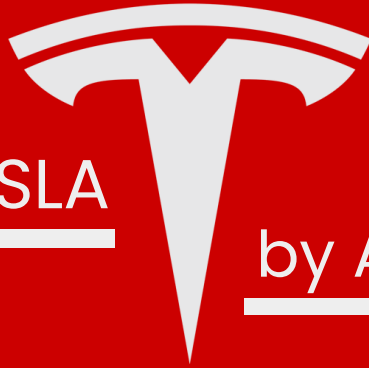


ANALYSIS on TESLA



by ACCT410 TEAM 1

Meet the Team



Presentation Outline

- (1) Company Introduction
 - (i) Emergence of Tesla
 - (ii) Mission
 - (iii) Current State
- (2) Revenue
 - (i) Revenue
 - (ii) Car Sales
 - (iii) Regulatory Credits
- (3) Financials
 - (i) Balance Sheet
 - (ii) Income Statement
 - (iii) Cash Flows
- (4) Stock Market
 - (i) Shares Outstanding
 - (ii) Market Cap
 - (iii) Stock Split
 - (iv) Stock Price
 - (v) Social Media
 - (vi) Why is Tesla So Hyped?
- (5) Conclusion

COMPANY INTRODUCTION

Emergence of Tesla

- Founded in 2003 by a group of engineers
 - One of which is Elon Musk (current CEO of Tesla)
- Wanted to prove that people didn't need to compromise to drive electric: electric vehicles can be better, quicker & more fun to drive
- Since then, Tesla has released numerous electric vehicle models using innovative technology



Mission

- “To accelerate the world’s transition to sustainable energy”
- Help the world stop relying on fossil fuels & move towards a zero-emission future as fast as possible
- Planning to improve: make products more affordable & accessible
- Aiming for a future with clean transportation & energy production
- Goal of having the safest factories in the world



Current State

- Tesla builds not only all-electric vehicles but also infinitely scalable clean energy generation & storage products
 - Produced at factory in Fremont, California & Gigafactory Shanghai
- Taking proactive approach to safety and production
 - Result: Tesla's safety rate & productivity continues to improve

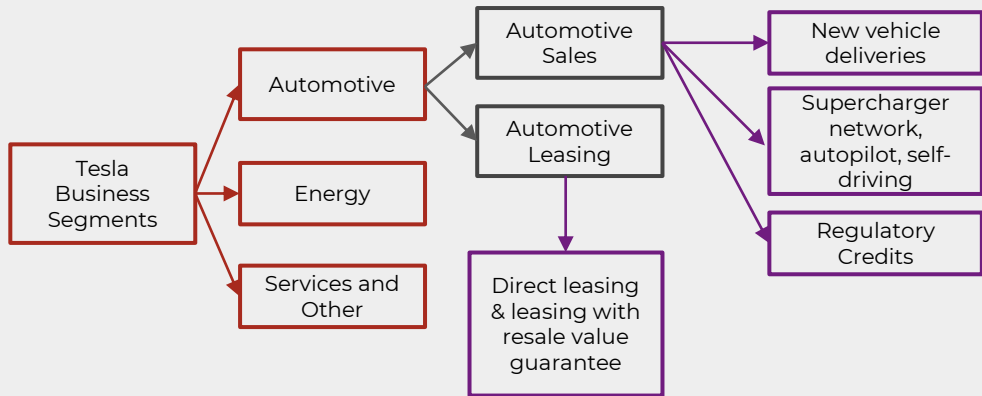


... companies in the world

REVENUE

Revenue

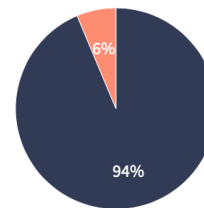
- Tesla gets its revenue from car sales, and energy generation and storage
- Automotive sales make up vast majority of revenue and profit



Tesla Segment Breakdown

Based on Tesla's FY 2020 ended December 31, 2020

■ Automotive
■ Energy Generation and Storage



Revenue

Chart: Matthew Johnston Source: [Tesla 10-K](#)

Car Sales

- Explosive growth in revenue (notable growth 2018-2020)
- Covid-19 effects
- Tesla's car sales revenue contributes avg. 80% of sales to total revenue
- Decline in ratio of automotive sales revenue to total revenue

