



# Q1 Earnings Review

April 28, 2020



# Information Regarding This Presentation

## Forward-Looking Statements

This presentation includes forward-looking statements. Forward-looking statements are based on expectations, forecasts, and assumptions by our management and involve a number of risks, uncertainties, and other factors that could cause actual results to differ materially from those stated. For a discussion of these risks, uncertainties, and other factors, please see the “Cautionary Note on Forward-Looking Statements” at the end of this presentation and “Item 1A. Risk Factors” in our Annual Report on Form 10-K for the year ended December 31, 2019, as updated by subsequent Quarterly Reports on Form 10-Q and Current Reports on Form 8-K.

## GAAP And Non-GAAP Financial Measures

This presentation includes financial measures calculated in accordance with Generally Accepted Accounting Principles (“GAAP”) and non-GAAP financial measures. The non-GAAP financial measures are intended to be considered supplemental information to their comparable GAAP financial measures. The non-GAAP financial measures are defined and reconciled to the most comparable GAAP financial measures in the Appendix to this presentation.

## Additional Information

Calculated results may not sum due to rounding. N / M denotes “Not Meaningful.” All variances are year-over-year unless otherwise noted.



# Company First Quarter Financial Results

Adj. FCF

**\$(2.2)B**

Down \$4.1B

*Cash Balance \$34B*

*Liquidity \$35B*



Adj. EBIT

**\$(0.6)B**

Down \$3.1B

Revenue

**\$34B**

Down \$6B

Adj. EPS

**\$(0.23)**

Down \$0.67

Adj. EBIT Margin

**(1.8)%**

Down 791 bps

**Includes Estimated COVID-19 EBIT Impact Of At Least \$(2)B**





# Global Response To COVID-19



## People

- Put people first – proactive policies focused on health of our stakeholders
- Phased-in production restart with robust safety protocols
- Community support, producing medical and protective equipment



## Customers & Dealers

- Offering deferred payments and no-contact service options
- Sharp increase in online sales activity and remote service
- Supporting dealer network, including continued parts supply



## Operations

- Continuing launch preparations, including Mach-E, F-150 and Bronco
- Leveraging connected vehicle data to anticipate customer requirements
- Partnering with suppliers and developing mitigation plans



## Profit & Liquidity

- Prioritizing liquidity and cash flow
- Reducing cost and discretionary spending
- Prioritizing investments in critical products and technology

# Company Winning Portfolio

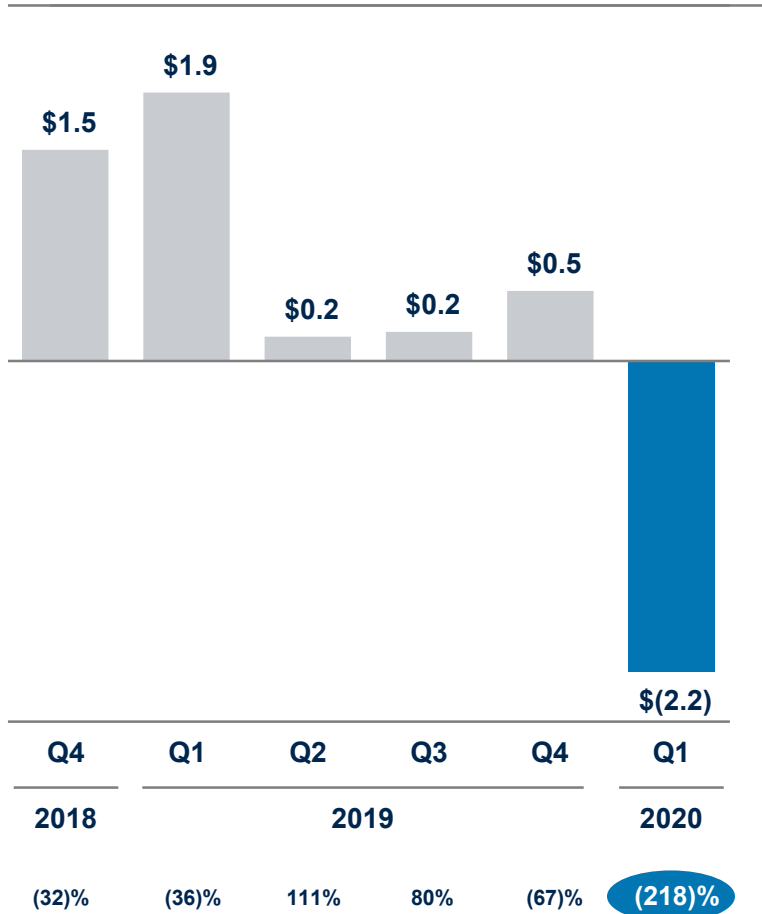


Portfolio Transformation Underway With Launches From 2018 Through 2021;  
Shutdown Has Delayed Launches From Original Plan

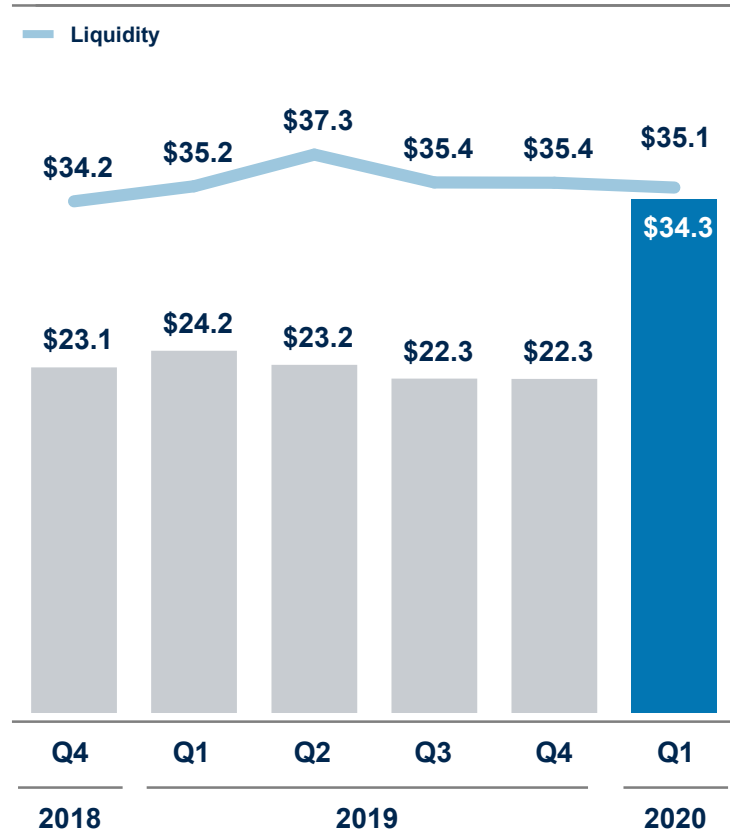


# Cash Flow, Cash Balance & Liquidity (\$B)

Adjusted FCF

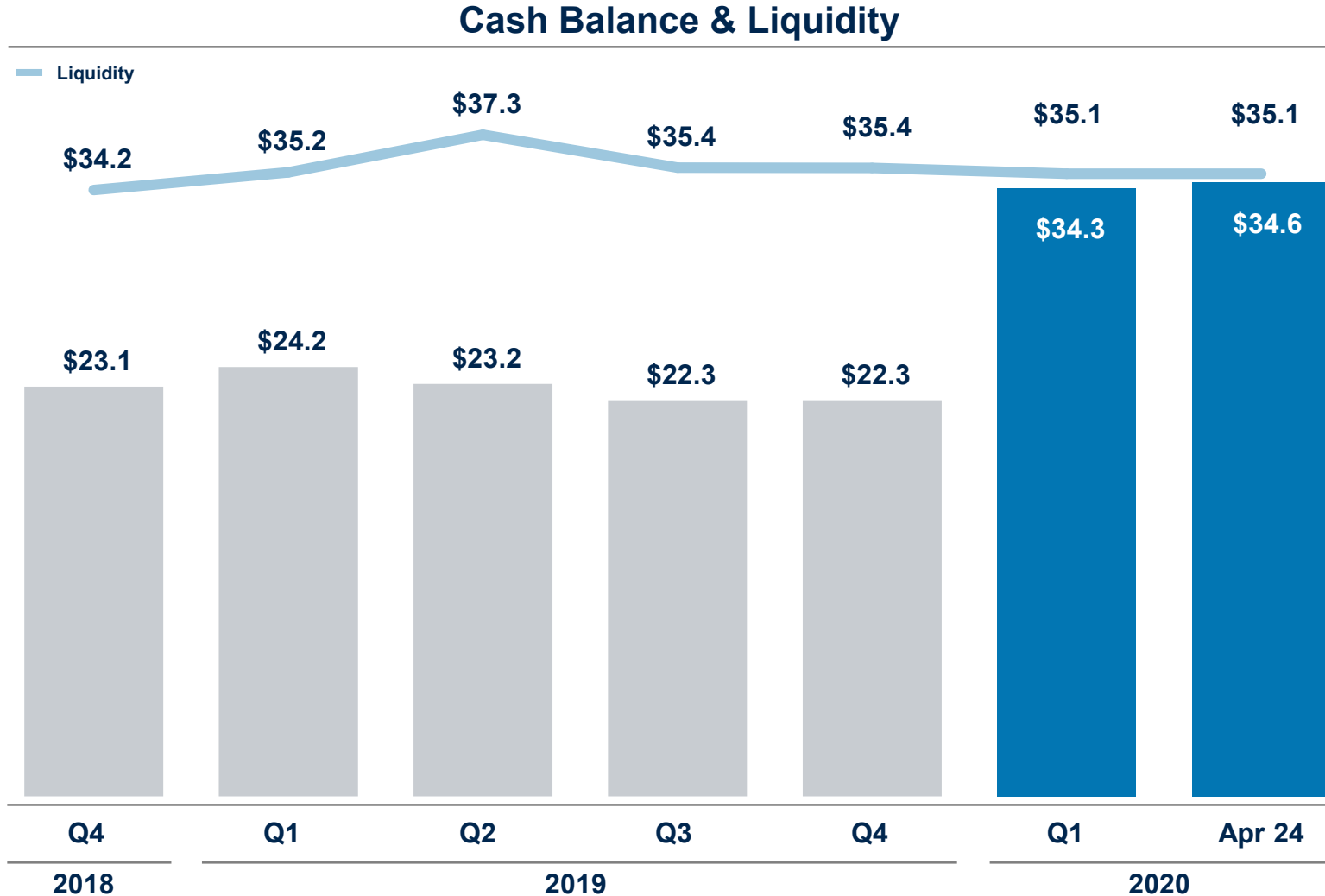


Cash Balance & Liquidity



- Q1 Adjusted FCF of \$(2.2)B, down \$4.1B, driven by lower Automotive EBIT, adverse working capital due to the March production suspension and lower Ford Credit distributions
- Exercised \$15B draw on existing credit facilities in March to help protect against COVID-19 uncertainty
- Quarter-end cash balance of \$34.3B; liquidity of \$35.1B

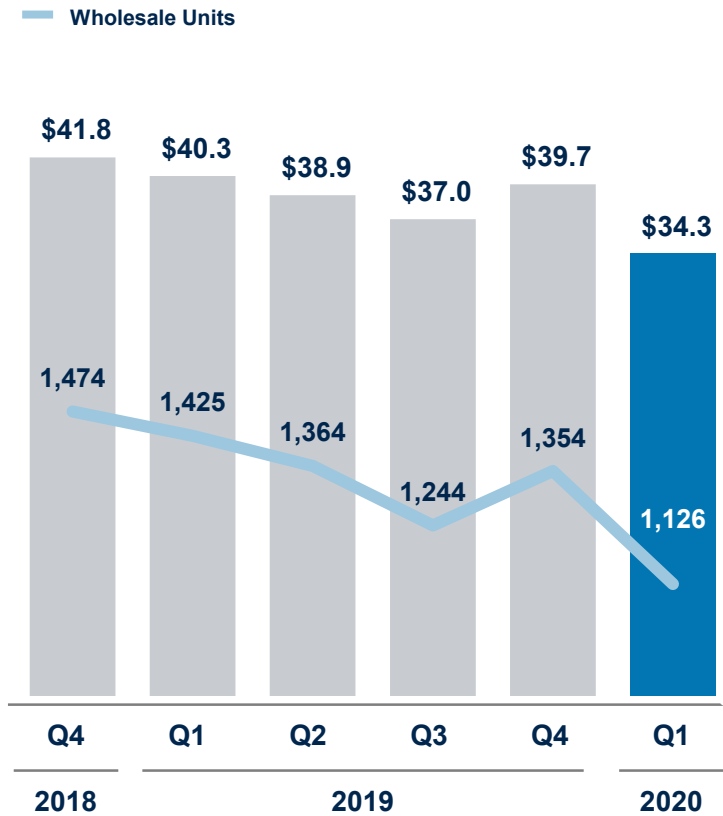
# COVID-19 Impact On Cash & Liquidity (\$B)



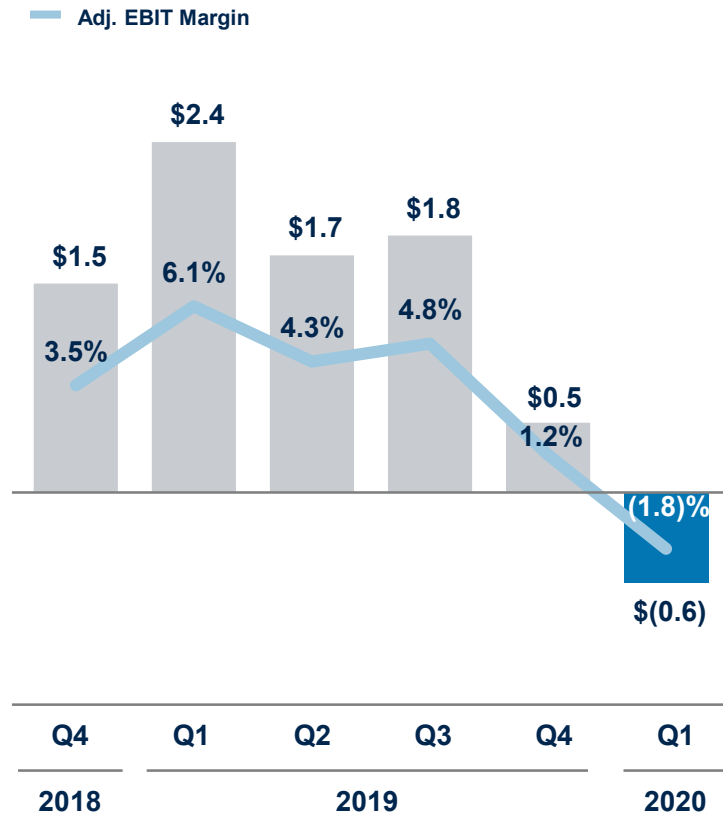
- Completed \$8B unsecured debt issuance in April
- Sufficient liquidity through year end, even with no further production or financing actions
- Two phases of cash outflow after late-March production suspension:
  - Run off of ~\$(13)B production supplier payables over ~45 days; complete by early May
  - Post-run off, outflow much lower; includes structural costs, warranty and vehicle incentive payments
- Cash flow turns positive when modest wholesales resume driven by payables restoration

# Company Revenue & EBIT Metrics

## Revenue (\$B) & Wholesale Units (000)



## Adjusted EBIT (\$B) & EBIT Margin (%)



- Q1 revenue of \$34B, down 15%, more than explained by lower wholesale units
- Q1 wholesale units of 1.1M, down 21%, driven by lower industry volume in all regions, primarily in response to early impacts of COVID-19
- Q1 Adjusted EBIT of \$(0.6)B, down 126%
- Q1 Adjusted EBIT margin of (1.8)%, down 791 bps

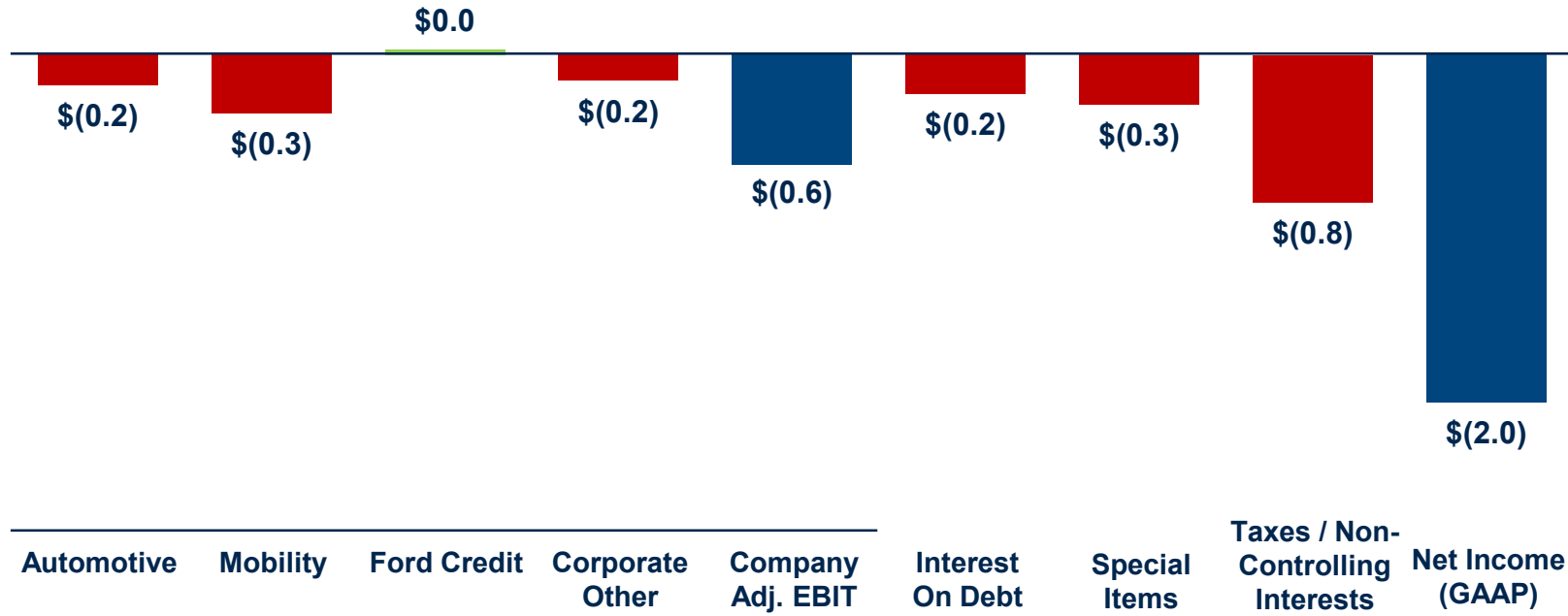
YoY:

Revenue	1%	(4)%	(0)%	(2)%	(5)%	<b>(15)%</b>	Adj. EBIT	(28)%	12%	(2)%	8%	(67)%	<b>(126)%</b>
Wholesale Units	(16)%	(14)%	(9)%	(8)%	(8)%	<b>(21)%</b>	Adj. Margin	(142) bps	87 bps	1 bps	42 bps	(227) bps	<b>(791) bps</b>





# Company Q1 2020 Results (\$B)



- Company Adjusted EBIT of \$(0.6)B, down \$3.1B, driven by the COVID-19 impact to Automotive and Credit
- Pre-tax Special Items reflect primarily UAW buyouts and global redesign actions
- Taxes include \$(0.9)B valuation allowance against deferred-tax assets

B / (W)	Automotive	Mobility	Ford Credit	Corporate Other	Company Adj. EBIT	Interest On Debt	Special Items	Taxes / Non-Controlling Interests	Net Income (GAAP)
Q1 2019	\$(2.2)	\$(0.0)	\$(0.8)	\$(0.1)	\$(3.1)	\$0.0	\$0.3	\$(0.4)	\$(3.1)
Q4 2019	(0.4)	0.0	(0.6)	(0.1)	(1.1)	0.0	2.4	(1.6)	(0.3)



# Company

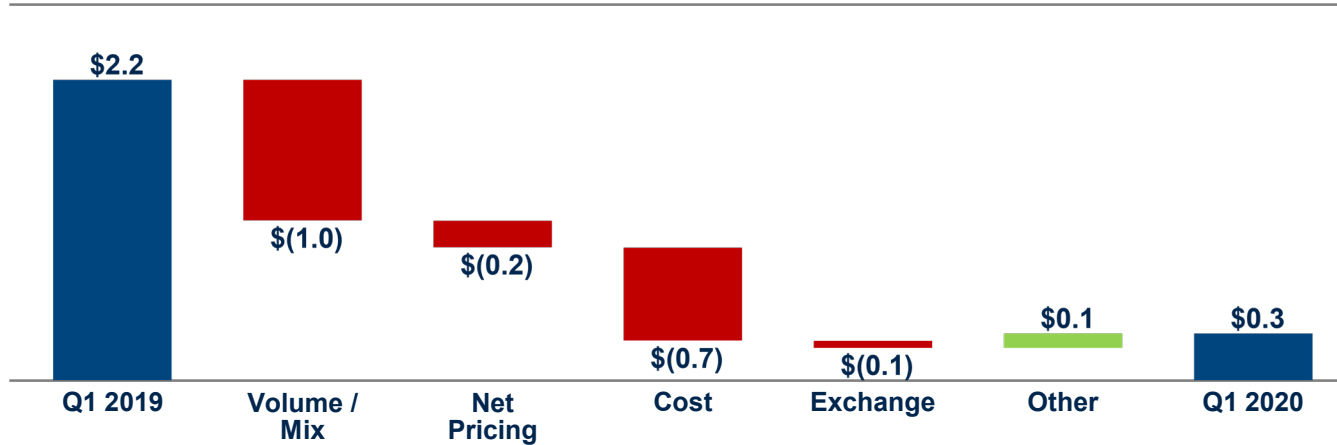
## Q1 2020 Adjusted EBIT (\$B)

	North America	South America	Europe	China	IMG	Total Auto	Total Company	
<b>Q1 2019</b>	\$ 2.2	\$ (0.2)	\$ 0.1	\$ (0.1)	\$ 0.0	\$ 2.0	\$ 2.4	
<b>YoY Change</b>								
Volume / Mix	\$ (1.0)	\$ (0.0)	\$ (0.3)	\$ (0.1)	\$ (0.1)	\$ (1.5)	\$ (1.5)	Industry Other (1.4) Other (0.1)
Net Pricing	(0.2)	0.1	0.2	(0.0)	(0.0)	0.0	0.0	
Cost	(0.7)	0.0	(0.1)	0.1	0.1	(0.5)	(0.5)	Material / Freight (0.6) Warranty (0.5) Commodities 0.1 Structural 0.3 Pension / OPEB 0.2
Exchange	(0.1)	(0.1)	0.0	(0.1)	(0.0)	(0.2)	(0.2)	
Other / JVs	0.1	0.0	(0.1)	(0.1)	0.0	0.0	0.0	JVs (0.1) Other 0.1
Total Automotive	\$ (1.9)	\$ 0.0	\$ (0.2)	\$ (0.1)	\$ (0.0)	\$ (2.2)	\$ (2.2)	
Mobility							(0.0)	
Ford Credit							(0.8)	
Corporate Other							(0.1)	
Total Company							\$ (3.1)	
<b>Q1 2020</b>	\$ 0.3	\$ (0.1)	\$ (0.1)	\$ (0.2)	\$ (0.0)	\$ (0.2)	\$ (0.6)	

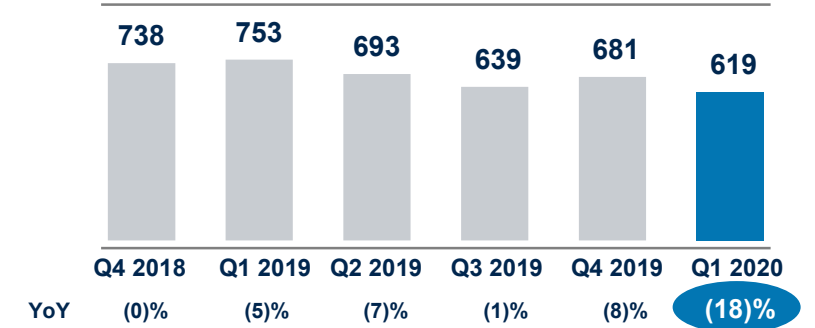


# Business Unit Results North America

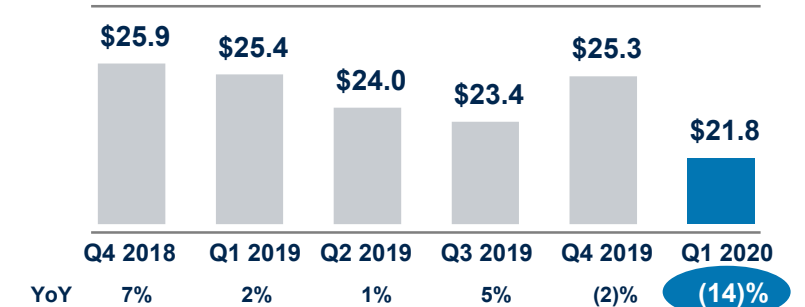
EBIT YoY Bridge (\$B)



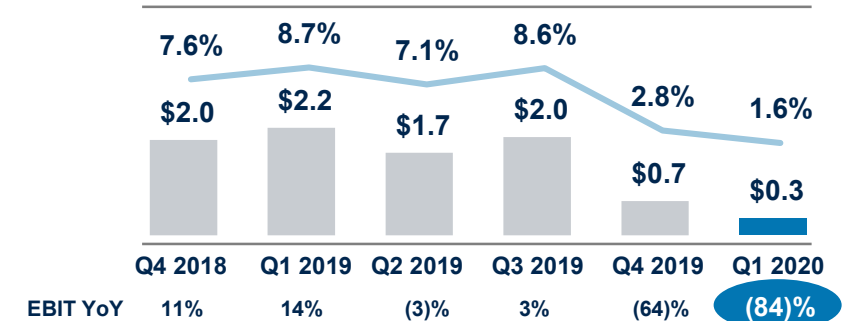
Wholesale Units (000)



Revenue (\$B)



EBIT (\$B) & EBIT Margin (%)



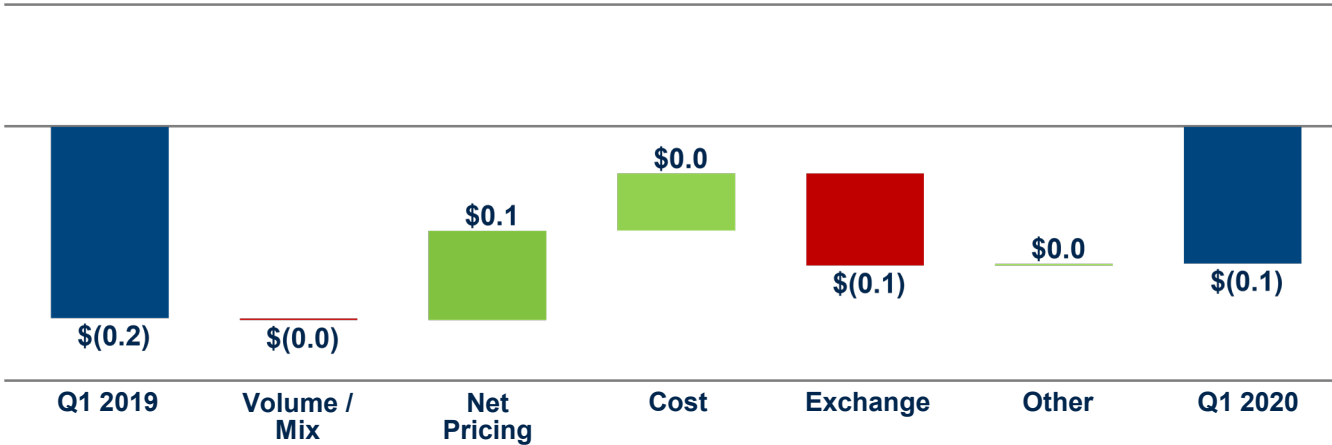
- Q1 wholesale units down 18%, reflecting primarily COVID-19 related disruption
- Revenue down 14%, driven by lower volume, offset partially by improved product and series / option mix
- EBIT down \$1.9B, driven by lower volume and net pricing, higher warranty cost and new-model material cost



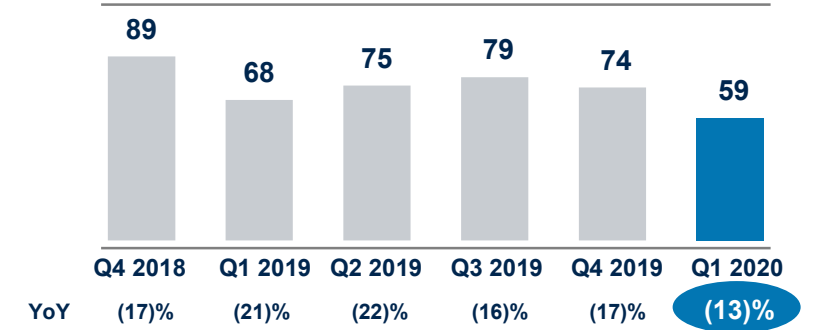
# Business Unit Results

## South America

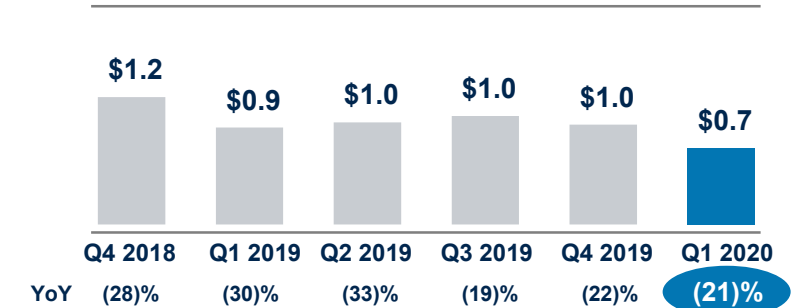
EBIT YoY Bridge (\$B)



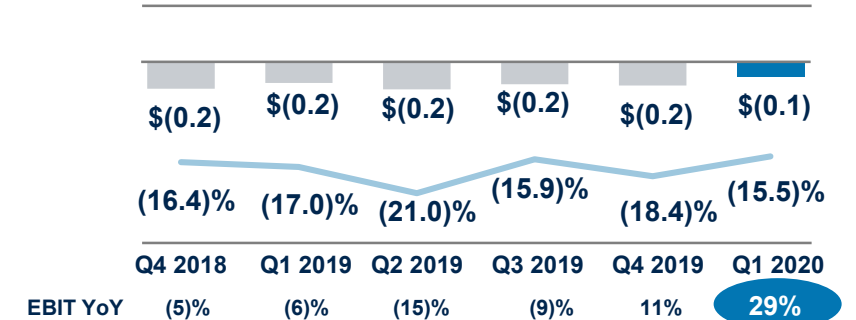
Wholesale Units (000)



Revenue (\$B)



EBIT (\$B) & EBIT Margin (%)



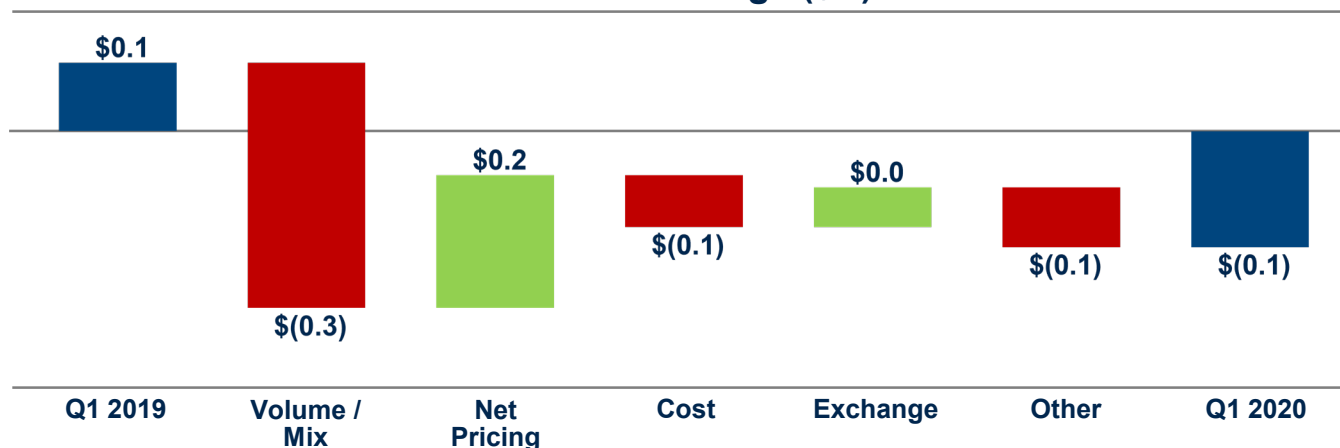
- Q1 wholesale units down 13%, reflecting primarily COVID-19 related disruption
- Revenue down 21%, driven by lower volume and weaker currencies, offset partially by higher net pricing
- EBIT loss improved 29%, reflecting progress on restructuring actions and cost reductions
- Adverse exchange reflects currency weakening of 12% in Brazil and 37% in Argentina



# Business Unit Results

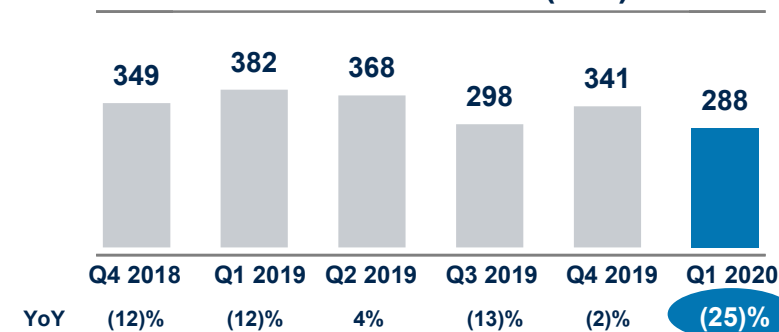
## Europe

### EBIT YoY Bridge (\$B)

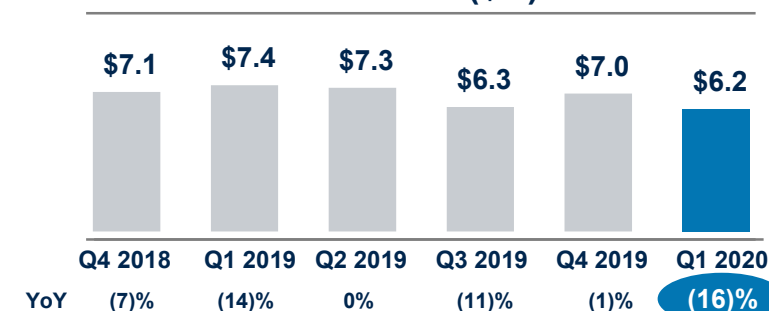


- Q1 wholesale units down 25%, driven by COVID-19 related disruption, Kuga launch and the discontinuation of low-margin products
- Revenue down 16%, driven by lower volume and weaker currencies
- EBIT down \$0.2B, more than explained by lower volume and higher material cost to support regulatory requirements (CO<sub>2</sub>), offset partially by higher net pricing and lower structural costs as a result of ongoing restructuring actions

