Fiscal 2017
ADP Earnings Call & Webcast

July 27, 2017

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Forward Looking Statements

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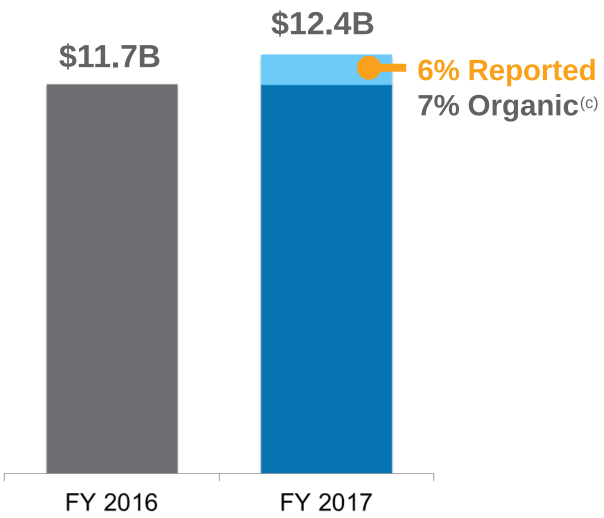
CEO’s Perspective

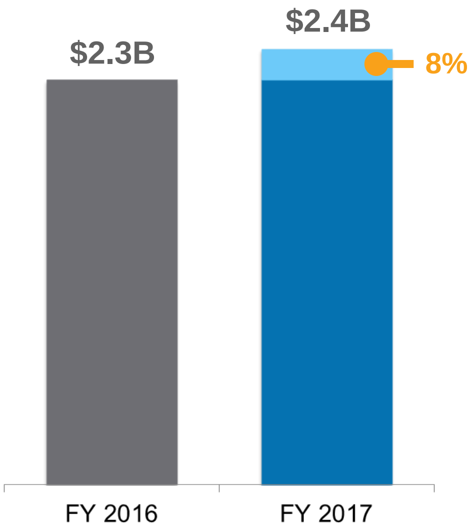
- Solid 2017 – Revenue growth 6%, 7% organic with strong adjusted EPS growth of 13%
- Robust PEO performance with 13% revenue growth and 12% growth in average Worksite Employees
- Softer new business bookings mainly due to the comparison with strong ACA-related sales in fiscal 2016
- Continued investments in innovation, service, and sales
- Returned nearly $2.3 billion to shareholders via dividends and share repurchases

Fiscal 2017 Financial Highlights

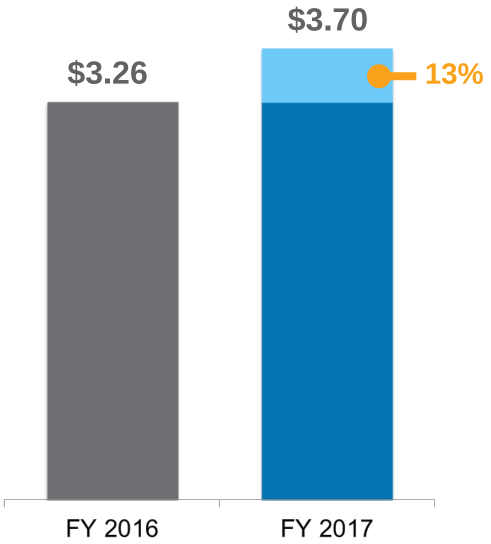
Total Revenues (unaudited)



Adjusted Earnings before Interest and Taxes (EBIT) (unaudited) (a) (b)



Adjusted Diluted EPS from Continuing Operations (unaudited) (a)



(a) "Adjusted" results exclude the gain on the sale of CHSA and COBRA businesses, charges related to Service Alignment Initiative during fiscal 2017, charges related to the Workforce Optimization Effort in fiscal 2017 and fiscal 2016, and the gain on the sale of a building during fiscal 2016. See appendix for reconciliation of non-GAAP financial measures to their comparable GAAP measures.

(b) Adjusted EBIT performance measures include interest income earned on investments associated with our client funds extended investment strategy and interest expense on borrowings related to our client funds extended investment strategy. We believe these amounts to be fundamental to the underlying operations of our business model. Our calculation of adjusted EBIT may differ from similarly titled measures used by other companies.

(c) "Organic" growth rates exclude foreign currency translation, the results of our fiscal 2017 acquisitions and the results of the CHSA and COBRA businesses which were disposed of in fiscal 2017. See supplemental schedule to the earnings release for the reconciliation of organic growth rates to reported growth rates.

