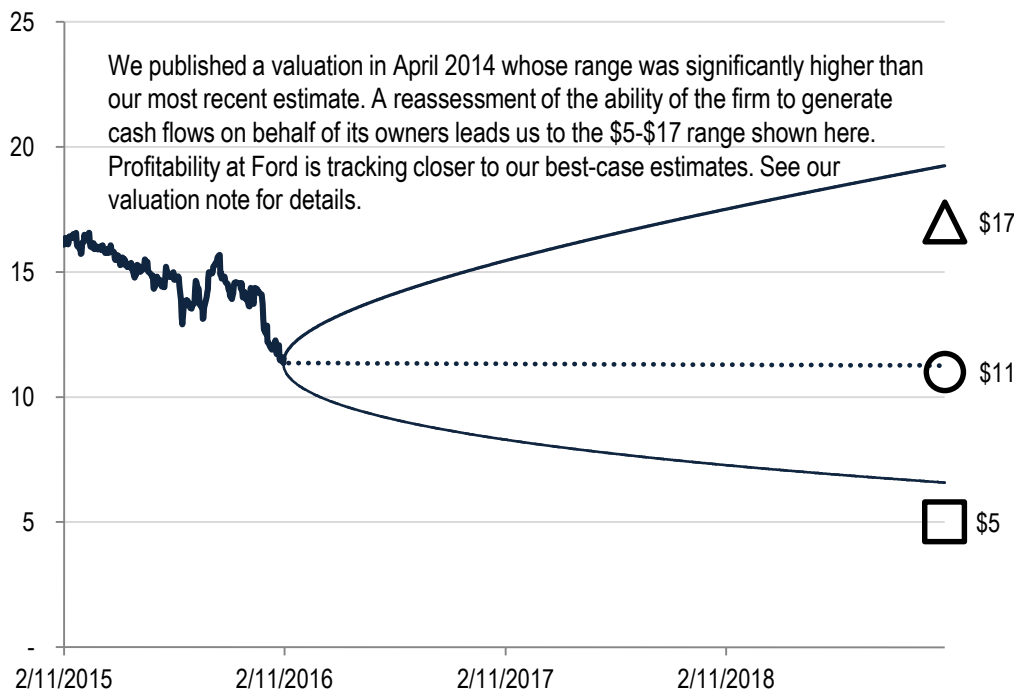


We do not see the opportunity for an asymmetric value investment strategy in WMT at this time

IOI Tear Sheet : Ford Motor Co. (F)

Valuation Only

Data as of 9 February, 2016



IOI's Take

Ford has done a good job of reengineering its cars and increasing efficiency, but the essential difficulty is a home market that is oversaturated and increasingly unable to buy its products outright. To stimulate demand, Ford has begun effectively lending money to its customers so they can buy the company's products. Our original valuation in April 2014 did not view these financing flows as investments, but we have reassessed our opinion, and lowered our fair value range as a result. Please also see our 2/9/2016 note detailing our present valuation assumptions.

Drivers

Revenues	Revenue growth has been spurred by leasing deals. We believe auto makers face structural declines in the U.S.
Profitability	Profitability has been terrific at Ford thanks to platform consolidation and a combination of good revenues and operational leverage.
Investment Level / Eff.	Considering loans made to customers as a form of investment, the firm routinely spends all of its owners' profits and then some.
Balance Sheet	No hidden issues found in our analysis.



Valuation & Return

Valuation Uncertainty: High

	Low	Likely	High
Stock Fair Value (\$)	5	11	17
Stock Return (%)	-56	0	50
Option Period Return (%)	NA	NA	NA
Option Annual Return (%)	NA	NA	NA

Historical Metrics

	Historical Median	
	5-year	10-year
Revenue Growth (%)	0	-1
Profit Margin (%)	4	2
Med-term Growth	GDP+5%	NA

Market Risk

If Ford's shares trade according to previous PS Ratio multiples and revenues hit our worst-case value, the market price may fall as low as the low single digits. Best-case revenues imply \$20/sh

