

Understanding Tesla's Financial Strength: Analysis of Financial Reports and DuPont Analysis

Wei Huang

School of Management, Guangzhou City University of Technology, Guangzhou, 510800, China

Abstract. Incorporated in 2003, Tesla motors, inc is a leading American automotive company named after electrical engineer and physicist Nikola Tesla. Tesla designs develop, manufactures, and sells high-end fully electric vehicles and advanced electric vehicle powertrains. Meanwhile, it has established its global selling network, service centers, and supercharger station. With a focus on sustainability and innovation, Tesla has set the standard for the industry and is leading the charge toward a brighter future. This essay will suggest the company's history, products, and business strategy. Additionally, according to some previous research about the company, a financial analysis will be conducted to examine the company's financial performance. The revenues, sales scale, income, capital structure, and key ratios will be shown in it. This analysis will also provide insight into Tesla's financial stability and its earning ability in the future. This analysis will look at the firm's distinctive approach to technology, design, and marketing, as well as its impact on other organizations and sectors. Overall, the research will show that Tesla is not a vehicle firm, but rather a major pioneer in the fields of sustainable energy and transportation.

Keywords: Tesla Inc; Financial Statements; Key Financial Ratios; Dupont Analysis; Profitability; Liquidity; Investor Perspectives; Outlook.

1. Introduction

1.1 Business Overview

Electric vehicle and energy firm Tesla Inc. It develops, produces, sells, and rents electric cars as well as energy-generating and storage solutions. The firm manufactures and sells the Model Y, Model 3, Model X, Model S, Cybertruck, Tesla Semi, and Tesla Roadster automobiles. Tesla also installs and maintains energy systems, sells solar power, and provides end-to-end sustainable energy solutions such as generation, storage, and consumption. Via a network of company-owned stores and galleries, it advertises and sells automobiles to consumers. The corporation has production sites in the United States, Germany, and China, as well as activities in the Asia Pacific and Europe. Tesla's headquarters are in Austin, Texas, he United States.

1.2 Commercialization and Distribution

Tesla sells its electric automobiles directly to customers, bypassing traditional franchised dealerships, through a network of company-owned storefronts and online. Tesla can manage the consumer experience and generate brand loyalty with this method. Tesla utilizes a referral program in addition to its direct sales approach to encourage current owners to suggest new buyers, which helps to boost sales and cut marketing expenditures. Tesla has a global distribution network, including company-owned stores and service centers in several countries. In addition, the firm has formed alliances with foreign companies to broaden its reach and make its products more available to clients in new regions. Overall, Tesla's sales and distribution tactics have been essential to its success and have assisted in the company's development of a loyal and solid client base.

1.3 Competition

Tesla is up against some stiff competition in the electric vehicle industry. Several of the greatest names in the automobile business, like as BMW, Audi, and Mercedes-Benz, have begun creating their own electric vehicles, making them direct competitors to Tesla. There are also several emerging Chinese manufacturers, including as NIO, Xpeng, and Li Auto, that are building a name for

themselves in the global market by focusing on EVs. Meanwhile, new entrants such as Rivian and Lucid Motors are attracting attention with their creative designs and advanced technology. It's not just the electric vehicle manufacturers that Tesla's competing with. Conventional gasoline-powered cars and alternative fuel vehicles such as hybrids and hydrogen fuel cell vehicles also pose a challenge. However, public think Tesla's strong focus on EVs, combined with its brand recognition and customer loyalty, gives it a solid advantage over its competitors.

1.4 Development

Tesla places a strong emphasis on innovation and has made substantial investments in research and development (R&D) to develop technologies for its electric vehicles and energy storage systems. The focus of the company's R&D efforts has been on areas such as battery technology, electric drive-trains, autonomous driving, and renewable energy. Tesla has its research and development centers where it creates and develops new technologies and products. The firm employs a brilliant group of engineers and scientists that collaborate to develop innovative ideas that can be included in its products. towards developing fully autonomous electric vehicles. The company has developed its Autopilot system, "FSD," an automotive software, and is working to further advance the technology to enable full auto-driving capabilities. To summarize, Tesla's R&D spending and innovation emphasis have been critical to its success, allowing it to build a range of cutting-edge technologies that set the standard in the electric car and energy storage sectors. Tesla is positioned as an industry leader, with in-house R&D facilities, relationships with external partners, and investments in autonomous driving technologies.

2. Balance Sheet Analysis

2.1 Asset Quality Analysis

Table 1. Common-size Analysis of financial position, assets

TESLA , INC. Common-Size Consolidated Statement of Financial Position, Assets

| | 2022 | 2021 | 2020 |
|--------------------------------------|---------------|---------------|---------------|
| Cash and equivalents | 19.74% | 28.29% | 37.17% |
| Short term investments | 7.2% | 0.21% | 0% |
| Total receivables, net | 3.78% | 3.19% | 0% |
| Total inventory | 15.59% | 9.26% | 10.45% |
| Prepaid expenses | 3.02% | 2.10% | 2.58% |
| Other current assets, total | 0.35% | 0.55% | 0% |
| Total current assets | 50.39% | 43.61% | 51.25% |
| Property/Plant/Equipment, total, net | 44.50% | 50.17% | 44.82% |
| Goodwill, net | 0.23% | 0.32% | 0.39% |
| Intangibles | 0.26% | 0.41% | 0.60% |
| Long term investments | 0% | 2.03% | 0% |
| Note receivable-long term | 0% | 0% | 0% |
| Other long term investments | 4.61% | 4.98% | 2.94% |
| Non current assets | 49.61% | 56.39% | 48.75% |
| Total assets | 100 % | 100% | 100% |

Current assets

In the past three years, Tesla's current assets have shown a significant augment in both the total current assets and cash and short-term investments (figure 1). The amount of cash and equivalents has risen by over \$5000 million, and the increase in short term investments has added an additional \$5900 million. The growth in current assets can also be seen in the increase of total receivables, which went up by over \$1000 million. It's worth mentioning that the company's inventory levels have more than doubled, indicating growth in production and sales.

