EXECUTIVE SUMMARY

Analyze 10 year plan

Economic policies
EV's & AV's
Changing customer segment

Analyze 10 year plan
HARLEY DAVIDSON


Legacy American Brand credited to build the motorcycling culture in North America.

History of making comebacks and meeting disruptive competitors head on.
THE 10 YEAR PLAN

- Increase US riders to 2 million
- 100 High impact motorcycles
- ROC in 25% of S&P
- International sales account for 50% of revenue
- Account for the environment and sustainability
INCREASING US RIDERS

Goal is to increase to 2 million riders

Continue projects like the Harley Davidson riding academy

Focus on maintaining strong brand identity

Look for growth in the millennial and international marketplace
100 “HIGH IMPACT VEHICLES”

100 vehicles could eat up costs and jeopardize brand

Competitors do not have a product line this deep

We see a better benefit to quality over quantity
INCREASE INTERNATIONAL SALES

Goal is to have international sales account for 50% of revenues

Large opportunity in SE Asia because of growing wealth

Bikes are seen as more of a necessity than a luxury
IMPROVE RETURN ON CAPITAL

Research acquisitions and joint venture
Continue to communicate discipline in investing activities
Provide shareholders with details of international expansion strategy
SUSTAINABILITY

Regulation on combustion engines
Social push for electric alternatives
Diversifying customer base
Improving manufacturing sources and techniques
## CUSTOMER BASE

<table>
<thead>
<tr>
<th>Location</th>
<th>Market Share</th>
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</thead>
<tbody>
<tr>
<td>USA</td>
<td>33%</td>
</tr>
<tr>
<td>Canada</td>
<td>17%</td>
</tr>
<tr>
<td>Russia</td>
<td>9%</td>
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WHO PURCHASES A HARLEY

**Current**
- 35 year old white male
- Stagnant growth but extremely loyal and connected to the Harley brand

**Future**
- Potential targets include the female, millennial, novice, and international market (SE Asia)
- The millennial and international market are the most attractive because of increase in middle class wealth
COMPETITIVE LANDSCAPE

Yamaha

BMW

Harley Davidson

Royal Enfield

Honda

Cost

Brand Image

Hero
COMPETITOR REACTION

**Honda**: Pessimistic of future, due to shift towards smaller electric motorcycles. Investing in EV and advanced rider technology.

**BMW**: High concentration in India offering sub 500cc brands. Plans for smart EV scooter (Concept Link 2021) and hi-Tech (Motorrad Vision 2040) optimistic for Motorcycle market.

**Royal Enfield**: Expand aggressively in their traditional market. Enter US and Europe directly competing against Harley. Heavy investments in emission reduction eventually transition to EV.

**Hero**: Expand global market share by entering markets with high potential. Aggressive push in EV market with investments in battery technology.
US abandonment of the Trans Pacific Partnership
Import tariffs on steel on aluminum
Phasing out of combustion engines in France, China, Vietnam, Norway, and the Netherlands
**ALTERNATIVES**

**Acquire Zero:**
Purchase private company Zero
Utilize their expertise in the electric motorcycle market

**Pros**
- Proven electronic bike technology
- Established sales channels
- Avoids engine tariffs
- Explores more US growth

**Cons**
- Initial investment
- Break away from traditional Harley brand
**Alternatives**

*Embrace retail revenues:*

Focus on bringing in revenue from urban wear apparel

**Pros**

• Builds brand image and loyalty
• Focuses on revenue from current customers

**Cons**

• Not core competency
• No international focus
**Alternatives**

**Joint Venture with Royal Enfield:**
Establish a sales and distribution network thorough a trusted legacy brand

**Pros**
- Easy access to new sales
- Mutually beneficial relationship

**Cons**
- Large upfront investment
- Have to adopt Royal Enfield sales policies and process
Recommendation

- Purchase Zero
- Joint Venture with Royal Enfield

Green Expansions
Acquisitions and Joint Venture

Acquire Zero Motorcycles ISA private company for $270 million (3 times sales)

Joint Venture with Royal Enfield $30 Million for 15-20% ownership stake in company
## OPERATING COSTS

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<thead>
<tr>
<th>Year</th>
<th>RE</th>
<th>Zero</th>
<th>Total</th>
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<tbody>
<tr>
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<td>10,000,000.00</td>
<td>60,000,000.00</td>
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<tr>
<td>y2</td>
<td>50,000,000.00</td>
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<td>54,860,000.00</td>
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<tr>
<td>y5</td>
<td>25,000,000.00</td>
<td>62,846,000.00</td>
<td>87,846,000.00</td>
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## REVENUES

<table>
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<tr>
<th>Revenues</th>
<th>Zero</th>
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<th>Total</th>
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<td>35,000,000.00</td>
<td>143,000,000.00</td>
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<td>y2</td>
<td>129,600,000.00</td>
<td>45,500,000.00</td>
<td>175,100,000.00</td>
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<td>y3</td>
<td>168,480,000.00</td>
<td>68,250,000.00</td>
<td>236,730,000.00</td>
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<td>y4</td>
<td>219,024,000.00</td>
<td>102,375,000.00</td>
<td>321,399,000.00</td>
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<tr>
<td>y5</td>
<td>284,731,200.00</td>
<td>153,562,500.00</td>
<td>438,293,700.00</td>
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<tr>
<td><strong>Total Revenue</strong></td>
<td><strong>909,835,200.00</strong></td>
<td><strong>404,687,500.00</strong></td>
<td><strong>1,314,522,700.00</strong></td>
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COSTS VS REVENUE

Graph showing costs and revenue over time. Costs decrease sharply in year 2, while revenue increases gradually. There is a flat line for the year category.
MANUFACTURING

Continue with complete knock down assembly plants in North America exporting to international markets

Implement 10 high impact vehicles in knock down plants

Utilize Zero’s expertise in electric motorcycle production
SALES AND MARKETING

North America
- Use traditional established network to reach core audience
- Target millennials

India
- Follow Royal Enfield’s current strategy
- Focus on growing market need for affordable transportation
YEARS 1-5

United States

- **Year 1**
  - Acquire Zero and “Do no harm” to Harley

- **Year 2-3**
  - Target millennial markets geographically and continue Harley training programs

- **Year 4-5**
  - Re-evaluate growth and development

India

- **Year 1**
  - Joint venture with Royal Enfield

- **Year 2-3**
  - Promote and develop both brands within market segmentations

- **Year 4-5**
  - Re-evaluate growth and development with forward thinking towards Eastern Asia
## COSTS OF ECONOMIC POLICIES

<table>
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<th>Policy</th>
<th>Estimated Cost</th>
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<tr>
<td>Short term tariff</td>
<td>15-20 Million</td>
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<tr>
<td>If no action is taken</td>
<td>90-100 Million</td>
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<tr>
<td>Cost of no TPP</td>
<td>17-200 Million</td>
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