



Ford Motor Company

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Rod Lache: Welcome to our next fireside chat at the Wolfe Auto and Auto Tech conference. We're very pleased to be welcoming Ford Motor Company, Jim Farley. The CEO of Ford has participated in several fireside chats with us over the past few years. And I have to say, I've always appreciated his candor and clarity of views on what the company needs to do in order to achieve a sustainable turnaround. Just two years ago at this conference, most of our discussion revolved around three key pillars. The first was consolidating around the company's core strengths. The second was cutting costs to achieve strong profitability at that base. And the third was setting up for growth off of that base. In 2020 and 2021, we saw the first two elements of that really come together with actions in Europe, South America, India.

And now over the past year, we've seen that third part. This is the part that most companies failed to deliver, and that's the growth part of bit. And the stock clearly has responded and I'd like to focus most of our discussion here on the growth opportunities on the top line and on the bottom line and why investors should believe in them, because if they're convincing, that would give people good reason to want to own Ford through 2022 and now to 2023 and 2024 beyond. But before that in our fireside with Jim, Ford has a short video that we're going to try to pull off of their website that we'd like to share.

Video Plays: This revolution is different. Yeah. Why? Because we're scaling our best capacity to 600,000 units by the end of 2023. Because our products are being so well received, whether it's the Mach-E, the F-150 Lightning or the transit BEV. We can't build them fast enough. We have this window of opportunity. It won't be here three years from now. We have to act immediately. It's seeming like every day we needed more. So we've doubled capacity in many cases. And we had to double it again. Take North America, for example, we announced Blue Oval City. It's going to be the site of a new battery plants as well as a new final assembly plant. And then in Kentucky, we're putting in two more battery plants. Another great example of how fast we're working is our reps sea[?] center. The mortar is still drying in the building and we're knocking down the walls to expand that facility.

We built a building for a certain set of volume and early on we realized we had a product hit on our hands. And we needed to scale up, but now we have to expand the building all four directions to accommodate the demand for the public. This is the type of work we do. That's why it's built Ford tough, and the people love to come to work, to work on problems like this. Great to see the electric revolution start here, where we really started everything out 118 years ago. Once we get them rolling off the line, it's going to be unstoppable. Every one of our plants is a high volume manufacturing plant. This is what we know how to do, so I wouldn't bet against us To reach the 600K mark, we are basically doing whatever it takes with our supply base. We're doing things a lot differently now. We're engaging suppliers much earlier in the process.

We walk their lines, we see how we can improve efficiencies. We are actually storing batteries as we speak. This is not our first rodeo. No one's going to find a reason why not to do it.

Everyone's going to find a reason why we're going to do it. When we started this go fast capacity task force, one of the biggest things that we've changed is the interactions with senior leadership. It's like curling. That's what the management team's doing. They're literally out in front looking at where you're going and they're clearing the path. We use small teams. It is 15 leads in the task force, delivering an entire Ford ecosystem of expertise. The result of that, we found a thousand dollars of cost in around eight weeks work. This isn't just a North American effort, this is a global effort. We're now investing a billion dollars to transform cologne, to be our first European electrification center. And that's one of the most important announcements I have made in my career. These are products targeted for the heart of the market in Europe. So we're leveraging the EBR architecture with VW. Our partner, Ford Otosan in Turkey builds all of our commercial vans in Europe. And we're making the same transformation there.

The Mach-E is a global product. We're selling it in Europe. We're selling it in China. We're building it in China. And we are using China in many ways as a little bit of a test vet. We are direct to customer and also carry inventory with order to deliver. So you're able to order a Mustang Mach-E in as few as 13 clicks. And that is the lowest in the industry in China. This isn't just a project. This is transforming the company for the next 100 years. Is it going to be hard? Absolutely. It's been exhilarating and exhausting, but in a very addictive sort of fun way. Ford is built on people that like hard work, the word impossible really doesn't exist. And we've only really shown the first three products in this line; 600,000 is really only the beginning. We're just getting started.

Jim Farley: Yes. Hi everyone. Rod, I wanted to get started because we have a lot to cover and it's very important we get to the Q&A portion. So I do have just a couple of comments. First of all, 18 months ago our team launched Ford plus. Since then, I've had kind of three epiphanies as a CEO. The first is ICE talent and the BEV digital talent are different. You can't ask ICE people to do certain things. It takes too long. Number two, the tech stack was more important than I expected. Number three, the BEV digital customer experience has to be different, cheaper and different. We have iconic nameplates at Ford. We've shrunk wrapped our business, as Rod said, around our most profitable regions, most profitable segments. But now we've really gotten busy with our enhanced capability of embedded electric architecture, especially the software part of that. Increasingly insourcing our EV components and platforms. Our commercial vehicle services with Ford Pro and they're all growth opportunities. EVs, we're increasingly finding and I'm personally looking at as incremental, not to help move our ICE customers over, actually quite different than that. And we'll design the lineup that way.

