

CEO Musk: Tesla hits weekly goal of making 5,000 Model 3s

July 2 2018, by Tom Krisher

Electric car maker Tesla Inc. has delivered on its CEO's promise to build a lower-priced car at a rate of 5,000 per week by the end of June.

CEO Elon Musk sent an e-mail to company employees Sunday praising them for producing 5,000 Model 3s, a compact car that's designed to shift Tesla from a niche manufacturer to a mainstream automaker. Musk also said the company had cranked out a combined 2,000 of Model S sedans and Model X sport-utility vehicles, bringing overall production to a record 7,000 for the week.

"We did it!" Musk wrote. "What an incredible job by an amazing team."

The e-mail was reported by the website Electrek, and the company confirmed its authenticity.

Last summer, when the first Model 3s began rolling off the [assembly line](#), Musk promised to build 5,000 per week by December and 10,000 per week in 2018. But he also warned at the time that Tesla was entering at least six months of "manufacturing hell" as it tried to hit the targets.

Dave Sullivan, manager of product analysis at the market research firm AutoPacific Inc., wasn't impressed. "Reaching it is one thing," Sullivan said. "Consistently producing 5,000 per week with outstanding quality is another. I don't think producing 5,000 once is anything to get excited about until it's repeatable."

Model 3 sales are critical to Tesla's future. The company has never posted a full-year profit, and it burned through more than \$1 billion in cash in the first quarter. Wall Street investors, who have pushed the company's stock beyond \$340 per share, are growing impatient with the losses.

Moody's Investor Service downgraded Tesla's debt into junk territory back in March, warning that Tesla won't have cash to cover \$3.7 billion for normal operations, capital expenses and debt that comes due early next year. Tesla said cash from Model 3 sales will pay the bills and drive profits.

The company reached 5,000 per week as Musk spent many nights inside the Fremont, California, factory that once belonged to a joint venture between General Motors and Toyota. To quickly put another assembly line in place, Tesla built a large tent at the factory site. Musk told investors on a first-quarter earnings conference call that the company relied too heavily on automation. It had to hire more people to work at the factory.

Tesla said in April that it had about 450,000 orders for the Model 3. But some could be getting antsy, especially those who want a price closer to the base of \$35,000. Currently Tesla is selling only Model 3s that cost \$49,000 to in excess of \$70,000.

Many have been waiting since March of 2016, when Tesla began taking orders with a \$1,000 refundable deposit.

The company also may have to deal with some safety issues. Investigators from two federal agencies are looking into five crashes of its vehicles, some involving the semi-autonomous Autopilot system or post-crash battery fires that have been difficult to extinguish.

But regardless of those issues, Musk was in a celebratory mood Sunday.

"I think we just became a real car [company](#)," he wrote.

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