Mobileye

Third Quarter 2026 Earnings Call

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PRESENTATION

Operator

Greetings, and welcome to the Mobileye Third 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, Sam.

Hello everyone, and welcome to Mobileye's Third Quarter 2026 Earnings Conference Call for the period ending September 26, 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's CEO and President, Moran Shemesh, Mobileye's CFO, and Nimrod Nehushtan, Mobileye's EVP of Corporate Strategy.

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

Amnon Shashua

Thank you everyone for joining.

Mobileye delivered a strong third quarter with results driven by high demand for our EyeQ solution.

Looking at year-to-date trends, revenue was up 8% year-over-year, Adjusted Operating Income up 42%, and operating cash flow was over $300 million.

We once again raised our full-year guidance. The revenue outlook is now 3.5% above original expectation, and Adjusted Operating Income is about double the original outlook, supported by good cost discipline and R&D incentives we discussed in detail last week.

The driving force on the revenue side is EyeQ shipment volume, which has exceeded expectations all year and is significantly outpacing global production trends. While global automotive production through Q3 has declined slightly on a year-on-year basis, our shipments are up 11%. We expect full-year 2026 EyeQ shipments to grow about 10% at the midpoint versus 2025. We're doing very well with our top 10 customers, with volume expected to grow 7%, even as those OEMs' aggregate vehicle production declined 5%.

Chinese OEMs are also choosing Mobileye to support their rapid emerging market expansion, adding more than 1 million units and 4 percentage points to our overall growth rate. We expect emerging markets' ADAS penetration to be a key tailwind over the next few years.

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One relatively new tailwind is that Chinese OEMs' expansion into Latin America and South Asia with vehicles that come standard with ADAS is driving legacy OEMs to increase ADAS shipment rates in these markets as well. Additionally, India remains a high-volume growth market in the near future, given new regulations and strong consumer demand for safety, as we have discussed in the past.

Looking towards 2027 through 2030, our growth opportunity within ADAS has two reinforcing drivers: ADAS reaching more vehicles and Mobileye delivering more value in each vehicle. Rising shipment rates support unit growth, while broader adoption of our software and systems capabilities creates a path to higher content per vehicle. That is the multi-year opportunity beyond this year's shipment performance.

In the next generation of high-volume ADAS systems launching over the next few years, technology product features trends support higher Mobileye ASPs and a greater share of system costs as our core customers grow their reliance on Mobileye for intelligence, safety, and scale.

Our customers appear to be pursuing higher-function ADAS along two parallel paths. First, low-cost, highway, hands-free functionality targeted at high-volume mass-market vehicle platforms.

Mobileye's technology is part of the most first-generation L2+ system on the road today. We actually have content on the majority of vehicles produced in North America and Europe in 2026, but often just as a front-camera perception supplier. As OEMs target lower cost and better hands-free availability in the second generation, Mobileye's role is expanding to include components like surround camera vision, crowdsourced intelligence through REM, driving functions, driver monitoring, and automated parking.

Three OEMs have chosen our Surround ADAS solution based on EyeQ6 High, including Volkswagen, Mahindra, and a large U.S. OEM.

A faster-to-market alternative to Surround ADAS is adding REM to an existing EyeQ6 Lite program to support Level 2+ functionality. We announced the first instance of this with Stellantis early in Q3. Since then, two additional OEMs have chosen this solution, including one top 5 automaker from Asia and another top 10 OEM from Japan, and the Stellantis program has expanded to include European platforms.

Taken together, these Surround ADAS and REM selections demonstrate adoption of our platform beyond front-facing camera perception. They show two routes to greater content per vehicle: supplying a broader system or adding software and mapping capabilities to an existing EyeQ program. As these programs enter production, that expanded role creates a path to higher ASP.

The second path is a development of higher-functionality point-to-point systems similar to Tesla FSD that go beyond highways and arterial roads and support hands-free driving on diverse road types, either supervised or unsupervised.

Our main thrust into this market is with the EyeQ6 High-based SuperVision and Chauffeur products expected to be launched with VW Group in 2027 and 2028. While SuperVision is nearer term and an important proof point, Chauffeur is particularly notable as there are few, if any, high-volume consumer Level 3 vehicles on the road today. The customer continues to see this product as an industry first and a critical unique selling point for their launch of a flagship vehicle in 2028.

REM, our road intelligence engine crowdsourced from about 8 million vehicles, is worth a specific call out as market traction has really accelerated in the last two quarters, even into some of the multi-supplier point-to-point development programs announced recently.

Two points to make here.

As OEMs begin to realize the challenge of building a good demo into a vehicle system that can be validated across millions of miles of road types and environments, they're realizing the value of data-driven road

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intelligence like REM. They're also realizing that REM can substantially improve availability of hands-free systems on various road types.

