
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of report: **December 14, 2018**
Date of earliest event reported: **December 14, 2018**

MAXIMUS, INC.
(Exact name of registrant as specified in its charter)

Virginia
(State or other jurisdiction
of incorporation)

1-12997
(Commission
File Number)

54-1000588
(I.R.S. Employer
Identification No.)

1891 Metro Center Drive,
Reston, Virginia
(Address of principal executive offices)

20190-5207
(Zip Code)

Registrant's telephone number, including area code: **(703) 251-8500**

Not Applicable
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 8.01 Other Events.

Effective October 1, 2018, the first day of our 2019 fiscal year, we changed the presentation of our reporting segments financial results. This Current Report on Form 8-K presents our results for fiscal years 2017 and 2018 showing these changes. These results will be the basis of the comparative results for future annual and quarterly filings.

Changes in segments

As previously reported, from October 1, 2018, our Chief Executive Officer reorganized our reporting segments based on the way that management intends to allocate resources, manage performance and evaluate results. This reorganization of segments responds to recent changes in the markets in which we operate, the increasing integration of health and human services programs worldwide and the evolving needs of our government clients as they aim to deliver services in a more holistic manner to their citizens. Starting in our first fiscal quarter of 2019, we will report our results in three segments: U.S. Health and Human Services, U.S. Federal Services and Outside the U.S.

Our U.S. Health and Human Services Segment provides a variety of business process services, appeals and assessments work and related consulting work for U.S. state and local government programs. These services support a variety of programs including Medicaid, the Children's Health Insurance Program, the Affordable Care Act and Temporary Assistance for Needy Families. The results of this segment were previously reported as part of two segments, Health Services and Human Services.

We expect that revenue and operating margin for fiscal 2019 will be relatively consistent with the Segment's fiscal 2018 results.

Our U.S. Federal Services Segment provides business process solutions, program management, as well as system and software development and maintenance services for various U.S. federal civilian programs. This segment also contains certain state-based assessments and appeals work that is part of the segment's heritage within the Medicare Appeals portfolio and continues to be managed within this segment. This segment was not changed as a result of this reorganization. This segment will include the results of our recent acquisition of the citizen engagement centers.

The U.S. Federal Services Segment will include the results of the civilian citizen engagement centers acquisition, which is expected to contribute between \$600 and \$625 million in revenue in fiscal 2019. This will be the principal driver to the expected increase in fiscal 2019 Segment revenue compared to fiscal 2018. The newly acquired assets are comprised primarily of cost-plus contracts that carry a lower risk and a lower margin (typically in the mid-single digits). As a result, the Segment's operating margin is expected to range between 10% to 11% for fiscal 2019.

Our Outside the U.S. Segment provides business process solutions for governments and commercial clients outside the United States, including health assessments, welfare-to-work services and other related services. We support programs and deliver services in the United Kingdom, including the Health Assessment Advisory Service, the Work & Health Programme and Fair Start; Australia, including jobactive and the Disability Employment Service; Canada, including Health Insurance British Columbia and the Employment Program of British Columbia; Saudi Arabia and Singapore. The results of this segment were previously reported as part of two segments, Health Services and Human Services.

For fiscal 2019, revenue for the Outside the U.S. segment is expected to be lower compared to fiscal 2018, principally due to a reduction in pass-through revenue on a large contract in Australia. This revenue was associated with reimbursed costs such as interpreter services, training, job-seeker transport and food vouchers and earned no incremental profit. Operating margin for fiscal 2019 for this segment is expected to be in the low to mid-single digits and is expected to be tempered by the low unemployment rates worldwide that have led to reduced volumes and margins in the our welfare-to-work programs.

This Form 8-K presents results for fiscal years 2018 and 2017 by segment, as well as the respective quarterly results. In addition, we have included below a summary of our backlog by segment. Please

refer to our Annual Report on Form 10-K for a description of our backlog calculation. This total differs from our calculation on our Form 10-K by an immaterial amount.

Retrospective changes in cash flows

On October 1, 2018, we adopted two Accounting Standards Updates (ASUs); ASU No. 2016-15 *Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments* and ASU No. 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash*. As a result, we are required to make certain changes to the presentation of our cash flows. The most notable change related to the treatment of balances we consider to be "restricted cash." Restricted cash represents funds which are held in our bank accounts but which we are precluded from using for general business needs through contractual requirements; these requirements include serving as collateral for lease, credit card or letter of credit arrangements or where we hold funds on behalf of clients. As we did not consider these restricted cash balances to be cash or cash equivalents, we did not previously include them within our cash flow statement except where we have moved restricted cash in or out of unrestricted cash balances.

