

## Importer benefits from strong Aussie dollar

- *CRITERION: Tim Boreham*
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**Once dubbed erroneously as a hedge fund, HGL has tidied up its act to become a dedicated importer of brand-name products.**

**HGL (HNG) \$1.38**

Think of strong brands and Coca-Cola comes to mind, but HGL's tack is more about importing high-margin wares well known in niche sectors. Examples are Biante, which makes model cars, or Marcus Brothers and Benartex, which supplies textiles to the knit-and-stitch brigade.

HGL disclosed yesterday an underlying net profit of \$6.8 million for the year to September 30, up 36 per cent, and including a one-off gain from selling an interest in some fund managers, earnings rose 67 per cent to \$13.4m.

HGL is an obvious beneficiary of the Australian dollar that averaged US90c during the period, compared with US74c previously.

But like most winner-and-loser stories, there are nuances.

"We tend to have a fair degree of pricing power but that isn't to say we take advantage of our customers, chief executive Michael Mahoney says. "If the Aussie dollar goes up, we pass a substantial portion on to customers and if it goes down we push the prices up."

Because the high dollar reduces the selling price, it's imperative to increase volumes and that, in the main, is what HGL has achieved.

Mahoney says current-year earnings aren't expected to go backwards.

"We are certainly targeting to beat last year's result, that's what we're paid to do," he says.

HGL is a buy. Even if the outfit merely marks time, it's worth holding for a 7 per cent yield.