

## Five top Australian Success Stories

Small companies don't always mean small successes. With more potential to collectively outperform larger rivals, just as they have for seven out of the past ten years\*, the small cap universe is increasingly becoming one full of success stories for investors. Here we take a look at some of our biggest Australian successes to date.

### JB Hi-Fi

A true Australian success story that is still performing well today, JB Hi-Fi (JBH) had a strong focus and clear direction right from the start. Instead of focusing on just large or small electrical items, they concentrated on both so you would walk out of a store with the DVD player as well as several DVD's. They also knew exactly how they wanted to position themselves – as the store with the lowest cost of doing business. This allowed JBH to sell goods at discounted prices and still maintain attractive profit margins. Their lower prices became self fulfilling, with more clients meaning more profit. JBH was first listed in 2003 with around a dozen stores but today boast over 100 stores with more on the way.

### WorleyParsons

When John Grill, first started Worley Parsons (WOR) in 1974, his small team could never have envisaged the rapid growth they were set to experience. Today WOR boasts a workforce of over 32,000 people and is the third largest engineering company in the world. This growth is the result of the companies' unsurpassed reputation for quality engineering work together with well orchestrated and integrated strategic acquisitions. WOR specialises in the oil and gas industries which has allowed it to capitalise on the commodity boom and with the growing global demand for energy, this looks likely to continue.

### Fortescue

In 2003, Iron Ore was trading around US\$30 per ton and that's the year Fortescue (FMG) hit the scene. Fast forward only seven years and iron ore is today trading around US\$180 per ton. Back in 2003, Andrew Forrest, who still remains the Chief Executive of FMG today, was repeatedly questioned as to why he kept obtaining leases deemed uneconomic by companies such as BHP. We now know he is a man of vision as he had the foresight to see it was the perfect time to exploit the huge increase in demand for base metals from emerging China. Andrew was also instrumental in exploring transport options and with the shipping of iron ore starting in 2008, FMG's production ramped up rapidly.

### Asciano

Asciano (AIO) is one of Australia's largest listed infrastructure companies, with a primary focus on transport infrastructure, including ports and rail infrastructure. Asciano's portfolio of assets includes the Patrick facilities and businesses along with extensive rail assets and operations that sit within Pacific National – Australia's leading freight rail operator. Today AIO employs around 8000 people which is a far cry from when Captain James Patrick established Patrick Steamship Co. Ltd. to operate cargo services on the Australian coast in 1919. Patrick's dominance of the waterfront was not only the result of organic growth but through carefully planned strategic acquisition and integration of its competitors. Patrick's has had a colourful history with waterfront disputes but its success lies in the fact that it was able to negotiate enterprise agreements which reduced costs and improved productivity across its wide operations.

### Computershare

Computershare (CPU) can genuinely be considered an Australian success story. From modest beginnings in 1978, the company now employs over 10,000 people and provides services in 20 countries to more than 30,000 clients. CPU was listed on the ASX in 1994 and whilst its success initially came from consolidating those who tracked client shareholdings, its real growth was the result of acquisition and capitalising on increased economies of scale. Today, CPU is considered a world leader in share registration, employee equity plans, proxy solicitation and other specialised financial, governance and stakeholder communication services.

Don't miss your opportunity to be part of the next Australian success story. Discover the new Zurich Investments Small Companies Fund today. For more information, speak to your financial adviser.

### \*Mercer

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