September 11, 2026 04:05 AM GMT

Tesla Inc | North America

$6 Diesel...Enter Tesla Semi

Autonomous trucking offers 2.3x better utilization, 20% lower cost/mile, and 6x higher profit/truck vs. human driving. Tesla Semi is small today but a $0.85-$1/mile FSD fee (~$12-$18k/truck/month) means small volumes can move numbers. We raise our bull case by $20 to $840.

Key Takeaways

- Autonomy transforms Semi economics: we estimate 2.3x higher utilization and 20% lower cost/mile can drive 6x profit/truck/year...
- ...which justifies a $0.85-$1.00/mile tech fee, generating up to ~$12-$18k/month of recurring revenue per Semi for TSLA vs. $100/month for passenger FSD.
- Recurring rev, not hardware, is the prize: Semi autonomy software could generate $17bn of rev. / $8bn EBIT by 2040 on 82k Semis in operation, or 13.5% mkt share
- Semi adds $20/share to our Network Services Bull Case ($276/share), lifting our Tesla Bull Case to $840 (>125% upside).
- PT unchanged at $400, reit. Equal-weight with a positive skew contingent on scaling of high-margin autonomous offerings.

Autonomous trucks on the horizon.

team published an Insight reinforcing their bullish view on the prospects for Autonomous Trucking and its transformative power for the Freight Transportation industry. After a decade spent on technology development, the debate in the final 12-18 months (until the start of serial production) shifts to the commercialization pathway. Updated TAM assumptions show that the opportunity remains significant (**the TAM ranges from $0.5-1.1 tn in the US alone by 2041**), updated TCO math shows that the ROIC remains very attractive (**~20% *net* cost savings** primarily driven by labor, fuel and insurance savings which means **an autonomous fleet should be 6-8x as profitable as a human-driven fleet today** under the base operating/utilization case) and our proprietary surveys plus AlphaWise geolocation analysis breaks down some popular myths regarding adoption obstacles, while highlighting remaining friction points.

In collaboration with the team, we built an economic analysis for an autonomous EV truck vs. a human driver, and developed a new Tesla Semi model, assuming a tech licensing fee per mile with their TAM sizing analysis and layered it into our Bull Case for Network Services, adding $20/shr to our Bull Case (now $840).

The most important takeaway of this note for a Tesla investor: Tesla can generate ~$12-18k/month from its autonomous trucking software ($0.85-$1/mile subscription fee x 18k miles driven per month). This compares to ~$100/month for FSD on consumer vehicles today. If Tesla reaches 82k Semis on road by 2040 (13.5% share of the autonomous addressable market), that would represent $17bn

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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	**$400.00**
Shr price, close (Sep 10, 2026)	$363.56
Mkt cap, curr (mm)	$1,286,275
52-Week Range	$498.83-297.38

Fiscal Year Ending	**12/25**	**12/26e**	**12/27e**	**12/28e**
EPS ($)**	1.67	1.70	2.07	2.69
Prior EPS ($)**	-	-	-	-
ModelWare EPS ($)	1.07	0.71	0.76	1.39

framework
** = Based on consensus methodology

investors should be aware that the firm may have a conflict of

Research as only a single factor in making their investment decision.

For analyst certification and other important disclosures, refer to the Disclosure Section, located at the end of this report.

of software revenue and ~$7.5bn of incremental EBIT (10% upside to our base case) – note that this does not include the upfront sale of the vehicle or incremental revenues for Tesla charging. Recall, Tesla originally outlined a manufacturing target of 50,000 Semi trucks per year, therefore assuming 80k will be deployed in total over the next ~15 years is a conservative starting point, in our view.

Layering Tesla Semi Services into our Bull Case. We increase our Network Services Bull Case to $276/share, from $256/share previously, with the incremental $20/share derived from the monthly Tesla Semi autonomous driving subscription fee (see more math below). While passenger vehicles still represent the vast majority of total revenues even in our terminal year, Tesla Semi represents an underappreciated driver of earnings growth through 2040.

See: **Freight Transportation: Autonomous Trucking: It's Time to Get Real**

Where does Tesla Semi stand?

Tesla has become a credible emerging competitor in autonomous trucking. The Tesla Semi itself is finally moving toward higher-volume production, with Tesla confirming Semi remains on track for rollout this year as of 2Q26 earnings. More importantly, **CEO Elon Musk provided a timeline for offering self-driving Tesla Semi, expecting the capability by 2027** ahead of scaled production of the Semi. We have long considered TSLA to be a potential wildcard in the competitive landscape of AV trucking and this timeline provides more definitive evidence of their plans to enter the market in earnest.

