



Houlihan Lokey, Inc. (HLI)

Updated January 30th, 2026, by Kody Kester

Key Metrics

Current Price:	\$167	5 Year CAGR Estimate:	9.0%	Market Cap:	\$11.6B
Fair Value Price:	\$150	5 Year Growth Estimate:	10.0%	Ex-Dividend Date:	03/02/2026
% Fair Value:	111%	5 Year Valuation Multiple Estimate:	-2.1%	Dividend Payment Date:	03/15/2026
Dividend Yield:	1.4%	5 Year Price Target	\$241	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 December 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 January 28th, HLI released its earnings report for the fiscal third quarter ended December 31st, 2025. The company's total revenue jumped 13% year-over-year to \$717.1 million in the quarter. Once again, growth from each segment led to these results during the quarter. In absolute dollars, the CF segment powered HLI's topline growth, with total revenue rising 12.4% over the year-ago period to \$473.7 million for the quarter. Constructive market conditions for M&A and Capital Solutions contributed to this growth in the quarter. The FR and FVA segments posted 19.3% and 6.4% revenue growth during the quarter, respectively (\$156.3 million and \$87.1 million). HLI's adjusted diluted EPS rose by 18.3% year-over-year to \$1.94 for the quarter. That surpassed the analyst consensus in the quarter by \$0.07.

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	\$7.87	\$12.67
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	69.7	71.5

Dating back to FY 2016, HLI's adjusted diluted EPS has compounded by almost 18% annually. In recent years, the company has experienced growth setbacks. That has meaningfully reduced the growth rate in the demand for its services. However, we still think that recent tax reform, deregulation, and continued interest rate cuts can help demand pick up. This is why we believe that HLI's adjusted diluted EPS can grow by 10.0% annually through FY 2031, off an anticipated FY 2026 base of \$7.87.

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	21.2	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%	1.5%

Since FY 2016, HLI’s P/E ratio has ranged from the low double-digits 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 rational fair value estimate. That’s because the company’s growth profile looks poised to reaccelerate in the years ahead. Compared to the current P/E ratio of 21.2, HLI’s shares continue to be 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%	30%	28%

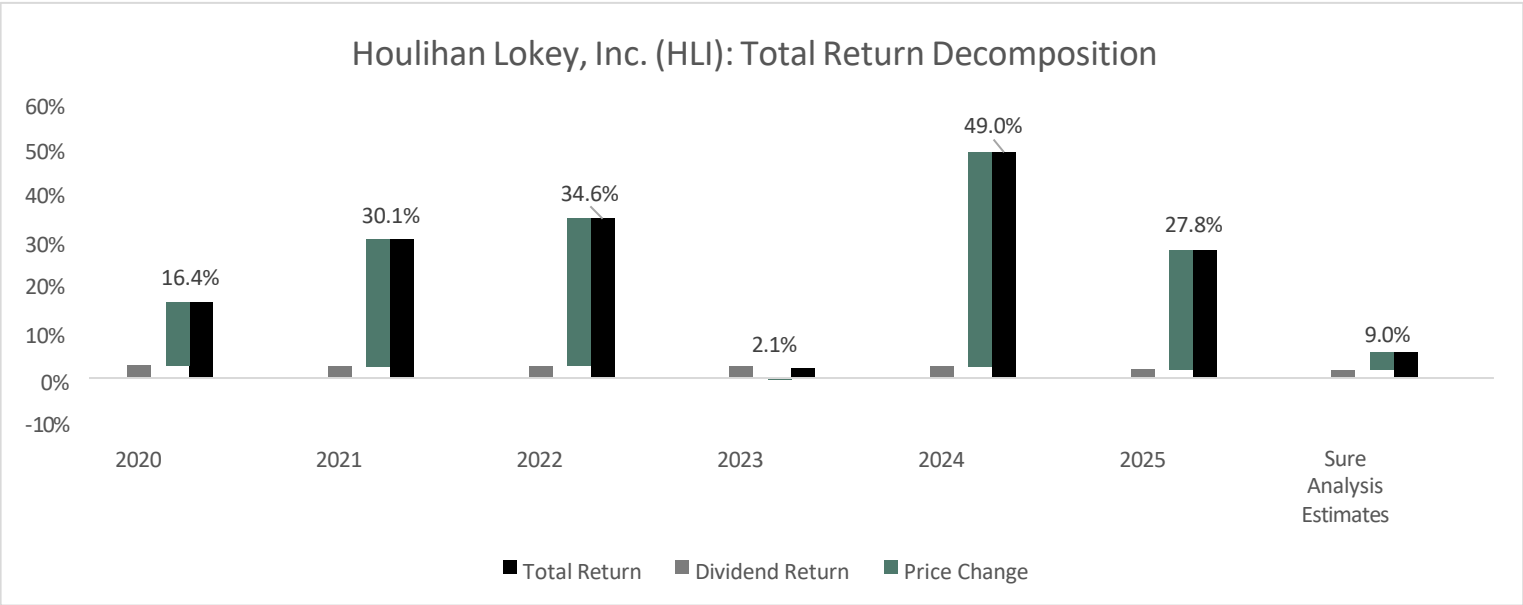
HLI is a proven business with global operations. As a leading independent investment bank, the company is trusted to carry out many mid-cap transactions. HLI argues that this is a segment of the market that’s underserved by bulge-bracket investment banks. The company’s expertise in this market provides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

HLI is also financially stable. As of December 31st, 2025, the company had \$1.06 billion 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-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 2.1% annual valuation multiple downside could deliver 9.0% annual total returns over the medium term. That’s why we’re maintaining 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.

Disclaimer

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