

FY2025 Update

Joyson Electronic Corp.

Auto + Robotics Tier 1 + In-vehicle Optical Communication Strategy Creates New Growth Space

Investment Thesis

1. Upgrade of intelligent driving product structure: New orders for high-end intelligent products such as intelligent driving domain controllers, central computing units, and on-board multi-link screens have exceeded RMB20 bn. After in-depth strategic cooperation with Momenta, a leading domestic algorithm company, the company has quickly secured orders from 2 leading domestic automakers.

2. As a Tier 1 supplier, relying on relevant driving factors such as in-vehicle bracket drive and vehicle weight reduction, the company focuses on the demand for optical modules in the automotive field. The automotive on-board field is the foundation of the company's business, but the greater market potential in the future lies in the AI computing power field. In the organic growth field, the company has strategically invested in Fast Photonics, an optical module manufacturer, and there is no exclusion of further cooperation actions in the future. In the endogenous field, the on-board high-voltage power supply and AI server power supply share the same technical origin. By meeting the needs of automaker customers, the company layouts the power supply demand of autonomous driving AI data centers.

3. Auto main business performance: The Beta of the overseas whole vehicle market is superior to that of the domestic market. In 1Q26, domestic auto sales decreased by 17% YoY, while overseas auto sales increased by 42% YoY. Joyson derives 75% of its revenue from overseas markets and is closely bound to core automakers including Volkswagen, BMW, Mercedes-Benz, major North American customers, Toyota, and Hyundai. The company's global customer base and supply chain structure directly benefit from the recovery and structural upgrading of the global auto market. Currently, the level of intelligence and the penetration rate of NEVs overseas are relatively low: While China's L2+ penetration exceeds 70%, the global average is only ~30%; similarly, NEV penetration stands at ~53% in China vs. ~24% globally. The popularization of intelligence and NEVs has become the main layout direction of major automakers in recent years. Domestic independent brands are seeking overseas expansion, and the company's global production capacity and high-standard products can help them go global, thereby enabling Joyson to benefit from this process.

Key Points

The company's strategy of building a multi-chip platform for full-stack intelligent driving solutions and promoting ecological cooperation is advancing steadily, and intelligent driving has entered a period of high-speed growth. On the chip side, in addition to cooperating with Qualcomm, NVIDIA, Horizon Robotics and Black Sesame Technologies, the company has strategically invested in Xheart, and developed high-level intelligent driving domain controllers based on its chip platform. The relevant chips have been successfully lit up and put into on-vehicle testing. Xheart's X7 chip is planned to be mass-produced in 2026, and Joyson's corresponding domain controller products are expected to be mass-produced and installed on vehicles in 2027. The company has built a full-stack intelligent driving solution from entry-level to high-level, extending to L4 autonomous driving, while supplementing key capabilities such as visual perception. On the algorithm side, the company cooperates with Momenta, a leading domestic algorithm company, adopting an "algorithm + hardware" collaborative model. Momenta provides core autonomous driving algorithms, while Joyson is responsible for domain controller hardware development, functional safety, automotive qualification, mass production manufacturing and vehicle integration. The company has deepened cooperation with Momenta, integrated the advantages of algorithms and engineering implementation, and jointly secured high-level intelligent driving project designations from independent brand and global brand automakers. The relevant L2+/L2++ high-level intelligent driving domain controller products are expected to be gradually mass-produced starting from 2026; the L3-level intelligent driving project is planned to be mass-produced and implemented in 2027, and other customer projects are being promoted jointly. On the demand side, we expect intelligent driving revenue to ramp up meaningfully over the next 2-3 years, becoming a key driver of overall growth. Beyond L2+, the company has already expanded into L3/L4 and Robotaxi applications. The global L3/L4 market is projected to grow from ~US\$151bn in 2025 to ~US\$900bn by 2030 (CAGR ~43%), highlighting significant long-term optionality.

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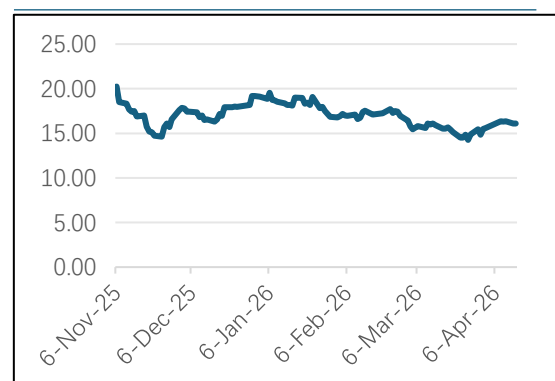
KEY DATA

Exchange: HKEX
Ticker: 699
Current Price: HK\$16.08
52-Week Range: HK\$14.02-HK\$21.50
Average Volume (3M): 2.44M
Shares Outstanding (MM): 1,551
Market Capitalization (MM): HK\$24,936
Fiscal Year-End: December

