



A Potential Acquisition of Rivian Automotive by Ford Motor Company: A Financial and Strategic Analysis

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Abstract

Title: A Potential Acquisition of Rivian Automotive by Ford Motor Company: A Financial and Strategic Analysis.

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This thesis evaluates the financial and strategic rationale for a potential acquisition of Rivian Automotive by Ford Motor Company. The analysis encompasses a macroeconomic and industry review, standalone valuations of both firms, synergy quantification, and a complete M&A framework culminating in a concrete transaction proposal.

The standalone valuations employ Discounted Cash Flow models and relative valuation multiples. Ford's industrial DCF yields an implied share price of USD 15.59, reflecting a normalised EBIT margin of 3.5% and WACC of 8.15%. Rivian's base case DCF yields USD 14.47 per share at WACC 11.46%, calibrated to a market-implied 12x EV/EBITDA exit multiple. The alignment between Rivian's DCF value and its current market price of USD 15.02 confirms that the speculative premium of the 2021 IPO has been largely eliminated, leaving a price grounded in operational fundamentals.

Four synergy categories are identified, generating a combined NPV of USD 7.3 billion at Ford's WACC of 8.15%, spanning manufacturing platform integration, G&A and R&D consolidation, commercial fleet distribution, and dealer network expansion. Ford is the value-maximising acquirer relative to Volkswagen, which has already secured contractual access to Rivian's software architecture through a USD 5.8 billion joint venture.

The recommended transaction is a fully cash offer of USD 16.64 per share — a 15% premium above the base case DCF — generating net value creation of USD 3.42 billion for Ford shareholders. The break-even offer price is USD 19.42, providing a USD 2.78 margin of safety. The principal risk is synergy execution rather than pricing.

Keywords: mergers and acquisitions, DCF valuation, electric vehicles, synergies, acquisition premium.

Resumo

Título: Uma Potencial Aquisição da Rivian Automotive pela Ford Motor Company: Uma Análise Financeira e Estratégica.

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Esta tese avalia a lógica financeira e estratégica de uma potencial aquisição da Rivian Automotive pela Ford Motor Company. A análise inclui uma revisão macroeconómica e do setor automóvel, avaliações standalone das duas empresas, quantificação de sinergias e uma estrutura completa de M&A culminando numa proposta concreta de transação.

As avaliações foram realizadas através de modelos Discounted Cash Flow (DCF) e múltiplos de mercado. O DCF industrial da Ford resulta num preço implícito por ação de USD 15,59, refletindo uma margem EBIT normalizada de 3,5% e um WACC de 8,15%. O DCF da Rivian apresenta um valor de USD 14,47 por ação com um WACC de 11,46%, alinhado com um múltiplo de saída EV/EBITDA de 12x. A proximidade entre o valor obtido e o preço atual de mercado da Rivian confirma que o prémio especulativo associado ao IPO de 2021 foi praticamente eliminado.

Foram identificadas quatro categorias de sinergias, gerando um NPV conjunto de USD 7,3 mil milhões, incluindo integração de plataformas produtivas, consolidação de G&A e I&D, distribuição de frotas comerciais e expansão da rede de concessionários.

A transação recomendada consiste numa oferta totalmente em numerário de USD 16,64 por ação, equivalente a um prémio de 15% face ao DCF base, gerando criação líquida de valor de USD 3,42 mil milhões para os acionistas da Ford. O principal risco identificado está associado à execução das sinergias.

Palavras-chave: fusões e aquisições, avaliação DCF, veículos elétricos, sinergias, prémio de aquisição.

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1. Introduction

The automotive sector has long been characterized by high capital intensity and incremental innovation cycles. However, the industry is currently navigating an unprecedented convergence of forces: the transition to electric vehicles, the rise of software-defined architectures, and the entry of technology-native competitors have fundamentally altered the basis of competitive advantage. Legacy manufacturers that fail to adapt their product platforms risk structural margin erosion, regardless of their historical scale.

Ford Motor Company and Rivian Automotive represent two distinct responses to this challenge. Ford is an established large-scale manufacturer with a commanding position in commercial vehicles yet struggling to generate returns on its electric vehicle investments — having accumulated over USD 14 billion in EV-related losses since 2023. Rivian is an EV-native startup with a proprietary software and electrical architecture, a major commercial delivery vehicle contract with Amazon, and a USD 5.8 billion technology partnership with Volkswagen Group. The apparent complementarity between the two companies makes their potential combination a compelling subject for financial analysis.

This dissertation's main research question is: should Ford Motor Company acquire Rivian Automotive, as of May 2026? In order to provide a rigorous answer, it is necessary to assess both companies' standalone financial value, identify the synergies achievable through their combination, and determine the acquisition premium Ford can justify paying without destroying shareholder value.

The dissertation is structured as follows: section 2 reviews the M&A literature; section 3 analyses the automotive and EV market context; section 4 examines both companies through financial performance, stock market history, and shareholder structure; section 5 computes standalone intrinsic values; section 6 assesses the combined firm's value and proposes a concrete offer price and structure; section 7 presents limitations and alternative targets.

2. Literature Review

2.1 Introduction to Mergers and Acquisitions

In the traditional landscape of corporate finance, mergers and acquisitions are framed as a rational response to the existential mandate of "grow or die"¹. Indeed, many corporate cultures are based on expansion and the continuous growth of the business; this can lead the company to become established and well-known in the market, such as to be considered growth and stable. With the increase of new technologies and innovations, even companies considered growth and stable must seek to adapt to the continuous expansion of the world external to the company. Mergers and acquisitions allow companies to unite under a single name, combining two businesses. These operations constitute one of the most relevant and complex instruments through which firms modify their operational structure and pursue strategic objectives of long-term growth. (Gaughan, 2010).

In the classical financial literature, it is believed that these operations take place in the presence of a dynamic market and for a deliberate corporate control, in fact they occur where a macroeconomic environment allows such maneuvers to generate benefits or where a market opportunity exists. The concept introduced by Manne (1965)² instead hypothesizes that corporate control itself is a tradable asset of value, independently from economies of scale and monopolistic profits. According to this concept, mergers and acquisitions represent far more than a mere union between two companies, as they incorporate additional values that allow for better management within the economic system; indeed, from this perspective, an efficient resource allocation mechanism can be achieved, where the decline in the stock price of a poorly managed firm facilitates its takeover by more competent management, thereby providing greater protection to minority shareholders and improving the management and performance of the economic system. This perspective of allocative efficiency was further enriched by Jensen (1986), who theorized that acquisitions are often motivated by the attempt to resolve the conflict between managers and shareholders regarding the use of free cash flow; in fact, in his article Jensen argues that many managers tend to invest in negative-return projects to increase their power, driven by incentives linked to firm size growth. In this scenario, the leverage resulting

¹ The 'grow or die' principle is a recurring theme in strategic management literature, attributed to various scholars including Penrose (1959) in her theory of the growth of the firm, which argues that unused productive resources create an inherent pressure toward expansion.

² Manne's concept of the market for corporate control remains one of the most cited papers in corporate finance, having generated over 4,000 academic citations.

from M&A operations acts as a disciplinary tool: the obligation to service debt forces managers to be more efficient and to divest from non-core business segments. However, the rationality of the actors involved is not always guaranteed, and the literature extensively explores the psychological and behavioral components that drive acquisition decisions. In the well-known study (Roll, 1986), the author proposes the author an alternative explanation based on managerial overconfidence (hubris). According to Roll, many acquirers pay excessive premiums for target firms not because of real synergies, but due to systematic valuation errors arising from managerial arrogance.

These theoretical developments have also led to considering the influence of stock market valuations on the acquisition cycle; indeed, according to Shleifer and Vishny (2003), managers use overvalued shares as a currency to acquire real assets of firms that are more correctly valued. This provides further evidence justifying the presence of negative returns in the short term, as it explains that merger waves tend to concentrate in periods of stock market euphoria, clarifying the rational strategy of M&A to protect shareholders.

From an empirical perspective, differences in premiums between shareholders of target companies and shareholders of acquiring companies have also been highlighted; Jarrell, Brickley and Netter (1988) stated that shareholders of target companies obtain significant premiums, while acquiring shareholders receive minimal or null premiums, due to increased competition among potential bidders and the adoption of anti-takeover defenses. In more recent years, M&A continues to be considered as a strategy still characterized by certain shortcomings, particularly in terms of returns; indeed, Mitchell and Stafford (2000) through their study, question the methods and accuracy with which long-term returns are measured. The authors argue that much of the evidence regarding post-merger underperformance is the result of statistical techniques that do not adequately account for dependence among events. By using more robust approaches, such as calendar-time portfolio analysis, a large part of the negative anomalies tends to diminish, bringing the debate back to the difficulty of isolating the pure effect of the acquisition from other macroeconomic and sector-specific factors.

2.2 Drivers of Mergers and Acquisitions

Firms use these maneuvers and operations for multiple strategic and financial reasons, which, depending on the perspectives, tend to coexist and overlap. Although classical theory offers

various views and different approaches, in practice the main motivations involve objectives of value creation and opportunities related to and dependent on the market.

A primary driver is the search for operational and strategic synergies that lead to value creation, which is what companies aim to achieve in financial operations. According to Manne (1965), acquisition acts as a mechanism to transfer control to more efficient management, where firms aim to consolidate in order to reduce costs and exploit economies of scale. According to this perspective, external growth is seen as a faster and more flexible alternative compared to organic growth, allowing access to new technologies and markets (Brealey et al., 2011). This theory, together with that proposed by Jensen (1988) drives entire sectors toward restructuring to maintain competitive positioning. Indeed, this allows companies to confirm their position in the market or to grow from a competitive standpoint, which in the current context, with the development of technology, is essential to keep pace with the macroeconomic and technological environment.

Finally, the literature recognizes that not all acquisitions are driven exclusively by value creation. Jensen (1986) theorizes that excess liquidity may push managers toward actions not justified by fundamentals, driven by personal incentives or excessive confidence. This phenomenon is supported by the study of Moeller, Schlingemann and Stulz (2005), which demonstrates how acquisitions carried out during euphoric market phases may result in massive wealth destruction for shareholders.

2.3 Synergies and Pricing Discipline

A central observation emerging from the literature reviewed is that a substantial portion of the expected synergies is often transferred to the shareholders of the target company through acquisition premiums. Jarrell, Brickley and Netter (1988) document that target firms consistently obtain significant abnormal returns at the time of the announcement, indicating that competitive bidding processes tend to incorporate anticipated gains directly into the transaction price. Consequently, the acquiring firm may end up capturing only a minimal share of the value created, even in the presence of real synergies.

This issue becomes particularly relevant when considering the role of pricing discipline. In many transactions, especially those characterized by strategic urgency, firms may overestimate potential synergies and, consequently, overpay for the target. Sirower and Sahni (2006) define this dynamic as the synergy trap, highlighting how the premium paid establishes an operational

performance benchmark that is often unattainable for the acquirer. Moeller, Schlingemann and Stulz (2005) provide empirical evidence showing how large acquisitions are frequently associated with massive value destruction for acquiring shareholders, confirming that overpayment remains a persistent concern. In this context, Eccles, Lanes and Wilson (1999) emphasize that the key to success lies in rigorously determining a maximum price and in having the organizational discipline to abandon the transaction if the figures are not convincing.

2.4 Innovation-Driven Acquisitions

Innovation and technology, as previously observed, represent a fundamental tool in these transactions; access to these tools has shifted the focus from merely achieving cost efficiencies and market consolidation to keeping pace with evolving dynamics. This transformation reflects how firm value is increasingly determined by intangible assets and the ability to generate knowledge. This has been demonstrated by Bena and Li (2014), who show that firms investing in patents rather than in R&D are more likely to become acquisition targets; this dynamic suggests that acquisitions are used as a mechanism to bridge internal technological gaps, allowing acquiring firms to bypass the time and uncertainty associated with in-house research and to gain immediate access to technologies.

In this context, smaller firms invest more heavily in R&D with the expectation of being acquired at high premiums, while large firms use M&A as a flexible substitute for internal innovation. Despite the potential synergies, Seru (2014) warns about organizational risks, identifying a decline in the novelty and productivity of innovative output following diversifying mergers. This decline is often attributed to rigidities in internal capital markets and to the centralization of processes, which may stifle the creativity of acquired researchers.

2.5 Financing Methods

Modern financial literature has extensively debated the relationship between capital structure choices and the intrinsic value of the firm, moving beyond the neutrality initially proposed by neoclassical models. A fundamental pillar in this field is represented by the pecking order theory³, formulated by Myers and Majluf (1984). The authors demonstrate that, in the presence of information asymmetry between managers and external investors, financing through the

³ Myers and Majluf (1984) demonstrate that, under information asymmetry, the pecking order of financing is: (1) internal funds, (2) debt, (3) equity. Equity issuance is the last resort because it signals overvaluation to the market, depressing the share price.

issuance of new equity may be interpreted by the market as a negative signal. If managers act in the interest of existing shareholders, they will tend to issue equity only when they believe that the stock is overvalued by the market; conversely, they will avoid issuance if it implies selling the firm below its intrinsic value, even to the point of foregoing projects with positive net present value (NPV). This scenario highlights the value of financial flexibility (financial slack), understood as the availability of cash or capacity for low-risk debt, which allows firms to undertake investments without relying on penalizing equity issuance.

In parallel, the market timing theory, further developed by Baker and Wurgler (2002), suggests that capital structure is not the result of targeting an optimal leverage ratio in the long term, but rather the cumulative outcome of historical attempts to exploit windows of opportunity in capital markets. According to this perspective, firms issue equity when their market valuations are high relative to book value and historical levels and repurchase it when valuations are low. The market-to-book (M/B) ratio therefore becomes a crucial indicator: low levels of leverage are often associated with firms that have raised capital during periods of high market valuations. This mechanism implies that temporary fluctuations in stock prices have persistent effects on financial structure for more than a decade. (Baker and Wurgler, 2002)

2.5.1 Discounted Cash Flow (DCF) Valuation

Despite the widespread use of comparative methods, the Discounted Cash Flow model remains the theoretical cornerstone for determining market value. A fundamental contribution to the empirical validation of this approach is provided by Kaplan and Ruback (1995)⁴, who analyze Highly Leveraged Transactions to demonstrate that DCF estimates approximate actual transaction values with a median deviation within 10%.

The authors propose the use of the Compressed Adjusted Present Value technique, particularly effective in highly leveraged contexts as it simplifies the treatment of the tax shield. Unlike the traditional WACC, which requires continuous recalculation of the cost of capital as leverage changes, the Compressed APV discounts Capital Cash Flows at a rate of return expected for an unlevered firm (cost of equity in the absence of debt).

⁴ Kaplan and Ruback analyze 51 highly leveraged transactions completed between 1983 and 1989. Their median absolute forecast error of approximately 10% compares favorably with alternative valuation methods, establishing the DCF as the most reliable single approach for transaction valuation.

The measurement of CCF directly incorporates the tax benefits of debt into cash flows, assuming that the tax shield shares the same systematic risk as operating assets (Kaplan and Ruback, 1995). To determine the discount rate (r), the Capital Asset Pricing Model (CAPM) is applied to unlevered assets:

$$r = r_f + \beta^u [r_m - r_f]$$

Where r_f is the risk-free rate (usually based on long-term Treasury bonds) and $R_m - r_f$ represents the market risk premium. A critical step lies in the determination of the unlevered beta (β^u), derived from the equity beta (β^e) adjusted for the financial structure and the risk of debt (β^d):

$$\beta^u = \frac{\beta^e E + \beta^d D [1 - TaxRate]}{E + D [1 - TaxRate]}$$

The final value of the firm is given by the sum of discounted cash flows over the explicit forecast period and the Terminal Value (TV), estimated as a perpetuity:

$$TV = \frac{CCF_n (1 + g)}{r - g}$$

Empirical evidence suggests that the CAPM-based approach outperforms models based on firm size or the book-to-market ratio in predicting the risk premiums required by the market (Kaplan and Ruback, 1995).

