FINANCIALS

Automotive Revenue

- Q2 auto revenue increased 19% sequentially despite only a 14% sequential improvement in deliveries
  - Driven by higher ASPs (from new Model Y), improved mix, and higher fixed cost absorption
  - Improved margins sequentially despite increased tariffs and regulatory headwinds
- Regulatory credit revenue sharply down due to US "big bill" (IRA) changes eliminating EV credits and reducing emissions penalties; expected to impact future revenue quickly
- Tariffs: Sequentially added ~$300mm in costs, ~2/3 in auto, rest in energy; greater impacts expected next quarters due to manufacturing/sales lag

Energy Revenue

- Record power deployment and highest gross profit ever in Q2
- Margins improved sequentially even as deployment dipped (product mix favored high-margin deployments)
- Storage (Megapack, industrial) seen as key growth lever, especially with AI/data center demand
- Adverse policy impacts expected for residential energy (credits ending), but grid demand remains robust

Service & Other

- Margins improved sequentially, driven by higher supercharging profits and better insurance/service center results

Operating Expenses

- OpEx up sequentially, in particular:
  - R&D: Growing investment in AI, robotics, and FSD-related staff and infra (including higher stock-based comp and AI depreciation)
  - OpEx growth expected to continue to support strategic AI/robotics leadership

Other Income

- Mark-to-market gain on Redcom Holdings, $284mm gain in Q2 vs $125mm loss in Q1; Bitcoin mark-to-market introduces volatility in non-operating income

Cash & CapEx

- Positive operating cash flow increased sequentially
- CapEx also up, resulted in $146mm free cash flow
- Investments ongoing in Cybertruck, Semi, infrastructure, and AI
- Full-year CapEx for 2025 now expected >$9B

Tariff/Policy Impacts

- IRA/Energy credits and supportive policy being rolled back will negatively affect auto and energy sales—US new vehicle supply tight due to rush before credit expiration
- Near-term cost headwinds from tariffs, policy

GUIDANCE

Robotaxi & FSD

- Goal: Autonomous ride-hailing covering half the US population by year-end 2025, subject to regulatory approvals
- Cautious phased rollout—expanding Austin, targeting Bay Area, Nevada, AZ, FL, and additional states as permissions are received
- Full US geographies targeted as safety is proven
- Robotaxi/geofenced autonomous operations scaling "hyper-exponentially"
- Unsupervised FSD for personal use targeted by year-end 2025 in select US regions
- Target cost per mile for purpose-built CyberCab: sub-$0.30/mile long-term (vs $0.50 for adapted current fleet)
- Expect material financial impact from robotaxi operations by late 2026

Lower-Cost Models

- New affordable model entered initial production in H1 2025, full ramp delayed slightly to Q3–Q4 due to incentives expiration and production prioritization
- Expect all-new platform with cost-saving tech (unboxed architecture, reduced rare earths/SiC, etc.)—specific launch details limited
- Targeting broad accessibility, with improved affordability as robotaxis enable vehicle-sharing economics

AI/Robotics

- Optimus v3 prototypes expected by end of 2025; full-scale production at start of 2026
- Ramp target: 100,000 units/month within 5 years
- Investment in AI infrastructure (Dojo 2 at scale in 2026, first AI "factory" end of 2026, 3rd Mega factory in Houston, LFP cell plant online by year-end)

CapEx & Investments

- 2025 CapEx expected to exceed $9B (up from prior years), funding Cybertruck, Semi, infra, and AI/buildings/factories
- Heavy continued investment in AI, FSD, energy, robotic lineups

Policy/Regulatory

- Preparing for challenges from loss of US/overseas credits and rising global tariffs
- Incentives will phase out in Q3–Q4 2025, potentially tightening US supply and volume
- Maintaining flexibility to manage through Q4, Q1, potentially Q2 “rough quarters” before anticipated economics improvement from autonomy/robotaxis

Pricing

- Will use pricing as a lever to sustain demand as credits expire, but more limited than in past cycles; free cash flow positivity remains a focus
- Anticipate "rough" quarters near-term, then resurgence as autonomy scales

PRODUCTS

Model Y

- Maintains position as world's best-selling car; #1 in several European countries (Turkey, Netherlands, CH, Austria)
- Ongoing production ramp; heavily refreshed lineup in 2025

