

POLARIS®

POLARIS INDUSTRIES INC.

FIRST QUARTER 2019 EARNINGS RESULTS

April 23, 2019

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.

The data source for retail sales figures included in this presentation is registration information provided by Polaris dealers in North America compiled by the Company or Company estimates and other industry data sources. The Company must rely on information that its dealers supply concerning retail sales, and other retail sales data sources related to Polaris and the powersports industry, and this information is subject to revision. Retail sales references to total Company retail sales includes only ORV, snowmobiles and motorcycles in North America unless otherwise noted.

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.



POLARIS®

FIRST QUARTER 2019 EARNINGS RESULTS

SCOTT W. WINE
CHAIRMAN & CEO

April 23, 2019

2018 CORPORATE RESPONSIBILITY REPORT

POLARIS
GEARED FOR GOOD

Highlights

Employee Engagement
Corporate Responsibility Committee
Governance Highlights
Human Rights Policy
Product Safety & Quality
Supplier Code of Conduct
Environmental Policy & Goals
Corporate Foundation Initiatives

www.polaris.com/en-us/corporate-stewardship/



Products and People Doing Good in Big and Small Ways

FIRST QUARTER 2019 SUMMARY

Financial results exceeded expectations

N.A. retail sales down 3% driven by unusually cold/wet weather

Snowmobile retail strong for the quarter and season-end

Grew market share in snowmobiles (season-to-date); maintained Indian market share

Boats, PG&A and International ahead of expectations

Strategic sourcing initiative progressing on schedule

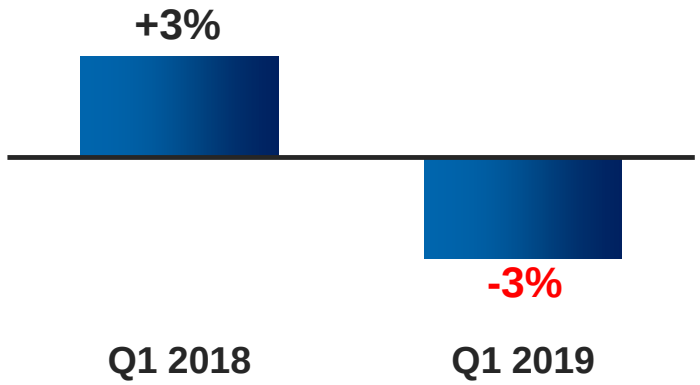
Tariff environment remains dynamic

Increasing Earnings Guidance Given First Quarter's Solid Start

NORTH AMERICAN POWERSPORTS RETAIL SALES

Polaris Retail Sales

Year-Over-Year Retail % Change (units)



Polaris N.A. retail down 3%

- Slow dealer traffic due to weather – ORV/motorcycles
- Good snowfall drove strong snowmobile retail
- Polaris promotional expense similar to prior year levels in aggregate

North American Industry retail flat in Q1

- ORV and motorcycles down; snowmobiles up

Polaris Boats preliminary SSI retail down

- Weather unfavorable
- Bennington gained share
- Boat show traffic strong during the quarter

Q1'19 Retail Sales by Business

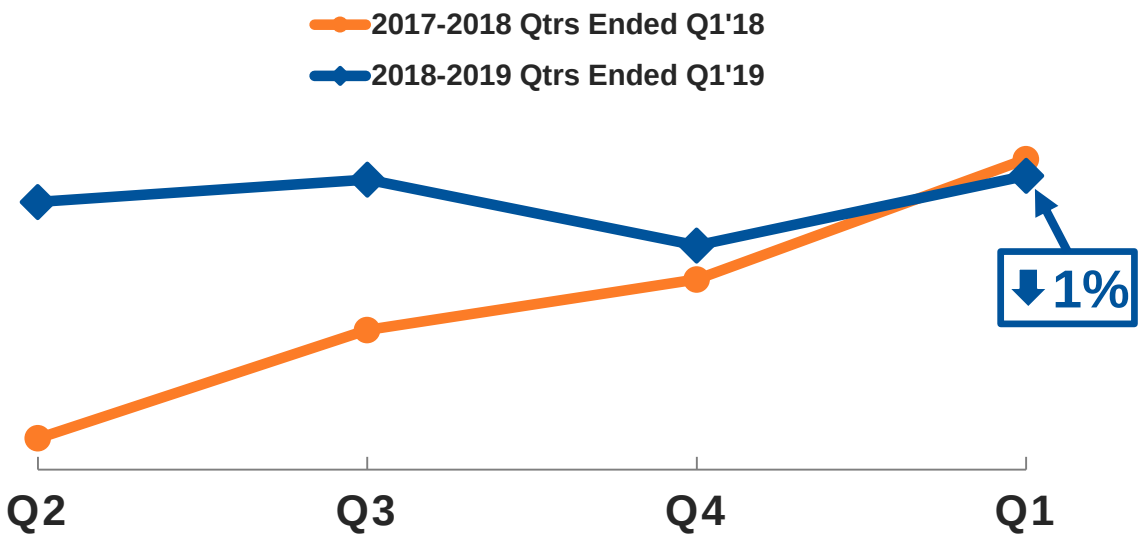
Y/Y Retail % Change (units)	POLARIS	INDUSTRY
TOTAL COMPANY*	⬇ 3%	⬌ Flat
Off-Road Vehicles	⬇ mid-single digits %	⬇ low-single digits % (estimate)
Side-by-Sides	⬇ low-single digits %	
ATVs	⬇ low-double digits %	
Motorcycles	⬇ high-single digits %	⬇ mid-single digits % (900cc & above)
Indian	⬇ mid-single digits %	
Slingshot	⬇ low-double digits %	
Snowmobiles (season-end March)	⬆ low-twenties %	⬆ low-single digits %
Boats*	⬇ low-single digits %**	⬇ mid-single digits %**

** Boats are not included in Total Company retail sales above.*
*** Preliminary SSI data, pontoons only, subject to change.*

