



1Q Fiscal 2015
Earnings Call Webcast

October 29, 2014



1Q Fiscal 2015 Earnings Call Webcast

FORWARD LOOKING STATEMENTS >

This document 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” and other words of similar meaning, are forward-looking statements. These statements are based on management’s expectations and assumptions 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 include: ADP’s success in obtaining, retaining and selling additional services to clients; the pricing of products and services; changes in, or interpretations of, existing legislation or regulations, or compliance with new 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 rating and the impact on our funding costs and profitability; vulnerability to security breaches, fraudulent acts, and system interruptions and failures; employment and wage levels; changes in technology; availability of skilled technical associates; and the impact of new acquisitions and divestitures. ADP disclaims any obligation to update any forward-looking statements, whether as a result of new information, future events or otherwise. These risks and uncertainties, along with the risk factors discussed under “Item 1A. - Risk Factors” in our Annual Report on Form 10-K for the fiscal year ended June 30, 2014 should be considered in evaluating any forward-looking statements contained herein.

CEO's Perspective

- Focused execution
- Differentiated solutions meeting dynamic client needs
- “All in” on Human Capital Management



We Remain Focused On Our Strategic Pillars



STRATEGIC GOALS

FINANCIAL

Achieve top quartile TSR relative to the S&P 500

CLIENT

Achieve and maintain a market-leading NPS score

ADP ASSOCIATES

Attract & develop top talent & achieve top quartile associate engagement



STRATEGIC PILLARS



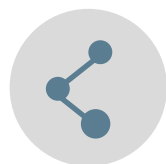
Grow an integrated suite of cloud-based HCM, benefits, & payroll solutions to serve the US market



Invest to grow & scale our market leading HR BPO solutions by leveraging our platforms & processes



Leverage our global presence to offer clients HCM, benefits, & payroll solutions where they do business



