Moschovakis Capital

Ford Motor

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EQUITY RESEARCH REPORT

September 21, 2026

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F — FORD MOTOR COMPANY

Report Date: 2026-09-21

Analyst: Moschovakis Capital Research

EXECUTIVE SUMMARY

Metric	Value
Recommendation	AVOID
Current Price	$13.21 / €11.50
Fair Value (Base Case)	$14.50 / €12.62
Margin of Safety	9.8%
Target Entry	Not applicable; do not initiate

Return Profile	Value
Dividend Yield	4.3%
Expected Dividend Growth	3.0% base case
Expected Price Appreciation	2.7% base case
Total Expected Return (Base)	7.1% CAGR
Bear Case Total Return	-0.2% CAGR
Bull Case Total Return	11.0% CAGR
Probability-Weighted Return	6.25% CAGR

Risk Assessment	Value
Wealth Preservation Score	31 / 100
Downside Protection Score	10 / 100
Quality Score	40 / 100
Risk Level	ELEVATED
Probability of >50% Permanent Loss	~18%
Recession Profile	VULNERABLE

One-Line Thesis:

Ford combines a high dividend and a low forward multiple with a leveraged, cyclical balance sheet, negative FY2025 GAAP earnings, and a 2020 dividend cut; the bear case produces a negative total return, so the stock fails the wealth preservation mandate at $13.21.

INVESTMENT THESIS

Ford passes the first two tests of the framework. The business is understandable, and automotive manufacturing is not in secular decline. The problem arrives at the third question: Ford is a highly cyclical industrial with a finance subsidiary and a balance sheet built for volume, not for preservation. The company survives downturns, but surviving is not enough when the mandate requires limited, quantifiable downside. On the numbers provided, Ford does not meet that standard.

The core return math works narrowly in the base case. At $13.21, the current dividend yield is 4.3%. The market expects roughly $1.62 in diluted EPS for fiscal 2026, recovering from a $2.06 loss in FY2025. If Ford earns that amount, pays out around $0.57 to $0.60 per share in dividends, and grows EPS at a modest low-single-digit rate as it executes the 8% adjusted EBIT margin target, the base case total return lands near 7.1% annually. That clears the hurdle rate, but the hurdle is not the only requirement. The bear case fails. A recession scenario with revenue compression toward $155 billion, a return to negative industrial EBIT, and a dividend reduction produces a terminal value near $10.00 plus about $2.50 in cumulative dividends. That is a negative total return over ten years from $13.21. A preservation portfolio cannot accept a security whose adverse scenario leaves the owner poorer in nominal terms.

The downside protection scoring quantifies the problem. The framework awards no credit for a positive bear case because the bear case is negative. The 2020 dividend suspension removes the ten-point credit for maintaining payouts through a prior downturn. Historical drawdowns exceed the 40% threshold. Total debt far exceeds one times book equity. Free cash flow turned negative in FY2022. Ford posts a Wealth Preservation Score of 31 out of 100, far below the 65 required for a buy and below the 45 cutoff for qualification. The probability of a greater-than-50% permanent loss sits near 18% by my estimate, above the 15% limit for standard analysis and above the tightened limit for any exception.

The opportunity cost baseline matters. A 4% high-yield savings account produces a positive 4% with no drawdown, no dividend-cut risk, and no need to underwrite a stressed leveraged automaker. Ford's base case exceeds 4%, but the bear case does not meet the risk-adjusted replacement threshold. The Ford franchise in trucks and commercial vehicles is real, and Ford Pro software shows improving economics, but those strengths do not convert a leveraged cyclical into a preservation asset. The stock sits in the zone where the expected return is positive but the distribution of outcomes is too wide. When the framework applies the asymmetric threshold, Ford fails.

1. BUSINESS QUALITY ASSESSMENT

Ford operates three industrial segments: Ford Blue for internal combustion vehicles, Ford Model e for electric vehicles, and Ford Pro for commercial vehicles and services. Ford Credit provides captive auto financing, and Corporate Other plus Interest on Debt complete the reporting structure. Total revenue reached $184.99 billion in FY2024 and $187.27 billion in FY2025. The company describes the 2025 result as a fifth consecutive year of revenue growth, but the growth rate has decelerated from 11% in FY2023 to 5% in FY2024 to 1.23% in FY2025. Quarterly revenue growth turned negative at -3.80% in the most recent quarter ended June 30, 2026.

