Tesla Inc

Lower 3Q26 Delivery Estimates to Reflect Pronounced Domestic China Weakness; Lower Gross Margins/EPS Assumptions to Reflect Rates and Input Cost Headwinds; Remain N, PT to $415

Neutral

TSLA, TSLA US
Price (25 Sep 26):$372.11
▼ **Price Target (Dec-27):$415.00**
Prior (Dec-27):$445.00

Lower 3Q delivery, gross margin and EPS estimates: We reduce our delivery estimates for TSLA to reflect weaker than expected deliveries in China and US, offset partially by strength in RoW (ex-EU). We now model 482K deliveries vs. 516K prior for 3Q26 and our FY26 estimate is now 1.78 mn. We also lower our gross margin assumptions to reflect raw material inflation, intra-quarter pricing/incentives, and rates. We model ESS deployments of 15.0 GWH, with segment gross margin of ~22%. Our opex assumptions are largely unchanged and continue to reflect sharp y/y and q/q pickup to reflect investments in Optimus, robotaxi and computing infrastructure. As such, we lower our 3Q26 EPS to $0.36 vs. $0.49 prior and compares to BBG consensus of $0.43. Our FY26/FY27 EPS estimates are now $1.43/$1.45 vs. $1.60/$1.70 prior. Our Dec 2027 PT is now $415 vs $445 prior. For the stock, shares are likely to remain anchored by LT opportunities tied to robotaxi and Optimus coupled with other adjacent opportunities such as distributed inference and compute infrastructure and related feedback loops into the core auto business (see June TSLA deep-dive). That said, into 3Q26 EPS, we believe automotive deliveries, related profitability and updates on capex outlook are likely to drive shares, and we see risk of continued negative revisions to FY27 consensus. Beyond the quarterly results, we continue to watch for progress on Cybercab/robotaxi rollout (see robotaxi deep-dive), including v15 launch, and ongoing regulatory developments (see recent regulatory framework deep-dive) that could gate meaningful fleet expansion.

- **3Q26 delivery datapoints - legacy markets tough, offset partially by strength in RoW.** Based on July-August data, TSLA sales trends remained mixed across major regions. Overall EU registrations tracked ~-9% y/y, with strength in France and Germany, offset by declines in the UK, Italy and Spain. In China, July-August wholesale volumes, including exports, increased +19% y/y, comprising exports up +92% y/y while domestic retail sales are estimated to have declined -21% y/y. US sales are estimated to have declined -29% y/y over July-August, while Japan/Korea and Australia are notable bright spots, offsetting weakness in the major legacy regions.
- **Gross margin: See pressure from lower regulatory credits and higher commodities/logistics.** We model automotive gross margin (GAAP) of 16.5% in 3Q, down ~40bps y/y, driven primarily by continued reduction in regulatory credits, raw material headwinds, electronics inflation and higher logistics expenses - we expect the benefits of in-house lithium and cathode refineries to occur starting late 2027 with initial ramp-up inefficiencies. We also see modest q/q headwinds from potentially lower production. On other moving pieces, while APRs have moved higher, rates continued to go up as an offset and pricing actions were mixed with increases in US and reductions in China - the current pickup in benchmark rates are likely to put further pressure on 4Q gross margins, all else equal. FSD subscriptions (we see +100K q/q) rising should be a benefit though there is one more quarter of offset from the move to subscription-only for FSD in EU. Outside of automotive, we model ESS gross margin of ~22%, in line with company guidance of low to mid 20s. We model

Autos & Auto Parts

Rajat Gupta [AC]
(1-212) 622-6382
rajat.gupta@jpmorgan.com

Jash Patwa
(1-212) 622-5472
jash.patwa@jpmchase.com

Yash Beswala
(1-212) 622-0028
yash.beswala@jpmchase.com
J.P. Morgan Securities LLC

Key Changes (FYE Dec)

	Prev	Cur	Δ
Adj. EPS - 26E ($)	1.60	1.43	-10.9%
Adj. EPS - 27E ($)	1.70	1.45	-14.5%

Quarterly Forecasts (FYE Dec)

Adj. EPS ($)

	2025A	2026E	2027E
Q1	0.27	0.41A	0.24
Q2	0.40	0.33A	0.36
Q3	0.50	0.36	0.45
Q4	0.50	0.33	0.41
FY	1.66	1.43	1.45

Style Exposure

Quant Factors	Current %Rank	Hist %Rank (1=Top) 6M	1Y	3Y	5Y
Value	97	97	94	93	92
Growth	73	61	42	48	58
Momentum	71	18	24	30	31
Quality	64	58	66	21	44
Low Vol	59	77	85	78	75
ESGQ	68	41	27	72	41

Sources for: Style Exposure – J.P. Morgan Global Markets Strategy; all other tables are company data and J.P. Morgan estimates.

