

Peter Rawlinson on Yahoo! Finance

Interview with Peter Rawlinson, Brian Sozzi, Pras Subramanian, and Julie Hyman
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Brian Sozzi (BS): Lucid Motors is speeding right into the start of production for its luxury electric vehicles. So far Lucid says it has more than 10,000 orders for its EVs. Let's dive into the company with Lucid Motors CEO Peter Rawlinson who is coming to us from inside a new Lucid studio in New York City. Yahoo! Finance senior auto reporter Pras Subramanian is here as well.

Peter, good to see you again here. What, the reservations, there's been a lot of confusion I would say in the EV industry on what quantifies as a reservation, how do you quantify it, and where do you think these orders are coming and these orders or reservations, do you think they would have been for Tesla's otherwise?

Peter Rawlinson (PR): Well on reservations, they have just exceeded 10,000, qualified reservations, with appropriate deposits. Some people even paid over \$7,000 deposits. The reservations are coming from all sectors. There isn't really such a thing as a market for EVs there's a market for cars. With great EVs like the Lucid Air that we're launching this year, we're going to get more penetration into the internal combustion engine markets. More EVs taking the place of gasoline burners, and that's great for the planet.

Pras Subramanian (PS): Hey Peter, Pras here. So I had a chance to drive, I had a ride in that Lucid Air with the Grand Touring edition, very impressive production quality. I know these are pre-production builds. Very smooth ride as well. But I was curious, I've even seen these orders, these reservations, kind of accelerating recently as you guys have picked up steam and opened up more of these showrooms?

PR: Indeed, indeed this is the eighth studio we've just opened here in New York City. We're opening this weekend here in the Meatpacking District. Our new flagship studio, so come along and check out for yourself. And seeing is very much believing, Pras, as you experienced the ride in the car. Then people start to take us much more seriously. And we're seeing the order book accelerate as the consequences of that.

PS: You're also kind of pulling forward some planned capital expenditures. Is this because you want to increase capacity or is it for newer models, or any kind of just work on the, on the new cost of running a factory?

PR: We want to accelerate our growth as a company to impact the world beneficially. The world needs to accelerate its transition to sustainable mobility, and we've recently announced an expansion, bringing forward our capital expansion of our plant by 2.7 million square feet. Also we're putting in a second line for Gravity, Project Gravity. So we're really safeguarding the future of the company we're future proofing it, we're mitigating risk, and we're planning for a very, very expensive future.

Julie Hyman (JH): Peter, it's Julie here. Speaking of acceleration, let's talk timeline. For all of those people who have put in their orders to get their cars, what is it looking like? I know you have been talking about the second half of the year. The second half is a long time, a long range of time. Do you have any more specificity as to when people will start receiving cars, and I'm curious if you all are being affected at all by the chip shortage that has been plaguing the car industry?

PR: Right yeah okay. So we promised deliveries in the second half of the year, we're on track for that. And we had really a red letter day just last Friday, the 18th of June, where we started our quality validation fleet build. These are the cars, these are production cars which we started building, which will gradually, when the quality is right, we will determine we are at a level where we can actually sell to a customer. You also asked about the chip shortage. We've actually bought ahead to mitigate risk, and we're pretty good for this year's production run, actually. I think that there are one or two chips that are causing us some issues, specifically one in our battery monitoring system, and we're mitigating that risk by looking at alternative sourcing and alternative design of the printed circuit board to suit an alternative chip, if that should indeed be necessary. So far, I'm pretty confident the engineering and procurement teams have got this covered.

BS: Peter, I've seen a different range of different valuations on Lucid. Maybe at the low end \$33 billion, all the way up to \$57 billion. How concerned are you that the market is just, it's just too optimistic on your company, given how many vehicles you might produce this year?

PR: Look, my focus is long term on a 10-year plan, our real value proposition is the technology that we bring to bear, world class technology, which can have a transformative impact upon mankind's transition to sustainable mobility. That real value will manifest itself in the long term. I think there's a, there's a near term myopia here, and I'm not going to get drawn into that.

PS: Peter, more from Pras here. So I was curious about the showroom itself. You know, I was there this week, very design centric. What is the purpose of it exactly? Is it more of a consumer facing to get to know the brand, or do you plan on actually selling cars there? Or maybe you will partner with other firms actually and I think sell these cars in a franchise location?

PR: It's very much, you know, exploring and catalyzing the voyage of discovery for many people who are completely oblivious to our brand. The first exposure they may have is just walking past here in the Meatpacking District, and taking a look, and then they go on this voyage of discovery. They're very welcome in this engaging studio, a boutique style atmosphere with the design sensibility to match the car. Very much on brand, very much California, Mid Century Modern inspired design, architecture. And many of the exhibits we have here are the technology exhibits. People are very welcome to come. This is not a high pressure sales environment, actually, in New York we're not allowed to sell a car. So, this is very much a voyage of discovery: come in, engage with our staff, learn about the car, learn about the technology. Learn how awesome the car is in a, in a non-pressurized environment. This is a voyage of discovery, which this building will catalyze.

BS: Peter, I feel wealthier just looking at the photos of that studio. But I do want to ask you before we let you go here. We last talked to you in February and since then, we had GM, we had Ford out here, raising how much they plan to spend on EV's over the next five to six years: billions of dollars more in terms of batteries versus their prior estimates. Are you concerned about this level or this really this wave of competition about to rain down on the industry?

PR: No. I was just gonna say, isn't it great? Hats off to Ford for F-150 Lightning, great product and hats off to GM for Altium battery technology, pushing that huge commitment, they're making. It means more EV's. There is plenty of room to thrive for all of us, so I don't see this as competition at all. But, ultimately, its technology that's going to win. And what's missing here is the recognition that this is a technology race. And right now, there is one runner in that tech race, and it's Tesla. That's why Tesla commands that market cap, that's why it's in that preeminent position. We have world class technology and we aim to make this a two horse race.

BS: Alright, we'll leave it there. Lucid Motors CEO Peter Rawlinson, good to see you again and of course, good to see our Senior Reporter Pras Subramanian, have a good weekend.

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