2.5.2 Other Valuation Methods: Multiples and Value Decomposition

Alongside DCF, professional practice relies extensively on valuation based on multiples, which is grounded in the comparability among similar firms. However, the literature highlights a hierarchy of effectiveness among different value drivers. Liu, Nissim and Thomas (2002) demonstrate that multiples based on forward earnings provide significantly greater predictive power compared to those based on historical data, operating cash flows, or sales. Specifically,

the two-year forward P/E ratio (EPS2) explain stock prices with an error below 15% for approximately half of the analyzed sample, confirming that the market prices securities based on expectations of future profitability rather than past performance (Liu, Nissim and Thomas, 2002). The authors also recommend the use of the harmonic mean to calculate industry multiples, as it minimizes the impact of extreme observations and ensures an estimate free from systematic distortions.

A further theoretical advancement is represented by the decomposition of the market-to-book ratio proposed by Rhodes-Kropf, Robinson and Viswanathan (2005). The authors isolate components of mis valuation from real growth opportunities by decomposing the logarithm of the M/B ratio into three elements:

$$m - b = (m - v) + (v - v_i) + (v_i - b)$$

In this formulation, $(m - v)$ represents firm-specific mis valuation, namely the deviation of price from current industry multiples; $(v - v_i)$ indicates sector-wide timing error, capturing bubbles or periods of sectoral optimism; finally, $(v_i - b)$ reflects long-term fundamental value relative to book value (Rhodes-Kropf et al., 2005). This decomposition reveals that merger and acquisition waves are often driven by acquirer-specific overvaluation, whereby firms use their own shares as a currency to acquire targets that are less overvalued, often masking long-term strategic weaknesses with short-term financial opportunities.

3. Market Analysis

3.1 Global Overview

The macroeconomic background surrounding the potential Ford-Rivian transaction reflects a phase of moderate recovery combined with persistent structural uncertainty, also driven by the nature of the automotive industry, which has often been associated with increased merger activity, particularly in capital-intensive sectors (Rhodes-Kropf et al., 2005). International Monetary Fund projected a 3.2 % Global GDP growth, consisted with the post-pandemic rebound trajectory which severely affected the market, due to the economic crisis that brought the automotive industry towards a decline. The sector the year after went for a slow increase, and with advanced economies generally slowing down and emerging markets showing more resilience, the automotive performance between 2024 and 2025 have been mostly driven by

policy developments affecting trade, fluctuating input prices e tighter credit. Among these, financial conditions have been particularly important. Indeed, it has been demonstrated that the excess bond premium serves as a leading predictor of real economic output, especially in durable goods sector, demonstrated by Gilchrist and Zakrajsek (2012), using this as a measure of financial intermediary risk appetite orthogonal o expect default.

The federal Reserve raised rates from near 0 levels to above 5%, this made borrowing more expensive across the economy, and this affected the car industry, particularly car buyers, who faced higher monthly payments and firm with increase in funding costs. As a consequence, demand for new vehicles softened and global sales figures declined from 2023 to 2024.

Fazzari, Hubbard and Petersen (1988) document that in manufacturing sectors with significant external financing requirements, investment levels track internal cash flow closely, a dynamic that directly informs Rivian's financial vulnerability, as we will see afterwords.

On the trade policy dimension, the imposition of 25% tariffs on imported light vehicles⁵ by the Trump Administration in April 2025 constitutes the most disruptive intervention in North American automotive trade in four decades. S&P Global Mobility (2025) estimates a per-vehicle cost impact of up to USD 6,250 on the average imported vehicle, with cascading effects across supplier networks in Canada, Mexico, and the United States. Bloom (2009) demonstrates that policy uncertainty of this magnitude elevates the real-option value of waiting, inducing capital expenditure inertia that disproportionately affects capital-starved companies. Conversely, the tariff regime creates a relative advantage for domestically integrated producers such as Ford, whose BlueOval manufacturing campus in Stanton, Tennessee, and whose USMCA-compliant supplier relationships⁶, position it favorably relative to more import-dependent competitors. Table 3.1 summarizes the key global macroeconomic and automotive market indicators.

⁵ The 25% tariff on imported automobiles was imposed via executive order on 3 April 2025 under Section 232 of the Trade Expansion Act of 1962. Parts and components face a separate phase-in schedule. USMCA-compliant vehicles are partially exempt subject to content thresholds.

⁶ Under the United States-Mexico-Canada Agreement (USMCA), vehicles qualify for zero-tariff treatment if at least 75% of their content by value originates in North America and if a specified percentage of steel and aluminium is sourced from the region. Ford's BlueOval manufacturing campus in Stanton, Tennessee and its supplier relationships are structured to meet these thresholds.

Indicator	2021	2022	2023	2024	2025
Global vehicle sales (mn units)	81.6	81.6	85.4	84	90.7
Global automotive market (USD tn)	~3.2	~3.4	~3.6	~4.1	~4.3
Asia-Pacific revenue share (%)	50%	51%	53%	53%	54%
US vehicle sales (mn units)	15	13.8	15.6	15.9	16.2
Average new vehicle price – US (USD)	~36,000	~45,000	~47,000	~48,000	~48,500
Global semiconductor shortage cost (USD bn)	~200	~150	~30	<10	<10

Table 3.1 — Global Macroeconomic and Automotive Market Indicators, 2021–2025⁷

3.2 Automotive Industry Context: Overview and Performance

3.2.1 Industry Structure

The global automotive industry is characterized by several companies that are trying to be competitive in the market by offering different varieties of products; in this context, it emerges that a limited number of large players dominate global production, indeed out of around 86 million light vehicles sold worldwide, around 80 million were produced by just the ten largest OEM groups (OICA 2025). The remaining share is split among all the smaller manufacturers who are trying to find their space in the market. This reflects significant entry barriers, as highlighted in the literature (Porter, 1979); to be truly competitive in this industry requires substantial scale, both in production and distribution. This involves high fixed costs, regulatory approval processes that are lengthy and expensive, and only a small part of the market can afford them. In addition, it requires strong connections with suppliers, which represent another obstacle for new entrants in the market.

3.2.2 Market Size, Growth, and Geographic Distribution

The global automotive market generated revenues of approximately USD 4.6 trillion in 2025, growing from the USD 3.6 trillion recorded in 2023 and 2024, revenues are continuously increasing, recovering to their most commercially successful level since before the pandemic as vehicle sales surpassed pre-COVID levels. Industry forecasts project the market to reach USD 6.86 trillion by 2033, growing at a compound annual rate between 6 and 7%, driven

⁷ Global vehicle sales figures include light vehicles, medium and heavy commercial vehicles. Figures for 2025 are preliminary estimates based on S&P Global Mobility full-year forecasts published January 2026.

primarily by electrification-related product innovation, rising vehicle content per unit, and growing demand in Southeast Asian and Latin American markets (MarketsandMarkets, 2025).

The distribution is weighted toward Asia-Pacific, given the enormous importance of the Chinese market; in fact, it remains the largest automotive market worldwide. Even if North America is increasing, it still represents a smaller share in terms of total revenues, at just above 20%, but plays a much larger role concerning profitability, due to the popularity of high-margin vehicles such as pickup trucks and SUVs in the USA⁸.

3.2.3 Industry Performance and the Electrification Transition

Between 2024 and 2025, the automotive industry showed a clear improvement in revenues; this is not yet due to the adoption and popularity of electric vehicles, also because EV-related divisions were generally loss-making due to the heavy investment phase. Revenues, despite this, are mainly driven by internal combustion engine and hybrid vehicles, which continue to be the main source of earnings for most large manufacturers. Investments have recently been largely focused on electric vehicles, and this explains the continued losses, driven by the scale of spending required to support the transition. Indeed, firms have been allocating significant resources to new vehicle platforms, battery production, and the adaptation of existing manufacturing facilities. According to Bloomberg NEF (2024), total industry investment in electrification is expected to reach around USD 526 billion over the 2022–2026 period, highlighting the magnitude of the shift currently taking place.

Table 3.2 presents the competitive structure of the global automotive industry as of 2025 ranking the principal OEM groups by revenue and providing a comparative overview of their electrification performance.

⁸ In FY2025, approximately 750,000 F-Series units were sold in the US market, generating an estimated average transaction price of approximately USD 56,000 per unit.

OEM Group	2025 Rev. (USD bn)	Global Units (mn)	Home Region	EV Units (2025)
Toyota Group	~307	10.8	Japan	~1.9mn hybrid+EV
Volkswagen Group	~322	9	Europe	2.4mn+
Stellantis	~189	6.2	EU/US	~400,000
Ford Motor Co.	185	4.4	USA	285,291 electrified
General Motors	~185	6.3	USA	~300,000
Hyundai Group	~140	7.3	Korea	~600,000
BMW Group	~130	2.5	Europe	~500,000
Mercedes-Benz	~120	2	Europe	~240,000
Tesla	~97.7	1.79	USA	1,789,226

Table 3.2 — Global Automotive Industry: OEM Group Competitive Overview.

The automotive industry remains dominated by large incumbents, but competition from EV-focused firms such as Tesla and BYD is reshaping the market. Traditional manufacturers are adapting through different strategies, including Toyota’s hybrid-first approach, Volkswagen’s USD 5.8 billion partnership with Rivian, and Hyundai-Kia’s dedicated EV platform. These developments show that competitive advantage is increasingly driven by electrification, software integration, and strategic partnerships, forming the basis for the Ford–Rivian merger rationale.

3.3 Electric Vehicle Market Dynamics

3.3.1 Global EV Adoption Trajectory in 2025

In 2025, the electric vehicle market has effectively taken off, after efforts in previous years to find and position the product in a competitive and advanced market; it has now reached a new stage of maturity. Compared to 2024, an increase from around 17 million units led total sales to reach approximately 20.7 million units, meaning that EVs accounted for more than one out of every four new cars sold worldwide for the first time (IEA, 2025). This was driven by the increase in oil prices and by greater consumer awareness and willingness to try new and innovative products. Countries like China, usually more adapted to innovation and more adaptable, indeed, increased sales of 28 % with a year-to-year increase, with exports also rising,

doubling to 2.62 million units, demonstrating their growing importance as manufacturers transitioning from domestic dominance to a global competitive threat (CAAM, 2026)

As discussed by Li et al. (2017), consumers are more likely to switch to electric vehicles when charging points are widely available, while investment in infrastructure tends to follow once a sufficient number of vehicles is already on the road. Evidence of this is also visible in how different countries have had to adapt their charging systems in major cities, increasing public charging points worldwide to over 5 million, with figures that are continuously growing (IEA, 2025). Several markets are approaching the level of infrastructure density needed to sustain faster adoption; indeed, countries like Norway and the Netherlands already show this effect. Consistent with this, Sierzechula et al. (2014) demonstrate that charging availability is one of the key factors explaining differences in EV adoption across countries, alongside financial incentives, which remain an important policy tool.

3.3.2 Battery Cost Dynamics and Price Parity

One of the factors that have contributed to the exponential growth in sales and production of the units is also due to the depreciation of the batteries, making the products more competitive than the traditional ones. Nykvist and Nilsson (2015) documented the decline in battery prices, which from 2010 to 2023 fell by around 14%. More recent data have confirmed what the authors claimed, is that the trend is continuously downward, albeit at a slower pace, in fact lithium-ion battery prices decreed slightly further, reaching around USD 108 per kWh (Bloomberg NEF, 2025). However, battery prices vary according to regional market conditions, indeed, the price of batteries in China is lower than in many other countries, including America, where it is approximately 44% higher than in Asian countries (Bloomberg NEF, 2025). This can also be analyzed and counted from the gap cost between BYD's pricing advantage and Tesla's margin compression in the customer segment. Table 3.3 shows the key EV market indicators through 2025.

EV Market Indicator	2022	2023	2024	2025
Global EV sales (mn units)	10.5	14	~17	20.7
EV share of new car sales (%)	13.00%	18.00%	~21%	>25%
Battery pack cost – global avg (USD/kWh)	~121	~111	~108	~100
Battery pack cost – China (USD/kWh)	~95	~88	~84	~78
US EV share of new sales (%)	5.80%	7.60%	~8%	~9%
China NEV sales (mn units)	6.9	9.5	12.9	16.5
EU BEV share of new sales (%)	~12%	~14.5%	~13%	17.40%
Global public charging points (mn)	2.7	4	~5+	5+

Table 3.3 — Global Electric Vehicle Market Indicators, 2022–2025.⁹

3.4 Competition and Conclusion

3.4.1 The EV Competitive Landscape

The analysis conducted so far highlights how market leaders are positioned across different customer segments and strategic models. In particular, three main groups can be identified: software-native and vertically integrated platforms (BYD and Tesla); legacy OEMs transitioning from internal combustion engine (ICE) heritage platforms toward electrification (Volkswagen, Hyundai-Kia, GM, Stellantis, and Ford); and EV-native startups characterized by differentiated positioning but limited scale, such as Rivian and Lucid. The best-known data of 2025 concerns BYD and Tesla, indeed BYD displace Tesla as the world largest seller of battery electric vehicles with a gap of over 600,000 units. As Counterpoint Research (2025) notes, BYD captured a 15.7% global BEV market share in 2025, versus Tesla's approximately 8.8%, with BYD's rise driven primarily by its entry-level models (Dolphin, Atto 3) achieving volume in emerging markets, while Tesla faced headwinds from a relatively narrow model range and reputational challenges in some geographies.

Table 3.4 provides a comparative overview of the principal EV competitors as of full-year 2025.

⁹ Battery pack cost estimates refer to lithium-ion NMC and LFP chemistry weighted average. Chinese manufacturers benefit from approximately 44% lower costs primarily due to LFP chemistry dominance and vertically integrated supply chains (Bloomberg NEF, 2025).

Company	2025 Revenue (USD bn, est.)	BEV Units (2025)	Global BEV Rank	Strategic Positioning
BYD	~115	2,254,714	#1 BEV (2025)	Vertically integrated; cost leader; 1mn+ exports; Blade battery
Tesla	~97	1,636,129	#2 BEV (2025)	FSD / autonomy focus; Cybertruck ramp; energy storage expansion
Volkswagen Group	~300	~2.5mn+ (incl. PHEVs)	#3 BEV (Europe)	ID. series; Scout revival; Rivian JV for SDV platform
Hyundai/Kia	~145	~700,000+	#4 BEV global	Ioniq 5/6; EV6; E-GMP dedicated platform
Ford Motor Co.	187.3	~300,000+ electrified	US #2 electrified	F-150 Lightning, Mach-E; Ford Pro fleet; record revenue
GM	~180	~400,000+	US #3 EV	Silverado EV; Equinox EV; Ultium platform
Rivian	~5.4	42,247 delivered	US niche	R1T/R1S; Amazon EDV; first-ever gross profit 2025; R2 launch 2026
Stellantis	~170	~450,000	EU #3	Ram 1500 REV; STLA platform; Peugeot e-vehicles

Table 3.4 — Global EV Competitive Landscape, FY2025.

Table 3.4 shows with actual data the market leaders, and how new entries manage to impact and create pressure on the most established companies. BYD and Tesla dominate the EVS market, with the Chinese company dominating the market in terms of sales, this is also thanks to competitive prices compared to competitors, since the decline benefits from lower manufacturing prices, and therefore for the quality-price ratio, but also because of softening demand in the US following the anticipated expiry of the federal EV tax credit in late 2025 (Electrek, 2026).

Other market leaders, such as Volkswagen, remained impressive and decision-making in the market. Through its joint venture with Rivian, the German group managed to close 2025 with a rather profitable and still-growing balance sheet. The market's leader products benefit mature companies. Ford, like Hyundai-Kia, have products of excellent price quality, especially internationally renowned and highly regarded worldwide, allowing companies to remain in the rankings and improve every year.

