Tesla Inc. (TSLA): 1Q25 First Take

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- **Our first take is that this report is mixed, with weaker non-GAAP EPS ($0.27 vs. the Street at $0.41 per FactSet) and ongoing risk from tariffs/macro factors but better than feared data in our opinion on at least a few key metrics (new vehicle model production timing, and the automotive non-GAAP gross margin ex credits). Specifically, Tesla plans to start production of new lower cost models in 1H25 (unchanged from comments in the 4Q24 letter), and begin robotaxi operations by June in Austin (described as a pilot launch by June in the 1Q25 shareholder letter and compared to prior comments of a launch in June on the 4Q24 call). In addition, while the automotive non-GAAP gross margin ex. credits of 12.5% was below our 13.0% estimate, it came in above StreetAccounts consensus at 11.6%. However, Tesla did not give guidance citing uncertainty in the macroeconomic environment and due to tariffs.**
- **Commentary on tariffs and margins, the degree of differentiation with upcoming new models (e.g. just lower cost variants of current offerings or more differentiated new models), and AI related efforts (e.g. FSD, robotaxis) will likely be key focus points on the call for investors.**
- Tesla reported revenue/non-GAAP diluted EPS (excluding SBC and non-cash gains/losses from digital assets) of $19.3 bn/$0.27, which was 9% below/$0.14 below the Street (FactSet) and 3% below/$0.05 below GS.
- The automotive non-GAAP gross margin (including SBC and excluding the revenue from regulatory credits) was 12.5%, below GS at 13.0% but above StreetAccounts consensus at ~11.6%. This was down from 13.6% in 4Q24 and down from 16.4% in 1Q24. The extent that FSD affected the margin will be something we look to better understand on the call (including any larger than typical FSD deferred revenue release, potentially by enabling FSD-like features in China in 1Q).
- The total company gross margin (including SBC) was 16.3%, above GS at 15.6% but slightly below the Street (FactSet) at 16.4%.
- EBIT (including SBC) of ~$0.4 bn was below our forecast of ~$0.65 bn.
- FCF was $0.7 bn in 1Q25.
- Tesla commented that it is difficult to measure the impacts of shifting global

trade policy on the automotive and energy supply chains, its cost structure, and demand. Tesla believes that the rate of growth this year will depend on a variety of factors, including the rate of acceleration of its autonomy efforts, the production ramp at its factories and the broader macroeconomic environment. Tesla said that it will revisit its 2025 guidance with its 2Q update. Recall that the company was previously expecting the vehicle business to return to growth in 2025. This compares to GSe at -4% yoy and Visible Alpha consensus at +2% for 2025 vehicle deliveries. Additionally, Tesla was previously expecting energy storage deployments to grow at least 50% yoy in 2025, but importantly we believe Megapack assembly in the US will be affected by tariffs on batteries sourced from China.

- Per the shareholder deck, plans for new vehicles, including more affordable models, remain on track for start of production in the first half of 2025. Recall that Tesla plans to use aspects of the next generation platform as well as aspects of its current platforms, and make the new models on its existing manufacturing lines.

Results

Tesla reported 1Q25 revenue of $19,335 mn (down 25% qoq and down 9% yoy) which was 3% below GS at $19,854 mn and 9% below the Street (FactSet) at $21,345 mn. Tesla reported the following by segment:

- **Automotive** revenue of $13,967 mn (down 29% qoq and down 20% yoy) compared to GS at $13,920 mn and the Street at $15,821 mn. Implied vehicle ASP was about $40.0K and slightly above our $39.8K estimate. Sales of regulatory credits were $595 mn in the quarter vs. our estimate of $500 mn, down from $692 mn last quarter but up from $442 mn in 1Q24.
- **Energy Generation and Storage** revenue of $2,730 mn (down 11% qoq and up 67% yoy) compared to GS at $2,918 mn. Tesla commented that energy storage deployments were 10.4 GWh. Energy was Tesla's highest margin business in 1Q.
- **Service and Other** revenue of $2,638 mn (down 7% qoq and up 15% yoy) compared to GS at $3,016 mn.

