

Quarter Earnings: 31/3/2025

Annual Earnings: 31/12/2024

RATING:



Initiated Coverage 22/05/2025

We project that MANE will perform in line with 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 1.73

Previous Rating					52- Week Price Range	Market Capitalization	Dividend Yield	Last Dividend	
1	2	3	4	5	16/04/2025	JD 1.37- JD 1.78	JD 185.9 M	7.40%	JD 0.13/Share

Founded: 2008	Shares Outstanding: 110 M	Employees: 2,429	Sector: Energy	Industry: Utilities and Energy
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Afaq for Energy Company (hereinafter referred to as “MANE” or the “Company”) is a public shareholding company specializing in a broad spectrum of oil and fuel-related activities, including import, export, trading, and comprehensive fuel marketing and storage services. The Company’s diverse operations are supported by its three subsidiaries, each focusing on a distinct market segment. (1) The Modern Jordanian Company for Oil and Fuel Services enhances fuel supply and service offerings across the country, while the (2) Modern Jordanian Foodstuff Trading Company (Lumi Market) operates in the retail sector, providing food and consumer good, and the (3) Modern Jordanian Import and Export Company (Duty-Free) manages duty-free trading operations, leveraging import and export opportunities.

In 2023, MANE expanded its footprint by launching nine new gas stations, bringing its total network to 103 fuel/gas stations across the Kingdom of Jordan. This strategic expansion not only strengthens its market presence but also enhances service accessibility for consumers nationwide. The company’s integrated business model, combining energy solutions, retail operations, and trading services, positions MANE as a leading player in the Jordanian energy sector, contributing to market stability, employment generation, and economic growth. On April 13, 2025, the Board of Directors of MANE announced the distribution of 12.5% cash dividends to its shareholders.

Recommendation Summary

UFICO’s **HOLD** recommendation of MANE is the result of our systematic analysis of four basic characteristics mentioned above. While the stock appears undervalued based on its P/E and P/BV multiples and offers an above-average dividend yield, near-term upside may be limited given its neutral RSI and moderate volatility. Strong Q1 earnings growth and improved financial efficiency are encouraging, but short-term liquidity constraints and revenue softness warrant a cautious stance until clearer signals of sustained momentum emerge.

Relative Valuation



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

Earnings Strength



Earnings grew by 82.61% during Q1 2025. Despite the revenue dip, the Company is becoming more financially efficient. If the trend continues, 2025 could mark a year of stronger returns, especially if energy sector dynamics improve.

Financial Stability



The Company maintains a solid capital structure with improving leverage. However, short-term liquidity remains an area to monitor.

Price Movement



Moderate volatility with minimal price fluctuation over time. The stock is rated a **Hold** at its current 14-Day RSI and a **Buy** at its 200- day MA.

Major Risks & Rewards

- **Market Exposure:** The Company remains vulnerable to external factors such as geopolitical tensions, regulatory changes, trade policies, and increased competition from alternative energy sources, all of which may impact product demand, pricing, and market share.
- **Financial Leverage:** While leverage has improved, MANE continues to rely on debt financing, exposing it to interest rate fluctuations, credit risk, and potential liquidity constraints, particularly in volatile macroeconomic environments.
- **Commodity & Currency Risks:** As an energy business, oil price volatility remains a structural risk to profitability. Although foreign exchange exposure is minimal due to the Jordanian Dinar’s peg to the US Dollar, fluctuations in global input prices can still indirectly affect margins.
- **Regulatory and Compliance Risks:** Operating in a highly regulated industry, MANE must adhere to strict environmental, health, and safety standards. Non-compliance could lead to penalties, operational disruptions, and reputational damage.
- **Diversified Business Model:** Through its subsidiaries and fuel station expansion, MANE maintains a diverse product and service portfolio, reducing dependency on any single revenue stream and helping buffer against sector-specific shocks.
- **Attractive Dividend Profile:** The Company’s history of consistent dividend payments supports its positioning as a reliable income-generating investment, particularly appealing to long-term, yield-oriented investors.
- **Valuation Upside:** Based on comparative analysis, MANE appears undervalued relative to both industry peers and emerging market averages, suggesting potential upside for value investors seeking exposure to the regional energy sector.

