

Ford Motor Company Vs General Motors Company

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Key competitors, and Key drivers/challenges

Ford Motor Company

Key competitors

1. FCA US LLC
2. General Motors Company
3. Toyota Motor Corporation

Key Challenges faced

1. Europe is a big part of Ford's business, and lately it has been losing a ton of money. Ford lost over \$1.7 billion in Europe last year, and \$462 million more in the first quarter of 2013. It has warned that it could lose \$2 billion this year. That's not because Ford made huge mistakes, it's because recessions in Europe have clobbered new-car sales: They're now at lows not seen in 20 years, and they may fall further before things start to improve.
2. Ford's new cars and trucks are huge improvements over the old models, reviewers and owners say. But they're getting knocked in quality surveys.

First is that Ford has had some troubles with the launches of new products. To some extent this is the fault of Ford's suppliers, rather than Ford itself: Issues with faulty parts on all-new vehicles marred last year's launches of both the Escape SUV (which had several recalls) and the Ford Fusion. Those issues have all been resolved, but they hurt Ford in the J.D. Power standings.

Buyers are having a lot of trouble with the popular MyFord Touch system. This is a touchscreen add-on to Ford's acclaimed SYNC "infotainment" system that allows voice commands and links with your smartphone. MyFord Touch was supposed to take SYNC to the next level, and it includes touchscreen controls for a lot of functions that were traditionally controlled with conventional knobs and switches.

General Motors

Key competitors

1. FCA US LLC
2. Ford Motor Company
3. Toyota Motor Corporation

Key Challenges faced

1. Recalls: Probably the most important drawback GM is presently facing may be a salvo of recalls that embrace uncountable vehicles. Negligence on the part of the manufacturer has resulted in driver deaths that has greatly impaired the GM complete names within the limelight. This year has seen recall once recall be declared by the corporate, leading several to surprise simply what precisely is going on in GM producing plants.
2. Legal Battles: GM has been below major fireplace of late with a slew of lawsuits ensuing from mechanical failures, with over six million vehicles having been recalled this year to date. Around thirteen individuals have died as results of faulty ignition switches in metric weight unit vehicles, and as a consequence, Barra was hauled before a legislature panel to answer queries and supply apologies.

Every minute metric weight unit spends within the court is doing damage to the corporation by exploitation resources and defrayal time higher suited to putting together higher vehicles are being exhausted. It additionally takes a toll on GM's image within the eyes of shoppers to envision its chief operating officer delayed to a U.S. legislature probe.

3. Competition from other companies: GM is additionally seeing unbelievable competition from overseas automobile manufacturers, because the growth of Hyundai and Kia from budget to premium automotive vehicle makers has turned up the warmth. Toyota has additionally adult vastly in quality similarly, forcing metric weight unit to refocus its model lineup to higher match up with its competitor's smaller, a lot of economical models. To keep up with perpetually evolving rivals, metric weight unit must take notes on what has shoppers thus enthused with what firms like Tesla do. a spotlight on quality is that the best approach to require, as seen with the success of Hyundai over the past decade.
4. Lack of Innovation: General Motors was one in every of several vehicle makers that saw fit sit back and accept its current engineering styles for several years. Whereas shopper preferences were ever changing and new transportation technology was being developed, GM keep its sights set on maintaining profit growth as opposed to investing in its future.

Salient Information and Products

Ford Motor Company (Ford)

When did it start?

- In 1903 Henry Ford and 11 investors signed articles of incorporation for Ford Motor Company in Michigan.

Products:

- Ford has 5 major segments. The company sells automobiles and commercial vehicles under the Ford brand and most luxury cars under the Lincoln brand.
- Ford also owns Brazilian SUV manufacturer, Troller, and Australian performance car manufacturer FPV.
- Ford owns a 2.1% stake in Mazda of Japan, an 8% stake in Aston Martin of the United Kingdom, and a 49% stake in Jiangling of China.

Ford has manufacturing operations worldwide, including in the United States, Canada, Mexico, China, the United Kingdom, Germany, Turkey, Brazil, Argentina, Australia and South Africa.

Major Events:

- In 1908 Ford introduced the Model T, which became one of the most popular cars in the world.
- In 2006, Largest annual loss in company history of \$12.7 billion.

- In 2008, Ford sold its Jaguar and Land Rover operations to Tata Motors for \$2.3 billion.
- Ford faced financial crisis in the beginning of 21st century, and in 2009 it was close to bankruptcy. Ford's strategy of debt for equity exchanges erased \$9.9 billion in liabilities (28% of its total) in order to leverage its cash position. These actions yielded Ford a \$2.7 billion profit in fiscal year 2009, the company's first full-year profit in four years.
- In 2010, Ford earned a net profit of \$6.6 billion and reduced its debt from \$33.6 billion to \$14.5 billion lowering interest payments by \$1 billion following its 2009 net profit of \$2.7 billion. And in the same year, the F-Series was the best-selling vehicle in the US.

What's New?

- Ford Motor Company will close all operations including shuttering dealerships and stopping sales and imports of Ford and Lincoln vehicles in Japan and Indonesia as it sees "no reasonable path to profitability" in the two countries.¹
- Ford Motor Company unveiled a new luxury flagship full-size Continental sedan aimed at Chinese and American consumers.
- Ford has collaborated with Google for the initiative of self driving car

¹ (<http://www.businessinsider.com/r-ford-to-exit-all-operations-in-japan-indonesia-this-year-2016-1>)

General Motors Company (GM)

When did it start?

