



Equity Valuation of Ford Motor Company

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Abstract

This study analyzes and evaluates the Ford Motor Company, one of the world's largest automobile manufacturers.

The company valuation as of August 31, 2025, was conducted using two methods: a Discounted Cash Flow (DCF) analysis and a Relative Valuation (multiples). Within a Sum-of-the-Parts (SOTP) approach, both methods were used to separately evaluate the different business segments Ford Automotive and Ford Credit and to appropriately represent their specific risk and cash flow profiles.

The valuation results in a fair stock price of USD 14.00, representing an undervaluation of approximately 11.7% compared to the current market price of USD 11.90. Based on this, a clear "Buy" recommendation is issued.

Particularly crucial are the strategic transformation plan Ford+, with which Ford is driving the transition to electromobility, digital services, and software-based business models, as well as the strong market position of profitable segments like Ford Blue and Ford Pro. High investments and current losses in the Model e sector do weigh on profitability in the short term, but they are crucial for future competitiveness.

The results are compared with external analyst reports. Morningstar assigns a higher target price of USD 16, while Zacks sets its estimate at USD 12. These findings confirm the conclusion of this thesis: Ford's stock remains undervalued by the market and offers attractive upside potential.

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Resumo

Este estudo analisa e avalia a Ford Motor Company, um dos maiores fabricantes de automóveis do mundo.

A avaliação da empresa em 28 de agosto de 2025 foi realizada com base em dois métodos: a análise de Fluxo de Caixa Descontado (DCF) e a Avaliação Relativa (múltiplos). No âmbito de uma abordagem Sum-of-the-Parts (SOTP), ambos os métodos foram aplicados separadamente aos segmentos Ford Automotive e Ford Credit, a fim de refletir adequadamente seus perfis específicos de risco e de geração de caixa.

A avaliação resultou em um preço justo da ação de USD 14,00, representando uma subavaliação de aproximadamente 11,1% em relação ao preço de mercado atual de USD 11,90. Com base nisso, é emitida uma clara recomendação de “Strong Buy”.

São particularmente relevantes o plano estratégico de transformação Ford+, por meio do qual a empresa impulsiona a transição para a eletromobilidade, os serviços digitais e os modelos de negócio baseados em software, bem como a forte posição de mercado de segmentos lucrativos como Ford Blue e Ford Pro. Embora os elevados investimentos e as perdas atuais no setor Model e ainda pesem sobre a rentabilidade no curto prazo, eles são essenciais para a competitividade futura.

Os resultados são comparados com relatórios de analistas externos. O Morningstar atribui um preço-alvo mais elevado de USD 16, enquanto o Zacks estima USD 12. Essas constatações confirmam a conclusão desta dissertação: as ações da Ford continuam subavaliadas pelo mercado e oferecem um potencial de valorização atrativo.

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Título: Valorização Patrimonial da Ford Motor Company

Palavras-Chave: Ford, fabricantes de automóveis, automóveis, avaliação do capital próprio, avaliação da empresa, fluxo de caixa descontado (FCD), avaliação relativa

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Abbreviations

ASP	Average Selling Price
B2B	Business to Business
BEV	Battery Electric Vehicle
CAGR	Compounded Annual Growth Rate
CapEx	Capital Expenditure
CAPM	Capital Asset Pricing Model
CCA	Comparable Company Analysis
D	Debt
D&A	Depreciation & Amortization
DCF	Discounted Cash Flow
DIO	Days Inventory Outstanding
DPO	Days Payable Outstanding
DSO	Days Sales Outstanding
E	Equity
EBIT	Earnings before Interest & Taxes
EBITDA	Earnings before Interest, Taxes, Depreciation & Amortization
ERP	Equity Risk Premium
EV	Enterprise Value
EVs	Electric Vehicles
FCFE	Free Cash Flow to Equity
FCFF	Free Cash Flow to the Firm
GDP	Gross Domestic Product
HCVs	Heavy Commercial Vehicles
ICE	Internal Combustion Engine
IPO	Initial Public Offering
LCVs	Light Commercial Vehicles
M&A	Mergers & Acquisitions
NWC	Net Working Capital
OEM	Original Equipment Manufacturer
OTA	Over-the-air
P/E	Price to Earnings
PHEV	Plug-in Hybrid Vehicle

PPE	Property, Plant and Equipment
PV	Present Value
SAAR	Seasonally Adjusted Annual Rate
SG&A	Selling, General & Administrative Expenses
SOTP	Sum-of-the-Parts
WACC	Weighted Average Cost of Capital

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1 Introduction

Company valuations are in corporate finance to determine intrinsic value, inform investment decisions, and support strategy, especially in dynamic industries where mispricing and long-term value creation are pivotal.

As part of this work, a company valuation of the Ford Motor Company, one of the world's leading automobile manufacturers with a history dating back to 1903, was conducted. Ford is currently undergoing a profound transformation process, which is being carried out within the framework of the Ford+ strategy, whereby the company is particularly focusing on electrification, digitalization, and connected services. Due to the realignment, increasing competition, stricter environmental regulations, and volatile macroeconomic conditions, Ford represents a particularly interesting subject for valuation.

In the context of this work, the fair equity value of Ford will be determined to derive an investment recommendation. For this purpose, two central valuation methods are employed: a DCF valuation and a Comparable Company Analysis (CCA). Additionally, a Sum-of-the-Parts approach is used to separately evaluate the two main business segments, Automotive and Ford Credit, thereby reflecting the diversity of the business model.

The thesis reviews valuation theory, analyzes Ford and its industry, develops forecasts. Conducts DCF / relative valuations (incl. SOTP), and concludes with results versus market expectations and investment recommendation.

2 Literature Review

In this chapter, the theoretical foundations of the selected valuation approaches are presented, with a focus on their applicability to Ford Motor Company.

2.1 DCF – A Method of Intrinsic Valuation

Intrinsic valuation estimates a firm's value as the present value of expected cash flows and incorporating company specific risk through adjustments to both the forecasts and the discount rate (Damodaran, 2024).

2.1.1 FCFF

FCFF represents a company's freely available operating cash flow remaining after deducting all operating expenses, taxes, and necessary reinvestments before any payments are made to equity or debt holders. It therefore reflects the amount available to all capital providers (i.e., both equity and debt capital investors).

FCFF is calculated on EBIT, which is first adjusted for theoretical taxes to arrive at the net operating profit after taxes (NOPAT). Non-cash expenses and investments are then incorporated.

Non-cash charges such as depreciation are added back, while Capex is deducted or subtracted depending on cash flow impact (Damodaran, 2010). The commonly used formula to calculate FCFF is:

$$FCFF = EBIT \times (1 - \tau) + Depreciation \& Amortization - CapEx - \Delta NWC \quad (1)$$

Where:

FCFF	= Free Cash Flow to Firm
EBIT	= Earnings before Interest and Taxes
τ	= Tax rate
CapEx	= Capital Expenditures
NWC	= Net Working Capital

To determine the enterprise value using the DCF method, the calculated FCFF over the explicit planning period is discounted using the WACC:

$$PV\ FCFF = \sum_{t=1}^{t=n} \frac{FCFF}{(1 + WACC)^t} \quad (2)$$

Where:

PV FCFF	= Present value of Free Cash Flow to Firm
FCFF	= Free Cash Flow to Firm
WACC	= Weighted Average Cost of Capital

The FCFF is particularly well-suited for company valuation using the DCF method, as it captures all operating cash flows irrespective of the current capital structure. This allows for a neutral assessment of a company's earning power, free from distortions caused by financing decisions.

2.1.2 FCFE

FCFE measures the amount of cash available after deducting all operating expenses, reinvestments, and debt repayments, which can potentially be distributed to equity investors. It is therefore a meaningful metric for evaluating a company's equity, particularly when applying an equity-based DCF method.

FCFE starts from net income and adjusts for non-cash charges, Capex and changes in net working capital plus net debt issuance or repayment (Damodaran, 2010). It can be negative in years of high investments or debt repayment, requiring additional equity financing. The formula is as follows:

$$FCFE = Net\ Income + Depreciation\ \&\ Amortization - CapEx - \Delta\ NWC + Net\ Borrowings \quad (3)$$

Where:

FCFE	= Free Cash Flow to Equity
CapEx	= Capital Expenditures
NWC	= Net Working Capital
Net Borrowings	= New Debt Issued – Debt Repayments

Similar to FCFF, when valuing equity using FCFE, future free cash flows to equity investors are discounted using the cost of equity (r_e):

$$PV\ FCFE = \sum_{t=1}^{t=n} \frac{FCFE}{(1 + r_e)^t} \quad (4)$$

Where:

PV FCFE	= Present value of Free Cash Flow to Equity
FCFE	= Free Cash Flow to Equity
r_e	= Cost of Equity

2.1.3 Discount Factor

In the context of DCF valuation, the discount factor is used to calculate the present value of future cash flows. The discount factor reflects the company's risk and capital structure. The higher the risk, the higher the return required by investors - and the greater discount applied for future cash flows.

In practice, the Weighted Average Cost of Capital (WACC) is commonly used. It reflects a company's average cost of capital across both equity and debt and presents the minimum return an investor would expect for bearing a comparable level of risk (Rosenbaum & Pearl, 2009).

The WACC is calculated using the following formula:

$$WACC = r_e \times \frac{E}{E+D} + (r_d \times (1 - \tau)) \times \frac{D}{E+D} \quad (5)$$

Where:

WACC	= Weighted Average Cost of Capital
r_e	= cost of equity
r_d	= cost of debt
τ	= marginal tax rate
E	= market value of equity
D	= market value of debt

The market value of equity equals the share price times outstanding shares. The market value of debt is estimated by discounting future interest and principal payments at the cost of debt, using a simplified bond valuation formula (Damodaran, NYU Stern).

$$MV \text{ of debt} = C \times \frac{1 - (1 + r_d)^{-n}}{r_d} + \frac{FV}{(1 + r_d)^n} \quad (6)$$

Where:

C	= Coupon payment (interest expense)
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r_d	= Cost of debt
FV	= Book value of debt
n	= Remaining maturity

Cost of Equity

The cost of equity corresponds to the expected return an investor would require for bearing the risk associated with providing equity capital. This figure is typically estimated using the Capital Asset Pricing Model (CAPM).

The CAPM builds on the assumption that investors require compensation for bearing systematic risk. The formula for calculating the cost of equity is:

$$r_e = r_f + \beta_L \times (r_m - r_f) \quad (7)$$

Where:

r_e	= Cost of equity
r_f	= Risk free rate
β_L	= Levered beta
r_m	= Expected market return

Long-term government bonds proxy the risk-free rate; the market risk premium equals the expected return minus the risk free rate and is taken from standard sources (Rosenbaum & Pearl, 2009).

Beta measures a company's systematic risk relative to the overall market, i.e., the sensitivity of the company's return to movements in the market. A beta of 1 implies a risk equal to the market, while a beta below or above 1 indicates lower or higher risk, respectively (Rosenbaum & Pearl, 2009).

Beta is typically estimated via regression of historical stock returns against a market index, using the following formula:

$$\beta_L = \frac{Cov(R_i, R_m)}{\sigma_m^2} \quad (8)$$

Where:

β_U	= Beta unlevered
R_i	= Return of stock i
R_m	= Return of market
σ_m^2	= Variance of market returns

For unlisted companies, or to enhance comparability, betas of comparable listed peer companies are often used.

To ensure consistency across companies with different capital structures, the observed levered beta is first “unlevered” to eliminate the influence of the capital structure. The unlevered beta is calculated as follows:

$$\beta_U = \frac{\beta_L}{1 + \frac{D}{E} \times (1 - \tau)} \quad (9)$$

Here, D/E stands for the debt ratio and τ denotes the tax rate. Subsequently, the average unlevered beta of the peer group is “relevered” using the target capital structure of the company:

$$\beta_L = \beta_U \times \left(1 + \frac{D}{E} (1 - \tau) \right) \quad (10)$$

This final calculated beta is used in the CAPM model to determine the cost of equity.

Cost of Debt

The cost of debt is the return required by lenders, typically derived from the yield on outstanding bonds or, if unavailable, estimated from credit ratings or financial ratios such as the interest coverage ratio. It is generally lower than the cost of equity due to lower risk and the tax deductibility of interest (Damodaran, 2010).

2.1.4 Terminal Value

In DCF valuations, the terminal value captures the value of expected cash flows beyond the explicit forecast period. Two main approaches exist: the liquidation value, reflecting the estimated proceeds from selling all assets if operations ceased, and the going concern approach, which assumes continued operation. The thesis applies the going concern approach using the Gordon Growth Model (Perpetuity Growth Model), which assumes that free cash flows grow at a constant rate g after the forecast horizon:

$$Terminal\ Value_n = \frac{FCF_{n+1}}{WACC - g} \quad (8)$$

Here, FCF_{n+1} denotes the free cash flow in the first year following the explicit forecast period, WACC refers to the weighted average cost of capital, and g stands for the perpetual growth rate, of the economy.

As an alternative, the terminal value can be derived using an exit multiple (e.g., EBITDA multiple) applied to the final forecast year's results. However, this approach follows a relative valuation logic and may diverge from the intrinsic valuation framework (Damodaran, 2010).

2.2 Relative Valuation

Relative valuation compares a company to similar firms, if the market prices them consistently and rationally.

Relative valuation relies on multiples that standardize market prices to make companies of varying sizes and structures comparable. Commonly used multiples include the price-to-earnings ratio (P/E), EV/EBITDA, and price-to-book (P/B). These ratios relate a company's market value, either equity value or enterprise value, to a relevant financial metric such as earnings, revenue, or book value. It is essential that numerator and denominator are consistently defined, for example, by pairing enterprise value with an operating performance metric like EBITDA.

After selecting peers with similar industry, risk and growth characteristics, their multiples are calculated consistently and applied to the target's metrics to estimate value.

The main advantage of relative valuation is its ease of application and lower data requirements compared to the DCF method. At the same time, this method carries risks because it is heavily influenced by prevailing market conditions and can therefore lead to distorted results in overvalued or undervalued markets.

Additionally, a certain degree of subjectivity in the selection of peers and multiples introduces the risk of bias.

In practice, relative valuation is often used to validate DCF results, primarily in special situations such as IPOs, M&A transactions, or strategic company comparisons. Despite its limitations, it provides a valuable market-based reference point that can meaningfully complement the insights gained from purely model-driven valuations (Damodaran, 2010).

2.3 Other Valuation Methods

2.3.1 *Sum of the Parts*

In practice, the sum-of-the-parts valuation (SOTP) is commonly applied to diversified companies or corporate groups with distinct business segments that can be strategically evaluated separately. This method determines the total company value as the sum of the individual values of its segments or subsidiaries.

Each segment is valued independently, typically using standalone DCF models or by applying industry-specific valuation multiples. Additionally, non-operating assets (such as equity investments or real estate) as well as corporate-level debt are considered.

The resulting net asset value represents the overall value of the company.

2.4 Consideration for Ford Motor Company

An integrated approach is applied to the valuation of Ford Motor Company, combining both a DCF valuation and a relative valuation. Due to the fundamentally different business models of its segments, an SOTP valuation is also required. Ford is active not only in the traditional automotive sector (hereinafter referred to as Ford Automotive), but also operates its own financing segment, Ford Credit, whose cash flow profile differs significantly from that of the core industrial business.

Accordingly, FCFF is applied for Ford Automotive, as this segment is capital-intensive and significantly influenced by operating performance and investment activity. For Ford Credit, FCFE is used, as interest expenses, debt levels, and financing activities are part of its core business operations. Applying FCFF to this segment would distort the valuation by treating interest payments as non-operating.

In addition to the DCF valuation, a relative valuation is carried out using market-based multiples of comparable companies. A SOTP approach is also applied for the multiples-based valuation. For Ford Automotive, commonly used valuation metrics, such as EV/sales, EV/EBITDA, and P/E are employed, while the P/E ratio is used to value Ford Credit due to its nature as a financial institution. This segmented application of valuation methods allows for a differentiated assessment of the respective business units and reflects their specific risk and structural characteristics.

3 Company Analysis

This chapter provides a comprehensive analysis of Ford Motor Company to establish the foundation for the subsequent valuation. This section examines Ford's strategic orientation with an emphasis on its ongoing transformation program. Furthermore, it provides an overview of the company's business segments and its historical financial results. In addition, the share price performance and shareholder structure are examined.

3.1 Company Overview

The Ford Motor Company ("Ford") is an American automobile manufacturer headquartered in Dearborn, Michigan. Founded in 1903, Ford pioneered the moving assembly line, making vehicles affordable for the mass market. Since 1956, Ford has been listed on the New York Stock Exchange under the ticker symbol "F". The Chief Executive Officer (CEO) of Ford since 2020 is James D. Farley Jr., while William Clay Ford Jr. serves as the Executive Chairman since 2006 (Ford Motor Company, n.d. a). According to its 2024 Annual Report, Ford employs approximately 171,000 people. In 2024, the company sold around 4.47 million vehicles, generating revenues of USD 185 billion (Ford Motor Company, 2024a).

Ford has operations in nearly every continent and more than 125 countries. North America, Europe, and, increasingly, Asia are the three most significant sales markets (Ford Motor Company, n.d. b). To propel future growth, Ford is presently undergoing a significant transformation that centers on electric vehicles, cutting-edge driver assistance systems, and digital mobility services (Ford Motor Company, 2024b).

3.2 Strategy and Outlook

3.2.1 Transformation strategy: Ford+

Ford unveiled its "Ford+" strategy in 2021 with an emphasis on electrification and digital services to become a technology-driven mobility provider. Electrifying its vehicle fleet is a core component of this strategy. Ford is investing more than \$30 billion in the development of electric vehicles and battery technologies to achieve its goal of selling more than 2 million electric vehicles annually by 2026 (Ford Motor Company Media, 2022). Furthermore, Ford divided its automobile division into three customer-focused divisions: Ford Blue, Ford Model e, and Ford Pro. While the Ford Model e is devoted to electric vehicles, Ford Blue is focused on gasoline and hybrid vehicles. Ford Model e also spearheads the development of software and digital platforms in addition to automobiles.

