

ADP Earnings Call & Webcast Q4 Fiscal 2025

July 30, 2025



Always Designing
for People®

DISCLAIMERS

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 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 Q4 fiscal 2025 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 Q4 fiscal 2025 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 FY25 FINANCIAL AND OPERATING PERFORMANCE:

- 7% revenue growth, 50 basis points of Adj. EBIT¹ margin expansion, and 9% adjusted diluted EPS¹ growth
- 3% ES new business bookings growth and better-than-expected ES retention of 92.1%
- Company-wide client satisfaction scores reached new record highs
- PEO new business bookings growth accelerated compared to prior year

STRATEGIC PRIORITY PROGRESS IN FY25:

- Launched ADP Lyric HCM, an all-in-one HCM solution
- Continued the rollout of ADP Assist across strategic platforms
- Enabled sales, service, and technology associates with latest AI tools
- Enhanced global payroll capabilities
- Expanded embedded payroll offering to enhance small business distribution ecosystem
- Acquired Workforce Software, a premier workforce management solutions provider

1. For a reconciliation of these non-GAAP financial metrics to their closest comparable GAAP metrics see our Q4 fiscal 2025 earnings release available at investors.adp.com.



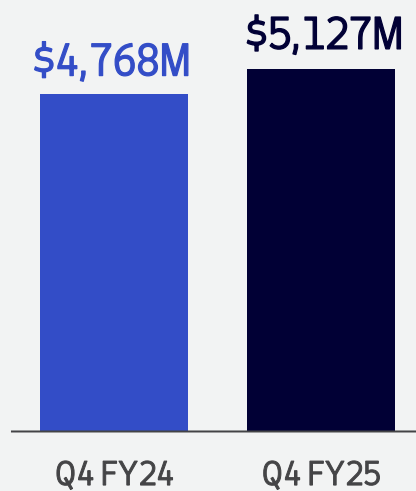
Q4 FISCAL 2025 FINANCIAL HIGHLIGHTS

(Unaudited)

TOTAL REVENUES

↑ 8%

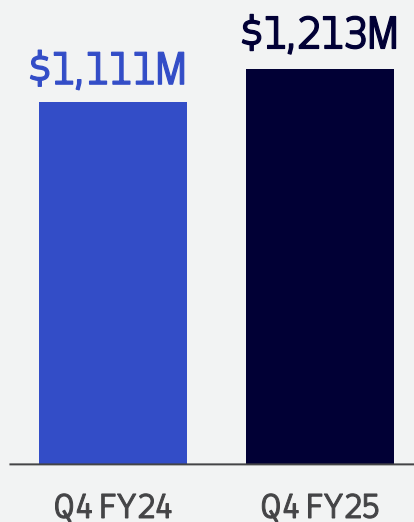
↑ 6% Organic Constant Currency¹



ADJUSTED EBIT¹

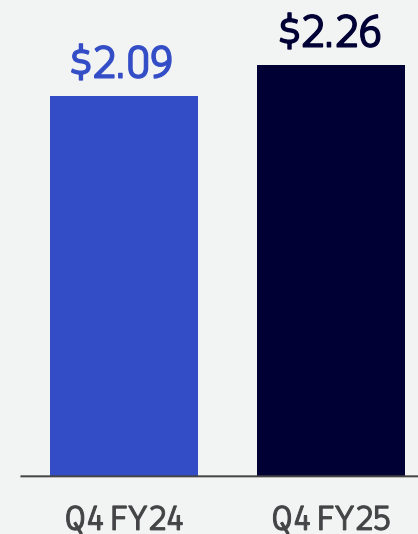
↑ 9%

Adjusted EBIT¹ Margin ↑ 40 bps



ADJUSTED DILUTED EPS¹

↑ 8%



1. For a reconciliation of these non-GAAP financial metrics to their closest comparable GAAP metrics see our Q4 fiscal 2025 earnings release available at investors.adp.com.

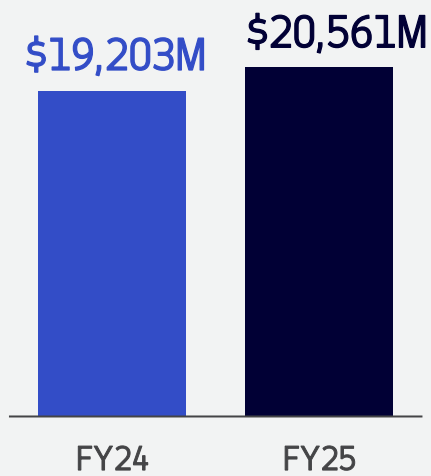
FISCAL 2025 FINANCIAL HIGHLIGHTS

(Unaudited)

