



Chemed Corp. (NYSE: CHE)

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Market Data as of December 3, 2021

Chemed is a leader in two stable, recession-resilient industry segments

Business Overview

- Chemed Corporation (NYSE: CHE) operates through two main business segments: VITAS and Roto-Rooter
- VITAS Hospice is the largest hospice and palliative care provider in the U.S.
- Roto-Rooter is one of the largest U.S. plumbing service franchises
- VITAS and Roto-Rooter comprised 64% and 36% of Chemed's FY2020 Revenues, respectively

Why Is This a Good Business?

- **Thesis 1: Accretive acquisition opportunities**
 - Chemed leverages their brand equity and scale to realize rapid margin expansion in acquired businesses
- **Thesis 2: Vast scale and strategic service offering allocation resulting in sector-leading hospice margins**
 - Elevated focus on routine home care services and longer length of stays gives Chemed a unique advantage
- **Thesis 3: Leading debt and return metrics from growing recession-resilient businesses**
 - Containment of debt and industry-leading ROIC metrics make Chemed a strong fit for YUSIF's portfolio

Valuation

- **Current Price: \$470**
- **Price target: \$579**
- **Implied Upside: 23.2%**
- Comparable Companies Analysis: Trades at a discount in relation to peers and yields higher return metrics
- Valuation Methodology: DCF Model – Perpetuity Method (30%), DCF Model – Exit Multiple (30%), Comps - EV/EBITDA (40%)

What Is the Market Missing?

- Chemed's undervaluation is rooted in their lack of analyst coverage and management's restraint in the M&A arena
 - Poor coverage stems from their lack of a true peer comparable group and complex combination of the businesses
 - >95% of the float is held by institutions
- The Roto-Rooter business is a prime spin-off candidate, in which case both Roto-Rooter and VITAS businesses would gain analyst coverage and experience multiple expansion
 - Roto-Rooter would be the only public pure-play plumbing services business, which investors would pay a significant premium for

*We recommend a **BUY** rating for CHE with a price target of **\$579** indicating a **23.2% upside***

Business Overview: Roto-Rooter

Roto-Rooter's resilient business model is widespread through the U.S. and Canada

Business Model – How it Makes Money

Short-term Core Services

- Plumbing, drain and sewer cleaning and excavation services

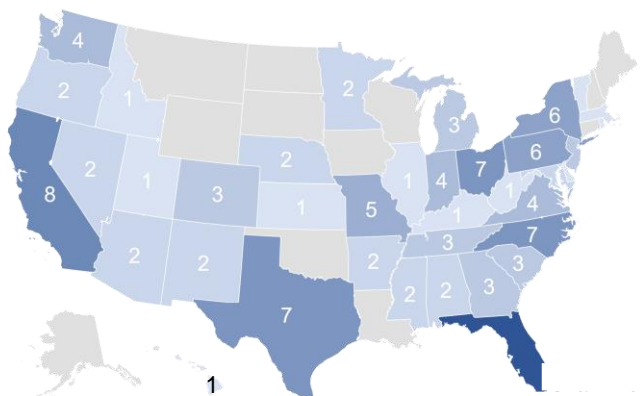
Water Restoration Services

- Remediation of water and humidity after a flood
- Duration of services provided in this category generally ranges from 3 to 5 days

Royalties

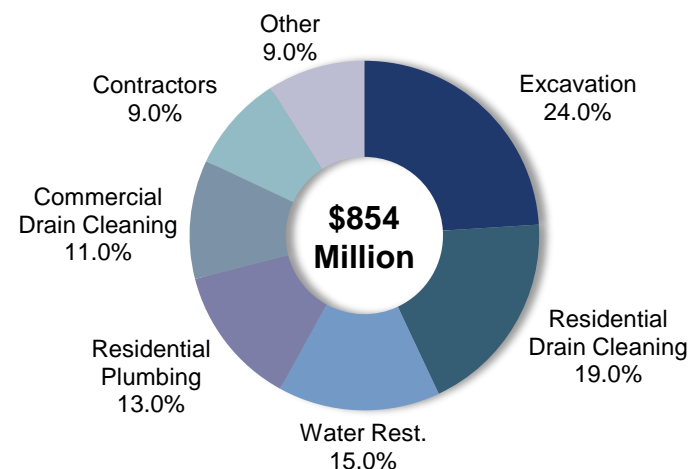
- Independent third-parties: operate under Roto-Rooter's trademarks within Roto-Rooter's owned territories
- Franchisees: operate outside of Roto-Rooter owned territories
- Independent contractors: operate using Roto-Rooter's trademarks

Company Owned & Operated Territories⁽²⁾



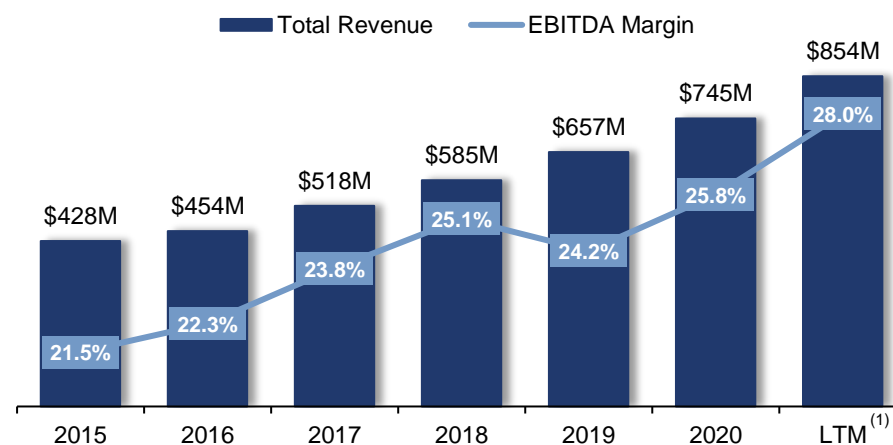
Roto-Rooter provides plumbing and drain cleaning services in 127 company-owned territories and another 369 franchise territories

LTM Revenue Breakdown⁽¹⁾



Residential customers represent 70% of revenues, while commercial customers represent 24% of revenues

Revenue and EBITDA Margin



Consistent revenue growth with operations covering 90% of the U.S. and 40% of Canada and continued margin expansion

Source(s): Company Filings, IBISWorld

(1) LTM as of November 2021

(2) Number of company owned and operated locations per state

Business Overview: VITAS Healthcare

Dominant player in a resilient & growing industry

Business Model – How it Makes Money

Largest provider of hospice and palliative care for patients with terminal illnesses; patients may seek admission when diagnosed with cancer, neurological, cardio, respiratory, or other conditions

■ Routine Home Care

- Patient receives hospice care in their home, including nursing homes

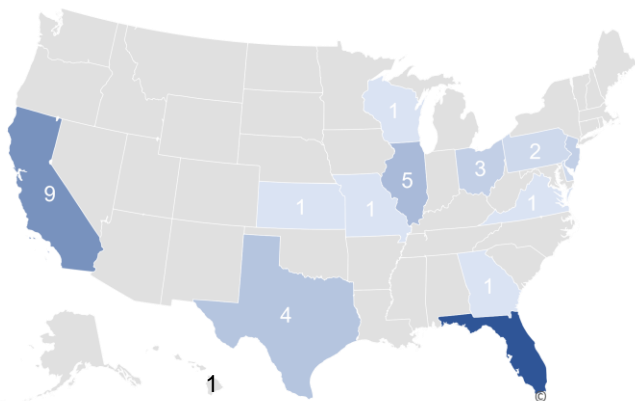
■ General Inpatient Care

- Patient requires services in a controlled setting for a short period of time for pain control or symptom management, either VITAS' off-site clinics or in-hospital locations

