

# Ford



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## 2Q 2017 EARNINGS REVIEW

July 26, 2017



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## Ford Credit

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Go Further

# 100 DAY REVIEW

## REVENUE

*look at opportunities*

## FITNESS

*improve it for the company*

## CAPITAL

*look for opportunities*

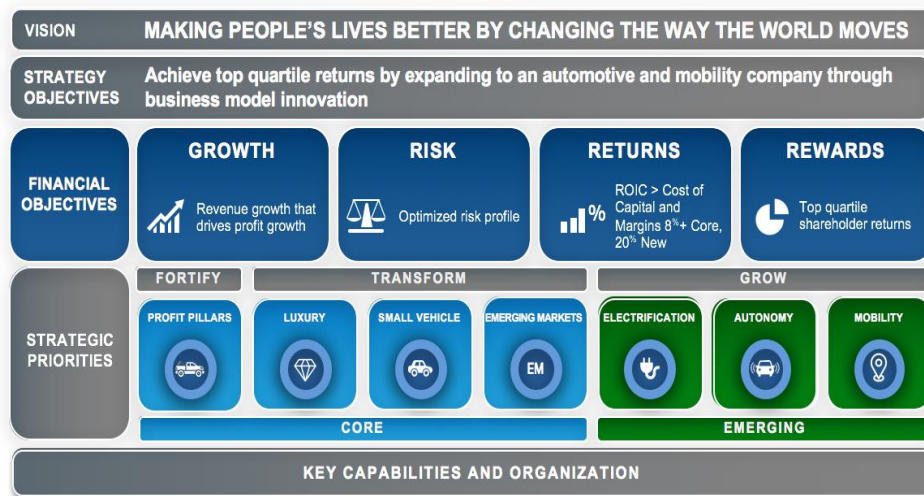
## INNOVATION

*in all parts of the business*

## CULTURE

*Creating the environment to win*

# UNPACK THE LONG TERM STRATEGY



# PRODUCT AND OTHER HIGHLIGHTS



U.S. F-Series sales totaled 224,579 in 2Q; best 2Q since 2001



In China, Ford sold more than 282,000 vehicles in 2Q; Lincoln achieved best-ever quarterly sales



Launched full range of all-new Fiesta models in Europe



Earned No. 2 ranking of non-premium brands in this year's U.S. J.D. Power Initial Quality Study; best ranking in report's 31-year history



Ford's first software update via Wi-Fi with a SYNC 3 update to more than 800,000 model-year 2016 vehicles



Retooling Kentucky Truck to build all-new Expedition and Navigator; next-generation Focus for NA to be sourced primarily from China

# FINANCIAL REVIEW

# FINANCIAL HEADLINES



Total Company  
Revenue  
(GAAP)

Total Company  
Net Income  
(GAAP)

Total Company  
Adjusted  
Pre-Tax Results\*  
(Non-GAAP)

EPS  
(GAAP)

Adjusted  
EPS\*  
(Non-GAAP)

Automotive  
Segment  
Operating  
Margin  
(GAAP)

Automotive  
Segment  
Operating  
Cash Flow  
(GAAP)

**2Q 2017**

**\$39.9B**

**\$2.0B**

**\$2.5B**

**\$0.51**

**\$0.56**

**5.9%**

**\$1.3B**

B / (W)  
2Q 2016

**\$0.4B**

**\$0.1B**

**\$(0.5)B**

**\$0.02**

**\$0.04**

**(1.8) ppts**

**\$(2.9)B**

\* See Appendix for detail, reconciliation to GAAP and definitions

**Revenue Growth; Company Adjusted PBT Of \$2.5 Billion And Favorable Tax Rate Drove Adjusted EPS Of 56¢, Up 8% YoY**

# KEY FINANCIAL SUMMARY

	2Q		YTD	
	2017	B / (W) 2016	2017	B / (W) 2016
Wholesales (000)	1,651	(43)	3,354	(60)
Revenue (Bils)	\$ 39.9	\$ 0.4	\$ 79.0	\$ 1.8
<b>Results (Mils)</b>				
Automotive Segment	\$ 2,191	\$ (641)	\$ 4,156	\$ (2,140)
Financial Services Segment	603	218	1,069	185
All Other	(287)	(63)	(499)	(149)
Total Company adjusted pre-tax results*	\$ 2,507	\$ (486)	\$ 4,726	\$ (2,104)
Special items pre-tax	(248)	(130)	(224)	80
Income / (Loss) before income taxes	\$ 2,259	\$ (616)	\$ 4,502	\$ (2,024)
(Provision for) / Benefit from income taxes	(209)	694	(858)	1,241
Net income / (Loss)	\$ 2,050	\$ 78	\$ 3,644	\$ (783)
Less: Income / (Loss) attributable to non-controlling interests	8	6	15	10
Net income / (Loss) attributable to Ford	\$ 2,042	\$ 72	\$ 3,629	\$ (793)
Earnings per share (diluted)	\$ 0.51	\$ 0.02	\$ 0.91	\$ (0.20)
Adjusted earnings per share (diluted)*	\$ 0.56	\$ 0.04	\$ 0.96	\$ (0.24)
<b>Automotive Segment (Bils)</b>				
Operating cash flow	\$ 1.3	\$ (2.9)	\$ 3.3	\$ (3.6)
Cash	\$ 28.4	\$ 1.2	\$ 28.4	\$ 1.2
Debt	(16.2)	(3.1)	(16.2)	(3.1)
Net cash	\$ 12.2	\$ (1.9)	\$ 12.2	\$ (1.9)

**2Q wholesale volume lower;  
revenue up slightly**

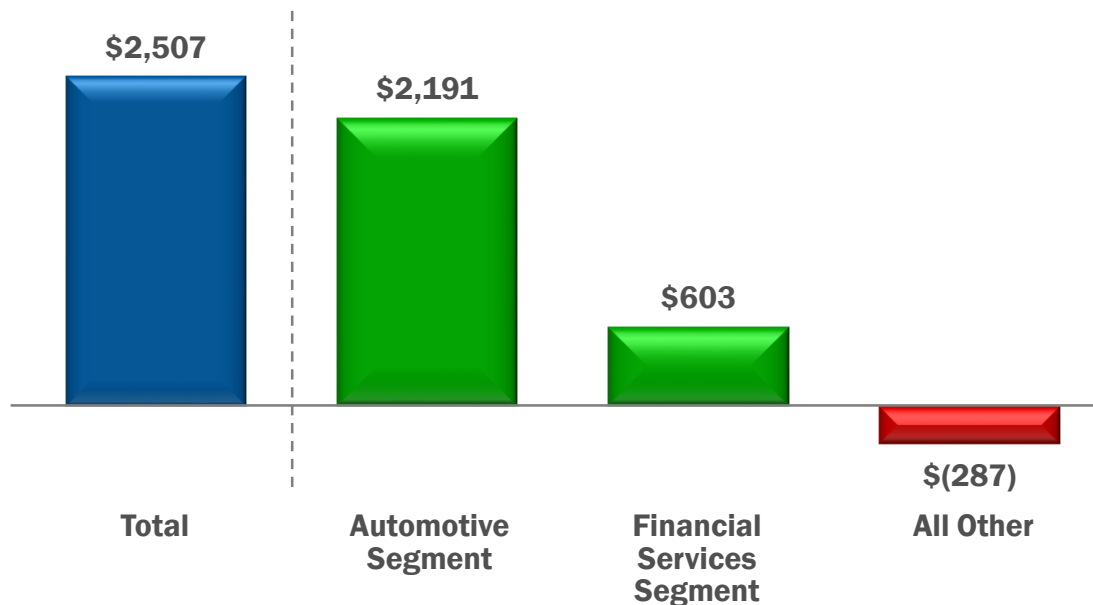
**Company adj. PBT of  
\$2.5B and adj. effective  
tax rate of 10.2% drove  
higher adj. EPS**

**Special items due to  
decisions to deploy less  
capital to small cars in NA  
and SA**

**Operating cash flow  
positive; liquidity strong**

\* See Appendix for detail, reconciliation to GAAP and definitions

# 2Q 2017 ADJUSTED PRE-TAX RESULTS\* (MILS)



**Company adj. PBT driven by Auto and Financial Services results**

**All Other primarily net interest expense plus FSM LLC**

**Decline in Company adj. PBT due to Auto**

B / (W)  
2Q 2016

\$(486)

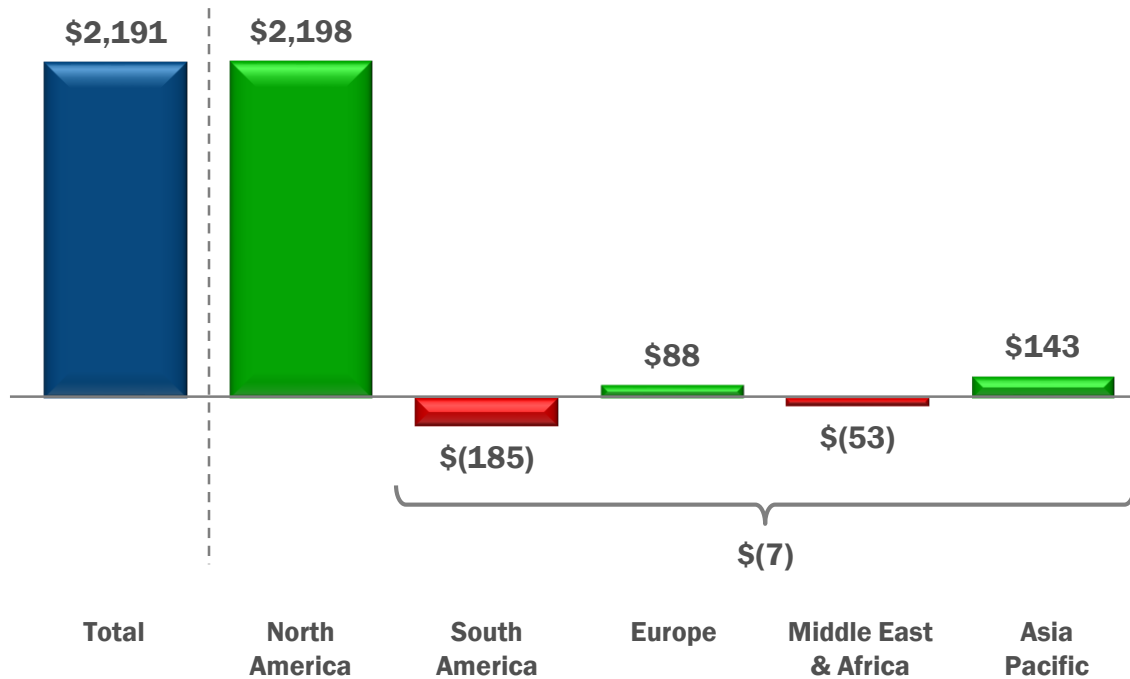
\$(641)

\$218

\$(63)

\* See Appendix for detail, reconciliation to GAAP and definitions

# AUTOMOTIVE SEGMENT 2Q 2017 PRE-TAX RESULTS (MILS)



**Auto PBT driven by NA;  
other regions about  
breakeven in total**

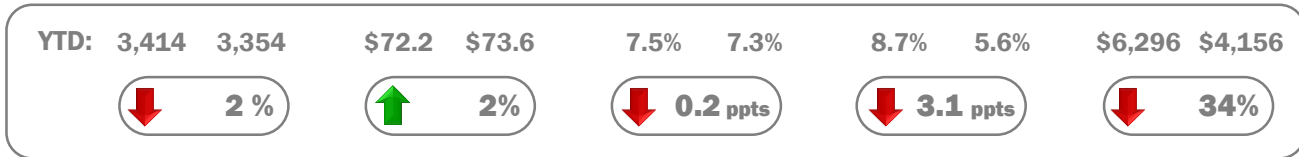
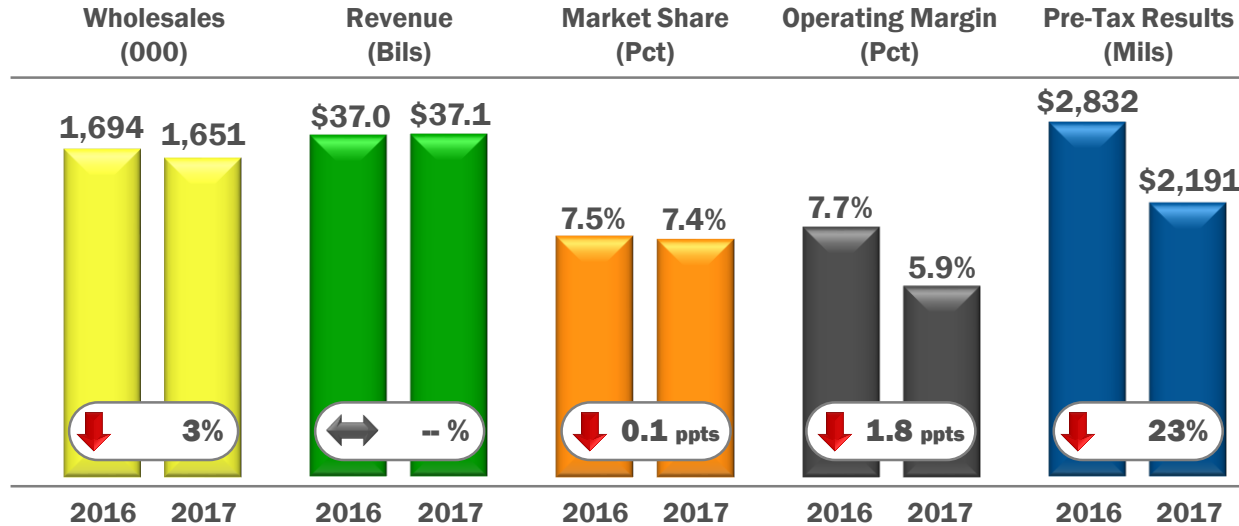
**Europe and AP profitable**

**YoY decline in Auto PBT  
driven by NA and Europe**

	Total	North America	South America	Europe	Middle East & Africa	Asia Pacific
B / (W)						
2Q 2016	\$(641)	\$(505)	\$80	\$(379)	\$12	\$151

# AUTOMOTIVE SEGMENT

## 2Q 2017 KEY METRICS



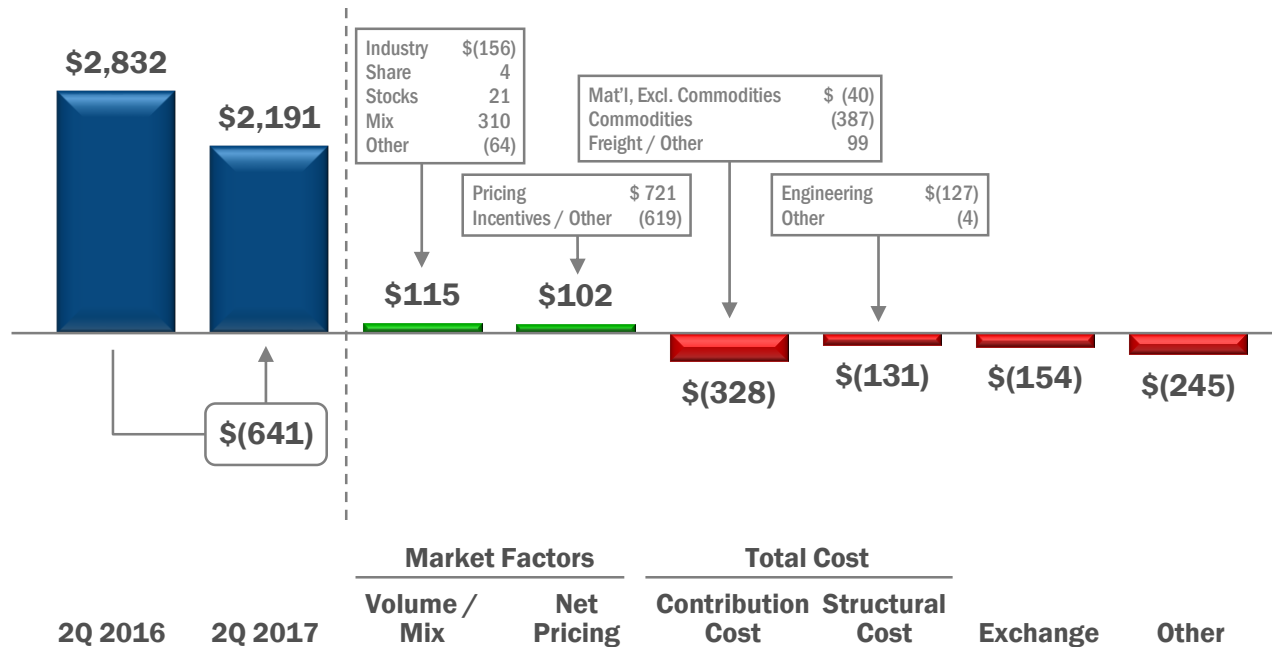
**Auto top-line metrics mixed YoY; financial metrics lower**