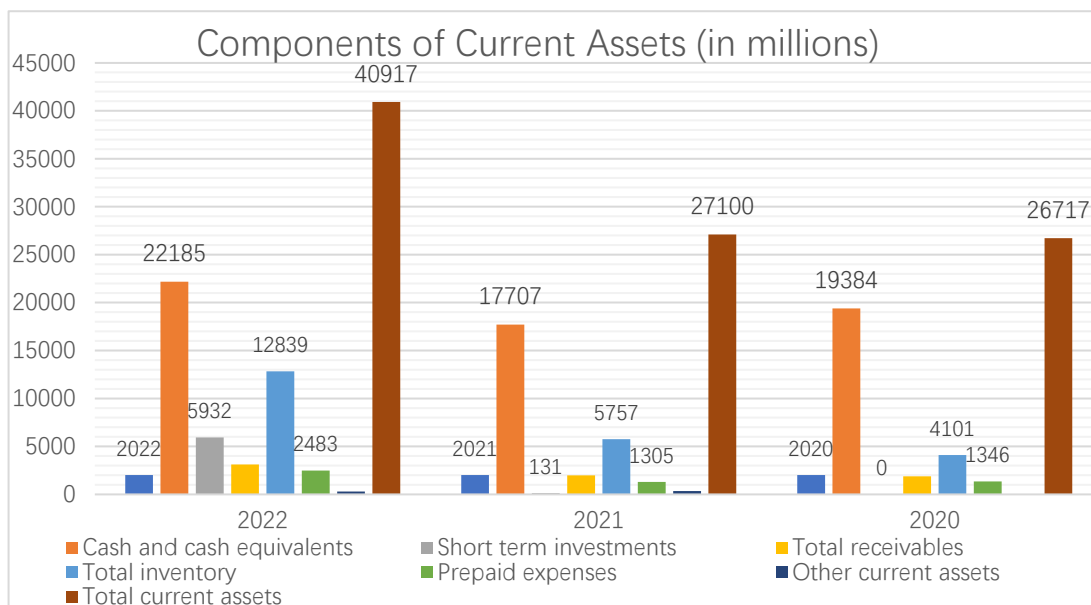


Figure 1. Components of Current Assets (in millions)

Overall, these changes show a tremendous progress in Tesla's liquidity and ability to manage its short-term financial obligations. It also demonstrates growth in its operations and sales.

Non current assets

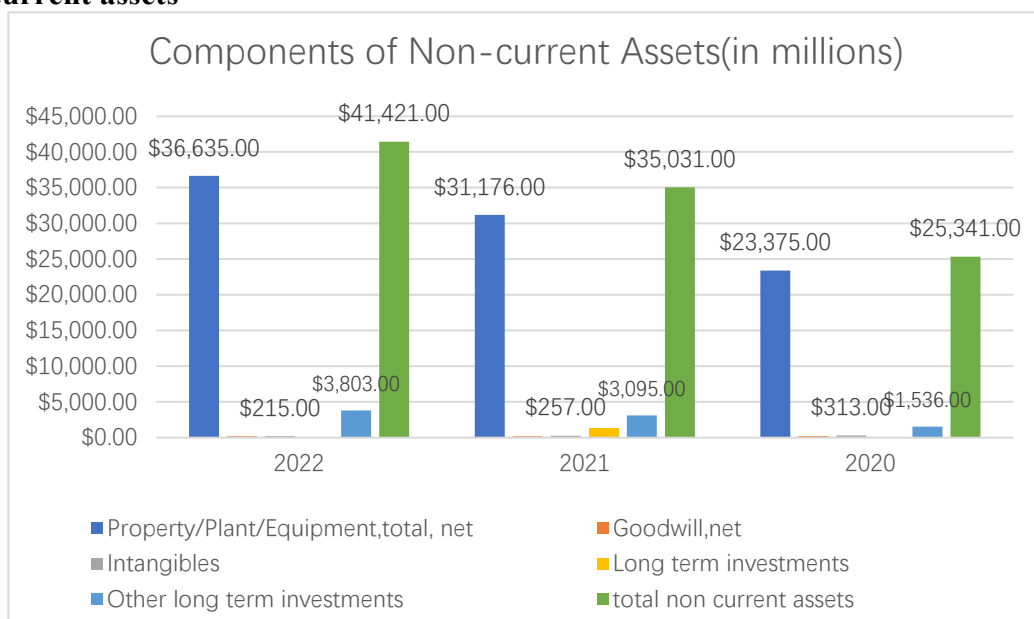


Figure 2. Components of Non-current Assets (in millions)

From the (table 1) common-size balance sheet and the figure 2, we saw a significant increase in total non-current assets from 2020 to 2022. The non-current assets accounted for 49.61%, 56.39% and 48.75 in 2022, 2021 and 2020 respectively, meaning that the company utilized mainly the operating assets to maintain business. Property, Plant, and Equipment, Total - Net refers to the value of physical assets such as buildings, machinery, and equipment, after accounting for accumulated depreciation. This value increased from \$23375 in 2020 to \$36635 in 2022. This suggests that the company either purchased or developed its property, plant and some equipment. Besides, the intangible assets consisting patents and other proprietary rights climbed slightly in recent years. A main reason is company's strategy, the CEO of Tesla Elon Musk claimed that Tesla will open patents for others to use. These data suggest that Tesla as a manufacturing company pay attention to the growth of its fixed

assets and improve long term investments as well. Overall, the trend in non-current assets show that Tesla is focused on strengthening its foundation for future growth.

