

Chemed Corporation (CHE)

\$427.86 (Stock Price as of 12/31/2025)

Price Target (6-12 Months): **\$457.00**

Long Term: 6-12 Months | **Zacks Recommendation:** **Neutral**
(Since: 10/30/25)
Prior Recommendation: Underperform

Short Term: 1-3 Months | **Zacks Rank:** (1-5) **3-Hold**
Zacks Style Scores: VGM: B
Value: B | Growth: C | Momentum: C

Summary

Chemed continues to bank on VITAS' strength, resulting from its retention and hiring program. Roto-Rooter's core competitive advantages enable it to continue to capture market share. Solid financial stability is a plus. Additionally, favorable hospice industry trends, driven by an aging population and rising chronic disease prevalence, are expected to support the company's growth. On the flip side, it continues to evaluate macroeconomic risks, which could negatively impact its sales and profitability. An intensely competitive hospice care industry can present challenges for Chemed. Roto-Rooter's financial results are affected by weather-related fluctuations.

Price, Consensus & Surprise⁽¹⁾



Data Overview

52 Week High-Low	\$623.61 - \$408.42
20 Day Average Volume (sh)	132,153
Market Cap	\$6.1 B
YTD Price Change	-18.7%
Beta	0.46
Dividend / Div Yld	\$2.40 / 0.6%
Industry	Medical - Outpatient and Home Healthcare
Zacks Industry Rank	Top 23% (57 out of 243)

Sales and EPS Growth Rates (Y/Y %)⁽¹⁾



Last EPS Surprise	-2.2%
Last Sales Surprise	-0.5%
EPS F1 Est- 4 week change	0.0%
Expected Report Date	02/25/2026
Earnings ESP	0.0%

Sales Estimates (millions of \$)⁽¹⁾

	Q1	Q2	Q3	Q4	Annual*
2026					2,668 E
2025	647 A	619 A	625 A	663 E	2,547 E
2024	589 A	596 A	606 A	640 A	2,431 A

EPS Estimates⁽¹⁾

	Q1	Q2	Q3	Q4	Annual*
2026					23.43 E
2025	5.63 A	4.27 A	5.27 A	5.68 E	20.44 E
2024	5.20 A	5.47 A	5.64 A	6.83 A	23.13 A

*Quarterly figures may not add up to annual.

(1) The data in the charts and tables, including the Zacks Consensus EPS and sales estimates, is as of 12/31/2025.

(2) The report's text and the price target are as of 12/18/2025.

