

Tesla slips back into red but revenue grows (Update)

February 22 2017

Tesla reported on Wednesday that it slipped back into the red in the recently ended quarter while revenue revved, with orders for some of electric car models hitting record highs.

The company forecast that demand for its cars would show strong growth in the first half of this year, and shares rose more than 1.5 percent to \$277.80 in after-market trades despite Tesla's reporting it had slid back to a loss.

Tesla chief executive Elon Musk remained confident in an earnings call that electric car production would climb to 500,000 next year.

Tesla's mass-market targeted Model 3 was on track to begin production in July, with output gradually ramping up to 5,000 vehicles weekly by the end of this year, according to executives.

The Model 3 was designed from the outset to be more efficient to make, a move intended to avoid production stumbles.

Tesla expects to deliver 47,000 to 50,000 Model S and Model X vehicles during the first half of this year.

Tesla last week announced the opening of a new Gulf headquarters in Dubai, aiming to conquer an oil-rich region better known for gas guzzlers than environmentally friendly motoring.

Musk, co-founder of the company out to revolutionize the electric car market, was in the affluent city state to oversee the launch of the Gulf sales push.

Gigafactory

Tesla said that revenue for the quarter that ended on December 31 came to \$2.28 billion, a leap from the \$1.22 billion taken in during the same period the year before.

The California-based company recorded a loss of \$121.3 million, compared with a profit of \$22 million in the prior quarter but a loss of \$320.4 in the same period a year earlier.

Energy production and storage, bolstered by the acquisition of SolarCity that closed in November, accounted for \$131 million in revenue in the quarter.

"We are excited about 2017, as we expect to see significant advances across our transport, energy generation and storage product lines," the executives said in the letter.

Tesla last month began mass production of energy-saving batteries that it vows will take electric cars mainstream.

A "Gigafactory" created by Tesla and Panasonic is cranking out lithium-ion battery cells, which will be used in Tesla's energy storage products and Model 3, according to the car maker's website.

Mass production of the batteries are a critical step in realizing Tesla's ambitions for the Model 3, which is priced at a moderate \$35,000 in the United States, much below the price of its initial models S and X electric vehicles.

General Motors is hoping to challenge Tesla's lower-priced model with its own Bolt electric vehicle.

The Gigafactory, located in the western state of Nevada, is also working on residential energy storage technology that could be used to power homes with solar energy.

Tesla expects capacity at the Nevada facility to grow steadily, nearly matching that of the rest of the world by 2018.

CFO leaving

Tesla on Wednesday also announced that chief financial officer Jason Wheeler is leaving the company to "scratch an itch" to pursue opportunities in public policy.

Wheeler will be replaced by Deepak Ahuja, who was Tesla's first chief financial officer and worked at the company for seven years before leaving in 2015.

"After spending the last 15 years helping to make information accessible to everyone and to advance sustainable energy, I'm looking forward to continuing to champion these causes and others from a public policy perspective," Wheeler said in a release.

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