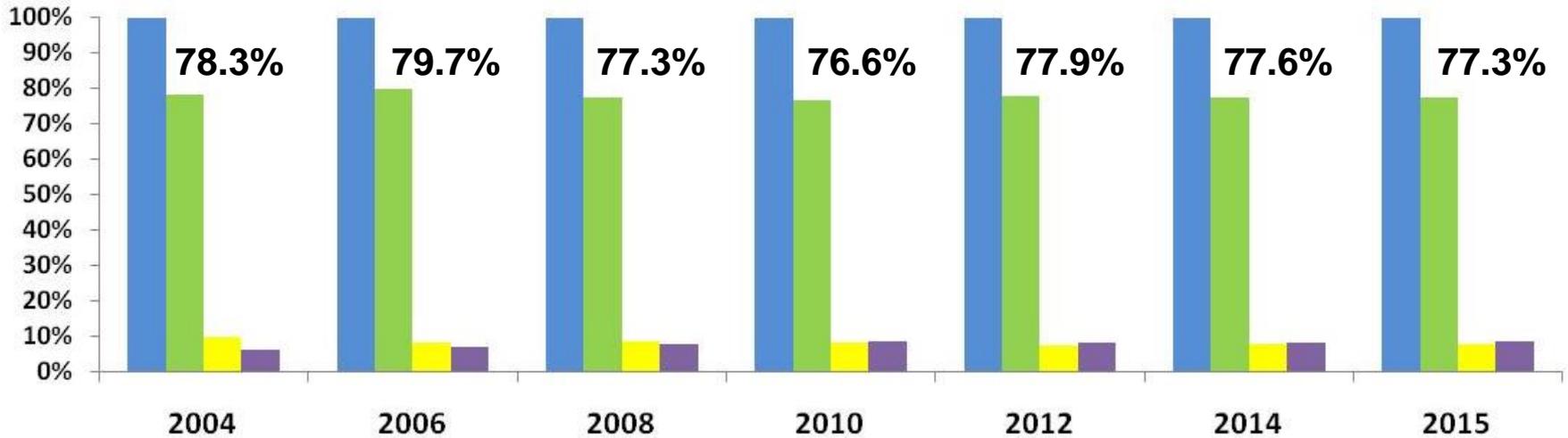
Revenue and Expenses - 2015



Adjusted EBITDA - 2015

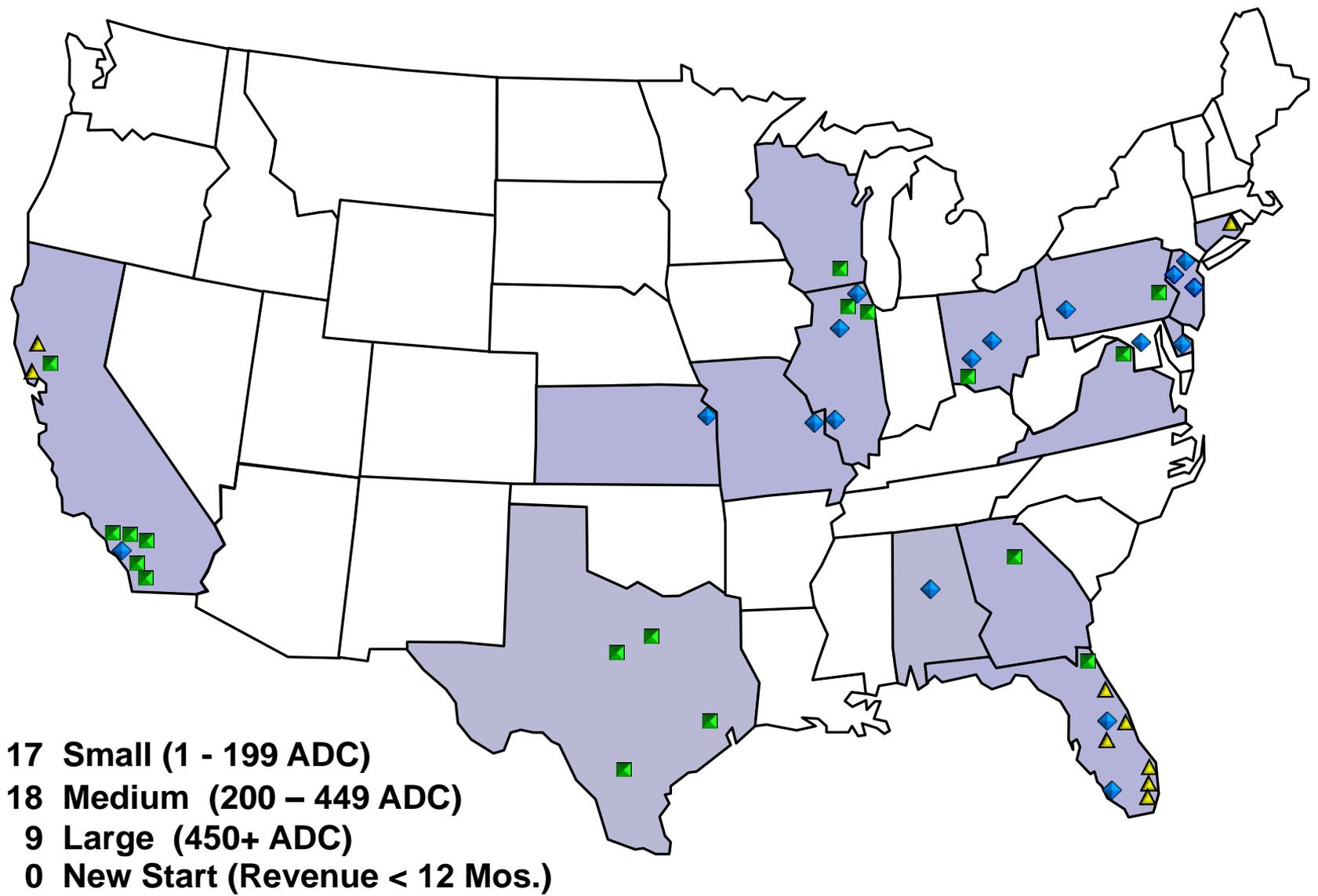


# VITAS – Operations as a Percent of Revenue



- Revenue
- Cost of Field Based Patient Care as a % of Sales
- Central Support Overhead as a % of Revenue
- Adj. Net Income as a % of Sales

# VITAS – Locations & ADC (as of December 31, 2015)



# VITAS Analysis of 2015 Expenses and Margin

## Per Patient Day-of-Care

	(1)	(2)	(3)	(4)	(5)	(6)
	<b>Per Patient Day-of-Care</b>					
	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	46.60%	\$ 164.52	\$ (76.67)	\$ 87.85	\$ (42.64)	\$ 45.21
(2) Continuous Home Care	83.90%	\$ 730.61	\$ (612.98)	\$ 117.63	\$ (42.64)	\$ 74.99
(3) Inpatient Care	95.00%	661.06	(628.01)	33.05	(42.64)	(9.59)
(4) Total High Acuity Care	87.91%	\$ 701.29	\$ (616.50)	\$ 84.79	\$ (42.64)	\$ 42.15
(5) Total Hospice Care	55.87%	\$ 198.63	\$ (110.97)	\$ 87.66	\$ (42.64)	\$ 45.02

(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 – Reimbursement Per Diems (2013)

	(1)	(2)	(3)
Reimbursement Per Diems	National Rate	VITAS Average	Most Expensive Urban Markets
(1) Routine Home Care	\$ 159.34	\$ 164.58	\$ 229.73
(2) Continuous Home Care <sup>(1)</sup>	701.38	717.48	974.14
(3) Inpatient Care	708.77	657.21	966.76
(4) Blended Average Per Diem	\$ 172.51 <sup>(2)</sup>	\$ 200.62	\$ 255.47
(5) Average LOS	88 <sup>(2)</sup>	82.4	
(6) Median LOS	18 <sup>(2)</sup>	15.0	
(7) % Patients Admitted Who Exceed 180 Days of Care	11.5% <sup>(3)</sup>	11.8%	
(8) % Live Discharges	18.0% <sup>(3)</sup>	17.3% <sup>(4)</sup>	