The market analysis highlights three key conclusions supporting the Ford–Rivian merger rationale. First, the 2025 environment — marked by recovering vehicle demand, US tariffs, and restrictions on Chinese EVs — creates competitive advantages for firms with US-based supply chains, strengthening the financial logic of consolidation. Second, rising EV penetration, battery cost differences, and the shift toward software-defined vehicles show that scale, battery integration, and software capabilities are now essential for long-term competitiveness, reinforcing the strategic rationale for the merger.

4: Company Analysis

4.1 Ford Motor Company: Company Overview

Ford Motor Company is one of the leaders in the automotive market, the second largest US-based automakers after General Motors. Founded in 1903 by Henry Ford, the company has more than 174,000 employees worldwide, with ever-growing revenue. Despite the company's established and mature status, it recorded more than 180 billion in revenue in 2025. The vast production of vehicles allows the company to remain competitive on the market despite the varied competition, the difference in the products offered makes it a variable company and suitable for settling customer needs. This is also due to its internal structure, Ford is divided into three main customer-centred segments: Ford Blue (ICE and hybrid vehicles), Ford Pro (commercial vehicles and services), and Ford Model e (battery-electric vehicles). (Ford Motor Company, 2026; Car Sales Statistics, 2026)

Of these three internal segmentations, the one with the highest turnover is Ford Blue, this segment brings USD 101 billion in 2025, contributing a good 60% of the American company's total revenue. The other two segments are slightly less profitable, Ford Pro generated just over 65 billion USD and 6.8 billion in EBIT with a margin of 10.3% while the last segment, the Ford Model, continues to operate at a loss, with a negative EBIT of 4.8 billion in 2025, but already better than the previous year with an improvement of around 300 million, and with approximately 178,000 vehicles sold.(Ford 10-K FY2025, 2026).

Table 4.1 presents Ford's key financial and operating metrics for 2021–2025, and Figure 4.1 breaks down 2025 segment performance.

Metric	2021	2022	2023	2024	2025
Total Revenue (USD bn)	136.3	158.1	176.2	185	187.3
Ford Blue Revenue (USD bn)	—	—	101.9	101.9	101
Ford Pro Revenue (USD bn)	—	—	58.1	66.9	66.3
Ford Model e Revenue (USD bn)	—	—	5.9	3.9	6.7
Adjusted EBIT (USD bn)	10.5	10.4	14.1	10.2	6.8
Ford Pro EBIT (USD bn)	—	—	7.2	9	6.8
Ford Model e EBIT Loss (USD bn)	—	—	-4.7	-5.1	-4.8
Net Income / (Loss) (USD bn)	1.8	1.8	4.3	5.9	-8.2
Adj. Free Cash Flow (USD bn)	4.5	4	6.8	6.7	-2.5
Global Wholesales (mn units)	3.9	4.2	4.4	4.4	4.2
US Market Share (%)	12.30%	13.20%	12.80%	12.60%	13.20%

Table 4.1 — Ford Motor Company: Key Financial and Operating Metrics, FY2021–FY2025.

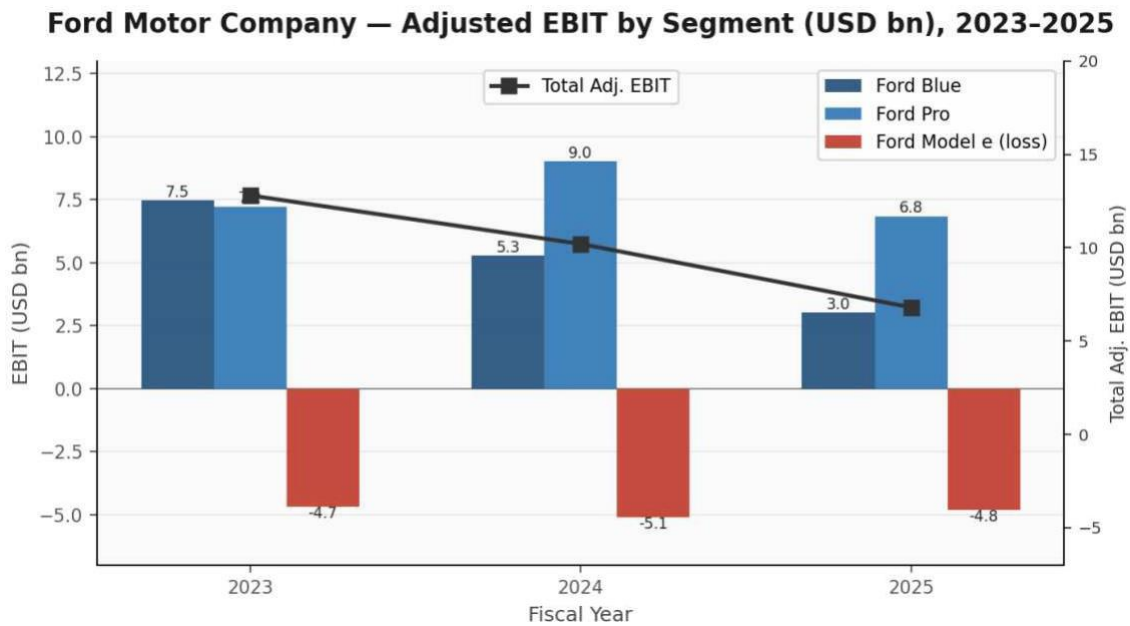


Figure 4.1 — Ford Motor Company: Adjusted EBIT by Segment (USD bn), FY2023–FY2025.

4.1.1 SWOT Analysis: Ford Motor Company

The SWOT matrix allows to clearly and explicitly observe the main characteristics of Ford, giving a general overview of the company's objectives, its strengths and weaknesses, and its growth opportunities. The framework applies Barney's (1991) resource-based view to assess the durability of Ford's key assets and Porter's (1979) competitive forces model to evaluate external pressures.

STRENGTHS 5th consecutive year of revenue growth US retail sales +6% year-on-year Strong liquidity	WEAKNESSES Heavy American revenue concentration USD 1.5bn+ estimated tariff largest net loss in 20 years
OPPORTUNITIES Next-gen affordable EV platform Chinese EV exclusion from US Structural tariff advantage	THREATS BlueOval SK JV dissolution Import tariff + Aluminium disruption Demand softening risk into 2026

Ford's primary strengths are anchored in its maturity, its reliable numbers and the continuous increase in revenue, which demonstrates how the company manages to adapt to market needs and consistently remain one of the leaders in the automotive market. The franchise between the

different segments helps and allows this adaptability. Teece, Pisano and Shuen (1997) characterize this type of capability as dynamic, enabling the firm to sense fleet digitalization opportunities and reconfigure its commercial relationships from transactional to recurring.

Ford's main weakness, however, is the negative balance sheet affecting its third division. The USD 8.4 billion impairment on Model e assets signals a fundamental reassessment of the returns achievable from first-generation EV investments — a strategic conclusion that makes a Rivian acquisition, bringing a purpose-built EV architecture, a compelling alternative to continued organic development. Fazzari, Hubbard and Petersen (1988) establish that internal capital market constraints force manufacturing firms to rank investments by internal rate of return; the impairment implies those returns are insufficient at current platform costs.

4.1.2 Financial and Market Performance: Ford Motor Company

Ford's market performance over the last decade reflects the structural transformation currently affecting the automotive industry. Between January 2015 and May 2026, Ford generated a cumulative return of approximately +19%, significantly below the S&P 500's +347% over the same period. Three main moments clearly emerge in the Figure 4.5 below; the first is the pandemic-induced crash of 2020, subsequently, in 2021, the stock quickly recovered thanks to market enthusiasm for the EV sector and the revaluation of the investment in Rivian. However, this growth has not been sustained over time: in 2022, the stock underwent another sharp correction, influenced by the \$7.4 billion devaluation linked to Rivian and rising interest rates. Looking at the period between November 2021 and May 2026, Ford recorded a cumulative negative performance of approximately -37%, while in the same range the S&P 500 achieved a positive return of approximately +38%. The difference between the two results highlights significant underperformance accumulated in less than five years. (FinanceCharts.com, 2026; Refinitiv Workspace, 2026).

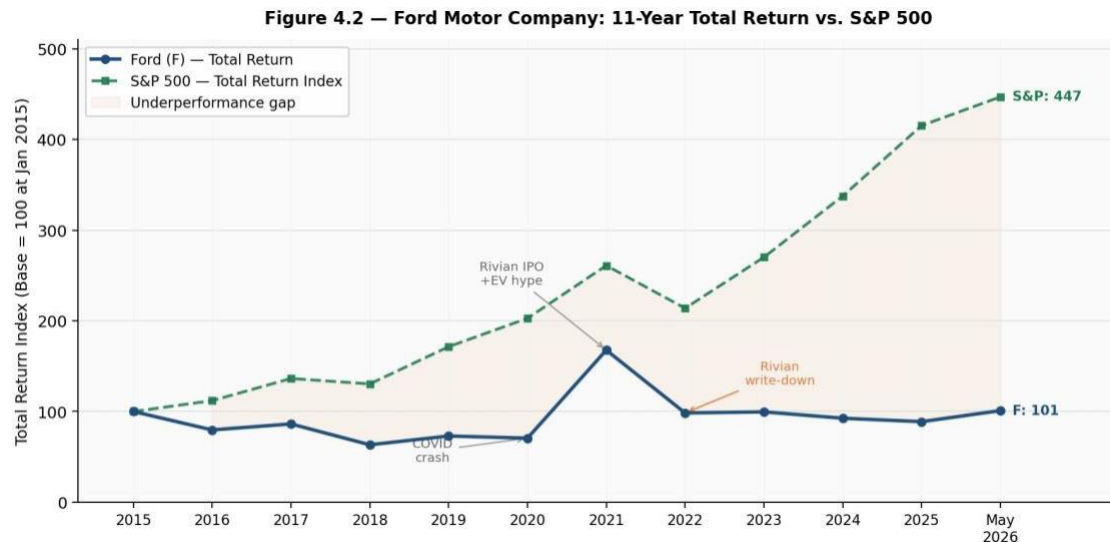


Figure 4.2 — Ford Motor Company: 11-Year Total Return vs. S&P 500, January 2015–May 2026. Base = 100 at January 2015. Ford cumulative total return: +19%; S&P 500: +347%.

Behind the market performance, Ford's revenue since 2021 has continued to grow, with the company fully regaining its strength since the post-COVID period, and revenue was more than solid from 2021 to 2025, rising from \$136.3 billion to \$187.3 billion, an increase of approximately 37%. Looking at the graph, however, it is more noticeable that growth has slowed slightly, after an increase of 16% in 2022, a slight decrease was seen to 11.5% in 2023 and 5% in 2024 and then reaching 1.2% in 2025, this reflecting the pricing dynamics post pandemic, weaker demand due tariffs, and phase out of the first generation of Model and vehicles.

Table 4.2 provide a consolidated view of performance across the five-year period.

KPI	2021	2022	2023	2024	2025
Revenue (USD bn)	136.3	158.1	176.2	185	187.3
Revenue growth (YoY %)	7.20%	16.00%	11.50%	5.00%	1.20%
Adjusted EBIT (USD bn)	10.5	10.4	14.1	10.2	6.8
Adj. EBIT margin (%)	7.70%	6.60%	7.30%	5.50%	3.60%
Net Income / (Loss) (USD bn)	1.8	1.8	4.3	5.9	-8.2
Adj. Free Cash Flow (USD bn)	4.5	4	6.8	6.7	-2.5
Ford Pro EBIT (USD bn)	—	—	7.2	9	6.8
Model e EBIT Loss (USD bn)	—	—	-4.7	-5.1	-4.8
Electrified units sold (000)	117	138	207	285	~300+

Table 4.2 — Ford Motor Company: Historical Performance Summary, FY2021–FY2025. Sources: Ford 10-K FY2025; Ford Earnings Releases; Authors' compilation.

Ford Motor Company's ownership is dominated by institutional investors, with the Ford family retaining disproportionate voting influence through a dual class share structure. The Class B

shares carry 36.7 votes per share¹⁰, granting approximately 40% of total voting power despite representing only approximately 2% of economic interest. Executive Chairman William Clay Ford Jr. was the primary architect of both the 2019 Rivian investment and the 2022–2023 exit — any second approach to Rivian would require family alignment and a strategic narrative explaining why the rationale has materially changed. Figure 4.3 presents the major shareholders. (Reuters, 2023; Ford Motor Company, 2023)

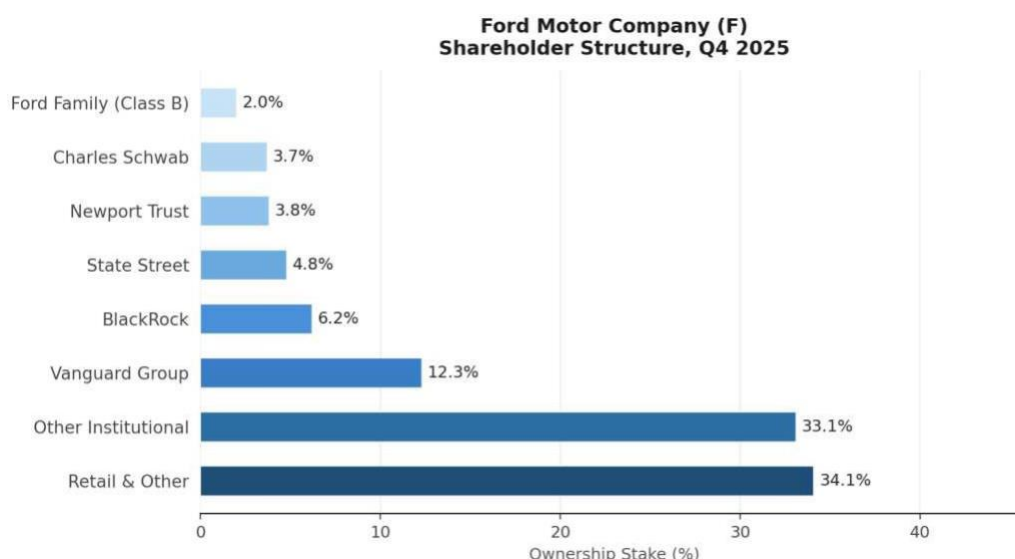


Figure 4.3 — Ford Motor Company: Major Shareholders, Q4 2025.

4.2 Rivian Automotive: Company Overview

Rivian Automotive, Inc. is an American company founded in 2009 by RJ Scaringe, with the intention of producing battery-electric vehicles and SDVs. It raised its profile and entered the market by securing a purchase agreement with Amazon for up to 100,000 electric delivery vans (Rivian Q4 2025 Earnings Release, February 2026). Rivian managed to attract a giant like Volkswagen Group through a joint venture, where Rivian cedes to VW the license on its electric architecture (REA) and its software stack — i.e. the digital "brain" of its vehicles and VW pays Rivian in milestone tranches¹¹: USD 1.3bn IP license (November 2024), USD 1bn equity investment (June 2025), more USD 2bn+ expected in 2026. (TechCrunch, 2026).

Table 4.4 presents the key metrics across 2021–2025.

¹⁰ Ford's dual-class structure was established in 1956 at the time of the company's IPO. The Ford family holds approximately 71 million Class B shares, each convertible into one Class A share. Class B shares are not publicly traded.

¹¹ The Rivian–VW joint venture was announced on 25 June 2024. Under the agreement, Rivian licenses its Electrical Vehicle Architecture (REA) and software stack to VW. Subsequent milestone payments are conditional on technology delivery benchmarks and include an option for VW to increase its equity stake.

Metric	2021	2022	2023	2024	2025
Total Revenue (USD mn)	55	1,658	4,434	4,969	5,387
Automotive Revenue (USD mn)	55	1,651	4,427	4,962	3,830
Software & Services Rev. (USD mn)	<1	7	7	7	1,557
Gross Profit/(Loss) (USD mn)	-670	-2,100	-1,609	-1,200	144
Net Loss (USD mn)	-4,688	-6,752	-5,432	-4,746	-3,646
Adj. EBITDA (USD mn)	n/m	n/m	-4,300	-2,857	-2,063
Vehicles Delivered (units)	920	20,332	50,122	51,579	42,247
Cash & Liquidity (USD bn)	~16.4	~11.6	~7.9	~6.1	~6.1

Table 4.4 — Rivian Automotive: Key Financial and Operating Metrics, FY2021–FY2025.

