

Big restructuring costs hit Ford earnings

July 25 2019



Shares of Ford fell sharply after it reported a steep drop in second-quarter earnings

Ford reported a steep decline in second-quarter profits on Wednesday due to large restructuring costs and a disappointing earnings forecast for the year, sending shares sharply lower.

The US automaker reported profits of \$148 million, an 86 percent drop from the year-ago period.

Revenues fell 0.2 percent to \$38.9 billion.

The drop reflects \$1.2 billion in one-time costs connected to restructuring in Europe and Latin America that have resulted in thousands of jobs losses and plant closures.

The automaker reported lower car sales including in China, where the overall market has slowed, and North America, where new vehicle launches crimped performance.

The company has announced it will phase out several sedan models due to weak demand in the United States for smaller cars.

On the positive side, Ford said its operating loss was smaller in China than in the year-ago period. Higher pricing in North American pickup trucks and sport utility vehicles boosted operating earnings.

But Ford projected full-year profits of between \$1.20 and \$1.35 per share, below the \$1.39 expected by analysts.

Shares of Ford sank 6.3 percent to \$9.68 in after-hours trading.

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