Full Self-Driving / Autopilot

- FSD v12 released, boosting adoption rates (45%+ increase since price reductions/subscription)
- US-only for supervised version; imminent EU launch pending regulatory approval
- Safety: FSD statistically safer than manual driving (per Tesla, in latest safety report)
- Production release for Autopilot (outside Austin) lags robotaxi version but "step change" upgrade coming soon

Robotaxi

- Austin pilot live, expanding rapidly; initial fleet small but scaling
- Approval process ongoing in Bay Area and other key US geos; person-in-seat variants to launch in some locales pending regulatory
- Goal: Autonomous deliveries from factory to customer ("self-delivering car"), in-market by end of year in selected areas

CyberCab (Purpose-Built Robotaxi)

- Designed for low-cost/high-utilization, optimized for autonomy
- Lower speeds, gentler ride -> cost structure ~$0.25/mile over time

Optimus (Humanoid Robot)

- v3 "final" design to prototype by end-2025, production from 2026
- Goal: 100k/month output within ~5 years
- Current version performing basic factory tasks and demonstrations (e.g., serving at Tesla Diner)

Energy (Megapack, Storage)

- Megapack upgrades, record Q2 deployments
- Strong demand from data centers and grid as AI/compute drive storage needs
- Residential storage facing headwinds from expiring credits, demand shifting to commercial/industrial/grid applications

Manufacturing

- Major expansion in US (factories, LFP cells, Houston Megafactory, ongoing AI chip/Dojo facility rollout)
- All vehicles US/EU-built can deliver themselves from production line to dock
- Ongoing efforts to localize more content to mitigate tariffs

SUPPLY CHAIN

Suppliers and Manufacturing - Ongoing ramp for lower-cost models; supply "lead times" limit near-term flexibility to respond to abrupt policy changes - Unboxed architecture, reduced rare earths, reduced silicon carbide for cost savings in future models - Ongoing investments in US battery/cell/energy factories; new LFP cell factory online by YE 2025, Houston Megafactory in 2026 - Tariff and credit policy challenges leading to operational shifts (front-loaded deliveries, pricing/incentive management)

Customers/Market Expansion - US: Rapid robotaxi expansion as geographies approved; sequential adoption boosts - EU: Awaiting regulatory FSD approval, expects "significant" sales improvement post-approval - China: Regulatory headwinds currently limit rollout - Energy: storage demand led by AI/data centers/grid, even with adverse policy - Supercharging, insurance/services: profitability improving

LEADERSHIP

Elon Musk (CEO):

- Emphasis on pushing autonomy, new AI/robotics products; acknowledges control/ownership questions amid technological/human capital advances
- Vision: Transitioning from pre-autonomy to post-autonomy company phase, with intent for Tesla to become "most valuable company in the world"
- Master Plan IV in works, focused on autonomy as the company's future

DevOps Ninja (CFO or Sr. Exec):

- Oversees auto/energy financials, impacts of credits/tariffs, CapEx increases, and reiterates long-term investment focus

Ashok Elluswamy (Autopilot/AI):

- Updates on robotaxi/FSD technical progress

Lars Moravy (VP Eng/Manufacturing):

- Commentary on design/manufacturing integration, AI/Dojo, export compliance, and product/Ai/Optimus rollout

CATALYSTS

Robotaxi Rollout

- Hyper-exponential fleet/geofence expansion through YE 2025 (Austin now, Bay Area/other states pending approvals); autonomy to address half US population by YE if permitted
- Full US personal unsupervised FSD targeted by YE, subject to regulatory
- Robotaxi significant financial impact by YE 2026

Optimus

- Optimus v3 prototypes by YE 2025, production start 2026, targeting 100k/month within 5 years
- Key proof point for Tesla’s real-world AI leadership, factory-scale deployment, and external sales

Affordable Model Launch/Ramp

- Q4 2025 full production ramp, broadening Tesla's addressable market—affordability to be supercharged when robotaxi network enables vehicle rental

Dojo/AI

- Next-gen Dojo at scale in 2026 (Dojo 2, then Dojo 3/AI6 convergence chips)
- "AI factory" by end of 2026; expanded chip manufacturing, integration with vehicle and robot platforms

Energy Business

- AI/data-center driven storage demand
- Houston Megapack factory in 2026, LFP cell plant online YE 2025

Market Access

- FSD regulatory progress in EU and China; material sales boost expected as approvals secured

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Note: All projections and targets subject to regulatory approvals, market conditions, supply chain constraints, and execution risks highlighted repeatedly in management commentary.