(1) National rate converted to VITAS average 18.1 hours/day of care

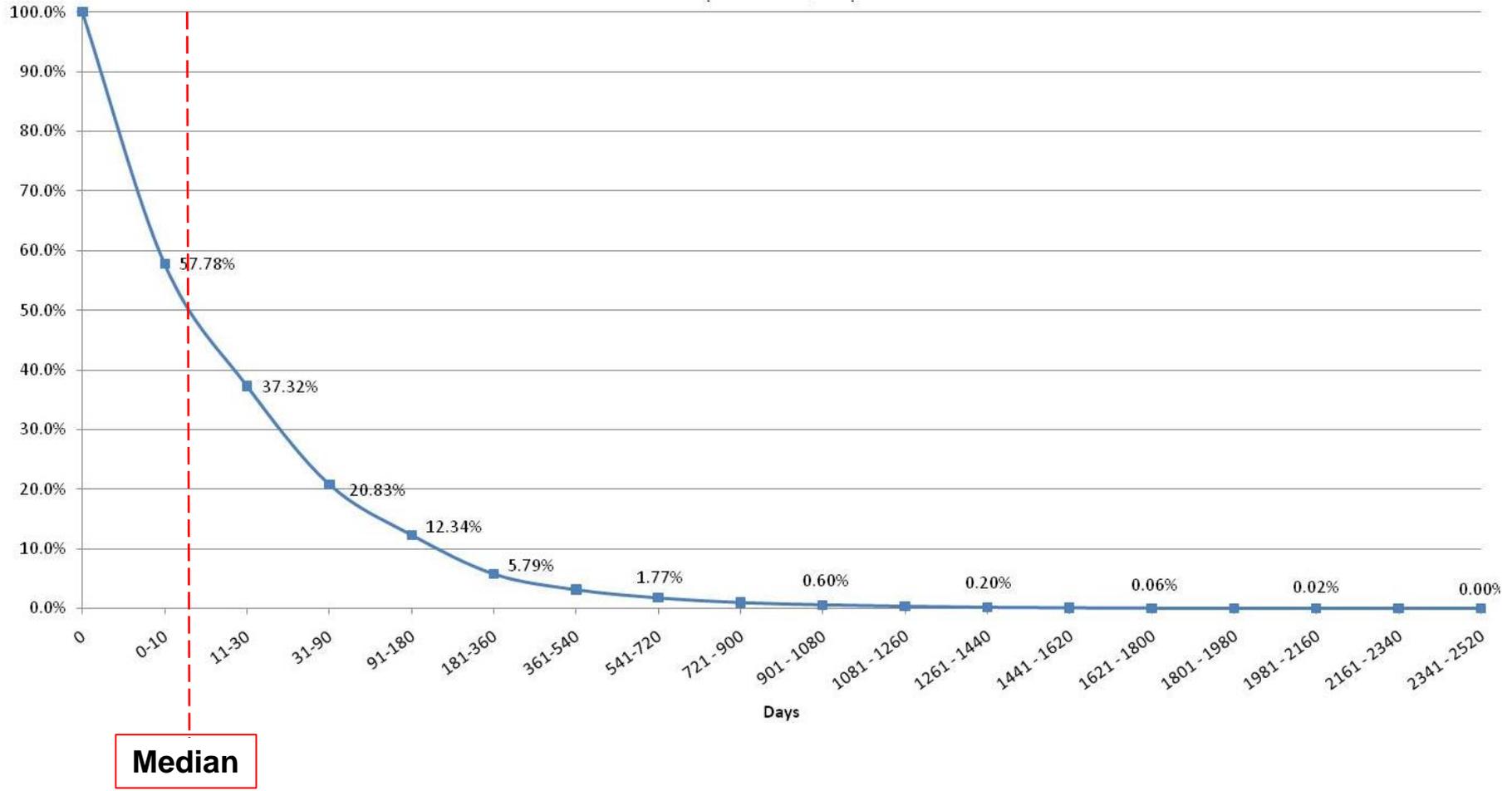
(2) MedPac March 2014

(3) MedPac June 2013

(4) Unusually high as a result of disruption triggered from Debility/Failure To Thrive coding refinement. Live discharges have ranged from 14.9% to 17.3% over the past 5 years.

