

Report Date: 18-Mar-25

THE PROFESSIONAL COMPANY FOR REAL ESTATE INVESTMENT & HOUSING

ASE: PROF

Annual Earnings: 12/31/2024

RATING:



Initiated Coverage 18/03/2025

We project that **PROF** will perform in line with the market over the next 6-12 months. Our analysis is based on four key factors that influence common stock performance: (1) relative valuation, (2) earnings strength, (3) financial stability, and (4) price movement.

Target Price

JD 0.54

Previous Rating					52- Week Price Range	Market Capitalization	Dividend Yield	Dividends/Share
1	2	3	4	5	09/01/2025	JD 0.43- JD 0.51	JD 13.4 M	-

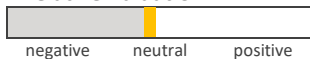
Founded: 2007 **Shares Outstanding:** 27.4 M **Employees:** 14 **Sector:** Real Estate & Investment **Industry:** Real Estate

The Professional Company for Real Estate Investment & Housing (hereinafter referred to as “**PROF**” or the “**Company**”) is a public shareholding company established in Jordan. PROF focuses on the development, management, and leasing of real estate projects, as well as investing in land development projects. **On February 27, the Board of Directors decided to reduce the Company's capital by 6% through cash distributions to shareholders.**

Recommendation Summary

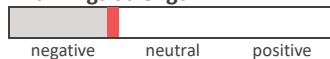
UFICO’s **HOLD** recommendation of PROF is **based solely on our analysis of the stock’s price movement**. While being underpriced compared to industry averages, PROF’s earnings fell in 2024 due to a decline in the real estate market. However, the Company has exhibited strong liquidity and efficiency. Additionally, the 14-Day RSI signals a Buy, reflecting positive short-term momentum. Notably, the recent upward price movement suggests a potential for further price increases in the near term.

Relative Valuation



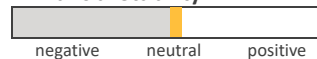
The stock is **underpriced** based on its P/E and P/BV ratios when compared to industry peers. The Company did not announce any dividends for 2024.

Earnings Strength



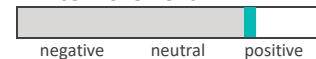
Earnings have risen over the past three years; however, the decrease at the end of 2024 is linked to the performance of Jordan's real estate market.

Financial Stability



PROF’s liquidity indicators have shown a consistent Gross Profit Margin, a steady ROA, and a strong Current Ratio ensuring liquidity.

Price Movement



Low volatility with minimal price fluctuation over time. The stock is rated a **Buy** at its current 14-Day RSI and its MA200.

Major Risks & Rewards

- **Decline in Earnings:** The decline in earnings in 2024 is linked to the performance of the real estate market in Jordan, that has shown significant decline during 2024, which directly affects PROF's financial stability and profitability. This fall might indicate challenges with maintaining growth, which could have an impact on investors’ confidence.
- **Competition:** The real estate industry is highly competitive, with many companies competing for market share. Increased competition from other market players or alternative investment opportunities may put pressure on PROF's profitability and market position.
- **Economic Downturn:** Economic downturns or recessions can have a negative impact on PROF's financial stability and performance. A slowdown in economic activity can result in lower demand for real estate, lower property value, and less revenue for the Company.
- **Undervalued:** PROF’s undervalued position in comparison to industry peers provides an opportunity for potential capital gains as market conditions improve and the Company's valuation matches its fundamentals.
- **Improved Capital Efficiency:** By returning capital to shareholders, the Company is giving its shareholders direct value, improving share metrics, and improving its capital structure, all while maintaining shareholder alignment and trust.

Peers Group Comparison

Ticker	Peer Name	Price 17/3/2025	Mkt Cap* 17/3/2025	EPS (TTM)	P/E (TTM)	P/BV (MRQ)	ROA (TTM)
PROF	The Professional Company For Real Estate	JD 0.49	13,410	JD 0.023	21.02x	0.47x	1.88%
JRCD	Jordanian Real Estate Company	JD 0.53	18,285	JD 0.015	34.74x	0.53x	1.43%
NCMD	Noor Capital Markets For Diversified Investments	JD 1.55	1,550	JD 0.203	7.62x	1.12x	13.15%
AMAD	Amad Investment & Real Estate	JD 0.90	5,400	JD 0.030	30.49x	0.70x	2.23%
Weighted Average (Peers)					31.81x	0.61x	5.02%
Sector Average (www.investing.com)					8.10x	0.90x	
Median					30.49x	0.70x	

* In JD thousands

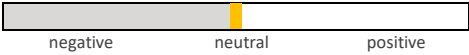
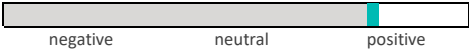
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JD 0.49/Share
Past Performance