Report Date: 22-May-25

AFAQ FOR ENERGY CO.

ASE: MANE

Price as of 22-May-25
JD 1.69/Share

Peers Group Comparison

Ticker	Peer Name**	Country	Price	Mkt Cap*	EPS	P/E	P/BV	NPM
			22/5/2025	22/5/2025	(Forward)	(Forward)	(MRQ)	(TTM)
MANE	Afaq for Energy Co.	Jordan	JD 1.69	185.9	JD 0.20	8.33x	1.04x	2.25%
JOPT	Jordan Petroleum Refinery	Jordan	JD 4.85	485.0	JD 0.70	6.93x	0.71x	4.50%
2223	Saudi Aramco Base Oil Co.***	Saudi Arabia	JD 19.04	3,212.7	JD 1.04	18.24x	3.85x	9.24%
ADNOCDIST	National Oil	UAE	JD 0.67	8,312.5	JD 0.04	17.13x	18.64x	7.54%
Weighted Average (Peers)						10.94x	1.62x	
Emerging Market Averages (www.damodaran.com)						17.01x	1.06x	
Median						17.13x	2.28x	

* In JD Millions, **excluding ADNOCDIST from the P/BV average, ***Results as 31/12/2024

Past Performance

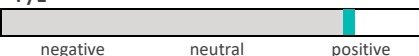
	2020	2021	2022	2023	2024	1Q24	1Q25
Net Profit Margin	-1.78%	2.78%	2.93%	2.02%	1.74%	1.18%	2.25%
Earning/ Share (JD)	(0.10)	0.21	0.29	0.20	0.16	0.03	0.05
Debt to Equity	125.62%	103.72%	114.35%	61.09%	82.10%	84.29%	82.69%
Gross Profit Margin	2.52%	6.11%	6.09%	5.25%	4.75%	3.92%	5.54%
Dividend/ Share (JD)	-	0.08	0.25	0.10	0.13	-	-

Relative Valuation: POSITIVE

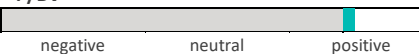
Last Price	Mkt Cap	EPS	P/E	BV/Share	P/BV	DPS	Div. Yield
22/5/2025	22/5/2025	(Forward)	(Forward)	(MRQ)	(MRQ)	(2024)	22/5/2025
JD 1.69	JD 185.9 M	JD 0.20	8.33x	JD 1.63	1.04x	JD 0.13	7.40%

- P/E vs. Industry** is lower than the weighted average and the median of its peers, which indicates potential undervaluation.
- P/BV vs. Industry** is lower than the median and the weighted average of peers, which indicates undervaluation, and is fairly valued based on the emerging market average.
- Dividend Yield** is above the average of dividend payers on the Jordanian market.

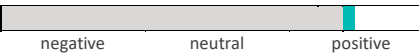
P/E



P/BV



Dividend Yield

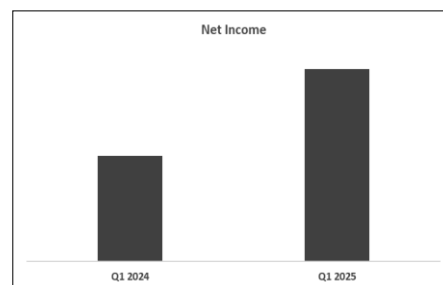


Earning Strength: POSITIVE

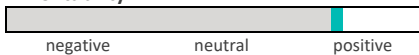
1Q25 Results	Revenues	Net Income	ROE	NPM
(TTM)	JD 247.6 M (-4.73%)	JD 5.6 M (+82.61%)	12.63%	2.25%

- Earnings Trend:** Earnings grew by 82.61% during Q1 2025; however, revenue declined by 4.73%. Revenue sensitivity remains a concern in the energy sector, particularly amid economic or political disruptions. It is worth noting that gross profit margin improved which suggests better input cost management or pricing power, which is critical in energy where margins are typically thin.
- Return on Equity** is higher than that achieved at the end of Q1 2024, indicating solid shareholder returns relative to the scale of operations.
- Net Profit Margin** is higher than that achieved at the end of Q1 2024, and indicates better cost control and operational efficiency despite lower revenues.