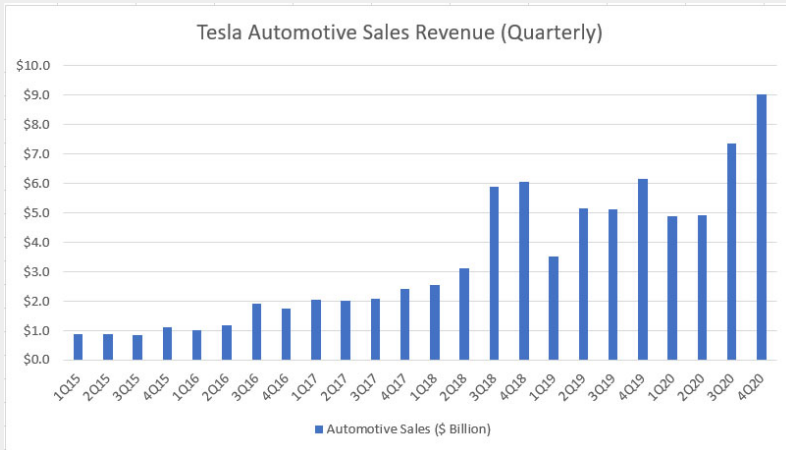


Chart: stockdividendscreener.com | Tesla Largest Revenue Streams

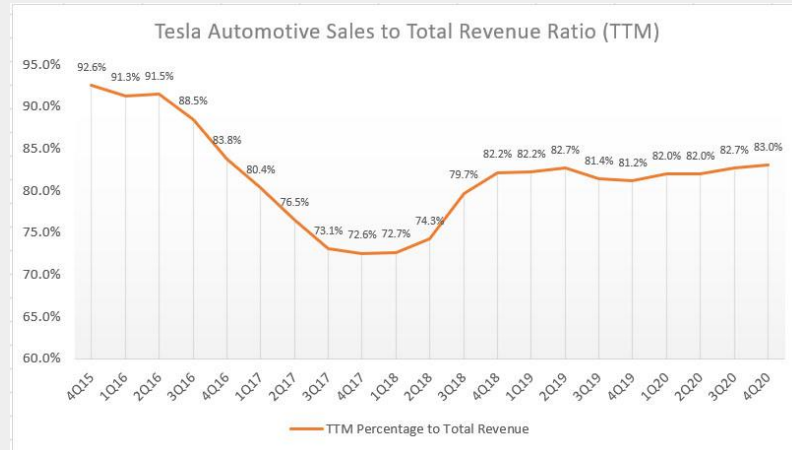
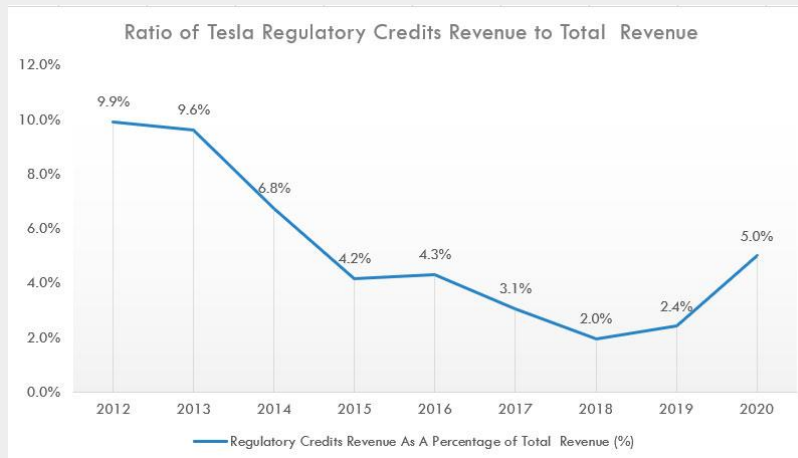
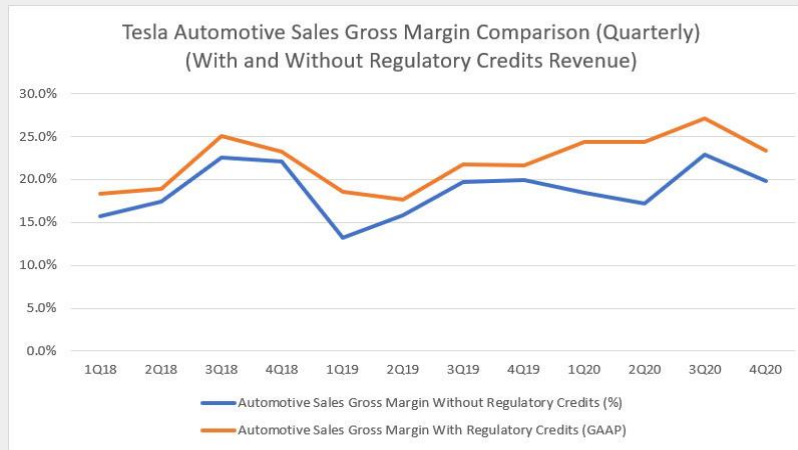


