Great Earnings Numbers Push Facebook Stock Higher, While Lousy Earnings Drive Down Tesla

The Entrepreneur Index™ was down on the day.

April 25, 2019 4 min read

Opinions expressed by *Entrepreneur* contributors are their own.

Great earnings pushed Facebook shares up nearly six percent while lousy earnings drove down Tesla's stock more than four percent.

With the reporting season now in the middle innings, it's clear that the earnings recession feared by investors – when profits actually decline – will not come to pass this quarter. Profit growth has slowed significantly for companies across the economy but on average, it hasn't gone negative.

Facebook, as it did last quarter, blew away analyst estimates for earnings and revenues. Despite all the angst about user and regulator backlash over privacy issues, the social media giant continues to deliver stellar financial results. First quarter revenues were up 26 percent and monthly users were up eight percent for the quarter. The stock, up more than ten percent in pre-market trading, closed the day with a gain of 5.85 percent.

Facebook's good numbers and equally strong results from Microsoft helped the tech-heavy Nasdaq Composite index post a gain of 0.21 percent. The S&P 500 and Dow indexes, however,

had losses of 0.04 percent and 0.51 percent respectively.

The Entrepreneur Index™ also declined 0.49 percent on the day as other companies on the index, including Tesla, O'Reilly Auto Parts and D.R. Horton reported disappointing financial results.

Tesla's first quarter was shockingly bad. It lost $702 million, more than twice analyst expectations, after reporting a profit in the last two quarters. The stock was down 4.4 percent today. The vehicle maker ended the quarter with just $2.2 billion in cash and will likely have to raise more capital from currently skeptical investors. Yields on the company's debt have surged and Tesla shares are down 25.6 percent this year.

Homebuilder D.R. Horton and retailer O'Reilly Auto Parts were also hammered after reporting financial results. D.R. Horton beat earnings and revenue expectations for the quarter but issued guidance for the year significantly below expectations. The stock was down 4.76 percent today. O'Reilly, meanwhile, blamed bad weather for a revenue miss in the quarter and also issued soft guidance for the year, sending its shares down 4.21 percent.

Chipotle Mexican Grill, on the other hand, continued to roll, handily beating earnings and revenue estimates. The stock, however, fell 4.46 percent after the company revealed it was served a new subpoena last week relating to an outbreak of illness in Ohio last year that left hundreds of customers sick. An e coli outbreak in 2015 sent sales and the company's stock price plummeting. Chipotle has been on a tear recently. The shares are up 57 percent this year and 99.7 percent over the last twelve months.

Fedex Corp. also had a major decline after competitor UPS reported poor results. UPS also blamed bad weather for the weak results, but the shares were down more than eight

percent. Fedex fell 4.54 percent on the day. It will next report earnings in June.

While Facebook shares were strong, other technology stocks struggled. Chip-makers NVIDIA Corp. (-4.8 percent) and Analog Devices (-1.94 percent), were both down sharply. Netflix (-1.58 percent) and Twitter (-2.01 percent) were also down.

The healthcare sector continued to recover from a sharp fall last week. Medical device-maker Boston Scientific was down yesterday after missing earnings and revenue estimates but was up 4.2 percent today. Drug-makers Regeneron Pharmaceuticals (2.8 percent) and Alexion Pharmaceuticals (4.3 percent) were also up nicely.

Other notable gains included Comcast (2.58 percent) and salesforce.com (2.21 percent). Ford Motor Co. was down on the day but rose sharply after the closing bell when it reported earnings.

The Entrepreneur Index™ collects the top 60 publicly traded companies founded and run by entrepreneurs. The entrepreneurial spirit is a valuable asset for any business, and this index recognizes its importance, no matter how much a company has grown. These inspirational businesses can be tracked in real time on Entrepreneur.com.

https://www.entrepreneur.com/article/332844