

Report Date: 16-Apr-25

AFAQ FOR ENERGY CO.

ASE: MANE

Annual Earnings: 31/12/2024

RATING:



Initiated Coverage 16/04/2025

We project that MANE 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 1.70

Previous Rating					52- Week Price Range	Market Capitalization	Dividend Yield	Dividend/Share	
1	2	3	4	5	30/01/2025	JD 1.37- JD 1.78	JD 183.7 M	7.49%	JD 0.13/Share
Founded: 2008					Shares Outstanding: 110 M	Employees: 2,429	Sector: Energy	Industry: Utilities and Energy	

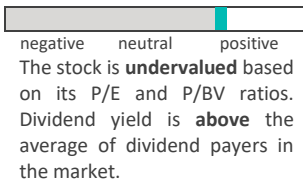
Afaq for Energy Copmany (hereinafter referred to as “**MANE**” or the “**Company**”) is a public shareholding company specializing in a broad spectrum of oil and fuel-related activities, including import, export, trading, and comprehensive fuel marketing and storage services. The Company’s diverse operations are supported by its three subsidiaries, each focusing on a distinct market segment. **(1)** The Modern Jordanian Company for Oil and Fuel Services enhances fuel supply and service offerings across the country, while the **(2)** Modern Jordanian Foodstuff Trading Company (Lumi Market) operates in the retail sector, providing food and consumer good, and the **(3)** Modern Jordanian Import and Export Company (Duty-Free) manages duty-free trading operations, leveraging import and export opportunities.

In 2023, MANE expanded its footprint by launching nine new gas stations, bringing its total network to 103 fuel/gas stations across the Kingdom of Jordan. This strategic expansion not only strengthens its market presence but also enhances service accessibility for consumers nationwide. The company’s integrated business model, combining energy solutions, retail operations, and trading services, positions MANE as a leading player in the Jordanian energy sector, contributing to market stability, employment generation, and economic growth. **On April 13,2025, the Board of Directors of MANE announced the distribution of 12.5% cash dividends to its shareholders.**

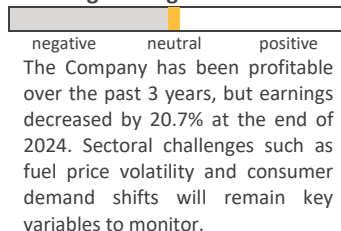
Recommendation Summary

UFICO’s **HOLD** recommendation of MANE is the result of our systematic analysis of four basic characteristics mentioned above. It appears that MANE is undervalued based on its P/E and P/BV ratios, and its dividend yield is above the market average. Although earnings decreased at the end of 2024, the Company remains profitable. As with most oil refineries, the Company relies heavily on debt to finance its operations. MANE is rated a neutral at its current 14-Day RSI and a Buy at its moving averages, indicating potential for price increase.

