Buyout Case

Harley-Davidson Inc.

NYSE: HOG

June 2026

LINC

LUND UNIVERSITY FINANCE SOCIETY EST 1991

AGENDA

Harley-Davidson Overview

American Motorcycle Icon With Premium Brand and Significant Repositioning Potential

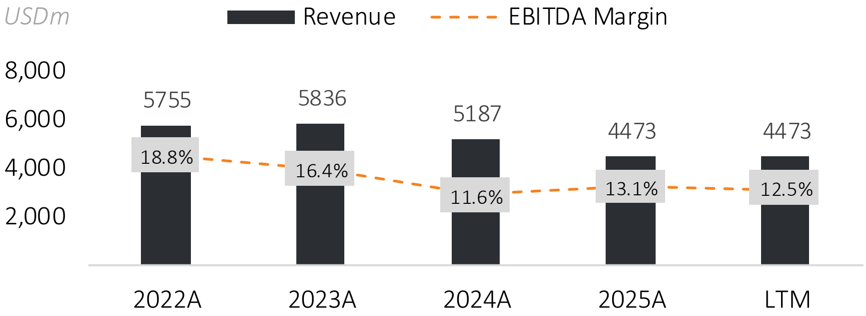
Company Description

- Founded in 1903, Harley-Davidson is one of the world's most iconic motorcycle brands and leading U.S. heavyweight motorcycle OEM
- The Company operates through three core segments:
    - **HDMC** - Designs and sells premium motorcycles, parts, and apparel
    - **HDFS** - Provides financing and insurance to customers and dealers
    - **LiveWire** - Majority owned[1] all-electric motorcycle manufacturer

Globally recognized brand with strong customer loyalty

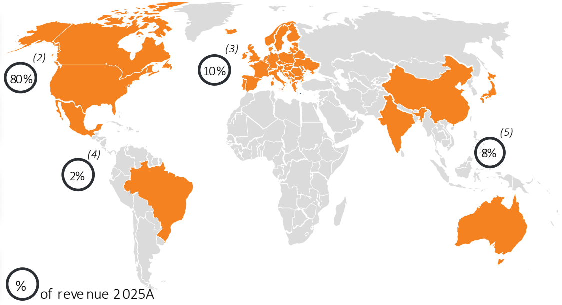
Depressed earnings with clear levers for value creation

Financial Overview



Harley-Davidson In Numbers and Sales Per Primary Geographic Region

~130,000 Bikes Annually	70% (EBITDA) FCF Conversion
4.9x EV/EBITDA	USD 1,902m EV, USDm
0.1x ND/EBITDA	USD 1.3bn Cash
35% Marketshare	USD 28k-30k Avg. Bike Value



Product Offerings

80% Harley-Davidson Motor Company	60% MC 12% Parts 8% Apparel
20% Harley-Davidson Financial Services	Dealers finance inventory through HDFS floorplan loans, while customers get retail financing for motorcycle purchases
<1% LiveWire	LiveWire develops electric motorcycles but remains low-volume and loss-making

Sources: The Company, Bloomberg

Notes: (1) in 2022 Harley spun off it's electric segment and listed it as LiveWire but still maintains a 74% ownership, (2) USA (75%) and Canada (5%), (3) EMEA, (4) Brazil and México, (5) India, Japan, China, and Australia (Asia Pacific)

Harley-Davidson Overview (cont.)

From Legacy Manufacturer to a Premium Lifestyle Brand

Value Proposition

Focused Portfolio	Clear focus on core segments → high-margin heavyweight bikes with selective innovation (eg. electric)
Premium H.O.G Community	+120 year old community with 500k+ members drive repeat purchases and long-term engagement
Dealer Expertise & Training Network	Mandatory dealer training and competetive benchmarking creating premium customer experience

