

Horizon Robotics (9660 HK)

1H25 results: ASP and volume surged, driving 68% sales growth

Horizon Robotics delivered strong 1H25 results, with revenue surging 68% YoY to RMB1.57bn, propelled by a 250% YoY growth in auto product solutions. The company reinforced its leadership in China's auto tech segment, capturing 45.8% share in ADAS solutions market and 32.4% in overall intelligent assisted driving solutions among Chinese OEMs, per mgmt.. Despite a 13.7ppt YoY contraction due to product mix shifts, GPM remained elevated at 65.4%. Net loss slightly widened to RMB5.2bn (vs. 1H24: RMB5.1bn), due to continued heavy investments in R&D (including Horizon SuperDrive and cloud training), along with share-based compensation and JV losses. We remain positive on Horizon's competitive positioning amid accelerating ADAS/AD adoption in China. **Reiterate BUY with a revised TP of HK\$12.3 (30x 2030E P/E).**

■ **Product Solutions: key growth engine going forward.** Segment revenue soared 250% YoY to RMB778mn in 1H25, underpinned by robust shipment growth and a rising blended ASP. Shipments doubled to 2mn units, with mid- to high-end units surging 6x YoY to 1mn. This was fueled by rapid penetration of NOA features in China, which climbed from 20% in 2024 to 32% in 1H25. Blended ASP jumped ~70% YoY, reflecting a richer product mix. Strong adoption from BYD and Li Auto continues, with Geely, Chery, and Chang'an ramping up. Mgmt. also secured new deals with two Japanese OEMs (>7.5m lifecycle volumes). We forecast 2025/26E chips/solutions shipments of 4.3m/6.6m units, with ASP rising 100%/+29% YoY. We project product solution revenue to reach RMB2.1bn this year, with 60%/40% sales breakdown between product solution and license/service segments (vs. 29%/71% in 2024). We also forecast the growth of product solution sales will accelerate in the following years.

■ **Margins: structural shift, still healthy.** We expect gross margin to stabilize above 50% in long term. The 13.7ppt YoY decline in 1H25 reflects the growing contribution of chips sales (50% of revenue in 1H25 vs. 24% in 1H24), which carry lower margins than license/service segments. Nonetheless, product solution GPM improved 3.9ppt to 45.6%, thanks to a higher-value mix. License/service margin dipped 3.2ppt to 89.7% on increased employee costs. We project overall GPM of 63.8% in 2025E and 58.1% in 2026E, reflecting a balance between growing chips revenue and improving chips margins (driven by premium J6 adoption and HSD monetization).

■ **Reiterate BUY with TP at HK\$12.3**, based on 30x 2030E P/E (vs. 21.5x before), in line with peers' avg. We see continued tailwinds from China's push for "intelligent driving equality," supporting faster L2+ adoption. Key risks: slower industry uptake, rising competition, and semiconductor supply-chain tension.

Earnings Summary

(YE 31 Dec)	FY23A	FY24A	FY25E	FY26E	FY27E
Revenue (RMB mn)	1,552	2,384	3,666	5,581	8,734
YoY growth (%)	71.3	53.6	53.8	52.2	56.5
Gross margin (%)	70.5	77.3	63.8	58.1	55.6
Net profit (RMB mn)	(6,739.0)	2,346.5	(6,927.8)	(1,961.7)	131.8
EPS (Reported) (RMB)	(2.50)	0.51	(0.52)	(0.15)	0.01
P/S (x)	66.6	43.3	28.2	18.5	11.8
ROE (%)	na	na	(78.9)	(39.0)	2.7

Source: Company data, Bloomberg, CMBIGM estimates

BUY (Maintain)

Target Price **HK\$12.30**

(Previous TP) HK\$8.9

Up/Downside **28.1%**

Current Price **HK\$9.60**

China Semiconductors

Lily YANG, Ph.D

(852) 3916 3716

lilyyang@cmbi.com.hk

Kevin ZHANG

(852) 3761 8727

kevinzhang@cmbi.com.hk

Jiahao Jiang

(852) 39163739

JiangJiahao@cmbi.com.hk

Stock Data

Mkt Cap (HK\$ mn)	112,866.2
Avg 3 mths t/o (HK\$ mn)	1,487.8
52w High/Low (HK\$)	NA/NA
Total Issued Shares (mn)	11756.9

