

# ADP Earnings Call & Webcast Q2 Fiscal 2026

January 28, 2026



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## 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 Q2 fiscal 2026 earnings release available at [investors.adp.com](https://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 Q2 fiscal 2026 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 Q2 FINANCIAL AND OPERATING PERFORMANCE:

- 6% revenue growth and 11% adjusted diluted EPS<sup>1</sup> growth
- Solid and broad-based new business bookings growth
- Company-wide client satisfaction scores reached new all-time high

## STRATEGIC PROGRESS:

- Continued new business momentum for Workforce Now Next Gen and ADP Lyric HCM
- Launched the ADP WorkForce Suite, our integrated workforce management solution, across our leading payroll and HCM platforms
- Embedded CashFlow Central into RUN Powered by ADP
- Introduced Pooled Employer Plan in Retirement Services business
- Enhanced ADP Assist with additional persona-based AI agents

1. For a reconciliation of this non-GAAP financial metric to its closest comparable GAAP metric see our Q2 fiscal 2026 earnings release available at [investors.adp.com](https://investors.adp.com).



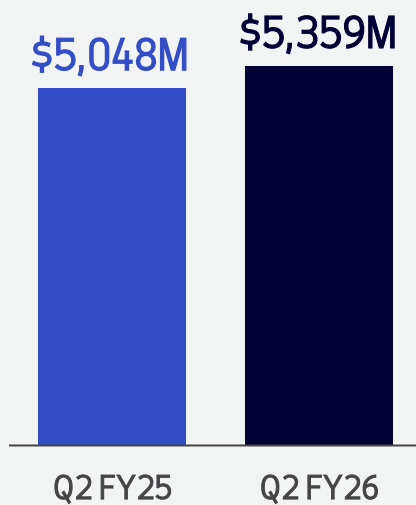
# Q2 FISCAL 2026 FINANCIAL HIGHLIGHTS

(Unaudited)

## TOTAL REVENUES

↑ 6%

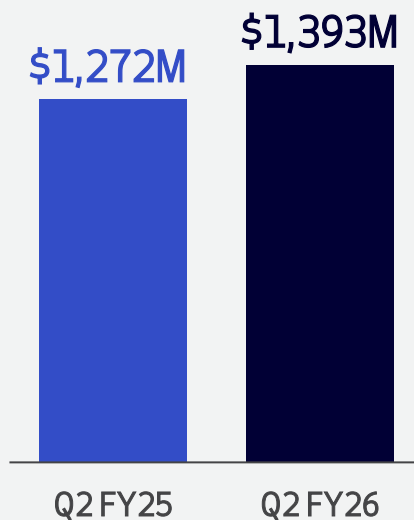
↑ 5% Organic Constant Currency<sup>1</sup>



## ADJUSTED EBIT<sup>1</sup>

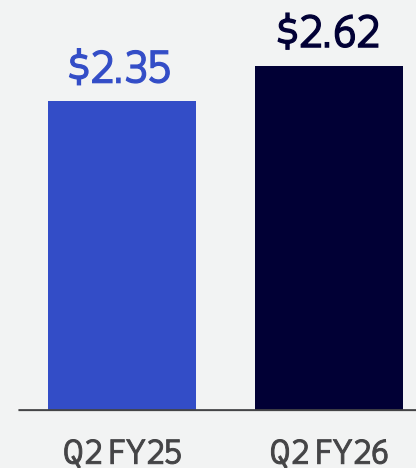
↑ 10%

Adjusted EBIT<sup>1</sup> Margin ↑ 80 bps



## ADJUSTED DILUTED EPS<sup>1</sup>

↑ 11%



1. For a reconciliation of these non-GAAP financial metrics to their closest comparable GAAP metrics see our Q2 fiscal 2026 earnings release available at [investors.adp.com](https://investors.adp.com).

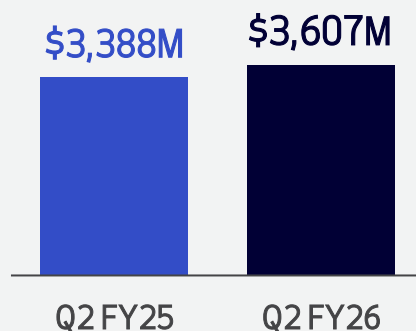
# Q2 FISCAL 2026 EMPLOYER SERVICES SEGMENT RESULTS

(Unaudited)

## ES REVENUES

↑ 6%

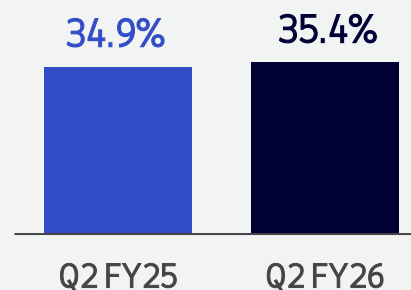
↑ 5% Organic Constant Currency<sup>1</sup>



- U.S. pays per control ↑ 1%
- Average client funds balances ↑ 6%
- Average client funds yield of 3.3%, up from 3.1% in prior year

## ES MARGIN

↑ 50 bps



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

## FY26 ES OUTLOOK

	October 29, 2025	January 28, 2026
Revenues	5 to 6%	~6%
ES New Business Bookings	4 to 7%	4 to 7%
Client Revenue Retention	(30) to (10) bps	(30) to (10) bps
U. S. Pays Per Control	~Flat	~Flat

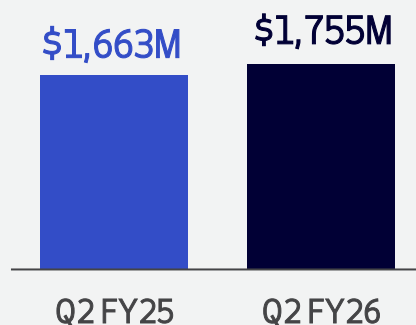
1. For a reconciliation of this non-GAAP financial metrics to its closest comparable GAAP metric see our Q2 fiscal 2026 earnings release available at [investors.adp.com](https://investors.adp.com).

