Agility

Legal tangle with US Army, the Achilles' heel

FEBRUARY 2011

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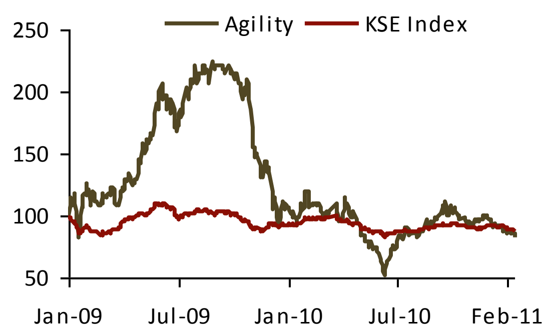
Agility: Investment Summary (1/2)
Overcharging issue weighs heavy on operating performance

RATING	OUTPERFORM
Fair Value (KWD)	0.450
Upside	38.0%
Price (03 Mar 2011)	0.325
Market Cap. (KWD Bn)	0.3
Market Cap. (USD Bn)	1.2
Shares Outstanding	1,020
Price 52wk H/L	0.700/0.265
Ticker (Bloomberg)	AGLTY AB
Ticker (Reuters)	AGLT.KW



INVESTMENT POSITIVES AND RISKS >

- **GCC logistics industry is set to witness high growth**
  - The logistics industry in this region acts as a conduit for trade between Asia and Europe, given its strategic location
  - USD200 Bn worth of transport projects, ongoing or planned, across the region will greatly improve the region's position as a major trade hub
  - The transport and logistics industry in the GCC is estimated to be worth USD18 Bn in 2008 and is expected to grow at a CAGR of 10.2% until 2012
- **Focusing on general logistics to recover lost revenues from overcharging allegations**
  - Expiration of prime vendor contract (contributing ~35% to revenues in 2009) with the US army in Dec 2010, and restrictions on bidding for any future US army contracts due to accusations of overcharging will impact revenue growth in Defense & Government Services (DGS) segment
  - To counter this effect, the company is focusing on its Global Integrated Logistics (GIL) segment, which provides integrated supply chain solutions to the commercial sector
  - Buoyed by positive industry fundamentals, revenues from the GIL segment are likely to grow at 10.6% CAGR (2010-15), partially offsetting the fall in DGS segment revenues in the medium-term
- **Legal dispute and competition are applying pressure on margins**
  - Lower revenue contribution from the high margin DGS segment (gross margin ~45-50% compared to low single-digit gross margin for the GIL segment), coupled with rising competition, could see operating margin fall from 4.0% in 2010 to 3.0% in 2015
  - Agility's profits, we believe, peaked in FY09 at KWD156 Mn, and are unlikely to be reached again during the forecast period

Source: Bloomberg

Agility: Investment Summary (2/2)

Negatives seem to be factored in the current stock price

VALUATION APPROACH	OUTPERFORM
DCF approach	0.54
P/E approach	0.27
EV/EBITDA approach	0.44
Weighted average fair price	0.45

MULTIPLES	FY09A	FY10E	FY11F
EPS (KWD)	0.15	0.05	0.04
P/E (x)	2.1	6.0	7.8
EBITDA (KWD Mn)	215	108	93
EV/EBITDA (x)	1.8	2.3	2.7

STOCK VALUATION >

- We believe most negatives have been incorporated in the current stock price
- Our positive outlook is based on the company's reasonable cash generating ability, balance sheet strength and low trading multiples compared to its peers
- At current P/E of 3.7x and current EV/EBITDA of 1.8x, Agility trades at a discount of 82.5% and 79.6%, respectively, versus a peer group average of 21.0x current P/E and 8.7x current EV/EBITDA
- In terms of forward multiples, Agility trades on a 7.8x FY11E P/E and 2.7x FY11E EV/EBITDA, a discount of 49.7% and 64.5%, respectively, versus a peer group average of 15.5x FY11E P/E and 7.6x FY11E EV/EBITDA
- Our DCF, P/E and EV/EBITDA based valuation returns a weighted average target price of KWD0.450 (38.0% upside at current level)
- However, our current projections do not consider any cash penalty (could be around USD500 Mn - USD750 Mn) that Agility might have to pay if it loses the ongoing legal battle. The stock price is expected to remain volatile fuelled by market speculations over the outcome of the legal case

KEY STATISTICS	FY09A	FY10E	FY11F	FY12F	FY13F	FY14F	FY15F
Revenues (KWD Mn)	1,705	1,584	1,470	1,619	1,778	1,949	2,136
EBITDA (KWD Mn)	215	108	93	100	106	116	127
EBITDA margins	12.6%	6.8%	6.3%	6.2%	6.0%	6.0%	6.0%
Net income (KWD Mn)	156	55	42	46	45	47	50
Net Debt/Equity	4.1%	-9.4%	-9.9%	-10.5%	-10.7%	-10.9%	-11.0%
Dividend Yield	0.0%	5.2%	6.4%	6.9%	6.8%	7.2%	7.6%

