UNWAVERING
RESOLVE

POLARIS

POLARIS INDUSTRIES INC.

First Quarter 2016 Earnings Results

April 21, 2016

SAFE HARBOR

Except for historical information contained herein, the matters set forth in this document, including but not limited to management's expectations regarding 2016 sales, shipments, margins, currencies, net income and cash flow, the opportunities for expansion and diversification of the Company's business and the Company's guidance on earnings per share are forward-looking statements that involve certain risks and uncertainties that could cause actual results to differ materially from those forward-looking statements. Potential risks and uncertainties include such factors as product offerings, promotional activities and pricing strategies by competitors; manufacturing operation expansion initiatives; acquisition integration costs; warranty expenses; foreign currency exchange rate fluctuations; environmental and product safety regulatory activity; effects of weather; commodity costs; uninsured product liability claims; uncertainty in the retail and wholesale credit markets; performance of affiliate partners; changes in tax policy and overall economic conditions, including inflation, consumer confidence and spending and relationships with dealers and suppliers. Investors are also directed to consider other risks and uncertainties discussed in our 2015 annual report and Form 10-K filed by the Company with the Securities and Exchange Commission. The Company does not undertake any duty to any person to provide updates to its forward-looking statements.

The data source for retail sales figures included in this presentation is registration information provided by Polaris dealers in North America and compiled by the Company or Company estimates. The Company must rely on information that its dealers supply concerning retail sales, and other retail sales data sources and this information is subject to revision.

Non-GAAP Measure - Constant Currency Reporting. This presentation includes information regarding the Company's 2016 expectations on a constant currency basis, which is a non-GAAP measure, as well as on a GAAP basis. For purpose of comparison, the results on a constant currency basis uses the respective prior year exchange rates for the comparative period to enhance the visibility of the underlying business trends, excluding the impact of translation arising from foreign currency exchange rate fluctuations.

Scott W. Wine
Chairman & CEO

POLARIS INDUSTRIES INC.

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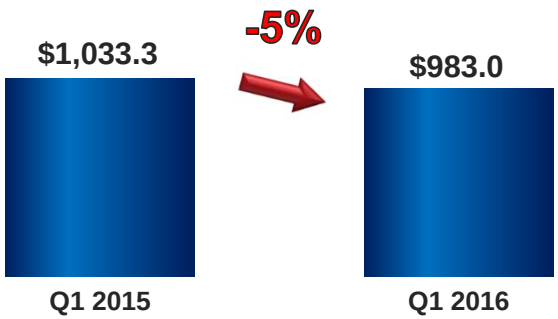
Q1 2016 Sales and Income

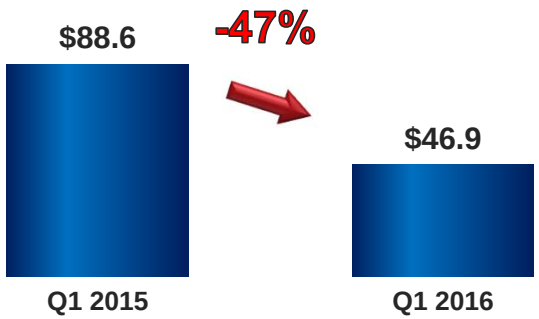
Q1 2016 Sales

($ millions)



Q1 2016 Net Income

($ millions)



Q1 sales and net income in-line with guidance

ORV/Snowmobile sales down 9%; Motorcycles up 18%; Global Adjacent Markets down 5%

Results include ~$30 million of additional costs: product liability, warranty, acquisition related costs and severance accruals