ADP ASSETS

Trusted Brand

Broad Scope of Solutions

Sales & Service Coverage

Valuable Client Employee Information

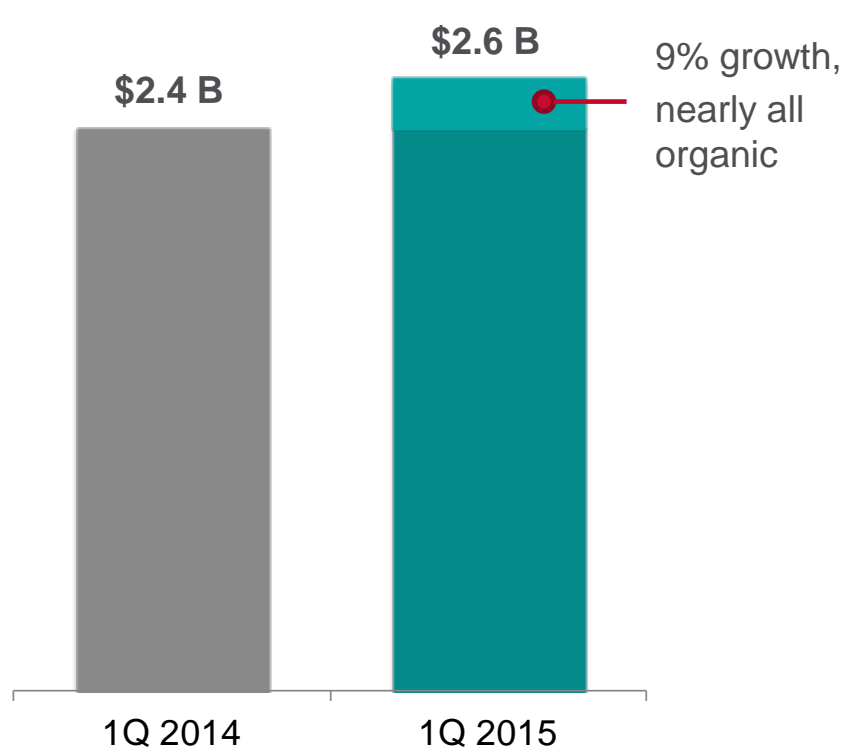
Strong Financials

Talent to Execute

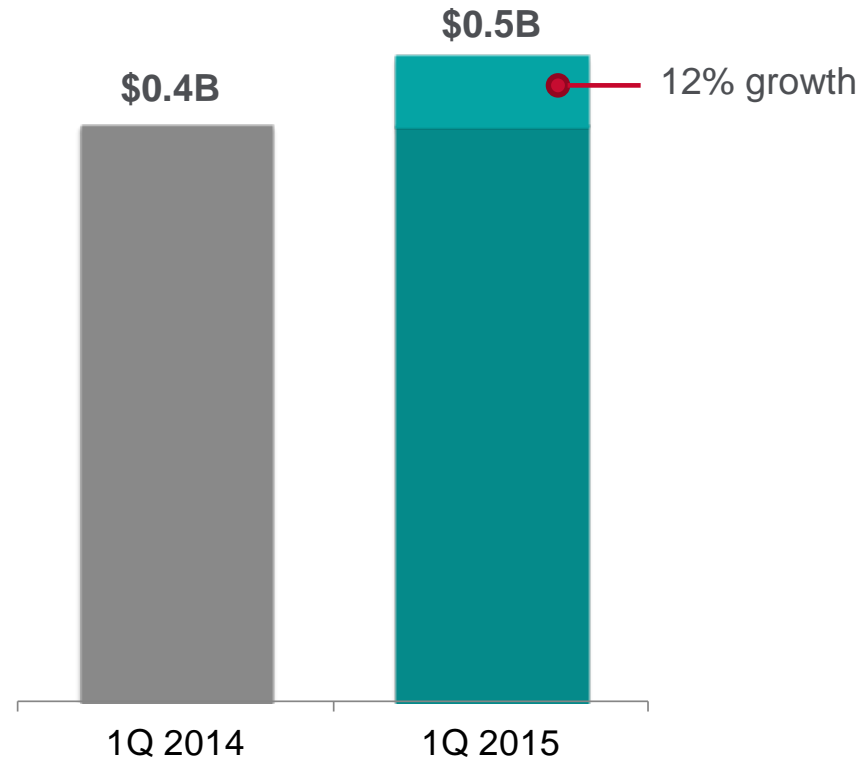
1Q Fiscal 2015 Financial Highlights



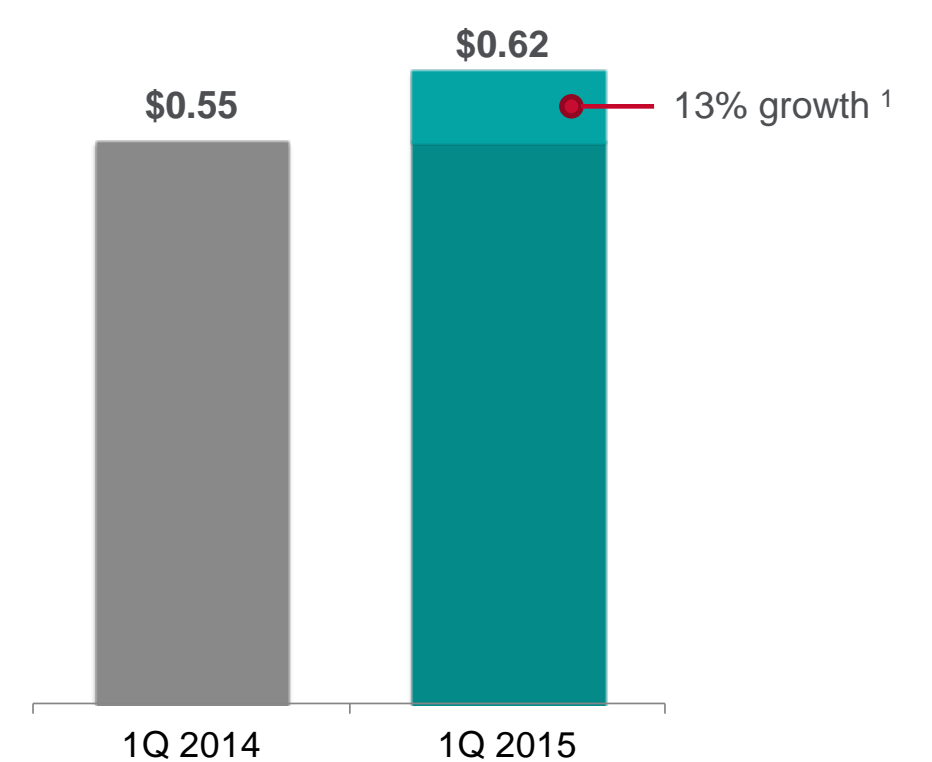
Revenue in Billions
(unaudited)