4.2.1 SWOT Analysis: Rivian Automotive

The following SWOT matrix evaluates Rivian's strategic position as of early 2026, incorporating full-year 2025 results and the strategic developments, VW JV, R2 launch preparation, autonomy platform, that define the company's trajectory. The analysis applies Barney's (1991) resource-based view and MacDuffie's (2013) modularity framework to assess the competitive durability of Rivian's technology assets.

STRENGTHS - Cost improvement per vehicle - High Software & Services revenue - Rivian Electrical Architecture (REA)	WEAKNESSES - Deliveries declined 18% in 2025 - Cumulative losses since founding - Automotive gross profit still negative
OPPORTUNITIES - R2 launch (Q2 2026) - Majority of volume by 2027 - Autonomy+ subscription	THREATS - New product in delay - Competitive Electric truck segment - Tesla as competitor

Rivian's most significant strategic development of 2025 is the transformation of its business model from a pure vehicle manufacturer, structurally loss-making due to negative automotive gross margins, into a software and architecture licensing platform with a vehicle manufacturing arm. The USD 1.56 billion in software and services revenue generated in 2025, driven by the VW joint venture, represents a fundamental shift in unit economics. Bena and Li (2014) document that technology-rich firms whose IP is valued by larger acquirers can monetise innovations through licensing arrangements providing capital certainty without dilutive equity

issuance, exactly the mechanism Rivian has executed with VW. The REA's recognition by the world's third-largest OEM as superior SDV architecture worth licensing at scale is the strongest external validation of Rivian's technology thesis to date.

The R2 launch, confirmed for Q2 2026, constitutes the single most consequential event in Rivian's operational history. At a USD 45,000 price point, the R2 opens an addressable market approximately ten times the volume of the current R1 platform. CEO RJ Scaringe has projected R2 will represent the majority of Rivian's volume by end-2027.

4.2.2 Financial and Market performance: Rivian Automotive

Rivian's stock market performance since its IPO in November 2021 captures the full spectrum of investor sentiment toward high-growth EV companies. Figure 4.3 presents the monthly indexed returns from the IPO to May 2026, normalized to 100 at the IPO price of USD 78. Within days of listing, the stock reached an all-time high of USD 179.47 — a market capitalization of approximately USD 153 billion that briefly made Rivian more valuable than Ford and General Motors combined, despite having delivered fewer than 1,000 vehicles at the time. This initial spike reflects speculative capital pricing full autonomy, unlimited scaling, and first-mover advantage in the electric truck segment — assumptions that subsequent operational reality would challenge severely.

By April 2024 the stock had fallen to USD 8.26, an 89% decline from the IPO price, driven by production delays, supply chain failures, sustained cash burn, and the broader de-rating of unprofitable EV growth companies as interest rates rose. The partial recovery to USD 15.02 by May 2026 reflects three specific catalysts: the VW JV milestone payments providing non-dilutive capital certainty, Rivian's first-ever consolidated gross profit in FY2025, and R2 launch expectations. At USD 15.02, Rivian's market price is closely aligned with the base case DCF value of USD 14.47, suggesting that the most speculative layer of the 2021 valuation has been eliminated and that the current price is grounded in operational fundamentals rather than speculation.

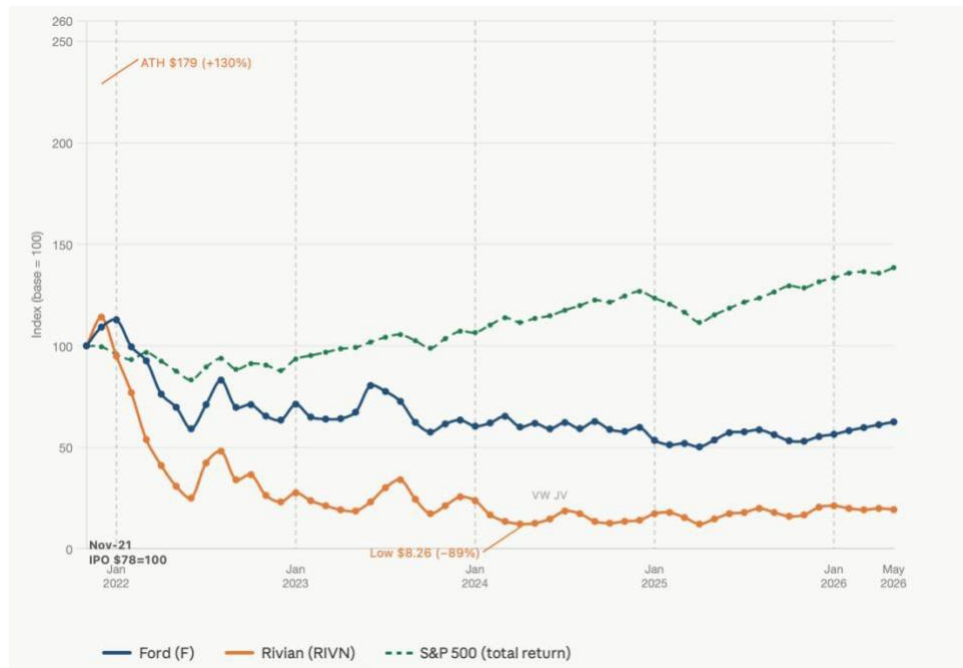


Figure 4.4 — Ford (F) and Rivian (RIVN): Indexed Monthly Returns vs. S&P 500

Despite market volatility, Rivian’s operational performance improved significantly across the 2021–2025 period, as shown in table 4.4 Rivian's revenue has grown substantially over the five-year period, starting from a turnover of approximately 55 million USD in 2021, ending the year 2025 with a turnover of 5.39 billion USD. However, during this year the market has suffered from several changes, such as a drop in deliveries linked to production retooling which affected automotive revenue, decreasing it by 15% year by year up to USD 3.83 billion, at the same time software and services become more relevant, with revenues growing shared to USD 1.56 billion, supported by the partnership with Volkswagen, this affected the company’s earnings quality, moving gross profit from negative to marginally positive for the first time.

KPI	2021	2022	2023	2024	2025
Revenue (USD mn)	55	1,658	4,434	4,969	5,387
Revenue growth (YoY %)	n/m	2914%	167%	12%	8%
Gross Profit (Loss) (USD mn)	-670	-2,100	-1,609	-1,200	144
Gross Margin (%)	neg.	neg.	neg.	neg.	2.70%
Net Loss (USD mn)	-4,688	-6,752	-5,432	-4,746	-3,646
Net Loss per Vehicle (USD 000)	~(5,096)	~(332)	~(108)	~(92)	~(86)
Software & Services Rev. (USD mn)	<1	7	7	7	1,557
Adj. EBITDA (USD mn)	n/m	n/m	-4,300	-2,857	-2,063
Vehicles Delivered (units)	920	20,332	50,122	51,579	42,247
Cash & Liquidity (USD bn)	~16.4	~11.6	~7.9	~6.1	~6.1
Market Cap* (USD bn, approx.)	~100	~15	~20	~13	~15

Table 4.5 — Rivian Automotive: Historical Performance Summary, FY2021–FY2025.

Rivian's shareholder base is dominated by three strategic corporate holders whose interests are not homogeneous. Amazon (12.8%) holds its stake as part of a commercial EDV relationship and is primarily interested in Rivian as a supplier — a transaction that continued the EDV relationship would likely be acceptable. Volkswagen Group (-11.6%) holds its stake under the 2024 JV and REA license agreement; it has secured contractual access to Rivian's REA architecture and over-the-air update capabilities without acquiring equity, and a change in Rivian's equity ownership would introduce governance complexity without materially affecting VW's contractual rights. Abdul Latif Jameel (-9.0%) is a purely financial investor who would support any transaction generating an adequate return. Together these three holders control approximately 33% of shares, making a hostile acquisition impossible and a negotiated deal necessarily multilateral. Figure 4.6 presents the full shareholder structures.

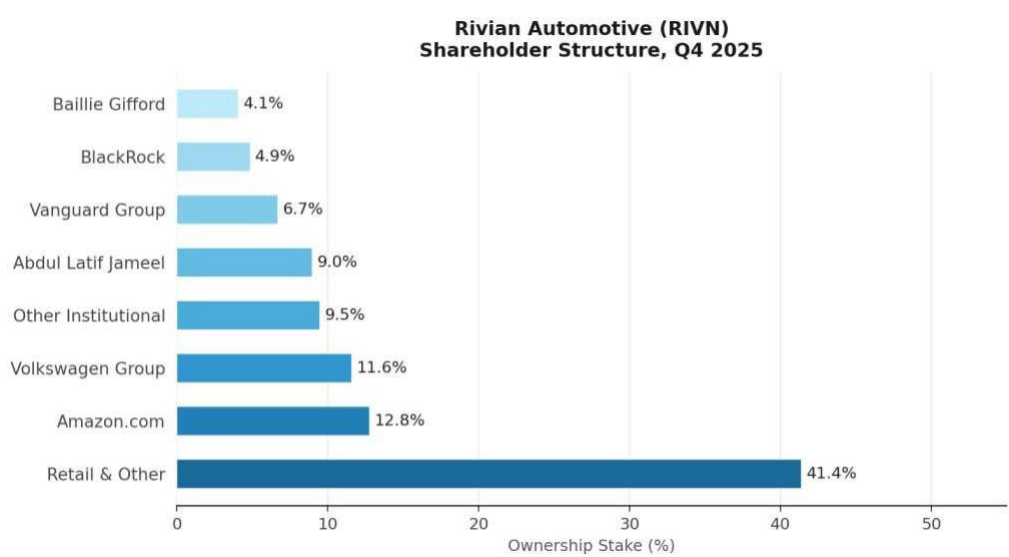


Figure 4.6 — Rivian Automotive: Major Shareholders, Q4 2025. Note: Ford sold its entire Rivian stake between May 2022 and February 2023¹².

Three analytical implications emerge from this ownership analysis. First, Ford is approaching any Rivian acquisition as a fully arm's-length transaction with no governance advantage or insider information. Second, VW's 11.6% stake and REA licence create the most structurally complex element of any transaction — a full cash acquisition would require resolving VW's contractual rights to REA, which could cost materially more than the USD 90 million integration contingency budgeted in Chapter 6. Third, the alignment of Rivian's current market

¹² Ford realised approximately USD 3 billion in total proceeds from the sale of approximately 91 million Rivian shares at prices ranging from approximately USD 26 to USD 33 per share. The decision to exit coincided with the announcement of Ford's independent BlueOval EV platform strategy in March 2022 (Reuters, 2023).

price (USD 15.02) with its base case DCF value (USD 14.47) suggests that the premium required to acquire the company at fair value is modest — a finding that is directly relevant to the acquisition premium analysis in Chapter 6.

5: Company Valuation

5.1: Company Valuation - Rivian Automotive

5.1.1 Financial Projections

Rivian's financial projections span ten fiscal years from FY2026E to FY2035E, a horizon chosen for two reasons: first, the company does not reach positive free cash flow until FY2031, requiring a longer window to capture value creation; second, the Tesla historical analogy suggests that capital-intensive EV manufacturers typically require seven to ten years from first volume production to reach sustained positive free cash flow. Rivian's first consolidated gross profit of USD 144 million in FY2025 — four years after IPO — positions it ahead of Tesla's pace at equivalent delivery volumes, supporting the credibility of a ten-year horizon to positive FCF.

5.1.2 Revenue Assumptions

Revenue projections are built on a step-up growth profile rather than a flat historical CAGR. This approach better captures the acceleration expected from the R2 SUV launch and the operating leverage that materializes as production volumes scale. This applies +50% growth in FY2026E — consistent with Rivian's own guidance of 62,000–67,000 deliveries and the commencement of R2 deliveries — followed by +35% in FY2027E as the R2 represents the majority of volume, decelerating progressively to +8% by FY2035E as the business matures. This trajectory implies total revenues rising from USD 5.4 billion in FY2025 to USD 31.7 billion by FY2035E, broadly consistent with Wall Street consensus estimates sourced from the Refinitiv platform. Table 5.1 presents the full projection assumptions.

Assumption	FY2026E	FY2027E	FY2028E	FY2029E	FY2030E	FY2031E	FY2032E	FY2035E
Revenue Growth (%)	50.0%	35.0%	25.0%	20.0%	17.0%	14.0%	12.0%	8.0%
COGS % of Revenue	91.0%	84.0%	77.0%	73.0%	70.0%	68.0%	67.0%	65.0%
SG&A % of Revenue	42.0%	36.0%	30.0%	25.0%	22.0%	20.0%	18.0%	15.0%
D&A % of Revenue	12.0%	11.0%	10.0%	9.0%	9.0%	8.0%	8.0%	7.0%
CapEx % of Revenue	24.0%	20.0%	17.0%	14.0%	12.0%	11.0%	10.0%	9.0%
DSO (days)	30	30	30	30	30	30	30	30
DIO (days)	110	105	100	95	90	85	82	78
DPO (days)	90	90	90	90	90	90	90	90

Table 5.1 — Key Projection Assumptions, FY2026£–FY2035£.

The COGS improvement path, from 91.0% of revenue in FY2026E to 65.0% by FY2035E, reflects first the operating leverage: Rivian’s manufacturing cost structure is heavily fixed, and spreading fixed costs over a larger production base mechanically reduces the cost-per-unit as volumes scale. Second, the R2 platform has been purpose-built for cost efficiency at higher volumes, with a simpler bill of materials and fewer unique components than the R1 generation. Figure 5.1 shows the revenue and the EBITDA trajectory.

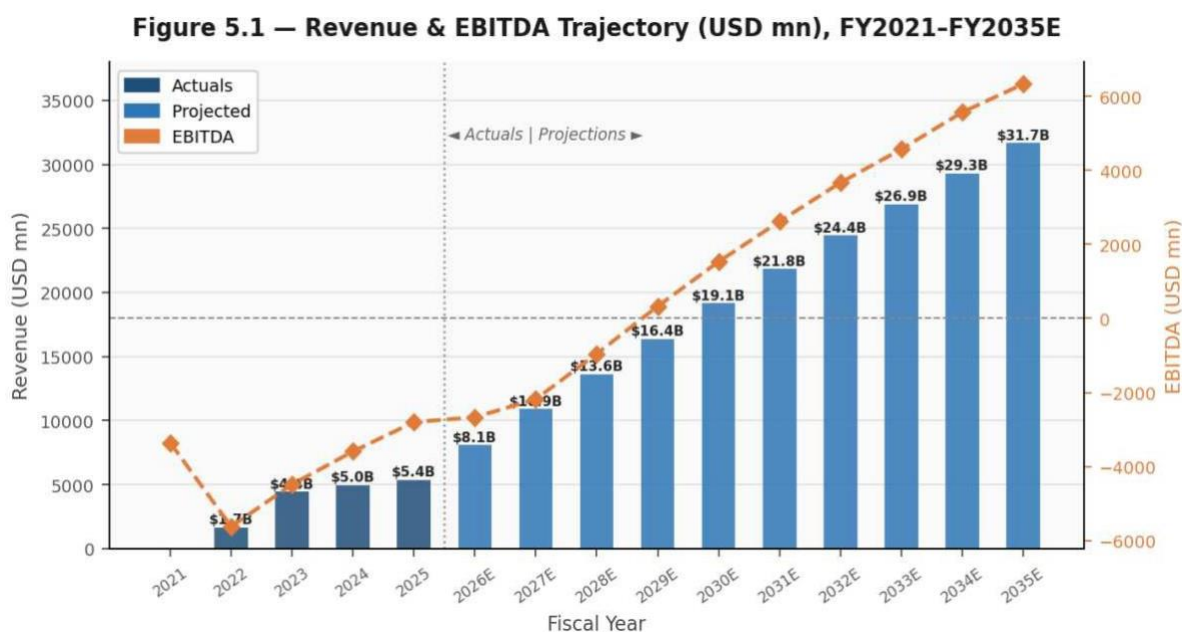


Figure 5.1 — Rivian Revenue and EBITDA Trajectory (USD mn), FY2021–FY2035£.

