

maximus

# Investor Presentation

SEPTEMBER 2024



# 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 **2.5 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



California



New York



Texas



U.S. Dept. Edu.



U.S. Dept. Veterans Affairs



U.S. Centers for Medicare & Medicaid Services



U.S. Internal Revenue Service



U.S. SEC



Department for Work & Pensions

U.K. DWP



U.S. Centers for Disease Control and Prevention



### 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 30+ states under the Affordable Care Act (ACA)

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

# Financial Characteristics



**Revenue**  
Sustainable, mid-single digit organic growth

## Operating Margin

**9 – 12%**, with 100-200 bp expansion over next 3 yrs., and before expense for amortization of intangible assets



**Long-term Customers**  
7+ year weighted average contract life; our relationships last decades

## Backlog of Contracts

**\$20.7B** backlog as of 9/30/2023  
**4X** backlog relative to TTM revenue  
**~6 YR** average remaining life of backlog

**~90%**



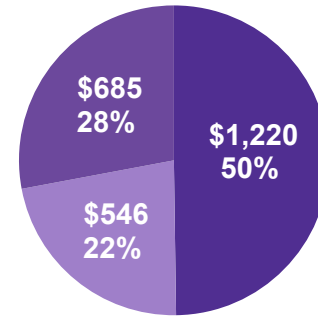
**Recompete Win Rate**



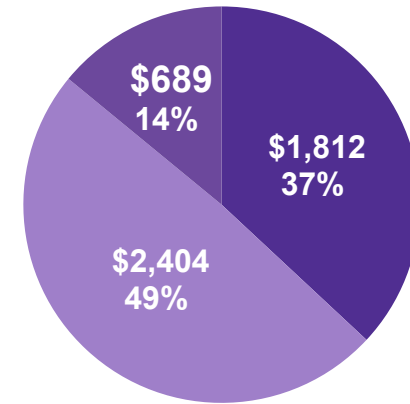
## High Cash Conversion

FCF to GAAP net income  
**~1.3X** go forward

# Segment & Revenue Disaggregation

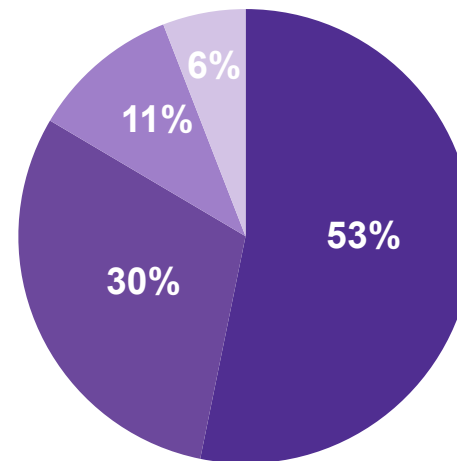


**FY17**  
Segment  
Revenue (\$M)  
**\$2,451**



**FY23**  
Segment  
Revenue (\$M)  
**\$4,905**

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



**FY23 of \$4,905M**

## Revenue Breakdown

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

# How We Are Paid

LOWER RISK  
LOWER MARGIN

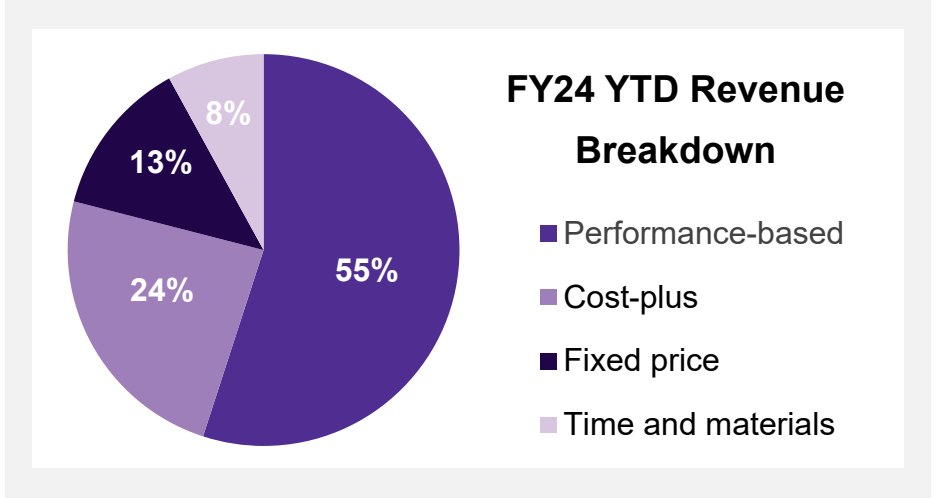
HIGHER RISK  
HIGHER MARGIN

**Time & Materials**  
Labor rate per hour plus reimbursement of non-labor costs  
*Area of emphasis due to common use in technology services*