Secondly, Tesla recently called out their own efforts to use crowdsourced data to serve the same purpose as REM, something previously they claimed not to. Road intelligence databases like this cannot be duplicated without tremendous scale, which is why automakers are coming to Mobileye for that function.

Turning to Robotaxi, our self-driving system integration with various partners made meaningful progress this quarter with several milestones noted in the press release. It's encouraging to see these efforts move to a pre-scaling milestone on our path to driver-out performance.

Beyond our capital-light self-driving system supply efforts, we continue to see value in building the capability to participate across the entire Robotaxi value chain. Our rationale for broader participation through our own vertically integrated solution is to accelerate the deployment of our self-driving system and capture more of the value enabled, not to pursue fleet ownership for its own sake.

We have made significant progress in multiple areas. We have integrated Moovit's rider experience and fleet orchestration stack, and initial testing is underway in Tel Aviv. We have multiple options for a vehicle platform and are currently negotiating an option that allows for rapid scaling after initial commercialization. Roles and responsibilities of the vehicle builder, the uplifter, Mobileye, and operations are complex and need to be planned in parallel. We expect vehicle build to kick off at the beginning of 2026.

We see advantages in an expanded role in the value chain as it can lead to more rapid validation and software update cycles and enable us to make fast decisions on the hardware stack. For example, our own stack will rely heavily on our imaging radars as a redundancy to cameras, enabling us to reduce LiDAR content in anticipation of the next cost reduction wave that can drive scale into the future.

Turning to Mentee Robotics, version 3.2 of the robot is now operational and performing well. The next version, V4, is in the final stages of design with a production-ready architecture shaped by continuous feedback between AI development and hardware design.

Mentee's differentiated approach combines a simulation-first development pipeline and advanced AI. Synthetic data, imitation learning, and reinforcement learning enable the robot to develop agile, human-like movement and sophisticated perception and manipulation capabilities. Our simulation environment continuously generates challenging scenarios, allowing the team to train and improve the robot in situations that are difficult to reproduce using real-world data alone.

At the task level, an agentic AI architecture combines vision-language models with specialized robot policies to break down complex tasks, execute them as sequences of skills, and verify successful completion.

Overall, Mobileye's foundation remains solid. Demand for our technology is outpacing production at our top 10 customers, while Chinese OEMs continue to choose our solutions for export markets. Over the course of 2026, we have seen a meaningful uptick in traction for advanced Level 2+ systems that indicate higher ADAS content for vehicles in the future.

I now turn the call over to Moran.

Moran Shemesh Rojansky

Thanks, Amnon.

Before I begin, please be aware that all my comments on profitability will refer to non-GAAP measurements. The exclusions in Mobileye's 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 R&D incentive law we introduced with our second quarter results in July.

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For 2026, as discussed previously, we are also excluding the goodwill impairment loss that occurred in the first quarter and transaction costs associated with closing the Mentee acquisition, which was also a Q1 event.

Third quarter revenue of $492 million compared to $504 million in Q3 2025. This decline of approximately 2% was better than the 5% to 6% decline we had guided to.

Volume was up 3% year-over-year in Q3, but with a higher mix of Chinese OEM shipments, which carry less software content and therefore lower pricing. Chinese OEM mix alone drove year-over-year ASP down about $1.

Two factors drove these modestly better results.

The first was volume. At 9.5 million EyeQ units, we landed at the high end of our 9.3 to 9.5 million unit outlook, extending a trend we've seen all year of EyeQ demand running a bit ahead of what we expected coming into 2026.

Three things are behind us.

One, our technology is being adopted faster than our top 10 customers are growing their production.

Two, Chinese automakers are preferring Mobileye to support their push into export markets, especially non-Western markets like Latin America, South Asia, and Eastern Europe.

And three, the Chinese OEM push into emerging markets with standardized ADAS is encouraging legacy OEMs to increase the penetration of ADAS in their vehicles.

Second, deliveries of EyeQ5 High-based SuperVision systems of more than 15,000 units were above our expectations. Throughout Q3, 2026 deliveries totaled nearly 60,000 units, already slightly exceeding our original expectation for full-year 2026 deliveries. We still expect a notable step-down in SuperVision deliveries in Q4, but we are modestly raising our full-year SuperVision delivery outlook, given the strength in Q3. More on that in a few moments.

One additional note is that higher memory costs have increased cost per unit, which we have passed through to the customer on a one-to-one basis. This pass-through added approximately $7 million of revenue in Q3 at zero gross margin. The higher SuperVision volume and pass-through memory cost together reduced our corporate average gross margin by about 100 basis points.

