Morgan Stanley | RESEARCH

IDEA

October 22, 2026 03:56 AM GMT

Tesla Inc | North America

The Proof is in the Miles

WHAT'S CHANGED		
Tesla Inc (TSLA.O)	**From**	**To**
Price Target	$400.00	**$410.00**

We are incrementally more constructive as Tesla's 3Q results offer encouraging proof points on Robotaxi scaling and FSD adoption, while improving Auto and Energy fundamentals strengthen the earnings foundation.

Key Takeaways

- Robotaxi is inflecting: Austin Cybercab fleet up 10x since launch, with weekly autonomous miles growth approaching 30% (MSe).
- FSD adoption continues to surprise: North America attach rates reached >75% on new vehicle sales (+20ppts q/q), supporting recurring, high-margin revenue.
- Energy outlook improving: 2027 Megapack capacity nearly sold out; pricing power and margin expectations improving.
- Near-term capex relief, but opex pressure persists: 2026 capex guide cut to ~ $20bn, while R&D and pre-production costs continue to scale.
- Optimus commercialization takes time: External deliveries targeted for late 2027, with hardware, AI and supply chain hurdles remaining.

Tesla's results reinforce our view that the company is making tangible progress toward commercializing autonomy and robotics, with encouraging proof points around FSD adoption (+20ppts in NA q/q) and Robotaxi fleet growth. Robotaxi is at an inflection point, with Cybercab deployment in Austin up 10x since rollout, four new city launches on the horizon, and a near 30% growth rate in weekly autonomous miles driven since the end of 3Q (MSe). Additionally, robust energy storage demand and improving automotive margins provide a stronger foundation to help fund future investments. However, operating expenses are scaling more quickly, limiting upside to our earnings estimates. Despite the reduction in 2026 capex guidance to ~$20bn (from >$25bn), management continues to anticipate significant capital requirements over the next several years. Additionally, commentary around Optimus suggests a more gradual commercialization timeline, with external customer deliveries expected toward the end of 2027. **Net net, we are incrementally more constructive on the outlook for Tesla's core businesses (auto + energy), while recent Robotaxi data points highlight a clear inflection point in commercialization and scale.**

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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	**$410.00**
Shr price, close (Oct 21, 2026)	$386.47
Mkt cap, curr (mm)	$1,368,104
52-Week Range	$498.83-297.38

Fiscal Year Ending	**12/25**	**12/26e**	**12/27e**	**12/28e**
EPS ($)**	1.67	1.65	2.05	2.67
Prior EPS ($)**	-	1.73	2.00	2.56
ModelWare EPS ($)	1.07	0.75	0.75	1.30

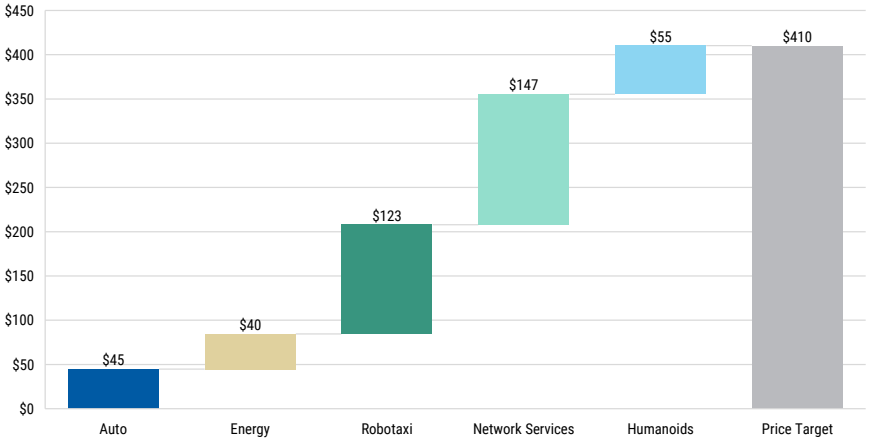
framework
** = Based on consensus methodology

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.

Exhibit 1: SOTP Valuation



What did we learn from the call?

Robotaxi: Unsupervised miles appear to be inflecting, with growth accelerating to ~30% w/w (MSe). Based on the new robotaxi tracker, we estimate that weekly autonomous miles driven have increased to ~558k/week, from ~44k in early July (Exhibit 2), with growth accelerating to nearly 30% w/w over the past three weeks (vs. a mid-to-high-teens average over the preceding eight weeks). We view this acceleration as an encouraging indication that Tesla is beginning to move beyond the initial software validation phase toward more meaningful commercial scaling.

