

Fiscal 2015 Second Quarter Earnings



Richard J. Nadeau

Chief Financial Officer

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Forward-looking Statements & Non-GAAP Information

These slides should be read in conjunction with the Company's most recent quarterly earnings press release, along with listening to or reading a transcript of the comments of Company management from the Company's 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.

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

A number of statements being made today will be forward-looking in nature. Such statements are only predictions and actual events or results may differ materially as a result of risks we face, including those discussed in our SEC filings. We encourage you to review the summary of these risks in Exhibit 99.1 to our most recent Form 10-K filed with the SEC. The Company does not assume any obligation to revise or update these forward-looking statements to reflect subsequent events or circumstances.

Total Company Results – Second Quarter

(\$ in millions)	Q2 FY15	Q2 FY14	% Change
Revenue			
Health Services	\$ 370.4	\$ 323.6	14%
Human Services	111.4	115.4	(3%)
Total	\$ 481.8	\$ 439.0	10%
Operating Income			
Health Services	\$ 51.1	\$ 49.7	3%
Human Services	13.9	17.3	(20%)
Intangibles Amortization	(1.4)	(1.5)	
Other	(1.6)	(0.6)	
Total	\$ 62.0	\$ 65.0	(5%)
<i>Operating Margin %</i>	<i>12.9%</i>	<i>14.8%</i>	
Net Income attributable to MAXIMUS	\$ 38.8	\$ 41.2	(6%)
EPS - Diluted	\$ 0.58	\$ 0.59	(2%)

- Revenue increased 10% compared to Q2 FY14, driven by Health Services Segment
- All growth was organic
- On a constant currency basis, revenue would have grown 12% compared to prior year
- While financial results continued to be unfavorably impacted by currency exchange rates, we've seen a stabilization of currencies in the geographies where we operate
- Operating margin of 12.9%
- Net income attributable to MAXIMUS totaled \$38.8M or \$0.58 per diluted share, includes approximately \$0.02 of costs tied to acquisition-related activities
- Excluding the \$0.02, adjusted earnings per diluted share were \$0.60
- Earnings in Q2 FY15 were ahead of our expectations, mostly due to contract amendments in Health Services Segment that were larger than previously anticipated

Health Services Segment

(\$ in millions)	Q2 FY15	Q2 FY14	% Change
Revenue			
Health Services	\$ 370.4	\$ 323.6	14%
Operating Income			
Health Services	\$ 51.1	\$ 49.7	3%
<i>Operating Margin %</i>	<i>13.8%</i>	<i>15.4%</i>	

Revenue

- New work and expansion of existing contracts helped fuel the top line
- Revenue grew 14%

Operating Income & Margin

- Operating income increased to \$51.1M
- Solid operating margin of 13.8%
- Segment outpaced Q2 expectations due to contract amendments that were larger than previously anticipated
- As expected, operating margin was lower compared to Q2 FY14 due to anticipated volume decreases in Medicare appeals business and expected losses from new contracts in start-up phase

Health Assessment Advisory Services (HAAS)

- Reminder – launched contract on March 1, 2015; Q2 results include one month of financial contribution
- In Q3, we expect an increase in revenue and profit as the contract will be providing a full quarter of revenue and earnings contribution

Human Services Segment

(\$ in millions)	Q2 FY15	Q2 FY14	% Change
Revenue			
Human Services	\$ 111.4	\$ 115.4	(3%)
Operating Income			
Human Services	\$ 13.9	\$ 17.3	(20%)
<i>Operating Margin %</i>	<i>12.5%</i>	<i>15.0%</i>	

Revenue

- Adversely impacted by currency exchange rates
- Segment revenue lower compared to Q2 FY14
- On a constant currency basis, Segment revenue would have increased 4%

Operating Income & Margin

- Operating income totaled \$13.9M
- Operating margin was strong at 12.5%
- As expected, both operating income and margin were lower compared to same period last year
- Reminder – prior year's results benefitted from the finalization of a contract in Saudi Arabia and some short-term consulting assignments in the U.S. that were highly accretive and came to completion

Successful Australia Rebid Contract

- Launches July 1, 2015
- Includes an expanded scope of work
- Reminder – contract contains terms that will result in start-up losses in Q4 FY15 estimated to be \$0.06 to \$0.09
- Expected to turn profitable by end of Q1 FY16

Cash Flows and Balance Sheet

Reconciliation to Free Cash Flow	\$ in millions	Q2 FY15
	Cash provided by operating activities	\$5.5
	Cash paid for property, equipment and capitalized software	(\$33.4)
	Free cash flow	(\$27.9)

