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PRESENTATION

Operator

Good morning and welcome to ECARX's Fourth Quarter and Full-Year 2022 Earnings Conference Call. At this time, I would like to turn the conference over to Adam Kay, Head of Investor Relations. Please go ahead, Adam.

Adam Kay - ECARX - Head of Investor Relations

Good morning and welcome to our Q4 and full-year 2022 earnings conference call. With me today are ECARX's Chairman, CEO, and Co-Founder, Ziyu Shen, Chief Operating Officer, Peter Cirino, and Chief Financial Officer, Ramesh Narasimhan. As a quick reminder, this call is being recorded.

Before we begin the prepared remarks followed by Q&A, please note that we may refer to both GAAP and non-GAAP measures. Today's discussion also contains forward-looking statements based on the environment as we currently see it and as such, it does include risks and uncertainties. Please refer to our filings with the SEC for more information on the specific risk factors that could cause actual results to differ materially. With that, I'd like to introduce ECARX's Chairman and CEO, Ziyu Shen.

Ziyu Shen - ECARX - Co-Founder, Chairman, Chief Executive Officer

Thank you, Adam. Hello, everyone and welcome. Thank you for joining our first earnings call as a public company following our listing on NASDAQ in December. We are very excited to be here today. For those who are new to our story, I would like to start today's call with a brief overview of our company before discussing our financial results.

I will also discuss some of the exciting announcements made at our recent tech day and then turn the call over to Peter and Ramesh for commentary on our strategy, financial performance, and outlook for this year. To begin with, ECARX is a global mobility-tech provider working with OEMs to shift the automotive landscape as the industry moves to an all-electric future.

As OEMs create new vehicle platforms from the ground up, we are developing vertically integrated full-stack solutions, which include digital cockpits, chipset solutions, a core operating system, and an integrated software stack. All designed specifically for automotive use, aiming to combine multiple ECUs into a single computing platform, which enables OEMs to develop new applications, services, and revenue streams.

As of December 31, our solutions had been integrated into 4.7 million cars worldwide, and we continue to shape the interaction between people and vehicles by advancing the technology behind smart mobility products. Six years ago, I co-founded ECARX with Eric Li, founder and the chairman of Zhejiang Geely Holding Group, one of the largest automotive groups in the world.

Today, we have around 1,500 employees worldwide of which over 70% are involved in R&D, our operations span 10 global centers in cities such as London, Gothenburg, and Shanghai.

We work with a total of 12 OEMs and 21 vehicle brands across Asia Pacific and Europe including Geely Auto, Lynk & Co, Zeekr, Lotus, Volvo Cars, Polestar, and Smart, as well as eight different Tier 1 automotive suppliers including Visteon, Neusoft, Baidu, and Desay SV.

In the same way, the telephone evolved into a handheld computer, the car of the future will evolve into a computer on wheels. ECARX is at the forefront of this journey, helping to bring automotive intelligence to all. We focus on developing an automotive tech platform that is uniquely informed by our deep-rooted automotive and strategic collaborations.

We learned in our early days that the best way to deliver great computing power and experience is to collaborate at the research and the development stage. For example, we have agreements and strong relationships with cutting edge companies like AMD, ARM, Volvo, and SiEngine where we collaborate on an immersive digital cockpit computing platform that is defining the next generation of in-vehicle entertainment and taking the digital customer experience to the next level.

Another example is our latest strategic partnership with Unreal Engine with which we are working on creating an enhanced user experience through a real-time 3D immersive visual effects, which support large scale AAA games and the extensive gaming ecosystem of the Epic Games Store. We view this as one of the key differentiators for ECARX. OEMs benefit from our seamless deep play integrated solution and work with us as early as day one of a new car design.

Looking ahead, we are excited by the opportunity in the large and growing automotive tech industry and believe our cutting edge solutions and strategic relationships will enable us to continue to capture new market share.

Now, I will provide some highlights on our financial performance, which Ramesh will go into in greater detail later. We saw a revenue of 516 million for full year 2022 a year-over-year increase of 28% at constant currency. This growth was largely driven by an increase of new digital cockpit sales volume and favorable sales mix with higher revenues per unit. Demand for our innovative products remains strong as we continue to expand our customer base.

In 2022, we introduced and launched new products with vehicle brands such as Lotus, Smart, Citroen, and Mazda. Alongside our strong topline performance, we also saw significantly improved adjusted EBITDA loss of 100 million for full year 2022, coming below our projected loss of 162 million for the full year. Importantly, we remain on track to reach adjusted EBITDA profitability by the end of 2024.

