

# Tesla Motors to raise up to \$214.3M (Update)

May 26 2011, By TOM KRISHER and MAE ANDERSON , AP Business Writers

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In this Oct. 25, 2010 file photo, a showroom worker cleans a Tesla electric roadster at Tesla's first Japanese showroom in Tokyo. Electric car maker Tesla Motors Inc. said Wednesday, May 25, 2011, it plans to raise up to \$214.3 million in private and public placements to develop its Model X electric crossover vehicle. (AP Photo/Koji Sasahara, File)

(AP) -- Electric car upstart Tesla Motors Inc. will sell common stock again, this time with hopes of raising \$214 million to expand its limited model lineup.

The company plans to sell 5.3 million shares to the public and up to 795,000 more to the underwriter, at about \$26 each, according to a regulatory filing on Wednesday. The sale follows its initial public offering from a year ago, when its stock was offered at \$17.

In addition, [CEO](#) and co-founder Elon Musk will buy 1.5 million shares

at \$26 each in a private sale. Blackstar Investco LLC, an affiliate of Daimler AG, will buy 644,475 shares directly from Tesla at the same price.

Executives typically buy shares in their own company to show faith in its future.

Shares of the Palo Alto, Calif.-based rose 8.5 percent to close at \$28.98.

Proceeds from the sale are needed to develop the Model X, an SUV-like vehicle that will broaden the company's appeal among consumers. Tesla gave no details and didn't offer pictures of the vehicle, which would boost Tesla's sales with an entry into a fast-growing segment of the U.S. market.

Andrea James, an applied technologies analyst with Minneapolis-based Dougherty and Co, said Tesla is building itself into a good, solid company. "That would be another brick in the foundation."

Tesla currently sells just one vehicle, the \$109,000 Roadster, an electric sports car popular with celebrities and performance-car enthusiasts. It will offer a \$50,000 four-door luxury sedan called the Model S next year.

Tesla also makes technology, such as battery packs and chargers, for Daimler and Toyota. It is developing the power system for an electric version of the Toyota RAV-4, a popular small crossover vehicle.

No date was set for the new stock sale. The offering price will likely be changed to match market demand.

The company has posted losses since the IPO as it invests heavily in research and development. It lost \$48.9 million in the first quarter

largely because of ballooning costs.

But some analysts believe Tesla could eventually become much bigger as demand for electric vehicles expands.

U.S. sales of electric cars will reach 11,000 this year, rise to 36,000 in 2012 and grow to around 96,000 in 2015, predicts research firm J.D. Power and Associates. That's still less than 1 percent of total U.S. vehicle sales.

Tesla won't turn a profit until 2013, said Dougherty's James. But the company isn't desperate for cash, she said, in part because of a \$465 million loan from the U.S. Department of Energy to develop alternative fuel vehicles.

Tesla, she said, only has to capture 1 percent of the U.S. luxury car market, or about 20,000 vehicles a year, to make money. "It's not like they have to be the next Ford to be successful. They just need to be their own niche brand with growing appeal."

Tesla has delivered about 1,650 of its Roadster sports cars as of the beginning of the month and received more than 4,600 reservations for its upcoming Model S sedan.

The company plans to show a prototype of the Model X crossover by the end of 2011 and start selling it in late 2013.

So far this year, the two automakers offering more mainstream electric vehicles have not seen huge sales. Nissan has sold about 1,000 of its Leaf all-electric model in the U.S., while General Motors has sold just over 1,700 Chevrolet Volt [electric cars](#).

Tesla's CEO, Elon Musk, has a history of successful startups, including

PayPal and the rocket builder Space Exploration Technologies.

Toyota Motor Corp. last year agreed to sell Tesla a shuttered plant in Fremont, California, and invest \$50 million in the company. Tesla plans to use the plant to build the Model S.

Tesla shares closed at \$23.89 on its June IPO date, hit a low of \$14.98 on July 7 and have risen since then. When it held its IPO in June 2010, [Tesla](#) was the first automaker to go public since Ford Motor Co. in 1956.

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Citation: Tesla Motors to raise up to \$214.3M (Update) (2011, May 26) retrieved 26 April 2024 from <https://phys.org/news/2011-05-tesla-motors-2143m.html>

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