Conversely, the Ford Pro segment offers a variety of gasoline, hybrid, and electric vehicles to commercial and government clients (Ford Motor Company, 2021a). To lessen its reliance on suppliers and guarantee a steady supply for its electric cars, Ford is also investing in the creation and manufacturing of its own batteries. Ford is spending more than \$11 billion on new production facilities in the United States as part of a collaboration with SK On, a South Korean battery manufacturer. To support its EV strategy, Ford invests in domestic battery facilities through its joint venture with SK On (Ford Motor Company, 2021b).

3.2.2 *Connected Vehicles*

Another key component of the Ford+ strategy is the expansion of connected vehicles as a basis for future services and business models.

The software of a vehicle is becoming increasingly important as digitalization progresses. For this reason, Ford is pursuing the development of so-called Software Defined Vehicles (SDVs) – vehicles in which software plays a central role in functionality, updates and the user experience.

As part of this strategy, the automaker developed FordPass software as the center of its digital ecosystem. The software offers a variety of connectivity solutions. The FordPass platform enables over-the-air updates (OTA) through the Ford Power-Up system, introduced in 2021. This allows bug fixes to be installed in the future without the need for a workshop visit. The automaker plans to produce 33 million vehicles that support OTA updates by 2028 (Ford Motor Company, 2021c).

In addition to in-house development, Ford also relies on technology companies such as Google as part of partnerships. In 2021, Ford entered a six-year partnership with Google to support digital transformation. Moving forward, Ford relies on the Android Automotive operating system, which provides access to integrated Google services. In this way, Ford wants to create an increasingly personalized and continuously improved user experience for its customers in the vehicle. The first model to feature the new infotainment system was the 2024 Lincoln Nautilus, followed by the 2025 Ford Explorer, marking the start of a broader rollout across Ford's core brand vehicles. Through Android, Ford intends to provide a user experience that is more personalized and continuously improved. In addition, Ford is using Google Cloud to optimize processes in production, supply chains and customer service as part of the partnership (Ford Motor Company, n.d. c).

Building on its commitment to connected vehicle technologies, Ford is also advancing driver assistance systems to further enhance the capabilities of its software-defined vehicles. As part of this strategy, Ford has introduced the "BlueCruise" driver assistance system, which enables semi-autonomous driving on selected routes. BlueCruise enables hands-free driving on major highways in North America (Ford Motor Company, n.d. e). Through this subscription model, Ford generates recurring revenue while strengthening customer loyalty. To further advance this technology, Ford founded the subsidiary Latitude AI in 2023. Latitude AI is focused on advancing driver assistance systems for future Ford models (Latitude AI, 2024).

3.3 Business Segments

As part of the Ford+ Strategy, Ford has restructured its business segments to respond to changing market conditions and digitalization. This allows Ford to allocate capital more efficiently, especially to generate maximum value in terms of electrification and digitalization.

As part of the strategy, Ford has divided its business into four segments: Ford Blue (internal combustion engine vehicles, including hybrids), Ford Model e (electric vehicles and digital technologies), Ford Pro (commercial vehicles and services), and Ford Credit (financial services).

In addition, segmentation gives Ford a clearer view of the profitability and value of each business unit, serving as a foundation for informed strategic decisions.

3.3.1 *Ford Blue*

As part of the Ford Blue business segment, internal combustion engine (ICE) and hybrid vehicles are developed, manufactured and marketed under the Ford and Lincoln brands. With Ford Blue, the company especially targets markets and customer groups where the transition to electric mobility is progressing more slowly, especially North America, the automaker's largest sales market.

Although Ford is aware of the increasing demand for battery-electric vehicles, the company expects the transition from combustion engines to electric vehicles to occur at different paces depending on the region. While the pace of electric vehicle adoption in Europe and China is undergoing a relatively rapid shift to electric mobility, it is progressing much more slowly in the U.S. – Ford's largest sales market. As a result, the company expects ICE vehicles to continue accounting for a significant share of total sales over the current decade (Ford Motor Company,

2024b). High demand for conventional powertrains can be observed especially in the core products in the pick-up, SUV and mid-size segments.

Ford Blue remains the group's profit engine and a key internal funder of electrification.

In 2024, Ford Blue sold 2.86 million vehicles, slightly fewer than the 2.92 million delivered in 2023. The segment recorded sales of USD 101.9 billion, equal to roughly 55% of group revenue. Revenues stayed almost unchanged compared to the prior year, but volumes dipped as some models were taken off the market. EBIT fell from USD 7.46 billion in 2023 to USD 5.28 billion, mainly because of currency movements, a less favorable sales mix, and higher costs for materials and warranty claims. Even with these headwinds, Ford Blue remains the division that secures much of the company's financial base for future investments (Ford Motor Company, 2024a).

3.3.2 *Ford Model e*

The Ford Model e business segment is regarded as the innovation engine of the automotive manufacturer and focuses on the development, production, and sale of electric vehicles, service parts, and accessories for private customers. In addition to the retail customer business, Ford Model e also includes the sale of electric vehicles to commercial, government, and rental customers in Europe, China, and Mexico, provided these are not part of the core Ford Pro sector. Battery electric vehicles are marketed under this business segment in North America, Europe, and China. Furthermore, the segment manufactures certain electric vehicles for Ford Pro. Moreover, the segment develops software solutions and connected services that are used not only in Ford Model E vehicles but also company-wide and for other business areas. Thus, this segment drives the transformation into a software-defined mobility provider.

In the fiscal year 2024, Ford sold about 105,000 vehicles under the Ford Model e segment, a decline of 9% from the prior year. Segment revenue dropped about 35% to \$3.85 billion, mainly because of lower selling prices amid stronger competition and weaker demand for the Mustang Mach-E and F-150 Lightning. Although costs for materials, batteries, and development fell, these savings were not sufficient to offset the margin pressure. The result was an EBIT margin of -131.8% and an operating loss of USD 5.08 billion, around USD 375 million higher than in 2023. On the cost side, however, the company reported initial efficiency improvements, such as lower battery prices, reduced material spending, and declining warranty and development expenses (Ford Motor Company, 2024a).

Losses in the Model e division illustrate both the scale of current difficulties and the importance of this business for Ford's future. The unit is essentially the group's bet on electrification, digital services, and new technologies. Management expects that, over time, profitability will return as volumes rise, technology improves, and acceptance in the market grows. These factors are expected to gradually reinforce Ford's competitive position in the global EV sector (Ford Motor Company, 2024b).

3.3.3 *Ford Pro*

Ford Pro includes the distribution of Ford and Lincoln vehicles, as well as services for commercial customers, governments, and rental companies. The core products include Transit vans and Ranger pickups in North America and Europe. The vehicles are produced by Ford Blue (combustion/hybrid) and Ford Model E (electric). Additionally, Ford Pro offers fleet services, including telematics and charging solutions. The segment mainly operates across North America and Europe.

Although the Edge model was discontinued, Ford Pro delivered 1.50 million vehicles in 2024 (+9% YoY), with demand strongest for Super Duty trucks and Transit vans. Higher volumes, increased pricing, and a more favorable mix of models lifted revenue by 15% to USD 58.1 billion, equal to about 36% of group sales. Ford Pro was the group's most profitable division with an EBIT of USD 9.02 billion (margin: 13%).

Ford Pro is the most profitable and fastest-growing segment, driven by high-margin commercial vehicle sales and scalable fleet services. Its B2B model and integration of digital offerings ensure recurring revenues and strategic importance within the group.

3.3.4 *Ford Credit*

Ford Credit is the financial services segment of the group, providing financing and leasing solutions to private and business customers across global markets, with the largest presence in North America (USA and Canada) and Europe. In Europe, key markets include the United Kingdom and Germany served by FCE Bank plc (UK) and Ford Bank GmbH, respectively

Its product portfolio spans retail financing for Ford vehicles and a wide range of dealer services, such as floorplan financing for vehicle inventories, loans for working capital and real estate, and other customized dealership programs.

Ford Credit also acquires receivables from the sale of spare parts and used vehicles (e.g., from rental fleets) and occasionally finances vehicles leased to Ford employees.

The segment is structured into two portfolios: Consumer, focusing on retail financing and leasing for private and business customers; and non-consumer, supporting dealers with financing solutions related to inventory, operations, real estate, and vehicle programs.

Interest income from credit and lease agreements, as well as interest subsidies from Ford under sales incentive programs, are the primary sources of income for Ford Credit. These subsidies are paid upfront as the present value of the financial benefit when a customer signs a contract. Such programs enable Ford to boost vehicle sales by offering attractive terms.

In the fiscal year 2024, total net receivables rose by USD 10.4 billion to USD 143.6 billion, driven by increased financing volumes and a favorable shift in the product mix. Earnings before taxes (EBT) also improved year-over-year by USD 323 million to USD 1.564 billion (Ford Motor Company, 2024a).

3.4 Historical Financial Performance

Ford's recent financial performance reflects notable shifts in revenue, EBIT and margins. Between 2017 and 2019, revenue stayed roughly constant at USD 156 – 160 billion. Over the same period, adjusted EBIT fell from USD 9.64 billion to USD 6.38 billion, and the EBIT margin slipped from 6.1% to 4.1%. Higher raw material costs (USD 1.8 billion), U.S. tariffs (USD 750 million), exchange rate effects, and several recalls contributed to this decline. (Nasdaq, 2019).

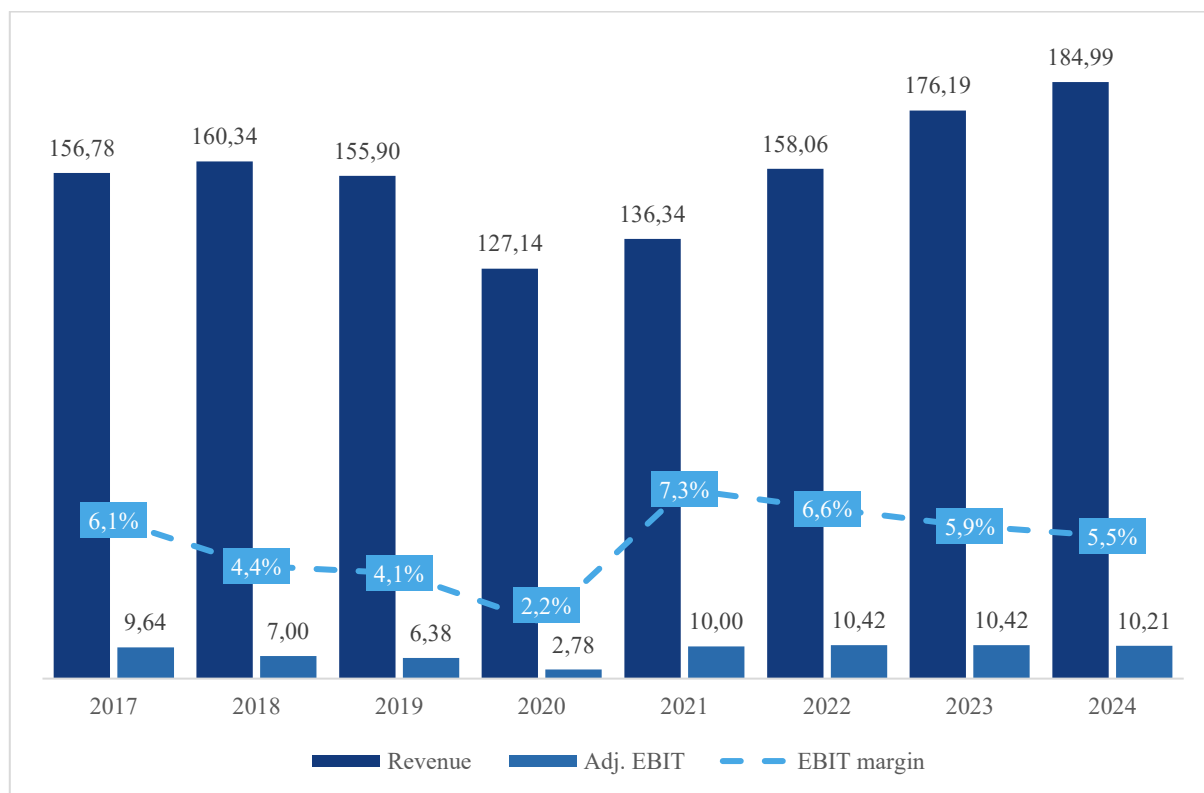
The outbreak of COVID-19 in 2020 led to a sharp downturn. Revenue dropped to USD 127 billion and EBIT to USD 2.78 billion, as the shutdown in production and supply chains reduced capacity utilization and put pressure on margins (Ford Motor Company, 2024a).

A rebound followed in 2021. Strong results in Ford Pro, higher prices, and a better product mix during chip shortage lifted revenue to USD 136 billion and EBIT to USD 10 billion, corresponding to a 7.3% margin. Ford Credit also benefited from high residual values in leasing (Ford Motor Company, 2021e).

From 2022 to 2024, the EBIT margin stabilized between 5% and 7%. Revenue climbed to around USD 176 billion, driven by inflationary cost pressures, higher raw material prices, and

continued EV investments. As supply chains normalized, the pricing environment returned to pre-crisis levels.

Figure 1: Ford Key Financials



Source: Own Analysis

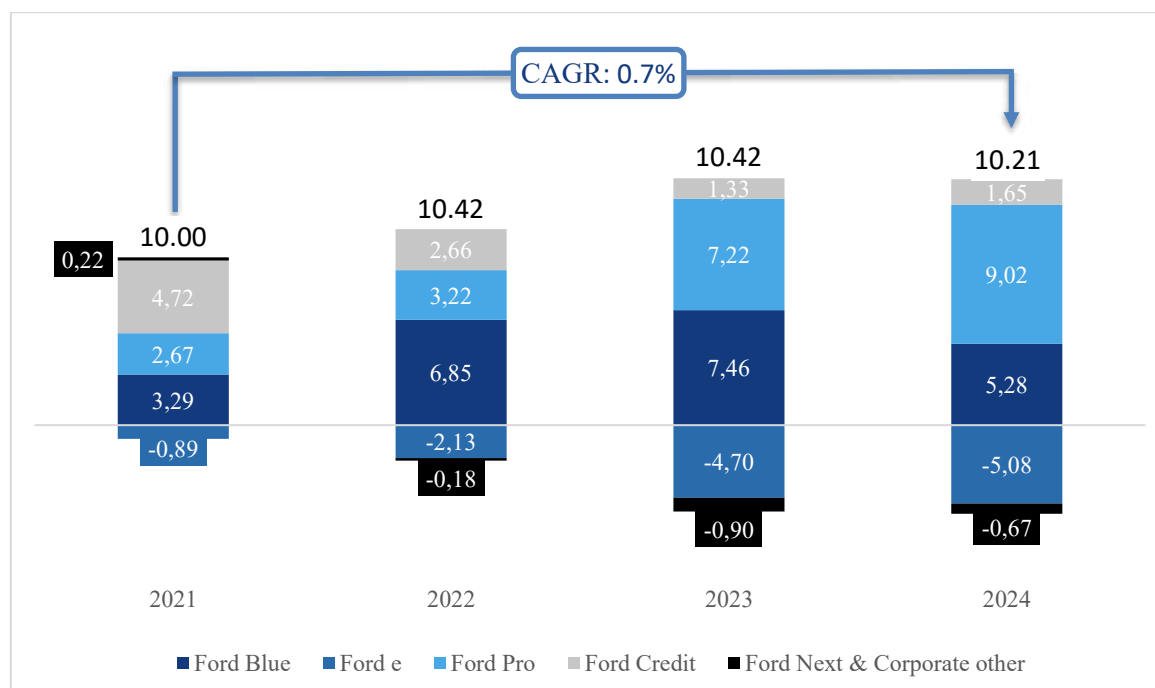
Ford's recent results show that Ford Blue and Ford Pro remain the company's strongest divisions. EBIT in Ford Blue rose from USD 3.29 billion in 2021 to USD 5.28 billion in 2024, equal to a CAGR of 16.9%. The increase reflects steady demand for combustion engine models, which continue to sell well despite the industry's shift toward electrification.

Ford Pro expanded even more rapidly, with EBIT climbing from USD 2.67 billion to USD 9.02 billion (CAGR 50.9%). Demand for Super Duty Trucks and Transit Vans was the main factor, alongside growing sales of commercial EVs such as the E-Transit and F-150 Lightning. Additional earnings came from digital services, which accounted for 13% of EBIT (Forbes, 2024).

By contrast, Ford Credit declined after an exceptionally strong 2021. At the same time, chip shortages pushed up used-car prices, lifting residual values in leasing, while credit defaults dropped to just 0.56%, both of which had boosted profitability.

Overall, the contributions of Ford Blue, Ford Pro, and Ford Credit helped balance the ongoing losses of Ford Model e, where heavy spending on electrification continues to weigh on EBIT. Figure 2 also reports “Ford Next & Corporate Other”, covering overhead costs and early-stage tech projects. From 2025 onward, Ford Next will no longer be disclosed separately because of its limited operational significance.

