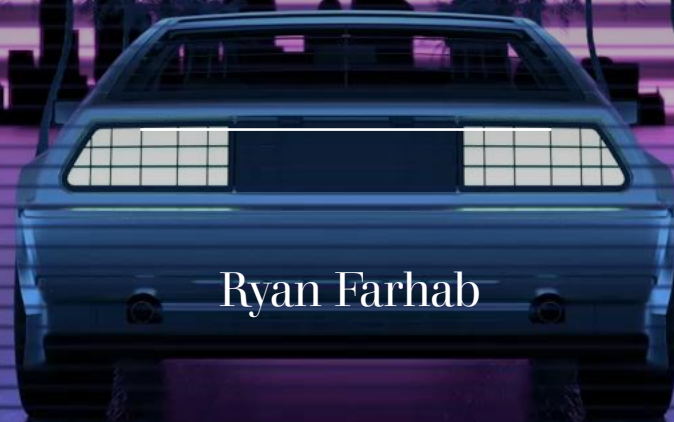


TESLA, INC.



Ryan Farhab

Executive Summary & Highlights

- Highlights:
 - Macroeconomic conditions resulting from the COVID-19 pandemic
 - Erratic and unpredictable actions of Elon Musk
 - Potential deal with Hertz



TESLA

TSLA.NSDQ	
Overview	
Date	December 3, 2021
Target Price	\$329.89
Last Close	\$1014.97
Downside	-67.50%
Market Cap	\$974.37bn
Shares	960m
Outstanding	
52-Week High	\$1243.49
52-Week Low	\$539.49
P / E (LTM)	257.61
P / BV (LTM)	46.30
EPS (2021)	\$1.17

Investment Summary

- Recommendation: **SELL**
 - Target Price: \$329.89
 - Actual Price (as of 12/3/21): \$1014.97
 - 67.50% Downside
 - Implies 4.1x 2021F P/E over industry P/E
-

Increased Competition in the EV Market

- “Big Three” and “EV Big Three”
 - Hertz Deal
 - Ford’s \$11.5bn EV investment
 - Mercedes-Benz’s 25 new EVs by 2025
 - Taiwanese company Ahmani EV Tech joint venture with Renon to produce battery packs for Indian market
-

Corporate Governance Issues

- ISS Governance Score: 10
- Elon Musk's tweets
 - JP Morgan lawsuit
- Board's Ties to Musk

