



Barclays Global Automotive Conference

Joe Hinrichs

Executive Vice President and President,
Global Operations, Ford Motor Company



Creating Tomorrow, Together

**Our
Belief**

Freedom of movement drives human progress.

**Our
Aspiration**

To become the world's most trusted company,
designing smart vehicles for a smart world.

**Our
Plan**

Passion for Product & Deep Customer Insight

Winning
Portfolio

Propulsion
Choices

Autonomous
Technology

Mobility
Experiences

Fitness

Operating Leverage
Build, Partner, Buy
Capital Efficiency
Strong Balance Sheet

Metrics

Growth
EBIT Margin
ROIC
Cash Flow

Our People

Culture & Values





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Metrics

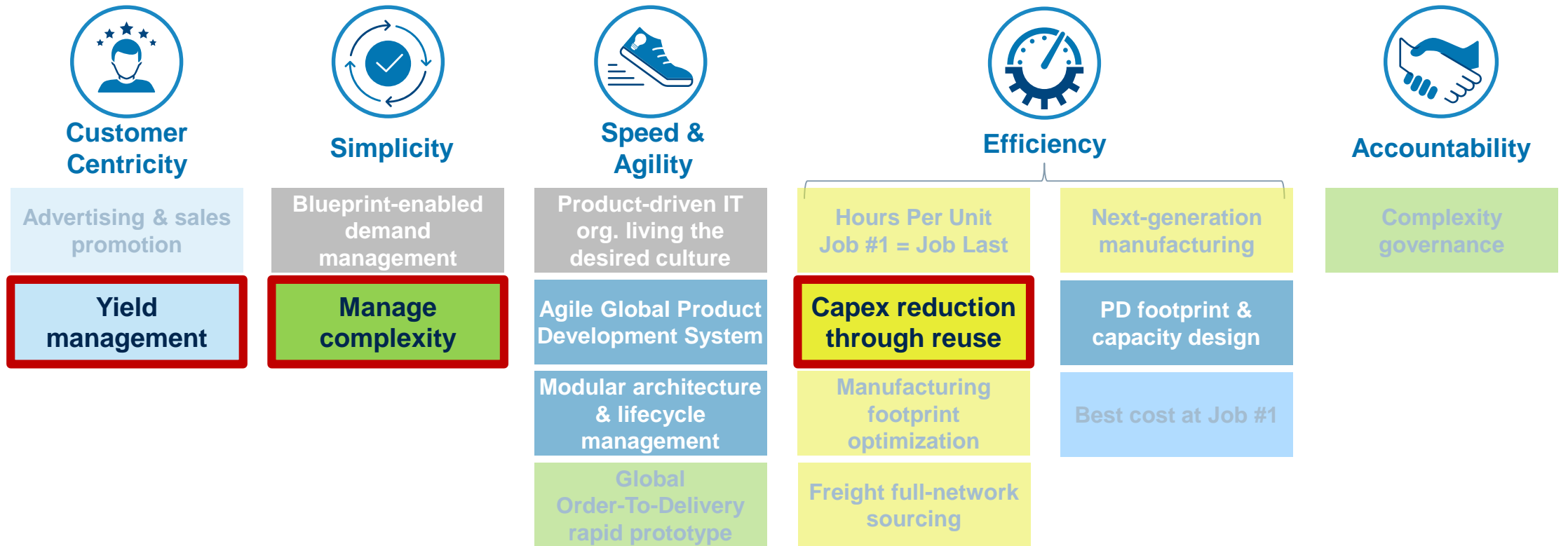
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Fitness Redesign Core Initiatives



Smart Redesign

Enterprise Product Line Management

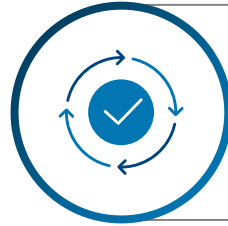
Skill Team Lead: IT Manufacturing Marketing & Sales Product Development Material Cost Cross functional



Mission:

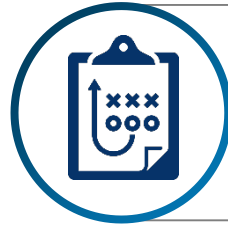
Manage
complexity,
maximize
value

Complexity Management Key Highlights



Optimization

Managing vehicle complexity – starting in North America – to protect revenue and more intelligently manage volumes