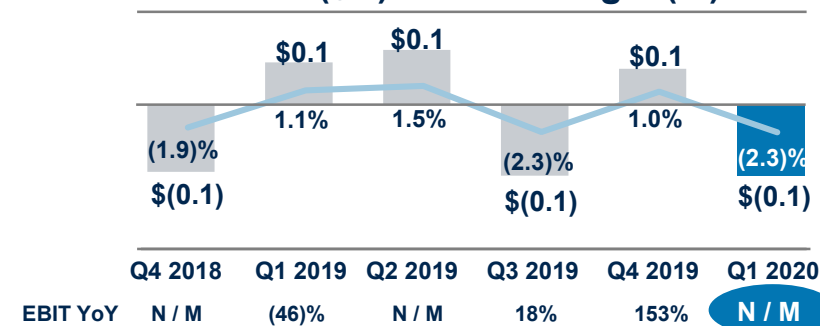
### Wholesale Units\* (000)



### Revenue (\$B)



### EBIT (\$B) & EBIT Margin (%)



EBIT YoY N / M (46%) N / M 18% 153% N / M

\* Includes Ford brand vehicles produced and sold by our unconsolidated affiliate in Turkey (about 6K units in Q1 2019 and 11K units in Q1 2020). Revenue does not include these sales

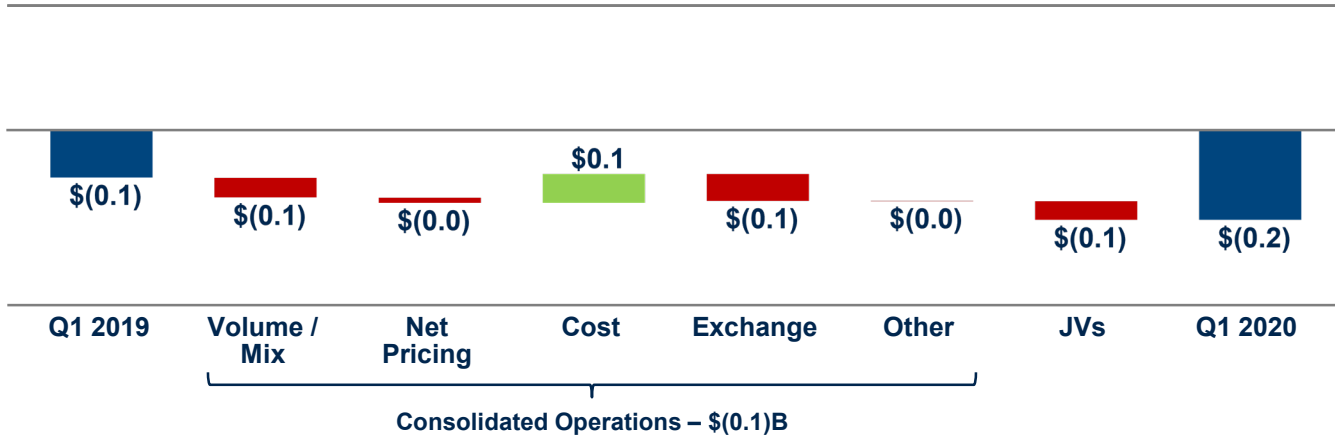




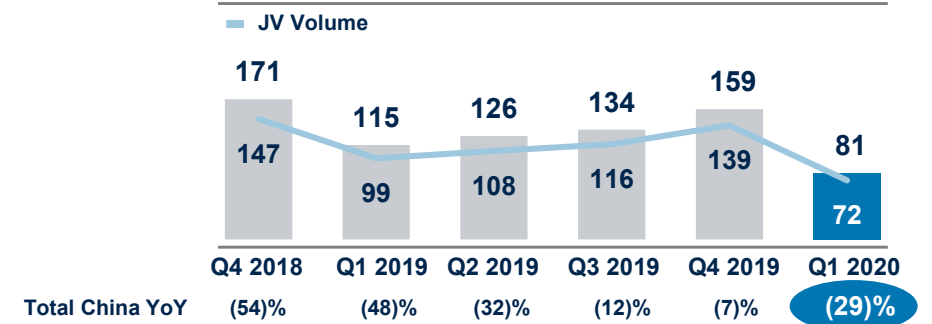
# Business Unit Results

## China

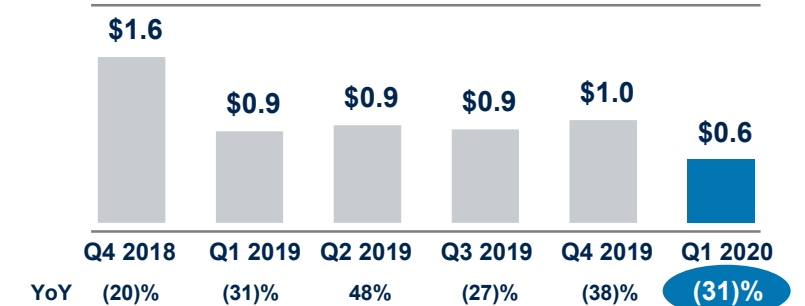
### EBIT YoY Bridge (\$B)



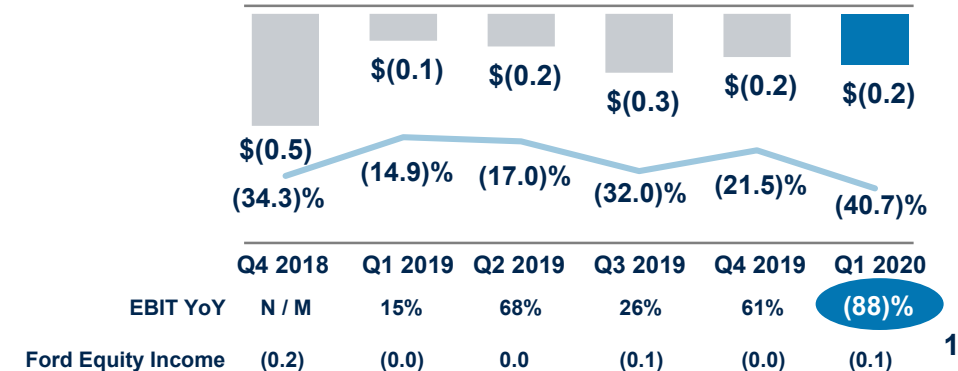
### Wholesale Units\* (000)



### Consolidated Revenue (\$B)



### EBIT (\$B) & EBIT Margin (%)



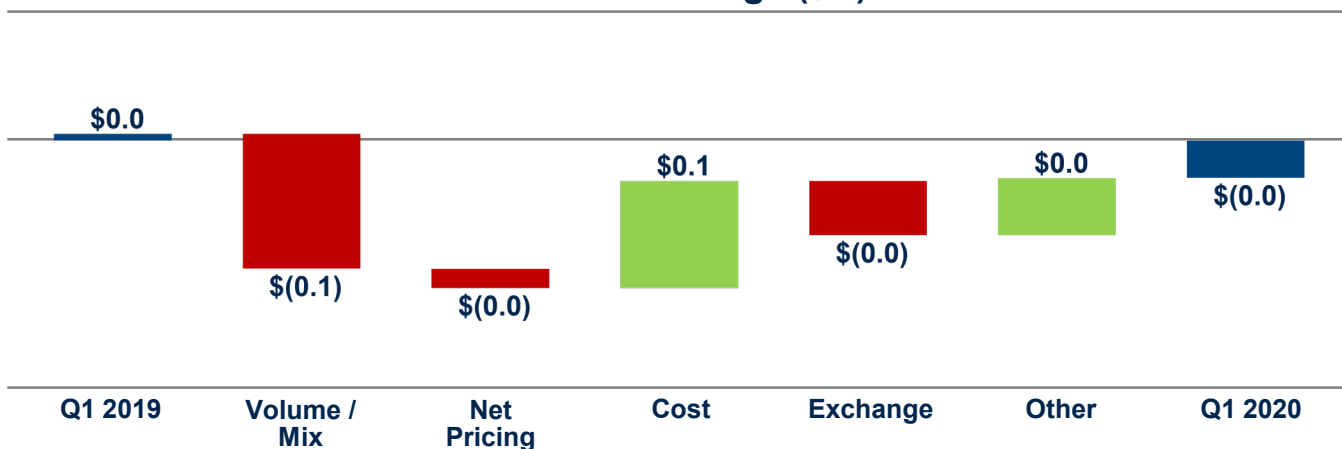
- Q1 wholesale units and revenue down ~30% driven by COVID-19 related disruption; wholesale unit rate of decline lower than the industry (down 37%)
- Market share at 2.2%, up 0.1 ppts, reflecting recent product launches and sales recovery slightly ahead of industry
- EBIT down \$0.1B, driven by lower wholesale units and adverse exchange, offset partially by structural cost improvements of \$0.1B

\* Wholesale units include Ford brand and Jiangling Motors Corporation (JMC) brand vehicles produced and sold in China by our unconsolidated affiliates. Revenue does not include these sales

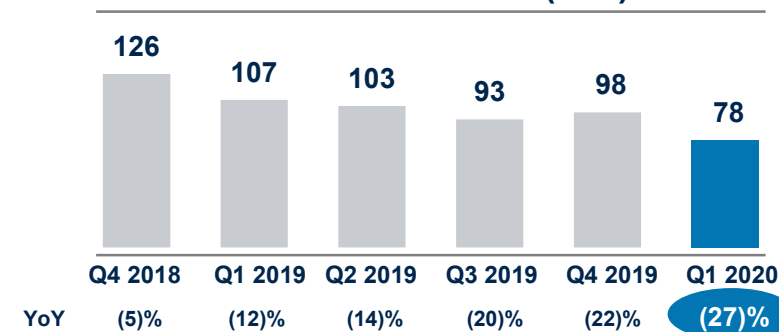
# Business Unit Results

## International Markets Group

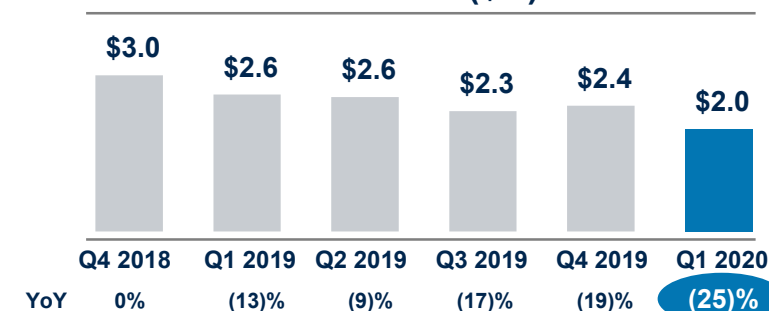
EBIT YoY Bridge (\$B)



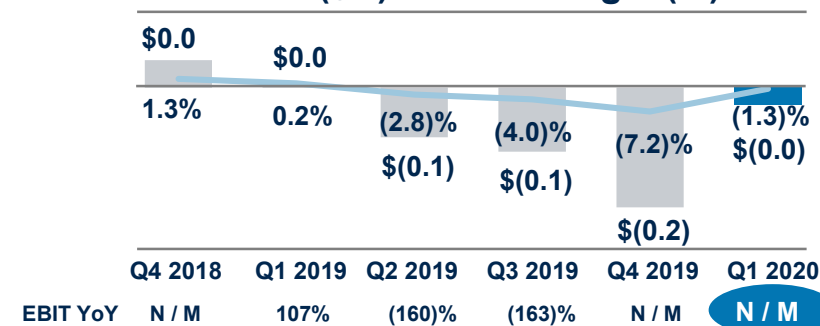
Wholesale Units\* (000)



Revenue (\$B)



EBIT (\$B) & EBIT Margin (%)

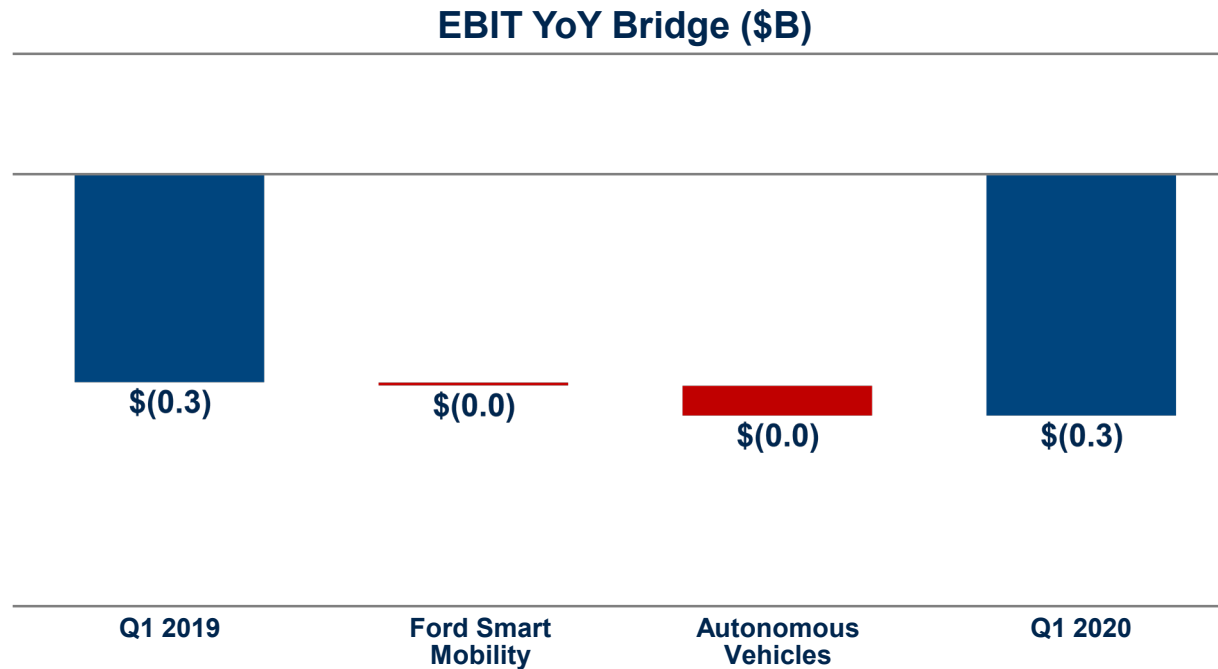


- Q1 wholesale units down 27%, reflecting primarily COVID-19 related disruption and the expected lower volume at our Russia joint venture
- Revenue down 25%, driven by lower volume
- EBIT down slightly, driven by lower volume and adverse exchange, offset partially by cost improvements

\* Includes Ford brand vehicles produced and sold by our unconsolidated affiliate in Russia (about 9K units in Q1 2019 and 3K units in Q1 2020). Revenue after Q2 2019 does not include these sales



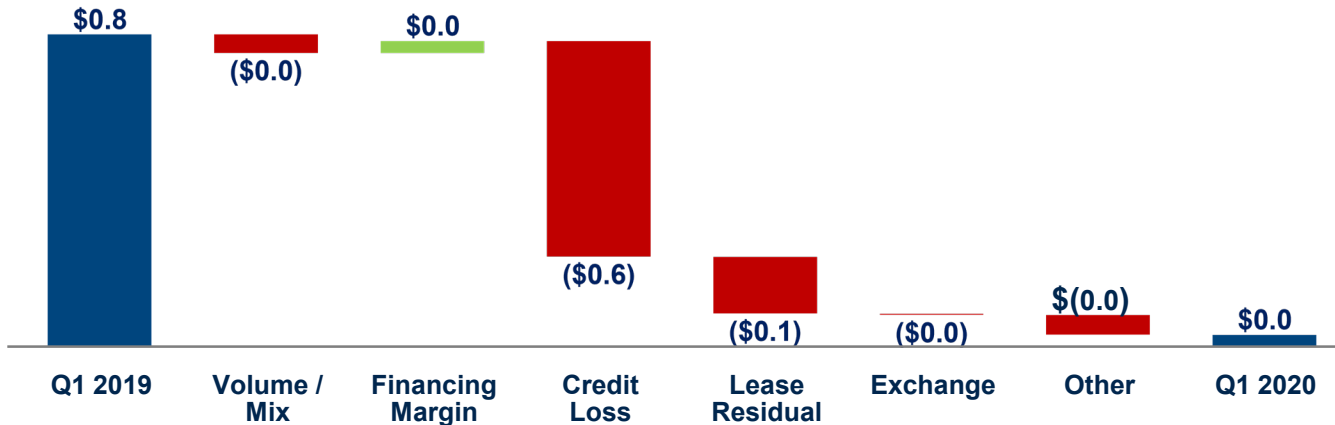
# Mobility



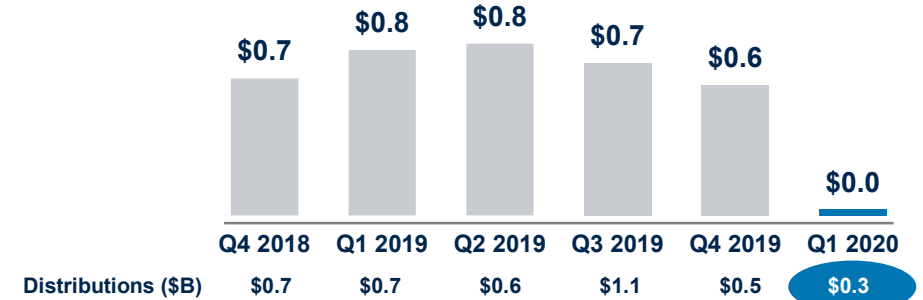
- COVID-19 is shifting consumer behavior; assessing the impact on moving people and goods services
- Start of AV commercial services moved to 2022
- Disciplined approach to investment
- Mid-year VW investment in Argo on track

# Ford Credit

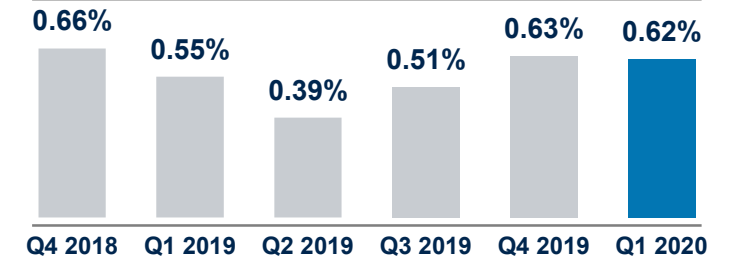
EBT YoY Bridge (\$B)



