

Report Date: 19-May-25

UNITED CABLE INDUSTRIES

ASE: UCIC



Price as of 18-May-25

JD 0.82/Share

RATING:



Initiated Coverage 14/02/2024

We project that UCIC will perform better than the market over the next 6-12 months. This projection is based on our analysis of four key factors that influence common stock performance: (1) relative valuation, (2) earnings strength, (3) financial stability, and (4) price movement.

Target Price

JD 0.95

Previous Rating	52- Week Price Range	Market Capitalization	Dividend Yield	Last Dividend
1 2 3 4 5 19/03/2025	JD 0.37- JD 0.84	JD 28.7 M	4.88%	JD 0.04/ Share

Founded: 2007 Shares Outstanding: 35.0 M Employees: 209 Sector: Electrical Industries Industry: Cables

United Cable Industries Company (hereinafter referred to as “UCIC” or the “Company”) is a public shareholding company established in Jordan to manufacture power cables and wires. The Company's headquarters are based in Amman, and the factory is located in Al Mafraq Governorate - Taghrat Al-Jab. **On March 13,2025 UCIC's Board of Directors approved the distribution of 4.0% of its paid-up capital in cash dividends to its shareholders.**

Recommendation Summary

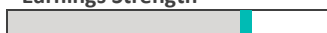
UFICO's **BUY** recommendation on UCIC is the result of our systematic analysis of four basic characteristics mentioned above. The Company demonstrates strong earnings momentum and solid financial stability, supported by prudent management. Its current market price appears undervalued relative to fundamentals, and technical indicators continue to support a positive outlook, making it an attractive investment opportunity at this level.

Relative Valuation



The stock is **undervalued** based on its P/E and P/BV ratios. Dividend yield is **lower** than the average of dividend payers on the Jordanian market

Earnings Strength



Earnings growth increased significantly, with net income recording 86.8% increase during Q1 2025.

Financial Stability



UCIC exhibits strong financial stability, supported by its low debt-to-equity ratio. Furthermore, its current ratio reflects improved liquidity, highlighting the Company's careful financial management.

Price Movement



The stock is **overbought** at its current 14-Day RSI, and is rated a **Buy** at its MA200.

Major Risks & Rewards

- **Operational Risks:** Supply chain disruptions, regulatory changes, or operational inefficiencies could all have an impact on UCIC's operations. While UCIC's diversified market presence offers some protection, the indirect effects of increased raw material costs due to supply chain disruptions (i.e Red Sea conflict) challenges remain a concern.
- **Credit and Collection Risk:** Customer payment delays or defaults might have an impact on UCIC's cash flow and liquidity. Effective credit management and strict collection strategies are required to reduce this risk.
- **Raw Material Price Volatility:** Price fluctuations in key raw materials used in cable manufacture, such as copper and aluminium, can have an impact on production costs and margins. Effective cost management and sourcing techniques are required to reduce this risk.
- **Financial Stability:** The decreasing debt/assets and debt/equity ratios, and stronger current ratio indicate UCIC's financial stability, which appeals to risk-averse investors.
- **Earnings Growth:** Strong earnings growth, with net income rising significantly in Q1 2025, indicates operational efficiency and profitability.
- **Dividend Distribution:** UCIC distributed JOD 0.040/ Share in cash dividends for 2024, reflecting its ongoing commitment to shareholders.

Peers Group Comparison

Ticker	Peer Name	Exchange	Price	Mkt Cap*	EPS	P/E	P/BV	Yield	NPM
			18/5/2025	18/5/2025	(Forward)	(Forward)	(MRQ)	18/5/2025	(TTM)
UCIC	United Cable Industries	ASE	JD 0.82	JD 28,700	JD 0.08	9.92x	0.79x	3.05%	3.98%
AALB	Aalberts Industries NV***	AEX	JD 22.19	JD 2,414,394	JD 1.20	18.44x	1.27x	7.44%	5.69%
JEN	Jensen-Group***	BSE	JD 33.63	JD 318,774	JD 31.75	1.06x	1.61x	1.15%	90.85%
CABO	Cable One Inc	NYSE	JD 112.88	JD 635,510	JD 1.31	85.85x	0.50x	7.41%	0.69%
CUTIX	Cutix Plc	NSE	JD 0.00	JD 8,347	JD 0.00	16.08x	4.03x	5.77%	7.24%
Peer Group Weighted Average						16.41x**	1.16x	4.97%	
Sector Average (www.investing.com)						12.00x	1.40x		
Median						17.26x	1.44x		

