

POLARIS®

RAYMOND JAMES INVESTOR CONFERENCE

MIKE SPEETZEN

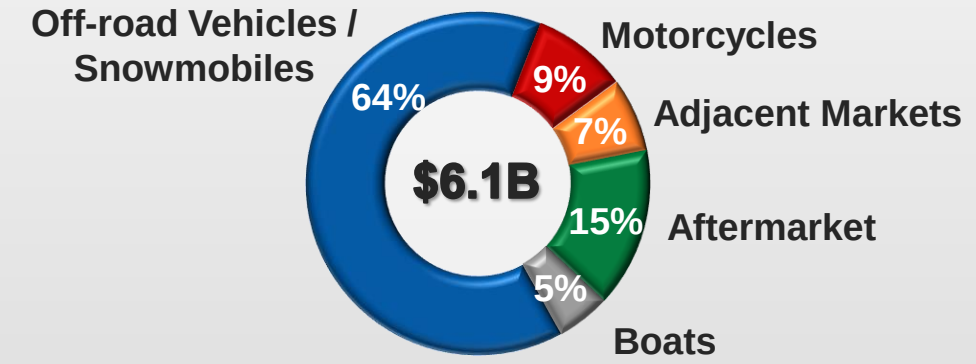
EVP – FINANCE & CFO

Orlando, Florida | March 5, 2019

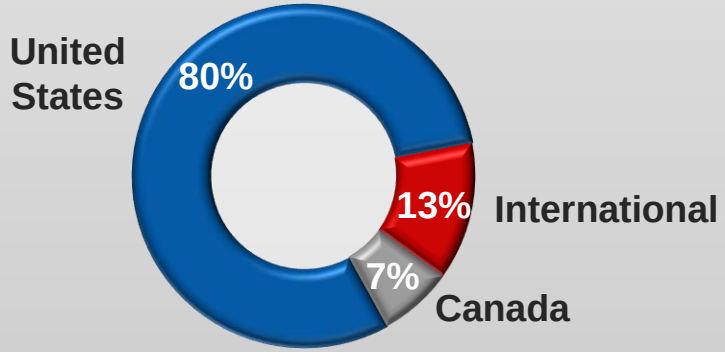
POLARIS INDUSTRIES INC. – A GLOBAL CORPORATION

1954	Year Polaris was Founded
~13,000	Employees Worldwide
20	Manufacturing Locations
9	Key Research & Development Centers
~2,300	Dealers In North America
~1,400	Dealers Outside North America
>400,000	Units Shipped Worldwide in 2018
>120	Countries – Polaris Products Sold

2018 SALES BY SEGMENT



2018 SALES BY GEOGRAPHY



2018 SUMMARY

	SALES	NET INCOME	EARNINGS PER SHARE
GAAP	**$6.079 billion** ↑ 12% y/y	**$335 million** ↑ 94% y/y	**$5.24** ↑ 95% y/y
ADJUSTED*	**$6.083 billion** ↑ 12% y/y	**$420 million** ↑ 28% y/y (6.9% of sales; ↑)	**$6.56** ↑ 29% y/y

Full year 2018 adjusted* results in-line with Company expectations despite headwinds

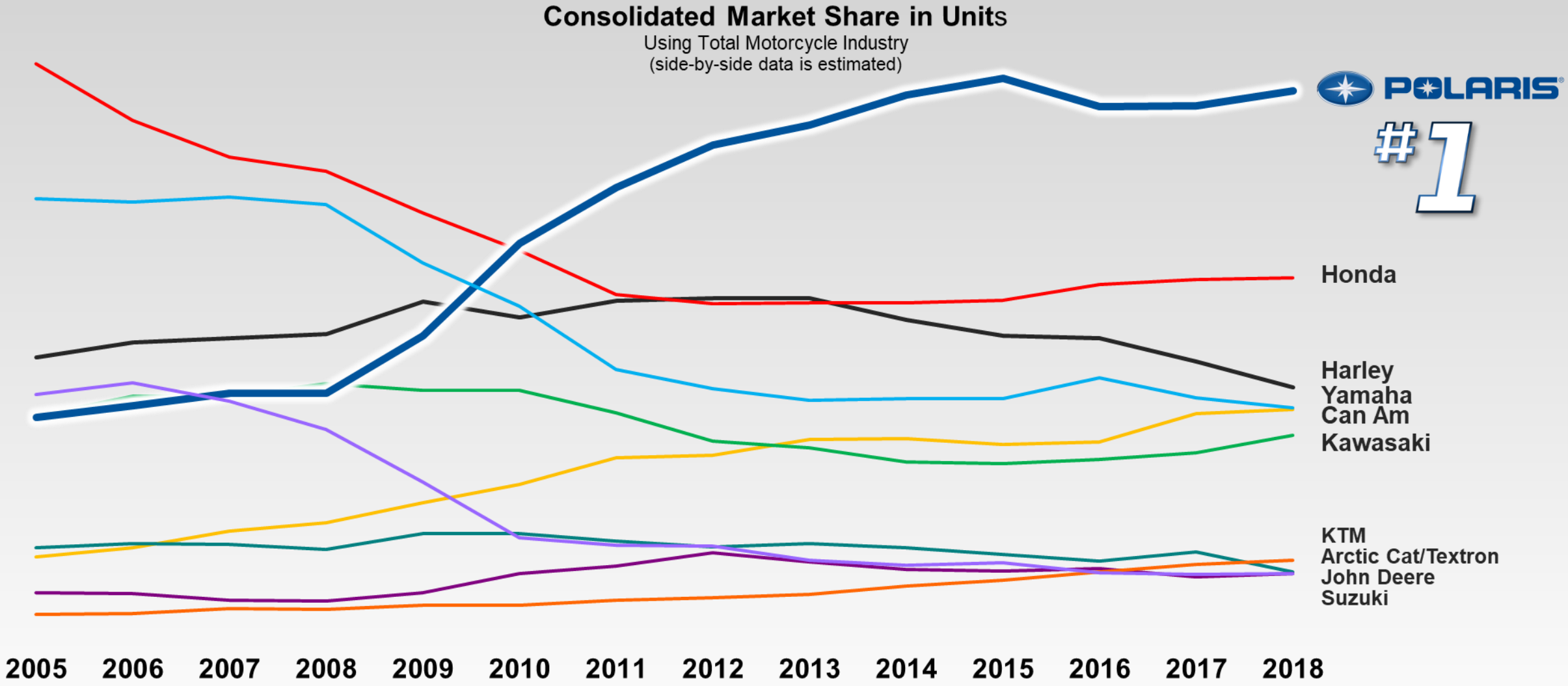
International sales and profits up strong driven by Europe

GAAP & adjusted* net income margins improved in 2018

**See GAAP/Non-GAAP Reconciliation in Appendix*

Successfully Navigated Through Significant External Volatility in 2018

N.A. POWERSPORTS CONSOLIDATED MARKET SHARE



REMAIN CLEAR #1 IN N.A. POWERSPORTS

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

BUILDING A . . .