- **Priority is on Model Y/Model 3 autonomous efforts, Semi will follow.** On the 2Q26 earnings call, CEO Elon Musk cited the 'really serious shortage' of truckers, which are crucial for transport throughout America - as the need for autonomous semi. He did caveat that since the total number of units of the Tesla Semi is still low as a % of total vehicle mix, it makes more sense to focus efforts on self-driving efforts on the Model 3 and Model Y getting to unsupervised FSD. That being said, he expects self-driving 'working' on the Tesla Semi 'around the end of this year or early next year', in time for the scale up to high production of Tesla Semi.
- **Tesla's vision-only approach to autonomy on passenger vehicles - can it apply to semis?** Similar to passenger vehicles, we expect to hear pushback to Tesla's passive optical approach to autonomy (no radar/LiDAR), especially considering the higher speeds/heavier weight of Semi vs. light vehicle applications of FSD. Additionally, there may be greater regulatory scrutiny of camera-only FSD on Semi that may weigh on Tesla's ability to roll out an unsupervised autonomous Semi. However, we note that this skepticism has been around for years and has not prevented TSLA from rolling out Robotaxi operations that are beginning to scale more quickly. Also, even skeptics of the camera-only approach acknowledge that high resolution camera and AI driven algorithms are rapidly improving. As such, if TSLA puts a Semi on the road that works well, we doubt that the market will overly analyze the tech stack that enables it.
- **A note on potential limitations of scaling a BEV Semi**: The opportunity/risk for TSLA is that the truck is a BEV, and while demand for BEV heavy trucks is

solid in Europe, it remains very limited and largely incentive/regulatory-driven in the US. However, if the Semi can offer 500 miles of real world range (with few other capability compromises) and charging infrastructure is managed (either captive facilities or Tesla Supercharging stations), the added productivity of autonomy should allow the truck to access a large share of TAM over time.

Exhibit 1: Tesla Semi: Deliveries Start in 2026



Source: Company Data

Exhibit 2: Semi Interior



Source: Company Data

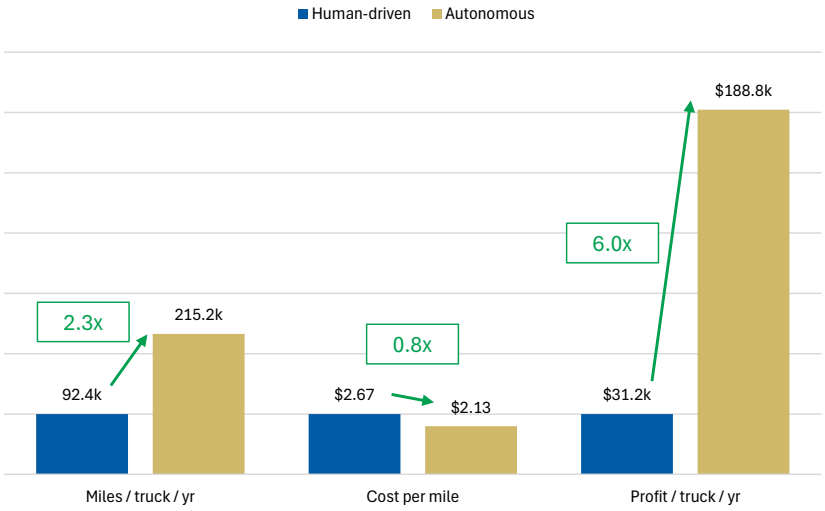
Exhibit 3: Semi Servicing



Source: Company Data

Autonomous Trucking Unit Economics

Exhibit 4: Compelling Unit Economics in Switching to Autonomous



The Freight Transport team's updated autonomous trucking economics reinforce their view that removing the driver creates meaningful cost savings, **but the much larger opportunity comes from dramatically increasing tractor utilization.** This builds on their long standing view that labor is the largest addressable cost bucket in trucking and that autonomous technology can fundamentally reshape industry profitability.

