

Hesai Group (HSAI US)

Structural growth story remains intact

BUY (Maintain)

We reiterate our positive view on Hesai Group (Hesai). The Company maintained industry leadership in 2025, and ranked first with 40.94% market share in the forward-facing main LiDAR segment for pre-installed passenger cars in China, per GGII. 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 over the long run, in our view. We lift our TP to US\$31.3 per ADS, based on 7.5x 2026E PS (was 5.3x), in line with average one-year forward PS over the past year plus one standard deviation. We see catalysts from potential increase in L3 adoption industry-wide to drive the industry toward a “multi-radar” perception era, thereby boosting the dollar amount of LiDAR products per vehicle. We estimate 2024-27E revenue/non-GAAP NP CAGR of 43%/318% for Hesai. Maintain BUY.

■ **4Q25 results preview.** For 4Q25E, we are expecting revenue of RMB1.0bn, up 44% YoY, and non-GAAP net profit of RMB107mn, translating into 10.3% non-GAAP NPM. Hesai announced that total shipment volume for LiDAR has surpassed 1.6mn in 2025, among which c.1.4mn was for ADAS and over 200k units were for robotics. The data translates into over 610k units LiDAR shipment in 4Q25, up over 175% YoY. In our view, this was driven by robust shipment growth of ATX and JT series. We are looking for 2.6mn units LiDAR shipment in 2026, up 61% YoY, driven by the shipment of revamped ATX (which has secured orders exceeding 4mn units and plans to begin mass production in Apr 2026) and JT series products.

■ **More catalysts to expect in 2026E.** Hesai has secured design wins from both of its top 2 ADAS customers across all their 2026 models, featuring 100% lidar adoption. Also, the Company'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. Meanwhile, we expect the potential increase in L3 adoption industry-wide to drive the industry toward a “multi-radar” perception era (3-6 LiDAR units per vehicle), thereby driving an increase in dollar amount per vehicle for LiDAR products. In terms of capacity layout, Hesai has doubled its annual production capacity from 2mn units in 2025 to 4mn units in 2026.

■ **TP of US\$31.3 based on 7.5x 2026E PS.** Our target multiple of 7.5x 2026E PS was inline with average one-year forward PS over the past year plus one standard deviation, higher than industry average of 4.1x 2026E PS, which in our view could be justified by Hesai's robust revenue and earnings growth outlook, and strong competitive advantages. We are looking for 43% 2024-2027E CAGR for revenue and 37% YoY growth for non-GAAP NP in 2026E (or 99% YoY if excluding one-off gains from equity investment in 2025E).

Earnings Summary

(YE 31 Dec)	FY23A	FY24A	FY25E	FY26E	FY27E
Revenue (RMB mn)	1,877	2,077	3,064	4,404	6,023
YoY growth (%)	56.1	10.7	47.5	43.7	36.8
Net profit (RMB mn)	(475.9)	(102.4)	358.9	544.2	897.8
Adjusted net profit (RMB mn)	(241.3)	13.7	476.8	655.5	1,000.7
EPS (Adjusted) (RMB)	(1.93)	0.11	3.38	4.35	6.65
Consensus EPS (RMB)	na	na	2.80	4.52	7.28

Source: Company data, Bloomberg, CMBIGM estimates

Target Price	US\$31.30
(Previous TP	US\$26.70)
Up/Downside	24.8%
Current Price	US\$25.09

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Stock Data	
Mkt Cap (US\$ mn)	3,543.4
Avg 3 mths t/o (US\$ mn)	51.9
52w High/Low (US\$)	29.80/10.95
Total Issued Shares (mn)	141.2