Key People


15,000 shares

Artie Starrs
CEO
6 months at Harley


N/A

Willie G. Davidson
Former Chief styling officer
49 years at Harley


17,200 shares

Lori Flees
Director
1 year at Harley

Timeline

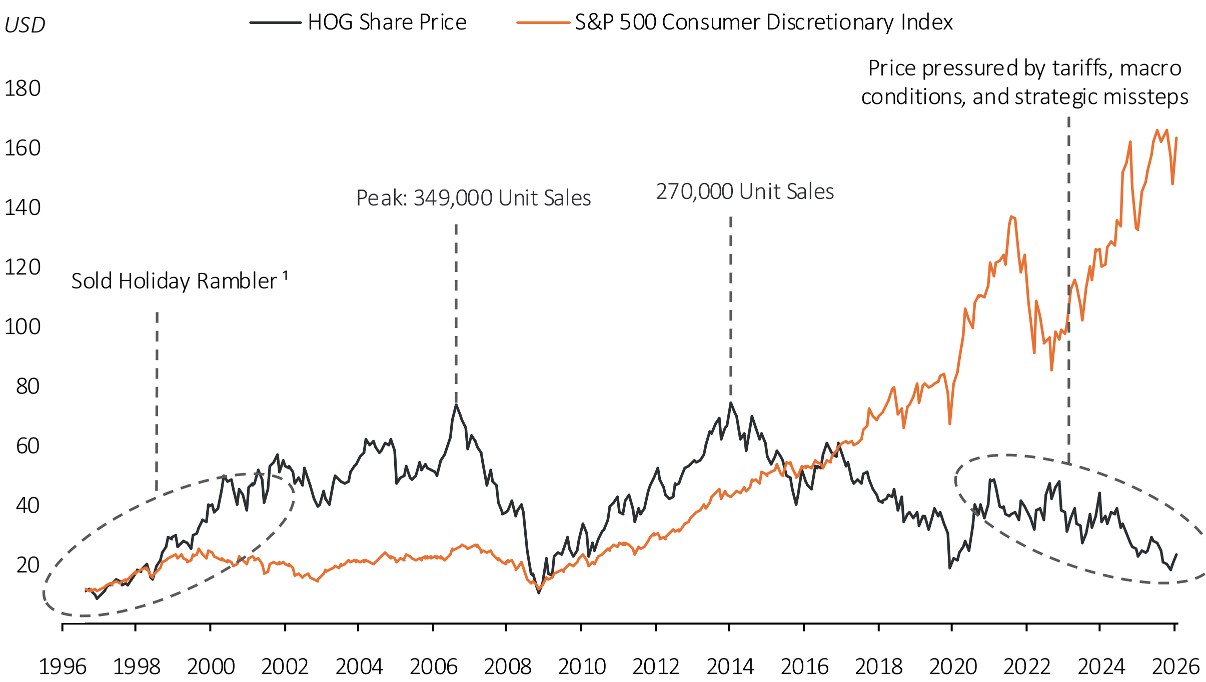
1903	1914	1930	1969	1981	1986	2019	2022
Founded in Milwaukee, Wisconsin	Supported the military during WWI and WWII	One of two motorcycle manufacturers to survive the great depression	AMF acquired Harley-Davidson	Willie G. Davidsson and 11 investors repurchased Harley-Davidsson	IPO on the NYSE Ticker: HOG	Entered the electric vehicle segment	LiveWire spun off via a SPAC

Sources: The Company, Stocktitan

Share Price Performance and Ownership

Unsatisfactory Share Performance Over the Past Two Decades

Share Price Performance



Holder	% Out	Investor Type
Vanguard	10.23%	Passive AM
BlackRock	9.37%	Passive AM
Donald Smith & Company	7.96%	Active AM
Dimensional	5.91%	Quantitative AM
Beutel Goodman Investment Counsel	5.70%	Active AM
Top 5 Shareholders	39.17%	
Fidelity Investments	5.24%	Active AM
LSV Asset Management	4.55%	Quantitative AM
American Century Investments	3.85%	Active AM
State Street	3.34%	Passive AM
H Partners	2.24%	Activist HF
Insiders	1.03%	Insider

Sources: Bloomberg, The Company

Notes: (1) Sold Holiday Rambler motorhome unit, refocusing on core motorcycle business.; (2) Peak unit sales (349k), but demographic cracks emerging. Harley struggling to attract younger riders.

AGENDA

Key Investment Highlights

1. Divest Fully Electric LiveWire Segment
2. Rebuild Dealer Relationships
3. Sale-Leaseback
4. Organisational Reset
5. Refocus Portfolio around Core Profit Pools

Key Investment Highlights (cont.)