Earnings per share decreased 45% to $0.71

Gross profit margin down 324 bps from negative currency, mix and higher warranty

N.A. dealer inventory levels down 1%

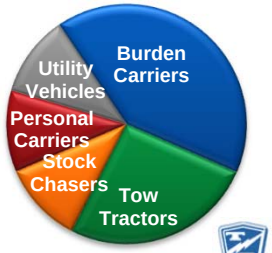
ORV down 10 percent

Q1 Results In-line with Expectations

Recent Acquisition / Organizational Changes

Taylor-Dunn → Work & Transportation

Taylor-Dunn Sales by Category

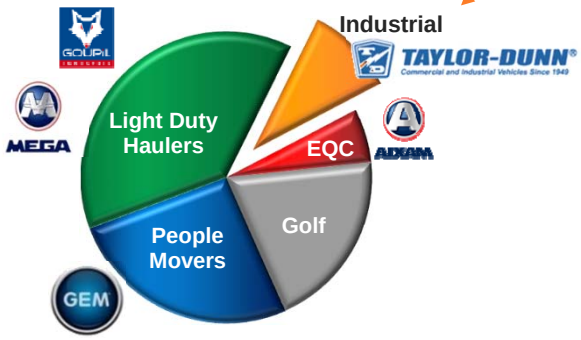




TAYLOR-DUNN® Commercial and Industrial Vehicles Since 1949

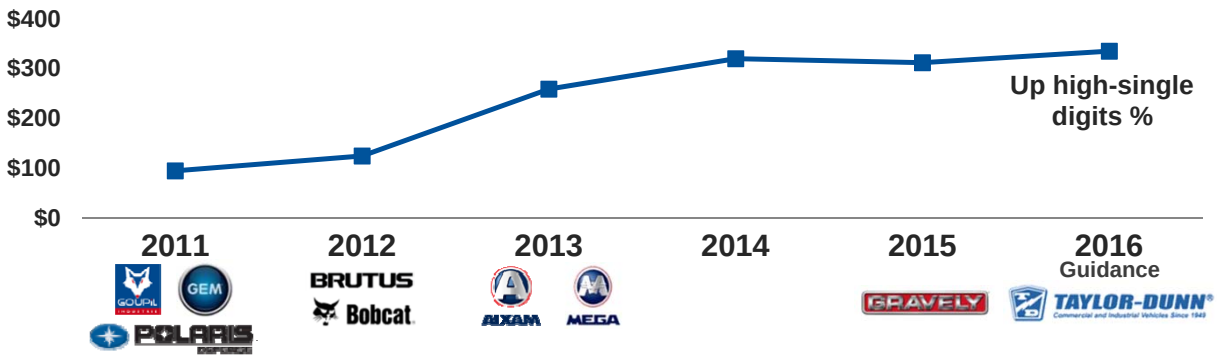
Work & Transportation

$4+ Billion Market



Global Adjacent Markets Sales*

($ in millions) *Includes PG&A



Organizational Change



Robert (Bob) Mack

SVP – Corporate Development & Strategy and President – Global Adjacent Markets

20 years as a business leader of global business operations

Previously VP of Corporate Development at Ingersoll-Rand

Extensive experience in M&A and integration

Building Businesses for Future Growth / Profitability

Vision & Strategy

VISION

Fuel the passion of riders, workers and outdoor enthusiasts around the world by delivering innovative, high quality vehicles, products, services and experiences that enrich their lives.

STRATEGY

Polaris will be a highly profitable, customer centric, $8B global enterprise by 2020. We will make the best off-road and on-road vehicles and products for recreation, transportation and work supporting consumer, commercial and military applications. Our winning advantage is our innovative culture, operational speed and flexibility, and passion to make quality products that deliver value to our customers.

Guiding Principles

Best People, Best Team

Safety & Ethics Always

Customer Loyalty

Strategic Objectives

Best in Powersports PLUS
5-8% annual organic growth

Growth through Adjacencies
>$2B from acquisitions & new markets

Global Market Leadership
>33% of Polaris revenue

LEAN Enterprise is Competitive Advantage
Significant Quality, Delivery & Cost Improvement

Strong Financial Performance
Sustainable, profitable growth
Net Income Margin >10%

Performance Priorities

Growth

Margin Expansion

Product & Quality Leadership

LEAN Enterprise

GROW SALES >$8 Billion by 2020 | 12% CAGR

INCREASE NET INCOME >10% of Sales by 2020 | 13% CAGR

Strategy and Objectives Remain Valid & Achievable

Bennett Morgan
President & COO

POLARIS INDUSTRIES INC.

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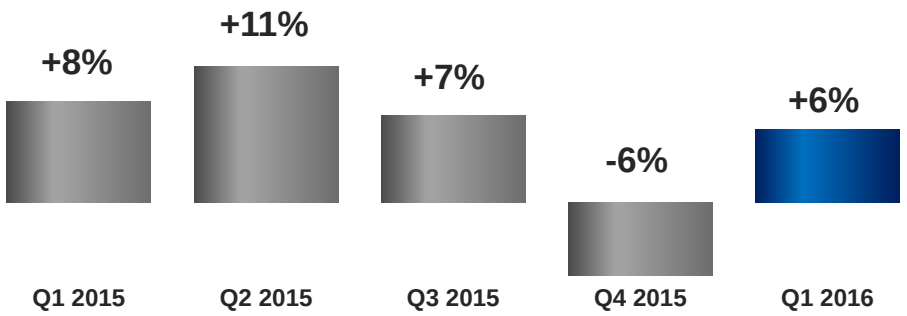
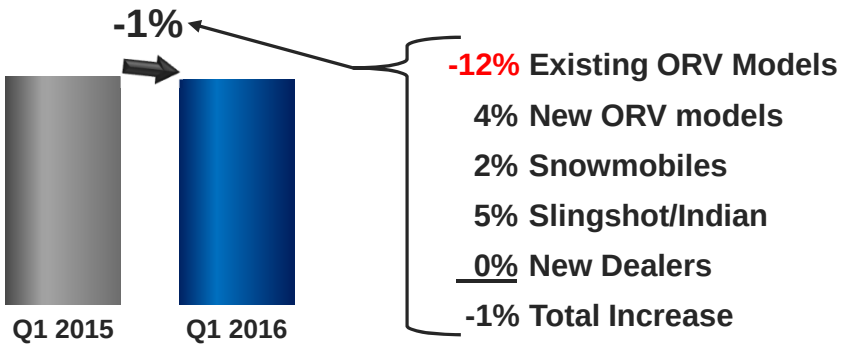
N.A. Powersports Retail Sales: Q1 2016