We have presented full year results for fiscal years 2018 and 2017, as well as quarterly results for fiscal year 2018, showing our Statement of Consolidated Cash Flows adjusted for these changes.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

<u>Exhibit No.</u>	<u>Description</u>
<u>99.1</u>	Selected Financial Results

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

MAXIMUS, Inc.

Date: December 14, 2018

By: /s/ David R. Francis
David R. Francis
General Counsel and Secretary

MAXIMUS, Inc.
SEGMENT INFORMATION
(Amounts in thousands)
(Unaudited)

	Quarter Ended									
	Dec. 31, 2017	% (1)	Mar. 31, 2018	% (1)	Jun. 30, 2018	% (1)	Sept. 30, 2018	% (1)	Year Ended Sept. 30, 2018	% (1)
Revenue:										
U.S. Health & Human Services	\$ 304,241	100%	\$ 306,249	100%	\$ 314,477	100%	\$ 288,944	100 %	\$ 1,213,911	100%
U.S. Federal Services	132,983	100%	116,327	100%	112,226	100%	117,375	100 %	478,911	100%
Outside the U.S.	185,924	100%	190,211	100%	171,152	100%	152,127	100 %	699,414	100%
Total	<u>\$ 623,148</u>	100%	<u>\$ 612,787</u>	100%	<u>\$ 597,855</u>	100%	<u>\$ 558,446</u>	100 %	<u>\$ 2,392,236</u>	100%
Gross Profit:										
U.S. Health & Human Services	\$ 84,231	27.7%	\$ 86,586	28.3%	\$ 101,425	32.3%	\$ 87,382	30.2 %	\$ 359,624	29.6%
U.S. Federal Services	33,358	25.1%	27,374	23.5%	32,276	28.8%	33,690	28.7 %	126,698	26.5%
Outside the U.S.	34,371	18.5%	34,843	18.3%	20,983	12.3%	17,866	11.7 %	108,063	15.5%
Total	<u>\$ 151,960</u>	24.4%	<u>\$ 148,803</u>	24.3%	<u>\$ 154,684</u>	25.9%	<u>\$ 138,938</u>	24.9 %	<u>\$ 594,385</u>	24.8%
Selling, general and administrative expense:										
U.S. Health & Human Services	\$ 34,805	11.4%	\$ 36,616	12.0%	\$ 34,382	10.9%	\$ 35,187	12.2 %	\$ 140,990	11.6%
U.S. Federal Services	16,648	12.5%	17,540	15.1%	17,399	15.5%	17,725	15.1 %	69,312	14.5%
Outside the U.S.	18,106	9.7%	18,403	9.7%	16,775	9.8%	18,811	12.4 %	72,095	10.3%
Other	—	NM	—	NM	1,032	NM	1,812	NM	2,844	NM
Total	<u>\$ 69,559</u>	11.2%	<u>\$ 72,559</u>	11.8%	<u>\$ 69,588</u>	11.6%	<u>\$ 73,535</u>	13.2 %	<u>\$ 285,241</u>	11.9%
Operating income:										
U.S. Health & Human Services	\$ 49,426	16.2%	\$ 49,970	16.3%	\$ 67,043	21.3%	\$ 52,195	18.1 %	\$ 218,634	18.0%
U.S. Federal Services	16,710	12.6%	9,834	8.5%	14,877	13.3%	15,965	13.6 %	57,386	12.0%
Outside the U.S.	16,265	8.7%	16,440	8.6%	4,208	2.5%	(945)	(0.6)%	35,968	5.1%
Amortization of intangible assets	(2,718)	NM	(2,603)	NM	(2,525)	NM	(2,462)	NM	(10,308)	NM
Restructuring costs	—	NM	(2,320)	NM	—	NM	(1,033)	NM	(3,353)	NM
Acquisition-related expenses (2)	—	NM	—	NM	—	NM	(947)	NM	(947)	NM
Other (3)	—	NM	—	NM	(1,032)	NM	(865)	NM	(1,897)	NM
Total	<u>\$ 79,683</u>	12.8%	<u>\$ 71,321</u>	11.6%	<u>\$ 82,571</u>	13.8%	<u>\$ 61,908</u>	11.1 %	<u>\$ 295,483</u>	12.4%

MAXIMUS, Inc.
SEGMENT INFORMATION
(Amounts in thousands)
(Unaudited)

