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## Moelis Seeks \$1.58 Billion Valuation in Public Offering

By Leslie Picker and Zeke Faux - Apr 4, 2014

[Moelis & Co. \(MC\)](#), the investment bank founded seven years ago by [Kenneth Moelis](#), is seeking a valuation of as much as \$1.58 billion in its initial public offering.

Moelis may raise as much as \$243.5 million by selling 8.4 million shares for \$26 to \$29 each, assuming underwriters exercise an option to buy more stock, according to a [filing](#) today. At the top of the range, the company would have a market value of \$1.58 billion, the filing shows.

Ken Moelis, 55, and his partners are planning to capitalize on the company's growth and a rebound in the pace of mergers and acquisitions worldwide. About \$141 million of the proceeds will be used to make payments to partners, and the IPO is structured so that Moelis will maintain control with 97 percent of the combined voting power in the firm, the filing shows.

"Now is probably a good time to be a seller into the IPO market," said [Peter Nesvold](#), a managing director at merger advisory firm Silver Lane Advisors LLC in New York. Having a publicly traded stock will help Moelis pay and keep its top bankers, he said.

With U.S. stock benchmarks at record highs, investors are snapping up new stocks. Companies that have raised \$15 billion in U.S. IPOs so far this year are up 19 percent since their debuts, on average, data compiled by Bloomberg show.

### Discounted Offering

The IPO price is expected to be set on April 15, data compiled by Bloomberg show.

Moelis, who left UBS AG to start his firm -- drawing on a list of clients gathered while also working at Drexel Burnham Lambert Inc. and Donaldson Lufkin & Jenrette -- is joining a small group of Wall Street dealmakers who've cashed in on their success by taking their firms public. Evercore Partners Inc., the firm co-founded by former U.S. Deputy Treasury Secretary Roger Altman, raised \$83 million in August 2006 and Robert Greenhill's [Greenhill & Co. \(GHL\)](#) conducted a share sale in May 2004.

At the \$1.58 billion valuation, Moelis is seeking almost 23 times 2013 earnings of \$70.2 million. Moelis said earnings would have been \$55.7 million last year, if adjusted for the higher taxes the partnership will pay once its a public company. Evercore and Greenhill trade at about [33 times](#) earnings, data

compiled by Bloomberg show.

Evercore fell 2.8 percent to \$53.73 in New York today, giving it a market value of \$2.16 billion. Greenhill dropped 3.9 percent to \$50.20, for a value of \$1.42 billion.

## M&A Ranking

“The demand for financial IPOs hasn’t been very strong,” Josef Schuster, founder of Chicago-based IPOX Schuster LLC, said by phone. “Moelis’s valuation reflects the increased competition and limited growth opportunity in investment banking today.”

Moelis ranked 12th among merger advisers in 2013, its highest ever position, after advising companies such as HJ Heinz Co. on \$134 billion in transactions last year, according to data compiled by Bloomberg. Among advisers of deals this year, Moelis ranks 40th, the data show.

Companies have announced \$668 billion of acquisitions so far this year, 28 percent more than a year ago, data compiled by Bloomberg show.

The firm increased its revenue by 6.6 percent to \$411.4 million in 2013, the filing shows. At the end of the year, the firm had 317 bankers, after cutting its staff by 7 percent. Compensation costs fell to 64 percent of revenue from 71 percent in 2012, the filing shows.

Goldman Sachs Group Inc. and Morgan Stanley are running the share sale, for which Moelis, JPMorgan Chase & Co., and UBS are also among the firms listed as underwriters, according to its prospectus.

Moelis has applied to list its shares on the New York Stock Exchange.

To contact the reporters on this story: Leslie Picker in New York at [lpicker2@bloomberg.net](mailto:lpicker2@bloomberg.net); Zeke Faux in New York at [zfaux@bloomberg.net](mailto:zfaux@bloomberg.net)

To contact the editors responsible for this story: Mohammed Hadi at [mhadi1@bloomberg.net](mailto:mhadi1@bloomberg.net); Peter Eichenbaum at [peichenbaum@bloomberg.net](mailto:peichenbaum@bloomberg.net) Steve Dickson