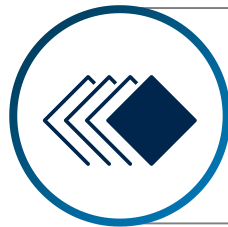
Playbook

Playbook established to sustainably manage complexity



Company-wide application

Roadmap in place for portfolio-wide application



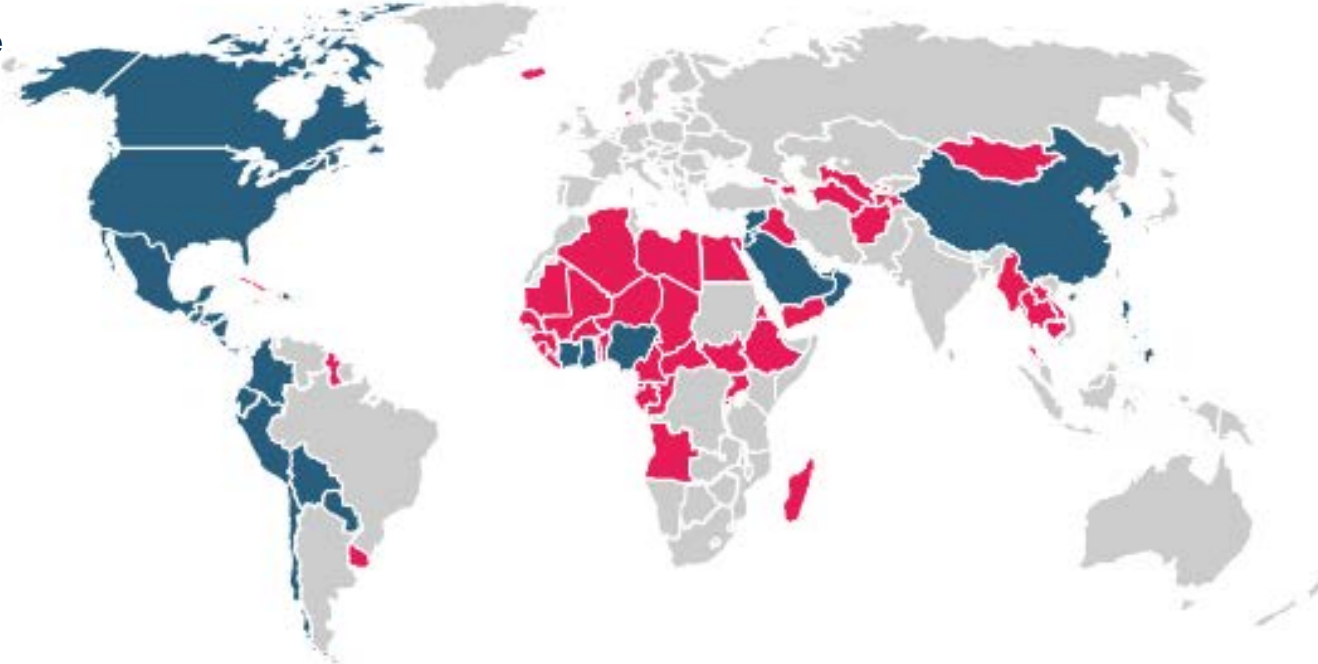
Follow-on benefits

Additional follow-on benefits realized, including order-to-delivery timing reduction

Profit Maximizing Choices – 2020 Explorer

Assessed Profit Vs. The “Cost To Serve”

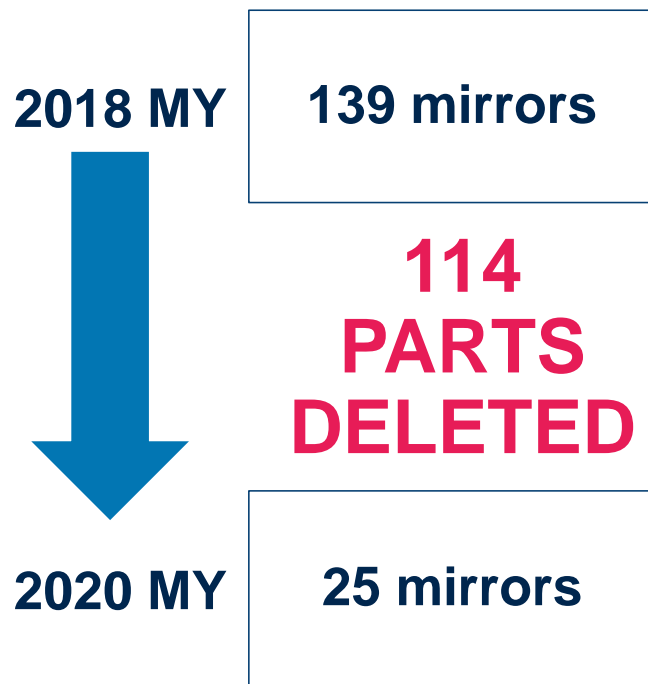
- Sufficient Sales Volume
- Insufficient Sales Volume



