CORPORATE PARTICIPANTS

Amnon Shashua, *President, Chief Executive Officer*

Moran Shemesh, *Chief Financial Officer*

Nimrod Nehushtan, *Executive Vice President, Business Development and Strategy*

Dan Galves, *Chief Communications Officer*

CONFERENCE CALL PARTICIPANTS

Joe Spak, *UBS*

Joshua Buchalter, *TD Cowen*

Luke Junk, *Baird*

Shreyas Patil, *Wolfe Research*

Adam Jonas, *Morgan Stanley*

Antoine Chkaiban, *New Street Research*

Mark Delaney, *Goldman Sachs*

Aaron Rakers, *Wells Fargo*

Gary Mobley, *Loop Capital*

Edison Yu, *Deutsche Bank*

Tom Narayan, *RBC Capital Markets*

PRESENTATION

Operator

Greetings and welcome to the Mobileye First Quarter 2025 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 Stacy. Hello everyone and welcome to Mobileye's first quarter 2025 earnings conference call for the period ending March 29, 2025.

Please note that today's discussion contains forward-looking statements based on the business environment as we currently see it. 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's CEO and President, and Moran Shemesh, Mobileye's CFO. Also joining today for the Q&A session is Nimrod Nehushtan, Mobileye's EVP of Business Development and Strategy.

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

Amnon Shashua

Hello everyone, and thanks for joining our earnings call. Starting with the results, Q1 was closely aligned with our expectations. Revenue was up 83% year-over-year compared to the unusually low Q1 of last year, due to the meaningful drawdown of inventory in Q1 2025. Operating margins recovered sharply on a year-over-year basis due to the higher revenue. Operating expense growth, 14% in Q1, should moderate to middle single digits on average in the balance of the year as the current R&D infrastructure is sufficient to execute all the advanced products and programs that will come online over the next several years. Operating cash flow was again a highlight at $109 million in Q1.

Business trends for our core single chip front camera driving assist systems were fundamentally strong in Q1, both in terms of current supply-demand and design wins for future programs. Volume in Q1 was 8.5 million units and we expect Q2 volume to be about 7% higher, and for Q2 revenue to be up approximately 7% year-over-year. After a volatile 2024, Q1 volumes and Q2 orders have been quite stable, with some upward variance from China OEMs compared to our original expectations.

Turning to the macro environment, clearly global light vehicle production in 2025 has become significantly more uncertain as the industry grapples with new trade frictions that change frequently. We are fortunate that the simplicity of our supply chain, in which our customers are the importers of our product, means that we should not directly incur any material tariff cost; nevertheless, we'll be affected by any negative impact to global production volumes and consumer spending resulting from these trade frictions.

What we know today is that Q1 results were solid, Q2 order flow is above original expectations and consistent for the last couple of months, and we have seen no deterioration in forward production schedules from our customers. We also know that our original outlook included a level of conservatism that was intended to reflect the risk of macro deterioration in the second half of 2025. Given expected first half volumes, our own analysis of the direct impact of current tariffs on our customers and analysis by third parties like S&P Global, we continue to see a strong potential to perform within the guidance range for full year 2025. Of course, there is potential for price elasticity and other economic effects on auto consumers, but this is beyond our ability to analyze at this time.

Turning to the longer term. Design win activity was very brisk in this quarter. This tends to be bumpy, but if we compare to the projected future volumes achieved from design wins in all of 2024, the design wins in Q1 are already at around 85% of what we achieved last year. Additionally, we are seeing potential for an inflection point in the value per unit of mass market driving assistance. REMS is now included in Ford BlueCruise, and this cloud-enhanced functionality will also be adopted by a Korean OEM in future programs, based on a large program we won in Q1.

A potentially bigger tailwind for Mobileye is the trend towards multi-camera setups going mainstream in the coming years due to more stringent future safety requirements, and also the need to provide highway hands-free driving on mass market vehicles for OEMs to remain competitive. BYD boosted their strength with their God's Eye announcement, which was a clear message to the industry that highway hands-free driving will likely feature on mainstream vehicles in the coming years. Mobileye's surround ADAS through the EyeQ6 High is the perfect solution for that space, and we announced our first design win with Volkswagen during the quarter.

Technology functionality and efficiency are just as important as product tier, and we have the only offering that can support all perception, mapping, driving policy and driving functions from a single SoC on a single ECU, fully upgradable over the year, and this shares a common technology backbone with our more advanced products which support cost-efficient modular product portfolio for OEMs across all vehicle segments. Mobileye is a true one-stop shop, and this really aligns with OEM software defined vehicle and architecture consolidation goals.

We're also seeing substantial opportunities from new customers. During the quarter, we achieved our first design win in about eight years with a particular European OEM. We're also seeing traction from our imaging radar product, where the first design win outside of the Drive product line is imminent with another European OEM. This OEM is expected to choose our imaging radar as an enabler of high speed highway Level 3 solutions, which is a testament to the differentiation of this sensor and a big vote of confidence to our Chauffeur and Drive products in general.

