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POLARIS INDUSTRIES INC.

First Quarter 2018 Earnings Results

April 24, 2018



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SAFE HARBOR & NON-GAAP MEASURES

Except for historical information contained herein, the matters set forth in this presentation, including management's expectations regarding 2018 future sales, shipments, net income, and net income per share, operational initiatives and impact of tax reform 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 manufacturing operations expansion initiatives; product offerings; 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; freight and tariff 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.

This presentation contains certain non-GAAP financial measures, consisting of "Adjusted" sales, gross profit, income before taxes, net 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 are included in the Appendix of this presentation. These measures, however, should not be construed as an alternative to any other measure of performance determined in accordance with GAAP.

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First Quarter 2018 Earnings Results

Scott W. Wine, Chairman & CEO

April 24, 2018

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FIRST QUARTER 2018 SUMMARY

Financial results exceeded expectations; record first quarter retail sales for ORV

N.A. retail up 3%; ORV's up mid-single digits %; Side-by-side's up high-single digits %

Indian motorcycle up low-single digits %; continued share gains

All segments reported increased sales in Q1

Global Adjacent Markets performance strong; M&A opportunities robust

New product introductions received positively; demand strong

RFM for side-by-sides progressing, dealer inventory adequate, excl. snow

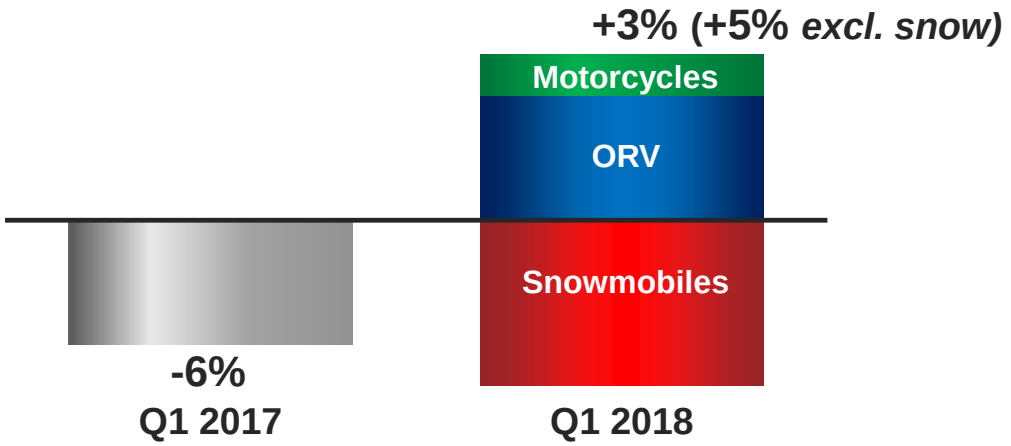
Commodity, logistical and tariff cost pressures accelerating; working to offset

Solid Start to the Year – Maintaining Full Year Outlook In Spite of Headwinds

NORTH AMERICAN POWERSPORTS RETAIL SALES

Polaris Retail Sales

Year-Over-Year Retail % Change (units)



Polaris N.A. retail up 3% for Q1'18; up 5% excluding snow

- ORV strong; new products, improved Oil/Gas/Ag regions
- Indian retail up low-single digits; strong growth in Scout/Scout Bobber
- Snow down high-single digits in Q1; down low-double digits season-end
- Polaris promotional expense down year-over-year in Q1

North American Industry retail down low-single digits %

- ORV up; motorcycles down

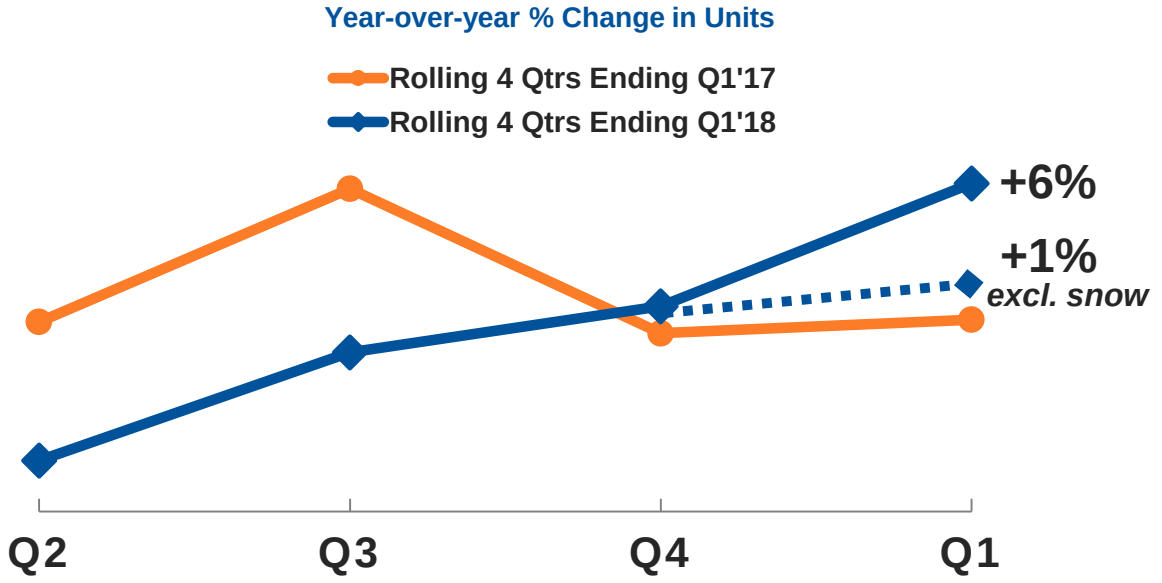
Q1'18 Retail Sales by Business (vs. Q1'17)

	POLARIS	INDUSTRY
Off-Road Vehicles	↑ mid-single digits %	↑ low-single digits % (estimated)
 Side-by-Sides	↑ high-single digits %	
 ATVs	↑ low-single digits %	
Motorcycles	↑ low-single digits %	↓ mid-teens % (900cc & above)
 Indian	↑ low-single digits %	
 Slingshot	↓ mid-single digits %	
 **Snowmobiles** (season-end Mar'18)	↓ low-double digits %	↑ mid-single digits %

