

28 February 2024

APM reports H1 FY24 Financial Results

APM Human Services International Limited (ASX: APM; 'APM' or 'the Company') is pleased to announce its final audit reviewed results for the six months ended 31 December 2023 ('H1 FY24').

H1 FY24 headlines:

- Revenue of \$1,116.8m, up 31% on prior corresponding period ('H1 FY23' or 'pcp')
- Underlying EBITDA of \$147.8m, down 12% (H1 FY23: \$167.4m)
- Underlying NPATA of \$55.0m, down 36% (H1 FY23: \$85.4m)
- Statutory NPATA of \$43.6m, down 41% (H1 FY23: \$74.5m)
- Underlying NPATA per share of 6.0 cents, down 36% (H1 FY23: 9.3 cents)
- Cash conversion of 96.1%, up 36.8% (H1 FY23: 59.3%)
- Recognising the announced corporate activity, the Board of Directors have elected to defer the declaration of a dividend until financial year end, while reiterating the existing dividend policy of 40-60% of NPATA remains in place
- H1 FY24 contract awards and program renewals, with an estimated total contract value of \$875m, provides momentum into FY25

In line with the trading update provided on 17 January 2024, revenue of \$1,116.8m, was up 31% on H1 FY23 driven by a full half contribution from Equus in the US, and Everyday Independence in Australia, as well as organic growth across its Australian Health business.

Underlying EBITDA of \$147.8m and Underlying NPATA was \$55.0m, down 12% and 36% on H1 FY23 driven primarily by reduced contribution from performance-based Employment Services contracts due to lower client flow across Australia in DES and Workforce Australia and the Restart Scheme in the UK. With NPATA additionally impacted by an increase in interest expense compared to a year earlier.

Underlying EBITDA margin of 13.2% was 6.4 pts lower than H1 FY23, impacted by the factors noted above as well as a change in the mix of earnings with a greater contribution from the US-business and the continued investment in and scaling of the Allied Health and NDIS business during the period.

In light of the announced proposal received from CVC and the potential for corporate activity, the Board of Directors has elected to defer the declaration of a dividend until financial year end, while reiterating the existing dividend policy of distributing 40-60% of NPATA remains in place.

APM's balance sheet remains sound, with liquidity of \$335.1m at 31 December 2023 and no near-term debt maturities. APM's leverage ratio of 2.95x at 31 December 2023, and interest cover ratio of 5.99x, both sit comfortably within covenant terms.

Commenting on the H1 FY24 performance, APM Group CEO, Michael Anghie said:

"As previously stated, we have been operating in an environment with extended and historic low levels of unemployment which has impacted client flows and the intensity of support required to be provided for those clients in programs.

"Whilst we are seeing early signs of stabilisation in unemployment data and caseloads in employment programs, the current environment remains subdued.

"During these times it is important for APM to provide additional support to those furthest away from the labour market to give them the best opportunity to achieve life changing sustainable meaningful employment. This investment in service delivery is critical to support the clients in our programs, our stakeholders we serve and our future.

"I'd like to acknowledge the entire APM team, who have worked diligently during this challenging period, to ensure we collectively are enabling better lives each day. Our Employment Services team while delivering fewer outcomes are serving clients that need more intensive support, and their extraordinary commitment and dedication, is making a meaningful difference to the lives of many.

"It is APM's track record of high performance and commitment to delivering positive client outcomes that enables our success and during the period we secured contract awards of \$875 million.

"In addition, we have continued to invest in our health and wellbeing platform and we support the recent outcomes of the NDIS review which will create a higher quality and sustainable scheme in the future, which will deliver better service and outcomes for people reliant on the NDIS to optimise their life. APM is a provider of high quality, evidence based and efficient services to those in the NDIS and will continue to expand in this important sector.

"The APM leadership team together with our People, look forward to serving a record number of clients over the coming 12-months as we mobilise recent awards and extend our impact in client choice programs through the valued partnerships we've established across the communities we serve." Mr Anghie concluded.

Outlook

APM reaffirms its previous guidance that it expects H2 FY24 EBITDA and NPATA to be higher than H1 FY24, with a second-half earnings skew consistent with prior periods.

- Ends -

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

For further information please contact:

Investors

Ian Taylor
Chief Strategy Officer
E: ian.taylor@apm.net.au
P: +61-2 8218 2278

Media

Adrian Bradley
General Manager – Corporate Affairs
E: adrian.bradley@apm.net.au
P: +61-2 6214 8800

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 2 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 1,400 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 15,000 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>