Tesla Inc

3Q26 Auto GM Drives Upside vs. JPM; FSD, Robotaxi Progress (1 mn to 3mn miles in 7 wks) Key Highlights; Capex Push-Out Cuts Both Ways; PT to $430 on Higher SPCX Merger Probability

Neutral

TSLA, TSLA US
Price (21 Oct 26):$386.47
▲**Price Target (Dec-27):$430.00**
Prior (Dec-27):$415.00

TSLA's 3Q26 results were incrementally positive, led by a stronger-than-expected automotive gross margin profile and accelerating autonomy momentum, though the near-term financial narrative remains governed by rising opex and an elevated investment cadence. Headline 3Q EPS was $0.48, though comparable EPS in our view was closer to ~$0.40 vs. JPMe/consensus of $0.36/$0.44. We raise our 4Q26/2027/2028 EPS forecasts to $0.40/$1.75/$2.70 vs. $0.33/$1.45/$2.15 prior, primarily driven by stronger automotive and energy storage gross margin assumptions, partly offset by higher opex assumptions, while our 2030 EPS forecast remains unchanged at $6.00 and our Dec-2027 price target moves higher to $430 from $415 prior, reflecting a valuation mix shift to ~25% P/E based and ~75% SoTP based (vs. 50/50 prior) on the increasing likelihood of a merger with SPCX (see our note from yesterday - *SPCX is covered by Doug Anmuth, Sebastiano Petti, Seth Seifman and Richard Choe*). ***Key highlights and takeaways from 3Q26 earnings and management commentary were: 1)*** Automotive GM ex-credits expanded to ~18.1% in 3Q26 from ~16.3% in 2Q26, helped by a more favorable APAC mix, even as management continued to flag commodity and interest-rate pressures; ***2)*** Robotaxi momentum accelerated, with unsupervised miles reaching ~2 mn at 3Q-end and ~3.3 mn as of October 21st, Cybercab service now live in Austin with the active fleet scaling to ~190 vehicles, Dallas launch expected next month, and management indicating robotaxi should become noticeable in 2Q27 and meaningful by 3Q/4Q27 (see our recent robotaxi deep-dive and recent regulatory deep-dive); ***3)*** FSD remains a key demand engine, with paid sign-ups exceeding ~75% of North American deliveries in 3Q, the global paid base surpassing 1.7 mn, EU availability expanded to nine countries, and v15 positioned as the bridge to unsupervised capability and customer-owned vehicle participation in the robotaxi network by 2Q27; ***4)*** Optimus production has begun in Fremont, with equipment largely in place for ~1 mn units/year, though management signaled a measured ramp and a Gen 3 unveil over the next couple of months; ***5)*** Capex remains central to the debate: 2026 guidance was lowered to ~$20 bn from ~$25 bn+, citing capital efficiency, though commentary suggested a further ramp into 2027 and 2028 as TSLA continues funding robotaxi, Optimus, AI compute, and Terafab milestones - we believe investors are likely to come away with mixed feelings as the delay helps near-term cash burn but also suggests delays in investments that matter for fruition of long-term opportunities. We don't sense a change to the Optimus ramp timeline vs. prior commentary, while Robotaxi ramp is keeping pace relative to investor expectations since the Cybercab launch. Lastly, management's 4Q26/2027 framework emphasized maximizing utilization across the existing manufacturing footprint, with deliveries governed by demand, supply chain readiness, and allocation between customer sales and TSLA's owned/operated robotaxi fleet. **Net-net, while merger chatter is likely to continue to provide downside support for the stock, we continue to see a firmer reset to FY27/FY28 estimates (primarily on opex) as a catalyst for more meaningful re-rating. Long-term investors can continue to take comfort in rising FSD adoption, the strong pace of robotaxi miles expansion, with a more meaningful fleet expansion nearing as V15 launches, and potential for continued positive feedback loops into**

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Key Changes (FYE Dec)

	Prev	Cur	Δ
Adj. EPS - 26E ($)	1.43	1.61	13.0%
Adj. EPS - 27E ($)	1.45	1.75	20.7%

Quarterly Forecasts (FYE Dec)

Adj. EPS ($)

	2025A	2026E	2027E
Q1	0.27	0.41A	0.29
Q2	0.40	0.33A	0.46
Q3	0.50	0.48A	0.52
Q4	0.50	0.40	0.47
FY	1.66	1.61	1.75

Style Exposure

Quant Factors	Current %Rank	Hist %Rank (1=Top) 6M	1Y	3Y	5Y
Value	97	96	95	94	92
Growth	74	62	41	42	44
Momentum	64	42	21	23	24
Quality	64	58	67	20	43
Low Vol	57	75	84	77	77
ESGQ	70	37	28	71	45

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

See page 37 for analyst certification and important disclosures.

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Price Performance



	YTD	1m	3m	12m
Abs	-14.1%	3.0%	2.0%	-12.7%
Rel	-26.2%	6.3%	8.9%	-24.5%

Company Data

Shares O/S (mn)	3,953
52-week range ($)	498.83-297.38
Market cap ($ mn)	1,527,612.00
Exchange rate	1.00
Free float (%)	89.5%
3M ADV (mn)	37.70
3M ADV ($ mn)	13,260.2
Volatility (90 Day)	52
Index	RUSSELL 2000
BBG ANR (Buy | Hold | Sell)	30|23|8

Key Metrics (FYE Dec)

$ in millions	FY25A	FY26E	FY27E	FY28E
Financial Estimates				
Revenue	94,827	106,431	122,240	149,893
Adj. EBITDA	10,503	9,302	11,018	17,290
Adj. EBIT	4,355	2,391	2,818	7,990
Adj. net income	5,858	5,730	6,383	10,084
Net margin	6.2%	5.4%	5.2%	6.7%
Adj. EPS	1.66	1.61	1.75	2.70
BBG EPS	1.61	1.72	2.22	3.32
Cashflow from operations	14,747	17,124	13,292	16,762
FCFF	7,200	(1,347)	(11,276)	(8,178)
Margins and Growth				
Revenue Growth Y/Y (%)	(2.9%)	12.2%	14.9%	22.6%
EBITDA margin	11.1%	8.7%	9.0%	11.5%
EBITDA Growth Y/Y (%)	(15.6%)	(11.4%)	18.4%	56.9%
EBIT margin	4.6%	2.2%	2.3%	5.3%
Adj. EPS growth	NM	NM	8.3%	54.5%
Ratios				
Adj. tax rate	27.0%	20.9%	25.5%	25.2%
Interest cover	-	-	-	-
Net debt/Equity	NM	NM	0.1	0.1
Net debt/EBITDA	NM	NM	0.6	0.8
ROCE	3.7%	1.9%	1.8%	4.3%
ROE	7.5%	6.6%	6.7%	9.7%
Valuation				
FCFF yield	0.5%	(0.1%)	(0.8%)	(0.6%)
Dividend yield	-	-	-	-
EV/EBITDA	144.5	163.6	139.2	89.2
EV/Revenue	16.0	14.3	12.5	10.3
Adj. P/E	232.6	239.6	221.1	143.1

Summary Investment Thesis and Valuation

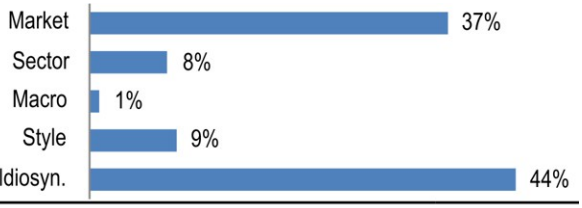
Investment Thesis

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 the 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 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.

Valuation

We rate TSLA shares Neutral with a $430 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.

the core automotive segment, all of which keeps the the eventual EPS inflection and SoTP unlock potential intact.

- **Estimate changes (Table 11).** We raise our 4Q26/2027/2028 EPS forecasts to $0.40/ $1.75/$2.70 vs. $0.33/$1.45/$2.15 prior (consensus $0.47/$2.22/$3.32), primarily driven by stronger automotive gross margin assumptions, partly offset by higher opex assumptions. Our 2030 EPS forecast remains unchanged at $6.00 and our Dec-2027 price target moves higher to $430 from $415 prior, reflecting a valuation mix shift to ~25% P/E based (on 2030 EPS) and ~75% SoTP based (vs. 50/50 prior), given the increasing probability of a merger with SPCX.
- **3Q26 results summary (Table 1).** EPS was $0.48 - excluding one-time benefits tied to tax rate and tariff refunds/warranty-true-ups, we believe comparable EPS was closer to ~$0.40 vs. JPMe/consensus of $0.36/$0.44. Overall 3Q26 revenue was $28.0 bn vs. JPMe/company-compiled consensus $29.1/$28.3 bn, with automotive revenue of $20.6 bn vs. JPMe $20.5 bn (company-compiled consensus $20.3 bn). Service revenue was $4.6 bn vs. JPMe $5.0 bn, while Solar & Energy Storage revenue tracked $2.9 bn (impacted by customer refunds) vs. JPMe $3.6 bn. Automotive regulatory credits related revenue was $113 mn vs. JPMe $75 mm. Non-GAAP automotive gross margins tracked 19.8% (18.1% ex-regulatory credits) vs. JPMe 17.9% (16.3% ex-regulatory credits) while overall gross margin was 19.6% vs. JPMe 16.5%. Overall EBIT tracked at $718 mn vs. company-compiled consensus for $721 mn.
- **4Q26/2027 outlook and modeling considerations.** Management's near-term priority is to maximize utilization across the existing manufacturing footprint, and as such, deliveries will be governed by a combination of aggregate demand, supply chain readiness and vehicle allocation between customer sales and TSLA's owned and operated robotaxi fleet, with production remaining the binding constraint. Automotive GM ex-credits expanded to ~18.1% in 3Q26 (vs. ~16.3% in 2Q26) on a more favorable APAC delivery mix. Management nonetheless cautioned that rising commodity costs and interest rates continue to weigh on unit economics, and TSLA expects recent adjustments to vehicle financing programs to offset these pressures only in part. Opex is expected to keep rising sequentially until the new product portfolio (Optimus, Megapack and Semi) reaches commercialization. In energy, management anticipates upward pressure on ASPs and gross margin while Megapack (2027 order book almost sold out) supply remains tight. However, 3Q26 segment gross margin of ~33.1% benefited from one-time tariff refunds and warranty true-downs, with a normalized run-rate likely to settle back in the mid 20s range and improving in 2027 per management commentary due to strong demand. Robotaxi is not expected to contribute materially in the near term, and management identifies 2027 as the year in which the business attains financial significance. Capex guidance of ~$25 bn+ for 2026 was lowered to ~$20 bn, implying ~$7 bn of capex in 4Q26.
- **Automotive business regaining momentum supported by FSD uptake.** TSLA overall vehicle deliveries tracked at 486.5K in 3Q (-2% y/y, +1% q/q, click here for our initial take), with management characterizing volumes as capacity-constrained, as demand continues to outstrip output by a significant margin and passenger vehicle backlog is tracking at its highest level in four years. Battery availability remains the gating factor on the pace of the ramp, notwithstanding further headway in securing future cell supply. Factories operated at record rates, including record output at Giga Berlin, as debottlenecking investments made over the past year began to unlock incremental throughput, and management anticipates further gains as these initiatives mature. Notably, TSLA increased Model Y production capacity at Giga Texas to >375K units vs. >250K units previously. Model Y continued to command the substantial majority of volume, ranking on preliminary data as the best-selling BEV in Europe and the best-selling passenger car in South Korea, while setting delivery records across Canada, Australia, Japan and Taiwan. Over the longer term, management highlighted its ambition

of ~5 mn units of annual production by 2030, underpinned by the Cybercab ramp at Giga Texas, the new Semi line in Nevada and a pending permit application to expand capacity in Berlin.

- **FSD a key driver of vehicle demand.** Management positioned FSD (Supervised) as the principal catalyst for vehicle demand, with a growing share of US showroom traffic now coming from prospective buyers seeking an FSD demonstration drive. Paid sign-ups at the point of delivery exceeded ~75% of North American deliveries in 3Q26 (~20ppt higher q/q) — note, the figure excludes customers relying solely on the complimentary one-month trial bundled with every vehicle. The global paid customer base surpassed 1.7 mn, with subscriptions representing ~50% of the total. TSLA secured four regulatory approvals since 3Q-end and has extended availability to nine EU countries, with management anticipating an EU-wide approval within the coming months, likely no later than 1Q27, while acknowledging that the timeline ultimately rests with regulators. Pending broader approval, TSLA is offering incentives on select European vehicles to enlarge the FSD-capable installed base. In China, TSLA continues to engage with regulators, supported by published safety reports covering both supervised and unsupervised operation, and management maintains that domestic OEMs trail TSLA's capabilities. On monetization, TSLA did not push back on an estimate suggesting annualized FSD revenue approaching ~$1 bn and the company intends to broaden disclosure of revenue and related metrics as the product scales, though is deferring retention data given the prevalence of free trials across newly launched markets. Management views competing OEM L2+ systems, including those built on chip designer platforms, as well behind FSD, citing both the difficulty of resolving the long tail of safety and reliability and advantages associated with TSLA's significantly larger installed base. Unsupervised capability is slated to reach customer vehicles through the v15 release, which shares its software stack with Cybercab, and the first customer-owned cars are expected to join the robotaxi network in 2Q27 once geofencing and fleet management integration are in place. Lastly, TSLA is also developing in-house, AI-based navigation, which will begin with trip start and end handling in 15 and extend to full navigation and parking thereafter.

- **Robotaxi service continues to scale with Dallas Cybercab launch upcoming.** Cumulative unsupervised robotaxi miles reached ~2 mn at 3Q-end (vs. ~1 mn as of September 3rd), an ~8x q/q increase driven by double-digit weekly growth throughout the quarter, and management expects that pace to continue for the foreseeable future. Cumulative unsupervised robotaxi miles have since scaled to ~3.3 mn autonomous miles as of October 21st. TSLA's robotaxi service now operates across six cities, including Austin, Dallas, Houston, Miami, Orlando and Tampa, and the Cybercab is set to launch in Dallas next month alongside Model Y Robotaxis running the same software, with further city additions planned before year-end. Software capability, not regulation, governs the pace of expansion for the time being, with the gradual extension of Austin operating hours demonstrating a safety-centric approach. TSLA aims to enable 24/7 operation, higher-speed roads and a wider range of weather conditions by year-end, beyond which management expects regulatory approvals to become the more binding constraint in 1Q/2Q27. Cost per paid mile remains above the $0.30 target, which management expects to approach as utilization rises and accumulated operating experience refines the cost base. TSLA already prices below ride-hail and competing robotaxi operators in most markets, a position management attributes to the absence of a driver and to in-house vehicle manufacturing. Robotaxi financial contribution is expected to become noticeable in 2Q27 and to build into a significant source of revenue and profitability by 3Q/4Q27.

  - **Cybercab update.** Cybercab service launched in Austin on September 3 (click here

for takeaways from the Cybercab event), and the local active fleet has scaled materially since, tracking at ~190 as of October 21st (vs. ~57 as of September-end, as per robotaxitracker.com). With ~50% fewer parts than any prior TSLA vehicle, Cybercab also carries fewer potential points of failure, enabling a more seamless production ramp. Management therefore expects regulatory approval (click here for our deep-dive on the regulatory framework for AVs), not manufacturing, to be the principal constraint on growth. Giga Texas capacity of >125K units/year reflects the run-rate demonstrated to date, while the line's ultimate capability is considerably higher. Production is currently paced to the needs of the robotaxi service, though customer deliveries are targeted to begin on a limited basis by end-2026 and to scale as operational experience builds, albeit management expects the vast majority of Cybercabs to remain within TSLA's own fleet, deployed on a transport-as-a-service basis.

- **TSLA launches Robotaxi safety dashboard.** Earlier this week, TSLA launched a public safety dashboard tracking autonomous mileage and safety outcomes across its robotaxi fleet, reporting ~3.1 mn miles of unsupervised operation between January 22 and October 18, 2026, across six US markets, including ~2.1 mn miles in Austin, ~608K in Dallas and ~226K in Houston. Over this period, TSLA reported no injuries from collisions in which its robotaxi made first contact, no airbag deployments in its vehicles and no pedestrian or cyclist strikes initiated by robotaxi. For comparison, TSLA estimates human-driven vehicles would have recorded ~9.1 injury-related collisions and ~4.1 airbag deployments over a comparable ~2.95 mn miles across its three Texas markets, although the comparison employs different collision-attribution methodologies. The fleet has also accumulated ~862K miles after dark, ~113K miles in rain and ~575K miles during rush hour. The dashboard excludes operations involving an in-vehicle safety monitor, including earlier deployments, and does not imply an absence of collisions. Separately, TSLA identified Las Vegas, Phoenix, Jacksonville and San Antonio as upcoming Robotaxi markets, without specifying launch timelines.

- **Optimus still being refined though reveal expected in coming months.** Initial Optimus production has commenced on a high-volume line in Fremont, where the vast majority of the equipment for ~1 mn units/year is already in place. Management cautioned that the ramp will be measured given continued design iteration and the need to establish reliability and safety, with the corresponding run-rate of ~20K units/week likely to take at least a year, and possibly longer, to attain. The hand, and the fingers in particular, remain the most exacting hardware challenge given the difficulty of replicating the dexterity and durability of the human hand. Management expects the outstanding AI, electromechanical and reliability issues to be resolved around 2027-end. This milestone would follow the integration of AI5, targeted for April 2027 with an order of magnitude more compute than AI4, and would coincide with the start of external deliveries, initially to industrial customers with dangerous, repetitive or continuous-duty applications. Without a vehicle-scale fleet to supply training data, TSLA intends to develop the model through self-play across an initial ~10-20K units within its Optimus Academy. Unit costs are converging toward the level management anticipates for Cybercab, though ongoing design changes preclude a definitive figure at this stage. Capacity is also expanding beyond Fremont, with construction under way on a larger Optimus facility in Texas. TSLA noted that the Gen 3 robot would be unveiled over the next couple of months, with management targeting a video demo showcasing the humanoid's autonomous capabilities as opposed to pre-programmed demos.
- **Capex and opex update.** Opex tracked +39% y/y (+10% q/q), driven by SI development and other R&D programs, higher SBC and SG&A uptick. R&D tracked +69% higher y/y, as depreciation on incremental compute, chip development and pre-production ramp costs for Optimus, Megapack 3 and other new products flowed through, and management

reiterated that opex growth will persist until these products reach commercialization. Capex of ~$4.8 bn in 3Q brought YTD spend to ~$13.0 bn, with management revising 2026 capex guidance to ~$20 bn (vs. $25 bn+ prior), attributed to more efficient capital deployment. Implied 4Q step up (implied ~$7 bn of capex in 4Q) is likely driven by SI compute investments, with TSLA targeting 400 MW of training capacity by year-end, up from >225 MW across Cortex 1 and Cortex 2 today. Beyond 2026, capex is poised to broaden across robotaxi fleet additions, Optimus capacity, solar manufacturing, SI compute and semiconductor fabrication, scaling more meaningfully in 2027 before reaching the 'tens of billions' in 2028. Management intends to fund the program primarily through operating cash flow, and TSLA has also secured ~$30 bn of borrowing capacity during 3Q26 (no draws planned in 2026), augmenting its ~$45 bn cash pile. Terafab scaling contributes to uncertainty in the go-forward capex trajectory, with orders in place for most of the equipment for the initial research fab in Austin, with commissioning scheduled for 1H27, a first test chip targeted for May-June 2027 and volume production of useful chips envisaged as early as 3Q28.