# VITAS 2015 Discharge Rate – Total

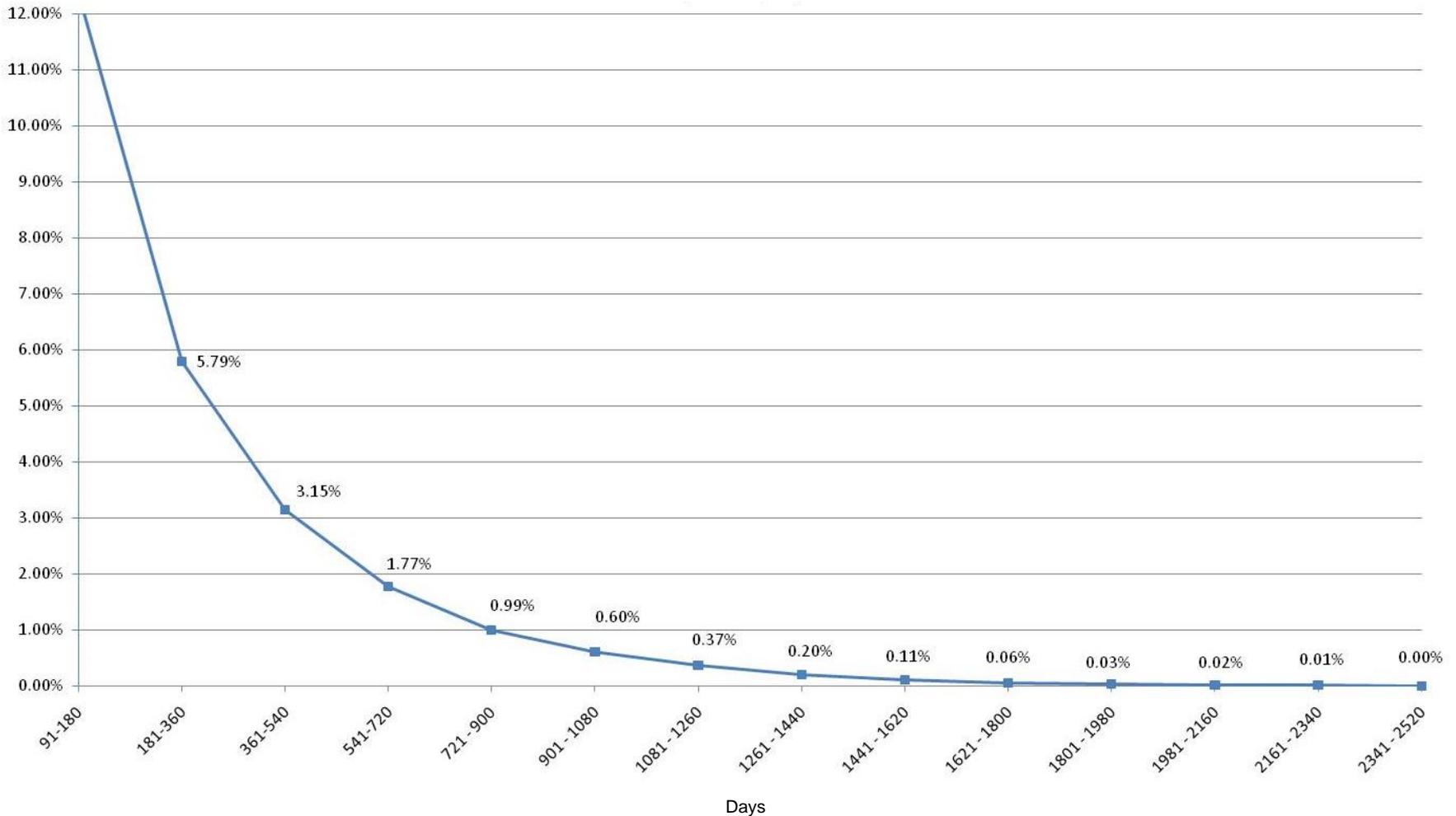
Population: 64,907 patients



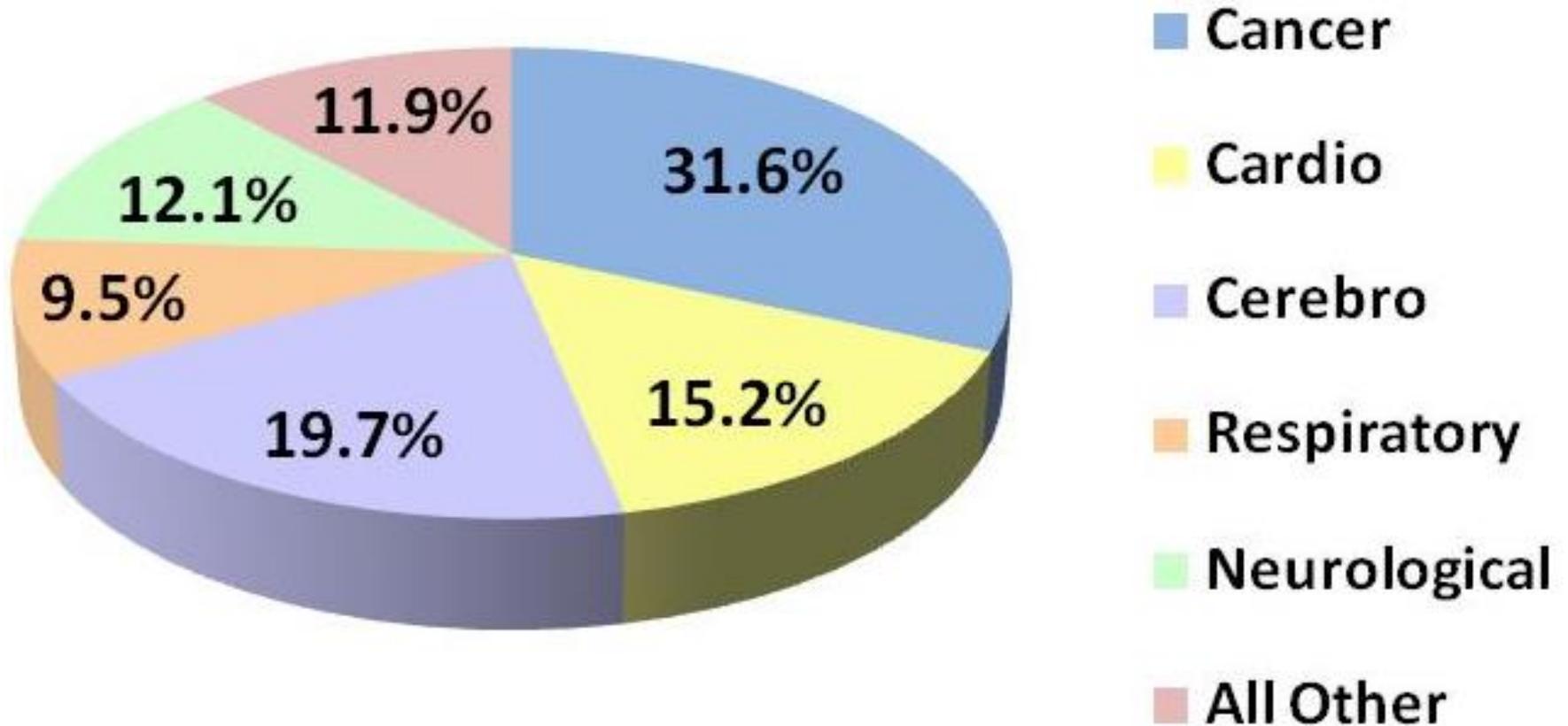
# VITAS 2015 Discharge Rate – Total

## After 180 Days

Population: 8,009 patients

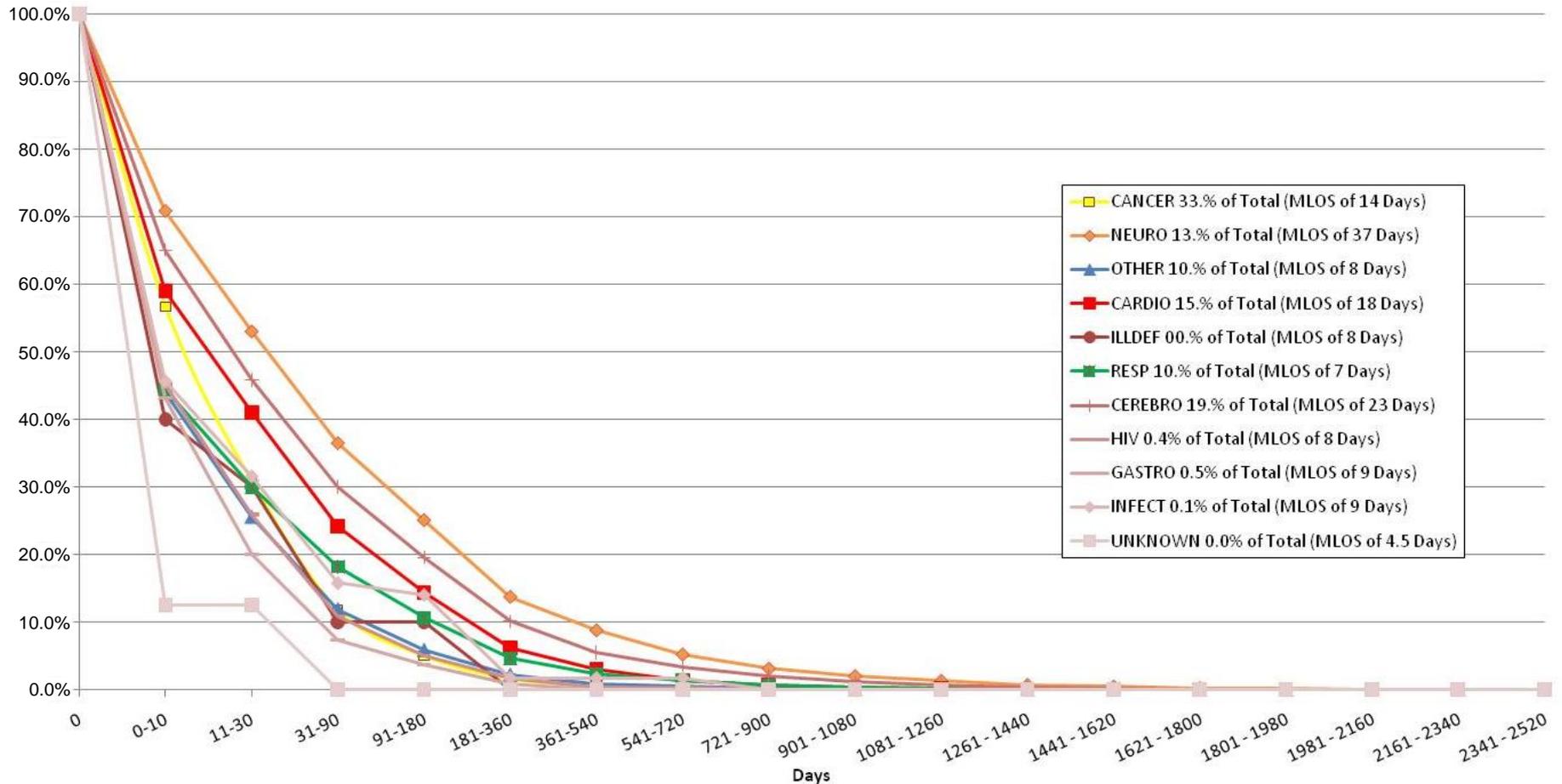


## VITAS Admissions by Diagnosis - 2015

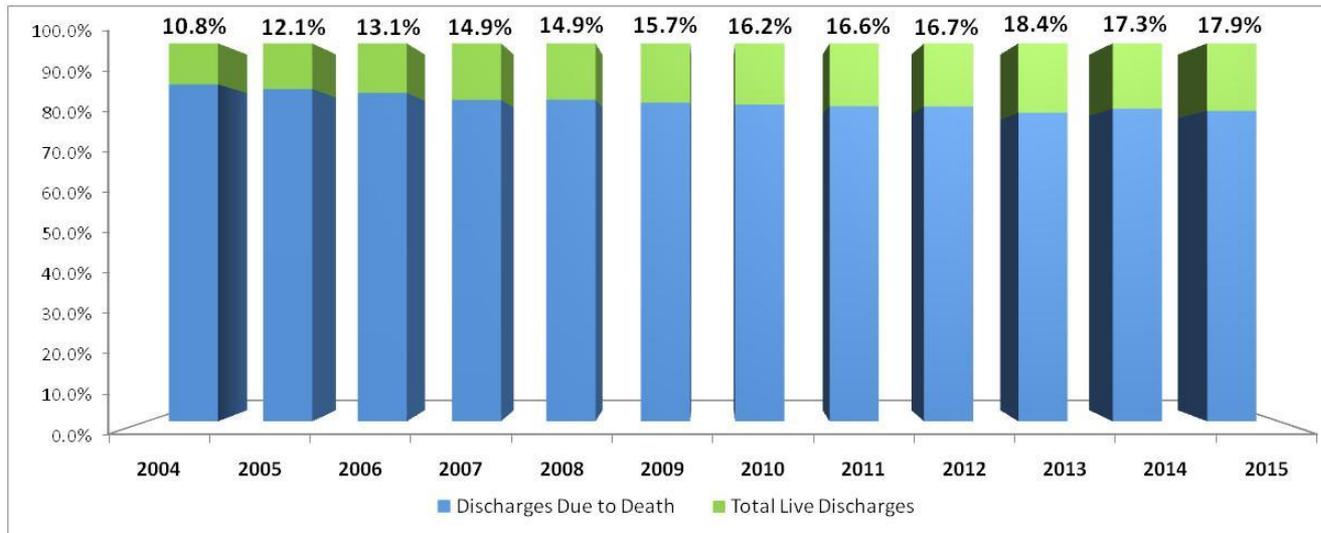


# VITAS 2015 Discharge Rate – All Diagnosis

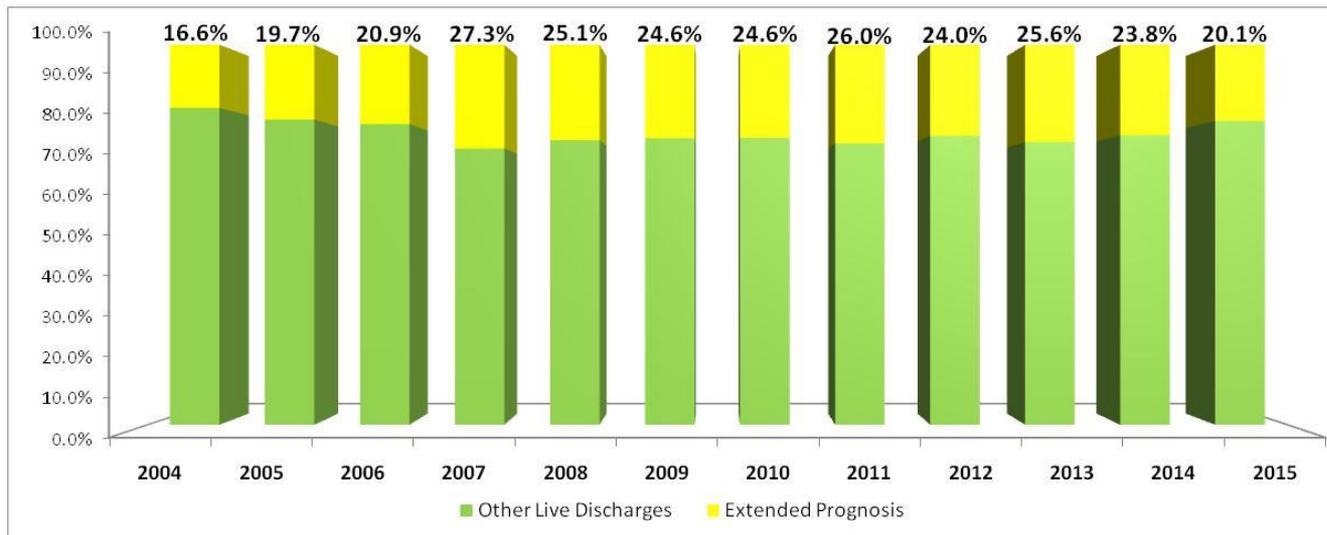
Population: 64,907