Last year was a historical one for ECARX. And we are excited to build on this, momentum in 2023 and beyond. We look forward to providing more details on our strategic vision, product roadmap, five years financial targets, and growth opportunities at our investor day on Tuesday, May 9th in New York City.

I hope you will all attend in order to see our products in action through live demos and meet more of our leadership team. Before handing off to Peter, I want to highlight a few items from our Tech Day event, which was held last month.

With the theme of enable and accelerate, we showcased how ECARX is pioneering a new era of intelligent vehicles by bringing the next level of efficiency and computing power to the global automotive market. Business and R&D leaders from more than 10 automakers and their major brands participated in the event, including Mercedes-Benz, Smart, and Polestar, as well as representatives from various emerging EV brands.

We were also joined by many of our global partners, such as AMD, emphasizing ECARX's, compelling technology and the excitement among our stakeholders. During the event, we announced the launch of multiple automotive hardware and software platforms, including the Antora series, Makalu, the Super Brain Central Computing platform, and Cloudpeak software.

These products will enable our customers to create high-quality vehicles and define the next generation of intelligent automotive experience. And importantly, bring their new designs to market at speed. Peter will discuss our strategy, partnerships, and platforms next, and we're looking forward to sharing additional details about our innovative offerings at our investor day next month. Peter, over to you.

Peter Cirino - ECARX - Chief Operating Officer

Thank you Ziyu, and good morning, everyone. I'm excited to be here today at our first quarterly earnings as a public company. Demand for our products remains robust across all verticals, and we are continuing to capture market share for our next-gen suite of products.

One of the key drivers of growth for ECARX has been our focus on innovation. We invest heavily in research and development to introduce cutting-edge technologies and features in our products, which allow us to stay ahead of the curve.

During the fourth quarter, we announced the debut of our next generation digital head units in the Lotus Eletre and Smart #1, helping us to expand across the European market and globally. The Lotus Eletre leverages ECARX's first dual-chip system, enabling server-level computer power for rapid processing, an immersive multiscreen user experience, and capacity for continued improvement over the lifetime of the car via over-the-air updates.

The Smart #1 is equipped with a co-developed platform delivering a smooth, efficient, and enjoyable user experience that embodies the Smart brand on a system that can run global apps and content. Based on the conversations we are having with OEMs, we believe the demand for these products will continue to remain strong as the industry transitions to solutions that offer more seamless and immersive user experiences.

Our focus on innovation and efficiency has also led to a significant increase in our market share. Our product modularity allows for seamless integration of the ECARX offering across brands and has been well-received by customers across geographies as we have experienced strong demand in both domestic and international markets.

Growth in China, the world's largest automotive market, has been particularly strong and we are seeing increased interest from OEMs across Europe. As Ziyu noted, we recently shared details of multiple automotive hardware and software computing platforms including the Antora series, Makalu, Super Brain Computing Central Platform, and Cloudpeak software.

Our flagship product, the Antora series, is specifically designed to meet growing demand for systems on a chip in the EV and intelligent vehicle markets.

Our advanced 7 nanometer SE1000 system on a chip provides powerful 100K DMIPS computing power and 900 GFLOPS graphics rendering capability through a multi-core heterogeneous automotive computing engine and efficient hardware architecture. The Antora series includes two core products, Antora 1000 and Antora 1000 Pro, both of which offer low power consumption and are expected to speed up OEM development.

Antora 1000 is certified for functional safety and information security, and supports rich intelligent cockpit hardware configurations while Antora 1000 Pro offers even higher performance with dual powerful computing modules that cooperate at ultrahigh speed transmission rates.

Our aim with the Antora series is to increase the overall computing power of the car and help OEMs move away from replacing hardware platforms every few years. This in turn will help meet the rapid growth of user demands and the need for multi-device integration.

The next product I want to highlight is the ECARX Makalu, our next generation immersive intelligent cockpit computing platform. We consider Makalu to be one of the most powerful platforms within the smart cockpit market.

It comes equipped with the AMD Ryzen embedded V2000 processor and Radeon RX 6000 series GPU with a powerful performance of 394k DMIPS and graphic rendering capability of 10.1 TFLOPS. Makalu supports up to 32 gigabyte standalone memory and a ground-breaking 8 gigabyte of standalone VRAM.

