

Volkswagen to invest \$5 billion in Rivian, both companies to set up a JV

26-Jun-2024 18:01 GMT

Amit Panday

S&P Global

Supply Chain and Technology, Automotive

The partnership will allow both the companies to combine their complementary strengths and lower the costs per vehicle by increasing scale

US electric-car maker Rivian Automotive and Europe's largest carmaker Volkswagen Group plan to set up an equal joint venture to focus on developing next-generation electrical architecture and software solutions that can benefit both the companies in their respective EV lineup in the future, Rivian announced June 25. The two companies expect that the JV will be formed by the fourth quarter of 2024.



Source: Getty Images/BeeBright

The strategic partnership also entails Volkswagen Group's plan of investing \$5 billion in Rivian, starting off with an investment amount of \$1 billion through an unsecured convertible note, subject to regulatory approvals, the company said in a statement.

Shares of the Amazon-backed EV maker, which has yet to become profitable and continues to grapple with accumulating losses amid production ramp up, jumped more than 30% on June 26.

The announcement comes months after the two companies have been engaging to validate that Rivian's electrical architecture and software are compatible with Volkswagen Group's vehicles. According to the US EV maker, the two companies have done "significant work" to confirm the compatibility of its electrical architecture and software stack with Volkswagen Group's existing EVs.

"Both companies aim to launch vehicles benefiting from the technology created within the joint venture in the second half of the decade," Rivian said, adding that in the short term, the JV is expected to enable the Volkswagen Group to utilize its existing electrical architecture and software platform.

While the partnership with Rivian will help the Volkswagen Group accelerate the development of its software-defined vehicles (SDVs) and transition to a pure zonal architecture, Rivian will get access to the much-needed capital as it continues to struggle with cash burn. The partnership will also allow both the companies to combine their complementary strengths and lower the costs per vehicle by increasing scale.

The German carmaker will get access to Rivian's proven in-market zonal hardware design and integrated technology platform, which is expected to become the foundation for the development of SDVs. "The SDV development in the JV that will be applied to both companies' vehicles," Rivian said, adding that it plans contribute its expertise in electrical architecture and license existing intellectual property rights to the JV company with the Volkswagen Group.

VW's move to invest in Rivian comes soon after it entered into a technical collaboration with Chinese EV maker Xpeng to get access to the latter's in-house developed electrical and electronic (e/e) architecture, which is core to its vertically integrated full-stack software and hardware technologies. The collaboration will help Volkswagen to integrate Xpeng's e/e architecture to its China main platform or CMP, which will spawn two VW-branded B-segment battery electric vehicles (BEVs) in 2026.

The German carmaker appears to have made a similar move with its deal with Rivian in the US as it looks to secure access to and build capabilities on e/e architecture and software.

Commenting on the strategic partnership with Rivian, Oliver Blume, CEO of Volkswagen Group, said,

“Our customers benefit from the targeted partnership with Rivian to create a leading technology architecture. Through our cooperation, we will bring the best solutions to our vehicles faster and at lower cost. We are also acting in the best interest of our strong brands, which will inspire with their iconic products. The partnership fits seamlessly with our existing software strategy, our products, and partnerships. We are strengthening our technology profile and our competitiveness.”

RJ Scaringe, founder and CEO of Rivian, said, “We’re very excited to be partnering with Volkswagen Group. Since the earliest days of Rivian, we have been focused on developing highly differentiated technology, and it’s exciting that one of the world’s largest and most respected automotive companies has recognized this. Not only is this partnership expected to bring our software and associated zonal architecture to an even broader market through Volkswagen Group’s global reach, but this partnership also is expected to help secure our capital needs for substantial growth. Rivian was created to help the world to transition away from fossil fuels through compelling products and services, and this partnership is beautifully aligned with that mission.”

CONTACTS

The Americas

+1 877 863 1306

Europe, Middle East & Africa

+44 20 7176 1234

Asia-Pacific

+852 2533 3565

www.spglobal.com/mobility

Copyright © 2025 S&P Global Inc. All rights reserved.

