

Tesla ramps up output in first quarter but losses rise

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Luxury electric car maker Tesla said Wednesday it was on track to deliver 55,000 cars this year even as its losses widened on revved up research spending.

Founder Elon Musk and chief financial officer Deepak Ahuja said in a letter to shareholders that the company produced 11,160 Model S cars in the January-March quarter and expected to begin delivering the long-awaited Model X late in the third quarter.

The stepped-up production rate had helped cut per-unit costs, they said.

But they also warned that the strong dollar was crimping margins on sales outside the United States, and is forcing the company to raise car prices five percent in European markets.

The Silicon Valley automaker reported a first-quarter loss of \$154 million compared with a \$108 million loss a year ago.

Revenues fell 1.7 percent from a year ago to \$940 million, mainly on a drop in income from services. While production costs were also lower, research and development expenses surged by more than \$28 million, as the company pumps more money into its ambitious battery projects.

The loss was less than analysts expected, and translated into a per-share loss of \$1.22, compared with \$0.86 a year ago. Tesla shares surged 1.8 percent to \$234.50 in after-market trade after the earnings

announcement, after having lost 1.1 percent in trade during the day.

The company said it expected to be able to keep to its target of 55,000 units delivered this year, after last year's disappointing 31,655 cars.

Billionaire tech entrepreneur Musk and Ahuja said their newest project, Tesla Energy, would also gear up in the third quarter.

The project adapts Tesla car batteries for use to store power in homes and businesses, and the [company](#) called the customer response "extremely positive".

"The total addressable market size for Tesla Energy products is enormous and much easier to scale globally than vehicle sales," they said.

"When combined with low-cost renewable [energy](#), Tesla Energy batteries provide an achievable pathway to a 100 percent zero-carbon energy system."

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