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Fiscal 2024 Year End Earnings Call

Bruce Caswell
President & Chief Executive Officer

November 21, 2024

Forward-looking Statements & Non-GAAP Information

These slides should be read in conjunction with our most recent quarterly earnings press release, along with listening to or reading a transcript of management comments from our most recent quarterly earnings conference call.

This document may contain non-GAAP financial information. Management uses this information in its internal analysis of results and believes that this information may be informative to investors in gauging the quality of our financial performance, identifying trends in our results, and providing meaningful period-to-period comparisons. These measures should be used in conjunction with, rather than instead of, their comparable GAAP measures. For a reconciliation of non-GAAP measures to the comparable GAAP measures presented in this document, see the Company's most recent quarterly earnings press release.

Included in this presentation are forward-looking statements within the meaning of the safe harbor provisions of the United States Private Securities Litigation Reform Act of 1995. Forward-looking statements can be identified by words such as: "anticipate," "intend," "plan," "goal," "seek," "opportunity," "could," "potential," "believe," "project," "estimate," "expect," "forecast," "strategy," "future," "likely," "may," "should," "will," and similar references to future periods.

Forward-looking statements that are not historical facts, including statements about our confidence, strategies and initiatives and our expectations about revenues, results of operations, profitability, liquidity, market demand are forward-looking statements that involve risks and uncertainties.

These risks could cause the Company's actual results to differ materially from those indicated by such forward-looking statements. A summary of risk factors can be found in Item 1A, "Risk Factors" in our Annual Report on Form 10-K for the year ended September 30, 2024, expected to be filed shortly.

Any forward-looking statement made by us in this report is based only on information currently available to us and speaks only as of the date on which it is made. We undertake no obligation to publicly update any forward-looking statement, whether written or oral, that may be made from time to time, whether as a result of new information, future developments or otherwise.

Throughout this presentation, numbers may not add due to rounding.

Looking Ahead

- Our business has successfully operated as a **proven partner to governments across numerous political transitions**.
- We've developed the capacity to support our customers implementing policy priorities, from expanding social safety net programs to providing states greater flexibility in program delivery.
- Our position as the largest partner to the government in the administration of well-established entitlement and related mandatory spending programs has **enabled us to deliver strong financial results** with positive, long-term trend lines **spanning many administrations**.

When we set our latest strategic vision for the company, there was deliberate focus on bi-partisan priorities that are fundamental to the government's role supporting its citizens.

- Maximus has decades of experience **guiding our customers through changes** that can impact eligible populations and program delivery models.
- Our **ability to translate policy priorities into technology-enabled operations**, designed to deliver quality services and value for money, remains a hallmark of our business.
- Our role administering programs that support more than 100 million Americans **positions us uniquely to identify opportunities with our customers** and the incoming administration to **advance the bi-partisan goals** of improved customer service and effective program delivery to eligible populations.
- Maximus is **well prepared to advise, adapt, and implement** any changes that may affect our current programs and to partner in the effective implementation of new priorities as they become known.

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FY24 Highlights

- ✓ **Exceeded our forecasts** through solid execution across the segments while benefiting from strong volumes in certain programs.

- ✓ Continued to **deliver on our three-to-five-year strategy** and meet or exceed our targets.

- ✓ Highlights from FY24 include
  - Organic revenue growth of 9%
  - Record adjusted EPS of $6.11 per share

- ✓ Forecasting to achieve a **5% revenue compound annual growth rate** over a three-year period, consistent with our goal of mid-single-digit organic growth.

- ✓ Our team's **dedication to and focus on our strategic goals** have been instrumental in these achievements.

Recent Wins

In FY24, we successfully secured two task orders under the IRS Enterprise Development, Operations Services (EDOS) Blanket Purchase Agreement. Combined, the task orders contribute total contract value of $128 million and represent two of the six task orders awarded to date. These victories are key milestones in our strategic focus on Technology Modernization and underscore our role with the IRS as one of their trusted partners.