2.2 Capital Structure Analysis

Tesla, INC. Common-Size Consolidated Statement of Financial Position, Liabilities and Stockholders' Equity

Table 2. Common-size Analysis of financial position, liabilities and shareholders' equity

| | 2022 | 2021 | 2020 |
|---|---------------|---------------|---------------|
| Accounts payable | 18.53% | 16.15% | 11.61% |
| Accrued expenses | 4.58% | 4.75% | 5.40% |
| Capital leases | 2.41% | 3.16% | 4.08% |
| Other current liabilities | 6.92% | 7.68% | 6.24% |
| Total current liabilities | 32.44% | 31.74% | 27.33% |
| Total long term debt | 1.93% | 8.49% | 18.42% |
| Deferred income tax | 0.1% | 0.03% | 0.29% |
| Minority interest | 1.45% | 2.25% | 2.79% |
| Other liabilities, total | 8.32% | 6.66% | 8.55% |
| Non current liabilities | 11.80% | 17.43% | 30.05% |
| Total liabilities | 44.26% | 49.17% | 57.38% |
| Additional paid-in capital | 39.09% | 47.96% | 52.28% |
| Retained earnings | 15.65% | 0.54% | -10.35% |
| Other equity, total | 1% | 2.33% | 0.69% |
| Total equity | 55.74% | 50.83% | 42.62% |
| Total liabilities & shareholder's equity | 100% | 100% | 100% |

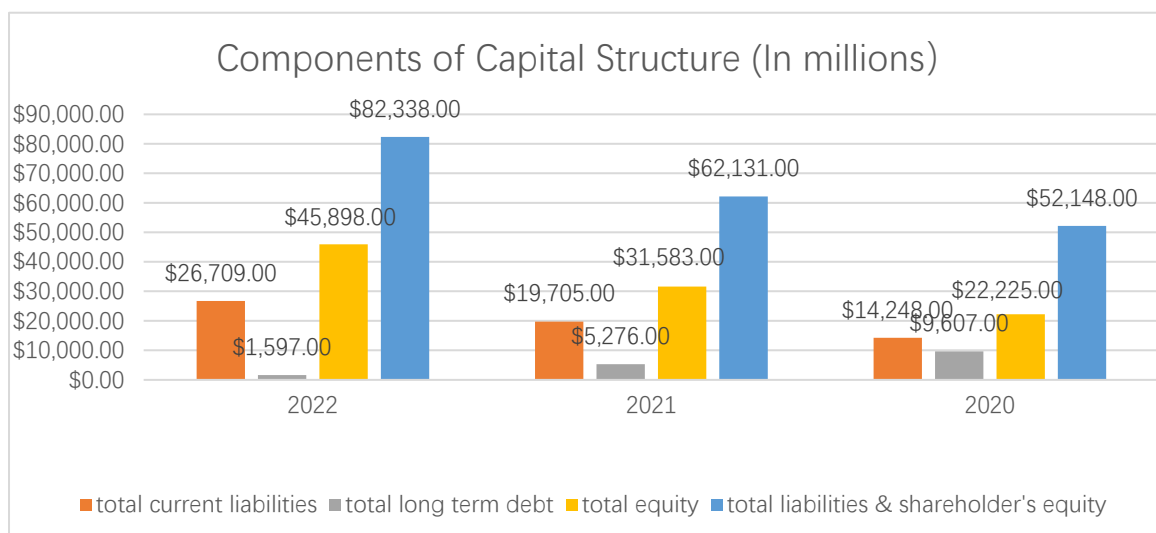


Figure 3. Components of capital structure

According to the common-size financial position of liabilities (table 2), the current liabilities accounted for a larger proportion of total liabilities and seemed to follow a growing trend. In 2022, current liabilities reached \$26,709 million, a 5% increase from \$14,248 million in 2021. On the other hand, non-current liabilities saw a dramatic decline over the past three years, falling from 30.05% to 11.80%. This impressive performance also led to a sharp drop in total liabilities from 57.38% to 44.26% over the same period. The completion of Tesla's 'Gigafactory' played a role in the growth of the company's production capacity and led to an increase in accounts payable and long-term debt

repayment. This shows that Tesla is improving its financial position by reducing its debt and increasing its total equity. [2]In conclusion, the decreasing proportion of total liabilities over time is a positive sign for the company's financial stability. It suggests that Tesla is becoming more self-sufficient and relying less on borrowed funds, which can increase investor and creditor confidence in the company and lead to better financial results in the future. Additionally, the increase in owner's equity signals that Tesla is becoming a more financially stable and less risky investment.