Source: Bloomberg

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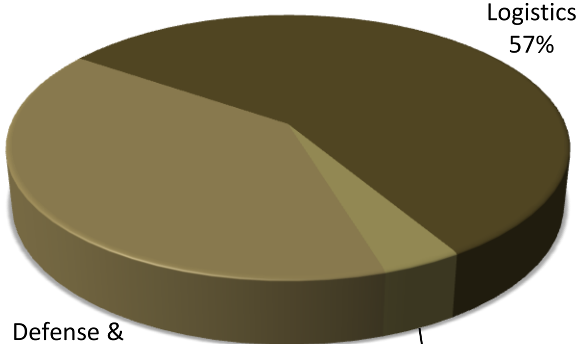
Agility: Overview
Leading integrated logistics player in the GCC region

KEY STATISTICS	FY10E
Revenues (KWD Mn)	1,584
Operating Profit (KWD Mn)	63
Net Profit (KWD Mn)	55
EBITDA Margin (%)	6.8%
Net Margin (%)	3.5%
RoaE (%)	5.7%

SEGMENT REVENUES (2009)



BUSINESS OVERVIEW >

Agility, established in 1979 and based in Kuwait, provides integrated supply chain and logistics services in the GCC region. Formerly known as Public Warehousing Company K.S.C. (PWC), Agility is the largest warehousing and logistic company in the GCC by market capitalization. Agility comprises three key business groups: Global Integrated Logistics (GIL), Defense & Government Services (DGS), and Infrastructure

BUSINESS ACTIVITIES >

Agility's key business activities include:

- Supply Chain Services: includes contracted logistics, 3PL (third party logistics), air, sea and land freight transportation and other areas, such as ground and cargo handling at the Kuwait International Airport
- Facilities Management and Development: includes construction, management and renting of facilities and warehouses
- Warehousing and Storage Services
- Inventory management

MARKETS SERVED >

The company has operations in 120 countries including Kuwait, Asia (including Middle East), Europe, the Americas and Africa, and has 32,000 employees. Kuwait contributed 42% of revenues, while other Asian countries and Europe accounted for 21% and 22%, respectively, in 2009

Source: Company filings

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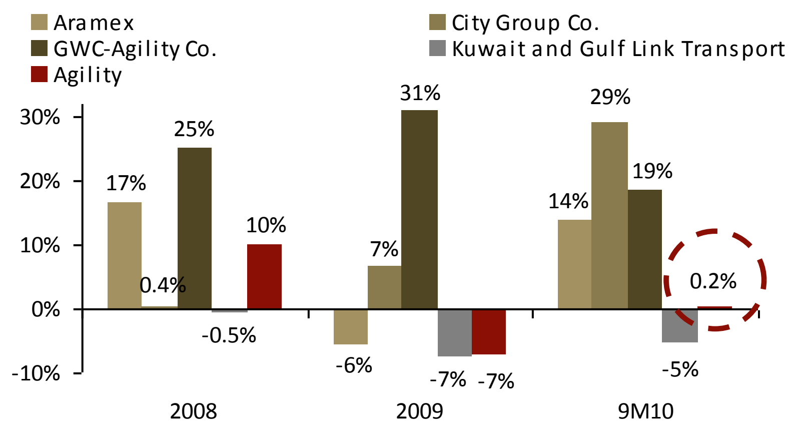
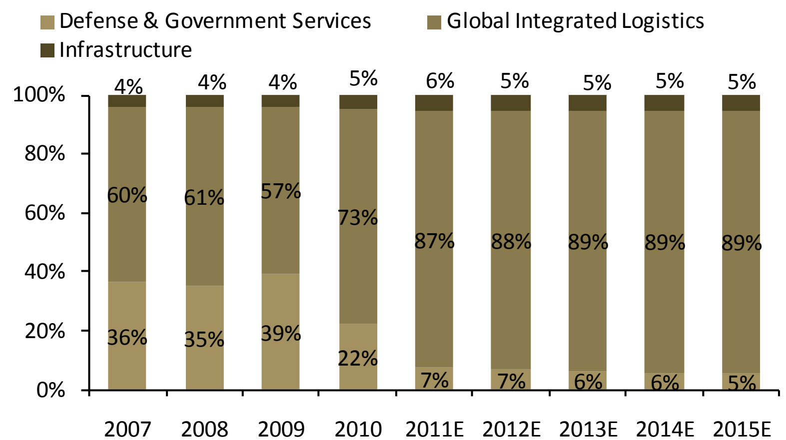
Investment Theme

US Army's overcharging accusation impacts revenue growth

REVENUE GROWTH OF LOGISTICS COMPANIES



REVENUE COMPOSITION BY SEGMENT



- After a dismal 2009, revenues of leading GCC logistics players grew in 2010
  - Revenues of Aramex, City Group and GWC-Agility surged 14%-29% in 9M 2010
- However, Agility's revenues grew a marginal 0.2% in 9M 2010, primarily due to the lower revenue contribution from the DGS segment
  - DGS revenues declined 34% to KWD318 Mn in 9M 2010, due to the drawdown of US troops in Iraq and the phasing out of some of the large government contracts, most notably the Subsistence Prime Vendor (SPV) contract
- Agility has been accused of overcharging the US Army over 2006-2009 on supply contracts in Kuwait and Iraq and, hence, has been dropped as the prime vendor
  - The Defense and Logistics Agency (DLA) awarded the replacement contract to UAE-based Anham in April 2010
- Agility's SPV contract, which has historically contributed as much as 35% to annual revenues, expired in December 2010
- Moreover, Agility has been barred from bidding for any future US army contracts
- These two factors, we believe, will impact Agility's future financial performance
- However, initial findings by a US Magistrate Judge in Atlanta ruled in favor of Agility, suggesting that DLA considered the pricing of Agility's services as reasonable

