HARLEY-DAVIDSON: BACK TO THE BRICKS, DOWN TO BREAKEVEN · PART 4 OF 4

THE BRICKS.

Five pillars, six targets, one dated number, and a 2027 that lands everything at once: the EBITDA target, the Sportster, and the LiveWire note.

HARLEY-DAVIDSON: BACK TO THE BRICKS, DOWN TO BREAKEVEN · THE ROUTE

THE PLAN, THE BET, THE FINAL WORD

Parts IV, V and VI of the brief, in one carousel.

PART I

THE ARITHMETIC

Add up the guidance: about zero. The subsidiary's loss exceeds the motor company's profit.

PART II

THE SALE

2025's profit was the finance company, sold. $180M a year traded for $1.25B once.

PART III

THE SUBSIDIARY

$422M consolidated. A third of the profit drag from 0.6% of revenue. Cash to May 2027.

PART IV

THE PLAN

Five pillars, six targets. The 2027 number is a 5% margin, below 2019.

PART V

THE BET

$1.6B of buybacks, and one motorcycle carrying the growth target: the 883.

PART VI

THE FINAL WORD

LiveWire didn't break Harley. It is what the new Harley can't afford.

BACK TO THE BRICKS · 5 MAY 2026 · THE FIVE PILLARS, AS WRITTEN

1 Deep appreciation of competitive advantages and legacy

"ICONIC BRAND, DIVERSIFIED AND POWERFUL REVENUE CHANNELS, AND BEST-IN-CLASS DEALER NETWORK"

2 Renewed commitment to the exclusive dealer network

"ENABLE DEALERS TO DOUBLE PROFITABILITY IN 2026 AND THEN DOUBLE IT AGAIN BY 2029"

3 Recapture share where H-D has "right to win"

"NEW MOTORCYCLES, USED MOTORCYCLES, PARTS & ACCESSORIES, AND APPAREL & LICENSING"

4 Strong financial position

"A PATH TO STRONGER FREE CASH FLOW AND EBITDA MARGIN OVER TIME"

5 Bolstered management team

"A NUMBER OF LEADERSHIP APPOINTMENTS"

The word "electric" does not appear. LiveWire is in the forward-looking factors only.

THE TARGETS, AGAINST THE RECORD

TARGET	STATED	RECORD
HDMC EBITDA	**>$350M in 2027**	≈ $190M operating income, ~5% margin. 2019: $290M. 2023: $661M.
Retail growth	Mid-single-digit CAGR	≈ 6,600 units/yr. 2019–25 CAGR: −8%
Gross margin	25–30%	2025: 24.2%. 2024: 28.0%.
Opex	<20% of sales	2025: 25.0%
EBITDA margin	10–12%	Hardwire promised 15% op margin by 2025. Got (0.8%).
Fixed cost	−$150M by 2027	“Not including LiveWire.”

Not in it: a revenue figure, EPS, free cash flow, Sportster volume, a capital-return commitment, or any LiveWire target.

THE ONLY DATED NUMBER, TRANSLATED

$350M

HDMC EBITDA · 2027

≈5%

OPERATING MARGIN · DERIVED (D&A ~$170M/YR FROM Q2 2026 ADJ. EBITDA LESS OPERATING INCOME)

HDMC ran a 6.3% margin in 2019, the year Hardwire was written to fix. **The new plan's target is below where the company stood before the old plan.**

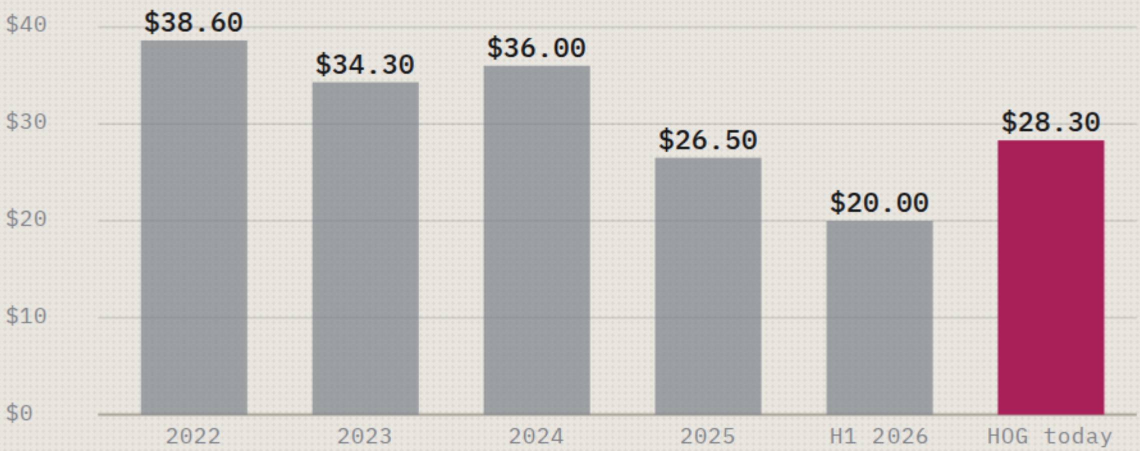
HARDWIRE, 2021–2025 · PROMISED VS DELIVERED