Board Structure

9

Compensation

10

Shareholder Rights

10

Audit & Risk Oversight

7

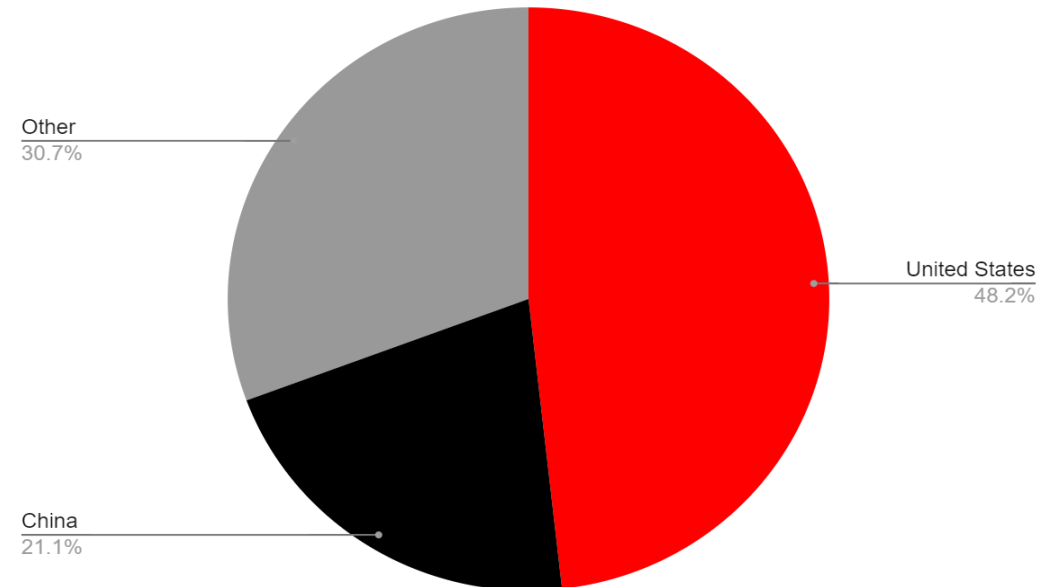
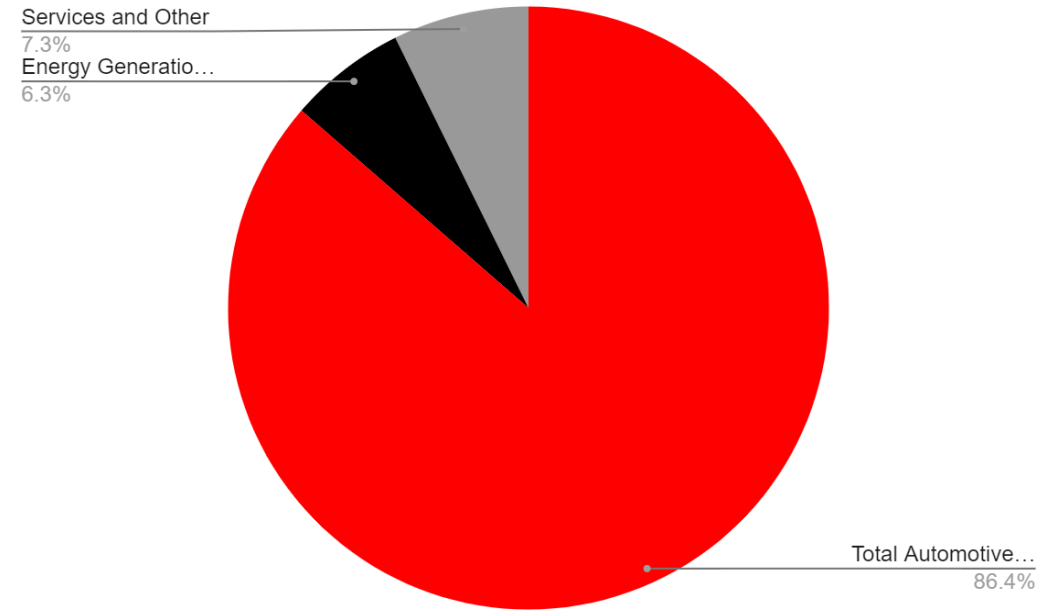
Stock based on online hype and speculation

- r/wallstreetbets and the GME short squeeze
- Power of retail investors collaborating
- Tesla benefitting from the hype around Musk
- Hype over actual value



Business Description

- Three core segments
 - Automotive
 - Energy generation & storage
 - Services
- Strategy: Invest more in tech to stay ahead of competition
- R&D Goals