The Cybercab fleet in Austin has grown by a factor of 10 since launching one month ago, supported by improvements in the v15 FSD stack and the ability to leverage training data across vehicle platforms. Management expects to launch Cybercab in Dallas next month, and plans to launch Robotaxi in Las Vegas, Jacksonville, Phoenix, and San Antonio soon.

Importantly, Tesla is pursuing both geographic expansion and increasing fleet density within existing markets, with plans to expand operating hours toward 24/7 service, higher-speed roads, highways, and more weather conditions by year-end. In response to our question, management acknowledged that software capabilities remain a constraint on scaling today, although regulatory approvals could become the primary bottleneck over time. **We continue to view sustained growth in unsupervised miles, fleet density, and safety performance as the most important indicators of progress toward commercial scale**. We come away from the quarter more confident in our fleet size estimates through 2027 given the pace of progress demonstrated thus far (Exhibit 3



Exhibit 2: Estimated Tesla Robotaxi Weekly Autonomous Miles (Austin, Dallas, Houston, Orlando, Tampa, Miami)

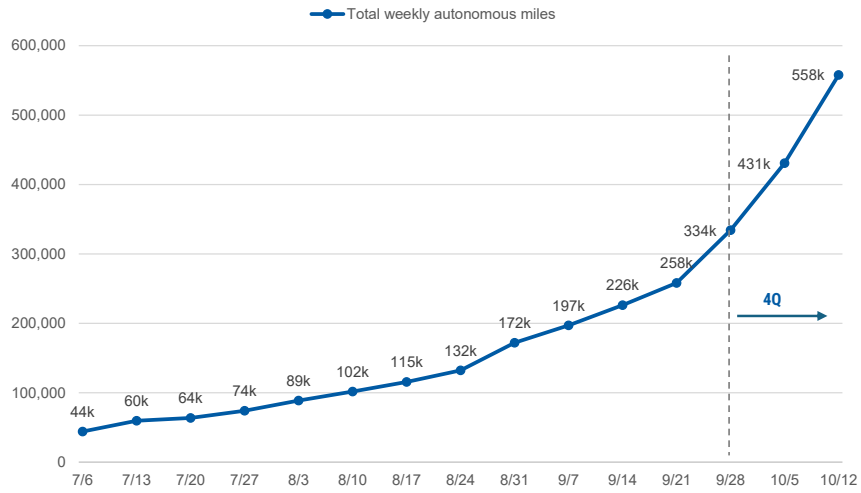


Exhibit 3: TSLA Robotaxi Fleet Size ('000)

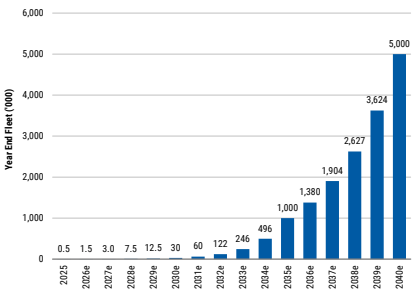
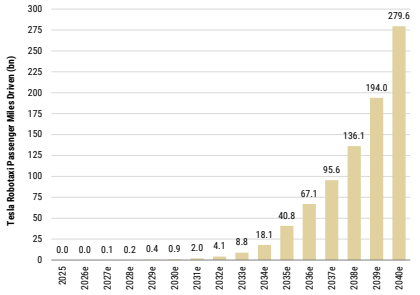
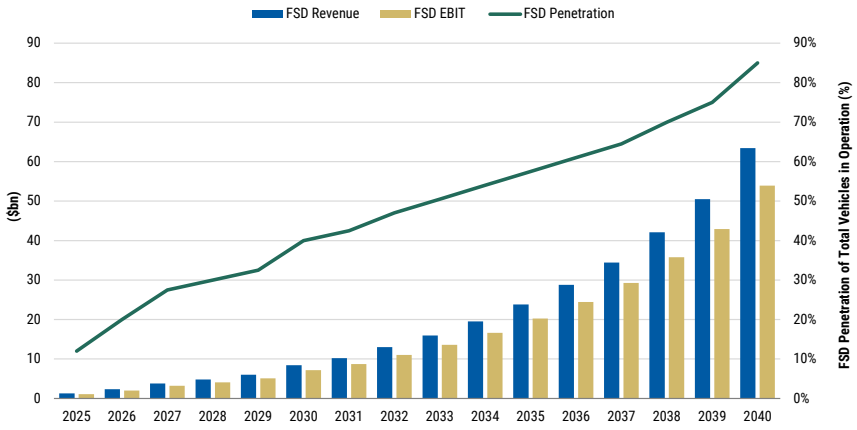


