

Tesla, Inc.

NASDAQ: TSLA | Automotive, Energy Storage and Autonomy | Equity Research Update | 3 September 2026

Price (2 Sep 2026 close)	\$357.01 (+0.26%)	Recommendation	AVOID (unchanged)
Change since 10 Aug report	+8.7%	Investment score	48 / 100 (was 48.4)
Market capitalisation	\$1.41tn	Weighted fair value	\$338.80 (-5.1%)
Forward P/E	187.5x (was 170x)	Consensus target	\$390.09 (46 analysts)
Trailing P/E	370.5x	Free cash flow yield	0.41%
52-week range	\$297.38 - \$453.40	Next catalyst	Cybercab event, then Q3 on 21 Oct

Valuation is struck on the 2 September 2026 closing price of \$357.01 (Alpha Vantage GLOBAL_QUOTE, confirmed by StockAnalysis.com). The most recent results are the second quarter reported on 22 July 2026. This report reaches a negative conclusion on a company that has repeatedly defeated valuation-based scepticism, and it is published on the eve of a major product event; both facts are addressed directly below rather than left for the reader to discount. Informed professionals currently hold targets on this stock spanning \$130 to \$445. No trade plan is published, because this is not a Buy call.

Investment Summary

The August report downgraded Tesla to Avoid at \$328.58, three weeks after a second-quarter release in which operating margin collapsed to 1.4%, free cash flow turned negative and the robotaxi timeline loosened. Since then the shares have risen 8.7% to \$357.01 and no financial statement has been published. The entire move is anticipation of a Cybercab unveiling in Austin, and the question this update has to answer is whether a rating premised on valuation should survive the price going up.

It should, and the arithmetic is unusually clean. The forward multiple has expanded from roughly 170x to 187.5x, an increase of 10.3%, on earnings estimates that have not moved. The probability-weighted fair value derived below is \$338.80, which sits 5.1% below the market against 1.6% above it in August. In other words the expected return on this security has crossed from marginally positive to negative without a single operating figure changing. The August report named four conditions that would move the rating back toward Hold, and one of them was a genuine multiple reset toward a forward price-earnings ratio in the double digits. That condition has moved decisively in the wrong direction.

The interim news is mixed and, on balance, slightly negative on the things that can be measured. Tesla sold 86,166 China-made vehicles in August according to CPCA data reported by Reuters, which snapped a three-month run of sequential gains in the company's largest single market. European August sales were described as mixed. Ford reaffirmed a 2027 launch for the Fathom, a \$28,000 competitor, which puts a public price stake in the ground beneath the Model Y. Gary Black, among the more prominent long-side commentators on the stock, warned that Tesla risks falling behind in autonomy because unsupervised driving is becoming a baseline expectation rather than a differentiator. Against those, DZ Bank upgraded the shares to Buy on 27 August, and the Cybercab fleet reached 45 vehicles ahead of the Austin launch.

That fleet number deserves a sentence of its own. Forty-five vehicles is a demonstration, not a business. The August report's condition for improving the rating on autonomy was monitor-free mileage growing by an order of magnitude from 380,000 and the network expanding beyond the Sun Belt into varied weather and dense urban conditions. An event in Austin does not meet either half of that test, whatever it reveals about the vehicle itself.

One thing genuinely improved and it is recorded in the scorecard. The technical position, which was the weakest part of the August report at 4 out of 10, has recovered to 6: the shares trade above the 20-day average and both exponential averages, the MACD line has crossed above both zero and its signal, and the relative strength index has normalised to 53.5. That improvement is real and it offsets almost exactly a one-point reduction in competitive advantage. The composite is 48 against a restated 48.4 in August. The rating is unchanged at Avoid, and it should be read as a statement about fresh money at 187.5x forward earnings, not as a prediction about what happens in Austin this week.

