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THE LONG PULL

Rivian Automotive (RIVN)

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Every so often, I come across an idea so disgusting that it makes me want to go upstairs, shower for 20 minutes, think about all the decisions I've made to get to *this point* where I'm studying *this idea*, and hope it just goes away.

I tried that and it still didn't work. So here I am, writing about an idea so horrible that it just might work.

The idea is **Rivian Automotive (RIVN).**

Yep, the car company that's generated $26.52B in cumulative operating losses since 2015 and spent nearly every dollar of investor's $31.5B paid-in capital trying to build an EV car company in the United States.

RIVN has spent its entire life losing money. Not on an operating profit basis, **but at the gross profit level.** It wasn't until Q4 2025 that the company generated a positive gross profit margin.

It's easy to dismiss RIVN as an investment because it's done nothing but lose money, torch investor capital, dilute shareholders into oblivion, and trade at a 90% discount to its post-IPO highs. Oh, and it just announced another $1.5B raise yesterday at ~$15.50/share.

But that is why the opportunity exists.

Behind the massive losses, dilution, and 90% share price decline hides:

1. **An inflecting EV auto business** reaching critical scale while releasing its highly-anticipated (and significantly cheaper) R2 SUV.
2. **Existing nameplate capacity of 515K** units by 2030 (versus ~60-70K units guided for 2026) and an impossible-to-replicate asset base anywhere near the current EV.
3. **A legit physical AI/robotics company** worth $3.5B as of the latest funding round with scale, data, and training advantages versus its comparables that trade for much higher valuations.
4. **A software services business growing 200%+** with a path towards $6B in revenue at 35%+ incremental margins.

The stock closed today around $16.60/share for a ~$22B EV.

Here's the pitch: RIVN is inflecting its EV auto business while growing its software business 60% YoY, all of which is incremental to gross and operating margins. At 70% of nameplate capacity and management-guided margin targets, **the EV business is worth ~$51B or $40/share.**

Then there's the software business, which can reach $5.25B in annual revenue (assuming ~36% annual growth … lower than the current 60% forecast) by licensing to other OEMs outside RIVN's core Volkswagen JV customer. Assuming 5x sales for an annuity-like licensing business and you get **$26B in EV or ~$21/share.**

Finally, RIVN owns ~38% of Mind Robotics (founded by RIVN's founder RJ Scaringe), a legitimate industrial robotics company built on top of RIVN's existing assets and infrastructure. The company most recently raised at a $3.4B valuation and is in one of the most attractive end markets in robotics. I could see Mind reach a $6-$12B+ valuation over the next few years, **adding another ~$3/share in value.**

In conclusion, **you can buy RIVN today for ~$17/share and get ~$65/share in value** should the company execute its unit growth ambitions and deliver on its R2 and software licensing estimates.

Finally, founder/CEO RJ Scaringe is highly incentivized to make the equity work. He stands to make $4.5B+ that **only pays out fully if Rivian's stock experiences a 10-fold increase,** hits specific profitability milestones, and the company hits real-world operational and cash-flow targets.

The rest of the report expands on each of RIVN's component value drivers behind the share price disconnect.

An Inflecting EV Auto Business

There are good reasons why RIVN is down 90% from its IPO highs, and we've already explained them above. But at the current price, you're not really paying for a thriving future EV autos business. You're just hoping that one exists at some point in the next three years, and if it does, the equity will dramatically re-rate.

RIVN's EV business to date has been selling luxury-priced EVs with a $127K+ price point in low volumes. This leads to diseconomies of scale and awful operating leverage. The higher price point shrinks volumes so you spread much higher costs (to scale manufacturing/delivery of the higher bill-of-materials car) across lower volumes.

Remember, RIVN has spent all this money building 200K+ annual capacity at their Normal, IL factory. And they've only spread those costs across ~12K cars annually to date.

Hence the negative gross margins.

Enter the R2 model. This is RIVN's mass-market EV SUV priced around $58K with shipments starting (literally) today.

The idea is simple. Develop a much cheaper car to drastically expand sales volumes to spread more fixed costs across more cars, thus increasing per-car margins and profits. R2 should have ~50% lower bill-of-materials costs versus R1 *and* benefit from the operating leverage of increasing utilization at the Normal, IL plant. This creates a dual-engine growth in margins and profitability.

We're also at an interesting point in the EV industry cycle. Legacy OEMs have left the space highlighting large operating losses on EV trucks and other vehicles, and EV-native companies like Fisker, Lordstown, and Nikola have died and gone to auto OEM heaven.

I'll explain why this matters later in the replacement cost analysis. But it's important to mention here because we could be at an inflection in EV sales and EV industry consolidation … where the players we have now are the players we'll have for the next 5-10 years. And if that's the case, it should allow for decent profits for all involved given the size of the automotive industry.