Source: FactSet

Shareholding Structure

SAIC QIJUN I HLDG LTD	9.3%
GIL TRUST LIMITED	8.1%

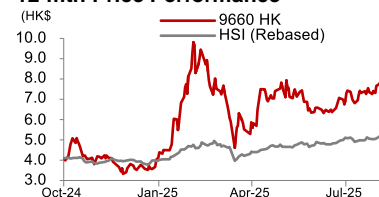
Source: HKEx

Share Performance

	Absolute	Relative
1-mth	31.3%	33.7%
3-mth	26.8%	19.2%
6-mth	15.7%	5.8%

Source: FactSet

12-mth Price Performance



Source: FactSet

Figure 1: CMBI estimates vs. BBG consensus

RMB mn	CMBI estimates			Consensus			Diff (%)		
	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
Revenue	3,666	5,581	8,734	3,921	6,488	9,864	-6.5%	-14.0%	-11.5%
Gross Profit	2,340	3,245	4,859	2,705	4,256	6,421	-13.5%	-23.8%	-24.3%
Net profit	(6,928)	(1,962)	132	(3,428)	(1,435)	558	NA	NA	-76.4%
EPS (RMB)	(0.52)	(0.15)	0.01	(0.42)	(0.15)	0.01	NA	NA	10.7%
Gross margin	63.8%	58.1%	55.6%	69.0%	65.6%	65.1%	-5.2 ppt	-7.5 ppt	-9.5 ppt
Net margin	-189.0%	-35.1%	1.5%	-87.4%	-22.1%	5.7%	-101.5 ppt	-13 ppt	-4.2 ppt

Source: Bloomberg, CMBIGM estimates

Figure 2: Earnings revision

RMB mn	New			Old			Diff (%)		
	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
Revenue	3,666	5,581	8,734	3,574	5,381	8,407	2.6%	3.7%	3.9%
Gross Profit	2,340	3,245	4,859	2,330	3,207	4,792	0.4%	1.2%	1.4%
Net profit	(6,928)	(1,962)	132	(2,216)	(1,398)	336	NA	NA	-60.8%
EPS (RMB)	(0.52)	(0.15)	0.01	(0.17)	(0.11)	0.03	NA	NA	-66.7%
Gross margin	63.8%	58.1%	55.6%	65.2%	59.6%	57.0%	-1.4 ppt	-1.5 ppt	-1.4 ppt
Net margin	-189.0%	-35.1%	1.5%	-62.0%	-26.0%	4.0%	-127 ppt	-9.2 ppt	-2.5 ppt

Source: Company data, CMBIGM estimates

Figure 3: Peers table

Company	Ticker	Mkt Cap (US\$mn)	Price (LC)	P/E (x)		EPS (US\$)	
				FY25E	FY26E	FY25E	FY26E
MOBILEYE	MBLY US	11,506	14.01	45.2	37.8	0.31	0.37
NVIDIA	NVDA US	4,232,574	174.18	38.7	27.7	4.50	6.29
QUALCOMM	QCOM US	173,428	160.73	13.5	13.4	11.90	11.98
AMD	AMD US	263,923	162.63	41.1	27.0	3.95	6.03
NXP	NXPI US	59,209	234.85	19.9	16.6	11.81	14.14
TEXAS INSTRU.	TXN US	184,082	202.48	34.8	29.1	5.82	6.95
RENESAS	6723 JT	22,499	1767.00	10.6	8.8	1.13	1.37
Average				29.1	22.9	5.6	6.7

Source: Bloomberg consensus, CMBIGM; data as of 29 Aug, 2025

Financial Summary

INCOME STATEMENT	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec (RMB mn)						
Revenue	906	1,552	2,384	3,666	5,581	8,734
Cost of goods sold	(278)	(457)	(542)	(1,327)	(2,336)	(3,875)
Gross profit	628	1,094	1,841	2,340	3,245	4,859
Operating expenses	(2,760)	(3,125)	(3,986)	(5,606)	(5,328)	(4,857)
Selling expense	(299)	(327)	(410)	(550)	(558)	(611)
Admin expense	(374)	(443)	(638)	(623)	(670)	(699)
R&D expense	(1,880)	(2,366)	(3,156)	(4,766)	(4,465)	(4,018)
Others	(207)	12	218	333	365	471
Operating profit	(2,132)	(2,031)	(2,144)	(3,267)	(2,083)	2
Other income	97	159	376	146	121	129
Other expense	(6,690)	(4,872)	4,119	(3,807)	0	0
EBIT	(8,725)	(6,744)	2,351	(6,928)	(1,962)	132
Income tax	4	5	(5)	0	0	0
After tax profit	(8,720)	(6,739)	2,347	(6,928)	(1,962)	132
Minority interest	(1)	(0)	0	0	0	0
Net profit	(8,719)	(6,739)	2,347	(6,928)	(1,962)	132

