

POLARIS®

POLARIS INDUSTRIES INC.

SECOND QUARTER 2019 EARNINGS RESULTS

July 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, future cash flows and capital requirements, 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; disruptions in manufacturing facilities; 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 policies and 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.



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SECOND QUARTER 2019 EARNINGS RESULTS

SCOTT W. WINE
CHAIRMAN & CEO

July 23, 2019

SECOND QUARTER 2019 SUMMARY

Results finished strong driven by operating leverage/aggressive tariff mitigation

On-going operational improvement: Gross and net margins improved YoY, X-tariffs

Strategic sourcing initiative - wave 1, progressing well; kicked-off wave 2 in June

Side-by-side retail sales up low-single digits against aggressive competitive actions

Strong PG&A; innovation, quality

Flat Track Racing success continues

Highly anticipated Indian FTR1200 production ramping quickly; strong retail demand

Bennington, the leading pontoon brand, continued its share gains in Q2

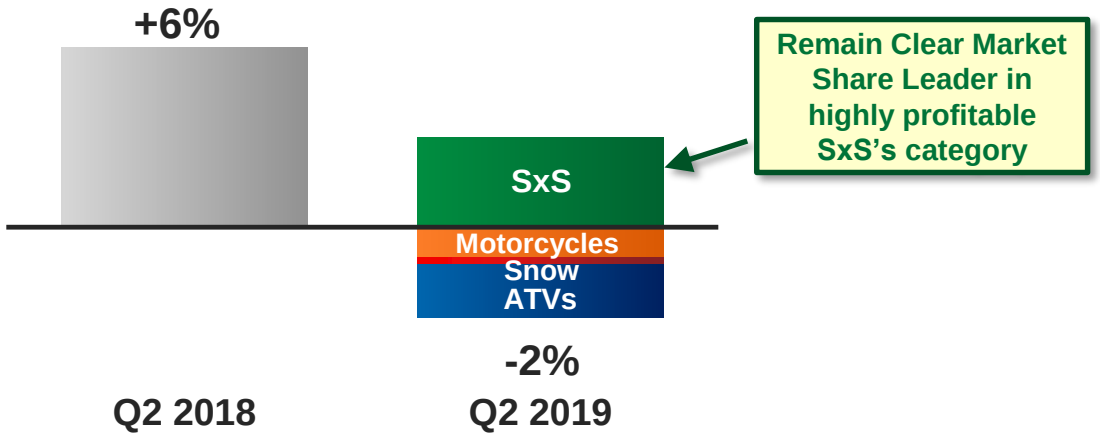
Tariff landscape remains fluid; China negotiations continuing

Strong Momentum Heading into Second Half of the Year

NORTH AMERICAN POWERSPORTS RETAIL SALES

Polaris Retail Sales

Year-Over-Year Retail % Change (units)*



Polaris N.A. retail down 2% vs. up 6% in 2018

- Side-by-sides up driven by full-size *RANGER*, General and *RZR XP*
- Polaris promotional expense elevated YoY given competitive dynamics

North American Powersports* Industry retail up in Q2

- ORV up high-single digits; motorcycles down mid-single digits, snow off-season

Polaris Boats SSI** retail down, but less than Industry

- Boats industry retail down mid-single digits
- Bennington retail up, gained share in spite of wet weather

Q2'19 Retail Sales by Business

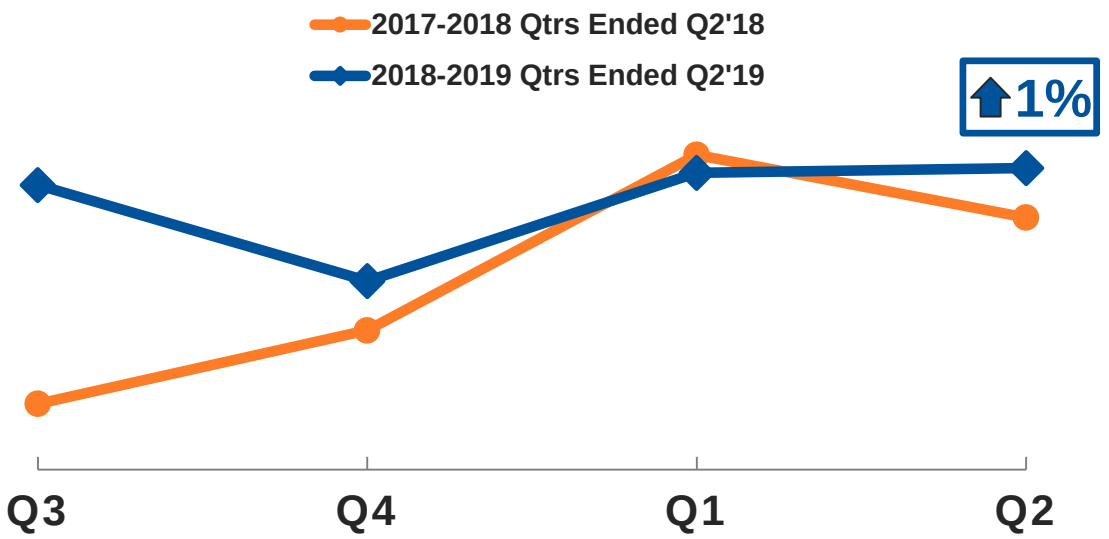
	POLARIS	COMMENTS
Off-Road Vehicles	↓ low-single digits %	*Higher priced / higher margin RANGER/RZR continue to perform well*
Side-by-Sides	↑ low-single digits %	
ATVs	↓ high-single digits %	
Motorcycles	↓ low-teens %	*Indian FTR shipments slightly delayed, but ramping*
Indian	↓ high-single digits %	
Slingshot	↓ mid-twenty %	
Snowmobiles (season-end Mar'19)	N/A	*Off-season*
Boats*	↓ low-single digits %	*Bennington continues to outperform industry*

