

Hesai Group (HSAI US)

Solid core business growth outlook; pursuing expansion opportunities beyond LiDAR market

Hesai Group (Hesai) released (24 Mar) 4Q25 financial results: total revenue reached RMB1.0bn, up 39.0% YoY, broadly in line with our estimate but 8% below Bloomberg consensus, mainly due to a faster-than-expected decline in ASP driven by a revenue mix shift toward relatively lower-ASP ATX and JT series. Non-GAAP NP came in at RMB181mn, ahead of both our forecast and Bloomberg consensus (RMB107mn/RMB133mn), supported by stronger-than-expected non-operating items. Management raised its 2026E LiDAR shipment guidance to 3.0–3.5mn units (from 2.0–3.0mn), underpinned by strong growth in both ADAS (driven by FTX and a revamped version of ATX) and robotics LiDAR (supported by robust adoption of robotic lawn mowers), both of which are expected to see shipments double YoY. Beyond LiDAR, Hesai highlighted its ambition to position itself as a key enabler of physical AI in the next era and plans to launch two new flagship products in the coming months to address growing demand for “eyes” and “muscles” in the physical AI ecosystem. Our 2026E revenue forecast of RMB4.4bn remains largely unchanged, while we lower our TP to US\$29.3 (from US\$31.3) due to share base adjustments, based on an unchanged 7.5x 2026E P/S. We maintain our BUY rating and see catalysts from increased adoption of L3 vehicles and rising revenue contribution from new products.

- **Strong LiDAR shipment volume growth outlook in 2026E.** Total LiDAR shipments for Hesai reached 631.1k in 4Q25, up 184% YoY and 2% above consensus. Among these, ADAS LiDAR shipments were 550.7k (+185% YoY), while robotics LiDAR shipments were 80.4k (+179% YoY). ASP declined to RMB1.6k in 4Q25, down 12% QoQ, which we attribute to the revenue mix shift toward lower-ASP ATX and JT series products. For 2026E, we forecast total LiDAR shipments of 3.25mn units (vs. consensus at 2.6mn), including ADAS shipments growing 99% YoY to 2.75mn units and robotics shipments increasing 109% YoY to 500k units.
- **GPM remains resilient despite ASP pressure.** Gross profit margin (GPM) reached 41.0% in 4Q25, in line with consensus. For 2026E, we expect a slight decline in GPM to 39.5% (vs. 41.8% in 2025), primarily due to changes in product mix. Operating expenses (S&M, G&A, and R&D) declined by 7%/6% YoY in 4Q25/2025. Management guided for flat or slightly declining operating expenses for the existing business, while indicating approximately RMB200mn in additional investment related to physical AI in 2026E, and this leads to mid-teens increase in total operating expenses. Factoring in these investments, we forecast group-level EBIT margin to improve to 10.3% in 2026E (vs. 5.6% in 2025), supported by robust revenue growth and operating leverage.
- **TP of US\$29.3 based on 7.5x 2026E P/S.** For 2026E, we expect 101%/46% YoY growth in LiDAR shipment volume/total revenue. Key catalysts include: 1) faster-than-expected adoption of L3 vehicles, which could increase LiDAR units per vehicle and drive higher dollar content per car; 2) ramp-up in physical AI-related product revenue and increasing contribution from international ADAS expansion. Our target price of US\$29.3 is based on 7.5x 2026E P/S (unchanged).

BUY (Maintain)

Target Price US\$29.30
 (Previous TP) US\$31.30
Up/Downside 47.6%
Current Price US\$19.85

China Software & IT Services

Saiyi HE, CFA
 (852) 3916 1739
 hesaiyi@cmbi.com.hk

Ye TAO, CFA
 (852) 3850 5226
 franktao@cmbi.com.hk

Wentao LU, CFA
 luwentao@cmbi.com.hk

Shuyin GUO
 (852) 3916 3716
 guoshuyin@cmbi.com.hk

Stock Data

Mkt Cap (US\$ mn)	3,195.4
Avg 3 mths t/o (US\$ mn)	49.0
52w High/Low (US\$)	29.80/10.95
Total Issued Shares (mn)	161.0

Source: FactSet

Shareholding Structure

Fermat Star Limited	6.1%
Galbadia Limited	5.9%

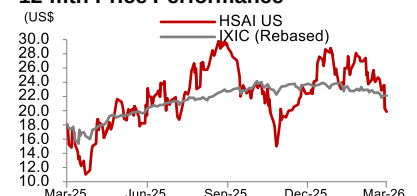
Source: NASDAQ

Share Performance

	Absolute	Relative
1-mth	-27.2%	-24.0%
3-mth	-11.9%	-5.2%
6-mth	-31.0%	-29.3%

Source: FactSet

12-mth Price Performance



Source: FactSet

Earnings Summary

(YE 31 Dec)	FY24A	FY25A	FY26E	FY27E	FY28E
Revenue (RMB mn)	2,077	3,028	4,407	6,016	8,019
YoY growth (%)	10.7	45.8	45.6	36.5	33.3
Net profit (RMB mn)	(102.4)	435.9	507.6	913.6	1,393.0
Adjusted net profit (RMB mn)	13.7	550.5	657.5	1,055.5	1,533.9
EPS (Adjusted) (RMB)	0.11	3.96	4.04	6.56	9.53
Consensus EPS (RMB)	na	3.96	3.97	6.36	10.16

