

AGILITY (AGLT.KW)

- In continuation of the trend that Agility has set in 1H2009, the company posted a 15% increase in net income in 3Q2009 despite an 11% decline in gross revenue over the period.
- Agility achieved gross revenues of KD 413.5 million in 3Q2009 and net revenues of KD 156.3 million, essentially leading to an expansion in the net revenue margin to 37.8%.
- Global Integrated Logistics (GIL), which is being affected by the decline in global trade volumes, saw a decline of 21% in revenue in 3Q2009 compared to 3Q2008. However, this was compensated for by the expansion in net revenue margin for GIL from 28% in 3Q2008 to 36% in 1H2009. This led to an almost flat performance at the net revenue level for GIL in 3Q2009.
- Defense and Government Services (DGS) saw an increase in revenue of 4% in 3Q2009 to KD 178.4 million, but had a slight drop in net revenue margin from 33% in 3Q2008 to 32% in 3Q2009.
- According to Agility's press release, operating income increased by 5% in 3Q2009 to KD 43 million. We do not have full financials as of yet, and accordingly we do not know what exactly led to a higher growth in net income compared to operating income. Moreover, Agility said that excluding non-recurring items, the group's net income would have increased by 25% (year on year).
- Agility's balance sheet remains strong with just KD 39 million in net debt, while cash flow from operations increased by 29% in 9M2009 to KD 188.5 million.
- Agility mentioned in the press release that GIL saw new customer wins with Nokia Siemens, Pfizer, Adelaide Aqua and Ras Gas in Qatar. While DGS saw the award of a LOGCAP IV task order in Southern Afghanistan at an estimated value of KD 185.3 million for the base year.
- Our current forecasts for Agility do not account for additional revenue from the LOGCAP IV task order in Southern Afghanistan. We will be meeting with management to assess the implications that this task order may have on Agility, which we expect to be positive. We will be issuing an update report on Agility to incorporate the new information.

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