

**Evercore Inc. (NYSE: EVR)**  
**Financial Services – Investment Banking**

**November 12, 2021**

**Stock Rating: BUY**

### Analysts

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### Investment Thesis

We recommend a **BUY** rating for Evercore Inc. due to their increasing global advisory fee market share, strong levels of M&A activity, and current low-interest rate environment. The stock offers between 43% - 47% upside.

#### Drivers of Thesis:

- **Considerable Wallet Share:** We expect Evercore to continue to expand its global market share for its M&A and advisory fees business. Evercore's market share for the third quarter of 2021 was 8.5% of global advisory fees. We expect organic revenue growth, and the hiring and proportion of qualified senior level talent to drive market share up to 9%-9.5% over the next coming years.
- **Easy Monetary Policies:** A low interest rate environment will continue to drive equity markets up and will continue to motivate corporate leaders to participate in capital market transactions.

#### Risk of Thesis:

- **Employee Retention Challenges:** The investment banking industry has an ultra-competitive job market, and for Evercore to maintain current levels of growth employee retention will be a key factor. The loss of a few important employees can result in loss of client relationships. It will become more expensive for Evercore to retain employees and lost client relationships can result in significant losses of revenue.
- **Difficult Market Conditions:** A current inflation rate of 6.1% will cause increased wage pressure and increase Evercore expenses. The beginning of the Fed taper in 2022 to 1.0% could cause less IB activities to be available to Evercore.

### Earnings Estimates

| Year          | 2018   | 2019   | 2020   | 2021E   | 2022E  | 2023E   |
|---------------|--------|--------|--------|---------|--------|---------|
| <b>EPS</b>    | \$9.29 | \$7.44 | \$8.64 | \$10.07 | \$9.60 | \$10.39 |
| <b>Growth</b> | 194%   | -20%   | 16%    | 16%     | -4.6%  | 8.2%    |

### 12-Month Stock Performance Relative to S&P 500



**Target Price: \$222 - \$228**  
**Current Price: \$155**

### Forecast Outcomes

**Discounted Cash Flow: \$228**  
**Dividend Discount Model: \$136**  
**Relative EV/EBITDA: \$176**

### Company Description

Evercore is a global independent investment banking advisory firm. Evercore generates revenue through its investment banking and investment management businesses. Evercore is headquartered out of the U.S. with subsidiaries in Singapore, the UK, and Mexico.

### Key Metrics

#### Price Data

**Current Price: \$155**  
**52-Week Range: \$86 - \$164**

#### Key Statistics

**Market Capitalization (B): 6.02**  
**Shares Outstanding (M): 39.0**  
**Price to Earnings: 15.4**  
**Beta: 1.50**  
**WACC: 7.82%**

#### Performance Metrics

**ROE: 60.6%**  
**ROA: 22.5%**

#### Financial Metrics

**2020 Revenue: \$2,285M**  
**2021E Revenue: \$3,103M**  
**2020 Profit Margin: 18.06%**  
**2021E Profit Margin: 16.76%**

## Executive Summary

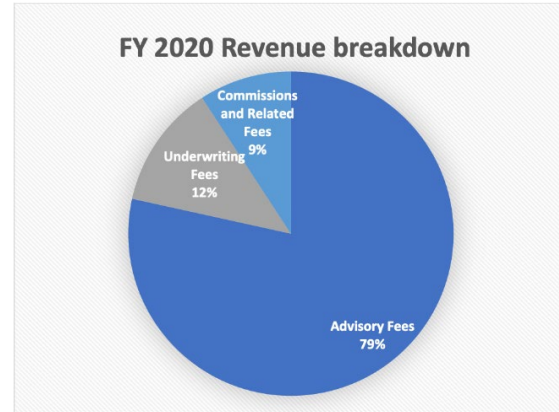
Evercore (NYSE: EVR) is global investment banking firm headquartered in the United States. They generate revenue through advisory and wealth management services. We have given Evercore a **BUY** rating with a target price between \$222 and \$228. This gives Evercore potential growth of 43% to 47% from their current price of \$155.

We believe that Evercore has stood out in the investment banking industry due to its rapid growth in its advisory and underwriting revenue, it's high level of market share relative to industry peers, and its ability to train and maintain high quality talent. With the current market and economic outlook, we project that Evercore's future stock price will rise with a potential 43%-47% upside.

## Company Analysis

### Company Description

Evercore is a global independent investment banking advisory firm. Evercore generates revenue through 3 primary avenues: advisory fees, underwriting fees, and commission related fees. Advisory fees make up the largest portion of Evercore's revenue at \$1.75 billion and 79% of company revenue. Evercore provides differentiated strategic advice to both public and private companies. Currently, Evercore is headquartered out of the United States with subsidiaries in Singapore, the UK, and Mexico.



Source: Evercore 2020 10-K

### Corporate Strategy

Evercore employs highly qualified investment banking professionals in order to earn and maintain clients in the highly competitive investment banking industry. They have proven across a broad range of industry sectors and geography's that they are able to out-perform competing investment banks. By advising clients to identify and pursue strategic priorities they are able to create continued relationships with clients.

Evercore is able to continue to compete in the investment banking industry by ensuring employee retention and growth. Evercore maintains key employees through benefit packages that closely align the interests of shareholders and employees. Evercore also focuses on diversity in the workplace by adding additional women's and family support benefits.

Evercore has shown adaptability in the investment banking industry being able to capitalize on growth in the underwriting space from 2019-2020. Due to the rapid growth of the IPO market and Evercore's ability to grow with it underwriting revenue grew by 208% in 2020.

By being able to retain employees, offer high level advisory services, and adapt to new revenue streams Evercore will continue to be a large competitor in the investment banking industry.

### Employee Growth

Evercore's profitability and growth potential is highly reliant on human capital. Because of this, Evercore's performance is dependent on their ability to add and promote highly qualified investment banking professionals.

We can measure how well the company is adding to their talent pool by the number of senior managing directors they have at the firm. Since 2010, the firm has gone from 46 SMDs across all sectors to a total of 112 SMDs as of the third quarter of 2021, 144%. Over the same period, the company has expanded their sector coverage from five sectors to a whopping 25 sectors covered. The 144% increase in senior managing directors has also been accompanied by a 632% increase in fees over \$1 million across all sectors<sup>12</sup>.

### Value Creation

Evercore has been able to create shareholder value over the years through organic revenue growth and increased profitability within their investment banking and investment management businesses.

For their advisory and M&A business, the company has seen tremendous growth over the years, more recently reporting historic YTD advisory revenues of \$1.78 billion for 2021, which is more than all of 2020 combined. Evercore is also playing a part in a handful of the top 25 announced global M&A transactions for the year. Notable transactions include, advising Canadian Pacific on its pending \$29 billion acquisition of Kansas City Southern as well as advising GE capital aviation on the pending \$30 billion sale to AerCap Holdings.

When it comes to underwriting activity, Evercore continues to diversify their revenue mix to create shareholder value. Healthcare continues to make up a large majority of the company's revenues within this space. The company is seeing a much higher contribution from sectors such as TMT, consumer, as well as industrials.

We believe that Evercore will continue its historic growth run in advisory fees well into the fourth quarter fueled by deals the company has yet to complete, the quality of SMDs and by the incentives for corporations to tap into capital markets due the current low-interest rate environment. We also believe that the firm will finish the year with a top 5 position of global advisory and M&A market share.

### Drivers for Growth

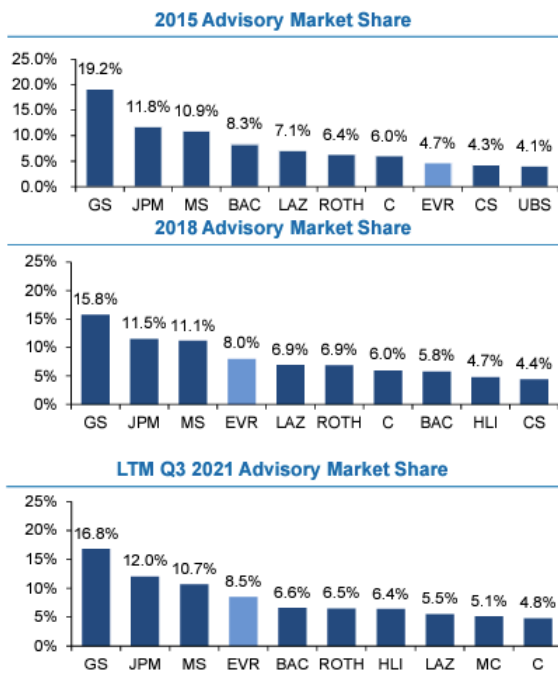
The primary drivers for growth drivers of Evercore are the strong outlook for M&A activity levels, the company's considerable market share, and easy monetary policies continuing to fuel capital market activity.

### Considerable Market Share

Evercore has a leading position when compared to independent investment bank industry peers. For the third quarter of 2021, Evercore placed fourth among all investment banks for total advisory market share, followed only by three universal investment banks. Evercore accounted for 8.5% of total wallet share for the space and ranked number one overall among all independent investment banking firms for the period.

Evercore's market share has seen steady growth over the past five years. As shown below, the company has been able to outpace industry competitors such as Lazard and are poised to compete with the top investment banks such as Goldman Sachs and Morgan Stanley for expanded wallet share.

### Evercore Advisory Market Share Evolution<sup>1,2,3</sup>



Source: EVR Q3 Investor Presentation<sup>13</sup>

We believe that Evercore will continue to gain market share within the M&A and advisory fee space due to the quality of their human capital and the strong relationships they've built over the years.

#### Strong M&A Activity Levels

Evercore derives most of its revenues from advisory and M&A fees. M&A levels continue to grow well into the first nine months of 2021 with deals announced reaching a level of nearly \$5 trillion, which is already well above levels seen in 2020 of closer to \$4 trillion. We believe that record M&A activity is poised to continue its historic run due to the current stable economic environment, high levels of CEO confidence, and a low-interest rate environment.

We believe that Evercore is poised to benefit from this growth immensely relative to competitors due to its already significant wallet share and the quality of their human capital. Evercore is number one when compared to other independent investment banks, and in a business

that is highly reliant on league tables to attract new clients, this ranking is extremely beneficial.

#### Easy Monetary Policies

The current low-interest rate environment has made it extremely easy for companies to acquire financing for M&A activity and other c. Strong equity markets and a stable economy has also led to record underwriting activity and increase CEO confidence.

We believe that the federal reserve will remain steady on their low interest rate policy well into 2022 and that corporations will continue to seek out services within capital markets.

#### Risks for Growth

The primary risks to the growth of Evercore are employee retention, difficult market conditions, and regulation changes.

#### Employee Retention Challenges

The investment banking industry has a highly competitive job market and retaining key employees will be important for Evercore to succeed. If Evercore loses key senior and executive employees, they could lose important relationships with clients. Losing client relationships will result in decreased revenue for Evercore.

Evercore's 2020 10-K report states that their investment banking advisory service is dependent on a small number of senior research analysts, traders, and executives<sup>11</sup>. This creates higher risk for Evercore specifically as a few senior analysts leaving could result in significant declines in revenue.

#### Difficult Market Conditions

In the financial services sector businesses are impacted more than most by the market conditions. The current inflation rate of 6.1% may force Evercore to raise wages to retain employees. If it becomes necessary for Evercore to substantially increase wages, there will be a reduction in the revenue generated.

The federal funds rate will have a direct impact on Evercore’s investment banking revenue streams. As interest rates begin to rise in 2022 there will be less advisory and underwriting opportunities for Evercore to take part in. As there are less revenue streams Evercore could see slower revenue growth due to these market conditions.

### Regulation Changes

The financial services industry is subject to extensive and evolving regulation by government agencies. Evercore is a global investment bank and will be subject regulation changes by both U.S. and foreign governments.

Future regulation could cause substantial costs for Evercore to overcome. Along with failure to comply with current and future regulations will result in fines against the firm. This potential risk could create reduced revenue in future years.

## Industry Analysis

### Industry Description

The Investment Banking & Brokerage sub-industry is a segment within the financial services industry. The total market capitalization of this sub-industry totaled \$313.3 billion as of April 30<sup>th</sup>, 2021. We will focus on analyzing the investment banking segment within the investment banking & brokerage sub-industry.

Investment banks assists companies, institutions, and governments with raising capital (underwriting) via Initial Public Offerings (IPOs) and executing transactions such as mergers and acquisitions (M&A). Investment banks may also provide related services such as market-making and securities trading for both equities (i.e., stocks and their derivatives, such as options) and fixed income, also known as FICC (fixed income, currencies, and commodities).

The Covid-19 pandemic and subsequent economic slowdown has led to a low interest-rate environment coupled with high levels of liquidity

within the Treasury and asset-backed mortgage markets and a greater appetite for riskier investments due to all-time highs seen in equity markets. These factors have resulted in record growth within the investment banking industry.

### Key Industry Drivers

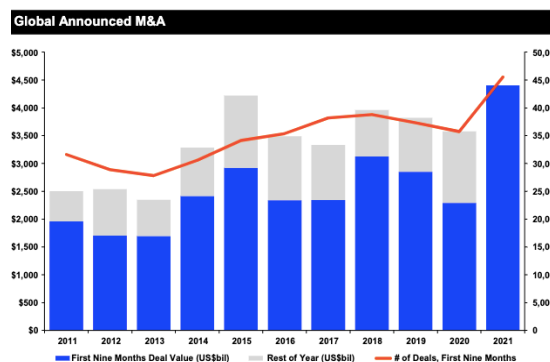
#### Underwriting & Investment Banking Fees

A lower interest rate environment and the use of monetary tools to stimulate the U.S. economy played a large part in global investment banking fees increasing 27.3% during 2020 compared to levels seen in 2019. For the first nine months of 2021 investment banking fees reached a total of \$115.8 billion, which is a 21% increase compared to the first nine months of 2020 and it is the strongest ever opening nine-month period for Global investment banking fees since records began in 2000.

Global investment banking fees for 2021 have already surpassed total fees seen in 2020 by 21%. We expect strong equity markets and the current low interest rate environment to continue to drive this historic run into the fourth quarter of 2021 and into the first half of 2022.

#### Total M&A Transactions

For the year ended 2020, total M&A activity reached a level of \$3.59 trillion. This is a 7.7% decrease from total M&A activity in 2019. The total value of pending and completed deals has already surpassed the levels seen in 2020 with M&A activity reaching nearly \$5.0 trillion during the first nine months of 2021.



Source: Refinitiv<sup>12</sup>

Global M&A activity has continued its record growth rate with the third quarter of 2021, which registered a total of \$1.6 trillion in deals, marking the fifth consecutive quarter with over \$1 trillion in deal value. A continued low-interest rate environment coupled with potential tax increases on capital transactions within the U.S. have boosted overall M&A activity. We expect this trend to continue well into the fourth quarter of 2021 and into the first half of 2022.

CEO confidence has also played a contributing factor in the increased levels of M&A activity in the first half of 2021 and into the second half of 2021. The Conference Board Measure of CEO Confidence decreased from a record high of 82 in Q3 of 2021 to a level of 67 (A reading above 50 points reflects more positive than negative responses.). A reading of 67 still indicates high potential for continued record M&A activity in the second half of 2021.

#### IPO Deals

Total IPO proceeds for the first half of 2021 were \$209.3 billion which was a decrease when compared to the \$222.3 billion seen in the first half of 2020. Nearly 37% of total U.S. IPO proceeds in the first half of 2021 went to the top five investment banks.

#### Porter's Five Forces

##### Degree of Competition – High

Industry rivalry is extremely high, with a strong focus being placed on quarterly league tables, which provides a breakdown as to how each firm does in either investment banking fees or trading revenues.

Future business tends to favor those firms in the top ranks of these league tables. Larger global investment banks such as Goldman Sachs and Morgan Stanley dominate the space due to their size, international reach, and ability to provide services across all levels of a customer's business.

##### Customer Buying Power – High

In the investment banking industry, we believe that customers have high buying power. Customers can switch from investment bank to investment bank on every single transaction due to very low switching costs. Therefore, it is imperative for companies within this industry to maintain strong relationships with corporate clients and produce successful deals so that they're picked to advise on future deals.

##### Threat of Substitution – Medium/High

Switches to other underwriting, advising, and brokerage services such as financial advisors, wealth management firms, and independent firms are a potential risk for this industry. The popularization of different points of entry into public equity markets through special purpose acquisition companies, otherwise known as SPAC's, reduce underwriting fees that investment banks would otherwise receive if done through a traditional IPO process.

