

A photograph showing two motorcyclists on a hill at sunset. The sun is low on the horizon, creating a bright orange and yellow glow. The motorcyclists are silhouetted against the bright light. The rider on the left is on a larger motorcycle, and the rider on the right is on a smaller motorcycle. The background is a clear blue sky with some light clouds.

Q2 2021 BUSINESS UPDATE

July 21, 2021



Business Update Conference Call

Q2 2021 Financial Results & Strategic Plan Review

This presentation supports the audio call. The audio playback for today's call will be available at Harley-Davidson.com, or call (855) 859-2056 or (404) 537-3406 until August 4, 2021. ID 6190286.

CALL PARTICIPANTS

- Jochen Zeitz, Chairman, President and CEO
- Gina Goetter, Chief Financial Officer
- Edel O'Sullivan, Chief Commercial Officer
- Shannon Burns, Manager, Investor Relations

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.



Q2 Performance Headlines



- Delivering strong financial results
- Managing through the pandemic
- Overcoming supply chain challenges
- Providing execution proof points for The Hardwire
- Fighting against EU tariffs



Q2 2021 Results

	Total HDI	Motorcycles Segment	Financial Svcs Segment
Revenue	\$1,532M	\$1,332M	\$201M
% vs. Q2 2020	77%	99%	2%
% vs. Q2 2019 ¹	(6%)	(7%)	1%
Operating Income	\$280M	\$186M	\$95M
% vs. Q2 2019 ^{1,2}	9%	3%	25%
Net Income	\$206M		
Diluted GAAP EPS	\$1.33		
Adjusted Diluted EPS ³	\$1.41		

¹ Given the uniqueness of 2020 due to the impacts of the pandemic, we are presenting variances on this slide versus 2019 to help provide a more meaningful comparison.

² Operating income comparisons against Q2 2020 were excluded as they were not a meaningful comparison.

³ Adjusted diluted EPS is adjusted for restructuring and EU tariffs and is defined on the non-GAAP slides.



Year-to-Date 2021 Results

	Total HDI	Motorcycles Segment	Financial Svcs Segment
Revenue	\$2,955M	\$2,564M	\$391M
% vs. YTD 2020	37%	45%	(1%)
% vs. YTD 2019 ¹	(2%)	(3%)	1%
Operating Income	\$627M	\$413M	\$213M
% vs. YTD 2019 ^{1,2}	48%	43%	59%
Net Income	\$465M		
Diluted GAAP EPS	\$3.01		
Adjusted Diluted EPS ³	\$3.11		

¹ Given the uniqueness of 2020 due to the impacts of the pandemic, we are presenting variances on this slide versus 2019 to help provide a more meaningful comparison.

² Operating income comparisons against YTD 2020 were excluded as they were not a meaningful comparison.

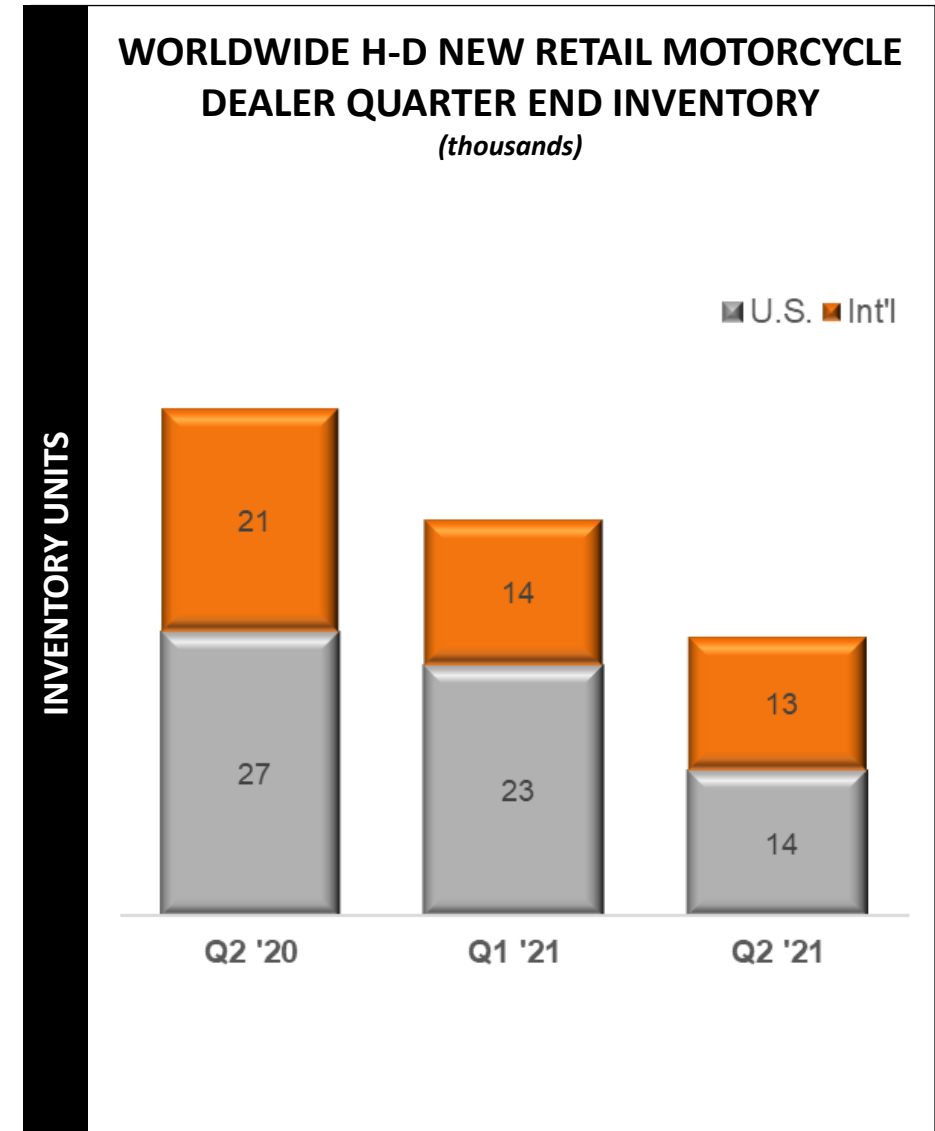
³ Adjusted diluted EPS is adjusted for restructuring and EU tariffs and is defined on the non-GAAP slides.



