



HOULIHAN LOKEY

# SPECIALTY FINANCE

MARKET UPDATE | Fall 2019



# Houlihan Lokey Specialty Finance Market Update

Dear Clients and Friends,

Houlihan Lokey is pleased to present its Specialty Finance Market Update for the fall of 2019.

We have included select recent transaction announcements, a public markets overview, and industry insights to help you stay ahead in our dynamic and constantly evolving industry. We hope you find this quarterly update to be informative and that it serves as a valuable resource to you in staying abreast of the market. If there is additional content you would find useful for future updates, please don't hesitate to call or email us with your suggestions. We look forward to staying in touch with you.

Regards,



**Reinhard Koester**  
*Managing Director  
and Co-Head,  
Financial Institutions Group*  
[RKoester@HL.com](mailto:RKoester@HL.com)  
646.259.7476



**Brent Ferrin**  
*Director,  
Financial Institutions Group*  
[BFerrin@HL.com](mailto:BFerrin@HL.com)  
212.497.4203

## Additional Team Contacts

**Jeffrey Levine**  
*Managing Director and Co-Head,  
Financial Institutions Group*  
[JMLevine@HL.com](mailto:JMLevine@HL.com)  
305.779.1177

**Jonathan Sloan**  
*Managing Director,  
Financial and Valuation Advisory*  
[JSloan@HL.com](mailto:JSloan@HL.com)  
212.497.4232

**Oscar Aarts**  
*Director,  
Financial and Valuation Advisory*  
[OAarts@HL.com](mailto:OAarts@HL.com)  
212.497.7869

**Ben Wilson**  
*Financial Analyst,  
Financial Institutions Group*  
[BWilson@HL.com](mailto:BWilson@HL.com)  
212.497.4289

## Specialty Finance Subverticals Covered

ALTERNATIVE FINANCIAL SERVICES    ASSET-BASED LENDING    AUTO LOANS/BHPH  
CREDIT CARDS    DEBT BUYING/COLLECTION    EQUIPMENT LEASING  
FACTORING    FINANCIAL INFORMATION    FINANCIAL PROCESSORS AND SOFTWARE  
FLEET LEASING    HEALTHCARE FINANCE    INSTALLMENT LOANS  
LITIGATION FINANCE    PAYDAY LENDING/PAWN    PAYMENTS  
SMALL BUSINESS LOANS    STUDENT LENDING    TRANSPORTATION FINANCE



Houlihan Lokey is the trusted advisor to more top decision-makers than any other independent global investment bank.

## No. 1 Advisor to Specialty Finance Companies

### 2018 M&A Advisory Rankings All U.S. Specialty Finance Transactions

Rank	Firm	Deals
1	Houlihan Lokey, Inc.	11
2	Stifel/Keefe, Bruyette & Woods	6
3	Morgan Stanley	5
3	Sandler O'Neill & Partners, L.P.	5
5	J.P. Morgan Securities LLC	4
5	Credit Suisse (USA), Inc.	4
5	Hovde Group, LLC	4
8	Citigroup Global Markets Inc.	3
8	Barclays Capital Inc.	3
10	PJT Partners LP	2

Source: SNL Financial

### 2017 M&A Advisory Rankings All U.S. Specialty Finance Transactions

Rank	Firm	Deals
1	Houlihan Lokey, Inc.	13
2	Credit Suisse (USA), Inc.	8
3	Morgan Stanley	7
4	Sandler O'Neill & Partners, L.P.	5
4	Keefe, Bruyette & Woods	5
4	J.P. Morgan Securities LLC	5
4	Barclays Capital Inc.	5
8	Wells Fargo Securities, LLC	4
8	BMO Capital Markets Corp.	4
8	Bank of America Merrill Lynch	4

Source: SNL Financial

### 2009 - 2018 M&A Advisory Rankings All U.S. Specialty Finance Transactions

Rank	Firm	Deals
1	Houlihan Lokey, Inc.	92
2	Stifel/Keefe, Bruyette & Woods	44
3	J.P. Morgan Securities LLC	42
4	Citigroup Global Markets Inc.	38
5	Barclays Capital Inc.	36
6	Bank of America Merrill Lynch	35
7	Sandler O'Neill & Partners, L.P.	34
8	Credit Suisse (USA), Inc.	32
9	Morgan Stanley	29
10	Deutsche Bank Securities Inc.	20

Source: SNL Financial

## Exceptional Qualifications in Specialty Finance Services (Select Transactions)

### 2019 YTD

has been acquired by

Sellside Advisor

has been acquired by

Sellside Advisor

has sold a 49% stake to

Sellside Advisor

has acquired

Buyside Advisor

LenderLive Network

a division of

has been acquired by

Sellside Advisor

has been acquired by

Sellside Advisor

has been acquired by

Sellside Advisor

### 2017

has received an equity investment from

Financial Advisor

has acquired

Buyside Advisor

has been acquired by

Sellside Advisor

has merged with

Sellside Advisor

has been acquired by

Sellside Advisor

has been acquired by

and has sold a \$2.4 billion middle-market loan and credit investment portfolio to a fund sponsored by

Financial Advisor

### 2016

has acquired a 14.4% interest in

Fairness Opinion

has acquired

Buyside Advisor

has acquired

Buyside Advisor

Certain equipment finance assets and operations of

have been acquired by

Sellside Advisor

has been acquired by

Hitachi Capital America Corp.