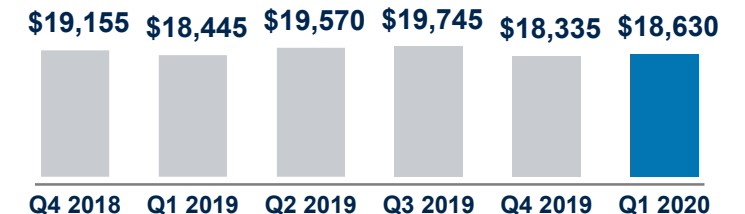
EBT (\$B)



U.S. Retail LTR Ratios\* (%)



Auction Values (Per Unit)\*\*



- Q1 2020 EBT of \$0.0B is down \$0.8B. Strong portfolio performance in Q1 offset by higher credit loss reserves, lower values of off-lease vehicles awaiting sale and anticipated lease defaults
- Q1 LTR remains low and auction values up 1%; we now expect full year 2020 auction values to be down more than the 5% that we forecasted in February
- Balance sheet and liquidity remain strong

\* LTR = Loss-to-Receiveables

\*\* U.S. 36-month off-lease auction values at Q1 2020 mix

# Company Cash Flow And Balance Sheet (\$B)

	FIRST QUARTER	
	2019	2020
Company Adj. EBIT excl. Ford Credit	\$ 1.6	\$ (0.7)
Capital spending	\$ (1.6)	\$ (1.8)
Depreciation and tooling amortization	1.4	1.4
Net spending	\$ (0.3)	\$ (0.4)
Receivables	\$ (0.1)	\$ 0.5
Inventory	(1.1)	(1.1)
Trade Payables	1.7	(0.5)
Changes in working capital	\$ 0.5	\$ (1.2)
Ford Credit distributions	0.7	0.3
All other and timing differences*	(0.6)	(0.2)
<b>Company Adjusted FCF</b>	<b>\$ 1.9</b>	<b>\$ (2.2)</b>
Global Redesign (incl. separations)	(0.1)	(0.2)
Changes in debt	0.0	15.1
Funded pension contributions	(0.3)	(0.2)
Shareholder distributions	(0.6)	(0.6)
All other (incl. acquisitions & divestitures)	0.2	0.1
Change in cash	\$ 1.1	\$ 12.0

	BALANCE SHEET	
	2019 Dec 31	2020 Mar 31
<u>Company Excluding Ford Credit</u>		
Company Cash Balance	\$ 22.3	\$ 34.3
Liquidity	35.4	35.1
Debt	(15.3)	(30.5)
Cash Net of Debt	7.0	3.8
<u>Pension Funded Status</u>		
Funded Plans	\$ (0.4)	\$ -
Unfunded Plans	(6.4)	(6.2)
Total Global Pension	\$ (6.8)	\$ (6.2)
Total Funded Status OPEB	\$ (6.1)	\$ (5.9)

- Sufficient liquidity through year end, even with no further production or financing actions



\* Includes timing differences between accrual-based EBIT and the associated cash flows, interest payments on Automotive and Other debt and cash taxes



# Company Special Items (\$B)

## Global Redesign

Europe excl. Russia

India

South America

Russia

China

Separations and Other (Not Included Above)

Subtotal Global Redesign

## Other Items

Focus Cancellation

Other, Incl. UAW Retirement Buyout and Chariot

Subtotal Other Items

## Pension and OPEB Gain / (Loss)

Pension and OPEB Remeasurement

Pension Curtailment

Subtotal Pension and OPEB Gain / (Loss)

Total EBIT Special Items

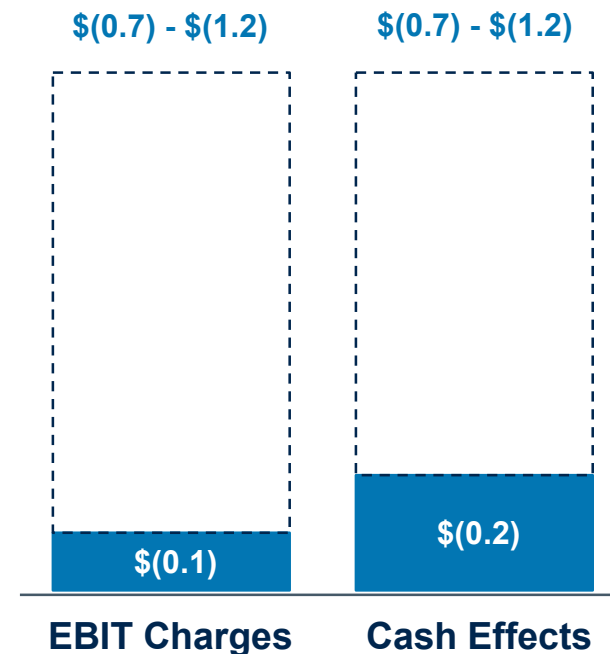
Cash Effects of Global Redesign (Incl. Separations)

## FIRST QUARTER

	2019	2020
Europe excl. Russia	\$ (0.1)	\$ (0.1)
India	-	(0.0)
South America	(0.2)	(0.0)
Russia	(0.2)	0.0
China	(0.0)	(0.0)
Separations and Other (Not Included Above)	(0.0)	(0.0)
Subtotal Global Redesign	\$ (0.5)	\$ (0.1)
Focus Cancellation	\$ (0.1)	\$ -
Other, Incl. UAW Retirement Buyout and Chariot	(0.0)	(0.2)
Subtotal Other Items	\$ (0.1)	\$ (0.2)
Pension and OPEB Remeasurement	\$ -	\$ 0.0
Pension Curtailment	-	(0.0)
Subtotal Pension and OPEB Gain / (Loss)	\$ -	\$ 0.0
Total EBIT Special Items	\$ (0.6)	\$ (0.3)
Cash Effects of Global Redesign (Incl. Separations)	\$ (0.1)	\$ (0.2)

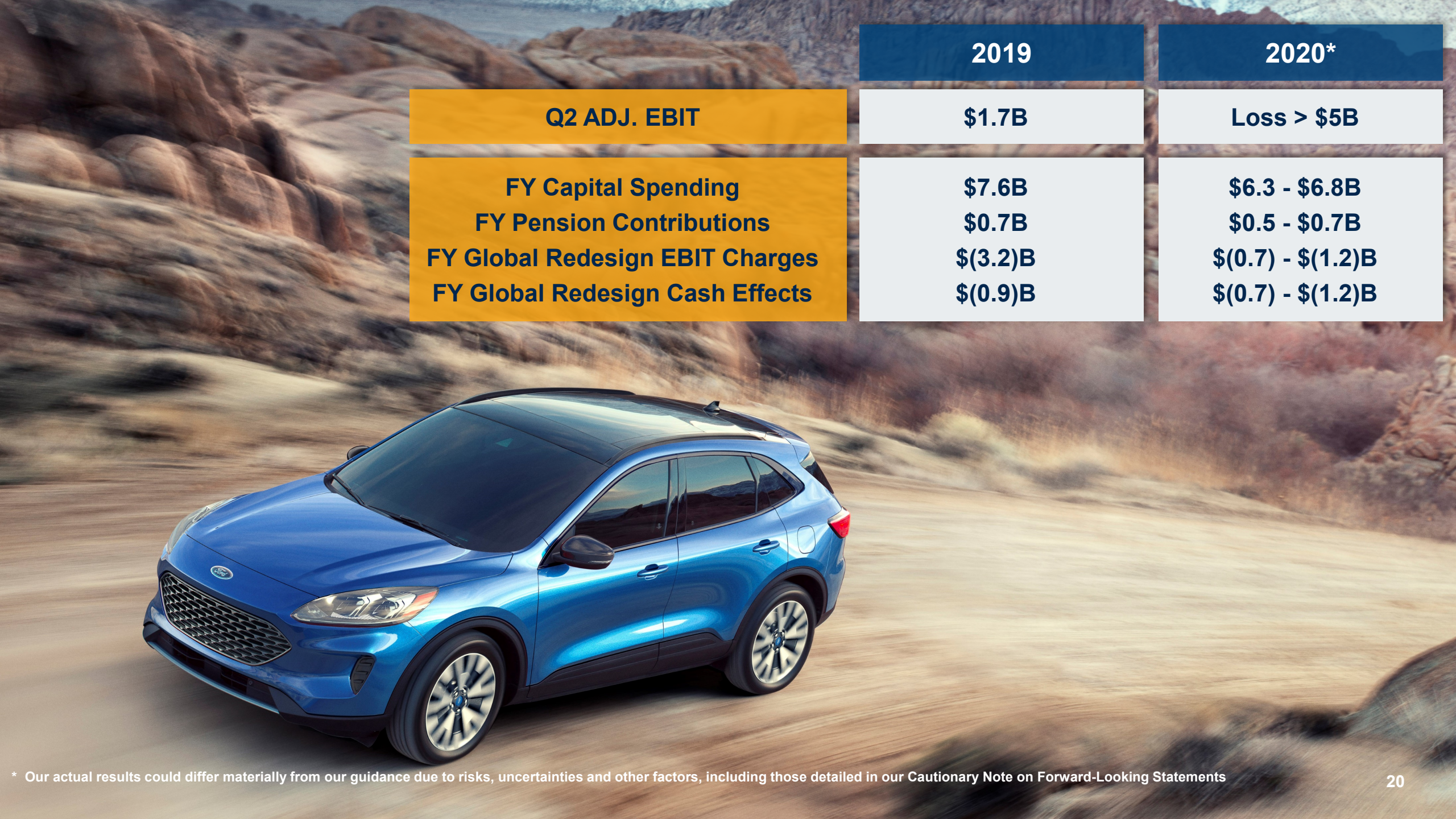
## 2020 GLOBAL REDESIGN\*

□ Potential 2020 Actions  
■ Recorded This Quarter



\* The potential total Global Redesign impact may be up to \$(11)B of EBIT charges and up to \$(7)B cash effects, including \$(3.7)B of EBIT and \$(1.1)B of cash in prior years





**Q2 ADJ. EBIT**

**FY Capital Spending**  
**FY Pension Contributions**  
**FY Global Redesign EBIT Charges**  
**FY Global Redesign Cash Effects**

**2019**

**\$1.7B**

**\$7.6B**

**\$0.7B**

**\$(3.2)B**

**\$(0.9)B**

**2020\***

**Loss > \$5B**

**\$6.3 - \$6.8B**

**\$0.5 - \$0.7B**

**\$(0.7) - \$(1.2)B**

**\$(0.7) - \$(1.2)B**

\* Our actual results could differ materially from our guidance due to risks, uncertainties and other factors, including those detailed in our Cautionary Note on Forward-Looking Statements



# Summary

- **We remain committed to a strong balance sheet – optimizing liquidity during this time of unprecedented uncertainty**
- **Recent actions provide flexibility to weather the present disruption caused by COVID-19, AND the confidence to continue to invest in growth opportunities**
- **Strong bias for action to improve our customer experience, operational execution and drive our financial performance, including FCF generation over time**
- **We are optimistic that we will be better positioned than ever on the other side of this pandemic to achieve our long-term potential**



**Q & A**

# Cautionary Note On Forward-Looking Statements

Statements included or incorporated by reference herein may constitute “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements are based on expectations, forecasts, and assumptions by our management and involve a number of risks, uncertainties, and other factors that could cause actual results to differ materially from those stated, including, without limitation:

- Ford and Ford Credit’s financial condition and results of operations have been and may continue to be adversely affected by public health issues, including epidemics or pandemics such as COVID-19;
- Ford’s long-term competitiveness depends on the successful execution of global redesign and fitness actions;
- Ford’s vehicles could be affected by defects that result in delays in new model launches, recall campaigns, or increased warranty costs;
- Ford may not realize the anticipated benefits of existing or pending strategic alliances, joint ventures, acquisitions, divestitures, or new business strategies;
- Operational systems, security systems, and vehicles could be affected by cyber incidents;
- Ford’s production, as well as Ford’s suppliers’ production, could be disrupted by labor issues, natural or man-made disasters, financial distress, production difficulties, or other factors;
- Ford’s ability to maintain a competitive cost structure could be affected by labor or other constraints;
- Ford’s ability to attract and retain talented, diverse, and highly skilled employees is critical to its success and competitiveness;
- Ford’s new and existing products and mobility services are subject to market acceptance;
- Ford’s results are dependent on sales of larger, more profitable vehicles, particularly in the United States;
- With a global footprint, Ford’s results could be adversely affected by economic, geopolitical, protectionist trade policies, or other events, including tariffs and Brexit;
- Industry sales volume in any of our key markets can be volatile and could decline if there is a financial crisis, recession, or significant geopolitical event;
- Ford may face increased price competition or a reduction in demand for its products resulting from industry excess capacity, currency fluctuations, competitive actions, or other factors;
- Fluctuations in commodity prices, foreign currency exchange rates, interest rates, and market value of our investments can have a significant effect on results;
- Ford and Ford Credit’s access to debt, securitization, or derivative markets around the world at competitive rates or in sufficient amounts could be affected by credit rating downgrades, market volatility, market disruption, regulatory requirements, or other factors;
- Ford’s receipt of government incentives could be subject to reduction, termination, or clawback;
- Ford Credit could experience higher-than-expected credit losses, lower-than-anticipated residual values, or higher-than-expected return volumes for leased vehicles;
- Economic and demographic experience for pension and other postretirement benefit plans (e.g., discount rates or investment returns) could be worse than Ford has assumed;
- Pension and other postretirement liabilities could adversely affect Ford’s liquidity and financial condition;
- Ford could experience unusual or significant litigation, governmental investigations, or adverse publicity arising out of alleged defects in products, perceived environmental impacts, or otherwise;
- Ford may need to substantially modify its product plans to comply with safety, emissions, fuel economy, autonomous vehicle, and other regulations that may change in the future;
- Ford and Ford Credit could be affected by the continued development of more stringent privacy, data use, and data protection laws and regulations as well as consumer expectations for the safeguarding of personal information; and
- Ford Credit could be subject to new or increased credit regulations, consumer protection regulations, or other regulations.

We cannot be certain that any expectation, forecast, or assumption made in preparing forward-looking statements will prove accurate, or that any projection will be realized. It is to be expected that there may be differences between projected and actual results. Our forward-looking statements speak only as of the date of their initial issuance, and we do not undertake any obligation to update or revise publicly any forward-looking statement, whether as a result of new information, future events, or otherwise. For additional discussion, see “Item 1A. Risk Factors” in our Annual Report on Form 10-K for the year ended December 31, 2019, as updated by subsequent Quarterly Reports on Form 10-Q and Current Reports on Form 8-K.







## Appendix

# Dynamics Of Estimated COVID-19 EBIT Impact

## **INCLUDED**

- Lost variable profit on lower wholesales
- Higher credit loss reserves
- Pricing and incentives
- Lower assessment of used vehicle prices
- Lost profit on parts and accessories
- Premium freight
- Employee health and safety costs

## **EXCLUDED**

- Changes in economic factors
- Other mitigating actions

# Automotive Key Metrics

## WHOLESALE UNITS (000)

	Q4 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020
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## MARKET SHARE (%)

	Q4 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020
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North America	738	753	693	639	681	619	12.8 %	13.6 %	13.8 %	12.6 %	12.8 %	13.6 %
South America	89	68	75	79	74	59	7.6	7.7	7.4	7.1	6.9	6.9
Europe	349	382	368	298	341	288	7.8	7.6	7.0	7.3	7.4	6.9
China	171	115	126	134	159	81	2.3	2.1	2.3	2.3	2.0	2.2
International Markets Group	126	107	103	93	98	78	2.2	1.9	2.1	1.8	1.9	1.5
<b>Total Automotive</b>	<b>1,474</b>	<b>1,425</b>	<b>1,364</b>	<b>1,244</b>	<b>1,354</b>	<b>1,126</b>	<b>5.9 %</b>	<b>6.0 %</b>	<b>6.2 %</b>	<b>6.0 %</b>	<b>5.7 %</b>	<b>6.0%</b>

## REVENUE (\$B)

	Q4 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020
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## REVENUE CHANGE (%)

	Q4 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020
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North America	\$ 25.9	\$ 25.4	\$ 24.0	\$ 23.4	\$ 25.3	\$ 21.8	7 %	2 %	1 %	5 %	(2) %	(14) %
South America	1.2	0.9	1.0	1.0	1.0	0.7	(28)	(30)	(33)	(19)	(22)	(21)
Europe	7.1	7.4	7.3	6.3	7.0	6.2	(7)	(14)	0	(11)	(1)	(16)
China	1.6	0.9	0.9	0.9	1.0	0.6	(20)	(31)	48	(27)	(38)	(31)
International Markets Group	3.0	2.6	2.6	2.3	2.4	2.0	0	(13)	(9)	(17)	(19)	(25)
<b>Total Automotive</b>	<b>\$ 38.7</b>	<b>\$ 37.2</b>	<b>\$ 35.8</b>	<b>\$ 33.9</b>	<b>\$ 36.7</b>	<b>\$ 31.3</b>	<b>1 %</b>	<b>(5) %</b>	<b>(0) %</b>	<b>(2) %</b>	<b>(5) %</b>	<b>(16)%</b>