OEM decision making for SuperVision and Chauffeur remains slower than we would like, but we continue to make progress with a number of OEMs, including two new top 10 global OEM prospects in the past few months. Execution on the Porsche and Audi programs remains on track and we are looking forward to provide first prototype demos of these systems in the second half of 2025. That will be the first opportunity for external audiences to experience the new EyeQ6 High based software—software and hardware in a production intense vehicle.

Our Mobileye Drive self-driving system for robotaxi business continues to accelerate. We announced the next step with Lyft during the quarter, announcing Dallas, Texas as the geography for initial operation, Marubeni as the owner operator, and Lyft as the demand platform. We expect to choose and announce the vehicle OEM in the coming months.

In a completely fresh development simultaneous to the beginning of this earnings call, Volkswagen and Uber issued a joint release announcing the two companies have agreed to integrate Mobileye Drive-enabled ID Buzz robotaxis onto the Uber ride hailing network in Los Angeles, starting in 2026. This is an excellent example of the ecosystem approach that we are taking in this business, which we believe has significant scale benefits.

As we have discussed before, we are working with Volkswagen to integrate the Mobileye Drive self-driving system into Volkswagen ID Buzz, produced on the same assembly line as normal vehicles and thus able to be scaled up or down rapidly. In this agreement, Volkswagen's mobility arm, Moia, will act as the fleet management system provider of the vehicles, and Uber and the Uber network will be the demand-generating platform.

Our ecosystem approach is capital-light for us, and it puts the responsibility for each layer of this business into actors that have relevant competencies and the ability to add value. On the technology front, our low-cost sensor set, efficient compute and generalizable AI software is expected to enable rapid scaling across geographies and at a compelling price point for (inaudible).

Finally, we congratulate another of our robotaxi production partners, HOLON, for booking an order from Jacksonville Transit Authority to purchase the HOLON urban autonomous shuttle, which is enabled by Mobileye Drive.

Thanks, and I will turn the call over to Moran.

Moran Shemesh

Thank you, Amnon, and thanks for joining the call, everyone. Before I begin, please be aware that all my comments on profitability will refer to non-GAAP measurements. The primary exclusion in Mobileye's non-GAAP numbers is amortization of intangible assets, which is mainly related to Intel's acquisition of Mobileye in 2017. We also exclude stock-based compensation.

Our Q1 results slightly exceeded the color we provided on the Q4 2024 earnings call in January, primarily due to modestly higher volume from Chinese OEMs and lower than expected operating expenses due to efficiencies in facilities and operations, along with some timing-related items. Revenue was up 83% year-over-year with a high level of growth due to normalized volume in Q1 2025, compared to Q1 of 2024 which was impacted by meaningful inventory digestion by our Tier 1 customers. Year-over-year comparisons will be more relevant going forward as we believe supply and demand will well align in the back half of 2024.

On a sequential basis, Q1 gross margin was up slightly versus Q4 2024 on a lower percentage of SuperVision revenue, while IQ gross margins were largely unchanged. Operating expenses were (inaudible) versus Q4, as expected. This is related to somewhat higher payroll expenses due to lower reserve duty refunds in Q1 and slight headcount growth, higher spending on robotaxi projects, higher marketing spend due to participation in industry events, and other items that are largely timing related.

We continue to expect approximately 7% year-over-year growth in adjusted operating expenses in 2025 compared to $926 million in 2024. We'd expect Q2 to be slightly higher than Q1 and for Q3 to likely be the highest quarter of the year. We don't expect global macro issues to impact our operating expenses materially as the majority is focused on development of technology that supports our advanced product. We will continue to look for opportunities for efficiencies, as we always do.

As it relates to tariffs, we are fortunate that our supply chain is pretty simple. EyeQ chips for vehicle production in the U.S. are imported by our customers, not by Mobileye, therefore we should experience no direct P&L impact from tariff payments. We also have no material currency exposure on our revenue, and our cost exposure to the new Israeli shekel is largely hedged at this point.

A bit more detail on our geographic exposure. We believe a very significant portion of our chips supplied to Europe and Asia Pacific are used for local consumption, rather than for export to the U.S. Approximately 25% of our chips are shipped by our customers directly to the U.S. and are currently exempt from import tariffs, and 20% to China where we believe it is used for local production. Although tariffs on auto components are not directly payable by us, we will fully cooperate with our customers in the next few months to optimize their production needs and potentially make minor changes to logistical infrastructure to mitigate the overall cost. While there is no direct impact, we of course will be exposed to any negative impact to vehicle production volume driven by supply impacts related to tariff costs on

vehicles and components imported to the U.S., as well as potential consumer demand impact from higher vehicle pricing or general weakening in economic conditions.