3. Income Statement Analysis

3.1 Tesla, INC. Common-Size Consolidated

Income Statement

Table 3. Common-size Analysis of income statements

| Year Ended December 31 | 2022 | 2021 | 2020 |
|--|---------------|---------------|---------------|
| Total revenues | 100% | 100% | 100% |
| Cost of revenues | 74.40% | 74.72% | 78.98% |
| Gross profit | 25.60% | 25.28% | 21.02% |
| Selling/General/Admin. Expenses, total | 4.84% | 8.39% | 10.11% |
| Research & Development | 3.77% | 4.81% | 4.72% |
| Depreciation/Amortization | 4.60% | 5.40% | 7.36% |
| Interest expenses(income) | - 0.23% | - 0.69% | - 2.37% |
| Unusual expenses(income) | 0% | 0.19% | 0% |
| Other operating expenses | - 4.19% | - 4.77% | - 4.99% |
| Operating income | 16.81% | 12.11% | 6.19% |
| Interest income(expenses) | 0% | - 0.41% | - 2.64% |
| Other ,net | - 0.03% | 0.33% | 2.52% |
| Provision for income taxes | 1.39% | 1.30% | 0.92% |
| Net income before extraordinary items | 15.41% | 10.28% | 2.28% |
| Total adjustment to net income | 0.04% | 0.02% | - 0.1% |
| Net income available to common | 15.45% | 10.26% | 2.18% |

Table 4. Period-to-period of revenues

Revenues & Cost of revenues analysis

| (in millions ,expect percentage) | 2022 | change | 2021 | change | 2020 |
|----------------------------------|---------|--------|---------|--------|---------|
| Revenues : | \$81462 | 51.3% | \$53823 | 70.6% | \$31536 |

Table 5. Period-to period changes in revenues, cost of revenues and gross margin

| (in millions ,expect percentage) | 2022 | change | 2021 | change | 2020 |
|----------------------------------|---------|--------|---------|--------|---------|
| Revenues | \$81462 | 51.3% | \$53823 | 70.6% | \$31536 |
| Cost of revenues | \$60609 | 50.7% | \$40217 | 61.4% | \$24906 |
| Gross margin | \$20853 | 53.26% | \$13606 | 105.2% | \$ 6630 |

According to the revenue data(table 4), Tesla experienced a significant increase in total revenue from 2020 to 2022. In 2022, the total revenue increased by 51.3%, and in 2021 it increased by 70.6%.

As the impressive growth in Tesla’s revenues, the cost of revenues also surged in a high speed. Therefore, the company's gross profit saw a huge progress, with a 20853 gross profit in 2022 compared to 6630 in 2020. Marketing is a way how to provide selected information to customers, ideally with the fastest and in the most efficient form. Well set marketing of the company can presume the increment in the number of its customers which is often the significant factor of increase in sales. [3]Tesla has implemented a strategy of increasing volume and reducing costs since 2020. This has resulted in a 87% year-on-year increase in car sales in 2021, reaching 930,000. In 2022, car sales are expected to increase by another 40% year-on-year, reaching 1,310,000. The company is also actively developing and promoting additional revenue streams such as the FSD autopilot, software store, and subscriptions to increase the value of its products.

In terms of geography, the majority of Tesla's revenue comes from the United States and China. Tesla's revenue in China has grown rapidly, with 2021 sales revenue in the United States, China, and other regions being \$24 billion, \$138 billion, and \$16 billion, respectively, accounting for 45%, 26%, and 30%. The completion and production of the Tesla Shanghai Gigafactory in 2019 greatly boosted its production capacity, resulting in a cost advantage. With a lower cost per car, Tesla's products have become more competitive in the market, especially with the promotion of green card policies and new energy subsidies in China. [4]As a result, Tesla's sales in the region have experienced significant growth.

3.2 Expenses Analysis

Table 6. Period-to period changes in expenses, R&D,SG&A

| (in millions ,expect percentage) | 2022 | change | 2021 | change | 2020 |
|----------------------------------|--------|----------|--------|--------|--------|
| R&D expenses | \$3075 | 18.5% | \$2593 | 73.9% | \$1491 |
| SG&A expenses | \$3946 | - 12.6 % | \$4517 | 41.6% | \$3188 |

From the table 6, Tesla recognizes the importance of research and development (R&D) expenses for its future growth and business strategy. The company has been investing double in R&D over the past three years, leading to an increase in R&D expenses. These expenses encompass personnel costs, materials, licensing fees, collaboration agreements, and facilities-related costs. In contrast, selling, general, and administrative (SG&A) expenses encompass personnel costs, facilities and overhead expenses, marketing, legal fees, and other general costs. The decrease in SG&A expenses from \$4517 million in 2021 to \$3946 million in 2022 can be attributed to cost-saving measures and a more effective allocation of resources. To summarize, both R&D and SG&A expenses are crucial elements of Tesla's business strategy and financial performance. While R&D investments are vital for future growth, proper management of SG&A expenses can boost the company's overall profitability.