TOTAL REVENUES

↑ 7%

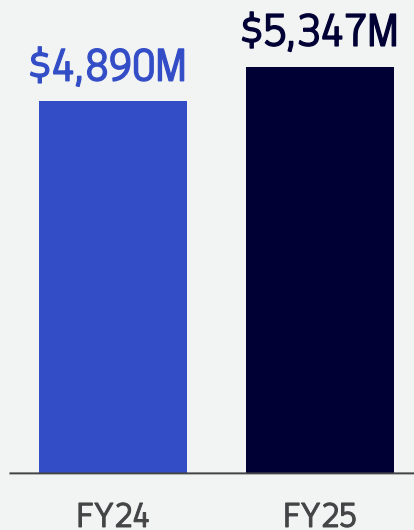
↑ 7% Organic Constant Currency¹



ADJUSTED EBIT¹

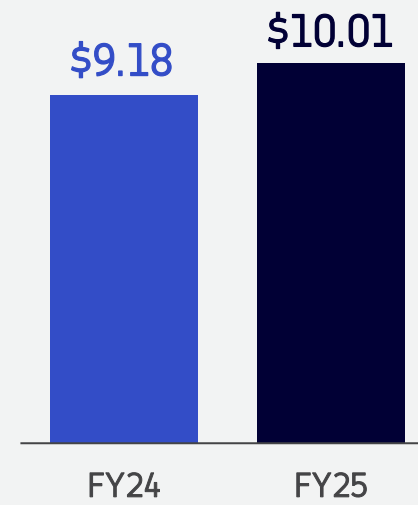
↑ 9%

Adjusted EBIT¹ Margin ↑ 50 bps



ADJUSTED DILUTED EPS¹

↑ 9%



1. For a reconciliation of these non-GAAP financial metrics to their closest comparable GAAP metrics see our Q4 fiscal 2025 earnings release available at investors.adp.com.

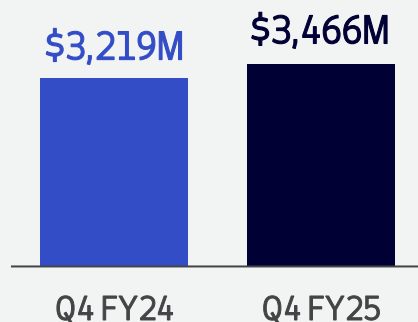
Q4 FISCAL 2025 EMPLOYER SERVICES SEGMENT RESULTS

(Unaudited)

ES REVENUES

↑ 8%

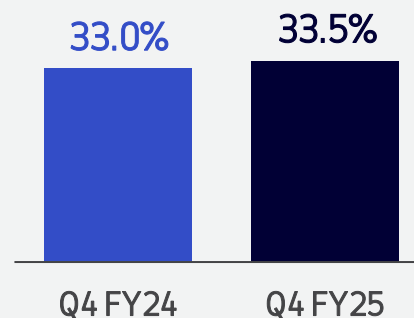
↑ 6% Organic Constant Currency¹



- U.S. pays per control ↑ 1%
- Average client funds balances ↑ 6%
- Average client funds yield of 3.2%, up from 3.1% in prior year

ES MARGIN

↑ 50 bps



- Margin expansion driven by continued client funds interest revenue growth

Q4 ES HIGHLIGHTS

- Strong revenue growth supported by better-than-anticipated retention and continued client funds interest revenue growth

FY25 ES HIGHLIGHTS

- 7% revenue growth, 6% organic constant currency¹ revenue growth, and 100 basis point margin expansion
- 3% ES new business bookings growth
- ES retention rate of 92.1%

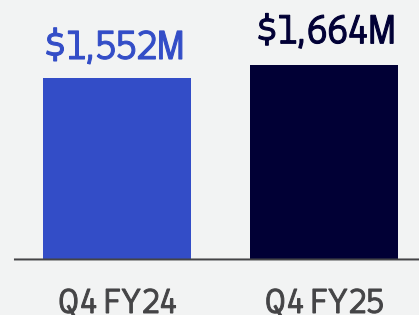
1. For a reconciliation of these non-GAAP financial metrics to their closest comparable GAAP metrics see our Q4 fiscal 2025 earnings release available at investors.adp.com.

Q4 FISCAL 2025 PEO SERVICES SEGMENT RESULTS

(Unaudited)

PEO REVENUES

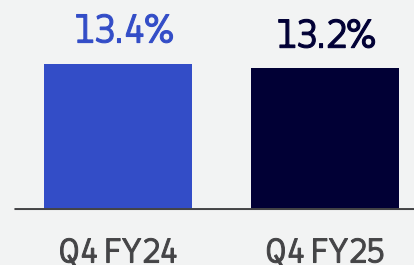
↑ 7%



- Revenues excluding zero-margin benefits pass-throughs ↑ 5%
- Average worksite employees (WSEs) ↑ 3% to 761,000

PEO MARGIN

↓ 20 bps



- Margin decline stemmed from higher zero-margin benefits pass-through revenue growth and an increase in state unemployment insurance costs

Q4 PEO HIGHLIGHTS

- Strong PEO new business bookings growth produced a record sales quarter
- PEO pays per control growth remained stable

FY25 PEO HIGHLIGHTS

- 7% revenue growth, 3% average WSE growth, and 60 basis points margin decline
- PEO new business bookings growth accelerated compared to prior year

