



2Q Fiscal 2016 ADP Earnings Call & Webcast

February 3, 2016



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” 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. These factors are not exhaustive. 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, 2015 should be considered in evaluating any forward-looking statements contained herein.

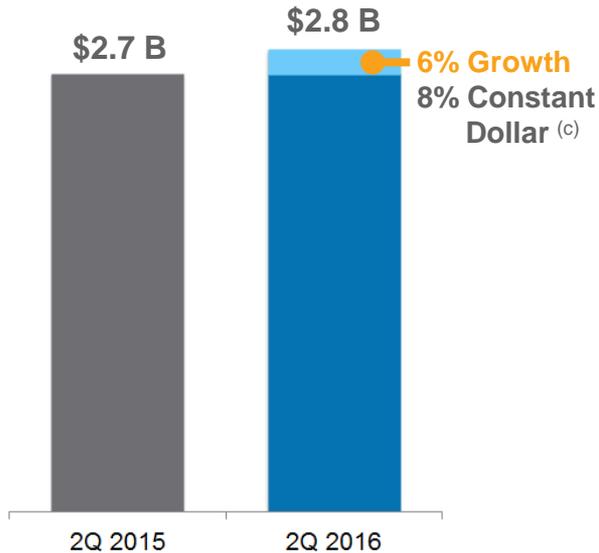
CEO's Perspective

- Continued strong demand for ADP's solutions – now forecasting new business bookings growth of at least 12%
- ACA implementations on target
- Client retention remains a priority
- Continued focus on assisting clients with HCM needs in the face of ever-increasing regulatory complexity

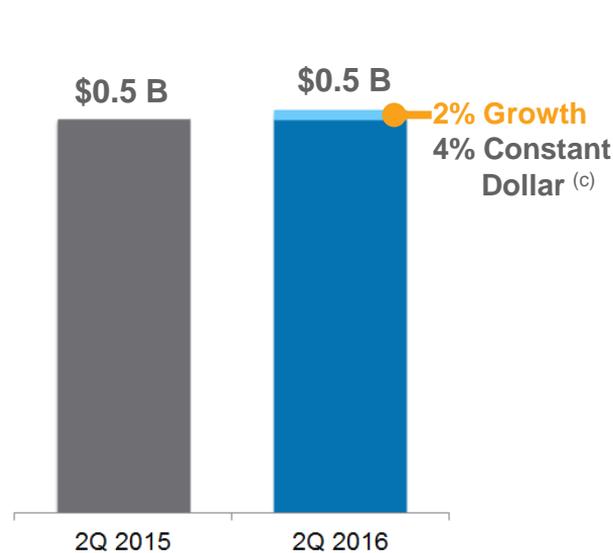


2Q Fiscal 2016 Financial Highlights

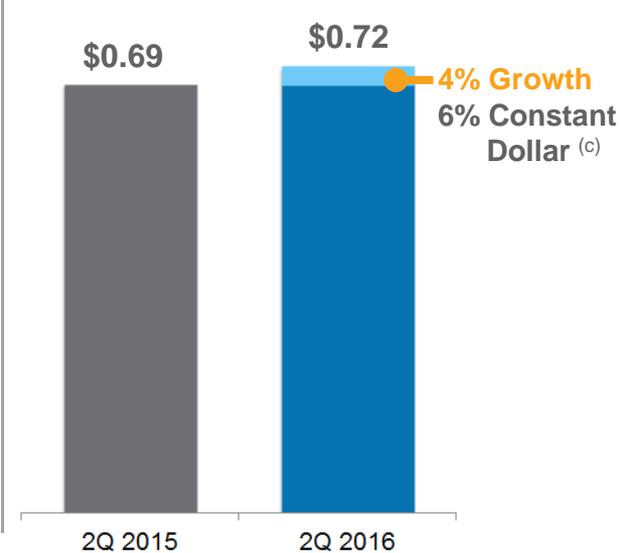
Total Revenues (unaudited)



Adjusted EBIT from Continuing Operations (unaudited) (a)(b)



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



- (a) "Adjusted" results exclude the impact of a gain on sale of a building. See appendix for reconciliation of non-GAAP financial measures to their comparable GAAP measures.
- (b) The 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 EBIT may differ from similarly titled measures used by other companies.
- (c) The presentation of growth rates on a constant dollar basis represent a non-GAAP measure and are calculated by restating current period results into U.S. dollars using the comparable prior period's exchange rates.