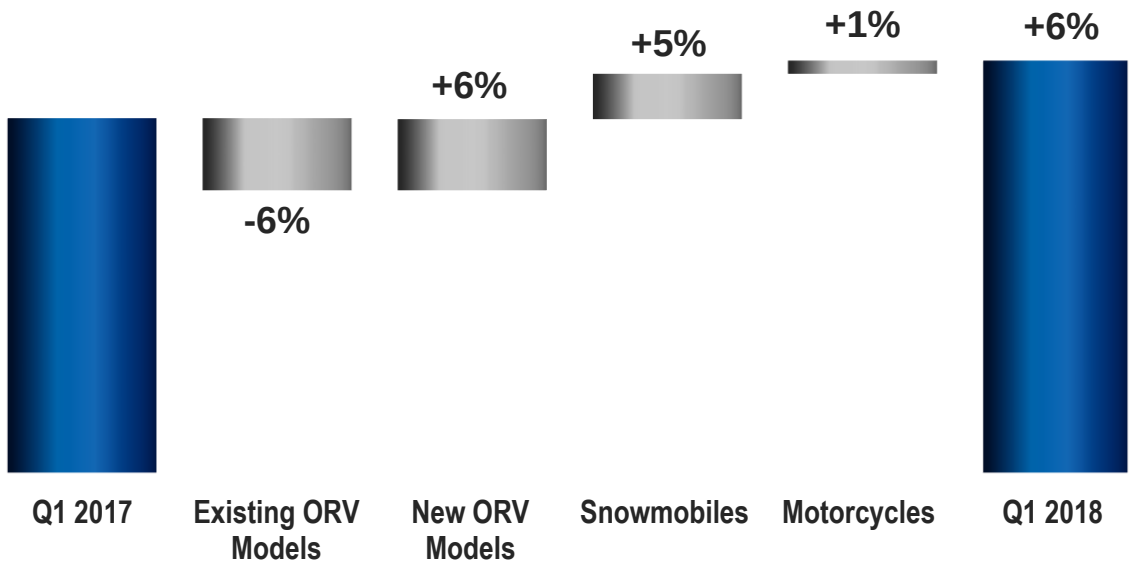
Retails Sales Momentum Positive – Innovation + Improved Dealer Engagement

NORTH AMERICAN DEALER INVENTORY

Polaris N.A. Total Dealer Inventory



Q1 Total N.A. Dealer Inventory



Polaris Q1 2018 N.A. dealer inventory up 6% vs. Q1 2017

- Snow up ~40%; weak snow, high competitive promotions
- ORV flat
- Indian Motorcycles & Slingshot up in preparation for riding season

RFM for side-by-sides progressing

Dealer Inventory Levels Adequate, Excluding Snow

ORGANIZATIONAL CHANGES



Craig Scanlon

President – Transamerican Auto Parts (TAP)

Effective April 9, 2018

15+ years with Polaris

Vice President – Chief Marketing Officer / Chief Retail Officer, ORV

Vice President – Slingshot

General Manager – Side-by-Sides (2012)

Director – ORV Sales & Marketing (2010)



Julie Gilbert

Chief Customer Engagement and Growth Officer
(newly created function)

Effective April 12, 2018

20+ years growing brands & businesses

Founder & CEO of PreciouStatus, a mobile software company creating connections for professional care facilities, education, healthcare and the military

~10 years at Best Buy developing new markets; Senior Vice President building new businesses and markets

Life-long rider of snowmobiles, motorcycles and ATVs

Further Strengthens Leadership to Drive Customer Centric Strategies

MULTI-YEAR STRATEGIC SOURCING PROJECT

COST SAVINGS TARGET

>$200 Million

(annual gross savings at maturity)

SIGNIFICANT SUPPLIER RATIONALIZATION

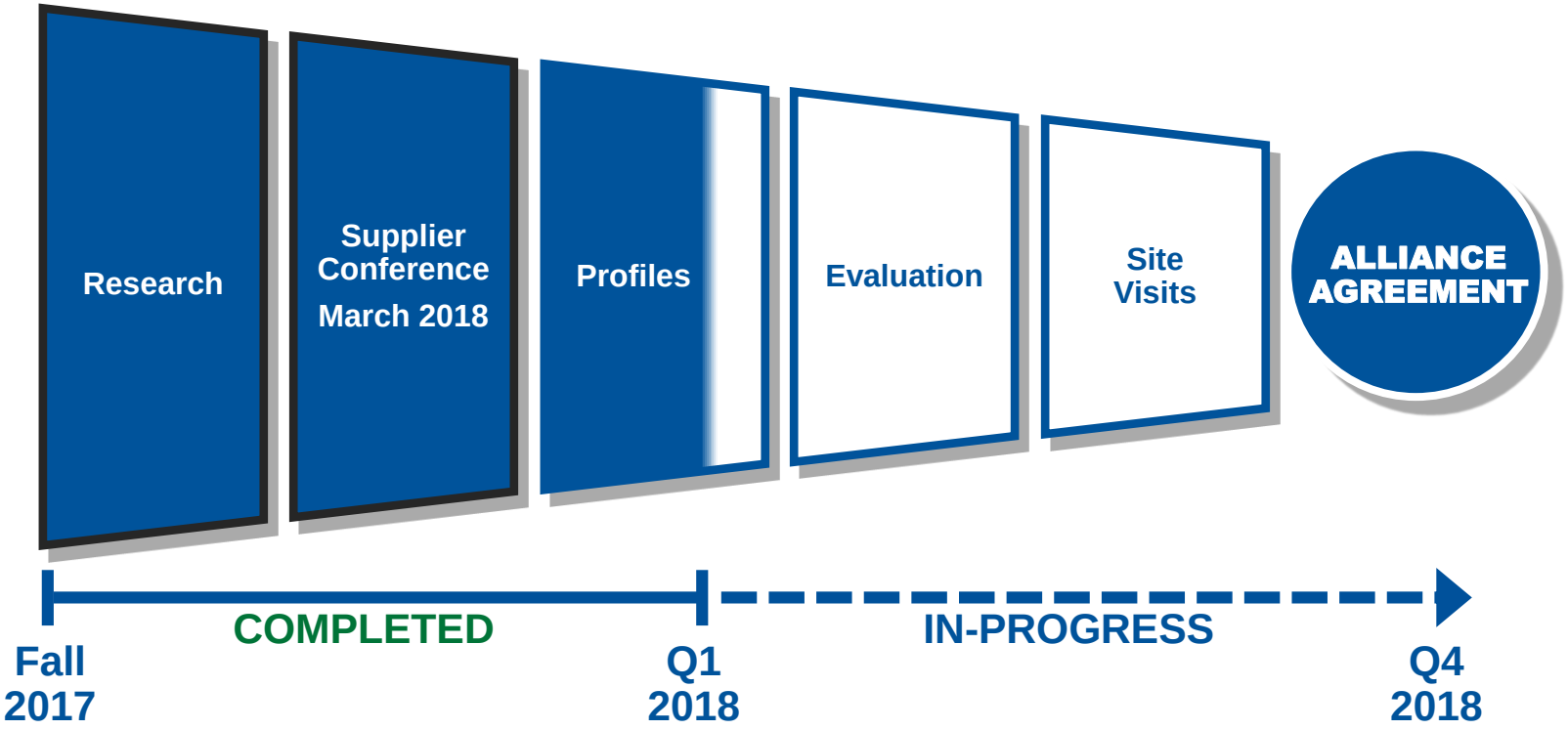


IMPROVED QUALITY

<150

PPM REJECTS

WAVE #1 ~$1 Billion Annual Spend



Over 1,600 attended conference (~900 suppliers, 3/4th new to Polaris)

