12 Nov 2025

CMB International Global Markets | Equity Research | Company Update

Hesai Group (HSAI US)

Solid 3Q results; business development momentum remains strong

Hesai Group (Hesai) released (11 Nov) 3Q25 financial results: total revenue was RMB795.4mn, up 47% YoY, and was 1.4% ahead of Bloomberg consensus forecast; non-GAAP net profit was RMB288mn, or RMB140mn if excluding one-off gains from equity investment in an early-stage tech company, ahead of consensus at RMB61mn, aided by the beat in revenue, and better-than-expected GPM (42.1% vs consensus at 40.9%). Considering the beat in 3Q25 results, management lifted 2025E GAAP NP guidance to RMB350mn-450mn (from RMB200-350mn). Management remains upbeat on business development outlook, and guided for at least 2mn-3mn total LiDAR shipment volume in 2026E, or potentially higher if L3 adoption becomes an industry-wide trend, in which case it expects shipment volume of Robotics LiDAR to double YoY in 2026E compared to that in 2025E. We remain positive that Hesai is poised to grow alongside the rising demand for LiDAR products. More use cases in robotics and industrial markets should propel further TAM expansion for Hesai over the long run, in our view. We roll over valuation window to 2026E, and our new TP of US$26.7 is based on 5.3x 2026E P/S (vs. prior 4.8x 2025E P/S), a 10% premium to comparable industry peers which in our view can be justified by Hesai's competitive advantage and solid revenue and earnings growth outlook. Maintain BUY.

- **Strong LiDAR shipment growth sustained driven by ATX.** The no. of total LiDAR shipments reached 441.4k in 3Q25, up 229% YoY, among which the no. of ADAS LiDAR shipments reached 380.8k, up 193% YoY, and the no. of robotics LiDAR shipments reached 60.6k. Average selling price (ASP) for LiDAR was RMB1.8k in 3Q25, down 10% QoQ, in our view mainly due to product mix changes as ASP of ATX products is lower than that of AT128. We are looking for LiDAR shipments of 1.6mn in 2025E, representing 218% YoY growth, driven by better-than-expected market adoption of ATX. Hesai has secured design wins from both of its top 2 ADAS customers across all their 2026 models, featuring 100% lidar adoption. Also, Hesai's high-end ETX LiDAR secured a design win with a top 3 domestic NEV automaker (which is an existing customer of Hesai), paired with multiple FTX units, and mass production is slated for late 2026 or early 2027. Although ASP is likely to continue declining in 2026E owing to product mix shift, the solid growth in shipment volume should support Hesai's revenue growth, in our view.
- **GPM stayed at a healthy level while cost optimization drove margin expansion.** GPM for 3Q25 reached 42.1%, better than consensus at 40.9%, which we attributed to better-than-expected GPM of ATX products. Operating expenses (S&M, G&A, and R&D) declined 8% YoY in 3Q25. As a percentage of revenue, S&M/G&A/R&D expenses were 5.5/9.2/25.0% in 3Q25, optimized from 8.6/14.2/40.8% in 3Q24, and operating margin improved to 9.7% in 3Q25 (3Q24: -14.3%).
- **TP of US$26.7 based on 5.3x 2026E P/S.** Our target multiple of 5.3x 2026E P/S is 10% premium compared to the industry average, but in our view could be justified by Hesai's robust revenue and earnings growth outlook, and strong competitive advantage. We are looking for 47% 2024-2027E CAGR for revenue and 41% YoY growth for non-GAAP NP in 2026E (or 96% YoY if excluding one-off gains from equity investment in 2025E).

BUY (Maintain)

Target Price	**US$26.70**
(Previous TP	US$16.30)
Up/Downside	**28.5%**
Current Price	**US$20.78**

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Stock Data

Mkt Cap (US$ mn)	2,740.8
Avg 3 mths t/o (US$ mn)	27.4
52w High/Low (US$)	29.80/4.08
Total Issued Shares (mn)	131.9

Source: FactSet

Shareholding Structure

Fermat Star Limited	6.1%
Galbadia Limited	5.9%

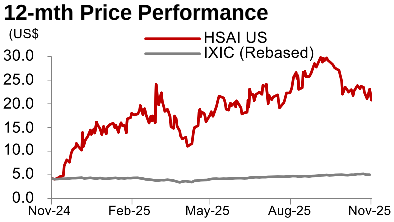
Source: NASDAQ

Share Performance

	Absolute	Relative
1-mth	-5.8%	-11.1%
3-mth	-8.8%	-16.0%
6-mth	17.2%	-6.8%

Source: FactSet

12-mth Price Performance



Source: FactSet

Earnings Summary

(YE 31 Dec)	FY23A	FY24A	FY25E	FY26E	FY27E
Revenue (RMB mn)	1,877	2,077	3,156	4,799	6,546
YoY growth (%)	56.1	10.7	51.9	52.1	36.4
Net profit (RMB mn)	(475.9)	(102.4)	403.7	615.2	898.3
Adjusted net profit (RMB mn)	(241.3)	13.7	523.3	735.4	1,017.4
EPS (Adjusted) (RMB)	(1.93)	0.11	3.97	5.58	7.71
Consensus EPS (RMB)	na	na	2.20	5.00	7.81

