Mobileye

Second Quarter 2026 Earnings Conference Call

July 23, 2026

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Aaron Rakers, *Wells Fargo*

Mark Delaney, *Goldman Sachs*

George Gianarikas, *Canaccord Genuity*

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PRESENTATION

Operator

Greetings. Welcome to Mobileye's Second Quarter 2026 Earnings Call.

At this time, all participants are in a listen-only mode. A brief question-and-answer session will follow the formal presentation. If anyone should require Operator assistance during the conference, please press star, zero on your telephone keypad.

As a reminder, this conference is being recorded.

It is now my pleasure to introduce your host, Dan Galves. Mr. Galves, you may begin.

Dan Galves

Thanks, Sherry.

Hello, everyone, and welcome to Mobileye's second quarter 2026 earnings conference call for the period ending June 27, 2026.

Please note that today's discussion contains forward-looking statements based on the business environment as we currently see it, including regarding our future financial outlook. Such statements involve risks and uncertainties. Please refer to the accompanying press release, which includes additional information on the specific factors that could cause actual results to differ materially.

Additionally, on this call, we will refer to both GAAP and non-GAAP figures. A reconciliation of GAAP to non-GAAP financial measures is provided in our posted earnings release.

Joining us on the call today are Professor Amnon Shashua, Mobileye CEO and President, Moran Shemesh, Mobileye CFO, and Nimrod Nehushtan, Mobileye's EVP of Business Development and Strategy.

Thanks, and now I'll turn the call over to Amnon.

Amnon Shashua

Thank you for joining, everyone.

Mobileye's core business continues to perform very well in 2026, providing a strong foundation as we build towards upcoming advanced product launches. The second quarter, EyeQ volume was up 3%, outperforming the volume of our top 10 customers by more than 8 percentage points. While ASP came in modestly below our expectations due to a higher contribution from China OEM export volume, revenue was essentially flat and still outperformed production at our top customers by roughly 5 percentage points.

Profitability benefited from recognition of the new R&D credit law, which came into effect shortly after the end of Q1 and is retroactive to the beginning of 2026. Adjusted operating profit was up 46% year-over-year and adjusted operating margin expanded by 10.231%. Moran will get into detail on the credit law itself, but we view the benefit as sustainable. This policy was primarily designed to offset a higher Israeli corporate tax rate and to act as a retention tool to encourage continued R&D activity in Israel.

Considering the R&D credit booked in Q2, also included in the Q1 impact, we think that the first half provides a more representative view of Mobileye's underlying performance. On that basis, results were very strong with first half revenue up 13% year-over-year compared to our core customers production volume decline of 3%. First half adjusted operating margin was 23%, up six points on a year-over-year basis. Cashflow remained robust with $210 million of operating cashflow generated in the first half of the year.

Overall, our current business is a robust, extremely profitable foundation. We see multiple secular drivers, including growth opportunities in India, China OEM exports into emerging markets, and new customers, all of which are supporting continued volume growth above the broader market which surround ADAS as expected to drive ASP growth starting in 2028. Moreover, we continue to secure new design wins across virtually all of the high volume, mass market applications, our core customers need.

When we move beyond high volume ADAS into more advanced technology, such as point-to-point, eyes-on, hands-off, and level three eyes-off, the pace of additional traction will depend in part on demonstrating real-world performance through upcoming SuperVision, Chauffeur, and Drive launches. We have been consistent on this point the last few quarters until OEM see a vertically integrated supplier system performing at scale on the road some are choosing to experiment with multi-supplier architectures that they integrate themselves, typically on lower volume programs, where the commercial and operational risk is more contained.

The recent Stellantis awards are a good example of this dynamic. Mobileye won the high volume 2027 program with cloud-enhanced ADAS, supporting highway hands-free driving and a cost-efficient package for the OEM, while a lower volume, later timing, and higher risk program was awarded to other suppliers. We view that outcome is consistent with how OEMs are allocating risk today. Mobileye continues to win where scale, reliability, and production readiness matters most, while some OEMs continue to test alternative architectures on platforms that carry less risk to their business.

On cloud-enhanced ADAS specifically, this product provides an attractive economic bridge between base ADAS applications and more advanced autonomy with gross profit per unit roughly equivalent to surround ADAS, and well more than double than of a base ADAS program.

On the Robotaxi front, we remain encouraged by the progress with Volkswagen Group company, MOIA, both in terms of the performance testing of our self-driving system, as well as the build-out of MOIA's infrastructure. The program achieved a very recent milestone when MOIA began public rider testing with safety drivers in Hamburg, Hamburg, Germany, in vehicles equipped with our self-driving system. We're looking forward to additional milestones throughout '26 and '27.