FINANCIALS

In RMB Million	FY24A	FY25A	FY26E	FY27E
Revenue	55,864	61,183	64,438	67,859
Gross Profit	9,064	11,196	10,503	11,468
EBIT	2,707	3,263	3,159	4,012
Continued Net Income	959	1,418	1,704	2,258

PRICE PERFORMANCE



The company is accelerating its deployment in embodied intelligence, with smooth commercialization progress. The company continues to build a cooperative ecosystem, leverages its automotive-derived technologies to extend its layout into embodied intelligence, constructs a matrix of core robotic components, and secures a position with leading robot companies. The company has established cooperative relationships with Agibot, Galaxy General Robot, and overseas-based RIVR Technologies, among others. Some products have already entered the mass production & delivery or sample delivery stage. We expect the company to start large-scale shipments to North American customers from 2026.

Originating from the demand for optical modules from automotive Tier 1, the company has partnered with InnoLight. Vehicle-mounted optical modules can achieve high bandwidth, low latency, and lightweight wiring, making them the core choice for the upgrading of intelligent connected vehicle architectures. The company, in collaboration with InnoLight, a global giant in optical modules, has completed the first Proof of Concept (POC) sample of vehicle-mounted optical communication modules. It is expected that this technology will be gradually applied in vehicles over the next 5-10 years in response to the future demand for high on-board bandwidth, thereby increasing the per-vehicle value. The market size of vehicle-mounted optical modules is expected to exceed US\$12 billion by 2030 (CAGR ~45%), presenting broad market space.

The company has strategically invested in Fast Photonics to explore high-speed optical module products in the AI and data center fields. While the automotive sector serves as the foundation of the company's business, the greater market potential in the future lies in the AI computing power field. The company has made a strategic investment in Fast Photonics to deploy high-speed optical module products in the AI and data center sectors, leveraging its fully automated production lines and digital manufacturing capabilities to advance the global layout of its optical module business. Looking back at the company's acquisition of KSS and Takata to enter the automotive safety field, the company has entered the optical module field through two approaches: (1) External M&A – investing in Fast Photonics; (2) Organic growth: the company itself is engaged in businesses related to on-board high-voltage power supplies. The company's power supply products have expanded from on-board applications to 800V HVDC products for high-voltage power supplies in AI data centers.

Demand for AI power supplies has surged, meeting the needs of automotive customers in deploying power supplies for autonomous driving AI data centers. The technical principles of AI server power supplies are convergent with those of the three small electric systems of new energy vehicles. With over a decade of in-depth experience in the power electronics field, the company is one of the world's earliest suppliers to mass-produce power electronic products for 800V high-voltage platforms. In 2025, it took the lead in launching an 850V high-voltage platform on-board charging product supporting V2G, with an efficiency exceeding 95%, enabling bidirectional power supply between vehicles and the power grid. Some traditional automotive customers are deploying AI data centers and have clearly requested the company to provide server power supplies accordingly. The company is extending its PSU, HVDC, solid-state transformers and other products to industrial-grade AI server power supplies in a dimensionality-reducing manner, and actively exploring power supply applications in the intelligent computing center field. AI server power supplies have similar compositions, convergent technical principles, and basically reusable core topologies and components to on-board power supply systems, making them an important expansion scenario for the horizontal extension of on-board power supplies.

Steady growth in FY2025 with record-high new orders. Joyson delivered solid top- and bottom-line growth in FY2025, with revenue reaching RMB 61.2bn (+9.5% YoY) and net profit attributable to shareholders at RMB 1.34bn (+39% YoY). Diluted EPS from continuing operations rose 37% YoY to RMB 1.01. The company declared a dividend of RMB 1.8 per 10 shares. It was mainly driven by supply chain optimization, global production capacity adjustment and vertical integration of core components. The scale of new business orders reached a new high of approximately RMB97 bn, of which the automotive safety business accounted for about RMB50.9 bn and the automotive electronics business accounted for about RMB46.1 bn. The company is seizing the dual opportunities of the intelligent upgrading of overseas automakers and the overseas expansion of domestic automakers. In FY2025, the revenue of the automotive safety business reached RMB38.5 bn, basically flat year-over-year; the gross profit margin of the business increased from 14.8% in FY2024 to 17.1% in FY2025. In FY2025, the revenue of the automotive electronics business was RMB16.8 bn. We expect the company's revenue to grow by 19%/22% year-over-year in 2026/2027, respectively, making it the fastest-growing segment in terms of revenue.

Core business stabilizing; new businesses provide upside optionality. We frame valuation under a "core + optionality" framework: Core business recovery supports valuation re-rating. Robotics and optical modules provide long-term upside. Compared with peers, Joyson is evolving into a platform-type supplier spanning "Automotive + Robotics Tier 1 + Automotive-grade optical communication solutions", which we believe is the key driver for future re-rating. The stock currently trades at HK\$16.08, implying a market cap of HK\$24bn. Based on FY2026E diluted EPS of HK\$1.44, this corresponds to a forward P/E of 12x, below the peer average of 15x.

