

26 Aug, 2024

RoboSense | 02522.HK

Product iteration results in an increment in sales volume but a lower ASP

STOCK RATING

BUY

TARGET PRICE

HK\$ 19.90

RoboSense (02498.HK) reported RMB 727.1mn revenue in 2024 1H, of which 83.8% and 10.7% were generated from the sales of LiDAR for ADAS and robotics respectively. The gross margin surged to 13.6%, and the net loss shrank from RMB 768.3mn to RMB 267.5mn.

Potential explosive growth in the sales of LiDAR for robotics: RoboSense (02498.HK) achieved a sales of 8,900 units of LiDAR for robotics in 2024 1H, and Helios and Bpeal series with lower price and margin were the primary contributors. According to the Group, the sales volume in either Q3/Q4 is expected to reach a level that is comparable to the FY shipment of 2023, and the applications may further extend, especially cleaning and logistics industries. E1, originally a blind spot LiDAR, can be adopted by robotics as a cheaper solution due to its accuracy and vertical FoV, its contribution will be more material in the robotics segment. LiDAR for AI robotics is a primary focus of the Group, the bulk order for E Platform built the foundation for the Group to grasp the opportunities brought by a wide range of robotics applications.

Product iteration brings strong potential to the sales of LiDAR for ADAS: The sales volume of LiDAR for ADAS remained flat in 2024 Q2 when compared to Q1, but the gross margin climbed QoQ 0.6p.p. to 11.2%. Although there may still be slight pressure on the ASP, we believe that the gross margin will continue to improve due to the economies of scale. MX is a cheaper substitute for M1P, and the Group will commence to deliver small quantity of MX in Q3. Customers may gradually adopt MX to replace M1P for the new generations of vehicles, and MX can also penetrate lower-end automobiles because of its pricing. We expect that the contribution of MX may be more significant in 2025 2H, and the sales volume of lower-end automobiles may result in an impressive derived demand for MX, but a change in product mix will drag the ASP further in 2025/2026.

Continuous improvement in gross margin: We may see further improvement in the gross margin of Robosense (02498.HK). Regarding the LDAR for ADAS, the Group will benefit from i) economies of scale and ii) product iteration, we expect that there will be a 2 – 9p.p. increase in the gross margin of this segment. Besides, although E1 will result in a sharp decline in the ASP of the LiDAR for the robotics segment, the growing penetration of E1 will result in a robust increment in the revenue and gross margin.

Product iteration results in an increment in sales volume but a lower ASP: We maintain our view that Robosense (02498.HK) can achieve positive free cash flow and break-even in 2025 and 2026 respectively. We slightly downward adjusted our forecast to reflect the potential change in product mix, more contributions from E1 and MX may bring a lower revenue and hence profit to the Group in absolute amount. We reiterate the “BUY” rating to reflect the potential growth in sales volume and profit margin, but lower the TP to HKD 19.90/share to reflect the product iteration.

UPDATE REPORT

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RoboSense (02498.HK)

Stock Rating (Previous Rating) **BUY** (BUY)

Target Price (Previous TP) **HK\$ 19.90** (23.30)

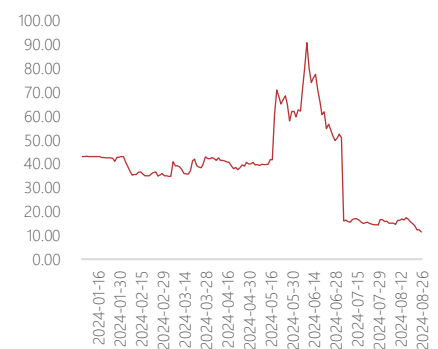
 Current Price **HK\$ 11.42**

 52-Week Range **HK\$ 11.40 – 137.50**

 Market cap. (HKD, bn) **HK\$ 5.1**

RMB, mn	23(A)	24(E)	25(E)	26(E)
Revenue	1,120.1	2,300.3	3,726.0	4,863.5
Gross Profit	93.6	352.4	687.1	1,090.7
Gross Margin	8.4%	15.3%	18.4%	22.4%
Profit Attr.	(4,336.6)	(473.1)	(230.9)	30.8

Performance	1 mth	3 mth	6 mth	1 year
Absolute	-21.0%	-83.0%	-68.8%	-
Relative to HSI	-24.5%	-77.6%	-74.6%	-



Peers comparison

		Mkt. Cap.	P/E	Fw. P/E	P/B	P/S	Revenue	GM	ROE
		(HKD, mn)	(x)	(x)	(x)	(x)	(HKD, mn)	(%)	(%)
300552.CH	Vanjee	6,401.8	-	-	2.6	6.1	1,004.9	33.6	(15.5)
AEVA.US	Aeva	1,258.8	-	-	1.0	31.0	33.8	(136.5)	(72.4)
CPTN.US	Cepton	385.3	-	-	-	2.3	102.2	27.2	-
HSAI.US	Hesai	4,239.0	-	-	1.0	2.0	2,075.1	35.2	(14.2)
INVZ.US	Innoviz	905.0	-	-	1.0	3.6	163.4	(55.6)	(87.2)
LAZR.US	Luminar	3,849.2	-	-	-	5.5	546.3	(104.2)	-
LIDR.US	AEye	88.6	-	-	0.5	26.7	11.5	(946.4)	(145.8)
OUST.US	Outster	2,882.2	-	-	2.1	3.2	652.0	10.0	(62.9)
	<i>Average</i>	<i>2,501.2</i>	<i>-</i>	<i>-</i>	<i>1.4</i>	<i>10.1</i>	<i>573.6</i>	<i>(142.1)</i>	<i>(66.3)</i>
02498.HK	RoboSense	5,461.5	-	-	-	1.0	1,238.4	8.4	-

