

Report Date: 19-Mar-25

UNITED CABLE INDUSTRIES

ASE: UCIC

Price as of 18-Mar-25

JD 0.58/Share

Annual Earnings: 12/31/2024

RATING:

1	2	3	4	5
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Initiated Coverage 19/03/2025

We project that UCIC 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 0.50

Previous Rating

1	2	3	4	5
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05/01/2025

52- Week Price Range

JD 0.33- JD 0.64

Market Capitalization

JD 20.3 M

Dividend Yield

6.90%

Dividend/Share

JD 0.040

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 **HOLD** recommendation on UCIC is **primarily driven by our analysis of the stock's price movement**. While UCIC demonstrates attractive relative valuation, supported by solid earnings performance and financial stability, current market conditions reflect a balanced environment with improving fundamentals and potential undervaluation. However, the prevailing price trend indicates a risk of continued downward pressure, justifying a cautious stance at this stage.

Relative Valuation

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

Earnings Strength

Over the past three years, earnings growth **increased** significantly, with net income recording a 64.2% increase at the end of 2024.

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 rated a **Neutral** at its current 14-Day RSI, and 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.
- **Strong Management:** UCIC's management is committed to enhancing its financial standing and fulfilling the expectations of its shareholders by eliminating accumulated losses and distributing dividends. These actions demonstrate the leadership's capacity to confront challenges, capitalize on opportunities, and instil confidence among investors.

Peers Group Comparison

Ticker	Peer Name	Exchange	Price	Mkt Cap (thousands)	EPS	P/E	P/BV	Yield	NPM
			18/3/2025	18/3/2025	(TTM)	(TTM)	(MRQ)	(TTM)	(TTM)
UCIC	United Cable Industries	ASE	JD 0.58	JD 20,300	JD 0.05	12.06x	0.55x	4.31%	2.49%
AALB	Aalberts Industries NV	AEX	JD 25.48	JD 2,817,873	JD 1.18	21.52x	1.48x	6.48%	5.69%
JEN	Jensen-Group	BSE	JD 35.97	JD 341,669	JD 31.68	1.14x	1.72x	1.08%	90.85%
CABO	Cable One Inc	NYSE	JD 174.99	JD 983,450	JD 1.83	95.79x	0.77x	4.78%	0.92%
CUTIX	Cutix Plc	NSE	JD 0.00	JD 7,801	JD 0.00	16.08x	4.50x	6.17%	8.75%
Peer Group Weighted Average						19.31x*	1.34x	4.56%	
Sector Average (www.investing.com)						11.80x	1.40x		
Median						18.80x	1.60x		

UCIC doesn't have a representative peer group for listed companies on the ASE, therefore the above set of peers were selected.

* Excluding CABO from the P/E average

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Past Performance

	2019	2020	2021	2022	2023	2024
Net Profit Margin	-2.02%	2.06%	1.14%	1.25%	1.79%	2.49%
Earning/ Share (JD)	(0.02)	0.02	0.01	0.02	0.03	0.05
Debt to Equity	14.18%	19.56%	23.54%	35.47%	23.65%	14.70%
Gross Profit Margin	1.61%	3.08%	5.45%	5.05%	5.77%	6.44%
Dividend/Share (JD)	-	-	-	-	0.025	0.040

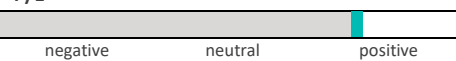
Relative Valuation: POSITIVE

Last Price	Mkt Cap*	EPS	P/E	BV/Share	P/BV	DPS	Div. Yield
18/3/2025	18/3/2025	(TTM)	(TTM)	(MRQ)	(MRQ)	(TTM)	18/3/2025
JD 0.58	JD 20,300	JD 0.05	12.06x	JD 1.05	0.55x	JD 0.040	6.90%

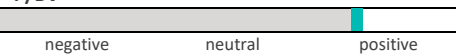
* In thousands

- **P/E vs. Industry:** is below the peers average and the median indicating potential undervaluation. but is slightly higher than the sector average.
- **P/BV vs. Industry:** is lower than the sector average and the peers average, indicating undervaluation.
- **Dividend Yield** is within the average of dividend payers in the Jordanian market.
- **Dividend Payout Ratio** of 83.2%, indicating payments are well covered by earnings.