1. *CUSTOMER-CENTRIC*
2. *HIGHLY EFFICIENT*
3. *GROWTH COMPANY*

RJames 3-5-19

1 CUSTOMER-CENTRICITY

KEY DRIVERS

Expand Customer Base

Improve Rider Experience

Seamless Dealer Connection

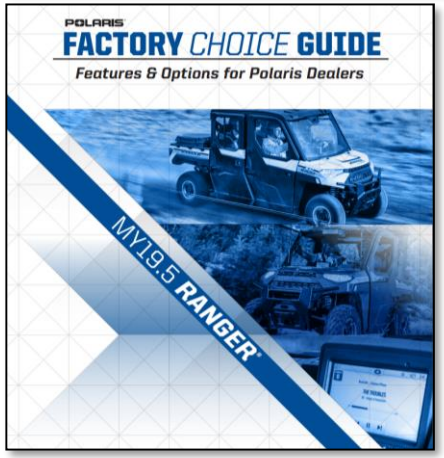
Increase Ownership Engagement

ULTIMATE DEALER EXPERIENCE



- ✓ **Complete Polaris Portfolio of Products**
- ✓ **Premium Service Experience**

FACTORY CHOICE



- ✓ **Premium cab, audio, upfitter packages straight from factory**
- ✓ **Online build configurator**

OWNERSHIP ENGAGEMENT

25,000	13,000	Over 500
Attendees	*Registrations*	*Demos*



POLARIS ADVENTURES

1st FULL YEAR

~35,000
Rides

90+
Locations

POLARIS ADVENTURES℠

Deliver Personalized Experiences to Delight Customers

2 EFFICIENCY

KEY DRIVERS

Best Practices & LEAN

Standardized DFMEA

(Design Failure Mode and Effects Analysis)

Product Development Process (PDP) Evolution

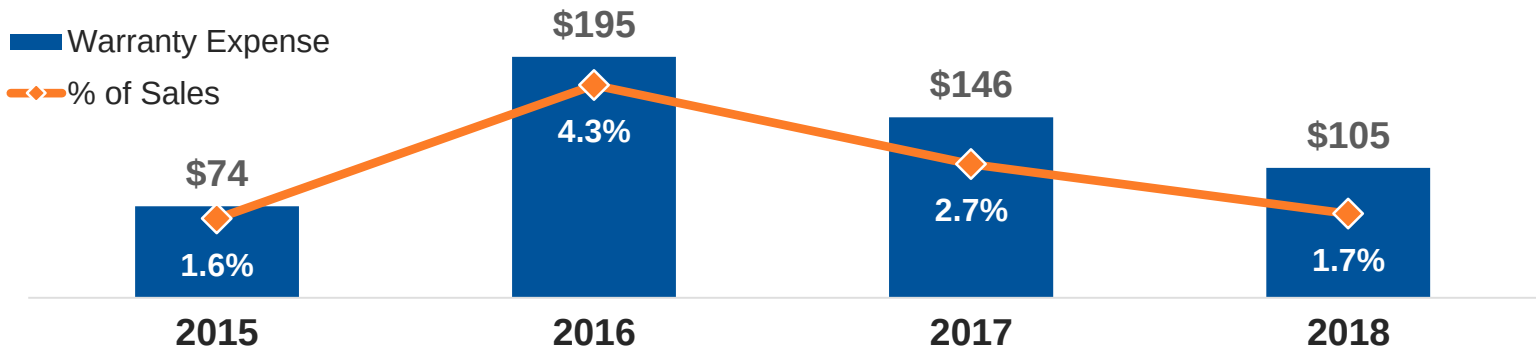
Plant Network Flexibility

On-going Value Improvement Process (VIP) Savings

Retail Flow Management (RFM) Process

QUALITY IMPROVEMENT

($ in millions)



STRATEGIC SOURCING INITIATIVE: 2018–2022 OPPORTUNITY

>$200Million

GROSS MATERIAL SAVINGS

SIGNIFICANT SUPPLIER DEVELOPMENT/ RATIONALIZATION

IMPROVED QUALITY

<150

PPM REJECTS

Project Timing →
(4 WAVES TOTAL)

WAVE 1

Began in 2017;
Savings to begin in 2H'18
(~$1B annual spend)

WAVES 2&3

Kick-off 2019
(~$1B annual spend)

Building and Improving Operational Capabilities of Organization

3 GROWTH

KEY DRIVERS

- *Industry-leading Brands*
- *Efficient Sales & Marketing*
- *Customer focused product development*
- *Design to Value (DTV)*
- *Best in Class Safety & Quality*

INDUSTRY-LEADING BRANDS

OFF-ROAD VEHICLES	SNOWMOBILES	MOTORCYCLES	ADJACENT MARKETS	AFTERMARKET
SPORTSMAN	RMK	Indian MOTORCYCLE	POLARIS COMMERCIAL	Klim
RANGER	INDY	SLINGSHOT	GOUPIL	4WP
POLARIS RZR	RUSH		GEM	SMITTYBILT
POLARIS GENERAL	SWITCHBACK		TAYLOR-DUNN	PRO ARMOR
POLARIS ACE	TITAN		AIXAM	PROCOMP
	TIMBERSLED		POLARIS GOVERNMENT & DEFENSE	KOLPIN OUTDOORS
				POISON SPYDER
				TRAIL TECH
				TRAIL MASTER

2018 PORTFOLIO EXPANSION

BENNINGTON

GODFREY

Hurricane

RINKER

LARSON

STRIPER

FLW
FISHING LEAGUE WORLDWIDE

PRODUCT INNOVATION*

**Key 2018 Product Launches*

- *RANGER XP 1000*
- *RZR RS 1*
- *RZR Turbo S*
- *Sportsman XP 1000*
- *RANGER 150 Geo Fencing*
- *Indy EVO*
- *FTR 1200*
- *Pro XD*
- *RZR Velocity*
- *Indian Elite*

Long-term Goal: Sales CAGR >5% | Net Income CAGR >15% Through 2022

FY 2019 GUIDANCE (Unchanged as of 1/29/19)

