

Tariffs and BEV write-downs pull Ford's earnings down for Q4 2025

S&P Global

11 Feb 2026 - AutoIntelligence | Headline Analysis

S&P Global Mobility perspective

Implications	Ford's fourth-quarter results were affected by warranty costs, continued costs from a supplier fire interrupting aluminum supply and tariffs, and part of a US\$19.9 billion write-down announced in January 2026.
Outlook	Ford's fourth-quarter results reflected the strains of external issues and the challenges the industry is facing broadly, as well as supplier issues. Wholesales declined, pulling revenue down. Fires at aluminum supplier Novelis impacted F-Series production and Ford announced a major write-down from changes to BEV plans and capacity investments. The result is the worst quarter for Ford since the recession, although the full year delivered record revenue and there were positive signals over the year. Ford is confident the changes it is making will lead to meeting future targets and a profitable future, although CEO Jim Farley also noted that the regulatory environment in markets across the globe remain a significant risk.

In 2025, the US tariff effect hit Ford for about US\$2.0 billion, which was closer to what the automaker had provided as guidance with second-quarter 2025 earnings and US\$1 billion higher than the company indicated it expected in October 2025. In October 2025, the US extended the offset for imported goods based on MSRP of US production and expanded the list of goods included in that offset. Ford then reduced its expectations for tariff impact in 2025 to about US\$1.0 billion. However, while Ford had expected the offset would apply to production back to May 3, 2025, when the Section 232 tariffs on auto parts and autos were implemented, Ford later learned that the offset calculation started as of Nov. 1, 2025. Ford has also targeted a cost reduction of US\$1.0 billion in 2025; in October 2025 Ford said it was on track to meet that, but with full-year reporting, the company said it has achieved USD\$1.5 billion in cost reductions.

Ford's 2025 results were also impacted by two fires at aluminum supplier Novelis in September and November. The first fire idled the Novelis hot mill and the second delayed getting it back online; Ford now says the hot mill will be restored sometime between May and September 2026. The impact in 2025 reached US\$2.0 billion. Although the US\$2.0 billion is nonrecurring, in 2026, Ford expects US\$1.5-2.0 billion in temporary costs through the first and second quarters of 2026, until the Novelis hot mill is back. These costs are related to freight, tariffs and higher prices for alternate aluminum sourcing to ensure supply continuity. Ford CFO Sherry House said that Ford initially expected it could make up about US\$1 billion of the 2025 impact with efforts to increase production and make up some lost volume, but the second fire changed expectations. House says now Ford thinks it will make up between US\$0.5-1 billion. Ford also confirmed it lost around 100,000 units of production due to this issue in 2025; production increases announced in 2025 will help make up between 50,000 and 60,000 units in 2026.

Ford's global financial performance

	Q4 2025	Q4 2024	YOY % change	YTD 2025	YTD 2024	YOY % change
Wholesales (thousands)	1,083	1,188	-8.8	4,395	4,470	-1.7
Revenue (US\$ bil.)	45.9	48.2	-4.8	187.3	185.0	1.2
Adjusted pre-tax results (US\$ mil.)	-14,810	1,831	-908.8	-8,162	5,894	-238.5
Net income (loss), attributable to Ford (US\$ mil.) (GAAP)	-11,064	1,824	-706.6	-8,182	5,879	-239.2
Net income margin (GAAP)	-24.1	3.8	(20.3) pts	-4.4	3.2	(1.2)pts
Adjusted EBIT (US\$ mil) (non-GAAP)	1,035	2,138	-51.6	6,780	10,208	-33.6
Adjusted EBIT margin (non-GAAP)	2.3	4.4	(2.1)pts	3.6	5.5	(1.9)pts
Debt (US\$ bil.), vs Dec 31, 2024				-21.0	-19.9	5.5
Net cash (US\$ bil.) vs Dec 31, 2024				7.7	8.7	-11.5

No portion of this report may be reproduced, reused, or otherwise distributed in any form without prior written consent, with the exception of any internal client distribution as may be permitted in the license agreement between client and S&P Global. Content reproduced or redistributed with S&P Global permission must display S&P Global legal notices and attributions of authorship. The information contained herein is from sources considered reliable but its accuracy and completeness are not warranted, nor are the opinions and analyses which are based upon it, and to the extent permitted by law, S&P Global shall not be liable for any errors or omissions or any loss, damage or expense incurred by reliance on information or any statement contained herein.

