



TESLA

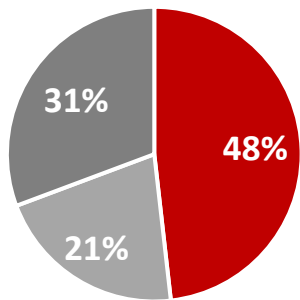
SHORT: TSLA (NASDAQ: TSLA)

Executive Summary

Tesla designs and manufactures electric vehicles and a unique set of energy solutions to accelerate the world's transition to sustainable energy.

Key Markets

Revenue Breakdown

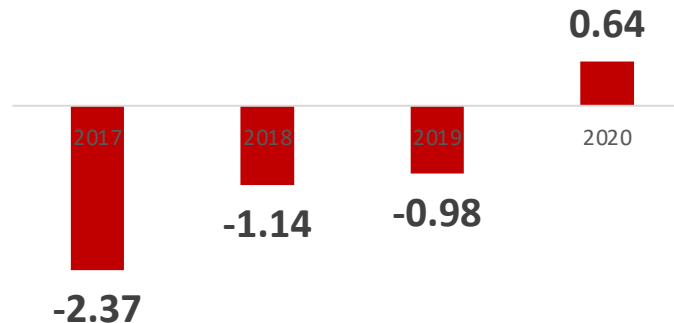


■ USA ■ China ■ Other

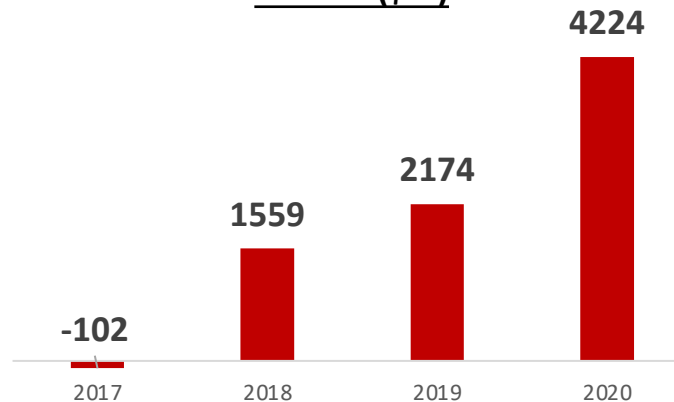
- Tesla has strong diversification across global markets and manufacturing processes enabling continual innovation.

Financials

EPS (\$)



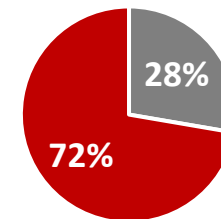
EBITDA (\$m)



