Harley-Davidson Inc. (HOG)

Updated March 2nd, 2026 by Samuel Smith

Key Metrics

Current Price:	$18	**5 Year CAGR Estimate:**	26.0%	**Market Cap:**	$2.1 B
Fair Value Price:	$24	**5 Year Growth Estimate:**	16.7%	**Ex-Dividend Date:**	3/2/26[1]
% Fair Value:	75%	**5 Year Valuation Multiple Estimate:**	5.9%	**Dividend Payment Date:**	3/17/26
Dividend Yield:	4.2%	**5 Year Price Target**	$52	**Years Of Dividend Growth:**	6
Dividend Risk Score:	F	**Sector:**	Consumer Discretionary	**Rating:**	Buy

Overview & Current Events

Harley-Davidson is an iconic American motorcycle manufacturer established in 1903, operating as a global leader in heavyweight motorcycles with an estimated 54% market share in the United States. The company manufactures motorcycles across custom, cruising, touring, adventure touring, and electric categories through its LiveWire brand. Its product portfolio includes the Touring, Street, Sportster, Softail, and Pan America models. Beyond motorcycles, Harley-Davidson generates revenue from merchandise, parts, and accessories sold through a network of over 1,400 independent licensed dealers worldwide. The company operates two main segments: Motorcycles and Related Products and Financial Services.

On February 10, 2026, Harley-Davidson reported fourth-quarter 2025 results that revealed significant challenges across the business. The company's revenue declined 28 percent year over year to $496 million, though it modestly exceeded analyst expectations, while diluted EPS registered a steep loss of $2.44, far worse than consensus and a sharp deterioration from the prior year's $117 million loss to a $279 million loss. The Motorcycles and Related Products segment reflected this pressure, with revenue down 10 percent to $379 million, gross margin deteriorating to negative 8.0 percent from negative 0.8 percent, and operating losses widening to $260 million from $214 million, underscoring substantial margin compression and weaker operating leverage. Full-year 2025 performance was similarly difficult, as revenue fell 14 percent to $4.47 billion, diluted EPS declined 19 percent to $2.78, and global retail motorcycle sales dropped 12 percent to 132,535 units, even as dealer inventory was reduced by 17 percent to better align supply with softer demand. Despite these headwinds, Harley-Davidson continued to return capital to shareholders, repurchasing $347 million of stock in 2025 and raising the Q1 2026 dividend by 4.2 percent to $0.1875 per share, signaling management's confidence in long-term cash generation. However, the outlook for 2026 remained subdued, with guidance for Motorcycles and Related Products operating income in a range of negative $40 million to positive $10 million essentially implying breakeven performance and highlighting the lack of near-term earnings visibility.

Growth on a Per-Share Basis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
EPS	$3.83	$3.02	$3.19	$3.04	$0.77	$4.21	$4.96	$4.87	$3.44	$2.78	***$0.29***	***$6.50***
DPS	$1.40	$1.46	$1.48	$1.50	$0.44	$0.60	$0.63	$0.66	$0.69	$0.72	***$0.75***	***$1.25***
Shares[2]	176.3	168.1	159.5	152.8	153.3	153.9	146.2	136.6	124.5	120.6	***114***	***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] Estimate

[2] In millions

repair. That said, the business has fully recovered from COVID-19 impacts and has a much rosier outlook moving forward. We expect earnings per share to rebound sharply over the next half-decade.

Valuation Analysis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Now	2031
Avg. P/E	15.5	12.9	15.6	11.9	11.5	13.6	10.3	5.5	8.0	6.1	***6.0***	***8.0***
Avg. Yld.	2.4%	3.7%	3.0%	4.1%	5.0%	1.0%	1.2%	2.5%	2.5%	4.2%	***3.0%***	***2.4%***

We assume a fair value multiple of 8 times earnings. As a result, we expect a headwind to total returns from the valuation. Note, however, that we assume a current normalized earnings power of $3.00, so the stock is not as overvalued as its GAAP P/E would suggest, as the adjusted P/E ratio is 6.0x. We expect the yield to dip to around 2.4% moving forward.

Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
Payout	37%	48%	46%	49%	57%	14%	13%	14%	20%	26%	***25%***	***19%***

