

# APM Acquisition of Equus Workforce Solutions Investor Presentation

September 2022

ASX: APM



**APM**  
enabling better lives

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Certain information in this presentation has been sourced from Equus Workforce Solutions (Equus) or its representatives or associates as at September 2022. While steps have been taken to review that information, no representation or warranty, expressed or implied, is made as to its fairness, accuracy, correctness, completeness or adequacy. The Company undertook a due diligence process in respect of the proposed acquisition of Equus, which relied in part on the review of financial and other information provided by Equus. Despite making reasonable efforts, APM has not been able to verify the accuracy, reliability or completeness of all the information which was provided to it. If any such information provided to, and relied upon by, the Company in its due diligence and in its preparation of this presentation proves to be incorrect, incomplete or misleading, there is a risk that the actual financial position and performance of Equus may be materially different to the expectations reflected in this presentation. Investors should also note that there is no assurance that the due diligence conducted was conclusive, and that all material issues and risks in respect of the acquisition have been identified and avoided or managed appropriately (for example, because it was not always possible to negotiate indemnities or representations and warranties from Equus to cover all potential risks). Therefore, there is a risk that issues and risks may arise which will also have a material impact on the Company (for example, the Company may later discover liabilities or defects which were not identified through due diligence or for which there is no contractual protection for the Company). This could adversely affect the operations, financial performance or position of the Company.

# Acknowledgement of Country

APM acknowledges the Traditional Custodians of the lands on which we live. We pay our respects to Elders, past and present, of all Aboriginal and Torres Strait Islander nations.

Globally, APM recognises the significance of indigenous peoples' communities and the important role they play within our own workforce and the world, underpinning our efforts to build a culture that embraces diversity, equality and inclusion.

# Equus, a leading provider of employment, disability and communities services in North America



Equus Workforce Solutions designs and implements transformative workforce networks that are locally responsive, community-based, outcomes focused, and client-centred.

This results in simplified and effective pathways to finding sustainable employment for individuals based on their needs and a skilled workforce for businesses to meet current and future needs.

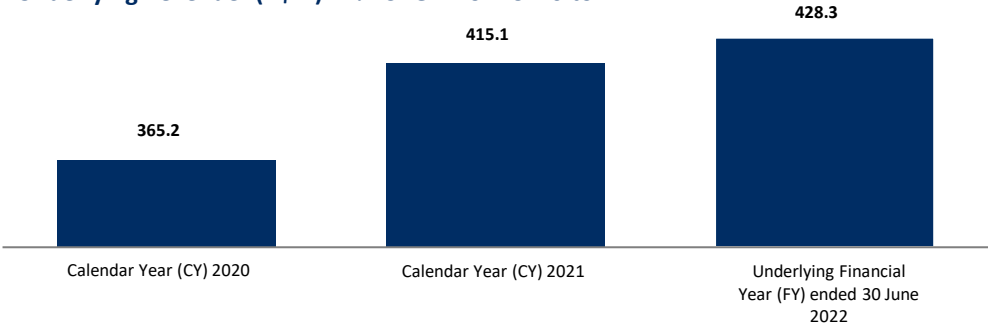
- Established in 1968, representing over 50 years in the sector
- Established leadership team with more than 200 years collective sector experience
- Primarily operates cost reimbursement contracting models
- Team of 3,100 in 357 locations spanning 38 U.S. states and territories, as well as Canada
- Strong, consistent financial performance with 11% revenue CAGR CY20 to FY22
- Strong contract performance with high win rates on both re-bid and new contracts

1 million individuals assisted in North America each year  
Creating Opportunities. Changing Lives.



Equus brings a passionate leadership team with deep experience in the sector and 3,100 dedicated team members, who are motivated in their commitment to the people and communities they support, and the continued growth of the North American business under APM

Underlying Revenue<sup>4</sup> (A\$m) 11% CAGR from CY20 to FY22



1. Relates to the TANF (Temporary Assistance for Needy Families program) and WIOA (Workforce Innovation and Opportunity Act). 2. Relates to SNAP (Supplemental Nutrition Assistance Program providing food assistance based on income, resource and work eligibility). 3. Relates to Job Corps (the program administered by the US Department of Labor). 4. Underlying Revenue adjusted for non-recurring and one-off items.