Ford holds a genuine competitive position in trucks and SUVs. The F-Series franchise drives profitability in Ford Blue, and Ford Pro has become the strategic center of the company. Ford Pro bundles commercial vehicles with software, telematics, and connected services. The recurring revenue component supports better margins than the legacy vehicle business. Ford Credit provides an integrated financing channel that peers without captive finance arms cannot match. The company also avoided bankruptcy in 2008 and 2009 after raising capital in 2006, a differentiated outcome versus GM and Chrysler.

The moat is narrow, not wide. The Koalagains analysis documents free cash flow swinging from $18.5 billion in FY2020 to negative $13 million in FY2022, then recovering to $6.7 billion in both FY2023 and FY2024. A business with a wide moat generates consistent cash returns through the cycle. Ford generates strong cash in good truck years and destroys it in bad years. The company's operating margins struggle to stay above 3%, which the same source attributes to weak cost control or pricing power. The search results do not provide a formal moat rating, but the cash flow volatility and thin margins are inconsistent with a wide-moat designation under this framework.

Geographic concentration compounds the quality issue. Ford operates in North America, Asia Pacific, Europe, South America, and the Middle East and Africa, but the home market is the profit engine. The provided data does not include a dollar-level geographic split, so the exact North American profit contribution cannot be quantified from this packet. The strategic framework acknowledges the asymmetry: Ford is globally present but not equally strong everywhere, and management prioritizes profitable niches outside North America. That discipline supports the moat in trucks and Pro, but it also means the consolidated entity remains exposed to the U.S. SAAR cycle, tariff policy, and pickup pricing.

Stage 1 sector conclusions are mixed. The sector is understandable, not in secular decline, and contains tailwinds in connected services and energy storage. It is also highly cyclical. The Stage 1 filter requires exceptional balance sheet strength for highly cyclical businesses. Ford does not provide it. The moat in trucks and Pro helps the base case, but it does not overcome the cyclicality or the leverage discussed in the Financial Fortress section.

2. FINANCIAL FORTRESS ANALYSIS

The consolidated balance sheet is the disqualifying gate. The research data identifies total debt of $164.4 billion as the most prominent red flag. The market capitalization at the authorized price is roughly $52 billion to $53 billion using the 3.98 billion diluted share count, and the price-to-book ratio is 1.61. The implied book equity is approximately $32 billion to $33 billion. Dividing total debt by book equity produces a debt-to-equity ratio above 5x. The framework threshold for a pass is below 1.0x, with the preferred zone below 0.5x. Ford fails by a wide margin. I acknowledge that most of this debt sits in Ford Credit and is matched against finance receivables rather than industrial assets, but the consolidated entity still owes the money. In a credit freeze, the finance subsidiary drains liquidity even when the industrial business remains viable.

The earnings quality is not preservation-grade. Ford reported a net loss of $8.162 billion in FY2025, following net income of $5.879 billion in FY2024 and $4.347 billion in FY2023. The FY2025 loss includes special items, and the company presents adjusted EBIT of $6.8 billion as the underlying measure. The adjusted figure is more useful for valuation, but the GAAP result determines book value, taxable earnings, and the optics of a downturn. Net margins moved from 2.5% in FY2023 to 3.2% in FY2024, then swung to -4.37% in FY2025. The provided research explicitly warns that a prior summary mislabeled the 2.5% to 3.2% improvement as 2024 to 2025; the correct period is 2023 to 2024. FY2025 was negative.

Free cash flow history confirms the fragility. The Koalagains data shows $18.5 billion in FY2020, negative $13 million in FY2022, $6.7 billion in FY2023, and $6.7 billion in FY2024. Ford's February 10, 2026 release reports full-year 2025 operating cash flow of $21.3 billion but adjusted free cash flow of only $3.5 billion. Capital spending guidance of $9.5 billion to $10.5 billion consumes most of the operating cash flow. The company guides to adjusted free cash flow of $5.0 billion to $6.0 billion in 2026 and adjusted EBIT of $8.0 billion to $10.0 billion. That is an improvement, but the free cash flow margin remains thin relative to revenue of $187 billion.

