BLACKINTUS

Tesla, Inc.

NASDAQ: TSLA · Automotive, Energy & Autonomy
Equity analysis in nine parts

Last price	$354.08	-5.92% on the session
Market capitalisation	$1.40T	3.95B shares outstanding
52-week range	$297.38 – $498.83	-29.0% from the high
TTM revenue	$103.62B	+11.8%
TTM operating income	$4.28B	4.1% operating margin
Forward P/E	186.01x	trailing 367.43x
Consensus target	$390.09	Buy, 46 analysts

Prepared 5 September 2026. Prices as at the close of 4 September 2026. All figures from Tesla SEC filings and quarterly shareholder updates unless otherwise stated. Tesla's third quarter had not been reported at the time of writing.

01 · HOOK

A trillion-dollar option on a four-billion-dollar business

Tesla is worth $1.40 trillion. Over the last twelve months it earned $4.28 billion of operating income — less than a third of what it earned in 2022, on 27% more revenue.

On 4 September the stock fell 5.9% because a Cybercab launch event produced no pricing, no production cadence and no regulatory timeline. Elon Musk did not attend, attendees signed non-disclosure agreements, and Tesla did not livestream it. The following morning the National Highway Traffic Safety Administration opened an audit into how Tesla self-certified a vehicle with no steering wheel, pedals or mirrors.

None of that is a rounding error at this valuation, because the valuation is not about cars. Tesla's automotive business currently earns a 4.1% trailing operating margin. General Motors earns 5.5%. BYD earns 6.0%. Tesla trades at 186 times forward earnings; those two trade at 6.4 and 17.7. The 29-fold multiple premium is not being paid for vehicle manufacturing — it is being paid for autonomy and robotics, and it is being paid in advance.

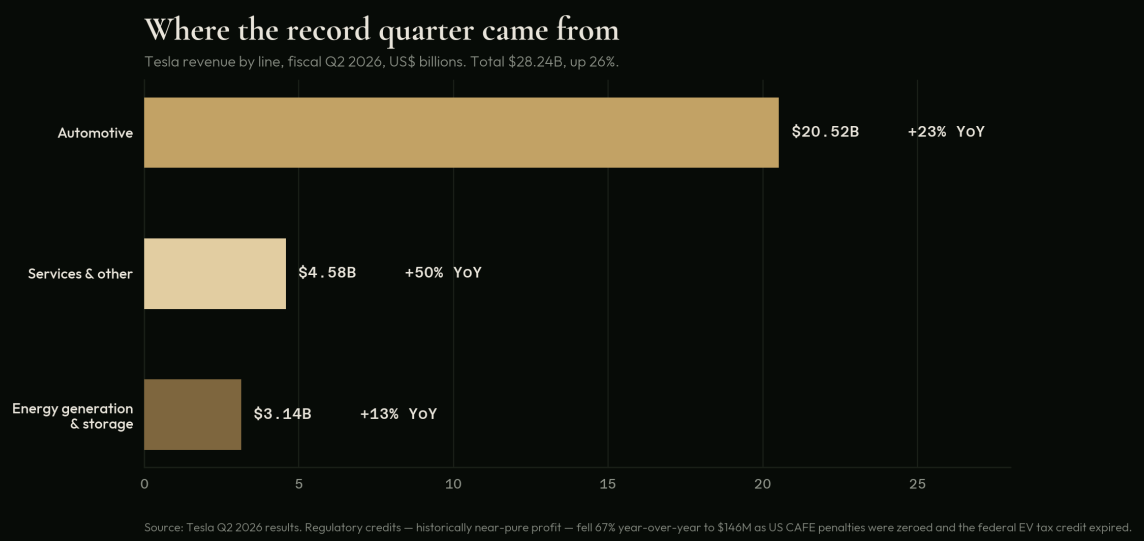
> This report takes no view on whether Tesla will solve autonomy. It takes the view that an investor at $354.08 is paying almost entirely for that outcome, and is therefore entitled to measure the progress. The measurable evidence — fleet counts, regulatory approvals, margins and cash flow — is what follows.

There is a real operating business underneath, and parts of it are working. Energy storage deployments hit a record 46.7 GWh in 2025. Services revenue grew 50% year-over-year in the second quarter. Deliveries are recovering after a down year. But the second quarter of 2026 set a record for revenue and produced a 1.4% operating margin, negative free cash flow, and a net profit that was larger than operating profit — because interest on $43.5 billion of cash now exceeds what the operations themselves contribute.

