UNWAVERING RESOLVE

POLARIS INDUSTRIES INC.

Third Quarter 2016 Earnings Results

October 25, 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 and 2017 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; product recalls; 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 actual results and full year 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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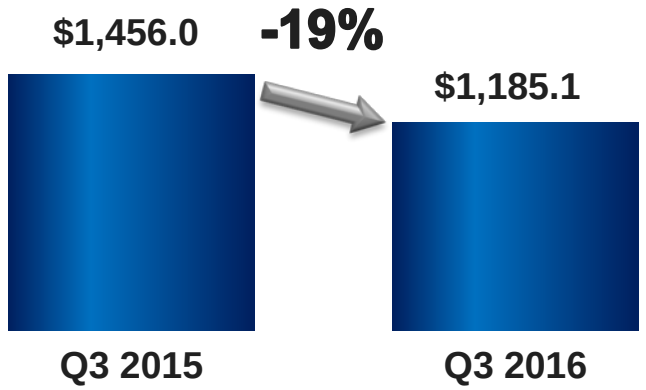
Q3 2016 Sales and Income

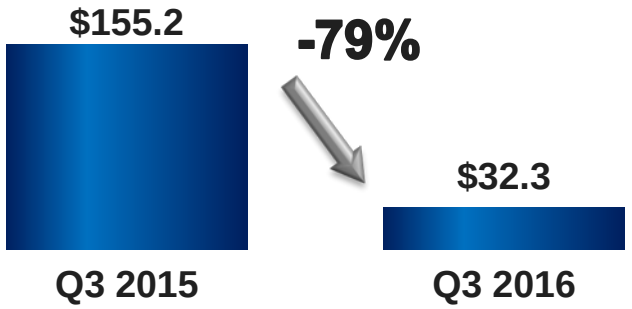
Q3 2016 Sales

($ millions)



Q3 2016 Net Income

($ millions)



Q3 sales and net income finished in-line with pre-release expectations

- ORV/Snowmobile sales down 23%; Motorcycles down 3%; Global Adjacent Markets up 6%
- Results include ~$65 million of costs associated with recall activity

Earnings reported at $0.50 per diluted share, down 78% from prior year

- Gross profit margin down 655 bps – volume, mix and warranty pressure, as indicated

N.A. dealer inventory down 10%, in line with company expectations

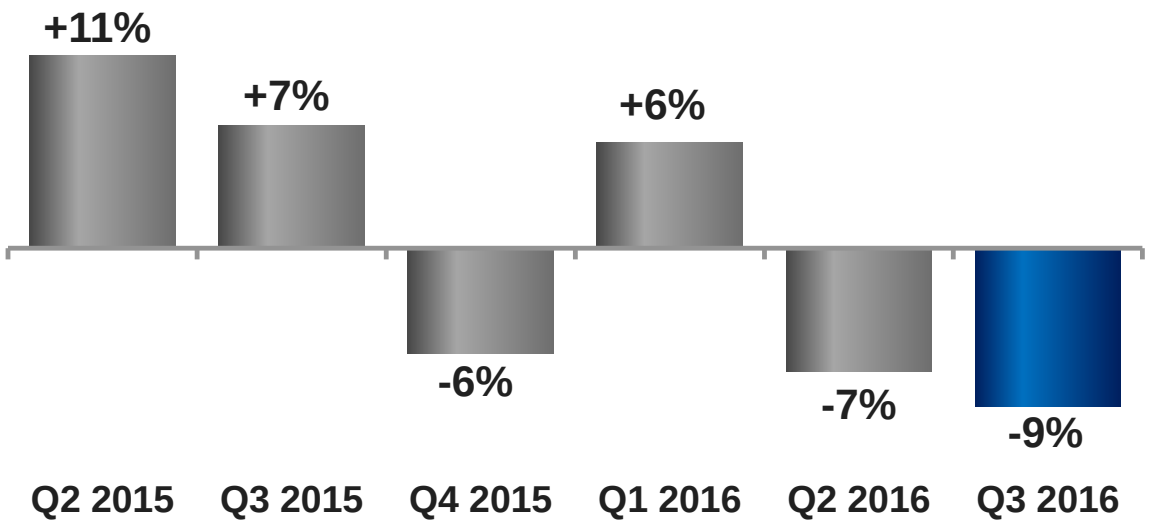
- ORV down 16%; motorcycles up as production has normalized