Interest coverage cannot be computed precisely from the provided packet because total interest expense is not disclosed. The data shows no debt maturity schedule and no cash as a percentage of total debt. The framework requires those inputs for a full fortress assessment. The available inputs already produce a solvency verdict of MARGINAL, not ADEQUATE or FORTRESS. Ford survived 2008 and 2020, and Ford Credit holds collateral, so I would not call the situation unacceptable in the sense of near-term insolvency. The issue is preservation, not survival. A preservation mandate demands a margin of safety through the cycle, and Ford's consolidated leverage does not provide one.

The stress test supports the MARGINAL verdict. If revenue falls 30% for two years, Ford Blue and Ford Pro EBIT would turn negative, Ford Credit credit losses would rise, and adjusted free cash flow would go materially

negative after the fixed dividend and the $9.5 billion to $10.5 billion capex program. The company would likely cut the dividend, as it did in 2020, and may need to trim investment or draw on credit lines. Ford avoids insolvency in that scenario, but it does not avoid permanent shareholder damage.

3. DIVIDEND ANALYSIS

Ford pays a dividend. The current yield is 4.3% at the authorized price of $13.21. The ordinary dividend appears to run near $0.57 per share annually based on that yield, with the provided data showing an ex-dividend date of August 11, 2026 and a payment date of September 1, 2026. The yield is the main attraction for income investors, and it exceeds the 4% high-yield savings baseline.

The payout basis matters. On trailing GAAP EPS of -$1.87, the payout ratio is meaningless and negative. The raw ratio listed in the research is -32%. On forward earnings, the coverage is adequate. Barchart's consensus expects diluted EPS of $1.62 for the current fiscal year, which implies a payout ratio near 37% on a $0.57 dividend. Using the company's 2026 adjusted free cash flow guidance of $5.0 billion to $6.0 billion and a dividend cost near $2.3 billion, the cash payout lands in the 40% to 46% range. That is sustainable on a steady-state basis.

The sustainability certification in this framework requires durability through a downturn, not just coverage in the base year. Ford fails that test. The company suspended the dividend in 2020 during the pandemic. The framework deducts ten points for a dividend cut in the past ten years, and the downside protection score reflects that deduction. Ford does not carry a track record of maintaining the payout through a severe recession. A 40% earnings decline would reduce adjusted EBIT from the guided midpoint toward $5 billion or below, and free cash flow would turn negative before the dividend line. The board would likely cut the payout again.

The dividend is sustainable in the base case but at risk in the bear case. I cannot certify the dividend as ROCK SOLID or SUSTAINABLE under the framework's definitions. The appropriate designation is AT RISK in a stress scenario. The 4.3% yield looks attractive, but it exists because the market already prices the likelihood that the payout will not survive the next downturn. A preservation investor who buys Ford for the yield takes the precise risk the framework prohibits: accepting an income stream that fails when the equity also falls.

4. VALUATION ANALYSIS

The valuation picture is distorted by negative GAAP earnings. Trailing diluted EPS is -$1.87, net income available to common is roughly -$7.4 billion, profit margin is -3.93%, and return on equity is -18.25%. Those figures make trailing multiples unusable. The research shows a trailing P/E as low as -7.02 from one source and as high as 15.67 from another, depending on the EPS basis. EV/EBITDA prints at 53.94 currently, up from 14.18 at year-end 2025, because the EBITDA denominator has collapsed. The EV/EBITDA figure does not provide usable valuation information.

The cleaner earnings-based multiple is the forward P/E of 7.75. That compares with an average of the non-zero historical quarterly P/E prints of roughly 9.16, calculated from the Macrotrends table in the provided data. The stock also trades at 0.31 times sales, 1.61 times book, and 1.01 times enterprise value to revenue. On those revenue multiples, Ford is not expensive. The problem is that low revenue multiples characterize capital-intensive, low-margin automakers for a reason.

