

CHEMED CORP
Form 10-Q
May 02, 2014

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-Q

(Mark One)

- Quarterly Report Under Section 13 or 15 (d) of the Securities Exchange Act of 1934 For the Quarterly Period Ended March 31, 2014
- Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Commission File Number: 1-8351

CHEMED CORPORATION
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of incorporation
or organization)

31-0791746
(IRS Employer Identification No.)

255 E. Fifth Street, Suite 2600, Cincinnati,
Ohio
(Address of principal executive offices)

45202
(Zip code)

(513) 762-6500

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter periods that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer or a non-accelerated filer (as defined in Rule 12b-2 of the Exchange Act).

Large accelerated	Accelerated	Non-accelerated	Smaller reporting
filer	filer	filer	company
	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Edgar Filing: CHEMED CORP - Form 10-Q

Yes No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class	Amount	Date
Capital Stock \$1 Par Value	17,539,101 Shares	March 31, 2014
<hr/>		
<hr/>		

- 1 -

CHEMED CORPORATION AND
SUBSIDIARY COMPANIES

Index

	Page No.
PART I. FINANCIAL INFORMATION:	
<u>Item 1. Financial Statements</u>	
<u>Unaudited Consolidated Balance Sheet - March 31, 2014 and December 31, 2013</u>	<u>3</u>
<u>Unaudited Consolidated Statement of Income - Three months ended March 31, 2014 and 2013</u>	<u>4</u>
<u>Unaudited Consolidated Statement of Cash Flows - Three months ended March 31, 2014 and 2013</u>	<u>5</u>
<u>Notes to Unaudited Consolidated Financial Statements</u>	<u>6</u>
<u>Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	<u>17</u>
<u>Item 3. Quantitative and Qualitative Disclosures about Market Risk</u>	<u>28</u>
<u>Item 4. Controls and Procedures</u>	<u>28</u>
PART II. OTHER INFORMATION	
<u>Item 1. Legal Proceedings</u>	<u>28</u>
<u>Item 1A. Risk Factors</u>	<u>28</u>
<u>Item 2. Unregistered Sales of Equity Securities and Use of Proceeds</u>	<u>29</u>
<u>Item 3. Defaults Upon Senior Securities</u>	<u>29</u>
<u>Item 4. Mine Safety Disclosures</u>	<u>29</u>
<u>Item 5. Other Information</u>	<u>29</u>
<u>Item 6. Exhibits</u>	<u>30</u>
EX – 31.1	
EX – 31.2	
EX – 31.3	
EX – 32.1	
EX – 32.2	
EX – 32.3	

EX - 101.INS
EX - 101.SCH
EX - 101.CAL
EX - 101.DEF
EX - 101.LAB
EX - 101.PRE

- 2 -

PART I. FINANCIAL INFORMATION
Item 1. Financial Statements
CHEMED CORPORATION AND SUBSIDIARY COMPANIES
UNAUDITED CONSOLIDATED BALANCE SHEET
(in thousands, except share and per share data)

	March 31, 2014	December 31, 2013
ASSETS		
Current assets		
Cash and cash equivalents	\$39,479	\$84,418
Accounts receivable less allowances of \$13,824 (2013 - \$12,590)	116,152	91,770
Inventories	6,676	6,703
Current deferred income taxes	13,769	20,257
Prepaid income taxes	3,406	3,690
Prepaid expenses	18,930	17,818
Total current assets	198,412	224,656
Investments of deferred compensation plans	45,732	42,465
Properties and equipment, at cost, less accumulated depreciation of \$185,056 (2013 - \$180,550)	93,575	92,955
Identifiable intangible assets less accumulated amortization of \$32,380 (2013 - \$32,055)	56,276	56,556
Goodwill	466,961	466,871
Other assets	7,664	10,198
Total Assets	\$868,620	\$893,701
LIABILITIES		
Current liabilities		
Accounts payable	\$38,599	\$41,758
Current portion of long-term debt	185,825	183,564
Income taxes	3,967	111
Accrued insurance	39,391	41,859
Accrued compensation	38,233	48,323
Accrued legal	7,154	23,210
Other current liabilities	24,682	25,161
Total current liabilities	337,851	363,986
Deferred income taxes	28,232	27,301
Deferred compensation liabilities	45,498	42,348
Other liabilities	11,106	11,176
Total Liabilities	422,687	444,811
Commitments and contingencies		
STOCKHOLDERS' EQUITY		
Capital stock - authorized 80,000,000 shares \$1 par; issued 32,621,360 shares (2013 - 32,245,226 shares)	32,621	32,245
Paid-in capital	504,883	481,011
Retained earnings	703,385	686,114
Treasury stock - 15,180,456 shares (2013 - 14,660,427)	(797,141)	(752,634)
Deferred compensation payable in Company stock	2,185	2,154

Edgar Filing: CHEMED CORP - Form 10-Q

Total Stockholders' Equity	445,933	448,890
Total Liabilities and Stockholders' Equity	\$868,620	\$893,701

See accompanying notes to unaudited consolidated financial statements.

CHEMED CORPORATION AND SUBSIDIARY COMPANIES
UNAUDITED CONSOLIDATED STATEMENT OF INCOME
(in thousands, except per share data)

	Three Months Ended March 31,	
	2014	2013
Service revenues and sales	\$358,300	\$366,641
Cost of services provided and goods sold (excluding depreciation)	257,819	264,307
Selling, general and administrative expenses	55,671	55,560
Depreciation	7,149	6,795
Amortization	1,009	1,127
Total costs and expenses	321,648	327,789
Income from operations	36,652	