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Fiscal 2023 Year End Earnings Call

David Mutryn
Chief Financial Officer

November 16, 2023

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 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, 2023, 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.

Total Company Results – Fiscal Year 2023

($ in millions, except per share data)	FY23	FY22	% Change
Revenue			
U.S. Federal Services	$ 2,403.6	$ 2,259.7	*6.4 %*
U.S. Services	1,812.1	1,607.6	*12.7 %*
Outside the U.S.	689.1	763.7	*(9.8)%*
Total Revenue	**$ 4,904.7**	**$ 4,631.0**	*5.9 %*
Operating Income			
U.S. Federal Services	$ 249.7	$ 234.9	*6.3 %*
U.S. Services	182.6	182.1	*0.2 %*
Outside the U.S.	(9.1)	(15.2)	*nm*
Gain on sale of land & building	-	11.0	*nm*
Other	(30.0)	3.5	*nm*
Adjusted Operating Income (Non-GAAP)	**$ 393.1**	**$ 416.4**	*(5.6)%*
Divestiture-related charges	(3.8)	-	*nm*
Intangibles amortization	(94.6)	(90.5)	*4.6 %*
Total Operating Income	**$ 294.8**	**$ 325.9**	*(9.5)%*
Operating Margin %	**6.0 %**	**7.0 %**	
Adjusted Operating Margin %	**8.0 %**	**9.0 %**	
Interest expense	$ 84.1	$ 46.0	*83.0 %*
Effective Tax Rate	*23.1 %*	*26.4 %*	
Net Income	$ 161.8	$ 203.8	*(20.6)%*
Diluted EPS	**$ 2.63**	**$ 3.29**	*(20.1)%*
Adjusted Diluted EPS (Non-GAAP)	**$ 3.83**	**$ 4.37**	*(12.4)%*

- Solid finish to FY23:
  - Q4 FY23 delivered 7.4% organic growth and 10% adjusted OI margin
  - Another Outside the U.S. segment divestiture of employment services businesses
  - Full-year signed contract awards totaling $6.1 billion
  - Backlog at year-end of $20.7 billion (4x trailing revenue)
  - 2.2x net debt to EBITDA at year-end reflects further pay-downs
  - Quarterly dividend increase to $0.30 per share
  - FY24: mid-single digit organic growth and 30%+ earnings growth over FY23
  - Essential nature of work insulates us during periods of government budget uncertainty
- Adjusted OI now includes divestiture-related charges along with intangibles amortization
- FY23 revenue grew 5.9%, or 7.1% on an organic basis, driven by new work and growth on existing programs in the U.S. segments
- FY23 adjusted margin was 8% and diluted EPS was $3.83

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FY23 Results – Adj. Earnings & Cybersecurity Impact

Adjusted OI & EPS (non-GAAP)	Prior Definition				Revised Definition				
	Q4 FY23		FY23		Q4 FY23		FY23		FY23 Guidance
Operating income (GAAP)	$	**99.1**	$	**294.8**	$	**99.1**	$	**294.8**	
Intangibles amortization		24.0		94.6		24.0		94.6	
Divestiture-related charges		-		-		2.9		3.8	
Adjusted OI	$	**123.1**	$	**389.4**	$	**126.0**	$	**393.1**	*$387M - $401M*
Cybersecurity incident		7.1		29.3		7.1		29.3	
Adjusted OI ex. incident	$	**130.2**	$	**418.7**	$	**133.1**	$	**422.4**	*$409M - $423M*
Diluted EPS (GAAP)	$	**0.96**	$	**2.63**	$	**0.96**	$	**2.63**	
Intangibles amortization		0.28		1.14		0.28		1.14	
Divestiture-related charges[1]		-		-		0.05		0.06	
Adjusted Diluted EPS	$	**1.24**	$	**3.77**	$	**1.29**	$	**3.83**	*$3.74 - $3.94*
Cybersecurity incident		0.09		0.35		0.09		0.35	
Adjusted Diluted EPS ex. incident	$	**1.33**	$	**4.12**	$	**1.38**	$	**4.18**	*$4.00 - $4.20*

[1] Includes $0.9 million loss on sale of business and non-tax deductible impairment losses of $2.9 million on businesses sold subsequent to fiscal year end.

- Cybersecurity incident totaled $29.3M, or $0.35 per share, in FY23. Analysis of affected individuals has been completed
- FY23 adjusted EPS excluding the cybersecurity incident was $4.18
- Earnings step-up across FY23 and results for Q4 FY23 highlight Medicaid redeterminations back in full and higher program volumes on both VA Medical Disability Exam (MDE) contracts and student loan servicing contract
- Q4 FY23 adjusted EPS excluding the cybersecurity incident was $1.38

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U.S. Federal Services Segment

- Revenue increased 6.4%, which was all organic and due predominantly to volume growth on VA MDE contracts
- Segment margin of 10.4% for FY23 reflects solid execution at year-end, with the segment delivering 12.4% margin in Q4 FY23

