

# SPECIALTY FINANCE

MARKET UPDATE | FALL 2022



# Houlihan Lokey Specialty Finance Market Update

Dear Clients and Friends,

We are pleased to present our Specialty Finance Market Update for the fall of 2022. Since we skipped our summer newsletter, we would like to officially welcome David Villa to the Specialty Finance team.

Inflation, recession concerns, softening credit quality, and rising rates continue to impact decision-making. The current macroeconomic environment creates many challenges as well as opportunities for companies across the specialty finance sector. We remain busy with engagements across both commercial and consumer finance where differentiated platforms continue to garner interest in the capital markets and among strategic and financial buyers.

As in prior newsletters, we have included industry insights to help you stay ahead in our dynamic and constantly evolving sector, a public markets update, and select transaction announcements. 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. We look forward to staying in touch and hopefully getting together soon for a drink, coffee, or lunch.

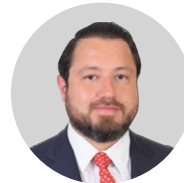
Best regards,



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## Specialty Finance Subverticals Covered

ABL / FACTORING	AUTO FINANCE	CREDIT CARDS
DEBT BUYING / COLLECTION	EQUIPMENT LEASING / TRANSPORTATION FINANCE	HEALTHCARE FINANCE
INSTALLMENT LOANS	LEASE-TO-OWN	LITIGATION FINANCE
PAYDAY LENDING / PAWN	POINT-OF-SALE FINANCE	PREMIUM FINANCE
SOLAR / HIP	SMALL BUSINESS LOANS	STUDENT LENDING



**HLI**  
LISTED  
**NYSE**

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

### 2017–2021 M&A Advisory Rankings All U.S. Specialty Finance Transactions

Advisor	Deals
<b>1 Houlihan Lokey</b>	<b>40</b>
2 Stifel/Keefe, Bruyette & Woods	20
3 Piper Sandler	19
4 Hovde Group	17
5 Credit Suisse (USA)	15
6 Morgan Stanley	14
6 J.P. Morgan	14
6 Wells Fargo	14
9 Barclays Capital	12
10 Citigroup Global Markets	11

Source: S&P Global Market Intelligence.

### 2012–2021 M&A Advisory Rankings All U.S. Specialty Finance Transactions

Advisor	Deals
<b>1 Houlihan Lokey</b>	<b>92</b>
2 J.P. Morgan	42
3 Piper Sandler	40
4 Stifel/Keefe, Bruyette & Woods	37
5 Credit Suisse (USA)	33
6 Barclays Capital	32
7 BofA Securities	31
8 Citigroup Global Markets	28
9 Wells Fargo	23
10 Goldman Sachs	22

Source: S&P Global Market Intelligence.

## Exceptional Qualifications in Specialty Finance (Select Transactions)

### 2021–2022 YTD

An affiliate of  
**AXAR CAPITAL**  
has acquired  
**STONE MOR**  
Buy-side Advisor

**NAVIENT**  
has transferred its student loan servicing contract with the U.S. Department of Education and associated operations to  
**MAXIMUS**  
Sell-side Advisor

**FOX POINT TRUCKS**  
Term Loan & Delayed Draw Term Loan  
Refinancing & Growth Financing  
\$85,000,000  
Exclusive Placement Agent

**odessa**  
has received an investment from  
**THL Thomas H. Lee Partners**  
Sell-side Advisor

**SOUTHWEST RAIL INDUSTRIES**  
has been acquired by  
**sojitz**  
Sell-side Advisor

**FLEXITI**  
has been acquired by  
**CURO**  
Sell-side Advisor

### 2019/2020

has been acquired by  
**R&C**  
Sell-side Advisor

**FLEX FLEET**  
has been acquired by  
**WATERFALL**  
Asset Management  
Sell-side Advisor

**PRC** Capital, Inc.  
More Than Lending, Leading®  
has sold a 49% stake to  
**FUYO LEASE**  
FUYO GENERAL LEASE CO., LTD.  
Sell-side Advisor

**19TH CAPITAL**  
a subsidiary of:  
**element**  
has completed the sale of certain assets to  
**Hilco Global**  
Sell-side Advisor

**tricolor** auto  
Growth Equity  
\$40,000,000 Preferred Equity  
Exclusive Placement Agent

**Merchants** AUTOMOTIVE GROUP  
Series A Senior Secured Notes  
Growth Capital  
\$50,000,000  
Exclusive Financial Advisor & Placement Agent

### 2017/2018

**ORIX**  
has acquired  
**LANCASTER POLLARD**  
Buy-side Advisor

**capital spring** SBA LENDING  
a subsidiary of  
**capital spring**  
has been acquired by  
**GULF COAST BANK & Trust Company**  
Sell-side Advisor

