

maximus

# Investor Presentation

MARCH 2023



# Creating Value to Drive Long-term Growth

## WHO WE ARE

Founded in 1975, leading operator of government health and human services programs worldwide

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Key services

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Key government customers

## HOW WE CREATE VALUE

Unmatched ability to translate public policy into operating models that achieve outcomes for government – at scale

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Desirable operating model drives high cash conversion

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Capital deployment strategy focused on long-term organic growth

## WHAT DRIVES LONG-TERM GROWTH

Long-term demographic, political, technology, and economic trends favor our business

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Meaningful barriers to entry in many markets

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Organic growth through scope increases and amendments supplement new market expansion

## How We Operate at Scale

Perform **2 million+**  
independent benefit reviews

Manage **20 million**  
citizen services cases

Handle **7 million**  
contact center inquiries per month

Complete **1.8 million+**  
assessments in the  
U.S. and U.K. each year

Oversee **60 – 70%**  
of the market  
of Medicaid  
managed care

Answer **43 million**  
calls annually to support Federal  
health insurance enrollment

## Why We Win

Typical Evaluation Criteria  
Are Weighted 70/30  
Technical vs. Cost

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Federal Contracts Are  
Awarded Generally on a  
“Best Value” Basis

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Winning in  
Our Markets

## How We Adapt

Strategic IT Investments  
Provide Flexibility

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Best-in-Class Labor Sourcing  
Capabilities & Network

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Highly Variable Cost Model

# Built to Adapt and Win

# Proven Durability with Large Customers

## HIGHLY DESIRABLE LONG-TERM RELATIONSHIPS



Department  
for Work &  
Pensions

Maximus U.S. Federal is #1 Provider at:



### Masterfile

Accurate processing of taxes in the U.S.

### IT Security Implementation

Project and program management for the IRS cybersecurity organization



### EDGAR

Provides free public access to corporate filings which increases the efficiency, transparency, and fairness of the securities markets



### Contact Center Operations (CCO)

Serves as the primary support engagement center for Medicare and the federal exchange utilized by 33 states under the Affordable Care Act (ACA)

# Financial Characteristics



## Revenue

Sustainable Mid-single digit organic growth

## Operating Margin

Near-term expectations after Medicaid redeterminations commence (scheduled Q3 FY23)