Worldwide Retail Sales and Inventory

RETAIL SALES	H-D NEW RETAIL MOTORCYCLE SALES		
	<i>vs. Prior Year</i>		
		Q2	YTD
Worldwide Retail Sales	24%	18%	
North America	43%	38%	
EMEA	(7%)	(19%)	
Asia Pacific	(13%)	(7%)	
Latin America	(31%)	(48%)	

SHARE	NEW 601+cc ¹ MARKET SHARE (VS. PRIOR YEAR)		
		Q2	YTD
	H-D U.S. Market Share ²	42.8% (+4.3%)	44.9% (+2.5%)
H-D Europe Market Share ³	5.5% (-2.7%)	4.9% (-3.0%)	



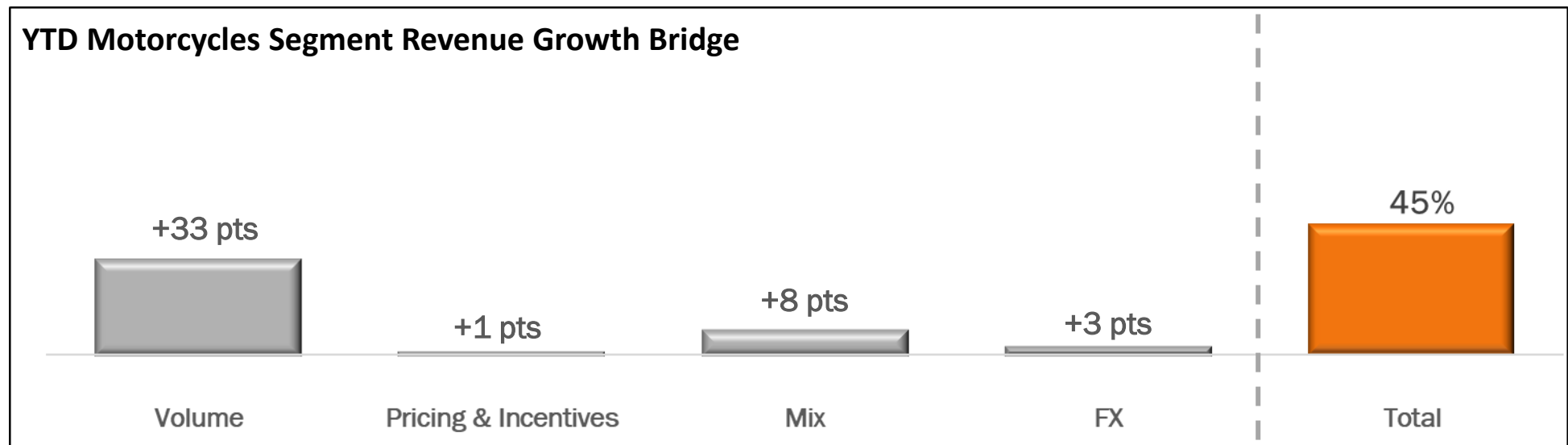
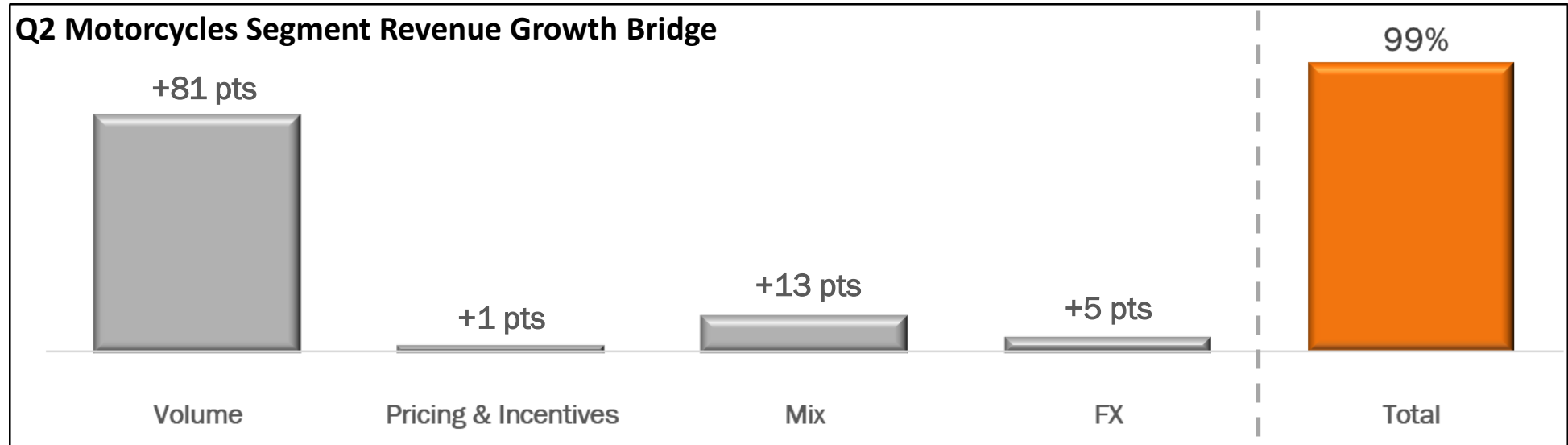
¹ Includes electric motorcycles with kilowatt peak power equivalent of 601+cc. ² Source: Motorcycle Industry Council (MIC).

³ Source: Management Services Helwig Schmitt GmbH.