Chart: stockdividendscreener.com | Tesla Largest Revenue Streams





















Regulatory Credits

- Contributing zero pollution to the environment
- You can earn, buy, and sell regulatory credits
 - big auto manufacturers buy from Tesla

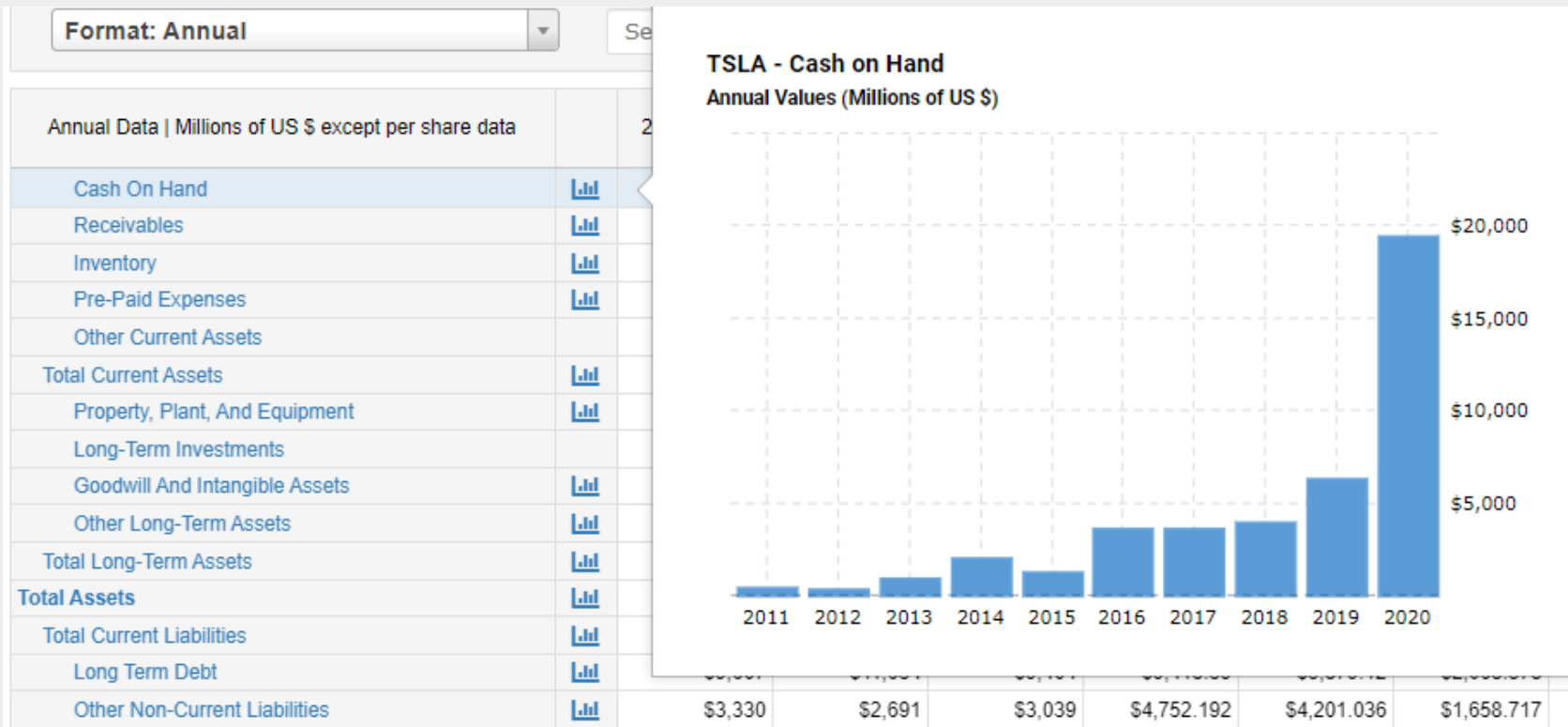


FINANCIALS

Consolidated Balance Sheet

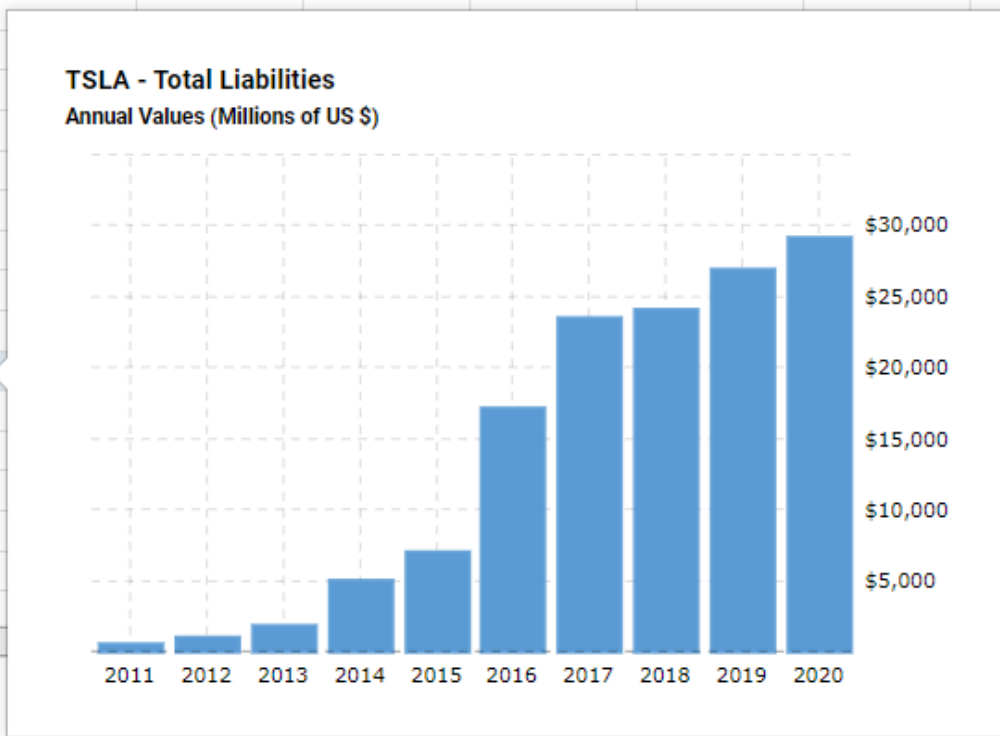
Annual Data Millions of US \$ except per share data		2020-12-31	2019-12-31	2018-12-31	2017-12-31	2016-12-31
Cash On Hand		\$19,384	\$6,268	\$3,879	\$3,523.237	\$3,498.735
Receivables		\$1,886	\$1,324	\$949	\$515.381	\$499.142
Inventory		\$4,101	\$3,552	\$3,113	\$2,263.537	\$2,067.454
Pre-Paid Expenses		\$1,346	\$959	\$366	\$268.365	\$194.465
Other Current Assets		-	-	-	-	-
Total Current Assets		\$26,717	\$12,103	\$8,307	\$6,570.52	\$6,259.796
Property, Plant, And Equipment		\$12,747	\$10,396	\$11,330	\$10,027.52	\$5,982.957
Long-Term Investments		-	-	-	-	-
Goodwill And Intangible Assets		\$520	\$537	\$350	\$421.739	\$376.145