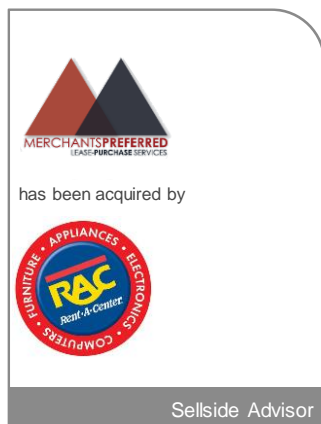
Sellside Advisor

has been acquired by affiliates of

Sellside Advisor

# Spotlight on Recent Houlihan Lokey Deals

Houlihan Lokey is pleased to announce that Merchants Preferred (MP) has been acquired by Rent-A-Center (RAC)



*Closed August 2019*

## COMPANY OVERVIEW

- **Experience:** Seasoned management team with more than 145 years of experience
- **Profile:** Founded in 2012 and based in Atlanta, MP provides virtual rent-to-own (RTO) services for nonprime customers through partnerships with independent retail partners in the furniture, bedding, appliance, and tires spaces
- **Strategy:** MP's growth strategy leverages a highly automated origination and processing platform with a broad product offering
- **Attractive Client Base:** The company has limited concentration risk due to an extensive and diverse selection of retail partnerships
- **Financial Scale:** Revenues of approximately \$80 million TTM

## Transaction Highlights

- RAC acquired MP for \$28 million in net cash and approximately 700,000 shares (valued as of August 7, 2019, at \$17.5 million)
- Together, MP and RAC will create the best offer in the virtual RTO industry by combining MP's proven virtual model with RAC's Acceptance NOW manned offer

## Benefits to RAC

- Immediate upgrades to technology platform and scalable infrastructure
- Accelerates RAC's expansion into the virtual RTO space
- Ability to combine MP's unique technology expertise with Acceptance NOW RTO experience
- Portfolio diversification through MP's new-client universe
- Gain nationwide sales team and call center

## Benefits to Retail Partners

- Provides immediate new-customer growth and expansion into new markets
- Flexible virtual RTO options through (a) staffed, (b) virtual, or (c) hybrid models
- Integration of e-commerce platforms with virtual RTO options
- Strong retail partner service through centralized support team and well-equipped online portal

# New Market Developments

## Oportun Financial Corporation | Initial Public Offering

**OPORTUN**

**OPRT**  
LISTED  
**NASDAQ**

- Founded in 2005, **Oportun** is a high-growth, mission-driven community development financial institution (CDFI) and provider of inclusive, affordable financial services to the underserved, underbanked U.S. Hispanic community
- **Oportun** has provided 3.2 million affordable small-dollar loans that have saved customers an estimated \$1.5 billion in interest and fees compared to alternative lenders

### IPO Overview

Overview	Description
<b>Announcement Date</b>	July 17, 2019
<b>Exchange/Ticker</b>	(NASDAQ:OPRT)
<b>Pricing Date</b>	September 25, 2019
<b>Initial Range</b>	\$15.00–\$17.00
<b>Offer Price</b>	\$15.00
<b>Gross Amount Offered</b>	\$93.8 million
<b>Shares Offered</b>	6,250,000 (4,690,000 by Oportun; 1,560,000 by selling stockholders)
<b>Fair Value Pro Forma Adjusted LTM Net Income<sup>(2)</sup></b>	\$37.0 million
<b>Fair Value Pro Forma Adjusted 1H19 Net Income<sup>(2)</sup></b>	\$20.5 million
<b>Pro Forma Adjusted BV</b>	\$442.0 million
<b>Pro Forma Adjusted Net Tangible BV<sup>(1)</sup></b>	\$431.2 million

### IPO Economics

	IPO Pricing	Current (12/03/19)	Change
<b>Price per Share</b>	\$15.00	\$19.89	<b>32.6%</b>
<b>Shares Outstanding – Post Issuance (M)</b>	26.7	27.0	
<b>Implied Market Cap (\$M)</b>	\$400.6	\$537.1	
<b>LTM EPS (non-GAAP)</b>	\$1.39 <sup>(2)</sup>	\$2.19 <sup>(3)</sup>	
<b>Price/LTM EPS</b>	10.8x	9.1x	<b>-1.7x</b>
<b>Pro Forma Book Value per Share</b>	\$16.55	\$17.01 <sup>(4)</sup>	
<b>Price/Pro Forma Book Value</b>	0.91x	1.17x	<b>+0.26x</b>
<b>Pro Forma Tangible Book Value<sup>(1)</sup></b>	\$16.14	\$16.61 <sup>(4)</sup>	
<b>Price/Pro Forma Tangible Book Value</b>	0.93x	1.20x	<b>+0.27x</b>

Note: Market data as of 12/03/19.

- (1) Pro forma net tangible book value per share adjustment attributable to new investors purchasing shares in the OPRT public offering.
- (2) Fair Value Adjusted Net Income adjusts for the impact for the election of the fair value option and further adjusts to exclude income tax expense (benefit), stock-based compensation expenses and litigation reserve, net of tax.
- (3) Calculated as LTM non-GAAP EPS as of 9/30/19, per Q319 Investor Presentation.
- (4) Book Value and Tangible Book Value as of 9/30/19, per Q319 Investor Presentation.