**mortgage lenders**  
has been acquired by  
**Zillow GROUP**  
Sell-side Advisor

**INTERSTATE CAPITAL**  
has been acquired by  
**TRIUMPH**  
Sell-side Advisor

**Nationstar**  
has merged with  
**WMIH Corp.**  
Sell-side Advisor

**Shellpoint Partners**  
has been acquired by  
**NEW RESIDENTIAL**  
Investment Corp.  
Sell-side Advisor

**ORIX**  
has acquired  
**NXT CAPITAL**  
Buy-side Advisor



# Holistic CECL Strategies

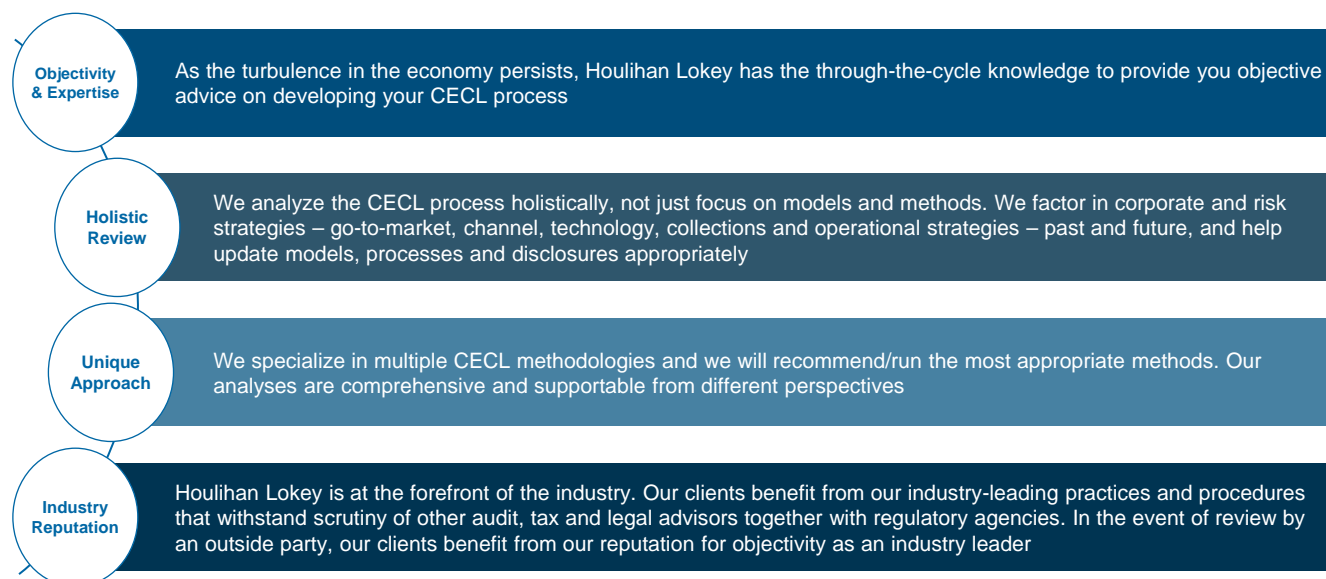
## A CECL Strategy that Withstands Volatility and Downturns is Critical

Financial Accounting Standards Board (FASB) issued Accounting Standard Update (ASU) 2019-10, setting the effective date for the CECL standard, ASU 2016-13, to January 2023 for smaller public business entities and nonpublic business entities. A strategic and holistic approach to CECL mitigates volatility in a smaller entity's financials, which is especially critical in the current economy. Houlihan Lokey's Comprehensive CECL offering helps firms not just meet immediate CECL obligations but also to endure through economic cycles

## Our Comprehensive Offering Differentiates us From Other CECL Providers

<b>Implementation/ Review Advisory</b>	Guidance on developing CECL strategy, tool and data source selection, model review, valuation services, assistance with communications and disclosures
<b>Modeling Advisory</b>	Evaluation of appropriate CECL methodology selection e.g CECL vs the Fair Value Option. Lifetime loss projections for quarterly and annual updates using our internal models and proprietary technology
<b>Qualitative Adjustments</b>	Broad asset-class knowledge and through-the-cycle expertise to help defend strategies for Qualitative Adjustments
<b>Governance &amp; Best Practices</b>	Project management best practices for quarterly and annual processes
<b>Technical Accounting</b>	Bridging modeling and financial reporting through supportable accounting documentation, financial statement disclosures & adoption procedures
<b>Technology Advisory</b>	Core business systems and process expertise enabling effective support of the CECL process

## Why Firms with CECL Requirements Need HL



# Recent Developments

Houlihan Lokey's Brent Ferrin was recently featured in *Monitordaily*, where he discussed M&A activity in the equipment leasing industry

**monitordaily**  
The independent voice of equipment finance.



**Brent Ferrin**  
Managing Director

## Robust Growth Has Slowed

- Following the first year of the COVID-19 pandemic, M&A activity in the equipment leasing space accelerated in 2021
- That growth really slowed down through the first nine months of 2022, and a similar trend is expected into 2023

*“Activity has definitely slowed down a bit...Part of it was inevitable because we all knew that with rising macro interest rates, the banks were going to be able to make more money with their core businesses in their organic loan/lease portfolios, and, therefore, at some point, turn to be a little less aggressive with inorganic expansion and M&A”*

## Demanding Due Diligence

- External economic hurdles, such as rising inflation, a weakened supply chain, spiking interest rates, and the war in Ukraine, have no doubt played a role in slowing down M&A, but these factors have also led to more scrutinizing due diligence and harsher portfolio assessments

*“Buyers are taking a harder look and a deeper dive into current portfolios and using third parties to come in and dig in even more than they were previously...The environment where bank buyers were somewhat sight unseen, paying north of 10x pre-tax and 2.5–3x+ book multiples for any leasing business that could fog a mirror, is not the case anymore”*

## Funding Access Hampered

- As interest rates have increased, access to capital has become a bit trickier, particularly for companies with tighter spreads

## 2023 and Beyond

- The more sluggish M&A activity of 2022 is likely going to continue throughout the rest of the year and into 2023 and maybe even 2024, but financial technology could be an outlier

“

*I think there may be some opportunity for your more traditional buyers to partake in fintech or tech-enabled lending deals that would allow them to perhaps buy into a tangential asset class that gives them some automation on the front end and the ability to underwrite smaller deals*

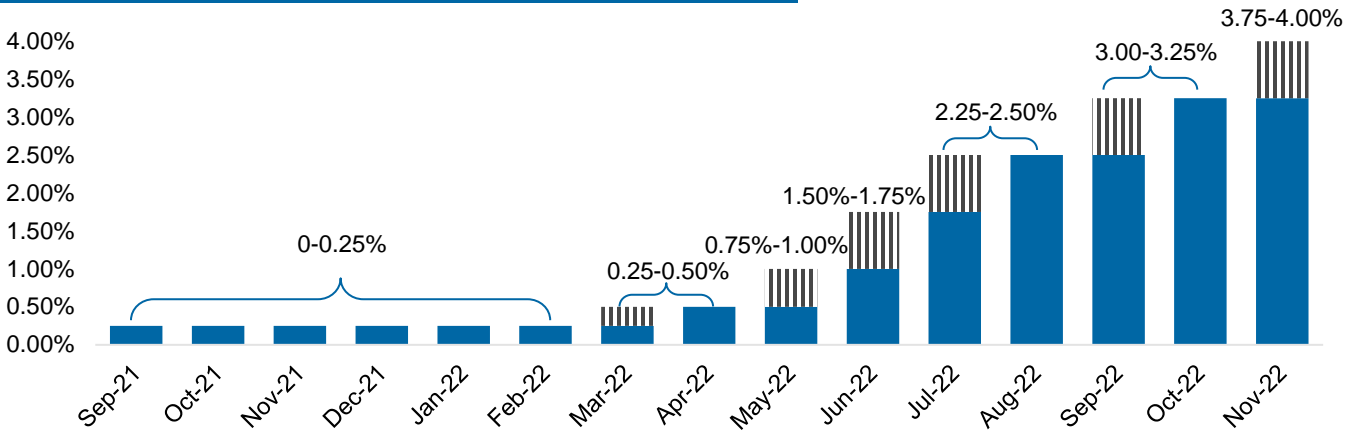
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# Specialty Finance Market Update