Other Long-Term Assets		\$7,515	\$7,608	\$7,241	\$7,062.335	\$6,404.796
Total Long-Term Assets		\$25,431	\$22,206	\$21,433	\$22,084.85	\$16,404.28
Total Assets		\$52,148	\$34,309	\$29,740	\$28,655.37	\$22,664.08
Total Current Liabilities		\$14,248	\$10,667	\$9,993	\$7,674.67	\$5,827.005
Long Term Debt		\$9,607	\$11,634	\$9,404	\$9,418.39	\$5,879.12
Other Non-Current Liabilities		\$3,330	\$2,691	\$3,039	\$4,752.192	\$4,201.036
Total Long Term Liabilities		\$14,825	\$16,175	\$13,990	\$15,746.12	\$11,298.98
Total Liabilities		\$29,073	\$26,842	\$23,983	\$23,420.78	\$17,125.99
Common Stock Net		\$1	\$1	-	\$0.169	\$0.161
Retained Earnings (Accumulated Deficit)		\$-5,399	\$-6,083	\$-5,318	\$-4,974.299	\$-2,997.237
Comprehensive Income		\$363	\$-36	\$-8	\$33.348	\$-23.74
Other Share Holders Equity		-	-	-	-	-
Share Holder Equity		\$23,075	\$7,467	\$5,757	\$5,234.588	\$5,538.086
Total Liabilities And Share Holders Equity		\$52,148	\$34,309	\$29,740	\$28,655.37	\$22,664.08