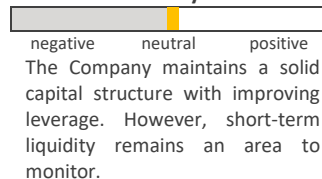
Relative Valuation



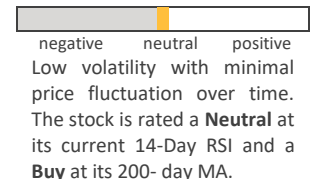
Earnings Strength



Financial Stability



Price Movement



Major Risks & Rewards

- **Earnings Volatility:** MANE’s net income declined by 20.7% in 2024, primarily due to a drop in revenues, highlighting its exposure to shifts in market demand and operating margins.
- **Market Exposure:** The Company remains vulnerable to external factors such as geopolitical tensions, regulatory changes, trade policies, and increased competition from alternative energy sources, all of which may impact product demand, pricing, and market share.
- **Financial Leverage:** While leverage has improved, MANE continues to rely on debt financing, exposing it to interest rate fluctuations, credit risk, and potential liquidity constraints, particularly in volatile macroeconomic environments.
- **Commodity & Currency Risks:** As an energy business, oil price volatility remains a structural risk to profitability. Although foreign exchange exposure is minimal due to the Jordanian Dinar’s peg to the US Dollar, fluctuations in global input prices can still indirectly affect margins.
- **Regulatory and Compliance Risks:** Operating in a highly regulated industry, MANE must adhere to strict environmental, health, and safety standards. Non-compliance could lead to penalties, operational disruptions, and reputational damage.
- **Diversified Business Model:** Through its subsidiaries and fuel station expansion, MANE maintains a diverse product and service portfolio, reducing dependency on any single revenue stream and helping buffer against sector-specific shocks.
- **Attractive Dividend Profile:** The Company’s history of consistent dividend payments supports its positioning as a reliable income-generating investment, particularly appealing to long-term, yield-oriented investors.
- **Valuation Upside:** Based on comparative analysis, MANE appears undervalued relative to both industry peers and emerging market averages, suggesting potential upside for value investors seeking exposure to the regional energy sector.

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Price as of 16-Apr-25

JD 1.67/Share

Peers Group Comparison

Ticker	Peer Name**	Country	Price	Mkt Cap*	EPS	P/E	P/BV	NPM
			16/4/2025	16/4/2025	(2024)	(Current)	(2024)	(2024)
MANE	Afaq for Energy Co.	Jordan	JD 1.67	183.7	JD 0.160	10.34x	1.06x	1.74%
JOPT	Jordan Petroleum Refinery	Jordan	JD 5.46	546.0	JD 0.724	7.54x	0.83x	4.77%
2223	Saudi Aramco Base Oil Co.	Saudi Arabia	JD 19.72	3,328.1	JD 1.044	18.90x	3.98x	9.24%
ADNOCDIST	National Oil	UAE	JD 0.62	7,718.8	JD 0.037	16.79x	13.58x	6.83%
Weighted Average (Peers)						16.96x	1.18x	
Emerging Market Averages (www.damodaran.com)						10.94x	1.62x	
Median						16.79x	2.40x	

* In JD Millions, **excluding ADNOCDIST from the P/BV average

Past Performance

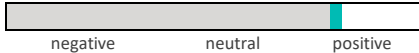
	2018	2019	2020	2021	2022	2023	2024
Net Profit Margin	1.05%	1.68%	-1.78%	2.78%	2.93%	2.02%	1.74%
Earning/ Share (JD)	0.09	0.14	(0.10)	0.21	0.29	0.20	0.16
Debt to Equity	141.57%	119.16%	125.62%	103.72%	114.35%	61.09%	82.10%
Gross Profit Margin	3.23%	4.76%	2.52%	6.11%	6.09%	5.25%	4.75%
Dividend/ Share (JD)	0.08	0.12	N/A	0.08	0.25	0.10	0.13

Relative Valuation: POSITIVE

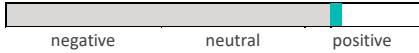
Last Price	Mkt Cap	EPS	P/E	BV/Share	P/BV	DPS	Div. Yield
16/4/2025	16/4/2025	(2024)	(Current)	(2024)	(2024)	(2024)	16/4/2025
JD 1.67	JD 183.7 M	JD 0.16	10.34x	JD 1.58	1.06x	JD 0.13	7.49%

- **P/E vs. Industry** is lower than the weighted average and the median of its peers, which indicates potential undervaluation, and is fairly valued based on the emerging market average.
- **P/BV vs. Industry** is lower than the emerging market averages and the weighted average of peers, which indicates undervaluation.
- **Dividend Yield** is above the average of dividend payers on the Jordanian market.

