ADP Earnings Call & Webcast
Q3 Fiscal 2024

May 1, 2024

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 “outlook,” “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; our ability to respond successfully to changes in technology, including artificial intelligence; 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 and inflation; 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; availability of skilled associates; the impact of new acquisitions and divestitures; the adequacy, effectiveness and success of our business transformation initiatives; the impact of any uncertainties related to major natural disasters or catastrophic events; and supply-chain disruptions. 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 Q3 fiscal 2024 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 closest comparable GAAP financial measures.

This presentation is a supplement to our Q3 fiscal 2024 earnings release; it is intended to be read in conjunction with, not as a substitute for, or in isolation from, the earnings release.

Highlights and Perspectives

Strong Q3 financial and operating performance:

- 7% revenue growth and 14% adjusted diluted EPS[1] growth
- Solid ES new business bookings growth
- Record ES retention and client satisfaction for a Q3

Progress on strategic priorities:

- **HCM Technology** – Continued the rollout of *ADP Assist*
- **Expertise & Outsourcing** – Piloted new GenAI initiative designed to further automate implementation processes
- **Global Scale** – Aligned *ADP Marketplace* partners with ADP's responsible AI principles; cont'd progress in APAC

Growing client partnerships:

- New clients demonstrate broad-based value proposition

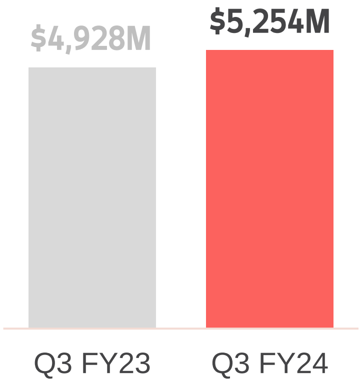
1. For a reconciliation of this non-GAAP financial metric to its closest comparable GAAP metric see our Q3 fiscal 2024 earnings release available at investors.adp.com.

Q3 Fiscal 2024 Financial Highlights
(unaudited)

Total Revenues

↑ 7%

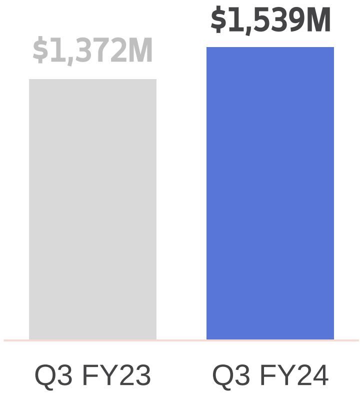
↑ 6% Organic Constant Currency[1]



Adjusted EBIT[1]

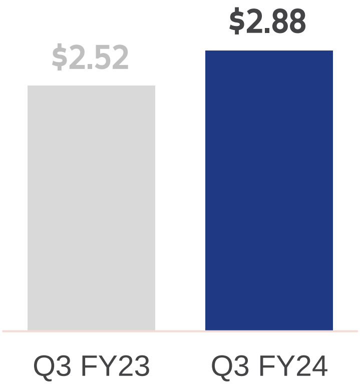
↑ 12%

Adjusted EBIT[1] Margin ↑ 140 bps



Adjusted Diluted EPS[1]

↑ 14%



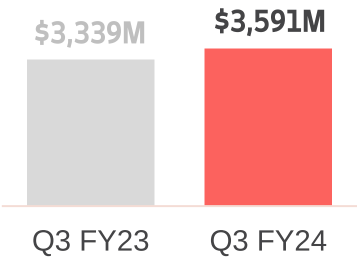
1. For a reconciliation of these non-GAAP financial metrics to their closest comparable GAAP metrics see our Q3 fiscal 2024 earnings release available at investors.adp.com.

Q3 Fiscal 2024 Employer Services Segment Results
(unaudited)

ES Revenues

↑ 8%

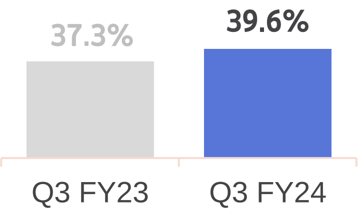
↑ 7% Organic Constant Currency[1]



- U.S. pays per control ↑ 2%
- Average client funds balances ↑ 6%
- Average client funds yield of 3.1%, up from 2.5% in prior year

ES Margin

↑ 230 bps



- Margin expansion driven by operating leverage and growth in client funds interest revenue

Q3 ES Highlights

- Strong revenue growth supported by solid new business bookings, better-than-expected retention, consistent pays per control growth, and an increase in client funds interest revenue

FY24 ES Outlook

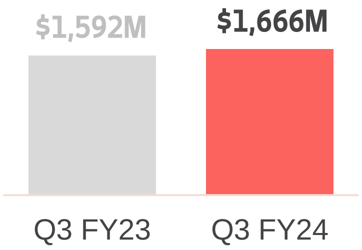
	January 31, 2024	May 1, 2024
Revenues	7 to 8%	7 to 8%
Margin	150 to 160 bps	180 to 190 bps
ES New Business Bookings	4 to 7%	4 to 7%
Client Revenue Retention	(60) to (40) bps	(30) to (20) bps
U.S. Pays Per Control	1 to 2%	~2%

1. For a reconciliation of this non-GAAP financial metric to its closest comparable GAAP metric see our Q3 fiscal 2024 earnings release available at investors.adp.com.

