POLARIS®

POLARIS INDUSTRIES INC.



Second Quarter 2017 Earnings Results

July 20, 2017



SAFE HARBOR & NON-GAAP MEASURES

Except for historical information contained herein, the matters set forth in this presentation, including management's expectations for future sales, shipments, net income, and net income per share, and operational initiatives 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 the Company's ability to successfully implement its growth, promotional activities and pricing strategies by competitors; economic conditions that impact consumer spending; acquisition integration costs; product recalls, warranty expenses; impact of changes in Polaris stock price on incentive compensation plan costs; 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 documents 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.

This presentation contains certain non-GAAP financial measures, including sales, gross profit, operating expenses, and income and net income per diluted share as measures of our operating performance. Management believes these measures may be useful in performing meaningful comparisons of past and present operating results, to understand the performance of its ongoing operations and how management views the business. Reconciliations of adjusted non-GAAP measures to reported GAAP measures for Q2 are included on slide 3 and Q2 year-to-date are included in the appendix contained in this presentation. These measures, however, should not be construed as an alternative to any other measure of performance determined in accordance with GAAP.

Q2 NON-GAAP DISCLOSURE

Reconciliation of GAAP "Reported" Results to Non-GAAP "Adjusted" Results

(IN THOUSANDS, EXCEPT PER SHARE DATA; UNAUDITED)

	Reported GAAP Measures			2017 Adjustments[4]				Adjusted Measures		
	Three months ended June 30,			Three months ended June 30,				Three months ended June 30,		
	2017	2016	% Change	Victory Wind Down[1]	TAP[2]	Realignment[3]	Total	2017	2016	% Change
Sales										
ORV/Snowmobiles	$ 845,508	$ 799,332	6%	—	—	—	—	$ 845,508	$ 799,332	6%
Motorcycles	197,997	228,392	(13)%	$ (6,157)	—	—	$ (6,157)	191,840	228,392	(16)%
Global Adj. Markets	97,022	90,959	7%	—	—	—	—	97,022	90,959	7%
Aftermarket	224,393	12,094	1,755%	—	—	—	—	224,393	12,094	1,755%
Total sales	**1,364,920**	**1,130,777**	**21%**	**(6,157)**	**—**	**—**	**(6,157)**	**1,358,763**	**1,130,777**	**20%**
Gross profit										
ORV/Snowmobiles	266,150	228,494	16%	—	—	—	—	266,150	228,494	16%
% of sales	*31.5%*	*28.6%*	*+289 bps*					*31.5%*	*28.6%*	*+289 bps*
Motorcycles	21,116	38,915	(46)%	8,852	—	—	8,852	29,968	38,915	(23)%
% of sales	*10.7%*	*17.0%*	*-637 bps*					*15.6%*	*17.0%*	*-142 bps*
Global Adj. Markets	21,216	23,952	(11)%	—	—	4,303	4,303	25,519	23,952	7%
% of sales	*21.9%*	*26.3%*	*-447 bps*					*26.3%*	*26.3%*	*-3 bps*
Aftermarket	59,918	2,982	1,909%	—	53	—	53	59,971	2,982	1,911%
% of sales	*26.7%*	*24.7%*	*+205 bps*					*26.7%*	*24.7%*	*+207 bps*
Corporate	(18,014)	(9,840)		—	—	—	—	(18,014)	(9,840)	
Total gross profit	**350,386**	**284,503**	**23%**	**8,852**	**53**	**4,303**	**13,208**	**363,595**	**284,503**	**28%**
Gross profit %	*25.7%*	*25.2%*	*+51 bps*					*26.8%*	*25.2%*	*+160 bps*
Operating expenses	270,347	187,965	44%	(1,999)	(3,714)	—	(5,713)	264,634	187,965	41%
Other expense (income), net	(2,152)	1,805	NM	—	—	—	—	(2,152)	1,805	NM
Net income	**$ 62,041**	**$ 71,166**	**(13)%**	**$ 6,820**	**$ 2,368**	**$ 2,705**	**$ 11,893**	**$ 73,934**	**$ 71,166**	**4%**
Diluted EPS	**$ 0.97**	**$ 1.09**	**(11)%**	**$ 0.11**	**$ 0.04**	**$ 0.04**	**$ 0.19**	**$ 1.16**	**$ 1.09**	**6%**