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Table 1: TSLA 3Q26 Actuals vs. JPMe (adjusted for one-timers)

$ mn unless otherwise highlighted

	Actual 3Q26	JPMe 3Q26E		Actual vs. JPMe % diff		Company-compiled Consensus 3Q26E	Actual vs. Company-compiled Consensus % diff
KPIs							
Model 3/Y	478,237						
Others	8,295						
Vehicle Deliveries (units)	**486,532**						
Automotive ASP ($/unit, ex-leasing revenue)	**$41,533**	**$41,129**		**1%**			
FSD Subscriptions (mn)	**1.7**						
Storage Deployed (GWh)	**13.7**						
Automotive Regulatory Credits Revenue ($ mn)	**113**	**75**		**51%**			
Non-GAAP Automotive Gross Margins	**19.8%**	**17.9%**		**187bps**			
Non-GAAP Automotive Gross Margins Ex-Regulatory Credits	**18.1%**	**16.3%**		**171bps**			
PnL							
Automotive Revenues	20,560	20,484		0%		20,272	1%
Service Revenues	4,605	5,039		-9%		4,349	6%
Solar and Energy Storage Revenues	2,881	3,556		-19%		3,720	-23%
Total Revenues	**28,046**	**29,078**		**-4%**		**28,341**	**-1%**
Total Gross Profit	**5,494**	**4,798**		**14%**		**5,061**	**9%**
Gross Margin	***19.6%***	***16.5%***		**309bps**		***17.9%***	**173bps**
Research and Development	2,761	2,600		6%			
SG&A	2,015	2,100		-4%			
Operating income/(loss)	**718**	**98**		**630%**		**721**	**0%**
Total EBIT Margin	***2.6%***	***0.3%***		**222bps**		***2.5%***	**2bps**
Interest Income/(expense)	355	342		4%			
Other (loss)/gain	(117)	0		NM			
Pre-tax Income/(loss)	**956**	**440**		**117%**		**1,113**	**-14%**
Non-GAAP Net Income	**1,697**	**1,295**		**31%**		**1,613**	**5%**
Weighted average number of shares - Diluted	3,541	3,548		0%		3,584	-1%
Non-GAAP Diluted EPS	**$0.48**	**$0.36**		**31%**		**$0.45**	**6%**
FCF							
GAAP Net Income/(loss)	804	317		153%			
Depreciation & Amortization	1,852	1,750		6%			
Stock-based compensation	1,165	1,150		1%			
Change in working capital	5,180	(3,762)		NM			
Change in collateralized lease borrowing	0	0		NM			
Cash flow from operations	**6,263**	**1,337**		**369%**		**3,267**	**92%**
Capital Expenditure	(4,732)	(7,000)		-32%		(7,771)	-39%
Free Cash Flow (FCF)	**1,531**	**(5,663)**		**NM**		**(4,506)**	**NM**

Source: Company reports and J.P. Morgan estimates.
Note: Green highlighted metrics were announced prior to earnings.

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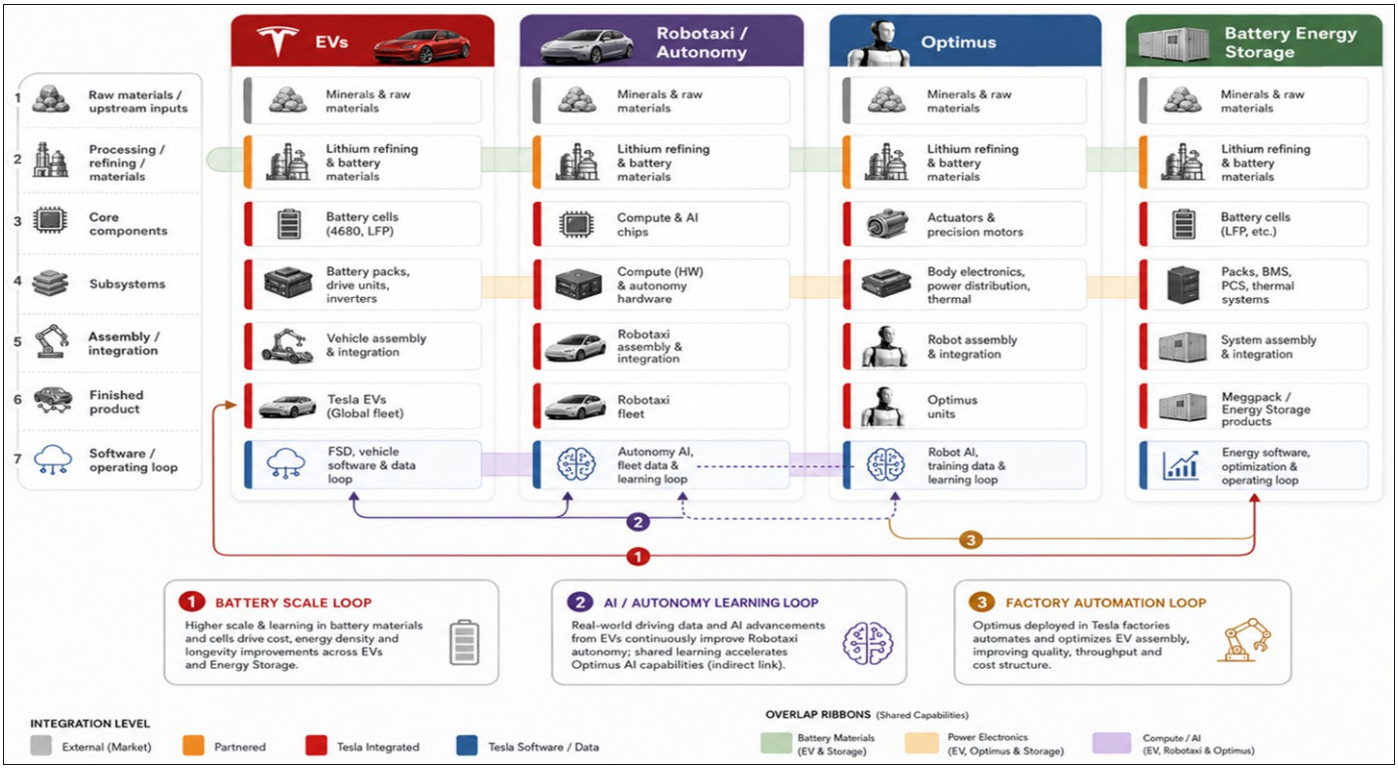
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Charts: TSLA Vertical Integration

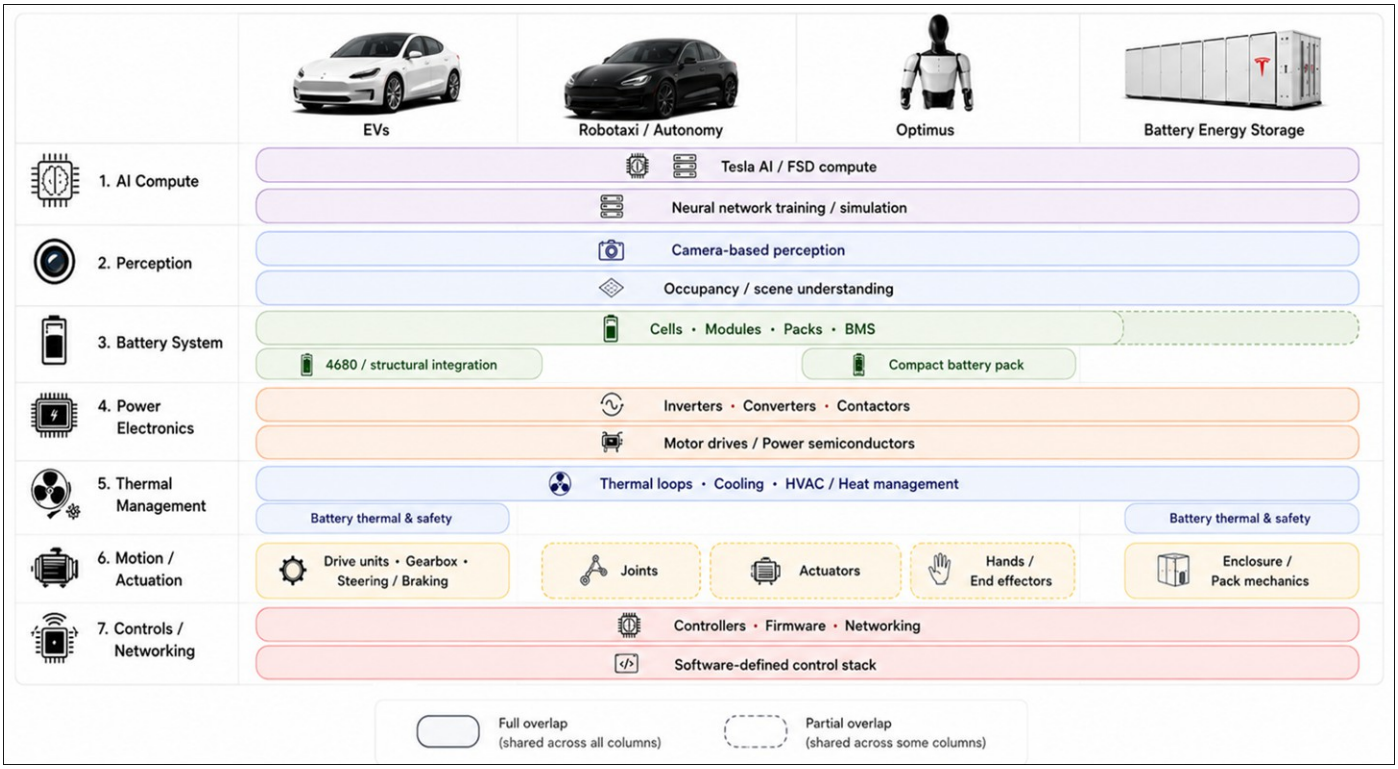
Figure 1: TSLA's Vertically and Horizontally Integrated Engineering Playbook



Source: J.P. Morgan.

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Figure 2: TSLA's Cross-Platform Shared Hardware Stack



Source: J.P. Morgan.

Table 2: TSLA Production Capacity and Footprint

Region	Product	Capacity	Status
Automotive			
California	Model 3 / Model Y	>550,000	Production
Shanghai	Model 3 / Model Y	>950,000	Production
Berlin	Model Y	>375,000	Production
Texas	Model Y	>375,000	Production
Texas	Cybertruck	>125,000	Production
Texas	Cybercab	>125,000	Production
Nevada	Tesla Semi	25,000	Production
TBD	Roadster	-	Design development
Energy Storage & Generation			
California	Megapack	40 GWh	Production
Shanghai	Megapack	20 GWh	Production
Texas	Megapack	50 GWh	Production
Nevada	Powerwall	>6 GWh	Production
Robotics			
California	Optimus	-	Early Ramp
Texas	Optimus	-	Construction
AI Training Compute			
Texas	Cortex 1	>105 MW	Production
Texas	Cortex 2	>120 MW	Production
Battery Manufacturing			
Nevada	LFP	7 GWh	Early Ramp
Texas	4680	>40 GWh	Production
Texas	Cathode Materials	10 GWh	Early Ramp
Texas	Lithium Refining	30 GWh	Early Ramp
Berlin	4680	-	Construction

Source: Company reports.

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Table 3: Case Studies of TSLA's Organizational Velocity

	TSLA Timeline	Traditional Industry Standard	TSLA's Execution Edge
Fremont Factory Relaunch (2010 - 2012)	Acquisition agreement May 2010, closed Oct 2010 → Model S deliveries Jun 2012 (~20 months from closing)	New vehicle program in existing plant: 3 - 5 years, and restarting a shuttered plant is typically longer	Acquired the former GM/Toyota NUMMI plant. Tesla had no high-volume manufacturing experience at the time but ramped up production quickly
Model 3 Production Recovery (2018)	Accelerated production from ~2,000 units/week in Feb → 5,000/week by late June (~4 months)	Auto plant ramp issues typically take 6 - 18 months to resolve	Erected a tent assembly line in weeks, ripped out failing automation overnight in favor of manual stations
Giga Shanghai (2019)	Broke ground Jan 2019 → Delivered vehicles in Dec 2019 (~12 months)	Automotive factory typically require 3 - 5 years from groundbreaking to production	Parallelization of construction, equipment installation, and production start
Gigacasting (2019 - 2020)	Concept to production in ~18–24 months	Comparable process innovation entails 5 - 10 years R&D to production timeline	Developed proprietary alloy, and partnered with IDRA on developing the world's largest die-cast machines
FSD Computer / HW3 (2017 - 2019)	Blank-sheet chip design to production in ~36 months	Custom chip program typically takes 5+ years from concept to production	Ability to hire the best talent and move at high velocity
Over-the-Air Braking Fix (2018)	Firmware fix was deployed fleet-wide in days	Traditional recall/fix would take months to years	A physical performance characteristic was fixed via software, and pushed to all cars without a service visit
4680 Cell Development (2020 - 2021)	Announcement to working pilot cells in months	New battery cell format: 2 - 4 years concept to pilot	Incorporated 3 simultaneous innovations - form factor, tables electrode and dry coating
Giga Berlin (2020 - 2022)	Groundbreaking Mar 2020 → first deliveries Mar 2022 (~24 months)	European auto plants typically take 3 – 5 years from groundbreaking to production	Execution pace was on par with Giga Shanghai on the build side; the binding constraint was German environmental permitting, not Tesla's manufacturing capability — useful evidence that regulatory friction, not internal execution, sets the floor
Megafactory Lathrop (2022)	Construction to production in ~12 months	Comparable industrial facility requires 24 - 36 months	Precision manufacturing of integrated grid-scale battery systems at speed
Optimus Concept → Gen 2 (2021 – 2023)	Concept tease at AI Day Aug 2021 → working "Bumblebee" bipedal prototype Sept 2022 (~12 months) → Optimus Gen 2 demo Dec 2023 (~15 months later)	Comparable humanoid programs took 10 – 15+ years from concept to public bipedal demo	Vertically integrated custom actuators and hand assemblies, reused FSD vision and compute stack, and iterated hardware generations on a consumer-electronics cadence rather than a robotics-research cadence
Cortex AI Training Cluster (2024)	Site prep early 2024 → ~50,000 NVIDIA H100 GPUs operational at Giga Texas by Aug 2024 (~8 months)	Hyperscaler-class AI training clusters typically require 18 – 24+ months from site selection to operational	Co-located with the factory at Giga Texas, leveraged existing substation and power infrastructure, custom liquid-cooling design clusters in under a year
Fremont → Optimus Conversion (2026, targeted)	S/X line dismantled May → Optimus production targeted July/Aug (~3 - 4 months)	Comparable factory retooling requires 6–12+ months	Sustained expertise in automating factories and scaling production

Source: Company reports and J.P. Morgan.

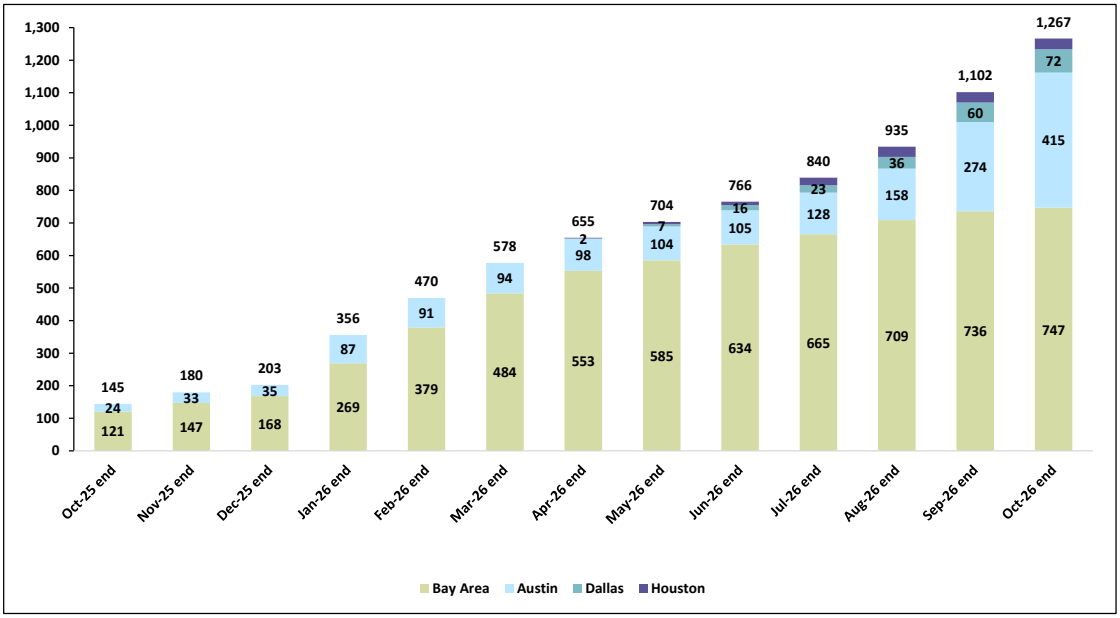
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Charts: TSLA Robotaxi

TSLA Robotaxi Fleet

Figure 3: TSLA Cumulative Robotaxi Fleet (including inactive vehicles)

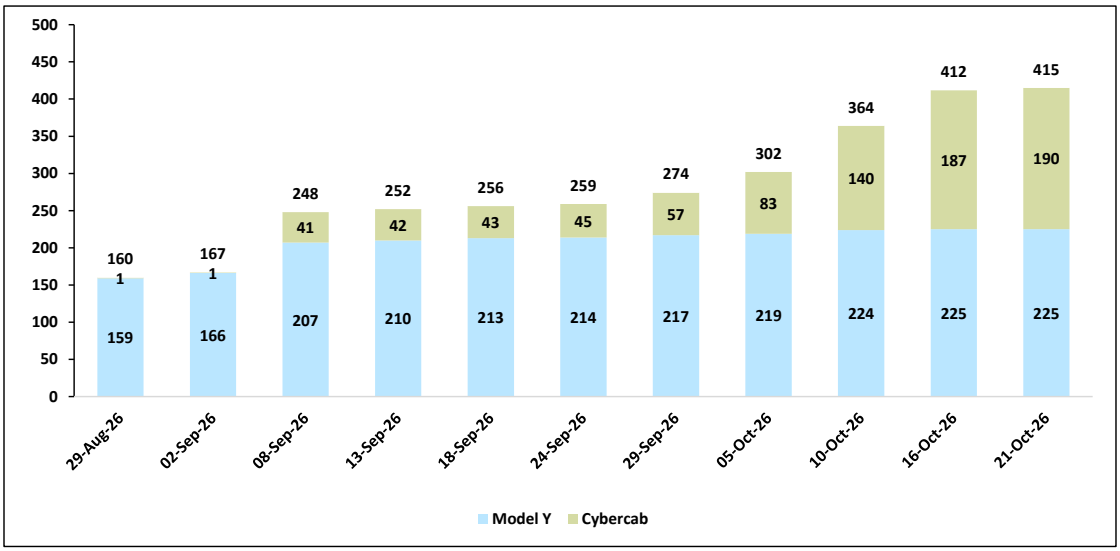
of vehicles



Source: Robotaxi Tracker.

