

Black Sesame (2533 HK)

Robust 1H25 growth amid margin pressure; Maintain +ve long-term outlook

Black Sesame reported 1H25 results. Revenue was RMB253mn, up 40% YoY, on robust demand for its assisted driving solutions, which grew 42% YoY. GPM was 24.8%, compared with 50%/35.6% in 1H/2H24, reflecting an unfavorable product mix and upfront investments in new business exploration. The Company recorded an IFRS net loss of RMB762mn. On a non-IFRS basis, net loss narrowed to RMB549mn from RMB602mn/RMB702mn in 1H/2H24, driven by cost control in G&A (-7% YoY) and improved R&D efficiency (-10% YoY). Looking forward, we expect Black Sesame's revenue to grow by 71%/59% in 2025/26E, supported by rising adoption of driving assistance technologies and enhanced chip performance. As the ADAS/AD industry is still in an early stage, we believe the company's margin pressure will persist, with breakeven point to come in late-2027. **For longer term, we maintain our positive outlook. Maintain BUY, with TP changed to HK\$28.**

- **SoC-based solutions to remain the key growth driver.** Driving assistance products and solutions (94% of total sales in 1H25) revenue grew 42% YoY to RMB237mn, led by sales volume ramp-up of A1000 SoCs (160k units in 1H25 per our estimate vs. 310k in 2024). We project SoC-based revenue to grow at 104%/62% YoY in 2025/26E, supported by volume growth (96%/63% YoY): upcoming volume production of C1200 for cross-domain computing (e.g., DongFeng models) in late-2025 and A2000 series targeting L3/L4 deployment in 2026E.
- **Margin under pressure in 1H25; recovery expected in 2H.** GPM for driving assistance products and solutions declined to 20.9% in 1H25 (vs. 47.2% in 1H24), due to a higher share of SoC sales and increased costs related to new robotics and edge-AI investments. The Intelligent Imaging segment maintained a high GPM of 82.4% (vs. 86.6% in 1H24), though contribution was small. We expect a gradual recovery in 2H25, supported by higher-margin algorithm-based revenue recognition and increasing chip shipment volume. We forecast full-year GPM to be 33%/39% for 2025/26E.
- **Robotics is set to become a second growth engine.** The company has secured partnerships for humanoid robots using A2000 (perception) chips and C1200 (motion control) chips. Mgmt. projects robotics revenue to reach RMB10mn in 2025E, with a potential 5-10x YoY growth in 2026E, leveraging modular chip designs for scalable adoption.
- **Maintain BUY, with TP changed to HK\$28, based on 22.5x 2030E P/E (vs. prior 18x), with a 25% discount applied to sector leader Horizon Robotics.** Higher valuation multiple reflects Black Sesame's diversification into high-growth robotic segment and meaningful overseas order wins that validate its competitive edge and global scalability. Potential risks include: 1) slowdown in industry adoption of ADAS/AD solutions, 2) intensified competition and 3) geopolitical risks around chip fabrication.

Earnings Summary

(YE 31 Dec)	FY23A	FY24A	FY25E	FY26E	FY27E
Revenue (RMB mn)	312	474	809	1,289	1,990
YoY growth (%)	88.8	51.8	70.6	59.3	54.4
Gross margin (%)	24.7	41.1	32.6	38.6	45.1
Net profit (RMB mn)	(4,855.1)	313.3	(1,459.1)	(1,052.8)	(596.8)
EPS (Reported) (RMB)	(68.40)	1.20	(2.30)	(1.66)	(0.94)
P/S (x)	34.2	22.5	13.2	8.3	5.4
ROE (%)	na	na	(258.8)	na	na

Source: Company data, Bloomberg, CMBIGM estimates

BUY (Maintain)

Target Price	HK\$28.00
Previous TP	HK\$28.20
Up/Downside	52.2%
Current Price	HK\$18.40

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Stock Data

Mkt Cap (HK\$ mn)	11,671.1
Avg 3 mths t/o (HK\$ mn)	178.4
52w High/Low (HK\$)	38.80/15.16
Total Issued Shares (mn)	634.3

