

Report Date: 08-May-25

JORDAN PHOSPHATE MINES

ASE: JOPH

Quarter Earnings: 31/3/2025

Annual Earnings: 31/12/2024



Price as of 07-May-25
JD 15.99/Share

RATING:



Initiated Coverage 08/05/2025

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 17.00

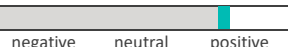
Previous Rating					52- Week Price Range	Market Capitalization	Dividend Yield	Last Dividend	
1	2	3	4	5	26/03/2025	JD 10.88 - JD 18.00	JD 3.96 B	10.01%	JD 1.60
Founded: 1953					Shares Outstanding: 247.5 M	Employees: 2,290	Sector: Chemicals	Industry: Mining and Extraction	

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 Sheidiya. 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

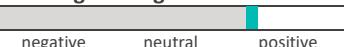
UFICO’s BUY recommendation on JOPH is based on a comprehensive evaluation of four key factors mentioned above. In terms of its P/E ratio, JOPH appears undervalued, but is overvalued in terms of its P/BV ratio, while offering a dividend yield that exceeds both the market average and prevailing bank deposit 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



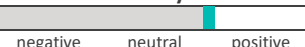
The stock is **undervalued** based on its P/E ratio and **overvalued** based on its P/BV ratio. Dividend **exceeds** the average of dividend payers in the market.

Earnings Strength



JOPH’s earnings grew by 21.7% compared to the same quarter last year.

Financial Stability



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

Price Movement



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

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, we will continue to monitor interest rate movements closely to assess any potential impact, especially if the company decides to take on additional debt in the future.
- **Default Risk:** At the end of Q1 2025, JOPH’s accounts receivable amounted to JD 141 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.

Report Date: 07-May-25

JORDAN PHOSPHATE MINES

ASE: JOPH

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- **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 an increase in revenue at the end of Q1 2025, JOPH continues to be financially stable. The low debt/equity ratio of 0.03% shows conservative debt management, while the current ratio of 8.35x 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.
- **Strong Debt Position:** JOPH significantly reduced its debt in Q1, paid JD 29.8 million, leaving only JD 605,000 outstanding. As a result, the Company's debt ratio decreased to a low of 0.03%, indicating prudent financial management.

Peers Group Comparison

Ticker	Peer Name**	Country	Price	Mkt Cap*	EPS	P/E	P/BV	NPM
			7/5/2025	7/5/2025	(TTM)	(TTM)	(MRQ)	(TTM)
JOPH	Jordan Phosphate Mines	Jordan	JD 15.99	3,958	JD 1.772	9.02x	2.07x	38.03%
APOT	The Arab Potash	Jordan	JD 27.05	2,254	JD 3.115	8.68x	1.23x	40.37%
2310	Sahara International Petrochemical**	Saudi Arabia	JD 3.46	2,508	JD 0.112	30.97x	0.87x	6.04%
2020	SABIC Agri-Nutrients	Saudi Arabia	JD 18.72	8,909	JD 1.572	11.91x	2.43x	32.03%
MOPCO	Misr Fertilizers Production**	Egypt	JD 0.59	1,232	JD 0.109	5.43x	1.81x	76.94%
Weighted Average (Peers)						14.09x	1.93x	
Emerging Market Average (www.damodaran.com)						19.86x	1.85x	
Median						10.30x	1.52x	

* In JD Millions. **Results as of 31/12/2024

Past Performance

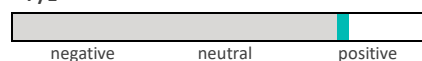
	2020	2021	2022	2023	2024	1Q24	1Q25
Net Profit Margin	4.62%	31.21%	40.92%	36.24%	37.53%	34.80%	38.03%
Earning/ Share (JD)	0.34	4.08	8.67	1.80	1.84	0.36	0.44
Debt to Equity	25.50%	7.39%	3.24%	2.16%	1.68%	1.98%	0.03%
Gross Profit Margin	26.04%	50.74%	61.29%	57.96%	57.65%	56.11%	56.76%
Dividend/ Share (JD)	0.20	2.00	3.00	1.30	1.60	-	-

Relative Valuation: POSITIVE

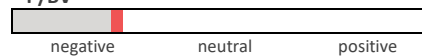
Last Price	Mkt Cap	EPS	P/E	BV/Share	P/BV	DPS	Div. Yield
7/5/2025	7/5/2025	(TTM)	(Forward)	(MRQ)	(MRQ)	(2024)	7/5/2025
JD 15.99	JD 3.96 B	JD 1.77	9.02x	JD 7.74	2.07x	JD 1.60	10.01%

- **P/E vs. Industry** is lower than the peers' and the emerging market averages, which indicates potential undervaluation.
- **P/BV vs. Industry** is higher than the peers' average and median which indicates overvaluation.
- **Dividend Yield** exceeds the average of dividend payers in the Jordanian market.