Source: Company filings, Zawya, Al Mal Capital analysis

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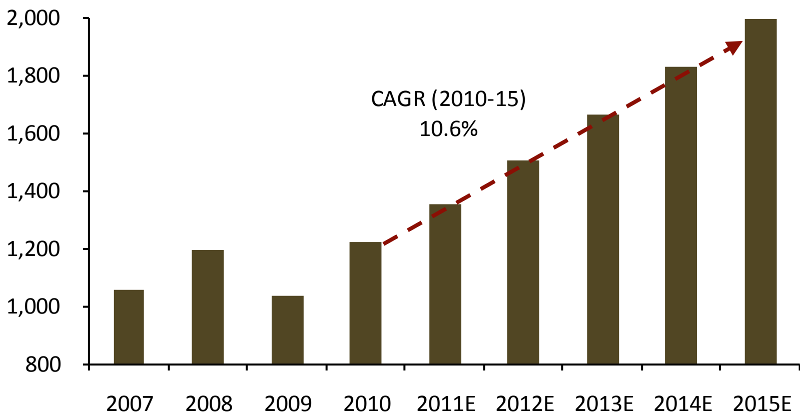
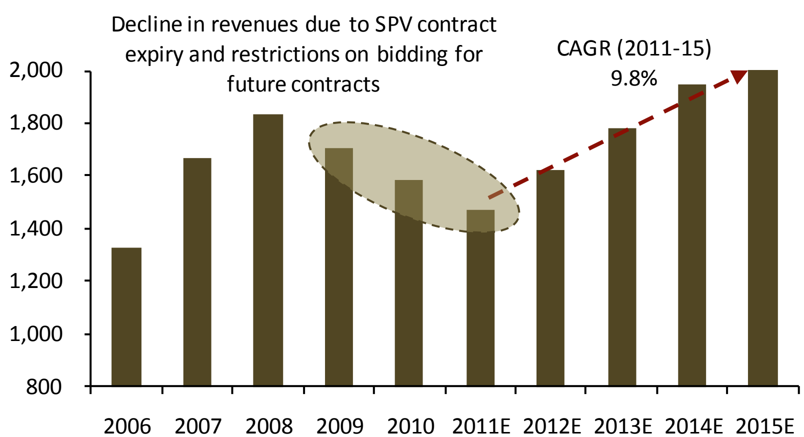
Investment Theme

Focusing on general logistics to recover lost DGS revenues

GROWTH IN GIL SEGMENT REVENUES (KWD MN)



GROWTH IN TOTAL REVENUES (KWD MN)



- Agility is focusing on its GIL segment, which provides supply chain solutions (freight forwarding and contract logistics services) to the commercial sector
- This segment's overall revenue stood at KWD927 Mn, increasing 18.1% YoY and contributing 71% to total revenues in 9M 2010
  - Benefiting from an increase in the overall freight forwarding market over 2010 and from additional contract wins
  - In June 2010, the company won a 5-year, USD17 Mn contract from Khafji Joint Operations for providing logistics and warehousing solutions in KSA
  - Agility, in June 2010, also opened a logistics hub in Shanghai to distribute polyolefins from Borouge's plant in Abu Dhabi to the Asian market for 10 years
- Going forward, Booz & Co. expect the GCC logistics industry to record robust growth (10% CAGR until 2012), leveraging its strategic location (between Asia and Europe) and massive investments (USD200 Bn) in transport projects across the region
- The GIL segment is expected to drive revenue growth at Agility, partially offsetting the decline in the revenues from the DGS segment in the medium-term
  - We project GIL segment's revenues to increase at a CAGR of 10.5% during 2010-15, contributing an increasing share to the total revenues (89% in 2015 compared to 57% in 2009)

Source: Company filings, Al Mal Capital analysis

Investment Theme

String of acquisitions to improve geographic presence

ACQUISITIONS & MERGERS OVER 2005-10

Company	Country	Year	Deal value
North America & Europe			
Nystrom & Co.	Finland	2009	USD2.9 Mn
Geopetrol International	Canada	2008	USD8.3 Mn
CF Geologistics	Denmark	2008	USD1.9 Mn
Cosa Freight	US	2008	USD30.6 Mn
Geologistics CIS Services	Russia	2006	USD4.5 Mn
GeoLogistics	US	2005	USD454 Mn
Trans-Oceanic Shipping	US	2005	KWD9.9 Mn
Middle East and North Africa			
Gulf Warehousing Co.	Qatar	2009	N/A
Leader Group	Egypt	2007	N/A
South America			
Trafinsa, S.A. de C.V.	Mexico	2009	KWD2.1 Mn
Itatrans Logistica Intl.	Brazil	2009	KWD14.7 Mn
Asia and Pacific region			
Baisui United Logistics	China	2008	USD50.5 Mn
Bumi Geo Engineering	India	2008	USD9.4 Mn
Synergy Logistics and Transport	Singapore	2007	USD13.5 Mn
Guangzhou Runtong	China	2007	USD3 Mn
Pan Orient	Australia	2007	AUD16 Mn
Trans-Link	Singapore	2005	KWD9.4 Mn