SALES

Adjusted* Sales Guidance

$6.75 to $6.90 Billion

+11% to +13%

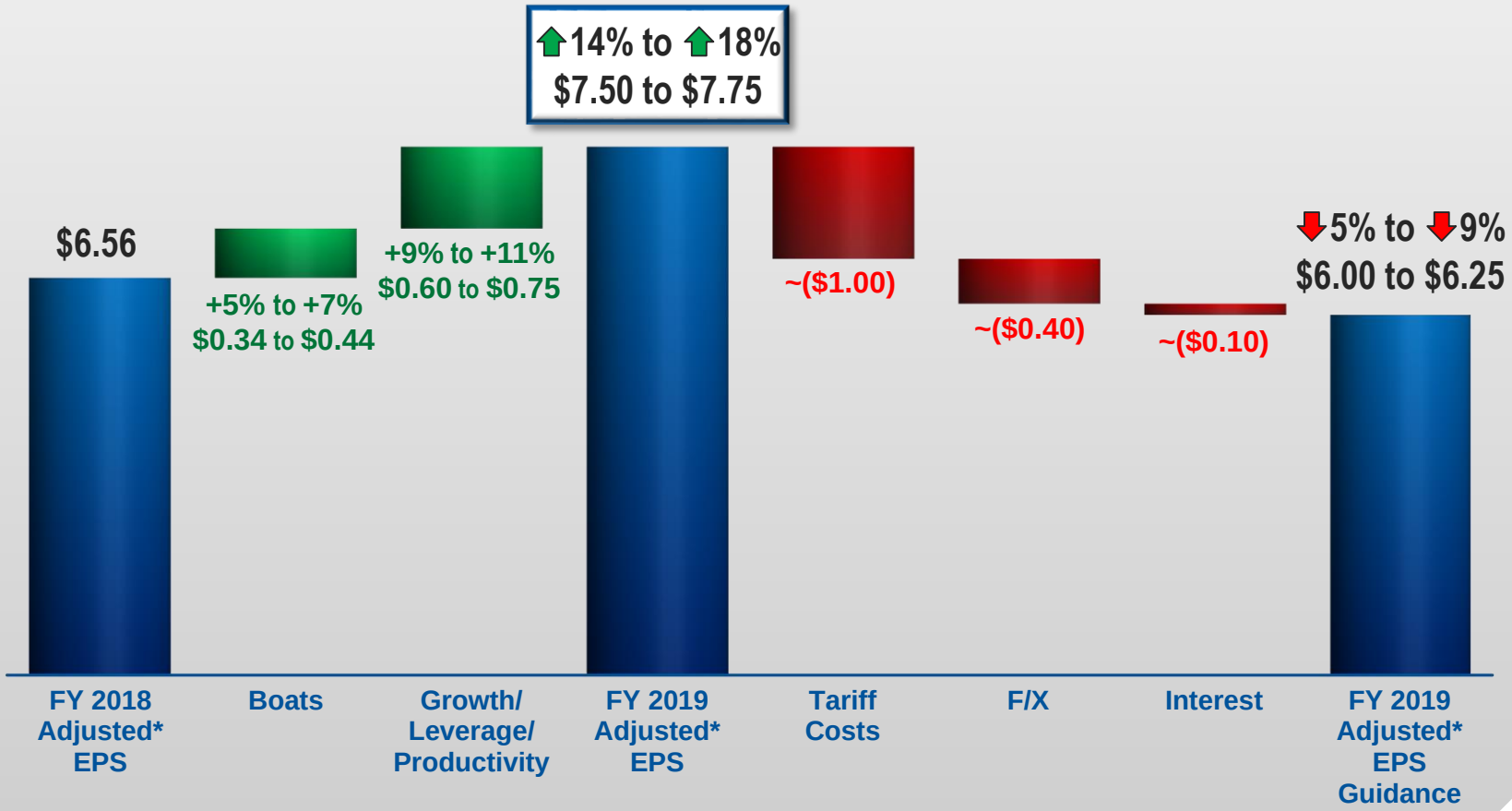
EARNINGS PER SHARE**

Adjusted* EPS Guidance

$6.00 to $6.25

-5% to -9%

2019 FULL YEAR ADJUSTED* EPS GUIDANCE BRIDGE



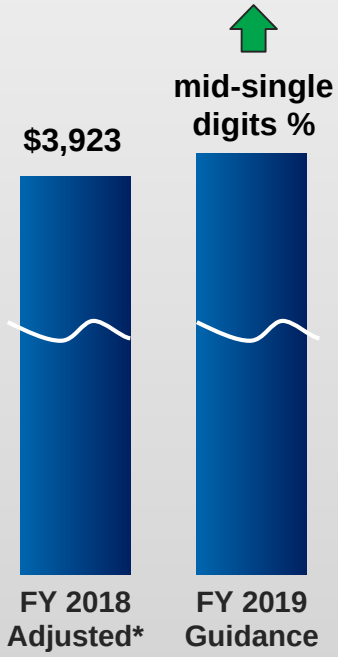
*See GAAP/Non-GAAP Reconciliation and discussion regarding non-GAAP adjustments excluded from 2019 guidance in Appendix

Operational Improvements Offset by Tariffs, F/X, Higher Interest Costs

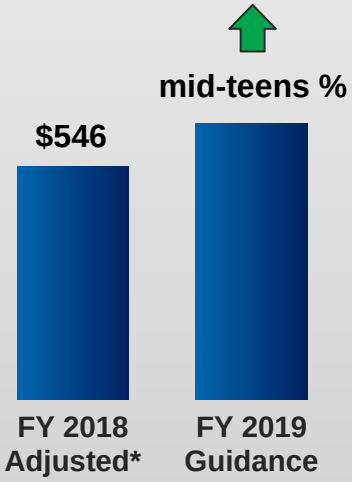
FY 2019 SALES GUIDANCE BY SEGMENT (Unchanged as of 1/29/19)