See page 8 for analyst certification and important disclosures.

Rajat Gupta [AC]
(1-212) 622-6382
rajat.gupta@jpmorgan.com

J.P.Morgan

Price Performance



	YTD	1m	3m	12m
Abs	-17.3%	6.2%	-0.8%	-12.1%
Rel	-31.6%	12.0%	4.9%	-29.8%

Company Data

Shares O/S (mn)	3,950
52-week range ($)	498.83-297.38
Market cap ($ mn)	1,469,666.00
Exchange rate	1.00
Free float (%)	89.5%
3M ADV (mn)	38.99
3M ADV ($ mn)	14,050.6
Volatility (90 Day)	54
Index	RUSSELL 2000
BBG ANR (Buy | Hold | Sell)	29|24|8

Key Metrics (FYE Dec)

$ in millions	FY25A	FY26E	FY27E	FY28E
Financial Estimates				
Revenue	94,827	108,293	124,103	146,531
Adj. EBITDA	10,503	8,242	9,549	14,483
Adj. EBIT	4,355	1,433	1,349	5,183
Adj. net income	5,858	5,073	5,288	7,984
Net margin	6.2%	4.7%	4.3%	5.4%
Adj. EPS	1.66	1.43	1.45	2.15
BBG EPS	1.61	1.65	2.21	3.15
Cashflow from operations	14,747	12,365	11,715	15,464
FCFF	7,200	(9,908)	(11,852)	(9,476)
Margins and Growth				
Revenue Growth Y/Y (%)	(2.9%)	14.2%	14.6%	18.1%
EBITDA margin	11.1%	7.6%	7.7%	9.9%
EBITDA Growth Y/Y (%)	(15.6%)	(21.5%)	15.9%	51.7%
EBIT margin	4.6%	1.3%	1.1%	3.5%
Adj. EPS growth	NM	NM	1.8%	47.7%
Ratios				
Adj. tax rate	27.0%	22.7%	25.5%	25.2%
Interest cover	-	-	-	-
Net debt/Equity	NM	0.0	0.2	0.2
Net debt/EBITDA	NM	0.4	1.6	1.7
ROCE	3.7%	1.1%	0.9%	2.9%
ROE	7.5%	5.9%	5.7%	7.9%
Valuation				
FCFF yield	0.5%	(0.8%)	(0.9%)	(0.7%)
Dividend yield	-	-	-	-
EV/EBITDA	139.0	178.7	155.5	103.2
EV/Revenue	15.4	13.6	12.0	10.2
Adj. P/E	224.0	260.4	255.8	173.2