Adjusted Operating Income in third quarter was $89 million, up 20% year-over-year. Adjusted Operating Margin was 18%, up about 3 percentage points versus Q3 2025. The improvement was again largely driven by the Israeli R&D credit law, which contributed $51 million of contra R&D expense in the quarter. As a reminder, the law came into effect shortly after the end of Q1 and is retroactive to the beginning of 2026. Q3 is the first quarter that reflects the benefits on a clean run-rate basis.

I want to reiterate a few points on the R&D incentive that we shared last quarter. We continue to expect the benefits to extend into future years. There is no end date to this regulation, although it remains subject to future changes in law. Quarterly recognition can be somewhat volatile, depending on meeting recognition thresholds, the level of qualifying R&D spend in Israel, and exchanges. The cash benefit also lags the accounting recognition, with the cash impact of the benefits recognized in 2026 expected to arrive roughly two years later, beginning in 2028.

Turning to full-year guidance, we are raising the midpoint of our revenue outlook by $13 million to approximately $2.008 billion, and narrowing the range to $1.995 billion to $2.02 billion. This implies growth of 5% to 7% for the year.

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The increase primarily reflects the SuperVision upside I mentioned, as we now expect about 65,000 systems for the year, up from almost 60,000 previously, with ASP in Q3 and Q4 meaningfully higher than prior quarters due to the pass-through memory costs noted above.

We continue to believe that there has been some intentional inventory building to protect against component shortages, and so we still forecast a step-down in Q4 volume. Our EyeQ outlook is unchanged.

We are raising the midpoint of our Adjusted Operating Income outlook to $400 million from $395 million previously, and narrowing the range to $380 million to $420 million. The conversion of incremental revenue to Adjusted Operating Income is consistent with our expectation, as the increase is SuperVision-related, and that product carries a lower gross margin than our corporate average.

Our outlook continues to include approximately $190 million from the R&D incentive at the midpoint. We still expect full-year non-GAAP operating expenses of approximately $910 million at the midpoint, which includes $180 million to $200 million of R&D credit. I note that we are keeping a fairly wide range here to incorporate some modest variability from further R&D incentive law rule guidance expected in the next few weeks.

At the midpoint, our annual guidance implies Q4 revenue of $460 million, down about 8.5% from Q3, and Adjusted Operating Income of roughly $60 million compared with $89 million in Q3. This is consistent with our expectation as of the July call.

On a last 12-month basis, including Q4, we expect EyeQ shipment volume to grow about 10% year-over-year. That is the more meaningful measure of the volume trend as shipments can vary widely between quarters.

The sequential step-down in Q4 revenue and Adjusted Operating Income outlook relative to Q3 reflects three factors: EyeQ order is currently pointing to roughly 8.8 million to 8.9 million compared with 9.5 million in Q3; the lower SuperVision shipments I just mentioned; and operating expenses expected to be a bit higher than approximately $225 million in Q3.

To conclude, our third quarter result reflect strong execution and continued financial discipline. We continue to produce sustained cash flows from our core business with operating cash flow of $303 million in the first nine months, and our balance sheet remains strong with $1.5 billion of cash, cash equivalents, marketable securities, and deposits.

Finally, we have repurchased approximately $33 million of shares since announcing the buyback program in April, with an average purchase price of $9.36. Our buyback strategy remains subject to market conditions and our capital allocation priorities.

Thank you. Operator, you may now open the line for questions.

Operator

Thank you. We will now be conducting a question-and-answer session. We ask that you please limit yourself to one question and one follow-up.

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, please, while we poll for questions.

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

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Chris McNally

Thanks so much, and good morning, team. Maybe we could just comment on the status of the VW relationship. I know you made some prepared comments, but it seems sort of top of mind for investors. I think VW has multiple points, multiple parts, but basically we see it divided as production car decisions and then their internal or longer-term efforts for autonomous. But I think we've all read some of the German articles out there about CARIAD taking on new partners, Wayve in, maybe Bosch out, as well as it appears MOIA strategically may not be going as financially planned. Any sort of material update you can give on both the production launches, the three big ones over '27/28, but really maybe more on the robo relationship would be super helpful.

Amnon Shashua

Okay, thanks, Chris. That's a big question.

Our relationship with the VW Group is defined first by our shared rich history of product launches and then by the nominated production programs we're executing together. So let's go over them.

The base ADAS and Surround ADAS with VW brand, we have SuperVision led by Porsche, we have Chauffeur led by Audi, and we have the ID. Buzz program with MOIA. Now, all programs are now running on production hardware, production-intent vehicle platforms. Software hardening is the primary focus, and the designated vehicle platforms are intending to launch in the 2027/2028, multiple vehicle models. So all of that is tracking well.