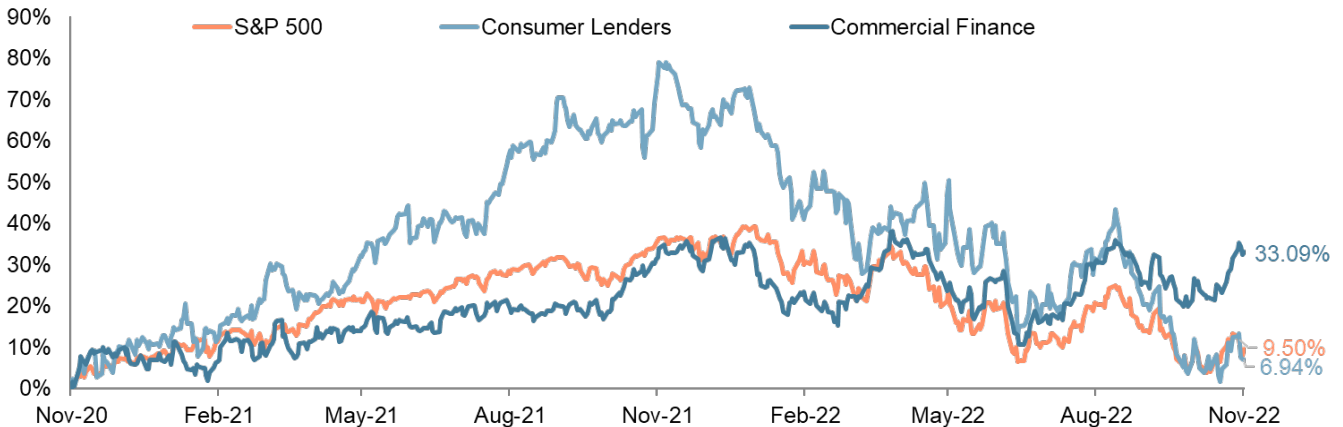
## Key Themes Across the Sector

- 1 Public specialty finance companies have traded down in 2022
- 2 Inflation at historically high level
- 3 Ability of the Fed to achieve a “soft landing” through interest rate hikes
- 3 Imminent recession and higher unemployment levels
- 4 Outlook for originations and earnings lower across sector
- 5 Concerns around credit deterioration

