ADP Earnings Call & Webcast Q2 Fiscal 2021

January 27, 2021

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” “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; the adequacy, effectiveness and success of our business transformation initiatives; and the impact of and uncertainties related to major natural disasters or catastrophic events, including the COVID-19 pandemic. 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, and organic constant currency are all non-GAAP financial measures. Please refer to the Q2 fiscal 2021 earnings release 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.

This presentation is a supplement to our Q2 fiscal 2021 earnings release; it is intended to be read in conjunction with, not as a substitute for, or in isolation from, the earnings release.

CEO's Perspective

- Strong Q2 FY21 results driven by revenue and margin outperformance versus expectations
- Continued sequential employment improvement with reduced quarterly declines in U.S. Pays Per Control
- Q2 ES New Business Bookings performance in-line with expectations
  - Total sales in 1H21 nearly flat YoY
  - Raising full year outlook on growing confidence
- Record Q2 retention across both ES and PEO segments supported by continued record NPS levels
- Client base continuing to expand across all key strategic platforms, reaching all-time highs for RUN, Workforce Now, Vantage, GlobalView, and Next Gen HCM

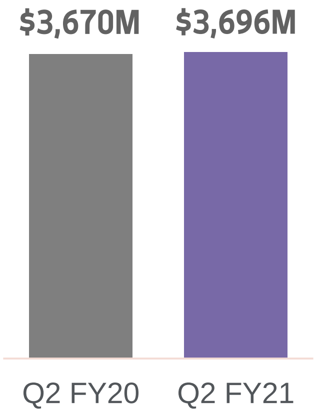
(a) For a reconciliation of these non-GAAP financial metrics to their closest comparable GAAP metrics see our Q2 fiscal 2021 earnings release available at investors.adp.com.

Q2 Fiscal 2021 Financial Highlights
(unaudited)

Total Revenues

↑ 1%

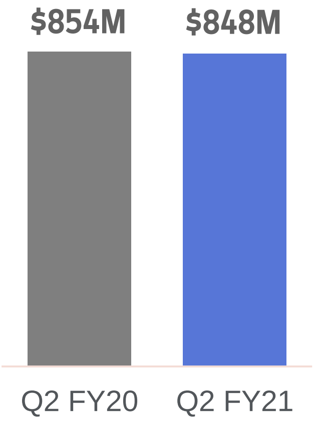
Flat Organic Constant Currency (a)



Adjusted EBIT [a]

↓ 1%

Adjusted EBIT (a) Margin ↓ 30 bps



Adjusted Diluted EPS [a]

Flat

(a) For a reconciliation of these non-GAAP financial metrics to their closest comparable GAAP metrics see our Q2 fiscal 2021 earnings release available at investors.adp.com.

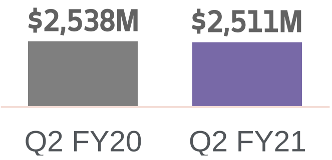
Q2 Fiscal 2021 Employer Services Segment Results

(unaudited)

ES Revenues

↓1%

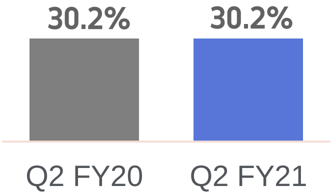
↓2% Organic Constant Currency [a]



- ES New Business Bookings ↓ 7%
- U.S. Pays Per Control ↓ 6%
- Average client funds balances flat
- Average client funds yield ↓ 50 bps

ES Margin

Flat



- Resilient revenue performance
- Continued focus on cost control
- Execution of transformation initiatives

Q2 Highlights

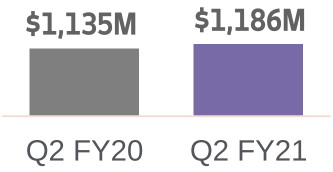
- Record Q2 retention, slightly better-than-expected PPC support revenue upside to expectations
- ES New Business Bookings in-line with expectations
- Client funds balances stronger than expectations; low interest rates remain significant drag
- Efficiency, headcount control, and transformation efforts offsetting impact of modestly lower revenue and ongoing growth investment

(a) For a reconciliation of this non-GAAP financial metric to its closest comparable GAAP metric see our Q2 fiscal 2021 earnings release available at investors.adp.com.