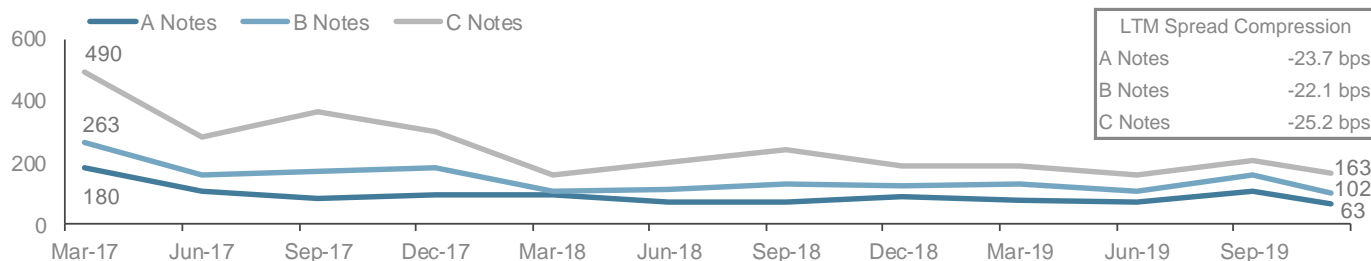
## Spotlight on Securitization

Issuers of securitizations in the specialty finance sector have seen their cost of funds for new issuance decrease since last year.

One significant example is in the small business and consumer loan marketplace. OnDeck recently priced a \$125 million private securitization transaction (ONDK 2019-1) with a weighted average fixed interest rate of 3.04%. This is an improvement from their 2018 securitization, which was priced with a weighted average fixed interest rate of 4.30%. With this issuance, the company's overall cost of funds rate improved to 5.30% from a year earlier. The improvement was also driven by lower base rates as well as lower spreads on new issue debt from the prior year, according to the company.

Similarly, spreads at issuance for senior notes of securitizations within the consumer loan market have been stable or decreased modestly within the past year, given the favorable environment for financing costs of new issuance. Marlette Funding has issued eight securitizations since the beginning of 2018 and has seen its weighted average spread of its securitized senior notes decrease from approximately 103 bps to 65 bps year over year. Prosper saw its weighted average spread at issuance move from 127 bps to 91 bps for five deals issued within the same period.

### Weighted Average Spreads at New Issue – Consumer (bps)



## Leading Provider of Financial and Valuation Advisory Services

Houlihan Lokey's Specialty Finance team is a cross-functional team incorporating M&A advisory, capital raising, financial and tax due diligence, valuation, technical accounting, tax structuring, and structured product and loan valuation. The team works together to seamlessly deliver solutions for your transactional, corporate planning, financial reporting, and tax needs. The team has performed valuation of whole loan pools and securitized tranches for NAV purposes, risk retention exercises, and diligence before making a new investment.

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CAPITAL

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SABAL



FINANCE of AMERICA  
- MORTGAGE -



MARLETTE FUNDING



SoFi

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FINANCIAL®

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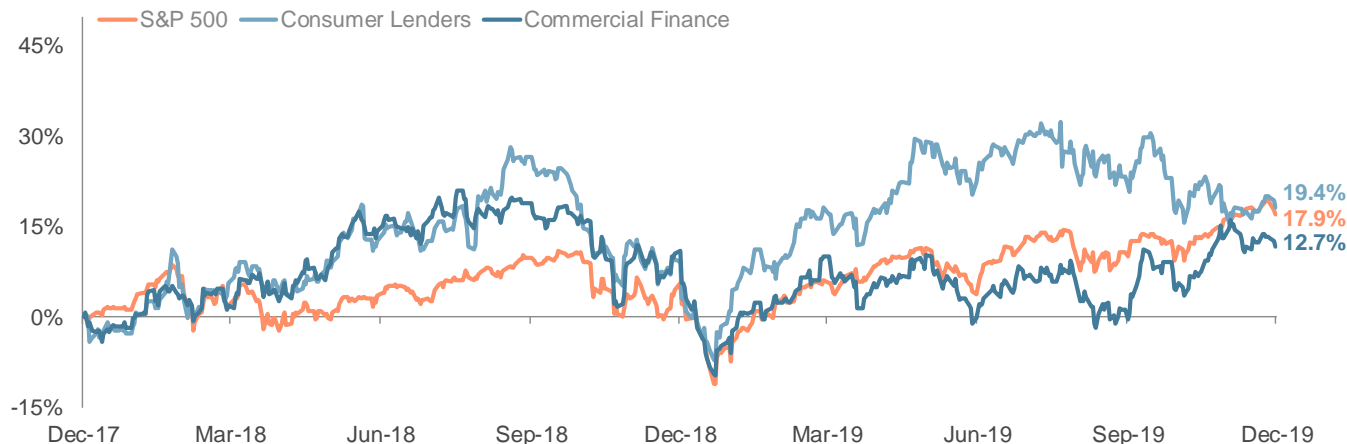