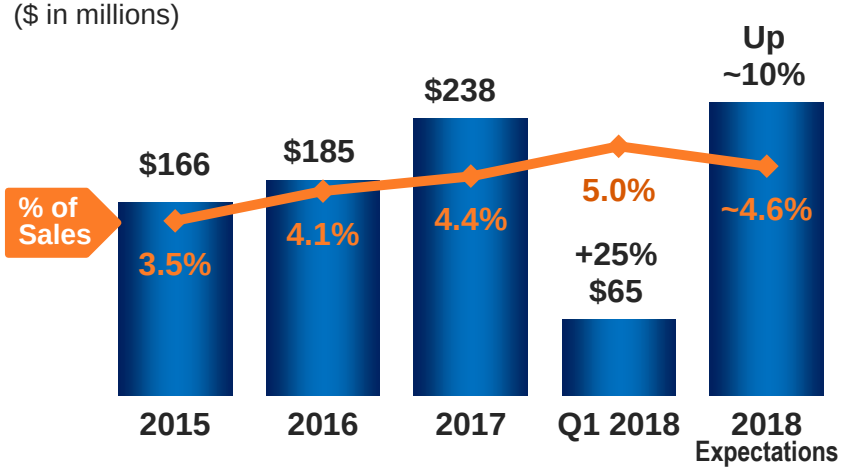
$5 billion in spend over next 5 years; $1 billion first wave

Enables Improved Productivity, Quality, Innovation and Delivery

INNOVATION

R&D Investment

($ in millions)





RZR® RS1



RANGER XP® 1000 Crew 6-Passenger



Jack Daniel's® Limited Edition Indian Scout® Bobber



850 Patriot Engine



72" RZR XP® TURBO S



Youth *RANGER®* 150 EFI with Geofencing technology



Indian Chieftain® Elite

Innovation Pipeline Robust

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First Quarter 2018 Earnings Results

Mike Speetzen, EVP–Finance & CFO

April 24, 2018

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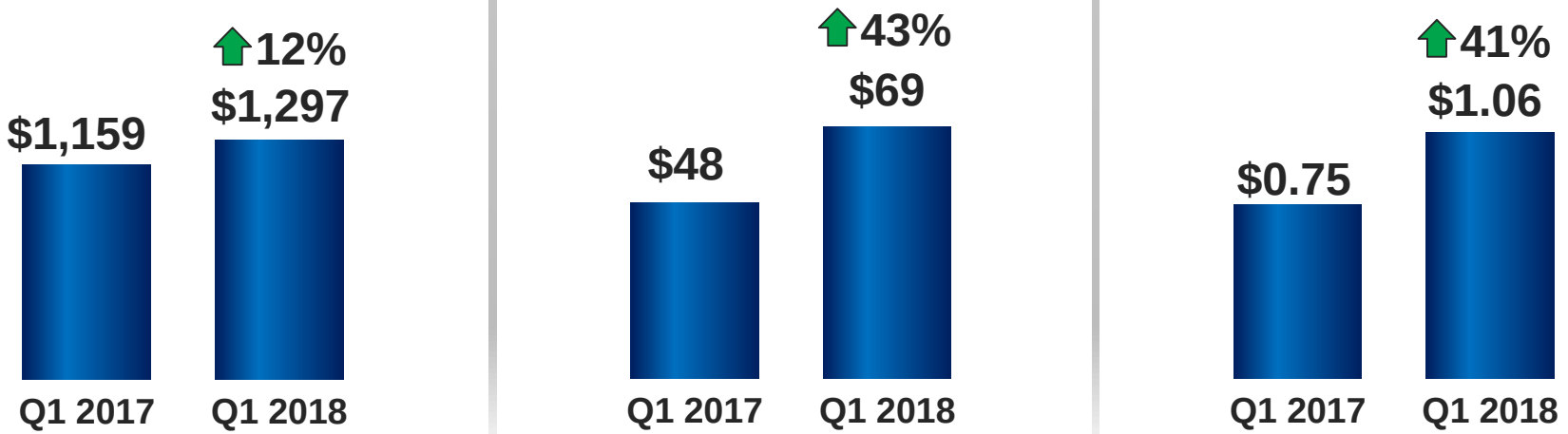
Q1 2018 FINANCIAL RESULTS

$ in millions, except EPS

	SALES	NET INCOME	EPS
GAAP ($/% Change)	$1,297 ↑12%	$56 ↑N/M	$0.85 ↑N/M
ADJUSTED* ($/% Change)	$1,159 → $1,297 ↑12%	$48 → $69 ↑43%	$0.75 → $1.06 ↑41%



Strong ORV, Adjacent Markets, PG&A & International sales growth

Average selling price is up 4% (excluding Victory)

Non-GAAP tax rate at 22.2%

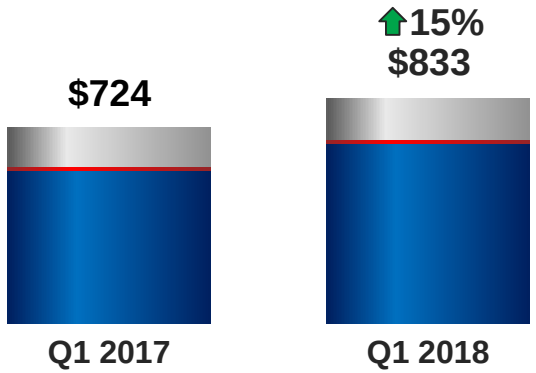
*See GAAP/Non-GAAP Reconciliation in Appendix. N/M = not meaningful

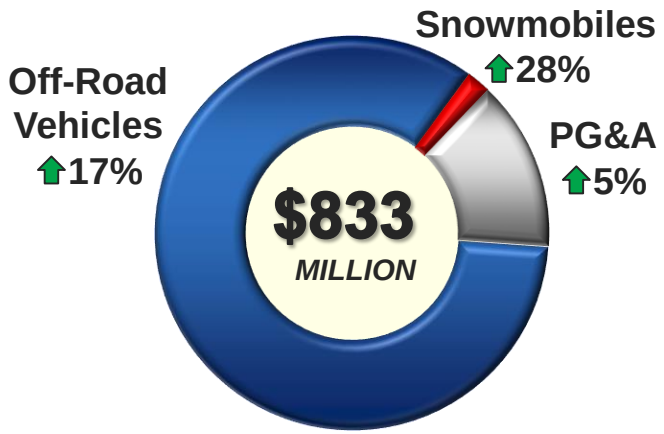
Results Finished Ahead of Expectations

OFF-ROAD VEHICLES (ORV) / SNOWMOBILES

Q1 2018 ORV/Snow Segment Sales*

($ millions)





