Take Your Family Business to the Next Level. List on the Swiss Stock Exchange.

Lay the foundation for a seamless and transparent succession by going public with your family business.

Family businesses are the economic backbone of our society and are valued, built upon and passed on from generation to generation. Today, around one-third of family businesses are passed on to the second generation, whereas less than 10% are passed on to the third and fourth generation respectively. Succession represents the core strategic responsibility facing all family business owners. With an IPO, family members can remain shareholders, in positions of leadership and at the same time, the company can obtain financing for growth.

Who Takes Over?
Around 75% of family businesses focus on passing on a business from one generation to the next. In reality, only around 45% of all family businesses are passed on within the family in a so-called family buy-out (FBO). Non-family succession solutions have gained in significance in recent years. The share of succession solutions follows the order¹ on the right hand side:

1. Family buy-out (FBO)
2. Management buy-out (MBO)
3. Management buy-in (MBI)
4. Trade sale to a strategic buyer (Corporate)
5. Trade sale to a financial buyer (Private Equity)
6. IPO

Family business owners are willing to forego substantial economic value in order to find a solution that satisfies their desire. This explains why family members (and friends) are able to acquire a company at favourable terms. In research this is known as “emotional pricing of resigning entrepreneurs”, meaning non-economic considerations play a crucial role in entrepreneurial exits. Consequently, this aspect is an important exit-outcome variable.

¹The challenge of generation change, University of St. Gallen (Center for Family Business) and Credit Suisse, 2016; “I want this firm to be in good hands” – Emotional pricing of resigning entrepreneurs, University of St. Gallen, Nadine Kammerlander, 2014
We believe now is the right time to offer shares to the public, seek a listing and broaden our shareholder base. We believe the planned IPO will allow us to further increase awareness and visibility of Medacta and facilitate access to international talent. Our family and myself will remain strong majority shareholders in the long term and remain fully committed to Medacta and its patient-centred and innovative culture.

Francesco Siccardi, CEO, Medacta Group SA, 11 March 2019
Over the last decade, we have successfully transformed our family business from a manufacturer of tools to a global market and technology leader serving the worldwide growing gear industry. We believe that now is the right time to offer shares to the public, seek a listing and broaden our shareholder base. The planned IPO will allow us to take the company to the next level, to pursue additional growth and acquisition opportunities, and to raise our profile amongst customers, talent and other stakeholders around the world. Our family and myself will remain a major shareholder and will be fully committed to the company, and we will continue to foster a culture of customer centricity and innovation.

Jan Klingelnberg, CEO, Klingelnberg AG, 30 May 2018

Listed Family Businesses Outperform the Market
Studies² confirm that listed family businesses outperform the market and have an attractive risk/return profile. Family businesses tend to trade at a valuation premium and at historically high Price/Earnings multiples. The studies outline the following reasons for this:
- Focus on core business
- Good decision management (wrongly made decisions have a direct influence on the wealth of the family)
- Short-term oriented actions have a subordinated value whereas long-term oriented preservation is highly valued
- Efficient capital allocation and a high equity ratio lead to financial stability
- Higher profitability through more focused investments and Research & Development
- Focus on organic growth and less value-destructive M&A
- Reduced agency problematic (owner vs. management)

In developed countries, around 30% of the 20 largest listed companies per main market are family-controlled³. For the Swiss Stock Exchange, this percentage ratio is in the same region. One of the key distinguishing factors is the law and regulation that exists to protect minority shareholders (agency gap problematic). In Switzerland, the Swiss Takeover Rules ensure fair and transparent protection of shareholder rights for companies being listed on the Swiss Stock Exchange (for more information, see our separate publication).

Get in Touch
If you are interested in laying a foundation to ensure continuity for your family business and heritage, get in touch with our Primary Markets team at the Swiss Stock Exchange.

We look forward to hearing from you:
primarymarkets@six-group.com

For more information for issuers of equity securities, please visit: www.six-group.com/primarymarkets

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³ "Family-controlled" means if a person or a person acting in concert or a family controls directly or indirectly more than 20% of the voting rights

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