Balance Sheet – Cash on Hand



Balance Sheet – Total Liabilities

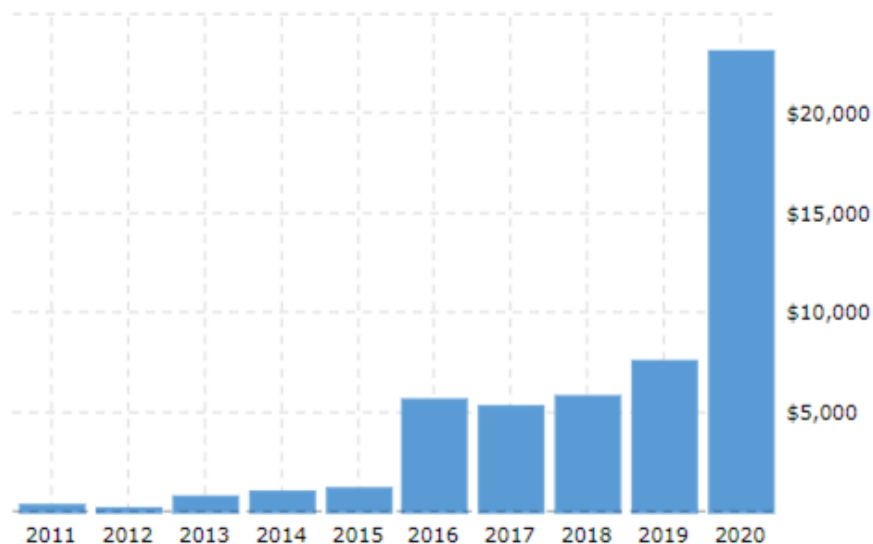
Long-Term Investments	
Goodwill And Intangible Assets	📊
Other Long-Term Assets	📊
Total Long-Term Assets	📊
Total Assets	📊
Total Current Liabilities	📊
Long Term Debt	📊
Other Non-Current Liabilities	📊
Total Long Term Liabilities	📊
Total Liabilities	📊
Common Stock Net	📊
Retained Earnings (Accumulated Deficit)	📊
Comprehensive Income	📊
Other Share Holders Equity	
Share Holder Equity	📊
Total Liabilities And Share Holders Equity	📊



Balance Sheet – Shareholders' Equity

Total Long-Term Assets	
Total Assets	
Total Current Liabilities	
Long Term Debt	
Other Non-Current Liabilities	
Total Long Term Liabilities	
Total Liabilities	
Common Stock Net	
Retained Earnings (Accumulated Deficit)	
Comprehensive Income	
Other Share Holders Equity	
Share Holder Equity	
Total Liabilities And Share Holders Equity	

TSLA - Share Holder Equity
Annual Values (Millions of US \$)