02 · BUSINESS MODEL

A car company funding an AI company

Tesla reports four revenue lines. Automotive is the bulk of it at $20.52 billion in the second quarter of 2026, up 23%. Services and other — supercharging, insurance, used vehicles, parts — contributed $4.58 billion and grew 50%, the fastest of any line. Energy generation and storage produced $3.14 billion, up 13%. And regulatory credits, historically the most profitable dollars in the company, produced $146 million, down 67%.



The regulatory credit line is small enough to look immaterial and is not. Those were near-100% margin dollars that fell straight to operating profit; at their peak they exceeded $2.7 billion a year.

What changed structurally

Two US policy changes removed the credit business rather than reducing it. Federal CAFE penalties were zeroed, which eliminated the reason other manufacturers bought Tesla's credits, and the $7,500 federal EV tax credit expired at the end of September 2025, pulling demand forward into the third quarter of 2025 and leaving a hole behind it. This is not a cyclical headwind that reverses. It is a permanent removal of a high-margin revenue stream, and it explains a meaningful part of the margin compression documented in the next section.

The vertical integration is real

Tesla designs its own battery packs and increasingly its own cells, writes its own vehicle and autonomy software, operates its own charging network, sells direct rather than through dealers, and underwrites its own insurance in several states. That structure is genuinely difficult to replicate and it is why the energy business exists at all — Megapack and Powerwall are the same cell and power-electronics competence pointed at the grid rather than the road.

The pivot, and what it costs

Tesla is now spending like an artificial-intelligence company inside a vehicle-manufacturer's income statement. Research and development reached $6.41 billion in fiscal 2025, up 41% year-over-year. Capital expenditure in the second quarter of 2026 alone was $5.79 billion, up 142%, which is what turned free cash flow negative in a record revenue quarter. The company is converting current profit into compute, robotics and autonomy capacity.

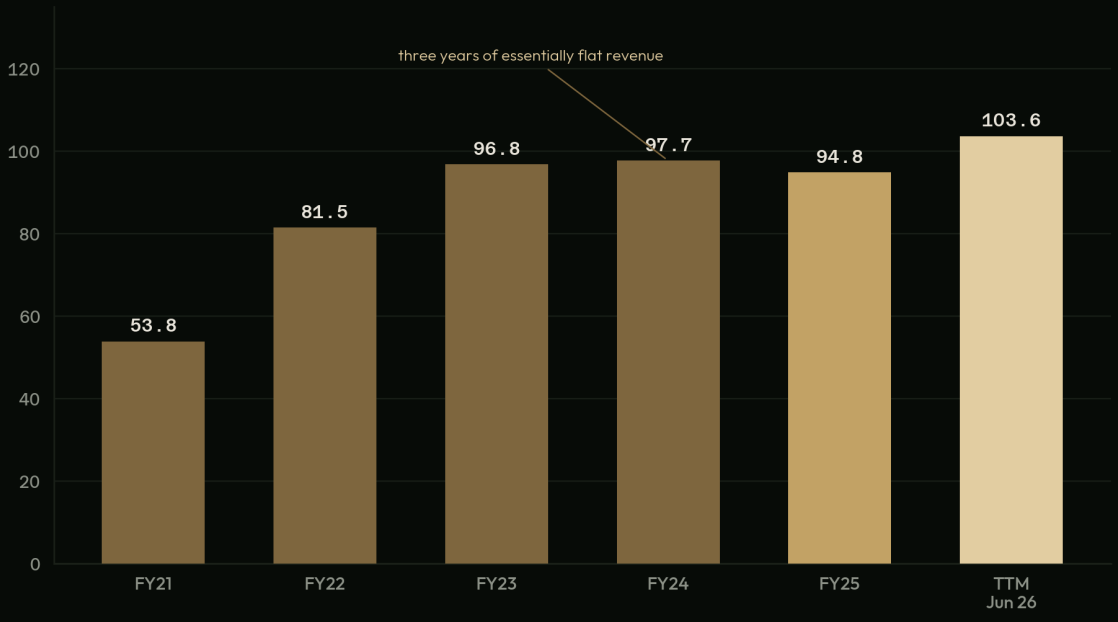
That is a defensible strategic choice and it is also the entire investment question. The cars fund the option; the option is what the market is pricing. An investor is underwriting management's judgement that spending today's operating margin on Full Self-Driving, Cybercab and Optimus produces more value than returning it.

