POLARIS®

POLARIS INDUSTRIES INC.

Analyst / Investor Day

Wyoming, MN

June 14, 2018



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POLARIS INDUSTRIES INC.



Analyst / Investor Day

Welcome!

Richard Edwards, VP – Investor Relations

June 14, 2018

DRIVEN

AGENDA – Analyst / Investor Meeting

Thursday, June 14, 2018

8:00 AM – 10:00 AM

Central Time

Wyoming, Minnesota

Webcast Link at: ir.polaris.com

CDT	Topic	Presenter
8:00 – 8:10	Welcome / Opening Remarks	**Scott Wine,** Chairman & CEO
8:10 – 8:25	Financial Overview	**Mike Speetzen,** EVP - CFO
8:25 – 8:45	Operations Overview	**Ken Pucel,** EVP – Operations
8:45 – 9:05	Off-Road Vehicles	**Chris Musso,** President – ORV
9:05 – 9:20	Customer Engagement–Polaris	**Julie Gilbert /** Chief Customer Experience & Growth Officer
9:20 – 9:30	Customer Engagement–Motorcycles	**Pam Kermisch,** VP Marketing - Motorcycles
9:30 – 9:50	Engineering & Innovation	**Mike Donoughe,** SVP – CTO
9:50 –10:00	Q&A	
10:00 –10:45	Facility Tour	
10:45 –11:30	Lunch	
11:30 – 2:00	ORV & Slingshot Rides	

Thank You for Joining Us!

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; the Company's acquisition of Boat Holdings, LLC may not be completed during the timeframe expected or at all; 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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Scott W. Wine

Chairman & CEO

June 14, 2018

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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.

STRATEGIC PURPOSE

Polaris is committed to being a customer centric, highly efficient growth company. We relentlessly pursue product superiority, safety and value improvement in all that we do. We enhance the lives of customers around the world by providing the best off-road and on-road vehicles and related offerings for recreation, transportation and work. Our winning advantages are our innovative culture and dedicated team, operational speed and flexibility, and passion to create quality products and experiences.

Guiding Principles

Best People, Best Team

Safety & Ethics Always

Customer Loyalty

Strategic Objectives

BEST IN POWERSPORTS PLUS
Industry leading organic growth

GROWTH THROUGH ADJACENCIES
Strategic acquisitions and new market expansion

ACCELERATING GLOBAL GROWTH
Profitably increase International revenue %

SAFETY & QUALITY AS A COMPETITIVE ADVANTAGE
Continuously drive customer and dealer satisfaction

PRODUCTIVITY POWERHOUSE
Consistently improve earnings leverage and asset utilization

Performance Priorities

Growth

Margin Expansion

Product & Quality Leadership

LEAN Enterprise

SALES CAGR >5% | NET INCOME CAGR >15% through 2022

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Mike Speetzen

EVP – Finance & CFO

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AGENDA

Retail Update

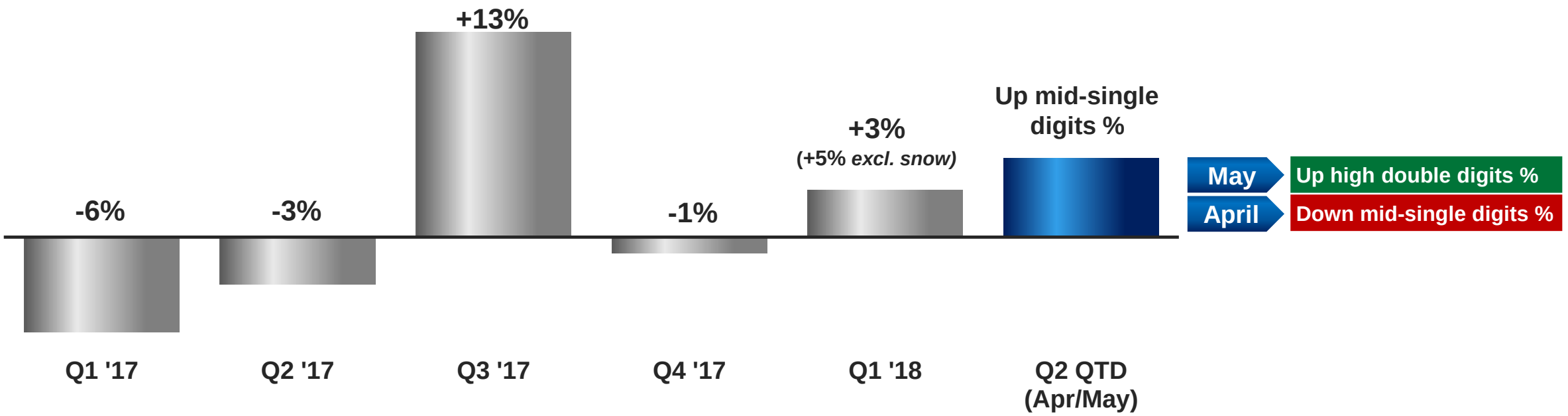
CDK Data Accuracy

Revised Guidance Reporting Structure

Return on Invested Capital

Capital Deployment

NORTH AMERICAN QUARTERLY RETAIL SALES



ORV retail improved significantly in May; April was weak due to weather

New ORV model shipments accelerating

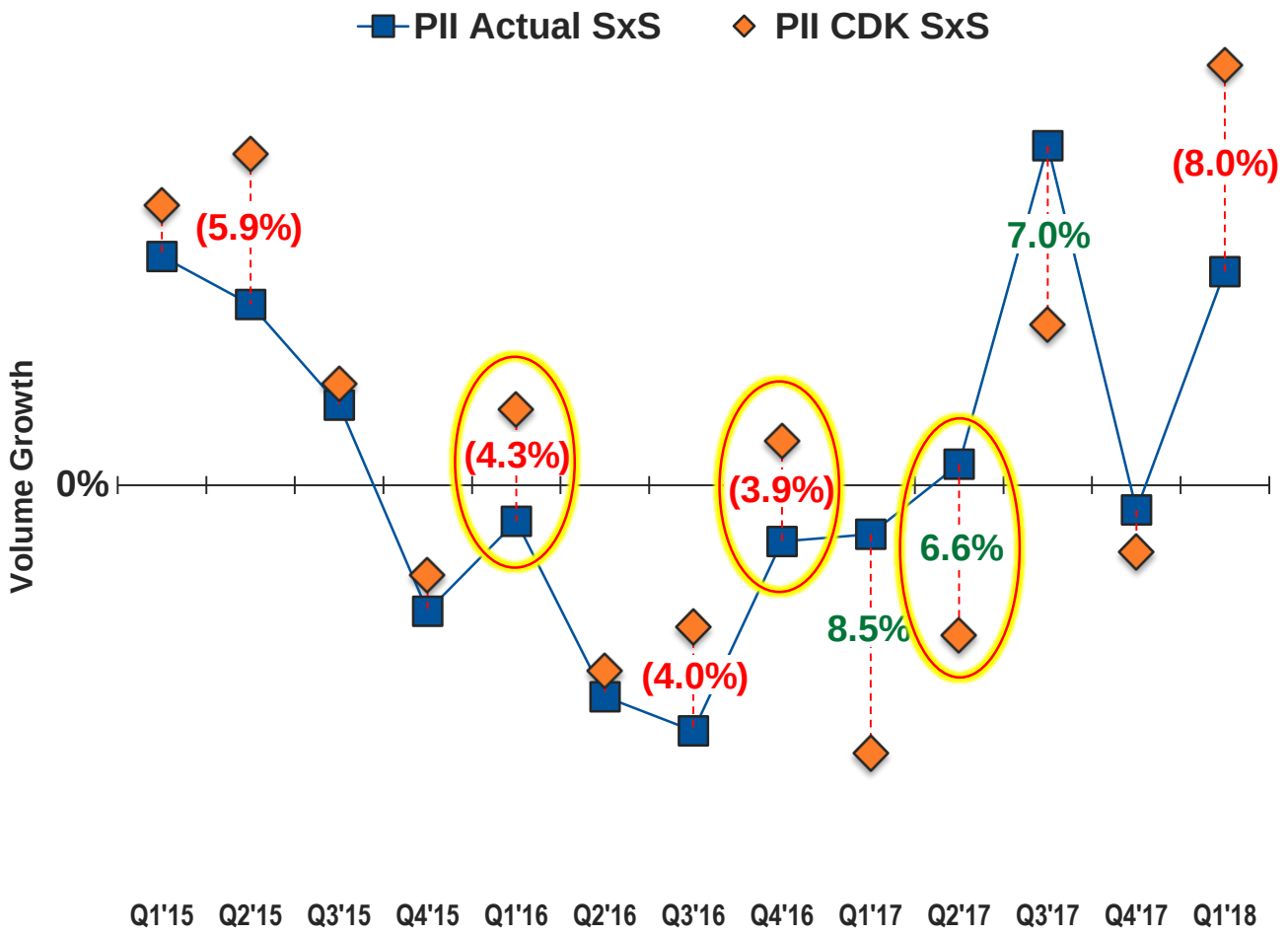
Indian Motorcycle retail also improved in May

Inventory levels trending as expected; Q2 anticipated up due to new product launches

Retail Performance Consistent with Expectations

CDK RETAIL SALES COMPARISON

U.S. Side-by-Sides Retail Sales Quarterly Change Polaris Actual vs. CDK



Monthly/Quarterly CDK volume deviation approx. 5 percentage points from PII actuals more than half the time

Reasons for Variances:

Dealer sample base: ~35-40% surveyed

OEM exclusions (ex. Deere/Kubota)

Promotional program timing:

Start/end dates vary

Programs vary by geography

CDK Data Not a Reliable Predictor of PII Actual Retail Sales

POLARIS EPS ADJUSTMENTS

Revised EPS Structure Beginning Q2'18

		FY 2017 Actual	FY 2018 Guidance Low	FY 2018 Guidance High	
2018 EPS Guidance*		**$4.85**	**$6.05**	**$6.20**	**Remains unchanged from Q1 Earnings Call**
	% Change		*+25%*	*+28%*	
Adjustments					
Intangible amortization		**+$0.25**	**+$0.28**	**+$0.28**	**TAP / Aixam / Taylor Dunn**
Boat Holdings EPS accretion		**$ –**	**+$0.10**	**+$0.10**	**~5 months anticipated after close**
Revised 2018 EPS Guidance*		**$5.10**	**$6.43**	**$6.58**	**Beginning Q2'18**
	% Change		*+26%*	*+29%*	

Historical intangible amortization approximately $0.06 per quarter in 2017; $0.07 in Q1 2018

Q2 2018 to be reported using new reporting structure

Will exclude intangible amortization of approx. $0.07 of share

**See Appendix for GAAP/Non-GAAP Reconciliation and 2018 Guidance Adjustments*

Provides Transparency and Better Reflects True Underlying Earnings Power of Polaris

