# Houlihan Lokey, Inc. (HLI)

*Updated July 29th, 2025, by Kody Kester*

## Key Metrics

| | | | | | |
|---|---|---|---|---|---|
| **Current Price:** | $192 | **5 Year CAGR Estimate:** | 5.8% | **Market Cap:** | $13.5B |
| **Fair Value Price:** | $148 | **5 Year Growth Estimate:** | 10.0% | **Ex-Dividend Date:** | 09/02/2025 |
| **% Fair Value:** | 129% | **5 Year Valuation Multiple Estimate:** | -5.0% | **Dividend Payment Date:** | 09/15/2025 |
| **Dividend Yield:** | 1.3% | **5 Year Price Target** | $239 | **Years Of Dividend Growth:** | 10 |
| **Dividend Risk Score:** | B | **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 June 30th, 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 July 29th, HLI released its fiscal first-quarter earnings report for the period ended June 30th, 2025. The company's total revenue rose 17.9% year-over-year to $605.3 million in the quarter. Once again, each of its three segments contributed to this growth during the quarter. The CF segment posted $398.5 million in revenue for the quarter, which was a 21.3% growth rate over the year-ago period. An uptick in both the average transaction fee and number of closed transactions contributed to this topline growth in the quarter. The FR and FVA segments recorded solid revenue growth during the quarter as well (+9.2% and +16%, respectively). HLI's adjusted diluted EPS rocketed 75.4% higher year-over-year to $2.14 for the quarter. That topped the analyst consensus in the quarter by $0.46.

## 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 | ***$7.80*** | ***$12.56*** |
| **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*** |
| **Shares[1]** | 65.3 | 66.0 | 65.8 | 65.4 | 65.5 | 68.2 | 67.5 | 68.7 | 69.1 | 69.8 | ***70.3*** | ***72.1*** |

Since 2015, HLI's adjusted diluted EPS has compounded by almost 18% annually. In recent years, the company has faced obstacles to growth. That has meaningfully reduced the growth rate in the demand for its services. However, we think that recent tax reform, deregulation, and eventual interest rate cuts can help demand pick up. This is why we believe that HLI's adjusted diluted EPS can grow by 10% annually through FY 2031 off an anticipated FY 2026 base of $7.80.

[1] Share count is in millions.

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## 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 | ***24.6*** | ***19.0*** |
| **Avg. Yld.** | 1.2% | 2.1% | 1.8% | 2.4% | 2.4% | 2.0% | 2.0% | 2.4% | 1.7% | 1.4% | ***1.3%*** | ***1.5%*** |

Since FY 2016, HLI's P/E ratio has ranged from the low teens to the upper 20s. Over that time, the average P/E ratio was roughly 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 poised to reaccelerate in the coming years. Compared to the current P/E ratio of 24.6, HLI's shares continue to look overvalued.

## 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% | ***31%*** | ***28%*** |

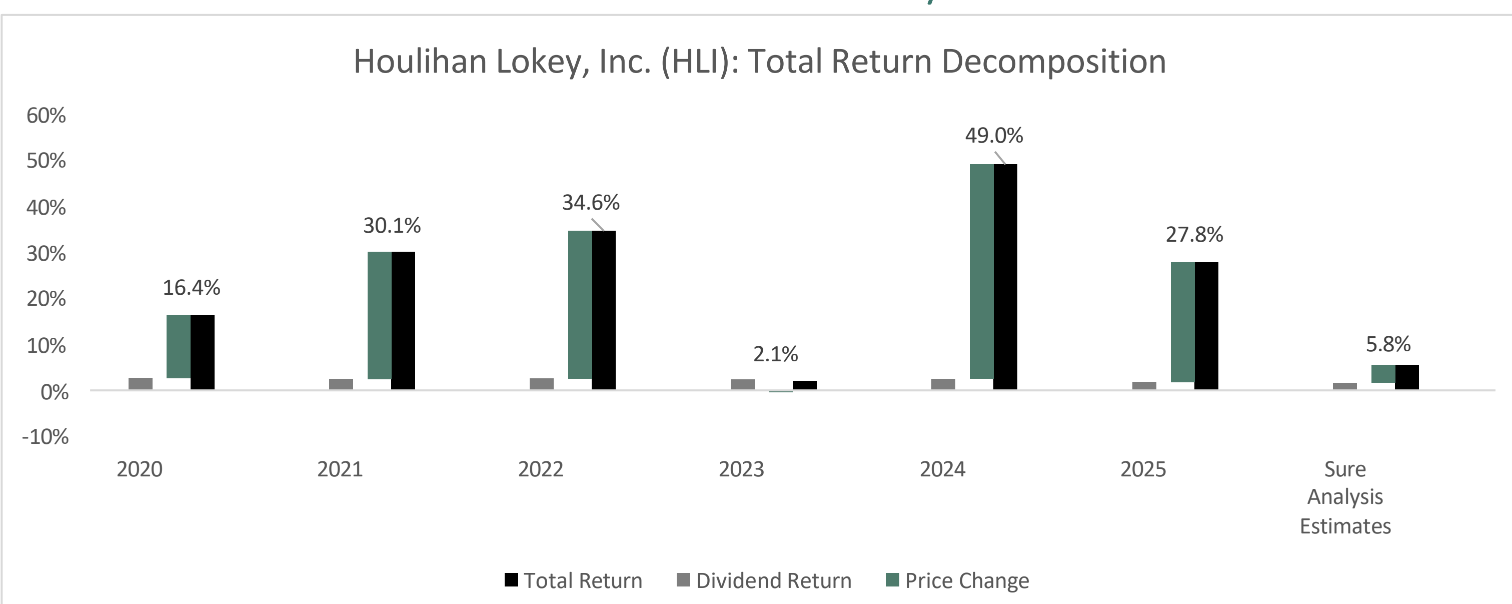
HLI is a proven business with global operations. As a leading independent investment bank, the company is trusted to carry out many mid-cap transactions. HLI argues that this is a segment of the market that's underserved by bulge-bracket investment banks. The company's expertise in this market provides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

HLI is also financially stable. As of June 30th, 2025, the company had $867 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 low to 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 1.3% yield, 10.0% annual adjusted diluted EPS growth prospects, and 5.0% annual valuation multiple downside could deliver 5.8% annual total returns over the medium term. That's why we're reiterating our 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.*

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## 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.*