1 Sep 2026

招银国际
CMB INTERNATIONAL
招商银行全资附属机构
A Wholly Owned Subsidiary Of China Merchants Bank

Horizon Robotics (9660 HK)

Re-acceleration on HSD expansion, overseas

Maintain BUY. Horizon's shipment rose 12.1% YoY in 1H26 despite a 20.2% YoY decline for the overall auto sales. Revenue missed by 9% on lower ASP, but GPM beat on high-margin licensing strength. Top-line growth is set to re-accelerate above 60% YoY in 2H26E, as Horizon SuperDrive (HSD) ramps up production across BYD's high-end portfolio, lifting product ASP to RMB712, based on our estimates. Horizon is positioned to become China's No.1 high-end autonomous driving (AD) chip provider by 2027 while maintaining 60%+ GPM through FY28E. We expect Horizon to turn profitable in FY28E.

- **1H26 revenue miss while GPM beat.** Horizon's 1H26 revenue surged 33% YoY to RMB2.1bn, trailing our forecast by 9% due to lower-than-expected ASP. However, GPM held flat YoY at 66.0%—beating our projection by 5.6ppts—driven by a richer contribution from high-margin license and service revenues. Operating loss widened YoY slightly to RMB1.7bn (RMB170mn higher than our estimate), primarily dragged by elevated R&D investments. Adjusted net loss reached RMB1.7bn, exceeding our loss forecast by RMB558mn.
- **HSD to accelerate from 2H26.** HSD solutions powered by J6P/J6H secured design wins across BYD's high-end product line, with mass production slated for 2H26. The J6M is likely to take up 70-80% of its AD solution market share in 2H26E. We expect a sharp top-line acceleration in 2H26E with FY26 shipment of 5.2mn units, implying 2H26E revenue growth back to above 60% YoY. That could also lead to product ASP improvement from RMB417 in 1H26 to RMB712 in 2H26E, as HSD mix expands, based on our estimates.
- **Positioned for No.1 market share in high-end AD chips by 2027.** Management targets total deliveries of 7mn+ units in 2027 and expects its combined direct shipment and licensed sales to make Horizon China's No.1 high-end AD chip provider, up from No.2 now. A 20mn-unit export order book for J6B provides a secondary growth engine. High-margin license and service income should underpin GPM above 60% in FY26-28E.
- **Earnings/Valuation.** We cut FY26-28E revenue forecasts by 7%/4%/4% to reflect softer domestic auto sales, but raise our GPM projections to 64.2%/61.9%/60.3% for FY26-28E, respectively, on an expanding licensing mix. We also lift R&D expense estimates to account for rapid technology iteration. We expect adjusted net losses to narrow from RMB4.4bn in FY26E to RMB0.57bn in FY27E, before turning profitable at RMB1.7bn in FY28E amid greater economies of scale. We cut our target price from HK$7.80 to HK$7.00, based on an unchanged 10x FY27E P/S. Key risks to our rating and target price include slower HSD adoption and more intensifying competition than we expect, and a sector de-rating.

Earnings Summary

(YE 31 Dec)	FY24A	FY25A	FY26E	FY27E	FY28E
Revenue (RMB mn)	2,384	3,758	5,617	9,265	14,472
YoY growth (%)	53.6	57.7	49.5	64.9	56.2
Gross margin (%)	77.3	64.5	64.2	61.9	60.3
Operating profit (RMB mn)	(2,144.2)	(3,338.8)	(3,038.3)	(1,427.6)	820.6
Net profit (RMB mn)	2,346.6	(10,469.0)	(1,261.3)	(1,453.6)	859.5
Adjusted net profit (RMB mn)	(1,681.2)	(2,811.8)	(4,435.0)	(568.9)	1,744.3
P/S (x)	27.1	17.2	11.5	7.0	4.5

Source: Company data, Bloomberg, CMBIGM estimates

BUY (Maintain)