Overview

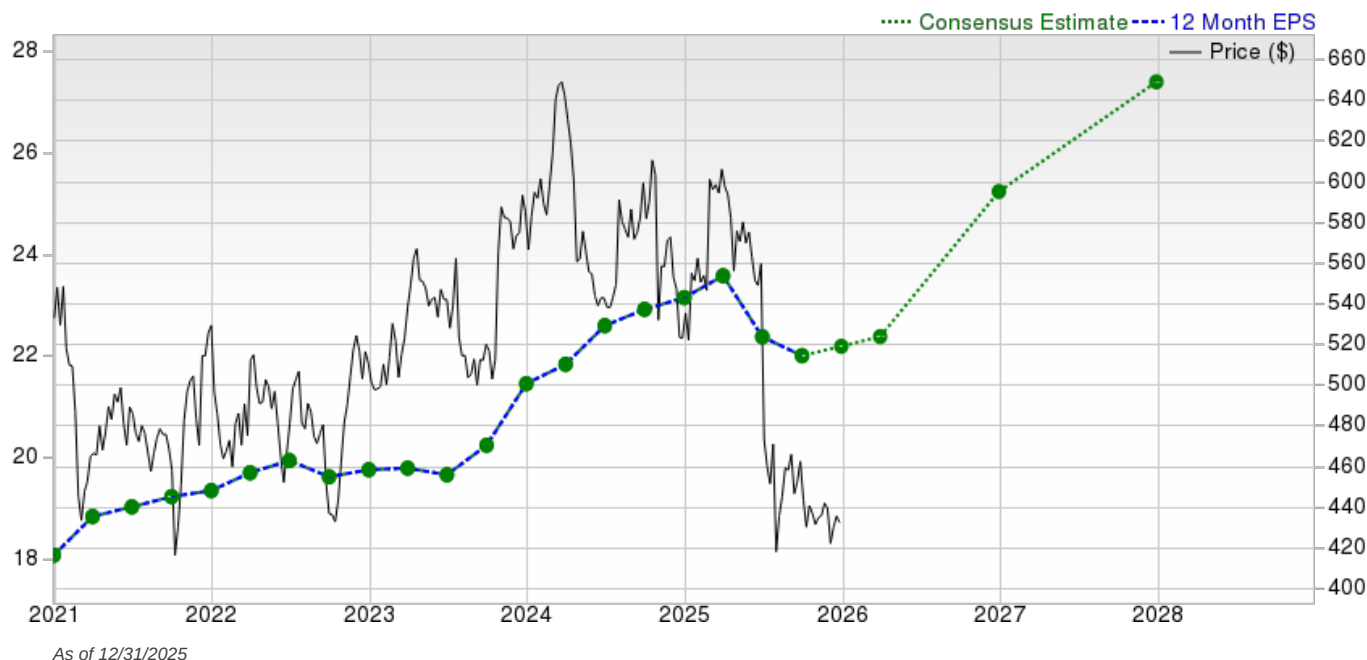
Cincinnati, OH-based Chemed Corporation purchases, operates and divests subsidiaries engaged in diverse business activities. The company's operating businesses are managed on a decentralized basis. Since its inception, Chemed has engaged in twelve significant acquisitions or divestitures of diverse business units.

Chemed currently operates as two wholly-owned subsidiaries: VITAS Healthcare and Roto-Rooter.

VITAS Healthcare (63% of total revenues in 2024; up 16.4% from 2023): The segment provides hospice and palliative care services for patients with terminal illnesses. This type of care is aimed at making a terminally ill patient's last days as comfortable and pain-free as possible. Hospice care is available for patients who have been initially certified or re-certified as terminally ill (a prognosis of six months or less) by their attending physician, if any, and the hospice physician. VITAS offer all levels of hospice care in a given market, including routine home care, inpatient care and continuous care. Over 95% of VITAS' revenues are derived through Medicare and Medicaid reimbursement programs.

Roto-Rooter (37%; down 5.2%): The segment provides plumbing and drain-cleaning services to both residential and commercial customers. This segment provides repair and maintenance services to residential and commercial accounts using the Roto-Rooter registered service marks. Such services include plumbing and sewer, drain and pipe cleaning. They are delivered through company-owned and operated territories, independent contractor-operated territories and franchised locations. This segment also manufactures and sells products and equipment used to provide such services.

In 2024, Roto-Rooter acquired three franchises: one in New Jersey for \$5.8 million, one in Texas for \$1.5 million, and another one in Kentucky for \$5.1 million, all paid in cash.



Reasons To Buy:

▲ **VITAS Prospects Bright:** The segment is consistently registering accelerated improvement, supported by increased growth in licensed healthcare professionals, and strong admissions. Corresponding growth in the patient census has returned VITAS to normalized operating conditions. In the third quarter of 2025, VITAS' increase was primarily driven by a 2.5% increase in days-of-care and a geographically weighted average Medicare reimbursement rate increase of approximately 4.1%. Additionally, management is optimistic about VITAS consistently demonstrating the ability to accelerate the hiring and retention of licensed healthcare professionals, which has translated into an extended period of strong growth.

Continued strong results in Chemed's VITAS business are highly promising. A good solvency position buoys optimism.

Furthermore, VITAS is implementing targeted strategies to address the Medicare cap, with a particular emphasis on increasing hospital-based admissions in select markets. The company also remains on track with its initiatives aimed at fully mitigating any potential impact from the Florida Medicare Cap billing limitation for the government's fiscal 2026. The new program in Pasco County, FL, is a key factor in mitigating Medicare cap issues in 2025 and beyond, while offering a promising long-term expansion opportunity. In another win, VITAS will soon start to provide services in Marion County as well.

