



ADP Investor Presentation

Summer 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 Measures

Adjusted EBIT, adjusted EBIT margin, adjusted diluted earnings per share, adjusted effective tax rate, constant currency, and organic constant currency are all non-GAAP financial measures. Please refer to our fourth quarter fiscal 2019 earnings release and Fiscal 2019 Form 10-K 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.

We have not provided a reconciliation of our adjusted EBIT, adjusted EBIT margin, adjusted effective tax rate, or adjusted EPS outlook to their most comparable GAAP measures for years beyond fiscal 2020 because it would be potentially misleading and is not practical given the difficulty of projecting event-driven transactional and other non-core operating items that are included in the GAAP metrics, including transformation initiatives, gains/losses on sales of businesses and assets, and certain income tax adjustments. The reconciliation for the historical periods presented in our fourth quarter fiscal 2019 earnings release is indicative of the reconciliation that will be prepared upon completion of the periods beyond fiscal 2020 covered by the non-GAAP outlook.

This presentation is a supplement to our fourth quarter fiscal 2019 earnings release and Form 10-K; it is intended to be read in conjunction with, not as a substitute for, or in isolation therefrom.

ADP is the Pioneer and Global Leader of HCM

Company Overview

- Global leader in Human Capital Management (HCM) software and solutions
- Delivers payroll for **26 million (1 in 6)** US workers and **15 million** international workers
- Partners with over **7,100 tax agencies** across all levels of government throughout the US
- Moved **\$2.1 trillion** of US payroll and taxes on behalf of our clients and our clients' employees in FY19

58,000
Employees

810,000+
Clients

140
Countries

Financial Overview

FY19 Revenue	\$14.2B	FY19 Adjusted EBIT ¹	\$3.2B
FY19 Client Revenue Retention	90.8%	FY19 Employer Services New Business Bookings	\$1.6B
June 30, 2019 Market Cap	\$72B	S&P / Moody's Ratings	AA / Aa3
FY19 Dividend Payout Ratio	54%	Years of Consecutive Dividend Increases	44

1. Adjusted EBIT is a non-GAAP metric. For a reconciliation of these non-GAAP financial metrics to their closest comparable GAAP metrics see our 4Q 2019 earnings release and Fiscal 2019 Form 10-K available at investors.adp.com

2. Human Resource Outsourcing (HRO), Professional Employer Organization (PEO)

Our Strategic Pillars



Grow a complete suite of cloud-based **HCM Solutions**

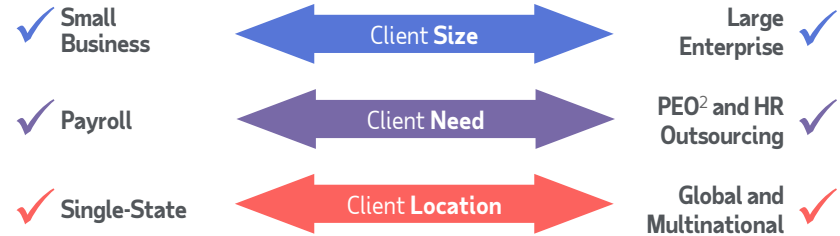


Scale our market leading **HRO² Solutions**



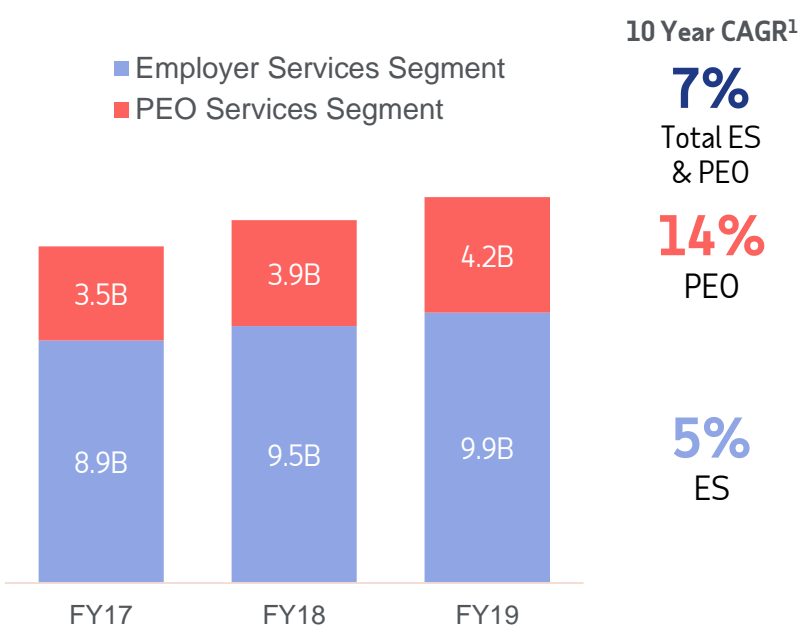
Leverage our **global presence** to offer HCM Solutions wherever clients do business