# Analysis of VITAS Discharges 2004-2015



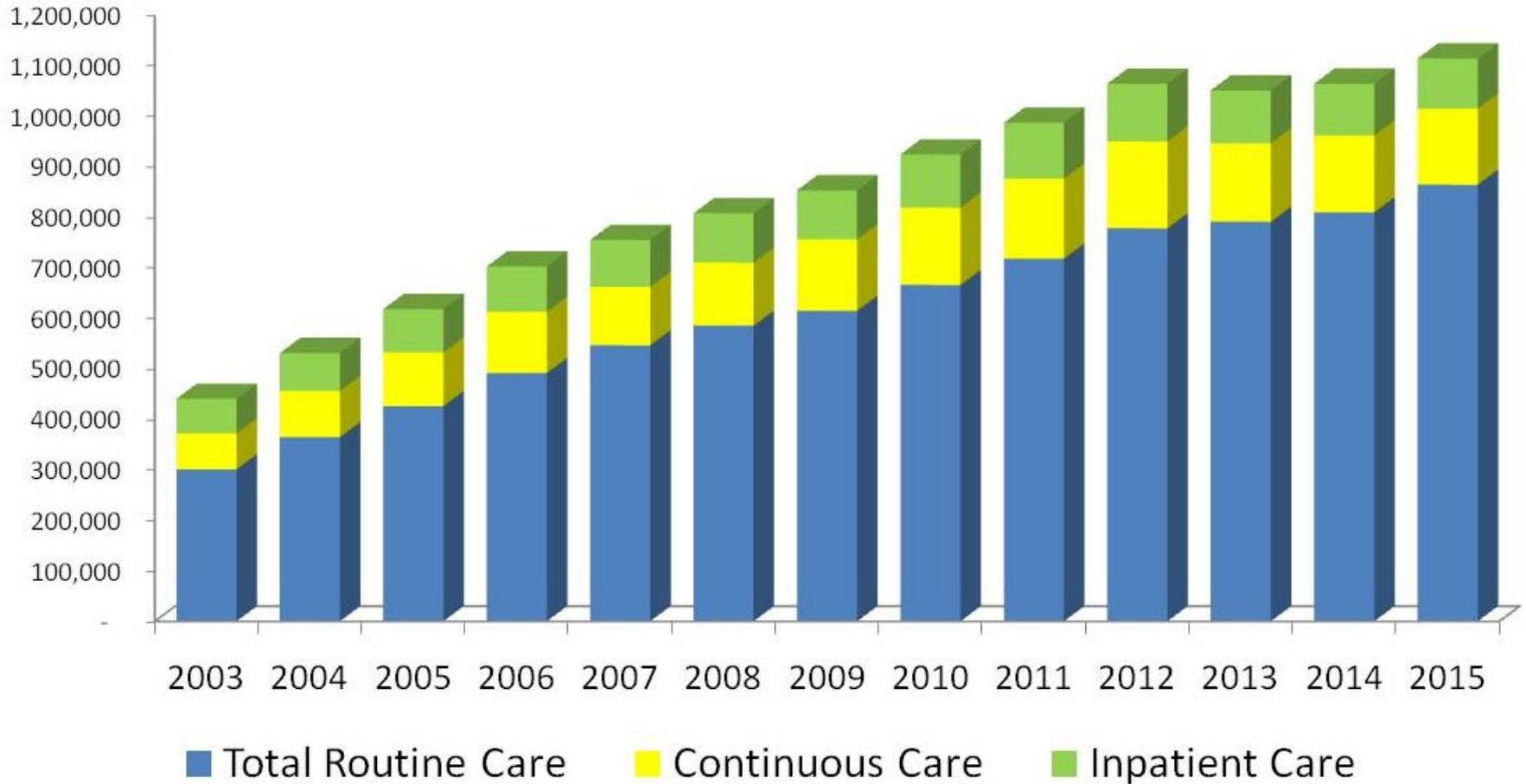
**Total Discharges**



**Total Live Discharges**

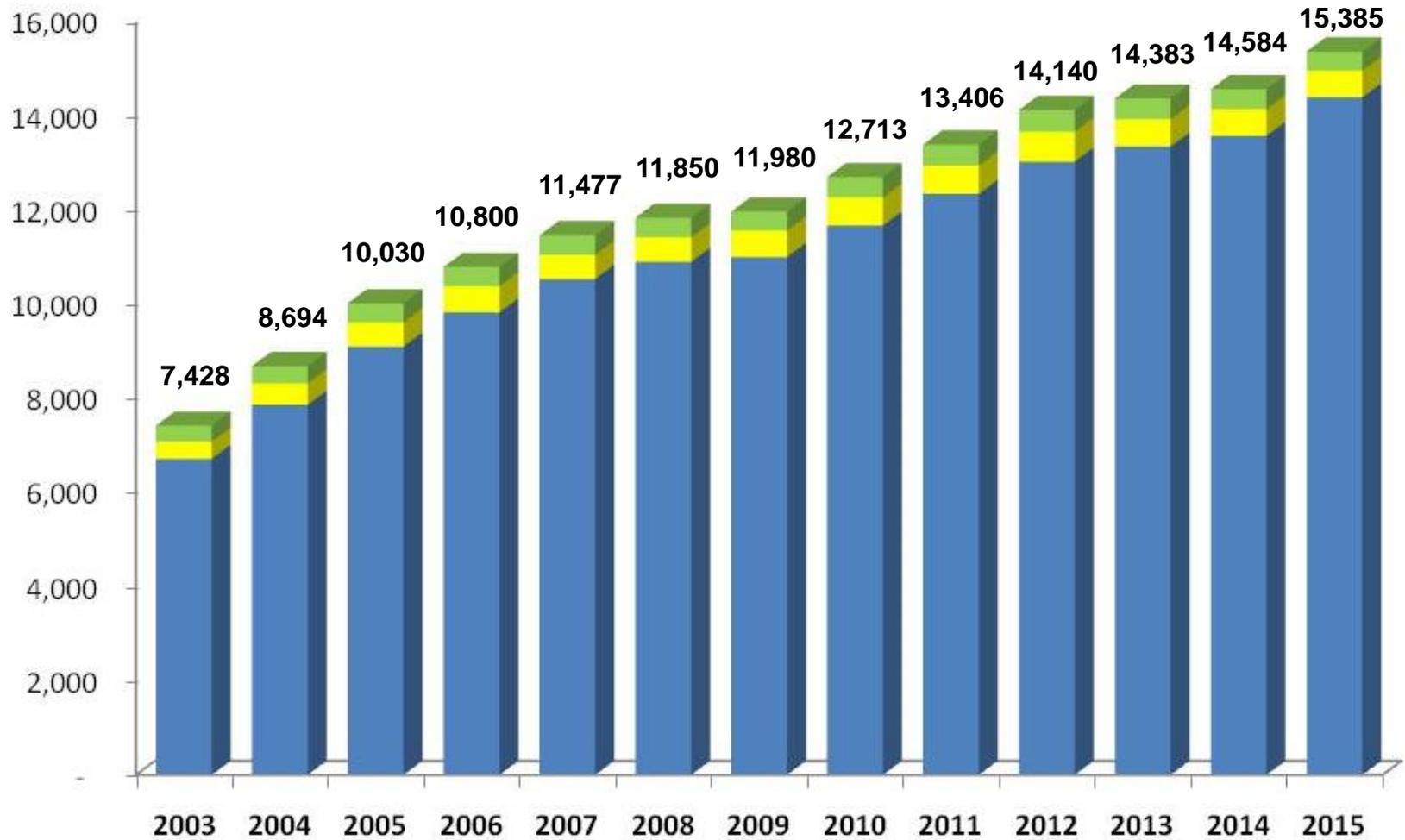
# VITAS Analysis of Revenue By Level of Care

2003 through 2015  
(\$000)



# VITAS Analysis of Average Daily Census (ADC)

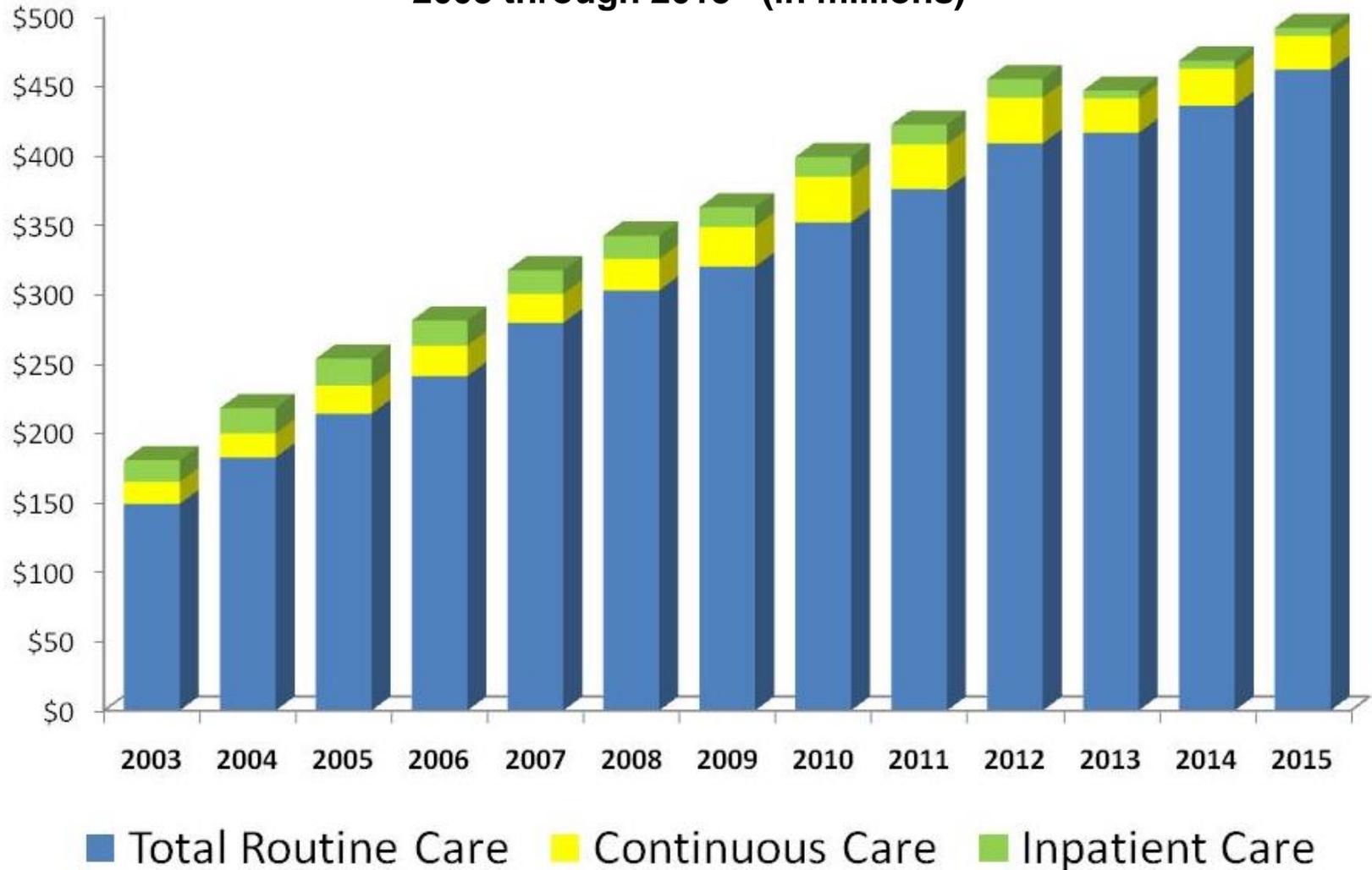
2003 through 2015



■ Total Routine Care ■ Continuous Care ■ Inpatient Care

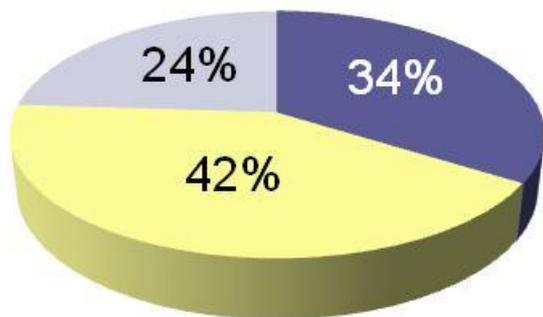
# VITAS Analysis of Direct Gross Profit Contribution Margin By Level of Care

