

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant To Section 13 or 15(d) of the
Securities Exchange Act of 1934

Date of Report: May 19, 2020
(Date of earliest event reported)

PAYCHEX, INC.

(Exact name of registrant as specified in its charter)

DELAWARE
(State or other jurisdiction
of incorporation)

0-11330
(Commission
File Number)

16-1124166
(IRS Employer
Identification Number)

**911 PANORAMA TRAIL SOUTH,
ROCHESTER, NY**
(Address of principal executive offices)

14625-2396
(Zip Code)

(585) 385-6666
(Registrant's telephone number, including area code)

N/A
(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, \$0.01 par value	PAYX	Nasdaq Global Select Market

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by checkmark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

ITEM 7.01 REGULATION FD DISCLOSURE

Paychex, Inc. (the “Company”) issued a press release dated May 19, 2020, which provides a business update in response to the continued impact from the COVID-19 pandemic and provided an update to the Company’s outlook for the fiscal year ending May 31, 2020 in an investor presentation that will be available on the Investor Relations portion of the Company’s website. Information available on the Company’s website is not a part of, and is not incorporated into, this report. The press release and investor presentation are furnished as Exhibits 99.1 and 99.2, respectively, to this Current Report on Form 8-K (“Form 8-K”).

The information furnished pursuant to Item 7.01, including Exhibits 99.1 and 99.2, shall not be deemed “filed” for purposes of Section 18 of the Securities and Exchange Act of 1934, as amended (the “Exchange Act”) or otherwise subject to the liabilities under such section and shall not be deemed to be incorporated by reference into any filing of the Company under the Securities Act of 1933, as amended (the “Securities Act”), or the Exchange Act, except to the extent specifically provided in such a filing.

Statements contained in the exhibits to this report that state the Company’s or its management’s expectations or predictions of the future are forward-looking statements intended to be covered by the safe harbor provisions of the Securities Act and the Exchange Act. It is important to note that the Company’s actual results could differ materially from those projected in such forward-looking statements. Factors that could affect those results include those mentioned in the documents that the Company has filed with the Securities and Exchange Commission (the “SEC”).

The Company undertakes no duty or obligation to publicly update or revise the information contained in this report and the exhibits furnished herewith, although the Company may do so from time to time as management believes is warranted. Any such updating may be made through the filing of other reports or documents with the SEC, through press releases or through other public disclosure including disclosure in the Investor Relations portion of the Company’s website.

ITEM 9.01 FINANCIAL STATEMENTS AND EXHIBITS

The following exhibits relating to Item 7.01 of this Form 8-K are furnished herewith:

Exhibit 99.1 [Press Release of Paychex, Inc. dated May 19, 2020](#)
Exhibit 99.2 [Investor Presentation of Paychex, Inc.](#)

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

PAYCHEX, INC.

Date: May 19, 2020

/s/ Efrain Rivera

Efrain Rivera

Senior Vice President, Chief Financial Officer, and Treasurer

News Release

911 Panorama Trail South • Rochester, NY 14625 • paychex.com



Paychex, Inc. Provides COVID-19 Business Update

Rochester, N.Y., (May 19, 2020) — Paychex, Inc. (“Paychex,” “we,” “our,” or “us”) (Nasdaq:PAYX) will provide a business update today in response to the impact from COVID-19 and an update to our outlook for the fiscal year ending May 31, 2020 (“fiscal 2020”).

Martin Mucci, President and Chief Executive Officer, commented, “As the COVID-19 situation continues to evolve, our primary focus continues to be the health and safety of our employees and supporting our clients and communities. We are committed to helping businesses navigate the impacts of COVID-19 and proactively supporting our clients with the highest level of service and technology. Our service levels and client satisfaction remain strong as we work to help our clients and their employees with changes to their business model and position them with products to be successful as their businesses reopen. We have a team of compliance professionals working with federal, state, and local officials to advocate for the interests of our clients and ensure we are well positioned to help them meet the requirements of any new support programs and regulations.”

Mucci added, “Our blend of technology and service provides valuable tools and resources to assist our clients and their employees during this critical time. The technology investments we have made in our Paychex Flex® payroll and human resource suite of products positioned us to service our clients well and support them in managing a remote workforce. We have also experienced a significant increase in the utilization of our five-star rated mobile app. While the impact on the economy of COVID-19 is severe, we are pleased to see early signs of moderation and stabilization in our key business metrics.”