- General Motors was formed on 16th September 1908, in Flint, Michigan. General Motors Co. Mainly engages in the business of design, manufacturing and sale of cars, trucks and automobile parts worldwide

Products

- General Motors operates in 4 major segments. It produces vehicles in 37 countries under 13 brands. These Brands include:

Alpheon, Chevrolet, Buick, GMC, Cadillac, Holden, HSV, Opel, Vauxhall, Wuling, Baojun, Jiefang, UzDaewoo.

Major Events

- General Motors led global vehicle sales for **77 consecutive years (1931-2007)**, which is longer than any other automaker. Today, General Motors is among the world's largest automakers counting by vehicle unit sales
- In 2009, General Motors filed bankruptcy. It shed several brands - closing Saturn, Pontiac, and Hummer, and emerged from a government-backed Chapter 11 reorganization.
- In 2010, the reorganized GM made an initial public offering. This offering world's top five largest IPOs to date. GM returned to profitability later in 2010
- After the roller coaster from 2009, GM in 2011 bounced back to the first place with 9.025 million overall units sold worldwide. This corresponded to 11.9% market share of the global motor vehicle industry.

What's New?

- With ride sharing getting traction in market, GM has invested 500 Millions dollars in a collaboration with a start-up Lyft. This investment is mainly towards providing on demand autonomous vehicles which will make getting around easier and affordable for people ²
- GM is also creating its own brand called Maven for car-sharing service, this will be piloted initially in Michigan
- The infotainment systems in cars today are one of the striking features. GM is high on Infotainment quotient compared to the industry with high-speed connectivity, Apple CarPlay, Android auto, excellent navigation assistance, built in Pandora and so on.³



- Chevy Bolt, the new affordable electric car has done its debut in 2016

² (<http://www.businessinsider.com/gm-cto-dream-about-are-becoming-reality-2016-2>)

³ (<http://www.businessinsider.com/gm-is-surpassing-its-rivals-in-one-very-important-area-2015-12>)

Street's Position and Expectations

Ford Motor Company

Analyst	Summary	Rating and Recommendation
The Street	Mixed Bag. Positives in revenue growth, earnings per share growth and compelling growth in net income. However disappointing stock performance in the past year.	3 on 5 HOLD
Buckingham Research	Action: Reiterated Rating	HOLD
Deutsche Bank	Action: Reiterated Rating	BUY
Ford Equity Research A Mergent Company	Ford's Strong Buy recommendation on Ford Motor Co. is the result of our systematic analysis on three basic characteristics: earnings strength, relative valuation, and recent stock price movement. The company has produced a positive trend in earnings per share over the past 5 quarters and while recent estimates for the company have been raised by analysts, Ford has posted better than expected results. Based on operating earnings yield, the company is undervalued when compared to all of the companies we cover. Share price changes over the past year indicate that Ford will perform well over the near term. Earnings Strength: POSITIVE Relative Valuation: VERY POSITIVE Price Movement: POSITIVE	STRONG BUY
Morningstar	Growth: C Profitability: D	BBB-

General Motors Company

Analyst	Summary	Rating and Recommendation
The Street	Positive Outlook. Positives such as compelling growth in net income, revenue growth, and notable return on equity, attractive valuation levels and impressive record of earnings per share growth. However concerns regarding high debt management risk.	3.33 on 5 BUY
JPMorgan Chase & Co	Action: Reiterated Rating	HOLD
Deutsche Bank	Action: Lower Price Target	HOLD
Ford Equity Research A Mergent Company	Ford's Strong Buy recommendation on General Motors Co. is the result of our systematic analysis on three basic characteristics: earnings strength, relative valuation, and recent stock price movement. The company has managed to produce a neutral trend in earnings per share over the past 5 quarters and while recent estimates for the company have been raised by analysts, GM has posted better than expected results. Based on operating earnings yield, the company is undervalued when compared to all of the companies we cover. Share price changes over the past year indicates that GM will perform well over the near term. Earnings Strength: NEUTRAL Relative Valuation: VERY POSITIVE Price Movement: POSITIVE	STRONG BUY
Morningstar	Growth: C Profitability: D	BBB-

Risks, Segmentation and Summary of Earnings Call

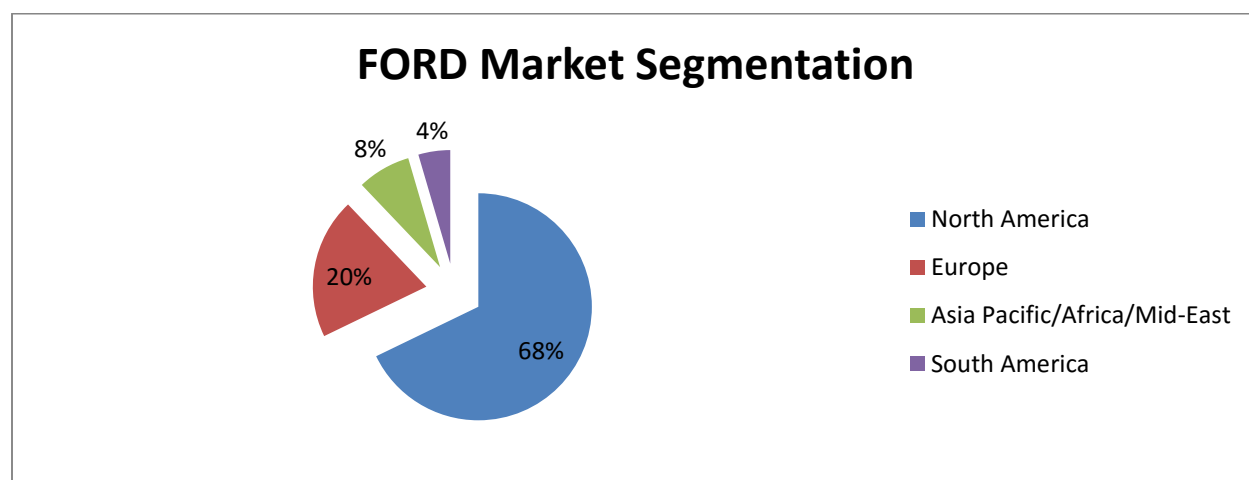
Ford Motor Company

Risk Factors:

- The discovery of defects in vehicles resulting in delays in new model launches, recall campaigns, or increased warranty costs.
- Ford is expanding a recall for vehicles with Takata airbags 400,000 vehicles, January 2016.
- Lower-than-anticipated market acceptance of Ford's new or existing products.
- Ford is shutting down operations in Japan and Indonesia.
- Market shift away from sales of larger, more profitable vehicles beyond Ford's current planning assumption, particularly in the United States.
- Single-source supply of components or materials.
- Increased safety, emissions, fuel economy, or other regulations resulting in higher costs, cash expenditures, and/or sales restrictions
- Unusual or significant litigation, governmental investigations, or adverse publicity arising out of alleged defects in products, perceived environmental impacts, or otherwise
- Higher-than-expected credit losses, lower-than-anticipated residual values, or
- Higher-than-expected return volumes for leased vehicles

(Source – 10K Report 2015)

Segmentation:



Geographic Segment	Units Sold
North America	23,663.00
Europe	6,998.00
Asia Pacific/Africa/Mid-East	2,645.00
South America	1,582.00

Source: CSIMarkets.com

Executive Compensation

Name/Title	Total Cash	Equity	Other	Total Compensation
William Clay Ford Jr. Executive Chairman	\$2,910,000	\$6,527,489	\$1,245,870	\$10,683,359
Mark Fields President and Chief Executive Officer	\$4,847,500	\$9,662,483	\$439,178	\$14,949,161
Alan Mulally Former President and Chief Executive Officer	\$4,185,000	\$13,987,489	\$3,869,639	\$22,042,128
James D. Farley Jr. Executive Vice President and President - Europe, Middle East & Africa	\$1,668,750	\$2,704,238	\$121,776	\$4,494,764
Joseph R. Hinrichs	\$1,981,250	\$2,983,990	\$79,245	\$5,044,485

Executive Vice President and President - The Americas				
Robert L. Shanks	\$1,798,750	\$2,983,990	\$83,743	\$4,866,483
Executive Vice President and Chief Financial Officer				

Source:

- 10-K
- WSJ: <http://www.wsj.com/articles/ford-reveals-2014-executive-compensation-packages-1427461456>

Summary of Last Earning call

Ford beat expectations for the fourth quarter (Q4) 2015, with earnings of \$0.58 a share and revenue of \$40.3 billion. Analysts were looking for earnings of \$0.50 a share.

For all of 2015, Ford turned in a profit of \$10.8 billion, near the high end of its guidance and the best ever for the company.

Like nearly all automakers doing business in the booming US auto market, Ford enjoyed robust sales of trucks and SUVs in 2015. Flowing credit, an improved economy, an aging fleet of US vehicles, and cheap gas contributed to a record year for US sales: 17.5 million vehicles rolled off dealer lots.

Source: 10K & Business Insider

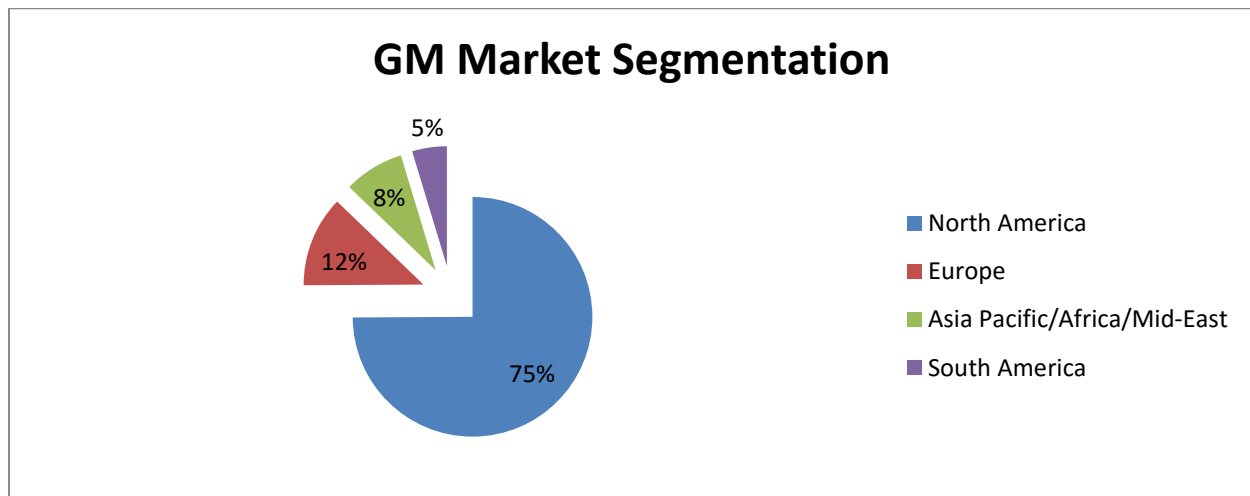
General Motors

Risk Factors:

