Morgan Stanley | RESEARCH

UPDATE

June 26, 2026 04:24 AM GMT

Tesla Inc | North America

2Q26 Delivery Preview: Auto Tracking Towards a Beat; Remaining More Conservative on Near-Term ESS Outlook

We are increasing our 2Q Tesla delivery estimates to 413K units, from 373K, supported by stronger regional sales trends. Our 2Q ESS deployment estimate remains below consensus as we take a conservative view on project timing given dynamics observed in 1Q, but remain in-line for 2026.

Ahead of next week's deliveries release we are raising our 2Q26 delivery estimate to **413K units (+7.6% Y/Y)** from **373K units (-2.8% Y/Y)**, supported by stronger-than-expected regional registration and sales trends from April-May. **Europe** is showing the most notable improvement, with registrations running well above prior-year levels and April marking another month of recovery (+47% Y/Y) after a weak 2025. **China** also improved meaningfully in May, with domestic sales rebounding Y/Y (+23% Y/Y) and sequentially (+82% M/M), ending a two-month streak of Y/Y declines and suggesting demand may be stabilizing after a softer start to the year. **U.S.** trends remain softer Y/Y through May (-17% Y/Y), but the broader regional data still supports deliveries tracking ahead of prior expectations. Our energy storage estimates remain below consensus for the quarter given project delays that could carry through from 1Q26, but we expect volume growth to accelerate in 2H26 with the full year deployments reaching 55 GWh (+18% Y/Y), which is relatively in line with consensus (57 GWh).

2Q26 deliveries by the numbers:

- **Auto Delivery Estimates vs. Consensus:** MSe of 413.2K vs. cons of 401.1K
- **Energy Deployment Estimates vs. Consensus:** MSe of 11.8 GWh vs. cons of 14.3 GWh

How our estimates are changing (Exhibit 1). The largest revisions are in 2Q26, where our higher delivery estimate of ~413K units vs. ~373K prior, along with a higher auto gross margin assumption of 17.3% (ex-credits) vs. 16.9% prior, driving a 9% increase to total gross profit and 11% increase to our adj. EBITDA estimate. For full-year 2026, our estimates move modestly higher, with total revenue up 2%, auto gross profit up 4.5%, and adj. EBITDA up 4%. The increase is primarily driven by higher unit forecasts in 2Q26 and 3Q26, along with slightly better auto gross margin assumptions for full-year 2026 (17.8% vs 17.5% prior, ex-credits). PT is unchanged at $415.

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Tesla Inc (TSLA.O, TSLA US)

Autos & Shared Mobility | United States of America

Stock Rating	**Equal-weight**
Industry View	**In-Line**
Price target	**$415.00**
Shr price, close (Jun 25, 2026)	$375.12
Mkt cap, curr (mm)	$1,327,175
52-Week Range	$498.83-288.77

Fiscal Year Ending	12/25	12/26e	12/27e	12/28e
EPS ($)**	1.67	1.95	2.37	3.01
Prior EPS ($)**	-	1.85	2.31	3.01
ModelWare EPS ($)	1.07	0.76	1.21	1.87

Unless otherwise noted, all metrics are based on Morgan Stanley ModelWare framework
** = Based on consensus methodology
e = Morgan Stanley Research estimates

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Exhibit 1: Changes to Estimates

