

Report Date: 23-Apr-25

JORDAN TELECOM

ASE: JTEL

Annual Earnings: 31/12/2024



Price as of 22-Apr-25

JD 3.10/Share

RATING:



Initiated Coverage 23/04/2025

We project that JTEL 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 3.12

Previous Rating					52- Week Price Range	Market Capitalization	Dividend Yield	Dividends/Share
1	2	3	4	5	07/01/2025 JD 2.62- JD 3.12	JD 581.3 M	7.10%	JD 0.22

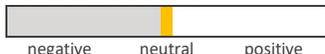
Founded: 1996 Shares Outstanding: 187.5 M Employees: 1246 Sector: Telecom Industry: Technology and Communication

Jordan Telecom Company (hereinafter referred to as "JTEL" or the "Company") is a public shareholding company established in 1996, where it later adopted France Telecom Group's commercial brand "Orange" in 2007. JTEL specializes in providing fixed telephone service, data and voice transfer, 5G services, international calls, contact center services, etc. On March 23,2025, JTEL's Board of Directors announced the distribution of 22% cash dividends to its shareholders.

Recommendation Summary

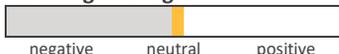
UFICO's HOLD recommendation of JTEL is the result of our systematic analysis of four basic characteristics mentioned above. W Although the company's dividend distribution remains higher than the market average, its valuation appears to be overvalued when compared to its peers. Earnings decreased by 9.38% in 2024, mainly due to increasing interest expenses. While the Company's financial stability is sufficient, recurring liquidity concerns continue to be an inconvenience. The stock has low price volatility and is now trading near its 200-day moving average, with technical indicators (such as the 14-day RSI) indicating it is overbought. Given these mixed signals, a Hold position allows you to follow the stock until clearer upside catalysts or stronger fundamentals appear.

Relative Valuation



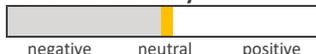
The stock is **overpriced** based on both its current P/E, P/BV, EV/Sales and EV/EBITDA ratios. Dividend yield **exceeded** the average of dividend payers in the market.

Earnings Strength



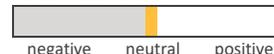
Earnings decreased by 9.38% at the end of 2024, primarily due to a drop in non-recurring income (sale of fixed assets); excluding these one-offs, core telecom operations showed improved performance year over year.

Financial Stability



JTEL exhibits satisfactory financial stability marked by acceptable leverage ratios, but with some liquidity constraints.

Price Movement



The stock's price movement is less likely to fluctuate over time, and is traded almost daily. At its current 14-Day RSI, the stock is approaching the overbought territory, and is rated a **Buy** at its 200-Day MA.

Major Risks & Rewards

- **Technological Disruption:** If JTEL manages to change or invest wisely in developing technologies, it may threaten its business model. For example, upgrades to 5G technology or changes in consumer communication service preferences could require significant financial investments.
- **Rising Debt:** The debt/equity ratio increased from 23.99% at the end of 2023 to 42.45% at the end of 2024, indicating a significant increase in debt reliance, which may negatively impact the Company's financial health and stability.
- **Interest Rate Risk:** The company's earnings decreased by 9.38% at the end of 2024, due mainly to rising interest expenses. If interest rates remain high or rise further, financing expenses may continue to reduce profitability, creating a risk to future profits performance.
- **Regulatory Environment:** Changes in Jordan's telecom regulatory rules could have an influence on JTEL's operations. Government efforts, such as licencing laws, influence the sector's competitiveness and pricing tactics.
- **Dividend:** JTEL's payment of 22.0% cash dividends shows an effort to return value to shareholders, resulting in an excellent dividend yield when compared to market averages. This constant dividend payout renders the Company an attractive investment.
- **Agreement with TRC:** JTEL reversed excess provisions for revenue sharing booked prior to 2022, as the agreement requires only 50% of the previously calculated payments and allows for the offset of previous deposits. This resulted in an only once revenue increase in 2022 and 2023. JTEL also extended critical strategic agreements, including a 15-year extension of its public telecommunications individual license, which maintained long-term regulatory stability.