Polaris Retail Sales



N.A. Dealer Inventory



Polaris N.A. retail ⬆ 6% for Q1 2016 vs. Q1 2015

Polaris held Powersports share – remains clear #1

North American Industry improved sequentially vs. Q4; Q1 ⬆ similar to Polaris

Polaris Q1 2016 N.A. dealer inventory ⬇ 1% vs. Q1 2015

ORV ⬇ 10% year-over-year; *RANGER®, RZR®* and ATVs all declined

Motorcycles ⬆ significantly as expected, near targeted levels

Snowmobiles ⬆ low-twenties % due to lower snowfall in key regions

RFM business model re-engaged for motorcycles; ATVs working well; SxS to convert in Q4 2016

Retail Improved; Dealer Inventory Down vs. Q1 2015

Off-Road Vehicles (ORV)





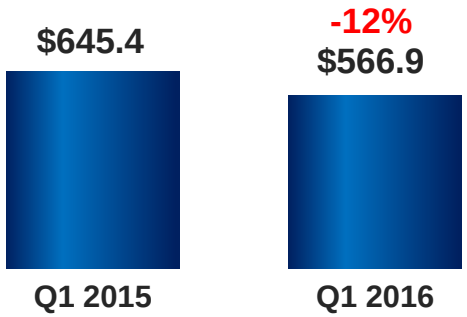






Polaris Off-Road Vehicle Sales

($ millions)





N.A. Polaris ORV retail sales flat; Industry ⬆ mid-single digits %

- ATVs ⬆ low-single digits, share slightly ⬆
- Side-by-side retail ⬇ slightly, share ⬇; Polaris GENERAL™ selling well
- Retail in oil and gas regions remains weak

Promotion and discounting environment remained aggressive

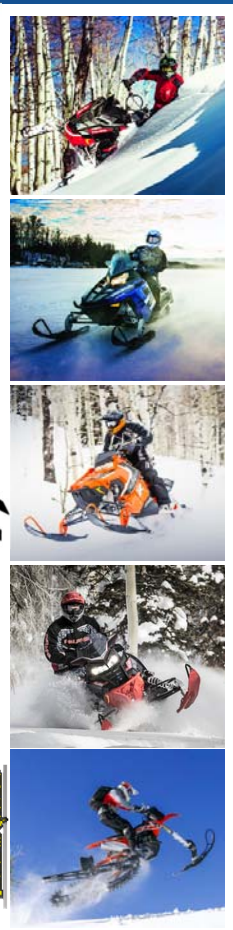
Polaris advertising shifting more towards brand vs. "the deal"

March retail sequentially better as new advertising and promotional programs began taking hold

***RZR*® recall top priority – repair parts begin shipping tomorrow, April 22nd**

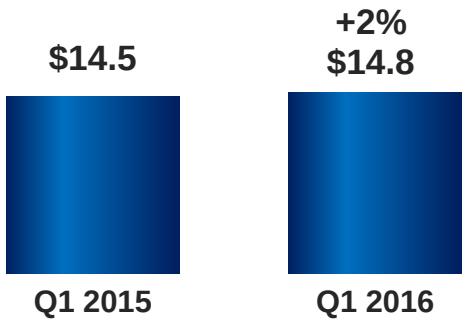
Remain Clear #1 Share Leader in Competitive Market

Snowmobiles

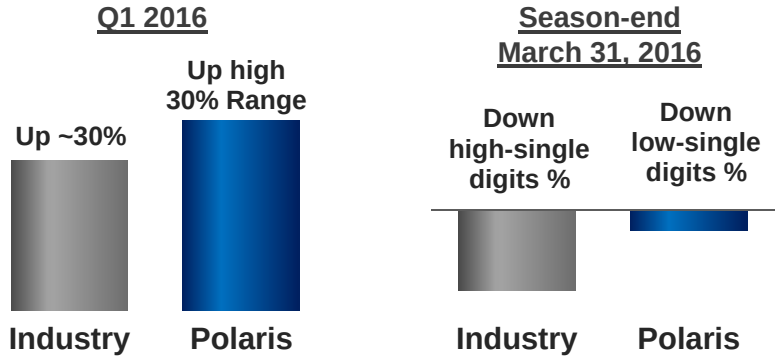


Polaris Snowmobile Vehicle Sales

($ millions)