Pretax Earnings from Continuing Operations (unaudited)



Diluted Earnings Per Share from Continuing Operations (unaudited)



¹ During the first quarter of fiscal 2015, ADP sold a portfolio of notes receivable to a third-party in connection with the spin-off of Dealer Services which contributed approximately 2 cents to diluted earnings per share from continuing operations.

1Q Fiscal 2015

New Business Bookings and Reportable Segment Results



Worldwide New Business Bookings

- ↑ 11% representing annualized recurring revenues anticipated from new orders



Employer Services

- Revenues ↑ 7%, nearly all organic
- Worldwide client revenue retention ↑ 70 basis points
- U.S. pays per control ↑ 3.1%
- Average client funds balances ↑ 7%
- Pretax margin ↑ 120 basis points



PEO Services

- Revenues ↑ 18%, all organic
- Average worksite employees paid ↑ 15% to 345,000
- Pretax margin ↑ 90 basis points

Fiscal 2015 Outlook

Total ADP

<i>All amounts refer to continuing operations</i>	FY15 Forecast
Revenues	↑ 7-8% from \$10.3 billion in fiscal 2014
Pretax Margin	↑ 75-100 basis points from 18.4% in fiscal 2014
Effective Tax Rate	↑ Increase to 34.6% from 33.9% in fiscal 2014
Diluted Earnings per Share	↑ 12-14% from \$2.58 in fiscal 2014 ²

ADP anticipates difficult expense and earnings comparisons in 2Q15

- Increased investments in innovation and higher selling expenses
 - Expect additional expense of about \$30 million in the second quarter of fiscal 2015

² Diluted Earnings per Share forecast includes a \$0.02 benefit resulting from incremental share repurchases funded by the \$825 million in dividend proceeds the company received as a result of the spin-off of CDK Global, Inc. that occurred on September 30, 2014. The company anticipates completing the \$825 million share repurchase by June 30, 2015, depending on market conditions. No additional share repurchases are contemplated in guidance beyond those necessary to offset anticipated dilution related to employee benefit plans.

Fiscal 2015 Outlook

New Business Bookings and Reportable Segments



Worldwide New Business Bookings

- ↑ ~8% compared to \$1.4 billion sold in fiscal 2014



Employer Services

- Revenues ↑ 6-7%
- Pretax margin ↑ ~100 basis points
- U.S. pays per control ↑ 2.0% – 3.0%



PEO Services

- Revenues ↑ 13-15%
- Pretax margin ↑ up to 50 basis points



Fiscal 2015 Outlook - Appendix

Client Funds Portfolio Extended Investment Strategy

- Average Client Funds Balances ↑ 5-7% from \$20.7 billion in FY14
- Yield on the Client Funds Portfolio decreases up to 10 bps from 1.8% in FY14
- Client Funds Interest Revenue ↑ \$5-\$15 million from \$374 million in FY14
- Impact from Extended Investment Strategy ↑ \$5-\$15 million from \$412 million in FY14

	FY15 Forecast			
	Average Balance		Average Yield	Client Funds Interest
Client Short	\$4.0B	x	~0.3%	= ~\$10M
Client Extended	9.4 – 9.6B	x	1.6 – 1.7%	= 155 – 160M
Client Long	8.4 – 8.6B	x	2.5 – 2.6%	= 215 – 220M
Total Client Funds Interest Revenue	21.8 – 22.2B	x	1.7 – 1.8%	= \$380 – 390M
Corporate Extended Interest Income	~2.7B	x	~1.7%	= ~\$45M
Borrowing Days Interest Expense	~2.7B	x	~0.3%	= ~\$(10)M
Net FY15 Impact From Client Funds Extended Investment Strategy	\$415 – 425M			

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.