



2Q Fiscal 2019 ADP Earnings Call & Webcast

January 30, 2019

Forward Looking Statements

This presentation and other written or oral statements made from time to time by ADP may contain “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. Statements that are not historical in nature and which may be identified by the use of words like “expects,” “assumes,” “projects,” “anticipates,” “estimates,” “we believe,” “could” “is designed to” and other words of similar meaning, are forward-looking statements. These statements are based on management’s expectations and assumptions and depend upon or refer to future events or conditions and are subject to risks and uncertainties that may cause actual results to differ materially from those expressed. Factors that could cause actual results to differ materially from those contemplated by the forward-looking statements or that could contribute to such difference include: ADP’s success in obtaining, and retaining, clients, and selling additional services to clients; the pricing of products and services; the success of our new solutions; compliance with existing or new legislation or regulations; changes in, or interpretations of, existing legislation or regulations; overall market, political and economic conditions, including interest rate and foreign currency trends; competitive conditions; our ability to maintain our current credit ratings and the impact on our funding costs and profitability; security or cyber breaches, fraudulent acts, and system interruptions and failures; employment and wage levels; changes in technology; availability of skilled technical associates; the impact of new acquisitions and divestitures; and the adequacy, effectiveness and success of our business transformation initiatives. ADP disclaims any obligation to update any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law. These risks and uncertainties, along with the risk factors discussed under “Item 1A. Risk Factors” of our most recent Annual Report on Form 10-K, and in other written or oral statements made from time to time by ADP, should be considered in evaluating any forward-looking statements contained herein.

Non-GAAP

Adjusted EBIT, adjusted EBIT margin, adjusted diluted earnings per share, adjusted effective tax rate, constant currency, and organic constant currency revenue are all non-GAAP financial measures. Please refer to the second quarter fiscal 2019 earnings release available at investors.adp.com for a discussion of why ADP believes these measures are important and for a reconciliation of non-GAAP financial measures to their comparable GAAP financial measures.

CEO's Perspective

- Strong execution in the quarter with revenue growth of 8% and adjusted diluted EPS ^(a) growth of 30%
- Transformation initiatives and operating efficiencies driving 320 basis points in adjusted EBIT margin ^(a) expansion
- Solid PEO performance with 9% Average Worksite Employee growth
- Leveraging our investments in innovation and data insights to further strengthen our leadership position in the global HCM market

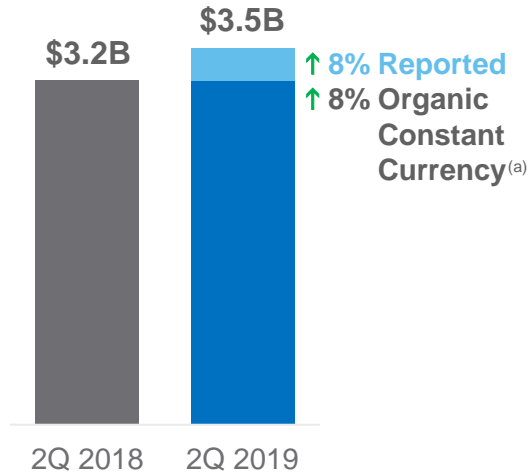
(a) For a reconciliation of these non-GAAP financial metrics to their closest comparable GAAP metrics see our 2Q 2019 earnings release available at investors.adp.com.



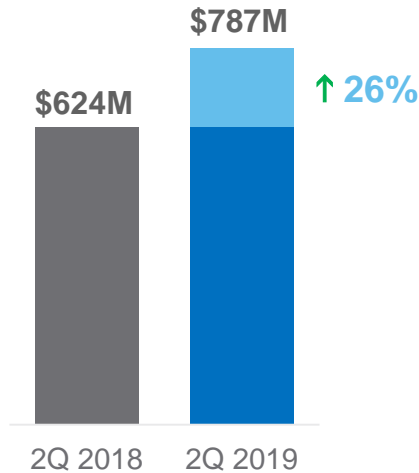
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2Q Fiscal 2019 Financial Highlights

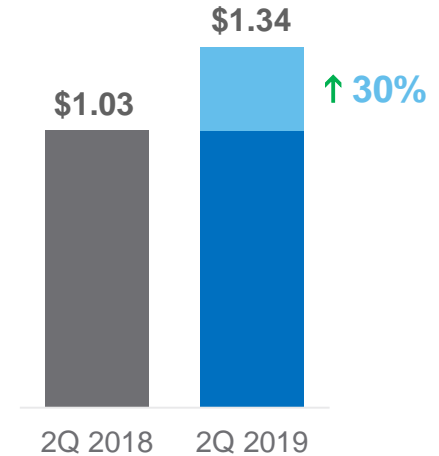
Total Revenues
(unaudited)



Adjusted EBIT (a)
(unaudited)



Adjusted Diluted EPS (a)
(unaudited)



(a) For a reconciliation of these non-GAAP financial metrics to their closest comparable GAAP metrics see our 2Q 2019 earnings release available at investors.adp.com.