■ Continuous Care

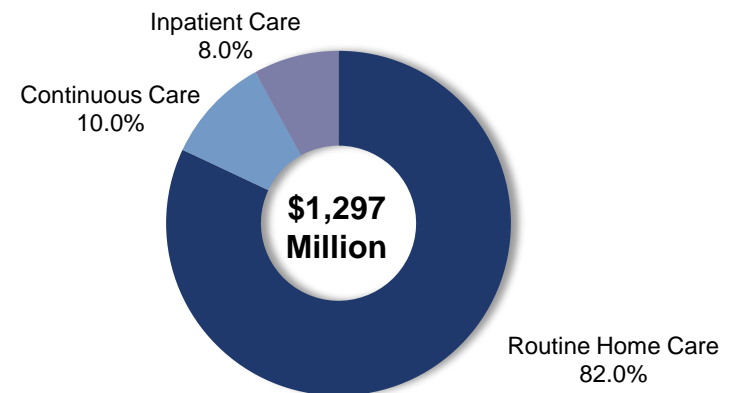
- Provided to patients while at home during periods when intensive monitoring is required to achieve palliation
- Requires a minimum of 8 hours of care within a 24-hour day

Company Owned & Operated Territories⁽²⁾



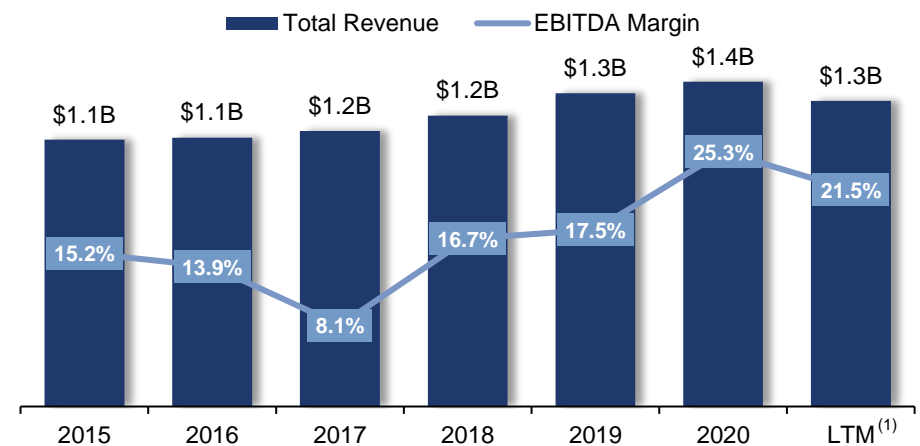
VITAS Healthcare provides hospice and palliative care in 14 states through 49 locations, with a concentration in Florida and California

LTM Revenue Breakdown⁽¹⁾



Routine Home Care has lower per-diem rates, but higher margins

Revenue and EBITDA Margin



Routine Home Care has steadily grown over time, driving the increase in revenue and EBITDA margin

Source(s): Company Filings, IBISWorld

(1) LTM as of November 2021

(2) Number of company owned and operated locations per state

5-Year Share Price Performance

Steady historical growth



Industry Overview: Plumbing Services

A rebounding construction market will support revenue growth

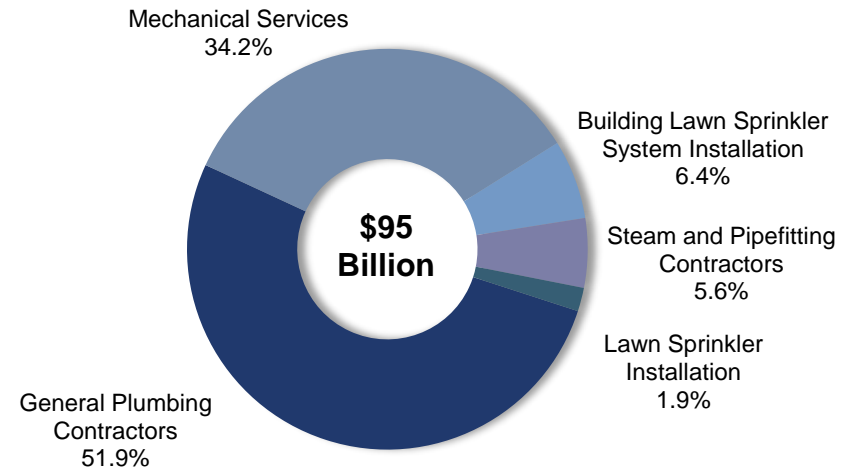
Industry Overview

- **Mature Industry:** Industry revenues for plumbing services were U.S. \$95B in 2020 and is expected to grow annually by 3.6% to reach U.S. \$110B by 2025
 - Demand is driven by increases in new construction markets, and recurring repair and maintenance activity
- **Franchise Model Benefits:** The plumbing franchise model affords franchisees brand name recognition and higher advertising power
 - Franchisees benefit from efficient operating systems, group buying power and vendor rebates enabling them to compete more effectively than independent service operators
 - The competitive advantages of franchisees enable higher profitability than independent service operators
- **Key Players:** The plumbing industry is highly fragmented, players include EMCOR, Roto-Rooter, Comfort Systems USA, Tutor Perini

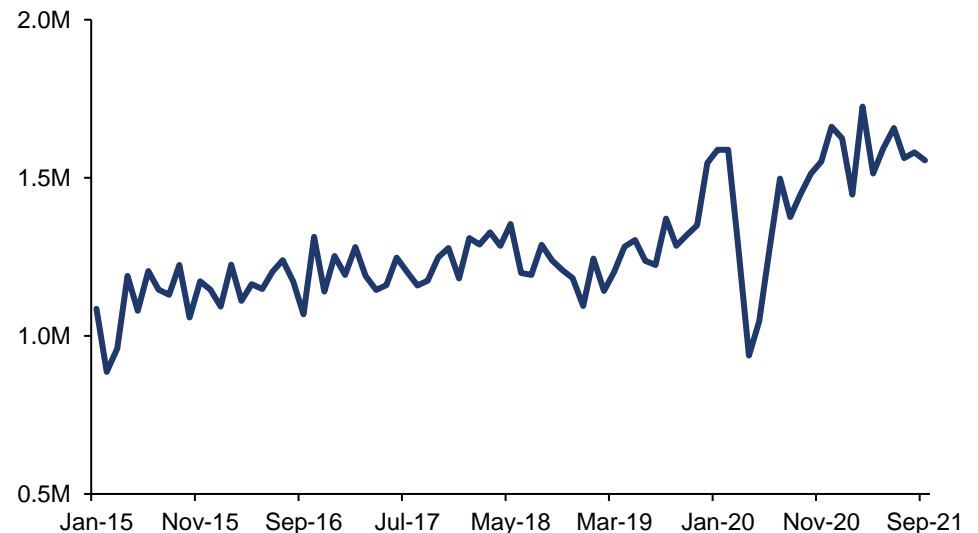
Industry Trends

- **Conservation and Water Efficiency:** Spending on efficient systems is increasing as homeowners and businesses become more inclined to invest in sustainable building construction
 - Introduced green services to improve water efficiency and to reduce impact on the environment
 - As income per capita rises, more consumers will buy into the premium systems and services
- **Construction Activity:** Rising income levels and a growing economy coupled with higher construction activity will drive revenue growth
 - Residential building construction is expected to grow, fueling the need for general and premium plumbing services
 - The private and public nonresidential building market is expected to grow over the next 5 years with higher construction valuations, increasing renovation activity

