

Equity Research Report: Tesla, Inc.

Income Statement Analysis

Tesla's total revenues for 2024 were \$97.69 billion, a 1% increase year-over-year. However, automotive sales revenue declined 8% to \$72.48 billion due to lower average selling prices and vehicle mix. Gross margins decreased in automotive but increased in energy storage due to cost reductions. Overall gross margin was 17.9%, down slightly from 18.2% in 2023. Operating expenses rose primarily due to R&D; investments, resulting in a stable operating margin of 7.9%. Net income of \$7.13 billion declined meaningfully due to one-time tax benefits in 2023. While revenue growth has slowed, Tesla remains well-positioned for continued expansion through new products like Cybertruck and cost improvements in manufacturing. Strategic R&D; investments in autonomy and battery technology could drive future revenue streams and profitability. However, macroeconomic headwinds may pressure margins as costs rise. Overall Tesla has demonstrated financial resilience, and its diversifying revenue base across automotive, energy storage and services enhances sustainability while opportunities remain to optimize production and maximize profits.

Balance Sheet Analysis

As of December 31, 2024, the company maintained a strong financial position with \$36.56 billion in current assets, primarily cash and inventory, adequately covering \$28.82 billion in current liabilities. Compared to prior years, liquidity improved as current assets grew faster than current obligations. Long-term debt of \$10.36 billion was balanced against total equity of \$73.68 billion, with debt comprising 12% of the capital structure. Solvency was solid, as evidenced by low debt ratios that fell within an acceptable range for the industry. Over time, the company has effectively managed growth while expanding capital through retained earnings and stock issuances. Prudent management of assets and liabilities, combined with an equity-focused capital structure, provide financial flexibility to fund operations and future projects. Overall, the balanced sheet demonstrates the company's continued fiscal health and ability to sustain long-term investments through all phases of development.

Cashflow Analysis

The company generated \$14.9 billion in operating cash flow in 2024, up from \$13.3 billion in 2023, indicating strong core business profitability. Cash outflows included \$11.3 billion for capital expenditures, mainly for factories, equipment, and AI, and \$7.5 billion for investments. Financing inflows totaled \$3.9 billion, with \$5.7 billion from new debt issuance and \$1.2 billion from stock options, while debt repayments were \$2.9 billion. With \$36.6 billion in cash and investments, the company has adequate liquidity to fund \$11+ billion in annual capex through 2027 for continued global expansion. Overall, the company has demonstrated effective cash management that has allowed operations and growth investments to remain self-funded without reliance on external financing or dividends. Barring worsening economic conditions, the company is well-positioned to sustain its growth trajectory.

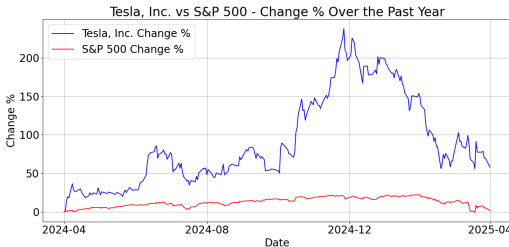
Summarization

Based on the analyses, Tesla has demonstrated strong operational performance, financial stability, and efficient cash management. While revenue growth slowed as average selling prices declined, strategic investments in new products and manufacturing improvements aim to drive future revenues higher. Cost reductions helped offset margin pressures. A prudent balance sheet with ample liquidity and low leverage provides flexibility to fund global expansion. Steady free cash flow allows self-funding of the multi-billion dollar investments required for continued growth. Overall, Tesla is well-positioned for sustainable long-term growth, though macroeconomic challenges could impact profits. The company should focus on optimizing production to maximize margins and profits as costs rise, while advancing initiatives to diversify revenue streams through products like energy storage and autonomous driving to mitigate risks and capitalize on opportunities for further enhancing shareholder value.

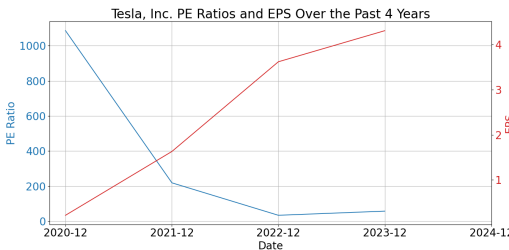
Key data

6m avg daily val (USDmn)	101.98
Closing Price (USD)	224.25
Market Cap (USDmn)	721465.44
52 Week Price Range (USD)	138.8 - 488.54
BVPS (USD)	22.672