Figure 4: TSLA Austin Robotaxi Fleet (Model Y and Cybercab)

of vehicles



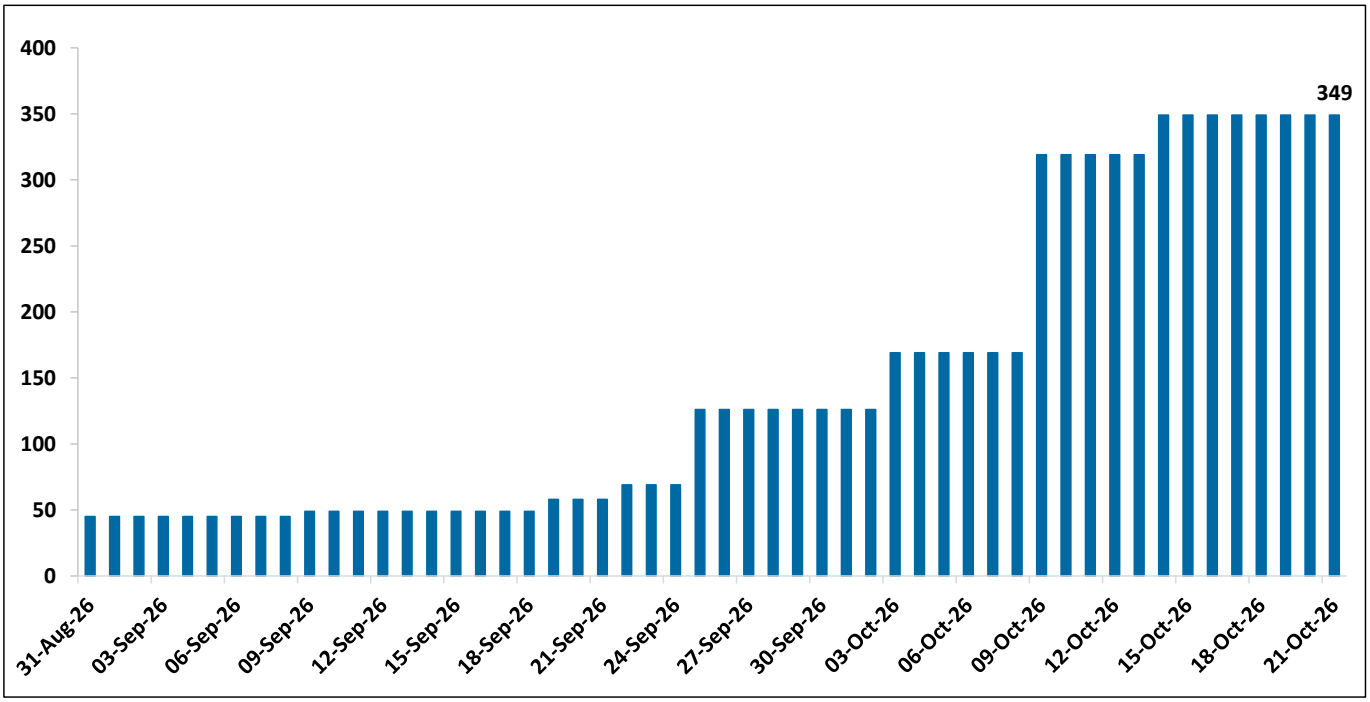
Source: Robotaxi Tracker.

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Figure 5: TSLA Texas DMV Cybercab Cumulative Registrations

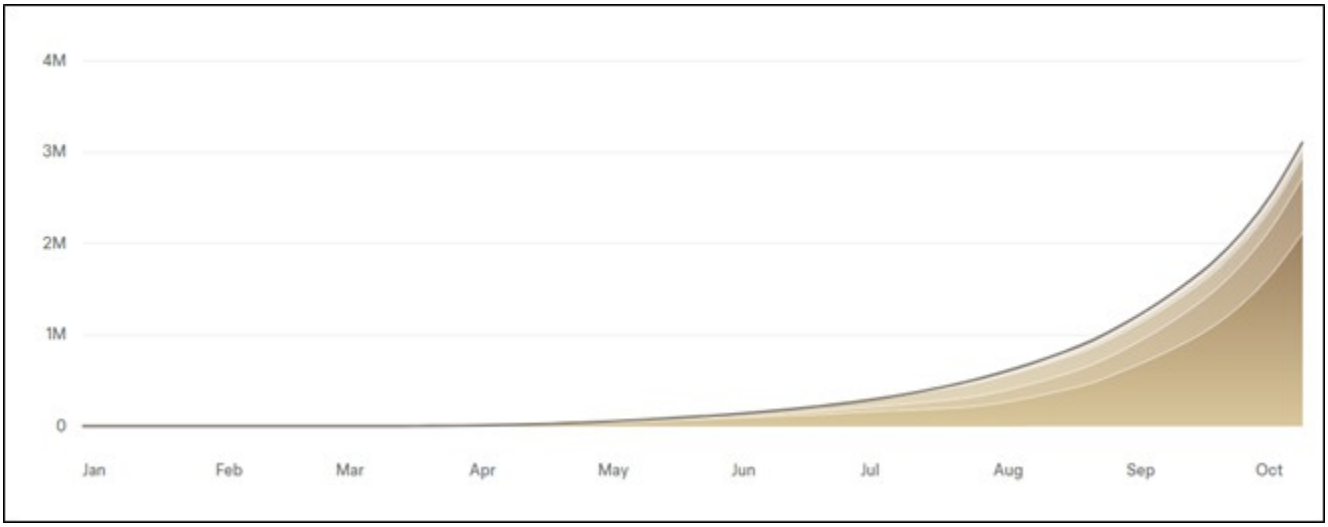
# of vehicles



Source: Texas Department of Motor Vehicles.

Figure 6: TSLA Cumulative Unsupervised Robotaxi Miles

mn miles



Source: Company website.

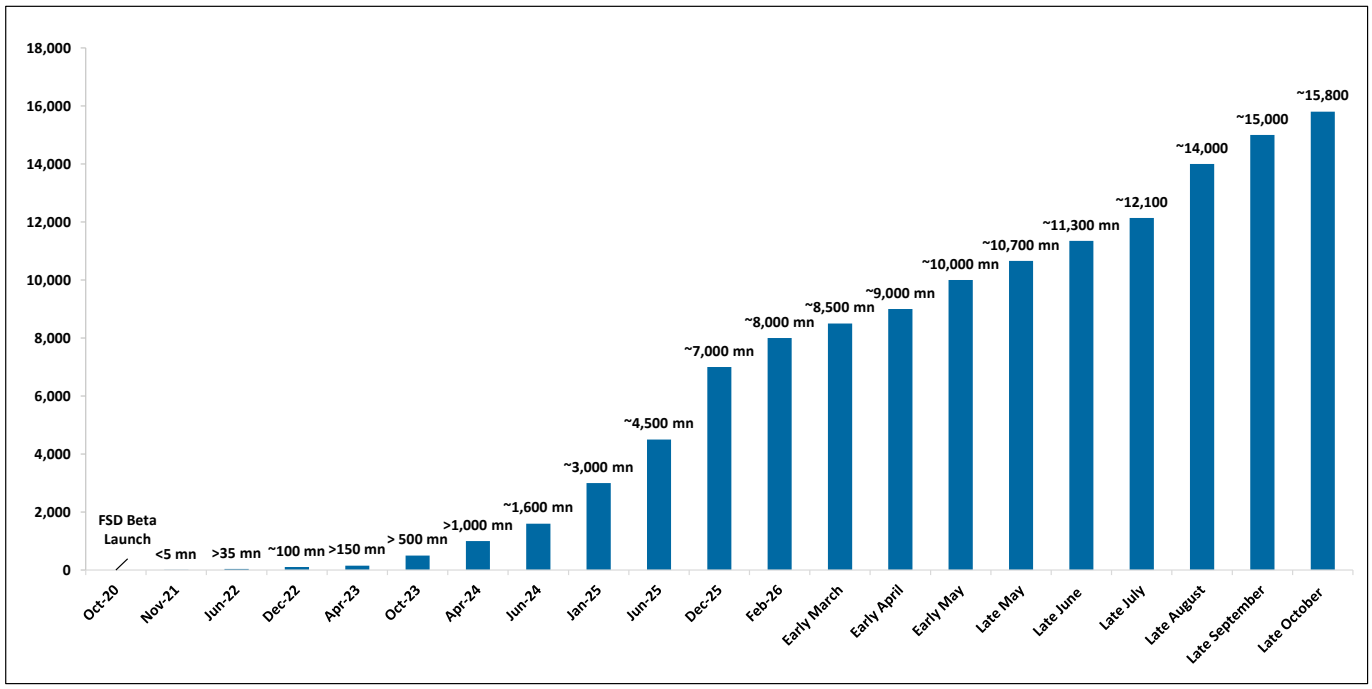
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TSLA FSD Trends

Figure 7: TSLA FSD Miles Driven (Cumulative)

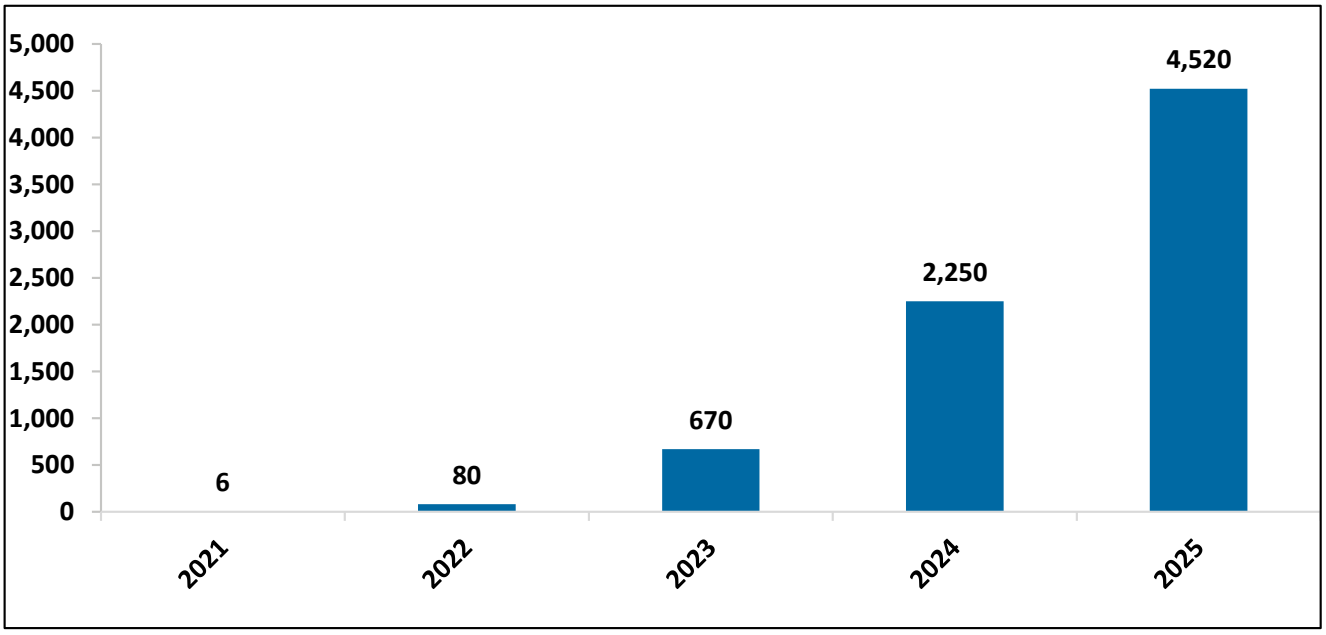
mn miles



Source: Company reports and J.P. Morgan.

Figure 8: Estimated TSLA FSD Miles Driven (Annual)

mn miles



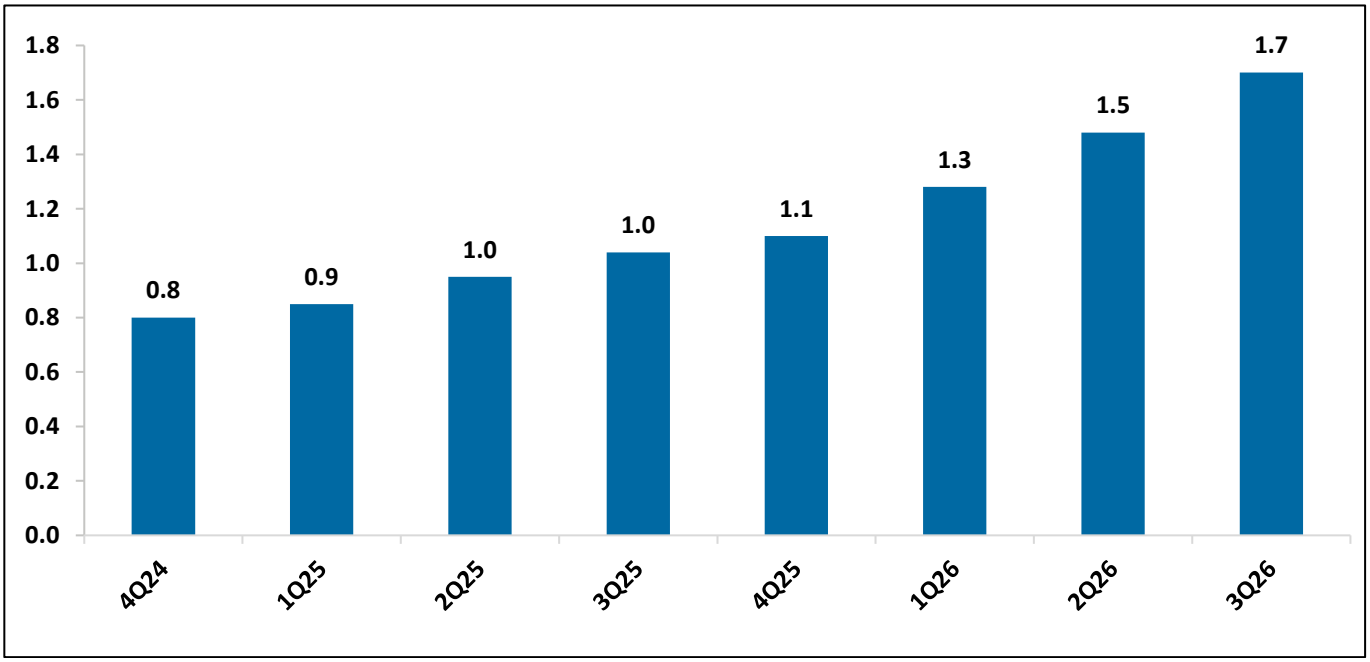
Source: Company reports and J.P. Morgan estimates.

