HARLEY-DAVIDSON®



HARLEY-DAVIDSON, INC.
2020 FIRST QUARTER UPDATE

APRIL 28, 2020

2020 FIRST QUARTER UPDATE

HARLEY DAVIDSON

THIS PRESENTATION SUPPORTS THE AUDIO CONFERENCE CALL

CONFERENCE CALL PRESENTERS

- **Introduction** — Shannon Burns, Director, Investor Relations
- **Business Perspectives** — Jochen Zeitz, Chairman and Acting President and CEO
- **Financial Results** — John Olin, Senior Vice President and CFO
- **Q&A** — All

This presentation includes forward-looking statements that are subject to risks that could cause actual results to be materially different. Those risks include, among others, matters we have noted in our latest earnings presentation and filings with the SEC. Harley-Davidson disclaims any obligation to update information in this presentation. Additional information and risk factors are included at the end of this presentation.

COVID-19 RESPONSE

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Prioritize Health and Safety

- **Precautions**
  - Global travel and visitor restrictions
  - Enhanced cleaning and sanitation – all sites
  - Museum closed, no April/May consumer events
  - Comprehensive return to workplace protocol
- **Complying with government efforts to manage virus spread**
  - Salaried employees working from home
  - Global mfg. temporarily suspended; gradual start-up underway
- **Participating in COVID-19 impact relief support efforts**
  - Harley-Davidson Foundation donation
  - *United We Will Ride* - Connecting H-D community with relief efforts

Preserve Cash

- **Reduced non-essential costs**
  - Hiring freeze for remainder of 2020
  - Salary/merit reductions
  - Aggressive cost management while continuing to invest in the future
  - Extending payments, where appropriate
- **Reduced capital investment**
- **Working to secure supply chain/parts availability for start-up**
- **Retimed annual model year change-over from August to early Q1 '21**
- **HDFS typically a source of cash with declining motorcycle sales**
- **Suspended discretionary share repurchases/Adjusted Q2 dividend**

Secure Additional Liquidity

- **$2.47 billion HDI liquidity as of the end of Q1**
- **Increased cash holdings to $1.47 billion; however, did not draw down bank credit facilities**
- **Amended $1.42 billion credit facilities on 4/1/2020 and extended $0.20 billion 364-day credit facility on 4/23/2020**
- **Remain committed to maintaining 12-months of liquidity**
- **Additional liquidity**
  - In discussions with two major U.S. banks to secure an additional $1.30 billion in liquidity
  - Planning to access the capital markets in the near term
- **Credit ratings at Baa2/BBB/A-**
  - Retain access to commercial paper markets
- **Compliant with all existing covenants**
  - Well within debt covenants (HDFS Debt/Equity 6.6 to 1)

Support Customers & Dealers

- **Assist dealers by providing support based on the unique needs and circumstances in each region**
  - Financial support for dealer inventory on Motorcycles
  - Credit extensions on financed demo & display bikes
  - P&A and General Merchandise (GM) credit expansion
  - Discounts on certain GM products
  - Warranty/training adjustments
- **Promote government sponsored help for dealer network**
- **Focus on customer needs**
  - Manage retail loan losses

COMMUNITY STRENGTH

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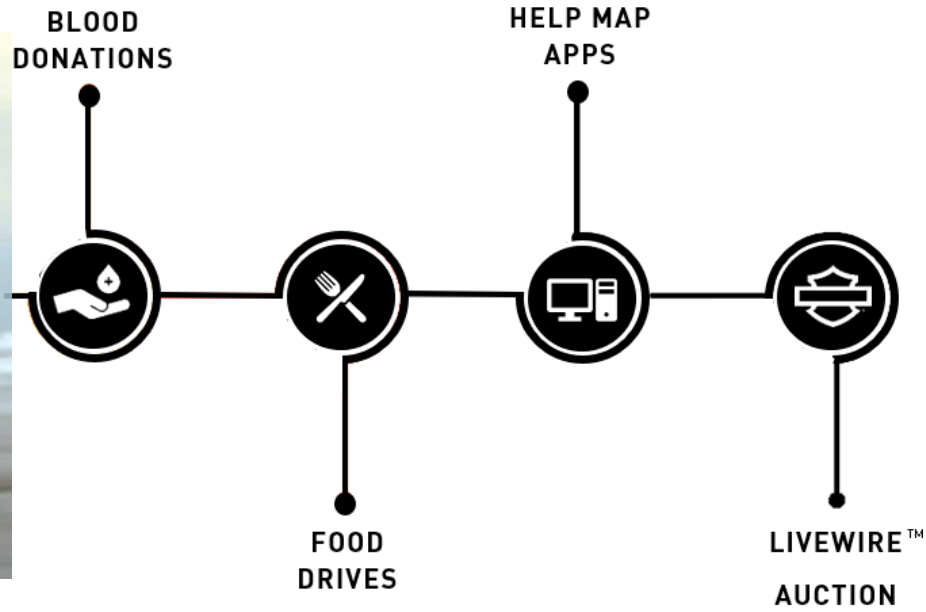
UNITED





CONNECTING THE H-D COMMUNITY WITH COVID-19 RELIEF EFFORTS

- Helping riders made a difference in their communities - promoting opportunities and utilizing help apps to connect riders with relief efforts
- Auctioning a custom LiveWire™, proceeds to relief efforts

