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Ford's profit jumps amid challenges

BY IAN THIBODEAU (excerpt)

Dearborn — Ford Motor Co. delivered a 65 percent bump in annual profit Wednesday, but its leaders still aren't satisfied. And neither are investors.

Jim Hackett, Ford president CEO, and Bob Shanks, Ford chief financial officer, repeated several times Wednesday that the company needs to become more financially "fit." Investors want specifics on how they plan to make that happen...

...Ford's 2017 net income totaled \$7.6 billion, a jump from the previous year. But the company's automotive segment reported a \$7.3-billion pre-tax profit on \$145.7 billion in revenue. Overall, pre-tax profit dropped \$1.9 billion from a year ago to \$8.4 billion...

...Ford expects commodities costs to rise this year. It also expects to increase spending on mobility services such as its autonomous vehicle programs. These weigh on profits as U.S. sales begin to slip following record years, and Ford's crosstown rivals General Motors Co. and Fiat Chrysler Automobiles NV launch new pickup trucks that threaten to take a bite out of Ford's best-selling F-Series sales.

The company is still too bloated to absorb all of those hits and grow profits in 2018, Shanks said Wednesday...

...Ford announced in October plans to trim \$14 billion from materials costs and engineering by 2022...

...Ford's North American performance has buoyed the global performance since the last economic downturn. As sales slow and commodity costs rise, the impetus is growing for Ford's

leadership to move on the decisions they keep teasing.

"In a declining overall market, do they have the product line-up needed?" David Kudla, CEO of Mainstay Capital Management LLC, said. "The new Silverado and Ram will put pressure on F-Series truck sales. (Ford) gave guidance early last week on their increased investment in EVs, a growing and important segment for the future, but also a massive capital expenditure for Ford." ...

...Ford plans to introduce 16 new products in its Asia Pacific segment. It made a \$561-million pre-tax profit there last year...

... Ford has said it will manufacture an all-new hybrid-electric vehicle with a new nameplate for its autonomous program, which will be purpose-built and run upwards of 20 hours per day. Getting there is going to cost money in addition to the \$11 billion the company plans to spend on bringing 40 new electric vehicles to market by 2022, though...

...Though the stock price had increased since Hackett took over at the end of May, it dropped last week when Shanks delivered his bleak outlook for 2018. Ford stock closed at \$12.05 on Wednesday, a 12.6 percent increase from Hackett's first day...

Ford's leadership said Wednesday it's confident Hackett's "fitness redesign" plan will prove the company is ready for an uncertain future...