As the confidence in our technology has grown, it has led to our decision to establish a fully vertically integrated Robotaxi offering where Mobileye will control all aspects of the value chain. This initiative, which will proceed in parallel and leverage the same self-driving system technology we have been developing for the last several years, targets launch in 2027 in at least one U.S. city. We believe this is a natural evolution to expand our potential share of this very large town.

In addition to technology confidence, data from early stage commercial services has clarified many question marks. Consumer demand has been strong. Revenue per vehicle is robust and would be profitable under our cost structure, and the regulatory environment is supportive. We have also noted slower than expected scaling by the perceived leaders in the space, which we see as providing ample time for us to build our ecosystem. This combination of factors made this a very clear decision for us. We have already established a cross-functional team to build this business and are deeply engaged with sub-constructors for the vehicle platform, self-driving system installation and vehicle uplift, and local logistics and infrastructure support.

Our Moovit division is fully engaged and is a high value asset for fleet supply, fleet supply demand optimization, trip planning, and rider engagement. We are forming joint Moovit-Mobileye teams to leverage Moovit's past proof of concept work with multiple mobility partners and accelerate development. Moovit will restructure its resources, moving away and reducing headcount from the B2B side of its business in order to later focus on this new strategy. Finally, we will add the Mobileye logo to Moovit's app in the U.S. across hundreds of thousands of consumer users to enhance consumer recognition of the Mobileye brand.

We see value in building the capability to participate across the entire Robotaxi value chain. But the most important action is responsibility for the vehicle as it comes out of the uplift facility as a fully validated driverless car. This opens up many go-to-market options for us, including operating the vehicles within our own service, deploying them on a third-party platform or selling the vehicles to Robotaxi service operators with recurring revenues as the vehicle generates rider fares. We also expect operating outside of an OEM to lead to more rapid validation and software update cycles.

Before turning it over to Moran, I'll say a few words on my decision to step down as CEO once we appoint a successor. Mobileye is my brainchild. It started as an idea 27 years ago that machine learning can transform a monocular camera empowered by an appropriate system on chip into a system that can warn and mitigate imminent accidents at scale. Since then, we have delivered more than 250 million units of products, generated more than $13 billion of revenue, created thousands of jobs, and saved scores of lives by preventing and mitigating accidents. We helped create an industry and changed how the world thinks about road safety.

Eventually, fully autonomous driving became the overarching goal. Today, with SuperVision, Chauffeur and Drive moving towards commercialization, Mobileye is entering a new phase. Our business that runs through automakers remains central to Mobileye. At the same time, Robotaxi and humanoid robotics are a major long-term opportunity built on the same physical AI foundation and require new operational models and new go-to-market strategies. Our next decade may be even more ambitious than the prior 27 years. That is why I believe this is the right time to begin a search for a new CEO.

The next leader should bring operating profile to scale these opportunities and the mandate to lead the company into its next stage. This will be a singular opportunity to lead one of the most important physical AI companies in the world. As for me, following the nomination of my successor, my goal is to contribute to the technology strategy, innovation, and long-term opportunities that can shape Mobileye's future. I'm proud of what we built, and I'm even more excited what comes next.

I will turn the call over to Moran.

Moran Shemesh Rojansky

Thank you, Amnon.

Before I begin, please be aware that all my comments on profitability will refer to non-GAAP measurements. The exclusions in Mobileye non-GAAP numbers are typically amortization of intangible assets, which is mainly related to Intel's acquisition of Mobileye in 2017 and stock-based compensation, including the partial offsetting impact of the new R&D incentive law. This year, we also exclude the goodwill impairment loss according to Q1 and transaction costs associated with the Mentee acquisition, which closed in early February.

Second quarter revenue of $508 million was relatively flat compared to last year's Q2, which was our highest revenue quarter of 2025. Volume of $10 million was again above our expectation, driven by higher share within certain OEMs, higher ADAS fitment rates in emerging markets and upside to China OEM export volume. These three positive trends were consistent throughout the first half and pushed our volume above the approximate $9 million quarterly average we had experienced during 2025.

On a sequential basis, we were down almost 1 million units from Q1 to Q2. It's important to remember that we believe Q1 included about $1 million of safety stock increase as customers. We believe the safety stock did not materially change during Q2, so underlying demand was basically flat from quarter to quarter. SuperVision deliveries of around 20,000 units were also above our expectations, with a little over 40,000 delivered in the first half compared to end market demand for the vehicles of around 30,000.

We do believe there is some intentional inventory building to protect against component shortages. This will be consumed during the second half. As such, we are incorporating a reduction in shipment volume in the second half of the year compared to the first and maintaining our outlook of slightly below 60,000 units.