N/A = Not Applicable
** Boats not included in Total Company retail sales or Powersports Industry*
*** Preliminary SSI data, pontoons only, subject to change*

Side-by-Sides Up in Spite of Tough Competitive Environment

NORTH AMERICAN DEALER INVENTORY

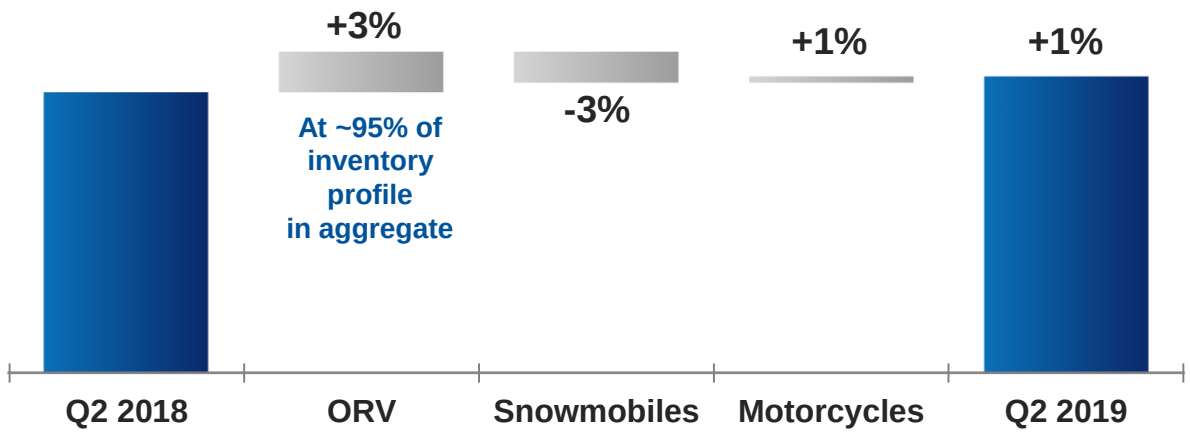
Polaris N.A. Dealer Inventory by Quarter



Q2 2019 N.A. Dealer Inventory

(in units)

(Percent Impact on Total Inventory)



Polaris Q2 2019 N.A. dealer inventory up 1%

- ORV up mid-single digits driven by side-by-sides; Motorcycles up mid-single digits with Indian up, Slingshot down
- ORV up to support FAC and *RANGER* demand; Indian up from FTR shipments
- Dealer inventory, in aggregate, in-line with RFM dealer profiles
  - *ORV unit shipments were down, in-line with retail; RFM working as designed*

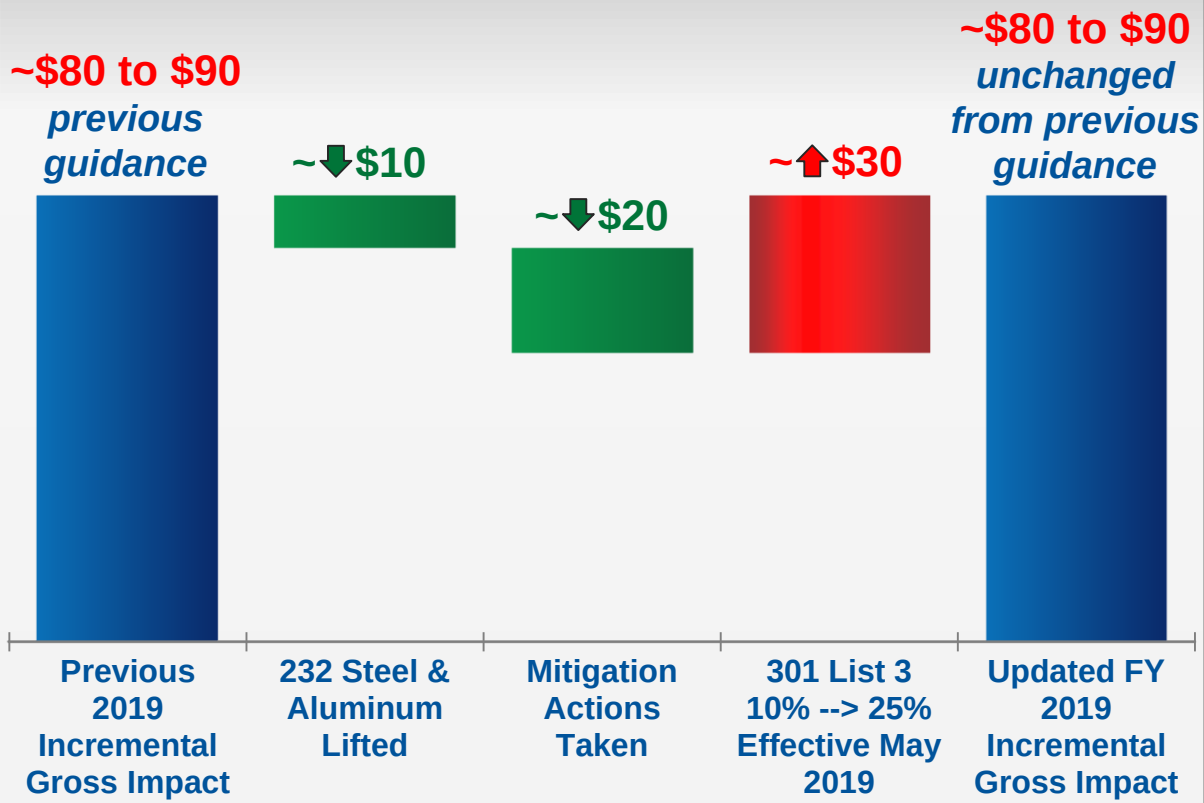
Factory Choice drives dealer inventory differentiation and more choice to consumers