$ in millions

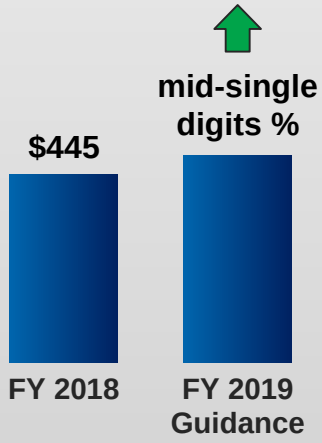
ORV/Snowmobiles



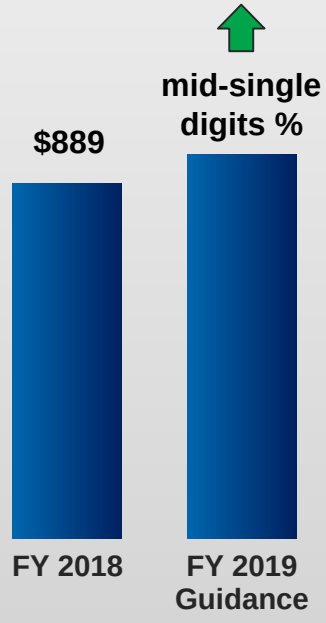
Motorcycles



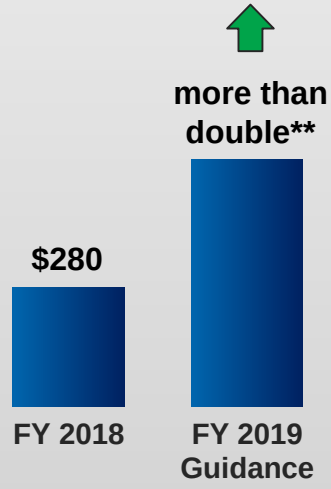
Global Adjacent Markets



Aftermarket



Boats



***up mid-single digits % on a FY proforma basis*

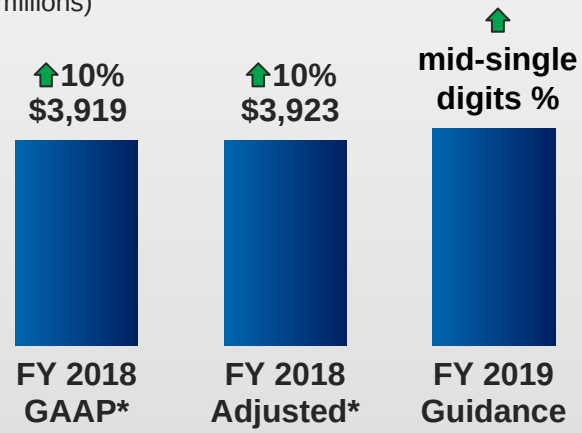
**See GAAP/Non-GAAP Reconciliation in Appendix*

All Segments Growing Sales FY; Gross Profit Margins Up Excluding Tariffs

OFF-ROAD VEHICLES (ORV) / SNOWMOBILES

SALES

($ in millions)



GROSS PROFIT

FY 2018 GAAP	FY 2018 Adjusted*
28.4%	28.5%

FY 2019 Adjusted* Expectations

Including Tariff Impact	Excluding Tariff Impact
↓	↑

PRIORITIES

- ***Build on global leadership position***
- ***Personalize customer experiences***
- ***Expand Factory Choice***
- ***Best in class safety and quality***
- ***Elevated dealer experience***


RZR Turbo S


RANGER XP 1000


850 Pro RMK

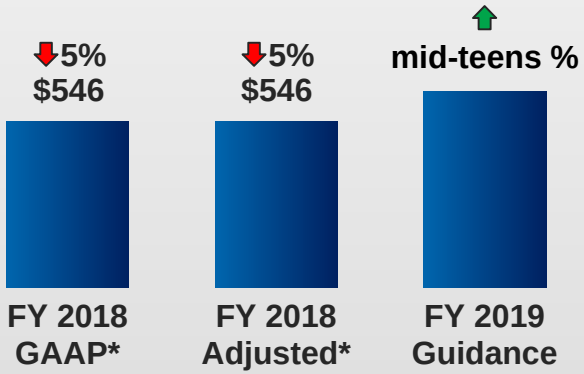
**See GAAP/Non-GAAP Reconciliation in Appendix*

Solid Growth Driven by New Product Introductions, Improved Quality and Availability

MOTORCYCLES

SALES

($ in millions)



GROSS PROFIT

FY 2018 GAAP	FY 2018 Adjusted*
11.6%	11.8%

FY 2019 Adjusted* Expectations

Including Tariff Impact	Excluding Tariff Impact
↓	↑

PRIORITIES

Continue building the brands

Build on strong dealer channel

Expand product portfolio

Engage new customers


Indian Chieftain


Indian FTR 1200


MY'19 Slingshot

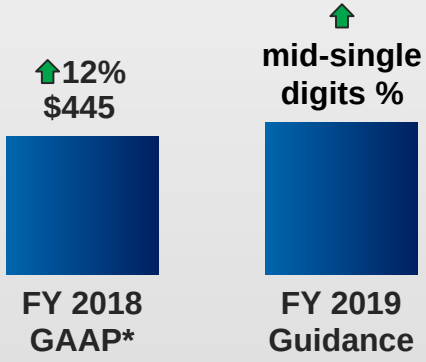
**See GAAP/Non-GAAP Reconciliation in Appendix*

Build Profitable Motorcycle Portfolio

GLOBAL ADJACENT MARKETS (GAM)

SALES

($ in millions)



GROSS PROFIT

FY 2018 GAAP	FY 2018 Adjusted*
26.2%	26.3%

FY 2019 Adjusted* Expectations	
Including Tariff Impact	Excluding Tariff Impact
↑	↑

PRIORITIES

Become preferred solutions provider for:

- ***Urban mobility***
- ***Lean manufacturing/distribution***
- ***Light-tactical vehicle applications***

Polaris Commercial Pro XD



Aixam e COUPE' GTI



Goupil



GEM



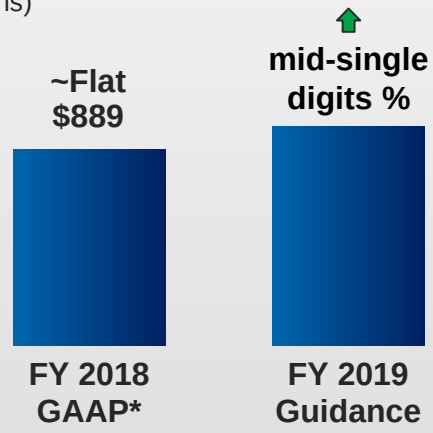
*See GAAP/Non-GAAP Reconciliation in Appendix

A Portfolio of Solutions for Consumers, Commercial & Government

AFTERMARKET

SALES

($ in millions)



GROSS PROFIT

FY 2018 GAAP	FY 2018 Adjusted*
26.4%	26.4%

FY 2019 Adjusted* Expectations	
Including Tariff Impact	Excluding Tariff Impact
↑	↑

PRIORITIES

Increase customer focus

Accelerate product development

Improve profitability

Enhance manufacturing, quality/safety









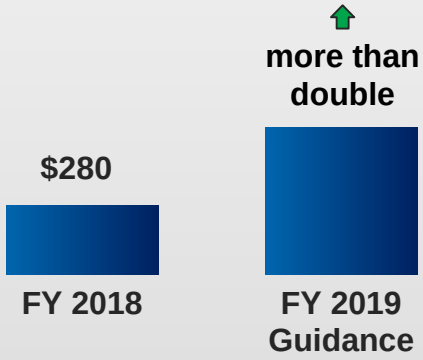
**See GAAP/Non-GAAP Reconciliation in Appendix*

Only Vertically Integrated, Omni-channel Jeep & Truck Aftermarket Retailer

BOATS

SALES

($ in millions)



