



Ford Advances South America Restructuring; Will Cease Manufacturing in Brazil, Serve Customers With New Lineup

- Ford remains committed to customers in Brazil and South America with all-new Ranger pickup, Transit van and several of its most iconic models, with plans to launch several new connected and electrified vehicles
- Ford Brazil will cease production at Camaçari, Taubaté and Troller plants during 2021, as the COVID-19 pandemic amplifies persistent industry idle capacity and slow sales that have resulted in years of significant losses
- Ford maintains South America headquarters, product development center and proving grounds in Brazil

São Paulo, Jan. 11, 2021 – Ford Motor Company today announced it will serve customers in the South America region with a portfolio of exciting connected and increasingly electrified SUVs, pickups and commercial vehicles sourced from Argentina, Uruguay and other markets, as Ford Brazil ceases production operations in 2021.

Ford will serve the region from its global product portfolio, including some of its most popular vehicle lines such as the all-new Ranger pickup built in Argentina, new Transit van, Bronco and Mustang Mach 1, and plans to accelerate the introduction of several new connected and electrified models. Ford maintains full customer support operations with sales, service, aftermarket parts and warranty support in Brazil and South America. Ford will also maintain its product development center in Bahia, its proving ground in Tatuí, São Paulo, and its regional headquarters in São Paulo.

“With more than a century in South America and Brazil, we know these are very difficult, but necessary, actions to create a healthy and sustainable business,” said Jim Farley, Ford president and CEO. “We are moving to a lean, asset-light business model by ceasing production in Brazil and serving customers with some of the best and most exciting vehicles in our global portfolio. We will also accelerate bringing our customers the benefits of connectivity, electrification and autonomous technologies to efficiently address the need for cleaner and safer vehicles well into the future.”

Ford said it would immediately begin working closely with its unions and other stakeholders to develop an equitable and balanced plan to mitigate the impacts of ending production.

“Our dedicated South America team made significant progress in turning around our operations, including phasing-out unprofitable products and exiting the heavy truck business,” said Lyle Watters, president Ford South America and the International Markets Group. “In addition to reducing costs across the business, we launched the Ranger Storm, Territory and Escape, and introduced innovative services for our customers. While these efforts improved results over the past four quarters, the sustained unfavorable economic environment and the additional burden of the pandemic made it clear that much more was necessary to create a sustainable and profitable future.”

Ford is actively evaluating its businesses around the world, including in South America, making choices and allocating capital in ways that advance Ford’s plan to achieve an 8% company adjusted EBIT margin and generate consistently strong adjusted free cash flow. Ford’s plan calls for developing and delivering high-quality, high-value, connected vehicles – increasingly electric vehicles – and services that are affordable to an even broader range of customers and profitable for Ford. The company is moving quickly to:

- Turn around its automotive business – competing like a challenger while simplifying and modernizing all aspects of the company, and
- Grow by capitalizing on existing strengths, disrupting the conventional automotive business, and partnering with others to gain expertise and efficiency.

“We will work earnestly with unions, employees and other stakeholders to develop measures to help deal with the difficult impact of this announcement,” Watters continued. “I want to emphasize that we are committed to the region for the long-term and will continue to offer customers full sales, service and warranty support. This is especially true as we bring to market a robust lineup of exciting connected and electrified SUVs, pickups and commercial vehicles from within and outside of the region.”

Watters added that, in addition to the recently confirmed production of the next-generation of Ranger and the arrival of the Bronco, Mustang Mach 1 and Transit van, Ford plans to announce other all-new models, including a new plug-in vehicle. This includes expanding connected services and introducing new automated and electrified technologies to South America.

Production will cease immediately at Camaçari and Taubaté in Brazil, with some parts production continuing for a few months to support inventories for aftermarket sales. The Troller plant in Horizonte, Brazil, will continue to operate until the fourth quarter of 2021. As a result, the company will end sales of EcoSport, Ka and T4 once inventories are sold. Manufacturing operations in Argentina and Uruguay and the sales companies in other South America markets are not affected.