First Quarter Retail Impacted by Weather; April Trends Improving

NORTH AMERICAN DEALER INVENTORY

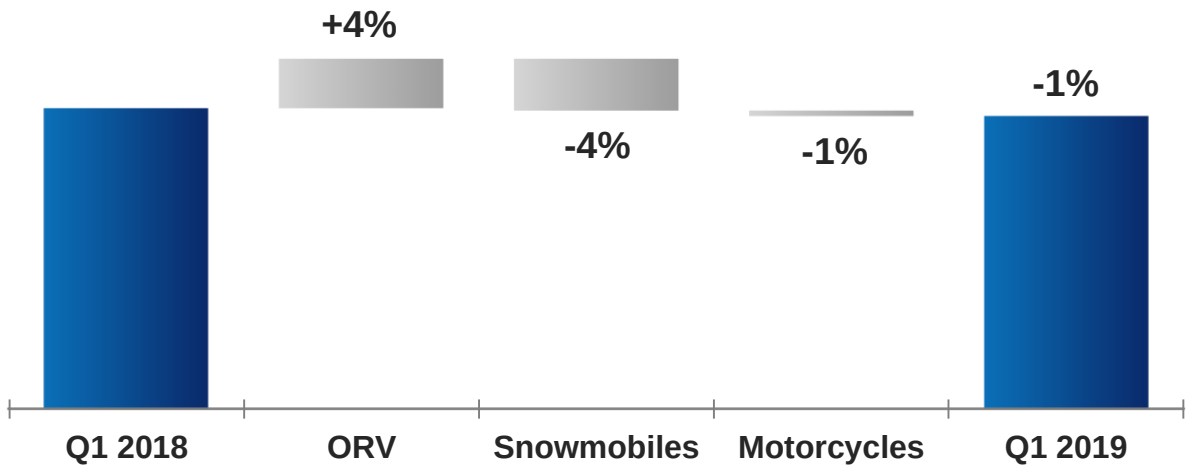
Polaris N.A. Dealer Inventory by Quarter



Q1 2019 N.A. Dealer Inventory

(in units)

(Percent Impact on Total Inventory)



Polaris Q1 2019 N.A. dealer inventory down 1%

Primarily driven by snowmobiles; up 4% excluding snowmobiles, driven by timing of shipments

Dealer Inventory change by business year-over-year:

ORV up 6% with ATVs down and side-by-sides up; Motorcycles down mid-single digits %; Snowmobiles down almost 30%

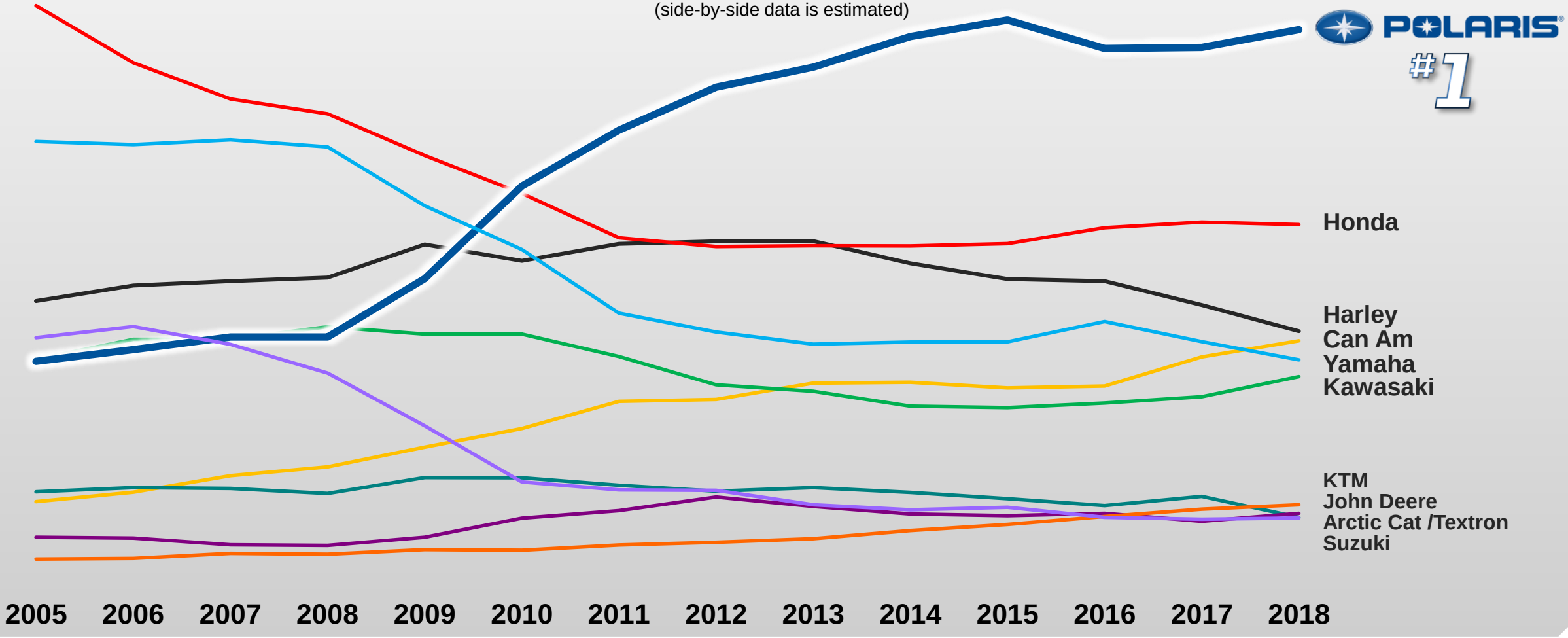
RFM process meeting expectations; Factory Choice drives retail

Dealer Inventory Levels Remain at Acceptable Levels

N.A. POWERSPORTS CONSOLIDATED MARKET SHARE

Consolidated Market Share in Units

Using Total Motorcycle Industry; Excludes Boats
(side-by-side data is estimated)

