Harley-Davidson Inc. (HOG)

Updated May 7th, 2025 by Samuel Smith

Key Metrics

Current Price:	$23.0	**5 Year CAGR Estimate:**	14.7%	**Market Cap:**	$2.8 B
Fair Value Price:	$25.8	**5 Year Growth Estimate:**	10.0%	**Ex-Dividend Date:**	6/2/25
% Fair Value:	89%	**5 Year Valuation Multiple Estimate:**	2.4%	**Dividend Payment Date:**	6/18/25
Dividend Yield:	3.1%	**5 Year Price Target**	$42	**Years Of Dividend Growth:**	5
Dividend Risk Score:	C	**Sector:**	Consumer Discretionary	**Rating:**	Hold

Overview & Current Events

Since 1903, Harley Davidson has been making American-style motorcycles. They take pride in being the pioneers of the style of bikes they manufacture and finance the sale of. Harley Davidson also makes and sells parts, accessories, merchandise and maintenance/repair services. Harley Davidson has a current market capitalization of $2.8 billion.

On May 1, 2025, Harley-Davidson reported its financial results for the first quarter of 2025. The company posted consolidated revenue of $1.33 billion, a 23% decline from the same period in 2024, primarily due to a 33% drop in motorcycle shipments to 38,600 units. Global retail motorcycle sales fell 21%, with North America experiencing a 24% decrease, EMEA down 2%, Asia Pacific down 28%, and Latin America down 6%. Despite these challenges, net income was $133 million, or $1.07 per diluted share, surpassing analyst expectations of $0.78 per share. The company's operating income margin decreased to 10.8% from 16.2% in the prior year, reflecting the impact of lower volumes and reduced operating leverage. Harley-Davidson withdrew its full-year 2025 financial guidance, citing uncertainties related to global tariffs—particularly a 145% rate on certain Chinese components—and broader macroeconomic conditions. The company estimated its tariff-related costs could reach $175 million for the year. In response, management is focusing on cost productivity measures, supply chain mitigation, tight operating expense control, and reducing dealer inventory. The financial services division, HDFS, reported revenue of $245 million, a 2% decrease year-over-year, but achieved a 19% increase in operating income to $64 million, driven by lower credit losses and operating expenses. The LiveWire electric motorcycle segment continued to face headwinds, with only 33 units sold in the quarter, a 72% decline from the previous year, resulting in a $20 million operating loss. CEO Jochen Zeitz announced plans to retire, and the company is currently seeking his successor amid pressure from activist investor H Partners, which is advocating for leadership changes due to ongoing sales declines and strategic concerns. Looking ahead, Harley-Davidson plans to introduce a more affordable, smaller-engine motorcycle next year to attract younger riders and is exploring strategic options for its financial services arm, including potential external investment.

Growth on a Per-Share Basis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
EPS	$3.62	$3.83	$3.02	$3.19	$3.04	$0.77	$4.21	$4.96	$4.87	$3.44	***$3.23***	***$5.20***
DPS	$1.24	$1.40	$1.46	$1.48	$1.50	$0.44	$0.60	$0.63	$0.66	$0.69	***$0.72***	***$0.90***
Shares[1]	184.7	176.3	168.1	159.5	152.8	153.3	153.9	146.2	136.6	126.3	***126.3***	***162.8***

Harley-Davidson is using a three-pronged approach to growth development called "New Roads". They are focused on new products, broader access, and stronger dealers. Also, new physical stores were opened in Asia to expand their market. Harley-Davidson is also expanding with e-commerce, opening a storefront on Amazon and Tmall, a large Chinese e-commerce site. That said, the company was hammered by the coronavirus outbreak and turned in a very disappointing performance in 2020, which forced them to cut their dividend that year and keep it low since then as they seek to conserve cash and retain some of their cash flows for reinvestment in their business, as well as balance sheet

[1] In millions

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repair. That said, the business has fully recovered from COVID-19 impacts and has a much rosier outlook moving forward.

Valuation Analysis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Now	2030
Avg. P/E	17.1	15.5	12.9	15.6	11.9	11.5	13.6	10.3	5.5	8.0	***7.1***	***8.0***
Avg. Yld.	1.7%	2.2%	2.8%	3.1%	3.9%	4.3%	4.2%	1.6%	2.6%	2.1%	***3.1%***	***2.2%***

Based on their historical averages and a recent recovery in the company's performance due to COVID-19 headwinds dissipating in the U.S., we assume a fair value multiple of 8 times earnings. As a result, we expect a tailwind to total returns from the valuation. We expect the yield to dip to around 2% moving forward.

Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
Payout	34%	37%	48%	46%	49%	57%	14%	13%	14%	20%	***22%***	***17%***

Harley-Davidson has a competitive advantage with its history, unique style and name brand recognition. Harley-Davidson has crafted their image through careful marketing such as licensing deals with TV shows such as 'Sons of Anarchy' that convey the brand's image.