Figure 2: EBIT by Segment



Source: Own Analysis

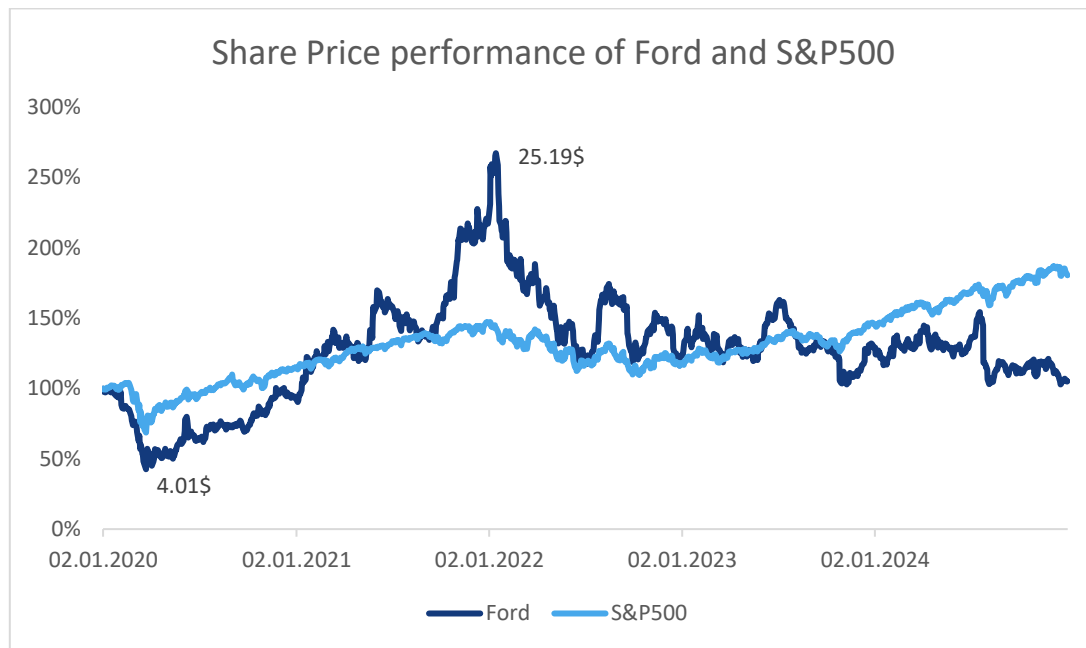
3.5 Stock Performance

The price of Ford’s stock fluctuated significantly between 2020 and 2024. The share price fell to USD 4.01 during the COVID-19 pandemic, representing a roughly 50% loss. It peaked at USD 25.19 in January 2022, representing a gain of more than 250% since the beginning of 2020. The average price during this period was USD 12.01.

Ford’s stock fluctuated more than the S&P 500, which had a steadier upward trend and gained about 80% overall. Ford has lagged the index since 2023, despite briefly outperforming the market in late 2021 and early 2022.

The company’s sensitivity to macroeconomic conditions is demonstrated by these price fluctuations. Ford’s cyclical business model causes strong reactions to external events, such as the pandemic. For investors, this results in a higher level of risk, which should be considered when valuing the company.

Figure 3: Share Price performance of Ford and S&P 500



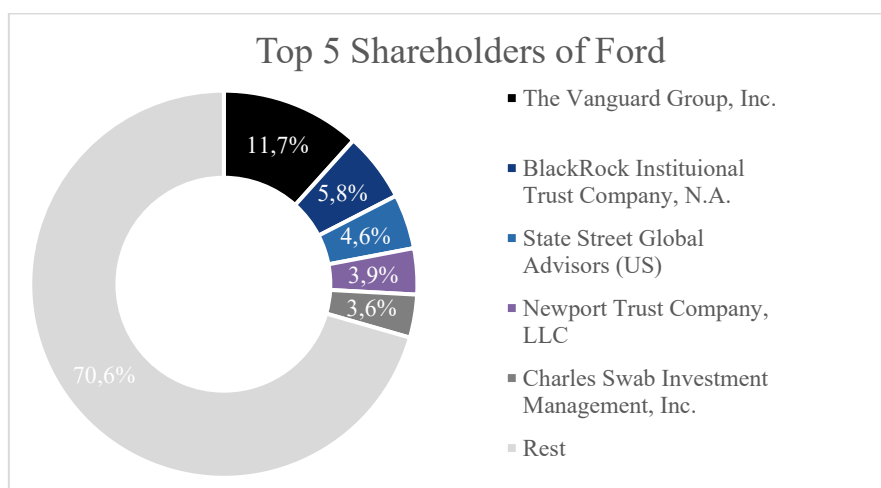
Source: WRDS

3.6 Shareholder Structure

Class A Common Stock and Class B Stock are Ford's two share types. Class B shares accounted for approximately 1.78% of all shares as of June 28, 2024. Despite owning a relatively small percentage of the total equity, the Ford family is able to maintain considerable influence thanks on the enhanced voting rights attached to these shares (Ford Motor Company, 2024a).

Ford has approximately 3.98 billion outstanding shares as of May 15, 2025. Approximately 99.68% of these were regarded as free float and were traded frequently on the market. In contrast, 0.31% were not available for daily trading and were held by strategic investors.

The majority of shareholders are institutional investors. Approximately 61.12% of all outstanding shares are held by them collectively. The Vanguard Group, with 11.67%, BlackRock, with 5.76%, and State Street, with 4.56%, are the three biggest shareholders. Their strong position in Ford's ownership structure is demonstrated by the fact that they collectively own more than one fifth of the company's shares.

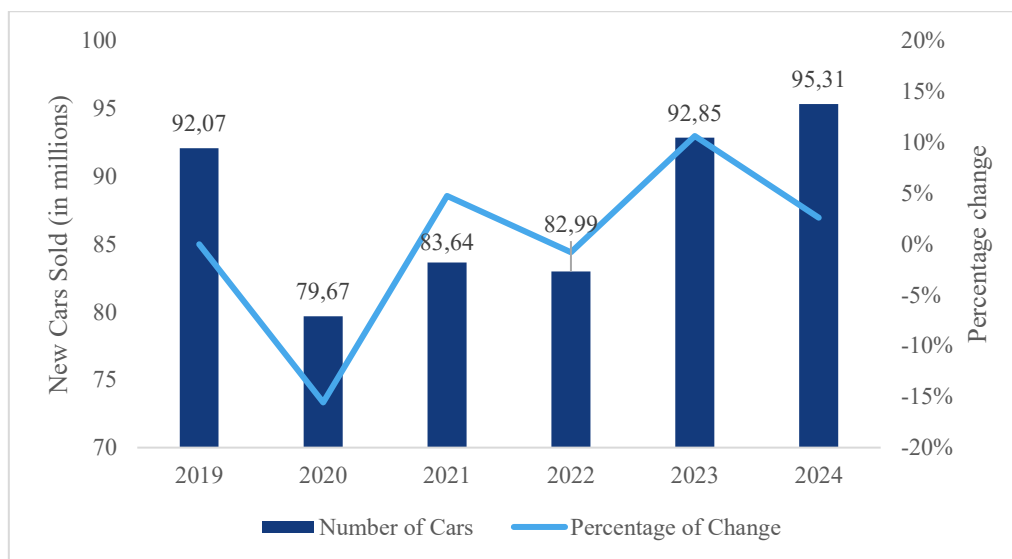
Figure 4: Top 5 shareholders of Ford

Source: Refinitiv eikon

4 Industry Analysis

The development of global sales figures from 2019 to 2024 illustrates the high volatility (see Figure 5). After the COVID-related decline from 92.1 million vehicles sold in 2019 to 79.7 million vehicles sold in 2020, which corresponds to a decrease of 13%, the market briefly recovered. However, this recovery was again hampered by supply shortages and a semiconductor shortage. With 92.9 million vehicles sold, a sustainable stabilization began to emerge in 2023. A six-year high was reached in 2024 with 95.3 million vehicles sold. (OICA, 2024b).

Figure 5: Number of New Cars Sold 2019-2024



Source: International Organization of Motor Vehicle Manufacturers (OICA)

To realistically evaluate the future growth potential and risks of a company like Ford, a comprehensive industry analysis is required due to the unstable conditions and ongoing structural change. As a result, the industry's pertinent sub-segments and the factors influencing their growth will be thoroughly examined in the upcoming chapter.

4.1 Definition and Segmentation of the Automotive Industry

The initial goal is to delineate the relevant sub-markets, which will then be analyzed in detail in the next chapter. The analysis focuses on four central market segments: combustion and hybrid vehicles, electric vehicles, commercial vehicles, and financial services within the automotive sector.

The automotive industry offers a wide range of companies and organizations that are involved in the design, development, manufacturing, marketing, sales, repair, and modification of motor vehicles (Nieuwenhuis and Wells, 2015).

This study focuses on the global market for passenger cars and light commercial vehicles – Ford’s core business.

In terms of technology, the cars can be divided into three categories of powertrains: battery electric vehicles (BEVs), plug-in hybrid vehicles (PHEVs), and traditional internal combustion engines (ICE). With EVs now making up more than 20% of new cars worldwide, electric and hybrid vehicles are becoming increasingly relevant in all markets (Our World in Data, 2024b).

Ford increasingly targets commercial customers with integrated vehicle and service solutions. Especially in the LCV sector, the company aims to become a comprehensive provider.

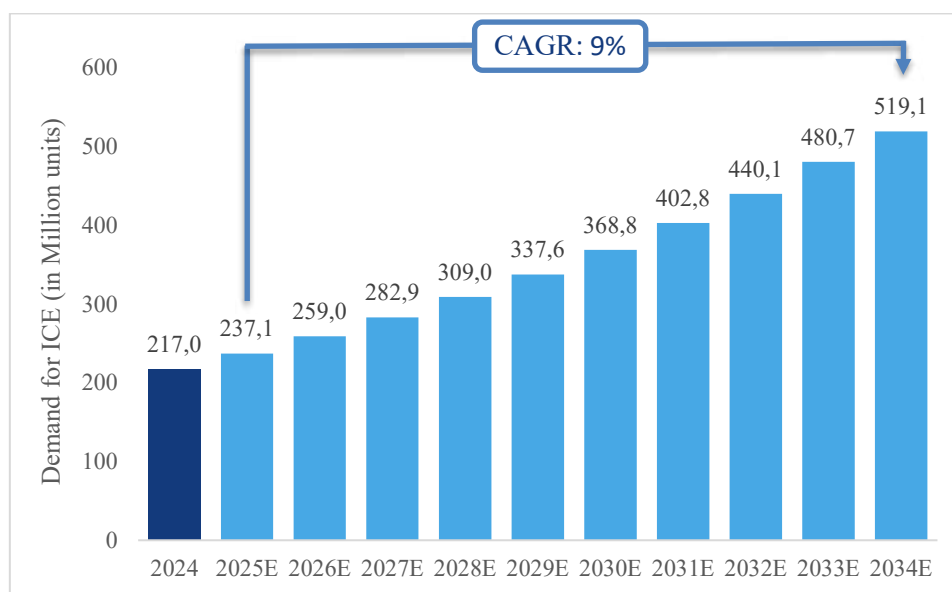
Building on this market segmentation, the next chapter will provide a detailed analysis of the relevant sub-markets, their growth drivers, and risks.

4.1.1 Combustion Engines & Hybrid Vehicles

Although the share of fully electric vehicles is steadily growing, ICEs and PHEVs continue to dominate the global market. The global market for internal combustion engines is estimated at USD 283.11 billion in 2025 and is expected to grow to USD 384.26 billion by 2030, representing a CAGR of 6.30% (Mordor Intelligence, 2024a).

The demand for combustion engines was around 217 million units in 2024. This figure is expected to increase from 237 million units in 2025 to approximately 519 million units in 2034, representing an average annual growth rate (CAGR) of 9.11% (Precedence Research, 2025).

Figure 6: Demand for ICE



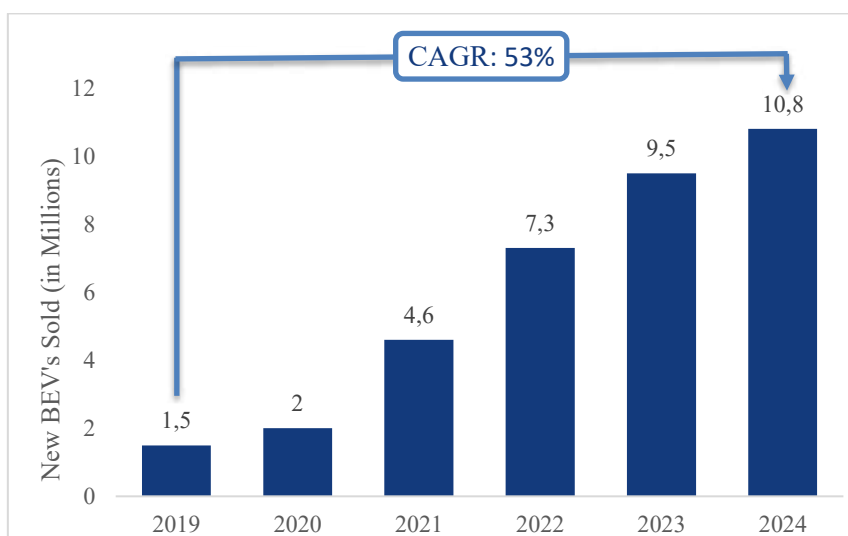
Source: Precedence Research

Estimates for market size and CAGR differ depending on source and definition of vehicle classes. Grand View Research estimates the market at USD 203.09 billion in 2023 and expects it to grow to USD 457.27 billion by 2030, corresponding to a CAGR of 11.7% (Grand View Research, 2024).

For Ford, this development is particularly relevant as the company is increasingly investing in the hybrid segment – for example, through models such as the Escape Hybrid and the Maverick. This product range enables Ford to comply with emissions regulations while also occupying a transitional position between traditional ICE models and fully electric vehicles. From a valuation perspective, this segment remains an important source of current cash flows due to its scale and profitability, even though its long-term growth potential is limited considering the ongoing electrification of the automotive market.

4.1.2 Electric Vehicles

Global BEV sales rose from 1.5 million (2020) to 10.8 million (2024), driven by regulations, subsidies and technological advances in batteries and charging infrastructure. A significant rise is evident starting in 2021, propelled by the launch of new incentive schemes in strategic markets and an expanding range of models. Traditional automakers like Ford are under pressure to expedite their electrification strategies due to the steep increase.

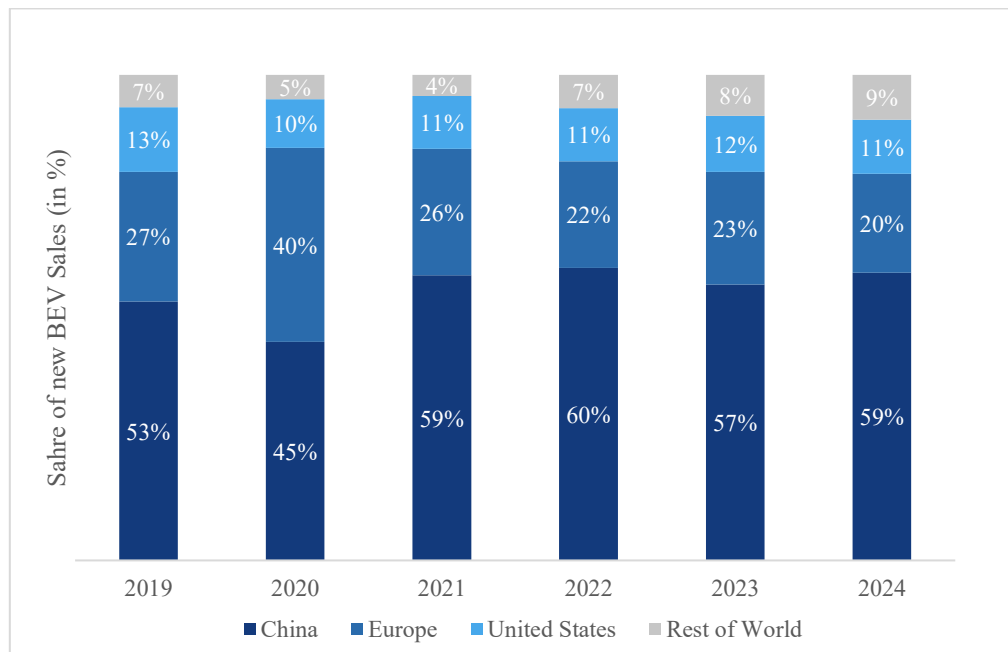
Figure 7: Sales of BEVs from 2019 to 2024

Source: Our World in Data

A large share of battery electric vehicles sales can be attributed to China, Europe and the United States. China is the clear leader, accounting for 59% of global electric vehicle sales in 2024, followed by Europe with 20% and the United States with 11%.

Figure 8 illustrates the regional distribution of newly registered BEV's over the period from 2019 to 2024 (International Energy Agency, 2025).

Figure 8: Regional Distribution of Battery Electric Vehicle Sales (2019–2024)

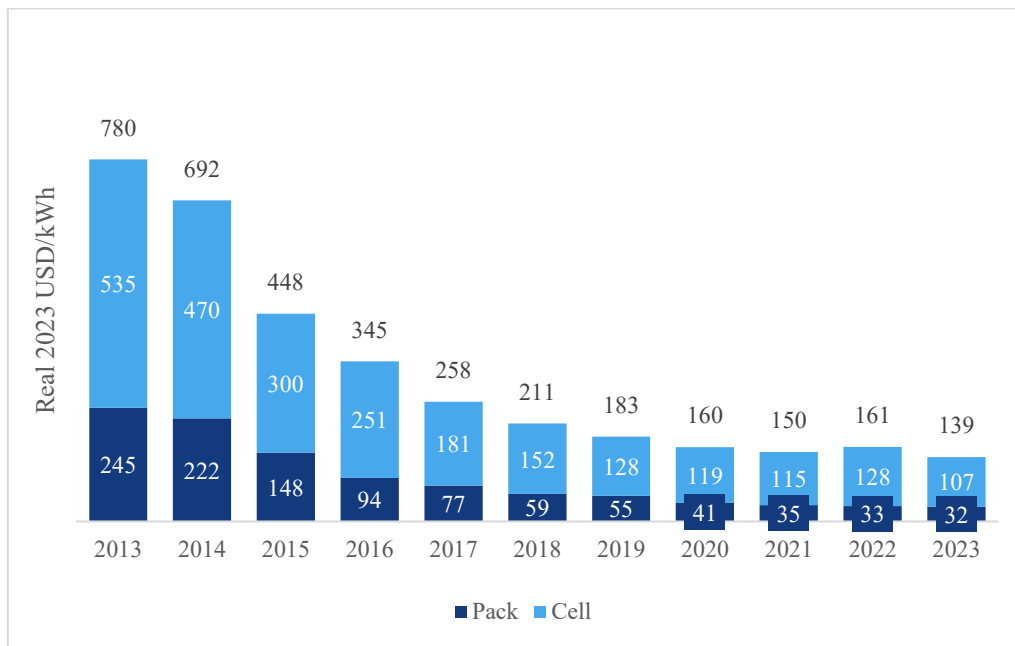


Source: International Energy Agency, 2025

The United States, however, has implemented policy measures to accelerate the comparatively slow market penetration of battery electric vehicles. Following the Inflation Reduction Act and additional initiatives in 2024 and 2025, the U.S. government introduced a comprehensive package to promote electromobility. This includes subsidies to boost domestic battery production, investments in charging infrastructure, and direct purchase incentives. In the medium term, these policies could boost market opportunities and hasten the expansion of the BEV market in the US, particularly for local manufacturers like Ford (Electrification Coalition, n.d.).