3.3 Net Income Analysis

Net income available to Tesla was \$12583 million in 2022, compared to \$ 690 million in 2020. (Figure 4) The remarkable growth of Tesla can be attributed to its heightened sales over the last three years. This was made possible through more efficient deliveries due to increased production capacity, as well as cost reductions for its full-scale models. In the future, Tesla aims to develop a series of AI-powered carriers, such as autonomous vehicles. The company has implemented cost-saving measures in its hardware operations to drive sales, and has incorporated FSD software, software stores, and subscription services to increase the value of its products. To summarize, despite Tesla’s gross profit margin increase generally, the net income available to common still show a clear competitive advantage and strong profitability in the industry in its own business activities.[5]

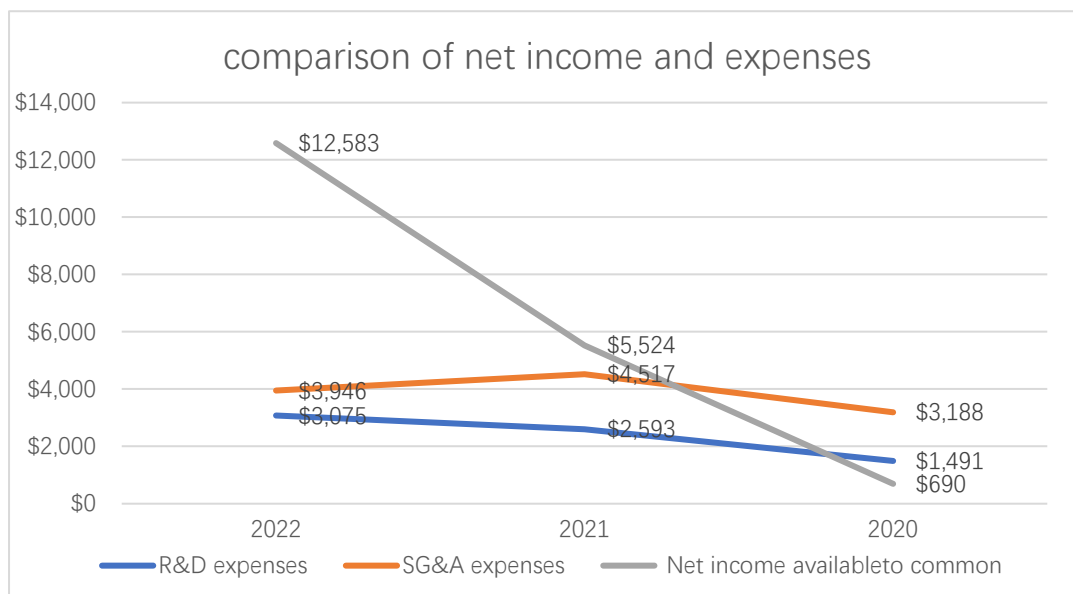


Figure 4. Comparison of net income and expenses (in millions)

4. Cash Flow Statement Analysis

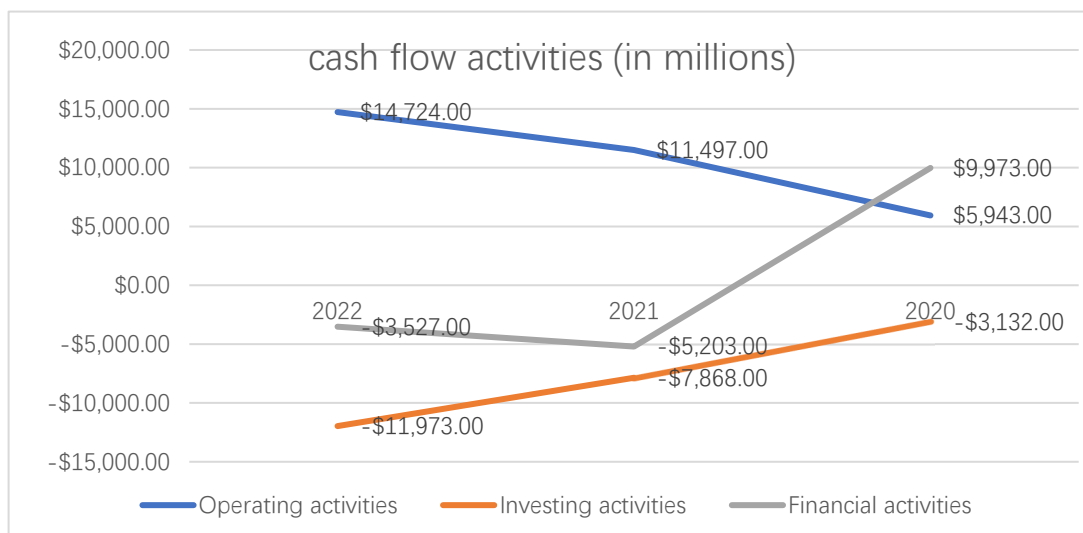


Figure 5. Cash flow activities (in millions)

Cash provided by operating activities represents the cash receipts and disbursements related to all of activities other than investing and financing activities. To a large extent, the operating cash flow may show the net income profit's ability to generate the cash. During the past three years, the net income has seen a steady increase, starting from a negative \$775 million in 2019 to \$12,556 million in 2022 (figure 5). This positive trend can be attributed to the growth of Tesla's business and the expansion of its operations. In terms of investing activities (figure 5), Tesla has experienced an increase in cash outflow, from \$3,132 million in 2020 to \$11,973 million in 2022. This can be explained that the Tesla has purchased new equipment and promote market portion in a large scale over the past few years. Combined to cash from operating activities, it is a signal showing that Tesla have full confidence to expand its market and industry scale. From a financing activities perspective, the company's cash inflow from financing activities has seen a decline, declining from \$9,973 million in 2019 to \$3,527 million in 2022. The main reason is the decrease of issuance of debt. In conclusion, Tesla's cash flow from operating activities has witnessed a positive trend. Combining with balance sheet and income statement, we can see the cash flow are reasonably adequate and stable, the

operating activities has consistently generated positive results, with cash utilization being effectively managed, avoiding any instances of idle cash.