Negative free cash flow principally driven by: 1) DSOs and 2) Cap Ex Investments

1. Days Sales Outstanding (DSOs)

- As expected, DSOs increased in the quarter mostly due to new U.K. contracts
- At March 31, DSOs were 70 days, well within our stated range of 65 to 80 days
- Approximately five DSOs were related to the new contracts in the U.K.; these contracts were also the primary reason for increase in deferred revenue in Q2 FY15
- We expect to see improvement in DSOs toward end of year

2. Cap Ex Investments

- During Q2 FY15, we made sizeable investments in infrastructure modernization in support of our ongoing growth in the U.S. and the U.K.
- These types of capital investments typically occur in five-to-seven year cycles and the investments include: facilities, fixed assets, and upgrades in our telephony and back office data centers
- We believe these prudent investments will help drive efficiencies down the road

Credit Facility Agreement & Acentia Acquisition

Amended Credit Facility Agreement

- Expanded facility for revolving line of credit up to \$400M and uncommitted increase option up to additional \$200M
- Facility is available for general corporate purposes, including working capital, cap ex and selected acquisitions

Acentia Acquisition

- Subsequent to quarter close, we tapped into the new credit line to complete Acentia acquisition in April
- Reminder – this was an all-cash transaction with a total purchase price of approximately \$300M
- Funded acquisition and related costs with domestic cash on hand and approximately \$225M borrowed under the amended credit facility
- Acentia is expected to contribute approximately \$110M in revenue for second half of FY15



A MAXIMUS FEDERAL COMPANY

Remploy Transaction

Remploy in partnership
with **MAXIMUS**



- We recommend that investors view this largely as an acquisition of a single contract and the incumbent workforce of approximately 850 experienced personnel
- Remploy will contribute approximately \$30M to \$35M (USD) in revenue for remainder of our FY15 and the vast majority relates to Work Choice contract
- MAXIMUS has a 70% ownership and Remploy employees have a collective 30% stake in the business
- Remploy has a long history of supporting people with complex barriers into employment
- This will help MAXIMUS better support thousands more disabled people into work in the years to come

Drivers to Fiscal 2015 and Fiscal 2016 Guidance

Fiscal Year 2015

Previous Guidance: Revenue of \$1.9B to \$2.0B and Diluted EPS of \$2.25 to \$2.40

- (+) Half-year contribution from Acentia
- (+) Half-year contribution from Remploy
- (-) Start-up costs for Australia's jobactive
- (-) Unfavorable currency exchange rates

Revised Guidance: Revenue of \$2.05B to \$2.08B and diluted EPS of \$2.33 to \$2.40
Cash flow guidance remains unchanged: Cash from operating activities of \$165M to \$190M and free cash flow of \$100M to \$125M

Fiscal Year 2016

- (+) Full-year contribution from Acentia
- (+) Full-year contribution from Remploy
- (+) Growth from new work that ramped up in FY15
(AUS jobactive, U.K. HAAS, U.K. Fit for Work and U.S. Dept. of Education)
- (-) Normal course headwinds

Preliminary Guidance: Revenue of \$2.4B to \$2.5B and diluted EPS of \$2.85 to \$3.05

FY15 Quarter Trends

- Q3 expected to be strongest quarter in FY15
- Q4 top and bottom line lower than Q3 due to Australia start-up loss

FY16 Model Variables

- Volumes
- Outcomes on performance-based contracts
- Currency exchange rates
- Legislative changes

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Richard Montoni
Chief Executive Officer
May 7, 2015



Contributions for Long-Term Growth

We remain on the growth path we set for the remainder of the fiscal year and beyond



- Several positive developments in both segments that bring meaningful contributions to our long-term growth strategy:
 - Acentia acquisition
 - Remploy joint venture
 - Expanded scope of work in Australia
- These developments and organic growth from new and existing programs represent the basis for continued growth into next year

Human Services – Australia

Recent rebid win and strong historical performance further expand our footprint

- Secured five-year, \$940M rebid, which includes the jobactive program (formerly known as Job Services Australia) and the Work for the Dole program
- Rebid increases scope of work:
 1. Market share for jobactive
 - Under former JSA program, served 12.5% of allocated caseloads
 - Under jobactive, market share of caseload allocations increases to approximately 15%
 - We will now serve 29 out of 51 of the consolidated and restructured Employment Service Areas
 2. National roll-out of Work for the Dole program
 - Since 2014, arranged activities with community-based and not-for-profit organizations in 4 pilot Employment Service Areas
 - Program rolled out nationwide; we will now serve as the coordinator in 14 of 51 areas

