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Tesla, Inc.
Equity Valuation

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Abstract

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This thesis presents an equity valuation of Tesla, Inc., a leading global player in electric vehicles and energy storage. Tesla's business model comprises two main segments: *(i)* automotive, focused on electric vehicle production, Full Self-Driving (**FSD**) technology and robotaxi services; *(ii)* energy generation and storage, the company's fastest-growing business line. In parallel, Tesla has intensified its investment in Artificial Intelligence (**AI**), increasingly critical for autonomous driving, manufacturing optimization and competitiveness.

The valuation uses three approaches: a Discounted Free Cash Flow (**DFC**) model, an Adjusted Present Value (**APV**) model and a Sum of the Parts (**SOTP**) valuation. The final target price combines these models with an 80% weight for DFC, 10% for APV and 10% for SOTP, resulting in 429.9 USD per share—a marginal downside of 0.3% relative to the reference date share price.

Given the limited downside risk, this thesis issues a HOLD recommendation for Tesla's stock, in line with Zacks Equity Research. The results suggest that, at current market levels, Tesla's share price already incorporates high growth expectations in both automotive and energy segments, leaving limited margin for additional value creation.

Key Words: Tesla, Inc., Equity Valuation, Electric Vehicle, Energy Generation and Storage, Artificial Intelligence

Resumo

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A presente tese avalia o capital da Tesla, Inc., um dos principais atores globais em veículos elétricos e armazenamento de energia. O modelo de negócio da Tesla compreende dois segmentos principais: *(i)* automóvel, focado na produção de veículos elétricos, tecnologia *Full Self-Driving* (FSD) e serviços de robotáxis; *(ii)* geração e armazenamento de energia, a linha de negócio de crescimento mais rápido da empresa. Em paralelo, a Tesla intensificou o seu investimento em Inteligência Artificial (IA), cada vez mais crítica para a condução autónoma, a otimização da produção e a competitividade.

A avaliação utiliza três abordagens: um modelo de *Discounted Free Cash Flow* (DCF), um modelo de *Adjusted Present Value* (APV) e uma avaliação por *Sum of the Parts* (SOTP). O preço-alvo final combina estes modelos com um peso de 80% para o DCF, 10% para o APV e 10% para o SOTP, resultando em 429,9 USD por ação — uma queda potencial marginal de 0,3% face ao preço na data de referência.

Dado o risco limitado de desvalorização, esta tese recomenda MANTER as ações da Tesla, em linha com o relatório da Zacks Equity Research. Os resultados sugerem que, aos níveis atuais de mercado, o preço das ações da Tesla já incorpora expectativas elevadas de crescimento nos segmentos de automóvel e de energia, deixando uma margem limitada para criação adicional de valor.

Palavras-Chaves: Tesla, Inc., Avaliação de Empresa, Carros Elétricos, Geração e armazenamento de energia, Inteligência artificial

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1. Literature Review

The purpose of this literature review is to examine the most widely used equity valuation models, with the aim of subsequently identifying those best suited for evaluating Tesla.

1.1. Introduction to Equity Valuation

As Damodaran states in *“The Little Book of Valuation”*, sound investing requires that an investor does not pay more for an asset than it is worth. While some believe value is subjective and based solely on what others may pay, this approach is insufficient for sound investment strategy

However, while sound valuation is essential, it is not without its challenges. Financial markets and valuation processes are inevitably affected by human behavior and the uncertainties that come with it. While quantitative methods provide a structured way to assess value, they are essentially built on assumptions about future market conditions and company performance. Since these assumptions carry inherent uncertainty, it's important to recognize that no valuation technique can yield an exact and final figure. The introduction of new information can greatly impact investor perceptions and valuations, causing them to change drastically.

Ultimately, the quality of a valuation will depend on how well the analyst understands the firm and its competitive position, its operating strategy and how well he forecasts the future.

Broadly speaking, value can be distinguished into four different categories: intrinsic value, which is seen as the real value of an asset to an investor, based in cash flows; going-concern value, that is the company's value if it continues operations; liquidation value, which is important for companies in financial distress and reflects the value of their assets; and fair market value or relative value, that is the amount that an investor is willing to pay.

In turn, valuation methods can be divided into two valuation approaches, intrinsic (cash flows) and relative (market). Cash Flow Methodology can follow two different paths, Firm's perspective, also known as enterprise value including Free Cash Flow to the Firm (FCFF) or

Adjusted Present Value (APV) or Equity's perspective, also known as equity value including Free Cash Flow to Equity (FCFE) or Dividend Discount Model (DDM).

1.2. Discounted Cash Flow (DCF) Valuation

Damodaran (2012) argues that the DCF model is the foundation of all other valuation approaches. The DCF model has its foundation in the present value rule, where the value of any asset is the present value of expected future cash flows. DCF valuations aim to estimate the intrinsic value of a firm. The model's accuracy depends on the quality of the assumptions, namely Future Cash Flows, Discount Rate, Growth Rate and Terminal Value (Damodaran, 2024).

$$Value = \frac{CF_1}{1+r} + \frac{CF_2}{(1+r)^2} + \frac{CF_3}{(1+r)^3} + \dots + \frac{CF_t}{(1+r)^t} + \frac{TV_t}{(1+r)^t}$$

Equation 1: Calculating Value

Where,

CF_t = Cash Flow in period t

r = discount rate

t = period number

If the purpose is to get the total company's value (Enterprise Value), FCFF and Weighted Average Cost of Capital (WACC) should be used as discount rate. The FCFF valuation model includes equity but also takes into account other Claim Holders in the firm. For Equity Value, FCFE and required rate of return on equity should be used as discount rate. The FCFE approach means valuing all equity stake in the business.

1.2.1. Firm Valuation

1.2.1.1. Discounted Cash Flow – Enterprise Value

One of the most commonly used methods for valuation is the Free Cash Flow to the firm (FCFF). According to Damodaran (2012), two conditions are required to be fulfilled. Firstly, the growth rate should be reasonable and aligned with expectations for the economy. Secondly, the growth rate should be compatible with company's investments and depreciations.

As for the discount rate used in this method, the Weighted average cost of capital (WACC) is the most accurate.

FCFF measures the amount of cash from operations available to all Claim Holders after taxes, depreciations, working capital and capital expenditure. It can be calculated as follows:

$$FCFF = EBIT (1 - Tax Rate) + Depreciations \& Amortizations \\ - Capital Expenditure - \Delta Working Capital$$

Equation 2: Free Cash Flow to the Firm Calculation

Enterprise value for the company will be the following:

$$Enterprise Value = \sum_{t=1}^{t=n} \frac{FCFF_t}{(1 + WACC)^t} + \frac{Terminal Value}{(1 + WACC)^t}$$

Equation 3: Enterprise Value Calculation

1.2.1.2. Weighted Average Cost of Capital (WACC)

In 1958, Modigliani and Miller stated that “*in an efficient market, characterized by the absence of taxes, bankruptcy costs and asymmetries, the financial structure does not affect its value*”. It is now known, however, that this does not apply to real the market, making it necessary to add some complements to this model.

When companies increase their debt and decrease their equity share, they benefit from tax savings, thus increasing the firm's present value. It is important to consider that these kinds of

benefits have limits, being those higher levels of debt result in higher costs and greater threat of bankruptcy. Therefore, it is crucial to understand the optimal balance between debt share and equity for any given business. This optimal point should meet three conditions: “*maximizing the firm’s value, maximizing share price and minimize WACC*”, Fernández (2002). As a result, WACC has become the commonly used discount rate for valuation.

Fernández (2003) also points out the problem of some analysts using book values to compute the weights in the WACC. According to him, only market values shall be used within this method. In turn, according to Damodaran (2012), analysts don’t have access to all available information to build every possible assumption. Thus, its (pure) intrinsic value is somewhat unattainable.

For a business, the WACC is the expected cost of debt and equity, taking into consideration the business’ capital structure:

$$WACC = \frac{D}{D + E} * K_d * (1 - T) + \frac{E}{D + E} * K_e$$

Equation 4: Weighted Average Cost of Capital Calculation

Where:

D = Market Value of Debt

E = Market Value of Equity

K_d = Cost of debt

K_e = Cost of Equity

T = Tax Rate

1.2.1.3. Cost of Debt

According to Damodaran (2012), the cost of debt is “*the current cost to the firm of borrowing funds to finance projects*”. There are three main variables to determine the cost of debt: the market level of interest rates, the risk of default (spread) and the tax related benefits. The last variable is already included in the WACC formula (see above – 2.1.1.2). Therefore, we can present the cost of debt as:

$$K_d = \text{risk free rate} + \text{Default Spread}$$

Equation 5: Cost of Debt Calculation

1.2.1.4. Cost of Equity

The cost of equity is central to financial valuation, reflecting the return required by equity investors on their investment. It is crucial in determining discount rates, particularly in the DCF methodology, and is essential for financial analysis. The Capital Asset Pricing Model (CAPM) is the predominant framework used for calculating this cost. CAPM bases its calculations on the risk-free rate, the equity risk premium (ERP) and the beta, which denotes market risk. According to Koller, Goedhart & Wells (2005), CAPM “*defines a stock’s risk as its sensitivity to the stock market*”.

$$r_e = r_f + \beta_i * (r_m - r_f)$$

Equation 6: Cost of Equity Calculation

Where:

r_e = cost of equity

r_f = risk free rate

β_i = Beta of security

r_m = Market return

Note: $r_m - r_f$ also known as Market Risk Premium

The risk-free rate represents the theoretical rate of return on an investment with no risk of financial loss due to default. Typically characterized by government bonds, these investments provide a foundation for evaluating other securities. Damodaran (2012) argues that the selection of the risk-free rate should correspond to the duration of the cash flows being analyzed. Koller, Goedhart, and Wessels (2010) suggest a 10-year zero-coupon bond, noting that while longer maturities may align more effectively with long-term cash flows, their illiquidity often results in stable prices and yield premiums.

According to the CAPM, Beta is a metric for determining a stock's expected return. As outlined by McKinsey (2010), Beta “*measures how much the stock and the entire market move together*”. A Beta value of less than 1 indicates that the stock carries less systematic risk compared to the market, meaning it is less volatile. Conversely, a Beta greater than 1 signifies higher systematic risk, with the stock exhibiting greater volatility. Beta can be calculated as follows:

$$\beta_i = \frac{\text{Covariance}(r_i, r_m)}{\text{Variance}(r_m)}$$

Equation 7: Beta Calculation

The additional return that the market provides over the risk-free rate is known as the Market Risk Premium (MRP). While there is no singular agreed-upon method for calculating the MRP, Damodaran (2012) highlights three fundamental factors that influence this measure. Firstly, the variability of the underlying economy is a key factor. Markets in emerging economies with high volatility tend to have a higher market risk premium. Secondly, political risk plays an important role, as it can lead to economic instability that affects investor confidence. Lastly, the structure of the market is essential. Markets with large, diverse and stable companies generally present a lower investment risk compared to those dominated by smaller firms, which can result in a lower market risk premium.

1.2.1.5. Terminal Value

The value of a company is the present value of its expected future cash flows. Since it is not feasible to estimate cash flows indefinitely, Terminal Value (TV) represents the company value after this period (Viebig *et al.*, 2008). According to Damodaran (2012), TV can be calculated using three different approaches:

- Liquidation Value: This method presumes that the company will cease operations at a specific point in the future. Under this assumption, the liquidation value can be calculated as follows:

$$\text{Liquidation Value} = \text{Book Value of Assets} * (1 + \text{inflation rate})^{\text{aver.asset life}}$$

Equation 8: Liquidation Value Calculation

- Stable Growth Model: This approach assumes the company will reinvest its earnings to acquire new assets, thereby facilitating perpetual growth at a constant rate:

$$\text{Terminal Value} = \frac{FCFF_{n+1}}{WACC - g}$$

Equation 9: Terminal Value using Stable Growth Model Calculation

- Multiple: This method involves multiplying the company's revenue or earnings in a given year by a specified multiple. While straightforward, this method is more commonly applied in relative valuation contexts rather than in traditional DCF models.

1.2.1.6. Adjusted Present Value

Adjusted Present Value (APV), as a valuation method, consists of a variant of the DCF Model. According to Luerhrman (1997), “APV unbundles components of value and analyzes each one separately. In contrast, WACC bundles all financing side effect into the discount rate”. The APV model allows us to compute the value of a business without debt, assuming that the business is 100% equity financed, and then consider the impact of borrowing on business’

value. It is important to understand that although debt creates tax savings, it also increases risk of bankruptcy. So, the enterprise value (EV) can be calculated as follows:

$$EV = V^{unlevered} + PV(\text{interest tax shields}) - PV(\text{Financial Distress Costs})$$

Equation 10: Enterprise Value Calculation using Adjusted Present Value

When a company's capital structure is frequently changing, it is desirable to use the APV for valuation as it is more reliable and flexible. However, some analysts may overestimate the business' value by overlooking the expected bankruptcy costs, which are challenging to estimate (McKinsey, 2010).

1.2.2. Equity Valuation

1.2.2.1. Discounted Cash Flow – Equity Value

The purpose of this model is to estimate Equity Value as opposed to Enterprise Value. This approach is characterized by two main differences: it employs FCFE instead of FCFF, and it uses the cost of equity as the discount rate, as detailed in section 3.1.1.4, rather than the WACC. The calculation of FCFE is outlined below:

$$FCFE = \text{Net Income} + \text{Depreciations \& Amortizations} - \text{CAPEX} - \Delta \text{NWC} \\ + \Delta \text{Net Debt}$$

Equation 11: Free Cash Flow to Equity Calculation

Following this logic, Equity Value can be shown as follows:

$$\text{Equity Value} = \sum_{t=1}^{t=n} \frac{FCFE_t}{(1 + r_e)^t} + \frac{\text{Terminal Value}}{(1 + r_e)^t}$$

Equation 12: Equity Value Calculation

1.3. Dividend Discount Model

The Dividend Discount Model (**DDM**) is a valuation method used to estimate the intrinsic value of a company's stock based on the theory that its worth is equal to the sum of all its future dividend payments, discounted back to their present value and that dividends are the primary returns investors receive from holding a stock. According to Damodaran (2012) it's a valuation method in which “*the value of a stock is the present value of expected dividends*”. Therefore, the value per share is the following:

$$\text{Value per share of stock} = \sum_{t=1}^{t=\infty} \frac{\text{Dividend Per Share}_t}{(1 + r_e)^t}$$

Equation 13: Dividend Discount Model: Value per share

In DDM, expected dividends are calculated based on assumptions about future growth rates in earnings and payout ratios. Since it is difficult to forecast dividends indefinitely, there are several variants in the dividend discount model to forecast dividends in the most accurate approach.

1.3.1. Gordon Growth Model

The Gordon Growth Model (**GGM**) operates under the assumption that a company's dividends will increase at a constant rate, limiting its applicability to firms in stable financial conditions. The formula for calculating a firm's equity value using this model is:

$$\text{Equity Value of a firm} = \frac{\text{Dividend Per Share}_t}{r_e - g}$$

Equation 14: Gordon Growth Model - Equity Value Calculation

When employing the GGM, analysts should be mindful that maintaining a constant dividend growth rate requires a corresponding growth rate in earnings to sustain the same

payout ratio. If the dividend growth rate surpasses the anticipated earnings growth rate, this could eventually lead the dividend payments to exceed the company's earnings over the long term. Analysts should also consider a reasonable growth rate, since a company cannot grow at a rate significantly higher than economy's growth rate. Projected growth rates should account for anticipated inflation and the expected real growth in the company's business activities.

1.3.2. Two-Stage Growth Model

The two-stage growth model (TSGM) is another extension of the DDM, designed to accommodate circumstances where a company's dividends grow at different rates over distinct periods

This model is slightly more complex than the GGM because it allows the use of two different growth rates. The first growth rate is typically higher and applies to an initial period, when the company is growing fast, while the second growth rate reflects the long-term period in which the company is expected to be in a steady state. The formula is as follows:

$$Equity\ Value = \sum_{t=1}^{t=n} \frac{Dividend\ Per\ Share_t}{(1 + r_e)^t} + \frac{Terminal\ Value}{(1 + r_e)^t}$$

Equation 15: Equity Value Calculation Using Two-Stage Growth Rate

Where:

$$Terminal\ Value = \frac{Dividend\ Per\ share}{r_e - g}$$

Equation 16: Terminal Value Calculation applied to Dividend

According to Damodaran (2012), there are three limitations in the TSGM:

- Length definition of the initial growth period;
- Assumption that the company's growth rate will decline overnight (shift to second period);
- Terminal Value is very sensitive to growth rate and can easily lead to significant constraints in equity Value.

To reduce the second limitation, Fuller and Hsia (1984) presented the H Model. This model assumes that the growth rate will decline over the initial period until it reaches the steady growth rate for the long-term period.

The decision to pay dividends is somewhat political and can distort valuations: companies may increase debt to pay dividends, leading to overvaluation, or hold back cash, leading to undervaluation. This methodology should only be applied in specific cases.

1.4. Relative Valuation

Relative Valuation (**RV**) is a method of assessing a company's worth by comparing it to similar businesses in terms of key financial metrics (Multiples). Unlike intrinsic valuation models, which rely on estimating future cash flows, RV uses market-based metrics to evaluate whether a company is under or over-valued.

According to Esty (2000), in an efficient market similar assets trade at similar prices. RV allows comparison of a business' performance against competitors (Koller et al., 2010). While this makes RV appealing for quick assessments, it assumes market efficiency and may overlook structural differences between businesses. Additionally, selecting appropriate comparable companies can be subjective and challenging.

1.4.1. Peer Group

Defining the proper Peer Group (**PG**) of a company is one of the most important steps of the RV method. A PG consists of firms that share similarities with the firm under valuation. Defining the PG can be challenging, as there is no consensus regarding which specific characteristics should be considered. According to Koller et al. (2010), analysts usually use company's industry to find the most accurate PG. Sometimes, identifying PG is straightforward, for example, when a company has the list of competitors published in its annual report. Albuquerque (2009) even adds that the PG should include firms with similarities in size, diversification, financing issues, operating leverage and growth options.

1.4.2. Multiples

In order to use a multiples approach, analysts should decide from two different types of multiples:

- Multiples based on Capitalization, for example Price to Earnings, Price to Sales, Price to Book Value;
- Multiples based on Enterprise Value, such as EV to EBITDA, EV to Sales or EV to unlevered FCF.

