

# Tesla reports \$721 mn in 2020 earnings, first profitable year

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Tesla Motors reported its first annual profit Wednesday following a big jump in auto deliveries despite the upheaval of the coronavirus pandemic as it signaled confidence for more growth in 2021.

Elon Musk's electric car company—which has soared on Wall Street for much of the last year—benefited from scaled-up production at factories in California and China as it pushes forward with new plants in the state of Texas and Germany that are expected to begin production in 2021.

"This past year was transformative for Tesla," the company said in its earnings report.

"Despite unforeseen global challenges, we outpaced many trends seen elsewhere in the industry as we significantly increased volumes, profitability and cash generation."

Tesla reported 2020 profits of \$721 million, compared with a 2019 loss of \$862 million.

Revenues for 2020 jumped 28 percent to \$31.5 billion following a 36 percent increase in auto deliveries to just under 500,000.

In the fourth quarter, the company reported profits of \$270 million, up 157 percent from the year-ago period on a 46 percent rise in revenues to \$10.7 billion.

That translated into profits of 80 cents per share, below the \$1.01 projected by analysts.

The company did not offer detailed 2021 forecasts for sales or profit.

In terms of volume, "over a multi-year horizon, we expect to achieve 50 percent average growth in vehicle deliveries," Tesla said. "In some years we may grow faster, which we expect to be the case in 2021."

The company's chief financial officer, Zach Kirkhorn, said Tesla had been affected by a shortage in semiconductors that has also hit other

automakers, but described the effect as temporary.

Wedbush analyst Daniel Ives characterized the results as "robust" in spite of the lower-than-expected profit in the fourth quarter.

Ives interpreted the statement on 2021 volumes as implying deliveries of between 750,000 and 800,000, enabling Tesla to reach one million vehicle output in 2022.

CFRA Research analyst Garrett Nelson said the language on 2021 output "is likely to be viewed negatively" compared with forecasts of just 796,000.

But Nelson described Tesla's cost of capital advantage over other automakers as "enviable."

Moreover, policies by President Joe Biden's newly installed administration favoring electric cars "should prove to be a potent tailwind" for the company, Nelson said.

Shares of Tesla now stand more than seven times their value from a year ago, which has placed Musk in contention for world's wealthiest person.

Forbes' "real-time" billionaire's list ranked Musk second on Wednesday after Amazon chief Jeff Bezos but just ahead of LVMH chief Bernard Arnault.

Musk, during a conference call with analysts and investors, said "there is a way to justify the valuation of the company" based on a rough calculation of the potential boost from mass deployment of Tesla's autonomous driving technology.

Shares were down 5.1 percent at \$819.70 in after-hours trading.

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