Credit Benchmark — Supply Chain Credit Risk: Tesla (TSLA)

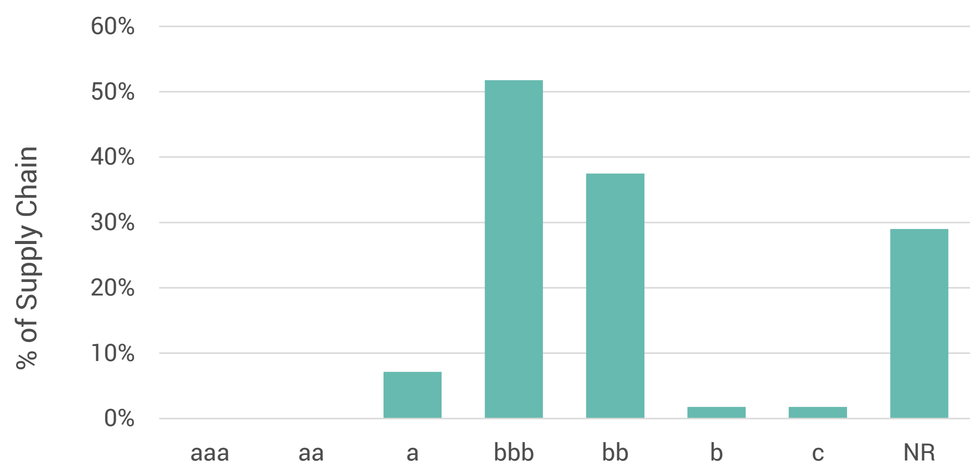
July-20

Consensus credit risk estimates cover around 25,000 rated and unrated corporates and financials, with data provided by more than 40 leading global financial institutions.

This shows the credit distribution and sector trends for a sample of 79 Tesla suppliers. Most are investment grade, with 52% in the bbb category, with 7% in the a category. 29% of the sample have no credit consensus (these are typically small and specialised firms) and 4% are in the b or c categories. The one-year weighted average probability of default across the sample is estimated to be 144 Bps, or 1.44%.

The Tesla supply chain sample includes companies from 15 different sectors. The recent trends for these sectors are shown above; they have all deteriorated in the past three months, with credit risk rising by an average of 5%. The smallest increase in risk is 2% (Technology Hardware) and the largest is 13% (Oil & Gas).

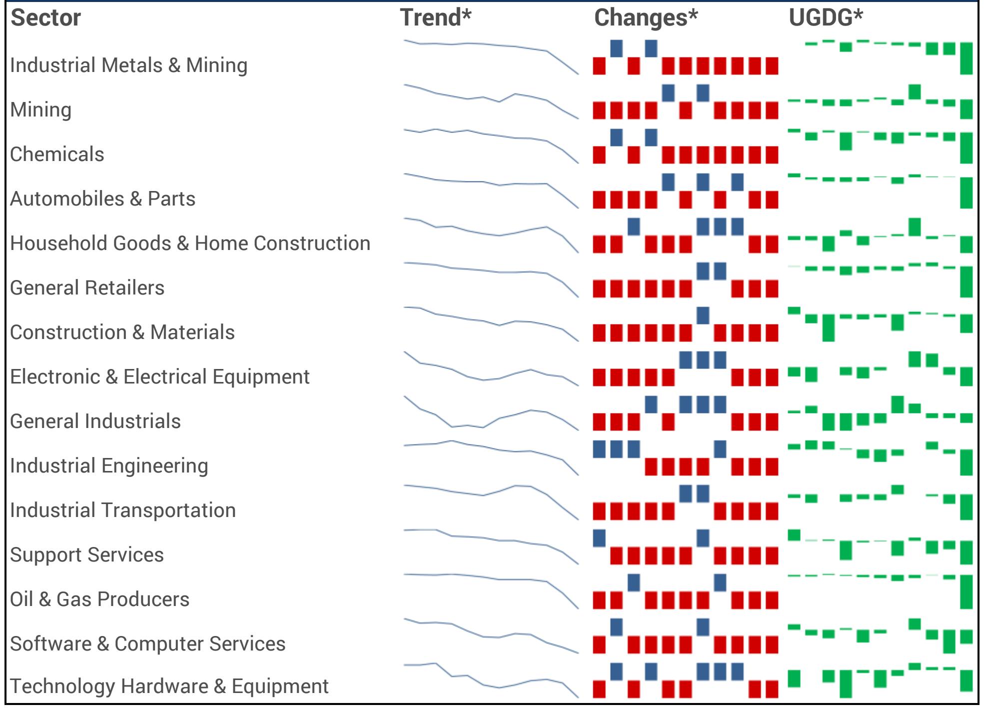
Figure 1: Credit Distribution of Supply Chain (7 credit categories)



Category	aaa	aa	a	bbb	bb	b	c	NR	Chain:
% Sample	0%	0%	7%	52%	38%	2%	2%	29%	
Mid PD*	0.79	2.70	8.22	27	101	510	2,062	157	144

PD=Probability of Default

Figure 2: Sector Credit Trends



** 12M Trend = Average PD level (Rising = Improving)*

** Changes = MoM % change in average PD; rising = improving*

** UGDG = 12M Net Upgrades vs. Downgrades (Positive = Net Upgrades)*