

Tesla, Inc. (TSLA)

Overweight

Prepping for Robotaxi Launch: Key Points from Call with Creator of FSD Tracker

CONCLUSION

Last week, we hosted an investor call with Elias Martinez, creator of the FSD Community Tracker (<https://teslafsdtracker.com/>). By a wide margin, Tesla's full self-driving (FSD) software is the largest contributor to our price target. Given the materiality of this topic, as well as the rapidly-approaching launch date for robotaxis in Austin, we think investors are scrutinizing this issue more closely than ever. After the call, it seems evident that the current version of FSD software (v13) cannot support truly autonomous vehicles. However, it has been 4.5 months since Tesla unveiled v13, and since then, no major updates have been released. During this period, Tesla has likely been focused on ensuring a safe launch in Austin; behind-the-scenes progress may not be evident in the tracker.

See below for one-liner takeaways; to access recording, contact your PSC Sales rep

- Miles to disengagement jumped 2x between v12 and v13; improvement is clearly evident
- On a 3-year timeline, improvement is even clearer (v13 has improved +8x vs. v10)
- Progress is especially obvious around pedestrians, or in bad weather (even snow)
- It is still difficult to compare efficacy vs. Waymo or others, due to biased/filtered data
- "Miles to collision" may be the best metric; in city driving, humans crash every 50k miles
- Waymo drives ~45k+ miles between collisions; TSLA *may be* closer to 4k-10k miles...
- ...but fleet-wide metrics may underestimate Tesla's performance in Austin specifically
- Mr. Martinez suspects that test vehicles may be building Austin-specific maps...
- ...if true, FSD could ace Austin's occluded stop signs, no-turn-on-red intersections, etc.
- Elon Musk is a camera purist, but mapping and audio sensors would be a big help
- FSD still struggles with emergency vehicles; audio sensors can be used to detect sirens
- Using remote operators (like other platforms do) would boost performance further

RISKS TO ACHIEVEMENT OF PT & RECOMMENDATION

Production delays, raw material pricing volatility, product defects and recalls, supply chain disruptions, slow adoption of electric vehicles.

COMPANY DESCRIPTION

Tesla sells electric vehicles, batteries, solar-powered rooftops, and various other products.

PRICE: US\$287.21

TARGET: US\$400.00

Based on 120x FY26E EPS, plus \$11/share in cash

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Changes	Previous	Current
Rating	—	Overweight
Price Tgt	—	US\$400.00
FY25E Rev (mil)	—	US\$99,131.0
FY26E Rev (mil)	—	US\$114,124
FY25E EPS	—	US\$2.20
FY26E EPS	—	US\$3.24
52-Week High / Low	US\$488.54 / US\$167.41	
Shares Out (mil)	3,521.0	
Market Cap. (mil)	US\$1,011,266.4	
Avg Daily Vol (000)	118,736	
Div (ann)	US\$0.00	
Fiscal Year End	Dec	

Price Performance - 1 Year



Source: Bloomberg

YEAR	REVENUE (US\$ m)						EARNINGS PER SHARE (US\$)					
	Mar	Jun	Sep	Dec	FY	FY RM	Mar	Jun	Sep	Dec	FY	FY P/E
2024A	21,301.0	25,500.0	25,182.0	25,707.0	97,690.0	10.4x	0.45	0.52	0.72	0.60	2.29	NM
2025E	19,335.0A	23,603.0	26,494.0	29,700.0	99,131.0	10.2x	0.27A	0.54	0.64	0.75	2.20	NM
2026E	26,695.0	27,556.0	29,204.0	30,669.0	114,124	8.9x	0.68	0.74	0.85	0.97	3.24	88.6x

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Tesla, Inc.

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(millions, except per share amounts)

