

ModernGraham Valuation

Kelly Services, Inc.
Class A



Company Name:

Company Ticker KELYA

Date of Analysis

8/7/2018

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	\$937,235,822	Fail
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.50	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	-1283.33%	Fail
5. Earnings Growth	PEmg < 20	11.83	Pass
6. Moderate PEmg Ratio	PB Ratio < 2.5 OR PB*PEmg < 50	0.80	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	1.50	Fail
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	\$2.06
MG Growth Estimate	11.87%
MG Value	\$66.46
MG Value based on 3% Growth	\$29.89
MG Value based on 0% Growth	\$17.52
Market Implied Growth Rate	1.66%

MG Opinion

Current Price	\$24.38
% of Intrinsic Value	36.68%
Opinion	Undervalued
MG Grade	B+

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	\$3.92
Graham Number	\$38.61
PEmg	11.83
Current Ratio	1.50
PB Ratio	0.80
Current Dividend	\$0.30
Dividend Yield	1.23%
Number of Consecutive Years of Dividend Growth	2

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EPS History		EPSmg History	
Next Fiscal Year Estimate		Next Fiscal Year Estimate	
	\$2.21		\$2.06
Dec2017	\$1.81	Dec2017	\$1.89
Dec2016	\$3.08	Dec2016	\$1.81
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	Balance Sheet Information	
Dec2000	\$2.43	3/1/2018	
Dec1999	\$2.36	Total Current Assets	\$1,397,700,000
Dec1998	\$2.23	Total Current Liabilities	\$934,200,000
		Long-Term Debt	\$0
		Total Assets	\$2,436,600,000
		Intangible Assets	\$107,300,000
		Total Liabilities	\$1,245,300,000
		Shares Outstanding (Diluted Average)	38,900,000





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.

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