

GeoChats

By GeolInvesting

Heritage Global Inc. (NASDAQ:HGBL)
4th Quarter Update



(Asset liquidation/distressed debt platform)

Ross Dove - CEO, President, & Director Of The Board

Brian Cobb - CFO

Raspina Jannesar - CMO

April 11, 2023

Q4 Financial Update

- Q4 sales of \$13.8 million vs \$7.5 million in the prior year
- Q4 Non-GAAP EPS of \$0.08 vs \$0.03 in the prior year

“As we begin to move through 2023, we are energized by the opportunities we are seeing in the marketplace. Our Financial Assets business is extremely well positioned to benefit from the current economic landscape, where consumers are increasingly reliant on credit cards and installment loans to make day-to-day purchases... Our Industrial Asset business also is seeing increased opportunities as many businesses scale down their operations and find themselves with surplus assets and equipment. In addition to providing an environmentally sound circular economy solution, our auctions also enable our partners to maximize their disposal efforts. In short, we are seeing promising economic tailwinds in both divisions, which we are focused on leveraging, in combination with our proven business model, strong client relationships and industry leadership, to continue driving long term operational success and profitability.”

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Courtesy of Heritage Global Inc.

Outline - What We Aim To Get From This Chat

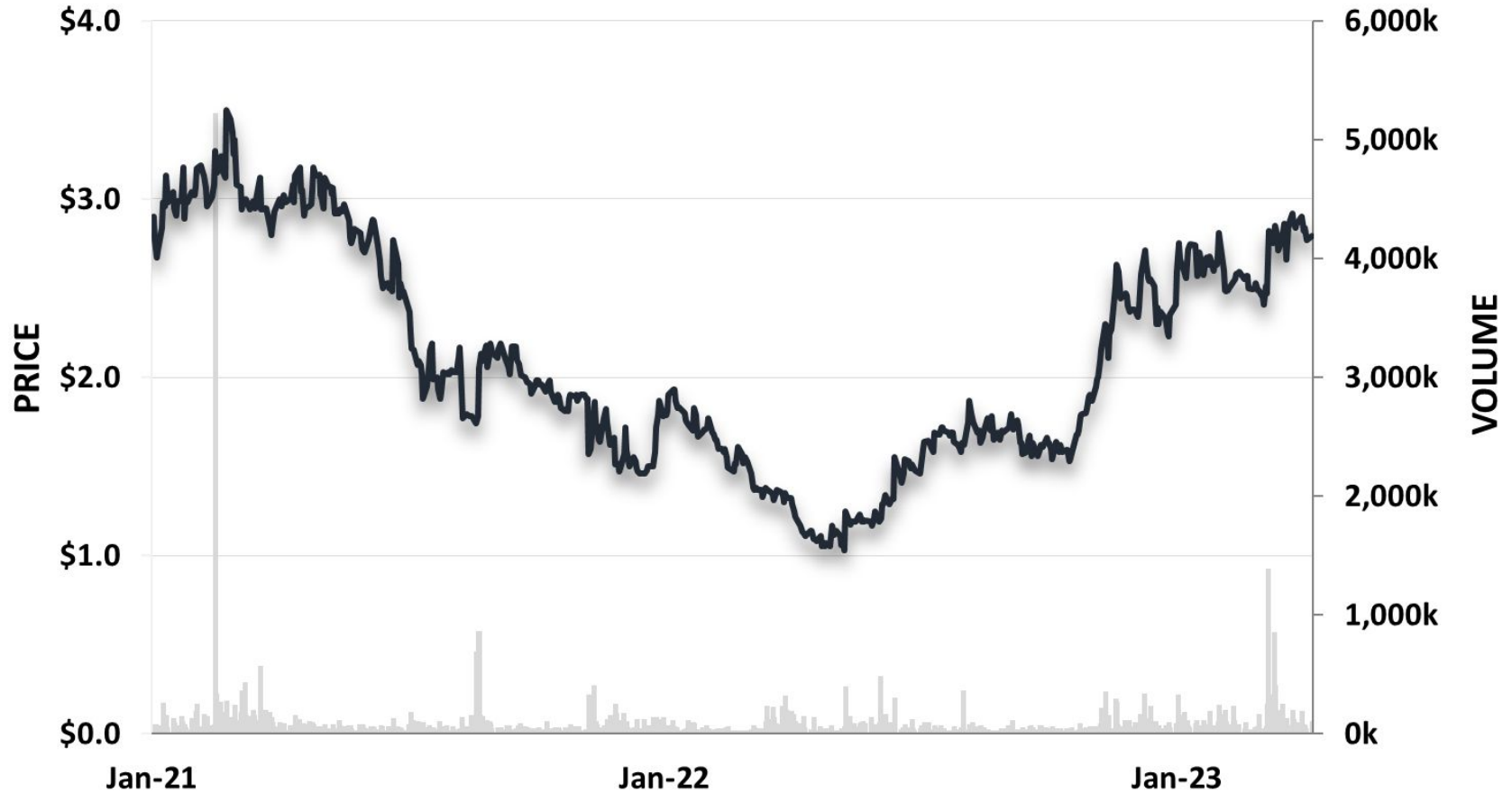
- Growth prospects of asset liquidation business.
- Growth prospects of charge-off loan platform.
- Tailwinds and headwinds in target markets.
- Visibility of asset liquidation pipeline.
- Your experience during past recessions.
- Any possibility of eventually separating the asset liquidation business from the charge-off loan platform business.
- Acquisition opportunities.
- Effect on business if the Fed starts lowering interest rates.
- Who is the big seller in your stock?

