

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

	(Unaudited) Three months ended		(Unaudited) Twelve months ended	
	December 31, 2017	December 31, 2016	December 31, 2017	December 31, 2016
Motorcycles and related products revenue	\$ 1,047,045	\$ 933,023	\$ 4,915,027	\$ 5,271,376
Gross profit	323,261	286,809	1,653,344	1,851,666
Selling, administrative and engineering expense	285,440	277,538	1,037,386	1,078,260
Operating income from motorcycles & related products	<u>37,821</u>	<u>9,271</u>	<u>615,958</u>	<u>773,406</u>
Financial services revenue	181,883	177,577	732,197	725,082
Financial services expense	118,209	117,438	456,892	449,552
Operating income from financial services	<u>63,674</u>	<u>60,139</u>	<u>275,305</u>	<u>275,530</u>
Operating income	101,495	69,410	891,263	1,048,936
Investment income	1,041	891	3,580	4,645
Interest expense	7,709	7,702	31,004	29,670
Income before income taxes	<u>94,827</u>	<u>62,599</u>	<u>863,839</u>	<u>1,023,911</u>
Provision for income taxes	86,513	15,420	342,080	331,747
Net income	<u>\$ 8,314</u>	<u>\$ 47,179</u>	<u>\$ 521,759</u>	<u>\$ 692,164</u>
Earnings per common share:				
Basic	\$ 0.05	\$ 0.27	\$ 3.03	\$ 3.85
Diluted	\$ 0.05	\$ 0.27	\$ 3.02	\$ 3.83
Weighted-average common shares:				
Basic	168,271	176,616	171,995	179,676
Diluted	169,195	177,642	172,932	180,535
Cash dividends per common share	\$ 0.365	\$ 0.350	\$ 1.460	\$ 1.400

Harley-Davidson, Inc.
Condensed Consolidated Balance Sheets
(In thousands)

	(Unaudited) December 31, 2017	December 31, 2016
<u>ASSETS</u>		
Current assets:		
Cash and cash equivalents	\$ 687,521	\$ 759,984
Marketable securities	-	5,519
Accounts receivable, net	329,986	285,106
Finance receivables, net	2,105,662	2,076,261
Inventories	538,202	499,917
Restricted cash	47,518	52,574
Other current assets	175,853	174,491
Total current assets	3,884,742	3,853,852
Finance receivables, net	4,859,424	4,759,197
Other long-term assets	1,228,506	1,277,191
	\$ 9,972,672	\$ 9,890,240
<u>LIABILITIES AND SHAREHOLDERS' EQUITY</u>		
Current liabilities:		
Accounts payable & accrued liabilities	\$ 757,419	\$ 721,970
Short-term debt	1,273,482	1,055,708
Current portion of long-term debt, net	1,127,269	1,084,884
Total current liabilities	3,158,170	2,862,562
Long-term debt, net	4,587,258	4,666,975
Pension and postretirement healthcare liabilities	173,359	257,709
Other long-term liabilities	209,608	182,836
Total shareholders' equity	1,844,277	1,920,158
	\$ 9,972,672	\$ 9,890,240

Harley-Davidson, Inc.
Condensed Consolidated Statements of Cash Flows
(In thousands)

	(Unaudited)	
	Twelve months ended	
	December 31, 2017	December 31, 2016
	<u>2017</u>	<u>2016</u>
Net cash provided by operating activities	\$ 1,005,061	\$ 1,174,339
Cash flows from investing activities:		
Capital expenditures	(206,294)	(256,263)
Finance receivables, net	(363,637)	(489,464)
Proceeds from sale of finance receivables	-	312,571
Net change in marketable securities	6,916	40,014
Other	547	411
Net cash used by investing activities	<u>(562,468)</u>	<u>(392,731)</u>
Cash flows from financing activities:		
Proceeds from issuance of medium-term notes	893,668	1,193,396
Repayments of medium-term notes	(800,000)	(451,336)
Repayments of securitization debt	(444,671)	(665,400)
Net increase (decrease) in credit facilities and unsecured commercial paper	212,809	(145,812)
Borrowings of asset-backed commercial paper	469,932	62,396
Repayments of asset-backed commercial paper	(176,227)	(71,500)
Net change in restricted cash	8,458	43,495
Dividends paid	(251,862)	(252,321)
Purchase of common stock for treasury	(465,263)	(465,341)
Excess tax benefits from share-based payments	-	2,251
Issuance of common stock under employee stock option plans	11,353	15,782
Net cash used by financing activities	<u>(541,803)</u>	<u>(734,390)</u>
Effect of exchange rate changes on cash and cash equivalents	26,747	(9,443)
Net (decrease) increase in cash and cash equivalents	<u>\$ (72,463)</u>	<u>\$ 37,775</u>
Cash and cash equivalents:		
Cash and cash equivalents - beginning of period	\$ 759,984	\$ 722,209
Net (decrease) increase in cash and cash equivalents	<u>(72,463)</u>	<u>37,775</u>
Cash and cash equivalents - end of period	<u>\$ 687,521</u>	<u>\$ 759,984</u>