All ORV categories grew sales and market share

New product demand strong

Promotional spending down vs. last year

MY'19 snowcheck orders strong – at a 17-year high

Average selling price for ORV up 4%; Snowmobiles up 2%

*Adjusted Results: See GAAP/Non-GAAP Reconciliation in Appendix

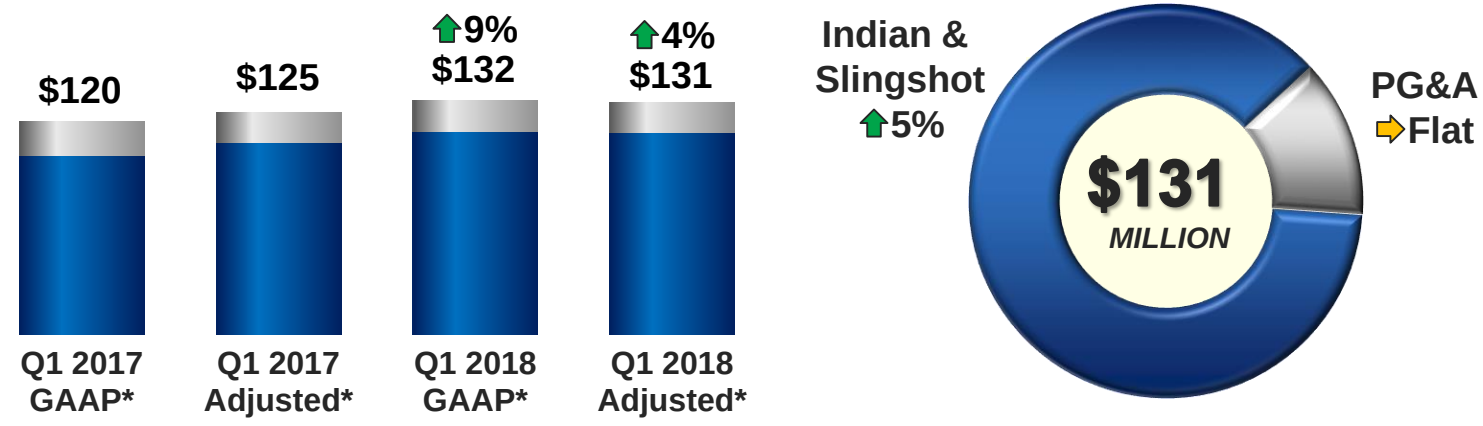


Solid Growth Driven by New Product Introductions

MOTORCYCLES

Q1 2018 Motorcycles Segment Sales*

($ millions)



Indian sales up double-digits; Slingshot shipments down

Both Indian and Slingshot gained market share in a down market

New Indian Jack Daniels Scout Bobber sold out in less than 10 minutes

Average selling price down 5% (excl. Victory); mix impact

*Adjusted Results: See GAAP/Non-GAAP Reconciliation in Appendix

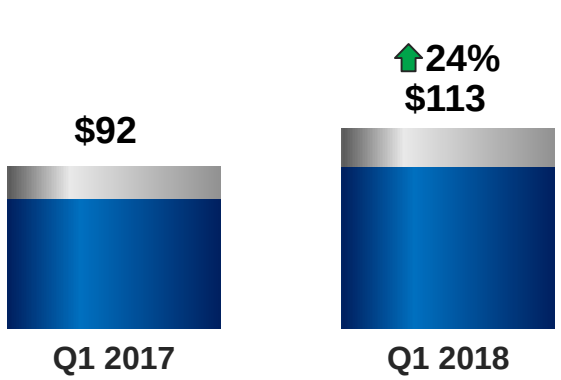


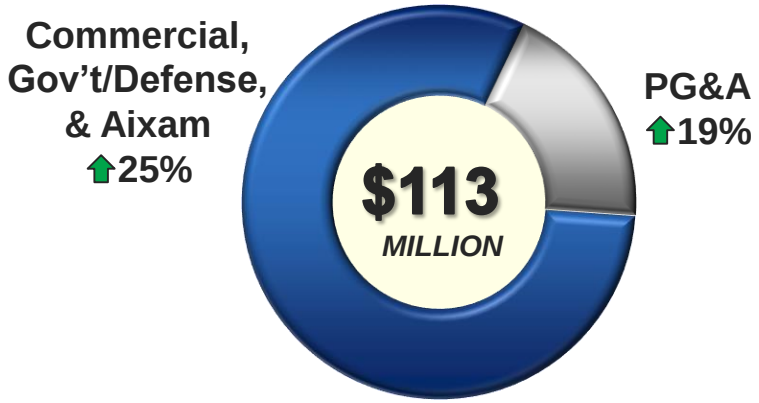
Indian Motorcycle Market Share Gains Continued

GLOBAL ADJACENT MARKETS (GAM)

Q1 2018 GAM Segment Sales

($ millions)





Growth driven by Aixam, Goupil and Government/Defense business

Order backlog solid

Polaris Adventures entering first full riding season

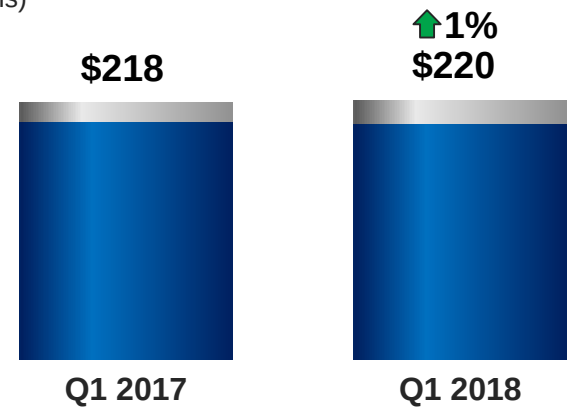


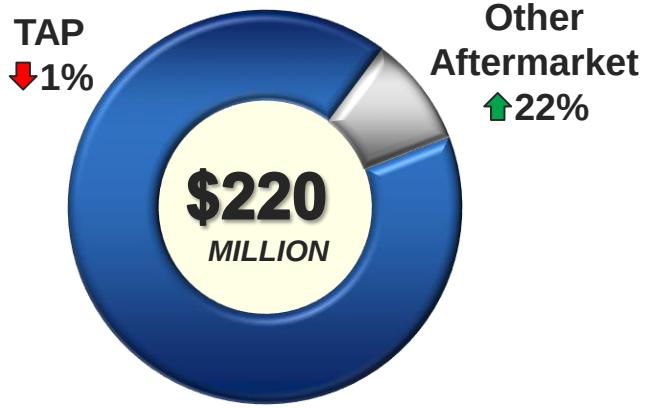
Aixam, Goupil and Defense Driving Increase Growth in Adjacent Markets

AFTERMARKET

Q1 2018 Aftermarket Segment Sales

($ millions)





TAP wholesale sales down due to soft industry light-duty truck sales; sales at its retail stores remained strong year-over-year