Q3 Sales & Earnings Finished In-Line With Revised Expectations

Q3 2016 N.A. Powersports Retail Sales

Polaris Retail Sales vs. Prior Year

(% change, # vehicle units)



Retail Sales by Business vs. Q3 2015

(# vehicle units)	POLARIS	INDUSTRY
Off-Road Vehicles	⇩ high-single digits %	⇩ low-single digits %*
Side-by-Sides	⇩ high-single digits %	
ATVs	⇩ low-double digits %	
Motorcycles (900cc & above)	⇧ high-single digits %	⇩ high-single digits %
Snowmobiles	N/M (off-season)	N/M (off-season)

*estimated
N/M = Not Meaningful

Polaris N.A. retail down 9% for Q3 2016 vs. Q3 2015

ORV down; MY'17 shipment delays, *RZR* recall disruptions; September retail trends improved in line with expectations

Motorcycle retail sales up, Industry down

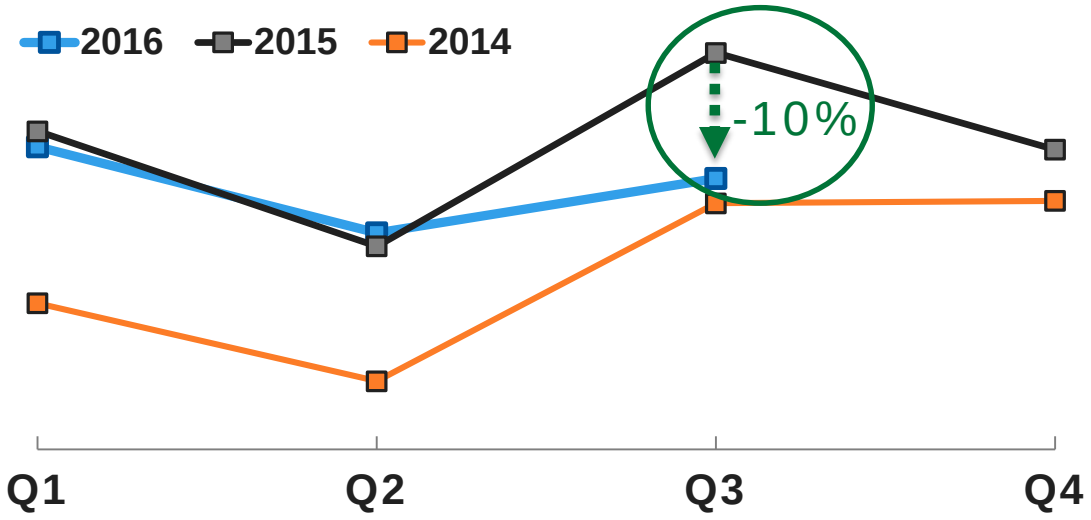
North American Industry retail trends continue to be weak; Q3 down

Oil/Gas, Ag remain weak, election uncertainty

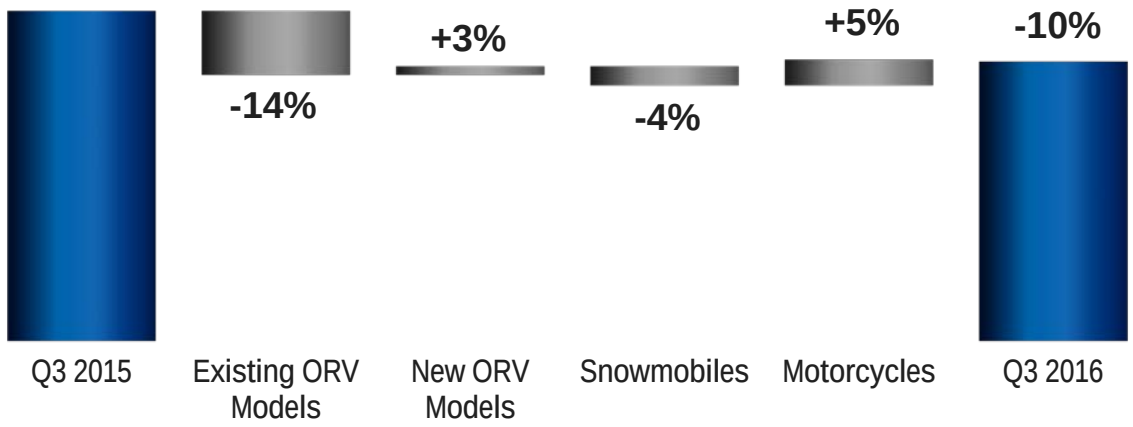
Managing Through Soft Industry Retail Trends

