

# AMMD

## AMERICAN MOTORCYCLE DEALER

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### Harley-Davidson sets records for quarterly revenue and earnings

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**H**ARLEY-DAVIDSON has announced record revenue and earnings per share for its third quarter. Revenue for the period was \$1.64 billion compared to \$1.43 billion in the year-ago quarter, a 14.3 per cent increase. Net income for the quarter was \$312.7 million compared to \$265.0 million, an increase of 18 per cent over the third quarter of 2005. Third quarter diluted earnings per share were \$1.20, a 25 per cent increase compared to last year's \$0.96.

Commenting on the figures, Jim Ziemer, Chief Executive Officer, Harley-Davidson said: "Harley-Davidson delivered record results for both revenue and earnings per share during the third quarter. In addition, worldwide retail sales of Harley-Davidson motorcycles grew 8.9 per cent during the quarter. With four new models and an all-new Twin Cam 96TM engine with six-speed transmission on Big Twin motorcycles, the 2007 model line has been a big hit with customers."

For the first nine months of 2006, the Company's worldwide wholesale shipments were 256,348 motorcycles.

For the full year, the Company is now expecting to ship between 349,000 and 351,000 units.

During the first nine months of 2006, the Company repurchased 17.2 million shares of its common stock at a cost of \$911.0 million. In October the board of directors of Harley-Davidson authorized a new share repurchase program for up to 20 million additional shares.

"As we look to the future," said Ziemer, "the Company believes it will continue to deliver EPS growth in the range of 11-17 per cent annually through 2009. We expect earnings growth to be driven by solid revenue growth, margin improvement and the benefits of strong, free cash flow."

Revenue from Harley-Davidson motorcycles was \$1.29 billion, an increase of \$183.2 million or 16.5 per cent over the same period last year. Shipments of Harley-Davidson motorcycles totalled 97,046 units, an increase of 9,461 units or 10.8 per cent over last year's third quarter.

Revenue from Parts and Accessories (P&A), which consists of Genuine Motor Parts and Genuine Motor Accessories, totalled \$248.4 million,

an increase of \$17.3 million or 7.5 per cent over the year-ago quarter. Revenue from General Merchandise, which consists of MotorClothes apparel and collectibles, totalled \$71.3 million, an increase of \$6.7 million or 10.5 per cent over the year-ago quarter.

Gross margin for the third quarter of 2006 was 39.9 per cent of revenue compared to 39.2 per cent gross margin for the third quarter last year. Third quarter operating margin increased to 26.5 per cent from 25.6 per cent in the third quarter of 2005.

During the third quarter, worldwide retail sales of Harley-Davidson motorcycles increased 8.9 per cent over the prior year quarter. In the U.S., retail sales of Harley-Davidson motorcycles increased 6.7 per cent for the quarter. The heavyweight motorcycle industry in the U.S. increased 0.2 per cent for the same period.

Retail sales of Harley-Davidson motorcycles grew 18.7 per cent in international markets during the third quarter of 2006 compared to the third quarter of 2005. Third quarter retail sales increased 13.7 per cent in Japan;

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#### INDUSTRY EXTRAS



Jesse Rook

Rooke Customs



Keith Terry



Kevin Berger, CEO

SUPERTRAPP®

#### CUSTOM EXTRAS

ROLAND SANDS DESIGN



CYCLE BOYZ



HOT-DOCK CUSTOM CYCLES



Havoc

Wayne Kemp Kustoms' radical build Havoc placed 7th at the Official World Championship of Custom Bike Building. See the report: pages 43-45



# Creating Havoc



AMD's annual World Championship of Custom Bike Building is rapidly developing into a showcase of new and innovative design. One example is the 7th placed Havoc, built by Wayne Kemp Kustoms



Written by  
Duncan Moore  
duncan@dealer-world.com



Photography by  
Horst Rösler  
motographer@t-online.de

**T**O PLACE in the top ten at the World Championship of Custom Bike Building needs a very special level of creativity. Wayne Kemp of Wayne Kemp Kustoms (WKK) has obviously been taking note of current trends in the world of custom building and incorporated them into his bike, Havoc.

However, just copying other ideas simply wouldn't have been enough. He had to take his bike a stage further and include some truly radical ideas.

The inspiration for the build came from Rick Steenbock, who commissioned Wayne to build the bike. His only requirement for the build was: "When I pull into the parking lot, I want everybody to say what the f... is that?"