BALANCE SHEET	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec (RMB mn)						
Current assets	8,804	13,538	17,196	11,186	9,836	10,920
Cash & equivalents	6,609	11,360	15,371	9,104	7,593	8,035
Restricted cash	1,204	710	0	0	0	0
Receivables	421	541	679	728	802	1,017
Inventories	364	791	585	1,014	1,162	1,598
Prepayment	206	137	534	341	279	271
Other current assets	0	0	27	0	0	0
Non-current assets	1,092	2,336	3,183	3,207	3,348	3,569
PP&E	221	433	774	1,008	1,233	1,461
Right-of-use assets	258	217	212	184	170	174
Intangibles	319	303	320	347	324	263
Financial assets at FVTPL	69	81	630	445	407	448
Other non-current assets	224	1,301	1,248	1,224	1,214	1,223
Total assets	9,895	15,874	20,379	14,393	13,185	14,489
Current liabilities	27,151	40,252	1,278	1,441	1,551	1,855
Short-term borrowings	0	0	15	15	15	15
Payables	282	552	321	580	729	999
Other current liabilities	26,756	39,624	621	526	486	521
Lease liabilities	51	52	72	72	72	72
Contract liabilities	63	25	249	249	249	249
Non-current liabilities	182	287	7,186	7,315	7,207	7,209
Long-term borrowings	13	113	393	522	414	415
Other non-current liabilities	170	174	6,794	6,794	6,794	6,794
Total liabilities	27,334	40,539	8,464	8,756	8,758	9,064
Share capital	0	0	0	0	0	0
Retained earnings	(18,832)	(25,571)	(22,791)	(29,719)	(31,680)	(31,548)
Other reserves	1,394	906	34,705	35,355	36,106	36,973
Total shareholders equity	(17,438)	(24,665)	11,914	5,636	4,426	5,425
Minority interest	(0)	(0)	1	1	1	1
Total equity and liabilities	9,895	15,874	20,379	14,393	13,185	14,489

CASH FLOW	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec (RMB mn)						
Operating						
Profit before taxation	(8,725)	(6,744)	2,351	(6,928)	(1,962)	132
Depreciation & amortization	293	357	365	463	565	680
Change in working capital	(245)	(938)	284	(51)	(65)	(458)
Others	7,119	5,581	708	961	934	1,067
Net cash from operations	(1,557)	(1,745)	3,708	(5,555)	(528)	1,420
Investing						
Capital expenditure	(549)	(454)	(718)	(568)	(586)	(638)
Acquisition of subsidiaries/ investments	(71)	(1,453)	69	0	0	0
Net proceeds from disposal of short-term investments	4,945	4,410	(39,035)	(128)	(168)	(214)
Others	(4,539)	(3,171)	0	0	0	0
Net cash from investing	(215)	(667)	(39,683)	(696)	(754)	(851)
Financing						
Net borrowings	13	100	294	129	(108)	1
Proceeds from share issues	255	7,189	33,942	0	0	0
Others	(55)	(70)	5,997	(146)	(121)	(129)
Net cash from financing	212	7,219	40,233	(17)	(229)	(128)
Net change in cash						
Cash at the beginning of the year	8,050	6,609	11,360	15,371	9,104	7,593
Exchange difference	118	(56)	(247)	0	0	0
Others	(1,559)	4,807	4,258	(6,268)	(1,511)	441
Cash at the end of the year	6,609	11,360	15,371	9,104	7,593	8,035
GROWTH	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
Revenue	94.1%	71.3%	53.6%	53.8%	52.2%	56.5%
Gross profit	89.6%	74.3%	68.3%	27.1%	38.7%	49.8%
PROFITABILITY	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
Gross profit margin	69.3%	70.5%	77.3%	63.8%	58.1%	55.6%
Operating margin	(235.4%)	(130.9%)	(90.0%)	(89.1%)	(37.3%)	0.0%
Return on equity (ROE)	na	na	na	(78.9%)	(39.0%)	2.7%
GEARING/LIQUIDITY/ACTIVITIES	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
Current ratio (x)	0.3	0.3	13.5	7.8	6.3	5.9
VALUATION	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
P/E	ns	ns	17.2	ns	ns	879.5

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 or its affiliate(s) have investment banking relationship with the issuers covered in this report in preceding 12 months.

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.