# Automotive Key Metrics

	EBIT (\$B)						EBIT CHANGE (%)					
	Q4 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Q4 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020
North America	\$ 2.0	\$ 2.2	\$ 1.7	\$ 2.0	\$ 0.7	\$ 0.3	11 %	14 %	(3) %	3 %	(64) %	(84) %
South America	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)	(0.1)	(5)	(6)	(15)	(9)	11	29
Europe	(0.1)	0.1	0.1	(0.1)	0.1	(0.1)	N / M	(46)	N / M	18	153	N / M
China	(0.5)	(0.1)	(0.2)	(0.3)	(0.2)	(0.2)	N / M	15	68	26	61	(88)
International Markets Group	0.0	0.0	(0.1)	(0.1)	(0.2)	(0.0)	N / M	107	(160)	(163)	N / M	N / M
<b>Total Automotive</b>	<b>\$ 1.1</b>	<b>\$ 2.0</b>	<b>\$ 1.4</b>	<b>\$ 1.3</b>	<b>\$ 0.2</b>	<b>\$ (0.2)</b>	<b>(31) %</b>	<b>16 %</b>	<b>19 %</b>	<b>(5) %</b>	<b>(81) %</b>	<b>(109) %</b>

	EBIT MARGIN (%)						EBIT MARGIN CHANGE (ppts)					
	Q4 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Q4 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020
North America	7.6 %	8.7 %	7.1 %	8.6 %	2.8 %	1.6 %	0.2 ppts	0.9 ppts	(0.3) ppts	(0.2) ppts	(4.8) ppts	(7.1) ppts
South America	(16.4)	(17.0)	(21.0)	(15.9)	(18.4)	(15.5)	(5.2)	(5.8)	(8.7)	(4.1)	(2.1)	1.6
Europe	(1.9)	1.1	1.5	(2.3)	1.0	(2.3)	(3.2)	(0.7)	2.3	(0.4)	2.9	(3.4)
China	(34.3)	(14.9)	(17.0)	(32.0)	(21.5)	(40.7)	(33.3)	(2.8)	61.0	(0.6)	12.9	(25.7)
International Markets Group	1.3	0.2	(2.8)	(4.0)	(7.2)	(1.3)	2.2	2.2	(7.1)	(5.4)	(8.6)	(1.5)
<b>Total Automotive</b>	<b>2.9 %</b>	<b>5.4 %</b>	<b>3.8 %</b>	<b>3.9 %</b>	<b>0.6 %</b>	<b>(0.6) %</b>	<b>(1.4) ppts</b>	<b>1.0 ppts</b>	<b>0.6 ppts</b>	<b>(0.1) ppts</b>	<b>(2.3) ppts</b>	<b>(6.0) ppts</b>



# Automotive Key Metrics

	WHOLESALE UNITS (000)			MARKET SHARE (%)		
	Q1 2019	Q1 2020	2020 B / (W) 2019	Q1 2019	Q1 2020	2020 B / (W) 2019
North America	753	619	(134)	13.6 %	13.6 %	0.0 ppts
South America	68	59	(9)	7.7	6.9	(0.8)
Europe	382	288	(94)	7.6	6.9	(0.7)
China	115	81	(34)	2.1	2.2	0.1
International Markets Group	107	78	(29)	1.9	1.5	(0.4)
<b>Total Automotive</b>	<b>1,425</b>	<b>1,126</b>	<b>(299)</b>	<b>6.0 %</b>	<b>6.0 %</b>	<b>0.0 ppts</b>

	REVENUE (\$B)			EBIT MARGIN (%)		
	Q1 2019	Q1 2020	2020 B / (W) 2019	Q1 2019	Q1 2020	2020 B / (W) 2019
North America	\$ 25.4	\$ 21.8	\$ (3.6)	8.7 %	1.6 %	(7.1) ppts
South America	0.9	0.7	(0.2)	(17.0)	(15.5)	1.6
Europe	7.4	6.2	(1.2)	1.1	(2.3)	(3.4)
China	0.9	0.6	(0.3)	(14.9)	(40.7)	(25.7)
International Markets Group	2.6	2.0	(0.7)	0.2	(1.3)	(1.5)
<b>Total Automotive</b>	<b>\$ 37.2</b>	<b>\$ 31.3</b>	<b>\$ (5.9)</b>	<b>5.4 %</b>	<b>(0.6) %</b>	<b>(6.0) ppts</b>





# Company

## Q1 Results (\$M)

	2019	2020	2020 B / (W) 2019
North America	\$ 2,205	\$ 346	\$ (1,859)
South America	(158)	(113)	45
Europe	85	(143)	(228)
China	(128)	(241)	(113)
International Markets Group	5	(26)	(30)
Automotive	\$ 2,009	\$ (177)	\$ (2,185)
Mobility	(288)	(334)	(46)
Ford Credit	801	30	(771)
Corporate Other	(75)	(151)	(76)
Adjusted EBIT	\$ 2,447	\$ (632)	\$ (3,078)
Interest on Debt	(245)	(227)	17
Special Items (excl. tax)	(592)	(287)	304
Taxes	(427)	(847)	(420)
Less: Non-Controlling Interests	37	-	(37)
Net Income Attributable to Ford	\$ 1,146	\$ (1,993)	\$ (3,139)
Company Adjusted Free Cash Flow (\$B)	\$ 1.9	\$ (2.2)	\$ (4.1)
Adjusted Free Cash Flow Conversion Revenue (\$B)	23.8 %	(41.0) %	(6,505) bps
	\$ 40.3	\$ 34.3	\$ (6.0)
Company Adjusted EBIT Margin (%)	6.1 %	(1.8) %	(791) bps
Net Income Margin (%)	2.8	(5.8)	(8.6)
Adjusted ROIC (Trailing Four Quarters)	8.0	2.5	(5.5) ppts
Adjusted EPS	\$ 0.44	\$ (0.23)	\$ (0.67)
EPS (GAAP)	0.29	(0.50)	(0.79)



# Company Quarterly Results (\$M)

	2018	2019				2020	
	Full Year	Q1	Q2	Q3	Q4	Full Year	Q1
North America	\$ 7,607	\$ 2,205	\$ 1,696	\$ 2,012	\$ 700	\$ 6,612	\$ 346
South America	(678)	(158)	(205)	(165)	(176)	(704)	(113)
Europe (excl. Russia)	(211)	85	110	(144)	72	123	(143)
China	(1,545)	(128)	(155)	(281)	(207)	(771)	(241)
International Markets Group*	248	5	(72)	(93)	(174)	(334)	(26)
Automotive	\$ 5,422	\$ 2,009	\$ 1,373	\$ 1,329	\$ 215	\$ 4,926	\$ (177)
Mobility	(674)	(288)	(264)	(290)	(344)	(1,186)	(334)
Ford Credit	2,627	801	831	736	630	2,998	30
Corporate Other	(373)	(75)	(286)	18	(16)	(359)	(151)
<b>Adjusted EBIT</b>	<b>\$ 7,002</b>	<b>\$ 2,447</b>	<b>\$ 1,654</b>	<b>\$ 1,793</b>	<b>\$ 485</b>	<b>\$ 6,379</b>	<b>\$ (632)</b>
Interest on Debt	(1,228)	(245)	(244)	(276)	(255)	(1,020)	(227)
Special Items (excl. tax)	(1,429)	(592)	(1,205)	(1,536)	(2,666)	(5,999)	(287)
Taxes	(650)	(427)	(55)	442	764	724	(847)
Less: Non-Controlling Interests	18	37	2	(2)	-	37	-
<b>Net Income Attributable to Ford</b>	<b>\$ 3,677</b>	<b>\$ 1,146</b>	<b>\$ 148</b>	<b>\$ 425</b>	<b>\$ (1,672)</b>	<b>\$ 47</b>	<b>\$ (1,993)</b>
Company Adjusted Free Cash Flow (\$B)	\$ 2.8	\$ 1.9	\$ 0.2	\$ 0.2	\$ 0.5	\$ 2.8	\$ (2.2)
Adjusted Free Cash Flow Conversion Revenue (\$B)	40 %	24 %	51 %	52 %	44 %	44 %	(41) %
Revenue (\$B)	\$ 160.3	\$ 40.3	\$ 38.9	\$ 37.0	\$ 39.7	\$ 155.9	\$ 34.3
Company Adjusted EBIT Margin (%)	4.4 %	6.1 %	4.3 %	4.8 %	1.2 %	4.1 %	(1.8) %
Net Income Margin (%)	2.3	2.8	0.4	1.1	(4.2)	0.0	(5.8)
Adjusted ROIC (Trailing Four Quarters)	7.1	8.0	8.2	9.0	7.8	7.8	2.5
Adjusted EPS	\$ 1.30	\$ 0.44	\$ 0.28	\$ 0.34	\$ 0.12	\$ 1.19	\$ (0.23)
EPS (GAAP)	0.92	0.29	0.04	0.06	(0.42)	(0.03)	(0.50)

\* Contains Asia Pacific Ops, Middle East & Africa, and Russia

# Net Income Reconciliation To Adjusted EBIT (\$M)

	Q1	
	2019	2020
Net income / (Loss) attributable to Ford (GAAP)	\$ 1,146	\$ (1,993)
Income / (Loss) attributable to non-controlling interests	37	-
Net income / (Loss)	\$ 1,183	\$ (1,993)
Less: (Provision for) / Benefit from income taxes	(427)	(847)
Income / (Loss) before income taxes	\$ 1,610	\$ (1,146)
Less: Special items pre-tax	(592)	(287)
Income / (Loss) before special items pre-tax	\$ 2,202	\$ (859)
Less: Interest on debt	(245)	(227)
Adjusted EBIT (Non-GAAP)	\$ 2,447	\$ (632)
Memo:		
Revenue (\$B)	\$ 40.3	\$ 34.3
Net income margin (GAAP) (%)	2.8 %	(5.8) %
Adjusted EBIT Margin (%)	6.1 %	(1.8) %

## Company

# Net Cash Provided By / (Used In) Operating Activities Reconciliation To Company Adjusted FCF (\$M)

	Q3 2018	Q4 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020
Net cash provided by / (used in) operating activities (GAAP)	\$ 5,179	\$ 1,357	\$ 3,544	\$6,463	\$4,732	\$2,900	\$ (473)
<b>Less: <u>Items Not Included in Company Adjusted Free Cash Flows</u></b>							
Ford Credit operating cash flows	3,811	(1,232)	1,118	5,267	4,523	623	133
Funded pension contributions	(123)	(153)	(294)	(106)	(211)	(119)	(175)
Global Redesign (including separations)	(45)	(117)	(136)	(222)	(334)	(219)	(172)
Ford Credit tax payments / (refunds) under tax sharing agreement	-	-	98	-	-	293	475
Other, net	163	(21)	(120)	175	(124)	68	(15)
<b>Add: <u>Items Included in Company Adjusted Free Cash Flows</u></b>							
Automotive and Mobility capital spending	(1,968)	(2,102)	(1,620)	(1,911)	(1,787)	(2,262)	(1,770)
Ford Credit distributions	600	660	675	650	1,100	475	275
Settlement of derivatives	109	70	(26)	86	16	31	(28)
Company Adjusted Free Cash Flow (Non-GAAP)	\$ 115	\$ 1,507	\$ 1,907	\$ 174	\$ 207	\$ 498	\$ (2,242)
<b><u>Cash Conversion Calculation</u></b>							
Company Adj. Free Cash Flow (Non-GAAP) (sum of Trailing Four Qtrs)	\$ 3,519	\$ 2,781	\$ 1,725	\$ 3,703	\$ 3,795	\$ 2,785	\$ (1,363)
Adj. EBIT (Non-GAAP) (sum of Trailing Four Qtrs)	\$ 7,573	\$ 7,002	\$ 7,263	\$ 7,226	\$ 7,351	\$ 6,379	\$ 3,300
Adj. free cash flow conversion (Non-GAAP) (Trailing Four Qtrs)*	46%	40%	24%	51%	52%	44%	(41)%
Net cash provided by / (used in) operating activities divided by Net income attributable to Ford (Trailing Four Qtrs)	266%	409%	488%	763%	1,004%	37,530%	(441)%



\* Most comparable GAAP Measure: Net Cash Provided By / (Used In) Operating Activities divided by Net Income Attributable to Ford

# Earnings Per Share Reconciliation To Adjusted Earnings Per Share

	Q1	
	2019	2020
<b><u>Diluted After-Tax Results (\$M)</u></b>		
Diluted after-tax results (GAAP)	\$ 1,146	\$ (1,993)
Less: Impact of pre-tax and tax special items	(585)	(1,074)
Less: Non-controlling interests impact of Russia restructuring	(35)	-
Adjusted net income – diluted (Non-GAAP)	<u>\$ 1,766</u>	<u>\$ (919)</u>
<b><u>Basic and Diluted Shares (M)</u></b>		
Basic shares (average shares outstanding)	3,973	3,963
Net dilutive options, unvested restricted stock units and restricted stock	24	-
Diluted shares	<u>3,997</u>	<u>3,963</u>
Earnings per share – diluted (GAAP)	\$ 0.29	\$ (0.50)
Less: Net impact of adjustments	(0.15)	(0.27)
Adjusted earnings per share – diluted (Non-GAAP)	<u>\$ 0.44</u>	<u>\$ (0.23)</u>

# Effective Tax Rate Reconciliation To Adjusted Effective Tax Rate

	2020	Memo:
	Q1	FY 2019
<b><u>Pre-Tax Results (\$M)</u></b>		
Income / (Loss) before income taxes (GAAP)	\$ (1,146)	\$ (640)
Less: Impact of special items	(287)	(5,999)
Adjusted earnings before taxes (Non-GAAP)	<u>\$ (859)</u>	<u>\$ 5,359</u>
<b><u>Taxes (\$M)</u></b>		
(Provision for) / Benefit from income taxes (GAAP)	\$ (847)	\$ 724
Less: Impact of special items	(787) *	1,323
Adjusted (provision for) / benefit from income taxes (Non-GAAP)	<u>\$ (60)</u>	<u>\$ (599)</u>
<b><u>Tax Rate (%)</u></b>		
Effective tax rate (GAAP)	(73.9) %	113.1 %
Adjusted effective tax rate (Non-GAAP)	(7.0) %	11.2 %



\* Includes \$(855)M for impact of valuation allowance

# Company

## Adjusted ROIC (\$B)

	Four Quarters Ending Q1 2019	Four Quarters Ending Q1 2020
<b><u>Adjusted Net Operating Profit After Cash Tax</u></b>		
Net income attributable to Ford	\$ 3.1	\$ (3.1)
Add: Non-controlling interest	0.0	-
Less: Income tax	(0.9)	0.3
Add: Cash tax	(0.7)	(0.6)
Less: Interest on debt	(1.2)	(1.0)
Less: Total pension / OPEB income / (cost)	(0.6)	(2.5)
Add: Pension / OPEB service costs	(1.1)	(1.0)
Net operating profit after cash tax	\$ 3.9	\$ (1.6)
Less: Special items (excl. pension / OPEB) pre-tax	(1.2)	(3.2)
Adj. net operating profit after cash tax	\$ 5.1	\$ 1.6
<b><u>Invested Capital</u></b>		
Equity	\$ 36.4	\$ 29.7
Redeemable non-controlling interest	0.1	-
Debt (excl. Ford Credit)	14.2	30.5
Net pension and OPEB liability	11.1	12.2
Invested capital (end of period)	\$ 61.9	\$ 72.4
Average invested capital	\$ 63.4	\$ 63.7
ROIC*	6.2 %	(2.5) %
Adjusted ROIC (Non-GAAP)**	8.0 %	2.5 %

\* Calculated as the sum of net operating profit after cash tax from the last four quarters, divided by the average invested capital over the last four quarters

\*\* Calculated as the sum of adjusted net operating profit after cash tax from the last four quarters, divided by the average invested capital over the last four quarters



# Non-GAAP Financial Measures That Supplement GAAP Measures

- We use both GAAP and non-GAAP financial measures for operational and financial decision making, and to assess Company and segment business performance. The non-GAAP measures listed below are intended to be considered by users as supplemental information to their equivalent GAAP measures, to aid investors in better understanding our financial results. We believe that these non-GAAP measures provide useful perspective on underlying business results and trends, and a means to assess our period-over-period results. These non-GAAP measures should not be considered as a substitute for, or superior to, measures of financial performance prepared in accordance with GAAP. These non-GAAP measures may not be the same as similarly titled measures used by other companies due to possible differences in method and in items or events being adjusted.
- **Company Adjusted EBIT (Most Comparable GAAP Measure: Net income attributable to Ford) – Earnings Before Interest and Taxes (EBIT)** excludes interest on debt (excl. Ford Credit Debt), taxes and pre-tax special items. This non-GAAP measure is useful to management and investors because it allows users to evaluate our operating results aligned with industry reporting. Pre-tax special items consist of (i) pension and OPEB rereasurement gains and losses, (ii) significant personnel expenses, dealer-related costs, and facility-related charges stemming from our efforts to match production capacity and cost structure to market demand and changing model mix, and (iii) other items that we do not necessarily consider to be indicative of earnings from ongoing operating activities. When we provide guidance for adjusted EBIT, we do not provide guidance on a net income basis because the GAAP measure will include potentially significant special items that have not yet occurred and are difficult to predict with reasonable certainty prior to year-end, including pension and OPEB rereasurement gains and losses.
- **Company Adjusted EBIT Margin (Most Comparable GAAP Measure: Company Net Income Margin) – Company Adjusted EBIT Margin** is Company Adjusted EBIT divided by Company revenue. This non-GAAP measure is useful to management and investors because it allows users to evaluate our operating results aligned with industry reporting.
- **Adjusted Earnings Per Share (Most Comparable GAAP Measure: Earnings Per Share) – Measure of Company’s diluted net earnings per share** adjusted for impact of pre-tax special items (described above), tax special items and restructuring impacts in noncontrolling interests. The measure provides investors with useful information to evaluate performance of our business excluding items not indicative of the underlying run rate of our business. When we provide guidance for adjusted earnings per share, we do not provide guidance on an earnings per share basis because the GAAP measure will include potentially significant special items that have not yet occurred and are difficult to predict with reasonable certainty prior to year-end, including pension and OPEB rereasurement gains and losses.
- **Adjusted Effective Tax Rate (Most Comparable GAAP Measure: Effective Tax Rate) – Measure of Company’s tax rate** excluding pre-tax special items (described above) and tax special items. The measure provides an ongoing effective rate which investors find useful for historical comparisons and for forecasting. When we provide guidance for adjusted effective tax rate, we do not provide guidance on an effective tax rate basis because the GAAP measure will include potentially significant special items that have not yet occurred and are difficult to predict with reasonable certainty prior to year-end, including pension and OPEB rereasurement gains and losses.



