

Report Date: 10-Apr-25

JORDAN NATIONAL SHIPPING LINES

ASE: SHIP
Annual Earnings: 31/12/2024

Price as of 9-Apr-25

JD 2.49/Share
Target Price
JD 2.60
RATING:


Initiated Coverage 10/04/2025

We project that SHIP will perform better than 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.

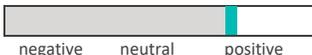
| Previous Rating | | | | | 52- Week Price Range | Market Capitalization | Dividend Yield | Dividends/Share |
|-----------------|---|---|---|---|--------------------------------|-----------------------|----------------|-----------------|
| 1 | 2 | 3 | 4 | 5 | 07/01/2025 JD 1.90- JD 2.56 | JD 37.4 M | 8.84% | JD 0.22 |

Founded: 1976 **Shares Outstanding:** 15.0 M **Employees:** 165 **Sector:** Marine **Industry:** Transportation

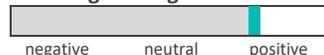
Jordan National Shipping Lines (hereinafter referred to as “SHIP” or the “Company”) is a public shareholding company established in Jordan. SHIP has an established history in shipping, ship operations, chartering, ship agency, marine services, port operations, manning and technical ship management, energy transport, freight forwarding, maritime education, hospitality, and transportation through its subsidiaries. The Company’s headquarters are located in Aqaba. **On March 25, 2025, SHIP’s Board of Directors announced the distribution of 22% cash dividends to its shareholders.**

Recommendation Summary

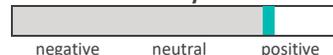
UFICO’s **BUY** recommendation of SHIP is the result of our systematic analysis of four basic characteristics mentioned above. SHIP appears undervalued relative to industry peers based on both P/E and P/BV ratios, while offering above-average dividend payouts. Strong earnings growth, solid ROE, and strong financial stability support long-term value, despite short-term technical signals. **SHIP positions itself as an appealing opportunity to income-forced investors.**

Relative Valuation


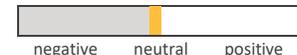
negative neutral positive
SHIP’s stock price is **undervalued** relative to the industry average, based on its P/E and its P/BV ratios. Dividend **exceeded** the average of dividend payers.

Earnings Strength


negative neutral positive
SHIP’S earnings increased by 34.6% at the end of 2024, recording an exceptional return of equity of 14.5%

Financial Stability


negative neutral positive
SHIP shows strong financial stability with a very strong ROA, acceptable debt levels, a balanced financial structure, and solid liquidity.

Price Movement


negative neutral positive
The stock’s price movement indicate a moderate level of fluctuation. The stock is rated a **SELL** at its current 14-Day RSI, and a **BUY** at its MA200.

Major Risks & Rewards

- **Red Sea Events Impact:** Recent events in the Red Sea, such as geopolitical tensions, may impact the operations of Aqaba Port. Any interruptions in port activities, such as delays or closures, will have an impact on SHIP’s shipping schedules, revenue streams, and overall financial performance.
- **Global Shipping Market Risks:** SHIP is affected by threats related to the global shipping markets, including operational costs, especially fuel and constant pricing fluctuations.
- **Stock Valuation:** SHIP appears undervalued relative to industry peers, presenting an opportunity for potential capital appreciation as market conditions normalize and the Company’s valuation aligns with its strong underlying fundamentals.
- **Dividend:** SHIP offers a high dividend yield, providing a reliable income stream for investors. The dividends are well-supported by the Company’s consistent profitability and strong payout ratio.

Peers Group Comparison

| Ticker | Peer Name | Price | Mkt Cap* | EPS | P/E | P/BV | NPM |
|---|---|----------|----------|----------|---------------|--------------|--------|
| | | 9/4/2025 | 9/4/2025 | (2024) | (Current) | (2024) | (2024) |
| SHIP | Jordan National Shipping Lines | JD 2.49 | 37,350 | JD 0.283 | 8.80x | 1.24x | 20.25% |
| SITT | Salam International Transport & Trading | JD 0.90 | 16,200 | JD 0.092 | 9.77x | 0.70x | 31.46% |
| MSFT | Masafat For Specialized Transport | JD 0.56 | 10,360 | JD 0.057 | 9.75x | 0.44x | 3.08% |
| Peers Weighted Average | | | | | 9.76x | 1.09x | |
| Industry Average (www.investing.com) | | | | | 10.90x | 1.40x | |
| Median | | | | | 9.76x | 0.57x | |

* In JD thousands

There are no real publicly traded peers for SHIP on the ASE, therefore our analysis relied on emerging markets averages for the maritime shipping industry.

Past Performance

| | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|---------------------|--------|--------|--------|--------|--------|--------|--------|
| Net Profit Margin | 16.57% | 20.66% | 12.79% | 18.28% | 23.40% | 16.11% | 20.25% |
| Earning/ Share (JD) | 0.19 | 0.23 | 0.16 | 0.19 | 0.26 | 0.21 | 0.28 |
| Debt to Equity | 27.70% | 24.95% | 27.40% | 28.30% | 22.01% | 22.27% | 15.03% |
| Gross Profit Margin | 31.24% | 35.61% | 22.82% | 29.01% | 36.04% | 28.98% | 26.71% |
| Dividend/Share (JD) | 0.12 | 0.15 | 0.12 | 0.12 | 0.18 | 0.18 | 0.22 |

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Relative Valuation: POSITIVE

| Last Price | Mkt Cap | EPS | P/E | BV/Share | P/BV | DPS | Div. Yield |
|------------|----------|---------|-----------|----------|--------|---------|------------|
| 9/4/2025 | 9/4/2025 | (2024) | (Current) | (2024) | (2024) | (2024) | 9/4/2025 |
| JD 2.49 | JD 37.4M | JD 0.28 | 8.80x | JD 2.00 | 1.24x | JD 0.22 | 8.84% |

- **P/E vs. Industry** is lower than the peers and industry average P/E ratio which indicates potential undervaluation.
- **P/BV vs. Industry** is higher than the peers' average but lower than the industry average, rendering a neutral fair valuation.
- **Dividend Yield** is high and exceeded the average of dividend payers on the Jordanian market.
- **Dividend Payout Ratio** is 77.7%, indicating payments are well covered by earnings.