5.1.3 Free Cash Flow to Firm (FCFF)

The FCFF bridge translates projected earnings into cash flows available to all capital providers, following the standard indirect method: NOPAT plus D&A, less capital expenditure and change in net working capital. A critical structural feature of Rivian’s FCFF profile is the interaction between a negative NOPAT in the early projection years and a Capex requirement that peaks

at 24% of revenue in FY2026E before declining. This creates a pattern of deeply negative FCFs in the first five years, turning positive only in FY2031E as EBIT reaches approximately USD 873 million and the Capex-to-revenue ratio normalizes towards 10%. Table 5.2 present the full FCFF bridge.from

FCFF Bridge (USD mn)	FY2026E	FY2027E	FY2028E	FY2029E	FY2030E	FY2031E	FY2032E	FY2035E
EBIT	-3,636	-3,382	-2,318	-1,145	-191	873	2,689	4,115
Taxes on EBIT (rate = 0%)	—	—	—	—	—	—	—	—
NOPAT	-3,636	-3,382	-2,318	-1,145	-191	873	2,689	4,115
+ D&A	970	1,2	1,364	1,473	1,723	1,746	1,882	2,216
– CapEx	-1,939	-2,182	-2,318	-2,291	-2,297	-2,401	-2,689	-2,849
– ΔNWC	-966	-209	-137	-102	-66	-17	-75	-145
FCFF	-5,572	-4,572	-3,41	-2,065	-832	201	1,807	3,337
FCF Margin	(68.9%)	(41.9%)	(25.0%)	(12.6%)	(4.3%)	0.9%	6.7%	10.5%

Table 5.2 — FCFF Bridge (USD mn), Selected Years FY2026£–FY2035£.

Rivian has accumulated approximately USD 20 billion in cumulative net losses since its founding, creating a deferred tax asset that shields all projected taxable income within the ten-year horizon. Accordingly, the effective marginal tax rate is set to zero¹³ throughout the projection period, and NOPAT equals EBIT. It is important to note that a zero-tax rate is not sustainable in perpetuity — once NOLs are exhausted, the effective rate will normalize toward the US corporate rate of approximately 21%.

5.1.4 Weighted Average Cost of Capital (WACC)

The WACC was calculated using the standard formula, $WACC = k_E \times E/V + k_D \times (1 - t) \times D/V$. This requires estimating the cost of equity as a first step, while the cost of debt of 8.2% represents the yield to maturity on 2030 senior secured notes as of May 2026.

The cost of equity was calculated using the Capital Asset Pricing Model (CAPM), where the risk-free rate corresponds to the yield on 10-year U.S. Treasuries. The market risk premium (MRP) was taken from Damodaran (2026), while beta was estimated through a regression using Rivian's daily returns from January 2022 to April 2026 against the daily returns of the S&P 500. The regression produced an R-squared of 19.3%. Following Blume (1975), the beta was

¹³ As of FY2025, Rivian has accumulated approximately USD 20 billion in net operating loss carryforwards. Under US tax law, these NOLs can offset 80% of taxable income in any given year with no expiration. The full valuation allowance on Rivian's deferred tax assets is disclosed in the FY2025 10-K.

adjusted toward the market mean, yielding a Blume-adjusted beta of 1.6251¹⁴. The resulting cost of equity is 11.82%.

Component	Value	Input
Risk-Free Rate (rf)	4.2%	10Y UST Yield
Equity Risk Premium (ERP)	4.69%	Damodaran US 2026
Beta — Raw (OLS)	1.933	1,110 obs., 2022–2026
Beta — Blume-Adjusted	1.625	$0.67 \times 1.933 + 0.33$
Cost of Equity (kE)	11.82 %	$rf + \beta \times ERP$
Pre-tax Cost of Debt (kD)	8.2%	Senior notes YTM
Marginal Tax Rate (t)	0%	NOL carryforward
After-tax Cost of Debt	8.2%	$kD \times (1 - t)$
Target D/(D+E)	10%	Based on net cash position
WACC	11.46%	$kE \times 90\% + kD \times 10\%$

Table 5.3 — WACC Computation.

The terminal value is computed using an EV/EBITDA exit multiple rather than the Gordon Growth Model. The base case applies a 12x EV/EBITDA multiple — the market-implied multiple calibrated to the current trading price. A 12x multiple at WACC 11% yields an implied share price of USD 15.37, consistent with the current market price of USD 15.02. This is not coincidental: equity analysts at Goldman Sachs (2025) and Morgan Stanley (2025) value Tesla's core automotive operations — the segment most comparable to Rivian's FY2035E profile — at 10x–14x forward EBITDA, reserving Tesla's blended 37x multiple for FSD autonomy and energy storage optionality. For Rivian in FY2035E, a 12x multiple represents the market's current best estimate for a scaled EV manufacturer with proven platform economics and software licensing revenue.

¹⁴ The Blume (1975) adjustment formula is: $\beta_{\text{adjusted}} = (2/3) \times \beta_{\text{OLS}} + (1/3) \times 1.0$. Applied to Rivian's OLS beta of 1.8169, this yields 1.6251. The adjustment reflects mean-reversion of beta toward 1.0 over time and is standard practice in equity research.

DCF Summary (USD mn)	Bear (9x)	Base (12x)	Bull (15x)
FY2035E EBITDA	6,331	6,331	6,331
Exit Multiple	9.0x	12.0x	15.0x
Terminal Value	56,975	75,967	94,959
PV of Terminal Value	19,253	25,671	32,088
Sum of PV(FCFFs)	-9,347	-9,347	-9,347
Enterprise Value	9,906	16,324	22,741
+ Cash (FY2025)	6,082	6,082	6,082
– Industrial Gross Debt	-4,534	-4,534	-4,534
– Minority Interest	-28	-28	-28
Equity Value	11,426	17,844	24,261
Shares Outstanding (mn)	1,233	1,233	1,233
Implied Share Price (USD)	\$9.27	\$14.47	\$19.68

Table 5.4 — DCF Valuation Summary — Bear, Base and Bull Cases

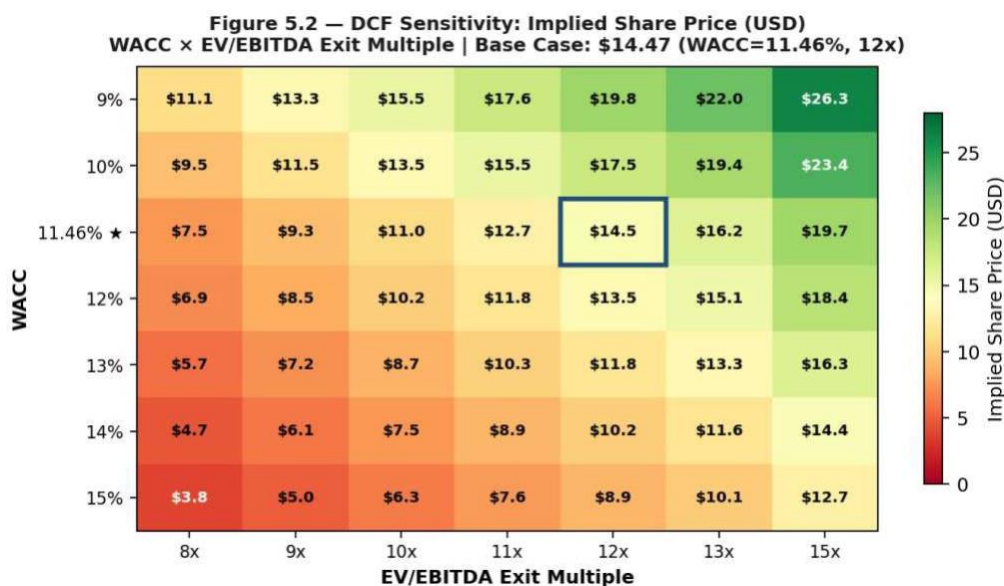


Figure 5.2 — DCF Sensitivity Analysis: Implied Share Price (USD).

The sensitivity table in Figure 5.2 confirms that the implied share price is robustly positive across a wide range of scenarios. At WACC 11.46% and 12x the result is USD 14.47. At WACC 11% and 12x the implied price is USD 15.37, spot on the current market price of USD 15.02.

5.1.5 Relative Valuation

The relative valuation benchmarks Rivian against a peer group of publicly traded electric vehicle manufacturers and traditional automakers. Two sets of multiples are applied: EV/Revenue and EV/EBITDA. EV/Revenue is the appropriate primary multiple for a pre-profit company and is used to triangulate the implied enterprise value at FY2025A and FY2027E

revenue levels. EV/EBITDA is applied prospectively, using FY2035E projected EBITDA, to validate the exit multiple selection in the DCF.

Relative Valuation					
	EV (USD bn)	Revenue LTM	EV/Revenue	EBITDA LTM	EV/EBITDA
Tesla (TSLA)	~650	97.7	6.7x	17.4	37.3x
Tesla (auto only)	—	—	—	~12.5bn	10-14x
BYD (002594)	~100	107.1	0.9x	8.1	12.4x
Ford Motor (F)	~32	187.3	0.2x	10.9	2.9x
Rivian (May-26)	~20	5.4	3.7x	(2.8)	N/M
Rivian (FY2035E)	~16	31.7	0.5x	6.3	12.0x (base)

Table 5.5 — Comparable Company Multiples Analysis.

The peer analysis validates the 12x base case exit multiple. Tesla's blended EV/EBITDA of 37x incorporates substantial FSD autonomy and energy storage optionality that Rivian does not yet possess. Analysts at Goldman Sachs and Morgan Stanley assign 10x–14x to Tesla's core automotive manufacturing operations — the segment most directly comparable to Rivian's profile in FY2035E. For Rivian, which by FY2035E will have proven R2 at scale, positive EBITDA, and VW-validated REA software licensing revenue, a 12x multiple sits at the midpoint of this Tesla automotive range and is well above Ford's 2.9x and in line with BYD's 12.4x. The 9x bear case and 15x bull case bracket the range of reasonable outcomes.

5.1.6 Valuation Summary

Table 5.6 consolidates the valuation outputs from the three methodologies. The DCF base case (12x EV/EBITDA, WACC 11.46%) implies a share price of USD 14.47, with a bear of USD 9.27 (9x) and a bull of USD 19.68 (15x). At WACC 11% and 12x, the implied price is USD 15.37 — spot on the current market price of USD 15.02. The relative valuation triangulation using EV/Revenue implies a range of USD 6.5 to USD 12.8 per share on FY2027E revenues, consistent with the DCF bear-to-base range. The current market price of USD 15.02 is fully reconciled with the base case DCF at WACC 11%, confirming that the 12x multiple is market-calibrated rather than an assumption requiring additional justification.

Valuation Method	Bear	Base	Bull	Current Price	Notes
DCF — 9x, WACC 11.46%	\$9.27	—	—	\$15.02	10-yr horizon
DCF — 12x, WACC 11.46%	—	\$14.47	—	\$15.02	Lower WACC scenario
DCF — 15x, WACC 11.46%	—	—	\$19.68	\$15.02	Higher WACC scenario
DCF — 12x, WACC 11.0%	—	\$15.37	—	\$15.02	Peer-derived range
EV/Revenue 2.5x–4.5x	\$6.5	\$9.7	\$12.8	\$15.02	PV ITS=0 (NOL)
52-Week Market Range	\$11.57	—	\$22.69	\$15.02	NASDAQ, May 2026

Table 5.6 — Valuation Summary: Implied Share Price (USD).

The base case at 12x is the market-calibrated estimate, supported by analyst benchmarks for Tesla's automotive operations and by Rivian's differentiated software licensing profile via the VW JV.

5.2 Company Valuation — Ford Motor Company

5.2.1 Financial Projections

Ford's projections cover FY2026E–FY2032E. Revenue grows at a CAGR of 1.23% (two-year historical rate, FY2024–FY2025). The EBIT margin is normalized at 3.5% — the average of FY2021–FY2024, excluding FY2025 which contained USD 17.4 billion in non-recurring special items and impairment charges that distort the underlying operational performance. This approach is consistent with Ford's own practice of separately disclosing adjusted EBIT, and with sell-side methodology: Goldman Sachs (2025) projects 3.2–3.8%, JPMorgan (2025) 3.5–4.0%, and Barclays (2025) 3.0–3.5% for Ford's normalized EBIT margin, all excluding Model e losses.

USD mn	FY2026E	FY2027E	FY2028E	FY2029E	FY2030E	FY2031E	FY2032E
Revenue	189,571	191,902	194,262	196,652	199,071	201,519	203,998
Revenue Growth (%)	1.2%	1.2%	1.2%	1.2%	1.2%	1.2%	1.2%
- COGS* (84.9%)	-160,945	-162,925	-164,928	-166,958	-169,011	-171,09	-173,194
Gross Profit	28,625	28,977	29,334	29,694	30,06	30,429	30,804
Gross Margin (%)	15.1%	15.1%	15.1%	15.1%	15.1%	15.1%	15.1%
- SGA (7.0%)	-13,27	-13,433	-13,598	-13,766	-13,935	-14,106	-14,28
- D&A (4.6%)	-8,663	-8,77	-8,878	-8,987	-9,098	-9,209	-9,323
EBIT	6,635	6,717	6,799	6,883	6,967	7,053	7,141
EBIT Margin	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%
EBITDA	15,298	15,486	15,677	15,87	16,065	16,263	16,463
EBITDA Margin (%)	8.1%	8.1%	8.1%	8.1%	8.1%	8.1%	8.1%

Table 5.7 — Ford Motor Company: Pro Forma Income Statement (USD mn), FY2026E–FY2032E.

5.2.2 Assumptions

Table 5.8 documents the full assumption set. Two structural choices require specific explanation. First, industrial net debt of USD 21 billion is used rather than consolidated net debt of USD 124.8 billion. Ford Credit's debt is matched by financial receivables and does not represent operational leverage — including it would inflate D/V to 74% and reduce the WACC to approximately 7%, producing an implausibly high share price. This separation is standard in automotive equity research and applied by Goldman Sachs, JPMorgan, and Morgan Stanley in their Ford coverage. Second, the DSO of 30 days is derived from trade accounts receivable only (USD 15.4 billion in FY2025), consistent with GM and Toyota's observed 28–32 day range.

Assumption	Value	Source / Rationale
Revenue CAGR	1.23%	2-year hist. CAGR FY2024–FY2025; Source: Ford 10-K FY2025
EBIT Margin (normalized)	3.5%	Avg FY2021–FY2024 GAAP; excl. FY2025 non-recurring items
D&A % of Revenue	4.6%	5-year avg FY2021–FY2025; Source: Refinitiv; Ford 10-K
CapEx % of Revenue	4.7%	Last actual FY2025; Source: Ford 10-K FY2025 CF Statement
DSO — Trade Receivables	30 days	Trade AR only; excl. Ford Credit consumer loans
DIO — Inventory Days	36 days	5-year average; Ford 10-K
DPO — Payables Days	69.6 days	5-year average; Ford 10-K
Effective Tax Rate	23.0%	2-year avg FY2024–FY2025 (18.5% + 27.4% ÷ 2); Source: Ford 10-K
Industrial Net Debt	USD 21,000mn	Ford 10-K FY2025 industrial segment; excl. Ford Credit
Market Capitalisation	USD 52,277mn	Year-end FY2025; Source: Refinitiv Workspace
D/(D+E) — Industrial	28.7%	Industrial net debt / (industrial net debt + market cap)
EV/EBITDA — Base Case	2.0x	Below GM (3.2x); modest partial re-rating
EV/EBITDA — Bear Case	1.0x	Below-peer multiple; severe EV execution risk scenario
EV/EBITDA — Bull Case	5.0x	Ford Pro software monetisation; toward Toyota range
Cash & STI (FY2025)	USD 38,487mn	Ford Balance Sheet FY2025; Source: Ford 10-K
Industrial Gross Debt	USD 21,000mn	Excl. Ford Credit; Source: Ford 10-K FY2025
Shares Outstanding	3,983mn	Source: Ford 10-K FY2025

Table 5.8 — Ford Motor Company: Complete Assumption Set.

