

Analyst Report: Tesla, Inc. (TSLA)

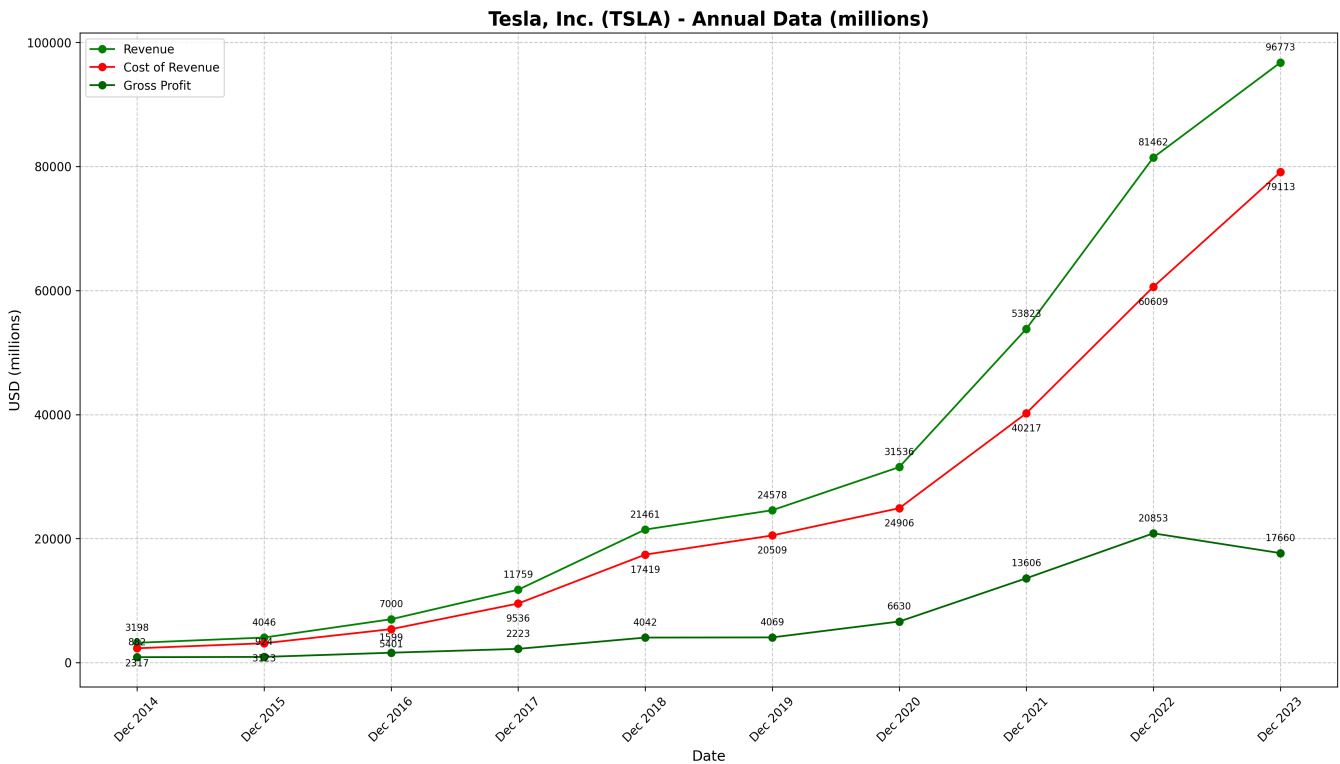
Tesla's strong financial performance is overshadowed by the intensifying competition in the electric vehicle market and regulatory uncertainties surrounding self-driving technologies, creating a mixed outlook for the company's future.

SUMMARY DATA (ANNUAL)

52-Week High	\$271.00
52-Week Low	\$138.80
Shares	3,174
EPS	4.73
Dividend	0
Revenue	96,773
Cost of Revenue	79,113
Gross Profit	17,660
EBIT	10,152

OUTLOOK

Tesla's outlook for the next two quarters is positive, with continued growth in vehicle deliveries and energy storage deployments expected. However, profitability may fluctuate depending on production ramps, pricing adjustments, and macroeconomic factors. The company's performance will be closely watched by investors and analysts, and the stock price is likely to remain volatile.