Adjusted operating income was $155 million, up 46% year-over-year. Adjusted operating margin was 31%, up about 10 percentage points versus Q2 2025. The income and margin growth was more than accounted for by recognition of $93 million contra R&D expense related to an R&D incentive enacted by the Israel government during our Q2, as Amnon mentioned. Approximately 50% of the benefit was related to Q2 and 50% related to the Q1 impact recognized in Q2.

Regarding the R&D incentive, this new regime became law during our Q2, but is effective as of the beginning of 2026. After a deep analysis and consultations with a variety of groups, we arrived at the specific recognition for the first half and have enough clarity to incorporate further benefit in the back half of the year that are expected to be similar in magnitude to the first half.

A couple of points of detail around this new item. It's obviously a large positive impact to our P&L that we expect to continue in future years. There is no end date to this regulation, although it of course subject to future changes in the law. There is potential for some volatility in the quarterly recognition of the incentive. It can be impacted by meeting recognition threshold measurements of qualifying R&D expenditure incurred in Israel and exchange rate differences. It would also be impacted if Intel were no longer a controlling shareholder of Mobileye.

This is a cash benefit, but the timing of cash inflows is quite delayed compared to the accounting recognition. For example, we expect the cash impact of the benefit recognized in 2026 to occur two years later, gradually from the beginning of 2028. There is also expected to be some level of offset on the tax line, although not relative to street expectation that Mobileye medium term tax rate will be in the 20% range. Currently in 2026, our effective tax rate is expected to be in the 8% to 10% range, which is generally aligned with the cash tax rate. As a result of Israel implementation of the OECD Pillar 2 Global Minimum Tax Rules, we would expect both P&L and cash tax rate to increase up to 15%, potentially starting in 2027. Again, we believe that it's already incorporated into street estimations.

Turning to full year guidance, we are increasing the full year revenue outlook to $1.995 billion at midpoint and tightening the range, implying 4% to 7% revenue growth across the range. We see this as a strong growth in core business, given that the production volume of our top 10 customers is expected to be down about 4.5%. Our outlook midpoint is underpinned by a bit above 39 million EyeQ units, which is up almost 1 million units compared to our prior outlook. Partially offsetting the volume upside, coming mainly from China OEM export volume, is modestly lower expectations in the aftermarket and movie business, and some push out of advanced product samples, which carry very high per unit prices into 2027. Additionally, the approximately 10 million of higher than expected SuperVision revenue in Q2 is related to timing and results in a lowering of our SuperVision revenue expectation in the back half, as mentioned above.

We are increasing our outlook for adjusted operating income to $395 million at the midpoint, up from $210 million in the prior outlook. The guidance range for adjusted operating income actually winded slightly as the R&D incentive introduced an extra layer of potential volatility. We incorporate $180 million to $200 million in our full year outlook for this item. That positive impact, as well as contribution from higher revenue, is partially offset by some increase in expenses to support initial activities for our Robotaxi expansion and a very modest increase to operating expenses related primarily to foreign exchange. Our assumption for full year non-GAAP operating expenses is approximately $910 million at midpoint, including the expected $190 million R&D credit.

Turning to third quarter, we are assuming between 9.3 to 9.5 million EyeQ units, and for revenue to decrease approximately 5% to 6% on a year-over-year basis. We would expect gross margin to be slightly below Q2 level. Based on the mix of orders we are seeing currently, and for operating expenses excluding the R&D incentive to be slightly up from Q2, based on typical seasonality of higher operating expenses in Q3. The R&D incentive will go down significantly in Q3 from Q2, since Q2 also includes the retroactive impact of Q1.

To conclude, I'm very pleased with the higher foundational margin of the business, as well as our ability to largely keep operating expenses consistent with our initial outlook, offsetting some fairly severe FX headwinds that we were mostly able to offset with our hedging program and operational efficiencies. At this point, we are approximately 85% hedged for the second half, which should continue to reduce volatility. Also, operating cash flow was over $200 million in the first half, giving that over $90 million of our adjusted operating profit was related to R&D incentive recognition in Q2, which won't be paid in cash for some time. This reflects very strong cash flow from the core business.

Finally, I was pleased with our initial execution of the share buyback program. We were able to deploy approximately $24 million at an average purchase price of $9.37. Subject to market condition and share price, we would expect to grow or maintain that pace over the course of the year.

Thank you, and we will now take your questions.

Operator

Thank you. If you would like to ask a question, please press star, one on your telephone keypad. A confirmation tone will indicate your line is in the question queue. You may press star, two if you would like to remove your question from the queue. For participants using speaker equipment, it may be necessary to pick up your handset before pressing the star keys. One moment while we poll for questions.

Our first question is from Joshua Buchalter with TD Cowen. Please proceed.

Lannie Trieu

Hi, good morning. This is Lannie on for Josh. Can you hear me okay?

Dan Galves

Yeah, we can hear you.