Product and Services Segmentation



New Privately Owned Housing Starts



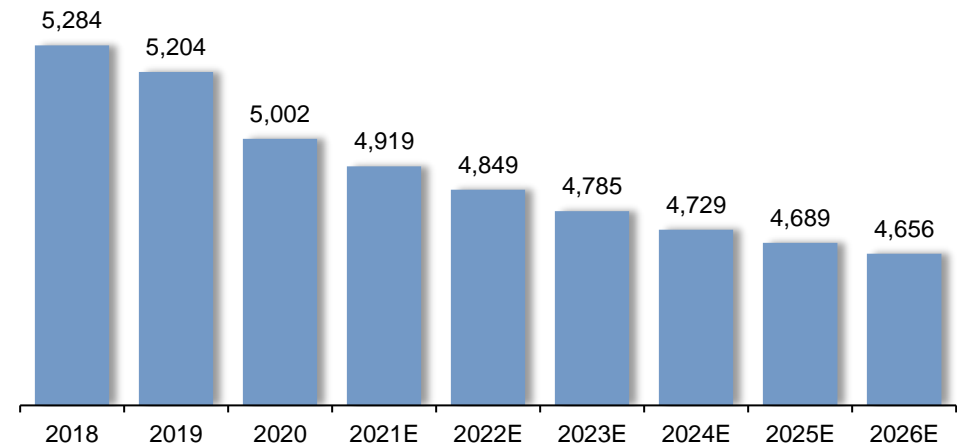
Industry Overview: Hospice & Palliative Care

Growing demand and continued industry consolidation

Industry Overview

- **Industry in Growth:** In the U.S., industry revenues were U.S. \$28B in 2018 and is expected to grow annually by a CAGR of 6.5% to reach U.S. \$49B by 2026
 - Rising elderly population with increasing rates of chronic and age-associated diseases is expected to boost growth
- **Hospice and Palliative Care Demand:** The number of Americans seeking hospice care has continued to increase dramatically, driven by an ageing population and popularization of end-of-life services
 - The number of Americans aged 65+ in 2020 reached 56M, by 2040 that number is expected to be above 80M
- **Key Players:** The U.S. market is shared by VITAS (5.7%), Humana Inc. (3.8%), Amedisys (3.4%), and other producers (87.1%)
 - The industry is fragmented, but will steadily consolidate as larger players continue to seek growth via acquisitions

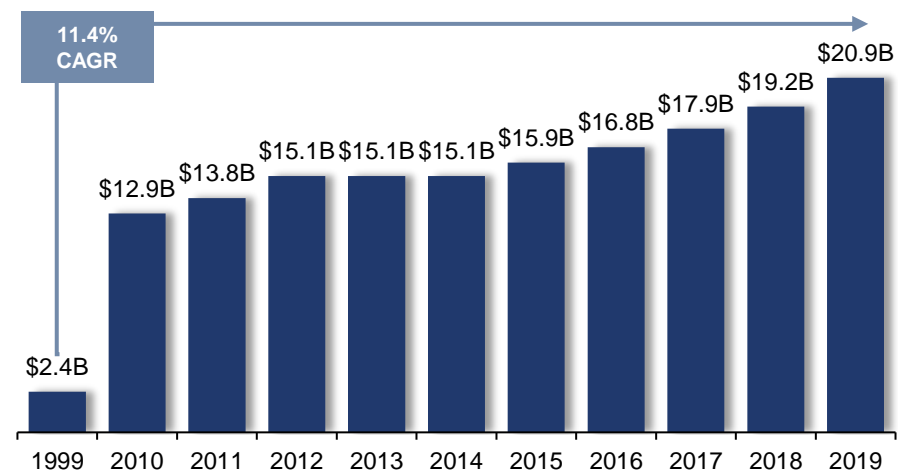
Number of Establishments and Enterprises



Industry Trends

- **Routine Home Care Segment:** This segment dominates revenues due to favorable reimbursement policies, increased comfort, routine visits by RNs, physicians, and hospice aides (In-home care comprises over 90% of industry revenues)
- **Future of In-Home Care:** Medicaid will shift spending away from nursing home-style care and towards home and community services
 - 90% of Americans over the age of 50 would prefer to receive care at home and avoid inpatient care facilities if possible
 - Issues with senior housing were highlighted by the COVID-19 pandemic
 - Expansion in the availability of services; at-home hospice care, home-delivered meals, and transportation to doctors' appointments for all older people

Medicare Hospice Spending



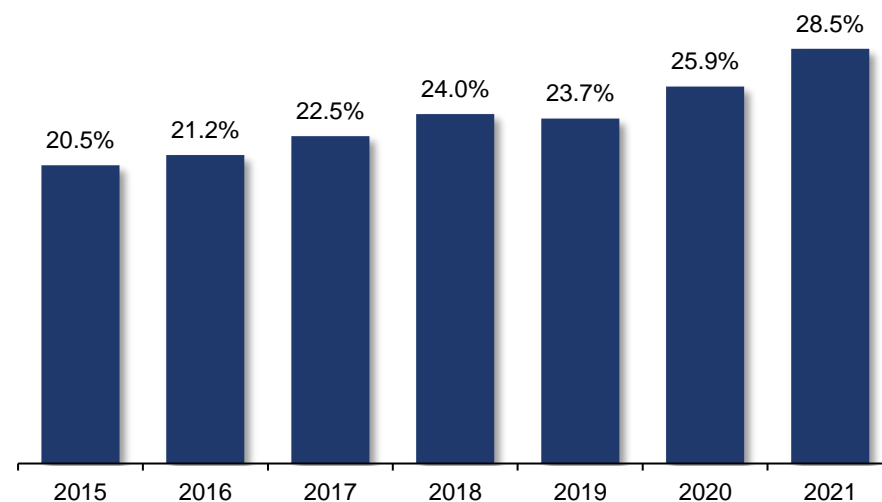
Investment Thesis: Why Is This a Good Business?

Accretive acquisitions in Roto-Rooter space, robust hospice strategy driving margin expansion

Opportunities for Accretive Acquisitions

- Chemed acquires their Roto-Rooter franchisees and other smaller players for approximately 5-8x EBITDA
 - Able to grow margins via economies of scale and general operational improvements
- Roto-Rooter adds value via their national advertising, strong access to commercial clients not afforded to smaller firms, and by implementing their high-margin water damage business in acquired businesses
- Comparatively lower cost of capital provides greater flexibility for acquisitions
- VITAS' scale allows for rapid margin expansion of acquired hospice care providers
 - Highly fragmented nature of the industry provides VITAS with the opportunity to cement their position as market leader

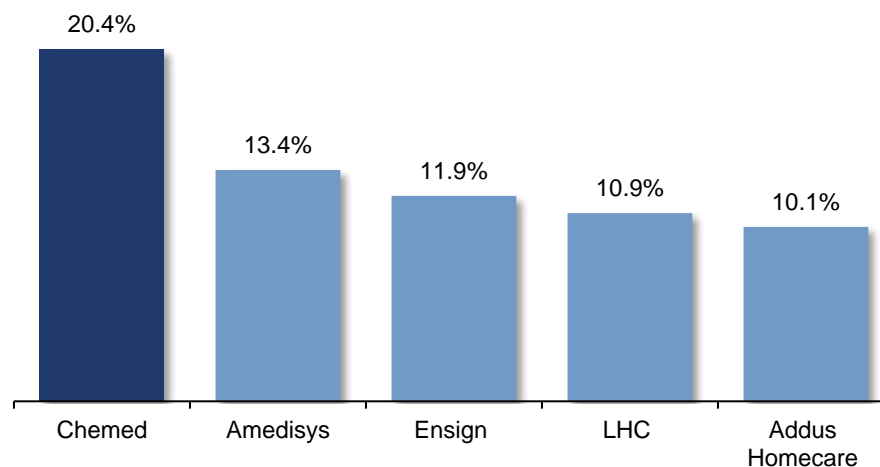
Acquisitions Supplement EBITDA Margins



Superior Margins in Hospice and Palliative Care

- Hospice industry is dominated by smaller 'Mom & Pop' shops and non-profits which are generally run inefficiently
- Average operating margins are between 4-8%, and over half have negative operating margins
 - Stark contrast from VITAS' efficiently-run operations which command far higher margins
- Profits are greatly affected by scale due to acute-care focus
 - Stronger acuity care boosts referrals, lowers discharges related to dissatisfaction, and increases length of stay (LOS)
 - 12% of VITAS' patients live beyond 6 months and their discharge rates are 3% lower than industry averages

