

Tesla sees biggest revenue drop since 2012 but company shares still surge

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Tesla shares surged nearly 10% in after-hours trading on Tuesday after posting earnings results, despite a revenue miss for the first quarter of 2024, a steep decline in profits, and a recall of its most recently released car, the \$100,000 Cybertruck. The electric vehicle manufacturer posted \$21.3bn in revenue, lower than the \$21.48bn that was estimated and a 9% drop year over year – marking its biggest decline since 2012. Profit was \$1.1bn, a 55% decline from the first quarter of 2023, the company said. Still, the report offered heartening announcements for investors, including previews of a ride-hailing app to be integrated into Tesla products. The company said it expected to release new vehicle models sooner than previously announced and referenced a robotaxi network in the works. It has more than doubled its AI compute – the complexity of its smart software – in the past three months and invested \$1bn on AI infrastructure during the same time period. Tuesday's report – particularly Tesla's plans to accelerate the development of lower-cost vehicles – has assuaged some of those fears, said Thomas Monteiro, senior analyst at Investing.com. "The announcement also indicates that Elon [Musk] may be focusing efforts on the EV giant again, which is another piece of good news for shareholders," he said. "It's a promising sign for the company that he felt compelled to change its direction amid the myriad of pressures." The earnings report was the second since the launch of the Cybertruck, Tesla's long-awaited electric pickup truck, and its first earnings call since that vehicle was recalled last week. The futuristic steel car has struggled with other malfunctions. Tesla voluntarily issued a recall following reports of the vehicles were at risk of getting stuck driving at full speed due to a loose accelerator pedal. The company did not comment on the recall directly in its earnings release. Even without the Cybertruck concerns, Tesla had been facing a difficult year, saying last week that it was cutting 10% of its staff globally, about 14,000 jobs. Over the weekend, it slashed its prices around the world. It has weathered a series of poor earnings reports in recent quarters as competing Chinese electric vehicle manufacturers encroach on the electric vehicle market. Last quarter, Tesla reported that vehicle deliveries had fallen for the first time in four years. In Tuesday's report, Tesla said its vehicle volume growth rate "may be notably lower than growth rate achieved in 2023". Musk continues to face criticisms from investors who say he is stretched too thin after his purchase of Twitter, which he renamed X, in late 2022. The company and its products have been plunged into chaos in the ensuing year and a half. Meanwhile, Tesla has asked its shareholders to vote in favor of Musk's \$56bn pay package that was rejected by a judge earlier this year who called it an "unfathomable sum". Musk addressed those concerns directly on the earnings call, saying: "Tesla constitutes the majority of my work time. I work every day of the week. I'm going to make sure Tesla is very prosperous."