5. Financial Ratios Analysis

Table 7. Profitability ratios

| Profitability ratios | 2022 | 2021 | 2020 |
|-------------------------|--------|--------|--------|
| Gross profit margin | 25.60% | 25.28% | 21.02% |
| Operating profit margin | 16.76% | 12.12% | 6.32% |
| Net profit margin | 15.45% | 10.26% | 2.19% |
| Return of R&D expenses | 244% | 213% | 46.2% |

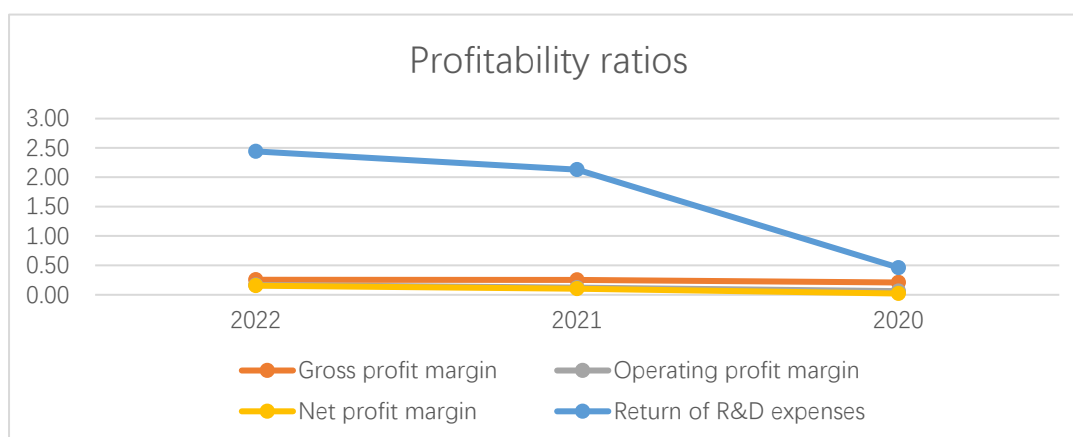


Figure 6. Profitability ratios

The operating margin is particularly important since it reflects the company's pricing strategy and its ability to control operating costs. The net profit margin showed the overall profitability for its operating (table 7). The gross profit margin increased from 21.02% in 2020 to 25.60% in 2022, indicating that the company was able to effectively manage its cost of sales and revenues. The operating margin in 2022 was 16.76% compared to 6.32% in 2020 (figure 6). This trend primarily driven by higher sales and it was remain a stable level. The net profit margin increased from 2.19% in 2020 to 15.45% in 2022, which suggests that the company was able to generate a higher return on its sales. Additionally, the return of R&D expenses increased from 46.2% in 2020 to 244% in 2022, indicating the company's focus on innovation and product development, which could lead to long-term growth.

Overall, the trend in the profitability ratios suggests that Tesla has experienced steady improvement in its financial performance over three years, and that its investments in R&D are paying off. In a long term perspective, the company has a huge potential to achieve its goal, to lead the development in this filed.

5.1 Activity Ratios

Tesla's short-term operating activity ratios present a conflicting view of the company's financial performance (table 8). During 2022, the inventory turnover ratio of 4.72 shows a slower pace of selling inventory compared to 2021 (6.99) and 2020 (6.07). This could indicate an overstock or a decrease in demand for Tesla's products. On the other hand, the improved receivables turnover ratio of 27.6 in 2022 compared to 2021 (28.14) and 2020 (16.72) suggests that the company is efficiently collecting its debts. The payables turnover ratio for 2022, 3.97, is consistent with 2021 (4.01) and 2020 (4.12), indicating stable payables management. The average processing time for inventory in 2022 is 77 days, which is longer than in 2021 (52) and 2020 (60). The average collection time for

receivables remains at 13 days, consistent with previous years. The operating cycle, which adds up the inventory processing and receivable collection times, is 90 days in 2022, shorter than in 2021 (65) and 2020 (82). The average payables payment time in 2022 is 92 days, longer than in 2021 (91) and 2020 (89). The cash conversion cycle, which measures the time it takes to convert inventory investment into cash from sales, was negative 2 days in 2022. This indicates that Tesla is paying suppliers faster than it is collecting debts and selling inventory. In 2021, the cash conversion cycle was negative 26 days, and in 2020 it was negative 7 days, indicating a continuous improvement in the company's cash conversion cycle over the past three years. Overall, Tesla has constant profitability and the owner are optimistic about its future situation.

Table 8. Activity ratios

| Short term (operating) activity ratios | 2022 | 2021 | 2020 |
|---|-------------|-------------|-------------|
| Inventory turnover | 4.72 | 6.99 | 6.07 |
| Receivables turnover | 27.6 | 28.14 | 16.72 |
| Payables turnover | 3.97 | 4.01 | 4.12 |
| Average No.Days | | | |
| Average inventory processing period | 77 | 52 | 60 |
| add:Average receivable | 13 | 13 | 22 |
| Operating cycle | 90 | 65 | 82 |
| less: average payables payment period | 92 | 91 | 89 |
| Cash conversion cycle | -2 | -26 | -7 |

