Kforce Inc. (KFRC)

Updated May 27th, 2026 by Felix Martinez

Key Metrics

Current Price:	$43	**5 Year Annual Expected Total Return:**	10.1%	**Market Cap:**	$696.9 M
Fair Value Price:	$41	**5 Year Growth Estimate:**	8.0%	**Ex-Dividend Date:**	06/12/26
% Fair Value:	104%	**5 Year Valuation Multiple Estimate:**	-0.9%	**Dividend Payment Date:**	06/26/26
Dividend Yield:	3.7%	**5 Year Price Target**	$60	**Years Of Dividend Growth:**	9
Dividend Risk Score:	D	**Sector:**	Industrials	**Rating:**	Hold

Overview & Current Events

Kforce Inc. is a professional staffing and solutions firm focused on technology and finance & accounting services. The company primarily generates revenue through its "Flex" staffing model, supplying skilled professionals to clients on a temporary or project basis, alongside direct-hire placements. Its Technology segment drives the majority of business, reflecting strong demand for IT talent supporting digital transformation and data-driven initiatives.

Kforce's strategy centers on aligning workforce solutions with long-term industry trends while improving operational efficiency through investments such as cloud-based systems and offshore delivery capabilities. Although performance is sensitive to economic cycles and hiring demand, the company maintains disciplined capital allocation, returning cash to shareholders through dividends and buybacks. Its long-term growth depends on sustained demand for specialized talent and effective execution of its strategic initiatives.

The company reported its first quarter results on April 27th, 2026. The company reported a modest but important return to year-over-year revenue growth in the first quarter of 2026, as revenue increased 0.1% to $330.4 million and diluted earnings per share rose to $0.46 from $0.45 a year earlier. Both revenue and earnings exceeded analyst expectations, while gross profit margin improved to 27.3%, up 60 basis points year-over-year. The company's Technology Flex business, its largest segment, returned to growth with revenue increasing 0.2%, while Finance and Accounting Flex revenue grew 5.7%, reflecting improving demand trends across staffing and consulting services.

Profitability also improved during the quarter as operating margin increased to 3.6% and Flex gross profit margin expanded to 25.9%, driven by stronger pricing spreads and lower healthcare costs. However, selling, general, and administrative expenses rose as a percentage of revenue due to higher performance-based compensation tied to improved financial results. Net income declined slightly year-over-year to $7.9 million from $8.1 million, although earnings per share still increased because of continued share repurchases, which reduced diluted shares outstanding by nearly 6% compared to the prior year.

Management expressed optimism about continued momentum heading into the second quarter, forecasting revenue between $344 million and $352 million and earnings per share between $0.67 and $0.75. The company expects accelerating year-over-year revenue growth supported by improving client demand and its integrated "One Kforce" operating strategy. During the quarter, Kforce returned $18.6 million to shareholders through dividends and share repurchases, while maintaining focus on operational efficiency and margin expansion despite ongoing macroeconomic uncertainty and evolving labor market conditions.

Growth on a Per-Share Basis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
EPS	$1.46	$1.57	$2.30	$2.35	$2.62	$3.54	$4.25	$3.49	$2.68	$2.09	***$2.42***	***$3.56***
DPS	$0.48	$0.48	$0.60	$0.72	$0.80	$0.98	$1.20	$1.44	$1.52	$1.56	***$1.60***	***$1.95***
Shares[1]	26.3	25.6	25.3	23.8	21.4	21.2	20.5	19.5	18.8	17.8	***17.0***	***15.0***

The Company has grown earnings by 4.1% annually over the past ten years. However, over the past five years, earnings growth was negative -7.3%. Kforce experienced declining earnings growth in 2025, with full-year EPS falling to $2.09,

[1] Share count is 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.

down about 22% year-over-year, driven by lower revenue and margin compression. However, going forward we expect the company to grow earning by 8% for the next five years which will being 2031 earnings of $3.56. The company has grown its dividend for nine consecutive years. The most recent dividend increase was 2.6%, which was announced on February 3, 2026.

Valuation Analysis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
Avg. P/E	15.8	16.1	13.2	16.9	16.1	21.3	12.9	19.3	21.1	14.9	***17.8***	***17.00***
Avg. Yld.	2.1%	1.9%	1.9%	1.8%	1.9%	1.3%	2.2%	2.1%	2.7%	5.1%	***3.7%***	***3.2%***

Over the past decade, Kforce has averaged a P/E ratio of 16.8x. The company was valued at a lower level in the post-recession years but quickly expanded to maintain a multiple that fluctuates around 18x in most market conditions. However, we think a fair value multiple estimates to 17x earnings is fair for this company. At the current price, the company has a multiple of 17.8x. This means that the company has a headwind of -0.9% of multiple compression.

Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
Payout	33%	31%	26%	31%	31%	28%	28%	41%	57%	75%	***66%***	***55%***

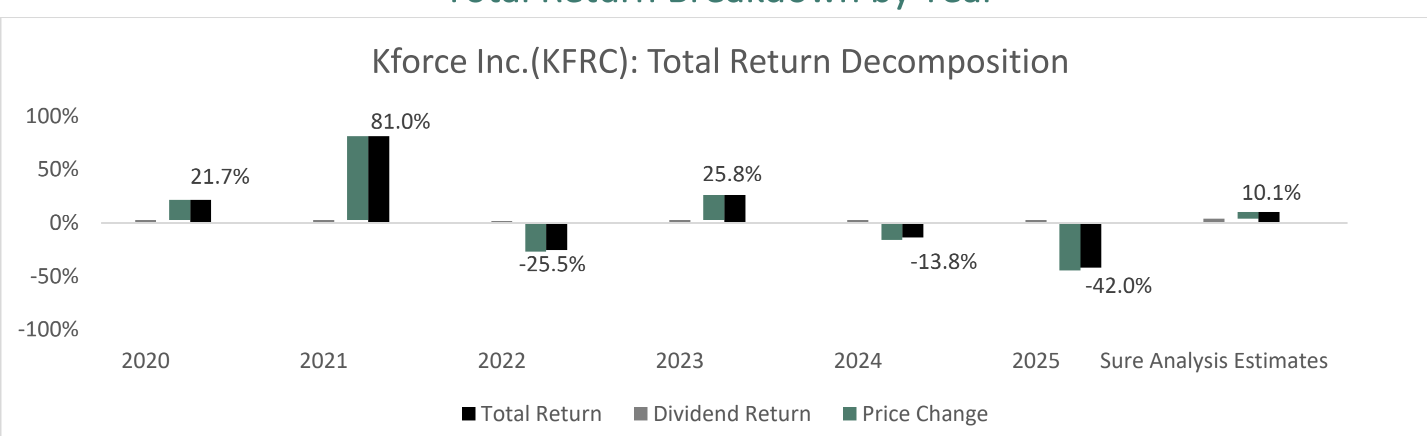
Kforce Inc. maintains solid business quality through its asset-light model, consistent cash generation, and disciplined capital returns. Its focus on high-skill technology staffing supports service quality and operational efficiency, while investments in cloud systems and offshore delivery enhance scalability and cost control.

The company's competitive advantage stems from its specialization in technology talent and long-standing client relationships. However, recession resiliency is moderate, as staffing demand is cyclical and tied to hiring trends, though its focus on mission-critical IT roles provides some downside protection. Currently the company as a debt-to-equity ratio of 0.6 which is a good ratio and a longe term debt to capital ratio of 38%. Thus, the company has a good balance sheet.

Final Thoughts & Recommendation

Kforce Inc. is a high-quality niche staffing firm with strong expertise in technology talent solutions and a disciplined capital return strategy. However, its earnings are highly cyclical and closely tied to corporate hiring demand, which limits stability during economic downturns. Overall, it is a well-run company but better suited as a cyclical exposure rather than a defensive long-term holding. We expect a return over the next five years is 10.1%. Thus, we have a Hold rating because of the high dividend payout ratio and D dividend Risk Score.

Total Return Breakdown by Year



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Income Statement Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenue	1,320	1,358	1,304	1,347	1,398	1,580	1,711	1,532	1,405	1,329
Gross Profit	400	400	380	389	391	452	497	422	380	356
Gross Margin	30.3%	29.4%	29.1%	28.9%	28.0%	28.6%	29.0%	27.6%	27.0%	26.8%
SG&A Exp.	341	331	307	314	311	346	380	335	310	306
D&A Exp.	9	9	8	6	11	10	10	5	10	6
Operating Profit	59	65	72	75	80	108	117	93	70	50
Operating Margin	4.4%	4.8%	5.6%	5.6%	5.7%	6.8%	6.8%	6.1%	5.0%	3.8%
Net Profit	33	33	51	55	56	75	75	61	50	35
Net Margin	2.5%	2.5%	3.9%	4.0%	4.0%	4.8%	4.4%	4.0%	3.6%	2.6%
Free Cash Flow	27	23	83	56	103	65	83	84	79	47
Income Tax	23	31	17	17	19	24	27	24	17	12

Balance Sheet Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total Assets	365	384	385	390	491	518	404	369	368	376
Cash & Equivalents	1	0	0	20	103	97	0	0	0	2
Accounts Receivable	206	226	211	218	228	265	269	233	216	190
Inventories	-	-	-	-	-	-	-	-	-	-
Goodwill & Int.	50	49	30	34	38	40	41	41	54	77
Total Liabilities	244	250	216	222	311	329	222	210	214	251
Accounts Payable	20	22	19	20	20	40	50	43	38	40
Long-Term Debt	116	120	72	81	115	112	42	54	45	80
Shareholder’s Equity	122	134	168	167	180	188	182	159	155	125
LTD/E Ratio	0.96	0.90	0.43	0.52	0.67	0.63	0.26	0.36	0.31	0.67

Profitability & Per Share Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Return on Assets	9.1%	8.9%	13.2%	14.1%	12.7%	14.9%	16.4%	15.8%	13.7%	9.4%
Return on Equity	25.1%	26.0%	33.6%	32.5%	32.3%	40.8%	40.7%	35.8%	32.1%	24.9%
ROIC	14.2%	13.5%	20.6%	22.1%	20.2%	24.8%	28.2%	27.4%	24.1%	17.0%
Shares Out.	26.3	25.6	25.3	23.8	21.4	21.2	20.5	19.5	18.8	17.8
Revenue/Share	50.23	53.07	51.64	56.68	65.33	74.48	83.44	78.52	74.71	74.76
FCF/Share	1.03	0.92	3.27	2.37	4.80	3.08	4.03	4.29	4.22	2.63

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