Adapting to EVs. We adapted the diesel analysis in our model for an electric autonomous truck to assess the relative cost savings. Like diesel, **the combined earnings impact is substantial.** Profit excluding overhead increases from approximately **$37K per human-driven tractor to $202K per autonomous tractor, a $165K annual uplift**, and margin expands from 13% to 31%. After applying SG&A, profit increases from $31K to $189K per tractor and margin expands from 11% to 29%. ***That's a 6.0x expansion in profit per truck per year in switching to autonomous.***



Exhibit 5: Autonomous Unit Economic Assumptions: Human-Driven to Autonomous Truck (BEV)

Miles per Truck per Year Build	Human-Driven	Autonomous
Driving hours per day	11.0	22.0
Average speed (mph)	55.0	55.0
Operating days per year	250.0	250.0
Gross theoretical miles	151,250	302,500
× Fueling/servicing/labor availability haircut	61.1%	71.1%
Effective miles per truck per year	**92,400**	**215,210**
Implied utilization multiple vs. human		***2.33x***

Revenue from Utilization	Human-Driven	Autonomous
Loaded mile ratio	85.1%	85.1%
Loaded miles per truck per year	78,665	183,219
Revenue per loaded mile	$3.61	$3.61
Revenue per truck per year	**$283,613**	**$660,565**

Per-Truck Annual Economics	Human-Driven	Autonomous	Delta	% Diff
Miles per truck per year	92,400	215,210	122,810	132.9%
Loaded miles	78,665	183,219	104,554	132.9%
Revenue	$283,613	$660,565	$376,952	132.9%
Cost per mile (excl. overhead)	$2.67	$2.13	-$0.54	(20.2%)
Total cost (excl. overhead)	$246,645	$458,408	$211,763	85.9%
Profit excl. overhead	**$36,968**	**$202,157**	**$165,189**	**446.8%**
Margin excl. overhead	13.0%	30.6%		
Profit excl. overhead per mile	$0.40	$0.94	$0.539	134.8%
Overhead / SG&A rate (% of revenue)	2.0%	2.0%		
Overhead / SG&A ($/yr)	$5,752	$13,396	$7,644	132.9%
Profit incl. overhead	**$31,216**	**$188,761**	**$157,544**	**504.7%**
Margin incl. overhead	11.0%	28.6%		

BEV specific.

Exhibit 6: Human to Autonomous Cost Per Mile Bridge (BEV-Specific)

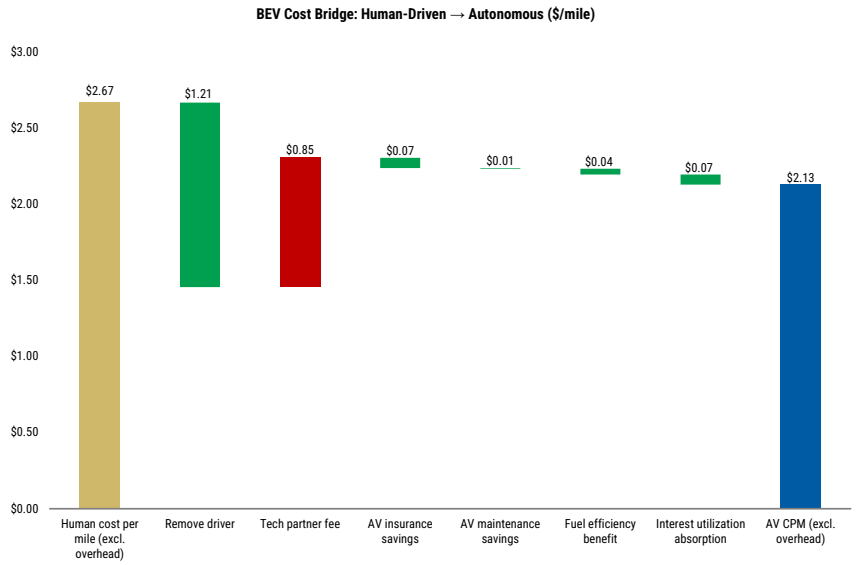


Exhibit 7: Cost per Mile: Human-Driver to Autonomous, Diesel and EV

Diesel	Human Driver	Autonomous	Savings
Fuel	$0.70	$0.61	*-13.0%*
Maintenance	$0.26	$0.24	*-8.1%*
Insurance	$0.13	$0.06	*-50.0%*
Capital - depreciation	$0.32	$0.35	*10.0%*
Capital - financing	$0.08	$0.04	*-52.8%*
Tolls, Permits, Other	$0.05	$0.05	
Driver labor (wage + benefits)	$1.21	-	
Tech Licensing Fee	-	$0.85	
Total Diesel $/mile	**$2.76**	**$2.21**	**-20%**

Electric	Human Driver	Autonomous	Savings
Energy / charging (base case)	$0.50	$0.46	*-7.5%*
Maintenance	$0.10	$0.10	*-5.0%*
Insurance	$0.13	$0.07	*-50.0%*
Capital - depreciation	$0.54	$0.54	*0.0%*
Capital - financing	$0.13	$0.07	*-50.0%*
Tolls, Permits, Other	$0.05	$0.05	
Driver labor (wage + benefits)	$1.21	-	
Tech Licensing Fee	-	$0.85	
Total EV $/mile	**$2.67**	**$2.13**	**-20%**

Comparison			
EV premium ($/mile)	-$0.09	-$0.08	
EV premium (%)	-3.1%	-3.5%	

TAM Sizing

See Freight Transport Insight for greater detail.