Source: Company data, Bloomberg, CMBIGM estimates

Figure 1: HSAI: quarterly financial results

(RMBmn)	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25	3Q25	4Q25	4Q25E consensus	Diff%
Total revenue	359.1	458.9	539.4	719.8	525.3	706.4	795.4	1,000.5	1,086	-7.9%
YoY growth (%)	-16.5%	4.2%	21.1%	28.3%	46.3%	53.9%	47.5%	39.0%		
Gross profit	139	207	258	281	219	300	335	410	431	-4.8%
Operating profit	(138)	(96)	(77)	107	(33)	23	77	102	104	-2.1%
Net profit	(107)	(72)	(70)	147	(18)	44	256	153	125	22.8%
Adj. net profit	(69)	(44)	(44)	170	9	73	288	181	133	35.8%
Margin (%)										
GPM	38.8%	45.1%	47.7%	39.0%	41.7%	42.5%	42.1%	41.0%	39.7%	1.3 ppt
OPM	-38.6%	-20.9%	-14.3%	14.8%	-6.4%	3.2%	9.7%	10.2%	9.6%	0.6 ppt
NPM	-29.8%	-15.7%	-13.0%	20.4%	-3.3%	6.2%	32.2%	15.3%	11.5%	3.8 ppt
Adj. NPM	-19.2%	-9.5%	-8.2%	23.7%	1.6%	10.4%	36.2%	18.1%	12.3%	5.8 ppt

Source: Bloomberg, company data, CMBIGM

Figure 2: HSAI: changes in financial forecast

RMB mn	Current			Previous			Change (%)		
	2026E	2027E	2028E	2026E	2027E	2028E	2026E	2027E	2028E
Revenue	4,407	6,016	8,019	4,404	6,023	-	0.1%	-0.1%	-
Gross profit	1,741	2,347	3,091	1,727	2,274	-	0.8%	3.2%	-
Non-GAAP NP	658	1,056	1,534	656	1,001	-	0.3%	5.5%	-
GPM	39.5%	39.0%	38.5%	39.2%	37.8%	-	0.3 ppt	1.2 ppt	-
Non-GAAP NPM	14.9%	17.5%	19.1%	14.9%	16.6%	-	0.0 ppt	0.9 ppt	-

Source: CMBIGM estimates

Figure 3: CMBI forecast vs consensus

RMB mn	Current			Consensus			Diff (%)		
	2026E	2027E	2028E	2026E	2027E	2028E	2026E	2027E	2028E
Revenue	4,407	6,016	8,019	4,384	6,176	7,999	0.5%	-2.6%	0.3%
Gross profit	1,741	2,347	3,091	1,768	2,460	3,122	-1.5%	-4.6%	-1.0%
Non-GAAP NP	658	1,056	1,534	638	1,030	1,567	3.1%	2.4%	-2.1%
GPM	39.5%	39.0%	38.5%	40.3%	39.8%	39.0%	-0.8 ppt	-0.8 ppt	-0.5 ppt
Non-GAAP NPM	14.9%	17.5%	19.1%	14.5%	16.7%	19.6%	0.4 ppt	0.9 ppt	-0.5 ppt

Source: Bloomberg, CMBIGM estimates

Figure 4: HSAI: target valuation

P/S Valuation (RMBmn)	2026E
2026E Revenue	4,407
Target 2026E P/S	7.5x
Equity value	33,051
No. of ADS outstanding (diluted; mn)	161
Target price (USD)	29.3

Source: Company data, CMBIGM estimates

Note: USD/RMB = 7.0:1

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	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec (RMB mn)						
Revenue	1,877	2,077	3,028	4,407	6,016	8,019
Cost of goods sold	(1,216)	(1,193)	(1,762)	(2,666)	(3,669)	(4,928)
Others	0	0	0	0	0	0
Gross profit	661	885	1,265	1,741	2,347	3,091
Operating expenses	(1,233)	(1,089)	(1,096)	(1,288)	(1,361)	(1,439)
Selling expense	(149)	(193)	(192)	(221)	(232)	(243)
SG&A expense	(320)	(317)	(289)	(332)	(349)	(366)
R&D expense	(791)	(856)	(797)	(916)	(962)	(1,010)
Others	27	276	181	181	181	181
Operating profit	(572)	(205)	169	453	986	1,652
EBITDA	(485)	(73)	169	585	1,150	1,844
Depreciation	86	132	0	132	165	192
Interest income	100	104	130	179	149	109
Interest expense	(3)	(13)	(19)	(21)	(21)	(21)
Net Interest income/(expense)	97	92	111	159	129	89
Foreign exchange gain/loss	(0)	15	2	0	0	0
Other income/expense	0	(2)	185	0	0	0
Pre-tax profit	(475)	(101)	467	612	1,114	1,741
Income tax	(1)	(1)	(31)	(104)	(201)	(348)
Others	0	0	0	0	0	0
Net profit	(476)	(102)	436	508	914	1,393
Adjusted net profit	(241)	14	551	658	1,056	1,534

