

Report Date: 22-May-25

THE ARAB INTERNATIONAL FOR EDUCATION & INVESTMENT

ASE: AIEI



Price as of 22-May-25

JD 2.46/Share

Quarter Earnings: 31/03/2025

Annual Earnings: 31/12/2024

RATING:



Initiated Coverage 22/05/2025

We project that AIEI 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 2.40

Previous Rating					52- Week Price Range	Market Capitalization	Dividend Yield	Last Dividend
1	2	3	4	5	JD 2.42 - JD 2.46	JD 99.63 M	4.07%	JD 0.10 / Share

Founded: 1989	Shares Outstanding: 40.5 M	Employees: 760	Sector: Education	Industry: Educational Services
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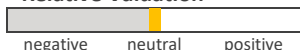
The Arab International for Education and Investment ("AIEI" or the "Company") is a public shareholding company listed on the Amman Stock Exchange, primarily focused on the private education sector and investment activities in Jordan. Its flagship operational asset is the Applied Science Private University (ASU), a prominent and well-ranked institution known for its comprehensive academic, recently adding programs in relation to Fintech and Artificial Intelligence. AIEI has demonstrated a commitment to shareholder returns through consistent dividend distributions and has recently shown strong financial growth in the Q1 of 2025 comparing to the same period of 2024.

Strategically, the Company is embarking on a significant expansion into the Saudi Arabian higher education market, as their most recent General Assembly meeting pointed setting up a company in Saudi Arabia which has a purpose of starting a higher education institute among other education related activities.

Recommendation Summary

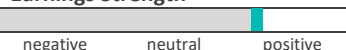
UFICO's **HOLD** recommendation on **AIEI** is based on a comprehensive evaluation of four key factors mentioned above. While the Company continues to demonstrate strong profitability, its valuation appears fairly priced and offers less upside relative to competitors. Additionally, AIEI trades at a **P/BV** below the peer average but aligned with its moderate growth profile. Liquidity constraints and below-average dividend yield signal caution. Given solid operating performance but limited near-term catalysts, we maintain a neutral stance.

Relative Valuation



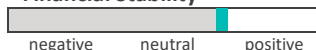
The stock is **fairly valued** based on its P/E ratio and **undervalued** based on its P/BV ratio. Dividend yield **trails** the average of dividend payers in the market.

Earnings Strength



AIEI's earnings grew by 47% compared to the same quarter last year.

Financial Stability



AIEI shows strong financial stability with exceptional ROA, low debt levels and a balanced financial structure.

Price Movement



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

Major Risks & Rewards

- **Execution Risk of Saudi Expansion:** While strategically compelling, the entry into the Saudi market carries inherent execution risks, including regulatory navigation, market penetration against existing competition, and the substantial capital and managerial resources required. The success of this venture will be critical.
- **Competition:** The private higher education sector in Jordan is competitive, with several other established institutions. ASU's ability to maintain its strong market position and rankings is crucial.
- **Reliance on ASU:** Despite its diversified investments, AIEI's financial performance and market valuation are heavily reliant on the continued success and profitability of ASU.
- **Economic Environment:** While recent economic data for Jordan's services sector in Q1 2025 was positive, broader economic conditions in Jordan and the region can influence the operating environment for educational institutions and investment companies.
- **Established Market Presence and Brand:** ASU is a long-standing private university in Jordan with significant brand recognition and strong rankings, consistently placing it among the top universities in the country and the Arab region. This reputation is a core asset.
- **Consistent Shareholder Returns:** AIEI has demonstrated a commitment to returning value to shareholders through consistent dividend payments, with a 10% dividend (JD 0.10 per share) proposed for the 2024 fiscal year.
- **Positive Recent Financial Performance:** The reported Q1 2025 net income of JD 2.51 million on revenues of JD 9.95 million, growing by 47% and 25% respectively QoQ, indicates a strong start to the current fiscal year, suggesting potential for significant earnings growth if this momentum is maintained as
- **Strategic Growth Initiative:** The planned expansion into the Saudi Arabian higher education market with the establishment of a new university in Al-Khobar is a significant growth catalyst, aiming to leverage AIEI's expertise in a larger regional market.