Source: Company data, Bloomberg, CMBIGM estimates

Figure 1: HSAI: quarterly financial results

(RMBmn)	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25	3Q25	3Q25E consensus	Diff%
Total revenue	**359.1**	**458.9**	**539.4**	**719.8**	**525.3**	**706.4**	**795.4**	**784**	**1.4%**
YoY growth (%)	*-16.5%*	*4.2%*	*21.1%*	*28.3%*	*46.3%*	*53.9%*	*47.5%*		
Gross profit	**139**	**207**	**258**	**281**	**219**	**300**	**335**	**321**	**4.3%**
Operating profit	**(138)**	**(96)**	**(77)**	**107**	**(33)**	**23**	**77**	**28**	**180.3%**
Net profit	**(107)**	**(72)**	**(70)**	**147**	**(18)**	**44**	**256**	**57**	**349.8%**
Adj. net profit	**(69)**	**(44)**	**(44)**	**170**	**9**	**73**	**288**	**61**	**375.7%**
Margin (%)									
GPM	38.8%	45.1%	47.7%	39.0%	41.7%	42.5%	42.1%	40.9%	1.2 ppt
OPM	-38.6%	-20.9%	-14.3%	14.8%	-6.4%	3.2%	9.7%	3.5%	6.2 ppt
NPM	-29.8%	-15.7%	-13.0%	20.4%	-3.3%	6.2%	32.2%	7.3%	25.0 ppt
Adj. NPM	-19.2%	-9.5%	-8.2%	23.7%	1.6%	10.4%	36.2%	7.7%	28.5 ppt

Source: Bloomberg, company data, CMBIGM

Figure 2: HSAI: changes in financial forecast

	Current			Previous			Change (%)		
RMB mn	**2025E**	**2026E**	**2027E**	**2025E**	**2026E**	**2027E**	**2025E**	**2026E**	**2027E**
Revenue	3,156	4,799	6,546	3,324	4,570	N/A	-5.1%	5.0%	N/A
Gross Profit	1,315	1,917	2,526	1,339	1,818	N/A	-1.8%	5.4%	N/A
Non-GAAP NP	523	735	1,017	141	435	N/A	270.7%	69.2%	N/A
GPM	41.7%	39.9%	38.6%	40.3%	39.8%	N/A	1.4 ppt	0.2 ppt	N/A
Non-GAAP NPM	16.6%	15.3%	15.5%	4.2%	9.5%	N/A	12.3 ppt	5.8 ppt	N/A

Source: CMBIGM estimates

Figure 3: CMBI forecast vs consensus

	Current			Consensus			Diff (%)		
RMB mn	**2025E**	**2026E**	**2027E**	**2025E**	**2026E**	**2027E**	**2025E**	**2026E**	**2027E**
Revenue	3,156	4,799	6,546	3,240	4,808	6,531	-2.6%	-0.2%	0.2%
Gross Profit	1,315	1,917	2,526	1,328	1,894	2,495	-1.0%	1.2%	1.2%
Non-GAAP NP	523	735	1,017	322	705	1,083	62.7%	4.3%	-6.1%
GPM	41.7%	39.9%	38.6%	41.0%	39.4%	38.2%	0.7 ppt	0.5 ppt	0.4 ppt
Non-GAAP NPM	16.6%	15.3%	15.5%	9.9%	14.7%	16.6%	6.7 ppt	0.7 ppt	-1.0 ppt

Source: Bloomberg, CMBIGM estimates

Figure 4: HSAI: target valuation

P/S Valuation (RMBmn)	2026E
2026E Revenue	4,799
Target 2026E P/S	5.3x
Equity value	25,338
No. of ADS outstanding (diluted; mn)	132
Target price (USD)	**26.7**

Source: Company data, CMBIGM estimates
Note: USD/RMB = 7.2:1

Figure 5: HSAI: Comps table

Companies	Ticker	Price (Local)	Mkt CAP (US$mn)	Price/Sales (x) 2025E	2026E	2027E
Innoviz	INVZ US Equity	1.6	324.7	5.4	2.8	1.6
Ouster	OUST US Equity	24.2	1449.1	9.8	7.2	5.2
Mobileye Global	MBLY US Equity	12.5	10302.9	5.5	5.1	4.1
Robosense	2498 HK Equity	34.0	2067.2	6.6	4.2	2.9
Average				**6.8**	**4.8**	**3.5**

Source: Bloomberg, CMBIGM
Note: data as of 11 Nov, 2025

Risks

1) Potential product defects, and other routes of technology proven to be more effective than that of LiDAR (such as camera-based system), which may both lead to reduced market adoption of LiDAR solutions;
2) Lower-than-expected pace of penetration of LiDAR/ADAS;
3) Rising competition from other companies developing LiDAR products, as well as a potential price war in LiDAR industry weighing on the blended ASP of HSAI's products;
4) Higher-than-expected operating expenses leading to slower-than-expected margin expansion.