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Fiscal 2017 New Business Bookings and Segment Results

Worldwide New Business Bookings

- ↓ 5% to $1.65 billion representing annualized recurring revenues anticipated from new orders

Employer Services

- Revenues ↑ 4% Reported
- Client revenue retention ↓ 50 basis points to 90.0%
- U.S. pays per control ↑ 2.4%
- Average client funds balances ↑ 3%
- Margin ↑ 20 basis points

PEO Services

- Revenues ↑ 13%
- Average worksite employees paid ↑ 12% to 462,000
- Margin ↑ 80 basis points

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Fiscal 2018 Outlook

Revenues

↑ **5% - 6% Reported**

- Expected to be at the lower end of forecasted range in 1H and higher end of range in 2H
- ES Revenue ↑ 2% - 3%
- PEO Revenue ↑ 11% - 13%

Margin Expansion

Adjusted EBIT Margin (a)
↓ **50 - 25 basis points**

- Expected to be below forecasted range in 1H and above range in 2H
- ES Margin ↓ 75 - 50 basis points
- PEO Margin ↑ 25 - 50 basis points

Adjusted Diluted EPS (a)

↑ **2% - 4%**

- Expected to be below forecasted range in 1H and above range in 2H

Worldwide New Business Bookings

↑ 5% - 7% compared to $1.65 billion sold in fiscal 2017

U.S. Pays per Control

↑ ~2.5% compared to 2.4% increase in fiscal 2017

Adjusted Effective Tax Rate (a)

↑ 33.0% from 30.9% in fiscal 2017

(a) "Adjusted" results exclude the gain on the sale of CHSA and COBRA businesses in fiscal 2017, charges related to Service Alignment Initiative during fiscal 2017 and fiscal 2018, and charges related to the Workforce Optimization Effort in fiscal 2017. See appendix for reconciliation of non-GAAP financial measures to their comparable GAAP measures.

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Appendix

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Client Funds Portfolio Extended Investment Strategy

- Average Client Funds Balances ↑ 2% – 3% from $23.0 billion in FY17
- Yield on the Client Funds Portfolio ↑ ~20bps compared to 1.7% in FY17
- Client Funds Interest Revenue ↑ $40 to $50 million from $397 million in FY17
- Impact from Extended Investment Strategy ↑ $30 – $40 million from $431 million in FY17

	FY18 Forecast			
	Average Balance	Average Yield	Client Funds Interest	
Client Short	$4.4 – 4.5B	~1.1%	~$45M	
Client Extended	10.0 – 10.1B	1.8% – 1.9%	185 – 190M	
Client Long	9.0 – 9.1B	2.3% – 2.4%	210 – 215M	
Total Client Funds	**$23.4 – 23.7B**	**~1.9%**	**$440 - 450M**	(a)
Corporate Extended Interest Income	3.1 – 3.2B	1.8% – 1.9%	55 – 60M	(b)
Borrowing Days Interest Expense	3.1 – 3.2B	1.2% – 1.3%	(35) – (40)M	
FY18 Net Impact From Client Funds Extended Investment Strategy			**$460 - 470M**	

