16 October 2024

VF Invest

Tesla: A Rude Awakening?

Elon Musk conjures up new visions, but investors are increasingly skeptical. Tesla is facing not only a valuation problem but also a credibility issue.

Tesla is the pioneer among electric vehicle manufacturers. For a long time, the name stood for vision, innovation, and success, but the shine has worn off. Tesla has now lost its global market leadership, as European premium manufacturers have entered the market with competitive models, and subsidized electric cars from China are undercutting all other manufacturers in the lower price segments. Tesla is losing market share and is lagging far behind the competition in terms of quality. There are increasing recall campaigns and reports of dissatisfied customers who feel deceived or disappointed by Tesla. Moreover, more and more insurers are refusing to insure Teslas due to high repair costs.

But Tesla still has true fans, like Cathie Wood, who has set a price target of over $3,000 for Tesla shares, citing its future capabilities as an autonomous vehicle that could even earn money for its owners by functioning as a taxi. However, Tesla continues to struggle with its Full Self-Driving (FSD) system. Accordingly, expectations were high when Tesla's "We Robot" event took place a few days ago. Musk presented the "Cybercab," a robotaxi that doesn't require a steering wheel and is set to begin production in 2026. He also unveiled the Robovan, an autonomous mini-transporter that can carry up to 20 people and aims to revolutionize delivery logistics.

We Flop

The enthusiasm was high but didn't last. Because none of it is real; it's all just another vision of the future. The event took place on the Warner Brothers lot because Tesla does not need a road permit there. In fact, Tesla does not have road

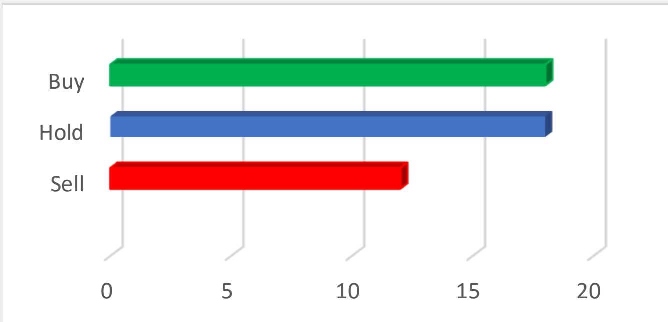
Tesla Inc.

ISIN	US88160R1014
Industry	Automobile Manufacturer
Market Capitalization	$698 billion
Free Float	65.4%
Book Value per Share	$25.32
Price-to-Book Ratio	8.7
Current Price	$222
52-Week High/Low	$271.00 / $138.00
Average Price Target	$210.08

Earnings and Dividend Forecasts

Year	2023e	2024e	2025e	2026e	2027e
Earnings per Share (USD)	4.03	1.91	2.82	4.04	4.20
Price-to-Earnings Ratio (P/E)	25.3	115.2	78.0	54.5	52.4
Dividend Yield	0.00%	0.00%	0.00%	0.00%	0.00%

Analyst Recommendations



Tesla

approval for its "autonomous" vehicles, either for testing or regular operation. This is particularly concerning given that Elon Musk has repeatedly promised since 2016 the "imminent" market launch of a fully self-driving Tesla. However, the FSD is little more than a driver assistance system that can support but not replace human drivers. Competitors like Waymo have been operating truly autonomous robotaxis on American roads for years. At the "We Robot" event, Musk promised the launch, but once again, he did not deliver. Now, he claims it will happen in early 2025. But that was not the only disappointment. Tesla's Optimus robots appeared surprisingly human-like, which was later explained. They were being controlled by humans, which is why they gave such natural responses. Another Musk fake. Much promised, little delivered. This is the Tesla dilemma. The stock price is at the same level as it was four years ago, remaining stagnant and more than a third below its all-time high in 2021. The problems are growing, profits are declining, and even the optimists are slowly running out of imagination.

Tesla continues to lead in storage systems and charging infrastructure, but these are relatively small segments. The cars need to perform, especially the autonomous driving system. However, Tesla is increasingly falling behind in this area. The risk of the Tesla bubble bursting is growing day by day.