Square

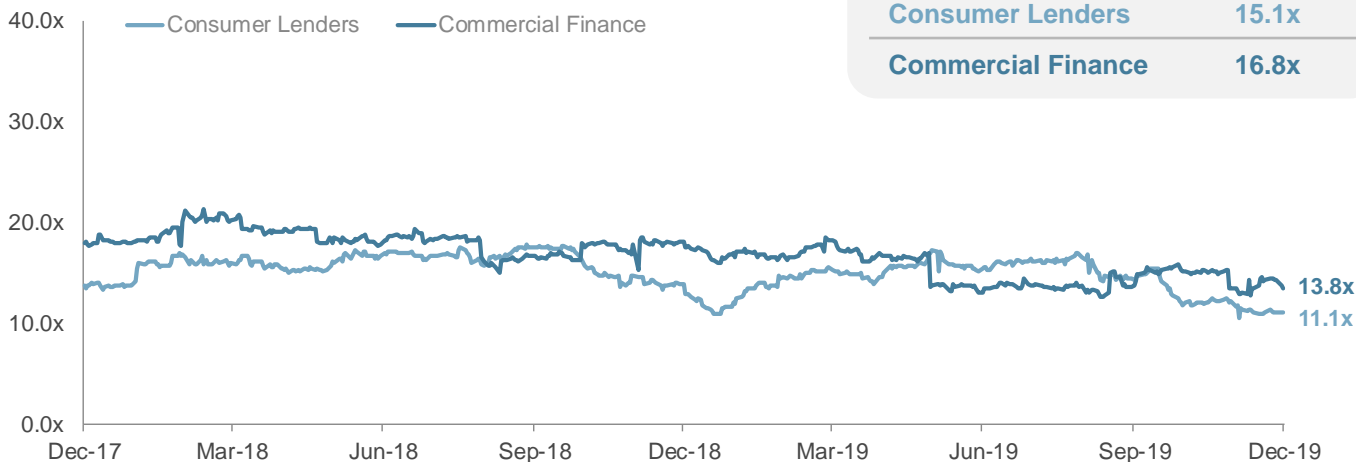
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# Public Company Valuation

## Performance vs. S&P 500 (Dec. 2017 – Dec. 2019)



## Median Trailing (LTM) P/E (Dec. 2017 – Dec. 2019)

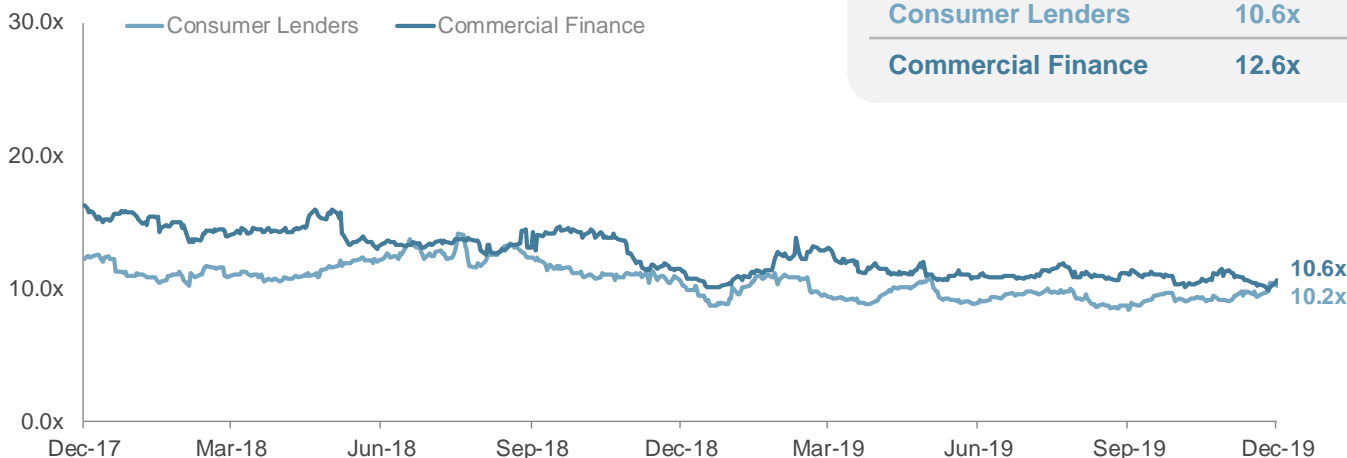


2-Year Avg.

Consumer Lenders 15.1x

Commercial Finance 16.8x

## Median Forward (NTM) P/E (Dec. 2017 – Dec. 2019)



2-Year Avg.

Consumer Lenders 10.6x

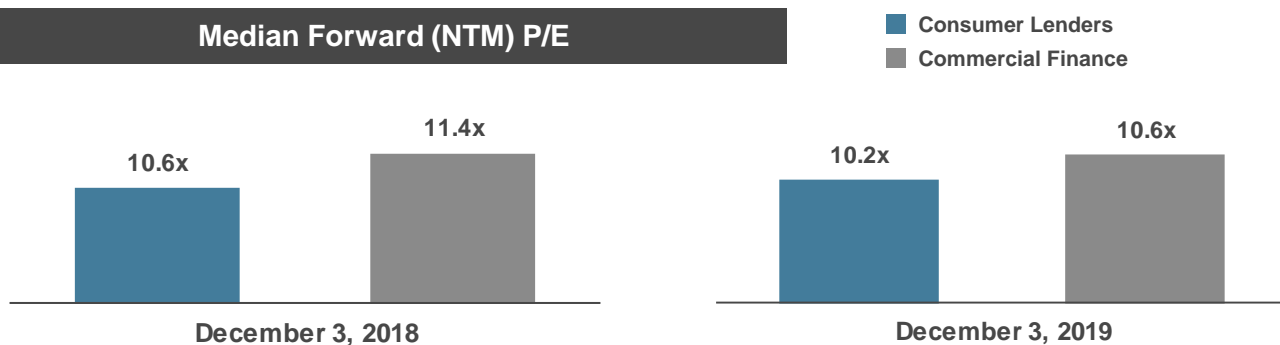
Commercial Finance 12.6x

Note: Public company constituents can be seen on page 8.