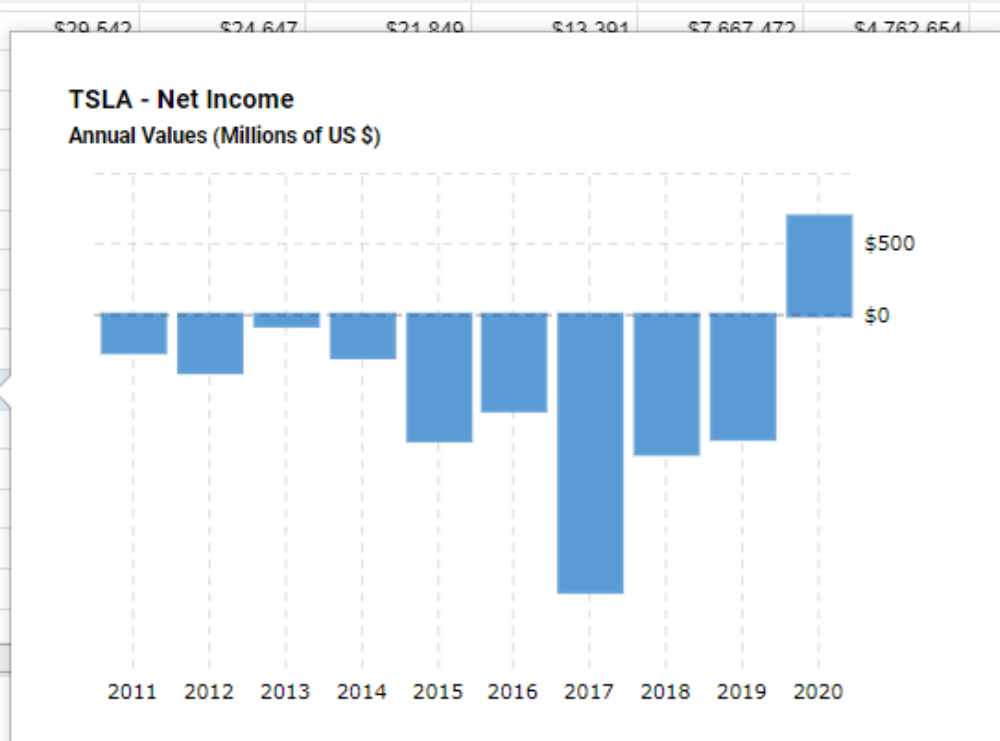


Consolidated Income Statement

Annual Data Millions of US \$ except per share data		2020-12-31	2019-12-31	2018-12-31	2017-12-31	2016-12-31
Revenue	📊	\$31,536	\$24,578	\$21,461	\$11,759	\$7,000.132
Cost Of Goods Sold	📊	\$24,906	\$20,509	\$17,419	\$9,536	\$5,400.875
Gross Profit	📊	\$6,630	\$4,069	\$4,042	\$2,223	\$1,599.257
Research And Development Expenses	📊	\$1,491	\$1,343	\$1,460	\$1,378	\$834.408
SG&A Expenses	📊	\$3,145	\$2,646	\$2,835	\$2,477	\$1,432.189
Other Operating Income Or Expenses		-	-	-	-	-
Operating Expenses	📊	\$29,542	\$24,647	\$21,849	\$13,391	\$7,667.472
Operating Income	📊	\$1,994	\$-69	\$-388	\$-1,632	\$-667.34
Total Non-Operating Income/Expense	📊	\$-840	\$-596	\$-617	\$-577	\$-79.008
Pre-Tax Income	📊	\$1,154	\$-665	\$-1,005	\$-2,209	\$-746.348
Income Taxes	📊	\$292	\$110	\$58	\$32	\$26.698
Income After Taxes	📊	\$862	\$-775	\$-1,063	\$-2,241	\$-773.046
Other Income		-	-	-	-	-
Income From Continuous Operations	📊	\$862	\$-775	\$-1,063	\$-2,241	\$-773.046
Income From Discontinued Operations		-	-	-	-	-
Net Income	📊	\$690	\$-870	\$-976	\$-1,962	\$-674.914
EBITDA	📊	\$4,496	\$2,273	\$1,672	\$95	\$374.449
EBIT	📊	\$1,994	\$-69	\$-388	\$-1,632	\$-667.34
Basic Shares Outstanding	📊	933	887	853	830	721
Shares Outstanding	📊	1,083	887	853	830	721
Basic EPS	📊	\$0.74	\$-0.98	\$-1.14	\$-2.37	\$-0.94
EPS - Earnings Per Share	📊	\$0.64	\$-0.98	\$-1.14	\$-2.37	\$-0.94

Income Statement – Net Income

Operating Expenses	[Bar]
Operating Income	[Bar]
Total Non-Operating Income/Expense	[Bar]
Pre-Tax Income	[Bar]
Income Taxes	[Bar]
Income After Taxes	[Bar]
Other Income	
Income From Continuous Operations	[Bar]
Income From Discontinued Operations	
Net Income	[Bar]
EBITDA	[Bar]
EBIT	[Bar]
Basic Shares Outstanding	[Bar]
Shares Outstanding	[Bar]
Basic EPS	[Bar]
EPS - Earnings Per Share	[Bar]