Unrivaled Client Footprint



Track Record of Delivering Shareholder Return

A history of consistent revenue growth...



...driving top quartile Total Shareholder Return

Investment Period ²	ADP TSR Percentile (vs. S&P 500)
10 Year	79% ✓
5 Year	88% ✓
3 Year	81% ✓
1 Year	78% ✓

1. Calculated using geometric average of annual growth rates to account for FY19 change in segment reporting

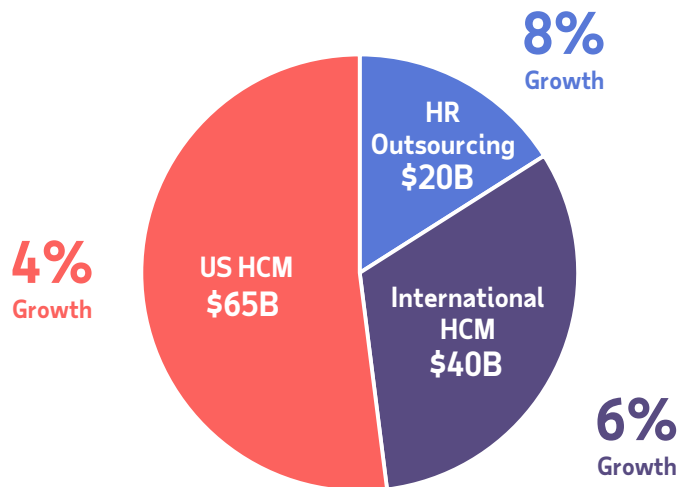
2. Trailing period as of June 30, 2019

Source: Bloomberg

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Our Addressable Market is Large and Growing

\$125B Global HCM Market with Mid-single-digit growth¹



Secular Trends

- + HR complexity and legislation
- + Healthcare inflation
- + Consumerization of HCM
- + Gig economy
- + Analytics

Cyclical Drivers

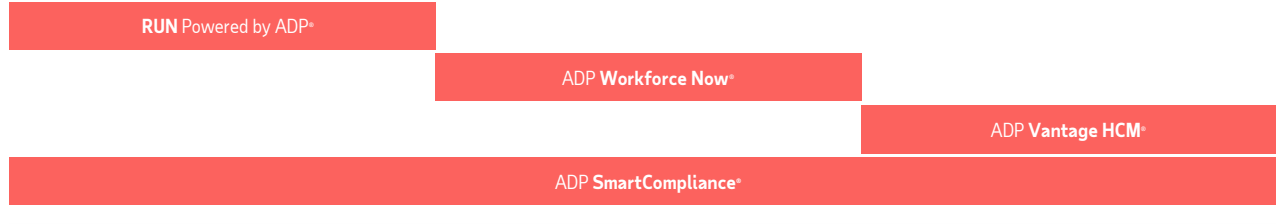
- + Business formations
- + Employment growth
- + Wage inflation
- + War for talent

1. Growth figures are FY17-21 CAGR. Outlook as of June 12, 2018 presentation. This is not an update or reissuance of such outlook. Source: Census, D&B, IHS, Nelson Hall, Cerulli Associates, Internal Financial Reporting

