



3Q Fiscal 2016 ADP Earnings Call & Webcast

April 28, 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.

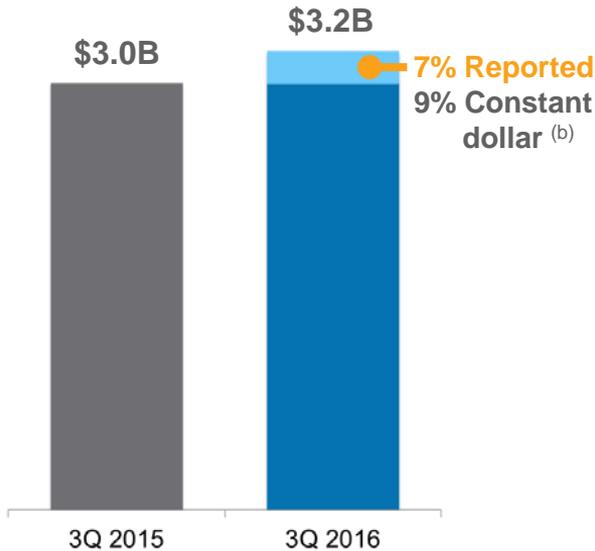
CEO's Perspective

- Ongoing strong demand for ADP's solutions across the HCM portfolio
- Delivered nearly 10 million Form 1095-Cs
- Continued expansion of global capabilities
- Client service actions beginning to have positive impact

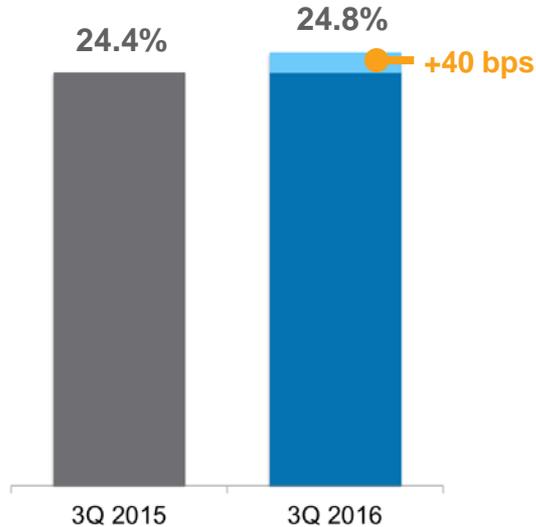


3Q Fiscal 2016 Financial Highlights

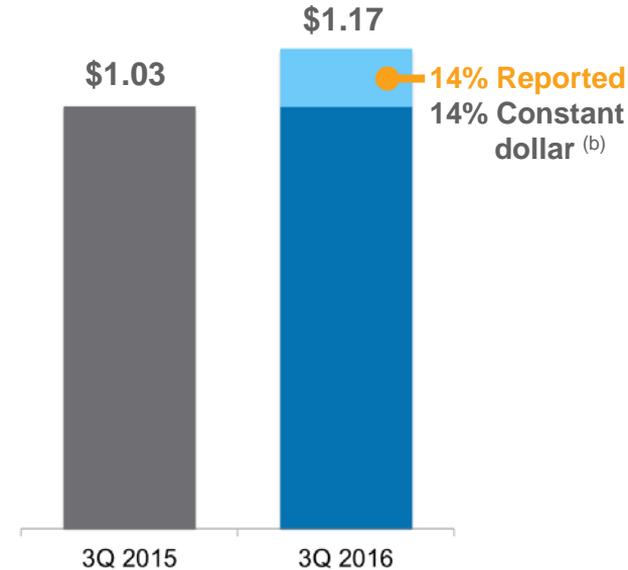
Total Revenues (unaudited)



EBIT Margin from Continuing Operations (unaudited) ^(a)



Diluted EPS from Continuing Operations (unaudited)



(a) 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.

(b) 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.

