

## Tesla's IPO brings with it great challenges

Thursday, February 4, 2010

Tesla Motors Inc.'s planned initial public offering would have been historic simply for the fact that it will be the first IPO from a U.S. automaker since 1956. But Tesla's IPO will also be the first for an electric-auto-maker and one of the most hotly anticipated for a Silicon Valley company since the good old days of the late 1990s. This Palo Alto company does everything big.

### IMAGES



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Even losing money. Tesla has lost nearly \$237 million since its 2003 launch, and it's been on the edge of ruin a few times. Analysts are worried because the company has announced that it'll stop production of its Roadster sports car next year, and the company's new vehicle, a sedan expected to cost about \$57,000, won't be ready until 2012 at the earliest. That means the newly public company won't have any cars to sell for nearly two years. Heavy losses, no products - this IPO will be a great barometer of how much risk investors are willing to take in these still-shaky times.

That said, it *is* Tesla. The company has a habit of confounding skeptics and bean counters. The Roadster, for example, retails for \$109,000 and was plagued by delays. People still rushed to buy it. As the first company to create a freeway-ready electric car, Tesla received a \$50 million investment from Daimler last year and a \$465 million loan from the Department of Energy last month. In its Securities and Exchange Commission filing for the IPO, Tesla said it "operate(s) in a fundamentally different manner and structure than traditional automobile manufacturers." In a field of blighted rivals (GM, Ford) and huge recalls (Toyota), Tesla's perfectionism seems attractive.

But once a company goes public, there's no turning back. Tesla has lots of challenges, and the biggest one yet may be pleasing shareholders on a quarterly basis. The IPO may be the young company's biggest day - or its worst.

This article appeared on page **A - 11** of the San Francisco Chronicle

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