HGBL Valuation

- Current Stock Price: \$2.78
- Shares Outstanding: 36.9 million
- Market Cap: \$102.3 million
- P/E Ratio (TTM): 12.1
- P/E Ratio (2023 estimates): 12.1
- P/S Ratio: 2.1
- EV/S (2022 Sales): 2.0
- Cash: 12.6 million
- Long Term Debt: Current portion \$3.4 million;
Non-current portion \$0.87 million

Price History

HGBL Price History



HGBL REVENUE

	2016	2017	2018	2019	2020	2021	2022	2023	2024
Q1 Mar		5.0m	5.8m	6.6m	4.2m	7.1m	9.4m	12.7m	
	15.8%	-7.0%	15.5%	12.7%	-35.2%	67.3%	31.8%	36.0%	
Q2 Jun		4.8m	6.8m	7.4m	6.1m	5.2m	11.1m	13.1m	
	12.1%	20.7%	42.5%	8.9%	-17.6%	-15.4%	113.8%	18.8%	
Q3 Sep		4.7m	5.1m	6.6m	7.6m	6.0m	12.7m	13.5m	
	128.2%	-44.8%	8.3%	29.1%	14.3%	-20.8%	111.3%	6.8%	
Q4 Dec		5.6m	5.9m	5.6m	8.3m	7.5m	13.8m	14.1m	
	-24.6%	-5.0%	5.9%	-5.7%	48.2%	-8.9%	83.8%	1.6%	
FY	m	20.1m	23.7m	26.2m	26.2m	25.8m	46.9m	53.5m	56.6m
	36.4%	-15.4%	17.6%	10.6%	0.1%	-1.5%	81.9%	13.9%	5.9%

HGBL EARNINGS PER SHARE

	2016	2017	2018	2019	2020	2021	2022	2023	2024
Q1 Mar				0.02	0.00	0.03	0.02	0.05	
					-88.7%	1024.9%	-33.3%	150.0%	
Q2 Jun				0.05	0.07	0.02	0.07	0.05	
					28.8%	-71.4%	250.0%	-28.6%	
Q3 Sep				0.04	0.04	0.01	0.06	0.06	
					-8.1%	-75.0%	500.0%	0.0%	
Q4 Dec				-0.01	0.17	0.03	0.08	0.06	
					2198.9%	-82.4%	166.7%	-25.0%	
FY				0.17	0.30	0.08	0.23	0.23	0.24
					74.3%	-73.3%	187.5%	-2.2%	6.7%