# Transaction rationale

1

Founded 54 years ago, Equus is a leading employment services provider in the U.S. Equus' 3,100 team members, operate from 357 locations spanning 38 states and territories (and 1 province in Canada) and provide support to 1 million people each year

2

Equus is well recognized in the U.S. market, with strong contract performance metrics and high win rates on both re-bid and new contracts, operating primarily on 'cost-plus' contracting models

3

Equus is a highly complementary strategic acquisition with a strong cultural and values fit which aligns with APM's purpose of "Enabling Better Lives". Together, the APM Group will become a leading employment services provider in the U.S.

4

Expands APMs service offering in the U.S. into 18 new states and territories. With a combined U.S. footprint of 42 States and territories, our combined ~4,000 U.S. team members (~4,500 in North America) will work in partnership with over 100 funders to positively impact the lives of more than 1 million people each year

5

Key federal and state funding pools (including TANF<sup>1</sup>, WIOA<sup>1</sup> and Job Corps<sup>1</sup>) have bipartisan support with stable long-term funding

6

Purchase price of A\$225.7 million (US\$153.5 million<sup>3</sup>) based on underlying FY22 EBITDA of A\$46.6 million<sup>2</sup> (US\$31.7 million<sup>3</sup>) (post-IFRS16)

7

Talented and experienced leadership team who are passionate and committed to both Equus and APM and to executing our growth strategy

1. TANF – Temporary Assistance for Needy Families program; WIOA – Workforce Innovation and Opportunity Act; Job Corp – the program administered by the U.S. Department of Labor established in 1964

