Ford makes $2B in second quarter, up 3.7%

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Dearborn — Ford Motor Co. on Wednesday reported a second-quarter profit of $2 billion, up 3.7 percent from the same period a year ago.

The company attributed the profit increases to revenue boosts that came from the automotive segment in North America, Europe and the Asia Pacific region, a favorable adjustment in the tax rate, and the best pre-tax profit since 2011 from the company's financial arm, Ford Credit.

"This quarter shows the underlying health of our company with strong products like F-Series and commercial vehicles around the world," said President and CEO Jim Hackett in a statement, "but we have opportunity to deliver even more."

Wednesday's earnings report was the first under Hackett's tenure, who replaced Mark Fields in late May.

The company made $2.5 billion before taxes, down $500 million from last year, according to financial results reported Wednesday.

But Ford posted earnings per share of 51 cents, beating Wall Street forecasts for 43 cents per share, and total company revenue was $39.9 billion, up .5 percent from a year ago.

Ford's automotive segment grew by $100 million, with revenue of $37.1 billion. Ford's market share decreased for the second quarter.

The North American automotive segment's revenue was up 3 percent year over year to $24.5 billion, though the pre-tax profits slipped $500 million to $2.2 billion. Ford also saw a decrease in market share due to lower fleet sales.

Meanwhile, the company saw its ninth consecutive profit in Europe, though revenue and profits slipped compared to a year ago due to Brexit. Ford also saw wholesale volume grow 7 percent in its Asia Pacific operations. Revenue grew 21 percent there to $3.4 billion, and profits increased $151 million from a year ago to $142 million.

David Kudla, CEO and chief investment strategist with Mainstay Capital Management, said in a note ahead of Ford's earnings that strong SUV, truck and crossover sales are helping Ford boost its average transaction prices, but an expected overall sales slowdown will hamper the company's share price.

It's up to Hackett to show investors that he has a plan.

"Investors will be eager to hear Ford's new vision after the recent shake-up at the top," Kudla wrote.

The company's cerebral new CEO is nearing the end of a 100-day plan he's using to assess the company's revenue, fitness, capital expenditure and innovation as the U.S. auto industry speeds toward plateauing — possibly falling — sales.

Bob Shanks, Ford chief financial officer, said Wednesday in a briefing with reporters that Hackett's "very intensive" 100-day assessment is "well-underway."

"It's progressing extremely well," said Shanks, who provided no details of what the executives have found so far. "I think we're all energized and excited about what we're finding and where the company's going to head."

He said the company should have more to report from the 100-day plan later this year.

Hackett's assessment could spur new ventures to boost underperforming segments of the company, decisions to trim oversized departments within corporate, moves to drop or replace vehicles, according to multiple notes from analysts who met with Hackett and Shanks in June.

But Hackett bringing about further change at Ford would fit with comments Executive Chairman Bill Ford Jr. made when Hackett was appointed.

Bill Ford said then he wants Hackett, the tech-talking "change agent," to "re-energize" the company by moving faster than his predecessor, Fields, in realigning the business to maximize growth amid expansion into new markets such as self-driving vehicles, electrification and mobility — sectors in which profits eluded Fields.

Ford is offering buyouts to 1,400 white-collar employees, and plans to move production of the next-generation Focus to China by 2019

The automaker is also investing billions of dollars in autonomous technology, electric cars and other new vehicles planned through the remainder of the decade and into the early 2020s. Investments include a five-year, $1 billion investment in artificial intelligence company Argo AI to develop the brains for Ford's self-driving cars. Ford continues to invest in its autonomous vehicle development, which aims to have a fully driverless vehicle on the road by 2021.

Shanks also said Wednesday that the company is adjusting its full-year guidance at the midyear point. Ford projects it will post adjusted earnings per share of between $1.65 and $1.85, and an automotive segment revenue of $141.5 billion, which is roughly equal to 2016.

Halfway through the year, Ford has made $3.63 billion, down from $4.42 at the midway point a year ago. The company has grown halfway through the year, though, posting a revenue of $73.6 billion, up from $72.2 last year.

On Tuesday, General Motors Co. reported net income of $1.66 billion in the second quarter, down 42 percent from a year ago, primarily driven discontinued European operations. Fiat Chrysler Automobiles NV is expected to report its second-quarter results on Thursday.

Ford Delivers Second Quarter Net Income of $2.0B; $2.5B Adjusted Pre-Tax Profit

Good morning,

Today, we are releasing our second-quarter financial results and I wanted to take this opportunity to share some early impressions after my first two months as Ford's president and CEO.

First, Ford is a fantastic company with not only an incredible history, but also a very bright future. We didn't survive and thrive for 114 years through luck or because we've stuck with the status quo. Rather, we have remained resilient and reinvented ourselves many times in the face of disruption.

And so, in this fast-changing, competitive new era, I truly believe we can become an even better company. We can be extraordinary in the way we relate to and deliver value to our customers. In this way, we can deliver much more value to all of our stakeholders.

Turning to the second quarter, we delivered a solid performance and we remain in a strong financial position that will serve us well going forward.

Some specific highlights from the second quarter include:

Revenue of $39.9 billion, up $400 million from a year ago

Net income of $2 billion, up $100 million

Adjusted pre-tax profit of $2.5 billion, down $500 million

EPS was $0.51, up $0.02, with adjusted EPS at $0.56, up $0.04

Profitability in North America, Europe and Asia Pacific, and pre-tax profit of $619 million at Ford Credit, up 55 percent year-over-year

You can view our news release for full details on our second-quarter performance.

Thank you.

Jim Hackett