

Explorer woes help sink Ford profits 99%

By Breanna Noble
(excerpt)

Dearborn — The botched introduction of the new Explorer SUV caused what CEO Jim Hackett said would be Ford Motor Co.'s "year of execution" to fall flat, with the Dearborn automaker posting a net income of just \$47 million last year — a 99% decline from 2018.

Hackett had hailed 2019 to be a turning point "toward a really bright future" as Ford undergoes an \$11 billion global restructuring, which included cutting costs and layoffs. But the 117-year-old company's flubbed launch of its best-selling SUV plagued the latter half of the year and sent SUV sales down 5%.

"We fell short of our financial expectations and yours in 2019," Hackett said on an earnings conference call Tuesday. "What is particularly disappointing is the primary reason for that shortfall was our operational execution. This is an area where we typically are effective.

"Our leadership is determined to return to world-class levels of operational execution. We will do that without losing any momentum in creating a Ford Motor Company that will drive and generate long-term value in these fast-changing times."

Ford's \$6.379 billion in earnings before interest and taxes missed the lowered guidance the automaker set last quarter of between \$6.5 billion and \$7 billion. Its expectations for 2020 are even lower: between \$5.6 billion and \$6.6 billion — and that doesn't include potential losses related to the coronavirus outbreak in China.

The company's shares in post-market trading slid more than 9%, losing gains made over the past year as major indexes closed higher. The sell-off, coming as rivals General Motors Co. and Fiat Chrysler Automobiles NV are set to detail their

results this week, signals growing concern about the pace of Ford's turnaround, its European restructuring, efforts to repair its business in China and its troubled Explorer launch.

"Given the economy Ford was handed in 2019, the operational miscues resulted in missed opportunities to the bottom line," David Kudla, chief investment strategist of Grand Blanc-based Mainstay Capital Management LLC, said in a statement ahead of the earnings results. ...

... Ford had just under \$1 billion more cash on hand at the end of 2019 with \$17.7 billion. The company's operating income was \$574 million.

Since the start of 2019, Ford has announced partnerships with Volkswagen AG and India's Mahindra Group to boost performance outside the U.S. Ford also announced plans to develop an electric vehicle for Lincoln with Plymouth-based Rivian Automotive LLC and expand autonomous vehicle testing with Argo AI.

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