RETURN ON INVESTED CAPITAL

ROIC critical to all aspects of company management

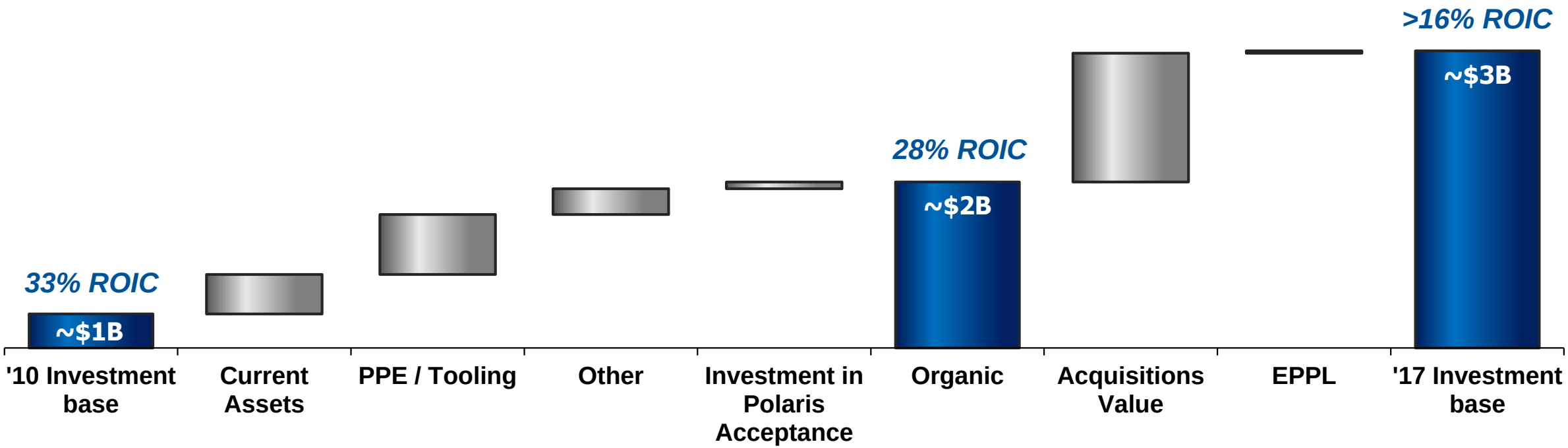
WACC of ~9% utilized as investments are analyzed

Capital deployed in 3 major categories: organic investment, returned to shareholders & acquisitions:

1. **Organically invested ~$2+ billion over last 5 years in R&D, Capital & Tooling**
   - Organic returns substantially higher than WACC
   - Plant investments impact historical ROIC due to unused capacity
2. **Returned ~$0.7+ billion to shareholders & repurchased ~$1.2 billion of PII shares over the last 5 years**
   - 23 consecutive years of dividend growth; important component of shareholder return
   - Opportunistic repurchases based on intrinsic value hurdle exceeding WACC
3. **Deployed ~$1 billion in acquisitions**
   - Returns trending up as acquisitions mature, ROIC of acquired businesses improved from 2% in 2016 to 5% in 2017, excluding Boat Holdings

Return on Investment is a Key Metric in Evaluating Deployment of Capital

INVESTMENT BASE & ROIC – 2010 to 2017



Core ROIC down from 33% to 28%

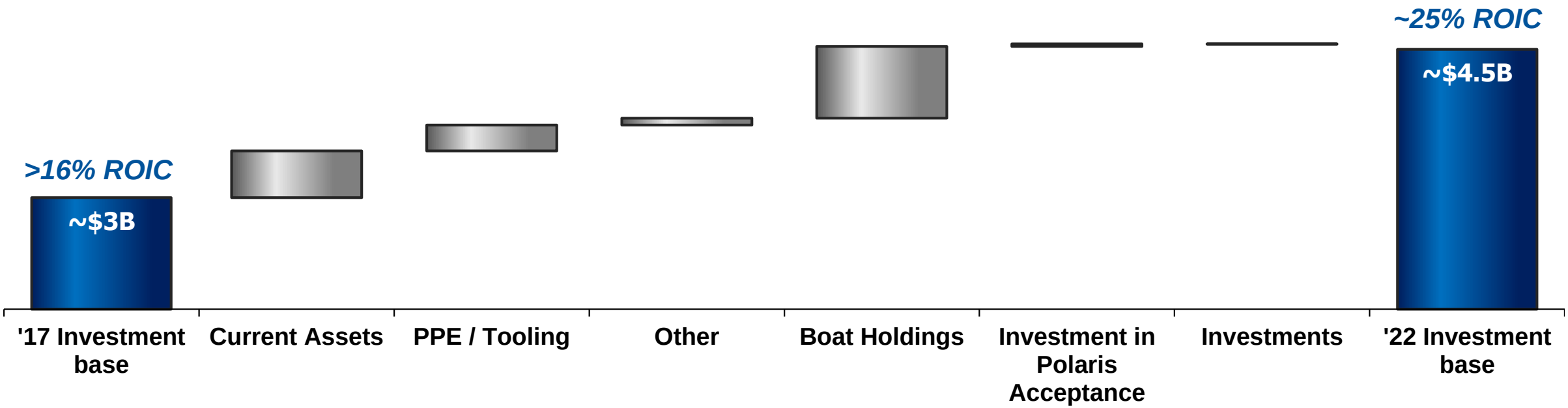
- Capacity impacted by plant investments

Acquisitions impact on ROIC

- TAP early in acquisition timeline
- Other acquisitions performance improving

ROIC > WACC and Well Ahead of Peers and S&P 500

INVESTMENT BASE & ROIC - 2017 to 2022



Important Drivers

- Acquisitions improving to mid-teens %
- Leveraging Huntsville and Opole
- Exiting EPPL

Improving Due to Volume, VIP Initiatives, Acquisitions Performance; Exiting of Underperforming Assets

Capital Deployment Framework

#1 Priority: Organic Investment

Enables innovation

Generating high returns

#2 Priority: Return to Shareholders

Dividends:

23 consecutive years of increasing, important component of shareholder return

Established based on targeted payout range of operating cash flow

Indicator of strong cash flow; key component of shareholder return

Share Repurchases:

Target to hold share count flat over time

Opportunistic buys based on intrinsic value hurdle

#3 Priority: Acquisitions

Criteria: Strategic **AND** best brand, product and distribution in their space

Criteria: Return **>** WACC

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EVP – Finance & CFO

Questions?

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EVP – Operations, Engineering & Lean

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POLARIS GLOBAL OPERATIONS 2018-2022 STRATEGY

Polaris Operations strategy is focused on delivering Operational performance to support the Polaris Strategy. We will achieve Best-in-Class performance in SQDC-New Products.



2022 Goals:

Safety: Continued strong workplace safety

Quality: ~30% improvement of key metrics

Delivery: 40% faster to drive RFM performance

Cost: $500 million Gross VIP

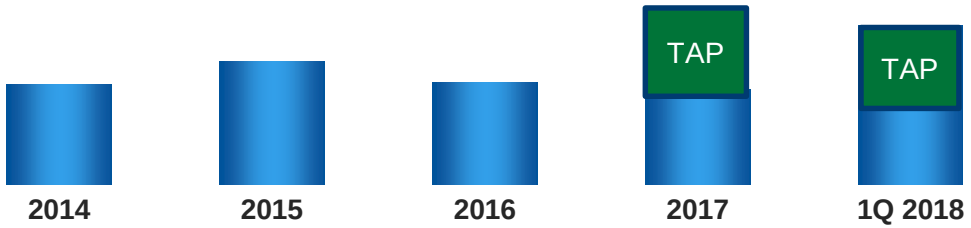
New Products: Focused on Safety, Quality, Delivery and Speed of Innovation

Polaris Operations Strategy Targets Best-in-Class Performance

OCCUPATIONAL SAFETY, QUALITY, DELIVERY, COST – 2018 PERFORMANCE

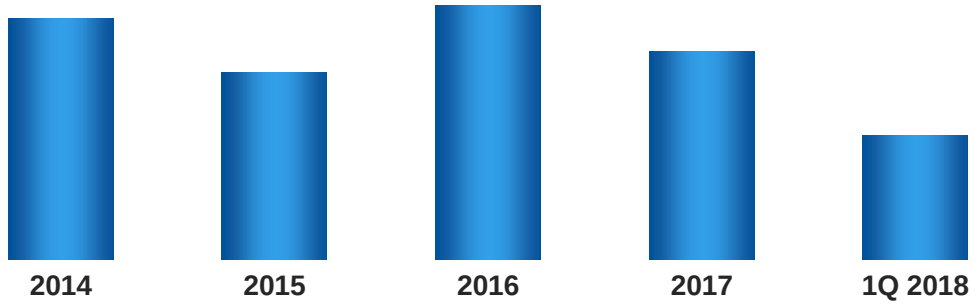
Occupational Safety (TRIR)

Driving a Zero Incidents Culture



Quality (Rework %)

Focused on Improving Performance

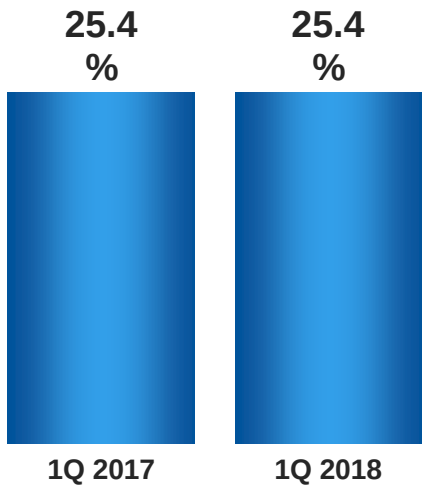


Delivery

Product	Delivery
ATV	G
Ranger	G
RZR	G
Snow	G
Motorcycles	G
Slingshot	G
TOTAL	G

Plant	Capacity
Huntsville	G
Roseau	G
Spirit Lake	G
Monterrey	G
Opole	G
Osceola	G
TOTAL	G

Adjusted Gross Profit %



- \+ Operational productivity driven by VIP Savings
- \+ Lower Warranty costs
- \+ Foreign Exchange
- – Product mix
- – Freight
- – Commodity costs

Focused on the Fundamentals that Drive Safety, Delivery, Quality and Cost

SAFETY AND QUALITY SYSTEMS PROGRESS

Polaris aims to continually improving product safety and quality by focusing on systems and execution.

Quality System Focus Areas

- *Post Sales Surveillance*
- *Design Controls*
- *Supplier Quality*
- *Manufacturing Controls*

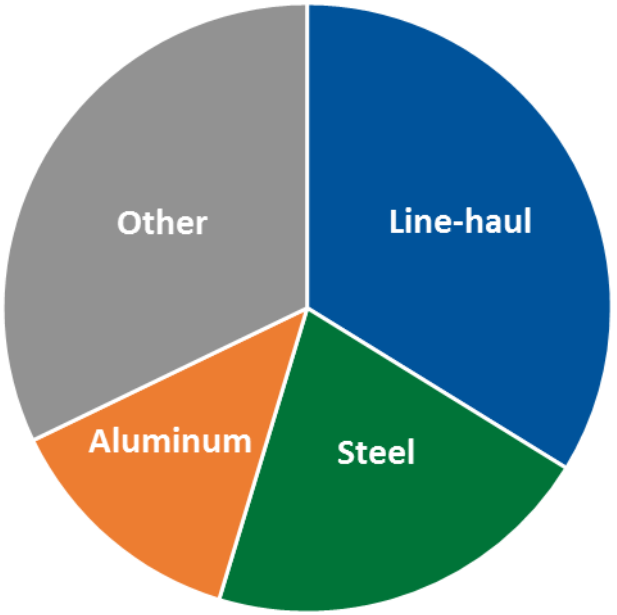
2018 Improvements (vs. same time 2017)

Warranty Claims / Unit	↓ 25%
Rework	↓ 50%
Supplier PPM	↓ 25%

Safety and Quality Continuously Improves

COMMODITY AND LOGISTICS UPDATE

2017 Economics Related Spend ~$400M



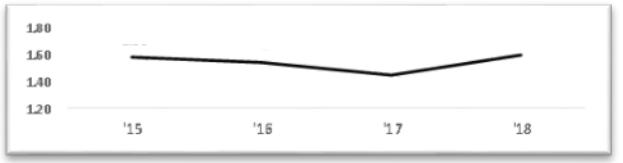
Commodity and Logistic Trends

Logistics Line-haul

1Q 2018: Higher Industry rates due to driver shortage and strong U.S. economic conditions

FY 2018: Mitigations include route optimization and negotiations

Rate per Mile



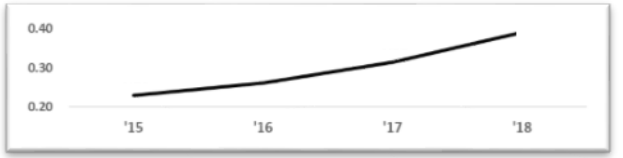
Steel

1Q 2018: Exposure largely mitigated via price locks

FY 2018: Section 232 tariff driving market price increases

Incremental headwinds if Section 301 tariff enacted

$ per Pound



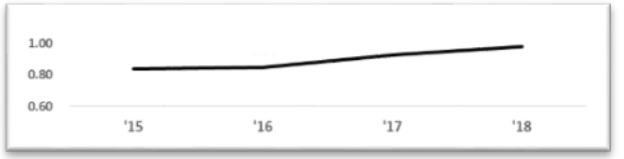
Aluminum

1Q 2018: Exposure largely mitigated via price locks

FY 2018: Section 232 tariff (including CAN/MEX/EU) driving market price increases