Summary Investment Thesis and Valuation

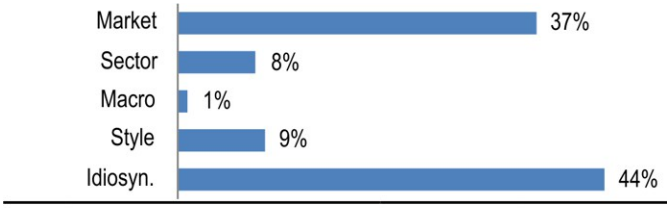
Investment Thesis

TSLA sits at the forefront of physical AI entering uncharted TAMs where execution will be key to accelerating adoption and expanding those TAMs (the Jevons paradox). Its under-appreciated edge is deep vertical integration across hardware + software, paired with speed of technology development: using factories as a test bed for Optimus should lower auto COGS and validate Humanoids at industrial scale (US/Global TAM of ~5 mn/30 mn by 2040E), a flywheel analogous to AWS/Kiva at AMZN. In robotaxi, >10 bn miles recorded and 9 mn personal fleet on road today should drive network-effects across robo-taxi and FSD adoption (35 mn personal TSLA fleet and 40 mn robotaxis by 2040E), while Energy Storage benefits from data center and grid tailwinds, and the base infrastructure can be monetized via FSD/Optimus licensing, distributed inference, Cortex compute, and supercharger usage. We see EPS inflection in 2028+ and a 50%+ growth CAGR through 2030 and beyond, with implied SoTP of $3.9T by 2035E. Valuation on near-term earnings is clearly lofty, but we think TSLA deserves the benefit of the doubt on LT earnings given new TAMs are unlikely to inflect until 2029+, with shares in the interim likely tied to robotaxi/Optimus data points and potential index diversification offering a better entry point, in our view.

Valuation

We rate TSLA shares Neutral with a $415 December 2027 price target.

Performance Drivers



Factors	6M Corr	1Y Corr
Market: MSCI US	0.60	0.61
Sect: Cons Discretionary	0.34	0.37
Ind: Automobiles & Comp	1.00	1.00
Macro:		
US 10yr Breakeven	-0.18	-0.13
US 10yr yield	-0.11	-0.11
Crude Oil	-0.08	-0.10
Quant Styles:		
Quality	-0.31	-0.26
LowVol	-0.20	-0.23
Growth	0.22	0.16

Source: J.P. Morgan Global Markets Strategy for Performance Drivers; company data, Bloomberg Finance L.P. and J.P. Morgan estimates for all other tables. Note: Price history may not be complete or exact.

a slight q/q drop in service gross margin given the ongoing expansion of robotaxi fleet (including Cybercab) and related infrastructure ramp. We see overall company gross margin (GAAP) of 16.5%, down ~30bps q/q.

Table 1: TSLA 3Q26 Q/Q Gross Margin Bridge Moving Pieces

Auto GM	bps	Comments
Start 2Q26	**16.9%**	
Credits	Headwind	<<ongoing de-regulation impact
Production	Headwind	<<slightly lower q/q
Raw mats/commodities	Headwind	<<Lithium carbonate lag (partially offset by hedges), DRAM, logistics
Rate Subvention/Other picing actions	Neutral	<<APR pickup offset by rate increaes; China incentive actions offset by US increases
FSD	Neutral	<<~100K q/q offset by EU moves to subscription
Mix (Regional, YL, S/X, Semi)	Tailwind	<<Favorable regional mix, S/X tear-down headwind non-repeat, Semi launch
End 3Q26	**16.5%**	

Source: Company reports, J.P. Morgan estimates.

- **TSLA Semi moves into volume commercialization.** At its September 24th Semi rollout event in Sparks, Nevada, TSLA formally inaugurated its ~1.7-1.8 mn sq. ft. dedicated Semi factory, featuring ~50K units of annual capacity, and indicated broader customer deliveries are commencing following the start of the production ramp in April 2026. Semi Program Lead Dan Priestley and VP of Vehicle Engineering Lars Moravy detailed a materially redesigned production vehicle, including a lighter 4680-based battery pack, ~1.7 kWh/mile energy consumption at full load, ~325/500-mile Standard/Long Range capability at 82K lbs GCWR, a redesigned drivetrain utilizing a Cybertruck-derived bar-wound stator, full electric steering and a new integrated thermal architecture, with vehicle mass reduced by ~1,000 lbs vs. earlier iterations and YTD 2026 uptime exceeding 98%. TSLA also demonstrated 1.2 MW charging capable of recovering ~60% of range in 30 minutes and expects >30 Megacharger sites with >200 charging posts by 2026-end. Commercial momentum has accelerated alongside the production ramp, with ZET SCALE announcing on September 22nd a 2,500 truck Class 8 commitment for which TSLA is the primary OEM, supported by shippers including MSFT and PEP, in addition to previously announced commitments from Einride, WattEV and IMC Logistics.

Table 2: TSLA 3Q26 Deliveries JPMe vs. BBG Consensus

	JPMe	BBG consensus	*JPMe vs. BBG consensus*
Total deliveries (000s)	**482**	**465**	***4%***
FSD Subscriptions (mn)	**1.6**		
Energy Storage Deployments (GWh)	**15.0**	**15.3**	***-12%***

Source: Company reports, Bloomberg Finance L.P. and J.P. Morgan estimates.

