Paychex, Inc (PAYX)

Updated June 28th, 2026, by Nathan Parsh

Key Metrics

Current Price:	$100	**5 Year Annual Expected Total Return:**	20.0%	**Market Cap:**	$36 Billion
Fair Value Price:	$149	**5 Year Growth Estimate:**	8.0%	**Ex-Dividend Date:**	07/21/26[1]
% Fair Value:	67%	**5 Year Valuation Multiple Estimate:**	8.3%	**Dividend Payment Date:**	08/27/26[2]
Dividend Yield:	4.8%	**5 Year Price Target**	$219	**Years Of Dividend Growth:**	15
Dividend Risk Score:	C	**Sector:**	Industrials	**Rating:**	Hold

Overview & Current Events

Paychex, Inc, which was incorporated in 1979, provides payroll accounting, benefits and human resource services to businesses that employ between 10 and 200 employees. Paychex provides services to approximately 800,000 small and medium-sized businesses in the U.S. and Europe. The company operates two segments: Management Solutions, which provides employers with payroll and retirement resources, and PEO & Insurance, which offers outsourced human resource services and insurance.

On May 1st, 2026, Paychex announced that it was increasing its quarterly dividend 10.2% to $1.19 per share, extending the company's dividend growth streak to 15 years.

On June 24th, 2026, Paychex reported earnings results for the fourth quarter and fiscal year 2026 for the period ending May 31st, 2026. For the quarter, revenue grew 12.6% to $1.61 billion, which was in-line with expectations. Adjusted earnings-per-share of $1.32 compared to $1.19 in the prior year and was $0.01 ahead of estimates. For the year, revenue grew 17% to $6.5 billion while adjusted earnings-per-share of $5.51 compared to $4.98 in FY 2025.

For the quarter, revenue for Management Solutions increased 14% to $1.2 billion. Of this growth, 8% was from the addition of Paycor. As with prior periods, the company continues to see gains in the number of clients served in Human Resources Solutions and growth in revenue per client. PEO & Insurance Solutions grew 9% to $369.7 million. Once again, this segment saw growth in number of average employees per worksite and gains in insurance revenue. Interest on funds held for clients was up 15% to $52.2 million. As of the end of the quarter, Paychex held $1.09 billion in cash and equivalents against short-term and long-term borrowings, net of debt issuance costs, of $4.6 billion. This is down from $5.0 billion in Q3 2026, but a large increase from prior years. Much of the increase in debt is due to the 2025 purchase of Paycor.

Paychex provided guidance for fiscal year 2027 as well. Revenue is projected to grow 5% to 6% year-over-year for the fiscal year as the company begins to lap the addition of Paycor. Adjusted earnings-per-share is expected to be up 7% to 9% for the year. We have initiated our forecast accordingly.

Growth on a Per-Share Basis

Year	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2032
EPS	$2.25	$2.45	$2.84	$3.00	$3.04	$3.77	$4.27	$4.72	$4.98	$5.51	***$5.95***	***$8.74***
DPS	$1.84	$2.18	$2.24	$2.48	$2.52	$2.77	$3.26	$3.65	$4.02	$4.43	***$4.76***	***$6.99***
Shares[3]	359	359	359	359	360	361	362	362	362	358	***358***	***355***

Paychex saw a slight decline in earnings during the last recession. Considering that the company's revenue largely depends on the number of people on payrolls, Paychex did an admirable job suffering just a slight decline in earnings-per-share as unemployment reached high levels. As long as unemployment remains low, Paychex should see earnings continue to grow. If unemployment becomes elevated, it is possible that the company could experience a slight

[1] Estimated ex-dividend date
[2] Estimated dividend payment date
[3] Share count in millions

Disclosure: This analyst has no position in the security discussed in this research report, and no plans to initiate one in the next 72 hours.

reduction in earnings based on how well the company navigated the last recession. Paychex grew earnings at a rate of 10.5% per year over the past decade. We reaffirm our expected EPS growth rate of 8% to better reflect the company's historical performance and recent business results. Dividend growth has been nearly in-line with earnings growth, a trend we expect to continue.