Our Product Portfolio Spans Across Client Needs and Sizes



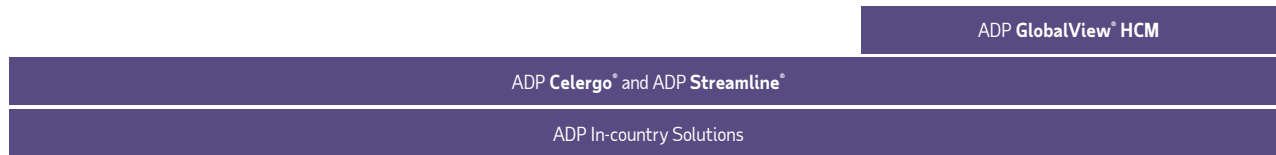
US HCM



HRO



Global HCM



Small Businesses
(49 employees and below)

Mid-sized Businesses
(50 - 999 employees)

Large Businesses
(1,000+ employees)

Our Distribution is a Competitive Advantage

\$1.9B

WORLDWIDE NEW BUSINESS BOOKINGS

We sell more HCM every year than any of our direct competitors

140

COUNTRIES

We serve clients in 140 countries worldwide

6,500+

TOTAL SELLERS¹

Our sellers are enabled to sell the best fit HCM platform as well as value-added complementary products

1,600+

INSIDE SELLERS¹

We are growing our inside sales organization to capitalize on digital sales and share of wallet

20K+

REFERRING PARTNERS

Our partner ecosystem is unmatched with over 20K partners referring each year

370+

MARKETPLACE APPS

We digitally distribute over 370 apps through the ADP Marketplace, the world's largest HCM marketplace

1. Q3 FY18 average

Our Industry-leading HRO Delivers Compelling Value



SERVICE EXPERTISE

- Full suite of HCM managed services
- Flexible and tailored service models



COMPLIANCE

- Industry-leading compliance solutions
- Government and industry certified



SCALE / COST EFFECTIVENESS

- Disciplined risk management
- Scaled operations (largest HRO / PEO base)



FLEXIBILITY

- Best-in-class technology and tools
- Wide footprint / support across 50 states

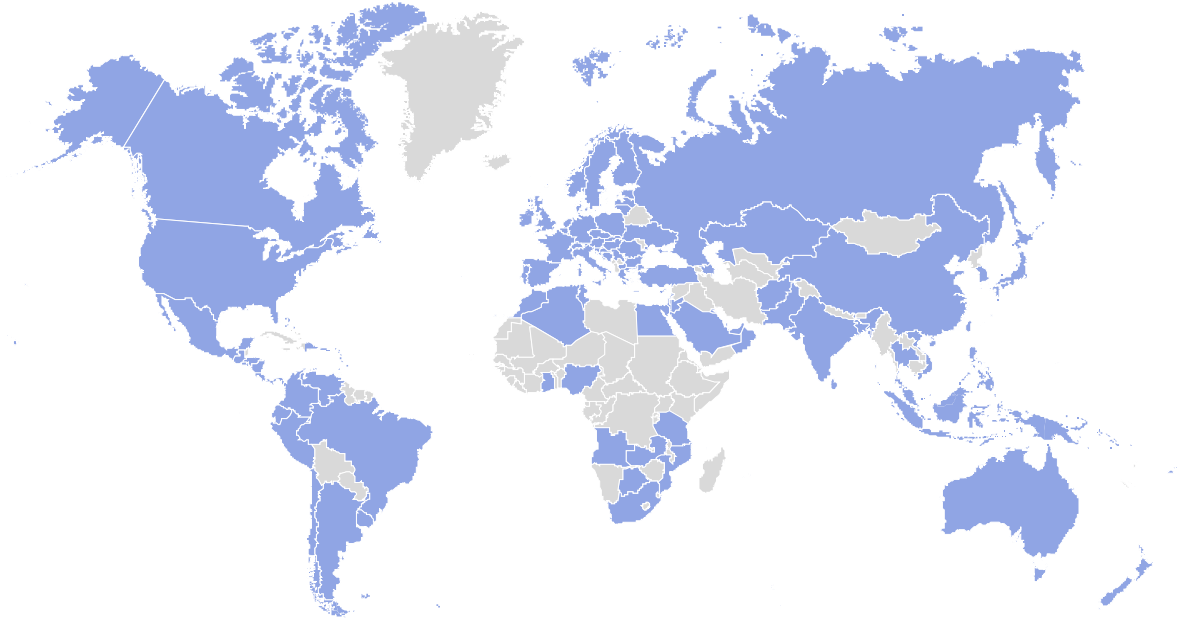
Our Global Scale is a Core Differentiator