Key Definitions: *Throughout this presentation, the word "Adjusted" excludes purchase accounting, TAP integration expenses, impacts associated with the Victory Motorcycles® wind down and manufacturing network realignment costs.*

Adjustments:
- *(1) Represents adjustments for the wind down of Victory Motorcycles, including wholegoods, accessories and apparel*
- *(2) Represents adjustments for TAP acquisition inventory step-up and TAP integration expenses*
- *(3) Represents adjustments for manufacturing network realignment costs*
- *(4) The Company used its estimated statutory tax rate of 37.1% for the non-GAAP adjustments, except for the non-deductible items*

2016 Reclassified Results: *2016 sales and gross profit results for ORV/Snowmobiles, Motorcycles and Aftermarket are reclassified for the new Aftermarket reporting segment.*

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Scott W. Wine, Chairman & CEO

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Q2 SUMMARY

Foundational improvements gaining momentum

Operational execution offset impact of major headwinds:

Competitive ORV industry

ORV retail sales building momentum

SxS retail up slightly in Q2; *RZR* sales up for first time in 6 quarters; ORV share remains challenged

Indian Motorcycle retail up 17% - share gains accelerating

Slingshot weakness continues; Victory wind down progressing well

International and PG&A outperforming

Adjacent markets / Aftermarket business growth on plan

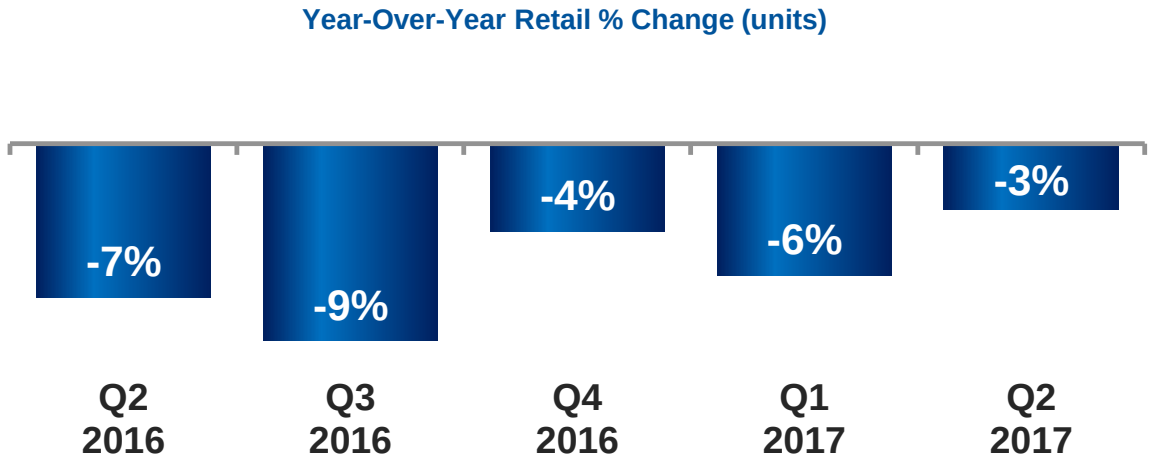
TAP integration on track

* See GAAP/Non-GAAP Reconciliation on Slide #3

Q2 Slightly Ahead of Plan ï– Raising Sales Guidance and Lower End of EPS Guidance Range

