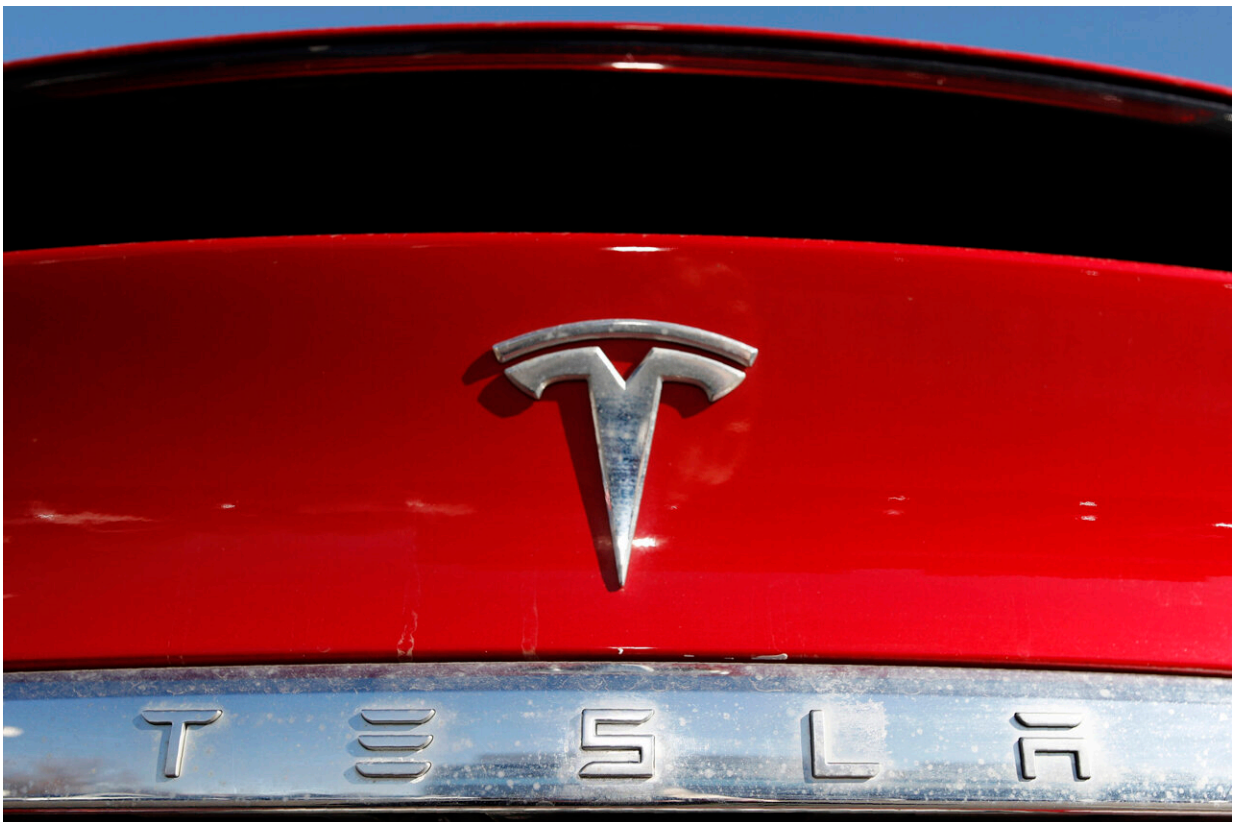


Tesla's 2Q profit falls 45% to \$1.48 billion as sales drop despite price cuts and low-interest loans

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The Tesla logo appears on an unsold 2020 Model X at a dealership, Feb. 2, 2020, in Littleton, Colo. Tesla's second-quarter net income fell 45% compared with a year ago as the company's global electric vehicle sales tumbled despite price cuts and low-interest financing. Credit: AP Photo/David Zalubowski, File

Tesla's second-quarter net income fell 45% compared with a year ago as the company's global electric vehicle sales tumbled despite price cuts and low-interest financing.