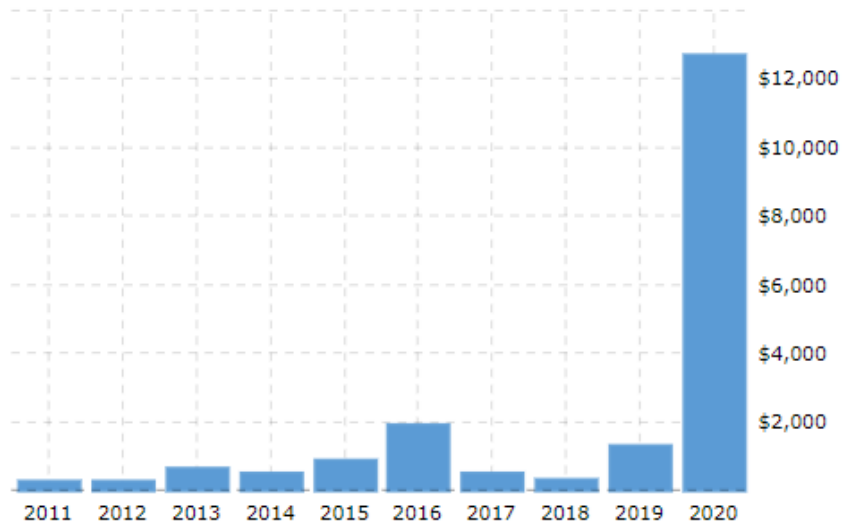
Consolidated Cash Flows

Annual Data Millions of US \$ except per share data		2020-12-31	2019-12-31	2018-12-31	2017-12-31	2016-12-31
Net Income/Loss	Link	\$862	\$-775	\$-1,063	\$-2,241	\$-773.046
Total Depreciation And Amortization - Cash Flow	Link	\$2,502	\$2,342	\$2,060	\$1,727	\$1,041.789
Other Non-Cash Items	Link	\$2,395	\$1,187	\$1,043	\$950	\$301.289
Total Non-Cash Items	Link	\$4,897	\$3,529	\$3,103	\$2,677	\$1,343.078
Change In Accounts Receivable	Link	\$-652	\$-367	\$-497	\$-25	\$-216.565
Change In Inventories	Link	\$-422	\$-429	\$-1,023	\$-179	\$-632.867
Change In Accounts Payable	Link	-	-	-	-	-
Change In Assets/Liabilities	Link	\$-844	\$-199	\$-219	\$-681	\$-595.069
Total Change In Assets/Liabilities	Link	\$184	\$-349	\$58	\$-497	\$-693.861
Cash Flow From Operating Activities	Link	\$5,943	\$2,405	\$2,098	\$-61	\$-123.829
Net Change In Property, Plant, And Equipment	Link	\$-3,157	\$-1,327	\$-2,101	\$-3,415	\$-1,280.802
Net Change In Intangible Assets	Link	\$-10	\$-5	-	-	-
Net Acquisitions/Divestitures	Link	\$-13	\$-45	\$-18	\$-115	\$342.719
Net Change In Short-term Investments	Link	-	-	-	-	\$16.667
Net Change In Long-Term Investments	Link	-	-	-	-	-
Net Change In Investments - Total	Link	-	-	-	-	\$16.667
Investing Activities - Other	Link	\$48	\$-59	\$-218	\$-666	\$-159.669
Cash Flow From Investing Activities	Link	\$-3,132	\$-1,436	\$-2,337	\$-4,196	\$-1,081.085
Net Long-Term Debt	Link	\$-2,488	\$322	\$89	\$3,468	\$1,718.19
Net Current Debt	Link	-	-	-	-	-
Debt Issuance/Retirement Net - Total	Link	\$-2,488	\$322	\$89	\$3,468	\$1,718.19
Net Common Equity Issued/Repurchased	Link	\$12,686	\$1,285	\$296	\$482	\$1,865.551
Net Total Equity Issued/Repurchased	Link	\$12,686	\$1,285	\$296	\$482	\$1,865.551
Total Common And Preferred Stock Dividends Paid	Link	-	-	-	-	-
Financial Activities - Other	Link	\$-225	\$-78	\$189	\$465	\$160.235
Cash Flow From Financial Activities	Link	\$9,973	\$1,529	\$574	\$4,415	\$3,743.976
Net Cash Flow	Link	\$13,118	\$2,506	\$312	\$198	\$2,532.509
Stock-Based Compensation	Link	\$1,734	\$898	\$749	\$467	\$334.225

Cash Flow from Financial Activities

Net Change In Long-Term Investments	
Net Change In Investments - Total	[Bar Chart]
Investing Activities - Other	[Bar Chart]
Cash Flow From Investing Activities	[Bar Chart]
Net Long-Term Debt	[Bar Chart]
Net Current Debt	
Debt Issuance/Retirement Net - Total	[Bar Chart]
Net Common Equity Issued/Repurchased	[Bar Chart]
Net Total Equity Issued/Repurchased	[Bar Chart]
Total Common And Preferred Stock Dividends Paid	
Financial Activities - Other	[Bar Chart]
Cash Flow From Financial Activities	[Bar Chart]
Net Cash Flow	[Bar Chart]
Stock-Based Compensation	[Bar Chart]
Common Stock Dividends Paid	

TSLA - Net Total Equity Issued/Repurchased
Annual Values (Millions of US \$)



STOCK MARKET

Shares Outstanding

- Current stock price is \$740
- Apple's value
- Stock price does not determine company value



Market Cap

- Outstanding shares * share price
- Stock price of \$725 with approximately 960 million shares
- \$707 Billion
- Compare to Apple's market capitalization



Stock Split

- August 31st, 2020
- 5-1 stock split
- Stock declined down to approximately \$500 a share
- The split did not change the value of investors' total holdings of the company



Is Tesla's Stock Overpriced?