Furthermore, the analyst should understand if the best option is to use backward-looking, current or forward-looking multiples. Goedhart et al., (2010) states that “*forward-looking multiples are indeed more accurate predictors of value*”, because they are aligned with the principle that a firm’s value is the present value of expected future cash flows.

1.5. Returns based approach

The models discussed earlier provide insights into the company valuation, but they don’t directly reveal the company's performance to investors. The following model focuses specifically on profitability and aims to evaluate how effectively the company generates value.

1.5.1. Economic Value Added (EVA)

This method aims to evaluate the excess value generated by an investment by comparing a company's return on invested capital to its cost of capital. Damodaran (2007) describes EVA as a measure of the additional value created by a single investment or a portfolio of investments. This method tends to align more closely with shareholders' interests by accounting for the value generated by new investments. If the EVA is positive, it serves as a promising indicator of potential future return.

$$EVA = \text{After Tax Operating Income} - \text{Cost of Capital} \times \text{Capital Invested}$$

Equation 17: Economic Value Added – Returns Based Approach

According to Damodaran (2007), accurately estimating both the capital invested and the cost of capital is essential for effective valuation. The calculation of capital invested involves the initial amount injected into the venture, coupled with its cumulative market value. In contrast, the cost of capital represents a market-determined rate. Book values should be disregarded in this context. Salmi *et al.* (2001) observed that EVA is more sensitive to changes in the cost of equity than to variations in the cost of debt. Moreover, managerial strategies, such as growth initiatives or leveraging decisions, can significantly influence this valuation method.

1.6. Sum-of-the-parts Valuation (SOTP)

SOTP valuation is a method of valuation that analyzes a multi-segment company by estimating the value of each individual business unit or asset separately and then summing the values to determine the overall corporate value. As mentioned by McKinsey & Company (2020), *“If the economics of a company’s segments are different, you will generate more insights by valuing each segment and adding them up to estimate the value of the entire company”*.

The core idea behind SOTP valuation is that the collective value of a company's individual business divisions might differ significantly from the company's aggregated market valuation. For instance, a corporation may have a high-growth tech division and a mature manufacturing division; the valuations of these divisions may be based on different metrics and assumptions. By evaluating each segment separately, analysts can apply appropriate valuation models tailored to specific operations, whether it be discounted cash flows for stable divisions, market multiples for fast-growing sectors, or asset-based valuation for physical assets. This method has four critical steps for valuing a company by its parts:

- Understanding the mechanics of and insights from valuing a company by the sum of its parts;
- Building financial statements by business unit - based on incomplete information, if necessary;
- Estimating the WACC by business unit;
- Testing the value based on multiples of peers.

1.7. Selected valuation models for Tesla

Of all the valuation models discussed, the ones considered the most suitable for valuing Tesla are the DFC, the APV and the SOTP. Together, they allow us to capture both the consolidated value of the company and the specific characteristics of its different business segments.

The DFC model is particularly appropriate for Tesla because it directly links firm value to the company's ability to generate future free cash flows. This framework is well suited to a high-growth company with significant reinvestment needs, as it allows for a detailed modelling of revenue growth, operating margins, capital expenditures and working capital.

The APV model is also relevant in Tesla's case, as it separates the value of the firm's operating assets from the effects of financing decisions. By first valuing the company as if it were fully equity-financed and then adding the present value of financing, APV provides a clearer view of the underlying business performance, independent of the capital structure.

Finally, the SOTP approach is equally beneficial, as Tesla operates in distinct segments with different risks, growth and profitability profiles. Valuing these segments separately makes it possible to apply assumptions, discount rates or market benchmarks that better reflect their specific characteristics.

2. Industry Overview

In 2024, global car sales reached 74.6 million units, marking a 2.5% increase compared to 2023 (see figure 1). Although supply chain challenges continued to ease, regional trends differed widely, with some markets experiencing strong growth and others facing steep decline. Europe's car market grew by 3.9% in 2024, with total sales reaching 16.1 million units. The market in the United Kingdom demonstrated resilience, achieving a 2.6% increase in new car sales. Despite increased economic and political uncertainty, car sales in North America remained resilient in 2024, with the region recording a 3.8% growth. The United States recorded a 3.1% increase, reaching a total of 12.7 million units. A notable surge in the last quarter was driven by the new administration's pledge to remove federal incentives for electric

vehicles. Brazil, South America's largest market, recorded a 12.5% increase, reaching 1.9 million units. In Asia, Japanese car sales declined by 7% in 2024, impacted by the phased reduction of government subsidies and the persistent effects of a weak domestic currency. With a strong recovery in the final quarter of 2024, Chinese car sales reached nearly 23 million units, marking a 2.6% year-over-year increase, largely benefiting from government tax incentives. Notably, China accounted for approximately 31% of global car sales.

	2024 ¹	2023	% change 24/23	% share 2024
EUROPE	16,107,996	15,496,683	+3.9	21.6
European Union	10,632,381	10,548,165	+0.8	14.3
United Kingdom	1,952,778	1,903,054	+2.6	2.6
Russia	1,505,284	1,027,984	+46.4	2.0
Türkiye	980,240	967,341	+1.3	1.3
EFTA	378,455	396,710	-4.6	0.5
Ukraine	68,347	60,710	+12.6	0.1
Others (Europe) ²	590,511	592,719	-0.4	0.8
NORTH AMERICA³	15,273,220	14,712,547	+3.8	20.5
United States only	12,701,449	12,324,965	+3.1	17.0
SOUTH AMERICA	3,013,492	2,830,404	+6.5	4.0
Brazil only	1,934,073	1,718,897	+12.5	2.6
ASIA	36,443,271	36,098,069	+1.0	48.9
China	22,934,722	22,363,987	+2.6	30.7
India	4,360,625	4,161,938	+4.8	5.8
Japan	3,710,912	3,990,090	-7.0	5.0
South Korea	1,410,965	1,486,777	-5.1	1.9
Others (Asia) ⁴	4,026,047	4,095,277	-1.7	5.4
MIDDLE EAST/AFRICA	3,757,180	3,671,188	+2.3	5.0
WORLD	74,595,159	72,808,891	+2.5	100.0

SOURCE: ACEA, S&P GLOBAL MOBILITY

Figure 1: Global Automotive Sales in 2024 – Information from ACEA

Nearly 50% of the global automotive market is accounted for by the top 10 automotive companies (see Figure 2). Toyota and Volkswagen are market leaders in terms of market share and in units sold alike. It's important to highlight that BYD, which sells exclusively fully electric cars (**BEV** and **PHEV**), is among the top 10, demonstrating that electric vehicles represent the future for the market.

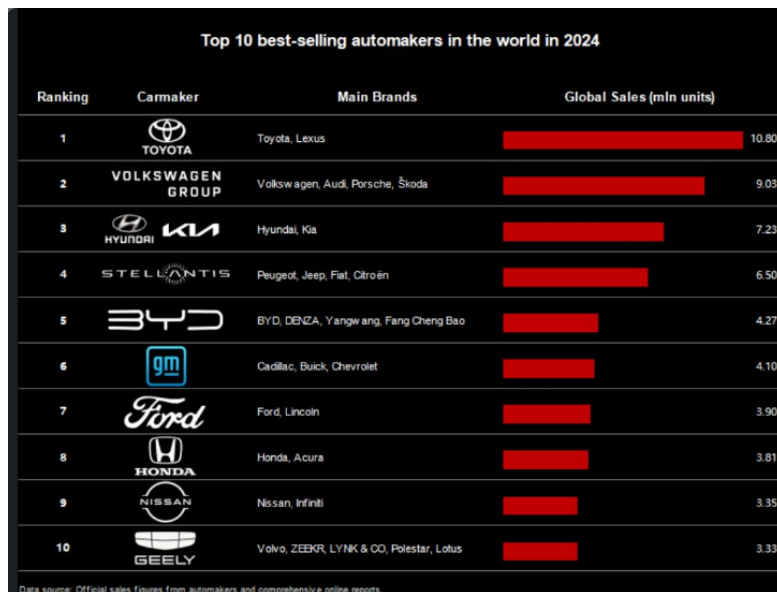


Figure 2: Global Automotive Market Share 2024

In terms of market share per brand in the automobile industry, the leader was Toyota Group with a 14% share, growing 3,3% compared to 2023, followed by Volkswagen Group with a 12,1% share (+6,1 % comparing to 2023). In third place the Hyundai-Kia group reported a 10% share, up 2% when comparing to 2023 also.

The automotive industry has faced several challenges in the last few years. In 2020, the COVID-19 pandemic led to major constraints in the automotive sector affecting variants like consumer decisions on purchasing. The automotive industry is a sensible sector to economic recessions; the high inflation rates, high interest rates and low consume brought by the pandemic and the war in Ukraine lead to a difficult period in the industry.

In response to customer desires, the development of electric vehicles has become a central concern in automotive industry.

As illustrated in Figure 3, the number of electric cars sold has been increasing annually, exhibiting exponential growth in recent years. From 2023 to 2024, electric car sales showed a significant upward trend, indicating increasing market adoption and consumer interest in electric cars, putting EVs' share of the global car market above 20% for the first time. In 2014, the automotive industry sold 320 000 electric cars, and 10 years later, in 2024, nearly 17 million

electric cars were sold. Even so, non-electric vehicles still constitute to lead the industry sales. Concerning the total number of cars sold, between 2016 and 2018, an average of 72,2 million cars were sold per year, making 2024 the year with the highest sale number with 78 million units sold.

2024 vs 2023		
 Regions	 EV Sales	 % Change
Global	17.1 million	+25% ↑
China	11 million	+40% ↑
EU, EFTA & UK	3.0 million	-3%
USA & Canada	1.8 million	+9% ↑
Rest of World	1.3 million	+27% ↑

Figure 3: Global EV Sales Increase. Information from - Rho Motion

Nowadays, electric vehicles are seen as the future of automotive industry, aiming to eradicate fossil fuels. Global industry is focused on developing PHEVs (Plug-in Hybrid Electric Vehicles) and BEVs (Battery Electric Vehicles – also known as Full Electric Vehicles). However, PHEVs are considered as a transition phase to fully electric vehicles.

Many automotive brands are now entering the electric vehicle trend and taking advantage of the consumer's desires (see figure 4).

Brand	Country	Model	Sales in 2024 (Millions)
Tesla	U.S.	Model Y	1.09
Toyota	Japan	Corolla	1.08
Toyota	Japan	RAV4	1.02
Ford	U.S.	F-Series	0.9
Honda	Japan	CR-V	0.74
Chevrolet	U.S.	Silverado	0.64
Hyundai	S. Korea	Tucson	0.61
Toyota	Japan	Camry	0.58
BYD	China	Song	0.57
Volkswagen	Germany	Tiguan	0.54

Figure 4: Best-selling passenger car worldwide in 2024. Information from Statista

On other hand, the global energy storage industry has become a central pillar of the ongoing energy transition, driven by the rapid expansion of renewable energy sources and the need for greater flexibility in power systems. The increase of solar and wind related energy, (intermittent by nature), has heightened the importance of technologies capable of balancing supply and demand, stabilizing electricity grids and improving overall system reliability. In this context, energy storage is no longer seen merely as a supporting technology, but as a strategic asset for utilities, grid operators, large energy consumers and even households.

3. Company Overview

Battery energy storage systems (**BESS**), particularly lithium-ion based, have emerged as the dominant solution due to modularity, fast response time and declining costs. BESS are deployed at utility, commercial and residential scales. The sector is supported by decarbonization targets, transport electrification, grid modernization needs and supportive regulatory frameworks.". As a result, global installed storage capacity is expected to grow significantly over the coming decade, attracting substantial investment and intensifying competition among technology providers, battery manufacturers and energy companies.

Tesla, Inc. is a multinational corporation specializing in electric vehicles (**EV**), energy storage solutions, and clean energy innovations. It was founded in 2003 by Martin Eberhard and Marc Tarpenning and in 2004 Elon Musk joined the company.

Tesla has grown to become a global leader in the electric vehicle market and a pioneering force in sustainable energy with a multi-pronged approach designed to maintain it in the forefront of the electric vehicle market. From 2019 to 2024, the production of BEV went from 365,232 to 1,773,443 (485%). In 2023 Tesla achieved the highest sales figure, with 1,808,581 units sold, decreasing for the first time ever in 2024 by about 1% (see Figure 5).

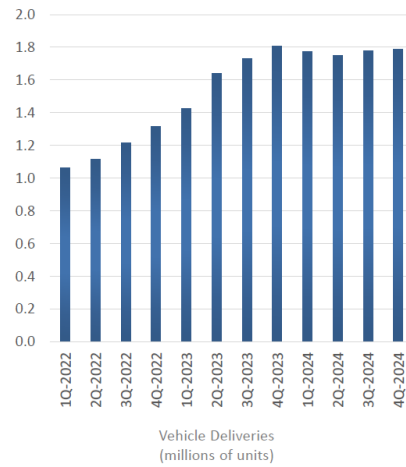


Figure 5: Vehicles deliveries TTM. Information from annual report

Currently, Tesla has 3 main focuses: car production BEV, Energy storage and deployment and the development of full self-driving (FSD) technology.

Tesla has now a worldwide presence and aims to increase it by building more gigafactories across the world, in strategic countries and markets. These plants are essential in scaling battery production and vehicle assembly to meet global demand. Their manufacturing strategy emphasizes vertical integration, leveraging its resources to maintain quality control and cost efficiency (see Figure 6).



Figure 6: Tesla's growing manufacturing footprint. Information from Reuters

Tesla is renowned for its commitment to innovation, particularly in battery technology, autonomous driving, and software integration. The continuous research and development efforts focus on improving battery efficiency, reducing production costs, and enhancing vehicle performance.

Tesla markets and sells its vehicles directly through a global network of company-owned showrooms and online platforms, bypassing conventional dealership models and streamlining the purchasing process.

As we can see in figure 7, while the production of cars had a slight decrease when compared to 2023, it has shown great progress from 2020 to 2024, demonstrating the growing demand for electrical vehicles. We can also refer to the exponential growth of electrical storage capacity, the increase in supercharge stations and in supercharge connectors.

	2020	2021	2022	2023	2024	YoY
Model 3/Y production	454,932	906,032	1,298,434	1,775,159	1,679,338	-5%
Other models production	54,805	24,390	71,177	70,826	94,105	33%
Total production	509,737	930,422	1,369,611	1,845,985	1,773,443	-4%
Model 3/Y deliveries	442,562	911,242	1,247,146	1,739,707	1,704,093	-2%
Other models deliveries	57,085	24,980	66,705	68,874	85,133	24%
Total deliveries	499,647	936,222	1,313,851	1,808,581	1,789,226	-1%
of which subject to operating lease accounting	34,470	60,912	47,582	72,226	60,003	-17%
Total end of quarter operating lease vehicle count	72,089	120,342	140,667	176,564	180,523	2%
Global vehicle inventory (days of supply) ⁽¹⁾	15	6	16	16	13	-19%
Storage deployed (GWh)	3.0	4.0	6.5	14.7	31.4	114%
Tesla locations	523	644	963	1,208	1,359	13%
Mobile service fleet	894	1,281	1,584	1,909	1,895	-1%
Supercharger stations	2,564	3,476	4,678	5,952	6,975	17%
Supercharger connectors	23,277	31,498	42,419	54,892	65,495	19%

Figure 7: Operational summary. Information from annual report.

Regarding the FSD technology, Tesla is still in the research and tests phases. However, the company has been able to position itself to capitalize on this growing market. With industry projections that estimate a 2,3 trillion dollars market by 2035, Tesla's continued investment in cutting-edge technology, active data acquisition from its expansive fleet and

commitment to innovation, place it among the best-positioned companies to lead and excel in this transformative sector.

4. Company Strategy

Tesla has a clearly defined goal: “Accelerate the world’s transition to sustainable energy” and to achieve it, it is building an autonomous world powered by solar energy, run on batteries and transported by electric vehicles.

Tesla’s strategic roadmap for the coming years is centered on accelerating the transition to sustainable energy, consolidating its leadership in the electric vehicle industry and strengthening its energy generation and storage segment, where it seeks to be a leading global player. The company's growth strategy depends on scaling up production capabilities by enhancing technological advancements and broadening its product portfolio to meet diverse customer needs and capture emerging market segments (Appendix 1). Tesla’s strategy doesn’t entirely abandon the high-end segment. The company caters to a niche market of luxury car enthusiasts with vehicles like the high-performance Roadster and the cybertruck.

One of the key pillars of Tesla's strategy involves the development and expansion of its Gigafactories around the world to ramp up production capacity (Appendix 1). By strategically locating these factories in North America, Europe, and Asia, Tesla is not only reducing its supply chain dependencies but also bolstering its ability to serve key markets swiftly and effectively. This global manufacturing presence positions Tesla to meet growing demand for electric vehicles and energy products while driving substantial revenue growth.

Innovation remains central to Tesla's strategy, with continuous R&D investments aimed at enhancing vehicle performance, safety and autonomous driving. Advancements in battery technology are crucial for increasing range, reducing charging times and lowering costs. Tesla’s commitment to innovation not only solidifies its competitive edge but also ensures that it remains at the forefront of the industry’s evolution.

Besides vehicles, Tesla plans to expand its footprint in the energy sector through solar and energy storage solutions. By using its expertise in battery technology, Tesla wants to provide

scalable energy storage systems for residential, commercial, and utility applications. This strategy goes hand-to-hand with broader global shifts towards renewable energy and supports Tesla's mission of promoting a sustainable future.

5. Valuation Models for Tesla

5.1. Discounted Cash Flow Valuation

As stated in the literature review chapter, the DCF model embraces several issues that are important in valuation, such as long-term perspective on Tesla, flexibility in assumptions which leads to an accurate model, taking into consideration for example market development and time value of money which distinguishes the value of one euro in the future versus today.

5.1.1. Revenues Forecast

Tesla Inc. is organized in different segments, such as Automobile, Energy generation and storage and Services. Therefore, revenues have been calculated separately for each segment, reflecting business specifications, independence and contribution to the total value of the company.