My base case fair value uses normalized forward earnings. The Barchart consensus of $1.62 in diluted EPS for fiscal 2026 and a 9.0 multiple produce a fair value near $14.50 per share. That multiple sits slightly below the calculated historical average to reflect the cyclicality and the consolidated leverage. Against the authorized price of $13.21, the margin of safety is 9.8%. The framework requires a ten-point margin for a buy, and Ford does not quite clear it even on the optimistic side of the valuation range. The Yahoo bull fair value is $14.85, close to my

$14.50 estimate. The Yahoo bear fair value is $10.27, a 22% decline from $13.21, and that bear case becomes my terminal value in the scenario section.

The valuation spread tells you how the market thinks about Ford. The research quotes a P/E of 11.7 for Ford versus an 18.9 global automobile industry multiple and a 31.6 fair ratio estimate as of February 2026. Ford trades below peer multiples because the market prices the leverage, the cyclicality, and the execution risk. A low multiple is not automatically a margin of safety. For a preservation account, the relevant question is whether the cheap multiple compensates for the embedded downside. The scenario work says it does not, because the adverse case produces a negative total return even with a 4.3% dividend.

5. SCENARIO ANALYSIS

The scenario framework uses a ten-year horizon with dividends included. I assign 25% to the bear case, 50% to the base case, and 25% to the bull case.

Bear case: A recession lands in 2027. U.S. SAAR falls toward 13 million, revenue drifts to $155 billion by 2035, and adjusted EBIT turns negative in the trough. Ford cuts the dividend to preserve liquidity. Terminal normalized EPS recovers to roughly $1.15, and the market applies an 8.5 multiple to produce a price near $10.00. Cumulative dividends over the decade total about $2.50 per share. The ending value is approximately $12.50 against a $13.21 starting price, a total return of around -0.2% annually. This is the dispositive case. The framework's absolute requirement that the bear case return at least zero fails.

Base case: Ford executes Farley's margin recovery. Fiscal 2026 adjusted EBIT reaches the midpoint of the $8.0 billion to $10.0 billion guidance, EPS reaches about $1.62, and the dividend is maintained. Revenue grows near 1% annually, consistent with the 1.89% market-implied long-term growth rate and the WallStreetZen forecast of 0.1% revenue growth over the next year. Cost control, warranty improvement, and Ford Pro software lift EPS to about $2.03 by 2035. An 8.5 multiple produces a terminal price near $17.30. With the 4.3% starting yield, 3% dividend growth, and reinvested dividends, total return reaches about 7.1% annually. The base case clears the hurdle but only barely.

Bull case: Ford Pro software scales faster than expected, cost reductions hit earlier, and the 8% adjusted EBIT margin target arrives by 2029 instead of later. Terminal EPS reaches roughly $2.90, and the market assigns a 9.5 multiple to produce a price near $27.55. Dividends grow 6% annually. Total return reaches about 11.0% annually. This case supports the TD Cowen view of significant tailwinds over the next few years, but it requires execution that Ford has not yet demonstrated consistently.

Probability-weighted expected return: 25% of -0.2%, 50% of 7.1%, and 25% of 11.0% equals 6.25% annually. That sits below the 7% hurdle. The framework does not require maximum return, but it does require the risk-adjusted expected return to beat inflation plus the 4% savings alternative. Ford's expected return does not clear that bar when the downside is weighted honestly. The spread between the base case and the bear case is too wide for the preservation mandate.

Scenario | Terminal Price | Total CAGR | Weight | Contribution

Bear | $10.00 | -0.2% | 25% | -0.05%

Base | $17.30 | 7.1% | 50% | 3.55%

Bull | $27.55 | 11.0% | 25% | 2.75%

Expected | | 6.25% | 100% | 6.25%

6. RISK ASSESSMENT

The risk list begins with the balance sheet. Total debt of $164.4 billion creates a highly leveraged consolidated entity. The Koalagains source calls the financial foundation fragile, and that is the right characterization for a preservation analysis. Ford Credit's debt is collateralized, but a credit market freeze still pressures the parent. The absence of a disclosed debt maturity schedule in the provided packet prevents a precise refinancing-risk assessment, which itself is a reason for caution.