Source: FactSet

Shareholding Structure

Shan Jizhang	8.3%
NORTHERN LIGHT VENTURE	4.7%
FUND IV	

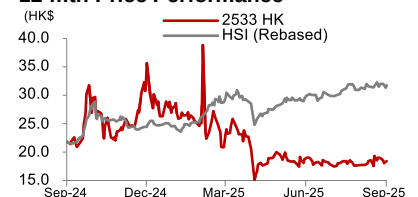
Source: HKEx

Share Performance

	Absolute	Relative
1-mth	3.5%	1.4%
3-mth	-3.5%	-9.2%
6-mth	-20.9%	-26.5%

Source: FactSet

12-mth Price Performance



Source: FactSet

Figure 1: CMBI estimates vs. BBG consensus

RMB mn	CMBI estimates			BBG Consensus			Diff (%)		
	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
Revenue	809	1,289	1,990	827	1,415	2,046	-2%	-9%	-3%
Gross profit	264	498	898	365	652	961	-28%	-24%	-6%
Net profit	-1,459	-1,053	-597	-1,349	-1,017	-789	8%	4%	-24%
EPS (RMB)	(2.30)	(1.66)	(0.94)	(2.31)	(1.88)	(2.19)	0%	-11%	-57%
Gross margin	32.6%	38.6%	45.1%	44.2%	46.1%	47.0%	-11.6 ppt	-7.5 ppt	-1.8 ppt
Net margin	-180.4%	-81.7%	-30.0%	-163.1%	-71.9%	-38.6%	-17.3 ppt	-9.8 ppt	8.6 ppt

Source: Bloomberg, CMBIGM estimates

Figure 2: Earnings revision

RMB mn	New			Old			Diff (%)		
	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
Revenue	809	1,289	1,990	813	1,322	2,098	0%	-2%	-5%
Gross profit	264	498	898	376	669	1,059	-30%	-26%	-15%
Net profit	-1,459	-1,053	-597	-958	-485	3	52%	117%	N/A
EPS (RMB)	(2.30)	(1.66)	(0.94)	(1.52)	(0.77)	0.01	51%	115%	N/A
Gross margin	32.6%	38.6%	45.1%	46.2%	50.6%	50.5%	-13.6 ppt	-12 ppt	-5.4 ppt
Net margin	-180.4%	-81.7%	-30.0%	-117.8%	-36.7%	0.2%	-62.6 ppt	-45 ppt	-30.1 ppt

Source: CMBIGM estimates

Figure 3: Peers table

Company	Ticker	Mkt Cap (US\$mn)	Price (LC)	P/E (x)			P/S (x)		
				FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
MOBILEYE	MBLY US	12,196	14.85	47.9	40.0	25.8	6.6	6.0	4.8
NVIDIA	NVDA US	4,171,338	171.66	59.1	38.2	27.2	32.2	20.3	15.3
QUALCOMM	QCOM US	172,327	159.71	13.4	13.3	12.7	3.9	3.9	3.8
AMD	AMD US	262,560	161.79	41.0	26.9	21.4	8.0	6.5	5.5
NXP SEMI	NXPI US	56,824	225.39	19.1	15.9	13.5	4.7	4.3	3.9
TEXAS INSTR.	TXN US	170,272	187.29	32.2	27.0	22.4	9.6	8.7	8.0
RENESAS	6723 JT	21,110	1672.00	10.1	8.3	7.5	2.4	2.2	2.0
Average				31.8	24.2	18.7	9.6	7.4	6.2

Source: Bloomberg, CMBIGM; data as of 5 Sep, 2025

Figure 4: Black Sesame – valuation

Valuation	2023	2024	2025E	2026E	2027E	2028E	2029E	2030E
(RMBmn or mn units)								
Valuation								
Revenue	312	474	809	1,289	1,990	3,045	4,378	6,076
yoy%	89%	52%	71%	59%	54%	53%	44%	39%
Gross profit	77	195	264	498	898	1,507	2,159	2,984
yoy%	59%	152%	35%	89%	81%	68%	43%	38%
GPM%	24.7%	41.1%	32.6%	38.6%	45.1%	49.5%	49.3%	49.1%
Net profit	-4,855	313	-1,459	-1,053	-597	89	582	1,234
yoy%	76%	-106%	-566%	-28%	-43%	-115%	551%	112%
NPM%	-1554%	66.1%	-180.4%	-81.7%	-30.0%	2.9%	13.3%	20.3%
P/E								22.5x
WACC								11.5%
RMB/HKD								1.09
Equity value (HK\$mn)			17,607					27,764
No. of Shares (mn)	71	261	634	634	634	634	634	634
TP (HK\$)			28					