NORTH AMERICAN POWERSPORTS RETAIL SALES

Polaris Retail Sales



Q2 ô17 Retail Sales by Busi

(# vehicle units)	POLARIS	INDUSTRY
Off-Road Vehicles	↓ low-single digits %	↑ mid-single digits % (estimated)
Side-by-Sides	↑ low-single digits %	
ATVs	↓ high-single digits %	
Motorcycles	↓ low-single digits %	↓ mid-single digits % (900cc & above)
Indian	↑ high-teens %	
Slingshot	↓ significantly	
Snowmobiles (season-end Mar ô17)	(off-season)	(off-season)

Polaris N.A. retail down 3% for Q2 2017 vs. Q2 2016

- Indian Motorcycle retail was up 17% - two new motorcycles launched
- ORV retail down, but improved sequentially

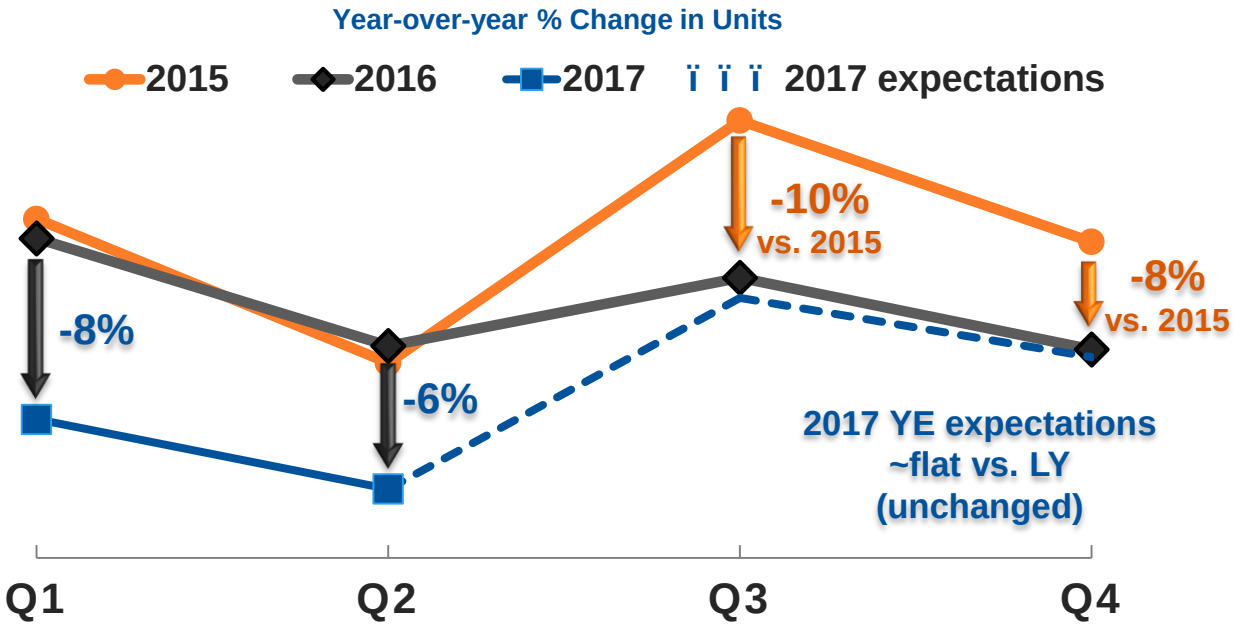
North American Industry up slightly

- SxS growth driven by new products; ATVs weak
- Oil & gas/ag industry challenges ongoing

