



Houlihan Lokey, Inc. (HLI)

Updated May 27th, 2025, by Kody Kester

Key Metrics

Current Price:	\$176	5 Year CAGR Estimate:	5.6%	Market Cap:	\$12.3B
Fair Value Price:	\$134	5 Year Growth Estimate:	10.0%	Ex-Dividend Date:	06/02/2025
% Fair Value:	131%	5 Year Valuation Multiple Estimate:	-5.3%	Dividend Payment Date:	06/15/2025
Dividend Yield:	1.4%	5 Year Price Target	\$215	Years Of Dividend Growth:	10
Dividend Risk Score:	A	Sector:	Financials	Rating:	Hold

Overview & Current Events

Founded in 1972, Houlihan Lokey, Inc. (HLI) is a global independent investment bank. The company offers mergers and acquisitions (M&A), capital markets, financial restructurings, and financial and valuation advisory services to clients. As of March 31st, 2025, the company had a team of nearly 1,900 financial professionals across 35 global offices, serving over 2,000 clients annually.

HLI is organized into the following three segments:

1. **Corporate Finance (CF):** This segment provides general financial advisory services, advising public and private institutions on buy-side and sell-side M&A transactions and debt and equity financing in the private and public markets. The CF segment accounted for approximately 64% of HLI's \$2.39 billion in total FY 2025 revenue.
2. **Financial Restructuring (FR):** The segment advises creditors, debtors, and other parties related to recapitalization and deleveraging transactions. The FR segment also offers a variety of advisory services, including negotiation, structuring, and corporate viability assessments. It made up another 23% of HLI's total FY 2025 revenue.
3. **Financial and Valuation Advisory (FVA):** This segment offers valuation services, solvency opinions in connection with corporate spin-offs and dividend recapitalizations, and dispute resolution services to clients. This contributed to the remaining 13% of HLI's total FY 2025 revenue.

On May 7th, HLI shared its fiscal fourth-quarter earnings report for the period ending March 31st, 2025. The company's total revenue surged 28% over the year-ago period to \$666.4 million during the quarter. That was fueled by broad-based growth throughout its three segments in the quarter. Leading the charge was the CF segment, which posted a 43.5% jump in revenue to \$412.7 million for the quarter. That was due to an increase in the number of closed transactions, which was driven by favorable market conditions. The FR and FVA segments also logged revenue growth of 5.9% and 15.1% in the quarter, respectively. HLI's adjusted diluted EPS soared 54.3% to \$1.96 for the quarter. This beat the analyst consensus during the quarter by \$0.34. On the same day, HLI upped its quarterly dividend per share by 5.3% to \$0.60.

Growth on a Per-Share Basis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
EPS	\$1.46	\$1.89	\$2.39	\$2.87	\$3.20	\$4.62	\$7.10	\$4.54	\$4.49	\$6.29	\$7.04	\$11.34
DPS	\$0.30	\$0.71	\$0.80	\$1.08	\$1.24	\$1.30	\$1.72	\$2.12	\$2.20	\$2.28	\$2.40	\$3.53
Shares¹	65.3	66.0	65.8	65.4	65.5	68.2	67.5	68.7	69.1	69.8	69.8	71.6

Over the past decade, HLI's adjusted diluted EPS has compounded by almost 18% annually. In recent years, the company has been challenged by higher interest rates. That has meaningfully reduced the growth rate in the demand for its services. However, we believe that potential tax reform, deregulation, and eventual interest rate cuts can help demand pick up. This is why we think that HLI's adjusted diluted EPS can grow by 10% annually through FY 2031.

¹ Share count is in millions.



