

Company: Tesla, Inc.	Ticker: TSLA	Current Price: \$186.92	Industry: Automobile Manufacturers
Target Price: \$270.64	TTM P/E: 63.92	Beta: 1.95	Market Cap: \$ 635 B
Stop Loss: \$ 169.55	Forward P/E: 34.78	Credit Rating: BBB	Avg Vol: 70.73 M
52 Week High/Low: \$ 186.75 - \$402.67	EPS: 2.96 (TTM)	Rating Outlook: A	Dividend Yield: 0%

Company Background:

Tesla, Inc. designs, develops, manufactures, sells, and leases fully electric vehicles, energy generation and storage systems, and offers services related to its products. The Company's automotive segment includes the design, development, manufacturing, sales, and leasing of electric vehicles, as well as sales of automotive regulatory credits.

Industry Outlook:

President Biden Outlines Target of 50% Electric Vehicle Sales Share in 2030 to Unleash Full Economic Benefits of Build Back Better Agenda and Advance Smart Fuel Efficiency and Emission Standards. The European Union struck a deal on Oct. 27 on a law to effectively ban the sale of new petrol and diesel cars from 2035.

As the ESG concept has been considered more and more important today, the whole industry will get both short term and long-term benefits with the policy support.

Investment Thesis:

An absolute electric vehicle manufacturers industry leader, tesla doesn't have too much competitive pressure and will thrive in the market trend. We believe the current lowest stock price is because of the rate hike and a series of influences caused by the acquisition of Twitter, which won't last too long and give us a great opportunity to buy.

Investment Risks:

1. "Overvalued" and expensive stock price need the highest revenue growth rate in the whole industry as back up.
2. Revenue is relied too heavily on electric vehicles; a recall could damage a lot.
3. The China's strict zero-covid policy and more and more conservative business environment could hurt Tesla from supply to demand.

3-5 Takeaways from last quarter investor call transcripts

1. Industry-leading operating margin reached 17% in Q3
2. Free cash flow surpassed \$3 billion in Q3 and approached \$9 billion in the past 12 months
3. On automotive profitability, GAAP operating margin was 17.2%, with automotive gross margin at 27.9%.
4. Removing regulatory credits and Austin and Berlin, operating margins would have been our strongest yet and auto gross margin would have been nearly 30%.

Financial Performance

	2017	2018	2019	2020	2021
Revenue	11,759	21,461	24,578	31,536	53,823
EBIT	-1,632.1	-252.8	80.00	1,994.0	6,496.0
Net Income	-2,963.2	-1,062.6	-775.0	862.0	5,644.0
Revenue growth	68%	83%	15%	28%	71%
EBITDA Margin	0.0%	7.7%	9.1%	13.7%	17.5%
Operating Margin - %	-13.9%	-1.2%	0.3%	6.3%	12.1%
Net Margin - %	-25.2%	-5.0%	-3.2%	2.7%	10.5%
D/E	4.09	3.71	3.23	1.20	0.97
EPS	-1.08	-0.38	-0.33	0.21	1.63
P/E	-	-	-	1,341.58	343.11
Current Ratio	0.85613	0.83128	1.13462	1.87514	1.37529
ROE	-41.0%	-18.3%	-10.1%	7.6%	23.5%
ROA	-8.6%	-3.4%	-2.1%	2.7%	11.1%
Dividend Per Share	-	-	-	-	-
FCF	-3,617.98	-787.09	1036	598	176

Discounted Cash Flow

Projection	2017	2018	2019	2020	2021	2022	2023	2024	2025
Sales	11,759	21,461	24,578	31,536	53,823	86586	125408	191159	219833
% of growth	68%	83%	15%	28%	71%	60.87%	44.84%	52.43%	15.00%
EBIT	-1,638	-253	80	1,994	6,496	18111,055	30059,3063	46660,2015	48363,227
% of sales	-13.93%	-1.18%	0.33%	6.32%	12.07%	20.92%	23.97%	24.41%	22.00%
Tax	32	58	110	292	699	2993,4671	6928,97093	11229,0072	7254,48405
% of EBIT	-1.93%	-22.87%	137.50%	14.64%	10.76%	16.53%	23.05%	24.07%	15.00%
EBIAT	-1,669	-311	-30	1,702	5,797	15,118	23,130	35,431	41,109
D&A	1,636	1,901	2,154	2,322	2,911	3865,5866	4488,65566	7021,1464	8793,314
% of Sales	13.91%	8.86%	8.76%	7.36%	5.41%	4.46%	3.58%	3.67%	4.00%
CapEX	4081,354	2319,516	1437	3242	8014	8612,3698	10898,6737	13022,6893	13189,971
% of Sales	34.71%	10.81%	5.85%	10.28%	14.89%	9.95%	8.69%	6.81%	6.00%
Change in NWC	-497	58	-349	184	518	865,861	1254,08	1911,59	2198,3285
% of Sales	-4.22%	0.27%	-1.42%	0.58%	0.96%	1%	1%	1%	1%
TGR	7%								
WACC	11%								
Unlevered fcf						9,505	15,466	27,518	34,514
time						0.2	1.2	2.2	3.2
pv of fcf						9317,021	13719,8681	22091,2772	25074,5388
TV									1055134,87
pv of TV									766564,471
EV									836767,176
+cash									18052
-debt									6916
Equity value									847903,176
# shares									5133
piece									270,64

Relative Valuation

Total Return %

Ticker	Revenue Growth		EBITDA Margin		Profit Margin		EV / Revenue		EV / EBITDA		P / E	
	22E-23E	22E	23E	22E	23E	22E	23E	22E	23E	22E	23E	
TSLA	45%	34%	30%	17%	23%	9.24x	8.36x	27.07x	21.04x	56.52x	29.98x	
1 GM	6%	10%	0%	7%	6%	0.85x	0.80x	8.17x	8.61x	4.65x	5.28x	
2 F	8%	10%	0%	5%	5%	0.87x	0.81x	8.75x	8.77x	5.78x	6.08x	
3 NIO	34%	11%	0%	-14%	-9%	2.23x	1.27x					
4 BYDDY	20%	8%	0%	3%	3%	1.62x	1.15x	18.90x	13.42x	65.66x	38.43x	
5 ZB33-HK	23%	8%	8%	5%	5%	1.16x	0.87x	14.07x	10.70x	20.00x	15.35x	
Mean	24%	8%	7%	2%	3%	1.98x	0.98x	12.47x	10.28x	24.08x	18.28x	
Median	23%	8%	0%	5%	5%	1.16x	0.87x	11.41x	9.74x	12.89x	10.71x	

Calculating Implied Share Price	Equity Value			Implied Share Price		
	Revenue	EBITDA	Net Income	Revenue	EBITDA	Net Income
Minimum	109924	324741	111066	30.68	90.63	31.00
Mean	122143	380637	342474	36.88	109.03	95.58
Median	118666	366740	225313	33.12	102.36	62.88
Maximum	168013	504326	808203.52	46.89	140.76	225.57

	Stock	Index	Sector
5 Days	-13.39	-9.91	-2.54
1 Month	-13.39	-10.92	-4.04
3 Months	-25.7	-18.06	-5.36
YTD	-44.05	-17.15	-2.63
1 Yeas	-51.62	-26.86	-5.27

Index: NASDAQ Composite Index; .IXIC

Sector: S&P 500 Automobile Manufacturers (Sub Ind)