03 · FINANCIALS

Record revenue, four-year-low profitability

Revenue: a plateau, then a record

Tesla consolidated revenue, US$ billions.



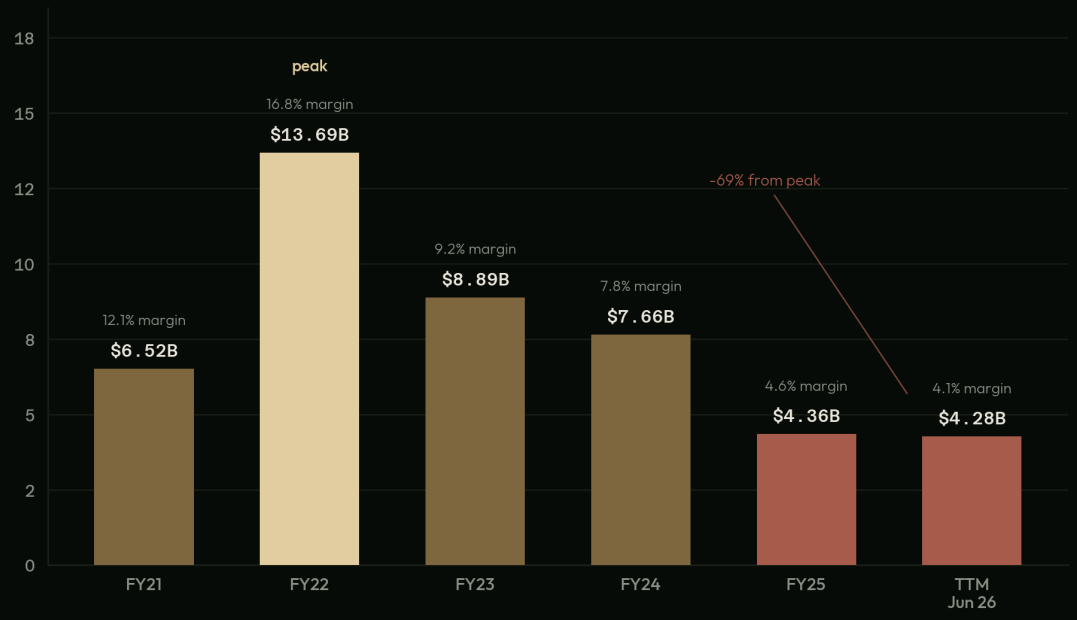
Source: Tesla annual reports and quarterly updates; TTM to 30 June 2026 per StockAnalysis.com. FY2025 revenue fell 2.9% on FY2024.

Revenue was essentially flat across fiscal 2023, 2024 and 2025 before the trailing twelve months set a record. Fiscal 2025 itself was a down year: revenue fell 2.9% as deliveries dropped 8.6% to 1,636,129 vehicles.

The revenue line, taken alone, tells a recovery story. The profit line does not.

Operating profit peaked four years ago

Tesla operating income, US$ billions, with operating margin.



Source: Tesla annual reports; TTM to 30 June 2026 per StockAnalysis.com. Revenue grew 27% between FY2022 and the trailing twelve months while operating income fell 69%.

Operating income peaked at $13.69 billion in fiscal 2022 and has fallen in every year since. Operating margin has compressed from 16.8% to 4.1% across the same period — five consecutive years of decline.

The two quarters of 2026 tell opposite stories

Q1 2026 versus Q2 2026

Revenue	$22.39B	$28.24B
Growth (YoY)	+16%	+26%
Gross margin	21.1%	16.8%
Operating income	$0.94B	$0.40B
Operating margin	4.2%	1.4%
Net income (GAAP)	$0.48B	$1.11B
Free cash flow	+$1.44B	-$1.09B
Deliveries	358,023	480,126
Energy storage	8.8 GWh	13.5 GWh

The second quarter set a revenue record and produced the weakest operating margin in the company's recent history. Deliveries rose 25% and gross margin fell 430 basis points sequentially — volume was bought with price. Capital expenditure of $5.79 billion against $4.70 billion of operating cash flow turned free cash flow negative despite the record top line.