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Peers Group Comparison

Ticker	Peer Name	Country	Price	Mkt Cap*	EPS	P/E	P/BV	NPM
			20/5/2025	20/05/2025	(Forward)	(TTM)	(MRQ)	(TTM)
AIEI	The Arab Int Education & Investment	Jordan	2.46	99.63	0.248	9.94x	1.27x	24.61%
ZEIC	Zarka Education and Investment	Jordan	3.02	52.32	0.818	3.69x	1.58x	27.33%
AIFE	Al Isra for Education and Investment Co	Jordan	3.68	55.20	0.419	8.78x	1.70x	29.86%
PEDC	Petra Education Company	Jordan	3.35	67.00	0.417	8.04x	1.45x	28.20%
PIEC	Philadelphia Intl Education	Jordan	1.95	29.25	0.412	4.73x	1.11x	33.75%
Peers Weighted Average						6.65x	1.50x	29.22%
Peer Median						6.39x	1.52x	29.03%
Sector Average (MSCI Emerging Markets Index)						15.13x	1.70x	-

* In JD Millions.

Past Performance

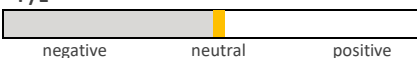
	2020	2021	2022	2023	2024	1Q24	1Q25
Net Profit Margin	19.28%	24.77%	15.50%	11.54%	15.20%	21.08%	24.61%
Earning/ Share (JD)	0.09	0.12	0.08	0.07	0.12	0.04	0.06
Debt to Equity	16.53%	12.78%	4.87%	20.01%	18.77%	18.77%	13.55%
Gross Profit Margin	32.49%	34.64%	31.45%	32.59%	36.04%	36.82%	38.51%
Dividend/ Share (JD)	0.08	0.10	0.10	0.10	0.10	-	-

Relative Valuation: NEUTRAL

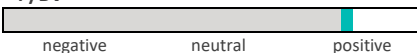
Last Price	Mkt Cap	EPS	P/E	BV/Share	P/BV	DPS	Div. Yield
22/05/2025	22/05/2025	(TTM)	(Forward)	(MRQ)	(MRQ)	(2024)	22/05/2025
JD 2.46	JD 99.6 M	JD 0.06	9.94x	JD 1.94	1.27x	JD 0.10	4.07%

- **P/E vs. Industry** is higher than the weighted average of its peers but below the overall sector average for emerging markets, which indicates neutral valuation.
- **P/BV vs. Industry** is below the weighted average and median of its peers and emerging market P/BV which might indicates undervaluation.
- **Dividend Yield** is below the average of dividend payers in the Jordanian market.

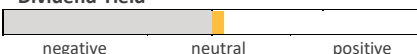
P/E



P/BV



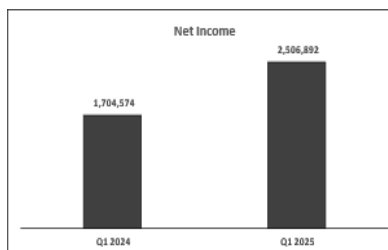
Dividend Yield



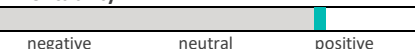
Earning Strength: POSITIVE

1Q25 Results	Revenues	Net Income	ROE	NPM
(TTM)	JD 10.16 M (+25.3%)	JD 2.50 M (+47.1%)	13.02%	24.7%

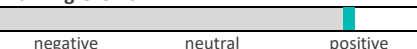
- **Net Income Growth:** net income recorded a growth of 25.9% in Q1 25 surpassing the growth in sales, compared to Q1 2024.
- **Return on Equity:** increased to 13.02% in Q1 2025 compared to the 6.16% achieved in Q1 2024, indicating strong returns to shareholders.