**Global SAAR up 4% due to AP, Europe and SA**

**Global market share lower due to NA, Europe and MEA; share up in AP and SA**

# AUTOMOTIVE SEGMENT

## 2Q 2017 PRE-TAX RESULTS (MILS)

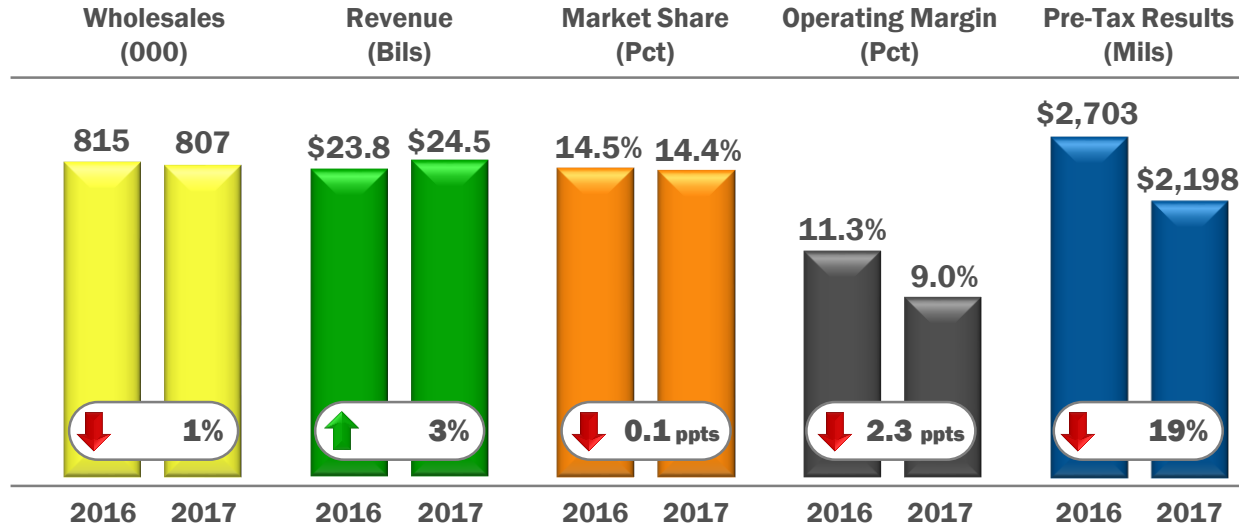


**Lower Auto PBT due to higher commodity cost, unfavorable exchange and non-repeat of gain from asset sale in NA last year (in Other)**

**Favorable market factors driven by NA, SA and AP**

# AUTOMOTIVE SEGMENT – NORTH AMERICA

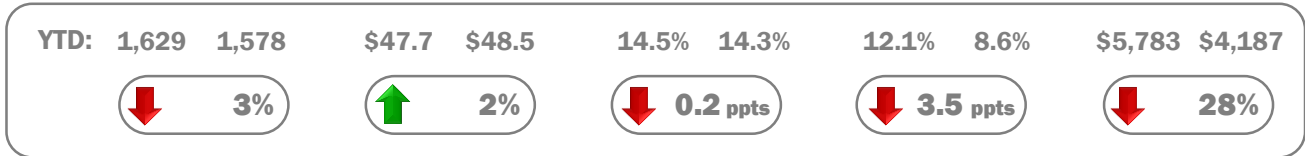
## 2Q 2017 KEY METRICS



NA top-line metrics mixed; financial metrics lower

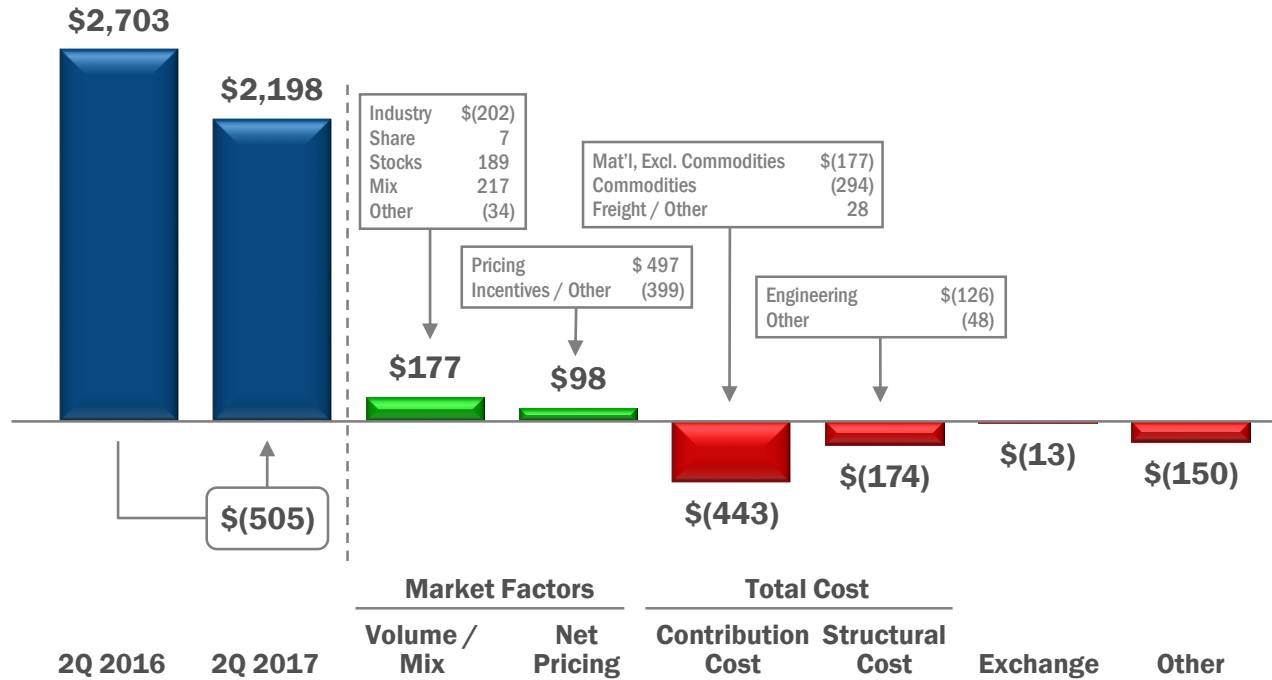
NA and U.S. SAARs each down 0.5M units

NA market share lower due to U.S. fleet sales



# AUTOMOTIVE SEGMENT – NORTH AMERICA

## 2Q 2017 PRE-TAX RESULTS (MILS)



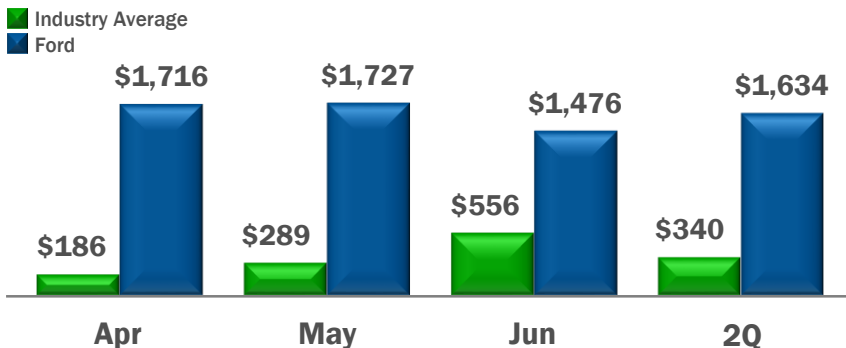
**Lower NA PBT mainly due to higher commodity cost and non-repeat of last year's sale of majority stake in OEConnection LLC (in Other)**

**Market factors positive due to favorable mix and higher net pricing, despite lower U.S. industry volume**

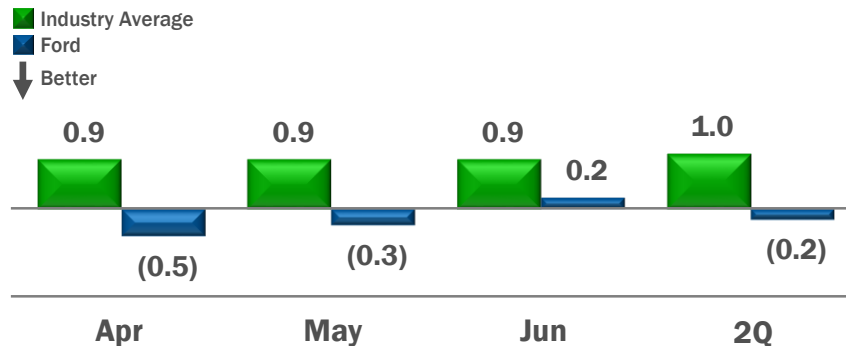
# A DISCIPLINED APPROACH TO THE U.S. BUSINESS



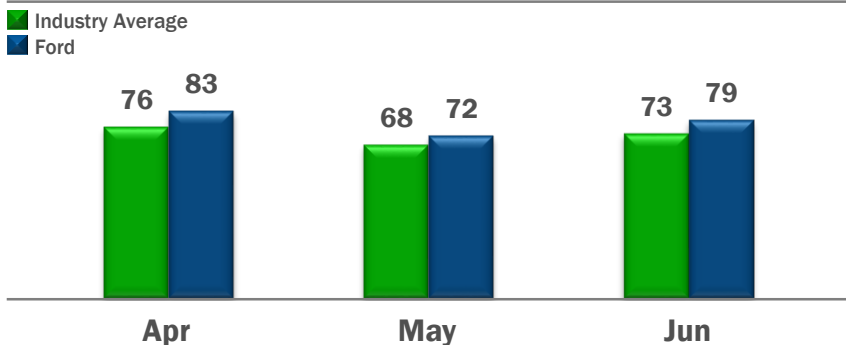
**YoY Average Transaction Price (USD)\***



**YoY Incentive Change as Pct. of Vehicle Price\***



**U.S. Gross Days Supply**



**Ford ATPs rose almost 5x more than the industry**

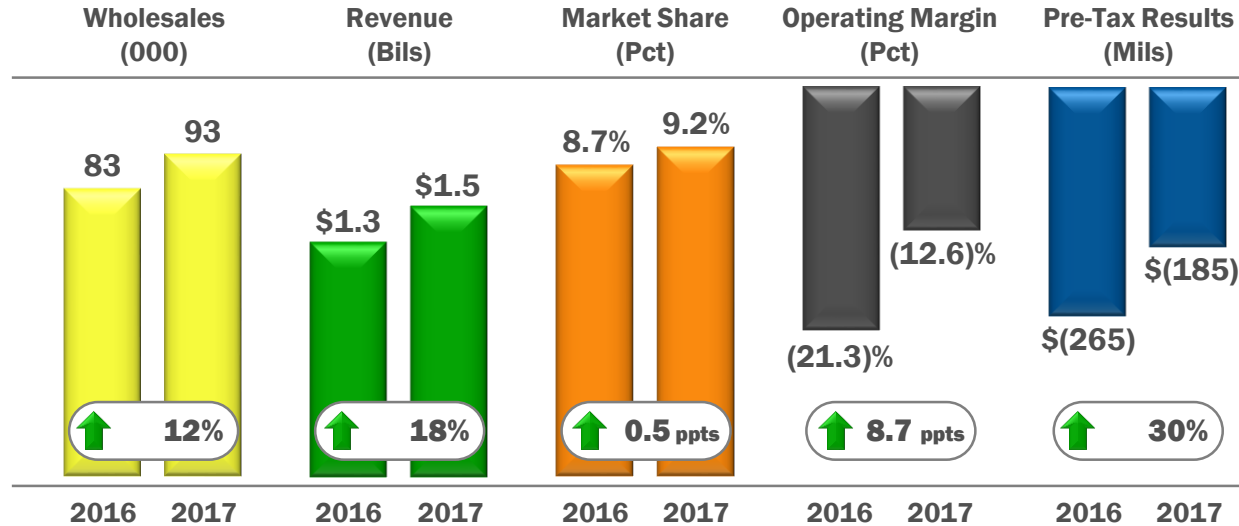
**Ford incentives declined as a percent of vehicle price, while the industry's increased**

**Ford U.S. stocks remain in good shape, up 1 day YoY**

\* Source: J.D. Power PIN ISR data – cash / APR / lease (blended) transaction; industry data includes Ford

# AUTOMOTIVE SEGMENT – SOUTH AMERICA

## 2Q 2017 KEY METRICS

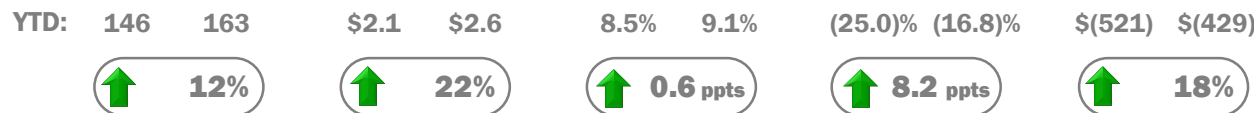


**SA's key metrics improved YoY for 3<sup>rd</sup> consecutive quarter**

**Top line higher due to volume and pricing**

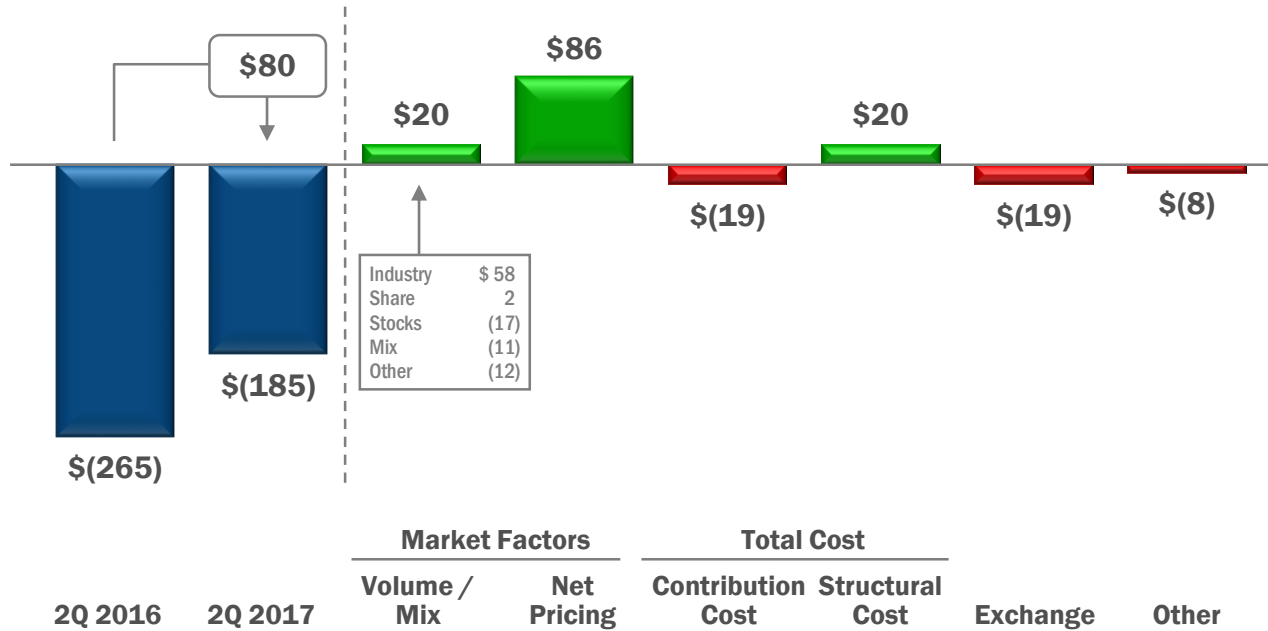
**SA SAAR up 17%; Brazil SAAR higher for first time since 2Q 2013**

**Market share up due to Ka**



# AUTOMOTIVE SEGMENT – SOUTH AMERICA

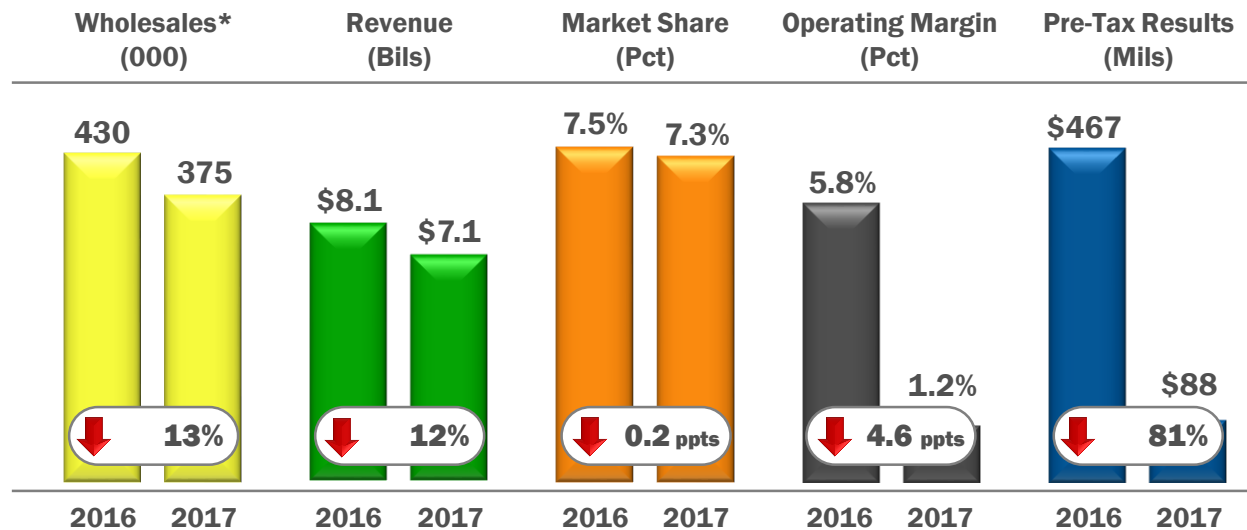
## 2Q 2017 PRE-TAX RESULTS (MILS)