2003 through 2015 (in millions)



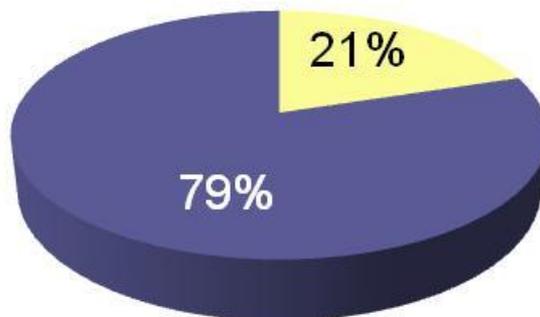
# 2011 Industry Market Penetration

by Death



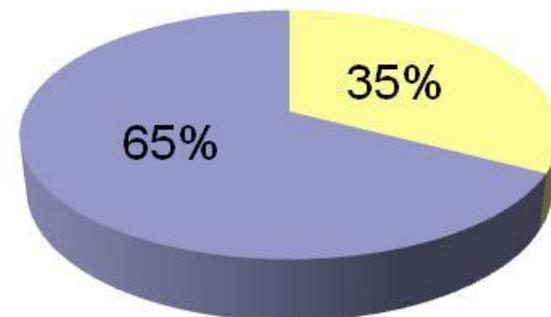
- Hospice Patients Served
- "Non-Anticipatory" Deaths
- "Anticipatory" Non-Hospice Deaths

by Maximum Potential Days of Care



- Hospice Patients Days of Care
- Un-Served Potential Days of Care

by Reasonable Potential Days of Care



- Hospice Patients Days of Care
- Un-Served Potential Days of Care

Actual Data\*

ALOS 69.1  
Median 19.1

Assumptions

ALOS 180  
Median 180

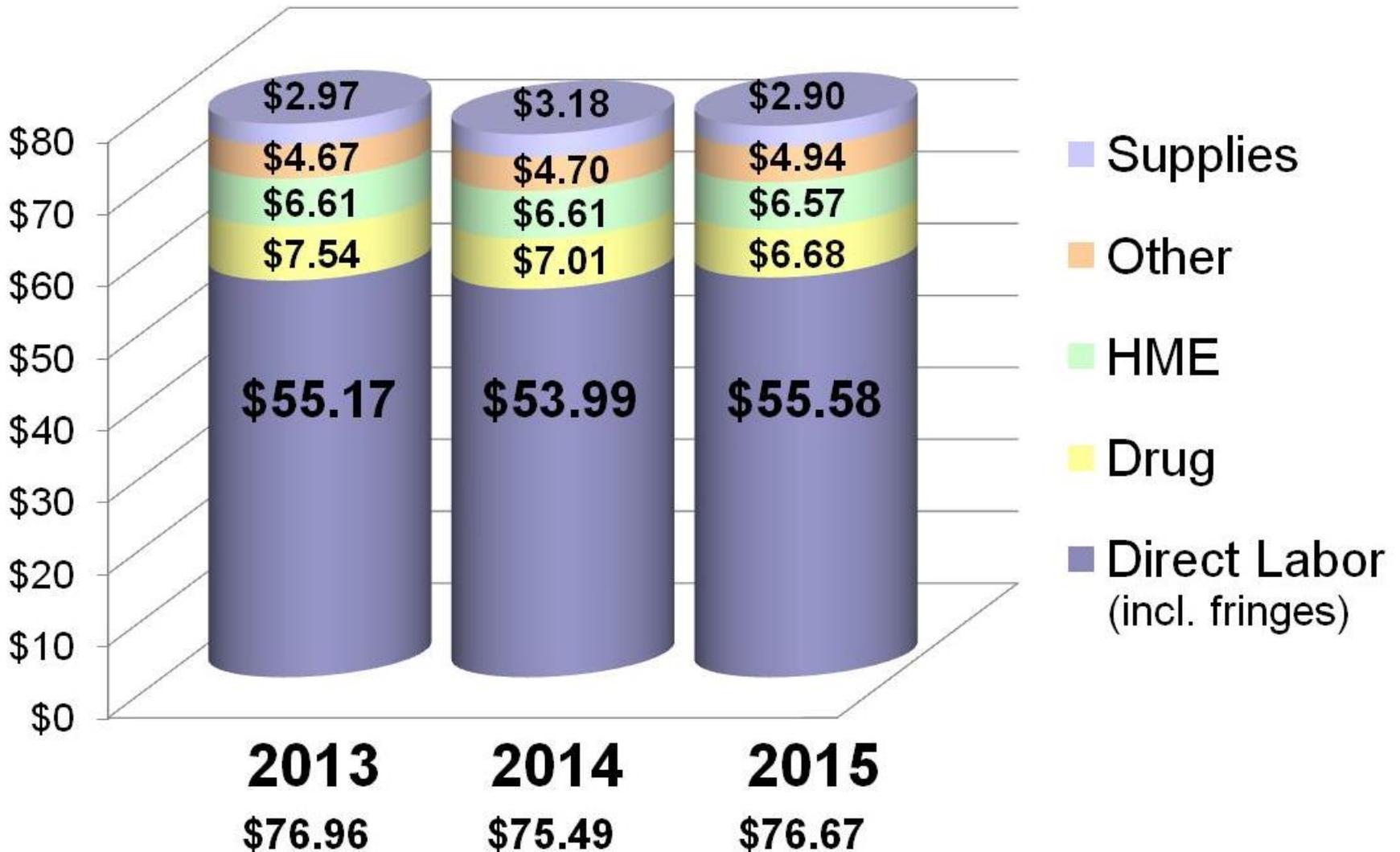
Assumptions

ALOS 110  
Median 50

**2011: 2,513,000 U. S. Deaths\***  
**1,950,000 "Hospice Appropriate" Deaths\***  
**1,059,000 Actual Deaths in Hospice\***

\*Most recent industry data per NHPCO

# VITAS – Homecare Direct Cost Driver



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

## For The Years Ended December 31, 2004 through 2015

(in thousands, except percentages)

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	Average Annual Inc./(Dec.)
(1) Service Revenues and Sales	\$ 531,136	\$ 618,613	\$ 699,092	\$ 755,426	\$ 808,445	\$ 854,343	\$ 925,810	\$ 986,272	\$ 1,067,037	\$ 1,045,113	\$ 1,064,205	\$ 1,115,551	7.0%
(2) EBITDA (b)	65,685	65,259	89,237	110,515	119,901	132,935	146,652	147,243	158,251	142,770	158,719	169,768	9.0%
(3) Adj. EBITDA (b)	64,553	80,455	85,880	103,953	115,278	129,685	143,656	144,944	156,289	151,156	155,449	167,498	9.1%
(4) Adj. EBITDA Margin (b)	12.2%	13.0%	12.3%	13.8%	14.3%	15.2%	15.5%	14.7%	14.6%	14.5%	14.6%	15.0%	n.a.
(5) Net Income (GAAP)	33,052	34,982	43,546	61,034	64,304	71,696	79,796	80,358	86,577	76,144	86,186	93,346	9.9%
(6) Adj. Net Income (b)	32,961	44,659	49,249	59,974	64,010	72,059	80,465	81,186	87,338	84,023	87,585	96,418	10.2%
(7) Adj. Net Income as a percent of Sales	6.2%	7.2%	7.0%	7.9%	7.9%	8.4%	8.7%	8.2%	8.2%	8.0%	8.2%	8.6%	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)	(14)
	2003 (b)	2004 (b)	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	Average Annual Inc./(Dec.)
(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	8.0%
(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	7.9%
(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	8.4%
(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	4.4%
(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	6.4%
(6) Other operating expense	\$ -	\$ -	\$ 17,350	\$ 272	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,500	\$ -	\$ -	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	13.0%
(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	12.1%
(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	12.2%
<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%	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%	
(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%	
(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%	
(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%	
(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%	
(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%	
(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%	
(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%	

(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)
	Full Year Results		
	2014	2015	Fav/(Unfav) % Growth
(1) Service Revenues Before Medicare Cap	\$ 1,065,495	\$ 1,115,386	4.7%
(2) Medicare Cap	(1,290)	165	112.8%
(3) Net Service Revenues and Sales	\$ 1,064,205	\$ 1,115,551	4.8%
(4) Net Income	\$ 86,185	\$ 93,346	8.3%
(5) Adj. EBITDA (a)	155,449	167,498	7.8%
(6) Adj. EBITDA Margin (a)	14.6%	15.0%	0.4 pts.
(7) Capital Expenditures	21,880	23,278	(6.4%)

(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%\*
  - ▶ 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