Now, I would say that OEMs continuously evaluate future architecture. That has always been the case, and it's really a separate matter from the programs we are delivering.

Now, we cannot comment on partners' internal processes or media reports about them, but CARIAD was always there. Even when we announced back in 2022, 2023 our programs with Porsche and Audi, part of the announcement by the Volkswagen Group was that there is CARIAD and CARIAD is part of the plan for future autonomy. CARIAD is undergoing a phase of replacing their partner. It used to be Bosch. Now it's going to be someone else. That someone else cannot be Mobileye because that's the whole point of CARIAD – to be a second source for Volkswagen Group's ambition in going into autonomy. So that hasn't changed.

As for the program with MOIA, our focus is executing and maturing the technology to drive out on the roughly 100 ID. Buzz prototypes that are deployed—they're deployed in multiple geographical locations—and complete the preparations to be driver-out ready. The AI stack and hardware are tracking well. We continue to see steady progress in data accumulation for validation and key performance metrics. So all of that is tracking well.

Beyond that, we cannot comment on speculations and reports concerning our partners.

Chris McNally

That's super helpful. Is it fair, just I always do the paraphrase, that basically if CARIAD is continuing, right? It shrank over time. But basically anything CARIAD works on internal for VW would be for program production awards in coming years, which would be more your launches in the 2030-type timeframe. Is that fair? Meaning they'd have to win it on their own merits, but obviously that's something that's a little bit longer dated.

Amnon Shashua

I'd say that's correct. It does not reflect on the programs we have. Programs we have are slated for production. We're working on those production programs, those production vehicles, hardening software,

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as I said. Then there is kind of the normal nominations of future architectures, and CARIAD was always in the picture. There's nothing new here, only they're selecting a new partner.

Dan Galves

Thanks, Chris. Go ahead. Go ahead, Chris.

Chris McNally

No, just on the AV side on the dual track, go-it-alone strategy, is it fair to say that you would look for partners to do the physical infrastructure side, the depot, the own the vehicles? There's a host of players doing that for other AV players. But when you're going it alone on the vehicle side that you would have somewhat on the physical infrastructure side?

Nimrod Nehushtan

Hi, Chris. The answer is yes. We are working with partners for, let's say, the operational, the infrastructure, the day-to-day management, warehouses, parking lots, low-level and mid-level maintenance work that relates to the seats (phon) themselves. Right now, our focus is on basically to put the vehicle platform—with our self-driving system as a ready platform in 2027, and then starting in one city, and then gradually over the course of the next few years scaling that, the entire ecosystem matures, I would say.

Chris McNally

Perfect. Thanks so much.

Dan Galves

Thanks, Chris. Next question, please.

Operator

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

Dan Levy

Hi. Good afternoon to you. Thanks for taking the questions. I wanted to go back to—I know we've talked in the past about the China dynamics, and I think we've been surprised by how well you've been holding share. I know that some of your competitors in China are making the claims that they do have ways to export their products through various JVs. Can you just talk to—as we continue to see this rise of China exports and competitors like Horizon and Momenta that are going to make the claims that they can play on those exports as well, why you think you can continue to hold a good share on these exports?

Nimrod Nehushtan

Right. I don't want to speculate too much in the future, but these claims are not new. I think we've been facing these claims by the Chinese competitors at least for four years now. One of the reasons why we are—we remain a steady and healthy market share with the Chinese OEMs that are exporting is of course regulation compliance, but that's not the only reason. I think that there is also a standard of performance that the European—for example, the European consumer is expecting when it comes to driver assist systems. By and large, most of the driver assist features that are available in Europe by different OEMs are provided by Mobileye. I think that for the Chinese OEMs, as they create the market share for themselves in Europe as their next big export market, it is very important for them to come with the most credible, high-performing driver assist offering to the European consumer.

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That's basically what we've seen and that's not true just for Europe. I think it's also affecting other markets. Although the U.S. market, maybe for the Chinese OEMs, is not the primary focus today, but even Asian markets outside of China and the Asia Pacific market, South America, which is also coming up with new regulation, and India, and also in Europe.

I think again, to summarize it, I think that we are confident because of the results so far, and we've had multiple decision-making cycles by now by the big Chinese OEMs, and we have been selected repeatedly in those. So I think we have a lot of merit.

Dan Levy

Great. Thank you.
Second question is, perhaps you can talk to the two Cloud-Enhanced wins, which I know you said those follow the Stellantis win. I know your commentary you gave implies that this should drive ASP accretion, but maybe you can just talk to how wide an adoption we see of those, and are those potentially gateways to getting further advanced content wins with these automakers?

