

Tesla shifts gears with plans to issue more shares

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Tesla is seeking to raise some \$2 billion by issuing new shares, following a surge in the value of the electric carmaker in recent months

Tesla shifted gears Thursday and said it would issue new shares to raise fresh cash, as the electric carmaker responded to the coronavirus

epidemic impact on its Shanghai factory and the China car market.

Tesla plans to raise slightly more than \$2 billion by issuing 2.65 million shares of common stock, according to a filing with the US Securities and Exchange Commission.

Tesla founder and chief executive Elon Musk plans to buy \$10 million worth of the newly minted shares, and board member Larry Ellison, founder of Oracle, is interested in buying \$1 million worth of the shares, according to the filing.

The electric carmaker said it will use the net proceeds from this offering to strengthen its balance sheet and for [company operations](#).

The move came after Tesla's Shanghai facility was temporarily closed as part of efforts to battle a deadly coronavirus outbreak.

The factory is the company's first outside the United States and a key step forward in Musk's strategy of going global.

Tesla shares rose five percent on the news in the wake of volatile trading in recent weeks that has seen the company's [market value](#) more than double in the past two months.

"The bulls—which we agree with—will say this essentially rips the Band-Aid off and takes the doomsday cash crunch scenario some predicted down the road now off the table," Wedbush analyst Daniel Ives said in a note to investors.

"We believe it's a smart move."

On a recent earnings call, Tesla executives told analysts the company didn't see a need to raise capital.

Tesla warned in the filing that its shares have gone as high as \$968.99 per share to as a low of \$176.99 during the past 52 weeks.

The document noted that Tesla shares may still be subject to "short sellers" betting that shares decline.

Musk presented the first batch of made-in-China cars to consumers last month in a milestone for the company's new Shanghai "giga-factory" but which came as sales decelerated in the world's largest electric-vehicle market.

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