Q2 Fiscal 2021 PEO Services Segment Results
(unaudited)

PEO Revenues

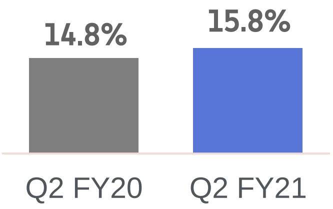
↑ 5%



- Revenues excluding zero-margin benefits pass-throughs ↑ 2%
- Average Worksite Employees paid ↓ 2% to 571,000

PEO Margin

↑ 100 bps



- Continued focus on cost control

Q2 Highlights

- Better-than-expected revenue and WSE performance in the quarter
- Revenues benefiting from both stronger-than-expected retention and wage growth
- Same-store pays performance remains down mid-single digits, in line with expectations
- NPS continues upward trend to new record level

Updated Macroeconomic Assumptions for Fiscal 2021

Macro Driver	Prior	Current
Pays Per Control	Negative through Q3, positive in Q4; (4) to (3)% average for full year	Unchanged
Out-of-Business	Elevated losses in Q2 and Q3	Limited effects from out-of-business losses over rest of year; retention to increase
Client Funds Balances and Interest	Balance decline of (3) to (1)% Average yield of 1.6%	Balance change of (1) to +1% Average yield of 1.6%

Fiscal 2021 Outlook

		Fiscal 2020 (unaudited)	July 29, 2020 Fiscal 2021 Outlook[a]	October 28, 2020 Fiscal 2021 Outlook[a]	January 27, 2021 Fiscal 2021 Outlook[a]
Total ADP	Revenues	$14,590M	(4) to (1)%	(1) to 1%	1 to 3%
	Adj. EBIT Margin[b]	23.0%	~(300) bps	(150) to (100) bps	(100) to (50) bps
	Adj. Effective Tax Rate[b]	22.6%	23.1%	23.1%	23.0%
	Adj. Diluted EPS[b]	$5.92	(18) to (13)%	(7) to (3)%	(2) to 2%
Employer Services	Revenues	$10,087M	(5) to (3)%	(2)% to flat	Flat to 2%
	Margin	30.3%	~(300) bps	(150) to (100) bps	(100) to (50) bps
	ES New Business Bookings	$1.2B	Flat to 10%	10 to 20%	15 to 25%
	Client Revenue Retention	90.5%	(100) to (50) bps	(50) bps to flat	~100 bps
	U. S. Pays Per Control	(1.0)%	(4) to (3)%	(4) to (3)%	(4) to (3)%
PEO Services	Revenues	$4,511M	(2) to 2%	Flat to 3%	3 to 5%
	Revenues Ex Zero-Margin Pass-throughs	$1,604M	(4) to (1)%	(1) to 1%	3 to 5%
	Margin	13.5%	~(100) bps	(50) bps to flat	50 to 100 bps
	Average WSEs	571,000	(3)% to flat	(1) to 1%	Flat to 2%
Client Funds Interest	Average Client Funds Balances	$26.0B	(8) to (6)%	(3) to (1)%	(1) to 1%
	Yield on Client Funds Portfolio	2.1%	(50) bps, to 1.6%	(50) bps, to 1.6%	(50) bps, to 1.6%
	Client Funds Interest Revenue	$545M	$390 to $400M	$400 to $410M	$405 to $415M
	Extended Investment Strategy	$561M	$430 to $440M	$435 to $445M	$440 to $450M

(a) Outlook contemplates the anticipated impact of foreign currency in revenue and operating results.
(b) For a reconciliation of these non-GAAP financial metrics to their closest comparable GAAP metrics see our Q2 fiscal 2021 earnings release available at investors.adp.com.

Appendix: Client Funds Investment Strategy Detail

	Fiscal 2021 Outlook		
	Average Balance ($)	**Average Yield**	**Interest ($)**
Client Short	6.0 – 6.1B	~0.1%	~5M
Client Extended	10.8 – 11.0B	1.7 – 1.8%	185 – 190M
Client Long	9.2 – 9.4B	2.3 – 2.4%	215 – 220M
Total Client Funds (a)	**26.0 – 26.5B**	**~1.6%**	**405 – 415M**
Corporate Extended Interest Income (b)	~2.1B	~1.7%	~40M
Borrowing Days Interest Expense	~2.1B	~0.1%	~(5)M
Net Impact From Client Funds Extended Investment Strategy			**440 – 450M**

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.