

Harley-Davidson, Inc.
Condensed Consolidated Statements of Income
(In thousands, except per share amounts)

| | (Unaudited) Three months ended June 30, 2019 | (Unaudited) Three months ended July 1, 2018 | (Unaudited) Six months ended June 30, 2019 | (Unaudited) Six months ended July 1, 2018 |
|--|---|--|---|--|
| Motorcycles and Related Products revenue | \$ 1,434,004 | \$ 1,525,121 | \$ 2,629,641 | \$ 2,889,068 |
| Gross profit | 454,738 | 532,085 | 802,177 | 1,005,858 |
| Selling, administrative and engineering expense | 263,587 | 276,309 | 489,015 | 530,402 |
| Restructuring expense | 10,423 | 12,370 | 24,053 | 59,212 |
| Operating income from Motorcycles and Related Products | <u>180,728</u> | <u>243,406</u> | <u>289,109</u> | <u>416,244</u> |
| Financial Services revenue | 198,615 | 188,102 | 387,358 | 366,276 |
| Financial Services expense | 123,086 | 107,561 | 253,098 | 222,156 |
| Operating income from Financial Services | <u>75,529</u> | <u>80,541</u> | <u>134,260</u> | <u>144,120</u> |
| Operating income | 256,257 | 323,947 | 423,369 | 560,364 |
| Other income (expense), net | 4,037 | 645 | 8,697 | 865 |
| Investment income | 3,571 | 2,533 | 9,929 | 3,736 |
| Interest expense | 7,784 | 7,728 | 15,515 | 15,418 |
| Income before income taxes | <u>256,081</u> | <u>319,397</u> | <u>426,480</u> | <u>549,547</u> |
| Provision for income taxes | 60,450 | 77,059 | 102,904 | 132,446 |
| Net income | <u>\$ 195,631</u> | <u>\$ 242,338</u> | <u>\$ 323,576</u> | <u>\$ 417,101</u> |
| Earnings per common share: | | | | |
| Basic | \$ 1.23 | \$ 1.45 | \$ 2.03 | \$ 2.49 |
| Diluted | \$ 1.23 | \$ 1.45 | \$ 2.03 | \$ 2.48 |
| Weighted-average common shares: | | | | |
| Basic | 158,813 | 166,589 | 159,061 | 167,364 |
| Diluted | 159,425 | 167,204 | 159,724 | 168,189 |
| Cash dividends per common share | \$ 0.375 | \$ 0.370 | \$ 0.750 | \$ 0.740 |

Harley-Davidson, Inc.
Reconciliation of GAAP amounts to Non-GAAP amounts
(In thousands, except per share amounts)

| | (Unaudited) Three months ended June 30, 2019 | (Unaudited) July 1, 2018 | (Unaudited) Six months ended June 30, 2019 | (Unaudited) July 1, 2018 |
|--|---|--------------------------------|---|--------------------------------|
| <u>Net income excluding restructuring plan costs and the impact of incremental tariffs</u> | | | | |
| Net income (GAAP) | \$ 195,631 | \$ 242,338 | \$ 323,576 | \$ 417,101 |
| Restructuring plan costs | 14,414 | 14,758 | 31,624 | 62,332 |
| Impact of incremental tariffs | 34,400 | - | 55,377 | - |
| Tax effect of adjustments ⁽¹⁾ | (11,837) | (3,579) | (21,097) | (15,116) |
| Adjustments net of tax | 36,977 | 11,179 | 65,904 | 47,216 |
| Adjusted net income (Non-GAAP) | <u>\$ 232,608</u> | <u>\$ 253,517</u> | <u>\$ 389,480</u> | <u>\$ 464,317</u> |
| <u>Diluted earnings per share excluding restructuring plan costs and the impact of incremental tariffs</u> | | | | |
| Diluted earnings per share (GAAP) | \$ 1.23 | \$ 1.45 | \$ 2.03 | \$ 2.48 |
| Adjustments net of tax, per share | 0.23 | 0.07 | 0.41 | 0.28 |
| Adjusted diluted earnings per share (Non-GAAP) | <u>\$ 1.46</u> | <u>\$ 1.52</u> | <u>\$ 2.44</u> | <u>\$ 2.76</u> |

⁽¹⁾ The income tax effect of adjustments has been computed using the company's effective income tax rate excluding discrete items.