▲ **Roto-Rooter Shows Resilience:** The segment's long-standing history of overcoming challenges reinforces management's belief in its growth potential, even amid ongoing consumer sentiment and spending pressures. In the third quarter of 2025, Roto-Rooter revenues experienced modest growth of 1.1% year over year, with branch performance higher than anticipated. For the first time in several quarters, the segment experienced strength in residential plumbing revenue service line, driven by a multipronged campaign to target selected high-revenue dollar plumbing services.

Roto-Rooter continues to maintain its core competitive advantages in terms of brand awareness, customer response time, 24/7 call centers, and aggressive internet presence, all of which position it well to return to a steadier growth trajectory.

During the quarter, Roto-Rooter's branch commercial revenue growth was fueled by a 10.2% increase in excavation, a 3.5% rise in water restoration revenues, and a 1.2% increase in drain cleaning revenues. Chemed rolled out several initiatives last year, including a sharper sales approach for the commercial business, making the most of the incoming leads, and speeding up response times to residences with possible water restoration opportunities. Based on the improved revenue results in late 2024 and early 2025, Roto-Rooter began to selectively expand its productive workforce in certain high-performing branches. Management is also evaluating expenses across all levels of the organization to help improve EBITDA margins going forward.

▲ **Hospice Industry Trend Favorable:** Within the Hospice segment, we believe that Chemed is well poised to register growth driven by the growing aging population. As people age, the prevalence of chronic and life-limiting illnesses, such as cancer, heart disease, and dementia, also increases. This demographic trend drives the hospice market, creating a greater demand for end-of-life care and supportive services. Further, growing long-term care services for chronic diseases worldwide, such as COPD and heart failure, are likely to boost companies' growth within the industry. According to a report by market.us, the global hospice market is estimated to witness a CAGR of 9.6% between 2024 and 2033.

▲ **Strong Solvency and Capital Structure:** At the end of the third quarter, Chemed reported cash and cash equivalents of \$129.8 million and no current debt on the balance sheet. The company did not have any long-term debt as well. This indicates a robust financial position, with the company holding substantial cash in case of an economic downturn.

During the quarter, the company repurchased 407,500 shares of Chemed stock for \$180.8 million, which equates to a cost of \$443.62 per share. As of Sept. 30, 2025, there was approximately \$301.8 million of remaining share repurchase authorization under its plan. Chemed has a consistent dividend-paying history, with the five-year annualized dividend growth being 10.47%.

Reasons To Sell:

▼ **Macroeconomic Headwinds:** Chemed is actively monitoring the macroeconomic trends, such as inflation, the effects of recently implemented tariffs, and the possibility of modified or additional tariffs, which may have adverse effects on its net sales and profitability. In the third quarter of 2025, the cost of services provided and goods sold went up 8% year over year, resulting in a 313-basis point (bps) contraction in the gross margin. Furthermore, significant tariffs on certain products, such as steel for Roto-Rooter's cabling machines and pharmaceuticals utilized by VITAS, could materially increase the costs of Roto-Rooter and VITAS.

Macroeconomic impacts on business, seasonality factors, competitive landscape, and dependence on government mandates are intimidating.

▼ **Reimbursement Headwind Hampering Top-Line Growth:** A vast majority of VITAS' net patient service revenues are generated through Medicare and Medicaid reimbursements. With such payments being made primarily on a "per diem" basis, VITAS is essentially at risk for the cost of eligible services provided to hospice patients. Increases in operating costs, such as labor and supply costs that are subject to inflation, without a compensating increase in Medicare and Medicaid rates, could have a material adverse effect on VITAS' business in the future. Hospice Medicare reimbursement is subject to certain limitations or "caps" based on the number of inpatient days of care and overall average capitation per admission.

In the third quarter of 2025, the combination of Medicare Cap and other contra revenue changes negatively impacted top-line growth by approximately 124 bps. The \$6.1 million Medicare Cap billing limitation accrued in the third quarter of 2025 comprised \$4.6 million for Florida combined program and \$1.5 million related to all other VITAS programs, mainly in California. Management assumes that there will be no Medicare Cap related to the Florida combined program for the government fiscal year 2026, beginning Oct. 1, 2025.

