

APM delivers strong H1 growth; reaffirms Prospectus forecasts and increases FY22 guidance

Directors also reaffirm intention to pay a dividend for H2 FY22

25 February 2022

APM Human Services International Limited (ASX: APM; 'APM' or 'the Company') is pleased to announce its results for the six months ended 31 December 2021 (H1 FY22), which saw the Company increase revenue and earnings as planned, laying the foundations for continued strong sustainable growth.

Key H1 FY22 highlights (vs H1 FY21):

- **Revenue up 29% to \$613.7 million**
- **Statutory NPAT¹ of \$(42.7) million**
- **Pro forma NPAT² up 67% to \$51.0 million**
- **Statutory NPATA³ of \$(16.6) million**
- **Pro forma NPATA⁴ up 38% to \$77.0 million**
- **Pro forma operating cashflows⁵ up 18% to \$138.4 million**
- **Prospectus forecasts reaffirmed, and increased FY22 pro forma NPATA guidance to \$157.6 million to include recent acquisitions**
- **Intention to pay a dividend in respect of H2 FY22 reaffirmed**

Commenting on the H1 FY22 result, APM Group CEO Michael Anghie said:

"The strength of APM's business was highlighted by the revenue and earnings growth during the first half. The result was underpinned by organic growth and recent contract wins, combined with successful strategic acquisitions. The social need for APM's services continues to grow, as we make a positive and lasting impact to the people, communities and governments we support through the services we provide every day that enable better lives.

"APM's businesses in Australia and Europe grew through the strong performance of existing programs and the successful establishment of new contracts. This organic performance was bolstered with the successful integration of DWFS in the US, which broadened our Employment Services offering in that market to 24 States.

¹ Net profit after tax

² Net profit after tax adjusted for one off items such as IPO advisor costs, debt refinancing charges and pro forma capital structure

³ Net profit after tax and before amortisation of customer contracts

⁴ 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

⁵ Operating cash before finance costs, income taxes paid and IPO advisory costs

“We also executed on strategic initiatives including the completion of the Early Start Australia, MyIntegra and Mobility acquisitions, entered the Swedish Employment Services market via the Clustera acquisition, and completed the acquisition of Lifecare. These platform acquisitions have enabled an expansion of our Allied Health capability in Health & Wellbeing, further exposure to the Disability and Aged Care sectors, as well as extended our core Employment Services expertise to another key European market.”

Employment Services drives growth across key geographies

Revenue growth of 29% to \$613.7 million was underpinned by Employment Services performances in Australia, Europe (including UK) and North America. This growth in revenues, combined with responsive management and leadership throughout varying operating conditions and the benefits of scale, underpinned a 38% increase in pro forma NPATA to \$77.0 million.

In Australia, revenue was \$300.2 million and pro forma NPATA was \$56.0 million, with continued growth in both APM’s health and wellness business and employment services business. The Australian businesses delivered consistent performance across challenging market conditions, including growth in demand for vocational training.

Europe revenue was \$176.1 million and NPATA was \$13.8 million, with the business benefiting from the UK economic recovery. During the period we have successfully mobilised the Restart contract in the UK, which is delivering in line with expectations.

Revenue for North America was \$98.3 million, including the successful acquisition and integration of DWFS. Organic performance was also strong, reflecting a full 6 months’ performance from DB Grant and the Ontario employment contract in Canada. North America NPATA was \$4.2 million.

Asia Pacific (including New Zealand) declined in performance as a result of the temporary impact of COVID-19 lockdowns in New Zealand and South Korea. Revenue was \$38.8 million and NPATA was \$3.1 million. As lockdowns are lifted, APM expects these markets to recover and this region to return to normal operations and growth.

Growth in operating cashflows, high cash generation and sound balance sheet

APM is highly cash generative due to the nature of its contracts. In H1 FY22, pro forma operating cashflows were up 18% to \$138.4 million, with 100% pro forma EBITDA cash conversion.

IPO proceeds of \$343.5 million were used to fund the completion of the Early Start Australia, MyIntegra and Mobility acquisitions, and ensure APM is funded to pursue future growth initiatives. Across the period, APM reduced net debt by \$1.2 billion to \$453.3 million, with net leverage of 1.8x at 31 December 2021.

Reaffirmed intention to declare H2 FY22 dividend

The Directors intend to pay a final dividend for FY22 of between 40% and 60% of pro forma NPATA generated in the period 1 January 2022 to 30 June 2022.

Commenting on APM's positive outlook, the Board's reaffirmation of Prospectus forecasts and dividends, and increased FY22 guidance to incorporate recent acquisitions, Mr Anghie said:

"Contract wins, and acquisitions in the past 12 months provide the foundation for sustainable growth. This together with our proven ability to manage operations and continue to deliver best in class services for our clients and customers throughout the pandemic, gives the Board confidence in achieving the Prospectus FY22 forecasts and paying our first dividend as a publicly listed company in relation to the second-half of FY22. In addition, the acquisitions of Clustera and Lifecare⁶ are expected to contribute additional earnings in H2 FY22 that will be incremental to Prospectus forecasts.

"As we look beyond FY22, we maintain a healthy pipeline of opportunities for expansion. Recent acquisitions also unlock our potential to grow in the Swedish Employment Services market, as well as the Australian Disability, Aged Care and Health and Wellbeing sectors. We will continue to assess opportunities for APM to expand its service offerings, enhance capability and extend its geographic presence."

H1 F22 results investor briefing to be held at 12:00pm AEDT today

Participants can register via <https://s1.c-conf.com/diamondpass/10019359-whs6h4.html>. Registered participants will receive their dial in number upon registration.

- Ends -

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

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⁶ Clustera completed on 31 January 2022. Lifecare completed on 4 January 2022.



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 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 9,000 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>

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