

Ford profits tumble on higher costs, hitting shares

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Ford earnings missed estimates on higher costs for warranties and product launches.

Ford shares tumbled Wednesday after the automaker reported lower than expected profits on higher costs connected to product launches and

warranty repairs for older model vehicles.

Profits fell 4.5 percent to \$1.8 billion, while revenues rose 6.3 percent to \$47.8 billion.

The results translated into per-share profits that lagged [analyst estimates](#), even as Ford maintained its full-year range for estimated [operating profit](#).

Shares dropped 11.5 percent in after-hours trading.

Wholesale auto sales rose compared with the year-ago period, but Ford struggled with elevated warranty costs in the [second quarter](#).

Chief Financial Officer John Lawler said the repair costs were tied to [vehicle](#) years 2021 and earlier.

The company pointed to an improved rating from JD Power on quality, consistent with what CEO Jim Farley has described as an industrial makeover for the 121-year-old company as it remakes itself for the electric era.

"Our quality is improving," Lawler said in a conference call with reporters, adding that the second-quarter warranty costs rose \$700 million compared with the 2023 period.

Lawler also pointed to elevated costs connected to product launches in the first half of 2024 for the new F-series pickup truck and Explorer sport utility vehicle.

The company has held some vehicles for longer than expected to ensure quality, Lawler said.

"We can't read this quarter as (a sign) that the year is coming off track," Lawler said. "It's not. We're very confident in where we're at this year."

Lawler said vehicle pricing is trending with expectations for about a two percent erosion during 2024 as auto inventories rise, with pricing weakening in the second half of the year compared with the first six months.

Ford's full-year outlook reaffirmed an annual estimated loss of \$5 to \$5.5 billion for electric vehicles. Ford has vowed to improve profitability in the unit as vehicle output rises in response to rising demand.

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