- As China's growth slows, automakers are looking to refocus their Asian businesses.
- The costs and effect on the reputation of product safety recalls could materially adversely affect the business.
- Disruption in the suppliers' operations could disrupt the production schedule.
- We operate in a highly competitive industry that has excess manufacturing capacity and attempts by the competitors to sell more vehicles could have a significant negative effect on the vehicle pricing, market share and operating results.
- Future competitiveness and ability to achieve long-term profitability depends on the ability to control the costs, which requires the company to successfully implement operating effectiveness initiatives throughout the automotive operations.
- Ability to maintain profitability over the long-term is dependent upon the ability to fund and introduce new and improved vehicle models that are able to attract a sufficient number of consumers.
- Business is highly dependent upon the global automobile market sales volume, which can be volatile
- Profitability is dependent upon the success of full-size pick-up trucks and SUVs
- Businesses outside the U.S. expose the company to additional risks.
- Changes in foreign currency exchange rates and interest rates

(Source 10-K 2015)

Segmentation:



Geographic Segment	Units Sold
North America	27,794.00
Europe	4,556.00
Asia Pacific/Africa/Mid-East	3,016.00
South America	1,738.00

Source: CSIMarkets.com

Executive Compensation

Name/Title	Total Cash	Equity	Other	Total Compensation
Daniel F. Akerson Former Chairman & Chief Executive Officer	1950800	0	148453	2099253
Daniel Ammann President and Former Executive Vice President & Chief Financial Officer	\$1,915,530	\$6,310,564	\$263,252	\$8,489,346
Mary T. Barra Chief Executive Officer	\$3,639,803	\$11,760,567	\$412,532	\$15,812,902
Karl-Thomas Neumann Executive Vice President & President, Europe Chairman of the Management Board of	\$1,462,716	\$3,701,727	\$21,767	\$5,186,210

Opel Group GmbH				
Michael P. Millikin	\$1,339,735	\$4,127,946	\$118,666	\$5,586,347
Executive Vice President & General Counsel				
Mark L. Reuss	\$1,632,512	\$7,458,881	\$110,796	\$9,202,189
Executive Vice President, Global Product Development Purchasing & Supply Chain				
Charles K. Stevens III	\$1,339,167	\$3,177,354	\$113,110	\$4,629,631
Executive Vice President & Chief Financial Officer				

Source: 10-K 2015

Summary of Last Earning call

G.M., the nation's largest automaker, said on its Q4 earnings call that it earned a profit of \$9.7 billion in 2015 primarily because of its strong performance in its core North American market. The results were bolstered by special items, including changes in valuations for certain assets, which added \$1.5 billion to its net income.

G.M. said its performance was a company record and represented a marked improvement over its net income of \$2.8 billion in 2014.

Source: 10K & NYT

Horizontal and Vertical Analysis

Ford Horizontal Analysis – Income Statement

	Income Statement			
	2015	2014	Increase / (Decrease)	
Revenues			Amount	Percent
Automotive	\$140,566	\$135,782	\$ 4,784	4%
Financial Services	8,992	8,295	\$ 697	8%
Total revenues	149,558	144,077	\$ 5,481	4%
Costs and expenses				
Automotive cost of sales	124,041	125,025	\$ (984)	-1%
Selling, administrative, and other expenses	14,999	15,716	\$ (717)	-5%
Financial Services interest expense	2,454	2,699	\$ (245)	-9%
Financial Services provision for credit and insurance losses	417	305	\$ 112	37%
Total costs and expenses	141,911	143,745	\$ (1,834)	-1%
Automotive interest expense	773	797	\$ (24)	-3%
Automotive interest income and other income/(loss), net (Note 18)	1,188	76	\$ 1,112	1463%
Financial Services other income/(loss), net (Note 18)	372	348	\$ 24	7%
Equity in net income of affiliated companies	1,818	1,275	\$ 543	43%
Income before income taxes	10,252	1,234	\$ 9,018	731%
Net income	7,371	1,230	\$ 6,141	499%

Ford Horizontal Analysis – Balance Sheet

	December 31, 2015	December 31, 2014	Increase / (Decrease)	
ASSETS				
Automotive				
Cash and cash equivalents	5,386	\$4,567	\$ 819	18%
Marketable securities	18,181	17,135	\$ 1,046	6%
Total cash and marketable securities	23,567	21,702	\$ 1,865	9%
Receivables, less allowances of \$372 and \$455	5,173	5,789	\$ (616)	-11%
Inventories (Note 8)	8,319	7,870	\$ 449	6%
Deferred income taxes	3,664	2,050	\$ 1,614	79%
Other current assets	1,851	1,347	\$ 504	37%
Total current assets	42,574	38,758	\$ 3,816	10%
Equity in net assets of affiliated companies (Note 9)	3,091	3,216	\$ (125)	-4%
Net property (Note 10)	30,021	29,795	\$ 226	1%

Net investment in operating leases (Note 6)	2,014	1,699	\$ 315	19%
Deferred income taxes	10,687	13,705	\$ (3,018)	-22%
Other assets	3,572	2,497	\$ 1,075	43%
Non-current receivable from Financial Services (Note 1)	0	497	\$ (497)	-100%
Total Automotive assets	91,959	90,167	\$ 1,792	2%
Financial Services				
Cash and cash equivalents	8,886	6,190	\$ 2,696	44%
Marketable securities	2,723	3,258	\$ (535)	-16%
Finance receivables, net (Note 5)	96,063	86,141	\$ 9,922	12%
Net investment in operating leases (Note 6)	25,079	21,518	\$ 3,561	17%
Equity in net assets of affiliated companies (Note 9)	133	141	\$ (8)	-6%
Receivable from Automotive (Note 1)	1,083	527	\$ 556	106%
Total Financial Services assets	137,026	121,388	\$ 15,638	13%
Total assets	227,902	210,531	\$ 17,371	8%
LIABILITIES				
Automotive				
Payables	19,168	18,876	\$ 292	2%
Other liabilities and deferred revenue (Note 11)	17,992	17,912	\$ 80	0%
Deferred income taxes	13	270	\$ (257)	-95%
Debt payable within one year (Note 13)	1,779	2,501	\$ (722)	-29%
Current payable to Financial Services (Note 1)	694	527	\$ 167	32%
Total current liabilities	39,646	40,086	\$ (440)	-1%
Long-term debt (Note 13)	11,060	11,323	\$ (263)	-2%