Outlook

Our outlook for fiscal 2020 has been updated and incorporates known and anticipated impacts resulting from the COVID-19 pandemic based on current assumptions and market conditions. As this situation continues to evolve, future developments could alter our guidance. Please visit <http://www.paychex.com/investors> to view the updated outlook for fiscal 2020, which will be included in the investor presentation at the time of our conference call.

Financial Position and Liquidity

Our financial position remains strong and we continue to anticipate that cash, restricted cash, and total corporate investments, along with projected operating cash flows and available short-term financing, will support our normal business operations, capital purchases, share repurchases, and dividend payments for the foreseeable future. We will continue to evaluate the nature and extent of changing market and economic conditions related to COVID-19 and the impact to our business and financial position. We believe our strong balance sheet and operational flexibility will allow us to successfully manage through the current situation while protecting our cash flow and liquidity.

Conference Call

Interested parties may access the webcast of our conference call, scheduled for May 19, 2020 at 9:30 a.m. Eastern Time, at <http://www.paychex.com/investors>. The webcast will be archived for approximately one month. Our news releases, current financial information, Securities and Exchange Commission (“SEC”) filings, and investor presentations are also accessible at <http://www.paychex.com/investors>.

For more information, contact:

Investor Relations:	Efrain Rivera, CFO, or Terri Allen	585-383-3406
Media Inquiries:	Laura Saxby Lynch	585-383-3074

About Paychex

Paychex, Inc. (Nasdaq:PAYX) is a leading provider of integrated human capital management solutions for human resources, payroll, benefits, and insurance services. By combining its innovative software-as-a-service technology and mobility platform with dedicated, personal service, Paychex empowers small- and medium-sized business owners to focus on the growth and management of their business. Backed by more than 45 years of industry expertise, Paychex serves approximately 670,000 payroll clients as of May 31, 2019 across more than 100 locations in the U.S. and Europe, and pays one out of every 12 American private sector employees. Learn more about Paychex by visiting paychex.com and stay connected on Twitter (www.twitter.com/paychex) and LinkedIn (www.linkedin.com/company/paychex).

Cautionary Note Regarding Forward-Looking Statements Pursuant to the United States (“U.S.”) Private Securities Litigation Reform Act of 1995

Certain written and oral statements made by us may constitute “forward-looking statements” within the meaning of the safe harbor provisions of the U.S. Private Securities Litigation Reform Act of 1995. Forward-looking statements can be identified by such words and phrases as “we expect,” “expected to,” “estimates,” “estimated,” “overview,” “outlook,” “guidance,” “we look forward to,” “would equate to,” “projects,” “projections,” “projected,” “projected to be,” “anticipates,” “anticipated,” “we believe,” “believes,” “could be,” “targeting,” and other similar words or phrases. Examples of forward-looking statements include, among others, statements we make regarding operating performance, events, or developments that we expect or anticipate will occur in the future, including statements relating to our outlook, revenue growth, earnings, earnings-per-share growth, or similar projections.

Forward-looking statements are neither historical facts nor assurances of future performance. Instead, they are based only on our current beliefs, expectations, and assumptions regarding the future of our business, future plans and strategies, projections, anticipated events and trends, the economy, and other future conditions. Because forward-looking statements relate to the future, they are subject to inherent uncertainties, risks, and changes in circumstances that are difficult to predict, many of which are outside our control. Our actual results and financial conditions may differ materially from those indicated in the forward-looking statements. Therefore, you should not place undue reliance upon any of these forward-looking statements. Important factors that could cause our actual results and financial condition to differ materially from those indicated in the forward-looking statements include, among others, the following:

- changes in governmental regulations and policies;
- our ability to comply with U.S. and foreign laws and regulations;
- our ability to keep pace with changes in technology and to provide timely enhancements to our products and services;
- our compliance with data privacy laws and regulations;
- the possibility of cyberattacks, security vulnerabilities, and Internet disruptions, including breaches of data security and privacy leaks, data loss, and business interruptions;
- the possibility of failure of our operating facilities, computer systems, or communication systems during a catastrophic event, including the outbreak of COVID-19;
- the impact of COVID -19 on the U.S. and the global economy, including business disruptions, reductions in employment and an increase in business failures, specifically among our clients;
- the impact of COVID-19 on our employees and our ability to provide services to our clients and respond to their needs;
- the failure of third-party service providers to perform their functions;
- the possibility that we may be subject to additional risks related to our co-employment relationship with our professional employer organization;
- changes in health insurance and workers’ compensation insurance rates and underlying claim trends;
- our clients’ failure to reimburse us for payments made by us on their behalf;

- the effect of changes in government regulations mandating the amount of tax withheld or the timing of remittances;
- volatility in the political and economic environment;
- risks related to acquisitions and the integration of the businesses we acquire, including integrating Oasis Outsourcing Group Holdings, L.P.'s business with ours;
- our failure to comply with covenants in our debt agreements;
- changes in the availability of qualified people, including management, technical, compliance, and sales personnel;
- our failure to protect our intellectual property rights;
- the possible effects of negative publicity on our reputation and the value of our brand; and
- potential outcomes related to pending or future litigation matters.

Any of these factors, as well as such other factors as discussed in our SEC filings, could cause our actual results to differ materially from our anticipated results. The information provided in this document is based upon the facts and circumstances known as of the date of this press release, and any forward-looking statement made by us in this document speaks only as of the date on which it is made. Except as required by law, we undertake no obligation to update these forward-looking statements after the date of issuance of this press release to reflect events or circumstances after such date, or to reflect the occurrence of unanticipated events.

COVID-19 Business Update

May 19, 2020



Forward Looking Statements

You should be aware that certain written and oral statements made by management may constitute “forward-looking statements” within the meaning of the safe-harbor provisions of the United States (“U.S.”) Private Securities Litigation Reform Act of 1995. Forward-looking statements are neither historical facts nor assurances of future performance. Instead, they are based only on our current beliefs, expectations, and assumptions regarding the impact of COVID-19 on our business, employees, communities we serve, clients, future plans and strategies, projections, anticipated events and trends, the economy, the market for our investment securities portfolio, and other future conditions. Because forward-looking statements relate to the future, they are subject to inherent uncertainties, risks, and changes in circumstances that are difficult to predict, many of which are outside our control. Our actual results and financial conditions may differ materially from those indicated in the forward-looking statements. Therefore, you should not place undue reliance upon any of these forward-looking statements. The information provided in this document is based upon the facts and circumstances known at this time, and any forward-looking statement made in this document speaks only as of the date on which it was made. Except as required by law, we undertake no obligation to update these forward-looking statements after the date of issuance of this document to reflect events or circumstances after such date, or to reflect the occurrence of unanticipated events.

COVID-19 Response

Safety and Security of Employees

- Health and safety of our employees remains a top priority
- Implemented our business continuity plan, which included moving more than 95% of our employees (15,000+) in the U.S. and Europe to work-from-home over 5-6 day period
- Initiated proactive measures to protect employees including no unnecessary travel or in person meetings, providing masks to those who are on-site, etc.
- Provided the tools, resources, and communications necessary to support the mental, physical, and emotional well-being of our employees during this uncertain time
- Ensured the availability and resiliency of various technologies to enable our employees to effectively communicate with one another and our clients
- Donated \$1 million to United Way for COVID-19 relief and recovery to help our local communities

Advocacy and Service to Clients

- Continued record high client satisfaction scores
- 24/7/365 access to trained professionals
- HR expertise provided by our 600+ HR Business Partners to help clients navigate changes to the workplace
- Team of 200+ compliance experts working with federal, state, and local authorities to advocate for the interests of our clients
- Rapid response with system enhancements to manage significant legislative changes
- Provided resources in various forms to help educate and inform our clients

The screenshot shows the Paychex website's Coronavirus (COVID-19) Help Center. The page features a navigation bar with 'Solutions', 'Insights', and 'Contact' options. Below the navigation, there are tabs for 'Client Support', 'Employee Support', and 'Compliance Resources'. The main content area is titled 'Coronavirus (COVID-19) Help Center' and includes a sub-header 'Help is here' with a green button labeled 'See your options'. The page also displays a date 'Updated on April 8, 2020' and a note: 'Recent updates within 24 hours will be marked Updated'. At the bottom, there are links for 'What you need to know', 'Live webinars', 'Navigating legislation', 'Recorded webinars', and 'Articles'.