An Established Global Presence






- Over 40 years of international presence
- Broad 140 country footprint
- 15M employees paid outside the U.S.
- Support for all client sizes

The Leader in Multinational

- #1 market share
- Growing nearly twice as fast as the market
- Unmatched combination of global capability, local on-the-ground presence, and partnerships



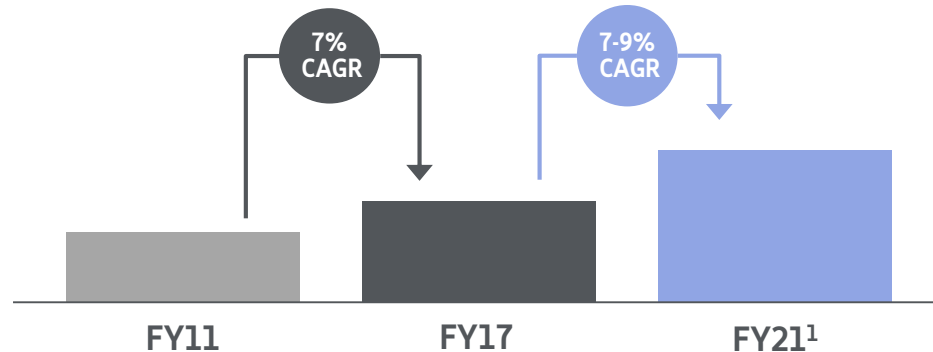
And as the Market Evolves, We Remain Positioned to Win

HCM Evolution	Core Beliefs	ADP Advantages
 WORK	<ul style="list-style-type: none">• Growth of gig economy• Emergence of “agile” organizations	<ul style="list-style-type: none">• Only HCM provider with a freelancer labor solution (WorkMarket)• Next Gen HCM platform uniquely built to serve dynamic, team-based organizations
 PAY	<ul style="list-style-type: none">• More workers paid in real-time or on tailored schedules	<ul style="list-style-type: none">• Industry-leading mobile HCM and payments platforms (Global Cash Card)• Next Gen payroll and tax engine built to enable real-time payroll calculations and pay
 HR	<ul style="list-style-type: none">• Becoming more analytical• Increasing focus on talent and engagement	<ul style="list-style-type: none">• World's richest and most accurate dataset (DataCloud)• Pioneering Next Gen talent solutions (TMBC) built natively into Next Gen HCM platform• Proprietary and market-leading HRO solutions
 BUSINESS	<ul style="list-style-type: none">• Globalization of workforce• Tightening labor markets• Growing regulatory pressure	<ul style="list-style-type: none">• Unmatched global footprint (Streamline/GlobalView/Celergo); Next Gen platforms built global at the core• Deep compliance expertise
 TECH	<ul style="list-style-type: none">• HCM tech transforming into platforms + app ecosystems• Growth of AI / machine learning in enterprise software	<ul style="list-style-type: none">• Industry-leading HCM Marketplace and API portfolio• Next Gen HCM open platform with “mini-apps” strategy• Predictive models leveraging our differentiated big data (DataCloud)

We Generate New Business Through a Balanced Set of Drivers



Worldwide New Business Bookings Growth

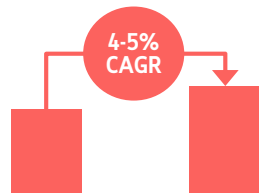


1. Outlook as of Jun 12, 2018 presentation. This is not an update or reissuance of such outlook.
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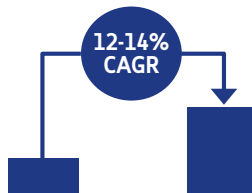
We See a Long Runway for Revenue Growth