Profitability



Earning Growth

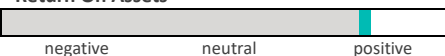


Financial Stability: POSITIVE

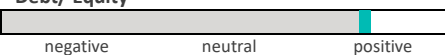
1Q25 Results	Assets	Equity	ROA	Debt/ Equity	Current Ratio
(MRQ)	JD 102.5 M	JD 78.5 M	9.90%	13.55%	0.62x

- **Return on Assets** increased QoQ, suggesting the Company is putting effort into efficiency. It's a strong signal, especially when paired with good margins and low debt.
- **Debt/ Equity** is healthy, indicating low reliance on debt to finance operations.
- **Current Ratio** indicates the Company's current liabilities and short-term obligations are not well covered by its current assets.

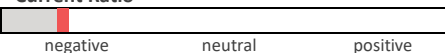
Return On Assets



Debt/ Equity



Current Ratio



Price Movement: **NEUTRAL**

Annual Volatility:	14-Day RSI:	200 Day MA:	Avg. Vol (3M):
+/- 36.42%	51.391	2.421	7,593 Shares

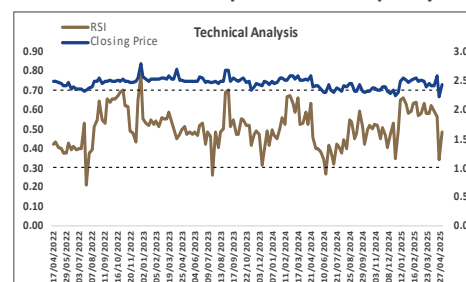
- **Price Volatility** indicates high levels of fluctuation in price over time. The higher the volatility, the riskier the stock.
- **14-Day Relative Strength Index (RSI)** indicating a neutral momentum but remains below the overbought threshold, suggesting that there is still room for upward movement without immediate correction risk. 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 slightly above its 200-day MA, which indicates a **Buy** signal. The MA for the 50-Day is 2.46, signaling a **Hold** signal and for the 100-Day is 2.41, indicating a **Buy** signal.
- **Average Volume 3-Months** indicates low trading activity.

AEIE is exhibiting a technically neutral to mildly bearish posture based on key technical indicators. The stock's 14-day RSI suggests a lack of clear momentum either toward overbought or oversold conditions, implying a period of consolidation or indecision in the market. Furthermore, AIEI is trading just below its 200-day MA which often indicates a subtle bearish bias, as the price fails to sustain itself above a critical long-term support level. The limited trading activity can contribute to price inefficiencies and may hinder large position building or swift exits.

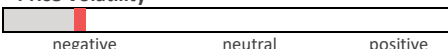
In terms of resistance and support, the stock is approaching a technical ceiling at JD 2.46, which represents a recent high and a level where selling pressure could re-emerge. A decisive close above this resistance, especially if supported by a surge in volume, could open the door to retesting the psychologically significant JD 2.50 mark. This round number often acts as a psychological barrier, and a break above it could invite momentum-driven buying. On the downside, strong support is observed around JD 2.23. A breach of this level would likely signal a deterioration in sentiment and invite further downside pressure.

From an investment strategy perspective, current conditions suggest a cautious approach. Investors should monitor for a confirmed breakout above the JD 2.46 resistance level on heightened volume before committing to long positions. Conversely, if the stock breaks below the JD 2.23 support level, a defensive stance is warranted as this would mark a bearish signal. Given the current conditions, the stock appears to be at a technical inflection point. Active investors may consider range-bound trading strategies until a clearer trend emerges.

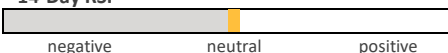
Stock Price is up 1.65% in the past year



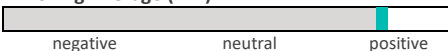
Price Volatility



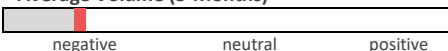
14-Day RSI



Moving Average (MA)



Average Volume (3-Months)



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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