

EARNINGS PREVIEW

Tesla Headed for Another Quarterly Loss: What to Watch

Record car deliveries aren't expected to unlock profits for the electric car maker



Tesla needs to deliver at least 104,800 vehicles during the current quarter to meet the lower end of its range. PHOTO: SPENCER PLATT/GETTY IMAGES

By Sebastian Herrera

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Electric vehicle maker Tesla Inc. [TSLA -0.35% ▼](#) is scheduled to release third-quarter earnings after the market closes Wednesday. Here's what you need to know:

EARNINGS FORECAST: Tesla is expected to post an adjusted loss of 46 cents a share, according to analysts surveyed by FactSet, compared with an adjusted profit of \$2.90 a share in the year-prior period. Analysts see Tesla remaining in the red even though Chief Executive Elon Musk told them in July that, after two straight unprofitable quarters, the company would break-even in the three months just ended.

REVENUE FORECAST: Tesla sales are expected to slide to \$6.43 billion in the quarter, according to FactSet, from \$6.82 billion a year earlier. While Tesla delivered a record number of vehicles, about 97,000, the number of high-end Model S sedans and Model X SUVs to go to customers has fallen. Deliveries of those more expensive models were down 37% in the third quarter.

What to watch:

PROFIT UPDATE: Tesla said it would return to profitability during the year's last three months, though it would prioritize expanding its production capacity and model lineup over margins. But Mr. Musk sometimes changes his tune, so investors will look for an update on the earnings outlook. Tesla had its first back-to-back quarters of profit to close out last year before returning to losses to begin the year. For now, analysts still see the current quarter as profitable.

DELIVERIES: In the previous quarter, Tesla reiterated guidance that it would deliver 360,000 to 400,000 vehicles this year. The surge in vehicle production has been driven by sales of Tesla's mass-market compact Model 3. Of the roughly 97,000 vehicles Tesla delivered in the third quarter, 79,600 were Model 3 cars. Tesla needs to deliver at least 104,800 vehicles during the current quarter to meet the lower end of its range. Analysts broadly see that as feasible, though any signs Tesla is backing off the total could spook investors. The company delivered almost 250,000 cars in 2018.

NEW STUFF: Tesla has lots in the pipeline. The earnings call gives Mr. Musk a platform to provide an update on those initiatives. Tesla has said it would begin production of Model 3 vehicles at a new facility in Shanghai by the end of this year. Tesla has been vague about delivery details and timing, but with less than three months to go some clarity could emerge on the call. Investors also will look for an update on Tesla's push to bring its Model Y compact SUV to market by next year amid hints it could come early. Tesla also has plans for an all-electric pickup truck with more details due next month.

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