THE REWIRE

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Rewire the company's priorities, execution and operating model, leading to a new 5-year strategic plan

THE REWIRE PLAYBOOK – *Key elements*

1. Enhance core strengths, better balance expansion into new spaces
2. Prioritize markets that matter
3. Reset product launches and product lineups for simplicity and maximum impact
4. Build P&A and GM businesses to full potential
5. Adjust organizational structure, operating model, and cost structure to reduce complexity and drive efficiency

Q1 2020 VS. Q1 2019 RESULTS

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REVENUE	NET INCOME	EPS
$1.30 Billion	$69.7 Million	$0.45
(6.2)%	(45.5)%	(43.8)%

Q1 earnings impacted by:

- **Motorcycles segment operating income down 22.0%**
  - Revenue down 8.0% on 10.0% lower shipments
  - Gross margin 29.0%, down 0.1 pts.
  - SG&A up $8.9 million
  - Restructuring expenses down $13.6 million, restructuring completed in 2019
  - Operating margin 7.7%, down 1.4 pts.
- **Financial Services segment operating income down 60.9%**
  - Strong revenue growth of 5.1%
  - Provision for loan losses up $44.9 million as a result of COVID-19/CECL

Consolidated – Motorcycles and Related Products and Financial Services Segments

WORLDWIDE RETAIL SALES

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(Motorcycles)	Q1 '20	vs. PY
Worldwide	**40,439**	**(17.7)%**
U.S.	23,732	(15.5)%
International	16,707	(20.7)%

Source: Dealer reported data

- **U.S. retail sales down**
  - Through mid-March, U.S. retail sales were tracking to one of H-D's strongest quarterly performances of the last 6 years
  - First quarter results significantly impacted by COVID-19
- **International retail sales down**
  - Most markets adversely impacted by COVID-19

U.S. RETAIL SALES

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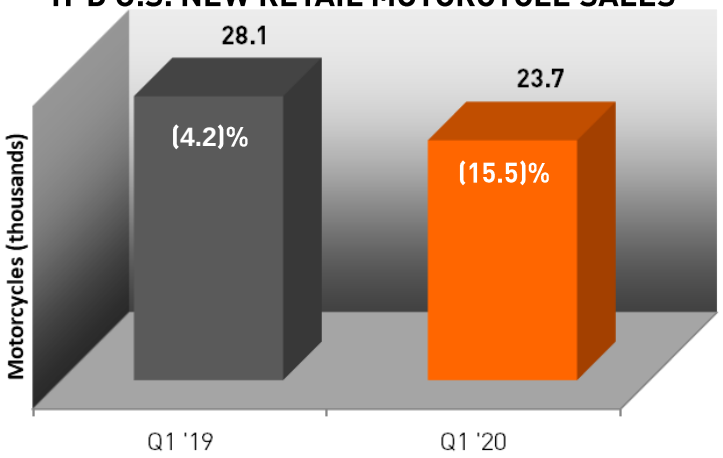
RETAIL SALES

H-D U.S. NEW RETAIL MOTORCYCLE SALES



Q1 2020 retail sales very strong thru mid-March

- Q1 QTD retail sales peaked in mid-March at 6.6% growth due to stronger dealer efforts and new product introductions

COVID-19 concerns and governmental efforts drove significant declines in back half of March

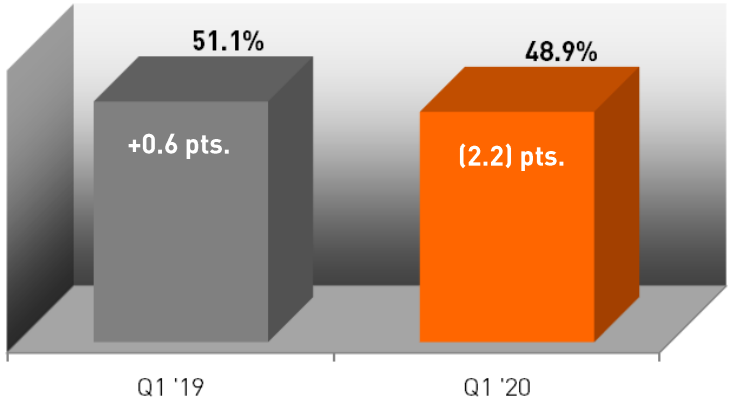
- Foot traffic significantly reduced in back half of March
- Approximately 50% of dealers closed for motorcycle sales as of end of March

Industry down 13.1% in Q1 versus prior year

- Industry sales up 6.1% thru February
- Industry sales down 31.9% in March

SHARE

H-D U.S. NEW 601+cc[1] RETAIL MARKET SHARE[2]



Q1 2020 market share down vs. prior year

- Driven primarily by aggressive discounting by competitors and lapping prior year's H-D finance offer

INVENTORY

H-D U.S. NEW RETAIL MOTORCYCLE INVENTORY

Committed to aggressively manage supply in line with demand

- U.S. dealer inventory up approximately 1,600 motorcycles vs. prior year

[1] Includes electric motorcycles with kilowatt peak power equivalent of 601+cc per MIC
[2] Source: Motorcycle Industry Council (MIC)