We estimate a ~$601bn total addressable market (TAM) and ~$312bn serviceable addressable market (SAM) for autonomous trucking in 2026E, with both growing materially over time and, importantly, with a greater portion of TAM becoming serviceable as the technology matures. Our TAM starts with all ~199bn U.S. combination-truck miles in 2026E and prices those miles by channel: for-hire miles at the prevailing freight rate and private-fleet miles at the all-in operating cost that autonomy could displace. **This produces a ~$601bn TAM today, growing to ~ $722bn in 2031E and more than $1tn by 2041E.** This represents the long-term ceiling for autonomous trucking if the technology can ultimately address nearly all combination-truck applications.

AUR remains the largest named AV player in our forecast, though we assume a fragmented market over time. In 2031E, AUR accounts for 3.2bn autonomous miles, versus 1.1bn for KDK, 1.4bn for TSLA and 1.8bn for all other AVs, giving AUR ~43% of autonomous VMT, KDK ~14%, TSLA 19% and other players ~24%. Against the broader SAM, those miles represent 2.8% penetration for AUR, 0.9% for KDK, 1.3% for TSLA and 1.6% for other AVs. By 2041E, AUR reaches 32.2bn autonomous miles, versus 12.6bn for KDK, 20.4bn for TSLA and 46.7bn for other AVs, or roughly 29% / 11% / 18% / 42% of autonomous VMT, respectively. Against the entire 2041 SAM, this equates to 24.1% for AUR, 9.4% for KDK, 15.3% for TSLA and 35.0% for other AVs, for total AV penetration of 83.8%**.** Thus, **while AUR is the clear leader among the individually modeled AV developers, our TAM assumes a multi-player market in which AUR, TSLA and KDK together represent ~60% of autonomous miles by**

2041 and the broader AV ecosystem captures the remaining ~40%. This is consistent with our view that autonomous trucking is unlikely to be winner-takes-all given the size of the market and OEM/carrier preference for multi-sourcing.

Exhibit 8: AV Penetration by Player on Total VMT

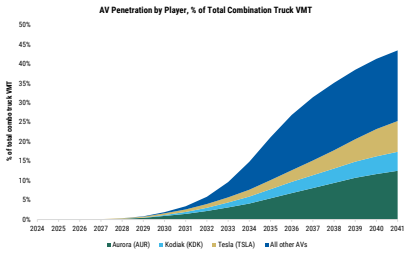
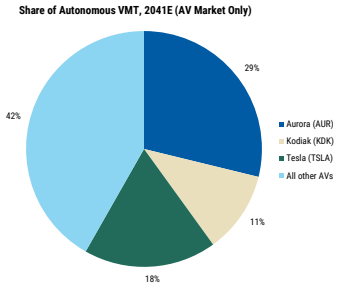


Exhibit 9: Autonomous Market Share



How we envision the business model: Tech subscription fee per mile

As trucking goes autonomous, some traditional truck OEMs are looking to pivot their business models to retain a greater share of the profit pool, from just selling the truck (P x Q) to selling or leasing the truck and earning a per mile fee for the autonomous operation of the truck. Autonomous trucking companies such as Aurora (AUR) are already earning a per mile fee for their technology and servicing of that technology, and truck OEMs are now assessing whether they should also charge a per mile fee; Volvo announced a program called Volvo Autonomous Solutions, wherein they will own and operate their own fleet, marking the first time an OEM will potentially compete with its customers. We note it is likely the OEM will simply lease the truck for a carrier to operate, but note the possibility to go right to a shipper.

We don't expect Tesla to get involved in what is an operationally intensive and complex business as a carrier, at this stage. Instead, our base case is that Tesla will lease or sell its Semi trucks to carriers and charge a fee of ~$0.85-$1.00 per mile driven for the use of its FSD technology and remote operator assistance/servicing/maintenance, similar to AUR. Tesla has not commented on a pricing model for FSD/autonomy on the Semi specifically. **Tesla prices FSD for passenger vehicles on a monthly subscription model (~$100/mo.), but given truck fleet economics, a usage-based or operating-mile autonomy fee bundled into a fleet services contract would be a more natural fit for Semi.** It also aligns with the pricing model for other autonomous providers, namely AUR/KDK. Indeed, ***AV technology providers expect $150–200k of annualized revenue per deployed truck at mature utilization and ~16–18 hours of daily truck usage***. ***This compares to ~$1,200/yr for FSD on consumer vehicles. So even at low volumes, the math becomes quiet compelling.*** Note that this does not include any upfront sale of the vehicle or incremental revenues for Tesla charging.