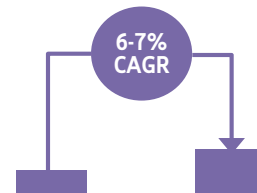
Grow a complete suite of **cloud-based HCM solutions**



Scale our market leading **HRO solutions**



Leverage our **global presence** to offer clients HCM solutions wherever they do business



ADP Growth (FY17-FY21F) ¹	4-5%	12-14%	6-7%
ADP Revenue (FY17)	\$6.4B	\$4.2B	\$1.8B
Market Growth (FY17-FY21F) ²	4%	8%	6%
ADP's Current Position	#1 or #2 in most categories	#1 in both PEO and HRO	#1 in multinational payroll

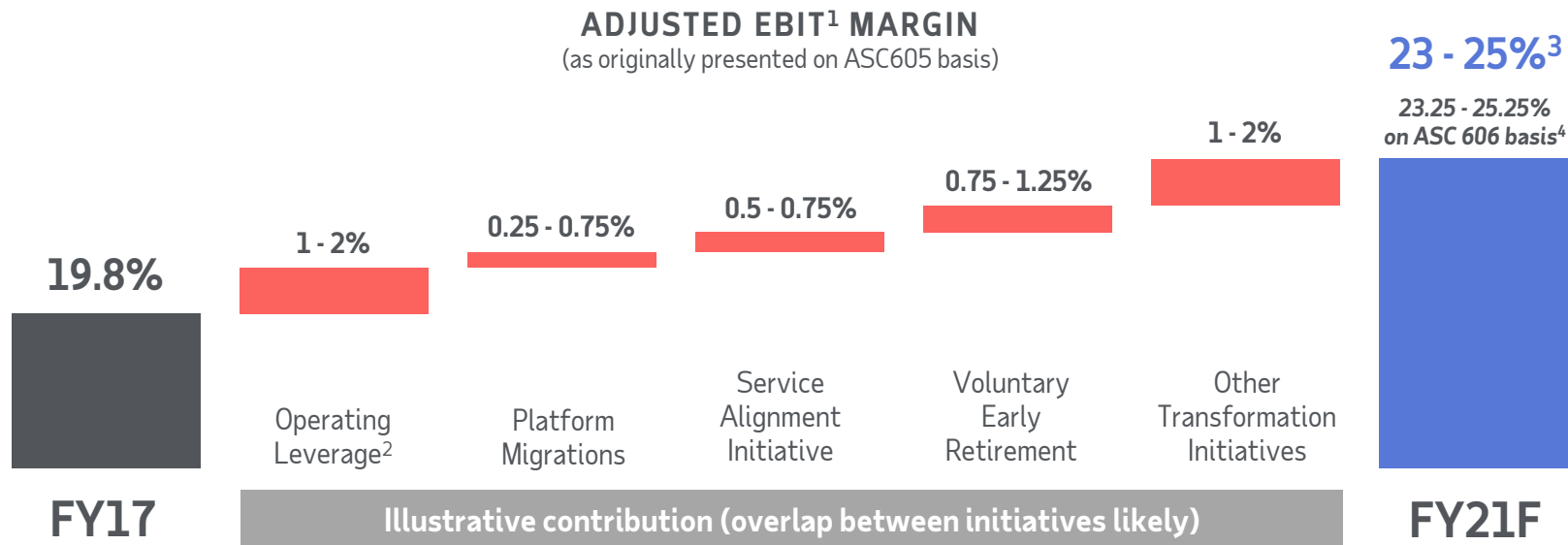
7-9%
Consolidated

1. Outlook as of Jun 12, 2018 presentation. This is not an update or reissuance of such outlook.
2. Census, D&B, IHS, Nelson Hall, Cerulli Associates, Internal Financial Reporting
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The Company is Amid a Transformation