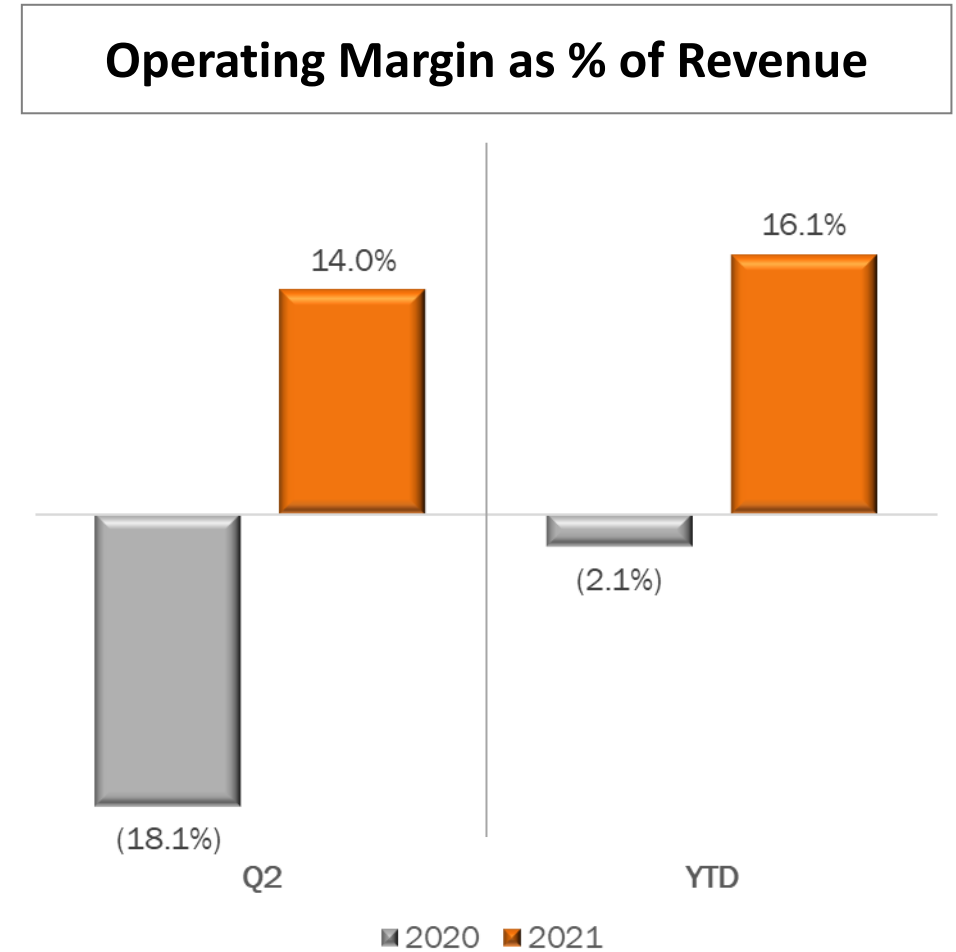
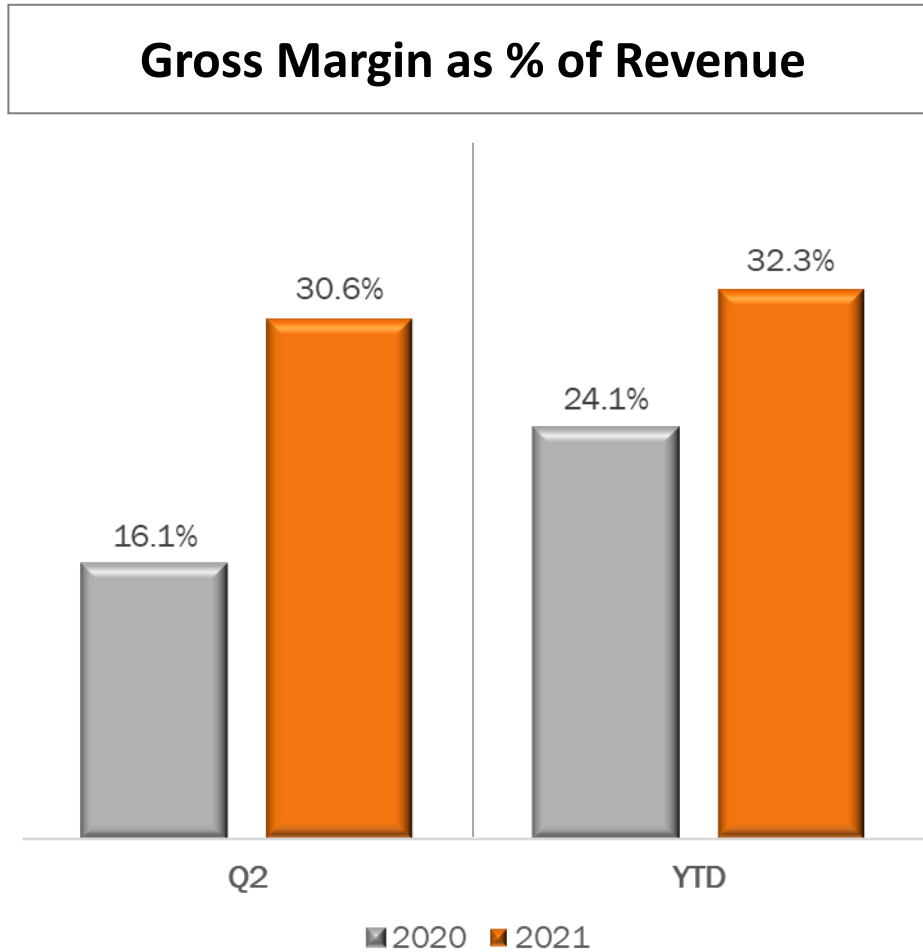


**Q2 & YTD
Revenue
Growth**

Total Motorcycles Segment Revenue Growth



**Q2 & YTD
Motorcycles
Segment
Margins**



Gross and Operating Margins driven by stronger volume, favorable unit mix and lower operating expense, partially offset by higher logistics expense, raw material inflation & incremental EU tariffs



