

# Automotive News

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## HURT ON THE STREET

Investors unsettled, credit rating threatened as Ford remains vague  
on restructuring plan

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(Excerpt)

DETROIT — To hear Wall Street tell it, Ford Motor Co. is in dire straits.

Ford shares last week fell under \$11, lower than when Jim Hackett became CEO last May, despite big gains for the broader market in those eight months. Ford's earnings outlook for the year dimmed in light of lower-than-expected 2017 results. And the company has been put on notice that, unless it can point to clear progress soon, its credit rating could slip to just one level above junk status, a threshold with both symbolic and financial consequences.

It's a mind-boggling turn of fortunes for the nation's second-largest automaker, which had emerged from the industry's downturn with significant momentum and posted record earnings in 2015 and 2016. Ford still is making billions of dollars and posting healthy sales

figures, but the drumbeat of negative news has seemingly wiped away any of the shine that remained from being the only Detroit automaker to avoid bankruptcy.

Ford, since Hackett took over, has readily admitted its faults — a lack of "competitive fitness," as Hackett puts it — and said it has a plan to pump up profit margins by the end of the decade. But analysts and investors say Ford has been too stingy with the details needed to generate enthusiasm about its prospects. As a result, the market is punishing Ford while viewing rivals — particularly General Motors, whose shares hit a record high late last year — more favorably.

"When a CEO comes out and says it's going to be a bad year, that's not going to instill confidence in investors," David Kudla, CEO of Mainstay Capital Management in Grand Blanc, Mich., told *Automotive News*. "There hasn't been the data

or the narrative to instill confidence. It's created uncertainty around what success at Ford can be."...

### 'Get moving'

...Hackett has called for a sweeping restructuring of the business, including \$14 billion in cost cuts and a major shift in investment from cars to light trucks. But those initiatives won't pay off for a few years, and Hackett has declined to elaborate on some aspects of the plan. ...

.."He's been there for eight months now," Kudla said. "Maybe the jury's still out, but he's got to get moving."

Helping Ford's cause will be the introduction this year of 23 new or freshened vehicles globally, more than twice as many as in 2017. Those include 11 vehicles in North America. ...