



# ATLANTIC CAPITAL MARKETS



## Three Hot IPO's

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With the IPO market heating up and the world turning towards electric vehicles we identify three highly promising IPO's set to hit the market by the end of the year. In this special report we highlight the giant aggressively moving into the EV market, the infrastructure provider with big plans and the new boy set to challenge the big guns.

## Volvo

### Introduction

Volvo Cars is possibly one of the most well-known car brands on the planet. They are a Swedish automotive manufacturer of luxury vehicles headquartered in Torslanda in Gothenburg, Sweden. The company manufactures and sells a wide range of vehicles.

The Volvo Group was founded in 1927 as a subsidiary of the ball bearing manufacturer SKF. When AB Volvo (now a separate company) was introduced on the Stockholm stock exchange in 1935, SKF sold most of its shares in the company. Its cars are marketed and have a global reputation for being safe, solid and reliable while emphasizing their Swedish design.

The heavy truck and construction equipment conglomerate AB Volvo and Volvo Cars have been independent companies since AB Volvo sold Volvo Cars to the Ford Motor Company in 1999. The heavy truck and construction equipment conglomerate AB Volvo have been a separate entity since 1999. It's the world's second largest manufacturer of heavy-duty trucks and already trades on Nasdaq Stockholm.

In 2010, Volvo Cars became a subsidiary of the Chinese manufacturer Geely Holding Group. Both AB Volvo and Volvo Cars share the Volvo logo despite being separate entities. The firm has a huge global footprint with approximately 2,300 local dealers from around 100 national sales companies worldwide. Volvo Cars' largest markets are China, the US, Sweden, the UK and Germany.

For the first six months of 2021, the XC40, a mid-sized SUV that's also a plug-in hybrid, was its top-selling model. A total of 118,121 XC40s were sold, almost double the volume from the same period 12 months previously.

Its first fully electric car, the XC40 Recharge, was released in markets around the globe in 2020.

### The Business

Volvo Cars trades through more than 2,000 dealerships worldwide. Additionally, Volvo Cars has become a brand synonymous with safety and maintains a strong rapport with customers who are happy to put safety first and will pay a premium.

Volvo's current business strategy is possibly one of the most ambitious modernisations plans among carmakers on its level. It has pledged to sell only electric vehicles by 2030. The firm is already planning how to phase out all its cars with internal combustion engines, including hybrids.



In a press release from March 2021, it stated “legislation as well as a rapid expansion of accessible high-quality charging infrastructure will accelerate consumer acceptance of fully electric cars. Volvo Cars’ move towards full electrification comes alongside an increased focus on online sales. All fully electric models will be available online only.

Its first fully electric car, the XC40 Recharge, was released in markets around the globe in 2020. Volvo Cars also has some targets it hopes to achieve by the end of 2025, including:

### **Is Volvo Cars profitable?**

Volvo Cars posted a healthy profit in the first half of 2021 as demand for electric cars pushed earnings above pre-pandemic levels. The profit of \$1.52bn, more than doubled its profit in the corresponding period of 2019. Volvo Cars sold more than 770,000 vehicles in the 12 months to the end of June.

### **Valuation**

Volvo Cars is expected to be worth \$30bn, according to numerous media reports. Around one-third of that figure would be attributed to the firm's stake in Polestar, an electric performance car brand. Polestar spun off four years ago and has announced its own intention to float through Gores Guggenheim, a SPAC backed by billionaire private equity investor Alec Gores and Guggenheim Capital.

In announcing its IPO, Volvo Cars did not share its own valuation projections.

## **POD POINT**

### **Introduction**

The company launched in 2009 by mechanical engineer Erik Fairbairn, who began his career at Ford and had previously founded and sold supercar rental club Ecurie25. Initially, Fairbairn invested much of his own capital in Pod Point and acquired angel funding in the early stages. In 2014 the company raised £1.5mn in equity crowdfunding on Seedrs, followed by another crowdfunding round, this time for £1.9mn on Crowdcube, the following year.

Pod Point is a leading UK provider of charging infrastructure for electric vehicles, based in London, England. It provides charging units for home, business and public use. Since forming in 2009, Pod Point have manufactured and sold over 40,000 charging points and developed one of the UK's largest public networks, connecting EV drivers with hundreds of charging stations nationwide.

### **The business**

Pod Point operates the “Pod Point Network”. The Pod Point Network is accessible via the Pod Point smartphone app.

In 2018, Tesco, Volkswagen and Pod Point teamed up to install electric vehicle charging points in over 600 stores by 2022.



In February 2020, Pod Point was acquired by EDF Energy through a newly formed joint venture with Legal and General Capital. The deal was worth around £110mn and is part of EDF's plans on being the leading energy company for EVs in Europe. Pod Point's charging solutions were to become part of EDF's EV offering in the UK, and the deal enabled Pod Point's national roll out of more charging points to be facilitated quicker and smoother. Legal & General Capital also took a stake in the joint venture amounting to 23% of the new business.

Pod Point has established itself as one of the UK's leading charging networks for electric vehicles. Today, Pod Point controls more than 3700 bays on its public EV charging network and has sold some 100,000 charging points for home use across the UK and Norway.

### **How does Pod Point make money?**

Pod Point makes money through the sale of its private charging points to individuals and businesses, income which is supplemented by maintenance packages and hardware upgrades. It also makes money through allowing customers to lease their Pod Point.

### **Is Pod Point profitable?**

The latest set of accounts do highlight that at this stage pod point is not profitable, the firm suffering an operating loss of around £6.8mn before tax for the period to June 2019. However, the year represented a time of expansion for the company in other ways, with major investments in its sales team, technology and operations infrastructure all factors that contributed to the deficit at that point.

### **Valuation**

It is not very clear how much more value Pod Point has gained since its acquisition by EDF for £110mn in 2020, mainly due to there being no publicly available data for the firm since then. It remains to be seen until flotation just how high a nine-figure sum the valuation will be.

## **Rivian**

### **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 a coupe EV, Scaringe saw a gap in the market instead for an electric truck and SUV.



## 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.) that can 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, and all three vehicles are planned to be delivered to customers in 2021. 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.

On September 1, the company filed paperwork with the Securities and Exchange Commission to become a publicly traded company. The valuation of the company could be around \$80bn post listing, according to reports. The company is working with advisers including Goldman Sachs Group Inc, JPMorgan Chase & Co, and others, in preparation for the transaction.

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.

## 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.

## Valuation

Rivian was worth around \$27.6bn as of July 2021, based on its latest fundraising round in January 2021 of \$2.6bn. However, reports suggest that the company's value on IPO is set to dwarf that figure.



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