Dealer Inventory Levels Adequate Leading Up to FAC and New Product Launch

TARIFFS / TRADE UPDATE

Tariffs / Trade Costs

($ in millions)



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

Polaris On-going Countermeasures

Supply chain mitigation efforts yielding results:

- *Supplier negotiations*
- *Re-sourced to new suppliers*
- *Approved exclusion requests*
- *Production moved with existing suppliers*

Motorcycle production in Poland for mid-size bikes at planned production targets

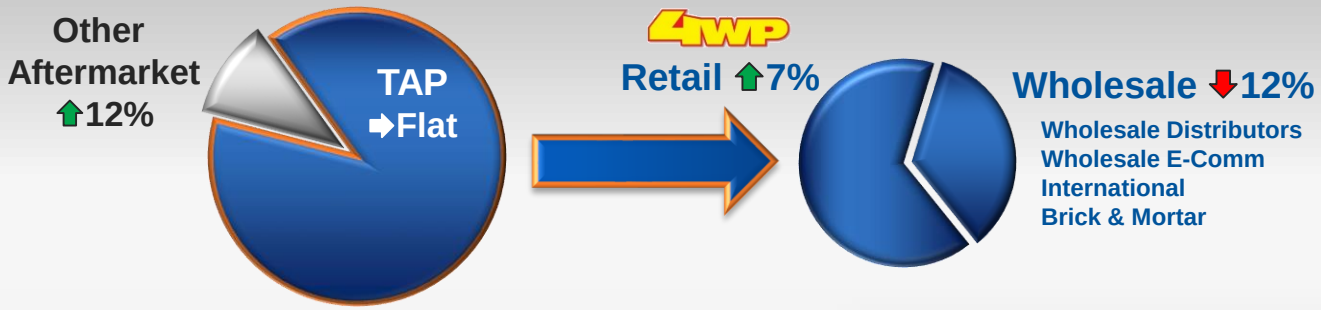
On-going dialog with Administration requesting relief

List 4 impact immaterial to total tariff costs

Continuing Efforts to Mitigate Tariffs

KEY UPDATES – Aftermarket / PG&A

Transamerican Auto Parts (TAP) – Q2 2019



Retail

- 4WP store retail up mid-single digits
- Grew retail store count to 95 locations
- Significant in-store retail acceleration
- Double-digit e-commerce growth

Wholesale

- Top tier customers up mid-teens %
- Bottom tier customers down intentionally (unprofitable)
- Aggressively seeking new business opportunities
  - *Targeted promotions / sales rep call plan*

New Product Launches

- 96 new TAP products; 13 new 3rd party lines



Store #93 - Pittsburgh, PA

TAP Positioned for Accelerated 2H-2019 Sales Growth

Network Optimization

Fernley, Nevada

Aftermarket and Polaris PG&A

~500,000 sq. ft. distribution center

Service west coast in 1-2 days



First Shipments Began Mid-July



POLARIS
TOGETHER





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SECOND QUARTER 2019 EARNINGS RESULTS

MIKE SPEETZEN
EVP FINANCE & CFO

July 23, 2019

Q2 2019 FINANCIAL RESULTS

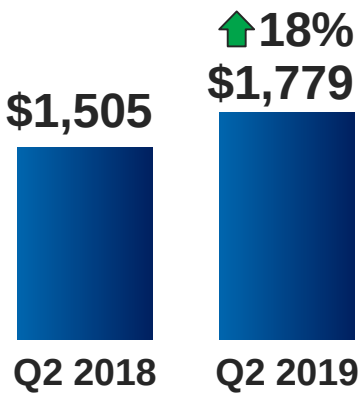
Sales

($ in millions)

GAAP

$1,779 million
↑18% y/y

ADJUSTED*



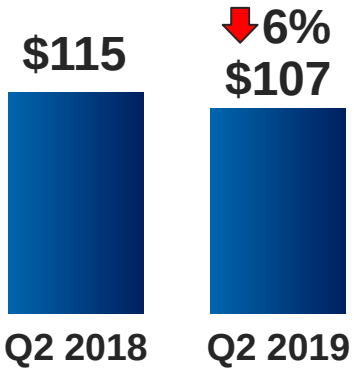
Net Income

($ in millions)

GAAP

$88 million
↓5% y/y

ADJUSTED*

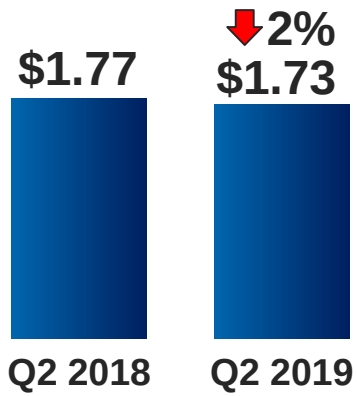


Earnings Per Share

GAAP

$1.42
↓1% y/y

ADJUSTED*



Second quarter 2019 adjusted* results slightly better than Company expectations

Organic sales growth was 7% during the quarter

Boats added $182 million of sales during Q2 2019

GAAP and adjusted* gross profit and net income margins lower, but slightly better than expected