Tesla in Our Stock Check:

Profit Growth:	Profits are under pressure.	-
Debt:	Declining net cash position.	+
P/E Ratio Evaluation:	Very high price-to-earnings ratio.	-
Industry Outlook:	Cyclical business, electric mobility facing headwinds.	+ -
Technical Analysis:	Five years of sideways, recovery attempt since April.	+ -
Market Leader:	Global leader in a highly competitive market.	+
Management Quality:	Visionary, accustomed to success, self-centered.	+ -
Dividend Yield:	There's nothing to gain here.	-
Business Model:	Reality and visions are increasingly diverging.	+ -
Insider Buys/Sells:	No unusual activities.	+ -

Tesla in USD (3 years)

Our conclusion:

4.5 out of 10 points is below average. Tesla has lost its leadership position and is facing an increasing number of problems. In addition to competition from China, it is increasingly the company's leader, Elon Musk, whose behavior is driving customers away and raising growing doubts about the quality of both management and product.

Porsche is Fully Committed to Electric Mobility

The sports car icon is fully committed to electric drive and is exposing itself to significant and increasing risks as a result.

Porsche is known for its high-quality sports cars, and Porsche AG holds a prominent position within the Volkswagen Group. Porsche positions itself as a manufacturer of luxury and sports vehicles renowned for their performance, quality, and exclusivity. This allows the Porsche brand to successfully differentiate itself from the image of the mass manufacturer Volkswagen. Porsche has committed fully to electric mobility as the first of the leading manufacturers and has announced the end of combustion engines. In 2024, Porsche refreshed four out of six model lines, including the Panamera, Taycan, and 911. Notably, the new all-electric Macan was launched in September.

Strong Business Figures

The financial results for the first half of 2024 are impressive and are attributed to numerous innovations. Porsche achieved an operating group revenue of €3.1 billion and a group revenue margin of 15.7 percent. In the second quarter, it even reached 17.0 percent, hitting the upper end of expectations. In particular, the demand for the new 911 Carrera GTS T-Hybrid exceeded all forecasts.

The Stock's Ascent Came to a Sudden Halt

The stock has been listed on the exchange again since autumn 2022. After an initial surge, it is now trading below its issue price. The previous tailwind for electric mobility has turned into a strong headwind over the past year and a half. The phase-out of combustion engines in the EU is under fire, the expansion of charging infrastructure is lagging far behind schedule, and customers are showing reluctance to purchase purely electric cars. All manufacturers are feeling this impact, including industry leader Tesla.

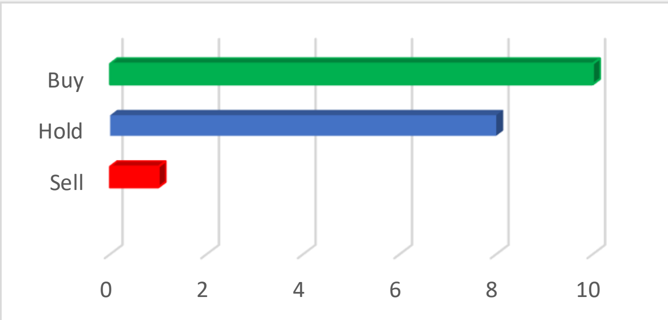
Porsche AG (VZ.)

ISIN	DE000PAG9113
Industry	Automobile Manufacturer
Market Capitalization	63 billion EUR
Free Float (Common Shares)	25%
Book Value per Share	29.26 EUR
Price-to-Book Ratio	2.4
Current Price	69 EUR
52-Week High/Low	96.56 EUR / 63.68 EUR
Average Price Target	84.38 EUR

Earnings and Dividend Forecasts

Year	2023e	2024e	2025e	2026e	2027e
Earnings per Share (EUR)	5.69	4.49	5.39	5.90	6.22
Price-to-Earnings Ratio (P/E)	12.2	15.4	12.8	11.7	11.1
Dividend Yield	3.3%	3.1%	3.8%	4.2%	4.3%

Analyst Recommendations



Porsche

Additionally, China has now become the largest sales market alongside the USA, and foreign manufacturers are increasingly struggling against domestic competition there. Chinese automakers, heavily subsidized by the state, are now aggressively pushing into the European market, prompting the EU to impose tariffs. Along with economic weakness in Germany, this puts additional pressure on automakers.