N.A. Dealer Inventory

Polaris N.A. Total Dealer Inventory



Total N.A. Dealer Inventory



Polaris Q3 2016 N.A. dealer inventory down 10% vs. Q3 2015

- ORV down 16% year-over-year
- Motorcycles up significantly as expected, shipments normalized
- Snowmobiles down – timing, off-season

Dealer inventory levels aggressively monitored

Remain Diligent in Controlling Dealer Inventory Levels in Weak Industry

2016 Product Recalls Update

Previously announced recalls progressing on/ahead of plan

- Completion rates increasing weekly

Slingshot safety/service bulletins issued 10/24

- Anticipated costs included in Q3 results
- No injuries reported

Safety and quality improvements enhanced, including:

- Hired internal and external engineering experts
- Created new independent safety and quality function
- Enhanced post-sales surveillance

Remain market share leader in side-by-sides

- *RZR* share nearly 2½ times all competitors combined
- *RANGER* share over 2 times the next largest competitor

Recall Activity Accelerated to Get Polaris Owners Back Riding

MY'17 Key Product Launch Summary

Off-Road Vehicles

POLARIS RANGER



***RANGER XP*® 1000**
More Power
Industry first gas HVAC
3 driver modes

POLARIS RZR



***RZR*® Turbo** – 168 HP
Race inspired ride & handling

POLARIS SPORTSMAN



New 850 & 1000
More power
Utility versions

POLARIS GENERAL



GENERAL™
2 & 4-seats
Turf mode

POLARIS RIDECOMMAND™



RIDE COMMAND™
Industry's 1st technology connected vehicle

POLARIS ACE



ACE™ 500 / XC 900
More power
Wider, longer

Motorcycles

Indian MOTORCYCLE
POLARIS RIDECOMMAND™

RIDE COMMAND™
Largest screen
Fastest interface
Most customizable



VICTORY MOTORCYCLES USA

OCTANE®
104 HP, 76 FT-16 torque
32° lean angle
Modern American Muscle



SLINGSHOT

SLINGSHADE™
#1 requested accessory, sleek lines, lightweight, removable T-top panels



Remain on Offense with Product

Recently Announced Acquisition

Transamerican Auto Parts (TAP)

- **$740 million fully-integrated manufacturer, distributor, retailer & installer of off-road Jeep and truck accessories**
- **75 retail stores, 6 distribution centers, ~1,700 employees**
- **Strong, experienced leadership team**
- **TAP to continue as distinct business**



Anticipated Reporting Structure After Close



Steve Eastman
President – PG&A / Aftermarket
30+ Years Retail Experience

New Reporting Segment: Aftermarket PG&A

Existing Aftermarket Brands

KLIM · KOLPIN · PRO ARMOR · Premier O.E.M. · TRAILTECH · 509

+

Transamerican AUTO PARTS COMPANY

SMITTYBILT · PRO COMP · G2 AXLE & GEAR · lrg · POISON SPYDER · RUBICON · TRAIL MASTER

Profitable Addition to Polaris Aftermarket Portfolio with Minimal Integration Risk

Mike Speetzen
EVP Finance & CFO

POLARIS INDUSTRIES INC.