S&P IHS published a new forecast last week that implies global production deterioration of around 2% in the balance of 2025. For our specific customer exposures, this would translate to a bit below one million lower EyeQ units in the balance of 2025, but this is just one data point. We have independently been reviewing the sector tariffs that apply to the automotive industry, vehicles and auto parts to map the potential risks. Our baseline view is that a scenario incorporating production shutdowns of imported vehicles that are unprofitable under the new tariff regime, in combination with demand related impacts from higher vehicle pricing in general could potentially drive 3% to 7% reduction in the volumes of our top 10 customers, which translates to about 1.1 million to 2.2 million units annualized. This is of course very difficult to predict as the mix of sales in terms of OEMs and brands might change dramatically because of tariffs, and the potential for shift in production sites and regions could mitigate the initial impact. Bottom line is that prior to recent tariff related developments, our regional outlook already assumed a more conservative view of 2025 production for our top 10 customers than our customers and S&P Global.

Even after the most recent forecast reduction by S&P to reflect the current tariff regime, or our own somewhat more negative analysis, our original expectation remains valid. We will continue to monitor the situation closely, given the current complete vehicle tariffs—vehicle components tariffs scheduled to begin on May 3 and potential for reciprocal tariffs after the 90 day pause.

Turning to Q2, we expect to deliver approximately 8.7 million to 9.3 million EyeQ units and for our revenue to be up approximately 7% year-over-year at the midpoint of the range. We expect gross margin to be at or slightly below the Q1 level and for operating expenses to be seasonally higher in Q2 versus Q1, in line with our previous expectations.

Thank you, and we will now take your questions.

Operator

Thank you. We will now be conducting a question-and-answer session. 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 key.

Your first question comes from Joe Spak with UBS. Please go ahead.

Joe Spak

Thank you, good morning, everyone. I guess a couple of things. Maybe just to start with VW-Uber announcement, I know it's early days, but how do you envision that working? Is that you sort of selling a system? Do you think you—is there sort of an ongoing potential payment from you for rides, or how should we think about that evolving?

Nimrod Nehushtan

The business model is such that Mobileye is delivering the self-driving system, which includes the ECU, the hardware, the software for—the self-driving software, and the radar sensors. There is a one-time payment per car on these components, and in addition there is a recurring license fee that is a derivative of the overall utilization of the fleet. The more the fleet is driving, the more revenue we're generating in addition to the one-time payment for the system. Volkswagen's role is to produce the self-driving cars with

Mobileye's Drive system installed in the manufacturing line, and Uber are the demand generator that can offer a self-driving service through their application to the consumer audience.

Basically, the advantages that we have in this business model is the fact that we have a very geographically scalable technology, as well as economically scalable technology. We come from a very cost efficient design to begin with that can be easily scaled not just within Los Angeles, which is the first market mentioned in this announcement, but also of course afterwards continued expansion to additional locations, and Volkswagen who are a very high volume vehicle manufacturer, can quickly scale the amount of robotaxis they produce in the manufacturing line as demand increases over time.

Overall, we think that there—and of course, Uber is a very well renowned demand generator, probably the leading one in the U.S. and globally, We have—we think, the key ingredients necessary to become a very competitive and leading self-driving service in the U.S. in the next couple of years.

Joe Spak

Great, thanks. Then just maybe one more near term, just on the 2Q outlook and the units you just indicated. I think it's stronger, certainly, than where the street was; I think it's above 1Q levels as well. Do you—I know you sort of talked about some of your own checks and work to sort of get comfortable with where orders are and production and inventor, but do you get the sense that there's a little bit of ordering ahead of maybe some uncertainty, and that they're willing to carry a little bit more inventory in the channel?

Moran Shemesh

Yes, I must say we cannot indicate anything specific for Q2 of sense of urgency, as these orders have been pretty stable as of February. Even at the beginning of this year, we kind of—in our forecast, we predicted around 8.5 in Q1; it's 8.5 million to 9 million units per quarter. That's what we are also seeing in the last three quarters, also the second half of 2024 was between 8.5 and 9. This is something pretty normal for now.

When we started the year, we kind of based our focus again on demand, which—and that indicates no inventory or excess inventory at our customers. We see orders aligned with that. We will have more visibility maybe towards the end of the quarter, but there's nothing specific we can indicate.

Dan Galves

Yes, just to summarize, if there is any pull ahead in this number, it hasn't really—nothing's really changed since February, and it wouldn't be very material versus kind of what we're seeing in kind of end user demand.

Joe Spak

Thanks for that, appreciate it.

Dan Galves

Thanks, Joe. Next question, please.

Operator

Joshua Buchalter, with TD Cowen, please go ahead.

Joshua Buchalter

Hey guys, thanks you for taking my question, and congrats on the stellar results. I wanted to maybe follow up on that previous one. I mean, the back half guide implies a pretty sub-seasonal end of the year. Any way you could walk us through how much of that is conservatism on units versus share loss by your engaged customers, and maybe any sort of hair cutting that you guys are doing to account for the uncertainty? Thank you.

Dan Galves

Thanks, Josh, this is Dan. I can take that one. Yes, the way our business works is we have full visibility three months ahead, something like that, and then we get indications for the couple of quarters beyond that, that can really change at any time. We haven't seen any change in the back half. Obviously uncertainty has risen, we don't want to get ahead of our skis. Yes, the fact that we're going to do more than 50% of the guide, the full-year guide in the first half is certainly a good sign, and we have no reason to think necessarily that demand is going to fall in the back half; but just given the current environment, we didn't really want to get ahead of ourselves.