Other Aftermarket brands up strong driven by Klim/Premier

New TAP leader in place – internal promotion

Transamercian Auto Parts

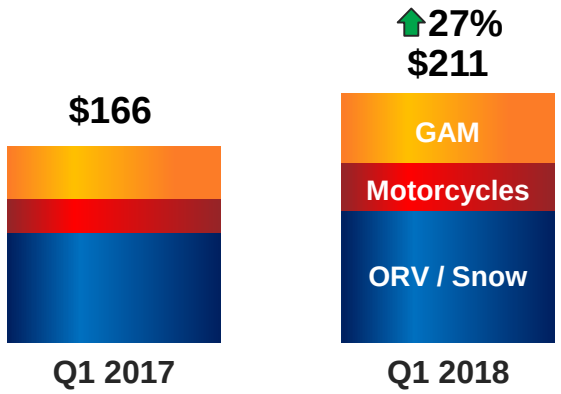


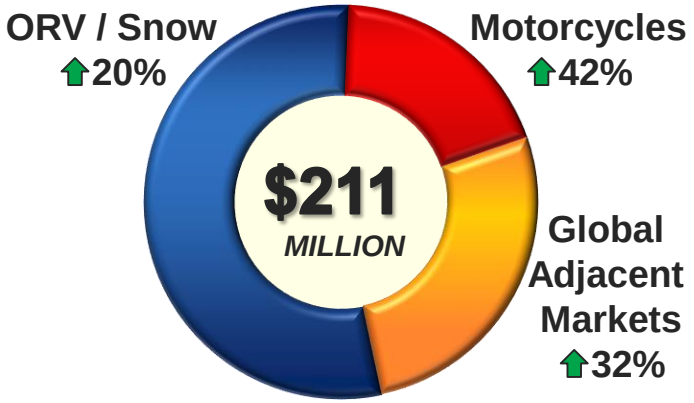
TAP Sales Impacted by Weak Light-duty Truck Sales – Remains Market Leader

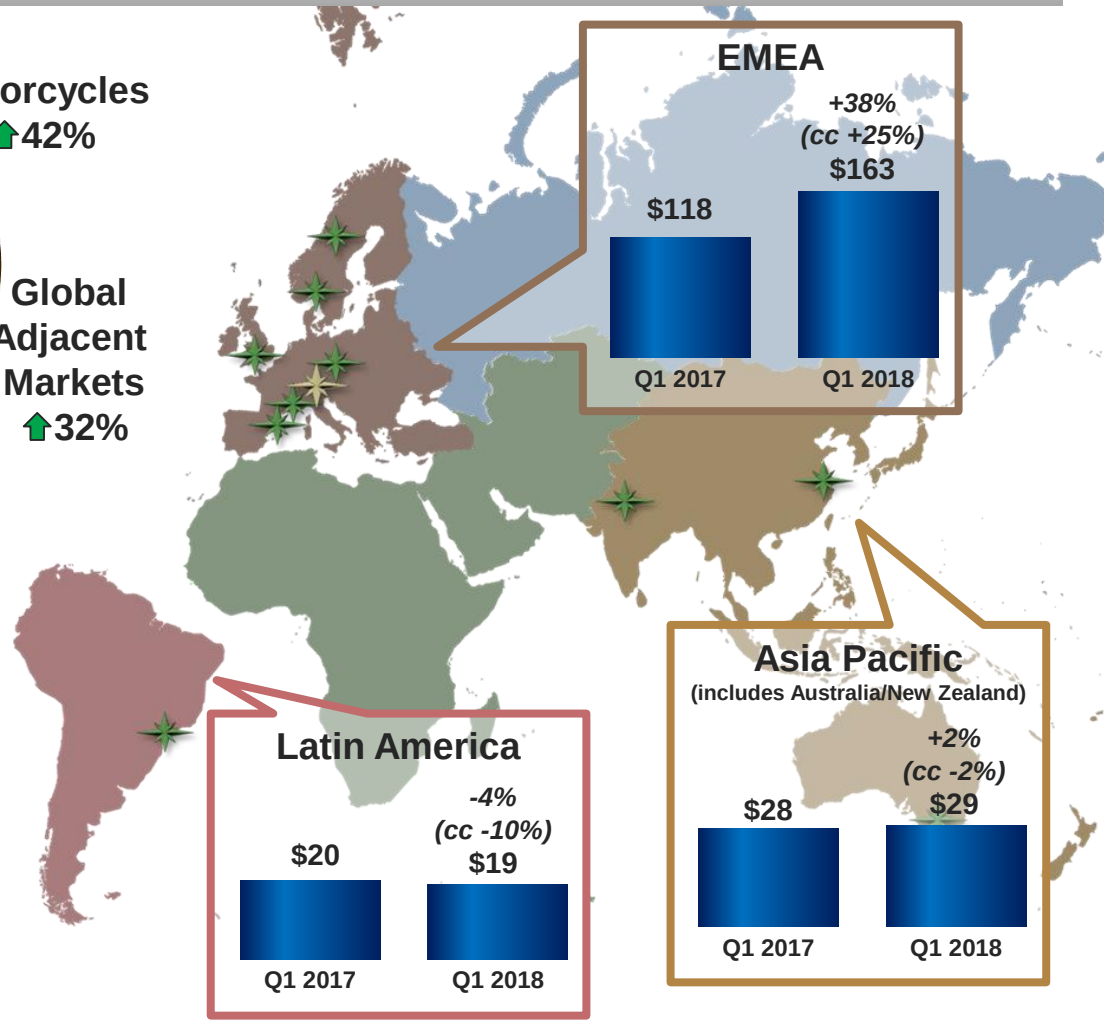
INTERNATIONAL

Q1 2018 International Sales*

($ millions)







All categories grew sales and market share in Q1

Polaris #1 in market share for ORV outside N.A.

Opole productivity improved significantly

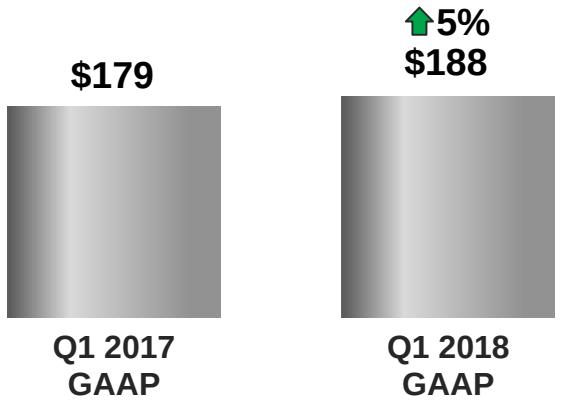
*Included in respective segments

International Growing Ahead of Expectations

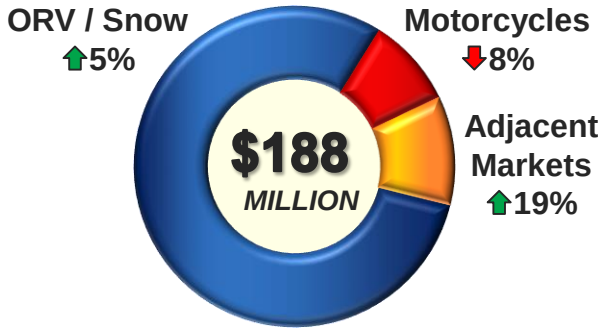
PG&A

Q1 2018 Core Parts, Garments & Accessories (PG&A) Sales*

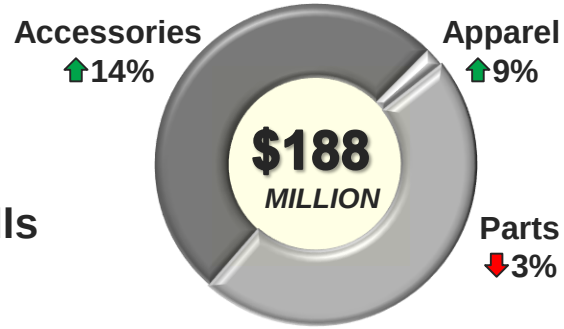
($ millions)



