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Agility (AGLT.KW)

May 20, 2008

- Agility reported a net income of KD 37.5 million in 1Q2008, a decrease of 10% from 1Q2007. In our opinion this result is not bad, as most of the decline is a result of a 39.4% drop in change in fair value of investment properties and a 54.3% increase in interest expense, both of which are non-operating items.
- Total revenue grew to KD 443.1 million in 1Q2008, 16% over 1Q2007.
- In addition, Agility reported an EBITDA of KD 50.4 million for 1Q2008. This result is just 2% higher than our forecast of 49.3 million.
- Growth in operating income was almost flat, as it increased by 0.9% to reach KD 38.7 million. However, the operating income margin declined from 10.1% in 1Q2007 to 8.7% in 1Q2008. This decline is a result of: a) most of the growth in Agility's revenue is from the low-margin freight forwarding business and b) a 28.6% increase in salaries and employee benefits.
- Due to a 10% bonus share issue the number of outstanding shares of Agility increased from 951.7 million to 1,046 million. Hence, we are adjusting Agility's fair value per share from KD 1.396 to KD 1.269 to reflect the increase in the number of shares.
- Based on Agility's closing price of KD 0.970 on May 19, 2008, we change our recommendation to "Buy" on Agility.

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Related Research

- Agility Update - 20 Nov. 2008
- Agility Update – 15 June 2008