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Figure 9: TSLA FSD Subscribers

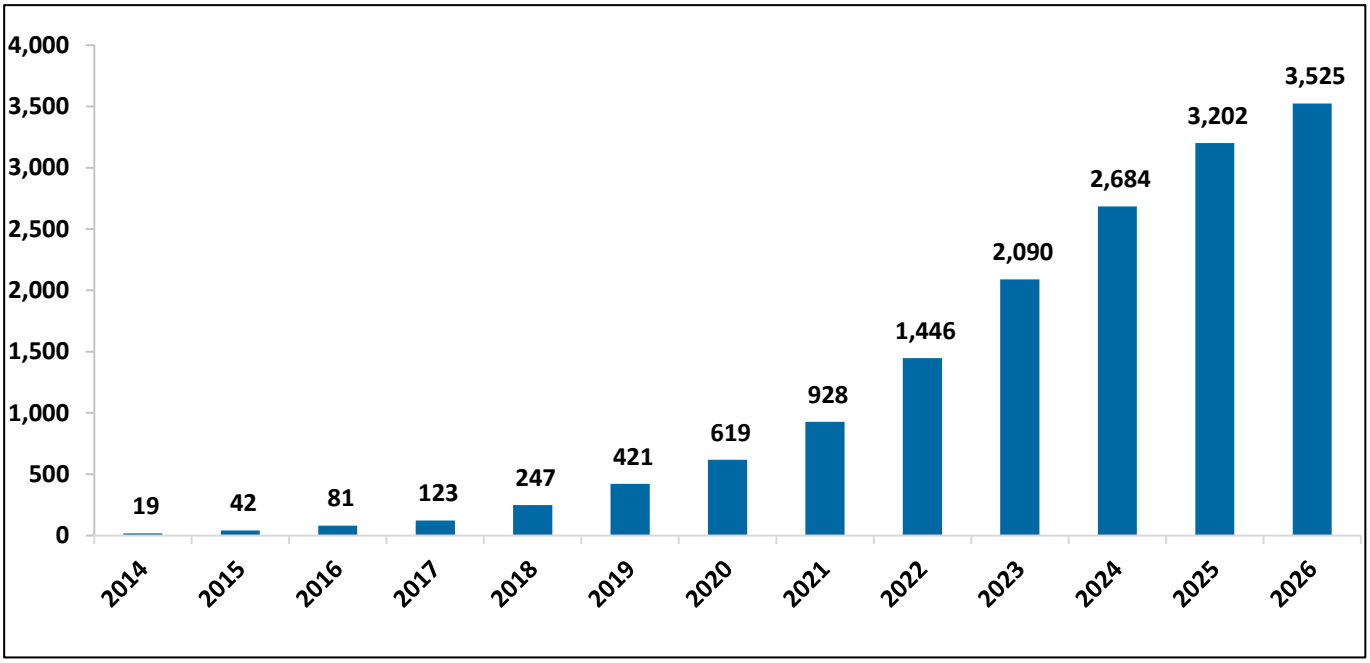
mn subscribers



Source: Company reports.

Figure 10: JPMe TSLA Units in Operation in US

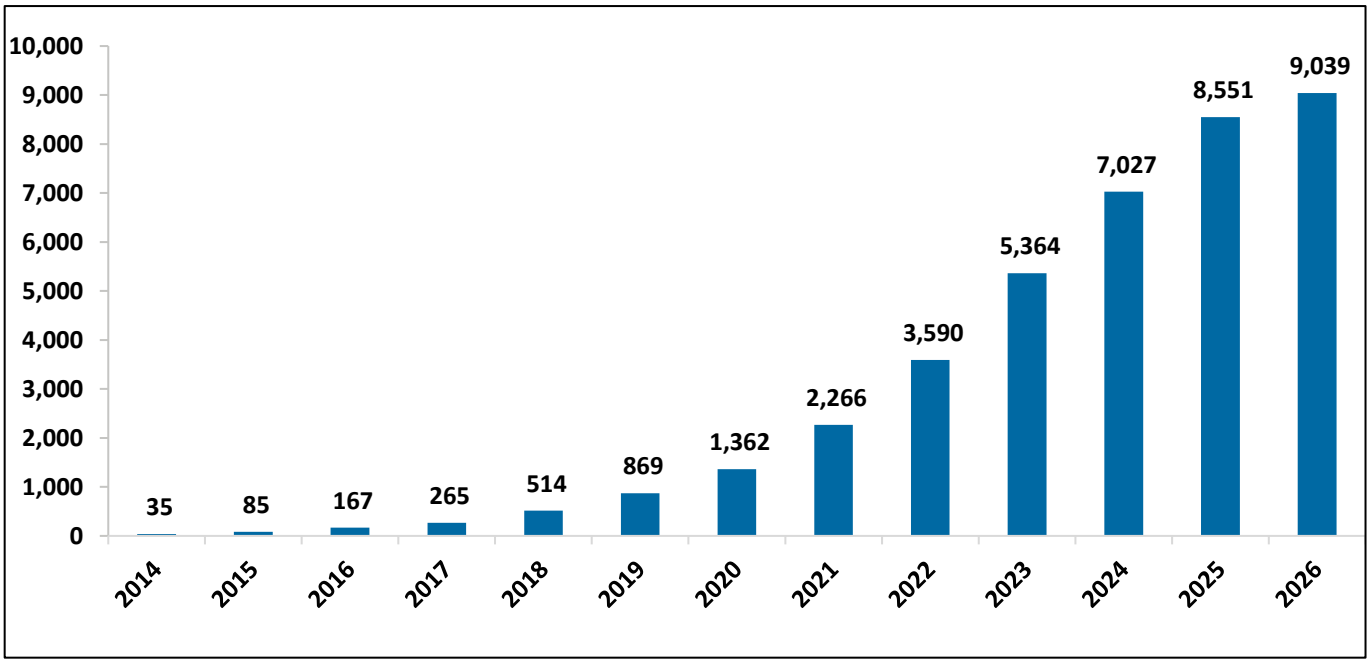
000 units



Source: Company reports, S&P Global Mobility and J.P. Morgan estimates.

Figure 11: JPMe TSLA Units in Operation Globally

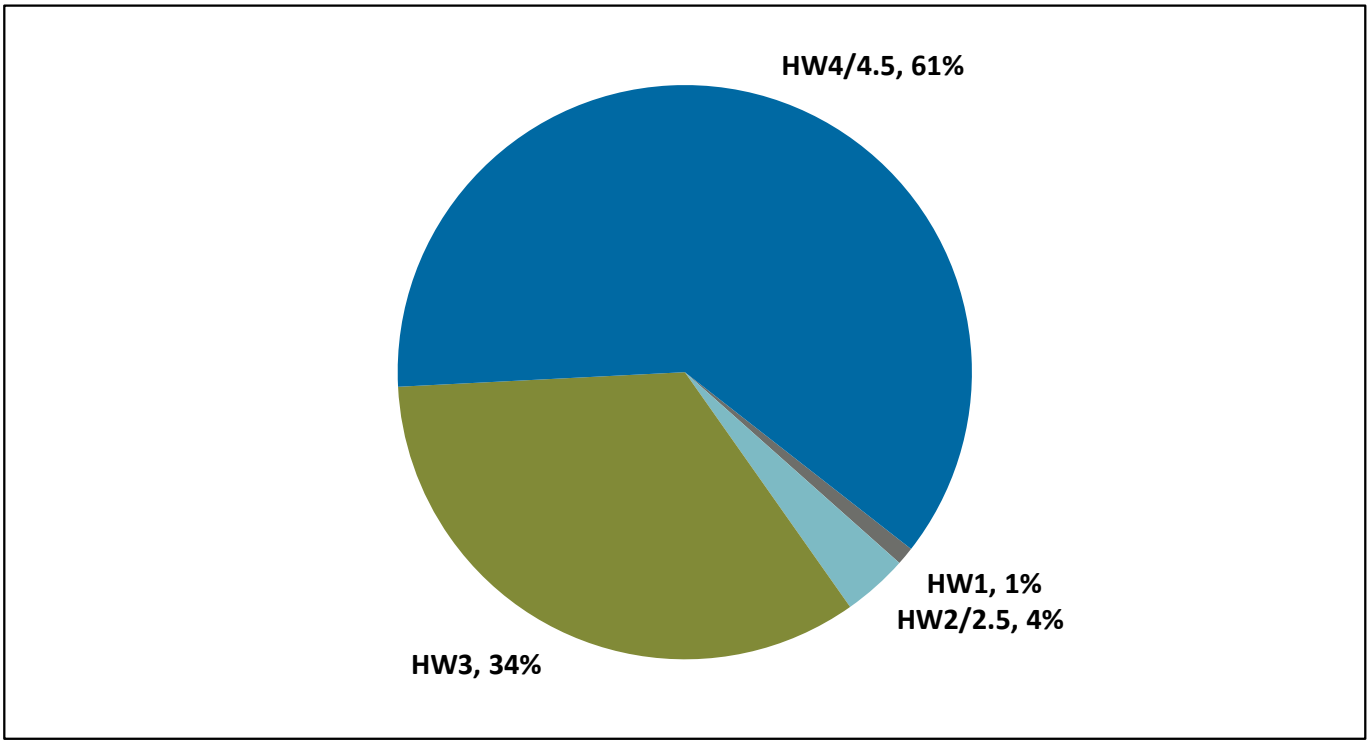
000 units



Source: Company reports, S&P Global Mobility and J.P. Morgan estimates.

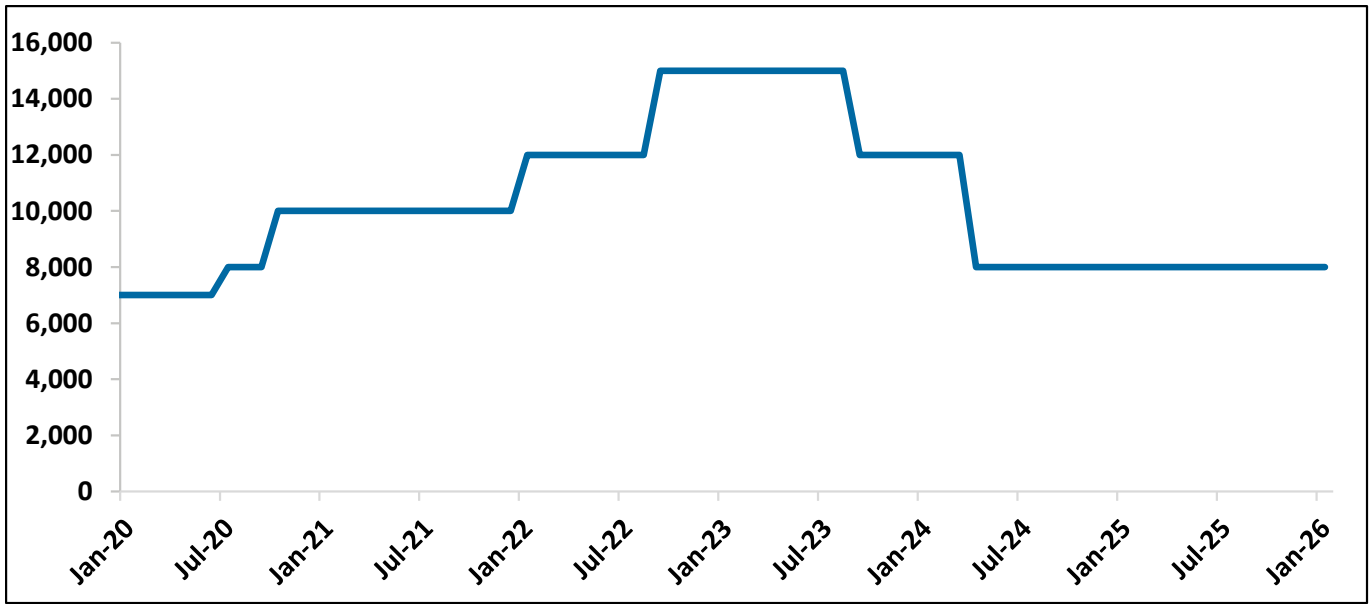
Figure 12: JPMe TSLA Units in Operation Globally Split by Hardware Versions (2025)

% of overall units in operation



Source: Company reports, S&P Global Mobility and J.P. Morgan estimates.

Figure 13: TSLA FSD Upfront Purchase Price History (Subscription Only Format Effective Feb 2026)



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

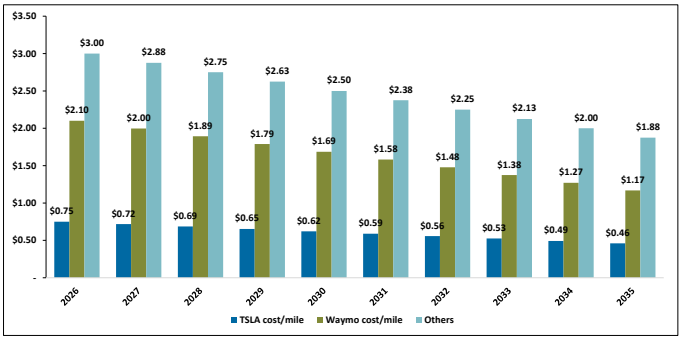
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JPM TSLA Robotaxi TAM

Figure 14: JPMe US Robotaxi Operator Cost per Mile (Not Consumer Price)

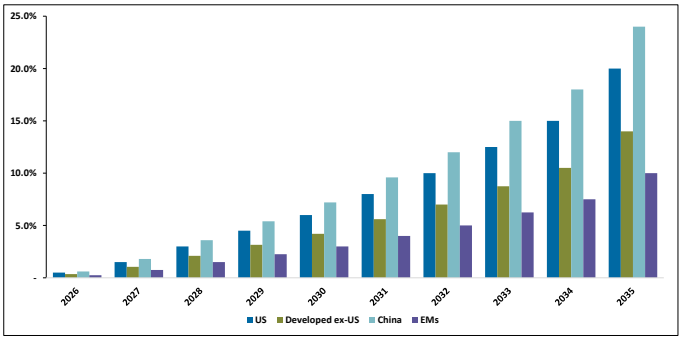
$/mile



Source: J.P. Morgan estimates.

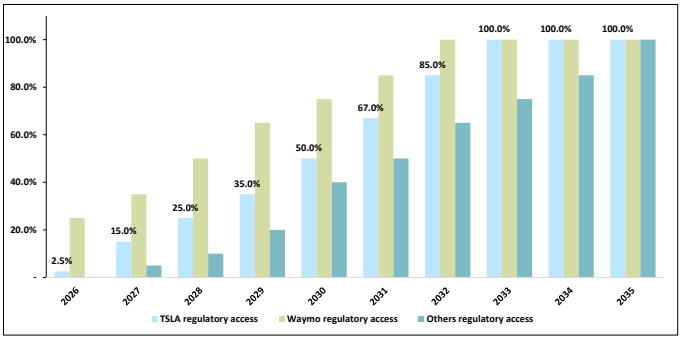
Figure 15: JPMe Urban Vehicle Miles Traveled Expected to be Addressed by Robotaxis by Region

% of overall urban VMT by region



Source: J.P. Morgan estimates.

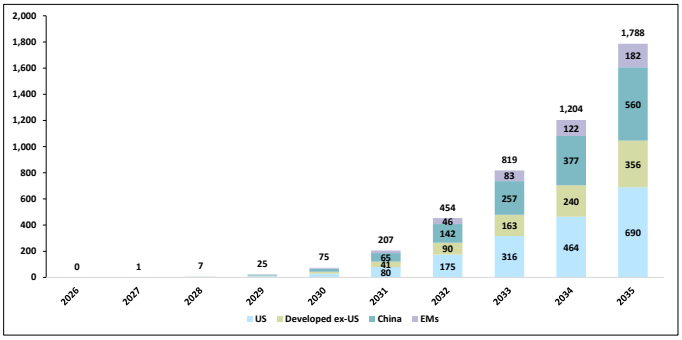
Figure 16: JPMe Regulatory Access Index in US by Robotaxi Operator



Source: J.P. Morgan estimates.

Figure 17: JPMe Total Robotaxi Miles Projections

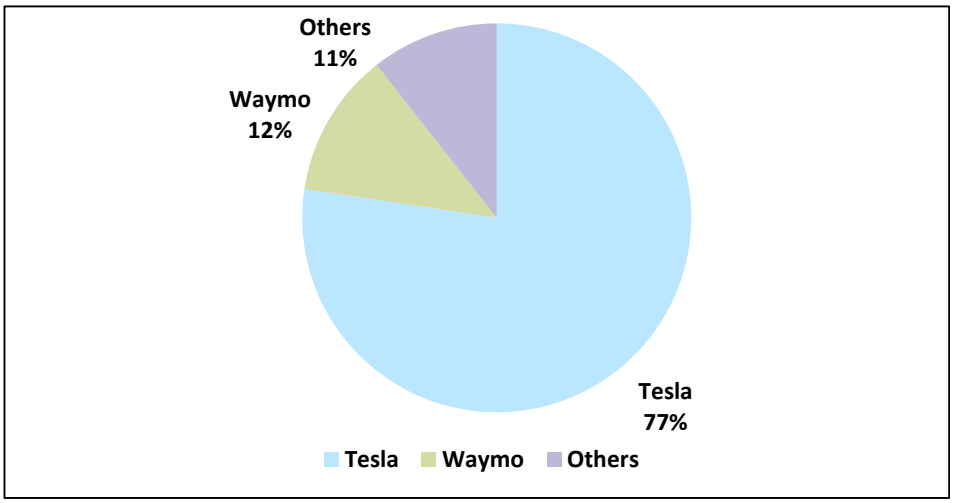
bn miles



Source: J.P. Morgan estimates.

Figure 18: JPMe US Robotaxi Miles Share Split (2035E)

% of overall robotaxi miles

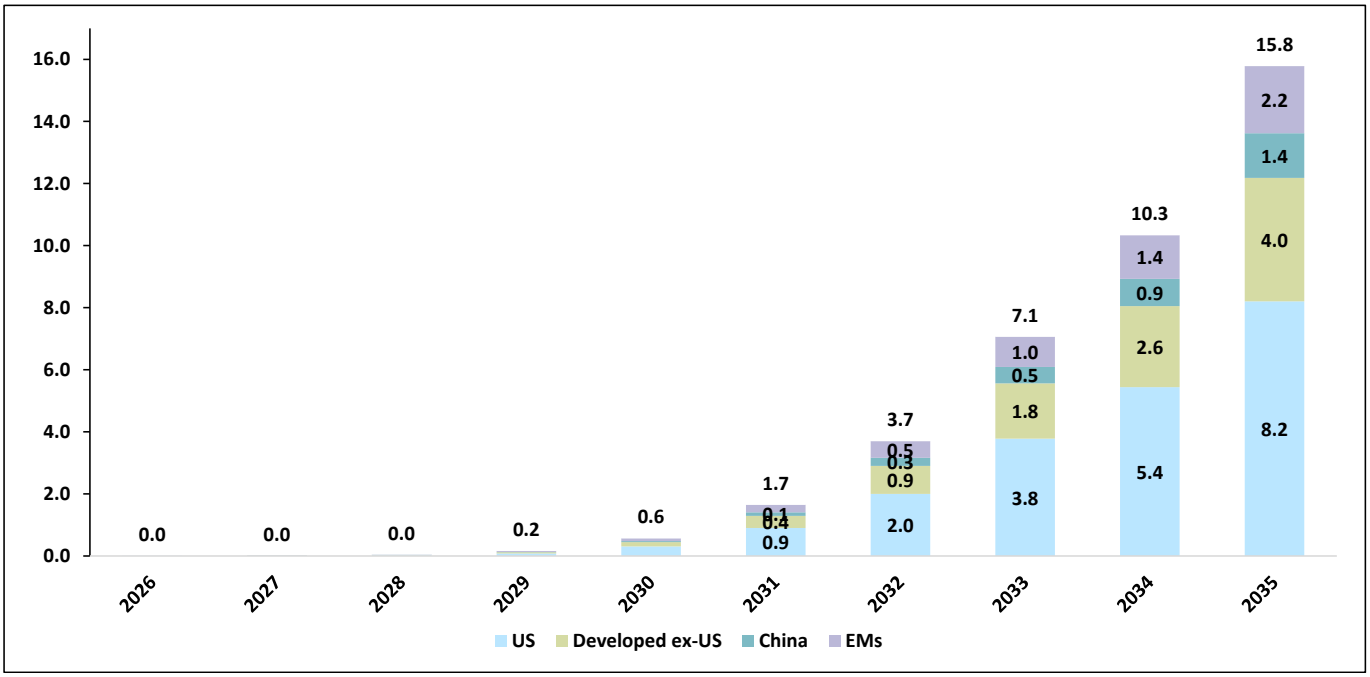


Source: J.P. Morgan estimates.