*in Thousands, ** Excluding CABO from the P/E average, *** Results as of 31/12/2024

Report Date: 19-May-25

UNITED CABLE INDUSTRIES

ASE: UCIC

Price as of 18-May-25

JD 0.82/Share

Past Performance

	2020	2021	2022	2023	2024	1Q24	1Q25
Net Profit Margin	2.06%	1.14%	1.25%	1.79%	2.49%	2.63%	3.98%
Earning/ Share (JD)	0.02	0.01	0.02	0.03	0.05	0.01	0.02
Debt to Equity	19.56%	23.54%	35.47%	23.65%	14.70%	19.51%	14.17%
Gross Profit Margin	3.08%	5.45%	5.05%	5.77%	6.44%	5.92%	7.55%
Dividend/Share (JD)	-	-	-	0.025	0.040	-	-

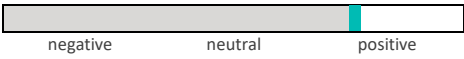
Relative Valuation: POSITIVE

Last Price	Mkt Cap*	EPS	P/E	BV/Share	P/BV	DPS	Div. Yield
18/5/2025	18/5/2025	(Forward)	(Forward)	(MRQ)	(MRQ)	(2024)	18/5/2025
JD 0.82	JD 28,700	JD 0.08	9.92x	JD 1.03	0.79x	JD 0.040	4.88%

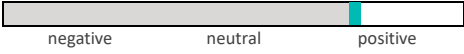
* In thousands

- **P/E vs. Industry:** is below the peers average and the median indicating potential undervaluation.
- **P/BV vs. Industry:** is lower than the sector average and the peers average, indicating undervaluation.
- **Dividend Yield** is lower than the average of dividend payers in the Jordanian market.
- **Dividend Payout Ratio** of 48.4%, indicating payments are well covered by earnings.

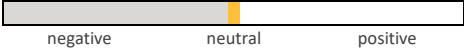
P/E



P/BV



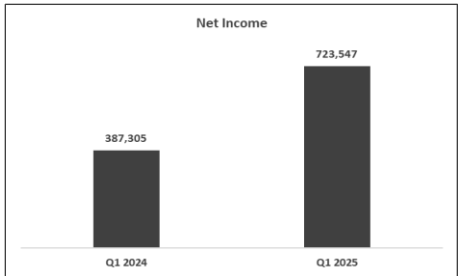
Dividend Yield



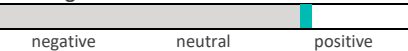
Earning Strength: POSITIVE

1Q25 Results	Revenues	Net Income	ROE	NPM
(TTM)	JD 18.2 M (+23.2%)	JD 723,547 (+86.8%)	7.93%	3.98%

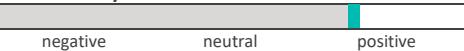
- **Earnings Trend:** During Q1 2025, earnings grew by 86.8%.
- **Return on Equity** is higher than the 4.74% achieved at the end of Q1, and indicates moderate return to shareholders.
- **Net Profit Margin** is the highest achieved in the last 5 years.



Earnings Trend



Profitability



Financial Stability: POSITIVE

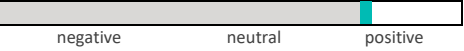
2024 Results	Assets	Equity	Debt/ Equity	ROA	Current Ratio
(MRQ)	JD 49.3 M	JD 36.2 M	14.17%	5.91%	2.82x

- **Return on Assets;** moderate and marks an improvement compared to Q1 2024.
- **Debt/ Equity Ratio** is considered healthy, reflecting the Company's ability to finance growth with minimal leverage.
- **Current Ratio** indicates UCIC's ability to meet short-term obligations with its current assets and exhibits good liquidity.

