

## Agility Global PLC

Robust performance across all operating segments drove the profitability

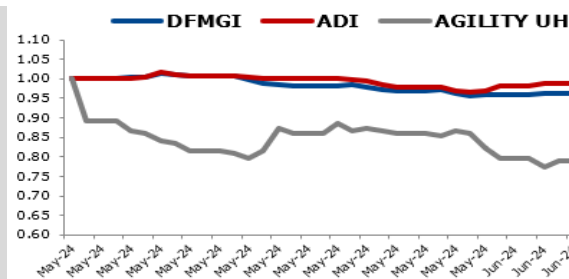
**Current Price**  
AED 1.25

**Target Price**  
AED 2.10

**Upside/Downside (%)**  
+68%

**Rating**  
BUY

- Agility Global's net profit rose more than four times from USD 7 Mn in 1Q23 to USD 30 Mn in 1Q24 due to robust performance across all business segments.
- The Company holds cash & cash equivalent of USD 902 Mn in 1Q24, showcasing healthy liquidity. The Company also holds assets of USD 10.5 Bn and equity of USD 5.6 Bn, representing a strong balance sheet.
- Agility Global operates in diverse segments such as Aviation services, Fuel logistics, Industrial real estate, and others.
- The shareholders approved an interim cash dividend of AED 239.6 Mn (USD 65.2 Mn) in May 2024, equivalent to 2.3 fils per share.



### 1Q24 Net Profit higher than our estimate

Agility Global ("Agility, "the Company") reported robust performance as the net profit grew more than four times from USD 7 Mn in 1Q23 to USD 30 Mn in 1Q24, higher than our estimate of USD 17 Mn. The increase in net profit is mainly due to the rise in revenue coupled with a decline in direct costs partially offset by an increase in operating expenses and higher NCI.

### P&L Highlights

Agility's revenue grew 5.6% YOY to USD 979 Mn in 1Q24 driven by the strong performance of Aviation Services segment and Industrial Real Estate segment (Agility Logistic Park) partially offset by the decline in revenue of the Fuel Logistic segment (Tristar). Revenue from the Aviation services (Menzies) increased 14.4% YOY to USD 577 Mn in 1Q24 driven by strong organic performance in key markets such as the Middle East, Europe, and the Americas combined with increased cargo volumes in the OSEAA (Oceania, SE Asia, and Asia) region. Revenue from Industrial real estate rose 22% YOY to USD 13 Mn in 1Q24 due to higher demand for warehousing space in Saudi Arabia. On the other hand, revenue from the Fuel logistic business declined 8.4% YOY to USD 251 Mn in 1Q24 as a result of contract terminations and the sale of ships. Revenue from other activities remained flat at USD 139 Mn in 1Q24 compared to 1Q23. Direct expenses declined 15.5% YOY to USD 359 Mn in 1Q24. Thus, gross profit rose 23.4% YOY to USD 620 Mn in 1Q24. Operating expenses rose 22.1% YOY to USD 483 Mn in 1Q24. Moreover, other income almost doubled from USD 17 Mn in 1Q23 to USD 31 Mn in 1Q24. As a result, EBITDA rose 34.0% to USD 170 Mn in 1Q24 with a 367 bps YOY increase in margin to 17.3%. The Aviation Services reported a strong EBITDA growth of 32.4% YOY to USD 87.6 Mn in 1Q24 attributed to growth in revenue and improved cost discipline.

### Stock Information

Market Cap (AED, Mn)	13,022.16
Shares Outstanding (Mn)	10,417.72
52 Week High	1.66
52 Week Low	1.20
20D Avg. daily value(USD)	16,564,910

### 1Q24 Result Review (USD, Mn)

Total Assets	10,448
Total Liabilities	4,891
Total Equity	5,557
EBITDA	170
Net Profit	30

### Financial Ratios

Dividend Yield (12m)	1.84
Dividend Pay-out (%)	0.00
Net Debt-to-Equity (%)	50.75
Return on Capital (%)	4.26
Return on Assets (%)	0.53
Return-on Com Equity(%)	1.76

### Stock Performance

5 Days	-8.76%
1 Months	-11.35%
3 Months	NA
6 Months	NA
1 Year	NA
Month to Date (MTD%)	-0.79%
Quarter to Date (QTD%)	NA
Year to Date (YTD%)	NA

