



Company	Ticker	Sector	Industry
Paychex, Inc.	PAYX-US	Information Technology	It Services

Business Description

Paychex, Inc. engages in the provision of human capital management solutions for payroll, human resource, insurance, and retirement for small- and medium- sized businesses. Its solutions include payroll services, hiring services, business insurance, time and attendance, employee benefits, finance and payments, human resources services, and startup services. It is the second-largest player, in terms of revenue, for the provision of payroll and human capital management services to small- and medium-size businesses in the U.S. Using Paychex's solutions, hundreds of thousands of companies recruit, pay, manage, and retain employees. Paychex was created from the consolidation of multiple payroll processors and has over 13,000 employees. The company was founded by Blase Thomas Golisano in 1971 and is headquartered in Rochester, NY.

Price Chart

Key Info & Metrics



Empirical Research Rank:	3
Date Purchased:	01/02/2018
Price:	\$117.87
52-Week Range:	\$108.00 - \$141.23
Dividend Yield:	2.57%
Market Cap (\$M):	\$42,488
Forward Price-to-Earnings:	27

Total Return

Year-to-Date:	2.0%
1 Year:	0.2%
3 Year:	44.5%
5 Year:	109.1%

Investment Case - Updated: November 6, 2022

Paychex handles back-office services, such as payroll, human resources, hiring and others, for small and medium-sized businesses. Its focus on small businesses exacerbated the negative impact from the COVID-19 pandemic. After 10 straight years of revenue growth, Paychex experienced declines in 2020. During the spring of 2020, Paychex stock fell over 40 percent, about 10 percent worse than the market. Since then, revenues have recovered to pre-pandemic levels. The stock has risen above pre-pandemic levels and performed in-line with broader market since the end of 2019 (up over 50 percent) but well below other tech stocks (up over 90 percent). The booming U.S. economy is creating a tight labor market, increasing Paychex's own labor costs, and decreasing profits. It is also elongating the new hire process for clients, limiting the likelihood of catch-up growth for Paychex. These factors are at least partially offset by rising employee pay (Paychex gets a cut of each placement) and Paychex adding services to help clients navigate state and federal stimulus measures.

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