

Equity Research Report: Tesla, Inc.

Income Statement Analysis

The company's income statement for the current fiscal year reveals a robust revenue growth, with total revenues increasing by 19% to \$96.77 billion, driven by significant advancements in automotive sales and energy generation and storage segments. However, the cost of goods sold and operating expenses also surged, leading to a decrease in gross profit margin from 25.6% to 18.2%, indicating reduced cost efficiency. The operating margin and net profit margin also experienced declines, reflecting challenges in operational effectiveness and overall profitability. Despite these challenges, the company's strategic focus on increasing vehicle production, energy storage products, and solar systems deployment, alongside investments in AI and software, suggests a sustainable revenue growth path. However, there's a critical need for cost optimization and efficiency improvements to enhance profitability and maintain financial health.

Balance Sheet Analysis

The company's balance sheet for the most recent fiscal year reveals a robust financial structure, with a significant increase in total assets to \$106.62 billion from \$82.34 billion in the previous year, indicating strong operational efficiency and growth. The increase in current assets, particularly cash and cash equivalents, to \$29.09 billion, significantly enhances liquidity, comfortably covering the current liabilities of \$28.75 billion. The solvency position remains solid with a manageable long-term debt of \$6.53 billion, despite a slight increase from the previous year. The equity position has strengthened, with total equity rising to \$62.63 billion, reflecting a healthy capital structure and investment potential. The company's strategic management of financial leverage, efficient asset utilization, and a balanced capital structure underscore its fiscal health and promising future prospects.

Cashflow Analysis

The company's cash flow analysis for the latest fiscal year reveals a decrease in net cash provided by operating activities, indicating a potential challenge in core business profitability. The increase in capital expenditures and investments in investing activities underscores a continued focus on expansion and growth. Financing activities shifted from net cash used to net cash provided, mainly due to increased debt issuance and decreased repayments, suggesting a reliance on external financing. Compared to prior periods, these trends highlight a strategic investment in growth despite operational cash flow pressures. The company's effective cash management and strategic financing decisions have maintained a solid liquidity position, supporting future growth. However, the reliance on debt financing and the operational cash flow decrease pose potential liquidity risks and financial challenges ahead.

Summarization

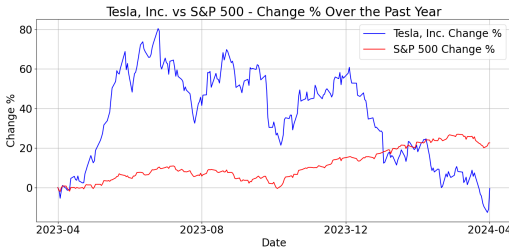
The comprehensive analysis of the company's financial statements for the latest fiscal year reveals a robust revenue growth trajectory, underscored by significant advancements in automotive sales and energy storage segments. However, the income statement indicates challenges in cost efficiency, leading to reduced profitability margins. The balance sheet showcases a strong financial structure with improved liquidity and solvency, highlighting the company's solid fiscal health and potential for future growth. Despite a decrease in operational cash flow, strategic investments and financing decisions have maintained a healthy liquidity position, as seen in the cash flow analysis. The interplay between revenue growth and cost management strategies necessitates a focus on enhancing operational efficiency to bolster profitability. To address these challenges and capitalize on growth opportunities, the company should prioritize cost optimization, leverage its strong financial position for strategic investments, and carefully manage debt to sustain its growth momentum and enhance shareholder value.

Rating:	HOLD
Target Price:	123.00

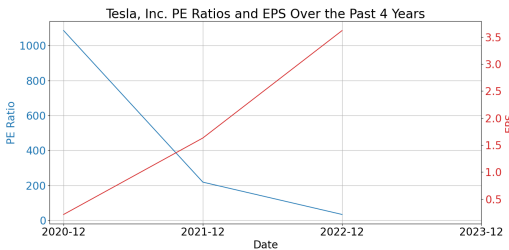
Key data

6m avg daily val (USDmn)	109.14
Closing Price (USD)	161.82
Market Cap (USDmn)	515362.75
52 Week Price Range (USD)	138.8 - 299.29
BVPS (USD)	20.207

