

Report Date: 8-May-25

JORDANIAN DUTY-FREE SHOPS

ASE: JDFS

Quarter: 31/03/2025

Earnings: 31/12/2024



Price as of 8-May-25

JD 6.01/Share

RATING:



Initiated Coverage 9/1/2025

We recommend **HOLDING JDFS** as it is considered fairly valued at its current stock price. This assessment is grounded in our analysis of four critical factors influencing common stock performance: (1) relative valuation, (2) earnings strength, (3) financial stability, and (4) price movement.

Target Price

JD 5.90

Previous Rating	52- Week Price Range	Market Capitalization	Dividend Yield	Last Dividend
1 2 3 4 5 <small>01/04/25</small>	JD 5.70- JD 7.75	JD 135.2 M	6.16%	JD 0.37/share

Founded: 1997	Shares Outstanding: 22.5M	Employees: 688	Volume(3m): 0.714 K	Ex-DIV Date: Apr 17, 25
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P/BV: 2.88x	Forward P/E: 10.22x	Volatility(annual): 47.0%	Public Float: 2.4 M	Sector: Retailing
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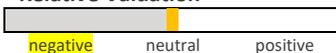
Jordan Duty Free Shops (“JDFS” or the “Company”), founded in 1997, has established a strong foothold in the retail sector. From its humble beginnings with a single store in Amman, the company has expanded its operations to include 20 strategically located outlets across Jordan's land and sea borders. These duty-free shops serve a diverse customer base, including arriving and departing tourists, diplomats, and non-residents, offering a wide selection of premium products such as fragrances, cosmetics, accessories, confectionery, liquor, and tobacco.

In November 2024, regulatory changes introduced by the Jordanian government aim to improve the shopping experience for foreign visitors. Under the revised rules, tourists and non-residents are now permitted to shop at domestic duty-free stores within 14 days of their arrival in the Kingdom, with the exception of tobacco products.

Recommendation Summary

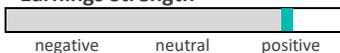
UFICO's **HOLD** recommendation on JDFS is based on a systematic analysis of four key characteristics mentioned above. Based on its latest results, JDFS's stock appears to be reasonably valued. Despite strong fundamentals, including revenue growth of 26.2% and net income growth of 49.7%, the stock is in a downtrend, Market participants are encouraged to diligently track upcoming quarterly results for further insights to facilitate well-informed decisions.

Relative Valuation



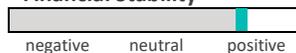
JDFS pricing appears to be potentially **undervalued** in terms of both its P/E and P/BV ratios when compared to industry peers. The dividend yield is **in line** with the average dividend on the ASE.

Earnings Strength



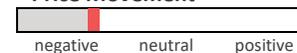
The Company has shown strong growth in Q1 2025, with revenues increasing by 26.2% and net income rising by 49.7% in comparison to Q1 2024. This impressive growth in net income, outpacing revenue growth, indicates improved profitability and operational efficiency.

Financial Stability



JDFS demonstrates a strong financial position with good liquidity ratios, efficient use of assets, and a conservative financing structure.

Price Movement



At its current 14-week RSI, the stock is rated a **Hold**, while showcasing a **Sell** signal based on its 200-Day MA.

Major Risks & Rewards

- **Dividend Income:** JDFS has a strong track record of consistently distributing dividends, making it an attractive stock for income-focused investors.
- **Portfolio Diversification:** Investing in JDFS can provide diversification benefits to an investment portfolio.
- **Exclusive Government Contracts:** Long-term agreements with the government provide revenue stability.
- **Strong Brand:** Established brand recognition in Jordan and a loyal customer base.
- **Strategic Location:** Positioned in a key region for international tourism.
- **Diverse Products:** Wide range of goods appeals to various customer segments.
- **Tourism Dependency:** Performance is tied to the health of the tourism sector, which can be impacted by political instability or global events.
- **Regulatory Changes:** Future changes in customs laws or duty-free regulations could affect revenues.
- **Competition:** Facing pressure from other retail outlets and duty-free shops in the region.
- **Currency Fluctuations:** Vulnerable to exchange rate changes, affecting import costs.
- **Economic Instability:** Economic downturns in Jordan or key markets may reduce consumer spending.

