

# Ford estimates US strike impact at \$1.3 bn

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UAW workers, shown picketing outside of Ford's Wayne Assembly Plant last month, are returning to work after the company announced a tentative agreement with the United Auto Workers union.

Ford on Thursday said the need to restore manufacturing operations outweighed the additional costs to sweeten a labor contract to end a strike that has cost it some \$1.3 billion.

"The important thing for us was to get back to work and get the factories running again," said Ford Chief Financial Officer John Lawler, a day after the company announced a tentative agreement with the United Auto Workers to end the nearly six-week strike.

Ford was the first of Detroit's "Big Three" to reach a tentative agreement with the UAW, with both General Motors and Stellantis still facing a stoppage.

The agreement, which includes a 25 percent wage increase for hourly employees, followed a UAW walkout that took down three key company plants responsible for many of Ford's most profitable vehicles.

The UAW agreement must be approved by rank-and-file workers in a vote.

Lawler's remarks came as Ford reported third quarter profits of \$1.2 billion, translating into a per share results that missed analyst estimates. Revenues rose 10 percent to \$43.8 billion.

One factor in the disappointing earnings was a \$100 million hit from a strike begun near the end of the quarter.

The profit impact will be much greater in the fourth quarter, where the bulk of the 80,000 vehicles lost to the strike was felt, according to Lawler.

Ford withdrew its 2023 full-year earnings forecast due to the [strike](#).

The company isn't sure how quickly it will be able to ramp back up the struck plants. Lawler cited the risk of "obsolescence" and difficulties with suppliers, who may need to hire new staff.

"There's a tremendous amount of work and uncertainty ahead of us," Lawler said.

Prior to Wednesday's labor deal, Ford executives had said the company was at its absolute limit in terms of the contract.

Lawler said the [company](#) would need to identify new cost cuts and efficiencies to cover the [agreement](#), which will add an estimated \$850 to \$900 in labor costs per vehicle.

"We have work to do," Lawler said. "We're going to have find efficiencies throughout the system."

Shares dropped 4.2 percent in after-hours trading.

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