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

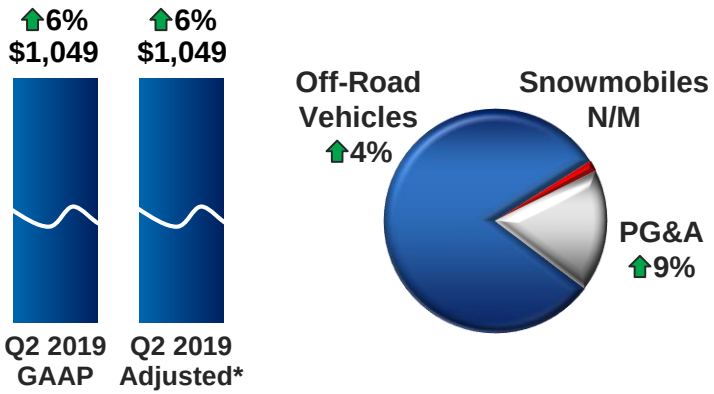
Q2 Results Encouraging Given Tariff / F/X Pressures – Positive Operational Momentum

Q2 2019 SALES & GROSS PROFIT MARGINS BY SEGMENT

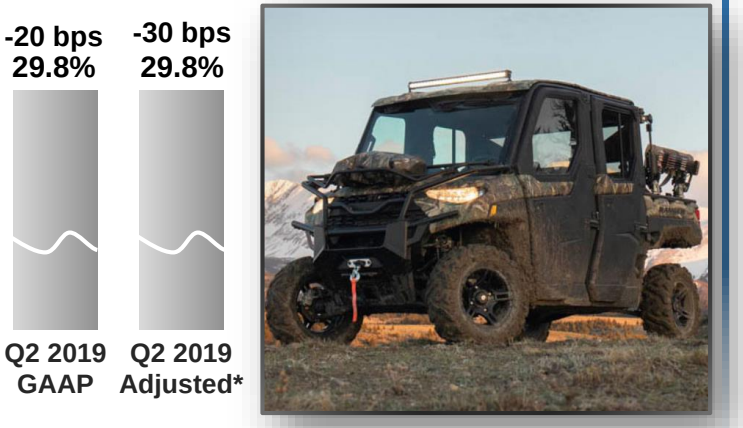
$ in millions

ORV / Snowmobiles

SALES

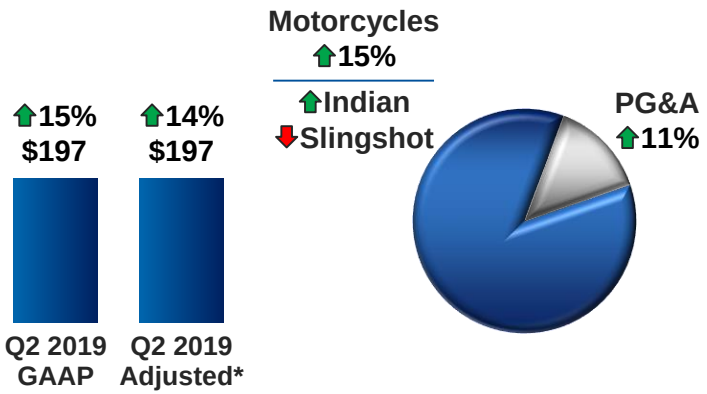


GROSS PROFIT MARGIN

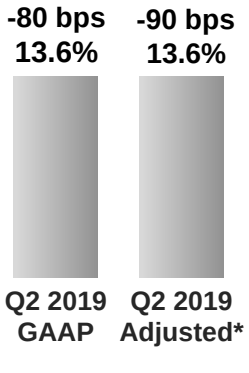


Motorcycles

SALES



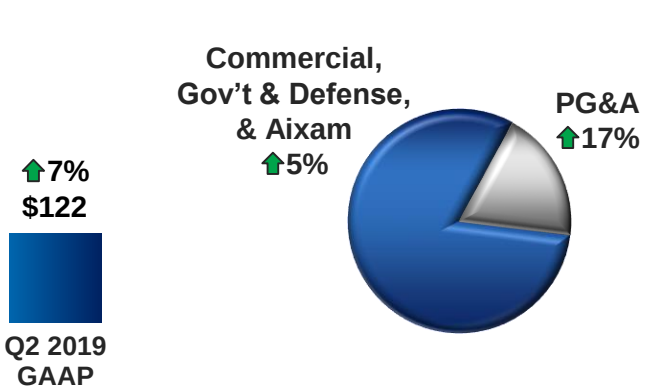
GROSS PROFIT MARGIN



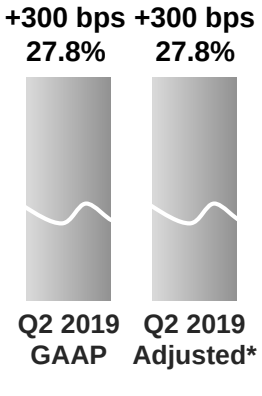


Global Adjacent Markets

SALES



GROSS PROFIT MARGIN





Note: Pie charts based on adjusted sales. N/M = Not Meaningful. *See GAAP/Non-GAAP Reconciliation in Appendix.*

All Segments Grew Sales in Q2

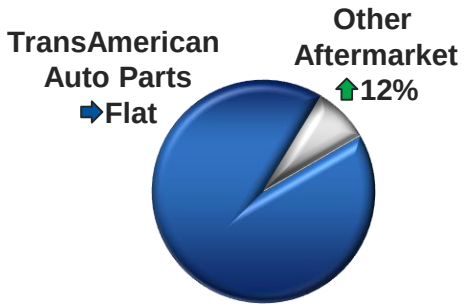
Q2 2019 SALES & GROSS PROFIT MARGINS BY SEGMENT con't.

$ in millions

Aftermarket

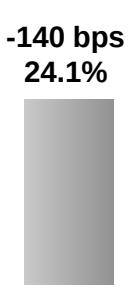
SALES





based on adjusted sales*

GROSS PROFIT MARGIN





*See GAAP/Non-GAAP Reconciliation in Appendix.