From 2020 to 2024 Tesla had a positive evolution in Revenues results, driven by a general positive evolution in all three segments. Although the automobile segment is the biggest contributor of revenue, with growth in units sold accompanied by lower average selling price (ASP), the energy generation and storage segment presents the biggest growth with annual record-breaking gigawatts hour (GWh) production.

In order to forecast 2025, as shown in figure 8, several key assumptions were made. Firstly, regarding the automobile segment and based on the quarterly report of Tesla, there is expectation that the average selling price will continue to decrease in 2025 and 2026. This tendency will continue in 2026 due to the release of the new and cheaper models. Implying that the average price forecast for the second semester of 2025 will match the average price recorded in the first semester. Secondly, the end of federal tax credits given by the American government for electric vehicles purchases. It is expected for third-quarter sales to grow above

the first semester as consumers capitalize on the tax credit to purchase electric vehicles. To forecast the revenues of the energy generation and storage segment a 50% growth was assumed in energy deployment, as stated in Q4 2024 and in the shareholder letter “while quarterly deployments will likely continue to fluctuate sequentially, we expect at least 50% growth in deployments year over year in 2025.”. Given the short amount of time, it’s not expected for the revenue per GWh to change. Regarding the services and other segment, since there are no major announcements, and that is directly related to the automobile segment we assumed growth equal to the average growth of 2024.

Telsa, Inc	1st Semester 2024	2nd Semester 2024	Full Year 2024	1st Semester 2025	2nd Semester 2025	Full Year 2025
Revenue in Million €	46 801	50 889	97 690	41 831	52 712	94 543
% on FY	47,9%	52,1%		44,2%	55,8%	

Automobile revenue	1st Semester 2024	2nd Semester 2024	Full Year 2024	1st Semester 2025	2nd Semester 2025	Full Year 2025
Revenue in Million €	37 256	39 814	77 070	30 628	38 268	68 896
% on FY	38,1%	40,8%		32,4%	40,5%	
Units	830 766	958 460	1 789 226	720 803	897 099	1 617 902
% on FY	46,4%	53,6%		44,6%	55,4%	
Average Price	44845	41540	43074	42491	42657	42584

Energy generation and storage	1st Semester 2024	2nd Semester 2024	Full Year 2024	1st Semester 2025	2nd Semester 2025	Full Year 2025
Revenue in Million €	4 649	5 437	10 086	5 519	7 424	12 943
% on FY	4,8%	5,6%		5,8%	7,9%	
Storage deployed (GWh)	14	18	31	20	27	47
% on FY	43,0%	57,0%		42,6%	57,4%	

Services and other	1st Semester 2023	2nd Semester 2023	Full Year 2023	1st Semester 2024	2nd Semester 2024	Full Year 2024
Revenue in Million €	4 896	5 638	10 534	5 684	7 020	12 704
% on FY	5,0%	5,8%		6,0%	7,4%	

Figure 8: Revenue Tesla Inc. 2024 and 2025. Information from Annual Report - own analysis

To forecast revenue from 2026 to 2040 in the automobile segment, figure 9, it is crucial to separate each signature and to account for the expected trends in the automotive market, inflation rate and technological development. Under a conservative approach it can be assumed that Tesla will restore its 10% market share and that the number of units sold each year will align with the market growth rate of approximately 9% CARG from 2025 to 2040 as stated by different sources. The EV market is estimated to be around 25% - 40% of new light-vehicles

by 2030. This demonstrates the enormous opportunity that Tesla has to grow and to once again be considered as one of the main players in the market. A 10% market share is considered a conservative estimate, not only because the market will grow – given the higher demand for electric vehicles in general – but also because of differentiating factors. Tesla once had a market share exceeding 25%, which fell due to competition from China with more affordable prices. However, despite the significant development by Chinese brands, Tesla offers superior software and the ability to provide added value to its customers, such as FSD technology, the ability to monetize the car with Robotaxi and the company's vertical integration to meet customer needs. Furthermore, Tesla continues to be seen as a status symbol, not just as an electric car. All these factors will allow Tesla to increase its current market share and continue to grow as a differentiated and market-leading company. It should be noted that with the ongoing expansion of FSD technology and legalization of its use in the United States, China and Europe, Tesla could potentially increase its market share. Regarding the average sales price, the assumption is that prices will decline in the short term due to cheaper models being released starting in 2026 but will eventually increase with the up charging when the FSD technology is sold with the car.

Automotive revenues	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040
Total Revenue	69 561	103 401	125 284	157 017	202 249	239 155	314 222	381 222	487 307	589 818	661 998	781 337	890 812	1 033 150	1 155 356	1 228 264
% of change	-9,74%	48,65%	21,16%	25,33%	28,81%	18,25%	31,39%	21,32%	27,83%	21,04%	12,24%	18,03%	14,01%	15,98%	11,83%	6,31%
Robotaxi Revenue	-	-	2 157	7 937	21 825	35 972	83 886	143 802	242 688	337 594	401 993	513 364	614 678	748 651	862 280	926 389
% of change	-	-	0%	268,01%	174,99%	64,82%	133,20%	71,43%	68,77%	39,11%	19,08%	27,70%	19,74%	21,80%	15,18%	7,43%
FSD Subscription Revenue	665	1 016	1 527	2 248	3 124	4 252	7 136	7 748	8 287	9 037	9 766	10 477	11 171	11 852	12 522	13 184
% of change	0%	53%	50%	47%	39%	36%	68%	9%	7%	9%	8%	7%	7%	6%	6%	5%
Automobile Sales Revenue	68 896	103 401	121 600	146 832	177 300	198 930	223 200	229 672	236 333	243 187	250 239	257 496	264 963	272 647	280 554	288 690
% of change	-10,61%	50,08%	17,60%	20,75%	20,75%	12,20%	12,20%	2,90%	2,90%	2,90%	2,90%	2,90%	2,90%	2,90%	2,90%	2,90%
Average Price	42 584	40 454	39 645	41 628	43 709	44 583	45 475	44 565	43 674	42 800	41 944	41 106	40 283	39 478	38 688	37 914
% of change	-1,14%	5,00%	-2,00%	5,00%	5,00%	2,00%	-2,00%	-2,00%	-2,00%	-2,00%	-2,00%	-2,00%	-2,00%	-2,00%	-2,00%	-2,00%
Units	1 617 902	2 556 000	3 067 200	3 527 280	4 056 372	4 462 009	4 908 210	5 153 621	5 411 302	5 681 867	5 965 960	6 264 258	6 577 471	6 906 345	7 251 662	7 614 245
% of change	-9,58%	57,98%	20,00%	15,00%	15,00%	10,00%	10,00%	5,00%	5,00%	5,00%	5,00%	5,00%	5,00%	5,00%	5,00%	5,00%
Automotive Market Units Sales	21300000	25560000	30672000	35272800	40563720	44620092	49082101,2	51536206,26	54113016,57	56818667,4	59659600,77	62642580,81	65774709,85	69063445,34	72516617,61	76142448,49
Tesla Market Share	7,6%	10,0%	10,0%	10,0%	10,0%	10,0%	10,0%	10,0%	10,0%	10,0%	10,0%	10,0%	10,0%	10,0%	10,0%	10,0%
Market Growth	23,1%	20,0%	20,0%	15,0%	15,0%	10,0%	10,0%	5,0%	5,0%	5,0%	5,0%	5,0%	5,0%	5,0%	5,0%	5,0%

Figure 9: Revenue Tesla automobile segment 2025-2040. Own analysis

Regarding the *FSD subscription*, which doesn't affect the selling price but will certainly affect the market share, it's important to take into consideration the size of the existing fleet in each year, the cost per subscription and the percentage of adoption (see figure 10).

The size of the fleet will take into consideration the number of sales per year, the car depreciation and the existing fleet at the end of 2024. This approach ensures that FSD revenues

scale with Tesla's installed base rather than only with new vehicles sales. The adoption rate reflects the increasing maturity and perceived value of the FSD software. In the beginning, the adoption will be limited by regulatory constraints. As functionality improves and regulatory approval expands, the model assumes a gradual increase in adoption, peaking in the early 30's as the technology becomes more reliable and widely accepted.

The price per subscription, which is \$99/month will eventually increase reflecting improvements in software capabilities, higher customer willingness to pay and reduced elasticity of demand. However, the growth will not be indefinite being that at some point, price increase would be constrained by market competition and consumer affordability. As the price of subscription increases and the quality of the software is guaranteed, people will likely prefer to acquire the car directly with the FSD installed.

This combination of fleet growth, rising adoption rates and moderate price increases results in a steadily increasing contribution of FSD subscription revenues to the automotive segment, without relying on aggressive assumptions regarding vehicle sales growth.

	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040
Adopção	15%	18%	21%	26%	30%	34%	32%	31%	29%	29%	28%	27%	27%	26%	26%	25%
% of change	0%	20%	20%	20%	15%	15%	-5%	-5%	-5%	-2%	-2%	-2%	-2%	-2%	-2%	-2%
	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040
Fleet (M)	7,54	9,60	12,02	14,75	17,82	21,09	24,60	28,11	31,64	35,22	38,83	42,51	46,25	50,07	53,98	58,00

Figure 10: Adoption of FSD subscription 2025-2040. Own analysis

One of the most important contributors to the automobile segment will eventually be the Robotaxi or Cybercab. This technology will transition Tesla from a traditional vehicle maker to a transportation-as-a-service platform. This product consists of a full self-driving car, starting with the model y (Tesla's bestselling car and world's bestselling car in 2023 and 2024), which will serve as a taxi.

In the beginning, this service will be deployed using privately owned tesla vehicles equipped with FSD. This idea reflects the existence of a large and growing installed fleet, allowing tesla to scale the service without requiring immediate and substantial capital

expenditure. Consequently, initially, the revenues will be modest and closely linked to the size of the active FSD-enabled fleet.

As regulatory approval expands and the operational model stabilizes, the model assumes a more involved Tesla-owned cars. This shift enables greater control over pricing, utilization rates, service quality and fleet size, which translates into higher revenue per vehicle and improved operational leverage. The gradual increase in Tesla-owned fleet will be reflected in higher growth rate of robotaxi revenues in medium to long term.

	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040
Total Fleet	7,54	9,60	12,02	14,75	17,82	21,09	24,60	28,11	31,64	35,22	38,83	42,51	46,25	50,07	53,98	58,00
Robotaxi fleet	-	-	0,1%	0,3%	0,7%	1,0%	2,0%	3,0%	4,0%	5,0%	6,0%	7,0%	8,0%	9,0%	10,0%	10,0%
% Private fleet	-	-	80,0%	80,0%	75,0%	70,0%	70,0%	70,0%	65,0%	65,0%	50,0%	50,0%	45,0%	45,0%	40,0%	40,0%
% Tesla fleet	-	-	20,0%	20,0%	25,0%	30,0%	30,0%	30,0%	35,0%	35,0%	50,0%	50,0%	55,0%	55,0%	60,0%	60,0%
Private fleet (Qt)	-	-	9618	35395	93559	147659	344335	590278	822769	1144523	1164994	1487753	1664981	2027874	2159316	2319859
Tesla fleet (Qt)	-	-	2405	8849	31186	63282	147572	252976	443029	616282	1164994	1487753	2034977	2478513	3238974	3479789
Private fleet (€ - M)	-	-	1896	6976	18440	29104	67868	116344	194601	270703	275544	351883	393801	479633	510721	548693
Tesla fleet (€ - M)	-	-	261	960	3385	6869	16017	27458	48086	66891	126448	161481	220876	269018	351558	377696
Total	-	-	2157	7937	21825	35972	83886	143802	242688	337594	401993	513364	614678	748651	862280	926389

Figure 11: Robotaxi forecast 2025-2040. Own analysis

Also, the *energy generation and storage* segment is rapidly becoming one of tesla's most important investment, showing the biggest growth so far. Although in the beginning it had some difficulties becoming profitable, this segment has shown a 50% plus growth year-over-year in production and it's expected to continue to perform. In 2022 this segment represented approximately 5% of tesla's total revenue, with a 6.5 GWh deployment, achieving in 2024 a landmark of 10% of tesla's total revenue, with a 31.4 GWh deployment.

Historically, the segment has delivered sustained year-over-year growth in energy deployments, driven by increasing demand for grid-scale storage, renewable energy integration, and capacity requirements from data centers and AI-related applications.

After 2030, the growth rate gradually normalizes, reflecting capacity constraints, maturing markets and the transition from rapid expansion to scaled operations.

The revenue per deployed gigawatt-hour (**GWh**) is assumed to remain broadly stable in real terms. While technological improvements and declining battery costs reduce unit costs, competitive dynamics and large-scale customer contracts limit Tesla's ability to materially increase prices. As a result, revenue growth in this segment is primarily volume-driven rather than price-driven.

Tesla is now considered to be in the forefront of creating efficient, low cost and scalable energy infrastructure that will be able to power a big portion of the world's need for energy, both in the private sector (consumers and companies) but also in the public sector. In the long term, this segment is believed to be a key element to tesla's future and crucial for its vertically integration strategy.

Energy generation and storage	2020	2021	2022	2023	2024
Revenue	1 994	2 789	3 909	6 035	10 086
% of change	0%	39,87%	40,16%	54,39%	67,13%
% of Total revenue	6%	5%	5%	6%	10%

Energy generation and storage	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040
Revenue	12 943	16 826	21 874	28 437	36 968	48 058	55 267	63 557	69 912	76 904	84 594	88 824	93 265	97 928	102 824	107 966
% of change	28,33%	30,00%	30,00%	30,00%	30,00%	30,00%	15,00%	15,00%	10,00%	10,00%	10,00%	5,00%	5,00%	5,00%	5,00%	5,00%
% of Total revenue	14%	12%	13%	14%	14%	15%	14%	13%	12%	11%	11%	10%	9%	8%	8%	8%

Figure 12: Revenue Tesla Energy generation and storage 2025-2040. Own analysis

The *Services and Other* segment is comprised of used vehicle sales, non-warranty maintenance and repairs, paid Supercharging, insurance, and merchandise. This area has shown a great increase in revenue, growing 26.63% from 2023 to 2024. This growth is a result of an increase in insurance sales, paid supercharging and a general expansion of installed customer base. As it is directly affected by automotive outcomes, Tesla's Services and Other should grow at a rate comparable to the automotive segment.

Services and other	2020	2021	2022	2023	2024
Revenue	2 306	3 802	6 091	8 319	10 534
% of change	0%	64,87%	60,21%	36,58%	26,63%
% of Automobile revenue	8%	8%	9%	10%	14%
% of Total revenue	7,31%	7,06%	7,48%	8,60%	10,78%

Services and other	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040
Revenue	12 704	16 544	18 240	22 025	26 595	25 861	29 016	29 857	23 633	24 319	25 024	25 750	26 496	27 265	28 055	28 869
% of change	20,60%	30,23%	10,25%	20,75%	20,75%	-2,76%	12,20%	2,90%	-20,85%	2,90%	2,90%	2,90%	2,90%	2,90%	2,90%	2,90%
% of Automobile revenue	18%	16%	15%	15%	15%	13%	13%	13%	10%	10%	10%	10%	10%	10%	10%	10%
% of Total revenue	13,34%	12,10%	11,03%	10,62%	10,01%	8,26%	7,28%	6,29%	4,07%	3,52%	3,24%	2,87%	2,62%	2,35%	2,18%	2,11%

Figure 13: Revenue Tesla Services and Other 2025-2040. Own analysis

In conclusion, Tesla's projected revenue growth reflects a combination of volume expansion, increasing monetization of its installed base and a gradual shift in revenue mix

toward a higher-margin operation due to emerging technologies and business models. The automotive segment remains the primary revenue contributor, with unit sales growing broadly in line with the expected expansion of the EV market and with Tesla achieving a 10% market share in the long term. While ASP declines in the short term due to the introductions of lower-priced models, this effect is somewhat offset in later years by the increasing contribution of software-related revenues, which enhances revenue per vehicle through higher utilization rates, rather than higher unit sales.

The Energy generation and storage segment exhibits the highest growth rates over the forecast horizon, driven primarily by sustained increases in deployed capacity rather than price effects, consistent with historical performance.

Overall, the revenue forecast doesn't rely on aggressive assumptions regarding market dominance or perpetual price increases. Instead, it is centered on observable historical trends, defined operating drivers, and long-term convergence assumptions. As a result, Tesla's revenue growth progressively reflects the monetization of scale, technology and platform effects, rather than solely the expansion of vehicle deliveries.

Tesla, Inc	2020	2021	2022	2023	2024
Revenue	31 536	53 823	81 462	96 773	97 690
% of change	0%	70,67%	51,4%	18,8%	0,9%

Tesla, Inc	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040
Revenue	95 208	136 772	165 398	207 478	265 811	313 073	398 505	474 636	580 853	691 040	771 616	895 910	1 010 573	1 158 343	1 286 236	1 365 099
% of change	-2,5%	43,7%	20,9%	25,4%	28,1%	17,8%	27,3%	19,1%	22,4%	19,0%	11,7%	16,1%	12,8%	14,6%	11,0%	6,1%

Figure 14: Revenue Tesla, Inc. 2025-2040. Own analysis

5.1.2. EBIT Forecast

5.1.2.1. Cost of Sales

Tesla's cost of sales is primarily related to the Automotive segment, averaging roughly 78% of vehicle revenue over the forecast horizon. This is only possible through a steady automotive gross margin, around 20%, with scale and manufacturing efficiency offset by price competition. Energy Generation and Storage shows the most pronounced improvement: in the early stages there is almost no profit with 2021 showing losses of 4.6%, improving to about

40-30% profits as storage mix rises, battery costs decline, and fixed manufacturing overhead is absorbed over higher production volumes, moving the segment from a breakeven/negative margins to a solid double-digit gross margins. Services & Other will remain a low-margin business, with cost of sales near or above revenue historically but gradually improving toward an average 88% of revenue, as Supercharging, paid connectivity, and insurance scale.

As Tesla changes from a simple car manufacturer to a software company (SaaS), the structural costs decrease and the margins grow. We chose to model FSD subscriptions at about 15% of related revenue initially, stepping down to around 10% as the software base scales, computer costs are more efficient and support costs dilute, making it the segment with highest margins. The Robotaxi signature, once launched and scaled, is also modeled with low-cost intensity. The margins change as the percentage of existing fleet becomes less private and more tesla Owned. Reflecting a software/network business with fleet operations and insurance as the main cost drivers. As the revenue mix shifts toward these software and network services, consolidated gross margins expand even if automotive unit margins remain stable.