Q3 Fiscal 2024 PEO Services Segment Results
(unaudited)

PEO Revenues

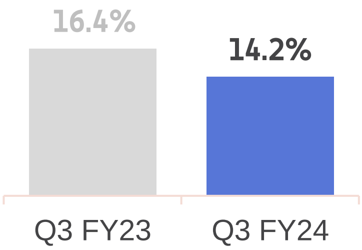
↑ 5%



- Revenues excluding zero-margin benefits pass-throughs ↑ 2%
- Average worksite employees (WSEs) ↑ 3% to 732,000

PEO Margin

↓ 220 bps



- Margin decline reflected a lower workers' compensation reserve release and a greater percentage of zero-margin benefits pass-through revenue versus prior year

Q3 PEO Highlights

- Growth in revenue and WSEs accelerated in line with expectations
- PEO pays per control growth decelerated slightly from the prior quarter

FY24 PEO Outlook

	January 31, 2024	May 1, 2024
Revenues	3 to 4%	3 to 4%
Revenues Ex ZMPT	2 to 4%	2 to 4%
Margin	(100) to (80) bps	(140) to (120) bps
Average WSEs	2 to 3%	2 to 3%

Fiscal 2024 Outlook

		Fiscal 2023 (unaudited)	July 26, 2023 Fiscal 2024 Outlook[1]	October 25, 2023 Fiscal 2024 Outlook[1]	January 31, 2024 Fiscal 2024 Outlook[1]	May 1, 2024 Fiscal 2024 Outlook[1]
Total ADP	Revenues	$18,012M	6 to 7%	6 to 7%	6 to 7%	6 to 7%
	Adj. EBIT Margin[2]	24.8%	60 to 80 bps	60 to 80 bps	60 to 70 bps	60 to 70 bps
	Adj. Effective Tax Rate[2]	23.1%	~23%	~23%	~23%	~23%
	Adj. Diluted EPS[2]	$8.23	10 to 12%	10 to 12%	10 to 12%	10 to 12%
Employer Services	Revenues	$12,043M	7 to 8%	7 to 8%	7 to 8%	7 to 8%
	Margin	33.0%	130 to 150 bps	150 to 170 bps	150 to 160 bps	180 to 190 bps
	ES New Business Bookings	$1.9B	4 to 7%	4 to 7%	4 to 7%	4 to 7%
	Client Revenue Retention	92.2%	(70) to (50) bps	(70) to (50) bps	(60) to (40) bps	(30) to (20) bps
	U.S. Pays Per Control	5%	1 to 2%	1 to 2%	1 to 2%	~2%
PEO Services	Revenues	$5,984M	3 to 5%	3 to 4%	3 to 4%	3 to 4%
	Revenues Ex Zero-Margin Pass-throughs	$2,183M	3 to 5%	2 to 4%	2 to 4%	2 to 4%
	Margin	16.3%	(40) to (20) bps	(100) to (50) bps	(100) to (80) bps	(140) to (120) bps
	Average WSEs	712,000	3 to 4%	2 to 3%	2 to 3%	2 to 3%
Client Funds Interest	Average Client Funds Balances	$34.1B	2 to 3%	2 to 3%	2 to 3%	~3%
	Yield on Client Funds Portfolio	2.4%	~2.8%	~2.9%	~2.8%	~2.9%
	Client Funds Interest Revenue	$813M	$955 to $975M	$990 to $1,010M	$985 to $995M	$1,000 to $1,010M
	Net Impact from Client Funds Extended Strategy	$730M	$815 to $835M	$850 to $870M	$835 to $845M	$850 to $860M

1. Outlook contemplates the anticipated impact of foreign currency in revenue and operating results.
2. For a reconciliation of these non-GAAP financial metrics to their closest comparable GAAP metrics see our Q3 fiscal 2024 earnings release available at investors.adp.com.

Appendix: Client Funds Investment Strategy Detail

	Average Balances ($)		Average Rates		Interest Income / (Expense) ($)	
	Fiscal 2023 (unaudited)	**May 1, 2024 Fiscal 2024 Outlook**	**Fiscal 2023** (unaudited)	**May 1, 2024 Fiscal 2024 Outlook**	**Fiscal 2023** (unaudited)	**May 1, 2024 Fiscal 2024 Outlook**
Client Short	6.9B	~7.2B	4.0%	~5.0%	258M	350 – 355M
Client Extended	15.4B	~15.5B	1.8%	~2.1%	273M	~320M
Client Long	11.8B	~12.4B	2.4%	~2.7%	283M	330 – 335M
Funds Held for Clients[1]	**34.1B**	**~35.1B**	**2.4%**	**~2.9%**	**813M**	**1,000 – 1,010M**
Corporate Extended Interest Income[2]	4.7B	~5.4B	2.1%	~2.7%	99M	~145M
Short-term Financing to Support Client Funds Extended Strategy	4.7B	~5.4B	3.9%	~5.4%	(182)M	~(295)M
Net Impact from Client Funds Extended Strategy					**730M**	**850 – 860M**

Interest on the Extended Portfolio flows into two separate sections of the Statements of Consolidated Earnings.

1. Reported as Interest on Funds Held for Clients in the revenue section of the Statements of Consolidated Earnings.
2. A component of Interest Income on Corporate Funds, reported within Other Income, net, on the Statements of Consolidated Earnings.