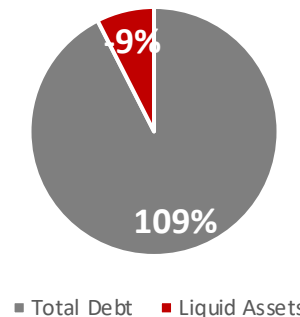
Credit Profile

Capital Structure

■ Debt ■ Equity



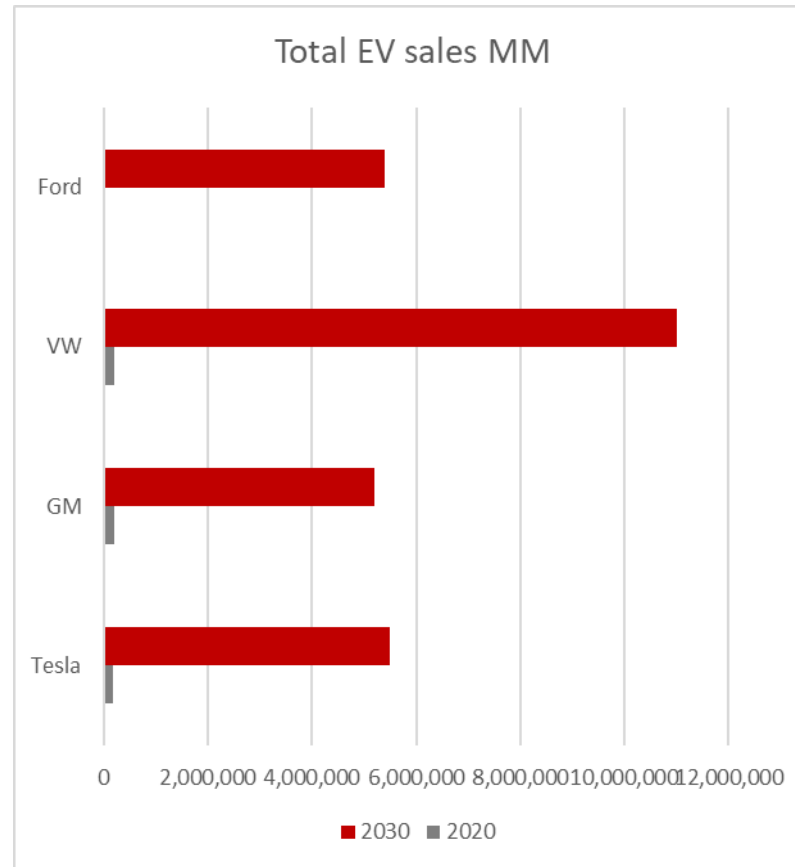
Total Debt as a % of Liquid Assets



■ Total Debt ■ Liquid Assets

Industry Overview

- CAGR of the EV industry is expected to be 24.51% by 2030 globally vs 28% for Tesla.
- Market size of \$957.42B in 2030 up from \$208.95B for 2021.
- The EV industry is projected concentrated growth in wealthy countries resulting from social and legal changes .
- Growth of the EV market is likely to remain hindered as a result of the lack of infrastructure in less wealthy countries.



Metric	Tesla	General Motors	Ford Motor
Market Cap	\$635B	\$83B	\$50.7B
Enterprise Value	\$629B	\$165B	\$164B
Forward P/E	161x	11x	11.6x
EBITDA	\$4.27B	\$13.6B	\$4.8B
Revenue	\$31.5B	\$122.5B	\$127.1B
Price / Revenue	23x	0.7x	0.4x
Expected Revenue Growth	55%	13%	13%
Cars Sold / Year	500,000	6.8M	4.2M
Employees	70,700	155,000	190,000
U.S. Dealerships	130	4,355	3,000

Company Overview

Summary

- Tesla (\$TSLA) founded in 2003 is an electric vehicle and clean energy company headquartered in Austin, TX, US.
- The Tesla Model 3 was the number 1 best selling plug-in EV of 2020 with global sales number of 365M.
- IPO in 2010 raising US \$226M.

Revenue Breakdowns (2020)

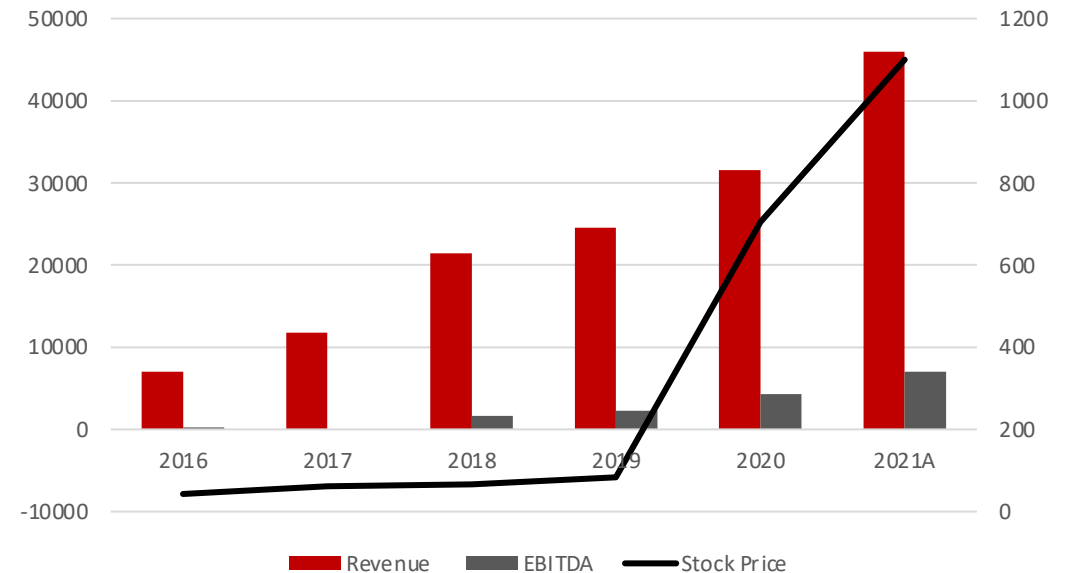
Products:

- Automotive (87% of revenue)
- Energy generation and storage (6%)
- Services and other (7%)

Geographical:

- US (50% of revenue)
- China (11%)

Historical Financial Performance



Management & Ownership Overview



Elon Musk, CEO



JB Straubel, CTO



Zachary Kirkhorn, CFO



Jerome Guillen, President



Drew Baglino, VP

Demographic highlights of the leadership team
The Tesla executive team is **17% female** and **83% male**.
53% of the management team is **White**.
13% of Tesla management is **Hispanic or Latino**.
9% of the management team is **Black or African American**.

Elon Musk, CEO, owns the largest shareholder, owning 17.03%
The Vanguard Group is the largest shareholder of Tesla Inc after Musk, total value of \$67,015,087,220, followed by Capital Research and Management Company, total value of \$42,845,291,975.

