Ford's net income jumps in 3Q on truck sales

October 26 2017, by Dee-Ann Durbin

This Tuesday, Aug. 22, 2017, file photo shows the entrance of a Ford car dealership in London. The Ford Motor Co. reports earnings Thursday, Oct. 26, 2017. (AP Photo/Frank Augstein, File)

Pickup trucks helped Ford Motor Co. to a strong finish in the third quarter despite lower global sales.

The Dearborn-based automaker said its net income rose 63 percent to $1.6 billion in the July-September period. The earnings of 39 cents per share handily beat Wall Street's expectations. Analysts polled by FactSet forecast earnings of 33 cents per share.

Ford's revenue rose 1 percent to $36.45 billion. Automotive revenue of $33.6 billion also topped analysts' forecasts.

With those results under its belt, Ford raised its full-year earnings estimate to $1.75 to $1.85 per share, up from $1.65 to $1.85. That compares to $1.76 per share in 2016.

Ford's overall sales fell 2 percent to 1.5 million cars and trucks. Sales were lower in China, North America and the Middle East; they rose in Europe and South America.

But the company earned more thanks to booming sales of high-margin trucks, which got an added boost in the U.S. after the season's hurricanes.

U.S. sales of F-Series pickups were up 14 percent during the quarter. Ford said buyers paid an average of $45,400 per truck, up $2,800 from the same period a year ago.

In this Friday, July 21, 2017, file photo, Ford cars wait for deployment after arrival by ship at the Ford Dagenham diesel engine plant in London. The Ford Motor Co. reports earnings Thursday, Oct. 26, 2017. (AP Photo/Frank Augstein, File)

Chief Financial Officer Bob Shanks said more buyers are springing for luxury packages on their trucks to get extras like heated seats and backup cameras.

The third quarter was Ford's first full quarter with new CEO Jim Hackett at the helm. Hackett, the former CEO of furniture maker Steelcase Inc., was leading Ford's new mobility efforts until May, when he took over the top job after CEO Mark Fields was ousted.

Earlier this month, Hackett told investors that Ford plans to cut $14 billion in costs by 2022. The company says better deals with suppliers, more shared parts and simpler designs will help it reduce material costs, while decreasing product development time will help with engineering costs. Ford also said it plans to cut one-third of its engine development costs and redeploy them to electric and hybrid vehicles. Ford plans to introduce 13 new electrics and hybrids over the next five years, including a small electric SUV coming in 2020.

Shanks said those efforts are already underway, noting that the company spent less on engineering and materials in the third quarter.

But Ford is struggling to be heard over splashier announcements from rivals like General Motors Co., which said last week that it will soon be testing self-driving Chevrolet Bolt electric cars in New York City, and Fiat Chrysler, which is supplying hybrid minivans to Waymo, Google's autonomous car division.

GM's share price hit an all-time high Tuesday, climbing above $46 per share after the company reported a $2.5 billion pretax profit despite selling its European division. Fiat Chrysler's shares also jumped Tuesday after it reported a 50 percent increase in its third quarter net income, to $1 billion.

But Ford's shares have languished. They closed Wednesday at $12.04 and have traded in a range of $10.47 to $13.27 over the past year.

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