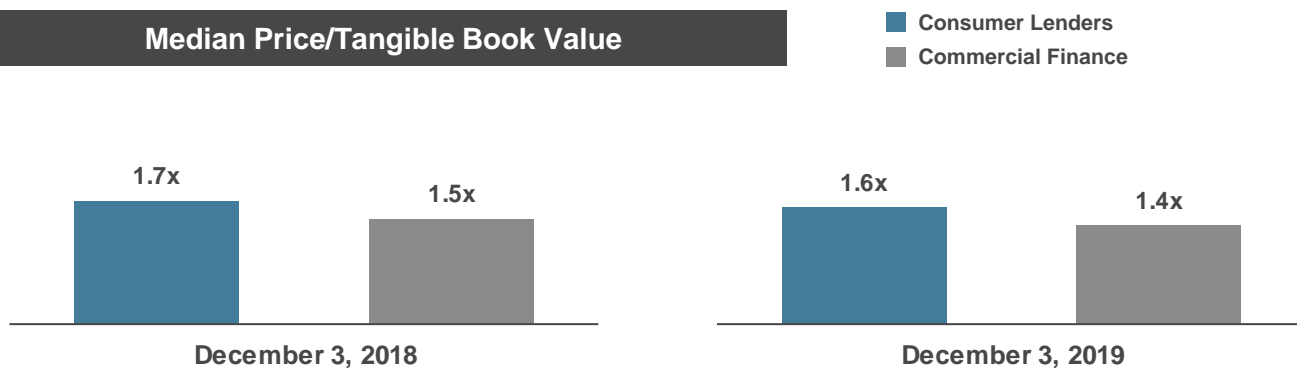
Source: S&P Capital IQ data as of 12/03/19.