Financial Services Segment

OPERATING INCOME

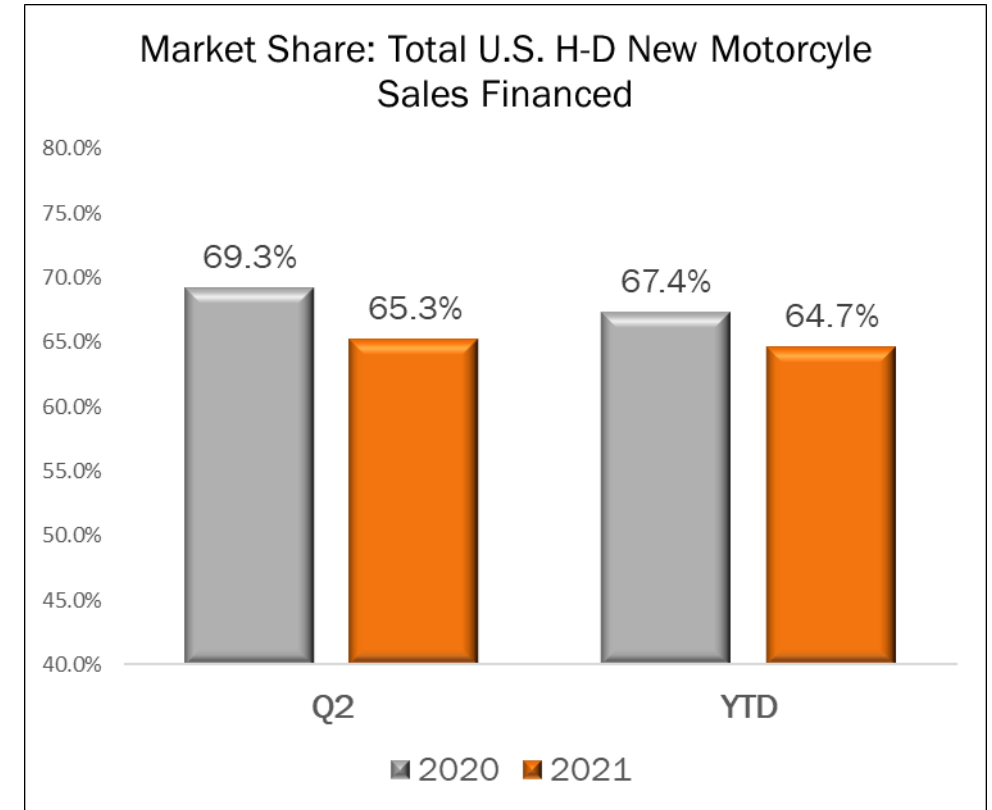
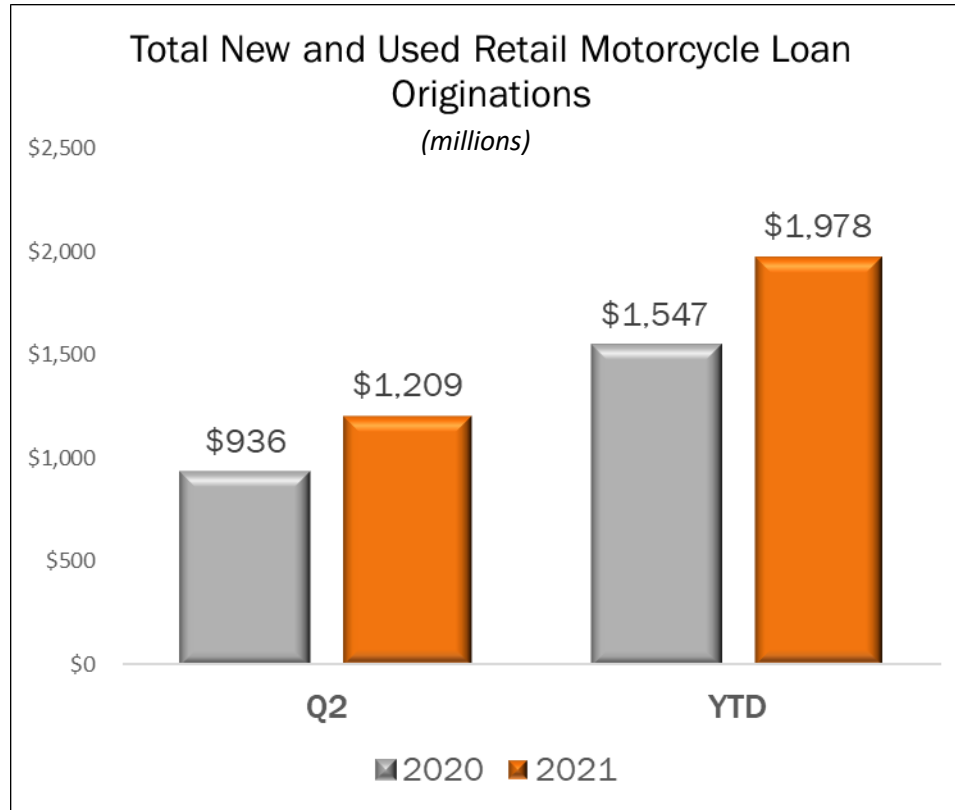
FINANCIAL SERVICES SEGMENT (\$ millions)

	Q2	YTD
2020 Operating Income	\$5	\$28
Net Interest Income	\$13	\$ -
Provision for Credit Losses (retail & wholesale)	\$75	\$177
Operating Expenses ¹	(\$3)	\$1
All Other	\$5	\$7
2021 Operating Income	\$95	\$213

¹ Includes Q2 and YTD restructuring favorability of \$0.8M and \$0.6M.