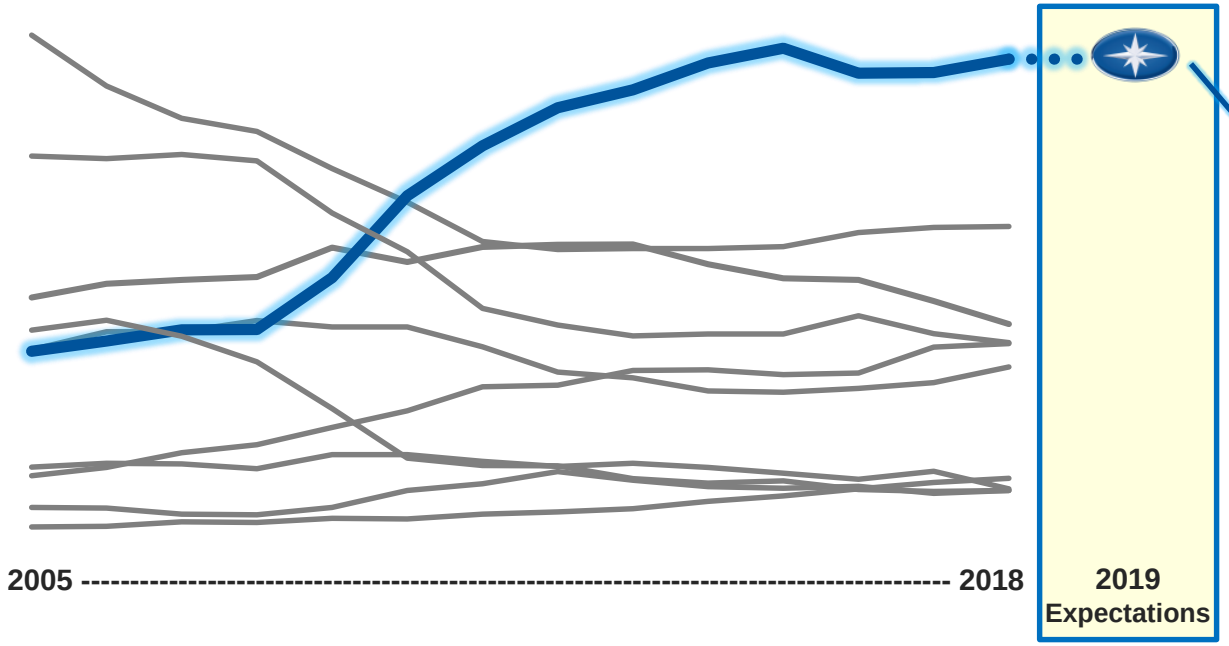


#1 Market Share Position in N.A. Powersports Improved in 2018

2019 POLARIS SALES CONTRIBUTION

N.A. Powersports Consolidated Market Share*

Consolidated Market Share in Units
Using Total Motorcycle Industry; Excludes Boats
(side-by-side data is estimated)

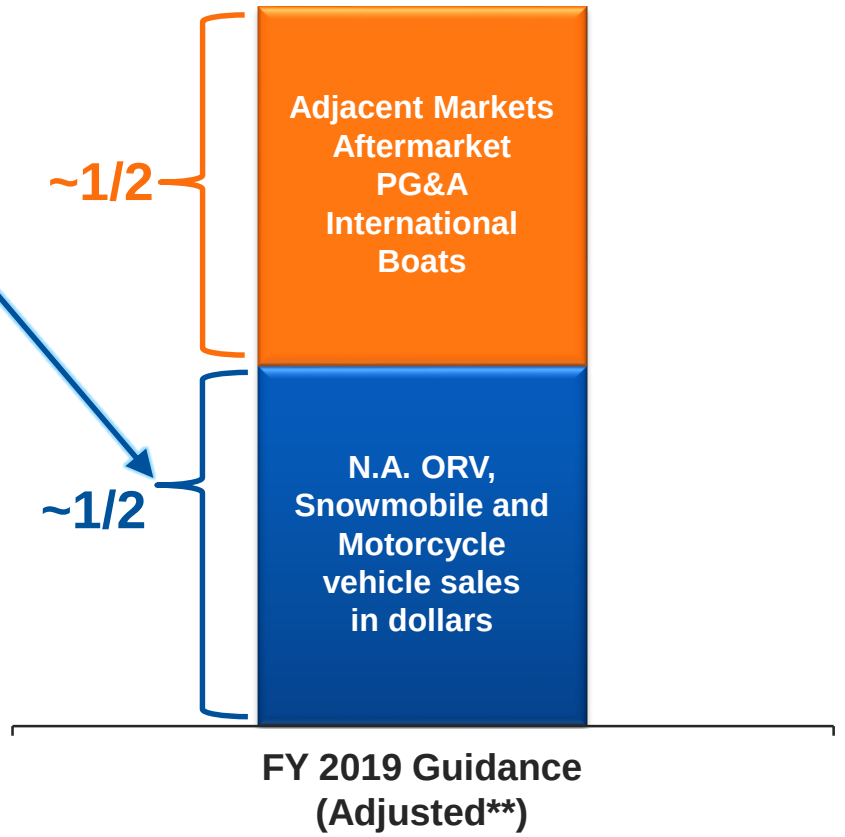


** ORV, Motorcycles and Snowmobiles only (Boats excluded)*
Represents North American wholegood retail sales in units

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

Full Year 2019 Expected Sales Contribution

$6.750B to $6.900B
⬆11% to ⬆13%

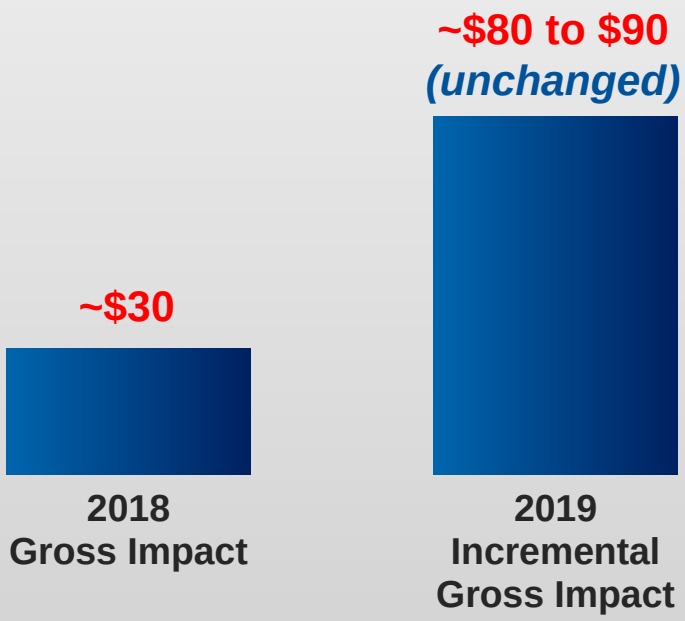


Polaris Revenue Stream Becoming More Diverse and Global

TARIFFS / TRADE UPDATE

Tariffs / Trade Costs

($ in millions)



Estimates based on effective dates and items included in lists as the Company understands them today.