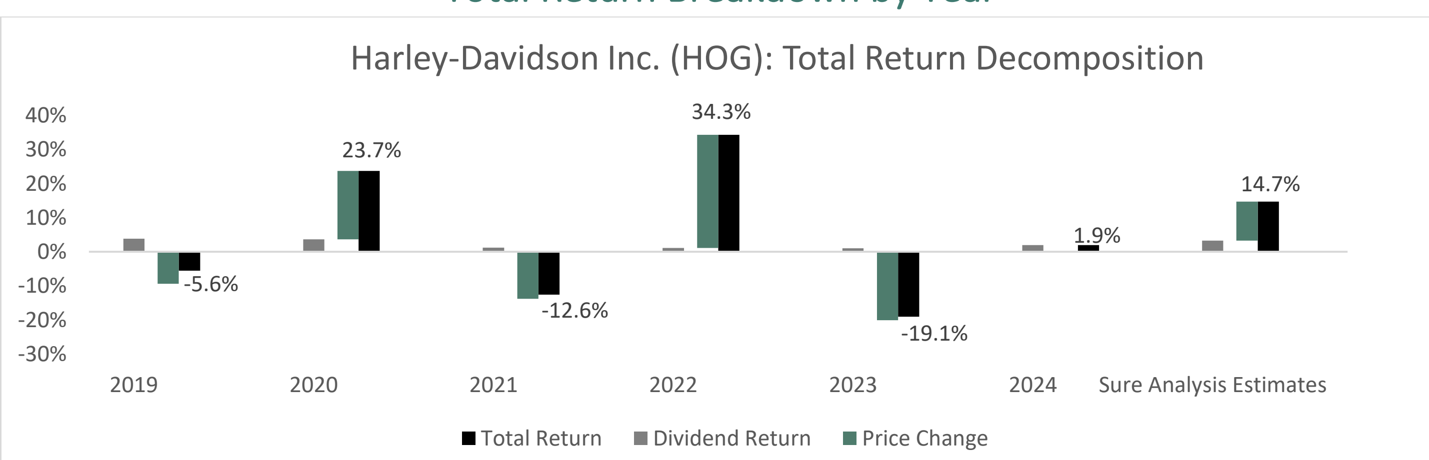
The company's dividend history has been good except for the last recession, when the dividend was cut from $1.29 in 2008 to $0.40 in 2009. This change came as their earnings per share fell from $3.77 in 2008 to $1.11 in 2009. As their motorcycles are mainly luxury items, Harley Davidson's sales are significantly impacted by economic downturns. During the Great Recession, Harley-Davidson was hit hard, losing 86% of its market capitalization. Earnings per share also dropped to $0.06 in 2009. The company cut its payout during the 2020 recession as well.

Harley-Davidson has a strong interest coverage ratio and is making strides towards decreasing long-term debt. The largest risk to Harley-Davidson is an economic slowdown or recession. This is highly sensitive to the United States economy as 60%+ of all retail sales in recent years were in the United States. The COVID-19 outbreak had a huge impact on sales and earnings, and we expect Harley-Davidson to see a continued recovery in demand in the coming years.

Final Thoughts & Recommendation

We expect total annualized returns for Harley-Davidson to be 14.7% over the next half-decade due to solid growth and a respectable dividend yield. However, the company's sensitivity to the economy, tariffs, and its choppy past track record make it a Hold in our view.

Total Return Breakdown by Year



Disclosure: This analyst has no position in the security discussed in this research report, and no plans to initiate one in the next 72 hours.

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Income Statement Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenue	5,995	5,996	5,647	5,717	5,362	4,054	5,336	5,755	5,836	5,187
Gross Profit	2,477	2,397	2,195	2,172	1,922	1,372	1,900	2,134	2,182	1,391
Gross Margin	41.3%	40.0%	38.9%	38.0%	35.8%	33.8%	35.6%	37.1%	37.4%	26.8%
SG&A Exp.	1,220	1,214	1,180	1,258	1,199	1,051	1,052	1,079	1,176	974
D&A Exp.	198	210	222	265	233	186	165	152	158	
Operating Profit	1,156	1,046	882	807	588	140	823	909	779	417
Operating Margin	19.3%	17.4%	15.6%	14.1%	11.0%	3.4%	15.4%	15.8%	13.3%	8.0%
Net Profit	752	692	522	531	424	1	650	741	707	455
Net Margin	12.5%	11.5%	9.2%	9.3%	7.9%	0.0%	12.2%	12.9%	12.1%	8.8%
Free Cash Flow	840	918	799	992	687	1,047	856	397	547	867
Income Tax	398	332	342	155	134	(17)	169	192	172	72

Balance Sheet Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Assets	9,973	9,890	9,973	10,666	10,528	12,011	11,051	11,492	12,141	11,882
Cash & Equivalents	722	760	688	1,204	834	3,257	1,875	1,433	1,534	1,590
Accounts Receivable	2,301	2,361	2,436	2,521	2,532	1,653	1,648	2,035	2,381	2,266
Inventories	586	500	538	556	604	523	713	951	930	746
Goodwill & Int. Ass.	54	53	63	61	75	76	71	68	70	
Total Liabilities	8,133	7,970	8,128	8,892	8,724	10,288	8,498	8,586	8,888	8,723
Accounts Payable	236	235	228	285	294	291	375	378	349	
Long-Term Debt	6,872	6,808	6,988	7,599	7,445	8,987	6,889	6,912	7,126	6,960
Shareholder's Equity	1,840	1,920	1,844	1,774	1,804	1,723	2,553	2,904	3,253	3,159
LTD/E Ratio	3.74	3.55	3.79	4.28	4.13	5.22	2.70	2.38	2.19	2.20

Profitability & Per Share Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Return on Assets	7.7%	7.0%	5.3%	5.2%	4.0%	0.0%	5.6%	6.6%	6.0%	3.8%
Return on Equity	31.7%	36.8%	27.7%	29.4%	23.7%	0.1%	30.4%	27.2%	22.9%	14.2%
ROIC	8.8%	7.9%	5.9%	5.8%	4.5%	0.0%	6.5%	7.7%	7.0%	4.4%
Shares Out.	184.7	176.3	168.1	159.5	152.8	153.3	153.9	146.2	136.6	126.3
Revenue/Share	29.43	33.21	32.66	34.33	33.98	26.34	34.43	38.53	40.22	39.21
FCF/Share	4.12	5.09	4.62	5.96	4.35	6.80	5.52	2.66	3.77	6.56

Note: All figures in millions of U.S. Dollars unless per share or indicated otherwise.