Source: FactSet

Shareholding Structure

Fermat Star Limited	6.1%
Galbadia Limited	5.9%

Source: NASDAQ

Share Performance

	Absolute	Relative
1-mth	-4.8%	-2.1%
3-mth	26.8%	25.8%
6-mth	7.7%	1.4%

Source: FactSet

12-mth Price Performance



Source: FactSet

Figure 1: HSAI: quarterly financial results

(RMBmn)	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25	3Q25	4Q25E
Revenue	359.1	458.9	539.4	719.8	525.3	706.4	795.4	1,037.2
YoY (%)	-16.5%	4.2%	21.1%	28.3%	46.3%	53.9%	47.5%	44.1%
Gross profit	139	207	258	281	219	300	335	393
Operating profit	(138)	(96)	(77)	107	(33)	23	77	50
Net profit	(107)	(72)	(70)	147	(18)	44	256	76
Adj. NP	(69)	(44)	(44)	170	9	73	288	107
Margin (%)								
GPM	38.8%	45.1%	47.7%	39.0%	41.7%	42.5%	42.1%	37.9%
OPM	-38.6%	-20.9%	-14.3%	14.8%	-6.4%	3.2%	9.7%	4.8%
NPM	-29.8%	-15.7%	-13.0%	20.4%	-3.3%	6.2%	32.2%	7.3%
Adj. NPM	-19.2%	-9.5%	-8.2%	23.7%	1.6%	10.4%	36.2%	10.3%

Source: Bloomberg, company data, CMBIGM

Figure 2: HSAI: forecast revision

RMB mn	Current			Previous			Change (%)		
	2025E	2026E	2027E	2025E	2026E	2027E	2025E	2026E	2027E
Revenue	3,064	4,404	6,023	3,156	4,799	6,545.7	-2.9%	-8.2%	-8.0%
Gross profit	1,248	1,727	2,274	1,315	1,917	2,526.3	-5.1%	-9.9%	-10.0%
Non-GAAP NP	477	656	1,001	523	735	1,017.4	-8.9%	-10.9%	-1.6%
GPM	40.7%	39.2%	37.8%	41.7%	39.9%	38.6%	-0.9 ppt	-0.7 ppt	-0.8 ppt
Non-GAAP NPM	15.6%	14.9%	16.6%	16.6%	15.3%	15.5%	-1.0 ppt	-0.4 ppt	1.1 ppt

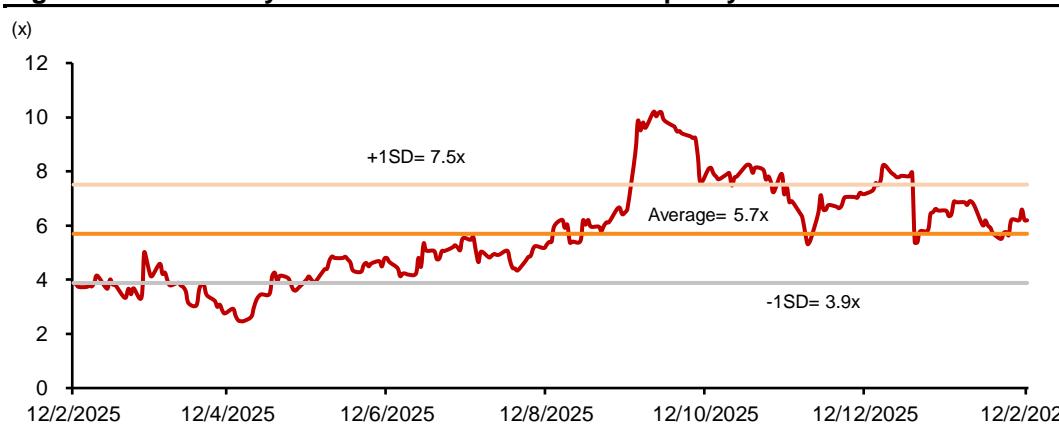
Source: Bloomberg, company data, CMBIGM estimates

Figure 3: HSAI: target valuation

P/S Valuation (RMBmn)	2026E
2026E Revenue	4,404
Target 2026E P/S	7.5x
Equity value	33,027
No. of ADS outstanding (diluted; mn)	151
Target price (USD)	31.3