A Dynamic Trade Environment

U.S. / China / EU trade is mutually beneficial, and fairer trade will benefit both countries

Global trade issues are significant / complex:

Market access, intellectual property, government subsidies

Polaris impact is large and disparate

Our story is compelling; relief requires patience

Polaris On-going Countermeasures

Wholegood price increases implemented in January

Poland motorcycle production ramp-up on track

Supply-chain initiatives producing anticipated results to-date

Held discussions with USTR/Congress Reps

Trade / Tariffs Remain Top Macro Challenge

CUSTOMER-CENTRIC, HIGHLY EFFICIENT GROWTH COMPANY

1 CUSTOMER-CENTRICITY

Expand Customer Base; CRM Data Analytics

Improve Rider Experience

Seamless Dealer Connection

Increase Ownership Engagement

CURRENT FACTORY CHOICE OFFERING

***RANGER* XP® 1000 EPS Premium**
3 and 6-Seat Models, Including NorthStar Edition



RANGER COUNTRY TOUR

RANGER COUNTRY



Deliver Personalized Experiences to Delight Customers

2 EFFICIENCY

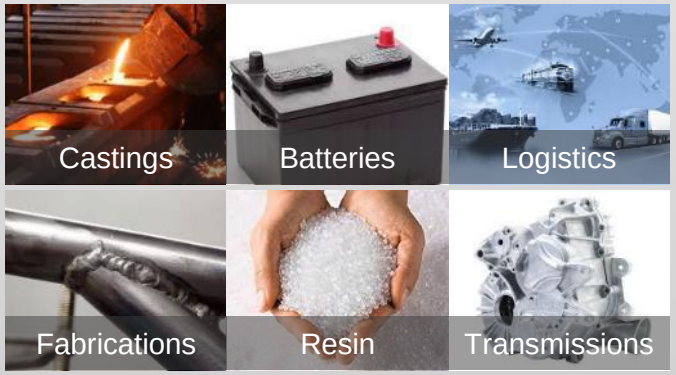
Strategic Sourcing Initiative

Retail Flow Management (RFM) Process

Post Sales Surveillance Organization

Product Development Process (PDP) Evolution

Strategic Sourcing Initiative
WAVE 1: ~$1B



Building and Improving Operational Capabilities

3 GROWTH

Industry-leading Brands

Best in Class Safety & Quality

Efficient Sales & Marketing; non-traditional customers

Design to Value (DTV)

RANGER · Indian MOTORCYCLE · Klim · RMK · INDY · GOUPIL · BENNINGTON · KOLPIN OUTDOORS · GEM · POLARIS RZR · POLARIS · SPORTSMAN · SLINGSHOT · AIXAM · RUSH · SWITCHBACK · Transamerican AUTO PARTS COMPANY

Sales CAGR >5%, Net Income CAGR >15% Through 2022



POLARIS
TOGETHER





POLARIS®

FIRST QUARTER 2019 EARNINGS RESULTS

MIKE SPEETZEN
EVP FINANCE & CFO

April 23, 2019

Q1 2019 FINANCIAL RESULTS

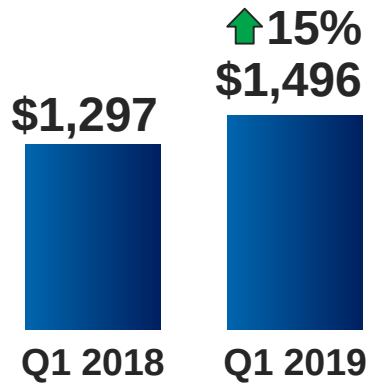
Sales

($ in millions)

GAAP

$1,496 million
↑15% y/y

ADJUSTED*



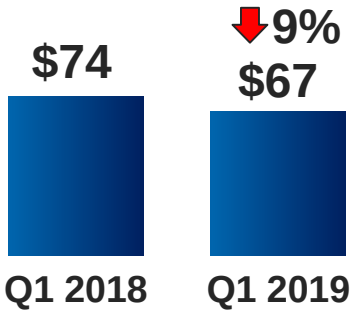
Net Income

($ in millions)

GAAP

$48 million
↓13% y/y

ADJUSTED*

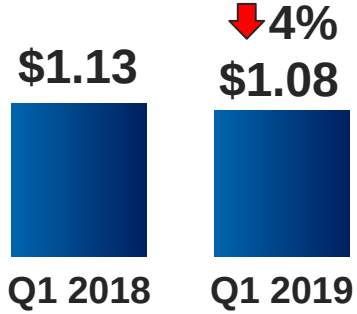


Earnings Per Share

GAAP

$0.78
↓8% y/y

ADJUSTED*



First quarter 2019 adjusted* results ahead of Company expectations – timing

ORV sales growth partially offset by Motorcycles and Global Adjacent Markets

Boats added $185 million of sales during Q1 2019

GAAP and adjusted* net income margins lower, as expected – tariffs and F/X

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

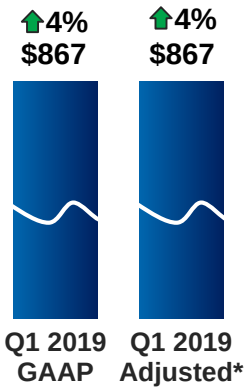
Q1 Results Encouraging Given Erratic Weather Patterns