2. Reflects underlying EBITDA in FY22 attributable to APM after a full year of ownership, post IFRS16.

3. AUD/USD FX rate of 0.68

# Transaction summary

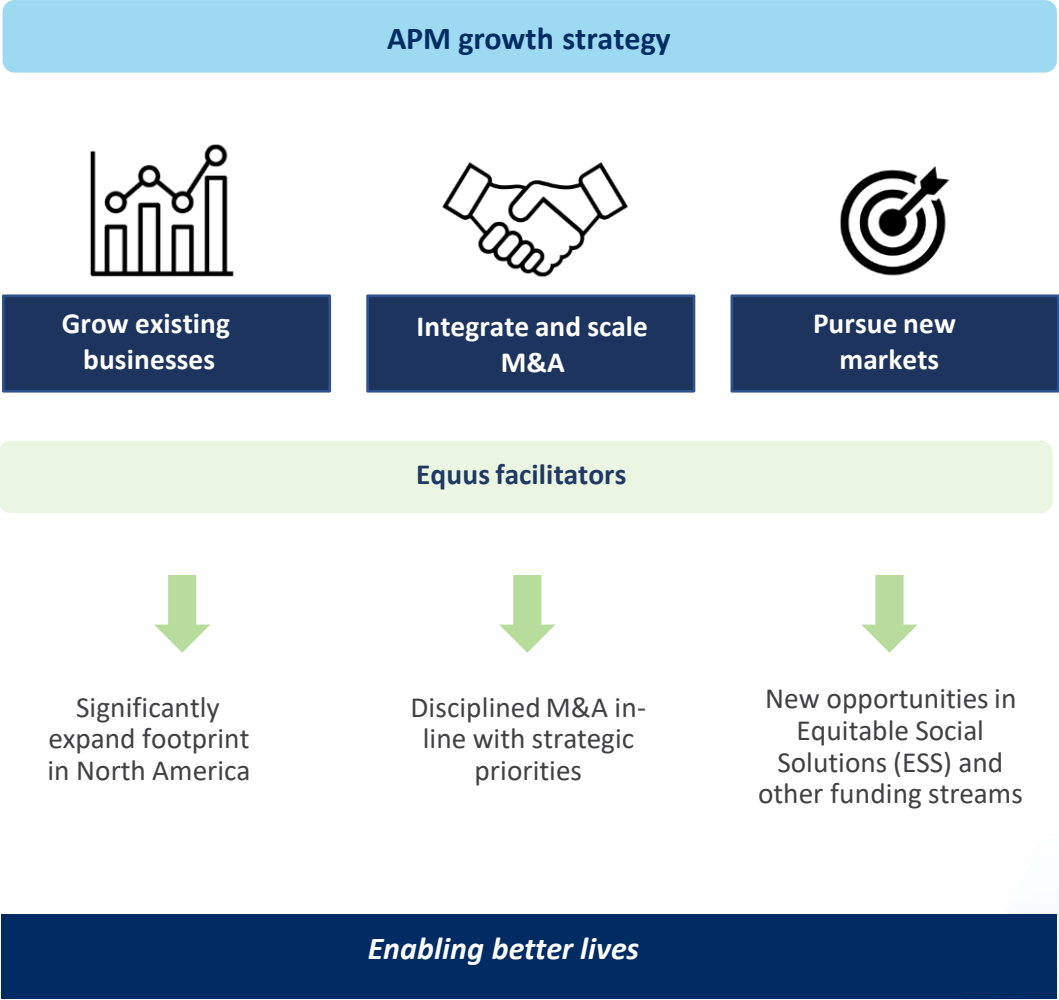
Transaction overview	<ul style="list-style-type: none"> <li>&gt; APM Human Services International Limited (“APM” or “APM Group”) to acquire 100% of Equus Workforce Solutions and certain affiliates (“Equus”) from BrightSpring Health Services, Inc. (“BrightSpring”).</li> </ul>
Equus overview	<ul style="list-style-type: none"> <li>&gt; Equus is a market leading provider of employment services in the U.S. operating across 38 states and territories and 1 province in Canada</li> <li>&gt; Key services delivered include employment assistance, vocational rehabilitation, disability determination, training and education</li> <li>&gt; Major programs are funded by both federal and state funding agencies</li> </ul>
Offer consideration and key metrics	<ul style="list-style-type: none"> <li>&gt; Offer consideration of A\$225.7 million (US\$153.5 million<sup>4</sup>) on a cash-free and debt-free basis paid in cash to BrightSpring. Key financial metrics:               <ul style="list-style-type: none"> <li>&gt; Underlying FY22 EBITDA of A\$46.6 million<sup>1</sup> post-IFRS16 (US\$31.7 million<sup>4</sup>)</li> <li>&gt; Underlying FY22 NPATA of A\$11 million<sup>1</sup> (A\$19 million before financing costs)</li> </ul> </li> </ul>
Funding	<ul style="list-style-type: none"> <li>&gt; Funded by existing cash and headroom within APM’s syndicated multi-currency revolving corporate facility</li> <li>&gt; On a Underlying FY22 basis, post completion APM will have net debt of ~\$663<sup>2</sup> million (facility \$840 million) with a leverage ratio of 2.3x<sup>3</sup></li> </ul>
Timing	<ul style="list-style-type: none"> <li>&gt; Completion subject to regulatory approvals and other customary closing conditions, is expected to occur by the end of calendar year 2022</li> </ul>
Other details	<ul style="list-style-type: none"> <li>&gt; APM had the opportunity to deal exclusively with BrightSpring which enabled APM to conduct integration planning and invest in people, operations and the future growth strategy to ensure a smooth day 1 transition.</li> <li>&gt; Equus leadership will continue to lead the business post acquisition supported by experienced APM executives leading the integration</li> </ul>

# Strong alignment with APM's growth strategy

Equus, has been in operation for over 50 years and is a natural fit for APM having operated sustainably through economic cycles and changing governments

Together, we will assist more than 1.2 million individuals across North America to create a positive and lasting social impact

- > Acquisition of Equus is strongly in line with APM's identified strategic priorities and growth strategy
- > The addition of Equus will bolster APM's growth trajectory in the region, enabling us to:
  - ✓ Further strengthen APM's position in states, territories and provinces of the U.S. and Canada where it has an existing presence
  - ✓ Enter and pursue new states and territories in the U.S. in both workforce development, Career Centre, Job Corp and agencies
- > High-quality nature of Equus' leadership and services complements APM's existing North American businesses providing a strong platform for growth