**PBT improved in SA due to favorable market factors with cost about flat and adverse exchange impact modest**

# AUTOMOTIVE SEGMENT – EUROPE

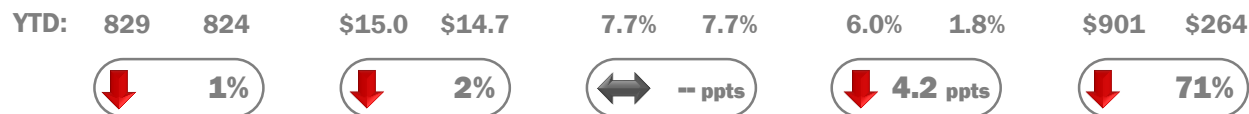
## 2Q 2017 KEY METRICS



All of Europe's key metrics lower

Europe SAAR up 5%, including gain in Russia

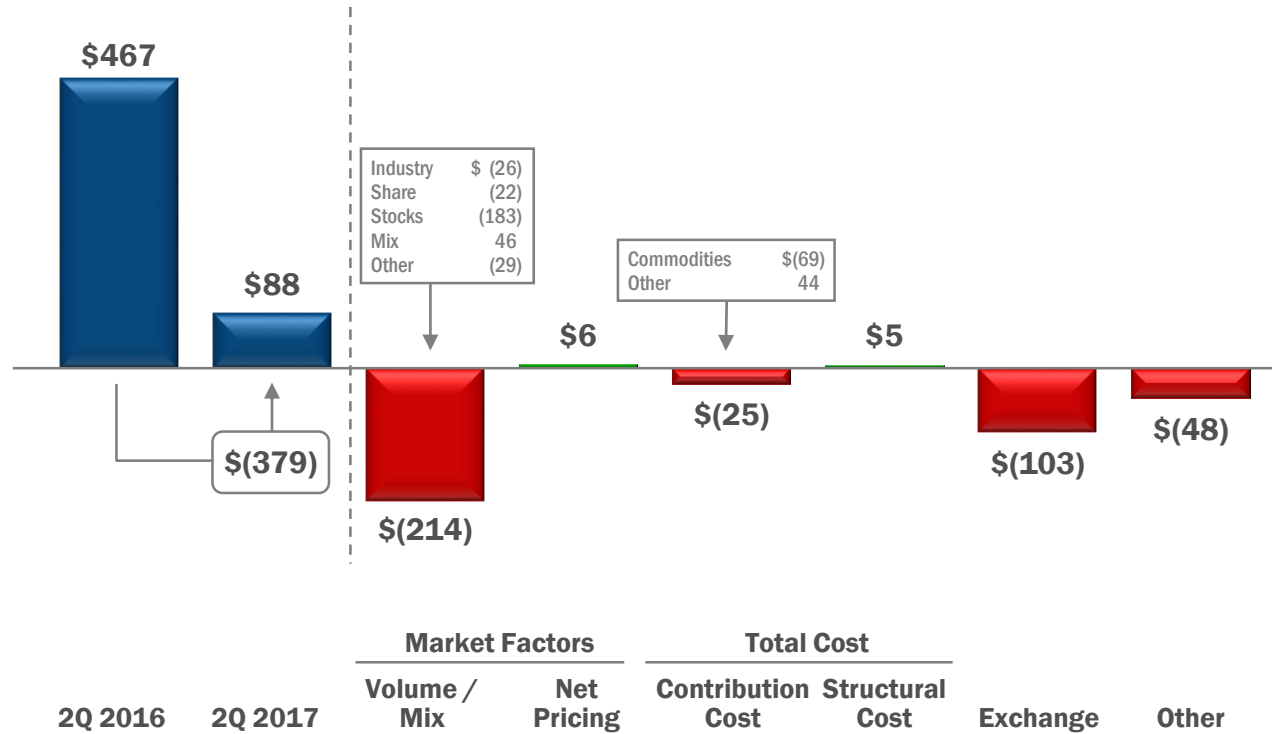
Market share down due to limited Fiesta availability during launch



\* Includes Ford brand vehicles produced and sold by our unconsolidated affiliate in Turkey (about 21,000 units in 2Q 2016 and 19,000 units in 2Q 2017). Revenue does not include these sales

# AUTOMOTIVE SEGMENT – EUROPE

## 2Q 2017 PRE-TAX RESULTS (MILS)



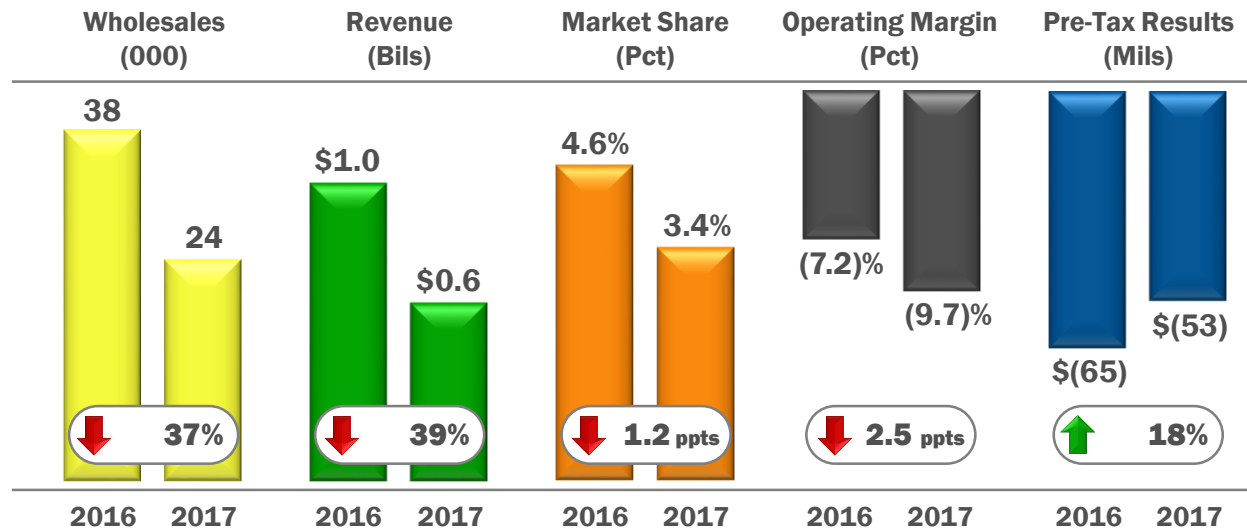
### Lower Europe PBT due to:

- **Brexit effects** (exchange and U.K. pricing and industry)
- **Launch effects of all-new Fiesta**
- **Higher commodity cost**

**Russia results improved**

# AUTOMOTIVE SEGMENT – MIDDLE EAST & AFRICA

## 2Q 2017 KEY METRICS



**MEA's pre-tax result improved but all other key metrics lower**

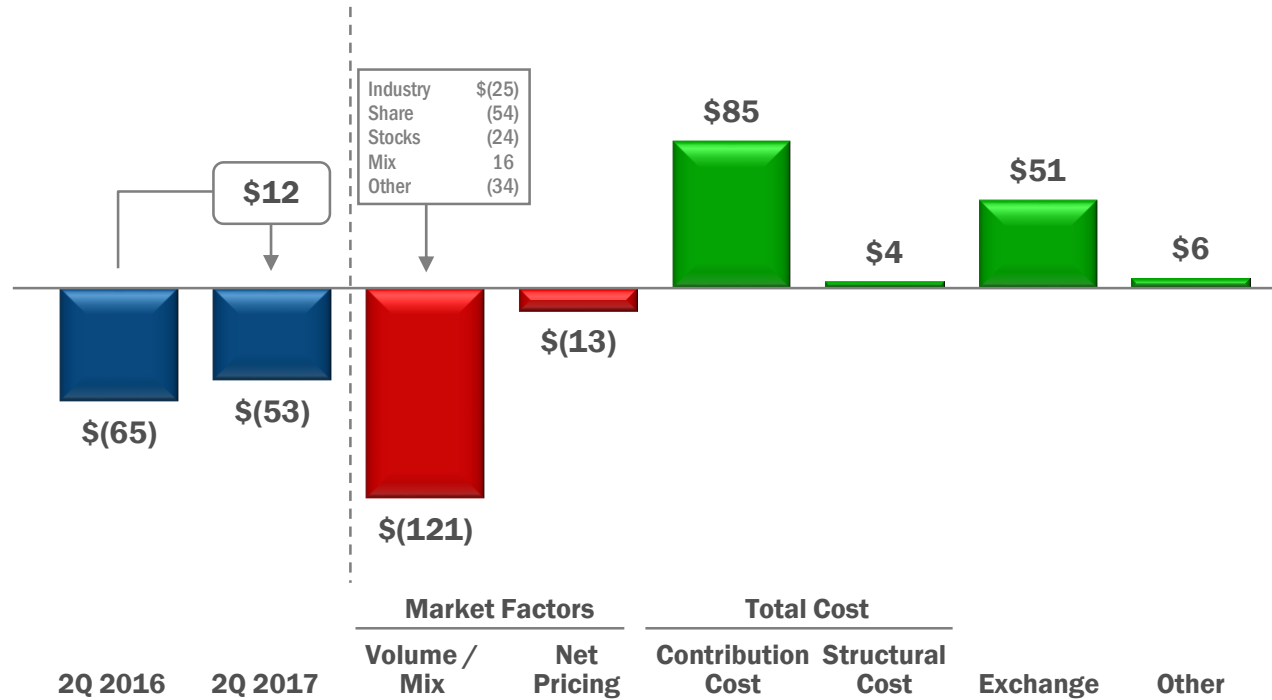
**SAAR down 12% in markets where we participate**

**Market share lower due mainly to performance in the Middle East**

YTD:	84	54	\$1.9	\$1.2	4.6%	3.6%	(4.2)%	(11.2)%	\$(79)	\$(133)
	↓	36%	↓	36%	↓	1.0 ppts	↓	7.0 ppts	↓	68%

# AUTOMOTIVE SEGMENT – MIDDLE EAST & AFRICA

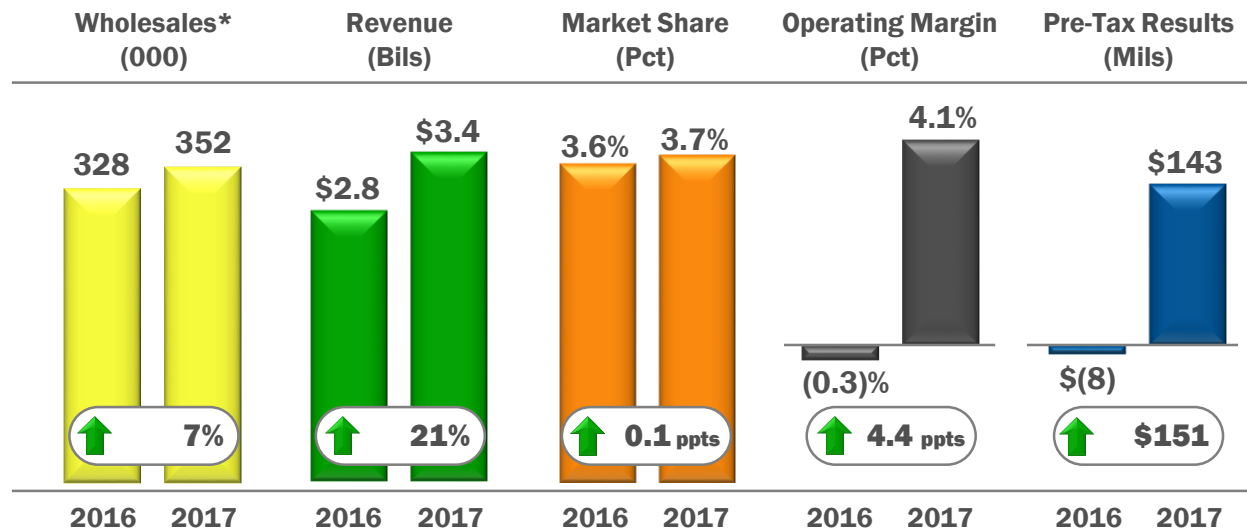
## 2Q 2017 PRE-TAX RESULTS (MILS)



**Lower cost and favorable exchange more than offset lower volume**

# AUTOMOTIVE SEGMENT – ASIA PACIFIC

## 2Q 2017 KEY METRICS



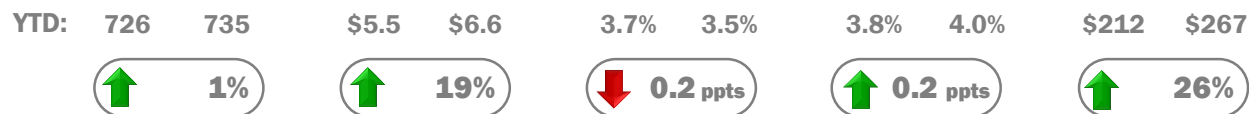
**AP's key metrics improved**

**Wholesales and revenue up due mainly to China**

**AP SAAR up 2.3M units, mainly China**

**Market share up due to China**

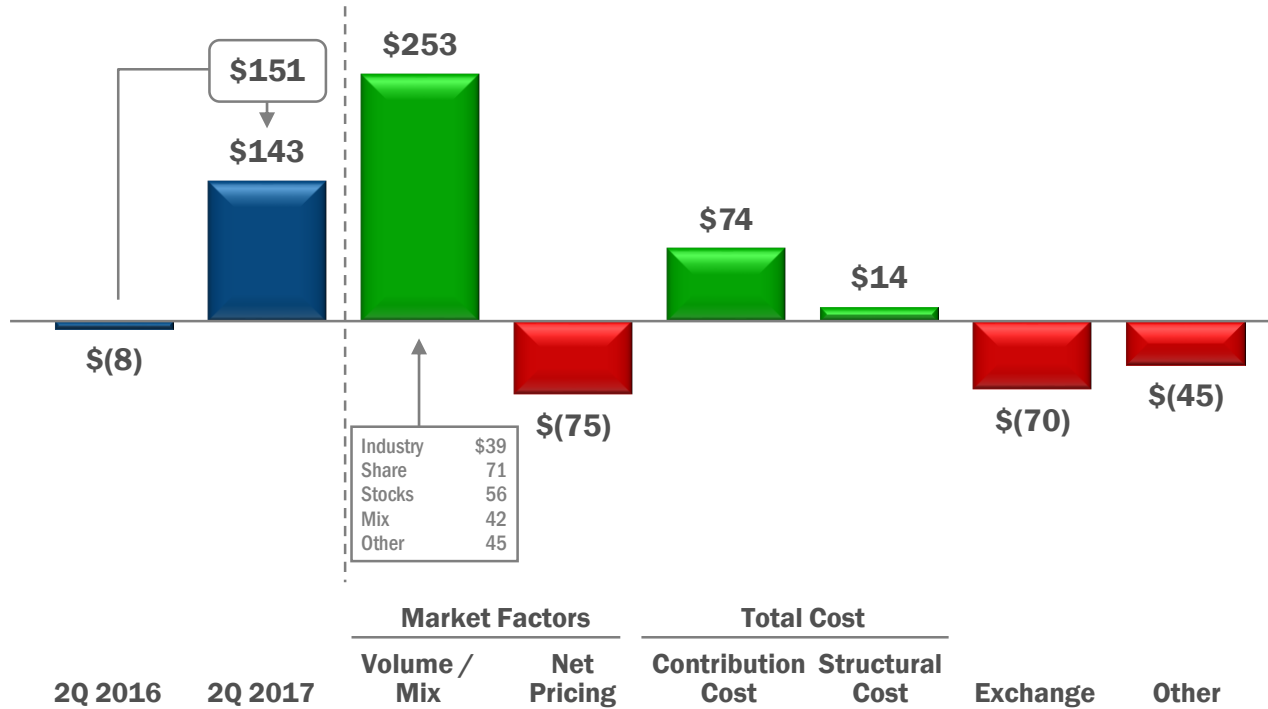
**China JVs at \$195M net income; margin at 10.7%**



\* Wholesales include Ford brand and Jiangling Motors Corporation (JMC) brand vehicles produced and sold in China by our unconsolidated affiliates (about 231,000 units in 2Q 2016 and 246,000 units in 2Q 2017). Revenue does not include these sales

