# TESLA, INC.
# Q4 2025

## Earnings Report Update

**PREPARED BY:**
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## Company Overview

Tesla, Inc. headquartered in Austin Texas, is a global innovator in sustainable energy and transportation. Founded in 2003, the company designs, manufactures, and sells electric vehicles and renewable energy products. Its automotive segment offers advanced electric sedans and SUVs, supported by supercharger networks, financing, insurance, and after-sales services. Through its Energy Generation and Storage segment, Tesla develops and installs solar energy and battery storage solutions for residential, commercial, and industrial customers, driving the global shift toward clean energy and a more sustainable future.

## GUIDANCE

Tesla plans to begin volume production of Cybercab and Tesla Semi on the automative front, while on energy, plans to launch Megapack 3 and Megablock in 2026, while scaling solar cell manufacturing toward 100 GW annually.

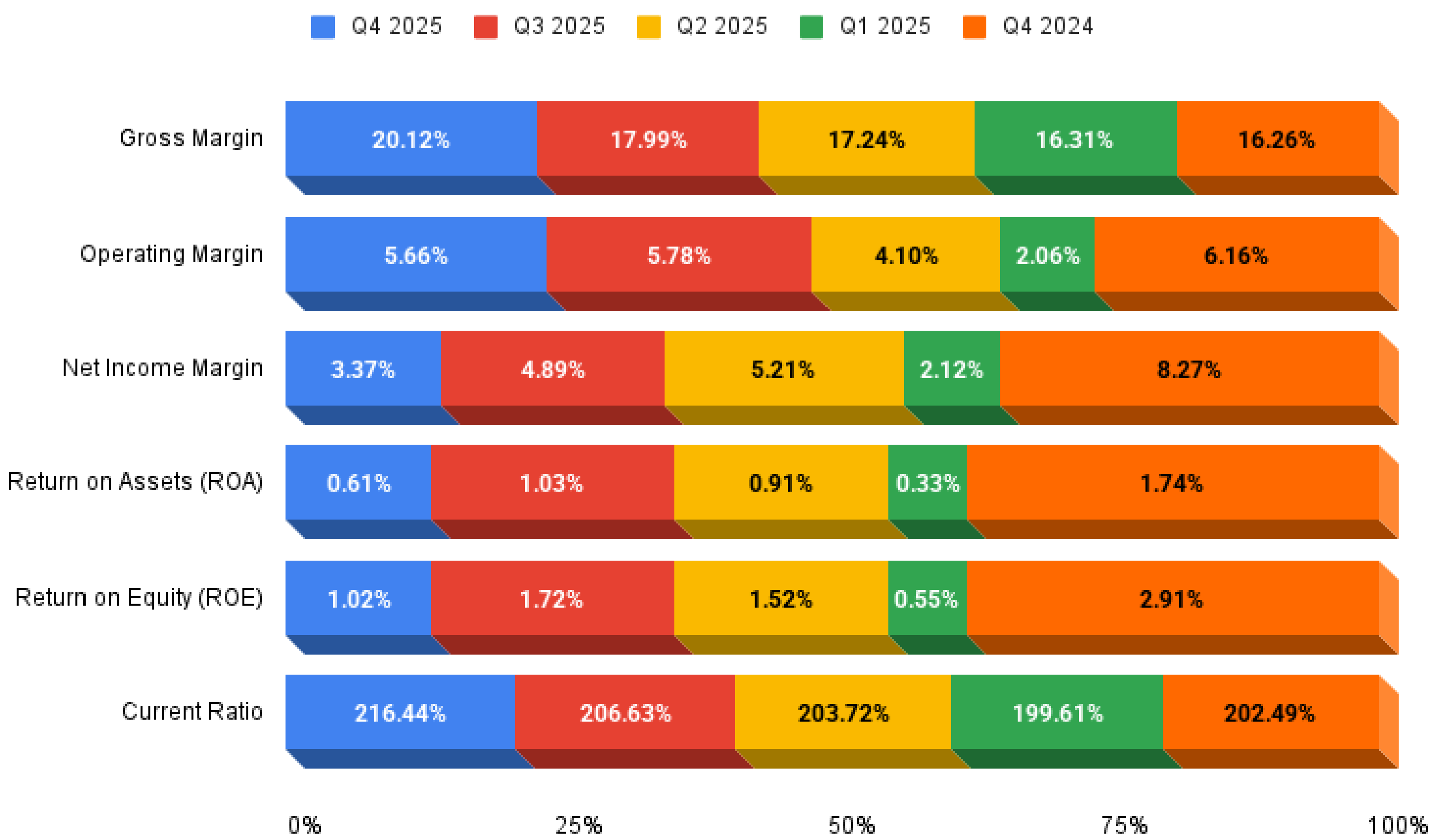
## CEO's Commentary

Elon Musk, Tesla's CEO, stated, "We've updated the Tesla mission to amazing abundance, and this is intended to send a message of optimism about the future. I think we're most likely headed to an exciting, amazing era of abundance." He further explained "We're seeing obviously the first steps along that way this year for Tesla, first major steps, as we increase vehicle autonomy and begin to produce Optimus robots at scale.

## Expectation Analysis

| USD ($) | Q4 2025 | ESTIMATE | BEAT/MISS |
|---|---|---|---|
| REVENUE | 24.90B | 24.80B | 0.50% |
| EBITDA | 4.15B | 3.72B | 11.70% |
| EBIT | 1.41B | 1.25B | 13.10% |
| EPS (adjusted) | 0.50 | 0.45 | 11.00% |

## Margin and Efficiency Analysis



| Revenue/Profitability Summary | | | |
|---|---|---|---|
| **Million USD($), except EPS** | **Q4 2025** | **QOQ** | **YOY** |
| Revenue | 24,901.00 | -11.37% | -3.14% |
| Gross profit | 5,009.00 | -0.89% | 19.86% |
| Operating Income | 1,409.00 | -13.24% | -10.99% |
| Income before tax | 1,181.00 | -39.71% | -53.21% |
| Net Income | 840.00 | -38.82% | -60.47% |
| EPS | 0.24 | -38.46% | -60.00% |