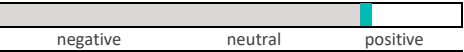
ROA



Debt/ Equity Ratio



Current Ratio

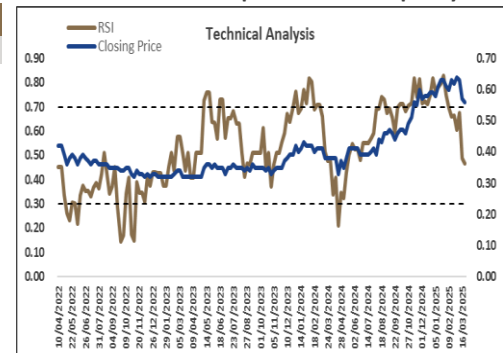


Price Movement: NEUTRAL

Annual Volatility:	14-Day RSI:	200 Day MA:	Avg. Vol (3M):
+/- 29.9%	78.649	0.55	120,095 Shares

- **Price Volatility** indicates a high level of fluctuation in price over time. The higher the volatility, the riskier the stock.
- **14-Day Relative Strength Index (RSI)** indicates the stock has reached overbought territory, suggesting a potential for a short-term price correction. Traditionally, a stock is considered overbought or overvalued when RSI is above 70 and oversold or undervalued when it is below 30.
- **Moving Averages (MA):** The stock currently trades above its 200-day MA, suggesting a potential **Buy** signal. The MA for the 50-day MA at 0.62 and the 100-day MA at 0.64 indicates a **Buy** signal based on the stock's current price levels.
- **Average Volume (3 Months)** indicates moderate trading activity, and an acceptable level of market participation.

Stock Price is up 115.8% in the past year



Report Date: 19-May-25

UNITED CABLE INDUSTRIES

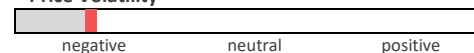
ASE: UCIC

Price as of 18-May-25
JD 0.82/Share

Price movement is an evaluation based on a company's relative share price strength in the past 1-quarter, 14 day and 1-year period. **UCIC had a positive price strength in the past 200-day period indicating a favourable signal of near-term price gain.**

UCIC is currently showing strong bullish momentum, holding well above its 200-day MA. The stock just reached a 52-week high of JD 0.84, indicating continued buying demand and investor confidence. If momentum continues, the next goal might be around the psychological resistance of JD 0.90, with support levels between JD 0.75 and JD 0.70 offering potential entry chances on any downturn.

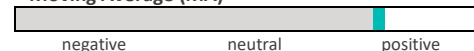
Price Volatility



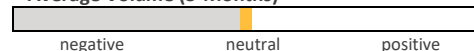
14-Day RSI



Moving Average (MA)



Average Volume (3-Months)



Report Date: 19-May-25

UNITED CABLE INDUSTRIES

ASE: UCIC

Price as of 18-May-25

JD 0.82/Share

UFICO Stock Ratings: UFICO's coverage of stocks uses a quantitative model that evaluates a company's relative valuation, earnings strength, financial stability, and its recent price movement. UFICO's five recommendation ratings include strong buy, buy, hold, sell, strong sell. For all stocks in our coverage universe, ratings are generated each week and reflect the fundamental and price data as of the last trading day of the week.

1	2	3	4	5	Strong Buy	Significantly Satisfactory
1	2	3	4	5	Buy	Satisfactory
1	2	3	4	5	Hold	Average
1	2	3	4	5	Sell	Unsatisfactory
1	2	3	4	5	Strong Sell	Significantly Unsatisfactory

Relative Valuation: Relative valuation is a weighted combination of factors that measure a company's current stock price valuation vs industry. These include the company's price-to-earnings vs. industry, and its price-to-book vs. industry. UFICO also measures the rank of a company's dividend yield among dividend payers on the Amman Stock Exchange. A stock may stay undervalued or overvalued for a long period of time. For this reason, it is important to combine dividend yield rank factor with shorter-term predictive factors such as earnings momentum or price momentum to identify more imminent valuation adjustments. In addition, UFICO also measure a company's dividend payments growth over the past 10 years and the degree its dividend payments are covered by earnings.

Earnings Strength: Over 20 years of research have shown that the change in the growth of earnings per share is an important factor that drives stock price performance. UFICO measures earnings momentum to get an early indication of changing earnings patterns. Earnings strength is a weighted combination of factors that measure a company's earnings growth performance. These include the company's 5-year average earnings growth rate, its 1-year earnings growth rate vs its 5-year average earnings growth rate, its 1-year earnings growth rate vs. industry, its relative strength of ROE, and its y-o-y profit margin growth rate.