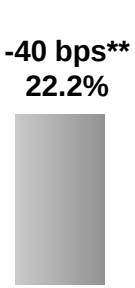
Boats

SALES



BENNINGTON
GODFREY
Hurricane
RINKER
LARSON
STRIPER

GROSS PROFIT MARGIN



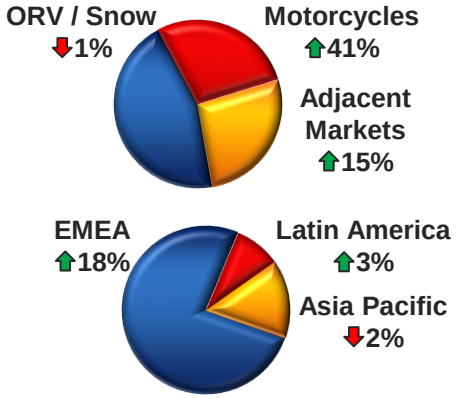


**Pro forma basis, refer to ir.polaris.com for historical data

SUPPLEMENTAL SALES DATA

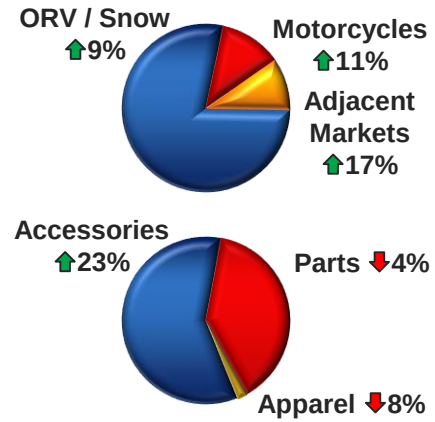
International





PG&A





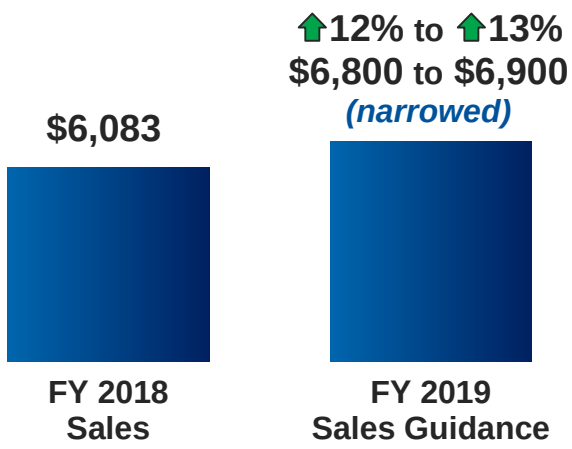
Pie charts based on GAAP

Boats & PG&A Continued Sales Growth; International Up Driven by Indian FTR1200

2019 FULL YEAR SALES & EPS GUIDANCE

Full Year Total Company Adjusted* Sales Guidance

($ in millions)

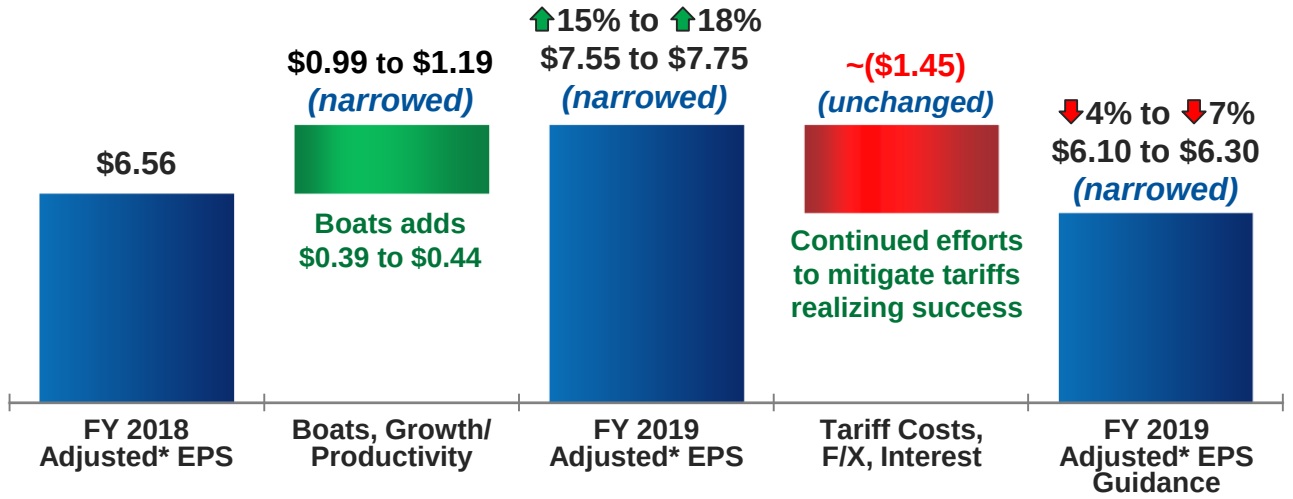


Powersports Industry remains positive *(unchanged)*

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 *(unchanged)*

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 *(unchanged)*

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

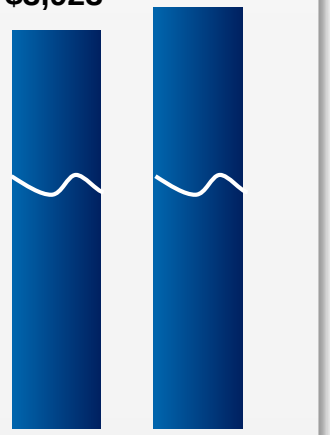
Maintaining Upper End of EPS Guidance In Spite of Higher Tariff Headwinds