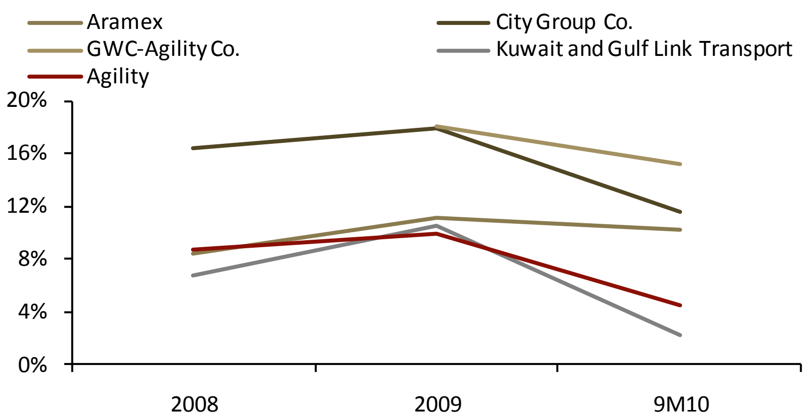
Source: Company filings, Al Mal Capital analysis

- Agility has made several acquisitions and formed joint ventures over 2005-09 to expand its presence in the Gulf region and other emerging and developed markets
  - For example, the company acquired Trans-Link Group and GeoLogistics in 2005 to expand its terminal network in China, Indian Subcontinent and South-East Asia
- Benefiting from these acquisitions, number of transportation vehicles has increased from 1,900 in 2004 to 9,640 in 2008
  - The company now has operations in 120 countries and has 32,000 employees
- Agility continues to eye expansion, particularly in Africa, to improve its services in the continent
  - Its subsidiary, National Aviation Services (NAS Global), is in talks regarding investment opportunities in East Africa
- The company's strategy to expand through acquisitions and partnerships is expected to strengthen its position as a major global logistics player and support revenue growth in GIL segment, going forward
- However, weak outlook over DGS segment's revenues could see a potential write-down of goodwill allocated to DGS segment (KWD29 Mn, accounting for 1.6% of total assets, at the end of 2009) in 2011-12

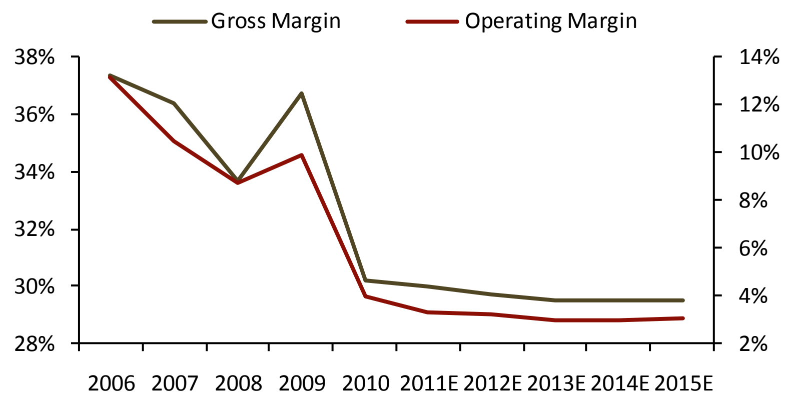
Investment Theme

Legal dispute and competition shackle margins

OPERATING MARGIN OF LOGISTICS COMPANIES



GROSS MARGIN AND OPERATING MARGIN



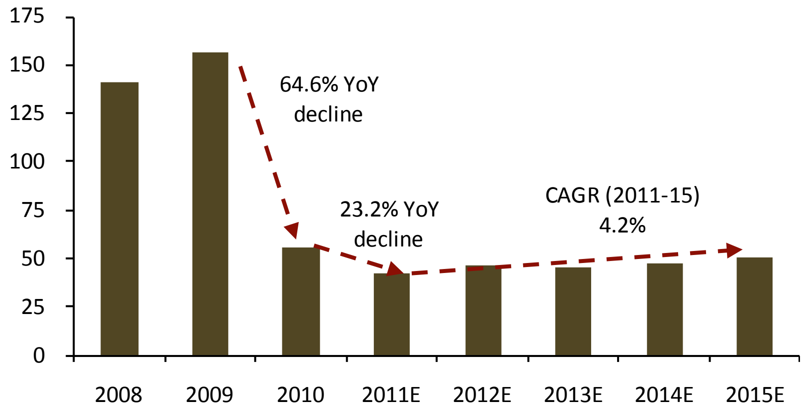
- Apart from revenue contraction, Agility also faced margin contraction in 9M 2010
  - Operating margin in 9M 2010 stood at 4.4% compared to 9.9% in 2009
- Decline in margins was due to two key factors:
  - Greater demand in freight forwarding, which have lower margins (~8%-12%) than contract logistics (~10%-15%) and increasing price competition, resulting in industry-wide erosion of margins
  - Operating margin of Aramex, City Group and GWC-Agility have declined by 3% on average in 9M 2010
  - Lower revenue contribution from the high margin DGS segment (gross margin ~45-50% compared to low single-digit gross margin for the GIL segment)
- We expect margin pressure to continue
  - Revenue contribution from the high margin DGS segment is forecasted to decline to 6% in 2015 from 24% in 9M 2010
  - This, coupled with rising competition from players such as Aramex (UAE) and Gulf Warehousing Co. (Qatar), could result in margin contraction for Agility
- We believe that Agility will not be able to sustain its current level of profitability, despite lower DGS revenues being offset by improvement in the GIL segment, given the low margin nature of this business