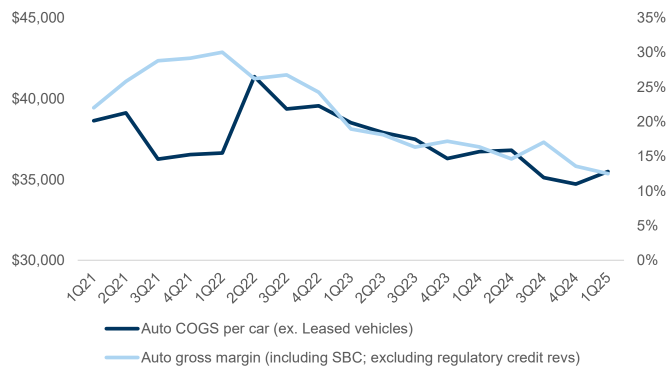
As previously reported, total vehicle deliveries in the quarter were about 337k (down 32% qoq and down 13% yoy). Model 3/Y deliveries in the quarter were about 324k (down 31% qoq and down 12% yoy), and other model deliveries (e.g. S/X/Cybertruck) were about 13k (down 46% qoq and down 24% yoy). Tesla produced about 363k vehicles (down 21% qoq and down 16% yoy).

The total company gross margin (including SBC) was 16.3%, above GS at 15.6% and slightly below the Street at 16.4%. The 4Q24 margin was 16.3%, and 1Q24 was 17.4%.

The automotive non-GAAP gross margin (including SBC and excluding the revenue from regulatory credits) was 12.5%, which compares to GS at 13.0% and StreetAccounts consensus at ~11.6%. The margin was 13.6% in 4Q24 and 16.4% in 1Q24.

Tesla's cost per vehicle increased sequentially to ~$35.5K from $34.7K in 4Q.

Exhibit 1: Tesla's auto COGS per vehicle (excluding leased vehicles) and auto gross margin (including SBC; excluding regulatory credit revenue)



The 3Q24 auto gross margin shown in the exhibit includes the FSD deferred revenue release (we estimate the margin would have been 15.6% excluding this)

Source: Company data, Goldman Sachs Global Investment Research

The Energy gross margin was 28.8% (above our 25.0% estimate), which was up from 25.2% in 4Q24 and 24.6% in 1Q24.

EBIT (including SBC) of ~$0.4 bn was below our forecast of ~$0.65 bn.

Non-GAAP diluted EPS (excluding SBC) was $0.27, below both GS at $0.32 and the Street at $0.41. We estimate that the non-GAAP EPS including SBC was $0.14 vs GSe of $0.22. EPS downside compared to our estimate was driven primarily by 3% lower revenue and higher opex (on both an absolute and percentage of revenue basis). This was partially offset by a better gross margin.

EPS was $0.12 on a GAAP basis (including digital asset non-cash mark to market adjustments).

Cash, cash equivalents and investments increased by $0.4 bn qoq to $37.0 bn, with FCF of $664 mn in 1Q. Inventory dollars were up $1.7 bn qoq to $13.7 bn.

Outlook

Tesla commented that it is difficult to measure the impacts of shifting global trade policy on the automotive and energy supply chains, its cost structure, and demand. Tesla believes that the rate of growth this year will depend on a variety of factors, including the rate of acceleration of its autonomy efforts, the production ramp at its factories and the broader macroeconomic environment. Tesla said that it will revisit its 2025 guidance with its 2Q update. Recall that the company was previously expecting the vehicle business to return to growth in 2025. This compares to GSe at -4% yoy and Visible Alpha consensus at +2% for 2025 vehicle deliveries. Additionally, Tesla was previously expecting energy storage deployments to grow at least 50% yoy in 2025.