As battery prices decreased from over USD 1,100/kWh in 2010 to USD 139/kWh in 2023 and are expected to drop to USD 70 by 2030, BEV profitability increased (BloombergNEF, 2023).

Figure 9: Battery Pack and Cell Price Development (2013-2023)



Source: BloombergNEF, 2023

The charging infrastructure is another important success factor for the market penetration of BEVs, in addition to the declining cost of batteries. The charging network is extremely dispersed and underdeveloped, particularly in the USA, which affects some customers' decision to buy. To address this, Ford has entered a partnership with Tesla, granting Ford's customers access to the Tesla supercharger network. These actions make Ford BEVs more user-friendly and more appealing to consumers (Ford Motor Company Media, 2023).

A small number of powerful companies control most of the global BEV market, with Tesla and BYD at the top. Ford, by contrast, holds a small 1.4% market share, indicating that Ford has so far played only a minor role in the global BEVs. For valuation purposes, this underlines the importance of Ford's ability to scale up its electrification strategy and strengthen its market position in a highly competitive and fast-moving environment.

With around 44.4% of BEV sales distributed among smaller manufacturers, the market remains highly fragmented and dynamic. Alongside established players like Hyundai and Kia, numerous agile newcomers are entering with innovative business models. This intensifying competition makes it harder for Ford to position itself, especially given its still limited electric vehicle portfolio.

Despite this, analysts expect continued strong market growth. The global BEV market is expected to grow at a 14.3% CAGR from USD 418 billion in 2024 to USD 951 billion in 2030

according to MarketsandMarkets. Rising environmental consciousness, declining battery costs, and fleet electrification are important growth drivers. For Ford, this trend creates both opportunities and pressure: the company must scale production, close technological gaps, and bring competitive models to the market to participate profitably in this development.

4.1.3 Commercial Vehicles

Ford has a broad range of models in this segment, including vans, delivery trucks, and pickups. The global market for commercial vehicles was valued at USD 1,073.73 billion in 2023 and is expected to rise to USD 2,080.03 billion by 2032, with a CAGR of 7.3%. North America dominates the global market with a market share of 59.43% (Fortune Business Insights, 2025).

The commercial vehicle business is usually split into light commercial vehicles (LCVs) and heavy commercial vehicles (HCVs). LCVs include vans and pick-ups with a gross weight of up to 3.5 or 7 tons, depending on regional rules, while HCVs mainly cover trucks and buses (OICA, 2024a).

Ford holds a particularly strong position in the LCV market. In the U.S., it leads with a share of 41.2% in 2024. In Europe, the company ranks second with just 18%, just behind Stellantis, which sells about one-third of all LCVs (Frost & Sullivan, 2024).

The segment is operated through Ford Pro, which combines fleet offerings, digital tools, and charging services. Popular models include the F-Series pick-ups and Transit vans, both of which dominate categories in the U.S. (Ford Motor Company, 2024a)

Ford's position in commercial vehicles provides steady revenues and creates room for additional services. Growth in e-commerce and urban delivery is increasing demand for efficient fleets, while electrification and new drive systems are moving into focus. At the same time, manufacturers are expanding telematics and software to improve fleet operations. Ford is extending its digital solutions in this field and aims to strengthen its role as mobility needs evolve.

4.1.4 Financial Services

For many carmakers, financial services form an additional source of earnings alongside the core vehicle business. These activities cover financing, leasing, insurance, and fleet management. At Ford, they are combined in the subsidiary Ford Credit, which has become an important driver of group profits.

The global market for automotive financial services, was valued at about USD 295 billion in 2024 and is projected to reach roughly USD 453 billion by 2030, which implies an average growth rate of 7.4% (Grand View Research, 2024)

Financial services enable automotive manufacturers to secure relatively stable margins and serve as a strategic tool for customer retention and sales facilitation. In addition, integrated solutions realize cross-selling potentials and optimize the customer experience throughout the entire vehicle lifecycle. Due to rising interest rates and macroeconomic uncertainties, the management of this segment is becoming increasingly important.

4.2 Competitive Positioning

In order to structure its pertinent market environment and derive implications for company valuation, this chapter will analyze Ford's competitive landscape. Ford is a full-line OEM offering passenger cars, SUVs, LCVs, as well as financial services through its own subsidiary, Ford Credit. The business is global in scope with a particular emphasis on North America and niche markets in Europe, South America and some regions of Asia (See Appendix 1 for a detailed SWOT analysis).

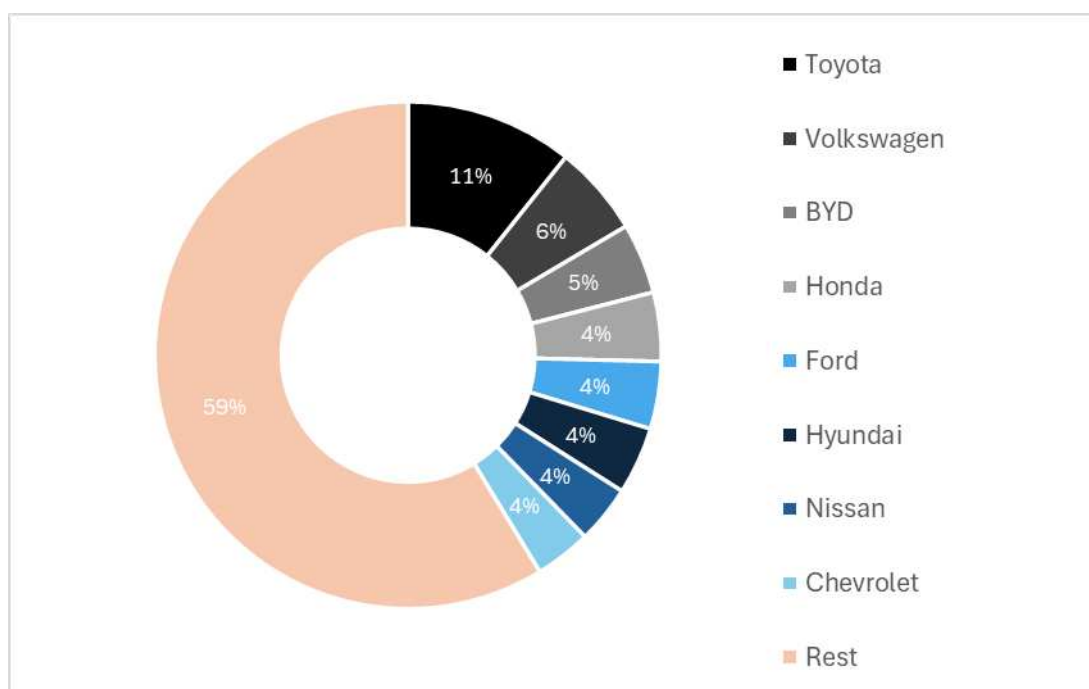
Ford competes in a market shaped by electrification, software integration and new mobility solutions. The automaker pursues a volume strategy in the mid-price segment, in contrast to premium manufacturers like BMW or Mercedes-Benz. The strategy of the automobile manufacturer includes creating robust, functional vehicles for both private and commercial customers.

A key strategic focus is Ford Pro, targeting fleet customers, an area less developed by many competitors.

Beyond Premium manufacturers, Ford's key competitors include other volume-oriented OEMs such as General Motors, Stellantis, or Toyota. These OEMs pursue similar strategies in the mid-price segment and are active in comparable vehicle categories. At the same time, rising competitive pressure comes from emerging players such as Tesla and BYD, who are gaining market share through their leadership in electrification and software-driven vehicle design.

Figure 10 illustrates the fragmented global OEM market in 2024. The ten largest OEMs account for 47% of the market. Toyota leads with 10.7%, followed by VW (5.8%), BYD (4.5%), Honda (4.4%), and Ford at 4.3%, alongside Hyundai, Nissan, and Chevrolet (Statista, 2024).

Figure 10: Global Market Share of Automakers 2024



Source: Statista, 2024

As a volume-oriented provider with a strong market position in the U.S. but limited global dominance, Ford's competitive position has a direct impact on key valuation assumptions – particularly with regards to profit margins growth projections and competitive risk.

4.3 Macroeconomic Environment

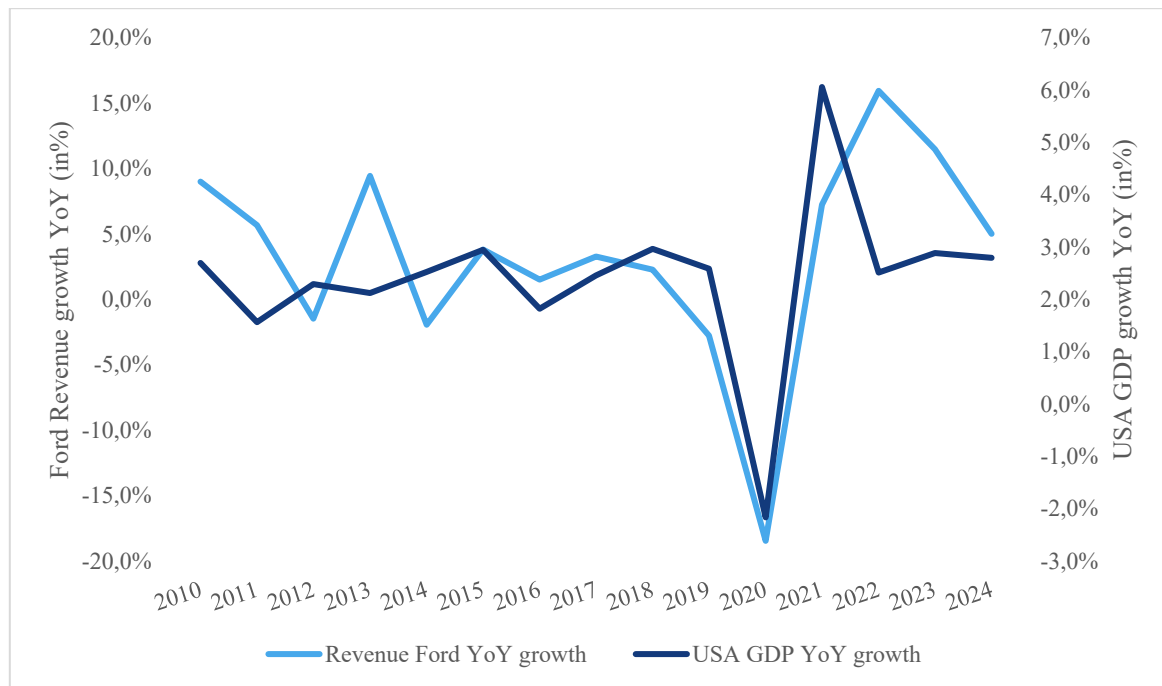
The macroeconomic environment significantly influences the automotive industry and its economic development. Business cycles, monetary policy, interest rates and trade regulations indirectly affect demand, cost structures and investment strategies. This section focuses on the economic environment, particularly in the U.S. – Ford's key market – to identify major external factors relevant for valuation.

4.3.1 Cyclicality of the Automotive Industry

The automotive industry is characterized by a cyclical pattern. As such, the demand for vehicles is closely linked to overall economic development. The Federal Reserve of Chicago classifies the automotive industry as "known for being highly cyclical," with volatilities that exceed those of other durable goods or the overall GDP (Federal Reserve Bank of Chicago, 2000). During periods of economic expansion, demand for vehicles increases, whereas in times of economic downturns, spending and investments tend to fall. For Ford, this means that revenue and margin developments depend not only on the companies sales performance but also on macroeconomic

conditions. Figure 11 illustrates Ford's annual revenue change compared to the real GDP growth of the USA from 2010 to 2024. The graph shows that Ford's performance had fluctuated more sharply than the GDP throughout the period, particularly during the COVID-19 crisis in 2020 and the subsequent recovery in 2021. This underlines the company's disproportionate sensitivity to economic cycles.

Figure 11: Year-over-Year Revenue Growth of Ford vs. U.S. GDP Growth (2010-2024)



Source: Refinitiv Eikon; WRDS Compustat; own analysis

4.3.2 US-Tariffs

Another macroeconomic factor that significantly affects the automotive industry is the imposition of US tariffs on automobile imports. These tariffs, which can reach up to 25%, apply to all vehicles and car parts not manufactured within the U.S. and therefore have a substantial impact on the cost structures of American carmakers like Ford. The tariffs aim to promote domestic production, but they lead to higher costs for manufacturers who source parts or vehicles from abroad (The White House, 2025). Ford, which also produces internationally, is affected by these tariffs. The automobile manufacturer expects an increase in costs of a total of USD 2.5 billion in 2025, of which approximately USD 1 billion will be offset by various measures such as the relocation of production processes and pricing strategies (Reuters, 2025).

In March 2025, the industry was still able to record strong sales figures. The US-SAAR (seasonally adjusted annual rate) stood at 17.8 million vehicles. This level was last reached

between 2015 and 2019. Analysts attribute this to panic buying before inventories become more expensive due to tariffs. As early as March, traders recorded declining inventory levels (45 instead of 55 days of supply), particularly for vehicles sold from pre-tariff inventories. These special effects are likely to dissipate quickly, as higher prices and supply shortages will lead to demand dampening in the medium term (Piper Sandler, 2025).

The trade tariffs have immediate consequences for Ford's valuation. Analysts have lowered their profit forecasts for Ford, and investors are also reacting with uncertainty, which was noticeable in the capital markets, which led to a significant decline in Ford's stock price, as well as that of other US automakers (Barron's, 2025).

Additionally, Brussels is currently considering, as a countermeasure, imposing import tariffs on US cars with a volume of up to USD 95 billion (Reuters, 2025). This could put additional pressure on Ford's sales in Europe.

If the tariffs remain, it means increased uncertainty, potential margin erosion, and risk discounts on future cash flows. An escalation could affect global sales. However, political negotiations or temporary suspensions of the measures are also conceivable, which could ultimately lead to a de-escalation.

5 Ford Automotive Forecast

This chapter develops a financial forecast for Ford Automotive. The focus lies on the main items of the income statement, balance sheet, and cash flow statement. Historical performance is used as a reference point, complemented by market-based assumptions. The forecast runs through 2030, a year many carmakers – Ford included – regard as a key milestone in the shift toward electric mobility, supported by industry projections.

The focus is initially Ford's automotive business. The financial services division Ford Credit will be forecast separately in the following chapter due to its distinct business model.

5.1 Revenue Forecast

To project revenue growth in the Ford Blue, Ford Model e, and Ford Pro segments, which belong to the automotive division, sales (wholesale units) are first determined, and then combined with the average selling price to calculate revenue.

5.1.1 Wholesale Volume Forecast

A top-down approach is used to forecast sales from the sale of vehicles, parts, and accessories. This approach provides a coherent view of group-level development before breaking down into operating segments. Given the limited availability of granular data on segment-level and powertrain-specific sales, this approach is more appropriate than a pure bottom-up model.

Ford defines wholesale units as vehicles delivered to dealers, with revenue recognized upon shipment from production sites (Ford Motor Company, 2024a).

The first step is to forecast total volume sales at the group level for the years 2025 to 2030. This forecast is based on a combined model that uses historical sales figures from Ford, external analyst estimates, and global sales-weighted GDP growth as a macroeconomic driver. The GDP growth figures come from the International Monetary Fund (IMF) and were weighted according to Ford's geographical sales distribution in the respective countries. The analyst forecasts are based on Marketline market reports and were also weighted at the regional level. The individual components were weighted at 40% (GDP), 30% (history), and 30% (analyst forecasts). This combination provides a balanced view of macroeconomics, history, and market expectations. For 2025, developments in the first quarter were also considered. Q1 declines at Ford Blue (-6%) and Ford Pro (-14%) due to planned production breaks and inventory reductions indicate

a moderate sales drop. Despite growth at Ford Model e (+25%), a sales decline of -1.6% for the full year appears realistic.

The resulting sales figures serve as the basis for the downstream segmentation into Ford Blue, Ford Model E, and Ford Pro. The historical shares for the years 2021 to 2024 were analyzed and strategic target values defined (including 33% Ford Model e, 37% Ford Pro) to complete the segment division. The development of the segment shares is based on linear interpolation between the actual state (Q1 2025) and the target state (FY 2030), ensuring that annual sales are fully allocated across the three segments.

The choice of a 33% EV share is based on Ford's publicly communicated strategic goals. As part of the Ford+ plan, the company announced that around 40% of global vehicle sales should be purely electric by 2030 (Ford Motor Company, 2021d). The assumption of 33% Ford Model e vehicles is therefore conservative and realistic, especially when compared to other OEMs such as Mercedes Benz, which aimed for a 50% EV share in 2025 but only achieved around 20%, illustrating the gap between targets and actual performance across many manufacturers. It should also be noted that not only Ford Model e is contributing to the 40% EV target, but also Ford Pro, which has been offering the entire Transit range with electric drive since 2025 (Ford Motor Company, 2025).

Ford Blue has a CAGR of -8%, Ford Model e has a CAGR of 64%, and Ford Pro has a CAGR of 3% for the years 2024 to 2030. The high CAGR for Ford Model e reflects the starting point (2.3% share of total sales in 2025) and the group's ambitious electric mobility target for 2030. Given the current pace of transformation in the automotive sector, this growth appears ambitious but realistic. Total sales for 2030 are forecast at 4.78 million vehicles, corresponding to a CAGR of 1.1%. Figure 12 shows the forecast wholesale units and their segmentation.

