

BUY (REIT) | USD\$31.32 PT
(↑from \$25.87)

SAIHEAT (SAIH.US) - Update Report

29 MAY 2025

SMR Breakthrough + Policy Tailwinds Justify Valuation Re-Rate

SPX	5921.5
NDX	21414.99
BTC	107400.73

Key Data

Closing price (USD)	6.535
52-week High/Low (USD)	26.98/3.0
Market Cap (USD\$mn)	11.05
Avg 3m Daily Volume	42,090

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Investment Summary

We raise our price target to \$31.32 and reiterate our BUY rating on SAIHEAT. Recent developments—patent approval for its SMR control rod technology, sweeping U.S. nuclear policy reforms, and continued strength in BTC and AI infrastructure demand—support a material upward revision in the company's long-term strategic value. SAIHEAT is uniquely positioned at the intersection of AI, clean energy, and digital asset infrastructure, with a differentiated technology stack and accelerating commercial traction.

Key Catalysts

- 1) On May 14, SAIHEAT received patent authorization for its proprietary SMR control rod drive mechanism. The technology enhances core reactivity control in compact nuclear systems, improving both precision and safety. This approval marks a pivotal milestone in the company's advanced nuclear strategy and expands its IP portfolio with tangible commercialization potential.
- 2) U.S. policy momentum adds a second leg to the SMR story. On May 24, President Trump signed executive orders streamlining nuclear licensing, enabling testing at DOE labs, and prioritizing reactor deployment on federal land. We see this as a structural catalyst for U.S.-based SMR players, removing key regulatory overhangs. The combination of patent progress and policy alignment significantly de-risks SAIHEAT's energy ambitions.
- 3) BTC strength and passage of the GENIUS Act (May 19) create favorable conditions for energy-efficient compute. As crypto infrastructure seeks lower OPEX and cleaner footprints, SAIHEAT's edge in integrated liquid-cooled systems and heat recovery solutions could unlock new monetization opportunities.

Operating Performance

FY24 results were in line with expectations. Revenue reached \$5.54M (vs. \$5.45M est.), while net loss was \$5.89M (vs. \$5.82M est.). Opex was well-managed at \$6.90M despite ongoing R&D and market expansion. Liquid cooling solutions continue to gain traction, and the ongoing AI computing demand/BTC rally could accelerate conversion from pilot deployments to full-scale contracts.

Valuation Update

We raise our target price to \$31.32, reflecting a re-rating driven by strengthening tailwinds across AI compute and crypto-aligned infrastructure. Since our last report (Mar 26), the digital compute ecosystem has seen significant capital rotation. Bitcoin has rallied +26% (Apr 1 to May 28), while nuclear-themed peers such as OKLO (+139%) and NuScale (+143%) have materially outperformed. These moves signal broad-based investor appetite for scalable, energy-resilient compute infrastructure — a theme central to SAIHEAT's dual-focus strategy.

We view SAIHEAT not as a pure-play SMR name, but as a full-stack computing infrastructure operator integrating AI, BTC, and advanced energy systems. Its containerized IDC solution and liquid cooling platform uniquely position it to monetize compute demand surges from both AI (LLM, MoE architecture) and BTC (self-mining + hosting). Recent U.S. policy shifts — including pro-nuclear executive orders and the GENIUS Act for crypto regulation — further de-risk SAIHEAT's longer-term trajectory.

While current revenue scale remains modest, the company's asymmetric upside potential, IP-led edge, and order pipeline visibility support our revised valuation framework. Shares currently trade at ~0.3x FY26E P/S, materially below the infrastructure-adjusted valuations of AI/crypto compute and SMR peers. We believe the market is underappreciating SAIHEAT's leverage to multiple high-growth themes with strong regulatory and macro alignment.

Ratings and related definitions

Company short-term ratings

Stock ratings of Buy, Hold and Sell have a time horizon of 6 months from the publishing date of the initiation or subsequent rating/price target change report issued for the subject company's stock.

Buy - The subject company's stock price should outperform the typical benchmark market index (eg. HSI) by 20% or above.

Hold - The subject company's stock price should outperform the typical benchmark market index by 5-20%.

Neutral - The subject company's stock price change is within $\pm 5\%$ compared to the benchmark index.

Rating Suspended - No judgment is made on the company's stock performance in the next 12 months.

Company long-term ratings

A - The company's long-term growth potential is above the industry comparable average level.

B - The company's long-term growth potential is in line with the industry comparable average level.

C - The company's long-term growth potential is below the industry comparable average level.

Sector ratings and definitions

Over the 6-month period from the publishing date of the initiation or subsequent rating/price target change, the performance of the industry index relative to the concurrent market benchmark (HSI) is used as the standard:

Overweight - The industry fundamentals are favorable, and the industry index outperforms the benchmark by more than 10%.

Neutral - The industry fundamentals are stable, and the industry index moves within $\pm 5\%$ of the benchmark.

Underweight - The industry fundamentals are weak, and the industry index is expected to underperform the benchmark by more than -10%.

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