

BARRON'S

Rivian Stock Is Making New Lows. Sell It Anyway, Say Analysts.

By [Al Root](#)

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2022 Rivian R1T truck. COURTESY OF RIVIAN

The time has come to unload shares of [Rivian Automotive](#) as [challenges](#) pile up for the electric-truck start-up, one research firm says.

Monday, [Battle Road Research](#) analysts Ben Rose and Jonathan Rowe [downgraded](#) Rivian stock (ticker: RIVN) to Sell from Hold, citing “internal challenges and sector-wide struggles.”

The industrywide issues are well known. [Tesla](#) (TSLA) is [cutting prices](#), putting pressure on other EV makers to do the same. That has the potential to hurt profit margins and cash flow across the EV industry.

Rivian ended 2022 with about \$12 billion in cash on its books and is expected to burn through about half of that in 2023. [Tesla](#)’s pricing moves, and the slowing economy, could speed up the cash-burn rate, putting pressure on Rivian to find cost savings to preserve capital. The company [said in February](#) it will be cutting 6% of its workforce.

Battle Road also isn't pleased that Rivian missed its 2022 production targets, has recalled its vehicles a few times, and doesn't get a near-term benefit from tax credits passed as part of the Inflation Reduction Act. Rivian vehicles [don't qualify](#) currently.

"All of these factors dampen Rivian's chances of success in the near-term," the analysts said in the downgrade report. Rivian didn't immediately respond to a request for comment.

The downgrade didn't include a target for the stock price. In this instance, the Sell call means Battle Road expects Rivian stock to underperform the market.

Rivian shares were up 1.4% in early trading Monday at \$12.42 after hitting a 52-week low on Friday. The [S&P 500](#) and [Nasdaq Composite](#) were both up about 0.1% on Monday.

A downgrade to Sell from Hold doesn't change the Buy-rating ratio for a stock. About 58% of analysts covering Rivian shares rate them at Buy, which is in line with the [average](#) Buy-rating ratio for stocks in the S&P 500.

A new Sell rating, of course, changes a Sell-rating ratio. About 13% of analysts covering Rivian stock now rate shares Sell, while the average for companies in the S&P 500 is less than 10%.

The average analyst [price target](#) is about \$26 a share, down from about \$73 a year ago. Rivian stock is down about 63% over the past 12 months. Rising interest rates, slower than expected production increases, and high costs have made investors less enthusiastic about the stock.

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