Source: Company filings, Zawya, Al Mal Capital analysis

Investment Theme

Net profit unlikely to breach 2009 levels over forecast period

NET INCOME (KWD MN)



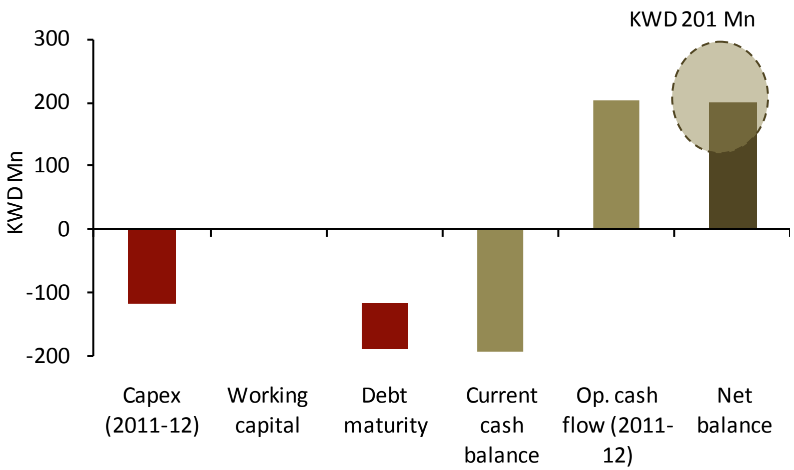
- We forecast Agility's gross margins to average at 29.7% and overall operating margins to average at 3.1% over 2011-15E
  - Gross and operating margin averaged 36.1% and 10.6%, respectively, in 2006-09
- We expect operating margin to decline 70 bps YoY to 3.3% in 2011 and 3.2% in 2012
  - Higher drop in margin in 2011 is based on our assumption that salary and administrative costs cuts will lag the expected sharp drop in revenues from the DGS segment
- Overall, we forecast net income to decline 23.2% YoY in 2011, and then grow at a CAGR of 4.2% during 2011-15
  - We believe that Agility's profits peaked in 2009 at KWD156 Mn, which is unlikely to be revisited during the forecast period
- Our current projections do not consider any cash penalty in the ongoing legal case
  - Penalty concerns have subsided after the initial findings by a US Magistrate Judge ruled in favor of Agility
  - Agility, too, has not made any provision for the penalty
  - If found guilty, the company faces a fine of twice the gains it realized or twice the loss to the US. While the amount of penalty to be paid is not known, media reports peg the figure at around USD500 Mn – USD750 Mn

Source: Company filings, Al Mal Capital analysis

Investment Theme

Operational fragility aside, liquidity remains strong

LIQUIDITY ANALYSIS



- Agility's balance sheet and liquidity position remain strong, despite the weakness in its operations
  - At end-9M 2010, cash and cash equivalents exceeded debt by KWD55 Mn
- We believe Agility's existing cash balance and projected operating cash flow would be adequate to meet upcoming debt repayments and operating needs
  - Estimated debt repayment of KWD68 Mn in 2011 and KWD7 Mn in 2012
  - This, we believe, can be met through projected operating cash flow of KWD91 Mn in 2011 and KWD107 Mn in 2012, and existing cash balance of KWD194 Mn
- Overall, we like Agility's reasonable cash generating ability and balance sheet strength with limited capital expenditure requirement despite operational fragility

Source: Company filings, Al Mal Capital analysis

Valuation

Valuation is cheap; negatives seem to be built into stock price

Company	Country	Market Cap. (USD Mn)	PE Current	PE Fwd 2011	PE Fwd 2012	EV/EBITDA Current	EV/EBITDA Fwd 2011	EV/EBITDA Fwd 2012
Agility Public Warehousing Company	Kuwait	1,189	3.7	7.8	7.2	1.8	2.7	2.5
Aramex	UAE	638	11.8	10.0	9.2	6.6	6.2	5.8
Kuwait & Gulf Link Transport Co.	Kuwait	120	14.9	N/A	N/A	4.8	N/A	N/A
Gulf Warehousing Company QSC	Qatar	163	11.6	N/A	N/A	19.7	N/A	N/A
City Group Company KSC	Kuwait	215	N/M	N/A	N/A	26.0	N/A	N/A
Kuhne + Nagel International AG	Switzerland	15,580	30.4	19.8	17.3	16.1	11.7	10.4
Ryder System Inc	USA	2,380	20.4	16.2	13.2	4.2	4.0	3.6
CH Robinson Worldwide Inc	USA	11,768	31.7	26.3	22.8	17.9	15.0	13.0
Hunt JB Transport Services Inc	USA	4,943	27.0	19.5	16.4	10.6	8.6	7.5
CON-Way Inc	USA	1,825	N/M	23.3	14.6	8.4	5.9	4.8
Peer group average			**21.0**	**15.5**	**13.0**	**8.7**	**7.6**	**6.8**
Agility premium (discount)%			**-82.5%**	**-49.7%**	**-44.5%**	**-79.6%**	**-64.5%**	**-63.6%**