Amnon Shashua

We took provisions that demand will go down, right, because we started our guide in the beginning of the year in a very conservative manner. Even if demand falls, so far we feel that we meet the range of the guidance.

Dan Galves

But we're not getting any clear indication that it will fall, that's kind of the point.

Joshua Buchalter

Got it. No, thank you. That seems pragmatic and makes a lot of sense. I guess a follow-up, how would you characterize your customers' engagements in design activity? I mean, you mentioned, I think you had 85% of last year's design wins in the first half. Your OEM customers have been slower than we all expected to move, in particular with advanced ADAS product, but how do you see the current environment impacting their appetite to invest in new technology, because I could see it going either way. Any more color you could provide within the 85% of your design wins year to date, any sort of directional indicators across base ADAS versus Surround and SuperVision Chauffeur? Thank you.

Nimrod Nehushtan

Yes, I can take that. What we're seeing so far is a very strong—continued strong demand from our customers to source our products for future generations. That comprises the majority of the 85% or the volumes that we won during Q1, and it's a mixture of Surround ADAS and basic ADAS product. We are pretty much in a position of solidifying our position with our top 10 customers for years to come after these design wins.

When it comes to sourcing advanced product, I think it makes sense that the previous couple of months have created maybe somewhat of a delay in some of the decision making, because of urgent matters that they need to address regarding tariffs, and I think it makes sense. What did not change is that their understanding of the necessity of having advanced products in the future, and competition is moving forward for each OEM, and just recently, Tesla continued to double down on their commitment to long

term autonomous driving in their product and again stressing the significance of self-driving technologies in the near future, and that of course continues to apply a lot of pressure on OEMs to move forward.

During this quarter, have had two engagements with two of our top 10 customers that started with Surround ADAS and now are expanding to Level 3 and Level 2 plus plus, Chauffeur and SuperVision evaluation, that have kind of moved through the pipeline to more advanced stages of evaluation, and we are reaching convergence with a couple of other opportunities. We still see movement in the right direction and we're seeing also more and more interest in specifically Level 3 eyes-off driving targeting end of 2027, roughly speaking, with big OEMs. That is also an encouraging sign that even though there are uncertain times, they are still committed to the long term prospects of intelligent driving in the future for them, and they are working with us to make progress in that front.

Joshua Buchalter

Thank you.

Dan Galves

Thanks, Josh.

Operator

The next question, Luke Junk with Baird.

Luke Junk

Good morning, thanks for taking the questions. First, maybe if we could just talk about what's going on in China right now and the fact that things have been trending relatively better the last couple of quarters. I know you haven't read into that too much to date, but now with just an accumulation of data points, are you better able to tease out what's going on with those customers?

Amnon Shashua

I think that our focus now in China is supporting our Chinese OEMs on the global exports and also on the local markets, and we are outperforming our initial expectations. Roughly 20% to 30% market share is quite stable. On the advanced product, we see opportunities after we start rebuilding our second generation product, which is going to be based on EyeQ6, this is sometimes closer to the end of the year and not now. Our business development on our advanced product is more focused on western customers and not in China. China, we are focused on ADAS and also supporting our western OEMs, Porsche and Audi, in their launch of SuperVision and Chauffeur also in China end of 2026 and 2027.

Moran Shemesh

Just to give some sense on the numbers for China, we started 2024 with relatively low numbers. We sold approximately 400,000 units, and then from the second half of 2024, we're seeing increased volume. In the second half, 1.2 million units. We were still conservative at the beginning of the year with the guidance, we were aiming approximately 500,000 units a quarter, and we are seeing demand more than that in the first and also the second quarter. In terms of the guidance versus the beginning of the year, it's some source of upside.

Luke Junk

All very helpful, thank you. Then just a quick one, the imaging radar award that you believe is imminent, are you implying that that is a potential Chauffeur award as well?

Amnon Shashua

No, this particular award is just for the sensor itself. We have additional opportunities of the imaging radar bundled with the Chauffeur product, but that is separate.

Luke Junk

Understood, thank you.

Dan Galves

Thanks, Luke.

Operator

Next question, Shreyas Patil with Wolfe Research. Please go ahead.

Shreyas Patil

Hey, thanks so much for taking the question. Maybe just back on 2025 guidance. I think previously you had talked about an expectation of share gains or ADAS penetration increase as embedded in the '25 guide, and I'm wondering if you're still seeing that at the moment. I understand that overall, the production expectations that you've embedded are still consistent with what we're seeing in production, but I'm just wondering if you're also seeing ADAS penetration increases or share gains as well.

Moran Shemesh

Yes, as you mentioned about the global production, at the midpoint of our guidance, we're kind of now aligned with third party forecasts, forecasts of approximately 7% …our top 10 customers. As for the incremental units from new launches and Mobileye share gains within our top customers, I mentioned in January we are expecting 1.4 million units. That looks in line with expectations and maybe even ramping up a bit faster than expected. We are still—this is still a source of additional units, and also the China expectations, which were more conservative at the beginning of the year, we're seeing an upside also for China OEMs.

