

# Case study: Moto Morini – ZNEN (1/2)

Translink Corporate Finance acted as exclusive sell-side advisor for Moto Morini

October 2018

Italy | China



Acquired 100% of



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Advisor to the sellers

## Transaction Highlights

- The CHINA ZHONGNENG VEHICLE GROUP CO., LTD. with its own brand ZNEN has become a leading operator in the domestic two-wheeler sector, with particular focus on light motorcycles, scooters and electric scooters segments
- MOTO MORINI is one of the most famous and historic brands in the Italian motorcycle scene
- ZNEN acquired 100% of Moto Morini
- TRANSLINK acted as exclusive sell-side advisor

## Translink activity and Deal description

- Despite MOTO MORINI was an historical and famous brand, the company, relaunched in 2012 after the bankruptcy, presented limited revenues and negative results
- We structured a realistic but solid Business Plan to demonstrate the growth prospects of the business
- Moreover, we structured a tailored Information Memorandum presenting the business but also underlining the emotional components related to a such iconic brand in the two-wheeler sector
- We identified specific regions (above all China) where we focused our research activities (having said that, we addressed our research to all the countries where Translink has a presence)
- Especially in China, we tried to identify medium-sized potential buyers or local entrepreneurs (already active in the two wheelers sector)
- We arrived in an advanced phase (please, see page 5 of this document) with five potential buyers:
  - Two mid-sized company from China
  - Two entrepreneurs (one from HK/China and one from Indonesia)
  - One European large motorcycles distributor
- We entered in PHASE 5 (please, see page 5 of this document) with two potential buyers: one of the two Chinese mid-sized company (ZNEN) and the Chinese entrepreneur
- Both the two potential buyers had access to a physical data room and made a binding offer
- We negotiated and, at the end executed the SPA with ZNEN
- Closing in October 2018, after the mandatory “green light” from Chinese Government

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## Transaction effects

- The acquisition by ZNEN will allow the strong relaunch of MOTO MORINI
- For the 2019 EICMA Exhibition, MOTO MORINI will present a completely new range of products
- Thanks to ZNEN's strong capability and expertise, MOTO MORINI will benefit of a significant price reduction for components; this, will allow the company to be more competitive in the European markets
- ZNEN will leverage MOTO MORINI brand in China to sell its new high-end range of motorcycles
- ZNEN will benefit of the strong R&D competences and know-how of MOTO MORINI

## «Tips»

- Chinese buyers are strongly interested in investing in Italian brands and know-how in the two-wheelers sector (there are several incentives from Chinese Government)
- The timing of the mandatory «green light» from the Chinese Government looks very long, but it is «manageable»
- The other Chinese mid-sized company and the HK/Chinese entrepreneur was strongly interested to the technological know-how of MOTO MORINI, with specific regard to the production (assembly) of the engines
- More in general, we learned that there are several players (in Italy, Europe and Asia), interested in acquiring technological know-how for the production (assembly) of engines
- We entered in very good relationships with two-wheelers experts (professional with a strong sector knowledge and high reputation) that we can activate for this potential mandate