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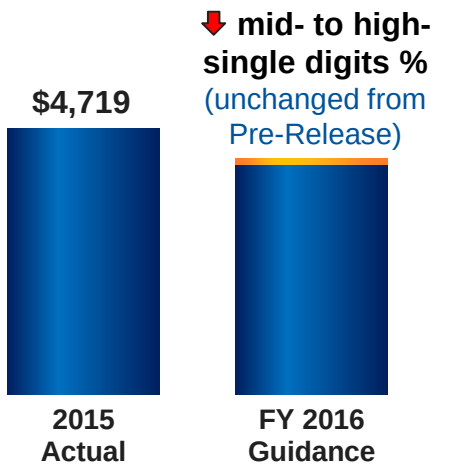
October 25, 2016

2016 Full Year Guidance

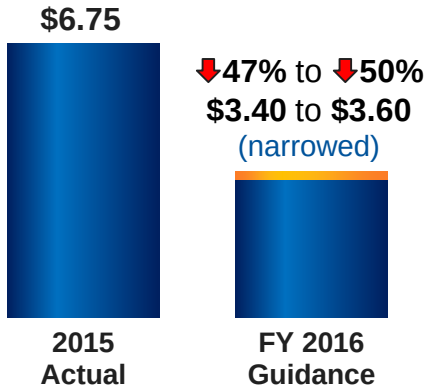
Total Company Sales & EPS

($ millions)

Sales



EPS (diluted)



Assumptions

Protect market share – increased incentives

Dealer inventory down mid- to high-single digits %

F/X = minus ~35¢ per share

Share count down ~3%

Net income $ down 48% to 51%

Gross margins down 380 to 390 bps

Segments

($ millions)

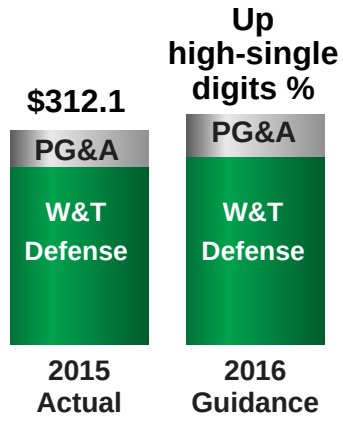
Off-Road Vehicles /Snowmobiles



Motorcycles



Global Adjacent Markets

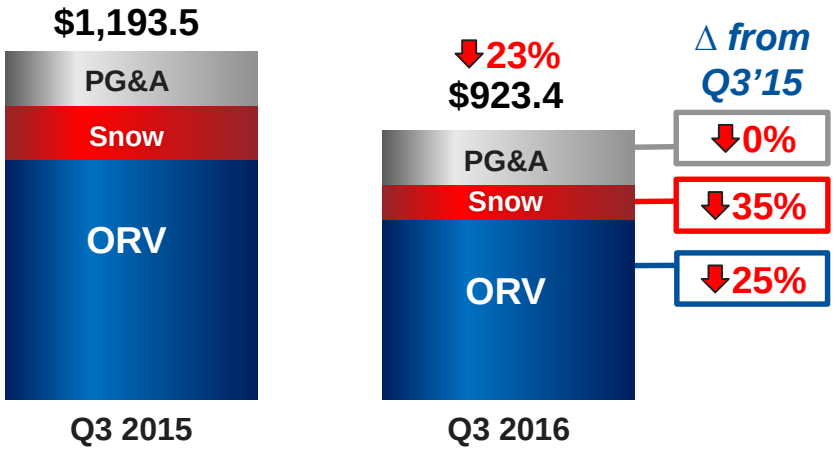


Narrowing Guidance as Visibility Improves Nearing Year-end

Off-Road Vehicles (ORV) / Snowmobiles

Q3 2016 ORV/Snowmobile Segment Sales

($ millions)



