Houlihan Lokey, Inc. (HLI)

Updated May 26th, 2026, by Kody Kester

Key Metrics

Current Price:	$151	**5 Year CAGR Estimate:**	12.4%	**Market Cap:**	$10.4B
Fair Value Price:	$156	**5 Year Growth Estimate:**	10.0%	**Ex-Dividend Date:**	06/01/2026
% Fair Value:	96%	**5 Year Valuation Multiple Estimate:**	0.7%	**Dividend Payment Date:**	06/15/2026
Dividend Yield:	1.9%	**5 Year Price Target**	$252	**Years Of Dividend Growth:**	11
Dividend Risk Score:	A	**Sector:**	Financials	**Rating:**	Buy

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 31, 2026, the company had a team of more than 1,900 financial professionals across over 30 global offices, serving 2,000-plus 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 66.7% of HLI's $2.62 billion in total FY 2026 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 20.2% of HLI's total FY 2026 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 13.1% of HLI's total FY 2026 revenue.

On May 6, HLI shared its financial results for the fiscal fourth quarter ended March 31, 2026. The company's total revenue decreased by 4.6% over the year-ago period to $635.6 million during the quarter. The driving force behind this topline decline in the quarter was a 32.9% year-over-year drop in Financial Restructuring segment revenue to $110.4 million (due to a 21% drop in closed transactions from a difficult comparison period and lower average restructure fees versus Q4 2025). That more than countered growth in the Corporate Finance and Financial and Valuation Advisory segments for the quarter (+5.1% to $433.8 million and +2.6% to $91.5 million, respectively). HLI's adjusted diluted EPS declined by 16.8% over the year-ago period to $1.63 during the quarter. This missed the analyst consensus in the quarter by $0.16. On the same day, HLI upped its quarterly dividend per share by 16.7% to $0.70. That marked its 11th consecutive year of dividend growth.

Growth on a Per-Share Basis

Year	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2032
EPS	$1.89	$2.39	$2.87	$3.20	$4.62	$7.10	$4.54	$4.49	$6.29	$7.56	***$8.23***	***$13.25***
DPS	$0.71	$0.80	$1.08	$1.24	$1.30	$1.72	$2.12	$2.20	$2.28	$2.40	***$2.80***	***$4.51***
Shares[1]	66.0	65.8	65.4	65.5	68.2	67.5	68.7	69.1	69.8	69.1	***69.1***	***71.5***

Dating back to FY 2017, HLI's adjusted diluted EPS has compounded by almost 17% 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 continue to believe that recent tax reform, deregulation, and further eventual 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 2032, off an anticipated FY 2027 base of $8.23.

[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.

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Valuation Analysis

Year	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2032
Avg. P/E	18.2	18.7	16.0	16.3	14.4	12.4	19.3	28.6	25.7	18.7	***18.3***	***19.0***
Avg. Yld.	2.1%	1.8%	2.4%	2.4%	2.0%	2.0%	2.4%	1.7%	1.4%	1.7%	***1.9%***	***1.8%***

Since FY 2017, HLI's P/E ratio has varied from the low double-digits to the upper 20s. Over that time, the average P/E ratio was roughly 19. Moving forward, we think 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 18.3, HLI's shares now look to be slightly discounted.

Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2032
Payout	38%	33%	38%	39%	28%	24%	47%	49%	36%	32%	***34%***	***34%***

