

From EV to AV: Betting the house on Robotaxis

- Tesla launched its first robotaxi fleet in Austin, using a camera-only FSD system.
- Its full-stack model offers a cost edge over rivals like Waymo.
- Success in autonomy could transform Tesla's business and justify its valuation.

Tesla's Robotaxi hits the streets in Austin

On 23-Jun-25, Tesla has begun its Robotaxi rollout with 10–20 driverless Model Y vehicles operating in a limited area of Austin, Texas. Each car runs on a camera-only FSD system, with no LiDAR, and a staff rider in the passenger seat for safety. Rides are priced at a flat \$4.20, undercutting traditional ride-hailing. This marks Tesla's first real-world test of its autonomous mobility model and signals a shift toward mobility-as-a-service, potentially transforming both its revenue mix and valuation over time.

Full stack, half the cost: Why Tesla's AV approach may win

Tesla's robotaxi strategy contrasts sharply with Waymo, which relies on expensive LiDAR-based systems, HD maps, and geo-fenced operations. Each Waymo vehicle is estimated to cost over \$200k, limiting its scalability and economic viability. In contrast, Tesla is deploying vision-only FSD software on mass-produced Model Y units, priced under \$50,000, without relying on external infrastructure. By controlling the full stack—from vehicle to AI software to ride platform—Tesla is edging closer to a commercially viable self-driving taxi at scale. If its camera-based approach proves reliable, Tesla could leapfrog competitors in both unit economics and global deployability.

The only fully integrated bet in autonomy

Commercializing robotaxis at scale requires more than just self-driving tech—it involves solving for vehicle maintenance, insurance, parking, and charging infrastructure. Compared to peers like Waymo, Uber, or traditional automakers, Tesla stands out as the only fully integrated player, owning the hardware, autonomous software stack, and ride-hailing network. This vertical integration gives Tesla a significant cost and control advantage, crucial for scaling profitably. Moreover, few companies globally have the capital and manufacturing capacity to deploy robotaxis at scale—Tesla is one of them. The next phase will allow customer-owned Tesla to join the fleet, expanding network density with minimal incremental cost. Elon Musk has stated a target of over 1m+ robotaxis by 2026E.

From Wheels to Watts: Tesla's non-auto growth story emerges

In 1Q FY25, Tesla's revenue fell -9% y-y to \$19.3b, with Automotive down -20% y-y as deliveries dropped to 337k units and production fell -16% y-y amid a Model Y transition. Gross margin narrowed to 16%, and operating margin dropped to 2%. Non-GAAP EPS missed at \$0.27. Despite auto pressure, energy revenue surged +67% y-y, now Tesla's highest-margin segment at 29%, while services posted its 12th profitable quarter. Tesla's non-auto segments now account for 27% of revenue, underlining early signs of business model diversification.

Robotaxi or Risk? Tesla's price tags a bold future

Tesla faces near-term EV headwinds, especially from China's price war. Still, it benefits from regulatory and brand advantages in key markets like the U.S. and Canada, where competition is limited. At a P/E above 100x and P/S around 12x, Tesla trades like a tech growth stock, with historical P/S swings between 6–15x, suggesting potential volatility. If its robotaxi vision scales globally, Tesla could reshape the transport industry. Bloomberg consensus values TSLA80 at THB1.94 (\$296 at 32.8 THB/USD), pricing in long-term optionality.

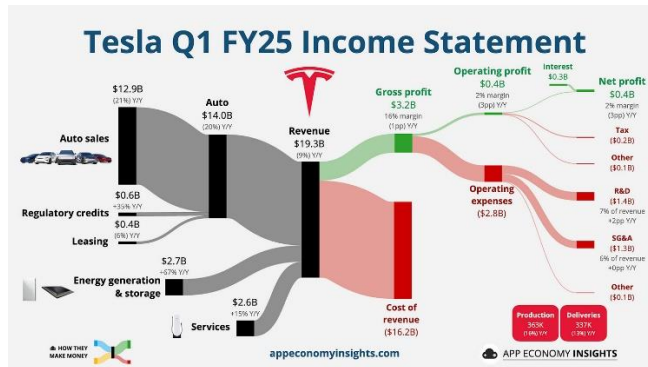
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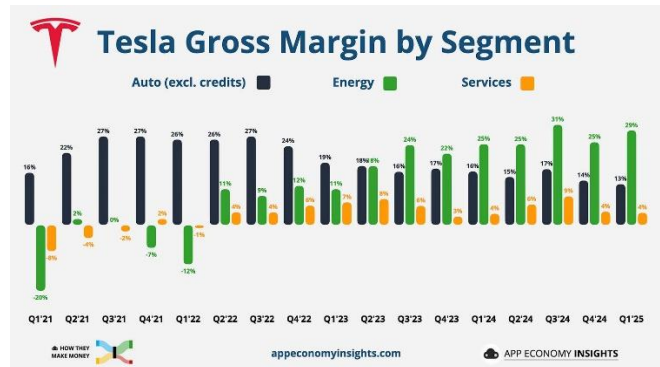
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Exhibit 1: TSLA's 1Q25 results