##### Threat of New Entry – Low

The investment banking industry is one that has been highly regulated since the implementation of the Dodd-Frank Act. This high level of regulation limits the level of risk taking and use of capital that investment banks can implement. Furthermore, large amounts of capital are needed to start an investment banking firm and with the space being dominated by global investment banking firms and smaller boutique investment banks dominating their niche space, it is hard for new entrants to gain any market share

## Competitive Analysis

### Overview of Competition

The firms that operate within the investment banking industry are often segmented into three categories: bulge bracket banks, boutique banks, and middle-market banks. Boutique banks can further be classified into two categories: regional boutique banks and elite boutique banks. We will be analyzing the elite boutique banking segment,

which fall under the independent investment banking category, of the capital markets industry.

Evercore's leading publicly traded competitors include Lazard, Houlihan Lokey, Moelis & Co, and PJT Partners Inc. These firms closely resemble bulge bracket banks in terms of dollar value of deals managed but are differentiated due to the limited range of services they can provide when compared to full-service global investment banks such as Goldman Sachs and Morgan Stanley.



Source: Bloomberg Intelligence

### Key Metrics

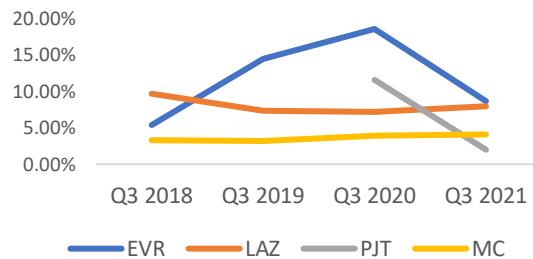
Deal flow and success within this industry is closely tied to league table rankings. League tables compare different metrics such as total investment banking fees or total M&A deal value for banks within this space.

During the third quarter of 2021, Evercore ranked number 1 in the Refinitiv League Tables for dollar volume of announced M&A, both globally and in the U.S. among independent firms for the latest 12-month period<sup>2</sup>. The firm also ranked 7<sup>th</sup> among all firms in the U.S. for the third quarter period<sup>3</sup>.

Evercore holds the largest market share for both global announced M&A and global investment banking fee wallet share with 6.6% and 2.8% respectively amongst all elite boutique investment banks. The company also holds the largest wallet share for global completed M&A deals as of Q3 of 2021, accounting for 8.7% of total deals for the first nine months of 2021.

As shown below, Evercore has maintained a dominant market position over peer elite boutique investment banks when looking at global completed M&A transactions. The company has also managed to grow wallet share over the years in relation with the company's organic revenue growth and integration into different investment banking markets.

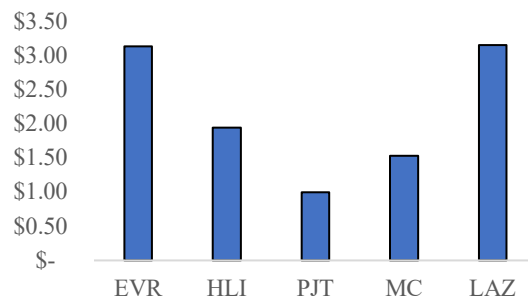
Global Completed M&A Wallet Share



Source: Refinitiv<sup>12</sup>

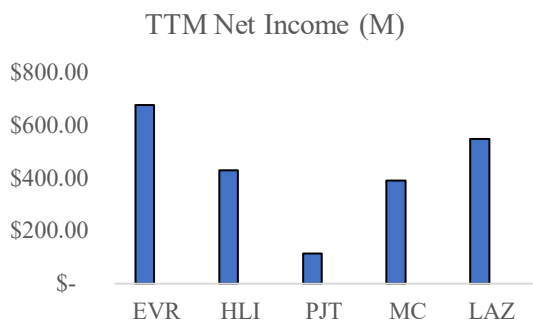
As shown below, Evercore's net trailing twelve-month net income is nearly 30% higher than its next largest competitor.

TTM Net Revenues (B)



Source: Bloomberg Intelligence

Net revenues for the same period are slightly below its largest competitor and double that of other competitors within the space.



Source: Bloomberg Intelligence

Evercore’s revenue and EPS growth has mirrored that of the overall in recent years. Revenues increased 12.7% for the year ending 2020 and have increased 55.3% over the last twelve-month period. EPS has grown at a faster pace with 16% YoY growth seen in 2020 and 177% growth seen over the last twelve-month period. Although Evercore has not experienced the largest YoY growth rates when compared to industry peers, it still has grown consistently as shown below.

Moving forward, we expect Evercore’s growth will remain positive but that it will slow down in the fourth quarter of 2021 compared to the historic levels already seen during the first three quarters of the year.

## Economic Analysis

### Real Gross Domestic Product (Real GDP)

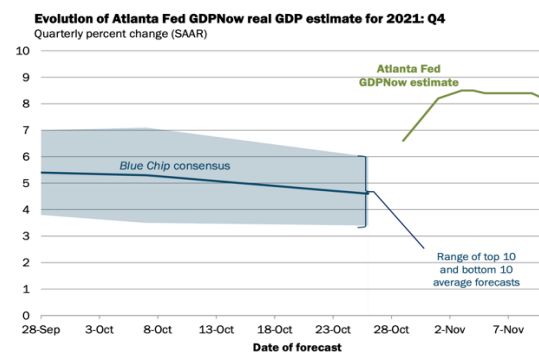
Real GDP is an inflation-adjusted measure that reflects the value of all goods and services produced by an economy each year. Real GDP plays a role in the financial services sector as it measures an economy’s growth and stability. Strong economic growth can lead to positive performance in the financial markets and corporations expanding their operations. Growth in real GDP will lead companies to be more confident in expanding their operations, this will create more opportunities for investment banks to provide advisory services.

As the country proceeds through the Covid-19 pandemic there is uncertainty in the future of the economy. However, current projections are

showing that there will be growth in real GDP in 2021. The Federal Reserve Bank of Atlanta projects 2021 real GDP to grow by 8.2% in 2021<sup>1</sup>. As inflation continues to rise in the United States, we expect real GDP growth to slow to 3.6% in 2022 and 2.8% in 2023.

The outlook for the financial services sector looks positive with the current real GDP growth forecasted. The investment banking industry will be able to benefit from the growth in real GDP in the short and long term. With the possibility that real GDP growth slows in the coming years, investment banking will still be able to perform well as their revenue streams are not closely linked to consumer spending.

With real GDP projected to grow by 8.2% in 2021, we expect Evercore to benefit from the businesses becoming more confident in expanding operations.



Source: Federal Reserve Bank of Atlanta<sup>1</sup>

### Consumer Price Index (CPI)

The CPI is a measure of the average change over time in the prices paid by consumers for a market basket of consumer goods and services<sup>3</sup>. The CPI is used by the federal reserve to identify the rate of inflation in a period. The CPI can reflect the effectiveness of current economic policy, and aid in the decision making of monetary policy. CPI is important to the financial services sector because of its impact on monetary policy and wages costs due to higher inflation.

Prior to the pandemic CPI has stayed at around a 2% growth rate year over year. This has been

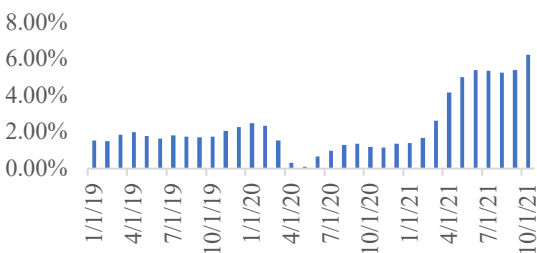


determined as a healthy amount of inflation by the federal reserve. In the past month we have seen a dramatic increase in the CPI. The U.S. Bureau of Labor Statistics reported that CPI growth was 6.2% in October 2021<sup>4</sup>. This means that the cost of living in the U.S. has increased by 6.2% since October of last year.

This increase in the CPI will impact the financial services market as wages will have to increase for firms to maintain employees. With wages being a large part of the expenses experienced by financial institutions this negatively impacts the outlook for the financial services sector.

The high growth rate of CPI will also have an impact on monetary policy. The federal reserve will try to lower the inflation rate by gradually raising the federal funds rate. An increase in the federal funds rate would have a negative impact on the investment banking industry and Evercore, as higher interest rates will lead to less expansion by businesses. This will create less advisory and underwriting opportunities for the investment banking industry.

CPI YOY Change



Source: U.S. Bureau of Labor Statistics<sup>3</sup>

### **Federal Funds Rate**

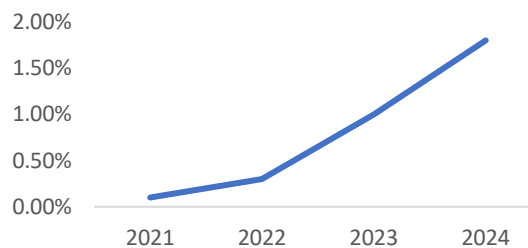
The federal funds rate is the interest rate at which banks lend money to each other on an overnight basis. This rate is used by the Federal Reserve to control the supply of available funds, which can control inflation and other interest rates<sup>5</sup>. The federal funds rate impacts the financial services market as it impacts the amount of money invested in the market as well as companies' willingness to expand.

Currently the federal funds rate is at its effective floor between 0.00-0.25%<sup>6</sup>. As the country continues to move out of the Covid-19 pandemic the Federal Reserve plans to leave the federal funds rate unchanged for the rest of 2021. In September 2021 the federal reserve reported that a taper to the federal funds rate could begin as soon as 2022. The St. Louis Federal Reserve forecasts the federal funds rate to move to 0.3-1.00% in 2022 and 1.00-1.80% in 2023<sup>7</sup>.

The low federal funds rate has led to large growth in revenues in the investment banking industry. As businesses are more willing to take on debt a lower rate to expand business. The investment banking industry has seen increased revenues due to this as they have more opportunities to increase advisory revenue in the structuring of debt.

We can see how Evercore has benefited from the lower federal funds rate as advisory revenue increased by 6.15% in 2020. As the federal funds rate stays at the floor, we have forecasted that Evercore's advisory revenue will grow by 44.17% in 2021. However, as the taper begins in 2022 there will be less opportunities for Evercore to generate revenue in the future.

Federal Funds Rate



Source: St. Louis Federal Reserve<sup>8</sup>

### **Consumer Confidence Index (CCI)**

The CCI is used to reflect current and future business conditions. This monthly report details consumer attitude, buying intentions, and consumer expectation for inflation<sup>10</sup>. The CCI impacts the financial services sector as it is a good predictor of future borrowing and spending habits.

The Conference Board's CCI increased in October 2021 from 109.8 in September to 113.8 as it stands now. This increase in the CCI comes after declines in the previous 3 months<sup>10</sup>. This increase is primarily due to the decrease in fear regarding the Covid-19 Delta variant. As vaccines become more wide-spread and boosters are readily available we expect the CCI to remain stable at its current rate.

The investment banking industry will benefit from the stable CCI as businesses become more willing to borrow and spend. The positive consumer confidence contributes to our estimate that Evercore's revenue will grow substantially in 2021.



Source: The Conference Board<sup>10</sup>

## Valuation Discussion

### Valuation Methodology

The process of reaching a target price range for Evercore's stock was done using a careful examination of the company's historic financial performance, industry trends, as well current economic trends, and outlook. We utilized these factors to forecast out Evercore's financial statements into the year 2025. With these forecasted financial statements, we were able to build discounted cash flow, economic profit, dividend discount, and relative valuation models that were used to arrive at our target price range.

### Revenue Decomposition

We broke down Evercore's revenue into two main categories: Investment Banking and Investment Management revenues. Investment

banking revenues include fees that are derived from the company's main advisory, underwriting, and commission related activities. Investment management income, which account for a small portion of the firms' overall revenues, include asset management and administrative fees that derive from the firm's \$10 billion assets under management.

We have kept the record growth rate seen within the investment banking industry in mind when decomposing Evercore's revenues line by line.

The largest portion of Evercore's investment banking revenues is generated through its advisory business. Advisory fees for the firm grew 6% in 2020 to a total of \$1.7 billion. For the first three quarters of 2021, the company has already reached \$1.7 billion in total advisory fees. For the fourth quarter of 2021, we used a historical average of the percent share of total investment banking revenues for the advisory fee income line to project out expected revenues.

For 2021, we expect to see 44% YoY growth in advisory fees which results in a total of \$2.5 billion. We then expect revenues to decline in 2022 due to potential fed intervention, followed by

Fees derived from underwriting activities increased by 207% in 2020 due to a red-hot IPO market as well as the popularization of special purpose acquisition companies, or SPACs. For the year ended 2021 we have used results from the first three quarters as well as company guidance to arrive at a 5% YoY decline in revenues for this space. We predict that underwriting fees will continue its decline into 2022 as markets temper and IPO deals come fewer and further between. Underwriting growth will eventually steady out into the assumed perpetuity growth rate of 2% YoY.

Income for the company's investment management division makes up approximately 2%-3% of total revenues. Equities make up the majority portion of AUM followed by fixed income assets, liquidity, and alternatives. We

expect income in this space to increase by 21% YoY closely mirroring the S&P 500 YTD growth of 23%. We expect revenues in this area to decrease in 2022 and to stabilize at approximately 5% YoY growth thereafter.

### **Employee Compensation and Benefits**

Employee Compensation and benefits is Evercore's greatest expense, representing approximately 79% of their total expenses at FYE 2020.

To forecast this expense, we averaged historical employee compensation and benefits as a percentage of total revenues over the past six years. By doing so, we found that employee compensation and benefits represented, on average, 60% of total revenues.

We believe that margins will remain stable throughout our forecasting period. Therefore, we utilized the historical average of 60% to forecast employee compensation and benefits from 2021 through 2025.

We believe that inflationary pressures along with labor shortage issues will lead to higher-than-normal employee compensation and benefits for 2021. Because of this we added the current 6.2% inflation rate on top of the average 60% expense ratio.

### **Other Expenses**

The next two-line items that account for a substantial portion of total expenses are occupancy and rental costs and professional fees, making up 5% of total expenses respectively.

We related the occupancy and rental costs as a percentage of total Net PP&E for the same period. We used a historical average for the past six years of 74% to forecast out occupancy and rental costs from 2021 through 2025. For professional fees, the process was like that of employee compensation and benefits. We utilized a historical percentage of sales average

over the past six years of 4% to forecast professional fees from 2021 through 2022.

### **WACC**

The weighted average cost of capital for Evercore was calculated using an after-tax cost of debt of 1.89% and a market value of debt of 10.24% (we utilized the company's marginal tax rate of 22%). We then utilized an 8.50% cost of equity, with an 89.76% market value weight. The result was a WAAC of 7.82%, which was utilized as the discounted factor in our discounted cash flow and economic profit model calculations.

### **Cost of Equity**

We calculated the company's cost of equity of 8.50% by using the capital asset pricing model, otherwise known as CAPM, formula. For our risk-free rate we utilized the required return on a 10Y US Treasury bond, this ended up being 1.58% as of November 12, 2021. We used the covid adjusted implied equity risk premium calculated by Aswath Damodaran. Finally, for the Evercore's beta of 1.50, we utilized an average company beta calculated using six years of historical monthly and weekly data.

### **Cost of Debt**

The company's after-tax cost of debt was 1.89%. To calculate this number, we first found the default spread on a AA rated company of 0.85% which was calculated by Aswath Damodaran. We then added back the risk-free rate on a 10Y US Treasury bond of 1.58% to arrive at our pre-tax cost of debt. Using Evercore's marginal tax rate of 22%, we arrived at our after-tax cost of debt. We did not have a credit rating for which to attach to Evercore's debt we utilized the company's interest coverage ratio to attach an implied AA credit rating for their debt.

### **Valuation Models**

**Discounted Cash Flow (DCF) & Economic Profit (EP)**

For the DCF and EP models we forecasted Evercore’s free cash flow (FCF) available to the firm as well as the company’s economic profits for years 2021 through 2025 and discounted these values back to 2020 using the weighted average cost of capital.

FCF was defined as the difference between Evercore’s net operating profits less adjusted tax, otherwise known as NOPLAT, and the YoY change in invested capital. Economic profit was defined as beginning invested capital for a given period multiplied by the spread between Evercore’s return on invested capital (ROIC) and the discount rate, WACC.

After discounting out FCF and EP values to 2020, we adjusted for company debt as well as other non-operating assets to arrive at equity value. We made one final adjustment to account for discrepancies between the price as of the beginning of the year and the price as of today. Our final implied share price as of November 12, 2021, was \$228.

#### Dividend Discount Model

For our dividend discount model (DDM), we forecasted dividends per share distributed by the company based on an average payout ratio calculated over the past six-year period of 40%. We then discounted the dividends per share using Evercore’s cost of equity of 8.50%. Our DDM produced a price of \$136 which is 14% below the current share price of \$155 and 40% below the implied share price from our DCF and EP model.