Section 301 tariff impact if enacted

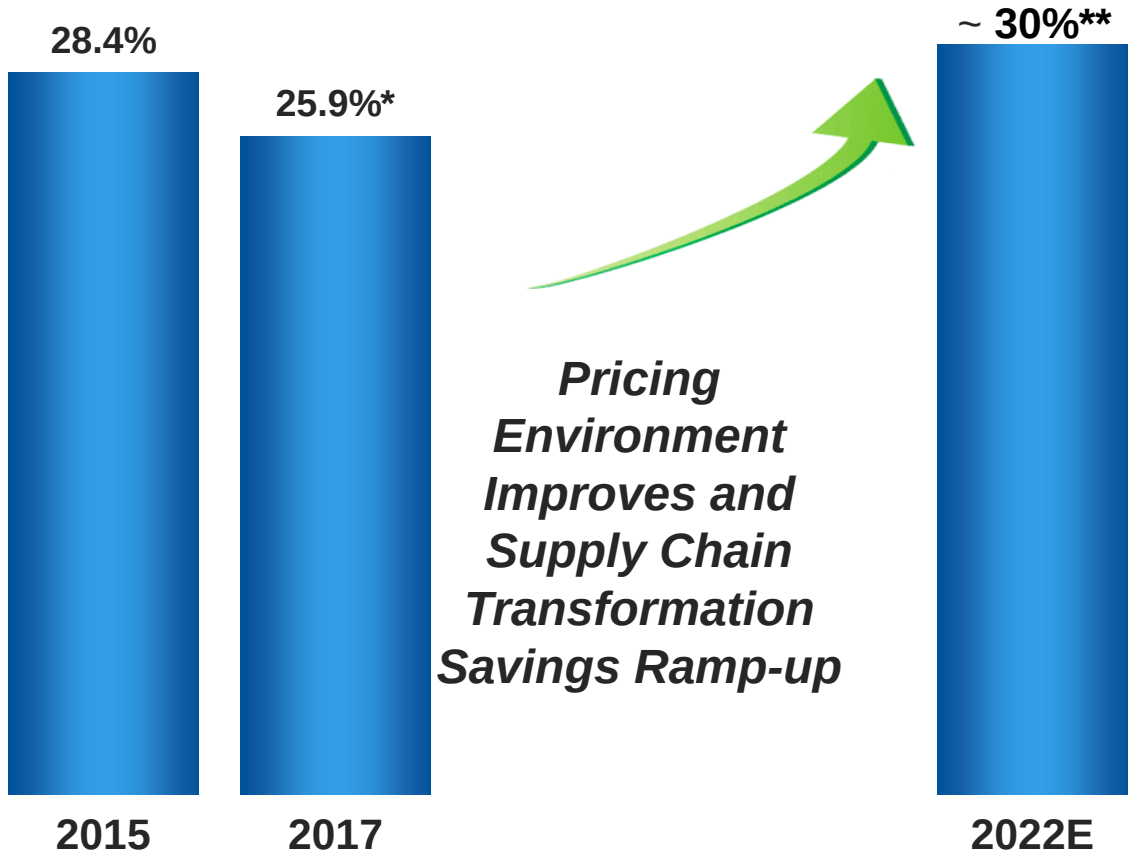
$ per Aluminum



Managing Commodity/Logistics Headwinds Q2-Q4

GROSS PROFIT DYNAMICS

PII Gross Profit %



Headwinds/Tailwinds

	’15-’17	’18-’22
VIP	+	+
Price / Promo	–	+
Warranty	–	+
Leverage	–	+
Mix	–	–
FX	–	=

** See Appendix for GAAP/Non-GAAP Reconciliation*
*** Ex. Boat Holdings Acquisition; See Appendix for GAAP/Non-GAAP Guidance Adjustments*

Productivity, Improving Quality and Leverage to Drive Margin Expansion

VIP – VALUE IMPROVEMENT PROGRAM

Performance Summary

POLARIS® VALUE IMPROVEMENT PROCESS VIP

$400M

2015 – 2017



$500M

2018 – 2022



Key Strategies

>4,500 Lean and Continuous Improvement projects complete 2015-2018

2018-2022 VIP Contribution:

Materials	**$300M**
Supply Chain Transformation Project >$200M	
Manufacturing (Lean and PNO)	**$100M**
Logistics (Routes and Rates)	**$100M**

Value Improvement Program Continues to Drive Productivity

SUPPLY CHAIN TRANSFORMATION PROGRAM

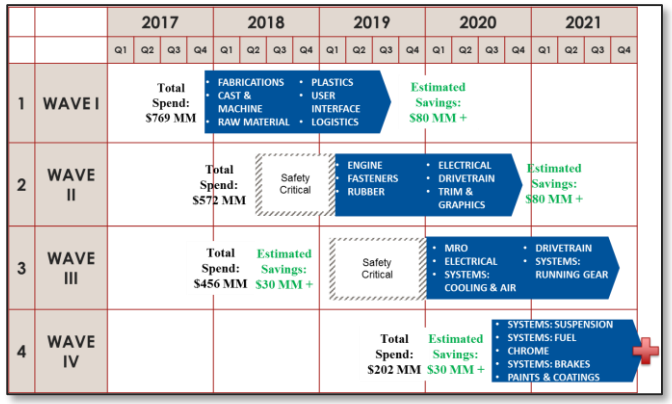
Cost Savings Target

>$200 Million



Project Timing

4 Waves / 4 Years



Wave 1 Highlights

Fabrication
Plastics
Logistics
Fabrication
Cast/Machine
Drivelines
Batteries

~$1 billion annual spend, $80M+ target

900 Suppliers Engaged, 75% new to Polaris

On target through step 5 of 11 step process

Savings begins Q4 2018

Run rate achieved Q4 2019

Supplier Rationalization

60% Fewer

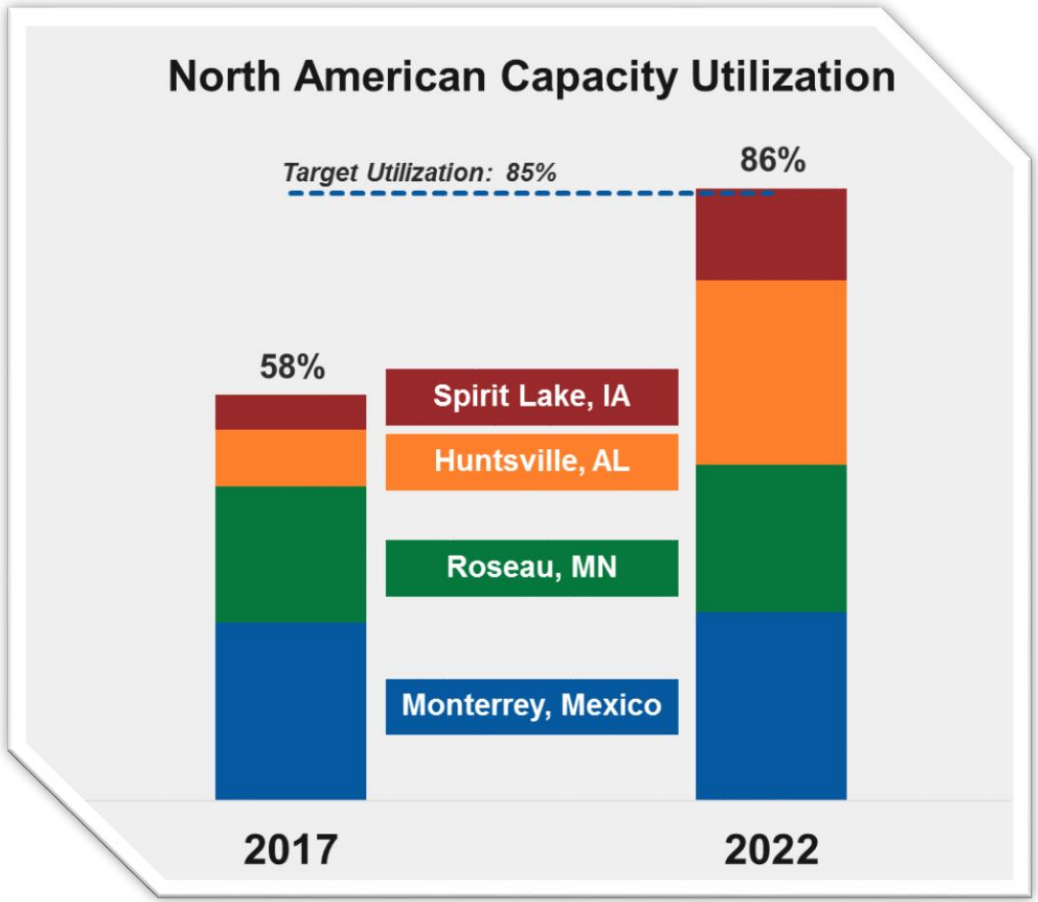


Improved Quality

<150 PPM Rejects

Supply Chain Transformation Program will Drive Substantial Results

POLARIS MANUFACTURING CAPACITY UTILIZATION



~$50M of Leverage Savings While Delivering RFM

Leverage volume growth:
- Fully lever Monterrey
- Grow Huntsville - Ranger/Slingshot
- Motorcycle growth in Spirit Lake

Plant Network Configuration Optimization:
- Configure for RFM Delivery
- Insource capabilities into Roseau
- Milford Closure - Complete

Lean improvements drive productivity

Expand capabilities

Polaris Manufacturing Will Lever Fixed Cost Over Period

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Ken Pucel

EVP – Operations, Engineering & Lean

Questions?

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Analyst / Investor Day

Chris Musso

President – Off-Road Vehicles

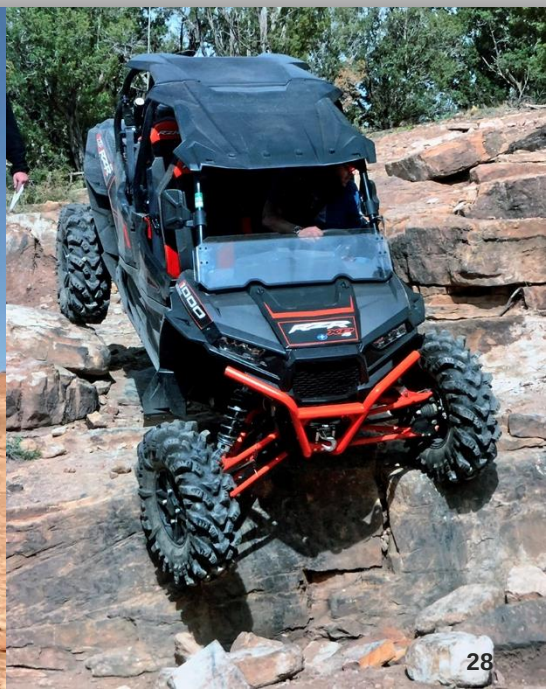
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DOHC
TURBO




ELLAS
Fellas and
Bellas!



