27 May 2026 11:58:51 ET | 12 pages

Joyson (600699.SS / 0699.HK)

Humanoid Robot Progress and High-Growth Auto Electronics Play

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CITI'S TAKE

We hosted a management update meeting with Joyson on 27 May. Our key takeaways: **(1) Humanoid robot business:** Progress remains on track, with Joyson making small-batch deliveries of smart head assembly and structural parts to its major US customer and prepared for mass production. That said, our industry checks suggest mass production at the US customer could be delayed to late 3Q26E, which may dampen investor sentiment on the broader humanoid robot theme. **(2) Upside risk to optical module business:** Given robust demand, we expect Fast Photonics revenue to reach Rmb800mn/2bn in 2026/27E, with potential upside to Rmb1bn/>2bn if capacity expands faster than expected. **(3) Stronger margin defense:** With ~75% of revenue exposure overseas, management believes Joyson has stronger margin defense than domestic peers amid sector margin pressure.

Humanoids business updates — Joyson management believes automakers will all ultimately evolve into robot manufacturers considering the shared technological roots. Despite the small revenue contribution during the early stage, the company's near-term focus is to secure industrial positioning, with a product portfolio that includes dexterous hands, smart skin, battery packs, and smart head and structural components, with clients including Agibot 智元 (domain controller, smart head, BMS, IMU, camera), Unitree 宇树 (battery pack solution), and a leading US humanoid robot player (smart head and structural parts).

Auto safety to see margin expansion; electronics +25% revenue CAGR — On **auto safety,** management expects single-digit percentage revenue growth in the coming years driven by market share gains and ASP growth on the back of the vehicle intelligence trend, with a net margin goal of 5% by 2028E. On **auto electronics,** with a strong order backlog, management expects overseas ADAS domain controller orders to start to enter mass production from 4Q26E (the next growth driver for the auto electronics segment). The company sees +25% revenue CAGR for auto electronics in the next 3–5 years.

															Current Fiscal Year		Next Fiscal Year	
						Rating		Short-Term	Target Price						EPS		EPS	
Company	Ticker	Ccy	Price	Mkt Cap (M)	Date & Time	Old	New	View	Old	New	ESPR (%)	Div Yld (%)	ETR (%)	Last Rpt Yr	Old	New	Old	New
NJEC	0699.HK	HK$	17.71	2,715	27 May 16:10	1	nc	-	22.20	nc	25.4	2.8	28.2	Dec-25	1.203	nc	1.559	nc
Joyson Electronic	600699.SS	Rmb	30.220	42,177	27 May 15:00	1	nc	-	33.600	nc	11.2	1.5	12.7	Dec-25	1.203	nc	1.559	nc

1 = Buy, 2 = Neutral, 3 = Sell, H = High Risk
ESPR = Expected Share Price Return, ETR = Expected Total Return, nc = no change
Source: Citi Research
^Catalyst Watch

See Appendix A-1 for Analyst Certification, Important Disclosures and Research Analyst Affiliations.

Upside risk to optical module business — Fast Photonics (新菲光), Joyson's optical module business, serves cloud giants including Huawei, DeepSeek, Oracle, Amazon, Microsoft, and Meta, with 800G modules in stable shipment, 1.6T in ramp-up, and North American capacity scheduled to come online mid-2026. Given robust demand, we expect Fast Photonics revenue to reach Rmb800mn/2bn in 2026/27E, with potential upside to Rmb1bn/>2bn if capacity expands faster than expected.

Joyson Electronic

Company description

Ningbo Joyson Electronic Corp is one of the world's leading automotive component manufacturers with a global footprint. Headquartered in Ningbo, China, Joyson has more than 100 bases in 30 countries with more than 80,000 employees worldwide. Starting out as a functional parts player, the company completely transformed its business through a series of M&As. Now the company focuses on auto safety parts and auto electronic parts business.

Investment strategy

We rate Joyson-H a Buy based on: (1) Its earnings are improving driven by cost reduction on vertical integration of the supply chain, enhanced operating efficiency and optimizing of the production capacity layout. The margin upside potential of Joyson has yet to be factored in by the market, in our view. (2) It has tapped into the humanoid robot supply-chain industry. We expect humanoid robot components to be its second growth curve in the long term. (3) Existing business (auto safety & electronics) is seeing robust orders.

Valuation

We derive our target price of HKD22.2 for Joyson-H based on 17x 26E P/E, 1.5SD above 5-year avg for HK-listed peers to reflect ongoing robotics progress and solid earnings growth trajectory in 2026-28E. The company's greater margin upside potential as well as its humanoid robot business expansion should support valuations, in our view.

Risks

Key downside risks that could cause Joyson's shares to trade below our target price include: 1) lower-than-expected global PV production growth; 2) higher-than-expected raw material prices and shipping fees; and 3) worse-than-expected global PV sales growth, especially in the US and European markets. Upside risks that could cause the shares to trade above our target price include: 1) better-than-expected auto demand translating into upside surprise in component shipment volumes; 2) better-than-expected efficiencies translating into better-than-expected margins; and 3) quicker-than-expected adoption of autonomous cars.

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Investment strategy

We rate Joyson-A a Buy based on: (1) Its earnings are improving driven by cost reduction on vertical integration of the supply chain, enhanced operating efficiency and optimizing of the production capacity layout. The margin upside potential of Joyson has yet to be factored in by the market, in our view. (2) It has tapped into the humanoid robot supply-chain industry. We expect humanoid robot components to be its second growth curve in the long term. (3) Existing business (auto safety & electronics) is seeing robust orders.

Valuation

Our target price of Rmb33.60 for Joyson-A is based on 28x 26E P/E, 0.5SD above average level after an earnings turnaround in 2022 to reflect ongoing robotics progress and solid earnings growth trajectory in 2026-28E. The company's greater margin upside potential as well as its humanoid robot business expansion should support valuations, in our view.

