

In this issue

The world's best small companies

November 7, 1994

\$4.00 (Canada \$4.50)

Forbes

Capital Cities/ABC's
Tom Murphy,
heir designate
Robert Iger

**This
network
is buying,
not
selling**



The best overseas

By Gustavo Lombo and John H. Christy

Abroad as at home, the best opportunities for small companies are in niche businesses. FORBES no longer limits its search for the best small companies to our native shores. Applying standards similar to those we use to select the Forbes 200, we have identified 100 fast-growing, profitable smallish companies abroad.

Our developed markets list this year includes five telecommunications companies, eight computer-related firms and four medical-related companies. Our top European and Asian performers also include six providers of goods and services for affluent consumers—everything from fast food and pastries to trendy clothing and jewelry.

Many of the names are familiar to U.S. consumers. There's Body Shop International, which has waxed rich by persuading people that its lipsticks, creams and scents are politically more correct than those made by greedy big corporations. There's Bluebird Toys, a British toymaker, and Corel of Canada, a leading vendor of graphics software. Meanwhile, Hong Kong-based Tommy Hilfiger's clothing is making the fashion scene in America.

Most Americans probably never heard of Singapore's Venture Manufacturing—but it's a fast-growing maker of personal computer products in Southeast Asia. Venture's

goods are sold in the U.S. under many brand names, including Apple and Compaq.

It's a bit different in emerging market countries than in the older industrialized countries. Whereas "natural cosmetics" and toys are big growth areas in Britain, fast-growing companies in newly industrializing countries are more likely to be in basic industries and mass products. Almost half of the companies on our emerging market table make things like auto parts, cement, soft drinks, textiles and chemicals. One example: Marcopolo, a Brazilian auto parts maker, which shows a 16% return on equity. It's based in what is potentially one of the world's fastest-growing auto markets (*see p. 298*).

Look for some of these smallish companies in emerging markets to become big companies—and fast. Their economies are growing far faster than those in more advanced countries, and capital is pouring in to help them develop. In 1986 foreign investment in emerging market equities was a mere \$2 billion. That figure now exceeds \$200 billion, and Michael Howell, director of research at London-based Baring Securities, says that by the year 2010 emerging stock markets will make up 44% of world equity market capitalization, up from 15% today.

Developed markets

Company/country	Industry	Recent price	Fiscal EPS	P/E	Est 1995 EPS	Latest return on equity	Sales	Net income (\$mil)	Market value
Futuris/Australia	automobile parts	\$0.86	\$0.06	14.3	\$0.07	19.4%	\$188	\$13.3	\$230
Schindler Aufzuge & Fahrtreppen/Austria	elevators & escalators	151.10	24.37	6.2	NA	98.9	166	14.6	91
Mutual Risk Management ¹ /Bermuda	risk management services	25.75	1.55	16.6	2.12	20.9	106	20.6	342
Cinram/Canada	CDs, CD-ROMs, cassettes	6.24	0.47	13.3	0.91	19.5	88	10.5	139
Corel ¹ /Canada	graphics software	20.59	0.77	26.7	1.43	27.4	109	21.8	618
Dreco Energy Services ¹ /Canada	oil & gas drilling equipment	8.94	1.01	8.9	1.27	21.6	73	6.2	55
Linamar/Canada	automobile parts; agricultural equipment	13.04	0.40	32.6	0.79	23.1	201	10.7	280
SR Telecom/Canada	telecommunications	9.68	0.25	38.7	0.46	39.5	71	7.9	312
Toromont Industries/Canada	refrigeration & gas compression equip	15.64	1.86	8.4	NA	27.4	216	6.2	56
Coloplast/Denmark	medical supplies	60.64	2.57	23.6	3.27	19.3	201	16.2	382
Denka Mobler/Denmark	furniture design & manufacturing	317.17	25.90	12.2	NA	17.5	50	3.1	32
Brioche Pasquier/France	baked goods & frozen desserts	120.04	3.88	30.9	5.91	39.2	144	12.7	396
Gautier France/France	furniture design & manufacturing	75.05	4.74	15.8	6.01	16.0	119	10.5	165
Weru/Germany	PVC window & door systems	810.29	41.15	19.7	56.73	37.3	294	23.5	462
ASM Pacific/Hong Kong	semiconductors	0.72	0.05	14.4	0.08	27.7	133	17.1	264
Cafe de Coral/Hong Kong	fast-food restaurants	0.37	0.03	12.3	0.05	29.8	189	17.7	190
DSG International ¹ /Hong Kong	disposable diapers	26.75	1.60	16.7	2.45	21.4	150	13.3	222
Shun Tak Holdings ² /Hong Kong	shipping; hotels; restaurants	0.84	0.08	10.5	0.09	27.6	241	93.1	1161
Star Paging ² /Hong Kong	mobile communications	0.31	0.03	10.3	0.04	30.2	73	12.9	148
Tommy Hilfiger ¹ /Hong Kong	apparel	38.88	1.54	25.2	2.24	36.9	227	25.0	677

