

Report Date: 26-Mar-25

JORDAN PHOSPHATE MINES

ASE: JOPH
Annual Earnings: 31/12/2024

RATING:


Initiated Coverage 26/03/2025

We project that JOPH will outperform 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 19.00

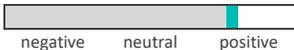
Previous Rating					52- Week Price Range	Market Capitalization	Dividend Yield	Dividends/Share
1	2	3	4	5	JD 10.75 - JD 18.00	JD 4.32 B	9.17%	JD 1.60
<i>03/03/2025</i>								
Founded: 1953		Shares Outstanding: 247.5 M		Employees: 2,290		Sector: Chemicals		Industry: Mining and Extraction

Jordan Phosphate Mines (hereinafter referred to as “JOPH” or the “Company”) is a public shareholding company specialized in the mining, processing, marketing, and sale of phosphates; and production and sale of fertilizers and chemicals. The Company produces **(1)** Phosphate **(2)** Di-Ammonium Phosphate (**DAP**) **(3)** Phosphoric Acid **(4)** Sulfuric Acid **(5)** Aluminum Fluoride. JOPH has the fifth largest reserve of phosphate in the world, second largest exporter, and sixth largest producer of phosphate in the world. The Company owns as well, four mines located in the center and south of the Kingdom, **(1)** Russaifa, Al-Hassa, **(2)** Wadi Al-Abiad, and **(3)** Eshidiya mines, and **(4)** Industrial Complex in the city of Aqaba. As of January 2023, JOPH signed agreements with Indian Farmers Fertilizer Cooperative Limited (IFFCO) to increase the volume of its exports of phosphate from 2.1 M tons to 3.0 M tons annually. Moreover, the Company signed an agreement with Turkish Company “Transpet” in May 2023 to establish a joint factory to produce phosphoric acid in Sheidya. **On March 23, 2025, JOPH’s Board of Directors approved an increase in the Company’s capital to JD 300 million through a share distribution. The Board also approved a cash dividend distribution equivalent to 160.0% of the Company’s paid-up capital.**

Recommendation Summary

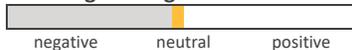
UFICO’s **STRONG BUY** recommendation on JOPH is based on a comprehensive evaluation of four key investment factors: relative value, financial stability, dividend attractiveness, and price movement. JOPH appears undervalued on a P/E basis and fairly valued on a P/BV basis, while offering a dividend yield that exceeds both the market average and prevailing bank deposit rates. The Company maintains a solid financial position, supported by a low debt-to-equity ratio and healthy liquidity, as reflected in its current ratio. Although recent price movement has been characterized by low volatility and a sideways trend, the stock holds meaningful long-term appreciation potential.

Relative Valuation



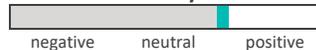
The stock is **undervalued** based on its P/E and **fairly valued** based on its P/BV ratios. Dividend **exceeds** the average of dividend payers in the market.

Earnings Strength



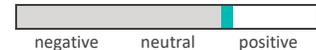
The Company has maintained profitability over the last five years, recording a 2.2% increase at the end of 2024.

Financial Stability



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

Price Movement



Low volatility with minimal price fluctuation over time. The stock is **Overbought** based on its 14-Day RSI and rated a **Buy** at its 200-day.

Major Risks & Rewards

- **Commodity Price Volatility:** Phosphate prices can be subject to significant fluctuations due to changes in demand, geopolitical factors, weather patterns affecting agricultural output, and global economic conditions, which might directly affect the sales and profitability of the Company. On December 2024, phosphate prices dropped to \$152.5/ton from \$347.5/ton in November 2023, which will have an effect on the Company’s profitability if prices continue declining towards the end of the year.
- **Supply Chain Disruptions:** Interruptions in the supply chain, particularly due to the current Red Sea conflicts, such as transportation bottlenecks, labor strikes, or geopolitical conflicts in the region, can disrupt production and distribution, leading to delays and increased costs.
- **Interest Rate Risk:** Although the Company has managed to reduce its reliance on debt throughout the past 5 years, any heavy capital investment that is required in the near future and which might require borrowing will bear the risk of changes in the interest rate environment, and therefore might affect the Company’s profitability in the future.
- **Default Risk:** At the end of 2024, JOPH’s accounts receivable amounted to JD 130 million, primarily stemming from transactions with major customers. Although these entities have provided assurances regarding the settlement of their outstanding balances, there remains uncertainty regarding their ability to fulfill these obligations without defaulting, which may impact JOPH’s cash flows and profitability.
- **Environmental and Regulatory Risks:** Mining activities face environmental and regulatory scrutiny concerning conservation, land use, waste management, water scarcity, and community relations. Regulatory changes may lead to penalties, legal disputes, and reputational damage if not complied with, posing risks to the Company.
- **Electricity Prices:** JOPH’s mining operations require significant energy consumption, and high electricity prices can increase operating costs, thereby impacting profitability.

