

Rivian lands \$5 billion investment from Volkswagen



[Anna del Villar](#)

June 26, 2024

f

X

in



Oliver Blume, CEO of Volkswagen Group and RJ Scaringe, Founder and CEO of Rivian

Volkswagen Group (VW) has agreed to invest up to \$5 billion in EV startup Rivian by 2026. The deal also involves creating a joint venture (JV) that will allow VW to use Rivian's software technology for its own EVs.

Why it matters: [The deal](#) is a big win for Rivian and shows that VW is committed to electrification despite having to play catch up. While Rivian has decent cash reserves, it's running through them at a quick clip. So much so, that the EV maker is implementing steep [cost-cutting measures](#). This deal will definitely aid Rivian on its road to becoming cash flow-positive (pending regulatory approval).

Background: Rivian currently sells the R1T pickup and the R1S SUV electric vehicles. VW so far, has the ID.4 electric SUV, and the upcoming ID.Buzz electric van.

The JV: Will focus on building "next-generation electrical architecture and top software" for both companies to use in the second half of the decade. At this time, the joint venture does not include batteries, vehicle platforms, high voltage systems, or autonomy and electrical hardware.

The deal: Will start with an initial investment of \$1 billion through an unsecured convertible note that will convert into Rivian's common stock.

- An extra \$2 billion will also be invested in Rivian's common stock -- split up into two \$1 billion installments (one in 2025 and one in 2026).
- The \$2 billion investment in the JV will come in the form of an initial payment at the JV's start and a loan available in 2026.

What they're saying: "We believe the opportunity ahead is significant. This deal is possible because we're focused on vertically integrating our network architecture, topology, V-CPUs, and associated software platforms," said Rivian CEO RJ Scaringe on [an investor call](#). "I've spoken about the importance of these platforms in the past, and how difficult it is to replicate them."

The impact: The money will fund Rivian through the ramp-up of its smaller R2 SUVs in Normal, Illinois, starting production in 2026. It will also help to fund the production of its midsize EV platform at its Georgia plan, where construction is currently stalled.

The bigger picture: This is a much-needed cash injection for Rivian. It will keep them going through the launch of the R2. But, it could be even more influential for Volkswagen long-term, as its in-house software arm has seen many [setbacks](#).

What we're watching: How does VW's EV sub-brand Scout Motors fit into all of this given its noticeable product similarities with Rivian?