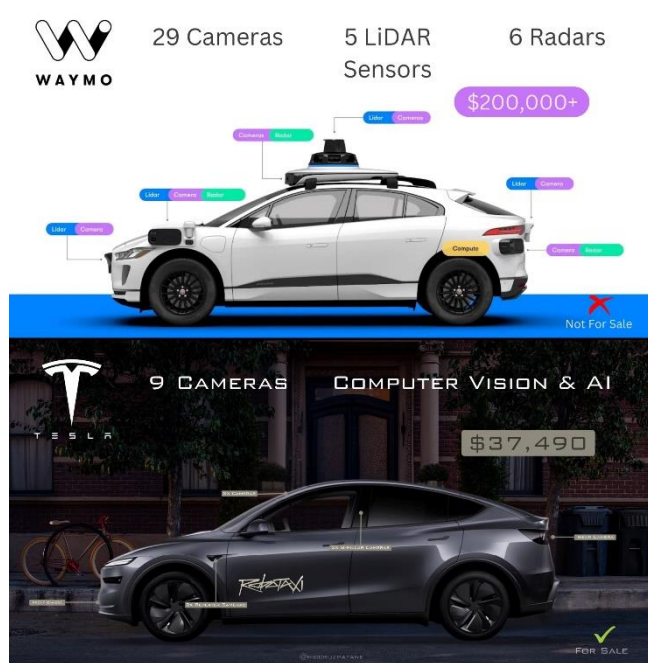
Sources: App Economy Insight

Exhibit 2: TSLA's gross margin by segment



Sources: App Economy Insight

Exhibit 3: Waymo vs Tesla's Robotaxi



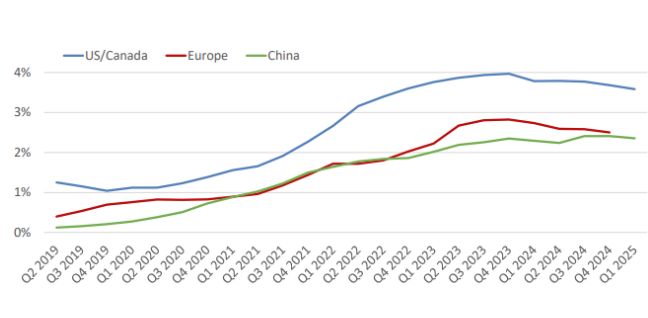
Sources: @chatgpt21

Exhibit 4: Investor's reaction on TSLA price



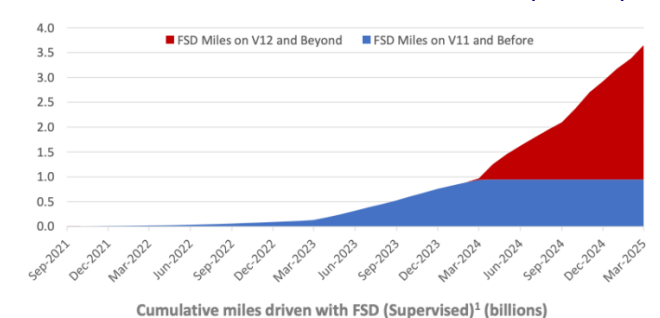
Sources: Reddit

Exhibit 5: Market share of Tesla



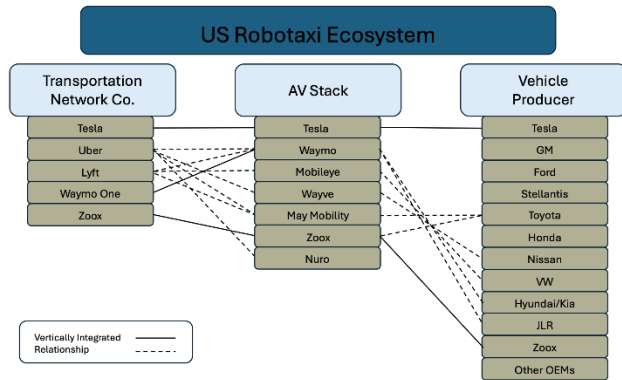
Sources: Tesla

Exhibit 6: Cumulative miles driven with FSD (billions)