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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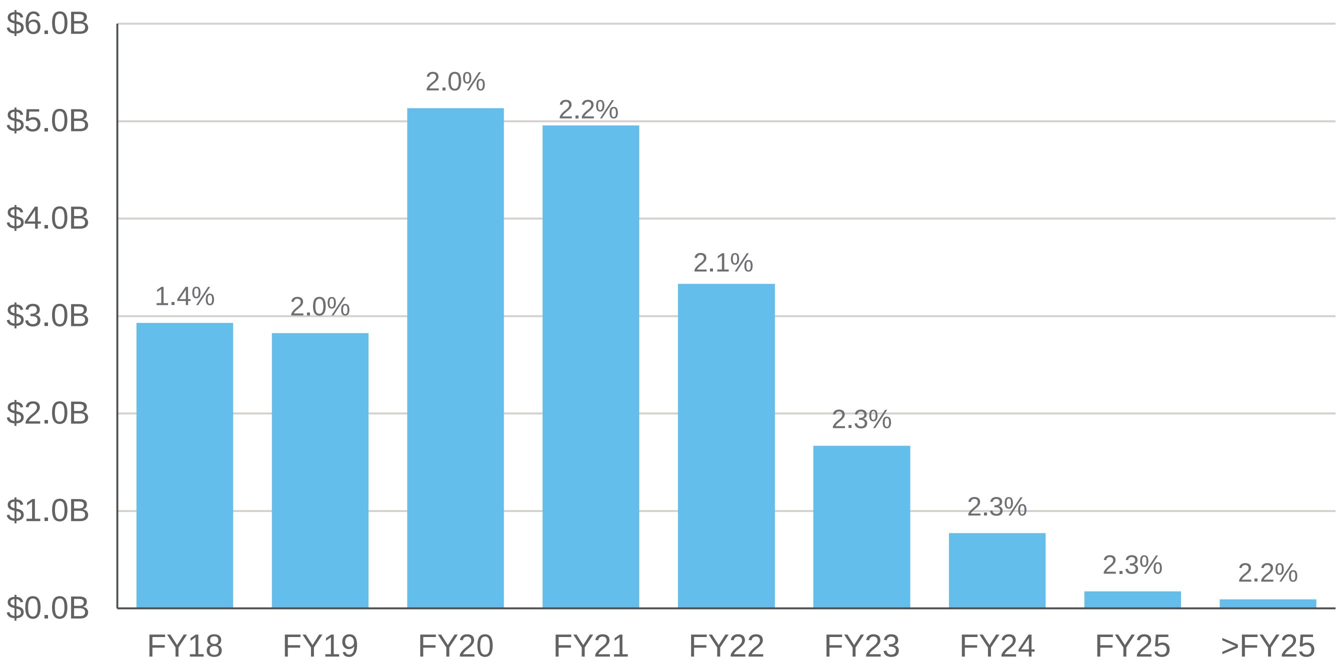
Client Funds Portfolio at June 30, 2017
Available for Sale Securities Maturities and Book Yields



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GAAP Reconciliations

In addition to our GAAP results, we use the adjusted results and other non-GAAP metrics set forth in the table below to evaluate our operating performance in the absence of certain items and for planning and forecasting of future periods:

Adjusted Financial Measure	U.S. GAAP Measures	Adjustments/Explanation
Adjusted EBIT	Net earnings from continuing operations	- Provision for income taxes - Gains/losses on non-operational transactions such as sales of businesses and assets - All other interest expense and income - Certain restructuring charges - See footnotes (a) and (b) on page 11
Adjusted diluted earnings per share ("Adjusted diluted EPS") from continuing operations	Diluted earnings per share	EPS impacts of: - Gains/losses on non-operational transactions such as sales of businesses and assets - Certain restructuring charges - See footnote (b) on page 11
Adjusted effective tax rate	Effective tax rate	Tax impacts of: - Gains/losses on non-operational transactions such as sales of businesses and assets - Certain restructuring charges
Constant dollar basis	U.S. GAAP P&L line items	Determined by taking the current year result using foreign exchange rates consistent with the prior year
Organic revenue growth	Revenues	-Impact of acquisitions -Impact of dispositions -Impact of foreign currency translation
Corporate extended interest income	Interest income	-All other interest income
Corporate interest expense-short-term financing	Interest expense	-All other interest expense

We believe that the exclusion of the identified items helps us reflect the fundamentals of our underlying business model and analyze results against our expectations, against prior period, and to plan for future periods by focusing on our underlying operations. We believe that these adjusted results provide relevant and useful information for investors because it allows investors to view performance in a manner similar to the method used by management and improves their ability to understand and assess our operating performance. The nature of these exclusions are for specific items that are not fundamental to our underlying business operations. Since these adjusted financial measures and other non-GAAP metrics are not measures of performance calculated in accordance with U.S. GAAP, they should not be considered in isolation from, as a substitute for, or superior to their U.S. GAAP measures, and they may not be comparable to similarly titled measures at other companies.

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GAAP Reconciliations

(Continuing Operations, $ in millions, except per share data)

	FY17	FY16	% Change As Reported	% Change Constant Dollar
Net earnings from continuing operations	$1,733.4	$1,493.4	16%	16%
Provision for income taxes	797.7	741.3		
All other interest expense [(a)]	59.3	47.9		
All other interest income [(a)]	(22.4)	(13.6)		
Gain on sale of businesses	(205.4)	(29.1)		
Gain on sale of building	-	(13.9)		
Workforce Optimization Effort [(b)]	(5.0)	48.2		
Service Alignment Initiative [(b)]	90.0	-		
Adjusted EBIT	$2,447.6	$2,274.2	8%	7%
Adjusted EBIT Margin	*19.8%*	*19.5%*		
Diluted EPS from continuing operations	$3.85	$3.25	18%	18%
Gain on sale of businesses	(0.27)	(0.05)		
Gain on sale of building	-	(0.02)		
Workforce Optimization Effort [(b)]	(0.01)	0.07		
Service Alignment Initiative [(b)]	0.12	-		
Adjusted diluted EPS from continuing operations	$3.70	$3.26	13%	13%

(a) We include the interest income earned on investments associated with our client funds extended investment strategy and interest expense on borrowings related to our client funds extended investment strategy as we believe these amounts to be fundamental to the underlying operations of our business model. These adjustments in the table above represent the interest income and interest expense that is not related to our client funds extended investment strategy and are labeled as “All other interest expense” and “All other interest income”.