2Q Fiscal 2019 Segment Results



Employer Services

- Revenues ↑ 7% Reported
↑ 7% Organic Constant Currency ^(a)
- ES New Business Bookings ↑ 1%
- U.S. Pays Per Control ↑ 2.3%
- Average client funds balances ↑ 5%
- Margin ↑ 460 basis points, including 50 basis points of pressure from acquisitions



PEO Services

- Revenues ↑ 12%
- Revenues excluding zero-margin benefits pass-throughs ↑ 15%
- Average Worksite Employees paid ↑ 9% to 545,000
- Margin ↑ 70 basis points

(a) For a reconciliation of this non-GAAP financial metric to its closest comparable GAAP metric see our 2Q 2019 earnings release available at investors.adp.com.

Fiscal 2019 Outlook

	Aug 1, 2018 Outlook (a)	Oct 31, 2018 Outlook (a)	Jan 30, 2019 Outlook (a)
Total ADP			
Revenues	↑ 5% - 7%	↑ 6% - 7%	↑ 6% - 7%
Adj. EBIT Margin (b)	↑ 100 - 125 bps	↑ 100 - 125 bps	↑ 125 - 150 bps
Adj. Effective Tax Rate (b)	↓ Decline to 25.1%	↓ Decline to 24.5%	↓ Decline to 24.4%
Adj. Diluted EPS (b)	↑ 13% - 15%	↑ 15% - 17%	↑ 17% - 19%
Employer Services (ES)			
Revenues	↑ 4% - 6%	↑ 4% - 6%	↑ 5% - 6%
Margin	↑ 150 - 175 bps	↑ 150 - 175 bps	↑ 175 - 200 bps
ES New Business Bookings	↑ 6% - 8%	↑ 6% - 8%	↑ 6% - 8%
Client Revenue Retention	↑ 25 - 50 bps	↑ 25 - 50 bps	↑ 25 - 50 bps
Pays Per Control	↑ ~2.5%	↑ ~2.5%	↑ ~2.5%
PEO Services			
Revenues, Reported	↑ 7% - 9%	↑ 8% - 9%	↑ 9% - 10%
Revenues Ex Zero-Margin Pass-throughs	↑ 5% - 7%	↑ 6% - 7%	↑ 8% - 9%
Margin	↓ (75) - (50) bps	↓ (50) - (25) bps	At least flat
Average WSE Growth	↑ 7% - 8%	↑ 8% - 9%	↑ 8% - 9%

- (a) Outlook contemplates the impact of prior fiscal year acquisitions and anticipated impact of current year acquisition of Celergo and foreign currency in revenue and operating results.
 (b) For a reconciliation of these non-GAAP financial metrics to their closest comparable GAAP metrics see our 2Q 2019 earnings release available at investors.adp.com.



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Appendix: Client Funds Investment Strategy Outlook

- Average Client Funds Balances ↑ ~4% from \$24.3 billion in FY18, compared to prior outlook of ↑ 3% - 4%
- Yield on the Client Funds Portfolio ↑ ~30bps compared to 1.9% in FY18
- Client Funds Interest Revenue ↑ \$90 to \$100 million from \$466 million in FY18
- Impact from Extended Investment Strategy ↑ \$70 to \$80 million from \$481 million in FY18

Fiscal 2019 Outlook			
	Average Balance (\$)	Average Yield	Client Funds Interest (\$)
Client Short	~4.7B	~2.0%	~90M
Client Extended	~10.9B	~2.1%	225 – 230M
Client Long	~9.7B	~2.5%	240 – 245M
Total Client Funds	~25.3B	~2.2%	555 – 565M
Corporate Extended Interest Income	3.1 – 3.2B	~2.1%	65 – 70M
Borrowing Days Interest Expense	3.1 – 3.2B	~2.3%	(70) – (75)M
FY19 Net Impact From Client Funds Extended Investment Strategy			550 – 560M

(a)

(b)

Interest on the Extended Portfolio flows into two separate sections of the Statements of Consolidated Earnings.

(a) Reported as Interest on Funds Held for Clients in the revenue section of the Statements of Consolidated Earnings.

(b) A component of Interest Income on Corporate Funds, reported within Other Income, net, on the Statements of Consolidated Earnings.



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