

HOULIHAN LOKEY

Investor Presentation

July 2020

Disclaimers

Forward Looking Information

This presentation contains forward-looking statements. All statements other than statements of historical facts contained in this presentation may be forward-looking statements. The words “may,” “will,” “should,” “expects,” “plans,” “anticipates,” “could,” “intends,” “targets,” “projects,” “contemplates,” “believes,” “estimates,” “predicts,” “potential” or “continue” and other expressions that are predictions of or indicate future events and trends and that do not relate to historical matters identify forward-looking statements. Forward-looking statements involve known and unknown risks, uncertainties and other important factors (including the significant effect that the COVID-19 pandemic has had on our business and is suspected to continue to have), that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Important factors that could cause actual results to differ materially from expectations are disclosed under the “Risk Factors” and “Cautionary Note Regarding Forward-Looking Statements” sections of our annual report on Form 10-K for the year ended March 31, 2020, and subsequent filings with the Securities and Exchange Commission (the “SEC”). All written and oral forward-looking statements attributable to us, or persons acting on our behalf, are expressly qualified in their entirety by the cautionary statements. You should evaluate all forward-looking statements made in this presentation in the context of these risks and uncertainties. Because forward-looking statements are inherently subject to risks and uncertainties, some of which cannot be predicted or quantified, you should not rely on these forward-looking statements as predictions of future events. The events and circumstances reflected in our forward-looking statements may not be achieved or occur, and actual results could differ materially from those projected in the forward-looking statements. The forward-looking statements in this presentation are made only as of the date hereof. Except as required by law, we assume no obligation to update these forward-looking statements, or to update the reasons actual results could differ materially from those anticipated in the forward-looking statements, even if new information becomes available in the future.

Non-GAAP Financial Measures

Adjusted net income, total and on a per share basis, and certain adjusted items used to determine adjusted net income, are presented and discussed in this presentation and are non-GAAP measures that management believes, when presented together with comparable GAAP measures, are useful to investors in understanding the Company’s operating results. These adjusted items remove the significant accounting impact of one-time or non-recurring charges associated with the Company’s one-time/non-recurring matters, as set forth in the tables at the end of this presentation.

The adjusted items included in this presentation as calculated by the Company are not necessarily comparable to similarly titled measures reported by other companies. Additionally, these adjusted amounts are not a measurement of financial performance or liquidity under GAAP and should not be considered as an alternative to the Company’s financial information determined under GAAP. For a description of the Company’s use of these adjusted items and a reconciliation with comparable GAAP items, see the section of this presentation titled “Reconciliation of GAAP to Adjusted Financial Information.” Please refer to our financial statements, prepared in accordance with GAAP, for purposes of evaluating our financial condition, results of operations, and cash flows.



Our Culture

Employee DNA

- Analytically Driven
- Client Service and Solution Driven
- Entrepreneurially Motivated
- Desirous of a Winning Culture
- Strong Loyalty to the Firm
- High Integrity

Firm's DNA

- Broad-Based, Long-Term Employee Ownership
- Sophisticated Corporate Procedures and Financial Systems
- New York Stock Exchange Listed Company
- Blue Chip Institutional Ownership

Ownership and Controls

- Partnership Culture
- Not a "Star" Culture
- Consensual Decision-Making
- Measured Risk-Taking



A Leading Independent Global Investment Bank

Expertise

- Mergers and Acquisitions
- Capital Markets Advisory
- Financial Restructuring
- Financial and Valuation Advisory

Global Integrated Platform

- Seamlessly Combining Industry and Product Expertise Worldwide

Growth

Fiscal Years 2015–2020

- Revenues CAGR[1] of 11%
- Unadjusted[2] Net Income CAGR[1] of 18%
- Adjusted Net Income CAGR[1,3] of 21%

1972
ESTABLISHED

1,000+
CLIENTS SERVED ANNUALLY

22
LOCATIONS WORLDWIDE

196
MANAGING DIRECTORS[4]

1,058
TOTAL FINANCIAL PROFESSIONALS

1. CAGR based on the fiscal year ended March 31.
2. Unadjusted based on historical unaudited financials, not adjusted for any one time, nonrecurring items.
3. Adjusted Net Income is a non-GAAP financial measure. See page 22 for the most directly comparable GAAP measure for the period.
4. As of June 30, 2020; excludes Corporate MDs.

Principal Investment Highlights

- Strong Track Record of Growth and Profitability
- Low Revenues and Earnings Volatility Through Economic Cycles
- High Quality Earnings
- Long-Tenured Management Team
- Differentiated, Cyclically-Balanced Business Model
- Market Fundamentals Are Favorable for Independent Advisors

Our Three Primary Business Segments

Our business is diversified across clients, services, industries, and geographies as well as cyclically balanced, allowing us to succeed in both bull and bear markets.

