Credit Update

Danske Bank

18 August 2026

Investment Research

Corporate Bond News

Ford Motor Co.

- Ford released a slightly credit negative Q2 report but upgraded its outlook for the rest of the year, indicating healthy business momentum. The quarter had large reconstruction charges in relation to the BlueOval JV.
- Sales declined 3.8% y/y, reflecting lower wholesale volumes. Adjusted EBITDA in the automotive business increased 8.7% y/y, but rising debt levels drove leverage wider by 0.3x to 0.8x. ICR also worsened slightly.
- Communication from management seems confident, but we remain cautious that S&P will act on its negative outlook and notch Ford's credit rating down to high-yield territory.
- With limited time to maturity on the December 2026 bond (ISIN: US345370CR99), we change our recommendation from Overweight to Marketweight, in line with the recommendations on the longer-dated Ford notes in our universe.

Issuer information

Sector	Auto Manufacturer
Corporate ticker	F US Corp
Equity ticker	F US
Market cap	USD56bn
Total assets	USD285.5bn

Issuer credit rating

S&P	BBB- (Negative)
Moody's	Ba1 (Stable)
Fitch	BBB- (Stable)

Latest publication on issuer

Credit Update - Ford, 30 April 2026

Source: Bloomberg, Danske Bank Credit Research

Selected bonds

Company	ISIN	Seniority	CCY	Maturity/Call	CPN	Issue Size (m)	Credit Ratings	Price	Yield	Recommendation
Ford	US345370CR99	Sr Unsecured	USD	dec 2026	4.346	1,500	BBB-/Ba1/BBB-	100.0	4.4%	Marketweight
Ford	US345370CA64	Sr Unsecured	USD	jul 2031	7.450	4,800	BBB-/Ba1/BBB-	108.0	5.6%	Marketweight
Ford	US345370CS72	Sr Unsecured	USD	dec 2046	5.291	1,300	BBB-/Ba1/BBB-	80.3	7.1%	Marketweight

Note: Credit ratings by S&P, Moody's, Fitch, respectively; Source: Bloomberg, Danske Bank Credit Research

Ford Motor Co.: Q2 26

At the end of last month, Ford presented its Q2 results for 2026, which were characterised by declining sales, increased outlook and large non-cash adjustments related to the disposition of BlueOval. Revenue was down 3.8% y/y to USD48.3bn, reflecting lower wholesale volumes partially offset by a favourable mix. Net loss for the quarter was USD1.3bn, down from a loss of USD29m in Q2 25, driven largely by USD4.2bn of pre-tax special items, including the USD3.6bn charges related to previously mentioned BlueOval.

Ford now has scrapped unsuccessful investments in electric vehicles and refocused its efforts on hybrid cars, trucks and SUVs, alongside the recently started energy storage business. CEO Jim Farley stated: '*We delivered another strong quarter and raised our full-year guidance, but the more important story is the growing evidence that Ford is becoming a more profitable, more disciplined and genuinely different company. Our iconic trucks, off-roaders and hybrids are commanding real pricing power; our quality is now industry-leading in the US and profitable new adjacencies, such as Ford Energy, are opening fresh sources of growth*'. Spinning the story to shed such glimmering lights is reserved for the most optimistic of beings.

Earnings increased during Q2 on an adjusted basis, with adj. EBITDA in the Automotive business increasing 8.7% y/y to USD4.4bn, at an EBITDA margin of 9.1%. Using S&P's calculation methodology, EBITDA lands at USD2.341bn, at a 4.85% margin, which is below the 8% S&P threshold. S&P highlighted in May that a downgrade could occur should margins 'appear likely to remain well below 8% beyond 2026 on a sustained basis', due to reduced ratings headroom under the current rating.

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More information:

For further information, see the latest *Corporate Bond Lists, 17 August 2026.*

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Cost of sales were down 4.6% y/y, with opex only declining 0.8% over the same period. Even though CFO Sherry House stated that Ford is fundamentally reducing costs, margins are only slightly inching better, with gross margins up 0.8pp y/y and EBITDA (adj.) margin up 1pp y/y. Ford's S&P investment grade ratings are under pressure, with uncertainty to how much longer the agency will cut the carmaker slack.

Guidance was upgraded, so we might already in the second half of 2026 see signs of continued improvement. Adjusted EBIT is now expected between USD10-11bn (up from USD8.5-10.5bn) and expectations for adjusted free cash flow are raised by a billion to USD6-7bn. Besides improved segment guidance, aluminium prices (through Novelis) seem to be the biggest contributor, as the net EBIT tailwind is said to be weighted heavily to the second half of the year.

