

## Harley-Davidson 3Q Profit Falls 27 Percent

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The Associated Press

MILWAUKEE (AP) — Harley-Davidson Inc. said Tuesday that its third-quarter net income fell 27 percent as motorcycle shipments slowed because of the start of a new production system at the company's biggest assembly plant.

The Milwaukee-based company said it made \$134 million, or 59 cents per share, during the quarter. That compares with \$183.6 million, or 78 cents per share, a year earlier. Revenue was down 11 percent to \$1.25 billion because of the previously announced manufacturing slowdown.

The earnings matched Wall Street estimates. Analysts polled by FactSet expected earnings of 59 cents per share on revenue of \$1.1 billion.

"We believe our U.S. dealers' third-quarter new motorcycle sales were adversely affected by a limited availability of new motorcycles in July, August and early September," CEO Keith Wandell said in a statement. "As U.S. dealer inventory returned to more appropriate levels and the new 2013 motorcycles became more available, retail sales responded positively and gained momentum as we exited the quarter."

Harley put the new production system in place at its factory in York, Pa., during the quarter, and it also moved the annual new model launch from late July to late August, also delaying shipments of new models, Wandell said.

The company said it still expects to ship 245,000 to 250,000 motorcycles worldwide this year, a 5 percent to 7 percent increase from 2011. Fourth-quarter shipments are expected to hit 44,500 to 49,500, down 2 percent to 12 percent from the same quarter a year ago. Harley also expects to increase production in the first half of next year to make motorcycles closer to the prime selling season.

Wandell said the company sees untapped sales opportunities, but it continues to temper expectations because of softness in the global economy.

During the third quarter, motorcycle sales fell 1.3 percent to 61,053. Sales in the U.S., Harley's biggest market, dropped 5.2 percent to 40,402. Outside the U.S., sales rose 7.6 percent to 20,651, Harley reported.

Harley's shares fell 18 cents to \$43.35 in premarket trading after closing Monday down 35 cents, or just under 1 percent, at \$43.53. They have traded as low as \$34.39 in the past year and are down almost 20 percent from their April 25 peak closing price of \$54.32.

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