GROSS PROFIT

FY 2018 GAAP	FY 2018 Adjusted*
16.5%	17.7%

FY 2019 Adjusted* Expectations

Including Tariff Impact	Excluding Tariff Impact
↑	↑

PRIORITIES

Successfully integrate businesses

Attract new markets with products

Focus on quality/safety

Leverage Polaris capabilities


Bennington Pontoon


Hurricane SD 2690

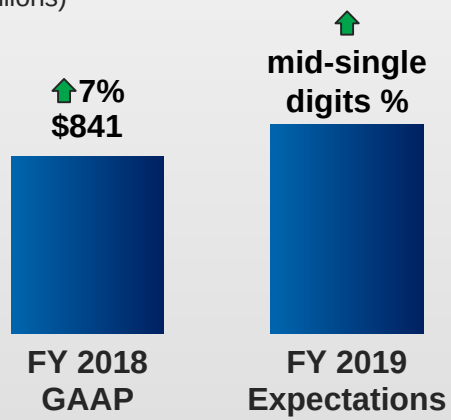

Bennington Pontoon

Solid Addition to the Polaris Portfolio

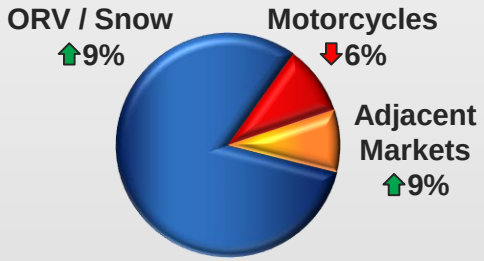
PARTS, GARMENTS & ACCESSORIES (PG&A)

SALES*

($ in millions)



Sales by Business



PRIORITIES

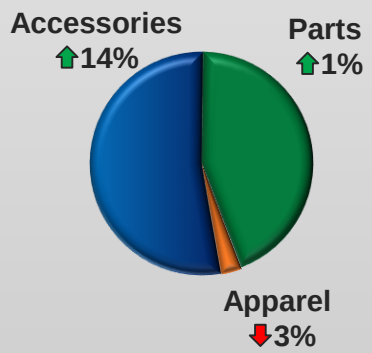
Win with product innovation

Deliver efficient customer service

Leverage global scale

Grow profitably

Sales by Category







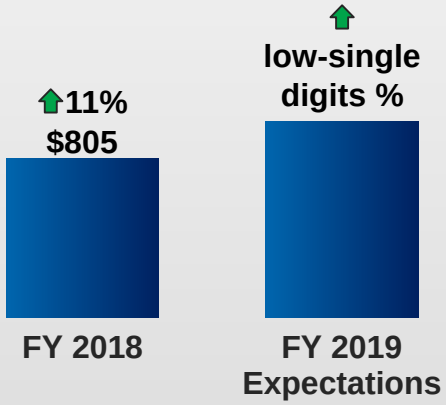
**Included in respective reporting segments*

Leverage Polaris' Global Reach to Maximize PG&A Portfolio

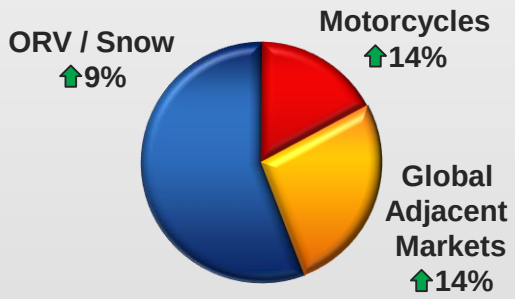
INTERNATIONAL

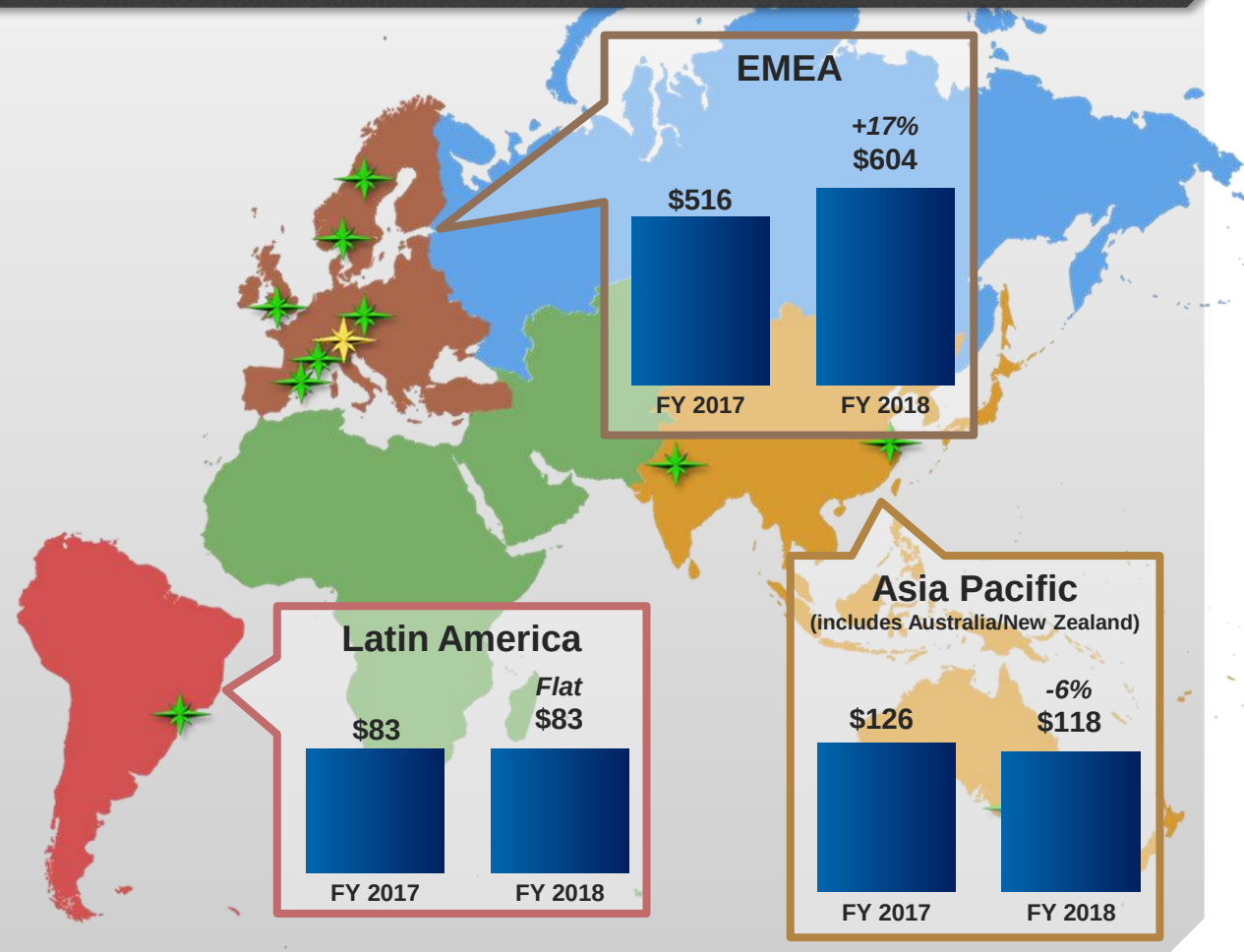
SALES*

($ in millions)



Sales by Business





PRIORITIES

Build on global powersports portfolio

Solidify ORV leadership position

Grow snowmobiles

Expand Indian: growth and profitability

Strengthen the global foundation

**Included in respective reporting segments*

International Results Remain Strong, Significant Opportunity Going Forward


POLARIS®
CUSTOMER-CENTRIC
HIGHLY EFFICIENT
GROWTH COMPANY

RJames 3-5-19



POLARIS®

Questions?