INTERNATIONAL RETAIL SALES

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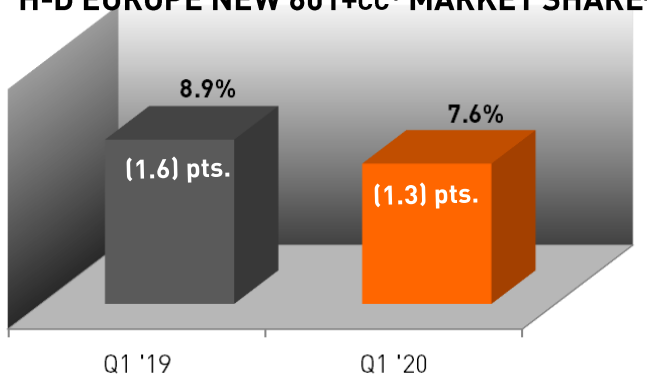
RETAIL SALES

H-D INTERNATIONAL NEW RETAIL MOTORCYCLE SALES

	vs. prior year Q1
International	**(20.7)%**
▪ **EMEA**	(28.4)%
Significant declines across region due to COVID-19	
▪ **Asia Pacific**	(5.3)%
Growth in Japan, offset by China and S. Korea	
▪ **Latin America**	(21.5)%
Declines in both Mexico and Brazil	
▪ **Canada**	(24.7)%
Significant declines in March due to COVID-19	

SHARE

H-D EUROPE NEW 601+cc[1] MARKET SHARE[2]



Declines driven by an unfavorable shift in sales mix to non-H-D segments and increased competition

COVID-19 IMPACTS

International retail sales significantly impacted by COVID-19

- Sales impacts to China began in January
- Impacts to other Asian markets and EU began in February
- Impacts to Canada and parts of Latin America began in March

~55% of international dealers closed for motorcycle sales as of the end of March

[1] Includes electric motorcycles with kilowatt peak power equivalent of 601+cc
[2] Source: Management Services Helwig Schmitt GmbH. Prior year registrations have been revised to be consistent with the current presentation.

SHIPMENTS & MIX

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SHIPMENTS
MOTORCYCLES SEGMENT

	Q1 '20	vs. PY
Total	**52,973**	**(10.0)%**
Touring	40.8%	*(1.7) pts.*
Cruiser*	38.0%	*3.3 pts.*
Street / Sportster®	21.2%	*(1.5) pts.*
	100.0%	

** Includes Softail®, CVO™ and LiveWire™*

- **Q1 shipments down 5,918 motorcycles year-over-year as global manufacturing temporarily suspended in mid-March**
- **Q1 Cruiser shipments as a percent of total were up, offset by lower Touring and Street/Sportster shipments**

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REVENUE

MOTORCYCLES SEGMENT

($ millions)

	Q1 '20	vs. PY
Motorcycle	$899.4	(6.8)%
P&A	134.7	(15.7)%
General Merchandise	49.2	(11.3)%
Licensing	8.0	(6.4)%
Other	8.5	15.8%
Total Revenue	**$1,099.8**	**(8.0)%**

- **Q1 revenue down 8.0% on 10.0% lower shipments**
- **Q1 average motorcycle revenue per bike was up $599 behind favorable product mix, lower sales incentives and higher year-over-year pricing, partially offset by unfavorable foreign currency exchange**

Motorcycles and Related Products Segment

GROSS MARGIN

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GROSS MARGIN
MOTORCYCLES SEGMENT
($ millions)

	Q1
2019 Gross Margin	**$347.4**
% of revenue	29.1%
- Volume	(34.9)
- Pricing net of cost	3.5
- Mix	(3.4)
- Currency	(10.8)
- Raw materials	1.1
- Manufacturing / other	16.0
2020 Gross Margin	**$318.9**
% of revenue	29.0%

Gross margin includes year-over-year impacts of recent EU & China tariffs ($8.4M Q1 decrease) and year-over-year temporary inefficiencies related to manufacturing optimization ($3.6M Q1 decrease).

- **Q1 gross margin % of revenue impacted by:**
  - Mix – unfavorable motorcycle family and parts and accessories mix
  - Currency – lower due to a stronger U.S. dollar
  - Manufacturing – strong productivity, lower tariffs and lapping prior year temporary inefficiencies

Motorcycles and Related Products Segment

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OPERATING MARGIN

MOTORCYCLES SEGMENT

($ millions)

	Q1
2019 Operating Income	$108.4
% of revenue	9.1%
- Gross Margin	(28.5)
- SG&A	(8.9)
- Restructuring	13.6
2020 Operating Income	**$84.6**
% of revenue	7.7%

- **Q1 operating margin was unfavorable behind lower gross margin and higher SG&A, partially offset by lapping prior year's restructuring costs**

Motorcycles and Related Products Segment

FINANCIAL SERVICES SEGMENT

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OPERATING INCOME

FINANCIAL SERVICES SEGMENT

($ millions)

	Q1
2019 Operating Income	**$58.7**
- Net interest income	10.0
- Provision for retail motorcycle loan losses	(37.6)
- Provision for wholesale loan losses	(7.3)
- Operating expenses	(0.4)
- All other	(0.5)
2020 Operating Income	**$22.9**

- **January 1, 2020 CECL adoption adjustment increased the allowance for credit losses $100.6M with an offset to retained earnings, net of taxes**
- **Q1 operating income was adversely impacted by $44.9M of increased provision for credit losses**
  - $8.9M of higher actual retail net credit losses
  - $36.0M of increased reserves for loan losses

