

Phoenix Group PLC (PHX-AE)
Rating: Buy

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Re-Energized Sites and AI/HPC Feasibility Prime Upside; Reit Buy

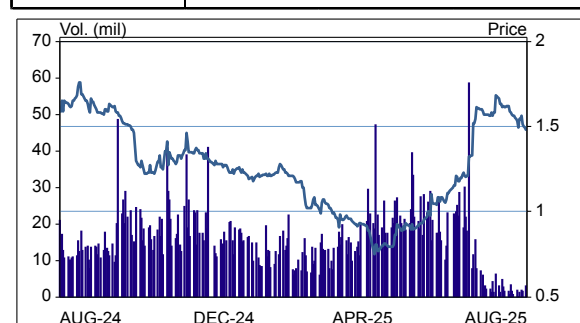
Stock Data		8/4/2025
Price		AED1.48
Exchange		ADS
Price Target		AED3.00
52-Week High		AED1.77
52-Week Low		AED0.71
Enterprise Value (M)		AED8,972
Market Cap (M)		AED8,952
Shares Outstanding (M)		6,048.8
3 Month Avg Volume		14,182,506
Short Interest (M)		NA

Balance Sheet Metrics		
Cash (M)		AED8.8
Total Debt (M)		AED28.1
Total Cash/Share		AED0.00

General: This stock trades on the Abu Dhabi Securities Exchange. EPS may not add due to rounding. UAE Dirham trades at 0.27 per U.S. dollar as of Aug 5.

EPS (\$) Diluted			
Full Year - Dec	2024A	2025E	2026E
1Q	0.01	(0.03)A	--
2Q	0.01	0.00A	--
3Q	0.01	0.00	--
4Q	0.00	0.00	--
FY	0.03	(0.03)	0.01
FY P/E	49.3x	NM	NM

Revenue (\$M)			
Full Year - Dec	2024A	2025E	2026E
1Q	68.9	31.3A	--
2Q	51.2	29.1A	--
3Q	36.0	30.1	--
4Q	49.6	31.4	--
FY	205.7	121.9	151.9



Self-mining expansion still at center stage. Phoenix paired a margin accretive shift toward self-mining with site upgrades as a quick summary of 2Q25 performance; the South Carolina restart, ongoing Texas and Ethiopia capacity additions, and a feasibility-stage U.S. AI/HPC conversion position the business for meaningful growth nearer and longer-term. As discussed on Phoenix's 2Q25 earnings call early this morning, revenue dipped to \$29.1M from \$31.3M in 1Q25 as trading revenue, or mining rig resale, contracted 46% sequentially to \$3.6M after rigs earmarked for trading were re-deployed into higher-margin self-mining. Self-mining rose 2% to \$21.0M and hosting climbed 17% to \$4.4M, pushing the mix to 72% self-mining from 66%—this business remains a core Phoenix Group initiative with commentary suggesting a carve out focused on a U.S. public listing stands as another key objective. Gross margin widened to 28% from 20% on a 14% drop in average power cost and a 3.8% sequential, network-wide efficiency gain based on MW/Ehs basis. Hashrate averaged 13.1Eh/s versus 14.2Eh/s and BTC mined dipped to 336 from 353, reflecting scheduled summer curtailment at Citadel and a price-driven pause at South Carolina. Commentary this morning implied curtailment eases, and South Carolina should flip fully online in 3Q25 as bitcoin's rally makes mining at the site profitable. Meanwhile, Texas had 20MW energized during the quarter for its first phase of a roughly 48MW build-out, while Ethiopia's 82MW project is slated to phase in between 3Q-4Q25 with 50MW to follow at a later date. Collectively, we see the self-mining effort potentially expand to 257MW mid-year 2026, up from 111MW in 2Q25. Additionally, not to be outperformed in mullet datacenter ambitions, a feasibility study is under way in evaluating the conversion of part of the legacy South Carolina campus into AI/HPC compute, with other sites being gauged, perhaps with greater detail becoming available late this year. With mining margins already higher, incremental megawatts scheduled, \$58.5M in BTC and \$105.5M in Solana in treasury by this morning's prices, Phoenix has increased crypto exposure; as such, we reiterate our Buy rating and AED3.00 price target.

Estimates change on performance and conservative outlook. We are modestly curbing our FY25 sales estimate to \$121.9M from \$123.5M as we incorporate our updated universal price deck while minding the effect of curtailment in 2Q25. We also slightly decreased our FY26 estimate to \$151.9M from \$152.4M. We conservatively forecast self-mining hash to 6.0Eh/s at the end of 2025, up from its current 4.7Eh/s and to 8.0Eh/s at the end of 2026 while fully acknowledging Phoenix's own 11Eh/s target by year-end 2025. We were offered little insight in terms of financing the new machines and concrete deployment schedule, but plan to update our forecasts when more absolutes on rig purchases and power energization is offered—we are sticking to our *modus operandi* in not including projected hash until computers and plugs are financed. We expect initiatives to gain traction this year that could bring higher estimates as the year unfolds. Digital assets ended the quarter at \$295M, down modestly from \$301M in 1Q25. Cash declined to \$8.8M from \$16.3M after miner payments, while debt decreased to \$28.1M from \$31.1M as the balance sheet garners management's unrelenting scrutiny.