Key Rationale

Tesla Product Pipeline

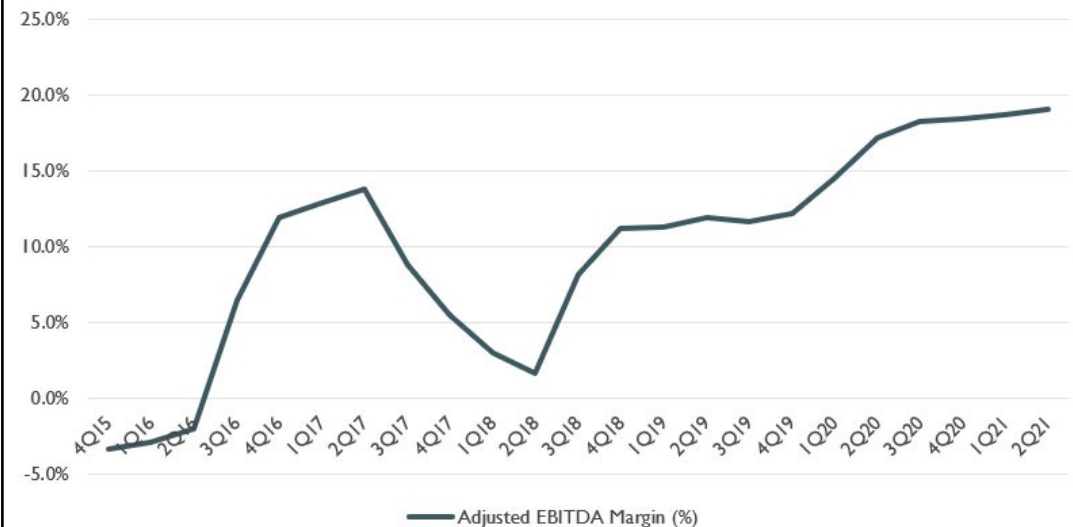
- Only 4 models in active production, of which 2 are having steady decline in production.
- 2 New models were announced in 2017 and missed their promised release date. The Cybertruck Issue.

Increase in market competition

- More than 50 new EVs will be released in 2021.
- Govt. subsidies by Pres. Biden's build back better plan.
- US-China tensions could stop Tesla from both producing and selling in China.
- EV start ups like Rivian may release their pick up truck before tesla.

Volatility Factors

Tesla Adjusted EBITDA Margin (Non-GAAP)

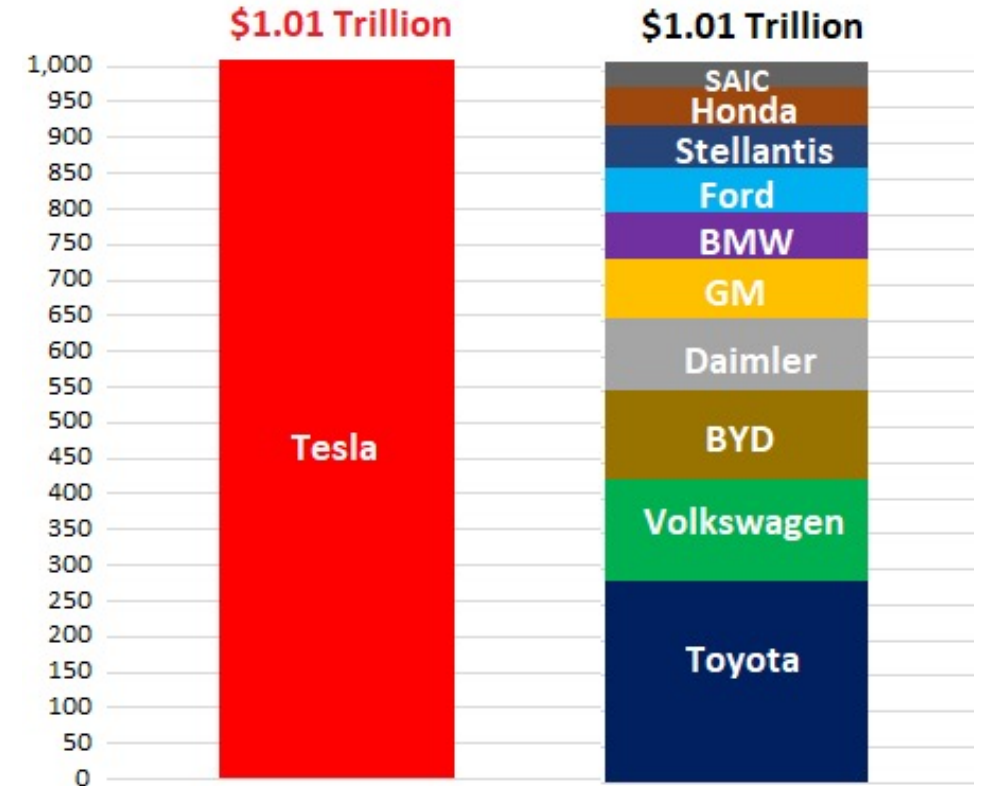


- Volatility in EBITDA Margin reduces investor confidence.
- Because of high inflation Tesla is in need of stable and high Cash inflows