| Cost/Expenses Summary | | | |
|---|---|---|---|
| **Million USD($)** | **Q4 2025** | **QOQ** | **YOY** |
| Cost of revenue | 19,892.00 | -13.67% | -7.60% |
| Research and development | 1,783.00 | 9.39% | 39.73% |
| Sales and marketing | 1,655.00 | 5.95% | 26.05% |
| General and administrative | 162.00 | -31.93% | 2214.29% |
| Income tax | 325.00 | -42.98% | -14.70% |

| Cash Flow Summary | | | |
|---|---|---|---|
| **Million USD($)** | **Q4 2025** | **QOQ** | **YOY** |
| Net cash from operations | 3,813.00 | -38.87% | -20.79% |
| Net cash used in investing | -6,528.00 | -49.90% | 14.14% |
| Net cash used in financing | 710.00 | -27.77% | -27.92% |
| Closing cash balance | 17,616.00 | -10.05% | 3.40% |

| Segment Performance | | | | |
|---|---|---|---|---|
| **Million USD($)** | **Q4 2025** | **% Revenue** | **QOQ** | **YOY** |
| Automotive revenue | 17,693.00 | 71.05% | -16.56% | -10.63% |
| Energy generation and storage | 3,837.00 | 15.41% | 12.36% | 25.35% |
| Services and other | 3,371.00 | 13.54% | -2.99% | 18.36% |

| Key Items of Financial Position Summary | | | | |
|---|---|---|---|---|
| **Million USD($)** | **31st Dec 2025** | **YTD** | **QOQ** | **YOY** |
| Current assets | 68,642.00 | 12.28% | 6.17% | 17.62% |
| Non-current assets | 69,164.00 | 2.57% | 0.12% | 8.56% |
| Total assets | 137,806.00 | 7.19% | 3.04% | 12.89% |
| Current liabilities | 31,714.00 | 5.69% | 1.36% | 10.04% |
| Non-current liabilities | 23,227.00 | 13.37% | 6.89% | 18.69% |
| Total liabilities | 54,941.00 | 8.80% | 3.63% | 13.54% |
| Total equities | 82,137.00 | 6.24% | 2.71% | 12.65% |

# Performance Highlights

- Tesla delivered a weaker full year and fourth quarter net-income in 2025 reflecting weaker automotive volumes, tariff headwinds, FX losses, and digital asset depreciation, underscoring pressure on core profitability despite strong energy growth. However, Tesla generated $6.2 billion in free cash flow, up year on year, supported by disciplined capital spending and robust operating cash flow. Cash and investments also rose significantly providing ample liquidity to fund Tesla's ambitious $20+ billion CapEx program in 2026.