Income Statement ($MM)	2Q26e New	2Q26e Old	2Q26e Δ	2026e New	2026e Old	2026e Δ
Revenue						
Auto	17,604	15,946	10.4%	66,660	64,746	3.0%
Energy + Services and Other	6,844	6,841	0.0%	29,734	29,727	0.0%
ZEV Credit	331	299	10.7%	1,348	1,311	2.8%
Total Revenue	**24,448**	**22,788**	**7.3%**	**96,395**	**94,473**	**2.0%**
COGS						
Auto	14,292	12,998	10.0%	53,684	52,333	2.6%
Energy + Services and Other	5,658	5,656	0.0%	24,141	24,136	0.0%
Gross Profit						
Auto Gross Profit	3,312	2,949	12.3%	12,976	12,413	4.5%
% Gross Margin	18.8%	18.5%	0.3%	19.5%	19.2%	0.3%
% Gross Margin (ex. ZEV)	17.3%	16.9%	0.3%	17.8%	17.5%	0.3%
Energy + Services and Other Gross Profit	1,186	1,185	0.1%	5,593	5,591	0.0%
% Gross Margin	17.3%	17.3%	0.0%	18.8%	18.8%	0.0%
Total Gross Profit	**4,498**	**4,134**	**8.8%**	**18,569**	**18,004**	**3.1%**
% Gross Margin	18.4%	18.1%	0.3%	19.3%	19.1%	0.2%
R&D	1,986	1,986	0.0%	7,764	7,764	0.0%
% of Sales	8.1%	8.7%	-0.6%	8.1%	8.2%	-0.2%
SG&A	1,956	1,823	7.3%	7,754	7,600	2.0%
% of Sales	8.0%	8.0%	0.0%	8.0%	8.0%	0.0%
RX	0	0	0.0%	0	0	0.0%
Operating Income	**556**	**325**	**71.2%**	**3,051**	**2,640**	**15.6%**
% Margin	2.3%	1.4%	0.8%	3.2%	2.8%	0.4%
Adjusted EBITDA	**3,798**	**3,413**	**11.3%**	**15,418**	**14,813**	**4.1%**
% Margin	15.5%	15.0%	0.5%	16.0%	15.7%	0.3%
SBC	1,084	1,048	3.5%	4,258	4,216	1.0%
Interest Expense	(342)	(342)	0.0%	(1,257)	(1,243)	1.2%
Other expense / (income), net	0	0	NA	(535)	(535)	0.0%
Pre-Tax Earnings	**898**	**667**	34.7%	**3,773**	**3,347**	12.7%
Income Tax	221	161	37.4%	1,022	911	12.2%
% Tax Rate	24.6%	24.1%	0.5%	27.1%	27.2%	-0.1%
Net loss contributable to NCI	(12)	(12)	0.0%	(50)	(50)	0.0%
Net Income	**665**	**494**	34.6%	**2,702**	**2,386**	13.2%
GAAP Diluted EPS	**$0.19**	**$0.14**	**34.6%**	**$0.76**	**$0.68**	**13.2%**
Non-GAAP Diluted EPS	**$0.50**	**$0.44**	**13.5%**	**$1.95**	**$1.85**	**5.5%**
Diluted Common Shares Outstanding	3,528	3,528	0.0%	3,532	3,532	0.0%
Free Cash Flow	(3,355)	(4,203)	NA	(11,467)	(11,602)	NA
Capital Expenditures	6,000	6,000	0.0%	26,261	26,131	0.5%

Source: Morgan Stanley Research estimates

Exhibit 2: Changes to Estimates - Units

Segments	2Q26 New	2Q26 Old	2Q26 Δ	2026e New	2026e Old	2026e Δ	2028e New	2028e Old	2028e Δ	2030e New	2030e Old	2030e Δ
Units												
Roadster	-	-	-	-	-	-	550	550	-	606	606	-
Model S	3,814	3,814	0%	12,933	12,933	0%	-	-	-	-	-	-
Model X	2,668	2,668	0%	8,802	8,802	0%	-	-	-	-	-	-
Model 3	152,075	136,294	12%	583,984	571,389	2%	789,108	788,516	0%	976,521	975,789	0%
Model Y	248,682	224,504	11%	941,884	909,146	4%	1,272,721	1,281,896	-1%	1,609,992	1,621,599	-1%
Cybertruck	6,004	6,004	0%	19,640	19,640	0%	33,142	33,142	0%	45,736	45,736	0%
Compact	-	-	-	-	-	-	-	-	-	-	-	-
MPV	-	-	-	-	-	-	-	-	-	-	-	-
Semi	-	0	NA	250	250	0%	800	800	0%	1,680	1,680	0%
Total Units	**413,244**	**373,285**	**11%**	**1,567,493**	**1,522,160**	**3%**	**2,096,321**	**2,104,905**	**0%**	**2,634,535**	**2,645,410**	**0%**
Average ATP				$41,667	$41,674	0%	$40,112	$40,117	0%	$39,048	$39,052	0%
Energy Storage (GWh)	11.0	11.0	0%	55.3	55.3	0%	97.0	97.0	0%	151.3	151.3	0%

Source: Morgan Stanley Research estimates

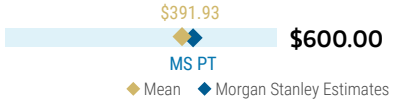
Risk Reward – Tesla Inc (TSLA.O)