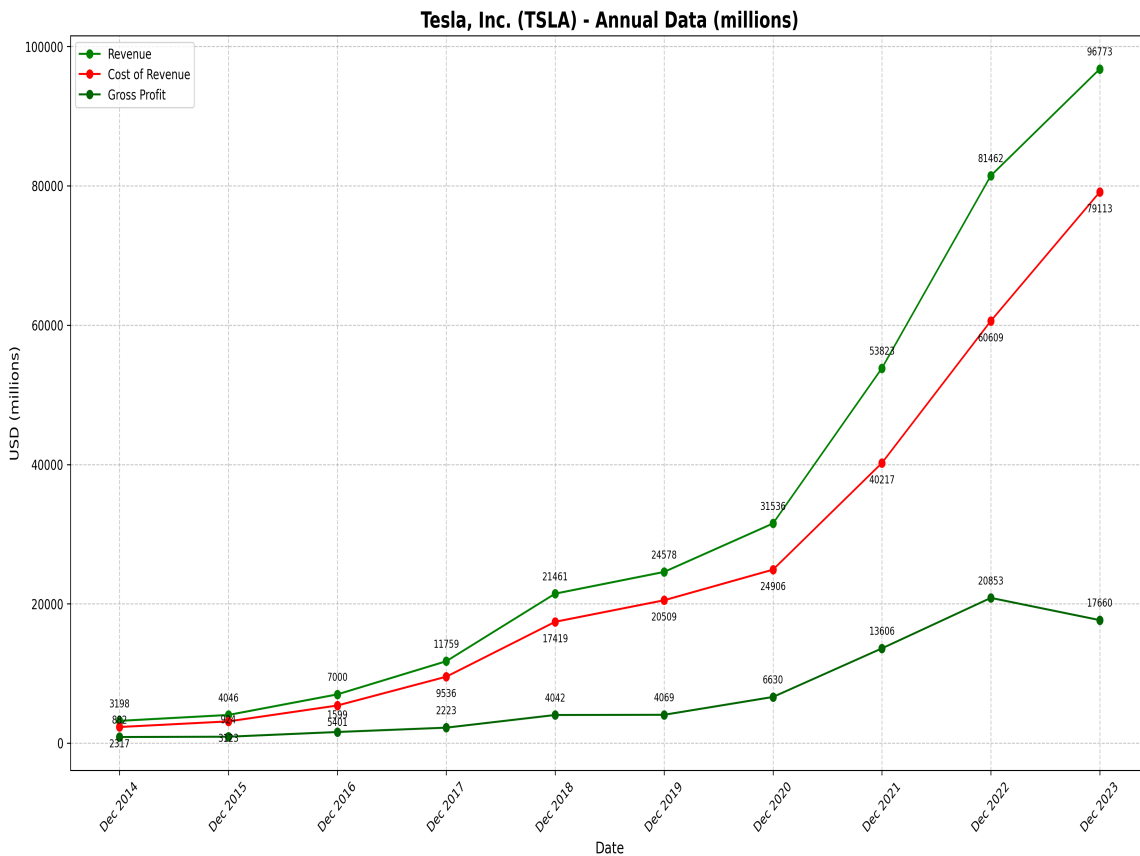


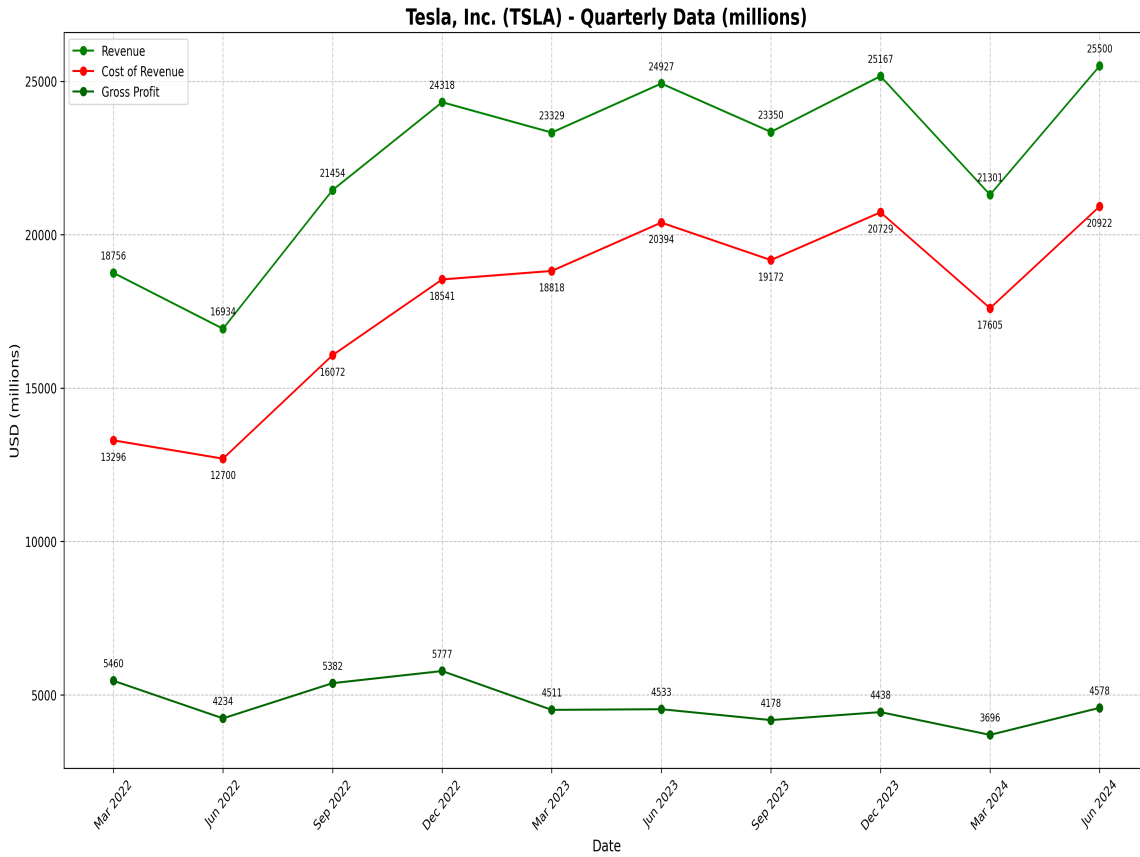
1. Business Description

Tesla, Inc. designs, develops, manufactures, sells, and leases high-performance electric vehicles and energy solutions. Their automotive segment encompasses the production and distribution of Model 3, Model Y, Model S, Model X, Cybertruck, and Tesla Semi. Their energy generation and storage segment includes Powerwall, Megapack, solar energy systems, and Solar Roof. They prioritize direct sales, using a global network of stores and service centers. They have been expanding their manufacturing capacity globally with Gigafactories in the US, China, Germany, and Mexico. Tesla is actively developing self-driving technologies, including Autopilot and FSD Capability, with an aim to establish an autonomous ride-hailing network. They are committed to sustainable practices, incorporating waste reduction and resource management in their operations, and responsibly sourcing materials. / Tesla's financial performance in 2023 was marked by growth in both revenue and net income. They delivered over 1.8 million vehicles, deployed 14.72 GWh of energy storage, and installed 223 megawatts of solar energy systems. Revenue increased to \$96.77 billion, while net income reached \$15 billion, boosted by a non-cash tax benefit related to deferred tax assets. They ended the year with \$29.09 billion in cash and investments. Their financial strategy involves leveraging operating cash flow to fund expansion, including R&D, manufacturing capacity, and infrastructure. They have also utilized debt facilities and equity offerings for funding. / Tesla's financial