Porsche appears largely unfazed by these challenges, but after several manufacturers have had to cut their annual targets, investors are nervously looking towards Stuttgart-Zuffenhausen.

The negative headlines surrounding the parent company VW, which involve layoffs, plant closures, and billions in cuts, do not improve the mood. On the other hand, Porsche is likely to be among the most interesting and well-positioned automakers, and if one wants to invest in this sector, the Porsche stock is worth a second look. The dividend yield is attractive at three percent, providing significant revenue for VW and also for its second major shareholder, Porsche Automobilholding SE. Thus, there are two anchor investors interested in sustained generous payouts.

Porsche in Our Stock Check:

Profit Growth:	Profit increases are anticipated.	+
Debt:	Decreasing net debt.	+
P/E Ratio Evaluation:	Relatively high price-to-earnings ratio.	-
Industry Outlook:	Industry in transition.	-
Technical Analysis:	In a downward trend for the past year and a half.	-
Market Leader:	Leading German sports car manufacturer.	+
Management Quality:	Visionary and accustomed to success.	+
Dividend Yield:	Above-average dividend yield.	+
Business Model:	Cyclical industry facing significant challenges.	+ -
Insider Buys/Sells:	No unusual activities.	+ -

Porsche VZ in EUR (all-time chart)

Our conclusion:

6 out of 10 points puts Porsche in a relatively good position. So far, the new cars have been well received by customers, but how purely electric cars will sell remains to be seen. In the luxury segment, demand is likely to be higher than in the margin-sensitive mass market served by the parent company, Volkswagen, which is facing significant challenges.

Alibaba: Business is Back on Track

China's online powerhouse has been repeatedly undermined by the government, but signs now point to a recovery.

Founded by Jack Ma in 1999, the Alibaba Group operates several e-commerce platforms, including Alibaba.com (Business-to-Business; B2B), Taobao (C2C), and Tmall (B2C). Additionally, Alibaba, through its Ant Group, which includes Alipay, offers comprehensive financial services ranging from mobile payments to loans and insurance. Furthermore, Alibaba Cloud is one of the leading providers of cloud services in China and is now expanding globally. Its cloud services include data processing, storage solutions, and machine learning. Cainiao Network, Alibaba's logistics company, optimizes the supply chain and provides fast and efficient delivery solutions. Moreover, Alibaba also invests in digital media, including the video platform Youku and the film production company Alibaba Pictures.

By doing so, Alibaba addresses a variety of growth themes and should show similar developments to its Western competitors. However, it lags far behind Amazon and others, both operationally and in terms of stock performance. The background to this is that Alibaba conducts a significant portion of its business in China, where it has found itself caught in a whirlwind of politically motivated interventions and sanctions. For years, the business has been hampered, and development opportunities have been constrained, but recently there have been signs of easing tensions.

This is also why Alibaba has primarily focused on international expansion for growth, with considerable success. When looking at the long-term chart, one can see the rise and fall of China's online leader, and a closer look at the more short-term performance reveals initial recovery attempts in the stock price. Recently, this was also fueled by the announced growth initiative from the Chinese government, which has led to a significant increase in all stock values in China.

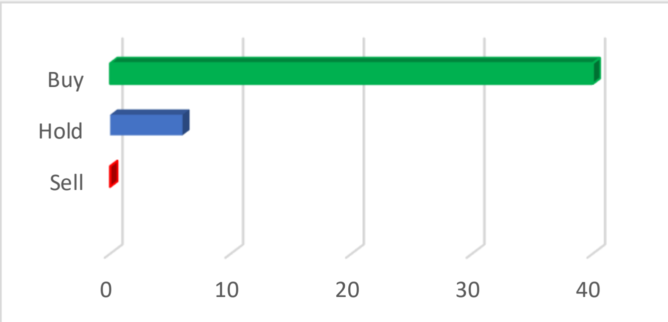
Alibaba Group Holding Ltd

ISIN	US01609W1027
Industry	E-Commerce
Market Capitalization	$242.5 billion
Free Float (Common Shares)	75.2%
Book Value per Share	$61.60
Price-to-Book Ratio	1.8
Current Price	$108
52-Week High/Low	$117,82 / $66,63
Average Price Target	$119.88