Sales by Segment



Sales by Category



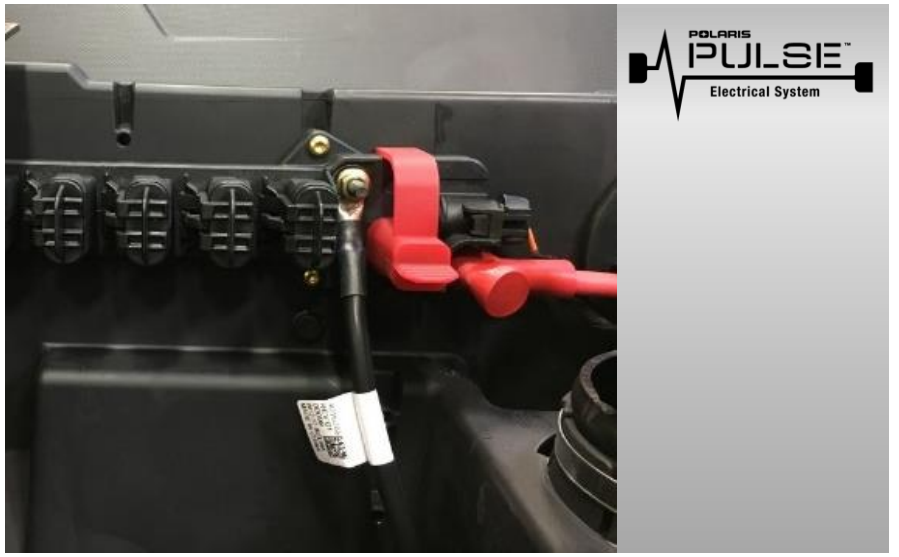
Strong accessory $/unit growth

International PG&A up mid-teens %

Parts lower - improving quality / fewer recalls

*Included in respective segments





Continued Growth in our Highest Margin Business

FULL YEAR 2018 GUIDANCE

$ millions, except EPS	SALES (% of Prior Year)	GROSS PROFIT MARGINS (% of Sales)	OPERATING EXPENSE ($ & % of Sales)	TAX RATE	EPS
2017 Actuals Adjusted*	**$5,428**	**25.9%**	**$1,008** (18.6% of Sales)	**30.1%**	**$4.85**
2018 Guidance**	↑ **4% to 6%** *(previous 3% to 5%)*	↑ **40 to 60 bps**	↓ **40 to 60 bps** (% of Sales)	**~23%**	↑ **$6.05 to $6.20** (+25% to +28%) *(previous $6.00 to $6.20)*
Change in Guidance	***Increased***	***Unchanged***	***Unchanged***	***Unchanged***	***Narrowed*** *(increased lower-end)*

Additional Expectations

- ***Financial Services up low-single digits % (increased)***
- ***Interest expense up due to rising interest rates (unchanged)***
- ***Share count up ~2%, dilutive impacts (unchanged)***
- ***Foreign Exchange favorable at current spot rates***

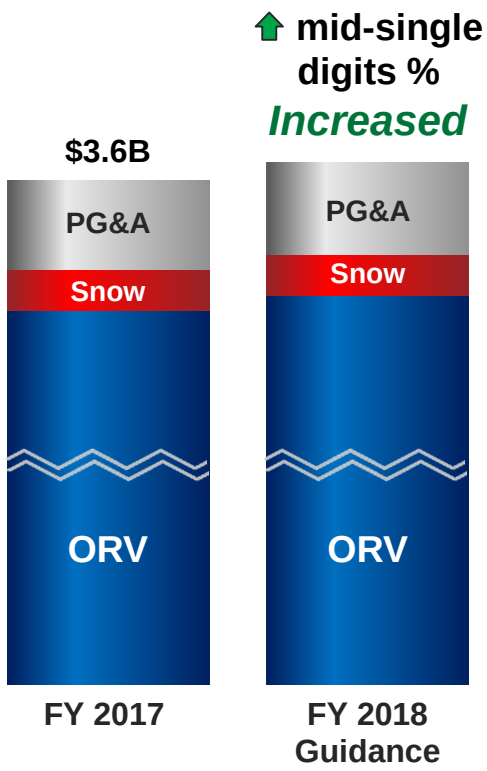
*See GAAP/Non-GAAP Reconciliation in Appendix
**See Appendix for discussion regarding non-GAAP adjustments excluded from 2018 guidance

Full Year 2018 EPS Guidance Narrowed

2018 FULL YEAR GUIDANCE BY SEGMENT

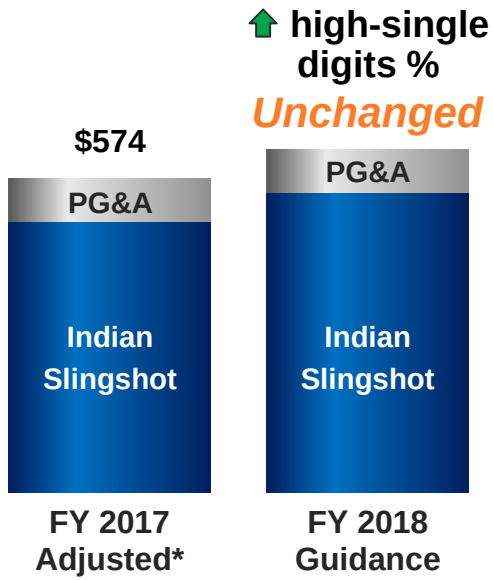
ORV/Snowmobiles

($ billions)



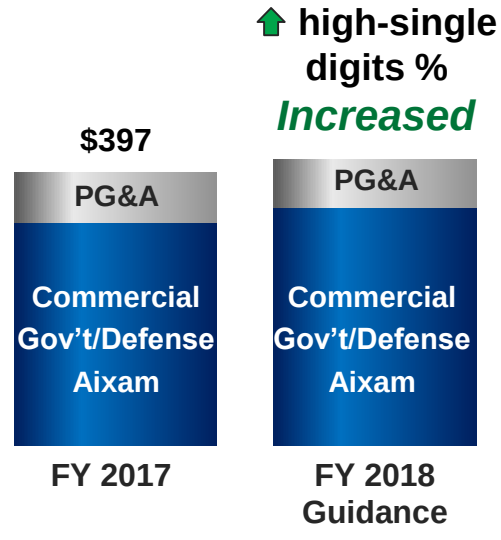
Motorcycles

($ millions)