Scenario Analysis:

(1) Bottom-Up Base Case Build. We run two scenarios for the scaling of Tesla's Semi service. First is a bottom-up approach driven by our fleet size forecasts based on annual deliveries (gated by 50k planned capacity at Tesla's Nevada plant, and

assuming not all for domestic market) and scrappage rates (increasing over time as fleet ages) and supplemented by our annual miles driven per vehicle forecast. We assume Tesla transitions to driver-out full unsupervised FSD in Semi in 2028 (supported by CEO Musk's commentary of prioritizing unsupervised FSD launch in passenger vehicles), and reaches run-rate AV miles/truck/year of 215k by 2030 as the fleet scales, operations are optimized, and the technology improves. We maintain 215k miles/Semi/year flat through our forecast period for conservatism, though would note that there may be upside to market share should Tesla materially improve fleet efficiency through 2040. We forecast ~19k Semis added to the fleet and 82k Semis in operation in our terminal year (2040). In this scenario, Tesla's implied share of autonomous addressable truck vehicle miles traveled by 2040 is 13.5%, relative to Aurora at 22.5% and Kodiak at 8.8%. Our Base Case implies 11.4% incremental revenues to base case Tesla Network Services forecast, and 10.1% uplift to operating profit at a 45% EBIT margin.

(2) Semi Bull Case. Our second scenario is driven instead by market share of autonomous addressable vehicle miles traveled. In this bull case, we ascribe a share equivalent to our forecast for Tesla Robotaxi's share of US L4/L5 miles driven from 2030 to 2040. We hold miles per vehicle and revenue per mile flat vs. our base case, **flexing only market share to reach 26.8% of autonomous addressable miles traveled by 2040, nearly double the 13.5% in our base case**, to drive annual revenue of $34bn in 2040. The implied annual additions to the Semi fleet in our terminal year is 23.3k, still well below the 50k stated capacity at the Nevada plant. In our Bull Case, Tesla has 163k Semis in operation on which they earn a ~$1/mile fee ($16k/month). Our Bull Case implies 20.3% incremental revenues to base case Tesla Network Services forecast, and 18.2% uplift to operating profit at a 45% EBIT margin.

Exhibit 10: Scenario Analysis: Bottom Up Base Case & Robotaxi Bull Case

Scenario Analysis			
TAM	**2030**	**2035**	**2040**
Total Addressable VMT (US, mn)	110,626	120,479	131,210
1) Bottom Up: Tesla Semi represents a 14% Share of MS Forecast for US Truck VMT by 2040			
	2030	**2035**	**2040**
Tesla Share (%)	0.8%	4.5%	13.5%
VMT (mn)	935	5,413	17,702
Miles/Vehicle	215,210	215,210	215,210
Tesla Semi Vehicles in Operation	4,343	25,154	82,253
Implied Semis Added to Fleet Annually	*1,680*	*6,784*	*19,080*
Tech Fee per Mile	$0.88	$0.93	$0.98
Total Fee Revenue ($mn)	**827**	**5,032**	**17,295**
2) Bull Case: Tesla Semi Share equivalent to MS Forecast for Robotaxi Share of L4/L5 Miles			
	2030	**2035**	**2040**
Tesla Share (%)	5.0%	24.3%	26.8%
VMT (mn)	5,518	29,321	35,160
Miles/Vehicle	215,210	215,210	215,210
Tesla Semi Vehicles in Operation	25,640	136,244	163,375
Implied Semis Added to Fleet Annually	*8,888*	*15,545*	*23,213*
Tech Fee per Mile	$0.88	$0.93	$0.98
Total Fee Revenue ($mn)	**4,881**	**27,258**	**34,353**