	Quarter Ended								Year Ended Sept. 30, 2017	% (1)
	Dec. 31, 2016	% (1)	Mar. 31, 2017	% (1)	Jun. 30, 2017	% (1)	Sept. 30, 2017	% (1)		
Revenue:										
U.S. Health & Human Services	\$ 305,480	100%	\$ 307,357	100%	\$ 295,002	100%	\$ 312,247	100%	\$ 1,220,086	100%
U.S. Federal Services	141,298	100%	145,370	100%	131,589	100%	127,316	100%	545,573	100%
Outside the U.S.	160,786	100%	169,320	100%	173,856	100%	181,340	100%	685,302	100%
Total	<u>\$ 607,564</u>	100%	<u>\$ 622,047</u>	100%	<u>\$ 600,447</u>	100%	<u>\$ 620,903</u>	100%	<u>\$ 2,450,961</u>	100%
Gross Profit:										
U.S. Health & Human Services	\$ 81,276	26.6%	\$ 84,851	27.6%	\$ 84,020	28.5%	\$ 98,759	31.6%	\$ 348,906	28.6%
U.S. Federal Services	37,576	26.6%	36,571	25.2%	33,627	25.6%	31,547	24.8%	139,321	25.5%
Outside the U.S.	25,966	16.1%	30,895	18.2%	34,542	19.9%	32,275	17.8%	123,678	18.0%
Total	<u>\$ 144,818</u>	23.8%	<u>\$ 152,317</u>	24.5%	<u>\$ 152,189</u>	25.3%	<u>\$ 162,581</u>	26.2%	<u>\$ 611,905</u>	25.0%
Selling, general and administrative expense:										
U.S. Health & Human Services	\$ 30,821	10.1%	\$ 34,210	11.1%	\$ 34,454	11.7%	\$ 44,529	14.3%	\$ 144,014	11.8%
U.S. Federal Services	19,695	13.9%	18,927	13.0%	17,757	13.5%	17,966	14.1%	74,345	13.6%
Outside the U.S.	14,525	9.0%	15,367	9.1%	16,187	9.3%	18,663	10.3%	64,742	9.4%
Other	357	NM	92	NM	(90)	NM	1,133	NM	1,492	NM
Total	<u>\$ 65,398</u>	10.8%	<u>\$ 68,596</u>	11.0%	<u>\$ 68,308</u>	11.4%	<u>\$ 82,291</u>	13.3%	<u>\$ 284,593</u>	11.6%
Operating income:										
U.S. Health & Human Services	\$ 50,455	16.5%	\$ 50,641	16.5%	\$ 49,566	16.8%	\$ 54,230	17.4%	\$ 204,892	16.8%
U.S. Federal Services	17,881	12.7%	17,644	12.1%	15,870	12.1%	13,581	10.7%	64,976	11.9%
Outside the U.S.	11,441	7.1%	15,528	9.2%	18,355	10.6%	13,612	7.5%	58,936	8.6%
Amortization of intangible assets	(3,402)	NM	(3,386)	NM	(2,720)	NM	(2,700)	NM	(12,208)	NM
Restructuring costs	(2,242)	NM	—	NM	—	NM	—	NM	(2,242)	NM
Acquisition-related expenses (2)	—	NM	—	NM	—	NM	(83)	NM	(83)	NM
Gain on sale of a business	—	NM	—	NM	650	NM	—	NM	650	NM
Other (3)	(357)	NM	(92)	NM	90	NM	(1,050)	NM	(1,409)	NM
Total	<u>\$ 73,776</u>	12.1%	<u>\$ 80,335</u>	12.9%	<u>\$ 81,811</u>	13.6%	<u>\$ 77,590</u>	12.5%	<u>\$ 313,512</u>	12.8%

(1) Percentage of respective segment revenue. Percentages considered not meaningful are marked "NM."

(2) Acquisition-related expenses include costs for the acquisition of the U.S. Federal citizen engagement centers, which were incurred in fiscal year 2018 prior to the transaction closing in fiscal year 2019, and costs for the acquisition of Revitalised Limited in fiscal year 2017

(3) "Other" relates to various expenses which are not directly attributable to our segments, including litigation costs.

MAXIMUS, Inc.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Amounts in thousands)
(Unaudited)