The Fuel Logistic segment EBITDA reported a strong rise of 48.2% YOY to USD 64.3 Mn in 1Q24 due to strong performance across the diversified portfolio. Industrial real estate business reported EBITDA of USD 9.4 Mn with a growth of 32.2% YOY in 1Q24. D&A charges increased 15.3% YOY to USD 74 Mn in 1Q24. As a result, operating profit grew 53.2% YOY to USD 95 Mn in 1Q24. The Company's finance income marginally increased from USD 1.3 Mn to USD 1.6 Mn in 1Q24, whereas finance cost rose 4.9% YOY to USD 43 Mn in 1Q24. The Company's income tax expense increased 23.9% YOY to USD 9 Mn in 1Q24. The share of profit attributable to non-controlling interest holders significantly from increased from USD 3 Mn in 1Q23 to USD 14 Mn in 1Q24.

### Balance Sheet Highlights

Agility Global maintains a robust balance sheet with USD 10.4 Bn in assets and USD 5.6 Bn in equity as of 1Q24. The Company reported operating cash flow of USD 46.2 Mn in 1Q24 and incurred a capex of USD 44.6 Mn. The Company's cash and cash equivalents increased from USD 565 Mn in 4Q23 to USD 902 Mn in 1Q24 due to the issuance of additional equity shares in 1Q24. Moreover, interest-bearing loans declined from USD 3,218 Mn in 4Q23 to USD 3,171 Mn in 1Q24 out of which USD 2,364 Mn are funded collar debt on DSV shares. The company's net debt excluding funded collar is USD 495 Mn in 1Q24.

### Target Price and Rating

We maintain our BUY rating on Agility Global with a target price of AED 2.10. The company witnessed strong growth in profitability in 1Q24 with a net profit margin of 3.1% compared to 0.8% in 1Q23. Agility's bottom line positively benefitted from a robust performance across all business segments and better cost control during 1Q24. Agility incurred a total capex of USD 45 Mn in 1Q24, out of which USD 25 Mn was spent on investments and USD 20 Mn on capex. The majority of the company's investment in 1Q24 (c. 35% of total investment) was in Reem Mall in Abu Dhabi which is expected to open in May 2024. Agility won the land dispute in Kuwait with judgment of USD 490 Mn and plans to enforce and collect it in the upcoming period. The Company also won arbitration for its subsidiary ICS in Argentina of USD 160 Mn. Menzies Aviation offers services at 265 airports, catering to over 500 clients showcasing a geographically diversified operational presence. Moreover, Agility Logistics Parks manages c. 680,000 square meters of warehousing space across GCC countries, Africa, and India, serving more than 50 customers. The Company held robust cash and cash equivalents amounting to USD 902 Mn, indicating a healthy balance sheet and favorable liquidity position to support future expansion plans. Agility's total debt stood at USD 3,761 Mn, resulting in a net debt of USD 2,859 Mn in 1Q24, out of which USD 2,364 Mn was funded collar on the shares of DSV. Furthermore, Agility Global approved an interim cash dividend of AED 239.6 Mn (USD 65.2 Mn), equivalent to AED 0.023 per share in May 2024. The Company also intends to pay semiannual dividends from 2025 onwards. Thus, based on our analysis, we assign a BUY rating on the stock.

### Agility Global - Relative valuation

(at CMP)	2023	2024F
PE	NA	33.89
PB	NA	0.65
EV/EBITDA	NA	34.58
Dividend yield	NA	1.9%

*FABS Estimates & Co Data*

*Agility was listed in May 2024; hence, prior-period multiples are not available.*