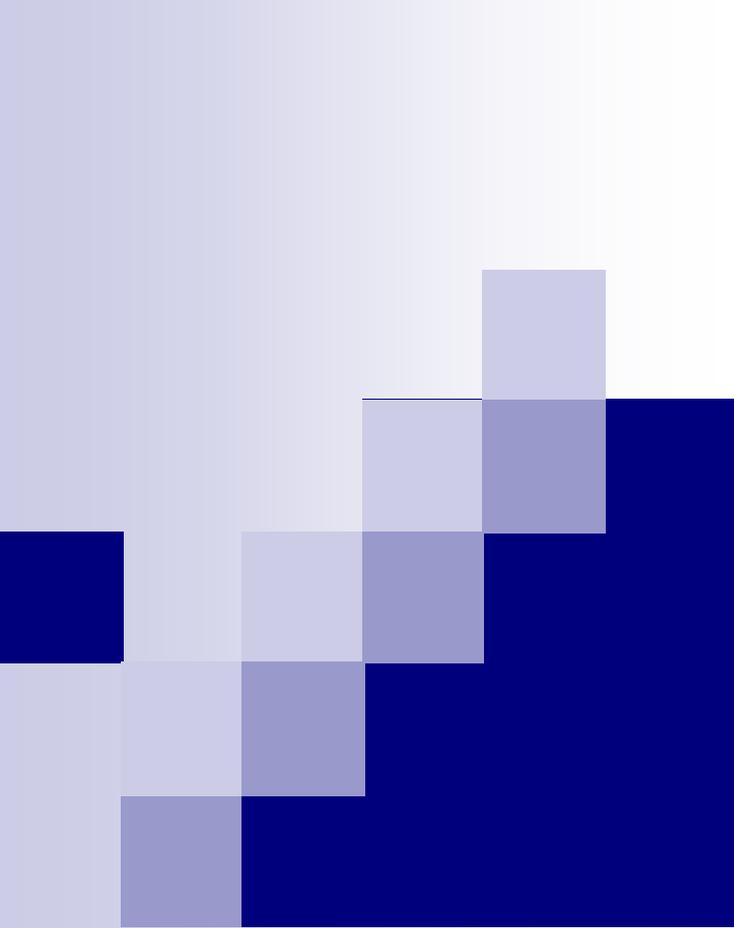
# VITAS – Operating Metrics (\$000)

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)
	2011	2012				2013				2014				2015			
Operating Metrics	Q4	Q1	Q2	Q3	Q4												
(1) Average Daily Census (ADC)	13,724	13,703	14,111	14,277	14,465	14,432	14,679	14,241	14,185	14,317	14,536	14,639	14,838	14,824	15,283	15,722	15,697
(2) Admissions	15,191	16,322	15,912	15,539	16,004	17,137	15,721	14,555	15,445	16,353	15,771	15,653	16,313	17,268	16,683	16,131	15,790
(3) Discharges	15,289	16,196	15,508	15,340	16,120	16,843	15,763	14,971	15,396	16,002	15,673	15,460	16,333	16,990	15,912	15,949	15,915
(4) Average Length of Stay (ALOS) (Days):	79.0	82.4	74.0	78.5	80.3	77.4	84.8	82.2	82.6	81.1	82.4	83.7	82.7	79.0	78.5	78.6	89.8
(5) Median Length of Stay (Days)	14	14	14	15	15	13	16	16	15	14	16	15	15	13	15	16	17
(6) Total Revenue Before Medicare Cap Reduction (\$000)	\$257,180	\$258,270	\$265,213	\$267,990	\$273,860	\$270,453	\$264,423	\$257,180	\$260,056	\$259,565	\$264,169	\$267,884	\$273,877	\$269,448	\$276,460	\$285,008	\$284,470
(7) Medicare Cap Reduction	(\$2,620)	\$2,577	-	-	(\$873)	\$873	(\$855)	(\$3,179)	(\$3,838)	\$847	(\$143)	(\$2,500)	\$506	\$165	\$0	\$0	\$0
(8) Revenue After Medicare Cap Reduction (\$000)	\$254,560	\$260,847	\$265,213	\$267,990	\$272,987	\$271,326	\$263,568	\$254,001	\$256,218	\$260,412	\$264,026	\$265,384	\$274,383	\$269,613	\$276,460	\$285,008	\$284,470
(9) % Routine Home Care	73.4%	72.2%	72.9%	73.8%	73.5%	72.7%	75.7%	76.4%	76.3%	75.3%	75.9%	76.5%	76.6%	75.9%	77.2%	78.2%	78.8%
(10) % InPatient	10.8%	11.3%	11.0%	10.5%	10.2%	10.5%	9.8%	9.7%	9.9%	10.0%	9.8%	9.3%	9.4%	9.9%	9.2%	8.5%	8.1%
(11) % Continuous Care	15.8%	16.5%	16.1%	15.7%	16.3%	16.8%	14.5%	14.0%	13.8%	14.7%	14.3%	14.2%	14.0%	14.2%	13.6%	13.3%	13.1%
(12) % Medicare Cap	(1.0%)	1.0%	0.0%	0.0%	(0.3%)	0.3%	(0.3%)	(1.3%)	(1.5%)	0.3%	(0.1%)	(0.9%)	0.2%	0.1%	0.0%	0.0%	0.0%
Direct Care Margins: (a)																	
(13) Routine Home Care	53.2%	50.4%	52.4%	52.5%	54.4%	51.9%	52.3%	52.5%	53.8%	52.8%	53.4%	53.8%	54.9%	52.7%	52.4%	53.7%	54.7%
(14) In Patient Care	13.1%	14.1%	12.7%	9.2%	10.5%	10.9%	3.6%	1.7%	5.0%	4.2%	6.9%	4.9%	7.2%	8.4%	6.0%	3.8%	1.3%
(15) Continuous Care	19.9%	19.9%	19.7%	19.0%	18.3%	17.7%	14.6%	14.8%	16.1%	16.6%	17.5%	17.4%	18.2%	15.9%	16.7%	5.7%	16.1%
(16) Gross Profit (Direct and Indirect) (\$000) (b) (c)	\$58,476	\$55,227	\$57,374	\$59,517	\$63,599	\$58,166	\$57,780	\$56,614	\$58,953	\$55,020	\$58,208	\$58,279	\$66,959	\$57,118	\$60,682	\$66,480	\$68,684
(17) Gross Profit Margin (b) (c)	23.0%	21.2%	21.6%	22.2%	23.3%	21.4%	21.9%	22.3%	23.0%	21.1%	22.0%	22.0%	24.4%	21.2%	21.9%	23.3%	24.1%
(18) Pro Forma Selling, General & Admin Exp (c)	\$18,306	\$19,748	\$20,471	\$20,148	\$20,127	\$21,604	\$21,063	\$18,637	\$20,948	\$21,714	\$21,002	\$20,224	\$21,657	\$21,971	\$22,237	\$22,241	\$23,086
(19) Pro Forma Adjusted EBITDA (\$000) (c)	\$40,030	\$35,489	\$37,055	\$39,774	\$43,972	\$37,577	\$37,675	\$37,314	\$38,589	\$33,939	\$37,478	\$38,339	\$45,694	\$35,954	\$39,828	\$45,311	\$46,404
(20) Pro Forma Adjusted EBITDA Margin (c)	15.7%	13.6%	14.0%	14.8%	16.1%	13.8%	14.3%	14.7%	15.1%	13.0%	14.2%	14.4%	16.7%	13.3%	14.4%	15.9%	16.3%