Number two, on the retail side we see ADS, and on the commercial side telematics charging and energy management services, financing as a whole new service revenue. That I'll talk about quickly in a second. And in addition to that, we see a huge growth opportunity in shared mobility before we go to full autonomy.

I wanted to talk quickly about running a successful ICE business versus a BEV business as we're scaling. The customers are different. The EV customers are not like our ICE customers. Our go to market as a result has to be digital, no inventory and remote. It's different. We can bridge to it today, but we have to go much deeper. The product development process, whether it's the minimizing the battery size for a certain kind of range and rethinking all the

systems in the vehicle to minimize and maximize the efficiency of the battery. Our level two and level three work, and the embedded software and electrical architecture are all different things than what we're used to doing. It requires different talent, different procurement strategies. And this difference is very important for us as a leadership team to get our heads around, which we have.

Ford will ensure we have the right structure and talent in place to compete and win in this digital software enabled vehicle business, but as well, to revitalize our ICE business. And here, I really want to emphasize the shift that we're thinking about. There's a lot of focus on the digital electric growth opportunity, but we believe we have lots of room on our ICE business for better quality, lower structural cost and radical reduction in complexity. And despite the press speculation, we have no plans to spin off our electric business or our ICE business. It's really more around focus and capabilities, expertise, and talent. Those are key for Ford, and this is what we're working on. Now, many companies have studied this. Some even have a person in charge of EVs here and there, but trust me, Ford will go deeper because we know our competition is Neo and Tesla and we have to beat them, not match them.

And we also have to beat the best of the ICE players, like the announcements you saw today. We believe, and we acknowledge that we have of upset an ICE business, and it's critical that we leverage that and we've been working on and making progress to get to that 8% EBITDA margin as a company. I have to tell you, I've been pleased, a little taken back and surprised by the reception of our new BEVs, that you heard partially in the video. I guess I'm most proud about one thing, that the Mach-E became Consumer Reports top pick this year for all electric vehicles beating out the Tesla Model 3. I have to tell you that is an incredibly proud moment for us at Ford. And one, that really served as the first football of our work.

As you saw on the video, we are working 24/7 to scale. Now that we know we have these winners, and that includes going beyond 600,000 units with Blue Oval City. We believe that both ICE and BEV portfolios are underearning. Let me say that one more time, this management team firmly believes that our ICE and BEV portfolios are underearning and that is not price that is lower structure costs, improving our bill of material for our BEV vehicles and scaling. In addition, it's very clear to me in the team that we have to go much deeper in hiring and adding new capability, not just vehicles, but especially the electric components and the advanced electrical architectures, as well as something that does not get talked about a lot, which is that new customer experience I mentioned. That is new talent at the company.

There are a whole host of new capabilities we're adding to the company, and we need to look and we are making big changes in our compensation system. One size doesn't fit all anymore in a company like Ford with this transition. The net all of this, as we have ample headroom for growth, as you said, Rod, and increased our company EBITDA margin target to get to that 8%. Before I'd like to go over to Q&A, Rod. I just want to say one thing, the chip thing is very painful and frustrating. I was up till 11 o'clock last night, normal night for an auto executive these days. It's transient. It's frustrating. It's painful, but it too shall pass. And what we want to get across to all of you is that we have a long view of Ford that we have rethought our entire portfolio. And what you saw in the video is the very very very tip of the iceberg. With that, Rod, I'll hand it over to you.

Rod: Thanks, Jim. And thanks again for joining us, and we might be able to play the video at the end of this, the entire video, and it is on Ford's website right now, but you said a lot just there. And I'd like to try to unpack it a little bit with you. Maybe just starting off with, in practical purposes just running a company, what is running the business on the EV side and the ICE businesses differently really mean? What does it mean organizationally? What are you doing now that you weren't doing before?

Jim Farley: What's really changed the most for our team is getting the talent. It's not, please, you're not going to get a press release from Ford saying we're hiring 20,000 software engineers. Although we're hiring lots of software engineers. It's the quality of the talent. What's most important for us is that we need new talent, both on the ICE side and on the BEV side with that increased focus and that talent doesn't exist at the company, but has to work very carefully with the core competencies of the company, like body engineering, running our plant operations. And that talent, it's not the quantity, it's getting the very best at new capabilities that can scale with Ford's ambition.