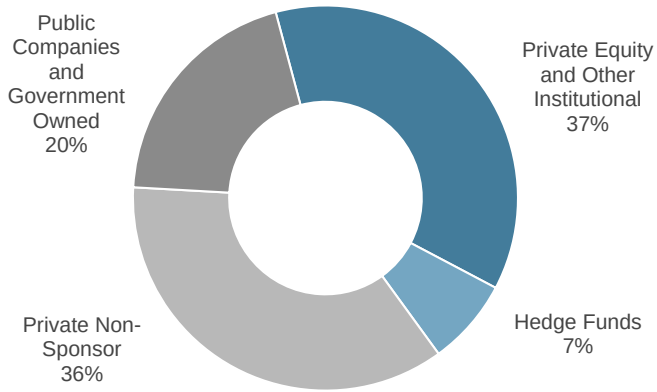
	Corporate Finance	Financial Restructuring	Financial and Valuation Advisory
Core Services	M&A Capital Markets Advisory	Out-of-Court and Formal Bankruptcy/Insolvency Proceedings	Financial Opinions Valuation Services Transaction Advisory Services
Strengths	Superior Platform Drives Success in Attractive Mid Cap Market[1]	Global Market Leader with Strong Reputation	High-Margin Provider with Strong Reputation
Managing Directors[2]	117	48	31
LTM 6/30/20 Revenues / % of Total	$601 / 54%	$362 / 32%	$157 / 14%
LTM 6/30/20 Revenues per MD[3]	$5.0	$7.8	$5.2
LTM 6/30/20 Closed Transactions / Fee Events[4]	283	103	1,371

Note: All dollar amounts in millions unless otherwise noted. Figures may not tie due to rounding.
1. Defined as transactions $1 billion or less in value.
2. As of June 30, 2020; excludes Corporate MDs.
3. Based on average of beginning of period and end of period MD count.
4. A Fee Event includes any engagement that involves revenue activity during the measurement period based on a revenue minimum of $1,000. References in this press release to closed transactions should be understood to be the same as transactions that are "effectively closed" as described in our periodic reports on Forms 10-K and 10-Q.

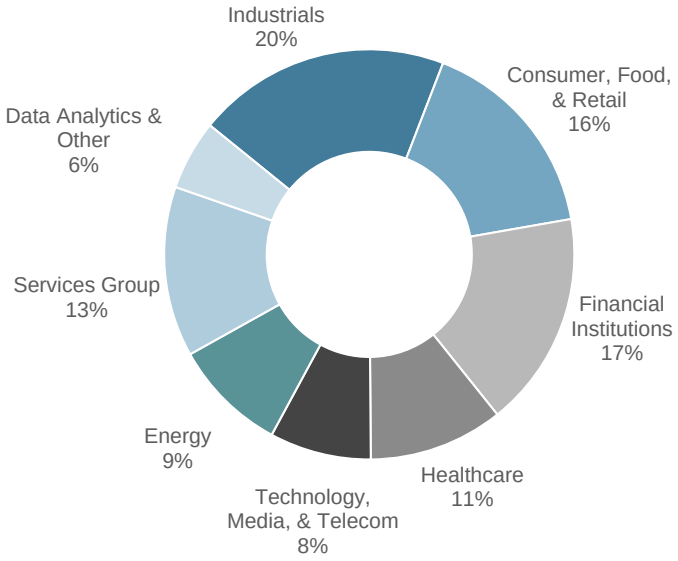
Diversified Revenues Base

- More than 1,000 clients served annually
- For FY 2020:
  - No single transaction fee represented more than 3% of our revenues
  - No individual banker was responsible for more than 2% of our revenues
  - No single employee shareholder owns more than 2% of shares outstanding
- Together, our Corporate Finance and Financial Restructuring businesses provide a natural hedge

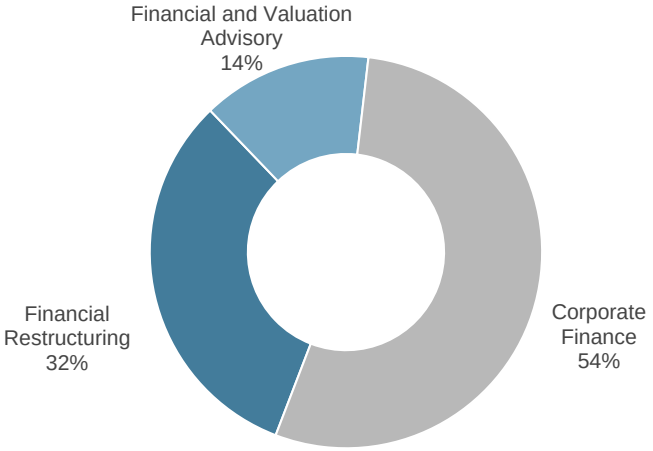
Balanced Client Mix[1]



Diversified Industry Mix[1]



Diversified Product Mix[1]