TRANSFORMATION OFFICE	AREAS OF TRANSFORMATION	EXAMPLE INITIATIVES
<ul style="list-style-type: none">✓ Put in place dedicated Chief Transformation Officer (CTO) reporting directly to CEO✓ Focused transformation office establishes consolidated project milestones and plans✓ Disciplined tracking and execution of inflight projects and process for developing pipeline	Go-to-Market	<ul style="list-style-type: none">+ Scaling Next Gen solutions+ Data enabled go-to-market insights+ Streamlining go-to-market support functions
	Product & Portfolio	<ul style="list-style-type: none">+ Continued client upgrade strategy+ Drive infrastructure optimization+ Integrate recent acquisitions; drive check-to-card
	Service	<ul style="list-style-type: none">+ Completed the Service Alignment Initiative+ Next Gen digital service experience+ Accelerate deployment of robotics & artificial intelligence
	Operations & Support	<ul style="list-style-type: none">+ Completed Voluntary Early Retirement Program+ Launched Workforce Optimization initiative+ Expanded procurement initiative+ Incentive plans aligned to new transformation metrics

We are Expanding our Margins with Focus



1. Adjusted EBIT margin is a non-GAAP metric. See Non-GAAP Measures on slide 2 for further details about this metric.

2. Inclusive of estimated impact from:
 - PEO zero-margin pass-through growth (~200-300bps drag)
 - Acquisitions (~50bps drag)
 - Client Fund Interest (50-100bps benefit)

3. Outlook as of June 12, 2018 presentation. This is not an update or reissuance of such outlook

4. Outlook as of June 12, 2018 presentation recasted for the adoption of ASC606. This is not an update or reissuance of such outlook

FY2021 Financial Outlook

TSR Components	Prior Long-term Outlook ¹	FY18F-21F CAGR ²
Revenue Growth	7 - 9%	7 - 9%
Pretax Earnings	11 - 13%	12.5 - 15.5%
Net Share Reduction	~1%	~1%
Adj. EPS Growth	12 - 14%	14.5 - 17.5%
Dividend Yield	2 - 3%	2 - 3%
Total Shareholder Return	14 - 16%	16.5 - 19.5%

Goal: TSR Top Quartile of S&P 500

1. ADP 2015 Investor Conference, March 3, 2015.

2. Outlook as of June 12, 2018 presentation and recasted for the adoption of ASC606 and actual FY18 results; revenue and tax rate not materially impacted by adoption of ASC 606. See our 4Q 2019 earnings release at investors.adp.com for further details. This is not an update or reissuance of such outlook.

How We Allocate Capital

INVESTMENT PRIORITY	PROGRESS
1 Reinvest in the business to drive organic revenue growth and margin improvement	<ul style="list-style-type: none">+ FY19 ~\$1B invested in Systems Development & Programming, continue to scale Next Gen+ Reinvesting in growing sales force (+6% HC growth globally) and enhancing productivity+ Launched & expanded transformation initiatives including Workforce Optimization and Procurement to drive ~\$100M annualized savings+ Completed Voluntary Early Retirement Program and Service Alignment Initiative driving ~\$210M in combined annualized savings
2 Invest in acquisitions to supplement ADP's existing strategy and capabilities	<ul style="list-style-type: none">+ Maintain disciplined M&A approach and focus on transactions with high strategic value+ In FY18, invested ~\$615M to acquire Global Cash Card and WorkMarket; in FY19 invested ~\$120M to acquire Celergo
3 Return cash to shareholders via dividend and shares repurchases	<ul style="list-style-type: none">+ Target dividend payout ratio 55-60%+ 44 years of consecutive dividend increases+ Incremental dividend increase in April '18 due to tax reform; board approved another dividend increase in Nov '18+ Long-standing share buyback program to return excess cash

We Lead with Best Practices in Governance

ADP is committed to shareholder-friendly corporate governance practices that help to drive long-term value creation

- ✓ Proxy access right at 3% / 3 year ownership threshold (adopted August 2016)
- ✓ Independent Chairman
- ✓ Majority voting standard
- ✓ Shareholder ability to call special meetings
- ✓ Shareholder right to act by written consent
- ✓ No dual-class stock; one share, one vote
- ✓ No overboarding
- ✓ No poison pill
- ✓ Annually elected Board; directors may be removed without cause
- ✓ Annual succession planning review
- ✓ Significant Board role in strategy and risk oversight
- ✓ Annual Board assessment of corporate governance best practices
- ✓ Oversight of executive compensation by the Compensation Committee
- ✓ Executive sessions of independent directors held regularly