Sizing Semi vs. Autos: Incrementality to Tesla Revenues and EBIT. We forecast

~19k Semis added to the fleet and 82k Semis in operation in our terminal year, in our base case. For context on size relative to the Core Auto business, we forecast Tesla sells 12.5mn passenger vehicles and has a total fleet size 80mn cars (Model 3/Y/ future passenger vehicles) by 2040. The passenger fleet is a much larger share of Network Service revenue and profit, but the Semi opportunity should not be overlooked, particularly given the compelling fleet economics to the autonomous model. **The implied revenue per Semi on our forecasts is near $18,000/month by 2040 (vs. passenger vehicle FSD at $100/month),** which still offers favorable economics to truck carriers relative to a human driver due to the higher uptime (16-18 hours/day vs. 11 hours/day for a human driver) and lower wages (human driver cost per mile est. $2.67 for EVs) - see Exhibit 4). That's a $17bn annual revenue opportunity in 2040, or 11% uplift to total Network Service Revenue. At a 45% EBIT margin (equivalent to AUR and in line with Network Service passenger vehicle EBIT estimates), we expect Semi can add $8bn in operating profit, or 10% incremental EBIT to total Network Services. These figures double to 20%/18% revenue/EBIT uplift in our Robotaxi Bull Case.

Exhibit 11: Similar to passenger vehicles, the greatest revenue uplift opportunity is in software vs. hardware sales

2040 Estimates	Base Case	Bull Case
Hardware Revenue (annual deliveries x $275k ASP)	5,247	6,383
Total Auto Revenue	351,783	351,783
Semi Sales % of Total Auto Revs	*1.5%*	*1.8%*
Software Revenue (fleet in service x miles driven x $0.98/mile)	17,295	34,353
Total Network Services Revenue	134,887	134,887
Semi Software Sales % of Total Network Service Revs	***11.4%***	***20.3%***

Exhibit 12: The Semi Opportunity: Sizing Incrementality to Network Services Estimates in our Base and Bull Case

Semi AV Licensing Fees	Base	Bull
Total Revenue	17,295	34,353
EBIT (45% mgn, equal to AUR)	7,783	15,459

Network Services 2040 Estimates		Semi Incrementality (Base)	Semi Incrementality (Bull)
Network Services Revenue	134,887	11.4%	20.3%
Network Services EBIT	69,467	10.1%	18.2%

Exhibit 13: Semi Incrementality to our Network Service Revenue Forecasts through 2040

