



**Go Further**



**Barb Samardzich**  
**Chief Operating Officer - Ford of Europe**

Goldman Sachs Auto Conference, Dec 4, 2014

# AGENDA



- **ONE FORD**
- **EUROPE CHALLENGES**
- **EUROPE TRANSFORMATION PLAN**
- **GUIDANCE**
- **Q & A**



# OUR PLAN -- ONE FORD

- Continue implementation of our global **ONE FORD** Plan:
  - Aggressively restructure to operate profitably at the current demand and changing model mix
  - Accelerate development of new products our customers want and value
  - Finance our Plan and improve our balance sheet
  - Work together effectively as one team -- leveraging our global assets



**The ONE Ford Plan Has Served Us Well**



## ***FORD IS A SUBSTANTIALLY STRONGER COMPANY***

- ✓ **One Ford product portfolio deployed globally; vehicle platforms rationalized**
- ✓ **Quality improved**
- ✓ **Advanced technology launched across our products, including SYNC, EcoBoost and electrification**
- ✓ **Ford brand revitalized**
- ✓ **Strong business in North America sustained; profitable growth in China achieved; transformation plan in Europe implemented**
- ✓ **Balance sheet strengthened, investment grade credit rating achieved, shareholder actions restored and increased**

**Strong Foundation In Place To Grow Business**

# ONE FORD LONG-TERM OBJECTIVES



ONE FORD  
ONE TEAM • ONE PLAN • ONE GOAL

**People Working Together As A Lean,  
Global Enterprise For Automotive Leadership**

**ONE TEAM**  
People working together as a lean, global enterprise for automotive leadership, as measured by:  
Customer, Employee, Dealer, Investor, Supplier, Union/Council, and Community Satisfaction

**ONE PLAN**  
• Aggressively restructure to operate profitably at the current demand and changing model mix  
• Accelerate development of new products our customers want and value  
• Finance our plan and improve our balance sheet  
• Work together effectively as one team

**ONE GOAL**  
An exciting viable Ford delivering profitable growth for all

**Expected Behaviors**

**Foster Functional and Technical Excellence**

- Know and have a passion for our business and our customers
- Demonstrate and build functional and technical excellence
- Ensure process discipline
- Have a continuous improvement philosophy and practice

**Own Working Together**

- Believe in skills and motivated people working together
- Include everyone; respect, listen to, help and appreciate others
- Build strong relationships; be a team player; develop ourselves and others
- Communicate clearly, concisely and candidly

**Role Model Ford Values**

- Show initiative, courage, integrity and good corporate citizenship
- Improve quality, safety and sustainability
- Have a can-do, find a way attitude and emotional resilience
- Enjoy the journey and each other; have fun - never at others' expense

**Deliver Results**

- Deal positively with our business realities; develop competing and comprehensive plans, while keeping an enterprise view
- Set high expectations and inspire others
- Make sound decisions using facts and data
- Hold ourselves and others responsible and accountable for delivering results and satisfying our customers