Rajat Gupta [AC]
(1-212) 622-6382
rajat.gupta@jpmorgan.com

J.P.Morgan

Table 3: TSLA Summary Model

$ mn except per share and deliveries

Summary P&L	2019	2020	2021	2022	2023	2024	2025	1Q26	2Q26	3Q26E	4Q26E	2026E	2027E	2028E	2029E	2030E
Automotive Revenues	20,821	27,236	47,232	71,462	82,419	77,070	69,526	16,234	20,516	20,223	19,169	76,142	81,996	90,806	99,551	107,239
Service Revenues	2,226	2,306	3,802	6,091	8,319	10,534	12,530	3,745	4,581	5,039	4,972	18,337	25,672	36,989	55,484	83,617
Solar and Energy Storage Revenues	1,531	1,994	2,789	3,909	6,035	10,086	12,771	2,408	3,139	3,893	4,374	13,814	16,435	18,735	20,468	22,362
Total Revenues	**24,578**	**31,536**	**53,823**	**81,462**	**96,773**	**97,690**	**94,827**	**22,387**	**28,236**	**29,155**	**28,516**	**108,293**	**124,103**	**146,531**	**175,504**	**213,218**
Total COGS	20,509	24,906	40,217	60,609	79,113	80,240	77,733	17,667	23,485	24,358	23,669	89,179	101,554	117,747	138,743	163,779
Total Gross Profit	**4,069**	**6,630**	**13,606**	**20,853**	**17,660**	**17,450**	**17,094**	**4,720**	**4,751**	**4,797**	**4,847**	**19,115**	**22,549**	**28,783**	**36,761**	**49,439**
Gross Margin	***17%***	***21%***	***25%***	***26%***	***18%***	***18%***	***18%***	***21%***	***17%***	***16%***	***17%***	***18%***	***18%***	***20%***	***21%***	***23%***
Research and Development	1,343	1,491	2,593	3,075	3,969	4,540	6,411	1,946	2,371	2,600	2,700	9,617	11,800	13,400	14,500	14,800
SG&A	2,646	3,145	4,517	3,946	4,800	5,150	5,834	1,833	1,982	2,100	2,150	8,065	9,400	10,200	10,475	10,150
Operating income/(loss)	**-69**	**1,994**	**6,523**	**13,656**	**8,891**	**7,076**	**4,355**	**941**	**398**	**97**	**-3**	**1,433**	**1,349**	**5,183**	**11,786**	**24,489**
Total EBIT Margin	***0%***	***6%***	***12%***	***17%***	***9%***	***7%***	***5%***	***4%***	***1%***	***0%***	***0%***	***1%***	***1%***	***4%***	***7%***	***11%***
Interest Income/(expense)	-640	-718	-315	106	910	1,219	1,342	342	341	342	280	1,305	580	80	80	160
Other (loss)/gain	45	(122)	135	(43)	172	695	(419)	(535)	590	0	0	55	0	0	0	0
Pre-tax Income/(loss)	**(665)**	**1,154**	**6,343**	**13,719**	**9,973**	**8,990**	**5,278**	**748**	**1,329**	**439**	**277**	**2,793**	**1,929**	**5,263**	**11,866**	**24,649**
Add: Non-cash Stock Based Compensation	898	1,734	2,121	1,560	1,812	1,328	2,012	803	989	978	978	3,747	3,910	4,106	4,311	4,526
Non-GAAP Net Income	**36**	**2,424**	**7,640**	**14,116**	**10,882**	**8,419**	**5,858**	**1,453**	**1,155**	**1,294**	**1,172**	**5,073**	**5,288**	**7,984**	**13,209**	**22,941**
Weighted average number of shares - Diluted	901	3,194	3,383	3,470	3,483	3,495	3,526	3,538	3,540	3,548	3,573	3,550	3,636	3,717	3,773	3,823
Non-GAAP Diluted EPS	**$0.04**	**$0.76**	**$2.26**	**$4.07**	**$3.12**	**$2.41**	**$1.66**	**$0.41**	**$0.33**	**$0.36**	**$0.33**	**$1.43**	**$1.45**	**$2.15**	**$3.50**	**$6.00**