In this performance-based environment, our expanded role is confirmation
Of our proven ability to deliver outcomes that matter to government

Human Services – United Kingdom

Completed Remploy acquisition in April

- 70% partnership with highly regarded organization (employees maintain 30%)
- Renowned for assisting people with complex barriers into employment; complements our existing portfolio
- Primary provider for Work Choice, a government employment program for people with disabilities and health conditions

About Remploy

- Seventy-year history of delivering disability employment services throughout the U.K.
- Following WWII, the U.K. Government established Remploy to provide training and employment for injured and disabled ex-military and miners
- Remploy now dedicated to supporting people with disabilities and health conditions into mainstream employment; MAXIMUS is firmly committed to continuing this mission

Global Presence

- Increases our global presence as a world-leading provider of disability employment services
- Enhances our business development efforts for emerging opportunities
- MAXIMUS and Remploy share similar cultures and values; integration efforts are going well



Health Services – Acentia Acquisition

A new growth platform for our U.S. federal services business

- Provides us with additional contract vehicles and access to federal government agencies
- Federal government agencies seek support from vendors through three different channels:
 - 1) Contract vehicles
 - 2) Full and open procurements
 - 3) Set-asides for entities like small businesses

The importance of contract vehicles

- Allow agencies to prequalify a selected set of vendors
- Only pre-vetted companies can bid on contracts and task orders
- Majority of support work in the civilian space is issued through contract vehicles
- Acentia brings numerous contract vehicles; allows us to bid as a prime contractor for IT support and business process management opportunities
- In the past, we could only access these bids by relying on teaming arrangements; acquisition opens up an entirely new set of opportunities for us

A full-service provider to the federal government

- Acentia has cultivated positive relationships with a number of federal agencies (Internal Revenue Service, the U.S. Defense Health Agency and the U.S. Department of Labor)
- Plan to build upon this success and introduce additional core services to new agencies over time
- An important step in our long-term strategy to continue to grow our U.S. federal book of business and drive shareholder value

Affordable Care Act – Second Open Enrollment



- The Affordable Care Act's second open enrollment period was very successful; getting closer to steady state as we look ahead to OE3
- Total ACA revenue was stronger than initial expectations due to better-than-expected repeat work and additional support services
- Our portfolio of ACA work goes beyond call centers and includes: the training & certification of assisters and brokers, premium & cost-sharing collections, eligibility appeals in some states, and social media management
- Presently expect ACA-related revenue for the full FY 15 will be up about 10% compared to last year; think annual ACA revenues have largely stabilized
- Estimate that ACA related revenue will be about 15% of consolidated revenue for FY 15

Health Services – United Kingdom

Successfully launched the Health Assessment Advisory Service (HAAS) on March 1

- Conduct assessments for individuals seeking certain disability benefits
- Start-up going well and working to achieve program goals for improved service
- Increasing the number of healthcare professionals to help meet volume requirements and lower backlog so people can be assessed in a more timely manner
- Meeting recruitment targets and are also on track to meet our requirements for assessment volumes

Longer-term goals for the program include:

- Reducing long wait times
- Improving quality of the assessment
- Making assessment process less intimidating

Remain actively engaged with different stakeholder groups

- Top priority for this highly visible program
- Established a Customer Representative Group that covers more than 20 national disability organizations
- Identifying areas for meaningful improvements: clinical training, the assessment interview, accessibility of sites and customer communications



New Awards and Pipeline

New Awards	March 31, 2015
YTD signed awards	\$1.58B
New contracts pending	\$1.05B
Sales Opportunities	March 31, 2015
Total pipeline	\$2.6B

← Australia win included in new contracts pending

At March 31, 2015:

- Record sales of year-to-date signed contract awards
- Sales pipeline 18% higher compared to the same period last year
- On a sequential basis, pipeline was lower compared to the Q1 FY15 – expected as opportunities moved out of the pipeline and converted into new awards (Example: Australia)
- Pipeline has a mix of rebids and new work representing multiple geographies and both segments

Pipeline reflects opportunities where we believe the request for proposal to be released within the next six months

Conclusion and Appreciation



- Pleased to have introduced several new initiatives that bolster our existing platforms for long-term growth
- Equally excited with preliminary guidance for fiscal 2016, which represents another year of solid growth (much of which is organic)
- Our people are at the heart of our ability to continue to deliver on our commitments to our clients; they are what drives our success on a daily basis
- Welcome to our new colleagues from Acentia and Remploy; thank you to our U.K. team for the successful Health Assessment Advisory Service launch; reiterate our appreciation for our Australian team whose consistently high performance played a key role in the jobactive rebid award