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Milken Panel Asks: Where Are the Deals?

By KEVIN ROOSE

LOS ANGELES — A Monday morning panel called "Outlook for M.&A." at the Milken Institute Global Conference was, thankfully, slightly more interesting than its title would indicate.

The lineup included Anthony Armstrong, the co-head of Americas mergers and acquisitions for Credit Suisse; Maria Boyazny, the chief of MB Global Partners; James Casey, co-head of global debt capital markets for JPMorgan Securities; Tilman J. Fertitta, the chief of the restaurant giant Landry's; and Raymond McGuire, Citigroup's global head of corporate and investment banking.

The panel's conversation sounded, at times, like a murder mystery, with all four panelists trying to answer one perplexing riddle: Now that the markets have recovered from the lows of 2008 and 2009, why aren't more mergers and acquisitions being done?

"We should have a higher level of M.&A. activity," Mr. McGuire said.

"I'm surprised there isn't more M.&A. out there," Mr. Fertitta added.

"One would think, in this environment," Ms. Boyazny said, trailing off.

The hurdle to deal activity, most panelists agreed, was a troika of macroeconomic uncertainty (Europe), regulatory uncertainty (Dodd-Frank) and a sort of general, inchoate uncertainty about both the debt and equity markets.

Mr. Casey of JPMorgan said that the debt markets, a big piece of the puzzle for most big deals, were actually functioning well.

"Valuations are pretty reasonable right now, debt capital is easily accessed, equity capital is pretty easily accessible," he said. "What's missing is confidence."

Mr. Fertitta disagreed with the panel, saying that he didn't believe the naysayers on the deal environment.

"I've bought two public companies in the last 90 days," he said. "I'd do it again. The debt market for us is very good right now."

Hostile takeovers came up next. Mr. Armstrong of Credit Suisse said that "the amount of hostile dialogue has picked up considerably" among his clients.

Mr. Armstrong said that many of his clients were interested in doing hostile deals, but few were pulling the trigger because they feared the twin risks of going hostile: losing out to a rival or having a deal fall through.

"They want to do a deal they can control and have a fair amount of certainty that it'll get done," he said.

As the conversation turned to regulation and China, the cellphone of an older, pinstripe-suited Global Conference attendee sitting beside DealBook rang. The back of the room filled, briefly, with the refrain of Rihanna's "Only Girl."

The Global Conference, DealBook is learning, is full of surprises.

DealBook will be bringing updates from conference sessions as warranted. (You can also follow the conference's Twitter hashtag, #2012GC, for frequent updates from other conference attendees.)