Paychex Technology Solutions

System Enhancements and Tools in Response to COVID-19

- Modifications to support paid sick leave, paid family medical leave, and tax credits
- Dedicated COVID-19 Help Center
- Interactive, scenario-based assessment tool
- PPP loan payroll reports and assistance
- PPP Loan Forgiveness Estimator
- Partnerships with industry leaders to provide additional resources for our clients including access to loan providers, incentives to utilize pay-on-demand

400,000+
Paychex PPP reports
processed

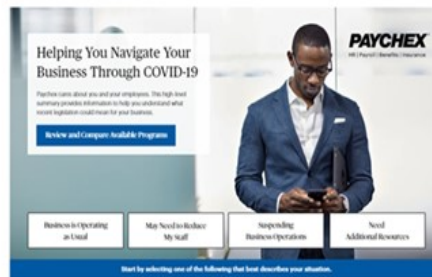
Technology Solutions to Support a Distributed Workforce

Managing a remote workforce

- Mobile apps
- Self-service capabilities
- Remote time tracking and punching in/out
- HR Conversations
- Document Management with electronic signatures
- Paychex Learning Management

Digital access to cash

- Direct Deposit and Paycards
- Pay-on-Demand



Macroeconomic and Business Trends

Macroeconomic trends reflect a steeper and more severe decline in economic conditions than the 2008-2009 recession. Real-time business leading indicators show stabilization and initial signs of improvement.

Key Metrics	March & April Impact	May Observations
Paid Employees	Decrease in check volumes started mid-March and accelerated through mid-April. Stabilized in late April with positive signals in leading indicators such as daily time punches.	Stabilization and modest improvement in employees paid & check volumes in both payroll and HR Outsourcing. Trend supported by internal client surveys.
Client Retention	Increase in number of non-processing clients as businesses suspended operations, but no change in client retention. Continued strong YOY improvement with decrease in controllable losses.	Continue to see strong client retention, but monitoring how many non-processing clients return. Positive trends in number of clients resuming payroll.
Sales Activity	After initial decline in March, April activities and results improved. Overall new sales down YOY, but performance better than expected. Continued accelerated marketing investments for lead generation.	Sales headwinds continue but seeing positive momentum, especially in SurePayroll, Virtual Sales and HR Outsourcing.

Fiscal Year 2020 Outlook

Anticipated Impact of COVID-19

May 19, 2020

	Previous Guidance	Updated Guidance ⁽¹⁾
	Year-over-Year Growth	Year-over-Year Growth
Management Solutions Revenue	~4%	~3%
PEO & Insurance Solutions Revenue	~24%	~21%
Interest on Funds Held for Clients	(3%) - (2%)	See below
Total Revenue	8% - 9%	~7%
Net Income	~7%	~6%
Diluted EPS	~7%	~6%
EBITDA ⁽²⁾	8% - 9%	7% - 8%
Adjusted Net Income ⁽²⁾	~6%	5% - 6%
Adjusted Diluted EPS ⁽²⁾	~6%	5% - 6%
	Anticipated Result	Anticipated Result
Interest on Funds Held for Clients	See above	\$85M - \$90M
Operating Income, as a Percent of Total Revenue	~36%	~36%
EBITDA ⁽²⁾ , as a Percent of Total Revenue	~41%	~41%
Depreciation & Amortization Expense	\$205M - \$215M	\$205M - \$215M
Interest Expense, net	\$22M - \$24M	\$22M - \$24M
Effective Income Tax Rate	23.5% - 24.0%	23.5% - 24.0%

(1) Current outlook represents anticipated impacts resulting from COVID-19 based on assumptions as of today. This is a rapidly evolving situation and future developments could result in significant changes to these estimates.

(2) EBITDA and related margin, adjusted net income, and adjusted diluted EPS are non-GAAP measures. Adjusted net income and adjusted diluted EPS are both calculated by subtracting the excess tax benefit related to employee stock-based compensation payments from net income and diluted EPS. Refer to our quarterly earnings releases and SEC filings for further discussion and reconciliations to GAAP measures.

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The Power of Simplicity