ORV down 25% due to weak industry / recall impact

Delayed MY'17 shipments for safety revalidation

Promotional environment remained aggressive

PG&A flat; delayed '17 PG&A shipments with wholegoods

ORV average selling price down 8% in Q3



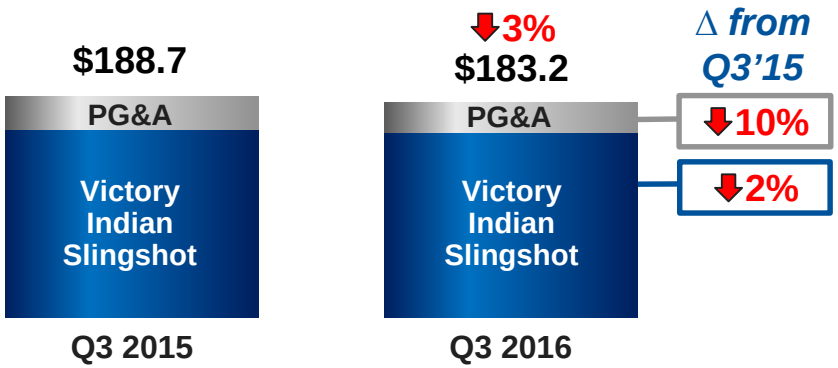


Weak Industry / Recall Activity Overshadowing Improved Execution

Motorcycles

Q3 2016 Motorcycle Segment Sales

($ millions)



Motorcycles down 3%

Indian and Victory up

Slingshot down – shipment timing

Full-year guidance revised down due to weaker industry trends

Average selling price was down 1% in Q3 – product mix





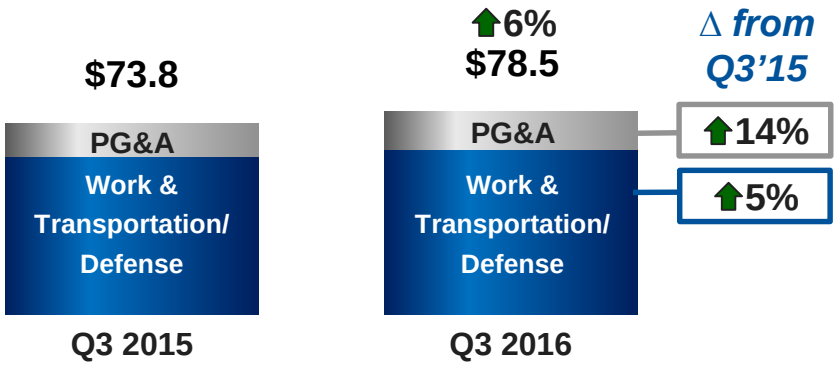


Share Gains Continue

Global Adjacent Markets (GAM)

Q3 2016 GAM Segment Sales

($ millions)



GAM ▲ 6% due to Taylor-Dunn acquisition

PG&A up due to Taylor-Dunn acquisition

Average selling price for GAM was up 1% in Q3



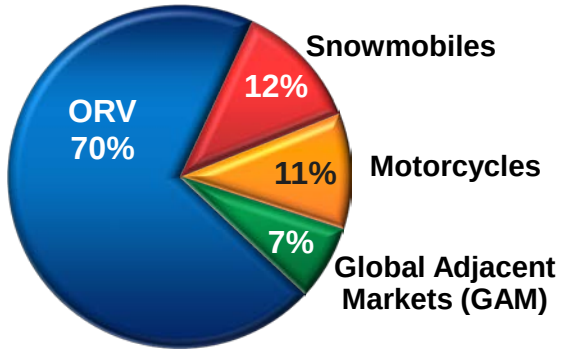
BIGFOOT™ Econo Cab, 48V
A customizable electric powered utility vehicle

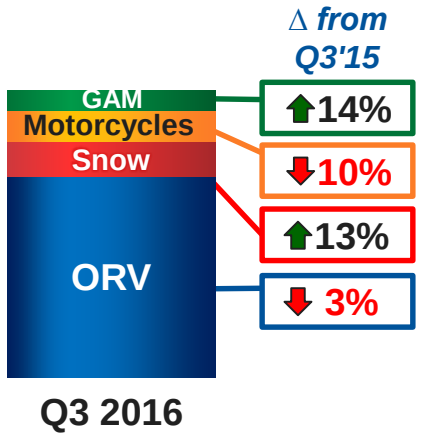
Building Existing Portfolio & Capabilities