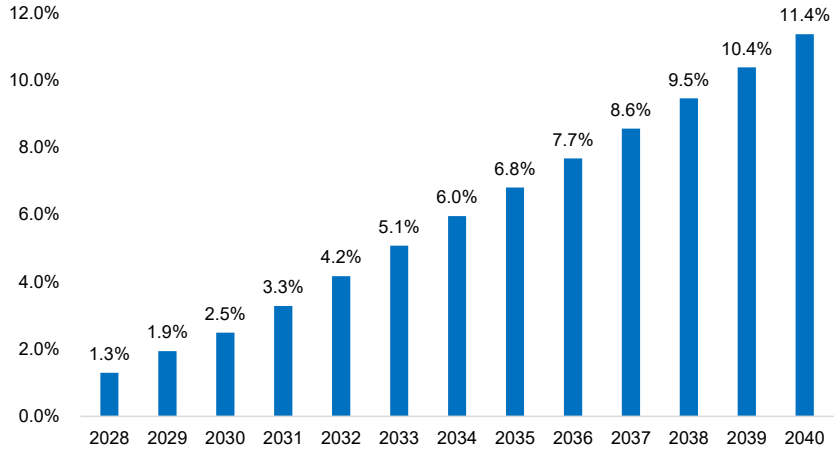


Exhibit 14: Industrialization Scorecard

The Next 12–18 Months: From Driver-Out to Industrialization

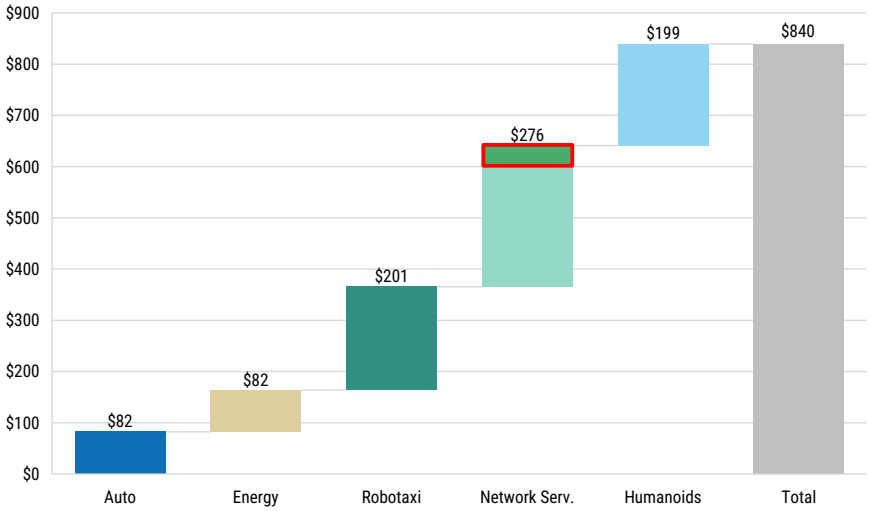
Gate / criterion	2027/2028 Proof threshold	AUR	KDK	TSLA	Torc	Plus	Waabi
GATE 1 — PRODUCT · Autonomous-ready trucks delivered, driver-out miles, safety case closure							
Driver-out commercial miles	>1mm cumulative driverless commercial miles	◐	✓	◐	○	○	○
Autonomous-ready trucks delivered	Series-production AV-ready chassis in customer hands	✓	◐	✓	✓	◐	◐
Safety case closed	Safety case closed and validated for driver-out operation	✓	✓	○	◐	◐	◐
GATE 2 — COMMERCIALIZATION · Customer-run trucks, customer breadth, lane expansion, CPM / TCO							
Customer-run driverless trucks	>100 customer-run trucks in revenue service	◐	◐	◐	○	○	○
Fleet and customer breadth	5+ independent fleet customers	✓	✓	◐	○	◐	◐
Lane / network expansion	10+ revenue lanes	✓	✓	◐	○	◐	○
Unit economics (CPM / TCO)	Disclosed external per-mile economics and / or contracted revenue expectations	✓	✓	◐	○	◐	○
GATE 3 — SCALE · Production capacity, OEM integration, utilization, capital efficiency and runway							
Production capacity	Sizeable annual build rate secured with an upfitter or OEM	◐	◐	✓	◐	○	○
OEM integration	Specs of autonomous-ready truck shared and lineside integration begun	◐	○	✓	◐	○	○
Asset utilization	>16 hrs / day; >200k driverless mi per truck per year	✓	✓	✓	○	◐	○
Capital efficiency / runway	Funded to positive free cash flow	◐	○	✓	◐	◐	◐

Legend: ✓ met / on track ◐ partial, in progress ○ not yet demonstrated
KDK: driver-out credit reflects 40.2k cumulative driverless operating hours, miles-equivalent assumed at ~30 mph; safety case closure applies to off-highway operation only — on-highway case still pending.
OEM integration benchmark: TSLA builds the Semi in-house on its own line; Torc is integrating lineside on Daimler's autonomous-ready Cascadia; AUR depends on upfitters, with Volvo VNL series integration targeted from 1Q27; KDK, Plus and Waabi have shared no equivalent spec or lineside timeline.

Layering our Semi Base Case into our Network Services Bull Case. We increase our Network Services Bull Case to $276/share, from $256/share prev., with the incremental $20/share, or $67bn in Equity Value derived from the Tesla Semi tech licensing model. While passenger vehicles still represent the vast majority of total revenues even in our terminal year, our estimates for the incrementality of $17bn in revenues at a 45% EBIT margin creates another opportunity for Tesla to add high-quality recurring revenue streams to its model.

Our New Tesla Bull Case is $840, offering >125% upside from current trading levels. Our base case is unchanged at this stage until we gain greater insight into Tesla's plans for commercial deployment. Our $400 PT is ~8% higher than current trading levels, supporting our Equal-weight rating, with a positive skew contingent on the scaling of high-margin autonomous offerings.

Exhibit 15: Tesla SOTP: Semi Value adds $19/share to our Network Services Bull Case



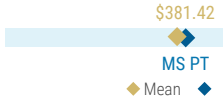
Risk Reward – Tesla Inc (TSLA.O)