	2019	2020	2021	2022	2023	2024
Net Profit Margin	-3.03%	-25.27%	22.13%	16.17%	18.42%	11.53%
Earning/ Share (JD)	(0.002)	(0.017)	0.030	0.034	0.024	0.023
Gross Profit Margin	34.77%	9.65%	27.75%	20.48%	27.75%	27.73%
Dividend/Share (JD)	-	-	-	0.03	0.03	-

Relative Valuation: NEUTRAL

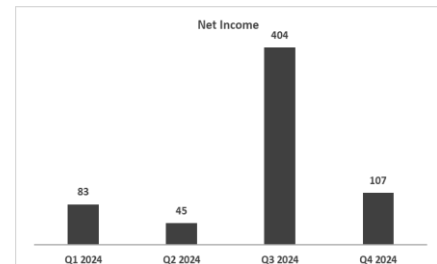
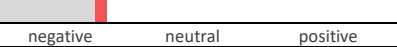
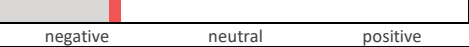
Last Price	Mkt Cap*	EPS	P/E	BV/Share	P/BV	DPS	Div. Yield
17/3/2025	17/3/2025	(TTM)	(TTM)	(MRQ)	(MRQ)	(2023)	17/3/2025
JD 0.49	JD 13.4 M	JD 0.023	21.02 x	JD 1.04	0.47x	JD 0.03	6.12%

- **P/E vs. Industry:** is below its peer group weighted average and median P/E, indicating potential undervaluation, but is above the sector average.
- **P/BV vs. Industry:** is below its peer group weighted average and median P/BV, indicating potential undervaluation.

P/E

P/BV

Earning Strength: NEGATIVE

2024 Results	Revenues	Net Income	ROE	NPM
(TTM)	JD 5.53 M (53.7%)	JD 637.911 (-3.8%)	2.23%	11.53%

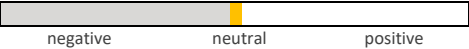
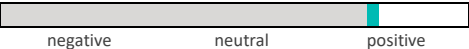
- **Earnings Trend:** PROF was profitable over the past 3 years, but earnings decreased by 3.8% during 2024. The Board of Directors decided to reduce the capital primarily because the Company's profitability has remained within the same range each year. By returning capital to shareholders, the Company aims to optimize its capital structure and enhance its overall financial efficiency.
- **Return on Equity** remained at 2.23% in 2024, the same as in 2023.
- **Net Profit Margin** is lower than the 18.42% achieved during 2023.


Earnings Trend

Profitability

Financial Stability: NEUTRAL

2024 Results	Assets	Equity	GPM	ROA	Current Ratio
(FY)	32.4 M	29.1 M	27.7%	1.88%	9.47x

- **Gross Profit Margin** is the same as what was achieved at the end of 2023. A higher GPM indicates a company's ability to efficiently manage its production.
- **Return on Assets** is lower than its industry peers but the same as 2023.
- **Current Ratio** indicates PROF's ability to meet short-term obligations with its current assets and exhibits good liquidity.

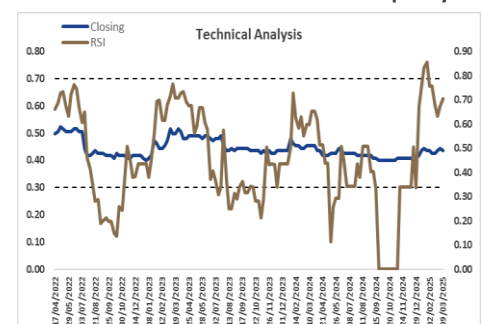
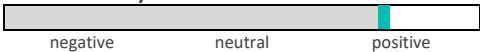
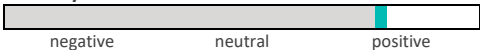
Gross Profit Margin

Return On Assets

Current Ratio

Price Movement: POSITIVE

Average 30-Day Volatility:	14-Day RSI:	200-Day MA:	Average Volume (3M):
+/- 9.1%	58.4	0.47	34,776 Shares

- **Price Volatility** 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 58.4, indicating a **Buy** 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 within its 200-day moving average, which might indicate a **Buy** signal. The MA for the 50-Day and 100-Day are 0.47 & 0.49, accordingly, indicating a **Buy** signal.
- **Average Volume 3-Months** is 34,776 shares, showing a low trade activity, although with a 55.221% free float.

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. **PROF had a positive price strength in the past 200-day period indicating a favourable signal of near-term price gains.**

Stock Price is down 3.92% in the past year

Price Volatility

14-Day RSI


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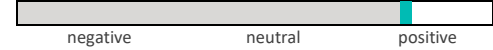
Price as of 17-Mar-25

JD 0.49/Share

Conversely, price changes in the past 14-day period can indicate a short-term neutral condition resulting in neutral near-term price changes.

The stock has recently increase by 13.6%, from JD 0.44 to JD 0.50, a strong resistance level. If this barrier is breached, the next objective is JD 0.54. The current upward movement is supported by the Board of Directors' recommendation to lower capital and distribute cash to shareholders.

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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