Financial Summary

INCOME STATEMENT	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec (RMB mn)						
Revenue	**1,203**	**1,877**	**2,077**	**3,156**	**4,799**	**6,546**
Cost of goods sold	(731)	(1,216)	(1,193)	(1,841)	(2,882)	(4,019)
Others	0	0	0	0	0	0
Gross profit	**472**	**661**	**885**	**1,315**	**1,917**	**2,526**
Operating expenses	**(850)**	**(1,233)**	**(1,089)**	**(1,150)**	**(1,316)**	**(1,505)**
Selling expense	(105)	(149)	(193)	(185)	(213)	(245)
SG&A expense	(201)	(320)	(317)	(293)	(308)	(323)
R&D expense	(555)	(791)	(856)	(821)	(945)	(1,086)
Others	11	27	276	150	150	150
Operating profit	**(378)**	**(572)**	**(205)**	**165**	**602**	**1,022**
EBITDA	**(325)**	**(485)**	**(73)**	**297**	**753**	**1,194**
Depreciation	54	86	132	132	151	172
Interest income	59	100	104	97	157	118
Interest expense	0	(3)	(13)	(17)	(17)	(17)
Net Interest income/(expense)	**59**	**97**	**92**	**80**	**140**	**101**
Foreign exchange gain/loss	21	(0)	15	17	0	0
Other income/expense	(2)	0	(2)	172	0	0
Pre-tax profit	**(301)**	**(475)**	**(101)**	**434**	**741**	**1,123**
Income tax	0	(1)	(1)	(30)	(126)	(225)
Others	(446)	0	0	0	0	0
Net profit	**(747)**	**(476)**	**(102)**	**404**	**615**	**898**
Adjusted net profit	**(196)**	**(241)**	**14**	**523**	**735**	**1,017**

BALANCE SHEET	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec (RMB mn)						
Current assets	**3,135**	**4,398**	**4,683**	**9,488**	**10,317**	**11,476**
Cash & equivalents	1,859	3,141	3,246	7,845	7,890	8,205
Account receivables	485	525	765	850	1,293	1,763
Inventories	647	496	482	603	945	1,318
Other current assets	144	236	190	190	190	190
Non-current assets	**505**	**872**	**944**	**1,002**	**1,059**	**1,105**
PP&E	589	1,026	1,026	1,201	1,395	1,598
Other non-current assets	(84)	(154)	(82)	(199)	(336)	(493)
Total assets	**3,839**	**5,663**	**5,990**	**10,947**	**11,838**	**13,037**
Current liabilities	**956**	**1,335**	**1,629**	**1,761**	**2,037**	**2,339**
Short-term borrowings	0	112	345	345	345	345
Account payables	207	277	355	488	763	1,065
Other current liabilities	749	947	929	929	929	929
Non-current liabilities	**42**	**465**	**429**	**429**	**429**	**429**
Long-term borrowings	18	286	269	269	269	269
Other non-current liabilities	24	179	160	160	160	160
Total liabilities	**998**	**1,800**	**2,058**	**2,190**	**2,466**	**2,767**
Share capital	0	7,424	7,577	11,998	11,998	11,998
Retained earnings	(3,145)	(3,562)	(3,645)	(3,242)	(2,627)	(1,728)
Other reserves	5,987	0	0	0	0	0
Total shareholders equity	**(3,145)**	**3,862**	**3,932**	**8,756**	**9,371**	**10,270**
Minority interest	0	0	0	0	0	0
Total equity and liabilities	**3,839**	**5,663**	**5,990**	**10,947**	**11,838**	**13,037**

CASH FLOW	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec (RMB mn)						
Operating						
Profit before taxation	**(747)**	**(476)**	**(102)**	**404**	**615**	**898**
Depreciation & amortization	54	86	132	132	151	172
Change in working capital	(540)	181	(148)	(74)	(508)	(542)
Others	538	266	180	0	0	0
Net cash from operations	**(696)**	**57**	**64**	**462**	**258**	**528**
Investing						
Capital expenditure	(240)	(415)	(271)	(284)	(213)	(213)
Acquisition of subsidiaries/ investments	1,360	(622)	1,227	0	0	0
Others	0	(24)	0	0	0	0
Net cash from investing	**1,120**	**(1,060)**	**956**	**(284)**	**(213)**	**(213)**
Financing						
Dividend paid	0	0	0	0	0	0
Net borrowings	18	377	354	0	0	0
Share repurchases	0	1,225	0	4,421	0	0
Others	(3)	(12)	(104)	0	0	0
Net cash from financing	**15**	**1,590**	**251**	**4,421**	**0**	**0**
Net change in cash						
Cash at the beginning of the year	449	913	1,558	2,828	7,427	7,472
Exchange difference	25	58	14	0	0	0
Others	0	0	0	0	0	0
Cash at the end of the year	**913**	**1,558**	**2,828**	**7,427**	**7,472**	**7,788**

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

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