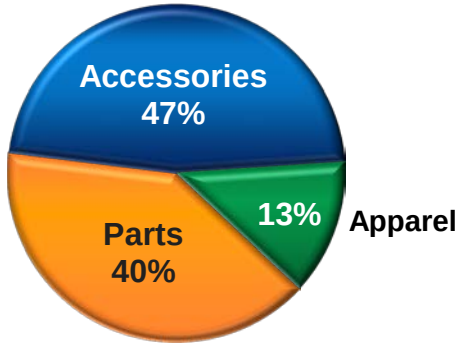
Q3 2016 Supplemental Sales Performance

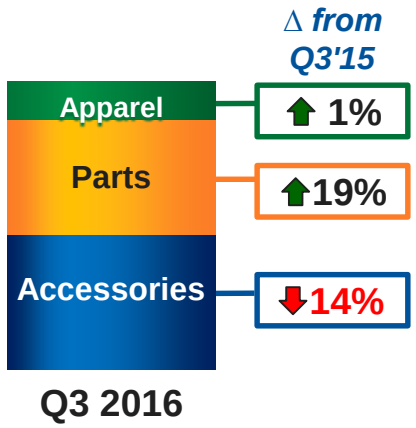
Parts, Garments & Accessories (PG&A)

Q3 Sales ⬇1% to $224.4 Million



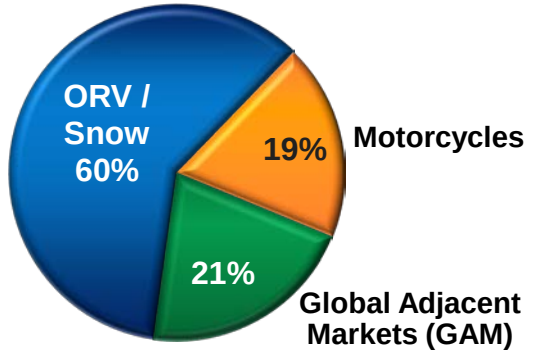


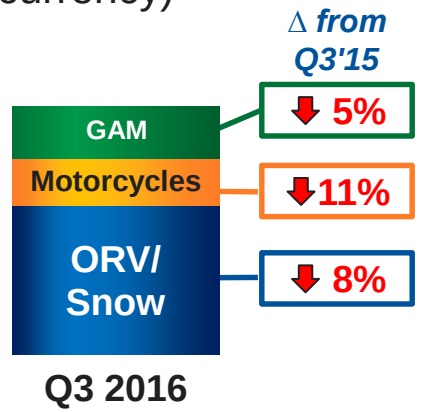


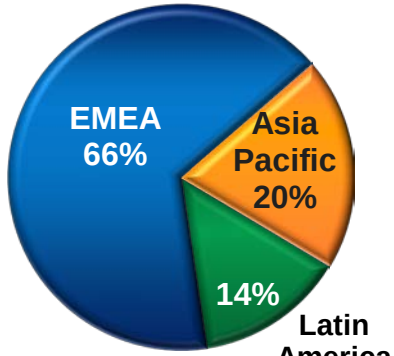


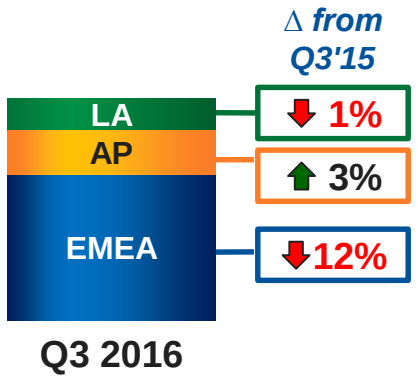
International

Q3 Sales ⬇8% to $141.0 Million
(-7% constant currency)



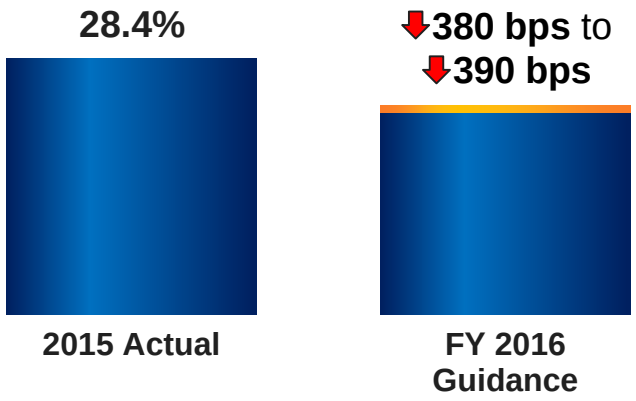






2016 Gross Profit Margin Guidance

Gross Profit Margin Full-Year Guidance



Assumptions

F/X = minus ~100 bps

Warranty significantly higher, ~200 bps year-over-year

Value Improvement Process (VIP) & commodities ongoing

All segment gross margins expected lower for FY'16

Gross Profit Margin Guidance by Component

	Q3 2016 Actual	FY 2016 Guidance
Prior period	28.5%	28.4%
Production volume/capacity	↓	↓
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	22.0%	24.5% to 24.6%
Change	*-655 bps*	*-380 to -390 bps*