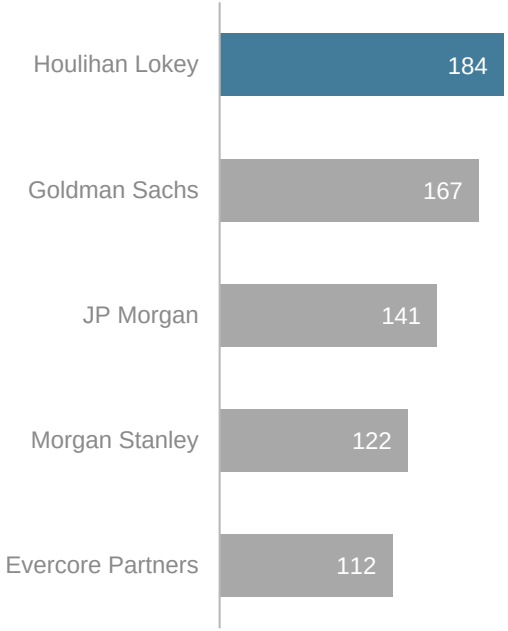


1. Based on revenues for the LTM ended June 30, 2020.

Market Leader in All Three Business Segments

Top U.S. M&A Advisor

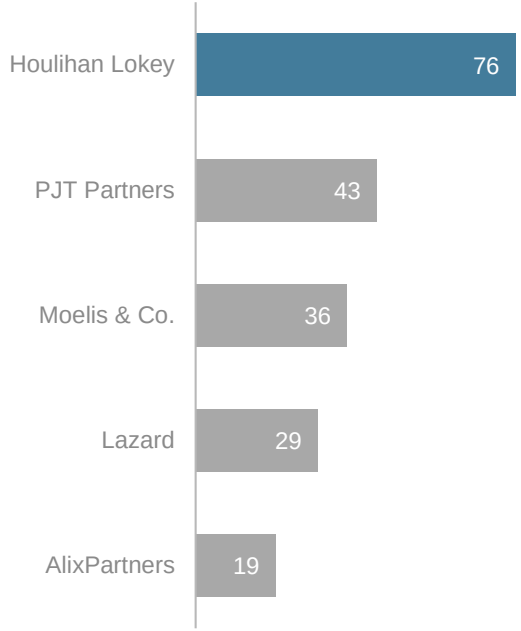
CY 2019 Financial Advisors by Number Of U.S. M&A Deals



- No. 1 U.S. M&A Advisor
- Top 10 Global M&A Advisor
- Leading Capital Markets Advisor

Top Global Restructuring Advisor

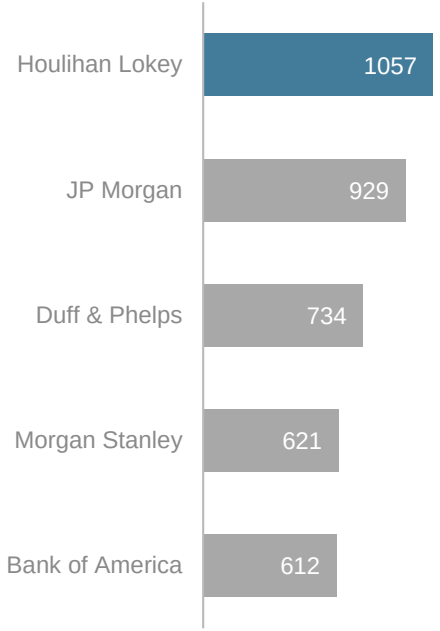
CY 2019 Global Distressed Debt and Bankruptcy Restructuring Deals



- No. 1 Global Restructuring Advisor
- Advised on 12 of the 15 Largest U.S. Bankruptcies Since 2000
- 1,000+ Transactions/Valued Over $2.5 Trillion

Top Global Fairness Opinion Advisor

Global M&A Fairness Advisors: Announced or Completed Deals (CY 2000 to CY 2019)

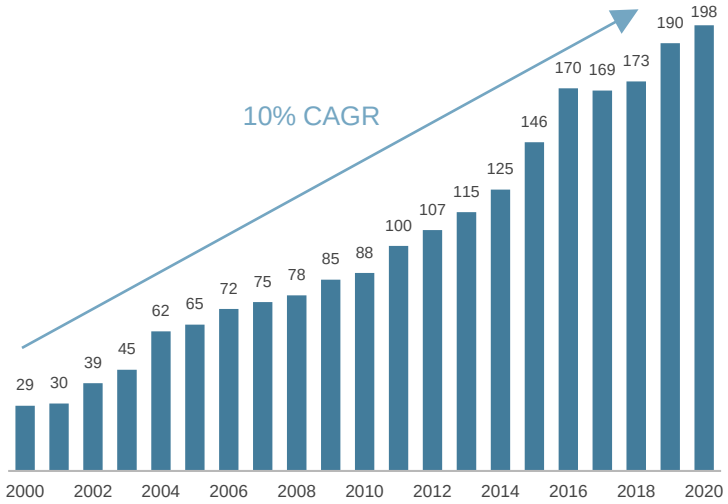


- No. 1 Global M&A Fairness Opinion Advisor Over the Past 20 Years
- No. 1 M&A Fairness Opinion Advisor in the U.S. Over the Past 20 Years
- 1,000+ Annual Engagements

Source: Refinitiv.

Organic Growth Strengthened by Strategic Acquisitions

Growth in Managing Director Headcount



Growth Through Expansion of Products

2000–2009

- Private Equity Coverage
- Distressed M&A
- Industry Build-Out and Expansion
- Secondary Advisory Services
- Tax and Financial Reporting Valuations
- Portfolio Valuations

2010–Present

- Debt and Equity Capital Markets Advisory
- Hedge Fund Coverage
- Structured Product Valuation
- Activist Advisory
- Due Diligence Services
- Arranger of Leveraged Loans
- Illiquid Financial Assets Intermediation
- Private fundraising for Institutional Clients
- HL Finance

Growth Through Acquisitions

MILESTONE Specialty Finance Focused Investment Bank **December 2012**	ArchPoint Partners INVESTMENT BANKING Technology-Focused Investment Bank **March 2014**	Bridge Strategy Group LLC AN AFFILIATE OF HOULIHAN LOKEY Adds Strategic Consulting Capabilities to C-Suite Relationships **January 2015**	HOULIHAN LOKEY Joint Venture Expanding Presence in Australia **May 2015**	MESA Media-Focused Investment Banking Firm **June 2015**	McQueen Consumer, Food, and Retail-Focused Investment Banking Firm **September 2015**
LEONARDO&CO. Continental European Investment Banking Firm **November 2015**	BLACK STONE IF Technology and IP Financial Advisory Firm **January 2017**	QUAYLE MUNRO Data and Analytics, Content, Software, and Services Advisory Firm **April 2018**	BEARTOOTH ADVISORS Private Equity Fundraising Advisory Firm **May 2018**	fidentiis CAPITAL Spain-Focused Investment Banking Firm **November 2019**	Freeman & Co. Financial Institutions Group-Focused Investment Bank **December 2019**

Comprehensive Coverage and Global Scale

1,489 Global Employees in 22 Locations

North America

- Atlanta
- Chicago
- Dallas
- Houston
- Los Angeles
- Miami
- Minneapolis
- New York
- San Francisco
- Washington, D.C.

