

The Detroit News

Business & Autos | Friday, October 24, 2014

Ford posts \$1.2 billion Q3 profit

BY MICHAEL MARTINEZ (excerpt)

Ford Motor Co. on Friday reported a third-quarter pre-tax profit of \$1.2 billion, down \$1.4 billion from the third quarter last year, as it faced higher warranty costs and lower volume thanks to a record number of product launches.

The Dearborn automaker posted earnings per share of 24 cents, down from 45 cents per share during the third quarter a year ago, but beating a consensus of 19 cents per share. Ford was paced by strong sales in North America and China, but economic and political concerns in South America and Europe tempered results. All of Ford's automotive pre-tax results were lower than a year ago, except for in its Middle East and Africa region.

Third quarter revenue was \$34.9 billion, down from \$35.8 billion a year ago.

"During the third quarter, we continued to introduce an unprecedented number of new vehicles and invest heavily in the new products and technologies that will deliver strong profitable growth beginning next year," President and CEO Mark Fields said in a statement. "We also addressed business challenges head-on using our proven One Ford plan. Everyone at Ford remains focused on accelerating our pace of progress, while delivering product excellence and innovation in every part of our business." ...

...The automaker made a third quarter profit of \$1.4 billion in North America, down from \$2.3

billion a year ago, which it attributes to lower volume and about \$630 million in recall costs. Last month, Ford announced a recall of a restraint control module would cost it \$500 million.

"We still feel the business in North America is operating at an extremely high level," CFO Bob Shanks said. He said Ford does not expect recalls to be a problem in the fourth quarter.

North American wholesale volume fell 8 percent thanks to new product launches and a supplier parts shortage across a number of different plants. Ford's Dearborn Truck Plant, which will make the new aluminum-bodied F-150 pickup, was shuttered for a month as the plant changed over from old to new equipment. Ford says all product launches — including the F-150 — are on schedule.

"Investors will be eager to hear about the status of the F-150 launch, which has high expectations from both investors and consumers," David Kudla, CEO and Chief Investment Strategist of Mainstay Capital Management, said in a statement. "Ford is taking a design leap with a radical shift to lighter weight aluminum for this vehicle." ...

© 2014 Detroit News.
Reprinted with permission