3Q Fiscal 2016 New Business Bookings and Segment Results



Worldwide New Business Bookings

- ↑ 13% representing annualized recurring revenues anticipated from new orders



Employer Services

- Revenues ↑ 5% Reported
↑ 7% Constant dollar
- Client revenue retention
↓ 30 basis points
- U.S. pays per control ↑ 2.5%
- Average client funds balances
↑ 2% Reported
↑ 3% Constant dollar
- Margin ↓ 40 basis points



PEO Services

- Revenues ↑ 16%
- Average worksite employees paid
↑ 14% to 422,000
- Margin ↑ 50 basis points

Fiscal 2016 Outlook



Revenues

↑ ~7% Reported

↑ ~9% Constant dollar

- ES Revenue ↑ 4% - 5% Reported
 ↑ ~7% Constant dollar
- PEO Revenue ↑ ~17%



Margin Expansion

Adj. EBIT Margin

↑ ~ 50 basis points

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



Adj. Diluted EPS

↑ ~12% Reported

↑ ~13% Constant dollar



Worldwide New Business Bookings

↑ At least 12% growth compared to \$1.6 billion sold in 2015



U.S. Pays per Control

↑ ~2.5% compared to 3.0% increase in fiscal 2015



Adj. Effective Tax Rate

↓ Decrease to 33.3% 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 ↑ ~3% from \$21.8 billion in FY15, ↑ ~4% on a constant dollar basis
- Yield on the Client Funds Portfolio flat compared to 1.7% in FY15
- Client Funds Interest Revenue about flat from \$378 million in FY15, compared to an increase of up to \$5 million 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	~0.3%	~\$15M
Client Extended	~9.2B	~1.6%	145 - 150M
Client Long	~8.8B	~2.4%	~215M
Total Client Funds	~\$22.4B	~1.7%	\$375 - 380M (a)
Corporate Extended Interest Income	~3.0B	~1.6%	~50M (b)
Borrowing Days Interest Expense	~3.0B	~0.3%	~(10)M
FY16 Net 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.

3Q Fiscal 2016 GAAP Reconciliations

(Continuing Operations, \$ in millions)

	3Q FY16	3Q FY15	% Change	
			As Reported	Constant Dollar
Earnings before Income Taxes	\$794.8	\$739.9	7%	8%
Adjustments:				
Interest Expense	14.9	0.3		
Interest Income	(4.1)	(2.7)		
Earnings before Taxes, Interest (EBIT)	\$805.6	\$737.5	9%	10%
<i>EBIT Margin</i>	<i>24.8%</i>	<i>24.4%</i>		

Note: The above table reconciles the Company's reported results to earnings from continuing operations before interest and income taxes ("EBIT"), which excludes certain interest amounts. The 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

	4/28/16 Forecast	2/3/16 Forecast	10/28/15 Forecast	7/30/15 Forecast
Total ADP				
Revenues	↑ ~7% Reported ↑ ~9% Constant dollar	↑ ~7% Reported ↑ ~9% Constant dollar	↑ 7% - 8% Reported ↑ 8% - 9% Constant dollar	↑ 7% - 9% Reported
Adj. EBIT Margin ^(a)	↑ ~50 bps	↑ ~50 bps	↑ ~50 bps	↑ ~50 bps (Pretax Margin)
Effective Tax Rate	↓ Decrease to 33.3% from 33.5%	↑ Increase to 33.7% from 33.5%	↑ Increase to 33.7% from 33.5%	↑ Increase to 33.7% from 33.5%
Adj. Diluted EPS from Cont. Ops. ^(a)	↑ ~12% Reported ↑ ~13% Constant dollar	↑ 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	↑ 4% - 5% Reported ↑ ~7% Constant dollar	↑ 5% - 6% Reported ↑ 6% - 7% Constant dollar	↑ 5% - 6% Reported
Margin	↑ ~50 bps	↑ ~75 bps	↑ ~100 bps	↑ ~100 bps
Pays per Control	↑ ~2.5%	↑ 2.0% - 3.0%	↑ 2.0% - 3.0%	↑ 2.0% - 3.0%
PEO Services				
Revenues	↑ ~17%	↑ 16% - 18%	↑ 15% - 17%	↑ 15% - 17%
Margin	↑ Up to 75 bps	↑ ~50 bps	↑ ~50 bps	↑ ~50 bps
Worldwide New Business Bookings				
	↑ At least 12%	↑ 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.