

INVESTOR DAY 2015

March 3, 2015





INVESTOR DAY 2015

Sara Grilliot

VP, Investor Relations

March 3, 2015



Agenda

8:30 a.m.

Welcome

Sara Grilliot

Strategic Focus

Carlos Rodriguez

Market Perspective

Joe Timko

Investment in Innovation: Product Strategy

Don Weinstein and Roberto Masiero

Question and Answer Session #1

9:45 a.m.

Break and Product Demonstrations

HCM Beyond Software: Knowledge and Expertise

Anish Rajparia, Mark Benjamin and Maria Black

Worldwide Distribution

Ed Flynn

Financial Perspective

Jan Siegmund

Question and Answer Session #2

11:50 a.m.

Closing Remarks

Carlos Rodriguez

12:00 p.m.

Product Demonstrations

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” 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. 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, 2014 should be considered in evaluating any forward-looking statements contained herein.

Please Note

Slide presentation and speaker information: investors.adp.com

Product demo availability:

- + During the break
- + After program until 12:30 pm

Two Q&A sessions

- + One mid-way through program
- + One at the end of the program

Strategic Focus

+ Carlos Rodriguez
President &
Chief Executive Officer



March 3, 2015

A blurred photograph of a modern office hallway with a white tiled floor and walls. Several people in business attire are walking, their figures out of focus to create a sense of motion and activity. A dark teal rectangular box is overlaid in the center of the image, containing white text.

**We focus on our clients' biggest investment,
challenge and opportunity – their people.**

**We focus on our clients' biggest investment,
challenge and opportunity – their people.**



**From
Recruitment**



**To
Retirement**

We focus on our clients' biggest investment, challenge and opportunity – their people.



From
Recruitment

Technology



Innovation



To
Retirement

ADP Innovation Lab

Cloud

Mobile

Big Data

We focus on our clients' biggest investment, challenge and opportunity – their people.



From
Recruitment

Technology



Support



Compliance



Insights

Innovation



To
Retirement

Service

We are ALL IN on HCM



Grow a complete suite of
cloud-based HCM solutions



Invest to grow & scale our market
leading HRBPO solutions by
leveraging our platforms & processes



Leverage our global presence to
offer clients HCM solutions
where they do business

Simplify

Platforms • Seamless • Process

Innovate

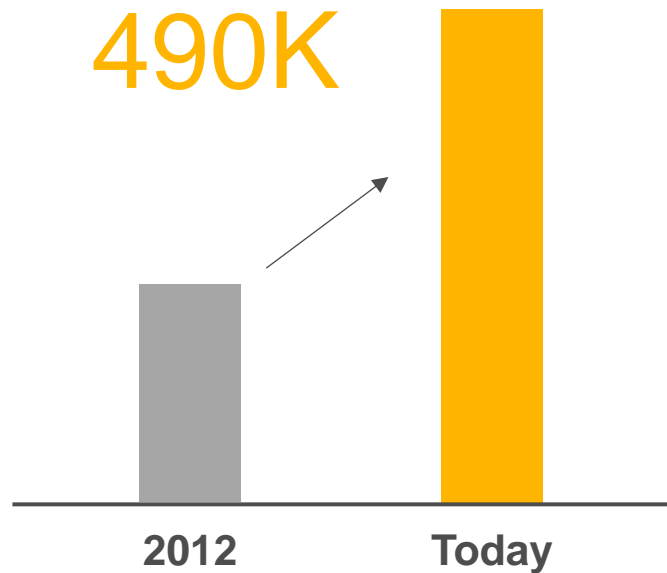
Product • Client Experience • Distribution

Grow

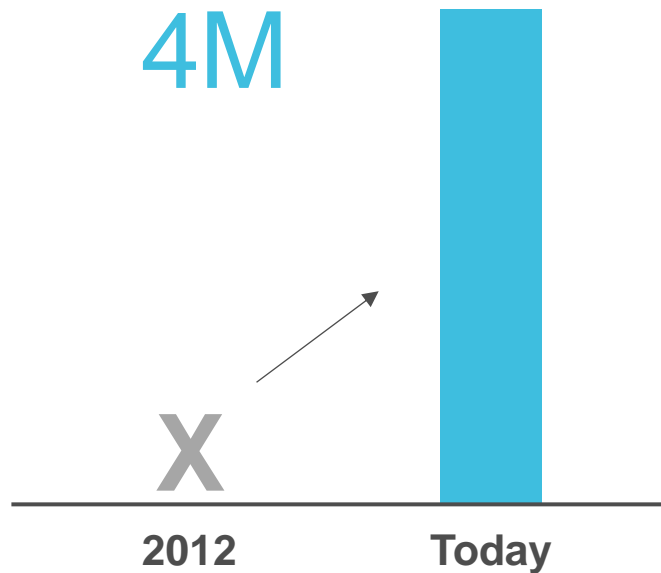
Clients • Associates • Financials

Clients Are Responding

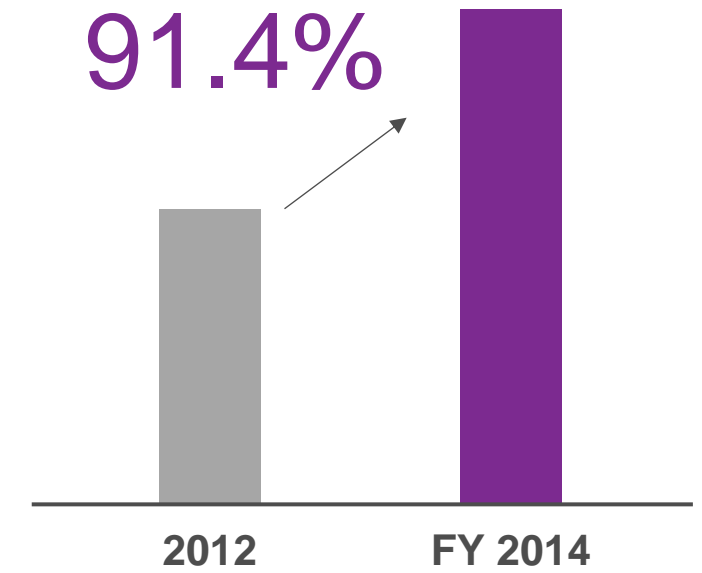
Number of Clients in the Cloud



Number of Mobile Users



Client Revenue Retention

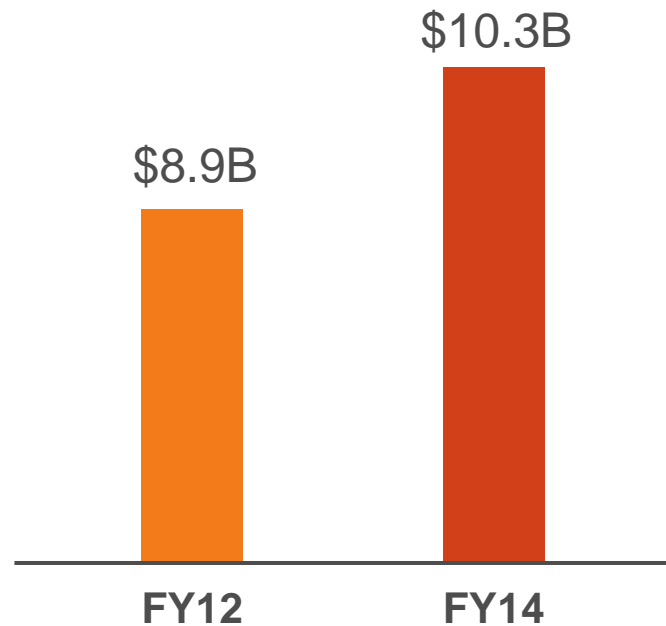


The Strategy Is Working

Revenue

+7%

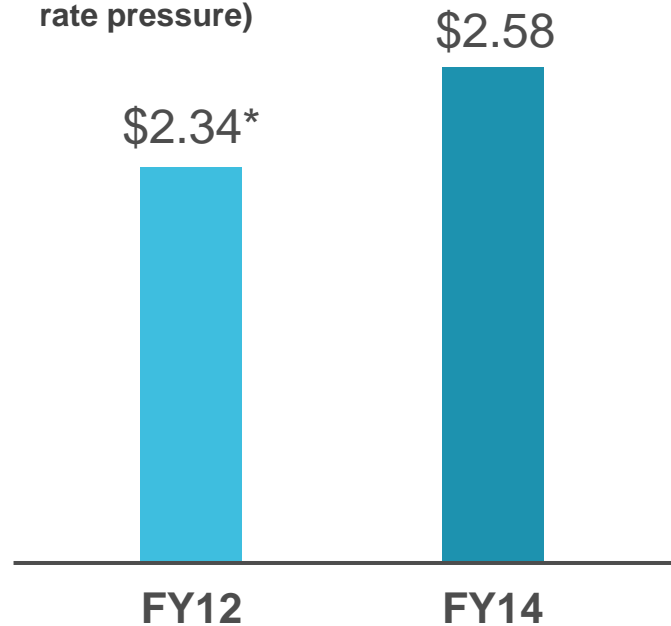
Annual Growth



Earnings Per Share

+5%

Annual Growth
(reflecting interest
rate pressure)



Cash returned to
shareholders

\$4.4B

FY 2012 – FY 2014

Total Shareholder
Return (TSR)

+111%

Since beginning FY 2012
(+23% annualized)

*Fiscal 2012 diluted earnings per share excludes a \$66 million pretax gain on sale of assets relating to a third-party expense management platform (\$41 million after tax, \$0.08 per share) recorded in the second quarter of fiscal 2012

Takeaways/

What you will hear today

- + Attractive market dynamics
- + Investing to remain competitive and grow
- + Scale and assets to meet market needs
- + Goal: Top quartile Total Shareholder Return



Market Perspective

+ Joe Timko
Chief Strategy Officer

March 3, 2015



Basis of Competition



Technology changing how B2B and B2C client experience is delivered, seamless experience expected



HCM solution elements increasingly integrated, whether from the same vendor or not



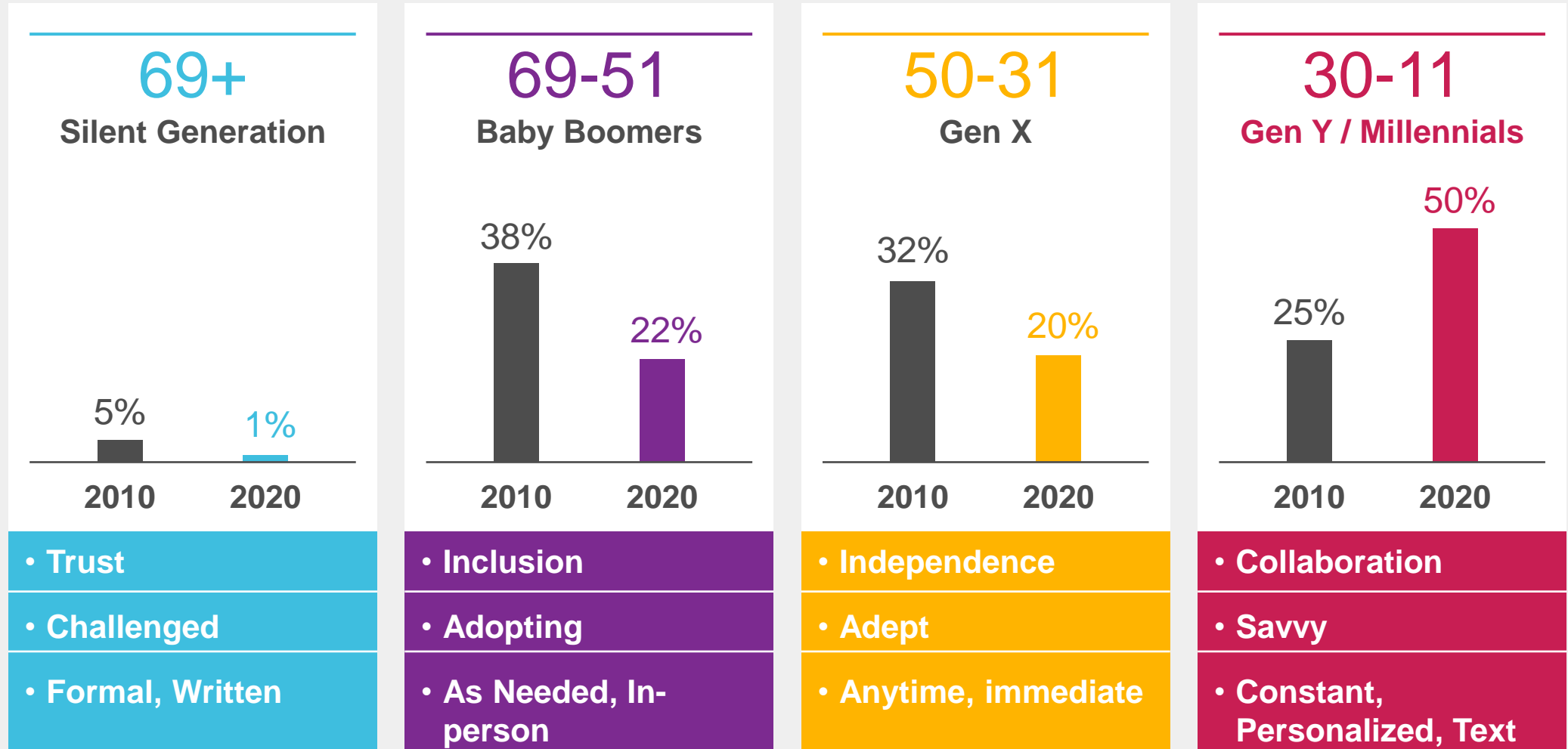
Analytics (“Big Data”) emerging as a competitive battlefield