Summary of Free Cash Flows	2019	2020	2021	2022	2023	2024	2025	1Q26	2Q26	3Q26E	4Q26E	2026E	2027E	2028E	2029E	2030E
GAAP Net Income/(loss)	(775)	862	5,644	12,587	14,974	7,153	3,855	491	1,128	316	194	2,129	1,378	3,879	8,899	18,415
Depreciation & Amortization	2,154	2,322	2,911	3,747	4,667	5,368	6,148	1,590	1,619	1,750	1,850	6,809	8,200	9,300	10,100	10,900
Stock-based compensation	898	1,734	2,121	1,560	1,812	1,999	2,825	1,030	1,151	1,150	1,150	4,481	4,600	4,830	5,072	5,325
Change in working capital	(698)	368	1,036	(7,816)	(17,194)	2,232	6,468	(29,358)	(16,078)	2,232	6,468	4,558	5,006	685	(5,243)	(11,149)
Change in collateralized lease borrowing	(389)	(240)	(9)	0	0	0	0	0	0	0	0	0	0	0	0	0
Cash flow from operations	**2,016**	**5,703**	**11,488**	**14,724**	**13,256**	**14,923**	**14,747**	**3,937**	**4,697**	**1,352**	**2,378**	**12,365**	**11,715**	**15,464**	**19,831**	**30,237**
Capital Expenditure	(1,327)	(3,157)	(6,482)	(7,158)	(8,898)	(11,339)	(8,527)	(2,493)	(5,789)	(7,000)	(8,000)	(23,282)	(24,000)	(25,000)	(25,000)	(23,000)
Free Cash Flow (FCF)	**689**	**2,546**	**5,006**	**7,566**	**4,358**	**3,584**	**6,220**	**1,444**	**(1,092)**	**(5,648)**	**(5,622)**	**(10,917)**	**(12,285)**	**(9,536)**	**(5,169)**	**7,237**

Summary of Balance Sheet Data	2019	2020	2021	2022	2023	2024	2025	1Q26	2Q26	3Q26E	4Q26E	2026E	2027E	2028E	2029E	2030E
Gross Debt	13,419	11,688	6,837	3,099	5,230	8,213	6,736	7,782	7,924	7,924	12,924	12,924	32,924	37,924	37,924	32,924
Gross Cash (including shor-term investments)	6,514	19,622	17,707	22,185	29,094	36,563	44,059	44,743	43,524	37,876	37,255	37,255	44,970	40,434	35,265	37,502
Net Debt	**6,905**	**(7,934)**	**(10,870)**	**(19,086)**	**(23,864)**	**(28,350)**	**(37,323)**	**(36,961)**	**(35,600)**	**(29,952)**	**(24,331)**	**(24,331)**	**(12,046)**	**(2,510)**	**2,659**	**(4,578)**

Operating Metrics	2019	2020	2021	2022	2023	2024	2025	1Q26	2Q26	3Q26E	4Q26E	2026E	2027E	2028E	2029E	2030E
Total Deliveries (000 units)	368	500	936	1,314	1,809	1,789	1,636	358	480	482	456	1,775	1,933	2,128	2,341	2,515
Energy Storage Deployments (GWh)	2	3	4	7	15	31	47	9	14	15	17	54	68	81	94	108
Automotive Gross Margin ex-Reg Credits (%)	*19%*	*21%*	*27%*	*27%*	*18%*	*15%*	*15%*	*19%*	*16%*	*16%*	*16%*	*17%*	*17%*	*19%*	*20%*	*21%*

Source: Company reports and J.P. Morgan.