Industry and Market Analysis

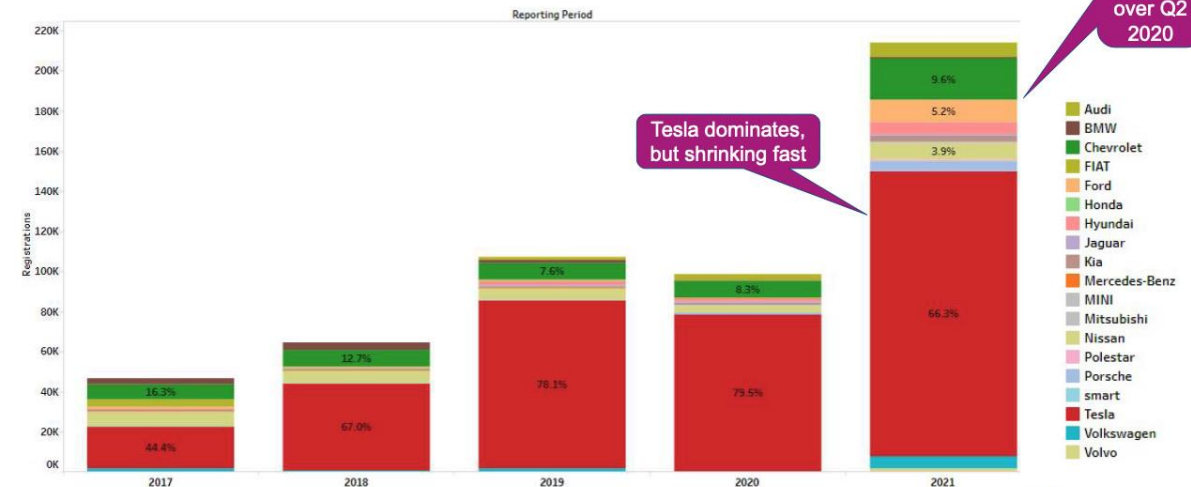
- Tesla has largest US and world EV market share
- 2020-26: \$171.26bn - \$725.14bn
- CAGR: 27.19%
- APAC region fastest growing
- Factors behind growth

Electric Vehicle Market - Growth Rate by Region (2021 - 2026)



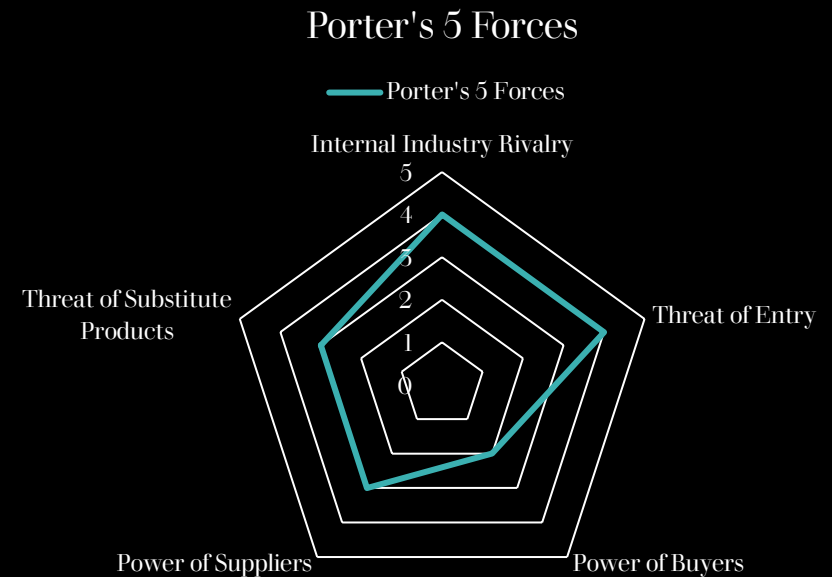
Source: Mordor Intelligence

U.S. Electric new vehicle registration share by brand



Competitive Positioning – Porter's 5 Forces

- Internal Industry Rivalry – 4
- Threat of Entry – 4
- Power of Buyers -2
- Power of Suppliers – 3
- Threat of Substitute Products - 3



Competitive Positioning – Porter's 3 Strategies

- Cost Leadership strategy and Focused Strategy - No
 - Differentiation Strategy – Yes
 - Buyers are willing to pay a premium for the unique differences in its products
 - Scale economies have already been exploited, and
 - The good relies on an experience dependent on its reputation, image, reliability, and characteristics.
-