MARKET EVOLUTION

2008

RZR Creates True Sports SxS Market

2012

RANGER XP 900 Launch Transforms Utility Industry

2014

RZR XP 1000 Resets the Performance Game

2015

Competitive Attack in Utility Market

2016

RZR Turbo – Ultimate Performance

Competitive Attack in High Performance Rec SxS

Thermal Recalls

General Achieves #1 in Rec-Util

2017

RANGER XP 1000 Launch Transforms Utility Industry… *Again*

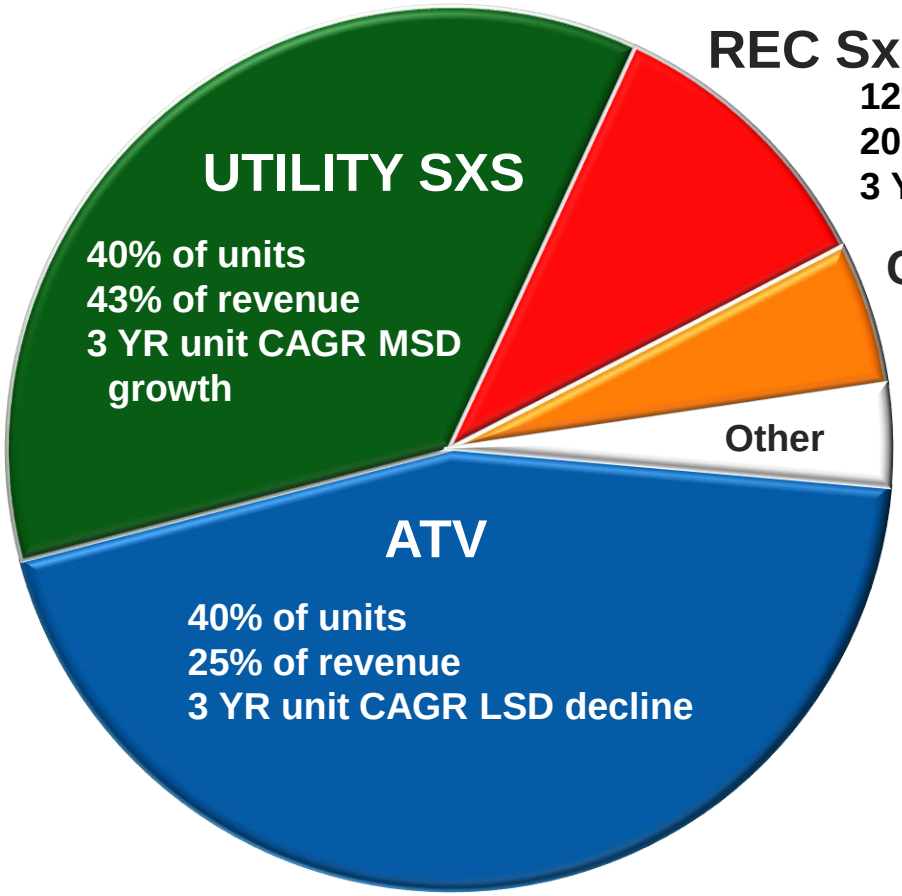
2018

Polaris Returns to Retail & Share Growth In SxS & ATV

CPSC Settlement

ORV INDUSTRY OVERVIEW

N.A. INDUSTRY BREAKDOWN



REC SxS
12% of units
20% of revenue
3 YR unit CAGR MSD growth

CROSSOVER SxS
6% units
10% of revenue
3 YR unit CAGR HSD growth

OPPORTUNITY

Grow Overall SxS Position

Drive Share Across Segments

STRONG BRAND POSITION

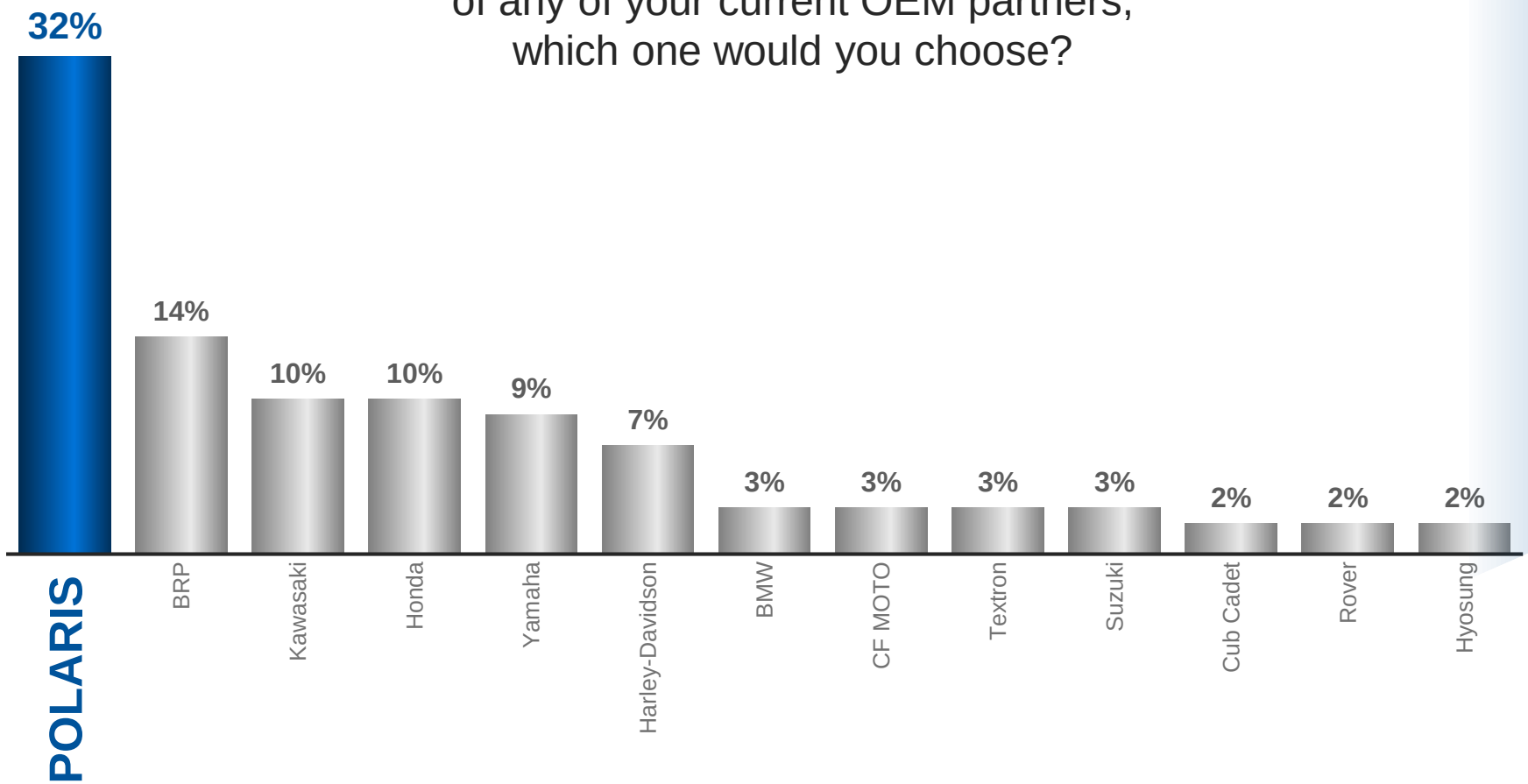


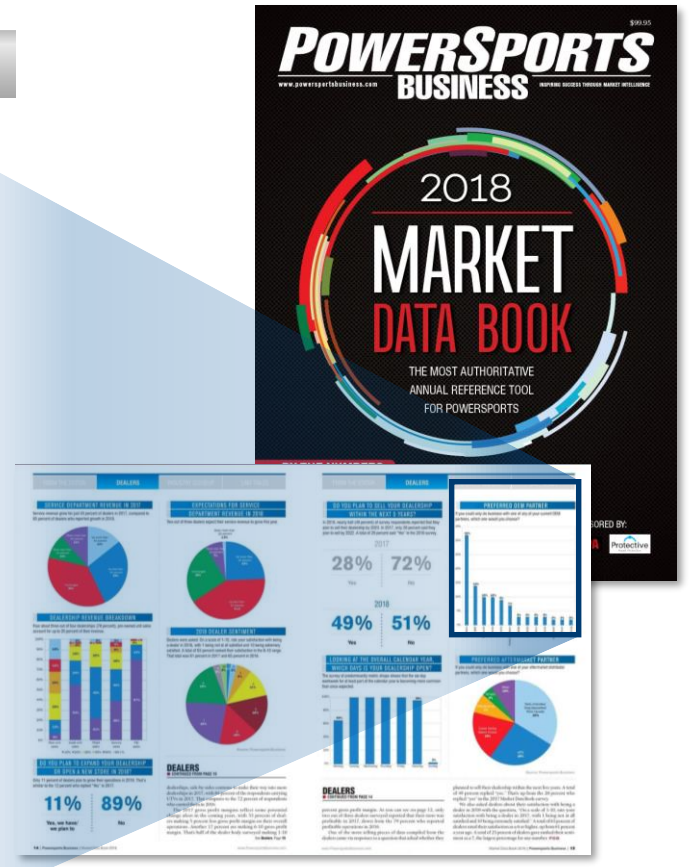


STRONG DEALER PARTNERSHIP

Preferred OEM Partner

If you could only do business with one of any of your current OEM partners, which one would you choose?





*Source: 2018 PowerSports Business Market Data Book

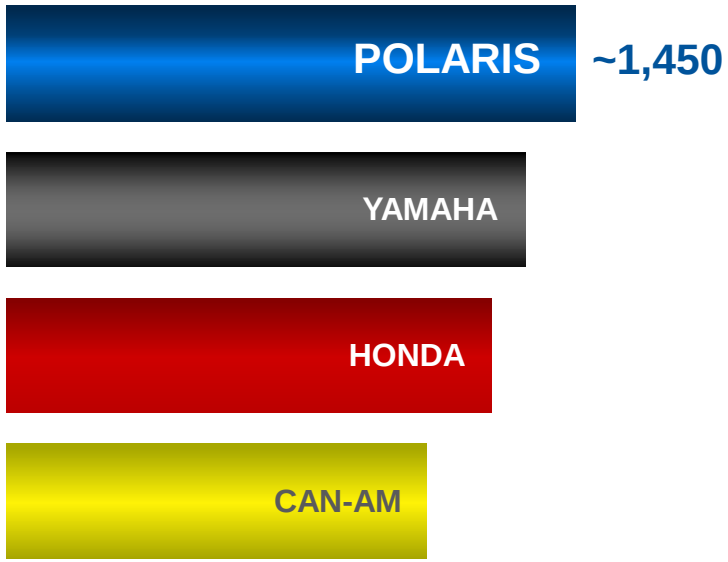
STRIDES IN DEALER PROFITABILITY

1. **84% of dealers surveyed view Polaris as "equally (17%) or more (67%) profitable compared to other OEMs"** *3rd Party Profitability Survey*
2. **Dealers leveraging 5 profit centers think more positively of Polaris profitability**
   PII programs designed to support dealer profitability throughout the dealership
3. **PII promo spending shifted to support dealer profitability**
   Investment in dealer rewards 3x vs. 2015/2016
4. **PII offering the strongest MAP policy in the industry**
   Robust and consistent management/enforcement
   Coverage across 100% of ORV portfolio vs. 80% in prior years
   Extends 3 months longer than prior years
5. **Actively top-grading dealer network**

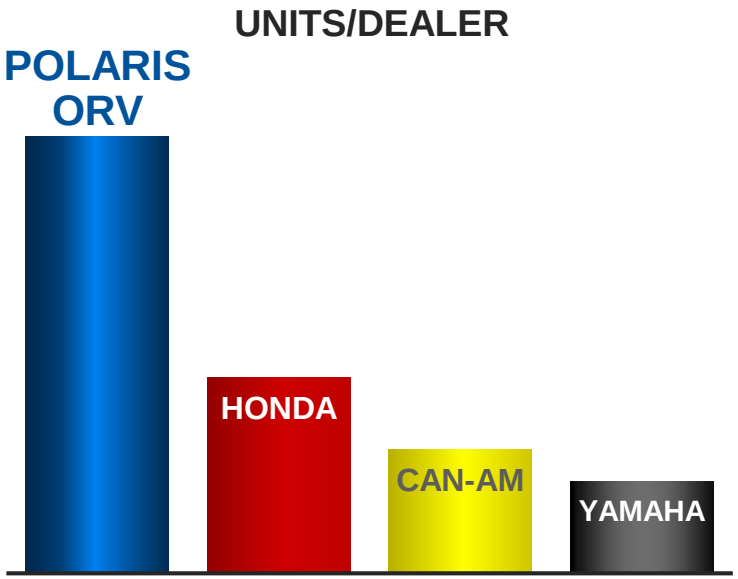
Big Steps in Last 18 Months → Yielding Measurable Results