Rajat Gupta [AC]
(1-212) 622-6382
rajat.gupta@jpmorgan.com

J.P.Morgan

Investment Thesis, Valuation and Risks

Tesla Inc *(Neutral; Price Target: $415.00)*

Investment Thesis

TSLA sits at the forefront of physical AI entering uncharted TAMs where execution will be key to accelerating adoption and expanding those TAMs (the Jevons paradox). Its under-appreciated edge is deep vertical integration across hardware + software, paired with speed of technology development: using factories as a test bed for Optimus should lower auto COGS and validate Humanoids at industrial scale (US/Global TAM of ~5 mn/30 mn by 2040E), a flywheel analogous to AWS/Kiva at AMZN. In robotaxi, >10 bn miles recorded and 9 mn personal fleet on road today should drive network-effects across robotaxi and FSD adoption (35 mn personal TSLA fleet and 40 mn robotaxis by 2040E), while Energy Storage benefits from data center and grid tailwinds, and the base infrastructure can be monetized via FSD/Optimus licensing, distributed inference, Cortex compute, and supercharger usage. We see EPS inflection in 2028+ and a 50%+ growth CAGR through 2030 and beyond, with implied SoTP of $3.9T by 2035E. Valuation on near-term earnings is clearly lofty, but we think TSLA deserves the benefit of the doubt on LT earnings given new TAMs are unlikely to inflect until 2029+, with shares in the interim likely tied to robotaxi/Optimus data points and potential index diversification offering a better entry point, in our view.

Valuation

We remain Neutral and lower our Dec 2027 PT to $415 from $445 prior. We use a weighted average of P/E-based approach (on 2030E EPS) and SoTP on 2035E, both discounted back. For P/E, we apply a ~75x multiple on 2030E EPS as the forecast margin and revenue near an inflection with potential for 50%+ EPS CAGR for several years. On SoTP, we value individual TAMs separately, applying a higher EV/revenue multiple to new and high-margin TAMs and more mature multiples to existing ones. As such, we arrive at a blended ~5.0x EV/revenue multiple on estimated 2035 revenue.

TSLA Implied Value/Share

$ per share

JPM Implied Value/Share	Weightage	Value
SoTP Based	50%	$476
P/E Based	50%	$354
Total		**$415**

Source: J.P. Morgan estimates.



Rajat Gupta [AC]
(1-212) 622-6382
rajat.gupta@jpmorgan.com

J.P.Morgan

TSLA SoTP Valuation Analysis

$ billion

Segment SoTP	Revenue ($ bn, 2035)	EV/Revenue	EV ($ bn)	Valuation Benchmarks
Automotive	246	2.0x	481	<<Global peer average, adjusted for growth and margin levers
Energy storage	31	2.5x	77	<<Median average of global peers + cost advantage, cell IP
Robotaxi	319	5.0x	1578	<<Premium to Uber/Lyft due to cost and Vertical integration advantage
FSD Subscription	21	12.5x	258	<<High-margin SaaS
Optimus (Humanoid Robotics)	47	15.0x	705	<<Few public comps, large TAM, SaaS component, licensing
Other Licensing (FSD, Inference, AI Compute)	80	10.0x	797	<<Cloud/compute offering, high margin, high ROIC
Total	**744**	**5.2x**	**3896**	
Discount Rate			13%	
Discounted 2027-end			**1687**	
Net Cash/(Debt) 2027-end			**12**	
Equity Value			**1699**	
Implied Value/Share			**$476**	

Source: J.P. Morgan estimates.

TSLA P/E Based Valuation Analysis

$ million, excluding share count, valuation multiples and EPS

Price-to-Earnings-based Analysis	2026E	2027E	2028E	2029E	2030E	Comment
EPS	$1.43	$1.45	$2.15	$3.50	$6.00	
JPM P/E Multiple					75.0x	<< 50%+ EPS CAGR, growth adjusted P/E
Implied Value/Share					$450	
Discounted 2027-end					**$354**	
Current Value per Share					$372	
Upside vs. Current					-5%	
Memo:						
(-) Net Cash/(Debt), inc. ST Investments	37,323	24,331	12,046	2,510	-2,659	
Equity Value	1,316,897	1,329,549	1,366,760	1,385,366	1,403,971	
Enterprise Value	1,279,574	1,305,218	1,354,714	1,382,855	1,406,630	
Diluted Share Count	3,539	3,573	3,673	3,723	3,773	
JPM EBITDAP	8,242	9,549	14,483	21,886	35,389	
EV/EBITDAP	***155.3x***	***136.7x***	***93.5x***	***63.2x***	***39.7x***	*<< Based on current price*
Sales	108,293	124,103	146,531	175,504	213,218	
EV/Sales	***11.8x***	***10.5x***	***9.2x***	***7.9x***	***6.6x***	*<< Based on current price*

Source: Bloomberg Finance L.P., company reports, and J.P. Morgan estimates.