# Non-GAAP Financial Measures That Supplement GAAP Measures

- **Company Adjusted Free Cash Flow (FCF) (Most Comparable GAAP Measure: Net Cash Provided By / (Used In) Operating Activities)** – Measure of Company’s operating cash flow excluding Ford Credit’s operating cash flows. The measure contains elements management considers operating activities, including Automotive and Mobility capital spending, Ford Credit distributions to its parent, and settlement of derivatives. The measure excludes cash outflows for funded pension contributions, global redesign (including separations), and other items that are considered operating cash flows under GAAP. This measure is useful to management and investors because it is consistent with management’s assessment of the Company’s operating cash flow performance. When we provide guidance for Company Adjusted FCF, we do not provide guidance for net cash provided by / (used in) operating activities because the GAAP measure will include items that are difficult to quantify or predict with reasonable certainty, including cash flows related to the Company’s exposures to foreign currency exchange rates and certain commodity prices (separate from any related hedges), Ford Credit’s operating cash flows, and cash flows related to special items, including separation payments, each of which individually or in the aggregate could have a significant impact to our net cash provided by / (used in) our operating activities.
- **Adjusted Free Cash Flow Conversion (Most Comparable GAAP Measure: Net Cash Provided By / (Used In) Operating Activities divided by Net Income Attributable to Ford)** – Company Adjusted Free Cash Flow Conversion is Company Adjusted FCF divided by Company Adjusted EBIT. This non-GAAP measure is useful to management and investors because it allows users to evaluate how much of Ford’s Adjusted EBIT is converted into cash flow.
- **Adjusted ROIC** – Calculated as the sum of adjusted net operating profit after-cash tax from the last four quarters, divided by the average invested capital over the last four quarters. This calculation provides management and investors with useful information to evaluate the Company’s after-cash tax operating return on its invested capital for the period presented. Adjusted net operating profit after-cash tax measures operating results less special items, interest on debt (excl. Ford Credit Debt), and certain pension / OPEB costs. Average invested capital is the sum of average balance sheet equity, debt (excl. Ford Credit Debt), and net pension / OPEB liability.
- **Ford Credit Managed Receivables** – (Most Comparable GAAP Measure: Net Finance Receivables plus Net Investment in Operating Leases) – Measure of Ford Credit’s total net receivables and held-for-sale receivables, excluding unearned interest supplements and residual support, allowance for credit losses, and other (primarily accumulated supplemental depreciation). The measure is useful to management and investors as it closely approximates the customer’s outstanding balance on the receivables, which is the basis for earning revenue.
- **Ford Credit Managed Leverage (Most Comparable GAAP Measure: Financial Statement Leverage)** – Ford Credit’s debt-to-equity ratio adjusted (i) to exclude cash, cash equivalents, and marketable securities (other than amounts related to insurance activities), and (ii) for derivative accounting. The measure is useful to investors because it reflects the way Ford Credit manages its business. Cash, cash equivalents, and marketable securities are deducted because they generally correspond to excess debt beyond the amount required to support operations and on-balance sheet securitization transactions. Derivative accounting adjustments are made to asset, debt, and equity positions to reflect the impact of interest rate instruments used with Ford Credit’s term-debt issuances and securitization transactions. Ford Credit generally repays its debt obligations as they mature, so the interim effects of changes in market interest rates are excluded in the calculation of managed leverage.

# Definitions And Calculations

## Automotive Records

- References to Automotive records for EBIT margin and business units are since at least 2009

## Wholesale Units and Revenue

- Wholesale unit volumes include all Ford and Lincoln badged units (whether produced by Ford or by an unconsolidated affiliate) that are sold to dealerships, units manufactured by Ford that are sold to other manufacturers, units distributed by Ford for other manufacturers, and local brand units produced by our China joint venture, Jiangling Motors Corporation, Ltd. (“JMC”), that are sold to dealerships. Vehicles sold to daily rental car companies that are subject to a guaranteed repurchase option (i.e., rental repurchase), as well as other sales of finished vehicles for which the recognition of revenue is deferred (e.g., consignments), also are included in wholesale unit volumes. Revenue from certain vehicles in wholesale unit volumes (specifically, Ford badged vehicles produced and distributed by our unconsolidated affiliates, as well as JMC brand vehicles) are not included in our revenue

## Industry Volume and Market Share

- Industry volume and market share are based, in part, on estimated vehicle registrations; includes medium and heavy duty trucks

## SAAR

- SAAR means seasonally adjusted annual rate

## Company Cash

- Company cash includes cash, cash equivalents, marketable securities and restricted cash; excludes Ford Credit’s cash, cash equivalents, marketable securities and restricted cash

## Market Factors

- Volume and Mix – primarily measures EBIT variance from changes in wholesale unit volumes (at prior-year average contribution margin per unit) driven by changes in industry volume, market share, and dealer stocks, as well as the EBIT variance resulting from changes in product mix, including mix among vehicle lines and mix of trim levels and options within a vehicle line
- Net Pricing – primarily measures EBIT variance driven by changes in wholesale unit prices to dealers and marketing incentive programs such as rebate programs, low-rate financing offers, special lease offers and stock accrual adjustments on dealer inventory
- Market Factors exclude the impact of unconsolidated affiliate wholesale units

## Earnings Before Taxes (EBT)

- Reflects Income before income taxes

## Pension Funded Status

- Current period balances reflect net underfunded status at December 31, 2019, updated for service and interest cost, expected return on assets, curtailment and settlement gains and associated interim remeasurement (where applicable), separation expense, actual benefit payments, and cash contributions. For plans without interim remeasurement, the discount rate and rate of expected return assumptions are unchanged from year-end 2019



BUILT TO LEND A HAND

BUILT *Ford* PROUD

# FORD CREDIT Q1 Earnings Review

April 28, 2020



# Key Takeaways

- **Q1 2020 EBT of \$30M is down \$771M YoY. Strong portfolio performance in Q1 offset by higher credit loss reserves, lower values of off-lease vehicles awaiting sale and anticipated lease defaults**
- **Strong balance sheet is inherently liquid; smaller size reflects auto sales decline**
- **Liquidity of \$28 billion is above target, with access to diverse funding sources to provide financing in the future**
- **Continued disciplined and consistent underwriting practices**
- **Delinquencies, charge-offs and loss-to-receivables (LTR) ratio remained low in Q1. Lease share remained below industry average, and off-lease auction values performed better than expected**



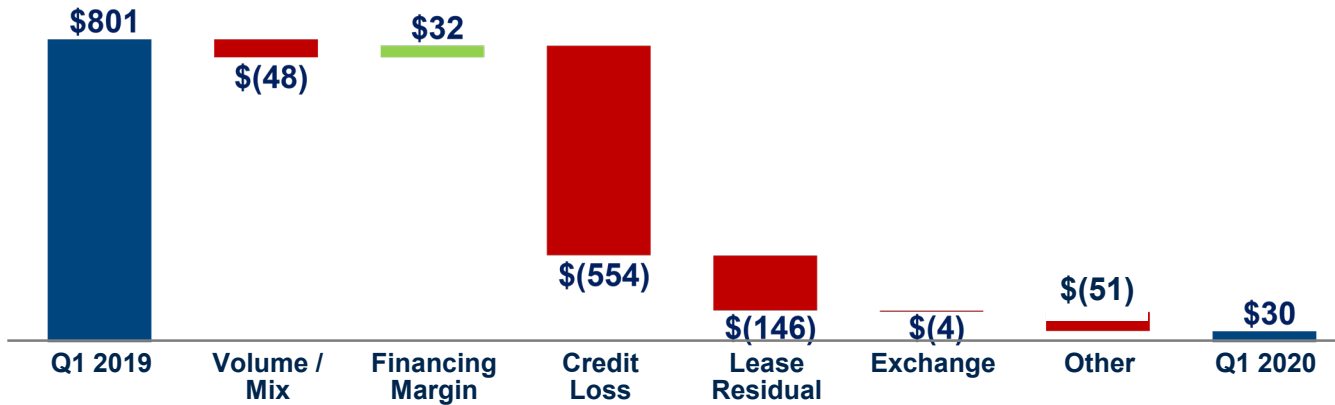
# COVID-19 Response

- **Ford Credit has taken significant action to safeguard our employees, customers, and dealers**
- **Employee health and safety remain the top priority, and nearly 100% of the workforce is working remotely, including effectively originating business and serving customers**
- **For existing customers, payment deferrals, due date changes, and lease-end extensions are available for peace of mind (through April 26 about 10% of contracts have been extended); for new customers Ford Credit is offering attractive retail programs, including interest-free financing**
- **Ford Credit is working closely with dealers on retail programs to support their sales, cash flow assistance such as payment deferrals, and accelerated rollout of additional online shopping, financing and buying tools through dealer websites**

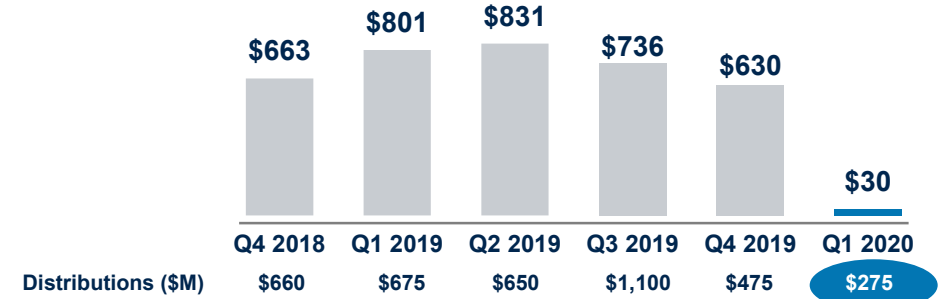


# Key Metrics

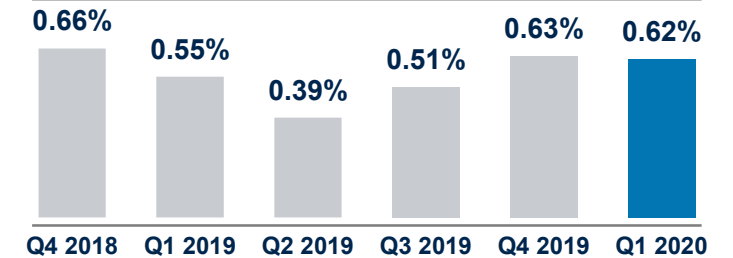
EBT YoY Bridge (\$M)



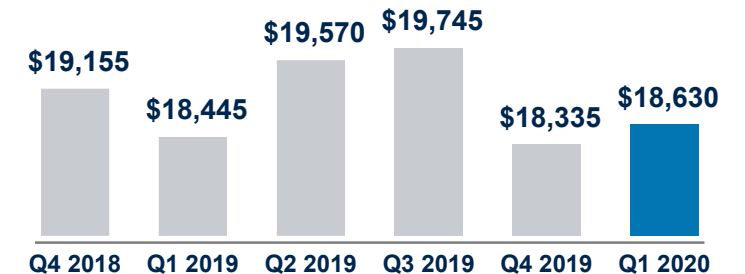
EBT (\$M)



U.S. Retail LTR Ratios\* (%)



Auction Values (Per Unit)\*\*



- Q1 2020 EBT of \$30M is down \$771M YoY. Strong portfolio performance in Q1 offset by higher credit loss reserves, lower values of off-lease vehicles awaiting sale and anticipated lease defaults
- Q1 LTR remains low and auction values up 1%; we now expect full year 2020 auction values to be down more than the 5% that we forecasted in February
- Balance sheet and liquidity remain strong

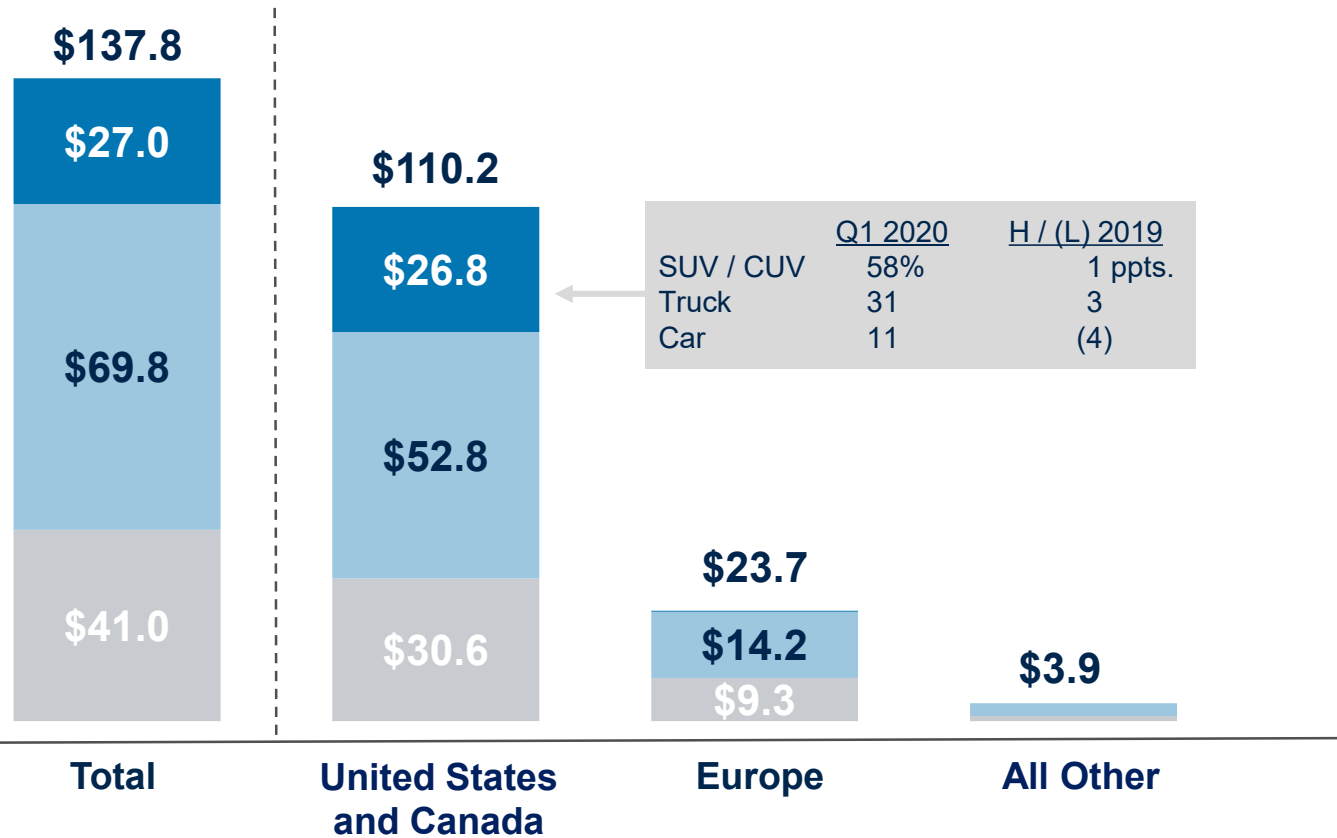
\* LTR = Loss-to-Receiveables

\*\* U.S. 36-month off-lease auction values at Q1 2020 mix



# Q1 2020 Net Receivables Mix (\$B)

- Net Investment in Operating Leases
- Consumer Financing
- Non-Consumer Financing



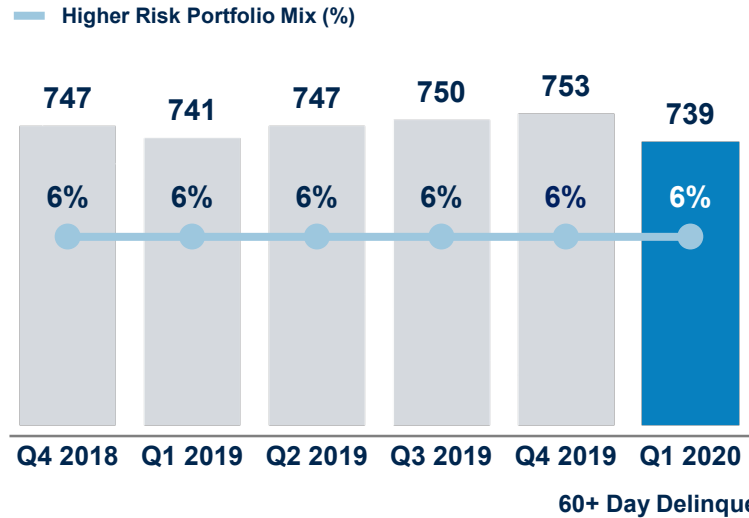
H/(L) Q1 2019	\$ (9.1)	\$ (5.6)	\$ (2.7)	\$ (0.8)
H/(L) Q4 2019	(4.2)	(3.3)	(1.3)	0.4

- Operating lease portfolio was 20% of total net receivables
- Receivables declined \$9 billion YoY and \$4 billion from Q4 2019 reflecting lower Ford sales
- Expect receivables to decline further

