October 16, 2026 10:55 AM GMT

Tesla Inc | North America

The Art of the Possible

Tesla's new Roadster is a showcase of engineering prowess: sub-0.6s 0-60, 230+ mph, fan-based down-force and SpaceX thrusters that allow it to fly (literally). Near-term volume and EPS impact are likely negligible, but as a halo for Tesla's engineering edge and SpaceX crossover, it's hard to ignore.

"Success is not certain, but excitement is" – Elon Musk

We're still trying to put into words what we just witnessed with the Roadster launch. 0-60 in <0.59 seconds for the Rocket trim, a top speed exceeding 230 mph, fan suction system capable of holding the vehicle upside down, UV and cryogenic protection, electrostatic dissipation, and SpaceX-developed cold-gas thrusters supporting forward and upward acceleration plus lateral rotational movement. Yes, it can fly. Production is targeted for 2028.

The practical earth-based use case for a flying Roadster is admittedly limited today, but that arguably misses the point. This is less about near-term volume and more about demonstrating the art of the possible – pushing the boundaries of physics, engineering, and innovation. The technological crossover with SpaceX (covered by Adam Jonas) is unmistakable. Commercial success remains to be seen, but as a showcase of engineering ambition, this was impressive.

We are turning more constructive on Tesla heading into 3Q earnings, as improving execution across Robotaxi and the core auto business provides greater support for the long-term thesis. Tesla's rapid Cybercab expansion in Austin, with fleet size increasing eightfold to more than 300 vehicles in just 30 days and cumulative unsupervised miles surpassing 1mn, represents a meaningful improvement toward commercial scale. Meanwhile, two consecutive quarters of auto delivery upside have been supported by higher gas prices and improving FSD adoption. While elevated capex, near-term cash burn, and a demanding valuation may limit significant near-term outperformance, execution is starting to catch up with some of the longer-term goals, creating a more attractive setup into earnings. See our preview here: Tesla Inc: 3Q Preview: Turning More Constructive as Robotaxi Gains Traction

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Tesla Inc (TSLA.O, TSLA US)

Autos & Shared Mobility | United States of America

Stock Rating	**Equal-weight**
Industry View	**In-Line**
Price target	**$400.00**
Shr price, close (Oct 15, 2026)	$362.44
Mkt cap, curr (mm)	$1,283,038
52-Week Range	$498.83-297.38

Fiscal Year Ending	12/25	12/26e	12/27e	12/28e
EPS ($)**	1.67	1.73	2.00	2.56
Prior EPS ($)**	-	-	-	-
ModelWare EPS ($)	1.07	0.73	0.69	1.25

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.

Valuation Methodology and Risks

Tesla Inc (TSLA.O)

Our PT of $400 is comprised of 5 components: **(1)** $44/share for core Tesla Auto business on ~8.5mm units in 2040, 8.2% exit EBIT margin (ex-FSD), 10.9% WACC, and 10x 2040 exit EBITDA multiple. **(2)** Network Services at $145/share, 80% attach rate at $240/month ARPU by 2040 **(3)** Tesla Mobility at $120/share on DCF with ~5mn cars at ~$1.33/mile by 2040. **(4)** Energy at $35/share, and **(5)** Humanoids at $56/share (50% probability discount).

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