#### Relative Valuation

For our relative valuation model, we utilized Evercore’s closest competitors within the space. This included Houlihan Lokey, Moelis & Co, Lazard, PJT Partners, and Greenhill & Co. We dropped Greenhill & Co from our final valuation model due to the difference in size relative to other industry peers. We utilized metrics such as the price to earnings ratio for 2021 and 2022 as well as the enterprise value to EBITDA ratio for

2021 to arrive at an implied share price for Evercore.

For the Price to earnings ratio, we found an implied share price for Evercore of \$149 and \$157 for 2021 and 2022 respectively. For the EV/EBITDA ratio in 2021 we arrived at an implied share price of \$179

We did not include any of the estimates from the relative valuation for our final price range as we believe that Evercore should be trading at a much higher premium relative to its peers. Earnings per share for 2021 and 2022 are much higher when compared to industry competitors. Evercore also holds significant wallet share relative to industry peers for both global M&A and investment banking fees which helps attract new business and further grow its market presence.

### Sensitivity Analysis

#### WACC vs CV Growth of NOPLAT

We first decided to test the sensitivity of Evercore’s stock price by changing the WACC of 7.78% and the CV Growth of NOPLAT assumption of 2%. We noticed that even the smallest changes to these values affect the implied share price dramatically. As we notice in the chart below, as we increase our assumption for CV growth by 25 basis points, the share price for Evercore increases. Inversely, as we increase our WACC, the share price for Evercore falls due free cash flows and economic profits being discounted at a higher rate.

|       |        | CV Growth of NOPLAT |        |        |        |        |        |        |       |
|-------|--------|---------------------|--------|--------|--------|--------|--------|--------|-------|
|       |        | 228.66              | 1.25%  | 1.50%  | 1.75%  | 2.00%  | 2.25%  | 2.50%  | 2.75% |
| WACC  | 6.72%  | 250.90              | 259.29 | 268.52 | 278.74 | 290.09 | 302.79 | 317.09 |       |
|       | 7.22%  | 230.96              | 237.78 | 245.22 | 253.38 | 262.35 | 272.28 | 283.31 |       |
|       | 7.72%  | 230.96              | 237.78 | 245.22 | 253.38 | 262.35 | 272.28 | 283.31 |       |
|       | 7.82%  | 211.01              | 216.43 | 222.30 | 228.66 | 235.60 | 243.19 | 251.53 |       |
|       | 8.72%  | 187.21              | 191.17 | 195.42 | 199.99 | 204.90 | 210.22 | 215.98 |       |
|       | 9.22%  | 176.30              | 179.68 | 183.28 | 187.13 | 191.26 | 195.70 | 200.48 |       |
| 9.72% | 166.68 | 169.59              | 172.67 | 175.95 | 179.46 | 183.20 | 187.22 |        |       |

#### Cost of Equity vs CV ROIC

We then decided to test the firms cost of equity relative to the return-on-investment capital.

ROIC is an important variable used to calculate the continuing value into perpetuity. Cost of equity is a large component in the calculation for the firm's WACC. As shown below increases in ROIC and cost of equity calculations results in an increase in the company's share price.

|                |        | CV ROIC |        |        |        |        |        |        |        |
|----------------|--------|---------|--------|--------|--------|--------|--------|--------|--------|
|                |        | 228.66  | 41.98% | 46.98% | 51.98% | 58.70% | 61.98% | 66.98% | 71.98% |
| Cost of Equity | 7.00%  | 223.45  | 224.35 | 225.07 | 225.84 | 226.16 | 226.59 | 226.95 |        |
|                | 7.50%  | 224.38  | 225.28 | 226.01 | 226.78 | 227.10 | 227.53 | 227.90 |        |
|                | 8.00%  | 225.31  | 226.22 | 226.94 | 227.73 | 228.05 | 228.47 | 228.84 |        |
|                | 8.50%  | 226.24  | 227.15 | 227.88 | 228.66 | 228.99 | 229.42 | 229.79 |        |
|                | 9.00%  | 227.17  | 228.08 | 228.82 | 229.61 | 229.93 | 230.36 | 230.73 |        |
|                | 9.50%  | 228.10  | 229.02 | 229.75 | 230.54 | 230.87 | 231.30 | 231.68 |        |
|                | 10.00% | 229.03  | 229.95 | 230.69 | 231.48 | 231.81 | 232.24 | 232.62 |        |

### Equity Risk Premium vs Beta

We decided to test the sensitivity for the equity risk premium and the average company beta. These factors are directly linked to the CAPM cost of equity formula and will affect the overall WACC used in discounting our DCF and EP valuation models. Intuitively, as we increase the beta, which is a measure of risk, we should see the share price fall. Similarly, as we increase the equity risk premium used, we notice the same effect.

|                     |       | Beta   |        |        |        |        |        |        |      |
|---------------------|-------|--------|--------|--------|--------|--------|--------|--------|------|
|                     |       | 228.66 | 1.20   | 1.30   | 1.40   | 1.50   | 1.60   | 1.70   | 1.80 |
| Equity Risk Premium | 4.02% | 325.37 | 300.23 | 278.99 | 261.22 | 245.09 | 231.34 | 219.23 |      |
|                     | 4.22% | 309.83 | 286.10 | 266.05 | 249.26 | 234.00 | 221.01 | 209.55 |      |
|                     | 4.42% | 295.83 | 273.37 | 254.37 | 238.46 | 224.00 | 211.67 | 200.80 |      |
|                     | 4.62% | 283.15 | 261.83 | 243.78 | 228.66 | 214.91 | 203.20 | 192.86 |      |
|                     | 4.82% | 271.61 | 251.32 | 234.14 | 219.74 | 206.64 | 195.47 | 185.62 |      |
|                     | 5.02% | 261.07 | 241.71 | 225.31 | 211.57 | 199.06 | 188.40 | 178.99 |      |
|                     | 5.22% | 251.39 | 232.89 | 217.22 | 204.07 | 192.11 | 181.90 | 172.90 |      |

### CV EC&B as % of Sales vs CV Growth for Advisory Fees

We wanted to examine the relationship of the share price with certain operating assumptions. To do this, we utilized the largest expense account for the company, employee compensation and benefits, alongside the largest revenue account for the company, advisory fees. The average expense ratio for the EC&B account of 60% was changed in increments of 250 basis points, while the growth assumption for advisory fees in year 2025 was changed in increments of 25 basis points. We notice that, as

the growth in revenues increase our share price increases. Inversely, as the expense ratio for EC&B increases, our share price decreases.

|   |        | CV Growth for Advisory Fees |        |        |        |        |        |        |       |
|---|--------|-----------------------------|--------|--------|--------|--------|--------|--------|-------|
|   |        | 228.66                      | 0.50%  | 1.00%  | 1.50%  | 2.12%  | 2.50%  | 3.00%  | 3.50% |
| CV Employee Compensation & Benefits % of Total Revenues | 52.15% | 301.26                      | 302.40 | 303.54 | 304.96 | 305.83 | 306.98 | 308.12 |       |
|   | 54.65% | 276.10                      | 277.16 | 278.23 | 279.54 | 280.35 | 281.41 | 282.47 |       |
|   | 57.15% | 250.95                      | 251.93 | 252.91 | 254.12 | 254.87 | 255.85 | 256.83 |       |
|   | 59.65% | 225.76                      | 226.66 | 227.55 | 228.66 | 229.35 | 230.24 | 231.14 |       |
|   | 62.15% | 200.64                      | 201.46 | 202.27 | 203.28 | 203.90 | 204.72 | 205.53 |       |
|   | 64.65% | 175.49                      | 176.22 | 176.95 | 177.86 | 178.42 | 179.15 | 179.89 |       |
|   | 67.15% | 150.34                      | 150.99 | 151.64 | 152.44 | 152.94 | 153.59 | 154.24 |       |

### Risk-Free Rate vs Marginal Tax Rate

For our final sensitivity analysis, we compared the effects on the marginal tax rate Evercore pays and risk-free rate on a 10Y US Treasury security. Marginal tax rate has a direct effect on the after-tax operating profits that are used in all our valuation models through FCF, EP, or EPS utilization. The risk-free rate used directly affects Evercore's cost of debt, cost of equity, and their WACC. As shown below, we notice that as we increase the risk-free rate used Evercore's share price falls due to a larger WACC. Similarly, as we increase the marginal tax rate for the company, we see a sharp decline in the share price.

|                   |        | Risk-Free Rate |        |        |        |        |        |        |       |
|-------------------|--------|----------------|--------|--------|--------|--------|--------|--------|-------|
|                   |        | 228.66         | 0.75%  | 1.00%  | 1.25%  | 1.58%  | 1.75%  | 2.00%  | 2.25% |
| Marginal Tax Rate | 19.07% | 270.85         | 259.66 | 249.47 | 237.35 | 231.61 | 223.74 | 216.48 |       |
|                   | 20.07% | 267.49         | 256.45 | 246.41 | 234.45 | 228.80 | 221.04 | 213.87 |       |
|                   | 21.07% | 264.12         | 253.25 | 243.34 | 231.55 | 225.98 | 218.33 | 211.26 |       |
|                   | 22.07% | 260.76         | 250.04 | 240.28 | 228.66 | 223.17 | 215.63 | 208.66 |       |
|                   | 23.07% | 257.38         | 246.82 | 237.20 | 225.75 | 220.34 | 212.90 | 206.04 |       |
|                   | 24.07% | 254.01         | 243.60 | 234.13 | 222.85 | 217.51 | 210.19 | 203.42 |       |
|                   | 25.07% | 250.63         | 240.39 | 231.05 | 219.94 | 214.68 | 207.47 | 200.80 |       |

## Important Disclaimer

This report was created by students enrolled in the Applied Equity Valuation class at the University of Iowa. The report was originally created to offer an internal investment recommendation for the University of Iowa Krause Fund and its advisory board. The report also provides potential employers and other interested parties an example of the students' skills, knowledge, and abilities. Members of the Krause Fund are not registered investment advisors, brokers or officially licensed financial professionals. The investment advice contained in this report does not represent an offer or solicitation to buy or sell any of the securities mentioned. Unless otherwise noted, facts and figures included in this report are from publicly available sources. This report is not a complete compilation of data, and its accuracy is not guaranteed. From time to time, the University of Iowa, its faculty, staff, students, or the Krause Fund may hold a financial interest in the companies mentioned in this report.

Evercore

Revenue Decomposition

| Fiscal Years Ending Dec. 31                    | 2015         | 2018         | 2019          | 2020          | 2021E         | 2022E         | 2023E         | 2024E         | 2025E         |
|--|--------------|--------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| <b>Investment Banking:</b>                     |              |              |               |               |               |               |               |               |               |
| Volume:  |              |              |               |               |               |               |               |               |               |
| # of underwriting transactions                 | N/A          | 50           | 71            | 118           | 129           | 139           | 149           | 158           | 166           |
| "As a bookrunner" (IPO?)                       | N/A          | 35           | 53            | 85            | 90            | 95            | 99            | 102           | 104           |
| # of advisory fees from clients                | 484          | 663          | 661           | 687           | 722           | 758           | 796           | 837           | 879           |
|  | 2,342.69     | 2,629.67     | 2,501.64      | 2,554.98      |               |               |               |               |               |
|  |              | 0.0488%      | 0.0591%       | 0.0308%       |               |               |               |               |               |
|  |              | 40,303.58    | 27,222.14     | 18,959.60     |               |               |               |               |               |
| Advisory Fees                                  | 1,133,860.00 | 1,743,473.00 | 1,653,585.00  | 1,755,273.00  | 2,530,613.80  | 2,381,307.59  | 2,491,306.83  | 2,581,474.17  | 2,636,182.81  |
| Advisory Fees Growth Rate                      |              | 31.64%       | -5.16%        | 6.15%         | 44.17%        | -5.90%        | 4.62%         | 3.62%         | 2.12%         |
| Underwriting Fees                              | N/A          | 71,691.00    | 89,681.00     | 276,191.00    | 261,186.07    | 245,776.09    | 309,019.58    | 326,733.06    | 334,026.25    |
| Underwriting Fees Growth Rate                  |              | 56.44%       | 25.09%        | 207.97%       | -5.43%        | -5.90%        | 25.73%        | 5.73%         | 2.23%         |
| Commissions and Related Fees                   | N/A          | 200,015.00   | 189,506.00    | 205,767.00    | 198,694.27    | 193,551.49    | 192,412.85    | 195,129.16    | 198,859.47    |
| Commissions and Related Fees Growth Rate       |              | -2.73%       | -5.25%        | 8.58%         | -3.44%        | -2.59%        | -0.59%        | 1.41%         | 1.91%         |
| <b>Total Investment Banking</b>                | 1,133,860.00 | 2,015,179.00 | 1,932,772.00  | 2,237,233.14  | 2,990,494.14  | 2,820,635.16  | 2,992,739.25  | 3,103,336.39  | 3,169,068.52  |
| <b>Total Investment Banking Growth Rate</b>    |              | 27.88%       | -4.09%        | 15.75%        | 33.67%        | -5.68%        | 6.10%         | 3.70%         | 2.12%         |
| <b>Investment Management:</b>                  |              |              |               |               |               |               |               |               |               |
| Wealth Management and Admin Fees               | \$ 34,659.00 | 44,875.00    | 48,083.00     | 53,069.00     | 65,861.58     | 65,195.35     | 69,156.54     | 73,393.36     | 77,927.96     |
| Wealth Management and Admin Fees Growth Rate   |              | 11.39%       | 7.15%         | 10.37%        |               |               |               |               |               |
| Institutional Asset Management                 | \$ 9,521.00  | 3,371.00     | 2,528.00      | 1,328.00      | N/A           | N/A           | N/A           | N/A           | N/A           |
| Institutional Asset Management Growth Rate     |              | -48.77%      | -25.01%       | -47.47%       |               |               |               |               |               |
| <b>Total Investment Management</b>             | 44,180.00    | 48,246.00    | 50,611.00     | 54,397.00     | 65,861.58     | 65,195.35     | 69,156.54     | 73,393.36     | 77,927.96     |
| <b>Total Investment Management Growth Rate</b> |              | 2.94%        | 4.90%         | 7.48%         | 21.08%        | -1.01%        | 6.08%         | 6.13%         | 6.18%         |
| Operating expenses                             | 77231.00     | 52682.00     | 48645.00      | 50473.00      | 62,681.39     | 60,570.72     | 62,277.65     | 67,515.86     | 72,107.29     |
| Expense ratio                                  | 0.98%        | 0.58%        | 0.45%         | 0.50%         | 0.53%         | 0.51%         | 0.50%         | 0.51%         | 0.51%         |
| <b>Assets Under Management (AUM):</b>          | 7,864,000.00 | 9,135,000.00 | 10,692,000.00 | 10,163,000.00 |               |               |               |               |               |
| Fee percentage (WM fees as % of AUM)           | 0.56%        | 0.59%        | 0.53%         | 0.52%         | 0.55%         | 0.55%         | 0.55%         | 0.55%         | 0.55%         |
| Wealth Management AUM                          | 6,209,000.00 | 7,560,000.00 | 9,058,000.00  | 10,163,000.00 | 11,913,672.04 | 11,793,157.53 | 12,509,696.56 | 13,276,092.35 | 14,096,354.07 |
| % increase due to market appreciation          | 0.00%        | -3.00%       | 17.00%        | 11.00%        |               |               |               |               |               |
| % increase due to inflows                      | 10.00%       | 6.00%        | 3.00%         | 1.00%         |               |               |               |               |               |
| % increase                                     | 10.00%       | 3.00%        | 20.00%        | 12.00%        | 17.23%        | -1.01%        | 6.08%         | 6.13%         | 6.18%         |
| Asset Classes:                                 |              |              |               |               |               |               |               |               |               |
| Equities                                       | 56%          | 54%          | 58%           | 62%           | 65%           | 63%           | 63%           | 62%           | 62%           |
|  | 3,477,040.00 | 4,082,400.00 | 5,253,640.00  | 6,301,060.00  | 7,803,232.70  | 7,413,071.07  | 7,836,680.18  | 8,284,495.82  | 8,757,901.23  |
| Fixed Income                                   | 33%          | 31%          | 26%           | 24%           | 21%           | 22%           | 22%           | 21%           | 21%           |
|  | 2,048,970.00 | 2,343,600.00 | 2,355,080.00  | 2,439,120.00  | 2,528,418.08  | 2,620,985.44  | 2,716,941.76  | 2,816,411.12  | 2,919,522.12  |
| Liquidity                                      | 10%          | 10%          | 11%           | 9%            | 8%            | 10%           | 10%           | 10%           | 11%           |
|  | 620,900.00   | 756,000.00   | 996,380.00    | 914,670.00    | 1,012,396.06  | 1,120,563.45  | 1,240,287.78  | 1,372,803.80  | 1,519,478.23  |
| Alternatives                                   | 1%           | 5%           | 5%            | 5%            | 5%            | 5%            | 6%            | 6%            | 6%            |
|  | 62,090.00    | 378,000.00   | 452,900.00    | 508,150.00    | 569,625.19    | 638,537.56    | 715,786.84    | 802,381.62    | 899,452.49    |
| Institutional asset management AUM             | 1,655,000.00 | 1,575,000.00 | 1,634,000.00  | -             | -             | -             | -             | -             | -             |
| <b>Other Revenue:</b>                          | 11,259.00    | 19,051.00    | 45,454.00     | (6,309.00)    | 47,397.29     | 49,423.66     | 51,536.66     | 53,740.00     | 56,037.54     |
| <b>Other Revenue Growth Rate</b>               |              | -78.55%      | 138.59%       | -113.88%      | 851.26%       | 4.28%         | 4.28%         | 4.28%         | 4.28%         |
| <b>Total Revenue:</b>                          | 1,189,299.00 | 2,082,476.00 | 2,028,837.00  | 2,285,321.14  | 3,103,753.01  | 2,935,254.17  | 3,113,432.45  | 3,230,469.75  | 3,303,034.02  |
| <b>Total Revenue Growth Rate</b>               |              | 21.67%       | -2.58%        | 12.64%        | 35.81%        | -5.43%        | 6.07%         | 3.76%         | 2.25%         |