Nimrod Nehushtan

The way I think to look at this is this is an upgrade for existing EyeQ6 Lite products with these OEMs. Basically, they've launched EyeQ6 Lite-based ADAS products, and then once those became mature and kind of proven in production, there was an incremental upgrade with Cloud-Enhanced ADAS, which is a more, I would say, straightforward execution project, as it basically uses the same chip. It uses a lot of the same hardware. It's mostly software validation work, and they can offer better features, better performance on these features at very affordable costs.

So I think for those OEMs, it's a pretty sensible decision, and definitely it improves our long-term relationship with these OEMs, and it helps us to bring new technologies to these OEMs and kind of show what else we can do with these technologies. The next logical step is Surround ADAS with EyeQ6 High and so on. So it is kind of building a bridge.

Dan Galves

Thank you, Dan.

Dan Levy

Thank you.

Dan Galves

Next question, please.

Operator

Our next question is from Edison Yu with Deutsche Bank. Please proceed with your question.

Edison Yu

Great. Thank you very much for taking our questions.

First, I'd like to follow up on the internal Robotaxi efforts. I think the idea here is obviously you have a lot more control over what's going on. Do you have a sense, or can you provide a sense, on kind of the big milestones for next year? Also, what do you envision as the form factor for that Robotaxi? Because we've obviously seen lots of different vehicles now on the road, even in places like LA.

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Amnon Shashua

The plan is to get better control of the lifecycle of the product first, better control definition of the product, better control of updating the software, selecting the hardware. By owning the full stack gives us control to move faster and make decisions faster.

I'll give an example. One of the things that we are looking, kind of a future facing, is considerable cost reduction of the Robotaxi platform. Today, there is kind of a standard of how a Robotaxi looks like in terms of the number of LiDARs and radars and cameras. It's quite expensive, but when we're looking into the future, say two, three years from now, we believe that there is room for a considerable cost reduction, and we want to use our Robotaxi activity to experiment there. We invested a lot in imaging radars. I think we have the best imaging radars today on the planet in terms of the resolution, the dynamic range, the side lobe detection, and thinking of ways to reduce the sensor set and the compute cost bill to create a really cost-optimized Robotaxi. This is something that if we don't control the entire product cycle, it will be very difficult to do. That was kind of the background.

Now the plan for 2027 is to deploy 100 vehicles and to be able to control the full cycle—not only the self-driving system, but also the vehicle platform, the upfitting of the system onto the vehicle, the operations, the fleet management system, the customer-facing application, the teleoperation, the back office activity—all of that on 100 vehicles in one city in 2027. We are thinking of the Orlando area, Miami next. So this is what is planned for 2027.

In parallel, we are working with a number of OEMs to define the Level 4-ready vehicle platform that we can buy at scale for expansion from 2028 and beyond.

Edison Yu

Thank you. Just a follow-up on Mentee. I know you mentioned in the final stages of the design. I guess, could we expect this to be ready by CES? Kind of somewhat related to that, I'm curious about the acquisition made by AMD of World Labs. Any thoughts on kind of the importance of something like that?

Amnon Shashua

Again, what did you mention about the World Labs?

Edison Yu

Just any thoughts on just the need to have something like that in-house, or the importance of this World model or spatial model.

Amnon Shashua

We are developing a World model. That's part of our stack. We plan to bring the V3.2 on stage for CES, and it will perform some interesting end-to-end tasks, not just locomotion, but actual useful tasks. We plan to bring that to the CES, but the version 4 should be built around the end of Q1 2027, more or less. The plan for kind of building a few hundreds of robots for production is the plan for 2028.

Dan Galves

Thank you, Edison. Next question, please.

Operator

Our next question is from Joseph Spak with UBS. Please proceed with your question.

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Joseph Spak

Thank you. I wanted to circle a little bit back to Chris's question, but maybe broaden it out a little bit from the VW Group. Because I know you've always sort of talked about the view that customers may seek multiple or internal solutions and as you sort of indicate, I don't think this really changes anything about your midterm opportunity. But it does feel, at least from the outside, like there's been a little bit of a sea change, and now OEMs are thinking about solutions for beyond and sort of the next generation. Maybe you could just give us a little bit of a lay of the land and some of the conversations you're having with customers for the next generations and how that could impact Mobileye positively or negatively beyond the current awards.

Amnon Shashua

Thank you for your question.

I would say that our strategy over this period has been very deliberate. One can argue whether it was the right strategy or not, but this is our strategy.