On the ICE side, we know we're going to have to be reducing our structure costs more, improving our quality and radically reducing our complexity at Ford that takes some new talent and focus. It requires more tension in the organization and that tension can't come from with drama and politics. It has to be productive tension that results in better numbers. That's number one. We know we're going to need more restructuring, talent at the company because this will be a huge transition for all of our assets. Our industrial assets. On the BEV side, to get the margins, not just the volumes, but the margins that we see at company like Tesla, we need to have real experts that could drive that scale. It's almost like, Rod, we've had to rethink our intuitions as leaders. We can no longer brag about how much money we're spending on top hats and how much complexity we have in top hat engineering. If we want to make money on BEV, the most important thing on BEV is scale. It means the inverters, the electric motors, all the power electronics can be used across all of our platforms that we quickly break down the silos of our organization and engineering to integrate the engineering of our vehicles in a different way than we do today.

Look at our cooling system at Mach-E, we found a thousand dollars less than a year after launch when we ripped apart the Mach-E and compared it to benchmark. It was breathtaking what we found, so that scaling and that know-how of simplification and scaling at the component level for BEV is something that we needed at the company. Building an embedded electrical architecture, where we can shift more software to the car, and we can add new sensors without rewriting all of the embedded system. There's only a few people on the planet can do it. You got to find them. And then you have to give them the resources, and then you have to change your cycle plan so you get to that fully networked vehicle as fast as you can. Even if it means that the next couple years, you don't make advances in your electrical architecture for the equals in launch mode today.

It requires new talent on the consumer experience. If we want customers to go remote with their experience on our BEV side, and we want those customers to have an easier price experience that saves time, and we want those customers to be fully digital and to have no inventory in the system. If we want to get that three to \$4,000 out, then we think we cost more than a Tesla distribution system, we need new talent. So I think that transition is more focus, different compensation systems, more focused objectives, including stretch objectives,

and integrating A class talent into the company, both on the BEV and the ICE side. That's what we need to do. That's what we're doing. That's what it feels like at Ford.

Rod: Is there literally a separation between this new BEV team that you're standing up and the existing team that has been developing product over the years? So you have different product development group, different purchasing group, different distribution that is running autonomously. What's sort of happening operationally within the organization?

Jim Farley: Thank you for double clicking on it. I'm not going to go there today. What I will say is what's interesting about this transition is that there are certain things that each group can give to each other that we have to acknowledge. We are better at body engineering and paint than any of these startups. And they would love to have Ford's know-how. They would love - ask RJ right now, how much he would love to have our body shop and body engineering team. I don't know what he's going through, but I bet he would really like the Ford team. Integrated engineering, our tests processes. Ask someone who is engineering a full-size pickup truck, whether they would want to know about Ford's testing standards for built Ford tough for our electric pickup trucks. I bet you they would want that.

On the other hand, the digital team, they know, simplifying the interior of the vehicle. So we get more scale on instrument panel and simplify it, even traditional components like that are really fresh perspective for the team. The supply chain know-how that we're getting now, the embedded electrical system can be back cast into the ICE business. So there's gifts that both sides can give each other. And we don't want to design an organization and a working mechanism that is so siloed that we don't leverage each other's - but the trick is we have to be more focused than we've been in the past. I can't turn to the ICE organization and say, go beat Tesla. They may do it on the body. They may do it in plant operations, but that's not good enough. So I'm not going to make any announcements today, but I will tell you that it's not as simple as shirts and skins.

Rod: Got you, and you're saying that both sides are underearning, correct? And I presume that on the ICE side, and basically the most of the organization today, it's a function of simplification. And is that the biggest opportunity that you see in in the existing business?

Jim Farley: Correct. We have too many people, we have too much investment, we have too much complexity, and we don't have expertise in transitioning our assets. That's a simple answer, there's waste. And that, let me double click on that little bit more. I think the opportunity to make it simple on the ICE side is structural cost. To make it simple on the BEV side, it's bill of material.