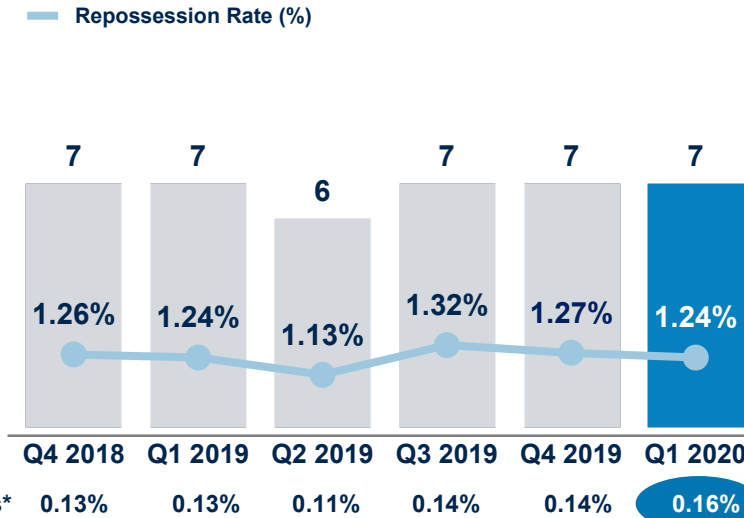


# U.S. Origination Metrics & Credit Loss Drivers

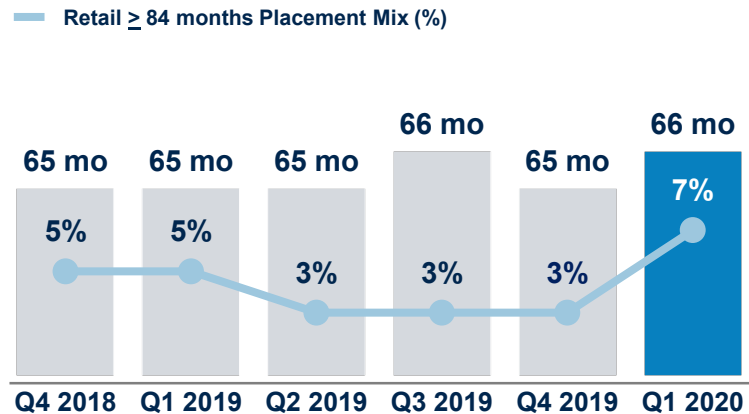
### Retail & Lease FICO and Higher Risk Mix (%)



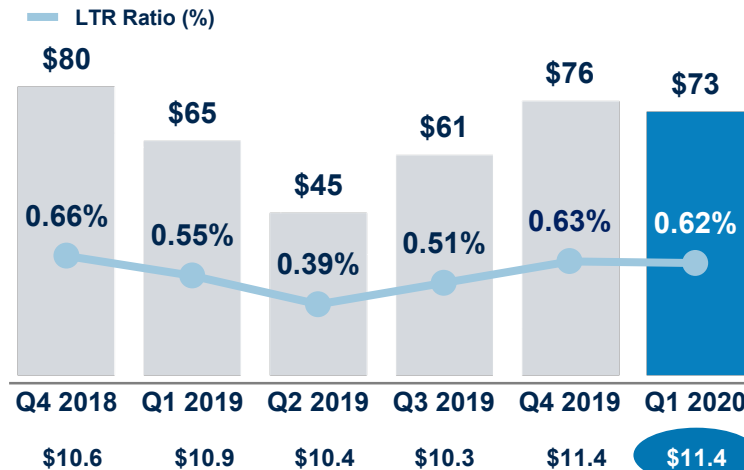
### Retail Repossessions (000) and Repossession Rate (%)



### Retail Contract Terms



### Retail Charge-Offs (\$M) and LTR Ratio (%)



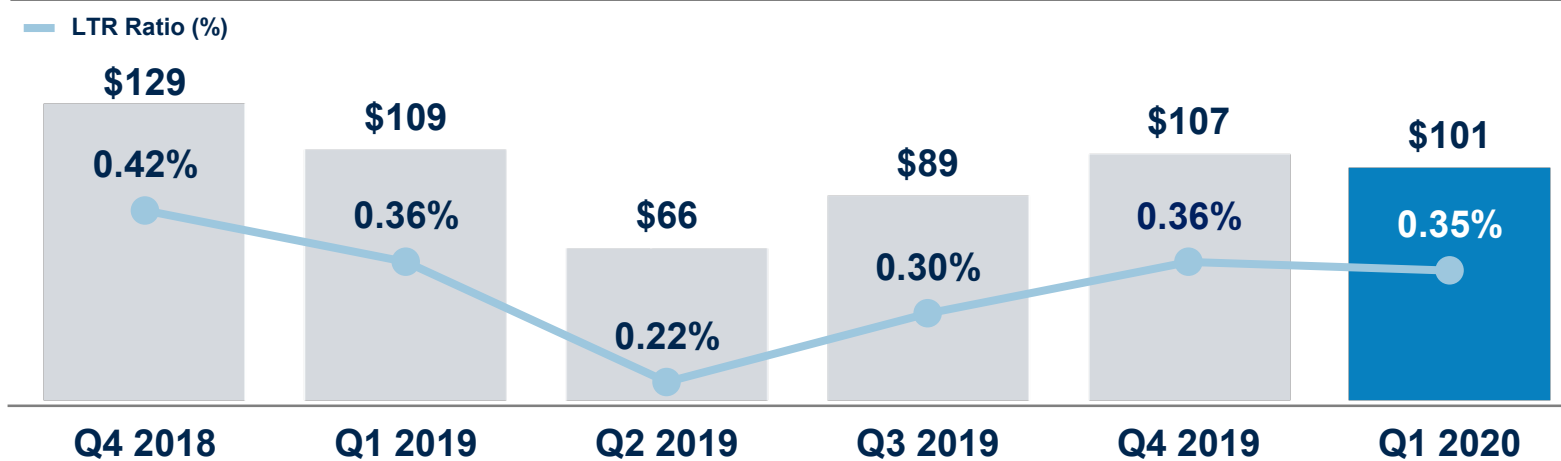
- Disciplined and consistent underwriting practices
- Portfolio quality evidenced by FICO scores and consistent risk mix
- Delinquencies and repossessions remained low
- Extended-term contracts increased as a result of 84-month “Built to Lend a Hand” campaign
- Charge-offs and LTR remained low in Q1



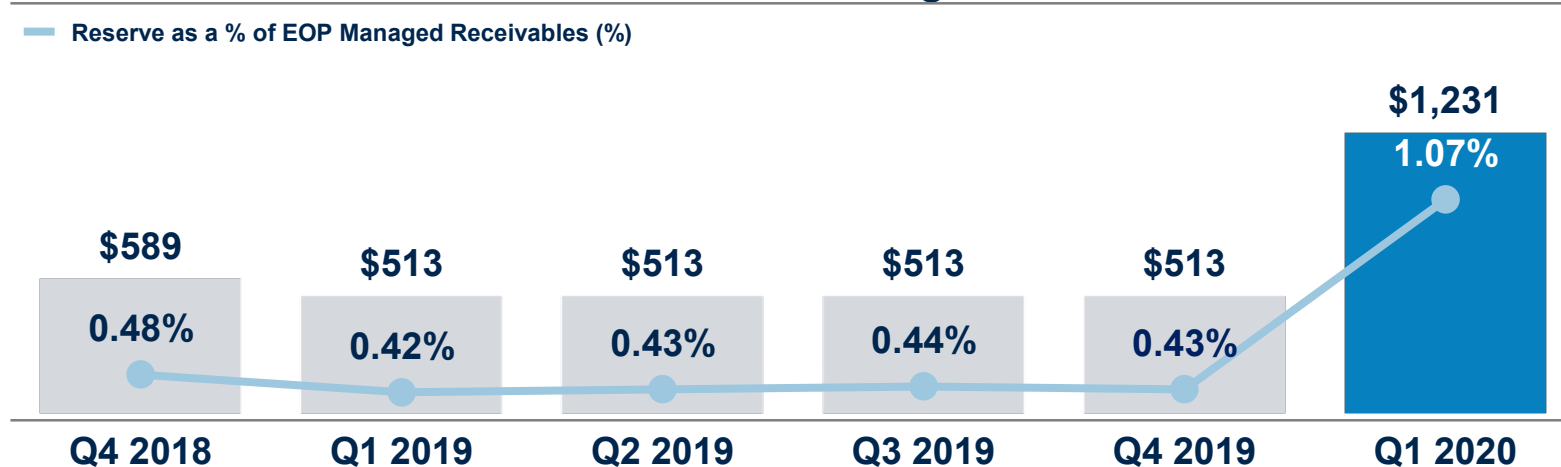
\* Excluding bankruptcies

# Worldwide Credit Loss Metrics

Charge-Offs (\$M) and LTR Ratio (%)



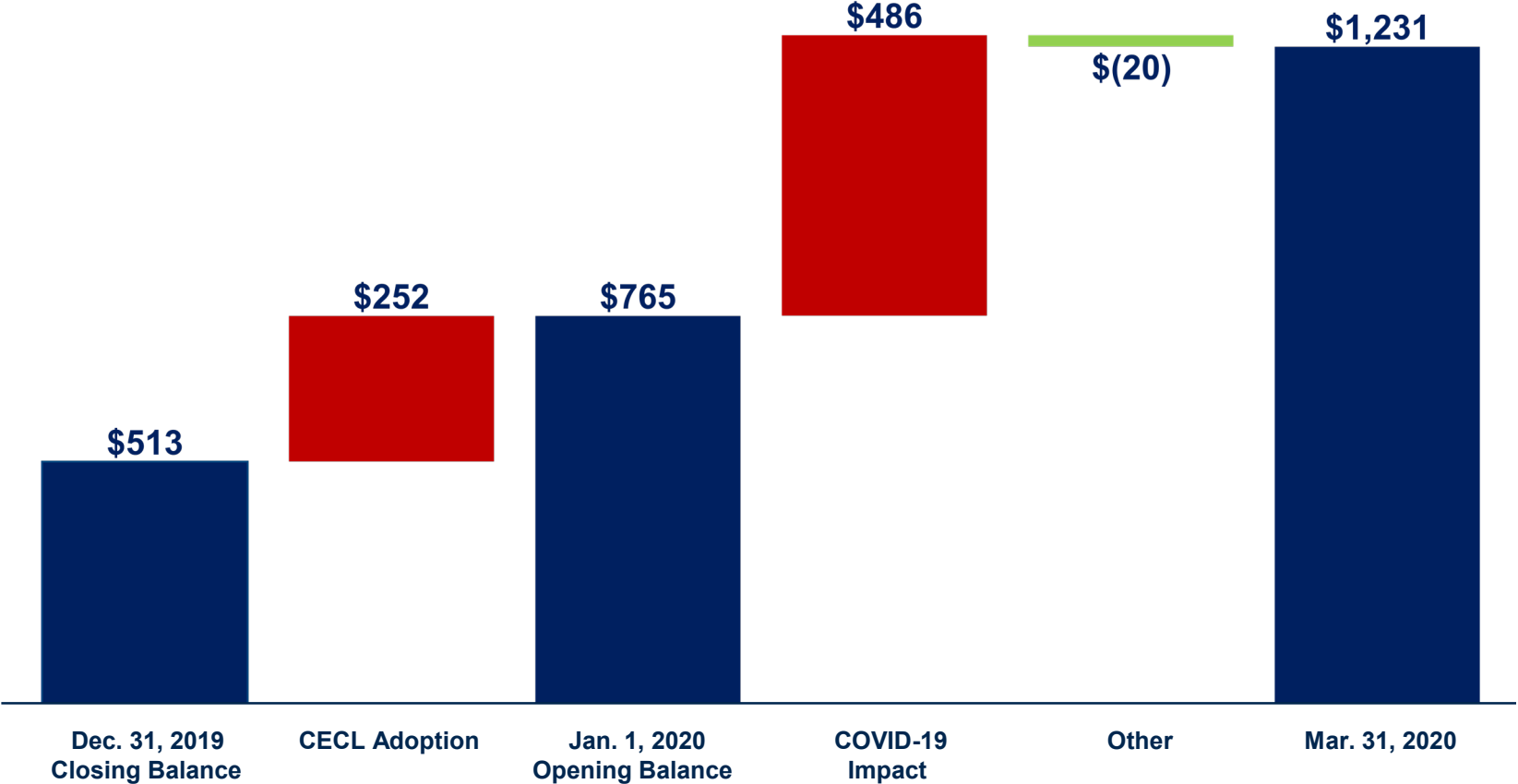
Credit Loss Reserve (\$M) and Reserve as a % of EOP Managed Receivables



- Worldwide credit loss metrics remain strong
- Increase in credit loss reserve reflects January 1, 2020 adoption of Current Expected Credit Losses (CECL) accounting standard and estimates of the impact of COVID-19 in future periods



# Q1 2020 Credit Loss Reserve Adjustment (\$M)



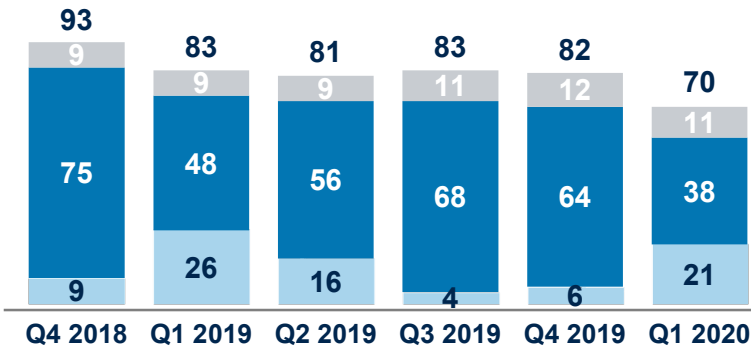
- Current Expected Credit Losses (CECL) accounting standard reflects forward-looking estimate of lifetime losses
- \$252M adjustment at adoption recorded through retained earnings
- Increase in retail reserve driven by probability of default primarily reflecting outlook for increase in unemployment



# U.S. Lease Metrics

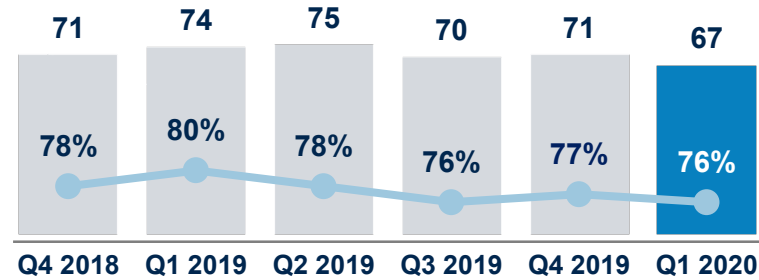
## Lease Placement Volume (000)

■ 24-Month  
■ 36-Month  
■ 39-Month / Other



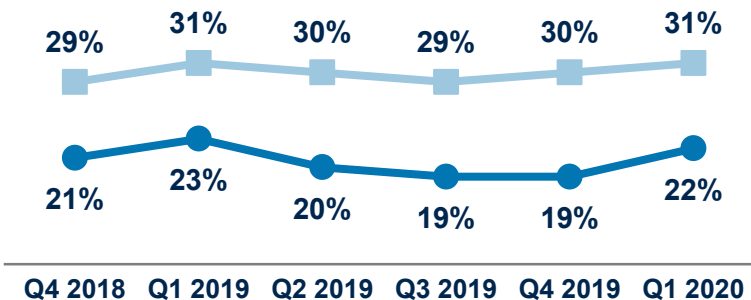
## Lease Return Volume (000) and Return Rates (%)

— Return Rate (%)

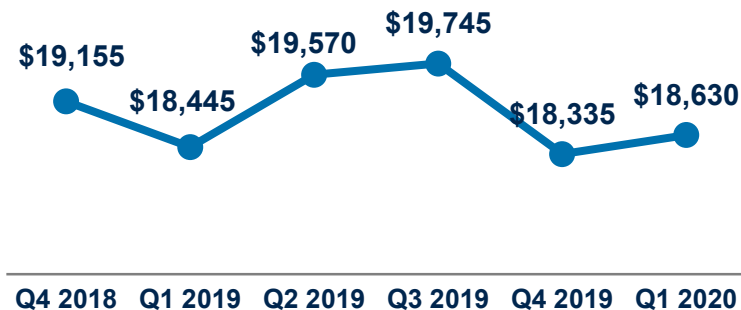


## Lease Share of Retail Sales (%)

■ Industry\*  
■ Ford Credit



## Off-Lease Auction Values (36-month, at Q4 2019 Mix)



- Lease placement and lease return volume lower
- Lease share below industry, reflecting Ford sales mix
- Auction values up 1% YoY; we now expect full year 2020 auction values to be down more than the 5% that we forecasted in February



