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## Rushed Tesla report may signal profit

By Nora Naughton (excerpt)

Tesla Inc.'s rushed earnings release on Wednesday, roughly two weeks ahead of its expected schedule, signals the embattled automaker has good news to share. But the glory may be short-lived.

Analysts and industry observers are predicting Tesla — beset by manufacturing problems, distribution snafus and a confrontation with securities regulators — to report a profit or near-profit for the third quarter after a production blitz in June likely led to more deliveries.

"We fully expect that Tesla has found a way to show a profit for the third quarter and would be very surprised if they don't, given the hoops they jumped through to do so," David Kudla, CEO and chief investment strategist of Mainstay Capital Management in Grand Blanc, wrote in a report ahead of Tesla's earnings report.

Any good news for Tesla would be welcome as the company still struggles with mass production and deliveries lag — and after CEO Elon Musk's infamous "funding secured" tweet led to a Securities and Exchange Commission investigation that forced him to step down as chairman of the company he co-founded.

"We hope Tesla can report a profit," Kudla wrote of the California-based electric-car maker, whose shares gained more than \$33 Tuesday, up nearly 13 percent. "Enjoy it, celebrate it, because the future is not bright for this car company." ...

... "The bottom line is Tesla does not hold a competitive advantage in EV's," Kudla wrote, citing Tesla's "mediocre" reliability, build quality and safety.

Even in EV-rich China, where Tesla has reportedly secured land for its first factory in the booming Asian market, Kudla says the Silicon Valley automaker faces an uphill battle.

"With an economic slowdown in China, skyrocketing tariffs on vehicles imported from the U.S., and in-region competition from electric vehicle start-ups BYD, Xpeng, and Nio," Kudla wrote, "Tesla's outlook there is abysmal."

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