Testing the Conditions the Last Report Set

Condition set on 10 August	Status	Evidence
Toward Hold: automotive gross margin ex-credits recovering toward 20% while volume holds	Pending	No disclosure since 22 July. Reports 21 October. Trailing gross margin is 18.85% company-wide
Toward Hold: free cash flow returning positive with capex still elevated	Pending	Trailing free cash flow is \$5.76bn on \$18.69bn of operating cash flow and \$12.92bn of capex
Toward Hold: robotaxi scaling beyond the Sun Belt, monitor-free mileage up an order of magnitude	Not met	The Cybercab launch is in Austin. The fleet stands at 45 vehicles. Neither half of the test is met
Toward Hold: a genuine multiple reset toward a double-digit forward P/E	Moved away	Forward P/E has expanded from 170x to 187.5x. This is the clearest movement in either direction
Toward Strong Avoid: a second consecutive quarter near 1.4% operating margin with negative free cash flow	Pending	Reports 21 October. This remains the single most consequential test outstanding
Toward Strong Avoid: a serious robotaxi safety incident or a regulatory reversal	Not met	No such event has been reported
Toward Strong Avoid: Waymo or a Chinese rival decisively winning several major metros	Not met	Not established. A prominent bull has publicly raised the competitive concern, which is short of evidence
Toward Strong Avoid: evidence volume cannot hold without further price cuts	Watch	China August wholesale of 86,166 broke a three-month sequential streak. One month is a signal, not proof

None of the eight has resolved in full. The rating therefore stays where it was, and the case for it rests on the same measure it always did, which has become more extreme rather than less.

What Has Changed

Measure	10 Aug 2026	2 Sep 2026	Read
Share price	\$328.58	\$357.01	+8.7% into a scheduled product event
Forward P/E	170x	187.5x	Expanded 10.3% on unmoved estimates
Trailing P/E	341x	370.5x	Same direction, same cause
Weighted fair value	\$333.85	\$338.80	Implied return crosses from +1.6% to -5.1%
Consensus target	n/a	\$390.09	46 analysts; recent named actions are mostly Hold
Target dispersion	~\$130-\$600	\$130-\$445	Wells Fargo \$130 to J.P. Morgan \$445
China August wholesale	n/a	86,166 units	Snapped a three-month sequential gain streak
Cybercab fleet	Not disclosed	45 vehicles	A demonstration rather than a network
MACD	Deeply negative	+2.27, signal -1.00	Crossed above zero and above signal
Price vs 20-day average	Below	Above (\$344.32)	The clearest genuine improvement in this update
Price vs 200-day average	Below	\$399.97, still below	10.7% overhead

Valuation

Tesla is the one holding in this coverage where the valuation section can be written almost entirely from the ratios, because every one of them says the same thing and none of them is close to a boundary. The shares trade at 187.5x forward earnings, 370.5x trailing earnings, 244.7x free cash flow, 128.6x EBITDA and 16.2x book value. The

price-earnings-to-growth ratio is 6.93 against a three-year consensus earnings growth forecast of 23.31%. The free cash flow yield is 0.41%, which is to say that an owner of the whole company at this price would collect four-tenths of one percent a year in cash while a three-month Treasury bill pays several times that with no operating risk.

The return on capital figures make the same point from the other side. Tesla earned a 5.46% return on invested capital over the trailing twelve months against a weighted average cost of capital estimated by S&P Global at 14.25%, a shortfall of 8.79 percentage points. Unlike the equivalent gap at some capacity-building companies, this one is not obviously a timing artefact: operating margin is 4.13% and the capital being consumed is going into an autonomy programme whose revenue contribution management has declined to size. The balance sheet remains excellent, with \$27.44bn of net cash, a 1.94 current ratio and an Altman Z-score of 15.16, so none of this is a solvency argument. It is a price argument.