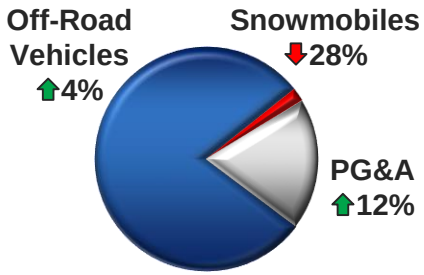
Q1 2019 SALES & GROSS PROFIT MARGINS BY SEGMENT

$ in millions

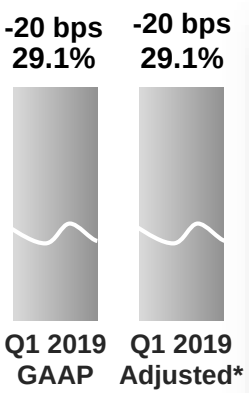
ORV / Snowmobiles

SALES





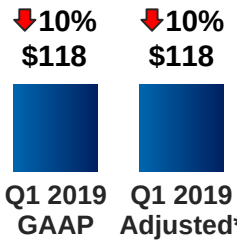
GROSS PROFIT MARGIN

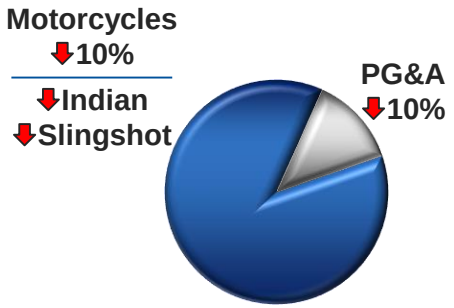




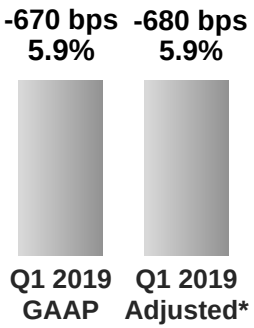
Motorcycles

SALES





GROSS PROFIT MARGIN

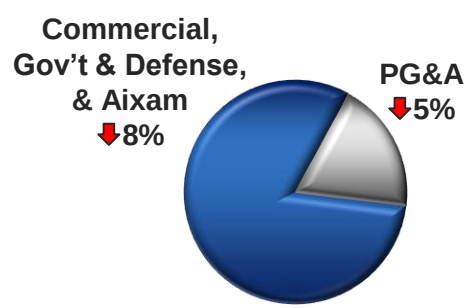




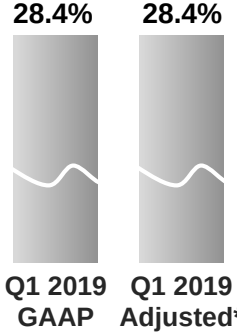
Global Adjacent Markets

SALES





GROSS PROFIT MARGIN





See GAAP/Non-GAAP Reconciliation in Appendix. Note: Pie charts based on adjusted sales.*

ORV/Snowmobile Segment Sales Up; Driven by Higher Average Selling Prices

Q1 2019 SALES & GROSS PROFIT MARGINS BY SEGMENT con't.

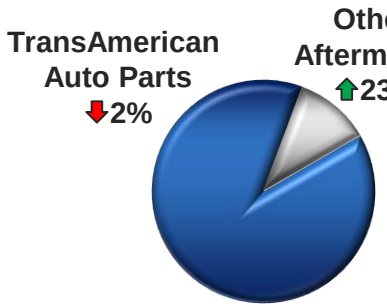
$ in millions

Aftermarket

SALES

Flat
$221

Q1 2019 GAAP



based on adjusted sales

GROSS PROFIT MARGIN

-100 bps
25.6%

Q1 2019 GAAP



Boats

⬆ 12%**
$185

Q1 2019 GAAP

BENNINGTON
GODFREY
Hurricane
RINKER
LARSON
STRIPER

19.6%

Q1 2019 GAAP

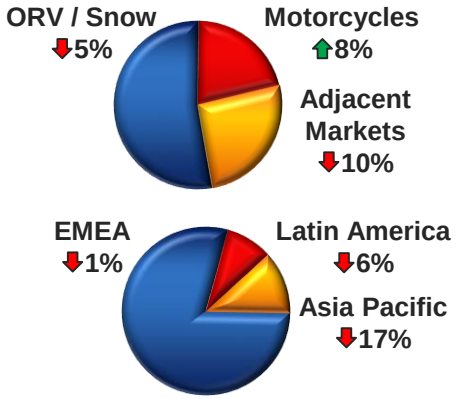


SUPPLEMENTAL SALES DATA

International

⬇4%
$203

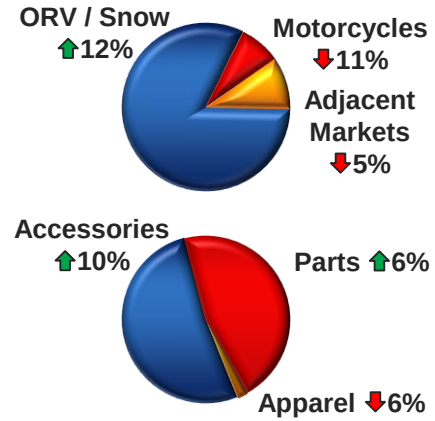
Q1 2019 GAAP



PG&A

⬆ 8%
$202

Q1 2019 GAAP



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

***pro forma basis, refer to ir.polaris.com for historical data*

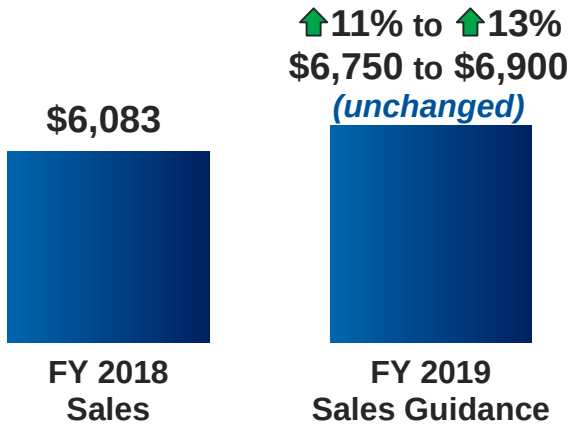
Pie charts based on GAAP

Boats & PG&A Continued Sales Growth; International Down Driven by Foreign Currency

2019 FULL YEAR SALES & EPS GUIDANCE

Full Year Total Company Adjusted* Sales Guidance

($ in millions)

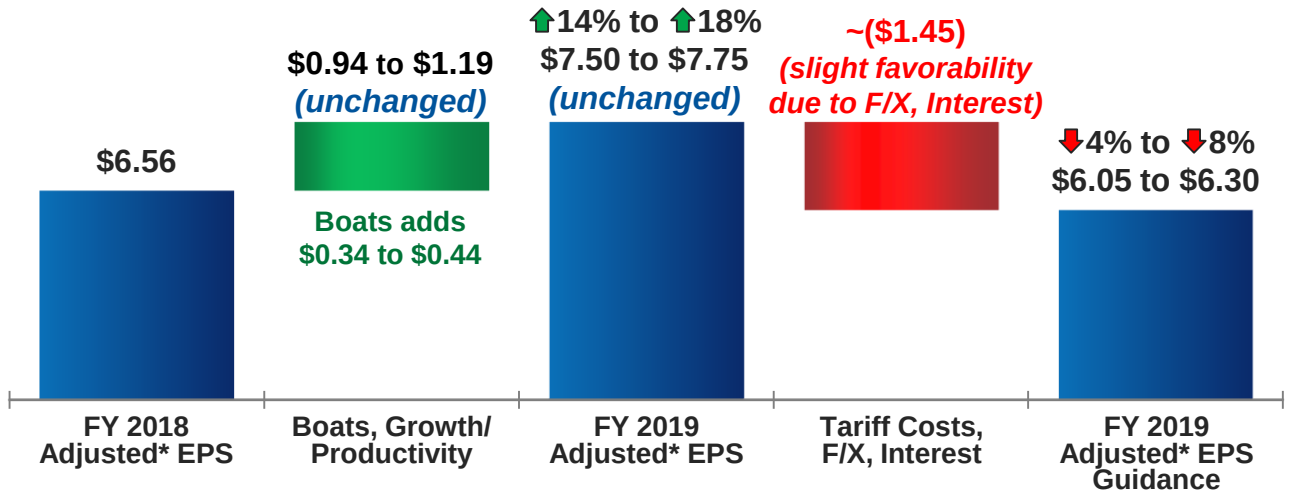


Powersports Industry remains positive *(unchanged)*

Boats adding ~6 percentage points to growth *(unchanged)*

F/X expected to be negative to sales ~1% *(unchanged)*

Full Year Adjusted* EPS Guidance**



Gross profit margins down 60-90 bps, up 80-110 bps excl. tariffs/FX *(unchanged)*