Earnings depend heavily on trucks and SUVs. Ford relies on a small number of high-margin product lines, and any shift in consumer preference, fuel prices, or regulatory conditions undermines the profit base. The BofA Buy framework in the research highlights Ford's ability to lean into higher-margin trucks and SUVs, but the flip side is concentration. Tariff policy remains a live swing factor. The company's own 10-Q language warns that protectionist trade policies, including tariffs, could adversely affect results.

The EV transition is a cost and execution risk. Ford reset its EV strategy, and slower EV progress plus recall costs pressure long-term profitability. The Model e segment burns capital, while the Blue segment funds it. The research flags that Ford may need to substantially modify product plans and facilities to comply with safety, emissions, fuel economy, and environmental regulations. Those modifications carry direct costs.

Operational execution is inconsistent. Free cash flow swung from $18.5 billion to negative $13 million and back. Wells Fargo lowered its price target, citing execution risk. Recall costs appear repeatedly as a margin threat. Regulatory exposure reaches up to roughly $2 billion in indirect tax, customs, and regulatory matters. Litigation risk from alleged product defects, environmental impacts, and data privacy concerns is broad and not quantifiable from the packet.

The macro sensitivity is acute. Ford's 2023 10-Q lists global economic uncertainty, higher customer incentives, lower pension income, and exchange pressure as headwinds. Pension and postretirement liabilities can worsen if discount rates or investment returns differ from assumptions. Interest rates and currency fluctuations affect both Ford Credit and international operations. The company is vulnerable to every major macro lever a preservation account is trying to avoid.

One offsetting fact deserves mention. Ford survived 2008 and 2020 without bankruptcy, and the February 2026 release shows management focusing on warranty costs, material costs, and quality. The constructive tone from Farley and CFO Sherry House is supported by the FY2026 guidance range. Survival matters, but the framework cannot upgrade the rating on survival alone. The combination of high leverage, low-quality earnings, and dividend-cut history produces an ELEVATED risk designation.

7. MANAGEMENT & GOVERNANCE

The governance structure is dual-class. The Ford family retains roughly 40% of voting power through Class B shares while holding a much smaller economic interest. That structure insulates management from one-share, one-vote discipline. It is not automatically disqualifying, but it means ordinary shareholders cannot fully hold the board accountable when capital allocation goes wrong. The September 2026 equity restructuring by William Clay Ford Jr. shows the family actively managing its control position through voting trusts.

CEO Jim Farley has set a specific target: 8% adjusted EBIT margin by 2029. The February 2026 release frames 2025 as a year of improved core execution, lower material and warranty costs, and real progress on quality, followed by difficult but critical strategic decisions. CFO Sherry House emphasizes a disciplined approach to capital efficiency. Those statements are aligned with the margin target, and the FY2026 guidance of $8.0 billion to $10.0 billion in adjusted EBIT suggests the plan is moving in the right direction.

The capital allocation record is mixed. The standout historical decision was the 2006 capital raise, which allowed Ford to avoid the 2008 and 2009 bankruptcies that hit GM and Chrysler. Since then, the five-year financial record

shows recovery and immense volatility. The company suspended the dividend in 2020, reinstated it, and now pays 4.3%. The research does not identify meaningful buyback activity. Acquisitions are not mentioned. The main capital deployment goes toward the $9.5 billion to $10.5 billion capex program, where returns are as yet unproven.

Insider activity is mixed. Director John L. Thornton bought 148,880 shares at $14.05 on June 23, 2026, an open-market purchase worth about $148,880. The director grants in May 2026 were routine compensation. A January 2026 derivative transaction showed the Chief Policy Officer and General Counsel exercising options and selling around $732,000 in stock. The single director buy is a positive signal, but it does not overcome the absence of a broader insider buying cluster.

The governance result is ADEQUATE to GOOD for a cyclical industrial, but it does not meet the preservation standard. The family control structure and the thin-margin operating history mean management quality cannot compensate for the financial architecture. The framework finds no explicit management scandal in the provided data, and I record none. The issue is not dishonesty; it is structure and cyclicality.

8. PEER COMPARISON

The provided data does not include peer-level financials for General Motors, Toyota, or Stellantis, so the table below uses Ford's reported metrics against the auto industry aggregates where available. The peer comparison therefore is directional, not line-item precise.

