

Musk sends mixed messages on Twitter deal, pressuring shares

May 13 2022



Musk has said he wants to make Twitter 'better than ever' by 'defeating the spam bots and authenticating all humans'

Elon Musk sent mixed messages Friday about his proposed Twitter acquisition, sending shares of the microblogging platform lower amid

skepticism over whether the deal will close.

In an early morning tweet, Musk said the \$44 billion takeover was "temporarily on hold," pending questions over the social media company's estimates of the number of fake accounts or "bots."

That sent Twitter's stock plunging 25 percent.

Two hours later, the unpredictable Tesla [chief executive](#) added a tweet, saying "Still committed to acquisition."

Shares recovered but around midday were still off 8.2 percent at \$41.38.

While the reliability of user figures is an important benchmark for assessing revenues of Twitter and other [social media companies](#), analysts generally interpreted Musk's messages as an attempt to pull out of the deal or to try to force a [lower price](#).

"Although we never questioned Musk's ability to complete such a transaction from a financial perspective, we thought the biggest risk was Elon himself having a change of heart," CFRA Research's Angelino Zino said in an analyst's note.

He said the move gives Musk "leverage" and increases the chance "that he either adjusts his offer price downward or just completely walks away."

The chief of SpaceX as well as Tesla, Musk is currently listed by Forbes as the world's wealthiest person, with a fortune of some \$232 billion, much of it in Tesla stock.

Seen by his champions as an iconoclastic genius and by his critics as an erratic megalomaniac, he surprised many investors with his pursuit of

Twitter.

Musk has described his motivation as stemming from a desire to ensure freedom of speech on the platform and to boost monetization of an Internet site that is influential in media and political circles but has struggled to attain profitable growth.

On Tuesday, Musk said he favored lifting the ban on Donald Trump, who was kicked off the platform in January 2021 shortly after the former US president's efforts to overturn his election defeat led to the January 6 assault on the US Capitol.

Analysts also have said the site can boost Musk's other ventures, including Tesla, which so far has grown without following the auto-industry custom of spending heavily on marketing.

Musk's bid for Twitter

April 4

Twitter regulatory filing shows Elon Musk had taken a 9.2% stake the company for \$73.5 million

April 5

Twitter says Musk will join its board

April 9

Musk tweets "Is Twitter dying?"

April 14

Stock exchange filing shows Musk had made a hostile takeover bid for Twitter on April 13, aiming to purchase 100% of stock at \$54.2 per share

April 15

Twitter moves to defend itself against Musk's \$43 billion hostile takeover bid, announcing a "poison pill" plan that would make it harder for him to get a controlling stake

April 21

Stock exchange filing shows Musk has lined up \$46.5 billion in financing

April 25

Twitter confirms it is selling the platform to Musk in a deal valued at \$44 billion

May 13

Musk announces deal "temporarily on hold"

Timeline of developments between Elon Musk and Twitter.

But markets have shown skepticism since the April 28 announcement that the Twitter board agreed to sell at \$54.20 a share.

The share price has lagged that level, suggesting investors viewed deal closure as not assured, and has fallen further as the broader tech market retreated this week.

'Horror show'

In his first tweet about the deal Friday, Musk linked to an article from May 2 referencing Twitter's latest filing to US regulators.

The document said an internal review showed Twitter had 229 million "monetizable daily active users" in the first quarter of this year, and just five percent were regarded as false or spam accounts.

Analyst Dan Ives from Wedbush said the "circus show" was likely to translate into a "Friday 13th horror show."

"The nature of Musk creating so much uncertainty in a tweet (and not a filing) is very troubling," he said.

Musk has gotten into hot water with regulators over his tweets in the past, but the Twitter purchase agreement includes a clause specifying that he is free to tweet about the deal provided his posts "do not disparage the company or any of its representatives."

Market analyst Susannah Streeter of Hargreaves Landsdown said the [takeover bid](#) "risks hitting the skids."

There will be questions "over whether fake accounts are the real reason behind this delaying tactic," Streeter said, adding that "it may be a strategy to row back on the amount he is prepared to pay to acquire the platform."

Musk's potential stewardship of the social media site has hit several bumps since the takeover attempt was made public, and sparked worry from activists, over lifting of the Trump ban as well as the possibility the new owner would open the gates to abusive and misinformative posts.

US media have reported that the transaction is being investigated by regulators, including the Securities and Exchange Commission with which Musk has frequently clashed.

The SEC is probing Musk's tardy disclosure of his stake in Twitter, according to the Wall Street Journal.

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