Earnings and Dividend Forecasts

Year	2023e	2024e	2025e	2026e	2027e
Earnings per Share (USD)	4.03	4.39	6.15	7.24	8.19
Price-to-Earnings Ratio (P/E)	25.3	24.6	17.6	14.9	13.2
Dividend Yield	0.0%	0.0%	0.0%	0.0%	0.0%

Analyst Recommendations



Alibaba

However, the initial momentum has faded, as the government has yet to deliver—or has delivered less than expected.

Business is Slowly Getting Back on Track

Beyond this, Alibaba is also seeing improvements. The loss of business to streaming platforms seems to have been largely halted; revenues and the total market volume (GMV) have stabilized. Furthermore, Alibaba stands to benefit from an economic recovery in China and Europe. Recently, Alibaba reported total revenues of 243 billion RMB and a gross profit of 97.1 billion RMB.

The strong cash flow is being used to aggressively buy back its own shares. Given the relatively low valuation, this is expected to create value and further support the stock price. Meanwhile, Alibaba continues to expand into international markets, particularly Southeast Asia and Europe, to increase its global presence. One latent risk remains the influence of the Chinese state and the lack of the rule of law. For those who can live with this risk, Alibaba represents a comparatively undervalued growth company and a strong global player.

Alibaba in Our Stock Check:

Profit Growth:	Profits are rising again.	+
Debt:	Increasing net worth.	+
P/E Ratio Evaluation:	High for retail, moderate for online commerce.	+ -
Industry Outlook:	Competitive pressure with declining consumer sentiment.	-
Technical Analysis:	Recovery attempt after years of stock decline.	+ -
Market Leader:	Global market leader under competitive pressure.	+ -
Management Quality:	Experienced and forward-thinking.	+
Dividend Yield:	No earnings to be made here.	-
Business Model:	Fundamentally future-oriented and in expansion mode.	+
Insider Buys/Sells:	No unusual activities.	+ -

Alibaba in HKD (5 years)

Our conclusion:

6 out of 10 points are decent. Alibaba knows how to impress—if it weren't for the China discount. Star investor Ray Dalio is betting (almost) everything on China, while for many other investors, China remains uninvestable due to political and legal risks. Those who do not see this as a deal-breaker will find an attractive market leader in Alibaba.

Super Micro Computer: What is real?

The AI boom is fueling business and stock performance, but a short attack and the management's behavior are raising doubts about the success story.

Super Micro Computer is a leading provider of high-performance server and storage solutions and has become one of the most significant players in the IT industry. Its business model is based on the development and manufacturing of servers, storage systems, switches, and software solutions specifically tailored to the needs of data centers, cloud computing, artificial intelligence, 5G telecommunications, and edge computing. This positions Super Micro at the heart of the action. Shortly after Nvidia unveiled its new Blackwell GPU platform, Super Micro followed with AI servers compatible with this technology.

Customers are enthusiastic, allowing Super Micro to pass on Nvidia's hefty price increase of around 40 percent for the latest AI chips directly to its clients. This remarkable pricing power has been a key driver of the stock's performance, which has even outpaced Nvidia's own growth. However, that momentum has since come to a halt. In August, Super Micro became a target of the well-known short-seller Hindenburg Research, which accused the company of accounting irregularities and quality issues in its products. The stock price subsequently plummeted. Super Micro's response was unconvincing, and the company further delayed the release of its financial report. In addition, the Department of Justice announced an in-depth investigation into these allegations, further eroding investor confidence.