FINANCIAL SERVICES SEGMENT

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HDFS OPERATIONS AND LIQUIDITY

OPERATIONS

Originations

New and used H-D retail motorcycle loans

Q1 $611.1M (10.8)% vs. Q1 '19

Approximately 80%-85% prime

Market share

U.S. H-D new retail motorcycle sales financed

Q1 64.3% (0.2) pts. vs. Q1 '19

Finance receivables outstanding

End of Q1 2020

Retail	$6.27B	
Wholesale	1.36B	
Total	**$7.63B**	flat to Q1 '19

LIQUIDITY

($ millions)
End of Q1 2020

Cash & equivalents	**$1,049.5**
Availability	
Bank Credit Facilities	$ 404.3
Asset-Backed Conduits	600.0
Total Availability	**$1,004.3**

Other

- Issued $525.0 million in ABS debt at 1.88% in January 2020
- HDFS paid H-D, Inc. dividends of $100.0 million
- Remaining MTNs maturing in 2020
  - May 2020 - $450 million
  - June 2020 - $350 million

FINANCIAL SERVICES SEGMENT

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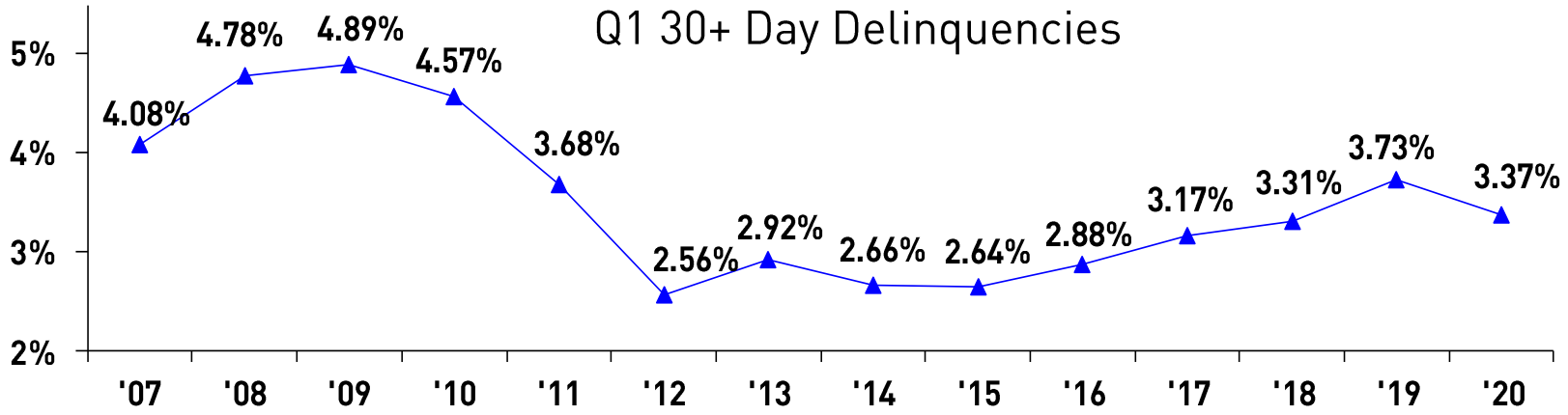
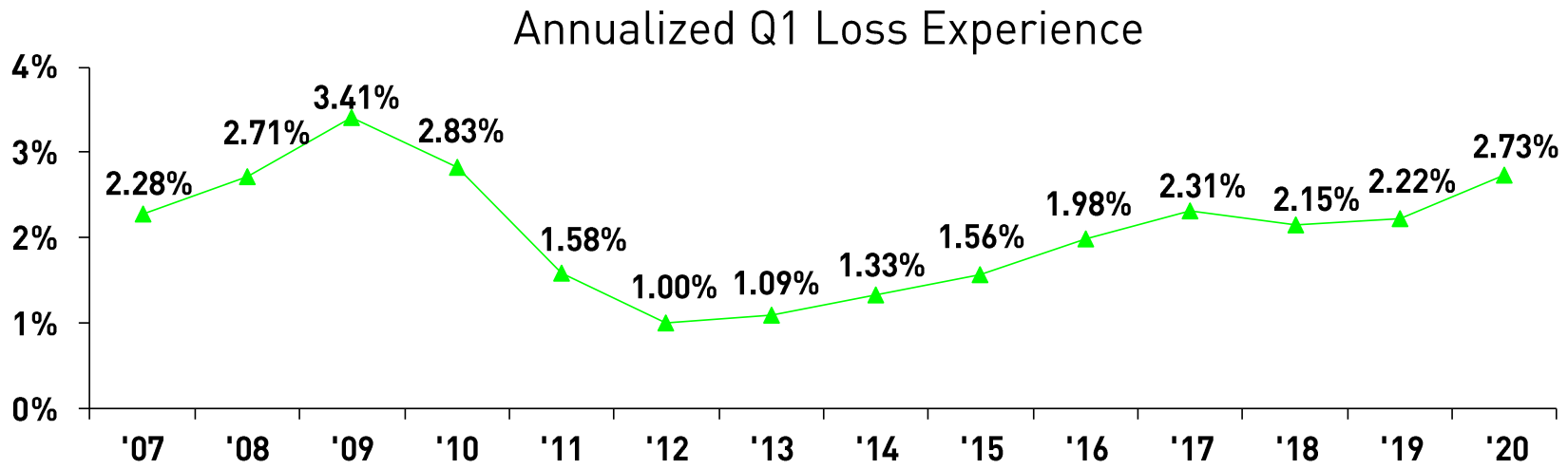
HDFS RETAIL MOTORCYCLE LOAN PERFORMANCE





