Chemed Corporation (CHE)

Updated July 30th, 2026, by Yiannis Zourmpanos

Key Metrics

Current Price:	$535	**5 Year Annual Expected Total Return:**	11.2%	**Market Cap:**	$7.13 B
Fair Value Price:	$638	**5 Year Growth Estimate:**	7.0%	**Ex-Dividend Date:**	08/11/26[1]
% Fair Value:	84%	**5 Year Valuation Multiple Estimate:**	3.6%	**Dividend Payment Date:**	08/28/26[2]
Dividend Yield:	0.4%	**5 Year Price Target**	$894	**Years Of Dividend Growth:**	17
Dividend Risk Score:	B	**Sector:**	Health Care	**Rating:**	Hold

Overview & Current Events

Chemed Corporation (CHE) is a publicly traded company based in Cincinnati, Ohio, that operates two wholly owned subsidiaries: VITAS Healthcare Corporation and Roto-Rooter. The company was founded in 1970 and has established itself as a leading provider of healthcare equipment and services, primarily in end-of-life hospice care through VITAS and plumbing and drain services through Roto-Rooter. Chemed Corporation maintains a strong competitive position in the healthcare and plumbing markets, with revenues of $2.1 billion in 2022. The company's market share is substantial, with VITAS generating roughly 75% of Chemed Corporation's total revenue and Roto-Rooter accounting for the remaining 25%. The company has a strong management team. Its mission is to provide its customers with high-quality healthcare and plumbing services, making it a trusted and reliable partner in these industries.

On July 28th, 2026, the company announced results for the second quarter of 2025. CHE reported Q2 non-GAAP EPS of $6.06, which beat estimates by $0.46 and revenue of $673.25 up 8.8% YoY.

Chemed delivered another strong quarter, driven by accelerating momentum at VITAS, which more than offset steady but slower growth at Roto-Rooter. VITAS benefited from higher patient volumes, improved operating efficiency, and a sharp reduction in Medicare Cap billing limitations, resulting in significantly higher profitability and a nearly 200-basis-point expansion in adjusted EBITDA margin. Admissions and average daily census continued to grow at healthy rates, reflecting successful execution of initiatives aimed at restoring normal growth following the Medicare Cap challenges experienced in 2025. By contrast, Roto-Rooter produced stable results, with commercial demand remaining resilient while residential activity was more mixed. Gross margin improved, although higher selling and administrative expenses limited profitability growth.

Management raised its full-year outlook following the stronger-than-expected performance at VITAS, citing faster operational improvements and continued confidence in patient growth trends. The company now expects higher average daily census growth, stronger revenue growth excluding Medicare Cap impacts, lower Medicare Cap billing limitations, and improved EBITDA margins for the hospice business, while maintaining its outlook for Roto-Rooter. Overall, the quarter highlighted Chemed's balanced business model, with VITAS emerging as the primary driver of earnings growth and cash generation.

Growth on a Per-Share Basis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
EPS	$6.48	$8.43	$11.93	$13.95	$18.08	$19.35	$19.70	$17.93	$19.89	$18.34	***$25.51***	***$35.77***
DPS	$1.00	$1.08	$1.16	$1.24	$1.32	$1.40	$1.48	$1.56	$1.80	$2.20	***$2.40***	***$3.06***
Shares[3]	16.2	16.0	15.9	15.9	15.9	14.9	15.0	15.1	15.2	14.5	***14.3***	***13.5***

By 2030, 21% of the population is anticipated to be over 65. This suggests that many more Americans than today will require the healthcare services offered by VITAS. Chemed Corporation has effectively utilized the CARES Act during the

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[1] Estimated ex-dividend date
[2] Estimated dividend payment date
[3] In millions.

Disclosure: This analyst has no position in the security discussed in this research report, and no plans to initiate one in the next 72 hours.

pandemic and boosted its operating profits. However, these non-recurring benefits are gone, and we consider a growth rate in the high single digits to be more representative of its prospects. We matched the midpoint of analysts' estimates for 2026, forecasting an EPS of $25.51, and are using a projected annual growth of 7.0% for the next five years, which is lower than the company's 10-year CAGR of 12.3%, to get an EPS estimate of $35.77 by 2031. Moreover, Chemed Corporation's DPS had a 10-year and five-year CAGR of 9.2% and 11.4%, respectively. CHE has consistently increased its dividend distribution for the past 17 years, and we believe that DPS will grow slightly slower than EPS growth at an annual rate of 5.0%.

Valuation Analysis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Now	2031
Avg. P/E	21.5	24.2	25.2	26.8	26.0	24.8	24.5	29.7	29.0	27.4	***21.0***	***25.0***
Avg. Yld.	0.7%	0.5%	0.4%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.4%	***0.4%***	***0.3%***

The company's largest revenue contributor, VITAS, has significant tailwinds, such as the aging US population, that will support its growth for the foreseeable future. Chemed Corporation is trading at a forward P/E of 21.0, lower than its five-year average of 27.1 and 10-year average of 25.9. However, considering the growth prospects, we have assumed a target P/E of 25.0 by 2031, close to its historical averages, suggesting a target price of $894.