Ford will continue to facilitate possible reasonable alternatives for interested parties to take over available production facilities.

In connection with this announcement, Ford currently expects to record pre-tax special item charges of about \$4.1 billion, including about \$2.5 billion in 2020 and about \$1.6 billion in 2021. The charges will include about \$1.6 billion of non-cash charges related to writing-off certain tax receivables and for accelerated depreciation and amortization. The remaining charges of about \$2.5 billion will be paid in cash, primarily in 2021, and are attributable to separation, termination, settlement and other payments.

Cautionary Note on Forward-Looking Statements

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:

- Ford and Ford Credit’s financial condition and results of operations have been and may continue to be adversely affected by public health issues, including epidemics or pandemics such as COVID-19;
- Ford’s long-term competitiveness depends on the successful execution of global redesign and fitness actions;
- Ford’s vehicles could be affected by defects that result in delays in new model launches, recall campaigns, or increased warranty costs;
- Ford may not realize the anticipated benefits of existing or pending strategic alliances, joint ventures, acquisitions, divestitures, or new business strategies;
- Operational systems, security systems, and vehicles could be affected by cyber incidents;
- Ford’s production, as well as Ford’s suppliers’ production, could be disrupted by labor issues, natural or man-made disasters, financial distress, production difficulties, or other factors;
- Ford’s ability to maintain a competitive cost structure could be affected by labor or other constraints;
- Ford’s ability to attract and retain talented, diverse, and highly skilled employees is critical to its success and competitiveness;
- Ford’s new and existing products and mobility services are subject to market acceptance;
- Ford’s results are dependent on sales of larger, more profitable vehicles, particularly in the United States;
- With a global footprint, Ford’s results could be adversely affected by economic, geopolitical, protectionist trade policies, or other events, including tariffs and Brexit;

- Industry sales volume in any of our key markets can be volatile and could decline if there is a financial crisis, recession, or significant geopolitical event;
- Ford may face increased price competition or a reduction in demand for its products resulting from industry excess capacity, currency fluctuations, competitive actions, or other factors;
- Fluctuations in commodity prices, foreign currency exchange rates, interest rates, and market value of our investments can have a significant effect on results;
- Ford and Ford Credit's access to debt, securitization, or derivative markets around the world at competitive rates or in sufficient amounts could be affected by credit rating downgrades, market volatility, market disruption, regulatory requirements, or other factors;
- Ford's receipt of government incentives could be subject to reduction, termination, or clawback;
- Ford Credit could experience higher-than-expected credit losses, lower-than-anticipated residual values, or higher-than-expected return volumes for leased vehicles;
- Economic and demographic experience for pension and other postretirement benefit plans (e.g., discount rates or investment returns) could be worse than Ford has assumed;
- Pension and other postretirement liabilities could adversely affect Ford's liquidity and financial condition;
- Ford could experience unusual or significant litigation, governmental investigations, or adverse publicity arising out of alleged defects in products, perceived environmental impacts, or otherwise;
- Ford may need to substantially modify its product plans to comply with safety, emissions, fuel economy, autonomous vehicle, and other regulations that may change in the future;
- Ford and Ford Credit could be affected by the continued development of more stringent privacy, data use, and data protection laws and regulations as well as consumer expectations for the safeguarding of personal information; and
- Ford Credit could be subject to new or increased credit regulations, consumer protection regulations, or other regulations.

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, 2019, as updated by our subsequent filings with the Securities and Exchange Commission.

About Ford Motor Company

Ford Motor Company (NYSE: F) is a global company based in Dearborn, Michigan. The company designs, manufactures, markets and services a full line of Ford cars, trucks, SUVs, electrified vehicles and Lincoln luxury vehicles, provides financial services through Ford Motor Credit Company and is pursuing leadership positions in electrification; mobility solutions, including self-driving services; and connected services. Ford employs approximately 187,000 people worldwide. For more information regarding Ford, its products and Ford Motor Credit Company, please visit corporate.ford.com.