Within our Federal segment, we recently secured the rebid of our California Independent Medical Review project, valued at $120 million total contract value over a base three-year period. Since 2013, we've supported the Department of Industrial Relations' Division of Workers' Compensation by providing independent medical reviews. This program serves as a cornerstone for our Future of Health strategic pillar and showcases the long-term customer relationships that are a key element of our business model.

Maximus has secured a recent victory, collaborating with an agency within the Department of Defense to enhance its artificial intelligence capabilities. This initial contract is particularly notable as it introduces us to a new client and reflects a new contracting model for Maximus that enables customer-driven R&D. In a crowded market with many companies offering strategic advisory services on AI, we believe our selection acknowledges the practical capabilities we have built and the credibility of our subject-matter experts in this area.

Our latest victories not only showcase our ongoing success in executing on the pillars of our three-to-five-year strategy but also highlight our capability to enter new agencies and expand into related markets.

Enterprise Technology

In FY24, under our Maximus Forward initiative, our Enterprise Technology organization undertook significant change. The Office of the CDIO sharpened service delivery and execution, deepened our capacity to identify, shape, and respond to customer needs, and positioned Maximus to drive greater innovation in our operations and offerings.

Our CDIO team has mapped more than 90% of the known requirements in our near-term pipeline to our capability sets. We have concurrently identified certain accelerators (like AI/ML) that we believe will further differentiate our solutions and contribute to improved win rates.

Through Maximus Forward, Enterprise Technology has contributed significant, annual recurring savings and efficiencies, some of which have been reinvested.

We launched our Global Capability Center (or GCC) through a small acquisition of a long-time delivery partner. Our GCC is now part of how we solution, deliver, and innovate as a company.

We view Maximus Forward as an ongoing transformation initiative that will continue to have us challenge established structures and processes, promote more efficient operations, and provide for re-investment in the business to address priorities from talent acquisition and development to technology and innovation.

New Awards & Pipeline

Given circumstances as best known today, the volume of adjudications for both rebids and new work are expected to increase over the next 12 months and result in an improved book-to-bill.

New Awards (YTD)	September 30, 2024
Signed Contracts	$2.2 billion
Unsigned Contracts	$312 million
Book-to-Bill ratio (TTM)	0.4x

$54.3B **total pipeline** of sales opportunities

48% new work

68% U.S. Federal Services Segment

$4.2B Proposals pending

$7.1B Proposal in preparation

$42.9B **Opportunities tracking**

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Fiscal 2024 Year End Earnings Call

David Mutryn
Chief Financial Officer

November 21, 2024

Total Company Results – Fiscal Year 2024

($ in millions, except per share data)	FY24	Margin	FY23	Margin	% Change
U.S. Federal Services	$ 2,737.2		$ 2,403.6		*13.9 %*
U.S. Services	1,911.8		1,812.1		*5.5 %*
Outside the U.S.	657.1		689.1		*(4.6)%*
Total Revenue	**$ 5,306.2**		**$ 4,904.7**		*8.2 %*
U.S. Federal Services	$ 333.6	*12.2%*	$ 249.7	*10.4%*	*33.6 %*
U.S. Services	247.0	*12.9%*	182.6	*10.1%*	*35.3 %*
Outside the U.S.	7.7	*1.2%*	(9.1)	*-1.3%*	*nm*
Intangibles amortization	(91.6)		(94.6)		*(3.2)%*
Divestiture-related charges	(1.0)		(3.8)		*nm*
Other	(7.2)		(30.0)		*nm*
Total Operating Income	**$ 488.5**	***9.2%***	**$ 294.8**	***6.0%***	*65.7 %*
Intangibles amortization	$ 91.6		$ 94.6		*(3.2)%*
Divestiture-related charges	1.0		3.8		*nm*
Depreciation & amortization (PP&E/CapSW)	34.0		54.7		*(37.9)%*
Adjusted EBITDA (Non-GAAP)	**$ 615.0**	**11.6%**	**$ 447.9**	**9.1%**	*37.3 %*
Interest expense	$ 82.4		$ 84.1		*(2.0)%*
Effective Tax Rate	*24.5 %*		*23.1 %*		
Net Income	$ 306.9		$ 161.8		*89.7 %*
Diluted EPS	**$ 4.99**		**$ 2.63**		*89.7 %*
Intangibles amortization per share	$ 1.10		$ 1.14		*(3.5)%*
Divestiture-related charges per share	0.02		0.06		*nm*
Adjusted Diluted EPS (Non-GAAP)	**$ 6.11**		**$ 3.83**		*59.5 %*