Shreyas Patil

Okay, great. Then maybe on—just trying to think through the opportunity that you see here in Mobileye Drive. The deal that was announced today with Uber just comes off the heels of a similar program with Lyft. I'm wondering if we should see this as an indication of momentum accelerating in robotaxi deployment broadly, and if that's the case, obviously Uber and Lyft are the two largest players in the U.S., but I'm wondering if there are other opportunities in the pipeline as well, maybe in other markets.

Nimrod Nehushtan

Yes, definitely we're seeing accelerated momentum and increased interest and demand that is a broader realization in the industry that robotaxis and self-driving services are here. It's not a question of if, it's a question of when and how much, and we are a very attractive partner in the sense that our products are scalable, cost efficient, can be deployed globally in all major markets in the near future.

Volkswagen is our leading partner, strategic partner for producing robotaxi cars from assembly lines in scale that can be quickly ramped up according to demand. Partnering with Lyft and Uber, the two biggest mobility operators in the U.S., is very, very important to quickly reach the pockets of millions of consumers, as probably you can imagine. But in addition to this, we're also working on launching in Europe beyond just the U.S. in similar timeframes, again partnering with Volkswagen. A very strong European OEM allows us to be one of the earliest, if not the first to launch in Europe. Partnering with HOLON gives us another angle of transportation in different—maybe slightly different use cases, and beyond all of those, we're are still—we are also working with additional OEMs that are very interested in this business model, from car manufacturers to produce Level 4 cars in their manufacturing lines, partnering with Mobileye's self-driving technology with Mobileye Drive, and then once Mobileye can bring to the table the mobility operators, it really opens the door for more OEMs that are interested in a similar model.

If we think about making the revolution of robotaxis, it's about scale. That's the next big thing, and the scale is not just a few hundreds of cars, it's thousands and then tens of thousands, hundreds of thousands of cars in Europe and U.S., and to get there we are partnering with the most scalable OEMs on the planet. That's kind of our strategy, and we do see very, very accelerated momentum in the past three to six months, I would say.

Shreyas Patil

Great, thanks.

Operator

The next question, Adam Jonas with Morgan Stanley.

Adam Jonas

Hey everybody, just a couple of questions. First is a bit of a—maybe this might sound oddball, quirky, technical, but we're hearing from some that the gen-AI has helped possibly increase the value of dashcam video capture that could be really relevant to the ability for, like an Uber or Lyft fleet, or other fleets to capture data. Obviously it's not the same fidelity and in the same sensor modality and connected to the computers the way your system, in a very sophisticated way, are; but I was curious if you really—if you subscribe to that, that at least at some level the coefficient of value that you might apply (inaudible) aftermarket dashcam video capturing footage from around the vehicle that's driving around might have some improved value, given the gen-AI revolution going on. That's the first question, thanks.

Amnon Shashua

In terms of data collection from vehicles, we have what we call REM 1.0, which is sending images to the cloud but sending some condensed data to the cloud. We have been developing a new generation of REM, which we call SupREM—Supreme REM, which is based on sending pictures, still very low bandwidth, but sending pictures to the cloud. We'll have much to talk about in the coming months or years about this new technology.

There is quite a lot of progress in terms of what kind of data, at what frequency of data, volume of data you can start extracting from vehicles and still meet also regulatory approvals. There's privacy concerns there's all sorts of issues there, and we're really on it with the new technologies and the new approaches, and all of that will meet our 2027 launches of Chauffeur and Drive and so forth.

Adam Jonas

Okay. Amnon, basically it's not a bullshit question, is what you're saying?

Amnon Shashua

No, no, no. You never have bullshit questions, Adam.

Adam Jonas

Oh, I disagree. Okay. A follow-up, I'm just curious given so much other activity in other sectors outside of automotive in terms of data capture, I think you'd agree with the belief that anything—that any machine that can be automated will be automated, and cars are just one modality of many, many thousands potentially of other modalities. I'm just—I'd be interested if Mobileye is allocating or there's any change in allocation, even if it's a small level of your R&D and advanced development work, on markets outside of automotive at this time? Thank you.

Amnon Shashua

Yes, I would say yes, but I cannot expand further. We are exploring, but we're still at the exploration stage of looking at additional growth engines in the physical AI space.

Dan Galves

Thank you, Adam.

Operator

Next question, Antoine Chkaiban with New Street Research. Please go ahead.

Antoine Chkaiban

Hi, good afternoon. Thanks for taking my question. I'd like to follow up on the announcement with Lyft to debut Mobileye powered robotaxis in Dallas in 2026. I was wondering, how do you expect the rollout to play out? It seems that the goal is to eventually deploy thousands of vehicles across multiple cities. Any color you can provide on the economics of the deal and the pace of deployment, the shape of the ramp would be very helpful. Thank you.

Nimrod Nehushtan

Yes, maybe I would address the general roll-out of our robotaxi fleets without addressing a specific project. There is only so much we can expand on this project at this stage.

