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Company Report: PATEO CONNECT (02889 HK)

公司报告: 博泰车联网 (02889 HK)

Riding the In-Vehicle AI Wave, Maintain "Buy"

- We maintain "Buy" rating with TP at HK\$207.9.** We believe the Company remains in a fast-growing stage, underpinned by the accelerating in-vehicle AI wave. We forecast 2025-2028F revenue to grow at a CAGR of 37.9%, and expect the Company to reach breakeven over the forecast period. Our target price HK\$207.9 implies 5.0x 2026F P/S, and maintain "Buy" to reflect its great opportunities in AI application and cockpit-driving integration.
- Top line slightly missed; core net loss largely in line.** On 31 Mar. 2025, the Company disclosed its 2025 full-year results. Revenue grew strongly by 37.3% YoY to RMB3.51 bn, though slightly below our expectations, driven by a significant increase in smart cockpit deliveries during the year. Smart cockpit domain controller shipments reached 1.3mn units in 2025, representing a growth of over 40% YoY. Meanwhile, GPM improved by 0.6 ppts to 12.4%, supported by the Company's high-end cockpit products. Core net loss, excluding share-based payments and listing expenses, came in at RMB240 mn, largely in line with our expectations and representing a 31.9% narrowing compared to the prior year. We believe the Company is well on track to reach breakeven, as its business scale continues to expand.
- Riding the in-vehicle AI wave.** The smart cockpit industry is entering a new "AI-defined automobile" era. As an integrated software and hardware solutions provider, the Company continues to deepen its presence in the in-vehicle AI applications. In 2025, revenue from AI software and cloud-based intelligent services grew substantially to RMB95.1 mn. The Company's current product portfolio is primarily centered around high-end chipsets, including the Qualcomm 8295, 8397 and Kirin 9610A, powering its smart cockpit solutions. As more premium vehicle models integrate AI applications into their smart cockpits, we believe this will inject fresh momentum into the Company's growth.
- Overseas expansion gains meaningful traction.** In 2025, the Company entered Porsche's supply chain, with collaboration expected to deepen in 2026, including the delivery of AI-related smart cockpit products. In addition, the Company has established a partnership with Hyundai, covering its global vehicle models, with the relevant vehicle models having completed qualification certifications in over 100 countries. Mass production is expected to commence in 2027. Leveraging the experience gained from these projects, the Company is well-positioned to continue expanding its footprint among global OEMs.
- Risks:** 1) uncertainty in maintaining long-term cooperation with existing customers; 2) risks associated with overseas expansion execution; and 3) margin pressure from accelerating industry consolidation.

Rating:

Buy

Maintained

评级:

买入 (维持)

6-18m TP 目标价:

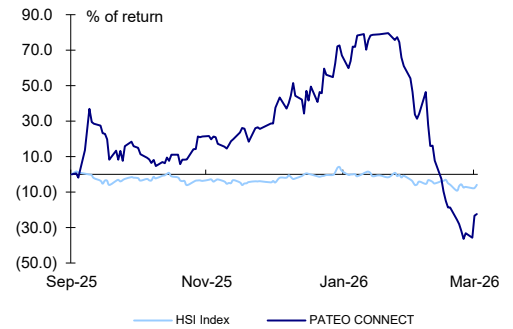
HK\$207.90

Share price 股价:

HK\$120.500

Stock performance

股价表现



Change in Share Price	1 M	3 M	1 Y
股价变动	1 个月	3 个月	1 年
Abs. % 绝对变动 %	(51.9)	(43.6)	n.a.
Rel. % to HS Index 相对恒指变动 %	(46.7)	(42.2)	n.a.
Avg. Share price(HK\$) 平均股价 (港元)	157.9	216.4	198.7

Source: Bloomberg, Guotai Junan International.

Year End	Turnover	Net Profit	EPS	EPS	PER	BPS	PBR	DPS	Yield	ROE
年结	收入	股东净利	每股净利	每股净利变动	市盈率	每股净资产	市净率	每股股息	股息率	净资产收益率
12/31	(RMB m)	(RMB m)	(RMB)	(△%)	(x)	(RMB)	(x)	(RMB)	(%)	(%)
2024A	2,557	(541)	(4.106)	116.9	(27.6)	11.719	9.7	0.000	0.0	(50.5)
2025A	3,510	(1,093)	(7.688)	87.2	(14.1)	15.133	7.2	0.000	0.0	(59.1)
2026F	5,504	(344)	(2.295)	(70.1)	(46.3)	12.053	8.8	0.000	0.0	(17.4)
2027F	7,138	(97)	(0.649)	(71.7)	(163.8)	11.404	9.3	0.000	0.0	(5.5)
2028F	9,200	54	0.358	(155.2)	296.8	11.762	9.0	0.072	0.1	3.1

Shares in issue (m) 总股数 (m)	150.0	Major shareholder 大股东	Mr. Ying Zhenkai	31.8%
Market cap. (HK\$ m) 市值 (HK\$ m)	18,075.0	Free float (%) 自由流通比率 (%)		8.3
3 month average vol. 3 个月平均成交股数 ('000)	145.3	FY26 Net gearing (%) FY26 净负债/股东资金 (%)		48.7
52 Weeks high/low (HK\$) 52 周高/低 (HK\$)	288.800 / 96.000	FY26 Est. NAV (HK\$) FY26 每股估值 (港元)		211.7

Source: the Company, Guotai Junan International.

Company Rating Definition

The Benchmark: Hong Kong Hang Seng Index

Time Horizon: 6 to 18 months

Rating		Definition
Buy	买入	Relative Performance > 15%; or the fundamental outlook of the company or sector is favorable.
Accumulate	收集	Relative Performance is 5% to 15%; or the fundamental outlook of the company or sector is favorable.
Neutral	中性	Relative Performance is -5% to 5%; or the fundamental outlook of the company or sector is neutral.
Reduce	减持	Relative Performance is -5% to -15%; or the fundamental outlook of the company or sector is unfavorable.
Sell	卖出	Relative Performance < -15%; or the fundamental outlook of the company or sector is unfavorable.

Sector Rating Definition

The Benchmark: Hong Kong Hang Seng Index

Time Horizon: 6 to 18 months

Rating		Definition
Outperform	跑赢大市	Relative Performance > 5%; or the fundamental outlook of the sector is favorable.
Neutral	中性	Relative Performance is -5% to 5%; or the fundamental outlook of the sector is neutral.
Underperform	跑输大市	Relative Performance < -5%; Or the fundamental outlook of the sector is unfavorable.

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