

Report Date: 11-May-25

DAR AL DAWA DEVELOPMENT & INVESTMENT

ASE: DADI



Price as of 11-May-25

JD 1.15/Share

Quarterly Earnings: 03/31/2025

Annual Earnings: 12/31/2024

RATING:

Initiated Coverage 30/04/2025

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

Target Price**1.19 JD****Previous Rating**

15/04/2025

52- Week Price Range

JD 1.12 - JD 1.36

Market Capitalization

JD 40.25 M

Forward P/E

17.54x

P/BV

0.81x

Founded: 1975

Shares Outstanding: 35 M

Employees: 792

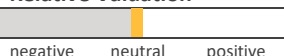
Sector: Healthcare

Industry: Pharmaceutical and Medical

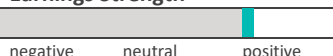
Dar Al Dawa Development & Investment (hereinafter referred to as “DADI” or the “Company”) is a public shareholding company established in Jordan. DADI specializes in the development, manufacturing, marketing and distribution of high quality branded generic pharmaceutical and consumer health care products. DADI is a leading company in the Middle East and South Africa region, with its success story beginning in Jordan and continuing across the continent. DADI is present in a number of markets, including the Middle East, Africa, and Europe. DADI announced that its affiliate, the Algerian Dar Al Dawa Co, has signed a partnership agreement with the international pharmaceutical company Merz. This partnership is expected to positively impact market share growth in Algeria. On March 23, 2025, DADI's Board of Directors approved the sale of 750 m² plot of land to Dar Al Dawa Veterinary Company to address interconnecting land boundaries between the two companies. In addition, the Board of Directors announced the increase of the Company's capital to **JD 50 million**.

Recommendation Summary

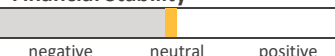
UFICO's **HOLD** recommendation of DADI is the result of our systematic analysis of four basic characteristics mentioned above. DADI appears to be overvalued in terms on its P/E ratio and fairly valued based on its P/BV ratio, and shows acceptable financial stability with modest liquidity, but its high debt-to-equity ratio indicates significant leverage, which may pose some financial risk. The stock exhibits low volatility, but current technical indicators are weak. Given the mix of stable fundamentals, moderate growth, and technical headwinds, we believe a **Hold** rating is appropriate until a clearer valuation or technical reversal supports a more definitive action.

Relative Valuation

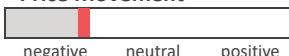
The stock is **overvalued** based on its P/E ratio and **fairly valued** based on its P/BV ratios.

Earnings Strength

DADI delivered strong topline growth of 33.6% during Q1 2025, despite a moderate increase in net income. While ROE remains low, the year-on-year improvement highlights a stronger operational leverage.

Financial Stability

DADI demonstrates financial stability with a modest current ratio. However, its elevated leverage, impose a high level of financial risk.

Price Movement

Low volatility with minimal price fluctuation over time. The stock is rated a **SELL** at its 14-Day RSI and at its 200-Day MA.

Major Risks & Rewards

- **Product Expiry:** Pharmaceutical companies risk financial losses if medications expire before being sold, directly impacting revenue & profitability.
- **High Leverage:** With a debt/equity ratio of 98.41%, DADI's significant reliance on debt increases concerns, especially regarding debt servicing, interest payments with potential financial challenges during economic downturns.
- **Dividend Distribution:** The Company has not distributed dividends over the past two years, which may make it less suitable for investors seeking regular income or dividend-focused returns.
- **Strong Revenue Growth Momentum:** DADI reported a 33.6% year on year increase in revenue in Q2, signaling strong demand for its products and effective market expansion
- **Attractive Sector Exposure:** As a pharmaceutical manufacturer, DADI benefits from long term demographic trends and regional demand for generics and medicines, a sector that's more defensive during macroeconomic volatility.

Peers Group Comparison

Ticker	Peer Name	Price 11/5/2025	Mkt Cap* 11/5/2025	EPS** (TTM)	P/E (TTM)	P/BV (MRQ)	NPM (TTM)	Debt/Equity (MRQ)
DADI	Dar Al Dawa Development & Investment	JD 1.15	40,250	JD 0.066	17.54x	0.81x	3.15%	102.68%
HPIC	Hayat Pharmaceutical Industries Co.	JD 2.80	26,600	JD 0.183	15.32x	0.86x	15.43%	11.97%
PHIL	Philadelphia Pharmaceuticals	JD 1.36	10,200	JD 0.120	11.30x	0.80x	9.66%	19.28%
Weighted Averages (Peers)					14.20x	0.85x		
Emerging Market Averages (www.MSCI.com)					26.41x	2.5x		
Median					13.31x	0.83x		

* In JD thousands, ** Annualized

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Past Performance

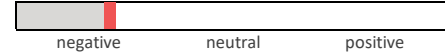
	2020	2021	2022	2023	2024	1Q24	1Q25
Net Profit Margin	16.06%	1.76%	3.29%	4.22%	4.42%	2.87%	3.15%
Earning/ Share (JD)	0.34	0.03	0.06	0.09	0.10	0.01	0.02
Debt to Equity	156.45%	92.92%	88.69%	84.17%	92.97%	87.48%	102.68%
Gross Profit Margin	37.78%	40.40%	40.59%	39.22%	41.05%	47.24%	43.84%
Dividend/ Share (JD)	-	-	0.05	-	-	-	-

Relative Valuation: **NEUTRAL**

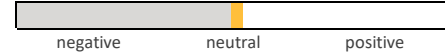
Last Price	Mkt Cap*	EPS	P/E	BV/Share	P/BV
11/5/2025	11/5/2025	(TTM)	(Forward)	(MRQ)	(MRQ)
JD 1.15	JD 40.25 M	JD 0.066	17.54x	JD 1.42	0.81x

- P/E vs. Industry:** above the peer group weighted average P/E and the median P/E ratio, indicating potential overvaluation, but below the industry average.
- P/BV vs. Industry:** is in line with the peer group weighted average and median P/BV, indicating fair valuation.

