Tesla Motors

Roadster and Model S

	Tesla H1 2013		BMW 2012	
Revenues	966,931	100%	57,293	100%
Car sales & powertrains	*847,531*	88%		
Regulatory/ZEV credits	*119,400*	12%		
Cost of revenues	770,128	80%	40,377	70%
Gross profit	196,803	20%	16,916	30%
Operating expenses				
R&D	107,171	11%	3,993	7%
SG&A	107,008	11%	6,369	11%
Total operating expenses	214,179	22%	10,362	18%
Operating Loss	(17,376)	-2%	6,554	11%

	Tesla H1 2013	BMW 2012
LT Revenues	100%	100%
Cost of revenues	91%	70%
Gross profit	9%	30%
Operating expenses		
R&D	13%	7%
SG&A	13%	11%
Total operating expenses	25%	18%
Operating Loss	-16%	11%

Double Scale by end of 2014

	Tesla H1 2013		BMW 2012
LT Revenues	100%		100%
Cost of revenues	91%		70%
		on, e.g., 25% = -11%	
Gross profit	9%		30%
Operating expenses			
R&D	13%	**on, e.g., 80% = -5%**	7%
SG&A	13%	**on, e.g., 80% = -5%**	11%
Total operating expenses	25%		18%
Operating Loss	-16%		11%

21% Improvement !

Learning: cumulative production x4 by end of 2014
Assume 95% curve on all costs (efficiency, less waste, …)

	Tesla H1 2013		BMW 2012
LT Revenues	100%		100%
Cost of revenues	91%	**-9%**	70%
Gross profit	9%		30%
Operating expenses			
R&D	13%		7%
SG&A	13%		11%
Total operating expenses	25%	**-2.5%**	18%
Operating Loss	-16%		11%

11% Improvement !

Elon Musk in 2006 (2 years before the first Roadster is delivered)

“The Secret Tesla Motors Master Plan (just between you and me)” blog post

- “The strategy of Tesla is to enter at the high end of the market, where customers are prepared to pay a premium, and then drive down market as fast as possible to higher unit volume and lower prices with each successive model.”

- “So, in short, the master plan is:

  1) Build sports car

  2) Use that money to build an affordable car

  3) Use that money to build an even more affordable car

  4) While doing above, also provide zero emission electric power generation options”

Tesla Motors: Updates

- Global sales for the Model S passed 100K units in December 2015. As of 2016, ranks second best selling EV after the Nissan Leaf.
- First deliveries of the Model X began in September 2015. Global sales passed the 10,000 unit mark in August 2016.
- Model 3 which was unveiled in March 2016 and is slated for release in 2017 with a price at US$35,000 before any government incentives.
- Tesla opens Gigafactory in Nevada.
- Sept 2016: Tesla unveils new battery that supercharges Model S.
- Recurrent delivery and profitability issues.

Tesla Motors: Entry & Market Change

- Even seemingly high entry barriers can sometimes be overcome
  - Smart dynamic path, both in terms of positioning and in terms of activities/capabilities
  - Take advantage of new technology that makes ‘experience’ obsolescent or even counter-productive

- A change in a technological factor such as complexity can impact market structure dramatically
  - Change in Economies of Scale affects entry, rivalry, and bargaining power
  - Standardization combined with changes in EoS and learning can shift the bargaining power, and thus profits, to different parts of the industry chain