Fiscal 2015 First Quarter Earnings

Richard J. Nadeau
Chief Financial Officer and Treasurer
February 5, 2015
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 – First Quarter

<table>
<thead>
<tr>
<th>($ in millions)</th>
<th>Q1 FY15</th>
<th>Q1 FY14</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Health Services</td>
<td>$351.7</td>
<td>$299.2</td>
<td>18%</td>
</tr>
<tr>
<td>Human Services</td>
<td>115.4</td>
<td>107.4</td>
<td>7%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$467.0</td>
<td>$406.6</td>
<td>15%</td>
</tr>
<tr>
<td><strong>Operating Income</strong></td>
<td></td>
<td></td>
<td></td>
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<td>Human Services</td>
<td>15.5</td>
<td>11.8</td>
<td>31%</td>
</tr>
<tr>
<td>Other</td>
<td>(0.6)</td>
<td>(0.1)</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$65.2</td>
<td>$53.3</td>
<td>22%</td>
</tr>
<tr>
<td><strong>Operating Margin %</strong></td>
<td>14.0%</td>
<td>13.1%</td>
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<tr>
<td><strong>Net Income attributable to MAXIMUS</strong></td>
<td></td>
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<tr>
<td></td>
<td>$41.9</td>
<td>$33.9</td>
<td>24%</td>
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<tr>
<td><strong>EPS - Diluted</strong></td>
<td>$0.63</td>
<td>$0.49</td>
<td>29%</td>
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- Q1 FY15 revenue increased 15%
- Both segments delivered top-line increases driven by new work and expansion on existing contracts
- Revenue unfavorably impacted by currency exchange rates, predominantly (but not exclusively) in the Human Services Segment
- On a constant currency basis, total Company revenue would have grown 16% over prior year
- Operating margin of 14% for Q1 FY15
- Tax rate was lower at 36% due to the extension of the Work Opportunity Tax Credit (retroactive application to the beginning of calendar year 2014)
- Net income attributable to MAXIMUS totaled $41.9M or $0.63 per diluted share
- Diluted EPS increased 29%
- Q1 FY15 benefitted from $2.4M of incremental revenue & profit in Human Services Segment that were previously expected to occur later in FY15 and provided an uplift of approximately $0.03 per share; the lower tax rate provided another $0.01 per share
Health Services Segment

Delivered strong operational and financial results & performed largely in-line with our expectations

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Revenue

- Revenue grew 18%, fueled by organic growth resulting from new work and expansion on existing contracts

Affordable Care Act (ACA) Seasonality

- Q1 FY15 benefits from seasonality tied to ACA open enrollment period (November 1, 2014 - February 15, 2015)
- Call volumes have largely been in-line with our client service plans
- Our health insurance exchange operations are at peak staffing levels during open enrollment to support the increased volume of calls from consumers who are shopping for health insurance
- Investors should expect Health Services Segment to be seasonally stronger in Q1 of our fiscal year

Operating Income & Margin

- Operating margin benefitted from some expected, accretive change orders. These change orders helped offset expected start-up of certain new health contracts, and anticipated volume decreases in our Medicare appeals business that resulted from changes to the Recovery Audit (or RAC) program.
- Coming into FY15, already assumed lower volumes in appeals business, as a result of RAC program changes
Human Services Segment

Revenue
- Adversely impacted by changes in currency, most notably weakening of Australian dollar
- Q1 FY15 impact was approximately $5.0M unfavorable to revenue, on constant currency basis
- Canadian dollar and British pound continued to significantly weaken throughout January, 2015; and accordingly, we expect the Segment will continue to be affected by currency exchange rates
- On a constant currency basis, the Segment’s revenue would have increased 12%
- Revenue growth driven by international operations, including recent reallocation of work in Australia

Operating Income & Margin
- Operating margin increased to 13.4% in Q1 FY15
- The Segment benefitted from approximately $2.4M in incremental revenue and income that were previously expected to occur later in FY15
- Excluding this benefit, estimate that operating margin would have been approximately 11% for Q1 FY15, typical for this Segment

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Cash Flows

Strong Q1 cash flow driven by increased earnings and good receivables collections
- DSOs improved on a sequential basis to 58 days in the quarter. We expect DSOs may increase to more normalized levels during the year due to some new contracts; most notably two health contracts in U.K.

