



# ADP Dividend Stock Info Card

## Automatic Data Processing (ADP)

### Company Overview

Industry: Technology | Software - Application

- ADP is a global leader in Human Capital Management (HCM) solutions
- Offers payroll, HR, tax, compliance, and benefits administration services
- Serves over 1 million clients in 140+ countries
- Founded: 1949 | Headquarters: Roseland, NJ
- Longstanding reputation for dependable, recurring revenue

### Growth Catalysts

- Rising demand for cloud-based HR and payroll services
- Expansion in AI-driven HCM tools and analytics
- Global hiring complexity fueling outsourcing needs
- Strategic acquisitions and technology partnerships
- Tailwinds from hybrid/remote work dynamics

### Financials

- EPS Growth Next Year: 10.89%
- EPS Growth Next 3 Years: 11.85%
- ROE: 76.78%
- ROIC: 23.22%
- 5 Yr Avg. Net Profit Margin: 17.73%
- 5 Yr Avg. Gross Margin: 43.61%
- 5 Yr Avg. FCF Margin: 17.73%
- 5 Yr Avg. Revenue Growth: 7.15%
- 5 Yr Avg. CAPEX to Revenue: 3.41%
- 5 Yr Avg. EPS Growth: 11.72%
- Debt to Equity: 0.73
- Net Debt to EBITDA: 0.26

### Dividend Profile

- Forward Dividend: \$6.02/year
- Yield: 2.46%
- 5 Yr Avg Dividend Yield: 2.08%
- Payout Ratio: 58.73%
- Dividend Growth Streak: 49 years
- 5-Year Dividend CAGR: 12.40%
- Dividend Coverage Ratio: 1.52

- ✓ Dividend Aristocrat (almost a King!)
- ✓ Strong dividend safety
- ✓ Reliable and consistent income

### Stock Returns & Valuation

Price: \$300.44

52-Week High: \$329.93

52-Week Low: \$256.47

1 Month Return: -1.62%

1 Year Return: 21.98%

YTD Return: 4.19%

P/E: 31.00

Historical P/E: 28.17

Price / FCF: 27.10

Historical Price / FCF: 30.99

BETA: 0.82

PEG: 2.85

### SWOT Analysis

#### Strengths:

- Market leader in HCM services
- Large, diversified client base
- High switching costs

#### Opportunities:

- Global SMB expansion
- Digitization of HR functions
- Cross-selling benefits, insurance, compliance

#### Threats:

- Competitive pressure from software disruptors
- Economic downturns
- Regulatory changes in tax/payroll

#### Weaknesses:

- Lower growth vs. tech-focused SaaS firms
- Dependency on payroll services

### Investment Thesis

ADP is a blue-chip dividend stock built on reliable cash flow and mission-critical services. Its long record of dividend growth, scalable cloud offerings, and consistent profitability make it an anchor position in a dividend growth portfolio. ADP shines in defensive income strategies.

### Quality Score



As of 8/1/2025



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