

Report Date: 26-May-25
JORDAN ELECTRIC POWER
ASE: JOEP

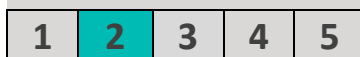


Price as of 26-May-25
JD 2.46/Share

Quarter Earnings: 31/3/2025

Annual Earnings: 31/12/2024

RATING:



Initiated Coverage 08/02/2024

We project that JOEP 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 2.60

Previous Rating					52- Week Price Range	Market Capitalization	Dividend Yield	Last Dividend
1	2	3	4	5	07/04/2025 JD 1.932- JD 2.546	JD 237.5 M	5.28%	JD 0.13/Share
Founded: 1938					Shares Outstanding: 96.579 M	Employees: 2,052	Sector: Electricity	Industry: Utilities & Energy

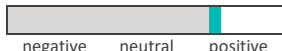
Jordan Electric Power Company (hereinafter referred to as “**JOEP**” or the “**Company**”) is a public shareholding company listed on the Amman Stock Exchange under the ticker JOEP. As one of the Kingdom’s oldest and most established electricity providers, JOEP holds the exclusive concession to distribute electric power across key central regions of Jordan, including Amman, Zarqa, Madaba, and Balqa. The company plays a critical role in national energy infrastructure, operating across transmission and distribution segments while aligning with Jordan’s broader energy strategy. JOEP reported JD 1.08 billion in revenue and JD 19.18 million in net income for FY 2024, marking growth of 6.5% and 11.4% respectively year-over-year. It maintains a track record of consistent dividend distributions, with a dividend yield of approximately 5.28% as of May 2025. **On March 26, 2025, the Board of Directors of JOEP announced to increase the Company’s capital to 96.6 million through a stock dividend, which included a stock split at a 1.05:1. Additionally, the Board approved the distribution of 13.0% of its paid-up capital in cash dividends to its shareholder.**

Strategically, JOEP is focused on digital grid modernization, operational efficiency, and integrating renewable sources to meet evolving regulatory and sustainability demands with their new EV charging venture Al Barq.

Recommendation Summary

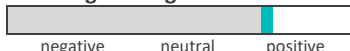
UFICO’s **Buy** recommendation of JOEP is the result of our systematic analysis of four basic characteristics mentioned above. Despite a below-average dividend yield and a Q1 net loss, JOEP remains undervalued and continues to follow its typical yearly trend, where early losses are offset by stronger performance in later quarters—evident in the 11.4% net profit growth in 2024. The company also reported higher revenues and improved margins this quarter, reinforcing its long-term investment appeal.

Relative Valuation



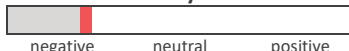
The stock is **undervalued** based on its EV/EBITDA, EV/sales, P/E and P/BV multiples. The Company’s dividend yield is **below** the average of dividend payers on the ASE.

Earnings Strength



JOEP reported an increase in revenues, a slight decline in cost of sales and an improved net profit margin QoQ, this signals a strong start of the financial year, in-line with previous years.

Financial Stability



JOEP demonstrates financial stability with an acceptable return on assets. However, the Company’s high debt-to-equity ratio, increases its vulnerability to economic downturns, if interest rates rise.

Price Movement



The stock’s price movement is less likely to fluctuate over time, although traded almost daily. The stock is rated a **Hold** at its current 14-Day and a **Buy** at its MA200.

Major Risks & Rewards

- **Established Market Position:** JOEP is a primary electricity distributor in major Jordanian areas including Amman, ensuring stable demand for its essential services under a concession.
- **Consistent Financial Performance:** The Company reliably generates substantial revenues and maintains profitability, reflecting its crucial role as a long-standing utility provider.
- **Shareholder Returns Focus:** JOEP has a track record of delivering value to investors through consistent dividend payments, including recent approvals for cash and stock distributions.
- **Strategic Diversification Moves:** New ventures like “Al Barq Energy Services” for EV charging demonstrate a proactive strategy to tap into emerging market opportunities.
- **High Debt Levels:** The Company’s considerable debt makes it potentially vulnerable to interest rate fluctuations, which could impact financing costs and overall profitability.
- **Regulatory Environment Impact:** JOEP’s financial outcomes are significantly shaped by regulatory decisions on electricity tariffs and operational rules set by the Energy and Minerals Regulatory Commission (“EMRC”).
- **Significant Capital Expenditure:** Continuous, heavy investment is required to maintain and upgrade the electricity distribution network, affecting cash flow and financing needs.
- **Sector and Economic Influences:** Jordan’s broader economic climate and specific energy sector trends, including renewable transitions, directly influence JOEP’s operational landscape.