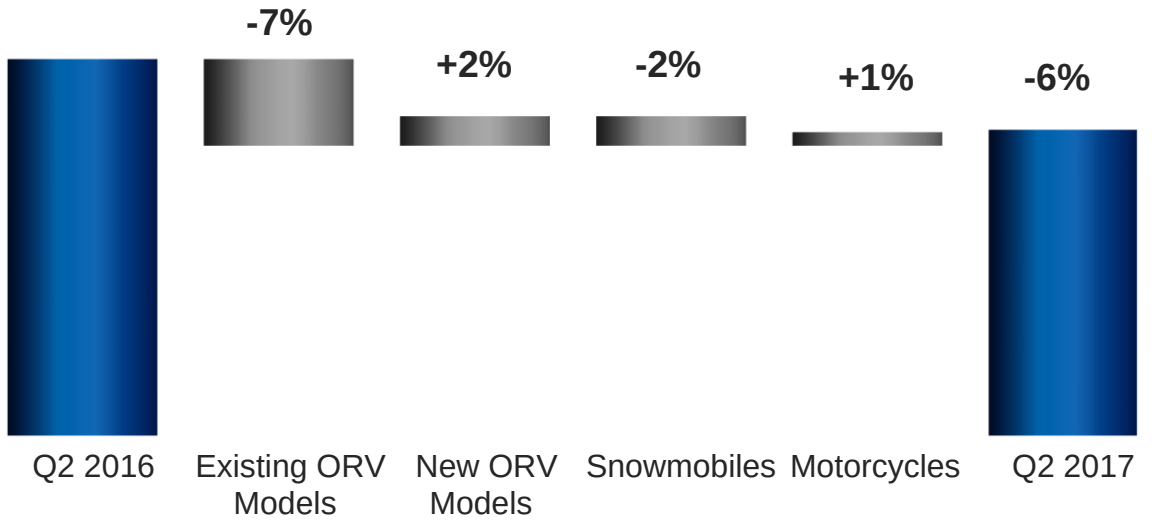
SxS Retail Turned Positive After 6 Quarter Decline Driven by *RZR*

NORTH AMERICAN DEALER INVENTORY

Polaris N.A. Total Dealer Inventory



Q2 Total N.A. Dealer Inventory



Polaris Q2 2017 N.A. dealer inventory down 6% vs. Q2 2016

- ORV down 6%, RZR down double digits %
- Motorcycles up as expected, new products

SxS RFM implementation to start by year-end

Dealer inventory at year-end expected flat to prior year

Healthy Dealer Inventory Levels; Working to Improve On-time Delivery

RACING

Polaris *RZR*

CRUSHING THE COMPETITION

WON OVER 3/4 OF ALL RACES

33 Championship Wins

106 Podium Finishes



Indian Motorcycle

DOMINATING THE FLAT TRACK

9 Championship Wins out of 10 Races

23 Podium Finishes out of 30



Racing Success a Reflection of Product Expertise

TRANSAMERICAN AUTO PARTS (TAP) UPDATE

$209 million in sales in Q2; $411 million year-to-date

Operating performance on plan, integration progressing as expected

Opened four new 4Wheel Parts Stores year-to-date

Cost synergies of ~$20 million by 2019; slightly ahead of plan

Full-year sales expectation of $775 to $800 million (unchanged)







Acquisition Performing as Expected

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Mike Speetzen, EVP Finance & CFO

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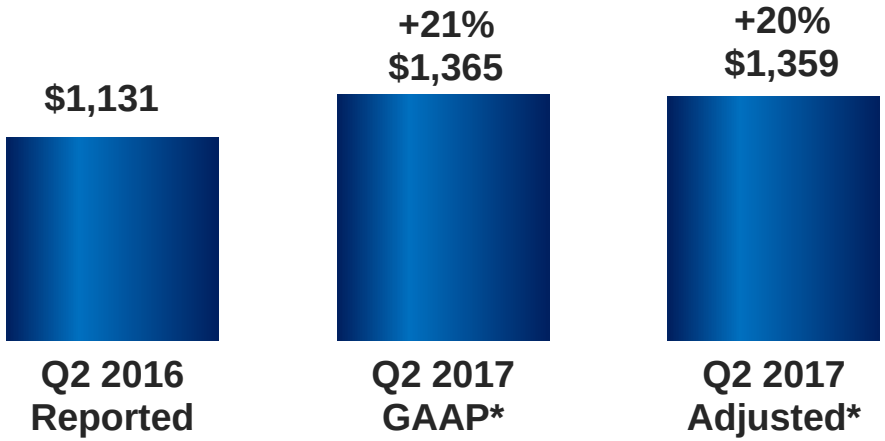
Q2 2017 SALES AND INCOME