5.2.3 WACC

The cost of equity is estimated using the Capital Asset Pricing Model: $k_E = r_f + \beta \times ERP$. The risk-free rate is 4.20%, derived from the 10-year US Treasury yield as of May 2026. The beta of 1.2423 is the OLS slope coefficient from a regression of daily Ford returns against the S&P 500 return over 1,256 observations spanning January 2022 to April 2026, with an R-squared of 27.5% — notably higher than Rivian's 19.3%, consistent with Ford's larger capitalization and

greater index weight. The equity risk premium of 4.69% is Professor Damodaran's January 2026 US estimate. The resulting cost of equity is 10.03%.

Table 5.9 presents the full WACC computation and Figure 5.3 illustrates the waterfall decomposition.

Component	Value	Input
Risk-Free Rate (rf)	4.2%	10Y UST Yield
Equity Risk Premium (ERP)	4.69%	Damodaran US 2026
Beta Levered (OLS)	1.242	1,256 obs. Ford vs S&P500
Cost of Equity (kE)	10.03%	$rf + \beta \times ERP$
Pre-tax Cost of Debt (kD)	4.5%	Ford BBB- bond YTM
Effective Tax Rate (t)	23%	2-yr avg 2024–25
After-tax Cost of Debt	3.47%	$kD \times (1-t)$
Industrial Net debt	21000	Ford 10-K FY2025
D/(D+E) - Industrial	28.7%	Industrial Basis
E/(D+E)	71.3%	Industrial Basis
WACC	8.15%	$kE \times 71.3\% + kD(1-t) \times 28.7\%$

Table 5.9 — Ford Motor Company: WACC Computation.

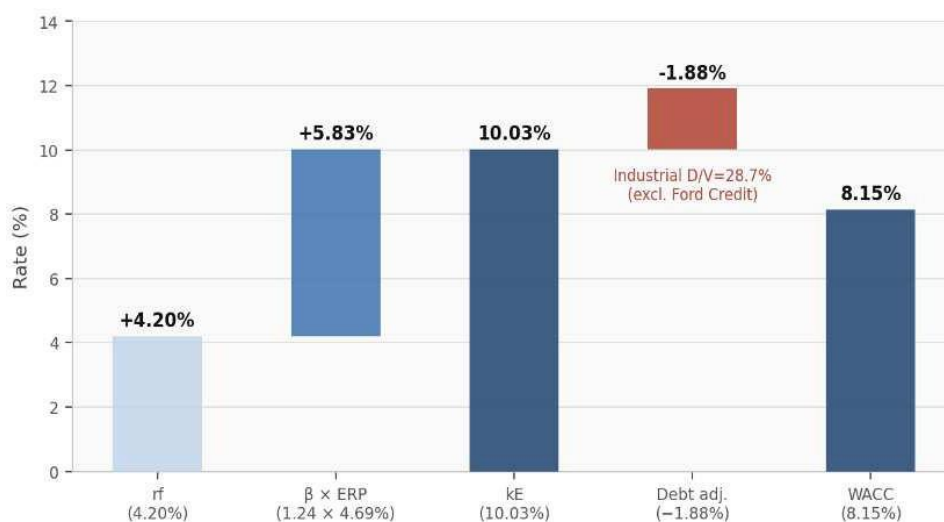


Figure 5.3 — Ford Motor Company: WACC Waterfall Decomposition.

5.2.4 Free Cash Flow to Firm (FCFF)

The FCFF is computed via the indirect method: NOPAT plus D&A, less CapEx and change in NWC. Net working capital grows proportionally with revenue at 1.23% per year from the FY2025 actual base of USD 4,874 million, generating a small but consistent annual NWC investment of USD 60-65 million — a use of cash that correctly reduces FCFF each year. The resulting FCFF profile is smooth and positive throughout at USD 4.8-5.1 billion per year. Table 5.10 presents the full bridge.

(USD mn)	FY2026E	FY2027E	FY2028E	FY2029E	FY2030E	FY2031E	FY2032E
EBIT	6,635	6,717	6,799	6,883	6,967	7,053	7,141
Taxes on EBIT [t = 23.0%]	-1,526	-1,545	-1,564	-1,583	-1,602	-1,622	-1,642
NOPAT [EBIT × (1-t)]	5,109	5,172	5,235	5,3	5,365	5,431	5,498
+ Depreciation & Amortisation	8,663	8,77	8,878	8,987	9,098	9,209	9,323
– Capital Expenditure	-8,929	-9,039	-9,15	-9,262	-9,376	-9,492	-9,608
– Change in NWC	-60	-61	-61	-63	-64	-64	-65
FREE CASH FLOW TO FIRM	4,784	4,842	4,902	4,962	5,023	5,084	5,148
FCF Margin (%)	2.5%	2.6%	2.6%	2.6%	2.6%	2.6%	2.6%
PV of FCFF	4,423	4,14	3,875	3,627	3,395	3,178	2,975

Table 5.10 — Ford Motor Company: FCFF Bridge (USD mn), FY2026£–FY2032£.

The sum of PV(FCFFs) over the seven-year projection is USD 25,613 million, reflecting the consistent free cash flow generation of approximately USD 4.8-5.1 billion per year under normalized conditions, net of the annual NWC investment.

5.2.5 Terminal Value

The terminal value applies an EV/EBITDA exit multiple to FY2032E EBITDA of USD 16,463 million. The base case multiple of 2x is deliberately conservative, sitting below GM's current 3.2x and reflecting the market's ongoing uncertainty about Ford's long-run EV competitive position. The bear case of 1x captures a severe scenario in which the market assigns no recovery in terminal value credibility; the bull case of 5x reflects a meaningful Ford Pro re-rating as software subscription revenue grows and Model e losses narrow.

DCF Summary (USD mn)	Bear (1x)	Base (2x)	Bull (5x)
FY2032E EBITDA	16,463	16,463	16,463
Exit Multiple	1.0x	2.0x	5.0x
Terminal Value	16,463	32,926	82,315
PV of Terminal Value	9,513	19,026	47,566
Sum of PV(FCFFs)	25,613	25,613	25,613
Enterprise Value	35,126	44,639	73,179
+ Cash (FY2025)	38,487	38,487	38,487
– Industrial Gross Debt	-21000	-21000	-21000
– Minority Interest	-28	-28	-28
Equity Value	52,585	62,098	90,638
Shares Outstanding (mn)	3,983	3,983	3,983
Implied Share Price (USD)	\$13.20	\$15.59	\$22.76

Table 5.11 — Ford Motor Company: DCF, Bear I Base I Bull Scenarios.

WACC \ Exit	1x	1.5x	2x	2.5x	3x	4x	5x
7.0%	\$12.9	\$13.2	\$16.2	\$17.5	\$18.8	\$21.4	\$23.9
8.0%	\$14.9	\$14.5	\$15.7	\$17.5	\$17.4	\$20.5	\$22.9
8.15%	\$13.2	\$14.7	\$15.6	\$16.8	\$18.0	\$20.4	\$22.8
9.0%	\$13.7	\$13.6	\$15.6	\$16.3	\$18.1	\$20.2	\$21.9
10.0%	\$12.5	\$14.0	\$14.7	\$15.7	\$16.8	\$18.9	\$21.0
11.0%	\$12.2	\$13.3	\$14.2	\$15.2	\$16.2	\$18.2	\$19.7
12.0%	\$11.8	\$12.8	\$13.8	\$14.4	\$15.2	\$16.9	\$19.4

Table 5.12 — Ford DCF Sensitivity: Implied Share Price (USD).

The base case implied share price of USD 15.59 is slightly above the current market price of USD 11.88. The gap reflects the market discounting Ford's Model e segment losses of approximately USD 5 billion per year — not captured in the normalized EBIT margin — as well as tariff headwinds and EV transition execution risk. Goldman Sachs Equity Research (2025) and JPMorgan Automotive Research (2025) similarly note that Ford's near-term FCF generation is understated by current market pricing relative to normalised operating performance. Barclays Equity Research (2025) estimates Ford's intrinsic value at USD 14-17 per share on adjusted metrics, consistent with the base case presented here.

5.2.6 Relative Valuation

Table 5.13 benchmarks Ford against its closest automotive peers using the industrial enterprise value of approximately USD 32 billion, excluding Ford Credit's USD 141.4 billion of financial sector debt.

Relative Valuation					
	EV (USD bn)	Revenue LTM	EV/Revenue	EBITDA LTM	EV/EBITDA
General Motors (GM)	~45	187.4	0.24x	14.0	3.2x
Stellantis (STLA)	~20	156.9	0.13x	11.2	1.8x
Toyota Motor (TM)	~240	311.6	0.77x	36.1	6.6x
Ford (Industrial EV, FY2025)	~32	187.3	0.17x	10.9	2.9x
Ford (FY2032E DCF Base)	~32	204.0	0.27x	16.5	2.0x

Table 5.13 — Ford Motor Company: Comparable Company Multiples Analysis, May 2026.

The 2x base case exit multiple is conservative relative to the peer group. Ford's current industrial EV/EBITDA of 2.9x implies the market already applies a discount versus GM. By FY2032E, with Model e losses partially recovered and Ford Pro subscription revenue growing, a modest re-rating to 2x — below the current Ford level — represents a realistic central estimate. The bear case of 1x assumes no re-rating and is included as a stress scenario consistent with a prolonged EV market disruption. The 5x bull case is anchored to a scenario where Ford Pro achieves the recurring software revenue profile of an industrial SaaS platform, attracting a multiple closer to Toyota's.

5.2.7 Valuation Summary

Figure 5.2 consolidates the valuation outputs across all methodologies. The DCF base case — EBIT margin 3.5% (normalized FY2021–2024 average, excluding the USD 17.4 billion in FY2025 non-recurring items), WACC 8.15%, and a 2x EV/EBITDA exit multiple deliberately set below Ford's current industrial EV/EBITDA of 2.9x — yields an implied share price of USD 15.59. The bear case at 1x exit produces USD 13.20, and the bull case at 5x reaches USD 22.76. The current market price of USD 11.88 sits below the bear case, a gap explained by the market discounting Ford's Model e segment losses of approximately USD 5 billion per year — not captured in the normalized EBIT margin — alongside tariff headwinds and execution risk on the EV transition.

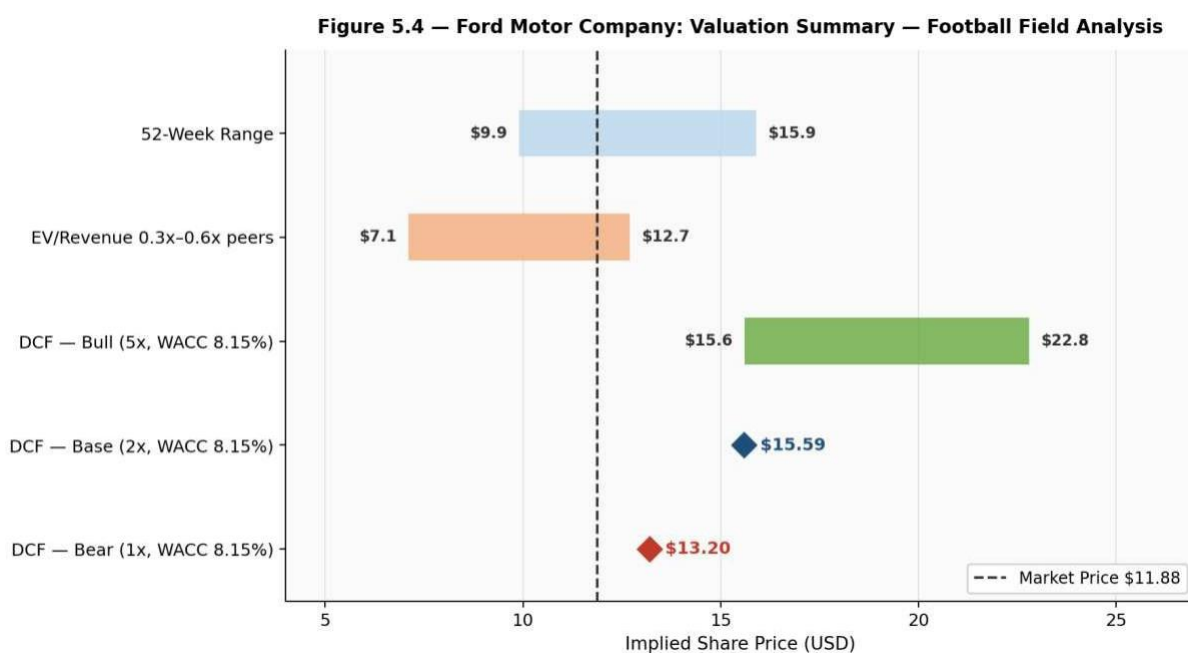


Figure 5.4 — Ford Motor Company: Valuation Summary — Football Field Analysis.

6: M&A Valuation — Ford Acquisition of Rivian

6.1 Standalone Valuations and Combined Entity

Ford's base case DCF yields an implied share price of USD 15.59 and an industrial enterprise value of USD 44.6 billion, reflecting a normalized EBIT margin of 3.5% and WACC of 8.15%. Rivian's base case DCF yields USD 14.47 per share and an enterprise value of USD 16.3 billion, calibrated to a market-implied 12x EV/EBITDA exit multiple at WACC 11.46%. The combined entity without synergies is worth USD 60.9 billion. Rivian's current market price of USD 15.02 is closely aligned with the base case DCF of USD 14.47 — a gap of only USD 0.55 — confirming that the 87% correction from the 2021 all-time high has eliminated the speculative layer that characterized the IPO valuation, leaving a price grounded in operational fundamentals.

Metric	Ford (Standalone)	Rivian (Standalone)	Notes
DCF Share Price	\$15.59	\$14.47	Base case — acquisition anchor
Enterprise Value	USD 44.6bn	USD 16.3bn	Combined: USD 60.9bn
Current Market Price	\$11.88	\$15.02	Gap to base DCF: \$0.55
WACC	8.15%	11.46%	Industrial basis for Ford
Exit Multiple (base)	2.0x FY2032E EBITDA	12.0x FY2035E EBITDA	Peer-calibrated

Table 6.1 — Standalone Valuation Summary, Base Case.

6.2 Synergies

Four synergy categories are identified, totaling USD 7.3 billion NPV¹⁵ discounted at Ford's WACC of 8.15%. The cost synergies of USD 4.2 billion are anchored in Ford's purchasing scale — applying Ford's supply chain pricing to Rivian's bill of materials could yield USD 150–200 million in annual savings alone, consistent with Bain & Company (2024) benchmarks. The revenue synergies of USD 3.1 billion are grounded in concrete commercial relationships: Ford Pro's 757,000 commercial subscribers provide a natural distribution channel for Rivian's EDV platform, and Ford's 3,800 US dealers would extend R2's addressable market into markets inaccessible to Rivian's direct-only model.

Ford is the value-maximising acquirer relative to Volkswagen. VW has secured contractual access to Rivian's REA architecture and over-the-air update capabilities through the USD 5.8 billion JV and license agreement — obtaining what it primarily needed without a full acquisition. VW lacks Ford's commercial fleet franchise and US dealer network, making Ford-specific synergy NPV approximately USD 2–3 billion higher. Figure 6.2 presents the synergy breakdown; Table 6.2 the full framework.