Metric | Ford (TTM) | Industry/Peer Signal | Preservation Rank

Net Profit Margin | -3.93% | Industry average 2.67% | Unfavorable

Operating Margin | 0.86% to 1.88% | Industry average 3.76% | Unfavorable

ROE | -18.25% | Industry average 6.1% | Unfavorable

ROA | 0.35% | Industry average 2% | Unfavorable

ROI | 0.5% | Industry average 3.19% | Unfavorable

Trailing P/E | Negative or distorted | Industry average 13.18 | Not comparable

Forward P/E | 7.75 | Sector peers have higher multiples | Cheap for a reason

Dividend Yield | 4.3% | Not provided | High, but cut in 2020

Ford ranks poorly on profitability across every available industry comparison. The negative net margin, the negative return on equity, and the sub-1% operating margin all sit below the auto industry averages. The market compensates by pricing Ford at a discount, but that discount reflects the leverage and execution risk. A peer ranking for wealth preservation would place Toyota ahead of Ford on balance sheet strength and dividend durability. GM carries a similarly cyclical profile. Stellantis has its own regional mix and restructuring complexity. Without peer-specific financials in the packet, the decisive comparison is Ford against the industry profit averages, and Ford loses that comparison.

The truck franchise gives Ford a better business than the aggregate profitability numbers suggest, because the aggregates include the EV losses and special items. Ford Pro, if separated, would show stronger returns. But the preservation framework evaluates the consolidated entity, not only the best segment. On that basis, Ford is not the peer group's preservation leader.

9. KEY METRICS SUMMARY

Metric | Value | Source/Note

Current Price | $13.21 / €11.50 | Authoritative live price

Forward P/E | 7.75 | Yahoo Finance current

TTM Diluted EPS | -$1.87 | Yahoo Finance

FY2025 Diluted EPS | -$2.06 | FY2025 10-K

FY2025 Net Income | -$8.162B | FY2025 10-K

FY2025 Revenue | $187.267B | FY2025 10-K

FY2025 Adjusted EBIT | $6.8B | Ford Feb 10, 2026 release

FY2026 Adjusted EBIT Guidance | $8.0B to $10.0B | Ford Feb 10, 2026 release

FY2025 Adjusted FCF | $3.5B | Ford Feb 10, 2026 release

FY2026 Adjusted FCF Guidance | $5.0B to $6.0B | Ford Feb 10, 2026 release

FY2025 Operating Cash Flow | $21.3B | Ford Feb 10, 2026 release

Total Debt | $164.4B | Koalagains

Dividend Yield | 4.3% | Simply Wall St

Payout Ratio | -32% reported GAAP; ~37% forward EPS | Research

P/S | 0.31 | Yahoo Finance

P/B | 1.61 | Yahoo Finance

EV/EBITDA | 53.94 distorted; use forward P/E | Yahoo Finance

Market-Implied Growth | 1.89% long term | Chartmill

Analyst Average Target | $16.12 to $16.13 | Yahoo/Chartmill

10. MONITORING CHECKLIST

Item | Current Signal | Action

Q3 2026 earnings | Estimate $0.41; report expected Oct 21-22, 2026 | Confirm adjusted EBIT path

FY2026 adjusted EBIT | Guidance $8.0B to $10.0B | Below $8.0B triggers review

FY2026 adjusted FCF | Guidance $5.0B to $6.0B | Below $5.0B pressures dividend

Dividend declaration | Current yield 4.3% | Any cut triggers immediate sell

U.S. SAAR | Watch monthly; base near current trend | Below 14M hurts Ford Blue

Warranty/recall costs | Management focus, not quantified in packet | Rising recall charges review

Tariff policy | Live headwind per 10-Q | New tariffs on metals/parts review

Ford Credit credit losses | Not provided | Rising losses review

8% EBIT margin by 2029 | Management target | No interim progress review

Insider activity | Thornton bought June 2026; officer sold Jan 2026 | Further director buys positive

11. MARKET EXPECTATIONS & CONSENSUS

What the current stock price implies about growth: the market prices Ford as a low-growth, margin-recovery story, not a high-growth re-rating. Chartmill reports a long-term implied growth rate of 1.89%. WallStreetZen says Ford revenue is forecast to grow 0.1% per year, against 12.16% for the U.S. auto manufacturers industry and

13.43% for the market. The Yahoo bull and bear narratives use revenue growth of +1.45% and a decline of -1.48%. The market is paying for cash return and modest margin repair, not for an EV or software breakout.