Exit Non-Core Assets and Refocus on Core Profitability

1) Divest LiveWire

LiveWire

Launched under former CEO Matthew Levatich, LiveWire focuses on premium electric motorcycles and charging solutions. Despite spin-off in 2022, Harley-Davidson still retains a 74% ownership.

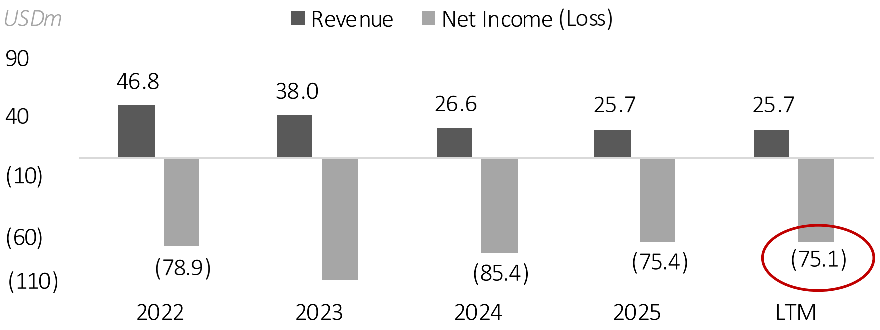
Launched under prior management to future-proof the brand, LiveWire targeted younger, urban riders through electrification and a repositioning of Harley-Davidson. ✗

However, demand has remained weak, with ~600 units sold annually versus ~125,000 for Harley, leaving the segment subscale and loss-making. ✗

Divestment becomes not only a value creation lever, but a necessity. ✓

Revenue Impact: (0.6%)	EPS Acceleration: +17%
EBIT Margin Effect: 8.6% → 10.3%	ROIC Improvements 7.0% → 8.5%
EBIT Uplift:[1] +19%	Earnings Uplift: + USD 75.1m

LiveWire Reported PnL



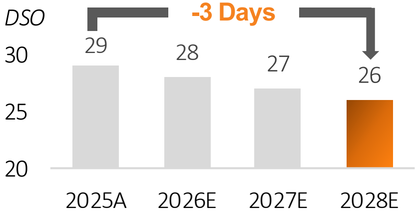
Sources: Bloomberg, The Companies, Analyst estimates
Notes: (1) No divestment proceeds expected from LiveWire due to limited standalone value

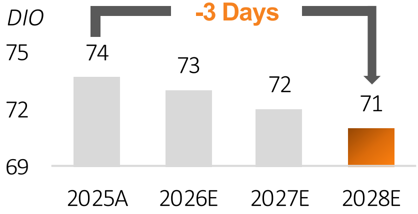
Key Investment Highlights (cont.)

Restore Distribution Efficiency and Unlock Capital from Non-Core Assets

2) Improving the Cash Conversion Cycle

	Issues	Solutions	Effects
Days Inventory Outstanding	Oversupplying dealers to meet quarterly targets	Prioritize wholesale discipline and align production with retail demand	✓ DIO decreases by 3 days from 2025 to 2028
Days Sales Outstanding	Past-due receivables up 18% YoY, driven by a rise in over 90 day accounts	Implement automated payment reminders, and stronger early-payment incentives	✓ DSO decreases by 3 days from 2025 to 2028
Cash Conversion Cycle	Inefficient cash conversion across the dealer network	Optimize working capital management across operations	✓ CCC decreases by 6 days from 2025 to 2028[2]





3) Sale-Leaseback

Sale-Leaseback Value Potential

Buildings and Land
USD 547m BV

Tax
USD 136m

Tax
25%

Use of Deferred Tax Assets
+USD 61m

Cash in
USD 471m

Pros & Cons

✓ Cash In
USD 471m

✓ D&A Removed
USD 16m/year

✓ Capex Removed:
USD 14m/year

Yield
7.0%

Opex (Rent) 7% Yield
USD 38m/year

Potential Sale-Leaseback Counterparties

REALTY INCOME	W. P. CAREY	PROLOGIS
Leading net lease REIT with large sale-leaseback record	Expert in complex, industrial asset sale-leasebacks	Leading global idustrial real estate owner with logistical expertise

Sources: The Company, Analyst estimates

Notes: (1) Portfolio valued at book value for conservatism, despite likely higher market values due to aged asset base (2) 2025 CCC of 66 days improves to 60 days by 2028E releasing approximately USD 20.3m of cash/year

Key Investment Highlights (cont.)