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Figure 19: JPMe TSLA Robotaxi Fleet by Region

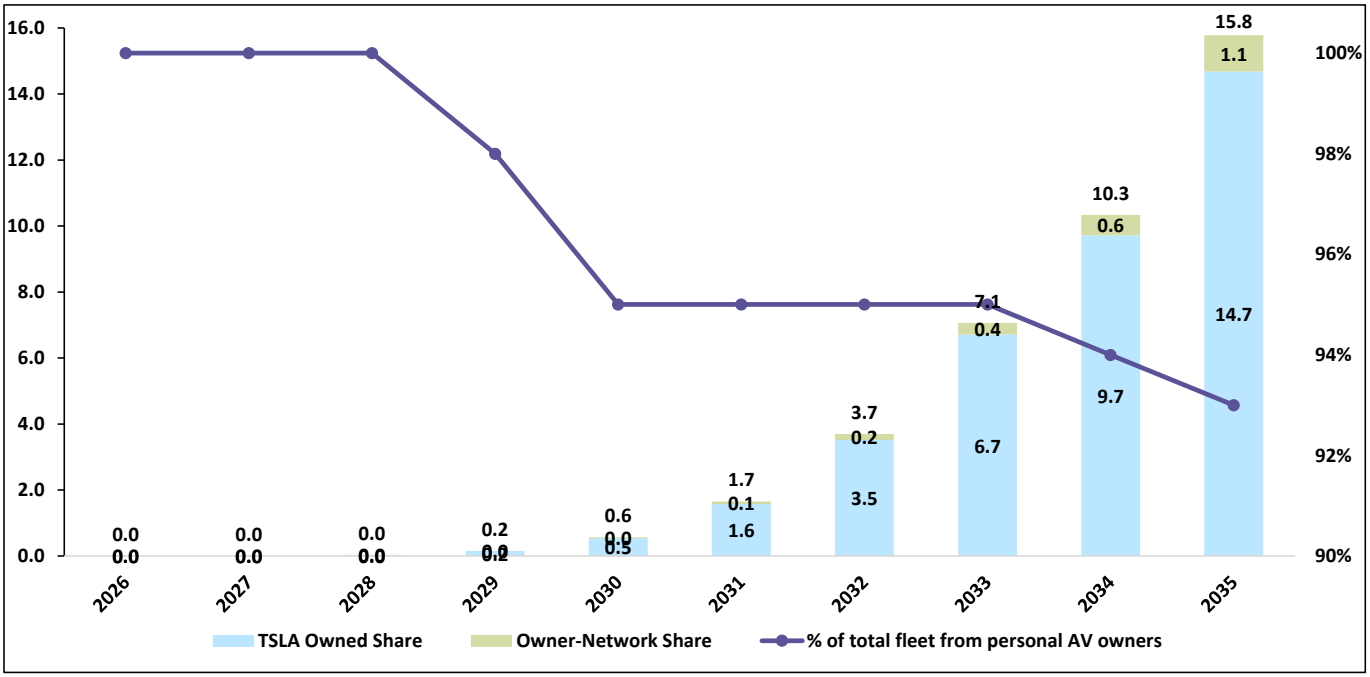
mn units



Source: J.P. Morgan estimates.

Figure 20: JPMe TSLA Robotaxi Fleet Split between Company-Owned and Consumer-Owned

L-Axis: mn vehicles; R-Axis: company owned AVs as % of overall robotaxi fleet

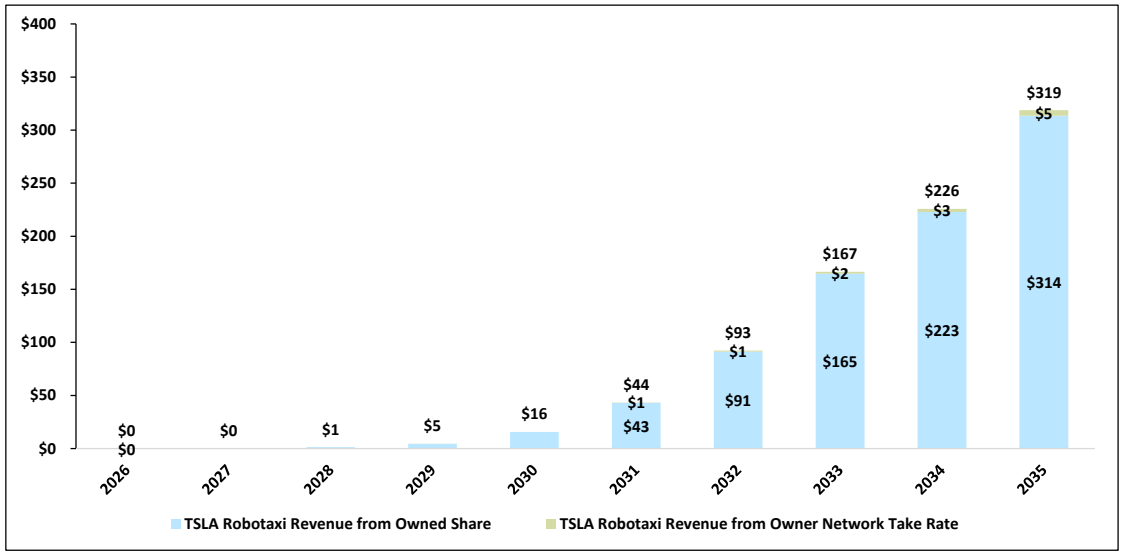


Source: J.P. Morgan estimates.

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Figure 21: JPMe TSLA Robotaxi Revenue Projections

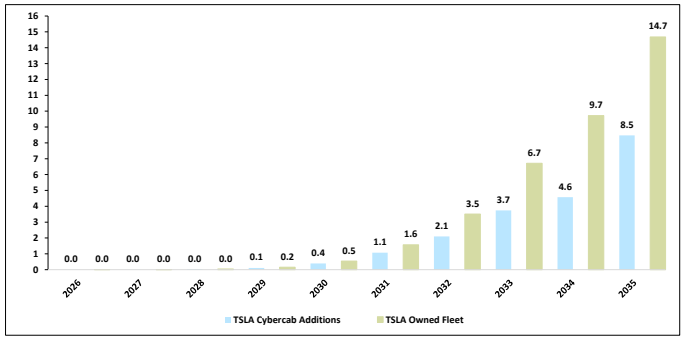
$ bn



Source: J.P. Morgan estimates.

Figure 22: JPMe TSLA Cybercab Additions and Fleet Size by Year

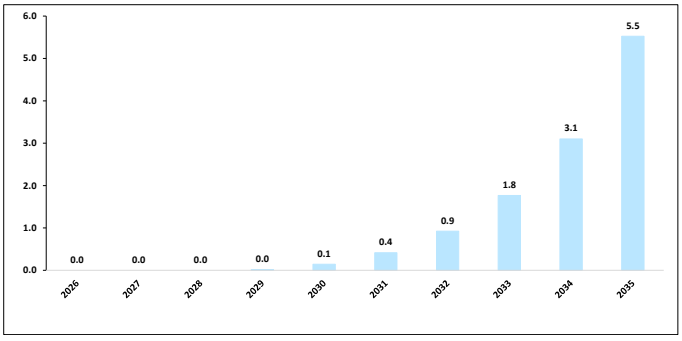
mn units



Source: J.P. Morgan estimates.

Figure 23: JPMe Personal AV Fleet Size by Year

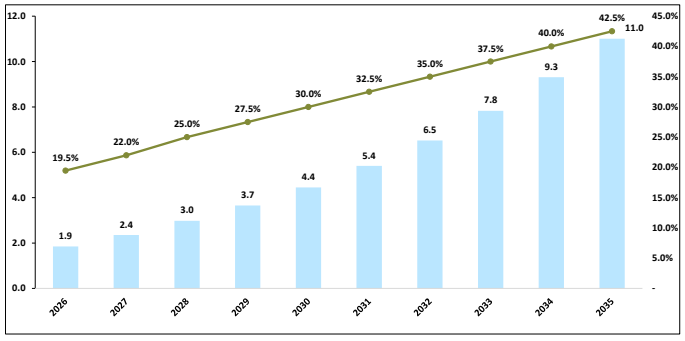
mn units



Source: J.P. Morgan estimates.

Figure 24: JPMe TSLA FSD Subscribers and Penetration

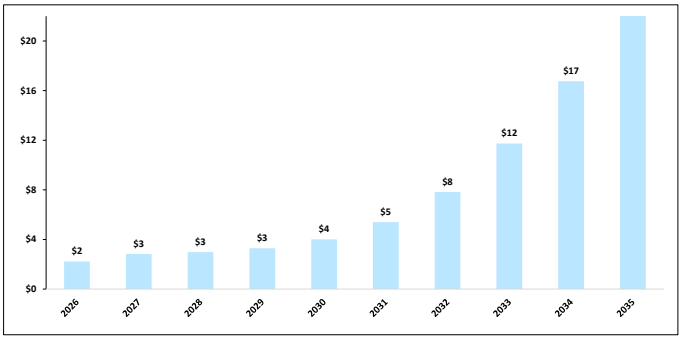
L-Axis: FSD subscribers in mn; R-Axis: % of units in operation with active FSD subscription



Source: J.P. Morgan estimates.

Figure 25: JPMe TSLA FSD Revenue Projections

$ bn



Source: J.P. Morgan estimates.

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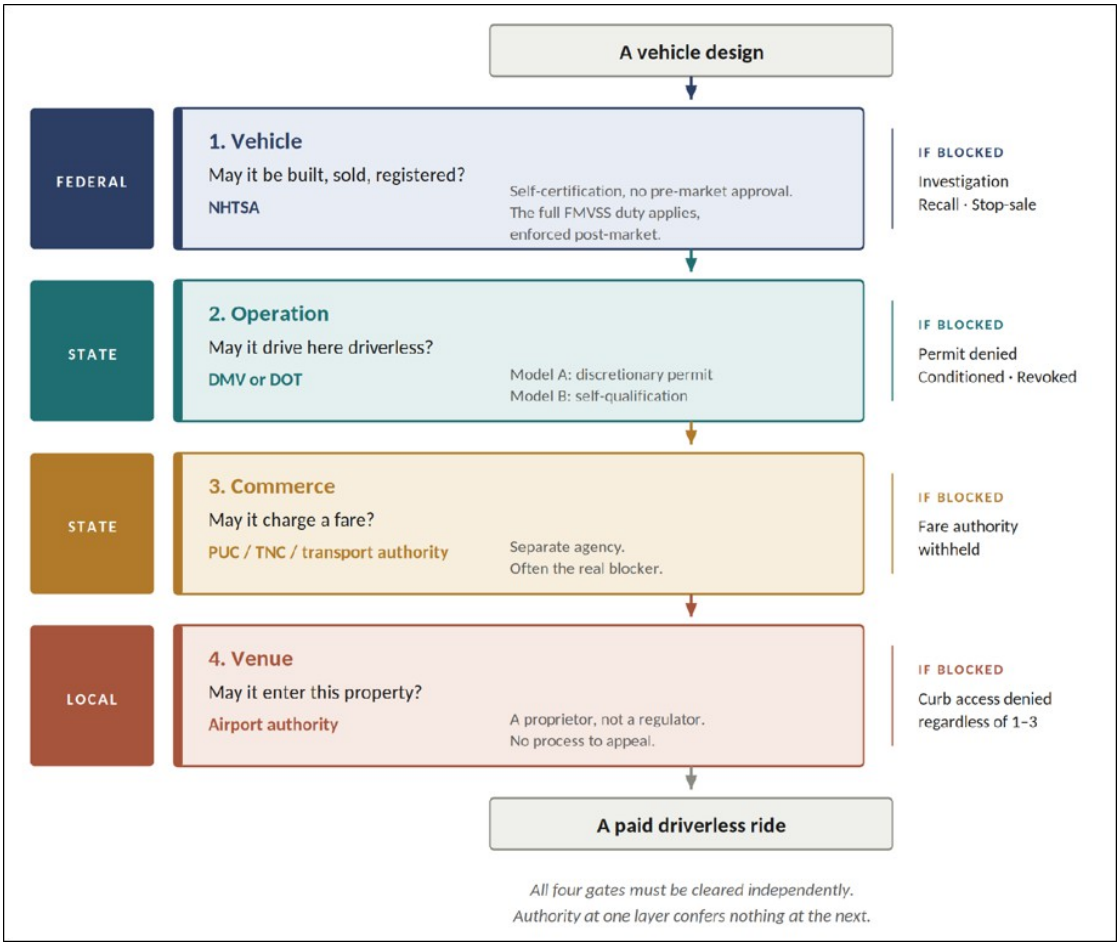
AV Regulations

Table 4: Regulatory Layers Governing Robotaxi Commercialization

Layer	Authority	Scope of Authority	Robotaxi Operator Implications
Vehicle Legality (Federal Level)	NHTSA through FMVSS and recall authority	Whether the vehicle can be manufactured, certified and introduced into commerce	Self-certification removes pre-sale agency approval, but every applicable FMVSS remains binding after sale
Operating Authority (State Level)	State Motor Vehicle or Transportation Agency	Whether the vehicle may operate driverless on public roads	State determines supervision requirements, minimal-risk-condition capability, first-responder protocols, insurance, reporting and other operating rules
Commercial Fare Authority	Public Utilities Commission (PUC), Transportation Network Regulator, or equivalent agency	Whether the operator may carry paying passengers	A ride-hail or carrier license can permit paid passenger service
Venue Access	Airports, Stadiums, Campuses or Other Private Properties	Whether the vehicle may access proprietary curbs and high-value pickup/drop-off points	State authorization does not create curb rights. Venue access remains seperated from state authorization, with its own terms and timing

Source: J.P. Morgan.

Figure 26: Illustration of Path to Robotaxi Commercialization

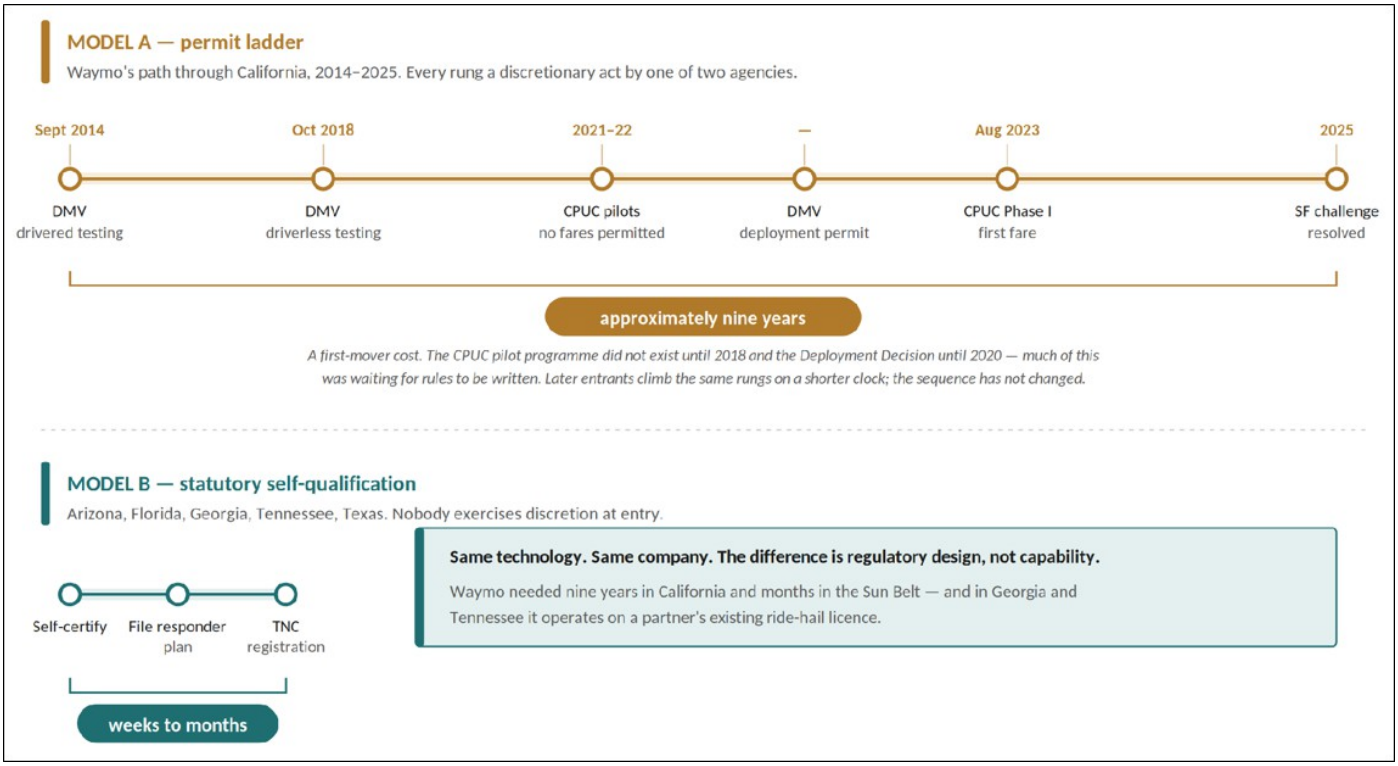


Source: J.P. Morgan.

