

BUSINESS ENTERPRISE

PROFILE

He's found his niche, but why stop at one?

A young man has turned a family publishing operation into a substantial Asian manufacturer, writes Mark Fenton-Jones.

At 22 years of age and working in the real estate business, Ash Hunter was not planning to lead the niche automotive publishing business that his father Shayne had launched in 1989.

Shayne's career had begun in the 1970s when he started *Unique Cars, Deals On Wheels*, and a host of other vehicle-based classified magazines – working nights in his Williamstown workshop to put these together.

ACP then bought the magazines, prompting Shayne to retire at 36. Itchy feet ended his spell, giving birth to Just Magazines with the launch of *Just Bikes* in 1989.

During those early years, Ash grew up with the mastheads.

"I grew up with these magazines, packing them at the kitchen table. The businesses were started in our home. It was part of not only a business but a lifestyle, a passion. I guess also a connection to my dad too," he says.

When his father died in 1998, Ash took over the reins of the business and dismissed the idea of selling out to bigger publishers.

"The idea of selling was just ridiculous. For someone to be telling me that our business will be gone, maybe it's naive, [but] I think it really comes down to understanding the real value of these businesses," Hunter says of the operation, which was worth about \$20 million a decade ago.

Since then, he has built a diversified group comprised predominantly of publishing interests, but also with overseas manufacturing assets that together are worth almost \$100 million, says Hunter, who does not disclose revenue or profit figures of the family-owned business.

Besides the publishing group, which is wholly owned by the Hunter family flagship and publishes a range of *Just* automotive titles, the family has a

significant interest in United Foodservice Group and King Glass, both based in China.

UFS makes and sources commercial-grade electrical equipment for restaurants and hotels, with Europe and North America being the main markets. King Glass makes drinking glasses and plans to raise production capacity from 15 million to 70 million this financial year.

Hunterfive owns 50 per cent of P4i, which is involved in property investment and development, 50 per cent of Jellyfish Music and has a self-funded charity, Hunterfive Foundation.

"Then we've got a variety of other smaller companies from our video production to our web development, to a number of other things, some of them wholly owned," Hunter says.

"We're in a content distribution business and also in a manufacturing space. So when we look at whether it be the record company or whether it be a video production company, it's about publishing; it's about developing content and then distributing it in a variety of ways."

The move into China began tentatively a decade ago when one of Hunterfive's partners in P4i needed help to buy their Chinese partner out.

One opportunity was sending to China the manufacturing equipment of a glass factory that had gone bust in the UK in 1999 to take advantage of the lower-cost manufacturing environment.

"Whilst we understood there was a gap in the market we knew nothing about producing glass," Hunter says. The business brought in Australian and New Zealand glass technicians to train local staff.

"We found all these blokes in Australia and New Zealand that were in their 60s and 70s who knew more about glass. They'd been in glass all their years and were of no use to Australian industry so we were able to find these extremely knowledgeable people, take them

to China and then train a workforce in China."

Hunter says he used to consider himself a publisher but now thinks entrepreneur is more appropriate.

"Nearly everything we've been involved in, apart from the publishing business, have been things that we've started." Financing for the ventures comes mostly from the publishing division, which accounts for more than 50 per cent of revenue, and Hunter says the group has little debt.

Debt is not something we've used to finance our new ventures. I don't think I'm risk averse – it just tends to be the way we do it.



Ash Hunter . . . a long way from packing magazines at the kitchen table. Photo James Davies

"It's not something we've used to finance our new ventures. I don't think I'm risk averse – it just tends to be the way we do it. We like to be able to pay for things so that no one can knock on your door and say uh-uh now it's time to change or for us to take over."

Organic growth in the Australian business pushed staff numbers from about 25 to 40 in the past 12 to 18 months.

Sales of magazines declined 3 per cent in the past six months, but price increases resulted in circulation revenue rising to just under 10 per cent.

"We're finding that while the market is trending down in the classified space in most of the auto market, fortunately we have a high percentage of regular buyers that allow us to maintain our sales. We've also tried some new distribution points – getting into supermarkets and some chains."

The slowdown in the economy, particularly in the automotive industry, has forced advertising revenue growth to be revised down from 45 per cent to 20 per cent. As for the whole Australian business, Hunter expects 15 per cent revenue growth next year.

Orders for kitchen equipment from United Food Service Group have slowed. "I think they are waiting to see what is happening in their economies."

However, Ash says he is not sure if potential customers – mostly in Europe and the US – have disappeared because of the global financial crisis or if they are waiting to see if their economies pick up before placing orders.

The financial meltdown has also held up

commissioning of a new glass factory in China as King Glass was financing working capital against letters of credit and its bank has refused to do this in the future.

"The good thing is we have no debt in that project. It's slowed us down until the economy recovers or the orders recover before we actually turn the switch on, because once we hit the switch, just to run the factory will cost us \$1 million per month."

Hunter estimates that revenues from export markets account for 15 per cent of overall business.

Negotiations are also under way to acquire some businesses. "We've identified new niches that we either want to start ventures in or that we're negotiating to purchase."

A few years ago, after time as a "one-man whirlwind", he took a decision to share the business development side with senior staff.

"In the last four years I've found the right people that are able to share the load. We're able to make good decisions together, and I work reasonable hours now. I look after myself a bit more."

A significant factor for the change was the birth of his first child. "I don't want to get to a point and think someone else is rearing my kids. I wanted to play a big part in their lives. That was the main part for me."

Hunter admits that he has come a long way since taking over from his father.

"In the early days I don't think I had the focus nor the trust in people that maybe I should have. And I don't think I ever trusted myself either to take certain risks or to make certain decisions. I think there were many opportunities that we missed when I look back. In hindsight, opportunities to purchase a business or to get involved on a ground level, which would have been fantastic, are missed opportunities. But I'm pretty happy with what we've done and I've had an absolute ball."

This is the last regular Enterprise column for the year. The section will reappear on January 10. Don't miss our feature on fast-growing enterprises in our Christmas bumper, out Tuesday.