Europe and Middle East

- Amsterdam
- Dubai
- Frankfurt
- London
- Madrid
- Milan
- Paris

Asia-Pacific

- Beijing
- Hong Kong
- Singapore
- Sydney
- Tokyo

Strong Partnership Culture With Experienced Leadership

Deep and Experienced Management Team



Scott L. Beiser
CEO
36 years with Houlihan Lokey



Irwin N. Gold
Executive Chairman
32 years with Houlihan Lokey



Scott J. Adelson
Co-President
33 years with Houlihan Lokey



David A. Preiser
Co-President
29 years with Houlihan Lokey



J. Lindsey Alley
CFO
25 years with Houlihan Lokey

Long Tenure Results in Collaborative Culture

Tenured Management Team

31-year average tenure of Management Team

High Banker Retention

13-year average tenure of Managing Directors across all business segments[1]

Strong Loyalty

More than 66% of Managing Directors reached their respective positions through internal promotions[1]

No "Star" Culture

No single individual generated more than 2% of revenues[2]

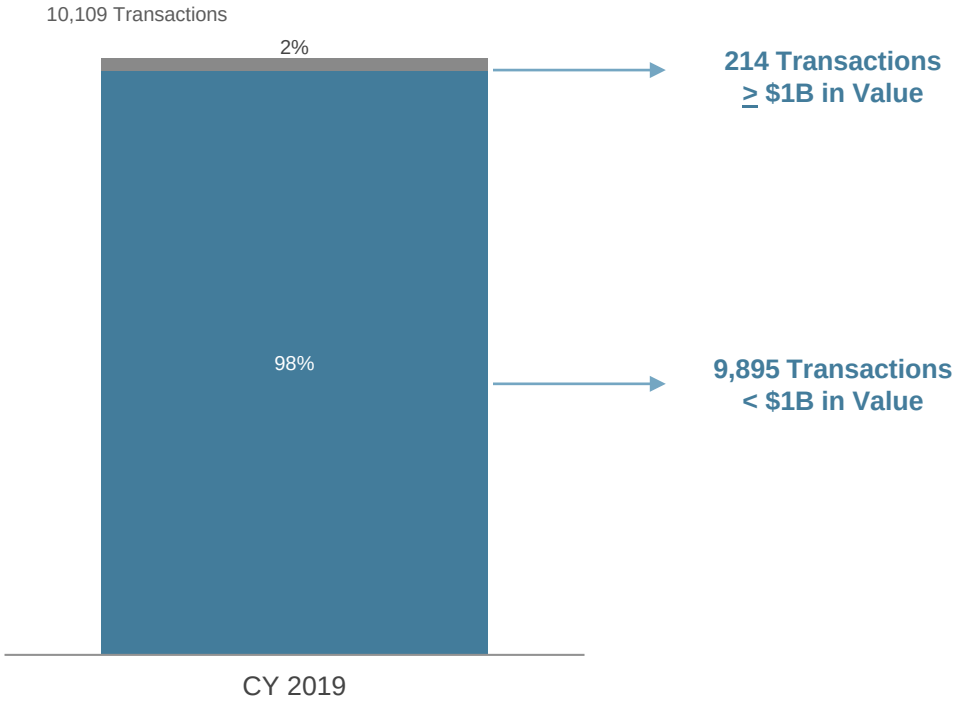
1. As of June 30, 2020. Excludes Managing Directors from acquisitions.
2. For the FY ended March 31, 2020.