Appendix

Next Gen Platforms

NEXT GENERATION PLATFORMS

Next Gen HCM

Next Gen Payroll

Next Gen Tax

DIFFERENTIATION

Offers open platform

- HCM **"your way"** satisfies **diverse and evolving HCM needs**
- Enabled by **common data model + "mini-app" design**
- **Open to 3rd parties** over time

Empowers agile organizations

- Uniquely built to support how work gets done – through **dynamic teams**

Supports flexible work and on-demand pay

- "Person-centric" design serves **all worker types**
- Provides **instant, on-demand pay** capabilities

Delivers seamless global capabilities

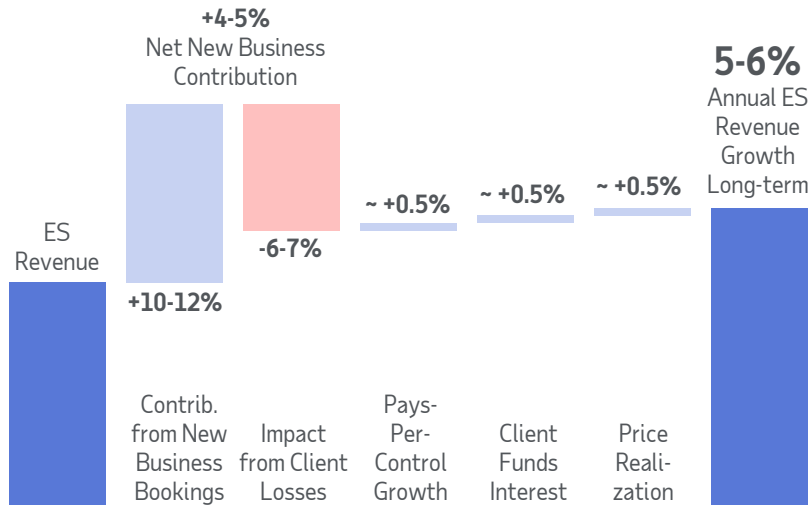
- Built to be **global at the core**
- Enables **rapid set-up and local compliance**

Provides "low-code" development platform

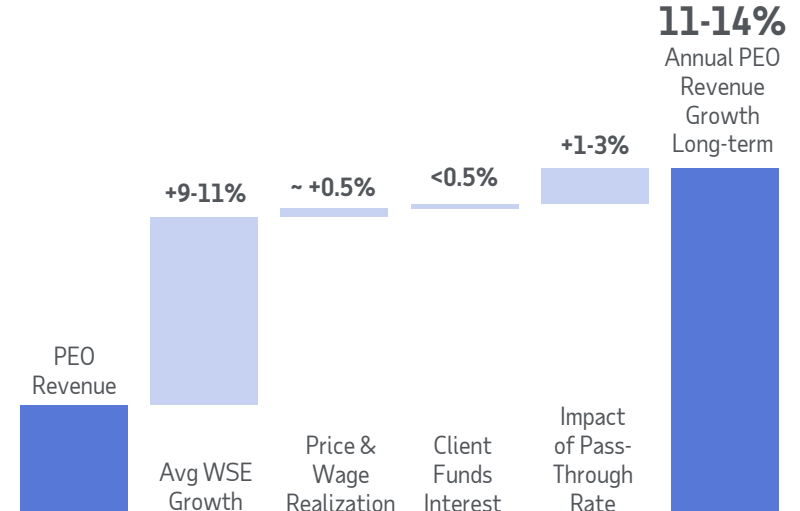
- Enables **rapid, agile app development**
- Empowers **federated, local development teams**
- Leverages **public cloud**