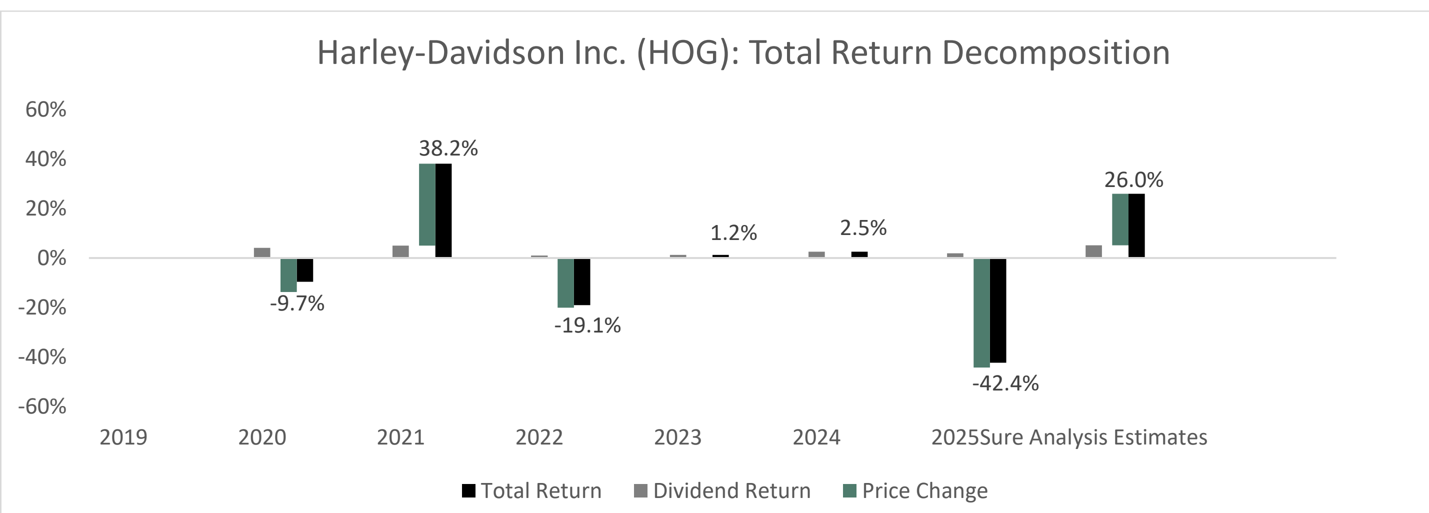
Harley-Davidson has a competitive advantage with its history, unique style and name brand recognition. Harley-Davidson has crafted their image through careful marketing such as licensing deals with TV shows such as 'Sons of Anarchy' that convey the brand's image.

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 26% over the next half-decade due to solid expected growth, valuation multiple compression, and a respectable dividend yield. As a result, we rate it a Buy.



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	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenue	5,996	5,647	5,717	5,362	4,054	5,336	5,755	5,836	5,187	4,473
Gross Profit	2,213	2,041	1,975	1,693	1,180	1,747	1,947	2,077	1,792	1,353
Gross Margin	36.9%	36.1%	34.5%	31.6%	29.1%	32.7%	33.8%	35.6%	34.6%	30.2%
SG&A Exp.	1,046	1,010	1,072	987	853	880	948	1,070	1,145	1,147
D&A Exp.	210	222	265	233	186	165	152	158	161	172
Operating Profit	1,031	898	796	560	(8)	957	932	738	447	244
Operating Margin	17.2%	15.9%	13.9%	10.4%	-0.2%	17.9%	16.2%	12.6%	8.6%	5.4%
Net Profit	692	522	531	424	1	650	739	695	445	329
Net Margin	11.5%	9.2%	9.3%	7.9%	0.0%	12.2%	12.8%	11.9%	8.6%	7.4%
Free Cash Flow	918	799	992	687	1,047	856	397	547	867	415
Income Tax	332	342	155	134	(17)	169	192	172	72	130

Balance Sheet Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total Assets	9,890	9,973	10,666	10,528	12,011	11,051	11,492	12,141	11,882	8,045
Cash & Equivalents	818	735	1,263	898	3,389	2,004	1,569	1,638	1,725	3,092
Accounts Receivable	2,361	2,436	2,521	2,532	1,653	1,648	2,035	2,381	2,266	1,472
Inventories	500	538	556	604	523	713	951	930	746	731
Goodwill & Int. Ass.	64	63	61	75	76	71	68	70	67	64
Total Liabilities	7,970	8,128	8,892	8,724	10,288	8,498	8,586	8,888	8,723	4,888
Accounts Payable	235	228	285	294	291	375	378	349	299	389
Long-Term Debt	5,752	5,715	6,463	6,917	8,003	6,168	6,169	6,298	6,368	2,539
Shareholder's Equity	1,920	1,844	1,774	1,804	1,723	2,553	2,904	3,253	3,166	3,141
LTD/E Ratio	3.55	3.79	4.28	4.16	5.24	2.72	2.40	2.21	2.22	0.97

Profitability & Per Share Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Return on Assets	7.0%	5.3%	5.2%	4.0%	0.0%	5.6%	6.6%	5.9%	3.7%	3.3%
Return on Equity	36.8%	27.7%	29.4%	23.7%	0.1%	30.4%	27.1%	22.6%	13.9%	10.4%
ROIC	7.9%	5.9%	5.8%	4.5%	0.0%	6.4%	7.6%	6.8%	4.3%	4.0%
Shares Out.	176.3	168.1	159.5	152.8	153.3	153.9	146.2	136.6	124.5	120.6
Revenue/Share	33.21	32.66	34.33	33.98	26.34	34.43	38.53	40.22	39.21	36.89
FCF/Share	5.09	4.62	5.96	4.35	6.80	5.52	2.66	3.77	6.56	3.42

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