Lannie Trieu

Okay, great. My first question is on your Robotaxi deployment. Understand that Mobileye is moving into a vertically integrated strategy, but I do remember Mobileye talking about not wanting to own the fleet itself a few years ago. Can you address any details on the strategy shift and how your partners are kind of reacting to the change in strategy? I have a follow up.

Amnon Shashua

Yes, thank you for the question. I think what has changed in the last few years is more clarity about the business, and some barriers that made vertical integration less attractive five years ago have changed. For example, level four ready base vehicles are becoming available. In the past, each player had to solve this alone at enormous cost. Fleet management and customer facing software can efficiently build with modern AI and Moovit assets. Compute and sensors stack have matured to a point where driving platform is essentially settled.

When we look at the entire business case, there's more clarity about demand and about projected revenue per Robotaxi. The numbers show, looking at our competitors, somewhere between $100,000 to $200,000 per Robotaxi per year. Our calculations show $125,000, which is quite conservative. The cost of a vehicle with our sensors and our compute, we have a very lean cost structure, would be below $100,000. The operating expenses per year per car is going to be a few tens of thousands.

Overall, this is a very profitable and very strong ROI. There are many ways to fund the CapEx, even when we go to the tens of thousands of vehicles. First, our cash reserves, the $1.2 billion, $1.3 billion. The expected operating cash of about $350 million per year going forward. There are many opportunities for external funding that we will start investigating when the time comes. We are less concerned about the commitment, the financial commitment of owning vehicles because we see a very strong ROI to this business.

Overall, what we're looking for is flexibility in the go-to market. Now, in certain geographies, we would go full vertical, including the demand generation through a customer-facing application, the fleet management, all in-house. In some territories, we would integrate to a TNC network. In other territories, we may license the vehicle. It provides us flexibility in go-to market.

Lannie Trieu

Thank you for all that detail. I really appreciate that. My follow-up is on pricing. I understand that typically the automotive industry has an annual contract included, but we've heard a lot about input costs going up across the semiconductor supply chain. I was wondering if you would be able to address anything you're doing regarding managing margins and if you're able to pass or share any input costs with your customers. Thank you.

Moran Shemesh Rojansky

Yeah, so I think we can divide it into two. First, in our EyeQ business, our exposure costs, at least on the memory side, it's kind of indirect as we provide only the chip. We haven't seen P&L impact of memory or cost increases this year. On the SuperVision side, there is a memory component that we buy. We have observed price increases this year that we fully pass through to our customer. It means obviously some headwind in SuperVision gross margin, but still, it's a relatively small portion of the activity. It doesn't impact significantly the total gross margin.

Operator

Our next question is from Joe Spak with UBS. Please proceed.

Joseph Spak

Thanks. Everyone and Amnon, congratulations. It's been great having a relationship over the years. I guess my first question is also related to your own Robotaxi unit initiative. Is there any initial reaction from some of your existing customers in terms of how they now view their relationship with you that at least it could be viewed in a part of their potential future business, you are a competitor as well as a potential partner?

Amnon Shashua

I think overall the response is positive because it means that we are doubling down on development of Robotaxi and the self-driving system is a core element in it. This I think is overweighs any other consideration that there is there.

Joseph Spak

Okay. Thank you for that. Then maybe just another one on the Stellantis win. My understanding is that was sort of upgraded from an existing program you had with them. It seems like that's a, I guess, to use non-engineering terms, a relatively less painful upgrade. I know you mentioned that they have some other, what you termed higher risk programs. I guess the question is, as you sort of look at your overall customer landscape and programs, do you see a lot more potential for this sort of upgrade from current functionality to either a Cloud ADAS or even Surround? Is Surround also a less, quote unquote painful or less risky upgrade for these customers?

Nimrod Nehushtan

I think for the Stellantis program is indeed an upgrade for an existing project that is already in production. Basically, the decision was that the next start of production milestone for that program would introduce RAM through cloud-enhanced ADAS, which is a relatively straightforward implementation compared to designing a completely new architecture, new ECU with completely new sensor set and so on. For the OEM, it's a very modest investment and there is a significant upside.

For us, it's mostly about software. It's, again, it's an easy execution. It does provide some tailwind in terms of the ASP for Stellantis. Their intent is to adopt this pretty much across the board for Stellantis vehicles effective 2027, gradually, of course, but ultimately getting to a standard fit integration of RAM in Stellantis fleet. I think we've seen a couple of more examples like this from OEMs that see this as kind of a low-hanging fruit. I think we're on pace to really expand our RAM ecosystem as a consequence.

Surround ADAS is a little bit different because it does require a different design. It's a new chip, it's EyeQ6 High. In that case, it's already an EyeQ6 Lite program with Stellantis. For EyeQ6 High, it requires designing a new system and then integrating this, validating it and then launching it. I think it's different profiles, but we are encouraged by this win. Of course, it's an important milestone for us.