Per the shareholder deck, plans for new vehicles, including more affordable models, remain on track for start of production in the first half of 2025. Recall that these vehicles will utilize aspects of the next generation platform as well as aspects of Tesla's current platforms and will be produced on the same manufacturing lines as its current vehicle line-up. We note that Reuters recently reported that Tesla will delay the launch of a more affordable stripped-down version of the Model Y to the 3Q25 to early 2026 timeframe. Recall that Tesla had previously said that SOP was planned for 1H25.

Recall that Tesla said on its 4Q24 EPS call that it plans to launch unsupervised FSD in Austin, Texas in June 2025 and believes it can also release unsupervised FSD in California as well as other regions of the US later this year. The 1Q25 report says Tesla intends to have a pilot launch in Austin by June. Tesla's purpose-built Robotaxi product called Cybercab pursues a "unboxed" manufacturing strategy and is still scheduled for volume production starting in 2026, per the shareholder deck.

Price target and key risks

We are Neutral rated on the stock. Our 12-month price target is $260, which is based on 100X applied to Q5-Q8E EPS including SBC.

Key downside risks to our view relate to potentially larger vehicle price reductions than we expect, increased competition in EVs, a larger than expected tariff impact, slower EV demand, delays with products/capabilities like FSD/4680, key person risk, the internal control environment, margins, and operational risks associated with Tesla's high degree of vertical integration. Upside risks include faster EV adoption and/or share gain by Tesla, a stronger macroeconomic environment for new vehicle sales more generally, earlier new product launches than we expect, an earlier/larger impact from AI enabled products (e.g., FSD, Optimus and robotaxis), and a smaller than expected tariff impact than we currently anticipate.

TSLA	12m Price Target: **$260.00**	Price: **$237.97**	Upside: **9.3%**

Neutral

Market cap: $836.9bn
Enterprise value: $824.4bn
3m ADTV: $31.5bn
United States
Americas Autos & Industrial Tech
M&A Rank: 3

GS Forecast

	12/24	12/25E	12/26E	12/27E
Revenue ($ mn)	97,690.0	94,244.9	112,526.8	129,549.1
EBITDA ($ mn)	16,013.0	15,694.8	21,482.6	26,867.9
EBIT ($ mn)	7,076.0	5,185.8	8,704.3	12,257.5
EPS ($)	2.04	1.50	2.35	3.15
P/E (X)	113.0	159.1	101.4	75.6
EV/EBITDA (X)	45.3	48.1	35.2	27.9
FCF yield (%)	0.4	0.2	0.6	1.4
Dividend yield (%)	0.0	0.0	0.0	0.0
Net debt/EBITDA (X)	(0.7)	(0.8)	(0.8)	(1.0)

	12/24	3/25E	6/25E	9/25E
EPS ($)	0.66	0.22	0.35	0.39

Source: Company data, Goldman Sachs Research estimates, FactSet. Price as of 22 Apr 2025 close.

Disclosure Appendix

Reg AC

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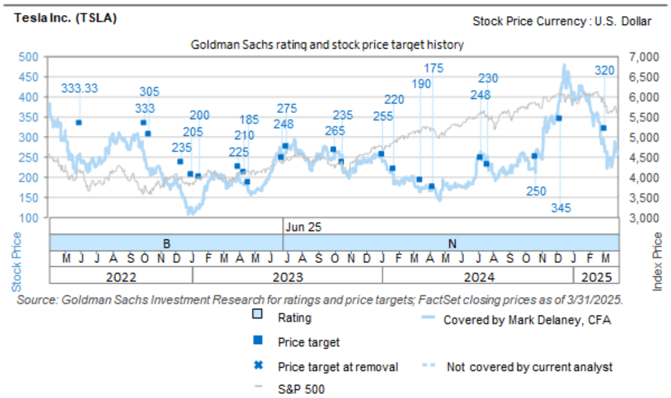

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