Key Risks

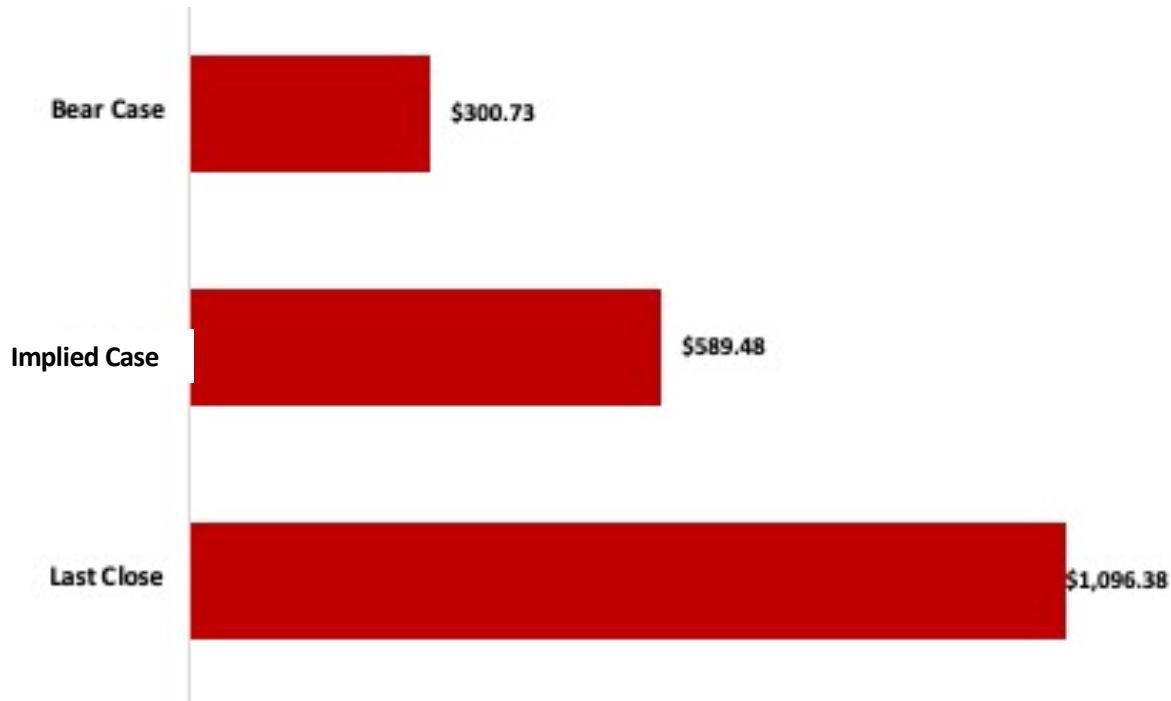
Risks	Mitigants
<ul style="list-style-type: none">Exceeding market expectations in Q4 results.Underperformance of competition.Supply chain risks ease.	<ul style="list-style-type: none">Excessive valuations have resulted in large market expectations for future growth. As these are not met, confidence will erode.Increased competition will harm Tesla's market share in the electric vehicle sector, as companies with strong infrastructure meet their production targets.Continued supply chain woes will lead to difficulties in meeting production targets.

Market Capitalization, USD, Oct 25, 2021
Tesla v. Next 10 Automakers



Valuation and Key Financials

Discounted Cash Flow Analysis (\$bn)



Key Financials

Total Revenue	\$46.85bn
Revenue CAGR (since 2017)	31.85%
EBITDA	\$7.20bn
EBITDA Margin	c.15.37%

Key Valuation Statistics

Enterprise Value	£1.05T
EV/EBITDA	143x
Current Share Price	\$1062
Implied Share Price	\$589

Return on Invested Capital

Return on Equity	16.10%
Return on Assets	6.95%

Recommendation

Tesla Inc.	NASDAQ: TSLA
Rating	OVERVALUED
Implied Share Price (USD)	589
Current Share Price 08-12-21 (USD)	1063
Percentage	55%

My view is that the current share price of Tesla is **overvalued** by 55% with an implied share price of \$589 with the current market price coming in at \$1063, therefore I recommend **SELL**.

Recommended SELL

- Tesla's share price has grown by over 50% since September 2021 illustrating the potential pullback.
- A pullback of 10% has already taken place since all time highs just 2 weeks ago.
- The strong potential of Tesla is already priced into the stock.

Thank You

Any Questions?