Houlihan Lokey, Inc. (HLI)

Updated May 27th, 2025, by Kody Kester

Valuation Analysis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
Avg. P/E	17.1	18.2	18.7	16.0	16.3	14.4	12.4	19.3	28.6	25.7	25.0	19.0
Avg. Yld.	1.2%	2.1%	1.8%	2.4%	2.4%	2.0%	2.0%	2.4%	1.7%	1.4%	1.4%	1.6%

Since FY 2016, HLI has traded at a P/E ratio as low as the low teens to as much as the high 20s. Over that time, the average P/E ratio was approximately 19. Moving forward, we believe that a valuation multiple of 19 remains a sensible fair value estimate. That's because the company's growth profile looks to be set to reaccelerate in the coming years. Compared to the current P/E ratio of 25, HLI's shares seem meaningfully overvalued right now.

Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
Payout	21%	38%	33%	38%	39%	28%	24%	47%	49%	36%	34%	31%

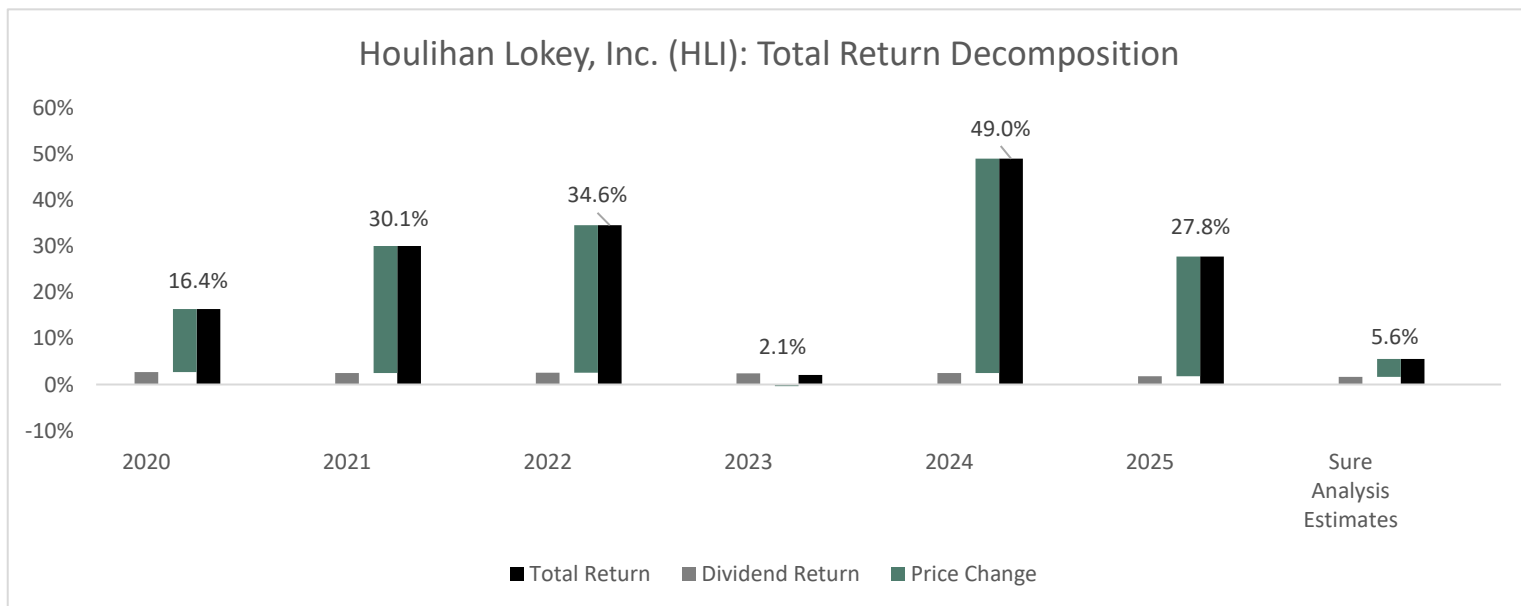
HLI is a proven business with global operations. As a leading independent investment bank, the company is trusted to carry out many mid-cap transactions. HLI argues that this is a segment of the market that's underserved by bulge-bracket investment banks. The company's expertise in this market provides it with a competitive advantage.