Rod: One of the things that people do worry about is as we think about this transition, and it sounds like you've got a completely different perspective is the shift in mix. So we see that you're going to have something like 150,000 units of capacity at Rouge for BEVs, and at least 300,000 units in Tennessee. And Kansas City is going to be converting to electric trucks. So 600,000 units of capacity is real numbers. And it's not really been clear to investors that they're going to really like the output of that. It sounds like you think that it's going to be very different, but clearly there's top line growth, but at some point there's going to be cannibalization. Can you maybe just talk about that, because for the foreseeable few forgetting about the complexity of the organization and supply chain and scale, there's higher costs in those BEVs than there are in the ICE vehicles.

Jim Farley: Yeah, you're right. So I think the way we've thought about it is there's kind of the first inning, which is the next couple years. And then when we get into a mass adoption, let's say 2023 through 2026, things change a lot in the first couple years. That 600,000 units, we're pretty convinced that's growth for us, like pure top line growth. What I have, one of the epiphanies I've had as a team, me personally, is that I never really thought of directing our ICE products and software experience to reinvent the brand. Actually, when I started thinking about this, I said, let's do electric Broncos and F-150s and all that kind of stuff. Now, what I've learned is something different that there's a group out there since we're only 15% player. That has never been considered at Ford in a long time. And many of them are open to this new technology of digitally enabled zero vehicles.

And there's no doubt there'll be cannibalization over time in that second inning, in that timeframe we talked about, especially when battery costs start to trip over increased compliance cost of ICE. But I want the investors to know, even if that cannibalization is happening, we are not going to just reinvent our ICE business in BEV terms, we are going to execute in a way from the customer experience, the product and the software experience for new customers. Not because I want new customers, but because I can see their out there, 70, 80% of our customers and our first BEVs have haven't bought a Ford in a long time. And two of them are multi energy vehicles. Just think what we can do when we start to reimagine the brand with these totally new attribute products.

Now it's on us to make these products equally breakthrough than the first generation of product. And we're pushing the team. I'm pushing myself to do that. And when there's cannibalization on the ICE side, the structure of cost declines, the quality being top in every segment we compete. We will still, that is really still a great business. And we believe we have a very compelling industrial transition for all of our team members during this. I won't go into details of that, but on the ICE side, a super duty customer who trailers their horses, or a fifth wheel, and a Mustang person who tracks their GT 500 or a Bronco customer who off roads, they may even have an electric vehicle in their household, but they're not going to replace those ICE vehicles with a BEV yet.

So we feel like that's a great business, but we're going to have to go much deeper than we have on more earning power. And we see the biggest upside being post warranty, retention, insurance of the customers and the connectivity. It's probably most apparent on the Pro side for our ICE commercial customers where we'll have a whole set of services, but even on the ICE side for retail, we see opportunity. We only attract about 20% of customers post warranty that is very profitable business for us, even if the unit volume starts to fall over in inning two, we have lots of other opportunities and levers to pull, and that's where we're focused. And maybe that is a different strategy than competitors. And that's fine.

Rod: So, there's a lot of that you're saying here, it sounds like a lot of incremental growth on the consumer side of the business. And then you guys have put out a target of \$45 billion of revenue for Ford Pro by 2025. I know that it was \$27 billion back in 2019. What kind of landmarks should we look for in the near term? What in Ford Pro, for example, how big was that at business last year? What should we be looking for in 2022, 2023 to really gauge that this growth strategy is working?

Jim Farley: Okay. We haven't broken out separately, but I will tell you last year we finished, despite all the chip challenges, because we protected this business. We finished about in

Western, in Europe, in North America, just under about a million vehicles and commercial vehicles. Okay. I'm not going to give you the revenue number, but it's a big business. We're a number one brand in Europe and we're almost 50% of the share in North America. So we're the dominant brand probably in Europe. The dominant brand overall is Lantis[?]. They have a larger brand portfolio. We're the largest brand. They have more scale. So the upside for us is really interesting. A lot of, the first upside is in vehicles. We see the move to electric as a real opportunity for Ford on the vehicle revenue side, because no one is going to have the offer that Ford us and we have a dominant position in our whole market. That's very profitable.

So we plan to transition to electric vehicles and to continue to grow our ICE share in the vehicle portfolio, our ICE share in Europe where we have not changed the product broad in four years has gone up every year because we have a dedicated team now and they're coming up on new variations. We're getting more serious about RVs. We're getting more serious about other subsegments that we haven't been good at. So that dedicated organization is really proving that we can sell more units, and as we go electric, we're going to be very, very aggressive.