This platform can deliver desktop level performance and supports the latest graphics processing interfaces of PC platforms, ideal for gaming, real-time 3D environment rendering, and surrounding spatial audio effects. We are excited to introduce this offering to our customers and we are currently planning for mass production rollout in 2024.

Following ECARX Makalu is the Super Brain Central Computing platform, which combines our SE1000 with advanced AD chipset bringing AI performance to its full potential. This is our all-in-one solution that we view as a super computing controller that integrates the cockpit driving and vehicle control with our full stack hardware and software technologies.

The Super Brain will lead to improvements in performance and efficiency of the E/E architecture and drive the evolution from intelligent EVs to intelligent mobile devices. Super Brain will also allow OEMs to reduce the wiring harnesses in the entire vehicle by 5%, cut vehicle engineering costs by 15% and bring 20% material savings when compared to distributed controllers.

Last is ECARX Cloudpeak software, which is the cross-domain system capability foundation built by our global R&D teams in collaboration with HaleyTek, the joint venture between ECARX and Volvo. The system's architecture is built to fully meet the functional safety and information security requirements of vehicles supporting multiple operating systems and the global mobility ecosystem. It meets both national and international standards and is compliant with the EAL4 security certification.

From a partnership perspective, we are excited about our latest collaborations with Unreal Engine, which Ziyu mentioned earlier and XINGJI MEIZU Group which we discussed at our tech day, to create immersive user experiences through desktop level 3D visual effects and to jointly develop Flyme Auto intelligent cockpit solutions respectively.

We are proud to debut Antora 1000 Pro and Flyme Auto in the Lynk & Co 08 model, showcasing the power and potential of our innovative products.

This exclusive partnership gives ECARX unique access to Flyme Auto for in-car use and builds on ECARX's existing OS development enabling a global android-based product offer. Looking ahead, we are building ECARX to become a leader in a large and growing EV market that is undergoing transformational change.

We will continue to invest in our people and in R&D to create the innovative products and services that meet the evolving needs of our customers. I encourage all of you to join us at our upcoming investor day on May 9th to get a better understanding of our vision and get to experience our products and tech first-hand.

I will now turn it over to our Chief Financial Officer, Ramesh, who will share more about our financial results and outlook. Ramesh, over to you.

Ramesh Narasimhan - ECARX - Chief Financial Officer

Thanks, Peter. I'm delighted to be presenting our first results as a public company. Over the past year, ECARX has demonstrated strong financial performance. Our revenues increased significantly driven by strong demand for our products and services.

We have improved our profit margins through a focus on sourcing, manufacturing efficiency, and cost reduction and remain on track to reach adjusted EBITDA profitability by the end of 2024. To provide a better view of the underlying performance of the business, I will be referring to our growth rates on a constant currency basis.

Our revenue for the fourth quarter of 2022 was 221 million, up 44% year-over-year, driven by sales of goods revenues which increased 43% when compared to last year, primarily due to the higher average sales prices and higher volumes from the launch of new products. Our software license revenues grew by a strong 263% year-over-year, driven by increased volume and favorable pricing.

While service revenues saw a year-over-year decline of 10% in the fourth quarter, primarily due to the impact of COVID-19 pandemic on our customers' operations, which resulted in delays to certain projects. For full year 2022, our service revenues grew 35% year-over-year due to increased demand for technical consulting services from OEM customers and Tier One partners.

Of note, the fourth quarter is seasonally our highest quarter of the year, contributing to around 40% of the top line, while the first quarter is the lowest at around 15% to 20%.

Our gross profit for the fourth quarter of 2022 was 62 million, up 30% year-over-year, primarily driven by the launch of new products and favorable product mix. For full year 2022, our gross profit was 144 million, up 21% year-over-year.

Our adjusted EBITDA loss for the fourth quarter of 2022 was 30 million, primarily driven by strong demand from our OEM and Tier One customers and pricing recoveries, slightly offset by inflationary headwinds.

For full year 2022, our adjusted EBITDA loss was 100 million, bettering our planned estimates by 62 million and are 15% better when compared to the prior year. This improvement was mainly driven by proactively optimizing and reducing our operating costs, while also leveraging the higher absolute gross margin from our top line.

Net loss for the fourth quarter increased to 107 million, up from 37 million in the same period last year, largely driven by R&D and SBC charges, as we continue to invest in and execute our robust product roadmap. For full year 2022, our net loss was 224 million, up from 177 million in 2021.

