

Report Date: 12-May-25

**MASAFAT FOR SPECIALISED TRANSPORT**

ASE: MSFT

Quarterly Earnings: 31/03/2025

Annual Earnings: 31/12/2024



Price as of 12-May-25

**JD 0.58/Share****RATING**

Initiated Coverage 12/05/2025

We project that MSFT 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 0.61****Previous Rating**

05/03/2025

**52- Week Price Range**

JD 0.55 - JD 0.74

**Market Capitalization**

JD 10.73 M

**Dividend Yield**

6.90%

**Last Dividend**

JD 0.04/share

Founded: 2006

Shares Outstanding: 18.5 M

Employees: 220

Sector: Transport &amp; Trading

Industry: Transportation

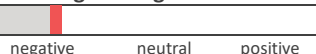
**Masafat for Specialized Transport Co.** (hereinafter referred to as “**MSFT**” or the “**Company**”) is a public shareholding company established in Jordan. MSFT specializes in the transportation of ready-mix concrete, raw materials, oils, and other related goods. The Company also supplies construction equipment and machinery, operates crushers for mining, and provides aggregate, sand, and car leasing services. Its fleet includes fuel and water tankers, flatbeds, silos, concrete mixers, trash compactors, tippers, and diesel delivery vehicles. It is worth noting that Ready Mix Concrete & Construction Supplies (RMCC) owns 40.95% of MSFT, while Arab Bank (ARBK) owns 6.12%. **On March 26, 2025, MSFT’s Board of Directors approved a 4.00% cash dividend distribution to its shareholders.**

**Recommendation Summary**

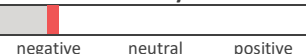
UFICO’s **HOLD** recommendation of MSFT is **based solely on our analysis of the stock’s price movement**. MSFT shows overvaluation in terms of its P/E ratio and is undervalued based on the P/BV ratio. While the dividend is above market averages, declining earnings and financial challenges, along with technical indicators, suggest limited upside. UFICO suggests continually monitoring and tracking developments in order to analyze MSFT’s long-term potential.

**Relative Valuation**

The stock is **overvalued** based on its P/E ratio and **undervalued** based on its P/BV ratio in comparison to its peers and sector averages. Dividend is **above** market averages with 6.90% dividend yield.

**Earnings Strength**

MSFT’s Q1 2025 earnings weakened with revenues down 9.88% and net income falling 18.42%.

**Financial Stability**

MSFT maintains an acceptable debt level, but declining ROA and borderline liquidity indicate that the Company is facing challenges in managing earnings.

**Price Movement**

The stock is rated a **Neutral** at its current 14-Day RSI and a **Sell** at its MA200.

**Major Risks & Rewards**

- **Geopolitical instability:** MSFT operates in a region prone to conflicts. Recent events, including neighbouring disputes and ongoing regional tensions, pose potential risks of delays to MSFT’s operations and disruptions to its supply chain.
- **Fuel Price Volatility:** Changes in fuel prices, which are a significant operational cost for transportation companies, can have an impact on MSFT’s profitability. Unexpected increases in fuel costs may result in higher operating expenses, decreasing margins even though successfully managed through fuel hedging or pricing changes.
- **Low Profitability and Thin Margins:** with net profit margin reaching 2.65% during Q1 2025, MSFT operates with limited caution against cost pressures, making it vulnerable to fuel price volatility and other expenses.
- **Undervalued:** MSFT’s undervalued position in comparison to industry peers in terms of P/BV provides an opportunity for potential capital gains as market conditions improve and the Company’s valuation matches with its fundamentals.
- **Attractive Dividend Yield:** with 6.90% yield, MSFT offers steady income, which is appealing to income focused investors.

**Peers Group Comparison**

Ticker	Peer Name	Last Price	Mkt Cap*	EPS	P/E	P/BV
		12/05/2025	12/05/2025	(Forward)	(Forward)	(MRQ)
MSFT	Masafat For Specialized Transport	JD 0.58	10,730	JD 0.038	15.35x	0.45x
SHIP	Jordan National Shipping Lines	JD 2.35	35,250	JD 0.303	7.76x	1.12x
SITT	Salam International Transport & Trading	JD 0.95	17,100	JD 0.071	13.37x	0.75x
Weighted Average (Peers)					9.60x	1.00x
Sector Average ( <a href="http://www.investing.com">www.investing.com</a> )					12.0x	1.40x

\*in JD thousands

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**JD 0.58/Share**

## Past Performance

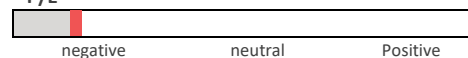
	2020	2021	2022	2023	2024	1Q24	1Q25
Net Profit Margin	1.04%	3.37%	3.91%	4.06%	3.27%	2.93%	<b>2.65%</b>
Earning/ Share (JD)	0.010	0.042	0.058	0.078	0.057	0.012	<b>0.009</b>
Debt to Equity	28.13%	28.95%	33.04%	33.09%	34.21%	32.57%	<b>36.17%</b>
Gross Profit Margin	8.44%	10.71%	12.92%	11.64%	8.45%	8.61%	<b>5.77%</b>
Dividend/Share (JD)	0.03	0.04	0.04	0.05	0.04	-	-

## Relative Valuation: **NEUTRAL**

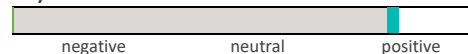
Last Price	Mkt Cap	EPS	P/E	BV/ Share	P/BV	DPS	Div. Yield
12/05/2025	12/05/2025	(TTM)	(Forward)	(MRQ)	(MRQ)	(2024)	12/5/2025
JD 0.58	JD 10.73 M	JD 0.04	15.35x	JD 1.29	0.45x	0.04	6.90%

- **P/E vs. Industry:** is above the peers and the sector's average indicating potential overvaluation.
- **P/BV vs. Industry:** is lower than the industry average and the peers' average indicating potential undervaluation.
- **Dividend Yield** is above the average of dividend payers on the ASE.