**Top 5 Sales**

**More  
Balanced  
Regional  
&  
Segment  
Profits**

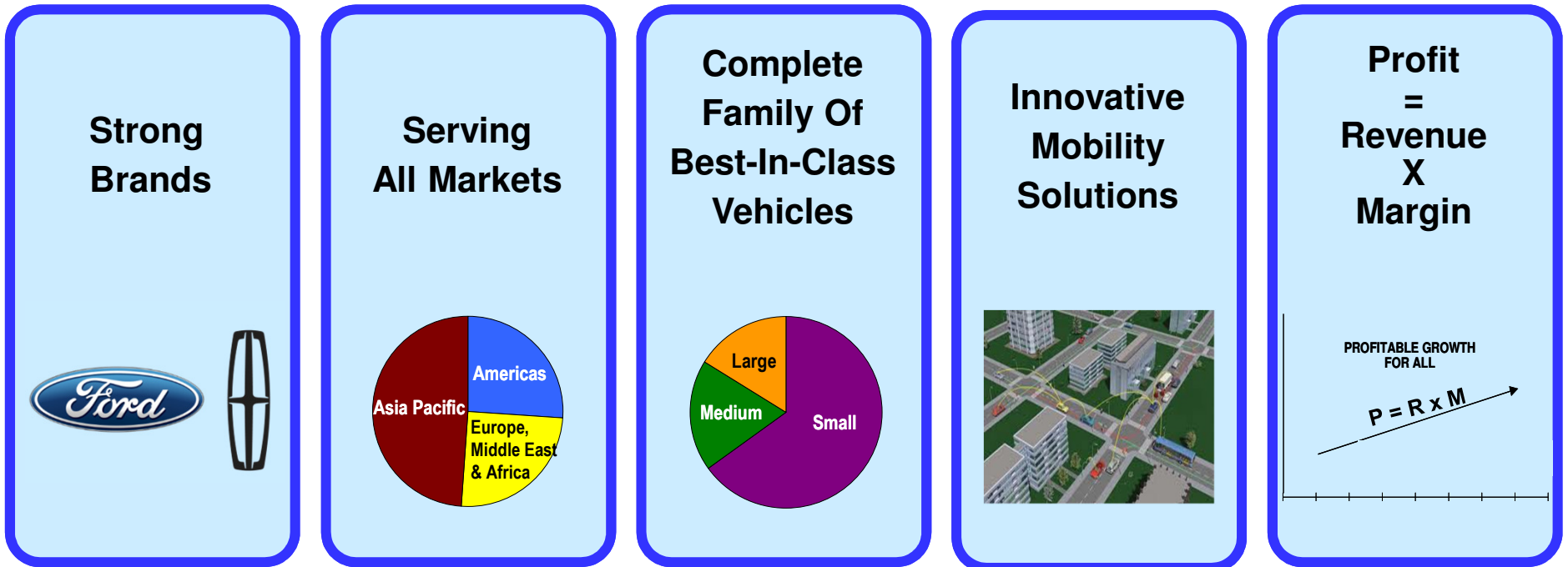
**Operating  
Margins  
8 - 9%**

**Top Quartile  
Total  
Shareholder  
Return  
(TSR)**

**Highly  
Regarded  
By All  
Stakeholders**

**Delivering Profitable Growth For All**

# ONE FORD STRATEGIC FRAMEWORK



Product Excellence

**ONE FORD**  
ONE TEAM • ONE PLAN • ONE GOAL

Innovation

# AGENDA



- ONE FORD

- EUROPE CHALLENGES

- EUROPE TRANSFORMATION PLAN

- GUIDANCE

- Q & A



## ***EUROPE BUSINESS ENVIRONMENT***

- **Modest economic recovery. Growth subdued in euro area, more rapid in U.K.**
- **Expect Europe 20 industry volume to grow to 16 - 17 million units by end of decade**
- **Weakness in emerging European markets, notably Russia. Conditions in Russia likely to remain weak in 2015 amid considerable uncertainty**
- **Drive for lower CO2 emissions, higher safety requirements, and potentially unbalanced free-trade agreements likely to continue**
- **Highly competitive landscape continues pressure on pricing**

**Modest European Economic Recovery Underway**



# ***RUSSIA***

## **Business Environment**

- **Geopolitical situation has slowed GDP growth to less than 1%**
- **Industry sales down 15% from 2013; substantially below previous estimates**
- **Ruble devaluation impact to euro-based OEMs, including Ford**
- **Growth should resume after 2015; still see potential to be Europe's largest market**

## **Response Plan**

- **Aligned production and workforce to demand; reduced overhead costs**
- **Expanding product offer; six new vehicles by mid 2015**
- **Accelerate local sourcing**

**Business Environment in Russia Has Deteriorated;  
Working To Stabilize Business And Position For Future Growth**



## ***EUROPE 2014 OUTLOOK***

- **First Nine Months pre-tax loss of \$619 million**
- **Expect Fourth Quarter loss to be greater than Third Quarter pre-tax loss of \$439 million driven primarily by:**
  - **Higher support costs for Russia**
  - **Product launch costs, including new Focus and Mondeo**
- **Full Year pre-tax loss projected to be about \$1.2 billion**