# Public Company Valuation (cont.)

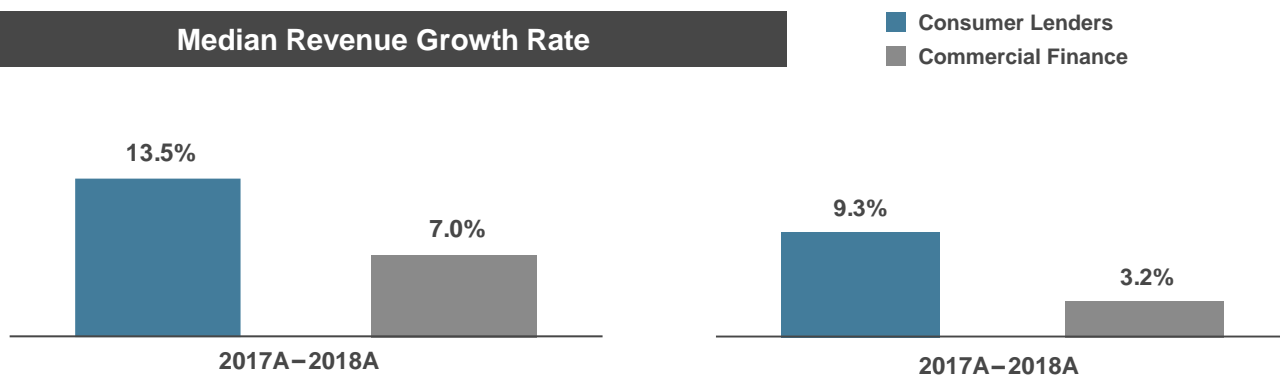
## Median Forward (NTM) P/E



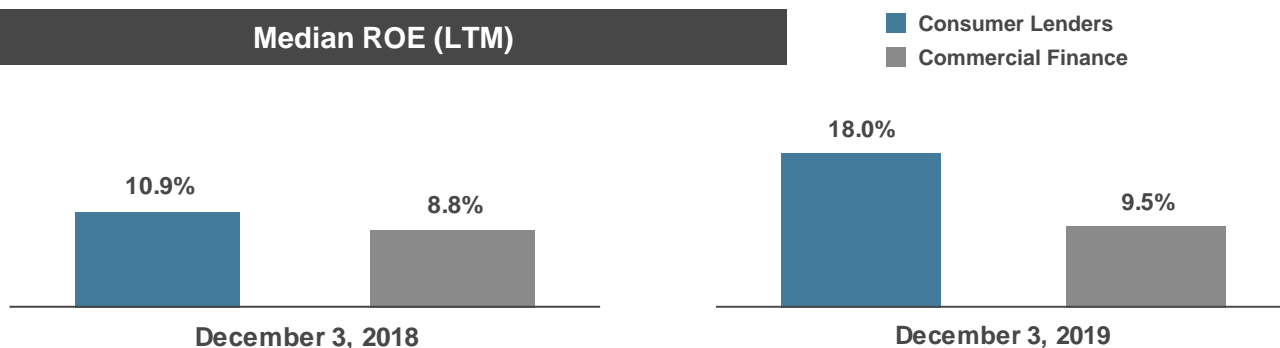
## Median Price/Tangible Book Value



## Median Revenue Growth Rate



## Median ROE (LTM)



# Public Company Valuation (cont.)

(\$ in millions)								Operating Metrics				
								LTM		2018A–2019E		
Company	Industry Focus	Market Cap	% of 52-Week High	P/EPS		Price		ROA	ROE	Pre-Tax Margin	Revenue Growth	Pre-Tax Growth
				2019E	2020E	BV	TBV					
Consumer Lenders												
Credit Acceptance Corp.	Auto Financing	\$8,235.5	85.1%	12.5x	12.4x	3.5x	3.5x	9.7%	29.7%	70.6%	38.9%	15.1%
OneMain Holdings, Inc.	Installment	5,765.2	95.5	6.5	6.3	1.4	2.5	3.6	19.7	37.7	NM	32.2
FirstCash, Inc.	Pawn	3,436.6	75.4	20.8	18.6	2.6	NM	7.1	12.0	11.7	4.7	9.1
Navient Corp.	Student Loan Servicing	3,072.4	88.7	5.6	4.8	0.9	1.2	0.5	14.2	40.6	(22.7)	15.7
Nelnet, Inc.	Student Loan Servicing	2,381.8	85.8	11.7	11.5	1.0	1.1	0.5	5.2	14.6	9.7	(0.6)
PRA Group, Inc.	NPLs	1,616.6	95.4	19.8	15.1	1.5	2.6	3.4	7.4	10.4	8.9	31.8
LendingClub Cor.	Online Lender	1,117.5	67.3	NM	29.7	1.3	1.3	NM	NM	(6.0)	10.6	NM
Encore Capital Group, Inc.	NPLs	1,092.3	89.7	6.0	5.5	1.2	NM	6.1	20.2	14.5	5.8	NM
Enova International, Inc.	Online Lender	761.2	70.5	5.5	5.0	1.8	4.7	6.5	24.4	11.0	19.1	NM
goeasy Ltd.	POS/Installment	743.1	73.9	13.3	10.2	2.2	2.5	6.6	25.0	27.0	NM	53.2
America's Car-Mart, Inc.	BHPH	692.0	95.5	16.6	12.7	2.5	2.5	9.2	21.0	10.1	10.6	55.7
World Acceptance Corp.	Installment	651.7	52.0	12.3	15.2	1.7	1.8	5.7	11.9	11.6	6.3	(5.9)
CURO Group Holdings Corp.	Online/Payday	559.2	79.3	4.8	4.3	NM	NM	11.9	NM	6.9	4.6	NM
Oportun Financial Corp.	Online Lender	537.1	91.4	9.1	8.5	1.2	1.2	5.8	16.3	15.4	20.6	NA
GreenSky, Inc.	HIP	461.5	44.3	12.9	11.8	NM	NM	10.3	NM	21.9	28.5	(0.1)
Regional Management Corp.	Installment	353.3	91.7	9.1	7.7	1.2	1.3	5.8	14.1	15.8	19.7	10.5
EZCORP, Inc.	Pawn	287.8	46.1	5.9	5.2	0.4	0.8	3.4	NM	1.0	4.4	NM
Elevate Credit, Inc.	Online Lender	180.6	78.5	5.8	4.6	1.2	1.4	9.4	21.8	4.9	(4.7)	NM
Median			82.2%	9.1x	9.4x	1.3x	1.6x	6.1%	18.0%	13.1%	9.3%	15.1%
Mean			78.1%	10.5x	10.5x	1.6x	2.0x	6.2%	17.3%	17.8%	10.3%	19.7%
Commercial Finance												
CIT Group Inc.	Diversified	\$4,153.6	81.2%	9.1x	8.8x	0.7x	0.8x	1.0%	7.9%	25.6%	(19.5%)	NM
Element Fleet Management Corp.	Fleet Management	3,685.2	70.7	13.0	10.8	1.1	3.0	1.4	6.9	20.9	19.8	NM
GATX Corp.	Rail	2,814.3	93.2	15.4	15.3	1.6	1.6	2.6	11.2	16.6	2.4	(5.0)
McGrath RentCorp	Heavy Equipment	1,790.5	91.6	19.3	18.3	2.9	3.1	6.9	16.2	22.6	12.5	25.5
Mobile Mini, Inc.	Container	1,644.4	93.5	19.3	17.1	2.0	NM	4.8	8.5	16.7	4.0	NM
ECN Capital Corp.	Equipment Finance	857.2	68.7	13.3	9.9	1.2	NM	NM	NM	(5.7)	NM	NM
CAI International, Inc.	Container/Rail	408.5	89.5	8.5	7.4	0.7	0.7	3.4	9.0	14.1	(0.4)	42.5
General Finance Corp.	Modular Rentals	308.5	72.3	25.2	14.8	2.2	NM	5.1	NM	3.5	8.9	NM
On Deck Capital, Inc.	Online Lender	273.9	51.2	10.4	9.0	0.9	0.9	2.4	9.5	13.2	NM	NM
Marlin Business Services Corp.	Equipment Finance	255.6	83.6	9.9	8.2	1.2	1.3	2.1	12.5	32.5	0.3	38.4
Chesswood Group Ltd.	Equipment Finance	123.4	61.0	11.1	8.8	0.8	1.4	1.9	9.8	34.3	NM	17.6
Median			81.2%	13.0x	9.9x	1.2x	1.4x	2.5%	9.5%	16.7%	3.2%	25.5%
Mean			77.9%	14.1x	11.7x	1.4x	1.6x	3.2%	10.2%	17.7%	3.5%	23.8%
Total Median			81.2%	11.4x	9.9x	1.2x	1.4x	5.1%	12.5%	14.6%	7.6%	16.6%
Total Mean			78.0%	11.9x	11.0x	1.5x	1.9x	5.1%	14.5%	17.7%	8.0%	21.0%

Source: S&P Capital IQ data as of 12/03/19.

