

Exploring Financial Performance of Rivian – the First Consumer Electric Truck Maker of the World

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Abstract

This study analyzes the financial statements of Rivian Automotive Inc. We looked at the balance sheet and income statement for 2021 and 2022, and some of the key things that we learned are that Rivian is not yet profitable as it is a new company. However, it has recently launched two models: the electric truck (RT) and Sport Utility vehicle (SUV – R1S) and a new production line is under development, which possibly augurs good fortunes.

Introduction

Rivian is an end-to-end manufacturing company that was founded in 2009, which focuses on electric vehicle manufacturing. The name is a play on the Indian River in Florida, which is where the founder Robert Scaringe grew up. The company currently has two manufacturing shifts, which produces the R1 lineup of vehicles. Rivian is currently working on production for the R2 lineup through research and development. Rivian became a public company through an IPO, and was listed for the first time under the ticker “RIVN” on November 10, 2021. Its market cap is 13.45 billion as of April 3. There were several top executives that left Rivian earlier this year during a challenging time for the company. Among these executives was Randy Frank, formerly the VP of Body and Interior Engineering, and Steve Gawronski, formerly the VP of Parts Purchasing.

Rivian has a deal with Amazon to produce electric delivery trucks, though Amazon has recently divested itself of the large chunk of Rivian stock that it held. Ford used to hold a large amount of stock in Rivian, but sold it after announcing that they were cancelling their partnership with Rivian. Because of their partnership with Amazon, Rivian produces commercial vehicles in addition to their consumer products. Their production of consumer vehicles has quadrupled since November 2022, and seems on course to keep growing.

Liquidity	2022	2021
Current Ratio	5.4167	14.1348
Quick ratio	5.4167	14.1348
Cash ratio	4.7723	13.8104

RT 1: Rivian Liquidity Ratios

Solvency Ratios	2022	2021
debt ratio	0.2281	0.1247
times interest earned	63.4815	-162.3077
cash coverage ratio	63.4815	-162.3077

RT 2: Rivian Solvency Ratios

Balance Sheet - Rivian Motors			
Current Assets	2022	Liabilities	2022
Cash and equivalents	11,568	Short Term Liabilities	2,424
Short term investments	112	Accounts Payable	2,154
Accounts Receivable	102	Short Term debt	270
Inventories	1,348	Long term liabilities	1,653
Prepaid expenses	0	Total Liabilities	4,077
		Owners' Equity	
Total Current Assets	13,130	Common Stock	13,799
Net Plant Property	4,088	Retained Earnings	0
Other long term assets	658	Total Owners' equity	13,799
Total Assets	17,876	Total Liabilities and Owners' Equity	17,876

Table 1: Rivian Balance Sheet for 2022 (\$ million)

Balance Sheet - Rivian Automotive			
Current Assets	2021	Liabilities	2021
Cash and equivalents	18,133	Short term Liabilities	1,313
Short term investments	126	Accounts Payable	1,150
Accounts Receivable	26	Short Term debt	163
Inventories	274	Long term liabilities	1,467
Prepaid expenses	0	Total Liabilities	2,780
		Owners' Equity	
Total Current Assets	18,559	Common Stock	19,514
Net Plant Property	3,411	Retained Earnings	0
Other long term assets	324	Total Owners' equity	19,514
Total Assets	22,294	Total Liabilities and Owners' Equity	22,294

Table 2: Rivian Balance Sheet for 2021 (\$ million)

2022 Income Statement		2021 Income Statement	
Revenue	1658	Revenue	55
COGS	4,781	COGS	520
SG&A	3,733	SG&A	3,755
Depreciation	0	Depreciation	0
EBIT	-6,856	EBIT	-4,220
Interest Expense	-108	Interest Expense	26
EBT	-6,748	EBT	-4,246
Taxes	4	Taxes	0
Net Income	-6,752	Net Income	-4,246

Table 3: Rivian Income Statement for 2021 and 2022 (\$ million)

Asset Management Ratios	2022	2021
inventory turnover	3.5467	1.8978
days' sales in inventory	102.9115	192.3269
receivables turnover	16.2549	2.1154
days' sales in receivables	22.4548	172.5455
total asset turnover	0.0928	0.0025

RT3: Rivian Asset Management Ratios 2021 and 2022

Method

To complete my research, I calculated the financial ratios of Rivian for the years 2022 and 2021. Some important ratios being discussed are:

Profitability ratios	2022	2021
profit margin	-4.0724	-77.2000
ROA	-0.3777	-0.1905
ROE	-0.4893	-0.2176

RT 4: Rivian Profitability Ratios

DuPont analysis	2022	2021
Profit Margin	-4.0724	-77.2000
Asset turnover	0.0928	0.0025
Financial Leverage	1.2955	1.1425
ROE	-0.4893	-0.2176

RT 5: Rivian DuPont Analysis

Results:

Liquidity Ratios:

Rivian's liquidity (RT1) has decreased, indicating that the company is improving with its cash management year over year.

Solvency Ratios:

Rivian's debt to asset ratio (RT2) has gone up due to the opening of a second manufacturing line. Times interest earned is positive for 2022 because Rivian earned interest income.

Asset Management Ratios:

Although Rivian's sales were not as strong as originally expected, they still went up in 2022, which created greater inventory turnover (RT3), fewer days sales in inventory, and better receivable turnover. The total asset turnover is 9%, below the industry average of about 40%.

Profitability Ratios:

All profitability ratios are negative because Rivian is not expected to be profitable until 2024 (RT4).

DuPont Analysis:

Because of negative profit margin, DuPont analysis will not provide a perfect picture, but asset turnover is below industry average (RT5). Financial leverage is also below the industry average because of the company being relatively new.

Sources:

Sean McLain, Nora Eckert, "Several Top Rivian Executives Depart," *Wall Street Journal*, January 2023. <https://rivian.com/>