# AUTOMOTIVE SEGMENT – ASIA PACIFIC

## 2Q 2017 PRE-TAX RESULTS (MILS)

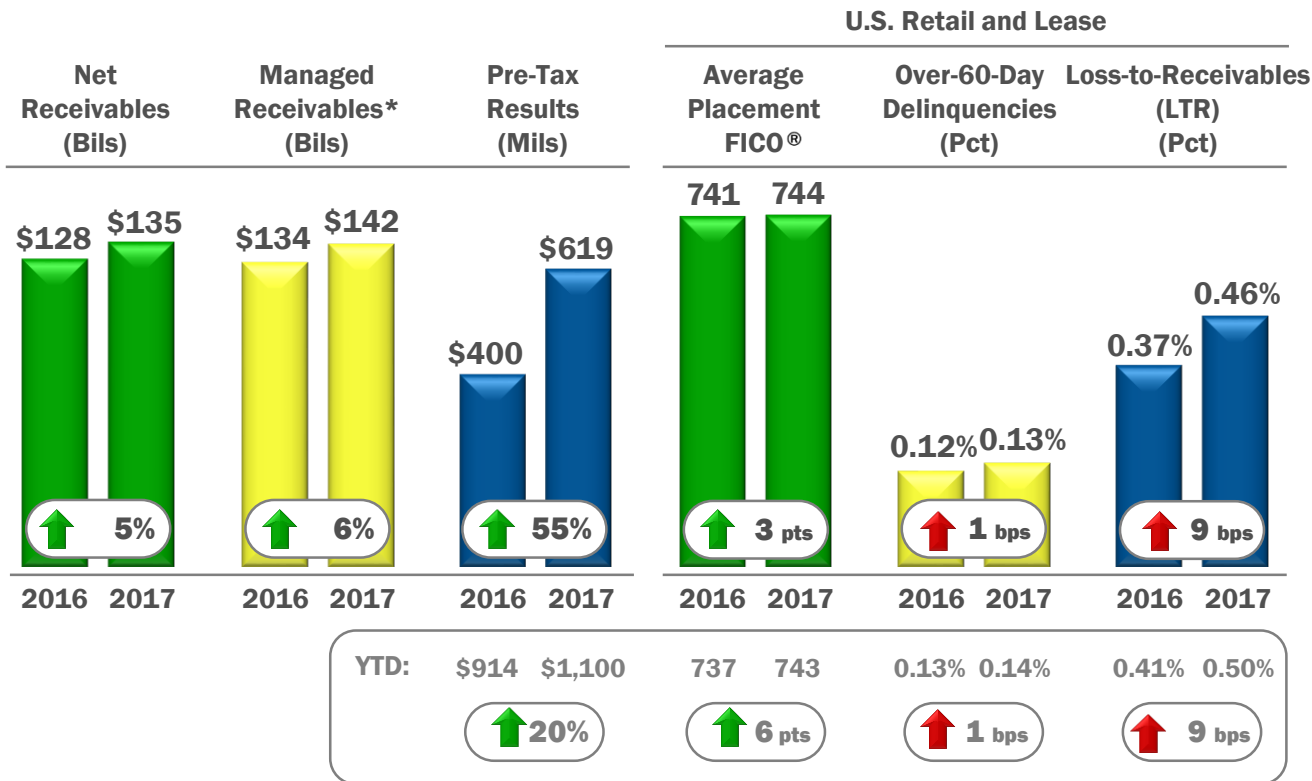


**Higher AP PBT driven by favorable volume and mix and lower cost**

**China drove lower net pricing (industry) and unfavorable exchange**

# FINANCIAL SERVICES SEGMENT – FORD CREDIT

## 2Q 2017 KEY METRICS



**Ford Credit's best quarterly PBT since 2011**

**Receivables grew globally, led by retail financing**

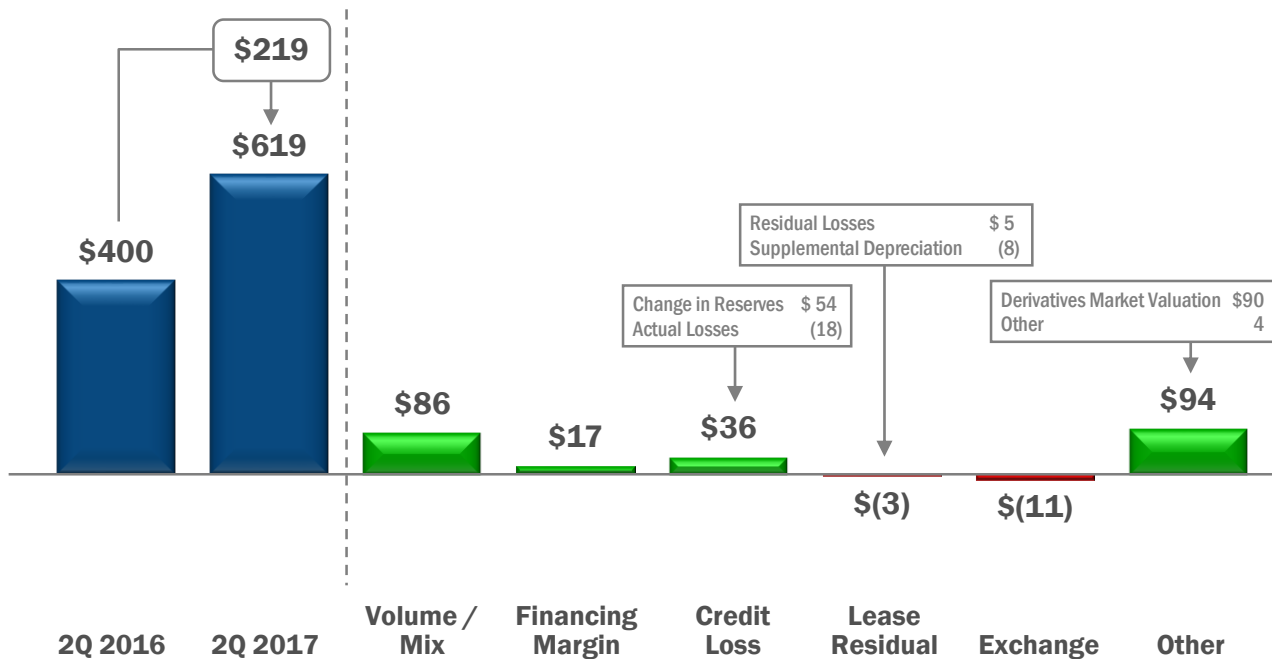
**Disciplined and consistent underwriting practices**

**Robust portfolio performance**

\* See Appendix for reconciliation to GAAP

# FINANCIAL SERVICES SEGMENT – FORD CREDIT

## 2Q 2017 PRE-TAX RESULTS (MILS)



**Ford Credit's YoY PBT gain driven by most factors**

**Volume and mix up due to global receivables growth**

**Lease residual reflects stronger-than-expected auction values and latest ALG valuation**

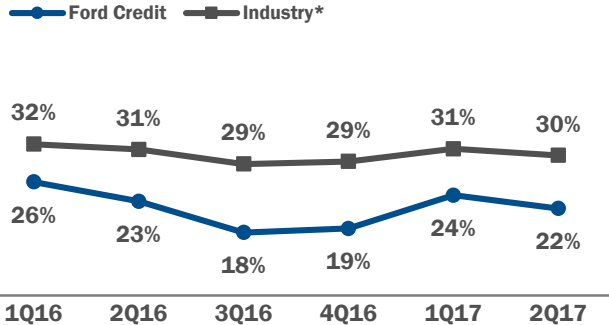
**Derivatives market valuation reflects higher interest rate movements**

# FINANCIAL SERVICES SEGMENT – FORD CREDIT

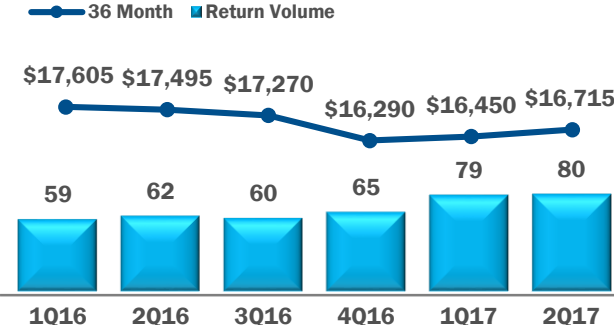
## U.S. AUTOMOTIVE FINANCING TRENDS



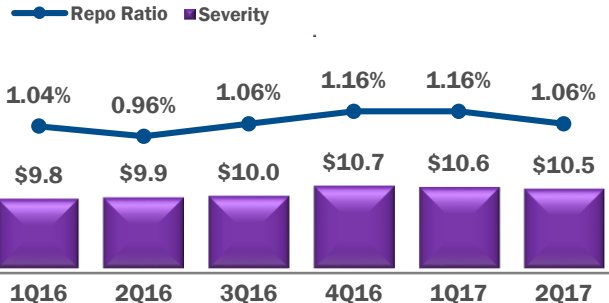
### Lease Share of Retail Sales (%)



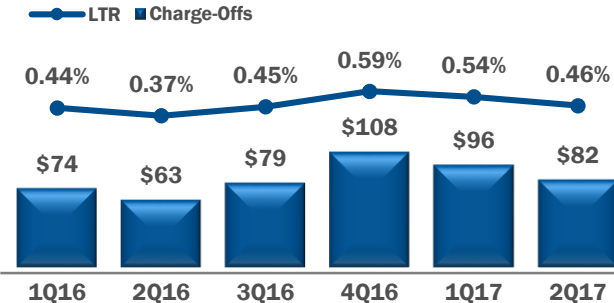
### Lease Return Vol. (000) and Auction Values\*\*



### Retail and Lease Repossession Ratio (%) and Severity (000)



### Retail and Lease Charge-Offs (Mils) and LTR Ratio (%)



**Lease share lower YoY and remains below industry**

**Auction performance better than expected**

**Lower severity vs 1Q reflecting improved auction market**

**Loss metrics remain within expectations**

\* Source: JD Power PIN  
 \*\* At 2Q 2017 mix

# AUTOMOTIVE SEGMENT CASH FLOW



<i>(Bils)</i>	2Q 2017	YTD 2017
Cash at end of period	\$ 28.4	\$ 28.4
Cash at beginning of period	28.0	27.5
Change in cash	\$ 0.4	\$ 0.9
Automotive segment pre-tax profits	\$ 2.2	\$ 4.2
Capital spending	(1.5)	(3.2)
Depreciation and tooling amortization	1.2	2.4
Changes in working capital	(0.9)	(0.2)
All other and timing differences	0.3	0.1
Automotive operating cash flow	\$ 1.3	\$ 3.3
Separation payments	(0.1)	(0.1)
Transactions with other segments	-	-
Other, including acquisitions and divestitures	0.1	(0.2)
Cash flow before other actions	\$ 1.3	\$ 3.0
Changes in debt	0.1	(0.1)
Funded pension contributions	(0.3)	(0.5)
Shareholder distributions	(0.7)	(1.5)
Change in cash	\$ 0.4	\$ 0.9

**2Q operating cash flow  
of \$1.3B**

**Capital spending on track  
for FY outlook of \$7B**

**Pension contributions in  
line with FY plan of \$1B**

**Still expect FY shareholder  
distributions of about  
\$2.7B**

# BALANCE SHEET SUMMARY

(Bils)

	2016 Dec 31	2017 Jun 30
<b>Automotive Segment</b>		
Cash, cash equivalents and marketable securities	\$ 27.5	\$ 28.4
Available credit lines*	10.8	10.9
<b>Total liquidity</b>	<b>\$ 38.3</b>	<b>\$ 39.3</b>
Debt	\$ 15.9	\$ 16.2
Cash net of debt	11.6	12.2
<b>Ford Credit</b>		
Managed receivables**	\$ 137	\$ 142
Debt	126	129
Liquidity	27	29
Managed leverage** (to 1)	9.2	8.8
<b><u>Total Company Period End Balance Sheet Underfunded Status***</u></b>		
U.S. pension	\$ 3.8	\$ 3.4
Non-U.S. pension	5.1	4.9
<b>Total global pension</b>	<b>\$ 8.9</b>	<b>\$ 8.3</b>
<b>Total unfunded OPEB</b>	<b>\$ 5.9</b>	<b>\$ 5.9</b>

**Auto cash and liquidity  
balances strong**

**Ford Credit well  
capitalized with strong  
liquidity**

\* Total available committed Automotive credit lines (including local lines available to foreign affiliates)

\*\* See Appendix for detail, reconciliation to GAAP and definitions

\*\*\* Balances at June 30, 2017 reflect net underfunded status at December 31, 2016, updated for service and interest cost, expected return on assets, separation expense, actual benefit payments and cash contributions. The discount rate and rate of expected return assumptions are unchanged from year end 2016

# GDP AND INDUSTRY PLANNING ASSUMPTIONS

	<u>GDP Growth (Pct)</u>		<u>Industry (Mils)</u>	
	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>
<b>Global*</b>	<b>3.0%</b>	<b>3.5%</b>	<b>92.5</b>	<b>94.6</b>
<b>U.S.</b>	<b>1.6%</b>	<b>2.2%</b>	<b>17.9</b>	<b>17.5</b>
<b>Brazil</b>	<b>(3.6)%</b>	<b>0.5%</b>	<b>2.1</b>	<b>2.3</b>
<b>Europe</b>	<b>1.7%</b>	<b>1.9%</b>	<b>20.1</b>	<b>20.9</b>
<b>China**</b>	<b>6.7%</b>	<b>6.7%</b>	<b>27.5</b>	<b>28.0</b>

**For 2017, continue to expect growth in global GDP and industry volume**

**U.S. industry moderation led by lower fleet sales**

**Europe industry growth supported by firmer and broader economic recovery**

**China industry growing on stabilizing economy and purchase tax reduction**

\* Global GDP growth measured at purchasing power parity (PPP) rates using latest World Bank weighting; global industry includes estimated data for some markets not shown

\*\* Total industry sales based on data provided by the Chinese Insurance Information Technology Co. (CIITC)

# 2017 FULL YEAR COMPANY GUIDANCE



Adjusted  
EPS\*



Adjusted Effective Tax  
Rate\* (Pct)



Automotive  
Segment  
Revenue



Automotive  
Segment  
Operating Margin



Automotive  
Segment Operating  
Cash Flow

**2017 FY**

**\$1.65 - \$1.85**

**About 15%**

**About Equal To  
2016**

**Lower Than  
2016**

**Positive But Lower  
Than 2016**

2016 FY  
Result

\$1.76

31.9%

\$141.5B

6.7%








\$6.4B

\* See Appendix for detail, reconciliation to GAAP and definitions

**Adjusted EPS Expected To Be \$1.65 - \$1.85;  
Adjusted Effective Tax Rate Now Expected To Be About 15%**

# 2017 BUSINESS UNIT FULL YEAR GUIDANCE

## Automotive

	North America	South America	Europe	Middle East & Africa	Asia Pacific	Total Automotive	Ford Credit	All Other
<b>PBT B / (W) 2016</b>							<b>Higher Than \$1.5B</b>	
	-- Commodities -- Other Cost -- Net Pricing -- Exchange + Mix	+ Net Pricing + Volume -- Cost -- Exchange	-- Exchange (Brexit) -- Other Cost -- Commodities + Volume & Mix	+ Cost + Exchange -- Volume	+ Volume & Mix + Cost -- Net Pricing -- Exchange	-- Commodities -- Exchange -- Other Cost -- Net Pricing + Volume & Mix	-- Residual Values -- Margin -- Credit Losses + Receivables Growth	-- FSM -- Net Interest Expense (↑Auto Debt)
<b>2016 FY Results</b>	\$9,001M	\$(1,109)M	\$1,205M	\$(302)M	\$627M	\$9,422M	\$1,879M	\$(867)M

# KEY TAKEAWAYS

Progressing 100 day review

Strong balance sheet, including cash and liquidity

2Q Company adjusted PBT of \$2.5B;  
5.9% op margin; \$1.3B op cash flow;  
adjusted EPS up YoY

Continuing to take disciplined approach across the business

Ford Credit result strong with well performing portfolio

Updated guidance to FY adjusted EPS of \$1.65 - \$1.85

# Ford



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## Q&A



# RISK FACTORS

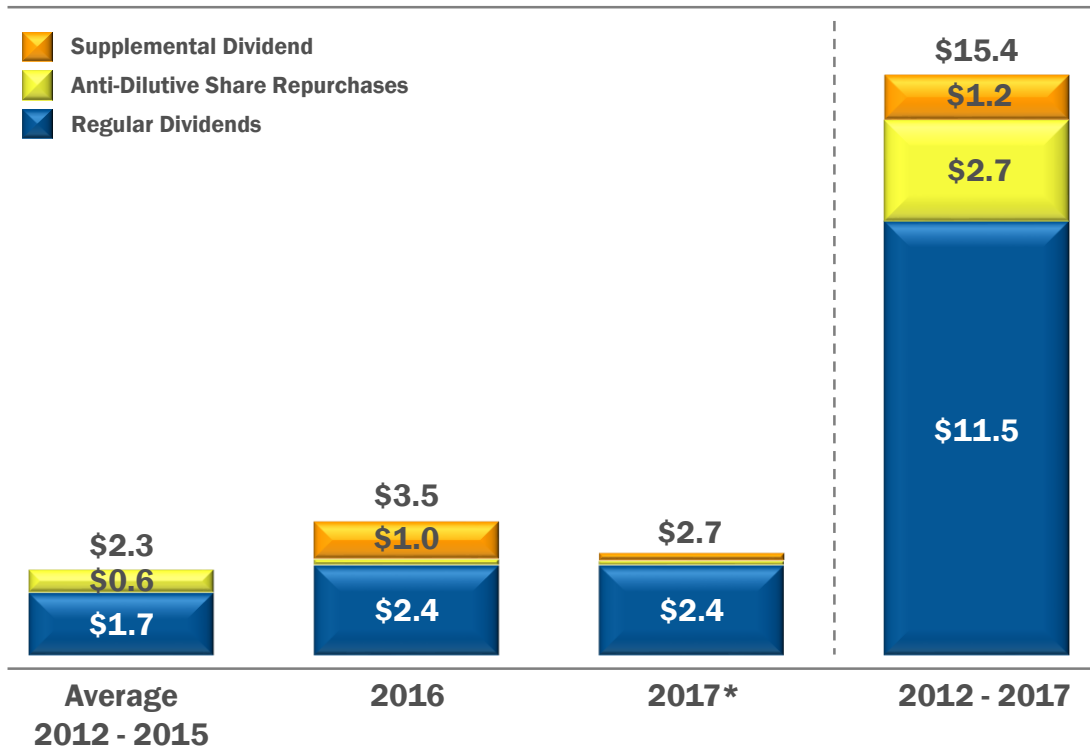
Statements included or incorporated by reference herein may constitute “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements are based on expectations, forecasts, and assumptions by our management and involve a number of risks,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