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Peers Group Comparison

Ticker	Peer Name	Country	Price	Mkt Cap*	P/E	P/BV	EV/Sales	P/Sales	EV/EBITDA
			22/4/2025	22/4/2025	(Current)	(2024)	(2024)	(2024)	(2024)
JTEL	Jordan Telecom	Jordan	JD 3.10	581.3	14.02x	1.91x	1.79x	1.61x	4.08x
7020	Etihad Etisalat	Saudi Arabia	JD 11.91	9,168.4	2.95x	0.49x	0.77x	0.50x	1.87x
ZAIN	Zain Bahrain Bsc	Bahrain	JD 0.22	79.4	13.40x	0.91x	1.18x	1.03x	3.60x
ORDS	Ooredoo QPSC	Qatar	JD 2.37	7,569.6	2.20x	0.27x	0.24x	0.32x	0.62x
ETEL	Telecom Egypt	Egypt	JD 0.48	818.3	0.08x	0.02x	0.89x	0.01x	1.76x
OTEL	Oman Telecommunication Co	Oman	JD 1.50	1,125.8	3.68x	1.69x	1.12x	0.37x	3.04x
PALTEL	Palestine Telecommunications	Palestine	JD 4.10	539.7	12.91x	2.50x	2.44x	2.24x	5.47x
Weighted Average (Peers)					2.90x	0.51x	0.64x	0.45x	1.55x
Sector Average (www.investing.com)					4.90x	1.80x	-	1.30x	-
Median					3.32x	0.70x	1.01x	0.44x	2.45x

*In JD Millions

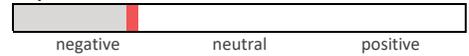
Past Performance

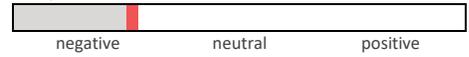
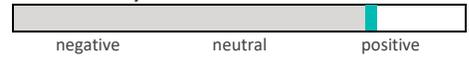
	2018	2019	2020	2021	2022	2023	2024
Net Profit Margin	6.57%	5.98%	5.52%	7.83%	12.67%	12.68%	11.48%
Earning/ Share (JD)	0.11	0.10	0.09	0.14	0.23	0.24	0.22
Debt to Equity	20.41%	36.36%	34.26%	29.96%	23.38%	23.99%	42.45%
Gross Profit Margin	53.09%	57.60%	60.95%	64.99%	63.94%	63.35%	65.06%
Dividend/Share (JD)	0.11	0.08	0.10	0.14	0.21	0.22	0.22

Relative Valuation: NEUTRAL

Last Price	Mkt Cap	EPS	P/E	BV/Share	P/BV	DPS	Div. Yield
22/04/2025	22/04/2025	(2024)	(Current)	(2024)	(2024)	(2024)	22/04/2025
JD 3.10	JD 581.3 M	JD 0.22	14.02x	JD 1.63	1.91x	JD 0.22	7.10%

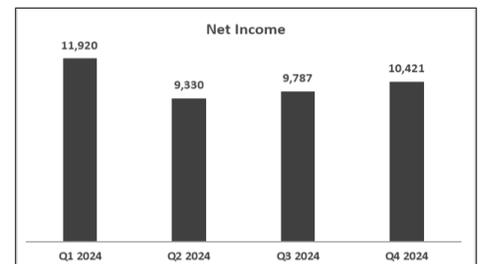
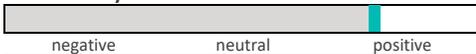
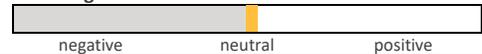
- **P/E vs. Industry:** is above than the industry weighted average and median P/E ratio, which indicates potential overvaluation.
- **P/BV vs. Industry:** is above than the industry weighted average and median P/BV ratio, which indicates potential overvaluation.
- **EV/EBITDA vs. Industry:** is above the industry weighted average and median EV/EBITDA, which indicates potential overvaluation.
- **Dividend Yield** is high and exceeds the average of dividend payers in the Jordanian market.
- **Dividend Payout Ratio** is 99.5%, indicates payments are well covered by earnings.