Healthcare Reform in US opens up opportunities in ADP’s familiar arena of compliance

Infusion of investment into HCM and large-scale M&A over the past 5 years
(44% CAGR in VC/PE investment in HCM since 2010)

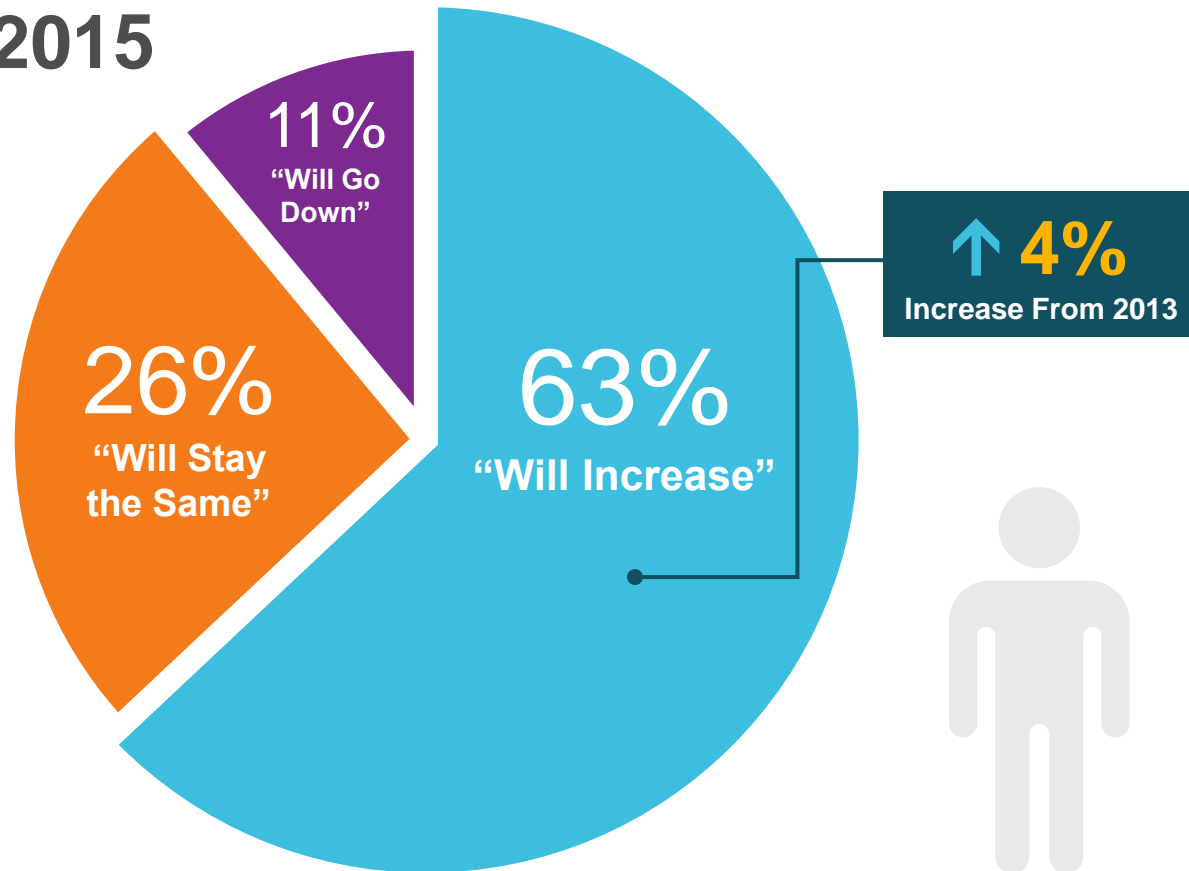
Evolving workforce dynamics require new approaches to HCM



- Values
- Technology
- Communication

ADP Research Institute: Clients becoming more global

2015



Q:

Over the next 1-2 years, what do you expect will happen to the number of employees your company/organization has working outside your world headquarters country?

ADP is the market leader among many diversified competitors

- Most complete HCM suite of products and services
- Broadest market coverage, both geographic and client segments



Global Presence

Single country



Range of Client Sizes

Single Employer
Size focus



Product Breadth

Best-of-breed
(e.g., Talent Management only)



Delivery Methods Supported

Software
only

Software
+ Service

Software
+ Service + HRBPO



HCM market is large and growing, and we are gaining share

Global HCM, \$

2014, \$

CAGR, 2012-2014

~ \$110B



▶ Market **+6%**

▶ ADP **+7%**

US HCM, clients

2014, clients

CAGR, 2012-2014

~ 6M



▶ Market **+2%**

▶ ADP **+~5%**

Highly focused strategy designed to remain competitive and sustain growth



Grow a complete suite of cloud-based HCM solutions



Invest to grow & scale our market leading HRBPO solutions by leveraging our platforms & processes



Leverage our global presence to offer clients HCM solutions where they do business

Strategic Pillars

HCM Product Strategy

- + Don Weinstein
SVP, Product Management
- + Roberto Masiero
SVP, Innovation



March 3, 2015

Gaining Momentum with: Our HCM Portfolio

HCM Small Market

Clients /
>435,000

Average client size /
~10 employees

RUN powered by ADPSM

HCM Mid-Market

Clients /
>55,000

Average client size /
~200 employees

ADP Workforce Now[®]

HCM Large Market

Clients /
>200

Average client size /
~4k employees

ADP Vantage HCMSM

HCM Global Market

Employees served /
>11M

Countries served /
104

ADP Multinational Solutions

Optional Comprehensive HRBPO Services

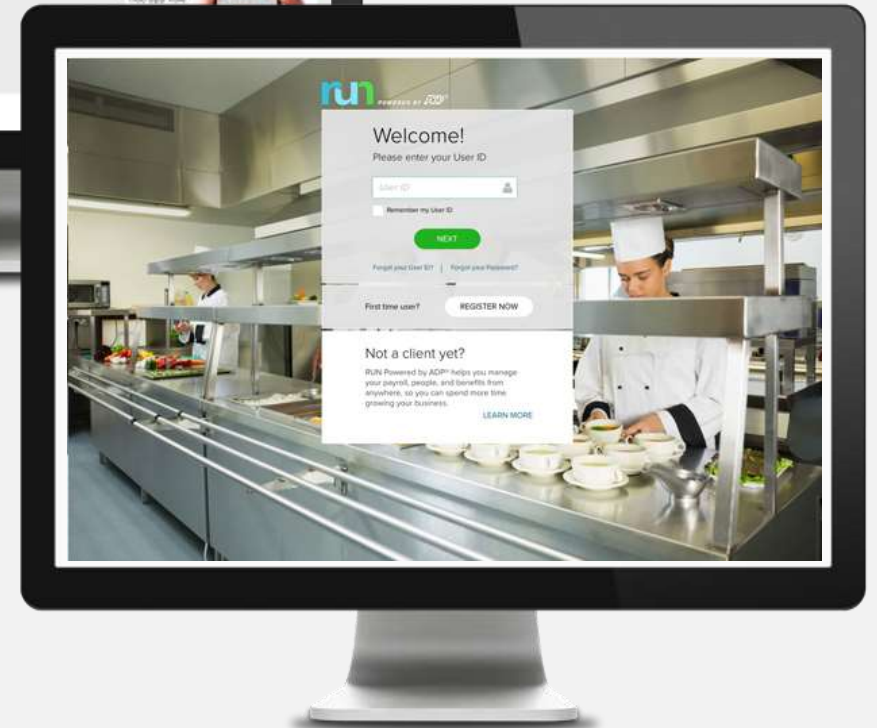
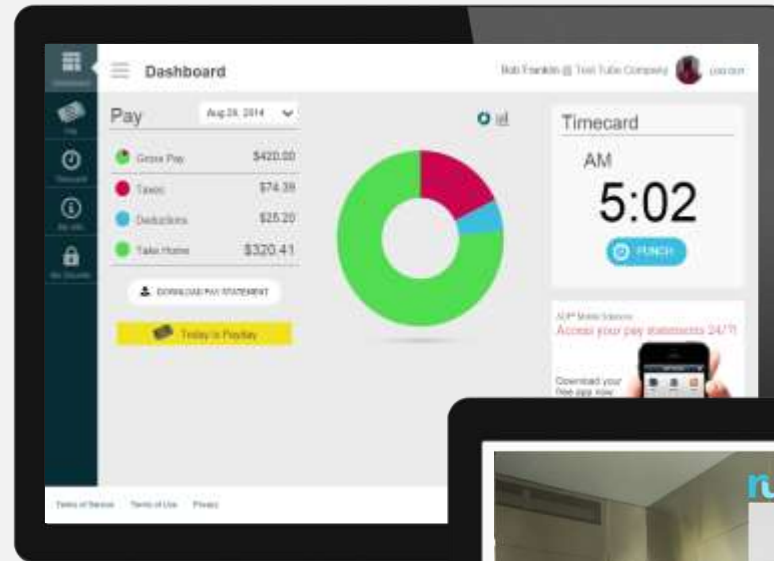
HCM Small Market: RUN powered by ADP

Marketplace Success

- >435,000 Clients
- Nearly completed EasyPay client migration

New Client HCM Adoption

- ~20% of clients buy additional HR modules
- Grows to 40% for clients over 10 employees



HCM Mid Market: ADP Workforce Now

Marketplace Success

- >55,000 clients
- Nearly completed PCPW client migrations

New Client HCM Adoption

- >70% of clients buy additional HCM modules
- >50% of clients buy 3 or more HCM modules



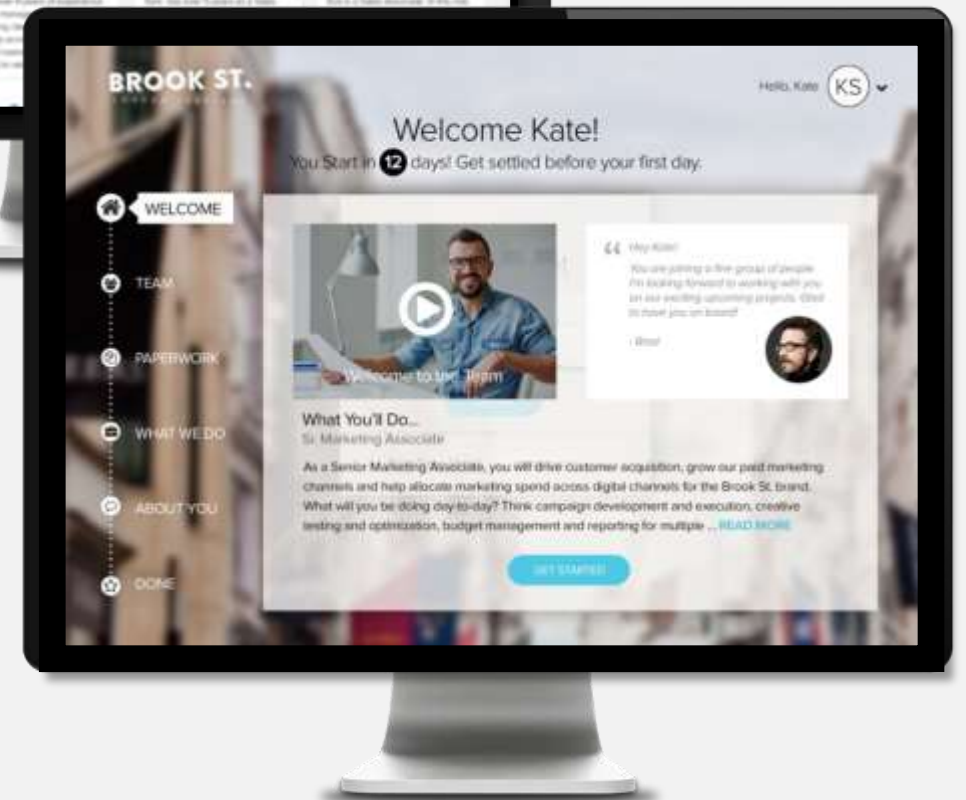
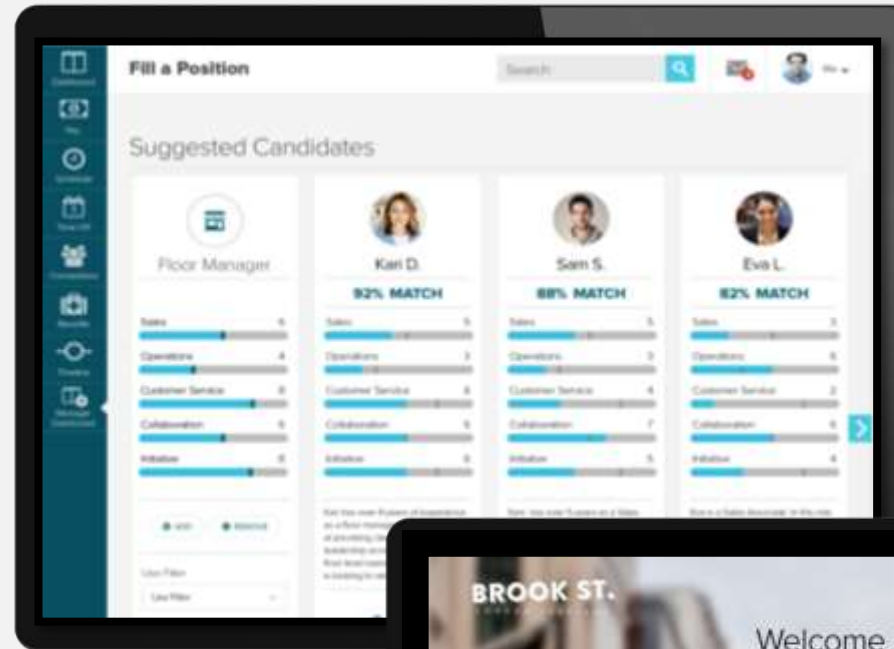
HCM Large Market: ADP Vantage HCM