SAFE HARBOR & NON-GAAP MEASURES

Except for historical information contained herein, the matters set forth in this presentation, including management's expectations regarding 2019 future sales, shipments, net income, and net income per share, operational initiatives, tariffs, currency fluctuations, interest rates, and commodity costs, 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; changes to international trade agreements; uninsured product liability claims; uncertainty in the retail and wholesale credit markets; performance of affiliate partners; changes in tax policy; relationships with dealers and suppliers; and the general overall economic and political environment. 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 reported GAAP measures to adjusted non-GAAP measures are included in the financial schedules 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.

APPENDIX

GROSS PROFIT MARGIN - FULL YEAR 2018 & 2019 GUIDANCE

FINANCIAL POSITION / CAPITAL DEPLOYMENT

POLARIS GLOBAL MANUFACTURINGS LOCATIONS

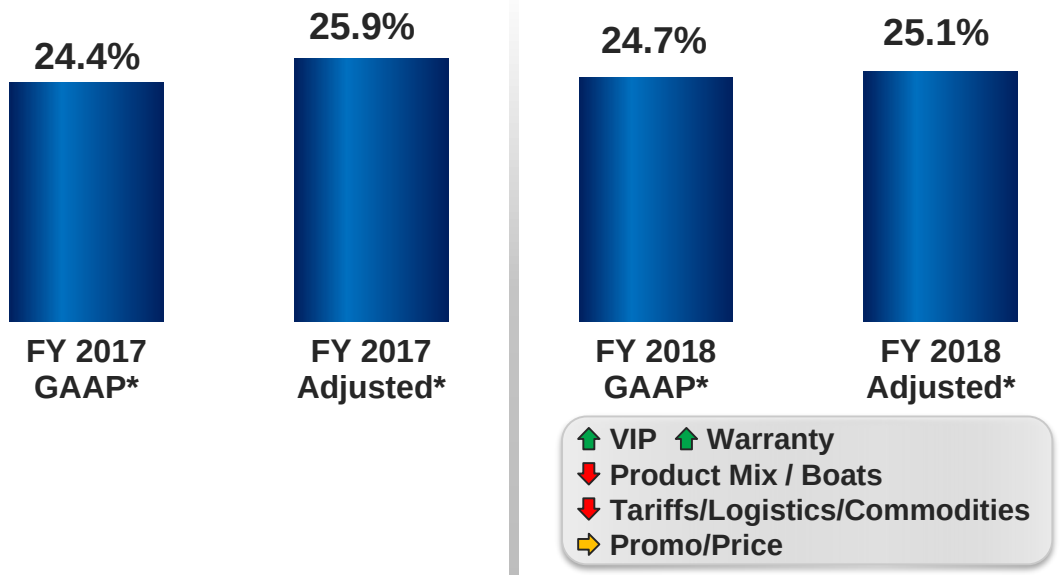
NON-GAAP RECONCILIATIONS

NON-GAAP RECONCILIATIONS - SEGMENTS

2019 GUIDANCE ADJUSTMENTS

GROSS PROFIT MARGIN - FULL YEAR 2018 & 2019 GUIDANCE

Full Year 2018 Gross Margin

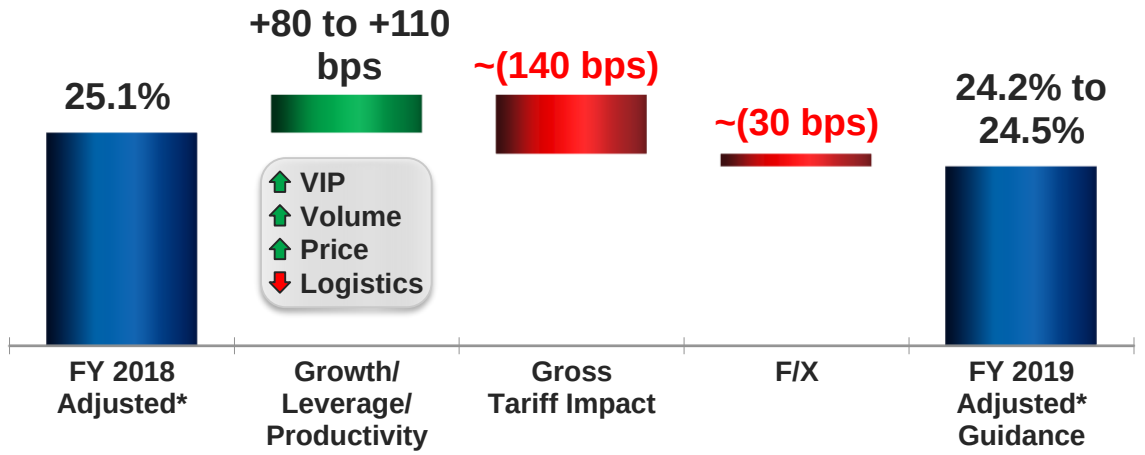


Segments	FY 2017 GAAP	FY 2017 Adjusted*	FY 2018 GAAP	FY 2018 Adjusted*
ORV/Snow	29.5%	29.6%	28.4%	28.5%
Motorcycles	2.9%	13.0%	11.6%	11.8%
Adj. Markets	23.9%	26.7%	26.2%	26.3%
Aftermarket	25.5%	26.9%	26.4%	26.4%
Boats	N/A	N/A	16.5%	17.7%

*See GAAP/Non-GAAP Reconciliation in Appendix; N/A = Not Applicable

**See Appendix for discussion regarding non-GAAP adjustments excluded from 2019 guidance

2019 Adjusted* Gross Profit Margin Guidance**



Segments	2019 Adj. Expectations Including Tariff Impact	2019 Adj. Expectations Excluding Tariff Impact
ORV/Snow	↓	↑
Motorcycles	↓	↑
Adjacent Markets	↑	↑
Aftermarket	↑	↑
Boats	↑	↑