The Austin, Texas, company said Tuesday that it made \$1.48 billion from April through June, less than the \$2.7 billion it made in the same period of 2023. It was Tesla's second-straight quarterly net income decline.

Second quarter revenue rose 2% to \$25.5 billion, beating Wall Street estimates of \$24.54 billion, according to FactSet. Excluding one time items, Tesla made 52 cents per share, below [analyst expectations](#) of 61 cents.

Shares of Tesla fell about 8% in trading after Tuesday's closing bell. The shares had been down more than 40% earlier in the year, but have since recovered most of the losses.

Earlier this month Tesla said it sold 443,956 vehicles from April through June, down 4.8% from 466,140 sold the same period a year ago. Although the sales were better than the 436,000 that analysts had expected, they still were a sign of weakening demand for the company's aging product lineup.

For the first half of the year, Tesla has sold about 831,000 vehicles worldwide, far short of the more than 1.8 million for the full year that CEO Elon Musk has predicted.

The company's widely watched gross profit margin, the percentage of revenue it gets to keep after expenses, fell once again to 18%. A year ago it was 18.2%, and it peaked at 29.1% in the first quarter of 2022.

Tesla said it posted record quarterly revenue "despite a difficult

operating environment." The company's energy-storage business took in just over \$3 billion in revenue, double the amount in the same period last year.

CEO Elon Musk, who has tried to portray Tesla as an [autonomous vehicle](#), robotics and artificial-intelligence company, told analysts on a conference call that the company's "Full Self Driving" system should be able to run without human supervision by the end of this year, although he acknowledged that his predictions "have been overly optimistic in the past."

At present, "Full Self Driving" is being tested on public roads by some Tesla owners. The company says it cannot drive itself and human drivers must be ready to intervene at all times.

For many years Musk has said the system will allow a fleet of robotaxis to generate income for the company and Tesla owners, making use of the electric vehicles when they would have been parked. Musk has been touting [self-driving vehicles](#) as a growth catalyst for Tesla since "Full Self Driving" hardware went on sale late in 2015.

But in investigative documents, the U.S. [National Highway Traffic Safety Administration](#) said it found 75 crashes and one death involving "Full Self Driving." It's not clear whether the system was at fault.

Later, Musk said he did not think approval by government regulators would be a limiting factor in deploying robotaxis. "If you've got billions of miles that show that in the future, unsupervised FSD is safer than humans, what regulator could really stand in the way of that?" he asked.

Musk told analysts he postponed [the company's August](#) robotaxi unveil until Oct. 10 to make changes to improve the vehicle. He also said Tesla will show off a "couple of other things" at the event.

Musk said he expects Tesla to begin limited production of the Optimus humanoid robot early next year for use by Tesla. The robot already is doing work at a factory. In 2026, production would ramp up more to send robots to outside customers, he said.

Musk also said the company is on track to deliver its new more affordable vehicle in the first half of next year.

The company, he said, wants to wait until after the U.S. presidential election before deciding whether to build a new factory in Mexico. Republican nominee Donald Trump has threatened to slap tariffs on autos made in Mexico, so it wouldn't make sense to build there in that case, Musk said. Musk has endorsed Trump.

Morningstar analyst Seth Goldstein attributed the large stock drop to Tesla giving little new specific information on vehicles or tangible financial targets. "Maybe some investors are saying 'you know, we didn't get more details from management,'" Goldstein said.

Although the next scheduled catalyst that could move the stock is now the robotaxi event in October, Goldstein said Musk could share details of new products on X, his social media platform. "Elon Musk could share details of Tesla's progress," he said. "That could be a catalyst for the stock on any given day."

During the quarter, Tesla's revenue from regulatory credits purchased by other automakers who can't meet government emissions targets hit \$890 million for the quarter, double Tesla's amount of most previous quarters.

The company reported \$622 million in "restructuring and other" expenses for the quarter, when it laid off over 10% of its workforce.

Tesla said in a note to investors that it's between two major growth

waves, with the next one coming through advances in autonomous vehicles and new models. But the company reiterated caution that its sales growth "may be notably lower than the growth rate achieved in 2023."

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