Valuation Analysis

Year	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	Now	2032
Avg. P/E	26.2	25.1	29.6	24.1	33.3	32.8	24.6	25.5	31.7	17.6	***16.8***	***25.0***
Avg. Yld.	3.1%	3.3%	2.7%	3.4%	2.5%	2.2%	3.1%	3.0%	2.5%	4.6%	***4.8%***	***3.2%***

Shares of Paychex have increased $7, or 7.5%, since our March 30th, 2026 report. Based off estimates for earnings-per-share for the current fiscal year, the stock has a P/E ratio of 16.8. For context, shares of Paychex have an average P/E of ~27.0 over the last ten years. We reaffirm our target P/E of 25.0. If shares were to revert to this target by fiscal 2032, then valuation could add 8.3% to annual returns over this period.

Safety, Quality, Competitive Advantage, & Recession Resiliency

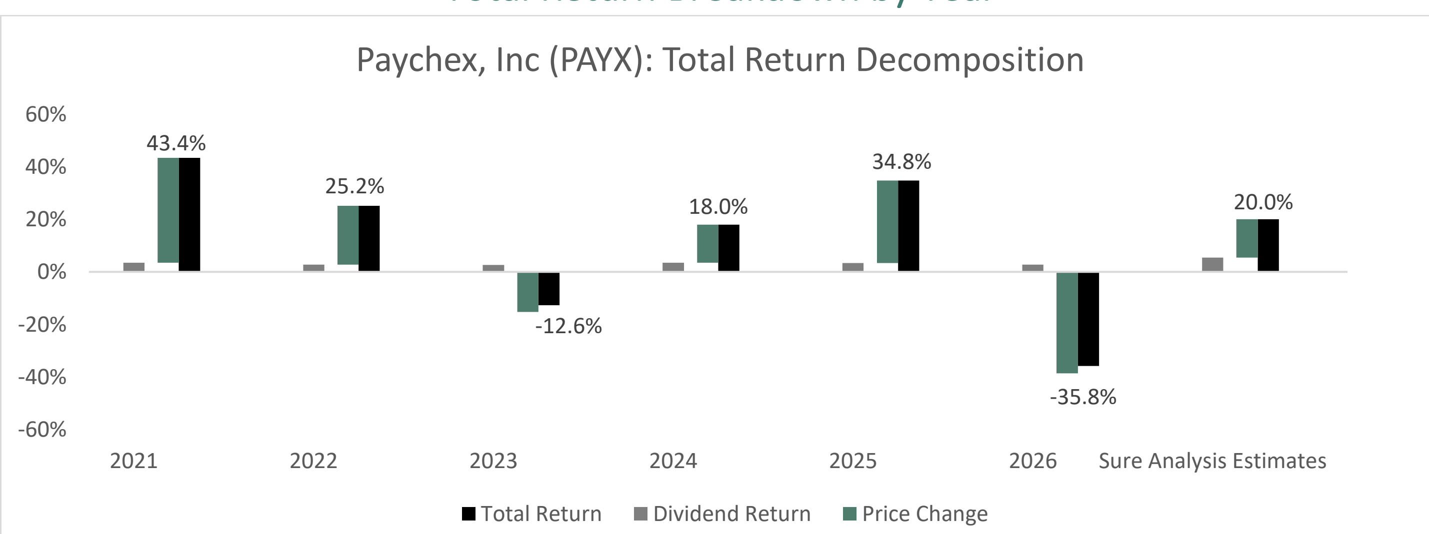
Year	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2032
Payout	82%	82%	79%	83%	82%	73%	76%	77%	81%	80%	***80%***	***80%***

Paychex was not immune to lower earnings numbers during the last recession. With that said, the company held up well given the circumstances. The company also posted growth during the Covid-19 pandemic. Paychex's primary competitive advantage is that it is a leading provider of payroll, account, benefits, and human resource services for small and medium sized companies. Another advantage is that Paychex has historically had very little long-term debt on its balance sheet, though that has changed recently. Still, the company has already paid down a decent portion of its debt.

