Perspective Hall of Fame – The Sacco Family, Assore Founders

Perspectives: May 27th, 2020

Following his discovery of the Kalahari manganese fields, **Assore** was founded by Guido Sacco in 1928. It listed on the JSE in 1950, making it one of the oldest listed businesses on the exchange – until it delisted on May 26th, 2020.

Guido's son Des, who is 79 years old now, joined the business in 1968 at the age of 27, was appointed to the Board in 1974 and took over the leadership at the age of 51 when his father retired in 1992.

One of Des's two sons, Patrick, joined Assore in 2003 at 24 years of age and became its deputy CEO in 2019 when he turned 40.

The oldest reliable figures we can find dates to 1974, when the business generated an estimated R7,5mn in sales, R2,5mn in pre-tax profits, 1 cent per share in earnings and 0,28 cents per share in dividends. The share price at that time was 6 cents per share.

In their last published results for 2019 the business generated R6,3bn in sales, R2.1bn in pre-tax profits, R57 per share in earnings and R24 per share in dividends. The share price reached a high point of R404 per share.

All this incredible growth was achieved organically without the net issuance of new shares. In fact, they had managed to consistently reduce issued share capital by buying back shares.

Despite a marked decline in the rate of sales growth since 2010, they stayed focused on their core business and did *not* make any material acquisitions - other than to buy more of what they already owned at sensible prices.

The family continued owning a controlling block of 52,4% of the business. In 1974 this stake would have generated a dividend of R205,000 for the family. In 2019 it generated a dividend of R1,3bn.

How did they achieve this?

1. Find and acquire genuine long-term growth assets.
2. Stay focused.
3. Manage it conservatively.
4. Keep it forever.
5. Buy even more of it whenever it offers value.
6. Keep a low profile.

We are deeply disappointed to see this wonderful long-term business delist from the exchange. However, we are grateful for the opportunity to evidence how to do things properly.

We wish them much continued long-term success as a private business.

Our work continues...

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