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040
Cost of FSD subscription Sales	-	-	-	-	-	100	152	229	337	469	425	714	775	829	904	977	1 048	1 117	1 185	1 252	1 318
% of Revenues	-	-	-	-	-	15.0%	15.0%	15.0%	15.0%	15.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
Cost of Robotaxi Sales	-	-	-	-	-	-	-	388	1 429	4 365	7 914	18 455	31 636	70 379	97 902	100 498	128 341	141 376	172 190	189 702	203 806
% of Revenues	-	-	-	-	-	-	-	18%	18%	20%	22%	22%	22%	29%	29%	25%	25%	23%	23%	22%	22%
Cost of Automobile Sales	20 259	33 393	51 108	66 389	62 873	56 495	84 789	97 280	117 466	141 840	159 144	178 560	183 738	189 066	194 549	195 186	200 847	206 671	212 665	218 832	225 178
% of Car Revenues	74.4%	70.7%	71.5%	80.6%	81.6%	82.0%	82.0%	80.0%	80.0%	80.0%	80.0%	80.0%	80.0%	80.0%	80.0%	78.0%	78.0%	78.0%	78.0%	78.0%	78.0%
Cost of Energy generation and storage	1 976	2 918	3 621	4 894	7 446	9 060	11 778	15 312	19 906	24 029	31 238	35 923	38 134	41 947	46 142	50 756	53 294	55 959	58 757	61 695	64 779
% of Energy Revenues	99.1%	104.6%	92.6%	81.1%	73.8%	70.0%	70.0%	70.0%	70.0%	65.0%	65.0%	65.0%	60.0%	60.0%	60.0%	60.0%	60.0%	60.0%	60.0%	60.0%	60.0%
Cost of Services and other	2 671	3 906	5 880	7 830	9 921	11 699	14 890	16 416	19 382	23 404	22 758	25 534	26 275	20 797	21 400	22 021	22 660	23 317	23 993	24 689	25 405
% of C&O Revenue	115.8%	102.7%	96.5%	94.1%	94.2%	92.1%	90.0%	90.0%	88.0%	88.0%	88.0%	88.0%	88.0%	88.0%	88.0%	88.0%	88.0%	88.0%	88.0%	88.0%	88.0%

Figure 15: Cost of Sales - Actuals and Forecast. Information from Annual Report - own analysis

5.1.2.2. Research and development Expenses

In 2025, there was a visible increase in the percentage of revenue that was spent on R&D, mainly due to both an increase in R&D expenses but also as an effort to maintain the gross value of investment in a time when revenue decreased. From 2025 to 2030 the R&D cost will most likely grow as a consequence of new technologies being improved and studied, like FSD, the Cybercab, the Roadster, AI development, the Optimus robot that is being developed but is still in the early stages, and in the energy sector.

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040
Research and development	1 491	2 593	3 075	3 969	4 540	6 340	9 574	11 578	14 523	18 607	20 350	25 903	30 851	37 755	44 918	50 155	49 275	55 582	63 709	70 743	75 080
% of Total Revenues	4,7%	4,8%	3,8%	4,1%	4,6%	6,7%	7,0%	7,0%	7,0%	7,0%	6,5%	6,5%	6,5%	6,5%	6,5%	6,5%	5,5%	5,5%	5,5%	5,5%	5,5%

Figure 16: Research and development expenses. Information from Annual Report - own analysis

5.1.2.3. SG&A – Selling, General & Administrative Expenses

Selling, general and administrative (SG&A) expenses consist of personnel and facilities costs related to the stores, marketing, sales, executive, finance, human resources, information technology and legal organizations, as well as fees for professional and contract services and litigation settlements. No major fluctuations are expected; however, we assumed a 6% of revenue from 2025 to 2035 partially offset by higher global compliance, legal, and customer-operations requirements as the business broadens. An increase in marketing expenses is also assumed as the EV market becomes more competitive. From 2035 to 2040 the % will decrease as the customer base is stable and the direct sales technique that tesla always assumed is efficient.

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040
SG&A	3 145	4 517	3 946	4 800	5 150	5 928	8 206	9 924	12 449	15 949	18 784	23 910	28 478	34 851	41 462	38 581	44 795	50 529	57 917	64 312	68 255
% of Total Revenues	10,0%	8,4%	4,8%	5,0%	5,3%	6,2%	6,0%	6,0%	6,0%	6,0%	6,0%	6,0%	6,0%	6,0%	6,0%	5,0%	5,0%	5,0%	5,0%	5,0%	5,0%

Figure 17: SG&A Expenses. Information from Annual Report - own analysis

5.1.2.4. EBIT Conclusion

In 2024-2025 Tesla's EBIT is significantly compressed by price cuts and fewer sales due to market share loss, as consequence of the market competition. However, from 2026 onward we can see a strong comeback backed by more unit sales due to a market share increase (from 7,6% to 10%), manufacturing efficiency, higher margin software-related business (such as the FSD technology and the Cybercab) and a general improvement of the energy segment efficiency that has better margins than the automotive segment.

Having different sources of revenue and costs from very different kinds of business it must be taken into consideration the mixed margins and execution. For example, a faster FSD

adoption and platform fees for the Cybercab can push the EBIT margin higher conversely, heavier overhead for robotaxi operations, insurance, global compliance, or sustained vehicle price pressure could cap margin gains. This model assumes a material long-term EBIT expansion, but it depends on regulatory timing, technology progress and demand elasticity.

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040
Revenues	31 536	53 823	81 462	96 773	97 690	95 208	136 772	165 398	207 478	265 811	313 073	398 505	474 636	580 853	691 040	771 616	895 910	1 010 573	1 158 343	1 286 236	1 365 099
Cost of FSD subscription Sales	-	-	-	-	-	100	152	229	337	469	425	714	775	829	904	977	1 048	1 117	1 185	1 252	1 318
% of Revenues	-	-	-	-	-	15,0%	15,0%	15,0%	15,0%	15,0%	10,0%	10,0%	10,0%	10,0%	10,0%	10,0%	10,0%	10,0%	10,0%	10,0%	10,0%
Cost of Robotaxi Sales	-	-	-	-	-	-	-	388	1 429	4 365	7 914	18 455	31 636	70 379	97 902	100 498	128 341	141 376	172 190	189 702	203 806
% of Revenues	-	-	-	-	-	-	-	18%	18%	20%	22%	22%	22%	22%	22%	25%	25%	23%	23%	22%	22%
Cost of Automobile Sales	20 259	33 393	51 108	66 389	62 873	56 495	84 789	97 280	117 466	141 840	159 144	178 560	183 738	189 066	194 549	195 186	200 847	206 671	212 665	218 832	225 178
% of Car Revenues	74,4%	70,7%	71,5%	80,6%	81,6%	82,0%	82,0%	80,0%	80,0%	80,0%	80,0%	80,0%	80,0%	80,0%	80,0%	80,0%	78,0%	78,0%	78,0%	78,0%	78,0%
Cost of Energy generation and storage	1 976	2 918	3 621	4 894	7 446	9 060	11 778	15 312	19 906	24 029	31 238	35 923	38 134	41 947	46 142	50 756	53 294	55 959	58 757	61 695	64 779
% of Energy Revenues	99,1%	104,6%	92,6%	81,1%	73,8%	70,0%	70,0%	70,0%	70,0%	65,0%	65,0%	65,0%	60,0%	60,0%	60,0%	60,0%	60,0%	60,0%	60,0%	60,0%	60,0%
Cost of Services and other	2 671	3 906	5 880	7 830	9 921	11 699	14 890	16 416	19 382	23 404	22 758	25 534	26 275	20 797	21 400	22 021	22 660	23 317	23 993	24 689	25 405
% of Car Revenues	9,8%	8,3%	8,2%	9,5%	12,9%	17,0%	14,4%	13,5%	13,2%	13,2%	11,4%	11,4%	11,4%	8,8%	8,8%	8,8%	8,8%	8,8%	8,8%	8,8%	8,8%
% of C&O Revenue	115,8%	102,7%	96,5%	94,1%	94,2%	92,1%	90,0%	90,0%	88,0%	88,0%	88,0%	88,0%	88,0%	88,0%	88,0%	88,0%	88,0%	88,0%	88,0%	88,0%	88,0%
SG&A	3 145	4 517	3 946	4 800	5 150	5 928	8 206	9 924	12 449	15 949	18 784	23 910	28 478	34 851	41 462	38 581	44 795	50 529	57 917	64 312	68 255
% of Total Revenues	10,0%	8,4%	4,8%	5,0%	5,3%	6,2%	6,0%	6,0%	6,0%	6,0%	6,0%	6,0%	6,0%	6,0%	6,0%	5,0%	5,0%	5,0%	5,0%	5,0%	5,0%
Research and development	1 491	2 593	3 075	3 969	4 540	6 340	9 574	11 578	14 523	18 607	20 350	25 903	30 851	37 755	44 918	50 155	49 275	55 582	63 709	70 743	75 080
% of Total Revenues	4,7%	4,8%	3,8%	4,1%	4,6%	6,7%	7,0%	7,0%	7,0%	7,0%	6,5%	6,5%	6,5%	6,5%	6,5%	6,5%	5,5%	5,5%	5,5%	5,5%	5,5%
EBIT	1 994	6 496	13 832	8 891	7 760	5 786	7 687	14 500	22 324	37 619	52 886	90 220	135 524	186 056	244 666	314 418	396 698	477 140	569 112	656 264	702 595
% of Change		225,8%	112,9%	-35,7%	-12,7%	-25,4%	32,8%	88,6%	54,0%	68,5%	40,6%	70,6%	50,2%	37,3%	31,5%	28,5%	26,2%	20,3%	19,3%	15,3%	7,1%
% of Revenues	6,3%	12,1%	17,0%	9,2%	7,9%	6,1%	5,6%	8,8%	10,8%	14,2%	16,9%	22,6%	28,6%	32,0%	35,4%	40,7%	44,3%	47,2%	49,1%	51,0%	51,5%

Figure 18: EBIT Actuals and Forecast. Information from Annual Report - own analysis

5.1.3. Free Cash Flow to the Firm (FCFF) Calculation

5.1.3.1. Capital Expenditure – CAPEX

Tesla is a capital-intensive business when compared to traditional automakers. Due to its heavy investment in AI and in new manufacturing technologies, Tesla can be at times compared to large technology companies (like Amazon or Meta). Tesla's focus with its CAPEX expenditure is on the energy deployment and storage segment, automobile segment, charging stations and the Optimus humanoid-robot. Each Gigafactory cost varies depending on the size and location. With plans to build new factories in Asia, Europe, México and in the USA, CAPEX expenditure will be necessary to continue growth and record-breaking energy deployment with scalable capacity.

Regarding the automobile segment, which is the main consumer of CAPEX, not only new models will be released but new and emerging technologies such as the FDS and the Robotaxi are being developed. These technologies require testing and also the development of AI chips such as AI4, AI5, AI6 and AI7 (planned for 2028). These chips will not only be used for the FDS and Robotaxi but also for data centers. With Tesla targeting 20 million vehicles delivered by 2030, it will need to build around 15 new factories worldwide. This objective is the main

reason why from 2025-2030 around 11% of its revenue will go to CAPEX. The cost of these factories is similar to the energy factories, with some factories being used for both purposes like the Berlin gigafactory which costed around 5 billion dollars.

Also, it should be taken into consideration Tesla's supercharging stations, that are already present around the world and are considered the most efficient, and will be used by other EV brands.

In this point it is important to refer the fact that Tesla is creating Optimus. Optimus is a humanoid robot, designed to perform dangerous, repetitive and boring tasks, leveraging the same AI and components as Tesla's autonomous vehicles. This new product, that is still in the development phase, will require a strong investment in the coming years. Although billions of dollars will need to be invested, analysts from firms like Morgan Stanley and City project the entire humanoid robot market could reach \$5 to \$7 trillion by 2050.

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040
CAPEX	3 157	6 482	7 158	8 898	11 339	10 000	15 045	18 194	22 823	29 239	34 438	39 850	47 464	58 085	69 104	69 445	76 152	80 846	92 667	77 174	81 906
% of Revenues	10,0%	12,0%	8,8%	9,2%	11,6%	10,5%	11,0%	11,0%	11,0%	11,0%	11,0%	10,0%	10,0%	10,0%	10,0%	9,0%	8,5%	8,0%	8,0%	6,0%	6,0%
% of change	0,0%	105,3%	10,4%	24,3%	27,4%	-11,8%	50,4%	20,9%	25,4%	28,1%	17,8%	15,7%	19,1%	22,4%	19,0%	0,5%	9,7%	6,2%	14,6%	-16,7%	6,1%

Figure 19: CAPEX Actuals and Forecast. Information from Annual Report - own analysis

5.1.3.2. Depreciation & Amortization – D&A

To calculate Depreciation and Amortizations, the gross value of non-current assets was determined by reflecting only the assets that are subject to depreciation/amortization, specifically Property, Plant & Equipment and Intangible Assets. From 2025 to 2040, the Non-Current Assets Gross assets are calculated by summing the previous year's assets, adding current year's CAPEX, and subtracting the current year's D&A.

In 2025, the D&A as a percentage of total Gross Non-Current Assets was 10,4%. This percentage could not be assumed for the rest of the years due to the change in types of assets that Tesla works with. With increased investment in AI and software, these items have gained more weight over time. This will cause the depreciation percentage in relation to non-current assets to increase. Needless to say that investment in power plants, cars and various equipment will help prevent rates from rising too much.

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040
D&A	2 322	2 911	3 543	4 667	5 368	5 000	8 275	10 007	12 552	16 082	18 941	23 910	28 478	34 851	41 462	45 140	49 499	56 592	64 867	61 739	65 525
% of Non Current Assets	12,8%	11,3%	10,8%	11,1%	10,4%	8,8%	13,1%	14,0%	15,3%	16,9%	17,1%	18,9%	19,6%	20,7%	21,1%	20,5%	20,0%	20,8%	21,7%	19,6%	19,8%
% of Capex	73,6%	44,9%	49,5%	52,4%	47,3%	50,0%	55,0%	55,0%	55,0%	55,0%	55,0%	60,0%	60,0%	60,0%	60,0%	65,0%	65,0%	70,0%	70,0%	80,0%	80,0%
Non-Current Assets Gross	18 177	25 872	32 804	41 960	51 574	56 574	63 344	71 531	81 802	94 959	110 456	126 397	145 382	168 616	196 258	220 564	247 217	271 471	299 271	314 706	331 087

Figure 20: D&A Actuals and Forecast. Information from Annual Reports - own analysis

5.1.3.3. Net Working Capital

Working Capital is an operational metric that reflects the amount of cash that a company has available after settling all liabilities.

Tesla divides inventories into three categories: Raw Materials, Work in Progress, Finished Goods and Service parts. For stability and conservative measures, days inventory outstanding (**DIO**) is assumed to be the average of 2023 and 2024. DIO tends to decrease, given sales and stock efficiency and it's estimated to continue with the application of AI and due to a more stable client base. The fact that the cost per car is lower affects negatively the DIO, but it's balanced by sales efficiency.

Regarding Receivables, it is assumed that the number of Days Sales Outstanding (**DSO**) will remain in line with 2024 levels until 2026, where they will go up due to more flexible credit terms related to new products being released. After 2032, the DSO will regain previous efficiency as it is expected that Tesla will attempt to minimize this metric as much as possible without negatively impacting business operations.

From 2020 to 2024, Days Payable Outstanding (**DPO**) have been decreasing and will continue to decrease. It is assumed that after 2030 Tesla will be able to pay its debts in line with the sales of inventory. This attempt to decrease the DPO is seen as a move to strengthen supplier relationships, secure early payment discounts, and improve its credit worthiness.

It is important to note that Cash & Cash Equivalents only includes cash flow from operating activities, excluding all financing activities.