- Full year revenue increase of 8.2%, or 8.8% on an organic basis, attributable to:
  - Volume growth on core programs that should maintain levels of performance
  - U.S. Services programs tied to Medicaid that have returned to full volumes
  - Excess work on Medicaid-related activities that was concluded by Q4 FY24
- FY24 adjusted EBITDA margin was 11.6% and adjusted EPS was $6.11, compared to prior guidance of:
  - Adjusted EBITDA margin guide: approximately 11.6%
  - Adjusted EPS guide: $6.00 - $6.20
- Q4 FY24 revenue increased 4.4%, or 4.7% on an organic basis, with 11.0% adjusted EBITDA margin and $1.46 adjusted EPS
- Reminder: FY23 contained cybersecurity incident that reduced earnings by $0.35

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U.S. Federal Services Segment

- Revenue increased 13.9%, which was all organic and driven predominantly by volume growth on expanded clinical programs
- FY24 margin of 12.2% benefitted from higher mix of performance-based work, which includes assessment volumes
- Reminder: core programs in the segment were ramping across FY23

($ in millions)	FY24	FY23	% Change
Revenue			
U.S. Federal Services	$ 2,737.2	$ 2,403.6	*13.9 %*
Operating Income			
U.S. Federal Services	$ 333.6	$ 249.7	*33.6 %*
Operating Margin %	***12.2 %***	***10.4 %***	

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U.S. Services Segment

- Revenue increase of 5.5% was all organic the segment delivered a 12.9% margin in FY24
- Strong FY24 performance driven by the Medicaid-related portfolio returning to normal levels
- Q1 through Q3 FY24 benefitted from excess volumes related to Medicaid activities
- Excess volumes ended by Q4 FY24 where the segment delivered an 11.1% margin that should be more indicative of future periods for the segment

($ in millions)	FY24	FY23	% Change
Revenue			
U.S. Services	$ 1,911.8	$ 1,812.1	*5.5 %*
Operating Income			
U.S. Services	$ 247.0	$ 182.6	*35.3 %*
Operating Margin %	***12.9 %***	***10.1 %***	

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Outside the U.S. Segment

- Revenue decreased by 4.6%
  - Businesses divested during FY23 reduced revenue by 6.1%
  - Currency effects provided a 1.7% pick-up
- Organic growth improved in H2 FY24 and attributable to program growth primarily in the United Kingdom
- The segment finished slightly above breakeven in FY24 which was expected; the Q4 FY24 margin was 4.8%
- Remain focused on a key portfolio-shaping action that should result in smaller footprint while moving segment margin reliably into 3% to 7% target margin range

($ in millions)	FY24	FY23	*% Change*
Revenue			
Outside the U.S.	$ 657.1	$ 689.1	*(4.6)%*
Operating Income/(Loss)			
Outside the U.S.	$ 7.7	$ (9.1)	*nm*
Operating Margin %	***1.2 %***	***(1.3)%***	

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Debt and Cash Flows

Debt

- At September 30, 2024, the ratio of debt, net of allowed cash, to consolidated EBITDA on TTM basis, as calculated in accordance with credit agreement, was 1.4x as compared to 2.2x in the prior year; at September 30, 2024, total debt was $1.15 billion
- Paid down slightly more than $100 million of debt across FY24; remaining improvement to leverage ratio was due to increased consolidated EBITDA on TTM basis