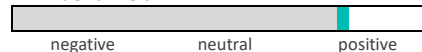
P/E



P/BV



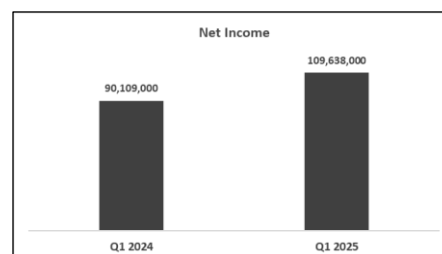
Dividend Yield



Earning Strength: POSITIVE

1Q25 Results	Revenues	Net Income	ROE	NPM
(TTM)	JD 288 M (11.3%)	JD 110 M (21.7%)	23.56%	38.03%

- **Earnings Trend:** net income recorded a growth of 21.7% in Q1 25 Surpassing the growth in sales, compared to Q1 2024.
- **Return on Equity** is exceptional, although lower than the 26.14% achieved in Q1 2024, but still rewarding to shareholders.
- **Net Profit Margin** has increased in comparison to Q1 2024, further supporting JOPH's strong profitability.



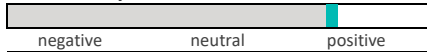
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JORDAN PHOSPHATE MINES

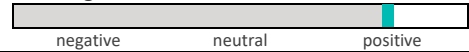
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Profitability



Earning Growth

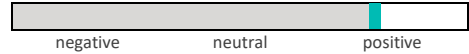


Financial Stability: POSITIVE

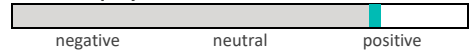
1Q25 Results (MRQ)	Assets	Equity	ROA	Debt/ Equity	Current Ratio
	JD 2.24 B	JD 1.93 B	20.01%	0.03%	8.35x

- **Return on Assets** 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** is healthy, indicating the Company's direction towards lowering its reliance on borrowing as can be seen from the decreasing ratio.
- **Current Ratio** indicates very strong liquidity.

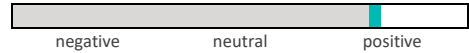
Return On Assets



Debt/ Equity



Current Ratio



Price Movement: NEUTRAL

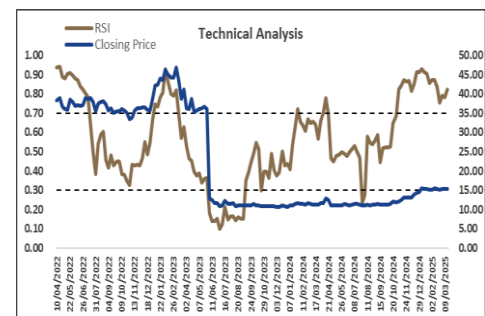
Annual Volatility:	14-Day RSI:	200 Day MA:	Avg. Vol (3M):
+/- 19.0%	58.968	13.474	68,134 Shares

- **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)** indicating a **healthy bullish momentum** but remains below the overbought threshold, suggesting that there is still room for upward movement without immediate correction risk. 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 15.678 and 15.248, accordingly, indicating a **Buy** signal.
- **Average Volume 3-Months** indicates acceptable trading 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 is currently trading at JD 15.99, with significant momentum above its 200-day MA, indicating an ongoing positive trend. The stock is reaching a critical resistance level of JD 16.20, with further upside potential to JD 18.00 and JD 20.00 if the breakthrough occurs. On the downside, support is expected between JD 15.50 and JD 14.50, making these levels ideal for accumulating ahead of the next earnings cycle. Overall, JOPH presents a technically strong profile backed by favorable momentum and supportive fundamentals.

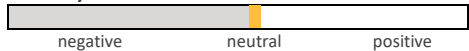
Stock Price is up 46.7% in the past year



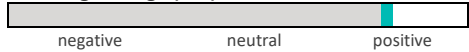
Price Volatility



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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