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AGILITY (AGLT.KW)

- Agility posted a strong operating performance in 1Q2009 despite an 8.1% decline in total revenue.
- The strong performance is reflected in the improved EBITDA margin of 13.1% in 1Q2009 (1Q2008 EBITDA margin was 11.4%), which resulted in a 5.6% year-on-year increase in EBITDA to KD 53.3 million in 1Q2009. This result is 4.5% higher than our EBITDA forecast of KD 51 million, even though we were expecting to see a flat growth in revenues.
- Global Integrated Logistics (GIL), the largest contributor to revenue, saw a decline of 13.8% in revenue in 1Q2009 compared to 1Q2008. As highlighted in Agility's press release, this decline is due to the negative effect the global financial crisis is having on volumes in commercial logistics in general. Moreover, GIL's net revenue margin increased to 31% due to enhanced cost management.
- As expected, the Defense and Government Services (DGS) appears to be resilient to the financial crisis as it recorded an increase in revenues of 3.4% to KD 174.6 million. According to the press release, the performance of DGS was positively affected by a number of new contract wins in 1Q2009.
- Operating income increased by 7% in 1Q2009 to KD 41.4 million; however, net income saw a slight drop of 1.6% to KD 37 million over the same period. The decline in net income is due to the positive effects of non-recurring items on the income statement of 1Q2008, most notably the KD 4 million gain from the change in fair value of investment properties which is not present in 1Q2009. Excluding non-recurring items, net income would have increased by 16.4% year-on-year in 1Q2009 according to Agility.
- Another impressive result is the 25% increase in cash from operating activities.
- Agility's balance sheet remains strong; with a net debt-to-equity ratio of 13% and a cash position of KD 323 million.
- We will be issuing an update on Agility when we have more details.

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