Ford Earns $1.63 Billion In 3Q

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DEARBORN, Mich. (AP) — Ford's third-quarter profit eased 1 percent to $1.63 billion as European losses swamped record North American profits.

Ford Motor Co. said Tuesday its per-share net income was 41 cents, unchanged from the July-September period a year earlier. Before special items, including severance payouts, it earned 40 cents, beating Wall Street's forecast of 30 cents, according to analysts polled by FactSet.

Ford's revenue fell 3 percent to $32.1 billion as vehicle sales dropped in Europe and South America. The company exceeded Wall Street's revenue forecast of $31.5 billion largely because of North America, where revenue jumped 8 percent to $19.5 billion thanks to higher pricing and strong sales of higher-margin trucks and SUVs.

Dearborn-based Ford earned a record $2.3 billion in North America. Chief Financial Officer Bob Shanks noted that this was the third quarter in a row that the company has made more than $2 billion in North America and reported an operating margin of 10 percent or more. Ford's North American operating margin was 12 percent in the third quarter, up from 8.6 percent a year earlier.

"To me the story isn't just the results but the consistency of the results," he said.

The company lost $468 million in Europe, where sales have fallen sharply because of the troubled economy. The company hopes to stem its losses by introducing a raft of new vehicles to Europe, including the iconic Mustang sports car. It also announced last week a plan to close three European factories by 2014, affecting 6,200 employees. But in the meantime, the company expects to lose more than $1.5 billion both this year and next year in Europe. It doesn't expect to return to profitability in the region until the middle of this decade.

Shanks said Ford is being hurt by its competitors' aggressive incentive spending in Europe. Ford has raised its prices slightly in the region, which is helping its margins but hurting its sales. Ford's European market share dropped to 7.8 percent in the third quarter, down from 8.5 percent a year ago.

Ford earned $45 million in its Asia Pacific region, reversing a loss from a year ago. It's the first profit in that region since the second quarter of 2011.

Shanks said a big investment in new plants and products for Asia is paying off. Ford reached its highest-ever market share in China in the third quarter thanks to strong sales of the new Focus, which went on sale in the spring. Ford controlled 3.6 percent of the Chinese new-car market, up from 2.8 percent a year ago.

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