**Evercore**

*Income Statement*

| <b>Fiscal Years Ending Dec. 31</b>   | <b>2018</b>      | <b>2019</b>      | <b>2020</b>      | <b>2021E</b>     | <b>2022E</b>     | <b>2023E</b>     | <b>2024E</b>     | <b>2025E</b>     |
|--|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| <b>Revenues</b>  |                  |                  |                  |                  |                  |                  |                  |                  |
| Investment Banking:  |                  |                  |                  |                  |                  |                  |                  |                  |
| Advisory Fees  | 1,743,473        | 1,653,585        | 1,755,273        | 2,530,614        | 2,381,308        | 2,491,307        | 2,581,474        | 2,636,183        |
| Underwriting Fees  | 71,691           | 89,681           | 276,191          | 261,186          | 245,776          | 309,020          | 326,733          | 334,026          |
| Commissions and Related Fees   | 200,015          | 189,506          | 205,767          | 198,694          | 193,551          | 192,413          | 195,129          | 198,859          |
| Asset Management and Administration Fees                                       | 48,246           | 50,611           | 54,397           | 65,862           | 65,195           | 69,157           | 73,393           | 77,928           |
| Other Revenue, Including Interest and Investments                              | 19,051           | 45,454           | (6,309)          | 47,397           | 49,424           | 51,537           | 53,740           | 56,038           |
| <b>Total Revenues</b>  | <b>2,082,476</b> | <b>2,028,837</b> | <b>2,285,319</b> | <b>3,103,753</b> | <b>2,935,254</b> | <b>3,113,432</b> | <b>3,230,470</b> | <b>3,303,034</b> |
| Interest Expense   | 17,771           | 20,139           | 21,414           | 26,373           | 31,517           | 28,602           | 33,822           | 29,539           |
| <b>Net Revenues</b>  | <b>2,064,705</b> | <b>2,008,698</b> | <b>2,263,905</b> | <b>3,077,380</b> | <b>2,903,737</b> | <b>3,084,830</b> | <b>3,196,648</b> | <b>3,273,495</b> |
| <b>Expenses</b>  |                  |                  |                  |                  |                  |                  |                  |                  |
| Employee Compensation and Benefits   | 1,197,173        | 1,200,977        | 1,372,339        | 1,851,505        | 1,750,989        | 1,857,279        | 1,927,096        | 1,970,383        |
| Occupancy and Equipment Rental   | 58,971           | 68,285           | 74,107           | 108,737          | 108,717          | 109,261          | 110,236          | 111,541          |
| Professional Fees  | 82,393           | 81,851           | 80,883           | 120,024          | 113,508          | 120,398          | 124,924          | 127,730          |
| Travel and Related Expenses  | 68,754           | 75,395           | 25,887           | 113,941          | 107,755          | 114,296          | 118,593          | 121,257          |
| Communications and Information Services  | 41,319           | 47,315           | 54,274           | 76,503           | 72,349           | 76,741           | 79,626           | 81,415           |
| D&A for Furniture, Equipment and Leasehold Improvement                         | 17,855           | 22,946           | 24,640           | 38,272           | 38,004           | 37,998           | 38,188           | 38,528           |
| Amortization on Intangible Assets  | 9,199            | 8,077            | 1,605            | 363              | 335              | -                | -                | -                |
| Execution, Clearing and Custody Fees   | 11,470           | 12,967           | 13,592           | 19,895           | 18,815           | 19,957           | 20,707           | 21,172           |
| Special Charges, Including Business Realignment Costs                          | 5,012            | 10,141           | 46,645           | 42,057           | 20,339           | 21,574           | 22,385           | 22,888           |
| Acquisition and Transition Costs   | 21               | 1,013            | 562              | 562              | 562              | 562              | 562              | 562              |
| Other Operating Expenses   | 30,461           | 42,020           | 42,938           | 54,097           | 51,160           | 54,265           | 56,305           | 57,570           |
| <b>Total Expenses</b>  | <b>1,522,628</b> | <b>1,570,987</b> | <b>1,737,472</b> | <b>2,425,954</b> | <b>2,282,534</b> | <b>2,412,332</b> | <b>2,498,622</b> | <b>2,553,046</b> |
| <b>Income Before Income from Equity Method Investments and Income Taxes</b>    | <b>542,077</b>   | <b>437,711</b>   | <b>526,433</b>   | <b>651,426</b>   | <b>621,203</b>   | <b>672,499</b>   | <b>698,026</b>   | <b>720,449</b>   |
| Income from Equity Method Investments  | 9,294            | 10,996           | 14,398           | 16,144           | 15,337           | 16,213           | 17,139           | 18,119           |
| <b>Income Before Income Taxes</b>  | <b>551,371</b>   | <b>448,707</b>   | <b>540,831</b>   | <b>667,570</b>   | <b>636,539</b>   | <b>688,712</b>   | <b>715,166</b>   | <b>738,568</b>   |
| Provision for Income Taxes   | 108,520          | 95,046           | 128,151          | 147,310          | 140,463          | 151,976          | 157,813          | 162,977          |
| <b>Net Income</b>  | <b>442,851</b>   | <b>353,661</b>   | <b>412,680</b>   | <b>520,259</b>   | <b>496,076</b>   | <b>536,736</b>   | <b>557,352</b>   | <b>575,591</b>   |
| Net Income Attributable to Noncontrolling Interest                             | 65,611           | 56,225           | 62,106           | 111,904          | 106,702          | 115,448          | 119,882          | 123,805          |
| <b>Net Income Attributable to Evercore Inc.</b>                                | <b>377,240</b>   | <b>297,436</b>   | <b>350,574</b>   | <b>408,355</b>   | <b>389,374</b>   | <b>421,288</b>   | <b>437,470</b>   | <b>451,785</b>   |
| <b>Weighted Average Shares of Class A Common Stock Outstanding</b>             |                  |                  |                  |                  |                  |                  |                  |                  |
| Basic  | 40,595           | 39,994           | 40,553           | 40,553           | 40,553           | 40,553           | 40,553           | 40,553           |
| <b>Net Income Per Share Attributable to Evercore Inc. Common Shareholders:</b> |                  |                  |                  |                  |                  |                  |                  |                  |
| Basic  | 9.29             | 7.44             | 8.64             | 10.07            | 9.60             | 10.39            | 10.79            | 11.14            |
| <b>Dividends per share</b>   | <b>1.90</b>      | <b>2.24</b>      | <b>2.35</b>      | <b>4.02</b>      | <b>3.83</b>      | <b>4.14</b>      | <b>4.30</b>      | <b>4.44</b>      |



Evercore  
Balance Sheet

| Fiscal Years Ending Dec. 31   | 2018             | 2019             | 2020             | 2021E            | 2022E            | 2023E            | 2024E            | 2025E            |
|---|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| <b>Assets</b>   |                  |                  |                  |                  |                  |                  |                  |                  |
| <b>Current Assets</b>   |                  |                  |                  |                  |                  |                  |                  |                  |
| Cash and Cash Equivalents   | 790,590          | 633,808          | 829,598          | 841,376          | 1,082,475        | 1,520,954        | 1,830,523        | 2,219,646        |
| Investment Securities and Certificates of Deposit                   | 304,627          | 623,946          | 1,060,836        | 1,077,597        | 1,094,623        | 1,111,918        | 1,129,487        | 1,147,332        |
| Financial Instruments Owned and Pledged as Collateral at Fair Value | 22,349           | 12,431           | -                | -                | -                | -                | -                | -                |
| Securities Purchased Under Agreements to Resell                     | 2,696            | 13,566           | -                | -                | -                | -                | -                | -                |
| Accounts Receivable   | 309,075          | 296,355          | 368,346          | 446,264          | 422,037          | 447,656          | 464,483          | 474,917          |
| Receivable from Employees and Related Parties                       | 23,836           | 22,416           | 23,593           | 36,262           | 34,293           | 36,375           | 37,742           | 38,590           |
| Other Current Assets  | 28,444           | 87,900           | 92,231           | 74,658           | 70,605           | 74,891           | 77,706           | 79,452           |
| <b>Total Current Assets</b>   | <b>1,481,617</b> | <b>1,690,422</b> | <b>2,374,604</b> | <b>2,476,157</b> | <b>2,704,033</b> | <b>3,191,794</b> | <b>3,539,941</b> | <b>3,959,937</b> |
| Investments   | 90,644           | 89,490           | 86,681           | 82,320           | 78,179           | 74,246           | 70,511           | 66,964           |
| Deferred Tax Assets   | 241,092          | 268,591          | 257,862          | 265,036          | 271,877          | 279,279          | 286,965          | 294,903          |
| Operating Lease Right-of-Use Assets                                 | -                | 199,988          | 270,498          | 268,610          | 268,562          | 269,906          | 272,313          | 275,537          |
| Net Furniture, Equipment and Leasehold Improvements                 | 81,069           | 126,799          | 148,832          | 147,793          | 147,767          | 148,506          | 149,830          | 151,604          |
| Goodwill  | 131,387          | 130,758          | 129,126          | 129,126          | 129,126          | 129,126          | 129,126          | 129,126          |
| Intangible Assets   | 10,378           | 2,303            | 698              | 335              | -                | -                | -                | -                |
| Assets Segregate for Bank Regulatory                                | -                | -                | -                | -                | -                | -                | -                | -                |
| Other Assets  | 89,480           | 90,262           | 102,587          | 132,201          | 125,024          | 132,613          | 137,598          | 140,689          |
| <b>Total Assets</b>   | <b>2,125,667</b> | <b>2,598,613</b> | <b>3,370,888</b> | <b>3,501,580</b> | <b>3,724,568</b> | <b>4,225,471</b> | <b>4,586,285</b> | <b>5,018,760</b> |
| <b>Liabilities and Equity</b>                                       |                  |                  |                  |                  |                  |                  |                  |                  |
| <b>Current Liabilities</b>  |                  |                  |                  |                  |                  |                  |                  |                  |
| Accrued Compensation and Benefits                                   | 602,122          | 518,991          | 778,043          | 653,988          | 618,483          | 656,027          | 680,688          | 695,978          |
| Accounts Payable and Accrued Expenses                               | 37,948           | 39,726           | 37,961           | 58,646           | 55,337           | 58,788           | 60,919           | 62,383           |
| Securities Sold Under Agreements to Repurchase                      | 25,075           | 26,000           | -                | -                | -                | -                | -                | -                |
| Payable to Employees and Related Parties                            | 31,894           | 31,703           | 24,047           | 51,913           | 48,984           | 52,039           | 53,925           | 55,222           |
| Operating Lease Liabilities   | -                | 33,316           | 42,871           | 53,294           | 52,367           | 37,195           | 30,001           | 32,501           |
| Taxes Payable   | 33,621           | 3,400            | 15,346           | 25,271           | 24,096           | 26,071           | 27,073           | 27,959           |
| Current Portion of Notes Payable                                    | -                | -                | 37,974           | 54,883           | 15,956           | 81,204           | 12,452           | 12,452           |
| Other Current Liabilities   | 19,031           | 15,517           | 127,691          | 23,541           | 22,263           | 23,614           | 24,502           | 25,052           |
| <b>Total Current Liabilities</b>                                    | <b>749,691</b>   | <b>668,653</b>   | <b>1,063,933</b> | <b>921,536</b>   | <b>837,487</b>   | <b>934,939</b>   | <b>889,560</b>   | <b>911,547</b>   |
| Operating Lease Liabilities   | -                | 217,251          | 300,275          | 370,083          | 349,992          | 371,237          | 385,192          | 393,845          |
| Notes Payable   | 168,612          | 375,062          | 338,518          | 395,049          | 392,359          | 401,629          | 409,239          | 415,677          |
| Subordinated Borrowings   | -                | -                | -                | -                | -                | -                | -                | -                |
| Amounts Due Pursuant to Tax Receivable Agreements                   | 94,411           | 84,952           | 76,860           | 72,997           | 69,328           | 65,843           | 62,534           | 59,391           |
| Other Long-term Liabilities   | 105,014          | 126,445          | 101,928          | 134,307          | 127,016          | 134,726          | 139,791          | 142,931          |
| <b>Total Liabilities</b>  | <b>1,117,728</b> | <b>1,472,363</b> | <b>1,881,514</b> | <b>1,893,972</b> | <b>1,776,182</b> | <b>1,908,375</b> | <b>1,886,316</b> | <b>1,923,391</b> |
| <b>Equity</b>   |                  |                  |                  |                  |                  |                  |                  |                  |
| <b>Evercore Inc. Stockholders' Equity</b>                           |                  |                  |                  |                  |                  |                  |                  |                  |
| Common Stock  | 1,818,759        | 2,017,211        | 2,266,858        | 2,266,858        | 2,266,858        | 2,266,858        | 2,266,858        | 2,266,858        |
| Accumulated Other Comprehensive Income (Loss)                       | (30,434)         | (27,596)         | (9,758)          | (9,758)          | (9,758)          | (9,758)          | (9,758)          | (9,758)          |
| Retained Earnings   | 364,882          | 558,269          | 798,573          | 1,044,060        | 1,278,137        | 1,531,398        | 1,794,388        | 2,065,984        |
| Treasury Stock at Cost  | (1,395,087)      | (1,678,168)      | (1,824,727)      | (2,063,884)      | (2,063,884)      | (2,063,884)      | (2,063,884)      | (2,063,884)      |
| <b>Total Evercore Inc. Stockholders' Equity</b>                     | <b>758,120</b>   | <b>869,716</b>   | <b>1,230,946</b> | <b>1,237,276</b> | <b>1,471,352</b> | <b>1,724,614</b> | <b>1,987,604</b> | <b>2,259,199</b> |
| Noncontrolling Interest   | 249,819          | 256,534          | 258,428          | 370,332          | 477,034          | 592,482          | 712,364          | 836,170          |
| <b>Total Equity</b>   | <b>1,007,939</b> | <b>1,126,250</b> | <b>1,489,374</b> | <b>1,607,608</b> | <b>1,948,386</b> | <b>2,317,096</b> | <b>2,699,968</b> | <b>3,095,369</b> |
| <b>Total Liabilities and Equity</b>                                 | <b>2,125,667</b> | <b>2,598,613</b> | <b>3,370,888</b> | <b>3,501,580</b> | <b>3,724,568</b> | <b>4,225,471</b> | <b>4,586,285</b> | <b>5,018,760</b> |