FY 2019 SALES GUIDANCE BY SEGMENT

$ in millions

Segment Sales

ORV/Snowmobiles



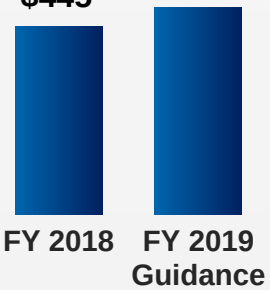
⬆ mid to high-single digits % *(expanded)*

Motorcycles



⬆ low to mid-teens % *(expanded)*

Adjacent Markets



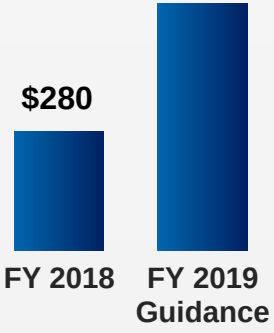
⬆ mid-single digits % *(unchanged)*

Aftermarket



⬆ mid-single digits % *(unchanged)*

Boats



⬆ More than double** *(unchanged)*

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

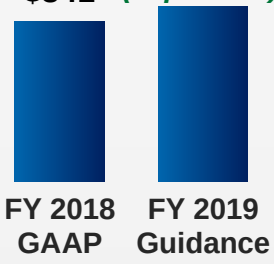
Supplemental Sales Data

International



⬆ mid-single digits % *(increased)*

PG&A



⬆ mid to high-single digits % *(expanded)*

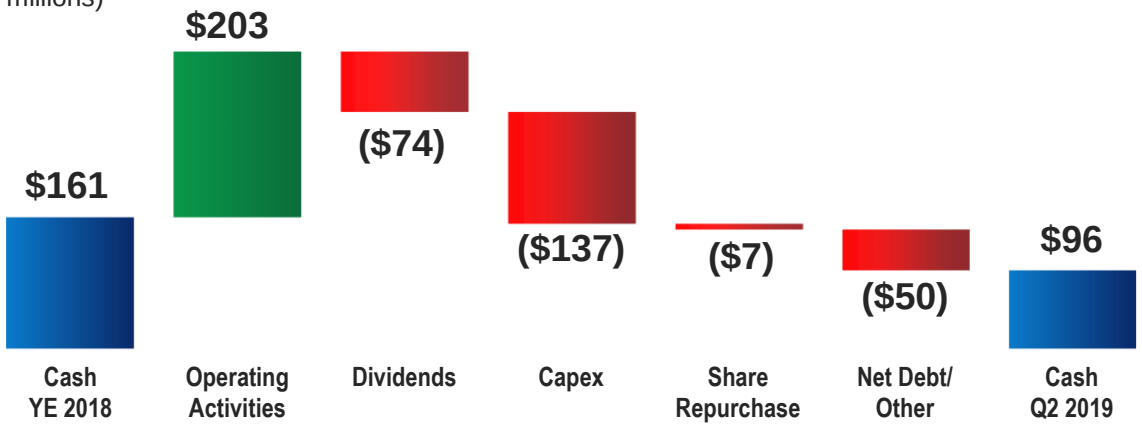
**See GAAP/Non-GAAP Reconciliation in Appendix*

Strong Mix Favorability Driving ORV/Snowmobiles Growth Improvements for 2019

Q2 2019 FINANCIAL POSITION & 2019 EXPECTATIONS

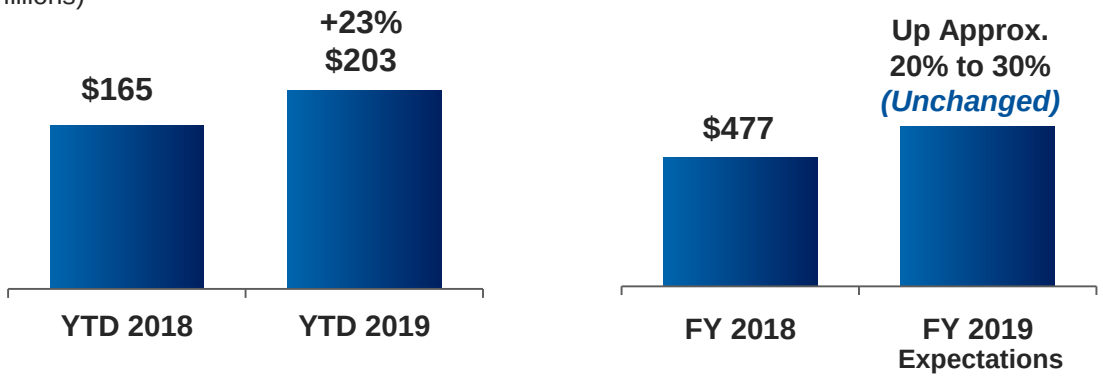
Capital Summary June 2019

($ millions)



Operating Cash Flow

($ millions)



Cash Drivers

($ millions)	June 2019	Variance to June 2018
Cash	$ 96	-47%
Debt /Capital Lease Obligations	$ 1,898	+71%
Shareholders' Equity	$ 952	+8%
Total Capital	$ 2,850	+43%
Debt to Total Capital	*67%*	*+11 pts*
*Leverage Ratio**	*2.46*	*+.84 times*
*ROIC***	*18.4%*	*-70 bps*

Q2 Summary

Operating cash flow up in peak selling season

Factory inventory up; new products preparation, tariff costs

Leverage ratio improving sequentially as cash flow improves

FY 2019 Expectations

Cash Flow expectations unchanged

Cap Ex higher than 2018; tooling and distribution center

Debt reduction continues to be main priority

** Based on bank leverage ratio calculation*

***Calculated using trailing twelve months adjusted net income*

YTD Operating Cash Flow Improvement Tracking Full Year Expectations



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SECOND QUARTER 2019 EARNINGS RESULTS

SCOTT W. WINE
CHAIRMAN & CEO

July 23, 2019

SUMMARY



First half results creating positive momentum for remainder of the year

Powersports industry growth continuing despite wet spring, particularly SxS's

Polaris SxS's remains clear industry leader against increased competitive product/promotions

Boats segment performance tracking Company expectations

GAM, International and PG&A results outperforming year-to-date

Indian battling through tough industry dynamics – FTR 1200 shipment momentum growing

Supply chain initiative begins yielding savings in 2nd half; top Company priority

Dealer show kicks-off 65th celebration / exciting product news, dealer programs, FAC, etc.