STRONG DEALER PARTNERSHIP

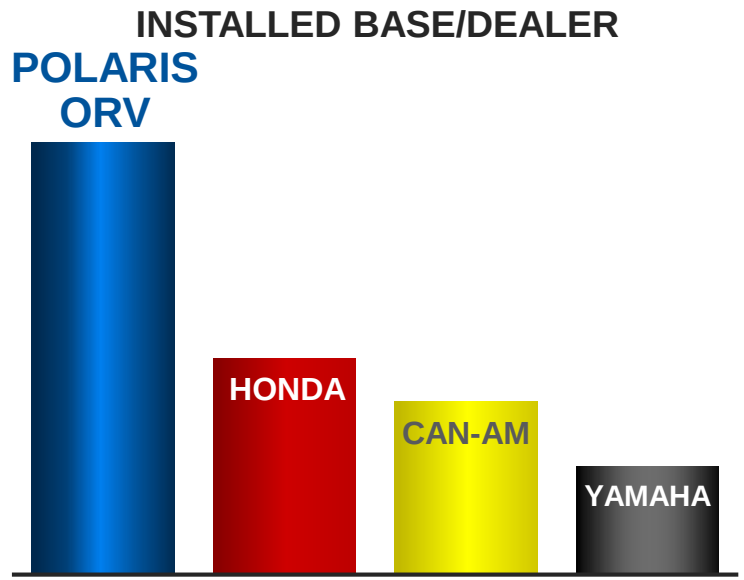
ORV Dealer Count *(from websites)*



PII Wholegoods Retail



Installed ORV Fleet



PG&A

POLARIS S·M·A·R·T PROGRAMS

11PT MARGIN/DEALER

$10,500 DEALER SAVINGS

Retail Rewards

3X MORE THAN **2016**

$45,000 AVERAGE DEALER

MOST PROFITABLE PARTNER

OFF TO A STRONG START YTD



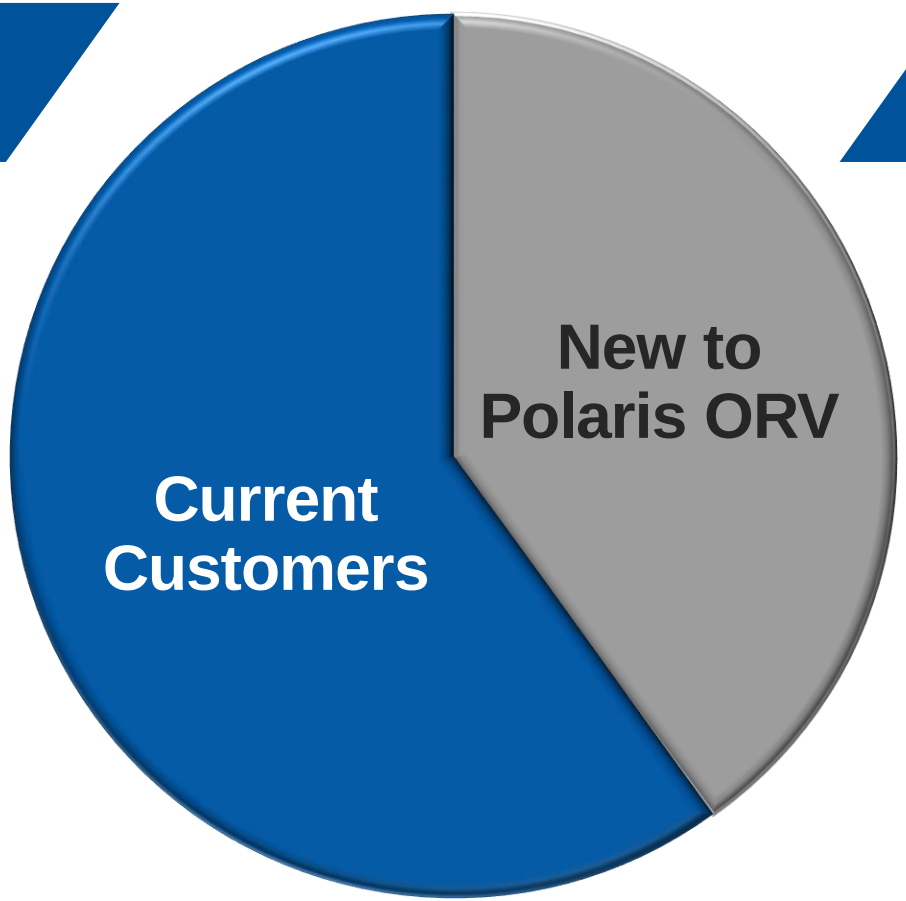
HOW WE WIN


CUSTOMER-CENTRIC APPROACH
LEAPFROG PRODUCT INNOVATION
BEST PARTNER IN POWERSPORTS
NEW MARKET ATTACKS

CUSTOMER-CENTRIC APPROACH

ACTIVATE 2M+ INSTALLED BASE

- Personalized Messaging
- Tailored Promo
- Unique Experiences
- Leverage CRM
- Precision Targeting



ATTRACTING NEW CUSTOMERS

- Digital Investment
- Lead Generation & Conversion
- Target New Markets

CUSTOMER AS TRUE NORTH ACROSS BRAND

NEEDS-BASED PRODUCT DEVELOPMENT

SUPER COMPELLING CONTENT

PRODUCT INNOVATION: LEAPFROGGING THE COMPETITION











Consistent Launch Cadence

New Products Have:

- YoY Growth >2X Market
- No Rebates
- More Price
- Minimal Dealer Discounting

ENGINEERING INVESTMENT DRIVING FEATURES & DEMAND

IMPROVED POWERTRAIN



POLARIS PULSE BUSBAR



NORTHSTAR EDITION ACCESSORIES



CLEARVIEW DOORS



ACTIVE SUSPENSION

DYNAMIX ACTIVE SUSPENSION



DRIVER CONNECTIVITY

POLARIS RIDECOMMAND™



RAPID RECOVERY WINCH



???

ENGINEERING INVESTMENT UP SIGNIFICANTLY

BEST PARTNER IN POWERSPORTS

FROM



TO



ELEVATING THE DEALER GAME

- In-store Experience
- Sales Training
- Dealer Standards

ELEVATING OUR GAME

- RFM
- MAP
- Sales Transformation

POLARIS ORV – GREAT OPPORTUNITY

#1 IN POWERSPORTS

RANGER RZR SPORTSMAN GENERAL

BEST DEALER PARTNER

Enhancing Profitability

LARGEST CUSTOMER BASE

Building Loyalty, Finding New Customers

NEW PRODUCTS & PIPELINE

Beat All Competitors

CONTINUING TO WIN > OUTGROWING INDUSTRY IN VOLUME, REVENUE AND MARGINS

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Chris Musso

President – Off-Road Vehicles

Questions?

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Julie Gilbert

Chief Customer Experience & Growth Officer

June 14, 2018

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POWERSPORTS ENTHUSIAST



LIFE-LONG RIDER

- SNOWMOBILES
- MOTORCYCLES
- ATVs

20+ YEARS GROWING BRANDS & BUSINESSES

BS, MBA, 25+ Year CPA

New Market & Business Development

BEST BUY

wolf

Virgin mobile

MAGNOLIA HOME THEATER

learninglounge

Founder & CEO of WOLF MEANS BUSINESS

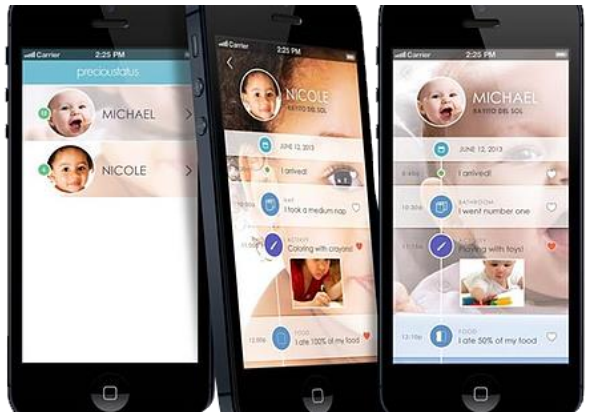
Global Fortune 100 to 500 Clients, Spanning North America, Asia, Europe and Others

C.P.GROUP · Microsoft · Lifetouch · Loblaws · MAJOR LEAGUE BASEBALL · BencoDental · Nintendo · MOTOROLA

Mobile Engaging Communications, Marketing and Big Data Analytics

Founder & CEO of

PRECIOUSTATUS
YOUR LIFELINE TO MOMENTS THAT MATTER



Finance & Consulting

Deloitte.

BOLD GOALS



Expand Market Size in Powersports Space



Engage New Customers in Powersports





Create New Engagement Models for Customers

POWERSPORTS CUSTOMER PROFILE

CURRENT CUSTOMER BASE

47
Average Age

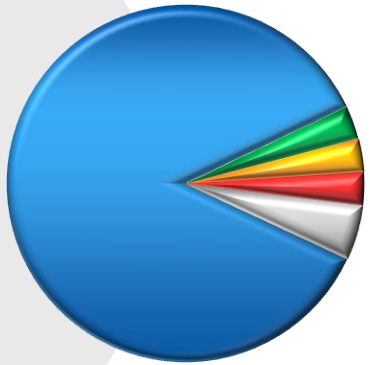
90%
Male

81%
Married/with Partner

$96K
Median Income

17%
Military Veteran

~3M



TARGET AUDIENCE

> Women

> Multicultural

> Age Ranges

> % of 13 Million Multi-Acre Homeowners

~25M

Customer-Centric

CRM/Big Data

Polaris Adventures

???

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Analyst / Investor Day



Julie Gilbert

Chief Customer Experience & Growth Officer

Questions?

DRIVEN

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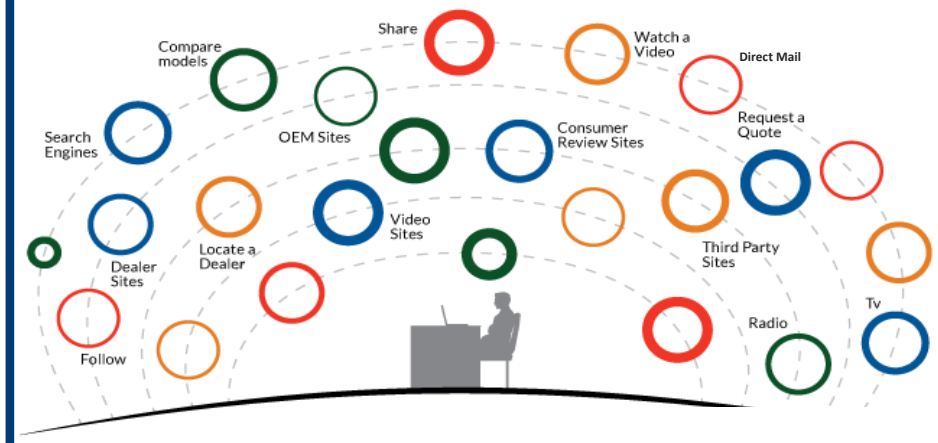
Pam Kermisch