Figure 12: Ford Wholesale Vehicle Sales by Segment, 2021-2030E



Source: Ford Annual Report (2021-2024), Own Estimates

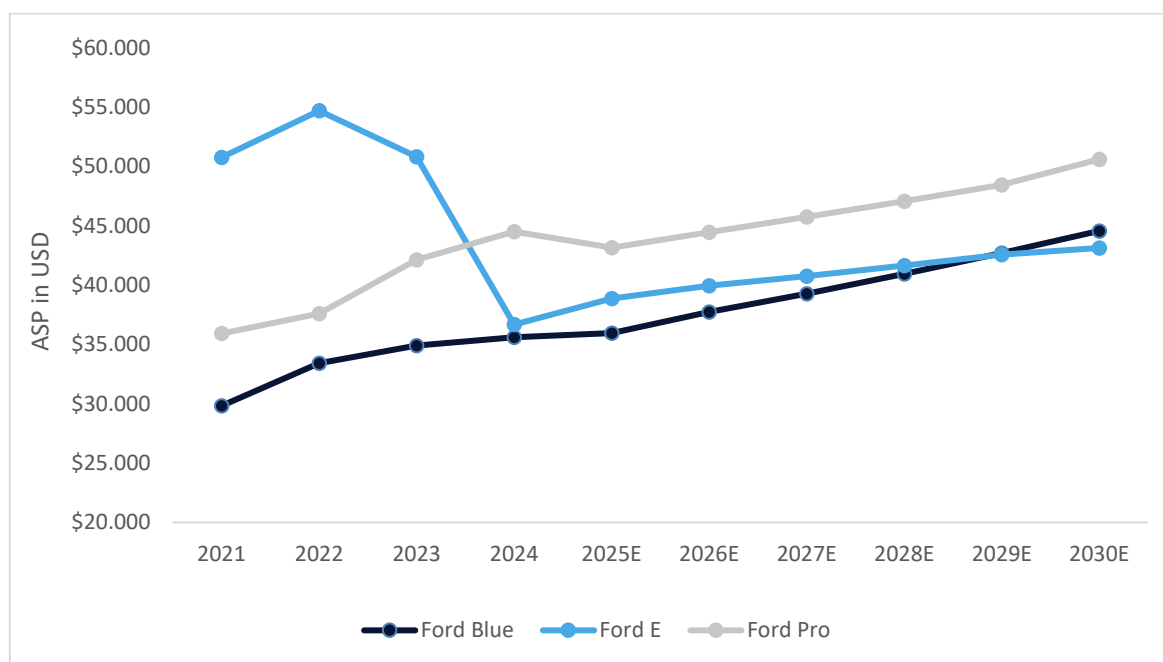
5.1.1.1 Forecast of Average Selling Price

The Average Selling Price (ASP) was calculated with a weighted mix of three inputs: inflation forecasts from the IMF (40%), analyst reports (30%), and historical price trends (30%). The IMF data was used as a proxy for the general price movements, analyst estimates added views on vehicle-specific developments, and past data was added to keep the forecast in line with previous observations. All values were further adjusted to reflect Ford's regional sales structure.

For 2025, Q1 developments were integrated. In 2024, ASPs dropped significantly (over 20%) due to strong price pressure from Tesla. Ford further intensified this trend by shifting focus toward affordable mass-market vehicles (AOL, 2024) (Reuters, 2024). In Q1 2025, following the aggressive price reduction, prices for models in the Ford Model e segment rose again by 9%. Ford Blue showed no price changes, with expected price growth of 1% for the rest of the year. Ford Blue ASP grew by 6% in Q1, which is assumed for the full year.

The calculated CAGRs of 4.2% (Ford Blue), 2.4% (Ford Model e), and 2.2% (Ford pro) reflect different market conditions. For Ford Blue, the figure appears realistic, as traditional powertrains remain stable, but price increases are moderate. In the electric segment (Ford e), the low CAGR is understandable, as Ford must remain price competitive to compete with strong competitors such as Tesla in the US or BYD in China. Therefore, higher price pressure and lower price growth are to be expected here. Ford Pro also shows moderate price growth, since margins and prices tend to remain more stable in the commercial vehicle segment. Figure 13 illustrates the ASP development by segment.

Figure 13: Ford ASP Forecast by Segment, 2021-2030E

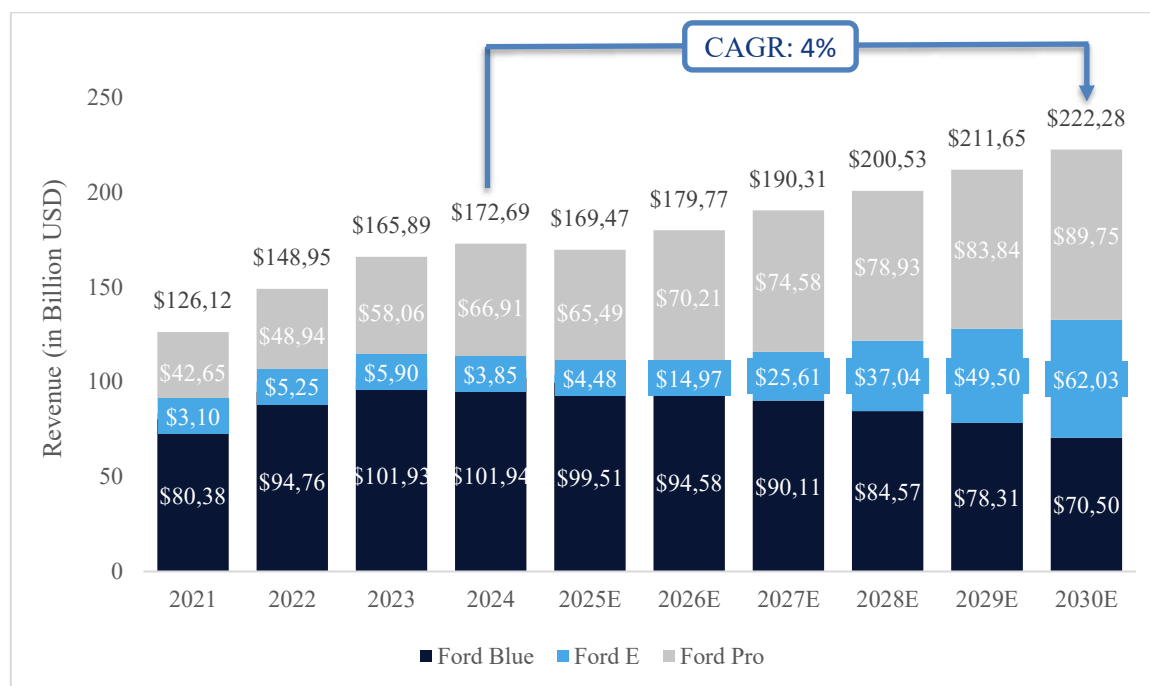


Source: Annual Report & Own Analysis

5.1.2 Total Automotive Revenue

Total revenue for the automotive segment is calculated by multiplying the average selling price by the projected sales volume for each segment. For the period up to 2030, an increase from USD 172.69 billion (2024) to USD 222.28 billion is expected, with a CAGR of 4%.

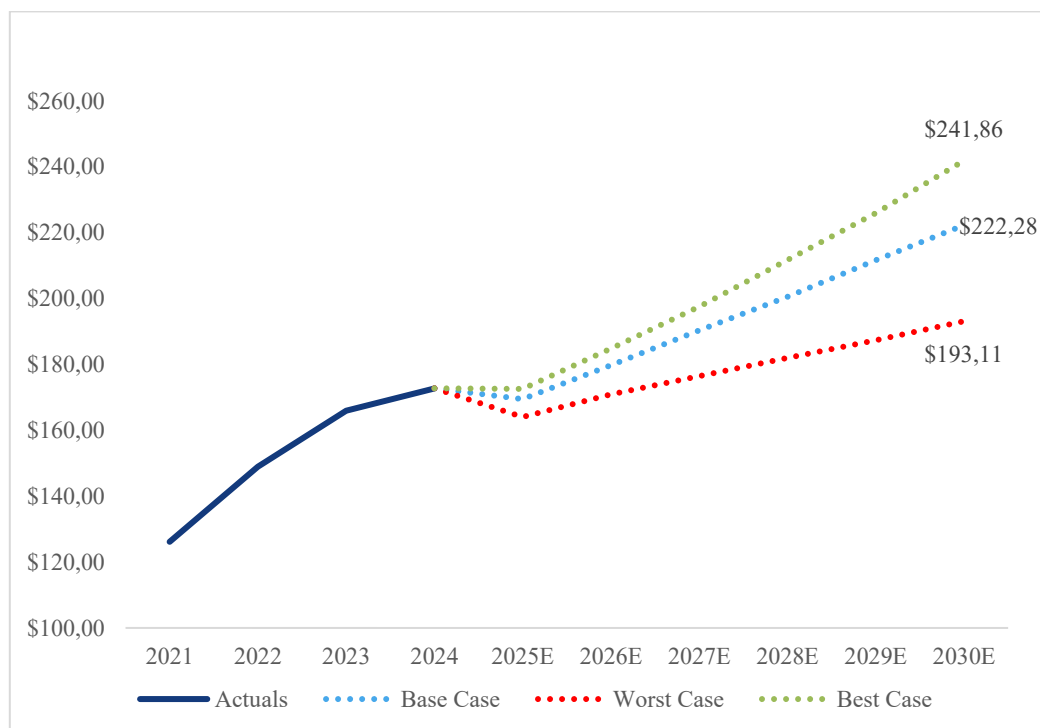
Figure 14: Total Revenue forecast (2021-2030E)



Source: Own Analysis

The chart illustrates the projected development of Ford's automotive revenues under three scenarios. In the base case, vehicle volumes grow by 1.2% annually and ASP follow a moderate upward trend, leading to revenues around USD 222.3 billion in 2030. The best case assumes stronger units growth (2% CAGR) and slightly higher pricing (+1% vs. base), resulting in USD 241.9 billion, while the worst case combines flat volumes with a 2% ASP discount, limiting revenues to USD 193.1 billion.

Figure 15: Ford Automotive Revenues - base, worst and best case



Source: Own Analysis

5.2 Operating Expenses

5.2.1 Cost of Sales

At Ford, cost of sales includes all direct costs related to vehicle production and distribution. They comprise material, transportation, warranty, labor, depreciation, compliance, and other related costs.

Depreciation is forecast separately, since it is needed for the free cash flow calculation. The forecast is based on historical depreciation intensity (D&A relative to the asset base), which is applied to projected asset values.

Ford uses straight-line depreciation, with useful lives between 3 and 40 years, depending on the asset class. For leased assets, depreciation follows the lease term and takes residual values into account.

Historically, the D&A ratio has been between 3% and 5% of sales. D&A is not forecast as part of the cost of sales but calculated separately and then added to the other cost of sales figures to determine the total costs.

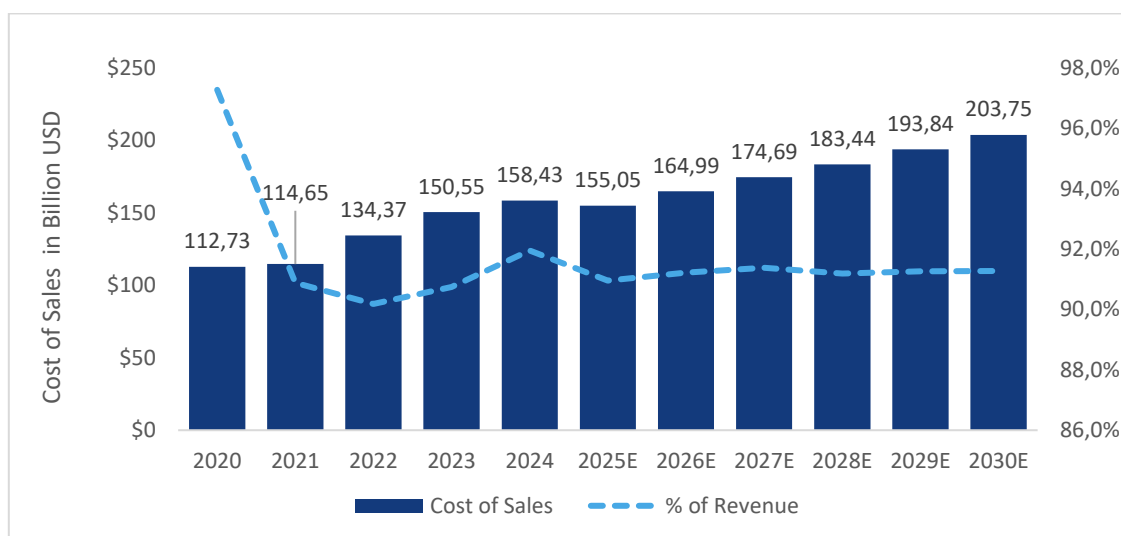
Historically, the other components of cost of sales account for approximately 92% of revenue. The cost of sales ratio peaked at 97.3% in 2020. This increase is attributable to pandemic-related production interruptions, disrupted supply chains, and temporary underutilization of plants, which led to a significant increase in unit costs. In fiscal year 2024, the ratio rose slightly to 92%, mainly due to temporary effects related to restructuring measures and plant closures in Europe.

In the short term, therefore, a slightly higher cost of sales ratio is to be expected. In the medium to long term, these measures could have a cost-reducing effect, primarily through more efficient production structures, technological shift toward electromobility, and greater economies of scale. At the same time, factors such as higher wages and raw material costs and trade tariffs tend to drive up costs.

In order to adequately reflect both short-term volatility and long-term effects, a moving average of the last four years is used to forecast the remaining cost of sales.

Figure 16 illustrates both historical development and the forecast for total cost of sales (including D&A).

Figure 16: Forecast of Cost of Sales (2021-2030E)



Source: Own Analysis

5.2.2 Selling, General & Administrative Expenses

Selling, general, and administrative expenses (SG&A) cover indirect costs not directly tied to vehicle production. Typical items are administration, sales, marketing, IT, and research and development, if not capitalized. At Ford SG&A is reported as “Selling, administrative, and other expenses” and include advertising, sales promotion, administrative staff, IT, and similar functions.

As part of the Ford+ transformation, the company spends on digitalization and electromobility, while also cutting costs by reducing model variety and optimizing plants. Since traditional expenses and savings are expected to balance out, the average SG&A ratio of the past four years (7% of revenue) is used in the forecast. Table 1 presents the historical values and the forecast.

Table 1: SG&A Ford Automotive

SG&A											
In Million USD	2020	2021	2022	2023	2024	2025E	2026E	2027E	2028E	2029E	2030E
SG&A	10,193	11,915	10,888	10,702	10,287	11,142	11,819	12,513	13,185	13,916	14,615
Revenue	115,885	126,150	149,079	165,901	172,306	169,470	179,768	190,309	200,533	211,651	222,283
% of Revenue	8.8%	9.4%	7.3%	6.5%	6.0%	6.6%	6.6%	6.6%	6.6%	6.6%	6.6%

Source: Own Analysis

5.3 Capex and Working Capital

At Ford Automotive, capital expenditures (Capex) include investments in property, plant, and equipment (PPE), software, tooling, and company vehicles. Historically, the Capex share has remained constant between 4.4% and 4.7% of revenue over the last five years. Thus, the average

value of 4.6% was used to derive future Capex payments in a manner consistent with the expected revenue. This revenue-based approach is consistent with Ford's own guidance, which sets Capex at USD 8 – 9 billion for 2025. The forecast of USD 8.3 billion falls within this range.

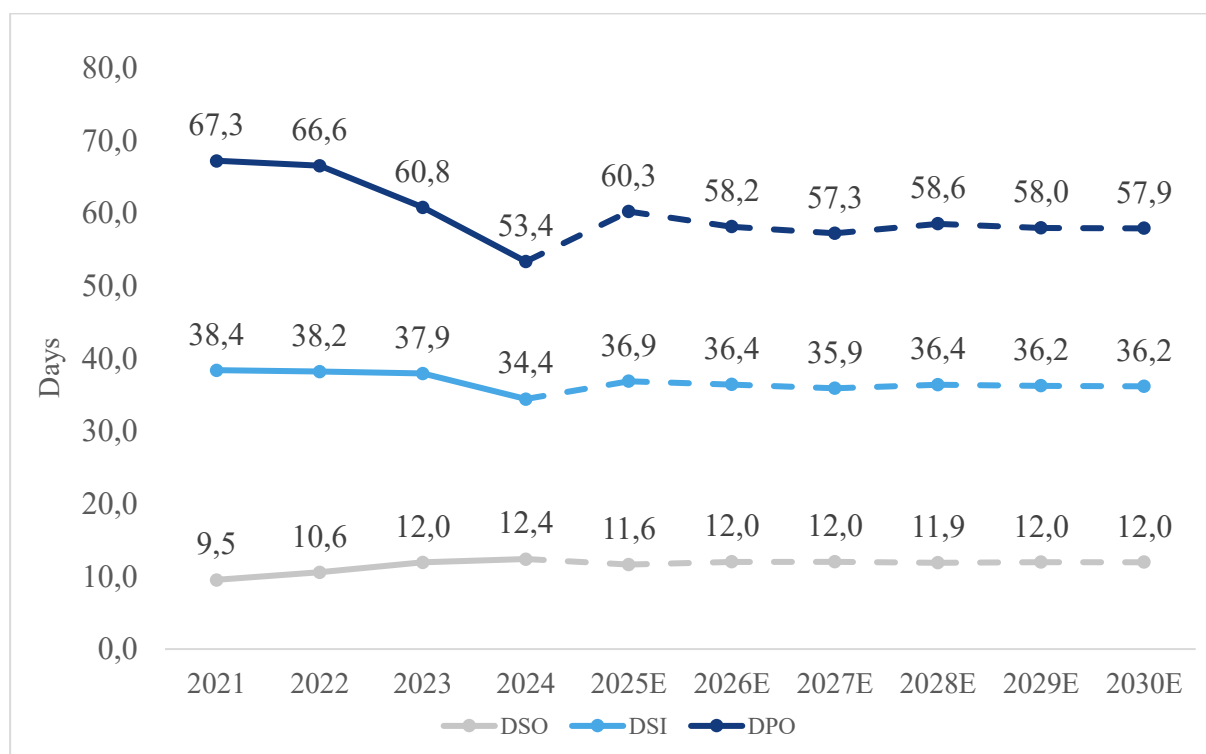
Working Capital was projected using the key ratios days sales outstanding (DSO), days inventory outstanding (DIO), and days payables outstanding (DPO). Annual data from 2021 to 2024 was taken from Ford's reports, since interim statements do not split Ford Credit and Ford Automotive.