HLI is also financially stable. As of March 31st, 2025, the company had \$971 million of cash and cash equivalents on its balance sheet. HLI's dividend appears to be sustainable, too. This is evidenced by the fact that the payout ratio is positioned to be in the mid-30% range for FY 2026. That provides HLI with the flexibility to build on its 10-year dividend growth streak.

Final Thoughts & Recommendation

HLI's 1.4% yield, 10.0% annual adjusted diluted EPS growth prospects, and 5.3% annual valuation multiple contraction could produce 5.6% annual total returns over the medium term. Thus, we're awarding a hold rating.

Total Return Breakdown by Year



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.



Houlihan Lokey, Inc. (HLI)

Updated May 27th, 2025, by Kody Kester

Income Statement Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenue	681	694	872	963	1,084	1,159	1,525	2,270	1,809	1,914
Gross Profit	206			327	392	422	554	861	662	701
Gross Margin	30.2%	0.0%	0.0%	33.9%	36.2%	36.4%	36.3%	37.9%	36.6%	36.6%
SG&A Exp.	62	525	649	91	126	135	102	150	143	185
D&A Exp.	6	7	9	8	14	17	15	49	58	29
Operating Profit	129			214	219	230	408	613	342	363
Op. Margin	18.9%	0.0%	0.0%	22.3%	20.2%	19.8%	26.8%	27.0%	18.9%	19.0%
Net Profit	80	70	108	172	159	184	313	438	254	280
Net Margin	11.7%	10.1%	12.4%	17.9%	14.7%	15.9%	20.5%	19.3%	14.0%	14.6%
Free Cash Flow	192	2	238	243	218	267	566	728	86	262
Income Tax	52	56	70	46	65	52	96	166	70	110

Balance Sheet Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Assets	1,230	1,071	1,386	1,419	1,426	1,677	2,426	2,887	2,969	3,171
Cash & Equivalents	89	166	300	207	286	380	847	834	714	721
Acc. Receivable	57		121		71	81	108	144	182	200
Goodwill & Int.	653	717	715	723	795	813	866	1,318	1,291	1,325
Total Liabilities	404	417	655	566	535	693	1,043	1,443	1,356	1,334
Accounts Payable	37		42		55	54	67	126	113	114
Long-Term Debt	-	-	33	-	9	5	1	1	0	0
Total Equity	823	651	727	853	891	984	1,384	1,444	1,613	1,837
LTD/E Ratio	-	-	0.04	-	0.01	0.00	0.00	0.00	0.00	0.00

Profitability & Per Share Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Return on Assets	7.0%	6.1%	8.8%	12.3%	11.2%	11.8%	15.2%	16.5%	8.7%	9.1%
Return on Equity	10.4%	9.5%	15.7%	21.8%	18.2%	19.6%	26.4%	31.0%	16.6%	16.3%
ROIC	10.4%	9.4%	15.3%	21.3%	18.2%	19.5%	26.4%	31.0%	16.6%	16.3%
Shares Out.		65	67	68	65	65	68	67	68	68
Revenue/Share	11.26	10.93	13.10	14.53	16.47	17.64	22.21	33.25	26.77	28.09
FCF/Share	3.17	0.04	3.57	3.66	3.30	4.06	8.24	10.66	1.27	3.84

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

Disclaimer

Nothing presented herein is, or is intended to constitute, specific investment advice. Nothing in this research report should be construed as a recommendation to follow any investment strategy or allocation. Any forward-looking statements or forecasts are based on assumptions and actual results are expected to vary from any such statements or forecasts. No reliance should be placed on any such statements or forecasts when making any investment decision. While Sure Dividend has used reasonable efforts to obtain information from reliable sources, we make no representations or warranties as to the accuracy, reliability or completeness of third-party information presented herein. No guarantee of investment performance is being provided and no inference to the contrary should be made. There is a risk of loss from an investment in marketable securities. Past performance is not a guarantee of future performance.