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Horizon Robotics | Asia Pacific

1H26 Call Takeaways – Targeting Hard-/Soft-cut Land Grab

HSD momentum builds into 2027: Beyond advanced-AD adoption across several models, management flagged HSD project wins with leading OEMs, including JV names, set to enter mass production in 2H26 and contribute meaningfully in 2027. In the current pipeline, HSD has now secured wins at all five top-selling domestic brands and the top two JVs; management targets the combined direct-/IP-enabled business to rank first in advanced AD by volume share in 2027.

2H26 acceleration underpins the Rmb5bn revenue target: Management guided to revenue of over Rmb5bn for 2026, implying 33%+ YoY growth to ~Rmb3bn in 2H26, supported by ~2.8mn shipments (full-year 5mn+). Building on the pipeline, shipments should reach ~7mn next year, or ~40% YoY growth.

R&D stays elevated, but breakeven in plan: Management reiterated heavy, saturated R&D investment to defend its technology lead and drive share gains, but, in the meanwhile, expects the pace spending to accelerate slower than gross profit, leaving its 2028 breakeven (on a Rmb10bn+ revenue base) goal within reach.

Tim Hsiao
Equity Analyst
Tim.Hsiao@morganstanley.com +852 2848-1982

Peggy Wang
Research Associate
Peggy.Pc.Wang@morganstanley.com +852 3963-3934

Shelley Wang, CFA
Equity Analyst
Shelley.Wang@morganstanley.com +852 3963-0047

Joey Xu, CFA
Equity Analyst
Joey.Xu@morganstanley.com +852 3963-0337

Junming Zhang
Research Associate
Junming.Zhang1@morganstanley.com +852 2848-5412

Horizon Robotics (9660.HK, 9660 HK)

China Autos & Shared Mobility | China

Stock Rating	**Overweight**
Industry View	**In-Line**
Price target	HK$8.70
Up/downside to price target (%)	84
Shr price, close (Aug 31, 2026)	HK$4.72
52-Week Range	HK$11.32-3.60
Sh out, dil, curr (mn)	14,652
Mkt cap, curr (mn)	Rmb59,334.8
EV, curr (mn)	Rmb36,060.8
Avg daily trading value (mn)	HK$1,309

Fiscal Year Ending	12/25	12/26e	12/27e	12/28e
EPS (Rmb)**	(0.81)	(0.19)	(0.08)	0.08
Prior EPS (Rmb)**	-	-	-	-
Revenue, net (Rmb mn)	3,758	6,092	9,381	13,300
EBITDA (Rmb mn)	(3,750)	(2,827)	(1,002)	1,559
ModelWare net inc (Rmb mn)	(10,469)	(2,793)	(1,143)	1,244
P/E	NM	NM	NM	47.7
ROE (%)	(87.9)	(22.1)	(10.6)	11.6
EV/EBITDA	NM	NM	NM	22.8

framework
** = Based on consensus methodology

investors should be aware that the firm may have a conflict of

Research as only a single factor in making their investment decision.

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Valuation Methodology and Risks

Horizon Robotics (9660.HK)

Probability-weighted DCF, with probability weightings of 25% bull case, 50% base case, 25% bear case. The balanced probabilities in our bull case vs. bear case reflect our constructive view on Horizon gaining volume market share among ADAS+AD players in China, but we are also aware of rising competition and potential geopolitical headwinds in the smart driving business. Key DCF assumptions: 12.2% WACC (1.9 beta, 3% long-term growth rate).

Risks to Upside

- Faster-than-expected ADAS/AD adoption growth in China
- Delays/failure in OEMs' in-house hardware design
- Narrowing access to other solutions providers in China
- Expanding customer base with additional key customers

Risks to Downside

- Slower-than-expected ADAS/AD adoption in China
- Supply chain disruption
- OEMs' successful in-house hardware design initiatives
- Vehicle sales pressure from key customers in China