> One line deserves particular attention. In the second quarter Tesla's GAAP net income of $1.11 billion was larger than its operating income of $398 million. The difference is principally interest earned on a $43.5 billion cash balance. On a quarterly basis, Tesla's treasury is now contributing more to the bottom line than its operations are.

The balance sheet is not the problem

Tesla held $43.52 billion in cash and investments at the end of the second quarter, up 18% year-over-year, and generated $6.22 billion of free cash flow in fiscal 2025. Whatever else is true, the company can fund its autonomy and robotics programmes for years without accessing capital markets. Solvency is not a live question here in the way it is for most companies trading on optionality.

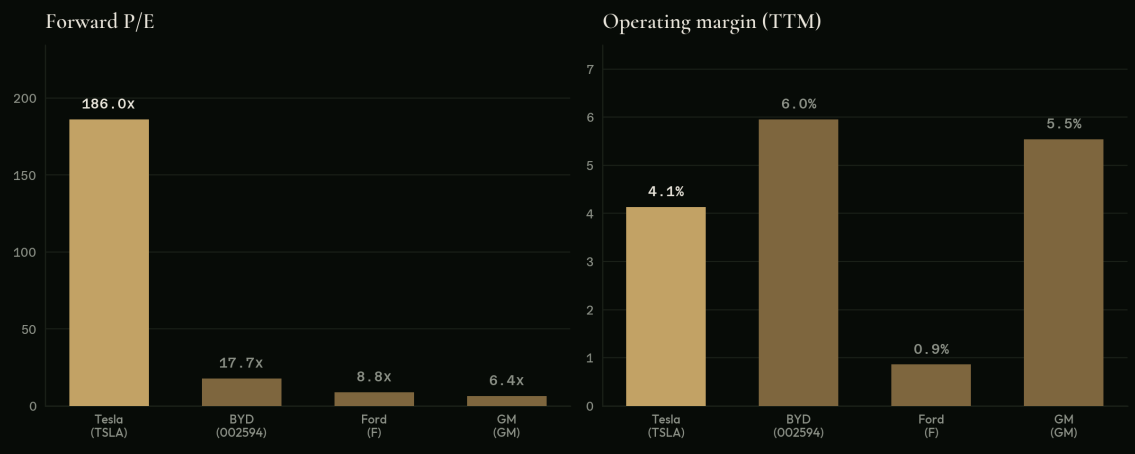
04 · VALUATION

What $1.4 trillion requires

Tesla trades at 367 times trailing earnings and 186 times forward earnings. Measured against operating income rather than net income, the market capitalisation of $1.40 trillion sits at roughly 327 times the $4.28 billion Tesla earned from operations over the last twelve months. No conventional multiple analysis survives contact with those numbers, which is itself the finding: the equity is not priced on current earnings in any meaningful sense.

Twenty-nine times the multiple, on a thinner margin

Forward P/E and trailing operating margin, vehicle manufacturers, 4 September 2026.



Source: StockAnalysis.com company statistics, 4–5 September 2026. BYD, the closest operating comparable, earns a higher operating margin than Tesla at roughly a tenth of the forward multiple.

BYD is the closest operating comparable — the largest electric-vehicle manufacturer by volume, also vertically integrated into cells and energy storage. It earns a higher operating margin than Tesla at roughly a tenth of the forward multiple.

The arithmetic of the terminal case

Because the multiples cannot be interpreted directly, the useful exercise is to ask what earnings would justify the current price on a normal multiple. The illustration below is arithmetic, not a forecast.

Current market capitalisation	$1.40T	
At a mature multiple of	20x earnings	
Required net income	~$70B	to justify today's price
Tesla's best year ever	$14.99B	fiscal 2023
Trailing twelve months	$3.81B	-35% year-over-year

To support the current valuation on a conventional multiple, Tesla would need to earn roughly five times its best year on record and roughly eighteen times its trailing result. That is not a statement that the outcome is impossible — Tesla has repeatedly produced results that conventional analysis said were impossible. It is a statement of the size of the gap, and of the fact that the gap can only be closed by businesses that do not yet generate meaningful revenue.

> Consensus sits at $390.09, implying about 10% upside, with a Buy rating across 46 analysts. That is an unusually narrow implied return for a stock of this volatility — the sell-side is, in aggregate, close to neutral on twelve-month price while remaining positive on rating.