2020 HARLEY-DAVIDSON, INC.

vs. Prior Year

- **Cash & marketable securities -** $1.47 billion vs. $759.6 million
- **Operating cash flow –** $(8.6) million vs. $32.7 million
- **Capital expenditures -** $32.9 million vs. $35.3 million
- **Depreciation & amortization expense -** $47.4 million vs. $64.4 million
- **Tax rate –** 26.3% vs. 24.9%

Consolidated – Motorcycles and Related Products and Financial Services Segments

CASH GENERATION/RETURNS

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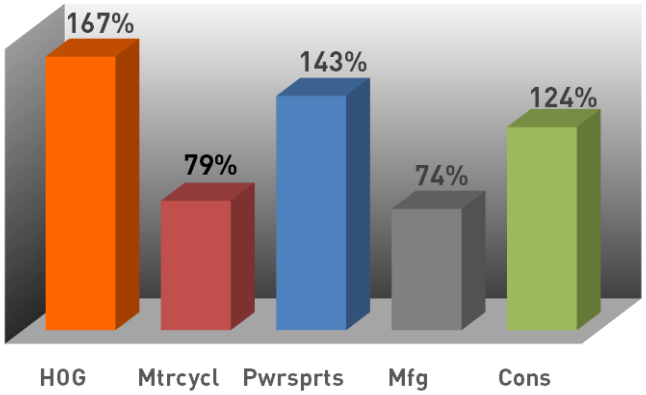
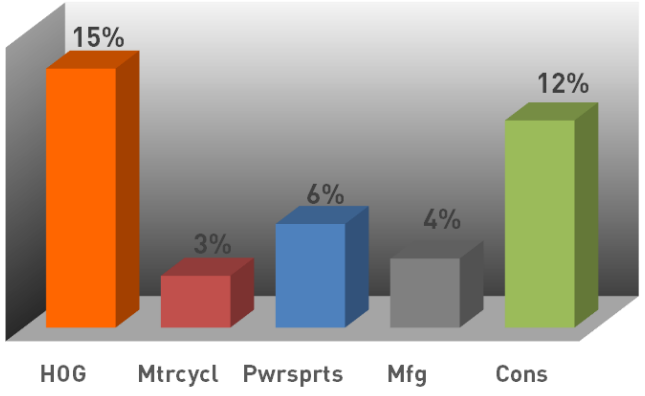
Harley-Davidson leads in cash generation and consistently returned cash to shareholders

(2017-2019)

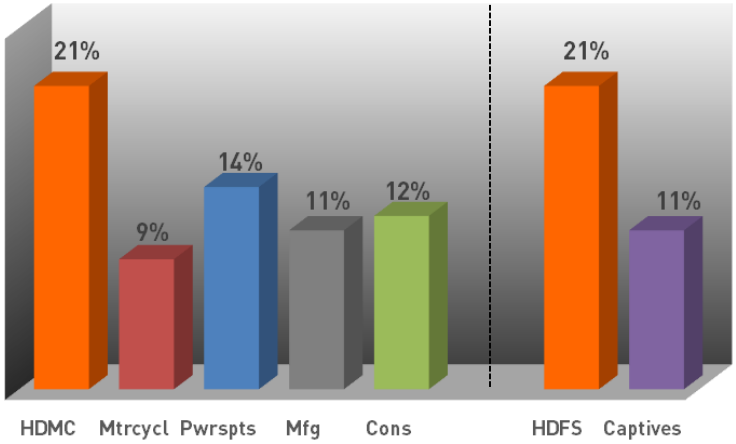
3-Yr. Avg. Free Cash Flow Conversion[1][2]



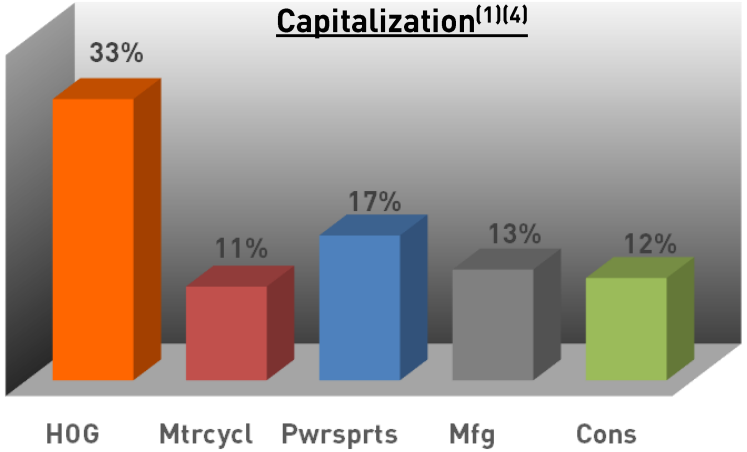
3-Yr. Avg. Free Cash Flow Margin[1][2]



3-Yr. Avg. ROIC and ROE[1][3]