**9 – 12%**

and before expense for amortization of intangible assets



## Long-term Customers

7+ year weighted average contract life; our relationships last decades

## Backlog of Contracts

**90%+** of revenue in form of backlog in annual revenue guidance

**\$19.8B** backlog as of 9/30/2022

**7 YR** average remaining life of backlog

**~90%**



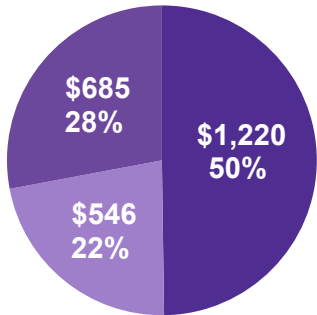
## Recompete Win Rate



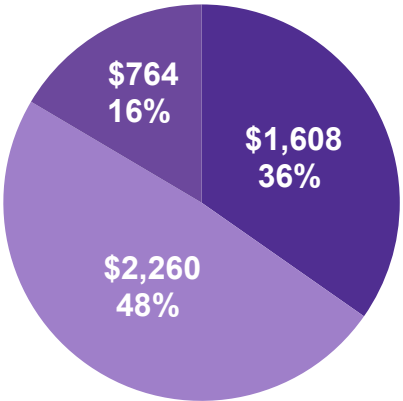
## High Cash Conversion

FCF to GAAP net income  
~1.3X go forward

# Segment & Revenue Disaggregation

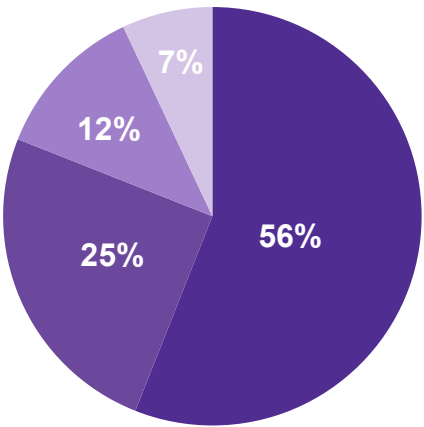


**FY17  
Segment  
Revenue (\$M)**  
**\$2,451**



**FY22  
Segment  
Revenue (\$M)**  
**\$4,631**

■ U.S. Services   ■ U.S. Federal Services   ■ Outside the U.S.



**FY22 Service  
Revenue Breakdown**

- Program Operations
- Clinical Services
- Employment & Other
- Technology Solutions

# Strategy Focused on Leveraging Successful Foundation and Strong Technology Portfolio

## Strategic Growth Pillars

### Customer Services, Digitally Enabled

Elevate Customer Experience (CX) to achieve higher levels of satisfaction, performance, and outcomes through intelligent automation and cognitive computing

### Future of Health

Help governments meet rising demand for health services by growing our clinical capabilities to improve the health of people and their communities

### Advanced Technologies for Modernization

(Technology Services)

Further our credibility as a technology leader enabling the transformation of government programs to be resilient, dynamic, integrated, and equitable

## Delivery Strategies

Maximus enables governments to respond to complex technology, health, and social challenges they face in delivering their largest and most critical programs

**Business Process Services (BPS)**

**Technology Consulting Services (TCS)**

## OUR PEOPLE | Driving the Strategic Plan's Success

Attract, retain, develop, and empower people who share our passion, commitment, and expertise to address government's toughest challenges



# Customer Services, Digitally Enabled

## Objectives

- Expand Maximus’ leadership in delivering outcomes-focused government-to-customer interactions
- Leverage understanding of intersections of policy and consumer needs
- Capitalize on government’s commitment to a better Customer Experience (CX)

## Examples of Our Success Thus Far

Area	Proof Point
TX   Intelligent Document Processing	50% of Medicaid enrollment forms are automatically processed Our solution interprets handwriting with 99%+ accuracy
MI   Robotic Process Automation (RPA)	RPA automates ~8,000 premium refund requests each month
Company-wide RPA	97 bots automated 4.3M transactions
Digital Documents Technology	61% of applications and forms completed within 5 days Previously, no applications completed within 5 days
Industry Awards	Our Digital Solutions and Creative Agency won 28 industry and agency awards

## How This Supports Our Strategy

### Organic & New Business Growth

- ✓ Digital Solutions = Competitive Differentiation
- ✓ Catalyst for Contract Amendments

### Margin Improvement

- ✓ Achievement of Service Levels
- ✓ Quality Improvement & Error Reduction



# Future of Health

- Expanding our commitment to help governments satisfy the rising demand for health services
- Includes the delivery of health services directly (i.e., via clinicians or other health professionals) or indirectly (i.e., analytics, infection control)

## What makes this strategic & how will we win?

**Strong track record**  
of delivering complex  
programs with a  
clinical dimension

Significant “open space”  
exists to further  
**expand our assessment  
business**

Independence and  
conflict-free status  
area **competitive  
advantage**

## What This Means:

### In Scope

- ✓ Assessments & Appeals
- ✓ Care Navigation, Integration & Access
- ✓ Tech-enabled Telecare & Assessments
- ✓ Chronic Disease Prevention
- ✓ Veterans, Military Staff & Families Counseling
- ✓ Mental Health Provision

### Out of Scope

- ✗ Hospital Facilities Management
- ✗ Staffing Hospitals & Providing Acute Care
- ✗ Prescribing Medications

# Technology Services Powering Strategy Update

- Leverage our deep relationships, program knowledge, and **#1 provider position** in key agencies
- Deliver technology-driven business transformation of government missions with a strategic near-term focus on:
  - Modernization enabled via **secure hybrid cloud solutions**
  - Transformation enabled via **information intelligence and hyper-automation**