Consensus bull case: analysts who lean positive point to Ford Pro software, telematics, connected vehicle services, cost controls, manufacturing efficiency, a realigned EV roadmap, energy storage, and regulatory tailwinds. TD Cowen frames EV investments, regulatory decisions, and continued pickup demand as a path to significant tailwinds. The bull fair value in the Yahoo framework is $14.85. Benzinga's bull case notes that trailing free cash flow rose about 24% against a negative three-year average and cites DCF estimates as high as $26.41 per share.

Consensus bear case: the cautious view emphasizes margin pressure, high capital needs, tighter emissions rules, slower innovation, tougher global competition, and raw material and tariff uncertainty. The Yahoo bear fair value is $10.27, about 27% below the then-current price. Benzinga's bear case notes negative revenue and EPS growth, a higher-than-average PE, and a declining earnings yield from 10.5% to 7.1%. Wells Fargo carries an Underweight rating, and BNP Paribas maintains Neutral at $14.50.

Short interest and analyst consensus: short interest is not provided in the research packet, so days to cover cannot be calculated. The consensus rating is split. Barchart shows 23 analysts with 7 Strong Buy, 13 Hold, and 3 Strong Sell. WallStreetZen shows 13 analysts with a Buy consensus. Chartmill shows 29 analysts and an average target of $16.13. JPMorgan maintained a Buy with a $16 target on July 22, 2026. BNP Paribas raised its target to $14.50 on July 30, 2026. The dispersion from a $7 low to a $20 high reflects genuine disagreement about whether Ford is a value or a value trap.

What would validate the consensus: a Q3 2026 adjusted EBIT print above consensus, a warranty-cost improvement, Ford Pro software revenue growth, and a clear path to the 8% margin target. What would disappoint: a revenue miss, margin compression from incentives or tariffs, another special-item loss, or downward revision to FY2026 adjusted FCF.

Forward Valuation | Value | vs. Sector Avg | Assessment

Fwd P/E | 7.75 | Below industry 13.18 | Cheap on forward earnings

PEG | 8.48 | Not meaningful with low growth | Weak growth-adjusted value

EV/EBITDA | 53.94 | Distorted by negative EBITDA | Ignore

Beta | Not provided | | High-beta cyclical by business model

12. KEY BUSINESS DRIVERS

Driver 1: Adjusted EBIT margin.

Why it matters: this is the core measure of Ford's operating progress toward Farley's 8% target by 2029.

Current level: 6.8B adjusted EBIT in FY2025; FY2026 guidance midpoint near 4.8% of revenue.

Bull threshold: adjusted EBIT margin reaches 6% or higher in FY2026 and 8% by 2029.

Bear threshold: margin stalls below 4% and the 2029 target slips.

Next data point: Q3 2026 earnings expected October 21-22, 2026.

Driver 2: Ford Pro service and software revenue.

Why it matters: recurring high-margin revenue reduces cyclicality and supports the valuation re-rating.

Current level: not separately quantified in the packet; management cites Pro strength but no dollar split provided.

Bull threshold: Pro services revenue grows double digits for multiple quarters.

Bear threshold: Pro growth decelerates or commercial fleet demand weakens.

Next data point: Q3 2026 segment disclosures.

Driver 3: U.S. truck and SUV pricing plus SAAR.

Why it matters: Ford Blue profitability depends on the U.S. pickup cycle and incentive discipline.

Current level: recent quarterly revenue growth -3.80%; SAAR assumption from prior 10-Q was about 15 million U.S.

Bull threshold: SAAR holds near 15 million with stable pricing.

Bear threshold: SAAR drops toward 13 million or incentive spending spikes.

Next data point: monthly U.S. SAAR releases.

Driver 4: Warranty and recall costs.

Why it matters: recalls pressure margins and undermine the 8% EBIT goal.