3-Yr. Avg. Cumulative Capital Return / Market Capitalization[1][4]



[1]Three year average is based on 2017-2019 calendar year information using the average for key companies in respective industries or segments. Source: Company filings, Bloomberg (benchmark companies' income adjusted as appropriate for comparability). [2] Free Cash Flow (FCF) is defined as net cash provided by operating activities less capital expenditures. Free Cash Flow Margin is defined as FCF divided by revenue. Free Cash Flow Conversion is defined as FCF divided by net income. Free Cash Flow is a non-GAAP measure. See slides later in this presentation for information on non-GAAP measures. [3]Return on invested capital (ROIC) is defined as earnings before interest and taxes (EBIT) after tax divided by (debt plus book value of equity). EBIT after tax for HDMC is a non-GAAP measure. Return on equity (ROE) is defined as FinCo operating income after tax divided by book value of equity. FinCo operating income after tax is equivalent to HDFS operating income after tax which is a non-GAAP measure. Calculations for all companies assume a tax rate of 35% for 2017, and 21% for 2018 and 2019, for comparability. See slides later in this presentation for information on non-GAAP measures. [4] Calculated by adding 2017, 2018 and 2019 dividends plus repurchases, dividing that sum individually by 2017, 2018 and 2019 year-end market capitalizations resulting in three separate quotients, and then averaging the three quotients.

SHAREHOLDER RETURNS

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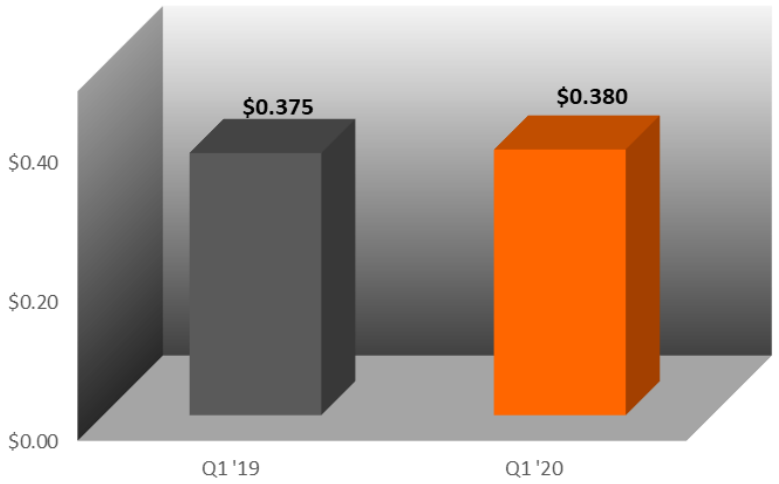
DIVIDENDS

Q1 Dividends Per Share

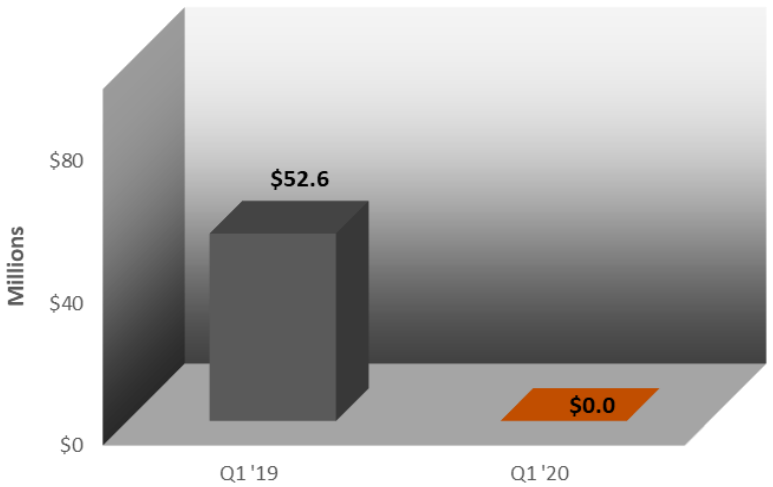


Q1 dividend of $0.38 per share

- Board of Directors approved a $0.02 per share dividend for Q2 to preserve cash given uncertainty surrounding magnitude and duration of COVID-19 pandemic

SHARE REPURCHASES

Q1 Discretionary Share Repurchases



Suspended share repurchase program in Q1 2020

- No discretionary share repurchases in early Q1 due to potential proxy contest
- Share repurchases suspended in late Q1 to preserve cash given uncertainty surrounding magnitude and duration of COVID-19 pandemic

Consolidated – Motorcycles and Related Products and Financial Services Segments

GUIDANCE

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2020 EXPECTATIONS

Motorcycles and Related Products segment	Revenue	**As a result of the uncertainty surrounding the magnitude and duration of the COVID-19 pandemic, Harley-Davidson, Inc. withdrew all guidance on March 26, 2020.**
	Gross margin %	
	SG&A	
	Operating margin %	
Financial Services segment	Operating income	
Harley-Davidson, Inc.	Capital expenditures	
	Effective tax rate	

Focused investments,
strong long-term returns

NON-GAAP MEASURES

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This presentation includes financial measures that have not been calculated in accordance with U.S. generally accepted accounting principles (GAAP) and are therefore referred to as non-GAAP financial measures. The non-GAAP measures listed below are intended to be considered by users as supplemental information to the equivalent GAAP measures, to aid investors in better understanding the company's financial results. The company believes that these non-GAAP measures provide useful perspective on underlying business results and trends, and a means to assess period-over-period results. These non-GAAP measures should not be considered as a substitute for, or superior to, measures of financial performance prepared in accordance with GAAP. These non-GAAP measures may not be the same as similarly titled measures used by other companies due to possible differences in method and in items or events being adjusted.