P/E



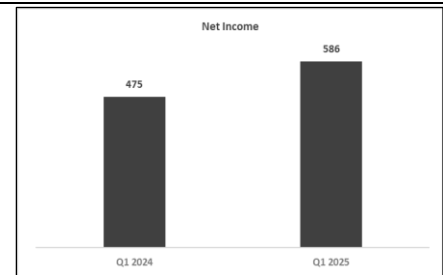
P/BV



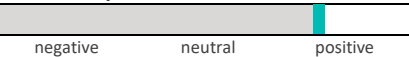
Earning Strength: **POSITIVE**

1Q25 Results	Revenues	Net Income	ROE	NPM
(TTM)	JD 18.2 M (+33.6%)	JD 573 K (+20.89%)	4.64%	3.15%

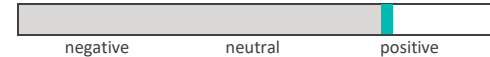
- Earnings Trend:** Earnings increased by 33.6% during Q1 2025 compared to the same quarter in 2024.
- Return on Equity** is higher than that achieved at the end of Q1 2024, but is still low, indicating weak return to shareholders, but highlights a positive direction in shareholders returns.
- Net Profit Margin** improved slightly to 3.15% in comparison to Q1 2024.



Profitability



Earnings Trend

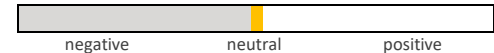


Financial Stability: **NEUTRAL**

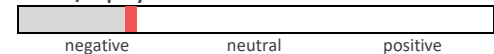
1Q25 Results	Assets	Equity	ROA	Debt/ Equity	Current Ratio
(MRQ)	JD 124.3 M	JD 50.4 M	1.85%	102.68%	1.18x

- Return on Assets** is relatively low, but consistent with an asset-heavy pharmaceuticals industry like DADI.
- Debt/ Equity** Although reduced from a peak of over 200% in 2019 to 102.68% in Q1 2025, it remains relatively high, indicating elevated financial leverage.
- Current Ratio** indicates DADI's ability to meet short-term obligations with its current assets and exhibits modest liquidity.

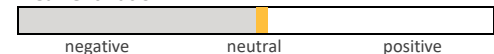
Return On Assets



Debt/ Equity



Current Ratio



Price Movement: **NEGATIVE**

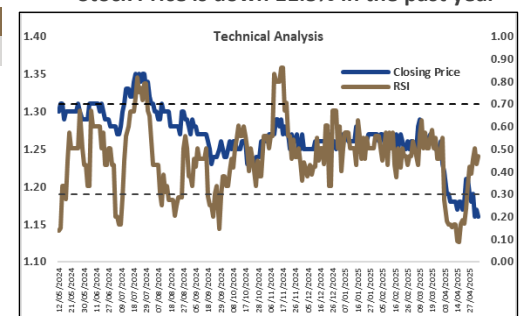
Annual Volatility:	14-Day RSI:	200 Day MA:	Avg. Vol (3M):
+/-13.27%	33.997	1.260	30,950 Shares

- 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)** indicates a **Neutral** signal at this level, but leaning into oversold territory. 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 are 1.225 and 1.243, accordingly, indicating a **Sell** signal.
- Average Volume 3-Months** is 30,950 shares, which indicates low trading activity.

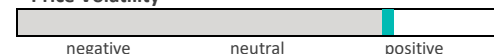
DADI has not traded heavily in the last six months, although with a 42.0% free float (14.7 million shares).

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. **DADI has a negative price strength in the past 200-day period indicating an unfavourable signal of near-term price gains.**

Stock Price is down 11.5% in the past year



Price Volatility



14-Day RSI



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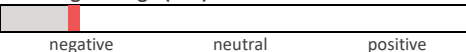
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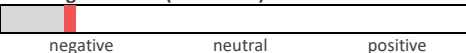
DADI is currently trading below its 200-day MA, which signals a downward trend and investor caution. While its RSI suggests it's nearing oversold territory which may indicate that the stock is nearing a short-term bottom, but lacks a clear reversal sign. With moderate volatility, key support lies at JD 1.14 and JD 1.10, while resistance levels are seen at JD 1.18 and JD 1.22. A potential reversal may occur if the price holds above JD 1.14 with rising volume, offering a short-term buying opportunity. Investors should enter cautiously with a stop-loss near JD 1.10 and target JD 1.18– JD 1.22, watching for confirmation signals.

Given the current bearish trend, we recommend a **Hold** rating with a speculative accumulation strategy near support levels. Until then, DADI remains technically weak, and any position should be sized conservatively.

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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