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Figure 27: Illustration of Robotaxi Regulatory Approval Across a Bifurcated State Regulatory Framework Structure



Source: J.P. Morgan.

Table 5: Tiers of Commercial Robotaxi Deployment

Tier	States	Entry Barriers	Robotaxi Operator Status	Share of US Population
Tier 1: Live Service Without Gate	TX, AZ, FL, GA, TN, CO	No Material Entry Barriers Outside of Statutory Requirements	Waymo (TX, AZ, FL, GA, TN, CO), Tesla (TX, FL), Avride (TX)	~26%
Tier 2: Live Service With Permit	NV	AVNC permit (specifying fleet size and geography)	Zoox, Waymo (employee rides)	~1%
Tier 3: No Gate or Service	MI, NC, UT, OK, LA, AL, KY	First-responder Plan, Self-certification and TNC registration		~13%
Tier 4: No Gate or Service (Primarily Freight)	NE, IA, WV, MS, AR, MT, ND, SD, WY	Same Requirements as Tier 3 but Predominantly Freight Corridors		~5%
Tier 5: Permit Ladder	CA, PA, DC	Sequential Discretionary Permits Required	Waymo and Tesla in CA	~16%
Tier 6: Framework Limited (Open to Testing)	WA, OH, VA, MD, IN, WI, MN, DE, SC, KS, ID	Commercial Deployment has No Defined Regulatory Pathway Albeit Testing Operations are Permissible		~19%
Tier 7: Legislation Required	NY, IL, MA, NJ, CT, NH, VT, ME, OR, MO, NM, RI, AK, HI	Commercial Deployment Requires Legislative Authorization		~21%

Source: Company reports and J.P. Morgan.

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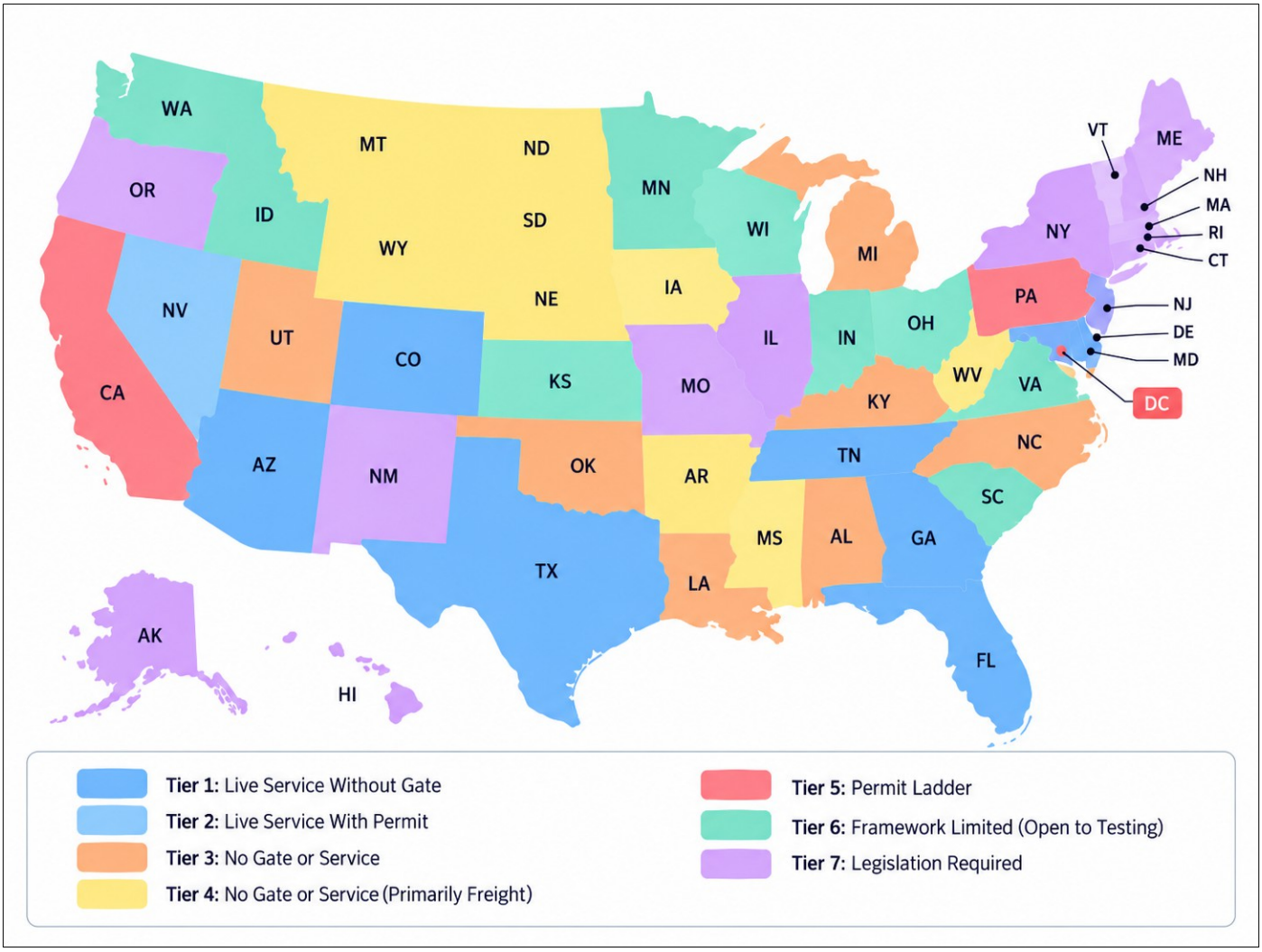
Table 6: Robotaxi Operators Presence in Key States Based on Regulatory Tiers

State	Tier	Metro Cities	Operators with Live Commercial Service
Arizona	1 (Live Service Without Gate)	Phoenix	Waymo
California	5 (Permit Ladder)	SF Bay Area, Los Angeles, Sacramento, San Diego	Waymo, Tesla
Texas	1 (Live Service Without Gate)	Austin, Dallas, Houston, San Antonio	Waymo, Tesla, Avride
Florida	1 (Live Service Without Gate)	Miami, Orlando, Tampa	Waymo, Tesla
Georgia	1 (Live Service Without Gate)	Atlanta	Waymo
Tennessee	1 (Live Service Without Gate)	Nashville	Waymo
Nevada	2 (Live Service With Permit)	Las Vegas	Zoox
Colorado	1 (Live Service Without Gate)	Denver	Waymo

Source: Company reports and J.P. Morgan.

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Figure 28: US States by Robotaxi Regulatory Framework Tier



Source: J.P. Morgan.

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Charts: TSLA Optimus

JPM TSLA Humanoid TAM

Table 7: JPMe Hourly Wage Projections vs. Humanoid Operating Cost/Hr (Inc. Acquisition Cost)

$/hr

Hourly Wage ($/hr)	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Manufacturing											
US	$41	$42	$43	$45	$46	$47	$49	$50	$52	$53	$55
Dev ex-US	$39	$40	$41	$42	$44	$45	$46	$48	$49	$51	$52
China	$7	$8	$8	$8	$9	$9	$9	$10	$10	$10	$11
Other EM	$4	$4	$5	$5	$5	$5	$6	$6	$6	$7	$7
Logistics & Warehousing											
US	$30	$31	$32	$33	$34	$35	$36	$37	$38	$39	$40
Dev ex-US	$29	$30	$31	$31	$32	$33	$34	$35	$37	$38	$39
China	$6	$6	$6	$7	$7	$7	$7	$8	$8	$8	$9
Other EM	$3	$3	$3	$4	$4	$4	$4	$5	$5	$5	$5
Hospitality, F&B & Cleaning											
US	$20	$21	$22	$22	$23	$24	$24	$25	$26	$27	$27
Dev ex-US	$19	$19	$20	$21	$21	$22	$22	$23	$24	$25	$25
China	$4	$4	$5	$5	$5	$5	$5	$6	$6	$6	$6
Other EM	$2	$2	$2	$2	$3	$3	$3	$3	$3	$3	$4
Eldercare & Personal Care											
US	$26	$27	$28	$29	$30	$31	$31	$32	$33	$34	$35
Dev ex-US	$31	$32	$33	$34	$35	$36	$37	$38	$39	$41	$42
China	$9	$9	$9	$10	$10	$11	$11	$11	$12	$12	$13
Other EM	$4	$4	$4	$4	$4	$5	$5	$5	$6	$6	$6
Other B2B (security/light-ind/ag-adj)											
US	$27	$28	$29	$30	$31	$32	$33	$34	$35	$36	$37
Dev ex-US	$25	$25	$26	$27	$28	$29	$30	$30	$31	$32	$33
China	$7	$7	$7	$8	$8	$8	$9	$9	$9	$10	$10
Other EM	$4	$4	$4	$4	$4	$5	$5	$5	$6	$6	$6
JPMe Humanoid Operating Cost $/hr		**$9**	**$7**	**$5**	**$4**	**$4**	**$3**	**$3**	**$2**	**$2**	**$2**

Source: J.P. Morgan estimates.

Table 8: JPMe Economic Feasibility Index by Verticals and Regions

% of tasks where economics are feasible for humanoid deployment

Economic feasibility % by vertical × region	2027	2028	2029	2030	2031	2032	2033	2034	2035
Manufacturing									
US	100%	100%	100%	100%	100%	100%	100%	100%	100%
Dev ex-US	100%	100%	100%	100%	100%	100%	100%	100%	100%
China	0%	49%	72%	93%	100%	100%	100%	100%	100%
Other EM	0%	0%	0%	26%	61%	93%	100%	100%	100%
Logistics & Warehousing									
US	100%	100%	100%	100%	100%	100%	100%	100%	100%
Dev ex-US	100%	100%	100%	100%	100%	100%	100%	100%	100%
China	0%	15%	43%	69%	93%	100%	100%	100%	100%
Other EM	0%	0%	0%	0%	14%	56%	71%	85%	98%
Hospitality, F&B & Cleaning									
US	100%	100%	100%	100%	100%	100%	100%	100%	100%
Dev ex-US	100%	100%	100%	100%	100%	100%	100%	100%	100%
China	0%	0%	0%	21%	54%	85%	95%	100%	100%
Other EM	0%	0%	0%	0%	0%	0%	6%	26%	45%
Eldercare & Personal Care									
US	100%	100%	100%	100%	100%	100%	100%	100%	100%
Dev ex-US	100%	100%	100%	100%	100%	100%	100%	100%	100%
China	7%	73%	92%	100%	100%	100%	100%	100%	100%
Other EM	0%	0%	0%	0%	40%	76%	89%	100%	100%
Other B2B (security/light-ind/ag-adj)									
US	100%	100%	100%	100%	100%	100%	100%	100%	100%
Dev ex-US	100%	100%	100%	100%	100%	100%	100%	100%	100%
China	0%	39%	64%	86%	100%	100%	100%	100%	100%
Other EM	0%	0%	0%	0%	40%	76%	89%	100%	100%

Source: J.P. Morgan estimates.

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Table 9: JPMe Task/Job Capability Feasibility Index by Verticals and Regions

% of tasks that are feasible to be addressed by humanoid deployment

Capability Feasibility % (vertical × year)	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Manufacturing			-	35.0%	75.0%	95.0%	95.0%	95.0%	95.0%	95.0%	100.0%
Logistics & Warehousing			-	30.0%	55.0%	90.0%	90.0%	90.0%	90.0%	90.0%	100.0%
Hospitality, F&B & Cleaning			-	10.0%	25.0%	65.0%	65.0%	65.0%	65.0%	65.0%	95.0%
Eldercare & Personal Care			-	5.0%	15.0%	35.0%	35.0%	35.0%	35.0%	35.0%	85.0%
Other B2B (security/light-ind/ag-adj)			-	30.0%	55.0%	80.0%	80.0%	80.0%	80.0%	80.0%	95.0%
Consumer/Household			-	5.0%	15.0%	30.0%	30.0%	30.0%	30.0%	30.0%	60.0%

Source: J.P. Morgan estimates.

Table 10: JPMe Implied Humanoid Penetration Across Verticals and Regions

Penetration % (vertical × region × year)	2027	2028	2029	2030	2031	2032	2033	2034	2035
Manufacturing									
US	0.0%	0.8%	1.8%	2.2%	3.1%	3.7%	4.2%	4.5%	5.3%
Dev ex-US	0.0%	0.7%	1.8%	2.2%	3.1%	3.5%	4.2%	4.5%	5.3%
China	0.0%	0.1%	0.3%	0.7%	1.0%	1.2%	1.4%	1.5%	1.9%
Other EM	0.0%	0.0%	0.0%	0.1%	0.3%	0.6%	0.8%	1.0%	1.3%
Logistics & Warehousing									
US	0.0%	1.0%	1.5%	3.0%	4.2%	6.0%	8.5%	11.0%	14.6%
Dev ex-US	0.0%	1.0%	1.5%	3.0%	4.2%	6.0%	8.5%	11.0%	14.6%
China	0.0%	0.0%	0.1%	0.3%	0.6%	0.8%	1.0%	1.5%	2.3%
Other EM	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%	0.2%	0.3%	0.6%
Hospitality, F&B & Cleaning									
US	0.0%	0.1%	0.4%	0.7%	1.0%	1.2%	1.5%	2.0%	3.6%
Dev ex-US	0.0%	0.1%	0.4%	0.7%	1.0%	1.2%	1.5%	2.0%	3.6%
China	0.0%	0.0%	0.0%	0.0%	0.1%	0.2%	0.3%	0.4%	0.7%
Other EM	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%
Eldercare & Personal Care									
US	0.0%	0.0%	0.1%	0.3%	0.4%	0.4%	0.5%	0.6%	1.9%
Dev ex-US	0.0%	0.0%	0.1%	0.3%	0.4%	0.4%	0.5%	0.6%	1.9%
China	0.0%	0.0%	0.0%	0.1%	0.2%	0.2%	0.2%	0.3%	0.9%
Other EM	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%	0.1%	0.1%	0.4%
Other B2B									
US	0.0%	0.3%	0.6%	1.1%	1.3%	1.6%	1.9%	2.3%	3.3%
Dev ex-US	0.0%	0.3%	0.6%	1.1%	1.3%	1.6%	1.9%	2.3%	3.3%
China	0.0%	0.0%	0.1%	0.3%	0.5%	0.6%	0.7%	0.9%	1.3%
Other EM	0.0%	0.0%	0.0%	0.0%	0.1%	0.2%	0.4%	0.5%	0.7%

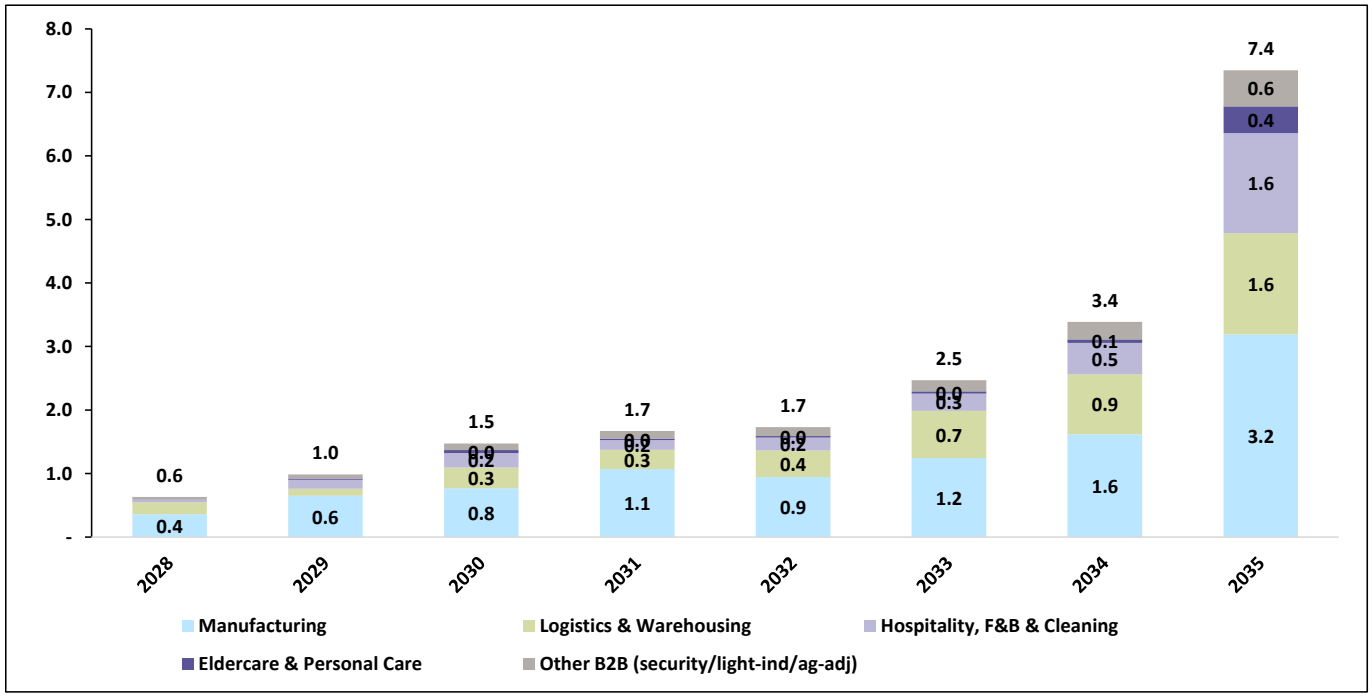
Source: J.P. Morgan estimates.