(a) Excludes any Medicare cap reduction

(b) Includes any Medicare cap reduction

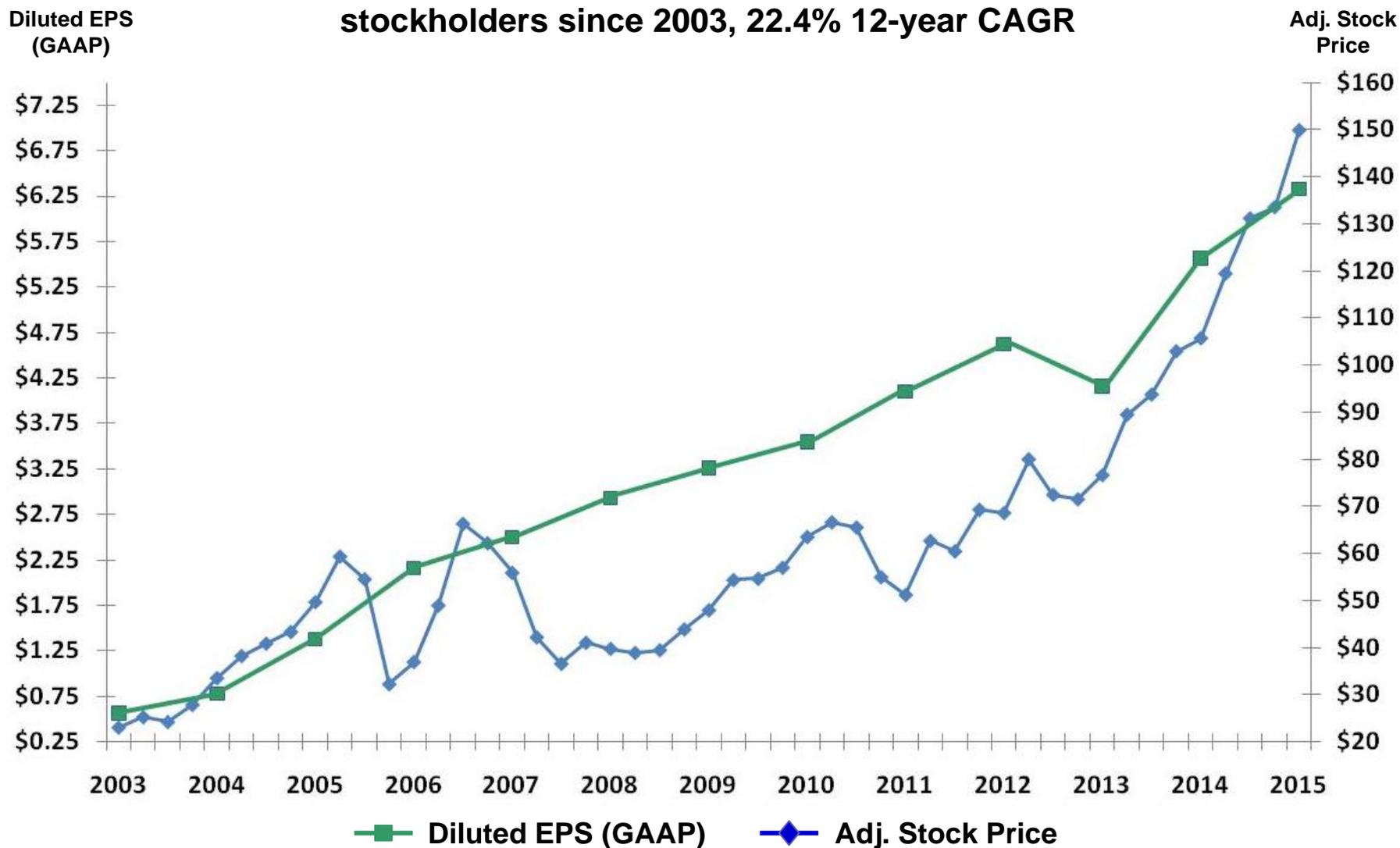
(c) Excludes depreciation, amortization



# Appendix

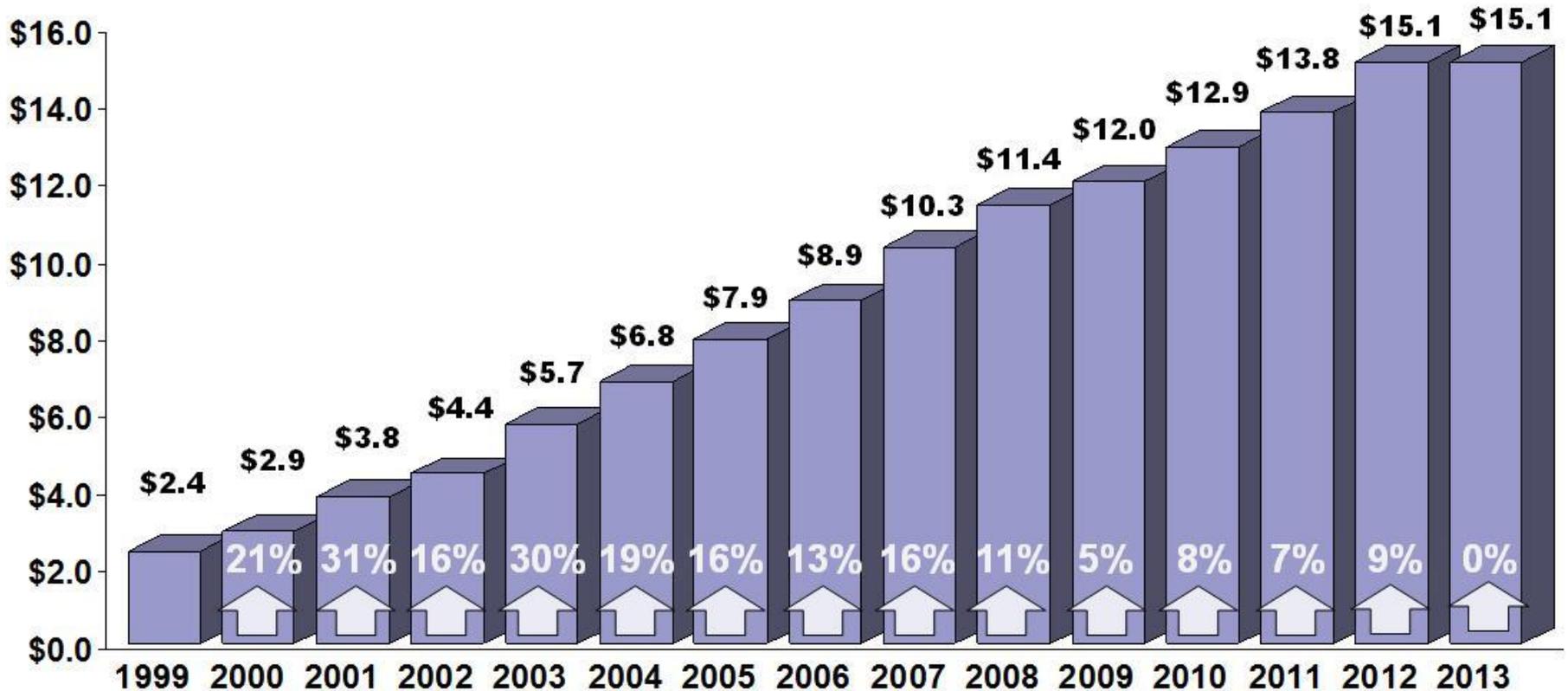
# EPS<sup>(1)</sup> and Stock Price<sup>(2)</sup> History

Chemed has delivered strong and consistent EPS to stockholders since 2003, 22.4% 12-year CAGR



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

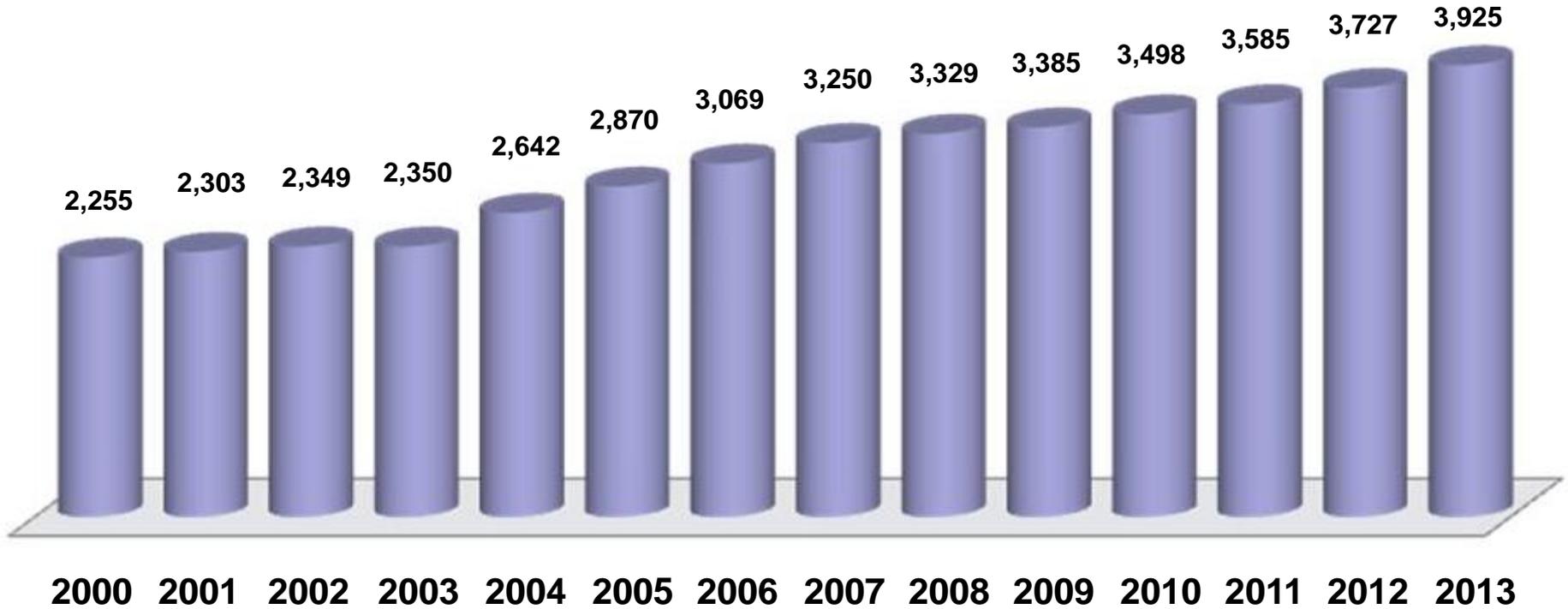
# Medicare Hospice Spending (in billions)



■ **14% Compounded annual growth rate from 1999 to 2013**

Source: MedPAC Report to the Congress – 2011, 2012, 2013, 2014 and 2015

# Growth in Hospice Programs



Source: MedPAC Report to the Congress – 2011, 2012, 2013, 2014 and 2015

**CHEMED CORPORATION**  
**RECONCILIATION OF ADJUSTED EBITDA and ADJUSTED NET INCOME**  
**FOR THE YEARS ENDED DECEMBER 31, 2004 THROUGH 2015**  
(IN THOUSANDS)

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<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
(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
(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
(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
(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
(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
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) Severance charges	-	-	-	-	-	-	-	-	-	-	-	-
(12) Interest income	(1,874)	(2,198)	(2,691)	(3,304)	(743)	(423)	(444)	(426)	(809)	(847)	29	(281)
(13) Dividend income from VITAS	-	-	-	-	-	-	-	-	-	-	-	-
(14) Equity in earnings of VITAS	4,105	-	-	-	-	-	-	-	-	-	-	-
(15) Advertising cost adjustment	528	691	323	601	225	(540)	(679)	(1,240)	(1,573)	(1,166)	(1,462)	(1,317)
(16) Long-term incentive compensation	8,783	5,477	-	7,067	-	5,007	4,734	3,012	360	1,301	2,569	7,519
(17) Loss/(gain) on extinguishment of debt	3,330	3,971	430	13,798	(3,406)	-	-	-	-	-	-	-
(18) Legal expenses of OIG investigation	-	637	1,068	227	47	586	1,012	1,188	1,212	2,149	2,141	4,974
(19) Stock option expense	-	215	1,211	4,665	7,303	8,639	7,762	8,376	8,130	6,042	4,802	5,445
(20) 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
(21) Lawsuit settlement	3,135	17,350	272	1,927	-	882	1,853	2,299	1,016	27,646	120	5
(22) Debt registration expenses	1,191	-	-	-	-	-	-	-	-	-	-	-
(23) VITAS transactions costs	442	(959)	-	-	-	-	-	-	-	-	-	-
(24) Prior-period insurance adjustments	-	(1,663)	-	-	597	-	-	-	-	-	-	-
(25) Expenses associated with contested proxy solicitation	-	-	-	-	-	3,989	-	-	-	-	-	-
(26) Acquisition Expenses	-	-	-	-	-	-	324	121	188	62	24	172
(27) Costs to Shut down HVAC operations	-	-	-	-	-	-	-	-	1,126	-	-	-
(28) Securities litigation	-	-	-	-	-	-	-	-	742	109	327	37
(29) Severance arrangements	-	-	-	-	-	-	-	-	-	302	-	-
(30) Other	-	-	(467)	(467)	-	-	-	-	-	-	-	-
(31) 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
<b>Reconciliation of Adjusted Net Income</b>												
(32) 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
Add/(deduct):												
(33) Discontinued operations	(8,417)	411	7,071	(1,201)	1,088	253	-	-	-	-	-	-
(34) (Gains)/losses on investments	-	-	918	-	-	-	-	-	-	-	-	-
(35) Gain on sale of property	-	-	-	(724)	-	-	-	-	-	-	-	-
(36) Impairment loss on transportation equipment	-	-	-	-	1,714	-	-	-	-	-	-	-
(37) Severance charges	-	-	-	-	-	-	-	-	-	-	-	-
(38) Dividend income from VITAS	-	-	-	-	-	-	-	-	-	-	-	-
(39) Equity in earnings of VITAS	4,105	-	-	-	-	-	-	-	-	-	-	-
(40) Long-term incentive compensation	5,437	3,434	-	4,427	-	3,134	2,957	1,880	228	822	1,625	4,752
(41) Loss/(gain) on extinguishment of debt	2,030	2,523	273	8,778	(2,156)	-	-	-	-	294	-	-
(42) Legal expenses of OIG investigation	-	397	662	141	28	363	627	737	752	1,333	1,328	3,072
(43) Stock option expense	-	137	769	2,962	4,619	5,464	4,909	5,298	5,143	3,813	3,022	3,439
(44) Lawsuit settlement	1,897	10,757	169	1,168	-	534	1,126	1,397	617	16,926	74	3
(45) Prior period tax adjustments	(1,620)	(1,961)	(2,115)	-	(322)	-	-	-	-	(1,782)	-	-
(46) Debt registration expenses	727	-	-	-	-	-	-	-	-	-	-	-
(47) VITAS transactions costs	222	(959)	-	-	-	-	-	-	-	-	-	-
(48) Prior-period insurance adjustments	-	(1,014)	-	-	358	-	-	-	-	-	-	-
(49) Non-cash interest on convertible debt	-	-	-	2,335	3,228	3,988	4,313	4,664	5,041	5,448	2,143	-
(50) Income tax impact of non-taxable investments	-	-	-	46	3,062	(756)	-	-	-	-	-	-
(51) Expenses associated with contested proxy solicitation	-	-	-	-	-	2,525	-	-	-	-	-	-
(52) Acquisition Expenses	-	-	-	-	-	-	198	75	114	38	15	104
(53) Costs to Shut down HVAC operations	-	-	-	-	-	-	-	-	649	-	-	-
(54) Securities litigation	-	-	-	-	-	-	-	-	469	69	207	23
(55) Severance arrangements	-	-	-	-	-	-	-	-	-	184	-	-
(56) Other	-	-	(296)	(296)	-	-	-	-	-	-	-	-
(57) 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