Risks

Key downside risks that could cause Joyson’s shares to trade below our target price include: 1) lower-than-expected global PV production growth; 2) higher-than-expected raw material prices and shipping fees; and 3) worse-than-expected global PV sales growth, especially in the US and European markets. Upside risks that could cause the shares to trade above our target price include: 1) better-than-expected auto demand translating into upside surprise in component shipment volumes; 2) better-than-expected efficiencies translating into better-than-expected margins; and 3) quicker-than-expected adoption of autonomous cars.

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Appendix A-1

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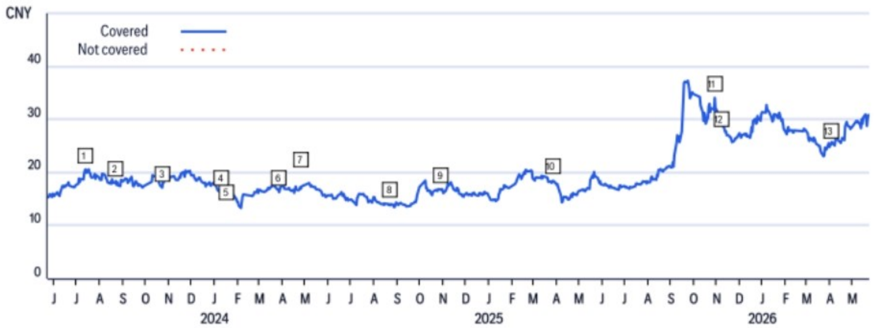
Ratings and Target Price History
Fundamental Research

Analyst: Kyle Wu



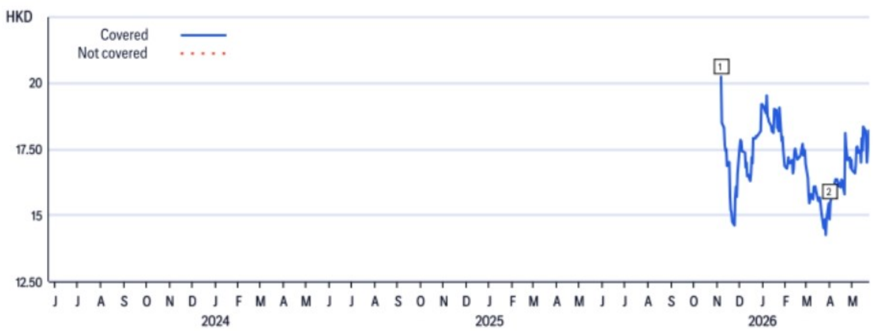
	Date	Rating	Target Price	Closing Price
1	12-Jul-23 04:14:00	*2	*22.20	20.48
2	21-Aug-23 14:06:10	2	*20.00	18.09
3	23-Oct-23 12:03:18	2	*18.60	17.15
4	09-Jan-24 03:00:51	2	*18.00	16.35
5	16-Jan-24 06:43:19	2	*18.10	16.15
6	27-Mar-24 22:29:17	2	*18.30	16.28
7	25-Apr-24 13:07:54	2	*17.80	16.97
8	21-Aug-24 12:51:57	2	*15.00	13.99
9	28-Oct-24 16:33:07	2	*18.50	16.81
10	27-Mar-25 14:34:13	2	*19.10	18.43
11	29-Oct-25 11:15:12	2	*38.00	34.05
12	06-Nov-25 05:07:53	*1	*34.20	30.07
13	01-Apr-26 12:56:05	1	*33.60	25.20

*Indicates Change

Rating/target price changes above reflect Eastern Time

Joyson Electronic (0699.HK)
Ratings and Target Price History
Fundamental Research

Analyst: Kyle Wu



	Date	Rating	Target Price	Closing Price
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2	01-Apr-26 12:56:05	1	*22.20	15.49

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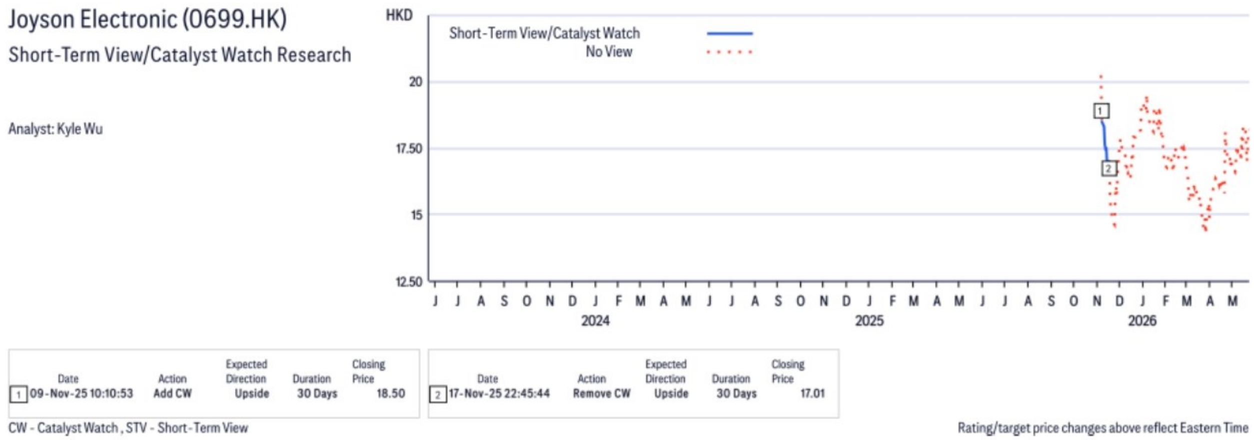

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