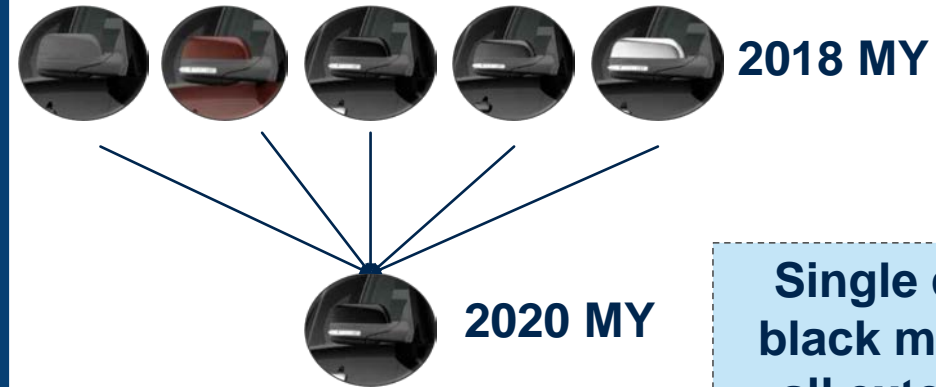
Vehicle Production Allocated To Most Profitable Markets

Standardizing Content And Colors Resulted In Deletion Of Over 100 Exterior Mirrors On 2020 MY Explorer

Two actions taken to reduce complexity:






Standardized Blind Spot Monitoring across all trims as part of Ford corporate Co-Pilot 360 offering



Single color gloss black mirror across all exterior colors and trims

Enterprise-wide Benefits

Benefits	Examples
 <p>Faster Customer Order to Delivery Times</p>	2019 Fusion CUSTOMER ORDER TO DELIVERY TIME REDUCED BY 63%
 <p>Batch Building</p>	Louisville Assembly Plant to build 2020 Escape in batches of 60 units enabling LABOR COST AND PART SEQUENCING REDUCTIONS OF \$70 / UNIT
 <p>Engineering and Prototype Investment Reductions</p>	Up front ENGINEERING / PROTOTYPE SAVINGS OF \$20M on a new crossover

Mission:

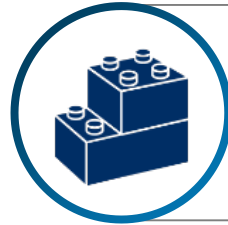
Leverage
Ford's core
competency in
Manufacturing

Capital Equipment Reuse Key Highlights



Forward model program savings

Reuse targets jointly developed by Product Development and Manufacturing for future programs



Flexible architecture

Product Development / Manufacturing collaborating on flexible architecture initiatives to increase asset reuse



Compliance

Compliance monitored through program milestone approval gateways

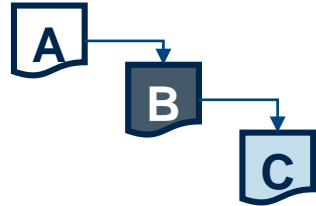


Forward model processes

Manufacturing processes revised to ensure sustainability and delivery on future programs