The figures show that Ford Automotive runs with negative operating working capital, a common feature in the industry. It comes from high supplier payables, while inventories and receivables stay low. OEMs often profit from supplier payment terms, while dealers usually pay quickly. In some cases, dealers rely on floorplan financing from Ford Credit, so receivables are booked there rather than at Ford Automotive, which also explains the low DSO.

During the review period, DSO ranged between 9.5 and 12.4 days. Inventory turnover became slightly faster, pointing to more cautious stock planning. DPO, on the other hand, dropped noticeably, which may reflect shifts in supplier contracts or bargaining power.

For 2025 – 2030, DSO, DIO, and DPO are projected using a moving average to reflect medium-term trends without overreacting to single-year fluctuations. Historical values and the forecast are shown in Figure 17.

Figure 17: Cash Conversion Cycle (Q1 2021 - Q1 2025)



Source: Own Calculations

Other working capital items – including other current assets, deferred revenue, and dealer-related allowances – were projected based on their average historical share of revenue. Further details are provided in Table 2.

Table 2: NWC forecast Ford Automotive

NWC Forecast Ford Automotive										
In Million USD	2021	2022	2023	2024	2025E	2026E	2027E	2028E	2029E	2030E
Trade and other receivables	3,564	4,575	5,771	5,868	5,405	5,992	6,351	6,692	7,063	7,418
Revenue	136,341	158,057	176,191	172,706	169,470	179,768	190,309	200,533	211,651	222,283
DSO	10	11	12	12	12	12	12	12	12	12
Inventories	12,065	14,080	15,651	14,951	15,651	16,624	17,354	18,286	19,300	20,269
COGS	114,651	134,365	150,550	158,434	154,899	164,313	173,948	183,292	193,454	203,172
DSI	38	38	38	34	37	36	36	36	36	36
Payables	21,125	24,507	25,092	23,167	25,573	26,543	27,668	29,155	30,771	32,317
COGS	114,651	134,365	150,550	158,434	154,899	164,313	173,948	183,292	193,454	203,172
DPO	67	67	61	53	60	58	57	57	57	57
Other Current Assets	3,300	3,593	3,339	4,267	3,838	4,071	4,310	4,542	4,794	5,034
Revenue	136,341	158,057	176,191	172,706	169,470	179,768	190,309	200,533	211,651	222,283
% of Revenue	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%
Dealer and dealers' customer allowance	8,300	9,219	12,910	14,140	11,623	12,330	13,053	13,754	14,517	15,246
% of Revenue	6%	6%	7%	8%	7%	7%	7%	7%	7%	7%
Deferred Revenue	2,349	2,404	2,515	3,331	2,796	2,966	3,140	3,309	3,492	3,668
% of Revenue	2%	2%	1%	2%	2%	2%	2%	2%	2%	2%
NWC	-12,845	-13,882	-15,756	-15,552	-15,099	-15,152	-15,846	-16,698	-17,623	-18,509
DeltaNWC		1,037	1,874	-204	-453	53	694	851	926	885

Source: Own Analysis

5.4 Effective Tax Rate

Between 2020 and 2023, special accounting effects significantly impacted Ford's effective tax rate. In particular, value adjustments and subsequent reversals on deferred tax assets, along with one-time tax optimization measures, distorted the actual operating tax burden.

For the forecast a tax rate of 18.5% – the value of 2024 – was used. As no major special effects were observed for this year, the rate is considered a realistic approximation of Ford's sustainable tax burden.

6 Ford Credit Forecast

As part of the sum-of-the-parts valuation, Ford Credit is considered and valued separately as an independent financing segment of Ford. This chapter provides a forecast of Ford Credit's key financial indicators to determine the equity value of the segment using an adjusted DCF method. This is intended to create a comparable basis for subsequent aggregation with the equity value of Ford Automotive.

6.1 Financing Revenue

Ford Credit's financing revenue consists primarily of retail financing, operating leases, and dealer financing. Retail financing refers to installment financing for private and business customers, via authorized dealers, typically with a fixed interest rate and an average term of about 63 months. Operating leases, such as the Red-Carpet Lease program, are also arranged through dealers, with Ford Credit retaining economic ownership of the assets. The average term here is 34 months. Dealer financing refers to short-term options like floorplan financing, enabling dealers to pre-finance inventories. Additional minor income is generated through the sale of receivables from partial sales or leases for Ford employees, reported under other financing revenue.

To forecast future sales, an implicit interest rate (or implicit yield) was derived for each of the three main segments. This was calculated as the ratio of historical sales per segment and the corresponding net receivables (at year-end):

$$\text{Implicit Interest Rate} = \frac{\text{Segment Revenue}}{\text{Segment Net Receivables}}$$

6.1.1 Consumer Financing

A spread approach was applied to project future returns. The historical spread over the past five years averaged at 2.7%. The five-year T-bill served as a benchmark, as it reflects the medium-term maturities of retail financing (average 63 months).

Net receivables of the Retail Financing segment were forecast based on the expected sales growth in Ford Automotive. Interest income was then derived by applying the projected 5-year T-bill rate plus the historical spread to the forecast net receivables.

6.1.2 Operating Leases

For the operating leases segment, deriving a spread to an external benchmark is less clear. Therefore, the historically observed implied return was used. Between 2017 and 2024, it remained relatively stable at 19.4% - 21.3%, with an average of 20.7% adopted for the forecast. This stability reflects the long-term nature of leases and the steady cost structure of the business.

Forecast revenues are obtained by multiplying the average interest rate by the respective net investments in operating leases.

6.1.3 Dealer Financing

For the Dealer Financing segment, the spread approach was applied, as in the Retail Financing segment. These loans are usually short-term and are repaid when the vehicle is sold, so the 1-year T-bill was taken as benchmark. The observed spread of about 3.0% – slightly higher than in Retail Financing – reflects the shorter maturity and somewhat higher risk. Future interest income is then estimated by applying this spread to the forecasted net receivables, which were projected in line with expected sales growth.

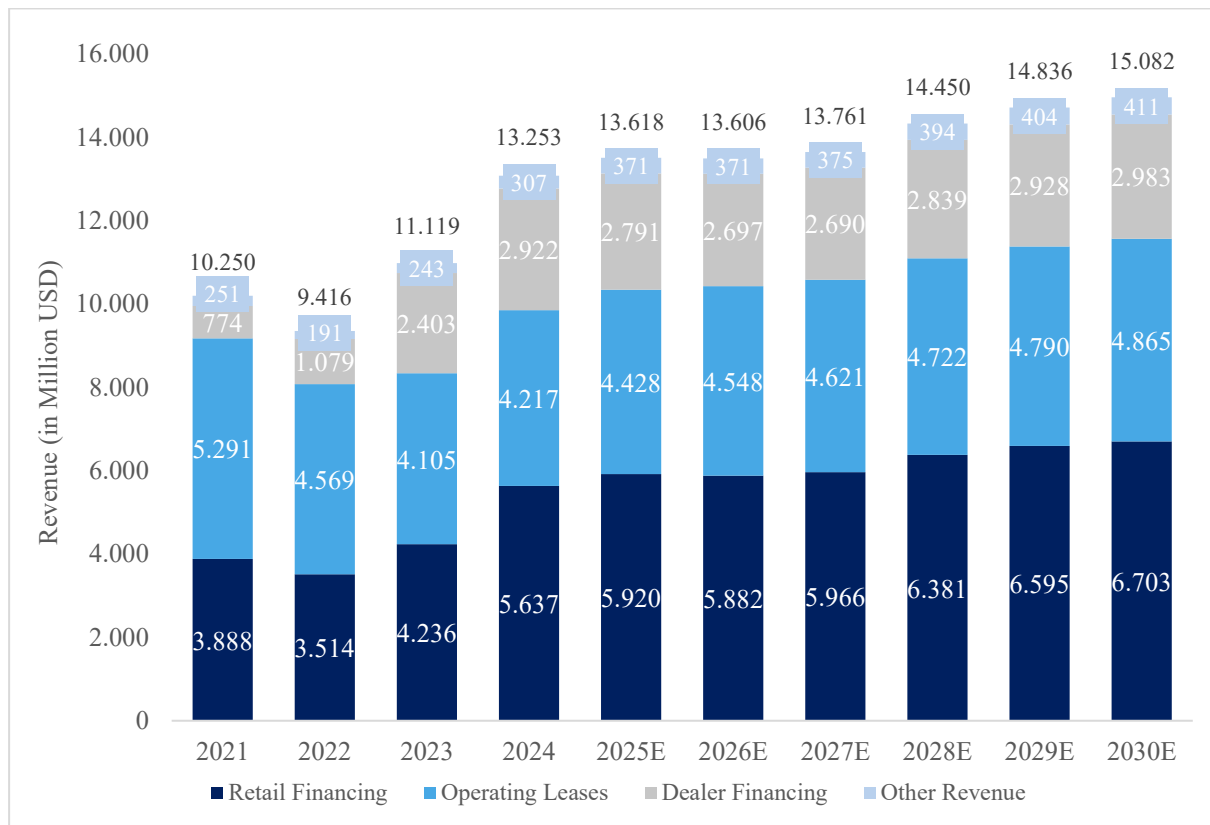
6.1.4 Other Revenue

Other Revenue consists of non-interest-based income, mainly service fees (e.g., late payments, contract payment), securitization servicing fees, and insurance premiums, offered to financing customers. As this segment has historically averaged 3.8% of total revenue with minimal volatility, it is forecast as a constant 3.6% share.

6.1.5 Total Financing Revenue

The methodology follows a bottom-up approach, aligning the business model's economic logic with observed performance. Using benchmark interest rates and historical spreads allows for a realistic forecast in a rising interest rate environment. Revenue is projected to increase from USD 13.25 billion in 2024 to USD 15.08 billion in 2030, a CAGR of 2.2%. Figure 18 shows historical and forecasted revenue by segment and total financing revenue.

Figure 18: Ford Credit Financing Revenue (2021-2030E)



Source: Ford Credit Annual Report, Own Calculations

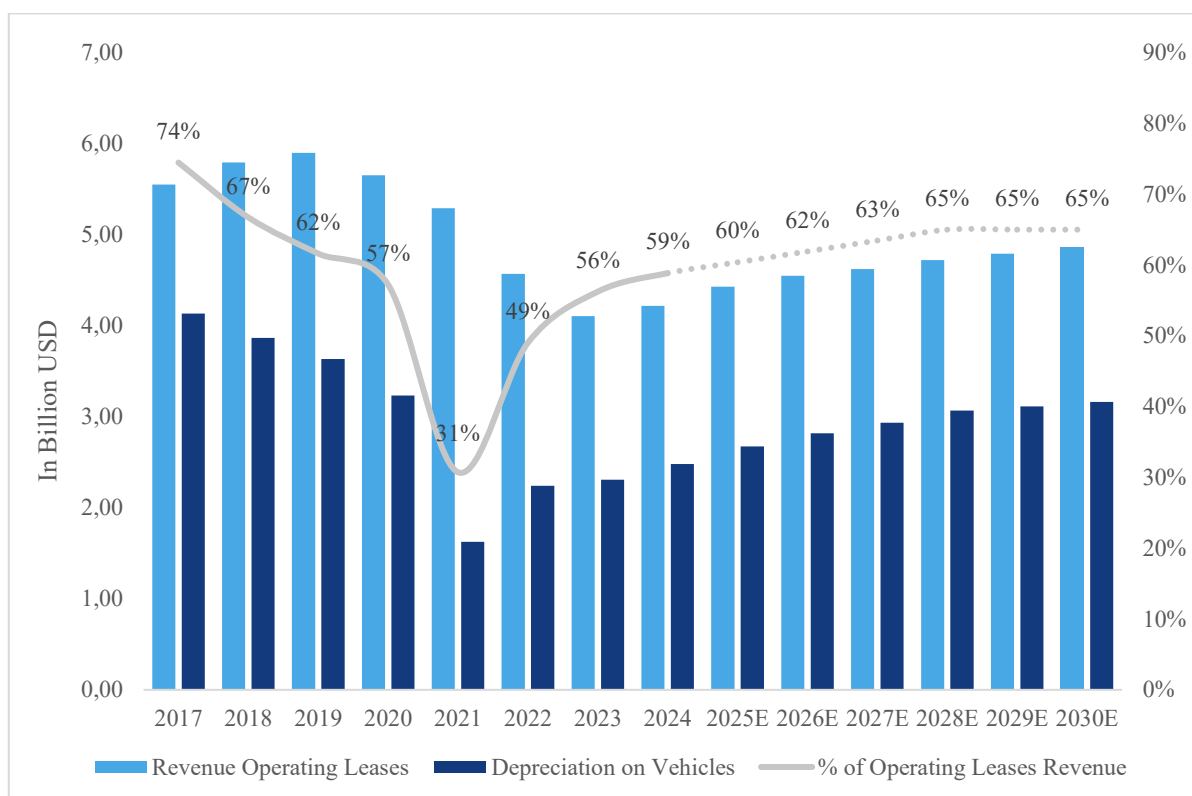
6.2 Depreciation on Vehicles subject to operating leases

Depreciation on vehicles under operating leases records the decline in value of leased cars over their contract period. For Ford Credit, this is one of the largest cost items since the company holds a broad lease portfolio. The amount depends mainly on expected residual values, which in turn follow developments in used car prices.

During the pandemic years, shortages such as the chip crisis reduced the supply of new cars and lifted used car prices (McKinsey & Company, 2023). This effect lowered depreciation for a short time. Between 2017 and 2020, the average rate was about 65%, but at the through it dropped to 31%.

The forecast assumes a gradual return to pre-crisis levels: starting 59% in 2024, increasing to 65% by 2028, and then remaining stable. Depreciation is applied as a fixed percentage of operating lease revenue. Figure 19 illustrates the historical and projected values.

Figure 19: Depreciation on leased vehicles (2017-2030E)



Source: Ford Credit Annual Report, Own Calculations

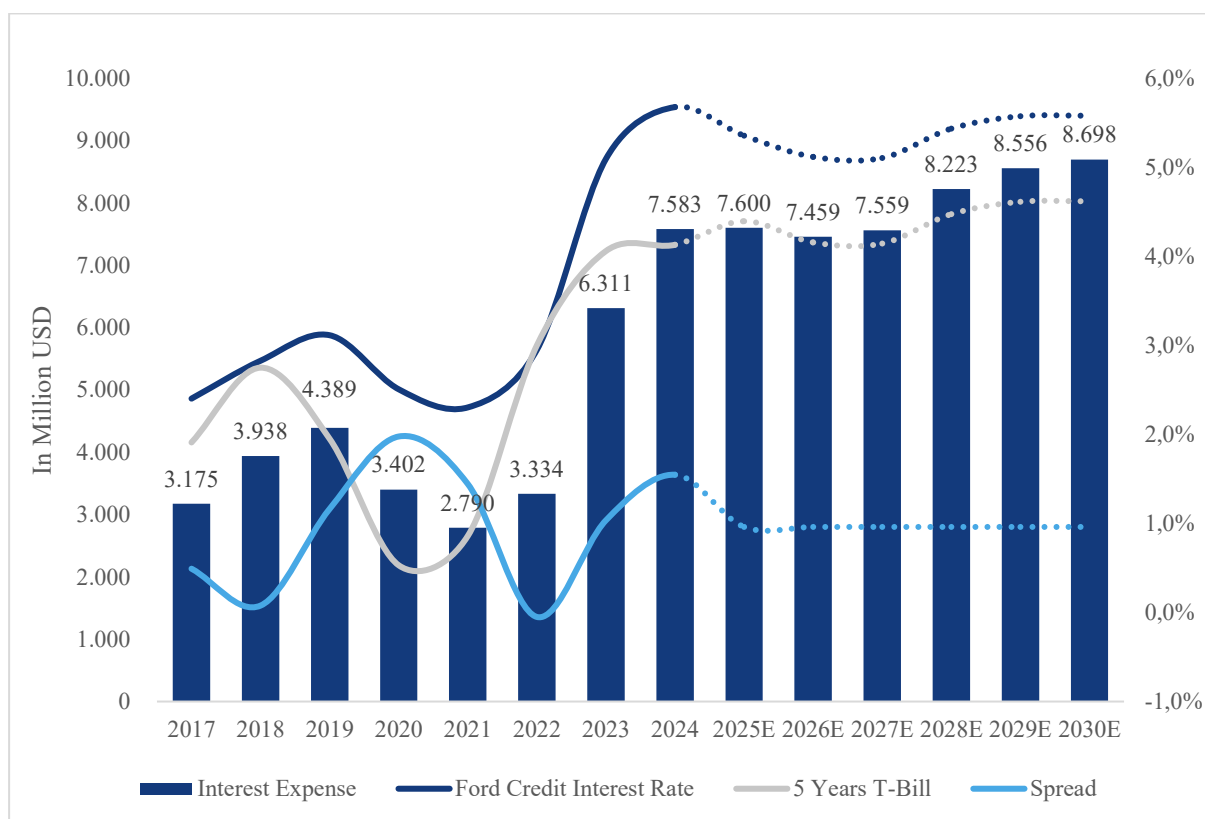
6.3 Interest Expense

A two-step approach was used to project interest expenses. First, the effective rate was calculated as interest expense divided by total debt. Between 2017 and 2024, this averaged 1.14, which helps reduce noise from year-to-year swings. Total debt was projected using the average of quarterly figures to account for seasonality.

Second, the forecasted 5-year T-bill, sourced from established market research, was taken at the risk-free rate. A historical spread of 1% was added to reflect actual financing costs.

Finally, the interest rate was applied to the forecast total debt to determine annual interest expense for the years 2024 to 2030. The historical development and the forecast values of the interest expense, the Ford Credit interest rate, the 5-Year T-Bill and the spread (see Appendix 7 for detailed historical and projected interest expense).

