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**Agility (AGLT.KW)****March 24, 2009**

- Agility announced its results for FY2008, which came in line with our expectations with revenues increasing while margins are contracting.
- Total revenue for the year increased by 10.1% and reached KD 1,835.6 million. This was higher than our forecast of KD 1,779.7 million by 3.1%.
- EBITDA declined by 8.2% in 2008 to KD 206 million, 1.4% lower than our forecast of 209 million for FY2008. The 4Q2008 EBITDA declined by 18% year-on-year but was flat quarter-on-quarter.
- Net profit reached KD 141.4 million, an 8.2% year-on-year decline and 2.6% higher than our forecast of KD 137.8 million.
- The difference between Agility's actual net profit and our forecasts for FY2008 was mainly driven by net interest expense. Agility recorded a net interest expense of KD6.7 million in FY2008, while our forecast was for KD 10 million.
- As for charges made directly to the equity account, Agility passed charges totaling KD 19.5 million directly to equity. These charges do not relate to investments but to foreign currency translation and adjustments for hedges (which apparently have gone out of the money). Accordingly, these are reserves that can reverse naturally and we will be providing more input on the matter once we get the full financial statements.
- Agility's balance sheet remains strong; with a net debt-to-equity ratio of 21% and 60% of its debt due after 2010. Management has mentioned in its press release that it is now targeting to achieve a net-debt balance of zero. Moreover, the interest coverage ratio (EBITDA divided by net interest expense) remains impressive at 31 times.
- Global Integrated Logistics (GIL) accounted for 59% of total revenue and increased by 17% during the year (12% was organic). Defense and Government Services (DGS) accounted for 37% of total revenues and grew by 13%, achieving an estimated 20% growth in business from new customers. (Segment growth rates are calculated using figures in US Dollars and not the reporting financial currency which is the Kuwaiti Dinar)
- Agility has announced that it has renamed its third revenue segment to "Infrastructure" (previously "Investments"), to reflect the change in strategy and the financial constraints that affected the private equity group.
- The Board of Directors recommended no dividends for 2008.
- We will be issuing an update on Agility when we have more details.

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**Related Research**

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