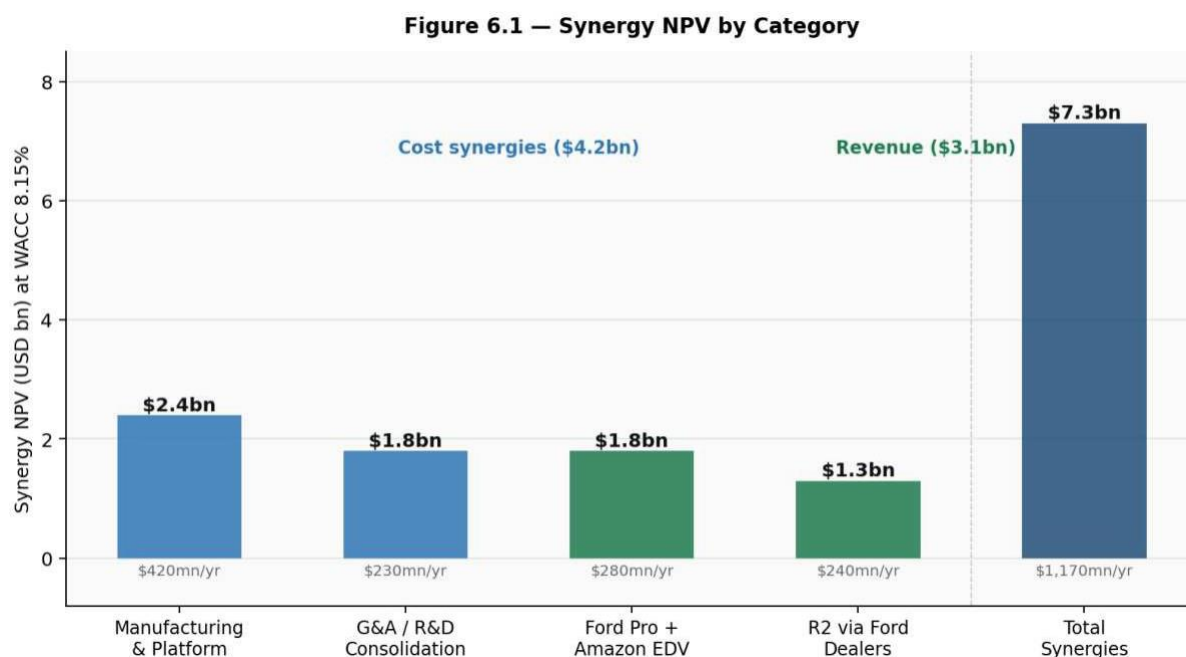


Figure 6.1 — Synergy NPV by Category (USD bn). Total USD 7.3bn at WACC 8.15%.

¹⁵ The recommended offer of USD 16.64 represents a 10.8% premium above Rivian's market price of USD 15.02 as of 1 May 2026. For reference, the median acquisition premium in US technology and industrial M&A transactions above USD 5 billion in 2022–2025 was approximately 28% above the undisturbed 30-day VWAP (Bain & Company, 2024).

Category	Run-Rate	NPV	Ramp	Rationale
Manufacturing & platform	\$420mn/yr	\$2.4bn	3–4 yrs	Ford purchasing scale on Rivian BoM; Normal IL / Georgia shared capacity
G&A / R&D consolidation	\$230mn/yr	\$1.8bn	2–3 yrs	Duplicated EV R&D eliminated; Ford corporate overhead absorption
Ford Pro + Amazon EDV	\$280mn/yr	\$1.8bn	3–5 yrs	Ford Pro's 757K subscribers as natural EDV channel; Amazon fleet relationship
R2 via Ford dealers	\$240mn/yr	\$1.3bn	4–5 yrs	3,800 Ford US dealer's vs Rivian direct-only model
Total Synergies	\$1,170mn/yr	\$7.3bn	—	Cost \$4.2bn + Revenue \$3.1bn at WACC 8.15%

Table 6.2 — Synergy Framework: Ford–Rivian Acquisition.

6.3 Acquisition Premium and Net Value Creation

6.3.1 Premium Analysis

The premium analysis anchors the offer price to Rivian's base case DCF value of USD 14.47 — the market-calibrated fundamental value of Rivian as a standalone entity. The Net Value Creation formula is: $NVC = \text{Synergy NPV (USD 7.3bn)} - \text{Premium paid above base DCF} - \text{Fees and Integration (USD 1.2bn)}$. The break-even offer price is USD 19.42 — a 34% premium above the base DCF — confirming that the deal creates value across a wide range of offer prices. Figure 6.2 and Table 6.3 present the full analysis.

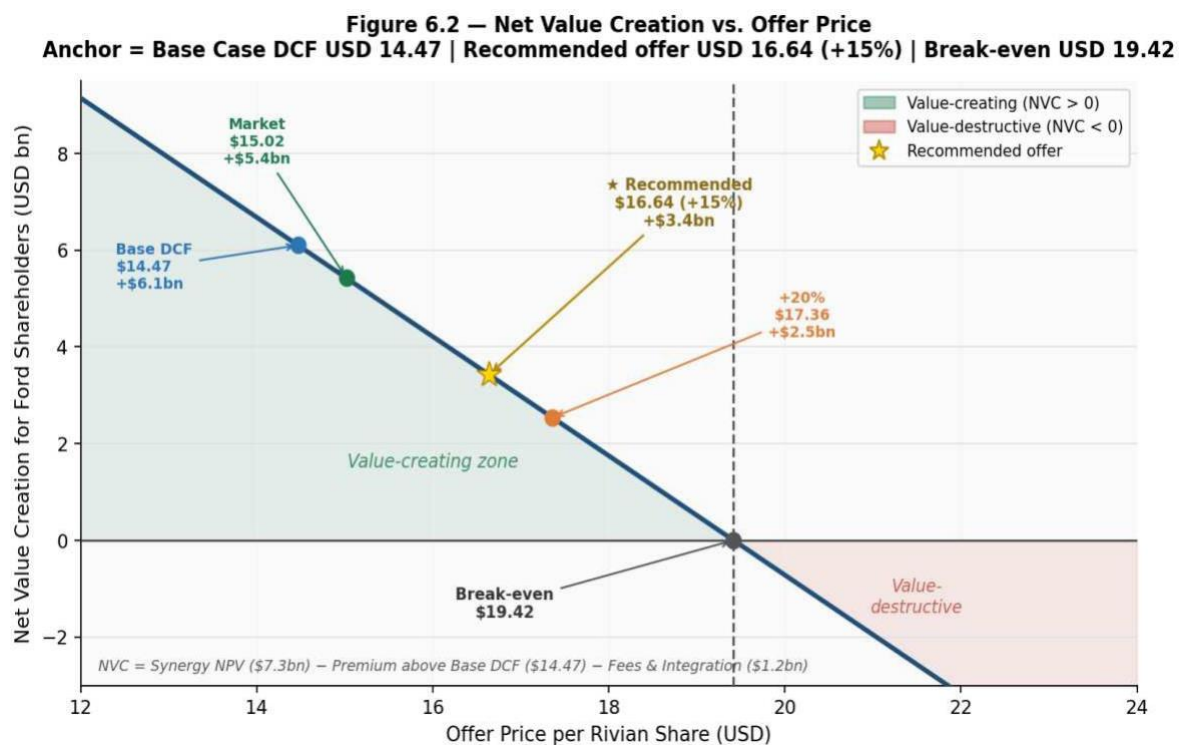


Figure 6.2 — Net Value Creation vs. Offer Price. Anchor = Base Case OCF USO 14.47. Recommended offer: USO 16.64 (+15%). Break-even: USO 19.42 (+34%).

Scenario	Offer Price	Equity Cost	NVC	Verdict
→ Base DCF	\$14.47	~\$17.8bn	+\$6.1bn (+\$1.53/share)	Maximum value for Ford
→ +10% premium	\$15.92	~\$19.6bn	+\$4.3bn (+\$1.08/share)	Value-accretive; premium may be short
+15% (recommended)	\$16.64	~\$20.5bn	+\$3.4bn (+\$0.86/share)	Balanced — fair to both parties
→ +20% premium	\$17.36	~\$21.4bn	+\$2.5bn (+\$0.64/share)	Adequate but thinner margin
Break-even	~\$19.42	~\$23.9bn	\$0bn	+34% above base DCF

Table 6.3 — Acquisition Premium Analysis. Anchor = Base Case OCF USO 14.47. NVC = Synergy NPV (\$7.3bn) – Premium – Fees & Integration (\$1.2bn).

Transaction fees are estimated at USD 240 million (approximately 1.2% of the USD 20.5 billion equity consideration at the recommended offer price) and integration costs at USD 1,040 million undiscounted (PV USD 935 million at WACC 8.15%), for a total one-time cost burden of approximately USD 1.2 billion. These are reflected in the NVC formula above.

6.3.2 Transaction Proposal

Based on the analysis above, Ford should submit a fully cash offer of USD 16.64 per Rivian share — a 15% premium above the base case DCF of USD 14.47 and a 10.8% premium above the current market price of USD 15.02. The 15% premium is calibrated to provide a credible and fair return to Rivian's shareholders while preserving meaningful value creation for Ford. Rivian's shareholders will evaluate the offer against the market price, not the DCF: a 10.8% premium above USD 15.02 is sufficient to incentivize Amazon and Abdul Latif Jameel — whose motivations are primarily financial — and represents a fair outcome for all parties given that Ford captures the USD 7.3 billion in synergies through execution, not through underpayment.

The offer should be structured as a fully cash transaction. Ford holds USD 38.5 billion in cash¹⁶ and short-term investments as of FY2025. The total equity consideration of approximately USD 20.5 billion leaves Ford with approximately USD 18.0 billion in residual liquidity — sufficient for operational requirements and continued Model e investment without requiring equity issuance. Issuing Ford equity at USD 11.88 (below the intrinsic DCF value of USD 15.59)

¹⁶ The fully cash offer of USD 20.5 billion would leave Ford with approximately USD 18.0 billion in residual liquidity — above the USD 15 billion floor that management has historically cited as the minimum operating liquidity buffer.

would dilute existing shareholders and is inconsistent with sound capital structure management, as documented by Shleifer and Vishny (2003) in their analysis of stock-based acquisitions.

Transaction Parameter	Value	Notes
Recommended offer price	USD 16.64 / share	+15% above base DCF USD 14.47; +10.8% above market USD 15.02
Payment method	Fully in cash	Ford cash USD 38.5bn; no equity issuance at depressed price
Total equity consideration	~USD 20.5bn	USD 16.64 × 1,233mn shares
Ford residual cash post-deal	~USD 18.0bn	Sufficient for operations and Model e investment
Net Value Creation	+USD 3.42bn (+\$0.86/share)	After premium, fees and integration costs
Margin below break-even	USD 2.78/share	Break-even at USD 19.42; wide margin of safety
VW governance resolution	Pre-closing condition	See Section 6.3.4

Table 6.4 — Transaction Proposal Summary: Ford Offer for Rivian Automotive.

6.3.3 Governance Resolution

Volkswagen Group holds two overlapping interests in Rivian that must be resolved before closing: an 11.6% equity stake acquired through the 2024 JV, and a contractual licence over the REA architecture and over-the-air update capabilities. These two interests require separate treatment.

The equity stake is the more straightforward component. At a Ford offer of USD 16.64 per share, VW's 11.6% position (approximately 143 million shares) would be worth approximately USD 2.4 billion — a significant return on VW's investment. VW has no strategic reason to block a transaction at this price: it has already obtained the technology access it needed through the license agreement, and USD 2.4 billion in cash is a financially attractive outcome for a stake acquired as a technology partnership vehicle rather than a long-term equity holding.

The REA license is the more complex element. VW's contractual right to use REA across its own vehicles survives a change of control unless explicitly addressed in the acquisition agreement. Ford has three options. Option A — grandfather the existing license in full, allowing VW to continue using REA under its current terms while Ford develops REA internally going forward. This is the path of least resistance and avoids renegotiation friction. Option B — negotiate a time-limited license extension with a commercial royalty payable to Ford-Rivian,

converting VW's existing royalty-free access into a revenue stream. This is the value-maximizing option for Ford but requires VW's agreement. Option C — buyout VW's license rights in full, at an estimated cost of USD 200–500 million, giving Ford complete control over REA's commercial future. This is the most expensive but cleanest structural outcome.

The recommended approach is Option A at closing, with a subsequent negotiation toward Option B. This sequencing minimizes closing risk — a full license buyout (Option C) could delay or complicate the transaction — while preserving Ford's ability to monetize VW's REA usage through royalties once integration is complete. The USD 90 million governance contingency in the integration budget reflects advisory and legal costs for this negotiation; the actual outcome could be materially more valuable if Option B is achieved.

6.4 Conclusion

The Ford acquisition of Rivian at USD 16.64 per share — a 15% premium above the base case DCF and a 10.8% premium above the current market price — is the recommended transaction. The deal generates a net value creation of USD 3.42 billion (+USD 0.86 per Ford share), with a break-even price of USD 19.42 providing a USD 2.78 margin of safety. The offer is structured as a fully cash transaction, consistent with Ford's USD 38.5 billion liquidity position and with capital structure best practice given Ford's currently depressed equity price.

The principal execution risk is not the price — it is synergy delivery. The USD 7.3 billion NPV depends on R2 volume ramp, Ford Pro EDV channel adoption, and REA-Blue Oval integration compatibility. If synergies are achieved at 50% of the base estimate, NVC falls to approximately USD 1.5 billion — still positive, but with limited margin. Ford should therefore condition its integration plan on quarterly synergy milestones, with the VW governance resolution and the R2 volume trajectory as the two leading indicators to monitor in the first 24 months post-closing.

7: Limitations and Alternative Targets

7.1 Methodological Limitations

Five limitations constrain the reliability of this analysis. First, the ten-year Rivian DCF projection horizon amplifies forecast error on R2 execution — the base case projects deliveries growing to over 200,000 units by FY2030, a trajectory not yet confirmed by material volume

data at the time of writing. Second, synergy estimates rely on industry benchmarks rather than proprietary due diligence; manufacturing platform synergies depend on REA and Blue Oval architectural compatibility, which has not been independently verified. Third, the VW governance contingency of USD 90 million is likely understated — a full buyout of VW's 11.6% stake and license rights could cost USD 200–500 million more. Fourth, terminal values account for approximately 75% of Rivian's enterprise value, making results sensitive to the 12x exit multiple assumption. Fifth, no macro scenario analysis is incorporated — a recession, tariff reversal, or oil price decline could materially alter both standalone valuations and the achievable synergy quantum.

A consideration relating to Volkswagen as a potential full acquirer is also relevant. VW has secured contractual access to Rivian's REA architecture through the JV — obtaining what it primarily needed without a full equity acquisition. A full VW acquisition of Rivian would therefore be primarily defensive in motivation, aimed at preventing a Ford acquisition and securing governance control over REA's future development, rather than value-creative. VW's synergy base is materially lower than Ford's — absent a comparable commercial fleet franchise and US dealer network, VW-specific NPV is estimated at USD 2–3 billion below Ford's — confirming Ford as the value-maximizing acquirer.

Target	Strategic Fit	Est. Cost	Obstacle	Conclusion
Rivian	REA + R2 + EDV platform	~\$20.5bn	VW governance; R2 execution	Recommended at USD 16.64
Lucid (LCID)	Ultra-luxury EV tech	~\$7bn	Saudi PIF ~60% — sovereign consent	Structurally unavailable
QuantumScape (QS)	Solid-state batteries	~\$3bn	TRL 5–6; 5–7 yrs to scale	Technology stake, not platform
Canoo / Arrival	EDV platforms	<\$1bn	Going concern risk	Bolt-on only

Table 7.1 — Alternative Acquisition Targets. Sources: Authors' assessment; Refinitiv Workspace; SEC filings, May 2026.

No alternative target replicates Rivian's combination of validated EV platform, commercial fleet overlap with Ford Pro, and financial accessibility. Rivian's uniqueness — demonstrated by VW's willingness to pay USD 5.8 billion for contractual access to its technology — confirms it as the right target. Ford should proceed with the recommended offer of USD 16.64 per share in cash, with VW governance and R2 execution as the two critical monitoring priorities.