- Agility's legal tangle has severely impacted its stock price. The stock has declined 68% since the news broke on 16 November 2009
- Though legal proceeding and the resultant restrictions over bidding for US Army contracts are likely to impact Agility’s earnings growth, we believe most negatives have been incorporated into the stock price and the stock is now undervalued
- We believe the stock has 38% upside potential, but could remain volatile as the market speculates about the outcome of the case
  - Our positive outlook is based on the company’s balance sheet strength, reasonable cash generating ability and its low trading multiples
  - Agility is trading at a steep discount to its peers. At current P/E of 3.7x and current EV/EBITDA of 1.8x, Agility trades at a discount of 82.5% and 79.6%, respectively, versus a peer group average of 21.0x current P/E and 8.7x current EV/EBITDA

Source: Bloomberg, Reuters, Company filings, Al Mal Capital analysis

Valuation

DCF Method

FCF ANALYSIS (KWD Mn)		FY11	FY12	FY13	FY14	FY15
NOPLAT		46	49	50	55	60
Depreciation and amortisation		42	55	60	66	72
Change in working capital		7	(7)	(7)	(9)	(10)
Capex		(55)	(61)	(67)	(73)	(81)
FCFF		40	36	36	38	41
Discount factor		0.96	0.84	0.74	0.65	0.57
PV of FCFF		38	30	26	25	24
Sum of PV of FCFF	143					
Terminal value	360					
PV of terminal value	206					
Add: Investments	121					
Less: Net debt and minority interest	82					
Total Equity Value	**553**					
Fair value per share	**0.54**					

VALUATION INPUTS			
Risk Free Rate	2.9%	Cost of debt	6.5%
Beta	1.65	Effective tax rate	6.3%
Risk Premium	8.5%	Post tax cost of debt	6.1%
Cost of Equity	16.9%		
WACC			13.7%
Terminal Growth Rate			2.0%

Comparative Valuation

VALUATION METRICS			
P/E Multiple		**EV/EBITDA**	
Premium / (Discount) to peer group	-65.0%	Premium / (Discount) to peer group	-65.0%
P/E Multiple	7.3x	EV/EBITDA multiple	3.1x
FY 11 Earning per share	0.04	FY11 EBITDA	100.4
		Target EV	307.2
		Add: Investments	121.3
		Less: Net debt and minority interest	82.3
		Target Market Cap.	510.8
Target price	0.31	Target price	0.50
Fair price	0.27	**Fair price**	0.44
Current price	0.325	Current price	0.325
Upside/Downside	**-17.3%**	**Upside/Downside**	**35.5%**

WEIGHTED AVERAGE PRICE (KWD)			
Methodologies	**Weight assigned**	**Fair Price**	**Weighted average price**
Fair price using DCF approach	50%	0.54	0.27
Fair price using P/E multiple	25%	0.27	0.07
Fair price using EV/EBITDA multiple	25%	0.44	0.11
Weighted average fair price			0.45
Current price			0.325
Change from current levels			**38.0%**

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Valuation Assumptions

Revenues

- Revenue from DGS segment is projected to decline 70% in 2011, and then grow at a marginal rate of 2% per annum
  - As a prime vendor contract from the US government expired in December 2010
  - The company being barred from bidding for US government contracts
- The GIL segment's revenues are forecasted to increase at a CAGR of 10.6% during 2010-15, partially offsetting the decline in the revenues from the DGS segment in the medium term
  - The GCC transport and logistics industry is expected to record a CAGR of 10.2% until 2012, according to Booz & Co.
  - We expect the GIL segment's contribution to Agility's revenues to increase from 73% in 2010 to 89% in 2015
- Overall, Agility's revenues are projected to decline 7.2% in 2011 and then expand at a CAGR of 9.8% during 2011-15

Penalty

- We have not considered penalties, if any, to be paid by Agility in the ongoing legal case
  - As penalty concerns have subsided after the initial findings by a US Magistrate Judge ruled in the company's favor
  - Also the company has not made any provision for such a penalty