- Tesla is worth about as much as that of the nine largest car companies globally
- Less than 1% of the total vehicle sales
- P/E ratio is 1,200
- Other companies are making electric cars
- Elon Musk



Social Media

Elon Musk @elonmusk · Jul 29, 2016

Gigafactory in units of hamster



427 3.7K 10.7K

Elon Musk @elonmusk · Mar 6, 2019

Yeah, I lift a little ...



9.7K 107.4K 700.2K

Elon Musk @elonmusk · Apr 23, 2019

Tesla is going to develop a quiet, electric leafblower

9.5K 27K 293.4K

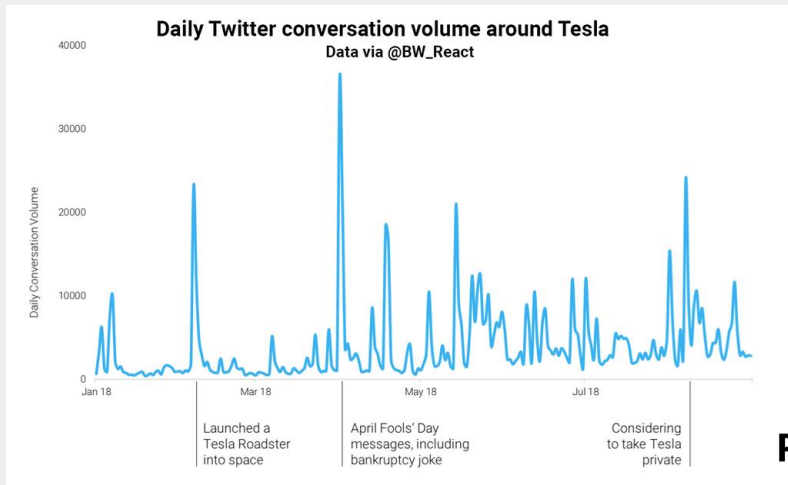
Elon Musk @elonmusk · Apr 23, 2019

Tesla blows haha

1.8K 17.6K 177.6K

- Casual, comedic tone
- Unique social media persona
- Very unlike other CEOs/businesspeople in general

Social Media

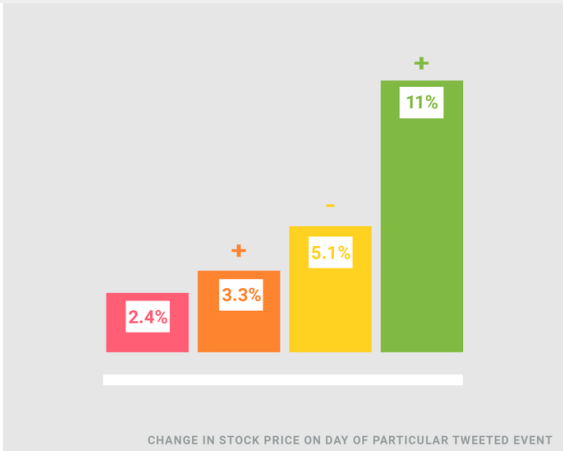


Conversation around Tesla spiked when Musk tweeted controversial/shocking news (both popular and unpopular)

Tesla stock price changed dramatically as a result of Musk's tweets

Percentage change in Tesla stock prices (+/-)

- AVERAGE CHANGE
 - TESLA IN SPACE
 - APRIL FOOLS' DAY
 - TAKING TESLA PRIVATE
- BRANDWATCH REACT



A Cult Following

Why is Tesla so popular?

- Spends \$0 on marketing
- People prepay tens of thousands to reserve cars years in advance
- Charging cars is time consuming and not widely available
 - *compared to traditional gas stations

However,

- Customers buy directly from Tesla, not through a dealer
- Teslas are fun
 - Quick acceleration, unique audio features, etc.
- Only car company with a mission
- Unconventional marketing

Is the Hype Justified?

Yes and No 

Product

- Tesla sells cars- *and* a role in saving the environment, a way to show off, technology, fun, etc.
- Objectively, Teslas are **good** cars

Financial

- P/E ratio of 1,200
 - The average P/E ratio for the S&P 500 is 13-15
 - Tesla is likely highly overvalued

The social hype...well you can decide for yourself if you are a die-hard fan of this company (as many others are)

SUMMARY

Summary

Tesla makes money from:

- Car revenue
- Energy generation and storage
- As of late, billions have come from the selling of regulatory credits

Stock price is not the best indicator of company value

- Instead, look at the market cap

People like being able to relate/know brands on a more human level

- Social media

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