Overview of Business Segments

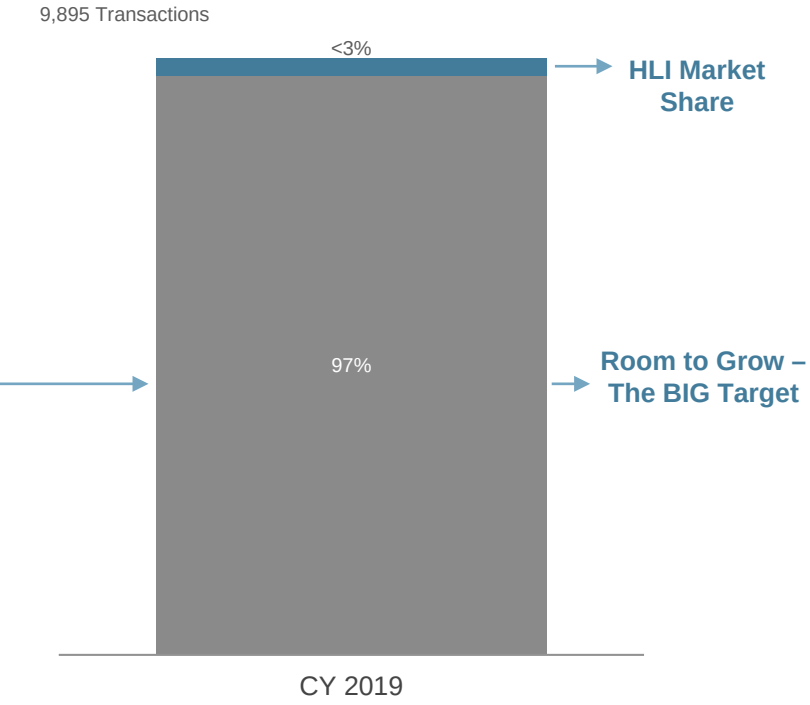
Corporate Finance Business – M&A

- Corporate Finance business is a leader in the U.S. mid-cap space, which represented approximately 98% of M&A volume in CY 2019
- Our market share in the U.S. mid-cap space is less than 3%, based on the number of closed M&A transactions we completed in CY 2019
- The mid-cap space is meaningfully less volatile than the large-cap space, which when combined with HLI's ongoing opportunities to increase its relatively low market share, generally results in less revenue "downside" in weaker M&A markets

U.S. Closed M&A Transactions CY 2019



Mid-Cap Transactions



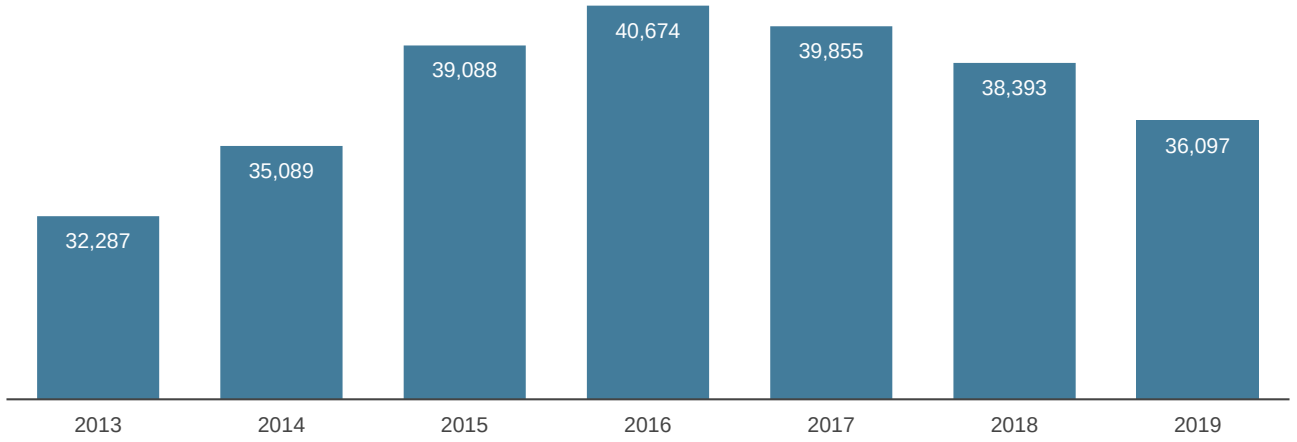
Source: Refinitiv.

Corporate Finance Business – M&A

- Closed global mid-cap[1] M&A volume has a 5-year (2014–2019) CAGR of 0.6% and a 3.9% decline in the last 3-year (2016–2019) period
- Global M&A revenues in our corporate finance business have a 5-year (2014–2019) CAGR of 11.7% and a 3-year (2016–2019) CAGR of 16.8%, reflecting continued market share gains and higher average transaction fees during the measurement periods
- We continue to increase market share as a result of companies choosing to use an advisor as well as taking market share from firms that don't have the same depth and breadth as the HLI platform

Mid-Cap[1] M&A Volume

Global Closed Deals



Source: Refinitiv, based on calendar year.
1. Defined as transactions $1 billion or less in value.

Corporate Finance Business – Capital Markets

We believe we are one of the largest capital markets groups at non-balance sheet banks, raising capital for both sponsors and corporate clients.

- Over 40 dedicated professionals across eight offices in five countries
- Raised ~$11.5 billion across ~55 transactions in CY 2019

Distinct Capabilities

Private Capital Solutions

- Dry-powder in the private markets reached $2.6 trillion in 2019
- Houlihan Lokey is a market leader in placing bespoke capital, from senior debt to equity, in the private markets for companies at various stages of the corporate lifecycle
- High-touch, confidential, targeted process designed to achieve outlier outcomes
  - Differentiated investor relationships and access to decision-makers
  - Thoughtful, creative positioning supported by deep diligence

Syndicated Leveraged Finance Platform (LBO Finance)

- The U.S. leveraged loan and high-yield markets grew to $1.2 trillion and $1.5 trillion, respectively in 2019
- Houlihan Lokey entered the syndicated finance market in September 2018 through HL Finance, LLC, a newly formed, wholly-owned subsidiary of Houlihan Lokey to capitalize on the growth of the leverage loan and high-yield markets
- Funding through financing agreements with institutional investors to provide capital to support underwriting commitments and participate in syndications

Capital Markets Advisory

- Independent advisor on bank commitments and securities offerings
- Drive competition to optimize positioning, structure/terms and syndication
- Evaluate public vs. private market solutions
- Ability to act as bookrunner / co-manager

