

Report Date: 14-Apr-25

# SALAM INTERNATIONAL TRANSPORT & TRADING

ASE: SITT

Annual Earnings: 31/12/2024

## RATING



Initiated Coverage 14/04/2025

We project that SITT 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 0.95**

### Previous Rating



### 52- Week Price Range

JD 0.80 - JD 1.24

### Market Capitalization

JD 16.2 M

### Current P/E

9.77x

### P/BV

0.70x

**Founded:** 1977

**Shares Outstanding:** 18.0 M

**Employees:** 7

**Sector:** Transport & Trading

**Industry:** Transportation

Salam International Transport & Trading (hereinafter referred to as "SITT" or the "Company") is a public shareholding company established in Jordan, to provide solutions and services for the shipping, logistics & transportation, oil and gas logistics and construction, catering & life support services, building, and real estate industries. The Company operates Hilton Hotel in Aqaba, as well as the Dead Sea Hotel and Resort through its affiliates. It is worth noting that SITT owns 20.64% of Jordan National Shipping Lines.

## Recommendation Summary

UFICO's **HOLD** recommendation of SITT is the result of our systematic analysis of four characteristic mentioned above. SITT appears fairly valued based on its P/E ratio and undervalued relative to peers on a P/BV basis, suggesting limited upside in the near term. While earnings declined in 2024 due to external geopolitical disruptions, the Company maintains strong financial fundamentals, including low leverage and healthy liquidity. Given mixed technical indicators and reduced profitability, a Hold position is recommended until earnings visibility and market sentiment improve.

### Relative Valuation



negative neutral positive

The stock is **fairly valued** based on its current P/E ratio and **undervalued** based on its P/BV ratio in comparison to the peers' averages.

### Earnings Strength



negative neutral positive

Earnings decreased by 18.6% at the end of 2024 due to the Red Sea attacks and the war on Gaza, resulting in a low ROE.

### Financial Stability



negative neutral positive

SITT shows strong financial stability with low debt levels, a balanced financial structure, and solid liquidity.

### Price Movement



negative neutral positive

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

## Major Risks & Rewards

- **Geopolitical instability:** SITT operates in a region prone to conflicts. Recent events, including neighbouring disputes and ongoing regional tensions, pose potential risks of delays to SITT'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 SITT'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.
- **Tourism Sector:** SITT operates two hotels in Aqaba and the Dead Sea through its affiliate companies which have seen a decline in occupancy due to the repercussions of the war on Gaza during Q4 2023 and by the end of 2024. The uncertainty surrounding the current events does not confirm an improvement in the tourism sector, which directly affects transport, another major service offered by SITT's companies.
- **Undervalued:** SITT's undervalued position in comparison to industry averages provides an opportunity for potential capital gains as market conditions improve and the Company's valuation matches with its fundamentals.
- **Financial Stability:** SITT's balance sheet and financial stability ratios, indicate a healthy position with low debt levels and a balanced financial structure.

## Peers Group Comparison

Ticker	Peer Name	Price	Mkt Cap*	EPS	P/E	P/BV	NPM
		13/4/2025	13/4/2025	(2024)	(Current)	(2024)	(2024)
SITT	Salam International Transport & Trading	JD 0.90	16,200	JD 0.092	9.77x	0.70x	31.46%
SHIP	Jordan National Shipping Lines	JD 2.47	37,050	JD 0.283	8.73x	1.23x	20.25%
MASFT	Masafat For Specialized Transport	JD 0.57	10,545	JD 0.057	9.92x	0.44x	3.08%
Peers Weighted Average					8.99x	1.06	
Industry Average					10.90x	1.40x	
Median					9.32x	0.84x	

\* In JD thousands

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Price as of 13-Apr-25

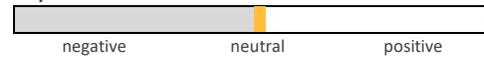
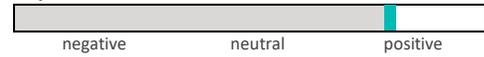
**JD 0.90/Share**
**Past Performance**

	2018	2019	2020	2021	2022	2023	2024
Net Profit Margin	13.97%	27.46%	22.15%	36.12%	41.33%	34.09%	<b>31.46%</b>
Earning/ Share (JD)	0.04	0.07	0.06	0.08	0.12	0.11	<b>0.09</b>
Debt to Equity	19.05%	11.28%	7.58%	2.43%	0.76%	0.34%	<b>0.14%</b>
Gross Profit Margin	19.83%	26.06%	27.84%	32.58%	31.51%	26.81%	<b>16.35%</b>
Dividend/Share (JD)	-	-	-	0.05	0.05	0.05	-