The starting point for Havoc is a one-off twin loop

frame by WKK, raked out to 55 degrees. What makes it so special is how much it hides. Along with the oil in the frame, all the electrics are routed through the tubes, as are the air lines for the suspension. At the rear of the bike the over-length swingarm continues the clean lines, the axle plates being hidden. Any adjustment needed is made via the black chromed plates at the end of each side of the swingarm.

**W**hen it comes to fitting airride systems to custom builds, most builders tend to keep everything out of sight. However, Wayne chose to do things differently and the Platinum Air Part air shock is proudly on display below the minimal seat.

It is at the front of the bike that the innovation needed to be World Champion material is most evident. The inverted telescopic forks' legs are attached



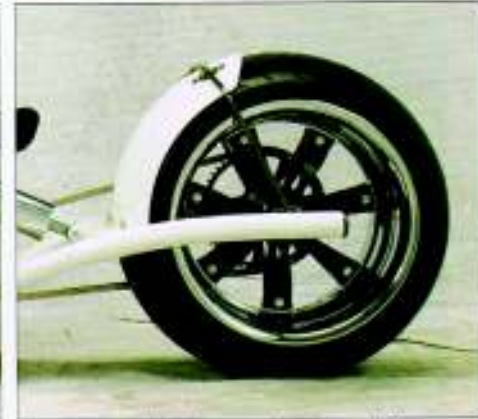
Hiding the starter, oil tank and battery creates an unusual view



The unusual fork is a one-off



The Engenuity 128ci motor sports dual Mikuni carbs



Clean lines hide clever engineering solutions

Havoc's minute headlamp is incorporated into the bars



Minimal seat support doubles as upper shock mount



The Primo primary is black chromed to match the detailing on the rest of the bike



Curved license holder visually disappears behind the primary, the only clue to its existence the tail light

in a way that defies convention: an oversized lower triple tree, which includes hidden clamp bolts, holds the legs in place. No upper triple tree is used. The riser for the bars, if it can be called that, exits through a slot in the front of the headstock. Naturally, the brake lines and axle mounts are hidden too.

Despite everything being hidden Havoc is not simply a show bike. It has been built to go, with an Engenuity 128cc motor nestled in the frame. A powerful engine in stock form, it gains even more power from a pair of Mikuni carbs, mounted on either side of the cylinders to visually balance the lines of the bike. The one-off exhaust is a WKK piece.

In order to keep the bike as clean and uncluttered as possible, a Primo Direct Drive primary has been fitted, relocating the starter inside the primary. This relocation of the starter creates an open space above the transmission, which is further exaggerated by the lack of oil tank and adds to the simplicity of the overall design. The primary transmits the power to a six-speed Baker RSD gearbox which also carries a PM brake, hidden by the final drive sprocket.

Like so much about this bike, the bodywork has been kept to the bare minimum: a fuel tank and a rear fender. The tank not only carries the fuel but also hides the electrics, including the remote ignition system. A small

The bars mount to the forks via a slot in the headstock



Mid-controls are one-offs by Wayne Kemp Kustoms



Internal controls keep the bars clean

hole in the right side of the tank to allow the throttle cable for the carb on that side of the bike to get a straight run.

The three piece wheels, designed and built specially for this project, came from Psyde Ward and are shod with an Avon front tire and a Vee Rubber rear. As mentioned, braking at the rear is handled by a transmission mounted PM disc. At the front, a custom bracket mounts a conventional caliper on a radial mount on the forks.

In keeping with the rest of the bike the controls are hidden in the bars. Both the throttle and the twist clutch run hidden cables. Easily overlooked is the bike's headlamp, a very small high-powered unit sunk into the front of the bars. The taillight, too, is designed to almost vanish from sight, mounted above a curved license plate holder that follows the contours of the back of the primary drive.

Given the reaction Havoc received while on display at the World Championship of Custom Bike Building, it is safe to say that Wayne achieved the effect Steenback wanted when he commissioned the build.



**WAYNE KEMP KUSTOMS**  
 Wichita, Kansas, USA  
 Tel: 316 267 6677  
 E-mail: [sales@bikersedge.net](mailto:sales@bikersedge.net)  
[www.bikersedge.net](http://www.bikersedge.net)



Wayne Kemp with 'Havoc'



The front brake features a custom bracket to allow it to work with the radial mount



The tank is crafted to allow the throttle line to disappear from view