P/E

P/BV

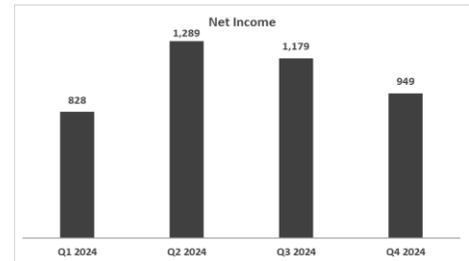
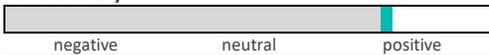
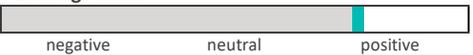
Dividend Growth

Dividend Payout

Earning Strength: POSITIVE

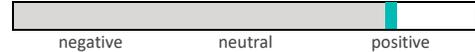
| FY24 Results | Revenues | Net Income | ROE | NPM |
|--------------|-------------------|--------------------|--------|--------|
| | JD 21.0 M (+7.1%) | JD 4.25 M (+34.6%) | 14.45% | 20.25% |

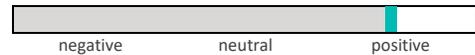
- **Earnings Trend:** SHIP's earnings increased by 34.6% at the end of 2024, indicating a strong growth outpacing revenues.
- **Return on Equity** is very strong and exceeds the emerging market average of 8.6%. This level of return reflects effective use of equity capital and is generally attractive to investors
- **Net Profit Margin** indicated excellent profitability, and is higher than that achieved in 2023.


Profitability

Earnings Trend

Financial Stability: POSITIVE

| FY24 Results | Assets | Equity | ROA | Debt/ Equity | Current Ratio |
|--------------|-----------|-----------|--------|--------------|---------------|
| | JD 41.6 M | JD 32.2 M | 10.40% | 15.03% | 2.11x |

- **ROA Ratio** is very strong indicating that the Company is highly efficient in utilizing its assets to generate income.
- **Debt/Equity Ratio** is lower than 2023 of 22.27%, indicating a conservative capital structure with relatively low reliance on debt financing.
- **Current Ratio** of 2.11x reflects a strong liquidity position, indicating that the Company is able to meet its short-term obligations with its current assets.

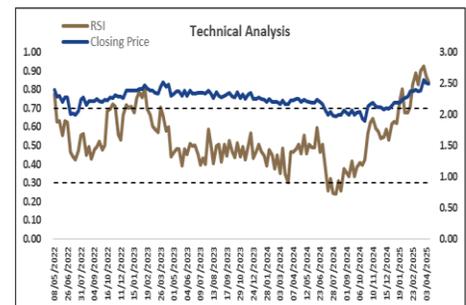
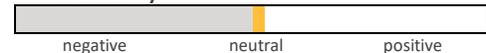
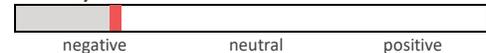
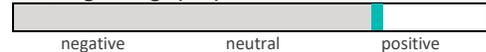
ROA Ratio

Debt/ Equity Ratio

Current Ratio

Price Movement: NEUTRAL

| Annual Volatility | 14-Day RSI: | 200-Day MA: | Average Volume (3M): |
|-------------------|-------------|-------------|----------------------|
| +/-20.15% | 69.772 | 2.149 | 3,495 shares |

- **Price Volatility** of 20.15% indicates a moderate level of fluctuation in price over time. The higher the volatility, the riskier the stock.
- **14-Day Relative Strength Index (RSI)** indicates that the stock is approaching the **overbought** territory, which might lead to a potential short-term pullback. 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 2.322 and 2.206, accordingly, indicating a **Buy** signal.
- **Average Volume (3-Months)** of only 3,495 shares, indicates low trade activity, **due to SHIP's limited free float of 17.0%**.

Price movement is assessed based on the company's relative share price performance over various timeframes, including the past quarter, 14-day, and 1-year periods. SHIP has shown **neutral price strength over the past 200 days**, which may suggest a potential for near-term price consolidation or correction. Similarly, the **14-day price trend indicates a neutral short-term momentum**, implying limited immediate price movement in either direction.

Stock Price is down 12.16% in the past year

Price Volatility

14-Day RSI

Moving Average (MA)


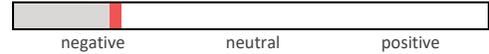
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SHIP's stock is currently trading at JD 2.49, indicating strong positive momentum as it approaches overbought territory, with an RSI of 69.77. The price is approaching significant resistance around JD 2.60, with a potential goal of JD 2.75 if momentum continues, and support at JD 2.35 and JD 2.15. The outlook is still good, although an insignificant downturn may occur before the next upward advance.

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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