Harley Considers $47 Million Loss 'Strong Progress'

MILWAUKEE (AP) — Harley-Davidson Inc. cut its fourth-quarter loss, getting a ride from a restructuring and a strong performance from its financial services unit even as motorcycle sales slumped.

The Milwaukee company on Tuesday reported a net loss of $46.8 million, or 20 cents per share, a vast improvement over the $218.7 million, or 94 cents per share, that it lost in the same period a year ago.

The company would have made money for the quarter without an $85 million charge from buying back senior notes.

Harley said it lost $42.1 million, or 18 cents per share, from continuing operations.

Revenue for the quarter rose nearly 20 percent to $917 million, thanks to the financial services unit. Harley-Davidson Financial Services contributed $43.5 million in operating income.

The performance beat Wall Street estimates. Analysts polled by FactSet expected a loss of 24 cents per share on revenue of $853.8 million.

But motorcycle sales for the quarter were down 1 percent worldwide and 0.2 percent in the U.S.

Shares of Harley-Davidson were up one cent to $36.50 in pre-market trading.

For the full year, Harley reported net income of $146.5 million, to 62 cents per share, versus a loss of $55.1 million, or 24 cents per share, in 2009.

CEO Keith Wandell said in a statement that the company feels good about its full-year results.

"We have made strong progress at transforming our business to be leaner, more agile and even more effective at delivering great products and customer experiences," Wandell said.

During the quarter, the company shipped 44,481 Harley-Davidson motorcycles to dealers worldwide, up 24 percent from the year-ago quarter as Harley started to replenish dealer inventories.

For the full year, global motorcycle sales dropped 8.5 percent compared with 2009, with the company selling 222,110 Harley-Davidsons. The company shipped 210,494

cycles, 5.6 percent fewer than the previous year.

Harley said it expects to ship 221,000 to 228,000 motorcycles this year, an increase of 5 to 8 percent as it continues to refill its dealerships. Harley also expects its gross profit margin to run between 34 and 35 percent, and full-year capital expenditures of $210 million to $230 million.

The company also cut $10 million to $25 million from its estimate for restructuring that began in 2009. It now expects total one-time charges of $495 million to $510 million into 2012, including $85 million to $95 million worth of charges in 2011.

Restructuring should bring annual savings of $290 million to $310 million starting in 2013, the company said.

Last year, the company had restructuring charges of $164 million and savings of $172 million, Harley said in its statement.

Harley-Davidson also said it will begin talks this week on a new labor agreement at its Kansas City, Mo., factory operations, even though the contract doesn't expire until July of 2012. Harley said it has told unions that Kansas City has to become more competitive and flexible "if those operations are to remain viable."

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