($ in millions)	FY23	FY22	% Change
Revenue			
U.S. Federal Services	$ 2,403.6	$ 2,259.7	6.4 %
Operating Income			
U.S. Federal Services	$ 249.7	$ 234.9	6.3 %
Operating Margin %	***10.4 %***	***10.4 %***	

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U.S. Services Segment

- Revenue increased 12.7%, which was all organic and driven by the combination of new work wins and successful conversion of short-term work into longer-term contracts
- Segment delivered a margin of 10.1% for FY23 vs. 11.3% for FY22 in the prior year; recap of segment margin dynamics:
  - H1 FY22: overweight from profitable, short-term response work that covered paused Medicaid redetermination headwind
  - H2 FY22: underweight from ongoing pause to redeterminations
  - H1 FY23: remained underweight from ongoing pause to redeterminations
  - H2 FY23: margin improvement from resumption of redeterminations
- The segment delivered an 11.6% margin in Q4 FY23 with a full quarter of redeterminations

($ in millions)	FY23	FY22	*% Change*
Revenue			
U.S. Services	$ 1,812.1	$ 1,607.6	*12.7 %*
Operating Income			
U.S. Services	$ 182.6	$ 182.1	*0.2 %*
Operating Margin %	***10.1 %***	***11.3 %***	

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Outside the U.S. Segment

- Revenue decreased by 9.8%, net of 4.6% currency headwind; remaining contraction was equal parts lower employment services volumes and divested businesses announced in Q2 FY23
- Operating loss of $9.1 million in FY23 attributable to $14.4 million revenue reduction tied to lower estimates for employment services future outcomes-based payments as reported in Q3 FY23
- The segment broke even in Q4 FY23 reflecting a slightly better result than anticipated

($ in millions)	FY23	FY22	% Change
Revenue			
Outside the U.S.	$ 689.1	$ 763.7	*(9.8)%*
Operating Income/(Loss)			
Outside the U.S.	$ (9.1)	$ (15.2)	*nm*
Operating Margin %	***(1.3)%***	***(2.0)%***	

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Debt, Cash Flows and Capital Allocation

Debt

- At September 30, 2023, the ratio of debt, net of allowed cash, to EBITDA on TTM basis, as calculated in accordance with credit agreement, was 2.2x as compared to 2.5x in the prior quarter; at September 30, 2023, total debt was $1.26 billion

Cash Flows & DSO

$ in millions	Q4 FY23	FY23	*FY23 Guidance*
Cash (used in)/provided by operating activities	$ 144.6	$ 314.3	
Purchases of property and equipment and capitalized software costs	(31.8)	(90.7)	
Free cash flow	**$ 112.8**	**$ 223.6**	*$190M - $230M*

- Strong Q4 FY23 results enabled cash flows to finish near high end of guidance
- DSO of 60 days at Sept. 30, 2023, was at bottom of 60-to-70-day target range
- CAPEX running higher due to investment in systems anticipated to provide enhanced efficiency

Capital Allocation

- Priorities unchanged: 1) fund organic investments, 2) maintain dividend growing over time with earnings, and 3) strategic acquisitions intended to accelerate organic growth
- Debt pay-down remains part of allocation, with 2-3x remaining appropriate target leverage ratio; focus on lower end of range given current interest rate environment

Fiscal Year 2024 Guidance

Fiscal 2024 Guidance	
Revenue	**$5.05B - $5.20B**
Adjusted operating income	**$488M - $513M**
Adjusted diluted EPS	**$5.05 - $5.35**
Free cash flow	**$290M - $340M**

FY24 Guidance Reconciliation

($ in millions except per share items)	*Low End*	*High End*
Operating income	$ 399	$ 424
Add: amortization of intangible assets	88	88
Add: divestiture-related charges	1	1
Adjusted operating income	$ 488	$ 513
Diluted EPS	$ 3.98	$ 4.28
Add: effect of amortization of intangible assets on diluted EPS	1.06	1.06
Add: divestiture-related charges	0.01	0.01
Adjusted diluted EPS	$ 5.05	$ 5.35
Cash flows from operating activities	$ 384	$ 434
Remove: purchases of property and equipment and capitalized software costs	(94)	(94)
Free cash flow	$ 290	$ 340

- Midpoints of FY24 guidance imply ~5% organic growth vs. FY23 and 9.8% adjusted OI margin
- Major drivers to growth include:
  - U.S. Federal Services: higher volumes for the VA MDE contracts and new work across multiple categories
  - U.S. Services: full period of redeterminations and expanded clinical assessment programs
- Adjusted EPS guidance includes $70 million for interest expense, or $14 million less vs. FY23
- FY24 segment margin commentary:
  - U.S. Federal Segment: 11 – 12%
  - U.S. Services Segment: ~11%
  - Outside the U.S.: slightly above breakeven
- Operating margin should be moderately higher in H2 FY24 as compared to H1 FY24; small loss on sale related to recent OUS divestiture embedded in Q1 FY24
- Other FY24 assumptions:
  - Intangibles amortization expense: $88M
  - Effective income tax rate: 24.5% – 25.5%
  - WASO: 62.2M – 62.3M
- Resiliency of business highlighted during periods of budget uncertainty; a potential U.S. federal government temporary shut-down would disrupt an estimated <5% of U.S. Federal Services segment, or <3% of total company revenue

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Fiscal 2023 Year End Earnings Call

Bruce Caswell
President & Chief Executive Officer

November 16, 2023

FY23 Results Show Success of Strategy

Success within U.S. Federal Services and U.S. Services segments drove our ability to meet our total company margin target. Fourth quarter resulted in an adjusted OI margin of 10.0% – successfully delivering on our target of 9% to 12%.