Competitive Positioning – VRIO Analysis

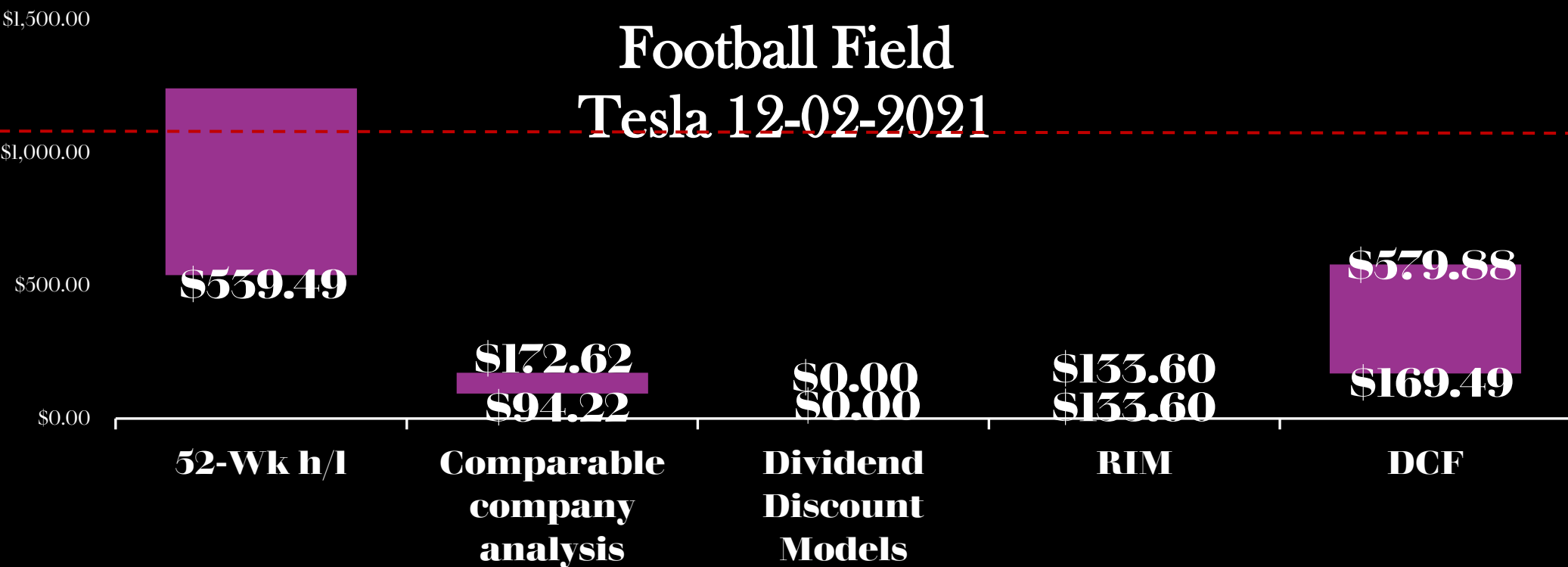
Valuable?	Rare?	Costly to imitate?	Exploited by firm?	Competitive Implications	Economic Performance
Yes	No	Yes	Yes	Temporary competitive advantage	Temporarily above normal