### U.S. Interest Rates (Sept. 2021–Nov. 2022)

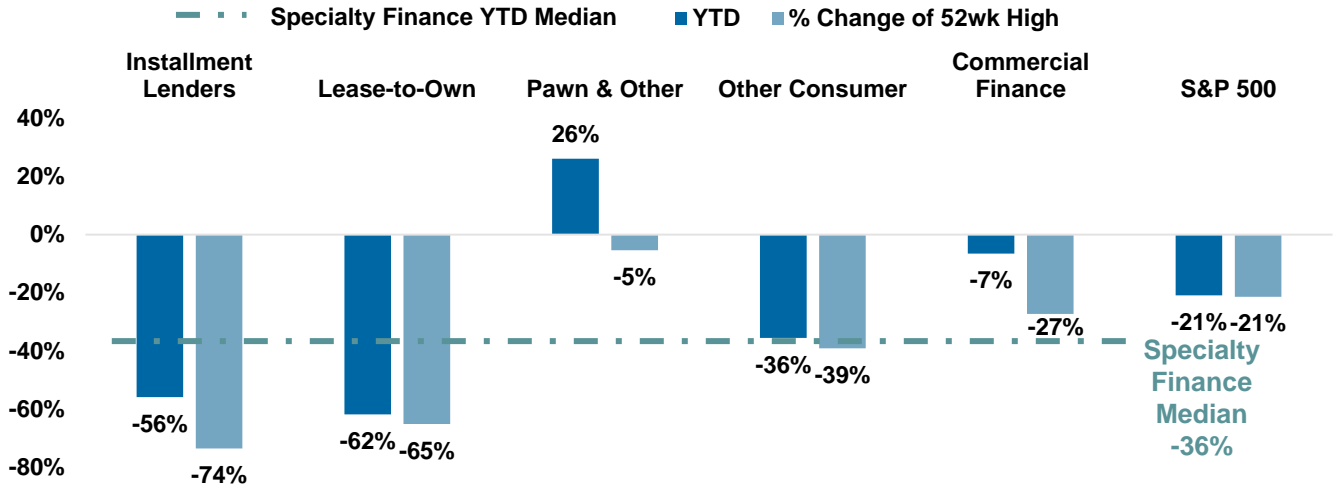


### Performance vs. S&P 500 (Nov. 2020–Nov. 2022)

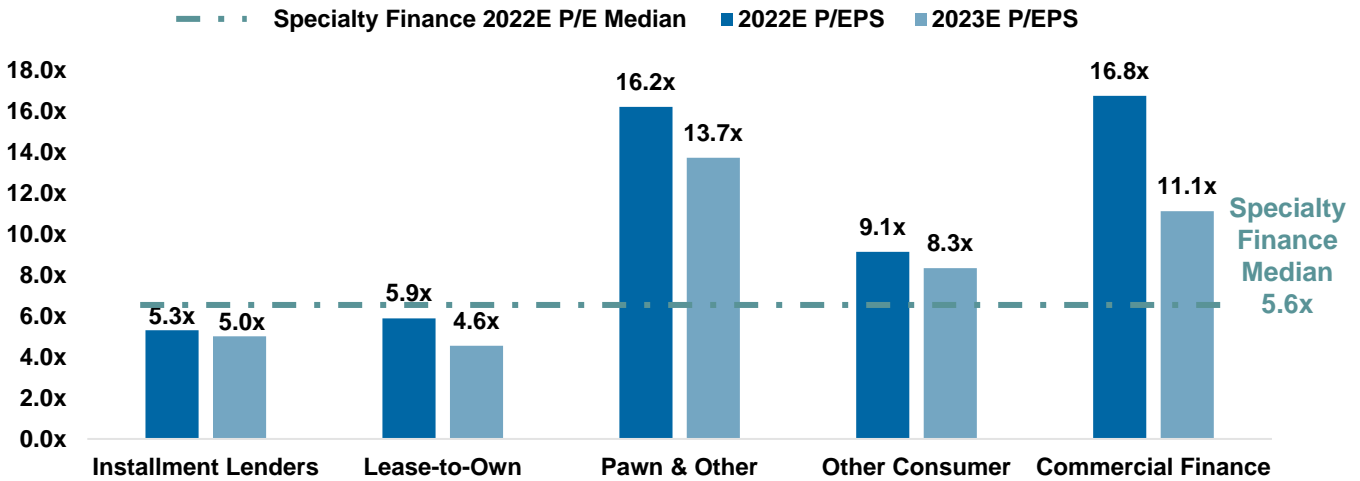


# Specialty Finance Market Update

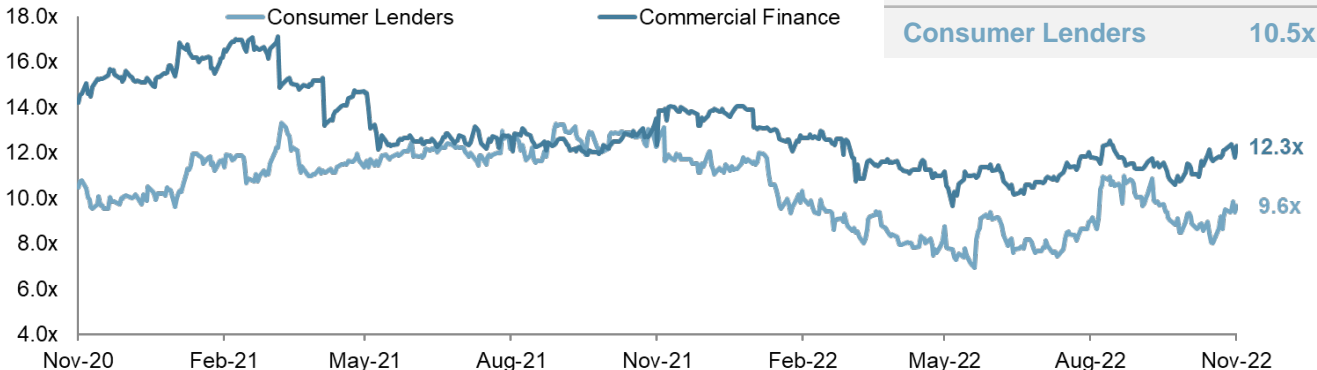
## Share Price Performance



## Valuation Multiples



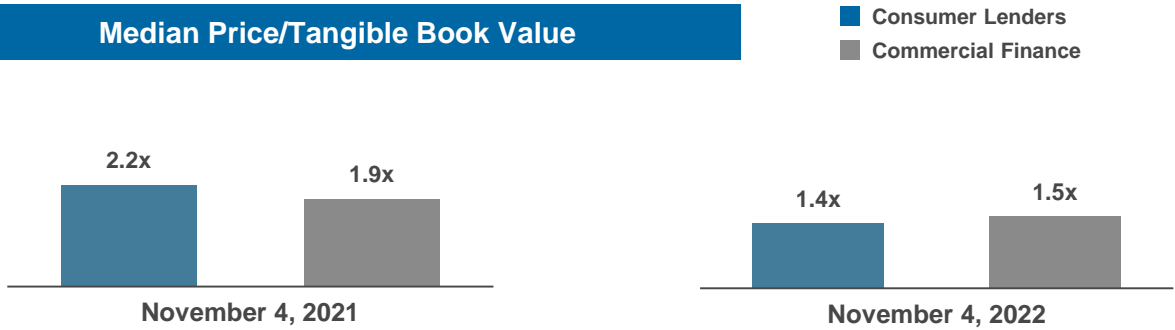
## Median Forward (NTM) P/E (Nov. 2020–Nov. 2022)



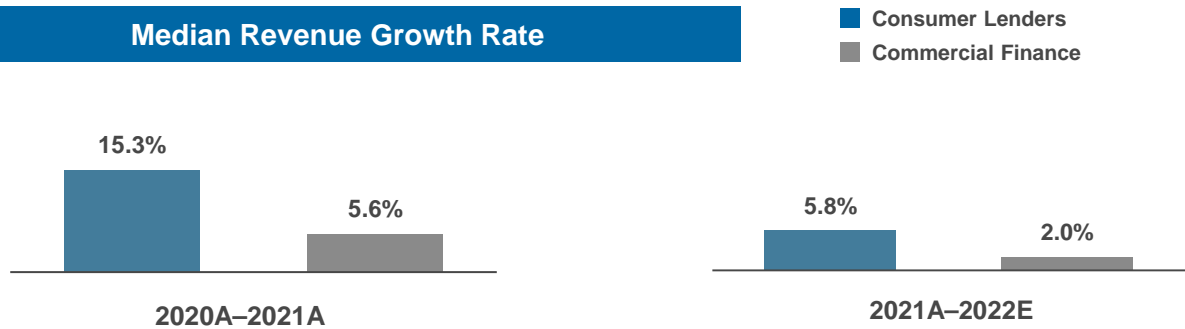
	2-Year Avg.
Commercial Finance	13.0x
Consumer Lenders	10.5x