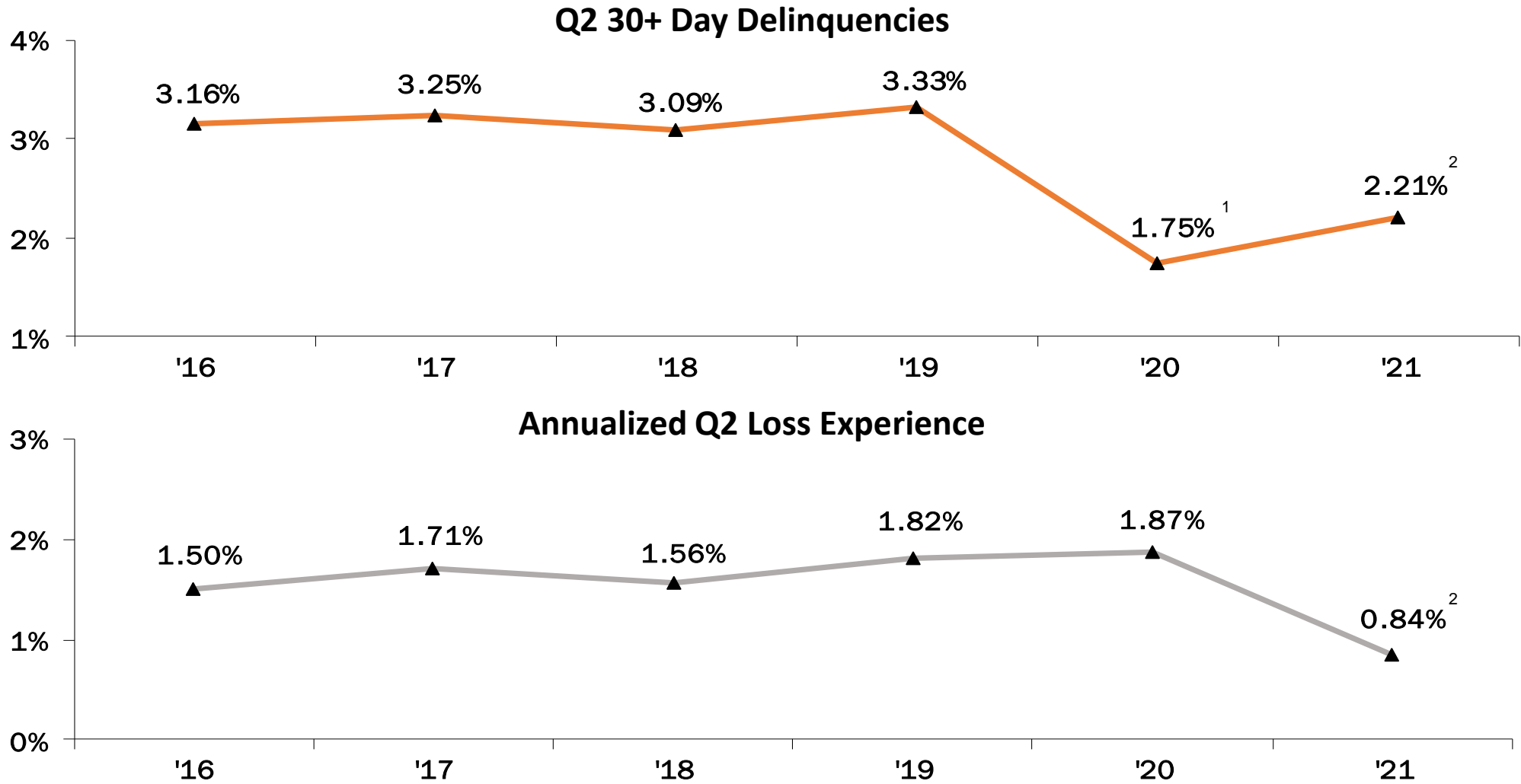


Financial Services Segment



Financial Services Segment

HDFS RETAIL MOTORCYCLE LOAN PERFORMANCE

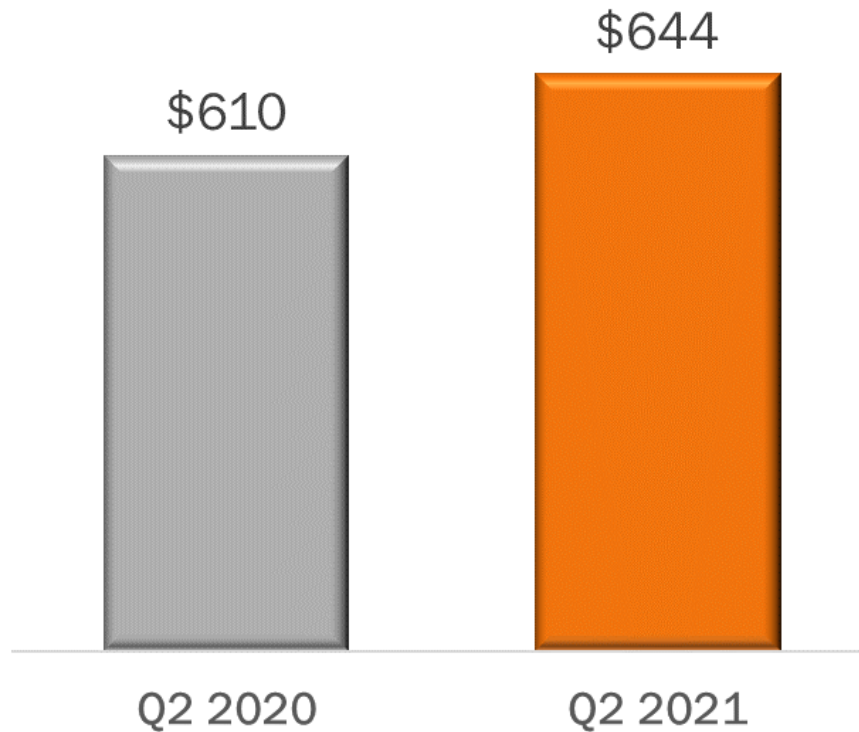


¹ 2020 results impacted by federal stimulus payments and a high volume of COVID-19 related retail loan payment due date extensions for qualified customers

² 2021 results impacted by federal stimulus payments



YTD Operating Cash Flow

(millions)

Other H-D, Inc. Q2 Financial Metrics

- YTD Capital expenditures – \$38M
- Cash & cash equivalents – \$1.7B¹
- YTD Dividends paid – \$46M
- YTD Effective tax rate – 25%

¹ Cash and cash equivalents are as of the end of the second quarter



2021 Guidance

(as of 7/21/21)

2021

Revenue Growth

Motorcycles Segment

+30% - 35%

Operating Margin

Motorcycles Segment

6% - 8%¹

With EU tariffs

7% - 9%²

If EU tariffs mitigated

Operating Income Growth

Financial Services Segment

+75% – 85%

Capital Expenditures

\$190 – 220M

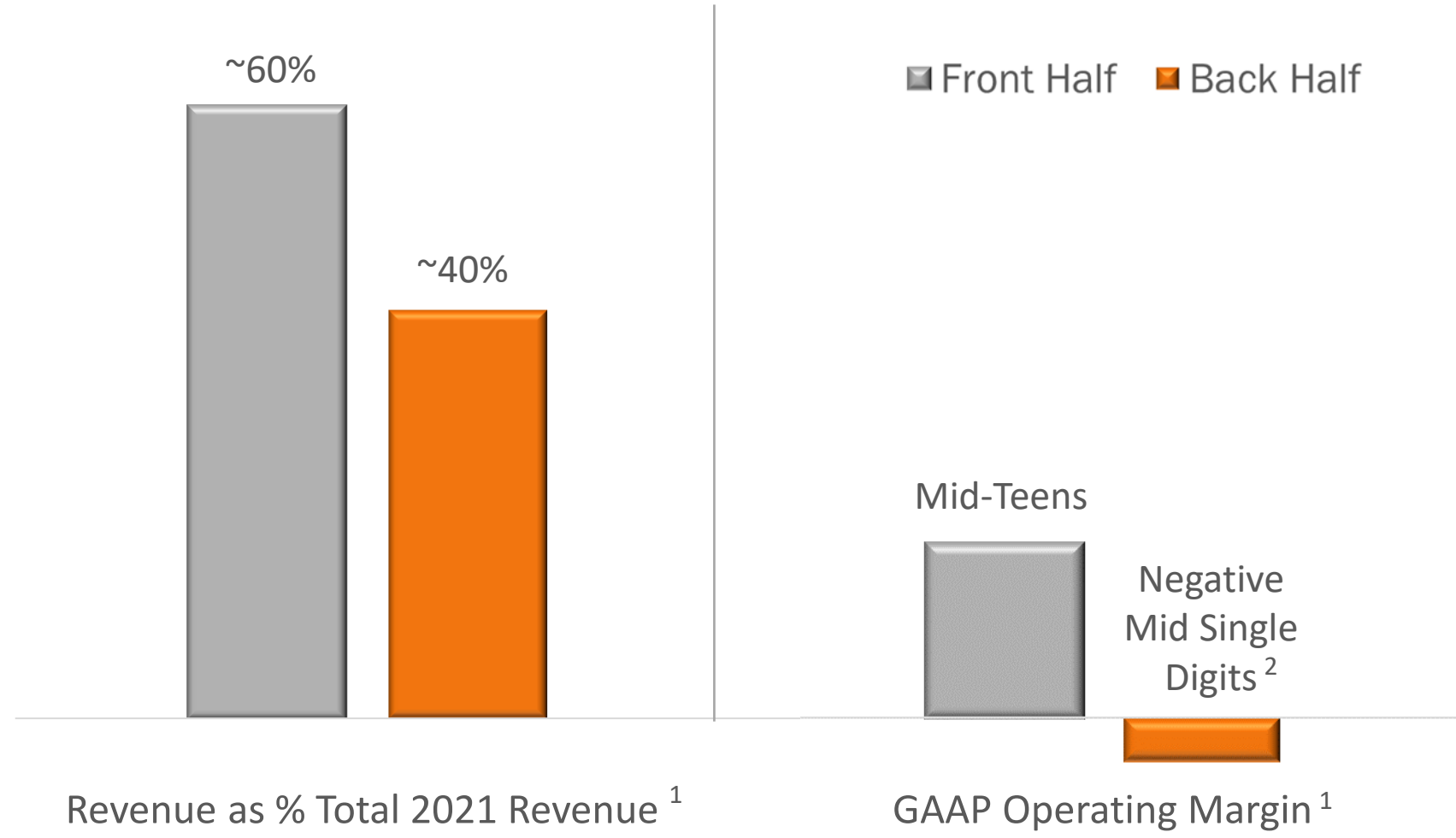
¹ Assumes the EU tariffs remain at 31% for the majority of Q3 & Q4 2021, with a total impact of ~\$80M.

