Hesai Technology

Incoming Physical AI product launches!

6 April 2026

Company Overview

#1 Global LiDAR leader. Hesai has secured design wins from 24 automotive OEMs for mass-production programs. Key partners include a top European OEM, a leading global automaker in NEV sales, Li Auto, Xiaomi, Changan, Geely, Great Wall Motor, Chery, Zeekr, Leapmotor, SAIC Audi, SAIC-GM, a Toyota joint venture, among other top automakers. Hesai is also a major supplier to robotaxis such as Baidu, WeRide, and Zoox.

Investment Overview

Global LiDAR leader. By 2030F, the global ADAS and robotaxi LiDAR market is forecast to grow at a +27% CAGR (Yole Group). We see Hesai as a core beneficiary, supported by its #1 global market share, blue-chip OEM and robotaxi partnerships, cost-competitive products, proven mass-production execution, and in-house chip capabilities.

4Q25/FY25 results came in in-line. Hesai reported FY25 GAAP net income of RMB436mn (non-GAAP: RMB551mn), broadly matching expectations. Revenue grew 46% y/y to RMB3.0bn, driven by a 223% surge in shipments to 1.62mn units across ADAS and robotics. Gross margin moderated slightly to 41.8% (FY24: 42.6%) due to a higher mix of lower-margin ADAS LiDAR, but remained resilient. Operational momentum is supported by broad OEM penetration, multi-lidar wins (Li Auto, Xiaomi, Changan; SOP in 2026-27), humanoids expansion (e.g. Unitree), new verticals such as electric two-wheelers, and a >10mn-unit robotics backlog.

All eyes on new AI products. FY26F LiDAR shipment guidance was raised to 3.0–3.5mn units, ahead of prior guidance, consensus and our estimates, reflecting stronger demand and accelerating LiDAR penetration. Growth is supported by entrenched OEM relationships, expanding global partnerships (e.g. NVIDIA, Grab), and rising adoption across robotics and new applications. The shift toward multi-lidar configurations for L3 vehicles remains a key structural driver, increasing content per vehicle and expanding TAM. Focus now turns to upcoming launches of perception ("eyes") and motion control ("muscles") systems, marking Hesai's move up the value chain into physical AI, supported by ~RMB200mn incremental R&D.

Maintain BUY with revised TP of HKD235/USD30 (previous HKD265/USD35). We trim FY26F/FY27F earnings by ~11% to reflect higher R&D and lower ASPs, partly offset by stronger volumes. Our TP is based on unchanged 55x FY26F PE. We remain constructive on Hesai's leadership, with key catalysts including L3 acceleration, global PoC conversion, robotics/robotaxi wins, and the upcoming AI product launch.

Risks

Slowing automotive/robotics production, slower-than-expected lidar adoption, rising competition, regulatory headwinds (e.g., US 1260H list further restrictions) and more.

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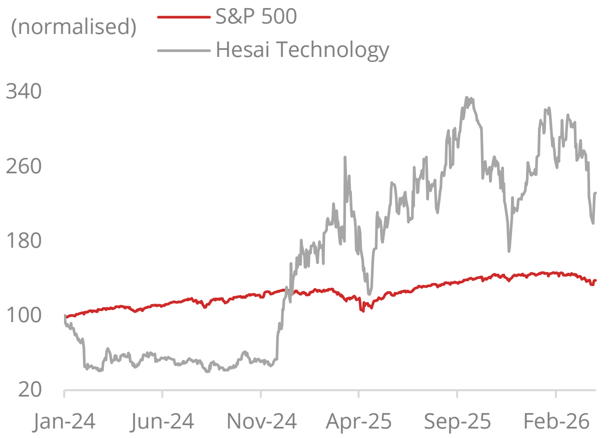
Key Financial Data

Bloomberg Ticker	HSAI US
Sector	Consumer Discretionary
Share Price (USD)	20.63
DBS Rating	BUY
12-mth Target Price (USD)	30.0
Market Cap (USDb)	3.2
Volume (m shares)	1.8
Free float (%)	-
Dividend yield (%)	-
Net Debt to Equity (%)	-42.3
Fwd. P/E (x)	35.5
P/Book (x)	2.1
ROE (%)	6.8

Closing Price as of 2 Apr 2026
Source: Bloomberg, DBS

Indexed Share price vs Composite Index Performance



Source: Bloomberg

The full report and disclaimers are accessible here:

Financial Summary

FY Dec (CNYmn)	FY2023(A)	FY2024(A)	FY2025(A)	FY2026(F)	FY2027(F)
Sales	1,877	2,077	3,028	4,531	6,100
% y/y	*56.1*	*10.7*	*45.8*	*49.7*	*34.6*
Gross Profit	661.4	884.6	1,265	1,799	2,409
% y/y	*40.1*	*33.7*	*43.0*	*42.2*	*33.9*
EBITDA	(979.7)	(149.0)	795.0	1,340	2,406
% y/y	*nm*	*nm*	*nm*	*68.6*	*79.5*
Net Profit (Loss)	(476.0)	(102.4)	435.9	590.6	1,011
% y/y	*nm*	*nm*	*nm*	*35.5*	*71.1*
FCF	(349.5)	(207.9)	(184.0)	(47.5)	356.0
% y/y	*nm*	*nm*	*nm*	*nm*	*nm*
CAPEX	(406.7)	(271.4)	(301.0)	(500.0)	(350.0)
% y/y	*75.9*	*(33.3)*	*10.9*	*66.1*	*(30.0)*
EBITDA Margin (%)	(52.2)	(7.2)	26.3	29.6	39.4
Net Margin (%)	(25.4)	(4.9)	14.4	13.0	16.6
ROA (%)	nm	nm	nm	nm	nm
ROE (%)	nm	nm	nm	nm	nm
Tax Rate (%)	nm	nm	6.6	10.0	12.0

Source: DBS

Valuation Metrics

FY Dec	FY2023(A)	FY2024(A)	FY2025(A)	FY2026(F)	FY2027(F)
PE (x)	nm	nm	42.8	33.7	19.7
P/B (x)	4.1	4.2	2.1	2.1	1.9
Dividend Yield (%)	nm	nm	nm	nm	nm
EV/EBITDA (x)	nm	nm	21.8	13.9	7.6
FCF Yield (%)	nm	nm	nm	nm	1.9
Net DPS (USD)	0.00	0.00	0.00	0.00	0.00
BV Per Share (USD)	4.4	4.2	8.7	8.9	9.8

Source: DBS

Credit & Cashflow Metrics

FY Dec	FY2023(A)	FY2024(A)	FY2025(A)	FY2026(F)	FY2027(F)
Debt / Equity (x)	0.1	0.1	0.0	0.0	0.0
Net Debt / Equity (x)	cash	cash	cash	cash	cash
Debt / Assets (x)	0.1	0.0	0.0	0.0	0.0
EBITDA / Int Exp (x)	nm	nm	nm	nm	nm
Debt / EBITDA (x)	(0.3)	(1.8)	0.4	0.2	0.1
Receivables Days	nm	nm	nm	nm	nm
Days Payable	nm	nm	nm	nm	nm
Inventory Days	nm	nm	nm	nm	nm

Source: DBS

Target Price & Ratings History

#	Date of Report	Closing Price	12-m Target Price	Rating
1	16 May'25	17.36	25.00	BUY
2	19 Aug'25	26.62	30.00	BUY
3	19 Jan'26	28.55	35.00	BUY
4	30 Mar'26	18.44	30.00	BUY

Source: DBS
Analyst: Elizabelle Pang

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Share price appreciation + dividends

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