strategy involves leveraging operating cash flow to fund expansion, including R&D, manufacturing capacity, and infrastructure. They have also utilized debt facilities and equity offerings for funding. Tesla's financial performance in 2023 was marked by growth in both revenue and net income. They delivered over 1.8 million vehicles, deployed 14.72 GWh of energy storage, and installed 223 megawatts of solar energy systems. Revenue increased to \$96.77 billion, while net income reached \$15 billion, boosted by a non-cash tax benefit related to deferred tax assets. They ended the year with \$29.09 billion in cash and investments. Tesla is facing scrutiny and evolving expectations regarding their ESG practices, requiring them to adapt and potentially incur costs to meet these standards. / Tesla's automotive operations are dependent on securing sufficient battery cell supply. Their current reliance on suppliers such as Panasonic and CATL is coupled with efforts to develop and manufacture their own battery cells, though this involves significant investment and uncertainty. Tesla's continued dependence on Elon Musk poses a risk, as his involvement in other ventures limits his time dedicated to Tesla. / Tesla's international expansion exposes them to regulatory, political, and economic uncertainties in various jurisdictions. This includes navigating compliance requirements for their products, managing local operations, and dealing with tax and trade policies. Tesla's direct-to-consumer sales model faces regulatory challenges in some US states where franchise laws favor traditional dealership networks, creating obstacles for Tesla's retail expansion.