Reconciliation to Free Cash Flow

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<th>Q1 FY15</th>
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<tr>
<td>Cash provided by operating activities</td>
<td>$56.6</td>
</tr>
<tr>
<td>Cash paid for property, equipment and capitalized software</td>
<td>($14.1)</td>
</tr>
<tr>
<td>Free cash flow</td>
<td>$42.5</td>
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</table>
Share Repurchases & Uses of Cash

Share Repurchases

<table>
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<tr>
<th>Period</th>
<th>Purchase Amount</th>
<th>Number of Shares</th>
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<tr>
<td>Q1 FY15</td>
<td>$30.6M</td>
<td>753,010</td>
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</table>

- At December 31, 2014, $104.6M available for future purchases
- Buyback program is opportunistic in nature

Cash and Cash Equivalents

- At December 31, 2014, had cash and cash equivalents of $149.2M (approximately 30% held outside the U.S.)
- Strength of balance sheet provides us with great deal of flexibility in deploying capital
- Focused on sensible deployment of cash
- In addition to buybacks and dividends, continue to manage a strategic acquisition program
  - At any given time, often have a number of opportunities in the pipeline
  - Run a rigorous due diligence process and are highly selective
  - M&A continues to be large component of cash deployment and growth strategies
Reiterating FY15 Guidance

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<th>FY15 Guidance</th>
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<td>Revenue</td>
</tr>
<tr>
<td>Diluted EPS</td>
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</tbody>
</table>

- Canadian dollar and British pound continued to significantly weaken throughout January 2015
- Looking at our guidance, the January 31 currency exchange rates would indicate a tempering of revenue of approximately $45M and operating income of approximately $4.5M or $0.05 per diluted share
- Compared to exchange rates that were assumed when we completed our forecasting in late October 2014

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<th>FY15 Guidance</th>
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<tbody>
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<td>Cash provided by operating activities</td>
</tr>
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<td>Free cash flow</td>
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Affordable Care Act – Second Open Enrollment

Our solid performance for Q1 FY15 sets a good path for remainder of year & beyond

- Affordable Care Act teams are wrapping up the activities tied to the second open enrollment period, which runs through February 15, 2015

- As expected, overall open enrollment period was much smoother this year, with fewer technology challenges and the benefit of applying lessons learned

- Collaborated with clients for early planning, this year brought new challenges; renewals for the first time

- Launched aggressive refresher training to ensure our staff were well-prepared to assist consumers

- Overall call volumes across all of our centers have been running largely as expected; mainly due to the benefit of early planning

- Renewal process to be fairly straightforward in the markets where the carriers remained largely the same or there weren’t major changes to the plans

- New York is one example where open enrollment has gone particularly well. The state’s marketplace remained very stable from both a plan selection and a cost perspective, which clearly played an important role in the ease of use for consumers.
ACA Anecdotal Observations

- Overall increase in consumer awareness related to eligibility and enrollment
- Just starting to receive calls related to new tax forms
- Public health insurance exchanges and covered individuals are required to submit ACA-related tax information and forms
- So far, about half of the tax calls received are informational in nature and the other half are related to incorrect information on the forms themselves
- We have not seen a dramatic uptick in volumes as a result of the tax forms, but it’s still early
- This could change as taxpayers start completing their returns in anticipation of the April 15 filing deadline
ACA Customer Contact Centers

- MAXIMUS operates five state-based exchanges & the District of Columbia

- Also operate two customer contact centers for Federal Marketplace as a subcontractor
  - As reported in the media, we’ve started the process of ramping down one of our federal customer contact centers – Boise, Idaho
  - Two-year contract scheduled to end later this year; this was an expected closure and fully contemplated in our guidance
  - At this time, Boise is the only contact center we are closing
Transitions to State-Based Exchanges

- Continue to work closely with states that may be considering a potential move off the Federal Marketplace to their own state-based exchange.

- Realistically, won’t see a lot of movement until the Supreme Court renders a decision on the King vs. Burwell case, expected later this year.

- Speculative as to what outcome might be and what effect it may have on a state’s decision to operate its own exchange.
2017 State Innovation Waivers

- States continue to be interested in how to better manage the continuum of programs for the uninsured.