AI Optionality Offset by Near-Term Auto Headwinds, Full Valuation

PRICE TARGET $415.00

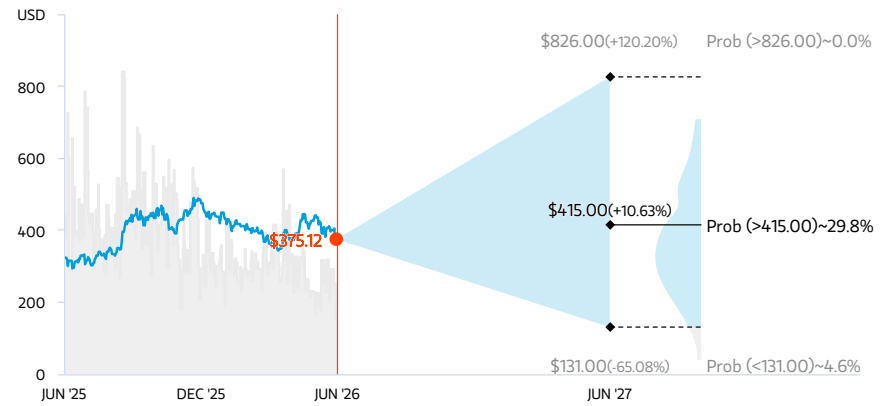
Our PT of $415 is comprised of 5 components: (1) $45/share for core Tesla Auto business on ~8.5mm units in 2040, 9.7% exit EBIT margin (ex-FSD), 10.9% WACC, and 10x 2040 exit EBITDA multiple. (2) Network Services at $144/share, 80% attach rate at $240/month ARPU by 2040 (3) Tesla Mobility at $125/share on DCF with ~5mn cars at ~$1.33/mile by 2040. (4) Energy at $40/share, and (5) Humanoids at $60/share (50% probability discount).

Consensus Price Target Distribution



Source: Refinitiv, Morgan Stanley Research

RISK REWARD CHART AND OPTIONS IMPLIED PROBABILITIES (12M)



Source: Refinitiv, Morgan Stanley Research, Morgan Stanley Institutional Equities Division. The probabilities of our Bull, Base, and Bear case scenarios playing out were estimated with implied volatility data from the options market as of 25 Jun 2026. All figures are approximate risk-neutral probabilities of the stock reaching beyond the scenario price in either three-months' or one-years' time. View explanation of Options Probabilities methodology here

EQUAL-WEIGHT THESIS

- **Leader in Physical AI.** Tesla under Elon Musk's leadership is poised to be a market leader across autonomous mobility, renewable energy, and robotics.
- **Network Services the Crown Jewel.** We believe TSLA can leverage its EV cost leadership to expand user base and generate a higher % of revenue from recurring/high-margin software & services.
- **AI optionality offset by cautious EV outlook and balanced Risk Reward skew near-term.** We include Autos, Network Services, Energy, Mobility, and Optimus in our $415 PT, with Bear Case $131, Bull Case $826.

Consensus Rating Distribution



Source: Refinitiv, Morgan Stanley Research

Risk Reward Themes

Disruption:	*Positive*
Secular Growth:	*Positive*
Electric Vehicles:	*Positive*

View descriptions of Risk Rewards Themes here

BULL CASE $826.00

~78x 2030e EV/EBITDA

For core auto, we assume TSLA is able to deliver 12.0mm units by 2040 with ~14.5% EBIT margin (ex-FSD), implying ~$81/share. TSLA Network Services valued at $251/share, on 90% attach rate at ~$250 Monthly ARPU by 2040. We value TSLA Mobility at $206/share with 8.5mn fleet and 30% EBITDA margin in 2040. For Energy, $81/share (21% 15yr rev CAGR and 21% terminal EBIT margin). Tesla Humanoids at $208/share (0% probability discount).

BASE CASE $415.00

~50x 2030e EV/EBITDA

Our PT of $415 is comprised of 5 components: (1) $45/share for core Tesla Auto business on ~8.5mm units in 2040, 9.7% exit EBIT margin (ex-FSD), 10.9% WACC, and 10x 2040 exit EBITDA multiple. (2) Network Services at $144/share, 80% attach rate at $240/month ARPU by 2040 (3) Tesla Mobility at $125/share on DCF with ~5mn cars at ~$1.33/mile by 2040. (4) Energy at $40/share, and (5) Humanoids at $60/share (50% probability discount).