Marketplace Success

- 200+ clients sold
- Number of live clients nearly doubled YoY
- Average new client size ~4,500
- Gearing up for client migrations

New Client HCM Adoption

- All clients have additional HCM modules
- HR: ~100%
- Time: 75%
- Benefits: 70%
- Talent: 65%





+ Home Page

+ CFO Scorecard

+ Employee Profile

ADP Health Compliance: Integrating HCM applications to solve deep compliance challenges



HCM Global Market: Multinational Solutions

Marketplace Success

- >11M global employees paid
- Global payroll in 104 countries
- Available services covering 99% of all employees of multinational companies

**Extending reach with
partner networks and
in-country solutions**



ADP SaaS

490

thousand
cloud clients

35

million
active users

5

million
logins a day

19.5

thousand
logins a second

A new way of doing things

- + Design-driven culture
- + Lean UX and user-centric methodology
- + In-house research center
- + Open innovation and collaboration

New talent

Asking **different questions**. Delivering **different results**.



Designers



Anthropologists



Data Scientists



Front End
Architects



Cognitive
Computing Engineers



Product
Owners

Mobile

1 app

100 countries

43 languages

80,000 clients

4,000,000 users

“Top Ten Free Apps”

for Business Category apps on iTunes



UX/UI



Consumer grade



Visual



Intuitive



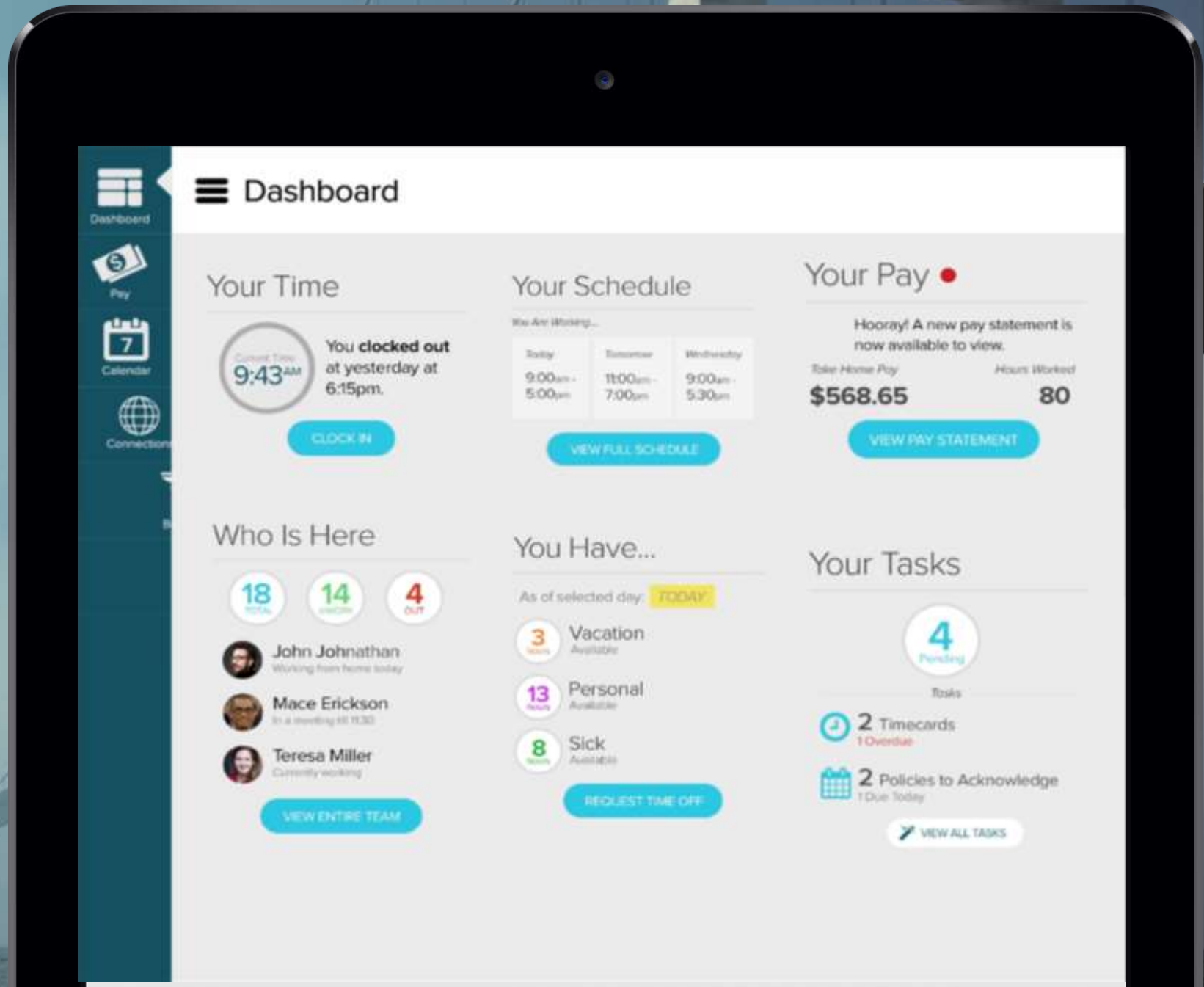
Engaging



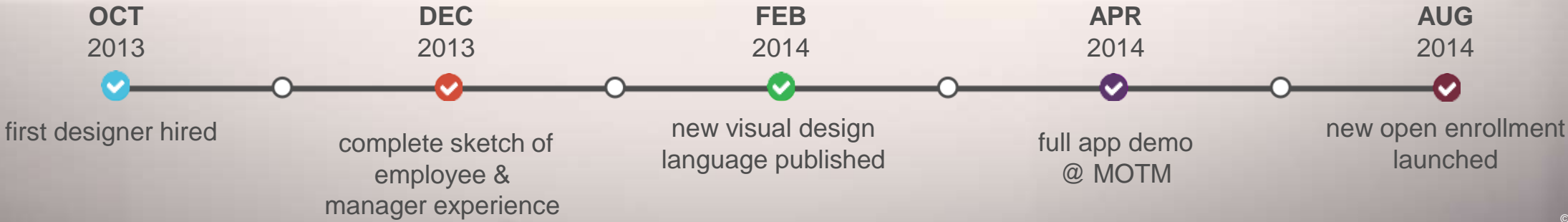
Contextual

+ Consumer grade user interface

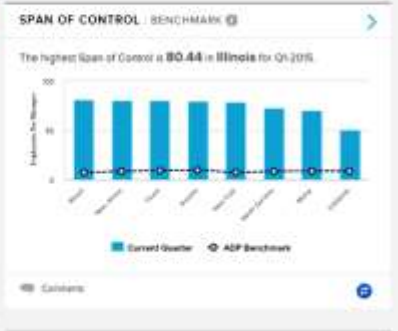
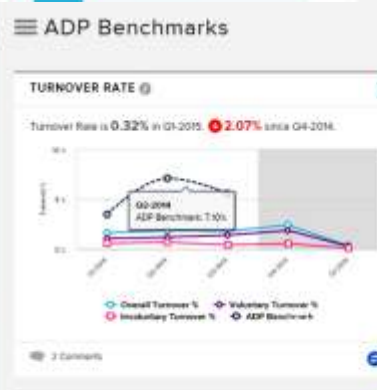
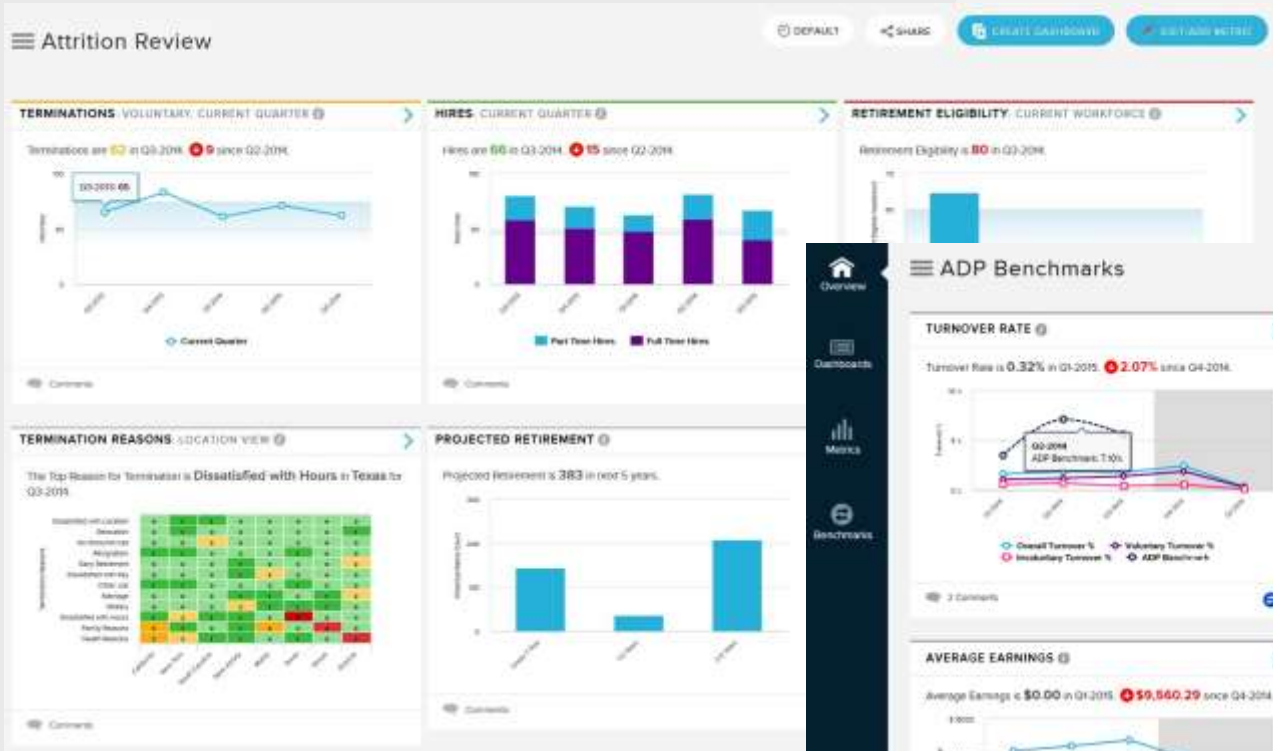
+ Platform based development