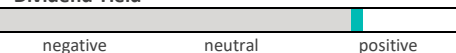
P/E



P/BV



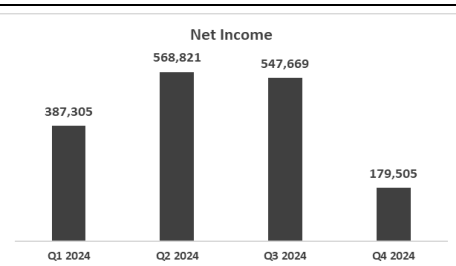
Dividend Yield



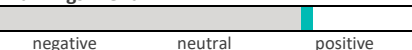
Earning Strength: POSITIVE

2024 Results	Revenues	Net Income	ROE	NPM
(TTM)	JD 67.6 M (+18.3%)	JD 1.68 M (+64.2%)	4.65%	2.49%

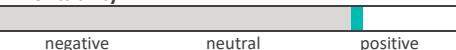
- **Earnings Trend:** UCIC has maintained profitability over the past five years, with earnings growing by 64.2% in 2024.
- **Return on Equity** of 4.65% is modest indicating underutilised potential.
- **Net Profit Margin** of 2.49% is the highest achieved in the last 5 years.



Earnings Trend



Profitability

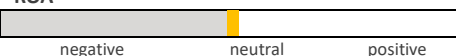


Financial Stability: POSITIVE

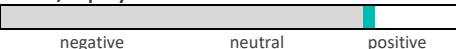
2024 Results	Assets	Equity	Debt/ Equity	ROA	Current Ratio
	JD 48.6 M	JD 36.8 M	14.70%	3.42%	3.12x

- **ROA** is considered low and may imply pricing pressure, margin compression and idle capacity.
- **Debt/ Equity Ratio** of 14.70% at the end of 2024 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.

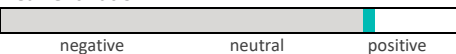
ROA



Debt/ Equity Ratio



Current Ratio



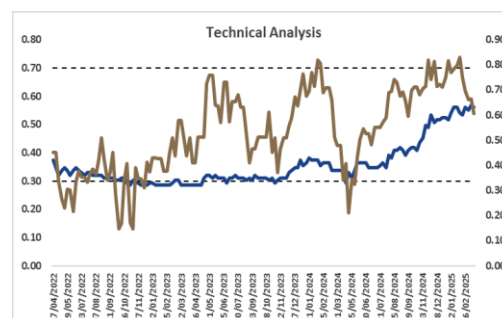
Price Movement: NEUTRAL

Avg 30-Day Volatility:	14-Day RSI:	200 Day MA:	Avg. Vol (3M):
+/- 13.2%	51.246	0.51	70,434 Shares

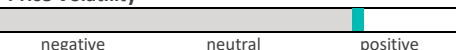
- **Price Volatility** of 13.2% indicates a low level of fluctuation in price over time. The higher the volatility, the riskier the stock.
- **14-Day Relative Strength Index (RSI)** is 51.246, indicating a **Neutral** signal at this level. Traditionally, a stock is considered overbought or overvalued when RSI is above 70 and oversold or undervalued when it is below 30.
- **Moving Averages (MA):** The stock currently trades above its 200-day MA, suggesting a potential **Buy** signal. The MA for the 50-day MA at 0.61 and the 100-day MA at 0.59 also indicate a **Sell** signal based on the stock's current price levels.
- **Average Volume (3- Months)** is 70,434 shares indicating moderate trading activity, and an acceptable level of market participation in UCIC's shares.

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 neutral price strength in**

Stock Price is up 48.72% in the past year



Price Volatility



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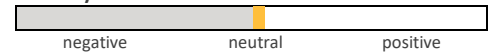
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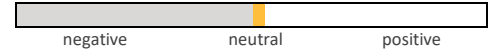
the past 200-day period indicating an unfavourable signal of near-term price gain. Conversely, price changes in the past 14-day period can indicate a short-term neutral condition resulting in neutral near-term price changes.

UCIC's stock is currently trading downward following the General Assembly meeting, which announced the distribution of a 4% cash dividend. It fell from JD 0.64 to JD 0.56, almost 13%. The downturn is expected to continue as the stock establishes new price levels, with a possible test of the support level at JD 0.50.

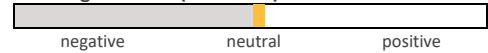
14-Day RSI



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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