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Peers Group Comparison

Ticker	Peer Name	Price	Mkt Cap*	P/E	P/BV	EV/EBITDA	EV/Sales	Debt/Equity
		26/05/2025	26/05/2025	(Forward)	(MRQ)	(Forward)	(Forward)	(MRQ)
JOEP	Jordan Electric Power	JD 2.46	225,733	10.70x	1.60x	5.66x	0.56x	275.78%
IREL	Irbid District Electricity	JD 5.73	120,330	10.94x	2.81x	32.56x	2.29x	203.01%
Industry Averages (www.investing.com)				12.00x	2.32x	11.70x	5.24x	220.00%

* In JD thousands

Past Performance

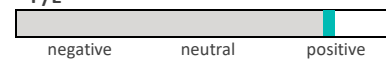
	2018	2019	2020	2021	2022	2023	2024	Q1 2024	Q1 2025
Net Profit Margin	0.96%	1.00%	1.08%	1.12%	1.57%	1.72%	1.80%	-4.15%	-3.88%
Earning/ Share (JD)	0.11	0.11	0.11	0.11	0.17	0.19	0.21	-0.12	-0.12
Debt to Equity	360.3%	326.9%	354.1%	338.0%	263.0%	246.2%	294.79%	275.05%	275.78%
Gross Profit Margin	14.26%	13.74%	15.38%	16.50%	16.99%	16.29%	15.55%	11.22%	10.84%
Dividends/Share (JD)	0.07	0.08	0.07	0.05	0.09	0.17	0.13	0.00	0.00

Relative Valuation: POSITIVE

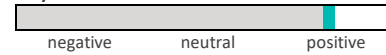
Last Price	Mkt Cap	P/E	P/BV	EV/EBITDA	EV/Sales	DPS	Div. Yield
26/05/2025	26/05/2025	(Forward)	(MRQ)	(Forward)	(Forward)	(2024)	26/05/2025
JD 2.46	JD 225.7 M	10.70x	1.60x	5.66x	0.56x	JD 0.13	5.28%

- **P/E vs Industry:** indicates that JOEP is undervalued in relation to the utilities sector and has upside potential.
- **P/BV vs. Industry:** is also under the sector average indicating that JOEP might be undervalued.
- **EV/EBITDA vs. Industry:** indicates the Company is undervalued with its EV/EBITDA lower than the industry average.
- **EV/Sales vs. Industry:** is below the industry average and peers, signaling undervaluation.
- **Dividend Yield** is lower than the average of dividend payers in the Jordanian market.

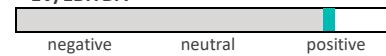
P/E



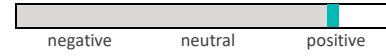
P/BV



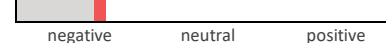
EV/EBITDA



EV/Sales



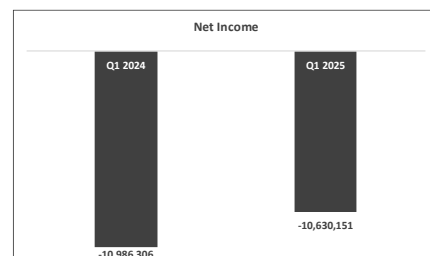
Dividend Yield



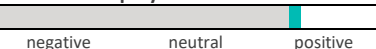
Earning Strength: POSITIVE

1Q25 Results	Revenues	Net Income	ROE	NPM
(TTM)	JD 273,959 (+3.4%)	JD -10,630 M (+3.2%)	13.55%	-3.88%

- **Earnings Trend:** Both revenues and net income improved in Q1 2025 compared to Q1 2024. Despite a negative net income, electricity companies usually face losses in the first winter months of the year, and offset these losses in following quarters.
- **Return on Equity** is a respectable figure for a utility company, reflecting decent profitability relative to shareholders' equity. It is higher than most peers in the sector, indicating relatively strong earnings generation.
- **Net Profit Margin** although negative, that is the trend for JOEP in Q1, as they make their profits that more than cover this quarter in later quarters of the year.