Buy rating and AED3.00 price target stand. Our AED3.00 price target represents 32.4x enterprise-to-sales ratio on our 2026 sales estimate of \$151.9 million, a multiple that is full relative to direct comps, but perhaps discounting the company's expansion and depth of business model in diversification while also shadowing latent revenue growth we have yet to forecast, but see coming. Interestingly, many of the projects in which Phoenix is invested have just begun to get off the ground, and perhaps more importantly, the commitment that Phoenix's investors have shown to the opportunity that blockchain-based technology, artificial intelligence, and increased connectivity suggests that Phoenix should continue to see an inflow of capital to both fund its own projects and invest in adjacent opportunities. We judge investment risk levels high primarily on account of the inherent volatility in crypto but note other risks: failure to operating mining sites efficiently as is often seen in the bitcoin mining industry, and potential dilution, among a host of others presented in the company's 2024 annual report.

Phoenix Group Plc. (UAE)

Quarterly Earnings Model
(\$ millions, except per share data)

8/6/2025 FY Ending 12/31: PHXADS	12/31/24A					12/31/25E					Estimate	Estimate
	Q1A 3/31	Q2A 6/30	Q3A 9/30	Q4A 12/31	YEAR 12/31/2024	Q1A 3/31	Q2A 6/30	Q3E 9/30	Q4E 12/31	YEAR 12/31/2025	YEAR 12/31/2025	YEAR 12/31/2026
Revenues	\$68.9	\$51.2	\$36.0	\$49.6	\$205.7	\$31.3	\$29.1	\$30.1	\$31.4	\$121.9	\$151.9	
Direct costs	45.7	33.7	32.7	67.7	179.7	25.0	21.0	19.9	20.9	86.8	85.1	
Gross profit	23.3	17.6	3.3	(18.1)	26.0	6.3	8.1	10.2	10.5	35.1	66.8	
Operating Costs												
Other income	(6.0)	(0.3)	(0.0)	(3.6)	(9.9)	(1.0)	(0.5)	(3.5)	(3.5)	(8.5)	(24.0)	
Selling and distri exp	0.2	0.5	0.2	0.4	1.3	0.6	4.5	0.5	0.5	6.1	0.8	
Administrative exp.	6.4	12.4	17.9	(0.5)	36.3	8.4	3.8	4.0	4.0	20.2	24.0	
Other opex.	18.9	1.3	0.4	10.0	30.6	(0.8)	(0.0)	0.0	0.0	(0.8)	0.0	
Total opex	19.5	14.0	18.5	6.3	58.4	7.2	7.7	1.0	1.0	17.0	0.8	
Operating Inc.	3.8	3.6	(15.2)	(24.4)	(32.3)	(0.9)	0.4	9.2	9.5	18.2	66.0	
Share results firm assoc.	2.8	(2.3)	(4.0)	(3.4)	(6.9)	(2.2)	(2.5)	(2.5)	(2.5)	(9.7)	(10.0)	
Finance costs	(7.2)	(0.5)	(0.6)	(0.8)	(9.2)	(0.4)	(0.2)	(0.4)	(0.4)	(1.4)	(1.6)	