Figure 20: Interest Expense Forecast (2017-2030E)



Source: Econforecasting, FRED, Own Calculations

6.4 Other Expenses

6.4.1 Operating Expenses

Operating expenses include staff costs, building expenses, and costs for handling customer contracts. They cover administration that is not part of interest or lease expenses.

For the forecast, the ratio of operating expenses to revenue was reviewed for 2017 – 2024. As the numbers were stable and no major changes are expected, the average of 11.9% is carried forward for 2025 – 2030.

6.4.2 Provision for Credit Losses

Provision for credit loss covers expected defaults from financing receivables, mainly retail and dealer loans. The forecast is based on the historical ratio of provisions to net receivables (excluding leasing and other receivables).

This ratio peaked at 0.79% in 2020 due to the pandemic, fell to 0.04% in 2022, and has since stabilized between 0.25% and 0.40%. Given this stability, an average loss ratio of 0.34% is assumed for the forecast.

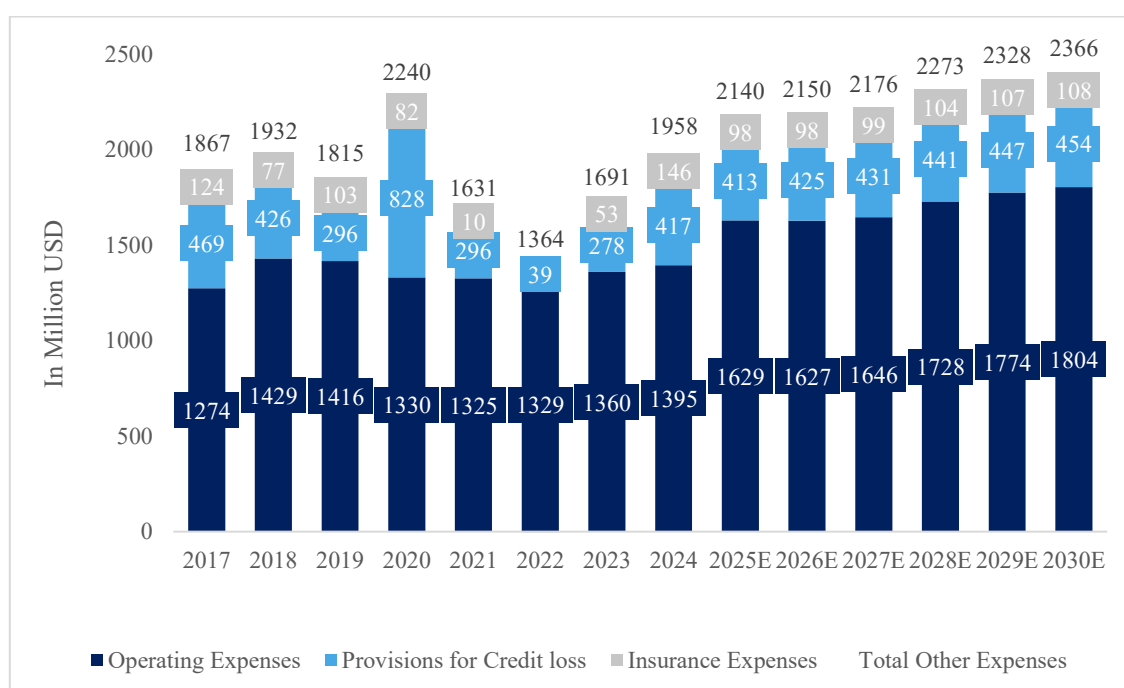
6.4.3 Insurance Expenses

Ford Credit's insurance expenses were forecast relative to insurance premiums. The ratio was calculated by dividing insurance expenses by insurance premiums. Historically, this expense ratio averaged 61% and is projected to remain at that level.

6.4.4 Total Other Expenses

The forecast total of other expenses – comprising operating expenses, provisions for credit losses, and insurance expenses – shows a moderate but steady increase over the forecast period. The peak in 2020 resulted from the pandemic, which sharply increased provisions for credit losses. In contrast, 2022 saw lower operating costs, mainly due to reduced provisions as the economic situation stabilized, default risks declined, and some provisions were reversed. Figure 19 illustrates the development from 2017 to 2030.

Figure 21: Development of Total other expenses and their components (2017-2030E)



Source: Own Analysis

6.5 Other Income & Taxes

The "other income" item was forecasted as an average percentage of total revenue from previous years. According to the Annual Report, this collective item includes various smaller items, such as interest and investment income, gains/losses from derivatives, currency translation differences, as well as income/losses from changes in investments or other income.

Since individual items are difficult to reliably forecast, the projection is based on the historical average of 1.4% of total revenue.

For the "provision for income tax", a tax rate of 21.9% was applied, reflecting the historical average.

7 Valuation

This chapter represents the valuation of Ford using both a DCF and a Comparable Company Analysis (CCA).

7.1 DCF Valuation

The DCF method is suitable for valuing Ford, as it is a mature, established company with stable cash flows. Given its distinct business segments, a SOTP valuation is applied: first calculating the equity value of Ford Automotive based on projected FCFF, then the equity value of Ford Credit derived from projected FCFE.

7.1.1 WACC

The cost of equity was calculated using the CAPM, which was already discussed in the literature review.

The yield on the 10-year T-bill (4.38%) was used as the risk-free rate, as it is the market benchmark for long-term investments and reflects the valuation period. US government bonds offer a reliable return proxy due to their creditworthiness and liquidity, especially for a US company like Ford.

Since a sum-of-the-parts valuation is being performed, it is necessary to calculate one beta for Ford Automotive and one for Ford Credit. A peer group of five comparable automakers (GM, Stellantis, Toyota, Tesla, Honda) was used. These firms operate in similar segments (ICE, hybrid, EV), follow volume strategies, and have comparable scale and capital structures.

To determine the beta, daily returns over the last five years from Refinitiv Eikon were obtained. Stellantis, Tesla and GM were regressed against the S&P 500, while Toyota and Honda were regressed against the TOPIX due to their primary listings in Japan.

To calculate the unlevered beta of the peers, the respective debt-to-equity ratio and effective tax rate were used for each company. These key figures were also taken from Refinitiv Eikon. Table 1 provides an overview of the values used and the unlevered betas derived from them.

Table 3: Peer group beta calculations - Ford Automotive

Peer group beta calculations - Ford Automotive					
Company	Beta Levered	D/E	Taxrate	Beta Unlevered	
General Motors	1.26	204%	20%	0.48	
Stellantis	1.19	56%	19%	0.82	
Toyota	1.21	107%	25%	0.67	
Tesla	1.58	9%	20%	1.47	
Honda	1.30	98%	26%	0.76	

Source: Own Analysis

The average unlevered betas of the peer group were then calculated and re-levered using Ford Automotive's debt-to-equity ratio and effective tax rate to obtain the levered beta for Ford.

In addition, a separate regression of daily Ford returns against the S&P 500 was performed to determine the market-implied levered beta. Furthermore, the adjusted beta reported by Bloomberg was also taken into account. The Bloomberg adjusted beta is calculated using different data and methodology than the peer based and regression betas, so it should be noted that these values differ. While Bloomberg uses a two-year regression with weekly returns, this study utilized five years of daily data from Refinitiv. Additionally, Bloomberg employs the Blume adjustments to refine the raw beta towards the market average ($Beta_{adj} = Beta_{raw} + 0.33 \times 1$). This process diminishes estimation noise and is based on the premise that betas tend to converge towards one over long term. Conversely, the betas calculated in this analysis are unadjusted, making them a more direct representation of historical risk exposure.

Finally, the average of the re-leveraged peer beta, the regressed beta, and the adjusted beta from Bloomberg was calculated resulting in a final beta for Ford Automotive, which is 1.10. An overview of the underlying individual values is provided in Table 2 and Table 3.

Table 4: Peer group beta calculations - Ford Automotive

Peer group beta calculations - Ford Automotive					
Company	Beta Levered	D/E	Taxrate	Beta Unlevered	
General Motors	1.26	204%	20%	0.48	
Stellantis	1.19	56%	19%	0.82	
Toyota	1.21	107%	25%	0.67	
Tesla	1.58	9%	20%	1.47	
Honda	1.30	98%	26%	0.76	

Source: Own Analysis

Table 5: Final beta - Ford Automotive

Final beta calculations - Ford Automotive			
Beta Type	Weights	Beta	
Regression Ford	0.4	1.22	
Regression Peer:	0.4	1.07	
Bloomberg	0.2	0.93	
Final Beta		1.10	

Source: Own Analysis

To determine the beta for Ford Credit, a peer group analysis was deliberately not used, as financial institutions such as Ford Credit cannot be meaningfully compared with industrial companies due to their significantly different capital structures, particularly their very high levels of debt. Instead, the beta was derived from a regression and Bloomberg's adjusted beta. The average of both (1.08) was used.

To calculate the market risk premium, country-specific equity risk premiums (ERP) from Aswath Damodaran were used, which are published regularly based on macroeconomic data and market analyses. Since Ford operates internationally, the respective ERPs were weighted according to the geographical distribution of sales of the two segments – Automotive and Credit. This results in a weighted market risk premium of 5.1% for Ford Automotive and 4.6% for Ford Credit.

Ford Automotive's cost of debt was derived from the weighted average yield of outstanding bonds, based on their market value. The average YTM is 5.59%.

In addition, Ford's current rating (BBB) was considered, and the corresponding spread was obtained from Aswath Damodaran's data. This spread was added to the yield of the 10-year US T-Bill, resulting in a final cost of debt of 5.60%.

No calculation of the cost of debt was necessary for Ford Credit, as the valuation is performed using an equity DCF model (FCFE). Accordingly, the cost of equity is the sole discount factor here.

Finally, the WACC for Ford Automotive was calculated. To determine this, both the market value of equity and the market value of interest-bearing debt were used. The market value of debt, derived from the outstanding amounts and last prices of the listed Ford Automotive bonds, is approximately USD 17.3 billion. The market value of equity is approximately USD 42.24 billion, resulting in a debt-to-equity ratio of 0.37.

The previously determined variables (cost of equity, cost of debt, capital structure, and tax rate) result in a WACC of 8.5%, which is shown in detail in Table 4.

Table 6: WACC calculation - Ford Automotive

WACC - Ford Automotive	
Cost of Equity	9.98%
Cost of Debt	5.6%
E/D+E	0.73
D/D+E	0.27
Taxrate	18.51%
WACC	8.5%

Source: Own Analysis

7.1.2 FCFF

The FCFF was derived from EBIT by deducting to obtain NOPAT. Changes in working capital were then added or subtracted, depending on cash inflow or outflow, depreciation was added, and capex deducted. The resulting FCFF was discounted using the previously determined WACC of 8.5%. Since the valuation date is 31 August 2025, the cash flows were discounted from this point of time, with the partial year 2025 adjusted accordingly. The terminal value was calculated using the Gordon Growth Model. A long-term growth rate of 2.0% was applied, based on GDP growth in Ford's main sales markets.

Enterprise value results from the present value of projected FCFFs plus the terminal value. The terminal value is USD 33.34 billion, which accounts for 75% of the total enterprise value of 44.50 billion. The calculations are shown in Table 5.

Table 7: FCFF and TV - Ford Automotive

Free Cash Flow								
In Million USD	2024	2025E	2026E	2027E	2028E	2029E	2030E	TV
Revenue	172,306	169,470	179,768	190,309	200,533	211,651	222,283	
(-)COGS	158,434	154,119	163,485	173,071	181,482	191,544	201,166	
(-)SG&A	10,287	11,142	11,819	12,513	13,185	13,916	14,615	
EBIT	3,585	4,208	4,464	4,726	5,866	6,191	6,502	
(-)Taxes	664	779	826	875	1,086	1,146	1,204	
NOPAT	2,921	3,429	3,637	3,851	4,780	5,045	5,298	
(-)Capex	8,684	8,281	8,784	9,300	9,799	10,342	10,862	
(+)D&A	5,077	6,326	6,711	7,104	7,486	7,901	8,298	
Δ Delta NWC	-204	-453	53	694	851	926	885	
FCFF	-890	1,021	1,616	2,350	3,318	3,529	3,619	59,075
FCFF PV		993	1,373	1,839	2,393	2,346	2,217	33,344

Source: Own Analysis

7.1.3 FCFE

For the Ford Credit segment, an equity-based DCF model (FCFE) was used. This approach is common for financial institutions, since their business is centered on lending and leasing.

The FCFE calculation starts from net income and adjusts for changes in receivables and interest-bearing debt. Growth in leasing volume is treated as an investment and therefore deducted. Depreciation on leased vehicles, although a non-cash item, was not added back. In this case it reflects genuine operating cost, as it mirrors the loss of value of the leased assets under IFRS.

The resulting FCFE was discounted with the cost of equity of 9.33%. Since the valuation date is 31 August 2025, the cash flows were discounted from this point of time, with the partial year 2025 adjusted accordingly. The terminal value, estimated with the Gordon Growth Model, is USD 7.16 billion and linked to GDP growth in Ford Credit's main regions. The equity value equals the sum of the discounted FCFE and terminal value. Table 8 presents the detailed calculations.

Table 8: FCFE and TV - Ford Credit

Free Cash Flow to Equity								
In USD Millions	2024	2025E	2026E	2027E	2028E	2029E	2030E	TV
Net Income	1,256	1,598	1,575	1,517	1,407	1,396	1,421	
Δ Net Receivables	-9,127	2,017	-3,257	-1,970	-2,723	-1,860	-2,026	
Δ Debt	9,717	-2,209	3,567	2,158	2,982	2,037	2,219	
Δ Operating Lease:	-4,200	637	-1,055	-638	-882	-603	-657	
FCFE	-2,354	2,043	830	1,067	784	970	958	13,374
PV FCFE		1,981	830	1,067	784	970	958	7,162

Source: Own Analysis

7.1.4 Equity Value

To determine Ford's final equity value, the enterprise value was first calculated and then adjusted for several items. Starting from an enterprise value of USD 44.50 billion, cash and cash equivalents of USD 20.02 billion were added, and interest-bearing debt of USD 20.65 billion was subtracted to account for net debt. Net pension obligations of USD 4.69 billion, representing the shortfall between pension liabilities and plan assets, were also deducted, as were minority interests of USD 0.23 billion. Finally, the separately determined equity value of Ford Credit (USD 13.75 billion) was added.

This results in a total equity value of USD 52.92 billion. Dividing by the number of outstanding shares yields a target share price of USD 13.30. Table 7 summarizes all calculations.

Table 9: Enterprise Value of Equity Value

Enterprise Value to Equity Value in million USD	
Enterprise Value	44,504
(+) Cash & cash equivalents	20,024
(-) Debt	20,654
(-) Net pension obligations	4,685
(-) Minority interests	23
Equity Value Ford Automotive	39,166
Equity Value Ford Credit	13,752
Total Equity Value	52,918
Outstanding shares	3,980
Target share price	\$ 13.30
Current share price	\$ 11.90
Upside	11.7%
Recommendation	Buy

Source: Own Analysis

7.2 Comparable Companies Analysis

In addition to the DCF valuation, a relative valuation using a CCA was performed to validate the results. For Ford Automotive, a peer group of eleven automobile manufacturers was selected: General Motors, Stellantis, Renault, Toyota, Hyundai, Mazda, Tesla, Kia, Mitsubishi, Volkswagen, and Honda. These companies operate worldwide and cover a wide range of models. None of them are pure luxury manufacturers, which makes them suitable benchmarks for Ford. Selection was based on financial ratios, business model, market positioning, and regional presence. An overview of the key figures used and a direct comparison with Ford can be found in the appendix (Appendix 10).

For the Ford Credit segment, selecting suitable peers proved more challenging, as reliable and complete multiples for captive finance subsidiaries such as GM Financial or Toyota Financial Services, are difficult to obtain due to limited disclosure. The focus was therefore placed on publicly traded financial institutions significantly active in vehicle financing. The peer group for Ford Credit consists of Banco Santander, Ally Financial, Credit Acceptance Corp, Synchrony Financial, and OneMain Holdings.

The following multiples were used for Ford Automotive: EV/Sales, EV/EBITDA, and P/E ratio. For each multiple, both the forward and trailing multiples were calculated and averaged to smooth out cyclical or one-time distortions. Additionally, the peer group median was used as a benchmark for valuation. The results of the various multiples were then weighted, with EV/Sales weighted at 10%, EV/EBITDA at 50% and P/E ratio at 40%. This weighting was deliberately chosen because EV/EBITDA is considered particularly robust against accounting policies and therefore plays a central role in the valuation. This weighting also reflects common practice in automotive valuation. EV/Sales, on the other hand, is weighed less heavily because it does not provide any information about profitability. For Ford Credit, only the P/E ratio was used, as other multiples such as EV/EBITDA are not very meaningful. Accordingly, a weighting of 100% was applied to the P/E ratio for Ford Credit.

The equity values were calculated separately for Ford Automotive and Ford Credit and then aggregated, resulting in an implied share price of USD 16.82. Tables 8, 9 and 10 show the multiples used, the equity values calculated from them, and the implied share price in detail.