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Price as of 26-Mar-25

JD 17.44/Share

- **Climate Change Risks:** Climate change can affect agricultural productivity, water availability, and weather patterns, which in turn can impact the demand for fertilizers and chemicals. JOPH may face increased inspection and pressure to adopt sustainable practices to mitigate its environmental footprint.
- **Only Player in the Market:** JOPH has enjoyed a monopoly over the exploration, mining and marketing of Jordanian phosphates. It is the sixth-largest producer and fourth-largest exporter of the mineral in the world. There are very high barriers to entry in this industry, which gives the Company a competitive advantage.
- **Diversified Product Portfolio:** JOPH produces a range of refined petroleum products. Diversification across multiple product lines helps mitigate risks associated with fluctuations in demand or pricing for any single product.
- **Valuation:** JOPH'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 with its fundamentals.
- **Financial Stability:** With a drop in revenue at the end of 2024, JOPH continues to be financially stable. The low debt/equity ratio of 1.68% shows conservative debt management, while the current ratio of 8.06x indicates excellent liquidity and the ability to cover short-term obligations.
- **Expansion and Partnership Opportunities:** JOPH's agreements with Indian Farmers Fertilizer Cooperative Limited (IFFCO) and Turkish Company "Transept" represent strategic efforts to increase export volumes and establish joint ventures, which could lead to increased revenue and market share.

Peers Group Comparison

Ticker	Peer Name**	Country	Price	Mkt Cap*	EPS	P/E	P/BV	NPM
			26/3/2025	26/3/2025	(TTM)	(TTM)	(MRQ)	(TTM)
JOPH	Jordan Phosphate Mines	Jordan	JD 17.44	4,316	JD 1.840	9.48x	2.39x	37.53%
APOT	The Arab Potash	Jordan	JD 30.00	2,500	JD 2.208	13.59x	1.40x	28.24%
2310	Sahara International Petrochemical	Saudi Arabia	JD 3.90	2,824	JD 0.112	34.88x	0.98x	6.04%
2020	SABIC Agri-Nutrients	Saudi Arabia	JD 19.95	9,497	JD 1.328	15.02x	2.71x	30.08%
MOPCO	Misr Fertilizers Production	Egypt	JD 0.60	1,254	JD 0.109	5.53x	1.84x	76.94%
Weighted Average (Peers)						17.55x	2.13x	
Emerging Market Average (www.damodaran.com)						19.86x	1.85x	
Median						14.30x	1.62x	

* In JD Millions.

Past Performance

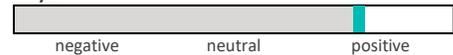
	2018	2019	2020	2021	2022	2023	2024
Net Profit Margin	7.05%	3.21%	4.62%	31.21%	40.92%	36.24%	37.53%
Earning/ Share (JD)	0.58	0.25	0.34	4.08	8.67	1.80	1.84
Debt to Equity	30.02%	26.58%	25.50%	7.39%	3.24%	2.16%	1.68%
Gross Profit Margin	24.53%	20.85%	26.04%	50.74%	61.29%	57.96%	57.65%
Dividend/ Share (JD)	0.20	0.10	0.20	2.00	3.00	1.30	1.60

Relative Valuation: POSITIVE

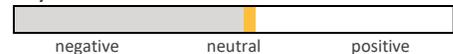
Last Price	Mkt Cap	EPS	P/E	BV/Share	P/BV	DPS	Div. Yield
26/3/2025	26/3/2025	(TTM)	(TTM)	(MRQ)	(MRQ)	(2024)	26/3/2025
JD 17.44	JD 4.32 B	JD 1.84	9.48x	JD 7.30	2.39x	JD 1.60	9.17%

- **P/E vs. Industry** is lower than the peers average and the emerging market, which indicates potential undervaluation.
- **P/BV vs. Industry** is in line with the peers' average of 2.13x which indicates fairly valued, but higher than the median and emerging market average.
- **Dividend Yield** exceeds the average of dividend payers in the Jordanian market.