**Expect Full Year Pre-Tax Loss Of About \$1.2 Billion**

# AGENDA

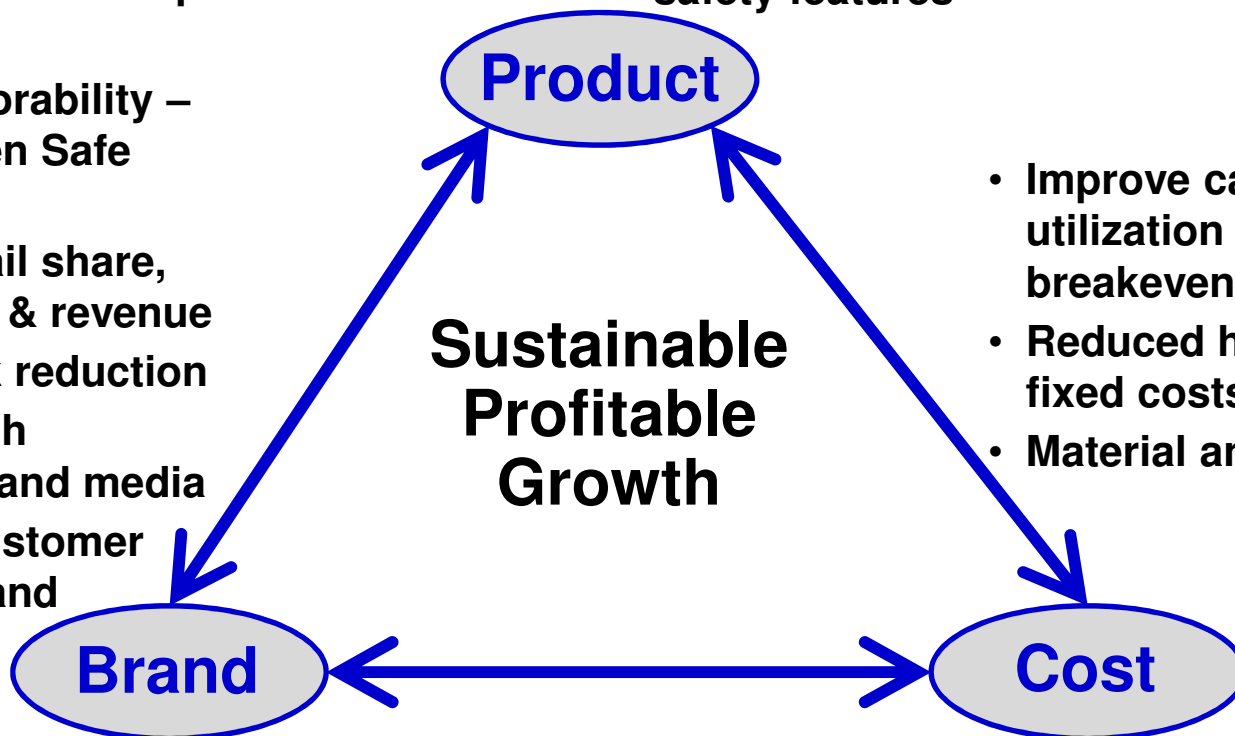


- ONE FORD
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# EUROPE TRANSFORMATION PLAN

- Accelerate new product introductions -- benefiting from ONE Ford portfolio
- SUV and Commercial Vehicle expansion
- Technology -- e.g. SYNC, EcoBoost, safety features

- Improve favorability – Quality Green Safe Smart
- Improve retail share, channel mix & revenue
- Dealer stock reduction
- Breakthrough promotions and media
- Improved customer experience and dealerships



- Improve capacity utilization and breakeven
- Reduced headcount and fixed costs
- Material and freight cost