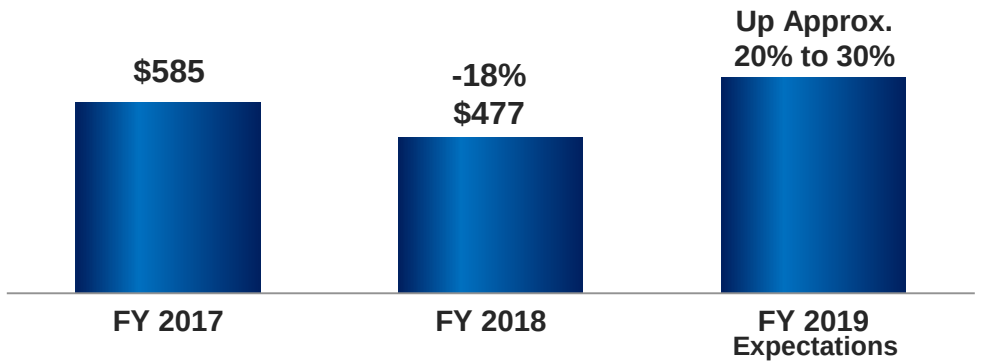
KEY: ↑ Improvement ↓ Headwind → Neutral

Operational Improvements in Gross Profit Margins Excluding Tariffs

FINANCIAL POSITION / CAPITAL DEPLOYMENT

Operating Cash Flow

($ millions)



Capital Summary December 2018

($ millions)

	Dec. 2018	Variance to Dec. 2017
Cash	$ 161	+16%
Debt /Capital Lease Obligations	$ 1,963	+115%
Shareholders' Equity	$ 867	-7%
Total Capital	$ 2,830	+53%
Debt to Total Capital	*69%*	*+20 pts*
Adjusted ROIC (Industry-leading)*	*19%*	*-190 bps*

Capital Deployment

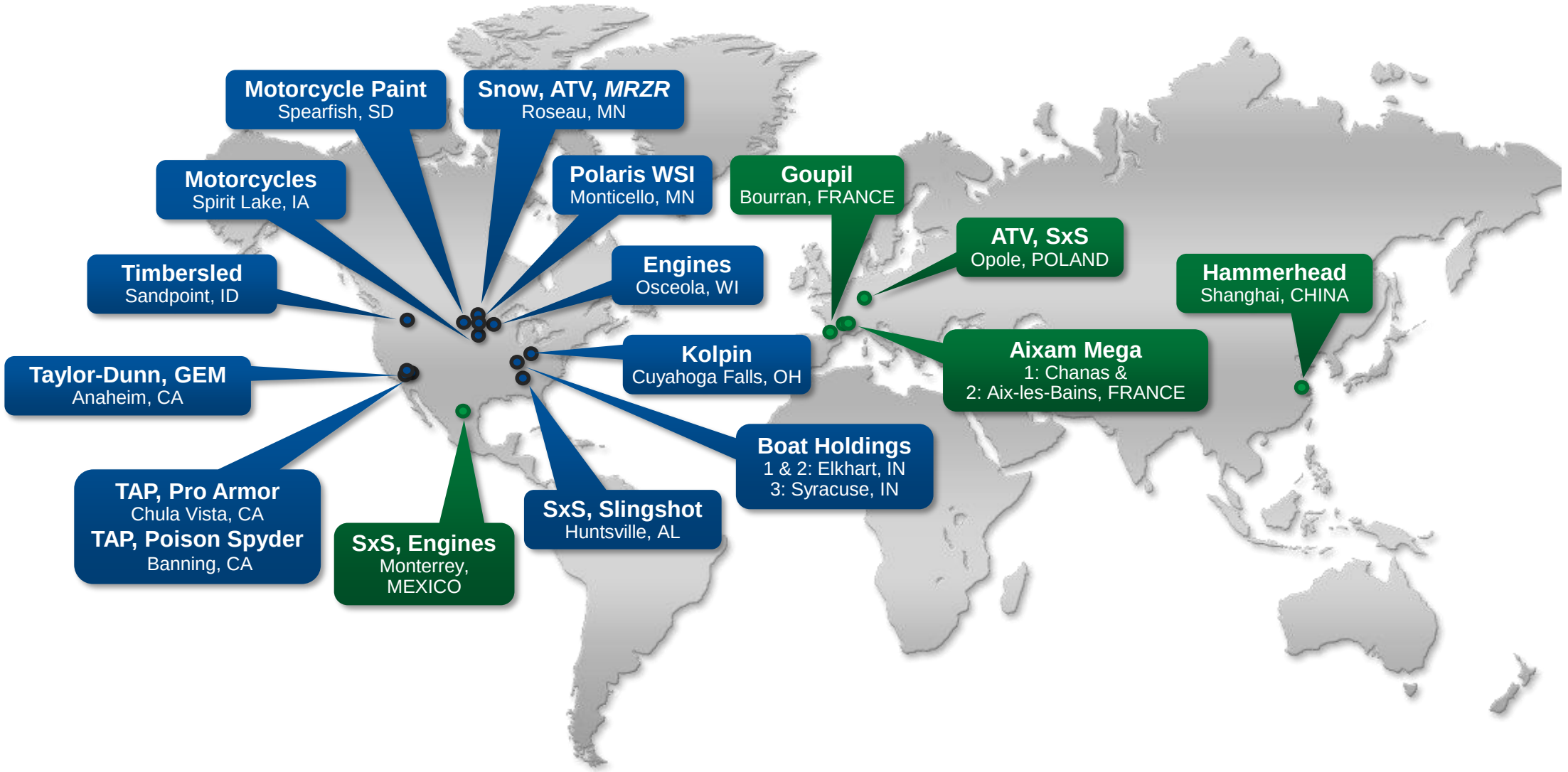
($ millions)	FY 2017	FY 2018	2018 Summary	2019 Expectations
Capital Expenditures	$184	$225	Ongoing investments in product development / plant efficiency	Cap Ex higher than 2018; distribution center, new product tooling
Dividends	$145	$149	23 consecutive years of increases	Continue paying attractive dividend
Acquisitions	Immaterial	$760	Acquired Boats / strategic partners	Debt reduction higher priority
Share Repurchase	$90	$349	Repurchased 3.2 million shares of Polaris stock	Debt reduction higher priority

**See GAAP/Non-GAAP Reconciliation in Appendix*

Capital Deployment Focused on Maximizing Shareholder Value

Source: Q4-FY'18 Earnings Release 1/29/19

POLARIS GLOBAL MANUFACTURING



20 In-house Manufacturing Facilities Worldwide

NON-GAAP RECONCILIATIONS

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

(In Thousands, Except Per Share Data; Unaudited)