Source: Company data, CMBIGM estimates

Note: USD/RMB = 7.0:1

Figure 4: HSAI: one-year forward P/S band over the past year

Source: Bloomberg, CMBIGM

Figure 5: HSAI: Comps table

Companies	Ticker	Price (LC)	Mkt CAP (US\$mn)	Price/Sales (x)			
				2024A	2025E	2026E	2027E
Innoviz	INVZ US Equity	1.0	202.6	8.3	3.5	2.4	1.6
Ouster	OUST US Equity	18.9	1167.5	10.5	7.9	5.8	4.2
Mobileye Global	MBLY US Equity	9.6	8161.9	4.3	4.3	4.2	3.7
Robosense	2498 HK Equity	33.7	2034.8	8.9	6.6	4.1	3.0
Average				8.0	5.6	4.1	3.1

Source: Bloomberg, CMBIGM

Note: data as of 12 Feb 2026

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	3,064	4,404	6,023
Cost of goods sold	(731)	(1,216)	(1,193)	(1,816)	(2,677)	(3,749)
Others	0	0	0	0	0	0
Gross profit	472	661	885	1,248	1,727	2,274
Operating expenses	(850)	(1,233)	(1,089)	(1,131)	(1,208)	(1,279)
Selling expense	(105)	(149)	(193)	(185)	(196)	(206)
SG&A expense	(201)	(320)	(317)	(293)	(311)	(329)
R&D expense	(555)	(791)	(856)	(803)	(851)	(893)
Others	11	27	276	150	150	150
Operating profit	(378)	(572)	(205)	117	519	996
EBITDA	(325)	(485)	(73)	249	670	1,168
Depreciation	54	86	132	132	151	172
Interest income	59	100	104	97	154	117
Interest expense	0	(3)	(13)	(17)	(17)	(17)
Net Interest income/(expense)	59	97	92	80	137	99
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)	386	656	1,095
Income tax	0	(1)	(1)	(27)	(111)	(197)
Others	(446)	0	0	0	0	0
Net profit	(747)	(476)	(102)	359	544	898
Adjusted net profit	(196)	(241)	14	477	656	1,001
BALANCE SHEET	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec (RMB mn)						
Current assets	3,135	4,398	4,683	9,314	10,024	11,165
Cash & equivalents	1,859	3,141	3,246	7,703	7,771	8,124
Account receivables	485	525	765	825	1,186	1,623
Inventories	647	496	482	596	878	1,229
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	10,773	11,545	12,726
Current liabilities	956	1,335	1,629	1,755	1,983	2,267
Short-term borrowings	0	112	345	345	345	345
Account payables	207	277	355	481	709	993
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	2,184	2,412	2,696
Share capital	0	7,424	7,577	11,875	11,875	11,875
Retained earnings	(3,145)	(3,562)	(3,645)	(3,287)	(2,742)	(1,845)
Other reserves	5,987	0	0	0	0	0
Total shareholders equity	(3,145)	3,862	3,932	8,589	9,133	10,031
Minority interest	0	0	0	0	0	0
Total equity and liabilities	3,839	5,663	5,990	10,773	11,545	12,726

CASH FLOW	2022A	2023A	2024A	2025E	2026E	2027E
YE 31 Dec (RMB mn)						
Operating						
Profit before taxation	(747)	(476)	(102)	359	544	898
Depreciation & amortization	54	86	132	132	151	172
Change in working capital	(540)	181	(148)	(48)	(415)	(504)
Others	538	266	180	0	0	0
Net cash from operations	(696)	57	64	443	281	566
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	4,298	0	0
Others	(3)	(12)	(104)	0	0	0
Net cash from financing	15	1,590	251	4,298	0	0
Net change in cash						
Cash at the beginning of the year	449	913	1,558	2,828	7,285	7,353
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	7,285	7,353	7,707

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

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