Share Performance



PE & EPS



Income Statement

FY (USD mn)	2024	2023	2022
Tax Effect Of Unusual Items	-136.8	0.0	-14.08
Tax Rate For Calcs	0.2	0.21	0.08
Normalized EBITDA	15392.0	14796.0	17833.0
Total Unusual Items	-684.0	0.0	-176.0
Total Unusual Items Excluding Goodwill	-684.0	0.0	-176.0
Net Income From Continuing Operation Net Minority Interest	7130.0	14999.0	12583.0
Reconciled Depreciation	5368.0	4667.0	3747.0
Reconciled Cost Of Revenue	80240.0	79113.0	60609.0
EBITDA	14708.0	14796.0	17657.0
EBIT	9340.0	10129.0	13910.0
Net Interest Income	1219.0	910.0	106.0
Interest Expense	350.0	156.0	191.0
Interest Income	1569.0	1066.0	297.0
Normalized Income	7677.2	14999.0	12744.92
Net Income From Continuing And Discontinued Operation	7130.0	14999.0	12583.0
Total Expenses	89930.0	87882.0	67630.0
Rent Expense Supplemental	1003.0	1268.0	1509.0
Total Operating Income As Reported	7076.0	8891.0	13656.0
Diluted Average Shares	nan	3482.75	3475.0
Basic Average Shares	nan	3173.5	3130.0
Diluted EPS	nan	4.31	3.62
Basic EPS	nan	4.725697	4.02
Diluted NI Availto Com Stockholders	7130.0	14999.0	12584.0
Average Dilution Earnings	0.0	0.0	1.0
Net Income Common Stockholders	7130.0	14999.0	12583.0
Otherunder Preferred Stock Dividend	nan	nan	nan
Net Income	7130.0	14999.0	12583.0
Minority Interests	-23.0	25.0	-4.0
Net Income Including Noncontrolling Interests	7153.0	14974.0	12587.0
Net Income Continuous Operations	7153.0	14974.0	12587.0
Tax Provision	1837.0	-5001.0	1132.0
Pretax Income	8990.0	9973.0	13719.0
Other Income Expense	11.0	172.0	-219.0
Other Non Operating Income Expenses	695.0	172.0	-43.0
Special Income Charges	-684.0	0.0	-176.0
Restructuring And Mergern Acquisition	684.0	0.0	176.0
Net Non Operating Interest Income Expense	1219.0	910.0	106.0
Interest Expense Non Operating	350.0	156.0	191.0
Interest Income Non Operating	1569.0	1066.0	297.0
Operating Income	7760.0	8891.0	13832.0
Operating Expense	9690.0	8769.0	7021.0
Research And Development	4540.0	3969.0	3075.0
Selling General And Administration	5150.0	4800.0	3946.0
Gross Profit	17450.0	17660.0	20853.0
Cost Of Revenue	80240.0	79113.0	60609.0
Total Revenue	97690.0	96773.0	81462.0
Operating Revenue	97690.0	96773.0	81462.0

Cash Flow Sheet

FY (USD mn)	2024	2023	2022
Free Cash Flow	3581.0	4357.0	7552.0
Repayment Of Debt	-2881.0	-1815.0	-3866.0
Issuance Of Debt	5744.0	3931.0	0.0
Issuance Of Capital Stock	nan	nan	0.0
Capital Expenditure	-11342.0	-8899.0	-7172.0
Interest Paid Supplemental Data	277.0	126.0	152.0
Income Tax Paid Supplemental Data	1331.0	1119.0	1203.0
End Cash Position	17037.0	17189.0	16924.0
Beginning Cash Position	17189.0	16924.0	18144.0
Effect Of Exchange Rate Changes	-141.0	4.0	-444.0
Changes In Cash	-11.0	261.0	-776.0
Financing Cash Flow	3853.0	2589.0	-3527.0
Cash Flow From Continuing Financing Activities	3853.0	2589.0	-3527.0
Net Other Financing Charges	-251.0	-227.0	-202.0
Proceeds From Stock Option Exercised	1241.0	700.0	541.0
Net Common Stock Issuance	nan	nan	0.0
Common Stock Issuance	nan	nan	0.0
Net Issuance Payments Of Debt	2863.0	2116.0	-3866.0
Net Long Term Debt Issuance	2863.0	2116.0	-3866.0
Long Term Debt Payments	-2881.0	-1815.0	-3866.0
Long Term Debt Issuance	5744.0	3931.0	0.0
Investing Cash Flow	-18787.0	-15584.0	-11973.0
Cash Flow From Continuing Investing Activities	-18787.0	-15584.0	-11973.0
Net Other Investing Changes	nan	nan	76.0
Net Investment Purchase And Sale	-7445.0	-6621.0	-5813.0
Sale Of Investment	28510.0	12491.0	22.0
Purchase Of Investment	-35955.0	-19112.0	-5835.0
Net Business Purchase And Sale	0.0	-64.0	0.0
Sale Of Business	nan	nan	0.0
Purchase Of Business	0.0	-64.0	0.0
Net Intangibles Purchase And Sale	0.0	0.0	927.0
Sale Of Intangibles	0.0	0.0	936.0
Purchase Of Intangibles	0.0	0.0	-9.0
Net PPE Purchase And Sale	-11342.0	-8899.0	-7163.0
Purchase Of PPE	-11342.0	-8899.0	-7163.0
Operating Cash Flow	14923.0	13256.0	14724.0
Cash Flow From Continuing Operating Activities	14923.0	13256.0	14724.0
Change In Working Capital	81.0	-2248.0	-3712.0
Change In Other Working Capital	502.0	1532.0	1131.0
Change In Other Current Liabilities	nan	nan	1904.0
Change In Other Current Assets	-590.0	-1952.0	-1570.0
Change In Payables And Accrued Expense	3588.0	2605.0	8029.0
Change In Payable	3588.0	2605.0	8029.0
Change In Account Payable	3588.0	2605.0	8029.0
Change In Prepaid Assets	-3273.0	-2652.0	-3713.0
Change In Inventory	937.0	-1195.0	-6465.0
Change In Receivables	-1083.0	-586.0	-1124.0
Changes In Account Receivables	-1083.0	-586.0	-1124.0
Other Non Cash Items	172.0	81.0	340.0
Stock Based Compensation	1999.0	1812.0	1560.0
Asset Impairment Charge	335.0	463.0	177.0
Deferred Tax	477.0	-6349.0	-196.0
Deferred Income Tax	477.0	-6349.0	-196.0
Depreciation Amortization Depletion	5368.0	4667.0	3747.0
Depreciation And Amortization	5368.0	4667.0	3747.0
Depreciation	5368.0	4667.0	3747.0
Operating Gains Losses	-662.0	-144.0	221.0
Net Foreign Currency Exchange Gain Loss	-73.0	-144.0	81.0
Gain Loss On Sale Of PPE	-589.0	0.0	140.0

Net Income From Continuing Operations	7153.0	14974.0	12587.0
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