Ford's 1Q Profit Reaches $1.6B

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DEARBORN, Mich. (AP) — Ford Motor Co. reported a better-than-expected $1.6 billion profit in the first quarter as growing demand in the U.S. and China for its new vehicles helped overcome steep losses in Europe and South America.

Ford said Wednesday that first-quarter net income rose 15 percent from a year ago. Worldwide sales rose 10 percent to nearly 1.5 million.

In North America, Ford saw 25-percent gains for both its redesigned Fusion sedan and Escape SUV as well as strong sales of its F-Series trucks as home construction picks up. In China, demand for the Focus helped sales jump 54 percent in the quarter, or more than three times the industry average.

"It's a very good start to the year for us," Chief Financial Officer Bob Shanks said Wednesday.

Ford beat Wall Street's forecast with earnings of 40 cents per share, up from 35 cents in the first quarter of 2012. Analysts polled by FactSet had forecast earnings of 37 cents per share.

Without one-time charges, including restructuring costs in Europe, Ford would have earned 41 cents.

Revenue rose 10 percent to $35.8 billion, beating Wall Street's forecast of $33.5 billion.

Ford earned $2.4 billion in North America, up from $2.1 billion a year ago. It was a quarterly record for the region. In the U.S., Ford's market share jumped to 16.2 percent from 15.5 percent in the first three months of 2012, the biggest increases for any car manufacturer.

Ford's operating margin fell slightly in North America to 11 percent, from 11.5 percent in the same period a year ago. Shanks said Ford added more workers at its plants to keep up with demand. It also is selling a higher percentage of low-margin cars and small SUVs, compared with higher-profit vehicles like large SUVs, which brings down profits. U.S. buyers paid an average $32,784 for a Ford in the first quarter, or around $1,000 more than the same period a year ago, according to Internet buying site TrueCar.com.

Ford eked out a $6 million profit in its Asia Pacific and Africa region, where it is investing heavily for future growth. The company is currently building five plants in China and two in India. Sales rose 30 percent in the region to 282,000.

Those results helped offset a $462 million loss in Europe, where Ford's sales fell 20

percent during the quarter. Shanks confirmed that Ford expects to lose $2 billion in the region this year as it closes plants and brings new vehicles to the market to try to reverse declining sales.

Ford also lost $218 million in South America, where it has been hurt by currency devaluation in Venezuela. Also, sales of the Fiesta subcompact have dropped as it brings an updated Fiesta to the market.

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