

Ford Stock Is Living Up to Its 'Ford Tough' Motto

Investors have to be patient with F stock, which has proven its ability to thrive in tough environments

By [Emmanuel Henson](#) May 12, 2020, 7:01 am EDT

While many of us sit on our sofas, and dream of open roads, it is apparent **Ford** (NYSE:[F](#)) shares the sentiment. Due to shifting tastes and costs associated with narrowing down its brands, Ford was already slated to post dismal earnings. The coronavirus made things much worse for F stock. Considering Covid-19, investors weren't expecting much from Ford's forward guidance.

With the backdrop of the structural shift and downward move in demand for sedans, the car industry looks bleak. Ford reported a \$2.2-billion-dollar loss, projecting that when its second-quarter ends, it would have [\\$5.5 billion in total losses](#) for the year.



Source: Proxima Studio / Shutterstock.com

Revenue was down 21%, mainly driven by lower volume on retail and wholesales of their leased vehicles. Ford credit was said to "maintain a strategically" important part of their overall strategy. But it will take a charge this quarter on projected losses, just to break even.

Further, Ford suspended its dividend in March, and would not commit to when it would reappear. It only said it would be based on its return to net

income positive territory and maintaining a reasonable amount of leverage. There will be a deferring of excess executive compensation, too. And additionally, a \$6 billion reduction of capital expenditures is planned for the year.

It appears the focus will be on cost-cutting and prayer as CEO Hackett whiffed two analyst questions requesting specifics on actions planned to accelerate revenue recovery in the near term.

F Stock: What's on the Horizon

Looking forward, CEO Jim Hackett stated Ford is in a good position. When America reopens and wholesales resume, along with payables restoration, Ford is positioned to take advantage of a recovery

A recession was on Ford's radar. And, in prior quarters, it aggressively narrowed its product list and shored up its balance sheet. Restructuring costs weighed on the quarter, and Ford expects between \$4 to \$11 billion over the year. Of that, \$7 billion would directly hit its cash position. Its South American workforce decreased by 40%, with about 15,000 less employees in Ford's European division than when the fiscal year started.

Ford has a plan, in principle, to bring the company back to prosperity. To be on the safe side, Ford drew down \$15 billion in credit, with \$6 billion in March to bolster its balance sheet. There does seem to be a return to normalcy in their manufacturing pipeline, as about 90% of their workforce is said to be back at work in China.

How Ford Expects to Bounce Back

Ford will pivot its focus to its commercial lines, a new rugged SUV, the Mustang Marquis, a reintroduction of the bronco and a new F-150 hybrid.

The Volkswagen joint venture still seems to be on track. When all is said and done CFO Timothy Stone says that he could see "10% net income margins for the North America division by year's end."

The Street seems to be patient at the moment. The stock was up 2.4% over the past five trading days, with several up days on the week, so things are looking up. Further, the company has proven its resilience. After all, the F-150 still reigns supreme as the most sold vehicle in America for 38 years straight. Hackett recognizes that they have been here before, and he believes his management team is poised to get out of this quagmire in a position better than when it started.

They seem to have their marching orders: protecting the safety of its people; Delivering PPE and safeguarding the resources it has. Only time will tell if the market will remain sanguine on its prospects.

Bottom Line on F Stock

From a fundamental and technical standpoint, Ford looks appealing, and may give decent rewards to an investor willing to give them the benefit of a few quarters.

It won't be a smooth ride. Ford closed at \$5.38, and has \$5.62 in cash per share on its books alone. It appears the world believes we are in 2009, but capital markets say otherwise. You would have to go that far back to find the stock this cheap. After the spring of 2009, when the world didn't end, Ford's stock price went straight up to \$17 in a matter of a few months. History may not repeat itself note for note, but it rhymes.

As of this writing, Emmanuel Henson held a position in Ford stock.

Is it really possible to see 539%... 758%... even an extraordinary 2,148% in days, even hours?

If you understood a market phenomenon known as the Dark Pools, **you'd know these gains are possible.**

Which is why former Wall Street trader Stefanie Kammerman has been studying this corner of the market for the past 26 years.

[Her full findings, here.](#)