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040
Inventories	4 101	5 757	12 839	13 625	12 017	12 992	19 139	21 593	26 345	31 810	36 512	39 956	41 335	41 139	42 863	40 429	41 777	43 172	44 617	46 114	47 664
DPO as a % of COGS	74	63	92	75	70	72	72	70	70	70	70	68	68	65	65	60	60	60	60	60	60
Cash and cash equivalents	19 384	17 576	16 253	16 398	16 139	15 233	21 884	26 484	33 197	42 530	50 092	63 761	73 942	92 936	110 966	123 459	143 346	161 892	189 335	205 798	218 416
% of Revenues	61,3%	32,7%	20,0%	16,9%	16,5%	16,0%	16,0%	16,0%	16,0%	16,0%	16,0%	16,0%	16,0%	16,0%	16,0%	16,0%	16,0%	16,0%	16,0%	16,0%	16,0%
Accounts receivable	1 886	1 913	2 952	3 508	4 418	4 484	6 370	8 157	10 232	13 109	15 439	19 652	22 106	27 053	32 185	31 710	36 818	41 530	41 256	45 811	48 620
DSO as a % of Revenues	22	13	13	13	17	17	17	18	18	18	18	18	17	17	17	15	15	15	13	13	13
Prepaid expenses and other current assets	1 346	1 723	2 941	3 388	5 362	3 822	5 490	6 639	8 328	10 669	12 566	13 948	16 612	20 330	24 186	27 007	26 877	30 317	34 750	38 587	40 953
% of Revenues	4,3%	3,2%	3,6%	3,5%	5,5%	4,0%	4,0%	4,0%	4,0%	4,0%	4,0%	3,5%	3,5%	3,5%	3,5%	3,5%	3,0%	3,0%	3,0%	3,0%	3,0%
Accounts payable	6 051	10 025	15 255	14 431	12 474	15 327	22 113	25 595	31 100	37 552	42 044	42 743	44 190	44 843	46 674	47 720	49 293	50 922	52 608	54 353	56 160
DPO as a % of COGS	109	110	109	79	72	72	72	72	72	72	72	65	65	65	65	65	65	65	65	65	65
Accrued purchases	901	2 045	2 747	2 721	2 253	2 735	3 419	4 135	5 187	6 645	7 827	7 970	9 493	11 617	13 821	15 432	17 918	20 211	23 167	25 725	27 302
% of Revenues	2,9%	3,8%	3,4%	2,8%	2,3%	2,9%	2,5%	2,5%	2,5%	2,5%	2,5%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%
Payroll and related costs	654	906	1 026	1 325	1 532	1 619	2 325	2 812	3 527	4 519	4 696	5 978	7 120	8 713	10 366	11 574	13 439	15 159	17 375	19 294	20 476
% of Revenues	2,1%	1,7%	1,3%	1,4%	1,6%	1,7%	1,7%	1,7%	1,7%	1,7%	1,5%	1,5%	1,5%	1,5%	1,5%	1,5%	1,5%	1,5%	1,5%	1,5%	1,5%
Customer deposits	752	925	1 063	876	993	1 396	2 005	2 425	3 042	3 897	4 590	5 842	6 958	8 515	10 130	11 312	13 134	14 815	16 981	18 856	20 012
% of Revenues	2,4%	1,7%	1,3%	0,9%	1,0%	1,5%	1,5%	1,5%	1,5%	1,5%	1,5%	1,5%	1,5%	1,5%	1,5%	1,5%	1,5%	1,5%	1,5%	1,5%	1,5%
Deferred revenue	1 458	1 447	1 747	2 864	3 168	3 621	5 202	6 290	7 891	10 109	12 523	15 940	18 985	23 234	27 642	30 865	35 836	40 423	46 334	51 449	54 604
% of Revenues	4,6%	2,7%	2,1%	3,0%	3,2%	3,8%	3,8%	3,8%	3,8%	3,8%	4,0%	4,0%	4,0%	4,0%	4,0%	4,0%	4,0%	4,0%	4,0%	4,0%	4,0%
Other current liabilities	241	294	354	517	1 549	1 428	2 052	2 481	3 112	3 987	4 696	5 978	7 120	8 713	10 366	11 574	13 439	15 159	17 375	19 294	20 476
% of Revenues	0,8%	0,5%	0,4%	0,5%	1,6%	1,5%	1,5%	1,5%	1,5%	1,5%	1,5%	1,5%	1,5%	1,5%	1,5%	1,5%	1,5%	1,5%	1,5%	1,5%	1,5%
Accrued warranty, current portion	479	703	1 025	1 546	1 917	2 310	3 419	4 135	5 187	6 645	7 827	9 963	11 866	14 521	17 276	15 432	17 918	20 211	23 167	25 725	27 302
% of Revenues	1,5%	1,3%	1,3%	1,6%	2,0%	2,4%	2,5%	2,5%	2,5%	2,5%	2,5%	2,5%	2,5%	2,5%	2,5%	2,0%	2,0%	2,0%	2,0%	2,0%	2,0%
Sales return reserve, current portion	417	265	270	219	305	511	734	888	1 114	1 427	1 681	2 140	2 548	3 119	3 710	4 143	4 810	5 426	6 219	6 906	7 330
% of Revenues	1,3%	0,5%	0,3%	0,2%	0,3%	0,5%	0,5%	0,5%	0,5%	0,5%	0,5%	0,5%	0,5%	0,5%	0,5%	0,5%	0,5%	0,5%	0,5%	0,5%	0,5%
Resale value guarantees	1 458	1 447	1 747	2 864	3 168	2 982	4 283	5 180	6 488	8 325	9 392	11 955	14 239	17 426	20 731	19 290	22 398	25 264	28 959	32 156	34 127
% of Revenues	4,6%	2,7%	2,1%	3,0%	3,2%	3,1%	3,1%	3,1%	3,1%	3,1%	3,0%	3,0%	3,0%	3,0%	3,0%	2,5%	2,5%	2,5%	2,5%	2,5%	2,5%
Taxes payable	777	1 122	1 235	1 204	1 367	1 258	1 808	2 186	2 742	3 513	3 131	3 965	4 746	5 809	6 910	7 716	8 959	10 106	11 583	12 862	13 651
% of Revenues	2,5%	2,1%	1,5%	1,2%	1,4%	1,3%	1,3%	1,3%	1,3%	1,3%	1,0%	1,0%	1,0%	1,0%	1,0%	1,0%	1,0%	1,0%	1,0%	1,0%	1,0%
Deferred revenue - Long term	1 284	2 052	2 804	3 251	3 317	3 746	5 471	6 616	8 299	10 632	12 523	15 940	18 985	23 234	27 642	30 865	35 836	40 423	46 334	51 449	54 604
% of Revenues	4,1%	3,8%	3,4%	3,4%	3,4%	3,9%	4,0%	4,0%	4,0%	4,0%	4,0%	4,0%	4,0%	4,0%	4,0%	4,0%	4,0%	4,0%	4,0%	4,0%	4,0%
Working Capital	12 245	5 738	5 712	5 102	5 893	-451	51	109	403	866	3 680	8 886	9 745	11 716	14 534	16 681	15 837	18 593	15 857	18 241	19 608
Net Working Capital	-6 507	-26	-610	791	-6 344	502	59	294	464	2 814	5 207	858	1 971	2 818	2 148	-844	2 756	-2 736	2 384	1 367	

Figure 21: Net Working Capital Calculation Actuals and Forecast. Information from Annual Reports - own analysis

5.1.3.4. Taxes on EBIT

To calculate its effective tax rate (**ETR**), Tesla needs to take into consideration the various locations in which it operates and the local tax regulations. As a result, the company's consolidated tax burden reflects a weighted average of these local tax environments.

Tesla's effective tax rate is structurally lower than statutory rates due to several mitigating factors. As an EV company, Tesla benefits from tax credits and incentives linked to renewable energy investments, battery production and sustainable manufacturing. Furthermore, the company applies accounting methods to reduce the taxable base, including the use of deferred tax assets, net operating loss carryforwards, stock-based compensations and accelerated depreciation which allows her to write off a larger portion of assets in the initial years of its useful life. As such, Tesla was able, in 2023, to have an income tax benefit of approximately \$5 billion.

Consequently, Tesla has the ability to sustain an effective tax rate below that formally proclaimed by local tax authorities, especially during periods of rapid investment and expansion.

However, changes in local policies (e.g., USA), can reduce (and have reduced) its ability to mitigate the tax burden.

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040
EBIT	1 994	6 496	13 832	8 891	7 760	5 786	7 687	14 500	22 324	37 619	52 886	90 220	135 524	186 056	244 666	314 418	396 698	477 140	569 112	656 264	702 595
Taxes on EBIT	-292	-699	-1 132	5 001	-1 837	-1 041	-1 384	-2 610	-4 018	-6 771	-9 519	-16 240	-24 394	-33 490	-44 040	-56 595	-71 406	-85 885	-102 440	-118 128	-126 467
% of EBIT	14,6%	10,8%	8,2%	56,2%	23,7%	18,0%	18,0%	18,0%	18,0%	18,0%	18,0%	18,0%	18,0%	18,0%	18,0%	18,0%	18,0%	18,0%	18,0%	18,0%	18,0%

Figure 22: Taxes on EBIT Actuals and Forecast. Information from Annual Report - own analysis

5.1.3.5. FCFF Conclusion

In conclusion, the FCFF is in line with the above-mentioned assumptions. The general trajectory of the company is one of growth and development. Investment is essential for growth, and Figure 23 shows FCFF dips during major investment years. Growth shifts from exponential (2025–2035) to stable (2035–2040) as the company matures and reinvests less revenue.

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040
EBIT	1 994	6 496	13 832	8 891	7 760	5 786	7 687	14 500	22 324	37 619	52 886	90 220	135 524	186 056	244 666	314 418	396 698	477 140	569 112	656 264	702 595
Taxes on EBIT	-292	-699	-1 132	5 001	-1 837	-810	-1 076	-2 030	-3 125	-5 267	-7 404	-12 631	-18 973	-26 048	-34 253	-44 019	-55 538	-66 800	-79 676	-91 877	-98 363
% of EBIT	14,6%	10,8%	8,2%	56,2%	23,7%	14,0%	14,0%	14,0%	14,0%	14,0%	14,0%	14,0%	14,0%	14,0%	14,0%	14,0%	14,0%	14,0%	14,0%	14,0%	14,0%
D&A	2 322	2 911	3 543	4 667	5 368	5 000	8 275	10 007	12 552	16 082	18 941	23 910	28 478	34 851	41 462	45 140	49 499	56 592	64 867	61 739	65 525
CAPEX	3 157	6 482	7 158	8 898	11 339	10 000	15 045	18 194	22 823	29 239	34 438	39 850	47 464	58 085	69 104	69 445	76 152	80 846	92 667	77 174	81 906
Change in Net Working Capit	0	-6 507	-26	-610	791	-6 344	502	59	294	464	2 814	5 207	858	1 971	2 818	2 148	-844	2 756	-2 736	2 384	1 367
FCFF	867	8 733	9 111	10 271	-839	6 320	-662	4 224	8 635	18 731	27 171	56 442	96 707	134 802	179 953	243 946	315 351	383 331	464 372	546 568	586 484

Figure 23: FCFF Actuals and Forecast. Information from Annual Report - own analysis

5.1.4. Weighted Average Cost of Capital (WACC) Estimation

5.1.4.1. Cost of Debt

Tesla's cost of debt is the weighted average of its Traded Debt (Bonds) and Non-Traded Debt, as these two categories are traded at different rates.

Regarding Traded Debt, and according to detailed information from Refinitiv, Tesla has bonds issued only in the United States. Therefore, the market value of these bonds in dollars and the cost of traded debt in dollars were calculated (Appendix 3).

First, the market value of Tesla's bonds, totaling approximately 159 200 million euros, was determined based on the outstanding amount and the bond's last price.

Second, the yield to maturity (**YTM**) was calculated for each bond. This calculation considered the YTM in dollars. This resulted in a cost of traded debt of 6.24%.

Regarding Non-Traded Debt, the cost of debt is calculated by adding the risk-free rate and spread based on the company's credit rating. The risk-free rate used was 4,14%, reflecting the 10-Year American Bond as of end November 2025. Using Damodaran's information for the spread of large non-financial firms and given Tesla's debt-to equity ratio, cash flow, interest coverage and payment history that gives her a Aaa/AAA rating, the applicable spread is 0,45% (appendix 4). Therefore, cost of debt for non-traded debt is 4,59%.

The big difference between the YTM of the traded debt (6,24%) and the Kd of non-traded debt (4,59%) lies in the average maturity of the bonds, which is 15 years, whereas the average maturity of non-traded debt is around 3,9 years.

To calculate market value of non-traded debt, Damodaran formula (equation 17) was applied:

$$MV \text{ Non - Traded Debt} = \text{Interest Expenses} \times \frac{1 - \frac{1}{(1 + k_d)^T}}{k_d} + \frac{BV \text{ Non Traded Debt}}{(1 + k_d)^T}$$

Equation 18: Damodaran Formula: Calculation Market Value Non Traded Debt

As per the 2025 10-Q report, the book value of non-traded debt is 2,979 million dollars. To achieve the market value of non-traded debt, the average maturity of non-trade debt was calculated using appendix 5, which contains information as of the end of June 2025. This resulted in an average maturity of 3,9 years. The forecast of interest expense in 2025 is 522 million dollars, assuming that the percentage of EBIT (9%) remains constant when compared

to 2024. Consequently, the market value of non-trade debt is 4 031 million dollars, representing approximately 96% of all financial liabilities.

The estimated 4,65% cost of debt of Tesla is the weighted average between non-traded debt and trade debt (see figure 24).

Cost of Debt	4,65%
Non Traded	4,59%
Spread	0,45%
Rf	4,14%
MV Non traded Debt	4 031
Traded	6,24%
MV Traded Debt	159

Figure 24: Cost of Debt – own analysis

5.1.4.2. Cost of Equity

In alignment with section 3.1.1.4, the cost of equity was calculated using Capital Asset Pricing Model (CAPM). As per *Kroll's* last report in September 2025, the recommended U.S Equity Risk Premium to compute the cost of capital is 5% when developing USD-denominated discount rates.

According to Koller *et al.*, the industry Beta should be used instead of specific beta for the company, since “*companies in the same industry face similar operating risk*”. However, Tesla's business model and revenue streams remain—and will likely continue to be—unlike those of traditional automakers. Since Tesla's risk profile differs significantly from the industry, a company-specific Beta of 1.86 was used to measure market volatility.

As a result, the estimated cost of equity is estimated at 13.4%.

5.1.4.3. WACC Final Considerations

It is important to note that for WACC calculations, the assumed tax rate is 26%, which reflects the average effective tax rate reported in Tesla's quarterly reports in 2025.

Given the amount of cash and equivalents that Tesla has (average of 17 150 million dollars per year from 2020 to 2024) it was considered appropriate to include this signature in the WACC calculation.

Figure 25: WACC Calculation – own analysis

In this valuation, Tesla's Enterprise Value is determined as the sum of future FCFF and the Terminal Value (Figure 26). The present value of FCFF was obtained by discounting the forecasted FCFF at the WACC of 13,3%, which reflects the time value of money.

Figure 26: Enterprise Value – own analysis

The final step in the DCF Model involves bridging the enterprise value and equity value, which represents the portion available for equity shareholders (Figure 27). A key assumption is that Tesla will not change its number of outstanding shares in 2025.

In conclusion, based on the analysis conducted through the application of DCF Model, it is expected that Tesla's Share Price will rise 9,9%, increasing to \$473,78 per share.

Enterprise Value	1 516 788
Total Debt	4 191
Cash and Cash Equivalen	16 139
Pension	107
Non-Controlling Interest	704
Equity Value	1 527 925
Shares	3 225 000 000
Share Price	473,78
Base Price	431,09
Gains/losses	9,9%

Figure 27: DCF Results

5.1.6. Sensitive Case Analysis

Given the fact that the DCF model is very sensible to changes within its assumptions, a sensitive case analysis was conducted.

As is known, the WACC and the growth rate for terminal value calculation play a very important role in model assumptions and have a substantial impact on the enterprise value. Therefore, the sensitive case analysis involved both WACC and growth rate in +/- 10bps (basis points) to evaluate the effect on the final share value.

It is crucial to note that with variations of a total of 20bps in both variables share price can fluctuate between \$453,19 and \$496,02 (figure 28).

Share Price 473,78		WACC								
		12,9%	13,0%	13,1%	13,2%	13,3%	13,4%	13,5%	13,6%	13,7%
Growth Rate	2,6%	496,06	487,67	479,47	471,46	463,64	456,00	448,53	441,23	434,09
	2,7%	498,86	490,38	482,09	474,01	466,10	458,38	450,84	443,47	436,26
	2,8%	501,72	493,14	484,77	476,60	468,61	460,81	453,19	445,75	438,47
	2,9%	504,63	495,96	487,50	479,24	471,17	463,29	455,59	448,07	440,72
	3,0%	507,60	498,84	490,28	481,93	473,78	465,81	458,03	450,43	443,01
	3,1%	510,64	501,77	493,12	484,68	476,43	468,38	460,52	452,84	445,34
	3,2%	513,74	504,77	496,02	487,48	479,14	471,01	463,06	455,30	447,72
	3,3%	516,90	507,82	498,97	490,34	481,91	473,68	465,65	457,81	450,15
	3,4%	520,13	510,94	501,99	493,25	484,73	476,41	468,29	460,36	452,62

Figure 28: Sensitive Analysis - WACC and Growth Rate – own analysis

5.2. Adjusted Present Value (APV)

This chapter develops the valuation of Tesla using the Adjusted Present Value (APV) method, presented as a variant of the DCF model. Although Tesla historically exhibits a relatively low and stable level of financial leverage, the APV framework is still useful, as it allows for a clear identification and explicit valuation of tax shields and other financing side effects, rather than embedding them in a single WACC.

Building on the DCF analysis previously conducted – which serves as a benchmark and reference point – this chapter applies the APV methodology to reassess Tesla's equity value. The results obtained here will later be contrasted with the valuation derived from a sum-of-the-parts framework developed in the following chapter, providing a more comprehensive view of Tesla's intrinsic value.

In this valuation, similarly to the DFC model, Tesla's Enterprise Value is determined as the sum of future FCFF and the Terminal Value. This method uses the tax shield generated by debt to demonstrate the true value of the operating side of the company and the effect that debt has on the value of the company.

The present value of FCFF was obtained by discounting the forecasted FCFF at the cost of equity unlevered (**Ku**) of 13,4%, instead of the 13,3% from the WACC (Figure 29). Given Tesla's negligible leverage ($D/V = 0.3\%$), the unlevered cost of capital (**Ku**) is

essentially equal to the current WACC, at approximately 13.3–13.4%. The growth rate used to calculate the terminal value was the same 3% as used in the DFC model.

As for the Tax Shield, the total debt of 4,191 million dollars (traded debt and non-trade debt) was used and multiplied by the effective tax rate of 26% giving tesla a 1090 million dollars tax shield.

The APV model allows for the explicit inclusion of PV Financial Distress Costs. In Tesla's case, this component was not modelled separately given the company's conservative capital structure – low financial debt and comfortable cash position – making financial distress costs economically immaterial.

Consequently, the Enterprise Value of 1,488,335 million dollars was achieved by adding the tax shield to the unlevered firm value (Figure 29).

	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	Terminal Value
FCFF	-662	4 224	8 635	18 731	27 171	56 442	96 707	134 802	179 953	243 946	315 351	383 331	464 372	546 568	586 484	5 800 864
Discount Factor	0,88	0,78	0,69	0,60	0,53	0,47	0,41	0,37	0,32	0,28	0,25	0,22	0,19	0,17	0,15	0,13
Discounted FCFF	-583	3 284	5 919	11 321	14 481	26 522	40 068	49 247	57 966	69 286	78 973	84 643	90 411	93 828	88 773	774 196
Unlevered Firm Value																1 488 335

Figure 29: Unlevered Enterprise Value – own analysis

The final step in the Adjusted present value Model involves bridging the enterprise value and equity value, which represents the portion available for equity shareholders (Figure 30). A key assumption is that Tesla will not change its number of outstanding shares in 2025.

In conclusion, based on the analysis conducted through the application of the APV Model, it is expected that Tesla's Share Price will rise 7,9%, increasing to \$465,29 per share.