Exhibit 4: TSLA Robotaxi Passenger Miles (bn)



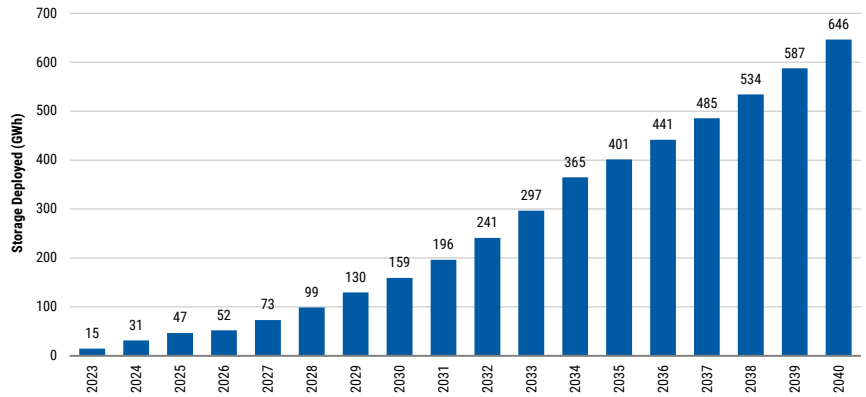
FSD: Attach rates continue to surprise to the upside. More than 75% of North American deliveries included a paid FSD subscription in 3Q, up from 55% in 2Q. Total paid FSD customers increased to >1.7mn globally (vs. 1.5mn in 2Q). It is clear that FSD is increasingly driving vehicle purchase decisions, while improvements in the v15 software stack and regulatory approvals in Europe could support broader adoption. Tesla expects to enable the first privately owned customer vehicles to participate in its unsupervised Robotaxi network around 2Q27, subject to software readiness and fleet management integration. Management also expects broader European regulatory approval by 1Q27, although timing remains outside its control. **We view accelerating FSD adoption as supportive of our longer-term Network Services thesis, where we assume FSD penetration reaches 40% of the cumulative fleet by 2030.**

Exhibit 5: FSD Penetration



Energy: Demand remains robust, with 2027 Megapack capacity nearly sold out and improving pricing power. Management indicated that Tesla is nearly sold out of Megapack production capacity for 2027, driven by accelerating demand from data centers and broader electrification. Energy gross margin increased to 33.1% in 3Q from 20.4% in 2Q, although the sequential improvement was primarily attributable to tariff refunds and favorable warranty adjustments. Importantly, management now expects improving ASPs and further margin expansion as robust demand supports greater pricing power. This represents a notable shift from the prior quarter, when management indicated that long-term gross margins would normalize toward the low-to-mid 20% range. While we view the change in commentary as encouraging, we maintain a more conservative view on margins longer-term given rising competition. Additionally, it remains unclear whether management's 2027 sold-out commentary incorporates the planned incremental 50 GWh of Texas manufacturing capacity. Finally, in response to our question on distributed power and compute, Musk acknowledged the potential of the previously discussed Megapod concept but suggested greater clarity on its commercial opportunity would likely come in late 1Q or 2Q27.

Exhibit 6: ESS Deployments

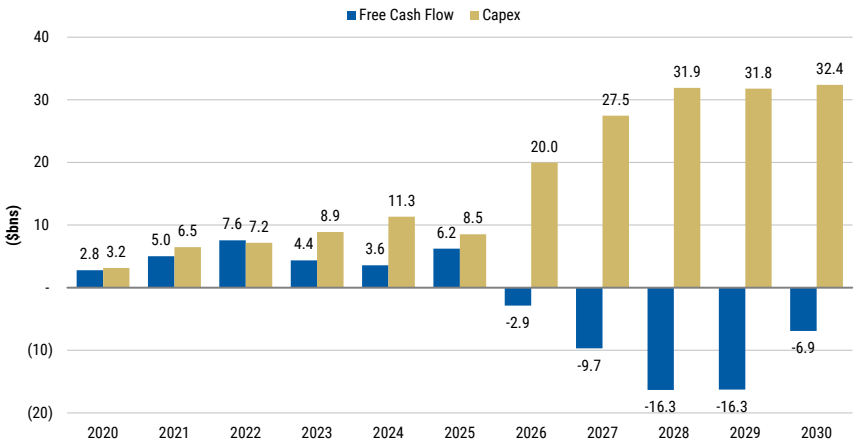


Capex / Opex: Near-term capex relief, but the we do not expect a meaningful

shift in spending through the end of the decade. Tesla reduced its 2026 capex outlook to ~$20bn (from >$25bn), reflecting a more measured pace of capital deployment and providing a near-term benefit to FCF. However, we would not interpret this reduction as a moderation in the company's longer-term capex plans. Management continues to expect capex to increase over the next few years as Tesla expands Robotaxi, Optimus, AI compute, solar manufacturing, and semiconductor capacity. While we have reduced our 2026 capex estimates, our cumulative capex assumption through 2030 remains largely unchanged. Meanwhile, operating expenses are scaling more quickly, driven by R&D, compute depreciation, and pre-production costs for new products.