N.A. Snowmobile Retail Sales



Polaris retail ↓ low-single digits % season-end March 31, 2016; Q1 ↑ high-thirty %

- N.A. Industry ↓ high-single digits % for the season – poor snow conditions
- Gained share in Q1 and '15/'16 season again, highest level in 13 years

Strong MY'17 introductions

- 7 new MY'17 sleds; 4 limited edition models

MY'17 build and dealer orders ↓; dealer inventory reduction

Timbersled sales increased – greater exposure, more dealers

Strong #2 and Gaining Share

Motorcycles



Est. 1998



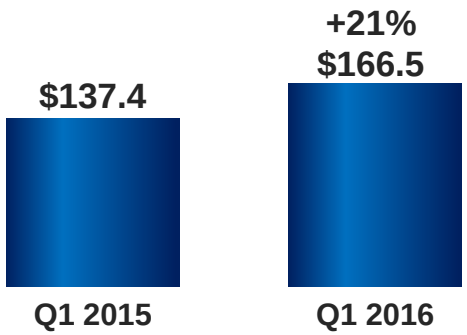
Acquired 2011



Est. 2014

Polaris Motorcycle Vehicle Sales

($ millions)



Q1 Product News



MY'17 Victory Octane™
MSRP $10,499
(Mid-sized)



MY'16 Indian Springfield™
MSRP $21,499
(Bagger/Touring)

Polaris N.A. motorcycle Q1 retail sales ⬆ low-teens %; share ⬆

- Indian ⬆ over 50%; share ⬆
- Victory retail sales and share ⬇ slightly; trend improving
- Slingshot retail sales ⬇; tough comparables (large pre-orders last year)

Indian Motorcycle distribution establishing loyal following

Spirit Lake production and paint system meeting demand

Product launch sequence continues for all brands



MY 16.5 Slingshot® White Pearl SL
Limited Edition MSRP $26,499
(Moto-Roadster)

Motorcycle Growth Continues; Production Constraints Resolved

Global Adjacent Markets

Work & Transportation





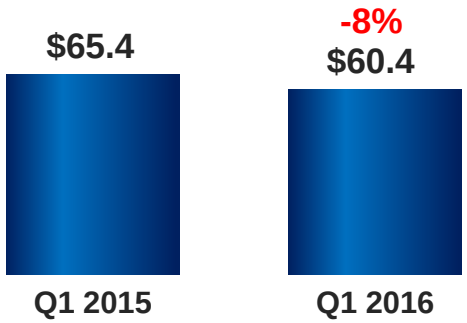


Military

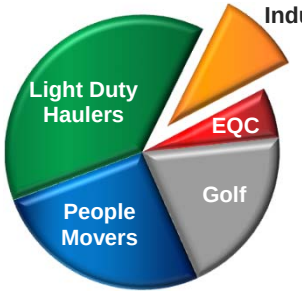


Global Adjacent Markets Vehicle Sales

($ millions)



Work & Transportation Business Expanding



TAYLOR-DUNN® Commercial and Industrial Vehicles Since 1949


Burden Carriers


Tow Tractors


Utility Vehicles


Personal Carriers


Stock Chasers

W&T Sales ⬆ low-single digits %; Aixam™, National Accounts and GEM® sales strong

Defense sales ⬇ significantly due to timing of government spending

Completed Taylor-Dunn acquisition – another leg added to adjacency business

Building a Diversified Portfolio

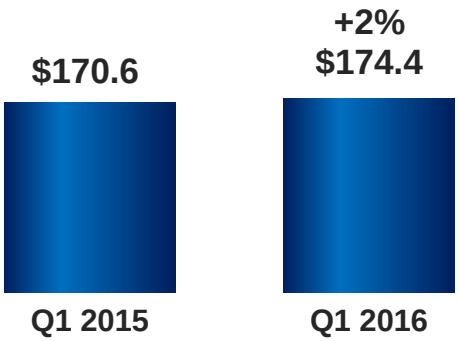
Parts, Garments & Accessories (PG&A)

Core Polaris PG&A Brands

Aftermarket Brands

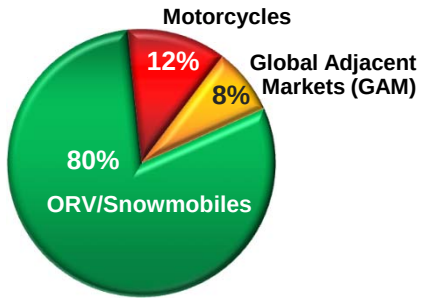
Q1 2016 PG&A Sales – All Businesses*

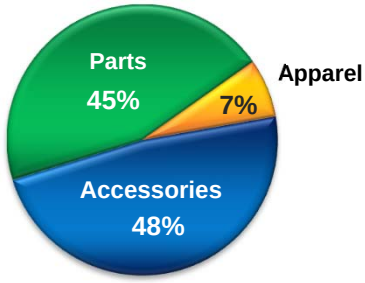
($ millions)