**Plan Focuses On Brand, Product And Cost Actions**

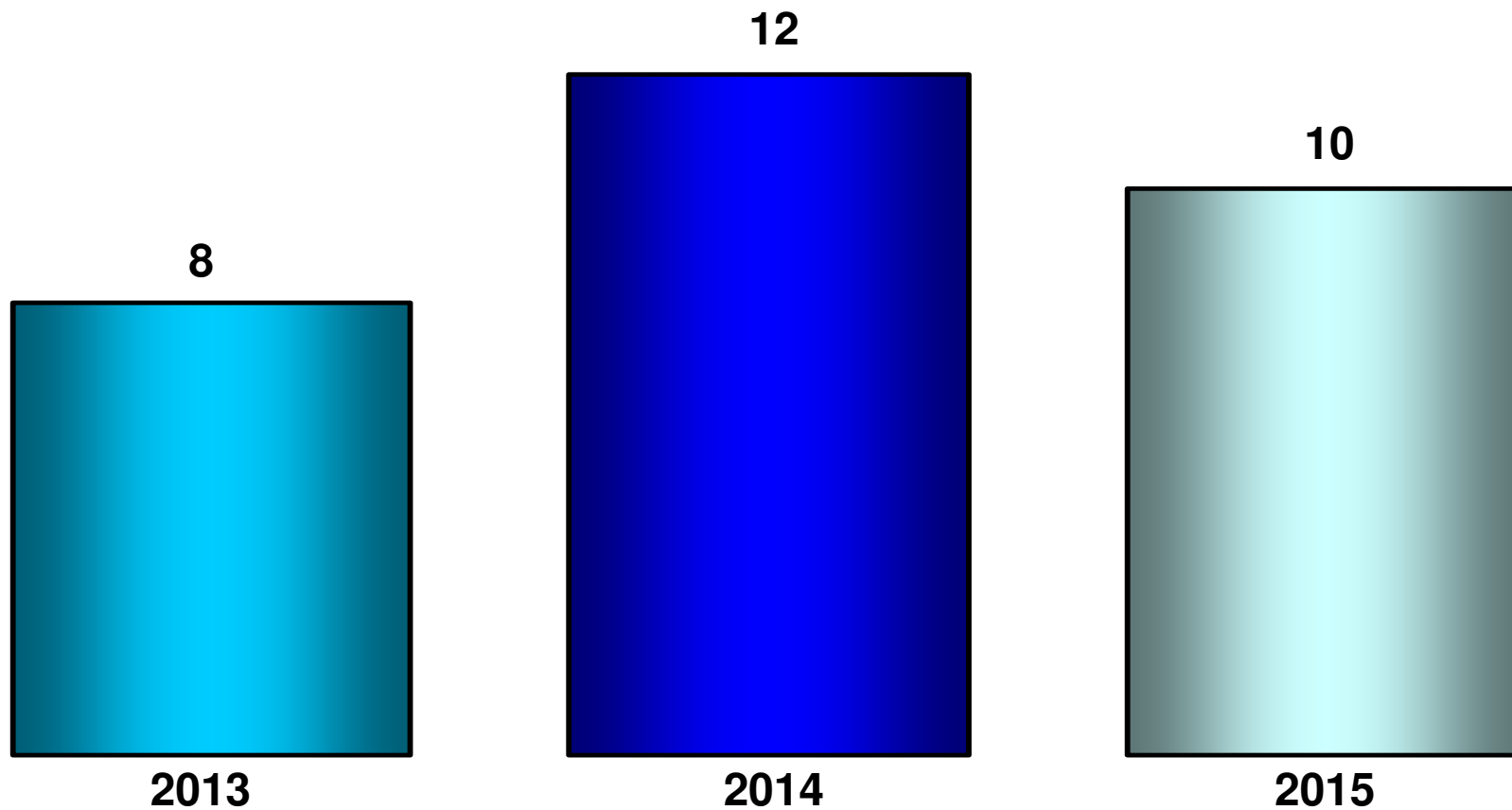
## ***EUROPE TRANSFORMATION PLAN***

- Transformation plan (Product, Brand, and Cost) progressing and will deliver improved profits and cash flow
- The Europe outlook reflects economic recovery in the mature markets and delivery of the transformation plan, including:
  - increased market share driven by an expanded product lineup of passenger cars, SUV's, and commercial vehicles supported by significant product freshening actions
  - continued brand strengthening and improved net revenues
  - restructuring actions including an 18% reduction in capacity with the closure of UK plants in 2013, and Genk plant at the end of 2014
- Russia plan adjusted to reflect latest political and economic reality