Method	10 Aug	2 Sep	Comment
Forward P/E	170x	187.5x	Implies forward EPS of about \$1.90
Trailing P/E	341x	370.5x	On \$1.08 of trailing EPS; tax rate is a normal 25.93%
PEG ratio	~6.3	6.93	Against a 23.31% three-year EPS growth forecast
Price / free cash flow	~225x	244.7x	\$5.76bn of trailing free cash flow; 0.41% yield
EV / EBITDA	~118x	128.6x	EBITDA margin 10.38%
Price / book	~14.6x	16.2x	Book value \$21.99 per share
ROIC vs WACC	n/a	5.46% vs 14.25%	An 8.79-point shortfall on capital employed
Consensus target	n/a	\$390.09	9.27% above the market; rated Buy on aggregate

The August figures marked as approximate are this report's calculations, scaled from the multiples published in the previous report at the then-prevailing price. The 2 September column is as reported by S&P Global Market Intelligence.

The macro variables that matter here

Tesla is the one company in this coverage where consumer macro genuinely matters, because a vehicle is a large discretionary purchase usually made on credit. The July personal income and outlays report showed real consumer spending essentially flat, with nominal outlays up 0.2% and the entire increase absorbed by prices, while personal income rose 0.4% and the saving rate held at 3.0%. Households took the extra income rather than spending it. Private payroll growth then slowed to 38,000 in August, the weakest since January. That is a demand backdrop in which holding volume without discounting becomes harder, which is precisely the mechanism the August report identified as the source of the margin collapse.

The second variable is the discount rate, and Tesla is the most exposed security in this coverage to it. At 187.5x forward earnings essentially all of the value sits in cash flows several years out, so the present value moves further for a given change in the risk-free rate than it does for any conventional business. The ten-year Treasury yield reached 4.814% on 2 September, its highest since November 2023, and futures place better-than-even odds on a quarter-point increase at the 15-16 September meeting. Cheaper financing would help Tesla twice over, through the auto loan and through the multiple. Neither is on offer.

Sentiment and Positioning

The interesting feature of Tesla sentiment is that the aggregate reads Buy while almost every recent named action is a Hold. Barclays, Morgan Stanley, J.P. Morgan and Jefferies have all reiterated Hold-equivalent ratings in the past four weeks at targets from \$350 to \$445, DZ Bank upgraded to Buy, and the two outright Sell ratings sit at \$130 and \$200. A consensus target of \$390.09 assembled from a \$130 to \$445 range is an average of genuine disagreement rather than a settled view.

Indicator	Reading	Interpretation
Consensus	Buy, 46 analysts, \$390.09	9.27% above the market
Recent Hold reiterations	Barclays \$370, Morgan Stanley \$400	Both within the last two sessions
Recent upgrade	DZ Bank to Buy, 27 Aug	The only rating upgrade in the window
Bear end	Wells Fargo \$130, GLJ \$200	Both Sell-rated; \$130 is 64% below the market
Bull end	J.P. Morgan \$445, Hold	Notably a Hold rating even at the top of the range
Short interest	69.20M, 1.75% of shares	Up marginally from 68.50M; 1.82 days to cover
Insider ownership	28.53%	Institutions hold 42.95%; float is 2.82bn of 3.95bn shares
Options activity	2.9M contracts on 2 Sep	5.93M open interest; positioning into the event
moomoo news feed	Cybercab-dominated	Plus China volumes, European mix and the Ford price point
moomoo digest	Mixed, event-driven	Barron's has twice cautioned that the hype is running ahead

Gary Black, a long-standing bull, summarised the position in a way this report finds hard to improve on when he called the valuation a reason not to own the stock but not a reason to short it. That is precisely the distinction an Avoid rating is meant to draw.

Technical Position

This section has improved more than any other and it would be dishonest to bury it. In August the shares sat below every computable moving average with the MACD deeply negative. Today the price is above the 20-day simple average, above both the 20-day and 50-day exponential averages, and fractionally below only the 50-day simple average at \$358.35. The MACD line has crossed above zero at +2.27 while its signal remains at -1.00, giving a histogram of +3.27, which is the most positive momentum reading on this stock in three months. The 200-day average at \$399.97 remains 10.7% overhead and marks the level at which the primary downtrend from the May high would be in question.

