

A Tesla fan tones down the cheers

By Greg Gardner (excerpt)
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A Wall Street analyst who has been Tesla's most vocal cheerleader issued a cautionary report today warning that continued losses, delays in launching new models and low gas prices will bring the company's meteoric stock trajectory closer to earth.

The company's stock rose anyway, largely fueled by reports that CEO and cofounder Elon Musk exercised 532,000 stock options priced at \$6.63 per share. He is investing more than \$100 million of the proceeds in the company. ...

...The Model X finally came to market in late 2015, two years later than first expected. Last week, Tesla sued Hoerbiger Automotive Comfort Systems, charging the German supplier failed to live up to its promises for the capability of falcon-wing doors on the Model X.

Another vehicle, the Model 3, meant to be more affordable, was slated for introduction in 2017, but Jonas said it may not be ready for market until late 2018. ...

...But Tesla shares still rose today, closing up \$5.74 to 196.94. But the stock has fallen more than 30% since its peak of \$286.65 last July.

Last week, Ford beat Wall Street expectations for its fourth-quarter earnings by 7 cents per share and said it would post a 2016 pretax profit equal to or higher than last year. The stock barely budged.

This Wednesday General Motors will release financial results for the fourth-quarter of 2015.

Tesla, which will report fourth-quarter financial results Feb. 10, lost an adjusted 58 cents a share on \$1.24 billion in revenue in the third quarter. Analysts expected the company to lose 50 cents a share on \$1.26 billion in sales.

After nearly breaking even in the fourth quarter of 2013, Tesla's losses have grown steadily over the past seven quarters.

David Kudla, CEO of Mainstay Capital Management in Grand Blanc, said Tesla's stock price reflects a vision many investors have bought that electric vehicles will become a mainstream powertrain and batteries will replace a large percentage of internal combustion engines.

That vision may not materialize.

"Tesla's ability to execute as a manufacturer is still unproven," Kudla said. "At some point they will be facing more of the realities that traditional automakers face everyday."