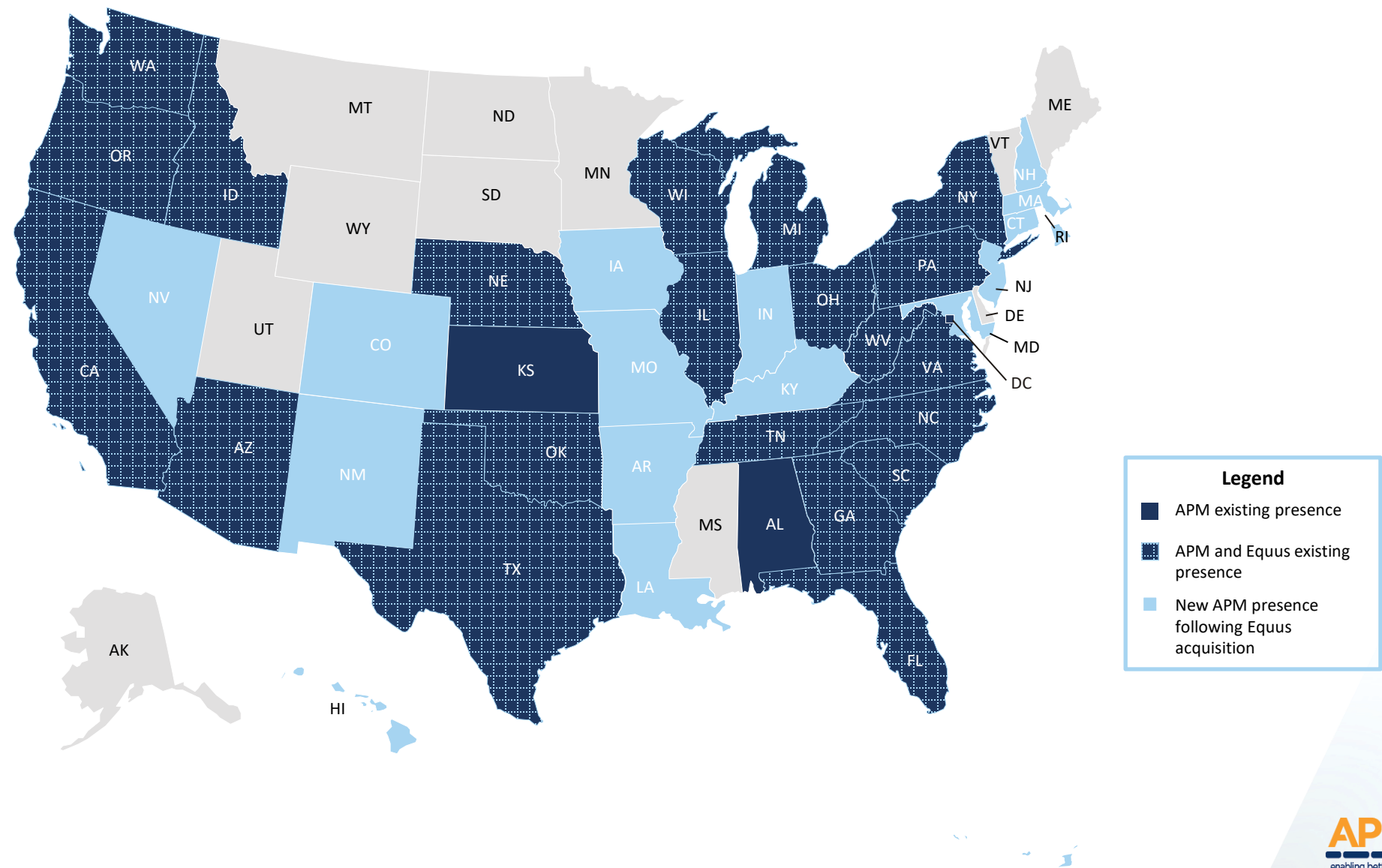


# Expanded delivery of service across the U.S.

APM currently delivers services across **24 states and territories in the U.S.** (as well as in 3 provinces in Canada)

Equus delivers services across **38 U.S. states and territories** (as well as 1 province in Canada)

Post-acquisition, APM will **serve 18 new states and territories**, bringing the total **Group coverage to 42 U.S. states and territories** in the U.S. (as well as 3 provinces in Canada)



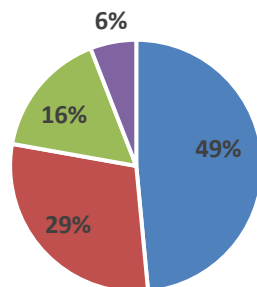


# Financial and Funding Overview

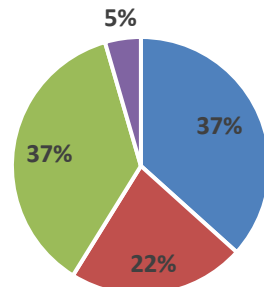
## Underlying FY22 Financials and Net Debt