Ford's global financial performance

	Q4 2025	Q4 2024	YOY % change	YTD 2025	YTD 2024	YOY % change
Adjusted ROIC (%), trailing four quarters)				8.8	12.9	(4.1)pts

Source: Ford Motor Company

However, more impactful than tariffs or the Novelis fire on fourth-quarter and full-year results was a US\$19.5 billion write-down related to changed battery electric vehicle (BEV) plans announced in December 2025. The bulk of that amount, US\$14 billion, was applied to the fourth quarter of 2025. The remainder will be applied to results in 2026 and 2027 (see [United States: Dec. 16, 2025: Ford revamps US EV plans, announces range-extended F-150](#)). In the fourth quarter of 2025, Ford noted a US\$10.7 billion impairment on BEV cancellations and a US\$3.2 billion impact for getting out of the Blue Oval SK battery plant. The US\$14 billion put the fourth quarter into a significant loss and ensured full-year results were also in negative territory. Ford has not abandoned BEV but has completely shifted strategy to focus on a more affordable solution. During the call, Farley said, "We're launching a cost-efficient universal EV platform that will drive profitable growth in the lower-price segments where the EVs have continued to thrive in America. We will launch multiple vehicles off that same platform." Farley also expects that this approach will enable a scalable platform that can also help support Ford if the US regulatory environment sees another drastic change. Ford announced the new universal EV platform in August 2025 (see [United States: Aug. 12, 2025: Ford outlines new EV architecture, manufacturing processes](#)).

In the fourth quarter of 2025, Ford's wholesales and revenue fell, regardless of the external impacts. The fourth-quarter charges also meant that adjusted pre-tax and net income figures were massively in the red for the quarter and the year. Ford noted with earlier 2025 results that the US relaxation of regulatory pressure from US\$0 fines for noncompliance enables Ford to lean into high-trim series like Tremor and Raptor. For fourth-quarter results, Farley noted that the Raptor and off-road versions of various products has grown to 20% of the mix. Head of Ford Blue and Ford Model e, Andrew Frick, said on the third-quarter results call that the Tremor and Raptor trims "are actually very negative against compliance. So we would suppress some of the natural demand within that... as we look at next year and our overall build mix, we'll obviously match customer demand. We don't want to overproduce against that, so we can remain disciplined." Only a few months later, Ford is embracing efforts to meet that profitable demand.

Ford has shifted to emphasizing its ability to offer choices, including hybrid (HEV), plug-in hybrid (PHEV), battery-electric and internal combustion engine (ICE) solutions as central to its future performance. As to the future of electrification at Ford, Farley said during the call, "I think the customer has spoken. That's the punchline. The customers in their duty cycle have spoken, there's enough choice around the world on electrification for us to cherry-pick customers' choices around the world and come up with the right strategy, not only in the U.S. but around the world. In the U.S., you hit it. Our bet is on the UEV [universal electric vehicle platform]. We believe this platform localized in LAP [Louisville Assembly Plant] will hit the majority of profitable EVs sold in the U.S." Farley also said that Ford is betting on HEVs and range-extended EVs (REEVs) where it makes sense for the duty cycle. In Europe, tactical partnerships with Renault and Volkswagen (VW) will support "capital-efficient, high-scale, lower-cost solutions." Outside those markets, Farley said the company can cherry-pick solutions and be opportunistic about which solutions will be applied for customers. Farley said, "I do believe this is the right allocation of capital. It's a combination of partnerships where it makes sense, efficient partial electrification investments where we have revenue power and really hitting the EV market in the core of the market in our home market where there's not a lot of competition."

On partnerships, Farley said, "We're looking for ways to help us move faster to get access to IP that will eventually become commoditized and to lower our capital expenditures and improve our scale." Examples include a recent announcement with Renault and the relationship with CATL that enables Ford to license battery technology for production in the US (see [France - United States: Dec 9, 2025: Renault Group, Ford to form strategic partnership in Europe](#)). In recent months, Ford has been reported to be in talks at various stages with Xiaomi, Geely and (related to battery supply outside the US) BYD.

Ford's wholesale deliveries declined 8.8% year over year in the fourth quarter of 2025 and were down 1.7% for the year; no division improved. Ford Model e deliveries were only 37,000 units, even with a year

ago and held back by the end of US incentives and pulled-forward sales in the third quarter of 2025 and helped by the launch of the Puma EV in Europe. Ford Blue wholesales dropped 8.0% while Ford Pro dropped 11.6%; both were also down for the full year.