Hospice EBITDA Margins vs. Peers



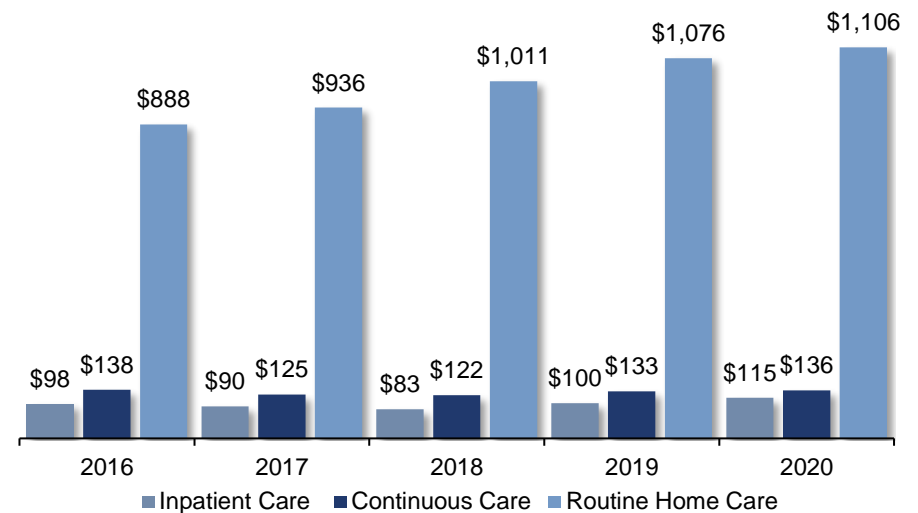
Investment Thesis: Why Is This a Good Business?

Intangibles and scale serving Chemed's moat in both fragmented sectors

Sources of Growth

- VITAS growth stems from Medicare per-diem rate growth, referral growth, and location expansion
 - Chemed has progressively grown their inpatient division in hospitals
- Able to exert price pressure through Roto-Rooter due to same-day/urgent nature of the industry
 - Track record of successfully introducing new services such as flood damage and water restoration
 - Increased focus on residential services is better for margins than commercial contracts
- Continued growth in Routine Home Care segment which commands the lowest per-diem rates but highest margins
 - Also gradually opening more in-hospital hospice units, which carry higher per-diem rates

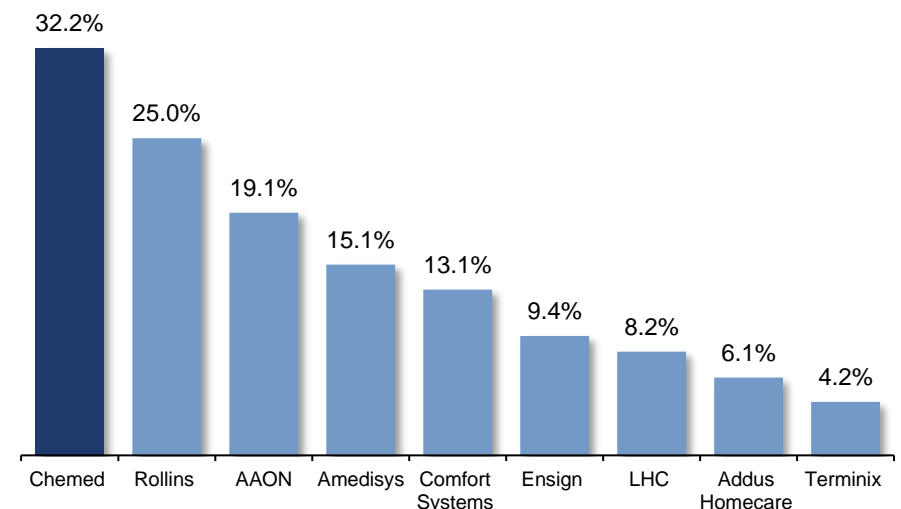
Routine Home Care Revenue Growth (in \$M)



Key Sources of Competitive Moat

- **Intangible Assets**
 - Brand equity is extremely important in the plumbing space given the localized nature and focus on reputation
 - Roto-Rooter is a household name with dozens of imitators
 - Newly acquired businesses are not re-named in accordance with a strategy called 'double-branding'
- **Efficient scale**
 - Roto-Rooter's scale allows them to provide more customer-focused solutions, such as 24/7 call centres, and to win commercial clients
 - Hospice care providers need to invest in the quality of their acuity care in order to reduce discharge rates and increase length-of-stay averages
 - Referral networks for hospices improve with scale

2021E ROIC vs. Peers



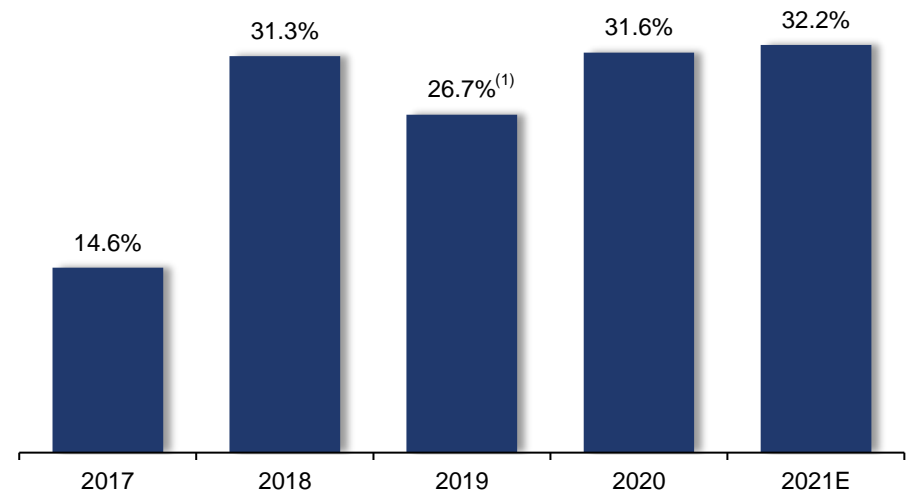
Investment Thesis: Why Is This a Good Business?