Other liabilities and deferred revenue (Note 11)	22,732	24,270	\$ (1,538)	-6%
Deferred income taxes	287	367	\$ (80)	-22%
Non-current payable to Financial Services	389	0	\$ 389	100%
Total Automotive liabilities	74,114	76,046	\$ (1,932)	-3%
Financial Services				
Payables	1,104	1,159	\$ (55)	-5%
Debt (Note 13)	120,015	105,347	\$ 14,668	14%
Deferred income taxes	3,179	1,849	\$ 1,330	72%
Other liabilities and deferred revenue (Note 11)	1,822	1,850	\$ (28)	-2%
Payable to Automotive (Note 1)	—	497		0%
Total Financial Services liabilities	126,120	110,702	\$ 15,418	14%
Intersector elimination	-1,083	-1,024	\$ (59)	6%
Total liabilities	199,151	185,724	\$ 13,427	7%

EQUITY				
Treasury stock	977	848	\$ 129	15%
Total equity attributable to Ford Motor Company	28,642	24,438	\$ 4,204	17%
Equity attributable to noncontrolling interests	15	27	\$ (12)	-44%
Total equity	28,657	24,465	\$ 4,192	17%
Total liabilities and equity	227,902	210,531	\$ 17,371	8%

Ford Vertical Analysis – Income Statement

	Income Statement, 2015 VERTICAL ANALYSIS 2015	
Revenues		
Automotive	\$140,566	94%
Financial Services	8,992	6%
Total revenues	149,558	100%
Costs and expenses		
Automotive cost of sales	124,041	87%
Selling, administrative, and other expenses	14,999	11%
Financial Services interest expense	2,454	2%
Financial Services provision for credit and insurance losses	417	0%
Total costs and expenses	141,911	100%
Operating Income	7,647	75%
Non Operating		
Automotive interest expense	773	10%
Automotive interest income and other income/(loss), net (Note 18)	1,188	12%
Financial Services other income/(loss), net (Note 18)	372	5%
Equity in net income of affiliated companies	1,818	25%
Non Operating Income	2,605	25%

Income before income taxes	10,252	139%
Net income	7,371	100%

Ford Vertical Analysis – Balance Sheet

	December 31, 2015 VERTICAL ANALYSIS 2015	
ASSETS		
Automotive		
Cash and cash equivalents	5,386	23%
Marketable securities	18,181	77%
Total cash and marketable securities	23,567	55%
Receivables, less allowances of \$372 and \$455	5,173	12%
Inventories (Note 8)	8,319	20%
Deferred income taxes	3,664	9%
Other current assets	1,851	4%
Total current assets	42,574	100%
Equity in net assets of affiliated companies (Note 9)	3,091	3%
Net property (Note 10)	30,021	33%

Net investment in operating leases (Note 6)	2,014	2%
Deferred income taxes	10,687	12%
Other assets	3,572	4%
Non-current receivable from Financial Services (Note 1)	—	0%
Total Automotive assets	91,959	100%
Financial Services		
Cash and cash equivalents	8,886	6%
Marketable securities	2,723	2%
Finance receivables, net (Note 5)	96,063	70%
Net investment in operating leases (Note 6)	25,079	18%
Equity in net assets of affiliated companies (Note 9)	133	0%
Other assets	3,059	2%
Receivable from Automotive	1,083	1%
Total Financial Services assets	137,026	100%

Total Assets	228,985	
LIABILITIES		
Automotive		
Payables	19168	48%
Other liabilities and deferred revenue	17,992	45%
Deferred income taxes	13	0%
Debt payable within one year	1,779	4%
Current payable to Financial Services	694	2%
Total current liabilities	39,646	100%
Long-term debt (Note 13)	11,060	15%
Other liabilities and deferred revenue	22,732	31%
Deferred income taxes	287	0%
Non-current payable to Financial Services	389	1%
Total Automotive liabilities	74,114	100%
Financial Services		

Payables	1,104	1%
Debt (Note 13)	120,015	95%
Deferred income taxes	3,179	3%
Other liabilities and deferred revenue	1,822	1%
Payable to Automotive	—	
Total Financial Services liabilities	126,120	100%
TOT	200,234	
EQUITY		
Capital stock (Note 23)		
Common Stock, par value \$.01 per share (3,960 million shares issued of 6 billion authorized)	40	0%
Class B Stock, par value \$.01 per share (71 million shares issued of 530 million authorized)	1	0%
Capital in excess of par value of stock	21,421	75%
Retained earnings	14,414	50%

Accumulated other comprehensive income/(loss) (Note 17)	6,257	22%
Treasury stock	977	
Total equity attributable to Ford Motor Company	28,642	100%