Generally, we are working in few stages. We start with the development and testing stages, in which we deploy dozens of vehicles driving around the designated area repeatedly, and of course there is a combination of offline and online validation processes that are necessary to make sure that the quality of service is at the right—at the highest level possible, of course making sure that we can meet the safety standards, mean time between interventions in this designated area. Afterwards, there is a certain stage of pilot programs in which we're using safety drivers at the start, but still opening the doors for users to experience the service and getting feedback from that. That's still—the magnitude is still in the dozens, and then it gradually expands to maybe small hundreds of vehicles.

After that, there is an early stage of driverless activities and then it becomes a full commercial service. This process can take a few months or it can take maybe a year or so of working through the different stages of this activity. We already have—we have been working in the U.S. in certain cities in the past two years for early testing, and 2025 is a really important year for us in robotaxi development because we are expanding the scale significantly of Mobileye Drive systems driving in the U.S. in different cities, and really becoming—seeing more statistic data or a more statistical analysis of our performance and seeing very impressive results and improvements towards the goal in getting to these launches.

Dan Galves

Do you want to talk about the economics refresh?

Nimrod Nehushtan

Yes, and then when it comes to the economics, again just to make sure it's clear, Mobileye's product is the ECU, and the ECU includes the hardware and the software. We get a payment one time for that per car and then there is a recurring license fee for the operation of each and every robotaxi vehicle according to its availability and usage. The more—you can think of it as a percentage of every dollar per mile that consumers pay for a self-driving system with Mobileye's—that's enabled by Mobileye Drive.

Antoine Chkaiban

Great, thanks a lot for the detailed answer. Maybe as a quick follow-up. On the cloud enhanced ADAS announcement with the Korean OEM, can you maybe provide some color on volumes this could represent, the timing and shape of the ramp, and maybe remind us the overall design win status for cloud enhanced.

Nimrod Nehushtan

Yes, normally cloud enhanced ADAS is integrated within high volume projects. It's a front camera-based system that is now uploading data and downloading data from our REM database, and that is very important for us because the REM database uses—is giving us not just to improve the quality of our base ADAS product, but also to—as kind of the backbone for our advanced product, SuperVision—Surround ADAS, SuperVision, Chauffeur and Drive.

Our strategy is to have an ecosystem of OEMs that are contributing data and benefiting from the data of multiple OEMs, and then having very good coverage and refresh rate globally that all of the OEMs that are in this ecosystem can enjoy for the different products. Adding more high volume OEMs to this ecosystem is beneficial, of course, for these purposes, and the rollout is within the near future, let's say, and not go beyond that.

Dan Galves

Thank you, Antoine.

Operator

Next question, Mark Delaney, Goldman Sachs.

Mark Delaney

Yes, thank you very much for taking my questions. For Mobileye Drive, I think both the Uber and Lyft agreements target operations beginning in 2026. Can you speak to how development is going to meet that timeframe? Taking a step back and thinking about Drive more holistically, it's been a small contributor to the Company's revenue, but as you think out to 2026 and 2027, do you think Mobileye Drive revenue is going to become a meaningful part of Mobileye's overall financials?

Amnon Shashua

Yes, in terms of development, we are—we have shifted all the hardware to EyeQ6 High a few months ago, the ECU called the DRIVE64, and it's meeting all our targets for end of 2026 launch of driverless robotaxis. We are on target there with the statistics, with driving. We have been driving in Europe and in Austin, Texas, and we are gradually expanding testing and with many dozens of vehicles in multiple sites.

In terms of revenue, the contract we have talked about tens of thousands of vehicles, right, spread over until the end of the decade. We are talking about meaningful revenue coming out of this business, and in the last few months the potential for more than what we have contracted. It could be somewhere around five figures or six figures in terms of volume of cars until the end of the decade, so it could be very meaningful in terms of revenue to the Company…

Dan Galves

Given the upfront pricing.

Amnon Shashua

Yes, upfront, and also the license fee per year.

Nimrod Nehushtan

Yes, to clarify, we are expecting the meaningful revenue per year to start from 2027 onwards and not in 2026, and when we are—when we think about the potential, today there is only a small fraction of the percent of miles driven by people in the U.S. that is autonomous, and although it becomes more and more pervasive in more cities, (inaudible) and others that are proclaiming to launch the services, we're still scratching the surface.

As we envision the next few years towards the end of the decade, we believe this number will significantly grow, and we believe that we'll be one of the maybe two or three enablers for that, but it's realistic to have only two or three and not 20 or 30 in that stage, and the volumes to facilitate the demand in the U.S. and Europe for mobility services is in the tens of thousands, hundreds of thousands, potentially millions of vehicles. This is why partnering with OEMs that can scale is so important.

Mark Delaney

Very helpful, thanks. My other question was on the consumer vehicle part of the business. You mentioned in the prepared comments that potential new awards with SuperVision and Chauffeur, I think you said are going somewhat slower than you'd have liked. Why do you think that is, and maybe help us better understand as you think about the opportunity set with SuperVision and Chauffeur, you talked about five OEMs being in more advanced stages of evaluation at your last investor day. Are those five also active, or have there been any changes there? Thank you.