Management indicated that TeraFab alone could require tens of billions of dollars in capital equipment through early 2028, with total investment potentially exceeding $100bn longer term, although the allocation between Tesla and SpaceX (covered by Adam Jonas) is still under consideration. Musk also commented that semiconductor-related capex would become more meaningful in 2027 and reach tens of billions in 2028. ***While the faster pace of opex growth remains a headwind to near-term profitability, improving automotive and energy margins could provide a greater offset to incremental investment than previously anticipated***. Tesla ended the quarter with >$45bn of cash and investments and reiterated access to up to $30bn of additional borrowing capacity, with no planned draws in 2026.

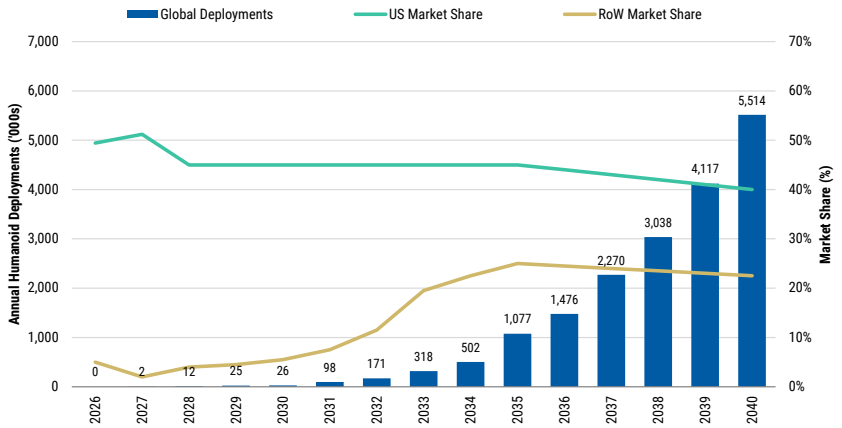
Exhibit 7: Capital Expenditures and FCF



Optimus: **Recalibrating expectations for commercialization toward late 2027.** Tesla has begun early production on its high-volume Optimus line in Fremont, with the majority of equipment for a ~1mn-unit annual capacity line already installed. However, Musk cautioned that reaching an annualized production rate of ~20k units per week will likely take at least another year, potentially longer, reflecting ongoing design iterations and supply chain complexities. Management now expects to resolve remaining challenges around hardware, AI capabilities, and durability toward the end of 2027, when it also anticipates beginning deliveries to external customers. Key milestones include integrating the next-generation AI5 chip in April 2027 and scaling robot training through its Optimus Academy, with a demonstration of non-preprogrammed tasks potentially coming in the next 1-2 months. While

manufacturing infrastructure is largely in place, product readiness remains the key gating factor for commercialization. We remain constructive on the long-term humanoid opportunity, but view management's commentary as reinforcing our expectation for a gradual initial ramp, with meaningful commercial deployments likely further out.

Exhibit 8: Optimus Deployments



How our estimates are changing. We raise our 2026/27 adj. EBITDA estimates by 1%/3%, reflecting stronger Auto and Energy margins, partly offset by higher R&D spending (+7%/+13%) as Tesla continues investing in AI, Optimus and other new products. Our 2026 gross margin estimate increases to 19.2% (vs. 18.6% previously). We lower 2026 capex to ~$20bn (vs. ~$26bn), consistent with revised guidance, and 2027 capex to ~$27.5bn (vs. ~$29bn). Higher EBITDA and lower capex reduce our expected FCF burn to ~$2.9bn in 2026 (vs. ~$11.7bn) and ~$9.7bn in 2027 (vs. ~$14.2bn). Our Base Case PT increases to $410 from $400, with Auto moving to $45/share from $44, Network Services to $147 from $145, Energy to $40 from $35, and Robotaxi to $123 from $120, while Humanoids declines to $55 from $56.

