

The background features abstract, overlapping green geometric shapes in various shades, including light lime green, medium green, and dark forest green. These shapes are primarily located on the right side of the page, creating a modern, layered effect. The rest of the page is a plain white background.

Tesla

A financial history

Agenda

- ▶ EHVIP incentive update
- ▶ Financial backgrounder
 - ▶ Why do people hold stocks
 - ▶ IPO - Initial Public Offering
 - ▶ Going private
 - ▶ What is short selling
 - ▶ Going bankrupt
 - ▶ Equity vs debt
- ▶ Funding history
- ▶ Current assessment

TODAY

Tesla wins against Ontario gov as judge rules that phase-out of EV incentives is discriminatory

Fred Lambert - Aug. 27th 2018 5:54 pm ET [@FredericLambert](#)

TESLA



Breaking News on EHVIP

- ▶ 2018 vehicles that qualified for the EHVIP incentive if delivered prior to Sept 10. Effective today, they no longer qualify at all.
- ▶ -----
- ▶ *The Superior Court of Ontario has determined that the transition plan for EV rebates was not lawful and has rejected it, partially on the grounds that certain automakers were excluded from some provisions.*
- ▶ *The ruling does not speak to the cancellation of the EHVIP program (ie: it does NOT reinstate it); it speaks specifically to the invalidity of the transition plan.*
- ▶ *Without a transition plan, there is no provision for incentive payments for any vehicles - effective immediately.*
- ▶ *The government has the option of implementing a new transition plan or appealing the ruling.*
- ▶ *We will provide more updates as they become available.*

Financial Backgrounder - Stocks

- ▶ Stock valuation definition
 - ▶ The process of calculating the fair market value of a **stock** by using a predetermined formula that factors in various economic indicators. **Stock valuation** can be calculated using a number of different methods. The most common methods used are the discounted cash flow method, the P/E method, and the Gordon model.
- ▶ Entities (people, companies, etc.) buy stocks in anticipation of some future revenue:
 - ▶ Dividend, or
 - ▶ Capital gain
- ▶ Stockholders will bid up the price of a stock when they believe prospects improve
- ▶ Stockholders want the stock price to go **UP**.

Financial Backgrounder - Stocks

- ▶ Regulatory requirements
 - ▶ Transparency
 - ▶ Black out periods
 - ▶ Announcements - i.e. I'm taking Tesla private at 420
 - ▶ Regular public reporting
 - ▶ Etc.
- ▶ Can be a big distraction
- ▶ Shareholders can sue company or the board
- ▶ Often causes short term focus on maximizing profits
- ▶ Shareholders are said to have a “Long” position, i.e. they own the stock)

Financial Backgrounder - IPO

- ▶ Initial Public Offering - Tesla was June 2010 at \$17 US
- ▶ Why go public?
 - ▶ Allows insiders to value their holdings/options
 - ▶ Allows insiders to cash out
 - ▶ Great way to raise capital by issuing more shares
 - ▶ Dilutes stock

Financial Backgrounder - Going private

- ▶ Definition:
 - ▶ The repurchasing of all of a company's outstanding stock by employees or a **private** investor. As a result of such an initiative, the company stops being publicly traded.
- ▶ Normally achieved by offering a premium on current market price
 - ▶ Tesla stock is selling at 322 US
 - ▶ Elon Musk tweeted that he would pay 420 US per share
- ▶ Current shareholders have to agree to sell at offer price
- ▶ Success depends on getting a majority of shareholders to agree
- ▶ Above certain %, force the rest to sell

Financial Backgrounder - Short Selling

- ▶ Short selling definition
 - ▶ Short selling is the sale of a security that is not owned by the seller or that the seller has borrowed in the hope that the price will go down.
- ▶ Selling a stock that you don't yet own,
- ▶ Hoping that the price will go **DOWN**,
- ▶ So you can pay less than you sold it for,
- ▶ ...and make a profit
- ▶ Short sellers are betting that prospects will **worsen**, i.e. Model 3 production will not increase or meet expectations