Strong track record of business efficiency and delivering value to shareholders

Commentary

- Chemed's EBITDA margin has been climbing since 2017
 - Driver behind VITAS' growth are the increasing popularization of hospice services and an aging American population
 - Drivers behind Roto-Rooter's growth have been increased construction in the U.S.
- CHE's return on invested capital has seen significant improvements in the past 5 years
- Net Debt to EBITDA has decreased over the past 10 years, driven by significant long-term debt reduction
- CHE has significantly improved its earnings per share over the past 10 years

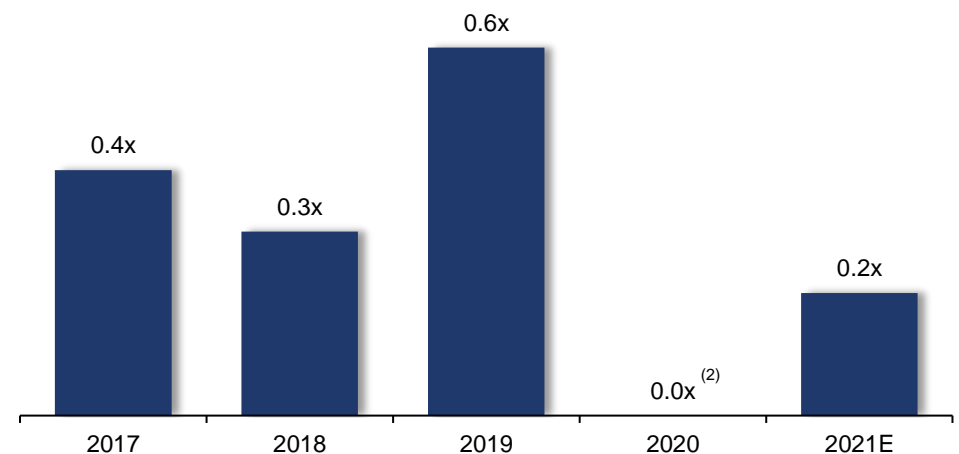
5-Year ROIC



Conservative Approach to Growth

- Chemed's growth strategy has not wavered over the past two decades; complement organic growth with strategic tuck-in acquisitions
 - For the Roto-Rooter business this primarily involves re-acquiring their franchises
- Management has consistently shown restraint in their M&A activity despite the highly fragmented nature of both the plumbing and hospice sectors
- Historically have only pursued acquisitions if they are immediately accretive
- Both their VITAS and Roto-Rooter businesses are being operated with an owner's mindset rather than a CEO's
 - Superior ROIC, low cost of capital, and financial positioning will make Chemed the biggest winner in future M&A

Net Debt / EBITDA



Source(s): Capital IQ, Company Filings

(1) Decline attributed to higher effective tax rate

(2) Cash exceeded debts in 2020

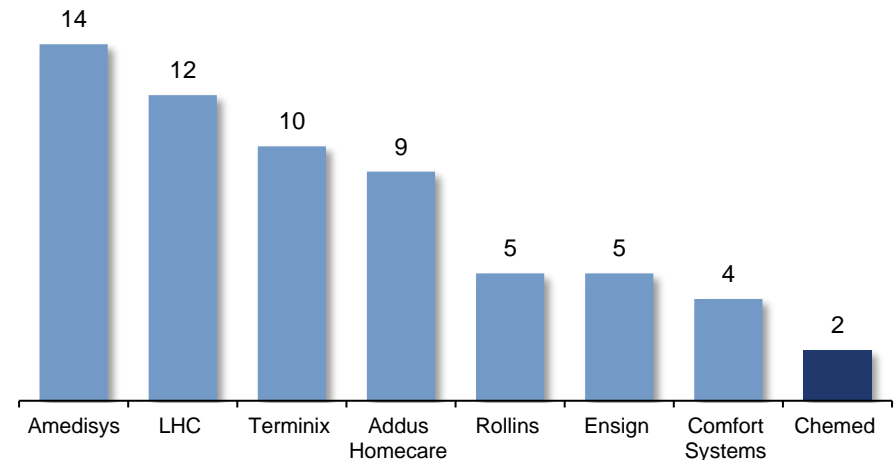
Investment Thesis: What is the Market Missing?

Negligible analyst coverage and management's caution drive Chemed's undervaluation

Lack of Analyst Coverage

- Chemed does not have significant coverage compared to their peers and the broader market
 - BofA Price Target: \$600
 - RBC Price Target: \$609
- Main factors for this include the complex nature of the business and lack of true comparable peers
 - Sum-of-the-Parts valuation
 - No other peers with plumbing-hospice model
- Over 94% of the float is held by institutional investors compared to institutions owning ~75% of the stock market
 - Aforementioned issues serve as barriers to attracting retail investors

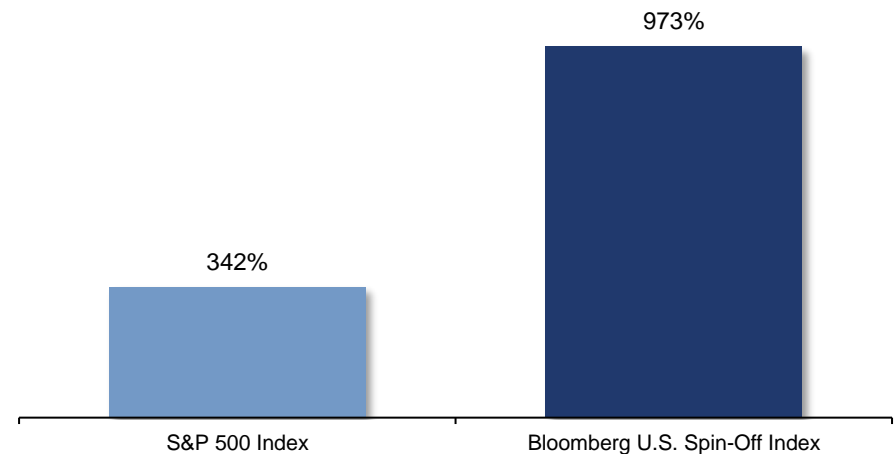
Comparable Companies Analyst Coverage



Potential Roto-Router Spin-off

- Roto-Router business became eligible for a tax-free spin-off February 25, 2009
 - MMI Investments' spin-off proposal failed in May 2009
- Spin-off would allow both Roto-Router and VITAS businesses to gain analyst coverage
- VITAS would trade near the higher end of their hospice peers' trading multiples (~18x EV/EBITDA)
- There are no publicly traded pure-play plumbing services companies
 - Investors would pay a premium for Roto-Router to gain exposure to the space (~35x EV/EBITDA)

Bloomberg Spin-off Index vs. S&P 500 (2002-2019)



The Bear Case (What Could Go Wrong?)

Medicare policy, foregone M&A opportunities, and management dominate concerns

Changes to Medicare policies

- Over 95% of VITAS' revenue consisted of payments from the Medicare and Medicaid programs
- Operates under per diem reimbursement methodology; VITAS is essentially at risk for the cost of eligible services provided to hospice patients
 - Forcing VITAS to effectively manage operating costs, as rising costs without compensating increases in Medicare/Medicaid rates can materially affect cash flows
- VITAS' operations are subject to legislative and regulatory changes made to the Medicaid or Medicare programs regarding program rates, processes, and/or methods

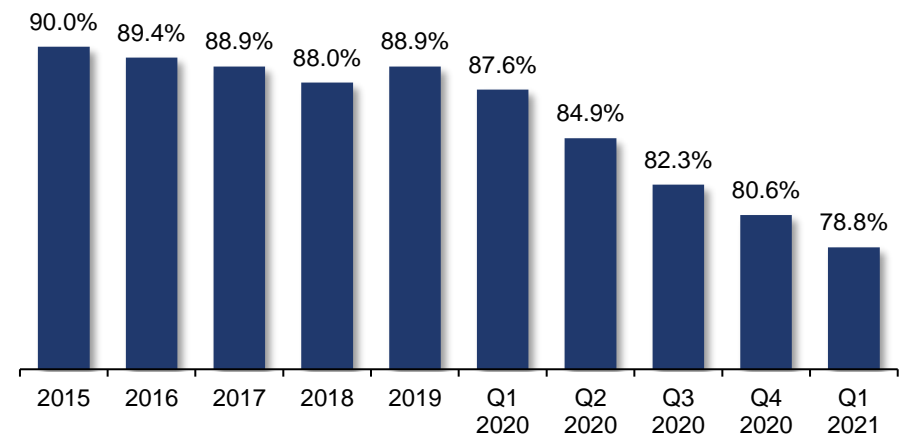
Failure to Supplement Growth via Acquisitions

