

# Tesla loss widens as it ramps up expansion plan

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Tesla Model S

US electric automaker Tesla Motors reported Thursday a widening loss in the past quarter amid record revenues as it ramped up plans for a giant battery plant for future vehicles.

The loss in the quarter ending June 30 was \$61.9 million, compared with \$30.5 million in the same period a year ago, while revenues jumped more than 90 percent to \$769 million.

Tesla, which earlier in the day unveiled plans for its so-called "Gigafactory" with Japanese electronics giant Panasonic to produce [lithium-ion batteries](#), said its production plans are on track as it expands globally.

"We are adding new production capacity at our Fremont (California) factory that will allow us to meet the growing worldwide demand for our vehicles," said a letter to shareholders from chief executive Elon Musk and chief finance officer Deepak Ahuja.

"The speed at which we are executing this capacity upgrade will allow us to exceed 35,000 Model S deliveries this year. Provided that we execute well and there are no serious macroeconomic shocks, Tesla's annualized delivery rate should exceed 100,000 units by the end of next year."

While Tesla produces a relatively small number of vehicles, it has become a star in the sector due to keen demand and a reputation for high quality. A surge in its share price over the past year has pushed its value over \$27 billion.

Tesla's Model S sells for around \$75,000 but it is working on a less expensive Model X that is expected to garner wider appeal.

"We continue to open stores and service centers worldwide to support our global expansion," the letter said.

"For the rest of 2014, the rate of location openings will be fastest in China, followed by Europe, and then North America. We also continue to expand our supercharging network, with the introduction of our superchargers in Canada and a substantial increase in the rate of deployment in Europe and China."

## **Encouraging start in China**

The letter said Tesla's Model S "is off to a very encouraging start in China, especially considering that we are delivering cars only in the areas around Beijing, Shanghai, Shenzhen and recently Hangzhou where we can assure customers of service coverage."

Tesla is planning to launch service and deliveries "in many additional cities in the upcoming months, including Chengdu and Guangzhou," it added.

Tesla said its right-hand drive Model S "is also being well received in the United Kingdom where it launched in June and in Hong Kong where it launched last week." Deliveries of this version are set to begin in Japan and Australia later this year.

Tesla said it opened a site in Nevada which could host the Gigafactory but that other locations were still being evaluated.

Tesla will run the operations while its Japanese partner will make battery cells destined for the plant and invest in equipment and machinery, according to a joint statement.

The companies did not disclose financial details, a location or other terms of the agreement.

Japanese media previously reported that Panasonic would invest as much as 30 billion yen (\$290 million) in the multi-billion-dollar plant.

The pair said the large-scale plant should drive down the cost of batteries and eventually help popularize [electric vehicles](#).

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