As of December 31, 2022, we had 113 million in cash, a decrease of 18 million over the year, primarily due to investments in R&D to support the launch of new products. Our capital position remains strong and will enable continued investment in innovation and strategic partnerships to drive growth in the future. We have optimized our supply chain and production processes, which have resulted in lower costs and higher profitability.

In addition, we maintain a strong balance sheet with healthy liquidity and a manageable debt load, which have allowed us to continue investing in our business and our pipeline in a very focused and disciplined way. And of course, an important part of this has been our efforts to continue building our international capabilities that are essential to our continued success.

Looking ahead, ECARX will continue to focus on efficiency and cost control, while also investing in our business to drive growth and innovation. We will continue to prioritize sustainable and responsible business practices, which will contribute to our long-term success.

We also plan to expand our reach into new markets, both domestic and international, which we believe will drive growth and profitability. Moving now to guidance, we look forward to sharing more detail during our upcoming investor day on May 9th, where we will outline our five-year financial objectives and strategy.

For now, speaking for 2023 and taking into account the current exchange rate between the US dollar and RMB, we are guiding for revenue to be in the range of 700 million to 720 million, a 38% year-over-year increase at the midpoint. For adjusted EBITDA, we maintain our guidance of achieving breakeven by the end of 2024. With that, we would like to open up for questions.

QUESTIONS AND ANSWERS

Operator

Thank you. (Operator Instructions) And your first question comes from the line of Yuqian Ding from HSBC. Please go ahead. Your line is open.

Yuqian Ding - HSBC - Analyst

Thank you. Thank you, team. This is Yuqian from HSBC. Thanks for management for the presentation. Very informative. I've got three questions if we may roll in one by one. The first one is, Tesla recently talked about a significant profit opportunity via its autonomy program while keeping their vehicle margins lower for more volume elasticity.

The implication could be, how would the management team view the industry dynamics, especially between increasing OEMs might want to enhance their vertical integration software capabilities to harvest more autonomy margin in the future like Tesla, or the OEM would procure the intelligence or connectivity content from independent suppliers like us?

So how do we position ourselves against the OEM's bifurcation between vertical integration and the other can procure from the suppliers like us? I might ask the following questions after your answer, if that's okay.

Peter Cirino - ECARX - Chief Operating Officer

A great question. Thank you for that. The first question is always hard. I'll hand it over to Ziyu to answer you.

Ziyu Shen - ECARX - Co-Founder, Chairman, Chief Executive Officer

Yes, so this is Ziyu speaking. So thanks for the question. So I think regarding the question, so the vertical integration by OEM and other platform from third-party. So I want to explain that we needed to define what's the meaning of the vertical integration because like Tesla of course that's the vertical integration because they in-house the SoC like FSD and all software by themselves.

But in the world only Tesla, one OEM is doing that like us. They're doing this model. And most of OEMs are using Qualcomm or NVIDIA platform. So actually, we are doing similar things. We in-house our actual platform with SiEngine SoC and platform, and provide and share platform to all OEMs right now. So that's not my understanding about the vertical integration on our position.

So actually our main competitor actually the similar like Qualcomm and Nvidia doing that we are providing the SoC based the computing platform, our Antora and Antora 1000 pro that including SiEngine and SoC very similar like that. So I'm not sure if you answered your question or not. So maybe Peter you can add on.

Yuqian Ding - HSBC - Analyst

Yes. Sure. Thank you. That's very clear. Yes.

Ziyu Shen - ECARX - Co-Founder, Chairman, Chief Executive Officer

Okay.

Operator

Thank you.

Yuqian Ding - HSBC - Analyst

If we may roll on -- roll in another question?

Ziyu Shen - ECARX - Co-Founder, Chairman, Chief Executive Officer

Yes, sure.

Yuqian Ding - HSBC - Analyst

My second question is on the -- yes, that'll be great. Thank you. The second question is to ask you about your perspective on the margin outlook especially in China. We don't just -- the first quarter since our end customers are going through severe pricing competition.

So are we facing the potential margin squeeze coming from our OEM customers or if any other initiatives that we can do such as providing the higher value addition content to buffer the potential margin squeeze. Could you share a bit more light on that front?