Evercore

Historical Cash Flow Statement

| Fiscal Years Ending Dec. 31  | 2015              | 2016              | 2017             | 2018             | 2019               | 2020             |
|--|-------------------|-------------------|------------------|------------------|--------------------|------------------|
| <b>Cash Flows From Operating Activities</b>  |                   |                   |                  |                  |                    |                  |
| Net Income   | \$57,690          | \$148,512         | \$179,207        | \$442,851        | \$353,661          | \$412,680        |
| Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:          |                   |                   |                  |                  |                    |                  |
| Net (Gains) Losses on Investments, Investment Securities and Contingent Consideration      | \$5,517           | \$1,124           | (\$32)           | \$10,718         | (\$13,750)         | (\$8,681)        |
| Equity Method Investments  | \$2,818           | \$2,602           | (\$513)          | \$1,352          | \$403              | (\$1,636)        |
| Equity-Based and Other Deferred Compensation   | \$207,533         | \$258,295         | \$230,268        | \$293,507        | \$360,341          | \$367,438        |
| Net Gain (Loss) on Sale of Operating Activity  |                   | \$0               | (\$7,808)        | \$0              | \$0                | \$35,247         |
| Impairment of Goodwill   | \$28,500          | \$8,100           | \$21,507         | \$0              | \$2,921            | \$0              |
| Noncash Lease Expense  | \$0               | \$0               | \$0              | \$0              | \$29,259           | \$38,626         |
| Depreciation, Amortization and Accretion   | \$29,636          | \$25,223          | \$26,032         | \$29,374         | \$35,730           | \$30,002         |
| Bad Debt Expense   | \$1,314           | \$2,261           | \$2,579          | \$3,365          | \$10,451           | \$6,878          |
| ADJ to Tax Receivable Agreement  | \$0               | \$0               | (\$77,535)       | \$0              | \$0                | \$0              |
| Release of Cumulative Foreign Exchange   | \$0               | \$0               | \$16,266         | \$0              | \$0                | \$0              |
| Deferred Taxes   | (\$3,627)         | \$10,043          | \$148,320        | (\$3,981)        | (\$10,503)         | \$13,824         |
| Decrease (Increase) in Operating Assets:   |                   |                   |                  |                  |                    |                  |
| Investment Securities  | \$556             | \$937             | \$865            | (\$546)          | (\$491)            | \$3,559          |
| Financial Instruments Owned and Pledged as Collateral at Fair Value                        | \$46,018          | \$18,249          | \$35             | (\$2,961)        | \$10,629           | (\$1,516)        |
| Securities Purchased Under Agreements to Resell  | \$4,726           | (\$11,890)        | \$2,642          | \$8,166          | (\$10,541)         | (\$399)          |
| Accounts Receivable  | (\$46,442)        | (\$64,522)        | \$47,120         | (\$130,956)      | \$5,241            | (\$78,573)       |
| Receivable from Employees and Related Parties  | (\$3,937)         | \$5,934           | (\$2,188)        | (\$6,849)        | \$1,450            | (\$1,170)        |
| Other Assets   | (\$3,903)         | (\$32,763)        | (\$10,982)       | (\$21,830)       | (\$58,962)         | (\$19,043)       |
| (Decrease) Increase in Operating Liabilities:  |                   |                   |                  |                  |                    |                  |
| Accrued Compensation and Benefits  | \$51,732          | \$48,258          | (\$25,892)       | \$208,088        | (\$180,767)        | \$82,364         |
| Accounts Payable and Accrued Expenses  | \$5,418           | (\$10,030)        | \$1,149          | \$5,496          | (\$745)            | (\$796)          |
| Securities Sold Under Agreements to Repurchase   | (\$50,803)        | (\$6,387)         | (\$2,701)        | (\$5,183)        | (\$115)            | \$1,935          |
| Payables to Employees and Related Parties  | \$8,704           | (\$1,581)         | \$3,217          | \$4,387          | (\$599)            | (\$7,980)        |
| Taxes Payable  | \$17,850          | \$9,097           | (\$10,849)       | \$16,099         | (\$30,221)         | \$11,946         |
| Other Liabilities  | (\$2,449)         | \$10,424          | (\$33,471)       | (\$1,523)        | \$1,305            | \$93,666         |
| Net Cash Provided by Operating Activities  | \$356,851         | \$421,886         | \$507,236        | \$849,574        | \$504,697          | \$978,371        |
| <b>Cash Flows From Investing Activities</b>  |                   |                   |                  |                  |                    |                  |
| Investments Purchased  | (\$819)           | (\$2,047)         | (\$997)          | (\$95)           | (\$3,843)          | (\$143)          |
| Distributions of Private Equity Investments  | \$6,821           | \$183             | \$2,072          | \$2,143          | \$1,893            | \$650            |
| Investment Securities:   |                   |                   |                  |                  |                    |                  |
| Proceeds from Sales and Maturities of Investment Securities and Futures Contracts Activity | \$32,318          | \$46,547          | \$45,642         | \$191,779        | \$510,151          | \$555,624        |
| Purchases of Investment Securities and Futures Contracts Activity                          | (\$39,101)        | (\$69,568)        | (\$40,995)       | (\$336,596)      | (\$698,995)        | (\$1,201,617)    |
| Maturity of Certificates of Deposit  | \$0               | \$0               | \$0              | \$63,527         | \$100,000          | \$214,266        |
| Purchase of Certificates of Deposit  | \$0               | \$0               | (\$63,417)       | (\$100,000)      | (\$211,861)        | \$0              |
| Cash Paid for Acquisitions and Deconsolidation   | (\$5,647)         | (\$2,877)         | \$0              | \$0              | \$0                | \$0              |
| Loans Receivable   | (\$3,500)         | \$0               | \$0              | \$0              | \$0                | \$0              |
| Purchase of Furniture, Equipment and Leasehold Improvements                                | (\$16,189)        | (\$18,439)        | (\$31,300)       | (\$33,324)       | (\$70,816)         | (\$53,330)       |
| Proceeds from Sale of Business, Net of Cash Sold   | \$0               | \$0               | \$34,354         | \$0              | \$0                | \$679            |
| Net Cash Provided by (Used In) Investing Activities  | (\$26,117)        | (\$46,201)        | (\$54,641)       | (\$212,566)      | (\$373,471)        | (\$483,871)      |
| <b>Cash Flows From Financing Activities</b>  |                   |                   |                  |                  |                    |                  |
| Issuance of Noncontrolling Interests   | \$594             | \$885             | \$110            | \$1,165          | \$600              | \$540            |
| Distributions to Noncontrolling Interests  | (\$23,723)        | (\$38,154)        | (\$36,374)       | (\$41,413)       | (\$54,706)         | (\$44,915)       |
| Payments Under Tax Receivable Agreement  | (\$11,045)        | (\$12,039)        | (\$12,381)       | (\$13,345)       | (\$9,490)          | (\$9,425)        |
| Cash Paid for Deferred and Contingent Consideration  | \$0               | (\$5,050)         | \$0              | \$0              | \$0                | \$0              |
| Short-Term Borrowings  | \$45,000          | \$50,000          | \$30,000         | \$30,000         | \$30,000           | \$0              |
| Repayment of Short-Term Borrowings   | (\$45,000)        | (\$50,000)        | (\$30,000)       | (\$30,000)       | (\$30,000)         | \$0              |
| Exercise of Warrant, Net   | \$6,416           | \$0               | \$0              | \$0              | \$0                | \$0              |
| Repayment of Subordinated Borrowings   | \$0               | (\$6,000)         | (\$9,751)        | (\$6,799)        | \$0                | \$0              |
| Payment of Notes Payable - Mizuho  | \$0               | (\$120,000)       | \$0              | \$0              | \$0                | \$0              |
| Issuance of Notes Payable  | \$0               | \$170,000         | \$0              | \$0              | \$205,718          | \$0              |
| Debt Issuance Costs  | \$0               | (\$2,084)         | \$0              | \$0              | (\$2,032)          | \$0              |
| Purchase of Treasury Stock and Noncontrolling Interests                                    | (\$160,733)       | (\$173,958)       | (\$304,313)      | (\$315,233)      | (\$333,296)        | (\$147,411)      |
| Excess Tax Benefits Associated with Equity-Based Awards                                    | \$10,820          | \$0               | \$0              | \$0              | \$0                | \$0              |
| Dividends  | (\$46,132)        | (\$51,558)        | (\$56,521)       | (\$77,302)       | (\$96,803)         | (\$106,582)      |
| Net Cash Provided by (Used in) Financing Activities  | (\$223,803)       | (\$237,958)       | (\$419,230)      | (\$452,927)      | (\$290,009)        | (\$307,793)      |
| <b>Effect of Exchange Rate Changes on Cash</b>   | <b>(\$10,327)</b> | <b>(\$25,347)</b> | <b>\$8,383</b>   | <b>(\$1,370)</b> | <b>\$2,573</b>     | <b>\$7,631</b>   |
| <b>Net Increase (Decrease) in Cash, Cash Equivalents and Restricted Cash</b>               | <b>\$96,604</b>   | <b>\$112,380</b>  | <b>\$41,748</b>  | <b>\$182,711</b> | <b>(\$156,210)</b> | <b>\$194,338</b> |
| <b>Cash, Cash Equivalents and Restricted Cash-Beginning of Period</b>                      | <b>\$352,160</b>  | <b>\$463,257</b>  | <b>\$575,637</b> | <b>\$617,385</b> | <b>\$800,096</b>   | <b>\$643,886</b> |
| <b>Cash, Cash Equivalents and Restricted Cash-End of Period</b>                            | <b>\$448,764</b>  | <b>\$575,637</b>  | <b>\$617,385</b> | <b>\$800,096</b> | <b>\$643,886</b>   | <b>\$838,224</b> |

Evercore

Forecasted Cash Flow Statement

| <b>Fiscal Years Ending Dec. 31</b>   | <b>2021E</b>     | <b>2022E</b>     | <b>2023E</b>     | <b>2024E</b>     | <b>2025E</b>     |
|--|------------------|------------------|------------------|------------------|------------------|
| <b>Cash Flows From Operating Activities:</b>   |                  |                  |                  |                  |                  |
| <b>Net Income</b>  | <b>520,259</b>   | <b>496,076</b>   | <b>536,736</b>   | <b>557,352</b>   | <b>575,591</b>   |
| <b>Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:</b> |                  |                  |                  |                  |                  |
| +D&A for Furniture, Equipment and Leasehold Improvement                                  | 38,272           | 38,004           | 37,998           | 38,188           | 38,528           |
| +Amortization on Intangible Assets   | 363              | 335              | -                | -                | -                |
| +Change in Deferred Taxes  | (7,174)          | (6,841)          | (7,402)          | (7,686)          | (7,937)          |
| +Changes in Working Capital Accounts   |                  |                  |                  |                  |                  |
| <b>Decrease (Increase) in Operating Assets</b>   |                  |                  |                  |                  |                  |
| Accounts Receivable  | (77,918)         | 24,227           | (25,619)         | (16,828)         | (10,433)         |
| Receivable from Employees and Related Parties  | (12,669)         | 1,969            | (2,082)          | (1,367)          | (848)            |
| <b>Decrease (Increase) in Operating Liabilities</b>                                      |                  |                  |                  |                  |                  |
| Accrued Compensation and Benefits  | (124,055)        | (35,504)         | 37,544           | 24,661           | 15,290           |
| Accounts Payable and Accrued Expenses  | 20,685           | (3,309)          | 3,451            | 2,131            | 1,464            |
| Payable to Employees and Related Parties   | 27,866           | (2,929)          | 3,055            | 1,886            | 1,296            |
| Operating Lease Liabilities  | 10,423           | (927)            | (15,172)         | (7,194)          | 2,500            |
| Taxes Payable  | 9,925            | (1,175)          | 1,975            | 1,001            | 886              |
| Current Portion of Notes Payable   | 16,909           | (38,927)         | 65,248           | (68,752)         | -                |
| Other Current Liabilities  | (104,150)        | (1,278)          | 1,351            | 888              | 550              |
| <b>Net Cash from Operating Activities</b>  | <b>318,736</b>   | <b>469,721</b>   | <b>637,083</b>   | <b>524,280</b>   | <b>616,887</b>   |
| <b>Cash Flows From Investing Activities:</b>   |                  |                  |                  |                  |                  |
| Investment Securities and Certificates of Deposit  | (16,761)         | (17,026)         | (17,295)         | (17,568)         | (17,846)         |
| Investments  | 4,361            | 4,141            | 3,933            | 3,735            | 3,547            |
| Operating Lease Right-of-Use Assets  | 1,888            | 49               | (1,344)          | (2,407)          | (3,224)          |
| Capital Expenditures (Change in Gross PPE)   | (37,233)         | (37,978)         | (38,737)         | (39,512)         | (40,302)         |
| Capitalization of Gross Intangible Assets (Change in Intangibles)                        | -                | -                | -                | -                | -                |
| Business Acquisitions (Change in Goodwill)   | -                | -                | -                | -                | -                |
| (Increase) Decrease in Other Long Term Assets  | (29,614)         | 7,177            | (7,589)          | (4,985)          | (3,091)          |
| (Increase) Decrease in Other Current Assets  | 17,573           | 4,053            | (4,286)          | (2,815)          | (1,745)          |
| <b>Net Cash from Investing Activities</b>  | <b>(59,787)</b>  | <b>(39,584)</b>  | <b>(65,319)</b>  | <b>(63,552)</b>  | <b>(62,661)</b>  |
| <b>Cash Flows From Financing Activities:</b>   |                  |                  |                  |                  |                  |
| Operating Lease Liabilities  | 69,808           | (20,091)         | 21,245           | 13,955           | 8,652            |
| Notes Payable  | 56,531           | (2,689)          | 9,270            | 7,610            | 6,438            |
| Amounts Due Pursuant to Tax Receivable Agreements  | (3,863)          | (3,669)          | (3,485)          | (3,309)          | (3,143)          |
| Other Long-term Liabilities  | 32,379           | (7,291)          | 7,710            | 5,065            | 3,140            |
| Common Stock   | -                | -                | -                | -                | -                |
| Changes in Accumulated Other Comprehensive Income (Loss)                                 | -                | -                | -                | -                | -                |
| Dividends Paid   | (162,868)        | (155,298)        | (168,026)        | (174,480)        | (180,190)        |
| Treasury Stock at Cost   | (239,157)        | -                | -                | -                | -                |
| <b>Net Cash from Investing Activities</b>  | <b>(247,171)</b> | <b>(189,039)</b> | <b>(133,285)</b> | <b>(151,160)</b> | <b>(165,103)</b> |
| <b>Net Change in Cash</b>  | <b>11,778</b>    | <b>241,099</b>   | <b>438,480</b>   | <b>309,568</b>   | <b>389,123</b>   |
| + Cash at Beginning of Year  | 829,598          | 841,376          | 1,082,475        | 1,520,954        | 1,830,523        |
| <b>Cash at the End of the Year</b>   | <b>841,376</b>   | <b>1,082,475</b> | <b>1,520,954</b> | <b>1,830,523</b> | <b>2,219,646</b> |