**Supplemental data: Beginning in 2016, PG&A sales guidance is included within each reporting segment*

Q1 2016 PG&A Sales by Segment & Category





Sales ⬆ 2% in Q1

ORV sales ⬆; Snow ⬇; Motorcycle ⬇ (initial Slingshot® stocking shipments last year); GAM ⬆

Accessories ⬇ 4% (Slingshot® sales LY), Apparel ⬆ 14%, Parts ⬆ 7%

U.S. sales ⬆ 4%; International sales ⬆; Canada ⬇ (currency)

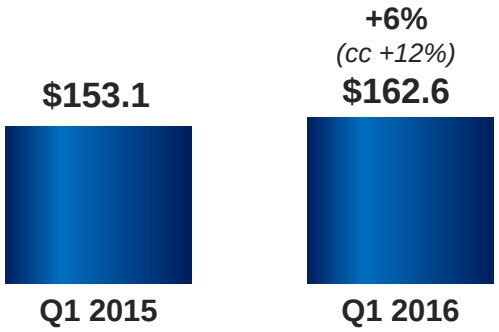
Aftermarket brands ⬆ mid-teens; core Polaris ⬆ low-single digits

PG&A Enhancing the Rider Lifestyle and Experience

International

International Sales*

($ millions) *Includes PG&A



Motorcycles up over 40% (includes Slingshot®)

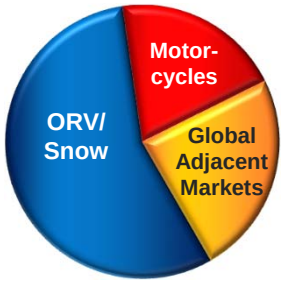
Latin America up significantly driven by ORV, Motorcycles and PG&A

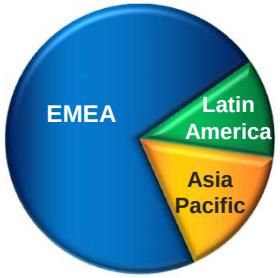
European motorcycle and ORV markets ⬆; Polaris retail outperforming in both, share ⬆

Multix Q1 on plan

Q1 2016 Sales by Product / Region

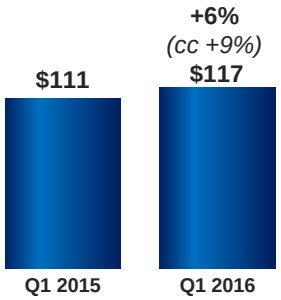
($ millions)



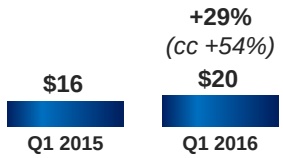


EMEA

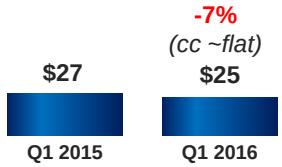
(sales $ in millions)



Latin America



Asia Pacific



Strong EMEA and Latin America Growth; Motorcycles Gaining Share

Ken Pucel
EVP Operations, Engineering & Lean

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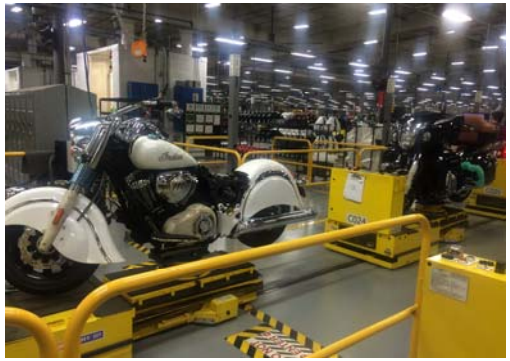
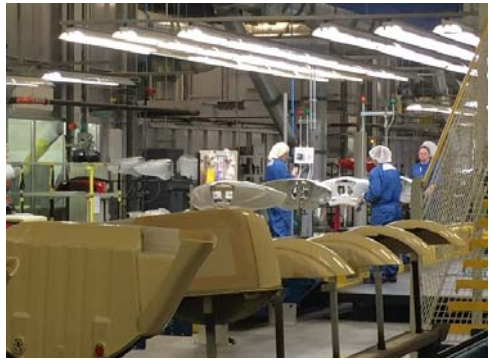
Manufacturing Facility Update

Spirit Lake





Spirit Lake producing to planned schedule

Output up over 30% in Q1

Manufacturing lead-time 75% better

Paint upgrade completed in January

Final upgrade planned for Q4

Huntsville



Commence Construction	Building Occupancy	Ranger SOP	Slingshot SOP	Injection Molding SOP	Liquid Paint SOP
Q2 2015	Q2 2016	Q2 2016	Q3 2016	Q3 2016	Q3 2016