Valuation
Assumptions

Margins

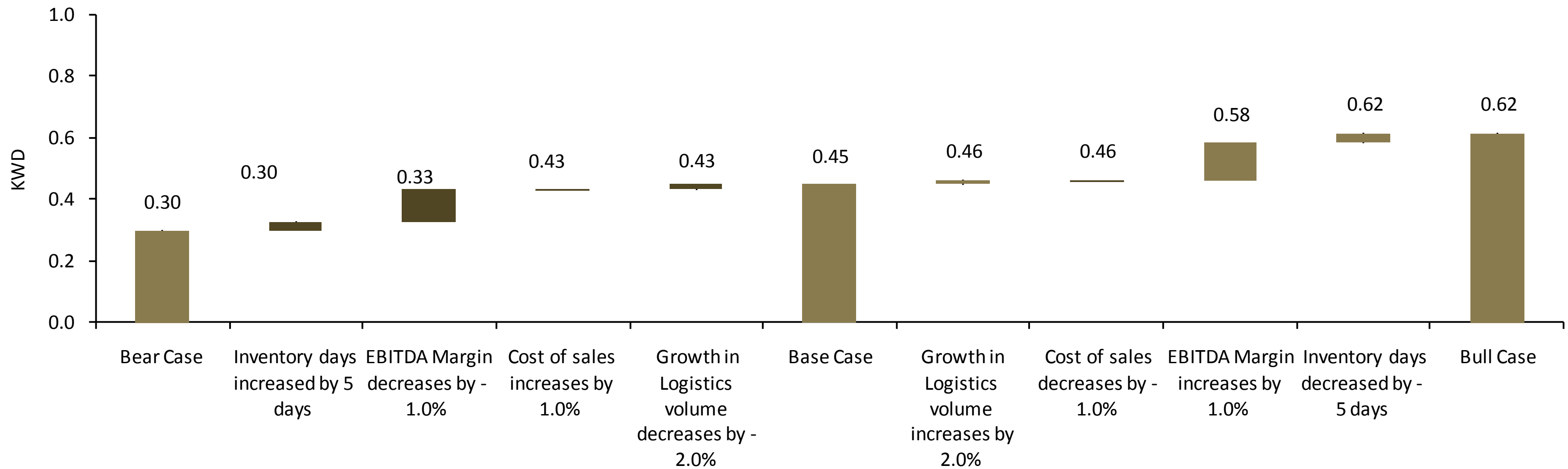
- Gross margin is expected to decline
  - Revenue contribution from the high margin DGS segment is forecasted to decline from 22% in 2010 to 6% in 2015
  - Rising competition is forecasted to result in margins declining by 25 bps industry-wide in 2011-13
- Operating margin to decline in line with gross margin
  - Reductions in salary and administrative costs are forecasted to lag the expected sharp drop in revenues from the DGS segment . Hence, operating margin is likely to contract by a larger 70 bps in 2011 to 3.3%

Capex

- Total KWD337 Mn capex (3.8% of total sales) during 2011-14E
  - Of the total capex, 80% is assumed to be spent on expansion, and the remaining 20% on maintenance
- Capex of KWD55 Mn in 2011E and KWD61 Mn in 2012E
- 50% of the capex to be funded through debt

Valuation

Sensitivity Analysis



Bear case:

- Growth in logistics volume is lower by 10%
- Cost of sales increases by 2%
- EBITDA margin is lower by 1%

Base case:

- Logistics volume grows by 11% in 2011 and 2012
- Cost of sales to increase by 25 bps in 2011
- EBITDA margin to decline by 50 bps in 2011

Bull case:

- Growth in logistics volume is higher by 10%
- Cost of sales decreases by 2%
- EBITDA margin is higher by 1%

Source: Al Mal Capital analysis

Agility – Financial Statements

Income Statement

Income statement (KWD Mn)	FY09A	FY10E	FY11F	FY12F	FY13F	FY14F	FY15F
Total Revenue	**1,705**	**1,584**	**1,470**	**1,619**	**1,778**	**1,949**	**2,136**
Growth (%)							
Cost of Revenue	(1,078)	(1,105)	(1,029)	(1,137)	(1,254)	(1,374)	(1,506)
Gross Profit	627	479	441	481	524	575	630
Gross Profit Margin (%)	36.8%	30.2%	30.0%	29.7%	29.5%	29.5%	29.5%
General and Administration Expenses	(157)	(141)	(133)	(144)	(158)	(174)	(190)
Salaries and employee benefits	(255)	(230)	(215)	(237)	(260)	(285)	(312)
Depreciation & amortization	(47)	(45)	(44)	(48)	(52)	(57)	(62)
EBITDA	215	108	93	100	106	116	127
EBITDA Margin (%)	12.6%	6.8%	6.3%	6.2%	6.0%	6.0%	6.0%
Operating profit	169	63	49	52	53	59	64
Operating Margin (%)	9.9%	4.0%	3.3%	3.2%	3.0%	3.0%	3.0%
Other income	1	4	0	0	0	0	0
Finance charges - net	(3)	(5)	(3)	(3)	(5)	(7)	(10)
Net Income before tax	166	62	46	50	48	51	54
Tax	(10)	(7)	(3)	(3)	(3)	(3)	(3)
Minority Interest	1	1	(0)	(0)	(0)	(0)	(1)
Net Income after tax & MI	**156**	**55**	**42**	**46**	**45**	**47**	**50**
Net Margin (%)	9.2%	3.5%	2.9%	2.8%	2.5%	2.4%	2.3%
Earnings per share (KWD)	0.15	0.05	0.04	0.04	0.04	0.05	0.05
Dividend per share (KWD)	0.00	0.03	0.02	0.02	0.02	0.02	0.02
Payout Ratio (%)	0.0%	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%

