



Iconic Australian Products and the Companies Behind Them

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Among the countless products and brands to have come out of our wide brown land, some stand out in our minds as iconic. These are the products that have gone beyond being items of simple commerce to plant themselves firmly in our consciousness and cultural identity. With Australia Day upon us, and the current state of the share market raising more questions about where to invest, why not have a think about some of our most loved products, and the companies behind them?

When you consider a list of iconic Australian products, it's interesting to see a trend towards lifestyle, nostalgia and an idealised image of Australian culture. Vegemite, VB and XXXX, the Hills Hoist, Holden cars, Four'N Twenty Pies and clothes by Billabong and RM Williams - these are symbols of leisure and sunshine.

Not many of us would think of electricity providers, IT, banks or financial services as iconic, even though these industries provide essential (or at least useful) services and keep many of us employed. To reach the status of icon, a product has to be timelessly attractive to consumers, which is also a fundamental box to check when looking for a good company to invest in.

Vegemite is arguably Australia's favourite brand. A 2008 survey by IBM found Vegemite to be the world's most loved brand, more popular than Coca-Cola, Sony and Nike. The research also revealed that 98% of Vegemite consumers are Australian, so to have ranked so highly in a world-wide survey just highlights how strongly those happy little Vegemites feel about their product. We love our Vegemite because it's quintessentially Australian, we send it to our expat friends overseas and enjoy the revulsion international visitors display on tasting it.

Of course, these days Vegemite is owned by US company Kraft Foods, so is slightly less Australian than we like to think. It's a similar story for other beloved Australian icons: the Victa mower, Speedo bathers and Tim Tams, so let's move on to those we can find on the ASX.

The Hills Hoist, as well as being an eminently useful object, also taps into a feeling of nostalgia for the simplicity of Australian suburban life. The only clothesline ever to have a starring role in an Olympics Opening Ceremony, the Hills Hoist was invented by Lance Hill in his Adelaide backyard in 1945. Hill and his brother-in-law started Hills Industries (ASX: HIL) taking the backyard operation to a multinational manufacturing enterprise. The company has since diversified its product range, and according to the website is now the Australia's largest antenna producer.

Hills Industries: HIL

- 2 Week High: \$5.30
- 52 Week Low: \$2.57
- Dividend Yield: 10.46%
- PE Ratio: 9.89
-

HILLS INDUSTRIES(HILAX): 2.64 +0.010

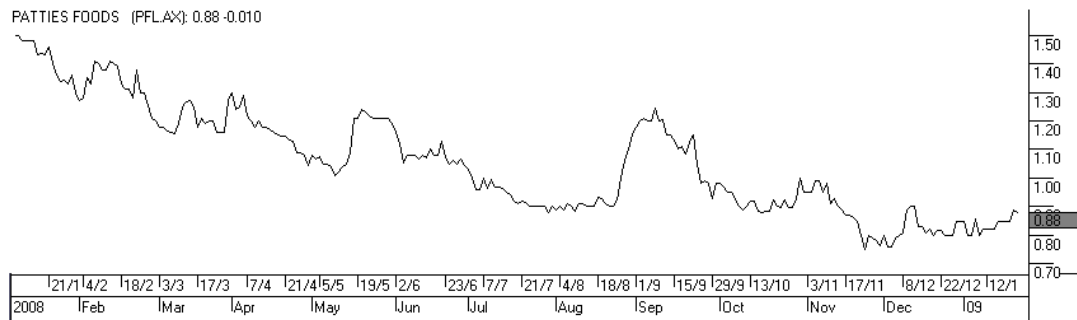


Products which can invariably be associated with leisure time and enjoyment, and which have mass appeal provide the basis of a sound investment. Four'N Twenty pies are arguably the most popular pies on the market in a nation of enthusiastic pie eaters. They are an institution for footy fans, and can be found in every supermarket, corner shop and school cafeteria around the country. In 2003 Patties Foods (ASX: PFL) purchased Four'N Twenty from US company Simplot, and has since gone on to entrench the pies as the Number 1 brand in the Australian retail frozen savoury segment (2006).