Since its peak in the spring, the stock price has fallen by more than 60 percent. Earlier, the prospect of a 10:1 stock split had sharply driven the shares upward. Super Micro’s recent financial results show impressive growth. For the second fiscal quarter of 2024/25, the company reported revenue of $3.66 billion, a 103 percent increase compared to the previous year. However, the adjusted gross margin declined to 15.5 percent from 18.8 percent in the prior-year period,

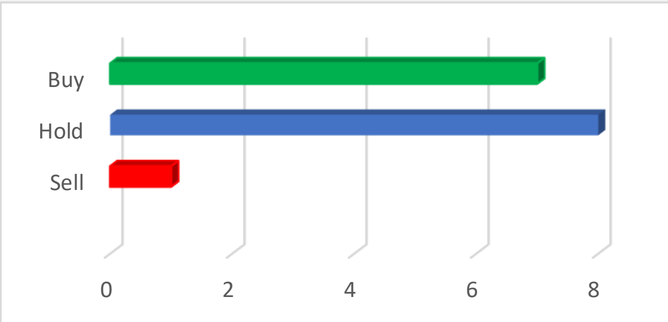
Super Micro Compute r Inc.

ISIN	US86800U3023
Industry	Computer Hardware
Market Capitalization	$22.75 billion
Free Float (Common Shares)	85.64%
Book Value per Share	$11.92
Price-to-Book Ratio	4.0
Current Price	$47.50
52-Week High/Low	$122.90 / $22.66
Average Price Target	$74.91

Earnings and Dividend Forecasts

Year	2023e	2024e	2025e	2026e	2027e
Earnings per Share (USD)	1.14	2.01	2.97	3.90	n.a.
Price-to-Earnings Ratio (P/E)	21.8	23.6	16.0	12.2	n.a.
Dividend Yield	0.0%	0.0%	0.0%	0.0%	n.a.

Analyst Recommendations

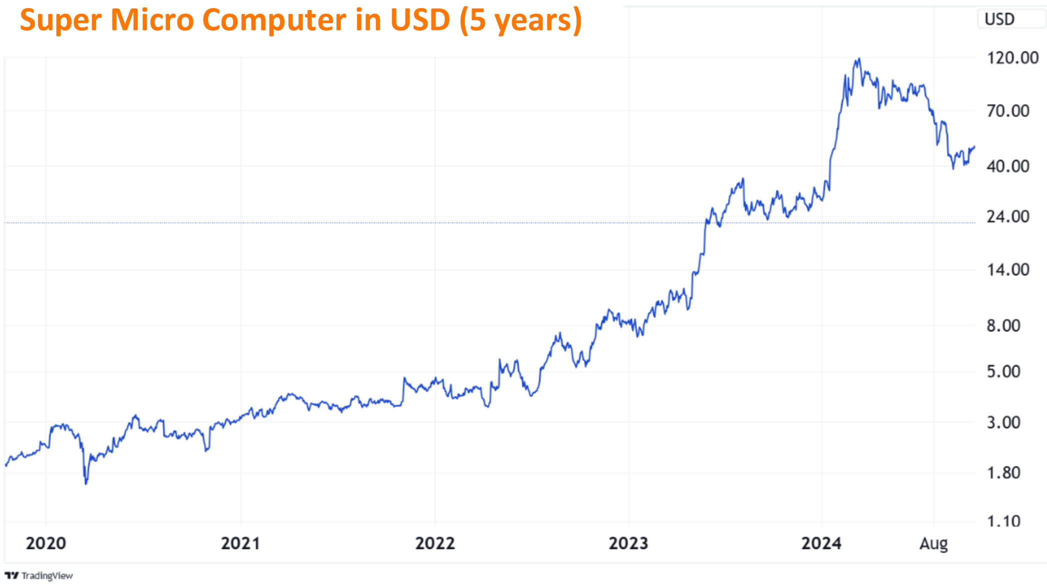


attributed to a focus on gaining market share. On the other hand, the adjusted operating margin rose slightly to 11.3 percent. This sounds impressive, yet it's currently unclear how valid these figures actually are. First, Hindenburg Research's allegations need to be fully resolved. Super Micro's founder and CEO, Charles Liang, is proving to be an issue. He made very optimistic forecasts in the spring, coinciding with a substantial capital increase. At the same time, insiders were heavily offloading shares. Since then, allegations of market manipulation have been circulating, shortly followed by Hindenburg Research's short attack. As a result, trust has been more than marginally shaken. Demand for Super Micro's solutions remains high. However, whether and how much actual profit the company is generating remains uncertain. Given this uncertainty, the stock is not truly investable but could serve as a speculative bet at best. Anyone considering this should carefully think through their decision. Here, anything is possible.

