

By Keith Naughton, Bloomberg News
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Ford profit misses estimates on higher-than-projected tax rate

DEARBORN, Michigan — Ford, still hampered by the changeover to the new aluminum-bodied F-150 pickup, said first-quarter profit slipped 6.6 percent as it faced higher taxes than analysts had projected.

Net income slid to \$924 million, or 23 cents a share, from \$989 million, or 24 cents, a year earlier, Ford said in a statement Tuesday. Lacking any special items, earnings trailed the 26-cent average of 18 analyst estimates compiled by Bloomberg. Ford said 2 cents of the miss was explained by the company's 34 percent tax rate, when analysts had anticipated 29 percent.

Chief Executive Officer Mark Fields has said pretax profit will grow as much as 51 percent this year as full production resumes for the F-150, the top-selling version of its F-Series line. Over the past 18 months, Ford lost output of more than 90,000 trucks while it retooled two factories that make the model. A plant near Kansas City, Missouri, began building the F-150 last month and Fields has said it will reach full production by mid-year. ...

...The F-Series, including larger versions such as the F-250, accounts for 90 percent of the company's global automotive profit, according to Morgan Stanley.

In the first quarter, sales of the F-150 fell about 40 percent, or about 60,000 trucks, and deliveries of the Edge SUV dropped by more than 50 percent, or about 15,000 units, Chief Financial Officer Bob Shanks told reporters at the company's Dearborn, Michigan, headquarters. Factories for both vehicles were down during the quarter as new tools were installed to prepare for redesigned models, he said.

Had Ford had full production of those models, "North American profitability would have improved by more than \$1 billion and operating margins would easily

have been over 10 percent," Shanks said. "That portends what we expect for the business in North America in the second half."

Total F-Series sales in the U.S. rose 2.3 percent in the first quarter after falling 1.3 percent for all of last year. The truck was the nation's top-selling vehicle for the 33rd straight year in 2014. The new F-150's fuel economy increased as much as 29 percent, primarily because the aluminum body trimmed the truck's weight by about 700 pounds (318 kilograms). ...

...First-quarter U.S. sales of Ford's large Lincoln Navigator sport utility vehicle surged 84 percent. Sales rose 27 percent for the mid-size Ford Explorer SUV, while declining 5.7 percent for the smaller Ford Escape. ...

...First-quarter automotive sales fell to \$31.8 billion as Ford cut North American production by 7.6 percent to 715,000 cars and trucks. The average of 13 analyst estimates compiled by Bloomberg was \$34.1 billion. Revenue was hurt by the strong dollar, Ford said.

Automotive debt, which excludes Ford Motor Credit, was \$13.4 billion on March 31, down from \$13.8 billion at the end of 2014.

"There is no doubt the stock has been languishing," David Kudla, CEO of Mainstay Capital Management in Grand Blanc, Michigan, wrote in an April 24 note. "We believe the new-model launches around the world, particularly with the ramp-up of the F-150, are beginning to take effect and will provide a much needed jump start to the stock's performance this year."