from **0 to product** in 9 months

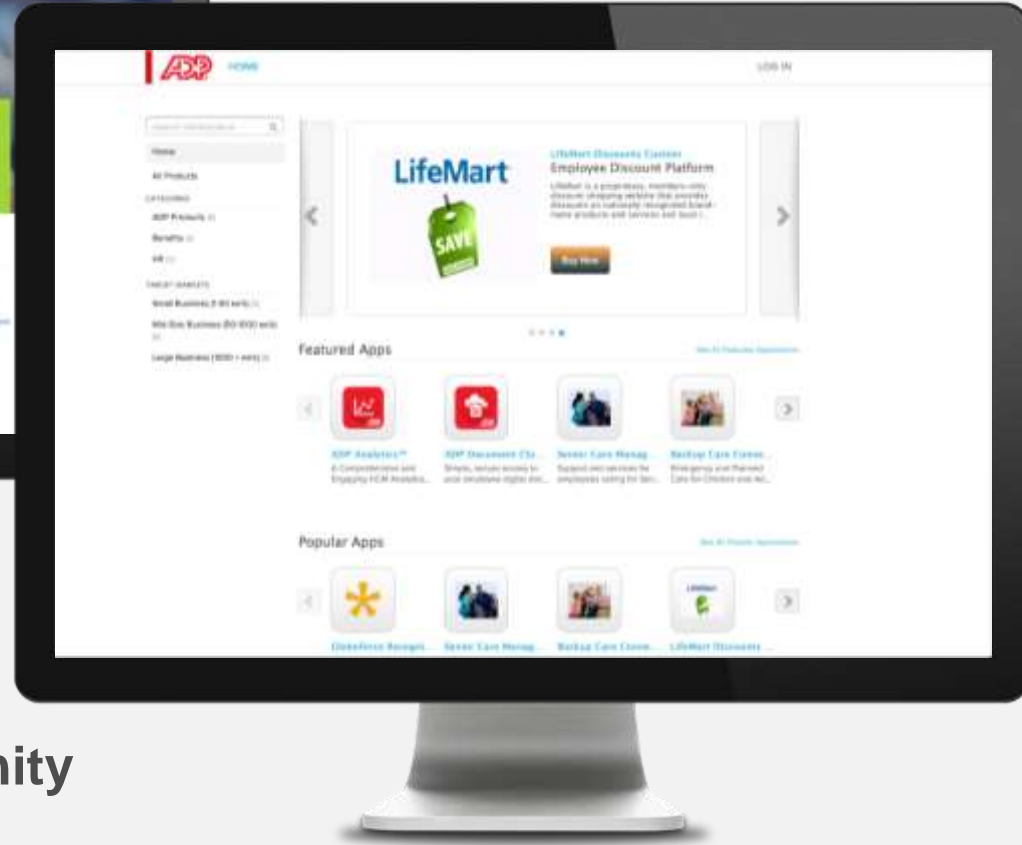


Analytics





+ ADP Developer Community



+ ADP Marketplace

A New Paradigm



Machine Learning

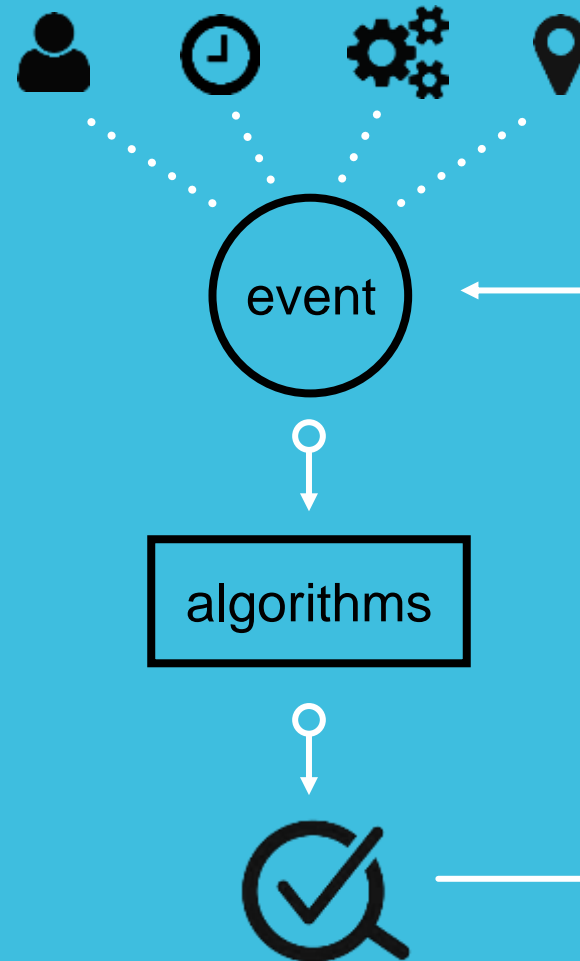
context

intent

fact

learn

insight



Learning from the **user intent** to create **insights & opportunities**

ADP Benchmarks

TURNOVER RATE
Turnover Rate is 0.32% in Q1-2015, **2.07%** since Q4-2014.

AVERAGE AGE
Average Age is 37.86 in Jan 2015.

AVERAGE EARNINGS
Average Earnings is \$0.00 in Q1-2015, **\$9,560.29** since Q4-2014.

NEW HIRE TURNOVER
New Hire Turnover Rate is 0.21% in Q1-2015.

Analytics

ADP

Pay

Pay Breakdown
Mar 16 - Mar 31

80 hours reg 5 hours overTime

Gross Pay	\$1,750.00
Taxes	\$487.38
Benefits	\$288.75
401K	\$96.25
Take Home	\$877.63

Your Check
Your check has been mailed
ENROLL IN DIRECT DEPOSIT
Your next pay is **April 4th**
On Payday:
Send me an email at info.usarchestill@mail.com
Send me a text at **212-555-5309**

Time Off

9	Vacation Days	72 hours
4	Personal Days	32 hours
2	Sick Days	16 hours

REQUEST TIME OFF

New Experience

ADP

Home Documentation Resources Forums

ADP Developer Community

The ADP Developer Community is the 1st step to unlocking the power of membership. Here you will find the documentation, examples, environments and forums to make the most of developer access to ADP's suite of APIs.

Learn
Access documentation and examples to help you get started.

Explore
Leverage a test environment to get familiar with our APIs.

Discuss
See what other users say about our APIs — check out forums.

Need a question answered before signing up?
[Drop us a line.](#)

Developer Documentation Resources Forums

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ADP Mobile

Pay Directory News

Benefits Clock Time Sheet

Late/Absent Time Off Inbox

Retirement Spending Act Pay Card

Marketplace

Mobile

available today...

HCM Beyond Software

+ Anish Rajparia

President, Major Account Services & ADP Canada

+ Mark Benjamin

President, Global Enterprise Solutions

+ Maria Black

President, ADP TotalSource



March 3, 2015

ADP offers clients
**Differentiated capabilities
across the HCM spectrum**

ADP Key Differentiators

- + HR Knowledge & Insight
- + Global Compliance & Regulatory Management Expertise
- + Industry-leading Solutions



Clients leverage ADP's HCM

Knowledge and experience to help build a better workforce

Evaluate client's
Talent Management
processes to ensure alignment
with business goals

Connects client's
Benefits Strategy
to its decision tools to maximize
Employee Engagement

Acts as an extension of a client's
HR department and provides
HR Expertise

Helps clients optimize
**Benefits Design &
Communications**

In-depth insights and best
practices that help clients
**Recruit, Hire and Retain
Top Talent Globally**

**Workforce Planning &
Optimization**
based on historical trends / goals

Provides clients access to global
**Compliance Information,
Best Practices on
Employee Management**

Help clients select a
Retirement Plan
that will attract / retain
the best talent

Provides guidance in the selection of a
**Workers' Compensation &
Health Insurance**
plan to suit a client's business needs

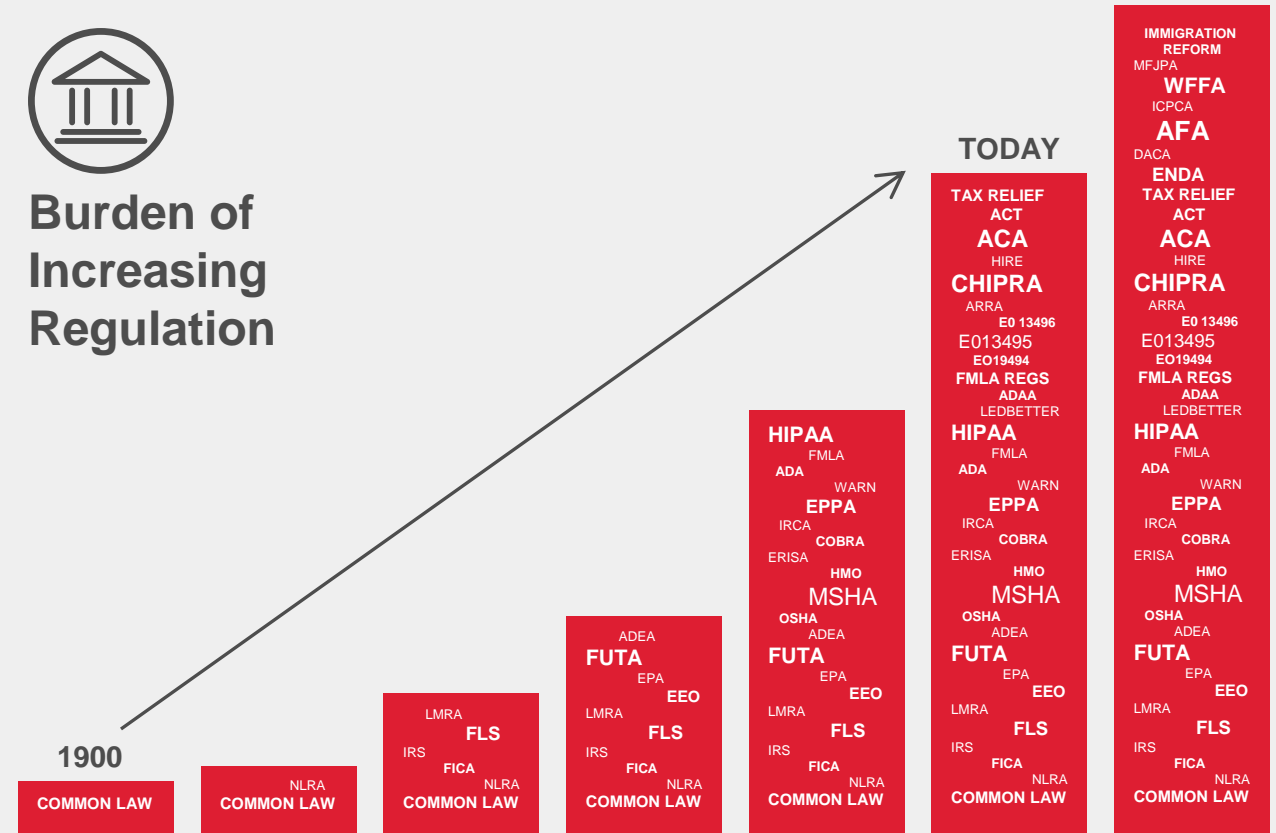
ADP offers valuable expertise

Compliance & Regulatory Complexities

- + **DOL violations** found 70% of the time
- + 33% of mid-size businesses had unintended **non-compliance fees**
- + 72% of large companies outsource payroll for **tax compliance**
- + 90%+ of small / mid-size businesses rely on professional advisors for **compliance**
- + <20% of mid / large-size companies are extremely prepared to manage the **complexities of ACA**



Burden of Increasing Regulation



ADP offers clients
ACA Knowledge and Expertise

← **Key ACA Pillars** →



Applicability



Eligibility



Affordability



Regulatory Mgmt.

Integrated ACA Offering from ADP Provides Clients:

HR Knowledge & Insight

**Compliance &
Regulatory Management**

Industry-leading Solutions

Broad global reach to meet
Client Needs



HR / PAYROLL / BENEFITS



TALENT



TIME & LABOR



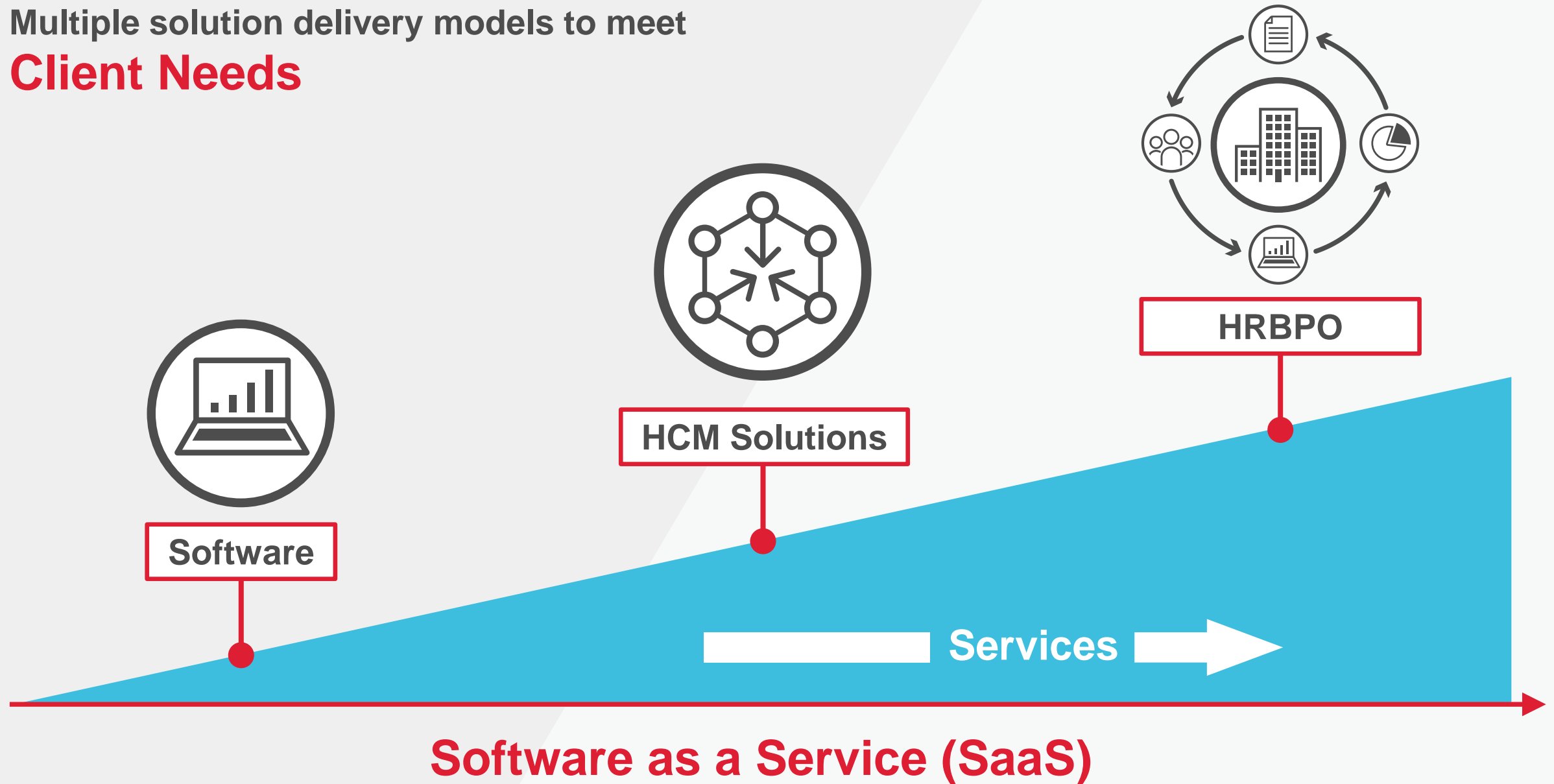
MONEY MOVEMENT



Global compliance requires
Local Expertise



Multiple solution delivery models to meet
Client Needs



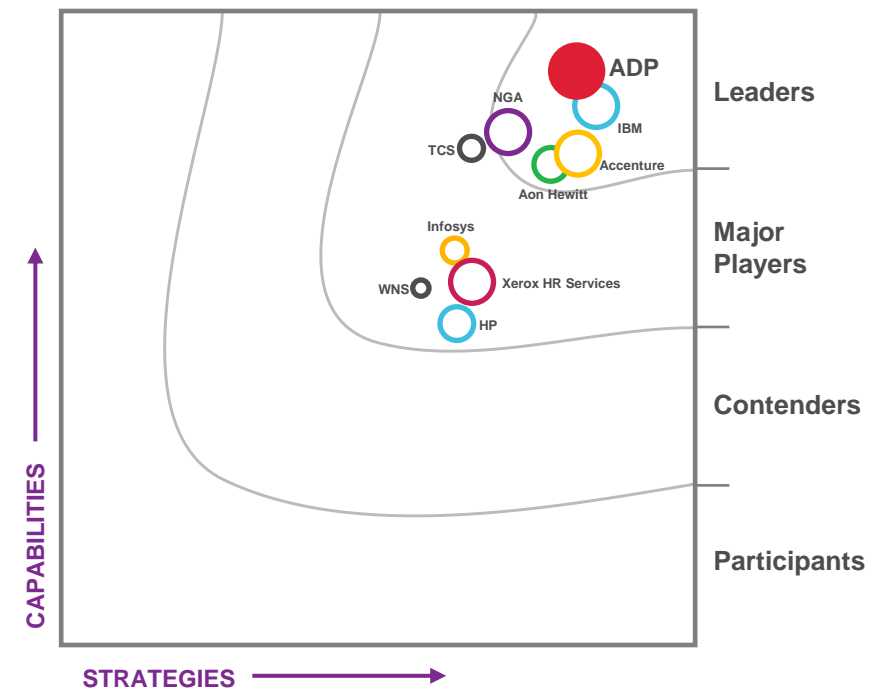
Analyst Perspective: BPO leadership

Payroll and Beyond

Gartner Payroll BPO Magic Quadrant 2014



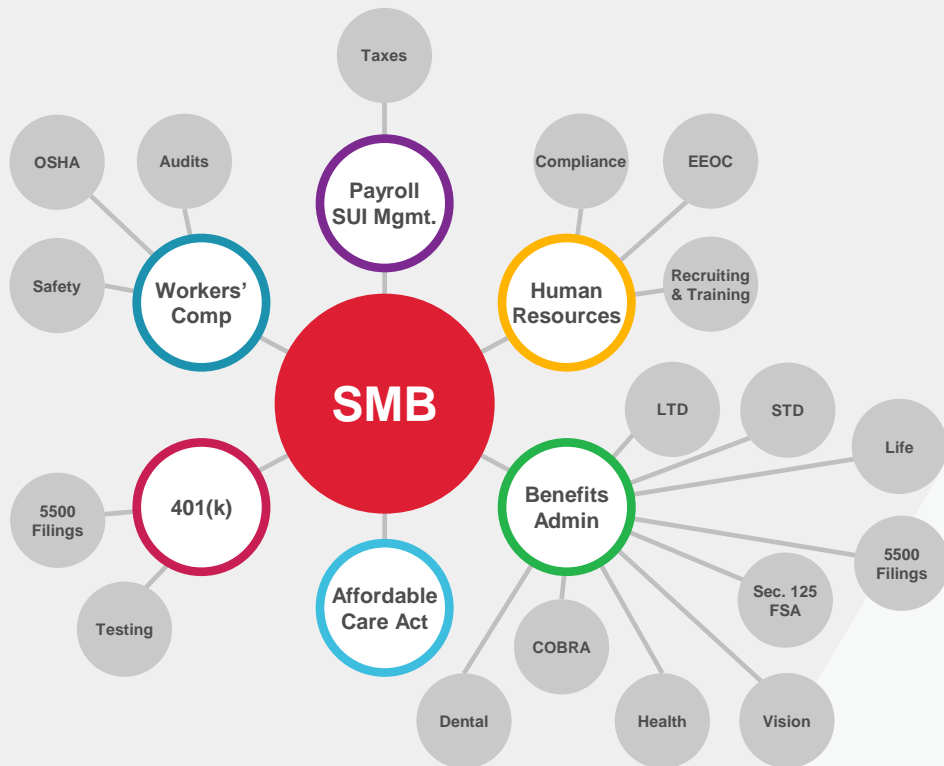
IDC HRBPO Marketscape 2014



ADP TotalSource

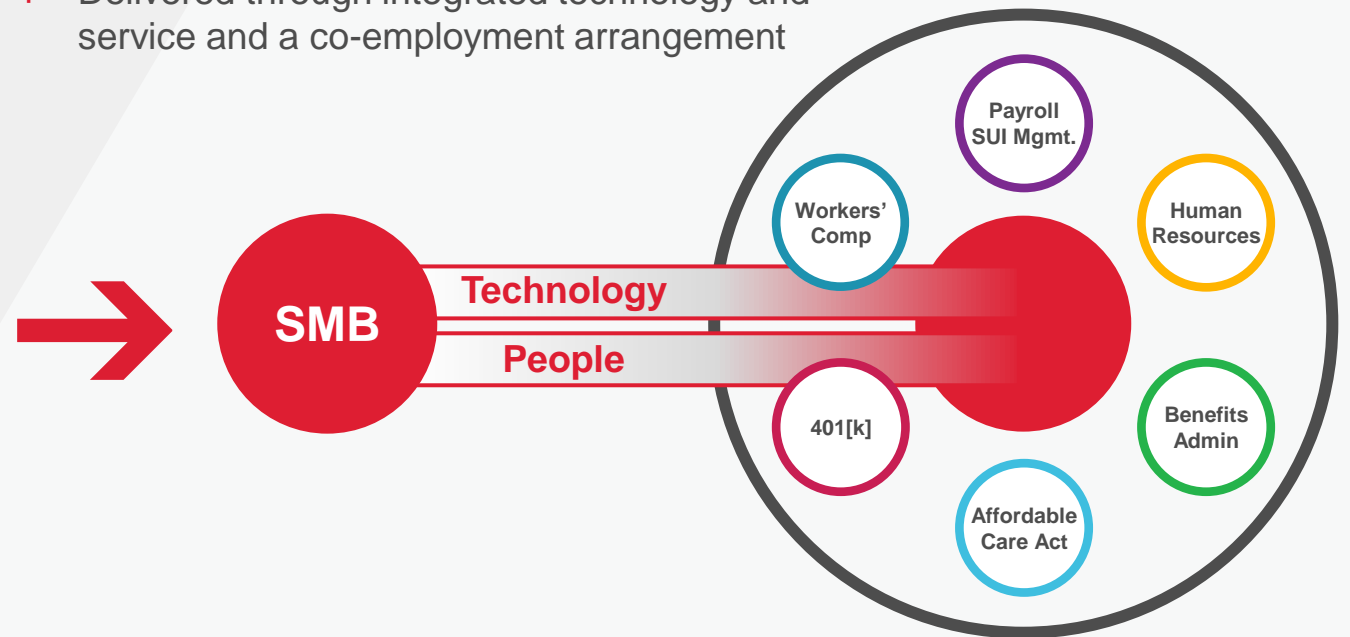
World-class HCM through a turnkey, fully-outsourced model

The traditional employer model:



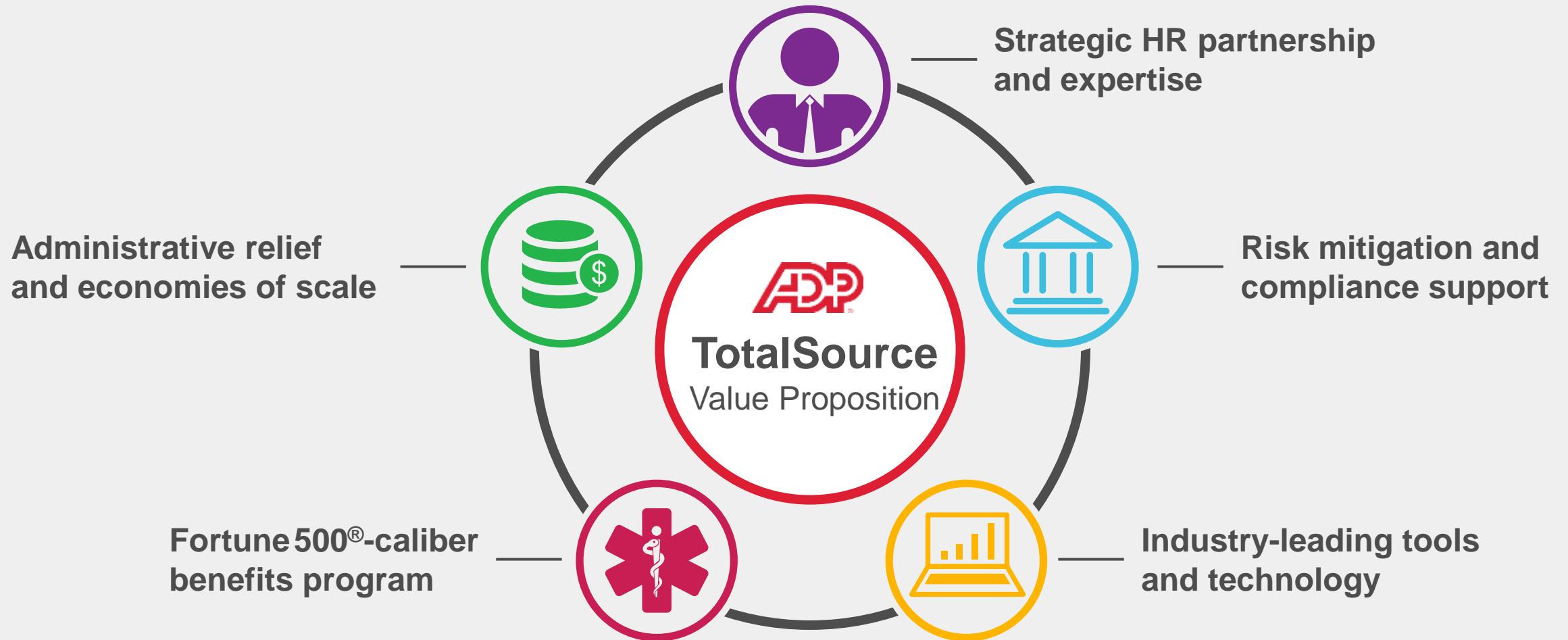
TotalSource PEO model:

- + Outsources key HCM functions and capabilities with a strategic, single-source provider
- + Delivered through integrated technology and service and a co-employment arrangement