	Year Ended September 30,	
	2018	2017
Cash flows from operations:		
Net income	\$ 220,816	\$ 212,182
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization of property, plant, equipment and capitalized software	51,884	55,769
Amortization of intangible assets	10,308	12,208
Deferred income taxes	6,721	4,762
Stock compensation expense	20,238	21,365
Gain on sale of a business	—	(650)
Changes in assets and liabilities, net of effects of business combinations:		
Accounts receivable — billed and billable	34,033	53,025
Accounts receivable — unbilled	4,920	26
Prepaid expenses and other current assets	4,954	2,584
Deferred contract costs	1,838	2,037
Accounts payable and accrued liabilities	(7,725)	(28,309)
Accrued compensation and benefits	(8,795)	8,849
Deferred revenue	(27,039)	(15,401)
Income taxes	7,262	8,901
Other assets and liabilities	(2,641)	(924)
Cash provided by operating activities	316,774	336,424
Cash flows from investing activities:		
Purchases of property and equipment and capitalized software costs	(26,520)	(24,154)
Acquisition of businesses, net of cash acquired	—	(2,677)
Acquisition of part of noncontrolling interest	(157)	—
Proceeds from the sale of a business	—	1,035
Purchases of short-term investments	(19,996)	—
Other	1,436	575
Cash used in investing activities	(45,237)	(25,221)
Cash flows from financing activities:		
Cash dividends paid	(11,692)	(11,674)
Repurchases of common stock	(66,919)	(28,863)
Tax withholding related to RSU vesting	(8,529)	(9,175)
Borrowings under credit facility	136,632	185,000
Repayment under credit facility	(136,769)	(349,981)
Stock option exercises	—	924
Other	(4,603)	(1,660)
Cash used in financing activities	(91,880)	(215,429)
Effect of exchange rate changes on cash, cash equivalents and restricted cash	(2,825)	3,660
Net increase in cash, cash equivalents and restricted cash	176,832	99,434
Cash, cash equivalents and restricted cash, beginning of period	179,727	80,293
Cash, cash equivalents and restricted cash, end of period	\$ 356,559	\$ 179,727

MAXIMUS, Inc.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Amounts in thousands)
(Unaudited)

	Quarter Ended			
	Dec. 31, 2017	Mar. 31, 2018	Jun. 30, 2018	Sept. 30, 2018
Cash flows from operations:				
Net income	\$ 59,952	\$ 55,106	\$ 60,242	\$ 45,516
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation and amortization of property, plant, equipment and capitalized software	13,719	13,355	12,828	11,982
Amortization of intangible assets	2,718	2,603	2,525	2,462
Deferred income taxes	5,707	(14,886)	18,053	(2,153)
Stock compensation expense	5,402	5,922	4,389	4,525
Changes in assets and liabilities, net of effects of business combinations:				
Accounts receivable — billed and billable	(44,381)	25,859	11,733	40,822
Accounts receivable — unbilled	5,535	(10,265)	5,042	4,608
Prepaid expenses and other current assets	6,019	2,507	(3,020)	(552)
Deferred contract costs	1,413	381	446	(402)
Accounts payable and accrued liabilities	11,387	(14,558)	(20,525)	15,971
Accrued compensation and benefits	(29,588)	14,197	(444)	7,040
Deferred revenue	(12,405)	(11,384)	(1,939)	(1,311)
Income taxes	9,642	8,992	(12,721)	1,349
Other assets and liabilities	2,877	934	(5,053)	(1,399)
Cash provided by operating activities	<u>37,997</u>	<u>78,763</u>	<u>71,556</u>	<u>128,458</u>
Cash flows from investing activities:				
Purchases of property and equipment and capitalized software costs	(6,514)	(6,661)	(8,377)	(4,968)
Acquisition of part of noncontrolling interest	—	(157)	—	—
Purchases of short-term investments	—	—	(19,996)	—
Other	59	482	657	238
Cash used in investing activities	<u>(6,455)</u>	<u>(6,336)</u>	<u>(27,716)</u>	<u>(4,730)</u>
Cash flows from financing activities:				
Cash dividends paid	(2,930)	(2,935)	(2,936)	(2,891)
Repurchases of common stock	(1,038)	—	(60,949)	(4,932)
Tax withholding related to RSU vesting	(8,529)	—	—	—
Borrowings under credit facility	59,683	65,000	10,000	1,949
Repayment under credit facility	(48,156)	(76,596)	(10,034)	(1,983)
Other	—	(2,130)	(1,928)	(545)
Cash used in financing activities	<u>(970)</u>	<u>(16,661)</u>	<u>(65,847)</u>	<u>(8,402)</u>
Effect of exchange rate changes on cash, cash equivalents and restricted cash	<u>203</u>	<u>867</u>	<u>(2,784)</u>	<u>(1,111)</u>
Net increase/(decrease) in cash, cash equivalents and restricted cash	30,775	56,633	(24,791)	114,215
Cash, cash equivalents and restricted cash, beginning of period	<u>179,727</u>	<u>210,502</u>	<u>267,135</u>	<u>242,344</u>
Cash, cash equivalents and restricted cash, end of period	<u>\$ 210,502</u>	<u>\$ 267,135</u>	<u>\$ 242,344</u>	<u>\$ 356,559</u>

MAXIMUS, Inc.
BACKLOG
(Amounts in millions)
(Unaudited)

	September 30,	
	2018	2017
U.S. Health & Human Services	\$ 3,221	\$ 3,750
U.S. Federal Services	744	324
Outside the U.S.	1,335	1,626
Total	<u>\$ 5,300</u>	<u>\$ 5,700</u>