Manufacturing CapEx Reuse Process Delivers Results

KEY ENABLER EXAMPLES



BILL OF PROCESS

- Adhere to common assembly sequence
- Use carry-over build sequence



HARDPOINTS

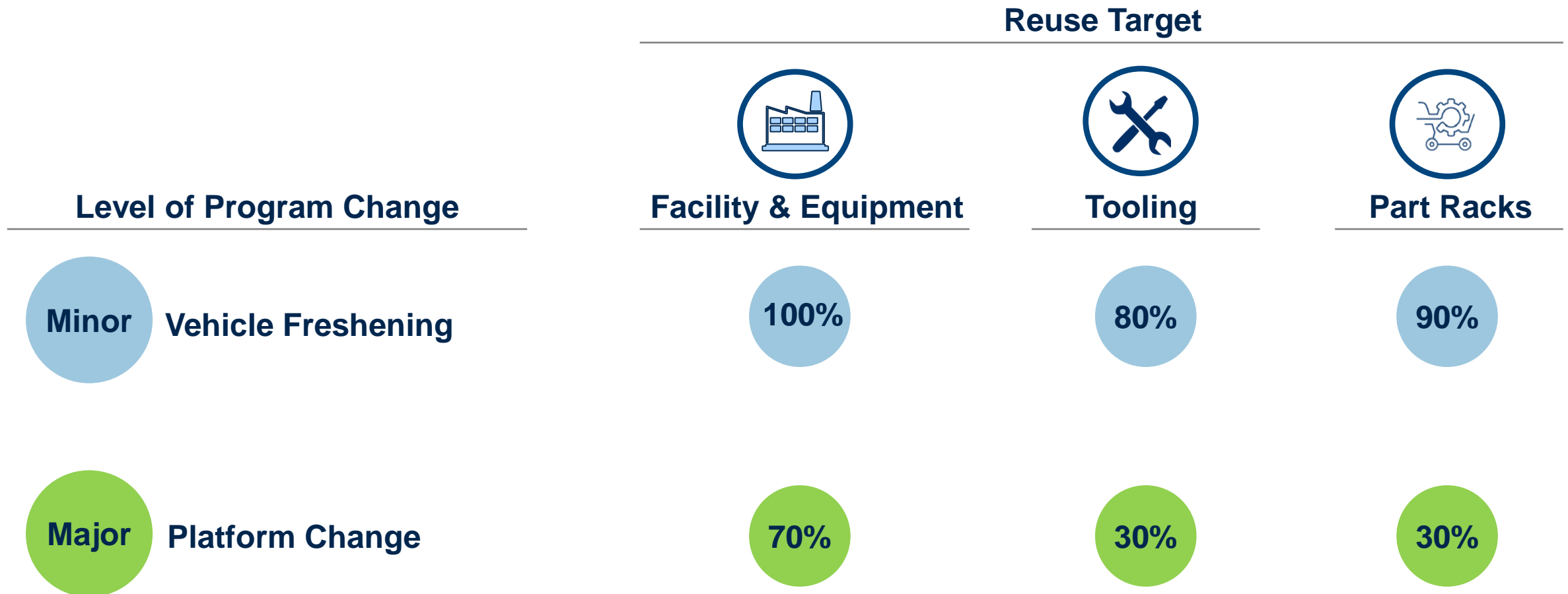
- Maintain facility and equipment hardpoints
- Dimension containment



LOCATORS / ATTACHMENT STRATEGY

- Adhere to carry-over locator strategy
- Use common fastener and attachment methods

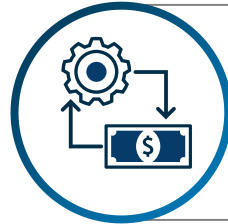
Aggressive Reuse Targets Scaled By Program Type; Metrics Aligned With Financials And Tracked Through Launch



Mission:

Data-driven process to optimize revenue and content on every vehicle sold

Yield Management Key Highlights



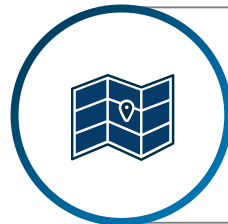
Yield Management

Right **VEHICLE**, to the right **PLACE**, for the right **CUSTOMER**, at the right **TIME**, at the right **PRICE**