- Decline in industry sales volume, particularly in the United States, Europe, or China, due to financial crisis, recession, geopolitical events, or other factors;
- Lower-than-anticipated market acceptance of Ford’s new or existing products or services, or failure to achieve expected growth;
- Market shift away from sales of larger, more profitable vehicles beyond Ford’s current planning assumption, particularly in the United States;
- Continued or increased price competition resulting from industry excess capacity, currency fluctuations, or other factors;
- Fluctuations in foreign currency exchange rates, commodity prices, and interest rates;
- Adverse effects resulting from economic, geopolitical, protectionist trade policies, or other events;
- Work stoppages at Ford or supplier facilities or other limitations on production (whether as a result of labor disputes, natural or man-made disasters, tight credit markets or other financial distress, production constraints or difficulties, or other factors);
- Single-source supply of components or materials;
- Labor or other constraints on Ford’s ability to maintain competitive cost structure;
- Substantial pension and other postretirement liabilities impairing liquidity or financial condition;
- Worse-than-assumed economic and demographic experience for pension and other postretirement benefit plans (e.g., discount rates or investment returns);
- Restriction on use of tax attributes from tax law “ownership change;”
- The discovery of defects in vehicles resulting in delays in new model launches, recall campaigns, or increased warranty costs;
- Increased safety, emissions, fuel economy, or other regulations resulting in higher costs, cash expenditures, and/or sales restrictions;
- Unusual or significant litigation, governmental investigations, or adverse publicity arising out of alleged defects in products, perceived environmental impacts, or otherwise;
- Adverse effects on results from a decrease in or cessation or claw back of government incentives related to investments;
- Cybersecurity risks to operational systems, security systems, or infrastructure owned by Ford, Ford Credit, or a third party vendor or supplier;
- Failure of financial institutions to fulfill commitments under committed credit and liquidity facilities;
- Inability of Ford Credit to access debt, securitization, or derivative markets around the world at competitive rates or in sufficient amounts, due to credit rating downgrades, market volatility, market disruption, regulatory requirements, or other factors;
- Higher-than-expected credit losses, lower-than-anticipated residual values, or higher-than-expected return volumes for leased vehicles;
- Increased competition from banks, financial institutions, or other third parties seeking to increase their share of financing Ford vehicles; and
- New or increased credit regulations, consumer or data protection regulations, or other regulations resulting in higher costs and/or additional financing restrictions.

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, 2016, as updated by subsequent Quarterly Reports on Form 10-Q and Current Reports on Form 8-K.

# APPENDIX

# SHAREHOLDER DISTRIBUTIONS (BILS)



**Total shareholder distributions of \$15.4B 2012 - 2017**

**We paid a second quarter regular dividend of 15¢ per share**

**We plan 2017 distributions of about \$2.7B**

\* Assumes 2017 regular dividends of \$0.15 per share per quarter

# SHAREHOLDER PAYOUT RATIO

	2015	2016	2015 - 2016 Cumulative
<b>Shareholder Payout (Mils)</b>			
Quarterly cash dividends	\$ 2,380	\$ 2,383	\$ 4,763
Purchases of common stock	129	145	274
Subsequent year supplemental cash dividends	992	199	1,191
Total shareholder payout	<u>\$ 3,501</u>	<u>\$ 2,727</u>	<u>\$ 6,228</u>
<b>Net Income Adjustments (Mils)</b>			
Net income attributable to Ford (GAAP)	\$ 7,373	\$ 4,596	\$ 11,969
Less: Pension and OPEB net remeasurement (gains) / losses			
Pre-tax impact	698	2,996	3,694
Tax impact	(264)	(1,015)	(1,279)
Net income adjusted for pension and OPEB remeasurement	<u>\$ 7,807</u>	<u>\$ 6,577</u>	<u>\$ 14,384</u>
<b>Shareholder Payout Ratio (Pct)</b>			
Based on net income less pension and OPEB remeasurement	44.8%	41.5%	43.3%
Based on net income (GAAP)	47.5%	59.3%	52.0%

**Targeting total distributions of 40% - 50% of prior year net income less pension and OPEB remeasurement**

**2015 and 2016 shareholder payouts within target range**

# TOTAL COMPANY NET INCOME RECONCILIATION TO ADJUSTED PRE-TAX PROFIT



(Mils)	2Q		YTD		Memo:
	2016	2017	2016	2017	FY 2016
Net income / (Loss) attributable to Ford (GAAP)	\$ 1,970	\$ 2,042	\$ 4,422	\$ 3,629	\$ 4,596
Income / (Loss) attributable to non-controlling interests	2	8	5	15	11
Net income / (Loss)	\$ 1,972	\$ 2,050	\$ 4,427	\$ 3,644	\$ 4,607
Less: (Provision for) / Benefit from income taxes	(903)	(209)	(2,099)	(858)	(2,189)
Income / (Loss) before income taxes	\$ 2,875	\$ 2,259	\$ 6,526	\$ 4,502	\$ 6,796
Less: Special items pre-tax	(118)	(248)	(304)	(224)	(3,579)
Adjusted pre-tax profit (Non-GAAP)	\$ 2,993	\$ 2,507	\$ 6,830	\$ 4,726	\$ 10,375

# EFFECTIVE TAX RATE RECONCILIATION TO ADJUSTED EFFECTIVE TAX RATE

	2017		Memo:
	2Q	YTD	FY 2016
<b><u>Pre-Tax Results (Mils)</u></b>			
Income / (Loss) before income taxes (GAAP)	\$ 2,259	\$ 4,502	\$ 6,796
Less: Impact of special items	(248)	(224)	(3,579)
Adjusted pre-tax profit (Non-GAAP)	\$ 2,507	\$ 4,726	\$ 10,375
<b><u>Taxes (Mils)</u></b>			
(Provision for) / Benefit from income taxes (GAAP)	\$ (209)	\$ (858)	\$ (2,189)
Less: Impact of special items	46	31	1,121
Adjusted (provision for) / benefit from income taxes (Non-GAAP)	\$ (255)	\$ (889)	\$ (3,310)
<b><u>Tax Rate (Pct)</u></b>			
Effective tax rate (GAAP)	9.3%	19.1%	32.2%
Adjusted effective tax rate (Non-GAAP)	10.2%	18.8%	31.9%

# TOTAL COMPANY SPECIAL ITEMS



(Mils)

	2Q		YTD		Memo:
	2016	2017	2016	2017	FY 2016
<b>Pension and OPEB remeasurement gain / (loss)</b>	\$ (11)	\$ -	\$ (11)	\$ -	\$ (2,996)
<b>Separation-related actions</b>	\$ (102)	\$ (7)	\$ (276)	\$ (29)	\$ (304)
<b><u>Other Items</u></b>					
<b>San Luis Potosi plant cancellation</b>	\$ -	\$ 7	\$ -	\$ 53	\$ (199)
<b>Japan, Indonesia market closure</b>	(5)	-	(17)	-	(80)
<b>Next-generation Focus footprint change</b>	-	(248)	-	(248)	-
<b>Total other items</b>	\$ (5)	\$ (241)	\$ (17)	\$ (195)	\$ (279)
<b>Total pre-tax special items</b>	\$ (118)	\$ (248)	\$ (304)	\$ (224)	\$ (3,579)
<b>Tax special items</b>	\$ (1)	\$ 46	\$ (67)	\$ 31	\$ 1,121
<b>Memo:</b>					
<b>Special items impact on earnings per share*</b>	\$ (0.03)	\$ (0.05)	\$ (0.09)	\$ (0.05)	\$ (0.61)

\* Includes related tax effect on special items and tax special items

# EARNINGS PER SHARE RECONCILIATION TO ADJUSTED EARNINGS PER SHARE

	2017	
	2Q	YTD
<b><u>Diluted After-Tax Results (Mils)</u></b>		
Diluted after-tax results (GAAP)	\$ 2,042	\$ 3,629
Less: Impact of pre-tax and tax special items	(202)	(193)
Adjusted net income – diluted (Non-GAAP)	<u>\$ 2,244</u>	<u>\$ 3,822</u>
<b><u>Basic and Diluted Shares (Mils)</u></b>		
Basic shares (average shares outstanding)	3,977	3,977
Net dilutive options and unvested restricted stock units	19	21
Diluted shares	<u>3,996</u>	<u>3,998</u>
<b>Earnings per share – diluted (GAAP)</b>	\$ 0.51	\$ 0.91
Less: Net impact of adjustments	(0.05)	(0.05)
Adjusted earnings per share – diluted (Non-GAAP)	<u>\$ 0.56</u>	<u>\$ 0.96</u>

# TOTAL NET RECEIVABLES RECONCILIATION TO MANAGED RECEIVABLES

<i>(Bils)</i>	2015	2016	2016	2017
	Dec 31	Jun 30	Dec 31	Jun 30
<b>Financial Services finance receivables, net (GAAP)*</b>	<b>\$ 90.7</b>	<b>\$ 95.3</b>	<b>\$ 96.2</b>	<b>\$ 101.4</b>
<b>Net investment in operating leases (GAAP)*</b>	<b>25.1</b>	<b>26.8</b>	<b>27.2</b>	<b>26.7</b>
<b>Consolidating adjustments**</b>	<b>6.1</b>	<b>6.0</b>	<b>6.8</b>	<b>6.9</b>
<b>Ford Credit total net receivables</b>	<b>\$ 121.9</b>	<b>\$ 128.1</b>	<b>\$ 130.2</b>	<b>\$ 135.0</b>
<b>Unearned interest supplements and residual support</b>	<b>4.5</b>	<b>5.0</b>	<b>5.3</b>	<b>5.6</b>
<b>Allowance for credit losses</b>	<b>0.4</b>	<b>0.5</b>	<b>0.5</b>	<b>0.6</b>
<b>Other, primarily accumulated supplemental depreciation</b>	<b>0.4</b>	<b>0.6</b>	<b>0.9</b>	<b>1.0</b>
<b>Total managed receivables (Non-GAAP)</b>	<b>\$ 127.2</b>	<b>\$ 134.2</b>	<b>\$ 136.9</b>	<b>\$ 142.2</b>

\* Includes finance receivables (retail 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

\*\* Primarily includes Automotive segment receivables purchased by Ford Credit which are classified to Trade and other receivables on our consolidated Balance Sheet. Also includes eliminations of intersegment transactions

# FINANCIAL STATEMENT LEVERAGE RECONCILIATION TO MANAGED LEVERAGE

<i>(Bils)</i>	<b>2016</b> <b>Jun 30</b>	<b>2016</b> <b>Dec 31</b>	<b>2017</b> <b>Mar 31</b>	<b>2017</b> <b>Jun 30</b>
<b><u>Leverage Calculation</u></b>				
<b>Total debt*</b>	\$ 126.3	\$ 126.5	\$ 129.2	\$ 129.3
<b>Adjustments for cash**</b>	(11.6)	(10.8)	(11.3)	(10.1)
<b>Adjustments for derivative accounting***</b>	(1.3)	(0.3)	(0.2)	(0.2)
<b>Total adjusted debt</b>	<b>\$ 113.4</b>	<b>\$ 115.4</b>	<b>\$ 117.7</b>	<b>\$ 119.0</b>
<b>Equity****</b>	\$ 12.4	\$ 12.8	\$ 13.2	\$ 13.8
<b>Adjustments for derivative accounting***</b>	(0.4)	(0.3)	(0.3)	(0.2)
<b>Total adjusted equity</b>	<b>\$ 12.0</b>	<b>\$ 12.5</b>	<b>\$ 12.9</b>	<b>\$ 13.6</b>
<b>Financial statement leverage (to 1) (GAAP)</b>	<b>10.2</b>	<b>9.9</b>	<b>9.8</b>	<b>9.3</b>
<b>Managed leverage (to 1) (Non-GAAP)</b>	<b>9.4</b>	<b>9.2</b>	<b>9.1</b>	<b>8.8</b>

\* Includes debt issued in securitization transactions 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

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

\*\*\* Related primarily to market valuation adjustments to derivatives due to movements in interest rates. Adjustments to debt are related to designated fair value hedges and adjustments to equity are related to retained earnings

\*\*\*\* Total shareholder's interest reported on Ford Credit's balance sheet

# AUTOMOTIVE SEGMENT DEBT



<i>(Bils)</i>	2016	2017	
	Dec 31	Mar 31	Jun 30
<b>Public unsecured debt</b>	\$ 9.2	\$ 9.2	\$ 9.2
<b>U.S. Department of Energy</b>	3.2	3.1	2.9
<b>Other debt (including international)</b>	3.5	3.9	4.1
<b>Total Automotive debt</b>	<u>\$ 15.9</u>	<u>\$ 16.2</u>	<u>\$ 16.2</u>
<b>Memo:</b>			
<b>Automotive debt payable within one year</b>	\$ 2.7	\$ 3.1	\$ 2.9

## CHINA UNCONSOLIDATED AFFILIATES



	2Q		YTD		Memo:
	2016	2017	2016	2017	FY 2016
<b><u>China Unconsolidated Affiliates</u></b>					
<b>Wholesales (000)</b>	<b>231</b>	<b>246</b>	<b>541</b>	<b>524</b>	<b>1,217</b>
<b>Ford equity income (Mils)*</b>	<b>\$ 296</b>	<b>\$ 195</b>	<b>\$ 740</b>	<b>\$ 469</b>	<b>\$ 1,439</b>
<b>China JV net income margin</b>	<b>16.1%</b>	<b>10.7%</b>	<b>16.3%</b>	<b>11.9%</b>	<b>14.6%</b>

\* Ford equity share of China joint ventures net income

# AUTOMOTIVE SEGMENT

## 2Q INDUSTRY SAAR



Units (Mils)

	2Q			YTD		
	2016	2017	B / (W)	2016	2017	B / (W)
<b>North America</b>	<b>21.5</b>	<b>21.0</b>	<b>(0.5)</b>	<b>21.5</b>	<b>21.2</b>	<b>(0.3)</b>
U.S.	17.5	17.0	(0.5)	17.6	17.2	(0.4)
<b>South America</b>	<b>3.6</b>	<b>4.2</b>	<b>0.6</b>	<b>3.6</b>	<b>4.0</b>	<b>0.4</b>
Brazil	2.0	2.3	0.3	2.1	2.2	0.1
<b>Europe</b>	<b>19.8</b>	<b>20.7</b>	<b>0.9</b>	<b>19.9</b>	<b>20.6</b>	<b>0.7</b>
<b>Middle East &amp; Africa</b>	<b>3.8</b>	<b>3.7</b>	<b>(0.1)</b>	<b>3.8</b>	<b>3.7</b>	<b>(0.1)</b>
<b>Asia Pacific</b>	<b>41.4</b>	<b>43.7</b>	<b>2.3</b>	<b>40.6</b>	<b>41.5</b>	<b>0.9</b>
China	25.3	27.2	1.9	25.1	25.2	0.1
<b>Global</b>	<b>90.0</b>	<b>93.2</b>	<b>3.2</b>	<b>89.5</b>	<b>91.1</b>	<b>1.6</b>

# AUTOMOTIVE SEGMENT 2Q MARKET SHARE



(Percent)

	2Q			YTD		
	2016	2017	B / (W)	2016	2017	B / (W)
<b><u>Total Share of Total Industry</u></b>						
<b>North America</b>	<b>14.5 %</b>	<b>14.4 %</b>	<b>(0.1) ppts</b>	<b>14.5 %</b>	<b>14.3 %</b>	<b>(0.2) ppts</b>
U.S.	15.3	15.2	(0.1)	15.4	15.2	(0.2)
<b>South America</b>	<b>8.7</b>	<b>9.2</b>	<b>0.5</b>	<b>8.5</b>	<b>9.1</b>	<b>0.6</b>
Brazil	8.5	9.7	1.2	8.6	9.5	0.9
<b>Europe</b>	<b>7.5</b>	<b>7.3</b>	<b>(0.2)</b>	<b>7.7</b>	<b>7.7</b>	<b>-</b>
<b>Middle East &amp; Africa</b>	<b>4.6</b>	<b>3.4</b>	<b>(1.2)</b>	<b>4.6</b>	<b>3.6</b>	<b>(1.0)</b>
<b>Asia Pacific</b>	<b>3.6</b>	<b>3.7</b>	<b>0.1</b>	<b>3.7</b>	<b>3.5</b>	<b>(0.2)</b>
China*	4.5	4.6	0.1	4.8	4.5	(0.3)
<b>Global</b>	<b>7.5 %</b>	<b>7.4 %</b>	<b>(0.1) ppts</b>	<b>7.5 %</b>	<b>7.3 %</b>	<b>(0.2) ppts</b>
<b><u>Retail Share of Retail Industry</u></b>						
<b>U.S.**</b>	<b>12.8 %</b>	<b>12.7 %</b>	<b>(0.1) ppts</b>	<b>12.8 %</b>	<b>12.8 %</b>	<b>- ppts</b>
<b>Europe***</b>	<b>7.4</b>	<b>7.0</b>	<b>(0.4)</b>	<b>7.9</b>	<b>7.7</b>	<b>(0.2)</b>

