

Dutch acquisition boosts Mainfreight result

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A recent purchase has helped Mainfreight ([NZX:MFT](#)) to a strong first quarter result, more than doubling its net profit compared to the same period last year.

The freight transporter has reported a net profit of \$14.22 million for the June quarter, an increase of 109% on the previous year's result of \$6.82 million. Ebitda hit a new first quarter record for the company, reaching \$32.13 million, more than double \$15.52 million for the same period a year ago.

Total sales increased by 43% to \$449.86 million from \$315.25 million. However, excluding the contributions of newly acquired Dutch company Wim Bosman, sales increased only 5% to \$331.04 million, and EBITDA improve 30% to \$20.15 million.

Mainfreight bought Wim Bosman for €110 million earlier this year. The Netherlands-based company made a maiden revenue contribution of \$12 million for the quarter – the high season in that market.

Forsyth Barr head of research Rob Mercer said Mainfreight had made stronger than expected gains from the Australia and New Zealand domestic markets.

Revenue growth had way-surpassed its peers and other NZ listed stocks, he said.

Although the strong result would be positively received, NZ Funds Management warned Mainfreight's shares were now reaching a level where they were priced for perfection, with the market factoring in a continuation of this excellent recent performance.

[Mainfreight shares](#) rose 3.2% to \$9.93 after the company opened its books this morning.

Portfolio manager Josh Wilson said Mainfreight's share price had risen 43% over the last year the company demonstrated its ability to grow revenues and earnings at a rate well above the market average (earnings multiple expansion).

"A prized attribute in the current anaemic economic growth environment," he said.

But with the company now valued at more than 11 times its forecast 2010 operating earnings, further earnings multiple expansion would be a push.

"Additional share price growth will require incremental increases to forecast earnings, which are already forecast to grow at around 15% for the next to years, excluding the contribution from the Wim Bosman business."

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