**Europe Transformation Plan Will Deliver Improved Profitability**



# EUROPE PRODUCT LAUNCHES

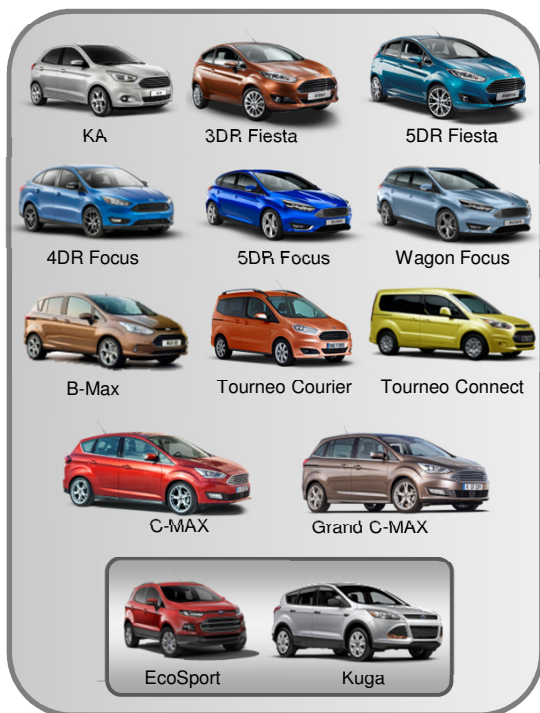


**Will Exceed Commitment To Deliver At Least 25 Products In 5 Years**

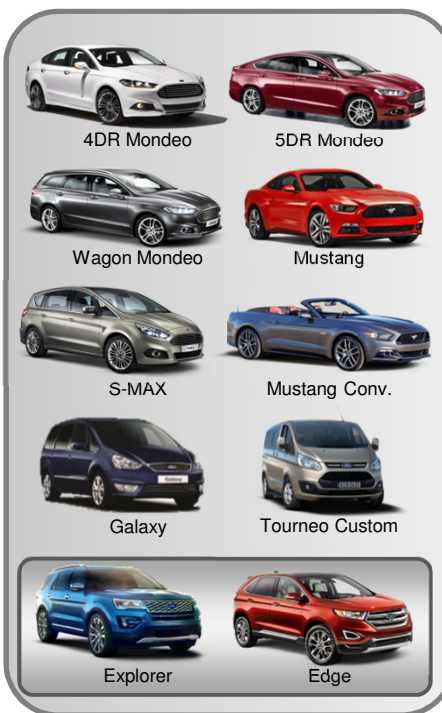


# EXPANDED PRODUCT PORTFOLIO

## Small



## Medium & Large



## Commercial



## Sport & Vignale



 SUV Segment Vehicles

**Significantly Expanded Line-Up Of One Ford Vehicles**

# SUV VEHICLES



**Expanded Line-Up Of SUV Segment Vehicles  
Fastest Growing Segment In Europe**



# PERFORMANCE CARS



FIESTA ST



FOCUS ST



MUSTANG

**Expanding To Diesel In New Focus ST  
And Mustang On Sale In 2015**



# VIGNALE

## VIGNALE

PRODUCT EXPERIENCE

DEALERSHIP EXPERIENCE

LIFESTYLE EXPERIENCE

PERSONAL SERVICE  
VIGNALE RELATIONSHIP  
MANAGER

ENVIRONMENT-FORD  
STORE  
VIGNALE LOUNGE

CONCIERGE CLUB  
VIGNALE COLLECTION



**Upscale Vignale Launch – More Than A Product**

# TRANSIT FAMILY



**Celebrating 50 Years Of Transit Brand With All New And Complete Line-Up**

# TOURNEO FAMILY



Tourneo Courier

Tourneo Connect

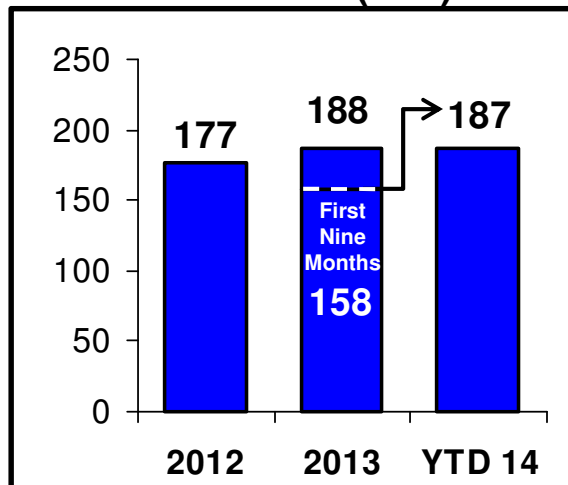
Tourneo Custom



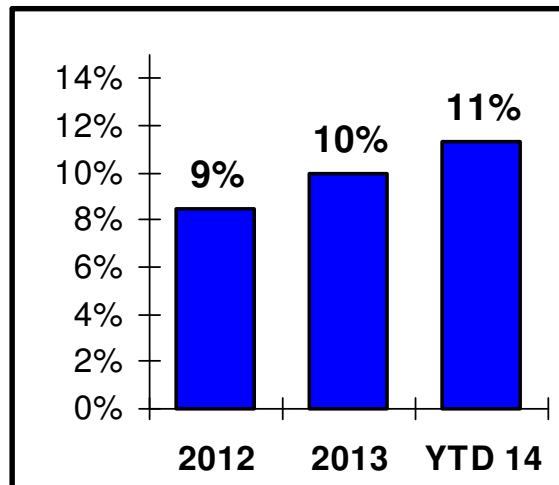
**New Full Tourneo Family Line-Up**

# COMMERCIAL VEHICLES (EU 20)

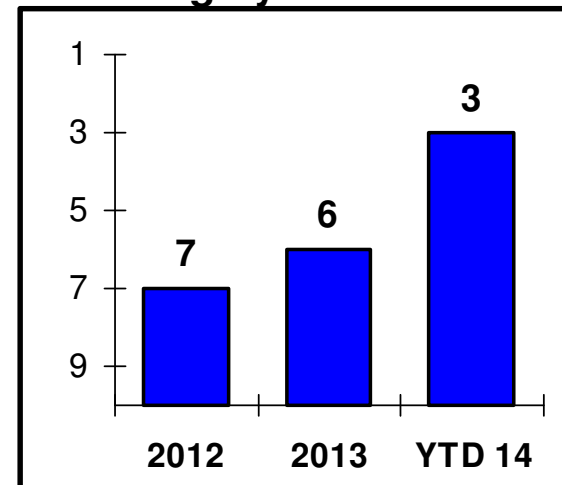
Volume (000)