Prices as of Sept. 30. ¹Traded in the U.S., but not as an ADR. ²Available as an ADR. NA: Not available.

Sources: Baring Securities; G. K. Goh Securities; IBES International, Inc.; Worldscope/Disclosure Partners via Randall-Helms DataScreen II; William O'Neil & Co.

Developed markets

Company/country	Industry	Recent price	Fiscal EPS	P/E	Est 1995 EPS	Latest return on equity	Sales	Net income (\$mil)	Market value
Varitronix/Hong Kong	LCD devices	\$1.58	\$0.08	19.8	\$0.09	37.6%	\$55	\$20.2	\$412
World Houseware Holdings/Hong Kong	household products	0.39	0.03	13.0	0.05	27.0	64	10.7	125
Flogas/Ireland	liquid petroleum distributor	4.52	0.34	13.3	0.45	13.2	70	8.8	110
ECI Telecom ¹ /Israel	telecommunications	17.63	0.70	35.6	1.23	21.1	296	52.7	1,334
Natuzzi ² /Italy	furniture design & manufacturing	31.13	1.32	23.6	2.05	44.9	271	36.9	872
Saes Getters/Italy	television tubes; lamps	15.70	1.13	13.9	1.36	26.4	73	9.1	141
Chugokukogyo/Japan	propane containers	4.86	0.23	21.1	0.16	19.4	157	7.6	166
DMW/Japan	pumps; water-jet cutters	159.52	7.25	22.0	8.01	17.0	243	11.7	255
Getz Bros/Japan	medical supplies & equipment	57.55	1.47	39.1	2.00	22.8	217	33.3	1,301
Seikagaku/Japan	pharmaceuticals	47.30	1.78	26.6	1.90	20.2	184	38.7	1,310
Tsutsumi Jewelry/Japan	jewelry	102.98	1.89	54.5	2.73	16.0	312	26.6	1,431
Madge ¹ /Netherlands	computer network products	12.50	2.00	6.3	NA	29.6	146	16.5	348
Salmond Smith Biolab/New Zealand	food; scientific equipment; research	2.23	0.12	18.6	0.28	15.2	70	3.7	66
Blom/Norway	offshore engineering services	7.05	0.97	7.3	NA	34.7	21	2.2	16
Tandberg/Norway	cable & satellite TV equipment	3.39	0.30	11.3	2.96	48.1	25	1.4	17
Amtek Engineering/Singapore	precision metal parts	1.86	0.08	23.3	0.09	22.2	64	6.9	175
Clipsal Industries/Singapore	electrical wiring accessories	6.45	0.22	29.3	0.33	19.5	76	9.7	292
GP Batteries/Singapore	rechargeable batteries	2.89	0.27	10.7	0.35	18.2	125	9.7	115
Informatics/Singapore	computer training schools	0.85	0.04	21.3	0.05	61.5	28	2.4	64
Rotary Engineering/Singapore	construction & engineering	0.75	0.03	25.0	0.05	21.3	53	5.3	150
Singapore Shipbuilding & Eng/Singapore	commercial & military shipbuilding	1.75	0.06	29.2	0.11	20.8	91	12.4	339
Venture Manufacturing/Singapore	computers & electronics	2.45	0.09	27.2	0.15	32.9	65	6.1	167
Bergman & Beving/Sweden	technology & health products	15.90	1.44	11.0	2.01	23.2	304	19.2	241
Alba/United Kingdom	communications & broadcasting equip	3.00	0.18	16.7	0.26	27.3	190	9.0	140
Bluebird Toys/United Kingdom	toys	3.59	0.36	10.0	0.42	135.4	104	12.0	114
Body Shop Int'l ² /United Kingdom	natural skin & hair care products	3.55	0.15	23.7	0.22	23.5	293	28.5	670
Kalon Group/United Kingdom	paints	2.50	0.15	16.7	0.20	41.5	213	19.5	333
Prism Leisure Group/United Kingdom	games & toys	2.05	0.21	9.8	0.25	41.6	29	1.8	17
Sheffield Insulations/United Kingdom	insulation	4.07	0.19	21.4	0.27	27.3	257	10.5	267
Sterling Industries/United Kingdom	combustion & hydraulic engineering	3.89	0.18	21.6	0.22	24.6	71	4.5	109