Financial Backgrounder - Short Selling

▶ Example

- ▶ Tesla stock is selling at 322 US
- ▶ I think that the stock will drop down to 250 US by October 31st
- ▶ I borrow 100 shares promising to return it on say October 31st
- ▶ I sell the stock now at 322 US, but I am liable to replacing that stock on October 31st
- ▶ On October 31st, I need to purchase 100 shares at current market price to return borrowed shares
- ▶ If price < 322 US, I make some money
- ▶ If price > 322 US, I lose money
- ▶ If price = 250 US, I make $(322-250)*100 = 7,200$ US of profit on a 32,200 investment

Financial Backgrounder - Short Selling

- ▶ Short sellers make money when the news is bad
- ▶ Some of them make up bad news or amplify “bad” news
 - ▶ Fire at Tesla’s Fremont factory on Friday. Stories about Model 3 production impact appeared almost immediately.
 - ▶ Turns out the fire was in boxes outside the factory and there was no damage or impact to production
 - ▶ Stories last week that Tesla is not paying it’s suppliers
 - ▶ If true, this would cause production to slow down or cease almost immediately
- ▶ Tesla is the most shorted stock in history!
 - ▶ Lots of people make money when the price goes down.
- ▶ All of this puts *downward* pressure on the stock price
 - ▶ **Elon Musk** understandably hates this

Financial Backgrounder - Going bankrupt

- ▶ You have nothing left in the bank to pay bills
- ▶ A cash flow problem
- ▶ Not necessarily caused by a lack of profitability
- ▶ Example: Market Fresh
 - ▶ Very profitable
 - ▶ Owner gambled away his cash
 - ▶ Can't pay bills...can't buy goods to sell...
 - ▶ Rumours that you can't pay your bills can cause your business to fail
- ▶ Example: Tesla
 - ▶ Has never been profitable on a yearly basis
 - ▶ Has about 2 billion US in cash
 - ▶ Still solvent after 15 years

Financial Backgrounder - Going bankrupt

- ▶ Reorganize
 - ▶ GM did this in 2008
 - ▶ Shareholders lost “everything”
 - ▶ Many obligations were annulled/reduced
- ▶ Liquidate
 - ▶ Nortel
 - ▶ Sold off good assets
 - ▶ Paid off debt, nothing left for shareholders
- ▶ Sell
 - ▶ Other company can buy assets and run the company
- ▶ Tesla would likely survive bankruptcy

Financial Backgrounder - Equity vs Debt

- ▶ Money can be raised through either equity (stock) or debt
- ▶ Issuing stock dilutes the value of existing stock
 - ▶ Ex: Profit is 1.00 per share
 - ▶ Double the number of shares
 - ▶ Profit drops to .50 per share
 - ▶ Share price should drop by 50%
 - ▶ ...unless expectations dictate otherwise
- ▶ Issuing debt does not dilute stock
 - ▶ Does diminish profits somewhat
 - ▶ Introduces obligation that has priority of shareholders
- ▶ There are “optimal” levels of debt/equity ratios to maximize shareholder return

Tesla early day - before IPO

- ▶ July 1, 2003 - Founded by Martin Eberhard and Marc Tarpenning
- ▶ Apr 2004 - Series A - Elon leads \$7.5M
- ▶ Feb 2005 - Series B - Elon injects \$13M
- ▶ May 2006 - Series C - \$40M
- ▶ May 2007 - Series D - \$45M
- ▶ Mar 2008 - Roadster enters production - 2250 were produced
- ▶ Nov 2008 - Debt financing \$40M - “escapes bankruptcy”
- ▶ May 2009 - Daimler AG 10% of equity for \$50M
- ▶ Jun 2009 - Loan from DOE \$465M
- ▶ 2010 - Toyota - “similar amount” to Daimler - RAV4

Tesla early day -IPO

- ▶ Jun 2010 - IPO at 17 US
 - ▶ 13.3M shares, \$226M
- ▶ Jun 2012 - Model S production
- ▶ May 2013 - Tesla raised \$1.02 billion (\$660m from bonds)
- ▶ Feb 2014 - \$2 billion in bonds (to build GigaFactory 1)
- ▶ Aug 2015 - \$738 million in stock (for the Model X)
- ▶ Sep 2015 - Model X deliveries
- ▶ May 2016 - \$1.46 billion in stock (\$1.26 billion for the Model 3).
- ▶ Jul 2017 - Model 3 production begins