Changes to Valuation

- **Our Base Case PT of $410.** Our $410 PT is comprised of 5 DCF-driven components: (1) $45/share for core Tesla Auto business on ~8.7mn units in 2040, 8.5% exit EBIT margin (ex-FSD), 10.9% WACC, and 10x 2040 exit EBITDA multiple. (2) Network Services at $147/share, 80% attach rate at $240/month ARPU by 2040. (3) Tesla Mobility at $123/share on DCF with ~5mn cars at ~$1.33/mile by 2040. (4) Energy at $40/share (16% 15yr rev CAGR and 18% terminal EBIT margin), and (5) Humanoids at $55/share (50% probability discount).

- **Our Bull Case PT of $837.** For core auto, we assume TSLA is able to deliver ~12.8mn units by 2040 with ~12.3% EBIT margin (ex-FSD), implying ~$79/share. TSLA Network Services valued at $282/share, on 90% attach rate at ~$250 monthly ARPU by 2040. We value TSLA Mobility at $206/share with an 8.5mn fleet and ~30% EBITDA margin in 2040. For Energy, $74/share (21% 15yr rev CAGR and 21% terminal EBIT margin). Tesla Humanoids at

$196/share (0% probability discount).

- **Our Bear Case PT of $126.** Our $126 bear case ascribes $18/share for automotive, which assumes ~6.0mn units by 2040 at a 2.1% EBIT margin (ex-FSD). Tesla Network Services at $53/share (60% attach rate at $200 monthly ARPU by 2040). Other value is ascribed to Tesla Mobility at $40/share on a 2mn car fleet and ~40% EBITDA margin by 2040, and Tesla Energy at $14/share (~14% 15yr rev CAGR and 13% terminal EBIT margin). Humanoids at $0/share.

For our Tesla deep-dive, see: Beyond the Wheel – Mapping Tesla's Journey into Physical AI.