KEY: ↑ Improvement ↓ Headwind ↔ Neutral

Warranty Costs Significantly Higher to Expedite Recall Completion

Other FY 2016 Expectations

Operating expenses: increase ~300 bps, as a % of sales (legal & other recall related costs / acquisitions)

Income from financial services: grow faster than total company sales

Income taxes: approximately equal to 2015 income tax rate of 33.6%

International sales: about flat with 2015

PG&A sales: grow faster than overall company

2017 Initial Thoughts

Continued Powersports industry challenges: flat to down third straight year

Oil and Gas/Ag unchanged: ongoing pressure

Tough competitive environment: promo spending remains elevated

Non-recurring charges of $120 million, primarily in gross margins

Mid-teens percent increase in R&D investments: safety, quality and innovation

LEAN evolution progressing; ongoing VIP, side-by-side RFM implementation

Scott W. Wine
Chairman & CEO

POLARIS INDUSTRIES INC.

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Closing Comments

Global markets and economies: weak and unpredictable

Political risks increasing: structural impediments to growth not addressed

PII market position improves: ORV share stabilizes / Motorcycle share grows

Solid foundation to build on: better inventories, lead times, TAP, etc.

SQDC: Execution, execution, execution…

Powersports Markets Uninspiring, But Internal Execution Improves Significantly on All Levels



POLARIS®

Thank You

Questions?

SUPPLEMENTAL DATA

Vision and Strategy

Foreign Currency Exposure

Q3 Financial Position

Income from Financial Services

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

Foreign Currency Exposure for Polaris

F/X Impacts vs. Prior Year ($ in millions)	Actual Q3 2016	FY 2016 Expectations
Sales	**($2)**	**($35)**
Gross Profit	**($0)**	**($45)**
Pretax Income	**($6)**	**($35)**

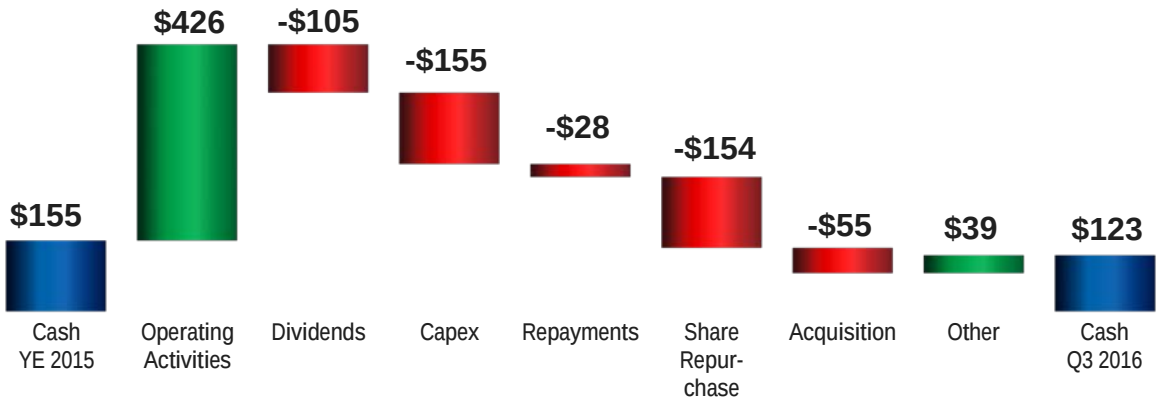
Open F/X Hedging Contracts as of September 30, 2016