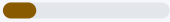
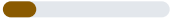
Indicator	Reading	Interpretation
Close (2 Sep 2026)	\$357.01	20.1% above the July low, 21.3% below the May high
SMA 20 / EMA 20	\$344.32 / \$348.98	Both reclaimed since the last report
SMA 50 / EMA 50	\$358.35 / \$356.80	Price is astride the 50-day cluster
SMA 100	\$381.34	6.8% overhead
SMA 200	\$399.97	10.7% overhead; the level that would end the downtrend
RSI (14)	53.5	Normalised from weak. Neither overbought nor oversold
MACD (12,26,9)	+2.27, signal -1.00	Histogram +3.27; a clear bullish crossover
ATR (14)	\$13.55 (3.8% of price)	Elevated but far below Coherent's relative range
Range, last 20 sessions	\$315.52 - \$368.92	The recovery has been steady rather than violent
Support / resistance	\$298-\$310 / \$340-\$380	Price now sits inside the overhead band named in August
Volume, 20d vs 50d	34.8M vs 39.0M	Turnover lighter than during the July reaction

Indicators other than the 200-day average were computed in code from raw daily OHLCV through the 2 September close; the 200-day figure is from S&P Global via StockAnalysis.com, whose 50-day value matches the computed one exactly. Technicals inform timing and never override the valuation conclusion, which is why a two-point improvement here does not move the rating.

Risks

Risk	Probability	Severity	Assessment
Valuation itself	Certain	High	187.5x forward, 244.7x free cash flow, 0.41% free cash flow yield. At this multiple ordinary disappointment is expensive
Margin does not recover in Q3	Medium	High	Operating margin was 1.4% in Q2. A second such quarter would establish a trend and is the stated Strong Avoid trigger
Autonomy timeline slips again	Medium	High	It has slipped before. Most of the multiple rests on this option, so a delay is repriced directly
Volume requires further discounting	Medium	Medium-high	China August broke a three-month sequential streak, European sales were mixed, and Ford has staked out \$28,000 for 2027
Rising long yields compress the multiple	Medium-high	High	The most duration-sensitive holding in this coverage. A September hike is better than even
Softening consumer	Medium	Medium	Real consumer spending was flat in July and private payrolls slowed to 38,000 in August. Vehicles are financed discretionary purchases
Event disappointment	Medium	Medium	The shares have risen 8.7% into the Cybercab unveiling. Barron's has twice cautioned that expectations have run ahead of substance
Being wrong in the other direction	Real	n/a	This company has defeated valuation-based scepticism repeatedly. A successful autonomy commercialisation would make this rating look foolish, and the bull case is weighted accordingly

Scorecard

Factor	Score	Rationale and change since 10 August
Business Quality weight 13%		6/10 Unchanged. Strong brand and a real energy business against an 18.85% gross margin and a 4.13% operating margin
Financial Strength weight 13%		7/10 Unchanged. \$27.44bn net cash, Altman Z of 15.16, trailing free cash flow positive at \$5.76bn
Competitive Advantage weight 13%		5/10 Cut from 6. China volumes broke a three-month streak, European sales were mixed, and Ford has priced a direct rival at \$28,000
Management weight 11%		5/10 Unchanged. No new execution evidence between the July release and the Cybercab event
Growth Potential weight 14%		7/10 Unchanged. Energy compounds and autonomy carries the optionality, but a 45-vehicle fleet does not yet change the score
Valuation weight 20%		2/10 Held at 2, deliberately. 170x to 187.5x is worse but not a change of category; the deterioration is recorded in the expected return instead
Risk (10 = lowest risk) weight 10%		2/10 Unchanged at very high risk. Beta 1.84, a 1.4% operating margin and a multiple that leaves no room for error
Technical Setup weight 6%		6/10 Raised from 4. Price above the 20-day and both EMAs, MACD crossed above zero and signal, RSI normalised to 53.5
Investment Score	48 / 100	Weighted sum of the eight factors, computed in code. The August report scores 48.4 on this basis once its Risk factor is restated. The technical gain and the competitive cut very nearly cancel