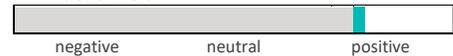
P/E



P/BV



Dividend Yield

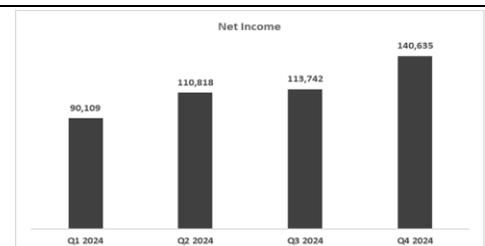
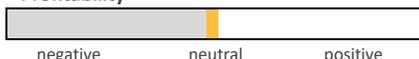


Earning Strength: NEUTRAL

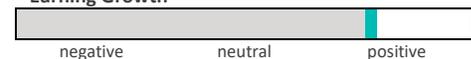
2024 Results	Revenues	Net Income	ROE	NPM
(TTM)	JD 1,213 M (-1.3%)	JD 455 M (2.2%)	26.14%	37.53%

- **Earnings Trend:** JOPH was profitable over the past 5 years, with earnings increasing by 2.2%
- **Return on Equity** is lower than 28.24% achieved at the end of 2023.
- **Net Profit Margin** of 37.53% has increased in comparison to the 36.24% margin achieved during 2023.

Profitability



Earning Growth



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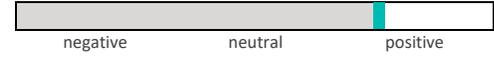
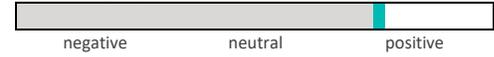
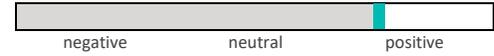
ASE: JOPH

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JD 17.44/Share
Financial Stability: POSITIVE

2024 Results	Assets	Equity	ROA	Debt/ Equity	Current Ratio
	JD 2.15 B	JD 1.82 B	21.21%	1.68%	8.06x

- **Return on Assets** is in line with the 21.13% achieved at the end of 2023, and is exceptional, suggesting the Company is highly efficient and profitable. It's a strong signal, especially when paired with good margins and low debt.
- **Debt/ Equity** of 1.68% is healthy, indicating the Company's direction towards lowering its reliance on borrowing as can be seen from the decreasing debt/equity ratios.
- **Current Ratio** of 8.06x indicates very strong liquidity.

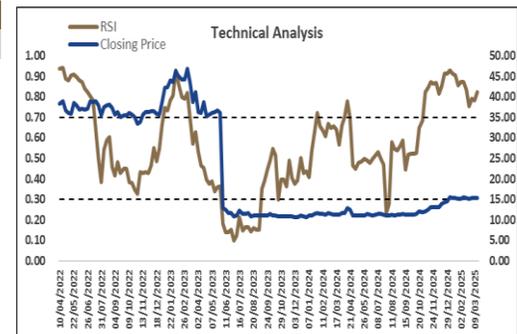
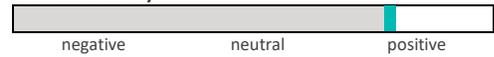
Return On Assets

Debt/ Equity

Current Ratio

Price Movement: POSITIVE

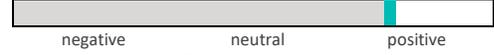
Avg 7-Day Volatility:	14-Day RSI:	200 Day MA:	Avg. Vol (3M):
+/- 9.27%	84.918	12.932	55,869 Shares

- **Price Volatility** of 9.27% indicates low levels of fluctuation in price over time. The higher the volatility, the riskier the stock.
- **14-Day Relative Strength Index (RSI)** is 84.918, indicating an **Overbought** 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, which indicates a **Buy** signal. The MA for the 50-Day and 100-Day are 15.431 and 14.512, accordingly, indicating a **Buy** signal.
- **Average Volume 3-Months** is 55,869 shares, which indicates acceptable trade activity.

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

- JOPH stock increased by around 53% over the last year, due to general regional conditions, in particular, the Company's results and distributions. The stock is currently trading above the resistance level of JD 14.80 and is expected to reach the next level around JD 19.00.

Stock Price is up 52.7% 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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