5.2 Liquidity Ratios

Table 9. Liquidity ratios

| | 2022 | 2021 | 2020 |
|---------------|-------------|-------------|-------------|
| Current ratio | 1.53 | 1.38 | 1.88 |
| Quick ratio | 0.94 | 1.00 | 1.49 |
| Cash ratio | 0.83 | 0.90 | 0.59 |

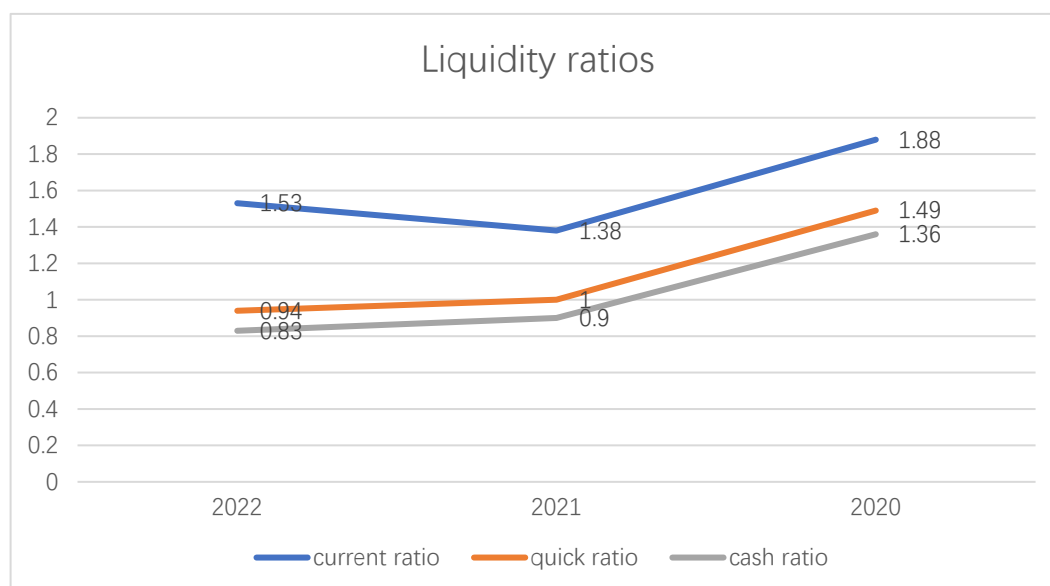


Figure 7. Liquidity ratios

From the table 9 we can observe that the liquidity ratios has seen a decline in different degree. The current ratio in 2022 is 1.53 which is lower than 1.88 in 2020, but more than 1.38 in 2021. It was still considered a healthy ratio. The quick ratio and cash ratio have been dropped in past three years,

indicating that the company's liquidity has decreased. However, as the leading firm of e-vehicle industry, we can see its strong asset conversion capabilities. Therefore there is no necessary to worry about the decline in liquidity in a short term.

5.3 Leverage and Coverage Ratios

Table 10. Leverage and coverage ratios

| Long-term (investment) activity ratios | 2022 | 2021 | 2020 |
|---|-------------|-------------|-------------|
| Net fixed asset turnover | 3.46 | 2.85 | 2.47 |
| Total asset turnover | 0.99 | 0.87 | 0.60 |
| Equity turnover | 1.82 | 1.78 | 1.42 |
| Debt and solvency ratios | 2022 | 2021 | 2020 |
| Debt to equity | 0.07 | 0.23 | 0.53 |
| Debt to capital | 0.06 | 0.18 | 0.34 |
| Interest coverage | 72.83 | 18.10 | 2.54 |

The asset turnover is a significant financial ratio that measures the efficiency of a company's use of its assets in generating sales revenues or sales income to the company. It measures the extent of a company's leverage. The figure in table 10 suggested both fixed assets and total assets saw a marked ascent, it demonstrated that Tesla made effective use of its assets and generated more income, indicating the company had a solid background. The debt to equity and capital ratio decrease a impressing degree, which means Tesla has reduced its debt levels. The interest coverage ratio in 2022 was 72.83, which shows the company is generating enough income to cover its interest expenses. This is a significant improvement in company's financial performance compared to 2021(18.10) and 2020(2.54). Overall, the asset,leverage and coverage ratios suggest that Tesla is using its fixed assets efficiently, generating more revenue per unit of equity, and reducing its debt levels.

6. Du-Pont Analysis

Table 11. Du-Pont Analysis 1

| Return ratios | ROE | = | ROA | × | leverage |
|----------------------|------------|----------|------------|----------|-----------------|
| <i>In percentage</i> | | | | | |
| 2022 | 28.09 | = | 15.25 | × | 1.84 |
| 2021 | 18.28 | = | 8.88 | × | 2.06 |
| 2020 | 3.24 | = | 1.38 | × | 2.35 |

Table 12. Du-Pont Analysis 2

| Disaggregation of ROA | ROA | = | Net Profit Margin | × | Asset Turnover |
|------------------------------|------------|----------|--------------------------|----------|-----------------------|
| <i>In percentage</i> | | | | | |
| 2022 | 15.25 | = | 15.41 | × | 0.99 |
| 2021 | 8.88 | = | 10.25 | × | 0.87 |
| 2020 | 1.38 | = | 2.29 | × | 0.60 |