Incentives

Targeted discounts where they are most effective



Allocation and Mix

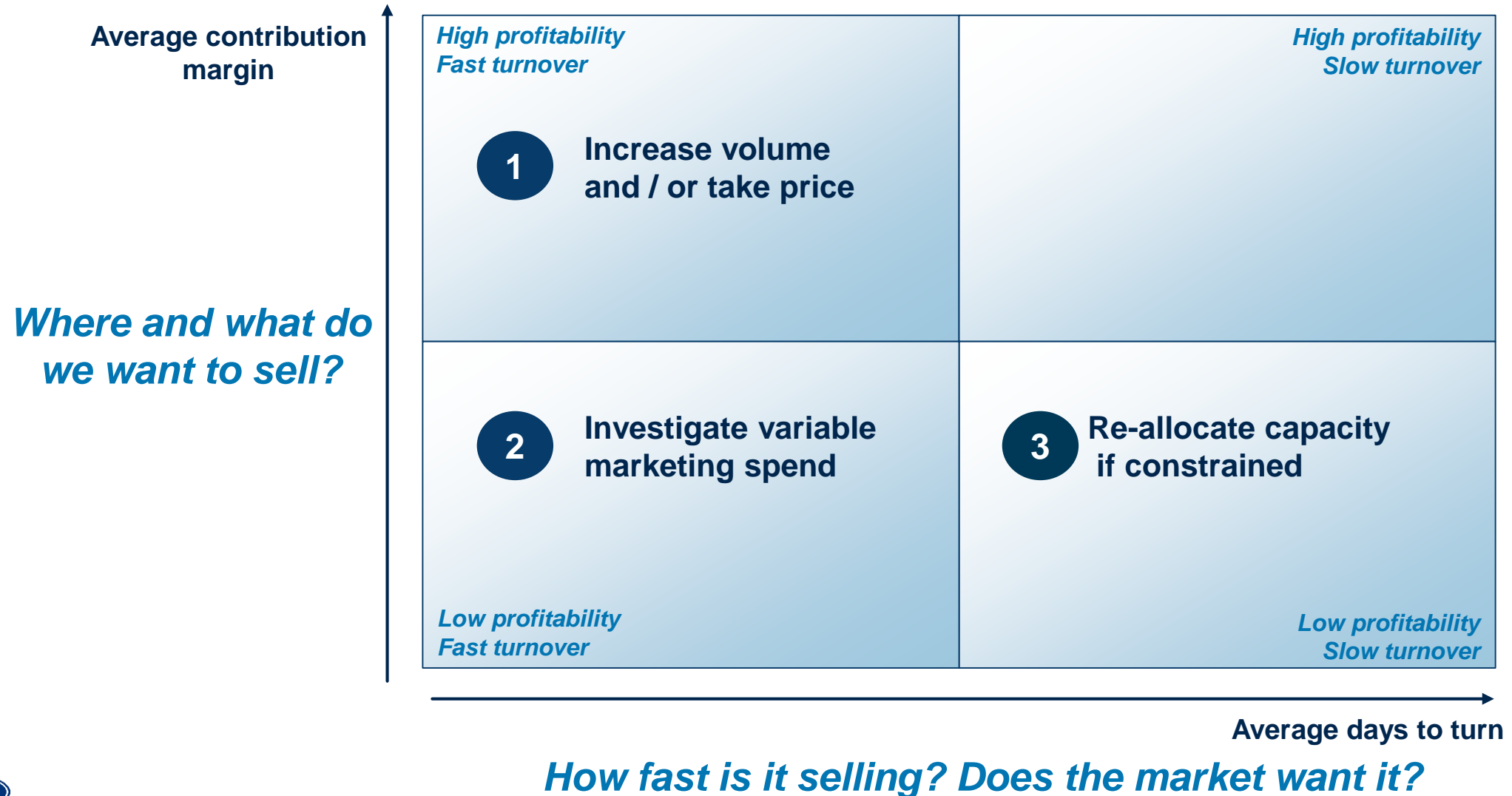
Selling vehicles where they are most demanded



