

AUTOMOTIVE

Elon Musk considers taking Tesla private

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Tesla's Elon Musk will remain at the company long-term. Image credit: Tesla

By STAFF REPORTS

Automaker Tesla's CEO Elon Musk is looking to possibly privatize the company in an effort to focus on more long-term goals.

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In a statement explaining the potential move, Mr. Musk explained that being public puts pressure on the company to meet quarterly earnings targets, leading to strategic decisions that are focused more on the short-term. Following the announcement, Tesla's stock rose.

Pondering privatization

Mr. Musk's plan for Tesla's privatization would include a share buyout price of \$420, which is 20 percent greater than the share price on the earnings call for the second quarter. Existing investors could choose to sell off their shares, or they could continue on as shareholders in the private company.

Tesla's employees also hold stakes in the company, and they would be able to sell shares periodically in the hypothetical private version of Tesla.

If Tesla were to try to go private, it would be put up for a shareholder vote.

One of the main reasons for Mr. Musk's consideration of going private is that its stock price is a "distraction." Its stock is the most shorted in the history of the stock market, as investors bet against the company.

"I fundamentally believe that we are at our best when everyone is focused on executing, when we can remain focused on our long-term mission, and when there are not perverse incentives for people to try to harm what we're all trying to achieve," Mr. Musk said in a statement.



Tesla's plant in California. Image credit: Tesla

Even if Tesla does go private, Mr. Musk does not rule out a return to public trading in the future. He says that it would make sense again if the company reaches a stable and predictable growth trajectory.

The CEO, who owns 20 percent of Tesla, also noted that privatization was not a move to gain more stake in the company for himself.

Similarly to Tesla, retail group Nordstrom eyed a potential move toward private ownership. Last year, the Nordstrom family announced it was looking into the possibility of a "going private transaction," in which it would purchase all common stock in the company ([see story](#)).

While the Nordstrom family did not end up going private, this trend points to the desire to focus on the long-term rather than quarterly gains.