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Figure 29: JPMe Overall Global B2B Humanoid Sales/RaaS Projections

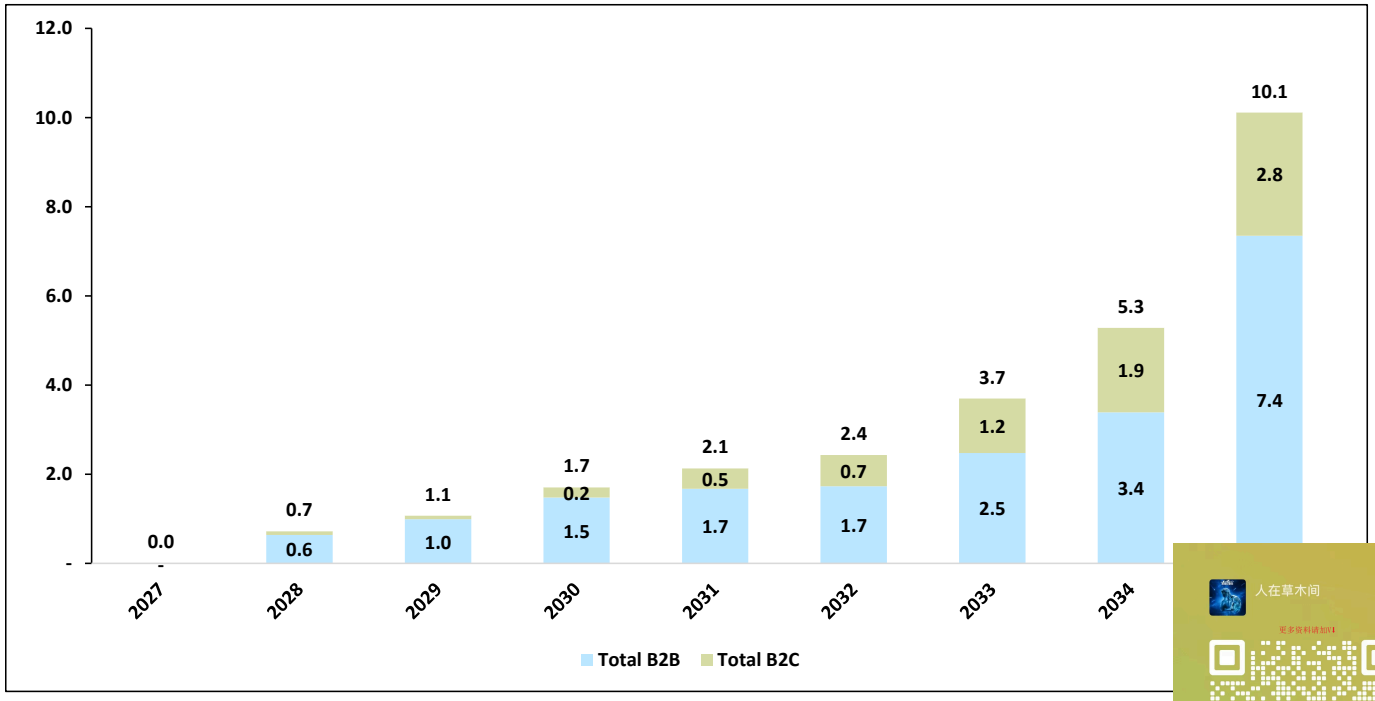
mn units



Source: J.P. Morgan estimates.

Figure 30: JPMe Overall B2B + B2C Humanoid Sales/RaaS Projections

mn units

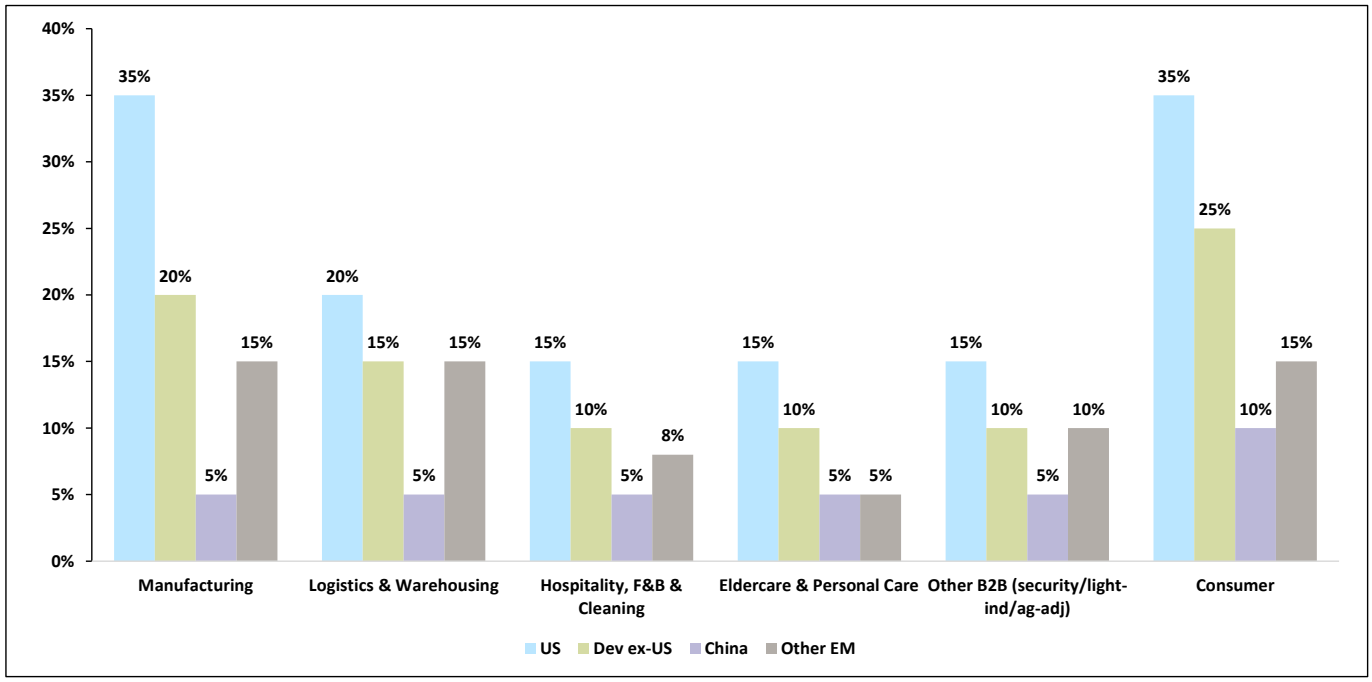


Source: J.P. Morgan estimates.



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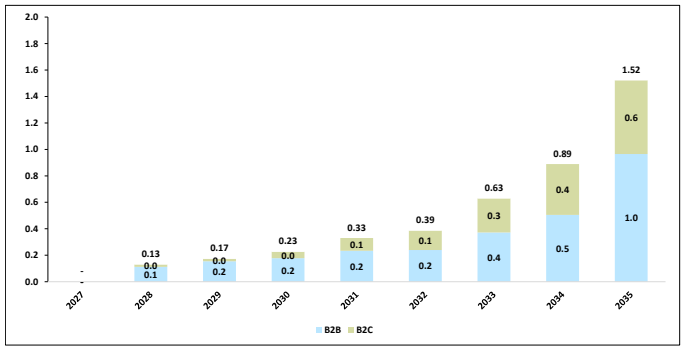
Figure 31: JPMe TSLA Humanoid Industry Market Share Assumptions



Source: J.P. Morgan estimates.

Figure 32: JPMe TSLA B2C + B2B Humanoid Sales

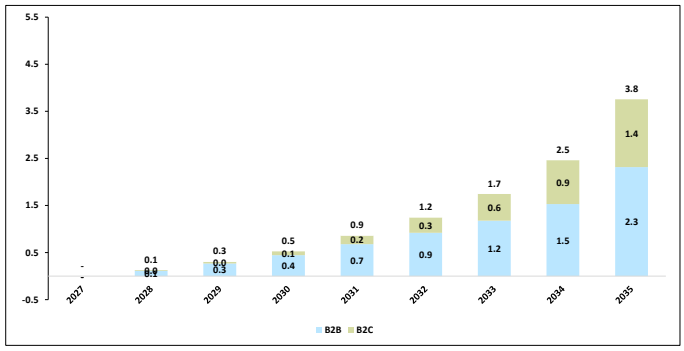
mn units



Source: J.P. Morgan estimates.

Figure 33: JPMe TSLA B2C + B2B Humanoid Fleet

mn units



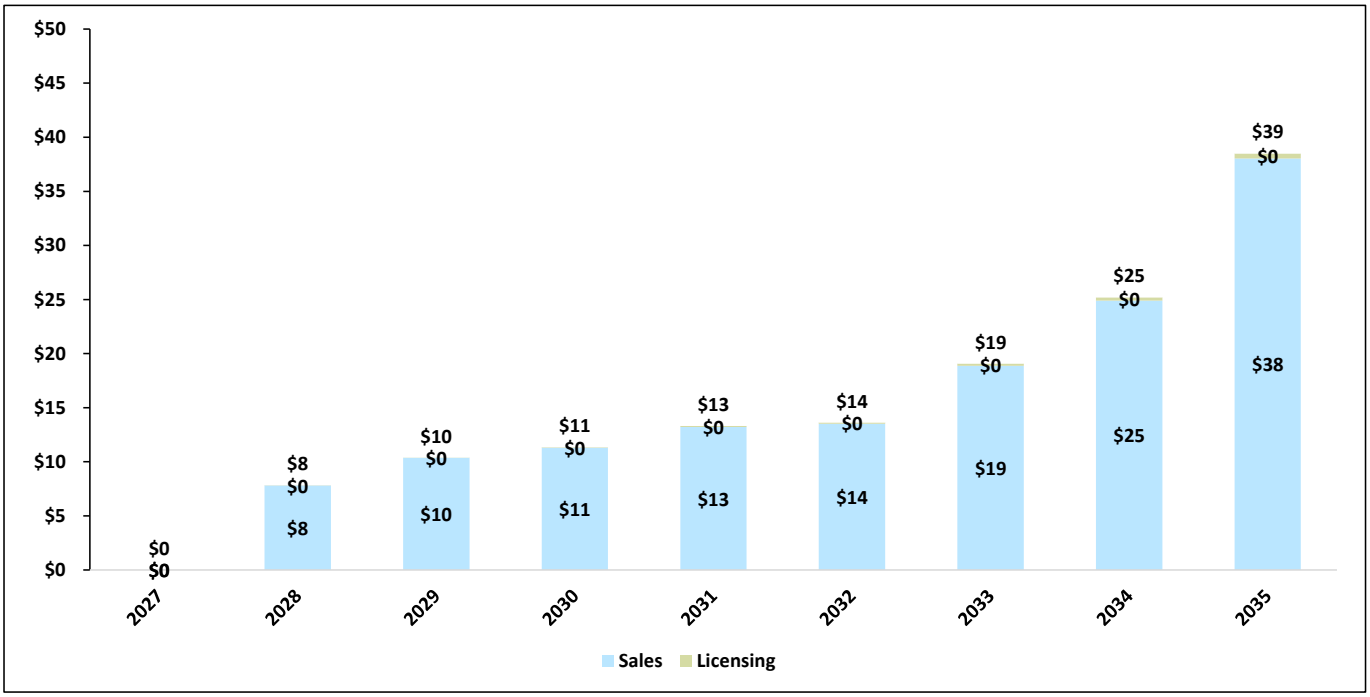
Source: J.P. Morgan estimates.

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Figure 34: JPMe TSLA Humanoid Sale + Licensing Revenue Projections

$ bn



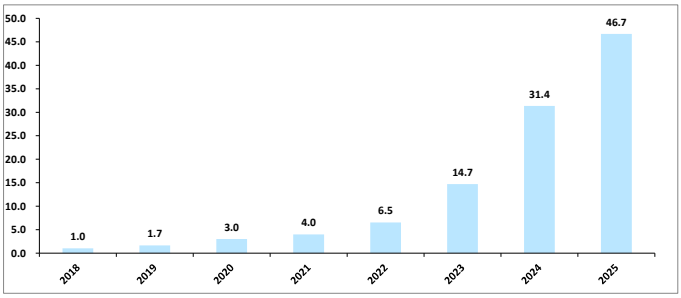
Source: J.P. Morgan estimates.

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Charts: Energy Storage TAM

Figure 35: TSLA Energy Storage Deployed (GWh)

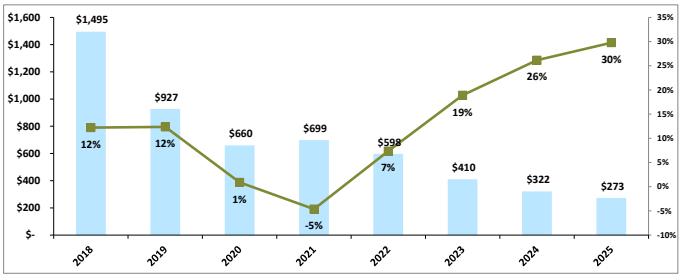
GWh



Source: Company reports.

Figure 36: TSLA Energy ASP ($/KWh) & Gross Margin (%)

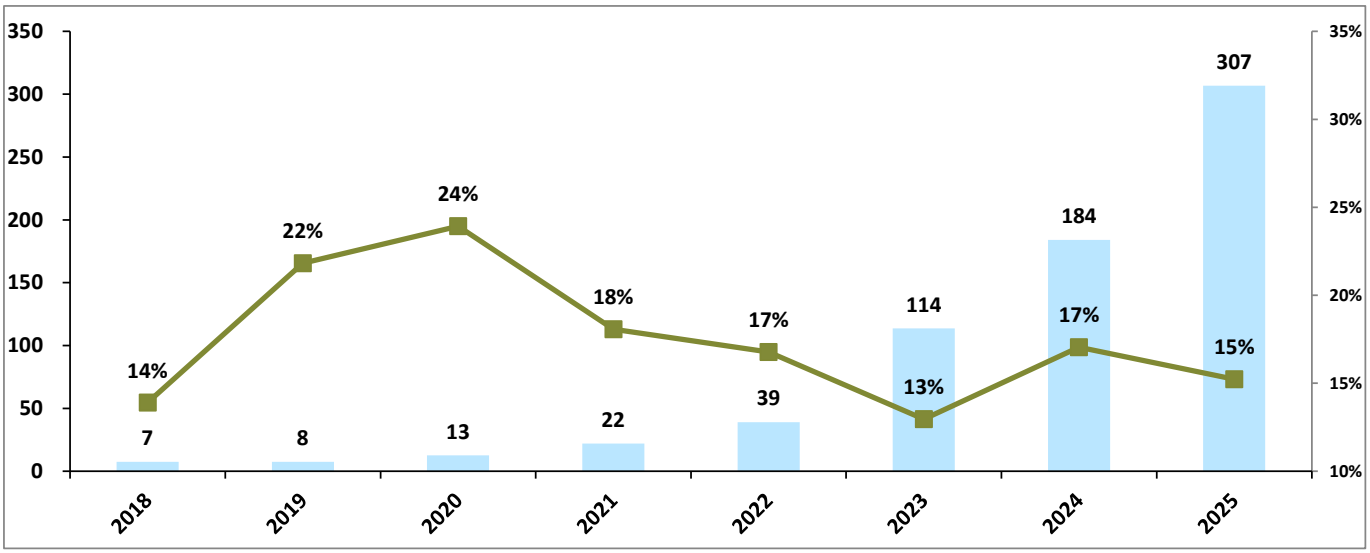
L-Axis: $/KWh; R-Axis: Gross Margin in %



Source: Company reports.

Figure 37: TSLA Global Market Share (%)

L-Axis: Global Annual Capacity Deployed (GWh); R-Axis: TSLA % global market share



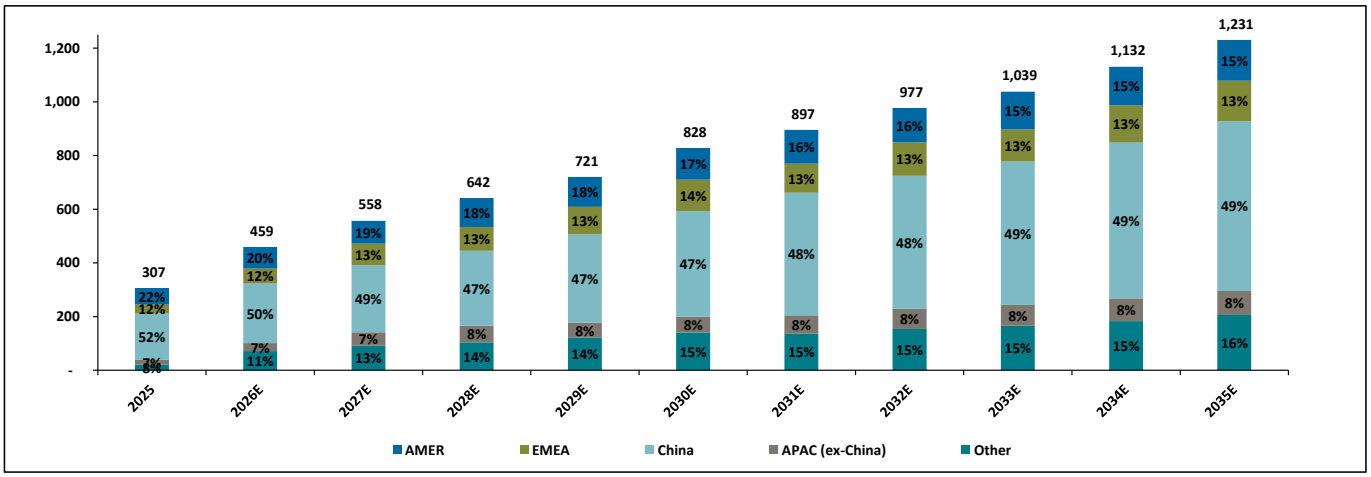
Source: Company reports, Bloomberg NEF.

