

Ford to speed up push to electric autos, digitization

February 4 2021, by John Biers



Ford plans to accelerate investments in electric cars, but said its 2021 results could be pinched by the shortage of semiconductors

Ford announced Thursday a dramatic acceleration of its investment push into electric autos and signaled deepening collaborations with technology

giants on the increased digitization of driving.

The US auto giant, released fourth-quarter and annual results, and said it plans \$22 billion in electric car investment through 2025, nearly twice the earlier plan.

The announcement is the latest big bet on electric autos by a legacy automaker in the wake of upstart Tesla's growth and in anticipation of Biden administration initiatives to encourage emission-free vehicles.

Last week, Ford's rival General Motors set a target of having most of its fleet emissions-free by 2035.

"It's stunning how fast the industry is changing," said Chief Executive Jim Farley who pointed to surging electric auto sales in Europe.

Farley reported strong early interest in Ford's Mustang Mach-E, its electric sport utility vehicle which hit showrooms in December. The automaker plans a range of all-electric vehicles, including for its best-selling F-150 pickup truck.

"The costs are coming down quickly, but for me and the team, the move to electric is not about batteries and motors," Farley said on a conference call with analysts. "It's about a digital vehicle and a new customers experience."

The revamped plan came as Ford reported a fourth-quarter loss of \$2.8 billion, compared with a loss of \$1.7 billion in the year-ago period.

Revenues fell 9.3 percent to \$36 billion.

Ford projected 2021 operating profits of \$8 to \$9 billion, much above \$2.8 billion in 2020, when the company suffered a big drop in auto sales

amid the disruption from COVID-19.

Hit from semiconductor crunch

Ford on Monday unveiled an alliance with Google to employ its cloud computing platform.

Farley said the Google venture is not "exclusive" and that Ford's vehicles would also employ Amazon's voice program and other programs by Apple and Microsoft.

"The technology partners are becoming more and more important for us to deliver the digital experience," he said.

Farley said the auto giant planned to take steps to lock in capacity of electric battery cells, recognizing that supplies could be challenged as more rivals build electric cars.

The auto industry is today facing a shortage of semiconductors following a surging demand for chips over the last year from customer electronics.

Ford projected annual operating profits could be dented by \$1 to \$2.5 billion due to lost auto sales connected to the semiconductor shortage.

Earlier Thursday, Ford said it was trimming output of its F-150 because of the supply issue, following on the heels of other automakers, including GM that announced Tuesday it was shutting productions at three plants, and slashing output in half at another due to chip supply.

"We want to lock it up," Farley said of battery cell capacity. "We cannot afford to be in the situation we are with the semiconductors right now."

Ford shares rose 1.2 percent in after-hours trading to \$11.51.

© 2021 AFP

Citation: Ford to speed up push to electric autos, digitization (2021, February 4) retrieved 28 April 2024 from <https://techxplore.com/news/2021-02-ford-electric-auto-investment.html>

This document is subject to copyright. Apart from any fair dealing for the purpose of private study or research, no part may be reproduced without the written permission. The content is provided for information purposes only.