

Moody's expects Tesla to stay at EV leader spot, upgrades to 'Ba1'

Reuters | Jan 25, 2022, 04.01 PM IST



Moody's upgraded Tesla Inc's debt rating by two notches to "Ba1" from "Ba3" on Monday, reflecting the ratings agency's expectations that the Elon Musk-led company will maintain its position as the leading battery electric vehicle manufacturer.

Moody's affirmed in a note that Tesla's outlook remains positive and the company will continue to increase its scale rapidly and improve its profitability notably.

Tesla's financial policy is likely to be prudent and liquidity would remain very good, Moody's said, adding that a more competitive offering of battery electric vehicles by other automakers could start to exert some pressure on the company's margins in 2023.

In January, Tesla reported record quarterly deliveries that far exceeded Wall Street estimates, riding out global chip shortages as it ramped up China production. It was the sixth consecutive quarter that the world's most valuable automaker posted record deliveries.

The ratings agency also anticipated that Tesla will deliver nearly 1.4 million vehicles in 2022, up from about 936,000 in 2021.