Wholesales (thousands)

	Q4 2025	Q4 2024	YOY % change	YTD 2025	YTD 2024	YOY % change
Ford Blue	712	774	-8.0	2,728	2,862	-4.7
Ford Model e	37	37	0.0	178	105	69.5
Ford Pro	334	378	-11.6	1,488	1503	-1.0

Source: Ford Motor Company

Lower wholesales pulled revenue down for the quarter as well, falling 4.8%. Farley also noted that full-year revenue increased to US\$187.5 billion, a record and accomplished despite full-year wholesales falling 1.7%. While the EV write-downs dragged net income down to a US\$11.0 billion loss, the charges did not have the same impact on adjusted EBIT, although the lower wholesales contributed to adjusted EBIT falling 51.6% to US\$1.0 billion, compared with US\$2.1 billion in the fourth quarter of 2024. Volume was a drag on the quarter as the Novelis fire reduced F-Series inventory, though strong net pricing was an assist. Net pricing was an assist despite industry-wide pricing pressure on EVs. Excluding the impact of tariffs, Ford reported a sixth consecutive quarter of year over year improvement in costs, particularly in material cost and warranty. In terms of segments, Ford Blue contributed US\$0.7 billion to EBIT, Ford Model e represented a US\$1.2 billion drag, and Ford Pro contributed US\$1.2 billion. Ford Credit posted adjusted EBT of US\$7 billion in the fourth quarter, compared with US\$0.4 billion in the fourth quarter of 2024.

Ford's debt (excluding Ford Credit) increased 5.5% at the end of December compared with the end of December 2024, reaching US\$21.0 billion. Ford reported US\$50 billion in liquidity at the end of December 2025. While that continues to support a strong balance sheet, it has fallen from the US\$54.0 billion in liquidity reported at the end of September 2025. The company's cash balance was US\$28.7 billion at the end of the fourth quarter, similar to US\$28.5 billion at the end of fourth quarter 2024.

Through 2024, Ford reported financials in four segments, after reorganizing in March 2022: Ford Blue, Ford Model e, Ford Pro and Ford Next. With the first quarter 2025, Ford Next was absorbed and is no longer referenced. In January, Ford announced a new business line for selling batteries as storage solutions called Ford Energy (see [United States: Jan. 28, 2026: Ford appoints Lisa Drake to lead battery energy storage business](#)). It is not clear how this will be reported in future financial results, but does not affect 2025.

Ford Blue, the division with the company's "iconic gas and hybrid passion products like F-150, Bronco and Mustang," saw wholesales decline to 712,000 units in the fourth quarter, resulting in revenues falling 4.0%. Sales declines were in part on the Novelis fire and Ford Blue was affected by the Novelis fire and tariff costs mentioned previously. This was despite new Ford Expedition and Lincoln Navigator, Super Duty, fresh Maverick and Bronco Sport providing product to support improvements in 2025. Ford Blue's EBIT declined on volume and tariffs, despite the pricing and warranty improvements. Although Ford earlier noted gains and margins for the BlueCruise systems, there was no update for the fourth quarter.

EBIT by segment (US\$ mil)

	Q4 2025	Q4 2024	YOY % change	YTD 2025	YTD 2024	YOY % change
Ford Blue	727	1,577	-53.9	3,024	5,269	-42.6
Ford Model e	-1,218	-1,397	12.8	-4,806	-5,105	-5.9
Ford Pro	1,231	1,626	-24.3	6,843	9,007	-24.0
Ford Credit	701	441	59.0	2,557	1,654	54.6

Source: Ford Motor Company

Ford Model e is the division in which the company reports the performance of its electric vehicle (EV)

business. The division is responsible for designing and scaling EVs as well as all of Ford's electric architecture and embedded software. With fourth-quarter 2024 earnings, Ford had said it expected Model e to deliver another loss of US\$5-5.5 billion in 2025. Model e losses in 2025 came to US\$4.8 billion, lower than in 2024. Fourth-quarter losses eased to US\$1.2 billion, compared with US\$1.4 billion in the fourth quarter of 2024. Model e volume was 37,000 units. While there were European EV product launches in 2025 (Ford Capri and Puma), the fourth quarter in the US was affected by the loss of federal incentives. The revenue from Model e of US\$1.3 billion in the fourth quarter of 2025 slipped to US\$1.3 billion, compared with US\$1.4 billion a year earlier. The decision to end production of the F-150 Lightning EV and 2027 arrival of the new EV pickup are likely to mean that 2026 Model e sales will continue to struggle.

