Horizon Robotics (9660.HK): China AI Tour CFO visits: Smart driving to drive product mix upgrade; IP and Software to drive penetration; Buy

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We hosted Horizon Robotics' CFO on Sep 10 in Beijing during our China AI Tour. Management is positive on the company's growth ahead, supported by product mix upgrade towards high-end products, market share gain, business expansion in overseas markets, and solid partnership with leading car OEMs. We remain constructive on the company's client expansion and mix upgrade towards high-end driving solutions carrying higher dollar content. Maintain Buy.

Key takeaways

1. Business outlook: Management remains positive on China market growth. Despite the shipments being at flat growth, the structure is getting better: Urban NOA adoption rate increased to 30% in 1H26 (vs. 23% in 2025), and likely in the future, only those priced within Rmb80k (US$11k) would use ADAS, while others would adopt AD, supporting Horizon Robotics' product mix upgrade. For L2 ADAS market share in China, the company grew from 4% in 2022 to 50% in 1H26 (vs. 25% of Mobileye); AD market share in China, the company also increased from 18% in 2025 to 23% in 1H26, and target to be more than 50% in the future. For overseas markets, management highlights their opportunities with Chinese car OEMs exports; the company expects around 10m units of exports in 2026E, and the company continue to target mid double digit allocation in the market. The company retains strong commitments on R&D and chipsets upgrades every year to secure their market share expansion.

2. Competition advantages: Management remains positive on their competitiveness in smart driving given their comprehensive solution across chipset design and software, along with rich experience working with leading car OEMs. For car OEMs self-developed IC, management said they could also support / partner with these car OEMs, offering technology / IP licensing, or software, which could continue to commercialize their products and securing the customers, similar to "ARM + Android" business model: Horizon Robotics could charge license fees (for Horizon Robotics' IP to design the chips) and then the royalty fees per car. In long term, management continues to believe most of car OEMs would need to rely on third party for chipsets and software, for better efficiency. Under the current tight raw material supply, Horizon Robotics also shows their early preparation on procuring memory and MLCC beforehand, supporting their shipments in 2026-27E. The solid supply chain management also enhances their competition edges in the industry.



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Price Target Risks and Methodology - Horizon Robotics

Valuation: We derive our **12-month target price of HK$13.12** based on a 2030E discounted EV/EBITDA multiple of 29.0x (using our estimate of the company's 2030E EBITDA), which is based on the correlation of EBITDA growth and trading EV/EBITDA of its peers. We then discount it back to 2027E using a COE of 11.5% (equity risk premium of 6.5%, risk free rate of 3.0%, and a beta of 1.3; similar to what we apply for our coverage).

Key downside risks: (1) fiercer-than-expected competition or auto supply chain pricing pressure amid slow demand, (2) slower-than-expected product mix upgrade toward AD, (3) slower-than-expected expansion in the customer base, and (4) supply chain risks amid geopolitical tensions.

9660.HK	12m Price Target: **HK$13.12**	Price: **HK$4.23**	Upside: **210.2%**

Buy

Market cap: HK$53.4bn / $6.8bn
Enterprise value: HK$35.3bn / $4.5bn
3m ADTV: HK$859.8mn / $109.6mn
China
Greater China Technology
M&A Rank: 3
Leases incl. in net debt & EV?: Yes

GS Forecast

	12/25	12/26E	12/27E	12/28E
Revenue (Rmb mn)	3,758.3	5,662.7	10,180.4	17,879.2
EBITDA (Rmb mn)	(3,593.4)	(3,430.9)	(138.1)	4,328.7
EPS (Rmb)	(0.84)	0.10	(0.01)	0.27
P/E (X)	NM	34.9	NM	13.2
P/B (X)	6.8	4.2	4.3	3.1
Dividend yield (%)	0.0	0.0	0.0	0.0
N debt/EBITDA (ex lease,X)	–	–	–	(3.4)
CROCI (%)	NM	NM	NM	NM
FCF yield (%)	(2.9)	0.2	(1.5)	1.3

	6/26	12/26E	6/27E	12/27E
EPS (Rmb)	0.24	(0.14)	(0.02)	0.01

Source: Company data, Goldman Sachs Research estimates, FactSet. Price as of 11 Sep 2026 close.