Exhibit 9: SOTP Bridge: Changes to PT

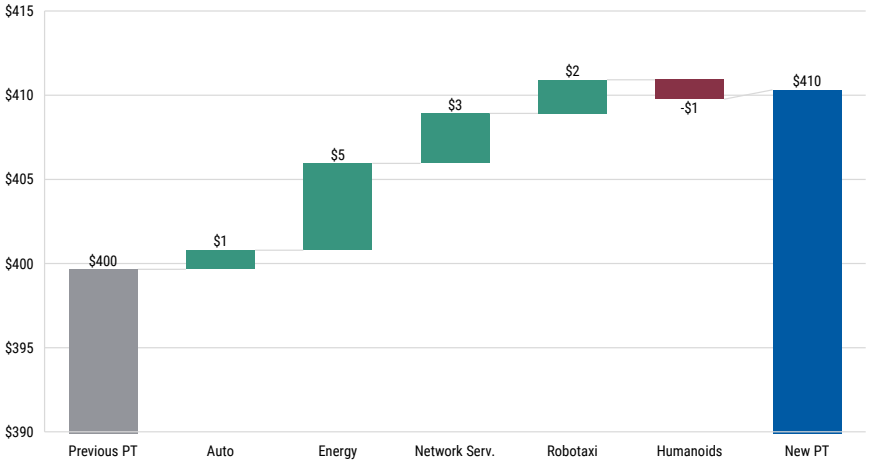


Exhibit 10: Changes to Estimates

Income Statement ($MM)	2026e New	2026e Old	Δ	2027e New	2027e Old	Δ
Revenue						
Auto	74,905	74,890	0.0%	81,814	79,613	2.8%
Energy + Services and Other	29,227	29,265	-0.1%	36,347	38,233	-4.9%
ZEV Credit	968	1,244	-22.2%	1,146	1,131	1.4%
Total Revenue	**104,131**	**104,155**	**0.0%**	**118,161**	**117,846**	**0.3%**
COGS						
Auto	60,836	61,029	-0.3%	66,064	64,785	2.0%
Energy + Services and Other	23,251	23,764	-2.2%	28,989	31,892	-9.1%
Gross Profit						
Auto Gross Profit	14,069	13,861	1.5%	15,750	14,828	6.2%
% Gross Margin	18.8%	18.5%	0.3%	19.3%	18.6%	0.6%
% Gross Margin (ex. ZEV)	17.7%	17.1%	0.6%	18.1%	17.5%	0.7%
Energy + Services and Other Gross Profit	5,976	5,501	8.6%	7,358	6,341	16.0%
% Gross Margin	20.4%	18.8%	1.6%	20.2%	16.6%	3.7%
Total Gross Profit	**20,045**	**19,362**	**3.5%**	**23,108**	**21,169**	**9.2%**
% Gross Margin	19.2%	18.6%	0.7%	19.6%	18.0%	1.6%
R&D	9,975	9,344	6.8%	11,721	10,371	13.0%
% of Sales	9.6%	9.0%	0.6%	9.9%	8.8%	1.1%
SG&A	7,994	7,956	0.5%	8,862	8,249	7.4%
% of Sales	7.7%	7.6%	0.0%	7.5%	7.0%	0.5%
RX	0	0	0.0%	0	0	0.0%
Operating Income	**2,075**	**2,062**	**0.6%**	**2,525**	**2,548**	**-0.9%**
% Margin	2.0%	2.0%	0.0%	2.1%	2.2%	0.0%
Adjusted EBITDA	**14,213**	**14,072**	**1.0%**	**15,803**	**15,347**	**3.0%**
% Margin	13.6%	13.5%	0.1%	13.4%	13.0%	0.4%
SBC	4,611	4,702	-1.9%	4,631	4,655	-0.5%
Interest Expense	(1,395)	(1,311)	-6.5%	(1,142)	(849)	-34.5%
Other expense / (income), net	(62)	55	-212.7%	0	0	NA
Pre-Tax Earnings	**3,408**	**3,428**	**-0.6%**	**3,667**	**3,397**	7.9%
Income Tax	705	800	-11.9%	941	871	8.0%
% Tax Rate	20.7%	23.3%	-2.7%	25.7%	25.6%	0.0%
Net loss contributable to NCI	(57)	(52)	-9.6%	(60)	(55)	-9.6%
Net Income	**2,647**	**2,576**	2.8%	**2,666**	**2,472**	7.9%
GAAP Diluted EPS	**$0.75**	**$0.73**	**2.8%**	**$0.75**	**$0.69**	**7.9%**
Non-GAAP Diluted EPS	**$1.65**	**$1.73**	**-4.5%**	**$2.05**	**$2.00**	**2.4%**
Diluted Common Shares Outstanding	3,530	3,531	0.0%	3,554	3,556	-0.1%
Free Cash Flow	(2,861)	(11,728)	75.6%	(9,696)	(14,236)	31.9%
Capital Expenditures	19,984	26,416	-24.4%	27,469	29,034	-5.4%

Exhibit 11: 2026 & 2027 Forecast – MSe vs. Consensus

	2026 MSe	2026 Cons	2026 % Diff	2027 MSe	2027 Cons	2027 % Diff
Auto Deliveries	**1,735,829**	**1,785,716**	**-2.8%**	**1,910,471**	**1,895,026**	**0.8%**
Model 3/Y	1,694,477	1,746,304	-3.0%	1,890,025	1,831,838	3.2%
Other	41,352	50,913	-18.8%	20,446	107,131	-80.9%
Storage Deployed (GWh)	**52.3**	**53.2**	**-1.6%**	**73.3**	**69.8**	**5.0%**
Revenue	**104,131**	**107,037**	**-2.7%**	**118,161**	**120,457**	**-1.9%**
Auto Gross Profit	**14,069**	**13,787**	**2.0%**	**15,750**	**14,145**	**11.3%**
% Margin (excl. Credits)	*17.7%*	*17.2%*		*18.1%*	*17.5%*	
% Margin (incl. Credits)	*18.8%*	*18.2%*		*19.3%*	*18.4%*	
Energy Gross Profit	**3,823**	**3,780**	**1.1%**	**5,290**	**4,955**	**6.8%**
% Margin	*30.1%*	*27.3%*		*30.0%*	*26.7%*	
Services & Other Gross Profit	**2,153**	**1,934**	**11.3%**	**2,069**	**2,293**	**-9.8%**
% Margin	*13.0%*	*11.3%*		*11.1%*	*10.9%*	
Total Gross Profit	**20,045**	**19,755**	**1.5%**	**23,108**	**22,743**	**1.6%**
% Margin	*19.2%*	*18.5%*		*19.6%*	*18.9%*	
Adj. EBITDA	**14,213**	**13,616**	**4.4%**	**15,803**	**18,715**	**-15.6%**
% Margin	*13.6%*	*12.7%*		*13.4%*	*15.5%*	
EPS	**$1.65**	**$1.72**	**-3.7%**	**$2.05**	**$2.22**	**-7.6%**
FCF	**(2,861)**	**(9,988)**	**71.4%**	**(9,696)**	**(9,948)**	**2.5%**