2Q Fiscal 2016 New Business Bookings and Segment Results



Worldwide New Business Bookings

- ↑ 15% representing annualized recurring revenues anticipated from new orders



Employer Services

- Revenues ↑ 3% Reported
↑ 6% Constant Dollar
- Client revenue retention
↓ 120 basis points
- U.S. pays per control ↑ 2.5%
- Average client funds balances
↑ 4% Reported
↑ 6% Constant Dollar
- Margin ↓ 30 basis points



PEO Services

- Revenues ↑ 18%
- Average worksite employees paid
↑ 14% to 403,000
- Margin ↑ 20 basis points

Fiscal 2016 Outlook



Revenues

↑ ~7% Growth

↑ ~9% Constant Dollar

- ES Revenue ↑ 4% - 5% Reported
↑ ~7% Constant Dollar
- PEO Revenue ↑ 16% - 18%



Margin Expansion

ADP Adjusted EBIT Margin

↑ ~ 50 basis points

- ES Margin ↑ ~75 basis points
- PEO Margin ↑ ~50 basis points



Adj. Diluted EPS

↑ 11% - 13% Growth

↑ 12% - 14% Constant Dollar



Worldwide New Business Bookings

↑ At least 12% growth compared to prior forecast of at least 10% growth



U.S. Pays per Control

↑ 2.0% - 3.0% compared to 3.0% increase in fiscal 2015



Adj. Effective Tax Rate

↑ Increase to 33.7% from 33.5% in fiscal 2015

Note: The fiscal 2016 outlook excludes the impact of the 1Q gain on sale of the AdvancedMD business and the 2Q gain on sale of a building.

Appendix



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Client Funds Portfolio Extended Investment Strategy

- Average Client Funds Balances ↑ 2% to 4% from \$21.8 billion in FY15; includes anticipated negative impact of two percentage points from unfavorable foreign currency translation
- Yield on the Client Funds Portfolio flat compared to 1.7% in FY15
- Client Funds Interest Revenue increase up to \$5 million from \$378 million in FY15, unchanged from the prior forecast
- Impact from Extended Investment Strategy about flat compared to \$419 million in FY15, unchanged from the prior forecast

	FY16 Forecast		
	Average Balance	Average Yield	Client Funds Interest
Client Short	~\$4.4B	~0.4%	~\$15M
Client Extended	9.1 – 9.2B	~1.7%	~150M
Client Long	8.8 - 8.9B	~2.4%	210 - 215M
Total Client Funds	\$22.3 - 22.5B	~1.7%	\$375 - 380M (a)
Corporate Extended Interest Income	~2.9B	~1.6%	~50M (b)
Borrowing Days Interest Expense	~2.9B	~0.3%	~(10)M
Net FY16 Impact From Client Funds Extended Investment Strategy			\$415 - 420M

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.

2Q Fiscal 2016 Financial Summary

(Continuing Operations)

	2Q FY16, Actual	2Q FY16, As Adjusted ^(a)	2Q FY16 YTD, Actual	2Q FY16 YTD, As Adjusted ^(b)
Revenues	↑6%	↑6%	↑6%	↑6%
Earnings Before Interest, Taxes (EBIT) ^(c)	↑5%	↑2%	↑9%	↑4%
<i>EBIT Margin^(c)</i>	↓20 bps	↓70 bps	↑50 bps	↓30 bps
Effective Tax Rate	↓60 bps	↓70 bps	↓70 bps	↓60 bps
Net Earnings	↑3%	-%	↑8%	↑3%
Avg. Diluted Shares Outstanding	↓4%	↓4%	↓4%	↓4%
Diluted EPS	↑7%	↑4%	↑12%	↑7%

(a) "As Adjusted" results exclude the impact of the gain on sale of a building. See reconciliation of non-GAAP financial measures to their comparable GAAP measures.

(b) "As Adjusted" results exclude the impact of the gain on sale of the AdvancedMD business and the gain on the sale of a building. See reconciliation of non-GAAP financial measures to their comparable GAAP measures.

(c) The 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 EBIT may differ from similarly titled measures used by other companies.

GAAP Reconciliations

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

	2Q FY16	2Q FY15	% Change	
			As Reported	Constant Dollar
Earnings before Income Taxes	\$507.9	\$498.8	2%	4%
Interest Expense	15.1	0.4		
Interest Income	(3.0)	(3.2)		
Earnings before Taxes, Interest (EBIT)	\$520.0	\$496.0		
Gain on Sale of Building	(13.9)	-		
Adjusted EBIT	\$506.1	\$496.0	2%	4%
Provision for Income Taxes	\$166.5	\$166.3	-%	2%
Tax Impact from Gain on Sale of Building	(5.3)	-		
Adjusted Provision for Income Taxes	\$161.2	\$166.3	(3)%	(1)%
Net Earnings	\$341.4	\$332.5	3%	4%
Gain on Sale of Building	(13.9)	-		
Tax Impact from Gain on Sale of Building	5.3	-		
Adjusted Net Earnings	\$332.8	\$332.5	-%	2%
Diluted EPS	\$0.74	\$0.69	7%	9%
Gain on Sale of Building	(0.02)	-		
Adjusted Diluted EPS	\$0.72	\$0.69	4%	6%