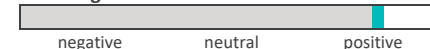
Return on Equity



Profitability



Earnings Trend

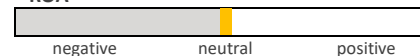


Financial Stability: NEGATIVE

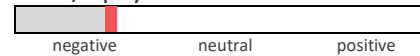
1Q25 Results	Assets	Equity	Debt/ Equity	ROA	Current Ratio
(MRQ)	JD 1,192.7 M	JD 140.9 M	275.8%	1.69%	0.64x

- **Debt/ Equity Ratio** reflects high reliance on debt, typical for the Company's sector. This ratio decreased from 294.79% to 275.8%, indicating an increased dependency on debt financing during the period.
- **Return on Assets** is considered low when looking at the Company's capital structure. The utilities sector requires substantial investment in infrastructure, resulting in high total assets on the balance sheet, which means that a large portion of the Company's resources is tied up in fixed assets, which tend to generate lower returns compared to other sectors.
- **Current Ratio** is low which highlights that the Company's current liabilities and short-term obligations are only marginally covered by its current assets, signalling potential liquidity challenges.

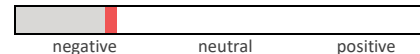
ROA



Debt/ Equity Ratio



Current Ratio



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Price Movement: POSITIVE

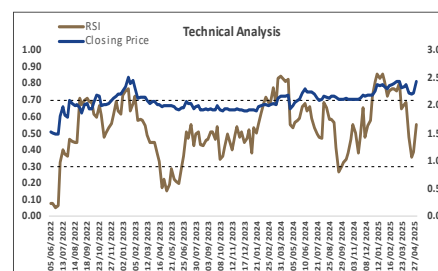
Annual Volatility:	14-Day RSI:	200 Day MA:	Avg. Vol (3M):
+/- 18.12%	69.55	2.137	524,038 shares

- **Price Volatility** indicates a moderate level of fluctuation in price over time. The higher the volatility, the riskier the stock.
- **14-Day Relative Strength Index (RSI)** is near the **overbought** signal at this level, but on a downwards trend. Traditionally, a stock is considered overbought or overvalued when RSI is above 70 and oversold or undervalued when it is below 30.
- **Moving Average (MA)** The stock price is currently trading above its 200-day MA, which may indicate a potential **Buy** signal. Similarly, the stock is trading above its 100-day MA of 2.243, and its 50-day MA of 2.269, which also indicates a **Buy** signal.
- **Average Volume (3-Months)** indicates moderate trade activity. This is due to JOEP's high free float of 62.8%, which **increases daily trading opportunities**.

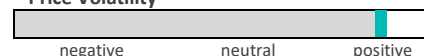
JOEP's stock is currently trading at JD 2.46, having momentum growing from JD 2.19 at the first trading session of the year. This increase indicates positive sentiment. It is trading above its 200-day MA, indicating a strong long-term uptrend supported by healthy trading volume. The stock is approaching a key resistance level at JD 2.50, with a breakout potentially opening the way to JD 2.60 and beyond. Support is observed around JD 2.30 and JD 2.15, near the 200-day MA.

We recommend a **Buy** position for now. Investors should monitor trading volumes and RSI movements closely for further indications of trend reversal or continuation.

Stock Price is up 17.7% in the past year



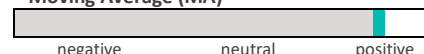
Price Volatility



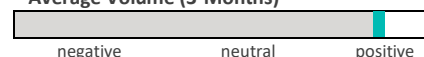
14-Day RSI



Moving Average (MA)



Average Volume (3-Months)



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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.

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