Prices as of Sept. 30. ¹Traded in the U.S., but not as an ADR. ²Available as an ADR. NA: Not available.

Sources: Baring Securities; G.K. Goh Securities; IBES International, Inc.; Worldscope/Disclosure Partners via Randall-Helms DataScreen II; William O'Neil & Co.

Emerging markets

Company/country	Industry	Recent price	Fiscal EPS	P/E	Est 1995 EPS	Latest return on equity	Sales	Net income (\$mil)	Market value
Banco Frances ¹ /Argentina	banking	\$9.97	\$0.48	20.8	\$0.80	21.5%	\$286	\$70.1	\$1,112
Comercial del Plata/Argentina	energy, telecomm	3.49	0.15	23.3	0.29	18.1	335	46.7	682
Establecimiento Terrabusi/Argentina	food processing	3.60	0.21	17.1	0.44	11.2	242	12.8	270
Massalin Particulares/Argentina	tobacco	13.20	0.99	13.3	1.53	26.4	330	40.0	529
Cimento Itau/Brazil	cement	434.94	18.20	23.9	28.30	11.8	217	44.2	1,124
Embraco/Brazil	compressors	995.00	49.70	20.0	60.20	18.4	301	33.0	666
Magnesita/Brazil	mining	6.00	0.49	12.2	0.68	15.4	164	20.2	218
Marcopolo/Brazil	auto parts	263.77	19.73	13.4	19.50	16.0	211	16.2	216
Nakata/Brazil	auto parts	283.00	27.90	10.1	46.82	11.1	66	4.2	42
Varga Freios/Brazil	auto parts	83.00	3.87	21.4	9.51	10.2	157	6.1	141

Prices as of Sept. 30. Brazil prices and EPS are per 1,000 shares. ¹Available as an ADR.

Principal source: Baring Securities; other sources: Celfin Agente de Valores, W.I. Carr.