Ramesh Narasimhan - ECARX - Chief Financial Officer

Yes. Thank you. Thanks again for the question. So this is Ramesh here. I think for us what we are seeing is a significant growth in our revenue and we are seeing our ability to maintain the strong margins going forward.

And that's on the basis of the fact that we have, as we represent our tech day, a number of products that we are -- we announced. And I think that the key is that we are -- that the products are enabling a very strong customer digital experience, which is helping us to maintain the margins and at the same time be competitive. So, I think we are pretty positive and optimistic about the long-term growth of company and the profitability of the -- of ECARX.

Yuqian Ding - HSBC - Analyst

Got it. Thank you. The last one, could you walk us through about your cash burn rate guidance before break even in the coming two years? Obviously, we've maintained our EBITDA breakeven point by the end of 2024 within this year and next year, and also '24 was the rougher -- the estimated cash burn rate, the fixed cost specifically such as R&D and SG&A. And during the meantime, if any additional equity or debt raising we might need it to -- before we achieve self-sustaining level.

Ramesh Narasimhan - ECARX - Chief Financial Officer

Yes. I mean, let me start with firstly our cash position as of December. So we ended up with \$130 million in cash. So as we said in the recording, we -- in the messaging that we -- our cash decreased by about 18 million over the year.

And mainly, we continue to invest in R&D and support the new products. We are pretty comfortable with our current cash position. We are capital-liked in terms of our structure. We outsource our manufacturing, so primarily our cash balance as part of this year is sufficient to support us for 2023.

We are, of course -- with the growth, there will be some demands on cash. And we will evaluate opportunities to see if we need to raise some funding in future to help us to grow further and also to continue to invest in R&D.

Yuqian Ding - HSBC - Analyst

Got it. Very clear. That's all for me. Thank you, team.

Ramesh Narasimhan - ECARX - Chief Financial Officer

Thank you.

Operator

Thank you. We will now go to our next question. One moment please. And the next question comes from the line of George Gianarikas from Canaccord. Please go ahead. Your line is open.

George Gianarikas - Canaccord - Analyst

Hi, everyone. Thank you for taking my question. I wonder if you can go into more detail about early interest in the Makalu platform, any details on the OEMs and the use cases? Thank you.

Peter Cirino - ECARX - Chief Operating Officer

Hey George. Thanks for the question. This is Peter. Just to give an update on that product, we're super excited about the use cases in the vehicle. The Makalu product brings both the in-vehicle gaming as well as a deep on-vehicle 3D experience for the operating system.

So we think that will provide great differentiation for the digital cockpit inside the vehicle. We announced that the Smart brand will be using that product on future launches.

And we're continuing to have conversations with other OEMs as well, both inside of China and inside of Europe. So we expect that that product will be probably on vehicle by the end of this year and then continue to adopt across additional OEMs in the market.

George Gianarikas - Canaccord - Analyst

Right. Is there any way you can help us understand the P&L impact of that product as it starts to ramp?

Ramesh Narasimhan - ECARX - Chief Financial Officer

Let me just understand your question. You would like to know what the impact of Makalu is on our revenue?

George Gianarikas - Canaccord - Analyst

Revenue, like ASP differences between Antora and Makalu and margin -- any P&L impact you can help us quantify. Thank you.

Ramesh Narasimhan - ECARX - Chief Financial Officer

I think the Makalu impact will be more from the end of this year. So I think it's a little bit early to talk about the ASP impact on our P&L for 2023.

George Gianarikas - Canaccord - Analyst

Right. As it begins to ramp next year, can you just help us early indications of what the differences in ASP will be? Or have you not gone to that much detail with your customers yet?

Ramesh Narasimhan - ECARX - Chief Financial Officer

Well, not yet. I think it's a little bit early to discuss that. Yes.

George Gianarikas - Canaccord - Analyst

Okay. And then on the Super Brain, you talked about 20% BOM cost savings. So you mentioned a little bit about wire harnesses. Any other -- can you help us understand a little bit more about what BOM savings there are and how that's a potential marketing to customers in terms of just the ASP difference between the super brain and the BOM cost? Thank you.

Ziyu Shen - ECARX - Co-Founder, Chairman, Chief Executive Officer

Okay. So this is Ziyu speaking. Let me answer your question. So the Super Brain, actually that we are bringing cockpit domain and ADAS domain put together one box. So from hardware perspective, so we are saving a lot, mechanical, PCB, and connector. So obviously, that's the cheaper BOM cost comparing two different boxes for the two different domains.