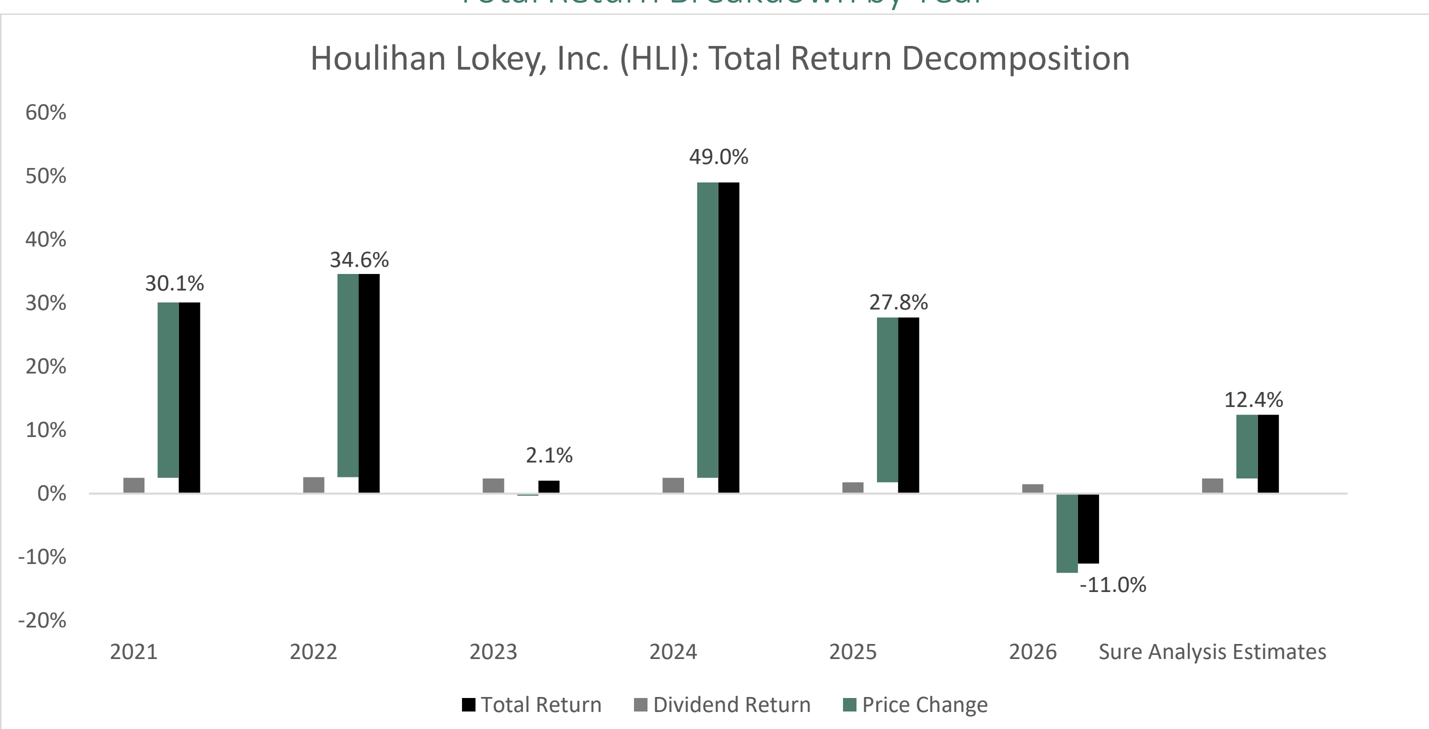
HLI is a proven business with global operations. As a leading independent investment bank, the company is trusted to carry out many mid-cap transactions. HLI argues that this is a segment of the market that's underserved by bulge-bracket investment banks. The company's expertise in this market provides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

HLI is also financially stable. As of March 31, 2026, the company had $1.19 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 mid-30% range for FY 2027. That provides HLI with the flexibility to build on its 11-year dividend growth streak.

Final Thoughts & Recommendation

HLI's 1.9% yield, 10.0% annual adjusted diluted EPS growth prospects, and 0.7% annual valuation multiple upside could deliver 12.4% annual total returns over the medium term. As a result, we're upgrading shares to a Buy rating.

Total Return Breakdown by Year



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Income Statement Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenue	872	963	1,084	1,160	1,526	2,270	1,810	1,915	2,392	2,621
D&A Exp.	9	8	14	42	38	80	85	29	41	43
Operating Profit	182	215	219	230	408	613	342	363	502	545
Op. Margin	20.9%	22.3%	20.2%	19.8%	26.8%	27.0%	18.9%	18.9%	21.0%	20.8%
Net Profit	108	172	159	184	313	438	254	280	400	424
Net Margin	12.4%	17.9%	14.7%	15.9%	20.5%	19.3%	14.0%	14.6%	16.7%	16.2%
Free Cash Flow	215	243	218	267	566	728	86	262	809	682
Income Tax	70	46	65	52	96	166	70	110	132	138

Balance Sheet Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total Assets	1,448	1,455	1,426	1,677	2,426	2,887	2,969	3,171	3,820	4,309
Cash & Equivalents	493	510	286	381	847	834	715	722	976	1,194
Goodwill & Int.	715	723	795	813	866	1,318	1,291	1,325	1,497	1,600
Total Liabilities	718	603	535	693	1,043	1,443	1,356	1,334	1,645	1,856
Long-Term Debt	33	12	9	130	146	163	343	374	388	428
Total Equity	727	853	891	984	1,384	1,444	1,613	1,837	2,175	2,342
LTD/E Ratio	0.04	0.01	0.01	0.16	0.13	0.14	0.23	0.23	0.20	0.21

Profitability & Per Share Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Return on Assets	8.4%	11.9%	11.0%	11.8%	15.2%	16.5%	8.7%	9.1%	11.4%	10.4%
Return on Equity	15.7%	21.8%	18.2%	19.6%	26.4%	31.0%	16.6%	16.2%	19.9%	18.3%
ROIC	14.5%	21.2%	18.0%	18.0%	23.1%	27.4%	14.0%	13.2%	16.4%	15.3%
Shares Out.	66.0	65.8	65.4	65.5	68.2	67.5	68.7	69.1	69.8	69.1
Revenue/Share	13.10	14.53	16.47	17.64	22.22	33.26	26.78	28.10	34.84	38.31
FCF/Share	3.23	3.66	3.30	4.06	8.24	10.66	1.27	3.84	11.78	9.96

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

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