**Ford Motor Co.**

**Ticker:** F  
**Sector:** Consumer Discretionary  
**Industry:** Auto Makers

**Intrinsic Value:** $26.89  
**Current Price:** $17.18  
**Stop Loss:** $14.6  
**Upside Review:** $30.92

**TTM P/E:** 11.21  
**Forward P/E:** 9.59  
**FV Imp. P/E:** 15.4  
**Beta:** 1.24

**Market Cap:** $68.3 BN  
**Dividend Yield:** 2.35%  
**52 Wk Range:** $9.71 - $17.77

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**Industry Trends:** Ford is in the Auto makers industry which was hit particularly hard during the great recession with many competitors forced into bankruptcy or government bail-out. Future outlook is very positive as companies firm up their balance sheets and the economy improves. Pent up demand lagging from the recession resulting in record fleet age of 11.4 years, low interest rates, and stabilizing gas prices are bringing consumers back to the show rooms. August industry sales of 1.5MM vehicles, up 18.8% from August 2012, and seasonal sales rates above 15MM units in 7 of the 8 past months is putting 2013 on pace to be the best year for the industry since 2007.

**Investment Thesis:** As the only major US automaker that didn’t declare bankruptcy or accept a government bailout during the great recession Ford has an excellent opportunity to recapture Market share and reclaim dominance amongst the automakers. The success of the “One Ford Plan” has allowed F to fix its balance sheet, sell unprofitable brands, renegotiate retiree benefits plans, and improve the quality of their vehicles. Ford expects to reduce its platforms from 27 to 9 which could save the company billions and allow them to respond more quickly to demand shifts. Ford resumed its dividend in 2012 and doubled it in 2013, August sales were the strongest since 2006 growing at 12.4%, and Q2 $2.38BN profit in North America was the best in company history. Ford’s competitive positions, cost reduction measures, and financial performance make it a strong buy.

**Total Return Estimates:**  
3 Yr FV Reversion*: 17.0%  
5 Yr FV Reversion*: 10.2%  
(* - From limit order price of $00.00)

**Key Valuation Assumptions:**  
Est. Revenue Growth: 3.0%  
WACC: 5.552%  
Expected Inflation: 3.0%  
Terminal Growth Rate: 3.0%  
10 yr. Risk Free Rate: 2.82%  
Equity Risk Premium: 5.9%  
Effective Tax Rate: 27.0%

**Key Financial Data:**  
Est. 2013 EPS: $1.55  
Est. 2014 EPS: $1.59  
3-5 Yr. Est. EPS Growth  
PEG (TTM): 0.82  
Credit Quality: BBB-  
ROE: 33.17%  
ROA: 2.15%  
Price /Book: 3.51  
Current Ratio: 0.96  
Quick Ratio: 0.57

**CSR Scores vs. Industry Average:**  
Human Rights: 1 / 0.93  
Business Ethics Policy: 1 / 1  
ESG Disclosure: 42 / 46:  
Equal Opportunity: 1 / 0.93  
Emission Reduction: 1 / 1  
Environmental Disclosure Score: 37.98 / 44.91

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