Huntsville production to start in Q2 as planned

Initially produce *RANGER*® SxS; Slingshot® to start in Q3

Added capacity provides flexibility and improved efficiencies

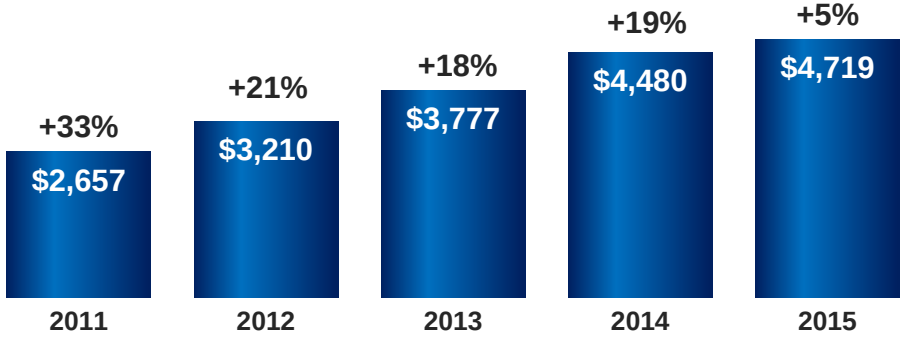
Incorporates most advanced lean flow processes and industry-leading technologies

All Factories Moving to Lean Enterprise Approach

Polaris Sales Growth & Factory Inventory

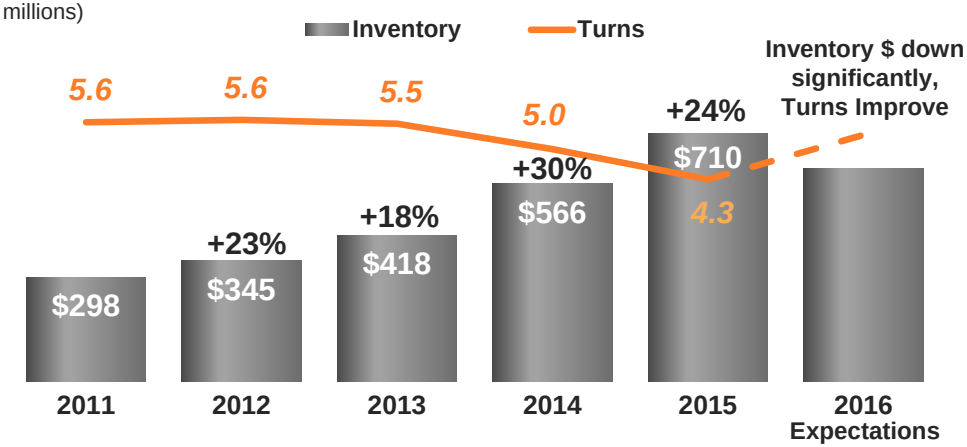
Sales

($ millions)



Factory Inventory & Turns

($ millions)



Factory inventory historically growing faster than sales – major focus in 2016

Inventory reduction closely tied to Retail Flow Management (RFM)

Vehicle platforming, localization of suppliers, reduction of supplier lead-times, distribution network reconfiguration

Tied incentive compensation to factory inventory reduction targets for executives

Inventory Turns Decreasing as Inventory Value Grows at a Faster Rate than Sales

Mike Speetzen
EVP Finance & CFO

POLARIS INDUSTRIES INC.

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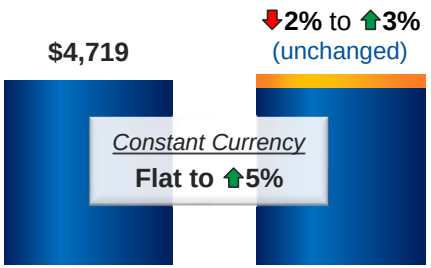
2016 Full Year Guidance

Total Company Sales

($ millions)



Assumptions

Protect market share

Dealer inventory about flat

Segment Expectations

ORV/Snowmobiles

↓ low to mid-single digits % (decreased)

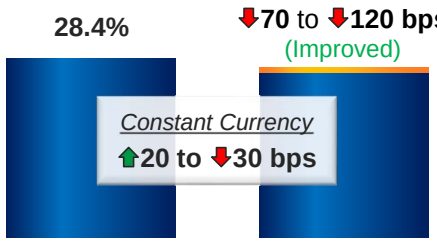
Motorcycles

↑ high-teens % (unchanged)

Global Adjacent Markets

↑ high-single digits % (increased)

Gross Profit Margin



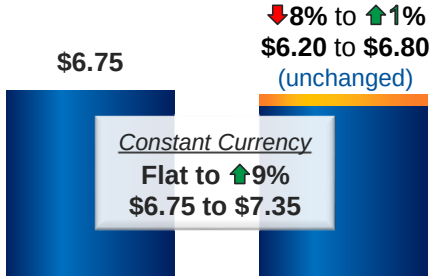
Assumptions

F/X = minus ~90 bps

Huntsville start-up Q2'16

Commodities positive

Earnings Per Share (diluted)