² Assumes tariffs are materially mitigated for the vast majority of Q3 & Q4 2021.



Expected Motorcycles Segment Revenue & Op Margin Phasing

Seasonality and model year launch timing impacting phasing of revenue & margin



¹ Expected results

² Back half Operating Margin % would be 2 to 3 points better if EU tariffs are materially mitigated for the vast majority of Q3 & Q4 2021.





The Hardwire: 2021-2025 Strategic Plan

Enhance our position as the most desirable motorcycle brand in the world

PROFIT FOCUS

Investing in our strongest motorcycle segments

SELECTIVE EXPANSION AND REDEFINITION

To win in attractive motorcycle segments

LEAD IN ELECTRIC

Investing in leading the electric motorcycle market

GROWTH BEYOND BIKES

Expanding complementary businesses and engaging beyond product

CUSTOMER EXPERIENCE

Growing our connection with riders and non-riders

INCLUSIVE STAKEHOLDER MANAGEMENT

Prioritizing people, planet and profit



Vision, Mission & Culture

Our vision

Building our legend and leading our industry through innovation, evolution and emotion

Our mission

*More than building machines, we stand for the timeless pursuit of adventure.
Freedom for the soul.*

Our culture

H-D#1 - Commitment to a high-performance culture



Desirability

A motivating **force** driven by emotion – it's in our DNA.

Embedded in our vision, at the heart of our mission, part of our 118-year legacy.



Our strategic ambition

HARLEY-DAVIDSON
as the most desirable
motorcycle brand in the
world.

- Design, engineer and advance the most desirable motorcycles in the world, reflected in quality, innovation and craftsmanship.
- Build a lifestyle brand, valued for the emotion reflected in every product and experience for riders and non-riders alike.
- Focus on our customers, delivering adventure and freedom the soul.





THE ICONS
COLLECTION





Selective
Expansion:

Pan
America™



MOTORBIKES > +1

GAME CHANGER: WE RIDE THE 2021 HARLEY-DAVIDSON PAN AMERICA 1250 SPECIAL

BIKE ME!
QUOD LICET IOVI, NON LICET BOVI

“Harley-Davidson’s Pan America is astonishing. It is a serious contender in the adventure bike market, and there is no doubt in my mind that Milwaukee has decided it’s going to write a whole new chapter in its storied history book, and the new Pan America is the opening paragraph.”

Boris Mihailovic: BIKE ME!

“

“This bike genuinely pushes the boundaries of technology and the sheer amount of it in this bike should silence some of the knockers who point the finger at Harley-Davidson’s cruiser range for lacking in anything new.”

Mark Holgate: Drive

DRIVETRIBE

bikesales

“And yet, here we are. Harley-Davidson hasn’t just made a good adventure bike, it has made a bloody great one. And it is going to have a lot of rusted-on adventure riders swallowing their words.”

Dylan Ruddy: bikesales.com.au

”



AUTO-MOTO
HARLEY-DAVIDSON
SORT DES SENTIERS
BALISÉS

La vocation de grande routière de la Pan America est confirmée par une belle autorotie, un régulateur de vitesse et une connectivité gérée par un écran tactile couleur de 6,8 pouces.

LE CONSTRUCTEUR AMÉRICAIN SE LANCE SUR LE SEGMENT PORTEUR DU GROS TRAIL ROUTIER AVEC UNE PAN AMERICA ORIGINALE ET PARFAITEMENT ABOUTIE.

JEAN-LOU COLIN

La marque Harley-Davidson traversant des temps difficiles, l’annonce, il y a deux ans, de l’arrivée dans sa gamme d’un gros trail

re antérieure du genre, à concurrencer d’entrée des marques aussi établies dans ce domaine que BMW, Ducati ou KTM, n’est en effet pas un mince exploit. D’autant que, refusant la facilité, le constructeur américain ne s’est pas contenté de copier les références européennes : il réinterprète

qui, avec son phare rectangulaire, évoque inmanquablement le style Shark Nose de l’emblématique modèle Road Glide. On aime ou on n’aime pas, mais cela a au moins le mérite de l’originalité. Entièrement nouveau, le moteur reprend de son côté l’architecture bicylindre en V



“This is a watershed moment for one of motorcycling’s great icons. Meet the 2021 Harley-Davidson Sportster S, a liquid-cooled, 121-horsepower reincarnation of the Sporty’s design and purpose.”

Selective
Expansion:

Sportster S
Reveal

“Sporty and beefy, yet slim and rugged, the new Sportster S looks like it’s ready for a barroom brawl.”



- 127M PR impressions
- 120K Reactions/comments on H-D social channels

JALOPNIK

“Just look at the thing, it looks ready to blast down a highway at a moment’s notice.”