A\$m	APM FY22	Equus Underlying FY22	Combined Equus and APM FY22	Growth %
Revenue	1,330.7	428.3	1,759.0	32.2%
EBITDA (underlying) <sup>1</sup>	308.0	46.6	354.6	15.1%
NPATA (underlying) <sup>1</sup>	166.3	11.0	177.3	7%
Net Debt (exc leases) <sup>2</sup>	430.6		663.0	
Net Leverage (inc leases) <sup>3</sup>	1.7 x		2.3 x	

APM Group FY22 Revenue (Pre-Equus)



APM Group FY22 Revenue (Post-Equus)



■ Australia  
■ Europe  
■ North America  
■ Asia Pacific

## Financial Overview

- > The combined underlying revenue of APM and Equus post acquisition on a full year basis will be A\$1.8 billion
- > North American revenue contribution, on a full year underlying basis, will increase from 16% pre-acquisition to 37% post-acquisition
- > Equus underlying EBITDA of A\$46.6m and NPATA of A\$11.0m (A\$19m excluding financing costs) based on a full year under APM before integration and deal costs

## Funding Overview

- > A\$225.7 million (US\$153.5 million <sup>4</sup>) acquisition cost will be debt funded from existing cash and headroom within APM's syndicated multi-currency revolving corporate facility
- > On an underlying 30 June 2022 basis, post completion APM will have net debt of A\$663<sup>2</sup> million and a net leverage ratio of ~2.3x<sup>3</sup> which is comfortably within its covenants following completion of the transaction
- > Undrawn committed borrowing facilities and cash liquidity of approximately A\$177 million available at completion

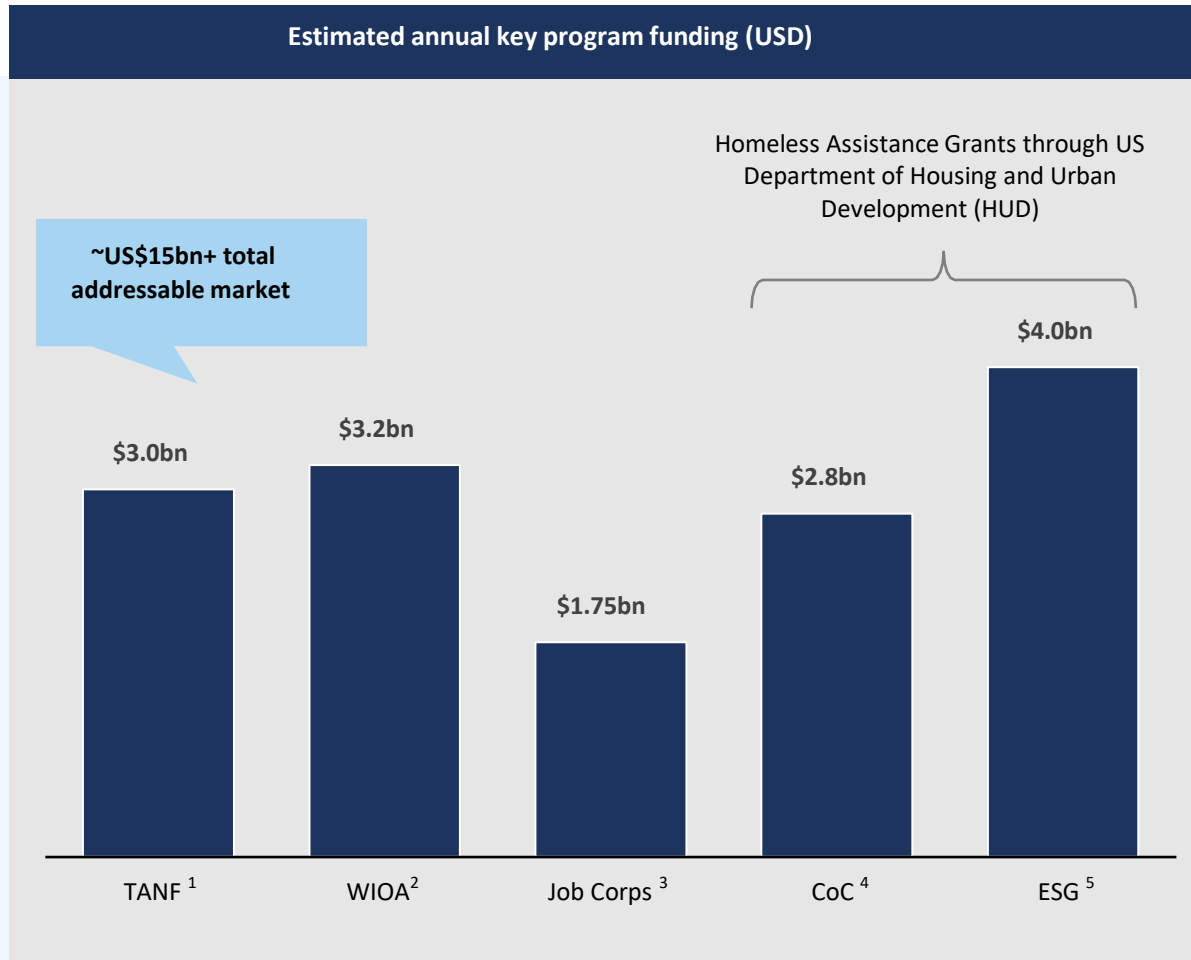
1. Reflecting underlying EBITDA (post IFRS 16) and NPATA attributable to APM after a full year of ownership for the period ended 30 June 2022