Target Price	**HK$7.00**
(Previous TP	HK$7.80)
Up/Downside	**48.3%**
Current Price	**HK$4.72**

China Semiconductors

Ji SHI, CFA
(852) 3761 8728
shiji@cmbi.com.hk

Wenjing DOU, CFA
(852) 6939 4751
douwenjing@cmbi.com.hk

Austin Liang
(852) 3900 0856
austinliang@cmbi.com.hk

Stock Data

Mkt Cap (HK$ mn)	75,301.2
Avg 3 mths t/o (HK$ mn)	915.5
52w High/Low (HK$)	10.81/3.61
Total Issued Shares (mn)	15953.6

Source: FactSet

Shareholding Structure

Mr. Yu Kai	11.3%
CARIAD	9.9%

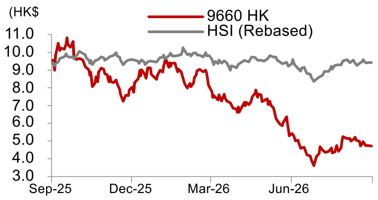
Source: HKEx

Share Performance

	Absolute	Relative
1-mth	-8.7%	-7.6%
3-mth	-10.8%	-12.1%
6-mth	-42.5%	-40.1%

Source: FactSet

12-mth Price Performance



Source: FactSet

Figure 1: Interim results

RMB mn	1H24	2H24	1H25	2H25	1H26E	YoY	HoH
Revenue	935	1,449	1,546	2,212	2,055	32.9%	-7.1%
Gross profit	739	1,103	1,020	1,405	1,356	32.9%	-3.5%
Selling expenses	(198)	(211)	(251)	(381)	(354)	41.4%	-7.0%
G&A expenses	(243)	(394)	(277)	(449)	(328)	18.1%	-27.0%
R&D expenses	(1,420)	(1,736)	(2,260)	(2,894)	(2,755)	21.9%	-4.8%
Operating profit	(1,105)	(1,039)	(1,504)	(1,835)	(1,672)	N/A	N/A
Net profit	(5,098)	7,445	(5,105)	(5,364)	1,615	N/A	N/A
Adj. net profit	(804)	(877)	(1,333)	(1,564)	(1,671)	N/A	N/A
Gross margin	79.0%	76.1%	66.0%	63.5%	66.0%	0.0 ppts	2.5 ppts
Operating margin	-118.3%	-71.7%	-97.3%	-82.9%	-81.3%	16.0 ppts	1.6 ppts
Adj. net margin	-86.0%	-60.5%	-86.2%	-70.7%	-81.3%	4.9 ppts	-10.6 ppts

Source: Company data, CMBIGM

Figure 2: Earnings revision

	New			Old			Diff (%)		
RMB mn	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Revenue	5,617	9,265	14,472	6,028	9,660	15,026	-6.8%	-4.1%	-3.7%
Gross profit	3,604	5,736	8,722	3,677	5,582	8,565	-2.0%	2.8%	1.8%
Operating profit	(3,038)	(1,428)	821	(2,604)	(1,256)	1,015	N/A	N/A	-19.1%
Net profit	(1,261)	(1,454)	859	643	(1,001)	1,314	N/A	N/A	-34.6%
Adj. net profit	(4,435)	(569)	1,744	(1,702)	(216)	2,099	N/A	N/A	-16.9%
Gross margin	64.2%	61.9%	60.3%	61.0%	57.8%	57.0%	3.2 ppts	4.1 ppts	3.3 ppts
Operating margin	-54.1%	-15.4%	5.7%	-43.2%	-13.0%	6.8%	-10.9 ppts	-2.4 ppts	-1.1 ppts
Adj. net margin	-79.0%	-6.1%	12.1%	-28.2%	-2.2%	14.0%	-50.7 ppts	-3.9 ppts	-1.9 ppts