Company Execution Improved Across the Portfolio - 2nd Half Momentum Building



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SECOND QUARTER 2019 EARNINGS RESULTS

QUESTIONS?

July 23, 2019

APPENDIX

GROSS PROFIT MARGINS – Q2 2019 ACTUAL & FY 2019 GUIDANCE

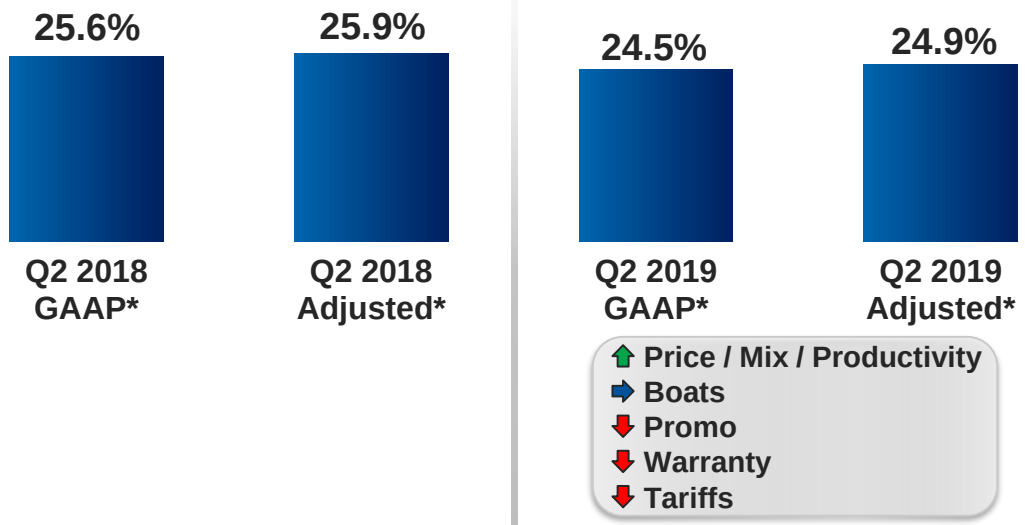
NON-GAAP RECONCILIATIONS

NON-GAAP RECONCILIATIONS - SEGMENTS

2019 GUIDANCE ADJUSTMENTS

GROSS PROFIT MARGINS

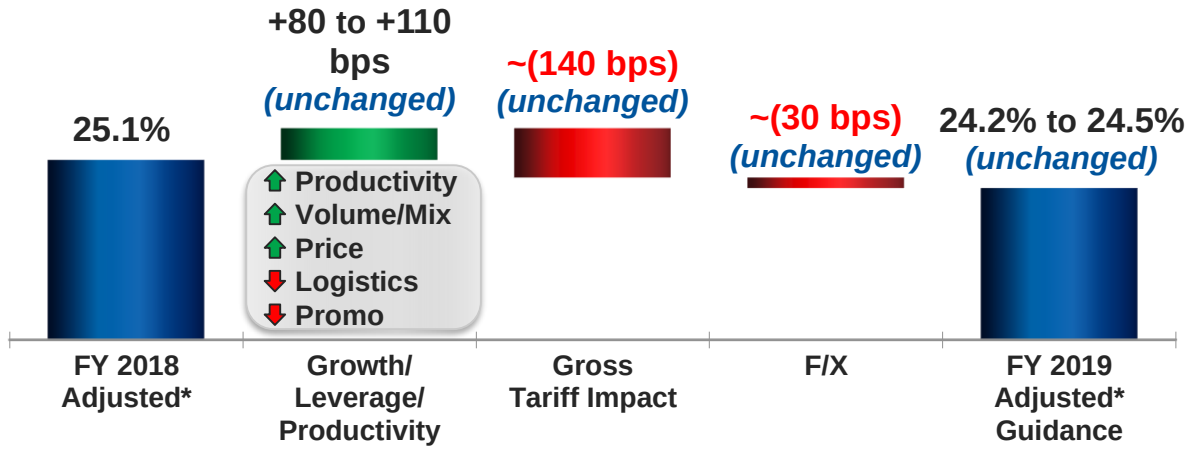
Q2 2019 Gross Profit Margin



Segments	Q2 2018 GAAP	Q2 2018 Adjusted*	Q2 2019 GAAP	Q2 2019 Adjusted*
ORV/Snow	30.0%	30.1%	29.8%	29.8%
Motorcycles	14.4%	14.5%	13.6%	13.6%
Adj. Markets	24.8%	24.8%	27.8%	27.8%
Aftermarket	25.5%	25.5%	24.1%	24.1%
Boats	–	–	22.2%	22.2%

