

Detroit Free Press

Ford profit hit by \$1.2B in special charges Restructure, software value dragged down Q2 earnings

By Eric D. Lawrence (excerpt)
July 25, 2019

North American consumers' voracious appetite for F-Series trucks and SUVs continues to power earnings at Ford Motor Co., although profits dropped in the second quarter due to \$1.2 billion in special charges.

The company, however, is beginning to see financial improvements in Europe — "the first quarterly improvement in profitability" there in two years — as it restructures.

Robust sales of larger vehicles have been a mainstay for the Dearborn automaker's bottom line and that story showed little sign of change in the second quarter of 2019, especially as the automaker prepares to launch a raft of new models focused in that arena in coming quarters. ...

... "Midway through this key year of action, we are pleased with the progress we are making toward creating a more dynamic and profitable business," Hackett said in a news release. "Ford has amazing opportunities to delight customers, innovate and collaborate in new ways and create value."

Stone called it a strong quarter and noted that Ford is not just focused on short-term gain. ...

... Analysts had offered a mixed view ahead of Wednesday's earnings report.

David Kudla, CEO and chief investment strategist for Mainstay Capital Management, released a note last week saying the automaker is "firing on all cylinders."

Kudla highlighted Ford's restructuring efforts and partnership with Volkswagen.

"After announcing the elimination of 7,000 salaried positions in the first quarter, CEO Jim Hackett followed that with 12,000 jobs across its European operations in the second quarter, making further progress on management's goal to cut \$25.5 billion in costs by 2022," Kudla wrote. "We feel the cutbacks in Europe overshadowed a crucial win-win deal with Volkswagen to consolidate efforts to develop EV and autonomous vehicles. Consolidation will be the only way to effectively scale resources and innovate for the automotive tech wars ahead."

He noted that the company's stock was up almost 39% for the year as "Wall Street has applauded the company for advancing their tech presence, expanding EV partnerships and restructuring both global and corporate operations." ...

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