Evercore

Common Size Income Statement

| <b>Fiscal Years Ending Dec. 31</b>  | <b>2015</b>    | <b>2016</b>    | <b>2017</b>    | <b>2018</b>    | <b>2019</b>    | <b>2020</b>    | <b>2021E</b>   | <b>2022E</b>   | <b>2023E</b>   | <b>2024E</b>   | <b>2025E</b>   |
|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <b>Revenues</b>   |                |                |                |                |                |                |                |                |                |                |                |
| Investment Banking:   |                |                |                |                |                |                |                |                |                |                |                |
| Advisory Fees   | 91.42%         | 75.29%         | 76.81%         | 83.72%         | 81.50%         | 76.81%         | 81.53%         | 81.13%         | 80.02%         | 79.91%         | 79.81%         |
| Underwriting Fees   | 0.00%          | 2.49%          | 2.66%          | 3.44%          | 4.42%          | 12.09%         | 8.42%          | 8.37%          | 9.93%          | 10.11%         | 10.11%         |
| Commissions and Related Fees  | 0.00%          | 15.85%         | 11.93%         | 9.60%          | 9.34%          | 9.00%          | 6.40%          | 6.59%          | 6.18%          | 6.04%          | 6.02%          |
| Asset Management and Administration Fees                                    | 7.67%          | 4.35%          | 3.46%          | 2.32%          | 2.49%          | 2.38%          | 2.12%          | 2.22%          | 2.22%          | 2.27%          | 2.36%          |
| Other Revenue, Including Interest and Investments                           | 0.91%          | 2.02%          | 5.15%          | 0.91%          | 2.24%          | -0.28%         | 1.53%          | 1.68%          | 1.66%          | 1.66%          | 1.70%          |
| <b>Total Revenues</b>   | <b>100.00%</b> | <b>100.00%</b> | <b>100.00%</b> | <b>100.00%</b> | <b>100.00%</b> | <b>100.00%</b> | <b>100.00%</b> | <b>100.00%</b> | <b>100.00%</b> | <b>100.00%</b> | <b>100.00%</b> |
| Interest Expense  | 1.37%          | 1.15%          | 1.16%          | 0.85%          | 0.99%          | 0.94%          | 0.85%          | 1.07%          | 0.92%          | 1.05%          | 0.89%          |
| <b>Net Revenues</b>   | <b>98.63%</b>  | <b>98.85%</b>  | <b>98.84%</b>  | <b>99.15%</b>  | <b>99.01%</b>  | <b>99.06%</b>  | <b>99.15%</b>  | <b>98.93%</b>  | <b>99.08%</b>  | <b>98.95%</b>  | <b>99.11%</b>  |
| <b>Expenses</b>   |                |                |                |                |                |                |                |                |                |                |                |
| Employee Compensation and Benefits  | 63.55%         | 61.82%         | 55.82%         | 57.49%         | 59.20%         | 60.05%         | 59.65%         | 59.65%         | 59.65%         | 59.65%         | 59.65%         |
| Occupancy and Equipment Rental  | 3.85%          | 3.11%          | 3.10%          | 2.83%          | 3.37%          | 3.24%          | 3.50%          | 3.70%          | 3.51%          | 3.41%          | 3.38%          |
| Professional Fees   | 4.10%          | 3.87%          | 3.70%          | 3.96%          | 4.03%          | 3.54%          | 3.87%          | 3.87%          | 3.87%          | 3.87%          | 3.87%          |
| Travel and Related Expenses   | 4.47%          | 3.94%          | 3.72%          | 3.30%          | 3.72%          | 1.13%          | 3.67%          | 3.67%          | 3.67%          | 3.67%          | 3.67%          |
| Communications and Information Services                                     | 2.93%          | 2.76%          | 2.40%          | 1.98%          | 2.33%          | 2.37%          | 2.46%          | 2.46%          | 2.46%          | 2.46%          | 2.46%          |
| Depreciation and Amortization   | 0.84%          | 0.90%          | 0.87%          | 0.86%          | 1.13%          | 1.08%          | 1.23%          | 1.29%          | 1.22%          | 1.18%          | 1.17%          |
| Execution, Clearing and Custody Fees  | 0.00%          | 1.20%          | 0.86%          | 0.55%          | 0.64%          | 0.59%          | 0.64%          | 0.64%          | 0.64%          | 0.64%          | 0.64%          |
| Special Charges, Including Business Realignment Costs                       | 3.32%          | 0.56%          | 1.48%          | 0.24%          | 0.50%          | 2.04%          | 1.36%          | 0.69%          | 0.69%          | 0.69%          | 0.69%          |
| Acquisition and Transition Costs  | 0.39%          | 0.01%          | 0.10%          | 0.00%          | 0.05%          | 0.02%          | 0.02%          | 0.02%          | 0.02%          | 0.02%          | 0.02%          |
| Other Operating Expenses  | 3.40%          | 1.94%          | 1.36%          | 1.46%          | 2.07%          | 1.88%          | 1.74%          | 1.74%          | 1.74%          | 1.74%          | 1.74%          |
| <b>Total Expenses</b>   | <b>88.26%</b>  | <b>80.92%</b>  | <b>73.97%</b>  | <b>73.12%</b>  | <b>77.43%</b>  | <b>76.03%</b>  | <b>78.16%</b>  | <b>77.76%</b>  | <b>77.48%</b>  | <b>77.35%</b>  | <b>77.29%</b>  |
| <b>Income Before Income from Equity Method Investments and Income Taxes</b> | <b>10.37%</b>  | <b>17.93%</b>  | <b>24.87%</b>  | <b>26.03%</b>  | <b>21.57%</b>  | <b>23.04%</b>  | <b>20.99%</b>  | <b>21.16%</b>  | <b>21.60%</b>  | <b>21.61%</b>  | <b>21.81%</b>  |
| Income from Equity Method Investments                                       | 0.49%          | 0.46%          | 0.51%          | 0.45%          | 0.54%          | 0.63%          | 0.52%          | 0.52%          | 0.52%          | 0.53%          | 0.55%          |
| <b>Income Before Income Taxes</b>   | <b>10.86%</b>  | <b>18.38%</b>  | <b>25.38%</b>  | <b>26.48%</b>  | <b>22.12%</b>  | <b>23.67%</b>  | <b>21.51%</b>  | <b>21.69%</b>  | <b>22.12%</b>  | <b>22.14%</b>  | <b>22.36%</b>  |
| Provision for Income Taxes  | 6.21%          | 8.19%          | 14.99%         | 5.21%          | 4.68%          | 5.61%          | 4.75%          | 4.79%          | 4.88%          | 4.89%          | 4.93%          |
| <b>Net Income</b>   | <b>4.65%</b>   | <b>10.19%</b>  | <b>10.39%</b>  | <b>21.27%</b>  | <b>17.43%</b>  | <b>18.06%</b>  | <b>16.76%</b>  | <b>16.90%</b>  | <b>17.24%</b>  | <b>17.25%</b>  | <b>17.43%</b>  |
| Net Income Attributable to Noncontrolling Interest                          | 1.20%          | 2.81%          | 3.12%          | 3.15%          | 2.77%          | 2.72%          | 3.61%          | 3.64%          | 3.71%          | 3.71%          | 3.75%          |
| <b>Net Income Attributable to Evercore Inc.</b>                             | <b>3.46%</b>   | <b>7.38%</b>   | <b>7.28%</b>   | <b>18.11%</b>  | <b>14.66%</b>  | <b>15.34%</b>  | <b>13.16%</b>  | <b>13.27%</b>  | <b>13.53%</b>  | <b>13.54%</b>  | <b>13.68%</b>  |

Evercore

Common Size Balance Sheet

| <b>Fiscal Years Ending Dec. 31</b>                                  | <b>2018</b>    | <b>2019</b>    | <b>2020</b>    | <b>2021E</b>   | <b>2022E</b>   | <b>2023E</b>   | <b>2024E</b>   | <b>2025E</b>   |
|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <b>Assets</b>   |                |                |                |                |                |                |                |                |
| <b>Current Assets</b>   |                |                |                |                |                |                |                |                |
| Cash and Cash Equivalents   | 37.96%         | 31.24%         | 36.30%         | 27.11%         | 36.88%         | 48.85%         | 56.66%         | 67.20%         |
| Investment Securities and Certificates of Deposit                   | 14.63%         | 30.75%         | 46.42%         | 34.72%         | 37.29%         | 35.71%         | 34.96%         | 34.74%         |
| Financial Instruments Owned and Pledged as Collateral at Fair Value | 1.07%          | 0.61%          | 0.00%          | 0.00%          | 0.00%          | 0.00%          | 0.00%          | 0.00%          |
| Securities Purchased Under Agreements to Resell                     | 0.13%          | 0.67%          | 0.00%          | 0.00%          | 0.00%          | 0.00%          | 0.00%          | 0.00%          |
| Accounts Receivable   | 14.84%         | 14.61%         | 16.12%         | 14.38%         | 14.38%         | 14.38%         | 14.38%         | 14.38%         |
| Receivable from Employees and Related Parties                       | 1.14%          | 1.10%          | 1.03%          | 1.17%          | 1.17%          | 1.17%          | 1.17%          | 1.17%          |
| Other Current Assets  | 1.37%          | 4.33%          | 4.04%          | 2.41%          | 2.41%          | 2.41%          | 2.41%          | 2.41%          |
| <b>Total Current Assets</b>   | <b>71.15%</b>  | <b>83.32%</b>  | <b>103.91%</b> | <b>79.78%</b>  | <b>92.12%</b>  | <b>102.52%</b> | <b>109.58%</b> | <b>119.89%</b> |
| Investments   | 4.35%          | 4.41%          | 3.79%          | 2.65%          | 2.66%          | 2.38%          | 2.18%          | 2.03%          |
| Deferred Tax Assets   | 11.58%         | 13.24%         | 11.28%         | 8.54%          | 9.26%          | 8.97%          | 8.88%          | 8.93%          |
| Operating Lease Right-of-Use Assets                                 | 0.00%          | 9.86%          | 11.84%         | 8.65%          | 9.15%          | 8.67%          | 8.43%          | 8.34%          |
| Furniture, Equipment and Leasehold Improvements                     | 3.89%          | 6.25%          | 6.51%          | 4.76%          | 5.03%          | 4.77%          | 4.64%          | 4.59%          |
| Goodwill  | 6.31%          | 6.44%          | 5.65%          | 4.16%          | 4.40%          | 4.15%          | 4.00%          | 3.91%          |
| Intangible Assets   | 0.50%          | 0.11%          | 0.03%          | 0.01%          | 0.00%          | 0.00%          | 0.00%          | 0.00%          |
| Assets Segregate for Bank Regulatory                                | 0.00%          | 0.00%          | 0.00%          | 0.00%          | 0.00%          | 0.00%          | 0.00%          | 0.00%          |
| Other Assets  | 4.30%          | 4.45%          | 4.49%          | 4.26%          | 4.26%          | 4.26%          | 4.26%          | 4.26%          |
| <b>Total Assets</b>   | <b>102.07%</b> | <b>128.08%</b> | <b>147.50%</b> | <b>112.82%</b> | <b>126.89%</b> | <b>135.72%</b> | <b>141.97%</b> | <b>151.94%</b> |
| <b>Liabilities and Owner's Equity</b>                               |                |                |                |                |                |                |                |                |
| <b>Current Liabilities</b>  |                |                |                |                |                |                |                |                |
| Accrued Compensation and Benefits                                   | 28.91%         | 25.58%         | 34.05%         | 21.07%         | 21.07%         | 21.07%         | 21.07%         | 21.07%         |
| Accounts Payable and Accrued Expenses                               | 1.82%          | 1.96%          | 1.66%          | 1.89%          | 1.89%          | 1.89%          | 1.89%          | 1.89%          |
| Securities Sold Under Agreements to Repurchase                      | 1.20%          | 1.28%          | 0.00%          | 0.00%          | 0.00%          | 0.00%          | 0.00%          | 0.00%          |
| Payable to Employees and Related Parties                            | 1.53%          | 1.56%          | 1.05%          | 1.67%          | 1.67%          | 1.67%          | 1.67%          | 1.67%          |
| Operating Lease Liabilities   | 0.00%          | 1.64%          | 1.88%          | 1.72%          | 1.78%          | 1.19%          | 0.93%          | 0.98%          |
| Taxes Payable   | 1.61%          | 0.17%          | 0.67%          | 0.81%          | 0.82%          | 0.84%          | 0.84%          | 0.85%          |
| Current Portion of Notes Payable                                    | 0.00%          | 0.00%          | 1.66%          | 1.77%          | 0.54%          | 2.61%          | 0.39%          | 0.38%          |
| Other Current Liabilities   | 0.91%          | 0.76%          | 5.59%          | 0.76%          | 0.76%          | 0.76%          | 0.76%          | 0.76%          |
| <b>Total Current Liabilities</b>                                    | <b>36.00%</b>  | <b>32.96%</b>  | <b>46.56%</b>  | <b>29.69%</b>  | <b>28.53%</b>  | <b>30.03%</b>  | <b>27.54%</b>  | <b>27.60%</b>  |
| Operating Lease Liabilities   | 0.00%          | 10.71%         | 13.14%         | 11.92%         | 11.92%         | 11.92%         | 11.92%         | 11.92%         |
| Notes Payable   | 8.10%          | 18.49%         | 14.81%         | 12.73%         | 13.37%         | 12.90%         | 12.67%         | 12.58%         |
| Subordinated Borrowings   | 0.00%          | 0.00%          | 0.00%          | 0.00%          | 0.00%          | 0.00%          | 0.00%          | 0.00%          |
| Amounts Due Pursuant to Tax Receivable Agreements                   | 4.53%          | 4.19%          | 3.36%          | 2.35%          | 2.36%          | 2.11%          | 1.94%          | 1.80%          |
| Other Long-term Liabilities   | 5.04%          | 6.23%          | 4.46%          | 4.33%          | 4.33%          | 4.33%          | 4.33%          | 4.33%          |
| <b>Total Liabilities</b>  | <b>53.67%</b>  | <b>72.57%</b>  | <b>82.33%</b>  | <b>61.02%</b>  | <b>60.51%</b>  | <b>61.29%</b>  | <b>58.39%</b>  | <b>58.23%</b>  |
| <b>Equity</b>   |                |                |                |                |                |                |                |                |
| Evercore Inc. Stockholders' Equity                                  |                |                |                |                |                |                |                |                |
| Common Stock  | 87.34%         | 99.43%         | 99.19%         | 73.04%         | 77.23%         | 72.81%         | 70.17%         | 68.63%         |
| <b>Total Evercore Inc. Stockholders' Equity</b>                     | <b>36.40%</b>  | <b>42.87%</b>  | <b>53.86%</b>  | <b>39.86%</b>  | <b>50.13%</b>  | <b>55.39%</b>  | <b>61.53%</b>  | <b>68.40%</b>  |
| Noncontrolling Interest   | 12.00%         | 12.64%         | 11.31%         | 11.93%         | 16.25%         | 19.03%         | 22.05%         | 25.32%         |
| <b>Total Equity</b>   | <b>48.40%</b>  | <b>55.51%</b>  | <b>65.17%</b>  | <b>51.80%</b>  | <b>66.38%</b>  | <b>74.42%</b>  | <b>83.58%</b>  | <b>93.71%</b>  |
| <b>Total Liabilities and Equity</b>                                 | <b>102.07%</b> | <b>128.08%</b> | <b>147.50%</b> | <b>112.82%</b> | <b>126.89%</b> | <b>135.72%</b> | <b>141.97%</b> | <b>151.94%</b> |