8. Conclusion

This thesis set out to determine whether Ford Motor Company should acquire Rivian Automotive, at what price, and on what terms. The analysis spans the macroeconomic and

industry context, the standalone valuation of both companies, the identification and quantification of synergies, and a complete M&A framework anchored to fundamental value.

The standalone valuations establish two critical baselines. Ford's industrial DCF yields USD 15.59 per share at WACC 8.15%, above the market price of USD 11.88, which discounts ongoing Model e losses not captured in the normalized model. Rivian's base case DCF yields USD 14.47 per share at WACC 11.46% and a market-implied 12x exit multiple — almost exactly aligned with the current market price of USD 15.02. This convergence is the thesis's most important finding: the 87% correction from the 2021 all-time high has eliminated the speculative layer of the IPO valuation, leaving a price grounded in operational fundamentals and making the acquisition viable at today's market conditions.

The synergy analysis identifies USD 7.3 billion in NPV across manufacturing integration, G&A consolidation, Ford Pro and Amazon EDV revenue, and R2 dealer distribution. Ford is the value-maximizing acquirer — generating approximately USD 2–3 billion more than Volkswagen, which has already secured REA access through its USD 5.8 billion JV but lacks the commercial fleet infrastructure to replicate Ford's revenue synergies.

The recommended transaction is a fully cash offer of USD 16.64 per share — a 15% premium above the base case DCF and 10.8% above market — generating net value creation of USD 3.42 billion (+USD 0.86 per Ford share) with a break-even at USD 19.42. Cash financing is consistent with Ford's USD 38.5 billion liquidity position and avoids equity issuance at a depressed price. The VW governance complexity is best resolved by grandfathering the existing REA license at closing, with a commercial royalty negotiation pursued post-closing. The principal risk is not the price but execution: R2 volume ramp and REA integration compatibility are the two leading indicators Ford must monitor in the first 24 months.

Appendix

Table 1: Pro forma Income Statement Rivian Automotive Inc

Company: Rivian Automotive Inc (RIVN.O)	Year Reference	Actual	Actual	Actual	Actual	Actual	Actual	Actual
Amounts in Millions, USD	End Period	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
Revenues		-	-	55	1.658	4.434	4.970	5.387
CoGS		-	-	520	4.199	6.145	6.104	5.243
Gross Profit		-	-	(465)	(2.541)	(1.711)	(1.134)	144
SG&A total		409	1.021	3.092	3.733	3.709	3.489	3.729
Depreciation		7	29	197	652	937	1.031	784
Others		402	992	2.895	3.081	2.772	2.458	2.945
Other Operating Expense/(Income)		-	-	663	-	-	-	-
EBIT		(409)	(1.021)	(4.220)	(6.274)	(5.420)	(4.623)	(3.585)
Interest Expense		34	8	29	103	220	318	274
Interest Income		18	10	3	193	522	385	293
Other Non-Operating Income/(Expense) - Total		(1)	1	(1)	18	6	41	(54)
Non-Recurring Income/(Expense) - Total		-	-	(441)	(582)	(319)	(226)	-
EBT		(426)	(1.018)	(4.688)	(6.748)	(5.431)	(4.741)	(3.620)
Tax Expense		-	-	-	4	1	5	6
Profit after Taxes		(426)	(1.018)	(4.688)	(6.752)	(5.432)	(4.746)	(3.626)
Earnings Adjustments to Net Income - Other Expense/(Income)		-	1	-	-	-	-	-
Minority Interest		-	-	-	-	-	1	20
Net Profit/Loss to Ordinary Shareholders		(426)	(1.019)	(4.688)	(6.752)	(5.432)	(4.747)	(3.646)

Table 2: Pro forma Cash Flow Statament Rivian Automotive Inc

Company: The Estée Lauder Companies Inc.	Year Reference	Actual	Actual	Actual	Actual	Actual	Actual	Actual
Amounts in Millions, USD	End Period	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
Net Income		(426)	(1.018)	(4.688)	(6.752)	(5.432)	(4.746)	(3.626)
Non-cash Items		44	70	1.982	2.641	1.980	1.863	1.407
Cash Flow from Operating Activities before Changes in Working Capital		(382)	(948)	(2.706)	(4.111)	(3.452)	(2.883)	(2.219)
Working Capital - Cash Flow		29	100	84	(941)	(1.414)	1.167	1.440
Net Operating Cash Flow		(353)	(848)	(2.622)	(5.052)	(4.866)	(1.716)	(779)
Capital Expenditures (CapEx)		197	914	1.794	1.369	1.026	1.141	1.710
Investments excluding Loans - Decrease/(Increase) - Cash Flow		-	-	-	-	(1.485)	(839)	(118)
Other Investing Cash Flow - Decrease/(Increase)		(2)	-	-	-	-	-	-
Net Cash Flow from Investing Activities		(199)	(914)	(1.794)	(1.369)	(2.511)	(1.980)	(1.828)
Stock - Total - Issuance/(Retirement) - Net - Cash Flow		2.750	2.500	16.188	102	61	64	750
Debt - LT & ST - Issuance/(Retirement) - Total - Cash Flow		61	-	3.640	(3)	3.195	1.079	112
Other Financing Cash Flow - Increase/(Decrease)		-	-	-	-	(126)	(7)	24
Net Cash Flow from Financing Activities		2.811	2.500	19.828	99	3.130	1.136	886
Foreign Exchange Effects		-	-	-	(2)	5	(3)	6
Net Change in Cash - Total		2.259	738	15.412	(6.324)	(4.242)	(2.563)	(1.715)
Free Cash Flow (FCF)		(552)	(1.762)	(4.416)	(6.421)	(7.377)	(3.696)	(2.607)

Table 3: Pro forma Balance Sheet Rivian Automotive Inc

Company: Rivian Automotive Inc (RIVN.O)	Year Reference	Actual	Actual	Actual	Actual	Actual	Actual	Actual
Amounts in Millions, USD	End Period	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
Cash and Cash Equivalents		2,264	2,979	18,133	11,568	9,368	7,700	6,082
Trade Receivables		-	-	26	102	161	443	555
Inventories		-	-	274	1,348	2,620	2,248	1,594
Other Current Assets - Total		29	37	126	112	164	192	361
Total Current Assets		2,293	3,016	18,559	13,130	12,313	10,583	8,592
Non-Current Tangible Assets		313	1,525	3,411	4,088	4,230	4,381	5,690
Other Non-Current Assets - Total		27	61	324	658	235	446	582
Total Non-current Assets		340	1,586	3,735	4,746	4,465	4,827	6,272
Total Assets		2,633	4,602	22,294	17,876	16,778	15,410	14,864
Accounts Payable		164	533	1,150	2,154	2,126	1,334	2,033
Short Term Debt		-	28	-	-	3	2	3
Operating Lease Liabilities - Current Portion/Short-Term		3	18	46	68	85	98	110
Other Current Liabilities - Total		18	32	117	202	273	817	1,547
Total Current Liabilities		185	611	1,313	2,424	2,487	2,251	3,693
Long Term Debt		71	47	1,226	1,231	4,507	4,526	4,531
Operating Lease Liabilities - Long-Term		-	83	218	311	324	379	551
Other Non-Current Liabilities - Total		2	1	23	111	319	1,692	1,495
Total Non-Current Liabilities		73	131	1,467	1,653	5,150	6,597	6,577
Total Liabilities		258	742	2,780	4,077	7,637	8,848	10,270
Common Shareholders' Equity		2,375	3,860	19,514	13,799	9,141	6,558	4,566
Minority Interest		-	-	-	-	-	4	28
Total Equity		2,375	3,860	19,514	13,799	9,141	6,562	4,594
Total Liabilities & Shareholders' Equity		2,633	4,602	22,294	17,876	16,778	15,410	14,864

Table 4: Pro forma Income Statement Ford Motor Company

Company Name Ford Motor Co (F)	Year Reference	Actual	Actual	Actual	Actual	Actual	Actual	Actual
Statement Data	End Period	2019	2020	2021	2022	2023	2024	2025
Revenues		187267	184992	176191	158057	136341	127144	155900
CoGS		166987	161686	151831	133061	112303	114236	136005
Gross Profit		20280	23306	24360	24996	24038	12908	19895
SG&A total		20249	18087	18902	18688	19515	17293	18561
Depreciation		7834	7567	7690	7642	7318	8751	9689
Others		12415	10520	11212	11046	12197	8542	8872
Other Operating Expense/(Income)		-3000	0	0	0	0	0	0
EBIT		3031	5219	5458	6308	4523	-4385	1334
EBITDA		10865	12786	13148	13950	11841	4366	11023
Interest Expense		2900	1136	1318	1282	1803	1651	1049
Interest Income		1490	1540	1567	639	261	452	809
Non-Interest Financial Income/(Expense) - Total		346	-20	-174	-141	-9245	325	144
Equity Earnings/(Loss) - before Taxes including Non-Recurring		-3153	678	414	-2883	327	42	32
Other Non-Operating Income/(Expense) - Total		8412	2756	3158	6719	4158	3753	4286
Non-Recurring Income/(Expense) - Total		-20623	-1804	-5138	-12376	19559	348	-6196
EBT		-11830	7233	3967	-3016	17780	-1116	-640
Tax Expense		-3668	1339	-362	-864	-130	160	-819
Profit after Taxes		-8162	5894	4329	-2152	17910	-1276	179
Extraordinary Activities - after Tax - Gain/(Loss)		0	0	0	0	0	0	-95
Minority Interest		20	15	-18	-171	-27	3	37
Net Profit/Loss to Ordinary Shareolders		-8182	5879	4347	-1981	17937	-1279	47

Table 5: Pro forma Cash Flow Statement Ford Motor Company

Company Name Ford Motor Co (F)	Year Reference	Actual	Actual	Actual	Actual	Actual	Actual	Actual
Amounts in Millions, USD	End Period	2019	2020	2021	2022	2023	2024	2025
Net Income		84	-1276	17910	-2152	4329	5894	-8162
Non-cash Items		11351	6547	-6824	16056	9426	7873	16601
Cash Flow from Operating Activities before Changes in Working Capital		11435	5271	11086	13904	13755	13767	8439
Working Capital - Cash Flow		6204	18998	4701	-7051	1163	1656	12843
Net Operating Cash Flow		17639	24269	15787	6853	14918	15423	21282
Capital Expenditures (CapEx)		7632	5742	6227	6866	8236	8684	8815
Acquisition & Disposals of Business		0	1340	145	449	0	0	0
Investment in Non-Core Assets		-543	-7229	5738	921	1377	-812	1136
Derivative Financial Instruments - Hedging		-114	-323	-272	94	-138	-268	-443
Other Investing Cash Activities		-5432	-6661	3361	1055	-10631	-14606	-9927
Net Cash Flow from Investing Activities		-13721	-18615	2745	-4347	-17628	-24370	-18049
Dividends Distribution to Shareholders		2389	596	403	2009	4995	3118	2989
Equity Issuance or Repurchase		-237	0	0	-484	-335	-426	0
Debt - Long-Term & Short-Term		-277	3095	-22990	5275	8155	11356	39
Other Financing Cash Flow		-226	-184	-105	-271	-241	-327	-255
Net Cash Flow from Financing Activities		-2892	2315	-23498	2995	2919	7911	-3205
Foreign Exchange Effects		45	225	-232	-414	-104	-458	532
Net Change in Cash - Total		834	8194	-5198	4603	-230	-1920	560
Free Cash Flow (FCF)		3918	5654	18532	2506	-2710	-8947	3233

Table 6: Pro forma Balance Sheet Ford Motor Company

Company Name Ford Motor Co (F)	Year Reference	Actual	Actual	Actual	Actual	Actual	Actual	Actual
Amounts in Millions, USD	End Period	2019	2020	2021	2022	2023	2024	2025
Cash & Short-Term Investments		34651	49961	49593	44070	40171	38348	38487
Trade Receivables		62888	52575	44038	54636	62320	66908	64842
Inventories		10786	10808	12065	14080	15651	14951	15285
Other Current Assets - Total		2949	3353	3300	3593	3339	4267	4873
Total Current Assets		111274	116697	108996	116379	121481	124474	123487
Non-Current Tangible Assets		67114	66321	64837	61484	64038	67183	68217
Non-Current Intangible Assets		466	402	730	689	763	727	653
Investing - LT		0	1700	900	400	242	0	0
Receivables & Loans		53703	55277	51256	49903	55650	59786	61449
Derivative Financial Instruments - Hedging - LT		840	0	0	0	0	0	0
Investments in Associates, Joint Ventures and Unconsolidated Subsidiaries		2519	4901	4545	2798	5548	6821	2753
Assets Held for Sale/Discontinued Operations - LT		0	0	0	0	0	52	49
Other Long Term Assets		19848	21916	25771	24134	25588	26153	32552
Total Non-current Assets		144490	150517	148039	139408	151829	160722	165673
Total Assets		255764	267214	257035	255787	273310	285196	289160
Short-Term Debt & Current Portion of LT Debt		53946	51343	49692	50164	49669	54949	57302
Accounts Payable		23047	24488	24570	28150	28810	27135	29875
Derivative Liabilities - ST		772	0	0	1300	1000	1000	500
Liabilities Held for Sale/Discontinued Operations		526	0	0	0	0	0	0
Operating Lease - ST		367	323	345	404	481	558	567
Other Current Liabilities		19474	21038	16120	16848	21571	23217	26646
Total Current Liabilities		98132	97192	90727	96866	101531	106859	114890

Long Term Debt	101361	110341	88400	88805	99562	103573	106034
Deferred Taxes - LT	490	538	1581	1549	1005	1074	1354
Minority Interest - Non-Equity	0	0	0	0	0	0	0
Derivative Liabilities - Hedging - LT	306	0	0	1700	1300	900	500
Operating Lease - LT	1047	991	1048	1101	1395	1782	1835
Other Long Term Liabilities	23971	27388	26657	22696	25719	26150	28567
Total Non-Current Liabilities	127175	139258	117686	115851	128981	133479	138290
Total Liabilities	225307	236450	208413	212717	230512	240338	253180
Common Shareholders' Equity	33185	30690	48519	43242	42773	44835	35952
Minority Interest	45	121	103	-75	25	23	28
Total Equity (including Minority Interest & Hybrid Debt)	33230	30811	48622	43167	42798	44858	35980
Total Liabilities & Shareholders' Equity	258537	267261	257035	255884	273310	285196	289160

Table 7: WACC Computation: Rivian Automotive and Ford Motor Company

Parameter	Rivian Automotive	Ford Motor Company
Risk-Free Rate (rf)	4.20% (10Y UST, May 2026)	4.20% (10Y UST, May 2026)
Equity Risk Premium (ERP)	4.69% (Damodaran, Jan 2026)	4.69% (Damodaran, Jan 2026)
OLS Beta (raw)	1.933 (Jan-22 to Apr-26)	1.2423 (Jan-22 to Apr-26; R ² =27.5%)
Blume-Adjusted Beta	1.625	1.242
Cost of Equity (kE)	11.82%	10.03%
Cost of Debt (kD) — pre-tax	8.20% (2030 senior notes YTM)	4.50% (BBB- blended yield)
Tax Rate	0% (NOL carryforward)	23%
After-Tax Cost of Debt	8.20%	3.47%
Equity Weight (E/V)	90%	71.3%
Debt Weight (D/V)	10%	28.7%
Debt basis	Net cash positive; 10% for WACC	Industrial net debt \$21bn
WACC	11.46%	8.15%

Notes

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Note on the Use of Artificial Intelligence Tools

In the preparation of this thesis, large language model (LLM) tools were used as a writing and analytical assistant. Specifically, AI assistance was employed in the drafting and revision of certain textual passages, the formatting of tables and figures, and the organisation of analytical content. All financial models, numerical calculations, valuation assumptions, and analytical conclusions are the author's own work. All sources cited in this thesis were identified, read, and verified independently by the author. The use of AI tools did not extend to the generation of original research, data, or academic sources.