				Foreign Currency Hedging Contracts Outstanding		Currency Impact on Net Income Compared to Prior Year Period
	Foreign Currency	Currency Position	Q4 '16 Cash Flow Exposure Hedged (Approx.)	Notional Amounts (US $ in Millions)	Avg. Exchange Rate of Open Contracts	FY 2016 (Expectation)
	Canadian Dollar (CAD)	Long	80%	$79	$0.72 to 1 CAD	Negative
	Australian Dollar (AUD)	Long	70%	$23	$0.73 to 1 AUD	Negative
	Euro (EUR)	Long	0%	-	-	Slightly Negative
	Japanese Yen (JPY)	Short	5%	$0	117 Yen to $1	Negative
	Mexican Peso (MXN)	Short	100%	$23	18 Peso to $1	Positive

Q3 2016 Polaris Financial Position

Cash Drivers

($ millions)



Operating Cash Flow

($ millions)



Capital Summary September 2016

($ millions)

		Fav/(Unfav) Sept 2015
Cash	$ 123	-46%
Debt /Capital Lease Obligations	$ 437	+39%
Shareholders' Equity	$ 928	-1%
Total Capital	$1,365	+9%
Debt to Total Capital	*32%*	*(+7%)*

Q3 2016 Summary

Operating cash flow down

Factory inventory up year-over-year

2016 Expectations

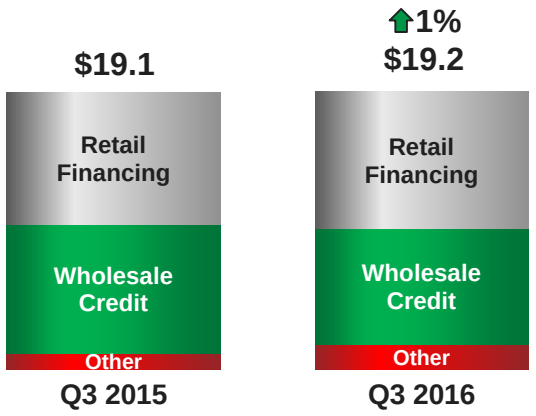
Cap Ex expected to be slightly higher than 2015

Financial Position Remains Solid

INCOME FROM FINANCIAL SERVICES

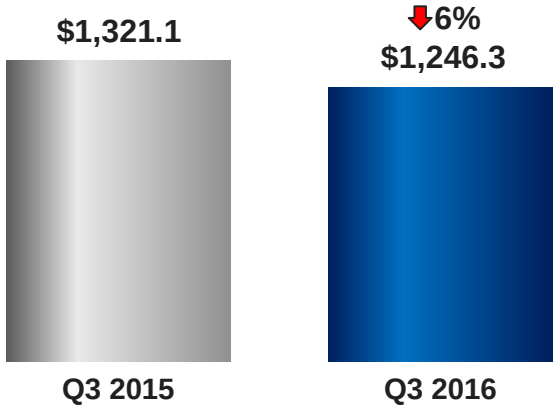
Income from Financial Services

($ millions)

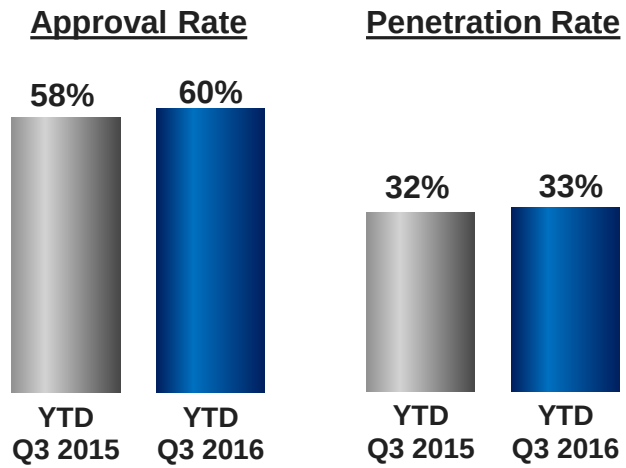


Wholesale Credit PA Receivables

($ millions)



Retail Credit



2016 expectations: grow faster than total Company sales

Q3 income from financial services about flat – volume related

New Wells Fargo P.A. partner working well

Portfolio Remains Healthy