On top of the unit growth, the really biggest opportunity. That's a bit hidden to people and opaque is our after sales business. These vehicles are heavily utilized even electric vehicles and they need physical network. This is where our actual traditional dealer network is absolutely an asset that the new startups will not be able to match. These vehicles wear out. They have consumables and they can't be off the road. And we have a huge unit in operation. So Ford wants to be the single source for ICE and BEV after sales. And we are building lots of new service capacity across the US and Europe that people don't see today. We will be the largest 24/7 service network for ICE and BEV commercial vehicles in Europe and the US.

So the service is a growth. We only get 10% of that today. We have done almost no financing of these customers. We now have serious finance offers. So that's a growth opportunity for Ford credit. We are now getting serious about the energy management software, the telematic software, the fleet management software, all of those, I believe, unlike the retail side, is chargeable that subscription revenue that those customers are happy to spend. That's the growth story for Ford Pro. Unit volumes, especially to go electric, our scale in Europe with the Volkswagen scale will give us better margin because of our cost in Turkey, and those services, physical repair of vehicles and part sales plus the actual subscription services that we don't get very much of today.

What you should look for in the next couple years, look for the attached rates, ask us how many of those customers are buying your software. How fast is the software business growing? What are the repair order counts in Europe and the US from two? That's what you should be asking us. You is your share growing in the profitable sub segments in Europe. And how fast is your electric CV sales growing? That's what you should be looking at on whether we're on track or not.

Rod: We will definitely ask. Okay. I wanted to ask you about another thing, Jim, you mentioned you said something about, some people believe that we have a more expensive distribution network, and I'm hoping you can maybe just talk to us a little bit about it because it is definitely a concern competitively in the investment community. There's a view that franchise dealers have too much independence. They certainly leave off quite a bit of margin, hundreds of basis points, and in a world where a good automaker generates 8% margin. It's a

pretty big deal. Can you talk about how Ford can address that perceived disadvantage versus new entrants? How is that business going to change over the next couple years compared to what we see today?

Jim Farley: Well, the first big move is going to be to pull inventory out of the system, whether it's dealers or us, no one likes to have finished inventory sitting around. It is ungodly expensive, and our industry has put up with that for far too long. We're now in our biggest market in the US, a third of our sales are basically ordered to delivery now. It used to be less than five, two years ago. We are going to put excruciating pressure on ourselves to get the stock out of the system. That is a huge part of the deficit. Number two, we have to make it simpler for customers, especially to go fully digital with experience. That means that customers will be able to with very simple system put a reservation in, watch the reservation turn into an order, watch the vehicle being built, watch the vehicle move through our distribution system and then do a remote delivery. That's how it needs to be done. That whole cost is, needs to be taken out of the process for, especially these new customers. Some customers like the way it's done today.

Then the last one is remote. We have to move remote. We cannot insist that everyone come to do business with us. We have learned this on Ford Pro. Our vision on Ford Pros to have 2000 remote trucks in Western Europe in the US do services for our commercial customers, warranty work, replacement of wearable items. And we're now in the hundreds of those, and it's been an incredible lesson for us. And we're learning with Lincoln and Nav how to do very large scale remote pick-up and delivery test drives. And the thing that's interesting to me is that I could figure out, we could figure out how to catch the new players. Well, what I couldn't figure out is how do we beat them? And now I think we have a bit of a view.

What I see with those customers that have been in that system is if they get off the rails, that digital simple remote system is something bad happens. They get in a fender bender, their door doesn't align. They turn from an advocate to a strong detractor. If you look at the 36 month net promoter score from the new players, it's below ours. So the place we can more than compete as their UIO grows is that we have to be better than anyone on a concierge information about the product. Today, it's too opaque, but there are plenty of modern tools to help customers understand how their product works. And as we do more OTAs for the customers to understand how their vehicles changing and how they get the most out of that functionality, which I think is a huge gap in the market today.

Number two, I think our physical network will allow us to scale better than others when we get into the millions of electric vehicles for all those things that happen, not in the first year, not in the second year, maybe third, fourth, fifth, or even the second or third owner. And that is important. And I don't know if you see how difficult that is for the new players today, but I see it in the net promoter scores. I think that'll be a strong strength for us. And then there's a last one. See our ICE business is cool now; you talk to people that work at the company, they're not forced to do escape anymore. Everyone wants a Bronco, a Raptor, a Tremor, anyone that works from Ford wants the good stuff now. And that's basically what we make now.

And you know what, our BEV customers will want one too, and maybe they just want it for the weekend, but we have the ability to offer our BEV customers specialty product for a very short time period when they need a truck or they need a Mustang for a track day, or they

want a Bronco for their three day weekend, we can offer that that others can't. And so I think we're starting to get a picture of where we have to catch up and take the cost out, but we're not going to finish there. We want to be better than anyone, not just catch up. I hope that gives you a clear picture of where we want to go.