Financial Stability: Financial stability is a weighted combination of factors that measure a company's ability to pay its debts in the short and long terms. UFICO looks for a company's capital structure where its total liabilities do not exceed 40% of its equity. For a company's solvency strength, we look for an interest coverage of at least 3x, indicating a company's ability to cover its interest payments through its operating income, and a debt coverage of at least 200%, indicating a company's ability to cover its loans and interest payments through its operating income. For liquidity strength, we look for a company's current ratio of at least 1.25x, indicating current liabilities are sufficiently covered by current assets. Companies in the banking sector are analyzed using assets/equity ratio, loans/deposits ratio, loans/assets ratio, and level of bad loans. For assets/equity ratio, we look for a ratio below 10x, indicating adequate reliance on debt to fund the bank's operations. For loans/deposits ratio, we look for a ratio below 125%, indicating high liquidity and low exposure risk to cover unexpected funding requirements. For loans/asset ratio, we look for a ratio below 110%, indicating high liquidity and low exposure risk to defaults. For the level of bad loans, we look for a ratio below 5.00%, indicating lower provisions are required and, hence, increases bank profitability.

Recent Price Movement: Historical price action of a company's stock is an especially helpful measure used to identify intermediate and short term performance potential. Long term historical performance is a good predictor of future price performance, but much more importantly, large price movements over the intermediate and short term tend to reverse themselves. UFICO's price momentum measure integrates historical long, intermediate and short term price changes, creating ratings that are highest for stocks with strong twelve-month price performance that have had a price consolidation in the past quarter and month. Price movement is an evaluation based on a company's relative share price strength in the past 1-quarter, 14-day and 1-year period. In UFICO's analysis, positive price strength in the past 200-day period is a favorable indication of near-term price gain. Conversely, positive price changes in the past quarter or 14-day period can indicate a short-term overbought condition resulting in negative near-term price change.

Disclaimer

The statements, opinions and analyses presented in this report (collectively, "Information") are for informational purposes only. Any opinions or probabilities expressed in this report are those of the author as of the report date and are subject to change without notice. United Financial Investments ("UFICO") makes no guarantee as to the completeness or accuracy of the Information, nor can it accept any responsibility for any errors in the report. Other events that were not taken into account may occur, and any opinions or probabilities should not be construed to be indicative of the actual events that may occur. The Information contained herein is not an offer to sell or the solicitation of an offer to buy any securities. Nothing contained herein is intended to be investment advice, nor is it to be relied upon in making any investment or other decision. Different types of investments involve varying degrees of risk, and there can be no assurance that the future performance of any specific investment will be profitable or equal any historical performance level(s). Neither UFICO, any of its affiliates, nor each of their respective officers, directors, members, agents, representatives, employees, or contractors (collectively, "UFICO Parties"), are liable for investment decisions based upon, or the results obtained from, the Information provided. UFICO Parties or their clients may at times own positions in the companies described in these reports. You assume all risks of loss resulting, directly or indirectly, from the use of the Information contained in this report. By accepting receipt of this report, you agree to hold harmless the UFICO Parties from any and all claims, actions, damages, losses, liabilities, costs and expenses of any kind whatsoever, including any claims of negligence, arising out of, resulting from, by reason of, or in connection with the use of the Information contained in this report. This report contains certain "forward-looking statements," which may be identified by the use of such words as "believe," "expect," "anticipate," "should," "planned," "estimated," "potential" and other similar terms. Examples of forward-looking statements include estimates with respect to financial condition, market developments, and the success or lack of success of particular investments (and may include such words as "crash" or "collapse"). All are subject to various factors, including general and local economic conditions, changing levels of competition within certain industries and markets, changes in interest rates, changes in legislation or regulation, and other economic, competitive, governmental, regulatory and technological factors that could cause actual results to differ materially from projected results. Comparable companies, strategies, portfolios and indices may be included in this report only as a context reflecting general market results during the depicted period or as of the specified date. The comparison of any company, strategy, portfolio or index to a single other portfolio may be inappropriate because the portfolio's assets, strategies and level of risk may vary materially from the comparable company, strategy, portfolio or index as a whole. This report is provided to you on a confidential basis and is intended solely for the use of the person to whom it is provided. It may not be modified, reproduced or redistributed in whole or in part without the prior written consent of UFICO.