THE 100 BEST SMALL COMPANIES IN THE WORLD

Emerging markets

Company/country	Industry	Recent price	Fiscal EPS	P/E	Est 1995 EPS	Latest return on equity	Sales	Net income (\$mil)	Market value
Banco de Credito/Chile	banking	\$4.37	\$0.31	14.1	\$0.45	23.3%	\$111	\$29.9	\$420
Compañia Techno Industrial/Chile	appliances	0.07	0.00	19.4	0.01	28.0	123	20.6	373
Embotelladora Andina ¹ /Chile	soft drinks	4.22	0.12	35.0	0.22	34.0	233	35.0	1,473
ENAE/Chile	explosives	1.96	0.10	19.6	0.14	22.5	60	9.7	196
ENTEL/Chile	telecommunications	13.40	0.86	15.5	1.29	31.8	241	79.3	1,241
Laboratorio Chile ¹ /Chile	pharmaceuticals	1.05	0.03	33.2	0.06	28.0	49	7.9	315
Banco de Occidente/Colombia	banking	5.00	0.51	9.8	0.47	39.1	167	31.9	355
Banco Industrial Colombiano/Colombia	banking	4.52	0.23	19.7	0.32	24.8	183	29.7	650
Carulla ² /Colombia	supermarkets	11.32	0.62	18.3	1.19	17.0	174	4.6	115
Cementos Diamante ² /Colombia	cement	8.33	0.13	64.1	0.38	16.9	121	11.7	654
Corfivalle ² /Colombia	financial services	8.57	0.69	12.4	0.91	22.3	128	18.7	400
Dankos Laboratories/Indonesia	pharmaceuticals	5.17	0.24	21.5	0.27	37.8	36	10.0	219
→ Indo-Rama Synthetics/Indonesia	textiles	4.05	0.24	16.9	0.32	27.5	144	24.1	387
Mayora Indah/Indonesia	snack products	5.29	0.13	40.7	0.20	16.4	78	12.6	674
Sorini/Indonesia	chemicals	4.09	0.16	25.6	0.19	25.9	21	4.9	122
Trias Sentosa/Indonesia	packaging	2.12	0.10	21.2	0.15	16.4	34	7.7	203
Ultra Jaya Milk/Indonesia	dairy products	2.76	0.07	39.4	0.13	12.1	39	3.5	242
Dar Al Dawa Development/Jordan	pharmaceuticals	23.89	1.21	19.7	1.72	17.4	22	3.2	72
Housing Bank/Jordan	banking	7.77	0.80	9.7	1.20	17.0	100	9.4	93
Jordan Cement Factories/Jordan	cement	4.10	0.26	15.8	0.34	12.5	147	15.4	248
Korea Chemical/Korea	chemicals	122.77	8.32	14.8	12.48	19.1	400	33.3	491
Shin Won/Korea	ladies apparel	42.05	2.61	16.1	4.23	13.7	277	10.0	151
Aokam Perdana/Malaysia	timber	8.78	0.11	79.8	0.40	29.3	53	21.4	1,871
United Engineers/Malaysia	construction	5.62	0.10	56.2	0.20	17.3	261	55.6	3,406
Embotellador de Mexico/Mexico	soft drinks	14.48	0.61	23.7	0.72	22.5	481	67.9	1,695
Radio Centro/Mexico	broadcasting	2.27	0.08	28.4	0.12	16.6	50	11.6	302
Tablex/Mexico	pasta	3.58	0.18	19.9	0.25	11.9	118	13.2	256
Fauji Fertiliser/Pakistan	fertilizer	3.24	0.16	20.3	0.29	39.7	232	40.1	862
Packages Limited/Pakistan	packaging	5.23	0.29	18.0	0.36	28.0	73	8.0	153
Hocheng ² /Taiwan	construction materials	5.38	0.15	35.9	0.32	21.4	207	41.7	1,493
Hon-Hai Precision Industry/Taiwan	electronics	3.74	0.07	53.4	0.19	13.8	148	9.6	487
Taiwan Glass/Taiwan	glass	2.10	0.08	26.3	0.13	16.8	285	48.5	1,279
United Microelectronics/Taiwan	semiconductors	4.94	0.11	44.9	0.39	19.2	379	93.2	4,004
Yung Shin Pharmaceutical/Taiwan	pharmaceuticals	3.19	0.19	16.8	0.17	17.6	58	8.8	273
Yung Tay Engineering/Taiwan	elevators	5.31	0.24	22.1	0.36	34.2	225	62.6	1,409
Ban Pu Coal/Thailand	coal mining	21.18	0.48	44.1	0.77	19.3	80	22.8	1,000
KCE Electronics/Thailand	circuit boards	4.97	0.19	26.2	0.30	11.2	41	3.5	104
Land & Houses/Thailand	property development	18.61	0.45	41.4	0.70	26.0	251	68.5	2,832
Raimon Land/Thailand	property development	4.69	0.20	23.5	0.32	16.3	34	6.6	166
Siam City Cement/Thailand	cement	18.53	0.54	34.3	0.76	12.5	437	51.2	2,162

Prices as of Sept. 30. ¹Available as an ADR. ²Available in the U.S. to qualified institutional buyers only.
Principal source: Baring Securities; other sources: Celfin Agente de Valores, W.I. Carr.