July 21, 2021 Conference Call Slide Presentation



Invest in Electric:

LiveWire ONE
TM
Launch



ROAD/SHOW CAR FINDER ▾ REVIEWS ▾ BEST CARS ▾ NEWS ▾ PRICES ▾ MORE ▾

LiveWire One electric motorcycle makes its debut, but don't call it a Harley

The rebranded LiveWire is still largely the motorcycle we know and love, just with a slightly new look and a friendlier price tag.

Forbes

Harley-Davidson Launches All-Electric LiveWire One



Sebastian Blanco Contributor @ Transportation

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MOTORBIKE CATÁLOGO MOTOS ENTREVISTAS EQUIPAMIENTO COMPETICIÓN EVENTOS OFF-ROAD VIDEOS Q

Livewire One 2022: ¡La moto eléctrica de Harley-Davidson se emancipa bajo una nueva marca!

Por Alejandro Álvarez

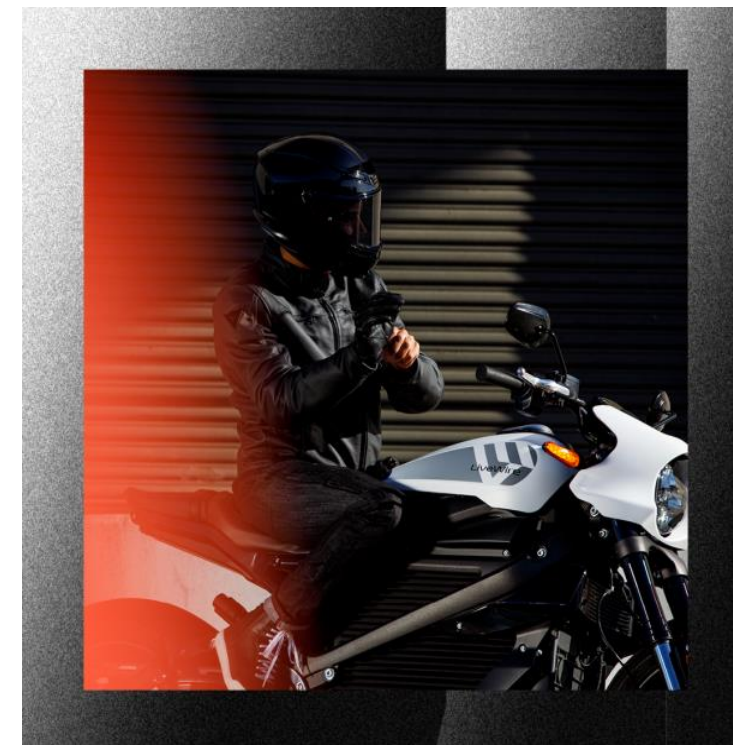
A PROFOUND AND SOULFUL EXPERIENCE

LiveWire ONE™

icn

Harley LiveWire One – Brand's First Electric Motorcycle Unveiled

HARLEY-DAVIDSON®



Growth in
Complementary
Businesses:

H-D x Momoa
Collection

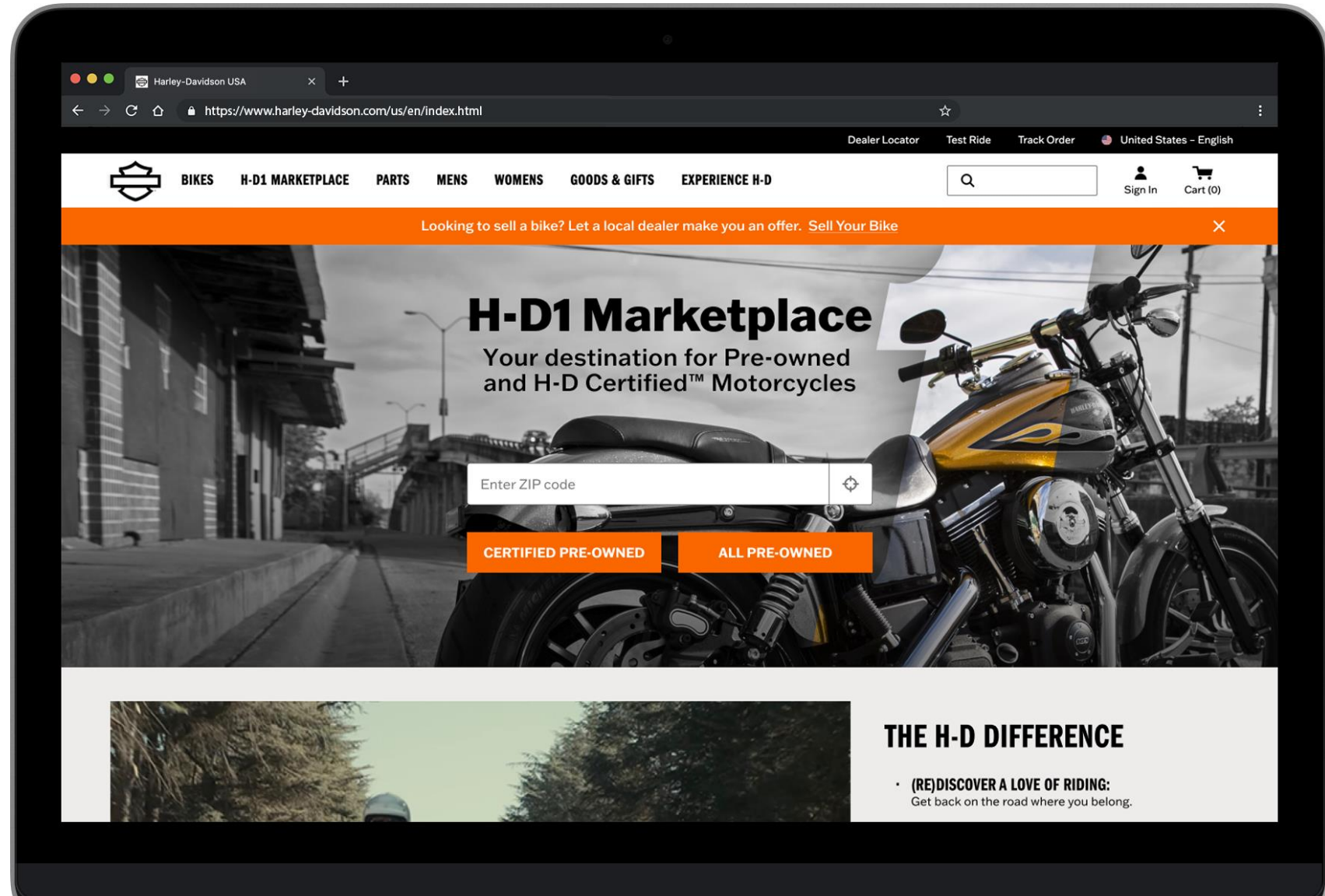


H-D® X JASON MOMOA

This limited-edition, vintage-inspired collection features iconic designs and styling that tie back to H-D's lineage while paying tribute to Jason's Polynesian heritage.