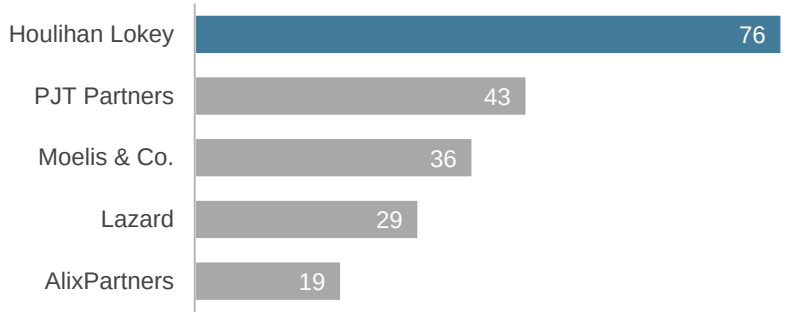
Source: S&P/LSTA, Preqin

Financial Restructuring Business

- Deepest bench in the industry, with 48 Managing Directors and 247 total finance professionals as of June 30, 2020
- A true global player, having closed transactions in more than 60 countries around the world since 2000
- Flexibility to work on large global restructurings as well as mid-cap restructurings
- With strong performance in a historically low interest rate and default rate environment and consolidating market share, we are poised to take advantage when interest rates and/or default rates begin to rise

Top Global Restructuring Advisor

2019 Global Distressed Debt and Bankruptcy Restructuring Deals



Source: Refinitiv.

15 Largest Bankruptcies

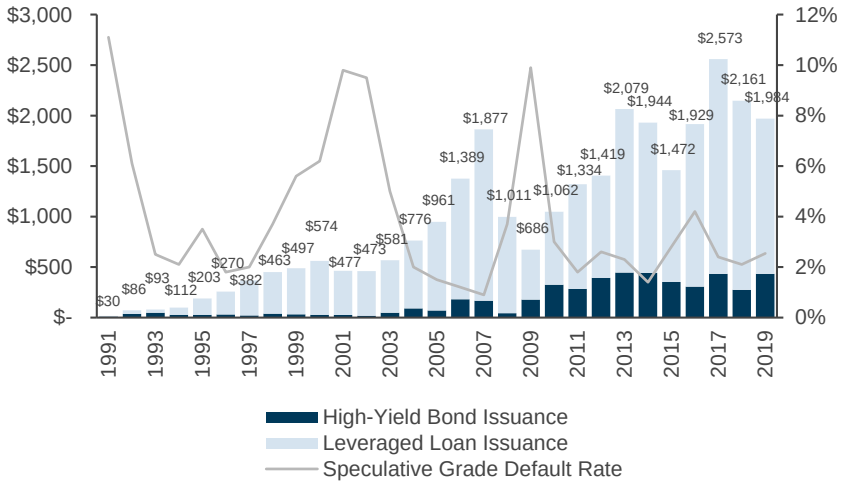
Advisor in 12 of the 15 Largest Bankruptcies 2000–2019

	ASSETS ($B)
Lehman Brothers Holdings Inc.	**691.1**
Washington Mutual Inc.	**327.9**
WorldCom Inc.	**103.9**
General Motors Corporation	**91.0**
CIT Group Inc.	**80.4**
PG&E Corp. (Pacific Gas)	**71.4**
Enron Corp.	**65.5**
Conseco Inc.	**61.4**
Energy Future Holdings Corp.	**41.0**
MF Global Holdings Ltd.	40.5
Chrysler LLC	39.3
Thornburg Mortgage Inc.	**36.5**
Refco Inc.	**33.3**
IndyMac Bancorp	32.7
Global Crossing Ltd.	**30.2**

Source: BankruptcyData.com, January 2020.

Global Leveraged Loan and High-Yield Issuance

($ in Billions)



Source: Refinitiv, based on calendar year.
Note: All dollar amounts in billions unless otherwise noted.

Financial and Valuation Advisory Business

Services Offered

- Transaction Opinions
- Financial Reporting Opinions
- Portfolio Valuations
- Dispute Resolution
- Transaction Advisory Services

Diversified Revenues Stream

- More than 1,000 fee events each year
- Approximately one-third of our Financial and Valuation Advisory business is recurring in nature
- Diverse client base, including corporate clients, sponsors, hedge funds, government agencies, and entrepreneurially held companies

Operating Philosophy

- Have chosen to focus on high value-added advice as opposed to commodity services
- Business model developed to mitigate volatility in M&A markets
- Margin targets result in strong profitability for our Financial and Valuation Advisory business

Financial Sponsors Group

Houlihan Lokey has one of the largest Financial Sponsors Group focused on mid and large-cap funds.

Broad and Deep Financial Sponsor Group

- HL has 19 senior officers dedicated to the sponsor community in North America and Europe
- Coverage of 900+ private equity firms, 250+ hedge funds and 125+ family offices
- Organized geographically to ensure client coverage proximity

In-Depth Data on Buyer Behavior

- Knowledge of and database on financial sponsor preferences and behavior through our relationships and deal flow
- Collect and analyze comprehensive data on industry, size and general market trends

Importance of Our Sponsor Relationships

- Worked on over 1,000 engagements involving sponsors and their portfolio companies
- Sold close to 400 companies to financial sponsors over the last five years
- Buyout firms have approximately $735 billion of dry powder[1]
- Provide financial sponsors access to successful solutions – with coverage officers facilitating two-way information flow between the sponsors and Houlihan Lokey

Most Active Investment Banks to US P.E.[2]

1	**Houlihan Lokey**	**81**
2	Lincoln International	67
3	Jefferies	61
4	William Blair	58
5	Piper Sandler	55

