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CHEMED CORP
Form 8-K
December 29, 2004

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K
CURRENT REPORT

Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

Date of Report (date of earliest event reported):
December 22, 2004

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

Delaware
State or other
jurisdiction of
incorporation)

1-8351
(Commission File Number)

31-0791746
(I.R.S. Employer
Identification
Number)

2600 Chemed Center, 255 East 5th Street, Cincinnati, OH 45202
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code:
(513) 762-6900

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Item 2.05 Costs Associated with Exit or Disposal Activities.

On December 22, 2004, the Board of Directors of Chemed Corporation ("Company") authorized the discontinuance of the operations of the Company's Service America segment through an asset sale to employees of Service America. The disposal is subject to certain regulatory and other approvals and is expected to be completed during the first half

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of 2005.

Our decision to dispose of Service America, which provides major-appliance and heating/air conditioning repair, maintenance and replacement services, is based on declining operating results and projected operating losses:

- Net service revenues declined from \$74.2 million for the year ended December 31, 2000 to \$48.1 million for the year ended December 31, 2003. Service revenues for the year ended December 31, 2004 are projected to decline to \$38.8 million.
- Service America recorded net losses in each of the last three years and is projected to record net losses for 2004 and beyond.

The acquiring corporation will purchase a substantial majority of Service America's assets in exchange for assuming substantially all of Service America's liabilities. Included in the assets to be acquired is a receivable from the Company for approximately \$4.9 million. The Company will pay \$1 million of this receivable upon closing and the remainder over the following year in 11 equal monthly installments. The amount of this receivable is subject to adjustment for changes in Service America's balance sheet through the date of closing.

In connection with the disposal, we estimate that we will record the following pretax costs and expenses during the fourth quarter of 2004 (in millions):

| | |
|----------------------------|--------|
| Asset impairment charges | \$ 3.4 |
| Employee termination costs | 1.8 |
| Professional fees | 1.4 |
| Other | .5 |
| | ----- |
| Total | \$ 7.1 |
| | ===== |

The timing of expected pretax cash outflows from the disposal of Service America, is summarized as follows (in millions):

| | |
|-------|--------|
| 2005 | \$ 5.7 |
| 2006 | 1.5 |
| 2007 | .1 |
| | ----- |
| Total | \$ 7.3 |
| | ===== |

The timing of expected cash inflows from income tax benefits related to the disposal of Service America, is summarized as follows (in millions):

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| | |
|-------|--------|
| 2005 | \$14.4 |
| 2006 | .1 |
| 2007 | .1 |
| | ----- |
| Total | \$14.6 |
| | ===== |

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

CHEMED CORPORATION

Dated: December 29, 2004

By: /s/ Arthur V. Tucker, Jr.

Arthur V. Tucker, Jr.
Vice President and Controller