Source: CMBIGM estimates

Figure 3: CMBI estimates vs consensus

	CMBIGM			Consensus			Diff (%)		
RMB mn	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Revenue	5,617	9,265	14,472	5,825	9,184	14,013	-3.6%	0.9%	3.3%
Gross profit	3,604	5,736	8,722	3,645	5,464	8,166	-1.1%	5.0%	6.8%
Operating profit	(3,038)	(1,428)	821	(3,177)	(1,694)	663	N/A	N/A	23.7%
Adj. net profit	(4,435)	(569)	1,744	(2,673)	(1,235)	959	N/A	N/A	81.8%
Gross margin	64.2%	61.9%	60.3%	62.6%	59.5%	58.3%	1.6 ppts	2.4 ppts	2.0 ppts
Operating margin	-54.1%	-15.4%	5.7%	-54.5%	-18.5%	4.7%	0.4 ppts	3.0 ppts	0.9 ppts
Adj. net margin	-79.0%	-6.1%	12.1%	-45.9%	-13.4%	6.8%	-33.1 ppts	7.3 ppts	5.2 ppts

Source: Bloomberg, CMBIGM estimates

Financial Summary

INCOME STATEMENT	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec (RMB mn)						
Revenue	**1,552**	**2,384**	**3,758**	**5,617**	**9,265**	**14,472**
Cost of goods sold	(457)	(542)	(1,333)	(2,013)	(3,530)	(5,750)
Gross profit	**1,094**	**1,841**	**2,426**	**3,604**	**5,736**	**8,722**
Operating expenses	**(3,125)**	**(3,986)**	**(5,764)**	**(6,642)**	**(7,163)**	**(7,901)**
Selling expense	(327)	(410)	(632)	(762)	(850)	(912)
Admin expense	(443)	(638)	(726)	(805)	(846)	(910)
R&D expense	(2,366)	(3,156)	(5,154)	(5,830)	(6,460)	(7,165)
Others	12	218	747	755	993	1,086
Operating profit	**(2,031)**	**(2,144)**	**(3,339)**	**(3,038)**	**(1,428)**	**821**
Share of (losses)/profits of associates/JV	(112)	(557)	(853)	(2,620)	(286)	(152)
EBITDA	**(6,229)**	**3,165**	**(9,635)**	**(504)**	**(853)**	**1,578**
Depreciation	76	114	137	(2)	(123)	(56)
Depreciation of ROU assets	52	59	77	77	90	106
Other amortisation	228	265	227	284	374	478
EBIT	**(6,585)**	**2,727**	**(10,076)**	**(863)**	**(1,195)**	**1,050**
Interest income	167	383	404	369	265	198
Interest expense	(9)	(7)	(14)	(10)	(6)	(7)
Pre-tax profit	**(6,744)**	**2,351**	**(10,466)**	**(1,222)**	**(1,454)**	**859**
Income tax	5	(5)	(3)	(40)	0	0
After tax profit	**(6,739)**	**2,347**	**(10,469)**	**(1,262)**	**(1,454)**	**859**
Minority interest	0	0	0	0	0	0
Net profit	**(6,739)**	**2,347**	**(10,469)**	**(1,261)**	**(1,454)**	**859**
Adjusted net profit	**(1,635)**	**(1,681)**	**(2,812)**	**(4,435)**	**(569)**	**1,744**