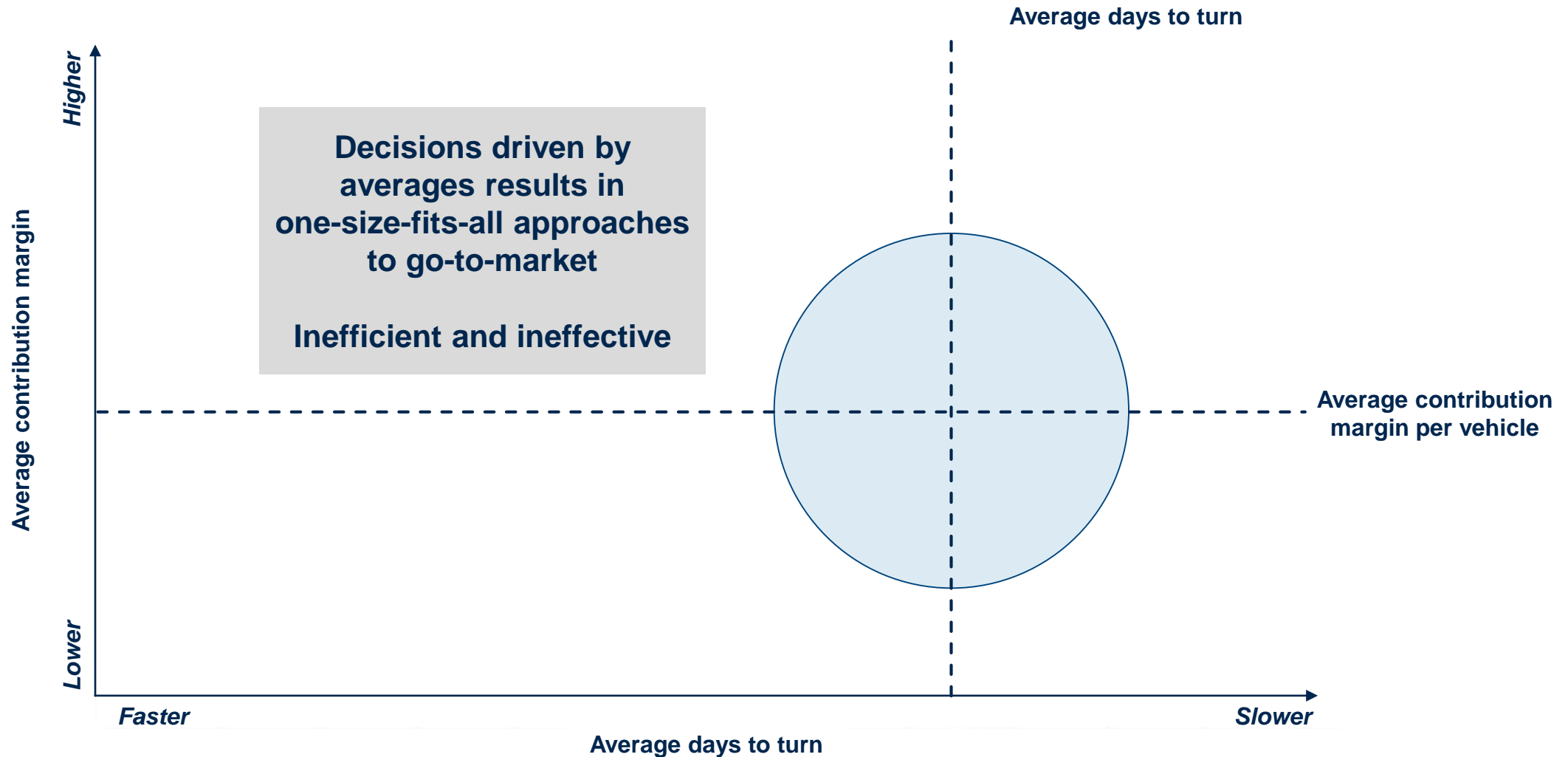
Pricing

Targeted to relative strength; dynamic for the situation

Yield Management Allows Us To Better Capture Pockets Of Value



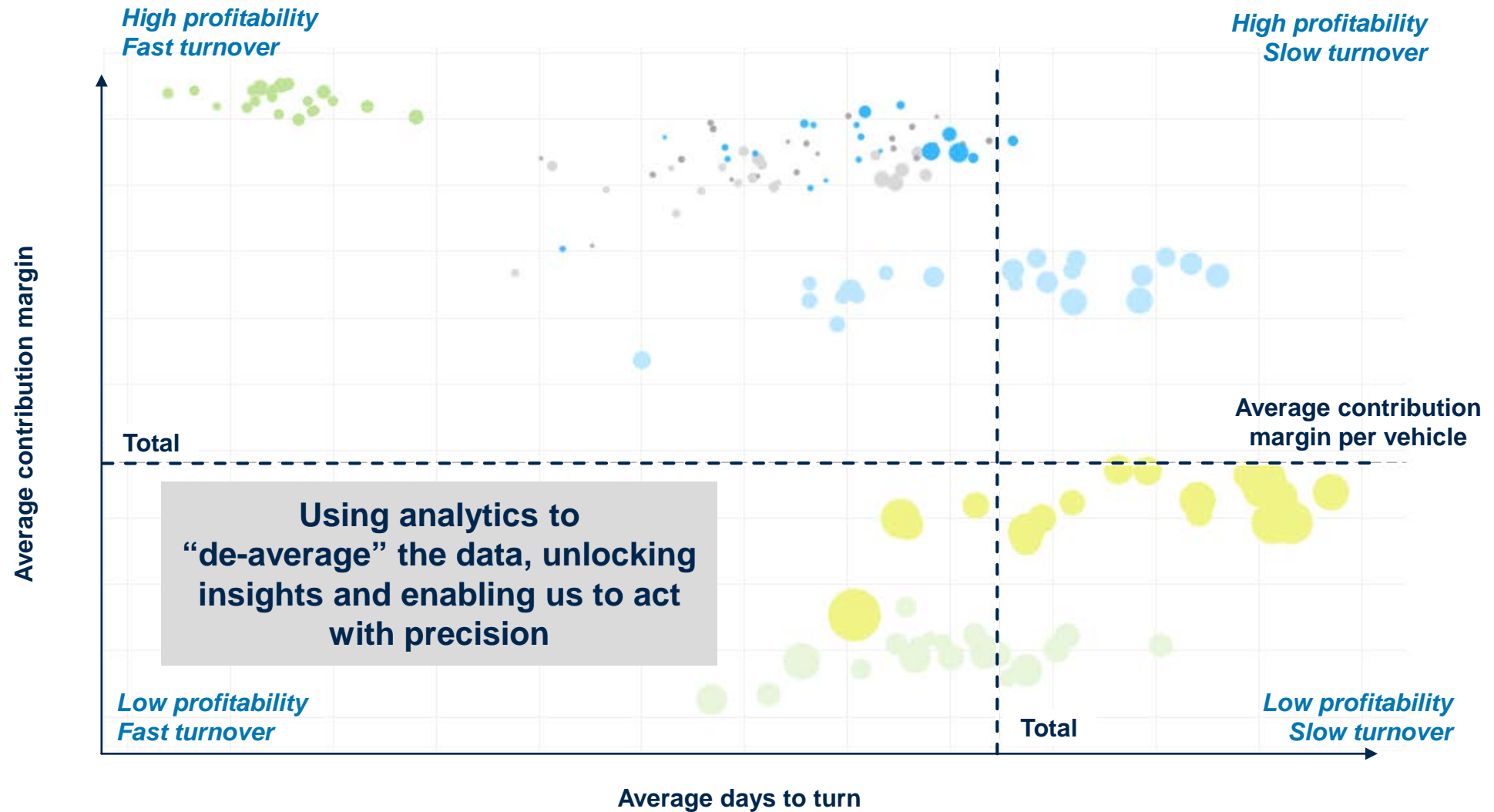
Yield Management Generates Insights By Taking Data Beyond Averages...