Q2 2017 Sales

($ millions)



Q2 2017 Net Income

($ millions)



Q2 reported sales were $1,365 million, up 21% from Q2 2016; Reported net income was $62 million, down 13% from prior year

Adjusted* sales were up 20% finishing ahead of expectations

- Acquisition of Transamerican Auto Parts (TAP) added $209 million of sales in Q2 2017
- Q2 2016 includes Victory sales of $54 million
- ORV/Snowmobile sales up 6%; Motorcycles down 13% (up 10% excluding Victory); Global Adjacent Markets up 7%; Aftermarket up significantly (TAP)

Adjusted* earnings reported at $1.16 per diluted share, up 6% from prior year (GAAP earnings per share at $0.97, down 11%)

- Adjusted* gross profit margin up 160 bps: ⬆ VIP, ⬆ product mix, ⬇ promo (GAAP gross profit margin up 51 bps)

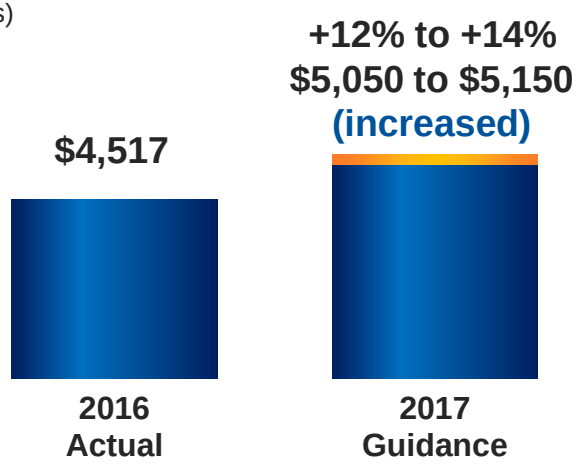
* See GAAP/Non-GAAP Reconciliation on Slide #3

Results Slightly Ahead of Expectations on an Adjusted* Basis

2017 FULL YEAR SALES GUIDANCE

Total Company Adjusted* Sales Guidance

($ millions)



Powersports market improving globally

Organic revenue expectations flat to +2%**

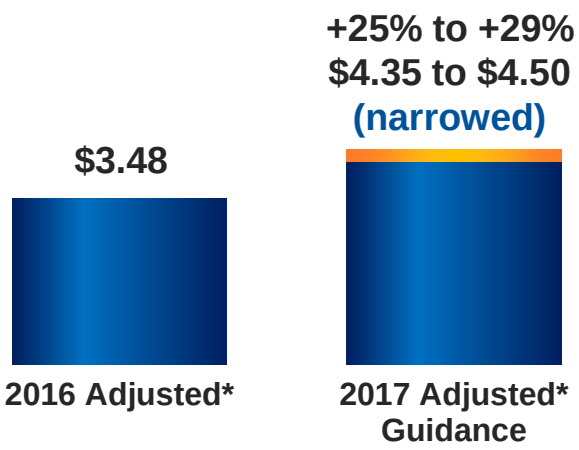
TAP FYô17 = incremental $60 to $65 unchanged

Victory wind down / FX = ~($175)

*See appendix for discussion regarding non-GAAP adjustments excluded from 2017 guidance

**Organic revenue excludes TAP, Victory sales and the effects of FX

Adjusted* Earnings Per Share Guidance



+ **$120M non-recurring warranty, legal and other recall related costs**
+ **TAP accretive in 2017 approx. 25¢ to 30¢**
+ **VSP positive to $690,**
+ **Lower tax rate**
+ **Share count**

