

# Rivian shares leap in market debut, topping value of Ford, GM

November 10 2021, by Juliette Michel

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In a stunning Wall Street debut, the value of electric truck maker Rivian now exceeds that of the traditional Detroit automakers.

Electric truck maker Rivian soared in its Wall Street debut on Wednesday, making the company worth more than traditional

automakers Ford and General Motors.

Shares in the company backed by Amazon and Ford leapt as high as 50 percent in its first day of trading, taking Rivian's market capitalization to more than \$100 billion, if stock options and other convertible shares are taken into account—well above Detroit's legacy manufacturers.

The red-hot startup is taking advantage of investor enthusiasm for the electric vehicle sector, where star performer Tesla recently surpassed \$1 trillion market capitalization.

Rivian had announced late Tuesday that it had raised \$11.9 billion in its initial public offering, setting the share price at \$78 in the largest IPO since 2014 when China's online giant Alibaba went public.

At the close of trading Wednesday, Rivian's shares had gained more than 29 percent to \$100.73.

Rivian was founded in 2009 by Robert Scaringe, a car enthusiast who, after graduating from college, wanted to focus on less-polluting forms of transportation rather than the traditional automobile.

Backers view it as the next Tesla, but it has skeptics, as well.

"No one is even bothering to discuss unimportant issues like revenue or cash flow, preferring instead to rely on the 'dreams' that are being sold by the management and its advisors," said Richard Windsor of Radio Free Mobile.

## **EV enthusiasm**

He attributes the rapid rise to investors with excess looking for promising returns.

"With no sales in the market, the Rivian team is also untested at the hardest task of all which is achieving scale, and Rivian needs to do this in spades if it ever hopes to grow into the valuation currently being attributed to it," said Windsor.

The company is indeed loss-making, but Gregori Volokhine, president of Meeschaert Financial Services, said it had benefited from the buzz around electric vehicles.



Rivian electric trucks are seen parked near the Nasdaq MarketSite building in Times Square, in New York City.

"There is currently a huge demand for all ESG investments," Volokhine

said, referring to the acronym that denotes investing in companies seen as socially and environmentally responsible.

The company as of October 31 had delivered just 156 vehicles, mostly to company employees, all of which are currently produced at a plant in Normal, Illinois that it acquired from Mitsubishi in 2017.

Rivian delivered its first pickup, the R1T, in September, with plans to debut its R1S sport utility vehicle in December.

As of late October, it had an order backlog of 55,400 R1Ts and R1Ss that it expects to deliver by the end of 2023. Prices for the electric trucks and SUVs start from around \$70,000.

Rivian also plans to deliver 100,000 vans to Amazon by 2030.

## **The next Tesla?**

Despite the rising trend of sustainable investing, "there are not so many big companies" that completely meet the criteria, Volokhine said. General Electric, for example, manufactures clean wind turbines but also gas turbines.

Ford and GM have invested in electric vehicles, but most of their cars burn gasoline.

Like Elon Musk's firm, Rivian sells its cars directly, not through dealerships. However, Edmunds executive director of insights Jessica Caldwell said it may be premature to compare the two companies.

While Tesla released its first car "when no one else really cared about electric vehicles," Rivian "is coming out in a market that is more saturated," Caldwell told AFP.

"They're not going to catch anyone by surprise," she added.

Start-ups like Faraday and Fisker are also developing their own electric SUVs, but considering Tesla's soaring success, Caldwell conceded that traders' enthusiasm can be understood.

"All the investors kind of want to be a part of the next company that could show as much value as Tesla, and some people think that Rivian is that company," she said.

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Citation: Rivian shares leap in market debut, topping value of Ford, GM (2021, November 10)  
retrieved 4 May 2024 from

<https://techxplore.com/news/2021-11-rivian-debut-topping-ford-gm.html>

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