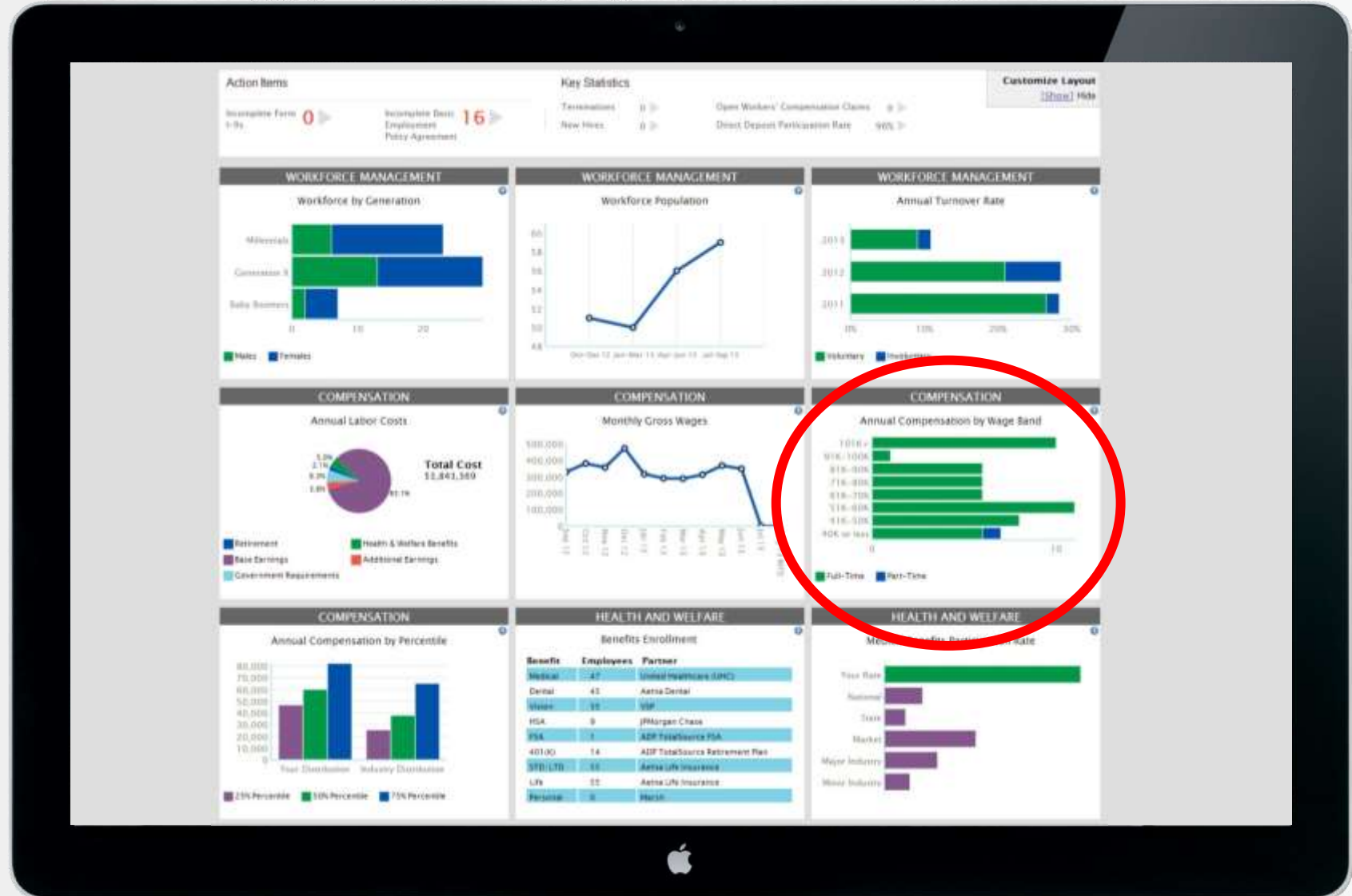


ADP TotalSource

A compelling value



ADP TotalSource
High-value service
to enhance tools
and technology



Worldwide Distribution



+ Ed Flynn

EVP, Worldwide Sales and Marketing

March 3, 2015

World-class B2B sales
force in close
proximity to the
market opportunity



ADP GLOBAL FOOTPRINT

(100+ COUNTRIES & GROWING)

21

COUNTRIES

Americas

21

COUNTRIES

Asia Pacific

59

COUNTRIES

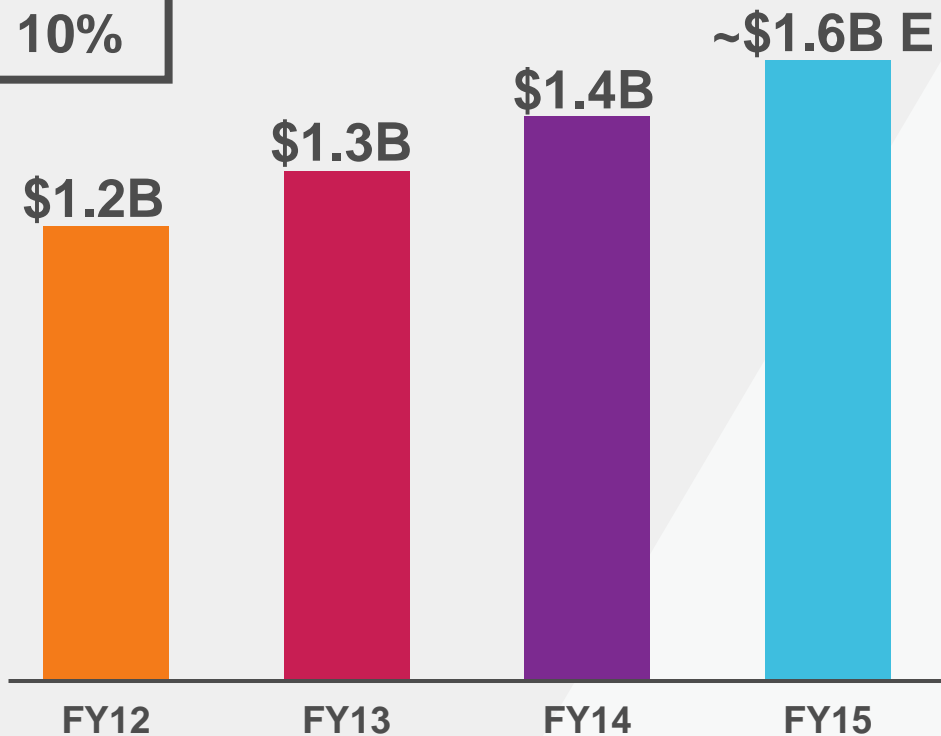
EMEA

5,500 PERSON SALES FORCE

A Track Record of Growth While Improving Productivity

New Business Bookings (\$B)

CAGR = 10%



How We Deliver Consistent Growth

- + Headcount Growth
- + Productivity
- + New Products and Offerings

Client-Focused Sales Culture



**Culture of accountability
and results**

**Deep HR domain
knowledge and data**

**Segment agnostic
sales approach**

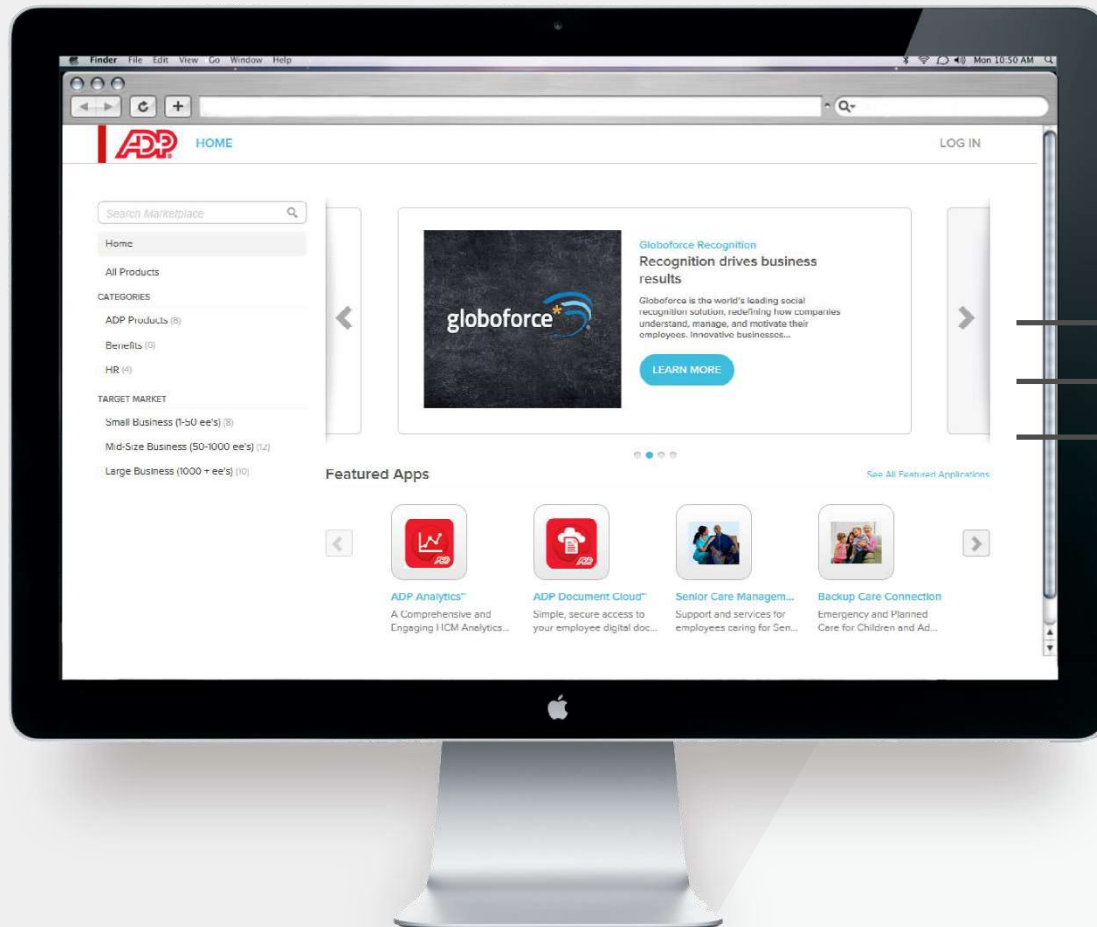
**Client relationship deeper than
just software... paired with
service and collaboration as
client needs evolve**

**Increasingly diverse
sales force**

**Long history of successful
distribution evolution...
embracing new ideas**

ADP Marketplace:

Embracing new distribution models to meet changing client demands



Clients:

- Self-service integration
- Simplified data access
- Extends value of ADP investment

Partner / Developer Community:

- Access to massive HCM marketplace
- Simplified integration with ADP systems
- Enables partners and independent developers to extend ADP service



- Create an ecosystem of integrated apps
- Drive competitive advantage
- Reinvent industry

Winning in the Marketplace:

ADP Continues to Execute

- + **Reliable and trusted brand**
- + **True global coverage**
- + **Solutions for global businesses of all sizes**
- + **Exciting technology and future roadmap**
- + **Industry leading money movement capability**
- + **Adaptable: we do business with clients the way they want to do business with us**



Financial Perspective



+ Jan Siegmund
Chief Financial Officer



March 3, 2015

ALL IN on HCM:

Business model remains attractive across all aspects



Robust Revenue and Earnings Model

- Fully focused on HCM following 2014 strategic decision to spin CDK Global
- Large, recurring revenue base spanning all HCM business segments
- Strong organic growth prospects from global operations
- Predictable earnings with sustainable ongoing operating margin improvement



Strong Cash Flow

- Strong consistent operating cash flow generation
- Low capital requirements; disciplined approach to acquisitions
- Efficient model allows reinvestment in the business for organic growth
- Longstanding commitment to shareholder friendly actions



Solid Balance Sheet

- Strong balance sheet and highest credit ratings within HCM industry
- Current credit ratings allow greater flexibility

Fundamentals are solid, despite downward pressure from interest rates, which begins to abate in fiscal 2015

	FY12	FY13	FY14	FY15 E
Revenue Growth	↑ 8%	↑ 6%	↑ 8%	↑ 7-8%
Pretax Margin	19.5%	18.5%	18.4%	
Pretax Margin Growth	↓ 0.4%	↓ 1.0%	↓ 0.1%	↑ 75-100 bp
<i>Impact from Client Funds</i>	↓ 1.1%	↓ 1.3%	↓ 0.9%	
Share Repurchases	\$0.7B	\$0.6B	\$0.7B	
Diluted EPS	\$2.34*	\$2.39*	\$2.58	
EPS Growth	↑ 9%	↑ 2%	↑ 8%	↑ 12-14%
Dividends	\$0.7B	\$0.8B	\$0.9B	

FY15 revenue forecast assumes 1% drag from foreign exchange

Interest rate pressure which has offset operating improvements will begin to abate in fiscal 2015

FY12 to FY14 shares repurchased **\$2.0 Billion**

FY12 to FY14 dividends paid **\$2.4 Billion**

Total Shareholder Return Since Start of FY12: +111%, +23% Annualized

* Fiscal 2013 diluted earnings per share was adjusted to exclude a non-tax deductible \$43 million (\$0.09 per share) non-cash goodwill impairment charge recorded in the fourth quarter of fiscal 2013. Fiscal 2012 diluted earnings per share excludes a \$66 million pretax gain on a sale of assets relating to a third-party expense management platform (\$41 million after tax, \$0.08 per share) recorded in the second quarter of fiscal 2012.