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

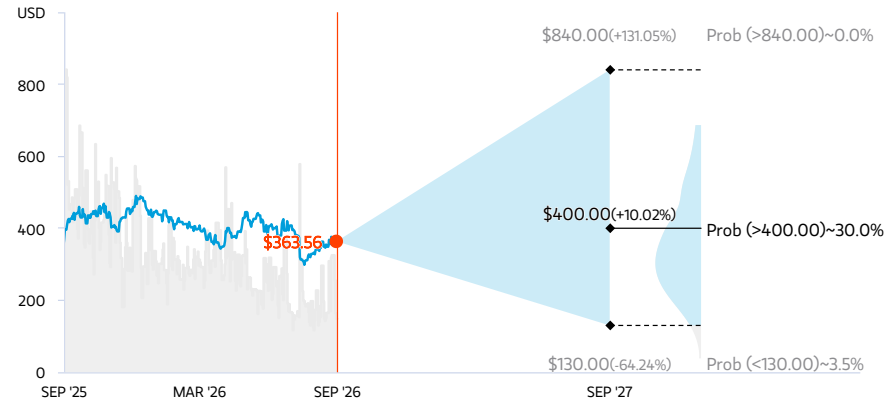
PRICE TARGET $400.00

Our PT of $400 is comprised of 5 components: (1) $45/share for core Tesla Auto business on ~8.5mm units in 2040, 8.4% 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 $120/share on DCF with ~5mn cars at ~$1.33/mile by 2040. (4) Energy at $35/share, and (5) Humanoids at $56/share (50% probability discount).

Consensus Price Target Distribution



RISK REWARD CHART AND OPTIONS IMPLIED PROBABILITIES (12M)



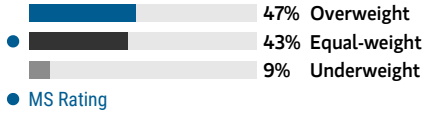
Key: Historical Stock Performance ● Current Stock Price ◆ Price Target

Base, and Bear case scenarios playing out were estimated with implied volatility data from the options market as of 10 Sep 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 $400 PT, with Bear Case $130, Bull Case $821.

Consensus Rating Distribution



Risk Reward Themes

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

View descriptions of Risk Rewards Themes here

BULL CASE $840.00

~79x 2030e EV/EBITDA

For core auto, we assume TSLA is able to deliver ~12.5mm units by 2040 with ~13.5% EBIT margin (ex-FSD), implying ~$82/share. TSLA Network Services valued at $276/share, on 90% attach rate at ~$250 Monthly ARPU by 2040 on LV fleet plus Semi tech licensing. We value TSLA Mobility at $201/share with 8.5mn fleet and 30% EBITDA margin in 2040. For Energy, $82/share (21% 15yr rev CAGR and 21% terminal EBIT margin). Tesla Humanoids at $199/share (0% probability discount).

BASE CASE $400.00

~53x 2030e EV/EBITDA

Our PT of $400 is comprised of 5 components: (1) $45/share for core Tesla Auto business on ~8.5mm units in 2040, 8.4% 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 $120/share on DCF with ~5mn cars at ~$1.33/mile by 2040. (4) Energy at $35/share (16% 15yr rev CAGR and 17% terminal EBIT margin), and (5) Humanoids at $56/share (50% probability discount).

BEAR CASE $130.00

~28x 2030e EV/EBITDA

Our $130 bear case ascribes $24/share for automotive which assumes ~6.0mn units by 2040 at a 3.4% EBIT margin (ex-FSD). Tesla Network Services at $51/share (60% attach rate at $200 Monthly ARPU by 2040). Other value is ascribed to Tesla Mobility at $39/share on a 2mn car fleet and ~40% EBITDA margin by 2040, and Tesla Energy at $16/share (~15% 15 yr rev CAGR and 13% terminal EBIT margin). Humanoids at $0/share.

Risk Reward – Tesla Inc (TSLA.O)

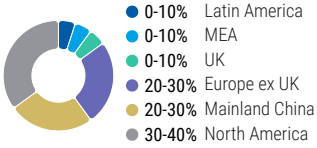
KEY EARNINGS INPUTS

Drivers	Dec 2025	Dec 2026e	Dec 2027e	Dec 2028e
Total Deliveries (000s)	1,636	1,670	1,855	2,138
Total Revenue ($, mm)	94,827	102,770	119,068	143,422
Auto Gross Margin (%)	17.8	18.7	18.7	18.6
Free Cash Flow ($, mm)	6,220	(12,427)	(13,958)	(15,952)
Net Debt (Cash) ($, mm)	(35,683)	(21,403)	(7,408)	8,581

INVESTMENT DRIVERS

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

GLOBAL REVENUE EXPOSURE



View explanation of regional hierarchies here

MS ALPHA MODELS

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

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

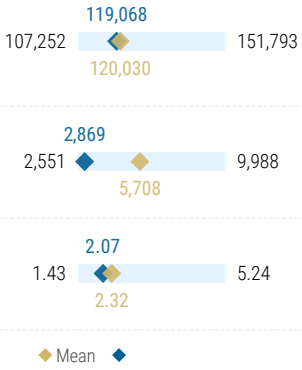
OWNERSHIP POSITIONING

Inst. Owners, % Active	44.3%
HF Sector Long/Short Ratio	1.7x
HF Sector Net Exposure	10.6%

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



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