Joseph Spak

Okay, if maybe I could sneak one more and just to be clear on your tax and the R&D credit comment. What you're suggesting is that this is, it's not even really sort of earnings neutral. It's actually sort of slightly earnings positive the net of the two changes?

Moran Shemesh Rojansky

Yeah, I mean that what it means that the tax or benefit regime has changed now in Israel. Israel used to give reduced tax rates to technology company. Having this multinational minimum tax rate has changed the way Israeli government splits the benefit. Yet it's a positive for Mobileye.

Dan Galves

Yeah, and I'll just follow up. This is Dan. It's more than slightly earnings positive especially compared to street estimates, which are essentially that we'll have a tax rate of around 20% in future years. This incentive changes our R&D expense sustainably. It does not change the way we'll pay taxes in terms of relative to street estimates.

Joseph Spak

Okay, so it's effectively $200 million benefit then is what you're saying.

Dan Galves

Correct.

Joseph Spak

Thank you.

Dan Galves

Thanks, Joe.

Operator

Our next question is from Chris McNally with Evercore ISI. Please proceed.

Chris McNally

Thanks. Thanks so much. First, Amnon, I just wanted to send my best in your decision because I would say learning from you from the outset of the last decade has truly been, I think, one of the highlights of my career. Wanted to say thank you first before for the question. But maybe to that idea of the decision, I think what a lot of people are curious about, because I imagine it's bittersweet, is, how much the team has accomplished to this point. But we're sitting at the dawn of full autonomous as you've kind of alluded to. Could you maybe give us your opinion on things like the perception in the RSS software stack where you've been so heavily involved? How much is left to quote unquote be solved or is left to be implemented by whoever your successor may be?

Amnon Shashua

Thank you. Thank you, Chris. Look, we built a very strong foundation, and we are at the point of really a big phase transition in the Company. From the point of view of solving problems, we believe that we've solved all the problems. We have a Gen 1 system being replaced by a Gen 2 software stack and in about a month or so being replaced by a Gen 3 system, which is incredibly sophisticated and incredibly advanced by end of year. The KPIs for Robotaxi looks very good. We believe that we can start commercial deployment in Orlando by end of the year, as we said in the past.

I think the big problems are solved and are very close to final execution. Humanoid robotics is the next big thing, and we are still bullish on 2028 to be able to ship robots to the first use case, which we believe is going to be B2C and not B2B. Everything is ready from a technology point of view, but now this phase transition is more about operations. It's more about go-to markets. We need to explore new go-to markets, especially in the Robotaxi and humanoids. Operations infrastructure should expand in order to support Robotaxi.

Then at the same time, AI is moving very, very fast. Now, I'm also contributing a lot of science into Mobileye, and I foresee that in the future, it could be a stretch to continue to manage the daily operations and be strongly hands-on on this fast-moving train called AI. It is the right time to find someone who will take the growth of the Company, the operations and the growth of the Company, and keep me focused on the long horizon, thinking. It's never a good time, but among all possible timeframes, I think now is the best time.

Chris McNally

Yeah. Sort of from the software level to the physical AI ops level is the way I'm thinking of paraphrasing that. This is a real, I think we're all trying to figure out the duration of this big R&D benefit that Dan talked about. Maybe a follow-on to Joe's question. I think you mentioned that this is the level under Intel's ownership. Could you just talk about what that level would be if Intel was at a lower percentage or if the stake was ever owned by someone else?

Moran Shemesh Rojansky

Yeah, so first question. Yeah, this benefit is definitely sustainable. Over the past 10 years, Mobileye enjoyed, as a preferred technology company, 6% tax, which is very low in Israel. It was very sustainable through all these years. Now, when there's a new tax regime, this benefit is no longer relevant. The way to give the incentive to tech companies is through this R&D credit, which is sustainable and comes to actually supersede the lowest tax rate. That's for the first question.

Second, on the Intel side, so Mobileye being part of Intel Group because of the revenue threshold, there's a revenue threshold of 10 billion Israeli shekel, is entitled of the highest bar of benefits, which is a grant rate of 25% to 30%. But if there is a change in the controlling structure or Intel is no longer in control of the shareholders, the benefit would be based on the location of the R&D activity. Since Mobileye is very much centralized in Israel and specifically in Jerusalem, which is the preferred area, and it's also entitled a very high bar of the benefit, it will be entitled bottom line to half of the grant we currently estimate. One hundred million, approximately instead of $200 million, that is still way high from most Israeli companies that have like maybe $10 million, $20 million, $30 million, that's the range. Because the Jerusalem impact is very significant and also our concentration in Israel also is a standalone company.