05 · GROWTH CATALYSTS

What could justify the premium

Energy storage is a genuine business, growing fast

Tesla deployed a record 46.7 GWh of energy storage in 2025, and 13.5 GWh in the second quarter of 2026 alone, up 41% year-over-year. This is the least-discussed and most straightforwardly attractive part of the company: grid-scale storage demand is being pulled forward by data-centre electricity load, Megapack is a differentiated product, and the business uses the same cell and power-electronics competence as the vehicles. It does not require any technological breakthrough to keep compounding.

Services is the fastest-growing line

Services and other revenue grew 50% year-over-year in the second quarter to $4.58 billion. Supercharging, insurance, parts and used-vehicle sales scale with the installed fleet rather than with new unit sales, which makes this the most annuity-like revenue Tesla has and the least exposed to price competition.

Deliveries have turned

After falling 8.6% in 2025 to 1,636,129 vehicles, deliveries rose 6% in the first quarter of 2026 and 25% in the second, for 838,149 in the first half — roughly 16% ahead of the same period last year. The demand cliff that followed the expiry of the US federal tax credit appears to have been absorbed.

The autonomy and robotics option

Tesla now operates robotaxi services in seven US metropolitan areas across Texas, Florida and California, having started in Austin alone. Cybercab has launched. Optimus continues in development. If Full Self-Driving reaches genuine unsupervised reliability and regulators permit fleet deployment at scale, the addressable market is measured in trillions rather than billions, and essentially none of it is in current financials. This is the catalyst that matters more than all the others combined, which is precisely why the next section examines how far along it actually is.

Financial capacity

With $43.52 billion of cash and investments and no meaningful funding constraint, Tesla can sustain elevated research and capital spending through several more years of development without diluting shareholders or borrowing on unfavourable terms.

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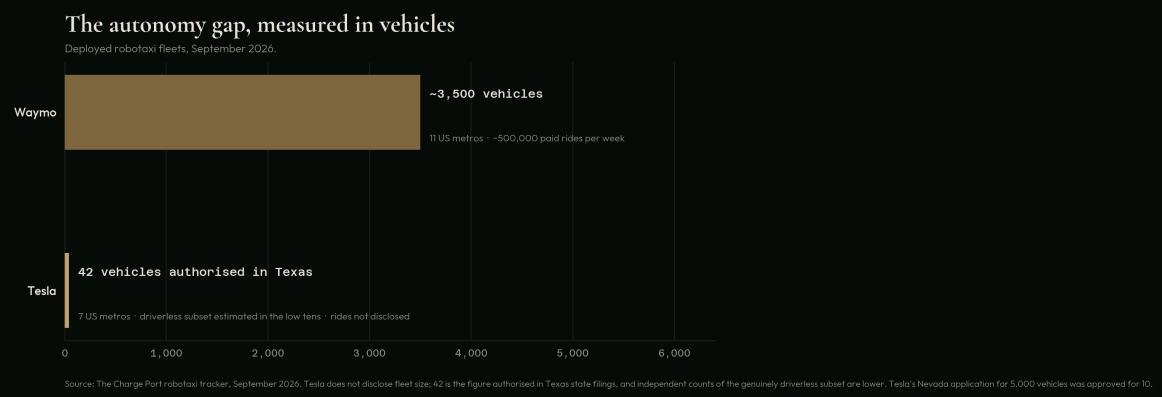
06 · RISKS

What the premium ignores

> The base rate. Tesla's operating margin has declined in five consecutive fiscal years, from 16.8% to 4.1%. Every year of that decline was accompanied by an expectation that autonomy revenue would begin to offset it. It has not yet done so in any measurable amount.

The autonomy gap is measurable, and it is large



Tesla's geographic footprint has expanded faster than its fleet. Seven metros is a real achievement; a driverless fleet estimated in the low tens against a competitor running roughly 3,500 vehicles and half a million paid rides a week is the relevant scale comparison.

Waymo operates approximately 3,500 vehicles across 11 US metros and delivers around 500,000 paid rides per week. Tesla does not disclose its fleet size; Texas state filings authorise 42 vehicles, and independent counts put the genuinely driverless subset in the low tens. Tesla's Nevada application requested 5,000 vehicles and was approved for 10. In California, state law still requires a safety driver. The geographic map has expanded considerably faster than the operating fleet.

Regulatory scrutiny has just intensified

NHTSA opened an audit on 5 September 2026 into how Tesla self-certified the Cybercab as compliant while omitting a steering wheel, pedals and mirrors. An adverse finding would not merely delay Cybercab; it would call into question the self-certification route Tesla has relied upon, which is a structurally different problem from a production delay.

