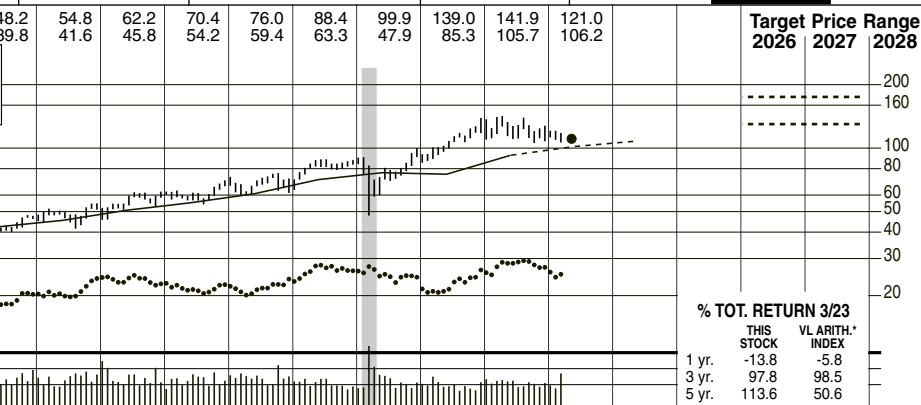


PAYCHEX, INC. NDQ-PAYX

RECENT PRICE **110.89** P/E RATIO **25.5** (Trailing: 26.7 Median: 25.0) RELATIVE P/E RATIO **1.47** DIV'D YLD **3.1%** VALUE LINE

TIMELINESS 3 Raised 12/30/22
SAFETY 2 Lowered 8/7/20
TECHNICAL 3 Raised 4/21/23
BETA 1.10 (1.00 = Market)

High: 34.7 45.9 48.2 54.8 62.2 70.4 76.0 88.4 99.9
 Low: 29.1 31.5 39.8 41.6 45.8 54.2 59.4 63.3 47.9
LEGENDS
 — 21.0 x "Cash Flow" p sh
 ... Relative Price Strength
 Options: Yes
 Shaded area indicates recession



18-Month Target Price Range
 Low-High Midpoint (% to Mid)
 \$94-\$190 \$142 (30%)

2026-28 PROJECTIONS
 High Price Gain Ann'l Total
 Low 175 (+60%) 15%
 130 (+15%) 7%

Institutional Decisions
 2022 3Q2022 4Q2022
 to Buy 566 580 635
 to Sell 652 571 597
 Hld's(000) 259927 259884 262883

2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	© VALUE LINE PUB. LLC	26-28
4.94	5.73	5.77	5.54	5.76	6.15	6.37	6.94	7.58	8.19	8.77	9.42	10.50	11.26	11.28	12.81	13.90	14.85	Revenues per sh ^A	19.10
1.54	1.82	1.72	1.56	1.67	1.78	1.83	2.02	2.16	2.42	2.63	2.89	3.38	3.65	3.58	4.40	4.85	5.15	"Cash Flow" per sh	6.65
1.35	1.56	1.48	1.32	1.42	1.51	1.56	1.71	1.85	2.09	2.25	2.49	2.86	3.04	3.03	3.84	4.30	4.60	Earnings per sh ^{A B}	5.80
.79	1.20	1.24	1.24	1.24	1.27	1.31	1.40	1.52	1.68	1.84	2.06	2.30	2.48	2.52	2.77	3.23	3.54	Div'ds Decl'd per sh ^C	4.64
.21	.23	.18	.17	.28	.25	.27	.23	.28	.27	.26	.43	.34	.35	.32	.37	.40	.45	Cap'l Spending per sh	.55
5.11	3.32	3.72	3.88	4.13	4.43	4.85	4.90	4.94	5.30	5.44	5.64	7.29	7.75	8.19	8.57	9.45	10.40	Book Value per sh	13.50
382.15	360.50	360.98	361.46	362.10	362.60	365.40	363.00	361.20	360.40	359.40	359.00	359.30	358.80	359.80	359.90	360.00	360.00	Common Shs Outst'g ^D	356.00
28.4	24.6	19.2	22.2	20.7	19.6	21.4	24.1	24.8	24.0	26.2	25.1	25.5	26.3	28.7	31.2	Bold figures are Value Line estimates		Avg Ann'l P/E Ratio	26.0
1.51	1.48	1.28	1.41	1.30	1.25	1.20	1.27	1.25	1.26	1.32	1.36	1.36	1.35	1.55	1.80			Relative P/E Ratio	1.45
2.1%	3.1%	4.4%	4.2%	4.2%	4.3%	3.9%	3.4%	3.3%	3.4%	3.1%	3.3%	3.2%	3.1%	2.9%	2.3%			Avg Ann'l Div'd Yield	3.1%

CAPITAL STRUCTURE as of 2/28/23
 Total Debt \$808.3 mill. Due in 5 yrs. \$8.7 mill.
 LT Debt \$798.1 mill. LT Int. \$35.0 mill.
 (19% of Cap'l.)
 Leases, Uncapitalized Annual rentals \$27.0 mill.

