

The New York Times

© 2016 The New York Times

FRIDAY, APRIL 29, 2016

Section B3

Ford Doubles Profits for a Record Quarter, as Low Prices at the Pump Help Move Pickups

Business Day

BY NEAL E. BOUDETTE (excerpt)

DETROIT — The combination of low gasoline prices and record auto sales in the United States is making for good times in the auto industry, and nowhere is that more evident than at Ford Motor.

Ford, the No. 2 American carmaker, on Thursday reported a record \$2.5 billion in net income for the first three months of the year, an increase of 113 percent and more profit than in any other quarter in its 112-year history.

In North America, Ford's operating profit doubled to \$3.1 billion. It produced fewer vehicles on the continent than General Motors, but made about \$800 million more in profit than its cross-town rival.

"The first quarter was an absolutely terrific start to the year for us," Ford's chief executive, Mark Fields, said in a conference call.

Leading the way for Ford was the recently redesigned, aluminum-bodied F150 pickup, which had strong sales, like those of other trucks and sport utility vehicles, as gas sold for less than \$2 a gallon in many parts of the country.

A year ago, Ford was just starting production of the aluminum model, working out hitches in the new manufacturing process. But now its F150 lines are humming.

"They can't make enough of them," said David Kudla, chief executive of the investment firm Mainstay Capital Management.

Also helping Ford is a turnaround in Europe, where it made more money in the first three months of 2016 than it did in all of last year.

In recent weeks, the auto business's six-year expansion streak has shown signs of losing momentum since hitting a high of 17.4 million cars and light trucks sold in 2015. To keep growth going, automakers have offered more incentives, pushed leasing to record levels and sold more cars into rental fleets.

Ford said it sold 1.7 million vehicles in the first quarter, an increase of about 10 percent.

And Mr. Fields said Ford was in a good position even if the market is at its peak and sales plateau or tail off slightly.

Besides the F150, Ford has recently released updated versions of its Explorer and Edge S.U.V.s, and is working on four more new models, as people increasingly favor light trucks over sedans and compacts. ...

... "The bottom line is we expect 2016 to be another strong year," Mr. Fields said, forecasting "continued strength into 2017."

Like Ford, G.M. and Fiat Chrysler are also gaining from rising truck sales. G.M. and Fiat Chrysler each recently reported strong earnings increases for the first quarter. ...

... Trucks are not the only bright spot for Ford. The company also benefited from an improving economy and the increased sales of more expensive models. ...

© 2016 The New York Times
Reprinted with permission