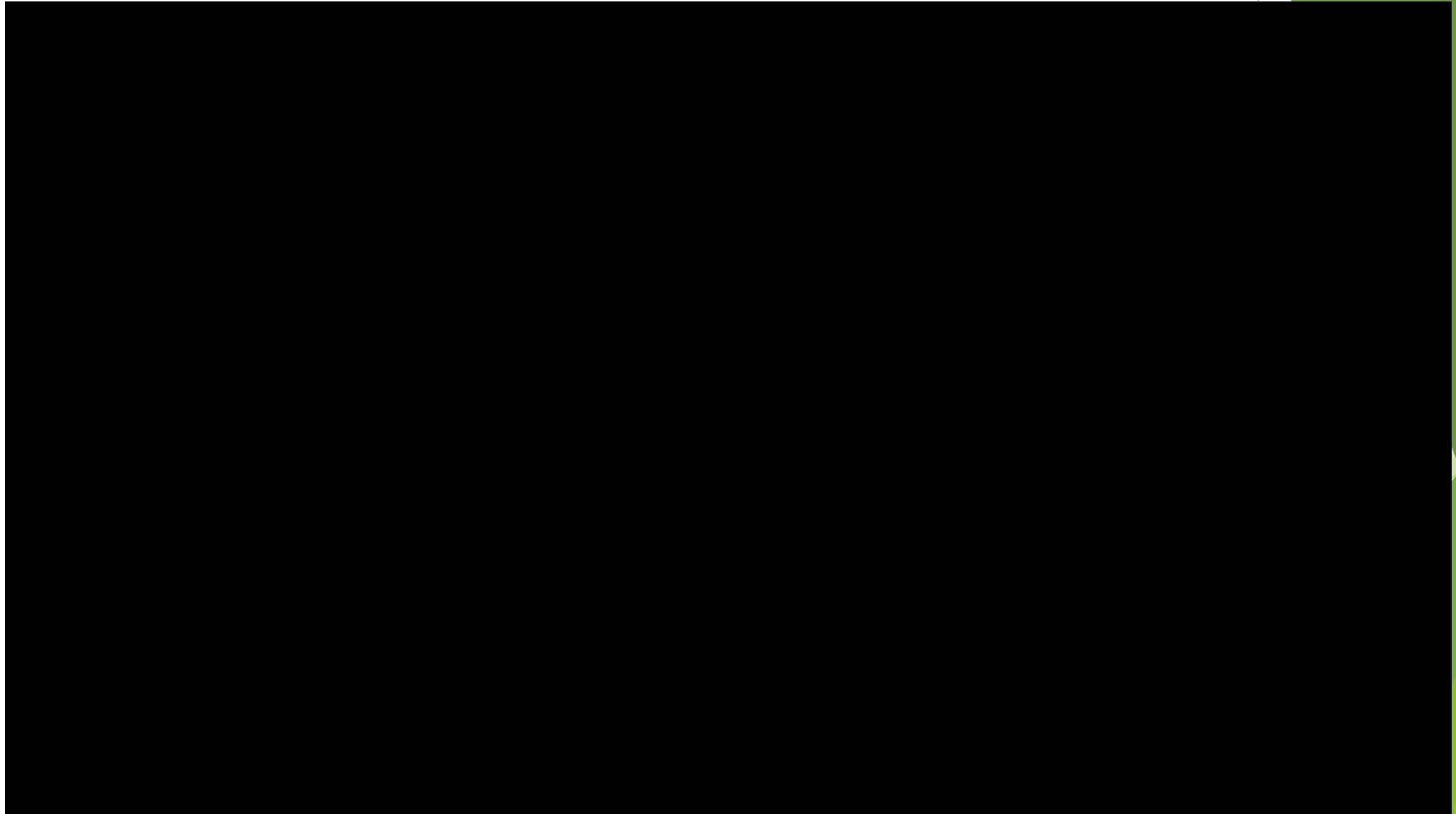
Tesla Privatization

- ▶ August 7 - Elon tweet \$420 per share
 - ▶ Stock was around 350 per share
 - ▶ Price should have risen to close to 420 per share
 - ▶ Price eventually went as low as 290 per share in the following weeks
- ▶ SEC investigation started
 - ▶ Tweet did not follow protocol
 - ▶ Announced during trading with no stock suspension
- ▶ Shareholder lawsuits