Note: Graph represents single nameplate averaged across all series and sales regions



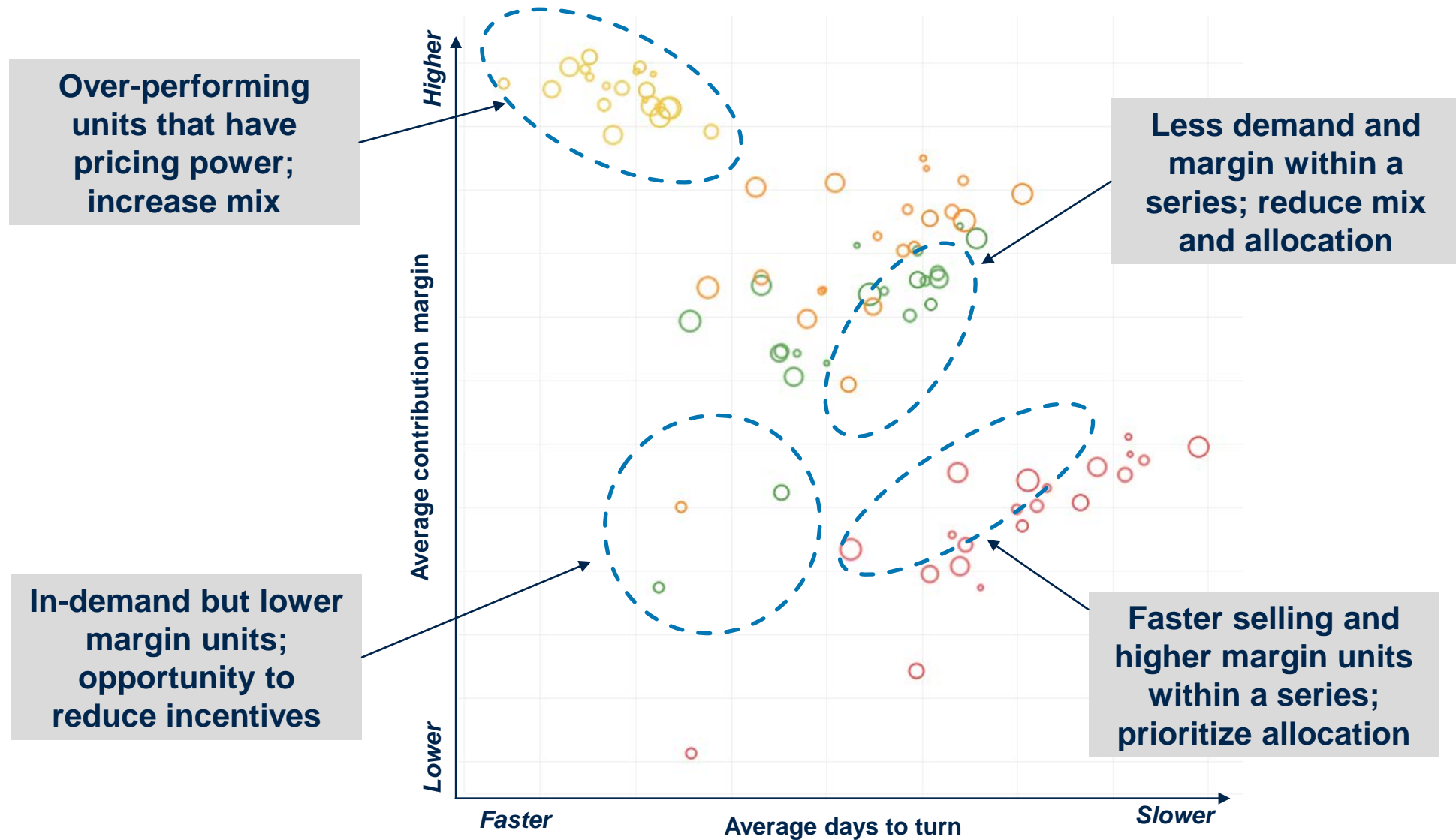
... And Leverages Granularity To Uncover Targeted Opportunities