Share Performance



PE & EPS



Income Statement

FY (USD mn)	2023	2022	2021
Tax Effect Of Unusual Items	0.0	-14.08	2.97
Tax Rate For Calcs	0.21	0.08	0.11
Normalized EBITDA	14796.0	17833.0	9598.0
Total Unusual Items	0.0	-176.0	27.0
Total Unusual Items Excluding Goodwill	0.0	-176.0	27.0
Net Income From Continuing Operation Net Minority Interest	14999.0	12583.0	5524.0
Reconciled Depreciation	4667.0	3747.0	2911.0
Reconciled Cost Of Revenue	79113.0	60609.0	40217.0
EBITDA	14796.0	17657.0	9625.0
EBIT	10129.0	13910.0	6714.0
Net Interest Income	910.0	106.0	-315.0
Interest Expense	156.0	191.0	371.0
Interest Income	1066.0	297.0	56.0
Normalized Income	14999.0	12744.92	5499.97
Net Income From Continuing And Discontinued Operation	14999.0	12583.0	5524.0
Total Expenses	87882.0	67630.0	47327.0
Total Operating Income As Reported	8891.0	13656.0	6523.0
Diluted Average Shares	nan	3475.0	3386.0
Basic Average Shares	nan	3130.0	2959.0
Diluted EPS	nan	3.62	1.63
Basic EPS	nan	4.02	1.87
Diluted NI Availto Com Stockholders	14999.0	12584.0	5533.0
Average Dilution Earnings	0.0	1.0	9.0
Net Income Common Stockholders	14999.0	12583.0	5524.0
Net Income	14999.0	12583.0	5524.0
Minority Interests	25.0	-4.0	-120.0
Net Income Including Noncontrolling Interests	14974.0	12587.0	5644.0
Net Income Continuous Operations	14974.0	12587.0	5644.0
Tax Provision	-5001.0	1132.0	699.0
Pretax Income	9973.0	13719.0	6343.0
Other Income Expense	172.0	-219.0	162.0
Other Non Operating Income Expenses	172.0	-43.0	135.0
Special Income Charges	0.0	-176.0	27.0
Restructuring And Mergern Acquisition	0.0	176.0	-27.0
Net Non Operating Interest Income Expense	910.0	106.0	-315.0
Interest Expense Non Operating	156.0	191.0	371.0
Interest Income Non Operating	1066.0	297.0	56.0
Operating Income	8891.0	13832.0	6496.0
Operating Expense	8769.0	7021.0	7110.0
Research And Development	3969.0	3075.0	2593.0
Selling General And Administration	4800.0	3946.0	4517.0
Gross Profit	17660.0	20853.0	13606.0
Cost Of Revenue	79113.0	60609.0	40217.0
Total Revenue	96773.0	81462.0	53823.0
Operating Revenue	96773.0	81462.0	53823.0

Cash Flow Sheet

FY (USD mn)	2023	2022	2021
Free Cash Flow	4357.0	7552.0	3483.0
Repayment Of Debt	-1815.0	-3866.0	-14615.0
Issuance Of Debt	3931.0	0.0	8883.0
Issuance Of Capital Stock	nan	0.0	0.0
Capital Expenditure	-8899.0	-7172.0	-8014.0
Interest Paid Supplemental Data	126.0	152.0	266.0
Income Tax Paid Supplemental Data	1119.0	1203.0	561.0
End Cash Position	17189.0	16924.0	18144.0
Beginning Cash Position	16924.0	18144.0	19901.0
Effect Of Exchange Rate Changes	4.0	-444.0	-183.0
Changes In Cash	261.0	-776.0	-1574.0
Financing Cash Flow	2589.0	-3527.0	-5203.0
Cash Flow From Continuing Financing Activities	2589.0	-3527.0	-5203.0
Net Other Financing Charges	-227.0	-202.0	-178.0
Proceeds From Stock Option Exercised	700.0	541.0	707.0
Net Common Stock Issuance	nan	0.0	0.0
Common Stock Issuance	nan	0.0	0.0
Net Issuance Payments Of Debt	2116.0	-3866.0	-5732.0
Net Long Term Debt Issuance	2116.0	-3866.0	-5732.0
Long Term Debt Payments	-1815.0	-3866.0	-14615.0
Long Term Debt Issuance	3931.0	0.0	8883.0
Investing Cash Flow	-15584.0	-11973.0	-7868.0
Cash Flow From Continuing Investing Activities	-15584.0	-11973.0	-7868.0
Net Other Investing Changes	nan	76.0	6.0
Net Investment Purchase And Sale	-6621.0	-5813.0	-132.0
Sale Of Investment	12491.0	22.0	0.0
Purchase Of Investment	-19112.0	-5835.0	-132.0
Net Business Purchase And Sale	-64.0	0.0	0.0
Sale Of Business	nan	0.0	0.0
Purchase Of Business	-64.0	0.0	0.0
Net Intangibles Purchase And Sale	0.0	927.0	-1228.0
Sale Of Intangibles	0.0	936.0	272.0
Purchase Of Intangibles	0.0	-9.0	-1500.0
Net PPE Purchase And Sale	-8899.0	-7163.0	-6514.0
Purchase Of PPE	-8899.0	-7163.0	-6514.0
Operating Cash Flow	13256.0	14724.0	11497.0
Cash Flow From Continuing Operating Activities	13256.0	14724.0	11497.0
Change In Working Capital	-2248.0	-3712.0	667.0
Change In Other Working Capital	1532.0	1131.0	793.0
Change In Other Current Liabilities	nan	1904.0	476.0
Change In Other Current Assets	-1952.0	-1570.0	-2114.0
Change In Payables And Accrued Expense	2605.0	8029.0	5367.0
Change In Payable	2605.0	8029.0	5367.0
Change In Account Payable	2605.0	8029.0	5367.0
Change In Prepaid Assets	-2652.0	-3713.0	-1540.0
Change In Inventory	-1195.0	-6465.0	-1709.0
Change In Receivables	-586.0	-1124.0	-130.0
Changes In Account Receivables	-586.0	-1124.0	-130.0
Other Non Cash Items	81.0	340.0	245.0
Stock Based Compensation	1812.0	1560.0	2121.0
Asset Impairment Charge	463.0	177.0	140.0
Deferred Tax	-6349.0	-196.0	-149.0
Deferred Income Tax	-6349.0	-196.0	-149.0
Depreciation Amortization Depletion	4667.0	3747.0	2911.0
Depreciation And Amortization	4667.0	3747.0	2911.0
Depreciation	4667.0	3747.0	2911.0
Operating Gains Losses	-144.0	221.0	-82.0
Net Foreign Currency Exchange Gain Loss	-144.0	81.0	-55.0
Gain Loss On Sale Of PPE	0.0	140.0	-27.0

Net Income From Continuing Operations	14974.0	12587.0	5644.0
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