Nimrod Nehushtan

Yes, I think there are some macro events that are obviously contributing to the delays or to the longer decision making process than originally expected. The past two months to three months have been very turbulent for the industry in general. That probably served a significant role in taking more time to make these decisions. We still have a lot of confidence in the engagements we have. We see progress made. We are moving through the ropes of the different stages and getting to concrete stages, receiving official RFQs and getting to negotiation statuses. We're getting closer to convergence with several of these opportunities that we mentioned in the IR day. I think overall, we still have—the firm confidence we have in the SuperVision and Chauffeur remains as high as it's been. We just need to be patient and make sure that we're doing the right things with the OEMs, and many things can happen in the next weeks. We don't think we should be predicting when things will happen, but it's realistic to converge.

Amnon Shashua

I think in the last couple of months, there have been two new engagements that we did not anticipate at the capital markets day back in December, and they are very meaningful in terms of breadth, both SuperVision and Chauffeur. I think 2025 is going to be a good year for those advanced products.

Dan Galves

Thank you, Mark.

Operator

Next question, Aaron Rakers with Wells Fargo.

Aaron Rakers

Yes, thanks for taking the question. Kind of building off that last question, thinking about that slide that you'd given at the Analyst Day, thinking about Chauffeur and SuperVision, I think in total there were seven moving possibly to the right. Just to be clear, those seven still exist, maybe it's taking a little bit longer, and now you would add two new OEMs to that list? Just kind of thinking about that progression of those OEM opportunities, is that fair?

Nimrod Nehushtan

Yes, what has changed is that the nature of the discussion might change, the flags are still there. In some cases, it's been expanding the discussion from a single product line to multiple product lines. That happened in three of these engagements. I think the most consistent trend is that there is a growing interest in Level 3 eyes-off products that are targeting end of ’27, early '28 SOPs. It seems to be now a very, very strategic product for several big OEMs—that was maybe not as evident in our discussions in the IR day, and in some cases maybe we have moved from a high flame to low flame discussions, maybe in one particular case. But in general, we still have the same long term confidence that this business is building. Our focus right now is partnering with OEMs that will allow us to scale our next-gen product based on EyeQ6, which we are now developing, and we have a lot of confidence in our ability to do so.

Aaron Rakers

Perfect, and then as a quick follow-up. Thinking about the Uber and Lyft relationship and the one-time payment, I also know back at the analyst day, you highlighted kind of a chart that showed blended ASP going from $55 to upwards of $200 by the end of, call it late decade. How do we cross that relative to the Uber and Lyft opportunity versus that 200—any context of that one-time ASP opportunity with those engagements?

Nimrod Nehushtan

Yes, I think that chart that you referred to does not take into account the commercial potential of the Mobileye Drive partnership with Lyft, Uber that we just announced, and it's pure upside to that. That in most of the analysis we showed about future revenue growth, we took an extremely conservative assessment of Drive progression. In previous numbers that we shared, it was not reflected.

Amnon Shashua

The consumer (multiple speakers).

Nimrod Nehushtan

Sorry, just to add a comment, this chart was focused on how will a consumer car, passenger car look like. Today it's $55, what the chart said. But today for that OEM, a passenger car is worth roughly $55 per Mobileye, and with a gradual adoption of our advanced products that are designed for passenger cars, this number can grow from $55 to roughly $200-plus.

Amnon Shashua

It did not reflect any robotaxi business.

Dan Galves

What we said about the robotaxi business in the past is kind of the upfront cost is in the five figures-plus…

Nimrod Nehushtan

With healthy margins.

Dan Galves

With healthy margins. It's a completely different business model because you're talking about generating revenue per mile across hundreds of thousands of miles per vehicle, and you're talking about replacing a human driver which can cost $80,000, $90,000 a year if you think about two shifts of drivers. It's kind of a different business model and it's just a completely different revenue per unit.

Aaron Rakers

Yes, thank you.

Dan Galves

Thank you, Aaron.

Operator

Next question, Gary Mobley with Loop Capital. Please go ahead.

Gary Mobley

Thanks for sneaking in my question. The European OEM that you mentioned in your press release, that you haven't done business with since 2016, what drove that reengagement. Is this a redundant application for their internal chip, or just any sort of color you can give on that?

Nimrod Nehushtan

Yes, going as detailed as possible given the nature of this business, it is not a redundant product. It is to practically source Mobileye's solution as their ADAS solution in future projects. It's basically going back to a Mobileye solution after almost nine years of not having mutual design wins, which we see as another testament of our product advantages and position in the market as a market leader in this segment. We don't know all the details, but we can assume that it's mostly about performance versus cost superiority that we have.

Gary Mobley

That's helpful. Just a quick follow-up. Are you reaffirming your non-GAAP gross margin for fiscal year '25 of 150 basis point improvement over the prior year?

Moran Shemesh

Yes, we are still anticipating an increase in gross margin. The mix of SuperVision and EyeQ is different in 2025. We're still expecting an upside of approximately 100 basis points in 2025 versus 2024.