The non-GAAP measures are as follows:

- Net income excluding restructuring plan costs and the impact of recent EU and China tariffs
- Diluted EPS excluding restructuring plan costs and the impact of recent EU and China tariffs
- HDI free cash flow
- HDMC EBIT after tax
- HDFS operating income after tax

Restructuring plan costs include restructuring expenses as presented in the Consolidated Statements of Income and costs associated with temporary inefficiencies incurred in connection with the manufacturing optimization initiative included in Motorcycles and Related Products cost of goods sold. The impact of recent EU and China tariffs includes incremental European Union and China tariffs imposed beginning in 2018 on the company's products shipped from the U.S., as well as incremental U.S. tariffs imposed beginning in 2018 on certain items imported from China. The impact of recent EU and China tariffs excludes higher metals cost resulting from the U.S. steel and aluminum tariffs. These adjustments are consistent with the approach used for 2018 to determine performance relative to financial objectives under the company's incentive compensation plans.

Refer to the reconciliations of GAAP to non-GAAP amounts included in this presentation.

RECONCILIATION OF GAAP TO NON-GAAP AMOUNTS

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This slide contains non-GAAP measures related to net income and diluted earnings per share that exclude restructuring plan costs and the impact of recent EU and China tariffs. Reconciliations of GAAP amounts to non-GAAP amounts are included below.

($ thousands, except per share amounts)	Three months ended 3/29/2020	3/31/2019
Net income excluding restructuring plan costs and the impact of recent EU and China tariffs		
Net income (GAAP)	$ 69,695	$ 27,945
Restructuring plan costs	-	17,210
Impact of recent EU and China tariffs	12,607	20,977
Tax effect of adjustments [1]	(3,316)	(9,260)
Adjustments net of tax	9,291	28,927
Adjusted net income (non-GAAP)	$ 78,986	$ 156,872
Diluted EPS excluding restructuring plan costs and the impact of recent EU and China tariffs		
Diluted earnings per share (GAAP)	$ 0.45	$ 0.80
Adjustments net of tax, per share	0.06	0.18
Adjusted diluted earnings per share (non-GAAP)	$ 0.51	$ 0.98

[1] The income tax effect of adjustments has been computed using the company's effective income tax rate

RECONCILIATION OF GAAP TO NON-GAAP AMOUNTS

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This presentation contains performance measures calculated using non-GAAP amounts as inputs. These performance measures include: "3-yr. Avg. Free Cash Flow Conversion", "3-yr. Avg. Free Cash Flow Margin", "3-Yr. Avg. ROIC and ROE". Reconciliations of reported GAAP amounts to non-GAAP amounts are included below.

($ thousands)	Three months ended 12/31/2019	12/31/2018	12/31/2017
HDI Free cash flow (FCF)			
Net cash provided by operating activities (GAAP)	$ 868,272	$ 1,205,921	$ 1,005,061
Less: Capital expenditures (GAAP)	181,440	206,294	206,294
FCF (non-GAAP)	$ 686,832	$ 999,627	$ 798,767
HDMC earnings before interest and taxes (EBIT) after tax			
HDMC operating income (GAAP)	$ 296,513	$ 430,687	$ 615,144
HDMC other income (expense)	16,514	3,039	9,182
Less: Income taxes[1]	65,736	91,082	218,514
HDMC EBIT after tax (non-GAAP)	$ 247,291	$ 342,644	$ 405,812
HDFS operating income after tax			
HDFS operating income (GAAP)	$ 258,931	$ 282,752	$ 267,139
Less: Income taxes[1]	54,376	59,378	93,499
HDFS operating income after tax (non-GAAP)	$ 204,555	$ 223,374	$ 173,640

[1] Income taxes calculated using a 21% tax rate for 2019 and 2018 and a 35% tax rate for 2017, to be consistent with assumptions used to determine competitor measures

FORWARD-LOOKING STATEMENTS

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Cautionary Note Regarding Forward-Looking Statements

The company intends that certain matters discussed in this press release are "forward-looking statements" intended to qualify for the safe harbor from liability established by the Private Securities Litigation Reform Act of 1995. These forward-looking statements can generally be identified as such because the context of the statement will include words such as the company "believes," "anticipates," "expects," "plans," "may," "will," "estimates," "is on-track" or words of similar meaning. Similarly, statements that describe or refer to future expectations, future plans, strategies, objectives, outlooks, targets, guidance, commitments, or goals are also forward-looking statements. Such forward-looking statements are subject to certain risks and uncertainties that could cause actual results to differ materially, unfavorably or favorably, from those anticipated as of the date of this press release. Certain of such risks and uncertainties are described below. Shareholders, potential investors, and other readers are urged to consider these factors in evaluating the forward-looking statements and are cautioned not to place undue reliance on such forward-looking statements. The forward-looking statements included in this press release are only made as of the date of this press release, and the company disclaims any obligation to publicly update such forward-looking statements to reflect subsequent events or circumstances.