Adjusted operating expenses increase mid-teens % *(unchanged)*

Up 10 to 20 bps as a % of sales | Full year of Boats and other strategic investments

Financial services down high-single digits % *(unchanged)*

Q1 2019 penetration rates at 33%; approval rates at 59% – both in-line with expectations

Interest expense up high-thirty %; acquisition funding *(slight favorability)*

Tax rate approximately 22.5% of pretax income *(unchanged)*

Diluted shares outstanding down approximately 1% *(unchanged)*

F/X expected to have negative impact to pre-tax profit *(slight favorability)*

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

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

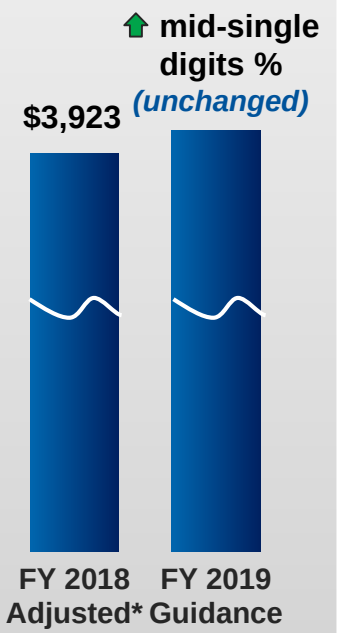
Maintaining Full Year Sales Guidance In Spite of Weather; Increasing EPS Expectations

FY 2019 SALES GUIDANCE BY SEGMENT

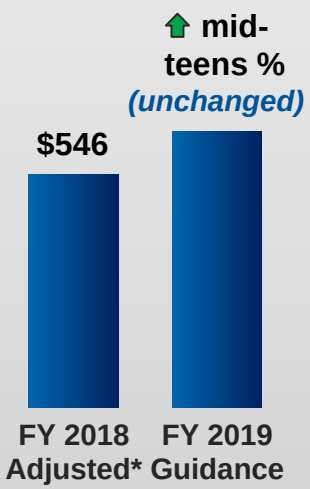
$ in millions

Segment Sales

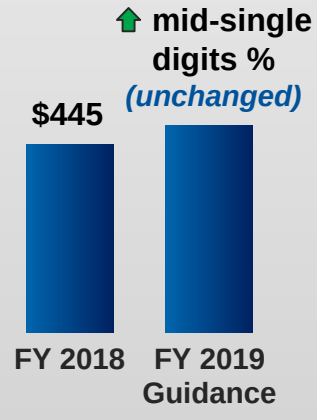
ORV/Snowmobiles



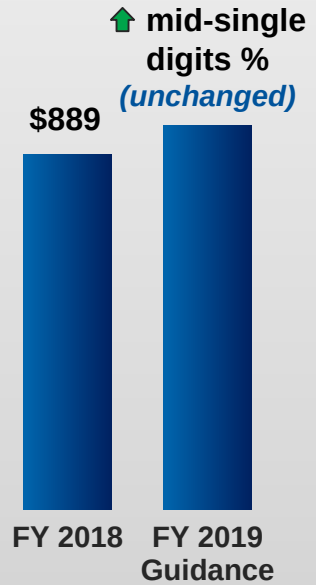
Motorcycles



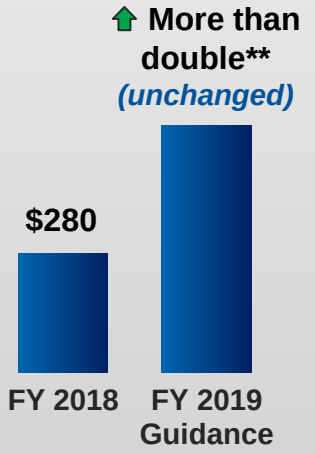
Adjacent Markets



Aftermarket



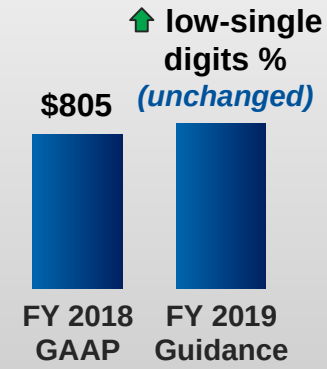
Boats



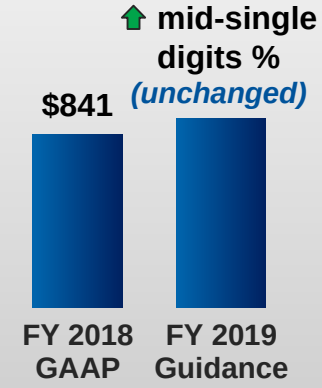
**up mid-single digits % on a FY proforma basis

Supplemental Sales Data

International



PG&A



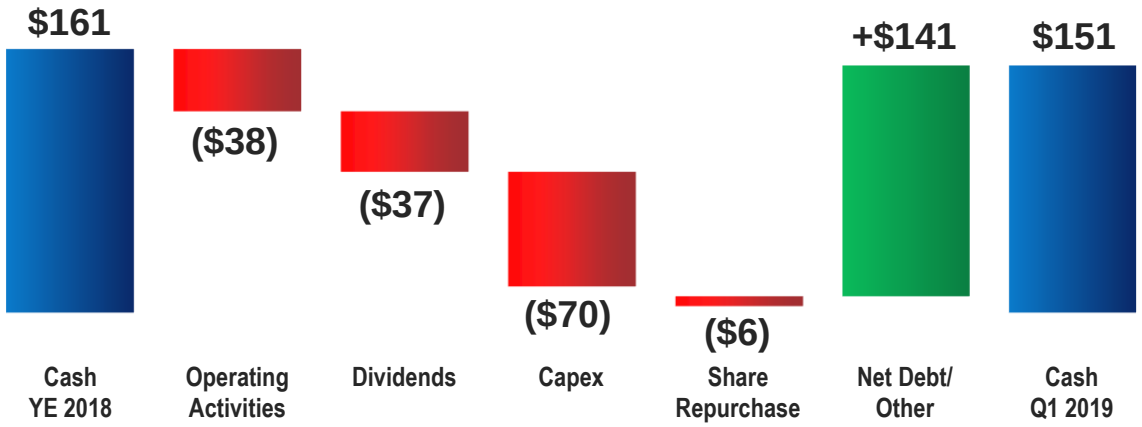
*See GAAP/Non-GAAP Reconciliation in Appendix