Note: The above table reconciles the Company's reported results to adjusted results that exclude certain interest amounts, the gain on the sale of AMD in the six months ended December 31, 2015, and the gain on sale of a building in the three and six months ended December 31, 2015. The Company uses certain adjusted results, among other measures, to evaluate our operating performance in the absence of certain items and for planning and forecasting of future periods. The Company believes that the 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 our ability to understand and assess our operating performance against prior periods. Since adjusted earnings from continuing operations before interest and income taxes ("adjusted EBIT"), adjusted provision for income taxes, adjusted net earnings from continuing operations, adjusted diluted earnings per share ("EPS") from continuing operations and adjusted EBIT margin are not measures of performance calculated in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"), they should not be considered in isolation from, or as a substitute for, earnings from continuing operations before income taxes, provision for income taxes, net earnings from continuing operations, and diluted EPS from continuing operations, and they may not be comparable to similarly titled measures used by other companies. The adjusted EBIT performance measure includes 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. The Company believes these amounts to be fundamental to the underlying operations of our business model.

GAAP Reconciliations

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

	2Q FY16 YTD	2Q FY15 YTD	% Change	
			As Reported	Constant Dollar
Earnings before Income Taxes	\$1,012.9	\$949.2	7%	9%
Interest Expense	18.1	0.8		
Interest Income	(5.0)	(5.4)		
Gain on Sale of Building	(13.9)	-		
Gain on Sale of Business	(29.1)	-		
Adjusted EBIT	\$983.0	\$944.6	4%	6%
Provision for Income Taxes	\$334.0	\$320.1	4%	6%
Tax Impact from Gain on Sale of Building	(5.3)	-		
Tax Impact from Gain on Sale of Business	(7.3)	-		
Adjusted Provision for Income Taxes	\$321.4	\$320.1	-%	2%
Net Earnings	\$678.9	\$629.1	8%	10%
Gain on Sale of Building	(13.9)	-		
Gain on Sale of Business	(29.1)	-		
Tax Impact from Gain on Sale of Building	5.3	-		
Tax Impact from Gain on Sale of Business	7.3	-		
Adjusted Net Earnings	\$648.5	\$629.1	3%	5%
Diluted EPS	\$1.47	\$1.31	12%	14%
Gain on Sale of Building	(0.02)	-		
Gain on Sale of Business	(0.05)	-		
Adjusted Diluted EPS	\$1.40	\$1.31	7%	9%

Note: The above table reconciles the Company's reported results to adjusted results that exclude certain interest amounts, the gain on the sale of AMD in the six months ended December 31, 2015, and the gain on sale of a building in the three and six months ended December 31, 2015. The Company uses certain adjusted results, among other measures, to evaluate our operating performance in the absence of certain items and for planning and forecasting of future periods. The Company believes that the 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 our ability to understand and assess our operating performance against prior periods. Since adjusted earnings from continuing operations before interest and income taxes ("adjusted EBIT"), adjusted provision for income taxes, adjusted net earnings from continuing operations, adjusted diluted earnings per share ("EPS") from continuing operations and adjusted EBIT margin are not measures of performance calculated in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"), they should not be considered in isolation from, or as a substitute for, earnings from continuing operations before income taxes, provision for income taxes, net earnings from continuing operations, and diluted EPS from continuing operations, and they may not be comparable to similarly titled measures used by other companies. The adjusted EBIT performance measure includes 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. The Company believes these amounts to be fundamental to the underlying operations of our business model.

ADP Guidance History

	2/3/16 Forecast	10/28/15 Forecast	7/30/15 Forecast
Total ADP			
Revenues	↑ ~7% Reported ↑ ~9% Constant Dollar	↑ 7% - 8% Reported ↑ 8% - 9% Constant Dollar	↑ 7% - 9% Reported
Adjusted EBIT Margin ^(a)	↑ ~50 bps	↑ ~50 bps	↑ ~50 bps (Pretax Margin)
Effective Tax Rate	↑ Increase to 33.7% from 33.5%	↑ Increase to 33.7% from 33.5%	↑ Increase to 33.7% from 33.5%
Adjusted Diluted EPS from Cont. Ops. ^(a)	↑ 11% - 13% Reported ↑ 12% - 14% Constant Dollar	↑ 12% - 14% Reported ↑ 13% - 15% Constant Dollar	↑ 12% - 14%
Employer Services (ES)			
Revenues	↑ 4% - 5% Reported ↑ ~7% Constant Dollar	↑ 5% - 6% Reported ↑ 6% - 7% Constant Dollar	↑ 5% - 6% Reported
Margin	↑ ~75 bps	↑ ~100 bps	↑ ~100 bps
Pays per Control	↑ 2.0% - 3.0%	↑ 2.0% - 3.0%	↑ 2.0% - 3.0%
PEO Services			
Revenues	↑ 16% - 18%	↑ 15% - 17%	↑ 15% - 17%
Margin	↑ ~50 bps	↑ ~50 bps	↑ ~50 bps
Worldwide New Business Bookings	↑ At least 12%	↑ At least 10%	↑ 8% - 10%

(a) "Adjusted" results exclude the impact of the gain on sale of the AdvancedMD business and the gain on the sale of a building.