

Report Date: 26-May-25

THE INDUSTRIAL COMMERCIAL & AGRICULTURAL PLC.

ASE: ICAG



Price as of 22-May-25

JD 0.83/Share

Quarter Earnings: 31/3/2025

Annual Earnings: 31/12/2024

RATING:



Initiated Coverage 14/03/2024

We project that ICAG will perform in line with the market over the next quarter. 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 0.87

Previous Rating	52- Week Price Range	Market Capitalization	Dividend Yield	Last Dividend
1 2 3 4 5 15/04/2025	JD 0.77 - JD 0.97	JD 12.4 M	6.02%	JD 0.05/share

Founded:	Shares Outstanding:	Employees:	Sector:	Industry:
1961	14.96 M	183	Consumer Non-Cyclicals	Personal & Household Products

The Industrial Commercial & Agricultural Company (hereinafter referred to as “ICAG” or the “Company”), established in 1961 and based in Amman Jordan, is a public shareholding company specializing in chemical industries and personal care products, including detergents, soaps, and shampoos. The Company also operates a plastics factory for packaging and manages four companies with six factories, exporting to key markets such as Saudi Arabia, Iraq, Lebanon, Libya, Algeria, Egypt, Kuwait, and Palestine. As a leading player in its sector, ICAG benefits from steady demand for its essential products, supported by its largest shareholder, Jordan Islamic Bank, which holds 42.0% of its capital. **On March 11, 2025, ICAG’s Board of Directors announced the distribution of 5% cash dividends to its shareholders.**

Recommendation Summary

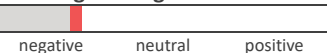
UFICO’s **HOLD** recommendation of ICAG is the result of our systematic analysis of four basic characteristics mentioned above, reflecting a balanced outlook that weighs revenue growth and stable financials against mixed valuation and technical indicators. While the stock is overvalued based on its P/E ratio, it appears undervalued relative to book value. ICAG shows healthy liquidity and a modest ROA, which limit the strength of its fundamentals. The stock’s dividend yield remains below market average, and technical indicators are weak. Given these mixed signals, a Hold position allows for monitoring the stock until clearer upside catalysts or stronger fundamentals emerge.

Relative Valuation



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

Earnings Strength



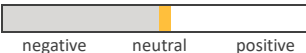
ICAG’s earnings declined by 31.1% due to increased interest expenses.

Financial Stability



ICAG demonstrates financial stability, supported by healthy liquidity, acceptable debt levels, and a modest return on assets.

Price Movement



The stock’s price movement indicates a moderate level of fluctuation. The stock is rated a **Hold** at its 14-Day RSI and a **Sell** at its moving averages.

Major Risks & Rewards

- **Foreign Exchange Risk:** Although the Company has taken measures against currency fluctuations, it is inevitable that any fluctuations in the near future may have an impact on ICAG’s profitability.
- **Raw Material Prices:** Any increase in raw material prices due to external events will directly affect production costs and profit margins, which will reflect on the Company’s profitability and financial stability.
- **Competitive Landscape:** Following the agreement between Jordan and the World Trade Organization (WTO) to allow international competitors to enter the local market, the Company faces strong competition in the chemical and personal care products sector, directly affecting its market share and profit margins.
- **Energy Prices:** rising energy (electricity) prices directly affect production costs leading to lower profit margins.
- **“Support Local” Campaigns:** Recent earnings growth is due to a change in market sentiment towards local brands following the war on Gaza on October 7th, 2023. The boycotting movement against international brands led to an increase in revenue by 13.2% during 1Q25.
- **Market Opportunities:** The Company is focused on increasing its market share locally, as well as export markets, taking advantage of the boycotting campaigns to drive its growth.
- **Dividend:** The Company’s consistent dividend payments offer a reliable income stream, making ICAG an attractive option for income-focused investors.

Past Performance

	2020	2021	2022	2023	2024	1Q24	1Q25
Net Profit Margin	5.23%	3.89%	1.61%	2.92%	3.14%	4.66%	2.84%
Earning/ Share (JD)	0.072	0.078	0.034	0.058	0.062	0.020	0.013
Debt to Equity	42.17%	36.07%	34.32%	47.26%	47.01%	40.16%	50.42%
Gross Profit Margin	11.55%	10.40%	7.94%	10.13%	10.29%	11.59%	9.89%
Dividend/ Share (JD)	0.05	0.05	0.05	0.05	0.05	-	-

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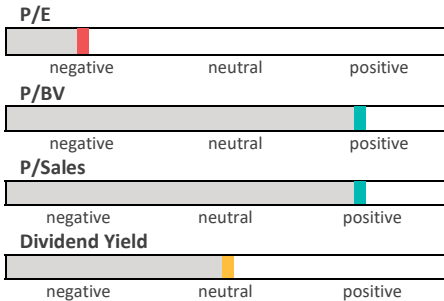
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Relative Valuation: **NEUTRAL**

