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Tesla Shares Fall After Delivery Miss

Slow start to deliveries in 2019 raises questions about demand and the electric-car maker's ability to meet sales targets

By Tim Higgins and Allison Prang (excerpt)

Shares of Tesla Inc. dropped about 8% Thursday after the electric-car maker reported worse-than-expected deliveries for the first quarter, raising concerns about demand for its older vehicles as well as its ability to get its newest offering into customers' hands. ...

... Tesla had cautioned those vehicles would take a hit, as sales had been pulled forward to the fourth quarter ahead of the tax-credit phaseout. Tesla said it delivered about 63,000 vehicles in its latest period, below the 73,500 expected by analysts, according to FactSet.

Concerns of a slow start to 2019 deliveries—Tesla books sales when cars are delivered—have raised questions about its ability to meet ambitious sales targets after struggling to increase production of the Model 3, its lowest-price vehicle at \$35,000. ...

... Tesla said first-quarter earnings would be hurt by the pricing changes and lower-than-expected delivery volumes. Analysts polled by FactSet expect an adjusted loss of 42 cents a share.

Short sellers who bet against Tesla's stock saw vindication in the delivery numbers. Financial-analytics firm S3 Partners figured that short sellers were up \$778 million Thursday on the decline in share price.

"We are clearly past peak Tesla," David Kudla, chief executive of Mainstay Capital Management, said in an email. "This is as good an environment as Tesla will have in the marketplace." ...

... Analysts have said they thought Tesla should have raised additional money last year. Mr. Musk has said the company wouldn't need to do so once it could generate revenue by finally reaching a constant pace of making 5,000 Model 3s a week to sell to customers.

As production rose in the final half of 2018 and sales of a more expensive version of the Model 3 helped fuel quarterly profits, Tesla entered the new year poised to potentially deliver its first full year of profit. Mr. Musk talked about being profitable each quarter, easing concerns about the company's cash needs. ...