Motorcycles and Related Products Revenue and
Motorcycle Shipment Data

	(Unaudited) Three months ended		(Unaudited) Twelve months ended	
	December 31, 2017	December 31, 2016	December 31, 2017	December 31, 2016
MOTORCYCLES AND RELATED PRODUCTS REVENUE (in thousands)				
Motorcycles	\$ 801,726	\$ 685,047	\$ 3,825,206	\$ 4,122,113
Parts & Accessories	168,131	169,445	804,363	842,637
General Merchandise	71,236	72,919	262,776	284,583
Other	5,952	5,612	22,682	22,043
	<u>\$ 1,047,045</u>	<u>\$ 933,023</u>	<u>\$ 4,915,027</u>	<u>\$ 5,271,376</u>
MOTORCYCLE SHIPMENTS:				
United States	26,475	20,131	144,893	161,839
International	20,723	22,283	96,605	100,382
Total	<u>47,198</u>	<u>42,414</u>	<u>241,498</u>	<u>262,221</u>
MOTORCYCLE PRODUCT MIX:				
Touring	19,353	17,943	99,745	107,410
Cruiser	19,651	14,852	87,344	93,422
Sportster [®] / Street	8,194	9,619	54,409	61,389
Total	<u>47,198</u>	<u>42,414</u>	<u>241,498</u>	<u>262,221</u>

Worldwide Retail Sales of Harley-Davidson Motorcycles⁽¹⁾

	Three months ended		Twelve months ended	
	December 31, 2017	December 31, 2016	December 31, 2017	December 31, 2016
United States	23,195	26,077	147,972	161,658
Europe ⁽²⁾	6,462	6,734	39,773	39,942
EMEA - Other	998	1,157	5,162	5,896
Total EMEA	7,460	7,891	44,935	45,838
Japan	2,512	2,648	9,506	10,279
Asia Pacific - Other	5,208	6,100	20,842	22,610
Total Asia Pacific	7,720	8,748	30,348	32,889
Latin America	2,449	2,637	9,452	9,701
Canada	1,318	1,257	10,081	10,203
Total International Retail Sales	18,947	20,533	94,816	98,631
Total Worldwide Retail Sales	42,142	46,610	242,788	260,289

⁽¹⁾ Data source for retail sales figures shown above is new sales warranty and registration information provided by Harley-Davidson dealers and compiled by the Company. The Company must rely on information that its dealers supply concerning new retail sales, and the Company does not regularly verify the information that its dealers supply. This information is subject to revision.

⁽²⁾ Europe data includes Austria, Belgium, Denmark, Finland, France, Germany, Greece, Italy, Luxembourg, Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, and the United Kingdom.

Motorcycle Registration Data⁽¹⁾

	Twelve months ended	
	December 31, 2017	December 31, 2016
United States ⁽²⁾	288,802	311,710
Europe ⁽³⁾	390,619	391,936

⁽¹⁾ Data includes on-road 601+cc models. On-road 601+cc models include dual purpose models, three-wheeled motorcycles and autocycles.

⁽²⁾ United States data is derived from information provided by Motorcycle Industry Council (MIC). This third-party data is subject to revision and update.

⁽³⁾ Europe data includes Austria, Belgium, Denmark, Finland, France, Germany, Greece, Italy, Luxembourg, Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, and the United Kingdom. Industry retail motorcycle registration data includes 601+cc models derived from information provided by Association des Constructeurs Europeens de Motocycles (ACEM), an independent agency. This third-party data is subject to revision and update.