We put all our resources and focus into bringing four new platforms to production simultaneously with our leading customer—that's Volkswagen Group—and that instead of building demoware and to use it for business development, like some of our competitors are doing. When you have demoware, you can move fast. You can show things that are very impressive, but then now there is the uncertainty of going from demo to production that people usually don't put sufficient weight or importance to it. So we believe that scaling a proven production-grade product is a stronger position than productizing across many customers let’s say at once. This trade-off is the fewer new nominations in the near term and more durable, sustainable growth in the long term.

We are reaching the point in which at least our first production, the SuperVision with the Porsche, is coming to a maturity somewhere early 2027. That would put us in a better position of demonstrating already production-worthy system rather than something that is half-baked.

Now, we could have focused on demoware, and I'm sure it would have done very, very impressive demos, but we put our focus on production, production programs. When you're working on production, it's not that easy to go and demonstrate because in a production, not everything is under your control. Maturity of other sensors are not in your control. The application layer is sometimes not in your control. There are all sorts of requirements from the carmaker that some of them are coming from other suppliers. So being able to demonstrate the best performance of our system when we are in the midst of production is very problematic and we didn't put resources on demoware, but I believe that period is coming to an end.

During 2027, we can be back on to doing the business development on that last programs by showing real production systems, and that would put us in a good position in the conversations of the next advanced Level 2++ programs and Level 3 programs that OEMs are discussing.

Joseph Spak

Thank you for that, that answer.

As a second question, maybe just something on the full-year guidance. I know it was raised essentially by what you beat expectations for in the third quarter, but there was also—you did have the $7 million memory pass-through. I'm assuming it's probably at least a similar number in the fourth quarter. So I guess, does that mean there's something underlying has changed? I didn't—maybe I missed it. I didn't hear sort of the full-year unit number. Or was memory sort of always considered in your prior outlook? Can you just clarify that?

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Moran Shemesh Rojansky

I'll answer that. Memory was considered in our prior outlook. Out of the $7 million is just the total memory cost that we have had in Q3, but probably, I assume, half of it or 60% of it was already baked into the forecast. So that's one thing.

Second, on the fourth quarter, we cannot expect to have the same memory cost into our forecast because the SuperVision volume is much lower in Q4. We said we sold more than 15,000 units in Q3, and we were expected to be at—so currently we are almost 60,000. We expect to be 65,000. So that is not a significant uptick.

On EyeQ, we are on track with volume. In Q3, we were on track with volumes, and also Q4, we didn't change our guidance for EyeQ.

Joseph Spak

Thank you.

Dan Galves

Thank you, Joe. Next question, please.

Operator

Our next question is from Shreyas Patil with Wolfe Research. Please proceed with your question.

Shreyas Patil

Great. Thanks so much. Maybe picking up on the last question, I'm just curious how we think about memory price and the pass-through as we go into next year. Memory prices industry-wide are expected to increase by even more in '27, and you are expecting a bigger step-up in SuperVision shipments as well, so just curious how we should think about that at a high level.

Nimrod Nehushtan

We are in the process of working with our customers on the prices for 2027. That process is still in the midst of it. I think we'll be prepared to give the full picture at the next earnings call. But in general, as you said, this is an industry-wide topic, and it's not Mobileye-specific. We in the past have had successful occasions of working with our customers on these macro-driven cost increases, and we take a similar approach this time.

Shreyas Patil

Okay. Then maybe just to put a finer point on an earlier question, your exports with the Chinese OEs are primarily going to rest of world markets, I believe, across Asia, Middle East, Latin America, not so much Europe. If so, how do we think about that as European OEMs are ceding market share in Europe? Those Chinese automakers that are exporting or eventually will localize in-region, are they deploying their own locally developed ADAS and autonomy systems, or are there regulatory challenges to doing so?

Nimrod Nehushtan

I think as we commented before, I think that as of today Indian (phon) market, I think this is where the Mobileye solution is being adopted. Specifically in the European market, the regulation is very strict and comprehensive, and Mobileye's products have been always known to achieve the highest scoring in these regulatory tests. I think that's part of the reason why the Chinese OEMs are adopting Mobileye products,

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and we do not expect them to change that just because of local manufacturing. If anything, it will help us to improve our competitiveness further in the European market.

Shreyas Patil

Okay. Maybe just a quick last one.

Dan Galves

Yes, go ahead.

Shreyas Patil

I was just going to ask on Q4, the EyeQ shipment, if there's a way to break out kind of the split between how you're seeing Western—like your international shipments to international OEMs versus the Chinese Oes? Just given the seasonal uptake in Chinese volume in Q4. Thanks.