BEAR CASE $131.00

~27x 2030e EV/EBITDA

Our $131 bear case ascribes $20/share for automotive which assumes 5.6mn units by 2040 at a 4.5% EBIT margin (ex-FSD). Tesla Network Services at $49/share (60% attach rate at $200 Monthly ARPU by 2040). Other value is ascribed to Tesla Mobility at $43/share on a 2mn car fleet and ~40% EBITDA margin by 2040, and Tesla Energy at $18/share (14% 15 yr rev CAGR and 13% terminal EBIT margin). Humanoids at $0/share.

Risk Reward – Tesla Inc (TSLA.O)

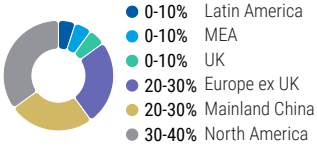
KEY EARNINGS INPUTS

Drivers	Dec 2025	Dec 2026e	Dec 2027e	Dec 2028e
Total Deliveries (000s)	1,636	1,567	1,818	2,096
Total Revenue ($, mm)	94,827	96,395	114,487	137,610
Auto Gross Margin (%)	17.8	19.5	19.0	18.7
Free Cash Flow ($, mm)	6,220	(11,467)	(4,486)	3,470
Net Debt (Cash) ($, mm)	(35,683)	(22,673)	(18,169)	(21,621)

INVESTMENT DRIVERS

- Robotaxi city launches
- Advancements in FSD
- New Model announcements
- Emerging Competition (from traditional OEMs, startups, & large tech firms)

GLOBAL REVENUE EXPOSURE



Source: Morgan Stanley Research Estimate
View explanation of regional hierarchies here

MS ALPHA MODELS

5/5 BEST	24 Month Horizon	5/5 MOST	3 Month Horizon

Source: Refinitiv, FactSet, Morgan Stanley Research; 1 is the highest favored Quintile and 5 is the least favored Quintile

RISKS TO PT/RATING

RISKS TO UPSIDE

- Increased FSD attach rate / unsupervised FSD
- Cost milestones on new battery
- New model intro (Roadster, multivan)
- Robotaxi rollout
- Optimus announcement

RISKS TO DOWNSIDE

- Competition: legacy OEMs/Chinese players/big tech in Autos and Robotics
- Execution risk across robotaxi/FSD/humanoid
- Regulatory
- China risk
- Dilution
- Valuation

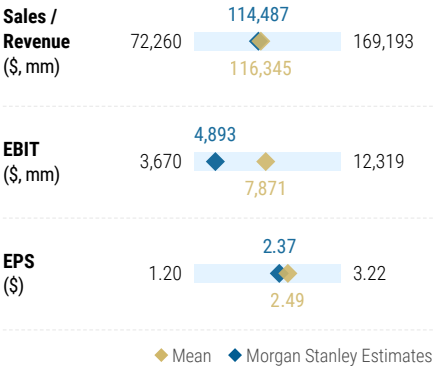
OWNERSHIP POSITIONING

Inst. Owners, % Active	43.3%
HF Sector Long/Short Ratio	1.7x
HF Sector Net Exposure	11.1%

Refinitiv; MSPB Content. Includes certain hedge fund exposures held with MSPB. Information may be inconsistent with or may not reflect broader market trends. Long/Short Ratio = Long Exposure / Short exposure. Sector % of Total Net Exposure = (For a particular sector: Long Exposure - Short Exposure) / (Across all sectors: Long Exposure – Short Exposure).

MS ESTIMATES VS. CONSENSUS

FY Dec 2027e



Source: Refinitiv, Morgan Stanley Research

Risk Reward Reference links

1. View explanation of Options Probabilities methodology - Options_Probabilities_Exhibit_Link.pdf

2. View descriptions of Risk Rewards Themes - RR_Themes_Exhibit_Link.pdf

3. View explanation of regional hierarchies - GEG_Exhibit_Link.pdf

4. View explanation of Theme/Exposure methodology - ESG_Sustainable_Solutions_External_Link.pdf

5. View explanation of HERS methodology - ESG_HERS_External_Link.pdf



(as of May 31, 2026)

