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Ford's second-quarter earnings up 6.3%

BY MICHAEL MARTINEZ (excerpt)

Ford Motor Co. beat analysts' expectations as second-quarter profits rose 6.3 percent to \$1.3 billion over the same period a year ago.

The Dearborn automaker's better-than-expected quarter was highlighted by a best-ever North American profit of \$2.44 billion, and its first profit in Europe in three years.

The second-quarter earnings per share of 40 cents per share also topped the consensus of 36 cents per share. Ford's earnings-per-share was 45 cents during the same period a year ago.

Ford's revenues fell to \$37.4 billion from \$37.9 billion during the same period a year ago.

"Our One Ford plan continues to deliver, enabling us to reach our 20th consecutive quarter of profitability," Mark Fields, Ford's president and CEO, said in a statement. "Moving forward, our commitment is to build on this success by accelerating our pace of progress, while delivering product excellence and driving innovation in all areas of our business."...

...Ford still expects its full-year North America pretax profit will be lower than last year, thanks to 13 weeks of production downtime as its Dearborn and Kansas City plants gear up for production of the 2015 F-150. Eight consecutive weeks of downtime will occur in August in Dearborn, and the Kansas City summer shutdown occurs this month. ...

...Since last year, Ford has predicted pretax profits in 2014 would likely fall between \$7 billion and \$8 billion, down from \$8.6 billion the year before.

"This is a building block year for the company," Shanks said. "It's a setup year for a step up in the business going into '15 and beyond. We're still very much on track for that."

Most observers predicted a profit decrease that they attributed to the automaker's aggressive product launch.

This year, Ford plans to introduce 23 new vehicles globally, the most in the company's history.

The most critical of the launches will be the 2015 F-150, an aluminum-body pickup that will debut in the fourth quarter of this year. Tooling and materials will be more expensive, and Ford has increased production of its 2014 model as it prepares for the changeover.

"The unknown with Ford revolves around the impact this capital spending and product launch expense will have on profit margins through 2014," David Kudla, CEO and Chief Investment Strategist at Mainstay Capital Management, said in a statement. ...

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