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Figure 38: Battery Energy Storage Annual Capacity Additions Across Regions

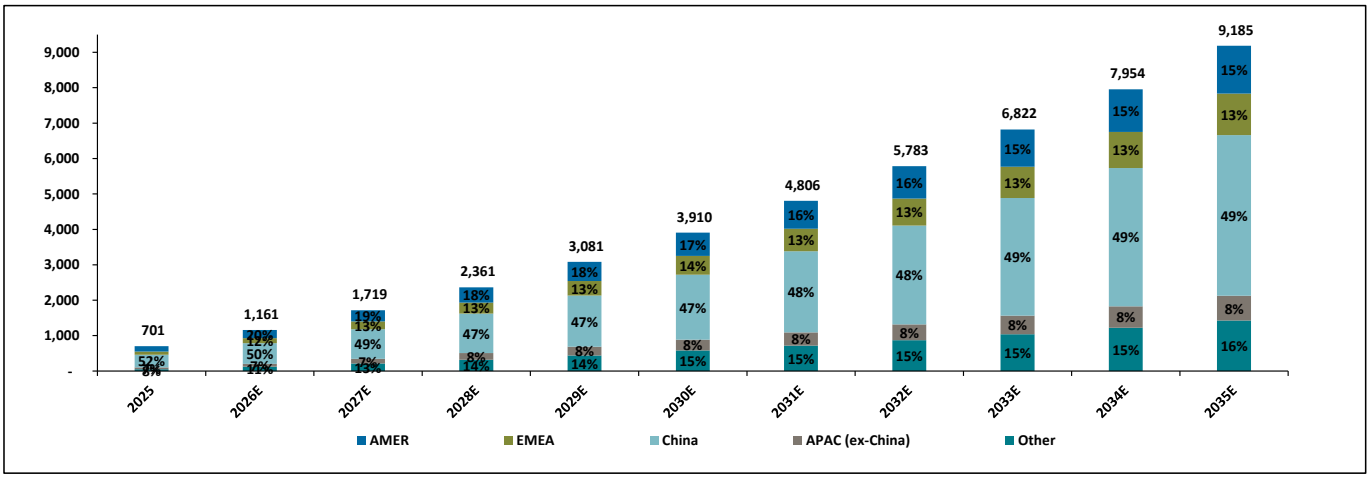
GWh



Source: Bloomberg NEF.

Figure 39: Battery Energy Storage Cumulative Capacity Across Regions

GWh



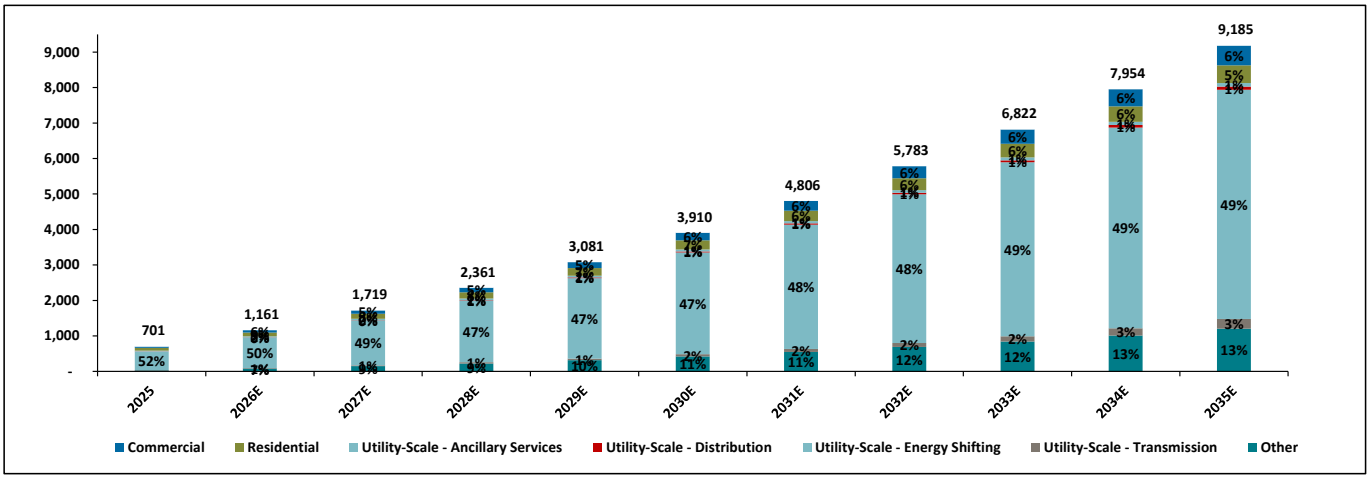
Source: Bloomberg NEF.

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Figure 40: Battery Energy Storage Cumulative Capacity Across End Markets

GWh



Source: Bloomberg NEF.

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Summary Model

Table 11: TSLA Summary Model

$ million, excluding operating metrics

Summary P&L	2019	2020	2021	2022	2023	2024	2025	1Q26	2Q26	3Q26	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	20,560	19,656	76,966	82,819	91,822	100,661	108,042
Service Revenues	2,226	2,306	3,802	6,091	8,319	10,534	12,530	3,745	4,581	4,605	4,652	17,583	23,880	39,422	57,024	82,685
Solar and Energy Storage Revenues	1,531	1,994	2,789	3,909	6,035	10,086	12,771	2,408	3,139	2,881	3,453	11,881	15,541	18,649	20,374	22,259
Total Revenues	**24,578**	**31,536**	**53,823**	**81,462**	**96,773**	**97,690**	**94,827**	**22,387**	**28,236**	**28,046**	**27,762**	**106,431**	**122,240**	**149,893**	**178,059**	**212,986**
Total COGS	20,509	24,906	40,217	60,609	79,113	80,240	77,733	17,667	23,485	22,552	22,478	86,182	97,722	117,803	137,675	162,211
Total Gross Profit	**4,069**	**6,630**	**13,606**	**20,853**	**17,660**	**17,450**	**17,094**	**4,720**	**4,751**	**5,494**	**5,284**	**20,249**	**24,518**	**32,090**	**40,383**	**50,775**
Gross Margin	***17%***	***21%***	***25%***	***26%***	***18%***	***18%***	***18%***	***21%***	***17%***	***20%***	***19%***	***19%***	***20%***	***21%***	***23%***	***24%***
Research and Development	1,343	1,491	2,593	3,075	3,969	4,540	6,411	1,946	2,371	2,761	2,900	9,978	13,000	14,600	15,700	16,000
SG&A	2,646	3,145	4,517	3,946	4,800	5,150	5,834	1,833	1,982	2,015	2,050	7,880	8,700	9,500	10,300	10,150
Operating income/(loss)	**-69**	**1,994**	**6,523**	**13,656**	**8,891**	**7,076**	**4,355**	**941**	**398**	**718**	**334**	**2,391**	**2,818**	**7,990**	**14,383**	**24,625**
Total EBIT Margin	***0%***	***6%***	***12%***	***17%***	***9%***	***7%***	***5%***	***4%***	***1%***	***3%***	***1%***	***2%***	***2%***	***5%***	***8%***	***12%***
Interest Income/(expense)	-640	-718	-315	106	910	1,219	1,342	342	341	355	280	1,318	580	80	80	160
Other (loss)/gain	45	(122)	135	(43)	172	695	(419)	(535)	590	(117)	0	(62)	0	0	0	0
Pre-tax Income/(loss)	**(665)**	**1,154**	**6,343**	**13,719**	**9,973**	**8,990**	**5,278**	**748**	**1,329**	**956**	**614**	**3,647**	**3,398**	**8,070**	**14,463**	**24,785**
Add: Non-cash Stock Based Compensation	898	1,734	2,121	1,560	1,812	1,328	2,012	803	989	982	978	3,752	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**	**1,697**	**1,425**	**5,730**	**6,383**	**10,084**	**15,171**	**23,043**
Weighted average number of shares - Diluted	901	3,194	3,383	3,470	3,483	3,495	3,526	3,538	3,540	3,541	3,590	3,552	3,653	3,734	3,790	3,840
Non-GAAP Diluted EPS	**$0.04**	**$0.76**	**$2.26**	**$4.07**	**$3.12**	**$2.41**	**$1.66**	**$0.41**	**$0.33**	**$0.48**	**$0.40**	**$1.61**	**$1.75**	**$2.70**	**$4.00**	**$6.00**
Summary of Free Cash Flows	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**	**1Q26**	**2Q26**	**3Q26**	**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	804	448	2,871	2,473	5,979	10,860	18,516
Depreciation & Amortization	2,154	2,322	2,911	3,747	4,667	5,368	6,148	1,590	1,619	1,852	1,850	6,911	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	1,165	1,150	4,496	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	9,592	2,099	(6,321)
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**	**6,263**	**2,227**	**17,124**	**13,292**	**16,762**	**22,801**	**31,296**
Capital Expenditure	(1,327)	(3,157)	(6,482)	(7,158)	(8,898)	(11,339)	(8,527)	(2,493)	(5,789)	(4,732)	(6,500)	(19,514)	(25,000)	(25,000)	(27,000)	(28,000)
Free Cash Flow (FCF)	**689**	**2,546**	**5,006**	**7,566**	**4,358**	**3,584**	**6,220**	**1,444**	**(1,092)**	**1,531**	**(4,273)**	**(2,390)**	**(11,708)**	**(8,238)**	**(4,199)**	**3,296**
Summary of Balance Sheet Data	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**	**1Q26**	**2Q26**	**3Q26**	**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	8,136	13,136	13,136	33,136	38,136	38,136	38,136
Gross Cash (including shor-term investments)	6,514	19,622	17,707	22,185	29,094	36,563	44,059	44,743	43,524	45,447	46,174	46,174	54,466	51,228	47,029	50,325
Net Debt	**6,905**	**(7,934)**	**(10,870)**	**(19,086)**	**(23,864)**	**(28,350)**	**(37,323)**	**(36,961)**	**(35,600)**	**(37,311)**	**(33,038)**	**(33,038)**	**(21,330)**	**(13,092)**	**(8,893)**	**(12,189)**
Operating Metrics	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**	**1Q26**	**2Q26**	**3Q26**	**4Q26E**	**2026E**	**2027E**	**2028E**	**2029E**	**2030E**
Total Deliveries (000 units)	**368**	**500**	**936**	**1,314**	**1,809**	**1,789**	**1,636**	**358**	**480**	**487**	**466**	**1,790**	**1,945**	**2,144**	**2,359**	**2,534**
Energy Storage Deployments (GWh)	2	3	4	7	15	31	47	9	14	14	14	50	63	75	87	100
Automotive Gross Margin ex-Reg Credits (%)	*19%*	*21%*	*27%*	*27%*	*18%*	*15%*	*15%*	*19%*	*16%*	*18%*	*19%*	*18%*	*20%*	*21%*	*22%*	*23%*

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

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Investment Thesis, Valuation and Risks

Tesla Inc *(Neutral; Price Target: $430.00)*

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 the 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 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.

Valuation

We maintain our Neutral rating and raise our Dec 2027 PT to $430 from $415 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 ~5.2x EV/revenue multiple on estimated 2035 revenue.

TSLA Implied Value/Share

$ per share

JPM Implied Value/Share	Weightage	Value
SoTP Based	75%	$455
P/E Based	25%	$354
Total		**$430**

Source: J.P. Morgan estimates.

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TSLA SoTP Valuation Analysis

$ billion

Segment SoTP	Revenue ($ bn, 2035)	EV/Revenue	EV ($ bn)	Valuation Benchmarks
Automotive	227	2.0x	443	<<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	22	12.5x	274	<<High-margin SaaS
Optimus (Humanoid Robotics)	39	15.0x	576	<<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	**718**	**5.2x**	**3745**	
Discount Rate			13%	
Discounted 2027-end			**1614**	
Net Cash/(Debt) 2027-end			**21**	
Equity Value			**1636**	
Implied Value/Share			**$456**	

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	$1.61	$1.75	$2.70	$4.00	$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					$386	
Upside vs. Current					-8%	
Memo:						
(-) Net Cash/(Debt), inc. ST Investments	37,323	33,038	21,330	13,092	8,893	
Equity Value	1,367,717	1,387,427	1,426,074	1,445,398	1,464,721	
Enterprise Value	1,330,394	1,354,389	1,404,744	1,432,306	1,455,829	
Diluted Share Count	3,539	3,590	3,690	3,740	3,790	
JPM EBITDAP	9,302	11,018	17,290	24,483	35,525	
EV/EBITDAP	***143.0x***	***122.9x***	***81.2x***	***58.5x***	***41.0x***	*<< Based on current price*
Sales	106,431	122,240	149,893	178,059	212,986	
EV/Sales	***12.5x***	***11.1x***	***9.4x***	***8.0x***	***6.8x***	*<< 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.

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Tesla Inc: Summary of Financials

Income Statement - Annual	FY24A	FY25A	FY26E	FY27E	FY28E
Revenue	**97,690**	**94,827**	**106,431**	**122,240**	**149,893**
COGS	(74,872)	(71,585)	(79,271)	(89,522)	(108,503)
Gross profit	**17,450**	**17,094**	**20,249**	**24,518**	**32,090**
SG&A	(5,150)	(5,834)	(7,880)	(8,700)	(9,500)
Adj. EBITDA	**12,444**	**10,503**	**9,302**	**11,018**	**17,290**
D&A	(5,368)	(6,148)	(6,911)	(8,200)	(9,300)
Adj. EBIT	**7,076**	**4,355**	**2,391**	**2,818**	**7,990**
Net Interest	1,219	1,342	1,318	580	80
Adj. PBT	**8,990**	**5,278**	**3,647**	**3,398**	**8,070**
Tax	(1,837)	(1,423)	(760)	(865)	(2,032)
Minority Interest	(62)	(61)	(59)	(60)	(60)
Adj. Net Income	**8,419**	**5,858**	**5,730**	**6,383**	**10,084**
Reported EPS	2.41	1.66	1.61	1.75	2.70
Adj. EPS	**2.41**	**1.66**	**1.61**	**1.75**	**2.70**
DPS	**-**	**-**	**-**	**-**	**-**
Payout ratio	-	-	-	-	-
Shares outstanding	3,495	3,526	3,552	3,653	3,734

Income Statement - Quarterly	1Q26A	2Q26A	3Q26A	4Q26E
Revenue	**22,387A**	**28,236A**	**28,046A**	**27,762**
COGS	(16,077)A	(21,866)A	(20,700)A	(20,628)
Gross profit	**4,720A**	**4,751A**	**5,494A**	**5,284**
SG&A	(1,833)A	(1,982)A	(2,015)A	(2,050)
Adj. EBITDA	**2,531A**	**2,017A**	**2,570A**	**2,184**
D&A	(1,590)A	(1,619)A	(1,852)A	(1,850)
Adj. EBIT	**941A**	**398A**	**718A**	**334**
Net Interest	342A	341A	355A	280
Adj. PBT	**748A**	**1,329A**	**956A**	**614**
Tax	(257)A	(201)A	(152)A	(150)
Minority Interest	(14)A	(12)A	(17)A	(16)
Adj. Net Income	**1,453A**	**1,155A**	**1,697A**	**1,425**
Reported EPS	0.41A	0.33A	0.48A	0.40
Adj. EPS	**0.41A**	**0.33A**	**0.48A**	**0.40**
DPS	**-**	**-**	**-**	**-**
Payout ratio	-	-	-	-
Shares outstanding	3,538A	3,540A	3,541A	3,590

Balance Sheet & CashFlow Statement	FY24A	FY25A	FY26E	FY27E	FY28E
Cash and cash equivalents	16,139	16,513	18,628	26,920	23,682
Accounts receivable	4,418	4,576	4,257	4,890	5,996
Inventories	12,017	12,392	13,789	15,635	18,849
Other current assets	25,292	35,161	34,464	35,492	39,537
Current assets	**57,866**	**68,642**	**71,138**	**82,937**	**88,063**
PP&E	35,836	40,643	55,241	72,041	87,741
LT investments	-	-	-	-	-
Other non current assets	28,368	28,521	37,349	40,883	44,714
Total assets	**122,070**	**137,806**	**163,728**	**195,860**	**220,518**
Short term borrowings	-	-	-	-	-
Payables	22,204	26,650	34,058	39,117	47,966
Other short term liabilities	0	0	0	0	0
Current liabilities	**22,204**	**26,650**	**34,058**	**39,117**	**47,966**
Long-term debt	8,213	6,736	13,136	33,136	38,136
Other long term liabilities	17,973	21,555	25,048	25,048	25,048
Total liabilities	**48,390**	**54,941**	**72,242**	**97,301**	**111,150**
Shareholders' equity	73,680	82,865	91,487	98,560	109,368
Minority interests	-	-	-	-	-
Total liabilities & equity	**122,070**	**137,806**	**163,728**	**195,860**	**220,518**
Net debt/(cash)	(7,926)	(9,777)	(5,492)	6,216	14,454
Cash flow from operating activities	**14,923**	**14,747**	**17,124**	**13,292**	**16,762**
o/w Depreciation & amortization	5,368	6,148	6,911	8,200	9,300
o/w Changes in working capital	-	-	-	-	-
Cash flow from investing activities	**(34,762)**	**(15,478)**	**(19,426)**	**(25,000)**	**(25,000)**
o/w Capital expenditure	(11,339)	(8,527)	(19,514)	(25,000)	(25,000)
as % of sales	*11.6%*	*9.0%*	*18.3%*	*20.5%*	*16.7%*
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)**	**(2,302)**	**(11,708)**	**(8,238)**
Adj. Free cash flow to firm	**4,554**	**7,200**	**(1,347)**	**(11,276)**	**(8,178)**

Ratio Analysis	FY24A	FY25A	FY26E	FY27E	FY28E
Gross margin	17.9%	18.0%	19.0%	20.1%	21.4%
EBITDA margin	12.7%	11.1%	8.7%	9.0%	11.5%
EBIT margin	7.2%	4.6%	2.2%	2.3%	5.3%
Net profit margin	8.6%	6.2%	5.4%	5.2%	6.7%
ROE	12.3%	7.5%	6.6%	6.7%	9.7%
ROA	7.4%	4.5%	3.8%	3.6%	4.8%
ROCE	7.5%	3.7%	1.9%	1.8%	4.3%
SG&A/Sales	5.3%	6.2%	7.4%	7.1%	6.3%
Net debt/equity	NM	NM	NM	0.1	0.1
Net debt/EBITDA	NM	NM	NM	0.6	0.8
P/E (x)	160.4	232.6	239.6	221.1	143.1
P/BV (x)	18.3	16.4	15.0	14.3	13.2
EV/EBITDA (x)	122.1	144.5	163.6	139.2	89.2
Dividend Yield	-	-	-	-	-
Sales/Assets (x)	0.9	0.7	0.7	0.7	0.7
Interest cover (x)	-	-	-	-	-
Operating leverage	(2154.3%)	1312.1%	(368.5%)	120.2%	811.3%
Revenue y/y Growth	0.9%	(2.9%)	12.2%	14.9%	22.6%
EBITDA y/y Growth	(8.2%)	(15.6%)	(11.4%)	18.4%	56.9%
Tax rate	20.4%	27.0%	20.9%	25.5%	25.2%
Adj. Net Income y/y Growth	(22.6%)	(30.4%)	(2.2%)	11.4%	58.0%
EPS y/y Growth	NM	NM	NM	8.3%	54.5%
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