



Guess Which Canadian Company Just Ordered 25 Tesla Inc. Electric Semi Trucks?

Description

Tesla Inc. ([NASDAQ:TSLA](#)) blew expectations out of the window last week when it unveiled its much-awaited electric truck, the Tesla Semi. While trucking fanatics are marveling at the Semi's mind-boggling features, one Canadian company has already hopped on the Tesla Semi — food and pharmacy giant **Loblaw Companies Ltd.** ([TSX:L](#)).

Loblaw placed orders for 25 Tesla Semis soon after launch, becoming one of its first Semi customers along with **Wal-Mart Stores Inc.** ([NYSE:WMT](#)) Canada and others.

Here's what Loblaw's Semi order could mean for investors.

Why is the Tesla Semi such a big deal?

Tesla's Semi is a powerful truck that can run 500 miles on a full load and a single charge, and can charge up to 400 miles in just 30 minutes with Tesla's Megachargers. Tesla believes a driver can make a round trip without recharging — going by the current distance of trucking routes. Tesla also guarantees the Semi can run one million miles.

If the Semi can live up to its specs, it could be the best-in-class electric truck until a rival company goes a step further and invents something even better.

Tesla will begin production of the Semi in 2019. Though the price of the Semi hasn't been revealed yet, Loblaw ordered 25 trucks with a deposit of US\$5,000 each. That's larger than Wal-Mart's order of 15 Semis, 10 of which are for its Canadian business.

Why is Loblaw interested in the Semi?

The Tesla Semi isn't Loblaw's first electric-vehicle move. Just earlier this month, the grocer unveiled a heavy-duty Class 8 fully electric truck manufactured by the China-based electric-vehicle manufacturer, BYD. According to Loblaw, the truck can deliver groceries commercially with "zero carbon emissions."

Loblaw's latest Semi order proves the company is serious about its environmental goals. Loblaw aims to reduce its carbon footprint by 30% by 2030 and considers electric vehicles a major part step towards its goals.

In fact, Loblaw now plans to have a fully electric fleet by 2030, which will include 350 "zero-emission" vehicles and nearly 2,500 trailers. Wal-Mart too has been keen on hybrid and electric vehicles as it strives to reduce emissions.

My Foolish takeaway

For Loblaw, it's a step in the right direction, as it strives to modernize its fleet and cut costs in the long run to not just survive, but to grow in an industry that's [facing a major threat](#) from **Amazon.com**.

Loblaw's [latest quarter confirmed](#) yet again how focused management is on costs: Loblaw more than doubled its net income during the third quarter, despite flat revenue, thanks largely to its aggressive cost-control measures.

It's not easy being a retailer today with Amazon around, but Loblaw's ongoing efforts to go beyond the traditional in-store grocery business — for instance, the company just struck a deal with Instacart to start home delivery of groceries — and bet on the future of transportation like electric trucks should go a long way in helping it ride the storms.

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2. NYSE:WMT (Wal-Mart Stores Inc.)
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