



FEATURED OPTIONS RADAR REPORT



Unusual Upside Options Spread in Small Cap Staffing Firm

Ticker/Price: KELYA (\$21.95)

Analysis:

Kelly Services (KELYA) a name that never sees options activity saw 2500 November \$25/\$30 call spreads bought for \$0.90 to open on 8/2, a highly unusual trade. KELYA will report earnings 8-12 and shares have closed higher 7 of the last 10 reports with an average max move of 9%. KELYA shares have pulled back from May highs and put in a base trying to recapture the rising 200-day moving average with a close above \$22.25 key currently. KELYA is one of the world's largest scientific and clinical staffing providers and place talent at various levels in engineering, IT and finance. It is also the leading provider in the K-12 educational staffing market in the U.S., while also providing talent in early childhood education, non-instructional roles and adjunct professors. KELYA also has an outsourcing and consulting service segment. KELYA's staffing and outsourcing markets generate \$650B in annual revenues. KELYA has a market cap of \$875M and trades very cheap at 9.9X Earnings, 6.2X EBITDA, 0.71X Book and 3.66X cash value. KELYA forecasts see 13.5% revenue growth and 48% EBITDA growth in 2021. Analysts have an average target of \$31 and short interest is low at 2% of the float. Barrington raised its target to \$31 in May seeing investors benefitting from the ongoing transformation to a provider of specialty staffing and workforce solutions as highlighted by its Softworld acquisition. Hedge Fund ownership fell 5.5% in the latest quarter filings.

Hawk Vision:



Hawk's Perspective: KELYA clearly lacks much options liquidity but can see the clear attractiveness of valuation for the small cap, and looks to be positioned for a strong upcoming report.

Confidence Ranking: \$\$