No Defined Benefit Pension Plan

Pfd Stock None

Common Stock 360,508,880 shs.

MARKET CAP: \$40.0 billion (Large Cap)

CURRENT POSITION	2021	2022	2/28/23
Cash Assets	995.2	370.0	1316.9
Receivables	578.3	723.8	799.4
Other	846.0	1804.9	1241.5
Current Assets	2419.5	2898.7	3357.8
Accts Payable	89.0	105.7	122.5
Debt Due	7.4	8.7	10.2
Other	1170.8	1335.6	1357.6
Current Liab.	1267.2	1450.0	1490.3

ANNUAL RATES	Past 10 Yrs.	Past 5 Yrs.	Est'd '20-'22
Change (per sh)			
Revenues	9.0%	4.0%	8.5%
"Cash Flow"	8.0%	2.0%	9.5%
Earnings	7.5%	1.5%	10.0%
Dividends	12.5%	8.0%	10.0%
Book Value	6.0%	1.0%	8.5%

Fiscal Year Ends	QUARTERLY REVENUES (\$ mill.) ^A				Full Fiscal Year
	Aug.31	Nov.30	Feb.28	May 31	
2020	992.0	990.7	1142.7	915.1	4040.5
2021	932.2	983.7	1111.7	1029.2	4056.8
2022	1082.9	1108.5	1276.0	1144.3	4611.7
2023	1206.2	1190.3	1381.0	1222.5	5000
2024	1280	1280	1450	1340	5350

Fiscal Year Ends	EARNINGS PER SHARE ^{AB}				Full Fiscal Year
	Aug.31	Nov.30	Feb.28	May 31	
2020	.73	.72	.98	.61	3.04
2021	.59	.75	.97	.73	3.03
2022	.92	.91	1.19	.82	3.84
2023	1.05	.99	1.29	.97	4.30
2024	1.10	1.10	1.35	1.05	4.60

Cal-endar	QUARTERLY DIVIDENDS PAID ^C				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2019	.56	.62	.62	.62	2.42
2020	.62	.62	.62	.62	2.48
2021	.62	.66	.66	.66	2.60
2022	.66	.79	.79	.79	3.03
2023	.79				

BUSINESS: Paychex, Inc. is engaged in providing computerized payroll-accounting services, salary deposit services, automatic payroll-tax payment, tax return filing services, as well as various human-resource products and services to over 730,000 businesses, mostly small- to medium-sized (10 to 200 employees); includes clients located in Europe. The company operates numerous offices in the United States and internationally. Has about 16,000 employees. BlackRock, Inc. owns about 8.5% of common stock; B. Thomas Golisano (10.4%); Off./dir. (incl. Golisano), 11.5% (9/22 proxy). Founder: Thomas Golisano. CEO: John B. Gibson. DE. Add.: 911 Panorama Trail South, Rochester, NY 14625-0397. Tele.: 585-385-6666. Internet: www.paychex.com.

Paychex will likely wrap up fiscal 2023 with respectable results (year ends May 31st). We think the software company's top line will settle at \$5.0 billion for the year, representing an 8% annual increase. The larger Management Solutions segment should benefit from the addition of clients, high retention rates, pricing initiatives, and increased utilization of ancillary offerings. The smaller PEO (Professional Employer Organization) and Insurance Solutions segment should also make progress, reflecting higher revenues per client and the addition of work-site employees using Paychex's services.

The company is well positioned in its marketplace. Many small and medium-sized businesses turn to Paychex to outsource numerous administrative tasks, which should help them lower costs and free up resources. Further, Paychex offers advisory assistance to corporations so they can stay informed about new accounting rules and government programs, such as the recently passed *Secure Act 2.0*, which impacts retirement plans.

The bottom line should keep moving in the right direction. Paychex has managed to keep operating margins stable in an inflationary environment. This is commendable, given that the company has hired new employees to fuel expansion. We think Paychex will post earnings of \$4.30 per diluted share for fiscal 2023. We have introduced an estimate of \$4.60 per share for 2024 at this time.

A strong set of finances offers flexibility. At the end of February, Paychex had cash of over \$1.3 billion and debt of roughly \$800 million on its balance sheet. As a result, Paychex is well positioned to develop its own technology or pursue strategic acquisitions. The company has done a good job upgrading its product line and making its offerings available across various technology platforms. It is currently innovating in a number of areas (AI, data analytics, wearable solutions, voice recognition, etc.).

These shares are neutrally ranked for Timeliness. Our projections suggest that this stock holds worthwhile risk-adjusted total return potential for the next 3 to 5 years. The steady dividend should appeal to income investors.

Adam Rosner
 May 5, 2023

(A) Fiscal year ends May 31st.	(B) Earnings based on fully diluted shares. Quarterly egs. may not sum due to rounding. Excl. nonrecurring gain \$0.09 in Q3 2018. Next earnings report due late June.	(C) Dividends historically paid in mid-March, May, August, and November. ■ Div'd reinvestment plan available.	(D) In millions.	Company's Financial Strength	A
				Stock's Price Stability	90
				Price Growth Persistence	90
				Earnings Predictability	100