Evercore

Value Driver Estimation

| Fiscal Years Ending Dec. 31                    | 2018              | 2019              | 2020              | 2021E             | 2022E             | 2023E             | 2024E             | 2025E             |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| <b>NOPLAT:</b>                                 |                   |                   |                   |                   |                   |                   |                   |                   |
| <b>Operating Revenue</b>                       | 2,063,425.00      | 1,983,383.00      | 2,291,628.00      | 3,056,355.72      | 2,885,830.51      | 3,061,895.79      | 3,176,729.75      | 3,246,996.48      |
| - Employee Compensation and Benefits           | 1,197,173.00      | 1,200,977.00      | 1,372,339.00      | 1,851,504.89      | 1,750,989.03      | 1,857,279.05      | 1,927,096.18      | 1,970,383.48      |
| -Selling, General, and Administrative Expenses | 267,919.00        | 295,954.00        | 295,388.00        | 481,156.19        | 441,483.87        | 462,227.92        | 476,470.56        | 486,002.22        |
| -Depreciation and Amortization                 | 17,855.00         | 22,946.00         | 24,640.00         | 38,271.54         | 38,004.49         | 37,997.59         | 38,187.78         | 38,528.29         |
| -Acquisition and Transition Costs              | 21.00             | 1,013.00          | 562.00            | 562.00            | 562.00            | 562.00            | 562.00            | 562.00            |
| -Other Operating Expenses                      | 30,461.00         | 42,020.00         | 42,938.00         | 54,096.51         | 51,159.67         | 54,265.21         | 56,305.10         | 57,569.85         |
| +Implied Interest on operating Leases          | 3,582.06          | 9,210.17          | 6,085.46          | 6,573.10          | 6,527.23          | 6,526.05          | 6,558.72          | 6,617.20          |
| <b>EBITA</b>                                   | 553,578.06        | 429,683.17        | 561,846.46        | 637,337.68        | 610,158.69        | 656,090.08        | 684,666.85        | 700,567.84        |
| <b>- Adjusted Taxes</b>                        |                   |                   |                   |                   |                   |                   |                   |                   |
| Provision for Income Taxes                     | 108,520.00        | 95,046.00         | 128,151.00        | 147,310.40        | 140,463.04        | 151,975.69        | 157,813.21        | 162,977.33        |
| + Tax on Implied Interest on operating leases  | 795.22            | 2,081.50          | 1,302.29          | 1,450.46          | 1,440.34          | 1,440.08          | 1,447.29          | 1,460.19          |
| + Tax on Interest Expense                      | 3,945.16          | 4,551.41          | 4,582.60          | 5,819.60          | 6,954.79          | 6,311.50          | 7,463.36          | 6,518.27          |
| - Tax on Interest and Investment Income        | (4,229.32)        | (10,272.60)       | 1,350.13          | (10,459.00)       | (10,906.15)       | (11,372.42)       | (11,858.63)       | (12,365.62)       |
| - Tax on Income from Equity Method Investments | (2,063.27)        | (2,485.10)        | (3,081.17)        | (3,562.38)        | (3,384.26)        | (3,577.65)        | (3,782.09)        | (3,998.21)        |
| <b>Total Adjusted Taxes</b>                    | 106,967.79        | 88,921.21         | 132,304.84        | 140,559.08        | 134,567.76        | 144,777.21        | 151,083.15        | 154,591.97        |
| + Change in deferred Taxes                     | (42,198.00)       | (27,499.00)       | 10,729.00         | (7,174.45)        | (6,840.97)        | (7,401.67)        | (7,685.97)        | (7,937.48)        |
| <b>NOPLAT</b>                                  | <b>404,412.27</b> | <b>313,262.96</b> | <b>440,270.62</b> | <b>489,604.15</b> | <b>468,749.96</b> | <b>503,911.20</b> | <b>525,897.73</b> | <b>538,038.39</b> |
| <b>Invested Capital (IC):</b>                  |                   |                   |                   |                   |                   |                   |                   |                   |
| <b>Operating CA</b>                            |                   |                   |                   |                   |                   |                   |                   |                   |
| Normal Cash                                    | 650,564.81        | 633,808.00        | 713,932.89        | 969,611.40        | 916,972.42        | 972,635.26        | 1,009,197.67      | 1,031,866.72      |
| Accounts Receivable                            | 309,075.00        | 296,355.00        | 368,346.00        | 446,263.80        | 422,036.71        | 447,655.53        | 464,483.39        | 474,916.83        |
| Receivable from Employees and Related Parties  | 23,836.00         | 22,416.00         | 23,593.00         | 36,261.69         | 34,293.09         | 36,374.78         | 37,742.15         | 38,589.93         |
| Other Current Assets                           | 28,444.00         | 87,900.00         | 92,231.00         | 74,658.23         | 70,605.13         | 74,891.06         | 77,706.30         | 79,451.77         |
| <b>Total Operating CA</b>                      | 1,011,919.81      | 1,040,479.00      | 1,198,102.89      | 1,526,795.13      | 1,443,907.35      | 1,531,556.63      | 1,589,129.50      | 1,624,825.25      |
| <b>Operating CL</b>                            |                   |                   |                   |                   |                   |                   |                   |                   |
| Accrued Compensation and Benefits              | 602,122.00        | 518,991.00        | 778,043.00        | 653,987.56        | 618,483.40        | 656,027.11        | 680,687.87        | 695,977.79        |
| Accounts Payable and Accrued Expenses          | 37,948.00         | 39,726.00         | 37,961.00         | 58,645.97         | 55,336.83         | 58,787.95         | 60,918.87         | 62,383.35         |
| Payable to Employees and Related Parties       | 31,894.00         | 31,703.00         | 24,047.00         | 51,913.36         | 48,984.12         | 52,039.04         | 53,925.33         | 55,221.69         |
| Taxes Payable                                  | 33,621.00         | 3,400.00          | 15,346.00         | 25,271.16         | 24,096.49         | 26,071.49         | 27,072.92         | 27,958.83         |
| Other Current Liabilities                      | 19,031.00         | 15,517.00         | 127,691.00        | 23,540.75         | 22,262.75         | 23,614.16         | 24,501.85         | 25,052.22         |
| <b>Total Operating CL</b>                      | 724,616.00        | 609,337.00        | 983,088.00        | 813,358.81        | 769,163.60        | 816,539.76        | 847,106.84        | 866,593.89        |
| Operating WC                                   | 287,303.81        | 431,142.00        | 215,014.89        | 713,436.32        | 674,743.75        | 715,016.87        | 742,022.66        | 758,231.36        |
| Net PPE +                                      | 81,069.00         | 126,799.00        | 148,832.00        | 147,793.46        | 147,766.63        | 148,506.26        | 149,830.44        | 151,604.35        |
| Intangible Assets                              | 10,378.00         | 2,303.00          | 698.00            | 335.00            | -                 | -                 | -                 | -                 |
| Assets Segregate for Bank Regulatory           | -                 | -                 | -                 | -                 | -                 | -                 | -                 | -                 |
| Operating Lease Right-of-Use Assets            | -                 | 199,988.00        | 270,498.00        | 268,610.48        | 268,561.73        | 269,905.98        | 272,312.63        | 275,536.67        |
| Other Assets                                   | 89,480.00         | 90,262.00         | 102,587.00        | 132,201.06        | 125,024.04        | 132,613.35        | 137,598.43        | 140,689.23        |
| Other LT operating liabilities -               | -                 | (217,251.00)      | (300,275.00)      | (370,083.10)      | (349,991.75)      | (371,237.25)      | (385,192.46)      | (393,844.83)      |
| <b>Invest Capital (IC)</b>                     | 468,230.81        | 633,243.00        | 437,354.89        | 892,293.22        | 866,104.39        | 894,805.21        | 916,571.70        | 932,216.78        |
| <b>Free Cash Flow (FCF):</b>                   |                   |                   |                   |                   |                   |                   |                   |                   |
| NOPLAT   | 404,412.27        | 313,262.96        | 440,270.62        | 489,604.15        | 468,749.96        | 503,911.20        | 525,897.73        | 538,038.39        |
| Change in IC                                   | (21,712.00)       | 165,012.19        | (195,888.11)      | 454,938.33        | (26,188.84)       | 28,700.82         | 21,766.50         | 15,645.08         |
| <b>FCF</b>                                     | <b>426,124.27</b> | <b>148,250.76</b> | <b>636,158.73</b> | <b>34,665.82</b>  | <b>494,938.80</b> | <b>475,210.38</b> | <b>504,131.23</b> | <b>522,393.32</b> |
| <b>Return on Invested Capital (ROIC):</b>      |                   |                   |                   |                   |                   |                   |                   |                   |
| NOPLAT   | 404,412.27        | 313,262.96        | 440,270.62        | \$ 489,604.15     | 468,749.96        | 503,911.20        | 525,897.73        | 538,038.39        |
| Beginning IC                                   | 489,942.80        | 468,230.81        | 633,243.00        | 437,354.89        | 892,293.22        | 866,104.39        | 894,805.21        | 916,571.70        |
| <b>ROIC</b>                                    | <b>82.54%</b>     | <b>66.90%</b>     | <b>69.53%</b>     | <b>111.95%</b>    | <b>52.53%</b>     | <b>58.18%</b>     | <b>58.77%</b>     | <b>58.70%</b>     |
| <b>Economic Profit (EP):</b>                   |                   |                   |                   |                   |                   |                   |                   |                   |
| Beginning IC                                   | 489,942.80        | 468,230.81        | 633,243.00        | 437,354.89        | 892,293.22        | 866,104.39        | 894,805.21        | 916,571.70        |
| x (ROIC - WACC)                                | 74.72%            | 59.08%            | 61.71%            | 104.13%           | 44.71%            | 50.36%            | 50.95%            | 50.88%            |
| <b>EP</b>                                      | <b>366,092.98</b> | <b>276,641.80</b> | <b>390,743.56</b> | <b>455,397.85</b> | <b>398,962.12</b> | <b>436,171.64</b> | <b>455,913.43</b> | <b>466,351.69</b> |

## Evercore

### Weighted Average Cost of Capital (WACC) Estimation

#### Cost of Equity:

|                       |              |
|-----------------------|--------------|
| Risk-Free Rate        | 1.58%        |
| Beta                  | 1.50         |
| Equity Risk Premium   | 4.62%        |
| <b>Cost of Equity</b> | <b>8.50%</b> |

#### ASSUMPTIONS:

10 year treasury bond

Average of monthly and weekly beta averages from past 6 years

Type ERP assumption here (example: "1928-2020 geometric average over 10-year Treasury")

#### Cost of Debt:

|                               |              |
|-------------------------------|--------------|
| Risk-Free Rate                | 1.58%        |
| Implied Default Premium       | 0.85%        |
| Pre-Tax Cost of Debt          | 2.43%        |
| Marginal Tax Rate             | 22%          |
| <b>After-Tax Cost of Debt</b> | <b>1.89%</b> |

10 year treasury bond

Type assumption here (example: "YTM on company's 10-year corporate bond")

#### Market Value of Common Equity:

|                          |                     |
|--------------------------|---------------------|
| Total Shares Outstanding | 40,553.00           |
| Current Stock Price      | 155.32              |
| <b>MV of Equity</b>      | <b>6,298,691.96</b> |

#### MV Weights

89.74%

#### Market Value of Debt:

|                         |                   |
|-------------------------|-------------------|
| Short-Term Debt         | -                 |
| Current Portion of LTD  | 37,974.00         |
| Long-Term Debt          | 338,518.00        |
| PV of Operating Leases  | 343,555.77        |
| <b>MV of Total Debt</b> | <b>720,047.77</b> |

Include all sources of debt.

10.26%

#### Market Value of the Firm

7,018,739.73

100.00%

Estimated WACC

7.82%

**Evercore**

*Discounted Cash Flow (DCF) and Economic Profit (EP) Valuation Models*

Key Inputs:

|                     |        |
|---------------------|--------|
| CV Growth of NOPLAT | 2.00%  |
| CV Year ROIC        | 58.70% |
| WACC                | 7.82%  |
| Cost of Equity      | 8.50%  |

| Fiscal Years Ending Dec. 31 | 2021E | 2022E | 2023E | 2024E | 2025E |
|-----------------------------|-------|-------|-------|-------|-------|
|-----------------------------|-------|-------|-------|-------|-------|

**DCF Model:**

|                       |           |            |            |            |              |                                   |
|-----------------------|-----------|------------|------------|------------|--------------|-----------------------------------|
| Free Cash Flow (FCF)  | 34,665.82 | 494,938.80 | 475,210.38 | 504,131.23 | 522,393.32   | CV = NOPLAT*(1-(g/ROIC))/(WACC-g) |
| Continuing Value (CV) |           |            |            |            | 8,927,866.52 |                                   |
| PV of FCF             | 32,151.21 | 425,738.92 | 379,117.39 | 373,015.88 | 6,605,891.05 |                                   |

|  |                     |
|--|---------------------|
| Value of Operating Assets:                       | 7,815,914.46        |
| Non-Operating Adjustments                        |                     |
| Cash and Cash Equivalents                        | 829,598.00          |
| Investment Securities and Certificates of Depos: | 1,060,836.00        |
| Investments                                      | 86,681.00           |
| Goodwill   | 129,126.00          |
| Current Portion of Notes Payable                 | (37,974.00)         |
| Notes Payable                                    | (338,518.00)        |
| PV of Operating Leases                           | (343,555.77)        |
| Amounts Due Pursuant to Tax Receivable Agree     | (76,860.00)         |
| Other Long-term Liabilities                      | (101,928.00)        |
| Noncontrolling Interest                          | (258,428.00)        |
| <b>Value of Equity</b>                           | <b>8,764,891.69</b> |
| Shares Outstanding                               | 40,553.00           |
| Intrinsic Value of Last FYE                      | \$ 216.13           |
| <b>Implied Price as of Today</b>                 | <b>\$ 228.66</b>    |

47.22%

**EP Model:**

|                       |            |            |            |            |              |   |
|-----------------------|------------|------------|------------|------------|--------------|---|
| Economic Profit (EP)  | 455,397.85 | 398,962.12 | 436,171.64 | 455,913.43 | 466,351.69   | CV = (EP/WACC) + (NOPLAT*(g/ROIC)*(ROIC-WACC))/(WACC-g) |
| Continuing Value (CV) |            |            |            |            | 8,011,294.82 |   |
| PV of EP              | 422,364.01 | 343,181.23 | 347,972.73 | 337,338.65 | 5,927,702.95 |   |

|  |                     |
|--|---------------------|
| Total PV of EP                                   | 7,378,559.57        |
| Invested Capital (last FYE)                      | 437,354.89          |
| Value of Operating Assets:                       | 7,815,914.46        |
| Non-Operating Adjustments                        |                     |
| Cash and Cash Equivalents                        | 829,598.00          |
| Investment Securities and Certificates of Depos: | 1,060,836.00        |
| Investments                                      | 86,681.00           |
| Goodwill   | 129,126.00          |
| Current Portion of Notes Payable                 | (37,974.00)         |
| Notes Payable                                    | (338,518.00)        |
| PV of Operating Leases                           | (343,555.77)        |
| Amounts Due Pursuant to Tax Receivable Agree     | (76,860.00)         |
| Other Long-term Liabilities                      | (101,928.00)        |
| Noncontrolling Interest                          | (258,428.00)        |
| <b>Value of Equity</b>                           | <b>8,764,891.69</b> |
| Shares Outstanding                               | 40,553.00           |
| Intrinsic Value of Last FYE                      | \$ 216.13           |
| <b>Implied Price as of Today</b>                 | <b>\$ 228.66</b>    |

**DO NOT INCLUDE THIS SECTION IN PRINT AREA**

|                               |   |   |   |   |   |
|-------------------------------|---|---|---|---|---|
| Number of Periods to Discount | 1 | 2 | 3 | 4 | 4 |
|-------------------------------|---|---|---|---|---|

|                        |            |
|------------------------|------------|
| Model Date             | 11/16/2021 |
| Next FYE               | 12/31/2021 |
| Last FYE               | 12/31/2020 |
| Days in FY             | 365        |
| Days since FYE         | 320        |
| Elapsed Fraction of FY | 0.877      |
| Dividend Yield         | 1.86%      |



## Evercore

Dividend Discount Model (DDM) or Fundamental P/E Valuation Model

| Fiscal Years Ending Dec. 31 | 2021E | 2022E | 2023E | 2024E | 2025E |
|-----------------------------|-------|-------|-------|-------|-------|
|-----------------------------|-------|-------|-------|-------|-------|

|     |          |         |          |          |          |
|-----|----------|---------|----------|----------|----------|
| EPS | \$ 10.07 | \$ 9.60 | \$ 10.39 | \$ 10.79 | \$ 11.14 |
|-----|----------|---------|----------|----------|----------|

### Key Assumptions

|                  |        |
|------------------|--------|
| CV growth of EPS | 2.50%  |
| CV Year ROE      | 18.60% |
| Cost of Equity   | 8.50%  |

### Future Cash Flows

|                        |      |      |      |      |           |
|------------------------|------|------|------|------|-----------|
| P/E Multiple (CV Year) |      |      |      |      | 14.43     |
| EPS (CV Year)          |      |      |      |      | \$ 11.14  |
| Future Stock Price     |      |      |      |      | \$ 160.75 |
| Dividends Per Share    | 4.02 | 3.83 | 4.14 | 4.30 |           |
| Discounted Cash Flows  | 3.70 | 3.25 | 3.24 | 3.10 | \$ 116.00 |

<== P/E = (1-(g/ROE))/(Re-g)

<== Discount future stock price by 1 period less.