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	Coverage Universe		Investment Banking Clients (IBC)			Other Material Investment Services Clients (MISC)	
Stock Rating Category	Count	% of Total	Count	% of Total IBC	% of Rating Category	Count	% of Total Other MISC
Overweight/Buy	1542	42%	465	51%	30%	707	43%
Equal-weight/Hold	1571	43%	369	40%	23%	723	44%
Not-Rated/Hold	3	0%	0	0%	0%	1	0%
Underweight/Sell	551	15%	86	9%	16%	201	12%
Total	3,667		920			1632	

Data include common stock and ADRs currently assigned ratings. Investment Banking Clients are companies from whom Morgan Stanley received investment banking compensation in the last 12 months. Due to rounding off of decimals, the percentages provided in the "% of total" column may not add up to exactly 100 percent.

Analyst Stock Ratings

Overweight (O). The stock's total return is expected to exceed the average total return of the analyst's industry (or industry team's) coverage universe, on a risk-adjusted basis, over the next 12-18 months.

Equal-weight (E). The stock's total return is expected to be in line with the average total return of the analyst's industry (or industry team's) coverage universe, on a risk-adjusted basis, over the next 12-18 months.

Not-Rated (NR). Currently the analyst does not have adequate conviction about the stock's total return relative to the average total return of the analyst's industry (or industry team's) coverage universe, on a risk-adjusted basis, over the next 12-18 months.

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Unless otherwise specified, the time frame for price targets included in Morgan Stanley Research is 12 to 18 months.

Analyst Industry Views

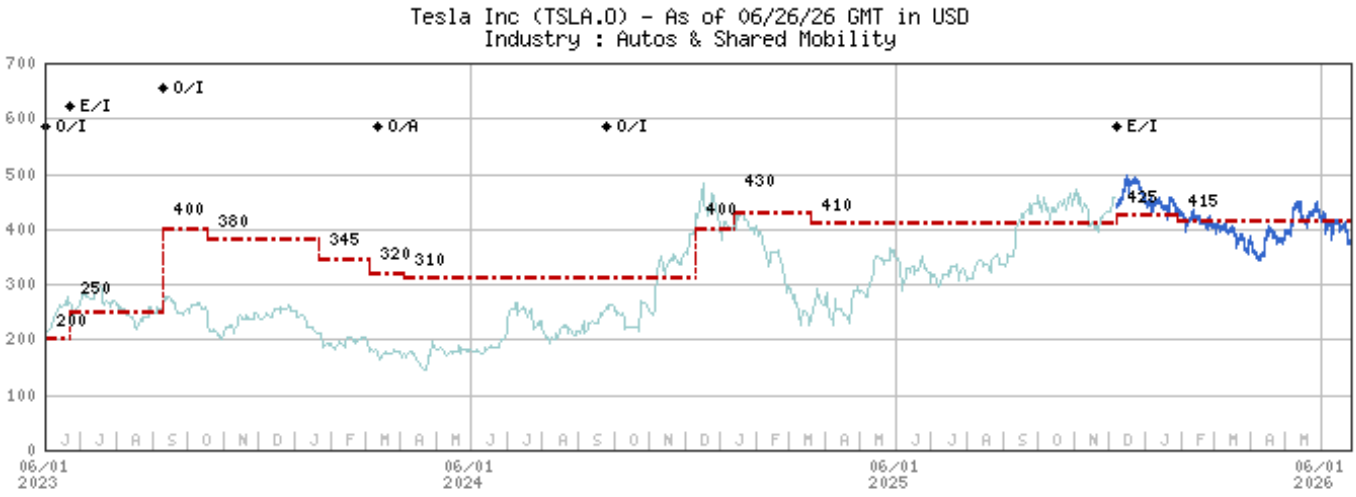
Attractive (A): The analyst expects the performance of his or her industry coverage universe over the next 12-18 months to be attractive vs. the relevant broad market benchmark, as indicated below.

In-Line (I): The analyst expects the performance of his or her industry coverage universe over the next 12-18 months to be in line with the relevant broad market benchmark, as indicated below.

Cautious (C): The analyst views the performance of his or her industry coverage universe over the next 12-18 months with caution vs. the relevant broad market benchmark, as indicated below.

Benchmarks for each region are as follows: North America - S&P 500; Latin America - relevant MSCI country index or MSCI Latin America Index; Europe - MSCI Europe; Japan - TOPIX; Asia - relevant MSCI country index or MSCI sub-regional index or MSCI AC Asia Pacific ex Japan Index.