**Agility Global – P&L**

USD Mn	1Q23	1Q24	1Q24F	Var.	YOY Ch	QOQ Ch	2023	2024F	Change
Revenue	<b>928</b>	<b>979</b>	<b>1162</b>	<b>-15.7%</b>	<b>5.6%</b>	<b>NA</b>	<b>3,936</b>	<b>4,648</b>	<b>18.1%</b>
Direct expenses	-425	-359	-500	-28.1%	-15.5%	NA	-1,673	-1,859	11.2%
<b>Gross profit</b>	<b>503</b>	<b>620</b>	<b>662</b>	<b>-6.4%</b>	<b>23.4%</b>	<b>NA</b>	<b>2,263</b>	<b>2,789</b>	<b>23.2%</b>
Other operating expenses	-396	-483	-525	-7.9%	22.1%	NA	-1,740	-2,208	26.9%
Share of result of JVs	3	2	6	-72.7%	-45.9%	NA	20	23	13.4%
Other income/expenses	17	31	10	NM	85.9%	NA	62	48	-22.6%
<b>EBITDA</b>	<b>127</b>	<b>170</b>	<b>154</b>	<b>10.1%</b>	<b>34.0%</b>	<b>NA</b>	<b>606</b>	<b>652</b>	<b>7.6%</b>
D&A	-64	-74	-71	5.0%	15.3%	NA	-273	-282	3.5%
<b>Operating profit</b>	<b>62</b>	<b>95</b>	<b>83</b>	<b>14.4%</b>	<b>53.2%</b>	<b>NA</b>	<b>333</b>	<b>369</b>	<b>10.9%</b>
Finance income	1	2	0	NM	17.0%	NA	7	0	NM
Finance cost	-41	-43	-43	0.5%	4.9%	NA	-217	-173	-20.2%
<b>Profit before tax</b>	<b>22</b>	<b>54</b>	<b>40</b>	<b>33.3%</b>	<b>NM</b>	<b>NA</b>	<b>124</b>	<b>196</b>	<b>58.8%</b>
Income Tax	-12	-9	-14	-35.6%	-23.9%	NA	-36	-67	85.4%
<b>Profit before NCI</b>	<b>11</b>	<b>45</b>	<b>26</b>	<b>68.8%</b>	<b>NM</b>	<b>NA</b>	<b>88</b>	<b>130</b>	<b>47.9%</b>
Non-controlling interests	-3	-14	-10	42.4%	NM	NA	-37	-40	7.5%
<b>Profit attributable</b>	<b>7</b>	<b>30</b>	<b>17</b>	<b>84.8%</b>	<b>NM</b>	<b>NA</b>	<b>50</b>	<b>90</b>	<b>77.7%</b>

FABS estimate & Co Data

**Agility Global - Margins**

	1Q23	1Q24	YOY Ch	QOQ Ch	2023	2024F	Change
Gross Profit	54.2%	63.3%	913	NA	57.5%	60.0%	249
EBITDA	13.6%	17.3%	367	NA	15.4%	14.0%	-137
Operating Profit	6.7%	9.7%	303	NA	8.5%	7.9%	-51
Net Profit	0.8%	3.1%	234	NA	1.3%	1.9%	65

FABS estimate & Co Data

## Valuation:

We use Discounted Free Cash Flow (DCF) and Sum of The Parts (SOTP) method to value Agility. We have assigned equal weight to DCF and SOTP method.

Valuation Method	Target	Weight	Weighted Value
DCF Method	1.49	50.0%	0.74
SOTP Method	2.71	50.0%	1.36
<b>Weighted Average Valuation (AED)</b>			<b>2.10</b>
Current market price (AED)			1.25
Upside/Downside (%)			+68%

### 1) DCF Method:

Agility is valued using free cash flow to firm. We have discounted the cash flow using the weighted average cost of capital of 10.1%. It is arrived after using the cost of equity of 11.2% and after-tax cost of debt of 5.7% with debt-to-equity ratio of 20.0%. Cost of equity is calculated by using 10-year government bond yield of 5.5%, beta of 0.84 and equity risk premium of 6.8%. Government bond yield is calculated after adding average Abu Dhabi and Kuwait Government 10-year CDS spread over 10-year US risk free rate. Cost of debt is calculated using cost of debt of 5.7% after adjusting a tax rate of 27.5%. Also, assumed a terminal growth rate of 2.0%.

Sum of PV (USD, Mn)	372
Terminal value (USD, Mn)	3,181
<b>FV to Common shareholders (USD, Mn)</b>	<b>4,215</b>
No. of share (Mn)	10,418
Current Market Price (AED)	1.25
<b>Fair Value per share (AED)</b>	<b>1.49</b>

### DCF Method

(All Figures in USD Mn)	FY 2024E	FY 2025E	FY 2026E	FY 2027E	FY 2028E
NOPAT	259	288	346	397	448
Depreciation & amortization	140	167	188	194	191
CAPEX	-400	-420	-320	-180	-140
Working Capital	-160	-69	-91	-125	-105
<b>Free Cash Flow to Equity (FCFE)</b>	<b>-160</b>	<b>-34</b>	<b>123</b>	<b>286</b>	<b>394</b>
Discounting Factor	0.95	0.86	0.78	0.71	0.64
<b>Discounted FCFE</b>	<b>-151</b>	<b>-29</b>	<b>96</b>	<b>203</b>	<b>253</b>

Source: FAB Securities

## 2) SOTP Method:

We have used SOTP method to value Agility. We have considered local as well as international peers to value using the EV/EBITDA multiple. Since the Company operates into multiple segments hence each segment is valued separately using the peers of the segment. The value of all segments is summed up to compute the total enterprise value of the firm and after that includes the value of net debt and value of investments held.