\* Total industry sales based on data provided by the Chinese Insurance Information Technology Co. (CIITC)

\*\* Present quarter is estimated, prior quarters are based on latest Polk data

\*\*\* Europe passenger car retail share of retail industry reflects the five major markets (U.K., Germany, France, Italy and Spain); present quarter is estimated, prior quarters are based on latest Data Force data

# AUTOMOTIVE SEGMENT PRODUCTION VOLUMES



(000)

	2Q 2017 Actual		3Q 2017 Forecast	
	Units	0 / (U) 2016	Units	0 / (U) 2016
North America	841	(2)	665	(34)
South America	87	8	96	8
Europe	357	(75)	339	50
Middle East & Africa	26	8	30	5
Asia Pacific	396	54	395	(17)
<b>Total</b>	<b>1,707</b>	<b>(7)</b>	<b>1,525</b>	<b>12</b>

## Key drivers of 3Q YoY:

- **NA – matching production to demand and Navigator / Expedition launch**
- **EU – matching production to demand**
- **AP – matching production to demand**

# AUTOMOTIVE SEGMENT - SELECTED MARKETS

## DEALER STOCKS



(000)	<u>U.S.</u>	<u>Brazil</u>	<u>Europe 21</u>	<u>MEA</u>	<u>China</u>
<b><u>2Q</u></b>					
June 30, 2017	699	15	251	51	176
March 31, 2017	<u>704</u>	<u>16</u>	<u>275</u>	<u>59</u>	<u>195</u>
Stock Change H / (L)	<u>(5)</u>	<u>(1)</u>	<u>(24)</u>	<u>(8)</u>	<u>(19)</u>
<b><u>2Q Prior Year</u></b>					
June 30, 2016	728	21	247	65	144
March 31, 2016	<u>755</u>	<u>19</u>	<u>230</u>	<u>70</u>	<u>169</u>
Stock Change H / (L)	<u>(27)</u>	<u>2</u>	<u>17</u>	<u>(5)</u>	<u>(25)</u>
Year-Over-Year Stock Change	22	(3)	(41)	(3)	6

# 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.

Total Company Adjusted Pre-tax Profit (Most Comparable GAAP Measure: Net income attributable to Ford) – The non-GAAP measure is useful to management and investors because it allows users to evaluate our pre-tax results excluding pre-tax special items. Pre-tax special items consist of (i) pension and OPEB rereasurement gains and losses that are not reflective of our underlying business results, (ii) significant restructuring actions related to 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 pre-tax profit, 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.

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), and tax special items. The measure provides investors with useful information to evaluate performance of our business excluding items not indicative of 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.

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, 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 operating cash flow, operating margin and business units are since at least 2000

## Wholesales 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

## Automotive Segment Operating Margin

- Automotive segment operating margin is defined as Automotive segment pre-tax results divided by Automotive segment 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

## Automotive Cash

- Automotive cash includes cash, cash equivalents, and marketable securities

## Market Factors

- Volume and Mix – primarily measures profit variance from changes in wholesale volumes (at prior-year average contribution margin per unit) driven by changes in industry volume, market share, and dealer stocks, as well as the profit 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 profit variance driven by changes in wholesale 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

# Ford



FORD CREDIT

## 2Q 2017 FORD CREDIT EARNINGS REVIEW

July 26, 2017



# FORD CREDIT STRATEGY



## ORIGINATE

- Support Ford and Lincoln sales
- Strong dealer relationships
- Full spread of business
- Consistent underwriting
- Robust credit evaluation and verification
- Efficient use of capital



## SERVICE

- High customer and dealer satisfaction
- World-class servicing
- Credit losses within expectations
- Operationally fit with lean cost structure



## FUND

- Strong liquidity
- Diverse sources and channels
- Cost effective
- Credit availability through economic cycles

**Ford Credit Maintains A Relentless Focus On Business Fundamentals**

## 2Q 2017 HIGHLIGHTS

- Best quarterly pre-tax profit since 2011
- Receivables grew globally
- Auction values stronger-than-expected
- Robust credit loss performance
- 2017 full year pre-tax profit is now expected to be higher than \$1.5 billion, reflecting an improved lease residual outlook, along with higher volume, margin and a strong cost focus

# FINANCIAL REVIEW

# KEY FINANCIAL SUMMARY

	2Q		YTD	
	2017	H / (L) 2016	2017	H / (L) 2016
Total contract volumes (000)	513	(27)	1,021	1
<b>Results (Mils)</b>				
Americas segment	\$ 465	\$ 143	\$ 823	\$ 78
Europe segment	74	(23)	151	(27)
Asia Pacific segment	18	9	46	20
Total segments	\$ 557	\$ 129	\$ 1,020	\$ 71
Unallocated other	62	90	80	115
Total pre-tax results	\$ 619	\$ 219	\$ 1,100	\$ 186
Less: Provision for income taxes	173	69	321	61
Net income	\$ 446	\$ 150	\$ 779	\$ 125
<b>Balance Sheet Highlights</b>				
Liquidity (Bils)	\$ 29	\$ (5)		
Debt (Bils)	129	3		
Managed receivables* (Bils)	142	8		
Managed leverage* (to 1)	8.8	(0.6)		

**Managed receivables grew across all geographies**

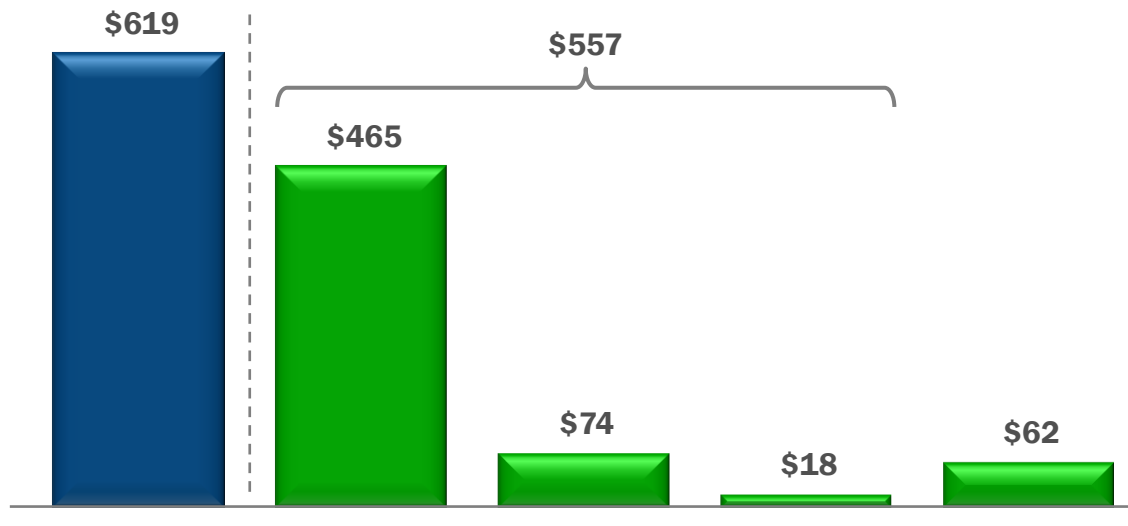
**PBT results improved YoY**

**Liquidity remains strong**

**Managed leverage returned to target range**

\* See Appendix for reconciliation to GAAP and definitions

# 2Q 2017 PRE-TAX RESULTS BY SEGMENT (MILS)



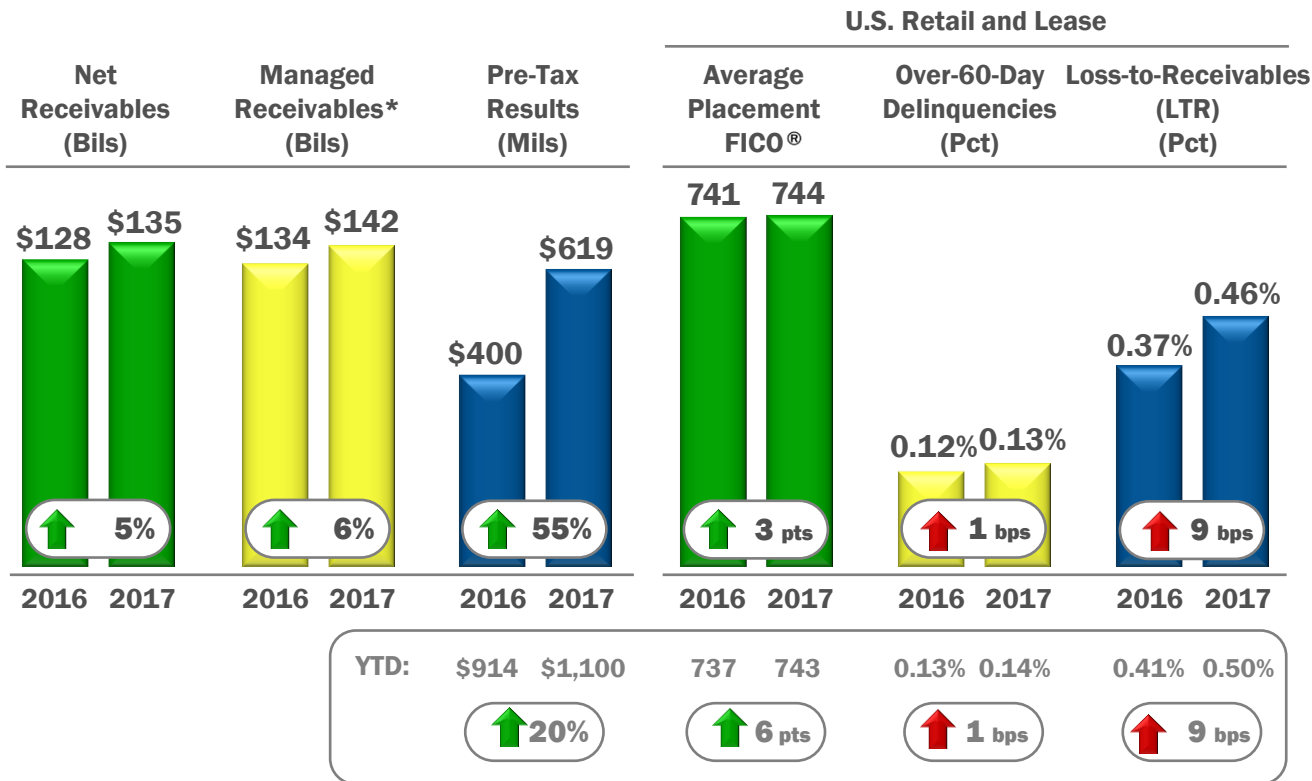
**Solidly profitable globally**

**Unallocated Other reflects primarily favorable derivatives market valuation**

	Total	Americas	Europe	Asia Pacific	Unallocated Other*
B / (W)					
2Q 2016	\$219	\$143	\$(23)	\$9	\$90

\* See Appendix for definitions

# 2Q 2017 KEY METRICS



**Ford Credit's best quarterly PBT since 2011**

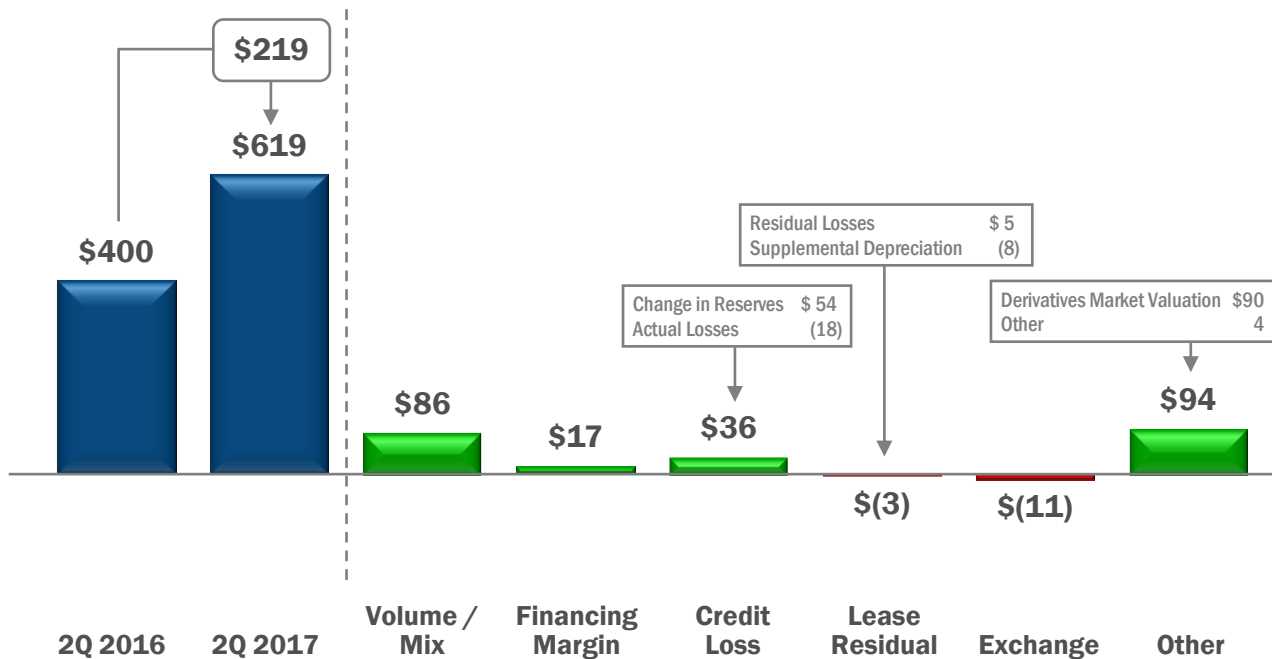
**Receivables grew globally, led by retail financing**

**Disciplined and consistent underwriting practices**

**Robust portfolio performance**

\* See Appendix for reconciliation to GAAP

# 2Q 2017 PRE-TAX RESULTS (MILS)



**Ford Credit's YoY PBT gain driven by most factors**

**Volume and mix up due to global receivables growth**

**Lease residual reflects stronger-than-expected auction values and latest ALG valuation**

**Derivatives market valuation reflects higher interest rate movements**

# AMERICAS FINANCING SHARES AND CONTRACT PLACEMENT VOLUME

	2Q		YTD	
	2016	2017	2016	2017
<b><u>Financing Shares (%)</u></b>				
<b><u>Retail Installment and Lease Share of Ford Retail Sales (excl. Fleet)</u></b>				
United States	60 %	50 %	59 %	54 %
Canada	76	76	75	75
<b><u>Wholesale Share</u></b>				
United States	75 %	76 %	75 %	76 %
Canada	61	63	61	61
<b><u>Contract Placement Volume – New and Used Retail / Lease (000)</u></b>				
United States	312	258	578	522
Canada	48	51	84	87
Mexico	9	9	19	19
Total Americas Segment	<u>369</u>	<u>318</u>	<u>681</u>	<u>628</u>

# EUROPE FINANCING SHARES AND CONTRACT PLACEMENT VOLUME

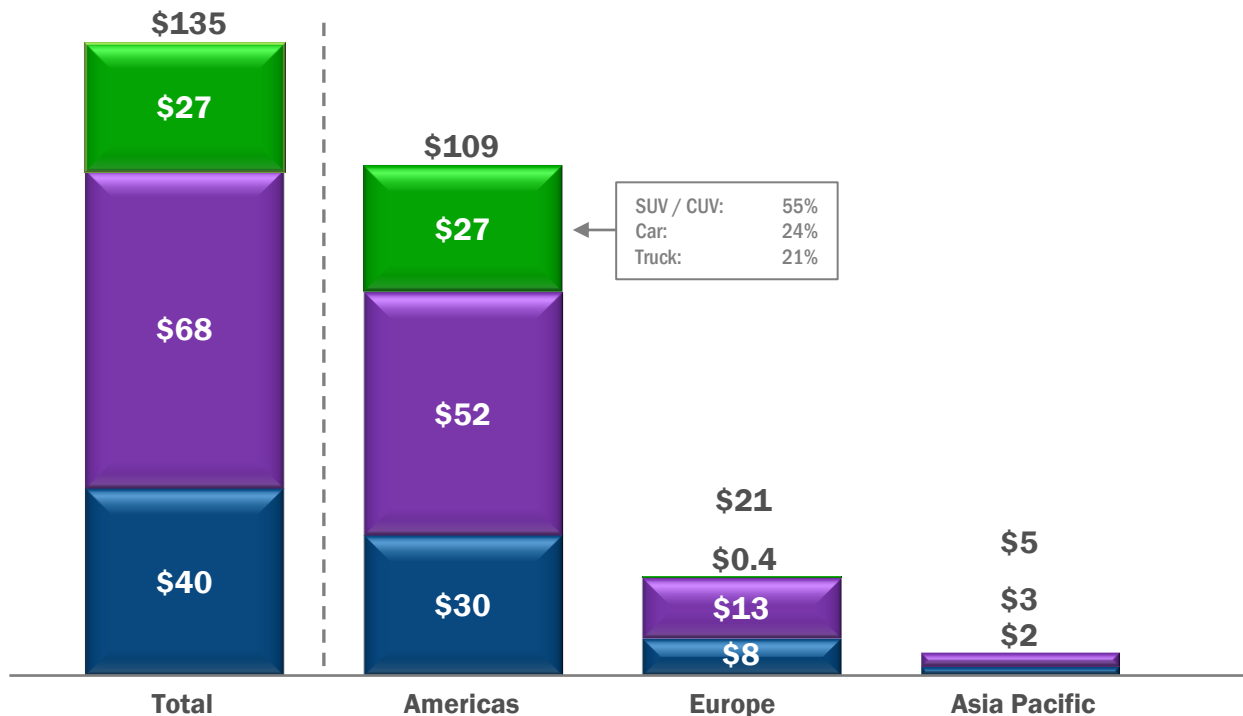
	2Q		YTD	
	2016	2017	2016	2017
<b><u>Financing Shares (incl. Fleet) (%)</u></b>				
<b><u>Retail Installment and Lease Share of Total Ford Sales</u></b>				
U.K.	38 %	35 %	39 %	35 %
Germany	48	46	46	47
Total Europe Segment	37	37	36	36
<b><u>Wholesale Share</u></b>				
U.K.	100 %	100 %	100 %	100 %
Germany	94	93	93	94
Total Europe Segment	98	98	98	98
<b><u>Contract Placement Volume – New and Used Retail / Lease (000)</u></b>				
U.K.	49	40	107	99
Germany	41	40	74	79
All Other	48	55	92	108
Total Europe Segment	<u>138</u>	<u>135</u>	<u>273</u>	<u>286</u>

