

# Detroit Free Press

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## Never mind their stock prices, Ford and Chrysler are booming

By Tom Walsh (excerpt)  
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First, Ford on Tuesday, and then it was Chrysler on Wednesday, letting loose with salvos of boffo positive numbers -- billions of dollars of profits, record \$8,300 profit-sharing payouts for Ford workers, 30 straight months of vehicle sales gains for Chrysler, a company at death's door four years ago.

And what happens on Wall Street?

Ford stock tumbles two days in a row.

Analysts grouse that Chrysler's 2014 cash flow forecast is disappointing. ...

...Forgive the Wall Street investment community for its treatment of Ford stock the past couple of days -- and for its dissing of U.S. automotive stocks in general.

Decades of disappointment are hard to shake off, and that's what auto industry stocks delivered for many years, culminating with the carnage of the past decade, which drove Ford stock to a low of \$1.01 in late 2008 and forced the bailouts of General Motors and Chrysler and bankruptcies of dozens of auto suppliers. ...

...Consider these impressive numbers from Ford's Glass House headquarters in Dearborn:

- Fourteen consecutive profitable quarters, capped by the biggest fourth-quarter operating profit (\$1.7 billion) in more than a decade.
- A doubling of the quarterly stock dividend, to 10 cents a share.
- All-time high profit-sharing payouts averaging \$8,300 for each of Ford's 45,800 hourly workers. ...

...On Wednesday, Chrysler delivered its own batch of glowing numbers, which would have been scoffed at as hallucinations when the automaker was on the verge of collapse four years ago:

- Thirty consecutive months of year-over-year sales gains and a 20% jump in vehicle shipments last year.
- Operating profit of \$2.9 billion in 2012, up 47% from a year earlier.
- Average profit-sharing of \$2,250 per hourly worker, up 50% from \$1,500 in 2011. ...

...There's always some big reason to worry on the horizon. Right now, it's the economic tailspin in Europe, which has become a sinkhole for the regional units of Ford and GM there. Chrysler's controlling partner Fiat, meanwhile, would be in big trouble if not for the miraculous rebound of its American better half.

And there's also the drag of history.

"Certainly, there's something of a once-bitten, twice-shy feeling about auto stocks among many investors," said David Kudla, CEO of Mainstay Capital Management in Grand Blanc.

Kudla said he's heard expressions of pessimism lately from pundits who believe that the U.S. profit margins of Detroit's automakers are as good as they can get, and therefore the stocks of Ford and GM are fully valued. "But I think a lot of analysts are underestimating what these companies have left in them. I think they have further to run," he said. ...

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