COMMITMENT	TARGET	FY2025
HDMC revenue	+5–7% CAGR → ~$5.5–5.9B	$3,578M · −21% vs 2021
HDMC op margin	**15% by 2025**	(0.8%)
EPS	Low-double-digit growth	$4.19 → $2.78
HDFS	Double-digit growth	$490M via a one-time sale
Cost	$400M productivity	New plan needs $150M more
Lead in Electric	100,000 LiveWires/yr from 2026	923. $422M of losses.

Every quantified target missed. Shareholders withheld **over 48%** from the CEO in May 2025; he and two directors were gone within a year.

CAPITAL RETURNED · AVERAGE REPURCHASE PRICE BY YEAR VS THE SHARE PRICE, 4 SEP 2026

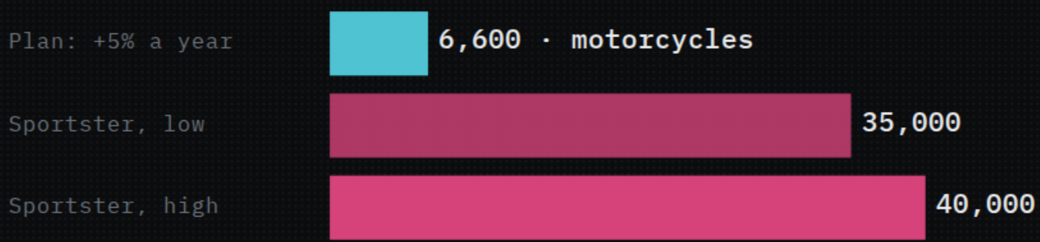
$1.63 BILLION OF BUYBACKS. 52.1M SHARES. $31.30 AVERAGE.



Those shares are worth about $1.47B at $28.30. HOG was $30.47 the day Zeitz took the job in February 2020. Market cap today: ~$2.9B, with $1.9B of cash on the balance sheet.

THE BET · WHAT THE GROWTH TARGET NEEDS VS WHAT THE SPORTSTER USED TO SELL · UNITS A YEAR

ONE MOTORCYCLE CARRIES THE GROWTH TARGET.



Starrs: the Sportster market "as recently as five, six years ago... was 35,000–40,000+ on a global basis." Recover a third of that and the 883 alone delivers two years of the plan's growth.

Raymond James, same call: "there's a reason why Sportster was discontinued, right? It was hard to make money." Starrs: the cost is now "extremely comfortable against the expected MSRP."

2027, IF EVERY TARGET LANDS ON TIME

	PLAN DELIVERED
Worldwide retail	~143,000 · **66% of 2019**
HDMC operating income	~$190M · **~5% margin**
HDFS operating income	~$80–100M · a third of 2024
LiveWire	Unaddressed · cash out mid-2027 · $85M due December
Consolidated operating income	**~$210M** with LiveWire · **~$280M** without
Dealers	~1,150, twice as profitable as 2025

A quarter of 2023's earnings. Two-thirds of 2019's motorcycles. Three-quarters of the dealers. **That is the plan, working.**

THREE THINGS THAT ARE TRUE AT ONCE

- **LiveWire did not break Harley-Davidson.** A $75M loss does not take a company from $779M to zero. Touring, tariffs, a 12% retail decline and the HDFS sale did that. The electric bet is the flattering villain.
- **LiveWire is exactly what the new Harley cannot afford.** When the motor company is guided to make $10–50M, a $70–80M loss is the difference between a profit and a loss. The plan solves this by not counting it.
- **The decision has a date.** Cash to May 2027. Note due December 2027. EBITDA target: 2027. Nobody has said what the decision is.

WHICH BRICK IS LIVEWIRE UNDER?

Back to the Bricks has five pillars, six targets and a two-year clock. It is scored on the motor company. Harley-Davidson, Inc. is not the motor company. It is HDMC, plus a finance company sold forward, minus a subsidiary guided to lose more than HDMC makes, with a note due in the plan's own target year.

Full brief: 16 sections in six parts, every source linked, open items and corrections published.
weppner58-moto.github.io/ground-truth/groundtruth/02