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	FY2023				FY2024				FY2025E				FY2026E									
	1QA	2QA	3QA	4QA	1QA	2QA	3QA	4QA	1QA	2Q	3Q	4Q	1Q	2Q	3Q	4Q	2021	2022	2023	2024	2025E	2026E
Revenue																						
Automotive w/out Resale Value Guarantee	18,878	20,419	18,582	20,630	16,460	18,530	18,831	18,659	12,925	16,594	19,277	21,816	20,224	20,387	20,551	20,715	43,186	66,708	78,509	72,480	70,611	81,877
Automotive with Resale Value Guarantee	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	939	502	-	-	-	-
Automotive Regulatory Credits	521	282	554	433	442	890	739	692	595	575	575	575	575	575	575	575	1,465	1,776	1,790	2,763	2,320	2,300
Automotive Leasing	564	567	489	500	476	458	446	447	447	414	436	453	435	429	424	432	1,642	2,476	2,120	1,827	1,750	1,720
Total Automotive Revenue	19,963	21,268	19,625	21,563	17,378	19,878	20,016	19,798	13,967	17,582	20,288	22,844	21,233	21,391	21,550	21,722	47,232	71,462	82,419	77,070	74,681	85,896
Energy Generation and Storage - Sales	1,413	1,359	1,416	1,327	1,522	2,866	2,228	2,948	2,621	3,158	3,433	4,043	2,921	3,512	4,853	6,047	2,279	3,376	5,515	9,564	13,254	17,333
Energy Generation and Storage - Leasing	116	150	143	111	113	148	148	113	109	147	148	113	114	148	146	113	510	533	520	522	517	520
Services and other	1,837	2,150	2,166	2,166	2,288	2,608	2,790	2,848	2,638	2,715	2,625	2,700	2,427	2,505	2,655	2,788	3,802	6,091	8,319	10,534	10,679	10,375
Net sales (GAAP)	23,329	24,927	23,350	25,167	21,301	25,500	25,182	25,707	19,335	23,603	26,494	29,700	26,695	27,556	29,204	30,669	53,823	81,462	96,773	97,690	99,131	114,124
Cost of sales - Automotive	15,422	16,841	15,656	17,202	13,897	15,962	15,743	16,268	11,461	14,473	16,681	18,770	17,187	17,266	17,324	17,340	32,415	49,599	65,121	61,870	61,385	69,117
Cost of sales - Automotive leasing	333	338	301	296	269	245	247	242	239	228	240	249	239	236	233	238	978	1,509	1,268	1,003	956	946
Cost of sales - Automotive	15,755	17,179	15,957	17,498	14,166	16,207	15,990	16,510	11,700	14,701	16,920	19,020	17,426	17,502	17,557	17,578	33,393	51,108	66,389	62,873	62,341	70,062
Cost of sales - Energy generation and storage	1,361	1,231	1,178	1,124	1,232	2,274	1,651	2,289	1,945	2,446	2,650	3,075	2,246	2,708	3,699	4,558	2,918	3,621	4,894	7,446	10,115	13,211
Cost of sales - Services and other	1,702	1,984	2,037	2,107	2,207	2,441	2,544	2,729	2,537	2,525	2,415	2,457	2,208	2,280	2,389	2,509	3,906	5,880	7,830	9,921	9,935	9,387
Gross profit (GAAP)	4,511	4,533	4,178	4,438	3,696	4,578	4,997	4,179	3,153	3,931	4,508	5,148	4,815	5,066	5,558	6,025	13,606	20,853	17,660	17,450	16,740	21,464
Stock-based compensation expense	192	181	181	187	202	180	184	210	209	255	286	208	214	220	234	245	421	594	741	776	958	913
Gross profit (Non-GAAP)	4,703	4,714	4,359	4,625	3,898	4,758	5,181	4,389	3,362	4,186	4,794	5,356	5,028	5,287	5,792	6,270	14,027	21,447	18,401	18,226	17,698	22,377
R&D - Stock based comp	134	168	189	198	212	169	191	260	277	338	185	208	214	220	234	245	448	536	689	832	1,008	913
R&D - Others	637	775	972	896	939	905	848	1,016	1,132	1,039	1,192	1,247	1,201	1,185	1,197	1,175	2,145	2,539	3,280	3,708	4,610	4,758
SG&A - Stock based comp	92	96	95	99	110	88	82	109	87	106	119	134	120	124	131	138	1,252	430	382	389	446	514
SG&A - Others	984	1,095	1,158	1,181	1,264	1,811	1,159	1,211	1,258	1,251	1,245	1,247	1,281	1,268	1,285	1,257	3,265	3,692	4,418	5,445	5,002	5,091
Operating Income (loss)	2,664	2,399	1,764	2,064	1,171	1,605	2,717	1,583	399	1,197	1,766	2,311	1,999	2,269	2,711	3,209	6,496	13,656	8,891	7,076	5,674	10,188
Interest income	213	238	282	333	350	348	429	442	400	405	419	416	410	413	414	413	56	297	1,066	1,569	1,640	1,650
Interest expense	-29	-28	-38	-61	-76	-86	-92	-96	-91	-69	-66	-66	-66	-66	-66	-66	-371	-191	-156	-350	-292	-264
Other (loss) gain	-48	328	37	-145	443	-80	-263	595	-119	-	-	-	-	-	-	-	162	-43	172	695	-119	-
