

MOELIS & COMPANY

To our Clients, Colleagues and Shareholders

April 2019 marks five years since Moelis & Company began trading on the New York Stock exchange. Since listing publicly we've doubled the size of our firm, grown revenue by 115% and returned nearly \$15 per share of cash dividends back to our shareholders. Not only are we excited by *what* we've achieved over the years, but we are profoundly proud of *how* we've achieved these exceptional results for our employees, clients, and shareholders.

In 2018 we continued to execute our organic growth strategy by expanding our capabilities into new products and sectors while maintaining our cost discipline and increasing revenues. We reported record annual revenues of \$886 million, an increase of 29% from 2017, added ten Managing Directors through internal promotion and key hires, and launched our new Shareholder Defense Advisory and Capital Solutions offerings.

REVENUE GROWTH (\$MM) AND 5 YEAR CAGR



Amid an increasing number of publicly traded peers, we believe our commitment to growing organically is what sets Moelis & Company apart. Since listing the Firm five years ago, our philosophy has been to invest in our business while returning 100% of our excess cash to our shareholders. In keeping with our

strong financial discipline, 2018 marked yet another year with no debt or goodwill on our balance sheet which has allowed us to return nearly 60% of our IPO price to our shareholders in the form of dividends to date. In 2018 our shareholders received \$4.66 per share in dividends which included \$1.91 per share in regular dividends and two special dividends that totaled an additional \$2.75 per share. 2018 represented the second consecutive year in which we issued two special dividends and increased our regular dividend.

EXCESS CASH RETURNED PER SHARE



The benefit of our organic growth strategy is apparent when looking at tangible metrics like Total Shareholder Return, but understanding the long-term value generated from our commitment to

internal talent development and culture building is less obvious and equally as important. It is nearly impossible to quantify some of our largest and most important assets simply because they do not appear on our balance sheet. Culture and relationships take years to nurture and, when developed properly, become the most significant asset of our business – yet there is no line item on our balance sheet to recognize it as such.

Helping our clients SUCCEED

Relationships remained the key to our success and the success of our clients in 2018. Our dialogue with clients remained strong throughout the year as Boards and C-Suites continued to seek independent strategic advice amid the rapid pace of change. Despite some volatility in the fourth quarter, macro conditions continue to be positive and CEO confidence remains high. While trade tensions, increased regulatory scrutiny, changes to monetary policy, and geopolitical uncertainty can create temporary headwinds in the market, the current combination of low interest rates, strong equity markets, deregulation, open financing markets, and record levels of capital flowing to private equity continue to represent a constructive market backdrop.

Fostering WORLD CLASS talent

We finished 2018 with the addition of 10 new Managing Directors, five of which reached partner level through internal promotion. For the first time in our history, our most recent class of MD promotes included a banker who started their career with Moelis & Company as an Analyst. To-date, over 30% of our 130 Managing Directors are internal promotes. We are committed to increasing that percentage in the years to come and have already achieved tremendous success in the five years since our IPO.

Of the 44 Managing Directors we've added since going public, more than 50% of them were internally promoted.

As we continue to focus on growing our business organically and fostering world-class talent through enhanced internal development initiatives, there remains a strong pipeline of talent working their way up the ranks at Moelis & Company. With a visible path to the senior levels of our firm and ample learning opportunities, our retention rates remain strong. Over 40% of our current Executive Directors started with Moelis & Company as an Analyst or Associate and over 80% of current Vice Presidents joined the Firm as either an Analyst or Associate. In the three years since its launch, over 100 newly promoted VPs, EDs, and MDs have completed our unique *Moelis @ Wharton Leadership Development Program*, through which they take part in a three day hands-on leadership training program on-site at the University of Pennsylvania.

Our culture of collaboration, flexibility, and high performance also continues to attract an increasing number of bright, diverse, and dynamic junior talent. Our junior bankers benefit from ongoing banker training courses and early exposure to complex and engaging work. Through our newly-created *Moelis Anywhere Program (MAP)*, we've made it easier for our high performing Analysts and Associates to gain new experiences and take advantage of our global footprint by applying for 12 month roles in other Moelis offices around the world.

Our focus on talent development and organic growth over the past 12 years has created a strong, distinct, and consistent one-firm culture. Internal development has allowed us to deliver more cohesive and collaborative advice to our clients while creating broader and deeper client relationships around the world. Our approach

produces a rare win-win-win for all of Moelis & Company's stake holders: our clean balance sheet with no debt or goodwill allows us to return all excess cash to shareholders, our clients get world-class advice, and our employees are empowered, well-compensated, and supported throughout their careers. We believe this formula continues to be the best way to create a sustaining, self-generating platform that benefits our clients, our shareholders, and our employees today and in the years ahead.

Sincerely,



Ken Moelis
Chairman & CEO
Moelis & Company

Note:

1. Dividends have been paid out of excess cash flow generated during the period. As such, dividends have been paid on a quarter lag. The chart included herein represents cash dividends paid in Q2 2014 - Q1 2015 with respect to performance in the fiscal year ended 2014, Q2 2015 - Q1 2016 with respect to performance in the fiscal year ended 2015, Q2 2016 - Q1 2017 with respect to performance in the fiscal year ended 2016, Q2 2017 - Q1 2018 with respect to performance in the fiscal year ended 2017, and Q2 2018 - Q1 2019 with respect to performance in the fiscal year ended 2018.

This letter contains forward-looking statements, which reflect our current views with respect to, among other things, our operations and financial performance. You can identify these forward-looking statements by the use of words such as "may," "might," "will," "should," "expect," "plan," "anticipate," "believe," "estimate," "intend," "predict," "potential" or "continue," the negative of these terms and other comparable terminology. These forward-looking statements, which are subject to risks, uncertainties, and assumptions about us, may include projections of our future financial performance, based on our growth strategies and anticipated trends in our business. These statements are only predictions based on our current expectations and projections about future events. There are important factors that could cause our actual results, level of activity, performance or achievements to differ materially from the results, level of activity, performance or achievements expressed or implied by the forward-looking statements. In particular, you should consider the numerous risks outlined in our Annual Report on Form 10-K, including under the caption "Risk Factors," filed with the Securities and Exchange Commission and available on our website at www.moelis.com. Although we believe the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, level of activity, performance or achievements. Moreover, neither we nor any other person assumes responsibility for the accuracy or completeness of any of these forward-looking statements.

You should not rely upon forward-looking statements as a prediction of future events. We are under no duty to and we do not undertake any obligation to update or review any of these forward-looking statements after the date of this letter to conform our prior statements to actual results or revised expectations whether as a result of new information, future developments or otherwise.