Long-Term Segment Revenue Waterfalls

EMPLOYER SERVICES



PEO



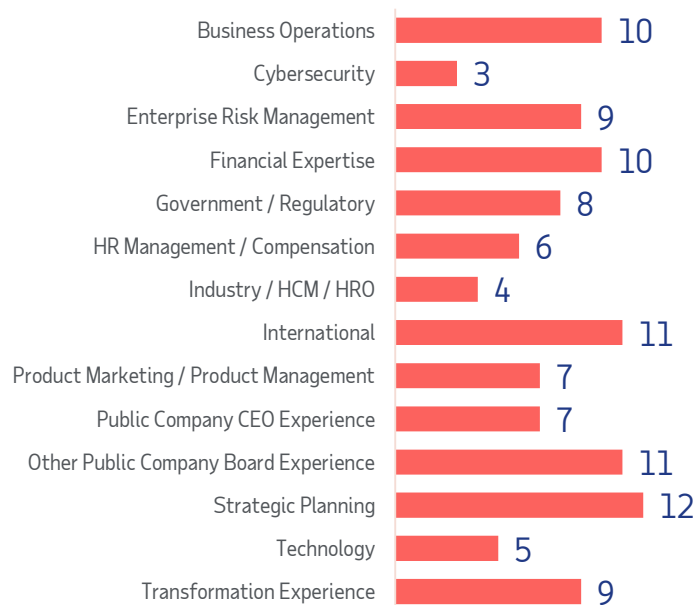
Governance – Best-in-Class Board With Balanced Skill Set

Deliberate Board Composition

- **Commitment to both continuity and fresh perspectives**
 - 13 Director Board with 5 new Directors since 2016
 - Average independent Director tenure of 6.5 years¹, compared to an S&P 500 average of 8.1 years
- **Director succession planning**
 - Conducted in the context of a skill set review
 - Skill set used to identify and recruit Directors
- **The right set of skills and experience to set ADP's corporate strategy**
 - 9 of 13 Directors are current or former CEOs, CFOs, or COOs of major public companies
 - Leaders with significant technology experience (COO of PayPal, former CEO of CA Technologies, retired Director of McKinsey High Tech Practice, previous EVP of Information Systems and Global Solutions at Lockheed Martin)
- **Independent mindset and focus on accountability to shareholders**
 - 12 of 13 Directors are independent
 - All Board Committees are composed of independent Directors
 - Committed to formal shareholder engagement program
 - 7 out of 12 independent Directors have shorter tenure than CEO
- **Ongoing board refreshment**

Skill Set Aligns and Evolves With Corporate Strategy

Director Skill Set²



Source: Spencer Stuart Board Index 2018

1. As of 2018 Annual Meeting

2. Skill set matrix as of 2018 Annual Meeting (12 Directors)

Governance: Responsive to Shareholder Feedback

	Topics of Discussion	ADP Actions Taken
Board & Governance	<ul style="list-style-type: none">• Board composition, self-assessment, and refreshment process• Governance practices and oversight structures (<i>proxy access proactively adopted in Aug 2016</i>)	<ul style="list-style-type: none">✓ Recently added three new Board members (May 2019 and April 2018)✓ Committee chair rotations (November 2018)✓ Amended Corporate Governance Principles to adopt more stringent overboarding policy (April 2018)
Executive Compensation	<ul style="list-style-type: none">• Compensation program and practices, including ADP's shift to using Net Income instead of EPS to measure LTIP goals• Performance metric selection and weighting, pay mix, and peer group selection	<ul style="list-style-type: none">✓ Shareholder friendly Equity Plan (November 2018)✓ Compensation peer group refinements for FY'18✓ Approved freeze of corporate officer supplemental retirement plan as of July 1, 2019 (previously closed to new entrants in FY'14)
Risk Management	<ul style="list-style-type: none">• Enterprise risk management structure and how the Board oversees the risk assessment process	<ul style="list-style-type: none">✓ Enhanced risk management disclosures in proxy statement✓ Announced enhanced financial disclosures at 2018 Investor Day, which began FY'19
Corporate Social Responsibility	<ul style="list-style-type: none">• Sustainability efforts and the underlying economic rationale for our ESG initiatives	<ul style="list-style-type: none">✓ Issued first Corporate Social Responsibility report in February 2018

Corporate Social Responsibility Report

Published first Company CSR Report February 2018



- ✓ Commitment to Strong Governance, Ethics, and Compliance
- ✓ Associate Diversity, Engagement, and Wellness
- ✓ Client Betterment Through Innovation
- ✓ Community Engagement and Volunteer Involvement
- ✓ Environmental Sustainability