Simplify Organisation and Refocus Capital toward Core Profit Pools

4) Organisational Reset

Harley-Davidson has a partially functional operating backbone, but the leadership team is too large, too complex and misaligned for an industrial turnaround.

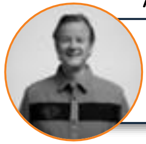
Executive Roles: 14

Post-Restructuring: 7

Opex Savings: 14 USDm

Severance Costs: 42 USDm

Artie Starrs (CEO) - Retain



Retaining Artie Starrs preserves operational momentum and strategic continuity, while enhanced equity alignment can further strengthen management's focus on long-term value creation and execution discipline.

Jonathan Root (CFO) - Transition

Retain through the initial restructuring phase for HDFS, lender and capital markets expertise before transitioning to an industrial CFO focused on manufacturing efficiency, cost discipline and margin recovery.

Matt Ryan (CMTO) - Replace

The CMTO role creates unnecessary complexity by combining unrelated functions, weakening accountability and slowing execution. Removing it simplifies the organisation without losing core capabilities.

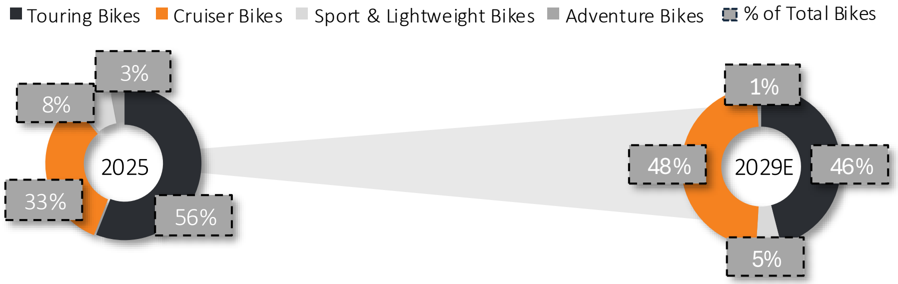
5) Shift Sales Focus Back to Harley's Core: Cruiser Bikes

	EBIT Uplift	Margin
Sales Mix	+36 USDm	+1.0pp
P&A Attach	+18 USDm	+0.5pp
Total	**+52 USDm**	**+1.5pp**

Cruiser Bike Traits

Bigger appeal to **younger riders**, broadening the customer base

Typically more customised, leading to **higher margins**



Sources: The Company, Analyst estimates

Notes: (1)"Reducing 7 executives (avg. USD 2m compensation) implies a one-off severance cost of USD 42m (7 × USD 2m × 3x), while eliminating USD 14m in annual compensation, resulting in a ~3-year payback period."