- Chemed has expressed desire to pursue strategic tuck-in acquisitions in both VITAS and Roto Rooter to foster growth
- With many hospice and palliative care locations having low or negative margins, acquisitions made by VITAS are at risk of optimization failure that could lead to prolonged downwards pressure on revenues
- Changes in the cost of acquisition will significantly affect return on investment
 - Rising multiples in both the Plumbing and VITAS segments could limit Chemed's investment universe and their ability to acquire immediately accretive targets

Management Turnover

- Kevin J. McNamara has been at the helm of Chemed since 2001 and began his career with Chemed in 1980; potential succession issues may happen when he steps down
 - A power struggle may occur between the current CFO and the current Controller of the company as they have both been part of Chemed for roughly the same amount of time
- Potential risk of new management straying from current business strategy and/or disturbing Chemed's structure
- If the new team pursues targets too aggressively and unfavorable targets are acquired, it could be destructive to long-term shareholder value

Declining Senior Housing Occupancy Rates



VITAS referrals from senior housing and nursing homes may decline if occupancy rates continue to slide

Discounted Cash Flow Analysis

Shows significant upside using an 8% WACC

Discounted Cash Flow (USD millions, FY End Dec. 31)	Actual				Projected									
	2017	2018	2019	2020	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E
Total Revenue	1,667	1,783	1,939	2,080	2,279	2,493	2,715	2,949	3,186	3,439	3,697	3,970	4,247	4,546
Operating Income (EBIT)	113	244	257	390	339	400	455	529	584	636	700	758	817	882
Tax Rate	16.0%	14.2%	15.9%	19.3%	23.7%	23.7%	23.7%	23.7%	23.7%	23.7%	23.7%	23.7%	23.7%	23.7%
NOPAT	95	209	216	314	259	305	347	404	446	485	534	578	623	673
Plus: D&A	36	39	45	57	62	69	76	84	92	100	109	119	128	139
Less: Capital Expenditures	(64)	(53)	(53)	(59)	(68)	(75)	(81)	(88)	(95)	(103)	(110)	(119)	(127)	(136)
Plus/Less: Changes in NWC		8	41	(57)	(37)	6	6	5	7	8	7	9	9	9
Unlevered Free Cash Flow	66	203	250	256	216	306	348	405	449	491	540	587	633	684
Discount Period					1	2	3	4	5	6	7	8	9	10
Discount Factor					0.981	0.908	0.841	0.779	0.721	0.668	0.618	0.572	0.530	0.491
PV of Unlevered Free Cash Flow					212	278	293	315	324	328	334	336	336	336

Terminal Value: Perpetuity Method	
Cumulative PV of FCF	3,091
% of Enterprise Value	33.1%
Terminal Value	
Terminal Year UFCF	684
Perpetuity Growth Rate	2.5%
Terminal Value	12,756
PV of Terminal Value	6,260
% of Enterprise Value	66.9%
Equity Value	\$9,240
Fully Diluted Shares Outstanding	15.4
Implied Share Price	\$600
Current Share Price	\$470
Margin of Safety	27.7%

Terminal Value: Exit Multiple Method	
Cumulative PV of FCF	3,091
% of Enterprise Value	30.6%
Terminal Value	
Terminal Year EBITDA	1,020
Exit EV/EBITDA Multiple	14.0x
Terminal Value	14,282
PV of Terminal Value	7,008
% of Enterprise Value	69.4%
Equity Value	\$9,989
Fully Diluted Shares Outstanding	15.4
Implied Share Price	\$649
Current Share Price	\$470
Margin of Safety	38.0%

Discounted Cash Flow Analysis

Sensitivity analysis

Implied Share Price: Growth Rate & WACC

		Perpetuity Growth Rate				
		2.0%	2.3%	2.5%	2.8%	3.0%
WACC	7.0%	\$688	\$715	\$745	\$778	\$816
	7.5%	\$621	\$642	\$665	\$691	\$720
	8.0%	\$564	\$582	\$600	\$621	\$643
	8.5%	\$517	\$531	\$546	\$563	\$580
	9.0%	\$476	\$488	\$500	\$514	\$528

Implied Share Price: Exit Multiple & WACC

		Exit EBITDA Multiple				
		15.5x	16.0x	16.5x	17.0x	17.5x
WACC	7.0%	\$664	\$682	\$699	\$717	\$735
	7.5%	\$640	\$657	\$674	\$691	\$707
	8.0%	\$616	\$633	\$649	\$665	\$681
	8.5%	\$594	\$610	\$625	\$641	\$656
	9.0%	\$573	\$588	\$603	\$617	\$632

Margin of Safety: Growth Rate & WACC

		Perpetuity Growth Rate				
		2.0%	2.3%	2.5%	2.8%	3.0%
WACC	7.0%	46.5%	52.2%	58.5%	65.6%	73.5%
	7.5%	32.1%	36.6%	41.5%	47.0%	53.1%
	8.0%	20.1%	23.7%	27.7%	32.0%	36.8%
	8.5%	10.0%	13.0%	16.2%	19.7%	23.5%
	9.0%	1.4%	3.8%	6.5%	9.3%	12.4%

Margin of Safety: Exit Multiple & WACC

		Exit EBITDA Multiple				
		15.5x	16.0x	16.5x	17.0x	17.5x
WACC	7.0%	41.3%	45.0%	48.8%	52.6%	56.4%
	7.5%	36.1%	39.7%	43.3%	46.9%	50.5%
	8.0%	31.1%	34.6%	38.0%	41.5%	45.0%
	8.5%	26.4%	29.7%	33.0%	36.3%	39.6%
	9.0%	21.9%	25.0%	28.2%	31.4%	34.6%

