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Ford's profit up 26% in 2013

BY KARL HENKEL (excerpt)

Dearborn — With a \$7.2 billion profit for 2013, Ford Motor Co. has now earned more than \$42 billion in global profits during the past five years, more than wiping out the \$30.1 billion it lost during the height of the auto crisis and setting a solid foundation for growth in new markets around the world.

But Ford may have reached a financial apex in the current auto cycle.

A record number of new-vehicle launches this year, heightened competition, continued brick-and-mortar expenses and unpredictable economic conditions in South America will strain the automaker's 2014 profits.

"This is a preparation year, as we consolidate the gains of the past and prepare for even stronger growth in the future," Bob Shanks, Ford's chief financial officer, said at the automaker's Dearborn headquarters Tuesday.

Ford in 2006 began a long-term restructuring of its business, starting with the appointment of Alan Mulally as chief executive officer. Mulally instituted a plan known as One Ford that in part aims to create fewer vehicles that reach broader audiences. Ford is pulling forward some of its introductions in regions like Europe and the Middle East, and in 2014 will debut a record 23 cars and trucks, more than doubling the number of new vehicles in 2013. Costs associated with those launches will drag down Ford's profits for the time being. ...

...While 2014 will offer more long-term promise, 2013 offered more stability, and the results showed in Ford's year-end financial report released Tuesday.

The automaker reported a pre-tax profit of \$8.6 billion, or \$1.62 per share, compared to \$8 billion, or \$1.41, a year earlier. Revenue rose nearly 10 percent to \$146.9 billion as the automaker posted earnings per share of 31 cents, beating the 28-cent average forecast by Wall Street analysts.

Ford stock spiked early Tuesday but closed nearly flat at \$15.72 per share, up a penny.

"Pessimists would say they make earnings expectations more uncertain, while optimists feel that Ford is using cash flow intelligently to invest in the future," said David Kudla, analyst at Mainstay Capital, in a Tuesday investor note. "We understand why the stock has been trading lower, but think the market may be overreacting to short-term issues." ...

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