## What makes this strategic & how will we win?

Of the ~\$80B in overall annual Federal IT spend, ~\$40B is addressable by Maximus and expected to annually at 8% from FY22 - FY26

Well-positioned to **expand** our existing federal footprint

While not an immediate priority, non-federal technology markets represent **attractive growth paths**

## What This Means:

### Prioritized

- ✓ Cloud Adoption and Modernization
- ✓ Development Modernization & Enhancement Initiatives
- ✓ Data Management & Analytics Services
- ✓ Data Science & AI/ML Solutions
- ✓ RPA & IoT Solutions

### Deprioritized

- ✗ Enterprise Network Operations Management
- ✗ Enterprise IT Operations Management
- ✗ NOC & SOC Services
- ✗ PMO & CIO Services
- ✗ IT Service Desk & Helpdesk Services

# Capital Allocation Strategy

HIGHER PRIORITY

LOWER PRIORITY



**Internal Organic  
Growth Initiatives**



**Maintain Growing  
Dividend**



**Disciplined  
M&A**

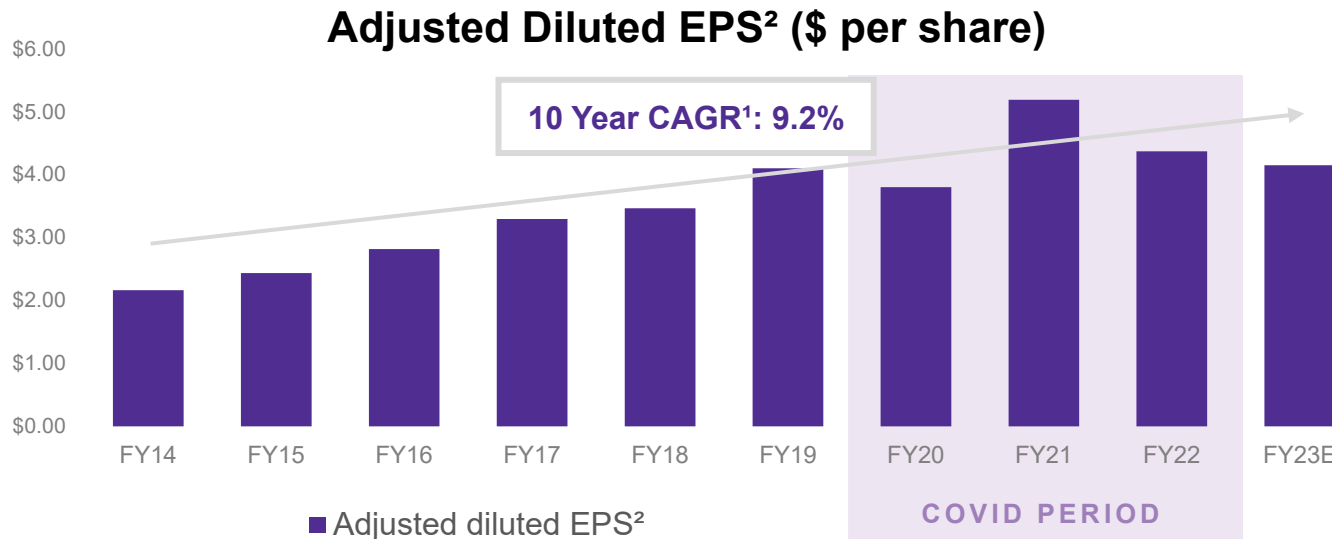
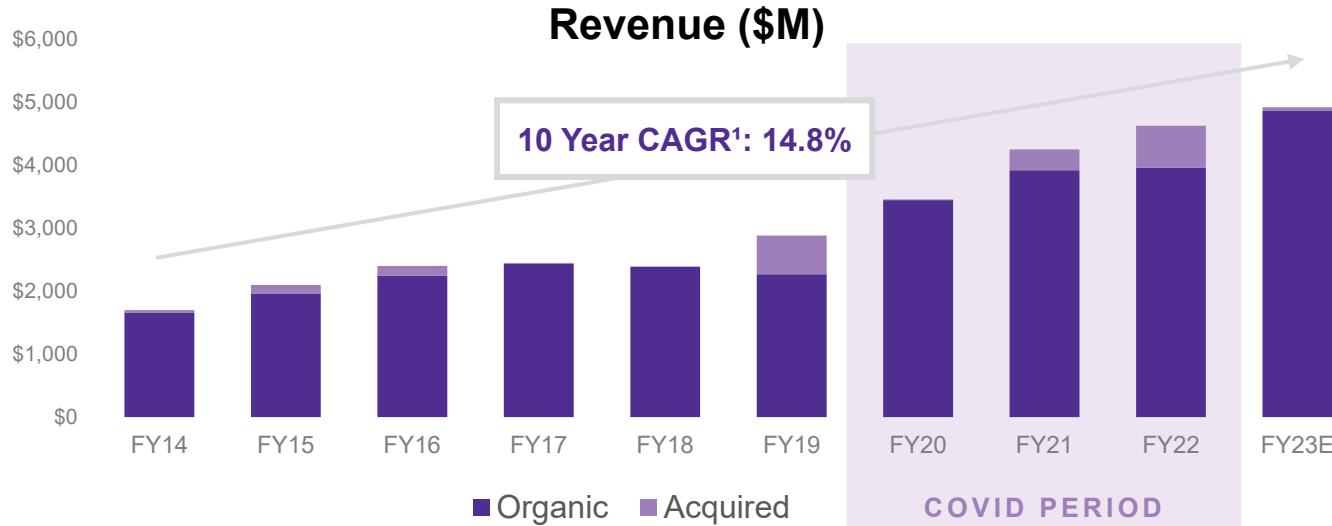