# Recent Transactions

## Consumer Finance: 2018–2019 YTD Select Transactions

(\$ in millions)

Ann. Date <sup>(1)</sup>	Target	Target Description	Acquirer	Deal Value	Price		
					LTM Earnings	BV	TBV
Nov-19*	Asta Funding, Inc.	Consumer receivables services	Management Group <sup>(2)</sup>	\$49	8.0x	0.8x	0.8x
Jul-19	MUSA Holdings, LLC	Mortgage and automobile financing services	PowerBand Solutions US Inc.	\$15	NM	NM	NA
Jul-19	Health Credit Services, LLC	Digital point-of-sale (POS) payment solution for healthcare space	Ally Financial Inc.	\$190	NA	NA	NA
Jul-19	First Associates Loan Servicing, LLC	Loan and lease servicing provider	Stone Point Capital LLC	NA	NA	NA	NA
Jul-19	Merchants Preferred	Lease purchase services for furniture	Rent-A-Center, Inc.	\$50	NA	NA	NA
Jul-19	TFG Card Solutions, Inc.	Payroll card provider	Comdata, Inc.	\$74	NA	NA	NA
Jun-19	Base Capital, LLC	Income share agreements (ISAs) for college students	AlmaPact Inc.	NA	NA	NA	NA
Jun-19	Skills Fund, LLC	Student financing platform for higher education	Goal Structured Solutions, Inc.	NA	NA	NA	NA
May-19	CreditGenie Inc.	Point-of-sale (POS) financing solutions	Purpose Financial LP	NA	NA	NA	NA
Apr-19	Athena Art Finance Corp.	Loan provider for global art market	YieldStreet Management, LLC	\$170	NA	NA	NA
Mar-19	Budco Financial Services LLC	Payment solutions for automotive and healthcare industries	Scale Community Inc.	\$11	NA	NA	NA
Dec-18	City Finance Corp.	Personal loan services	Cambria Thrift Consumer Discount Company	NA	NA	NA	NA
Dec-18	Caribbean Financial Group Inc.	Installment loan services	BayBoston Managers LLC	NA	NA	NA	NA
Nov-18	Millennium Financial Group Inc.	Mortgage brokers and services	Community Heritage Financial, Inc.	NA	NA	NA	NA
Nov-18	Spruce Finance Inc.	Consumer financing for energy-efficient home products	HPS Investment Partners, LLC	NA	NA	NA	NA
Sep-18	RightWay Funding LLC	Structured settlements	Undisclosed buyer	NA	NA	NA	NA
Aug-18	LenderLive Network, LLC	Mortgage services provider	Computershare Loan Services	\$32	NA	1.5x	NA
Aug-18	Mortgage Lenders of America LLC	Mortgage brokers and services	Zillow Group Inc.	\$67	NA	5.2x	6.5x
Jun-18	Cornerstone Financial LLC	Financial planning services	CoreNorth Capital Planning	NA	NA	NA	NA
Jun-18	Regency Finance Co.	Loan products and financing services	Mariner Finance, LLC	\$142	NA	NA	NA
Jun-18	Midwest Equity Mortgage, LLC	Mortgage brokers and services	Celebrity Financial Inc.	NA	NA	NA	NA
May-18	Base Capital, LLC	Income share agreements (ISAs) for college students	Lumni Inc.	NA	NA	NA	NA
May-18	Synergy One Lending, Inc.	Mortgage brokers and services	Mutual of Omaha Bank	NA	NA	NA	NA
Mar-18	Jefferson Capital Systems, LLC	Bankruptcy and debt collection services	J.C. Flowers & Co. LLC	NA	NA	NA	NA
Mar-18	Luxury Mortgage Corp.	Mortgage brokers and services	Undisclosed buyer	NA	NA	NA	NA
Feb-18	PHH Corp.	Residential mortgage bank	Ocwen Financial Corp.	\$361	NM	0.7x	0.6x
Feb-18	Harrison Finance Co.	Personal, automobile, and merchant retail loan services	First Tower Finance Company LLC	\$79	NA	1.0x	NA
Feb-18	Stepstone Mortgage Company, Inc.	Mortgage brokers and services	Mortgage Equity Partners, LLC	NA	NA	NA	NA
Feb-18	Nationstar Mortgage Holdings Inc.	Mortgage brokers and services	WMIH Corp.	\$1,928	NM	1.1x	1.2x
Feb-18	Merrimack Mortgage Company LLC	Mortgage brokers and services	HarborOne Bank (MHC)	NA	NA	NA	NA
Jan-18	GWG Holdings, Inc.	Niche consumer lender	Beneficient Company Group L.P.	\$800	NM	7.3x	7.3x
Jan-18	HealthFirst Financial, LLC	Financing solutions for healthcare patients	AccessOne MedCard, Inc.	NA	NA	NA	NA
Jan-18	OneMain Holdings, Inc.	Consumer finance and insurance products and services	Apollo Global Management/Varde Partners	\$1,429	19.3x	1.1x	2.5x
Mean					13.6x	2.3x	3.2x
Median					13.6x	1.1x	1.8x

Source: SNL, S&P Capital IQ, and public filings.

Note: Screening criteria includes select FY18 and FY19 YTD specialty finance (consumer-focused) transactions over \$10 million in deal value located in the United States.

(1) Deals that include an asterisk (\*) denote pending transactions.

(2) Take-private acquisition by chairman and CEO of Asta Funding, released on 10/30/19.