Stock Price, Price Target and Rating History (See Rating Definitions)



Stock Rating History: 6/1/21 : O/I; 6/22/23 : E/I; 9/10/23 : O/I; 3/13/24 : O/A; 9/25/24 : O/I; 12/7/25 : E/I

Price Target History: 4/22/21 : 300; 10/24/21 : 400; 1/10/22 : 433.33; 6/22/22 : 400; 7/14/22 : 383.33; 8/25/22 : 383; 10/10/22 : 350; 10/24/22 : 330; 12/28/22 : 250; 1/25/23 : 220; 4/20/23 : 200; 6/22/23 : 250; 9/10/23 : 400; 10/19/23 : 380; 1/22/24 : 345; 3/5/24 : 320; 4/4/24 : 310; 12/10/24 : 400; 1/13/25 : 430; 3/20/25 : 410; 12/7/25 : 425; 1/29/26 : 415

Source: Morgan Stanley Research Date Format : MM/DD/YY Price Target No Price Target Assigned (NA)

Stock Price (Not Covered by Current Analyst) Stock Price (Covered by Current Analyst)

Stock and Industry Ratings (abbreviations below) appear as ◆ Stock Rating/Industry View

Stock Ratings: Overweight (O) Equal-weight (E) Underweight (U) Not-Rated (NR) No Rating Available (NA)

Industry View: Attractive (A) In-line (I) Cautious (C) No Rating (NR)

Effective January 13, 2014, the stocks covered by Morgan Stanley Asia Pacific will be rated relative to the analyst's industry (or industry team's) coverage.

Effective January 13, 2014, the industry view benchmarks for Morgan Stanley Asia Pacific are as follows: relevant MSCI country index or MSCI sub-regional index or MSCI AC Asia Pacific ex Japan Index.

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INDUSTRY COVERAGE: Autos & Shared Mobility

COMPANY (TICKER)	RATING (AS OF)	PRICE* (06/25/2026)
Andrew S Percoco		
Adient PLC (ADNT.N)	E (12/07/2025)	$20.29
Aptiv Plc (APTV.N)	O (05/07/2026)	$61.97
Avis Budget Group Inc (CAR.O)	E (12/07/2025)	$165.20
BorgWarner Inc. (BWA.N)	E (12/07/2025)	$69.47
Dauch Corporation (DCH.N)	E (12/07/2025)	$5.79
Ford Motor Company (F.N)	E (09/25/2024)	$14.11
General Motors Company (GM.N)	O (12/07/2025)	$78.53
Hertz Global Holdings Inc (HTZ.O)	E (02/08/2024)	$2.68
Lear Corporation (LEA.N)	E (12/07/2025)	$138.22
Lucid Group Inc (LCID.O)	U (12/07/2025)	$5.12
Magna International Inc. (MGA.N)	E (09/25/2024)	$65.35
Mobileye Global Inc (MBLY.O)	E (08/02/2024)	$7.86
Quantumscape Corp (QS.O)	E (12/07/2025)	$7.13
Rivian Automotive, Inc. (RIVN.O)	U (12/07/2025)	$14.86
Tesla Inc (TSLA.O)	E (12/07/2025)	$375.12
Versigent Ltd (VGNT.N)	O (05/07/2026)	$42.31
Visteon Corporation (VC.O)	E (06/01/2022)	$111.50
Daniela M Haigian		
Asbury Automotive Group Inc (ABG.N)	E (09/25/2024)	$203.05
AutoNation Inc. (AN.N)	O (09/25/2024)	$192.05
Carmax Inc (KMX.N)	E (11/10/2025)	$52.90
Carvana Co (CVNA.N)	O (08/07/2025)	$66.20
Group 1 Automotive, Inc (GPI.N)	O (09/25/2024)	$300.82
Lithia Motors Inc. (LAD.N)	E (09/25/2024)	$296.73
Penske Automotive Group, Inc (PAG.N)	O (09/25/2024)	$183.84
Sonic Automotive Inc (SAH.N)	E (09/25/2024)	$82.71
Javier Martinez de Olcoz Cerdan		
Goodyear Tire & Rubber Company (GT.O)	U (09/28/2025)	$6.44

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* Historical prices are not split adjusted.

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