

BARRON'S

Rivian's Production Is Key to Avoid Stalling Like Its EV Rivals. Brace for Earnings.

By

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Rivian's manufacturing plant in Normal, IL. The company's production guidance was good for 2022. Investors will be hoping for similar this year.

Courtesy Rivian

After plenty of [bad news](#) about production from electric vehicle start-ups, market watchers will have the 2023 production outlook from [Rivian Automotive RIVN +5.83%](#) in focus when the company [updates](#) investors Wednesday.

The electric-truck maker is due to report fourth-quarter numbers after the close of trading. Wall Street is looking for a loss of \$2 a share on sales of just under \$800 million.

Sales and earnings aren't all that important yet. Rivian (ticker: RIVN) is still ramping up production and 2022 was its first year of significant sales. The outlook will matter more.

Wall Street is looking for sales and production to come in around 60,000 to 65,000 vehicles this year. The company manufactured 24,337 vehicles in 2022. That was very close to the 25,000 units Rivian projected when it gave its initial outlook for 2022 in last March.

Hitting its initial guidance was quite a feat. Other EV makers struggled to ramp up production. [Lucid LCID +4.62%](#) (LCID), for instance, produced 7,180 vehicles in 2022. That's [about half](#) of what it expected to build at the beginning of 2022. What's more, Lucid said this past Wednesday it expects to build [about 12,000](#) vehicles in 2023. Wall Street was expecting closer to 20,000 units.

Shares of Lucid fell after its update. Stock in [Lordstown Motors RIDE -0.93%](#) (RIDE) also fell this last week, about 18%, after the company [halted production](#) and recalled the small number of vehicles it had built to address quality problems. Building EVs is hard. Investors hope Rivian is performing better than some of its start-up peers.

Along with production, profitability and cash will be other watch items. "Rivian's path to profitability remains a major investor concern," Battle Road Research analyst Ben Rose told *Barron's*. "Any update on this will be critical." Rose has a Hold rating on the stock. Wall Street doesn't expect profits until the end of the decade. Analysts project about \$4.2 billion in cash use in 2023. Rivian ended the third quarter with about \$14 billion on the books.

[Options markets](#) imply Rivian stock will move roughly 10%, up or down, after earnings are reported. The stock jumped 17% after the company reported third-quarter numbers in November.

Management hosts a [conference call](#) at 5 p.m. Eastern time to discuss results. Rivian was up 3.2% to \$19.03 in trading Tuesday. The [S&P 500SPX +0.10%](#) was off 0.1%. The [Nasdaq CompositeCOMP +0.45%](#) gained 0.06%. Coming into Tuesday trading, Rivian stock has traded flat this year and has fallen about 73% over the past 12 months.

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