ð**Higher R&D expense**
ð**Higher promotional costs**
ð**Higher variable compensation costs**
ð**Negative FX impact**

Sales Guidance by Segment (1)

ORV/SNOW

APPROX. FLAT



MOTORCYCLES

HIGH-TEENS %
(Victory included in 2016)

MID-SINGLE DIGITS %(2)
(Victory excluded in 2016 #



ADJACENT MARKETS

MID-SINGLE DIGITS %



AFTERMARKET

SIGNIFICANTLY



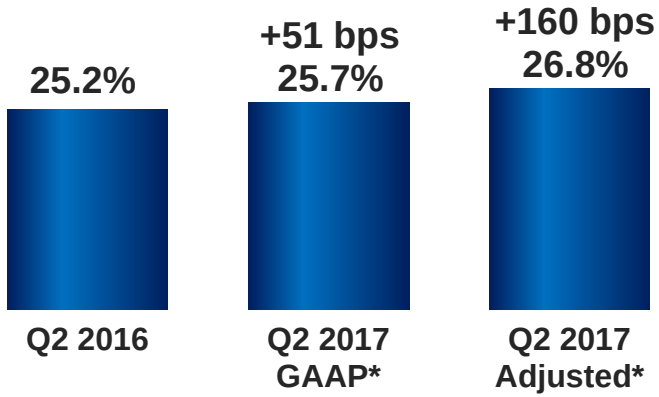
(1) Includes respective PG&A. 2016 sales, for comparison purposes, have been reclassified to account for the new Aftermarket segment which included aftermarket brands previously reported in their respective segments

(2) On a comparable basis, mid-single digit sales growth in 2017 after adjusting for Victory wholegood, accessories and apparel sales reported in 2016

Full Year Sales Guidance Increased & EPS Guidance Narrowed

GROSS PROFIT MARGIN GUIDANCE

Gross Profit Q2 2017

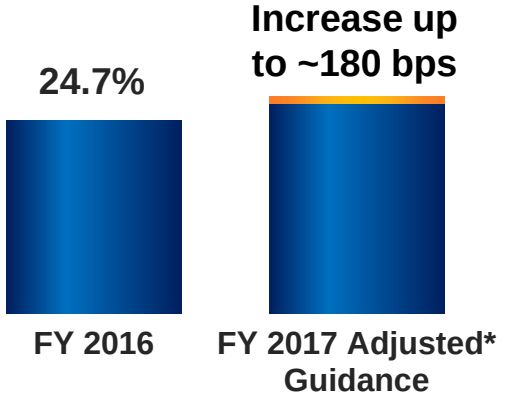


GM Growth Drivers

+ Product Mix
+ VIP
+ Acquisitions
ð Promos / Incentives

Adjusted* GM by Segment	Q2 2016	Q2 2017
ORV/Snow	28.6%	31.5%
Motorcycles*	17.0%	15.6%
Adjacent Markets*	26.3%	26.3%
Aftermarket*	24.7%	26.7%

Adjusted* Gross Profit 2017 Guidance



GM Growth Drivers

+ VIP
+ One-time warranty
+ Acquisitions
ð Quality feature adds
ð Promos / Incentives
ð FX

Adjusted* GM by Segment	2017 Expectations
ORV/Snow	↑
Motorcycles	↑
Adjacent Markets	→
Aftermarket	↑

*See appendix for discussion regarding non-GAAP adjustments excluded from 2017 guidance

