Harley-Davidson 4Q Profit Short Of Street Expectations

The Associated Press

MILWAUKEE (AP) — Harley-Davidson's net income slid 33 percent in the fourth quarter compared with last year when the company booked a $51 million gain related to taxes.

Net income figures fell just shy of Wall Street profit expectations, yet shares moved in and out of positive territory in premarket trading as the company outlined cost savings from a massive retooling at the iconic motorcycle maker.

"The ambitious restructuring of our manufacturing operations, aimed at delivering better responsiveness for customers and greater operating efficiency, is now largely behind us," said Chairman and CEO Keith Wandell.

For the three months ended Dec. 31, the Milwaukee motorcycle maker earned $70.6 million, or 31 cents per share. That's down from $105.7 million, or 24 cents per share, a year earlier.

Analysts surveyed by FactSet forecast earnings of 32 cents per share.

The year-ago period included a $51 million benefit related to tax issues stemming from the sale of Italian motorcycle maker MV Agusta in 2010.

The per-share discrepancy is due to fewer shares outstanding in the current quarter.

Revenue declined slightly to $1.17 billion from $1.18 billion, hurt partly by plans for lower motorcycle shipments during the period related to a seasonal increase in production during 2013's first half.

Wall Street expected $986.9 million in revenue.

Global retail sales of Harley-Davidson motorcycles increased 7.5 percent, with unit sales up in both the U.S. and overseas.

Harley-Davidson's full-year net income climbed 4 percent to $623.9 million, or $2.72 per share, from $599.1 million, or $2.33 per share, in the previous year.

Annual revenue rose 5 percent to $5.58 billion from $5.31 billion.

The company undertook a massive overhaul after the economic downturn, honing its ability to quickly bring production in line with demand as it reshaped operations at its facilities.

For all of 2012, the company said it had realized savings of $280 million from restructuring activities initiated in early 2009. Restructuring charges were $28.5 million for the year, but only $1.6 million in the final quarter.

Harley anticipates total restricting charges this year of $13 million, bringing the total costs since 2009 to $495 million.

The extra costs related to restructuring, according to Harley, will lead to savings of about $305 million this year, rising to annual and ongoing savings of $320 starting next year.

The company said Tuesday that it anticipates shipping 259,000 to 264,000 motorcycles to dealers and distributors worldwide this year. That would be a 4.5 percent to 6.5 percent increase from a year ago.

For the first quarter, Harley-Davidson expects to ship 71,000 to 76,000 motorcycles, which would be a 10 percent to 18 percent increase from the prior-year period.

Shares of Harley-Davidson Inc. rose 60 cents to $53.80 before the market open. Shares are nearing levels last seen before the recession and were about 50 cents shy of a 52-week high before the opening bell.

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