

# Tesla Inc

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## Tesla stock falls after Musk drops go-private plan, but Baird analyst says it is 'positive for all stakeholders'

Shares of Tesla Inc. (NASDAQ:TSLA) skidded in premarket trade Monday after the electric-car maker dropped plans to go private, but analysts at Baird said the U-Turn is good news in the long run.

The stock fell 3.5% to US\$312 in premarket trade, after closing Friday at \$322.82.

Tesla founder CEO Elon Musk abruptly abandoned a plan to take his electric carmaker private writing in a blog post late Friday that taking Tesla private was too complicated and distracting, and that it was "better off as a public company."

READ: Tesla is hit by barrage of negative reports as problems mushroom over plan to go private

Musk and Tesla are facing investor lawsuits and a US Securities and Exchange Commission investigation into the truthfulness of the CEO'S August 7 tweets. Under the circumstances, Musk's decision to "abandon a plan to take his electric carmaker private will not resolve his mounting regulatory and legal woes, and may even make them worse," some securities lawyers told Reuters.

Meanwhile, Baird analysts Ben Kallo, a longtime Tesla bull, and David Katter said investors should expect Tesla shares to come under pressure in the near term as they question the outcome of staying public.

"That said, we expect shares to appreciate over the intermediate term as the focus shifts back to fundamentals, which we believe may be underappreciated," wrote the Baird analysts in a note to clients Monday.

"We are buyers on weakness as we expect shares to move higher ahead of Q3 deliveries and results," they added.

READ: Tesla CEO Elon Musk rebuffs Arianna Huffington's calls for him to take time off

The analysts said investors should now be able to refocus on fundamentals, with a potential bump coming as Tesla appears to have made "significant progress on the Model 3 production ramp."

"Tesla has averaged nearly 1,500 VIN (vehicle identification number) registrations per day so far in August, which is an imperfect, but directional way to track production," wrote Kallo and Katter.

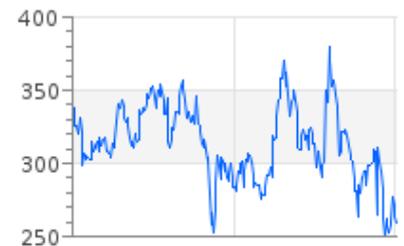
"We believe progress on the Model 3 production ramp could be a significant positive catalyst for the stock," they added.

If Tesla achieves its production targets, investors may be underestimating adjusted earnings, they added.

**Price:** US\$260.95

**Market Cap:** US\$44516.28M

### 1 Year Share Price Graph



October 2017 April 2018 October 2018

### Share Information

**Code:** TSLA

**Listing:** NASDAQ

**52 week High Low**  
**\$387.31 \$244.60**

**Sector:** Manufacturing

**Website:** www.tesla.com

### Company Synopsis:

Tesla Inc. was founded in 2003 by a group of Silicon Valley engineers who set out to develop a new electric vehicle company. Tesla Inc. uses proprietary technology, world-class design and state-of-the-art manufacturing processes to create a new generation of highway capable electric vehicles. We utilize an innovative distribution model based on company-owned sales and service centers.

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Baird analysts have held an outperform rating on Tesla since early 2016, with a current price target of \$411.

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