Table 10: Multiples Ford Automotive

Multiples Ford Automotive	EV/Sales	EV/Sales	EV/EBITDA	EV/EBITDA	P/E	P/E
	T12	F12	T12	F12	T12	F12
General Motors	0.9 x	0.2 x	8.8 x	2.5 x	5.6 x	5.6 x
Stellantis	0.9 x	0.1 x	2.1 x	1.3 x	7.0 x	5.9 x
Renault	1.0 x		3.2 x		11.6 x	6.0 x
Toyota Motor	1.4 x	1.5 x	10.5 x	13.0 x	8.6 x	10.6 x
Hyundai Motor	1.0 x	0.8 x	10.2 x	8.5 x	4.8 x	3.1 x
Mazda Motor			1.5 x	1.6 x	7.6 x	34.4 x
Kia	0.2 x	0.2 x	1.7 x		4.5 x	4.7 x
Mitsubishi	0.9 x	0.9 x	18.6 x	16.1 x	13.7 x	15.3 x
Volkswagen Group	0.8 x	0.8 x	5.3 x	5.3 x	5.3 x	5.3 x
Honda Motor Company	0.7 x	0.7 x	8.8 x	10.5 x	9.7 x	10.1 x
Median	0.9 x	0.8 x	7.1 x	6.9 x	7.3 x	6.0 x
Enterprise Value	155,075	127,102	61,067	59,768		
Equity Value Ford Automotive	149,737	121,764	55,729	54,430	42,917	34,980

Source: Own Analysis

Table 11: Multiples Ford Credit

Mutliples Ford Credit	P/E	P/E
	T12	F12
Santander	9.2 x	8.6 x
Ally Financial	12.2 x	8.3 x
Credit Acceptance Corp	13.3 x	12.1 x
Synchrony Financial	8.3 x	8.0 x
One Main Holdings INC	10.2 x	11.2 x
Median	10.2 x	8.6 x

Source: Own Analysis

Table 12: Implied share price using multiples

Multiples Ford	EV/Sales	EV/EBITDA	P/E	P/E	Weighted Multiple
	Ford Automotive			Ford Credit	Ford Total
Multiples Median	0.8 x	7.0 x	6.6 x	9.4 x	
Enterprise Value	142,152	60,417			
Equity Value	136,814	55,079	38,948	11,756	66,944
Weight	10%	40%	50%	100%	
Implied Share Price					16.82

Source: Own Analysis

7.3 Sensitivity Analysis & Price Estimate

To analyze valuation sensitivity, the impact of changes in the WACC and the terminal growth rate (g) on the share price was examined. As Ford was valued using a SOTP approach, the analysis was conducted separately for Ford Automotive (FCFF model) and Ford Credit (FCFE model).

Since Ford Automotive accounts for approximately 74% of the equity value, the main table below focuses exclusively on this segment. The fixed contribution from Ford Credit (USD 3.45

per share) was added in each case, so that the presented share price reflects the combined equity value.

Figure 22: Sensitivity Analysis

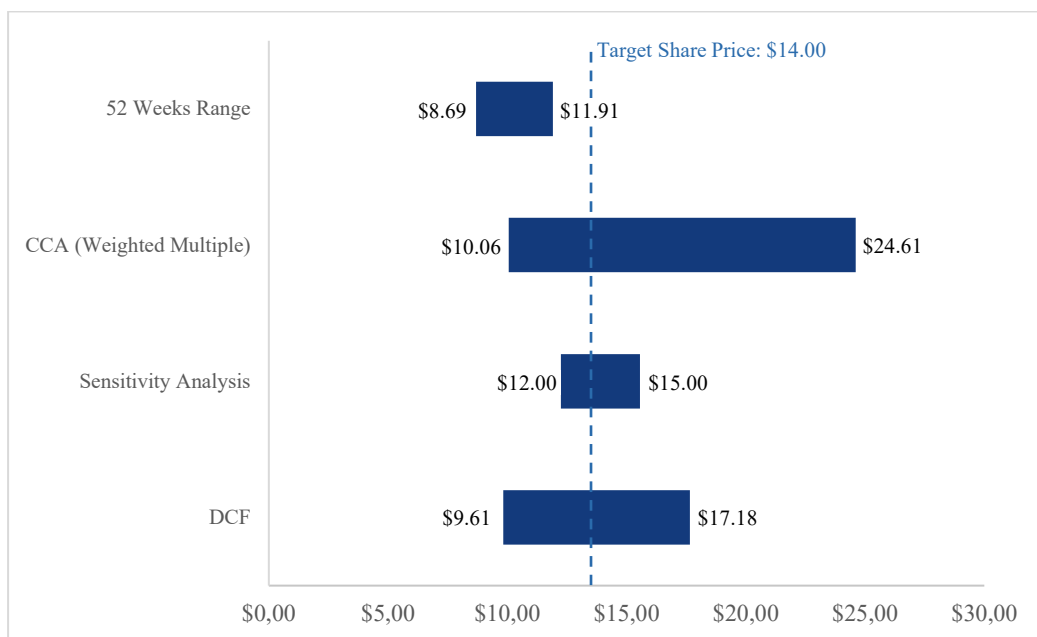
		WACC				
		8.31%	8.41%	8.51%	8.61%	8.71%
TV growth	1.75%	13.4	13.0	12.6	12.3	12.0
	2.00%	13.7	13.3	13.0	12.6	12.3
	2.25%	14.1	13.7	13.3	12.9	12.6
	2.50%	14.6	14.1	13.7	13.3	12.9
	2.75%	15.0	14.5	14.1	13.6	13.2

Source: Own Analysis

For the final estimate, the DCF result was weighted at 80% and the multiples analysis at 20%. More weight was given to the DCF model because it captures expected cash flows and strategic development in greater depth. This is important in Ford's case, as the company is undergoing a major transformation with a strong focus on electrification and digitalization. The valuation results from the DCF and CCA suggest a fair value of USD 14.00 per share. Compared to the current market price of USD 11.90, this points to an undervaluation of around 11.7%.

The CCA serves as a market-based plausibility check but primarily reflects short-term market sentiment.

Considering the anticipated operational progress, Ford's strong performance in profitable segments, and the company's strategic shift toward future business areas with high potential, a clear **"Buy"** recommendation is justified. The following football field chart illustrates the valuation ranges resulting from the applied methods.

Figure 23: Football field analysis

Source: Own analysis

8 Comparison of Valuation to Analyst Report

Finally, within the scope of this chapter, two analyst reports – from Zacks (January 2025) and Morningstar (April 2025) – will be used for comparison with the results of this analysis. The following table shows the key model assumptions and target prices:

Figure 24: Comparison of own analysis with analyst reports

	Own Analysis	Zacks Report	Morningstar
Valuation date	08/28/2025	05/20/2025	04/03/202
Price target	\$14.00	\$12	\$16
Valuation methods used	DCF; Rel. Valuation	Rel. Valuation	DCF; Rel. Valuation
Forecast horizon	6 Years	3 Years	5 Years
WACC	8.5%		10%
Cost of Equity	10%		11%
Cost of Debt	5.6%		6.5%
Tax rate	19%	20%	19%

Source: Own Analysis, Zacks (2025), Morningstar (2025)

This analysis yield a fair value of USD 14.00 per share. Thus, the result is slightly below Zack's target price (USD 12) and below Morningstar's (USD 16).

The difference from Zacks is primarily explained by the methodology, as Zacks is based solely on a relative valuation, while in this analysis both a DCF model and a multiples valuation were conducted. This places greater emphasis on the fundamental earning power of the company, leading to a higher fair value.

In the comparison of the multiples used, differences emerge between the Zacks approach and the own analysis. Zacks uses a relatively low multiple of 0.24x for the EV/EBITDA multiple, while the median of the peer group considered in this work is around 0.85x. For the EV/EBITDA multiple, Zacks uses a significantly higher multiple of 11.98x, whereas the own analysis concludes with a multiple of 7.85x. The P/E multiples, on the other hand, are relatively comparable, with 5.8x at Zacks and 6.80x (Ford Automotive) or 9.36x (Ford Credit) in the own evaluation (Zacks, 2025).

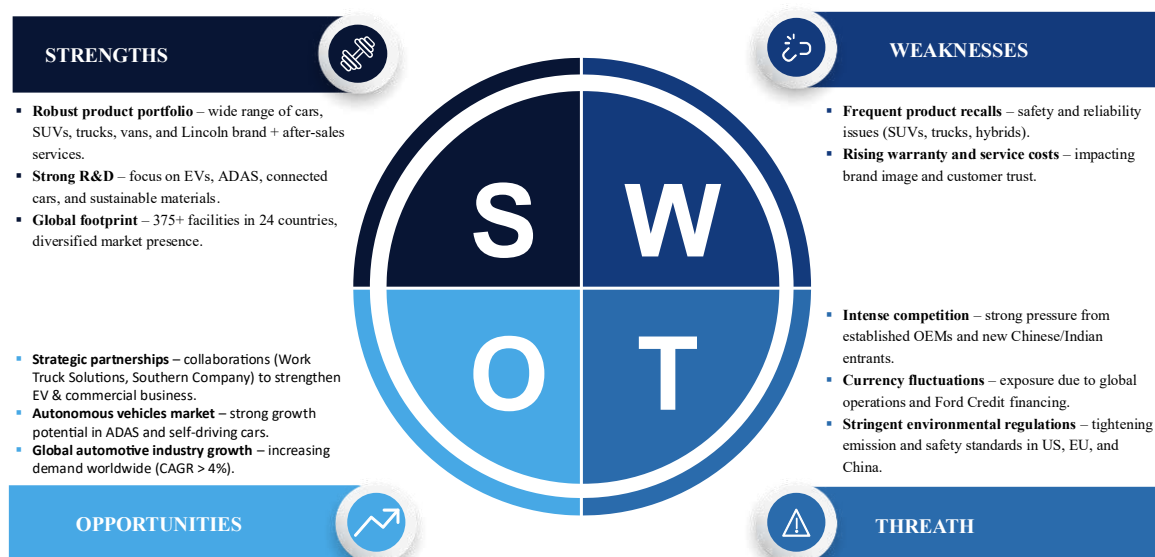
The calculated fair value of Morningstar (USD 16) is higher than the fair value of our own assessment (USD 14.23), even though the WACC used here (8.5%) is lower than Morningstar's (10%). The difference in fair values is essentially due to the different operational assumptions. Morningstar assumes a lower share of cost of goods sold at 89%, while this analysis assumes a more conservative figure of 90.5% (Morningstar, 2025). This implies that Morningstar expects

efficiency gains as part of the transition to electromobility, which should have a positive impact on profitability. In this analysis, a more cautious approach was chosen, as the high investments in new technologies, the adjustment of production capacities, and the ongoing challenges in the global automotive market are likely to lead to increased cost pressure in the short term.

In summary, the comparison with analysts' assessments shows that this valuation falls within the market's usual range. The derived Buy recommendation is in line with the two analyst reports and underscores the attractiveness of Ford as an investment.

9 Appendix

Appendix 1: SWOT Analysis



Appendix 2: Operating Profit

Operating profit projection											
In Million USD	2020	2021	2022	2023	2024	2025E	2026E	2027E	2028E	2029E	2030E
Ford Automotive Revenue	115,885	126,150	149,079	165,901	172,306	169,470	179,768	190,309	200,533	211,651	222,283
Ford Credit Revenue	11,203	10,073	8,978	10,290	12,286	13,664	13,653	13,809	14,499	14,885	15,132
Total Revenue	127,088	136,223	158,057	176,191	184,592	183,133	193,421	204,118	215,032	226,536	237,415
Cost of Revenue	107,152	108,858	128,942	145,186	153,357	148,573	157,602	166,843	175,806	185,554	194,875
Ford Credit Interest, operating, and other expenses	8,607	5,252	6,496	9,481	11,052	11,754	11,773	12,007	12,852	13,259	13,475
Cost of Revenue, Total	115,759	114,110	135,438	154,667	164,409	160,327	169,375	178,850	188,658	198,813	208,350
Selling/General/Administrative Expense	10,193	11,915	10,888	10,702	10,287	11,142	11,819	12,513	13,185	13,916	14,615
Depreciation/Amortization	5,577	5,793	5,423	5,364	5,077	6,326	6,711	7,104	7,486	7,901	8,298
Unusual Expense (Income)	24	1,702	153	0	0	0	0	0	0	0	0
Total Operating Expense	131,553	133,520	151,902	170,733	179,773	177,795	187,905	198,467	209,329	220,629	231,262
Operating Income	-4417	6,107	6,461	5,458	4,819	5,338	5,517	5,651	5,703	5,907	6,153

Appendix 3: CAPEX Ford Automotive

CAPEX											
In Million USD	2020	2021	2022	2023	2024	2025E	2026E	2027E	2028E	2029E	2030E
CAPEX	5742	6227	6866	8236	8684	8281	8784	9300	9799	10342	10862
Revenue	127,144	126,150	149,079	165,901	172,306	169,470	179,768	190,309	200,533	211,651	222,283
% of Revenue	4.5%	4.9%	4.6%	5.0%	5.0%	4.9%	4.9%	4.9%	4.9%	4.9%	4.9%

Appendix 4: Depreciation on Operating Leases (Ford Credit)

Depreciation on Operating Leases (in Million)											
In Million USD	2020	2021	2022	2023	2024	2025E	2026E	2027E	2028E	2029E	2030E
Revenue Operating Leases	5,653	5,291	4,569	4,105	4,217	4,428	4,548	4,621	4,722	4,790	4,865
Depreciation on Vehicles	3,235	1,626	2,240	2,309	2,482	2,674	2,817	2,933	3,069	3,114	3,162
% of Operating Leases Revenue	57.2%	30.7%	49.0%	56.2%	58.9%	60.4%	61.9%	63.5%	65.0%	65.0%	65.0%

Appendix 5: Interest Expense (Ford Credit)

Interest Expense Forecast											
In Million USD	2020	2021	2022	2023	2024	2025E	2026E	2027E	2028E	2029E	2030E
Total Debt	135,713	121,118	113,015	123,854	133,571	131,361	134,929	137,086	140,069	142,106	144,325
Interest Expense	3,402	2,790	3,334	6,311	7,583	7,035	6,904	6,997	7,612	7,920	8,052
<i>Ford Credit Interest Rate</i>	2.5%	2.3%	3.0%	5.1%	5.7%	5.4%	5.1%	5.1%	5.4%	5.6%	5.6%
<i>5 Years T-Bill</i>	0.5%	0.9%	3.0%	4.1%	4.1%	4.4%	4.2%	4.1%	4.5%	4.6%	4.6%
<i>Spread</i>	2.0%	1.4%	0.0%	1.0%	1.5%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
Receivables	105,070	92,350	100,513	112,823	121,950	119,933	123,190	125,160	127,883	129,743	131,769
Debt To Receivables	1.3	1.3	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1

Appendix 6: Other Expenses (Ford Credit)

Other Expenses											
In Million USD	2020	2021	2022	2023	2024	2025E	2026E	2027E	2028E	2029E	2030E
Operating Expenses	1,330	1,325	1,329	1,360	1,395	1,632	1,631	1,649	1,732	1,778	1,807
Revenue	11,462	10,250	9,416	11,119	13,253	13,664	13,653	13,809	14,499	14,885	15,132
% of Revenue	11.6%	12.9%	14.1%	12.2%	10.5%	11.9%	11.9%	11.9%	11.9%	11.9%	11.9%
Net Receivables	105,070	92,350	100,513	112,823	121,950	119,933	123,190	125,160	127,883	129,743	131,769
Provisions for Credit loss	828	-310	39	278	417	315	324	329	336	341	346
% of Net Receivables	0.8%	-0.3%	0.0%	0.2%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%
Insurance Premium	143	75	75	119	171	159	159	161	169	174	176
Insurance Expenses	82	10	-4	53	146	98	98	99	104	107	108
% of Insurance Premium	57%	13%	-5%	45%	85%	61%	61%	61%	61%	61%	61%
Total Other Expenses	2,240	1,025	1,364	1,691	1,958	2,045	2,052	2,077	2,171	2,225	2,262

Appendix 7: Net Income Projections (Ford Credit)

Net Income											
In Million USD	2020	2021	2022	2023	2024	2025E	2026E	2027E	2028E	2029E	2030E
Operating leases	5,653	5,291	4,569	4,105	4,217	4,428	4,548	4,621	4,722	4,790	4,865
Retail financing	3,927	3,888	3,514	4,236	5,637	5,964	5,928	6,012	6,428	6,643	6,752
Dealer financing	1,474	774	1,079	2,403	2,922	2,791	2,697	2,690	2,839	2,928	2,983
Other financing revenue	88	46	63	132	170	109	108	110	115	118	120
Total financing revenue	11,142	9,999	9,225	10,876	12,946	13,291	13,281	13,432	14,104	14,480	14,720
Depreciation on Vehicles subject to operating lease	3,235	1,626	2,240	2,309	2,482	2,674	2,817	2,933	3,069	3,114	3,162
Interest Expense	3,402	2,790	3,334	6,311	7,583	7,035	6,904	6,997	7,612	7,920	8,052
Net Financing Margin	4,505	5,583	3,651	2,256	2,881	3,583	3,560	3,502	3,423	3,446	3,506
Other Revenue	320	251	191	243	307	372	372	376	395	406	412
Total financing & Other revenue	4,825	5,834	3,842	2,499	3,188	3,955	3,932	3,879	3,818	3,851	3,918
Operating Expenses	1,330	1,325	1,329	1,360	1,395	1,632	1,631	1,649	1,732	1,778	1,807
Provision for Credit loss	828	-310	39	278	417	315	324	329	336	341	346
Insurance expense	82	10	-4	53	146	98	98	99	104	107	108
Total expenses	2,240	1,025	1,364	1,691	1,958	2,045	2,052	2,077	2,171	2,225	2,262
Other income	23	-78	-41	514	424	194	194	196	206	211	215
Income before income taxes	2,608	4,731	2,437	1,322	1,654	2,104	2,074	1,998	1,853	1,838	1,872
Provision for / (Benefit from) income taxes	270	210	448	-2	398	506	499	481	446	442	450
Net income	2,338	4,521	1,989	1,324	1,256	1,598	1,575	1,517	1,407	1,396	1,421

Appendix 8: Peer Group analysis (Ford Automotive)

Peer Group - Ford Automotive				
	Revenue (bn USD)	EBITDA margin	5 year revenue growth	Debt to capital
Ford	172.37	6.9%	-8.6%	50%
General Motors	187.60	13.6%	4.7%	48%
Honda Motor Company	143.66	13.0%	8.9%	29%
Hyundai Motor	129.89	10.7%	-1.5%	43%
Kia	79.25	14.2%	-3.0%	3%
Mazda Motor	32.73	6.1%	-15.3%	23%
Mitsubishi	18.46	7.6%	13.1%	12%
Renault	62.29	13.2%	0.0%	7%
Stellantis	161.60	11.3%	0.0%	24%
Tesla	92.72	13.4%	0.7%	6%
Toyota Motor	323.24	15.2%	-4.5%	30%
Volkswagen Group	362.29	16.4%	4.3%	29%

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