# Q2 FISCAL 2026 PEO SERVICES SEGMENT RESULTS

(Unaudited)

## PEO REVENUES

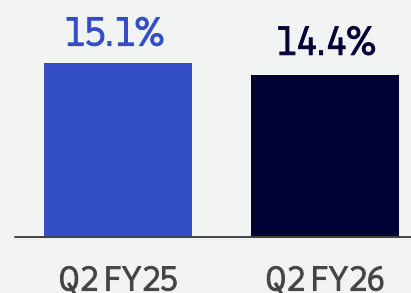
↑ 6%



- Revenues excluding zero-margin benefits pass-throughs (ZMPT) ↑ 3%
- Average worksite employees (WSEs) ↑ 2% to 758,000

## PEO MARGIN

↓ 70 bps



- Margin decline driven mainly by zero-margin pass-throughs and higher selling expenses

## FY26 PEO OUTLOOK

	October 29, 2025	January 28, 2026
Revenues	5 to 7%	5 to 7%
Revenues Ex ZMPT	3 to 5%	3 to 5%
Average WSEs	2 to 3%	~2%

# FISCAL 2026 OUTLOOK

		Fiscal 2025 (unaudited)	July 30, 2025 Fiscal 2026 Outlook <sup>1</sup>	October 29, 2025 Fiscal 2026 Outlook <sup>1</sup>	January 28, 2026 Fiscal 2026 Outlook <sup>1</sup>
Total ADP	Revenues	\$20,561M	5 to 6%	5 to 6%	~6%
	Adj. EBIT Margin <sup>2</sup>	26.0%	50 to 70 bps	50 to 70 bps	50 to 70 bps
	Adj. Effective Tax Rate <sup>2</sup>	23.2%	~23%	~23%	~23%
	Adj. Diluted EPS <sup>2</sup>	\$10.01	8 to 10%	8 to 10%	9 to 10%
Employer Services	Revenues	\$13,883M	5 to 6%	5 to 6%	~6%
	ES New Business Bookings	\$2.1B	4 to 7%	4 to 7%	4 to 7%
	Client Revenue Retention	92.1%	(30) to (10) bps	(30) to (10) bps	(30) to (10) bps
	U.S. Pays Per Control	1%	0 to 1%	~Flat	~Flat
PEO Services	Revenues	\$6,690M	5 to 7%	5 to 7%	5 to 7%
	Revenues Ex Zero-Margin Pass-throughs	\$2,401M	3 to 5%	3 to 5%	3 to 5%
	Average WSEs	748,000	2 to 3%	2 to 3%	~2%
Client Funds Interest	Average Client Funds Balances	\$37.6B	2 to 3%	3 to 4%	4 to 5%
	Yield on Client Funds Portfolio	3.2%	~3.4%	~3.4%	~3.4%
	Client Funds Interest Revenue	\$1,189M	\$1,290 to \$1,310M	\$1,300 to \$1,320M	\$1,310 to \$1,330M
	Net Impact from Client Funds Extended Strategy	\$1,073M	\$1,250 to \$1,270M	\$1,260 to \$1,280M	\$1,270 to \$1,290M

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 Q2 fiscal 2026 earnings release available at [investors.adp.com](https://investors.adp.com).

# APPENDIX: CLIENT FUNDS INVESTMENT STRATEGY DETAIL

	Average Balances (\$)		Average Rates		Interest Income / (Expense) (\$)	
	Fiscal 2025 (unaudited)	January 28, 2026 Fiscal 2026 <sup>1</sup> Outlook <sup>1</sup>	Fiscal 2025 (unaudited)	January 28, 2026 Fiscal 2026 <sup>1</sup> Outlook <sup>1</sup>	Fiscal 2025 (unaudited)	January 28, 2026 Fiscal 2026 <sup>1</sup> Outlook <sup>1</sup>
Client Short	8.5B	8.7 – 8.8B	4.2%	~3.4%	355M	290 – 295M
Client Extended	15.5B	16.1 – 16.3B	2.7%	~3.5%	411M	555 – 565M
Client Long	13.6B	14.3 – 14.4B	3.1%	~3.3%	423M	465 – 470M
<b>Funds Held for Clients<sup>1</sup></b>	<b>37.6B</b>	<b>39.1 – 39.5B</b>	<b>3.2%</b>	<b>~3.4%</b>	<b>1,189M</b>	<b>1,310 – 1,330M</b>
Corporate Extended Interest Income <sup>2</sup>	7.0B	~7.8B	3.2%	~3.5%	225M	~275M
Short-term Financing to Support Client Funds Extended Strategy	7.0B	~7.8B	4.8%	~4.0%	(341)M	~(315)M
<b>Net Impact from Client Funds Extended Strategy</b>					<b>1,073M</b>	<b>1,270 – 1,290M</b>

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.