Chris McNally

It makes sense. It's a consolidated revenue R&D look specifically for the benefits of whether it was Intel or someone else, it'd be whatever that R&D revenue share was applicable to the threshold. Okay, thank you so much, team.

Dan Galves

Thanks, Chris. Next question, please.

Operator

Our next question is from Aaron Rakers with Wells Fargo. Please proceed.

Aaron Rakers

Yeah, thanks for taking the question. I guess I want to just maybe ask about, I know you're not giving longer term guidance beyond calendar '26, but when we look at street estimates, there clearly is an acceleration of growth in the '27 and in the '28. Obviously, you guys have been building design wins and stuff. But I just want to level set as we think about 2027. Could you give a quick overview of some of the key programs that you see as really kicking into 2027 and driving that assumed accelerated growth that we see in street estimates?

Amnon Shashua

Twenty twenty-seven, we see the Porsche SuperVision program starting to ramp up. But 2027, we don't anticipate a big volume. It only starts to ramp up. That's the big, I think that's the big growth driver in 2027. There's more, and the Robotaxi launches in 2027 with the Volkswagen Group and our own launches.

Aaron Rakers

Okay. Then on the memory side, I know you talked about your shipments above that of demand, and you touched on your own memory attributes. But as you think about that dynamic and underneath the backdrop that it doesn't appear that memory is going to necessarily loosen up looks like for the foreseeable future at this point, why would we necessarily expect your customers to compress their inventory? I'm just trying to understand your thought process around the component supply chain and the expectations into the back half of the year, particularly as it relates to memory.

Nimrod Nehushtan

I think that as Moran said earlier, we need to separate between our base ADAS business and the SuperVision one. Base ADAS, the overall system cost to the OEM is relatively modest and the memory component is relatively small in that. Therefore, so far, we haven't seen indications from the market that there is a change in volumes or order intake throughout the year and also for the upcoming few quarters.

In SuperVision, we are selling an ECU that does have memory components and therefore we do purchase the memory and therefore we incur the added cost, and we have transferred this to our customers. Again, as Moran said, so far it was possible. Of course, we cannot really say where will memory prices will be in a year, but so far that has been the case. Overall, the volumes for SuperVision we're selling in 2026 comprise a smaller portion of the overall revenue of the Company. These fluctuations do not have a meaningful effect on the average gross margin or the profit.

Moran Shemesh Rojansky

I would also say, I mentioned it in my remarks, that's the reason we didn't increase the yearly forecast for SuperVision. Basically, I think we shipped between 60% and 70% of the volume in the first half and we didn't increase the yearly forecast because our customer maybe wanted to protect themselves from the components issue and there might be some headwind in the second half of the year. But in terms of revenue, we didn't increase the guidance for SuperVision.

Aaron Rakers

Yeah, thank you.

Dan Galves

Thank you, Aaron. Next question, please.

Operator

Our next question is from Mark Delaney with Goldman Sachs. Please proceed.

Mark Delaney

Yes, thank you very much for taking the questions. Let me add my thanks, Amnon. I appreciate all of the time you spent sharing your insights on the industry and taking our questions over the years and wishing you the best going forward.

I have a follow-up on the Mobileye Drive business. You spoke a little bit on the progress that VW MOIA is making, but could you expand on what you're seeing there? I think there was a plan to have a Drive out and start commercializing around the end of this year in LA. Is that still on track? As you think about the timeframe to roll out the $100,000 overall order with VW, has there been any shifting in your expectation for that?

Amnon Shashua

The launch in Orlando is on track. We believe we will get to the KPIs by the end of the year. Last week, there was an event showing end-to-end, including the teleoperation and the customer facing and the entire end-to-end driving experience. It was very, very successful, and KPIs are on track. LA is scheduled for 2027.

In terms of commercial driverless deployment, of course, testing will start early 2027, but the commercial driverless deployment is scheduled towards Q3, second half of the year, and additional cities. As for the volume of $100,000, it is difficult to get precise numbers, but if the technology performs as we expect and the cost structure that we have and the Volkswagen production line of these vehicles, this number could eventually be lower than what could happen in reality, but it's difficult to say right now.

Mark Delaney

Thank you for those thoughts. My other was on Mentee and the humanoid market opportunity. You said earlier in the call that you're still expecting 2028 to be an important year for commercialization with the B2C focus. Can you speak a little bit more on the path to get there? I think the Company had been looking for proof of concept deployments in 2026 and some of the R&D you're working on with V3 and V4 will be helpful to better understand that path. Thank you.