Dan Galves

Yes, I think China volumes are a little bit lower margin for us. As the China volumes outperform a bit, that leads to a little bit less upside than or increase than we were expecting, but it's very, very small.

Gary Mobley

Thank you very much.

Dan Galves

Thanks, Gary.

Operator

Next question, Edison Yu with Deutsche Bank. Please go ahead.

Edison Yu

Hey, thank you for taking our question. Wanted to come back on robotaxi. How do you think about the performance threshold for Drive in these U.S. deployments, obviously now you have Uber as well? Is there some level where you need to kind of prove or they need to feel comfortable with that it will achieve before you can really get these deployments ramping up?

Amnon Shashua

Well, we have clear metrics with our customers that show superior to human-level performance, and we are on track to meeting those metrics.

Nimrod Nehushtan

Yes, there is a constant mutual evaluation of the performance from us in the development stage, and we're seeing, let's say, very strong progression towards this target, and this is the basis of having—you know, taking the decision to take the next step and go into the commercial deployment stage.

Edison Yu

Got you. Is it the same threshold for both the two deployments, or are there actually nuances depending on who you're working with, Uber or Lyft?

Nimrod Nehushtan

No, that's the same threshold.

Edison Yu

Okay, and just one quick one. From a liability perspective, has that been hashed out who is liable for—who is sort of liable if anything—if there's accident or something, has that been hashed out already or is that TBD?

Nimrod Nehushtan

These aspects are behind us, without going into the details.

Edison Yu

Okay, thank you.

Dan Galves

Thanks, Edison.

Operator

Next question, Tom Narayan with RBC. Please go ahead.

Tom Narayan

Yes, thanks for taking the question. The first one has to do with Surround ADAS versus SuperVision. It looks like we have Surround ADAS with the VW mass market brands, SuperVision for VW's premium brands; but obviously, we noticed some of the premium OEMs—Mercedes, BMW, trying to develop their own autonomy. Just how do we think about SuperVision going forward, given this potential headwind? Is it that maybe we should be contemplating Surround ADAS being the kind of bigger category winner for you guys, as opposed to SuperVision, or do you just see a migration as the mass market players over time kind of migrate towards SuperVision from Surround ADAS?

Amnon Shashua

We see Surround ADAS as the next level of ADAS. The migration is from front-facing camera to Surround ADAS, and this is driven by increased regulatory requirements on future ADAS systems, both in Europe

and in the U.S. The 2028 and 2029 regimes are very challenging and require multiple cameras, and a front-facing camera would not be enough. The surround ADAS is really the new ADAS going forward.

SuperVision has the same—shares the same sensor set in terms of cameras with the Chauffeur and Drive. SuperVision is the next step going from eyes-on to eyes-off in a hands-free driving that can drive everywhere, urban and highway. SuperVision has also the added advantage of generating data. Because it's the same sensor set, you can start with a SuperVision system, use that as a data generator, for example, uploading events, uploading—you write all sorts of probe functions and you upload the data, and you use that data to go further and develop the Level 3 and Level 4. There is a space for SuperVision, and the holy grail is Level 3. Chauffeur is really the—if you look at where things should converge to in terms of consumer cars, it's Level 3 and then later expanding the ODD to Level 4.

Tom Narayan

Okay. Just to clarify, you're not seeing a change in how you guys see the adoption being maybe more towards Surround ADAS versus SuperVision, rather it's just the migration?

Nimrod Nehushtan

No, the way we analyze this is by evaluating the vehicle models and different--with different price points for each product category. It's practically different segments of the vehicle lines that are targeting Surround ADAS and SuperVision or Chauffeur.

Tom Narayan

Okay. My follow-up had to do with the commentary on the Tesla earnings call earlier this week on general AI versus sensor-based mapping. I know you guys have talked a lot about this—we heard a lot about this at the Investor Day, but they referenced specifically their FSD rollout in China and how it has progressed, in their words, very quickly without knowing the country-specific dynamics, driving dynamics, habits, etc. Just curious to how you think about maybe their commentary on the general AI approach camera versus alternatives? Thanks.

Amnon Shashua

Well, we're all using AI. Now, I think we should stop all this hyping. Everyone is using AI, everyone is using gen-AI. All these hypes, I think we should stop. But to the point, there's a lot that simulators can add. For example in our launch in China, traffic lights are completely different than what you see in the west. The traffic lights are digital, where you have a camera at every place, and we cannot send data from China outside of China, but we replicated this in a simulator and then we used the simulators in order to train our system. We use simulators a lot to compensate, to mitigate the fact that we cannot use data in China, and this is kind of a standard technique. Everyone is using it, and I think we should stop hyping things, really.

Dan Galves

Thank you, Tom.

Operator

Thank you. I would like to turn the floor over to Dan for closing remarks.

Dan Galves

We've run out of time. Thanks everyone for joining the call, and we will talk to you again next quarter. Thanks very much.

Operator

Ladies and gentlemen, thank you for your participation. This does conclude today's teleconference. You may disconnect your lines at this time.