AGENDA

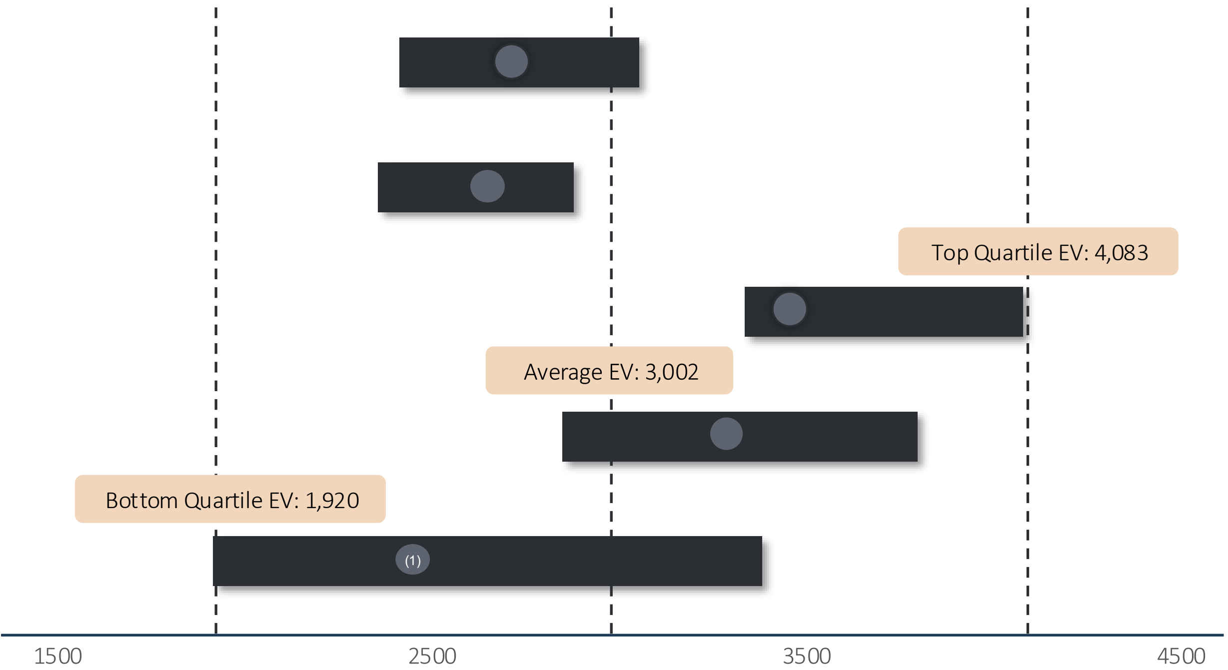
Valuation Summary

Current Valuation Methods Imply an EV Range of USD 1,920 – 4,083m

Method	
DCF Analysis	WACC: 8-10% TGR: 2%
Comparable Companies	Median EV/EBITDA at 8.7x +/- 10%
Precedent Transactions	Median EV/EBITDA at 9.6x +/- 10%
LBO Analysis	Target IRR 20.8-29.3% Exit EV/EBITDA 6x – 8x
52 Week high/Low	Low: $17.6 High: $31.2

Enterprise Value (USDm)

● Analysts' estimates



Source: Analyst estimates
Notes: (1) Current share price

Discounted Cash Flow Valuation

Discounted Cash Flow Analysis Implies an EV of USD 2,691m

Discounted Cash Flows

USDm	2025A	2026E	2027E	2028E	2029E	2030E	2031E
NOPAT (25.8%)	**286,347**	**153,450**	**223,846**	**275,743**	**316,618**	**352,477**	**214,082**
(+)D&A	172,371	170,318	142,864	143,029	144,711	149,339	158,306
(-)Capex	153,679	135,927	136,266	139,648	144,711	153,048	162,238
(+/-) △ NWC	81,632	126,353	69,793	8,823	(9,282)	(34,363)	(48,024)
FCFF	**386,671**	**288,251**	**252,704**	**222,348**	**217,725**	**204,342**	**96,670**

		WACC				
	EV	**7.0%**	**8.0%**	**9.0%**	**10.0%**	**11.0%**
TGR	**1.0%**	3,160	2,777	2,487	2,258	2,073
	1.5%	3,335	2,899	2,575	2,324	2,124
	2.0%	3,545	3,040	**2,691**	2,398	2,180
	2.5%	3,802	3,207	2,791	2,482	2,243
	3.0%	4,123	3,408	2,926	2,578	2,314

DCF Summary	
NPV 2026-2031	1,282
Terminal Value	1,409
Enterprise Value	2,691
Net Debt	(879)
Shares (m)	109
Implied Share Price	33
Current Share Price	24
Upside	**34.1%**

Source: Analyst estimates

Comments

① Near-term earnings headwinds are offset by a robust long-term value proposition, underpinned by resilient cash flow generation and a clear path to margin recovery.

② The 2031E terminal EBIT margin assumption of 7% reflects the inherent cyclicality of the business.

③ Valuation remains resilient under more conservative scenarios, while upside is driven by achievable improvements in core assumptions.

