

FinSight

**Financial Insights for
Tesla Inc 2022**

Company Overview

Tesla Inc

Symbol: TSLA

Exchange: NASDAQ

Currency: USD

Sector: MANUFACTURING

Industry: MOTOR VEHICLES & PASSENGER CAR BODIES

Description: Tesla, Inc. is an American electric vehicle and clean energy company based in Palo Alto, California. Tesla's current products include electric cars, battery energy storage from home to grid-scale, solar panels and solar roof tiles, as well as other related products and services. In 2020, Tesla had the highest sales in the plug-in and battery electric passenger car segments, capturing 16% of the plug-in market (which includes plug-in hybrids) and 23% of the battery-electric (purely electric) market. Through its subsidiary Tesla Energy, the company develops and is a major installer of solar photovoltaic energy generation systems in the United States. Tesla Energy is also one of the largest global suppliers of battery energy storage systems, with 3 GWh of battery storage supplied in 2020.

Country: USA

Address: 3500 DEER CREEK RD, PALO ALTO, CA, US

Fiscal Year End: December

Latest Quarter: 2023-06-30

Market Capitalization: \$ 870,911,115,000.0

INCOME STATEMENT

METRICS

Gross Profit Margin: 0.26

Operating Profit Margin: 0.17

Net Profit Margin: 0.15

Cost Efficiency: 1.33

Sg And A Efficiency: 20.64

Interest Coverage Ratio: 72.66

INSIGHTS

Revenue Health

The company's total revenue for the fiscal year ending 31st December 2022 was \$81.46 billion. A high total revenue like this indicates that the company's primary business activities are healthy, suggesting that the company's products or services are in demand in its market and it maintains a strong sales volume.

Operational Efficiency

The operating expenses of the company are \$7.2 billion, approximately 9% of its total revenue. A low operating expense percentage relative to total revenue is typically a good sign that the company is managed

efficiently. It highlights that it is able to generate a high level of revenue while keeping its operational costs at bay.

R&D; Focus

The company has invested heavily in research and development, with an expenditure of \$3.08 billion. This represents approximately 3.7% of their total revenue, signifying a strong focus towards innovation, improving existing products and creating new ones. This will likely aid future growth and sustainable competitiveness.

Debt Management

The company's interest expense was \$191 million, indicating its debt obligations. While leveraging is a common strategy for business growth, high-interest expense can drain the company's financials. Therefore, it is critical for the company to have an effective debt management strategy to balance its growth objectives and financial health.

Profit Retention

The company attained a net income of \$12.56 billion, which is the income retained after all expenses. This implies substantial profits have been generated that can be reinvested back into the company or distributed to investors through dividends or share buybacks. It highlights the company's success in profit generation and retention.

BALANCE SHEET

METRICS

Current Ratio: 1.53

Debt To Equity Ratio: 0.82

Quick Ratio: 1.05

Asset Turnover: 0.99

Equity Multiplier: 1.84

INSIGHTS

Liquidity Position

The company is strongly positioned to meet its short-term obligations with current assets of \$40.9 billion, including \$16.3 billion in cash and cash equivalents. Short-term investments amounting to \$5.93 billion and current net receivables of \$2.95 billion further strengthen its liquidity profile.

Operational Efficiency

The company has total assets of \$82.34 billion, including significant intangible assets and property, plant, and equipment valued at \$23.55 billion. However, the efficiency with which these assets are being utilized to generate revenues cannot be discerned without corresponding revenue figures.

Capital Structure

With total liabilities of \$36.44 billion against total shareholders' equity of \$44.7 billion, the company maintains a balanced capital structure. Its reliance on external financing appears manageable with current debt and long-term debt at \$1.02 billion and \$1.03 billion respectively.

Inventory Management

In terms of inventory management, the company holds a significant \$12.8 billion, which indicates a substantial involvement in manufacturing or

product sale businesses. The efficiency of this inventory turnover would require further context from sales data.

Overall Solvency

The company exhibits a solid state of solvency with total assets considerably exceeding total liabilities. However, a significant part of the assets is tied up in inventory and non-current assets, with the latter comprising \$4.19 billion. The long-term debt stands at a modest \$1.02 billion, indicating a low debt burden.

CASH FLOW

METRICS

Operating Cash Flow Margin: 0.18

Capital Expenditure Coverage Ratio: 2.06

Free Cash Flow: 7566000000.0

Dividend Coverage Ratio: N/A

Cash Flow To Debt Ratio: 9.44

INSIGHTS

Operational Cash Efficiency

The company has a strong operational cash flow of \$14.72 billion, giving it a high degree of liquidity. This suggests that the core operations of the company are efficient and profitable, generating a substantial amount of cash for strategic utilization. Observing the changes in operating assets and liabilities, we can see that the company has effectively managed to

generate a considerable cash flow, allowing it to fund growth and expansion activities.

Investment Capability

The company has spent \$7.16 billion in capital expenditures, indicating significant investment in its operations. Comparing this number with the operational cash flow, it's clear that the company is able to invest heavily in its business using funds generated internally. This reflects a strong investment capability, which is a potential sign of future growth and expansion. However, cash flow from investment is negative at \$-11.97 billion, suggesting that the company's investments might not be generating expected returns.

Financial Flexibility

The firm has a cash flow from financing activities of \$-3.53 billion. The negative cash flow indicates that this company spends more money returning capital to shareholders and repaying its obligations than it receives from them. Hence, the company might be facing some level of financial restriction, although this is balanced by solid operational cash generation.

Dividend Sustainability

As the company has not disclosed details of dividend payout, it is challenging to comment specifically on dividend sustainability. However, the company's net income stands at \$12.56 billion. If any dividends are being distributed, it would be useful to compare the total amount with net income to determine the sustainability of the payout.

Debt Service Capability

With available info, it's difficult to draw concrete conclusions about the company's debt service capability. However, with a strong operational

cash flow of \$14.72 billion, the company is presumably in a position to comfortably meet its debt obligations, assuming its total liabilities bear a reasonable proportion compared to this. As 'proceeds from repayments of short term debt' is unavailable, we can't precisely evaluate the level of short-term debt service.