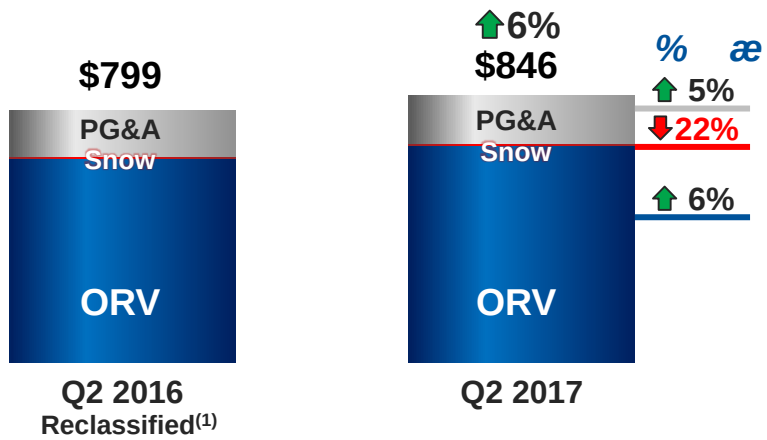
KEY: ↑ Improvement ↓ Headwind → Neutral

Q2 2017 Gross Margin Improvement Driven Primarily by VIP & Product Mix

OFF-ROAD VEHICLES (ORV) / SNOWMOBILES

Q2 2017 ORV/Snow Segment Sales

($ millions)



ORV up 6% in Q2 2017 vs. Q2 2016

Growth in all product lines

PG&A up 5%

ORV average selling price up 3% in Q 2 ô 1 7

2017 Guidance: Approx. Flat (increased)

PII ORV improving worldwide

Promotional levels remain elevated

(1) 2016 sales, for comparison purposes, have been reclassified to account for the new Aftermarket segment which included aftermarket brands previously reported in their respective segments

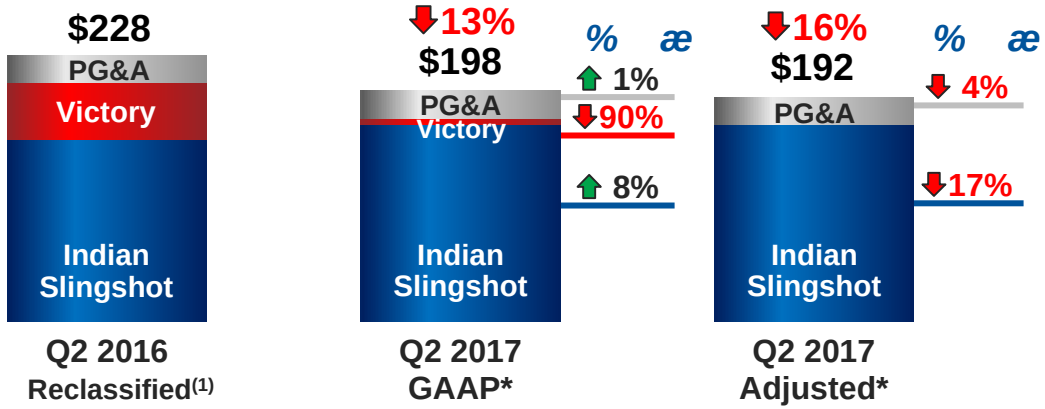


Regaining Footing as Leading Powersports Manufacturer

MOTORCYCLES

Q2 2017 Motorcycles Segment Sales

($ millions)



Reported sales down 13%; Adjusted* sales down 16%

Motorcycles up 10% excluding $54M of Victory sales reported in 2016

Indian shipments up; Slingshot sales lower

Average selling price, excl. Victory, was down 1% in Q2

2017 Guidance: Down high-teens % (lowered)**

On a comparable basis, mid-single digits % in 2017 after excluding aftermarket parts and accessories sales reported in 2016

Overall motorcycle market remains weak

xpectations is Up

* See GAAP/Non-GAAP Reconciliation on Slide #3

** See appendix for 2017 guidance adjustments

(1) 2016 sales, for comparison purposes, have been reclassified to account for the new Aftermarket segment which included aftermarket brands previously reported in their respective segments

Continued Market Share Gains for Indian Motorcycle; Momentum Accelerating