Safety, Quality, Competitive Advantage, & Recession Resiliency

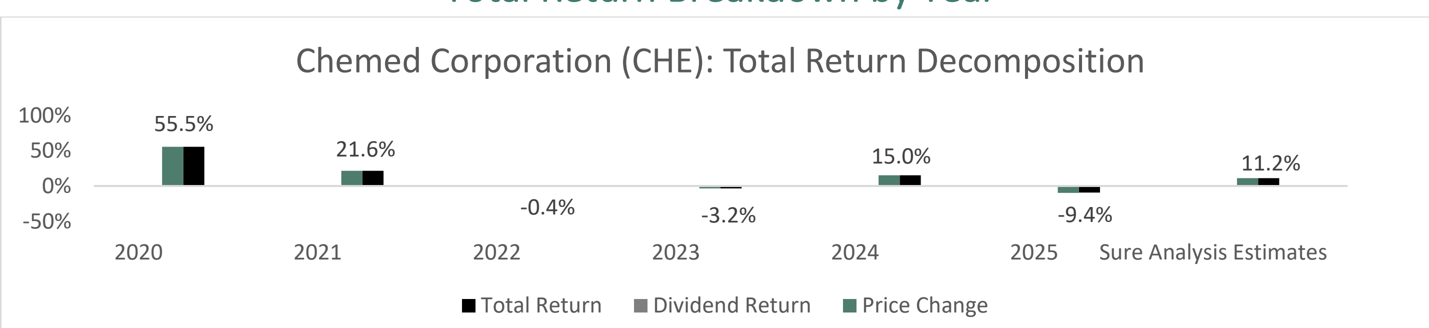
Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
Payout	15%	13%	10%	9%	7%	7%	8%	9%	9%	12%	***9%***	***9%***

The company's competitive advantage lies in its ability to provide high-quality hospice care to terminally ill patients through VITAS, one of the largest hospice care providers in the US. The company's recession performance has been relatively stable due to the essential nature of its healthcare services, and it has demonstrated consistent revenue growth and profitability over the years. Chemed Corporation has a moderate level of debt, with a debt-to-equity ratio of around 28%, indicating that it has utilized debt financing to some extent but has yet to over-leverage its balance sheet. During Q2, Chemed also continued returning capital to shareholders, repurchasing 210,000 shares during the quarter for $89.8 million at an average price of $427.81 per share. Over the past 12 months, the company has repurchased 1.52 million shares, reducing its outstanding share count by approximately 10.5%, while retaining $139.8 million of remaining authorization.

Final Thoughts & Recommendation

We remain confident in Chemed Corporation's prospects, as its outlook is still favorable, and there are some strong tailwinds. However, we believe that investors should wait for a better entry point. Thus, the hold rating is premised upon the 11.2% annualized total returns for the medium-term, derived from the forecasted earnings-per-share growth of 7.0%, the 0.4% dividend yield, and a valuation tailwind.

Total Return Breakdown by Year



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Income Statement Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenue	1,577	1,667	1,783	1,939	2,080	2,139	2,135	2,264	2,431	2,530
Gross Profit	461	516	555	617	701	770	765	799	854	758
Gross Margin	29.3%	31.0%	31.1%	31.8%	33.7%	36.0%	35.8%	35.3%	35.1%	30.0%
SG&A Exp.	248	277	271	306	330	367	359	395	426	417
D&A Exp.	35	36	39	45	57	59	59	61	63	65
Operating Profit	179	204	245	267	390	344	347	343	367	341
Op. Margin	11.3%	12.2%	13.7%	13.7%	18.7%	16.1%	16.3%	15.2%	15.1%	13.5%
Net Profit	109	98	206	220	319	269	250	273	302	265
Net Margin	6.9%	5.9%	11.5%	11.3%	15.4%	12.6%	11.7%	12.1%	13.4%	10.5%
Free Cash Flow	96	98	234	248	430	250	253	273	368	325
Income Tax	68	19	34	42	77	82	80	78	97	91

Balance Sheet Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total Assets	880	920	976	1,268	1,435	1,343	1,442	1,668	1,669	1,640
Cash & Equivalents	15	11	5	6	163	33	74	264	178	75
Acc. Receivable	132	114	120	144	127	137	139	182	171	183
Inventories	6	5	6	7	7	10	10	12	8.2	8
Goodwill & Int.	527	532	579	704	697	687	681	675	759	750
Total Liabilities	356	380	384	542	534	719	643	560	550	661
Accounts Payable	40	48	50	51	54	73	42	48	44	53
Long-Term Debt	109	101	89	90	-	185	98	16	-	103
Total Equity	524	540	591	727	901	623	799	1,108	1,119	979
LTD/E Ratio	0.21	0.19	0.15	0.12	-	0.30	0.12	0.01	-	0.16

Profitability & Per Share Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Return on Assets	12.6%	10.9%	21.7%	19.6%	23.6%	19.3%	17.9%	17.5%	18.1%	15.6%
Return on Equity	21.0%	18.4%	36.3%	33.4%	39.3%	35.2%	35.1%	28.6%	27.1%	25.3%
ROIC	17.6%	15.4%	31.1%	29.4%	37.2%	31.4%	29.3%	27.0%	27.1%	22.2%
Shares Out.	16.2	16.0	15.9	15.9	15.9	14.9	15.0	15.2	15.2	14.5
Revenue/Share	93.92	99.55	106.09	117.30	126.82	134.22	141.40	148.97	160.1	174.96
FCF/Share	5.70	5.87	13.94	15.02	26.25	15.68	16.73	17.99	24.23	22.51

Note: All figures in millions of U.S. Dollars unless per share or indicated otherwise.