Source: Bloomberg, West Bull Securities

Risk factors

- Unable to maintain a strong market share and leading position
- Keen competition results in a decrease in ASP
- The penetration rate of LiDAR in robotics and the lower-end vehicle markets remains low
- Heavy input in R&D, resulting in a weak financial performance

Financial Statement

PnL					Balance Sheet				
(RMB, mn)	2023 (A)	2024 (E)	2025 (E)	2026 (E)	(RMB, mn)	2023 (A)	2024 (E)	2025 (E)	2026 (E)
Revenue	1,120.1	2,300.3	3,726.0	4,863.5	PPE	268.1	324.3	349.6	481.9
YoY growth	111.2%	105.4%	62.0%	30.5%	Others	176.7	189.5	197.1	206.5
COGS	(1,026.5)	(1,947.9)	(3,038.9)	(3,772.8)	Non-current assets	444.8	513.8	546.7	688.4
Gross profit	93.6	352.4	687.1	1,090.7	Inventories	199.2	269.0	320.2	417.6
Other income	35.1	17.1	13.0	13.0	Trade receivables	678.3	780.8	978.4	1,200.7
Operating expenses	(1,069.4)	(912.7)	(1,031.4)	(1,176.3)	Cash & cash equivalents	1,826.4	2,520.0	2,587.4	2,912.1
Operating profit	(940.6)	(543.2)	(331.4)	(72.6)	Others	122.8	158.2	210.4	286.5
Finance expenses	78.1	68.4	94.3	95.9	Current assets	2,826.7	3,727.9	4,096.5	4,817.0
JV & Ass.	4.5	9.7	12.0	15.7	Total assets	3,271.5	4,241.7	4,643.3	5,505.4
Profit before tax	(858.0)	(465.0)	(225.1)	39.0	LT borrowings	-	-	-	-
Tax	(1.9)	(2.0)	(2.0)	(3.9)	Others	1,493.8	94.8	94.8	94.8
Net profit	(859.9)	(467.0)	(227.1)	35.1	Non-current liabilities	1,493.8	94.8	94.8	94.8
YoY growth		-45.7%	-51.4%	-	Trade payables	490.2	525.0	610.0	766.0
					ST borrowings	1.0	-	-	-
					Others	10,356.3	318.0	368.0	494.6
					Current liabilities	10,847.5	843.0	978.0	1,260.6
					Total liabilities	12,341.3	937.8	1,072.8	1,355.4
					Non-controlling interests	15.8	19.1	22.9	27.2
					Controlling interests	(9,085.7)	3,284.8	3,547.6	4,122.8
					Total equities	(9,069.8)	3,303.9	3,570.5	4,150.0

Cash Flow					Financial Ratio				
(RMB, mn)	2023 (A)	2024 (E)	2025 (E)	2026 (E)		2023 (A)	2024 (E)	2025 (E)	2026 (E)
Profit before tax	(4,329.1)	(467.8)	(225.1)	39.0	Gross margin	8.4%	15.3%	18.4%	22.4%
Finance expenses, net	(78.8)	(68.4)	(94.3)	(95.9)	Operating margin	-84.0%	-23.6%	-8.9%	-1.5%
D&A	149.4	104.4	123.5	132.2	Net profit margin	-386.6%	-20.4%	-6.1%	0.7%
Others	3,910.9	490.8	567.8	613.4	Return on Equity	61.4%	16.3%	-6.6%	0.9%
Change in working capital	(168.9)	(152.2)	(153.1)	(99.0)	Return on Asset	-129.3%	-12.5%	-5.1%	0.7%
CFO	(516.5)	(93.3)	218.8	589.7	Current ratio	26.1%	442.2%	418.9%	382.1%
					Quick ratio	24.2%	409.9%	385.0%	347.4%
CAPEX	(146.0)	(149.5)	(134.5)	(248.2)	Cash ratio	16.8%	298.9%	264.6%	231.0%
Others	411.6	(4.2)	-	-	Debt-to-Equity ratio	0.0%	0.0%	0.0%	0.0%
CFI	265.6	(153.7)	(134.5)	(248.2)	Net Debt-to-Equity ratio	20.1%	-76.3%	-72.5%	-70.2%
					Inventory turnover Days	86.8	43.9	35.4	35.7
Shares issuance	-	968.2	-	-	Receivable turnover days	144.2	115.8	86.2	81.8
Net borrowings	2.0	(1.0)	-	-	Payable turnover days	126.9	95.1	68.2	66.6
Interest paid	-	-	-	-					
Dividend paid	-	-	-	-					
Others	(36.6)	(26.6)	(16.8)	(16.8)					
CFF	(34.6)	940.6	(16.8)	(16.8)					
FCFE	(660.4)	(243.8)	84.3	341.5					
FCFF	(660.3)	(237.9)	91.9	350.1					

Source: Company data, West Bull Securities

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