Pretax income (loss)	2,800	2,937	2,045	2,191	1,888	1,787	2,791	2,524	589	1,533	2,119	2,662	2,343	2,616	3,059	3,557	6,343	13,719	9,973	8,990	6,903	11,575
Taxes	261	323	167	-5,752	483	371	602	381	169	307	424	532	469	523	612	711	699	1,132	-5,001	1,837	1,432	2,315
GAAP net income (loss)	2,539	2,614	1,878	7,943	1,405	1,416	2,189	2,143	420	1,226	1,695	2,130	1,874	2,093	2,447	2,845	5,644	12,587	14,974	7,153	5,471	9,260
Attributable to non-controlling interests	26	-89	25	15	15	16	16	15	11	15	14	14	13	14	14	14	125	31	-23	62	53	55
GAAP net income (loss) to common stockholders	2,513	2,703	1,853	7,928	1,390	1,400	2,173	2,128	409	1,212	1,681	2,116	1,861	2,079	2,434	2,832	5,519	12,556	14,997	7,091	5,418	9,205
Add: Others	5	-	-2	-5,928	-219	78	-6	-273	97	-	-	-	-	-	-	-	8	35	-5,925	-420	97	-
Add: Non-cash stock based compensation	418	445	465	484	407	334	338	249	428	699	591	549	547	565	599	629	2,121	1,560	1,812	1,328	2,268	2,340
Non-GAAP net income	2,936	3,148	2,316	2,484	1,578	1,812	2,505	2,104	934	1,911	2,272	2,665	2,408	2,644	3,032	3,460	7,648	14,151	10,884	7,999	7,783	11,545
Reported EPS (diluted)	0.72	0.78	0.53	2.27	0.40	0.40	0.62	0.61	0.12	0.34	0.48	0.60	0.52	0.58	0.68	0.79	1.63	3.62	4.30	2.03	1.53	2.59
Non-GAAP diluted EPS	0.85	0.91	0.66	0.71	0.45	0.52	0.72	0.60	0.27	0.54	0.64	0.75	0.68	0.74	0.85	0.97	2.26	4.08	3.12	2.29	2.20	3.24
Weighted average number of shares- diluted	3,468	3,478	3,493	3,492	3,484	3,481	3,497	3,517	3,521	3,528	3,535	3,542	3,549	3,556	3,563	3,571	3,383	3,469	3,485	3,495	3,532	3,560
EBITDA	4,267	4,653	3,758	3,953	3,719	3,572	4,118	3,635	2,241	3,786	4,350	4,936	4,695	5,046	5,578	6,147	11,621	19,186	16,631	15,044	15,313	21,465
Revenue Growth	24.4%	47.2%	8.8%	3.5%	-8.7%	2.3%	7.8%	2.1%	-9.2%	-7.4%	5.2%	15.5%	38.1%	16.7%	10.2%	3.3%	70.7%	51.4%	18.8%	0.9%	1.5%	15.1%
Margins & Ratios:																						
Automotive GPM - Vehicles Only	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	11.8%	12.5%	13.0%	14.0%	14.3%	14.7%	15.3%	N/A	N/A	N/A	N/A	12.1%	14.6%
Automotive GPM - FSD Software	70.0%	70.0%	70.0%	70.0%	70.0%	70.0%	70.0%	70.0%	70.0%	70.0%	70.0%	70.0%	70.0%	70.0%	70.0%	70.0%	N/A	N/A	N/A	N/A	70.0%	70.0%
Automotive GPM - FSD Hardware	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	N/A	N/A	N/A	N/A	N/A	25.0%
Automotive GPM (excl. credits & leasing)	18.3%	17.5%	15.7%	16.6%	15.6%	13.9%	16.4%	12.8%	11.3%	12.8%	13.5%	14.0%	15.0%	15.3%	15.7%	16.3%	26.5%	26.2%	17.1%	14.6%	13.1%	15.6%
Automotive GPM (excl. credits)	19.0%	18.1%	16.3%	17.2%	16.4%	14.6%	17.1%	13.6%	12.5%	13.6%	14.2%	14.6%	15.6%	15.9%	16.3%	16.9%	27.0%	26.7%	17.7%	15.4%	13.8%	16.2%
Automotive GPM (leasing only)	41.0%	40.4%	38.4%	40.8%	43.5%	46.5%	44.6%	45.9%	46.5%	45.0%	45.0%	45.0%	45.0%	45.0%	45.0%	45.0%	40.4%	39.1%	40.2%	45.1%	45.4%	45.0%
Automotive GPM - TOTAL	21.1%	19.2%	18.7%	18.9%	18.5%	20.1%	16.6%	16.2%	16.4%	16.6%	16.7%	17.9%	18.2%	18.5%	19.1%	19.1%	29.3%	28.5%	19.4%	18.4%	16.5%	18.4%
Energy generation and storage GPM	11.0%	18.4%	24.4%	21.8%	24.6%	24.6%	30.5%	25.2%	28.8%	26.0%	26.0%	26.0%	26.0%	26.0%	26.0%	26.0%	-4.6%	7.4%	18.9%	26.2%	26.5%	26.0%
Service and other GPM	7.3%	7.7%	6.0%	2.7%	3.5%	6.4%	8.8%	4.2%	3.8%	7.0%	8.0%	9.0%	9.0%	9.0%	10.0%	10.0%	-2.7%	3.5%	5.9%	5.8%	7.0%	9.5%
Overall GPM	19.3%																					

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R: Resuming Coverage
T: Transferring Coverage
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S: Suspending Coverage
OW: Overweight
N: Neutral
UW: Underweight
NA: Not Available
UR: Under Review

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Rating	Count	Percent	IB Serv./Past 12 Mos.	
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BUY [OW]	542	60.22	116	21.40
HOLD [N]	337	37.44	36	10.68
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