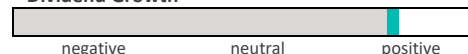
## P/E



## P/BV



## Dividend Growth

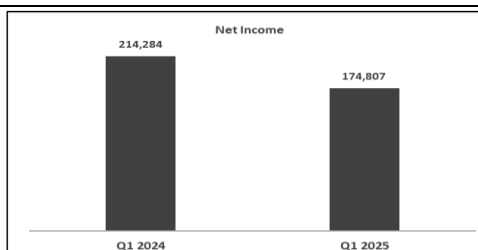
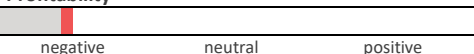


## Earning Strength: **NEGATIVE**

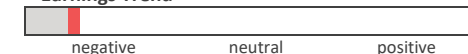
1Q25 Results	Revenues	Net Income	ROE	NPM
(TTM)	JD 6.59 M (-9.88%)	JD 174,807 (-18.42%)	4.49%	3.27%

- **Earnings Trend:** During Q1 2025, earnings declined by 18.42% compared to Q1 2024, primarily due to a decrease in revenue.
- **Return on Equity** indicates weak profitability to shareholders, and is lower than the emerging market average of 7.19%.
- **Net Profit Margin** is lower than that achieved during the same quarter in 2024.

## Profitability



## Earnings Trend

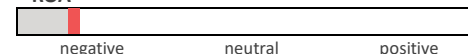


## Financial Stability: **NEGATIVE**

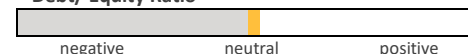
1Q25 Results	Assets	Equity	ROA	Debt/ Equity	Current Ratio
(MRQ)	JD 38.0 M	JD 23.9 M	1.85%	36.17%	0.82x

- **Return on Assets:** indicates lower profitability and asset efficiency compared to the previous quarter.
- **Debt/Equity Ratio** is acceptable, indicating moderate reliance on debt for financing operations.
- **Current Ratio** indicates liquidity stress, where the company might not be able to meet short-term obligations with its current assets.

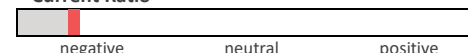
## ROA



## Debt/ Equity Ratio



## Current Ratio



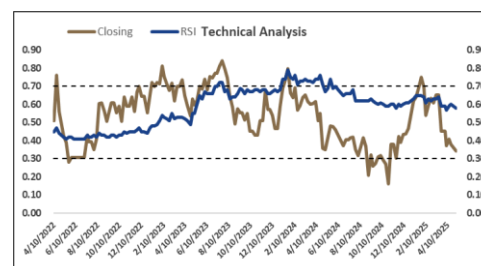
## Price Movement: **NEUTRAL**

Average annual Volatility:	14-Day RSI:	200-Day MA:	Average Volume (3M):
+/- 28%	40.626	0.61	7,244 shares

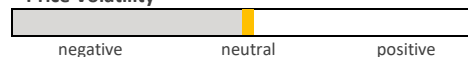
- **Price Volatility** indicates a moderate level of fluctuation in price over time. The higher the volatility, the riskier the stock.
- **14-Day Relative Strength Index (RSI)** indicates a **neutral** signal at this level. Traditionally, a stock is considered overbought or overvalued when RSI is above 70 and oversold or undervalued when it is below 30.
- **Moving Averages (MA):** The stock price currently trades below its 200-day moving average, which might indicate a **Sell** signal. Both 100-MA and 50-MA indicates a **Sell** signal, as they are 0.61 and 0.60 respectively.
- **Average Volume 3-Months** indicates **low trade activity**. Although the **free float is 38%**.

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. **MSFT is currently showing a neutral-to-bearish technical outlook.**

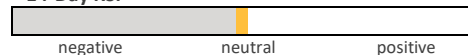
## Stock Price is down 14.7% in the past year



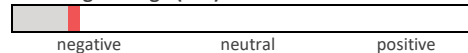
## Price Volatility



## 14-Day RSI



## Moving Average (MA)



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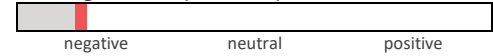
Price as of 12-May-25

**JD 0.58/Share**

The stock is trading below its 200-day MA indicating long-term downward pressure. Key resistance levels lie at JD 0.61 and JD 0.66, while support is observed at JD 0.55 and JD 0.50.

Investors are advised to **Hold** or consider gradual accumulation if the stock pulls back to JD 0.5 – JD 0.55 range, provided support holds. A break above JD 0.61 on strong volume could trigger a short-term rally, but until then, a cautious stance is recommended, supported by MSFT's high dividends yield and low P/BV ratio.

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		
1	2	3	4	5	<b>Strong Buy</b>	Significantly Satisfactory
1	2	3	4	5	<b>Buy</b>	Satisfactory
1	2	3	4	5	<b>Hold</b>	Average
1	2	3	4	5	<b>Sell</b>	Unsatisfactory
1	2	3	4	5	<b>Strong Sell</b>	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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