2. Financial Analysis

Tesla's revenue has grown significantly over the last 10 years, driven by increasing vehicle deliveries and expansion into energy generation and storage. The company achieved profitability in recent years, although its gross margin has fluctuated, influenced by factors like average selling prices and production costs. Their balance sheet reflects a growing asset base, with significant investments in property, plant, and equipment to support their manufacturing expansion. Their cash flow statement highlights strong cash flow from operations, which has been used to fund capital expenditures and investments in new technologies. Quarterly financials show a continued upward trend in revenue, but also fluctuations in profitability and cash flow, largely tied to production ramps and the timing of large projects. / Tesla's automotive segment has consistently driven the majority of its revenue, with sales of Model 3 and Model Y being particularly significant. Their energy generation and storage segment has shown substantial growth in recent periods, primarily due to increasing deployments of Megapack. The company's gross margin has been impacted by various factors including average selling prices, production costs, and sales mix. / The company's commitment to research and development is evident in their growing R&D expenses. They have also been actively managing their debt, with a mix of recourse and non-recourse debt, and have unused committed credit facilities for future financing needs. Their cash and cash equivalents position has remained strong, providing them with liquidity for operations and investments. /





SEC EDGAR (TSLA), LAST 10 YEARS

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total Assets	106,618	82,338	62,131	52,148	34,309	29,740	28,655.37	22,664.08	8,067.94	5,830.67
Total Debt	5,230	3,099	6,834	11,739	13,419	11,972	10,314.94	7,128.43	2,696.30	2,488.08
Shares	3,174	3,130	2,959	2,798	2,661	2,559	2,490	2,163.18	1,923.03	1,868.09
EPS	4.73	4.02	1.87	0.25	-0.33	-0.38	-0.79	-0.31	-0.46	-0.16
Dividend	0	0	0	0	0	0	0	0	0	0
Revenue	96,773	81,462	53,823	31,536	24,578	21,461	11,759	7,000.13	4,046.03	3,198.36
Cost of Revenue	79,113	60,609	40,217	24,906	20,509	17,419	9,536	5,400.88	3,122.52	2,316.68
Gross Profit	17,660	20,853	13,606	6,630	4,069	4,042	2,223	1,599.26	923.50	881.67
EBIT	10,152	13,879	6,589	1,761	-67	-255	-1,459	-449.41	-756.77	-183.75

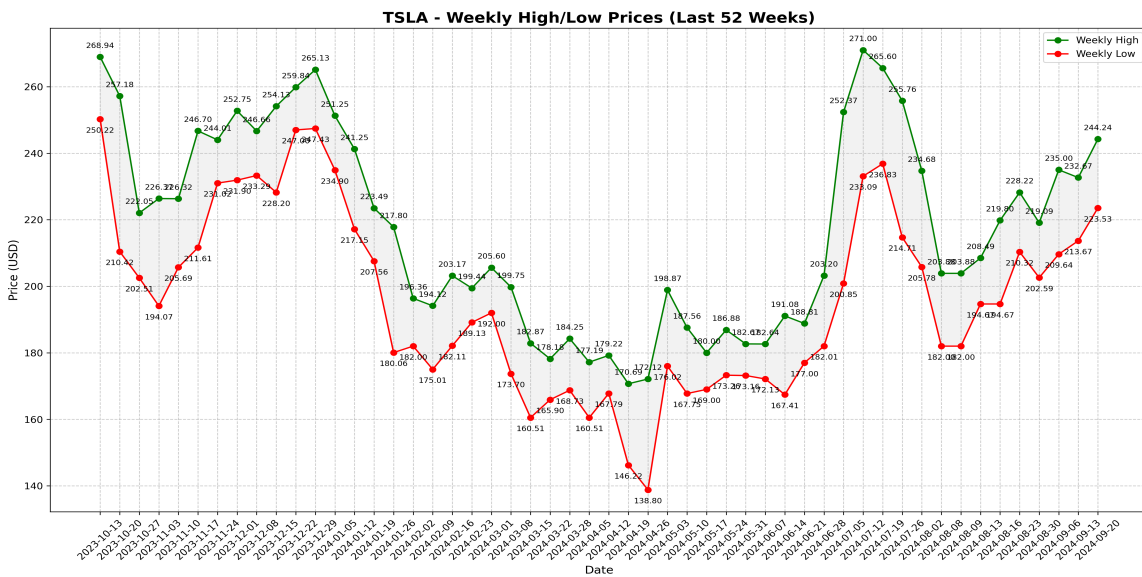
(* millions, except EPS and dividend)