Cash Flows & DSO

$ in millions	Q4 FY24	FY24	*FY24 Guidance*
Cash provided by operating activities	$ 163.8	$ 515.3	
Purchases of property and equipment and capitalized software costs	(32.0)	(114.2)	
Free cash flow	**$ 131.9**	**$ 401.1**	*$350M - $380M*

- FY24 cash flows landed above guidance
- Collections were on target as reflected by DSO of 61 days at September 30, 2024

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Share Repurchases and Capital Allocation

Share Repurchases

- FY24 share repurchases totaled 0.9 million shares for approximately $73 million
- Post-FY24 repurchases through November 19, 2024, totaled an additional 0.5 million shares for approximately $43 million
- Presently have $128 million remaining on $200 million Board of Directors authorization granted in June 2024

Capital Allocation

- Priorities for capital allocation remain unchanged from disciplined approach:
  - Organic investments are typically capital expenditures and expenses, and do not require substantial outlays
  - Maintain a quarterly dividend currently at $0.30 per share and intend to grow with earnings over time
  - After investments and dividend, the priority is strategic acquisitions intended to accelerate organic growth; presently have appetite for M&A that brings new or enhanced capabilities/customer set; all opportunities evaluated with discipline and strong balance sheet enables execution of good opportunities in FY25 and beyond
  - The share repurchase program is opportunistic in nature and depends on market conditions
  - Ongoing reductions to leverage ratio should be expected and at slower pace than recent periods

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Establishing Fiscal Year 2025 Guidance

Fiscal 2025 Guidance	
Revenue	**$5.275B - $5.425B**
Adjusted EBITDA margin	**Approx. 11%**
Adjusted diluted EPS	**$5.70 - $6.00**
Free cash flow	**$345M - $375M**

	FY25 Guidance Reconciliation			
($ in millions except per share items)		*Low End*		*High End*
Operating income	$	439	$	464
Add: amortization of intangible assets		92		92
Add: depreciation & amortization of PP&E and CapSW		45		45
Add: divestiture-related charges		-		-
Adjusted EBITDA	$	576	$	601
Revenue	$	5,275	$	5,425
Adjusted EBITDA Margin		10.9%		11.1%
Diluted EPS	$	4.60	$	4.90
Add: effect of amortization of intangible assets on diluted EPS		1.10		1.10
Add: divestiture-related charges		-		-
Adjusted diluted EPS	$	5.70	$	6.00
Cash flows from operating activities	$	435	$	465
Remove: purchases of property and equipment and capitalized software cos		(90)		(90)
Free cash flow	$	345	$	375

- FY25 revenue guidance implies/assumes:
  - Modest, underlying organic growth vs. FY24 when accounting for excess volumes in U.S. Services Segment
  - 3-year CAGR of 5.0%, which ignores FY24 excess volume contribution
  - Only 2% of the guide comes from new work not yet won (typically 5% or more)
  - CMS CCO contract on current option period through September 2025, and VA MDE contracts seamlessly transition to new two-year contract (award pending) while maintaining status quo as a leading provider
- FY25 segment margin commentary:
  - U.S. Federal Segment: nearing 12%
  - U.S. Services Segment: ~11%
  - Outside the U.S. Segment: 1 – 3%, before further improvement through reshaping action
- FCF guide assumes Q1 is slightly negative and that CapEx slows across FY25, trending more towards 1.5% of revenue for full year
- Other FY25 assumptions:
  - Amortization of intangible assets expense: $92 million
  - Depreciation & amortization of PP&E and CapSW: $45 million
  - Interest expense: $65 million
  - Effective income tax rate: ~25%
  - WASO: ~61 million
- Expectation for the business near term (following FY25) is an adjusted EBITDA margin ranging from 10% to 13%; FY25 guidance is ~11%

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