Amnon Shashua

On the hardware side, we are on the robot called V3.2, which was assembled a few weeks ago with additional capabilities. V3.5 in about a month and the model that is going to be produced in volumes called V4 should be ready Q1, 2027. On the software side, there's really accelerated development in terms of reinforcement learning across thousands of different settings and objects and use cases. It's all around home use. We believe that the first deployment should be a B2C deployment and not a B2B deployment in order to focus on a precise product definition and not start customizing to each business requirement and then later start moving into B2B. We believe that 2028 we'll build around 500 units to start.

Mark Delaney

Thank you.

Dan Galves

Thank you, Mark.

Operator

Our next question is from George Gianarikas with Canaccord Genuity. Please proceed.

George Gianarikas

Hi, everyone. I also want to say thank you to Amnon and best of luck. My first question, you mentioned Amnon on the call that there's been slower scaling in the Robotaxi space by the leaders. I'm just curious as to what your thoughts are as to why that's happening. Thank you.

Amnon Shashua

It's difficult to speculate, but I think it's around the cost structure. That could be one reason for slow scaling. But no, you should ask those companies and not me. We believe that we have the right cost structure. We'll obviously not be the first in the market, but we believe that we can scale the fastest in this market. Therefore, the timing right now is really optimal.

George Gianarikas

Thank you. Maybe as a follow-up, there's so much written around Volkswagen and what their intentions are and their restructuring. I'm just curious if you can update us on what your relationship is like with the company. Thank you.

Amnon Shashua

Our relationship with Volkswagen is very robust. We have multiple programs, not only the program with the MOIA. We have the Chauffeur; we have the SuperVision. They are on track to commercialization. The first one is the SuperVision led by Porsche. With respect to Robotaxi, Volkswagen is undergoing changes. We don't know how this would affect the different branches or the different activities of Volkswagen. But so far, our information is not different from what you have.

George Gianarikas

Thank you.

Dan Galves

Thank you, George.

Operator

Our next question is from Dan Levy with Barclays. Please proceed.

Dan Levy

Hi. Thank you for taking questions. Congratulations and best of luck on the next phase of your career. Wanted to just start with the question on the go it alone portion of Robotaxi. I think we've seen from others in the past that the scaling can be extremely capital intensive. You previously had an approach with Mobileye Drive where you effectively left the scaling to others, and your approach was much more capitalized. What's the strategy here to do this in a way that is not as capital intensive? Maybe you can give us a sense of what the additional spend requirements are now that you're going alone both in the near term and the midterm.

Amnon Shashua

A few years back, we were contemplating whether to go full vertical or just to be a technology supplier. We opted on the safer route of being a technology supplier. We have two major customers, the Volkswagen group with MOIA and the HOLON group. Today, we believe that the conditions are right to expand the position of not just technology supplier, but to go full vertical in order to diversify the opportunities.

For example, from a revenue perspective, if we go full vertical, it's 5X per car. The fact that there is a CapEx investment is not something that should deter because there is a very strong ROI on this business and there are multiple ways of funding it. I would say that the first 10,000 to 20,000 vehicles, we can fund it using our own cash reserves and the operating cash for the next five years that we generate. But there are very attractive ways to create external funding, which we'll investigate as the time comes.

We're not that deterred by the CapEx element of it because the ROI of this business is very strong. This is thanked to our competitors or the leaders and the perceived leaders in this space, where we have more conviction, both in terms of the demand and in terms of what is the average revenue per car per year in order to build a business case. This is why we decided that it is time to expand just from a self-driving system supplier to a full vertical operator.

Dan Levy

Great, thank you. As a follow-up, I wanted to ask just if you could give us an update on the business in China. I assume that's provided some of the upside on the EyeQ volumes. Also, maybe you can talk to, there's some media articles that talk about one of your very large customers that's increasing collaboration with some of the other competitors out there, like Horizon. What's the confidence that some of these Chinese competitors can't get out and that to other parts of the world and that competitively, you're still tied with your customers outside of China?

Nimrod Nehushtan

Yeah, so regarding our China volume growth, we have been working over the years with a few of the leading Chinese OEMs in terms of volumes, most notably Geely and Chery, two of our bigger customers in China. In the past couple of quarters, they've been increasing their export volumes in a very significant way. That is the vast majority of these volumes is with the Mobileye system, with our EyeQ. We've been benefiting from their successful export into new markets. They've also nominated us for future programs as well. Which means that we see this as kind of a vote of confidence that the Mobileye system is the best one for them for the export markets, whether it's trying to penetrate Europe, but even if they're trying to sell into emerging markets. Which again, I think has been, this is the second year of steady growth in that regard, although a much more accelerated one this year.

Regarding the domestic market in China, so I think it's not new that there are local Chinese competitors are talking and working towards exporting. So far, we haven't really seen, maybe outside of specific examples in India or much smaller markets, we haven't really seen a successful launch of a Chinese solution in foreign markets. Without speaking too much into the future, so far it hasn't been the case that they are successfully launching in Europe or U.S. or Japan or Korea. We feel fairly confident in maintaining our position in those markets.

