Case study: Moto Morini – ZNEN (1/2)

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



Transaction Highlights

Translink activity and Deal description

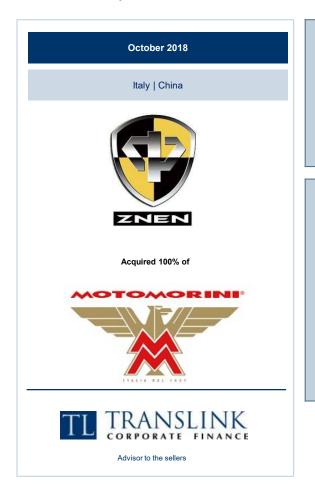
- The CHINA ZHONGNENG VEHICLE GROUP CO., LTD. with its own brand ZNEN has become a leading operator in the domestic two-wheeler sector, with particular focus on light motorcycles, scooters and electric scooters segments
- · MOTO MORINI is one of the most famous and historic brands in the Italian motorcycle scene
- ZNEN acquired 100% of Moto Morini
- TRANSLINK acted as exclusive sell-side advisor
- 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 <u>tailored Information Memorandum</u> presenting the business but also underlining the emotional components related to a such iconic brand in the two-wheeler sector
- We identified <u>specific regions (above all China) where we focused our research</u> activities (having said that, we addressed our research to all the countries where Translink has a presence)
- Especially in China, we tried to <u>identify medium-sized potential buyers or local entrepreneurs</u> (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 <u>PHASE 5</u> (please, see page 5 of this document) <u>with two potential buyers</u>: 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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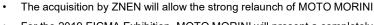
Case study: Moto Morini – ZNEN (2/2)

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Transaction effects

«Tips»



- 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

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- <u>Chinese buyers are strongly interested in investing in Italian brands and know-how in the two-</u> 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 <u>other Chinese mid-sized company and the HK/Chinese entrepreneur was strongly interested to</u>
 <u>the technological know-how of MOTO MORINI, with specific regard to the production (assembly) of</u>
 the engines
- More in general, we learned that there are <u>several players</u> (in Italy, Europe and Asia), <u>interested in acquiring technological know-how for the production (assembly) of engines</u>
- 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

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