VP of Marketing - Motorcycles

June 14, 2018

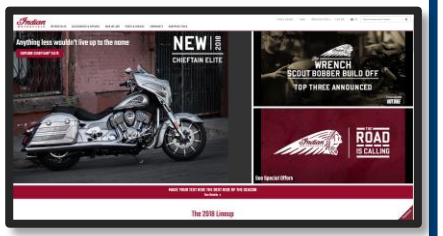
DRIVEN

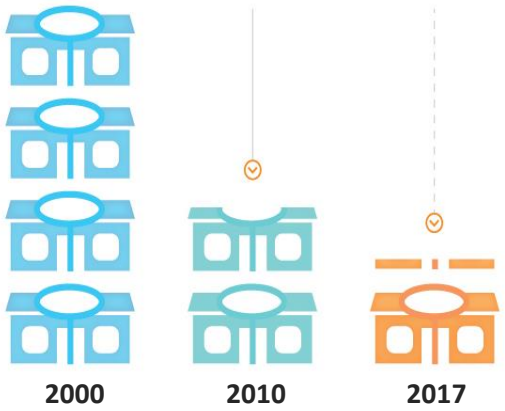
CUSTOMER BEHAVIOR IS CHANGING



24 touchpoints before a customer is ready to purchase

95% use online sources





1.3 dealer visits before purchase



90% of customers that buy, buy within 1 week of visiting a dealership

Digital is Key to Winning at Retail

GROWTH STRATEGIES

Cultivate Our Customer Base

Enable the Shopping Experience

Make Owners Our VIPs

Expand to New Targets



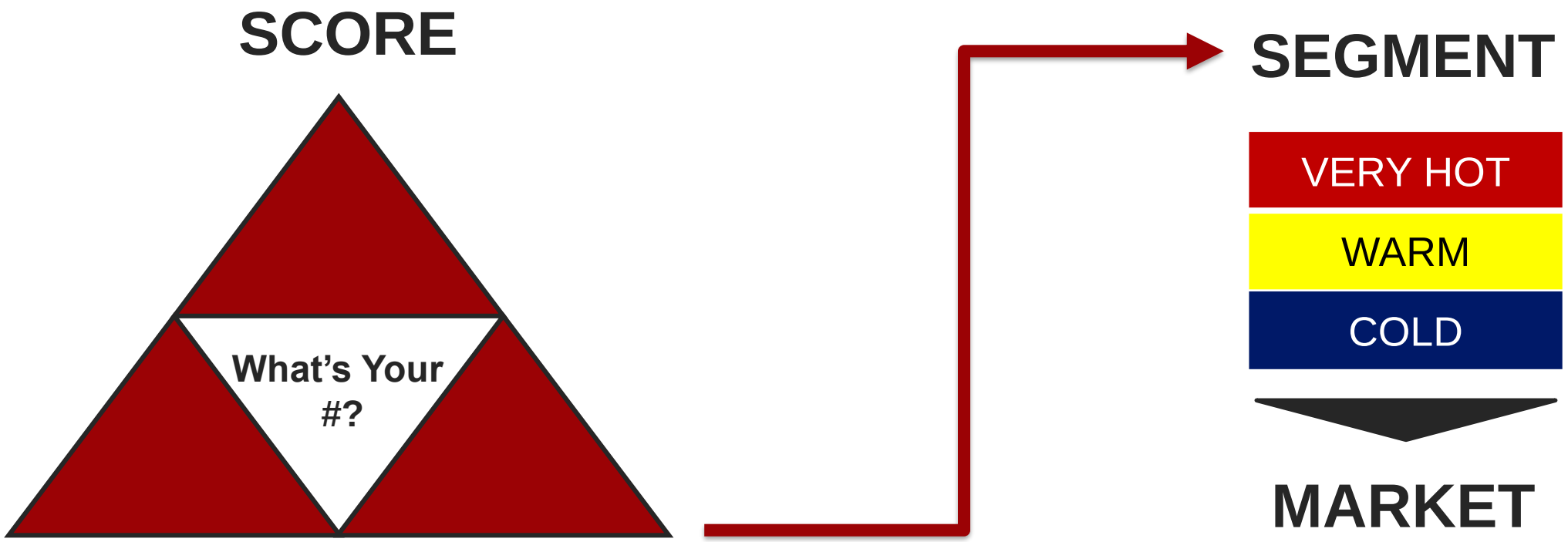






Driving Momentum

CULTIVATE OUR CUSTOMER BASE



Score and Segment Our Customers

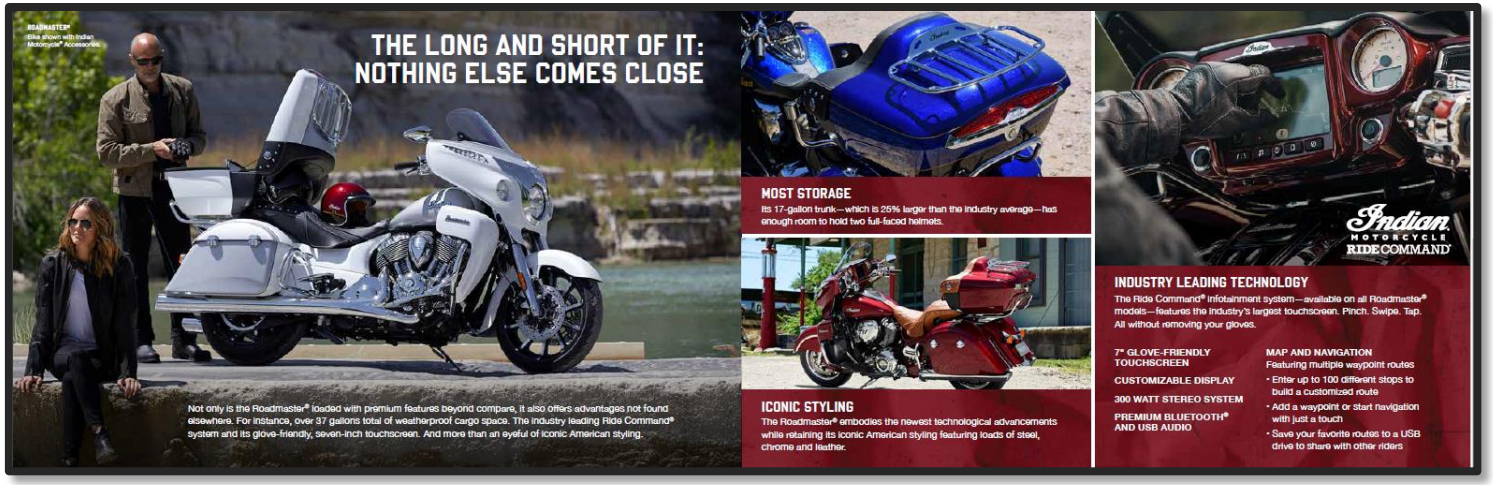
CULTIVATE OUR CUSTOMER BASE







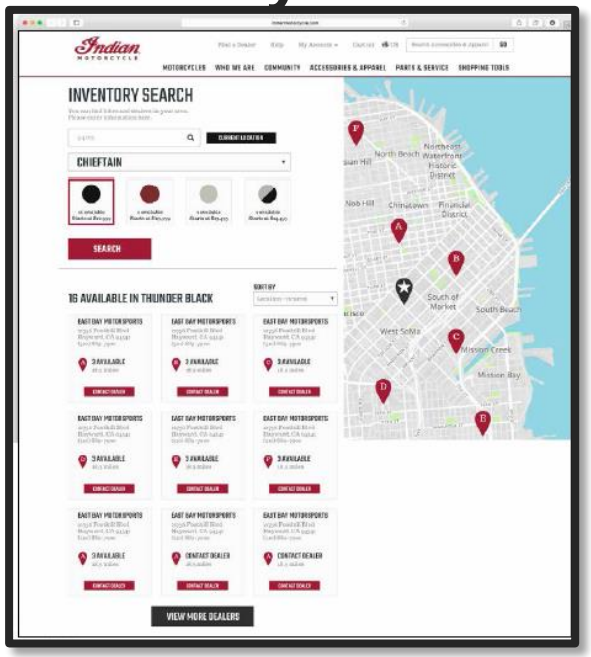




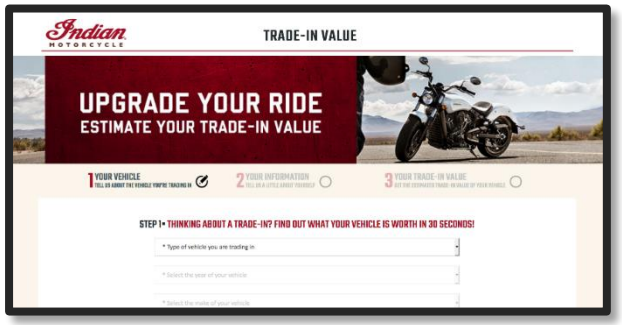
Relevant Messaging to Each Customer

ENABLE THE SHOPPING EXPERIENCE

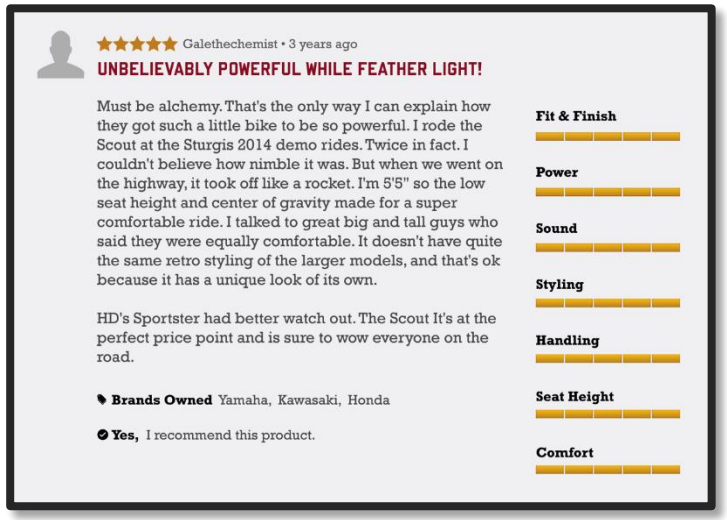
Inventory Search



Trade in Valuator



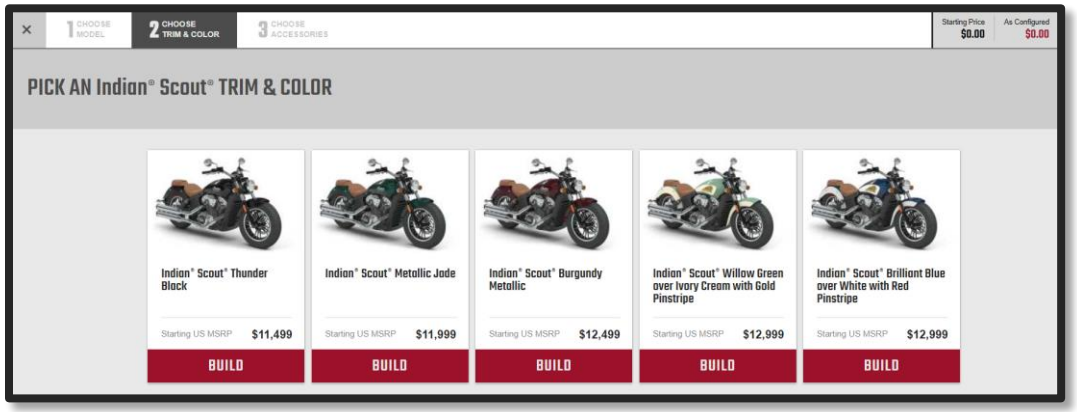
Ratings & Reviews

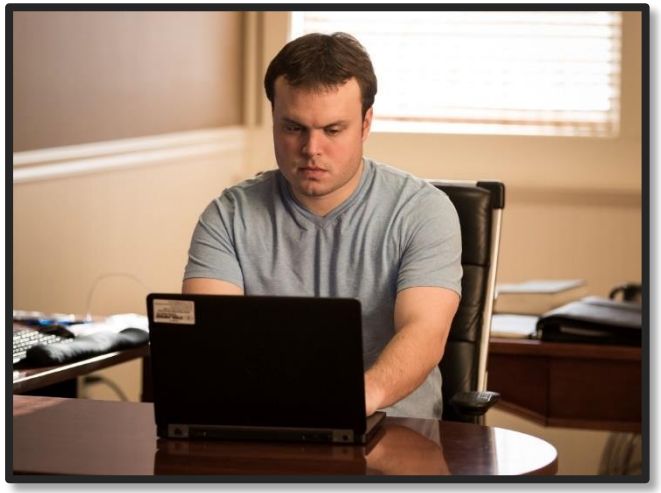






Build and Quote

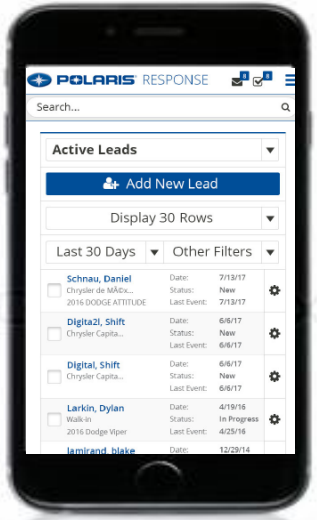




Make it Easy to Get What They Want, When They Want it

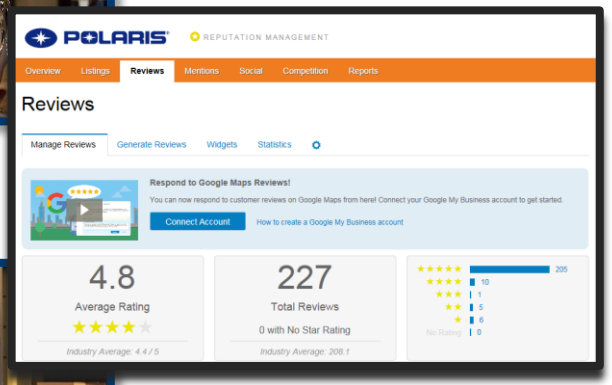
ENABLE THE SHOPPING EXPERIENCE









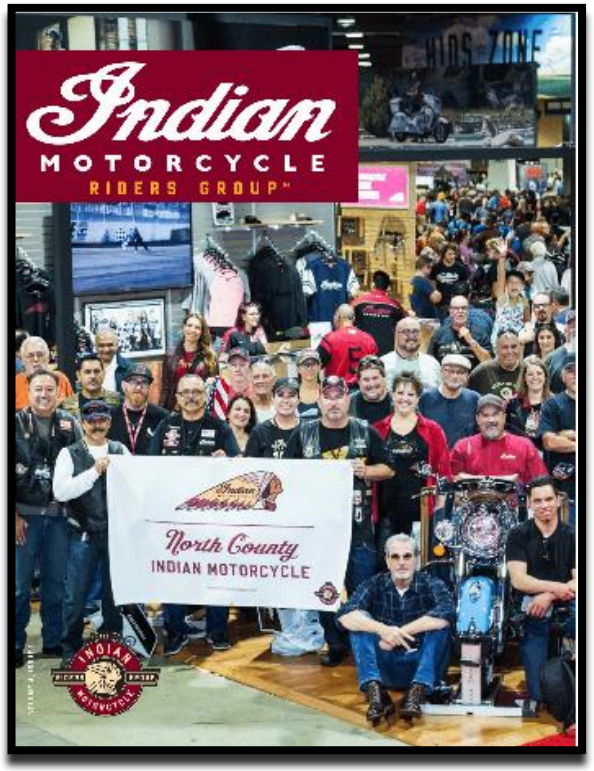




Focus on the Dealership Experience

MAKE OWNERS OUR VIPS

Exclusive Content



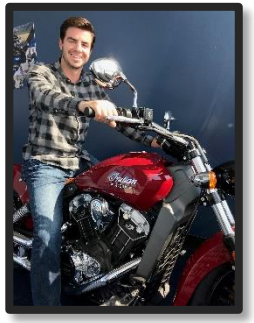
Private Events



Recognition



Access







Global Presence



Customer Experience Drives Repeat & Referral

EXPAND TO NEW TARGETS





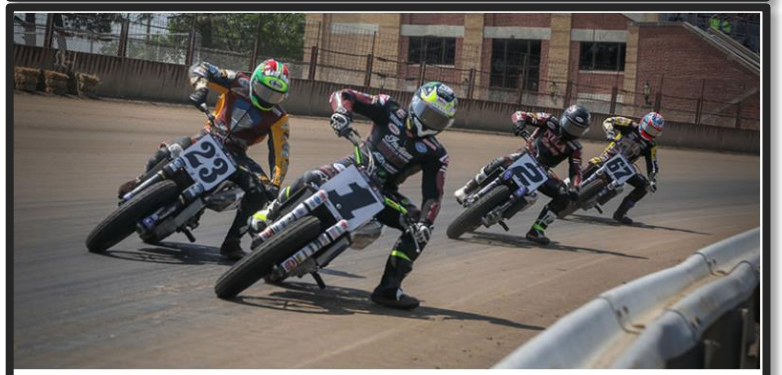


Indian Scout Market Share Low 20's % … and Growing

American FLAT TRACK



INDIAN MOTORCYCLE RACING SECURES FIFTH CONSECUTIVE ALL-SCOUT FTR750 PODIUM AS WRECKING CREW SWEEPS THE RED MILE



INDIAN MOTORCYCLE'S SCOUT FTR750 CONTINUES ITS DOMINANCE BY SWEEPING TOP SEVEN IN BACK-TO-BACK RACES

WRN women riders now™



BLACK GIRLS Ride



Introducing Indian Motorcycle to More Riders

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Pam Kermisch

VP of Marketing - Motorcycles

Questions?

DRIVEN

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Analyst / Investor Day

Mike Donoughe

SVP – Chief Technical Officer

June 14, 2018

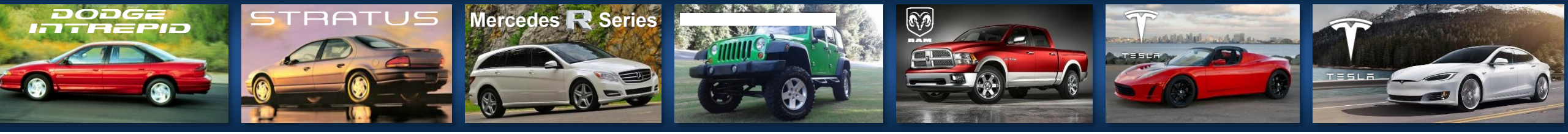