Patties Foods: PFL

- 52 Week High: \$1.465
- 52 Week Low: \$0.75
- Dividend Yield: 8.2%
- PE Ratio: 8.9

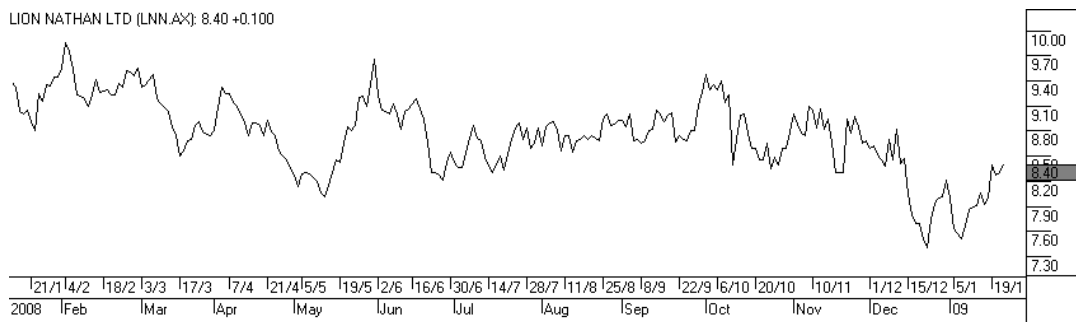
PATTIES FOODS (PFL.AX): 0.88 -0.010



Lion Nathan: LNN

- 52 Week High: \$9.99
- 52 Week Low: \$7.36
- Dividend Yield: 5.06%
- PE Ratio: 16.21

LION NATHAN LTD (LNN.AX): 8.40 +0.100

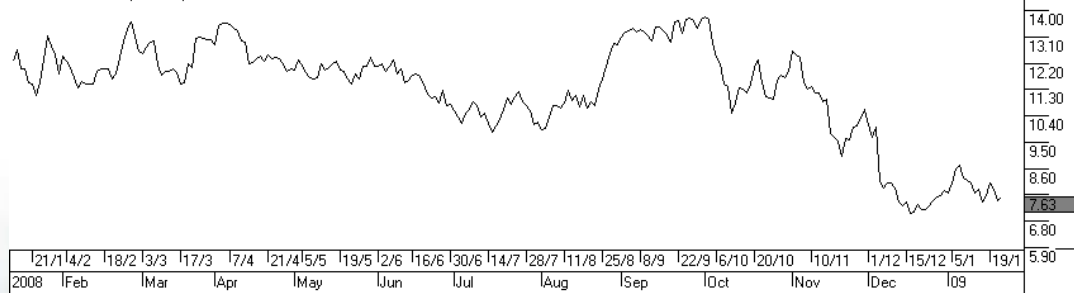


In more recent times, Billabong (ASX: BBG) has provided a modern and youthful brand which has been immensely popular, and until the recent general share market collapse, it was a success for investors. From the first pairs of boardshorts sewn on founders Gordon and Rena Merchant's kitchen table, Billabong has symbolised the sense of adventure, fun and daring of Australian surfers. After initial success Billabong was able to steadily expand the brand by moving surf clothes and accessories away from being exclusively worn at the beach. It now dominates the market and has a strong international presence.

Billabong: BBG

- 52 Week High: \$14.16
- 52 Week Low: \$6.68
- Dividend Yield: 7.4%
- PE Ratio: 8.75

BILLABONG INTL (BBG.AX): 7.63 +0.130



The feel-good factor associated with these iconic products may be unquantifiable but it's not without value. Next time you're looking for investment ideas, why not wave a little flag and set up a watchlist of your favourite Australian brands? In a turbulent stock market environment investors often seek the safety of well-known, blue chip companies, but it's worth remembering those products which have maintained a steady and strong popularity among consumers, in some cases for decades.

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