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

FY 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

Gross Profit Margins Expected to Approach 26 Percent of Sales (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 June 30,		Six months ended June 30,	
	2019	2018	2019	2018
Sales	**$ 1,779,315**	**$ 1,502,532**	**$ 3,275,005**	**$ 2,800,005**
Victory wind down [1]	—	798	—	249
Restructuring & realignment [3]	—	1,659	—	2,129
Adjusted sales	**1,779,315**	**1,504,989**	**3,275,005**	**2,802,383**
Gross profit	**436,448**	**385,176**	**788,896**	**708,657**
Victory wind down [1]	—	(874)	—	(822)
Restructuring & realignment [3]	6,592	6,045	13,283	11,837
Adjusted gross profit	**443,040**	**390,347**	**802,179**	**719,672**
Income before taxes	**114,318**	**112,848**	**178,730**	**186,540**
Victory wind down [1]	—	(426)	—	243
Acquisition-related costs [2]	2,351	5,729	3,481	7,809
Restructuring & realignment [3]	6,592	11,696	13,283	17,893
EPPL impairment [5]	—	3,817	—	23,447
Brammo [6]	—	—	—	(13,478)
Intangible amortization [7]	10,250	6,058	20,497	12,188
Other expenses [4]	6,151	1,722	12,510	1,722
Adjusted income before taxes	**139,662**	**141,444**	**228,501**	**236,364**
Net income	**88,263**	**92,540**	**136,641**	**148,254**
Victory wind down [1]	—	(325)	—	185
Acquisition-related costs [2]	1,792	4,366	2,653	5,951
Restructuring & realignment [3]	5,022	8,912	10,121	13,633
EPPL impairment [5]	—	2,908	—	22,325
Brammo [6]	—	—	—	(13,113)
Intangible amortization [7]	7,717	4,446	15,430	8,945
Other expenses [4]	4,686	1,767	9,532	2,037
Adjusted net income [8]	**$ 107,480**	**$ 114,614**	**$ 174,377**	**$ 188,217**
Diluted EPS	**$ 1.42**	**$ 1.43**	**$ 2.20**	**$ 2.28**
Victory wind down [1]	—	(0.01)	—	—
Acquisition-related costs [2]	0.03	0.07	0.04	0.09
Restructuring & realignment [3]	0.08	0.14	0.16	0.21
EPPL impairment [5]	—	0.04	—	0.34
Brammo [6]	—	—	—	(0.20)
Intangible amortization [7]	0.12	0.07	0.25	0.14
Other expenses [4]	0.08	0.03	0.16	0.03
Adjusted EPS [8]	**$ 1.73**	**$ 1.77**	**$ 2.81**	**$ 2.89**

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 class action litigation-related 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 June 30,		Six months ended June 30,	
	2019	2018	2019	2018
SEGMENT SALES				
ORV/Snow segment sales	$ 1,049,321	$ 990,841	$ 1,916,768	$ 1,823,405
Restructuring & realignment [2]	—	1,659	—	2,129
Adjusted ORV/Snow segment sales	**1,049,321**	**992,500**	**1,916,768**	**1,825,534**
Motorcycles segment sales	**196,773**	**171,412**	**314,715**	**302,969**
Victory wind down [1]	—	798	—	249
Adjusted Motorcycles segment sales	**196,773**	**172,210**	**314,715**	**303,218**
Global Adjacent Markets (GAM) segment sales	**121,924**	**113,418**	**226,880**	**226,745**
No adjustment	—	—	—	—
Adjusted GAM segment sales	**121,924**	**113,418**	**226,880**	**226,745**
Aftermarket segment sales	**228,872**	**226,861**	**449,407**	**446,886**
No adjustment	—	—	—	—
Adjusted Aftermarket sales	**228,872**	**226,861**	**449,407**	**446,886**
Boats segment sales	**182,425**	**—**	**367,235**	**—**
No adjustment	—	—	—	—
Adjusted Boats sales	**182,425**	**—**	**367,235**	**—**
Total sales	**1,779,315**	**1,502,532**	**3,275,005**	**2,800,005**
Total adjustments	—	**2,457**	—	**2,378**
Adjusted total sales	$ 1,779,315	$ 1,504,989	$ 3,275,005	$ 2,802,383

(In Thousands, Unaudited)	Three months ended June 30,		Six months ended June 30,	
	2019	2018	2019	2018
SEGMENT GROSS PROFIT				
ORV/Snow segment gross profit	$ 312,689	$ 297,221	**564,924**	**540,782**
Restructuring & realignment [2]	—	1,659	—	2,129
Adjusted ORV/Snow segment gross profit	**312,689**	**298,880**	**564,924**	**542,911**
Motorcycles segment gross profit	**26,802**	**24,672**	**33,764**	**41,240**
Victory wind down [1]	—	(874)	—	(822)
Restructuring & realignment [2]	—	1,185	—	1,185
Adjusted Motorcycles segment gross profit	**26,802**	**24,983**	**33,764**	**41,603**
Global Adjacent Markets (GAM) segment gross profit	**33,884**	**28,107**	**63,713**	**59,365**
Restructuring & realignment [2]	—	(11)	—	434
Adjusted GAM segment gross profit	**33,884**	**28,096**	**63,713**	**59,799**
Aftermarket segment gross profit	**55,214**	**57,747**	**111,689**	**116,199**
No adjustment	—	—	—	—
Adjusted Aftermarket segment gross profit	**55,214**	**57,747**	**111,689**	**116,199**
Boats segment gross profit	**40,477**	**—**	**76,641**	**—**
No adjustment	—	—	—	—
Boats segment gross profit	**40,477**	**—**	**76,641**	**—**
Corporate segment gross profit	**(32,618)**	**(22,571)**	**(61,835)**	**(48,929)**
Restructuring & realignment [2]	6,592	3,212	13,283	8,089
Adjusted Corporate segment gross profit	**(26,026)**	**(19,359)**	**(48,552)**	**(40,840)**
Total gross profit	**436,448**	**385,176**	**788,896**	**708,657**
Total adjustments	6,592	5,171	13,283	11,015
Adjusted total gross profit	$ 443,040	$ 390,347	**802,179**	**719,672**

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, and approximately $15 million to $20 million for class action litigation-related expenses. 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®

SECOND QUARTER 2019 EARNINGS RESULTS

July 23, 2019