# ASIA PACIFIC FINANCING SHARES AND CONTRACT PLACEMENT VOLUME

	2Q		YTD	
	2016	2017	2016	2017
<b><u>Financing Shares (incl. Fleet) (%)</u></b>				
<b><u>Retail Installment Share of Total Ford Sales</u></b>				
China	16 %	28 %	14 %	26 %
India	3	10	3	10
<b><u>Wholesale Share</u></b>				
China	61 %	63 %	57 %	57 %
India	28	36	26	35
<b><u>Contract Placement Volume – New and Used Retail (000)</u></b>				
China	32	58	65	103
India	1	2	1	4
<b>Total Asia Pacific Segment</b>	<b>33</b>	<b>60</b>	<b>66</b>	<b>107</b>

# 2Q 2017 NET RECEIVABLES MIX (BILS)

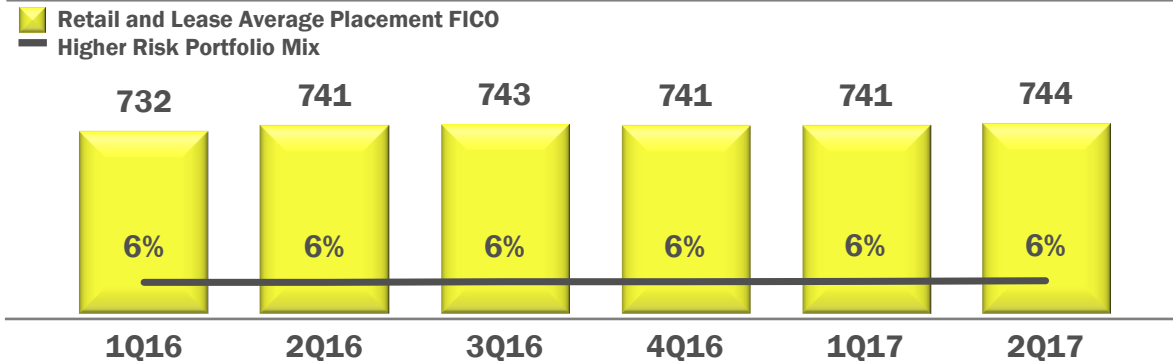
- Net investment in operating leases
- Consumer finance
- Non-consumer finance



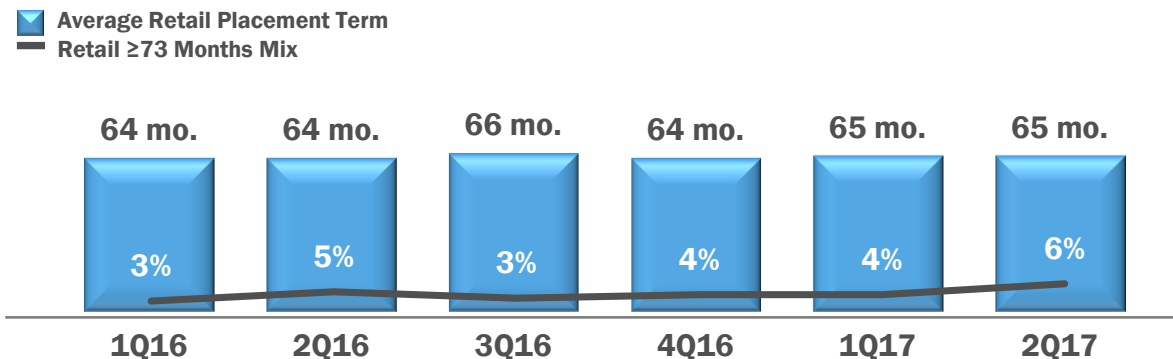
**Ford Credit's lease portfolio managed with an enterprise view**

# U.S. ORIGINATION METRICS

## FICO and Higher Risk Mix



## Retail Contract Terms



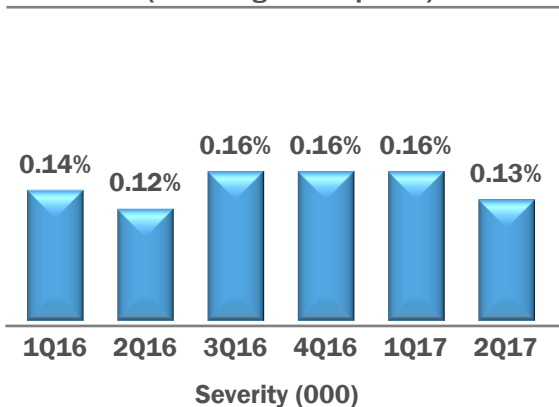
**Disciplined and consistent underwriting practices for many years**

**Portfolio quality evidenced by FICO scores and steady risk mix**

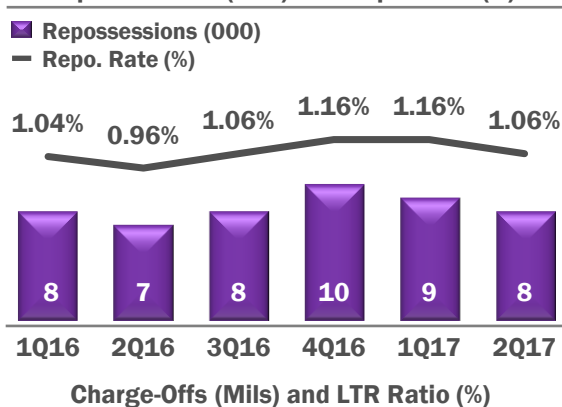
**Extended-term contracts relatively small part of our business**

# U.S. RETAIL AND LEASE CREDIT LOSS DRIVERS

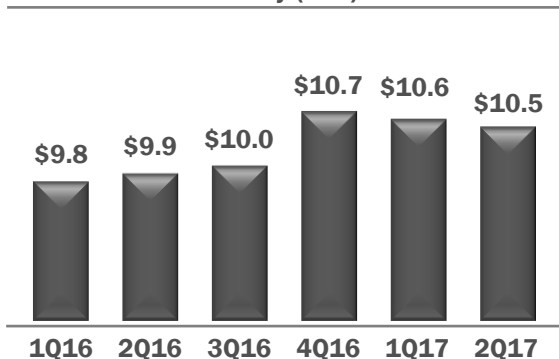
Over-60-Day Delinquencies  
(excluding bankruptcies)



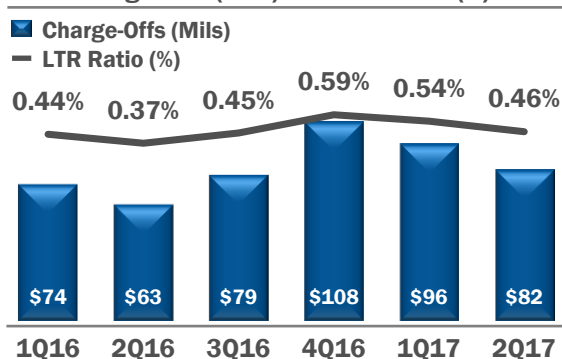
Repossessions (000) and Repo. Rate (%)



Severity (000)



Charge-Offs (Mils) and LTR Ratio (%)



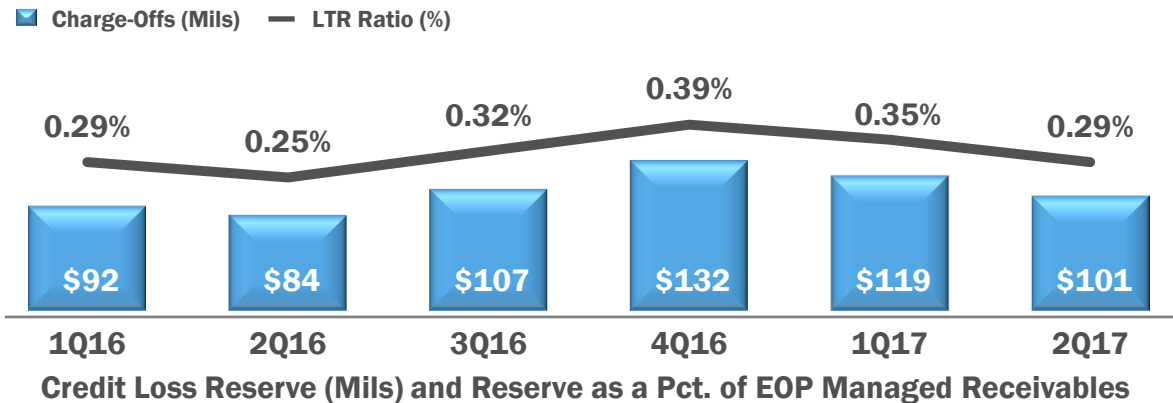
**Delinquencies and repossessions remain low**

**Lower severity vs 1Q reflecting improved auction market**

**Charge-offs and LTR continue to be within our placement expectations**

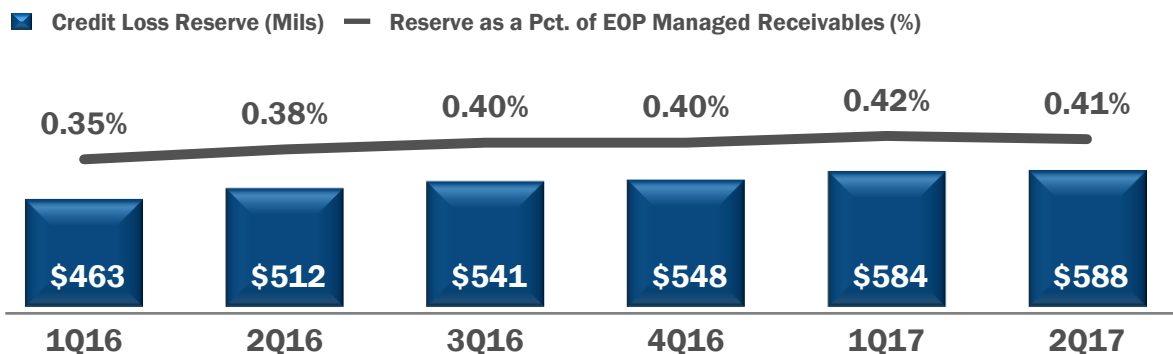
# WORLDWIDE CREDIT LOSS METRICS

Charge-Offs (Mils) and LTR Ratio (%)



**Worldwide credit loss metrics remain strong**

**Credit loss reserve based on historical losses, portfolio quality and receivables level**

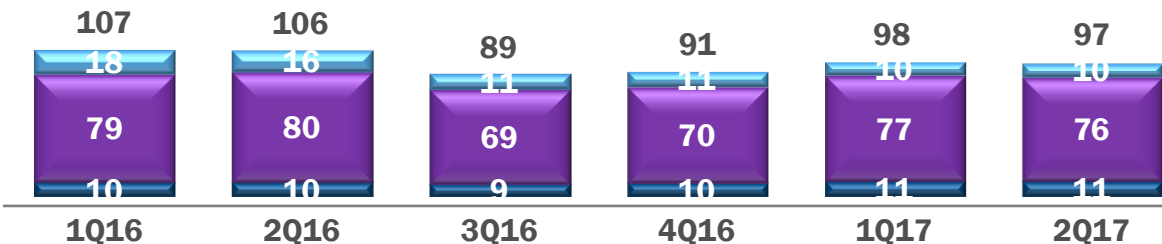


**YoY reserve growth reflects credit loss trends and growth in receivables**

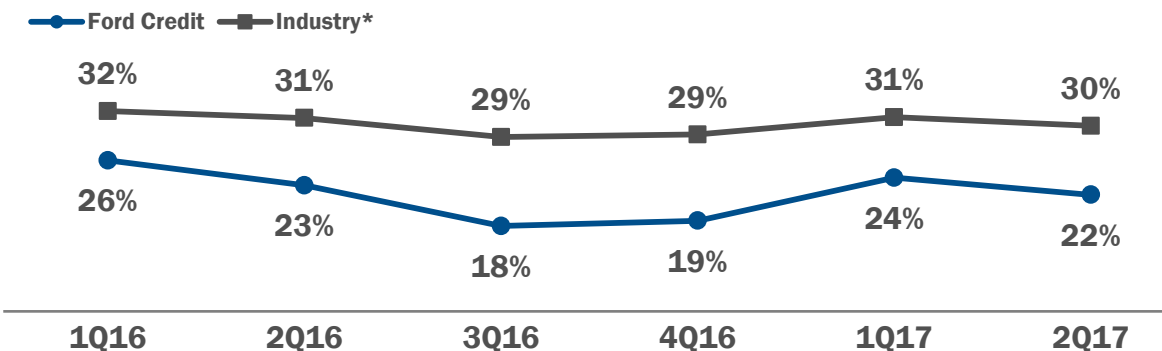
# U.S. LEASE ORIGINATION METRICS

## Lease Placement Volume (000)

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



## Lease Share of Retail Sales (%)



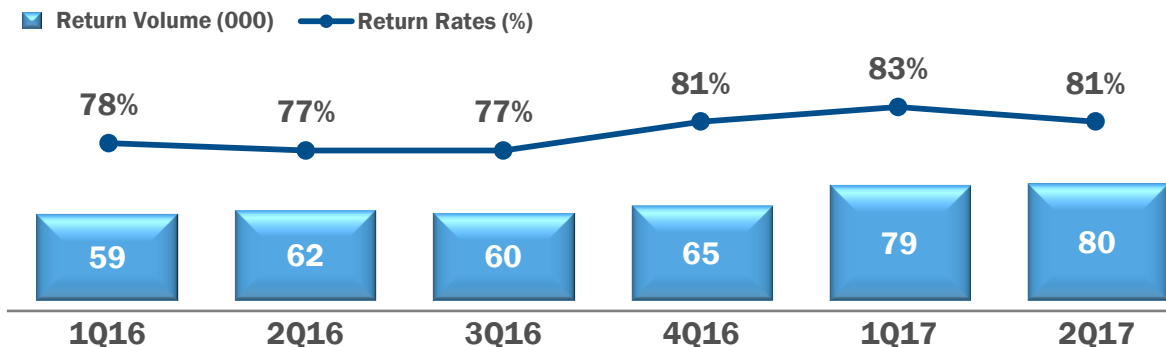
**Lease placement volume and share lower YoY**

**Lease share continues to be below industry reflecting Ford sales mix**

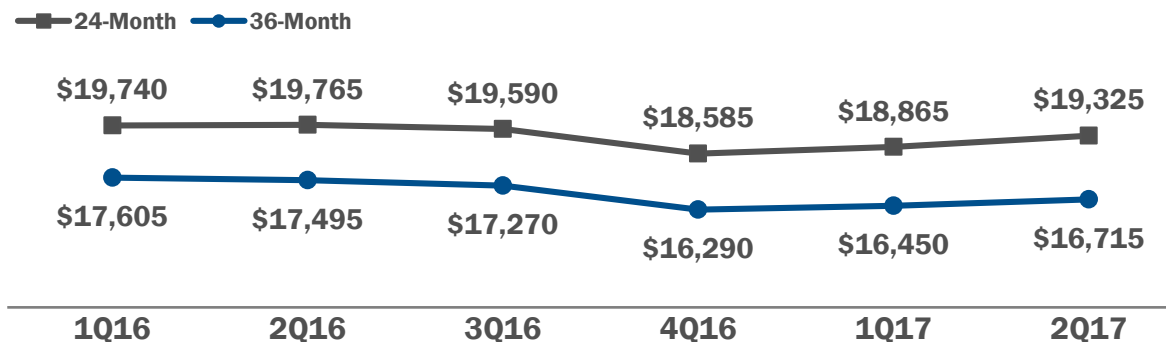
\* Source: JD Power PIN

# U.S. LEASE RESIDUAL PERFORMANCE

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



Off-Lease Auction Values (at 2Q17 Mix)