GM Horizontal Analysis – Income Statement

Period Ending	31-Dec-15	31-Dec-14	Difference	Percentage
Total Revenue	152,356,000	155,929,000	-3,573,000	-2.29%
Cost of Revenue	134,054,000	142,121,000	-8,067,000	-5.68%
Gross Profit	18,302,000	13,808,000	4,494,000	32.55%
Operating Expenses				
Research Development	-	-		
Selling General and Administrative	13,405,000	12,158,000	1,247,000	10.26%
Non Recurring	-	120,000		0.00%
Others	-	-		
Total Operating Expenses	-	-		
Operating Income or Loss	4,897,000	1,530,000	3,367,000	220.07%
Income from Continuing Operations				
Total Other Income/Expenses Net	1,070,000	1,025,000	45,000	4.39%
Earnings Before Interest And Taxes	8,161,000	4,649,000	3,512,000	75.54%
Interest Expense	443,000	403,000	40,000	9.93%
Income Before Tax	7,718,000	4,246,000	3,472,000	81.77%
Income Tax Expense	-1,897,000	228,000	-2,125,000	-932.02%
Minority Interest	72,000	-69,000	141,000	-204.35%
Net Income From Continuing Ops	12,330,000	6,245,000	6,085,000	97.44%
Non-recurring Events				
Discontinued Operations	-	-		
Extraordinary Items	-	-		
Effect Of Accounting Changes	-	-		
Other Items	-	-		
Net Income	9,687,000	3,949,000	5,738,000	145.30%
Preferred Stock And Other Adjustments	-	-		
Net Income Applicable To Common Shares	9,687,000	2,804,000	6,883,000	245.47%

GM Horizontal Analysis – Balance Sheet

Current assets	2015	2014	Difference	Percentage
Cash and cash equivalents	\$ 15,238	\$ 18,954	\$ 3,716	19.61%
Marketable securities	\$ 8,163	\$ 9,222	\$ 1,059	11.48%
Restricted cash and marketable securities	\$ 1,590	\$ 1,338	\$ 252	18.83%
Accounts and notes receivable	\$ 8,337	\$ 9,078	\$ 741	8.16%
GM Financial receivables, net	\$ 18,051	\$ 16,528	\$ 1,523	9.21%
Inventories	\$ 13,764	\$ 13,642	\$ 122	0.89%
Equipment on operating leases, net	\$ 2,783	\$ 3,564	\$ 781	21.91%
Deferred income taxes	\$ 8,599	\$ 9,760	\$ 1,161	11.90%
Other current assets	\$ 1,482	\$ 1,540	\$ 58	3.77%
Total current assets	\$ 78,007	\$ 83,626	\$ 5,619	6.72%
Non-current Assets			\$ -	
Restricted cash and marketable securities	\$ 583	\$ 935	\$ 352	37.65%
GM Financial receivables, net	\$ 18,500	\$ 16,006	\$ 2,494	15.58%
Equity in net assets of nonconsolidated affiliates	\$ 9,201	\$ 8,350	\$ 851	10.19%
Property, net	\$ 31,229	\$ 27,743	\$ 3,486	12.57%
Goodwill and intangible assets, net	\$ 5,947	\$ 6,410	\$ 463	7.22%
GM Financial equipment on operating leases, net	\$ 20,172	\$ 7,060	\$ 13,112	185.72%
Deferred income taxes	\$ 28,443	\$ 25,414	\$ 3,029	11.92%
Other assets	\$ 2,438	\$ 1,957	\$ 481	24.58%
Total non-current assets	\$ 116,513	\$ 93,875	\$ 22,638	24.12%

Total Assets	\$ 194,520	\$ 177,501	\$ 17,019	9.59%
Current Liabilities			\$ -	
Accounts payable	\$ 24,062	\$ 22,529	\$ 1,533	6.80%
Short-term debt and current portion of long-term			\$ -	
Automotive	\$ 817	\$ 497	\$ 320	64.39%
GM Financial	\$ 18,745	\$ 14,447	\$ 4,298	29.75%
Accrued liabilities	\$ 27,842	\$ 28,184	\$ 342	1.21%
Total current liabilities	\$ 71,466	\$ 65,657	\$ 5,809	8.85%
Non-current Liabilities			\$ -	
Long-term debt			\$ -	
Automotive	\$ 7,948	\$ 8,853	\$ 905	10.22%
GM Financial	\$ 35,601	\$ 22,868	\$ 12,733	55.68%
Postretirement benefits other than pensions	\$ 5,685	\$ 6,229	\$ 544	8.73%
Pensions	\$ 20,911	\$ 23,788	\$ 2,877	12.09%
Other liabilities	\$ 12,586	\$ 14,082	\$ 1,496	10.62%
Total non-current liabilities	\$ 82,731	\$ 75,820	\$ 6,911	9.12%
Total Liabilities	\$ 154,197	\$ 141,477	\$ 12,720	8.99%
Commitments and contingencies			\$ -	
Equity			\$ -	
Common stock, \$0.01 par value	\$ 15	\$ 16	\$ 1	6.25%
Additional paid-in capital	\$ 27,607	\$ 28,937	\$ 1,330	4.60%
Retained earnings	\$ 20,285	\$ 14,577	\$ 5,708	39.16%
Accumulated other comprehensive loss	\$ 8,036	\$ 8,073	\$ 37	0.46%
Total stockholders' equity	\$ 39,871	\$ 35,457	\$ 4,414	12.45%
Noncontrolling interests	\$ 452	\$ 567	\$ 115	20.28%
Total Equity	\$ 40,323	\$ 36,024	\$ 4,299	11.93%
Total Liabilities and Equity	194520	177501	17019	9.59%

GM Vertical Analysis – Income Statement

	2015	VERTICAL ANALYSIS
Net sales and revenue		
Automotive	145,922	96%
GM Financial	6,434	4%
Total net sales and revenue	152,356	100%
Costs and expenses		
Automotive cost of sales	128,321	87%
GM Financial interest, operating and other expenses	5,733	4%
Automotive selling, general and administrative expense	13,405	9%