Leveraging HCM ecosystem: **Strategic pillars for growth**

Revenue dollar growth contributors
over the longer-term

~ **\$11.0B**

Fiscal 2015
Estimated Revenue



About 40%

Grow a complete suite of
cloud-based HCM solutions



About 40%

Invest to grow & scale our
market leading HRBPO
solutions by leveraging our
platforms & processes

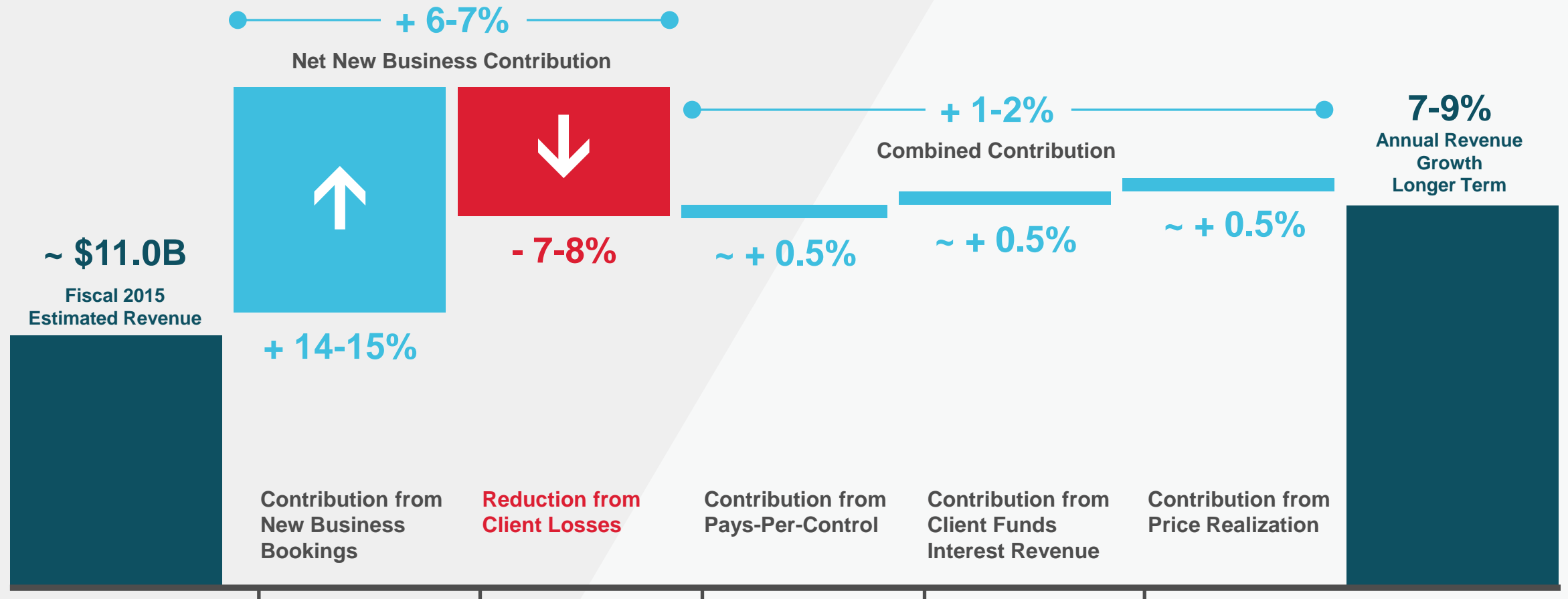


About 20%

Leverage our global
presence to offer clients
HCM solutions where
they do business

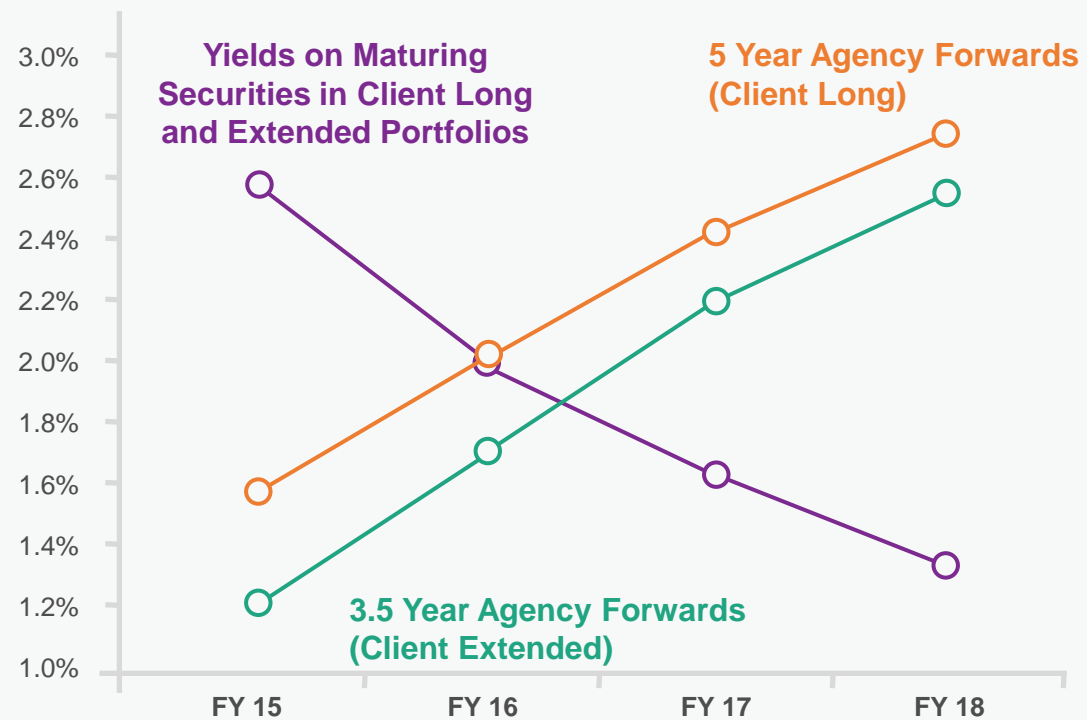
7-9%
Annual Revenue
Growth
Longer Term

Sustaining success: Longer-term revenue growth drivers



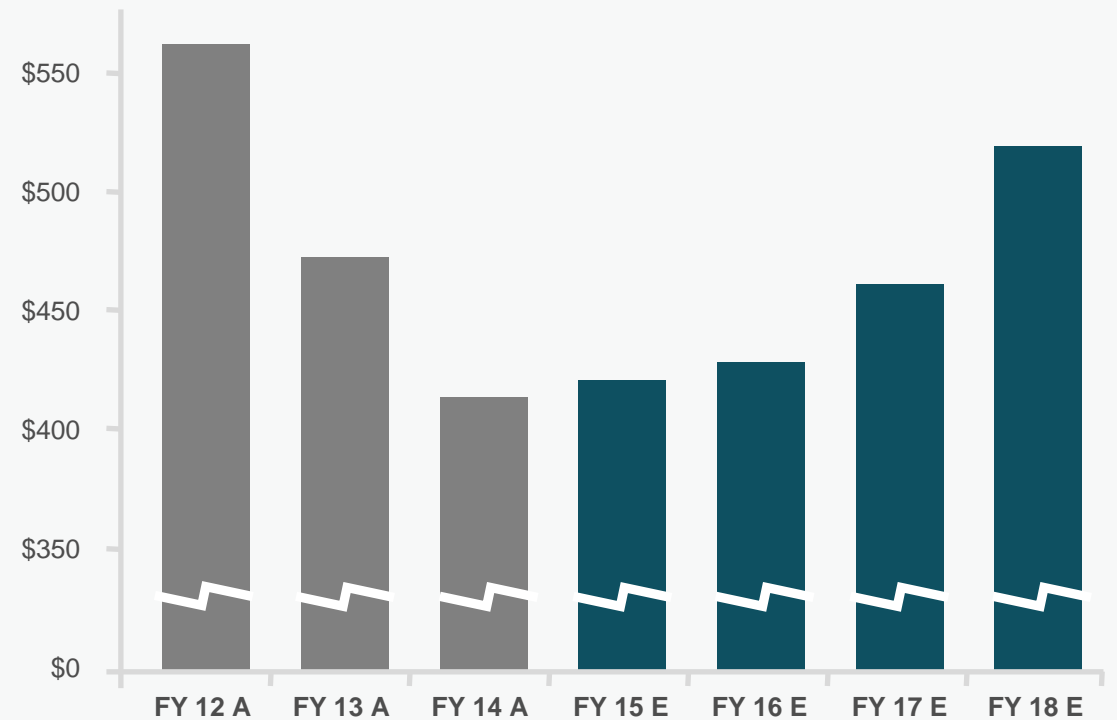
Positive Growth in Client Interest with Expected Reinvestment Crossover now in FY17

Yields on Client Long and Extended Maturing Securities vs. US Government Agency Forward Curves



Forward yield curves as of February 27, 2015

Illustrative Net Client Funds Interest Income Benefit Assuming US Government Agency Forward Curves and 5% Annual Growth in Client Funds



Leveraging Scale for Profitable Growth: Longer-term Margin Expansion

Contributors to Operating Margin Expansion

Scale & Productivity



Primary contributor

Platform Migrations



No significant positive or negative impact due to reinvestment

Product Mix



No significant positive or negative impact from shift in mix

Growth of Zero-Margin Pass-Through Revenue



Including PEO pass-through revenue and costs

Client Funds Impact on Margin Expansion

Client Funds Impact: Near Term



Balance growth

Client Funds Impact: Longer Term



Reinvestment at higher yields plus balance growth

Overall: expect ~50-75 bps margin expansion over the longer-term

Priorities for use of cash and management of the balance sheet

Cash

- 1** Reinvest in the business to drive organic revenue growth and margin improvement
- 2** Invest in tuck-in acquisitions to supplement ADP's existing capabilities
- 3** Return cash to shareholders via an increasing quarterly dividend
 - + 40 Year track record of increasing dividends
 - + Target dividend payout ratio 55-60%, subject to Board approval
- 4** Return excess cash to shareholders via share repurchases
 - + At least offset employee benefit plan dilution
 - + Additional repurchases used to return excess cash to shareholders

Balance Sheet

- 1** Benefits of and commitment to an extraordinarily strong credit rating unchanged
- 2** Leverage capacity exists within strong AA/Aa ratings category
- 3** Possible use of leverage proceeds – fund tuck-in acquisitions or incremental share repurchases

M&A:

Aligned with HCM strategy

Strategic Considerations

- + Targets consistent with ADP's "ALL IN on HCM" strategy
- + Tuck-in focus to expand product and services suite and/or geographic reach
- + Consideration for trade-off between acquisitions and R&D investment

Selection Criteria

- + No change to ADP's disciplined approach to valuation
- + Risk profile must be acceptable
- + Integration a consideration with current focus on platform simplification

What to expect for the future

TSR Components	Longer Term Expectation
Revenue Growth	7-9%
Margin Expansion (50-75 bps)	~4%
Pretax Earnings	11-13%
Net Share Reduction	~1%
EPS	12-14%
Dividend Yield	2-3%
Total Shareholder Return Objective	Top Quartile of S&P 500

APPENDIX



Client Funds Investment Strategy: Objectives

Safety of Principal

- Prudent Investment Guidelines reviewed by ADP Board of Directors
- Strict credit quality, maturity, and exposure limits to ensure an overall portfolio quality of AAA/AA
- Strict credit guidelines by asset class
- Significant holdings of U.S. government agencies
- Online compliance system

Liquidity

- Portfolio includes \$6 billion of highly liquid U.S. government agencies

Diversification

- Highly diversified with exposure limits on rating categories and individual issuers

Secondary Objectives

- Maximize book yield
- Higher absolute levels of interest income while minimizing interest income volatility by averaging through interest rate cycles; investment maturity extension strategy designed to achieve this objective

**Highly
Experienced
Investment
Team**

What Does ADP Own?