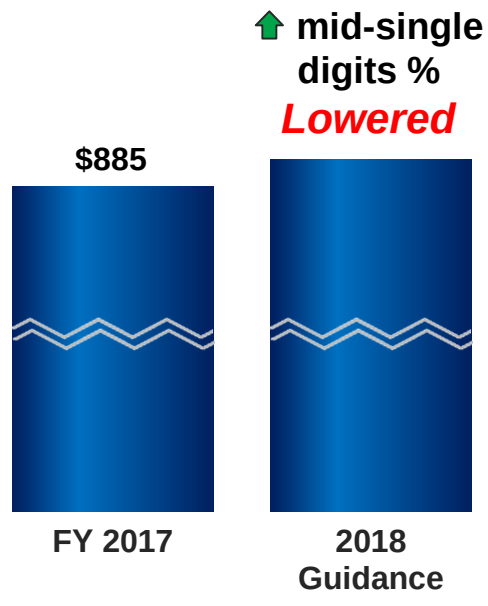
Global Adjacent Markets

($ millions)



Aftermarket

($ millions)

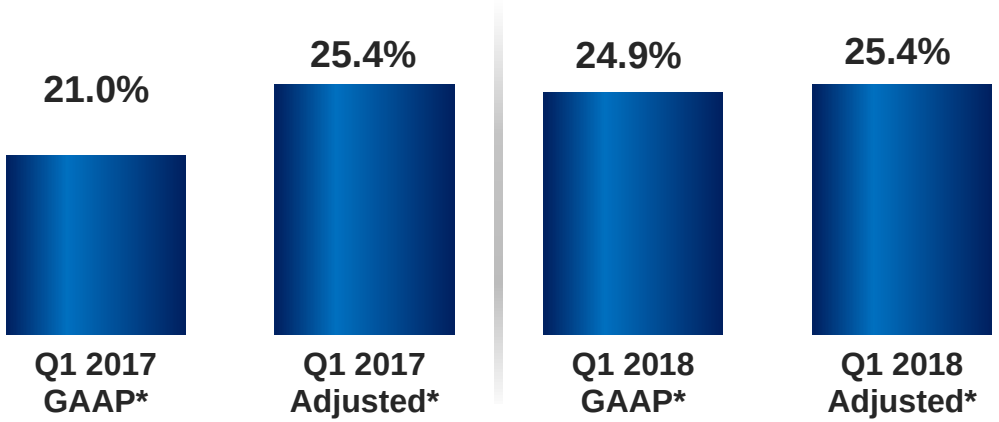


*See GAAP/Non-GAAP Reconciliation in Appendix

Strength in ORV & GAM Driving Improved Sales Guidance

GROSS PROFIT MARGIN GUIDANCE

Gross Profit Margin Q1 2018



VIP | F/X | Commodities/Freight
Warranty | Promos/Price | Product Mix

Gross Profit Margin by Segment	Q1 2017 GAAP*	Q1 2017 Adjusted*	Q1 2018 GAAP*	Q1 2018 Adjusted*
ORV/Snow	29.4%	29.4%	29.3%	29.3%
Motorcycles	(16.5%)	14.9%	12.6%	12.7%
Adjacent Markets	30.7%	30.7%	27.6%	28.0%
Aftermarket	19.1%	25.0%	26.6%	26.6%

Adjusted* Gross Profit Margin 2018 Guidance

Increase up 40 to 60 bps
Unchanged



VIP | F/X | Commodities/Freight/Tariffs
Warranty | Promos/Price | Product Mix

Gross Profit Margin by Segment	2018 Expectations
ORV/Snow	→
Motorcycles	↑
Adjacent Markets	↑
Aftermarket	↑

*See Appendix for discussion regarding non-GAAP adjustments excluded from 2018 guidance

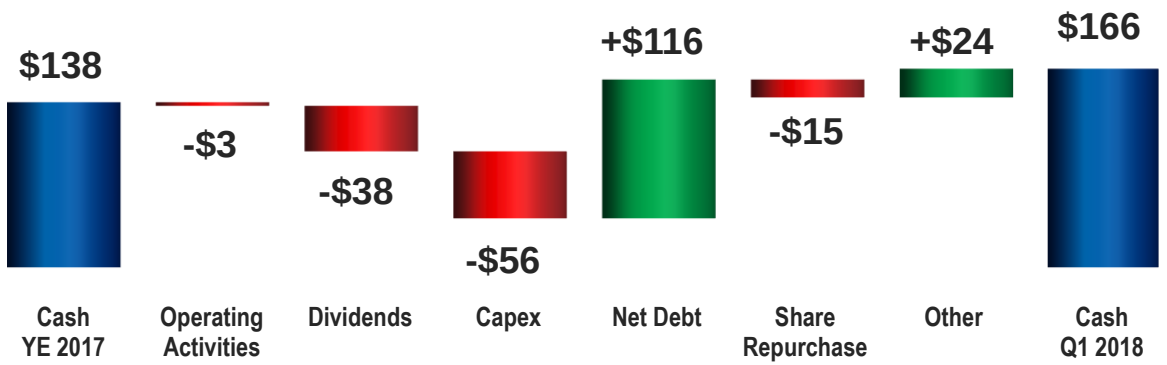
KEY: ↑ Improvement ↓ Headwind → Neutral

2018 Gross Margin Improvement Driven Primarily by Lower Warranty & VIP Savings, F/X

Q1 2018 FINANCIAL POSITION & 2018 EXPECTATIONS

Cash Drivers

($ millions)



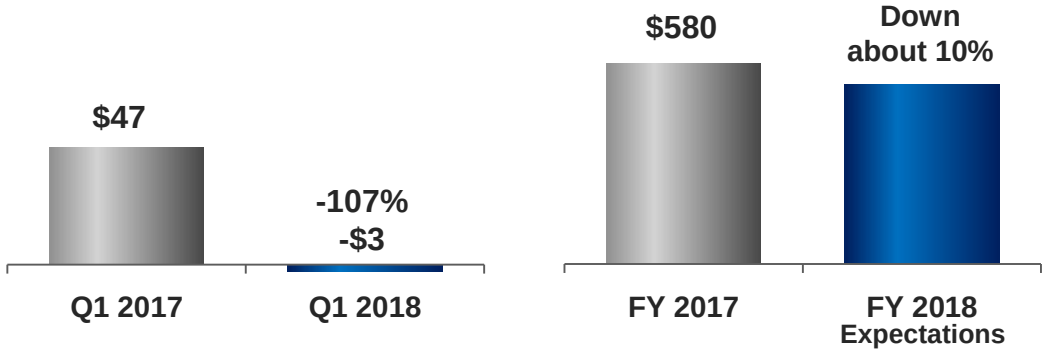
Capital Summary March 2018

($ millions)

		Variance to March 2017
Cash	$ 166	+21%
Debt /Capital Lease Obligations	$1,029	-13%
Shareholders' Equity	$ 973	+16%
Total Capital	$2,002	-1%
Debt to Total Capital	*51%*	*-7% points*

Operating Cash Flow

($ millions)



Q1 2018 Summary

Operating cash flow down as expected

Factory inventory up in preparation for higher selling seasonality

FY 2018 Expectations

Cash Flow expectations unchanged:

- Cap Ex higher than 2017; distribution/tooling
- Op cash flow lower; timing of accrual payments & higher w/c needs

Continued Strong Financial Position – Net Debt Improving

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First Quarter 2018 Earnings Results

Scott W. Wine, Chairman & CEO

April 24, 2018

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CLOSING COMMENTS

Good early momentum established for the year

Commodity, freight and tariff cost increases more challenging

Core markets remain competitive; innovative new products driving success

Closed a chapter of intense – but warranted – scrutiny from regulators

International business growing nicely

Supply chain initiative progressing well; safety and quality remain key

Quickly Becoming a More Customer Centric, Highly Efficient Growth Company

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First Quarter 2018 Earnings Results

Thank You

QUESTIONS?