Dan Galves

I think one other point from me, this is Dan, is that regarding the OEM export, the China OEM export business into emerging markets, we're seeing a compounding effect where bringing these vehicles with good ADAS into emerging markets is pushing the legacy automakers to also increase their ADAS penetration rates in these markets. It's a big reason why our growth over market is so good this year.

Dan Levy

Thank you.

Operator

Our next question is from Tom Narayan with RBC Capital Markets. Please proceed.

Tom Narayan

Thanks for taking the question. Amnon, hopefully we'll see you at CES. Your talk is one of the highlights of that event. On that topic though, could you talk about CEO succession planning as it I think relates to Chris's question, is transport autonomy largely solved, but then humanoids is the next frontier. I guess, how does this inform how CEO succession planning might happen? Then I will follow up.

Amnon Shashua

The Board has assembled a search committee. Of course, I will help in the search. We are casting a wide net. We're not specifying the profile of the person, he or she. We want to look for the best CEO for the coming 10 years of growth of Mobileye.

As for humanoids, this is exactly the area which I want to focus more in terms of emerging technology. I believe that the autonomous vehicle technology is largely solved. The programs that we have, I don't see any open scientific problem there. With regard to humanoids, I see a lot of potential, a lot of opportunities to innovate. This is an area that I would like to spend more of my time. This timing is good. A new CEO will take care of the growth of the Company, especially those areas in which the technology issues are solved. I can focus on the long horizon thinking, work with the M&T team in order to make sure that we have a successful launch in 2028.

Tom Narayan

Got it. Thank you. Another one on this, on the own and operated Robotaxi with Moovit. I guess the target is, I think it's 17,000 fleet in five years. There's a number of third-party forecasters that have 300,000 to 500,000 fleet for Robotaxi in the U.S. alone. Is it you're keeping the optionality open to have this approach, or could this expand farther? You talked about the economics here, why it's so much better to have an owned and operated effort. Is that what it is, that there's an optionality to expand that further if you want to, or is it a strategy to keep it at this level so you can also be a supplier as well? Thanks.

Amnon Shashua

Of course, we are open to expand. We will know better in 2027. Twenty twenty-seven, we plan to start with a fleet of 100 to 200 vehicles in a single city, which we more or less know what that city is. We'll expose it to the public when the time comes. The success of that deployment will determine how big of a fleet we want to; we want to have in the next five years. Some of it can be funded through our own cash, and some of it could be through external funding, but we'll know better in 2027.

As for the market, the next five years of 300,000, 400,000 cars, it's not our estimation of what's happening. I think that the 17,000 that we talk about is quite a meaningful market share in the next five years.

Tom Narayan

Understood. If I can just squeak in a clarification on something you said. The first VW group vehicle that you may have SuperVision on would actually be Porsche, not Audi? Is that what you said?

Amnon Shashua

Porsche is leading the program. In terms of the car models, it includes also Audi car models for the SuperVision.

Tom Narayan

Got it. Okay, thank you.

Operator

Our next question is from Colin Rusch with Oppenheimer and Company. Please proceed.

Colin Rusch

Thanks so much, guys. Can you talk about the maturity of your humanoid simulation platform and how quickly you're iterating with that and the cadence of impacting the hardware design from those learnings?

Amnon Shashua

We have simulation infrastructure and foundation models, which are now focused on about 4,000 different objects that the robot needs to identify and plan a grasping trajectory towards it. We are on track with that effort. We're building also a stack of both imitation learning and reinforcement learning through simulation for the home use case. That's also on track. We believe that with the robots of the V4 robot and Q1 2027, we could have it all integrated. It will be running, in terms of the compute, will be running on an NVIDIA Thor, the latest chip NVIDIA has in this area. It would be strong enough to support all the needs that we have.

Colin Rusch

Excellent. Then just one practical question. As you begin to think about introducing the humanoids into the market and in homes, how mature are your conversations with insurance providers and any sort of other kind of services to make sure that the consumers are comfortable having these bots in their home?

Amnon Shashua

This is the conversation that will start in 2027. It's too early to have this conversation. I think it is best to first demonstrate this and have a certain beta site for it and then have this kind of conversation. I believe there will be demand. Also, our competitors are also focused on home use as a major market for them.

Colin Rusch

Okay. Thanks so much, guys.

Dan Galves

Thanks, Colin.

Operator

We have reached the end of our question-and-answer session. I would like to turn the conference back over to Dan for closing remarks.

Dan Galves

Thanks, Sherry. Thanks, everyone, for joining our Q2 earnings call. We'll talk to you again in three months. Thank you.

Operator

Thank you. This will conclude today's conference. You may disconnect your lines at this time. Thank you for your participation.