Risks to Rating and Price Target

Upside risks include: (1) Recent uptick in gas prices could drive a greater than expected increase in industry BEV demand; (2) faster than expected FSD adoption as safety metrics improve; (3) faster than expected deployment of Optimus in factories that could drive a faster reduction in COGS and also accelerate commercial adoption; (4) favorable regulatory backdrop that could drive a faster rollout of robotaxi than expected; (5) faster than expected leverage on R&D spend as robotaxi and Optimus deployment ramps.

Downside risks include: (1) Further deterioration in brand perception given CEO's involvement in politics; (2) execution risks tied to launch of Optimus and pace of safety progress for robotaxis; (3) slower than anticipated regulatory approvals for robotaxis; (4) near-term retail and institutional shareholder diversification due to large anticipated AI-related IPOs; (5) competitors iterate at a faster pace across all product lines; (6) near-term EPS revision risk from higher D&A tied to ramped-up capex and spending on Optimus/ robotaxi roll-out; (7) key man risk – TSLA would be a fundamentally different company without Mr. Musk as the valuation reflects his strategic leadership and distinctive execution capability.

Rajat Gupta [AC]
(1-212) 622-6382
rajat.gupta@jpmorgan.com

J.P.Morgan

Tesla Inc: Summary of Financials

Income Statement - Annual	FY24A	FY25A	FY26E	FY27E	FY28E
Revenue	**97,690**	**94,827**	**108,293**	**124,103**	**146,531**
COGS	(74,872)	(71,585)	(82,370)	(93,354)	(108,447)
Gross profit	**17,450**	**17,094**	**19,115**	**22,549**	**28,783**
SG&A	(5,150)	(5,834)	(8,065)	(9,400)	(10,200)
Adj. EBITDA	**12,444**	**10,503**	**8,242**	**9,549**	**14,483**
D&A	(5,368)	(6,148)	(6,809)	(8,200)	(9,300)
Adj. EBIT	**7,076**	**4,355**	**1,433**	**1,349**	**5,183**
Net Interest	1,219	1,342	1,305	580	80
Adj. PBT	**8,990**	**5,278**	**2,793**	**1,929**	**5,263**
Tax	(1,837)	(1,423)	(633)	(491)	(1,325)
Minority Interest	(62)	(61)	(56)	(60)	(60)
Adj. Net Income	**8,419**	**5,858**	**5,073**	**5,288**	**7,984**
Reported EPS	2.41	1.66	1.43	1.45	2.15
Adj. EPS	**2.41**	**1.66**	**1.43**	**1.45**	**2.15**
DPS	**-**	**-**	**-**	**-**	**-**
Payout ratio	-	-	-	-	-
Shares outstanding	3,495	3,526	3,550	3,636	3,717

Income Statement - Quarterly	1Q26A	2Q26A	3Q26E	4Q26E
Revenue	**22,387A**	**28,236A**	**29,155**	**28,516**
COGS	(16,077)A	(21,866)A	(22,608)	(21,819)
Gross profit	**4,720A**	**4,751A**	**4,797**	**4,847**
SG&A	(1,833)A	(1,982)A	(2,100)	(2,150)
Adj. EBITDA	**2,531A**	**2,017A**	**1,847**	**1,847**
D&A	(1,590)A	(1,619)A	(1,750)	(1,850)
Adj. EBIT	**941A**	**398A**	**97**	**(3)**
Net Interest	342A	341A	342	280
Adj. PBT	**748A**	**1,329A**	**439**	**277**
Tax	(257)A	(201)A	(107)	(68)
Minority Interest	(14)A	(12)A	(15)	(15)
Adj. Net Income	**1,453A**	**1,155A**	**1,294**	**1,172**
Reported EPS	0.41A	0.33A	0.36	0.33
Adj. EPS	**0.41A**	**0.33A**	**0.36**	**0.33**
DPS	**-**	**-**	**-**	**-**
Payout ratio	-	-	-	-
Shares outstanding	3,538A	3,540A	3,548	3,573