Comparable Company Analysis

64% weighting on VITAS comparables and 36% weighting on Roto-Rooter comparables

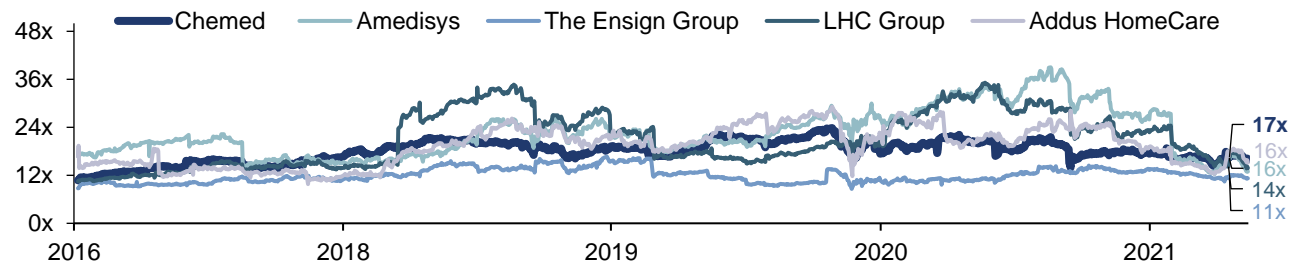
Company	Ticker	Share Price (\$)	Equity Value (\$M)	Enterprise Value (\$M)	EV/Revenue		EV/EBITDA		P/E		Return Metrics			Debt/Equity	Debt/EBITDA
					LTM	NTM	LTM	NTM	LTM	NTM	ROIC	ROA	ROE		
VITAS Comps															
Amedisys, Inc.	NASDAQ: AMED	\$142	\$4,617	\$5,084	2.3x	2.2x	17.1x	18.0x	21.0x	25.0x	15.1%	9.4%	26.0%	37.9%	1.6x
Addus HomeCare Corporation	NASDAQ: ADUS	\$89	\$1,400	\$1,511	1.8x	1.6x	18.0x	14.8x	34.6x	25.7x	6.1%	5.4%	7.6%	46.2%	2.8x
The Ensign Group, Inc.	NASDAQ: ENSG	\$76	\$4,180	\$5,152	2.0x	1.8x	16.9x	14.2x	21.7x	19.3x	9.4%	5.9%	22.3%	136.1%	2.8x
LHC Group, Inc.	NASDAQ: LHCG	\$115	\$3,639	\$4,183	1.9x	1.7x	17.8x	15.2x	27.9x	20.4x	8.2%	5.2%	9.6%	7.5%	1.6x
Mean					2.0x	1.8x	17.4x	15.6x	26.3x	22.6x	9.7%	6.5%	16.4%	56.9%	2.2x
Roto-Rooter Comps															
Rollins, Inc.	NYSE: ROL	\$32	\$15,878	\$16,083	6.8x	6.4x	30.3x	28.0x	45.6x	44.4x	25.0%	14.7%	34.2%	44.3%	0.5x
AAON, Inc.	NASDAQ: AAON	\$79	\$4,157	\$4,055	7.9x	6.3x	36.0x	28.9x	58.1x	52.7x	19.1%	10.9%	19.2%	0.5%	-
Comfort Systems USA, Inc	NYSE: FIX	\$95	\$3,424	\$3,736	1.3x	1.1x	14.9x	12.0x	23.0x	20.5x	13.1%	6.4%	20.6%	47.8%	1.4x
Terminix Global Holdings, Inc.	NYSE: TMX	\$38	\$4,570	\$5,430	2.7x	2.6x	15.2x	13.5x	7.5x	27.9x	4.2%	3.2%	5.1%	38.2%	2.7x
Mean					4.7x	4.1x	24.1x	20.6x	33.6x	36.4x	15.4%	8.8%	19.8%	32.7%	1.5x
Maximum					7.9x	6.4x	36.0x	28.9x	58.1x	52.7x	25.0%	14.7%	34.2%	136.1%	2.8x
Weighted Mean					3.0x	2.7x	19.8x	17.4x	28.9x	27.6x	11.7%	7.3%	17.6%	48.2%	2.0x
Minimum					1.3x	1.1x	14.9x	12.0x	7.5x	19.3x	4.2%	3.2%	5.1%	0.5%	0.5x

Chemed Corporation	NYSE: CHE	\$470	\$7,291	\$7,401	3.5x	3.4x	18.7x	16.1x	23.7x	23.4x	32.2%	16.0%	38.9%	15.0%	0.3x
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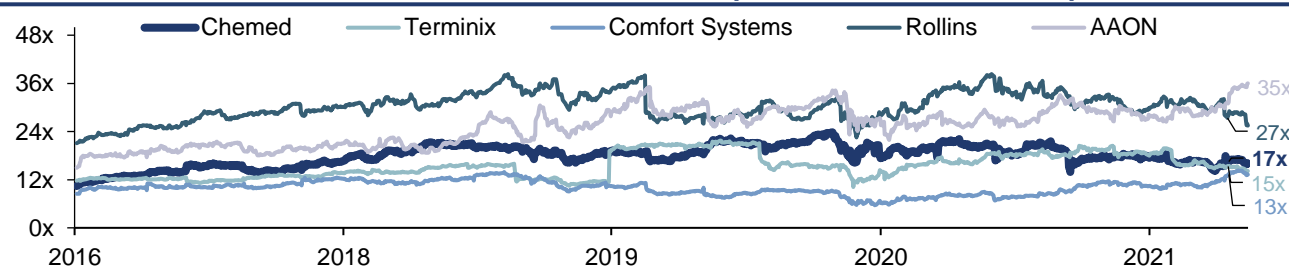
Valuation Summary

Implied Share Price (EV/EBITDA)	
NTM EBITDA	\$459
NTM EV / EBITDA Median	17.4x
Enterprise Value	\$7,971
Plus: Cash	29
Plus: Short-term Investments	--
Less: Total Debt	(135)
Less: Preferred Stock	--
Less: Non-Controlling Interest	--
Equity Value	\$7,864
Diluted Shares Outstanding	15.4
Implied Share Price	\$511
Current Share Price	\$476
Implied Margin of Safety	7.4%

5-Year Historical EV/EBITDA (VITAS Peers)



5-Year Historical EV/EBITDA (Roto-Rooter Peers)



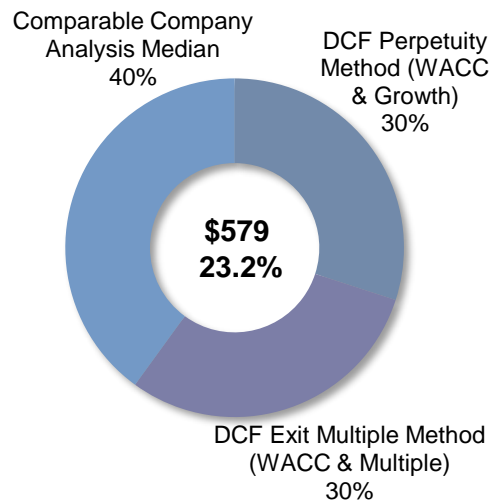
Valuation Summary

BUY rating with 60% weighting on DCF valuation and 40% weighting on comparables

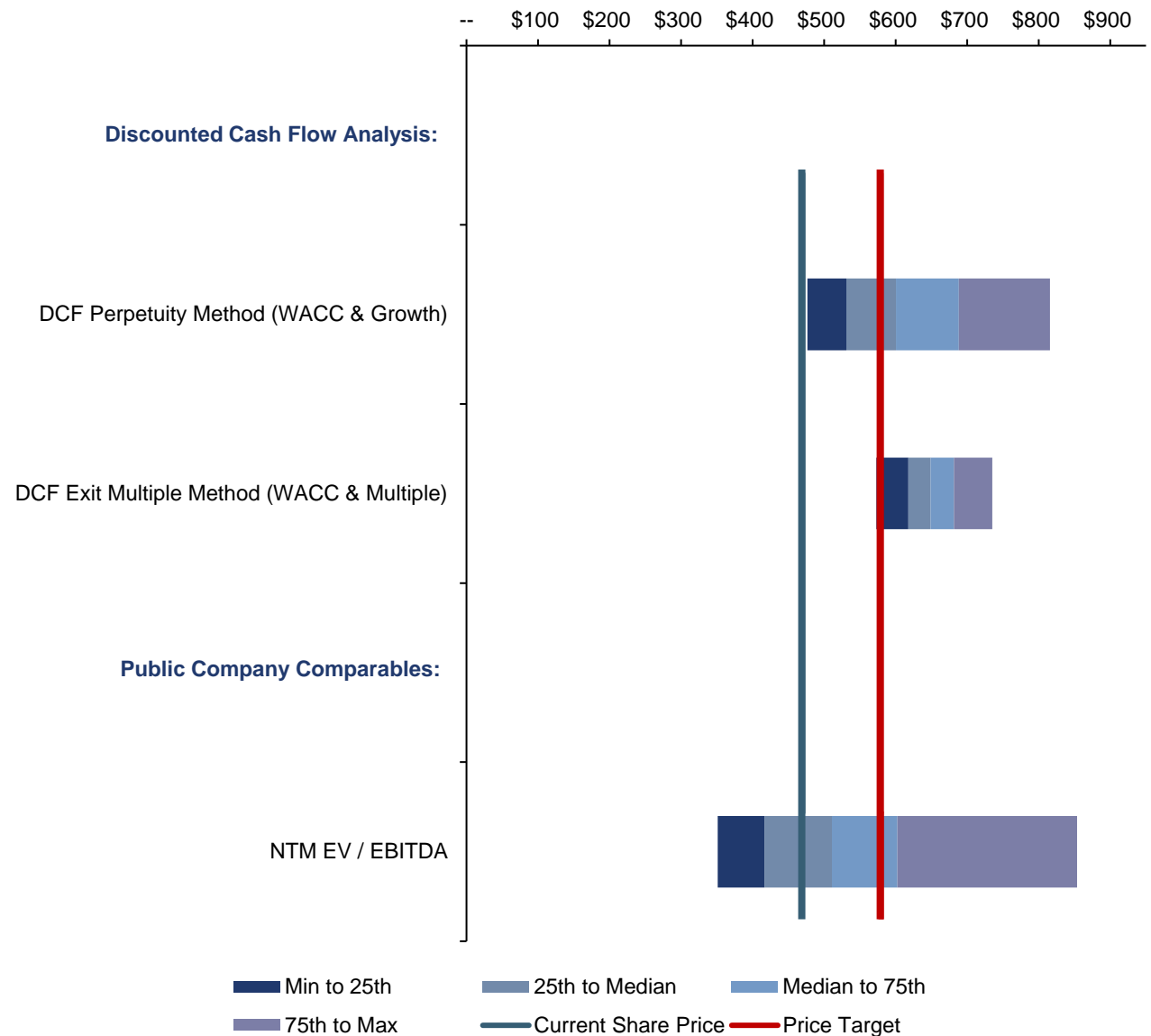
We recommend a **BUY** on **Chemed** with an implied upside of **23.2%**