▼ **Seasonality of the Business Weighs on the Stock:** The seasonal dynamics of Chemed's VITAS operations can lead to a fluctuating financial performance. VITAS has a large presence in the state of Florida, where most of the retiree Medicare recipients relocate during the winter months. This generally resulted in higher admissions and revenue concentrated only within Florida during that period. Besides, the Roto-Rooter's revenue and operating results are also impacted by significant weather patterns across the United States, which generally affects the revenue and operating results at Roto-Rooter.

▼ **Tough Competitive Landscape:** Roto-Rooter operates in the highly competitive market for sewer, drain, and pipe cleaning and plumbing repair businesses. Competition is fragmented in most markets with local and regional firms providing much of the competition. Besides, Hospice care in the United States is competitive, as programs for hospice services are generally uniform. As the hospice care industry is highly fragmented, VITAS competes with a large number of organizations based on its ability to deliver quality, responsive services. Both these segments could face challenges in their operations if they are unable to innovate and effectively respond to market trends.

Last Earnings Report

CHE Q3 Earnings and Revenues Miss, Margins Crash

Chemed Corporation (CHE) reported third-quarter 2025 adjusted earnings per share (EPS) of \$5.27, which declined 6.6% year over year. The figure lagged the Zacks Consensus Estimate by 2.2%.

The company's GAAP EPS was \$4.46, down 10.8% from last year's reported figure.

CHE's Q3 Revenues

Revenues in the reported quarter improved 3.1% year over year to \$624.9 million. The metric missed the Zacks Consensus Estimate by 0.5%.

CHE stock slipped 2.7% in after-hours trading yesterday, likely reflecting investor concerns about the company's declining earnings per share.

CHE's Segmental Details

Chemed operates through two wholly owned subsidiaries — VITAS (a major provider of end-of-life care) and Roto-Rooter (a leading commercial and residential plumbing plus drain cleaning service provider).

VITAS

In the third quarter, net patient revenues totaled \$407.7 million, up 4.2% year over year.

The rise in revenues was primarily due to a 2.5% increase in days-of-care and a nearly 4.1% rise in the geographically weighted average Medicare reimbursement rate.

Roto-Rooter

The segment reported sales of \$217.2 million, up 1.1% year over year.

Total Roto-Rooter branch commercial revenues edged up 2.8% year over year. This aggregate commercial revenue change comprised a 10.2% increase in excavation, a 3.5% rise in water restoration, and a 1.2% increase in drain cleaning, partially offset by a 0.8% decline in plumbing.

Total Roto-Rooter branch residential revenues increased 3.4% year over year. The aggregate residential revenue change reflected increases of 8.2% in plumbing, 4.5% in excavation, and 6.8% in water restoration, partially offset by a 2.6% decline in drain cleaning.

CHE's Margin Performance

The gross profit decreased 6.2% year over year to \$196.9 million in the third quarter. The gross margin contracted 313 basis points (bps) year over year to 31.5% due to an 8% increase in the cost of services provided and goods sold.

SG&A expenses rose 3.7% year over year to \$105.8 million. The adjusted operating profit declined 15.6% from the year-ago period's level to \$91.1 million. The adjusted operating margin contracted 323 bps to 14.6% during the quarter.

CHE's Liquidity & Capital Structure

Chemed exited the third quarter of 2025 with cash and cash equivalents of \$129.8 million compared with \$249.9 million at the end of the second quarter. The company did not have any current or long-term debt at the end of the reported quarter.

Cumulative net cash provided by operating activities was \$254.7 million compared with \$252.6 million in the year-ago period.

FY Quarter Ending **12/31/2025**

Earnings Reporting Date	Oct 28, 2025
Sales Surprise	-0.48%
EPS Surprise	-2.23%
Quarterly EPS	5.27
Annual EPS (TTM)	22.00

Valuation

Chemed shares are down 21% in the past six-months period and down 17.4% in the trailing 12-month period. Stocks in the Zacks sub-industry and Zacks Medical sector are up 2.6% and up 11.3% in the past six-months period, respectively. Over the past year, the Zacks sub-industry and sector are up 6.2% and up 4.7%, respectively.