Source: CMBIGM estimates

Financial Summary

INCOME STATEMENT	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec (RMB mn)						
Revenue	165	312	474	809	1,289	1,990
Cost of goods sold	(117)	(235)	(280)	(545)	(792)	(1,092)
Gross profit	49	77	195	264	498	898
Operating expenses	(1,101)	(1,774)	(1,949)	(1,717)	(1,508)	(1,421)
Selling expense	(120)	(102)	(121)	(98)	(74)	(62)
Admin expense	(215)	(319)	(369)	(340)	(250)	(205)
R&D expense	(764)	(1,363)	(1,435)	(1,283)	(1,189)	(1,159)
Others	(2)	9	(24)	5	5	5
Operating profit	(1,053)	(1,697)	(1,754)	(1,453)	(1,011)	(523)
Other expense	(1,701)	(3,158)	2,067	(6)	(42)	(74)
EBIT	(2,754)	(4,855)	313	(1,459)	(1,053)	(597)
Minority interest	0	0	0	0	0	0
Net profit	(2,754)	(4,855)	313	(1,459)	(1,053)	(597)

BALANCE SHEET	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec (RMB mn)						
Current assets	2,021	1,641	2,101	1,258	1,202	1,359
Cash & equivalents	982	1,298	1,448	582	464	487
Receivables	125	165	258	318	353	465
Inventories	73	71	68	51	79	100
Prepayment	134	98	151	168	168	168
Financial assets at FVTPL	706	8	175	139	139	139
Non-current assets	132	280	216	173	119	51
PP&E	55	99	80	73	49	7
Right-of-use assets	33	51	48	48	47	47
Intangibles	17	75	39	7	(21)	(47)
Financial assets at FVTPL	0	21	13	10	9	10
Other non-current assets	26	35	36	34	34	34
Total assets	2,153	1,920	2,317	1,431	1,321	1,410
Current liabilities	8,613	12,923	951	1,142	1,586	1,971
Short-term borrowings	13	0	473	637	1,000	1,350
Payables	190	308	462	483	564	600
Other current liabilities	8,386	12,589	0	0	0	0
Lease liabilities	18	19	15	18	18	18
Contract liabilities	6	7	0	4	4	4
Non-current liabilities	46	91	273	254	554	754
Long-term borrowings	0	0	201	200	500	700
Other non-current liabilities	46	91	72	54	54	54
Total liabilities	8,659	13,014	1,224	1,396	2,140	2,726
Share capital	0	0	0	0	0	0
Retained earnings	(6,592)	(11,447)	(11,168)	(12,627)	(13,680)	(14,277)
Other reserves	86	354	12,261	12,661	12,861	12,961
Total shareholders equity	(6,506)	(11,094)	1,093	34	(819)	(1,315)
Minority interest	0	0	0	0	0	0
Total equity and liabilities	2,153	1,920	2,317	1,431	1,321	1,410

CASH FLOW	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec (RMB mn)						
Operating						
Profit before taxation	(2,754)	(4,855)	313	(1,459)	(1,053)	(597)
Depreciation & amortization	50	87	112	123	139	155
Change in working capital	(125)	73	(73)	(86)	(35)	(168)
Others	2,075	3,638	(1,543)	439	211	96
Net cash from operations	(755)	(1,058)	(1,190)	(983)	(738)	(514)
Investing						
Capital expenditure	(71)	(134)	(76)	(102)	(102)	(102)
Acquisition of subsidiaries/ investments	0	(10)	2	1	0	0
Others	(662)	690	(150)	67	27	25
Net cash from investing	(733)	547	(223)	(33)	(75)	(77)
Financing						
Net borrowings	(14)	(12)	674	163	663	550
Proceeds from share issues	915	854	905	0	0	0
Share repurchases	(5)	0	0	0	0	0
Others	(93)	(32)	(27)	(2)	42	74
Net cash from financing	804	809	1,552	161	705	624
Net change in cash						
Cash at the beginning of the year	1,553	982	1,298	1,448	582	464
Exchange difference	112	18	10	(10)	(10)	(10)
Others	(683)	298	139	(855)	(108)	33
Cash at the end of the year	982	1,298	1,448	582	464	487
GROWTH	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
Revenue	173.4%	88.8%	51.8%	70.6%	59.3%	54.4%
Gross profit	122.3%	58.6%	152.4%	35.4%	88.7%	80.6%
PROFITABILITY	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
Gross profit margin	29.4%	24.7%	41.1%	32.6%	38.6%	45.1%
Operating margin	(636.4%)	(543.2%)	(369.8%)	(179.6%)	(78.4%)	(26.3%)
Return on equity (ROE)	na	na	na	(258.8%)	na	na
GEARING/LIQUIDITY/ACTIVITIES	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
Current ratio (x)	0.2	0.1	2.2	1.1	0.8	0.7
VALUATION	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec						
P/E	ns	ns	14.0	ns	ns	ns

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

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