[SHOP NOW](#)





Customer Experience:

H-D1 Marketplace





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Non-GAAP Measures

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 (loss) excluding restructuring plan costs and the impact of EU tariffs
- Diluted EPS excluding restructuring plan costs and the impact of EU tariffs

Restructuring plan costs include restructuring expenses as presented in the Consolidated Statements of Operations. The impact of European Union (EU) tariffs includes incremental EU tariffs imposed beginning in 2018 on the company's products shipped from the U.S. and, beginning in 2021, on the company's products shipped from Thailand.

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



Non-GAAP Measures

RECONCILIATION OF GAAP TO NON-GAAP AMOUNTS

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

(\$ thousands, except per share amounts)	Three months ended		Six months ended	
	<u>6/27/2021</u>	<u>6/28/2020</u>	<u>6/27/2021</u>	<u>6/28/2020</u>
<u>Net income (loss) excluding restructuring plan costs and the impact of EU tariffs</u>				
Net income (loss) (GAAP)	\$ 206,340	\$ (92,217)	\$ 465,484	\$ (22,522)
Restructuring plan costs	918	41,949	552	41,949
Impact of EU tariffs	15,758	5,677	18,719	15,907
Tax effect of adjustments ⁽¹⁾	<u>(3,956)</u>	<u>(13,197)</u>	<u>(4,563)</u>	<u>(15,242)</u>
Adjustments, net of tax	<u>12,720</u>	<u>34,429</u>	<u>14,708</u>	<u>42,614</u>
Adjusted net income (loss) (non-GAAP)	<u>\$ 219,060</u>	<u>\$ (57,788)</u>	<u>\$ 480,192</u>	<u>\$ 20,092</u>
<u>Diluted EPS excluding restructuring plan costs and the impact of EU tariffs</u>				
Diluted EPS (GAAP)	\$ 1.33	\$ (0.60)	\$ 3.01	\$ (0.15)
Adjustments, net of tax per share	<u>0.08</u>	<u>0.22</u>	<u>0.10</u>	<u>0.28</u>
Adjusted diluted EPS (non-GAAP)	<u>\$ 1.41</u>	<u>\$ (0.38)</u>	<u>\$ 3.11</u>	<u>\$ 0.13</u>

⁽¹⁾The income tax effect has been computed using the estimated income tax rate for these adjustments



Tariff Update

	Communicated With Q1 Earnings	Q2 Update
Key Messages	All BOI's revoked on product from Thailand to Europe	Continued actions taken across legal and political fronts
EU Tariff Rates	31% effective April 19 th Increase to 56% on June 1 st 2022 assumed at 56%	31% effective April 19 th Increase to 56% on hold until Dec. 2022 assumed at 56%
Financial Impact Based on Above Rates	2021: \$135M 2022: \$200 - \$225M	2021: \$80M 2022: \$200 - \$225M



Forward-Looking Statements

Cautionary Note Regarding Forward-Looking Statements

The company intends that certain matters discussed in this presentation 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,” “targets,” “intend,” “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 presentation. 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 presentation are only made as of the date of this presentation, 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; and (ii) the company’s ability to: (A) execute its business plans and strategies, including The Hardwire and the evolution of LiveWire as a standalone brand, successfully execute its remodeled approach to supply and inventory management, and strengthen its existing business while allowing for desirable growth; (B) mitigate the impact of the revocation of the Binding Origin Information (“BOI”) decisions that allowed the company to supply its European Union market with certain of its motorcycles produced at its Thailand operations at a reduced tariff rate and favorably resolve risks and uncertainties related to the revocation of the BOI decisions including, among other: (1) uncertainties regarding the quantity and mix of motorcycles that the company imports into the EU; (2) whether the company will be granted temporary relief from the effect of the revocation of the BOI decisions; (3) whether the company will be successful in appealing the revocation of the BOI decisions; (4) uncertainties regarding the size and duration of the EU tariffs; and (5) whether and to what extent the company determines to attempt to pass on the impact of the revocation to dealers and its success in doing so; (C) accurately analyze, predict and react to changing market conditions and successfully adjust to shifting global consumer needs and interests; (D) successfully access the capital and/or credit markets on terms that are acceptable to the company and within its expectations; (E) successfully carry out its global manufacturing and assembly operations; (F) 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, including successfully implementing and executing plans to strengthen and grow its leadership position in Touring, large Cruiser and Trike, and growing its complementary businesses; (G) perform in a manner that enables the company to benefit from market opportunities while competing against existing and new competitors; (H) 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; (I) manage supply chain issues, including quality issues and any unexpected interruptions or price increases caused by raw material shortages or natural disasters; (J) manage the impact that prices for and supply of used motorcycles may have on its business, including on retail sales of new motorcycles; (K) realize expectations concerning market demand for electric models, which will depend in part on the building of necessary infrastructure; (L) successfully manage and reduce costs throughout the business; (M) manage through changes in general economic and business conditions, including changing capital, credit and retail markets, and the changing political environment; (N) 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; (O) develop and maintain a productive relationship with Zhejiang Qianjiang Motorcycle Co., Ltd. and launch related products in a timely manner; (P) develop and maintain a productive relationship with Hero MotoCorp as a distributor and licensee of the Harley-Davidson brand name in India; (Q) 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; (R) successfully maintain a manner in which to sell motorcycles in China and the company’s ASEAN countries that does not subject its motorcycles to incremental tariffs; (S) 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; (T) accurately estimate and adjust to fluctuations in foreign currency exchange rates, interest rates and commodity prices; (U) retain and attract talented employees, and eliminate personnel duplication, inefficiencies and complexity throughout the organization; (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) continue to manage the relationships and agreements that the company has with its labor unions to help drive long-term competitiveness; and (DD) achieve anticipated results with respect to the company’s recently launched pre-owned motorcycle program, Harley-Davidson Certified, and the successful launch of the company’s H-D1 Marketplace.

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, 2020 filed with the SEC on February 23, 2021 and Part II, Item 1A of any subsequently filed Quarterly Report on Form 10-Q, for a discussion of additional risk factors and a more complete discussion of some of the cautionary statements noted above.

