

Tesla Inc

04:40 23 Jul 2020

Tesla posts second-quarter profit as cost cuts and strong deliveries help offset coronavirus shutdowns

Tesla Inc (NASDAQ:TSLA) shares were higher pre-market on Thursday after the electric vehicles maker posted a second-quarter profit after the close on Wednesday with cost cuts and strong deliveries helping offset coronavirus-related factory shutdowns.

The Nasdaq-listed firm posted net income of \$104mln from April to June, 2020, or \$0.50 per share, marking the first time the company has posted a profit for four straight quarters.

READ: Tesla becomes the world's most valuable car company after 2Q vehicle deliveries top estimates

Tesla affirmed its goal to deliver at least half a million vehicles by the end of 2020 despite production interruptions, including the shutting of its California factory for nearly six weeks of the quarter on orders from local authorities. The company delivered more than 90,000 vehicles in the second quarter, beating analyst expectations.

Tesla's second-quarter revenue fell to \$6.04 billion from \$6.35 billion a year earlier, but that also surpassed analyst expectations for revenue of \$5.37 billion.

In a conference call following the result, Tesla boss Elon Musk also announced that Travis County, Texas, which includes Austin, would be the site of Tesla's new factory. The area had been competing with Tulsa, Oklahoma, for the new plant, which promises to create at least 5,000 jobs.

Musk said the factory would produce Model 3 and Model Y vehicles for the Eastern United States, as well as a new semi-truck called the Tesla Semi and the carmaker's futuristic Cybertruck.

Valuation remains a sore point

Nicholas Hyett, equity analyst at Hargreaves Lansdown commented: "We already knew Tesla's manufacturing operations had navigated the first stages of the crisis well, with production and deliveries well ahead of analyst expectations. The questions were all about whether Tesla had also managed to protect its margins. In the event margins have been not only been protected but improved.

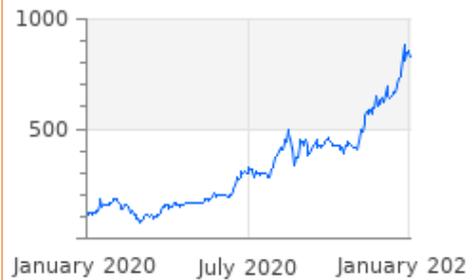
"The group has benefitted from the tailwind of increasing sales in China, which look to be relatively higher margin thanks to the lower manufacturing costs, and increased recognition of software revenues, but even so these numbers are impressive."

He added: "Having delivered a fourth consecutive quarter in the black for the first time Tesla is eligible to join the S&P indices - which would open up a whole new audience of potential investors. Given that, and having beaten analyst

Price: 826.16

Market Cap: \$781.86 billion

1 Year Share Price Graph



Share Information

Code: TSLA
Listing: NASDAQ
52 week High Low: 884.45 70.102
Sector: Manufacturing & engineering
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.

action@proactiveinvestors.com

expectations this quarter, a 4.3% share price move might seem rather muted - Tesla investors are used to spectacular reactions to the company's announcements.

"However, the electric car giant has enjoyed a spectacular run already this year, rising 270%, and while questions about the group's long term future may be a thing of the increasingly distant past its valuation remains a sore point for many."

Tesla shares, which have gained more than 500% over the past year, were up 5% 60 \$1,677 in pre-market US trade on Thursday. Analysts believe the rally has been fuelled in part by expectations of Tesla's imminent inclusion in the S&P 500 stock index.

Proactive Investors facilitate the largest global investor network across 4 continents in 4 languages. With a team of analysts, journalists & professional investors Proactive produce independent coverage on 1000's of companies across every sector for private investors, private client brokers, fund managers and international investor communities.

Contact us +44 (0)207 989 0813 action@proactiveinvestors.com

No investment advice

The Company is a publisher. You understand and agree that no content published on the Site constitutes a recommendation that any particular security, portfolio of securities, transaction, or investment strategy is suitable or advisable for any specific person. You understand that the Content on the Site is provided for information purposes only, and none of the information contained on the Site constitutes an offer, solicitation or recommendation to buy or sell a security. You understand that the Company receives either monetary or securities compensation for our services. We stand to benefit from any volume which any Content on the Site may generate.

You further understand that none of the information providers or their affiliates will advise you personally concerning the nature, potential, advisability, value, suitability or profitability of any particular security, portfolio of securities, transaction, investment, investment strategy, or other matter.

You understand that the Site may contain opinions from time to time with regard to securities mentioned in other products, including Company-related products, and that those opinions may be different from those obtained by using another product related to the Company. You understand and agree that contributors may write about securities in which they or their firms have a position, and that they may trade such securities for their own account. In cases where the position is held at the time of publication and such position is known to the Company, appropriate disclosure is made. However, you understand and agree that at the time of any transaction that you make, one or more contributors may have a position in the securities written about. You understand that price and other data is supplied by sources believed to be reliable, that the calculations herein are made using such data, and that neither such data nor such calculations are guaranteed by these sources, the Company, the information providers or any other person or entity, and may not be complete or accurate.

From time to time, reference may be made in our marketing materials to prior articles and opinions we have published. These references may be selective, may reference only a portion of an article or recommendation, and are likely not to be current. As markets change continuously, previously published information and data may not be current and should not be relied upon.

The Site does not, and is not intended to, provide investment, tax, accounting, legal or insurance advice, and is not and should not be construed as providing any of the foregoing. You should consult an attorney or other relevant professional regarding your specific legal, tax, investment or other needs as tailored to your specific situation.