P/E

P/BV

EV/EBITDA

Dividend Payout

Earning Strength: NEUTRAL

FY24 Results	Revenues	Net Income	ROE	NPM
	JD 361 M (+0.15%)	JD 41.5 M (-9.38%)	13.60%	11.48%

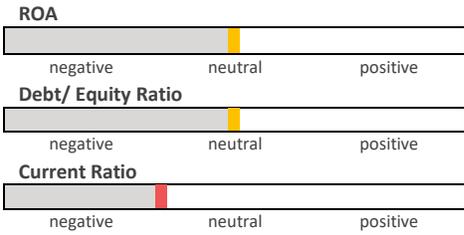
- **Earnings Trend:** Earnings decreased by 9.38% at the end of 2024 compared to 2023. However, adjusted net income (excluding non-recurring items, such as gain on sale of fixed assets) improved slightly in 2024, increasing by 0.13% compared to the end of 2023.
- **Return on Equity** is higher than the emerging market average of 6.71%.
- **Net Profit Margin** is lower than that achieved at the end of 2023, but is still higher than historical average.


Profitability

Earnings Trend


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Financial Stability: NEUTRAL

FY24 Results	Assets	Equity	ROA	Debt/ Equity	Current Ratio
	JD 789.8 M	JD 305.0 M	6.52%	42.45%	0.71x

- **ROA** is within an acceptable range for investors, indicating that the Company is efficient in using its assets to generate income.
- **Debt/ Equity Ratio** is considered high in comparison to historical results due to an increase in bank loans, but not unusual to telecom companies.
- **Current Ratio** indicates that JTEL's current assets might not be able to always cover its short-term obligations.

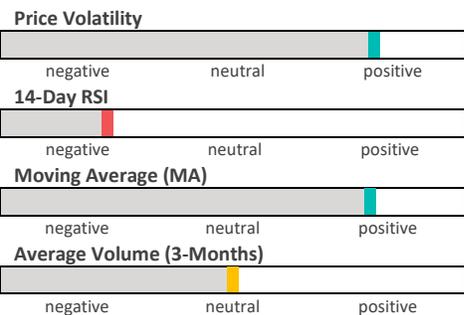
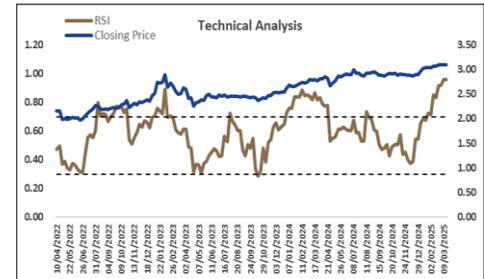

Price Movement: NEUTRAL

Annual Volatility:	14-Day RSI:	200-Day MA:	Average Volume (3M):
+/-12.6%	65.276	2.960	152,348 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)** suggests the stock is approaching overbought territory, indicating strong upward momentum. 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 moving average, which might indicate a **Buy** signal. The MA for the 50-Day and 100-Day are 3.077 and 3.013, accordingly, indicating a **Buy** signal.
- **Average Volume (3-Months)** indicating moderate 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. **JTEL has a positive price strength in the past 200-day period indicating a favourable signal of near-term price gain.** Conversely, price changes in the past 14-day period indicate a short-term neutral condition resulting in neutral near-term price changes.

JTEL is currently trading at JD 3.10, which is higher than its 200-day MA, indicating that this upward trend will continue. The stock is testing a significant resistance level around JD 3.12, and a break above this level could result in a new goal at JD 3.20 in the medium-long term.

Stock Price is up 7.27% in the past year


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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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