Segment Sales Expectations Unchanged for Full Year 2019

Q1 2019 FINANCIAL POSITION & 2019 EXPECTATIONS

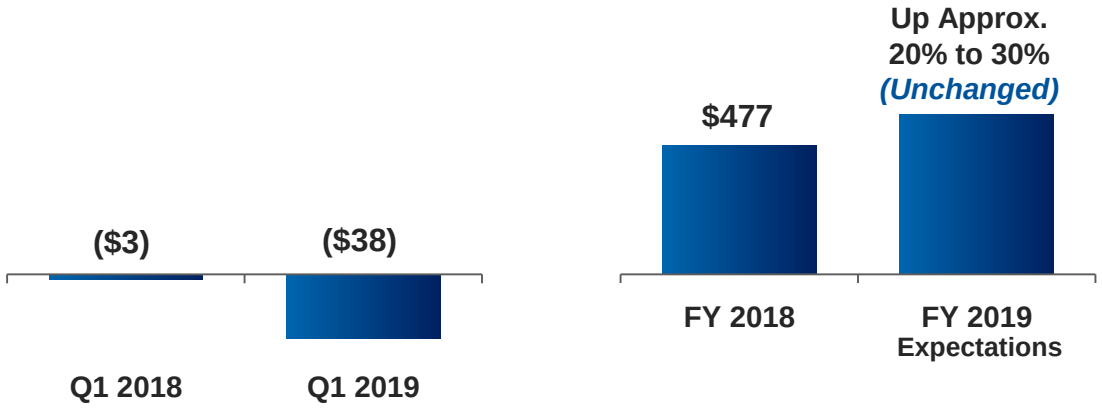
Capital Summary March 2019

($ millions)



Operating Cash Flow

($ millions)



Cash Drivers

($ millions)

		Variance to March 2018
Cash	**$ 151**	**-9%**
Debt /Capital Lease Obligations	**$2,101**	**+104%**
Shareholders' Equity	**$ 879**	**Flat**
Total Capital	**$2,980**	**+49%**
Debt to Total Capital	***71%***	***+20 pts***
ROIC*	***18%***	***+121 bps***

Q1 Summary

Operating cash flow down as expected

Factory inventory up; timing, new products preparation, higher tariff costs

FY 2019 Expectations

Cash Flow expectations unchanged

Cap Ex higher than 2018; tooling/distribution center

Debt reduction remains high priority

**calculated using trailing twelve months adjusted net income*

Operating Cash Flow Tracking Company Expectations – Financial Position Remains Solid



POLARIS®

FIRST QUARTER 2019 EARNINGS RESULTS

SCOTT W. WINE
CHAIRMAN & CEO

April 23, 2019

SUMMARY

Good start to the year in spite of weather

U.S. economy maintaining positive trend - global growth prospects less certain

Competitive landscape intense but stable; Polaris now on offense

Motorcycle market remains challenged; new products driving Polaris growth and share gains

Supply chain initiative on track; momentum building

Tariff/trade negotiations/relief discussions ongoing

Good Start to The Company's 65th Anniversary Year



POLARIS®

FIRST QUARTER 2019 EARNINGS RESULTS

QUESTIONS?

