



ATLANTIC CAPITAL MARKETS



Rivian IPO

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Introduction

Rivian is an American electric vehicle manufacturer and automotive technology company founded in 2009. Rivian is based in Irvine, California, with its manufacturing plant in Normal, Illinois, and other facilities in Plymouth, Michigan; Palo Alto, California; Carson, California; Vancouver, British Columbia, and Woking, England. The company was formed in 2009 by Florida-born mechanical engineering graduate Robert 'RJ' Scaringe. Initial debt finance fuelled early-stage plans for a gas-powered sports car; but after pivoting and spending four years developing an EV coupe, Scaringe saw a gap in the market instead for an electric truck and SUV's.

The Business

Rivian is building an electric sport utility vehicle (SUV) and pickup truck on a "skateboard" platform (A skateboard is a type of automotive chassis used in the EV sector, The skateboard chassis includes a base structure or a platform, which houses the batteries, electric motors and other electronic components.) this platform can also support future vehicles or be adopted by other companies. These vehicles are designed for both on-road and off-road driving. An electric van is also being built. The company plans to build an exclusive charging network in the US and Canada. Rivian has emerged as a serious contender in the electric vehicle space with a primary focus on heavy-duty trucks.

Rivian is also developing delivery vans for Amazon and has said it plans to have 10,000 vans on the road by 2022 and 100,000 by 2030. Rivian also beat Tesla, GM and Ford to the market with an electric pickup, the R1T, which has received early acclaim. The company has now stated in its amended prospectus that it's delivered 156 R1Ts as of the end of October and plans to deliver 1,000 by the end of the year.

In 2019, Rivian was able to raise several substantial equity rounds, with Amazon leading a \$700mn round in February 2019, Ford a \$500mn round just two months later, and investment giant T. Rowe Price a \$1.3bn round at the end of the year. Amazon said it was 'inspired by Rivian's vision for the future of electric transportation', and itself ordered 100,000 vans to be delivered by 2030.

An additional round of \$2.5bn in 2020, again led by T. Rowe Price, prepared the company to roll out its models for the following year. The latest round of funding before the planned IPO saw the company raise \$2.65bn in January 2021, for the continued development, production and delivery of its vehicles, as well as building a vehicle charging network. In 2020 Rivian had projected delivery of 20,000 vehicles in 2021 and expected to double that figure for 2022. This would mean a potential \$1.4bn and \$2.8bn in sales respectively, although more updated forecasts aren't available as of 2021. The company has in excess of 5,000 employees.

On September 1 of this year, the company then filed paperwork with the Securities and Exchange Commission to become a publicly traded company. The company is working with advisers including Goldman Sachs Group Inc, JPMorgan Chase & Co, and others, in preparation for the transaction.



Business Strategy

Rivian's business strategy is centred on setting itself apart from other EV names through its focus on SUV and pickup offering, with plans to deliver smaller models of its R1T and R1S for the Chinese and European markets. The company has also revealed its intention to produce more range per battery charge than existing electric cars, with its 180-kWh pack reportedly set to deliver 410 miles of range for the 2022 R1T. The company also looks to expand its production with a potential plant earmarked for Europe that would help fulfil the Amazon order. Developing surrounding EV technology is also a key part of the strategy. Fast-charging stations are in the pipeline, which will be located not only on highways but also in such places as hiking trails, parks and various off-road spots.

Listing

Rivian have now announced in a recent filing they plan to list on the Nasdaq with the ticker code RIVN. The firm have also announced that investors like Amazon and T. Rowe Price have given an indicated interest of buying up to \$5bn worth at the IPO. Amazon last week disclosed it has a 20% stake in Rivian, and Amazon have also invested more than \$1.3bn in Rivian to date. Ford also holds a stake around 12% in Rivian.

Valuation

Rivian was worth around \$27.6bn as of July 2021, based on their latest fundraising round in January 2021 of \$2.6bn. However, reports now suggest that the company's value on IPO could be as high as \$54.6bn with some reports as high as \$60bn. The company is offering 135 million shares to the market with a price range of \$57 - \$62. There is also an option for underwriters to purchase up to 20.25 million additional shares.

This valuation would see Rivian valued at the top end of the electric vehicle start-ups coming out of the US and put it on par with the Chinese electric vehicle maker Nio. It would also mean Rivian is only slightly less valuable than traditional automotive giants such as Ford.

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