

April 12, 2010

## AGILITY (AGLT.KW)

**12-Month Fair Value: Under Review**

**Last Close (31 March 2010): KD 0.600**

**Recommendation: Under Review - Risk Level: Under Review**

- Agility released its FY2009 results on April 11, 2010, but did not make any announcement regarding a settlement with the U.S. government. The company had the following statement in its press release: "PWC [Agility] continues its discussions with the US government with the view to resolving the current legal cases with the US Department of Justice. However, there is no guarantee that the parties can reach a mutually agreeable settlement." Moreover, Agility did not take any provision in its books due to the uncertainty of the lawsuit by the US Department of Justice.
- In continuation of the trend that Agility has set in the quarterly results of 2009, the company posted a 10.7% increase in net income in FY2009 despite a 7.1% decline in gross revenue during the year.
- Agility achieved gross revenues of KD 1.7 billion in FY2009 and net revenues of KD 627.2 million, essentially leading to an expansion in the net revenue margin to 36.8%.
- Global Integrated Logistics (GIL), which was heavily impacted by the decline in global trade volumes, saw a decline of 13% in revenue in FY2009 compared to FY2008. However, this was compensated for by 1.5% increase in net revenue for the segment in FY2009.
- Defense and Government Services (DGS) saw an increase in revenue of 4% in FY2009 to KD 715.5 million, as it benefited from new contract wins in early 2009.
- Agility registered a 4.6% increase in EBITDA in FY2009 to KD 215.5 million, and an improvement in the EBITDA margin from 11.2% in FY2008 to 12.6% in FY2009. On the other hand, net income increased by 10.6% to KD 156.4 million, benefiting from a lower interest expense and minority interest.
- As December 31, 2009, Agility has KD 314 million in cash and a net debt-to-equity ratio that is almost zero.
- The Board of Directors recommended the payment of a dividend amounting to 40 fils per share, which represents a payout ratio of 27% and 13% of Agility's cash balance. Based on the last close for Agility on March 31, 2010, this payment represents a dividend yield of 6.7%.
- Following the release of Agility's financials, we expect that the stock will resume trading on April 12, 2010, pending approval from the Kuwait Stock Exchange.
- We maintain our status on Agility as "Under Review" as there are several variables in play for which we have no means of predicting an outcome.

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### Related Research

- [Agility Analyst Comment - 01 April 2010](#)
- [Agility Analyst Comment - 04 February 2010](#)
- [Agility Analyst Comment - 23 December 2009](#)
- [Agility Analyst Comment - 18 November 2009](#)
- [Agility Analyst Comment - 17 November 2009](#)
- [Agility Analyst Comment - 11 November 2009](#)
- [Agility Analyst Comment - 06 August 2009](#)
- [Agility Analyst Comment - 14 July 2009](#)
- [Agility Update - 25 June 2009](#)

## RISK AND RECOMMENDATION GUIDE

RECOMMENDATION		UPSIDE (DOWNSIDE) POTENTIAL		
BUY		MORE THAN 20%		
ACCUMULATE		BETWEEN 5% AND 20%		
HOLD		BETWEEN -10% AND 5%		
REDUCE		BETWEEN -25% AND -10%		
SELL		LESS THAN -25%		
RISK LEVEL				
LOW RISK		HIGH RISK		
1	2	3	4	5

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