Corporate Bonds

- Diversify credit risk with limits by corporation and limits by credit rating
- Own 150+ individual issuers

U.S. Treasury & Direct Obligations of U.S. Government Agencies

- Supports reverse repurchase financing program

Asset-backed securities

- Credit card, auto loan, rate reduction, and equipment lease – All Aaa rated and performing as expected

Canadian Government Obligations & Canadian Government Agency Obligations

- All fully guaranteed by the Canadian Government

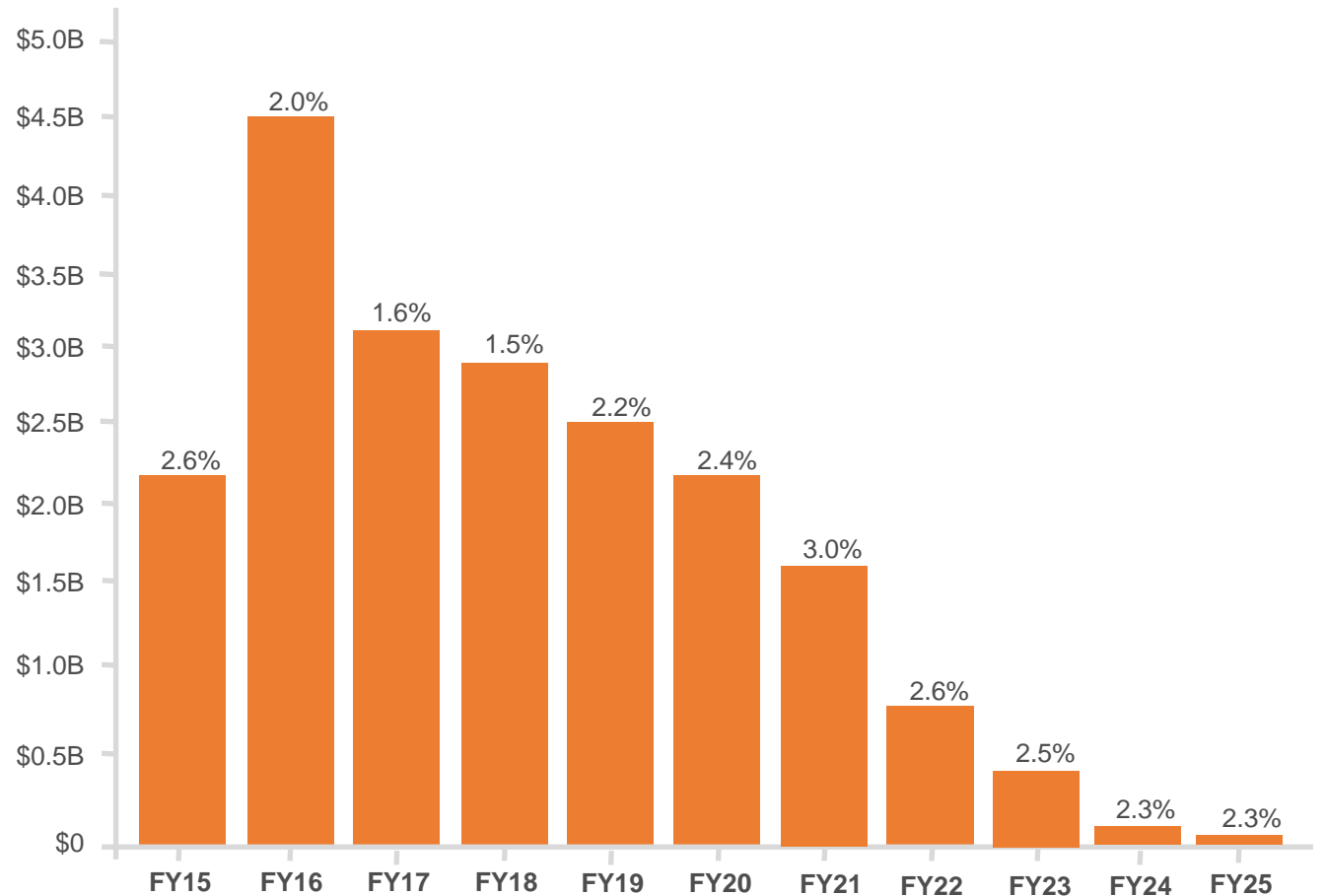
Municipal Bonds

- Diversify credit risk with limits by issuer and limits by credit rating

Other Debt Securities

- Aaa and Aa rated Supranationals and Sovereigns

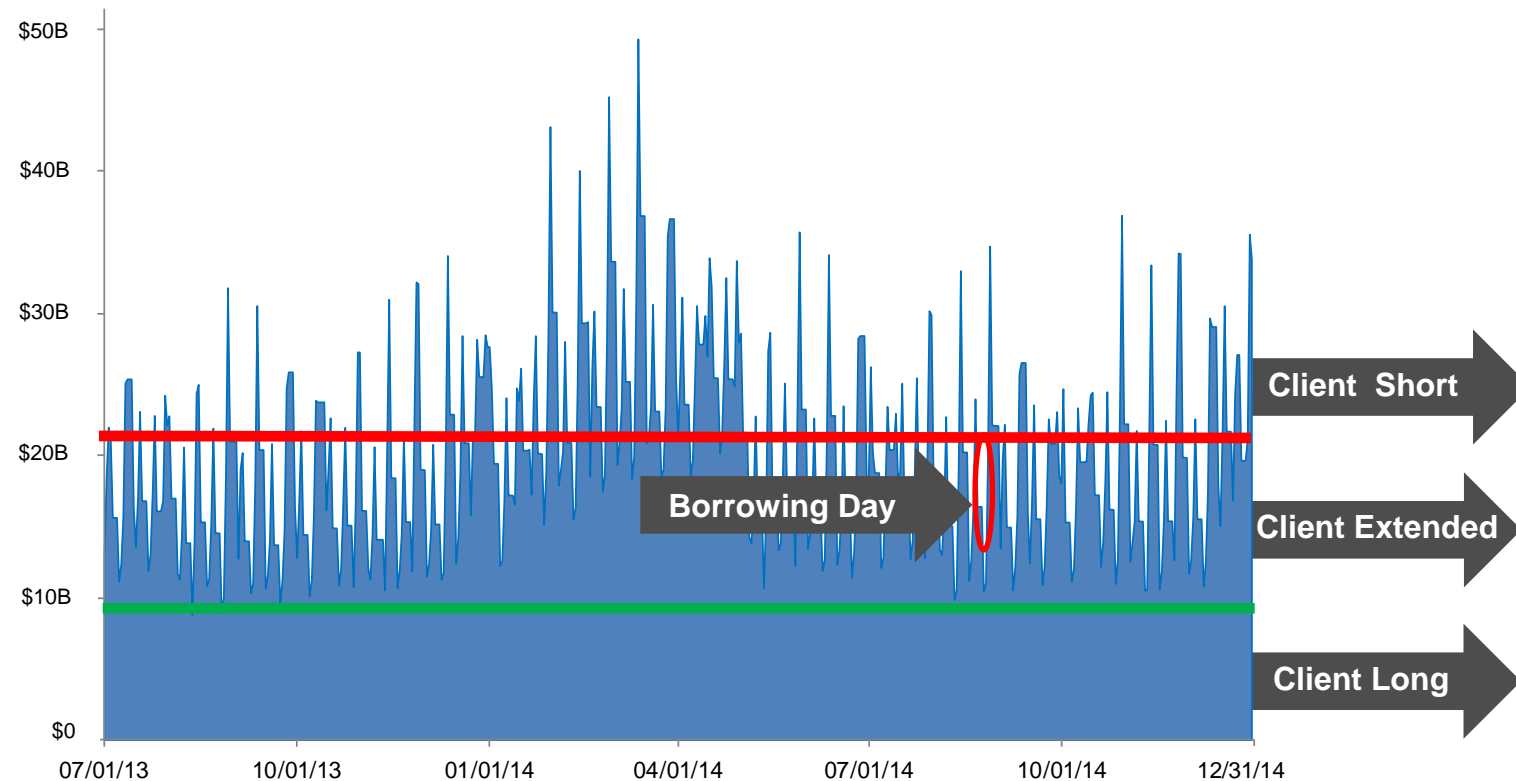
Client Funds Portfolio at December 31, 2014 Available for Sale Securities Maturities and Book Yields



Client Funds Investment Strategy

Daily Client Funds Balances

July 1, 2013 through December 31, 2014



Client Short = balances in excess of total client extended and client long

- Usually invested in 1-5 day maturities

Client Extended Portfolio = average client funds less client long portfolio

- Guidelines allow maturities out to 5 years
- Laddered from 1-5 years

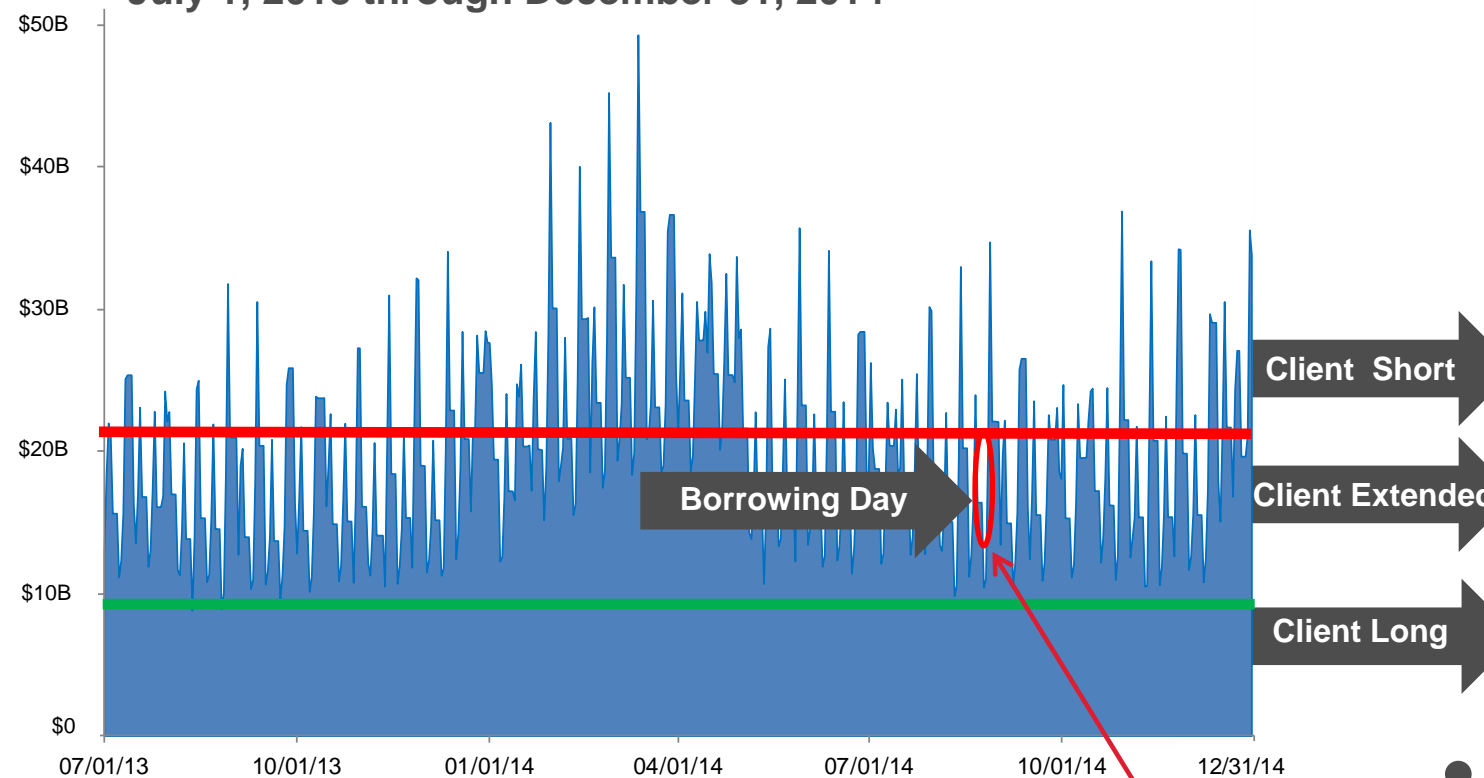
Client Long Portfolio = expected FY lowest client balance day

- Guidelines allow maturities out to 10 years
- “Permanent float” – funds never leave ADP

Client Funds Investment Strategy

Daily Client Funds Balances

July 1, 2013 through December 31, 2014



Client Short

Client Extended

Client Long

Borrowing Day

	Average Balance	Average Yield	Client Funds Interest
Client Short	\$4.0B	~0.3%	~\$10M
Client Extended	\$9.4–\$9.6B	1.6–1.7%	\$155–\$160M
Client Long	\$8.4–\$8.6B	2.5–2.6%	\$215–\$220M
Total Client Funds Interest Revenue	\$21.8–\$22.2B	1.7–1.8%	\$380–\$390M
Corporate Extended Interest Income	~\$2.7B	~1.7%	~\$45M
Borrowing Days Interest Expense	~\$2.7B	~0.3%	~\$(10)M
Net FY15 Impact From Client Funds Extended Investment Strategy			\$415–\$425M

FY15 E



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