(b) The majority of charges relating to our Service Alignment Initiative and Workforce Optimization Effort represent severance charges. Severance charges have been taken in the past and not included as an adjustment to get to adjusted results. Unlike severance charges in prior periods, these specific charges relate to our broad-based, company-wide Service Alignment Initiative and Workforce Optimization Effort. The fiscal 2017 Workforce Optimization Effort adjustment totaling approximately $5 million represents a reversal of the fiscal 2016 estimate.

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Fiscal 2018 Outlook - GAAP Reconciliations

(Continuing Operations, $ in millions)

	Twelve Months Ended June 30, 2017		Fiscal 2018 Forecast
Earnings from continuing operations before income taxes / margin (GAAP)	$2,531.1	20.4%	~(175) – (150)bps
All other interest expense [(a)]	59.3	+50bps	-
All other interest income [(b)]	(22.4)	(20)bps	-
Gain on sale of businesses – 2Q F17 [(c)]	(205.4)	(170)bps	~+170bps
Workforce Optimization Effort – 4Q F17 [(d)]	(5.0)	(5)bps	~+5bps
Service Alignment Initiative – F17 [(e)]	90.0	75bps	~(75)bps
Service Alignment Initiative – F18 [(f)]	-	-	~+25bps
Adjusted EBIT margin (Non-GAAP)	**$2,447.6**	**19.8%**	**~(50) – (25)bps**

	Twelve Months Ended June 30, 2017	Fiscal 2018 Forecast
Effective tax rate (GAAP)	31.5%	32.9%
Gain on sale of businesses – 2Q F17 [(c)]	(0.9%)	
Workforce Optimization Effort – 4Q F17 [(d)]	(0.0%)	-
Service Alignment Initiative – F17 [(e)]	+0.4%	-
Service Alignment Initiative – F18 [(f)]	-	+0.1%
Adjusted effective tax rate (Non-GAAP)	**30.9%**	**33.0%**

(a) No material impact is expected from change in all other interest income in fiscal 2018.
(b) No material impact is expected from change in all other interest income in fiscal 2018.
(c) Second quarter fiscal 2017 impact from gain on the sale of CHSA and COBRA businesses.
(d) Fourth quarter fiscal 2017 impact of Workforce Optimization Effort charge is a reversal of the fiscal 2016 estimate and is not expected to recur in fiscal 2018.
(e) Fiscal 2017 charges in connection with the Service Alignment Initiative: $41 million incurred in first half fiscal 2017, $49 million incurred in second half fiscal 2017.
(f) Expected impact of Fiscal 2018 charges in connection with Service Alignment Initiative.

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Fiscal 2018 Outlook - GAAP Reconciliations

(Continuing Operations)

	Twelve Months Ended June 30, 2017		Fiscal 2018 Forecast
Diluted EPS from continuing operations (GAAP)	$3.85	18%	(3)% - (1)%
Gain on sale of businesses – 2Q F17 [(a)]	(0.27)	(7%)	~+7%
Workforce Optimization Effort – 4Q F17 [(b)]	(0.01)	(0%)	~+0%
Service Alignment Initiative – F17 [(c)]		+3%	~(3%)
Service Alignment Initiative – F18 [(d)]		-	+1%
Adjusted diluted EPS from continuing operations (Non-GAAP)	**$3.70**	**13%**	**2% - 4%**

(a) Second quarter fiscal 2017 impact from gain on the sale of CHSA and COBRA businesses.
(b) Fourth quarter fiscal 2017 impact of Workforce Optimization Effort charge is a reversal of the fiscal 2016 estimate and is not expected to recur in fiscal 2018.
(c) Fiscal 2017 charges in connection with the Service Alignment Initiative: $41 million incurred in first half fiscal 2017, $49 million incurred in second half fiscal 2017.
(d) Expected impact of Fiscal 2018 charges in connection with Service Alignment Initiative.

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