	Three months ended December 31,		Twelve months ended December 31,	
	2018	2017	2018	2017
Sales	**$ 1,627,120**	**$ 1,431,049**	**$ 6,078,540**	**$ 5,428,477**
Victory wind down [1]	(490)	(2,364)	823	(1,857)
Restructuring & realignment [3]	397	1,048	3,177	1,048
Adjusted sales	**1,627,027**	**1,429,733**	**6,082,540**	**5,427,668**
Gross profit	**391,273**	**367,812**	**1,501,200**	**1,324,651**
Victory wind down [1]	(377)	2,874	40	57,844
Acquisition-related costs [2]	—	—	3,130	12,950
Restructuring & realignment [3]	3,410	2,463	19,375	12,980
Adjusted gross profit	**394,306**	**373,149**	**1,523,745**	**1,408,425**
Income before taxes	**119,650**	**117,977**	**429,249**	**318,791**
Victory wind down [1]	626	164	2,383	77,398
Acquisition-related costs [2]	5,939	3,463	22,737	26,921
Restructuring & realignment [3]	3,448	11,598	26,012	22,116
EPPL impairment [5]	3,601	—	27,048	—
Brammo [6]	—	—	(13,478)	—
Intangible amortization [7]	10,341	7,062	32,932	25,855
Other expenses [4]	2,529	—	7,539	—
Adjusted income before taxes	**146,134**	**140,264**	**534,422**	**471,081**
Net income	**91,475**	**31,475**	**$ 335,257**	**172,492**
Victory wind down [1]	476	(1,012)	1,815	52,366
Acquisition-related costs [2]	4,528	2,177	17,327	16,923
Restructuring & realignment [3]	2,627	7,291	19,819	13,902
EPPL impairment [5]	2,744	—	25,069	—
Brammo [6]	—	—	(13,113)	—
Intangible amortization [7]	7,729	4,482	24,437	16,415
Other expenses [4]	3,850	55,398	8,960	55,398
Adjusted net income [8]	**$ 113,429**	**$ 99,811**	**$ 419,571**	**$ 327,496**
Diluted EPS	**$ 1.47**	**$ 0.49**	**$ 5.24**	**$ 2.69**
Victory wind down [1]	0.01	(0.02)	0.03	0.82
Acquisition-related costs [2]	0.07	0.03	0.27	0.26
Restructuring & realignment [3]	0.05	0.11	0.31	0.22
EPPL impairment [5]	0.05	—	0.39	—
Brammo [6]	—	—	(0.20)	—
Intangible amortization [7]	0.12	0.07	0.38	0.25
Other expenses [4]	0.06	0.86	0.14	0.86
Adjusted EPS [8]	**$ 1.83**	**$ 1.54**	**$ 6.56**	**$ 5.10**

Adjustments:

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

[2] Represents adjustments for integration and acquisition-related 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 and non-recurring litigation expenses.

[5] Represents adjustments for the impairment of the Company's equity investment in Eicher-Polaris Private Limited (EPPL). This charge is included in Equity in loss of other affiliates (non-operating) on the Consolidated Statements of Income.

[6] Represents a gain on the Company's investment in Brammo, Inc. This gain is included in Other income (non-operating) on the Consolidated Statements of Income.

[7] Represents amortization expense for acquisition-related intangible assets.

[8] The Company used its estimated statutory tax rate of 23.8%, 37.1%, 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

In Thousands, Unaudited)	Three months ended December 31,		Twelve months ended December 31,	
	2018	2017	2018	2017
SEGMENT SALES				
ORV/Snow segment sales	$ 1,060,458	$ 993,750	$ 3,919,417	$ 3,570,753
Restructuring & realignment [3]	397	1,048	3,177	1,048
Adjusted ORV/Snow segment sales	**1,060,855**	**994,798**	**3,922,594**	**3,571,801**
Motorcycles segment sales	**87,361**	**102,723**	**545,646**	**576,068**
Victory wind down [1]	(490)	(2,364)	823	(1,857)
Adjusted Motorcycles segment sales	**86,871**	**100,359**	**546,469**	**574,211**
Global Adjacent Markets (GAM) segment sales	**121,648**	**116,612**	**444,644**	**396,764**
No adjustment	—	—	—	—
Adjusted GAM segment sales	**121,648**	**116,612**	**444,644**	**396,764**
Aftermarket segment sales	**212,318**	**217,964**	**889,177**	**884,892**
No adjustment	—	—	—	—
Adjusted Aftermarket sales	**212,318**	**217,964**	**889,177**	**884,892**
Boats segment sales	**145,335**	**—**	**279,656**	**—**
No adjustment	—	—	—	—
Adjusted Boats sales	**145,335**	**—**	**279,656**	**—**
Total sales	**1,627,120**	**1,431,049**	**6,078,540**	**5,428,477**
Total adjustments	**(93)**	**(1,316)**	**4,000**	**(809)**
Adjusted total sales	$ 1,627,027	$ 1,429,733	$ 6,082,540	$ 5,427,668

(In Thoursands, Unaudited)	Three months ended December 31,		Twelve months ended December 31,	
	2018	2017	2018	2017
SEGMENT GROSS PROFIT				
ORV/Snow segment gross profit	$ 282,495	$ 278,544	1,113,908	1,054,557
Restructuring & realignment [3]	397	1,048	3,177	1,048
Adjusted ORV/Snow segment gross profit	**282,892**	**279,592**	**1,117,085**	**1,055,605**
Motorcycles segment gross profit	**2,228**	**5,108**	**63,045**	**16,697**
Victory wind down [1]	(377)	2,874	40	57,844
Restructuring & realignment [3]	45	—	1,220	—
Adjusted Motorcycles segment gross profit	**1,896**	**7,982**	**64,305**	**74,541**
Global Adjacent Markets (GAM) segment gross profit	**33,063**	**29,623**	**116,583**	**94,920**
Restructuring & realignment [3]	10	415	490	10,932
Adjusted GAM segment gross profit	**33,073**	**30,038**	**117,073**	**105,852**
Aftermarket segment gross profit	**52,074**	**60,777**	**234,365**	**225,498**
Acquisition-related costs [2]	—	—	—	12,950
Adjusted Aftermarket segment gross profit	**52,074**	**60,777**	**234,365**	**238,448**
Boats segment gross profit	**25,999**	**—**	**46,252**	**—**
Acquisition-related costs [2]	—	—	3,130	—
Boats segment gross profit	**25,999**	**—**	**49,382**	**—**
Corporate gross profit	**(4,586)**	**(6,240)**	**(72,953)**	**(67,021)**
Restructuring & realignment [3]	2,958	1,000	14,488	1,000
Adjusted Corporate segment gross profit	**(1,628)**	**(5,240)**	**(58,465)**	**(66,021)**
Total gross profit	**391,273**	**367,812**	**1,501,200**	**1,324,651**
Total adjustments	3,033	5,337	22,545	83,774
Adjusted total gross profit	$ 394,306	$ 373,149	1,523,745	1,408,425

Adjustments:

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

[2] Represents adjustments for integration expenses and purchase accounting adjustments

[3] Represents adjustments for corporate restructuring, network realignment costs, and supply chain transformation

2019 GUIDANCE ADJUSTMENTS

2019 guidance excludes the pre-tax effect of acquisition integration costs of approximately $5 million to $10 million, supply chain transformation and network realignment costs of approximately $25 million to $30 million. Intangible amortization of approximately $40 million related to all acquisitions has also been excluded. 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 restructuring and realignment costs and acquisition integration costs that are difficult to predict in advance in order to include in a GAAP estimate.

Source: Q4-FY'18 Earnings Release 1/29/19


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