Moran Shemesh Rojansky

We usually don't give specific volume, but we can say that the China OEM demand has pretty been sustained through the years. Q2 and Q3 were a bit higher, but overall we are delivering more than 4.5 million chips to China. That is roughly equivalent between the quarters. Q2 and Q3 were a bit higher, but not a significant drop from China OEMs in Q4. We're seeing sustained demand.

Shreyas Patil

Okay. Thank you.

Dan Galves

Next question, please.

Operator

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

Mark Delaney

Thank you very much for taking the question. I was hoping to better contextualize the company's growing opportunity around an ASP uplift for L2+ vehicles. With Mobileye's outlook to be about a 20% CAGR for L2+ vehicles through the end of the decade, and that volume outlook coupled with the awards you've had in Surround ADAS and the growing momentum you're speaking about now in REM, can you help us understand what that means for where Mobileye's ASP per EyeQ chip may trend over the next two to three years?

Moran Shemesh Rojansky

I can say for this year we've obviously experienced some headwinds in ASP coming from China OEMs and emerging market second chip programs, as we already mentioned. But really, there are two factors that impact ASP. One is the geographical area: emerging markets, China OEMs with lower software content and lower ASP. On the other hand, you have the Cloud-Enhanced ADAS, and also advanced programs in general, so programs with bundles with higher software. We are even seeing, for example, in Q4 some expected increase in EyeQ ASP due to more demand for higher bundles or higher software.

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With Cloud-Enhanced ADAS plus REM, that obviously can add a few tens of dollars per EyeQ. Depends, of course, on the volume, depends on the take rate, but it might give a capitalization to ASP that will offset some of the—at least offset, more than offset some of the other impacts that we have.

Nimrod Nehushtan

And to maybe add for the longer term, Mark, on the longer-term question. Today ASP is primarily a base ADAS business, and it mostly depends on the mix of bundles and features, and it's roughly around the $47 to $50 range as it's been in recent quarters.

In the next, let's say, two to three years when we launch our products and gradually you'll see a different mix of products across the Mobileye revenue stream, we have Surround ADAS with roughly twice, or 2x, the ASP with similar gross margin.

Cloud-Enhanced ADAS programs contributes roughly single digits in dollars per car per year. In some cases, it can be kind of a lump sum for multiple years on day one. In some cases, it can be kind of a yearly license.

SuperVision is in the above $1,000 per car, but with a different gross margin, maybe closer to the 40s. Chauffeur is in the $2,500 ASP, again, with a closer to the 40s gross margin.

Now the overall average—compounded average ASP is a question of how many volumes we'll have in a given year of these products. All of them are expected to be launched in production programs with meaningful volume, but for us now to predict exactly how many volumes per year, it's a little bit early. But we do expect overall to see a very kind of a positive tailwind for ASP as we launch more and more of these products, because, again, just for example, the Surround ADAS program with VW is expected to be adopted on a double-digit number of vehicle models that sell in millions per year. So, when it's saturated to kind of peak volumes, it's a very significant revenue increase and ASP increase just from that program alone. As Amnon said, we have three of those with a similar meaningfulness, I would say.

I hope I helped you kind of model.

Dan Galves

This is Dan. I just wanted to make a couple of final points on it because it's an important question.

The L2+ segment is the fastest-growing segment in ADAS in North America and Europe over the next several years, based on mobility global projections, and these projections have really been rising. It's a very kind of strong segment that today we have a good presence, but with essentially normal base ADAS products as part of a system, these wins that we've had over the last year indicate that our content and our positioning in the next generation of L2+ is growing.

I think we wanted to make the point that if you look specifically at single-chip type of ASPs, which have been kind of slowly eroding the last couple of years for reasons that Moran mentioned, we have a good opportunity to turn that around with Surround ADAS at two to three times the ASP of base ADAS, and Cloud-Enhanced ADAS that has a gross profit per unit that is roughly similar to Surround ADAS.

Thank you. Next question, please.

Operator

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

George Gianarikas

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Hi everyone. Thank you for taking my questions. You mentioned you decided not to focus on demoware, but I'm really curious as to whether or not, with Tesla's recent FSD milestone announcements, 75% take rates in North America, have you observed any acceleration in customer inbound and interest in adopting advanced autonomous solution?

Amnon Shashua

I'll tell you what, when we do internal testing and driving expeditions with the current programs that we have with the SuperVision, which is FSD-like, the performance is super, super good. I believe that when we come out in production, it will not be that far from a Tesla FSD performance, without the parking. We're not doing the parking there.

So I believe that when the time would come that we can really demo that vehicle, when we finish hardening the software, doing all the—burning down all the tickets and maturing of the sensor maturity and everything, I think it will be in a very, very good position. Tesla's very high take rate of 75% is a very, very good tailwind that will enable us, when the time comes, to get more attention from OEMs who see this very, very big take rate of Tesla.

