Morgan Stanley | RESEARCH

UPDATE

September 17, 2026 11:02 AM GMT

Horizon Robotics | Asia Pacific

China BEST Conference 2026 Takeaways

BYD remains a crucial growth driver, with further share gains from the chip and HSD ramp: Horizon targets the lion's share of God's Eye C in 2H26, while project wins for God's Eye B enter mass production by year end. The business model could increasingly shift toward IP/licensing as BYD brings more chip development in-house.

Management expects shipments to exceed 7mn units, or ~40% YoY growth. Meanwhile, more outsourced J6P DCU assembly should support GpM, albeit at lower revenue per unit.

Competitive edge over global chip peers remains intact: Horizon targets to maintain >50% ADAS market share, with advanced-AD volumes surpassing those of the leading global player. Premium EV startups, BYD and other leading OEMs are increasingly replacing global AD chips with in-house or Horizon solutions.

Optionality beyond ADAS: VW licensing revenue should ramp further in 2H. Horizon has secured 10 global project wins with Toyota, alongside additional wins with Chery and Voyah. Looking ahead, J7 is scheduled to launch next year, robotaxi could scale toward 2028, while its ~40%-owned sister company D-Robotics could provide additional investment-gain optionality.

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 (%)	111
Shr price, close (Sep 17, 2026)	HK$4.13
52-Week Range	HK$11.32-3.60
Sh out, dil, curr (mn)	14,652
Mkt cap, curr (mn)	Rmb51,741.8
EV, curr (mn)	Rmb28,467.8
Avg daily trading value (mn)	HK$1,173

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	41.6
ROE (%)	(87.9)	(22.1)	(10.6)	11.6
EV/EBITDA	NM	NM	NM	17.9

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.

For analyst certification and other important disclosures, refer to the Disclosure Section, located at the end of this report.

+= Analysts employed by non-U.S. affiliates are not registered with FINRA, may not be associated persons of the member and may not be subject to FINRA restrictions on communications with a subject company, public appearances and trading securities held by a research analyst account.

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