We also communicated a commitment to increased growth in our U.S. Federal Services segment, success of which is evident in our backlog. Just two years ago, our U.S. Federal Services segment accounted for less than half of our backlog. Today, the segment makes up two-thirds of our backlog.

We are committed to mid-single-digit organic growth. Organic revenue growth for FY23 was 7.1%, and guidance for FY24 shows promise for a continuation of this progress.

Early success in FY24

Throughout FY23, we shared our commitment to restructuring and optimizing the OUS segment, and doing so in a manner that aligns with our overall strategy.

Earlier this month, we announced the divestiture of our employment services businesses in Italy, Singapore, and Canada.

This transaction, and the additional divestitures executed earlier in the fiscal year, is evidence of strong progress in that direction now that we've reduced our footprint by three countries.

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Strategy Aligns with Customer Needs

Technology Modernization

The **strong pipeline** of Federal agency IT systems procurements reflects legacy environments requiring modernization.

We have **refined the priorities** of our strategy to include greater emphasis on cybersecurity, where we are focused on cyber automation, Zero Trust, engineering and operations, and digital forensics.

We have also **deepened our capabilities** in Cloud-Enabled Services, Data Management, and Hyperautomation.

Future of Health

Our government customers are responding to trends such as inequitable access to care and increasing levels of chronic disease, against a backdrop of rising costs.

We are focused on a balanced approach to using technology to **further improve access and the customer experience** while supporting the thousands of clinical staff in their work with some of our most vulnerable citizens.

We are **investing in solutions** that improve areas such as care navigation, tele-assessments, and independent quality assurance.

Customer Services, Digitally Enabled

Our success in developing and delivering **award-winning mobile applications and program-specific portals** has improved equitable access to critical benefits. This has been especially important, for example, with the resumption of Medicaid eligibility determinations for tens of millions of Americans.

Eliminating barriers like printed documents, faxing, and wet signatures – in partnership with our customers – incrementally improves health equity.

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FY23 Employee Engagement Survey

76% Engagement Index Score, based on 76% overall response rate.

Average % favorable score for the following statements:

- I am proud to work at the Company.
- I feel a sense of belonging at the Company.
- I feel motivated at work.
- I would recommend the company to others as a great place to work.
- I intend to stay with the Company for at least another 12 months.

Innovation Creates Differentiating Capabilities

Maximus Ventures

- **Corporate Venture Capital** function spearheaded by our corporate development team.
- We will **invest in innovative startups** that share our forward-thinking vision for government and partner with innovative companies to learn about and gain unique access to disruptive capabilities while creating growth opportunities for Maximus.
- The **Maximus Ventures team** has developed a disciplined methodology that includes specific selection criteria based on identified innovation needs critical to our priority core markets and largest contracts and tested through pilot programs.

Maximus Spark Tank

- Our employees have the greatest awareness of our day-to-day operations and are well-positioned to identify and successfully implement **opportunities for innovation**.
- The **Spark Tank** provides support and structure through a gated process that starts with a business case and ends with investment and implementation.
- Selected teams are invited to pitch their business cases to a diverse panel of organizational leaders.

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New Awards & Pipeline

As of September 30, our book-to-bill ratio was approximately 1.2x (TTM basis)

New Awards (YTD)	September 30, 2023
Signed Contracts	$6.1 billion
Unsigned Contracts	$878 million

$37.1B **total pipeline** of sales opportunities

76% new work

60% U.S. Federal Services Segment

$1.2B Proposals pending

$967M Proposal in preparation

$34.9B **Opportunities tracking**

Closing Remarks

With FY24 ahead of us:

- For the first time in many quarters, our core business – long an engine of growth itself – is delivering its full scope of services to our Federal and State customers.
- Our reshaping of the Outside of the U.S. portfolio has progressed, and while not complete, means we are on a path to reducing volatility in performance.
- The essential nature of the services we provide governments provides welcomed insulation from the uncertainty of a budget showdown or even a government shutdown.
- The complexity of challenges facing government – such as modernizing legacy systems environments – benefits companies like ours that have proven capacity to deliver technology and services at scale.
- We are unambiguous in our focused execution of our three-to-five-year strategy and continued progressive achievement of the 10% to 14% total company adjusted OI margin and mid-single digit organic growth targets we have established.

Through an effort we call *Maximus Forward*, we continue to evaluate, benchmark, and, in some cases, “clean sheet” the design, processes, and resources that drive our delivery.

With a balanced approach to improving efficiency and investment in the future, *Maximus Forward* is central to keeping us an employer of choice and creating greater opportunities through growth for our thousands of valued employees.

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