SITUATION ANALYSIS

Dominant in US & EU market
Declining Revenues & Profits Despite market growth of 6.2%
Changing consumer needs and demographics
Regulatory & Economic environment impacting core markets
10 Year Plan International & New products

Harley the Iconic Motorcycle Brand

How should Harley Davidson adapt it’s 10 year turnaround strategy to ensure sustainable growth in new market and new customer segments?
Harley Davidson - Driving Through Disruption and claiming its position as an Iconic Brand with Global Appeal

5 Year accelerated growth strategy to establish Harley Davidson in new markets and customer segments through product innovation in electric vehicles

- $6.85 Bn Revenue 2023
- US vs International 50%:50% Achieved
- New markets and Customer segments
ANALYSIS

NICCOLO
AN OUTDATED VALUE PROPOSITION

Large engines motorcycles with classic style, superior design and quality

This value proposition appeals to middle aged men with disposable income

<table>
<thead>
<tr>
<th>The Harley customer</th>
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<tr>
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<td>Design</td>
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The Harley customer
- Status
- Design
- Quality
- Performance
- Comfort
- Community

This value proposition is not appealing to other markets and demographics

Harley Davidson current product mix is not aligned to emerging market and customer needs
**MARKET SIZE**

2017 Global market valued $73b

$57b motorcycles

$16b mopeds

↑ 3.8% CAGR → $120b

<table>
<thead>
<tr>
<th>Category mix by volume</th>
<th>USA</th>
<th>EU</th>
<th>ASIA PACIFIC</th>
<th>AFRICA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Motorcycle</td>
<td>90</td>
<td>73</td>
<td>77</td>
<td>78</td>
</tr>
<tr>
<td>Moped</td>
<td>10</td>
<td>27</td>
<td>23</td>
<td>21</td>
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Harley Davidson product line does not cater to EU or Emerging market needs.
### DIFFERENT CONSUMER NEEDS

What are the EU and Asia pacific customer needs

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KEY DRIVERS

1. EU and Asia are densely populated regions
2. Asia low-middle income
3. 2030 Combustion engines will be banned

Harley needs to focus on high value regions ➔ align product to their needs
## DIFFERENT CONSUMER NEEDS

### Market Value by Region

<table>
<thead>
<tr>
<th>Region</th>
<th>Percentage</th>
<th>Value</th>
</tr>
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<tbody>
<tr>
<td>USA</td>
<td>5.7</td>
<td>4.1b</td>
</tr>
<tr>
<td>EU</td>
<td>13.4</td>
<td>9.8b</td>
</tr>
<tr>
<td>Asia Pacific</td>
<td>64.6</td>
<td>47.1b</td>
</tr>
<tr>
<td>ROW</td>
<td>16.3</td>
<td>12b</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>100</strong></td>
<td><strong>73</strong></td>
</tr>
</tbody>
</table>

- Push into Asia - China
- Push into EV category
THE PLAN

PUSH INTO CHINA

- 1.3 bn People
- Mainly situated in cities and urban areas
- High technology adoption
- 2030 Ban

- 1 distribution facility ➔ China
- 1 Manufacturing facility plant ➔ Thailand
- 1 Regional office ➔ Singapore

PUSH INTO EV

- 2030 Ban
- Millennials embrace new tech and trends
- EV vehicles more cost effective
- EV vehicles have government subsidies

12,9b 2016 ➔ 22b 2025
RECOMMENDATIONS

RIHANA
<table>
<thead>
<tr>
<th>Alternatives</th>
<th>Growth</th>
<th>Competencies</th>
<th>Intensity of Competition</th>
<th>Sustainability Focus</th>
<th>Complexity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Launch mopeds under new Harley Sub Brand (emerging Markets)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Expand Harley Davidson into Brazil</td>
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ELECTRIC VEHICLE ROADMAP

2019

• Livewire EV product launch US & EU (planned)
• Large size Motorcycle - for US & EU Market

2021

• Lightweight EV product initially planned for 2022 – accelerate and deliver in 2021

2021

• Launch light weight EV products in US, EU & China
ENTER THE ELECTRIC VEHICLE CATEGORY

WHY

• 12.9Bn Market & growing
• Major cities and regions will phase out combustion engines by 2030
• Consumers are more environmentally conscious
• EV vehicle on roadmap