Tesla Privatization

- ▶ Saudi's rumored to be part of the deal
 - ▶ Already have 5%
- ▶ August 22 - Got an offer for \$30B
 - ▶ Consortium included VW
 - ▶ Strings attached
- ▶ August 24 - will stay public after all

Tesla Roadster



Current situation

- ▶ 2018 Q2 loss of 717 M
- ▶ \$2.2 B of cash at end of 2018 Q2
- ▶ Producing 5,000+ Model 3's per week
- ▶ Elon states that Q3 And Q4 will be:
 - ▶ Cash flow positive
 - ▶ Profitable
- ▶ Looks healthy to me!

EV Society Update

Activities are ramping up

- ▶ Clean Fuel Standard
- ▶ EMC
 - ▶ Lobbying Ontario
 - ▶ Lobbying Ottawa
- ▶ Measurement Canada
 - ▶ Effort to set standards for charging by the kWh
 - ▶ Working with Industry Canada

Past Events

Reaching outside the bubble!

Aug 5 Odyssey Theatre's Environmental Action Day eco fair



ODYSSEY
theatre
presents

ENVIRONMENTAL ACTION DAY

STRATHCONA PARK
(Laurier Ave E. and Range Rd.)
SUNDAY AUGUST 5TH 2018
11am – 2pm

- Help clean Strathcona Park and the Rideau River bank
- Meet Ottawa's leading environmental groups
 - See demonstrations and displays
- Get **FREE TICKETS** to Odyssey's summer performance of *Lysistrata and the Temple of Gaia*

*You'll make it green,
We'll make a scene!*

www.odysseytheatre.ca
613 232 8407

 @odysseytheatreottawa
 @odysseytheatreottawa
 @OdysseyTheatre
#greenscene

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Aug 5 Automation in Brockville



Aug 5 Automation in Brockville



Aug 5 Automation in Brockville



► Early Bird!

Aug 5 Automation in Brockville



- ▶ Next year:
 - ▶ Promotion
 - ▶ Test drives?
 - ▶ Better placement
 - ▶ More vehicles
 - ▶ Better early bird rewards...

Aug 11-12 Aylmer Auto Show - AVÉQ



Aug 11-12 Aylmer Auto Show - AVÉQ



Aug 18 EV day in Brockville



Aug 18 EV day in Brockville



Aug 18 EV day in Brockville



Upcoming Events

Upcoming Events

- ▶ Sept 8 Northern Nomad Open House 11AM to 4PM
- ▶ Sept ~~23~~22 GEDO - Green Energy Doors Open
 - ▶ Lansdowne park - space for 30 vehicles
- ▶ Oct 13 ~~Sept 29~~ EV rally - “Plug In Canada! Canada se branche!”
 - ▶ 500-1000 cars
- ▶ Apr 2019 Ottawa-Gatineau Auto Show
 - ▶ Electric Avenue

Sept 8 Northern Nomad Open House



- ▶ 11 AM to 4 PM
- ▶ Net Zero Tiny House
- ▶ Level 2 charger
- ▶ Need 1 or 2 cars
- ▶ <https://carleton.ca/architecture/2018/northern-nomad-tiny-house-open-house/>

Sept 22 Green Energy Doors Open



- ▶ Lansdowne Park
- ▶ 10 AM to 4 PM
 - ▶ Need to arrive before 9:30
- ▶ Up to 30 cars
- ▶ Panel - driving long distances with EV's

Plug In Canada! Canada se branche!



- ▶ October 13
 - ▶ Assemble at rallying points at 12PM
 - ▶ Québec - Gatineau Parc
 - ▶ Ontario - Cité Collégiale
 - ▶ Leave for Parliament Hill around 12PM
 - ▶ Speeches at 2PM on Parliament Hill
 - ▶ Catherine Kargis (Electric Mobility Canada) will be the MC
 - ▶ Ambassador Anne Kari H. Ovin of Norway - confirming keynote
- ▶ Official event announcement on September 8th
- ▶ Looking for help
 - ▶ Volunteers for logistics on event day
 - ▶ Help with social media/communications
 - ▶ Bring your cars!