**Firm, Fixed Price**  
Appropriate if program is well-established with known volumes

**Performance-Based (Fixed Price Per Unit)**  
Activity based: per call, per assessment, per enrollment  
Outcomes based: per job placement, per job sustainment  
Membership based: per member per month  
*Area of emphasis due to common use on Business Process Services (BPS) programs*

**Cost Plus**  
Reimbursed for direct & indirect expenditures  
Profit rate is contractual, may include an award fee component (*based on performance*)



# 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
<b>TX   Intelligent Document Processing</b>	50% of Medicaid enrollment forms are automatically processed Our solution interprets handwriting with 99%+ accuracy
<b>MI   Robotic Process Automation (RPA)</b>	RPA automates ~8,000 premium refund requests each month
<b>Company-wide RPA</b>	157 operated bots have automated 11.5M transactions
<b>Digital Documents Technology</b>	61% of applications and forms completed within 5 days Previously, no applications completed within 5 days
<b>Industry Awards</b>	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 grow annually at 8% through 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

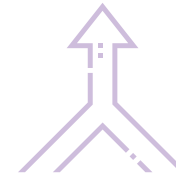
LOWER PRIORITY



**Internal Organic  
Growth Initiatives**



**Maintain Growing  
Dividend**



**Disciplined  
M&A**



**Share  
Repurchases**

**Maintain 2.0x – 3.0x Target Leverage Ratio (1.5x at June 30, 2024)**



# 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

# Current Topics

# Recent Awards and Future Growth



**\$87 million, 5-year POP;** Designing and developing functional and technical enhancements for the agency's Internal Operations & Accounting program.



**\$171 million, 6-year POP;** Award recognizes our high technical qualifications and illustrates the value proposition we often discuss on acquisition rationale.



**\$263 million, 5-year POP;** Rebid with new scope element supporting our contact center agents with technologies that should increase efficiencies in the enrollment process - ultimately providing a better experience for the consumer.



**\$75 million potential, seasonal contract;** Nearly 700 skilled agents will be answering calls and accepting applications from those impacted by recently declared Federal disasters, with a focus on those affected by Hurricane Beryl in Texas.

## Growth Elements for the Future

- The Contact Center as a Service (or CCaaS) capability that our Total Experience Management (TXM) solution provides will be an added differentiator for Maximus as governments seek single providers to deliver secure, scalable, cloud-based solutions to serve employees and citizens.
- We are also encouraged about the growing transition to modular solutions supporting delivery of state Medicaid programs — an area we term Medicaid Enterprise Systems (or MES) in our U.S. Services Segment. Our MES solutions support the goal of “best-in-class” technology for specific Medicaid functions. With a deep understanding of Medicaid systems and policy, we are well-positioned to support our state clients as they make this transition.
- States are acknowledging the benefits of bringing together assessment programs that have been historically disparate. We are working closely with our customers to consolidate assessment programs with the goal of a far better experience for the consumer and increased quality and efficiency for the state.
- A greater number of states are interested in establishing their own state-based exchanges.



# Election Year Impact

**We have a demonstrated history of delivering strong financial results under both parties.**

Election year may create an environment in which we are navigating many cross-currents, driven by changes in policies and administrations, making for a more dynamic management environment for our business and industry.

A hallmark of the Maximus business model is our ability to navigate periods of volatility and view them as opportunities to demonstrate capabilities to best serve citizens.