Goodwill impairment charges	0	0%
Total costs and expenses	147,459	100%
Operating income	4,897	63%
Automotive interest expense	443	6%
Interest income and other non-operating income, net	621	8%
Gain (loss) on extinguishment of debt	449	6%
Equity income	2,194	28%
Income before income taxes	7,718	100%
Income tax expense	-1,897	-20%
Net income	9,615	99%
Net (income) loss attributable to no controlling interests	72	1%
Net income attributable to stockholders	9,687	100%
Net income attributable to common stockholders	9,687	

GM Vertical Analysis – Balance Sheet

Balance sheet		
	2015	VERTICAL ANALYSIS
Current Assets		
Cash and cash equivalents	15,238	20%
Marketable securities	8163	10%
Restricted cash and marketable securities	1590	2%
Accounts and notes receivable	8337	11%
GM Financial receivables, net	18051	23%
Inventories	13764	18%
Equipment on operating leases, net	2,783	4%
Deferred income taxes	8,599	11%
Other current assets	1,482	2%
Total current assets	78,007	100%
Noncurrent Assets		0%
Restricted cash and marketable securities	583	1%
GM Financial receivables, net	18,500	16%
Equity in net assets of nonconsolidated affiliates	9,201	8%
Property, net	31,229	27%
Goodwill and intangible assets, net	5,947	5%
GM Financial equipment on operating leases, net	20,172	17%
Deferred income taxes	28,443	24%
Other assets	2,438	2%
Total non-current assets	116,513	100%
Total Assets	194,520	

Current Liabilities		
Accounts payable	24,062	34%
Short-term debt and current portion of long-term debt		0%
Automotive	817	1%
GM Financial	18,745	26%
Accrued liabilities	27,842	39%
Total current liabilities	71,466	100%
Non-current Liabilities		
Long-term debt		0%
Automotive	7,948	10%
GM Financial	35,601	43%
Postretirement benefits other than pensions	5,685	7%
Pensions	20,911	25%
Other liabilities	12,586	15%
Total non-current liabilities	82,731	100%
Total Liabilities	154,197	0%
Commitments and contingencies		0%
Equity		0%
Common stock, \$0.01 par value	15	0%
Additional paid-in capital	27,607	69%
Retained earnings	20,285	51%
Accumulated other comprehensive loss	-8,036	-20%
		0%
Total stockholders' equity	39,871	99%
No controlling interests	452	1%
Total Equity	40,323	100%
Total Liabilities and Equity	194,520	0%

(Source for financial data – 10K Report, year ending December 2014 and 2015)

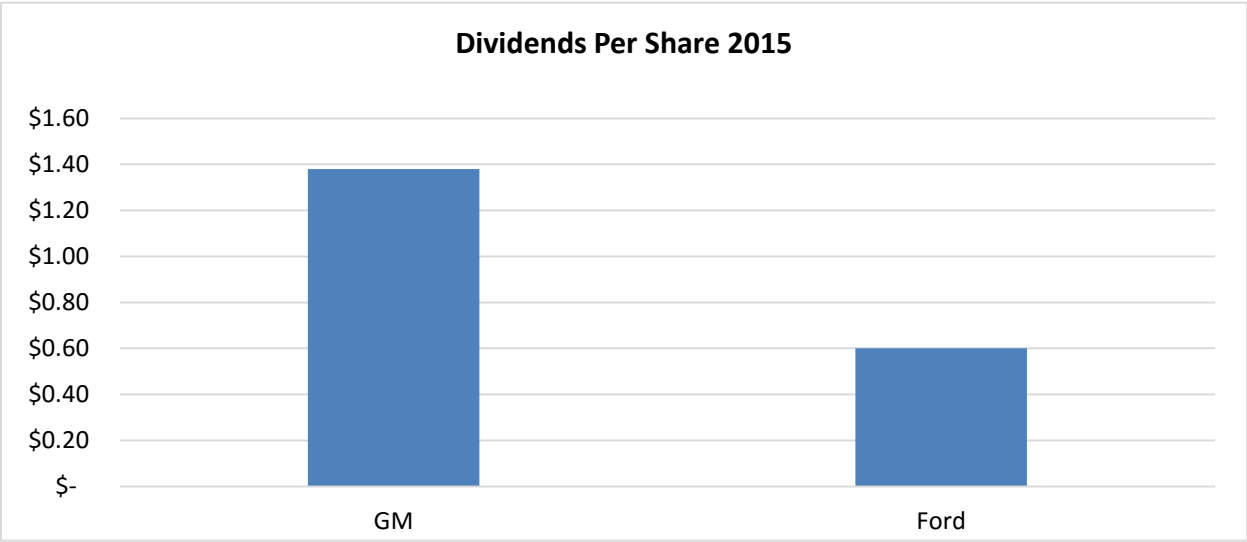
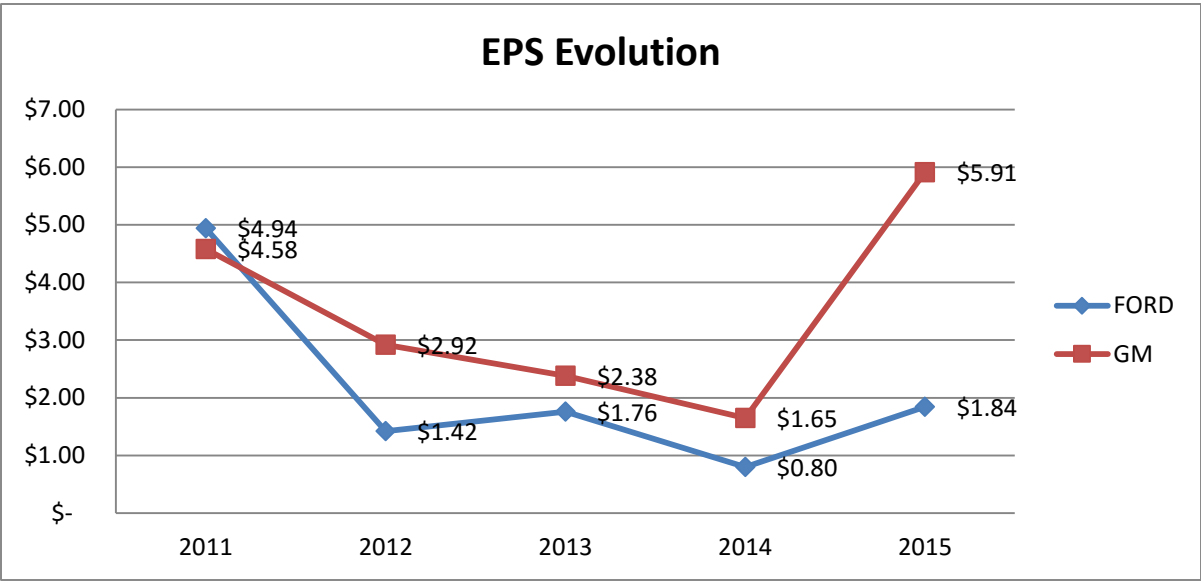
Key Ratios and Analysis