BALANCE SHEET	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec (RMB mn)						
Current assets	4,398	4,683	7,069	7,292	8,470	10,234
Cash & equivalents	3,141	3,246	4,850	4,659	4,970	5,651
Account receivables	525	765	1,262	1,475	2,014	2,685
Inventories	496	482	670	872	1,200	1,611
Other current assets	236	190	286	286	286	286
Non-current assets	872	944	944	1,166	1,293	1,360
PP&E	1,026	1,026	944	1,284	1,560	1,804
Other non-current assets	(154)	(82)	0	(117)	(267)	(444)
Total assets	5,663	5,990	11,261	11,701	12,927	14,712
Current liabilities	1,335	1,629	1,895	1,983	2,295	2,687
Short-term borrowings	112	345	448	448	448	448
Account payables	277	355	743	830	1,143	1,535
Other current liabilities	947	929	704	704	704	704
Non-current liabilities	465	429	407	407	407	407
Long-term borrowings	286	269	279	279	279	279
Other non-current liabilities	179	160	128	128	128	128
Total liabilities	1,800	2,058	2,303	2,390	2,703	3,095
Share capital	7,424	7,577	11,926	11,926	11,926	11,926
Retained earnings	(3,562)	(3,645)	(2,967)	(2,615)	(1,701)	(308)
Other reserves	0	0	0	0	0	0
Total shareholders equity	3,862	3,932	8,959	9,311	10,225	11,618
Minority interest	0	0	0	0	0	0
Total equity and liabilities	5,663	5,990	11,261	11,701	12,927	14,712

CASH FLOW	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec (RMB mn)						
Operating						
Profit before taxation	(476)	(102)	436	508	914	1,393
Depreciation & amortization	86	132	0	132	165	192
Change in working capital	181	(148)	(298)	(327)	(554)	(690)
Others	266	180	(128)	0	0	0
Net cash from operations	57	64	10	313	524	895
Investing						
Capital expenditure	(415)	(271)	(284)	(504)	(213)	(213)
Acquisition of subsidiaries/ investments	(622)	1,227	0	0	0	0
Others	(24)	0	0	0	0	0
Net cash from investing	(1,060)	956	(284)	(504)	(213)	(213)
Financing						
Dividend paid	0	0	0	0	0	0
Net borrowings	377	354	112	0	0	0
Share repurchases	1,225	0	4,298	0	0	0
Others	(12)	(104)	0	0	0	0
Net cash from financing	1,590	251	4,410	0	0	0
Net change in cash						
Cash at the beginning of the year	913	1,558	2,828	6,965	6,774	7,084
Exchange difference	58	14	0	0	0	0
Others	0	0	0	0	0	0
Cash at the end of the year	1,558	2,828	6,965	6,774	7,084	7,766
GROWTH	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec						
Revenue	56.1%	10.7%	45.8%	45.6%	36.5%	33.3%
Gross profit	40.1%	33.7%	43.0%	37.6%	34.8%	31.7%
Operating profit	na	na	na	168.2%	117.7%	67.7%
EBITDA	na	na	na	246.5%	96.7%	60.4%
Net profit	na	na	na	16.5%	80.0%	52.5%
Adj. net profit	na	na	3,921.7%	19.4%	60.5%	45.3%
PROFITABILITY	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec						
Gross profit margin	35.2%	42.6%	41.8%	39.5%	39.0%	38.5%
Operating margin	(30.5%)	(9.9%)	5.6%	10.3%	16.4%	20.6%
EBITDA margin	(25.9%)	(3.5%)	5.6%	13.3%	19.1%	23.0%
Adj. net profit margin	(12.9%)	0.7%	18.2%	14.9%	17.5%	19.1%
Return on equity (ROE)	(132.7%)	(2.6%)	6.8%	5.6%	9.4%	12.8%
GEARING/LIQUIDITY/ACTIVITIES	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec						
Current ratio (x)	3.3	2.9	3.7	3.7	3.7	3.8
Receivable turnover days	98.2	113.3	122.2	122.2	122.2	122.2
Inventory turnover days	171.6	149.7	119.3	119.3	119.3	119.3
Payable turnover days	72.6	96.7	113.7	113.7	113.7	113.7
VALUATION	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Dec						
P/E	ns	ns	43.7	42.1	23.4	15.3
P/E (diluted)	ns	ns	43.7	43.9	24.1	15.8

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

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CMB International Global Markets Limited

Address: 45/F, Champion Tower, 3 Garden Road, Hong Kong, Tel: (852) 3900 0888 Fax: (852) 3900 0800

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