

Tesla Reports Lower-Than-Expected First-Quarter Sales

Electric car maker cites supplier shortages caused by its own 'hubris'



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Tesla says it was producing 750 Model X vehicles a week by the end of March, which is roughly full capacity. Above, a man looks at a Model S. PHOTO: REUTERS

By

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Tesla Motors Inc. said its first-quarter global sales rose to a less than forecast 14,820 vehicles, up 50% over a year earlier but crimped by supplier shortages and what the company said was its own “hubris.” The Palo Alto, Calif., electric car maker had forecast 16,000 deliveries in the first quarter, a bit lower than the 17,400 cars delivered in the prior three months. Tesla doesn’t disclose sales by region.

<http://www.wsj.com/articles/tesla-reports-lower-than-expected-first-quarter-sales-1459802960>

The company said it shipped 12,420 Model S sedans and 2,400 Model X sport-utility vehicles in the first three months of the year. It blamed trouble manufacturing the SUV as a result of its own “hubris in adding far too much new technology to the Model X in version 1.” It lacked sufficient in-house capability to produce some of the parts, it said.

Still, Tesla said it reached production of 750 Model X cars a week by the end of March, which is roughly full capacity, and that it would maintain its forecast of between 80,000 and 90,000 deliveries in 2016.

Tesla’s sales have continued to grow as it expands to new markets and increases its production capability. It sold just over 50,000 vehicles in 2015. Tesla said new orders in the first quarter exceeded its deliveries by a “wide margin.”

The report comes days after Tesla started taking reservations for its Model 3, a compact sedan that seats five and has a range of 215 miles or more on a charge. Through Saturday, Tesla had logged 276,000 Model 3 reservations, each held by a \$1,000 refundable deposit.

The interest in the Model 3 demonstrates a strong demand for the Tesla product that today is inhibited by the high price of its current offerings, which start at \$76,000 and often sell for more than \$100,000 with options.

Reservations for its coming Model 3 lifted Tesla’s shares to a seven-month high, finishing up 4% at \$246.99 at 4 p.m. As recently as Feb. 9, the stock exchanged hands at \$142.32. Following the sales report, its shares fell 2.4% in after-hours trading on the [Nasdaq](#).

“While in the grand scheme of the ‘idea’ of Tesla, the ‘miss’ doesn’t matter much, it may stop the stock’s recent positive momentum in the wake of Model 3 excitement,” RBC analyst Joseph Spak said in a note.

“Tesla is trying to assure the market by indicating they are working to ensure the same mistakes are not repeated with the Model 3.”

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Corrections & Amplifications

Tesla said it reached production of 750 Model X cars a week by the end of March. An earlier version of this article incorrectly said Tesla had reached production of 750 Model X cars a day by the end of March.