

The Detroit News

April 29, 2020 | Front Page

Amid COVID-19 outbreak, Ford signals \$5 billion loss for second quarter

By Jordyn Grzelewski
(excerpt)

Dearborn — Ford Motor Co. is signaling just how costly the coronavirus pandemic is shaping up to be for global automakers, confirming it expects pretax losses to balloon at least another \$5 billion in the second quarter.

The startling estimate framed the automaker's first-quarter financial results, released Tuesday, in which the Blue Oval confirmed a first-quarter net loss of \$2 billion. Ford reported an adjusted pretax earnings loss of \$632 million for the first three months of the year on revenue of \$34 billion as it battled unprecedented headwinds from a sharp economic slowdown attributed to the COVID-19 outbreak.

The results reflect the crippling effects of the pandemic on automakers' bottom lines, even though the ongoing North American production shutdown went into effect less than two weeks before the end of the quarter.

Results from the current quarter are sure to be even worse, Ford said, with no cars, trucks or SUVs rolling off North American assembly lines in April and Detroit automakers tentatively eyeing a mid-May restart date — roughly midway through the second quarter.

In a release, the company attributed the "significantly reduced" results to the pandemic, as it noted that "protecting people and helping society respond to the crisis became primary measures of current success alongside balance-sheet management and operational excellence."

"Ford people are keeping each other safe, limiting the spread of the virus, safeguarding health care workers and first responders, and taking care of

customers," CEO Jim Hackett said in a statement. "The imagination, initiative and execution of our team is helping save lives today, and those qualities will allow Ford to emerge from this as a stronger company."

In March, the automaker quickly shifted gears from assembling cars, trucks and SUVs to producing badly needed medical supplies. The company, along with the United Auto Workers and Ford's medical and manufacturing partners, has committed to producing hundreds of ambulances, millions of face shields, 50,000 ventilators and up to 100,000 respirators, among other products. ...

... "Cash is king for industrial companies during a crisis, and we expect that the company's cash burn will be the new point of focus for (Tuesday's) release," said David Kudla, CEO and chief investment strategist of Grand Blanc-based Mainstay Capital Management LLC, in a statement ahead of the earnings report. ...

*Please contact Mainstay at 866-444-6246 to request a copy of the full article.