DRIVEN

INTRODUCTIONS – MIKE DONOUGHE

Career History:

BSME, MSME, MBA

Automotive Career Focused on The "Front Lines" of Product Creation:
Engineering | Manufacturing | Supply Chain | Quality



Since 2012 – Focused on Technology Development & Commercialization



WHY POLARIS?

PRODUCT



PEOPLE



POTENTIAL



ENGINEERING "PRODUCT CREATION POWERHOUSE"



ENGINEERING VISION

Establish a Product Creation Powerhouse with a customer-centric focus that results in products that meet/exceed total ownership experience expectations across Polaris' product portfolio.

ROLLING FORWARD TO "ACHIEVE EXCELLENCE IN EVERYTHING WE DO"

STRATEGIC THEMES



SAFETY & QUALITY

As powersports industry leader, Polaris leads in Safety & Quality

INNOVATIVE TECHNOLOGY APPLICATION

As powersports industry leader, Polaris continues to innovate with technologies to enhance our customers' experiences

PLATFORM MINDSET

Polaris leverages its platforms, at the vehicle system and subsystem levels to achieve greater efficiencies, quality and scale economies across its diverse product portfolio

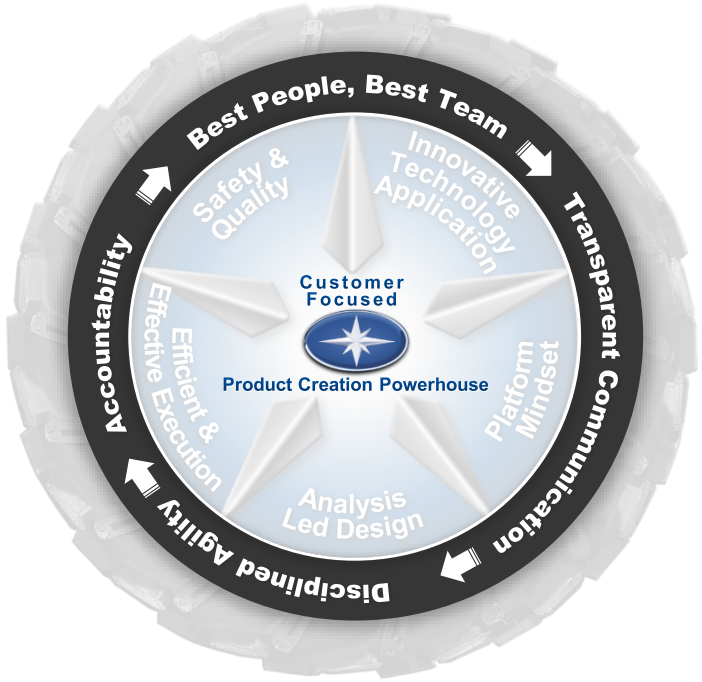
ANALYSIS LED DESIGN

Polaris embraces Analysis Led Design methods to achieve excellence in execution, better performing and cost-optimized products, with improved time-to-market delivery

EFFICIENT & EFFECTIVE EXECUTION

Optimize Polaris' engineering capacity and capability with gains in efficiency and productivity

ATTRIBUTES



VISION

Ensure the basic attributes of Polaris' Product Creation Powerhouse serve to enable creation of Customer Focused products that truly resonate with their desired experiences

OBJECTIVES

Best People, Best Team

Focused on culture and talent management – acquisition, development and deployment



Transparent Communication

Focused on dealing with reality as it is, when it is so we can deal with it rationally

Disciplined Agility

Focused rigorous planning and execution while being adaptive to changing conditions



Accountability

Focused on holding ourselves accountable for the Product Creation responsibilities we hold

POLARIS GLOBAL ENGINEERING FOOTPRINT

Operating Considerations

Technical Talent Availability

Organizational Synergies
(co-location)

Product Proximity
(embed teams in manufacturing locations)

“Follow the Sun”