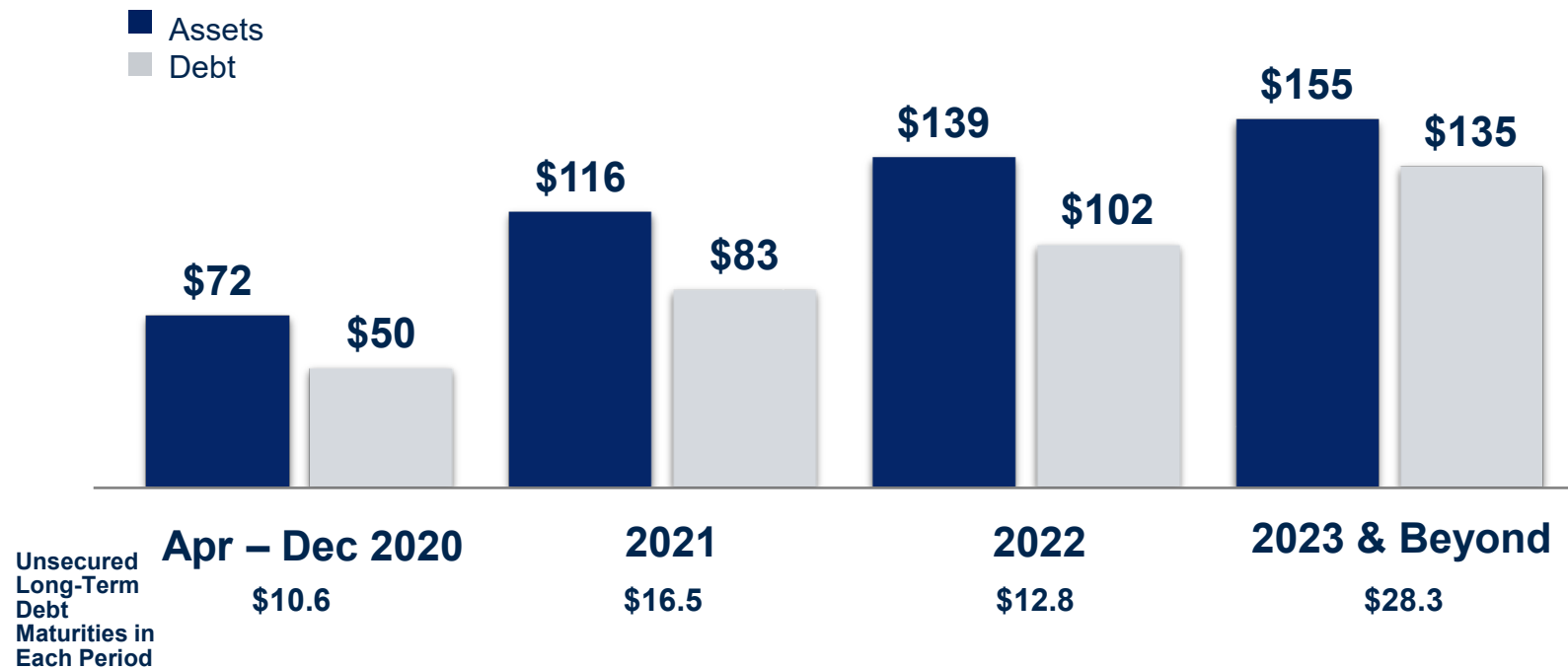
\* Source: J.D. Power PIN

# Ford Credit Funding Strategy

- **Our strong balance sheet and substantial liquidity provide Ford Credit considerable flexibility**
- **Lower expected originations as a result of the impact of COVID-19 are projected to decrease the size of the balance sheet and our funding requirements in 2020**
- **Despite the impact of COVID-19, Ford Credit ended the first quarter at \$28 billion in liquidity, exceeding target of about \$25 billion; liquidity target established to withstand a severe stress environment**
- **Completed \$6 billion of public issuance**
- **Expect to increase ABS mix and prudently issue unsecured debt. Even without any incremental unsecured issuance we expect to maintain liquidity around our target level for the rest of the year**
- **Key elements of funding strategy include:**
  - **Maintain liquidity around \$25 billion; continue to renew and expand committed ABS capacity**
  - **Continue to leverage public market issuance**
  - **Assets and committed capacity available to increase ABS mix as needed**
  - **Continue to target managed leverage of 8:1 – 9:1**
  - **Maintain a self-liquidating balance sheet**



# Cumulative Maturities at March 31, 2020\* (\$B)



- Strong balance sheet is inherently liquid with cumulative debt maturities having a longer tenor than asset maturities
- As of March 31, \$80 billion (including \$2.9 billion cash) of \$155 billion assets are encumbered



\* See Appendix for assets and debt definitions

# Funding Structure – Managed Receivables\* (\$B)

	2019 Dec 31	2020 Mar 31
Term Debt (incl. Bank Borrowings)	\$ 73	\$ 72
Term Asset-Backed Securities	57	56
Commercial Paper	4	3
Ford Interest Advantage / Deposits	7	6
Other	9	6
Equity	14	14
Adjustments For Cash	(12)	(11)
<b>Total Managed Receivables</b>	<b>\$ 152</b>	<b>\$ 146</b>
<b>Securitized Funding as Pct of Managed Receivables</b>	<b>38%</b>	<b>38%</b>

- Funding is diversified across platforms and markets
- Well capitalized with a strong balance sheet
- Expect higher mix of ABS going forward



\* See Appendix for definitions and reconciliation to GAAP



# Public Term Funding Plan\* (\$B)

	<u>2018</u> <u>Actual</u>	<u>2019</u> <u>Actual</u>	<u>2020</u> <u>Forecast</u>	<u>Through</u> <u>Apr 27</u>
<b><u>Public Issuances</u></b>				
Unsecured	\$ 13	\$ 17	\$ 3 - 8	\$ 3
Securitized <sup>**</sup>	14	14	9 - 14	3
<b>Total public</b>	<b><u>\$ 27</u></b>	<b><u>\$ 31</u></b>	<b><u>\$ 12 - 22</u></b>	<b><u>\$ 6</u></b>

- We are able to be flexible with our public term funding plans as a result of our strong balance sheet and substantial liquidity



\* See Appendix for definitions  
 \*\* Includes Rule 144A offerings

# Cautionary Note On Forward-Looking Statements

Statements included or incorporated by reference herein may constitute “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements are based on expectations, forecasts, and assumptions by our management and involve a number of risks, uncertainties, and other factors that could cause actual results to differ materially from those stated, including, without limitation:

- Ford and Ford Credit’s financial condition and results of operations have been and may continue to be adversely affected by public health issues, including epidemics or pandemics such as COVID-19;
- Ford’s long-term competitiveness depends on the successful execution of global redesign and fitness actions;
- Ford’s vehicles could be affected by defects that result in delays in new model launches, recall campaigns, or increased warranty costs;
- Ford may not realize the anticipated benefits of existing or pending strategic alliances, joint ventures, acquisitions, divestitures, or new business strategies;
- Operational systems, security systems, and vehicles could be affected by cyber incidents;
- Ford’s production, as well as Ford’s suppliers’ production, could be disrupted by labor issues, natural or man-made disasters, financial distress, production difficulties, or other factors;
- Ford’s ability to maintain a competitive cost structure could be affected by labor or other constraints;
- Ford’s ability to attract and retain talented, diverse, and highly skilled employees is critical to its success and competitiveness;
- Ford’s new and existing products and mobility services are subject to market acceptance;
- Ford’s results are dependent on sales of larger, more profitable vehicles, particularly in the United States;
- With a global footprint, Ford’s results could be adversely affected by economic, geopolitical, protectionist trade policies, or other events, including tariffs and Brexit;
- Industry sales volume in any of our key markets can be volatile and could decline if there is a financial crisis, recession, or significant geopolitical event;
- Ford may face increased price competition or a reduction in demand for its products resulting from industry excess capacity, currency fluctuations, competitive actions, or other factors;
- Fluctuations in commodity prices, foreign currency exchange rates, interest rates, and market value of our investments can have a significant effect on results;
- Ford and Ford Credit’s access to debt, securitization, or derivative markets around the world at competitive rates or in sufficient amounts could be affected by credit rating downgrades, market volatility, market disruption, regulatory requirements, or other factors;
- Ford’s receipt of government incentives could be subject to reduction, termination, or clawback;
- Ford Credit could experience higher-than-expected credit losses, lower-than-anticipated residual values, or higher-than-expected return volumes for leased vehicles;
- Economic and demographic experience for pension and other postretirement benefit plans (e.g., discount rates or investment returns) could be worse than Ford has assumed;
- Pension and other postretirement liabilities could adversely affect Ford’s liquidity and financial condition;
- Ford could experience unusual or significant litigation, governmental investigations, or adverse publicity arising out of alleged defects in products, perceived environmental impacts, or otherwise;
- Ford may need to substantially modify its product plans to comply with safety, emissions, fuel economy, autonomous vehicle, and other regulations that may change in the future;
- Ford and Ford Credit could be affected by the continued development of more stringent privacy, data use, and data protection laws and regulations as well as consumer expectations for the safeguarding of personal information; and
- Ford Credit could be subject to new or increased credit regulations, consumer protection regulations, or other regulations.

We cannot be certain that any expectation, forecast, or assumption made in preparing forward-looking statements will prove accurate, or that any projection will be realized. It is to be expected that there may be differences between projected and actual results. Our forward-looking statements speak only as of the date of their initial issuance, and we do not undertake any obligation to update or revise publicly any forward-looking statement, whether as a result of new information, future events, or otherwise. For additional discussion, see “Item 1A. Risk Factors” in our Annual Report on Form 10-K for the year ended December 31, 2019, as updated by subsequent Quarterly Reports on Form 10-Q and Current Reports on Form 8-K.



# FORD CREDIT

## APPENDIX

EBT by Segment	FC16
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Financial Statement Leverage Reconciliation to Managed Leverage	FC19
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Non-GAAP Financial Measures that Supplement GAAP Measures	FC21
Definitions and Calculations	FC22

# EBT By Segment\* (\$M)

	Q1	
	2020	H / (L) 2019
<b>Results</b>		
United States and Canada segment	\$ 22	\$ (600)
Europe segment	17	(97)
All Other segment	7	(51)
Total segments	\$ 46	\$ (748)
Unallocated other	(16)	(23)
Earnings before taxes	\$ 30	\$ (771)
(Provision for) / Benefit from income taxes	(9)	189
Net income	\$ 21	\$ (582)
Distributions	\$ 275	\$ (400)



\* See Appendix for definitions

# Financing Shares And Contract Placement Volume

	Q1	
	2019	2020
<b><u>Share of Ford Sales*</u></b>		
United States	50 %	56 %
Canada	67	63
U.K.	37	44
Germany	50	44
China	33	34
<b><u>Wholesale Share</u></b>		
United States	76 %	74 %
Canada	57	55
U.K.	100	100
Germany	93	93
China	59	51
<b><u>Contract Placement Volume - New and Used (000)</u></b>		
United States	200	205
Canada	30	23
U.K.	41	30
Germany	42	29
China	26	16



\* United States and Canada exclude Fleet sales, other markets include Fleet

# Total Net Receivables Reconciliation To Managed Receivables (\$B)

	2019 Mar 31	2019 Dec 31	2020 Mar 31
Finance receivables, net (GAAP)	\$ 119.3	\$ 114.3	\$ 110.8
Net investment in operating leases (GAAP)	27.6	27.7	27.0
<b>Total net receivables*</b>	<b>\$ 146.9</b>	<b>\$ 142.0</b>	<b>\$ 137.8</b>
Held-for-sale receivables (GAAP)	\$ -	\$ 1.5	\$ -
Unearned interest supplements and residual support	6.8	6.7	6.3
Allowance for credit losses	0.5	0.5	1.2
Other, primarily accumulated supplemental depreciation	1.1	1.0	1.1
<b>Total managed receivables (Non-GAAP)</b>	<b>\$ 155.3</b>	<b>\$ 151.7</b>	<b>\$ 146.4</b>



\* See Appendix for definitions; numbers may not sum due to rounding



# Financial Statement Leverage Reconciliation To Managed Leverage\* (\$B)

	2019 Mar 31	2019 Dec 31	2020 Mar 31
<b><u>Leverage Calculation</u></b>			
Debt	\$ 142.9	\$ 140.0	\$ 136.8
Adjustments for cash	(12.8)	(11.7)	(11.3)
Adjustments for derivative accounting	(0.1)	(0.5)	(1.6)
Total adjusted debt	<u>\$ 130.0</u>	<u>\$ 127.8</u>	<u>\$ 123.9</u>
Equity	\$ 14.9	\$ 14.3	\$ 13.5
Adjustments for derivative accounting	(0.2)	(0.0)	(0.0)
Total adjusted equity	<u>\$ 14.7</u>	<u>\$ 14.3</u>	<u>\$ 13.5</u>
Financial statement leverage (to 1) (GAAP)	9.6	9.8	10.1
Managed leverage (to 1) (Non-GAAP)	8.8	8.9	9.2



\* See Appendix for definitions

# Liquidity Sources\* (\$B)

	2019 Mar 31	2019 Dec 31	2020 Mar 31
<b><u>Liquidity Sources</u></b>			
Cash	\$ 12.8	\$ 11.7	\$ 11.3
Committed asset-backed facilities	35.2	36.6	35.9
Other unsecured credit facilities	3.3	3.0	2.8
Ford corporate credit facility allocation	3.0	3.0	-
<b>Total liquidity sources</b>	<b>\$ 54.3</b>	<b>\$ 54.3</b>	<b>\$ 50.0</b>
<b><u>Utilization of Liquidity</u></b>			
Securitization cash	\$ (3.3)	\$ (3.5)	\$ (2.9)
Committed asset-backed facilities	(19.8)	(17.3)	(18.6)
Other unsecured credit facilities	(0.6)	(0.8)	(0.5)
Ford corporate credit facility allocation	-	-	-
<b>Total utilization of liquidity</b>	<b>\$ (23.7)</b>	<b>\$ (21.6)</b>	<b>\$ (22.0)</b>
<b>Gross liquidity</b>	<b>\$ 30.6</b>	<b>\$ 32.7</b>	<b>\$ 28.0</b>
<b>Adjustments</b>	<b>0.4</b>	<b>0.4</b>	<b>0.3</b>
<b>Net liquidity available for use</b>	<b>\$ 31.0</b>	<b>\$ 33.1</b>	<b>\$ 28.3</b>

- Given excess liquidity, waived \$3 billion allocation to corporate revolver in March
- Liquidity of \$28 billion is above target of about \$25 billion



\* See Appendix for definitions

# Non-GAAP Financial Measures That Supplement GAAP Measures

We use both GAAP and non-GAAP financial measures for operational and financial decision making, and to assess Company and segment business performance. The non-GAAP measures listed below are intended to be considered by users as supplemental information to their equivalent GAAP measures, to aid investors in better understanding our financial results. We believe that these non-GAAP measures provide useful perspective on underlying business results and trends, and a means to assess our period-over-period results. These non-GAAP measures should not be considered as a substitute for, or superior to measures of financial performance prepared in accordance with GAAP. These non-GAAP measures may not be the same as similarly titled measures used by other companies due to possible differences in method and in items or events being adjusted.

- Ford Credit Managed Receivables – (Most Comparable GAAP Measure: Net Finance Receivables plus Net Investment in Operating Leases) – Measure of Ford Credit's Total net receivables and Held-for-sale receivables, excluding unearned interest supplements and residual support, allowance for credit losses, and other (primarily accumulated supplemental depreciation). The measure is useful to management and investors as it closely approximates the customer's outstanding balance on the receivables, which is the basis for earning revenue.
- Ford Credit Managed Leverage (Most Comparable GAAP Measure: Financial Statement Leverage) – Ford Credit's debt-to-equity ratio adjusted (i) to exclude cash, cash equivalents, and marketable securities (other than amounts related to insurance activities), and (ii) for derivative accounting. The measure is useful to investors because it reflects the way Ford Credit manages its business. Cash, cash equivalents, and marketable securities are deducted because they generally correspond to excess debt beyond the amount required to support operations and on-balance sheet securitization transactions. Derivative accounting adjustments are made to asset, debt, and equity positions to reflect the impact of interest rate instruments used with Ford Credit's term-debt issuances and securitization transactions. Ford Credit generally repays its debt obligations as they mature, so the interim effects of changes in market interest rates are excluded in the calculation of managed leverage.



# Definitions And Calculations

## Adjustments (as shown on the Liquidity Sources chart)

- Includes asset-backed capacity in excess of eligible receivables; cash related to the Ford Credit Revolving Extended Variable-utilization program (“FordREV”), which can be accessed through future sales of receivables

## Assets (as shown on the Cumulative Maturities chart)

- Includes gross finance receivables less the allowance for credit losses, investment in operating leases net of accumulated depreciation, cash and cash equivalents, and marketable securities (excluding amounts related to insurance activities). Amounts shown include the impact of expected prepayments

## Cash (as shown on the Funding Structure, Liquidity Sources and Leverage charts)

- *Cash and cash equivalents* and *Marketable securities* reported on Ford Credit’s balance sheet, excluding amounts related to insurance activities

## Debt (as shown on the Cumulative Maturities chart)

- Includes all of the wholesale ABS term maturities of \$9.2 billion in the next 12 months that otherwise contractually extend beyond Q1 2021. Retail and lease ABS are treated as amortizing to match the underlying assets

## Debt (as shown on the Leverage chart)

- *Debt* on Ford Credit’s balance sheet. Includes debt issued in securitizations and payable only out of collections on the underlying securitized assets and related enhancements. Ford Credit holds the right to receive the excess cash flows not needed to pay the debt issued by, and other obligations of, the securitization entities that are parties to those securitization transactions

## Committed Asset-Backed Security (“ABS”) Facilities (as shown on the Liquidity Sources chart)

- Committed ABS facilities are subject to availability of sufficient assets, ability to obtain derivatives to manage interest rate risk, and exclude FCE Bank plc (“FCE”) access to the Bank of England’s Discount Window Facility

## Earnings Before Taxes (EBT)

- Reflects *Income before income taxes* as reported on Ford Credit’s income statement

## Securitization cash (as shown on the Liquidity Sources chart)

- Securitization cash is cash held for the benefit of the securitization investors (for example, a reserve fund)

## Securitizations (as shown on the Public Term Funding Plan chart)

- Public securitization transactions, Rule 144A offerings sponsored by Ford Credit, and widely distributed offerings by Ford Credit Canada

## Term Asset-Backed Securities (as shown on the Funding Structure chart)

- Obligations issued in securitization transactions that are payable only out of collections on the underlying securitized assets and related enhancements

## Total net receivables (as shown on the Total Net Receivables Reconciliation To Managed Receivables chart)

- Includes finance receivables (retail financing and wholesale) sold for legal purposes and net investment in operating leases included in securitization transactions that do not satisfy the requirements for accounting sale treatment. These receivables and operating leases are reported on Ford Credit’s balance sheet and are available only for payment of the debt issued by, and other obligations of, the securitization entities that are parties to those securitization transactions; they are not available to pay the other obligations of Ford Credit or the claims of Ford Credit’s other creditors

## Unallocated other (as shown on the EBT By Segment chart)

- Items excluded in assessing segment performance because they are managed at the corporate level, including market valuation adjustments to derivatives and exchange-rate fluctuations on foreign currency-denominated transactions

