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# Weichai Group

- ▶ Established in 1946. Total revenue exceeds over 40 billion Euro. Total Employees over 80 thousand people
- ▶ Among the most competitive auto-makers and equipment manufacturing companies in China. Ranked number 2 in top 100 enterprises of mechanical industry in China
- ▶ In 2004, it was listed in Hong Kong and returned to the mainland stock market in 2007. Currently, there are total of 7 companies listed in Chinese and foreign stock markets
- ▶ 6 key business areas: Powertrain, Intelligent Logistics, Automotive, Construction Machinery, Luxury Yacht, and Finance

# Weichai Group in Europe

- ▶ Until 2017, revenue in Europe alone exceeds 13 billion Euro, contributes to more than 30% of the Group revenue
- ▶ Investment in Europe Started in 2010 after the financial crisis. It has been a challenging experience starting from scratch
- ▶ 2010, acquisition in Baudouin, a French company in Marine Engines
- ▶ 2012, acquisition in Ferretti Group in Italy
- ▶ 2012, KION Group and Linde Hydraulic in Germany
- ▶ 2013, KION Group listed in Germany

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# Post -Acquisition Challenges

## *-Ferretti Group Italy*

- ▶ Various challenges on strategies, management, and culture integration
- ▶ Debt Purchase Acquisition, complicated transaction structures plus foreign judications
- ▶ Multi-brands and multi-shipyards in 7 different cities
- ▶ Sales in more than 60 markets globally
- ▶ More than 10 past acquisitions with poor integrations and divided management values
- ▶ Previously controlled by investment fund, operational decisions were not adopted to local conditions and market objectivities

# Weichai's Experiences

## *Effective Allocation of Group Resources*

- ▶ Tailored expat team from Weichai aiming for higher goals
  - ▶ Top management localization
  - ▶ Middle management penetration
  - ▶ Board of directors constrains
- ▶ Effective and timely decisions and support for all Ferretti's needs
  - ▶ Guarantees for sale orders
  - ▶ Investment in R&D and employees
  - ▶ Development in China

# *Management Innovation and Sustainability*

- ▶ Revolutionize management system from the traditional yacht manufacturing to industrial management mode in order to reengineer supply chain
- ▶ Strengthening the forward-looking nature of budgeting, considering execution rigidity and linking with assessments
- ▶ Focus on long-term investment plan and products sustainability
- ▶ Focus on the application results of new materials, processes, and technologies
  - ▶ The sales volume of new products completed in the three-year period has exceeded 70%

# *Personnel and Talent Engineering*

- ▶ Reform the manager circle culture with southern European characteristics
- ▶ Breaking the regional closure in introducing talents and using talents
- ▶ Management's salaries and incentives are market-oriented and transparent
- ▶ Prevent blue-collar worker layoffs and improve management abilities
- ▶ Focus on producing management team suitable for international markets



# *Market & Customer Oriented Operation and Innovation*

- ▶ Continuously strengthen the market-oriented philosophy
- ▶ Decision makings according to customer's needs and production plant's opinions
- ▶ Integrated global operation control and unified coverage of IT systems
- ▶ Reform the original management mode of multi-brand and multi-shipyard independent operations
  - ▶ Centralized purchasing
  - ▶ modular production
  - ▶ distribution system optimization

# Corporate Culture and Social Responsibility

- ▶ Ethics and integrity run through governance
- ▶ Respect local laws and culture
- ▶ Actively involve in societal celebrations and charities
- ▶ Handle relationships of all levels with principles, laws, and regulations
- ▶ Protect shareholder rights



# Confidence

- ▶ In the past 40 years, the reform and opening up of the Chinese economy has shaped generations of leaders who respect the market, dare to take responsibilities with bold entrepreneurial spirit, and are adaptive to changes
- ▶ The recognition that many European business managers have grown up in a society with historical superiority and their consciousness regarding reform, responsibilities, market awareness, and innovation need to be improved
- ▶ There are great synergies and complementarities among Chinese and European companies. European companies have mature industrial 4.0 concepts and practices, historically accumulated brand assets, and traditional industrial know-how. All of these can be carried forward and further developed in the gigantic Chinese market.



Thank You !