

# Tesla cuts number of stock colors to streamline production

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This Aug. 8, 2018, file photo shows a Tesla emblem on the back end of a Model S in the Tesla showroom in Santa Monica, Calif. Tesla is dropping two of the seven standard colors it had offered to customers to streamline production. In a tweet early Tuesday, Sept. 11, CEO Elon Musk said obsidian black and metallic silver will still be available, but at a higher cost. Tesla fans can still get solid black and "midnight silver metallic," as well as pearl white, deep blue metallic and red as standard color choices. (AP Photo/Richard Vogel, File)

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The company, based in Palo Alto, California, has struggled to vault from a niche maker of expensive electric cars into a mass-market automaker. It missed several deadlines to produce 5,000 of its mass-market Model 3 cars per week but reached that milestone earlier this summer. Musk has promised that as it sells more Model 3s the company will turn a sustained net profit starting this quarter.

A Tesla spokesman said dropping the paint colors is not an indication of any production problems. "We occasionally adjust pricing and available options to best reflect the value of our products and to streamline our manufacturing operations," the company said in a statement.

Customers should check for current pricing and packaging options on Tesla's website, the statement said.

There is a waiting list of more than 400,000 people who want to buy a Model 3, and some have been waiting since March 2016, when the company first started taking orders.

Shares of Tesla closed down just over 2 percent at \$279.44 Tuesday after Nomura analyst Romit Shah downgraded the company from "Buy" to "Neutral" on worries about Musk's erratic behavior. The stock price has dropped 10 percent since the first of the year. On Monday it rose 8.5 percent on positive analyst commentary.

Shah wrote in a note to investors Tuesday that Musk's behavior "seemingly flipped" in the second quarter with Twitter posts rising to 15 per day since May from four per day the previous 18 months. Musk has taunted short-sellers who bet against the stock, accused a British diver involved in a cave rescue of Thai soccer players of being a pedophile, cut off Wall Street analysts on a conference call, and smoked what appeared to be marijuana on a video podcast.

The behavior is likely to have contributed to recent executive departures including Chief Accounting Officer David Morton, who left last week after only one month on the job, Shah wrote.

Tesla has potential to grow revenue and post substantial profits because it is vertically integrated, making its own batteries and many of its parts, Shah wrote. "Notwithstanding improving fundamentals, we believe Tesla is in need of better leadership and are moving to the sidelines until we see what happens with management," Shah wrote.

Tesla did not immediately comment Tuesday on the Nomura note.

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