2. Net debt includes bank debt less cash.

3. Leverage ratio includes Net Debt grossed up for lease liabilities, including Equus contribution of US\$42m (A\$62m)

4. AUD/USD FX rate of 0.68

# Stable and growing support for government funded programs



- > The market for U.S. Employment Services is expected to experience continued growth, facilitated by stable to increasing funding for TANF, WIOA, and Job Corps, and increasing Federal funding for homeless services
- > The Temporary Assistance for Needy Families (TANF) program provides states with block grants to create their own programs to assist low-income families with children
- > The Workforce Innovation and Opportunity Act (WIOA) was signed into law in July of 2014 to support individuals looking for jobs with education, training, and support services to succeed in the workforce
- > The proposed WIOA of 2022 would represent an increase from current funding levels
- > The stability of the funding for employment services programs in the U.S. is underpinned by strong bipartisan political support

# Equus transforms APM's scale in North America, providing new business lines and opportunity for further expansion

## APM Existing Global Services



## Existing North American Services



- > Employment services – WIOA, TANF
- > Job Corps
- > Work BC
- > Ontario Employment Services
- > Rehabilitation Services and Vocational Assistance Program (Veterans)
- > Allied health and vocational rehabilitation



- > Employment services - WIOA, TANF, SNAP
- > Disability to work – WeCare
- > Job Corps
- > Homeless housing solutions and wrap-around services (ESS)
- > Vocational Rehabilitation (Canada)