Comparable Companies

Peer Valuation Implies a 2027E Target Multiple of 8.7x EV/EBITDA

Selected Peer Group

Peer Table	Market Cap	EV	ND/EBITDA	EBITDA Margin		EV/EBITDA	
	USDm	USDm	2025A	2025A	2027E	2025A	2027E
POLARIS	3,850	5,381	3.0	7.2%	8.2%	10.4x	8.7x
YAMAHA	8,001	12,814	2.9	7.8%	10.1%	9.7x	7.1x
HONDA	38,182	94,273	13.0	9.0%	5.3%	6.8x	11.4x
WINNEBAGO IND	814	1,236	2.9	4.8%	5.7%	9.2x	7.2x
BRUNSWICK	5,395	7,421	3.7	12.4%	13.3%	11.1x	9.3x
Median	**5,395**	**7,421**	**3.0**	**7.8%**	**8.2%**	**9.7x**	**8.7x**
Average	**11,248**	**24,225**	**5.1**	**8.2%**	**8.5%**	**9.5x**	**8.7x**
HARLEY-DAVIDSON	2,827	3,222	0.1 (1)	13.1%	11.6%	4.9x	10.7x

Source: Analyst estimates, Bloomberg Terminal
Notes: (1) Includes HDMC and HDFS debt.

Leveraged Buyout Analysis

A Leveraged Buyout Analysis Implies an IRR of 20.8%

Leveraged Buyout Breakdown

USDm	2025A	2026E	2027E	2028E	2029E	2030E
Debt	-	2,315	1,663	1,471	1,257	1,011
Term Loan Repayment	-	(5)	(652)	(192)	(214)	(246)
Interest Payments	-	201	178	148	134	93
EBITDA	**387**	**207**	**302**	**372**	**427**	**475**
Entry/Exit Multiple	6.0x	6.0x	6.0x	6.0x	6.0x	6.0x
(-) Net Debt	(879)	1,415	863	771	657	511
Equity Value	**3,199**	**(174)**	**947**	**1,459**	**1,903**	**2,339**
Net Debt of HDMC / EBITDA (1)	(2.3x)	6.8x	2.9x	2.1x	1.5x	1.1x
MOIC	-	(0.2x)	1.0x	1.6x	2.1x	2.6x

Comments

① With an exit in 2030, the analysis implies a 20.8% IRR and 2.6x MOIC, supported by Total Debt/EBITDA compressing from 6.8x in 2026.

② Sensitivity analysis reveals asymmetric downside risk to offer premium and exit multiple.

		Term Loan xEBITDA				
	IRR	**3.0x**	**3.5x**	**4.0x**	**4.5x**	**5.0x**
Subordinated	**1.0x**	15.5%	16.5%	17.8%	19.6%	21.9%
	1.5x	16.2%	17.4%	19.1%	21.3%	24.5%
	2.0x	17.0%	18.6%	**20.8%**	23.9%	28.7%
	2.5x	18.1%	20.2%	23.2%	27.9%	36.2%
	3.0x	19.6%	22.6%	27.1%	35.2%	55.5%

		Offer Premium				
	IRR	**0.0%**	**10.0%**	**20.0%**	**30.0%**	**40.0%**
Exit Multiple	**4.0x**	21.6%	14.2%	8.8%	4.7%	1.4%
	5.0x	28.9%	21.1%	15.4%	11.1%	7.5%
	6.0x	34.9%	26.7%	**20.8%**	16.2%	12.5%
	7.0x	40.0%	31.5%	25.3%	20.6%	16.8%
	8.0x	44.4%	35.6%	29.3%	24.4%	20.5%

		Entry Multiple				
	IRR	**4.0x**	**5.0x**	**6.0x**	**7.0x**	**8.0x**
Exit Multiple	**4.0x**	59.0%	21.6%	8.8%	1.4%	(3.8)%
	5.0x	68.6%	28.9%	15.4%	7.5%	2.1%
	6.0x	76.5%	34.9%	**20.8%**	12.5%	6.8%
	7.0x	83.1%	40.0%	25.3%	16.8%	10.8%
	8.0x	88.9%	44.4%	29.3%	20.5%	14.3%