Last Price	Mkt Cap	EPS	P/E	P/Sales	P/BV	DPS	Div. Yield
22/5/2025	22/5/2025	(Forward)	(Forward)	(Forward)	(MRQ)	(2024)	22/5/2025
JD 0.83	JD 12.4 M	JD 0.05	15.41x	0.44x	0.62x	JD 0.05	6.02%

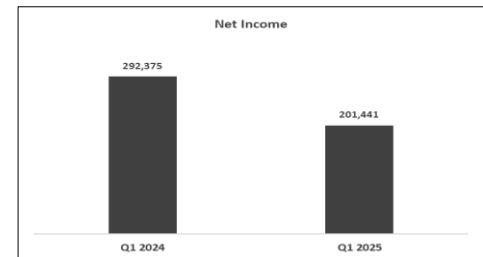
- **P/E vs. Sector** is higher than the sector average indicating overvaluation.
- **P/BV vs. Sector** is below the sector average indicating potential undervaluation.
- **P/Sales vs. Sector** is below the sector average indicating potential undervaluation.
- **Dividend Yield** is not notable compared to the average of dividend payers on the Amman Stock Exchange.



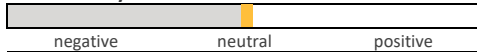
Earning Strength: **NEGATIVE**

1Q25 Results	Revenues	Net Income	ROE	NPM
(TTM)	JD 7.10 M (+13.2%)	JD 201,441 (-31.1%)	4.01%	2.84%

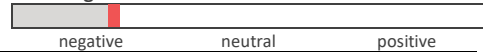
- **Earnings Trend:** ICAG's earnings decreased by 31.1% during 1Q25 due to higher interest expenses.
- **Return on Equity:** While ICAG's ROE reflects stable performance, it is not particularly strong compared to sector benchmarks. This indicates potential room for improvement in profitability.
- **Net Profit Margin** is lower than that achieved at the end of Q1 2024.



Profitability



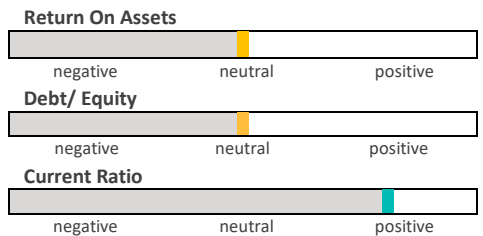
Earnings Trend



Financial Stability: **NEUTRAL**

1Q25 Results	Assets	Equity	ROA	Debt/ Equity	Current Ratio
(MRQ)	JD 34.8 M	JD 20.2 M	2.32%	50.42%	1.47x

- **Return on Assets** is considered low, indicating there is room for improvement for better utilization of assets to generate revenue.
- **Debt/ Equity** is acceptable, indicating moderate reliance on debt for financing operations, and has shown significant increase QoQ.
- **Current Ratio** indicates healthy liquidity with the Company's ability to meet short-term obligations with its current assets.



Price Movement: **NEUTRAL**

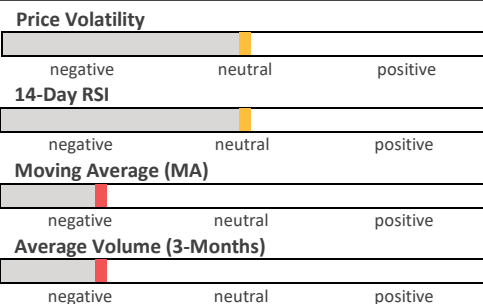
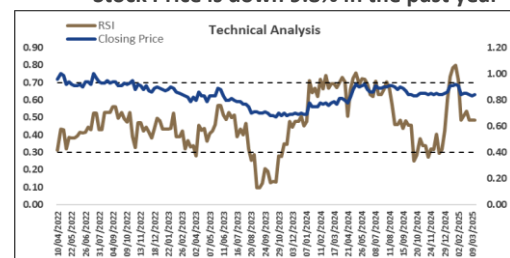
Annual Volatility:	14-Day RSI:	200 Day MA:	Avg. Vol (3M):
+/- 25.05%	46.939	0.86	3,474 Shares

- **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. 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 below its 200-day MA, which indicates a **Sell** signal. The MA for the 50-Day and 100-Day are 0.83 and 0.84, accordingly, indicating a **Sell** signal.
- **Average Volume 3-Months** indicates **low trading activity**. This is due to ICAG's free float of only 15.197%, which decreases daily trading opportunities.

ICAG had a neutral price strength in the past 200-day period indicating a potential signal of near-term price gains.

ICAG is currently trading below its 200-day MA, indicating potential overhead resistance. A confirmed breakout over JD 0.86 could signal a positive turnaround, potentially leading to the JD 0.90 mark in the short term. If momentum builds, JD 0.95 could serve as a mid-term target.

Stock Price is down 9.8% in the past year



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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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