

HOULIHAN LOKEY, INC.  
Form 10-Q  
February 05, 2019

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

Form 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended December 31, 2018

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number: 001-37537

Houlihan Lokey, Inc.

(Exact name of registrant as specified in its charter)

Delaware 95-2770395

(State or other jurisdiction of (I.R.S. Employer incorporation or organization) Identification Number)

10250 Constellation Blvd.

5<sup>th</sup> Floor

Los Angeles, California 90067

(Address of principal executive offices) (Zip Code)

(310) 788-5200

(Registrant's telephone number, including area code)

N/A

(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer  Accelerated filer

Non-accelerated filer  Smaller reporting company

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

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As of February 4, 2019, the registrant had 34,542,286 shares of Class A common stock, \$0.001 par value per share, and 30,870,350 shares of Class B common stock, \$0.001 par value per share, outstanding.

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## PART I. FINANCIAL INFORMATION

## Item 1. Financial Statements

## HOULIHAN LOKEY, INC. AND SUBSIDIARIES

## CONSOLIDATED BALANCE SHEETS

(\$ in thousands, except share data and par value)

	December 31, 2018 (unaudited)	March 31, 2018 (unaudited)
Assets:		
Cash and cash equivalents	\$ 256,401	\$ 206,723
Restricted cash (note 2)	368	93,500
Investment securities (fair value of \$40,960 and \$209,266 as of December 31, and March 31, 2018)	40,960	209,319
Accounts receivable, net of allowance for doubtful accounts of \$6,639 and \$11,391 as of December 31, and March 31, 2018, respectively	65,365	77,259
Unbilled work in process	30,660	45,862
Receivable from affiliates	7,027	8,732
Property and equipment, net of accumulated depreciation of \$42,896 and \$37,078 as of December 31, and March 31, 2018, respectively	30,865	32,146
Goodwill and other intangibles, net	795,251	723,310
Other assets	33,273	21,990
Total assets	\$ 1,260,170	\$ 1,418,841
Liabilities and Stockholders' Equity		
Liabilities:		
Accrued salaries and bonuses	\$ 291,073	\$ 377,901
Accounts payable and accrued expenses	45,159	40,772
Deferred income	28,522	3,620
Income taxes payable	3,457	9,967
Deferred income taxes	9,343	22,180
Forward purchase liability	—	93,500
Loans payable to former shareholders	2,342	3,036
Loan payable to non-affiliate	6,712	8,825
Other liabilities	22,895	6,227
Total liabilities	409,503	566,028
Stockholders' equity:		
Class A common stock, \$0.001 par value. Authorized 1,000,000,000 shares; issued and outstanding 34,510,793 and 30,604,405 shares as of December 31, and March 31, 2018, respectively	35	31
Class B common stock, \$0.001 par value. Authorized 1,000,000,000 shares; issued and outstanding 30,911,808 and 37,187,932 shares as of December 31, and March 31, 2018, respectively	31	37
Treasury stock, at cost; 0 and 2,000,000 shares as of December 31, and March 31, 2018, respectively	—	(93,500 )
Additional paid-in capital	635,005	753,077
Retained earnings	248,590	207,124
Accumulated other comprehensive loss	(32,994 )	(13,956 )
Total stockholders' equity	850,667	852,813
Total liabilities and stockholders' equity	\$ 1,260,170	\$ 1,418,841

The accompanying notes are an integral part of these unaudited interim consolidated financial statements.

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HOULIHAN LOKEY, INC. AND SUBSIDIARIES  
 CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
 (\$ in thousands, except share and per share data)  
 (unaudited)

	Three Months Ended December 31,		Nine Months Ended December 31,	
	2018	2017	2018	2017
Revenues <sup>(a)</sup>	\$298,013	\$258,937	\$793,007	\$718,611
Operating expenses:				
Employee compensation and benefits	187,180	174,308	501,682	481,112
Travel, meals, and entertainment	12,991	8,034	32,689	19,941
Rent	9,987	7,159	28,612	21,308
Depreciation and amortization	3,635	1,971	10,809	6,120
Information technology and communications	5,775	4,424	16,073	13,666
Professional fees	6,087	4,484	18,148	