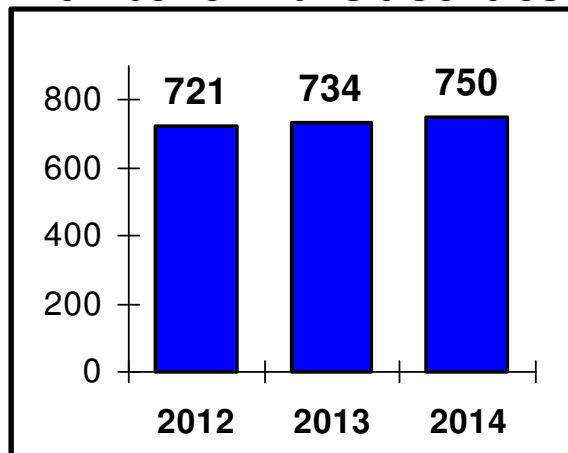
Market Share



Ranking by Market Share



Number of Transit Centres



**Transit Volume And Share Improving**

# BRAND – NEW DEALER EXPERIENCE

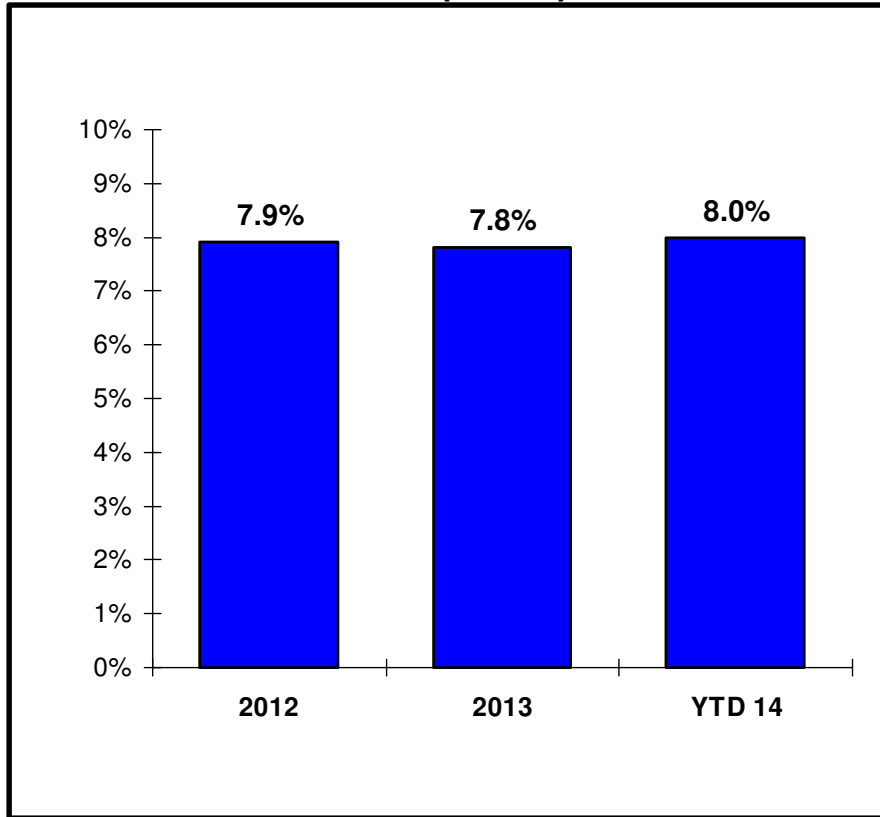


**New Style Ford Stores Being Rolled Out Across Europe**

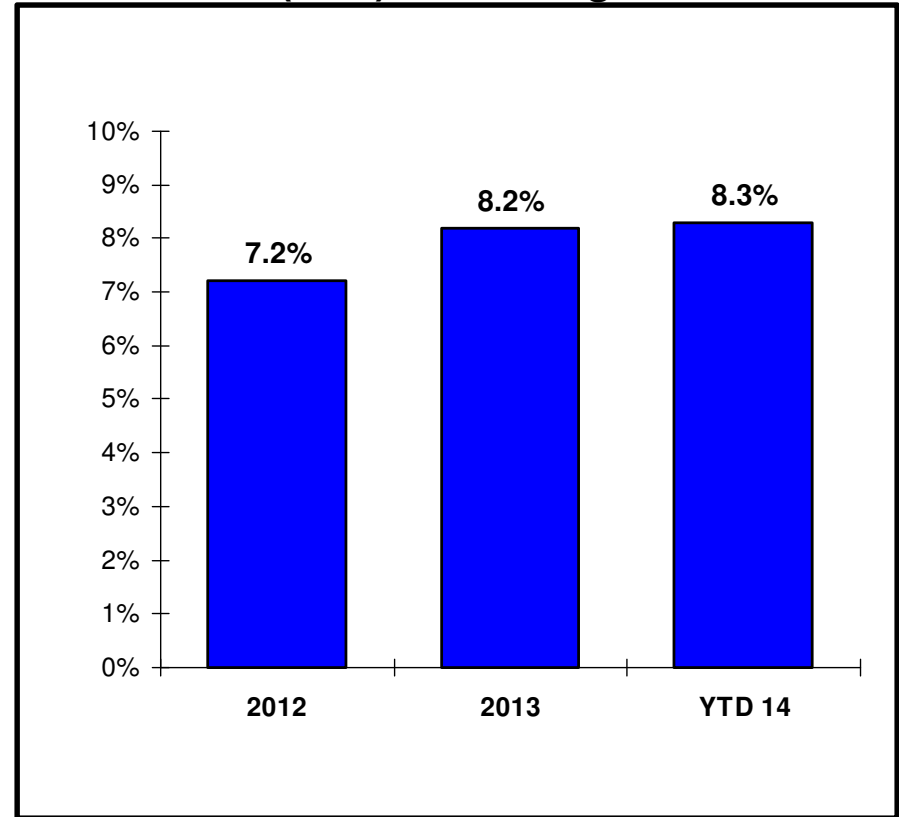
# MARKET SHARE



### Total (EU20)



### Retail (EU5) – Passenger Car \*



Memo: EU5 – U.K., Germany, France, Italy, Spain

**Quality Of Market Share Is Improving**



## ***EUROPE 2015 OUTLOOK***

- **2015 projected at a pre-tax loss of about \$250 million**
  - **Europe 20 industry volume in 14.8 - 15.3 million unit range**
  - **Continued highly competitive market conditions**
  - **Delivery of the Transformation Plan elements of product, brand and cost**
  - **Higher market share and volume**
  - **Low interest rates and associated increased pension expense**
  - **Declining business conditions and continued volatility in Russia**

**Expect A Pre-Tax Loss For 2015, But Substantially Improved From 2014**



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# 2014 AND 2015 GUIDANCE



	2013 Results	2014			2015 Outlook
		Plan	Outlook	First Nine Months	
<b>Planning Assumptions (Mils.)</b>					
Industry Volume*					
-- U.S.	15.9	16.0 - 17.0	16.8	16.7	16.8 - 17.5
-- Europe 20	13.8	13.5 - 14.5	14.5	14.5	14.8 - 15.3
-- China	22.2	22.5 - 24.5	23.8	23.5	24.0 - 26.0
<b>Key Metrics</b>					
<b>Automotive: (Compared with Prior Year)</b>					
- Revenue (Bils.)	\$ 139.4	About Equal	On Track	\$ 102.0	Higher
- Operating Margin**	5.4%	Lower	On Track	4.2%	Higher
- Operating-Related Cash Flow (Bils.)***	\$ 6.1	Substantially Lower	Lower	\$ 3.1	Positive****
<b>Ford Credit: (Compared with Prior Year)</b>					
- Pre-Tax Profit (Bils.)	\$ 1.8	About Equal	\$1.8 - \$1.9	\$ 1.4	Equal To Or Higher
<b>Company:</b>					
- Pre-Tax Profit (Bils.)***	\$ 8.6	\$7 - \$8	About \$6	\$ 5.2	\$8.5 - \$9.5