Important factors that could affect future results and cause those results to differ materially from those expressed in the forward-looking statements include, among others, the following: (i) the COVID-19 pandemic including the length and severity of the pandemic across the globe and the pace of recovery following the pandemic; (ii) adverse economic, political or market conditions in the U.S. and international markets and other factors such as natural disasters; and (iii) the Company's ability to: (A) execute its business plans and strategies, and strengthen its existing business while enabling long-term growth; (B) manage and predict the impact that new or adjusted tariffs may have on the company's ability to sell products internationally, and the cost of raw materials and components; (C) execute its strategy of growing ridership, globally; (D) successfully carry out its global manufacturing and assembly operations; (E) accurately analyze, predict and react to changing market conditions and successfully adjust to shifting global consumer needs and interests; (F) successfully access the capital and/or credit markets on terms that are acceptable to the company and within its expectations; (G) develop and maintain a productive relationship with Zhejiang Qianjiang Motorcycle Co., Ltd. and launch related products in a timely manner; (H) develop and introduce products, services and experiences on a timely basis that the market accepts, that enable the company to generate desired sales levels and that provide the desired financial returns; (I) perform in a manner that enables the company to benefit from market opportunities while competing against existing and new competitors; (J) realize expectations concerning market demand for electric models, which will depend in part on the building of necessary infrastructure; (K) prevent, detect, and remediate any issues with its motorcycles or any issues associated with the manufacturing processes to avoid delays in new model launches, recall campaigns, regulatory agency investigations, increased warranty costs or litigation and adverse effects on its reputation and brand strength, and carry out any product programs or recalls within expected costs and timing; (L) manage supply chain issues, including quality issues and any unexpected interruptions or price increases caused by raw material shortages or natural disasters; (M) manage the impact that prices for and supply of used motorcycles may have on its business, including on retail sales of new motorcycles; (N) reduce other costs to offset costs of product development initiatives and redirect capital without adversely affecting its existing business; (O) balance production volumes for its new motorcycles with consumer demand; (P) manage risks that arise through expanding international manufacturing, operations and sales; (Q) manage through changes in general economic and business conditions, including changing capital, credit and retail markets, and the changing political environment; (R) successfully determine, implement on a timely basis, and maintain a manner in which to sell motorcycles in the European Union, China, and the company's ASEAN countries that does not subject its motorcycles to incremental tariffs; (S) accurately estimate and adjust to fluctuations in foreign currency exchange rates, interest rates and commodity prices; (T) continue to develop the capabilities of its distributors and dealers, effectively implement changes relating to its dealers and distribution methods and manage the risks that its independent dealers may have difficulty obtaining capital and managing through changing economic conditions and consumer demand; (U) retain and attract talented employees; (V) prevent a cybersecurity breach involving consumer, employee, dealer, supplier, or company data and respond to evolving regulatory requirements regarding data security; (W) manage the credit quality, the loan servicing and collection activities, and the recovery rates of HDFS' loan portfolio; (X) adjust to tax reform, healthcare inflation and reform and pension reform, and successfully estimate the impact of any such reform on the company's business; (Y) manage through the effects inconsistent and unpredictable weather patterns may have on retail sales of motorcycles; (Z) implement and manage enterprise-wide information technology systems, including systems at its manufacturing facilities; (AA) manage changes and prepare for requirements in legislative and regulatory environments for its products, services and operations; (BB) manage its exposure to product liability claims and commercial or contractual disputes; (CC) manage its Thailand corporate and manufacturing operation in a manner that allows the company to avail itself of preferential free trade agreements and duty rates, and sufficiently lower prices of its motorcycles in certain markets; (DD) continue to manage the relationships and agreements that the company has with its labor unions to help drive long-term competitiveness; and (EE) accurately predict the margins of its Motorcycles and Related Products segment in light of, among other things, tariffs, the cost associated with product development initiatives and the company's complex global supply chain.

The company's operations, demand for its products, and its liquidity could be adversely impacted by work stoppages, facility closures, strikes, natural causes, widespread infectious disease, terrorism, or other factors. Other factors are described in risk factors that the company has disclosed in documents previously filed with the Securities and Exchange Commission. Many of these risk factors are impacted by the current changing capital, credit and retail markets and the company's ability to manage through inconsistent economic conditions.

The company's ability to sell its motorcycles and related products and services and to meet its financial expectations also depends on the ability of the company's independent dealers to sell its motorcycles and related products and services to retail customers. The company depends on the capability and financial capacity of its independent dealers to develop and implement effective retail sales plans to create demand for the motorcycles and related products and services they purchase from the company. In addition, the company's independent dealers and distributors may experience difficulties in operating their businesses and selling Harley-Davidson motorcycles and related products and services as a result of weather, economic conditions, the impact of COVID-19, or other factors. In recent years, HDFS has experienced historically low levels of retail credit losses, but there is no assurance that this will continue. The company believes that HDFS' retail credit losses may increase over time due to changing consumer credit behavior and HDFS' efforts to increase prudently structured loan approvals to sub-prime borrowers, as well as actions that the company has taken and could take that impact motorcycle values. Refer to "Risk Factors" under Item 1A of the company's Annual Report on Form 10-K for the year ended December 31, 2019 for a discussion of additional risk factors and a more complete discussion of some of the cautionary statements noted above.