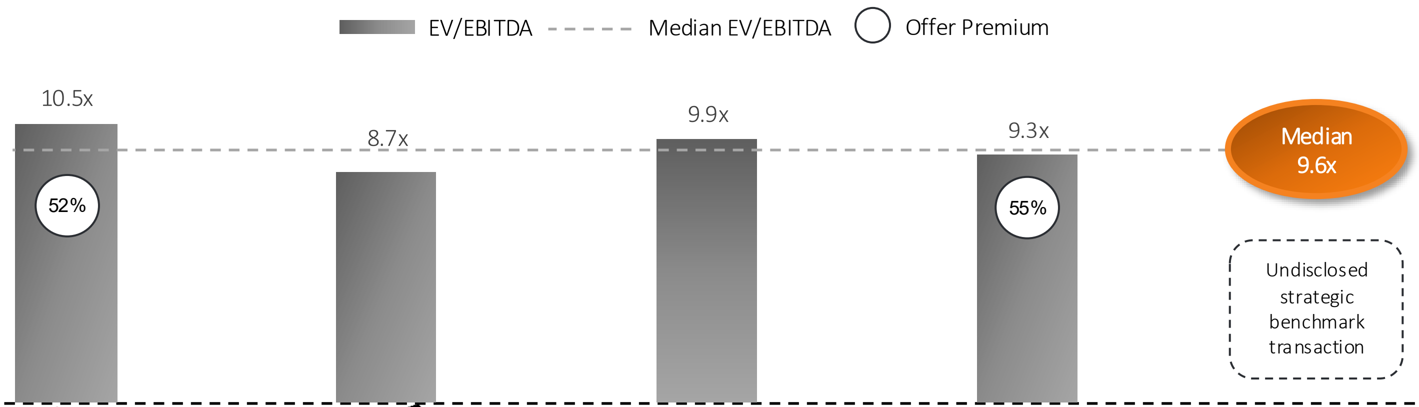
Source: Analyst estimates

Notes: (1) Only HDMC (motorcycles) debt is included in this LBO; HDFS (financing) debt is excluded as it would distort net debt if included.

Precedent Transactions

Precedent Transactions Imply a Median Target Multiple of 9.6x EV/EBITDA

Selected Precedent Transactions



Undisclosed strategic benchmark transaction

Target	MERITOR	FOX RACING	navico	NAVISTAR	Indian MOTORCYCLE
Acquirer	Cummins	VISTA OUTDOOR	BRUNSWICK	TRATON FINANCIAL SERVICES	CAROLWOOD
Year	2022	2022	2021	2021	2026
EV (USDm)	3,571	540	1,050	344	N/A

Source: Capital IQ, Bloomberg Terminal

AGENDA

Buyer Universe

Potential Strategic Buyers and Financial Sponsors

HARLEY-DAVIDSON MOTOR CYCLES

Strategic acquirers

POLARIS

HONDA

BRP

YAMAHA

PIERER MOBILITY AG

VOLKSWAGEN GROUP

BMW MOTORRAD

Financial sponsors

KKR

CAROLWOOD

APOLLO

THE CARLYLE GROUP

LEONARD GREEN & PARTNERS

BainCapital

Blackstone

Sources: The companies, AlphaSense, Capital IQ

Potentially Interested Parties

Selected Strategic Acquirers

MOTOR HARLEY-DAVIDSON CYCLES

Company	Key metrics		Comments
POLARIS	Ownership Market Cap Revenue Capacity	Public USD 3.6bn USD 7.2bn USD 400-500m	▪ U.S.- based powersports manufacturer (ATVs, side-by-sides, marine), strong North American presence. ▪ Scale focus: Operational efficiencies, cost discipline and dealer network optimization. ▪ Synergies: Opportunity to consolidate the U.S. heavyweight motorcycle segment. ▪ Previously owned Indian Motorcycle (direct competitor), bolt-ons within powersports.
HONDA	Ownership Market Cap Revenue Capacity	Public USD 31bn USD 143bn USD 30-35bn	▪ Global manufacturer of motorcycles, automobiles and power equipment, strong presence across Asia, the U.S. and Europe. ▪ Scale focus: Leverage global production, platforms and procurement. ▪ Synergies: Global distribution, procurement efficiencies, R&D, Electrification platforms. ▪ Limited M&A: attempted Nissan merger (2024-2025), focus on organic growth.
BMW MOTORRAD	Ownership Market Cap Revenue Capacity	Public USD 55bn USD 154bn USD 18-21bn	▪ Premium motorcycle division of BMW Group, strong in Europe, the U.S. and Brazil. ▪ Scope focus: Strong premium positioning, lacks exposure to heavyweight cruiser segment. ▪ Synergies: Premium brand alignment, engineering, electrification, global distribution. ▪ Husqvarna Motorcycles (Acquired 1987, divested 2013); limited recent M&A.
VOLKSWAGEN GROUP	Ownership Market Cap Revenue Capacity	Public USD 53bn USD 349bn USD 35bn	▪ Global automotive group (VW, Audi, Ducati), presence in 150+ markets. ▪ Scope focus: Portfolio expansion; Harley would complement Ducati with U.S. heritage. ▪ Synergies: Luxury brand management, EV platforms, procurement, global distribution. ▪ Ducati acquisition (2010 via Audi); extensive track record in brand acquisitions.

