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Tesla loses record \$710M in 1st quarter

Musk says positive net income coming, but Wall Street's patience may be wearing thin

By Ian Thibodeau (excerpt)

Tesla Inc.'s cash burn continues.

The company reported another record quarterly loss Wednesday, but CEO Elon Musk said the company will turn a profit by the end of the year if the company can more than double production of the Model 3 electric sedan to 5,000 per week.

Tesla lost \$709.6 million in the first quarter of 2018, more than double what it lost in the same period a year ago, and burned through \$745.3 million in the first three months of the year. The results came just more than a month after Musk tweeted an April Fools' joke that his company had gone bankrupt. ...

...Tesla beat analyst expectations Wednesday, losing less money than expected, but Wall Street's patience with Musk seems to be wearing thin. And when pressed Wednesday evening for answers on how recent production issues were impacting Model 3 orders, how he planned to boost production there, and how adding human engineers to the production line would affect the bottom line at the company, Musk grew impatient.

"These questions are so dry," Musk said before pushing a second analyst off the phone. Before that, he interrupted an analyst for asking a "boring bonehead" question related to Model 3. Musk then took nearly a dozen questions about future products and services Tesla might offer from an independent shareholder.

The 15-year-old Silicon Valley company reported it had \$2.67 billion in cash on hand, and \$8.76 billion in outstanding debt, which is down from the \$9.42 billion reported at the end of the fourth quarter of 2017. To date, the electric-vehicle maker has yet to meet production targets for the Model 3 sedan that was supposed to take the company mainstream.

"We have good visibility of our path to fully ramp and stabilize Model 3 production this year," Musk wrote in a

Wednesday letter to investors. "Model 3 is already the best-selling electric vehicle and, more importantly, on the cusp of becoming the best-selling premium sedan in the U.S. The path to an electrified revolution is not easy, but what we're trying to achieve is worth fighting for."...

...Musk had planned to make the \$35,000 Model 3 at a rate of 400,000 a year by now. The company reported that prior to a mid-April plant shutdown, it produced more than 2,000 Model 3 vehicles per week for three straight weeks. Musk said the company wants to make 5,000 Model 3 vehicles per week in "about two months."...

...The company reported it sold 21,815 Model S and Model X vehicles and 8,182 Model 3 vehicles, totaling 29,997 vehicles, in the first quarter.

Though the possible effects of Tesla's electric vehicle push can be seen in decisions made recently by Ford Motor Co. to offer hybrid engine options on all its new vehicles moving forward, or by General Motors Co.'s investment in its Bolt electric vehicle, some analysts say it's clear Tesla isn't going to be a competitor with the big auto companies.

"Missed production deadlines and moving targets have been quite disappointing," said David Kudla, CEO and chief investment strategist of Mainstay Capital Management in Grand Blanc. "Investor patience is justifiably wearing thin. Investors want to hear a clear path to success. All they get are more unfulfilled statements and claims."

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