BALANCE SHEET	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec (RMB mn)						
Current assets	**13,538**	**17,196**	**24,118**	**20,820**	**19,508**	**21,410**
Cash & equivalents	11,360	15,371	20,188	16,007	11,853	10,000
Restricted cash	710	0	3	2	4	6
Account receivables	541	679	1,760	2,462	3,808	5,551
Inventories	791	585	1,069	1,655	2,901	4,568
ST bank deposits	0	0	637	0	0	0
Other current assets	(3,151)	(4,322)	(6,125)	695	942	1,286
Non-current assets	**2,336**	**3,183**	**6,493**	**3,287**	**4,883**	**6,586**
PP&E	433	774	1,053	(1,051)	(629)	(276)
Right-of-use assets	217	212	177	165	155	139
Deferred income tax	100	107	106	135	150	170
Investment in JVs & assos	1,108	1,038	1,297	(892)	(951)	(857)
Intangibles	303	320	239	405	581	703
Financial assets at FVTPL	81	630	3,503	4,398	5,393	6,438
Other non-current assets	94	103	118	128	185	269
Total assets	**15,874**	**20,379**	**30,611**	**24,108**	**24,391**	**27,996**
Current liabilities	**40,252**	**1,278**	**16,876**	**1,949**	**2,566**	**4,193**
Short-term borrowings	0	15	20	0	0	620
Account payables	11	15	234	55	97	158
Other current liabilities	40,164	928	16,281	1,276	1,618	2,066
Lease liabilities	52	72	75	66	77	89
Contract liabilities	25	249	266	552	774	1,260
Non-current liabilities	**287**	**7,186**	**1,096**	**1,129**	**1,273**	**1,416**
Long-term borrowings	113	393	508	703	783	863
Obligations under finance leases	112	82	43	66	77	89
Other non-current liabilities	62	6,712	545	360	413	464
Total liabilities	**40,539**	**8,464**	**17,971**	**3,078**	**3,839**	**5,609**
Share capital	0	0	0	0	0	0
Other reserves	(24,665)	11,914	12,639	21,029	20,552	22,387
Total shareholders equity	**(24,665)**	**11,914**	**12,639**	**21,030**	**20,552**	**22,388**
Minority interest	(0)	1	1	0	(0)	(0)
Total equity and liabilities	**15,874**	**20,379**	**30,611**	**24,108**	**24,391**	**27,996**

CASH FLOW	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec (RMB mn)						
Operating						
Profit before taxation	**(6,744)**	**2,351**	**(10,466)**	**(1,222)**	**(1,454)**	**859**
Depreciation & amortization	357	438	441	359	341	528
Change in working capital	(938)	713	(307)	(1,860)	(2,439)	(3,064)
Others	5,581	(3,485)	8,226	(974)	809	774
Net cash from operations	**(1,745)**	**18**	**(2,106)**	**(3,696)**	**(2,743)**	**(903)**
Investing						
Capital expenditure	(454)	(912)	(701)	(750)	(850)	(900)
Acquisition of subsidiaries/ investments	(1,453)	(546)	(1,070)	(275)	(175)	(275)
Net proceeds from disposal of short-term investments	10	(478)	(2,527)	(495)	(495)	(495)
Others	1,229	4	(632)	3,042	2	2
Net cash from investing	**(667)**	**(1,932)**	**(4,930)**	**1,522**	**(1,518)**	**(1,668)**
Financing						
Net borrowings	100	294	121	175	80	700
Proceeds from share issues	0	5,404	10,063	0	0	0
Others	7,119	117	1,928	(2,183)	28	18
Net cash from financing	**7,219**	**5,815**	**12,111**	**(2,008)**	**108**	**718**
Net change in cash						
Cash at the beginning of the year	6,609	11,360	15,371	20,188	16,007	11,853
Exchange difference	(56)	111	(258)	0	0	0
Cash at the end of the year	**11,360**	**15,371**	**20,188**	**16,007**	**11,853**	**10,000**
GROWTH	**2023A**	**2024A**	**2025A**	**2026E**	**2027E**	**2028E**
YE 31 Dec						
Revenue	71.3%	53.6%	57.7%	49.5%	64.9%	56.2%
Gross profit	74.3%	68.3%	31.7%	48.6%	59.1%	52.1%
PROFITABILITY	**2023A**	**2024A**	**2025A**	**2026E**	**2027E**	**2028E**
YE 31 Dec						
Gross profit margin	70.5%	77.3%	64.5%	64.2%	61.9%	60.3%
Operating margin	(130.9%)	(90.0%)	(88.8%)	(54.1%)	(15.4%)	5.7%
EBITDA margin	(401.4%)	132.8%	(256.4%)	(9.0%)	(9.2%)	10.9%
Adj. net profit margin	(105.4%)	(70.5%)	(74.8%)	(79.0%)	(6.1%)	12.1%
Return on equity (ROE)	na	na	(85.3%)	(7.5%)	(7.0%)	4.0%
GEARING/LIQUIDITY/ACTIVITIES	**2023A**	**2024A**	**2025A**	**2026E**	**2027E**	**2028E**
YE 31 Dec						
Current ratio (x)	0.3	13.5	1.4	10.7	7.6	5.1
Receivable turnover days	127.3	103.9	170.9	160.0	150.0	140.0
Inventory turnover days	631.3	394.1	292.9	300.0	300.0	290.0
Payable turnover days	8.9	9.8	64.2	10.0	10.0	10.0
VALUATION	**2023A**	**2024A**	**2025A**	**2026E**	**2027E**	**2028E**
YE 31 Dec						
P/E	ns	7.9	ns	ns	ns	74.6
P/B	ns	1.6	4.1	2.8	3.1	2.9
P/CFPS	ns	1,051.7	ns	ns	ns	ns
Div yield (%)	0.0	0.0	0.0	0.0	0.0	0.0