# Public Company Valuation

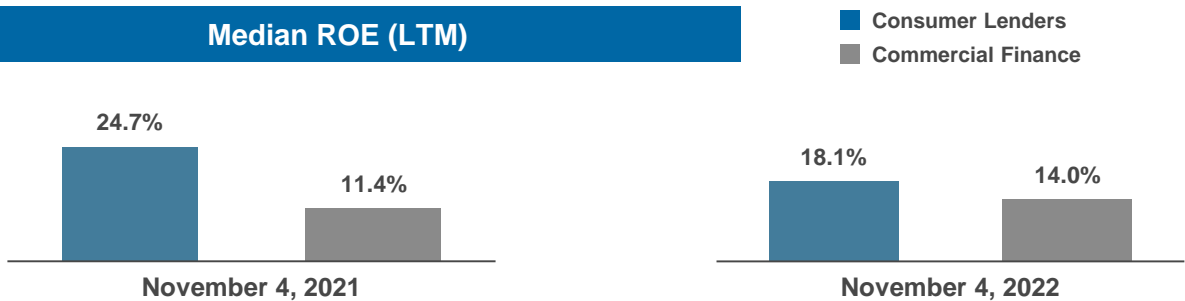
## Median Price/Tangible Book Value



## Median Revenue Growth Rate



## Median ROE (LTM)





# Public Company Valuation (cont.)

Company	Ticker	Price as of 11/4/2022	Industry Focus	Market Cap	% of 52 Week High	P/EPS		Price		Operating Metrics				
						2022E	2023E	BV	TBV	LTM		2021A-2022E		
										ROA	ROE	Pre-Tax Margin	Revenue Growth	Pre-Tax Growth
<b>Installment Lenders</b>														
OneMain Holdings, Inc.	OMF	\$36.96	Installment	\$4,517.0	66.6%	4.3x	4.1x	1.5x	3.5x	4.3%	31.3%	43.4%	21.5%	(33.8%)
goeasy Ltd.	GSY	\$81.29	POS/Installment	1,291.2	40.7	9.4	7.4	1.6	2.8	5.8	20.2	35.5	80.3	NM
Enova International, Inc.	ENVA	\$37.32	Online Lender	1,174.1	77.9	5.5	5.1	1.0	1.4	6.9	18.0	26.4	83.2	NM
LendingClub Corporation	LC	\$9.61	Online Lender	1,009.8	20.0	5.6	8.4	0.9	1.1	2.1	30.7	13.0	33.0	NM
World Acceptance Corporation	WRLD	\$71.16	Installment	405.7	26.8	6.2	NM	1.1	1.2	3.3	4.0	2.7	9.8	(24.5)
Regional Management Corp.	RM	\$28.76	Installment	275.7	42.5	5.1	5.0	0.9	0.9	5.7	23.8	18.5	20.5	(44.0)
OppFi Inc.	OPFI	\$2.20	Online Lender	240.5 <sup>(1)</sup>	26.1	NM	6.3	NM	NM	5.0	16.8	13.5	79.4	(98.2)
Oportun Financial Corporation	OPRT	\$4.31	Online Lender	141.9	15.4	2.0	2.2	0.3	0.3	NM	NM	(5.7)	61.9	(35.3)
CURO Group Holdings Corp.	CURO	\$3.40	Online/Installment	137.7	16.9	(6.3)	2.3	1.1	NM	2.6	NM	(2.4)	26.1	NM
Elevate Credit, Inc.	ELVT	\$1.02	Online Lender	31.7	25.5	NM	2.0	0.2	0.2	NM	NM	(14.6)	19.5	113.2
<b>Median</b>					<b>26.4%</b>	<b>5.3x</b>	<b>5.0x</b>	<b>1.0x</b>	<b>1.2x</b>	<b>4.7%</b>	<b>20.2%</b>	<b>13.2%</b>	<b>29.6%</b>	<b>(34.5%)</b>
<b>Mean</b>					<b>35.8%</b>	<b>4.0x</b>	<b>4.8x</b>	<b>1.0x</b>	<b>1.4x</b>	<b>4.5%</b>	<b>20.7%</b>	<b>13.0%</b>	<b>43.5%</b>	<b>(20.4%)</b>
<b>Lease-to-Own</b>														
Rent-A-Center, Inc.	RCII	\$21.22	Retail Leasing	1,181.3	40.8	5.9	6.0	2.2	NM	3.5	NM	1.4	(7.2)	13.2
PROG Holdings, Inc.	PRG	\$16.64	Retail Leasing	832.5	34.3	7.1	6.5	1.5	5.5	16.9	NM	5.6	(3.4)	(62.6)
The Aaron's Company, Inc.	AAN	\$9.71	Retail Leasing	298.9	35.4	4.9	5.8	0.4	0.6	6.0	NM	0.7	22.0	(67.2)
Conn's, Inc.	CONN	\$8.07	Retail Leasing	192.9	30.0	2.1	NM	0.3	0.3	1.6	5.7	2.9	15.2	NM
Katapult Holdings, Inc.	KPLT	\$0.92	Retail Leasing	90.6	15.2	NM	NM	4.6	5.0	NM	NM	(6.8)	(33.0)	NM
FlexShopper, Inc.	FPAY	\$1.59	Retail Leasing	34.4	50.2	4.8	21.2	NM	NM	1.4	33.2	(7.1)	15.1	NM
<b>Median</b>					<b>16.4%</b>	<b>5.9x</b>	<b>4.6x</b>	<b>1.3x</b>	<b>2.8x</b>	<b>3.5%</b>	<b>19.4%</b>	<b>1.1%</b>	<b>5.8%</b>	<b>(62.6%)</b>
<b>Mean</b>					<b>19.3%</b>	<b>7.1x</b>	<b>5.4x</b>	<b>2.0x</b>	<b>2.9x</b>	<b>5.9%</b>	<b>19.4%</b>	<b>(0.5%)</b>	<b>1.4%</b>	<b>(38.8%)</b>
<b>Pawn</b>														
FirstCash Holdings, Inc.	FCFS	\$95.43	Pawn / LTO	4,420.1	95.4	18.9	15.5	2.5	NM	4.5	13.1	10.4	61.4	74.6
EZCORP, Inc.	EZPW	\$9.19	Pawn	520.7	93.9	13.5	11.9	0.8	1.5	3.3	6.5	7.0	18.1	NM
<b>Median</b>					<b>94.7%</b>	<b>16.2x</b>	<b>13.7x</b>	<b>1.6x</b>	<b>1.5x</b>	<b>3.9%</b>	<b>9.8%</b>	<b>8.7%</b>	<b>39.7%</b>	<b>74.6%</b>
<b>Mean</b>					<b>94.7%</b>	<b>16.2x</b>	<b>13.7x</b>	<b>1.6x</b>	<b>1.5x</b>	<b>3.9%</b>	<b>9.8%</b>	<b>8.7%</b>	<b>39.7%</b>	<b>74.6%</b>
<b>Other Consumer</b>														
Credit Acceptance Corporation	CACC	\$442.76	Auto Financing	5,722.5	63.0	9.1	9.7	3.6	3.6	8.9	35.3	63.9	8.3	(38.4)
Nelnet, Inc.	NNI	\$88.59	Student Loan Servicing	3,296.9	88.8	13.2	13.1	1.0	1.1	2.4	16.5	40.1	8.9	(3.6)
Navient Corporation	NAVI	\$14.92	Student Loan Servicing	2,023.4	66.0	4.5	5.2	0.7	0.9	0.7	18.5	37.9	(54.1)	(40.1)
PRA Group, Inc.	PRAA	\$31.06	NPLs	1,210.6	60.9	11.0	14.7	1.1	1.7	4.7	10.5	18.0	(12.1)	(41.0)
Encore Capital Group, Inc.	ECPG	\$45.57	NPLs	1,065.7	62.7	4.0	6.9	0.9	2.7	7.9	26.5	29.0	(8.1)	(13.4)
ECN Capital Corp.	ECN	\$2.66	Diversified	651.9	21.7	12.2	10.1	4.7	NM	1.2	3.7	11.7	71.8	NM
America's Car-Mart, Inc.	CRMT	\$66.00	BHPH	420.3	51.0	5.2	6.6	0.9	0.9	7.1	18.1	8.3	27.8	(16.5)
Sunlight Financial Holdings Inc.	SUNL	\$1.21	Solar/MIP	100.8	20.5	NM	5.2	0.2	NM	NM	NM	NM	3.2	NM
<b>Median</b>					<b>61.8%</b>	<b>9.1x</b>	<b>8.3x</b>	<b>1.0x</b>	<b>1.4x</b>	<b>4.7%</b>	<b>18.1%</b>	<b>29.0%</b>	<b>5.8%</b>	<b>(27.5%)</b>
<b>Mean</b>					<b>54.3%</b>	<b>8.5x</b>	<b>8.9x</b>	<b>1.6x</b>	<b>1.8x</b>	<b>4.7%</b>	<b>18.5%</b>	<b>29.9%</b>	<b>5.7%</b>	<b>(25.5%)</b>
<b>Total Consumer Median</b>					<b>40.8%</b>	<b>5.6x</b>	<b>6.5x</b>	<b>1.0x</b>	<b>1.2x</b>	<b>4.4%</b>	<b>18.0%</b>	<b>10.4%</b>	<b>18.8%</b>	<b>(34.5%)</b>
<b>Total Consumer Mean</b>					<b>45.7%</b>	<b>6.7x</b>	<b>7.9x</b>	<b>1.4x</b>	<b>1.9x</b>	<b>4.8%</b>	<b>18.5%</b>	<b>14.1%</b>	<b>21.9%</b>	<b>(19.8%)</b>