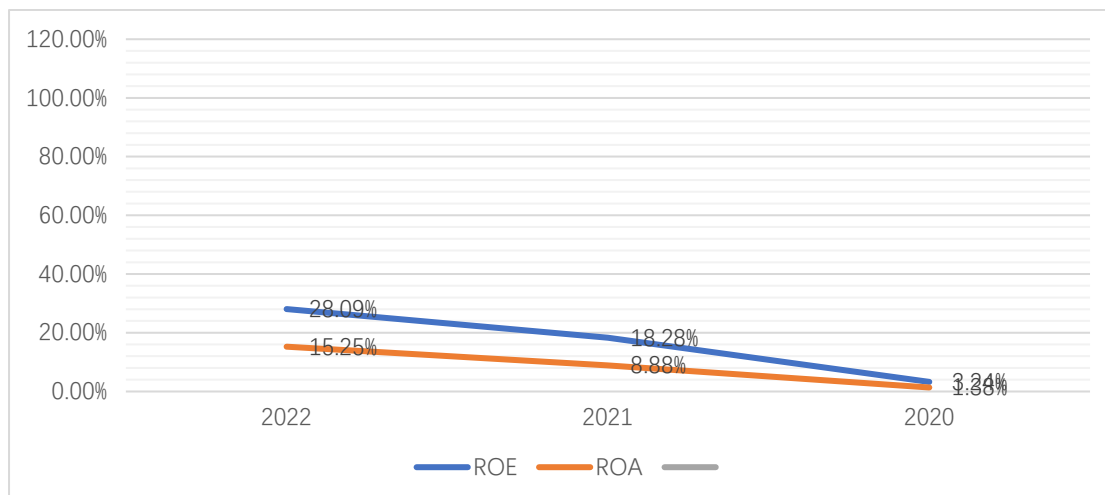


Figure 8. Comparison of ROE&ROA

DuPont analysis, a common form of financial statement analysis, decomposes return on net operating assets into two multiplicative components: profit margin and asset turnover. These two accounting ratios measure different constructs and, accordingly, have different properties. Prior research has found that a change in asset turnover is positively related to future changes in earnings. [6] Over three years, the figures of ROE and ROA rose rapidly (table 11&12), especially ROE. Return on equity is the product of return on assets and leverage ratio. The leverage ratios also showed a slightly increase to nearly one in 2022, indicating that company has utilize the financial leverage to operate better and generate more profits. The impressive performance in ROE primarily duo to the increase of ROA. When analyzing the ROA, we can see that the net profit margin has increased from 2.29% in 2020 to 15.41% in 2022. This means that Tesla has improved its ability to generate profit from its larger sales. On the other hand, the asset turnover has also gone up from 0.60 in 2020 to 0.99 in 2022, company is using its assets to generate sales. According to the Tesla’s news, the completion of Gigafactories around the world and the delivery of integrated casing machines contributed to this. In conclusion, Tesla has improved its profitability over the past three years, as seen through the increase in its ROE and net profit margin. [7] Through this trend, Tesla’s leading position in this industry well be more predictably solid.[8]

7. Summary and Outlook

7.1 Summary

From the above analysis, Tesla has strong research capabilities and huge potential to achieve its goal. Due to increased production capacity, as well as cost reductions for its full-scale models strategy. Tesla’s existing capital resources, together with cash flow from operating activities, will be sufficient to meet capital needs, especially when model 3 and model Y are selling well all over the world. These competitive products have brought tremendous operating profits to the company and its owner. Through the figures of ROE and ROA, we can see that the profit can be attributed to owner’s equity has increased dramatically year by year. It seems a good cycle because it gives more confidence to investor.

To sum up, Tesla's financial situation is strong and the company is showing positive signs of growth and financial stability. We can believe that Tesla’s performance reflects more than successful.

7.2 Outlook

Tesla fully owns the potential for greater profits in the future by focusing on its researching development and operating strategy and we prospect foreseeable future:

Continue to invest in new and ongoing vehicle research and electric technology Continue to build Gigafactories and increase the production capacity of equipment to form scale effect, which can reduce the cost of single vehicle and increase the sales.

Continue the current cost-based pricing strategy to increase sales.

Accelerate the development of value-added products like FSD (autopilot driving), AP (assisted driving), applications store on the car and attract more subscribers.

References

- [1] Zhao L. Capital Structure of New Energy Automobile Industry: Analysis Based on Tesla and Nio[C]// Proceedings of the 4th International Conference on Economic Management and Green Development. Springer Singapore, 2021: 236-246.
- [2] Teece D J. Tesla and the reshaping of the auto industry[J]. Management and Organization Review, 2018, 14(3): 501-512.
- [3] Mangram M E. The globalization of Tesla Motors: a strategic marketing plan analysis[J]. Journal of Strategic Marketing, 2012, 20(4): 289-312.
- [4] Falát L, Holubčík M. The influence of marketing communication on financial situation of the company– a case from automobile industry[J]. Procedia engineering, 2017, 192: 148-153.
- [5] Lin P, Lu Y, Xu Z. Tesla's Dilemma and Future Development Trends[C]//2022 7th International Conference on Financial Innovation and Economic Development (ICFIED 2022). Atlantis Press, 2022: 2174-2180.
- [6] Soliman M T. The use of DuPont analysis by market participants[J]. The accounting review, 2008, 83(3): 823-853.
- [7] Sheela S C, Karthikeyan K. Financial performance of pharmaceutical industry in India using dupont analysis[J]. European Journal of Business and Management, 2012, 4(14): 84-91.
- [8] Doorasamy M. Using DuPont analysis to assess the financial performance of the top 3 JSE listed companies in the food industry[J]. Investment Management & Financial Innovations, 2016, 13(2): 29.