**Relative Valuation: NEUTRAL**

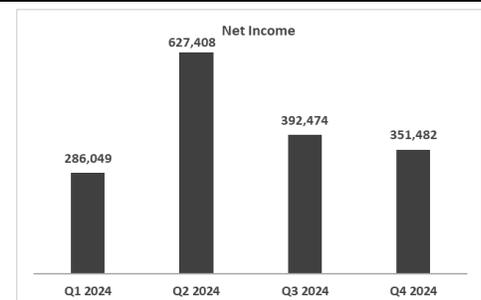
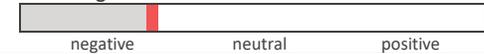
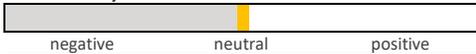
Last Price	Mkt Cap	EPS	P/E	BV/Share	P/BV
13/4/2025	13/4/2025	(2024)	(Current)	(2024)	(2024)
JD 0.90	JD 16.2 M	JD 0.092	9.77x	JD 1.28	0.70x

- **P/E vs. Industry:** is slightly higher than the peers average and the median average indicating overvaluation, but lower than the industry average.
- **P/BV vs. Industry:** is lower than the industry average and the peers' average, indicating potential undervaluation.

**P/E**

**P/BV**

**Earning Strength: NEUTRAL**

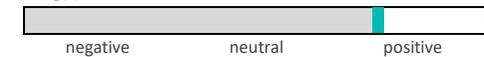
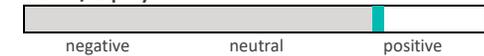
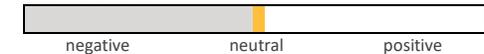
FY24 Results	Revenues	Net Income	ROE	NPM
	JD 5.27 M (-11.8%)	JD 1.66 (-18.6%)	7.32%	31.5%

- **Earnings Trend:** In 2024, the Company experienced a decline in revenue, reflecting weaker top-line performance likely driven by the effect of the war on Gaza and its repercussions on the tourism sector.
- **Return on Equity** of 7.32% is modest and slightly higher than the emerging market average of 7.19%. However, the decline in earnings has likely weighed on this figure, reducing its attractiveness to equity investors
- **Net Profit Margin** of 31.5% is lower than 34.1% achieved at the end of 2023.


**Earnings Trend**

**Profitability**

**Financial Stability: POSITIVE**

FY24 Results	Assets	Equity	ROA	Debt/ Equity	Current Ratio
	JD 34.4 M	JD 26.3 M	4.86%	0.14%	1.04x

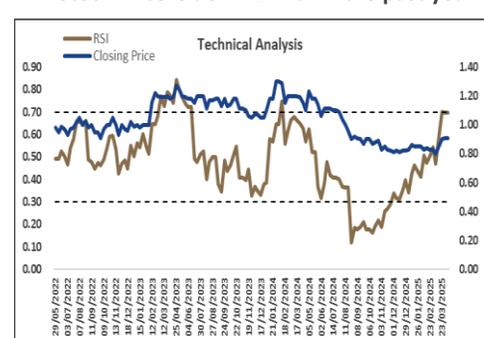
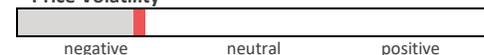
- **ROA Ratio** is modest and indicates the Company is efficient in generating earnings from its assets.
- **Debt/Equity Ratio** indicates that the Company's capital structure is conservative and not reliant on debt to finance operations.
- **Current Ratio** reflects good liquidity, indicating that the Company is able to meet its short-term obligations from its current assets.

**ROA**

**Debt/ Equity Ratio**

**Current Ratio**

**Price Movement: NEUTRAL**

Annual Volatility:	14-Day RSI:	200-Day MA:	Average Volume (3M):
+/- 34.9%	54.583	0.97	10,282 shares

- **Price Volatility** indicates a high level of fluctuation in price over time. The higher the volatility, the riskier the stock.
- **14-Day Relative Strength Index (RSI)** is 54.583, 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 price currently trades below its 200-day moving average, which might indicate a **Sell** signal. The MA for the 50-Day and 100-Day IS 0.85, accordingly, indicating a **Buy** signal.
- **Average Volume 3-Months** is 10,282 shares, indicating **low trade activity**. This is due to SITT's free float of only 8.805%, which decreases daily trading opportunities.

Price movement is assessed based on the company's relative share price performance over key timeframes, including the past quarter, 14-day, and 1-year periods. SITT has

**Stock Price is down 21.7% in the past year**

**Price Volatility**


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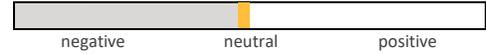
Price as of 13-Apr-25

JD 0.90/Share

shown **neutral price strength over the past 200 days**, which may indicate **limited short-term upside potential** unless supported by stronger market momentum.

- Currently trading at JD 0.90, SITT's stock is exhibiting stable momentum within a key trading range. The price is approaching a resistance level at JD 0.95, with a potential upside target of JD 1.00 if buying interest strengthens. On the downside, support levels at JD 0.85 and JD 0.80 could present attractive entry points for investors anticipating a breakout.

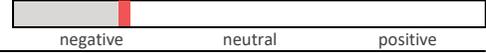
### 14-Day RSI



### Moving Average (MA)



### Average Volume (3-Months)



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**JD 0.90/Share**

**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	<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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