- We believe 2017 State Innovation Waivers provided under Section 1332 of the Act may prompt more states to consider new ways to manage their uninsured populations.

- Innovation Waivers provide states with additional flexibility in how they manage their insurance markets.

- Waivers could be an attractive option to governors who want to manage federal funds to implement state-driven ideas that are more closely aligned to state-specific policies, demographics, insurance markets, and budgets and culture.

- Waivers also give states ways to deal with some of the Act’s structural and operational challenges:
  - Address continuation of care as individuals move between provider networks when their incomes, family compositions or ages change.
  - Allow states to become centers of innovation as they structure their employer-sponsored insurance and assistance in the purchase of private health insurance.
Live Event: Opportunities for State Innovation

MAXIMUS will be hosting a live event tomorrow at noon to discuss new approaches that states can take for the design and operation of their health insurance programs.

Event features some of the country’s leading policy experts, all of whom have broad expertise in implementing and managing programs for uninsured.

We are excited to help states understand how waivers will bring them new flexibility as they design and implement sustainable approaches to their public health programs.

Overall, as we’ve said in the past, ACA is a multi-year driver for MAXIMUS and believe that ongoing opportunities to help states manage their myriad of health benefit programs will continue to provide us with ongoing tail winds for years to come.
U.K. Health Operations – Two New Contracts

Fit for Work

• Program is well underway; launched phase one in December 2014 and now working on phase two

Health Assessment Advisory Service (formally known as the Health and Disability Assessment Service)

• Under contract, MAXIMUS is conducting assessments for individuals seeking certain disability benefits according to the rules set down by Parliament

• We are working toward addressing some of the challenges that exist today, but recognize that it will take time to improve key aspects of the customer experience

• One of our primary goals is to increase the number of health care professionals who support the program – particularly those who specialize in mental health and those who understand fluctuating health conditions

• Over time, we strive toward the longer-term goals of:
  − Reducing the long wait times
  − Improving the quality of the assessment
  − Making the assessment process less intimidating for customers

• Presently on target for take-over on March 1, 2015

• Nevertheless, it’s important for investors to recognize that overall policy remains controversial in the U.K.; expect ongoing media coverage of this program
Positive News for Human Services

U.S. Welfare-to-Work Operations

• Successful on rebid for the Families First program where we’ve been a provider since 2007 in Tennessee; secured additional scope and are expanding into seven additional counties
• Will now be providing employment and case management services to 36 of the state’s 95 counties
• Under new contract, we expect that revenue will triple with the annual run rate going from approximately $5M to $15M

U.K. Work Programme

• Picked up first reallocated region. Began delivering employment services to job seekers in North East Yorkshire and the Humber region just last week
• Reallocation recognizes our strong performance in helping to successfully guide individuals off benefits and into work, contributing to a stronger local economy

Job Services Australia

• Submitted our response to rebid tender
• Do not expect a “winner-take-all” award, rather awards that are done on a location-by-location basis
• We expect to hear results in the spring and remain cautiously optimistic about this important rebid
New Awards and Sales Pipeline

<table>
<thead>
<tr>
<th>New Awards</th>
<th>December 31, 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>YTD signed awards</td>
<td>$1.3B</td>
</tr>
<tr>
<td>New contracts pending</td>
<td>$169M</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Sales Opportunities</th>
<th>December 31, 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total pipeline</td>
<td>$3.6B</td>
</tr>
</tbody>
</table>

At December 31, 2014:

- Year-to-date signed contracts includes U.K. Health Assessment Advisory Service contract
- Overall composition of pipeline is fairly broad with opportunities across multiple geographies and both segments; includes both rebids and new work
- Strength of our pipeline serves as further confirmation of continued demand for our core services

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

• With another solid quarter under our belt, we are positive about our progress in fiscal 2015

• Our collective efforts to secure new work, expand existing contracts and stand up new programs demonstrate our ability to deliver and meet commitments to our clients and the citizens they serve

• We believe demand for our services will continue as governments require partners to help them:
  - Manage benefit programs more efficiently and effectively to address rising caseloads
  - Implement performance-based metrics to achieve the outcomes that matter

• We have set the table for solid growth in 2015 and beyond and remain most excited about our future prospects