

ModernGraham Valuation

Company Name:

Kelly Services, Inc.

Company Ticker KELYA

Date of Analysis

2/7/2017



Stage 1: Is this company suitable for the Defensive Investor or the Enterprising Investor?

Defensive Investor; must pass 6 out of the following 7 tests.

1. Adequate Size of the Enterprise	Market Cap > \$2Bil	\$835,011,175	Fail
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.58	Fail
3. Earnings Stability	Positive EPS for 10 years prior		Fail
4. Dividend Record	Dividend Payments for 10 years prior		Fail
	Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end	-229.61%	Fail
5. Earnings Growth	PEmg < 20	11.99	Pass
6. Moderate PEmg Ratio	PB Ratio < 2.5 OR PB*PEmg < 50	0.82	Pass
7. Moderate Price to Assets			

Enterprising Investor; must pass 4 out of the following 5 tests, or be suitable for the Defensive Investor.

1. Sufficiently Strong Financial Condition	Current Ratio > 1.5	1.58	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	0.00	Pass
3. Earnings Stability	Positive EPS for 5 years prior		Pass
4. Dividend Record	Currently Pays Dividend		Pass
5. Earnings Growth	EPSmg greater than 5 years ago		Pass
	Score		

Suitability

Defensive	No
Enterprising	Yes

Stage 2: Determination of Intrinsic Value

EPSmg	\$1.80
MG Growth Estimate	9.64%
MG Value	\$50.08
MG Value based on 3% Growth	\$26.15
MG Value based on 0% Growth	\$15.33
Market Implied Growth Rate	1.74%

MG Opinion

Current Price	\$21.62
% of Intrinsic Value	43.17%
Opinion	Undervalued
MG Grade	B+

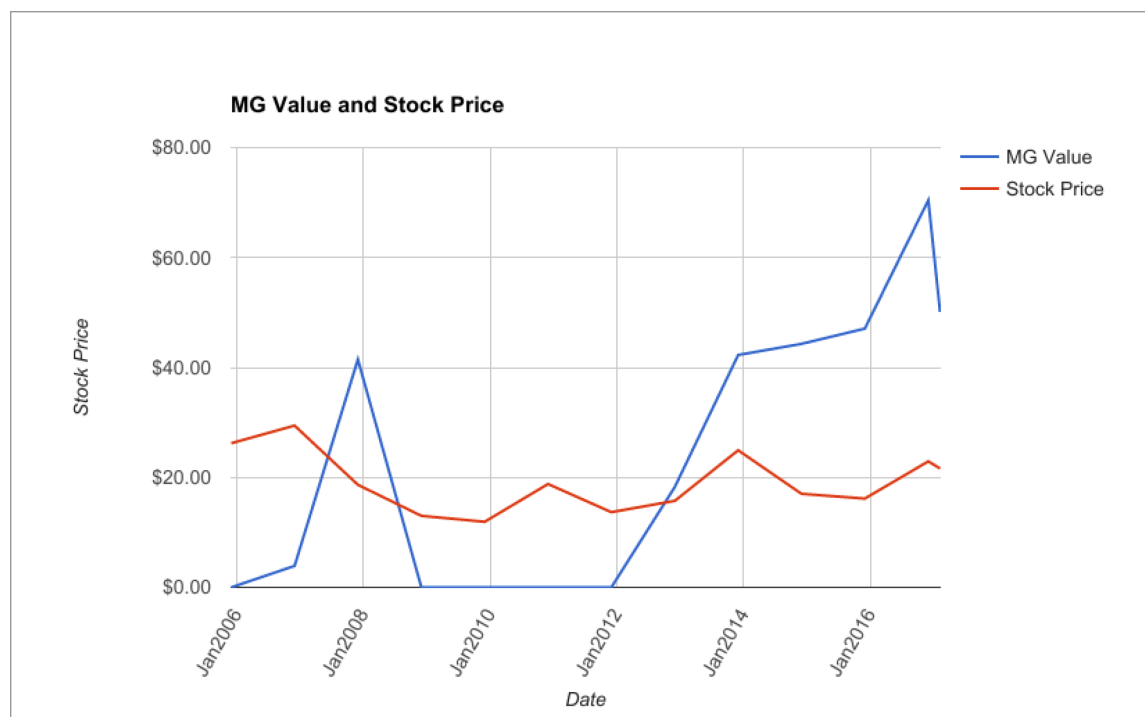
Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	\$5.19
Graham Number	\$30.13
PEmg	11.99
Current Ratio	1.58
PB Ratio	0.82
Current Dividend	\$0.28
Dividend Yield	1.27%
Number of Consecutive Years of Dividend Growth	2

Useful Links:

ModernGraham tagged articles	Morningstar
Google Finance	MSN Money
Yahoo Finance	Seeking Alpha
GuruFocus	SEC Filings

EPS History		EPSmg History	
Next Fiscal Year Estimate		Next Fiscal Year Estimate	
	\$1.52		\$1.80
Dec2016	\$3.13	Dec2016	\$1.83
Dec2015	\$1.39	Dec2015	\$1.22
Dec2014	\$0.61	Dec2014	\$1.15
Dec2013	\$1.54	Dec2013	\$1.10
Dec2012	\$1.32	Dec2012	\$0.47
Dec2011	\$1.69	Dec2011	-\$0.05
Dec2010	\$0.71	Dec2010	-\$0.70
Dec2009	-\$3.00	Dec2009	-\$0.99
Dec2008	-\$2.37	Dec2008	\$0.19
Dec2007	\$1.67	Dec2007	\$1.33
Dec2006	\$1.75	Dec2006	\$1.05
Dec2005	\$1.09	Dec2005	\$0.65
Dec2004	\$0.60	Dec2004	\$0.56
Dec2003	\$0.14	Dec2003	\$0.76
Dec2002	\$0.51	Dec2002	\$1.24
Dec2001	\$0.47	Dec2001	\$1.72
Dec2000	\$2.43	Balance Sheet Information 12/1/2016	
Dec1999	\$2.36	Total Current Assets	\$1,215,800,000
Dec1998	\$2.23	Total Current Liabilities	\$770,500,000
Dec1997	\$2.12	Long-Term Debt	\$0
		Total Assets	\$2,029,300,000
		Intangible Assets	\$88,300,000
		Total Liabilities	\$1,015,500,000
		Shares Outstanding (Diluted Average)	38,600,000





Disclaimer:

This valuation is not investment advice. Anyone who is considering making an investment decision should speak to a registered investment advisor.

The author did not hold a position in any company mentioned in this article at the time of publication and had no intention of changing those holdings within the next 72 hours.

Recommended Reading:

Other
ModernGraham
posts about the
company

#N/A

Other
ModernGraham
posts about related
companies

[John Wiley & Sons Inc Valuation – Initial Coverage \\$JW.A](#)
[Dun & Bradstreet Corp Valuation – January 2017 \\$DNB](#)
[Apollo Education Group Inc Valuation – January 2017 \\$APOL](#)
[Accenture PLC Valuation – December 2016 \\$ACN](#)
[Automatic Data Processing Valuation – November 2016 \\$ADP](#)
[United Rentals Inc Valuation – August 2016 \\$URI](#)
[Robert Half International Inc Valuation – August 2016 \\$RHI](#)
[Accenture PLC Valuation – August 2016 \\$ACN](#)
[Fiserv Inc Valuation – August 2016 \\$FISV](#)
[Cintas Corporation Valuation – July 2016 \\$CTAS](#)