George Gianarikas

Thank you. Maybe as a follow-up, as you start to launch your Robotaxi fleet next year, how are you modeling and thinking about network operating center headcounts and vehicle-to-operator ratios? I'm just sort of curious as to how that should start and how you expect that potentially to come down over the next several years. Thank you.

Amnon Shashua

It always starts with one operator for one vehicle at the beginning. Then later it starts reducing. We talked last year about certain technologies of VLM to enable to kind of reduce the attention of a teleoperator to allow more vehicles for a teleoperator, and when the time comes we'll integrate it into our stack.

Dan Galves

Thank you, George. Next question, please.

Operator

Our next question is from Colin Rusch with Oppenheimer & Co. Please proceed with your question.

Colin Rusch

Thanks so much, guys. Can you talk a little bit about the thought process in making the investment in Beep and how you see the public transport market evolving as a demand creator for some of your self-owned vehicles?

Nimrod Nehushtan

The Beep investment is basically around establishing a partner for the Robotaxi operations and day-to-day management and maintenance. It goes back to George's question about headcount for remote operators. Basically, we've been working with Beep for multiple years now, and we've developed a common approach and a collaboration on our technologies with their platforms that are very effective to manage Robotaxi fleets. They will be our partner for the next few years when we launch our Robotaxi fleet in the U.S.

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At the same time, there is also the demand creation part of it. Beep has a very rich activity around public transit and microtransit, which is a very interesting angle for autonomous mobility use cases. That is something that we're evaluating in parallel with that.

Colin Rusch

Great. Then in terms of the evolution of the sensor suite and the cost reduction, as you look at the introduction of colored LiDAR into the market, is there a real opportunity for you guys to evolve the sensor suite and simplify it with that sort of technology in the market?

Amnon Shashua

Our bet is on—first, the basics is always cameras. But on top of cameras, our bet is on imaging radars. We invested in the past seven years on developing very, very capable imaging radars that can take the heavy weight of redundancy.

So our belief is that long term you would not need LiDARs. It's only cameras and imaging radars. That's our bet. The time horizon for that is still unknown, but that is our bet.

Colin Rusch

Okay. Thanks so much, guys.

Dan Galves

Thank you, Colin.

Operator

Our last question will be from Andrew Percoco with Morgan Stanley. Please proceed with your question.

Andrew Percoco

Thanks for squeezing me in here. Just two quick follow-up questions, and I'll just ask them at the same time.

First, on the ASP commentary, super helpful, but if I could just double-click around the cadence of that. It sounds like a lot of the Surround and Cloud-Enhanced ADAS is more of a maybe 2028 story in terms of when production actually starts to kind of kick in and drive meaningful volume. So should we generally expect 2027 ASPs to follow the trend that we've seen in 2026, before you get that benefit, obviously, in 2028 and 2029 on some of the higher-end Surround and Cloud-Enhanced solutions?

Then my second question is just around investment needs for 2027. Obviously, moving ahead with Mentee and your own Robotaxi business, do you expect a notable uptick in R&D or, more broadly, OpEx as we get into 2027 to support some of those development goals? Thank you.

Nimrod Nehushtan

On the ASP side, I'll talk about the product launches, and maybe Moran can talk more specifically about next year. You're correct that the Surround ADAS and Cloud-Enhanced product launches are 2028 events and on 2027. Moran?

Moran Shemesh Rojansky

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So 2027, you need to bear in mind that this year we had, as I mentioned, headwinds for ASP for China OEM, and also the second chip that we didn't sell in 2025 and we're selling in 2026, so we had roughly I think almost $2 ASP decrease in 2026. So 2027, we expect to be more flat. There might be some moderate decrease as relates to, again, software content and demand for higher bundles versus lower bundles, but we are not expecting to see the same headwinds as we experienced in 2026.

Dan Galves

I think the second question was...

Operator

We are at the end—oh, I'm sorry. Go ahead, Dan.

Dan Galves

I think there was a question around investments into 2027.

Amnon Shashua

There are going to be some investments in 2027, but we're not ready to talk about them at this point. But it's not something major.

We're planning to buy (inaudible), all sorts of investments, but we'll talk about them when the time comes to talk about 2027.

Dan Galves

Thank you, Amnon.

Operator

We have reached the end of the question-and-answer session. I would like to turn the floor back over to Dan Galves for closing comments.

Dan Galves

Thank you, Sam.

Thanks everyone for joining our earnings call. We will have another one in January. Thank you so much. Talk to you soon.

Operator

This concludes today's teleconference. You may disconnect your lines at this time. Thank you for your participation.

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