These materials, including any software, data, processing technology, index data, ratings, credit-related analysis, research, model, software or other application or output described herein, or any part thereof (collectively the “Property”) constitute the proprietary and confidential information of S&P Global Inc its affiliates (each and together “S&P Global”) and/or its third party provider licensors. S&P Global on behalf of itself and its third-party licensors reserves all rights in and to the Property. These materials have been prepared solely for information purposes based upon information generally available to the public and from sources believed to be reliable.

Any copying, reproduction, reverse-engineering, modification, distribution, transmission or disclosure of the Property, in any form or by any means, is strictly prohibited without the prior written consent of S&P Global. The Property shall not be used for any unauthorized or unlawful purposes. S&P Global’s opinions, statements, estimates, projections, quotes and credit-related and other analyses are statements of opinion as of the date they are expressed and not statements of fact or recommendations to purchase, hold, or sell any securities or to make any investment decisions, and do not address the suitability of any security, and there is no obligation on S&P Global to update the foregoing or any other element of the Property. S&P Global may provide index data. Direct investment in an index is not possible. Exposure to an asset class represented by an index is available through investable instruments based on that index. The Property and its composition and content are subject to change without notice.

THE PROPERTY IS PROVIDED ON AN “AS IS” BASIS. NEITHER S&P GLOBAL NOR ANY THIRD PARTY PROVIDERS (TOGETHER, “S&P GLOBAL PARTIES”) MAKE ANY WARRANTY, EXPRESS OR IMPLIED, INCLUDING BUT NOT LIMITED TO ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, FREEDOM FROM BUGS, SOFTWARE ERRORS OR DEFECTS, THAT THE PROPERTY’S FUNCTIONING WILL BE UNINTERRUPTED OR THAT THE PROPERTY WILL OPERATE IN ANY SOFTWARE OR HARDWARE CONFIGURATION, NOR ANY WARRANTIES, EXPRESS OR IMPLIED, AS TO ITS ACCURACY, AVAILABILITY, COMPLETENESS OR TIMELINESS, OR TO THE RESULTS TO BE OBTAINED FROM THE USE OF THE PROPERTY. S&P GLOBAL PARTIES SHALL NOT IN ANY WAY BE LIABLE TO ANY RECIPIENT FOR ANY INACCURACIES, ERRORS OR OMISSIONS REGARDLESS OF THE CAUSE. Without limiting the foregoing, S&P Global Parties shall have no liability whatsoever to any recipient, whether in contract, in tort (including negligence), under warranty, under statute or otherwise, in respect of any loss or damage suffered by any recipient as a result of or in connection with the Property, or any course of action determined, by it or any third party, whether or not based on or relating to the Property. In no event shall S&P Global be liable to any party for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees or losses (including without limitation lost income or lost profits and opportunity costs or losses caused by negligence) in connection with any use of the Property even if advised of the possibility of such damages. The Property should not be relied on and is not a substitute for the skill, judgment and experience of the user, its management, employees, advisors and/or clients when making investment and other business decisions.

The S&P Global logo is a registered trademark of S&P Global, and the trademarks of S&P Global used within this document or materials are protected by international laws. Any other names may be trademarks of their respective owners.

The inclusion of a link to an external website by S&P Global should not be understood to be an endorsement of that website or the website’s owners (or their products/services). S&P Global is not responsible for either the content or output of external websites. S&P Global keeps certain activities of its divisions separate from each other in order to preserve the independence and objectivity of their respective activities. As a result, certain divisions of S&P Global may have information that is not available to other S&P Global divisions. S&P Global has established policies and procedures to maintain the confidentiality of certain nonpublic information received in connection with each analytical process. S&P Global may receive compensation for its ratings and certain analyses, normally from issuers or underwriters of securities or from obligors. S&P Global reserves the right to disseminate its opinions and analyses. S&P Global Ratings’ public ratings and analyses are made available on its sites, www.spglobal.com/ratings (free of charge) and www.capitaliq.com (subscription), and may be distributed through other means, including via S&P Global publications and third party redistributors.