Scored 1-10, where 10 is always best, including Risk. A Risk score of 2 therefore denotes a very high-risk holding, consistent with the risk table above. A comparability note: the August report scored Risk on the opposite scale, where 10 denoted the highest risk, and awarded 9. Restated

onto this scale that is 2, which is the figure used for every comparison here. Reporting it as a change from 9 to 2 would have invented a collapse that did not happen. On the same restatement the August composite is 48.4 rather than the 47 that report printed, and 48.4 is the number compared against. Weights: Valuation 20, Growth Potential 14, Business Quality 13, Financial Strength 13, Competitive Advantage 13, Management 11, Risk 10, Technical Setup 6.

Recommendation: AVOID

The rating is unchanged and the reasoning is unchanged, which after an 8.7% rally requires more explanation than a reaffirmation usually does.

The August downgrade rested on a single proposition: that Tesla's forward multiple did not fall when its margins did, so the shares became more expensive relative to the business even as the price declined. Three weeks later the price has risen and the estimates have not, so the multiple has expanded from 170x to 187.5x. The proposition is not merely intact, it is more strongly evidenced. The probability-weighted fair value of \$338.80 now sits below the market, meaning the expected return on fresh money at this price is negative before any allowance for the volatility a 1.84-beta stock delivers.

It is worth being explicit about what an Avoid rating on this stock does and does not say. It says that putting new money in at \$357.01 is not compensated. It does not say the shares will fall, it is not a short recommendation, and it is not a prediction about the Cybercab event. Existing holders with genuine conviction in the autonomy thesis, an appropriate position size and a multi-year horizon are making a coherent bet that nothing in the last three weeks has invalidated. The distinction between declining to start a position and recommending an exit is real, and this rating remains the former.

This is not a downgrade to Strong Avoid because the specific triggers for one have not fired. There has been no safety incident, no regulatory reversal, no second quarter of collapsed margin, and no demonstration that a rival has taken a market. The balance sheet is genuinely strong, energy storage continues to compound, and the technical picture has improved materially. Reserving Strong Avoid for evidence rather than for price action is what makes the scale mean anything.

What would change the view

Condition	Consequence
Automotive gross margin ex-credits recovering toward 20% on 21 October while volume holds	Upgrade to Hold. It would establish that the discounting was cyclical rather than structural
Free cash flow clearly positive with capital expenditure still elevated	Upgrade. It would show the autonomy build is affordable out of operations rather than out of the cash pile
Robotaxi scaling beyond the Sun Belt with monitor-free mileage up an order of magnitude	Upgrade, and potentially by more than one notch. This is the condition that carries the most weight
A forward P/E returning to double digits, or an autonomy revenue line large enough to anchor the multiple	Upgrade. Either a lower price or a real number attached to the option would do it
A second consecutive quarter of operating margin near 1.4% with free cash flow negative	Downgrade to Strong Avoid. This converts the datapoint into a trend
A serious robotaxi safety incident or a regulatory reversal in a core market	Downgrade to Strong Avoid. It would strike the thesis rather than delay it
Further monthly declines in China volume alongside renewed price cuts	Downgrade. One month broke a streak; a quarter would convert growth into share defence

No entry, stop or target levels are published, because this is not a Buy call. The levels worth monitoring are the \$298-\$310 support band, the \$340-\$380 overhead band the price now sits inside, and the 200-day average at \$399.97.