Exhibit 12: 3Q26 Earnings Variance

Tesla Income Statement ($MM)	3Q26	Cons	MSe	% Difference vs. Cons	% Difference vs. MSe
Revenue					
Auto (inc credits)	20,560	19,834	20,863	3.7%	(1.5%)
Reg Credit	*113*	*180*	*389*		
Energy	2,881	3,908	3,619	(26.3%)	(20.4%)
Services and Other	4,605	4,298	3,758	7.1%	22.5%
Total Revenue	**28,046**	**28,743**	**28,239**	**(2.4%)**	**(0.7%)**
COGS					
Auto	16,754	16,340	17,117		
Energy	1,927	2,909	2,660		
Services and Other	3,871	3,827	3,333		
Gross Profit					
Auto	3,806	3,494	3,746	8.9%	1.6%
% Gross Margin (inc Credits)	18.5%	17.6%	18.0%		
% Gross Margin (exc. Credits)	**18.1%**	**16.7%**	**16.4%**		
Energy	954	999	959	(4.5%)	(0.5%)
% Gross Margin	*33.1%*	*25.7%*	*26.5%*		
Services and Other	734	470	425	56.0%	72.9%
% Gross Margin	*15.9%*	*10.6%*	*11.3%*		
Total Gross Profit	**5,494**	**4,986**	**5,129**	**10.2%**	**7.1%**
% Gross Margin	19.6%	17.3%	18.2%		
R&D	2,761	2,334	2,486	18.3%	11.1%
% of Sales	*9.8%*	*8.1%*	*8.8%*		
SG&A	2,015	1,956	2,118	3.0%	(4.9%)
% of Sales	*7.2%*	*6.8%*	*7.5%*		
Restructuring + Other Expenses	0	9	-		
Operating Income	**718**	**687**	**526**	**4.5%**	**36.6%**
% Margin	*2.6%*	*2.4%*	*1.9%*		
SBC	982	875	1,266	12.2%	(22.4%)
Net Interest Expense	(355)	(341)	(336)	4.1%	5.8%
Other (income) / expense, net	117	17	0		
Pre-Tax Earnings	956	1,011	861	(5.4%)	11.0%
Income Tax	152	244	218	(37.7%)	(30.2%)
% Tax Rate	*15.9%*	*24.1%*	*25.3%*		
Net (income) / loss attributable to NCI	17	14	12		
GAAP Net Income	**787**	**755**	**631**	**4.2%**	**24.6%**
Adj Net Income	**1,769**	**1,630**	**1,897**	**8.5%**	**(6.8%)**
GAAP EPS Diluted	**$0.22**	**$0.21**	**$0.18**	4.8%	23.0%
Diluted Common Shares Outstanding	3,541	3,543	3,531		0.3%
Non-GAAP Dil. EPS	**$0.48**	**$0.45**	**$0.54**	**6.7%**	**(10.7%)**
FCF	**1,531**	**(4,385)**	**(4,483)**	NA	NA
Capital Expenditures	4,732	8,000	7,500	(40.9%)	(36.9%)
Cash, Cash Equivalents and Marketable Securities	45,447	39,087	39,041	16.3%	16.4%
Adj EBITDA	**3,900**	**3,975**	**3,896**	**(1.9%)**	**0.1%**
Adj EBITDA Margin	13.9%	13.8%	13.8%	0.6%	0.8%

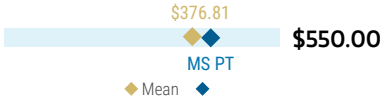
Risk Reward – Tesla Inc (TSLA.O)

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

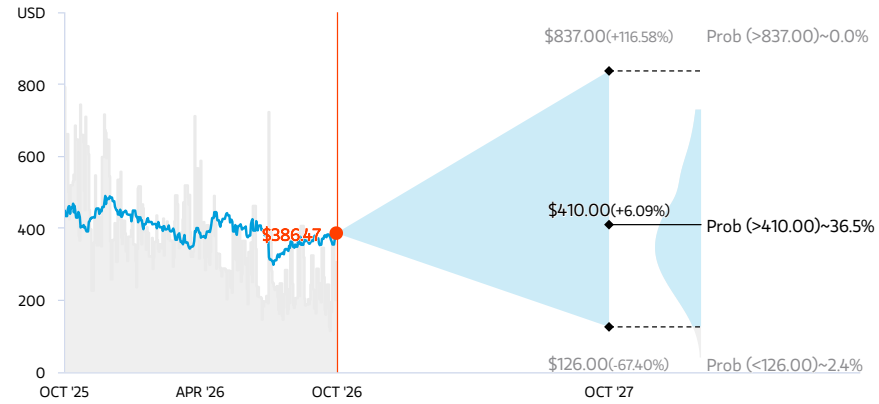
PRICE TARGET $410.00

Our PT of $410 is comprised of 5 components: (1) $45/share for core Tesla Auto business on ~8.7mm units in 2040, 8.5% exit EBIT margin (ex-FSD), 10.9% WACC, and 10x 2040 exit EBITDA multiple. (2) Network Services at $147/share, 80% attach rate at $240/month ARPU by 2040 (3) Tesla Mobility at $123/share on DCF with ~5mn cars at ~$1.33/mile by 2040. (4) Energy at $40/share, and (5) Humanoids at $55/share (50% probability discount).

