

Moelis Planning More Overseas Growth

Mark Aedy, head of EMEA investment banking at Moelis & Co., discussed his firm's plans to continue growing overseas in a recent interview with IDD.

By Joshua Hamerman

Like his colleagues in the U.S., Mark Aedy objects to the use of the term "boutique" to describe his firm, Moelis & Co.

"We don't feel that Moelis & Co. should be labeled as an M&A boutique because we have the aspiration to be the next great global investment bank while maintaining our client-focused culture," says Aedy, the firm's head of investment banking for Europe, the Middle East and Africa. "A 'boutique' has a sense of narrowness to it both in breadth of product capability and in aspiration, but Moelis has M&A, restructuring, private equity and capital markets capabilities, so we have a number of arrows in our quiver beyond vanilla M&A."

Aedy is stationed in the firm's London office, which was established in September 2008. One of the first senior bankers hired for the branch was Kristian Bagger, a managing director who joined from Deutsche Bank. While working for the German banking giant, Bagger served as vice chairman of investment banking and head of Nordic and Benelux investment banking. He was also head of Deutsche's health-care, industrials and consumer banking groups in those regions during his tenure.

When news of Moelis & Co.'s London branch broke, the office housed four professionals. Today, it has about 20.

Aedy came aboard in June. The nine-year Merrill Lynch veteran had served as head of EMEA investment banking, one of six managing directors in charge of global investment banking (following Merrill's acquisition by Bank of America, Aedy was named head of EMEA corporate and investment banking at the combined firm). During his tenure at Merrill, he also helped build up the firm's presence in EMEA industrials sectors such as metals/mining and aerospace/defense

as head of EMEA multi industrials banking. Prior to Merrill, Aedy, who began his investment banking career in 1979, was a managing director at Deutsche Bank and Bankers Trust.

Moelis & Co., co-founded by former UBS rainmaker Ken Moelis and several colleagues in July 2007 (see earlier profile), will continue to bulk up its EMEA personnel ranks, but Aedy does not have specific quotas or time frames in mind.

"I don't have a specific headcount quota and I wouldn't want one. I want to get this right slowly rather than wrong quickly. In this environment, with this level of uncertainty, there is a wide spectrum of talent in the market and I'm keen on making the Moelis name associated with hiring excellent talent."

In July, the firm announced it hired Caroline Silver, most recently vice chairman of EMEA investment banking at Bank of America Merrill Lynch, as a London-based managing director. Silver, who primarily works with financial institutions, also spent 14 years at Morgan Stanley, where she was global vice chairman of investment banking and head of European financial institutions and restructuring (Aedy hired her away from Morgan Stanley for Merrill). She will lead Moelis & Co.'s EMEA FIG practice.

Moelis & Co. also recently recruited Kasim Kutay, previously chairman of Morgan Stanley's European healthcare group, to develop its own European healthcare practice. In April, the firm announced it added Matthew Prest and Charles Noel-Johnson from Close Brothers to build its European recapitalization and restructuring business. Prest now leads an eight-person team dedicated to European restructurings, an area Aedy predicts will be a profitable one for the firm over the next two to three years. Prest's group advises European arms of the firm's U.S. restructuring clients,

and has also picked up domestic clients (no formal Chapter 11 process exists in Europe, so those assignments are so far confidential).

The above high-profile additions make it easier for Moelis & Co. to compete with bulge brackets. “People like Caroline [Silver] and Matt [Prest] are first-rate individuals and we are going to continue to hire with the aim of having the full menu of industry capabilities you’d see at a large-scale investment bank,” Aedy says. “We are continuing to hire the best available talent from the leading firms. For example, Caroline Silver is one of the top financial-institution bankers in the European market and I’m sure the major financial institutions in Europe will want to hear her opinion. I’m very aware of the capabilities of the bulge-bracket firms, so the quality of our content, soundness of judgment and the integrity of our advice has to be absolute and superior to our peers. It all comes down to the caliber of the people we hire — we focus on having people with established client relationships at a time when a lot of companies have seen so much change in personnel at the banks and subsequent disruption of coverage that they’re unsure where their strong relationships are.”

Moelis & Co. and other young firms appeal to U.S. and overseas clients for the same reasons, says Aedy. “To some extent, we and other independent advisory houses offer differentiated services to corporates because we are unconflicted by lending or proprietary trading positions. Corporates, governments and private equity houses want to be sure their advisor is working in the interest of the client rather than the broader bank, and I can say based on previous experience that conflict resolution is a big issue at large, integrated financial firms.”

Aedy declined to divulge the size of the fees Moelis & Co. charges clients, but he says they are not lower than those charged by bulge brackets. “We’re not a discount house. If you appoint Moelis & Co., you should expect to be getting equal, if not higher, caliber individuals than competitors at bulge brackets.”

Moelis & Co. would like to open offices in Paris and Frankfurt (the U.K., France and Germany account for about 70-75% of the European fee pool), but the firm has not yet found the right professionals to establish them, says Aedy. Until French and German offices and practice leaders are hired, the industry groups in the London office will continue to cover the French and German markets. Aedy, having

worked with clients such as German conglomerate Siemens AG, will continue to cover EMEA industrial companies.

Last month, Moelis & Co. announced the establishment of an office in Sydney to cover the Australian and Asian markets. The Sydney office is the firm’s sixth globally — besides London, Los Angeles, Chicago, Boston and New York — and is so far staffed with five professionals.

“There is a disproportionately large real estate market opportunity in Australia which can only positively impact our efforts in the U.S. and Europe,” says Aedy. “Additionally, as many major metals and mining firms are based in Australia, I believe that our Sydney office will also help us broaden our capabilities in that sector.”

Moelis & Co. also expects more assignments from the Middle East. “We’ll certainly be marketing to governments, private equity firms and corporates in the region — the same way we structure our coverage of Western Europe,” says Aedy, who was stationed in Bahrain and Dubai at the beginning of his career and helped Merrill build its Middle Eastern presence. The FIG practice Silver will oversee will likely work with sovereign wealth funds in the Middle East and other regions. The firm has already worked with at least one Middle Eastern client — Dubai World. Earlier this year, Moelis & Co. and Perella Weinberg Partners co-advised the holding company on the restructuring of its joint venture agreement with MGM Mirage (the two entities have a shared ownership stake in the soon-to-be-completed CityCenter hotel and casino project in Las Vegas), as well as its revised agreement with CityCenter lenders.

On the capital markets side, Moelis & Co. has worked on two common stock offerings and one fixed income deal, and wants to grow that business (see related story). Aedy says the EMEA arm also intends to strengthen its presence on the capital markets side, and may have the chance to do so while advising European banks, since those institutions are increasingly asking for assistance on matters related to the shape and content of balance sheets as opposed to M&A.

According to Thomson Reuters, Moelis & Co. has so far advised on only one publicly announced EMEA deal. Along with Deutsche and JPMorgan Cazenove, the firm worked with U.K. market research provider Taylor Nelson Sofres on its \$1.1 billion sale to U.K. marketing powerhouse WPP Group, which closed in November. The merger created the world’s second-largest market research provider, after Nielsen.