Gain/loss fin assets FVTPL	73.4	60.1	68.8	23.0	225.4	(142.4)	(15.5)	0.0	0.0	(157.9)	0.0	
Gain reval PPE unreal	0.8	0.8	3.6	(0.7)	4.5	(0.3)	0.0	0.0	0.0	(0.3)	0.0	
Forex	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Depreciation				(14.5)	(8.1)		(9.6)					
Total non-op. exp.	69.7	58.1	67.9	18.2	199.3	(153.5)	(27.8)	(2.9)	(2.9)	(169.4)	(11.6)	
Pretax Income	73.5	61.6	52.7	(6.3)	167.0	(154.4)	(27.5)	6.3	6.6	(151.2)	54.4	
Taxes	6.5	5.5	5.1	(17.5)	(0.4)	(0.8)	1.7	0.0	0.0	0.9	0.0	
Non-cont. int.	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Net Income	67.0	56.1	47.6	11.3	167.4	(153.6)	(29.2)	6.3	6.6	(152.082)	54.432	
EPS	\$0.01	\$0.01	\$0.01	\$0.00	\$0.03	(\$0.03)	(\$0.00)	\$0.00	\$0.00	(\$0.03)	\$0.01	
Outstanding Shares	6,048.8	6,042.8	6,034.5	6,054.0	6,045.0	6,048.8	6,048.5	6,048.6	6,048.6	6,048.6	6,048.7	
MARGIN ANALYSIS												
Gross Margin	33.8%	34.3%	9.1%	-36.5%	12.6%	20.2%	27.9%	33.9%	33.4%	28.8%	44.0%	
G&A % sales	9.6%	25.2%	50.4%	-0.2%	18.3%	28.8%	28.4%	14.9%	14.3%	21.5%	16.3%	
Op. Exp. % sales	5.4%	7.0%	-42.4%	-49.2%	-15.7%	-2.9%	1.3%	30.6%	30.3%	14.9%	43.5%	
Operating Margin	5.4%	7.0%	-42.4%	-49.2%	-15.7%	-2.9%	1.3%	30.6%	30.3%	14.9%	43.5%	
Pretax Margin	106.6%	120.4%	146.4%	-12.6%	81.2%	-493.9%	-94.3%	21.0%	21.0%	-124.0%	35.8%	
Tax Rate	8.9%	8.9%	9.7%	280.3%	-0.2%	0.5%	-6.2%	0.0%	0.0%	-0.6%	0.0%	
Net Margin	97.1%	109.6%	132.2%	22.7%	81.4%	-491.4%	-100.1%	21.0%	21.0%	-124.7%	35.8%	
PERCENT CHANGE												
Total Sales	-15.9%	-35.1%	-47.7%	-15.4%	-28.6%	-54.7%	-43.1%	-16.3%	-36.6%	-40.7%	24.6%	
Cost of Revs	-14.4%	-35.9%	-19.8%	28.4%	-9.9%	-45.3%	-37.6%	-39.1%	-69.1%	-51.7%	-2.0%	
Gross Profit	-38.6%	-87.5%	-164.6%	339.7%	-100.0%	-65.1%	-41.8%	220.1%	-294.2%	-100.0%	-100.0%	
Operating Exp.	258.0%	161.0%	195.6%	-95.6%	2198.5%	-56.9%	-72.9%	-78.4%	-36.7%	-65.4%	41.6%	
Operating Income	-86.0%	-83.5%	-169.5%	-244.0%	-137.1%	-124.4%	-89.4%	-160.5%	-139.0%	-156.2%	263.0%	
Pretax Income	195.4%	164.8%	-45.3%	-109.7%	-19.6%	-310.1%	-144.6%	-88.0%	-205.8%	-190.5%	-136.0%	
Net Income	169.1%	141.2%	-50.6%	-82.4%	-19.4%	-329.4%	-152.0%	-86.7%	-41.3%	-190.9%	-135.8%	
Share Count	17.7%	17.6%	17.4%	9.7%	15.5%	0.0%	0.1%	0.2%	-0.1%	0.1%	0.0%	
EPS	128.7%	105.1%	-57.9%	-84.0%	-30.2%	-329.4%	-151.9%	-86.7%	-41.3%	-190.8%	-135.8%	
Sequential Sales Growth	17.6%	-25.7%	-29.7%	37.8%		-36.9%	-6.8%	3.4%	4.4%			