Sources: The companies, AlphaSense

Potentially Interested Parties (cont.)

Selected Financial Sponsors

Company	Key Metrics		Comments
KKR	AUM # of portfolio companies Latest fund size Ticket size	USD 757bn 200+ USD 23bn USD 1-5bn	▪ Global alternative asset manager with deep experience across private equity, credit, infrastructure and financial services. ▪ Existing strategic partnership with Harley-Davidson Financial Services, alongside PIMCO. This gives KKR direct familiarity with HDFS, Harley's credit book, dealer financing model and customer finance economics. ▪ Play: Further de-risk HDFS, reduce balance sheet intensity, rationalize underperforming motorcycle operations and refocus the brand around core high-margin categories.
THE CARLYLE GROUP	AUM # of portfolio companies Latest fund size Ticket size	USD 477bn 300+ USD 13bn USD 250m- 3bn	▪ Invests in aerospace, defense, financial services, healthcare and technology. Targets global companies with strong cash flows and operational improvement potential. ▪ Harley fits as an iconic but underperforming industrial/consumer brand with clear cost-out, portfolio simplification and HDFS optimization potential. ▪ Play: improve margins, streamline operations, reduce non-core exposure and use HDFS more efficiently.
BainCapital	AUM # of portfolio companies Latest fund size Ticket size	USD 205bn 180+ USD 11bn USD 500m - 4.5bn	▪ They invest across sectors with a focus on scale businesses, digital platforms, and asset-light models. North American, European and Asian presence. ▪ Harley fits Bain's consumer turnaround angle: strong brand, loyal customers and potential to improve pricing, digital engagement and product mix. ▪ Play: brand-led repositioning, simplify the product portfolio and grow higher-margin apparel.
CAROLWOOD	AUM # of portfolio companies Latest fund size Ticket size	N/A 10+ USD 478m USD 450m-1.5bn	▪ Carolwood is an LA-based PE firm focused on acquiring and repositioning complex businesses and iconic brands with untapped growth potential, selective portfolio. ▪ Carolwood recently orchestrated the successful USD 478m carve out of **Indian Motorcycle** from Polaris. ▪ Play: Strategic consolidation of these two legendary American brands.

Sources: The companies, AlphaSense

Appendix – Product Portfolio

Realign the Product Portfolio Toward Harley-Davidson's Core: Cruiser Bikes

Touring Bikes (USD 28k-110k)

46% ▼10pp

- ✓ Iconic American style and feel
- ✓ Loads of high margin customisation options
- ✗ Often perceived as an older rider type of bike

Cruiser Bikes (USD 15k-24k)

48% ▲15pp

- ✓ Core Harley-Davidson identity
- ✓ Loads of high margin customisation options
- ✗ Not at an entry-level price range

Sport Bikes (USD 10k-16k)

5% ▼3pp

- ✓ A style more appealing for younger riders
- ✗ Lower margins and less customisation
- ✗ Stuck in the middle of the market

Adventure Bikes (USD 20k-29k)

1% ▼2pp

- ✓ High-tech and capable off-road bike s
- ✗ Service-network not as established as other brands
- ✗ Heavy competition

Why focus on Cruiser Bikes?

Higher Margins: Cruiser Bikes are typically heavily customised

Core Harley Identity: Cruiser Bikes is pure Harley DNA. The most iconic model being the Fatboy, which featured in Terminator

Lower average customer age: These bikes are not associated with an older generation, such as Touring Bikes

Jonathan Granbacka

HD Sales Manager Southern Sweden

Harley Davidson is too good at listening to their customers. But, it has prevented them from becoming appealing to younger people.

Focusing on Cruiser Bikes is what I believe the future of Harley Davidson is.

Sources: Jonathan Granbacka, The Company and Analyst estimates