Source: Company data, CMBIGM estimates. Note: The calculation of net cash includes financial assets.

Disclosures & Disclaimers

Analyst Certification

The research analyst who is primary responsible for the content of this research report, in whole or in part, certifies that with respect to the securities or issuer that the analyst covered in this report: (1) all of the views expressed accurately reflect his or her personal views about the subject securities or issuer; and (2) no part of his or her compensation was, is, or will be, directly or indirectly, related to the specific views expressed by that analyst in this report.
Besides, the analyst confirms that neither the analyst nor his/her associates (as defined in the code of conduct issued by The Hong Kong Securities and Futures Commission) (1) have dealt in or traded in the stock(s) covered in this research report within 30 calendar days prior to the date of issue of this report; (2) will deal in or trade in the stock(s) covered in this research report 3 business days after the date of issue of this report; (3) serve as an officer of any of the Hong Kong listed companies covered in this report; and (4) have any financial interests in the Hong Kong listed companies covered in this report.

CMBIGM Ratings

BUY	: Stock with potential return of over 15% over next 12 months
HOLD	: Stock with potential return of +15% to -10% over next 12 months
SELL	: Stock with potential loss of over 10% over next 12 months
NOT RATED	: Stock is not rated by CMBIGM
OUTPERFORM	: Industry expected to outperform the relevant broad market benchmark over next 12 months
MARKET-PERFORM	: Industry expected to perform in-line with the relevant broad market benchmark over next 12 months
UNDERPERFORM	: Industry expected to underperform the relevant broad market benchmark over next 12 months

CMB International Global Markets Limited

Address: 45/F, Champion Tower, 3 Garden Road, Hong Kong, Tel: (852) 3900 0888 Fax: (852) 3900 0800

CMB International Global Markets Limited ("CMBIGM") is a wholly owned subsidiary of CMB International Capital Corporation Limited (a wholly owned subsidiary of China Merchants Bank)