Valuation

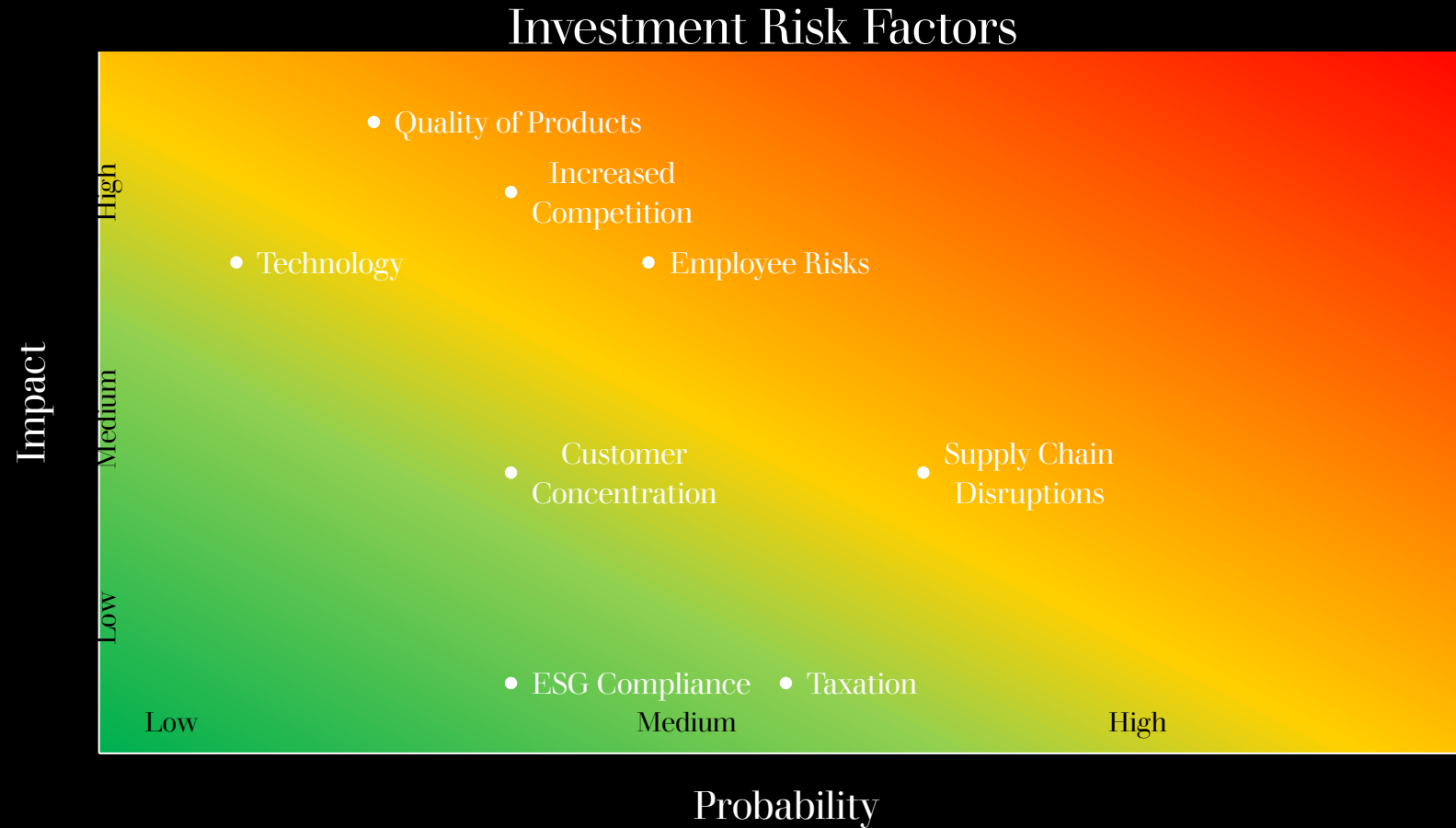
- DCF
 - TEV: \$564.24bn
- CCA
 - EV/Revenue & EV/EBITDA much higher than industry average
- RIM
 - Cost of equity: 16.77%

		L end	VAR	H end	Weight
52-Wk h/l		\$539.49	\$704.00	\$1,243.49	10%
CCA	\$	94.22	\$78.40	\$ 172.62	20%
DDM		\$0.00	\$0.00	\$0.00	0%
RIM		\$133.60	\$0.00	\$133.60	20%
DCF	\$	169.49	\$410.39	\$ 579.88	50%
					100%
Target Price		\$184.26	\$291.28	\$475.53	
Recommendation			SELL	since current price falls above the range of the target price	
Target price		\$329.89			

Valuation - Football Field Graph



Investment Risks



Conclusion

Questions?