Results and Weighting

- **Current Price:** \$470
- **Target Price:** \$579
- **Implied Upside:** 23.2%



Football Field Valuation Summary



Appendix

Ownership Analysis

Institutional Investors own ~94% Shares Outstanding

Top 25 Institutional Investors

Shareholder Name	% Ownership	Owner Type	Investment Style
The Vanguard Group, Inc.	11.66%	Investment Manager	Growth
BlackRock, Inc	8.85%	Investment Manager	Growth
Neuberger Berman BD LLC	3.81%	Investment Manager	Growth
Kayne Anderson Rudnick Investment Management	3.02%	Investment Manager	Growth
Wellington Management Group LLP	2.77%	Investment Manager	Growth
State Street Global Advisors, Inc.	2.75%	Investment Manager	Blend
Columbia Management Investment Advisers, LLC	2.52%	Investment Manager	Growth
William Blair Investment Management, LLC	2.24%	Investment Manager	Growth
Acadian Asset Management LLC	2.07%	Investment Manager	Growth
Janus Henderson Group plc	1.95%	Investment Manager	Growth
J.P. Morgan Asset Management, Inc.	1.82%	Investment Manager	Growth
Allspring Global Investments, LLC	1.66%	Investment Manager	Growth
Capital Research and Management Company	1.65%	Investment Manager	Growth
TimesSquare Capital Management, LLC	1.56%	Investment Manager	Growth
Eaton Vance Management	1.46%	Investment Manager	Growth
Geode Capital Management, LLC	1.43%	Investment Manager	Growth
Northern Trust Global Investments	1.40%	Investment Manager	Growth
Boston Trust Walden Company	1.29%	Investment Manager	Growth
BNY Mellon Asset Management	1.11%	Investment Manager	Growth
British Columbia Investment Management Corp.	1.06%	Investment Manager	Growth
Fisher Investments	1.00%	Investment Manager	Growth
Norges Bank Investment Management	0.97%	Government Pension	Growth
Renaissance Technologies Corp.	0.94%	Hedge Fund Manager	Growth
Ninety One UK Limited	0.90%	Investment Manager	Growth
Dimensional Fund Advisors L.P.	0.86%	Investment Manager	GARP
Top 25 Institutional Shareholders	60.76%		

Ownership Summary

Type	% of Total Shares Outstanding	Common Stock Equivalent Held
Institutions	94%	14,427,761
Individuals/Insiders	2%	351,380
Public & Other	4%	543,427
Total	100%	15,328,108

Insider Ownership

Holder	Common Stock Held	% of Shares Outstanding
McNamara, Kevin J. (CEO & President)	127,472	0.83%
Hutton, Thomas C. (VP & Director)	106,889	0.70%
Gemunder, Joel F. (Director)	29,457	0.19%
Williams, David P. (Executive VP & CFO)	27,530	0.18%
Lee, Spencer S. (Executive VP)	25,272	0.17%
Westfall, Nicholas Michael (Executive VP)	7,478	0.05%
Saunders, Donald E. (Director)	6,196	0.04%
Lindell, Andrea R. (Director)	5,716	0.04%
Rice, Thomas P. (Director)	5,188	0.03%
Grace, Patrick P. (Director)	3,270	0.02%
Walsh III, George J. (Chairman)	3,236	0.02%
Witzeman, Michael D. (VP & Controller)	1,855	0.01%
Heaney, Christopher J. (Director)	1,272	0.01%
DeLyons, Ron (Director)	549	0.00%
Top 25 Insider Ownership		2.29%

Discounted Cash Flow Analysis

Key assumptions

	2017A	2018A	2019A	2020A	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E
Roto-Rooter Revenue		12.8%	12.4%	13.3%	16.0%	15.0%	14.0%	13.0%	12.0%	11.5%	11.0%	10.5%	10.0%	10.0%
Bull Case					17.5%	16.5%	15.5%	14.5%	13.5%	13.0%	12.5%	12.0%	11.5%	11.5%
Base Case					16.0%	15.0%	14.0%	13.0%	12.0%	11.5%	11.0%	10.5%	10.0%	10.0%
Bear Case					14.0%	13.0%	12.0%	11.0%	10.0%	9.5%	9.0%	8.5%	8.0%	8.0%
VITAS Revenue		4.3%	7.0%	4.2%	6.0%	6.0%	5.5%	5.5%	5.0%	5.0%	4.5%	4.5%	4.0%	4.0%
Bull Case					7.5%	7.5%	7.0%	7.0%	6.5%	6.5%	6.0%	6.0%	5.5%	5.5%
Base Case					6.0%	6.0%	5.5%	5.5%	5.0%	5.0%	4.5%	4.5%	4.0%	4.0%
Bear Case					4.0%	4.0%	3.5%	3.5%	3.0%	3.0%	2.5%	2.5%	2.0%	2.0%
Roto-Rooter Cost of Sales	51.0%	51.2%	51.6%	49.3%	47.0%	46.5%	46.0%	45.5%	45.0%	45.0%	45.0%	45.0%	45.0%	45.0%
Bull Case					47.0%	46.5%	46.0%	45.5%	45.0%	45.0%	45.0%	45.0%	45.0%	45.0%
Base Case					47.0%	46.5%	46.0%	45.5%	45.0%	45.0%	45.0%	45.0%	45.0%	45.0%
Bear Case					47.0%	46.5%	46.0%	45.5%	45.0%	45.0%	45.0%	45.0%	45.0%	45.0%
VITAS Cost of Sales	77.2%	77.5%	76.7%	75.7%	77.0%	76.5%	76.0%	75.5%	75.5%	75.5%	75.5%	75.5%	75.5%	75.5%
Bull Case					77.0%	76.5%	76.0%	75.5%	75.5%	75.5%	75.5%	75.5%	75.5%	75.5%
Base Case					77.0%	76.5%	76.0%	75.5%	75.5%	75.5%	75.5%	75.5%	75.5%	75.5%
Bear Case					77.0%	76.5%	76.0%	75.5%	75.5%	75.5%	75.5%	75.5%	75.5%	75.5%