Important Disclosures

There are risks involved in transacting in any securities. The information contained in this report may not be suitable for the purposes of all investors. CMBIGM does not provide individually tailored investment advice. This report has been prepared without regard to the individual investment objectives, financial position or special requirements. Past performance has no indication of future performance, and actual events may differ materially from that which is contained in the report. The value of, and returns from, any investments are uncertain and are not guaranteed and may fluctuate as a result of their dependence on the performance of underlying assets or other variable market factors. CMBIGM recommends that investors should independently evaluate particular investments and strategies, and encourages investors to consult with a professional financial advisor in order to make their own investment decisions.
This report or any information contained herein, have been prepared by the CMBIGM, solely for the purpose of supplying information to the clients of CMBIGM or its affiliate(s) to whom it is distributed. This report is not and should not be construed as an offer or solicitation to buy or sell any security or any interest in securities or enter into any transaction. Neither CMBIGM nor any of its affiliates, shareholders, agents, consultants, directors, officers or employees shall be liable for any loss, damage or expense whatsoever, whether direct or consequential, incurred in relying on the information contained in this report. Anyone making use of the information contained in this report does so entirely at their own risk.
The information and contents contained in this report are based on the analyses and interpretations of information believed to be publicly available and reliable. CMBIGM has exerted every effort in its capacity to ensure, but not to guarantee, their accuracy, completeness, timeliness or correctness. CMBIGM provides the information, advices and forecasts on an "AS IS" basis. The information and contents are subject to change without notice. CMBIGM may issue other publications having information and/ or conclusions different from this report. These publications reflect different assumption, point-of-view and analytical methods when compiling. CMBIGM may make investment decisions or take proprietary positions that are inconsistent with the recommendations or views in this report.
CMBIGM may have a position, make markets or act as principal or engage in transactions in securities of companies referred to in this report for itself and/or on behalf of its clients from time to time. Investors should assume that CMBIGM does or seeks to have investment banking or other business relationships with the companies in this report. As a result, recipients should be aware that CMBIGM may have a conflict of interest that could affect the objectivity of this report and CMBIGM will not assume any responsibility in respect thereof. This report is for the use of intended recipients only and this publication, may not be reproduced, reprinted, sold, redistributed or published in whole or in part for any purpose without prior written consent of CMBIGM.
Additional information on recommended securities is available upon request.

For recipients of this document in the United Kingdom
This report has been provided only to persons (I)falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended from time to time)("The Order") or (II) are persons falling within Article 49(2) (a) to (d) ("High Net Worth Companies, Unincorporated Associations, etc.,) of the Order, and may not be provided to any other person without the prior written consent of CMBIGM.

For recipients of this document in the United States
CMBIGM is not a registered broker-dealer in the United States. As a result, CMBIGM is not subject to U.S. rules regarding the preparation of research reports and the independence of research analysts. The research analyst who is primary responsible for the content of this research report is not registered or qualified as a research analyst with the Financial Industry Regulatory Authority ("FINRA"). The analyst is not subject to applicable restrictions under FINRA Rules intended to ensure that the analyst is not affected by potential conflicts of interest that could bear upon the reliability of the research report. This report is intended for distribution in the United States solely to "major US institutional investors", as defined in Rule 15a-6 under the US, Securities Exchange Act of 1934, as amended, and may not be furnished to any other person in the United States. Each major US institutional investor that receives a copy of this report by its acceptance hereof represents and agrees that it shall not distribute or provide this report to any other person. Any U.S. recipient of this report wishing to effect any transaction to buy or sell securities based on the information provided in this report should do so only through a U.S.-registered broker-dealer.

For recipients of this document in Singapore
This report is distributed in Singapore by CMBI (Singapore) Pte. Limited (CMBISG) (Company Regn. No. 201731928D), an Exempt Financial Adviser as defined in the Financial Advisers Act (Cap. 110) of Singapore and regulated by the Monetary Authority of Singapore. CMBISG may distribute reports produced by its respective foreign entities, affiliates or other foreign research houses pursuant to an arrangement under Regulation 32C of the Financial Advisers Regulations. Where the report is distributed in Singapore to a person who is not an Accredited Investor, Expert Investor or an Institutional Investor, as defined in the Securities and Futures Act (Cap. 289) of Singapore, CMBISG accepts legal responsibility for the contents of the report to such persons only to the extent required by law. Singapore recipients should contact CMBISG at +65 6350 4400 for matters arising from, or in connection with the report.