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Earnings report critical for Ford CEO

By Ian Thibodeau (excerpt)

Investors and analysts are looking for signs that Jim Hackett's plan is working — and that could make Ford Motor Co's Thursday earnings report its most important in years.

Hackett, appointed CEO in May 2017, has spent nearly two years shuffling the deck and quietly cutting costs inside the Dearborn automaker. Since the start of the year, Ford has announced jobs cuts, plant closures or product changes in South America, Europe, Russia and China, as well as partnerships with major players outside the U.S. that have pushed stock prices up nearly 20 percent year-to-date.

The Thursday afternoon report could be an inflection point for Hackett, who was promoted nearly two years ago to push Ford into the future, and drive value for shareholders in doing so.

"We believe that Ford's upcoming (first-quarter) announcement and guidance are arguably the most important in the past five years," said David Kudla, CEO of Grand Blanc-based Mainstay Capital Management LLC, who called the results a "make or break event" for Ford. "We've questioned Ford's lagging restructuring efforts, but this quarter we've seen more urgency on their cost-cutting initiatives."

Hackett has repeated in most public appearances and interviews since January that 2019 will be a "year of execution." He's publicly assured people that the automaker is at a turning point, and in an interview with The Detroit News said he spent the first year and a half of his tenure examining what the company needed. He plans this year to deliver results.

Ford is nearing the end of a months-long process to trim its global salaried workforce, which will include salaried job cuts in North America. The automaker plans to wrap those cuts by the end of the second quarter.

After Ford profits slid 52 percent in 2018 compared to the year before, Ford stock is outperforming other U.S. competitors. But Adam Jonas, investment analyst with Morgan Stanley, said in a recent note to investors that the first quarter of the year is expected to be difficult for automakers. Kudla said a slowdown in China, falling U.S. sales and possible border closings over trade disputes could hurt the automotive industry. …

… Still, moves like the recently announced hiring of Tim Stone from Amazon Inc. as Ford chief financial officer have sent the right signals to Wall Street, Kudla said. The first-quarter earnings announcement could amplify that signal if Ford reports better-than-expected earnings due to strong sales numbers during a quarter most U.S. automakers reported sliding sales. …

… Kudla said the first quarter results could help Ford continue its momentum if Hackett is able to clearly communicate confidence in his plan for the automaker.

"An overhang for many regarding Ford has been their ability to communicate a clear path for the future of the company," Kudla said. "We are beginning to see a vision take form, but management needs to consistently deliver this message to win over analysts and investors."