



## TESLA TO INFINITY AND BEYOND

As of Feb. 4<sup>th</sup>, Tesla's stock year to date has gained 112% in less than 24 trading days. The rapid rise has been fuelled by the following;

- Beating its fourth quarter earnings expectations and reporting a profit for the second straight quarter
- January production start of its Chinese factory
- Tesla shareholder and billionaire investor Ron Baron predicting that Tesla revenue could potential hit US\$1 trillion within 10 years
- News hype about how short sellers of the stock have been getting squeezed

As the stock market's most recent darling, we need to ask – is this parabolic move based on fundamentals or just irrational exuberance? We looked under the hood to check out the facts.

2020 Street Estimates	Unit Sales	Revenue in US\$ billions	Net Income in US\$ billions	Market Cap in US\$ billions
Tesla Inc.	450,000	32	1.4	160
General Motors Company	5,363,000	145	8.7	49
Ford Motor Company	5,273,000	142	4.7	36
Fiat Chrysler Automobiles *	4,418,000	121	4.8	21
Daimler AG	3,459,000	189	6.1	52
Total of 4	18,513,000	597	24.3	158

Table created by Matco Financial, Data Source: Bloomberg  
 \*Based on FY 2019 unit sales - no 2020 guidance

Although Tesla builds great environmentally friendly vehicles, is it really worth more today than one of the major auto manufacturers which are more profitable? We do not believe so. In fact, Tesla has a market capitalization of US\$160 billion versus a combined value of US\$158 billion for Ford, GM, Chrysler and Daimler. Clearly investors are in love with Tesla's green vehicles, the hope of ever-growing profits and world auto dominance. Today, we believe Tesla is a pure growth stock where investors are paying a high valuation for potential profits many years into the future.

As investment managers focused on income and capital growth, Tesla would not pass our strict investment factor criteria which is focused on real earnings and income today and not



based on future hope. As discussed at our recent Outlook event, our investment factors are focused on Return on Equity, Dividend Yield, Earnings, Stock Volatility, and Value. These factors have shown over time to produce better risk adjusted returns over the long term while avoiding speculative companies.

**ANIL TAHILIANI, MBA, CFA**

Vice President, Portfolio Manager

[atahiliანი@matcofinancial.ca](mailto:atahiliანი@matcofinancial.ca)



**MATCO FINANCIAL INC.**

Originally founded in 2006 to manage and service seven family offices, today Matco offers the benefits of our extensive investment management experience to individual investors, foundations, endowments, condominium corporations, trusts, corporations and not-for-profit organizations.

Our mission is to simplify the investment world for our clients by understanding their needs and providing exceptional investment solutions that preserve and grow capital.

For more information please visit [www.matcofinancialinc.com](http://www.matcofinancialinc.com)

---

*Copyright © \*2016\* Matco Financial Inc., All rights reserved.*

**Our mailing address is:**

400, 407 - 8th Avenue SW  
Calgary, AB T2P 1E5

Phone: 403.539.5740  
Fax: 403.539.5744

[www.matcofinancialinc.com](http://www.matcofinancialinc.com)