# Recent Transactions (cont.)

## Commercial Finance: 2018–2019 YTD Select Transactions

(\$ in millions)

Ann. Date <sup>(1)</sup>	Target	Target Description	Acquirer	Deal Value	Price		
					LTM Earnings	BV	TBV
Oct-19	CoreVest American Finance Lender, LLC	Business purpose lending originator	Redwood Trust Inc.	\$492.0	NA	NA	NA
Jul-19	Advocate Capital, Inc.	Commercial LOCs and accounting services to trial lawyers	Pinnacle Bank	\$59.0	NA	NA	NA
Jun-19*	BlueTarp Financial, Inc.	Commercial trade credit services	Capital One Financial Corp.	NA	NA	NA	NA
Feb-19	Siena Capital Finance LLC	Asset-based lending to middle-market companies	Business Development Corporation of America	NA	NA	NA	NA
Feb-19	Pavestone Capital, LLC	Factoring solutions to transportation industry	WEX Inc.	\$28.1	NA	1.8x	NA
 Feb-19	Flex Fleet Rental	Truck rental and leasing	Waterfall Asset Management/TRP Capital Partners	NA	NA	NA	NA
Feb-19	Commercial Credit, Inc.	Equipment finance and leasing	BDT Capital Partners LLC	NA	NA	NA	NA
Feb-19	Medley SBIC LP	Small business investment company	Origami Capital Partners, LLC	\$45.0	NA	NA	NA
 Jan-19	Pacific Rim Capital, Inc.	Financial leasing services to material handling equipment	Fuyo General Lease Co., Ltd.	NA	NA	NA	NA
Jan-19	Eastern Funding, LLC	Leasing and financing solutions to dry cleaning industry	Brookline Bank	\$35.9	NA	NA	NA
Jan-19	VAR Technology Finance	Technology leasing and financing solutions	LEAF Commercial Capital, Inc.	\$60.0	NA	2.7x	NA
Oct-18	Engs Commercial Finance Co.	Equipment finance, working capital finance, and insurance solutions	Mitsubishi UFJ Lease & Finance Company Ltd.	\$231.2	NA	2.1x	NA
Oct-18	Philip Morris Capital Corp.	Asset lease financing services	Stonebriar Commercial Finance LLC	NA	NA	NA	NA
Sep-18	Fleet Financing Resources, LLC	Leasing and financing solutions to transportation equipment	Marlin Business Services Corp.	\$15.5 <sup>(2)</sup>	NA	1.7x	7.4x
 Aug-18	Ciena Capital, LLC	Factoring and commercial real estate financing solutions	Capital Crossing Servicing Company LLC	NA	NA	NA	NA
Aug-18	Medley Capital Corp.	Invests in privately negotiated debt and equity securities	Sierra Income Corp.	\$318.8	NM	0.9x	0.9x
Aug-18	North Mill Equipment Finance, LLC	Small-ticket equipment financing to businesses	Wafra Capital Partners Inc.	NA	NA	NA	NA
Jul-18	Sabal Capital Partners LLC	Real estate lender and investor	Stone Point Capital LLC	NA	NA	NA	NA
Jul-18	Allied Affiliated Funding LP	Accounts receivable factoring solutions	Axiom Bank, National Association	NA	NA	NA	NA
 Jul-18	Titlestone Property Finance	Financing to property developers across Southern England	Paragon Banking	\$63.0	NA	NM	NA
 Jul-18	NXT Capital, Inc.	Structured financing solutions to middle market	ORIX Corp. USA	NA	NA	NA	NA
Jun-18	Vend Lease Company, Inc.	Equipment financing services	LEAF Commercial Capital, Inc.	\$37.5	NA	2.8x	NA
 Jun-18	Fleet Advantage	Fleet management solutions	Alaris Royalty Corp.	\$15.0	NA	NA	NA
 Jun-18	Metro Truck and Tractor Leasing, Inc.	Truck leasing and rental services	Ryder System, Inc.	\$52.0	NA	2.6x	2.7x
May-18	Phoenix Capital Group LLC	Factoring, financing, and fuel card solutions to transportation industry	Gulf Coast Bank and Trust Co.	NA	NA	NA	NA
May-18	Channel Partners Capital LLC	Business financing services	Elliott Management Corp.	NA	NA	NA	NA
 Apr-18	Interstate Capital Corp.	Factoring solutions to transportation and distribution industries	Triumph Bancorp Inc./Advance Business Capital	\$180.3 <sup>(4)</sup>	6.2x <sup>(5)</sup>	NA	NA
Mar-18	Advantage Funding Management Company, Inc.	Vehicle financing and leasing programs to transportation industry	Sterling National Bank	\$502.1	NA	1.1x	NA
Mar-18	Gibraltar Business Capital LLC	Asset-based loans and factoring solutions	Hercules Capital, Inc.	NA	NA	NA	NA
Feb-18	Federal National Payables, Inc.	Working capital and financing solutions	White Oak Global Advisors, LLC	NA	NA	NA	NA
 Feb-18	Hana Small Business Lending	Small business administration loans	Patriot National Bancorp Inc.	\$83.0 <sup>(6)</sup>	NA	NA	NA
<b>Mean</b>					<b>6.2x</b>	<b>2.3x</b>	<b>3.6x</b>
<b>Median</b>					<b>6.2x</b>	<b>2.1x</b>	<b>2.7x</b>

Source: SNL, S&P Capital IQ, and public filings.

Note: Screening criteria includes select FY18 and FY19 YTD specialty finance (commercial focused) transactions over \$10 million in deal value located in the United States.

(1) Deals that include an asterisk (\*) denote pending transactions.

(2) Includes earn-out consideration of \$5.5 million contingent on Fleet Financing Resources generating volume of more than \$542 million.

(3) Transaction completed in the United Kingdom by Houlihan Lokey team members.

(4) Asset purchase includes earn-out consideration of up to \$22.0 million determined by a proprietary index designed to approximate the rise and fall of transportation invoice prices subsequent to acquisition.

(5) Normalized for 23% tax on taxable income per Triumph Bancorp Q1 2018 Investor Presentation.

(6) Includes earn-out consideration of \$5.7 million; contingencies undisclosed.

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	Financial Institutions	Capital Alliances
	Healthcare	
	Industrials	
	Real Estate, Lodging, and Leisure	
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