

Report Date: 19-May-25

HAYAT PHARMACEUTICAL INDUSTRIES CO.

ASE: HPIC

Quarter Earnings: 31/3/2025

Annual Earnings: 31/12/2024



Price as of 19-May-25

JD 2.83/Share

RATING:



Initiated Coverage 19/05/2025

We project that HPIC 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 2.90

Previous Rating					52- Week Price Range	Market Capitalization	Dividend Yield	Last Dividend	
1	2	3	4	5	25/03/2025	JD 2.44- JD 3.05	JD 26.9 M	7.77%	JD 0.22/ Share

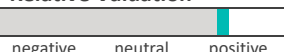
Founded: 1994 Shares Outstanding: 9.5 M Employees: 234 Sector: Healthcare Industry: Pharmaceutical and Medical

Hayat Pharmaceuticals Industries Company (hereinafter referred to as “HPIC” or the “Company”) is a pharmaceuticals manufacturing company established in Jordan. HPIC has developed and registered 116 dosage forms/pack sizes in Jordan, representing 56 different brands (molecules) in a variety of medical fields. HPIC is approved and has a presence in **12 MENA markets** with a network of established distributors. **On March 19,2025, the Board of Directors of HPIC announced the distribution of 22% cash dividends to its shareholders.**

Recommendation Summary

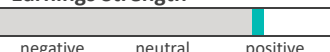
UFICO’s **HOLD** recommendation of HPIC is based on our analysis of the four factors mentioned above. While the stock appears underpriced based on its P/E ratio, its profitability remains strong, with earnings up 35.59% during Q1 2025. The Company exhibits strong financial stability, with reasonable debt levels, a balanced structure, and solid liquidity. Although, the stock price upward movement, propelled by good earnings growth and positive technical indicators, suggests potential for further appreciation in the near future, investors are required to monitor and track stock company development in order to analyze long term potential.

Relative Valuation



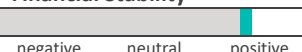
The stock is **underpriced** based on its P/E and **fairly valued** based on its P/BV ratios. Dividend yield is **above** the average of dividend payers in the market.

Earnings Strength



HPIC recorded 35.59% earnings growth during Q1 2025.

Financial Stability



HPIC shows strong financial stability with acceptable debt levels, a balanced financial structure, and solid liquidity.

Price Movement



High volatility reflects noticeable price fluctuations over time. The stock is rated a **Hold** at its current 14-Day RSI and a **Buy** at its MA200.

Major Risks & Rewards

- **Price Volatility and Trading Activity:** Due to the restricted free float, trading HPIC’s stock on the ASE is very limited.
- **Product Expiry:** Pharmaceutical companies risk financial losses if medications expire before being sold, directly impacting revenue & profitability.
- **Market competition:** there are many players in the market in Jordan and the region, which poses a threat to the operations of the Company going forward.
- **Financial Stability:** A healthy debt/equity ratio and current ratio suggest a stable financial position and strong liquidity.
- **Attractive Dividend Profile:** The Company’s history of consistent dividend payments supports its positioning as a reliable income-generating investment, particularly appealing to long-term, yield-oriented investors.

Peers Group Comparison

Ticker	Peer Name	Price 19/5/2025	Mkt Cap* 19/5/2025	EPS (Forward)	P/E (Forward)	P/BV (MRQ)	NPM (TTM)	Debt/Equity (MRQ)
HPIC	Hayat Pharmaceutical Industries Co.	JD 2.83	JD 26,885	JD 0.183	15.48x	0.86x	15.43%	11.97%
DADI	Dar Al Dawa Development & Investment	JD 1.20	JD 42,000	JD 0.066	18.30x	0.84x	3.15%	102.68%
PHIL	Philadelphia Pharmaceuticals	JD 1.45	JD 10,875	JD 0.120	12.04x	0.85x	9.66%	19.28%
Weighted Averages (Peers)					17.01x	0.84x		
Emerging Market Averages (www.damodaran.com)					18.72x	5.70x		
Median					15.17x	0.85x		

* in JD thousands

Past Performance

	2020	2021	2022	2023	2024	1Q24	1Q25
Net Profit Margin	21.17%	21.96%	20.63%	14.73%	18.49%	12.70%	15.43%
Earning/ Share (JD)	0.37	0.38	0.37	0.25	0.33	0.03	0.05
Debt to Equity	8.21%	7.38%	4.06%	6.61%	12.40%	7.00%	11.97%
Gross Profit Margin	68.65%	67.71%	65.33%	62.70%	55.64%	55.49%	55.24%
Dividend/ Share (JD)	0.20	0.25	0.25	0.17	0.22	-	-

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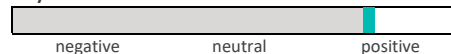
JD 2.83/Share

Relative Valuation: **POSITIVE**

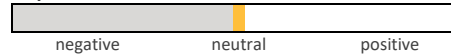
Last Price	Mkt Cap	EPS	P/E	BV/Share	P/BV	DPS	Div. Yield
19/5/2025	19/5/2025	(Forward)	(Forward)	(MRQ)	(MRQ)	(2024)	19/5/2025
JD 2.83	JD 26.9 M	JD 0.183	15.48x	JD 3.29	0.86x	JD 0.22	7.77%

- **P/E vs. Industry** is lower than the peer group weighted average and emerging market averages which indicates undervaluation.
- **P/BV vs. Industry** is in line with the peer group weighted average and median P/BV ratio, indicating fair valuation.
- **Dividend Yield** is above the average of dividend payers on the Jordanian market.