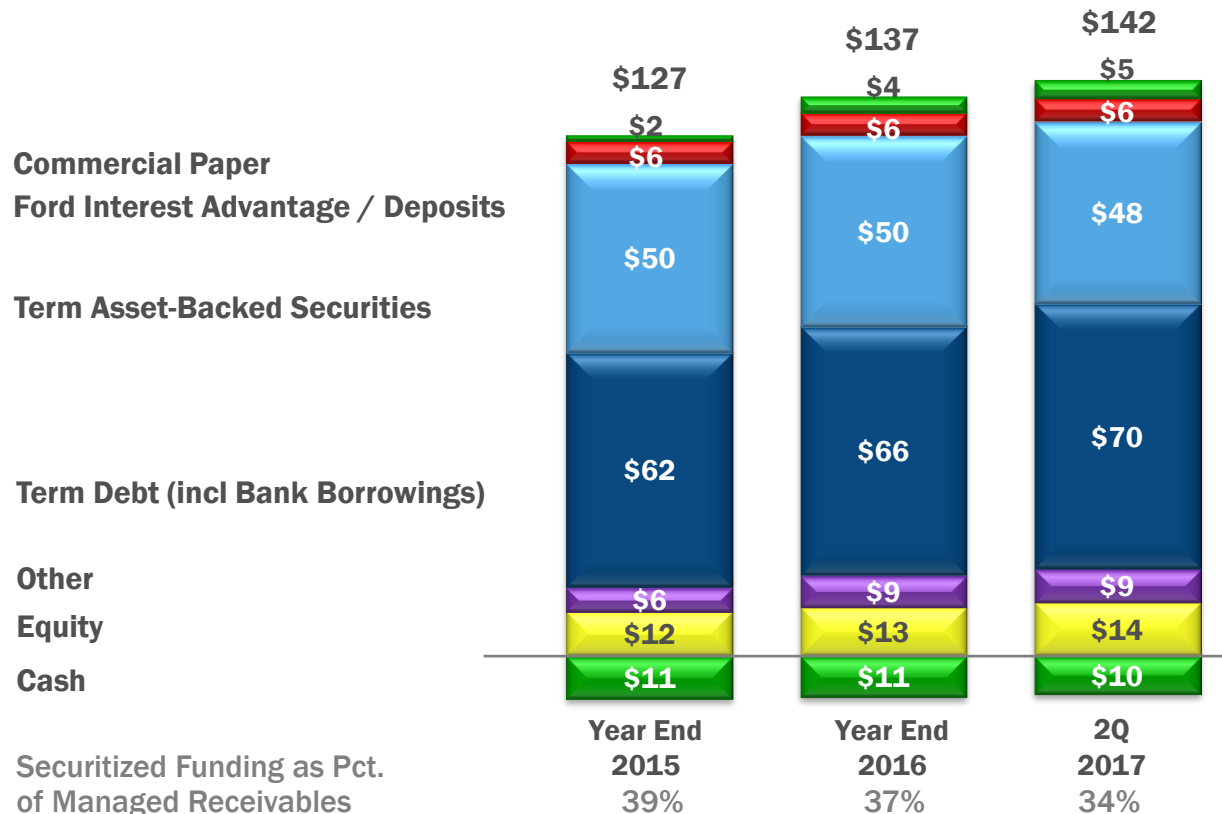


**Return rates higher YoY reflecting lower used vehicle values**

**Return volumes higher reflecting growth in leasing and higher return rates**

**2Q auction values were higher than 1Q17 and lower YoY; better than expectations**

# FUNDING STRUCTURE – MANAGED RECEIVABLES\* (BILS)



**Funding is diversified across platforms**

**Well capitalized with strong investment grade balance sheet profile**

\* See Appendix for reconciliation to GAAP and definitions

# PUBLIC TERM FUNDING PLAN\* (BILS)

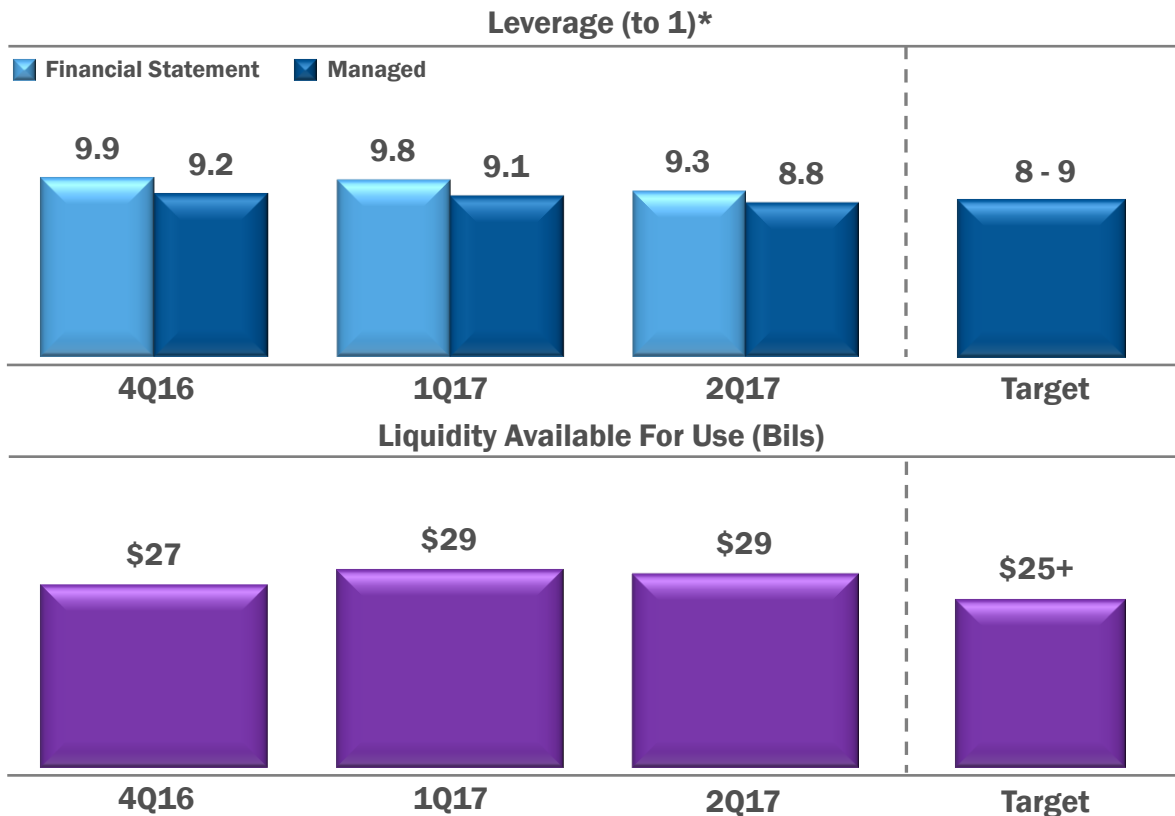
	2015 Actual	2016 Actual	2017	
			Forecast	Through July 25
<b>Unsecured</b>				
Ford Motor Credit	\$ 11	\$ 10	\$ 9 - 10	\$ 6
Ford Credit Canada	1	1	1 - 2	1
FCE Bank	4	3	2 - 3	2
Rest of World	-	-	1	-
<b>Total Unsecured</b>	<b>\$ 17</b>	<b>\$ 14</b>	<b>\$ 13 - 16</b>	<b>\$ 9</b>
<b>Securitizations</b>	<b>\$ 13</b>	<b>\$ 13</b>	<b>\$ 13 - 15</b>	<b>\$ 8</b>
<b>Total Public</b>	<b>\$ 30</b>	<b>\$ 28</b>	<b>\$ 26 - 31</b>	<b>\$ 17</b>

**Issuance plans consistent with prior years**

**Issuance remains diversified across platforms and markets**

\* Numbers may not sum due to rounding; see Appendix for definitions

# BALANCE SHEET METRICS



**Managed leverage returned to target range**

**Liquidity remains strong and above target**

\* See Appendix for reconciliation to GAAP

# 2017 GUIDANCE (MIL\$)

	2016 FY	2017 FY		Memo:
	Results	Plan	Outlook	2017 1H Results
<b>Pre-Tax Profit</b>	<b>\$ 1,879</b>	<b>About \$1,500</b>	<b>Higher</b>	<b>\$ 1,100</b>
<b>Distributions</b>	<b>\$ -</b>	<b>Resuming with leverage in target range</b>	<b>On track</b>	<b>\$ 28</b>

# KEY TAKEAWAYS

Best quarterly pre-tax profit  
since 2011

Full year PBT is now expected to be  
higher than \$1.5 billion

Strategic asset to Ford, delivering  
profitable growth globally

Consistent originations, servicing and  
collections; robust portfolio  
performance

Funding plan well-positioned for  
business cycles

Ford Credit outlook incorporates  
industry trends

# RISK FACTORS

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:

- Decline in industry sales volume, particularly in the United States, Europe, or China, due to financial crisis, recession, geopolitical events, or other factors;
- Lower-than-anticipated market acceptance of Ford’s new or existing products or services, or failure to achieve expected growth;
- Market shift away from sales of larger, more profitable vehicles beyond Ford’s current planning assumption, particularly in the United States;
- Continued or increased price competition resulting from industry excess capacity, currency fluctuations, or other factors;
- Fluctuations in foreign currency exchange rates, commodity prices, and interest rates;
- Adverse effects resulting from economic, geopolitical, protectionist trade policies, or other events;
- Work stoppages at Ford or supplier facilities or other limitations on production (whether as a result of labor disputes, natural or man-made disasters, tight credit markets or other financial distress, production constraints or difficulties, or other factors);
- Single-source supply of components or materials;
- Labor or other constraints on Ford’s ability to maintain competitive cost structure;
- Substantial pension and other postretirement liabilities impairing liquidity or financial condition;
- Worse-than-assumed economic and demographic experience for pension and other postretirement benefit plans (e.g., discount rates or investment returns);
- Restriction on use of tax attributes from tax law “ownership change;”
- The discovery of defects in vehicles resulting in delays in new model launches, recall campaigns, or increased warranty costs;
- Increased safety, emissions, fuel economy, or other regulations resulting in higher costs, cash expenditures, and/or sales restrictions;
- Unusual or significant litigation, governmental investigations, or adverse publicity arising out of alleged defects in products, perceived environmental impacts, or otherwise;
- Adverse effects on results from a decrease in or cessation or claw back of government incentives related to investments;
- Cybersecurity risks to operational systems, security systems, or infrastructure owned by Ford, Ford Credit, or a third party vendor or supplier;
- Failure of financial institutions to fulfill commitments under committed credit and liquidity facilities;
- Inability of Ford Credit to access debt, securitization, or derivative markets around the world at competitive rates or in sufficient amounts, due to credit rating downgrades, market volatility, market disruption, regulatory requirements, or other factors;
- Higher-than-expected credit losses, lower-than-anticipated residual values, or higher-than-expected return volumes for leased vehicles;
- Increased competition from banks, financial institutions, or other third parties seeking to increase their share of financing Ford vehicles; and
- New or increased credit regulations, consumer or data protection regulations, or other regulations resulting in higher costs and/or additional financing restrictions.

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, 2016, as updated by subsequent Quarterly Reports on Form 10-Q and Current Reports on Form 8-K.

# **FORD CREDIT APPENDIX**

## **Ford Credit Appendix**

Credit Ratings	FCA1
Total Net Receivables Reconciliation to Managed Receivables	FCA2
Financial Statement Leverage Reconciliation to Managed Leverage	FCA3
Liquidity Sources	FCA4
Non-GAAP Financial Measures that Supplement GAAP Measures	FCA5
Definitions and Calculations	FCA6

# CREDIT RATINGS

	<u>S&amp;P</u>	<u>Moody's</u>	<u>Fitch</u>	<u>DBRS</u>
<b><u>Issuer Ratings</u></b>				
<b>Ford Motor</b>	<b>BBB</b>	<b>N/A</b>	<b>BBB</b>	<b>BBB</b>
<b>Ford Credit</b>	<b>BBB</b>	<b>N/A</b>	<b>BBB</b>	<b>BBB</b>
<b>FCE Bank plc</b>	<b>BBB</b>	<b>N/A</b>	<b>BBB</b>	<b>NR</b>
<b><u>Long-Term Senior Unsecured</u></b>				
<b>Ford Motor</b>	<b>BBB</b>	<b>Baa2</b>	<b>BBB</b>	<b>BBB</b>
<b>Ford Credit</b>	<b>BBB</b>	<b>Baa2</b>	<b>BBB</b>	<b>BBB</b>
<b>FCE Bank plc</b>	<b>BBB</b>	<b>Baa2</b>	<b>BBB</b>	<b>NR</b>
<b><u>Short-Term Unsecured</u></b>				
<b>Ford Credit</b>	<b>A-2</b>	<b>P-2</b>	<b>F2</b>	<b>R-2M</b>
<b><u>Outlook</u></b>	<b>Stable</b>	<b>Stable</b>	<b>Stable</b>	<b>Stable</b>

# TOTAL NET RECEIVABLES RECONCILIATION TO MANAGED RECEIVABLES

<i>(Bils)</i>	2015	2016	2016	2017
	Dec 31	Jun 30	Dec 31	Jun 30
<b>Finance receivables, net (GAAP)</b>	<b>\$ 96.8</b>	<b>\$ 101.3</b>	<b>\$ 103.0</b>	<b>\$ 108.3</b>
<b>Net investment in operating leases (GAAP)</b>	<b>25.1</b>	<b>26.8</b>	<b>27.2</b>	<b>26.7</b>
<b>Total net receivables*</b>	<b>\$ 121.9</b>	<b>\$ 128.1</b>	<b>\$ 130.2</b>	<b>\$ 135.0</b>
<b>Unearned interest supplements and residual support</b>	<b>4.5</b>	<b>5.0</b>	<b>5.3</b>	<b>5.6</b>
<b>Allowance for credit losses</b>	<b>0.4</b>	<b>0.5</b>	<b>0.5</b>	<b>0.6</b>
<b>Other, primarily accumulated supplemental depreciation</b>	<b>0.4</b>	<b>0.6</b>	<b>0.9</b>	<b>1.0</b>
<b>Total managed receivables (Non-GAAP)</b>	<b>\$ 127.2</b>	<b>\$ 134.2</b>	<b>\$ 136.9</b>	<b>\$ 142.2</b>

\* See Appendix for definition. Includes finance receivables (retail 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

# FINANCIAL STATEMENT LEVERAGE RECONCILIATION TO MANAGED LEVERAGE\*

(Bils)

	2016 Jun 30	2016 Dec 31	2017 Mar 31	2017 Jun 30
<b><u>Leverage Calculation</u></b>				
<b>Total debt</b>	\$ 126.3	\$ 126.5	\$ 129.2	\$ 129.3
<b>Adjustments for cash</b>	(11.6)	(10.8)	(11.3)	(10.1)
<b>Adjustments for derivative accounting</b>	(1.3)	(0.3)	(0.2)	(0.2)
<b>Total adjusted debt</b>	<u>\$ 113.4</u>	<u>\$ 115.4</u>	<u>\$ 117.7</u>	<u>\$ 119.0</u>
<b>Equity</b>	\$ 12.4	\$ 12.8	\$ 13.2	\$ 13.8
<b>Adjustments for derivative accounting</b>	(0.4)	(0.3)	(0.3)	(0.2)
<b>Total adjusted equity</b>	<u>\$ 12.0</u>	<u>\$ 12.5</u>	<u>\$ 12.9</u>	<u>\$ 13.6</u>
<b>Financial statement leverage (to 1) (GAAP)</b>	10.2	9.9	9.8	9.3
<b>Managed leverage (to 1) (Non-GAAP)</b>	9.4	9.2	9.1	8.8

\* See Appendix for definitions

# LIQUIDITY SOURCES\*

(Bils)

	2016 Jun 30	2016 Dec 31	2017 Mar 31	2017 Jun 30	
<b><u>Liquidity Sources</u></b>					
Cash	\$ 11.6	\$ 10.8	\$ 11.3	\$ 10.1	
Committed ABS facilities	36.0	34.6	34.8	32.3	} Committed Capacity \$38.0 Billion
Other unsecured credit facilities	2.7	2.5	2.6	2.7	
Ford corporate credit facility allocation	3.0	3.0	3.0	3.0	
<b>Total Liquidity Sources</b>	<b>\$ 53.3</b>	<b>\$ 50.9</b>	<b>\$ 51.7</b>	<b>\$ 48.1</b>	
<b><u>Utilization of Liquidity</u></b>					
Securitization cash	\$ (2.7)	\$ (3.4)	\$ (3.0)	\$ (2.9)	
Committed ABS facilities	(16.2)	(19.9)	(18.4)	(16.4)	
Other unsecured credit facilities	(0.7)	(0.7)	(1.3)	(0.5)	
Ford corporate credit facility allocation	-	-	-	-	
<b>Total Utilization of Liquidity</b>	<b>\$ (19.6)</b>	<b>\$ (24.0)</b>	<b>\$ (22.7)</b>	<b>\$ (19.8)</b>	
<b>Gross liquidity</b>	<b>\$ 33.7</b>	<b>\$ 26.9</b>	<b>\$ 29.0</b>	<b>\$ 28.3</b>	
<b>Adjustments</b>	<b>0.1</b>	<b>0.1</b>	<b>0.3</b>	<b>0.2</b>	
<b>Net Liquidity Available For Use</b>	<b>\$ 33.8</b>	<b>\$ 27.0</b>	<b>\$ 29.3</b>	<b>\$ 28.5</b>	

\* 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, 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)

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

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

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

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

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

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)

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 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

Unallocated Other (as shown on the Pre-Tax Results 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