Also from vehicle E/E architecture point of view, we are offering Super Brain, we can also save a lot of connection and communication cabling and complicated software protocol, et cetera, et cetera. So we can latch E/E architecture of vehicles but that is much easier than before all architecture. So that's overall the BOM cost savings point of view.

George Gianarikas - Canaccord - Analyst

Great, thank you. And maybe a final question that was asked by the earlier analyst about just the weakness in the Chinese EV market and the impact on pricing. I'm just curious as to whether you can share any real-time thoughts on the market, what you see happening, and just so you can maybe illuminate for us a little bit of a real-time impact that the market is having on your business. Thank you.

Ramesh Narasimhan - ECARX - Chief Financial Officer

Yes. I think overall, while there might be some [softening], we're actually seeing substantial growth as you saw year-over-year. We have grown substantially. And this year, we are forecasting a further 38% increase in revenue. So we are -- currently, we are not seeing the impact yet. We certainly -- with our new products, we are seeing higher demand and we are optimistic about the growth opportunities for ECARX, both in China and also outside.

George Gianarikas - Canaccord - Analyst

Great, thank you.

Operator

Thank you. We will now go to our next question. One moment please. And the next question comes online of Jared Maymon from Berenberg. Please go ahead. Your line is open.

Jared Maymon - Berenberg - Analyst

Hey, guys. Good morning. Thanks for taking the question and congrats on the first call as a public company, obviously, pretty exciting. First question for me, just on the partnership that you guys recently announced with Meizu on the Flyme auto platform, it sounds like that platform is going to be pretty powerful compared to what exists on the market right now, at least looking at the current state of those offerings.

So I guess I'm curious if you expect that platform to be standardized across other geo-ecosystem brands or models? And can you speak to how that opportunity might impact licenses or services revenues versus goods sold?

Peter Cirino - ECARX - Chief Operating Officer

Hey Jared, this is Peter. Thank you for the question. Good to hear from you. We, as you know, debuted that platform right around the Shanghai Auto Show on the Lynk & Co '08. We had it in our booth as well at the Shanghai Auto Show and got some really great feedback from existing and future potential customers.

It has the capability of bringing the smartphone experience very close to the automobile and digital cockpit and making that seamless integration between cell phones and vehicles start to come to life. So we're pretty excited about, as we continue to work closely with Meizu on launching future vehicles and bring that platform into the vehicle and into user's hands, we'll see a significant continued tailwind from that platform.

Jared Maymon - Berenberg - Analyst

Great to hear. And then just clarifying on that partnership. So you guys thought that was an exclusive strategic partnership. Can you just explain what that means in the context of that relationship?

Peter Cirino - ECARX - Chief Operating Officer

Yes, sure. I mean we work very closely with Meizu on integrating their software into our software stack and bringing it into the vehicle experience. So we're an exclusive partner with Meizu on the Flyme Auto system in order to take that from their software development stack into the vehicle experience. So we work closely with the OEMs and build the system out accordingly.

Jared Maymon - Berenberg - Analyst

Got it. Okay. And then one on the model here. So it looks like EBITDA loss came in a little bit lower than expected, but that's obviously great to see. I'm just kind of curious what the dynamics were there. I guess how that kind of panned out. Was that the result at all of kind of pushing any cost to manage the cash position and any implications on what the 2023 loss might look like as a result of that?

Ramesh Narasimhan - ECARX - Chief Financial Officer

Yes, hi Jared. Ramesh here. So let me just break down a question or two. So for FY22, basically our EBITDA performance was stronger by us focusing on our fixed cost on a very proactive basis.

I think we also mentioned that we focused on operational efficiencies and making sure that while we are maintaining or improving the margin or the quality of revenue, we are -- we have a very strong eye on the cost a discipline. In terms of our EBITDA objective, we are committed and strongly confident about the 2024.

I think for us, what is important is that we focus on a sustainable profitable growth. And that's what we are focused on, right? So we're not giving guidance on 2023 EBITDA because for us, what is important is to ensure that we achieve our 2024 commitments that we've made previously. And as I mentioned, that we are very confident about achieving those milestones.

Jared Maymon - *Berenberg - Analyst*

Yes, definitely. I totally got it. Great to hear that you guys are still committed to that. Last question for me and then I'll let somebody else jump in. But just kind of a more broad industry question.