Assumptions

F/X = minus ~55¢ per share (unchanged)

Share count down ~2% (increased)

Net income $ down 1% to 10% (unchanged)

Other 2016 Expectations

Operating expenses: Up 10 to 30 bps as a % of sales (decreased)

Income from financial services: grow faster than total company sales (increased)

Income taxes: Approx. 35% of pre-tax income (unchanged)

International sales: ↑ low to mid-single digits % (unchanged)

PG&A sales: ↑ Grow faster than overall company (unchanged)

2016 Sales & Earnings Guidance Remains Unchanged

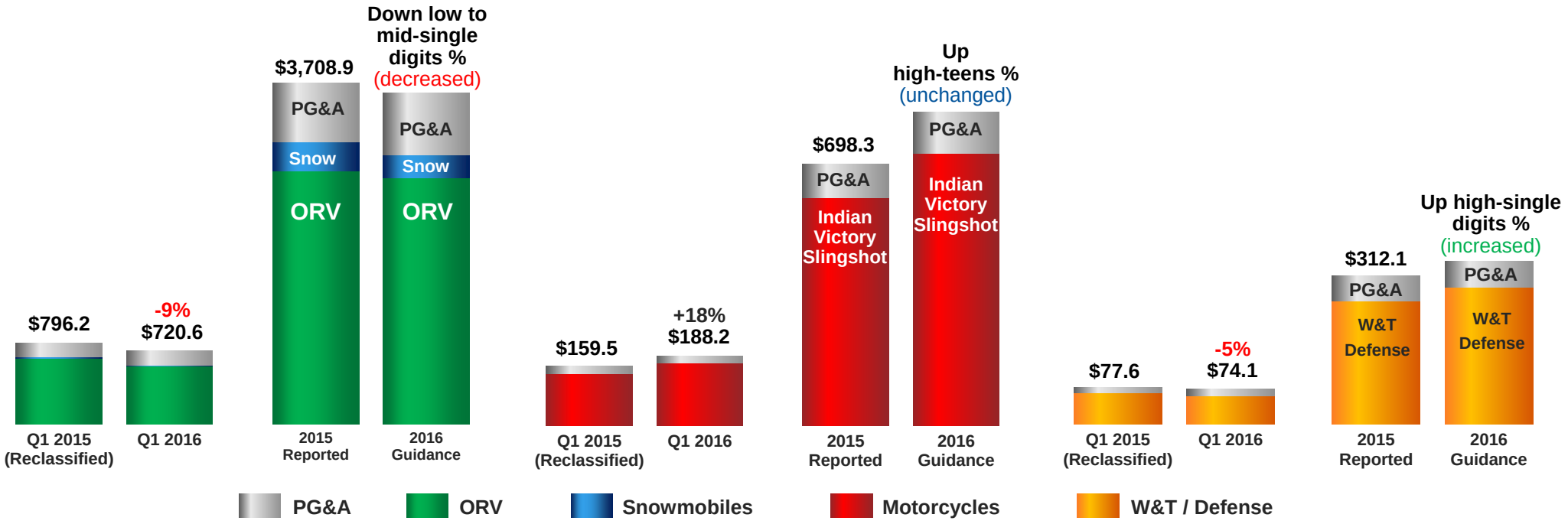
2016 Sales & Sales Guidance by Reporting Segments

($ millions)

ORV / Snowmobiles

Motorcycles

Global Adjacent Markets



ORV/Snowmobiles Down Modestly, Motorcycles Unchanged; GAM Increased

2016 Gross Profit Margin Guidance

By Component	Q1 2015 Actual	Q1 2016 Actual	FY 2016 Guidance
Prior period	29.1	28.4%	28.4%
Production volume/capacity	↔	↔	↔ to ↓
Product cost reduction efforts	↑	↑	↑
Commodity costs	↔	↑	↑
Currency rates	↓	↓	↓
Higher selling prices	↑	↑	↑
Product mix	↓	↓	↔
Motorcycle Production Constraints	↓	↑	↑
New plant start-up costs	↔	↓	↓
Warranty costs	↓	↓	↓
Depreciation/Tooling amortization	↓	↓	↓
Sales promotional costs	↑	↓	↓
Current period	28.4%	25.2%	27.2% to 27.7%
Change	*-66 bps*	*-324 bps*	*Down 70 to 120 bps*

By Reporting Segments	Q1 2015 Actual	Q1 2016 Actual	FY 2016 Guidance
ORV/Snowmobiles	32.7%	29.0%	↓
Motorcycles	12.7%	15.3%	↑
Global Adjacent Markets	23.4%	27.5%	↔
Gross Profit Margin	28.4%	25.2%	↓