Current level: not quantified in the packet; management identifies warranty improvement as a 2025 gain.

Bull threshold: warranty reserve trend stable or declining.

Bear threshold: a major new recall or rising warranty accrual.

Next data point: quarterly earnings commentary.

Driver 5: Ford Credit funding and credit loss performance.

Why it matters: Ford Credit dominates total debt and can amplify a downturn.

Current level: total consolidated debt $164.4B; credit loss detail not provided.

Bull threshold: stable spreads and low losses.

Bear threshold: rising delinquencies or funding stress.

Next data point: Ford Credit quarterly results.

13. PROXY TRACKERS & LEADING INDICATORS

Proxy | Ticker/Symbol | Relationship | Signal (bullish if X, bearish if Y)

General Motors | GM | Peer equity; leads Ford sentiment on trucks and EVs | Bullish if GM rallies; bearish if GM breaks down

Consumer Discretionary Select Sector SPDR Fund | XLY | U.S. big-ticket consumer demand | Bullish if XLY holds uptrend; bearish if XLY falls below key moving averages

iShares iBoxx High Yield Corporate Bond ETF | HYG | Credit risk appetite; Ford Credit funding proxy | Bullish if HYG holds; bearish if HYG spreads widen

Aluminum or steel commodity pricing | No specific ticker in packet | Input cost pressure for auto manufacturing | Bullish if metals fall; bearish if metals spike

Monitoring rule: if GM or XLY breaks below a major trendline ahead of Ford earnings, re-evaluate the base case within five days rather than waiting for the quarterly print.

EXIT TRIGGERS FOR CURRENT HOLDERS

If you hold Ford in a preservation allocation, these events trigger a sell or immediate review:

- Dividend cut or suspension: sell immediately. The 2020 suspension is the template for the next recession.
- FY2026 adjusted EBIT below $8.0 billion guide lower: review; the margin recovery is not working.
- Adjusted FCF below $5.0 billion: review; dividend coverage becomes strained.
- A major new recall or warranty accrual: review; the cost story reverses.
- Total consolidated debt rising while industrial EBIT stagnates: sell.
- Ford Credit downgrade or funding disruption: sell.
- Price rally to $14.50 without a corresponding increase in FY2027 guidance: trim rather than add.

FINAL RECOMMENDATION

RECOMMENDATION: AVOID

Ford fails the wealth preservation absolute requirement because the bear case total return is negative. The base case clears the hurdle narrowly at 7.1%, but the probability-weighted return is 6.25%, below the required floor. The balance sheet carries consolidated debt far above the framework limit, the company reported a negative FY2025 GAAP year, and the dividend was cut in 2020. The Wealth Preservation Score of 31 out of 100 places Ford below the qualification threshold. A 4% high-yield savings account beats this security on risk-adjusted terms. Do not initiate a position at $13.21.

ANALYST NOTES

Key Assumptions:

- FY2026 diluted EPS of $1.62, based on Barchart consensus.
- Normalized fair value multiple of 9.0 times forward earnings.
- Bear case revenue declines toward $155 billion and the dividend is reduced.
- Base case dividend yield of 4.3% with 3% dividend growth.
- Ford Credit debt is included in the consolidated leverage assessment rather than restated as if it were a separate entity.

Limitations:

- The research packet omits dollar-level segment revenue and geographic revenue splits.
- Total interest expense, current ratio, debt maturity schedule, and cash as a percentage of debt were not provided.
- FY2025 EBITDA, operating margin, and FCF figures conflict across Yahoo, AlphaQuery, and Ford's own release; I used Ford's adjusted figures where available.
- Peer-specific financials for GM, Toyota, and Stellantis were not supplied.

Confidence Level: MEDIUM to HIGH on the AVOID call. The decisive negative bear case and the consolidated leverage are clear. The precise probability of permanent loss is an estimate because the packet lacks debt maturity and segment detail, but the directional conclusion does not depend on that precision.

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For the execution of positions discussed in our research, we use the following platforms for their regulatory standing, liquidity and reliability.

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Revolut	Multi-currency banking and FX
Interactive Brokers	Institutional-grade brokerage
Vantage	MT4/MT5 execution
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