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Peers Group Comparison

Ticker	Peer Name	Country	Price	Mkt Cap*	EPS	P/E	P/BV	Yield	ROE%
			8/5/2025	8/5/2025	(TTM)	(Forward)	(MRQ)	(TTM)	(TTM)
JDFS	Jordan Duty Free Shops	Jordan	JD 6.01	135,225	0.147x	10.22x	2.88x	6.16%	29.23%
MFSC	Egypt Free Shops Company	Egypt	JD 0.38	35,625	0.012x	8.26x	5.6x	10.60%	31.67%
6004	CATRION Catering Holding Co.	KSA	JD 24.04	1,971,280	0.215x	27.95x	6.8x	1.86%	25.80%
MERS	Al Meera	Qatar	JD 2.98	613,468	0.18x	16.54x	1.8x	5.69%	11.30%
Peer Weighted Average						25.01x	5.61x	6.05%	22.49%
Median						16.54x	5.60x		25.80%
Emerging Markets Averages (CIS Market)						14.11x	2.44x		25.37%

* in JD thousands

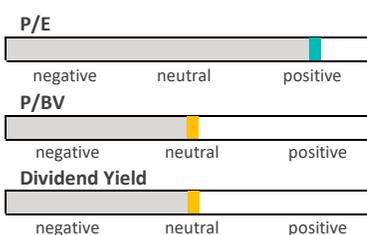
Past Performance

	2021	2022	2023	2024	1Q24	1Q25
Net Profit Margin	0.6%	15.1%	11.3%	11.0%	11.0%	13.0%
Dividend/Share (JD)	0.2	0.6	0.5	0.37	-	-
Earnings/Share (JD)	0.010	0.380	0.340	0.461	0.098	0.147
Return on Equity	0.5%	17.0%	17.2%	25.5%	22.1%	29.2%

Relative Valuation: NEUTRAL

Last Price	Market Cap	EPS	P/E	BV/Share	P/BV	DPS	Div. Yield
8/5/2025	8/5/2025	(TTM)	(Forward)	(MRQ)	(MRQ)	(2024)	8/5/2025
JD 6.01	JD 135.2 M	JD 0.147	10.22x	JD 2.09	2.88x	JD 0.37	6.16%

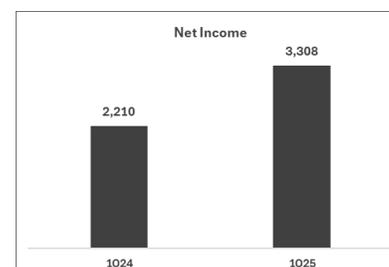
- **P/E vs Industry:** suggests that JDFS is undervalued compared to its industry peers and the emerging market averages.
- **P/BV vs. Industry:** suggests that JDFS is undervalued compared to the weighted average and median P/BV of its industry peers, but fairly valued in comparison to emerging markets.
- **Dividend Yield:** The Company's dividend yield is in line with the average of dividend payers on the ASE.



Earning Strength: POSITIVE

1Q25 Results	Revenues	Net Income	NPM	ROE	ROA
(TTM)	JD 25.4 M (+26.2%)	JD 3.3 M (+49.7%)	13.04%	29.23%	16.48%

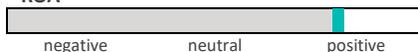
- **Return on Equity** represents a substantial improvement over the previous quarter. This reflects efficient utilization of shareholders' equity to generate profits, a positive sign for investors.
- **Return on Assets:** indicates that the Company is generating solid returns from its assets, showcasing effective asset management and operational efficiency.
- **Net Profit Margin:** is higher than Q1 2024, and remains well above the margins reported in earlier quarters.



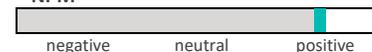
ROE



ROA



NPM

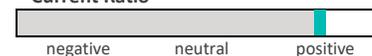


Operations Indicators: POSITIVE

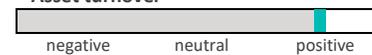
1Q25 Results	Current Ratio	Asset Turnover	Quick Ratio	Leverage Ratio
(MRQ)	2.44x	1.25x	1.58x	72.6%

- **Current Ratio** indicates that the Company has a strong ability to cover its short-term liabilities with its current assets, indicating strong liquidity.
- **Asset turnover:** is a good indicator of efficient asset utilization, especially for a company that operates without debt.
- **Quick Ratio:** further supports the Company's strong liquidity.
- **Leverage Ratio:** is considered moderate, given JDFS's conservative financial structure with no reliance on conventional debt.

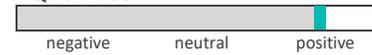
Current Ratio



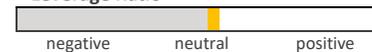
Asset turnover



Quick Ratio



Leverage Ratio



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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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