Source: S&P Capital IQ data as of November 4, 2022.

(1) Implied market capitalization.



# Public Company Valuation (cont.)

Company	Ticker	Price as of 11/4/2022	Industry Focus	Market Cap	% of 52 Week High	P/EPS		Price		Operating Metrics				
						2022E	2023E	BV	TBV	LTM		2021A-2022E		
										ROA	ROE	Pre-Tax Margin	Revenue Growth	Pre-Tax Growth
<b>Commercial Finance</b>														
Element Fleet Management Corp.	EFN	13.57	Fleet Mgmt.	5,344.8	72.7	16.8	15.3	1.7	5.1	3.0	11.4	32.5	(25.1)	29.9
Air Lease Corporation	AL	35.13	Aircraft Leasing	3,895.6	68.9	NM	6.9	0.6	0.6	2.7	NM	(5.6)	11.0	34.2%
GATX Corporation	GATX	105.75	Rail	3,725.6	82.9	17.7	16.2	1.9	2.0	2.0	8.6	17.6	2.0	NM
McGrath RentCorp	MGRC	96.73	Heavy Equipment	2,358.5	99.1	21.7	20.9	3.1	3.9	5.9	14.0	19.9	17.4	17.2
Textainer Group Holdings Limited	TGH	30.50	Equipment Finance	1,370.9	72.8	4.9	5.5	0.8	0.8	4.0	17.2	35.8	0.7	4.8
Chesswood Group Limited	TSX:CHW	7.95	Equipment Finance	141.4	52.2	5.7	5.3	0.7	1.1	1.6	15.5	28.7	NM	NM
<b>Median</b>					<b>72.7%</b>	<b>16.8x</b>	<b>11.1x</b>	<b>1.2x</b>	<b>1.5x</b>	<b>2.9%</b>	<b>14.0%</b>	<b>24.3%</b>	<b>2.0%</b>	<b>23.6%</b>
<b>Mean</b>					<b>74.8%</b>	<b>13.4x</b>	<b>11.7x</b>	<b>1.5x</b>	<b>2.3x</b>	<b>3.2%</b>	<b>13.3%</b>	<b>21.5%</b>	<b>1.2%</b>	<b>21.5%</b>
<b>Total Specialty Finance Median</b>					<b>40.7%</b>	<b>6.2x</b>	<b>5.8x</b>	<b>1.1x</b>	<b>1.5x</b>	<b>4.5%</b>	<b>17.6%</b>	<b>11.3%</b>	<b>9.8%</b>	<b>(20.5%)</b>
<b>Total Specialty Finance Mean</b>					<b>43.8%</b>	<b>8.2x</b>	<b>7.7x</b>	<b>1.5x</b>	<b>2.6x</b>	<b>10.2%</b>	<b>13.7%</b>	<b>15.6%</b>	<b>13.5%</b>	<b>(11.6%)</b>