1. Source: Preqin.
2. Represents number of transactions closed as of CY 2019. Source: PitchBook.



Robust Long Term Growth Opportunities

We will continue to grow our talent pool through:

- The development and maturation of bankers
- Opportunistic hires
- Acquisitions and joint ventures

Growth will be driven by:

Corporate Finance

- Continued expansion into Europe and the Asia-Pacific region
- Building out our Capital Markets and Fund Placement platforms
- Adding incremental domain industry expertise
- Increasing deal size and deal fees

Financial Restructuring

- Growing availability and use of leverage
- Increasingly complex balance sheets
- Continued globalization of financial restructuring
- Increasing restructuring of different asset classes

Financial and Valuation Advisory

- Increasing client relationship focus
- Utilization of industry expertise
- Increasingly complex regulatory and tax environments
- Greater transparency requirements

Financial Overview

Strong Top-Line Growth and Disciplined Expense

Long history of revenues growth through various market cycles

- 5-year (FY 2015 to FY 2020) revenues CAGR of 11%
- Resilient business mix consisting of cyclical and countercyclical elements
- Leader in each of our three business segments with ample growth opportunities

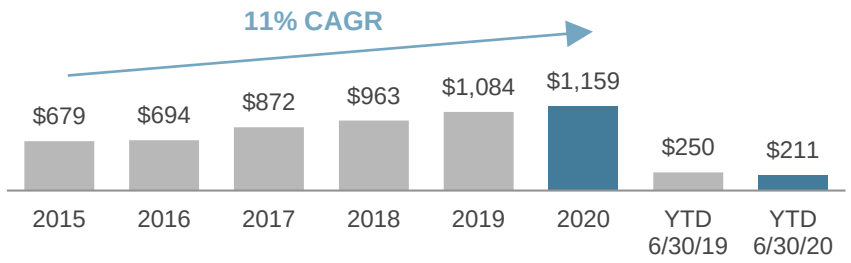
Consistent track record of profitability through market cycles

- Maintained double digit margins through the recession
- Each business segment is similarly profitable to shareholders

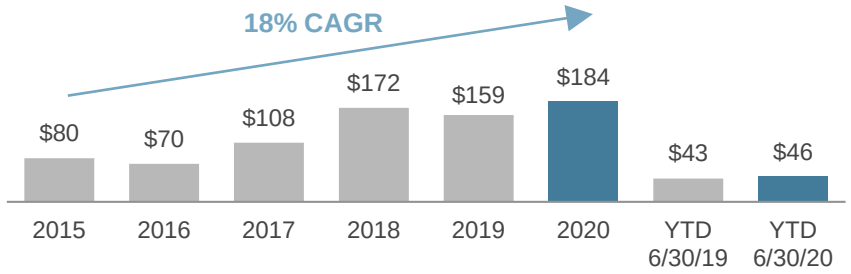
Scalable, capital-light model

- Minimal capital balance sheet requirements
- Low leverage levels
- Scalable model that can be further leveraged to support top-line growth
- Broad based employee shareholder ownership

