

TIME

Elon Musk Might Take Tesla Private in a Move That Values the Company at \$82 Billion

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(Bloomberg) — Elon Musk said he's considering taking Tesla Inc. private in a radical step that would ease pressure on the money-losing automaker. The announcement, made initially via Twitter, stunned investors and sent Tesla's stock price soaring as much as 13 percent. It followed the news that Saudi Arabia's sovereign wealth fund had built a less than 5 percent stake in Tesla worth about \$2 billion.

And yet it also left many questions unanswered, namely how Musk — who owns almost 20 percent of the company — would be able to come up with the \$66 billion necessary to complete the transaction. At \$420 a share, Tesla would have an enterprise value of about \$82 billion including debt. To take it private, the billionaire would have to pull off the largest leveraged buyout in history, surpassing Texas electric utility TXU's in 2007.

Best Environment

“The reason for doing this is all about creating the environment for Tesla to operate best,” Musk, 47, wrote in an email to employees. He said wild swings in the stock price are a “major distraction” to workers and that being public “puts enormous pressure on Tesla to make decisions that may be right for a given quarter, but not necessarily right for the long-term.

Tesla stock was halted for more than an hour and a half and resumed trading up 11 percent to \$380.60 as of 3:49 p.m. in New York. The rally

falling well short of \$420 is a sign of market skepticism that Musk's plan is feasible. The CEO said shareholders would have the final say if he decides to follow through on going private, and that he would stay in his job.

“The market doesn't believe him,” said David Kudla, the CEO of Mainstay Capital Management, which is betting against Tesla. “His credibility has come into question over a number of things. If this were real, you'd expect the stock to go closer to \$420 a share than it has.” ...