



# Insperity Inc. (NSP)

Updated May 5<sup>th</sup>, 2025 by Quinn Mohammed

## Key Metrics

<b>Current Price:</b>	\$66	<b>5 Year CAGR Estimate:</b>	15.7%	<b>Market Cap:</b>	\$2.5 B
<b>Fair Value Price:</b>	\$61	<b>5 Year Growth Estimate:</b>	15.0%	<b>Ex-Dividend Date<sup>1</sup>:</b>	06/06/2025
<b>% Fair Value:</b>	108%	<b>5 Year Valuation Multiple Estimate:</b>	-1.5%	<b>Dividend Payment Date<sup>1</sup>:</b>	06/20/2025
<b>Dividend Yield:</b>	3.7%	<b>5 Year Price Target</b>	\$122	<b>Years of Dividend Growth:</b>	17
<b>Dividend Risk Score:</b>	F	<b>Sector:</b>	Industrials	<b>Rating:</b>	Hold

## Overview & Current Events

Insperity is a leading provider of human resources and business performance solutions to America's businesses. The corporation was founded in 1986, and its mission is to help businesses succeed. The company's primary target customers are small and midsize businesses. Various human resources functions are offered through Insperity's products, such as payroll and employment administration, employee benefits and compensation, government compliance, performance management, training and development services, and human capital management. Insperity has over 100 offices across the U.S. The company is headquartered in Houston, Texas and has a market capitalization of \$2.5 billion. Insperity trades under the ticker symbol NSP on the NYSE. Insperity generated \$6.6 billion revenue in 2024.

On May 23<sup>rd</sup>, 2024, Insperity increased its quarterly dividend by 5.3% to \$0.60 per share.

Insperity reported first quarter 2025 results on April 29<sup>th</sup>, 2025. The company reported revenue increased 3% to \$1.9 billion in the first quarter due to a 3% increase in revenue per worksite employee (WSEE), and a 1% increase of paid WSEEs. Adjusted EPS dove 31% to \$1.57 for the first quarter from \$2.27 a year ago.

The corporation repurchased 224k shares for \$19 million in Q1.

Leadership updated its 2025 guidance, now expecting a 0.5% to 3.0% increase in average WSEEs paid, and a 38% decrease to 8% decrease in adjusted EPS to \$2.23 to \$3.28, for a midpoint of \$2.76.

## Growth on a Per-Share Basis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
<b>EPS</b>	\$0.79	\$1.55	\$2.01	\$3.22	\$3.70	\$3.54	\$3.95	\$5.59	\$5.52	\$3.58	<b>\$2.76</b>	<b>\$5.55</b>
<b>DPS</b>	\$0.43	\$0.49	\$1.58	\$0.80	\$1.20	\$1.60	\$3.75	\$2.01	\$2.23	\$2.37	<b>\$2.40</b>	<b>\$3.06</b>
<b>Shares<sup>2</sup></b>	48.6	42.1	41.5	40.9	39.4	38.8	38.9	38.6	38.3	38.0	<b>37.5</b>	<b>36.0</b>

Insperity has a stable long-term track record of earnings-per-share growth, but in recent years earnings have been volatile along with the sentiment of the economy. Over the last nine and five years, NSP has grown adjusted earnings per share by 18% and -1%, respectively. The performance of NSP is highly dependent on the health and outlook of its clients, which are small and medium-sized businesses. Performance was fantastic in 2022, but in 2023 and 2024, Insperity saw significantly lower client net hiring as a result of the soft economic climate. In 2025, this was initially expected to begin reversing due to a rebound in small business economic sentiment, but this has been unraveling recently due to uncertainty surrounding policy. The corporation can grow earnings-per-share through increased sales, client retention, and growth in its client base.

We estimate that NSP can grow earnings by 15% over the medium term from this low comparison base. Any headwinds in the general economy, however, can have an effect on the company's earnings.

<sup>1</sup> Estimate based on last year's date

<sup>2</sup> in millions.

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Its recently announced exclusive strategic partnership with Workday to provide HR service and technology to small and midsize businesses should aid in profitability. In Q1 2025, Insperity announced it had an agreed upon go-to-market plan with Workday that is expected to generate growth starting in 2026.

The corporation has grown the dividend for 17 consecutive years since it was implemented in 2005. In 2017, a \$1.00 special dividend was paid. The dividend has grown by 21% annually in the last nine years. The share count has also steadily fallen over the years, an additional minor tailwind to returns.

## Valuation Analysis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Now	2030
Avg. P/E	30.2	20.7	21.5	28.1	28.9	19.0	31.1	29.8	22.9	21.3	23.7	22.0
Avg. Yld.	1.8%	1.5%	3.7%	0.9%	1.1%	2.4%	1.6%	1.7%	1.9%	2.5%	3.7%	2.5%

Insperity currently trades at 23.7 times this year's expected adjusted net income per share. The 10-year average PE is 25.4, and the 5-year average PE is 24.8. We believe shares are overvalued and peg fair value at 22.0 times earnings. This overvaluation may result in a 1.5% annual decline in the stock price due to valuation contraction.