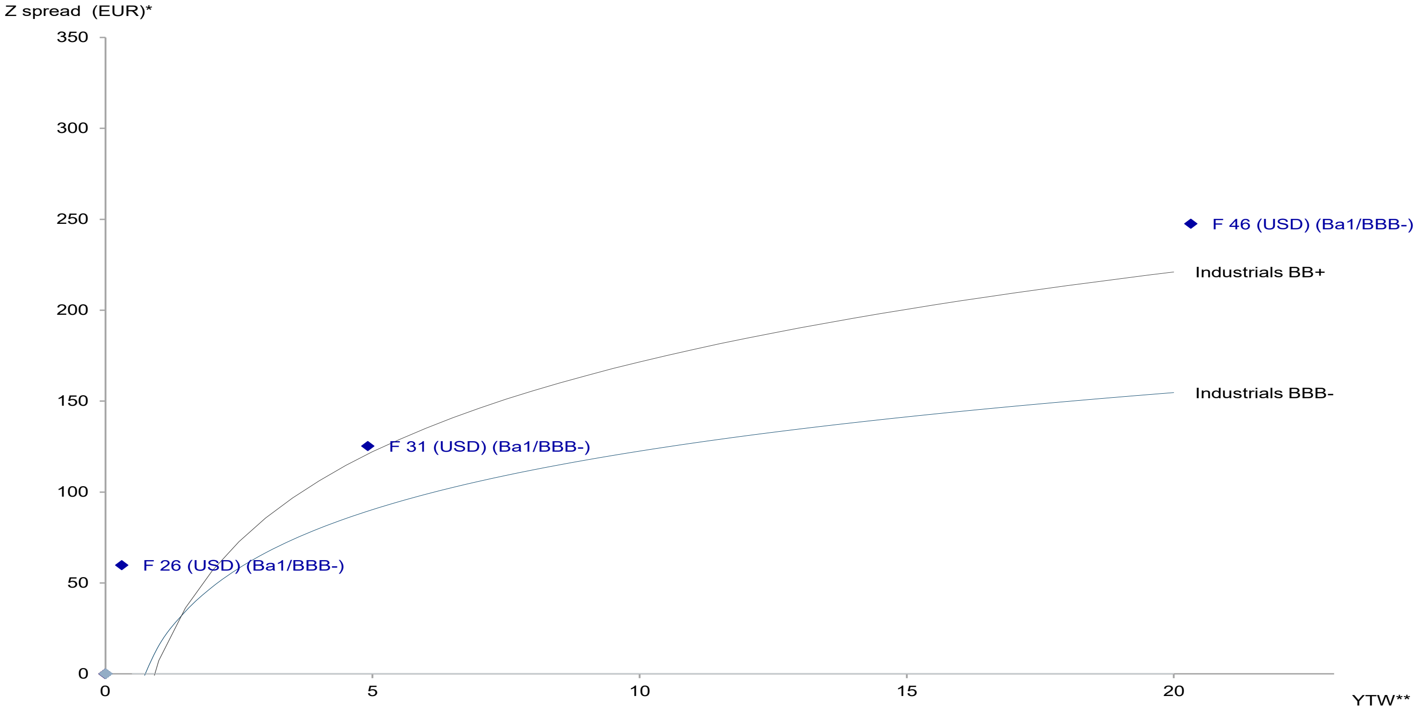
Cash and liquidity improved slightly q/q, but debt levels rose to USD31.8bn from USD27.7bn in the auto division. Net debt rose by USD3.7bn to USD9.6bn, worsening leverage metrics by 0.3x to 0.8x. Interest coverage also worsened to 8.6x from 8.9 previous quarter.

Credit conclusion

Ford released a slightly credit negative Q2 report but upgraded its outlook for the rest of the year, indicating healthy business momentum. The quarter had large reconstruction charges in relation to the BlueOval JV. Sales declined 3.8% y/y, reflecting lower wholesale volumes. Adjusted EBITDA in the automotive business increased 8.7% y/y, but rising debt levels drove leverage wider by 0.3x to 0.8x. ICR also worsened slightly. Communication from management seems confident, but we remain cautious that S&P will act on its negative outlook and notch Ford's credit rating down to high-yield territory.

With limited time to maturity on the December 2026 bond (ISIN: US345370CR99), we change our recommendation from Overweight to Marketweight, in line with the recommendations on the longer-dated Ford notes in our universe.