Agility – Financial Statements

Balance Sheet

Balance sheet (KWD Mn)	FY09A	FY10E	FY11F	FY12F	FY13F	FY14F	FY15F
Shareholders' Equity	**941**	**996**	**1,011**	**1,036**	**1,058**	**1,083**	**1,109**
Minority Interest	12	11	12	12	13	13	14
Long Term Liability	**325**	**107**	**132**	**160**	**192**	**232**	**276**
Long term loans	259	38	60	85	115	151	192
Other long term liabilities	67	69	72	75	78	81	85
Current Liabilities	**506**	**489**	**400**	**441**	**484**	**526**	**575**
Short Term Loans	94	68	7	7	6	2	2
Payables and Accruals	406	416	388	429	472	518	573
Other short term liabilities	5	5	5	5	5	5	5
Total Liabilities and Equity	**1,784**	**1,604**	**1,555**	**1,649**	**1,746**	**1,854**	**1,974**
Working Capital	99	40	36	38	41	45	49
Current Assets	**820**	**655**	**591**	**668**	**747**	**834**	**933**
Cash and cash equivalents	314	199	167	201	234	271	316
Receivables and Prepayments	442	432	401	442	486	533	584
Inventories	64	24	22	25	27	30	33
Non Current Assets	**964**	**949**	**964**	**981**	**1,000**	**1,020**	**1,041**
Investments and Financial Assets	334	338	341	344	348	351	355
Property, Plant and Equipment	257	285	298	314	331	349	369
Projects in progress	44	0	0	0	0	0	0
Intangible Assets - Goodwill	280	278	275	273	270	268	265
Other non current assets	49	49	50	50	51	51	52
Total Assets	**1,784**	**1,604**	**1,555**	**1,649**	**1,746**	**1,854**	**1,974**

Agility - Financial Statements
Cash Flow Statement

Cash flow statement (KWD Mn)	FY09A	FY10E	FY11F	FY12F	FY13F	FY14F	FY15F
Operating Activities							
Net Profit before tax & minority interest	166	62	46	50	48	51	54
Depreciation & Amortization	47	45	44	48	52	57	63
Bank charges	18	11	6	6	8	11	13
Changes in operating assets & liabilities	18	61	7	(7)	(7)	(9)	(10)
Other adjustments	(14)	(12)	(8)	0	1	2	2
Cash Flows from Operating Activities	**235**	**166**	**95**	**97**	**103**	**111**	**122**
Investing Activities							
Addition to property & equipment	(60)	(26)	(55)	(61)	(67)	(73)	(81)
Acquisition of investments and financial assets	(3)	(3)	(3)	(3)	(3)	(4)	(4)
Acquisition of subsidiaries, minority interest	(18)	0	0	0	0	0	0
Other investing activities	(97)	81	3	3	3	3	3
Cash Flows used in Investing Activities	**(177)**	**52**	**(55)**	**(61)**	**(67)**	**(74)**	**(81)**
Financing Activities							
Net change in debt	(75)	(247)	(38)	25	28	33	40
Dividend paid	(1)	0	(28)	(21)	(23)	(22)	(24)
Other financing cash flow	10	0	0	0	0	0	0
Bank charges	(23)	(11)	(6)	(6)	(8)	(11)	(13)
Cash Flows from Financing Activities	**(88)**	**(258)**	**(72)**	**(2)**	**(3)**	**(0)**	**(0)**
Net change in Cash and Cash Equivalents	**(29)**	**(40)**	**(32)**	**34**	**33**	**38**	**45**
Cash and Cash Equivalent at end of the year	**126**	**86**	**54**	**88**	**120**	**158**	**203**

Agility – Financial Statements

Ratio Analysis

Key ratios	FY09A	FY10E	FY11F	FY12F	FY13F	FY14F	FY15F
Profitability ratios							
Gross Profit Margin	36.8%	30.2%	30.0%	29.7%	29.5%	29.5%	29.5%
EBITDA Margin	12.6%	6.8%	6.3%	6.2%	6.0%	6.0%	6.0%
Net Profit Margin	9.2%	3.5%	2.9%	2.8%	2.5%	2.4%	2.3%
Return on Average Assets	9.1%	3.3%	2.7%	2.9%	2.6%	2.6%	2.6%
Return on Average Equity	18.4%	5.7%	4.2%	4.5%	4.3%	4.4%	4.6%
Liquidity ratios							
Inventory days	22	8	8	8	8	8	8
Cash conversion cycle	(43)	(42)	(42)	(42)	(42)	(42)	(42)
Leverage ratios							
Net Debt/Equity (%)	4.1%	-9.4%	-9.9%	-10.5%	-10.7%	-10.9%	-11.0%
Valuation ratios							
P/E x	2.1	6.0	7.8	7.2	7.4	7.0	6.6
P/Sales x	0.19	0.21	0.23	0.20	0.19	0.17	0.16
EV/EBITDA x	1.8	2.3	2.7	2.5	2.4	2.1	2.0
Dividend Yield	0.0%	5.2%	6.4%	6.9%	6.8%	7.2%	7.6%
Du Pont Analysis							
Net margin	9.2%	3.5%	2.9%	2.8%	2.5%	2.4%	2.3%
Asset Turnover	95.6%	98.7%	94.5%	98.2%	101.8%	105.2%	108.2%
Financial leverage	1.90	1.61	1.54	1.59	1.65	1.71	1.78
RoE	16.6%	5.6%	4.2%	4.4%	4.2%	4.4%	4.5%

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