

29 August 2022

APM delivers strong FY22 growth, exceeding Prospectus earnings forecasts

APM Human Services International Limited (ASX: APM; 'APM' or 'the Company') is pleased to announce its preliminary results for the 12 months ended 30 June 2022 (FY22), a year where it delivered strong earnings growth and exceeded Prospectus earnings forecasts.

Key highlights (FY22 vs FY21)

- **Revenue up 31% to \$1,330.7 million**
- **Statutory NPAT¹ of \$40.7 million**
- **Pro forma EBITDA up 31% to \$308.0 million**
- **Pro forma NPATA² up 29% to \$166.3 million**
- **Pro forma operating cashflows³ up 25% to \$281.9 million**
- **Inaugural dividend of 5 cents per share fully franked**

Commenting on the FY22 result, APM Group CEO Michael Anghie said:

"We are pleased to be presenting APM's inaugural full year financial results as a publicly listed company. I would like to thank my colleagues on the Board, our senior executive and our 10,300 team members for the tremendous work they have done to maintain services throughout the year and support more than 1.1 million people in the 11 countries in which we operate.

"The business has continued to deliver strong financial performance in FY22, with revenue of \$1.33 billion in line with Prospectus forecast, and pro forma EBITDA of \$308.0 million and pro forma NPATA of \$166.3 million exceeding Prospectus forecasts by 5% and 7% respectively. This result reflects the strength and resilience of APM's global business despite the challenging operating conditions caused by COVID-19 that resulted in increased absenteeism and disruption across all segments of the business and the industry as a whole.

"When APM listed on the ASX last year, our Prospectus outlined several operational initiatives for FY22, and I'm delighted to say that we delivered on every one. Across our business we have continued to pursue new opportunities and win market share, including:

- Mobilisation of the Restart Scheme contract in the United Kingdom where we commenced operations in two regions, Central and West London and Greater Manchester, recruiting 1,000 team members;

¹ Net profit after tax

² Net profit after tax and before amortisation of customer contracts adjusted for one off items such as IPO advisor costs and debt refinancing charges and pro forma capital structure

³ Operating cash before finance costs, income taxes paid and IPO advisory costs

- Awarded 13% of the new Workforce Australia contracts across 34 employment regions, recruiting 500 additional team members to deliver the contract which commenced 1 July 2022. APM increased its market share to become the largest Workforce Australia provider;
- Expanding our presence in the Ontario Employment Services market in Canada, with the award of the York region;
- Numerous contract renewals, awards and extensions across Australia, New Zealand, North America, Singapore, South Korea, Germany and the United Kingdom; and
- Completing nine strategic acquisitions that provide critical entry points into the National Disability Insurance Scheme market, allied health sector and other key growth markets.”

Strong annual growth on FY21

APM delivered strong growth on FY21 with revenue increasing by \$314.3 million and pro forma NPATA by \$37.7 million, up 30.9% and 29.3% respectively.

APM performed strongly in Australia and continued investing in key growth sectors

Revenue was up 21% to \$644.9 million, and pro forma NPATA was up 11% to \$97.5 million. Australian results were underpinned by a strong performance across Employment Services. The second half was focussed on the transition of the jobactive contract, establishing operations to commence the Workforce Australia program at the start of FY23, and the integration of the strategic acquisitions. The Company continued to build scale in the health and wellbeing business and invest in disability and aged care. These businesses were impacted by COVID-19 due to higher levels of staff and client absenteeism limiting the ability to deliver services.

Strong organic growth in Europe

Revenue of \$389.8 million was up 43%, with pro forma NPATA of \$50.7 million up 128%. The Company performed strongly in Europe, with its team successfully managing the varied operating conditions which impacted the ability to engage with participants across all programs. The result highlighted the agility of the business to simultaneously implement new contracts across the employment and justice sectors, recommence contracts disrupted during COVID-19 and replace revenue from the parole contract which ended in FY21.

Employment Services platform growing in North America

Revenue of \$217.4 million was up 71%, with NPATA of \$11.6 million up 90%. During the year the Company continued to grow its North American presence. In Canada, the Company has been building capability to deliver on the growth in employment services including full year operation of the prototype contract in the Peel Region and executing on the new Ontario Employment Services contract in the York region which is in transition phase. The US business now has scale across 24 States with entry into California and the Job Corps market during FY22 providing an attractive platform for future growth. The Company also continues to prepare to start the Rehabilitation Services and Vocational Assistance Services Program across Canada which commences 1 January 2023.