Opportunity to leverage APM's existing expertise



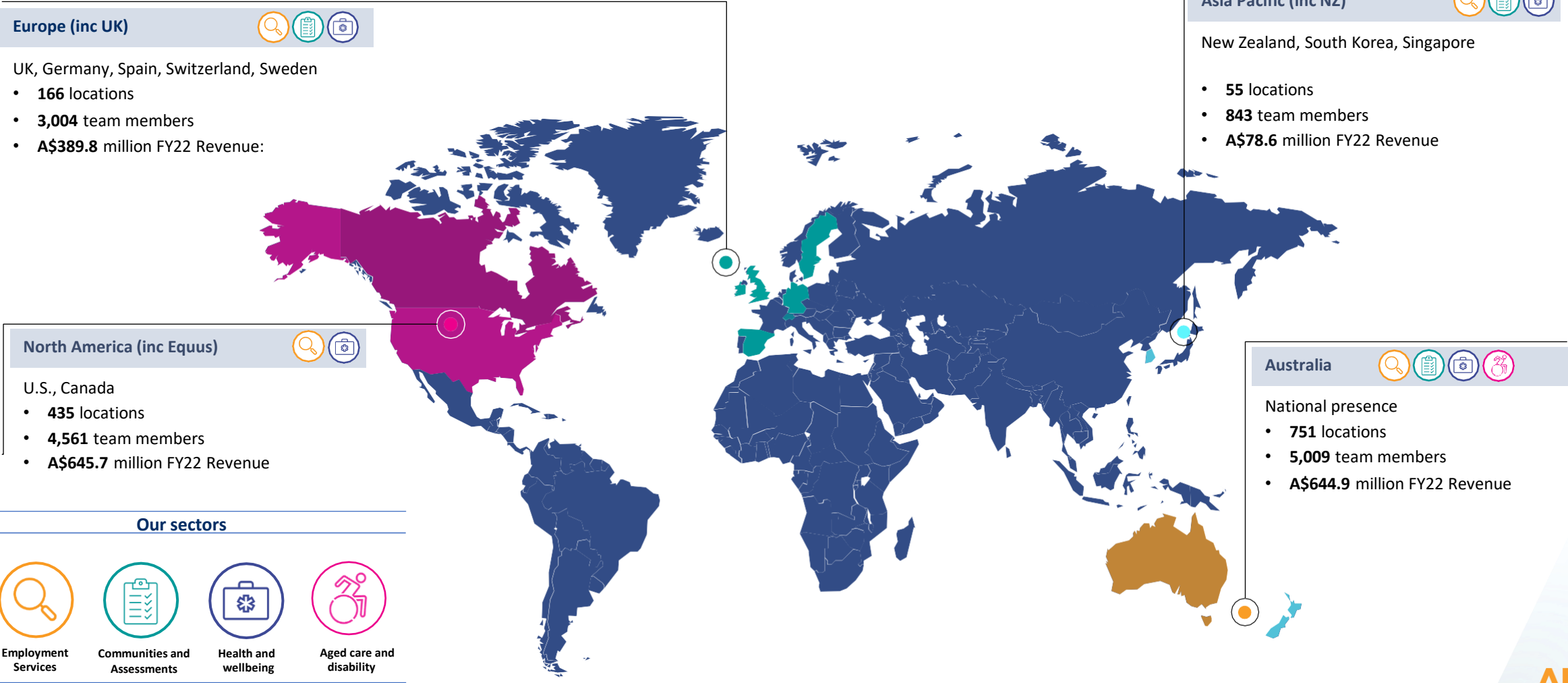
## Future opportunity

APM's enhanced scale in North America enables us to accelerate our growth into new market adjacencies leveraging our global expertise



# Continued Execution of Growth Strategy

## *Enabling Better Lives for more than 2 million people each year*



# Glossary

<b>APM</b>	APM Human International Services Limited	<b>NPAT</b>	Net profit after tax
<b>BrightSpring</b>	BrightSpring Health Services, Inc	<b>NPATA</b>	Net profit after tax and before contract amortisation
<b>CoC</b>	Continuum of Care	<b>SNAP</b>	Supplemental Nutrition Assistance Program
<b>CY</b>	Calendar year	<b>TANF</b>	Temporary Assistance for Needy Families program
<b>EBITDA</b>	Earnings before interest, tax, depreciation and amortisation	<b>U.K.</b>	United Kingdom
<b>ESG</b>	Emergency Solutions Grants	<b>Underlying</b>	Adjusts Equus earnings (and revenue) for non-recurring and one-off items such as integration and deal costs, under a full year ownership under APM
<b>ESS</b>	Equitable Social Solutions	<b>U.S.</b>	United States of America
<b>FY22</b>	Financial year from 1 July 2021 to 30 June 2022	<b>USD</b>	United States Dollar, AUD/USD FX rate adopted is 0.68
<b>HUD</b>	US Department of Housing and Urban Development	<b>WIOA</b>	Workforce Innovation and Opportunity Act
<b>IFRS 16</b>	Under IFRS 16 certain lease costs are included in Depreciation and excluded from EBITDA	<b>Work BC</b>	Work British Columbia (Canada)
<b>Job Corp</b>	Program administered by the U.S. Department of Labor		
<b>M&amp;A</b>	Mergers and acquisitions		
<b>Net Debt</b>	Net debt includes bank debt less cash		
<b>Net Leverage</b>	Leverage ratio includes Net Debt grossed up for lease liabilities		

# Contact us

Approved for release by the Board of APM Human Services International Limited

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