**ROTO-ROOTER GROUP**  
**RECONCILIATION OF ADJUSTED EBITDA and ADJUSTED NET INCOME**  
**FOR THE YEARS ENDED DECEMBER 31, 2004 THROUGH 2015**  
(IN THOUSANDS)

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<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
(2) Interest expense	206	563	368	495	246	186	233	358	433	322	363	348
(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
(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
(5) Amortization	119	90	13	(60)	50	114	136	228	246	259	273	372
(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
Add/(deduct)												
(7) Advertising cost adjustment	528	691	323	601	225	(540)	(679)	(1,240)	(1,573)	(1,166)	(1,462)	(1,317)
(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
(10) Prior-period insurance adjustments	-	(1,663)	-	-	597	-	-	-	-	-	-	-
(11) Interest income	(139)	(156)	(85)	(377)	(116)	(73)	(49)	(40)	(30)	(41)	(39)	(40)
(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)
(13) Acquisition expenses	-	-	-	-	-	-	256	(26)	173	4	23	172
(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
(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
<b>Reconciliation of Adjusted Net Income</b>												
(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
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
(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) 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

**VITAS HEALTHCARE GROUP**  
**RECONCILIATION OF ADJUSTED EBITDA and ADJUSTED NET INCOME**  
**FOR THE YEARS ENDED DECEMBER 31, 2004 THROUGH 2015 (a)**  
(IN THOUSANDS)

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<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
(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
(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
(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
(6) Amortization	3,957	3,947	3,170	3,368	3,984	3,959	1,963	1,238	1,262	1,385	447	758
(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
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
(9) Lawsuit settlement	-	17,350	272	-	-	-	-	-	-	10,500	113	-
(10) Interest income	(373)	(237)	(114)	(151)	(137)	(267)	(220)	(295)	(703)	(750)	78	(241)
(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)
(12) Acquisition expenses	-	-	-	-	-	-	68	147	15	58	1	-
(13) Stock award amortization	-	-	746	616	667	745	776	659	694	717	586	496
(14) 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
<b>Reconciliation of Adjusted Net Income</b>												
(15) 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
Add/(deduct):												
(17) Discontinued operations	(91)	(1,477)	4,872	(1,201)	-	-	-	-	-	-	-	-
(18) Legal expenses of OIG investigation	-	397	662	141	28	363	627	737	752	1,333	1,328	3,072
(19) Lawsuit settlement	-	10,757	169	-	-	-	-	-	-	6,510	70	-
(20) Prior-period tax adjustments	-	-	-	-	(322)	-	-	-	-	-	-	-
(21) Acquisition expenses	-	-	-	-	-	-	42	91	9	36	1	-
(22) 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

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

**CHEMED CORPORATION**  
**RECONCILIATION OF ADJUSTED EBITDA AND ADJUSTED NET INCOME**  
**FOR THE YEARS ENDED DECEMBER 31, 2014 and 2015**  
**(IN THOUSANDS)**

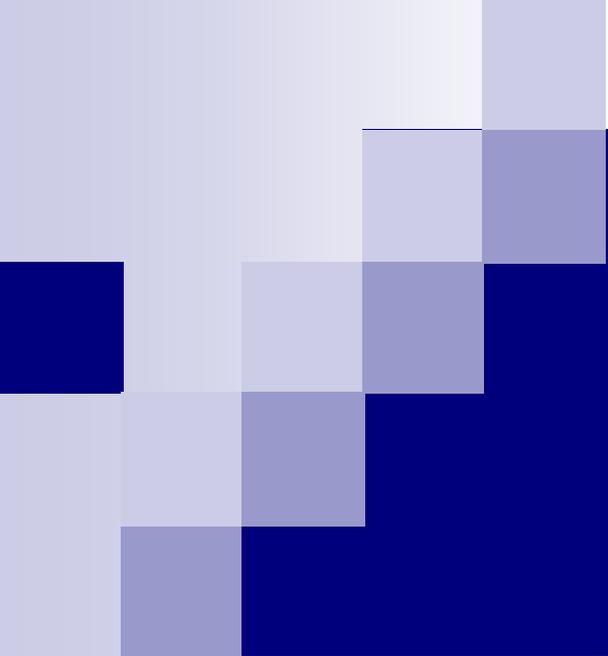
	(1)	(2)
	<u>2014</u>	<u>2015</u>
<b>Reconciliation of Adjusted EBITDA</b>		
(1) Net income	\$ 99,317	\$ 110,274
(2) Interest expense	8,186	3,645
(3) Income taxes	63,437	69,852
(4) Depreciation	29,881	32,369
(5) Amortization	720	1,130
(6) EBITDA	<u>201,541</u>	<u>217,270</u>
Add/(deduct)		
(7) Interest income	29	(281)
(8) Advertising cost adjustment	(1,462)	(1,317)
(9) Long-term incentive compensation	2,569	7,519
(10) Legal expenses of OIG investigation	2,141	4,974
(11) Stock option expense	4,802	5,445
(12) Acquisition expenses	24	172
(13) Expenses related to litigation settlements	120	5
(14) Expenses related to litigation settlements	327	37
(15) Stock award amortization	2,471	2,107
(16) Adjusted EBITDA	<u><u>\$ 212,562</u></u>	<u><u>\$ 235,931</u></u>
<b>Reconciliation of Adjusted Net Income</b>		
(17) Net income	\$ 99,317	\$ 110,274
Add/(deduct):		
(18) Long-term incentive compensation	1,625	4,752
(19) Legal expenses of OIG investigation	1,328	3,072
(20) Stock option expense	3,022	3,439
(21) Non-cash interest on convertible debt	2,143	-
(22) Acquisition expenses	15	104
(23) Expenses related to litigation settlements	74	3
(24) Expenses related to securities litigation	207	23
(25) Adjusted net income	<u><u>\$ 107,731</u></u>	<u><u>\$ 121,667</u></u>

**ROTO-ROOTER GROUP**  
**RECONCILIATION OF ADJUSTED EBIT AND ADJUSTED EBITDA**  
**FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2015**  
**(IN THOUSANDS)**

		(1)	(2)
		<u>2014</u>	<u>2015</u>
<b>Reconciliation of Adjusted EBIT and EBITDA</b>			
(1)	Net income	\$ 42,075	\$ 48,573
(2)	Interest expense	363	348
(3)	Income taxes	25,808	29,630
(4)	EBIT	<u>68,246</u>	<u>78,551</u>
	Add/(deduct)		
(5)	Advertising cost adjustment	(1,462)	(1,317)
(6)	Interest income	(39)	(40)
(7)	Intercompany interest income	(2,892)	(3,385)
(8)	Acquisition expenses	23	172
(9)	Expenses related to litigation settlements	7	5
(10)	Stock award amortization	252	268
(11)	Adjusted EBIT	<u>64,135</u>	<u>74,254</u>
(12)	Depreciation	10,702	12,988
(13)	Amortization	273	372
(14)	Adjusted EBITDA	<u>\$ 75,110</u>	<u>\$ 87,614</u>

**VITAS HEALTHCARE GROUP**  
**RECONCILIATION OF ADJUSTED EBITDA**  
**FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2015**  
**(IN THOUSANDS)**

<b>Reconciliation of Adjusted EBITDA</b>		(1) <b>2014</b>	(2) <b>2015</b>
(1)	Net income	\$ 86,186	\$ 93,346
(2)	Interest expense	207	200
(3)	Income taxes	53,278	56,675
(4)	Depreciation	18,601	18,789
(5)	Amortization	447	758
(6)	EBITDA	<u>158,719</u>	<u>169,768</u>
	Add/(deduct)		
(7)	Legal expenses of OIG investigation	2,141	4,974
(8)	Interest income	78	(241)
(9)	Intercompany interest income	(6,189)	(7,499)
(10)	Litigation settlements	113	-
(11)	Acquisition expenses	1	-
(12)	Stock award amortization	586	496
(13)	Adjusted EBITDA	<u><u>\$ 155,449</u></u>	<u><u>\$ 167,498</u></u>



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