So some of the silicon and platform providers, I think especially in ADAS, have established pretty fairly recently some really strong partnerships with OEMs that includes some software sharing revenue.

So I'm just looking at the MEIZU partnership, for example, and some of the other ones that you guys have. I'm curious if you could talk to kind of what the opportunities look like there as far as your own kind of software recurring revenues goes and what the conversations with customers have been like.

Peter Cirino - *ECARX - Chief Operating Officer*

Yes, Jared, I mean, I think the customer reaction to the Meizu platforms we think is really exciting. I think the Flyme Auto system will enable capabilities inside the vehicles that really bring, as I said, the cell phone experience into the car in a very unique way.

And we're certainly able, I think, through that partnership to help the OEMs build out their capability to generate recurring revenues inside the vehicle. So I think we continue to explore unique pricing models, especially as we look for future systems and bring some of these very high horsepower systems into the vehicle. And I think we'll continue to look for those opportunities as we go forward in the future.

Jared Maymon - *Berenberg - Analyst*

Sounds great. Thanks, guys. And I'll see you on the 9th.

Peter Cirino - *ECARX - Chief Operating Officer*

Great.

Jared Maymon Looking forward to it.

Peter Cirino - *ECARX - Chief Operating Officer*

Thanks, Jared.

Operator

Thank you. We will now go to your next question. One moment, please. And your next question comes the line of Suji Desilva from ROTH Capital. Please go ahead. Your line is open.

Suji Desilva - ROTH Capital - Analyst

Hi. See you, Peter, Ramesh. Congratulations on the Strong 2022 and the outlook as well. You guys talked about the business Q&A a little bit, but just as you compete with guys like NVIDIA and Qualcomm, who are traditionally from the smartphone space, can you talk about ECARX's advantages, perhaps the strong auto relationship, things of that nature? Thanks.

Ramesh Narasimhan - ECARX - Chief Financial Officer

Suji, just to clarify your question, well, good to hear from you again. Just to clarify your question, you want to know what the, how do we compete with NVIDIA, Qualcomm?

Suji Desilva - ROTH Capital - Analyst

The competitive advantages you bring versus them.

Ramesh Narasimhan - ECARX - Chief Financial Officer

The competitive advantages that we have?

Suji Desilva - ROTH Capital - Analyst

From the PC, smartphone side. Yes, thanks.

Ziyu Shen - ECARX - Co-Founder, Chairman, Chief Executive Officer

Yes, this is Ziyu speaking. Okay. So, because our core DNA are the automotive R&D, we know the vehicle architecture quite well. And we, our team, actually already finished a lot of vehicle program and we know vehicle features and the system are much, much better than the other competitors.

So that's why we have vertical integration and including SoC design and very dedicated for automotive requirements. So especially I introduced before, from our SiEngine SoC, we have physical safety island and functional safety and vertical integration, so, et cetera, et cetera, example, to provide a very valuable feature to system design and OEM R&D to reduce the cost and improve the performance. Because at day one, when we design a system, that we focus on automotive design. So that's very unique. That's unique for our part, actually, from the competitors.

Suji Desilva - ROTH Capital - Analyst

All right. Thank you, Ziyu. That was very helpful. And then perhaps on the revenue guidance, I'm curious, your visibility into that guide and customer diversification there as you broaden your customer base. I'm curious how much visibility you have into the forward guides and then how the customer base will be diversifying with new programs and new customers ramping.

Ramesh Narasimhan - ECARX - Chief Financial Officer

Yes. Suji, hi. Ramesh, again. So in terms of visibility, as automotive is normally 18 to 24 months at least in terms of contracts. And therefore, we're very confident about the revenue guidance. Of course, it is subject to macroeconomic impacts that might happen, but that is due to economic challenges that might come across.

But we're very confident given our visibility that we have in terms of the 2023 guidance. In terms of revenue diversification, I think the revenue base will start diversifying more as the new products come along. We are seeing the demand from different customers.

We announced the FAW strategic partnership a couple of months ago. So those will diversify our revenue base very soon with the new products. But also, we have established the international business office based out of the UK. And we are in a number of conversations overseas.

So, while that might, that will take a little bit of time, we're also confident that in the long run that our revenue will diversify not just from a customer-based perspective, but also from a geographical-based perspective as well.

Suji Desilva - ROTH Capital - Analyst

Okay, if I could sneak one last quick one in. I know you were -- hasn't talked about pricing yet, but can you talk about perhaps the content opportunity for cars as a way to size the addressable market for you guys?