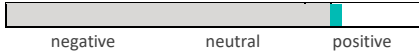
P/E



P/BV



Dividend Yield

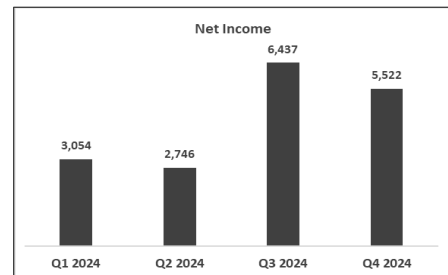


Earning Strength: NEUTRAL

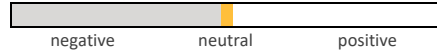
FY24 Results	Revenues	Net Income	ROE	NPM
	JD 1,019 M (-7.95%)	JD 17.8 M (-20.65%)	10.43%	1.74%

- **Earnings Trend:** MANE was profitable over the past 3 years, but earnings growth declined by 20.65% at the end of 2024, mainly due to a decline in revenue which fell by 7.95%. Revenue sensitivity remains a concern in the energy sector, particularly amid economic or political disruptions.
- **Return on Equity** is lower than 13.21% achieved at the end of 2023, but signals decent shareholder returns given the scale of operations.
- **Net Profit Margin** improved post-2020 but declined from 2.93% in 2022 to 1.74% in 2024, aligning with the typical low-margin nature of the energy distribution sector.

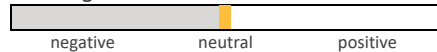
While oil demand showed signs of recovery during 2021-2023 compared to the steep declines experienced in 2020, uncertainties surrounding the pace and direction of demand growth persisted. Factors such as economic growth, energy policies, technological advancements, and shifts toward sustainability will continue to influence oil demand dynamics in the coming years.



Profitability



Earnings Trend

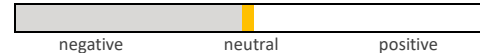


Financial Stability: NEUTRAL

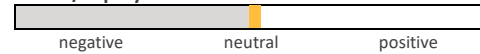
FY24 Results	Assets	Equity	ROA	Debt/ Equity	Current Ratio
	JD 634.3 M	JD 178.1 M	2.88%	82.10%	0.79x

- **Return on Assets** is modest but in line with asset-heavy operations in the energy and infrastructure sector.
- **Debt/ Equity** improved significantly from a high of 141.57% in 2018 to 82.10% in 2024, showing disciplined deleveraging.
- **Current Ratio** indicates MANE's borderline ability to meet short-term obligations with its current assets, exhibiting neutral liquidity.

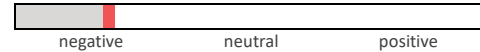
Return On Assets



Debt/ Equity



Current Ratio



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Price Movement: **NEUTRAL**

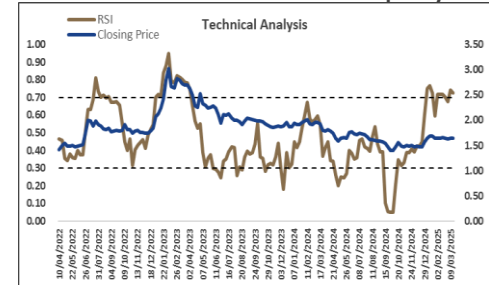
Annual Volatility:	14-Day RSI:	200 Day MA:	Avg. Vol (3M):
+/- 16.7%	57.476	1.589	61,162 Shares

- **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)** is 57.476, 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 moving average, which indicates a **Buy** signal. The MA for the 50-Day and 100-Day are 1.647 and 1.602, indicating a **Buy** signal.
- **Average Volume 3-Months** indicates acceptable trade activity. This is due to MANE's free float of 8.59%, which decreases daily trading opportunities.

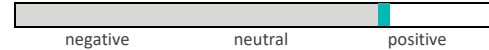
Price movement is an evaluation based on a company's relative share price strength in the past 3-quarter, 14 day and 1-year period. **MANE exhibited a positive price strength in the past 200-day period indicating a favourable signal of near-term price gains, which is also supported by the past 14-day price changes.**

- MANE is currently trading at JD 1.67, which is higher than its 200-day MA, indicating that the rising trend will continue. The stock has broken through significant resistance levels around JD 1.59 and JD 1.66, with psychological interest expected to increase around JD 1.70. If momentum continues, the next target price is between JD 1.75 and 1.90.

Stock Price is down 3.5% in the past year



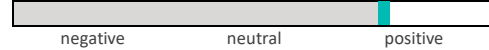
Price Volatility



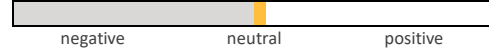
14-Day RSI



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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