

Tesla: Sales record within reach but deliveries are problem

June 26 2019, by Tom Krisher



In this March 14, 2019, file photo Tesla CEO Elon Musk speaks before unveiling the Model Y at Tesla's design studio in Hawthorne, Calif. Musk says in an internal memo that Tesla has enough orders to set a record, but it's having trouble shipping vehicles to the right locations.(AP Photo/Jae C. Hong, File)

Tesla is close to setting a quarterly record for deliveries, but the

company is having trouble shipping vehicles to the right places as the second quarter comes to a close, CEO Elon Musk told workers in an internal memo.

Musk wrote that the [company](#) could break the record of 90,700 deliveries set in last year's fourth quarter if everyone goes "all out" before the quarter ends on Sunday.

Wall Street will be watching, because shares of the Palo Alto, California, company are down more than 30 percent this year, as investors became concerned about demand for Tesla's [electric vehicles](#). In the first quarter the company delivered only 63,000, a 31 percent drop from the [fourth quarter](#) of last year.

The company has not changed its guidance of 360,000 to 400,000 vehicles this year, and Musk has repeatedly denied there is a demand problem for the company's three vehicles, the Model S full-size sedan, the Model 3 small sedan and the Model X SUV.

But Wedbush analyst Daniel Ives wrote in a note to investors Wednesday that it's unlikely the company will deliver 90,000 to 100,000 vehicles this quarter, and reaching annual delivery targets "is going to be an Everest-like task in our opinion." He expects 84,000 to 88,000 deliveries for the quarter when the company announces its numbers sometime next week.



In this Sunday, May 19, 2019, file photo, a line of unsold 2019 Model 3 sedans sits at a Tesla dealership in Littleton, Colo. Tesla is close to setting a quarterly record for deliveries, but the company is having trouble shipping vehicles to the right places as the second quarter comes to a close, CEO Elon Musk told workers in an internal memo. (AP Photo/David Zalubowski, File)

Shares of Tesla rose about 2 percent in trading early Wednesday to \$224.52.

"Tesla has become the ultimate 'prove me' stock, and it must start with a good 2Q [delivery](#) unit number" to restore its credibility with Wall Street, Ives wrote. "Musk & Co. have talked the talk, now it's time to walk the walk."

Details of the internal memo were reported Tuesday night by Bloomberg News. Also, the electric vehicle website Electrek.com reported that Tesla production Vice President Peter Hochholdinger is no longer with the company. He's a former Audi executive who was in charge of part of the operations at the company's assembly plant in Fremont, California. The website cited a source it did not identify, and a Tesla spokesman did not respond to questions from The Associated Press about the departure.

Wedbush rates Tesla shares as "Neutral" and has set a 12-month price target of \$230. Ives wrote that he still sees Tesla as in the driver's seat for a transformational electric [vehicle](#) market opportunity in the coming years, but it has to steer around near-term problems involving demand and profitability.

Tesla lost \$702.1 million in the first quarter, among its worst quarters in two years. Musk predicted another loss in the [second quarter](#) but said Tesla would be profitable again by the third quarter.

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