Intrinsic Value as of Last FYE

\$ 129.30

Implied Price as of Today

\$ 136.79

-0.13542

-0.40176

**Evercore**

*Relative Valuation Models*

| Ticker  | Company            | Price    | EPS<br>2021E | EPS<br>2022E | P/E 21       | P/E 22       | ROIC 5yr avg | Enterprise<br>Value Current | EBITDA<br>2021 Y EST | EV/EBITDA    | P/TB         |
|---------|--------------------|----------|--------------|--------------|--------------|--------------|--------------|-----------------------------|----------------------|--------------|--------------|
| HLI     | Houlihan Lokey Inc | \$117.66 | \$5.93       | \$5.64       | 19.84        | 20.86        | 17.6         | 7147.2                      | 622.3                | 11.49        | 14.51        |
| MC      | Moelis & Co        | \$75.16  | \$5.47       | \$4.56       | 13.74        | 16.48        | 23.6         | 5096.7                      | 542.0                | 9.40         | 9.57         |
| LAZ     | Lazard Ltd         | \$48.92  | \$4.58       | \$4.70       | 10.68        | 10.41        | 14.7         | 7059.0                      | 776.0                | 9.10         | 11.08        |
| PJT     | PJT Partners Inc   | \$82.00  | \$5.47       | \$4.56       | 14.99        | 17.98        |              | 3778.2                      | 278.0                | 13.59        | --           |
| GHL     | Greenhill & Co Inc | \$15.41  | \$1.23       | \$1.82       | 12.53        | 8.47         | 6.6          | 631.8                       | 59.2                 | 10.67        | --           |
| Average |                    |          |              |              | <b>14.81</b> | <b>16.43</b> |              |                             |                      | <b>10.85</b> | <b>11.72</b> |

| Ticker | Company  | Price    | EPS<br>2021E | EPS<br>2022E | P/E 21 | P/E 22 | ROIC 5yr avg | EBITDA (2021) | P/TB |
|--------|----------|----------|--------------|--------------|--------|--------|--------------|---------------|------|
| EVR    | Evercore | \$155.32 | 10.07        | 9.60         | 15.4   | 16.2   | 25.0         | \$635,488     | 6.04 |

**Implied Relative Value:**

|                      |                  |
|----------------------|------------------|
| <b>P/E (EPS21)</b>   | <b>\$ 149.17</b> |
| <b>P/E (EPS22)</b>   | <b>\$ 157.79</b> |
| <b>EV/EBITDA</b>     | <b>\$ 179.88</b> |
| <b>P/Tangible BV</b> | <b>\$ 318.23</b> |

**Evercore**

Key Management Ratios

| <b>Fiscal Years Ending Dec. 31</b>  | <b>2015</b> | <b>2016</b> | <b>2017</b> | <b>2018</b> | <b>2019</b> | <b>2020</b> | <b>2021E</b> | <b>2022E</b> | <b>2023E</b> | <b>2024E</b> | <b>2025E</b> |
|---|-------------|-------------|-------------|-------------|-------------|-------------|--------------|--------------|--------------|--------------|--------------|
| <b>Liquidity Ratios:</b>  |             |             |             |             |             |             |              |              |              |              |              |
| Current Ratio (Current Assets/Current Liabilities)                            | 1.84        | 2.00        | 2.16        | 1.98        | 2.53        | 2.23        | 2.69         | 3.23         | 3.41         | 3.98         | 4.34         |
| Quick Ratio (cash + Equivalents +marketable Securities)/(Current Liabilities) | 1.69        | 1.88        | 2.03        | 1.90        | 2.36        | 2.15        | 2.61         | 3.14         | 3.33         | 3.89         | 4.26         |
| Cash Ratio (Cash & Equivalents)/Current Liabilities                           | 1.10        | 1.21        | 1.31        | 1.05        | 0.95        | 0.78        | 0.91         | 1.29         | 1.63         | 2.06         | 2.44         |
| <b>Asset-Management Ratios:</b>   |             |             |             |             |             |             |              |              |              |              |              |
| Accounts Receivable Turnover (A/R Turnover)                                   |             | 7.09        | 8.20        | 8.36        | 6.64        | 6.81        | 7.56         | 6.69         | 7.09         | 7.01         | 6.97         |
| Working Capital Turnover Ratio  |             | 0.92        | 1.05        | 1.11        | 0.85        | 0.76        | 0.90         | 0.80         | 0.78         | 0.73         | 0.68         |
| Asset Turnover Ratio  |             | 0.79        | 0.90        | 0.93        | 0.88        | 0.68        | 0.67         | 0.86         | 0.74         | 0.71         | 0.67         |
| <b>Financial Leverage Ratios:</b>   |             |             |             |             |             |             |              |              |              |              |              |
| Debt-to-Equity-Ratio (Total Liabilities/Total Shareholder's Equity)           | 1.09        | 1.12        | 0.99        | 1.11        | 1.31        | 1.26        | 1.18         | 0.91         | 0.82         | 0.70         | 0.62         |
| Debt-to-Capital Ratio (Debt/(Debt+Equity))                                    | 0.52        | 0.53        | 0.50        | 0.53        | 0.57        | 0.56        | 0.54         | 0.48         | 0.45         | 0.41         | 0.38         |
| Asset-to-Equity Ratio (Total Assets/Total Equity)                             | 2.09        | 2.12        | 1.99        | 2.11        | 2.31        | 2.26        | 2.18         | 1.91         | 1.82         | 1.70         | 1.62         |
| <b>Profitability Ratios:</b>  |             |             |             |             |             |             |              |              |              |              |              |
| Return on Equity (NI/Beg TSE)   | 8.16%       | 18.96%      | 22.50%      | 43.94%      | 31.40%      | 27.71%      | 32.36%       | 25.46%       | 23.16%       | 20.64%       | 18.60%       |
| Gross Profit Margin   | 57%         | 62%         | 79%         | 74%         | 69%         | 67%         | 68%          | 68%          | 68%          | 68%          | 68%          |
| Operating Profit Margin   | 99.09%      | 97.98%      | 94.85%      | 99.09%      | 97.76%      | 100.28%     | 98.47%       | 98.32%       | 98.34%       | 98.34%       | 98.30%       |
| <b>Payout Policy Ratios:</b>  |             |             |             |             |             |             |              |              |              |              |              |
| Dividend Payout Ratio (Dividend/EPS)  | 0.97        | 0.46        | 0.45        | 0.20        | 0.30        | 0.27        | 0.40         | 0.40         | 0.40         | 0.40         | 0.40         |
| Total Payout Ratio ((Divs. + Repurchases)/NI)                                 | -14.0632    | -7.08507    | -8.36255    | -3.49368    | -5.34092    | -4.93313    | -4.6553      | -4.90168     | -4.50015     | -4.31893     | -4.16945     |
| Dividend Payout Ratio (Total Dividends/Net Income)                            | 0.97        | 0.46        | 0.45        | 0.20        | 0.30        | 0.27        | 0.40         | 0.40         | 0.40         | 0.40         | 0.40         |

Evercore  
Sensitivity Tables

| DCF/Economic Profit Sensitivity Test |        |        |        |        |        |        |        |  |
|--------------------------------------|--------|--------|--------|--------|--------|--------|--------|--|
| CV Growth of NOPLAT                  |        |        |        |        |        |        |        |  |
| 228.66                               | 1.25%  | 1.50%  | 1.75%  | 2.00%  | 2.25%  | 2.50%  | 2.75%  |  |
| 6.72%                                | 250.90 | 259.29 | 268.52 | 278.74 | 290.09 | 302.79 | 317.09 |  |
| 7.22%                                | 230.96 | 237.78 | 245.22 | 253.38 | 262.35 | 272.28 | 283.31 |  |
| 7.22%                                | 230.96 | 237.78 | 245.22 | 253.38 | 262.35 | 272.28 | 283.31 |  |
| 7.82%                                | 211.01 | 216.43 | 222.30 | 228.66 | 235.60 | 243.19 | 251.53 |  |
| 8.72%                                | 187.21 | 191.17 | 195.42 | 199.99 | 204.90 | 210.22 | 215.98 |  |
| 9.22%                                | 176.30 | 179.68 | 183.28 | 187.13 | 191.26 | 195.70 | 200.48 |  |
| 9.72%                                | 166.68 | 169.59 | 172.67 | 175.95 | 179.46 | 183.20 | 187.22 |  |

| DCF/Economic Profit Sensitivity Test |        |        |        |        |        |        |        |  |
|--------------------------------------|--------|--------|--------|--------|--------|--------|--------|--|
| CV ROIC                              |        |        |        |        |        |        |        |  |
| 228.66                               | 41.98% | 46.98% | 51.98% | 58.70% | 61.98% | 66.98% | 71.98% |  |
| 7.00%                                | 223.45 | 224.35 | 225.07 | 225.84 | 226.16 | 226.59 | 226.95 |  |
| 7.50%                                | 224.38 | 225.28 | 226.01 | 226.78 | 227.10 | 227.53 | 227.90 |  |
| 8.00%                                | 225.31 | 226.22 | 226.94 | 227.73 | 228.05 | 228.47 | 228.84 |  |
| 8.50%                                | 226.24 | 227.15 | 227.88 | 228.66 | 228.99 | 229.42 | 229.79 |  |
| 9.00%                                | 227.17 | 228.08 | 228.82 | 229.61 | 229.93 | 230.36 | 230.73 |  |
| 9.50%                                | 228.10 | 229.02 | 229.75 | 230.54 | 230.87 | 231.30 | 231.68 |  |
| 10.00%                               | 229.03 | 229.95 | 230.69 | 231.48 | 231.81 | 232.24 | 232.62 |  |

| DCF/Economic Profit Sensitivity Test |        |        |        |        |        |        |        |  |
|--------------------------------------|--------|--------|--------|--------|--------|--------|--------|--|
| Beta                                 |        |        |        |        |        |        |        |  |
| 228.66                               | 1.20   | 1.30   | 1.40   | 1.50   | 1.60   | 1.70   | 1.80   |  |
| 4.02%                                | 325.37 | 300.23 | 278.99 | 261.22 | 245.09 | 231.34 | 219.23 |  |
| 4.22%                                | 309.83 | 286.10 | 266.05 | 249.26 | 234.00 | 221.01 | 209.55 |  |
| 4.42%                                | 295.83 | 273.37 | 254.37 | 238.46 | 224.00 | 211.67 | 200.80 |  |
| 4.62%                                | 283.15 | 261.83 | 243.78 | 228.66 | 214.91 | 203.20 | 192.86 |  |
| 4.82%                                | 271.61 | 251.32 | 234.14 | 219.74 | 206.64 | 195.47 | 185.62 |  |
| 5.02%                                | 261.07 | 241.71 | 225.31 | 211.57 | 199.06 | 188.40 | 178.99 |  |
| 5.22%                                | 251.39 | 232.89 | 217.22 | 204.07 | 192.11 | 181.90 | 172.90 |  |

| DCF/Economic Profit Sensitivity Test |        |        |        |        |        |        |        |  |
|--------------------------------------|--------|--------|--------|--------|--------|--------|--------|--|
| CV Growth for Advisory Fees          |        |        |        |        |        |        |        |  |
| 228.66                               | 0.50%  | 1.00%  | 1.50%  | 2.12%  | 2.50%  | 3.00%  | 3.50%  |  |
| 52.15%                               | 301.26 | 302.40 | 303.54 | 304.96 | 305.83 | 306.98 | 308.12 |  |
| 54.65%                               | 276.10 | 277.16 | 278.23 | 279.54 | 280.35 | 281.41 | 282.47 |  |
| 57.15%                               | 250.95 | 251.93 | 252.91 | 254.12 | 254.87 | 255.85 | 256.83 |  |
| 59.65%                               | 225.76 | 226.66 | 227.55 | 228.66 | 229.35 | 230.24 | 231.14 |  |
| 62.15%                               | 200.64 | 201.46 | 202.27 | 203.28 | 203.90 | 204.72 | 205.53 |  |
| 64.65%                               | 175.49 | 176.22 | 176.95 | 177.86 | 178.42 | 179.15 | 179.89 |  |
| 67.15%                               | 150.34 | 150.99 | 151.64 | 152.44 | 152.94 | 153.59 | 154.24 |  |

| DCF/Economic Profit Sensitivity Test |        |        |        |        |        |        |        |  |
|--------------------------------------|--------|--------|--------|--------|--------|--------|--------|--|
| Risk-Free Rate                       |        |        |        |        |        |        |        |  |
| 228.66                               | 0.75%  | 1.00%  | 1.25%  | 1.58%  | 1.75%  | 2.00%  | 2.25%  |  |
| 19.07%                               | 270.85 | 259.66 | 249.47 | 237.35 | 231.61 | 223.74 | 216.48 |  |
| 20.07%                               | 267.49 | 256.45 | 246.41 | 234.45 | 228.80 | 221.04 | 213.87 |  |
| 21.07%                               | 264.12 | 253.25 | 243.34 | 231.55 | 225.98 | 218.33 | 211.26 |  |
| 22.07%                               | 260.76 | 250.04 | 240.28 | 228.66 | 223.17 | 215.63 | 208.66 |  |
| 23.07%                               | 257.38 | 246.82 | 237.20 | 225.75 | 220.34 | 212.90 | 206.04 |  |
| 24.07%                               | 254.01 | 243.60 | 234.13 | 222.85 | 217.51 | 210.19 | 203.42 |  |
| 25.07%                               | 250.63 | 240.39 | 231.05 | 219.94 | 214.68 | 207.47 | 200.80 |  |

| Dividend Discount Model Sensitivity Test |        |        |        |        |        |        |        |  |
|--|--------|--------|--------|--------|--------|--------|--------|--|
| CV Growth of EPS                         |        |        |        |        |        |        |        |  |
| 136.79                                   | 1%     | 1.50%  | 2%     | 2.50%  | 3%     | 3.50%  | 4%     |  |
| 18.92%                                   | 154.9  | 160.01 | 165.84 | 172.57 | 180.42 | 189.69 | 200.81 |  |
| 20.92%                                   | 155.64 | 161.19 | 167.54 | 174.85 | 183.39 | 193.46 | 205.55 |  |
| 22.92%                                   | 156.25 | 162.17 | 168.93 | 176.73 | 185.83 | 196.58 | 209.46 |  |
| 23.92%                                   | 156.52 | 162.6  | 169.55 | 177.56 | 186.9  | 197.94 | 211.18 |  |
| 25.92%                                   | 156.99 | 163.36 | 170.63 | 179.01 | 188.79 | 200.35 | 214.2  |  |
| 27.92%                                   | 157.4  | 164.01 | 171.55 | 180.26 | 190.41 | 202.41 | 216.79 |  |
| 29.92%                                   | 157.75 | 164.57 | 172.36 | 181.34 | 191.82 | 204.2  | 219.04 |  |

WACC

Cost of Equity

Equity Risk Premium

CV Employee  
Compensation &  
Benefits % of Total  
Revenues

Marginal Tax Rate

CV Year ROE

**Evercore***Present Value of Operating Lease Obligations*

| <b>Fiscal Years Ending Dec. 31</b>        | <b>2014</b>     | <b>2015</b>     | <b>2016</b>     | <b>2017</b>     | <b>2018</b>     | <b>2019</b>     | <b>2020</b>       |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-------------------|
| Year 1                                    | 26,915.00       | 29,305.00       | 33,335.00       | 35,436.00       | 36,537.00       | 43,342.00       | 53,294.00         |
| Year 2                                    | 28,098.00       | 28,395.00       | 32,677.00       | 34,927.00       | 39,059.00       | 44,120.00       | 52,367.00         |
| Year 3                                    | 25,299.00       | 28,395.00       | 32,677.00       | 34,927.00       | 39,561.00       | 38,383.00       | 37,195.00         |
| Year 4                                    | 24,263.00       | 27,640.00       | 30,241.00       | 28,137.00       | 39,585.00       | 23,663.00       | 37,195.00         |
| Year 5                                    | 23,491.00       | 26,907.00       | 27,299.00       | 23,954.00       | 27,564.00       | 18,025.00       | 32,501.00         |
| Thereafter                                | 64,506.00       | 55,028.00       | 36,036.00       | 13,258.00       | 403,450.00      | 166,311.00      | 245,702.00        |
| Total Minimum Payments                    | 192572.0        | 195670.0        | 192265.0        | 170639.0        | 585756.0        | 333844.0        | 458,254.00        |
| Less: Cumulative Interest                 | 35073.6         | 33613.2         | 29698.5         | 23229.1         | 206736.6        | 83413.6         | 114,698.23        |
| <b>PV of Minimum Payments</b>             | <b>157498.4</b> | <b>162056.8</b> | <b>162566.5</b> | <b>147409.9</b> | <b>379019.4</b> | <b>250430.4</b> | <b>343,555.77</b> |
| <b>Implied Interest in Year 1 Payment</b> | <b>#DIV/0!</b>  | <b>7874.9</b>   | <b>8102.8</b>   | <b>8128.3</b>   | <b>7370.5</b>   | <b>18951.0</b>  | <b>12521.5</b>    |
| Pre-Tax Cost of Debt                      | 5.00%           | 5.00%           | 5.00%           | 5.00%           | 5.00%           | 5.00%           | 5.00%             |
| Years Implied by Year 6 Payment           | 2.7             | 2.0             | 1.3             | 1.0             | 14.6            | 9.2             | 7.6               |
| Expected Obligation in Year 6 & Beyond    | 23491           | 26907           | 27299           | 13258           | 27564           | 18025           | 32501             |
| <b>Present Value of Lease Payments</b>    |                 |                 |                 |                 |                 |                 |                   |
| PV of Year 1                              | 25633.3         | 27909.5         | 31747.6         | 33748.6         | 34797.1         | 41278.1         | 50756.2           |
| PV of Year 2                              | 25485.7         | 25755.1         | 29639.0         | 31679.8         | 35427.7         | 40018.1         | 47498.4           |
| PV of Year 3                              | 21854.2         | 24528.7         | 28227.6         | 30171.3         | 34174.3         | 33156.7         | 32130.4           |
| PV of Year 4                              | 19961.2         | 22739.5         | 24879.3         | 23148.4         | 32566.7         | 19467.6         | 30600.4           |
| PV of Year 5                              | 18405.8         | 21082.3         | 21389.5         | 18768.6         | 21597.1         | 14123.1         | 25465.4           |
| PV of 6 & beyond                          | 46158.1         | 40041.7         | 26683.4         | 9893.3          | 220456.5        | 102386.9        | 157104.9          |
| Capitalized PV of Payments                | 157498.4        | 162056.8        | 162566.5        | 147409.9        | 379019.4        | 250430.4        | 343555.8          |

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