April 23, 2019

APPENDIX

GROSS PROFIT MARGINS – Q1 2019 ACTUAL & FY 2019 GUIDANCE

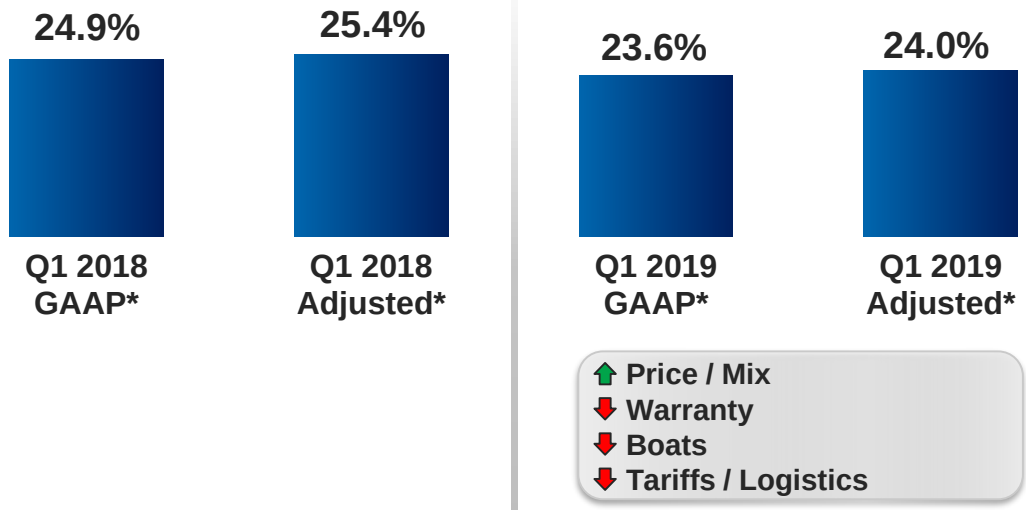
NON-GAAP RECONCILIATIONS

NON-GAAP RECONCILIATIONS - SEGMENTS

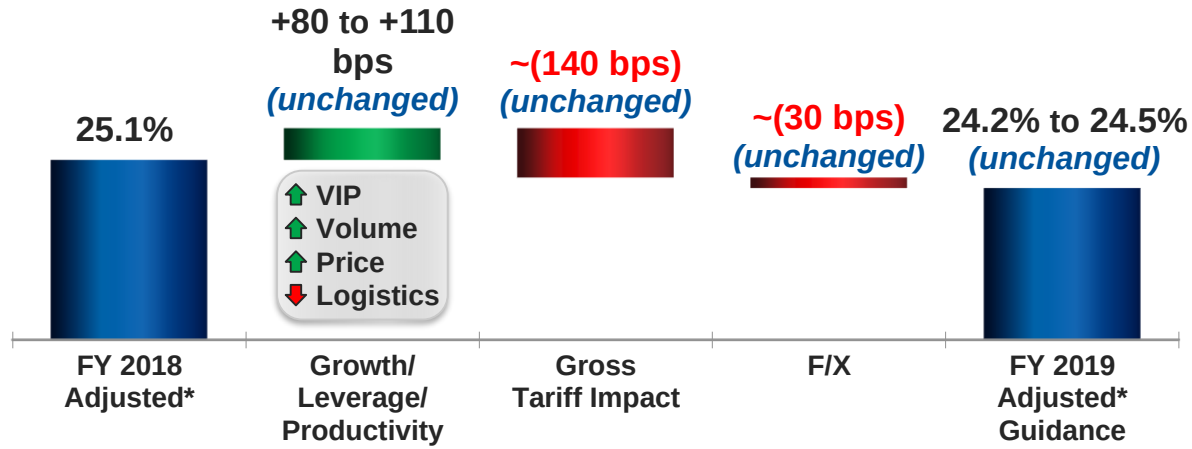
2019 GUIDANCE ADJUSTMENTS

GROSS PROFIT MARGINS

Q1 2019 Gross Profit Margin



FY 2019 Adjusted* Gross Profit Margin Guidance**



Segments	Q1 2018 GAAP	Q1 2018 Adjusted*	Q1 2019 GAAP	Q1 2019 Adjusted*
ORV/Snow	29.3%	29.3%	29.1%	29.1%
Motorcycles	12.6%	12.7%	5.9%	5.9%
Adj. Markets	27.6%	28.0%	28.4%	28.4%
Aftermarket	26.6%	26.6%	25.6%	25.6%
Boats	–	–	19.6%	19.6%

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

KEY: ↑ Improvement ↓ Headwind → Neutral

*See GAAP/Non-GAAP Reconciliation in Appendix; N/A = Not Applicable
**See Appendix for discussion regarding non-GAAP adjustments excluded from 2019 guidance

Operational Improvements in Gross Profit Margins On Track Excluding Tariffs

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,	
	2019	2018
Sales	**$ 1,495,690**	**$ 1,297,473**
Victory wind down [1]	—	(549)
Restructuring & realignment [3]	—	470
Adjusted sales	**1,495,690**	**1,297,394**
Gross profit	**352,448**	**323,481**
Victory wind down [1]	—	52
Restructuring & realignment [3]	6,691	5,792
Adjusted gross profit	**359,139**	**329,325**
Income before taxes	**64,412**	**73,692**
Victory wind down [1]	—	669
Acquisition-related costs [2]	1,130	2,080
Restructuring & realignment [3]	6,691	6,197
EPPL impairment [5]	—	19,630
Brammo [6]	—	(13,478)
Intangible amortization [7]	10,247	6,130
Other expenses [4]	6,359	—
Adjusted income before taxes	**88,839**	**94,920**
Net income	**48,378**	**55,714**
Victory wind down [1]	—	510
Acquisition-related costs [2]	861	1,585
Restructuring & realignment [3]	5,099	4,721
EPPL impairment [5]	—	19,417
Brammo [6]	—	(13,113)
Intangible amortization [7]	7,713	4,499
Other expenses [4]	4,846	270
Adjusted net income [8]	**$ 66,897**	**$ 73,603**
Diluted EPS	**$ 0.78**	**$ 0.85**
Victory wind down [1]	—	0.01
Acquisition-related costs [2]	0.02	0.02
Restructuring & realignment [3]	0.08	0.08
EPPL impairment [5]	—	0.30
Brammo [6]	—	(0.20)
Intangible amortization [7]	0.12	0.07
Other expenses [4]	0.08	—
Adjusted EPS [8]	**$ 1.08**	**$ 1.13**

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 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 non-recurring litigation expenses and the impacts of tax reform

[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% for the non-GAAP adjustments in 2019 and 2018, 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 March 31, 2019	2018
SEGMENT SALES		
ORV/Snow segment sales	**$ 867,447**	**$ 832,564**
Restructuring & realignment [2]	—	470
Adjusted ORV/Snow segment sales	**867,447**	**833,034**
Motorcycles segment sales	**117,942**	**131,557**
Victory wind down [1]	—	(549)
Adjusted Motorcycles segment sales	**117,942**	**131,008**
Global Adjacent Markets (GAM) segment sales	**104,956**	**113,327**
No adjustment	—	—
Adjusted GAM segment sales	**104,956**	**113,327**
Aftermarket segment sales	**220,535**	**220,025**
No adjustment	**—**	**—**
Adjusted Aftermarket sales	**220,535**	**220,025**
Boats segment sales	**184,810**	**—**
No adjustment	**—**	**—**
Adjusted Boats sales	**184,810**	**—**
Total sales	**1,495,690**	**1,297,473**
Total adjustments	**—**	**(79)**
Adjusted total sales	**$ 1,495,690**	**$ 1,297,394**

(In Thousands, Unaudited)	Three months ended March 31, 2019	2018
SEGMENT GROSS PROFIT		
ORV/Snow segment gross profit	**252,235**	**243,561**
Restructuring & realignment [2]	—	470
Adjusted ORV/Snow segment gross profit	**252,235**	**244,031**
Motorcycles segment gross profit	**6,962**	**16,568**
Victory wind down [1]	—	52
Adjusted Motorcycles segment gross profit	**6,962**	**16,620**
Global Adjacent Markets (GAM) segment gross profit	**29,829**	**31,258**
Restructuring & realignment [2]	—	445
Adjusted GAM segment gross profit	**29,829**	**31,703**
Aftermarket segment gross profit	**56,475**	**58,452**
No adjustment	—	—
Adjusted Aftermarket segment gross profit	**56,475**	**58,452**
Boats segment gross profit	**36,164**	**—**
No adjustment	—	—
Boats segment gross profit	**36,164**	**—**
Corporate segment gross profit	**(29,217)**	**(26,358)**
Restructuring & realignment [2]	6,691	4,877
Adjusted Corporate segment gross profit	**(22,526)**	**(21,481)**
Total gross profit	**352,448**	**323,481**
Total adjustments	6,691	5,844
Adjusted total gross profit	**359,139**	**329,325**

Adjustments:

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

[2] 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.



POLARIS®

FIRST QUARTER 2019 EARNINGS RESULTS

QUESTIONS?

April 23, 2019