



# Tesla Motors Turns Into Horrific Sh\*t-hole As Shares Fall to Lowest Point in a Year on Model 3 Worries, Crash Probe and Other Failures



## Tesla Is in Big, Big Trouble

It's in "production hell," according to Elon Musk

By [LUCINDA SHEN](#) March 28, 2018

Elon Musk and Tesla shareholders are taking a beating, as the electric carmaker's stock fell to its lowest point in over a year on Wednesday.

Tesla shares continued their selloff from a day earlier, tumbling 8% in trading Wednesday on news that U.S. investigators were looking into a fatal March 23 crash involving a Tesla vehicle, and ongoing worries about the company's cash crunch. That follows on an 8% slide from Tuesday.

The market value of Tesla fell about \$8 billion in the last two days to \$43.9 billion, below that of [General Motors](#)(\$49.4 billion). Elon Musk's [stake in the company](#) also fell roughly \$1.8 billion to \$11.5 billion in the same period, based on the most recent filings with the Securities and Exchange Commission.

That came after the National Transportation Safety Board announced Tuesday that it was looking into a fatal crash in California last week involving a Tesla Model X and, possibly, its Autopilot feature. It's not the first time Tesla has been under scrutiny for the feature, with the NTSB saying last year that the system required more safeguards following another crash in 2016.

“Due to the extensive damage caused by the collision, we have not yet been able to retrieve the vehicle's logs,” Tesla said in a statement about the most recent crash. “We are currently working closely with the authorities to recover the logs from the computer inside the vehicle. Once that happens and the logs have been reviewed, we hope to have a better understanding of what happened.”

Adding to those concerns: Moody's downgraded the cash-burning carmaker's credit rating to a B3 from a B2 on Tuesday, putting an overall negative outlook on the firm. The credit rating agency said that Tesla would likely need to raise at least \$2 billion in the near term to fund the production of its all-important Model 3 mid-market sedan. Production of that car has fallen short of expectations.

Yet, for Tesla, raising those funds to fuel its continued growth may not be so easy.

“A lower share price begets a lower share price,” analyst Adam Jonas of Morgan Stanley mused in a Wednesday note to clients, following news a day earlier about the ratings agency. Tesla has consistently posted negative free cash flows, and has funded itself through customer deposits, and by selling shares and bonds. “For a company widely expected to continue to fund its strategy through external capital raises, a fall in the share price can take on a self-fulfilling nature that further exacerbates the volatility of the share price.”

Moody's meanwhile added that Tesla's rating could fall further should the company fail to raise funds or miss additional Model 3 targets.

Jeffrey Osborne, an analyst from Cowen's, sees Tesla's Model 3 deliveries coming in below target for the first quarter of 2018. Tesla is expected to report those figures in the first week of April. On the production front, Osborne expects Tesla to come in below its 2,500 per week estimate for the first quarter.

Based on user reported registration data online, Osborne says he expects Tesla to announce Model 3 deliveries of about 7,500 for the first quarter, below the 11,000 consensus.

Tesla declined to comment to *Fortune* regarding the Moody's downgrade.