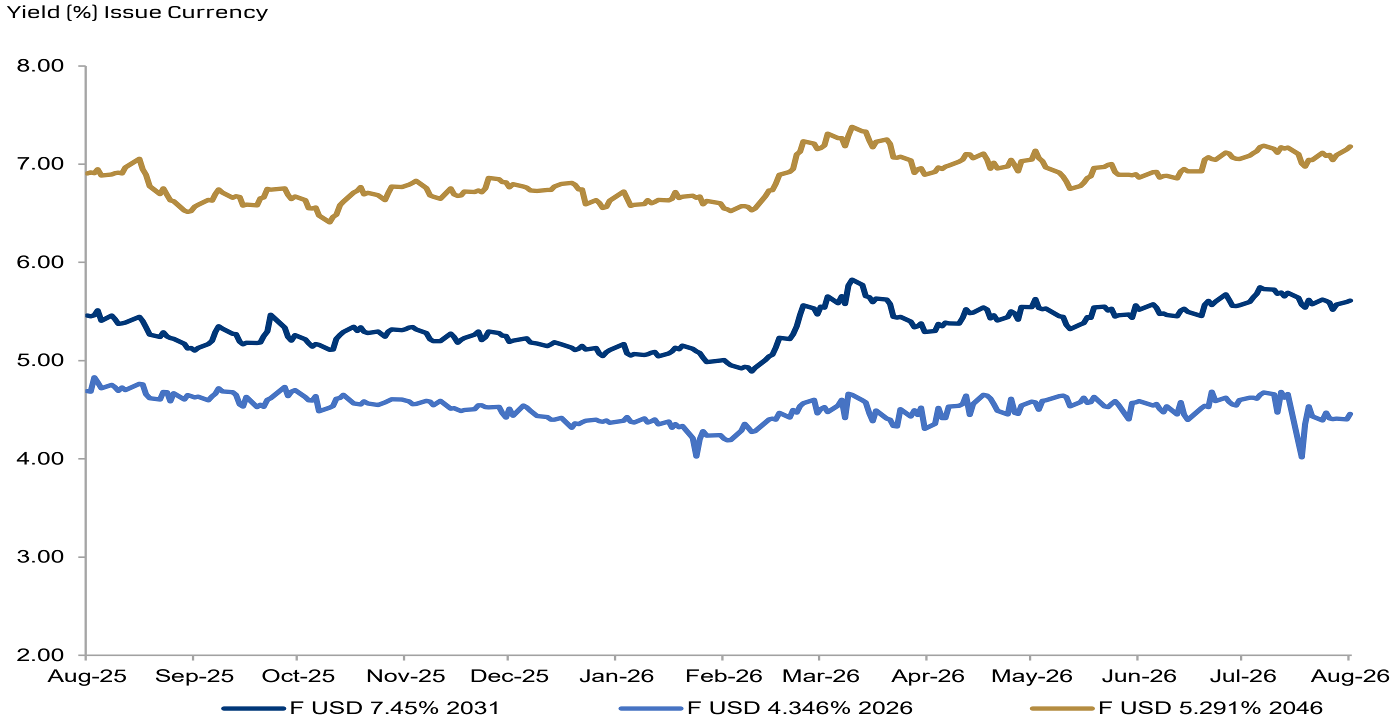
Relative value chart: selected bonds



* Swapped to indicated currency. ** Years-to-worst.
Note: Fair value curve(s) based on Danske Bank Credit Research's index group of EUR bonds.

Source: Bloomberg, Danske Bank Credit Research

Historical yield chart: selected bonds



Source: Bloomberg, Danske Bank Credit Research

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This research report has been prepared by Credit Research, a division of Danske Bank A/S ('Danske Bank'). The author of this research report is Sivert Meland Gejl Trana, Senior Analyst.

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Expected updates

We expect to update this investment analysis following the publication of Ford Motor Co.'s annual report provided that at such time the bond continues to be among our preferred credits.

This publication should be read in conjunction with the international single name credit bond publications *Corporate Bond News*, *Corporate Bonds: Investment opportunities in single name international fixed income credit* and *Company Profiles*. These publications are typically published once a month.

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Underweight	Underperformance relative to peer group	12 months	6%	2%
Sell	A decrease in price of more than 10%	12 months	-	-

Changes in recommendation over past 12 months

US345370CR99

Date	New recommendation	Old recommendation
18 August 2026	Marketweight	Overweight

US345370CA64 - No changes in recommendation over past 12 months

US345370CS72- No changes in recommendation over past 12 months

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Report completed: 18 August 2026, 13:38 CET
Report first disseminated: 18 August 2026, 14:30 CET