The credit revenue is gone permanently

Regulatory credits fell 67% year-over-year to $146 million. Because the cause is legislative — zeroed CAFE penalties and an expired federal EV tax credit — this is not a cyclical trough. Several billion dollars a year of essentially pure-margin revenue has been removed from the earnings base and will not return under current policy.

Earnings quality is deteriorating

Second-quarter net income exceeded operating income because interest on the cash balance outweighed operating profit. Meanwhile the gap between GAAP and non-GAAP results remains wide — first-quarter GAAP net income of $0.48 billion against $1.45 billion non-GAAP. Investors relying on adjusted figures are capitalising a number roughly three times the audited one.

Competition is not standing still

BYD generates comparable revenue, higher operating margin and greater unit volume, and it is expanding internationally. Chinese manufacturers compete on cost structures Tesla cannot match in its Western plants, and Waymo is materially ahead in the deployed-autonomy market Tesla's valuation depends on.

Execution timelines and key-person concentration

Tesla's public timelines for autonomy have slipped repeatedly across the better part of a decade. At 186 times forward earnings, the valuation contains no allowance for further slippage — a delay that would be immaterial at 15 times earnings is a repricing event here. The company also remains unusually dependent on a single executive whose attention is divided across several ventures.

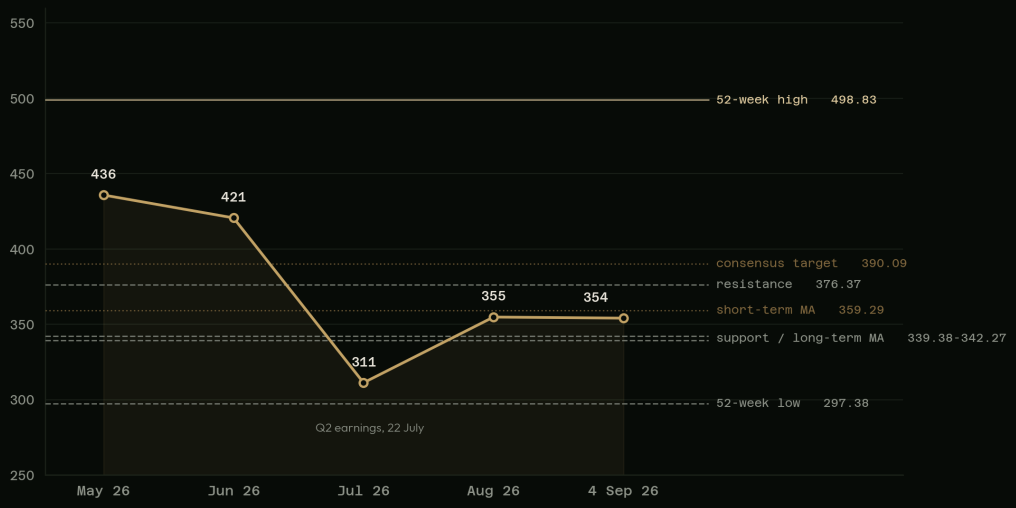
07 · TECHNICAL ANALYSIS

A lower high, beneath the short-term average

Tesla closed at $354.08 on 4 September 2026, down 5.92% on the session. The stock sits 29.0% below its 52-week high of $498.83 and 19.1% above its 52-week low of $297.38.

A 29% drawdown, and a lower high in August

TSLA monthly closes, May to September 2026, US$, with key levels.



Source: monthly closes, 52-week range and consensus target from StockAnalysis.com (4 Sep 2026); moving averages, support and resistance from StockInvest.us. The 4 September close follows the Cybercab launch reaction.

July's 26% monthly decline followed second-quarter results on 22 July. The August recovery stalled at $354.81 — a materially lower high than June's $420.60 — and September opened with the Cybercab reaction.

The structure is negative

Price is beneath its short-term moving average at $359.29, which carries a sell signal, and above its long-term average at $339.38, which carries a buy signal. The three-month MACD is on a sell signal. Volume rose on falling prices in the most recent session, which is the distribution pattern rather than the accumulation one. Technical services currently classify the stock as a Sell Candidate with a score of -3.33 on a -10 to +10 scale.