AsiaPac impacted by COVID-19

APM's Asia Pacific region was the most heavily impacted by COVID-19 in FY22 due to disruption of service delivery across New Zealand, South Korea and Singapore. Revenue of \$78.6 million was down 9%, with NPATA of \$6.5 million being down 48%. APM's market position was solidified through the renewal of employment services contracts in South Korea and Singapore.

Growing cashflows and prudent balance sheet management support growth initiatives

Pro forma operating cash flow increased 25% to \$281.9 million, reflecting EBITDA cash conversion of 92%. Strong operating cashflows and IPO proceeds funded acquisitions, capital expenditure on contract mobilisations, information technology fleet and security upgrades, as well as debt reduction.

Net debt (including lease liabilities) as at 30 June 2022 was \$519.2 million providing a leverage ratio of 1.7x pro forma EBITDA. Post balance date, APM received strong credit support for its refinancing, increasing the size of its syndicated multi-currency revolving corporate facility to \$840 million. This facility is the first Social Loan corporate debt facility in Australia.

The new facility funding costs are at an average of 210 basis points above BBSY at current levels of net debt, which represents a saving of 240 basis points compared to APM's existing Term Loan B facility, resulting in an estimated \$15 million of annual interest savings at current BBSY. The Company's available liquidity is over \$400 million, supporting APM's flexibility to invest and pursue its strategic growth initiatives.

Declaration of inaugural dividend as a public company

Reflecting the strong financial performance, healthy balance sheet position and positive outlook, APM has declared its inaugural dividend as a public company, with a final fully franked dividend of 5.0 cents per share.

Commenting on APM's growth outlook for FY23 and beyond, Mr Anghie said:

"The 2022 financial year demonstrated the strength and resilience of the APM business and its people. While we had to navigate the challenges caused by the COVID-19 pandemic across our operations globally, APM was able to outperform its Prospectus earnings forecasts for FY22.

"We have commenced FY23 in a strong position, supported by secured contracts including Workforce Australia, a full year of the Restart contract, scale in our health businesses as well as the annualised contribution of the acquisitions we completed in FY22.

"As we look beyond FY23, we are well positioned to grow and create shareholder value through delivering on our existing programs, investing in our people, winning a share of our identified contract pipeline, assessing and completing strategic acquisitions, entering new markets and expanding the depth and breadth of our service offerings. Our goal is to deliver a sustainable medium-term annual underlying profit growth rate in the mid-teens."

FY22 results investor briefing to be held at 11:00am AEST / 9:00am AWST today

Participants can register via <https://s1.c-conf.com/diamondpass/10023537-d34m21.html>.

Registered participants will receive their dial in number upon registration.

- Ends -

Authorised for release by the Board of APM Human Services International Limited.



For further information please contact:

Investors

Matt Cooper

Investor Relations Manager

E: matt.cooper@apm.net.au

P: +61-403 604 915

Ronn Bechler

Automic Group

E: ronn.bechler@automicgroup.com.au

P: +61-400 009 774

Media

Adrian Bradley

General Manager – Corporate Affairs

E: adrian.bradley@apm.net.au

P: +61-2 6214 8800

Tristan Everett

Automic Group

E: tristan.everett@automicgroup.com.au

P: +61-403 789 096

About APM

Founded in 1994 in Perth, Western Australia, APM is an international human services provider with the purpose of “Enabling Better Lives”.

Each financial year, APM supports more than 1.1 million people of all ages and stages of life through its service offerings that include assessments; allied health and psychological intervention; medical, psycho-social and vocational rehabilitation; vocational training and employment assistance; and community-based support services.

With over 1,000 sites spanning 11 countries (Australia, United Kingdom, Canada, United States of America, New Zealand, Germany, Switzerland, Sweden, Spain, Singapore, and South Korea), APM’s more than 10,000 team members work to enhance community health and wellbeing, delivering services to clients across the early childhood, youth, employment, insurance, justice, veterans, disability, and aged care sectors.

For further information please visit: <https://apm.net.au>