The S&P 500 index is up 16.3% in the past six-months period and up 17.9% in the past year.

The stock is currently trading at 18.5X Forward 12-months earnings, which compares to 18.1X for the Zacks sub-industry, 21.0X for the Zacks sector and 23.2X for the S&P 500 index.

Over the past five years, the stock has traded as high as 30.7X and as low as 17.7X, with a 5-year median 24.7X. Our Neutral recommendation indicates that the stock will perform in line with the market. Our \$457 price target reflects 19.6X forward 12-months earnings.

The table below shows summary valuation data for CHE.

Valuation Multiples - CHE					
		Stock	Sub-Industry	Sector	S&P 500
P/E F12M	Current	18.49	18.08	20.96	23.21
	5-Year High	30.70	23.35	23.6	23.78
	5-Year Low	17.70	16.09	17.86	15.73
	5-Year Median	24.74	19.24	20.66	21.22
P/S F12M	Current	2.29	2.69	2.16	5.24
	5-Year High	4.14	3.47	3.41	5.50
	5-Year Low	2.20	2.24	2.02	3.83
	5-Year Median	3.37	2.73	2.65	5.05
P/B TTM	Current	5.67	3.93	3.96	8.45
	5-Year High	13.35	4.52	6.08	9.17
	5-Year Low	5.01	2.71	3.57	6.60
	5-Year Median	8.39	3.56	4.53	8.05

As of 12/17/2025

Source: Zacks Investment Research

Industry Analysis⁽¹⁾ Zacks Industry Rank: Top 23% (57 out of 243)



Top Peers ⁽¹⁾

Company (Ticker)	Rec	Rank
The Pennant Group, I...(PNTG)	Outperform	2
Addus HomeCare Corpo... (ADUS)	Neutral	2
Aveanna Healthcare H...(AVAH)	Neutral	2
Encompass Health Cor...(EHC)	Neutral	3
Fresenius SE & Co. (FSNUY)	Neutral	2
LifeStance Health Gr...(LFST)	Neutral	2
RadNet, Inc. (RDNT)	Neutral	4
Astrana Health, Inc. (ASTH)	Underperform	5