- Automotive revenues declined driven by lower deliveries of 1.64 million vehicles and a sharp contraction in premium models (S/X and Cybertruck). However, automotive gross margin excluding credits improved sequentially to 17.9% in Q4, supported by favorable regional mix with record deliveries in APAC and EMEA. The Model Y refresh helped sustain demand, while Tesla began tooling for Cybercab and Semi production slated for H1 26.

- Energy generation and storage emerged as a bright spot, with record deployments of 46.7 GWh. Growth was driven by Megapack deployments and expanding Powerwall participation in Virtual Power Plants, which supported over 89,000 grid events and saved customers $1 billion in electricity costs. Tesla plans to launch Megapack 3 and Megablock in 2026, while scaling solar cell manufacturing toward 100 GW annually.

- Services and other revenue grew, supported by Supercharging, part sales, and insurance expansion into new states such as Florida. Importantly, Tesla's Robotaxi services began limited driverless operations in Austin and expanded to San Jose Airport, signaling early monetization of autonomy. The transition of FSD (Supervised) to a subscription-only model doubled monthly subscriptions in 2025, with active paid users reaching 1.1 million.

- Manufacturing and hardware investments advanced across multiple fronts. Tesla continued to ramp 4680 battery cells, commenced pilot production at its North American lithium refinery, and began domestic cathode material production. These initiatives reduce reliance on external supply chains and mitigate tariff risks. Installed automotive capacity exceeded 2.2 million units globally, with Cybercab and Semi tooling underway.

- AI and software development accelerated, with FSD v14 trained on both customer and Robotaxi data, enabling Tesla's fleet to collect the equivalent of 500 years of driving data per day. The Robotaxi app removed waitlists in active markets, while over-the-air updates expanded functionality from navigation to entertainment.

## Concerns Raised

- Tesla's total vehicle deliveries in 2025 fell 9% year-over-year, with premium models (S/X and Cybertruck) down 40%. This contraction highlights demand softness in higher-end segments and the strategic decision to sunset legacy models. While Tesla is pivoting toward autonomy and Cybercab, the near-term implication is reduced scale in traditional automotive sales.

- Tesla incurred over $500 million in tariff costs in Q4 alone, underscoring vulnerability to trade barriers and geopolitical tensions. With battery supply chains increasingly complex and global, Tesla's reliance on international markets exposes it to policy uncertainty.

- Despite progress with 4680 cells and pilot lithium refining, Tesla continues to face bottlenecks in battery pack availability. This remains the biggest constraint to scaling vehicle and energy production globally. The concern is that without rapid resolution, Tesla's ambitious growth targets in autonomy, energy, and robotics could be delayed, limiting revenue expansion.

- Tesla is sunsetting upfront FSD purchases in favor of monthly subscriptions. While this builds recurring revenue, it creates short-term margin pressure and uncertainty around adoption rates.

## OUR INSIGHT

> Tesla's Q4 2025 performance saw a decline in total revenue, fall in automotive sales, but significant growth in energy and services. With gross margin expanding in the quarter and net margin contracting, tariff costs, FX losses, and Bitcoin depreciation placed pressure on net income. Free cash flow underscored financial strength, positioning Tesla to fund its $20+ billion CapEx program in 2026. The long-term investment case for Tesla remains attractive, supported by its global scale,, expanding data advantages from millions of connected vehicles, and robust cash generation. Key watch-outs include sustained CapEx intensity with over $20 billion planned for 2026, margin volatility during heavy investment cycles as spending on autonomy, robotics, and AI accelerates, persistent battery supply constraints that could limit scaling, and rising regulatory hurdles around autonomous driving and energy deployment across key markets.

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