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APPENDIX

NON-GAAP RECONCILIATIONS

NON-GAAP RECONCILIATIONS - SEGMENTS

2018 GUIDANCE ADJUSTMENTS

NON-GAAP RECONCILIATIONS

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

(In Thousands, Except Per Share Data; Unaudited)

	Three months ended March 31,	
	2018	2017
Sales	**$ 1,297,473**	**$ 1,153,782**
Victory wind down [1]	(549)	5,104
Restructuring & realignment [3]	470	—
Adjusted sales	**1,297,394**	**1,158,886**
Gross profit	**323,481**	**242,491**
Victory wind down [1]	52	38,563
TAP [2]	—	12,897
Restructuring & realignment [3]	5,792	—
Adjusted gross profit	**329,325**	**293,951**
Income (loss) before taxes	**73,692**	**(333)**
Victory wind down [1]	669	57,580
TAP [2]	2,080	16,200
Restructuring & realignment [3]	6,197	—
EPPL impairment [5]	19,630	—
Brammo [6]	(13,478)	—
Adjusted income before taxes	**88,790**	**73,447**
Net income	**55,714**	**(2,911)**
Victory wind down [1]	510	41,021
TAP [2]	1,585	10,183
Restructuring & realignment [3]	4,721	—
EPPL impairment [5]	19,417	—
Brammo [6]	(13,113)	—
Tax reform [4]	270	—
Adjusted net income [7]	**$ 69,104**	**$ 48,293**
Diluted EPS	**$ 0.85**	**$ (0.05)**
Victory wind down [1]	0.01	0.64
TAP [2]	0.02	0.16
Restructuring & realignment [3]	0.08	—
EPPL impairment [5]	0.30	—
Brammo [6]	(0.20)	—
Tax reform [4]	—	—
Adjusted EPS [7]	**$ 1.06**	**$ 0.75**

Key Definitions: Throughout this presentation, the word “Adjusted” is used to refer to GAAP results excluding: TAP inventory step-up purchase accounting / integration expenses, corporate restructuring, network realignment and supply chain transformation costs, EPPL impairment, gain on Brammo investment, and impacts associated with the Victory Motorcycles® wind down.

Adjustments:

(1) Represents adjustments for the wind down of Victory Motorcycles, including wholegoods, accessories and apparel

(2) Represents adjustments for TAP integration expenses and purchase accounting adjustments

(3) Represents adjustments for corporate restructuring, network realignment costs, and supply chain transformation

(4) Represents adjustments for the impacts of tax reform

(5) Represents adjustments for the impairment of the Company's equity investment in Eicher-Polaris Private Limited (EPPL)

(6) Represents a gain on the Company's investment in Brammo, Inc.

(7) The Company used its estimated statutory tax rate of 23.8% and 37.1% for the non-GAAP adjustments in 2018 and 2017, respectively, except for the non-deductible items and the tax reform related changes noted in Item 4

NON-GAAP RECONCILIATIONS - SEGMENTS

Non-GAAP Reconciliation of Segment Results (In Thousands, Unaudited)

	Three months ended March 31,	
	2018	2017
SEGMENT SALES		
ORV/Snow segment sales	$ 832,564	$ 724,103
Restructuring & realignment [3]	470	—
Adjusted ORV/Snow segment sales	**833,034**	**724,103**
Motorcycles segment sales	**131,557**	**120,289**
Victory wind down [1]	(549)	5,104
Adjusted Motorcycles segment sales	**131,008**	**125,393**
Global Adjacent Markets (GAM) segment sales	**113,327**	**91,555**
No adjustment	—	—
Adjusted GAM segment sales	**113,327**	**91,555**
Aftermarket segment sales	**220,025**	**217,835**
No adjustment	**—**	**—**
Adjusted Aftermarket sales	**220,025**	**217,835**
Total sales	**1,297,473**	**1,153,782**
Total adjustments	**(79)**	**5,104**
Adjusted total sales	**$ 1,297,394**	**$ 1,158,886**

	Three months ended March 31,	
	2018	2017
SEGMENT GROSS PROFIT		
ORV/Snow segment gross profit	$ 243,561	$ 212,959
Restructuring & realignment [3]	470	—
Adjusted ORV/Snow segment gross profit	**244,031**	**212,959**
Motorcycles segment gross profit	**16,568**	**(19,881)**
Victory wind down [1]	52	38,563
Adjusted Motorcycles segment gross profit	**16,620**	**18,682**
Global Adjacent Markets (GAM) segment gross profit	**31,258**	**28,098**
Restructuring & realignment [3]	445	—
Adjusted GAM segment gross profit	**31,703**	**28,098**
Aftermarket segment gross profit	**58,452**	**41,564**
TAP [2]	—	12,897
Adjusted Aftermarket segment gross profit	**58,452**	**54,461**
Corporate segment gross profit	**(26,358)**	**(20,249)**
Restructuring & realignment [4]	4,877	—
Adjusted Corporate segment gross profit	**(21,481)**	**(20,249)**
Total gross profit	**323,481**	**242,491**
Total adjustments	5,844	51,460
Adjusted total gross profit	**$ 329,325**	**$ 293,951**

Adjustments:

[1] Represents adjustments for the wind down of Victory Motorcycles, including wholegoods, accessories and apparel

[2] Represents adjustments for TAP purchase accounting adjustments

[3] Represents adjustments for network realignment costs

[4] Represents adjustments for costs related to supply chain transformation

2018 GUIDANCE ADJUSTMENTS

2018 guidance excludes the pre-tax effect of acquisition integration costs of approximately $10 million, supply chain transformation costs of approximately $10 million to $20 million, network realignment costs of approximately $5 million and the remaining impacts associated with the Victory wind down which is estimated to be in the range of $5 million to $10 million. Additionally, 2018 guidance excludes the pre-tax gain of $13 million related to the Company's investment in Brammo and charges of $20 million, including the impairment of the Company's equity investment in the Eicher-Polaris joint venture in India, both recorded in the 2018 first quarter. Additional costs associated with the wind down of the joint venture, if any, are expected to be immaterial for the remainder of 2018. 2018 adjusted sales guidance excludes any Victory wholegood, accessories and apparel sales and corresponding promotional costs as the Company is in the process of exiting the brand. The Company has not provided reconciliations of guidance for adjusted diluted net income per share, in reliance on the unreasonable efforts exception provided under Item 10(e)(1)(i)(B) of Regulation S-K. The Company is unable, without unreasonable efforts, to forecast certain items required to develop meaningful comparable GAAP financial measures. These items include costs associated with the Victory wind down that are difficult to predict in advance in order to include in a GAAP estimate.