Unlevered Firm Value	1 488 335
Tax shield	1090
Enterprise Value	1 489 424
Total Debt	4 191
Cash and Cash Equivalents	16 139
Pension	107
Non-Controlling Interests	704
Equity Value	1 500 562
Shares	3 225 000 000
Share Price	465,29
Base Price	431,09
Gains/losses	7,9%

Figure 30: APV Results

5.2.1. Adjusted Present Value Model – Final Considerations

Similarly to the DCF model, the APV model is very sensible to changes within its assumptions, thus a sensitive case analysis was conducted.

As is known, the cost of equity and the growth rate for terminal value calculation play a very important role in model assumptions and have a substantial impact on the enterprise value. Therefore, the sensitive case analysis involved both the cost of equity and growth rate in +/- 10bps (basis points) to evaluate the effect on the final share value.

It is crucial to note that with variations of a total of 20bps in both variables share price can fluctuate between \$445,28 and \$486,90 (figure 31).

Share Price 465,29		Cost of Equity								
		13,0%	13,1%	13,2%	13,3%	13,4%	13,5%	13,6%	13,7%	13,8%
Growth Rate	2,6%	487,10	478,92	470,94	463,14	455,51	448,06	440,78	433,66	426,69
	2,7%	489,80	481,54	473,47	465,59	457,89	450,36	443,01	435,82	428,79
	2,8%	492,56	484,21	476,05	468,09	460,31	452,71	445,28	438,02	430,92
	2,9%	495,37	486,93	478,68	470,64	462,78	455,10	447,59	440,26	433,09
	3,0%	498,23	489,70	481,37	473,23	465,29	457,53	449,95	442,54	435,31
	3,1%	501,16	492,53	484,10	475,88	467,85	460,01	452,35	444,87	437,56
	3,2%	504,14	495,41	486,90	478,58	470,47	462,54	454,80	447,24	439,86
	3,3%	507,18	498,36	489,74	481,34	473,13	465,12	457,30	449,66	442,20
	3,4%	510,29	501,36	492,65	484,15	475,85	467,75	459,84	452,12	444,58

Figure 31: Sensitive Analysis – Cost of equity and Growth Rate – own analysis

5.3. Sum-of-the-Partes Valuation (SOTP)

Given the uniqueness of Tesla as a company, not only in relation to the different businesses in which it operates, but also regarding its operational margins, capital structure, growth profile and market capitalization, it's very difficult to find a proper peer group to do a relative valuation, without distorting the results.

As such, a SOTP valuation was conducted, separating the company into three main segments.

The first segment is the “automobile segment”. This segment excludes FSD/robotaxi, which are valued in the Software segment. To benchmark this segment without distorting results, a peer group was selected that combines premium incumbents and scaled BEV competitors, such as BMW and Mercedes-Benz, which mirror Tesla's price/mix and disciplined industrial margins with conservative leverage; Hyundai, a globally scaled OEM with a rising BEV mix and BYD's automotive business, the closest large-scale BEV comparator on cost curves and unit volume. These companies operate in the global automotive market and face similar challenges related to market evolution. BYD is Tesla's most direct global BEV competitor that in 2025, for the first time, surpassed Tesla's sales.

Although other pure-play EV OEMs such as Lucid or Rivian operate in the same segment, their early-stage scale, negative profitability and very high execution risk make them poor comparables for a multiples-based valuation. They are therefore excluded from the core peer group, which focuses on scaled, profitable OEMs (BMW, Mercedes-Benz, Hyundai, BYD) that better mirror Tesla's Automotive segment in terms of maturity and financial profile.

The median EV/Revenue and EV/EBITDA multiples for the Automotive peer group (BMW, Mercedes-Benz, Hyundai, BYD) are 1.0x and 8.0x, respectively. However, as mentioned, Tesla's Automotive business differs from these incumbents in several structural ways: it is a pure-EV manufacturer without legacy ICE exposure, it enjoys higher expected volume and revenue growth, operates with greater vertical integration and a direct-to-consumer sales model, and benefits from a strong technology-driven brand.

To reflect these advantages while still anchoring the valuation on traditional OEM benchmarks, a modest 20% premium was applied to the peer-group medians, resulting in 1.2x EV/Revenue and a 9.5x EV/EBITDA for Tesla's Automotive business. This captures Tesla's superior growth and quality profile without extrapolating the software/AI optionality that is valued separately in the Software & Services segment

It is important to note that the median is chosen, since it excludes outliers.

Company Name	EV / Revenue	EV / EBITDA	Price / EPS
Hyundai Motor Co	1,36	14,03	10,42
Bayerische Motoren Werke AG	1,02	7,71	7,66
Mercedes-Benz Group AG	0,98	8,36	8,12
BYD Co Ltd	0,75	5,78	17,00
Multiple Median Peer Group	1,00	8,04	9,27

Figure 32: Peer Group for Automobile segment - Multiples, own analysis information from Refinitiv

The second segment of Tesla that was considered was the "Software & services". The Software & Services segment includes only high-margin, vehicle-related digital revenues, namely FSD, Autopilot, ADAS (up-front FSD sales, FSD subscriptions and other recurring driver-assistance software revenue), connectivity and infotainment (premium connectivity, streaming, in-car apps and paid digital/OTA upgrades), and other software-only services sold to Tesla owners that are not already included in the Automotive or Energy segments.

While these revenues stem from Tesla's proprietary AI stack (e.g., FSD/Autopilot), this analysis values the software and digital services generated rather than the AI assets themselves." The peer group was built around the idea that Tesla may become a SaaS. To value Tesla's FSD independent of car manufacturing, this analysis benchmarks against software and AI-driven companies such as ServiceNow, Adobe, Salesforce, and Cerence. Among autonomous driving peers, Mobileye stands out: despite Waymo's closer technology, Mobileye's business model better mirrors Tesla's FSD.

Although Tesla holds a significant AI lead in autonomous driving, no valuation premium over SaaS/ADAS peer medians is applied in the base case. Peer multiples already reflect substantial growth expectations and AI optionality, and FSD/robotaxi still faces material technical, regulatory, and execution risks. Accordingly, the Software & Services

valuation is anchored on peer-based EV/Revenue multiples, treating full robotaxi deployment as scenario-based upside rather than a base SOTP component.

Company Name	EV / Revenue	EV / EBITDA	Price / EPS
ServiceNow Inc	8,39	23,30	31,37
Adobe Inc	4,60	9,68	12,36
Salesforce Inc	4,57	10,80	17,29
Mobileye Global Inc	3,24	23,32	37,24
Cerence Inc	2,15	8,60	16,49
Multiple Median Peer Group	4,57	10,80	17,29

Figure 33: Peer Group for Software & Services segment - Multiples, own analysis information from Refinitiv

The Third and last segment is the Energy segment. This segment concentrates on energy generation and storage. Tesla's significant growth in energy storage, sustained record-breaking deployment, and distinct operating margins warrant a separate analysis from the automobile and software segments. This peer group consists of energy technology manufacturers and integrators focused on utility-scale battery storage systems (for example, a grid-scale integrator like Fluence), power electronics and inverters (with significant exposure in companies such as Sungrow or SMA), and residential solar-plus-storage hardware (as reflected in providers like Enphase or SolarEdge). These companies mirror Tesla Energy's sell-and-integrate hardware model. Together, these storage integrators and inverter/residential hardware players capture the core economics, project cyclicity and margin profile of Tesla's Megapack and Powerwall businesses.

Company Name	EV / Revenue	EV / EBITDA	Price / EPS
Enphase Energy Inc	4,00	14,30	18,78
Sungrow Power Supply Co Ltd	2,70	12,98	17,51
Solaredge Technologies Inc	1,40	49,01	136,20
Fluence Energy Inc	1,32	60,24	755,36
SMA Solar Technology AG	0,79	7,56	19,71
Multiple Median Peer Group	1,40	14,30	19,71

Figure 34: Peer Group for Energy segment - Multiples, own analysis information from Refinitiv

For each segment, the valuation multiple that best reflects its operating profile was applied.

For the Automobile segment, EV/EBITDA was used because auto manufacturing is capital-intensive and at different ramp stages across peers; EBIT can be distorted by depreciation and amortization from new plants, product refresh cycles, and differing accounting policies, while EBITDA provides a cleaner like-for-like comparison with the industrial (auto-only) metrics reported by peers. For Software & Services, EV/Revenue was used because the mix includes high-growth software (e.g., FSD subscriptions and feature unlocks) with deferred-revenue dynamics, pre-revenue/early-stage initiatives (robotaxi), making EBITDA/EBIT less comparable across peers and periods. For Energy, EV/Revenue was used because storage/inverter businesses often have thin or volatile profitability driven by component price swings, project timing, and warranty/installation costs. Top-line multiples better capture scale through the cycle.

Applying the selected multiples to each segment's metrics gives the implied segment values: Automotive (EV/EBITDA) 43,281 million dollars, Software & Services (EV/Revenue) 68,832 million dollars, and Energy (EV/Revenue) 18,121 million dollars. Summing up, this yields a consolidated enterprise value of 130,233 million dollars. Enterprise value was converted to equity value by subtracting total debt and non-controlling interests, and adding cash and equivalents.

In conclusion, the SOTP valuation approach estimates the share price of the Tesla to be approximately 43,87 dollars.

Segment	Multiple	Median	Premium	Tesla	Total
Automotive	EV/EBITDA	8,04	20%	4 489	43 281
Software and services	EV/Revenue	4,57		15 049	68 832
Energy	EV/Revenue	1,40		12 943	18 121
Enterprise Value					130 233
Total Debt					4 191
Cash & Equivalents					16 139
Non- Controlling Interests					704
Equity Value					141 477
Shares Outstanding					3 225 000 000
Per Share (€)					43,87

Figure 35: SOTP Valuation - own analysis

5.4. Sum-of-the-Parts – Final Considerations

To complement the SOTP valuation, a sensitivity analysis was conducted testing both market-driven and fundamental uncertainty for each of Tesla's three operating segments: Automotive, Energy, and Software & Services. On the market side, low, base, and high valuation multiples were derived from the peer groups of each segment using the 25th percentile (P25), median, and 75th percentile (P75) of the observed multiples, rather than applying an arbitrary percentage band. For the Automotive segment, a 20% premium was applied to reflect Tesla's competitive advantages, so that the low, base, and high cases correspond to Tesla trading at 20% above the P25, median and P75 of its automotive peers. On the fundamental side, segment-specific shocks to revenues around the base projections were applied: a narrower +/-10% range for the Automotive business, reflecting its greater maturity and visibility, and wider band +/- 20% for the Energy and Software & Services segments, where growth, adoption and regulatory uncertainty are higher. For each combination of revenue and multiple the equity value per share was calculated by aggregating segment values into total enterprise value, deducting net debt and non-controlling interests, and dividing by shares outstanding.

The resulting 3×3 sensitivity matrix shows how Tesla's equity value responds to joint changes in fundamentals and market multiples. The base case yields an implied value of \$43,87 per share. Under the most conservative scenario (low revenues and multiples), the value falls to \$30,67; under the most optimistic (high revenues and multiples), it rises to \$60,23.

This range illustrates that the SOTP outcome is particularly sensitive to the assumptions embedded in the high-growth segments, especially Software & Services and Energy, while the Automotive business acts as a more stable anchor. Overall, anchoring the low and high cases on P25 and P75 peer multiples, and applying differentiated revenue shocks by segment, provides a transparent and empirically grounded framework to assess the robustness of the SOTP valuation and the extent to which Tesla's investment case depends on the realization of more optimistic growth and relating scenarios.

Automobile		Multiple		
		8,67	9,64	11,73
Revenue	4040	35 038	38 953	47 400
	4489	38 931	43 281	52 667
	4938	42 824	47 609	57 934

Software		Multiple		
		3,24	4,57	4,60
Revenue	12039	38 964	55 066	55 413
	15049	48 705	68 832	69 266
	18059	58 446	82 598	83 119

Energy		Multiple		
		1,32	1,40	2,70
Revenue	10354	13 668	14 496	27 957
	12943	17 085	18 120	34 946
	15532	20 502	21 744	41 935

Total		Multiple		
		Low	Base	High
Revenue	Low	30,67	37,13	44,04
	Base	35,96	43,87	52,13
	High	41,25	50,60	60,23

Figure 36: Sensitive Analysis – Multiples and Revenue – own analysis

6. Target Price

The different valuation approaches applied in this thesis yield a relatively tight range for Tesla's intrinsic value when focusing on cash-flow-based methods, and a much wider range when decomposing the business into separate segments.

The DCF and APV models produce central equity values of \$473,78 and \$465,29 per share, respectively, with low–high sensitivity bands between roughly \$430–\$520 per share (18%). These two models are based on the same operating forecasts and mainly differ in the treatment of leverage and the cost of capital, which explains why their valuation intervals are close and largely overlapping in the football-field chart (Figure 36).

By contrast, the SOTP model, which values Automotive, Energy and Software & Services using peer-group multiples, generates a much lower central value of about \$44 per share and a wider relative range, from roughly \$31 to \$60 per share (66%). This large gap

versus the DCF and APV results highlights a structural limitation of relative valuation for a company like Tesla: the peer groups for each segment mostly reflect more traditional businesses whose current trading multiples do not embed the same degree of long-dated growth options in autonomy, software, energy infrastructure and AI-related services. In other words, a substantial part of Tesla's value in the cash-flow models comes from future optionality's that are not yet visible in today's revenue base and therefore are not captured by segment-level multiples.

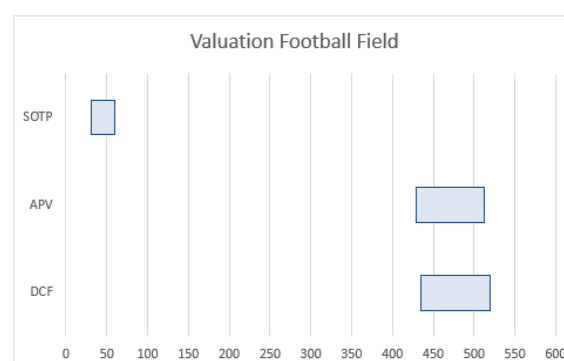


Figure 37: Valuation Football Field - own analysis

Given these characteristics, greater weight was placed on the DCF and APV results, which are more directly linked to long-term cash-flow generation and less exposed to short-term multiple volatility. Specifically, it was assigned an 80% weight to the DCF valuation, a 10% weight to the APV valuation and a 10% weight to the SOTP outcome, using the latter mainly as a conservative cross-check on the reasonableness of the segment assumptions rather than as the primary anchor for the target price. The weighted average of the three methods results in a target price of approximately \$429,9 per share, which is essentially in line with the current market price of around \$431,09, implying a downside of only about 0.3% (Figure 38).

On this basis, the analysis does not support a strong mispricing thesis in either direction. Therefore, considering the balance between downside potential and execution, regulatory and competitive risks, the final investment recommendation is to hold the stock, as

the expected return is broadly aligned with the market's current assessment of Tesla's long-term prospects.

Valuation Model	Share Price	Weight
DCF	473,8	80%
APV	465,29	10%
SOTP	43,9	10%
Target Price	429,9	
Current Share Price	431,09	
Upside	-0,3%	

Figure 38: Target Price - Own analysis

7. Benchmarking Against Zacks Equity Research

As highlighted in the sensitivity analysis section, small changes in key assumptions can materially alter the valuation outcomes. This chapter compares the valuation results obtained in this dissertation with those of Zacks Equity Research, whose latest equity report on Tesla serves as an external benchmark for the conclusions reached in this study.

Zacks' target price for Tesla's share stands at \$366, supporting a neutral/hold recommendation. This target contrasts with the \$429,9 per share target derived in this dissertation. While Zacks' report is predominantly anchored in a relative-valuation and earnings-momentum framework, the present analysis relies primarily on cash-flow-based methods (**DCF** and **APV**), complemented by a SOTP approach. As a result, the differences in target price largely reflect distinct views on Tesla's long-term growth, profitability and the timing with which its strategic optionality's will translate into cash flows.

Zacks' valuation and rating framework places strong emphasis on near-term earnings revisions, margin trends and relative multiples versus a broad technology and automotive peer set. In practice, this means that the implied valuation multiple in the Zacks target price embeds expectations that are closer to current consensus forecasts and market sentiment. In contrast, the present DCF and APV models explicitly project Tesla's free cash flows over a long horizon, incorporating a gradual expansion of higher-margin businesses – such as software and energy –, and modelling the impact of future growth options that are not yet fully captured in current earnings. Furthermore, the SOTP valuation in this dissertation

highlights how applying today's peer-group multiples to Tesla's segment revenues yields a much lower value than the DCF/APV results, suggesting that standard comparables may understate the company's unique optionality in autonomy, AI and energy infrastructure.

Overall, Zacks' target price and recommendation provide a useful external check on the plausibility of this thesis assumptions. The fact that Zacks arrived at a similar but lower valuation, despite methodological differences, indicates that the market broadly recognizes both Tesla's execution risks and its long-term strategic potential. However, by giving greater weight to long-term cash-flow generation rather than to short-term multiples and momentum signals, the present thesis reaches a hold recommendation based on a target price of \$429,9 per share, essentially in line with the prevailing market price at the valuation date.

9. Tesla's Equity Valuation Conclusion

The present dissertation aimed at performing an equity valuation of Tesla, Inc., a company with a hybrid business model. To this end, three valuation methods were applied: a DFC model, an APV model and a SOTP valuation, in order to more accurately capture the contribution of the different business segments. This combination of models, using a weighing of 80% for the DFC, 10% for the APV and 10% for the SOTP, resulted in a target price of \$429.9 per share, which represents a marginal downside potential of 0.3% relative to the market price at the valuation's reference date. Given this limited downside and the fact that the market already embeds high growth expectations in the automotive and energy businesses as well as in AI-related optionalities, this thesis concludes with a HOLD recommendation for Tesla's shares.

The conclusions presented should be interpreted with caution despite the rigor of this modelling exercise. Key sensitivities include financial assumptions (cost of capital, growth rates, operating margins) and the pace of adoption of emerging technologies—autonomous driving, robotaxi, and humanoid robotics—amid continued regulatory and technological uncertainty. Additionally, peer group selection is inherently challenging given Tesla's hybrid profile—spanning automotive, technology, and energy sectors—which limits the precision of

relative and SOTP valuations. As the industry evolves, the peer set should be reassessed to ensure inputs remain aligned with Tesla's shifting business profile.