Super Micro Computer in Our Stock Check:

Profit Growth:	Profits are growing rapidly (assuming the figures are trustworthy)	-
Debt:	Increasing net assets.	+
P/E Ratio Evaluation:	Moderate—if profit forecasts are met.	-
Industry Outlook:	AI is booming; Super Micro's hardware is in high demand.	+
Technical Analysis:	Boom and bust; the stock has plunged sharply.	-
Market Leader:	Leading AI player.	+
Management Quality:	Experienced and successful, but now highly controversial.	-
Dividend Yield:	No earnings to be made here.	-
Business Model:	Successful, not only due to the AI boom.	+
Insider Buys/Sells:	Significant insider sales following the hype-driven stock rally.	-

Super Micro Computer in USD (5 years)



Our conclusion:

Only 4 out of 10 points. A few weeks ago, the rating would have been much better, but now all figures—and even the management—must be questioned. The allegations are serious, especially since management has failed to dispel them. The Department of Justice is now investigating. Speculators are hoping for a "Hail Mary"; otherwise, it's best to stay away!

Super Micro Computer: What is real?

The AI boom is fueling business and stock performance, but a short attack and the management's behavior are raising doubts about the success story.

Super Micro Computer is a leading provider of high-performance server and storage solutions and has become one of the most significant players in the IT industry. Its business model is based on the development and manufacturing of servers, storage systems, switches, and software solutions specifically tailored to the needs of data centers, cloud computing, artificial intelligence, 5G telecommunications, and edge computing. This positions Super Micro at the heart of the action. Shortly after Nvidia unveiled its new Blackwell GPU platform, Super Micro followed with AI servers compatible with this technology.

Customers are enthusiastic, allowing Super Micro to pass on Nvidia's hefty price increase of around 40 percent for the latest AI chips directly to its clients. This remarkable pricing power has been a key driver of the stock's performance, which has even outpaced Nvidia's own growth. However, that momentum has since come to a halt. In August, Super Micro became a target of the well-known short-seller Hindenburg Research, which accused the company of accounting irregularities and quality issues in its products. The stock price subsequently plummeted. Super Micro's response was unconvincing, and the company further delayed the release of its financial report. In addition, the Department of Justice announced an in-depth investigation into these allegations, further eroding investor confidence.

Since its peak in the spring, the stock price has fallen by more than 60 percent. Earlier, the prospect of a 10:1 stock split had sharply driven the shares upward. Super Micro's recent financial results show impressive growth. For the second fiscal quarter of 2024/25, the company reported revenue of $3.66 billion, a 103 percent increase compared to the previous year. However, the adjusted gross margin declined to 15.5 percent from 18.8 percent in the prior-year period,

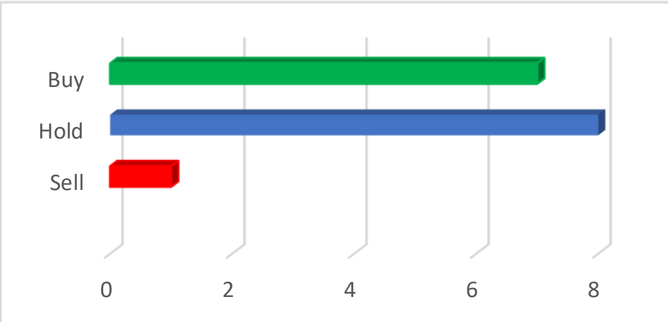
Super Micro Compute r Inc.

ISIN	US86800U3023
Industry	Computer Hardware
Market Capitalization	$22.75 billion
Free Float (Common Shares)	85.64%
Book Value per Share	$11.92
Price-to-Book Ratio	4.0
Current Price	$47.50
52-Week High/Low	$122.90 / $22.66
Average Price Target	$74.91

Earnings and Dividend Forecasts

Year	2023e	2024e	2025e	2026e	2027e
Earnings per Share (USD)	1.14	2.01	2.97	3.90	n.a.
Price-to-Earnings Ratio (P/E)	21.8	23.6	16.0	12.2	n.a.
Dividend Yield	0.0%	0.0%	0.0%	0.0%	n.a.

