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## Tax Gains in Europe Lift Profit 90% at Ford

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BY BILL VLASIC (excerpt)

DETROIT — Ford Motor, the nation's No. 2 automaker, said on Tuesday that its fourth-quarter earnings rose 90 percent, to \$3 billion, mostly because of favorable tax benefits related to investments in its European operations.

Ford said that its pretax profit fell to \$1.28 billion, from \$1.68 billion in the period a year earlier. But the company said it benefited from \$2.1 billion in special tax gains during the quarter, including an increase in deferred tax assets in Europe.

The lower pretax earnings reflected slimmer operating margins in the intensely competitive North American vehicle market and losses in its European and South American operations.

For the full year of 2013, Ford reported net income of \$7.16 billion, about a 26 percent increase from the previous year.

Ford's chief executive, Alan R. Mulally, called the yearly performance outstanding, and said Ford expected "solid" results in 2014 as it adds several new products.

"We are well positioned for another solid year in 2014, as we continue to serve our customers in all markets around the world with a full family of vehicles," Mr. Mulally said in a statement. ...

...The fourth quarter was Ford's 18th consecutive profitable quarter, and it reflected the benefits of its steady transition to global vehicle platforms used in multiple models in different markets.

But the company expects tighter margins and higher capital spending in 2014, as it introduces nearly two dozen new vehicles worldwide, including a revamped version of its top-selling F-150 pickup truck. ...

...The company has consistently posted strong results in its core North American business, particularly in the surging market for new vehicles in the United States.

But increased competition and costs associated with new vehicles, including recalls, curtailed its fourth-quarter performance in its home market.

Ford reported fourth-quarter pretax profit in North America of \$1.7 billion, down from \$1.87 billion in the same period in 2012.

For the full year, Ford achieved pretax profit of \$8.78 billion in North America, a 5 percent improvement over the previous year. ...

...While Ford's quarterly numbers were slightly better than the expectations of analysts, investors will be watching closely how the automaker manages its expansion efforts in Asia, production shifts in Europe, and manufacturing changes for the new F-150, which features body panels made of aluminum rather than steel.

"It's not just the quantity of launches that will impact Ford in 2014, but also which vehicle lines are affected," said David Kudla, an analyst with the investment firm Mainstay Capital Management. He noted that the radical changes to the F-150 would create a "significant amount of risk" during the coming year.