## Safety, Quality, Competitive Advantage, & Recession Resiliency

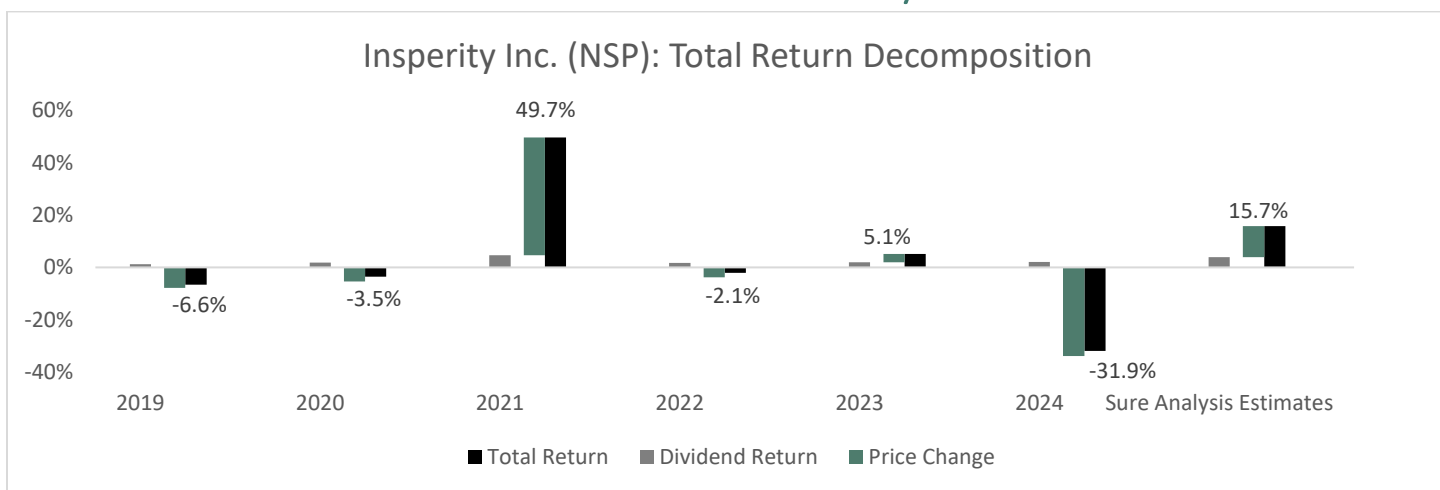
Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
Payout	54%	32%	79%	25%	32%	45%	95%	36%	40%	66%	87%	55%

NSP's payout ratio is somewhat elevated at 87% of forecast earnings, but the company has never cut its dividend since its inception, and it is not likely to do so now. In fact, the dividend has grown fairly quickly, and we see strong earnings backing this up. Earnings took a large hit in the great financial crisis, however the company remained profitable, and throughout the period, the dividend was covered by earnings. It took until the year 2016 for the company to earn as much per share as it did in 2008, however it quickly blew past those numbers. We don't see Insperity as having a particularly strong competitive advantage over other human resources companies.

## Final Thoughts & Recommendation

Insperity has a history of growing EPS at a double-digit rate, and we believe that there still a growth runway for NSP to execute on, though we aren't anticipating the same levels of growth as its seen in the past. At the current share price, we see Insperity as trading at 108% of fair value with estimated total returns of 15.7%. Insperity maintains its hold rating.

## Total Return Breakdown by Year



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## Income Statement Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenue	2,604	2,941	3,300	3,829	4,315	4,287	4,973	5,939	6,486	6,581
Gross Profit	438	492	573	682	733	807	820	1,011	1,037	1,052
Gross Margin	16.8%	16.7%	17.4%	17.8%	17.0%	18.8%	16.5%	17.0%	16.0%	16.0%
SG&A Exp.	343	369	425	480	518	581	608	720	776	891
D&A Exp.	19	17	18	23	29	31	39	41	43	44
Operating Profit	76	106	130	179	187	195	173	250	219	
Operating Margin	2.9%	3.6%	3.9%	4.7%	4.3%	4.5%	3.5%	4.2%	3.4%	1.8%
Net Profit	39	66	84	135	151	138	124	179	171	91
Net Margin	1.5%	2.2%	2.6%	3.5%	3.5%	3.2%	2.5%	3.0%	2.6%	1.4%
Free Cash Flow	47	111	180	149	149	248	227	317	158	482
Income Tax	26	39	46	47	39	51	44	66	54	35

## Balance Sheet Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Assets	785	907	1,064	1,192	1,395	1,584	1,753	2,039	2,120	2,597
Cash & Equivalents	270	286	354	327	367	555	576	733	693	1,039
Accounts Receivable	8	13	12	10	13	7	11	14	16	9
Goodwill & Int. Ass.	14	13	13	13	13	13	13	13	13	13
Total Liabilities	612	847	997	1,114	1,391	1,540	1,755	1,958	2,026	2,500
Accounts Payable	5	4	6	11	5	6	6	8	11	10
Long-Term Debt	-	104	104	144	269	369	369	369	369	369
Shareholder's Equity	172	61	66	78	4	44	-2	81	94	
LTD/E Ratio	-	1.72	1.57	1.86	66.05	8.37	-208.23	4.55	3.95	3.80

## Profitability & Per Share Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Return on Assets	5.0%	7.8%	8.6%	12.0%	11.7%	9.3%	7.4%	9.5%	8.2%	3.9%
Return on Equity	20.9%	56.6%	133.1%	188.1%	369.6%	573.5%	585.9%	451.2%	196%	95.3%
ROIC	20.9%	39.1%	50.3%	68.9%	61.0%	40.2%	31.8%	43.8%	37.5%	19.6%
Shares Out.	48.6	42.1	41.5	40.9	39.4	38.3	38.5	38.1	38.3	38.0
Revenue/Share	53.54	70.43	79.96	92.24	106.93	110.43	127.84	155.81	169.16	173.18
FCF/Share	0.97	2.67	4.36	3.59	3.69	6.39	5.84	8.33	4.13	12.68

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