Scenario Analysis

Case	Prob.	Fair value	Outline
Bull	24%	\$520 (+45.7%)	Margins recover through the second half as the cost curve catches the discounting; the Cybercab launch converts into a scaling network beyond the Sun Belt; full self-driving attach accelerates; Optimus shows credible early commercialisation. Weight raised from 22% to reflect a real near-term catalyst
Base	44%	\$330 (-7.6%)	Volume growth continues at the cost of price, margins stabilise near depressed levels, capital expenditure stays above \$5bn a quarter, and robotaxi expands city by city while staying immaterial to revenue through 2027. Energy compounds steadily
Bear	32%	\$215 (-39.8%)	Price competition persists and operating margin stays near 1%, free cash flow deteriorates, the autonomy timeline slips again in October, and the market begins pricing Tesla closer to a premium growth-auto and energy business with a smaller option attached

Probabilities sum to 100%. The probability-weighted fair value of \$338.80 was computed in code from the inputs shown and sits 5.1% below the 2 September close of \$357.01, against \$333.85 and 1.6% above the price in August. The fair values themselves are almost unchanged, because nothing in the accounts has changed; the bull weight rose two points and the base weight fell one to reflect a genuine near-term catalyst. What moved the expected return from positive to negative was the price, not the analysis. The distribution remains extremely wide, roughly 46% of upside against 40% of downside, and an asset with that spread and a negative expected return is not compensating its holder for the volatility it delivers.

Final Verdict

Would an investor put fresh money into Tesla at \$357.01 today? No, and the reason is easier to state than it was a month ago.

In August this report argued that the shares had fallen 17% without becoming cheaper, because the multiple had not fallen with the margins. That argument was uncomfortable to make, since downgrades published after large declines are the ones most likely to be wrong. The three weeks since have supplied the cleanest possible test of it. The price rose 8.7%, no financial statement was published, no operating figure changed, and the forward multiple expanded by 10.3% to 187.5x. If the August conclusion was that price movement and value movement had come apart in this security, the interim period demonstrated the same thing again, in the opposite direction and rather more visibly.

The honest counterweight is that this rating is published on the eve of a Cybercab unveiling, and that product events at this company have repeatedly converted scepticism into losses for the sceptic. Two responses. The first is that the bull case here carries a 24% weight and a \$520 fair value, so a successful launch is priced as a real possibility rather than dismissed. The second is that an Avoid rating is a decision about where to put new money, not a bet against the company; a reader who thinks autonomy will be solved in Austin should own the stock and should have owned it before this week. What this report will not do is upgrade a security because it has become more expensive in front of an announcement.

Two specific things to watch. The first is the operating margin line on 21 October, because a second quarter near 1.4% with free cash flow still weak would move this rating to Strong Avoid and would do so on evidence rather than on price. The second is monthly China volume, where August broke a three-month run of sequential gains for the first time this year. One month is a signal and not a proof, but it is the earliest available read on the question the August report identified as decisive, which is whether Tesla can hold volume without buying it.

Scope and sources. This report was prepared on 3 September 2026 as a scheduled update to coverage last published on 10 August 2026. It follows no new company disclosure; the most recent results are the second quarter reported on 22 July 2026, and their treatment here is deliberately brief because that quarter was covered in the previous report. Valuation is struck on the 2 September 2026 closing price of \$357.01, taken from Alpha Vantage and confirmed against StockAnalysis.com. Fundamental statistics are from S&P Global Market Intelligence via StockAnalysis.com as of 3 September 2026. Technical indicators other than the 200-day average were computed in code from raw daily OHLCV through the 2 September close. News, monthly sales data, analyst actions and commentary were sourced from the moomoo news and research feeds and cross-checked against primary reporting; China volumes are CPCA figures as reported by Reuters. Macroeconomic figures are as reported through 2 September 2026. No earnings call transcript was sought for this update, as no call has taken place since the one reviewed for the previous report; the next is scheduled for 21 October 2026. Figures described as this report's calculation are derived, not company-reported. This report reaches a negative conclusion on a widely held company with a long record of confounding valuation-based scepticism; the reasoning is set out so that it can be checked and disagreed with. Nothing here is a recommendation to any particular person; it is informational only and not financial advice.