

Tesla makes \$1.6B profit in Q3 despite chip shortage, but persistent delivery delays create an opening for competitors

Article

The news: Tesla posted a record **\$13.7 billion in revenues and a \$1.6 billion profit** despite the compounded global semiconductor shortage and delays in its updated Model S sedan and Model X SUV rollouts, per The Verge.

More on this: Tesla sold **241,300 cars** in Q3—the most it's ever sold in a quarter—and bucked the auto industry's trend of plummeting sales.

Despite historic demand for new and even used vehicles, GM's US sales **dropped 33% in Q3**, and Ford's sales were **down 27.4% as the carmakers wait for key components**. Tesla, meanwhile, sold **102,000 more vehicles** than it did during the same quarter last year.

- Tesla has managed to weather the chip shortage by relying on a variety of semiconductor sources and rewriting its software to support alternative chips.
- Offering a variety of models—like the popular Model Y SUV, which is in high demand in Europe and the UK—also helped Tesla capitalize on the uptick in EV sales.
- But it's not all good news for Tesla—the National Highway Traffic Safety Administration (NHTSA) is scrutinizing Tesla's Autopilot driver assistance features.
- Tesla also has a persistent issue with fulfilling deliveries and risks angering buyers who are realizing their preorders have moving delivery targets that are often several months later than expected.

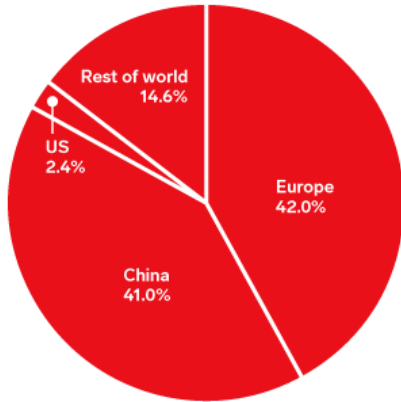
The bigger picture: Tesla's widening selection of models in various countries, and its ability to navigate the component shortages, could be solutions worth copying across the automotive industry.

- But Tesla's inability to **fulfill orders on time** could indicate deeper supply-chain issues that are being passed on to customers.

The problem: Prolonged delivery delays could frustrate Tesla's customers, who might gravitate toward EVs from competitors—giving them a window of opportunity to grab customers and EV market share.

Share of Electric Vehicles Sold Worldwide, by Country/Region, 2020

% of total



Source: Canals as cited in press release, Feb 22, 2021

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