10. Appendix

Appendix 1 – Installed Annual Manufacturing Capacity

Installed Annual Manufacturing Capacity			
Region	Product	Capacity	Status
Automotive			
California	Model 3 / Model Y	>550,000	Production
	Model S / Model X	100,000	Production
Shanghai	Model 3 / Model Y	>950,000	Production
Berlin	Model Y	>375,000	Production
Texas	Model Y	>250,000	Production
	Cybertruck	>125,000	Production
	Cybercab	-	Tooling
Nevada	Tesla Semi	-	Tooling
TBD	Roadster	-	Design development
Energy Generation and Storage			
California	Megapack	40 GWh	Production
Nevada	Powerwall	>6 GWh	Production
Shanghai	Megapack	40 GWh	Production
Texas	Megapack	-	Construction

Appendix 2 – Robotaxi paid miles

Cumulative Paid Robotaxi Miles		
State	Metro	Status
California	SF Bay Area	Safety Driver
Texas	Austin	Ramping Unsupervised
	Dallas	1H 2026
	Houston	1H 2026
Arizona	Phoenix	1H 2026
Florida	Miami	1H 2026
	Orlando	1H 2026
	Tampa	1H 2026
Nevada	Las Vegas	1H 2026

Appendix 3 – Cost of traded debt - Bonds

Description	Maturity Date	Amount Outstanding	Issued Amount	Coupon	Coupon Class	Country of Issue	Currency	Issue Date	Yield	Last Price	FV	YTM	Market Value - Debt €	% of Total MV	Weighted YTM
TESLAS / TESLA 4.700 01-Oct-2025 MTN 01-out-2025		5 000 000	5 000 000	4,7	Fixed Coupon	United States	US Dollar	01-out-2015	8,627	99,916	100	0,04711	4995790	3,14%	0,1478%
TESLAS / TESLA 4.700 16-Oct-2025 MTN 16-out-2025		5 000 000	5 000 000	4,7	Fixed Coupon	United States	US Dollar	16-out-2015	8,629	99,758	100	0,04731	4987885	3,13%	0,1482%
TESLAS / TESLA 4.700 05-Nov-2025 MTN 05-nov-2025		5 000 000	5 000 000	4,7	Fixed Coupon	United States	US Dollar	05-nov-2015	8,603	99,56	100	0,04736	4978010	3,13%	0,1487%
TESLAS / TESLA 4.700 19-Nov-2025 MTN 19-nov-2025		5 000 000	5 000 000	4,7	Fixed Coupon	United States	US Dollar	19-nov-2015	8,593	99,415	100	0,04775	4970745	3,12%	0,1491%
TESLAS / TESLA 4.700 09-Dec-2025 MTN 09-dez-2025		5 000 000	5 000 000	4,7	Fixed Coupon	United States	US Dollar	09-dez-2015	8,551	99,276	100	0,04793	4963810	3,12%	0,1494%
TESLAS / TESLA 4.700 17-Dec-2025 MTN 17-dez-2025		5 000 000	5 000 000	4,7	Fixed Coupon	United States	US Dollar	17-dez-2015	8,509	99,14	100	0,0481	4957020	3,11%	0,1498%
TESLAS / TESLA 4.700 31-Dec-2025 MTN 31-dez-2025		5 000 000	5 000 000	4,7	Fixed Coupon	United States	US Dollar	31-dez-2015	8,479	99,005	100	0,04828	4950230	3,11%	0,1501%
TESLAS / TESLA 4.700 14-Jan-2026 MTN 14-jan-2026		5 000 000	5 000 000	4,7	Fixed Coupon	United States	US Dollar	14-jan-2016	8,085	98,988	100	0,0483	4949400	3,11%	0,1502%
TESLAS / TESLA 5.450 19-Mar-2030 MTN 19-mar-2030		252 000	252 000	5,45	Fixed Coupon	United States	US Dollar	19-mar-2015	8,901	87,45	100	0,06812	220373,748	0,14%	0,0094%
TESLAS / TESLA 5.450 26-Mar-2030 MTN 26-mar-2030		260 000	260 000	5,45	Fixed Coupon	United States	US Dollar	26-mar-2015	8,901	87,406	100	0,06817	227256,64	0,14%	0,0097%
TESLAS / TESLA 5.450 09-Apr-2030 MTN 09-avr-2030		12 000	12 000	5,45	Fixed Coupon	United States	US Dollar	09-avr-2015	8,901	87,326	100	0,06826	10479,072	0,01%	0,0004%
TESLAS / TESLA 5.450 23-Apr-2030 MTN 23-avr-2030		10 000 000	10 000 000	5,45	Fixed Coupon	United States	US Dollar	23-avr-2015	8,401	88,961	100	0,06634	8896120	5,59%	0,3707%
TESLAS / TESLA 5.450 30-Apr-2030 MTN 30-avr-2030		10 000 000	10 000 000	5,45	Fixed Coupon	United States	US Dollar	30-avr-2015	8,401	88,923	100	0,06639	8892300	5,59%	0,3708%
TESLAS / TESLA 5.750 01-May-2030 MTN 01-mai-2030		10 000 000	10 000 000	5,75	Fixed Coupon	United States	US Dollar	31-jul-2015	--	--	100		0	0,00%	0,0000%
TESLAS / TESLA 5.450 14-May-2030 MTN 14-mai-2030		10 000 000	10 000 000	5,45	Fixed Coupon	United States	US Dollar	14-mai-2015	8,401	88,846	100	0,06647	8884640	5,58%	0,3710%
TESLAS / TESLA 5.450 21-May-2030 MTN 21-mai-2030		10 000 000	10 000 000	5,45	Fixed Coupon	United States	US Dollar	21-mai-2015	8,401	88,808	100	0,06652	8880800	5,58%	0,3711%
TESLAS / TESLA 5.450 29-May-2030 MTN 29-mai-2030		10 000 000	10 000 000	5,45	Fixed Coupon	United States	US Dollar	29-mai-2015	8,401	88,764	100	0,06657	8876400	5,58%	0,3712%
TESLAS / TESLA 5.450 11-Jun-2030 MTN 11-jun-2030		5 000 000	5 000 000	5,45	Fixed Coupon	United States	US Dollar	11-jun-2015	8,451	88,52	100	0,06686	4426005	2,78%	0,1859%
TESLAS / TESLA 5.450 18-Jun-2030 MTN 18-jun-2030		5 000 000	5 000 000	5,45	Fixed Coupon	United States	US Dollar	18-jun-2015	8,451	88,481	100	0,0669	4424045	2,78%	0,1859%
TESLAS / TESLA 5.450 25-Jun-2030 MTN 25-jun-2030		5 000 000	5 000 000	5,45	Fixed Coupon	United States	US Dollar	25-jun-2015	8,451	88,442	100	0,06695	4422085	2,78%	0,1860%
TESLAS / TESLA 5.450 02-Jul-2030 MTN 02-jul-2030		5 000 000	5 000 000	5,45	Fixed Coupon	United States	US Dollar	02-jul-2015	8,451	88,403	100	0,06699	4420125	2,78%	0,1860%
TESLAS / TESLA 5.450 16-Jul-2030 MTN 16-jul-2030		5 000 000	5 000 000	5,45	Fixed Coupon	United States	US Dollar	16-jul-2015	8,451	88,324	100	0,06708	4416190	2,77%	0,1861%
TESLAS / TESLA 5.450 23-Jul-2030 MTN 23-jul-2030		5 000 000	5 000 000	5,45	Fixed Coupon	United States	US Dollar	23-jul-2015	8,451	88,284	100	0,06713	4414220	2,77%	0,1861%
TESLAS / TESLA 5.450 06-Aug-2030 MTN 06-ago-2030		5 000 000	5 000 000	5,45	Fixed Coupon	United States	US Dollar	06-ago-2015	8,451	88,211	100	0,06722	4410555	2,77%	0,1862%
TESLAS / TESLA 5.450 13-Aug-2030 MTN 13-ago-2030		5 000 000	5 000 000	5,45	Fixed Coupon	United States	US Dollar	13-ago-2015	8,451	88,172	100	0,06726	4408575	2,77%	0,1863%
TESLAS / TESLA 5.450 27-Aug-2030 MTN 27-ago-2030		5 000 000	5 000 000	5,45	Fixed Coupon	United States	US Dollar	27-ago-2015	8,451	88,092	100	0,06736	4404615	2,77%	0,1864%
TESLAS / TESLA 5.450 03-Sep-2030 MTN 03-set-2030		5 000 000	5 000 000	5,45	Fixed Coupon	United States	US Dollar	03-set-2015	8,451	88,066	100	0,06739	4403285	2,77%	0,1864%
TESLAS / TESLA 5.450 17-Sep-2030 MTN 17-set-2030		5 000 000	5 000 000	5,45	Fixed Coupon	United States	US Dollar	17-set-2015	8,451	87,992	100	0,06747	4399600	2,76%	0,1865%
TESLAS / TESLA 5.450 01-Oct-2030 MTN 01-out-2030		5 000 000	5 000 000	5,45	Fixed Coupon	United States	US Dollar	01-out-2015	8,451	87,918	100	0,06756	4395905	2,76%	0,1866%
TESLAS / TESLA 5.450 16-Oct-2030 MTN 16-out-2030		5 000 000	5 000 000	5,45	Fixed Coupon	United States	US Dollar	16-out-2015	8,451	87,839	100	0,06766	4391930	2,76%	0,1866%
TESLAS / TESLA 5.450 03-Dec-2030 MTN 03-dez-2030		5 000 000	5 000 000	5,45	Fixed Coupon	United States	US Dollar	03-dez-2015	8,451	87,588	100	0,06795	4379405	2,75%	0,1869%
TESLAS / TESLA 5.450 17-Dec-2030 MTN 17-dez-2030		5 000 000	5 000 000	5,45	Fixed Coupon	United States	US Dollar	17-dez-2015	8,451	87,513	100	0,06804	4375655	2,75%	0,1870%
TESLAS / TESLA 5.450 31-Dec-2030 MTN 31-dez-2030		5 000 000	5 000 000	5,45	Fixed Coupon	United States	US Dollar	31-dez-2015	8,451	87,438	100	0,06813	4371890	2,75%	0,1871%
TESLAS / TESLA 5.450 14-Jan-2031 MTN 14-jan-2031		5 000 000	5 000 000	5,45	Fixed Coupon	United States	US Dollar	14-jan-2016	9,921	81,881	100	0,07503	4094065	2,57%	0,1930%
Total													159 199 409		6,24%

Appendix 4 – Damodaran Spread

For large non-financial service firms			
If interest coverage ratio is			
>	≤ to	Rating is	Spread is
-100000	0,199999	D2/D	19,00%
0,2	0,649999	C2/C	15,50%
0,65	0,799999	Ca2/CC	10,10%
0,8	1,249999	Caa/CCC	7,28%
1,25	1,499999	B3/B-	4,42%
1,5	1,749999	B2/B	3,00%
1,75	1,999999	B1/B+	2,61%
2	2,249999	Ba2/BB	1,83%
2,25	2,499999	Ba1/BB+	1,55%
2,5	2,999999	Baa2/BBB	1,20%
3	4,249999	A3/A-	0,95%
4,25	5,499999	A2/A	0,85%
5,5	6,499999	A1/A+	0,77%
6,5	8,499999	Aa2/AA	0,60%
8,50	100000	Aaa/AAA	0,45%

Appendix 5 - Average maturity of non-trade debt

Year	Non-traded debt	Average Maturity
2026	2 790	0,40
2028	3	0,001
2030	3 421	2,45
2034	324	0,42
2050	441	0,63
Total	6 979	3,90

Appendix 6 – Tesla’s Revenue 2020-2024

Tesla, Inc	2020	2021	2022	2023	2024
Revenue	31 536	53 823	81 462	96 773	97 690
% of change	0%	70,67%	51,4%	18,8%	0,9%

Appendix 7 – Tesla’s Automotive Revenue 2020-2024

Automotive revenues	2020	2021	2022	2023	2024
Total Revenue	27 236	47 232	71 462	82 419	77 070
% of change	0%	73,42%	51,30%	15,33%	-6,49%
Robotaxi Revenue	-	-	-	-	-
% of change	-	-	-	-	-
FDS Subscription Revenue	-	-	-	-	-
% of change	-	-	-	-	-
Automobile Sales Revenue	27 236	47 232	71 462	82 419	77 070
% of change	0%	73,42%	51,30%	15,33%	-6,49%
Average Price	54 521	50 410	54 402	45 571	43 074
% of Change	0%	-7,54%	7,92%	-16,23%	-5,48%
Units	499 550	936 950	1 313 581	1 808 581	1 789 226
% of Change	0%	87,56%	40,20%	37,68%	-1,07%
Automotive Market Units Sales	3100000	6600000	10500000	14200000	17300000
Tesla Market Share	16,1%	14,2%	12,5%	12,7%	10,3%
Market Growth		112,9%	59,1%	35,2%	21,8%

Appendix 8 – Tesla’s Energy Revenue 2020-2024

Energy generation and storage	2020	2021	2022	2023	2024
Revenue	1 994	2 789	3 909	6 035	10 086
% of change	0%	39,87%	40,16%	54,39%	67,13%
% of Total revenue	6%	5%	5%	6%	10%

Appendix 9 – Tesla’s Service and others Revenue 2020-2024

Services and other	2020	2021	2022	2023	2024
Revenue	2 306	3 802	6 091	8 319	10 534
% of change	0%	64,87%	60,21%	36,58%	26,63%
% of Automobile revenue	8%	8%	9%	10%	14%
% of Total revenue	7,31%	7,06%	7,48%	8,60%	10,78%

Appendix 10 – Tesla’s CAPEX expenditures 2020-2024

	2020	2021	2022	2023	2024
CAPEX	3 157	6 482	7 158	8 898	11 339
% of Revenues	10,0%	12,0%	8,8%	9,2%	11,6%
% of change	0,0%	105,3%	10,4%	24,3%	27,4%

Appendix 11 – Tesla’s D&A 2020-2024

	2020	2021	2022	2023	2024
D&A	2 322	2 911	3 543	4 667	5 368
<i>% of Non Current Assets</i>	12,8%	11,3%	10,8%	11,1%	10,4%
<i>% of Capex</i>	73,6%	44,9%	49,5%	52,4%	47,3%
Non-Current Assets Gross	18 177	25 872	32 804	41 960	51 574

Appendix 12 – Tesla’s EBIT 2020-2024

	2020	2021	2022	2023	2024
Revenues	31 536	53 823	81 462	96 773	97 690
Cost of FSD subscription Sales	-	-	-	-	-
<i>% of Revenues</i>	-	-	-	-	-
Cost of Robotaxi Sales	-	-	-	-	-
<i>% of Revenues</i>	-	-	-	-	-
Cost of Automobile Sales	20 259	33 393	51 108	66 389	62 873
<i>% of Car Revenues</i>	74,4%	70,7%	71,5%	80,6%	81,6%
Cost of Energy generation and storage	1 976	2 918	3 621	4 894	7 446
<i>% of Energy Revenues</i>	99,1%	104,6%	92,6%	81,1%	73,8%
Cost of Services and other	2 671	3 906	5 880	7 830	9 921
<i>% of Car Revenues</i>	9,8%	8,3%	8,2%	9,5%	12,9%
<i>% of C&O Revenue</i>	115,8%	102,7%	96,5%	94,1%	94,2%
SG&A	3 145	4 517	3 946	4 800	5 150
<i>% of Total Revenues</i>	10,0%	8,4%	4,8%	5,0%	5,3%
Research and development	1 491	2 593	3 075	3 969	4 540
<i>% of Total Revenues</i>	4,7%	4,8%	3,8%	4,1%	4,6%
EBIT	1 994	6 496	13 832	8 891	7 760
<i>% of Change</i>		225,8%	112,9%	-35,7%	-12,7%
<i>% of Revenues</i>	6,3%	12,1%	17,0%	9,2%	7,9%

Appendix 13 – Change in NWC 2020-2024

	2020	2021	2022	2023	2024
Change in Net Working Capital	0	-6 507	-26	-610	791

Appendix 14 – Income Statement 2020-2024

Statement Data	2024	2023	2022	2021	2020
Period End Date	31-12-2024	31-12-2023	31-12-2022	31-12-2021	31-12-2020
Statement Date	31-12-2024	31-12-2023	31-12-2022	31-12-2021	31-12-2020
Standardized Currency	USD	USD	USD	USD	USD
Template Type	Industrial - Gross Profit	Industrial - Gross Profit	Industrial - Gross Profit	Industrial - Gross Profit	Industrial - Gross Profit