52-week high	$498.83	cycle high
Consensus target	$390.09	sell-side anchor
Resistance	$376.37	accumulated volume
Short-term MA	$359.29	sell signal, price below
Last close	$354.08	-5.92%
Support / long-term MA	$342.27 / $339.38	the shelf that matters
July low	$311.21	post-earnings close
52-week low	$297.38	cycle low

> The three-month projection from the same technical service is a 16.9% decline, with a 90% confidence range of $220.61 to $311.65 — a band that sits entirely below the current price. That is an unusually one-directional technical read, and it should be weighed against the fact that Tesla routinely invalidates technical structures on news.

08 · CONCLUSION

For the swing trader

A failed retest of the short-term average, beneath a lower high, into a dense catalyst calendar. The structure and the news flow point the same way, which is rarer than it sounds.

The August rally from $311.21 to $354.81 stopped almost exactly at the short-term moving average of $359.29 and has not reclaimed it. That is a textbook lower-high retest: price recovered into resistance, failed, and has now given back the session of 4 September on news. The operative shelf is $342.27 and $339.38, where support and the long-term average sit within three dollars of each other.

What the levels mean in practice

A sustained close above $359.29 would invalidate the lower-high structure and put $376.37 and then the consensus anchor at $390.09 in play. A close below $339.38 removes the last structural support beneath price and reopens the July low at $311.21, with the 52-week low at $297.38 behind it. Between those two levels there is roughly 6% of range and very little information.

The calendar is unusually dense

Cybercab follow-through details, the NHTSA audit of the self-certification, third-quarter delivery numbers in early October and third-quarter results in late October all land within roughly eight weeks. Tesla gaps on this kind of news — the stock moved 5.9% on an event with no financial content whatsoever. Any position held across these dates should be sized against a gap rather than a stop.

> Framework, not a recommendation. $359.29 is the level that would change the structure; $339.38 is the level that confirms it. The technical evidence and the news flow currently agree, which argues for respecting the direction while sizing for the volatility that has repeatedly overturned it.

09 · CONCLUSION

For the long-term investor

At $1.40 trillion, an investor is not buying a car company at a high price. They are buying an autonomy and robotics company that happens to be attached to one.

This is the central fact and it should be held clearly. Valued on its automotive and energy operations at the multiples the market applies to BYD, General Motors or Ford — all of which earn comparable or better operating margins — Tesla's equity would be worth a small fraction of its current price. The difference between that figure and $1.40 trillion is the option on Full Self-Driving, Cybercab and Optimus. Everything else is detail.

What would have to be true

Four things, and they are sequential rather than independent. Full Self-Driving has to reach genuine unsupervised reliability, not supervised competence. Regulators have to permit deployment in fleets of thousands rather than tens. Cybercab has to reach volume production at a unit cost that makes per-mile economics work against Waymo and against human drivers. And Optimus has to become a product with customers rather than a demonstration. All of this has to happen while the core automotive business — currently compressing — funds it.

What the evidence says about timing

The honest reading of the current evidence is that the option is real but early. Seven metros is genuine progress from a standing start in Austin. A driverless fleet estimated in the low tens against Waymo's roughly 3,500 vehicles and 500,000 weekly paid rides is not. Nevada approved 10 vehicles against a request for 5,000. The Cybercab launch produced no price, no production date and no regulatory pathway, and the federal safety regulator opened an audit the next morning. None of that says the thesis is wrong. All of it says the timeline is longer than the multiple implies.

Position, not prediction

Tesla's $43.52 billion cash position means this is not a solvency story — the company can fund the attempt for many years, and an investor is not exposed to the financing risk that usually accompanies this kind of bet. The exposure is entirely to time and to multiple. At 186 times forward earnings, a two-year delay that would be absorbed without comment by a company trading at 15 times is a repricing event here. Tesla's own record on autonomy timelines is the most relevant base rate available, and it is not encouraging.

> The honest summary: the operating business is weaker than the narrative — operating margin has fallen for five straight years to 4.1%, below General Motors, and quarterly interest income now exceeds quarterly operating profit. The option is genuinely valuable and genuinely early. To justify $1.40 trillion on a conventional multiple Tesla needs roughly $70 billion of net income, against $3.81 billion trailing and a best-ever year of $14.99 billion. That gap is the investment. An investor buying here should be clear that they are underwriting a specific technological and regulatory outcome on a timetable the company has repeatedly missed, and sizing accordingly.