Here's the quick math/assumptions behind my $51B price tag for the auto EV business:

- 70% of nameplate capacity: 360k units
- Average sales price: $50K-$55K
- Revenue: $18-20B
- EBITDA: $2.7B - $3B
- EV/EBITDA: 15-20x
- EV: ~$51B

A lot can go wrong with any one of those assumptions, but at least you know how I'm thinking about it over the next 3-5 years.

Whatcha Gonna Do With All That SaaS?

I had no idea RIVN was also a SaaS business disguised as a ~~physical AI/robotics~~ car company. The Rivian–Volkswagen Group Technologies joint venture is a deal worth up to $5.8B through 2027, structured as a $1B initial convertible note, $1.3B at closing in exchange for software/IP licenses plus a 50% JV equity stake, and up to $3.5B in milestone payments.

The best way to think about RIVN's software business is to compare it to Apple's iOS. It's the software layered onto Apple's hardware (laptops, desktops, cell phones, tablets, etc.).

But instead of software for phones and tablets, RIVN created software to turn any car into an Intelligent car. It does that by leveraging it's in-house Rivian Autonomy Processer 1 (RAP1) silicon chips.

I mean, look how cool RJ looks holding that shiny, golden RAP1 chip.

Rivian chief executive RJ Scaringe with the Rivian Autonomy Processor chip
RIVIAN VIA YOUTUBE

But the company went further and built its own AI compiler and platform software stack to sit on top of the silicon rather than leaning on NVIDIA's CUDA ecosystem.

So now instead of Ford, GM, or Volkswagen spending billions of dollars developing something similar in-house, and wasting their time getting it wrong, they can simply license an industry-leading Software Intelligence Platform built for the Physical AI and EV world.

Volkswagen admitted that when they made this $5.8B deal with RIVN versus trying to do it themselves. They won't be the only OEMs to follow suit.

RIVN's software segment grew 220% over the past year, and the company expects 60% YoY growth this year. As I mentioned earlier, I can see this segment reaching $5B in annual revenue over the next three years from Volkswagen, let alone them adding another OEM customer.

Mind Robotics: Right Time, Right Asset

Maybe you don't believe in RIVN's ability to make money selling EVs. And maybe you think their in-house software that Volkswagen paid $5.8B to license isn't worth anything either. I *still* have one card up my sleeve: Mind Robotics.

RJ Scaringe founded Mind Robotics, which RIVN spun-out in November 2025 as a standalone company. According to multiple sources (on the internet, so probably real?), RIVN currently holds a 38% stake in Mind Robotics. Keep that in mind as we analyze potential valuation prices.

Here's the Mind Robotics thesis in one sentence: Rivian's Normal, Illinois plant provides a continuous, high-volume, live manufacturing data source that a standalone startup cannot replicate, and Mind is deploying early robot units inside that plant as a proving ground with plans to scale to "hundreds" of robots by end of 2026.

The company raised $500M at a $2B valuation in March 2026, then raised another $400M at a $3.4B valuation in in May 2026. That's a 70% increase in two months.

It's easy to get excited about future valuations given the robotics theme and recent funding step-ups. But remember, Mind isn't building humanoids … and those seem to capture the highest valuations with the most hype.

Still, you can argue Mind would be worth between $6B and $12B over the next three years, which puts it between Unitree and Apptronik.

Also, every $1B of valuation increase in Mind adds ~$0.30/share to RIVN's equity stub at the current ownership level.

No More Dilution (Fingers Crossed)

The company just raised another $1.5B by issuing 75M shares at ~$15.50/share. The stock market hated it and sold the stock -15% on the news. However, price rebounded today and went red-to-green ~24 hours after the share offering news.

Given where the EV business is in its lifecycle and production schedule, I don't think they will need to raise another dollar of outside capital, at least from an equity standpoint (they may do more JVs or something).

Technicals: Completely Left-For-Dead

I have no more words … the chart speaks for itself.

Conclusion: Nobody Would Build RIVN Today

I want to leave you with one thought, and that is that nobody would build RIVN today. Not that they *couldn't*, it's just nobody would allow them to build this company's assets and infrastructure again.

Think about it. How many investors do you know that are lining up to burn $30B of paid-in capital, generate $27B in cumulative operating losses, only to turn GROSS PROFIT positive after ten years in the business?

RIVN reminds me of UBER in this way. Nobody would build UBER now because they couldn't … no one could stomach the immense losses needed to reach critical mass and market share.

Think about what replicating RIVN would require. You'd have to build a Normal, IL plant (a fully operational, gross-margin-positive EV assembly facility, a from-scratch software-defined vehicle architecture, an in-house autonomy compute chip (RAP1) and sensor-fusion stack; the Rivian Adventure Network charging infrastructure; and the Mind Robotics IP and team.

That would probably cost $50B+ to build today, maybe more. And its yours for $21B.