Income Statement - Company Specific (Currency: As Reported)					
Field Name	31-12-2024	31-12-2023	31-12-2022	31-12-2021	31-12-2020
Automotive sales	72 480	78 509	67 210	44 125	24 604
Automotive regulatory credits	2 763,0	1 790,0	1 776,0	1 465,0	1 580,0
Automotive leasing	1 827,0	2 120,0	2 476,0	1 642,0	1 052,0
Total automotive revenues	77 070	82 419	71 462	47 232	27 236
Energy generation and storage	10 086	6 035,0	3 909,0	2 789,0	1 994,0
Services and other	10 534	8 319,0	6 091,0	3 802,0	2 306,0
Revenues	97690	96773	81462	53823	31536
Automotive sales	61 870	65 121	49 599	32 415	19 696
Automotive leasing	1 003,0	1 268,0	1 509,0	978,0	563,0
Automotive Revenues	62 873	66 389	51 108	33 393	20 259
Energy generation and storage	7 446,0	4 894,0	3 621,0	2 918,0	1 976,0
Energy margin	26,17%	18,91%	7,37%	-4,63%	0,90%
Services and other	9 921,0	7 830,0	5 880,0	3 906,0	2 671,0
Write-down of inventory	190,0	233,0	144,0		
Services and other - Balancing value	9 731,0	7 597,0	5 736,0		
Total cost of revenues	80240	79113	60609	40217	24906
Gross profit	17450	17660	20853	13606	6630
Stock-based Compensation in R&D	832,0	689,0	536,0	448,0	346,0
Research and development - Balancing value	3 708,0	3 280,0	2 539,0	2 145,0	1 145,0
Research and development	4 540,0	3 969,0	3 075,0	2 593,0	1 491,0
Selling, general and administrative	5 150,0	4 800,0	3 946,0	4 517,0	3 145,0
Stock-based Compensation in SGA	389,0	382,0	430,0	1 252,0	1 107,0
Selling, general and administrative - Balancing value	4 761,0	4 418,0	3 516,0	3 265,0	2 038,0
Restructuring and other	684,0		176,0	-27,00	
Impairment - Financial Investments			204,0	101,0	
Realized gains			-64,00	-128,0	
Restructuring and other - Balancing value			36,00		
Total operating expenses	10374	8769	7197	7083	4636
Income from operations	7076	8891	13656	6523	1994
Interest income	1 569,0	1 066,0	297,0	56,00	30,00
Interest expense	-350,0	-156,0	-191,0	-371,0	-748,0
Early Extinguishment of Lease Related Debts - Gain/Loss			-24,00		
Capitalized Interest				53,00	48,00
Interest Expense on Financial Lease Liabilities	-21,00	-45,00	-72,00	-89,00	-100,0
Interest expense - Balancing value	-329,0	-111,0			
Interest expense - Balancing value			-95,00		
Interest expense , Gross - Balancing value				-335,0	-696,0
Other income net	695,0	172,0	-43,00	135,0	-122,0
Foreign Exchange Gain/Loss	57,00	122,0	-89,00	97,00	-114,0
Other Other expense, net	638,0	50,00	46,00	38,00	-8,00
Non-operating Income/(Expense), Net	1914	1082	63	-180	-840
Income before income taxes	8990	9973	13719	6343	1154
Federal		48,00			
State	45,00	57,00	62,00	9,00	4,00
Foreign	1 315,0	1 243,0	1 266,0	839,0	248,0
Federal	831,0	-5 246,0	26,00		
State	-49,00	-653,0	1,00		
Foreign	-305,0	-450,0	-223,0	-149,0	40,00
Provision for (benefit from) income taxes	1 837,0	-5 001,0	1 132,0	699,0	292,0
Income Taxes - Total	1837	-5001	1132	699	292,0
Net income (loss)	7153	14974	12587	5644	862,0
Net income	7153	14974	12587	5644	862
Net income attributable to noncontrolling interests and redeemable noncontrolling interests in subsidiaries	62,00	-23,00	31,00	125,0	141,0
Buy-out of noncontrolling interest	-39,00	-2,00	-27,00	-5,00	31,00
Minority Interest - Total	23	-25	4	120	172
Net income used in computing net income per share of common stock	7130	14999	12583	5524	690
Income Available to Com Excl ExtraOrd	7130	14999	12583	5524	690
Net income attributable to common stockholders	7130	14999	12583	5524	690

Appendix 15 – Balance Sheet 2020-2024

Statement Data	2024	2023	2022	2021	2020
Period End Date	31-12-2024	31-12-2023	31-12-2022	31-12-2021	31-12-2020
Statement Date	31-12-2024	31-12-2023	31-12-2022	31-12-2021	31-12-2020
Standardized Currency	USD	USD	USD	USD	USD
Template Type	Industrial - Differentiated	Industrial - Differentiated	Industrial - Differentiated	Industrial - Differentiated	Industrial - Differentiated

Balance Sheet - Company Specific (Currency: As Reported)					
Field Name	31-12-2024	31-12-2023	31-12-2022	31-12-2021	31-12-2020
Cash and cash equivalents	16 139	16 398	16 253	17 576	19 384
Cash in Hand & with Banks	14 386	15 903	13 965		
Cash and cash equivalents - Balancing value	1 753,0	495,0	2 288,0		
Short-term investments	20 424	12 696	5 932,0	131,0	
Accounts receivable, net	4 418,0	3 508,0	2 952,0	1 913,0	1 886,0
Financing receivables	247,0	242,0	128,0		
Financing receivables	34,00	31,00	24,00		
Accounts receivable, net - Balancing value	4 137,0	3 235,0	2 800,0		
Inventory	12017	13626	12839	5757	4101
Raw materials	5 242,0	5 390,0	6 137,0	2 816,0	1 508,0
Work in process	1 532,0	2 016,0	2 385,0	1 089,0	493,0
Finished goods	3 940,0	5 049,0	3 475,0	1 277,0	1 666,0
Service parts	1 303,0	1 171,0	842,0	575,0	434,0
Prepaid expenses and other current assets	5362	3388	2941	1723	1346
Restricted cash	494,0	543,0	294,0		
Lease receivables relating to sales-type leases	152,0	189,0			
Prepaid expenses and other current assets - Balancing value	4 716,0	2 656,0	2 647,0		
Total current assets	58360	49616	40917	27100	26717
Operating lease net	5 581,0	5 989,0	5 035,0	4 511,0	3 091,0
Property, Plant & Equipment Leased Out - Accumulated Depreciation & Impairment	-1 450,0	-1 380,0	-1 040,0	-773,0	-446,0
Operating lease net - Balancing value	7 031,0	7 369,0	6 075,0	5 284,0	3 537,0
Solar energy systems, leased and to be leased, net	4 924,0	5 229,0	5 489,0	5 765,0	5 979,0
Solar energy systems leased to customers		6 872,0	6 907,0	6 913,0	6 861,0
Less: accumulated depreciation and amortization		-1 643,0	-1 418,0	-1 187,0	-955,0
Solar energy systems, leased and to be leased, net - Balancing value				39,00	73,00
Property, plant and equipment, net	35 836	29 725	23 548	18 884	12 747
Property, plant and equipment, gross Machinery Equipment Vehicles And Office Furniture Member	18 339	16 372	13 558	9 953,0	8 493,0
Property, plant and equipment, gross Tools Dies And Molds Member	3 883,0	3 147,0	2 579,0	2 188,0	1 811,0
Property, plant and equipment, gross AI infrastructure	5 152,0				
Leasehold improvements	3 688,0	3 168,0	2 366,0	1 826,0	1 421,0
Land and buildings	10 677	9 505,0	7 751,0	4 675,0	3 662,0
Property, plant and equipment, gross Computer Equipment Member	2 902,0	3 799,0	2 072,0	1 414,0	856,0
Construction in progress	6 783,0	5 791,0	4 263,0	5 559,0	1 621,0
Accumulated depreciation	-15 588	-12 057	-9 041,0	-6 731,0	-5 117,0
Other non-current assets	4 215,0	4 531,0	4 193,0	2 138,0	1 536,0
Financing receivables	821,0	1 040,0	665,0		
Financing receivables	658,0	578,0	387,0		
Government rebates receivable		207,0	753,0		
Restricted cash, net of current portion	404,0	248,0	377,0		
Lease receivables relating to sales-type leases	288,0	507,0			
Other non-current assets - Balancing value	2 044,0	1 951,0	2 011,0		
Digital assets	1 076,0	184,0	184,0	1 260,0	
Intangible assets, net	150,0	178,0	215,0	257,0	313,0
Developed technology				299,0	302,0
Developed technology-Accumulated amortization				-150,0	-111,0
Developed Technology - Other				3,00	3,00
Trade Names -Gross				2,00	3,00
Trade Names-Accumulated amortization				-1,00	-1,00
Trade Names-Net - Other				0	0
Favorable contracts and leases-Gross				113,0	113,0
Favorable contracts and leases- Accumulated Amortization & Impairment				-40,00	-32,00
Favorable contracts and leases- Other				0	0
Other Intangible Assets-Gross				36,00	38,00
Other Intangible Assets-Accumulated amortization				-21,00	-18,00
Other Intangible Assets-Other				1,00	1,00
IPR&D -Gross					0
IPR&D - Accumulated Amortization & Impairment					0
IPR&D - other					0
GigaFactory 1 water rights gross				15,00	15,00
GigaFactory 1 water rights amortization				0	0
Goodwill	244,0	253,0	194,0	200,0	207,0
Operating lease right-of-use assets	5 160,0	4 180,0	2 563,0	2 016,0	1 558,0
Deferred tax assets	6 524,0	6 733,0			
Total Non-current Assets	63710	57002	41421	35031	25431
Total Assets	122070	106618	82338	62131	52148

Accounts payable	12 474	14 431	15 255	10 025	6 051,0
Accrued liabilities and other	10 723	9 080,0	7 142,0	5 719,0	3 855,0
Accrued purchases	2 253,0	2 721,0	2 747,0	2 045,0	901,0
Taxes payable	1 367,0	1 204,0	1 235,0	1 122,0	777,0
Payroll and related costs	1 532,0	1 325,0	1 026,0	906,0	654,0
Operating Lease Liabilities	807,0	672,0	485,0	368,0	286,0
Accrued warranty, current portion	1 917,0	1 546,0	1 025,0	703,0	479,0
Sales return reserve, current portion	305,0	219,0	270,0	265,0	417,0
Other current liabilities	1 549,0	517,0	354,0	294,0	241,0
Accrued interest				16,00	77,00
Customer deposits	993,0	876,0	1 063,0	925,0	752,0
Resale value guarantees					23,00
Deferred revenue	3 168,0	2 864,0	1 747,0	1 447,0	1 458,0
Current portion of debt and finance leases	2 456,0	2 373,0	1 502,0	1 589,0	2 132,0
Capital lease obligations, current portion	113,0	398,0	486,0	501,0	374,0
Current portion of long-term debt and finance leases - Balancing value	2 343,0	1 975,0	1 016,0	1 088,0	1 758,0
Total Current Liabilities	28821	28748	26709	19705	14248
Debt and finance leases, net of current portion	5 757,0	2 857,0	1 597,0	5 245,0	9 556,0
Capital lease obligations	222,0	175,0	568,0	991,0	1 094,0
Long-term debt and capital leases - Balancing value	5 535,0	2 682,0	1 029,0	4 254,0	8 462,0
Deferred revenue, net of current portion	3 317,0	3 251,0	2 804,0	2 052,0	1 284,0
Other long-term liabilities	10 495	8 153,0	5 330,0	3 546,0	3 330,0
Resale value guarantees					19,00
Accrued warranty reserve	4 799,0	3 606,0	2 480,0	1 398,0	989,0
Operating lease liabilities	4 603,0	3 671,0	2 164,0	1 671,0	1 254,0
Sales return reserve			51,00	133,0	500,0
Other non-current liabilities	1 093,0	876,0	553,0	320,0	417,0
Deferred tax liability			82,00	24,00	151,0
Convertible senior notes				0	51,00
Redeemable noncontrolling interests in subsidiaries	63,00	242,0	409,0	568,0	604,0
Total Non-current Liabilities	19632	14503	10140	11411	14825
Total liabilities	48453	43251	36849	31116	29073
Additional paid-in capital	38 371	34 892	32 177	29 803	27 260
Accumulated other comprehensive income (loss)	-670,0	-143,0	-361,0	54,00	363,0
Common stock	3,00	3,00	3,00	1,00	1,00
Retained earnings	35 209	27 882	12 885	331,0	-5 399,0
Total stockholders equity	72913	62634	44704	30189	22225
Noncontrolling interests in subsidiaries	704,0	733,0	785,0	826,0	850,0
Minority Interest	704	733	785	826	850
Total Equity	73617	63367	45489	31015	23075
Total liabilities and equity	122070	106618	82338	62131	52148

Appendix 16 – Cash flow statement 2020-2024

Statement Data	2024	2023	2022	2021	2020
Period End Date	31-12-2024	31-12-2023	31-12-2022	31-12-2021	31-12-2020
Statement Date	31-12-2024	31-12-2023	31-12-2022	31-12-2021	31-12-2020
Standardized Currency	USD	USD	USD	USD	USD
Template Type	Industrial - Indirect	Industrial - Indirect	Industrial - Indirect	Industrial - Indirect	Industrial - Indirect

Cash Flow - Company Specific (Currency: As Reported)					
Field Name	31-12-2024	31-12-2023	31-12-2022	31-12-2021	31-12-2020
Net income	7 153,0	14 974	12 587	5 644,0	862,0
Depreciation, amortization and impairment			3 747,0	2 911,0	
Depreciation and amortization	5 368,0	4 667,0			2 322,0
Inventory and purchase commitments write	335,0	463,0	177,0		
Stock-based compensation	1 999,0	1 812,0	1 560,0	2 121,0	1 734,0
Amortization of debt discounts and issuance costs					180,0
Inventory and purchase commitments write				140,0	202,0
Foreign currency transaction net unrealized loss (gain)	-73,00	-144,0	81,00	-55,00	114,0
Deferred income taxes	477,0	-6 349,0			
Non-cash interest and other operating activities	172,0	81,00	340,0	245,0	
Loss on disposals of fixed assets					117,0
Leased assets obtained in exchange for finance lease liabilities					228,0
Digital assets gain, net	-589,0		140,0	-27,00	
Operating cash flow related to repayment of discounted convertible senior notes					
Accounts receivable	-1 083,0	-586,0	-1 124,0	-130,0	-652,0
Inventory	937,0	-1 195,0	-6 465,0	-1 709,0	-422,0
Operating lease vehicles	-590,0	-1 952,0	-1 570,0	-2 114,0	-1 072,0
Prepaid expenses and other assets	-3 273,0	-2 652,0	-1 417,0	-271,0	-251,0
Accounts payable and accrued liabilities	3 588,0	2 605,0	6 029,0	4 578,0	2 102,0
Other non-current assets			-2 551,0	-1 291,0	-344,0
Deferred revenue	502,0	1 532,0	1 131,0	793,0	321,0
Customer deposits			155,0	186,0	7,00
Other long-term liabilities			1 904,0	476,0	495,0
Net cash provided by operating activities	14923	13256	14724	11497	5943
Capital expenditures	-11 339	-8 898,0	-7 158,0	-6 482,0	-3 157,0
Purchases of solar energy systems	-3,00	-1,00	-5,00	-32,00	-75,00
Proceeds from sales of digital assets			936,0	272,0	
Purchase of intangible assets			-9,00		-10,00
Purchases of digital assets				-1 500,0	
Purchases of investments	-35 955	-19 112	-5 835,0	-132,0	
Proceeds from maturities of investments	28 310	12 353	22,00		
Proceeds from sales of investments	200,0	138,0			
Cash acquired through (used in) business combinations		-64,00			
Business combinations, net of cash acquired					-13,00
Receipt of government grants			76,00	6,00	123,0
Net cash used in investing activities	-18787	-15584	-11973	-7868	-3132
Proceeds from issuances of common stock in public offerings, net of underwriting discounts					12 269
Proceeds from issuances of debt	5 744,0	3 931,0		8 883,0	9 713,0
Repayments of debt	-2 500,0	-1 351,0	-3 364,0	-14 167	-11 623
Collateralized lease repayments				-9,00	-240,0
Proceeds from exercises of stock options and other stock issuances	1 241,0	700,0	541,0	707,0	417,0
Principal payments on finance leases	-381,0	-464,0	-502,0	-439,0	-338,0
Debt issuance costs	-14,00	-29,00		-9,00	-6,00
Proceeds from investments by noncontrolling interests in subsidiaries				2,00	24,00
Distributions paid to noncontrolling interests in subsidiaries	-104,0	-144,0	-157,0	-161,0	-208,0
Payments for buy-outs of noncontrolling interests in subsidiaries	-133,0	-54,00	-45,00	-10,00	-35,00
Purchase of convertible note hedges					
Proceeds from issuance of warrants					
Net cash (used in) provided by financing activities	3853	2589	-3527	-5203	9973
Effect of exchange rate changes on cash and cash equivalents and restricted cash	-141,0	4,00	-444,0	-183,0	334,0
Cash and cash equivalents at beginning	17 189	16 924	18 144	19 901	6 783,0
Cash and cash equivalents at end	17 037	17 189	16 924	18 144	19 901
Net decrease in cash and cash equivalents and restricted cash	-152	265	-1220	-1757	13118
Cash paid during the period for interest	-277,0	-126,0	-152,0	-266,0	-444,0
Cash paid during the period for taxes, net of refunds	-1 331,0	-1 119,0	-1 203,0	-561,0	-115,0

Appendix 17 – Tesla’s pension plan

Statement Data	2024	2023	2022
Period End Date	31-12-2024	31-12-2023	31-12-2022
Statement Date	31-12-2024	31-12-2023	31-12-2022
Standardized Currency	USD	USD	USD
Template Type	Industrial	Industrial	Industrial

Pension - Company Specific (Currency: As Reported)			
Field Name	31-12-2024	31-12-2023	31-12-2022
Pension Expenses			
Domestic Pension Plan Expense	107,0	99,00	91,00
Total Pension & Post-Retirement Expense	107,0	99,00	91,00
401(K) Plan Expense	107,0	99,00	91,00
Total Pension Plan Expense - Total	107,0	99,00	91,00
401(K) Plan Expense - Domestic	107,0	99,00	91,00

Appendix 18 – PP&E depreciation

Property, Plant and Equipment, Net

Property, plant and equipment, net, including leasehold improvements, are recognized at cost less accumulated depreciation. Depreciation is generally computed using the straight-line method over the estimated useful lives of the respective assets, as follows:

Machinery, equipment, vehicles and office furniture	3 to 15 years
Tooling	4 to 7 years
Building and building improvements	15 to 30 years
Computer equipment and software	3 to 6 years
AI infrastructure	5 to 30 years

Appendix 19 – FSD take rate

FSD Take Rate	
Model S & Model X	50 - 60%
Model 3 & Model Y	12 - 18% *
Entire Fleet	13 - 19%

Appendix 20 – FSD estimated revenue per year

Ano	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040
Revenue (M)	665	1016	1527	2248	3124	4252	7136	7748	8287	9037	9766	10477	11171	11852	12522	13184

Appendix 21 – American Treasury Yields

Treasury Yields

NAME	COUPON	PRICE	YIELD	1 MONTH	1 YEAR	TIME (EDT)
GB3:GOV 3 Month	0.00	3.85	3.94%	-25	-72	3:24 PM
GB6:GOV 6 Month	0.00	3.71	3.83%	-21	-63	3:24 PM
GB12:GOV 12 Month	0.00	3.46	3.60%	-27	-33	3:24 PM
GT2:GOV 2 Year	3.63	100.04	3.60%	-10	+1	3:24 PM
GT5:GOV 5 Year	3.63	99.67	3.70%	-6	+20	3:24 PM
GT10:GOV 10 Year	4.25	100.84	4.14%	-11	+40	3:24 PM
GT30:GOV 30 Year	4.75	99.80	4.76%	-11	+68	3:24 PM

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