Balance Sheet & CashFlow Statement	FY24A	FY25A	FY26E	FY27E	FY28E
Cash and cash equivalents	16,139	16,513	9,709	17,424	12,888
Accounts receivable	4,418	4,576	4,332	4,964	5,861
Inventories	12,017	12,392	15,160	15,233	17,662
Other current assets	25,292	35,161	33,502	34,248	35,459
Current assets	**57,866**	**68,642**	**62,703**	**71,869**	**71,870**
PP&E	35,836	40,643	58,655	74,455	90,155
LT investments	-	-	-	-	-
Other non current assets	28,368	28,521	34,156	37,675	41,514
Total assets	**122,070**	**137,806**	**155,514**	**183,999**	**203,539**
Short term borrowings	-	-	-	-	-
Payables	22,204	26,650	29,760	32,267	38,098
Other short term liabilities	0	0	0	0	0
Current liabilities	**22,204**	**26,650**	**29,760**	**32,267**	**38,098**
Long-term debt	8,213	6,736	12,924	32,924	37,924
Other long term liabilities	17,973	21,555	22,501	22,501	22,501
Total liabilities	**48,390**	**54,941**	**65,185**	**87,692**	**98,523**
Shareholders' equity	73,680	82,865	90,329	96,307	105,016
Minority interests	-	-	-	-	-
Total liabilities & equity	**122,070**	**137,806**	**155,514**	**183,999**	**203,539**
Net debt/(cash)	(7,926)	(9,777)	3,215	15,500	25,036
Cash flow from operating activities	**14,923**	**14,747**	**12,365**	**11,715**	**15,464**
o/w Depreciation & amortization	5,368	6,148	6,809	8,200	9,300
o/w Changes in working capital	-	-	-	-	-
Cash flow from investing activities	**(34,762)**	**(15,478)**	**(23,949)**	**(24,000)**	**(25,000)**
o/w Capital expenditure	(11,339)	(8,527)	(23,282)	(24,000)	(25,000)
as % of sales	*11.6%*	*9.0%*	*21.5%*	*19.3%*	*17.1%*
Cash flow from financing activities	**0**	**0**	**0**	**0**	**0**
o/w Dividends paid	-	-	-	-	-
o/w Net debt issued/(repaid)	0	0	5,000	20,000	5,000
o/w Share Repurchases	-	-	-	-	-
Net change in cash	**(19,839)**	**(731)**	**(11,584)**	**(12,285)**	**(9,536)**
Adj. Free cash flow to firm	**4,554**	**7,200**	**(9,908)**	**(11,852)**	**(9,476)**

Ratio Analysis	FY24A	FY25A	FY26E	FY27E	FY28E
Gross margin	17.9%	18.0%	17.7%	18.2%	19.6%
EBITDA margin	12.7%	11.1%	7.6%	7.7%	9.9%
EBIT margin	7.2%	4.6%	1.3%	1.1%	3.5%
Net profit margin	8.6%	6.2%	4.7%	4.3%	5.4%
ROE	12.3%	7.5%	5.9%	5.7%	7.9%
ROA	7.4%	4.5%	3.5%	3.1%	4.1%
ROCE	7.5%	3.7%	1.1%	0.9%	2.9%
SG&A/Sales	5.3%	6.2%	7.4%	7.6%	7.0%
Net debt/equity	NM	NM	0.0	0.2	0.2
Net debt/EBITDA	NM	NM	0.4	1.6	1.7
P/E (x)	154.5	224.0	260.4	255.8	173.2
P/BV (x)	17.6	15.8	14.6	14.0	13.2
EV/EBITDA (x)	117.5	139.0	178.7	155.5	103.2
Dividend Yield	-	-	-	-	-
Sales/Assets (x)	0.9	0.7	0.7	0.7	0.8
Interest cover (x)	-	-	-	-	-
Operating leverage	(2154.3%)	1312.1%	(472.5%)	(40.1%)	1573.1%
Revenue y/y Growth	0.9%	(2.9%)	14.2%	14.6%	18.1%
EBITDA y/y Growth	(8.2%)	(15.6%)	(21.5%)	15.9%	51.7%
Tax rate	20.4%	27.0%	22.7%	25.5%	25.2%
Adj. Net Income y/y Growth	(22.6%)	(30.4%)	(13.4%)	4.2%	51.0%
EPS y/y Growth	NM	NM	NM	1.8%	47.7%
DPS y/y Growth	-	-	-	-	-

Source: Company reports and J.P. Morgan estimates.
Note: $ in millions (except per-share data).Fiscal year ends Dec. o/w - out of which