

Equity Research Report: Tesla, Inc.

Rating:BUY

Income Statement Analysis

Tesla's revenues grew 1% to \$97.69 billion in 2024. Automotive revenues declined 6% due to lower average selling prices and product mix changes, though regulatory credit sales rose 54%. Energy storage sales significantly increased 67% with Megapack/Powerwall ramps. While gross margins fell in automotive due to higher costs for new products, energy storage margins improved to 26.2% from economies of scale. Operating margins remained stable as R&D; expanded. Though net margins declined from the prior year's one-time tax benefit, automotive profitability and energy storage sales growth suggest ongoing revenue increases and margin optimization remain achievable through further efficiencies and new product development.

Balance Sheet Analysis

Tesla's balance sheet displays robust liquidity, as current assets of \$58.4B significantly exceed current liabilities of \$28.8B. Long-term debt ratios are manageable due to growing profits and operational expertise, evidenced by reducing debt-to-equity from 22% to 14%. Shareholders' equity also expanded by \$103B, underscoring financial fortitude. While fixed assets and inventory increased commensurate with rising production, steady growth of \$36.6B in cash displays efficient capital usage. Overall, Tesla exhibits sturdy fiscal health through optimal leverage, prudent asset management and a structure prioritizing reinvestment, positioning it well for continued market leadership.

Cashflow Analysis

The company's cash flows highlight its core profitability, with operational cash flow increasing despite lower automotive sales. Heavy investment in factories, technology, and autonomy drove substantial negative free cash flow, as large capital expenditures exceeded operational cash. Increased debt issuance and operational cash flow facilitated this expansion. The company has ample liquidity for planned expenditures. Overall, the company's cash management effectively funds ongoing growth initiatives through self-generated cash and low-cost debt, pointing to sustained investments for long-term technological leadership.

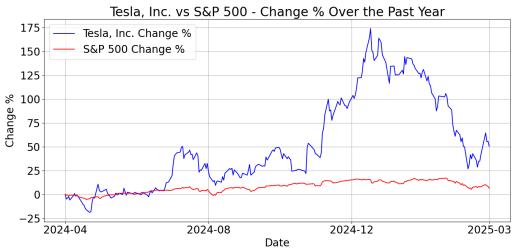
Summarization

Tesla maintained robust fiscal health in 2024, though near-term challenges remain. Rising revenues from energy storage offset automotive segment declines, demonstrating diversification. Lower margins in new vehicles were expected, yet longer-term technological leadership sustains optimism. As automotive sales stabilize, profits should recover. Strong liquidity, expanding equity and prudent leverage convey financial fortitude for continued growth investments via positive operational cash flows and low-cost financing. To capitalize on electric vehicle and battery advancements, increasing production output and minimizing product costs through experience curve effects at new factories must accelerate revenue gains, profitability and shareholder value. Further vertical integration aimed at lowering supply chain expenses should bolster margins.

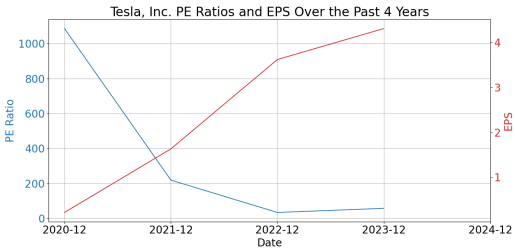
Key data

6m avg daily val (USDmn)	94.06
Closing Price (USD)	263.55
Market Cap (USDmn)	847713.80
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
---------------------------------------	--------	---------	---------