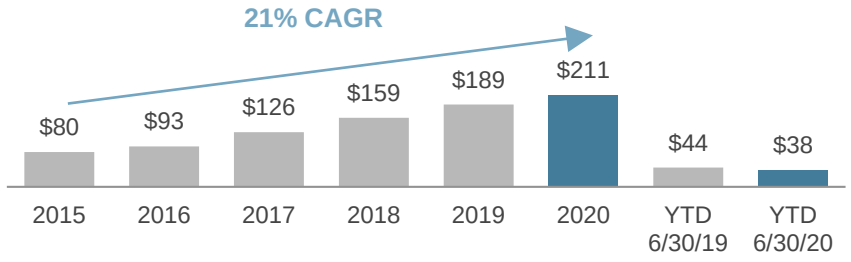
Revenues



GAAP Net Income



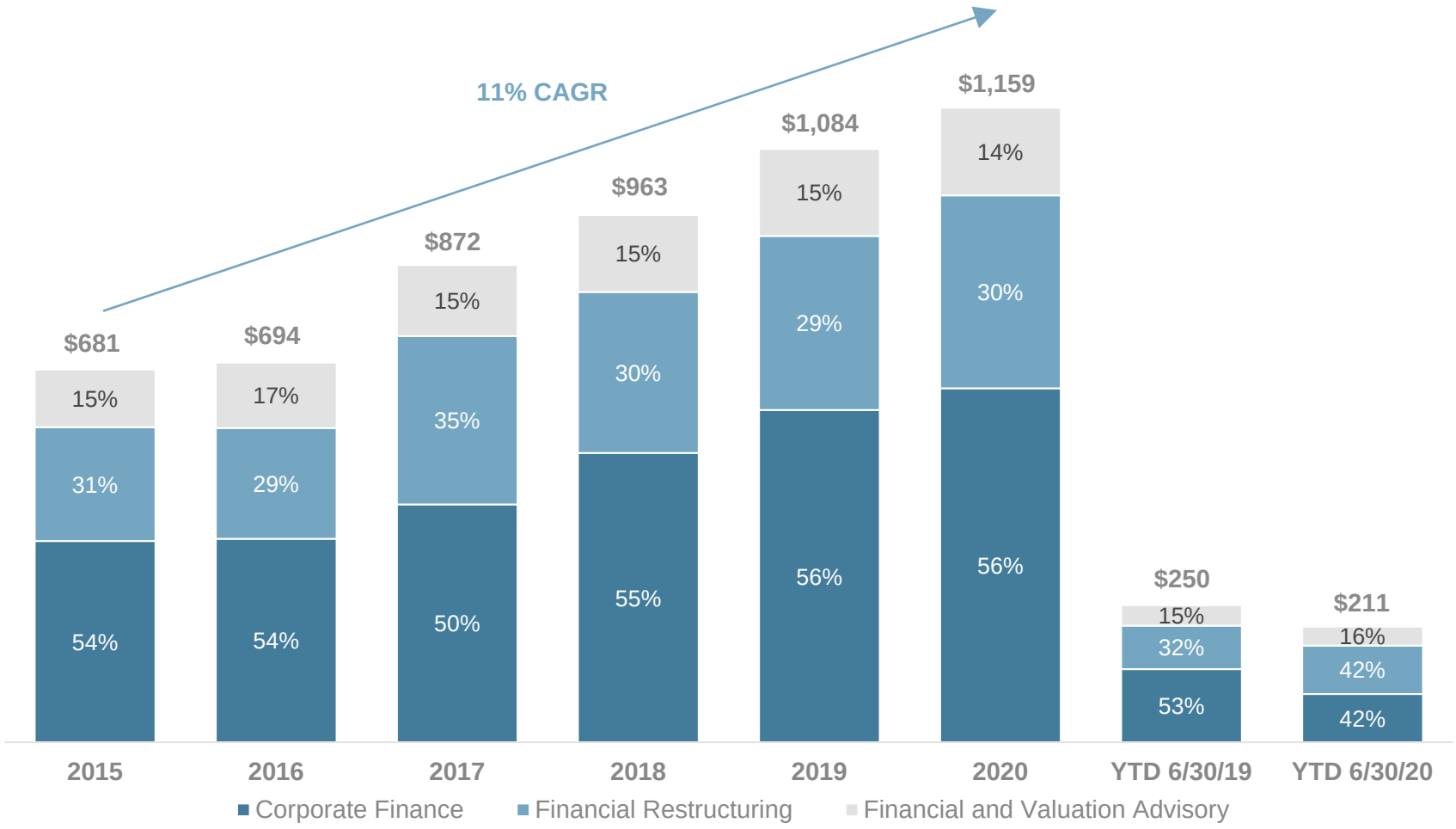
Adjusted Net Income[1]



Note: Fiscal year ended March 31. All dollar amounts in millions unless otherwise noted.
1. Adjusted Net Income is a non-GAAP financial measure. See page 24 for a description and reconciliation to the most directly comparable GAAP measure. Please refer to previously filed earnings releases for historical adjustments.

Business Segment Financials

Revenues by Business Segment



Note: Fiscal year ended March 31. All dollar amounts in millions unless otherwise noted.

Reconciliation of GAAP to Adjusted Financials

(Unaudited)

(In thousands, except per share data)	**2020**	**2019**
Revenues	$ 211,136	$ 250,349
Employee compensation and benefits		
Employee compensation and benefits (GAAP)	$ 137,121	$ 163,311
(Less)/plus: Pre-IPO grant vesting	—	(6,112)
(Less)/plus: Acquisition related retention payments	(5,161)	(4,484)
Employee compensation and benefits (adjusted)	131,960	152,715
Non-compensation expenses		
Non-compensation expenses (GAAP)	$ 31,425	$ 39,264
(Less)/plus: Secondary offering related costs	(418)	(414)
(Less)/plus: Acquisition amortization	(998)	(1,553)
Non-compensation expenses (adjusted)	30,009	37,297
Operating income		
Operating income (GAAP)	$ 42,590	$ 47,774
(Less)/plus: Adjustments [1]	6,577	12,563
Operating income (adjusted)	49,167	60,337
Other (income)/expense, net		
Other (income)/expense, net (GAAP)	$ (1,161)	$ (1,651)
Other (income)/expense, net (adjusted)	(1,161)	(1,651)
Provision for income taxes		
Provision for income taxes (GAAP)	$ (2,349)	$ 6,649
(Less)/plus: Impact of the excess tax benefit for stock vesting	13,408	7,605
Adjusted provision for income taxes	11,059	14,254
(Less)/plus: Resulting tax impact [2]	1,662	3,623
Provision for income taxes (adjusted)	12,721	17,877
Net income		
Net income (GAAP)	$ 46,100	$ 42,776
(Less)/plus: adjustments [3]	(8,493)	1,335
Net income (adjusted)	37,607	44,111
Diluted EPS (GAAP)	$ 0.69	$ 0.69
Diluted EPS (adjusted)	$ 0.56	$ 0.67

1. The aggregate of adjustments from employee compensation and benefits and non-compensation expenses.
2. Reflects the tax impact of utilizing the adjusted effective tax rate on the non-tax adjustments identified above.
3. Consists of all adjustments identified above net of the associated tax impact.

HOULIHAN LOKEY

Our Mission

We help our clients achieve superior outcomes by providing thoughtful, caring advice while acting with honor and integrity. We are strategic in our approach to growth and are committed to creating lasting value for our shareholders. We maintain an intellectually stimulating, fair, and fun place to work. We seek to improve our local and global communities through the responsible and direct actions of our firm and its people.

Our Vision

We will be recognized globally for providing the finest financial advice and service to our clients and the best place to work for our colleagues.

HOULIHAN LOKEY

CORPORATE FINANCE
FINANCIAL RESTRUCTURING
FINANCIAL AND VALUATION ADVISORY

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