Consensus Price Target Distribution



RISK REWARD CHART AND OPTIONS IMPLIED PROBABILITIES (12M)



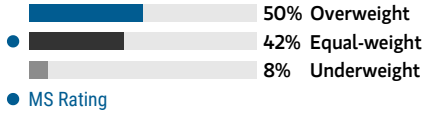
Key: Historical Stock Performance ● Current Stock Price ◆ Price Target

Base, and Bear case scenarios playing out were estimated with implied volatility data from the options market as of 21 Oct 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 $410 PT, with Bear Case $126, Bull Case $837.

Consensus Rating Distribution



Risk Reward Themes

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

View descriptions of Risk Rewards Themes here

BULL CASE $837.00

~83x 2030e EV/EBITDA

For core auto, we assume TSLA is able to deliver ~12.8mm units by 2040 with ~12.3% EBIT margin (ex-FSD), implying ~$79/share. TSLA Network Services valued at $282/share, on 90% attach rate at ~$250 Monthly ARPU by 2040 on LV fleet plus Semi tech licensing. We value TSLA Mobility at $206/share with 8.5mn fleet and ~30% EBITDA margin in 2040. For Energy, $74/share (21% 15yr rev CAGR and 21% terminal EBIT margin). Tesla Humanoids at $196/share (0% probability discount).

BASE CASE $410.00

~58x 2030e EV/EBITDA

Our PT of $410 is comprised of 5 components: (1) $45/share for core Tesla Auto business on ~8.7mm units in 2040, 8.5% exit EBIT margin (ex-FSD), 10.9% WACC, and 10x 2040 exit EBITDA multiple. (2) Network Services at $147/share, 80% attach rate at $240/month ARPU by 2040 (3) Tesla Mobility at $123/share on DCF with ~5mn cars at ~$1.33/mile by 2040. (4) Energy at $40/share (16% 15yr rev CAGR and 18% terminal EBIT margin), and (5) Humanoids at $55/share (50% probability discount).

BEAR CASE $126.00

~29x 2030e EV/EBITDA

Our $126 bear case ascribes $18/share for automotive which assumes ~6.0mn units by 2040 at a 2.1% EBIT margin (ex-FSD). Tesla Network Services at $53/share (60% attach rate at $200 Monthly ARPU by 2040). Other value is ascribed to Tesla Mobility at $40/share on a 2mn car fleet and ~40% EBITDA margin by 2040, and Tesla Energy at $14/share (~14% 15 yr rev CAGR and 13% terminal EBIT margin). Humanoids at $0/share.

Risk Reward – Tesla Inc (TSLA.O)

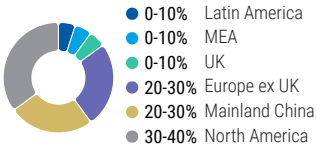
KEY EARNINGS INPUTS

Drivers	Dec 2025	Dec 2026e	Dec 2027e	Dec 2028e
Total Deliveries (000s)	1,636	1,736	1,910	2,201
Total Revenue ($, mm)	94,827	104,131	118,161	143,200
Auto Gross Margin (%)	17.8	18.8	19.3	19.1
Free Cash Flow ($, mm)	6,220	(2,861)	(9,696)	(16,346)
Net Debt (Cash) ($, mm)	(35,683)	(31,180)	(21,421)	(5,012)

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

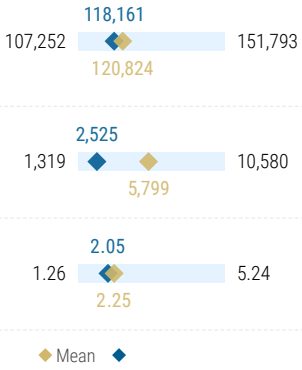
OWNERSHIP POSITIONING

Inst. Owners, % Active	44.3%
HF Sector Long/Short Ratio	1.8x
HF Sector Net Exposure	11.3%

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