

Tesla Inc

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Bank of America near doubles price target for electric vehicle giant Tesla, hailing its "unfettered access to low-cost capital"

Tesla (NASDAQ:TSLA) shares further accelerated on Friday as it was upgraded by analysts at heavyweight Bank of America (BofA), who have become increasingly convinced by its electric vehicle story, and more significantly, the ease at which it can now access growth capital.

BofA has hiked its rating to 'neutral' from 'outperform' and shunted up the price objective (target) considerably to US\$1,750 a share from US\$800 previously. Tesla shares added 1.3% in New York on the day to stand at US\$1,642.09.

READ: Tesla: what is the significance of its stock split?

"Musk's leadership, a compelling brand, and improved execution are driving an ever-increasing stock price," wrote analyst John Murphy in a note.

"This is direct evidence that the company has unfettered access to low-cost capital, which remains a key advantage that may (and should) be leveraged to accelerate growth to almost 50% per annum over the next five years."

And Murphy noted the cyclical nature of the dynamic: "It is important to recognise that the higher the upward spiral of TSLA's stock goes, the cheaper capital becomes to fund growth, which is then rewarded by investors with a higher stock price."

He conceded though that the growth story so far has been a slow burn - Tesla is, only now, after 17 years, reaching around 500,000 units a year of volume.

"While we remain skeptical that TSLA will be the dominant EV automaker in the long-run, if a big global footprint can be built with no-cost capital, the 'growth' story would carry the day for the stock," he added.

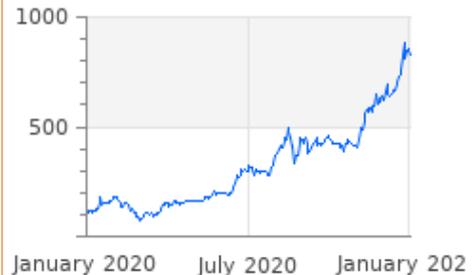
Shares in Tesla have jumped around 20% this week since on Tuesday it said it would carry out a 5:1 stock split at the end of this month. The move, which will create a lower price per share, but leave the firm's value unchanged, was designed to "make stock ownership more accessible to employees and investors," according to the firm.

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Price: 826.16

Market Cap: \$781.86 billion

1 Year Share Price Graph



Share Information

Code: TSLA
Listing: NASDAQ
52 week High: 884.45
52 week Low: 70.102
Sector: Manufacturing & engineering
Website: www.tesla.com

Company Synopsis:

Tesla Inc. was founded in 2003 by a group of Silicon Valley engineers who set out to develop a new electric vehicle company. Tesla Inc. uses proprietary technology, world-class design and state-of-the-art manufacturing processes to create a new generation of highway capable electric vehicles. We utilize an innovative distribution model based on company-owned sales and service centers.

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