

BARRON'S

Tesla's Earnings Boost Stock 22%. It's the Biggest Gain in 11 Years.

Last Updated: Oct 24, 2024, 5:44 PM EDT

Don't Overlook This Segment. It's 'Growing Like a Weed.'

By Al Root

Don't forget about Tesla's energy business.

Tesla makes backup battery storage products for homeowners and utilities. Tesla's other businesses, including its Energy Generation and Storage segment, generated record gross profit of just under \$1 billion. Gross profit margins were almost 19%, also a record, and up about 5 percentage points year over year.

Energy Generation and Storage sales came in at \$2.4 billion, up more than 50% year over year.

The segment is booming.

“The [energy] business now accounts for ten percent of sales, and is growing like a weed,” says **Battle Road Research** analyst Ben Rose. “And there is nice synergy with the auto business, given that the 4680 cells can be used in both...clearly an underappreciated [business] that is not yet well understood.”

The 4680 cells are batteries that can be used in both Tesla EVs and Tesla backup storage products. The 4680 cells are a little larger than typical EV batteries giving the company some costs and performance benefits.

Rose rates Tesla shares Buy and doesn't have a price target for the stock. For him, a Buy rating essentially means shares will outperform the market.