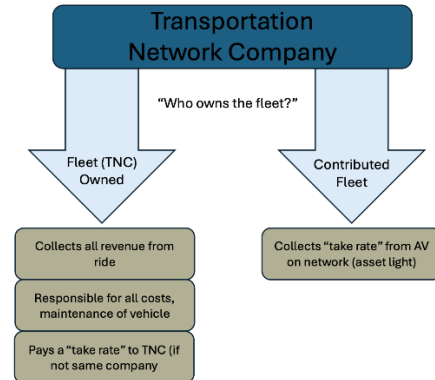
Sources: Tesla

Exhibit 7: US Autonomous Vehicle ecosystem



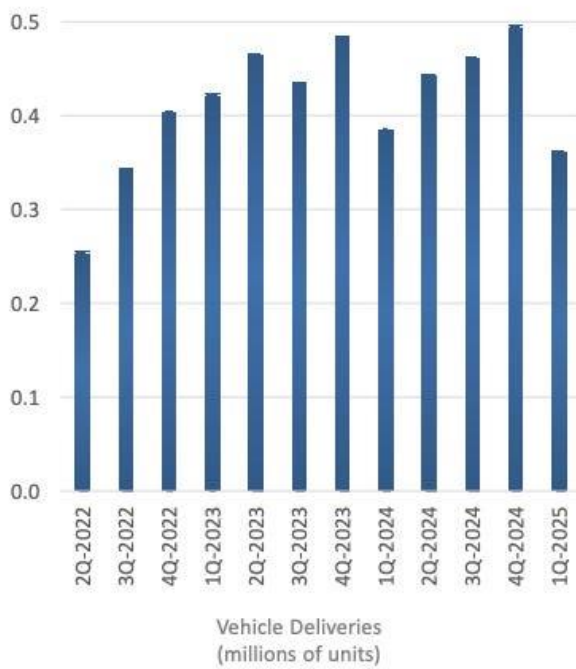
Sources: UBS

Exhibit 8: Transportation network company flow chart



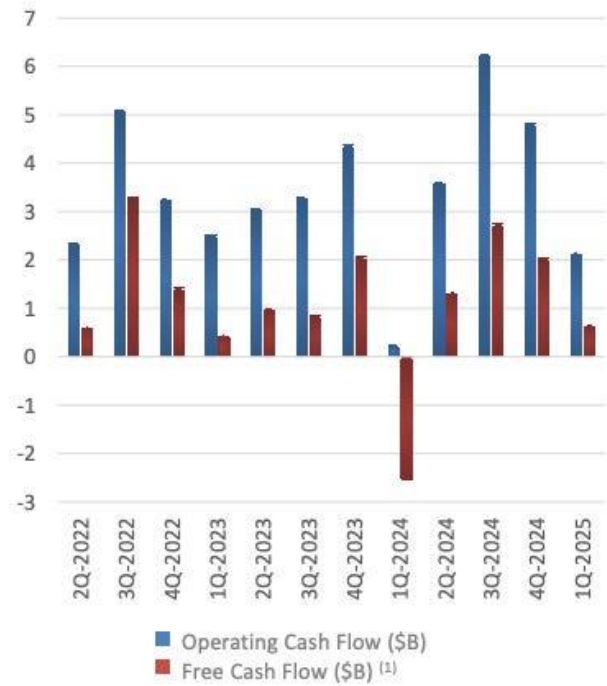
Sources: UBS

Exhibit 9: Number of vehicle deliveries



Sources: Tesla

Exhibit 10: Tesla operating cash flow and free cash flow



Sources: Tesla

Exhibit 11: Inside Tesla's Robotaxi



Sources: TechCrunch

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Exhibit 12: Robotaxi



Sources: Fast Company

RECOMMENDATION STRUCTURE

Stock Recommendations

Stock ratings are based on absolute upside or downside, which we define as $(\text{target price}^* - \text{current price}) / \text{current price}$.

- BUY:** Expected return of 10% or more over the next 12 months.
HOLD: Expected return between -10% and 10% over the next 12 months.
REDUCE: Expected return of -10% or worse over the next 12 months.

Unless otherwise specified, these recommendations are set with a 12-month horizon. Thus, it is possible that future price volatility may cause temporary mismatch between upside/downside for a stock based on market price and the formal recommendation.

* In most cases, the target price will equal the analyst's assessment of the current fair value of the stock. However, if the analyst doesn't think the market will reassess the stock over the specified time horizon due to a lack of events or catalysts, then the target price may differ from fair value. In most cases, therefore, our recommendation is an assessment of the mismatch between current market price and our assessment of current fair value.

Sector Recommendations

- Overweight:** The industry is expected to outperform the relevant primary market index over the next 12 months.
Neutral: The industry is expected to perform in line with the relevant primary market index over the next 12 months.
Underweight: The industry is expected to underperform the relevant primary market index over the next 12 months.

Country (Strategy) Recommendations

Overweight: Over the next 12 months, the analyst expects the market to score positively on two or more of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.

Neutral: Over the next 12 months, the analyst expects the market to score positively on one of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.

Underweight: Over the next 12 months, the analyst does not expect the market to score positively on any of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.