Tesla hails its second profitable year as a ‘breakthrough’



Tesla’s fourth quarter brought in a record windfall, as the company announced Wednesday that it turned a $2.3 billion profit.

It was the company’s second year finishing in the black, but significantly improved over last year’s fourth-quarter profit of just $270 million. The company ended this year with $5.5 billion in net income, compared to $721 million in 2020. Tesla turned that profit on just over $17.7 billion in revenue and did it while its average sales price continued to drop due to the increasing popularity of the more affordable Model 3 sedan and Model Y SUV.

Tesla produced 305,840 vehicles in the fourth quarter, a 70 percent increase over the previous year. For the entire year, the company delivered 936,172 vehicles, just shy of the promised 1 million vehicles but still an increase of 87 percent over the previous year.

“2021 was a breakthrough year for Tesla”
“2021 was a breakthrough year for Tesla, and for electric vehicles in general,” CEO Elon Musk said in an earnings call. “While we battled, as everyone did, with supply chain challenges through the year, we managed to grow our volumes by nearly 90 percent last year.”

Tesla has also continued to increase the profitability of its vehicles. The company said that the gross margin on its cars is holding steady at 30 percent, similar to the previous quarter. And the amount of regulatory credits it sold this quarter went up slightly compared to the previous quarter ($314 million this quarter, versus $279 million in Q3).

In its earnings release, the carmaker cautioned that the pace of production at its new Texas and Germany factories may be limited by supply chain problems and “regional permitting.” Still, Tesla says it is “making progress on the industrialization of Cybertruck.”

The company said its first Model Y vehicles to be made at its new Austin, Texas factory were nearing completion. After certification, Tesla said it expects to begin making customer deliveries of its new Texas-made Model Ys. But the companies other vehicles, such as the hotly anticipated Cybertruck, Semi truck, and next-generation Roadster, will have to wait until 2023.

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“If we were to introduce new vehicles, our total vehicle output will decrease,” Musk said. “We will not be introducing new vehicle models this year. It wouldn’t make sense.”

The Cybertruck, which was first introduced in 2019, was initially expected to make its first deliveries by the end of 2021. That was later pushed to late 2022, and now 2023, according to Musk’s characteristically vague comments.

“Hopefully next year,” he said. “That is most likely.”

As its new factories come online, Musk said the company was already casting about for new locations. An announcement about additional factories was likely before the end of the year, Musk added. “2022 is the year we will be looking at factory locations to see what makes the most sense with possibly some announcement by the end of this year,” he said.

Tesla also highlighted its controversial Full Self-Driving product as “a primary area of focus.” FSD is a beta version of an advanced driver-assist system that controls some of the car’s functions on local roads but still requires human supervision. In contrast, autonomous vehicles are cars that can operate on public roads without any human intervention or supervision.

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Still, the company claims that FSD will lead to more profits in the future thanks to the “higher utilization of our vehicles.” Tesla CEO Elon Musk has said that once Tesla’s cars are able to drive themselves, the company will leverage that capability into a “robotaxi fleet.” The goal is to make it so that each Tesla customer’s car can double as an autonomous vehicle that other people can hail while the owner isn’t using it.

The robotaxi service will launch “this year,” Musk predicted. (The company has failed to meet previous deadlines to launch the service predicted by Musk.) Tesla said it released seven over-the-air software updates for FSD over the quarter and that there are currently 60,000 vehicles operating with the advanced driver assist system in the US.

Musk was bullish on the continued improvements to FSD over the course of the year, despite concern from safety regulators that Tesla was testing an incomplete version of its software

on customers who lack the appropriate training.

“There are several profound improvements to the FSD stack that are coming in the next few months,” he said. “I would be shocked if we do not achieve Full Self-Driving safer than a human this year. I would be shocked.”

https://www.theverge.com/2022/1/26/22903136/tesla-q4-earnings-profit-chip-shortage-cybertruck-elon-musk