Analyst Recommendations

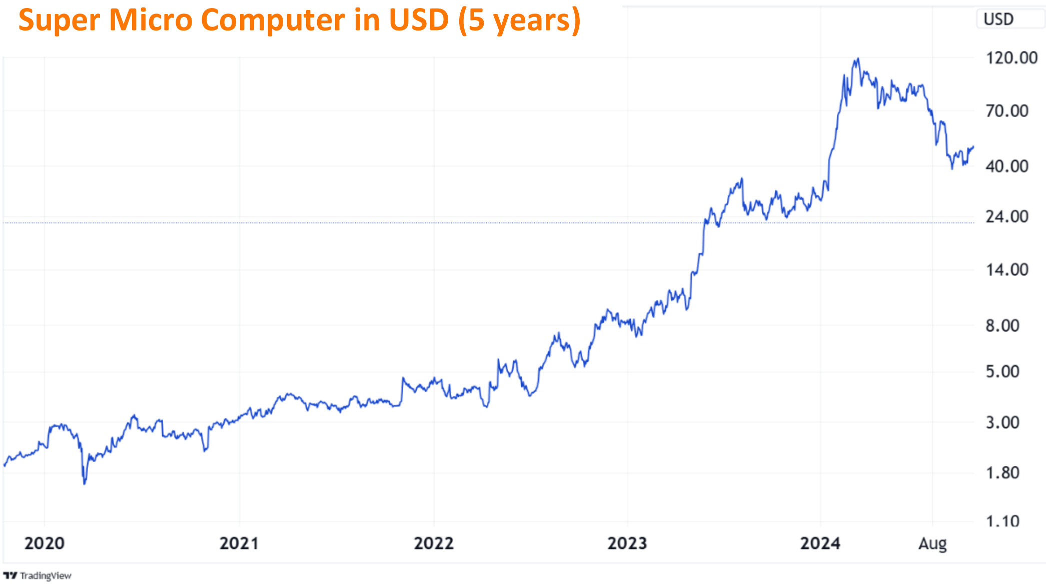


attributed to a focus on gaining market share. On the other hand, the adjusted operating margin rose slightly to 11.3 percent. This sounds impressive, yet it's currently unclear how valid these figures actually are. First, Hindenburg Research's allegations need to be fully resolved. Super Micro's founder and CEO, Charles Liang, is proving to be an issue. He made very optimistic forecasts in the spring, coinciding with a substantial capital increase. At the same time, insiders were heavily offloading shares. Since then, allegations of market manipulation have been circulating, shortly followed by Hindenburg Research's short attack. As a result, trust has been more than marginally shaken. Demand for Super Micro's solutions remains high. However, whether and how much actual profit the company is generating remains uncertain. Given this uncertainty, the stock is not truly investable but could serve as a speculative bet at best. Anyone considering this should carefully think through their decision. Here, anything is possible.

Super Micro Computer in Our Stock Check:

Profit Growth:	Profits are growing rapidly (assuming the figures are trustworthy)	-
Debt:	Increasing net assets.	+
P/E Ratio Evaluation:	Moderate—if profit forecasts are met.	-
Industry Outlook:	AI is booming; Super Micro's hardware is in high demand.	+
Technical Analysis:	Boom and bust; the stock has plunged sharply.	-
Market Leader:	Leading AI player.	+
Management Quality:	Experienced and successful, but now highly controversial.	-
Dividend Yield:	No earnings to be made here.	-
Business Model:	Successful, not only due to the AI boom.	+
Insider Buys/Sells:	Significant insider sales following the hype-driven stock rally.	-

Super Micro Computer in USD (5 years)



Our conclusion:

Only 4 out of 10 points. A few weeks ago, the rating would have been much better, but now all figures—and even the management—must be questioned. The allegations are serious, especially since management has failed to dispel them. The Department of Justice is now investigating. Speculators are hoping for a "Hail Mary"; otherwise, it's best to stay away!