\* Based, in part, on estimated vehicle registrations; includes medium and heavy trucks

\*\* Automotive operating margin is defined as Automotive pre-tax results, excluding special items and Other Automotive, divided by Automotive revenue

\*\*\* Excludes special items; see Appendix for detail and reconciliation to GAAP

\*\*\*\* Refers to absolute level, not compared with prior year

**2014 Company Outlook Mixed  
Strong Growth And Financial Performance Expected For 2015**

**Q & A**

# RISK FACTORS



Statements included or incorporated by reference herein may constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements are based on expectations, forecasts, and assumptions by our management and involve a number of risks, uncertainties, and other factors that could cause actual results to differ materially from those stated, including, without limitation:

- Decline in industry sales volume, particularly in the United States or Europe, due to financial crisis, recession, geopolitical events, or other factors;
- Decline in Ford's market share or failure to achieve growth;
- Lower-than-anticipated market acceptance of Ford's new or existing products;
- Market shift away from sales of larger, more profitable vehicles beyond Ford's current planning assumption, particularly in the United States;
- An increase in or continued volatility of fuel prices, or reduced availability of fuel;
- Continued or increased price competition resulting from industry excess capacity, currency fluctuations, or other factors;
- Fluctuations in foreign currency exchange rates, commodity prices, and interest rates;
- Adverse effects resulting from economic, geopolitical, or other events;
- Economic distress of suppliers that may require Ford to provide substantial financial support or take other measures to ensure supplies of components or materials and could increase costs, affect liquidity, or cause production constraints or disruptions;
- Work stoppages at Ford or supplier facilities or other limitations on production (whether as a result of labor disputes, natural or man-made disasters, tight credit markets or other financial distress, production constraints or difficulties, or other factors);
- Single-source supply of components or materials;
- Labor or other constraints on Ford's ability to maintain competitive cost structure;
- Substantial pension and postretirement health care and life insurance liabilities impairing our liquidity or financial condition;
- Worse-than-assumed economic and demographic experience for postretirement benefit plans (e.g., discount rates or investment returns);
- Restriction on use of tax attributes from tax law "ownership change;"
- The discovery of defects in vehicles resulting in delays in new model launches, recall campaigns, or increased warranty costs;
- Increased safety, emissions, fuel economy, or other regulations resulting in higher costs, cash expenditures, and / or sales restrictions;
- Unusual or significant litigation, governmental investigations, or adverse publicity arising out of alleged defects in products, perceived environmental impacts, or otherwise;
- A change in requirements under long-term supply arrangements committing Ford to purchase minimum or fixed quantities of certain parts, or to pay a minimum amount to the seller ("take-or-pay" contracts);
- Adverse effects on results from a decrease in or cessation or clawback of government incentives related to investments;
- Inherent limitations of internal controls impacting financial statements and safeguarding of assets;
- Cybersecurity risks to operational systems, security systems, or infrastructure owned by Ford, Ford Credit, or a third-party vendor or supplier;
- Failure of financial institutions to fulfill commitments under committed credit and liquidity facilities;
- Inability of Ford Credit to access debt, securitization, or derivative markets around the world at competitive rates or in sufficient amounts, due to credit rating downgrades, market volatility, market disruption, regulatory requirements, or other factors;
- Higher-than-expected credit losses, lower-than-anticipated residual values, or higher-than-expected return volumes for leased vehicles;
- Increased competition from banks or other financial institutions seeking to increase their share of financing Ford vehicles; and
- New or increased credit, consumer, or data protection or other regulations resulting in higher costs and / or additional financing restrictions.

We cannot be certain that any expectation, forecast, or assumption made in preparing forward-looking statements will prove accurate, or that any projection will be realized. It is to be expected that there may be differences between projected and actual results. Our forward-looking statements speak only as of the date of their initial issuance, and we do not undertake any obligation to update or revise publicly any forward-looking statement, whether as a result of new information, future events, or otherwise. For additional discussion, see "Item 1A. Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2013, as updated by our subsequent Quarterly Reports on Form 10-Q and Current Reports on Form 8-K.