# Third Raise to Fiscal Year 2024 Guidance

Fiscal 2024 Guidance	Updated	Previous
<b>Revenue</b>	<b>\$5.25B - \$5.35B</b>	<i>\$5.15B - \$5.25B</i>
<b>Adjusted operating income</b> <i>(excludes \$90M of intangibles amortization and \$1M of divestiture-related charges)</i>	<b>\$570M - \$590M</b>	<i>\$540M - \$560M</i>
<b>Adjusted diluted EPS</b> <i>(excludes \$1.09/share of intangibles amortization and \$0.01/share of divestiture-related charges)</i>	<b>\$6.00 - \$6.20</b>	<i>\$5.65 - \$5.85</i>
<b>Free cash flow</b> <i>(net of \$110M of PP&amp;E and CapSW)</i>	<b>\$350M - \$380M</b>	<i>\$330M - \$370M</i>

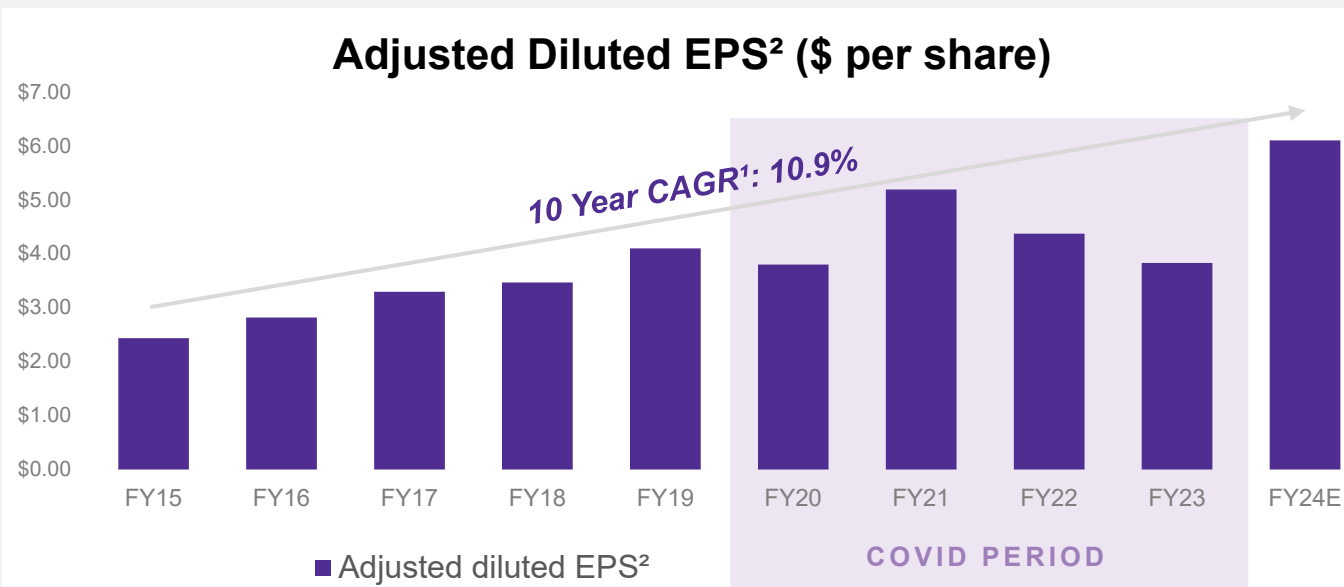
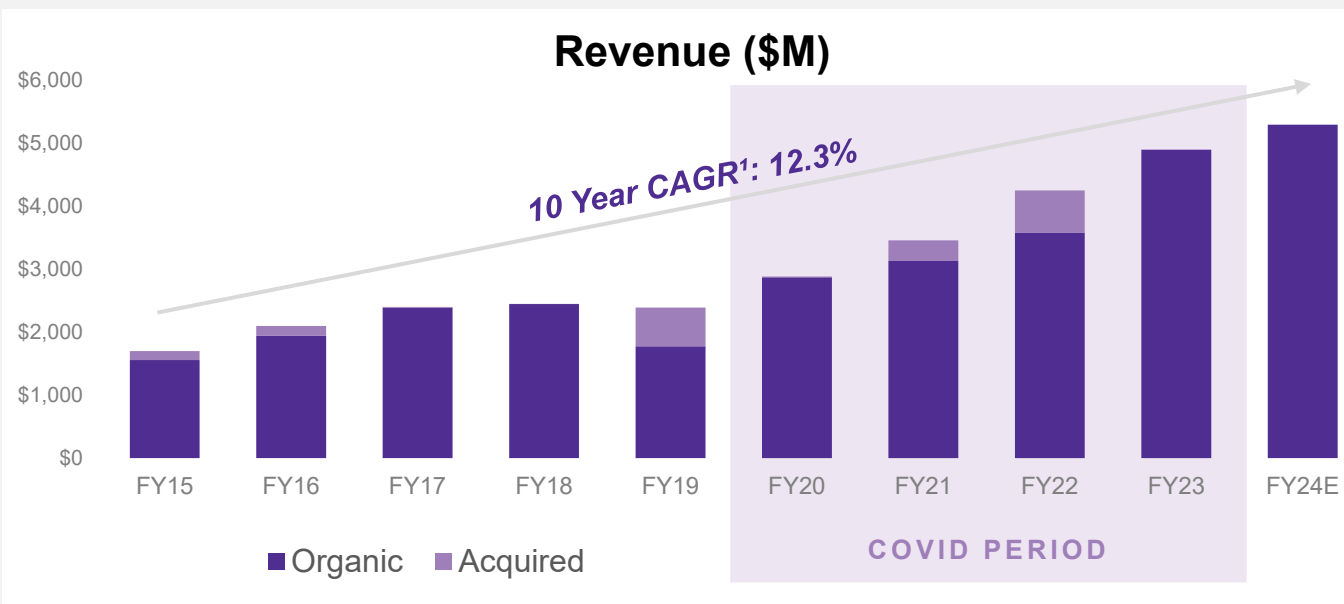
- Third consecutive raise to FY24 guidance
  - Midpoint of FY24 revenue is up \$175 million from November guidance and implies ~9% organic growth over FY23
  - New FY24 earnings guidance midpoints imply adjusted operating margin of ~11%
- FY24 commentary
  - Q4 FY24 earnings expected to be more balanced and representative of the typical profile of the business, especially as compared to the extraordinary results this third quarter
  - U.S. Federal Segment full-year margin expected to be ~12.5%; U.S. Services Segment full-year margin expected to be ~13%; Outside the U.S. Segment remains on track to be slightly above breakeven for the full year
- Other FY24 assumptions
  - Interest expense: approximately \$80 million
  - Intangibles amortization expense: \$90 million
  - Effective income tax rate: 24.5% – 25.5%
  - WASO: ~61.5 million