WHAT

2019 Launch of the EV Livewire in USA & EU
Reveal at EV Convention and Trade Shows and dealership network
Build strong marketing campaign around the EV value proposition
Use the US & EU market as springboard into the EV category
Establish Harley in the EV Motorcycle category – Quality & Design

OUTCOME

• New revenue streams for Harley
• Strengthen position in core markets
**HARLEY LIGHTWEIGHT EV TO CHINA**

**WHY**
- Massive market opportunity in China
- Growing middle class and urbanization
- High need for light weight commuting
- Needs aligned with the EV Value proposition
- Chinese consumer aspirational towards US brands
- 2030 ban pending

**WHAT**
- Accelerate development of light weight EV product to 2021
- Launch light weight EV vehicle under Harley Brand in China
- Establish 50 dealerships and grow to 250 within 5 years
- Planned distribution facility in China to be leveraged
- Planned Manufacturing plant in Thailand to support China Market

**OUTCOME**
- New revenue streams for Harley – international expansion
- Grow brand awareness in emerging markets
IMPLEMENTATION

JOEL
IGNITE EV LIVEWIRE IN USA

TIME LINE – June 2018 to Launch in 2019

1. Prepare dealerships for coming changes
2. Bring operations in to the fold
3. Launch through a large extended campaign
IGNITE EV LIVEWIRE IN USA

TIME LINE – June 2018 to Launch in 2019

Prepare dealerships for coming changes

Bring operations in to the fold

Launch through a large extended campaign

Take them on the journey

Ensure delivery & capabilities

Create a hype and appeal
LIVEWIRE - OPERATIONS

Factories
• Brazil
• Pennsylvania

R&D
• Regenerative brakes
• Lane departure
• Perimeter awareness

Foundation
• Accessories
• Safety protection

Pave the foundations to take Harley into the future
LIVEWIRE - LAUNCH

- Quality
- Custom
- Harley Davidson
- Experience

Unveil next vehicle convention
Attract current market
Appeal to a new market
LIGHTWEIGHT EV IN CHINA

TIME LINE – June 2018 to Launch in Jan 2021

Scout 50 new dealerships

Thailand Manufacture & China Distribution

Marketing campaign appealing to market
LIGHTWEIGHT EV IN CHINA

TIME LINE – June 2018 to Launch in Jan 2021

Scout 50 new dealerships

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Marketing campaign appealing to market

Show the appeal

Ensure delivery & capabilities

Key focus big cities
## LIGHTWEIGHT EV IN CHINA

### Consumer
- Frank
- Career starter
- Status differentiator
- Personalize
- Flexible finance

### Product
- Lightweight EV
- Customization
- Harley Davidson Riding academy
- Club events
- Merchandise
- Community

### Promotion
- Social media
- WeChat campaign
- Show the ease
- Show the eco benefits
- Peer recognition and status
# RISKS & CONTINGENCY

## Risks

<table>
<thead>
<tr>
<th>RISKS</th>
<th>MITIGATION</th>
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<tbody>
<tr>
<td>Slow adoption of EV in USA</td>
<td>- Pressure from regulatory agencies</td>
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<tr>
<td></td>
<td>- Environmentally conscious consumers</td>
</tr>
<tr>
<td></td>
<td>- Refocus on appeal and experience of Harley</td>
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<tr>
<td>Chinese market acceptance of the Harley brand</td>
<td>- Product will meet the emerging market consumer needs</td>
</tr>
<tr>
<td></td>
<td>- Built competence in EV in USA</td>
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<td>- Localized manufacturing and distribution</td>
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Adequately manage the risks through implementation
MONITORING

Livewire to the USA

Lightweight EV to China

Return to investors
Increased riders
Env conscious

Global Revenue
Products developed
Env conscious
FINANCIALS

KAVISHA
<table>
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<th>ASSUMPTIONS</th>
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<tr>
<td>Do Nothing - 2018</td>
</tr>
<tr>
<td>• Market growth 3.8%</td>
</tr>
<tr>
<td>• US sales -8.5%</td>
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| 1. US Market Capture |
| • 2019 launch EV ($10k) |
| • Dealership expansion - 200 |

| 2. China Market Capture |
| • 2021 launch lightweight ($3.k) |
| • Dealership expansion - 250 |

DISRUPTED
Declining market share and lose relevance

DIVERSIFY & STABILISE
Embrace EV technology, reestablish relevance with millennials

GROWTH
Understand emerging needs,
CONCLUSION