**Share  
Repurchases**

**Maintain 2.0x – 3.0x Target Leverage Ratio**

# Appendix

# Historical Financial Performance



- Historical revenue growth primarily organic growth and supplemented by strategic acquisitions
- Strong temporary COVID response work bolstered FY21
- Earnings faced greater headwinds resulting from COVID impacts

## FY23 Guidance

- Revenue: \$4.85B - \$5.00B
- Adjusted<sup>2</sup> operating income: \$415M – \$440M
- Adjusted<sup>2</sup> diluted EPS: \$4.00 - \$4.30
- Free cash flow: \$225M - \$275M

# How We Are Paid

## Firm, Fixed Price

Appropriate if program is well-established with known volumes

HIGHER RISK  
HIGHER MARGIN

## Performance-Based (Fixed Price Per Unit)

Activity based: per call, per assessment, per enrollment

Outcomes based: per job placement, per job sustainment, per completed eligibility determination

Membership based: per member per month

## Time & Materials

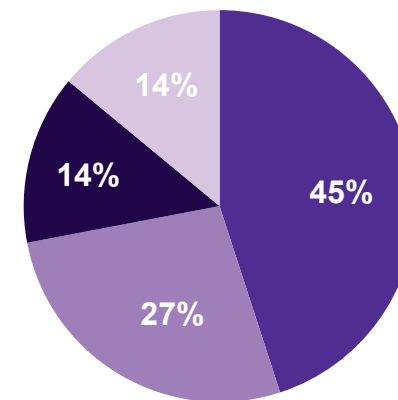
Labor rate per hour plus reimbursement of non-labor costs

## Cost Plus

Reimbursed for direct & indirect expenditures

Profit rate is contractual, may include an award fee component (*based on performance*)

LOWER RISK  
LOWER MARGIN



## FY22 Revenue Breakdown

- Performance-based
- Cost-plus
- Fixed price
- Time and materials

# M&A Evaluation Criteria



Our primary goal is to accelerate organic growth through revenue synergies

New customers | New capabilities | Increase scale in strategic areas



Strong cultural fit



Sustainable growth and margins



We evaluate the financial model with DCF, IRR, EPS accretion, comparables – no single metric