

## RESTRUCTURING

# Moelis ups the ante in Europe

Aedy begins to build team

Restructuring opportunities top of agenda

**Louise Bowman**

When Moelis & Co recently announced the hire of former Merrill Lynch head of EMEA investment banking Mark Aedy, it was a sign of the seriousness with which the upstart US investment bank was approaching its expansion into Europe.

When one of the first things Aedy did in his new position was to hire the restructuring team of Matt Prest and Charles Noel Johnson from Close Brothers it became clear that Moelis had strong ambitions for the region – and for restructuring business in particular. Prest and Noel Johnson have lengthy experience advising complex restructurings across a range of industries in Europe.

Moelis & Co was established in July 2007 by ex-UBS banking president Ken Moelis. Following rapid US growth, the firm hired Kristian Bagger from Deutsche Bank to establish a European presence in early 2008. With Aedy now in place as head of Moelis's European business, the stage is set for the firm to see whether it can replicate its remarkable US rise in this region and Asia.

### Little ambiguity

That some of the first key hires Aedy has made are for restructuring leaves little ambiguity about where the firm sees opportunity, at least in the short term. "Our restructuring hires will be fundamental to our success over the next two to

three years," Aedy says.

Aedy spoke to *Euromoney* during a break between interviewing candidates for his new London team. He is excited at the prospect of marrying the ex-Close Brothers team's restructuring contact book with his own extensive investment banking experience.

"The addressable audience for restructuring is pretty wide," he says. "It is not just the corporates but the banks and bondholders and governments as well." A significant percentage of Moelis's US revenues have come from restructuring and the expectation must be that the same will be the case for Europe. "Adding Matthew and Charles to our team demonstrates our commitment to establish the firm as a premier provider of restructuring advice in Europe," said chief executive Ken Moelis when the hires were announced.

Moelis is not alone in this ambition and joins a host of other debt advisory firms hoping to establish themselves as restructurers of choice in the region.

### The right people

Given the likely demand for restructuring talent, hiring the right people is crucial. Plenty of ex-leveraged finance bankers are busy transforming themselves into debt advisers and plenty of banks are relabelling staff as restructuring experts but Aedy believes that it is past experience at the coalface that will count. "If you are at the tough end of a restructuring you win the chief executive's confidence," he says. "It is a wonderful calling card."

While restructuring is an obvious business line to pursue in the near term, it should also lay some firm foundations for future opportunities once the environment improves. Restructuring mandates should be transformed into an important source of deal flow M&A for any adviser in 18 months' to two years' time. This is a strong rationale for investing in the business now, and Aedy dismisses the counter-



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**Mark Aedy, Moelis & Co**

argument that restructuring fees are too low and the activity too people-intensive for it to pay its way. "Fees are not low, this is retainer income and it lays the groundwork for subsequent business," he explains.

Aedy's long-term goal is to see Moelis's European business become as important to the bank as its US business. This will be quite a challenge: Moelis & Co made it into the top 20 US M&A advisers within 18 months of launch. The firm's first European mandate was as adviser to Taylor Nelson Sofres in its \$2.8 billion takeover by WPP last year.

The ex-Close Brothers team's reputation and contacts in conjunction with his own network of connections is clearly an integral part of his strategy, but Aedy emphasizes how important it is to be at a firm where he can make long-term decisions and take advantage of opportunities that could take three to five years to materialize.

"The 'eat what you kill' philosophy [at some firms] is fine but it does not foster a partnership culture," he says. "You have to breed this. If a colleague from the US calls asking for help your first question should be 'What flight should I get on?' not 'How much of the revenue will I share?'"

**Matt Prest is one of Mark Aedy's new hires**