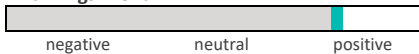
While oil demand recovered between 2021 and 2024 following a significant dip in 2020, there is still uncertainty in 2025 about the rate and direction of future demand. Global economic trends, energy transition policies, technological advancements, and the quest for sustainability are all major factors shaping oil market dynamics.



Profitability



Earnings Trend

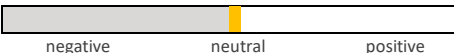


Financial Stability: NEUTRAL

1Q25 Results	Assets	Equity	ROA	Debt/ Equity	Current Ratio
(MRQ)	JD 639.0 M	JD 183.8 M	3.50%	82.69%	0.80x

- Return on Assets** is modest but remains in line with asset-heavy operations in the energy and infrastructure sector.
- Debt/ Equity** is considered moderate in comparison to historical results.
- Current Ratio** indicates MANE's borderline ability to meet short-term obligations with its current assets, exhibiting neutral liquidity.

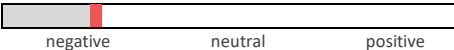
Return On Assets



Debt/ Equity



Current Ratio



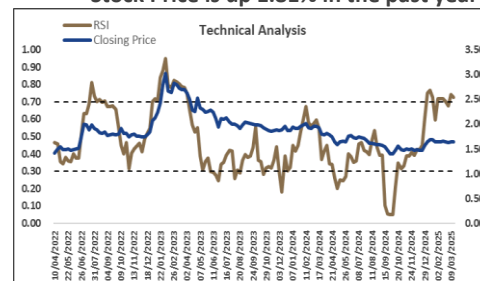
Price Movement: NEUTRAL

Annual Volatility:	14-Day RSI:	200 Day MA:	Avg. Vol (3M):
+/- 17.04%	57.791	1.578	72,565 Shares

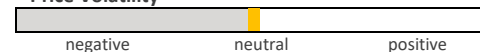
- **Price Volatility** indicates moderate levels of fluctuation in price over time. The higher the volatility, the riskier the stock.
- **14-Day Relative Strength Index (RSI)** indicating a **Neutral** signal at this level. It reflects modest positive momentum without indicating overbought conditions, which suggests there may still be room for upward movement before hitting resistance driven by market saturation or profit-taking behavior. 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 moving average, which indicates a **Buy** signal. The MA for the 50-Day and 100-Day are 1.643 and 1.638, indicating a **Buy** signal.
- **Average Volume 3-Months** indicates acceptable trade activity. This is due to MANE's free float of 8.59%, which decreases daily trading opportunities.

MANE is currently maintaining solid technical momentum, with the price remaining above all major moving averages, including the 200-day MA. The stock is approaching an essential resistance level around JD 1.70, and a major breakthrough might lead to the next objective of JD 1.77 in the near future.

Stock Price is up 1.81% in the past year

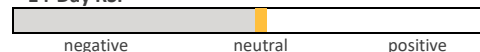


Price Volatility



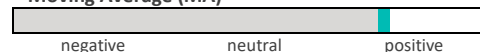
negative neutral positive

14-Day RSI



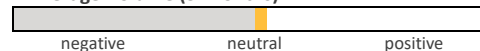
negative neutral positive

Moving Average (MA)



negative neutral positive

Average Volume (3-Months)



negative neutral positive

Report Date: 22-May-25

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ASE: MANE

Price as of 22-May-25

JD 1.69/Share

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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.

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