Ford Pro, the products of which include integrated vehicle hardware, software, service, charging and financing solutions for commercial vehicles was highly affected by the F-Series production issues. Wholesales fell 11.6% to 334,000 units, pulling revenue and EBIT down. Ford Pro did continue to deliver more EBIT than Ford Blue. Ford Pro's EBIT was affected by market factors and tariffs though material cost and warranty improved along with software and physical services growth. Margin dropped from 10.0% a year ago to 8.2%; it was also down from 11.4% in the third quarter of 2025. Paid subscriptions grew to 10% over the year, and Ford said it contributed 19% of segment EBIT in the trailing 12 months. EV wholesales in this sector fell from 13,000 units in the fourth quarter of 2024 to 11,000 units in the same period of 2025, on the issues noted related to US incentives and pulling back production of the F-150 Lightning.

Revenue by Segment (US\$ bil)

	Q4 2025	Q4 2024	YOY % change	YTD 2025	YTD 2024	YOY % change
Ford Blue	26.2	27.3	-4.0	101.0	101.9	-0.9
Ford Model e	1.3	1.4	-7.1	6.7	3.9	71.8
Ford Pro	14.9	16.2	-8.0	66.3	66.9	-0.9
Ford Credit	3.4	3.3	3.0	13.3	12.3	8.1

Source: Ford Motor Company

Outlook and implications

Ford's fourth-quarter results reflected the strains of external issues and the challenges the industry is facing broadly, as well as supplier issues. Wholesales declined, pulling revenue down. Fires at aluminum supplier Novelis impacted F-Series production and Ford announced a major write-down from changes to BEV plans and capacity investments. The result is the worst quarter for Ford since the recession, although the full year delivered record revenue and there were positive signals over the year. Ford is confident the changes it is making will lead to meeting future targets and a profitable future, although CEO Jim Farley also noted that the regulatory environment in markets across the globe remain a significant risk.

Ford provided guidance for 2026, based on industry assumption for US industry sales between 16.0 and 16.5 million units and flat pricing. For 2026, Ford expects adjusted EBIT of US\$8.0-10.0 billion. Adjusted free cash flow, Ford says, will improve to US\$5.0-6.0 billion, compared with US\$3.5 billion in 2025. Capital spending, in part on costs for establishing Ford Energy and development of the new EV platform, will increase from US\$8.7 billion to US\$9.5-10.5 billion. Ford provided segment guidance as well, and puts Ford Blue EBIT at US\$4.0-4.5 billion (versus US\$3.0 billion in 2025). Model e will continue to show losses of US\$4.0-4.5 billion, or a little lower than the US\$4.8 billion in 2025. Ford Pro is projected to see similar EBIT, US\$4.0-4.5 billion compared with US\$4.8 billion in 2025. There will be special charges about US\$7.0 billion in 2026 and in 2027 on the EV strategy adjustments.

Ford expects higher volume in 2026 as the Novelis situation resolves, although as noted, costs will be higher until it does. In terms of the overall market, Ford expects its product mix to benefit results, as well as the opportunity for improved regulatory-related mix. Ford Pro in particular will continue to benefit from growth in high-margin software and physical services. On the cost side, continued improvement in material and warranty costs as well as tariff improvement are expected to benefit 2026, though

commodity costs and incremental investment will increase. Ford also notes that it will need fewer compliance credit purchases in the US, potentially saving about US\$0.5 billion.

Ford has shifted to emphasizing its ability to offer a wide choice of powertrains, rather than emphasizing EVs. The changes in US emissions and fuel economy regulations can help Ford Blue. Farley sees the economics around large EVs, with the need for a larger battery, as “unresolvable”, and has previously stated that he sees the sweet spot for EVs on the retail side as being small and medium-size trucks and utilities. However, in the commercial space, Farley sees its customers willing to pay the premium for large EVs on total cost of ownership, and a use case that works well for depot charging; the view has not changed with the latest results.

In February 2025, Farley provided more detail on Ford's take on REEVs. Ford will develop body-on-frame platforms designed for multi energy systems needed for affordability and range. Farley is now betting that REEV can provide an affordable solution for big trucks and utilities, though he also noted it is “not a panacea” for all use cases. Ford sees hybrid and plug-in hybrid for most large vehicle customers, REEV for certain larger, heavier vehicles which are not towing; and EVs for commercial vehicles and to serve small, affordable sectors. The strategy shift had been telegraphed earlier, and there was no change to this with the fourth-quarter 2025 earnings results.

Analyst Contact Details: Stephanie Brinley