Final Thoughts & Recommendation

After fourth quarter results, Paychex is projected to offer a total annual return of 20.0% through fiscal 2032, up from 19.5% previously. Our projected return stems from an earnings growth rate of 8%, a starting yield of 4.8%, and a high single-digit contribution from multiple expansion. Paychex continues to see growth throughout its business and the addition of Paycor continues to act as a tailwind to results. We have raised our five-year price target $17 to $219 due to guidance. We note the attractive total return potential, but we continue to rate shares of Paychex as a hold due to a weak dividend risk score.

Total Return Breakdown by Year



Disclosure: This analyst has no position in the security discussed in this research report, and no plans to initiate one in the next 72 hours.

Paychex, Inc (PAYX)

Updated June 28th, 2026, by Nathan Parsh

Income Statement Metrics

Year	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Revenue	3,151	3,378	3,773	4,041	4,057	4,612	5,007	5,278	5,572	6,512
Gross Profit	2,232	2,360	2,595	2,760	2,786	3,255	3,554	3,799	4,031	4,838
Gross Margin	70.8%	69.9%	68.8%	68.3%	68.7%	70.6%	71.0%	72.0%	72.4%	74.3%
SG&A Exp.	992	1,068	1,223	1,299	1,325	1,415	1,521	1,625	1,824	2,327
D&A Exp.	127	138	182	210	192	192	177	177	210	443
Operating Profit	1,240	1,324	1,377	1,461	1,461	1,840	2,033	2,174	2,370	2,511
Operating Margin	39.3%	39.2%	36.5%	36.1%	36.0%	39.9%	40.6%	41.2%	42.5%	38.6%
Net Profit	817	994	1,034	1,098	1,098	1,393	1,557	1,690	1,657	1,760
Net Margin	25.9%	29.4%	27.4%	27.2%	27.1%	30.2%	31.1%	32.0%	29.7%	27.0%
Free Cash Flow	858	1,083	1,142	1,304	1,137	1,362	1,546	1,706	1,632	2,279
Income Tax	428	306	334	339	337	432	491	528	519	551

Balance Sheet Metrics

Year	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Total Assets	6,948	7,973	8,756	8,665	9,354	9,796	10,546	10,383	16,564	16,175
Cash & Equivalents	323	424	763	982	1,083	1,274	1,645	1,551	1,711	1,177
Accounts Receivable	508	492	827	764	1,029	1,296	1,402	1,602	1,947	2,172
Goodwill & Int. Ass.	715	955	2,182	2,122	2,097	2,056	2,021	2,077	6,461	6,211
Total Liabilities	4,993	5,617	6,137	5,883	6,406	6,711	7,053	6,582	12,436	12,439
Accounts Payable	57	74	76	79	89	106	85	104	130	155
Long-Term Debt	-	-	796	894	890	873	856	848	5,004	4,608
Shareholder's Equity	1,955	2,357	2,619	2,781	2,948	3,085	3,493	3,801	4,128	3,735
LTD/E Ratio	-	-	0.30	0.34	0.31	0.29	0.25	0.23	1.22	1.23

Profitability & Per Share Metrics

Year	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Return on Assets	12.1%	13.3%	12.4%	12.6%	12.2%	14.5%	15.3%	16.2%	12.3%	10.8%
Return on Equity	42.3%	46.1%	41.6%	40.7%	38.3%	46.2%	47.3%	46.3%	41.8%	44.8%
ROIC	42.3%	46.1%	35.8%	30.8%	28.9%	35.4%	37.2%	37.3%	23.9%	20.1%
Shares Out.	359	359	359	359	360	361	362	362	362	358
Revenue/Share	8.69	9.34	10.43	11.19	11.20	12.70	13.82	14.58	15.39	18.09
FCF/Share	2.36	2.99	3.16	3.61	3.14	3.75	4.27	4.71	4.51	6.33

Note: All figures in millions of U.S. Dollars unless per share or indicated otherwise.