# Recent Transactions

## Consumer Finance: 2018–2022YTD Select Transactions

(\$ in millions)

Consumer Finance Transactions							
Ann. Date <sup>(1)</sup>	Target	Target Description	Acquirer	Deal Value	Price		
					LTM Earnings	BV	TBV
Aug-22	Intercoastal Financial Group, LLC	Marine and RV Financing	ECN Capital	\$75	NA	NA	NA
Sep-22	CIG Financial LLC	Non-Prime Auto Financing	AutoNation Inc.	\$85	NA	NA	NA
May-22	First Heritage Credit	Near-prime consumer lending	CURO Group Holdings Corp.	\$140	5.4x <sup>(2)</sup>	NA	NA
May-22	CURO's U.S. Direct Lending Business	U.S. direct consumer lending / single pay loans	Community Choice Financial	\$345	4.6x <sup>(2)</sup>	NA	NA
Apr-22	First Equity Card Corporation	Credit card issuer and servicer	Verent, Inc.	NA	NA	NA	NA
Feb-22	Financeit Canada Inc.	Canadian HIP / Consumer POS	Wafra Capital Partners	NA	NA	NA	NA
Jan-22	Dividend Finance	Resi Solar & Home Improvement	Fifth Third Bancorp	NA	NA	NA	NA
Jan-22	Bay Equity	Residential Mortgage	Redfin Corporation	\$135	NA	2.2x	NA
Nov-21	Aqua Finance, Inc.	HIP Lender	Athene Holding Ltd.	\$1,000	NA	NA	NA
Nov-21	Heights Finance Corp.	B+M Installment	CURO Group Holdings Corp.	\$360	8.8x <sup>(3)</sup>	NA	NA
Oct-21	Fair Square Financial Holdings	Digital Credit Card Company	Ally Financial Inc.	\$750	NA	NA	NA
Oct-21	American First Finance, Inc.	Non-Prime POS/Lease Purchase	FirstCash, Inc.	\$1,297	16.4x	NA	NA
Oct-21	United Auto Credit Corporation	Non-Prime Auto Financing	Vroom, Inc.	\$300	NA	NA	NA
Sep-21	GreenSky, Inc.	HIP Lender	Goldman Sachs Group, Inc.	\$2,232	26.2x	NA	NA
Sep-21	First Investors Financial Services Group, Inc.	Automotive specialty leasing services	Sellantis N.V.	\$285	NA	NA	NA
Aug-21	HomeBridge Financial Services, Inc.	Mortgage services provider	Figure Technologies, Inc.	NA	NA	NA	NA
Aug-21	Synchrony Bank's Credit Card Portfolio	Co-branded and private label credit card accounts	Barclays Bank Delaware	\$3,900	NA	NA	NA
Aug-21	Service Finance	Sales finance company and an approved FHA Title I Lender	Truist Financial Corp.	\$2,000	NA	NA	NA
Aug-21	Team Canales	Provides conventional, FHA, VA, and USDA loans	Churchill Mortgage	NA	NA	NA	NA
May-21	Premier Financial Services, LLC	Automotive specialty leasing services	1st Financial Bank USA	NA	NA	NA	NA
Apr-21	Auto Lenders Liquidation Center, Inc.	Auto dealer in buying, selling, and leasing used vehicles	Crestview Partners, L.P.	NA	NA	NA	NA
Apr-21	LendCare Holdings Inc.	Point-of-sale (POS) platform for consumer purchases	goeasy Ltd.	\$255	13.0x <sup>(4)</sup>	NA	NA
Feb-21	Flexiti Financial, Inc.	Point-of-sale (POS) platform	CURO Group	\$119	NA	NA	NA
Jan-21	Allegro Credit	Point-of-sale (POS) platform for music, hearing, and dental	Synchrony Financial (NYSE:SYF)	NA	NA	NA	NA
Jan-21	Social Finance, Inc.	Online personal finance platform	Social Capital Hedosophia Holdings Corp. V.	\$8,650	NM	NA	NA
Dec-20	Acima Holdings LLC	Provider of virtual lease-to-own solutions	Rent-A-Center, Inc. <sup>(5)</sup>	\$1,653	9.9x	NA	NA
Dec-20	Katapult Holding, Inc.	Point-of-sale (POS) platform for nonprime consumers	FinServ Acquisition Corp. <sup>(6)</sup>	\$962	35.6x	NA	NA
May-20	Asta Funding, Inc.	NPL consumer debt consolidator	RBF Capital LLC	\$81	11.7x	0.9x	0.9x
Feb-20	North State Acceptance, LLC	Sub-prime automobile finance company	Fourshore Capital, LLC	NA	NA	NA	NA
Feb-20	Fairstone Financial Inc.	Non-prime credit card and consumer finance lender	Duo Bank	\$417	NA	NA	NA
Jul-19	Health Credit Services, LLC	Digital point-of-sale payment solution for healthcare space	Ally Financial Inc.	\$190	NA	NA	NA
Jul-19	Merchants Preferred	Lease purchase services for furniture	Rent-A-Center, Inc.	\$48	NA	NA	NA
Apr-19	Athena Art Finance Corporation	Loan provider for global art market	YieldStreet Management, LLC	\$170	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
<b>Mean</b>					<b>14.6x</b>	<b>2.4x</b>	<b>3.7x</b>
<b>Median</b>					<b>11.7x</b>	<b>1.8x</b>	<b>3.7x</b>

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

Note: Screening criteria includes select FY18, FY19, FY20, and FY21 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) Represents pre-tax 2022E adjusted earnings multiple.

