

Ford Motor Company (F)

Presented by: *Cash Me If You Can (Dublin Engebos, Hannah Johnson, Dimpal Chaudhari, Alex Webb)*

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Investment decision: *Invested \$10,000 in the DA Davidson Fund*

Introduction:

The automotive industry has been shifting a lot over the last few years, with electric vehicles and commercial fleets becoming a bigger part of the market. This drew us to Ford Motor Company, one of the largest automakers in the United States, founded in 1903 and headquartered in Dearborn, Michigan. Ford sells vehicles under the Ford and Lincoln brands and brought in around \$185 billion in revenue in 2024. They are also the best-selling truck brand in the U.S. for 48 consecutive years with their F-Series. Most of Ford's growth potential seems to be in Ford Pro, which is their commercial and fleet vehicle division, and has been the strongest performing segment of their business. This puts us in a great position with the repositioning of the company and the great growth potential ahead.

Company and Valuation Details:

Ford Motor Company (NYSE: F) is a leading global automaker headquartered in Dearborn, Michigan, that designs, manufactures, and sells cars, trucks, and commercial vehicles. The company serves both individual consumers and commercial fleet customers across North America, Europe, and international markets, while also offering automotive financing through Ford Motor Credit.

- **Current Price:** \$14.01
- **Target Price:** \$23.15
- **Upside Potential:** ~39%
- **Valuation Methods:** DCF (50%), Comparable Companies (35%), Precedent Transactions (15%)
- **DCF Implied Value:** \$19.48
- **Comps Implied Value:** \$28.01
- **Precedents Implied Value:** \$24.04

Management highlights several key growth initiatives aimed at long-term margin expansion, most notably the “Universal EV Platform.” This is designed to allow Ford to compete with global low-price competitors. Additionally, the company is expanding its Ford Pro software, which has now surpassed 800,000 paid subscriptions, which means it is on track to contribute 20% to EBIT.

Historical Performance:

Ford has three lines of vehicles, Ford Blue, Ford Model e, and Ford Pro. Ford Blue makes up over 60% of their revenues, and includes the F series trucks, as well as Broncos, Rangers, and more. This line has consistent revenue with steady slow growth. Ford has adjusted their electric vehicle segment to better align with current demand. They have scaled back spending on EVs, and cut out unnecessary projects. Cancelling projects resulted in a one time charge of \$21 billion that left Ford with a negative EBITDA in 2025. They will begin to recover in 2026. Ford Pro has seen the highest growth in recent years, and is projected to continue to grow as Ford continues to innovate their fleet technology.

The other main business segment of Ford is their financing line, Ford Credit. This allows individual clients and dealerships to buy and finance vehicles through Ford. This segment has grown rapidly in recent years with 19.4% growth rate from 2023 to 2024, and 8% growth rate from 2024 to 2025. This growing source of revenue will continue to expand as vehicle sales continue to grow.