

Hesai expands China's autonomy and lidar technology into Europe – Insights from interview at 2025 IAA Mobility

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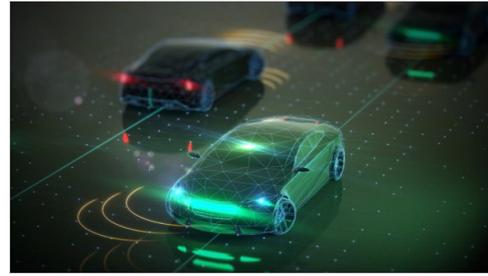
Matthew Beecham

S&P Global

Supply Chain and Technology, Automotive

Q&A with Hesai Technology

Chinese autonomy technology suppliers are increasingly expanding beyond domestic markets, delivering components and systems to international players. At the 2025 IAA Mobility show in Munich, Owen Chen, senior principal analyst at S&P Global, sat down with David Li, CEO of Hesai Technology, to discuss the evolution of autonomy, the distinctive role of Chinese suppliers in the global market, and Hesai's strategic approach to Europe and other international markets. Their conversation highlighted opportunities and challenges in lidar technology, the transformative potential of Level 3 and higher autonomous systems, and the growing role of robotics alongside automotive applications.



Source: Getty image/Just_Super



David Li [Source: Hesai]

The following is an edited transcript of the conversation:

Owen Chen: What are the key differences in the development trends of autonomous driving and ADAS among Europe, US and China?

David Li: For ADAS, China is the leader; Europe is following. The US is less active, because when we talk about the US, Tesla is always Tesla — very active, but other than Tesla, the rest of the players are much less active on ADAS. When it comes to European carmakers, as we are in Munich today, they are super active, and they have multiple platforms and generations planned. Many of them are assessing the technology landscape for the next few years, and almost all have a multi-stage rollout plan that starts with Level 3 systems and potentially Level 4 systems. China goes from the other direction. China is extremely aggressive in expanding and penetrating the market into the Level 2 system. Both Europe and China have very clear plans to [roll] out Levels 3 systems for all the [original equipment manufacturers]. And China is more active in the discussion because more China EV is very active, and all related technologies are happening in China. Today we are at IAA. It's a very interesting phenomenon that used to be that most traditional Western carmakers were working with Western suppliers to build their ADAS systems. I believe this is changing. More and more OEMs are open to what China has to offer to the table, not just because we are very innovative and advanced, but also because we have a proven track record.

Here at IAA, I've noticed a significant presence of Chinese suppliers in this room. Could you elaborate on Hesai's strategy in Europe? Specifically, is it focused on "Europe for Europe" or "China for Europe?" What is your perspective on Hesai's strategy and deployment in this market?

I believe that players in the supply chain agree that adopting an extreme approach of operating in China for global markets is unlikely to be successful. Most are considering partnerships outside of

China. It's not necessary to build a factory in every country you operate. For certain components like ours, which constitute a relatively small part of the overall volume, global shipping is feasible.

Having manufacturing facilities outside of China can still support global programs effectively. For instance, it's not necessary to establish a factory in Switzerland for the volume that the Swiss market demands. This is why we announced plans to set up a factory in Southeast Asia to cater to global volume. Since, we are not involved in the battery or windshield business, which are larger components that may require proximity to customers, we can instead establish a central manufacturing location and ship globally.

At the IAA Mobility main stage, it was noted that the automotive industry contributes 7% of the GDP in Europe. This highlights the significance of the automotive sector. As a Chinese technology company, what support can you offer to foster development in the European automotive industry?

As a supplier, our most important responsibility is to support our customers by providing the best products in terms of performance, quality and price. This is how we help them succeed in the competition. I believe we meet all these criteria.

In terms of the future vision and strategy, we would like to gain a clearer understanding of lidar technology. Over the next five years, what do you see as the biggest challenges and opportunities for lidar?

First and foremost, this technology can effectively save lives. According to publicly released data from Li Auto in China, lidar can reduce normal traffic accidents by 20% in typical cases and can reduce fatal accidents on highways by 90%. This indicates that lidar is a significantly better safety product than airbags and seatbelts, which is crucial.

The biggest opportunity lies in our ability to reduce the cost of such sensors by 99.5% through [research and development] and in-house manufacturing. This cost reduction will facilitate market penetration, making it feasible for consumers to invest in a \$200 lidar system that could potentially save their lives in 90% of fatal accidents.

Secondly, with a Level 3 system, drivers can read newspapers or, more likely, use their phones while driving, effectively reclaiming one to two hours of their day. This represents a substantial value proposition for many consumers when purchasing a car.

Looking ahead to the next 10 years, we may see the emergence of driverless vehicles. In business terms, this could increase vehicle utilization from two hours a day to perhaps 20 hours a day, creating a tenfold increase in value for car owners. These three factors represent significant opportunities for value creation in our industry.

Could you share some figures regarding Hesai's current shipment volume for robotics? Additionally, in the future, will the company's core business focus more on the automotive industry, or will it expand to cover a broader scope that includes robotics?

Regarding the numbers, this information is public, so you can refer to my earnings release. Here are two highlights: In [the second quarter], we experienced a year-over-year growth of 4x in the number of units shipped. For robotics, the year-over-year growth in units shipped for Q2 was 8x.

Looking ahead, we believe that automotive and robotics market are equally important. The automotive sector will always be more competitive in terms of pricing but will have much larger

volumes. In contrast, the robotics market will be more diversified across different industries, offering better margins, although the number of units shipped will initially be smaller than in automotive.

However, if we look ahead 10 to 20 years, robotics sector has a strong potential to surpass the automotive sector in volume. After all, a person can only drive one car at a time, but throughout your daily life, you might interact with 10 to 20 different robots in various ways that enhance your comfort, convenience and happiness. This presents a bright future for robotics.

CONTACTS

The Americas

+1 877 863 1306

Europe, Middle East & Africa

+44 20 7176 1234

Asia-Pacific

+852 2533 3565

www.spglobal.com/mobility

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