Effectiveness and Efficiency



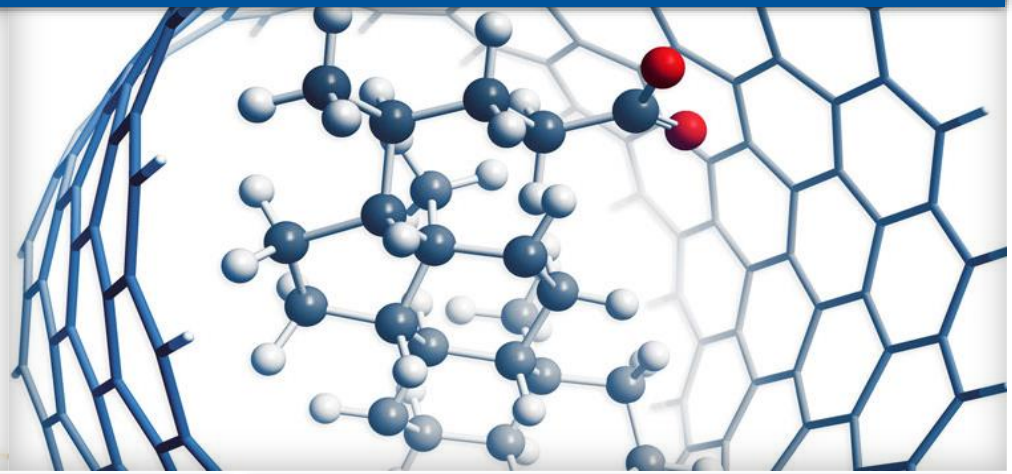
FUTURE ADVANCED TECHNOLOGY & INNOVATION FOCUS

POWERTRAIN & DRIVELINE



LIGHT WEIGHTING, ADVANCED MATERIALS AND PROCESSES



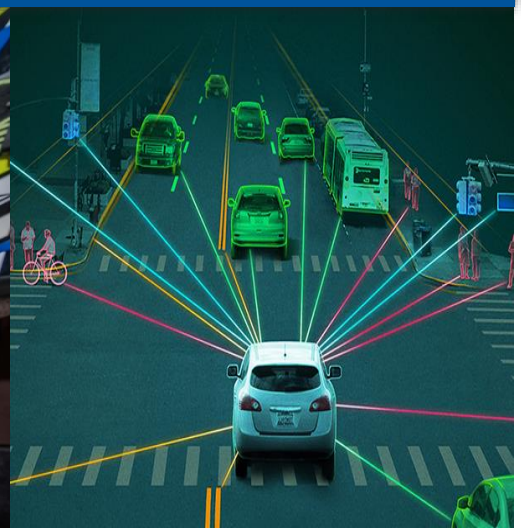


ELECTRIFICATION



CONNECTED VEHICLES AND EXPERIENCES



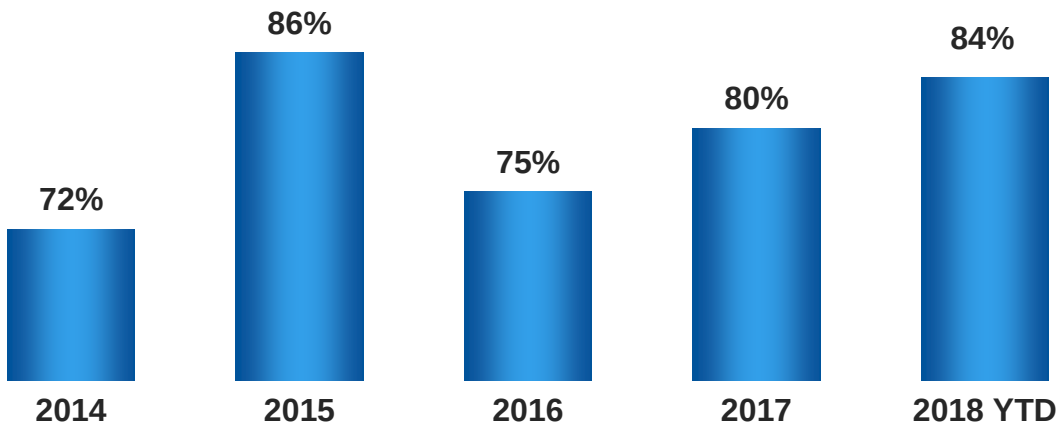


ADVANCED DRIVER ASSISTANCE SYSTEMS



NEW PRODUCT DEVELOPMENT

Product Development Vitality Index



% Contribution to Sales of Vehicles Introduced in Past 3 Years

Product Design Focus

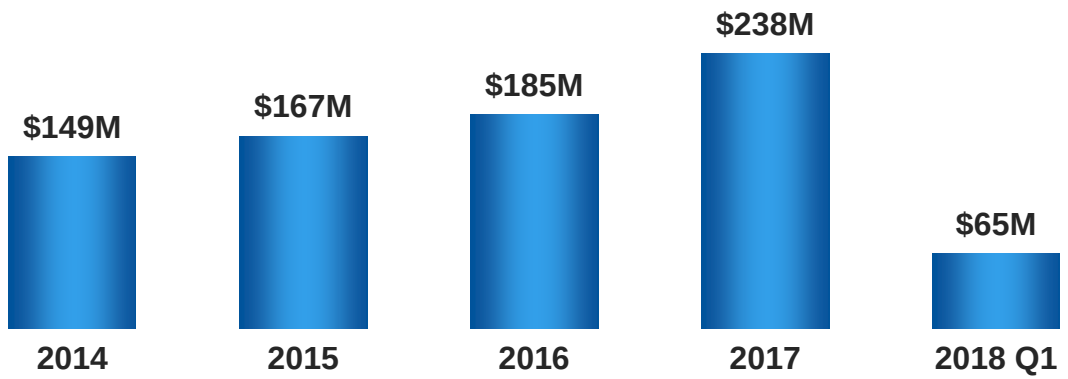
Increasing Investments into a **Product Creation Powerhouse**

Product Innovation:

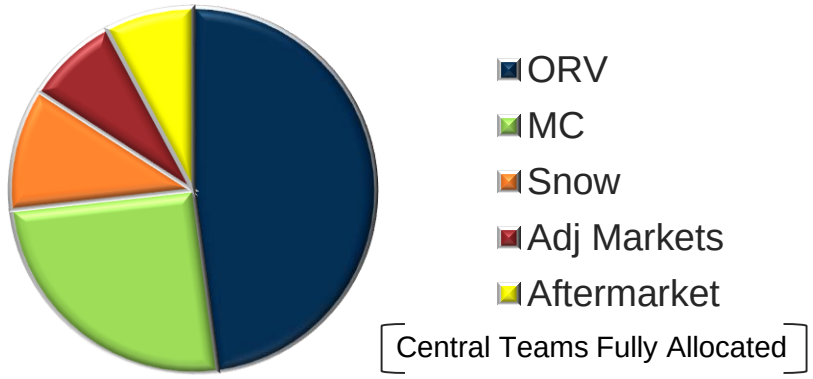
- Superior Ride and Handling
- Electrification and Autonomy
- Exceptional Powertrains – Gas and Electric
- Connected Vehicles and Experiences
- Advanced Materials and Processes

Cross-Functional Design for Value, Manufacturing, Assembly, and Service

R&D Investment



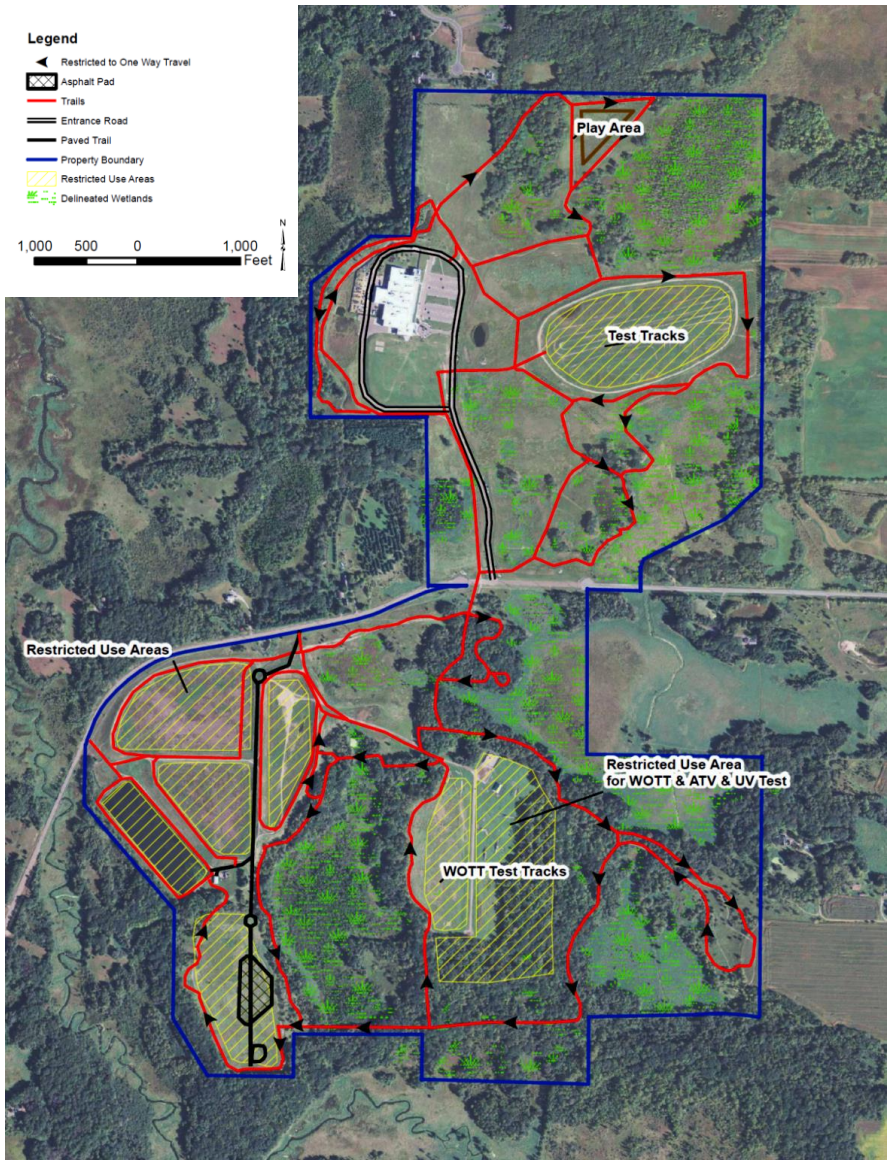
R&D Spend By Business Unit



Central Teams Fully Allocated

Increasing Investments in Product Development for Innovation

POLARIS WYOMING PRODUCT DEVELOPMENT SITE



Site Summary

620 Acres to accommodate on-site tests and riding

Total facility 283,000 SF

Ph 1: 126,000 SF / April 2005
Ph 2: 157,000 SF / June 2012

Product Dev. Staff = ~750

Designed for project teams efficiency

Product group presence in Wyoming

Motorcycles - Indian, Slingshot
ORV - *RZR*, ATV, *RANGER, GENERAL*
Military
Electric Vehicles
Powertrain
Labs





WYOMING R&D TOUR – WHAT YOU WILL SEE & EXPERIENCE



















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POLARIS INDUSTRIES INC.

Analyst / Investor Day



Mike Donoughe

SVP – Chief Technical Officer

Questions?

DRIVEN

POLARIS®

POLARIS INDUSTRIES INC.



Analyst / Investor Day

Q & A

DRIVEN

APPENDIX

FY 2017 NON-GAAP RECONCILIATIONS

Q1 2018 NON-GAAP RECONCILIATIONS

2018 GUIDANCE ADJUSTMENTS

FY 2017 NON-GAAP RECONCILIATIONS

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

(In Thousands, except per share data; Unaudited)

	Years ended December 31,	
	2017	2016
Sales	**$ 5,428,477**	**$ 4,516,629**
Victory wind down [1]	(1,857)	—
Restructuring & realignment [3]	1,048	—
Adjusted sales	**5,427,668**	**4,516,629**
Gross profit	**1,324,651**	**1,105,623**
Victory wind down [1]	57,844	—
TAP [2]	12,950	8,803
Restructuring & realignment [3]	12,980	—
Adjusted gross profit	**1,408,425**	**1,114,426**
Income before taxes	**318,791**	**313,251**
Victory wind down [1]	77,398	—
TAP [2]	26,921	21,454
Restructuring & realignment [3]	22,116	—
Adjusted income before taxes	**445,226**	**334,705**
Net income	**$ 172,492**	**212,948**
Victory wind down [1]	52,366	—
TAP [2]	16,923	13,515
Restructuring & realignment [3]	13,902	—
Tax reform [4]	55,398	—
Adjusted net income [5]	**$ 311,081**	**$ 226,463**
Diluted EPS	**$ 2.69**	**$ 3.27**
Victory wind down [1]	0.82	—
TAP [2]	0.26	0.21
Restructuring & realignment [3]	0.22	—
Tax reform [4]	0.86	—
Adjusted EPS [5]	**$ 4.85**	**$ 3.48**

Key Definitions: Throughout this presentation, the word "Adjusted" is used to refer to GAAP results excluding: TAP inventory step-up purchase accounting, TAP integration expenses, impacts associated with the Victory Motorcycles® wind down, restructuring and realignment costs, and impacts of the tax reform.

Adjustments:

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

[2] Represents adjustments for TAP integration expenses

[3] Represents adjustments for corporate restructuring and network realignment costs

[4] Represents an adjustment for impacts of a charge in its income tax provision due to the remeasurement of its deferred income tax positions at the new corporate income tax rate of 23.8 percent (from 37.1 percent)

[5] The Company used its estimated statutory tax rate of 37.1% for the non-GAAP adjustments, except for the non-deductible items and the tax reform related changes noted in Item 4

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

Q1 2018 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

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.