# Fiscal Year 2025 Early Thoughts

- FY25 revenue may look similar to latest revenue guidance for FY24
  - Significant over-performance in FY24 has led to consecutive guidance raises, which is atypical for our business
  - The business targets mid-single digit organic growth over the longer term; FY23 was 7% and FY24 guidance midpoint is 9%
  - Revenue guidance raise across FY24 totals \$175M; more than half the amount not expected to recur next year
    - Most notably higher volumes associated with redeterminations in the U.S. Services segment
  - FY25 early view implies sufficient organic growth to replace the non-recurring component
- FY25 earnings should reflect ongoing stability and strength of the business
  - Earnings guidance raise across FY24 totals \$0.90 per share; a sizeable portion of that amount is attributable to over-performance and not expected to recur
  - In FY25, continued performance optimization, Outside the U.S. improvement, and lower interest expense give us confidence that we could at least partially (or perhaps fully) cover the non-recurring earnings component
  - Anticipate achieving at least 10% adjusted operating income, recognizing ~11% implied adjusted margin in FY24 is bolstered by the non-recurring work
- FY25 guidance to be provided on November year-end call per normal practice

# Appendix

# Historical Performance



- Historical revenue growth primarily organic growth and supplemented by strategic acquisitions
- **FY15** through **FY19** benefitted from new portfolio programs and ACA-related mature programs
- **FY20** through **FY23** COVID period was disruptive to cadence of the business while offering unique M&A opportunities:
  - Temporary headwinds to core programs, including Medicaid-related work and employment services, persisted through **mid-FY23**
  - Strong temporary COVID response work was layered in during **FY20**, expanded in **FY21**, and concluded by **FY22**
  - During this period, Attain (technology services), Veterans Evaluation Services (clinical services) and Aidvantage student loan servicing (BPS) acquisitions completed
- **FY24E** is clear from COVID disruptions, growing ~9% topline (all organic) and improved profitability from a combination of resumed core work, volume growth on high-demand programs, and efficiency initiatives