Rod: That's a really interesting perspective on, especially some of the advantages that I think the investment community doesn't focus on quite enough. When you're thinking about the on the technology side in EVs, where do you see the strengths and weaknesses today? And I was hoping you might be able to weave in kind of longer term one of the speakers that we've got on our a panel tomorrow runs Argonne National Lab and said, hey, we ought to worry about who's doing the behind the scenes work on material supply chain and just getting ready for this transition from a very deep level, much deeper than we're used to seeing. Can you just talk about the work that Ford is doing there and how you benchmark yourselves against others?

Jim Farley: We're just getting started. This is a quite humbling part of our transition. I'm not the kind of CEO who's going to tell you, we got it all figured out. Right now we've done a great job on batteries. I think we have competitive battery technology. And actually in some cases, I think we're going to have an edge up because we're not tied to our own. We haven't fallen in love with one chemistry. Iron phosphate is out there. We have a lot of commercial customers. It's a very interesting chemistry. So, one thing that hasn't been discussed is even within lithium, on the chemistry variation and what Ford's bet will be, our bet will be maybe different than our competitors on the chemistry side. But I think we have the JV structures and the competitiveness on the quality and the scale of our batteries now, which we didn't have a year ago. So we made a lot of progress.

The next order problem is the raw materials for the batteries, not just the mining, but the whole precursor processing, all of that whole ecosystem. And the most important thing that I've learned from the cell phone industry and others is when this transition happens, you have to be a leader in the supply chain, just having leadership product is not enough. So the supply chain for us is lithium, nickel, rare earth and copper. Copper for connectivity, rare earth for magnets, et cetera, for motors and lithium and nickel. Yes, Cobalt's important. Lithium and nickel are the real key raw materials. We have to secure them. The problem is you can't protect against price, which we've seen certainly escalate. You have to use financial instruments to do that. So Ford is working really hard right now on the right deals to secure all that battery capacity and fill it up with raw material. Becking[?] capacity where we will not have risk on the battery capacity because of the raw material availability. I think that's quite important for us in this next step.

I think the real knowhow in the company that people aren't talking about that I and the leadership team are spending more time on is the way we engineer the size of the battery. I see the traditional OEMs with vehicle weight that's too high and the battery cost is too high. And we have to invest in more advanced breaking systems that minimize the size of the battery for a given range. That expertise is super important for reducing the cost and the quality of these electric vehicles. That's another order know-how for us in the future. I'm probably forgetting things like our charging experience team that may be different than the raw materials that you would expect, but I do think that's another big hole for us in

transition, but from Ford, please expect us to read lots more about the raw material journey we're going to be on coming months.

Rod: And what you're saying is very encouraging. It sounds like there's an enormous amount of growth potential here with EVs over the next couple years. For Pro sounds like it's a phenomenal opportunity. We're definitely going to ask you about the attach rate for software and after sales. We've got another, well, we've actually, we're two minutes over, Jim, but I wanted to ask you one last thing. So you're optimistic about where margins are going to go. You're saying the company overall is underearning. And you recently said that you thought margins can go north of the 8% that you're targeting. I kind of interpreted that as a longer term objective and in the near term, there's quite certainly questions about pricing has been really good over the past couple years. What's the message from Ford is this sort of near term optimism as well as long-term, how should we be looking for Ford to perform here?

Jim Farley: I think the message from today is once you lift your gaze from the fog of the chip crisis and supply process, that we're all suffering from. That over the long-term, when Ford executes correctly, we have upside. We are a long, long way from peak earnings in the company, and that we will put equal pressure on our BEV profitability as our ICE. And both of them will give us leverage on the upside. That's all I'll say at this moment.

Rod: Okay, great. Well, Jim, it's been a pleasure talking to you again. I hope that we can continue you this dialogue. It's great to see the progress that Ford has made. It's great to hear the optimism that you've got about the future for the company. And thanks again for spending the time with us.

Jim Farley: My pleasure. And I wanted to thank you and all of our industry as they watch our transition at Ford. I'd encourage you to watch the men and women at Ford tell you what the cold face of this change feels like on that video. You'll see it in their eyes, their emotion. There's a lot of pride, and yes, there's a lot of tension, but I wouldn't have it any other way. So here we go.

Rod: Great. Thanks again, Jim. All right.

Jim Farley: Thank you.

Rod: Take care, everybody. Thanks for tuning in.