# ***APPENDIX***

# INCOME FROM CONTINUING OPERATIONS



	Third Quarter		First Nine Months		Memo:
	2013	2014	2013	2014	Full Year
	(Mils.)	(Mils.)	(Mils.)	(Mils.)	2013
					(Mils.)
<b><u>Automotive</u></b>					
North America	\$ 2,296	\$ 1,410	\$ 7,009	\$ 5,350	\$ 8,809
South America	160	(170)	93	(975)	(33)
Europe	(182)	(439)	(913)	(619)	(1,442)
Middle East & Africa	(25)	(15)	35	62	(69)
Asia Pacific	116	44	218	494	327
Other Automotive	(139)	(144)	(469)	(537)	(656)
Total Automotive (excl. special items)	\$ 2,226	\$ 686	\$ 5,973	\$ 3,775	\$ 6,936
Special items -- Automotive	(498)	(160)	(1,257)	(763)	(1,568)
Total Automotive	\$ 1,728	\$ 526	\$ 4,716	\$ 3,012	\$ 5,368
<b><u>Financial Services</u></b>					
Ford Credit	\$ 427	\$ 498	\$ 1,388	\$ 1,431	\$ 1,756
Other Financial Services	(64)	(3)	(71)	(45)	(84)
Total Financial Services	\$ 363	\$ 495	\$ 1,317	\$ 1,386	\$ 1,672
<b><u>Company</u></b>					
Pre-tax results	\$ 2,091	\$ 1,021	\$ 6,033	\$ 4,398	\$ 7,040
(Provision for) / Benefit from income taxes	(818)	(188)	(1,914)	(1,261)	135
Net income	\$ 1,273	\$ 833	\$ 4,119	\$ 3,137	\$ 7,175
Less: Income / (Loss) attributable to non-controlling interests	1	(2)	3	2	(7)
Net income attributable to Ford	\$ 1,272	\$ 835	\$ 4,116	\$ 3,135	\$ 7,182
<b>Memo: Excluding special items</b>					
Pre-tax results	\$ 2,589	\$ 1,181	\$ 7,290	\$ 5,161	\$ 8,608
(Provision for) / Benefit from income taxes	(767)	(247)	(1,991)	(1,574)	(2,022)
Less: Income / (Loss) attributable to non-controlling interests	1	(2)	3	2	(7)
After-tax results	\$ 1,821	\$ 936	\$ 5,296	\$ 3,585	\$ 6,593

# SPECIAL ITEMS



	Third Quarter		First Nine Months		Memo:
	2013	2014	2013	2014	Full Year
	(Mils.)	(Mils.)	(Mils.)	(Mils.)	2013
					(Mils.)
<b><u>Personnel-Related Items</u></b>					
Separation-related actions*	\$ (250)	\$ (160)	\$ (700)	\$ (434)	\$ (856)
<b><u>Other Items</u></b>					
Ford Sollers equity impairment	\$ -	\$ -	\$ -	\$ (329)	\$ -
U.S. pension lump sum program	(145)	-	(439)	-	(594)
FCTA -- subsidiary liquidation	(103)	-	(103)	-	(103)
Ford Romania consolidation loss	-	-	(15)	-	(15)
Total other items	<u>\$ (248)</u>	<u>\$ -</u>	<u>\$ (557)</u>	<u>\$ (329)</u>	<u>\$ (712)</u>
Total special items	<u>\$ (498)</u>	<u>\$ (160)</u>	<u>\$ (1,257)</u>	<u>\$ (763)</u>	<u>\$ (1,568)</u>
Tax special items	\$ (51)	\$ 59	\$ 77	\$ 313	\$ 2,157
<b>Memo:</b>					
Special items impact on earnings per share**	\$ (0.14)	\$ (0.03)	\$ (0.29)	\$ (0.11)	\$ 0.14

\* Primarily related to separation costs for personnel at the Genk and U.K. facilities

\*\* Includes related tax effect on special items and tax special items



# **AUTOMOTIVE SECTOR OPERATING-RELATED CASH FLOWS RECONCILIATION TO GAAP**

	<u>Third Quarter</u>		<u>First Nine Months</u>		<u>Memo:</u>
	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>Full Year</u>
	<u>(Bils.)</u>	<u>(Bils.)</u>	<u>(Bils.)</u>	<u>(Bils.)</u>	<u>2013</u>
					<u>(Bils.)</u>
<b><u>Net cash provided by / (used in) operating activities (GAAP)</u></b>	\$ 2.0	\$ 0.6	\$ 6.4	\$ 6.7	\$ 7.7
<b><u>Items included in operating-related cash flows</u></b>					
Capital spending	(1.5)	(1.8)	(4.6)	(5.2)	(6.6)
Proceeds from the exercise of stock options	0.1	0.1	0.3	0.2	0.3
Net cash flows from non-designated derivatives	(0.1)	-	(0.3)	0.1	(0.3)
<b><u>Items not included in operating-related cash flows</u></b>					
Separation payments	0.1	-	0.2	0.1	0.3
Funded pension contributions	1.1	0.3	3.9	1.1	5.0
Tax refunds and tax payments from affiliates	-	-	(0.3)	(0.2)	(0.3)
Other	(0.1)	0.1	-	0.3	-
Operating-related cash flows	<u>\$ 1.6</u>	<u>\$ (0.7)</u>	<u>\$ 5.6</u>	<u>\$ 3.1</u>	<u>\$ 6.1</u>