Industry Comparison⁽¹⁾

Industry: Medical - Outpatient And Home Healthcare

	CHE	X Industry	S&P 500	ASTH	AVAH	EHC
Zacks Recommendation (Long Term)	Neutral	-	-	Underperform	Neutral	Neutral
Zacks Rank (Short Term)	3	-	-	5	2	3
VGM Score	B	-	-	A	A	A
Market Cap	6.10 B	1.85 B	39.51 B	1.41 B	1.75 B	10.83 B
# of Analysts	2	5	22	3	5	8
Dividend Yield	0.56%	0.00%	1.42%	0.00%	0.00%	0.71%
Value Score	B	-	-	B	A	B
Cash/Price	0.02	0.05	0.04	0.32	0.08	0.01
EV/EBITDA	12.76	14.35	14.63	13.47	14.37	10.85
PEG Ratio	32.99	1.93	2.21	1.51	NA	1.90
Price/Book (P/B)	5.67	2.57	3.34	1.77	190.84	3.46
Price/Cash Flow (P/CF)	16.64	19.19	15.24	16.72	49.83	14.04
P/E (F1)	21.45	19.45	20.05	50.96	15.37	20.30
Price/Sales (P/S)	2.41	1.56	3.14	0.49	0.77	1.87
Earnings Yield	5.14%	5.03%	4.94%	1.96%	6.56%	4.92%
Debt/Equity	0.00	0.49	0.57	1.27	140.39	0.76
Cash Flow (\$/share)	25.71	1.48	8.98	1.48	0.16	7.56
Growth Score	C	-	-	A	A	A
Hist. EPS Growth (3-5 yrs)	2.94%	2.96%	8.21%	-18.43%	NA	7.08%
Proj. EPS Growth (F1/F0)	-13.75%	0.00%	0.00%	-45.56%	816.67%	19.64%
Curr. Cash Flow Growth	4.60%	1.45%	7.00%	-8.33%	-71.18%	16.70%
Hist. Cash Flow Growth (3-5 yrs)	6.99%	4.43%	7.48%	14.88%	22.34%	4.43%
Current Ratio	1.35	1.35	1.18	1.40	1.23	1.14
Debt/Capital	0.00%	41.86%	38.15%	49.31%	99.29%	43.88%
Net Margin	11.02%	3.78%	12.77%	0.33%	3.29%	9.33%
Return on Equity	25.89%	8.62%	17.03%	1.26%	-143.55%	17.84%
Sales/Assets	1.50	0.83	0.53	1.82	1.33	0.86
Proj. Sales Growth (F1/F0)	-7.60%	10.07%	5.85%	55.20%	18.00%	10.40%
Momentum Score	C	-	-	B	B	B
Daily Price Chg	-0.69%	-0.61%	-0.74%	-0.64%	-2.62%	-1.42%
1 Week Price Chg	-0.72%	0.00%	-0.20%	6.45%	-5.17%	1.06%
4 Week Price Chg	-0.69%	0.00%	0.98%	7.78%	-8.20%	-6.10%
12 Week Price Chg	-1.63%	-4.07%	2.71%	-19.27%	-8.72%	-14.68%
52 Week Price Chg	-19.24%	0.00%	17.25%	-21.31%	78.78%	14.93%
20 Day Average Volume	132,153	184,718	2,520,743	506,016	1,067,642	995,666
(F1) EPS Est 1 week change	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
(F1) EPS Est 4 week change	0.00%	0.00%	0.00%	0.00%	-0.87%	0.00%
(F1) EPS Est 12 week change	1.85%	0.95%	0.69%	-63.88%	31.22%	0.75%
(Q1) EPS Est Mthly Chg	0.00%	0.00%	0.00%	0.00%	-2.86%	0.00%

Zacks Stock Rating System

We offer two rating systems that take into account investors' holding horizons: Zacks Rank and Zacks Recommendation. Each provides valuable insights into the future profitability of the stock and can be used separately or in combination with each other depending on your investment style.

Zacks Recommendation

The Zacks Recommendation aims to predict performance over the next 6 to 12 months. The foundation for the quantitatively determined Zacks Recommendation is trends in the company's estimate revisions and earnings outlook. The Zacks Recommendation is broken down into 3 Levels; Outperform, Neutral and Underperform. Unlike many Wall Street firms, we have an excellent balance between the number of Outperform and Neutral recommendations. Our team of 70 analysts are fully versed in the benefits of earnings estimate revisions and how that is harnessed through the Zacks quantitative rating system. But we have given our analysts the ability to override the Zacks Recommendation for the 1200 stocks that they follow. The reason for the analyst over-rides is that there are often factors such as valuation, industry conditions and management effectiveness that a trained investment professional can spot better than a quantitative model.

Zacks Rank

The Zacks Rank is our short-term rating system that is most effective over the one- to three-month holding horizon. The underlying driver for the quantitatively-determined Zacks Rank is the same as the Zacks Recommendation, and reflects trends in earnings estimate revisions.

Zacks Style Scores

The Zacks Style Score is as a complementary indicator to the Zacks rating system, giving investors a way to focus on the highest rated stocks that best fit their own stock picking preferences.

Academic research has proven that stocks with the best Value, Growth and Momentum characteristics outperform the market. The Zacks Style Scores rate stocks on each of these individual styles and assigns a rating of A, B, C, D and F. We also produce the VGM Score (V for Value, G for Growth and M for Momentum), which combines the weighted average of the individual Style Scores into one score. This is perfectly suited for those who want their stocks to have the best scores across the board.

Value Score	B
Growth Score	C
Momentum Score	C
VGM Score	B

As an investor, you want to buy stocks with the highest probability of success. That means buying stocks with a Zacks Recommendation of Outperform, which also has a Style Score of an A or a B.

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