FISCAL 2026 OUTLOOK

		Fiscal 2025 (unaudited)	July 30, 2025 Fiscal 2026 Outlook ¹
Total ADP	Revenues	\$20,561M	5 to 6%
	Adj. EBIT Margin ²	26.0%	50 to 70 bps
	Adj. Effective Tax Rate ²	23.2%	~23%
	Adj. Diluted EPS ²	\$10.01	8 to 10%
Employer Services	Revenues	\$13,883M	5 to 6%
	ES New Business Bookings	\$2.1B	4 to 7%
	Client Revenue Retention	92.1%	(30) to (10) bps
	U.S. Pays Per Control	1%	0 to 1%
PEO Services	Revenues	\$6,690M	5 to 7%
	Revenues Ex Zero-Margin Pass-throughs	\$2,401M	3 to 5%
	Average WSEs	748,000	2 to 3%
Client Funds Interest	Average Client Funds Balances	\$37.6B	2 to 3%
	Yield on Client Funds Portfolio	3.2%	~3.4%
	Client Funds Interest Revenue	\$1,189M	\$1,290 to \$1,310M
	Net Impact from Client Funds Extended Strategy	\$1,073M	\$1,250 to \$1,270M

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 Q4 fiscal 2025 earnings release available at investors.adp.com.

APPENDIX: CLIENT FUNDS INVESTMENT STRATEGY DETAIL

	Average Balances (\$)		Average Rates		Interest Income / (Expense) (\$)	
	Fiscal 2025 (unaudited)	July 30, 2025 Fiscal 2026 Outlook ¹	Fiscal 2025 (unaudited)	July 30, 2025 Fiscal 2026 Outlook ¹	Fiscal 2025 (unaudited)	July 30, 2025 Fiscal 2026 Outlook ¹
Client Short	8.5B	8.3 – 8.4B	4.2%	~3.5%	355M	285 – 290M
Client Extended	15.5B	16.0 – 16.2B	2.7%	~3.5%	411M	550 – 560M
Client Long	13.6B	14.0 – 14.2B	3.1%	~3.3%	423M	455 – 460M
Funds Held for Clients¹	37.6B	38.3 – 38.8B	3.2%	~3.4%	1,189M	1,290 – 1,310M
Corporate Extended Interest Income ²	7.0B	~7.9B	3.2%	~3.6%	225M	~280M
Short-term Financing to Support Client Funds Extended Strategy	7.0B	~7.9B	4.8%	~4.0%	(341)M	~(320)M
Net Impact from Client Funds Extended Strategy					1,073M	1,250 – 1,270M

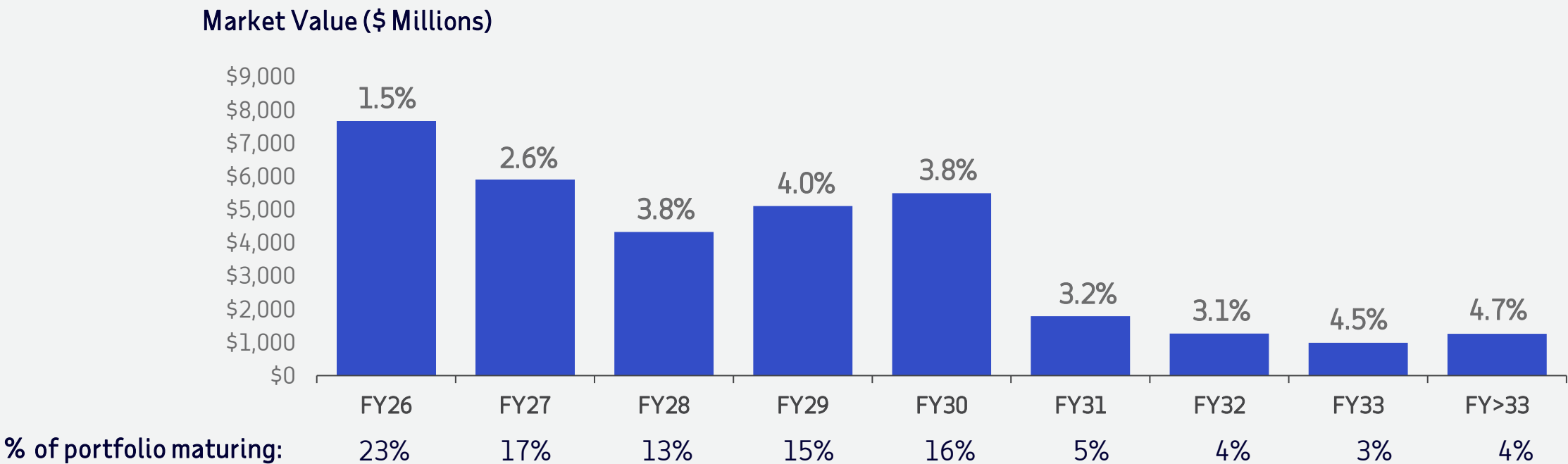
Interest on the Extended Portfolio flows into two separate sections of the Statements of Consolidated Earnings.

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.

APPENDIX: CLIENT FUNDS PORTFOLIO MATURITIES

Client Funds Investment Strategy Portfolio¹ at June 30, 2025
Available for Sale Securities Maturities and Book Yields



1. Chart represents maturities for Client Long and Client Extended portfolios.