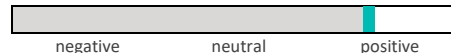
P/E



P/BV



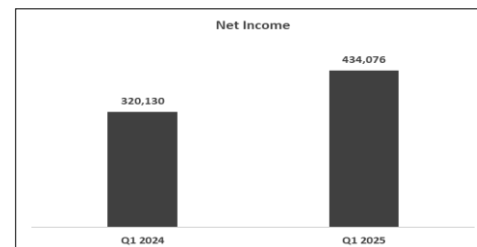
Dividend Yield



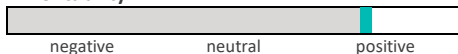
Earning Strength: **POSITIVE**

1Q25 Results	Revenues	Net Income	ROE	NPM
(TTM)	JD 2.81 M (+11.63%)	JD 434,076 M (+35.59%)	5.59%	15.43%

- **Earnings Trend:** HPIC demonstrated strong revenue growth and profitability improvement at the end of Q1 2025.
- **Return on Equity** is lower than that achieved at the end of Q1 2024, and indicates weak returns to shareholders.
- **Net Profit Margin:** is higher than that achieved at the end of Q1 2024.



Profitability



Earnings Trend

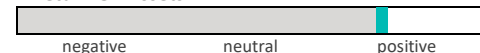


Financial Stability: **POSITIVE**

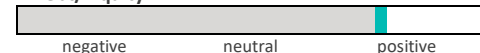
1Q25 Results	Assets	Equity	ROA	Debt/ Equity	Current Ratio
(MRQ)	JD 38.5 M	JD 31.3 M	4.57%	11.97%	7.08x

- **Return on Assets** is a solid indicator of profitability, reflecting efficient use of assets to generate income, and is above average for many pharmaceutical companies.
- **Debt/ Equity:** While this represents a noticeable increase from previous years, it is still considered low for the sector, indicating a conservative approach to leveraging.
- **Current Ratio** indicates HPIC's strong ability to meet short-term obligations with its current assets suggesting excellent short-term financial health and minimal liquidity risk.

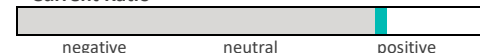
Return On Assets



Debt/ Equity



Current Ratio



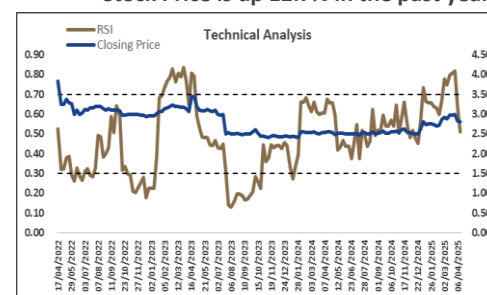
Price Movement: **NEUTRAL**

Annual Volatility:	14-Day RSI:	200 Day MA:	Avg. Vol (3M):
+/-29.09%	55.461	2.606	2,620 Shares

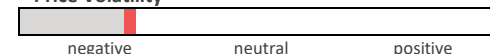
- **Price Volatility** indicates a high level of fluctuation in price over time. The higher the volatility, the riskier the stock.
- **14-Day Relative Strength Index (RSI)** indicates a **neutral** signal at this level. Traditionally, a stock is considered overbought or overvalued when RSI is above 70 and oversold or undervalued when it is below 30.
- **Moving Averages (MA):** The stock price currently trades above its 200-day MA, which might indicate a **Buy** signal. The MA for the 50-Day and 100-Day are 2.826 and 2.697, indicating a **Buy** signal.
- **Average Volume 3-Months** indicates **low trading activity**. This may lead to higher price volatility and difficulty in executing large trades without impacting the price.

HPIC is currently trading above its 200-day MA, indicating an ongoing bullish trend. The stock is reaching a significant resistance level around JD 2.90, with a psychological barrier at JD 3.00 as the next objective if momentum continues. Support levels at JD 2.75 and JD 2.70 provide potential entry targets for investors waiting for a drop in prices.

Stock Price is up 12.7% in the past year



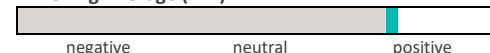
Price Volatility



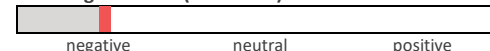
14-Day RSI



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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