Figure 1: Company's Financials 2023 – 2027E.

Unit: Million	2023	2024	2025	2026E	2027E
Revenue	55,728	55,864	61,183	64,438	67,859
Cost of sales	-47,672	-46,800	-49,987	-53,935	-56,391
Gross Profit	8,057	9,064	11,196	10,503	11,468
Other income	150	224	179	173	204
Selling and marketing expenses	-437	-584	-815	-644	-706
Administrative expenses	-2,922	-3,556	-3,831	-4,124	-4,004
Research and development costs	-2,541	-2,585	-3,289	-2,964	-3,121
Impairment reversal/(losses) on trade and other receivables	-36	-32	-51	-30	-32
Other net gains	230	177	-127	245	204
Profit from operations	2,500	2,707	3,263	3,159	4,012
Finance costs	-890	-828	-1,075	-773	-821
Share of profits/(losses) of equity accounted investees, net of tax	152	117	-3	129	136
Profit before taxation	1,762	1,996	2,185	2,514	3,327
Income tax	-522	-669	-570	-629	-832
Profit for the year	1,240	1,326	1,616	1,886	2,495
Profit attributable to Non-controlling interests	157	366	280	181	238
Profit attributable to Equity shareholders of the Company	1,083	960	1,336	1,704	2,258
Discontinued Profit attributable to Equity shareholders of the Company	0	2	-82	0	0
Continuing Profit attributable to Equity shareholders of the Company	1,083	959	1,418	1,704	2,258

Source: GLH Research; Company filings.

Figure 2: Peer Valuation Analysis.

Company	Ticker	Market Cap	Price	Diluted EPS			P/E			Category
				2025A	2026E	2027E	2025A	2026E	2027E	
Minh Group Limited	HK:00425	44,552	38.02	2.59	3.08	3.66	14.7x	12.3x	10.4x	H-share auto parts suppliers
Fuyao Glass Industry Group Co., Ltd.	HK:03606	161,674	61.95	3.97	4.59	5.39	15.6x	13.5x	11.5x	H-share auto parts suppliers
Nexteer Automotive Group Limited	HK:01316	13,528	5.39	0.32	0.43	0.55	16.8x	12.5x	9.8x	H-share auto parts suppliers
KEBODA TECHNOLOGY Co., Ltd.	SH:603786	22,677	56.15	2.30	2.92	3.68	24.4x	19.2x	15.3x	Chinese intelligent vehicle suppliers
Foryou Corporation	SZ:002906	16,425	31.29	1.49	1.83	2.32	21.0x	17.1x	13.5x	Chinese intelligent vehicle suppliers
							Median	16.8x	13.5x	11.5x
							Mean	18.5x	14.9x	12.1x
Ningbo Joyson Electronic Corp.	HK:00699	24,936	16.08	1.06	1.33	1.67	15.2x	12.1x	9.6x	

Notes:

1. Data as of 4/14/2026.
2. For H-shares, market price and diluted EPS are in HKD Million; for A-shares, market price and diluted EPS are in RMB.
3. Diluted EPS are in calendar year and estimates are provided by analyst consensus on Capital IQ.

Source: GLH Research; Company filings.

APPENDIX

Ningbo Joyson Electronics Co., Ltd. is a leading global provider of intelligent automotive technology solutions. Founded in 2004, the company initially focused on functional automotive components. Since 2011, it has expanded globally through a series of strategic acquisitions, including Preh, QUIN, KSS, and Takata. Today, its product portfolio spans key automotive domains including cockpit, intelligent driving, connectivity, powertrain, and body systems, while also expanding into emerging areas such as robotics and optical modules.

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Senior Research Analyst

Chujie (Jack) Sun is a Senior Research Analyst at Gelonghui Research. Since 2017, Jack has served as the Investment Analyst in China Alpha Fund Management (Hong Kong) Limited, TMT Analyst in First Shanghai Group, and TMT Analyst at Gelonghui Research. Focusing on TMT sector, Chinese companies listed in the US, Hong Kong, and etc., and he specializes in both buy-side and sell-side equity research. Jack holds a B.A. in Economics from Ohio State University (Columbus) and an M.S. in Finance from City University of Hong Kong.

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Yuecong (Marco) Zhang is a Senior Research Analyst at Gelonghui Research. Marco previously held the position of Senior Research Analyst at Watertower Research, Executive Director at Valuable Capital Group's Investment Banking Department, Vice President at Guosen Securities (HK), and Senior Associate at Roth Capital Partners, where he completed more than 35 transactions, including IPOs, follow-on offerings, and M&A, with a total transaction value of more than US\$3.5 Billion+ for mid-cap companies from China and the US. During his time at Roth, he led six NASDAQ and NYSE IPOs for Chinese clients, with a total transaction value of more than US\$260 Million. Marco holds a B.S. in Financial Management from North China Electric Power University and an M.S. in Applied Finance from Pepperdine University.

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