### EV/EBITDA Method (USD Mn)

Segment	EBITDA	Multiple	Valuation
Menzies Aviation Services	358	9.1x	3,275
Tristar Fuel Logistic	266	10.1x	2,690
Agility Logistic Parks	50	21.5x	1,066
<b>Total Enterprise Value</b>	<b>7,031</b>		<b>7,031</b>
Net Debt	-3,265		-3,265
Investments	3,928		3,928
<b>Enterprise Value</b>	<b>7,693</b>		<b>7,693</b>

Company	Market (USD Mn)	EV/EBITDA (x)		P/E (x)	
		2024F	2025F	2024F	2025F
<b>Aviation</b>					
SATS LTD	2,810	8.0	6.9	63.3	22.7
FRAPORT AG FRANKFURT AIRPORT	5,298	11.0	10.1	10.9	9.8
CELEBI HAVA SERVISI	1,523	6.0	5.6	10.8	7.9
AENA SME SA	29,065	9.7	9.3	15.2	14.3
TOSCANA AEROPORTI SPA	242	11.0	7.9	42.7	18.4
<b>Average</b>		<b>9.1x</b>	<b>8.0x</b>	<b>28.6x</b>	<b>14.6x</b>
<b>Median</b>		<b>9.7x</b>	<b>7.9x</b>	<b>15.2x</b>	<b>14.3x</b>
<b>Max</b>		<b>11.0x</b>	<b>9.3x</b>	<b>42.7x</b>	<b>18.4x</b>
<b>Min</b>		<b>8.0x</b>	<b>6.9x</b>	<b>10.9x</b>	<b>9.8x</b>

Source: FAB Securities

Company	Market (USD Mn)	EV/EBITDA (x)		P/E (x)	
		2024F	2025F	2024F	2025F
<b>Transportation Fuel Logistics</b>					
NATIONAL SHIPPING CO OF/THE	5,132	NA	NA	20.7	NA
HUNT (JB) TRANSPRT SVCS INC	16,935	10.9	9.2	25.4	19.2
KNIGHT-SWIFT TRANSPORTATION	7,832	9.6	7.3	36.4	16.8
ADNOC LOGISTICS & SERVICES	8,379	7.3	7.1	11.0	11.2
ABU DHABI NATIONAL OIL CO FO	11,980	12.4	11.7	16.7	15.6
QATAR FUEL QSC	3,938	10.3	10.4	12.1	12.9
<b>Average</b>		<b>10.1x</b>	<b>9.2x</b>	<b>20.4x</b>	<b>15.2x</b>
<b>Median</b>		<b>10.3x</b>	<b>9.2x</b>	<b>18.7x</b>	<b>15.6x</b>
<b>Max</b>		<b>10.9x</b>	<b>10.4x</b>	<b>24.2x</b>	<b>16.8x</b>
<b>Min</b>		<b>9.6x</b>	<b>7.3x</b>	<b>13.3x</b>	<b>12.9x</b>

Source: FAB Securities

Company	Market (USD Mn)	EV/EBITDA (x)		P/E (x)	
		2024F	2025F	2024F	2025F
<b><u>Logistics</u></b>					
GROWTHPOINT PROPERTIES LTD	2,028	16.7	16.0	7.8	7.8
PROLOGIS INC	103,741	23.3	20.5	44.6	37.5
MAPLETREE LOGISTICS TRUST	5,086	21.4	20.6	19.6	19.3
CTP NV	8,290	24.4	21.0	20.4	18.4
<b>Average</b>		<b>21.5x</b>	<b>19.5x</b>	<b>23.1x</b>	<b>20.7x</b>
<b>Median</b>		<b>22.4x</b>	<b>20.5x</b>	<b>20.0x</b>	<b>18.8x</b>
<b>Max</b>		<b>23.6x</b>	<b>20.7x</b>	<b>26.5x</b>	<b>23.8x</b>
<b>Min</b>		<b>20.2x</b>	<b>19.4x</b>	<b>16.7x</b>	<b>15.8x</b>

Source: FAB Securities