Ramesh Narasimhan - ECARX - Chief Financial Officer

Yes, I mean, well, I'll talk about content per car today. So, today our content per car is about, I'll give a range, and this does not include some services that we provide, like engineering services or software services. So, our content per car is around \$360 to \$380 per car. So, that's typically what we have in a vehicle.

Peter Cirino - ECARX - Chief Operating Officer

And then Suji, too, just to add to Ramesh's comment, I think as we, continue to develop some of these demands platforms, like the Makalu platform we talked about, the Super brain, I think that's got -- those complicated systems have the potential to, raise that number as we as we go through the life cycles.

Suji Desilva - ROTH Capital - Analyst

Okay, great. Thanks, Peter. Thanks, Ramesh. Thanks again, guys.

Peter Cirino - ECARX - Chief Operating Officer

Thanks, Suji. Good luck to you.

Ramesh Narasimhan - ECARX - Chief Financial Officer

Thank you, Suji.

Operator

Thank you. We will now go to the next question. One moment, please. And your next question comes from the line of Wenjuan Jing from CICC. Please go ahead. Your line is open.

Wenjuan Jing - CICC - Analyst

Hi, this is Wenjuan Jing from CICC. Can you hear me?

Peter Cirino - ECARX - Chief Operating Officer

Yes, hello.

Ziyu Shen - ECARX - Co-Founder, Chairman, Chief Executive Officer

Hello.

Wenjuan Jing - CICC - Analyst

Okay. Hi, hi, hi. Yes, I just got on the phone and might have missed the previous communication and I have three questions. The first one is, what are the target markets for SE1000 and the V2000 platforms? Are there any segmentation among those two? And this is the first question.

Ziyu Shen - ECARX - Co-Founder, Chairman, Chief Executive Officer

Okay. So this is Ziyu speaking, so let me answer your first question. So SE1000 SoC, the SiEngine SoC, and we build the Antora series products. Actually, this one, actually talking about the, of course, the global market, because I don't think the SE1000 already had the automotive grade certification and also we had the safety certification and also we had global IP protection of that.

So, that's why we are aiming to the global OEMs for global market, of course. And the V2000 from AMD, of course, that's also we collaborate with AMD as very strategic on automotive grade area. So, of course, we are targeting the luxury brand and high-end product EV market, also the global market as well. Yes.

Wenjuan Jing - CICC - Analyst

Okay, very clear. Thank you. Yes, yes. And I have the second question. Which platform -- which computing platform will be the main platform promoted overseas? This is the second question.

Peter Cirino - ECARX - Chief Operating Officer

Yes, I'll grab that. Great question. As we look -- as we're talking to potential customers for expansion in Europe, we are talking with them about both potential platforms. I think the Antora platform will be in the higher volume center of the market. It provides a great performance value equation for our potential customers. And we can see, I think, some very high-volume discussions that we're having on that platform.

As Ziyu mentioned, the Makalu platform is higher performance. And we are discussing primarily with the premium EV suppliers or EV customers for that product line. So I think the discussions that Ziyu was mentioning greatly apply to the global market as well.

Wenjuan Jing - CICC - Analyst

Okay, thanks. The third one is about financial performance. I agree that we gave the guidance for 2023, but can you break up the income compensation for us?

Ramesh Narasimhan - ECARX - Chief Financial Officer

Yes. So we gave a guidance in terms of the 2023 that we will be between \$700 million to \$720 million. And that represents a 38% year-over-year growth. And somebody else, I do not know if you heard that question, but somebody was asking earlier, what is the level of visibility we have? And given the automotive nature, we have very good visibility in terms of 2023, and we are very confident that we will get to those guidance.

Wenjuan Jing - CICC - Analyst

Okay. That was all my question. Thank you very much.

Ramesh Narasimhan - ECARX - Chief Financial Officer

Thank you.

Operator

(Operator Instructions). There are currently no further questions. I will hand the call back for closing.

Ramesh Narasimhan - ECARX - Chief Financial Officer

All right, thank you, Sharon.

I would like to thank all of you for taking time in joining this exciting first earnings call. I really appreciate all the very good questions to us. Thank you. And we look forward to seeing you in a couple of weeks in New York, where we will share a long-term vision and strategy. Thank you.

Operator

This concludes today's conference call. Thank you for participating. You may now disconnect.

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