

Equity Research Report: Tesla, Inc.

Rating:BUY

Income Statement Analysis

Tesla reported total revenues of \$97.69B for 2024, up 1% YoY. Automotive gross margins declined to 18.4% from higher costs and lower average prices, while energy storage margins improved to 26.2% from cost reductions. Overall gross margin declined slightly to 17.9%. Operating expenses rose due to R&D; investments, though net income fell 71% YoY due to prior-year tax benefits. While revenue growth has slowed, energy storage provides increasing profits alongside automotive. To further improve profitability, Tesla should focus on higher vehicle production volumes to spread costs, battery innovations to support affordable new models, and operational efficiencies as global factories mature.

Balance Sheet Analysis

The company's current ratio of 2.02 improved from 2.33 in 2023 as accounts receivable rose, retaining short-term liquidity. Total assets exceeded liabilities by \$7.37 billion, up modestly from 2023. Long-term debt more than doubled to \$10.36 billion while property, plant & equipment swelled to \$51.51 billion. Though long-term obligations expanded aggressively, shareholders' equity comfortably absorbed these liabilities, maintaining a foundation for ongoing initiatives. The company diversified financing while judiciously redeploying cash, signalling confidence in long-range vision and ability to maximize opportunities through disciplined management of capital.

Cashflow Analysis

Tesla's operational cash flow remained strong, increased 17% despite lower profits. Heavy investment outlays expanded capacity rapidly. Debt issuance largely funded these, keeping liquidity stable near \$37 billion. While fast growth stresses working capital and profit conversion, ongoing cash generation allows continuing investment. Overall, prudent cash management has sustained liquidity comfortably and positioned Tesla for ongoing substantial expansion, though macro pressures may challenge near-term results.

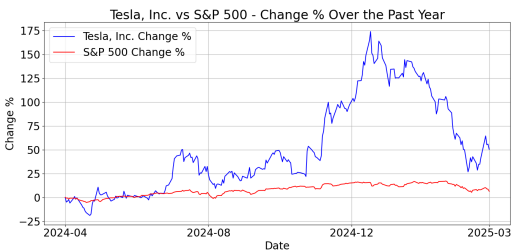
Summarization

Tesla's operational performance remains strong, with energy storage driving improving margins to partly offset declines in automotive due to lower prices. While revenue growth has slowed, disciplined cash management through debt raises and profit reinvestment supports aggressive expansion. The stable balance sheet and ample liquidity maintain solvency and financial flexibility. However, macroeconomic headwinds may pressure near-term results. To bolster resilience and pursue opportunities, Tesla should continue prioritizing production scale economies, battery innovation, and efficiency to sustain profit conversion amid heavy investment and volatility, preserving its capabilities for long-term vision realization and shareholder value creation.

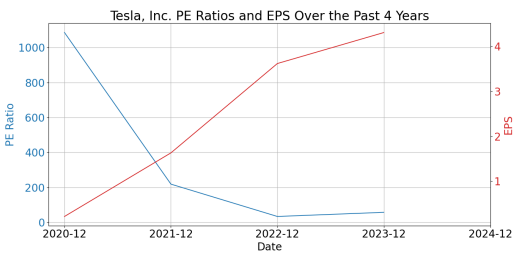
Key data

6m avg daily val (USDmn)	94.08
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
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