Source: Co. reports and H.C.W. estimates.

2Q25 Income Statement Comparison

8/6/2025 FY Ending 12/31: PHX.ADS	Actual Q2A 6/30	H.C.W. Estimate Q2E 6/30	Prior Quarter Q1A 3/31	Prior Year Q2A 6/30
Revenues	\$29.1	\$29.0	\$31.3	\$51.2
Direct costs	21.0	22.9	25.0	33.7
Gross profit	8.1	6.1	6.3	17.6
Operating Costs				
Other income	(0.5)	(3.5)	(1.0)	(0.3)
Selling and distri exp	4.5	0.2	0.6	0.5
Administrative exp.	3.8	6.0	8.4	12.4
Other opex.	(0.0)	2.0	(0.8)	1.3
Total opex	7.7	4.7	7.2	14.0
Operating Inc.	0.4	1.4	(0.9)	3.6
Share results frm assoc.	(2.5)	2.0	(2.2)	(2.3)
Finance costs	(0.2)	(0.8)	(0.4)	(0.5)
Gain/loss fin assets FVTPL	(15.5)	0.0	(142.4)	60.1
Gain reval PPE unreal	0.0	0.0	(0.3)	0.8
Forex	0.0	0.0	0.0	0.0
Depreciation	(9.6)		(8.1)	
Total non-op. exp.	(27.8)	0.0	(153.5)	58.1
Pretax Income	(27.5)	0.6	(154.4)	61.6
Taxes	1.7	0.0	(0.8)	5.5
Non-cont. int.	0.0	0.0	0.0	0.0
Net Income	(29.2)	0.6	(153.6)	56.1
EPS	(\$0.00)	\$0.00	(\$0.03)	\$0.01
Outstanding Shares	6,048.5	6,048.9	6,048.8	6,042.8
MARGIN ANALYSIS				
Gross Margin	27.9%	21.0%	20.2%	34.3%
G&A % sales	28.4%	21.4%	28.8%	25.2%
Op. Exp. % sales	1.3%	4.7%	-2.9%	7.0%
Operating Margin	1.3%	4.7%	-2.9%	7.0%
Pretax Margin	-94.3%	2.0%	-493.9%	120.4%
Tax Rate	0.0%	0.0%	0.5%	8.9%
Net Margin	-100.1%	2.0%	-491.4%	109.6%
PERCENT CHANGE				
Total Sales	-43.1%	-43.4%	-54.7%	-35.1%
Cost of Revs	-37.6%	-32.0%	-45.3%	-35.9%
Gross Profit	-64.2%	-64.2%	-73.9%	-87.5%
Operating Exp.	-72.9%	-57.1%	-56.9%	161.0%
Operating Income	-89.4%	-61.5%	-124.4%	-83.5%
Pretax Income	-144.6%	-99.1%	-310.1%	164.8%
Net Income	-152.0%	-99.0%	-329.4%	141.2%
Share Count	0.1%	0.1%	0.0%	17.6%
EPS	-151.9%	-99.0%	-329.4%	105.1%
Sequential Sales Growth	-6.8%	-7.3%	-36.9%	-25.7%

Source: Co. reports and H.C.W. estimates.

Balance Sheet (\$'s Mil)						
	12/31/2024					
	Q1A	Q2A	Q3A	Q4A	Q1A	Q2A
	3/31	6/30	9/30	12/31	3/31	6/30
Non-Current Assets						
PPE	\$112.6	\$115.1	\$212.3	\$196.4	\$248.6	\$364.4
Right of use	0.6	0.6	0.5	0.4	0.4	0.3
Investments	0.0	0.0	0.0	0.0	0.0	0.0
Investments in assoc.	67.9	67.7	67.1	53.7	49.4	45.8
Intangible	0.0	0.3	0.2	0.8	0.7	0.6
Other curr assets	0.0	17.7	196.0	138.9	121.0	29.5
Total Non-Current Assets	181.1	201.3	476.2	390.3	420.2	440.6
Intang/dig. assets	273.2	321.3	393.8	441.5	300.9	295.4
Due from rel parties	0.1	0.1	0.2	0.3	0.3	0.4
Inventories	83.4	139.2	52.5	56.6	30.5	0.8
Trade receivables	36.5	16.4	9.4	26.5	19.7	13.1
Advances, dep.	289.6	229.3	42.2	26.8	22.5	22.5
Cash and bank bal	15.4	12.0	3.3	20.3	16.3	8.8
Total Assets	\$879.3	\$919.6	\$977.6	\$962.4	\$810.4	\$781.5
Total equity	774.4	822.5	875.1	891.8	750.4	731.8
Non-Current Liabilities	774.4	822.5	875.1	891.8	750.4	731.8
Lease liabilities	0.4	0.2	0.2	0.0	0.0	0.0
Bank borrowings	3.5	3.5	3.4	3.4	3.3	3.2
Employees' benefits	0.9	1.0	1.1	1.3	1.0	1.0
Other non-current	0.0	0.0	0.0	9.3	0.0	0.0
Total Non-Current Liabilities	779.2	827.3	879.9	905.8	754.8	736.1
Current liabilities						
Lease liabilities	0.3	0.3	0.3	0.4	0.4	0.4
Due to related parties	0.7	0.0	0.0	0.0	0.0	0.0
Bank borrowings	12.4	12.9	15.2	15.2	27.8	24.9
Trade and other liabilities	86.7	79.1	82.2	41.0	27.4	20.1
Total Liab. & Equity	\$879.3	\$919.6	\$977.6	\$962.4	\$810.4	\$781.5
Cash & marketable securities	\$15.4	\$12.0	\$3.3	\$20.3	\$16.3	\$8.8
Change in cash (QoQ):	(182.8)	(3.4)	(8.7)	17.0	16.3	(7.5)
Cash per share	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Debt	16.6	16.4	18.6	18.6	31.1	28.1

Source: Company reports.

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Market Outperform (Buy): The common stock of the company is expected to outperform a passive index comprised of all the common stock of companies within the same sector.

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Distribution of Ratings Table as of August 4, 2025				
Ratings	Count	Percent	IB Service/Past 12 Months	
			Count	Percent
Buy	538	80.42%	109	20.26%
Neutral	77	11.51%	13	16.88%
Sell	2	0.30%	0	0.00%
Under Review	52	7.77%	14	26.92%

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