(3) Represents post-tax 2022E adjusted earnings multiple grossed up from pre-tax multiple of 6.5x.

(4) Represents forward P/E multiple on 2021 earnings.

(5) To calculate P/E multiple: Divided deal value by tax-effected 2020E EBITDA of \$225 million, assuming 26.0% tax rate.

(6) To calculate P/E multiple: Divided \$962 million equity value by \$27 million 2020E net income.



# Recent Transactions (cont.)

## Commercial Finance: 2018–2022YTD Select Transactions

(\$ in millions)

Commercial Finance Transactions						
Ann. Date <sup>(1)</sup>	Target	Target Description	Acquirer	Deal Value	Price	
					BV	TBV
Sep-22	Vision Financial Group, Inc.	Equipment Financing	Civista Bank	\$39	NA	NA
Sep-22*	BankDirect Capital Finance, LLC	Insurance Financing	AFCO Credit Corporation	\$3,400	NA	NA
May-22	Wheaten Financial	Equipment Financing	TimePayment	NA	NA	NA
Apr-22	iFinance Canada, Inc.	Medical or Health Care Financing	Iceberg Finance, Inc.	NA	NA	NA
Mar-22	Southeast Commercial Finance, LLC	Asset Based Lending	Renasant Corporation	NA	NA	NA
Feb-22	Vantage Financial, LLC	Equipment Financing	Peoples Bancorp Inc.	\$75	NA	NA
Feb-22	Safe Harbor Financial, LLC	Commercial Finance (Cannabis)	Northern Lights Acquisition Corp.	\$327	NA	NA
Jan-22	Merchants Mortgage & Trust	Fix & Flip	KKR	NA	NA	NA
Jan-22	HomeVestors	Fix & Flip	Bayview Asset Management	NA	NA	NA
Jan-22	ACG Equipment Finance	Equipment Financing	American Bank Holding Corporation	NA	NA	NA
Dec-21	Encina Equipment Finance, LLC	Equipment leasing and financing	Franklin Resources, Inc./Benefit Street Partners	NA	NA	NA
Dec-21	Balboa Capital Corporation	Small and medium-sized business lending	Ameris Bank	NA	NA	NA
Dec-21	Summit Funding Group, Inc.	Equipment leasing and financing	First Financial Bancorp	\$121	NA	NA
Oct-21	K2 Capital Group LLC	Equipment leasing and financing	Popular Equipment Finance, LLC	\$188	NA	NA
Sep-21	North Avenue Capital, LLC	Asset-backed lending	Veritex Community Bank	\$58	NA	NA
Aug-21	FastPay Partners LLC	Asset-backed lending services for media companies	North Mill Capital LLC	NA	NA	NA
Jun-21	OTR Capital	Factoring and working capital services for the freight industry	Summit Partners, L.P.	NA	NA	NA
Jun-21	Yardline Capital Corp.	Growth capital solutions and insights to Amazon sellers	Thrasio Holdings, Inc.	NA	NA	NA
May-21	Fountain Leasing, LLC	Equipment financing to SME	SmartBank	NA	NA	NA
Apr-21	Marlin Business Services Corp. (NASDAQ:MRLN)	Credit and service solutions to small- and mid-sized businesses	HPS Investment Partners, LLC	\$299	1.5x	1.5x
Apr-21	General Finance Corporation (NASDAQ:GFN)	Specialty rental services	United Rentals, Inc. (NYSE:URI)	\$996	3.9x	NA
Mar-21	Southwest Rail Industries, Inc.	Railcar leasing and management services	Sojitz Corporation of America	NA	NA	NA
Feb-21	Greenworks Lending, LLC	Commercial property assessed clean energy financing	Nuveen, LLC	NA	NA	NA
Jan-21	BB&T Commercial Equipment Capital Corp.	Commercial equipment leasing and financing	TCF National Bank	NA	NA	NA
Nov-20	Donlen Corp. (Hertz Global Holdings Inc.)	Fleet leasing and management solutions	Athene Holding Ltd.	\$875	2.3x	2.5x
Nov-20	Kingsbridge Holdings, LLC	Equipment finance solutions	Solar Capital Ltd.	\$216	NA	NA
Oct-20	CIT Group Inc.	Commercial and consumer banking services	First Citizens Bancshares, Inc.	\$2,158	0.4x	0.4x
Jul-20	OnDeck Capital, Inc.	Online lending to small businesses	Enova International, Inc.	\$117	0.5x	NA
Jul-20	Sky Bridge Business Funding, LLC	Short-term capital advance solutions for small businesses	Revenued	NA	NA	NA
Jul-20	Vero Business Capital LLC	Freight factoring services for trucking company owners	Love's Financial	NA	NA	NA
May-20	19th Capital	Credit and financing solution for fleet management firms	Hilco Global	NA	NA	NA
Oct-19	CoreVest American Finance Lender, LLC	Business-purpose lending originator	Redwood Trust, Inc.	\$492	1.0x	1.4x
Feb-19	Pavestone Capital, LLC	Factoring solutions to transportation industry	WEX Inc.	\$28	1.8x	NA
Feb-19	Flex Fleet Rental	Truck rental and leasing	Waterfall Asset Mgmt. / TRP Capital Partners	NA	NA	NA
Jan-19	Pacific Rim Capital, Inc.	Financial leasing services to material handling equipment	Fuyo General Lease Co., Ltd.	NA	NA	NA
Jun-18	Vend Lease Company, Inc.	Equipment financing services	LEAF Commercial Capital, Inc.	\$37.5	2.8x	NA
May-18	Metro Truck and Tractor Leasing, Inc.	Truck leasing and rental services	Ryder System, Inc.	\$52.0	2.6x	2.7x
<b>Mean</b>					<b>1.9x</b>	<b>1.7x</b>
<b>Median</b>					<b>1.8x</b>	<b>1.5x</b>

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

Note: Screening criteria includes select FY18, FY19, FY20, FY21, and FY22 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.



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