Note: Graph represents single nameplate where color represents trim series and dots represent 21 individual sales regions



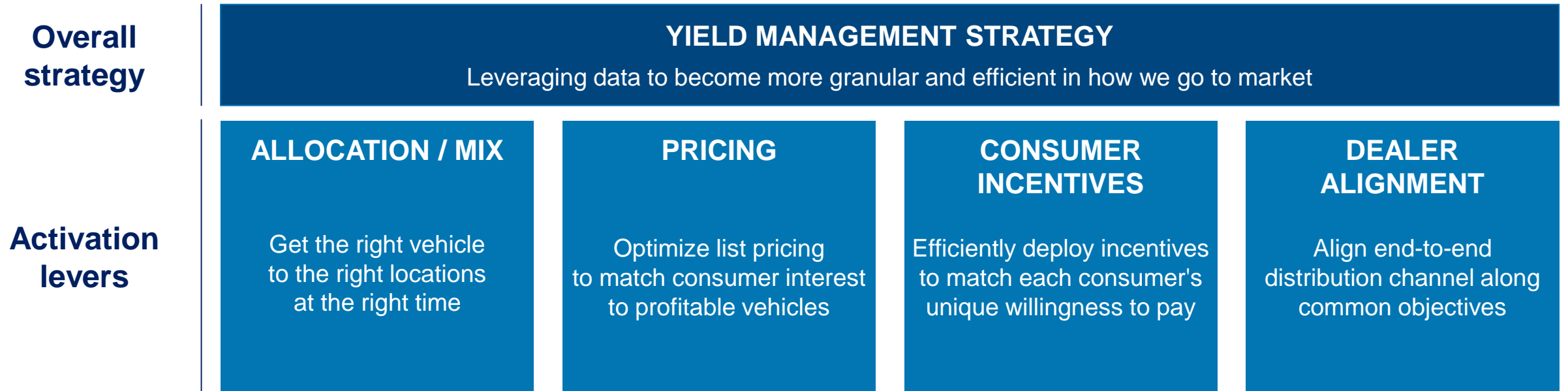
Yield Management In Practice



Note: Graph represents single nameplate where color represents trim series and dots represent 21 individual sales regions



Yield Management Framework



Yield Management Ensures Variable Marketing Dollars Work The Hardest

DEFENSE

Tool To
'Get Fit'

- Bottom-up actions require empowered teams to take “smart risks” to deliver targeted, focused programs
- Leverage yield management to achieve Fitness savings targets without impacting volume
- Selectively reduce variable marketing spend in areas where demand is most robust

OFFENSE

Tool To
Drive
Profitable
Share

- Leverage yield management to deploy incentive dollars where they will be most effective in driving profitable share
- De-averaged understanding of where Ford is relatively strong and vulnerable vs. competitors and vice versa
- Flexible actions designed to limit volume risk



Creating Tomorrow, Together



Benefits of Fitness

- Dramatic improvements in how we design, build and go to market
- KPIs to gauge results and ensure immediate actions to stay fit
- Mindset drives new opportunities
- A more durable and competitive business model with improved profitability and returns





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's long-term competitiveness depends on the successful execution of fitness actions;
- Industry sales volume, particularly in the United States, Europe, or China, could decline if there is a financial crisis, recession, or significant geopolitical event;
- 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;
- Ford may face increased price competition resulting from industry excess capacity, currency fluctuations, or other factors;
- Fluctuations in commodity prices, foreign currency exchange rates, and interest rates can have a significant effect on results;
- With a global footprint, Ford's results could be adversely affected by economic, geopolitical, protectionist trade policies, or other events;
- Ford's production, as well as Ford's suppliers' production, could be disrupted by labor disputes, 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;
- Pension and other postretirement liabilities could adversely affect Ford's liquidity and financial condition;
- 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;
- Ford's vehicles could be affected by defects that result in delays in new model launches, recall campaigns, or increased warranty costs;
- Safety, emissions, fuel economy, and other regulations affecting Ford may become more stringent;
- 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's receipt of government incentives could be subject to reduction, termination, or clawback;
- Operational systems, security systems, and vehicles could be affected by cyber incidents;
- 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 Credit could experience higher-than-expected credit losses, lower-than-anticipated residual values, or higher-than-expected return volumes for leased vehicles;
- Ford Credit could face increased competition from banks, financial institutions, or other third parties seeking to increase their share of financing Ford vehicles; and
- Ford Credit could be subject to new or increased credit regulations, consumer or data 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, 2017, as updated by subsequent Quarterly Reports on Form 10-Q and Current Reports on Form 8-K.