Ford Motor Company

Ratios	2015
Profitability Ratios	
Return of Equity	27.78 %
Return on Assets	3.63 %
Earnings Per Share	1.86
Financial Leverage	24.15
Liquidity Ratios	
Current Ratio	7.17
Cash Ratio	1.73
Quick Ratio	6.76
Accounts Receivable Turnover	1.44
Inventory Turnover	15.32
Times Interest Earned	13.26

General Motors Company

Ratios	2015
Profitability Ratios	
Return of Equity	24%
Return on Assets	5.09%
Earnings Per Share	6.11
Financial Leverage	18.91
Liquidity Ratios	
Current Ratio	1.09
Cash Ratio	0.21
Quick Ratio	0.89
Accounts Receivable Turnover	5.77
Inventory Turnover	9.73
Times Interest Earned	17.42



Position as an Investor

Numbers for Dividend Yield ratio are 4.81% and 4.66% for Ford and GM respectively. If the earnings per share are considered, the values are \$1.86 and \$6.11 for Ford and GM respectively. For this year, Ford has declared a special one-time dividend of \$1 billion, or \$0.25 per share. This will be in addition to its regular quarterly dividend of \$0.15 per share. Hence, Ford shareholders will be getting 40% higher dividends in the first quarter of this year when compared to the previous year. (Source – bidnessetc). Considering the ratios, GM looks to be more beneficial for Investors in immediate future. But from a long-term investment perspective Ford looks to be more promising

Position as a Creditor

Liquidity Ratios and Analysis

Component	Ford	General Motors
Inventory Turnover	15.32	9.73
Days In Inventory	23.8 Days	37.5 Days
Accounts Receivable Turnover	1.44	5.77
Average Age of Receivables	253.4 Days	63 Days
Current Ratio	7.17	1.09
Cash Ratio	1.73	0.21
Quick Ratio	6.76	0.89

Inventory Turnover - Industry average for inventory turnover is 12.5 (CSIMarkets) .GM has an inventory turnover number lower than the industry. Ford on the other side is comparatively higher. This indicates high efficiency in inventory management for Ford but at the same time, it

also means that if there is a sudden increase in demand Ford might not be able to keep up with the demand. (*Assumption – Most of the inventory in finished goods*)

Accounts Receivables Turnover – The Industry Average for accounts receivables turnover is 2.5 (CSIMarkets), GM is more efficient in terms of collecting receivables but it also means that it has a more stringent credit policy towards dealers, which may result in missing sales opportunities.

Current, Cash and Quick Ratios are important to the creditors.

Current Ratio - Too low a ratio means company will have a hard time paying of the liabilities while too high a ratio implies inefficient. Management of assets.

Cash Ratio - GM maintains a low cash ratio but it maintains a good accounts receivables ratio, which may help it circulate the cash to pay off the liabilities. Ford holds a lot more cash for every dollar in liability.

Based on 3 ratios, Ford has a better ability to meet short term liabilities and it maintains high liquidity but if we consider the industry wide numbers, ratios for Ford are high considering the industry is not cash-intensive.

Solvency Ratios and Analysis

Component	Ford	General Motors
Debt /Equity	6.84	3.82
Debt / Assets	0.87	0.79
Times Interest Earned	13.26	17.42

Debt to Equity Ratio - The industry average for this ratio is 2.5 (CSIMarkets) Ford has a huge debt to equity ratio, which means it has high risk and GM comparatively has a lower risk

Debt/Assets Ratio - Both Ford and GM demonstrate similar financial leverage

Times Interest Earned - This ratio indicates company's ability to meet long-term obligations; GM shows a better margin on protection for the creditors

Considering all the solvency ratios, GM looks better in terms of the solvency

Profitability Ratios and Analysis

Component	Ford	General Motors
Return of Equity	27.78 %	24%
Return on Assets	3.63 %	5.09 %
Financial Leverage	24.15 %	18.91 %

Return on Equity (ROE) – Industry average for this category is 12.4 % (CSIMarkets) Both Ford and GM show healthy ROE values compared to the industry standards. However Ford seems to earn more for the amount invested.

Return of Assets (ROA) - Industry average for this category is 2.6 %. According to the numbers, GM employs its assets more efficiently compared to Ford

Financial Leverage - GM scores in this category. Lower financial leverage indicates that it has borrowed money at a low rate of interest and employed the borrowed funds at a higher rate of return.