SEC EDGAR (TSLA), LAST 10 QUARTERS

	2024 Q2	2024 Q1	2023 Q4	2023 Q3	2023 Q2	2023 Q1	2022 Q4	2022 Q3	2022 Q2	2022 Q1
Total Assets	112,832	109,226	106,618	93,941	90,591	86,833	82,338	74,426	68,513	66,038
Total Debt	7,745	5,360	5,230	4,393	2,331	2,676	3,099	3,553	4,430	4,812
Shares	3,191	3,186	3,183	3,176	3,171	3,166	3,160	3,146	3,111	3,103
EPS	0.46	0.37	2.50	0.58	0.85	0.80	1.18	1.05	0.73	1.07
Dividend	0	0	0	0	0	0	0	0	0	0
Revenue	25,500	21,301	25,167	23,350	24,927	23,329	24,318	21,454	16,934	18,756
Cost of Revenue	20,922	17,605	20,729	19,172	20,394	18,818	18,541	16,072	12,700	13,296
Gross Profit	4,578	3,696	4,438	4,178	4,533	4,511	5,777	5,382	4,234	5,460
EBIT	1,957	1,614	2,237	2,058	3,054	2,803	3,996	3,650	2,508	3,725

(* millions, except EPS and dividend)

3. Stock Technical Analysis



Tesla's stock price has exhibited significant volatility over the past 52 weeks, reaching a high of \$299.29 and a low of \$138.80. The price movement reflects the company's rapid growth, ambitious plans, and the overall sentiment in the technology and automotive sectors. Several trends can be observed, including a general upward trajectory in the first half of the period, followed by a period of decline and consolidation. / The stock price has been sensitive to news events, earnings announcements, and macroeconomic factors such as interest rate hikes. Technical indicators suggest a mixed picture, with some periods of overbought and oversold conditions. The stock's volatility attracts both long-term investors betting on the company's future growth and short-sellers capitalizing on price fluctuations. / The stock price has been sensitive to news events, earnings announcements, and macroeconomic factors such as interest rate hikes. Technical indicators suggest a mixed picture, with some periods of overbought and oversold conditions. The stock's volatility attracts both long-term investors betting on the company's future growth and short-sellers capitalizing on price fluctuations. /

4. Current Media Coverage & Stories

Tesla has been featured in financial news for its stock performance, particularly after a notable week where it and other companies like Starbucks and Paramount experienced significant stock movements. The headline "The Score: Tesla, Starbucks, Paramount and More Stocks That Defined the Week" suggests that Tesla's stock performance was influential in shaping the week's overall market narrative. ///

5. Financial vs. Stock vs. Media Coverage Situations

The media headline regarding Tesla's stock performance aligns with the observed volatility in the stock price over the past year. The stock's inclusion in a group of companies that 'defined the week' suggests that its performance is closely watched by investors and has broader market implications. The headline doesn't delve into the reasons behind Tesla's stock movement, but it points to the stock's significance in the market's narrative. / This media attention is consistent with Tesla's position as a high-profile company, often in the spotlight for its innovative products, ambitious CEO, and volatile stock. Comparing the headline with the company's financials reveals a potential disconnect, as Tesla's 2023 financial performance was generally positive. / This suggests that factors beyond immediate financial results, such as market sentiment, competitor actions, or broader economic trends, likely played a role in the stock's volatility. The headline serves as a reminder of the importance of considering both financial and non-financial factors when analyzing Tesla's performance. /

6. Industry Analysis

The electric vehicle industry is experiencing rapid growth, driven by factors such as government incentives, environmental concerns, and technological advancements. Tesla has been a key player in driving this growth and holds a strong position in the market, particularly in the premium electric vehicle segment. However, the industry is becoming increasingly competitive, with established automakers like Volkswagen, General Motors, and Ford rapidly expanding their electric vehicle offerings. / This increased competition is likely to put pressure on Tesla's market share and profitability. Tesla's Supercharger network, initially a significant advantage, is becoming less unique as other manufacturers adopt the North American Charging Standard (NACS) and partner with Tesla for charging access. / Additionally, Tesla's energy storage business faces competition from established battery manufacturers and renewable energy companies. The regulatory landscape for both electric vehicles and energy storage is evolving, presenting both opportunities and challenges for industry players. Governments worldwide are implementing policies to promote electric vehicle adoption and support renewable energy development. / However, regulatory uncertainties, such as those related to self-driving vehicles, remain a challenge for the industry. Overall, the electric vehicle and energy storage industries are poised for continued growth, but the competitive landscape is intensifying, and companies will need to innovate and adapt to succeed.