↑ Improvement to gross profit margin % ↓ Headwind to gross profit margin % ↔ Neutral to gross profit margin %

Foreign Currency Exposure for Polaris

F/X Impacts vs. Prior Year ($ in millions)	Actual Q1 2015	Actual Q1 2016	Actual FY 2015	FY 2016 Expectations
Sales	($32)	($14)	($160)	($75)
Gross Profit	($12)	($17)	($70)	($75)
Pretax Income	($16)	($8)	($70)	($55)

Open F/X Hedging Contracts as of March 31, 2016

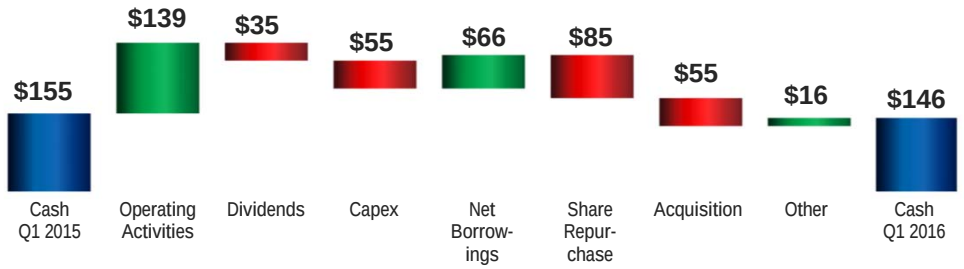
	Foreign Currency	Currency Position	Cash Flow Exposure Hedged	Foreign Currency Hedging Contracts: Notional Amounts ($ in Millions)	Foreign Currency Hedging Contracts: Avg. Exchange Rate of Open Contracts	Currency Impact on Net Income Compared to Prior Year Period: FY 2016 (Expectation)
	Canadian Dollar (CAD)	Long	80%	$193	$0.72 to 1 CAD	Negative
	Australian Dollar (AUD)	Long	60%	$22	$0.71 to 1 AUD	Negative
	Euro (EUR)	Long	0%	-	-	Negative
	Japanese Yen (JPY)	Short	40%	$6	120 Yen to $1	Positive
	Mexican Peso (MXN)	Short	90%	$41	17 Peso to $1	Positive

Currency Improved Slightly in Q1; Remains Volatile

Polaris Financial Position

Cash Drivers

($ millions)



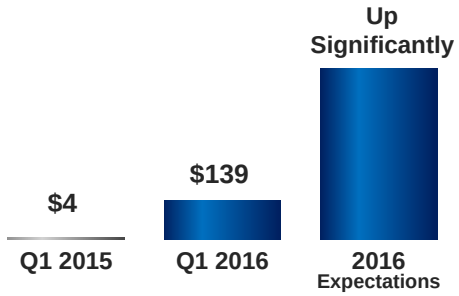
Capital Summary March 2016

($ millions)

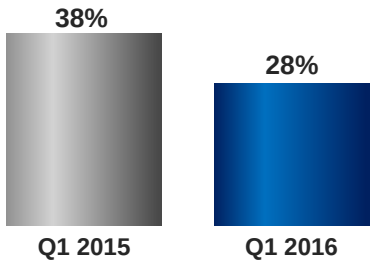
		Fav/(Unfav) March 2015
Cash	**$ 145.8**	**+32%**
Debt /Capital Lease Obligations	**$ 532.4**	**(63%)**
Shareholders' Equity	**$ 930.9**	**8%**
Total Capital	**$1,463.3**	**23%**
Debt to Total Capital	***36%***	***(9%)***

Operating Cash Flow

($ millions)



ROIC*



**Defined as trailing 12 months net income divided by average total assets, minus average current liabilities*

Q1 2016 Summary

Operating cash flow up significantly

Factory inventory flat sequentially from Q4'15

Increased share repurchases given stock price

2016 Expectations

Cap Ex expected to be slightly higher than 2015

Reflects Huntsville, Spirit Lake Investments

Strong Balance Sheet and Cash Flow Generation

Scott W. Wine
Chairman & CEO

POLARIS INDUSTRIES INC.

First Quarter 2016 Earnings Results

April 21, 2016

Closing Comments

Difficult / Decent Start to Year

Sales & Earnings down- on guidance; Indian outpacing industry; ORV catching up; Recall

Variability too Consistent

Month-to-month, region-to-region demand shifts challenging

Lean Enterprise Traction Building

VIP cost initiatives; Inventory reduction; Standard work & waste elimination

Executing *RZR* Recall Q2 Priority

Customer safety / back to riding #1 focus; Retail & production plans in place

Regain Momentum in Growing Powersports Industry

Homan & Scanlon play to win; Aggressively protecting #1 share position

R&D and Growth Investments Ongoing

Products / services and acquisition pipeline active

All Out Assault on Cost & Working to Make Growth Happen



POLARIS®

Thank You

Questions?