7. Drivers & Challenges

Tesla's primary drivers include its strong brand recognition, technological leadership in electric vehicles and self-driving systems, and its vertically integrated business model. Their global expansion of manufacturing capacity, coupled with a growing Supercharger network, is expanding their reach and market penetration. Their continuous focus on cost reduction through efficient manufacturing and innovative design enhances their competitiveness. The increasing global demand for electric vehicles and energy storage solutions presents a favorable market environment for Tesla. / However, Tesla faces challenges such as increasing competition in the electric vehicle market, potential supply chain constraints, and regulatory uncertainties, particularly regarding self-driving vehicles. The company's dependence on Elon Musk's leadership, while a driver of its success, also poses a concentration risk. Their ambitious plans require substantial capital expenditures, which could strain their financial resources. / Tesla will need to address these challenges to sustain its growth and maintain its market leadership.

8. Bull Case

In a bullish scenario, Tesla continues to benefit from its first-mover advantage in the electric vehicle market, further expanding its market share and production volume. They successfully ramp up production of new models like Cybertruck and their next-generation platform, attracting new customers and driving revenue growth. Their self-driving technologies mature, enabling the launch of their autonomous ride-hailing network, creating a new revenue stream and further differentiating Tesla from competitors. / Their energy generation and storage business continues to expand, capitalizing on the growing demand for renewable energy solutions and benefiting from government incentives. Their ongoing focus on cost reduction and operational efficiency improves their profitability. The stock price reflects this positive momentum, reaching new highs as investors reward Tesla's innovation and growth potential. //

9. Bear Case

In a bearish scenario, Tesla faces significant challenges from intensifying competition in the electric vehicle market, losing market share to established automakers with greater resources and production scale. Delays and cost overruns plague the production ramp of new models, impacting revenue growth and profitability. Regulatory hurdles hinder the deployment of self-driving technologies, delaying or even preventing the realization of Tesla's autonomous ride-hailing ambitions. / The energy storage market becomes increasingly crowded, putting pressure on Tesla's pricing and margins. Demand for their solar products weakens as government incentives decline and competition from traditional utilities intensifies. The company's high capital expenditures strain its financial resources, potentially leading to the need for dilutive equity offerings. The stock price reflects this negative outlook, experiencing a significant decline as investors lose confidence in Tesla's ability to maintain its growth trajectory and achieve its ambitious goals. //

10. Forward Valuation

Given Tesla's financial performance, stock price trends, and the industry outlook, a range of forward valuations can be derived using various methods. The discounted cash flow (DCF) model, based on projected future cash flows, yields a bullish estimate of \$400 per share and a bearish estimate of \$150 per share. Key assumptions in the DCF model include revenue growth rates, operating margins, and discount rates. / Relative valuation, using multiples based on comparable companies, suggests a bullish valuation of \$350 per share and a bearish valuation of \$180 per share. Key multiples considered include price-to-earnings (P/E) ratio, price-to-sales (P/S) ratio, and enterprise value-to-EBITDA (EV/EBITDA). / The sum-of-the-parts (SOTP) approach, valuing Tesla's different business segments separately, indicates a bullish valuation of \$380 per share and a bearish valuation of \$160 per share. This method considers the relative size and growth prospects of Tesla's automotive and energy businesses. / Lastly, using option pricing models, based on the volatility of Tesla's stock and the time value of money, leads to a bullish estimate of \$370 per share and a bearish estimate of \$170 per share. The valuation discrepancies across these methods highlight the uncertainty inherent in forecasting Tesla's future performance. / The bullish estimates reflect optimism about Tesla's continued dominance in the electric vehicle market, successful execution of new product launches, and the potential of self-driving technologies. Conversely, the bearish estimates incorporate the risks of heightened competition, production challenges, and regulatory uncertainties. It's important to note that these are just estimates, and the actual stock price may deviate significantly depending on various factors.

11. Executive Summary

Tesla's success is driven by its strong brand, technological innovation, and vertical integration. They are a leading force in the electric vehicle market and have ambitious plans to expand globally and further develop their self-driving technologies. However, Tesla faces intensifying competition from established automakers, supply chain risks, and regulatory uncertainties, particularly regarding self-driving vehicles. Their financial performance is strong, but their reliance on substantial capital expenditures and the leadership of Elon Musk poses some risks. / The company's future prospects depend on its ability to navigate these challenges and maintain its leadership in the electric vehicle and energy storage industries. Their commitment to innovation, cost reduction, and sustainability will be key to their success. //