POLARIS

Second Quarter 2020 Earnings Results



July 28, 2020

Safe Harbor & Non-GAAP Measures

Except for historical information contained herein, the matters set forth in this presentation, including management's expectations regarding the impact of the COVID-19 pandemic and the Company's ability to manage the economic environment resulting from the COVID-19 pandemic, 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 severity and duration of the COVID-19 pandemic and the resulting impact on the Company's business and the global economy; the Company's ability to successfully implement its manufacturing operations expansion and supply chain 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 (tariff relief or ability to mitigate tariffs); 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, social 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.

Beginning in the first quarter of 2020 certain costs, including incentive-based compensation and unallocated manufacturing costs, previously classified as "Corporate" in the Company's segment gross profit results were allocated to their respective operating segments results. The comparative 2019 reported and adjusted gross profit results for ORV/Snowmobiles, Motorcycles, Global Adjacent Markets, Aftermarket, Boats, and Corporate were reclassified for comparability. Reclassified historical reported and adjusted gross profit results can be found at ir.polaris.com/investors/financial-information .

Scott W. Wine
Chairman & CEO

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Second Quarter 2020 Summary

Outperformed Company expectations in challenging COVID-19 environment

Employee health and safety ongoing priority – safety protocols in place system-wide

Consumer demand surprisingly strong in the quarter, best ORV retail in Company history

Ramping manufacturing facilities to address low dealer inventory levels

Liquidity significantly enhanced given strong results

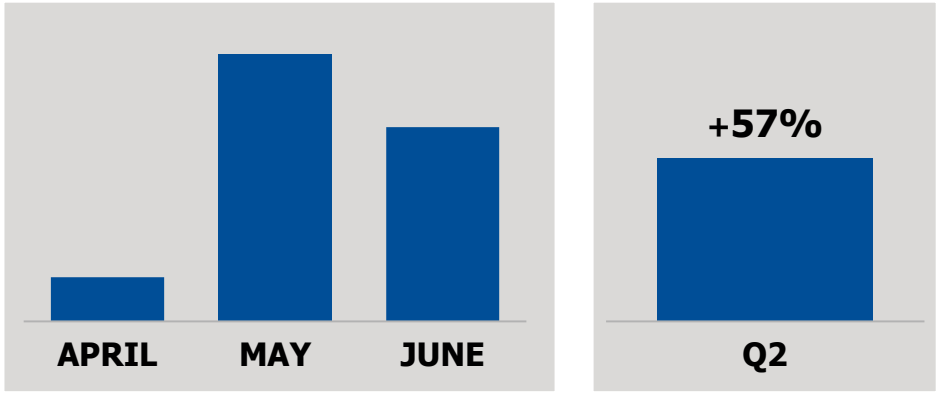
Aftermarket non-cash impairment charge taken, driven by TAP

Polaris Successfully Managing Through the COVID-19 Crisis

Q2 2020 North American Powersports Retail Sales

Q2'20 N.A. Powersports Retail[1]

retail units year-over-year % change



Polaris Q2'20 N.A. retail up 57%

Strong retail acceleration throughout quarter

N.A. powersports industry retail up high-thirty % in Q2

ORVs up in-line with Polaris; motorcycles down high-teens %; snow off-season

Boats SSI[3] industry down mid-single digits % in Q2

Polaris pontoon retail sales in-line with industry

Q2'20 Polaris Retail Sales by Business



Off-Road Vehicles ↑ **low-sixty %**

Side-by-Sides & ATVs ↑ both up strong



Motorcycles ↑ **low-twenty %**

Indian ↑ mid-teens %

Slingshot ↑ mid-forty %



Snowmobiles (season-end Mar'21) **N/M – off-season**



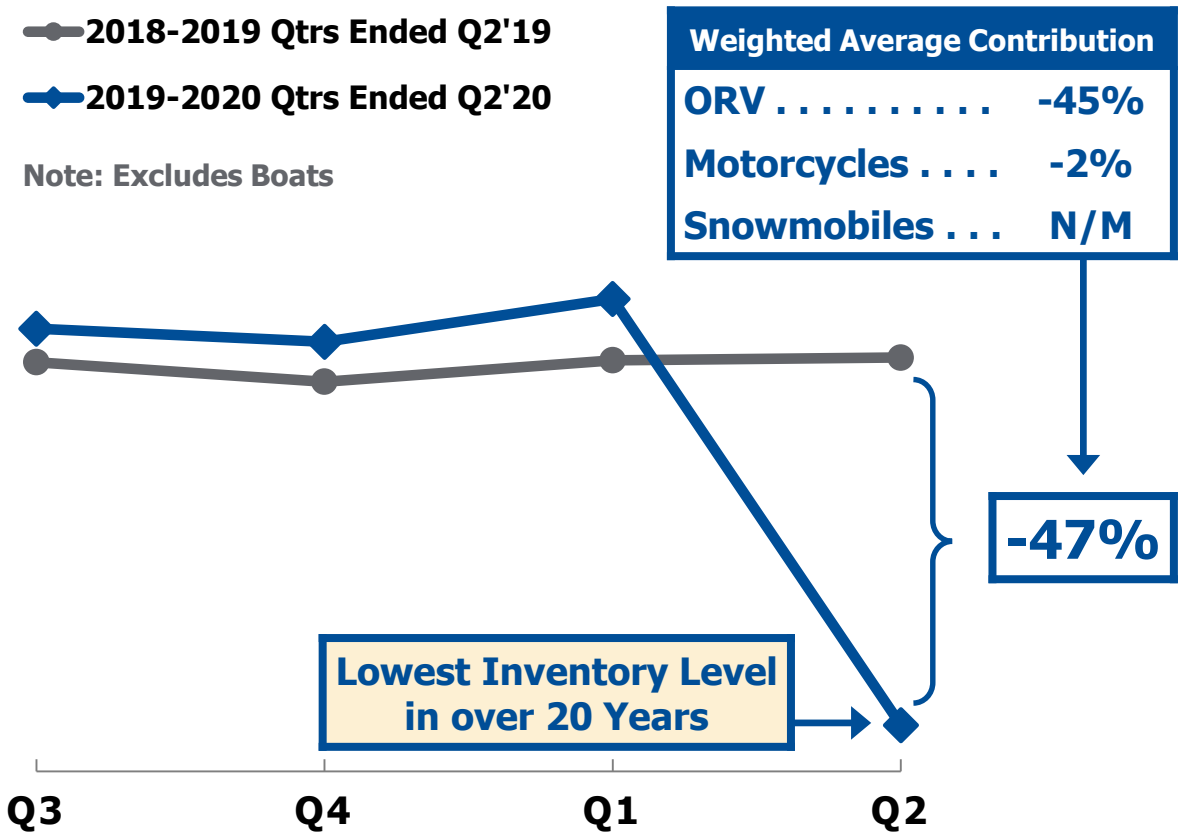
Boats[2] ↓ **mid-single digits %**

[1] *Pontoons not included in Total Company retail sales or Powersports Industry*
[2] *Pontoons only.*
[3] *Preliminary SSI data, pontoons only, subject to change*

Retail Demand Strong During Quarter Driven by ORV/Motorcycles

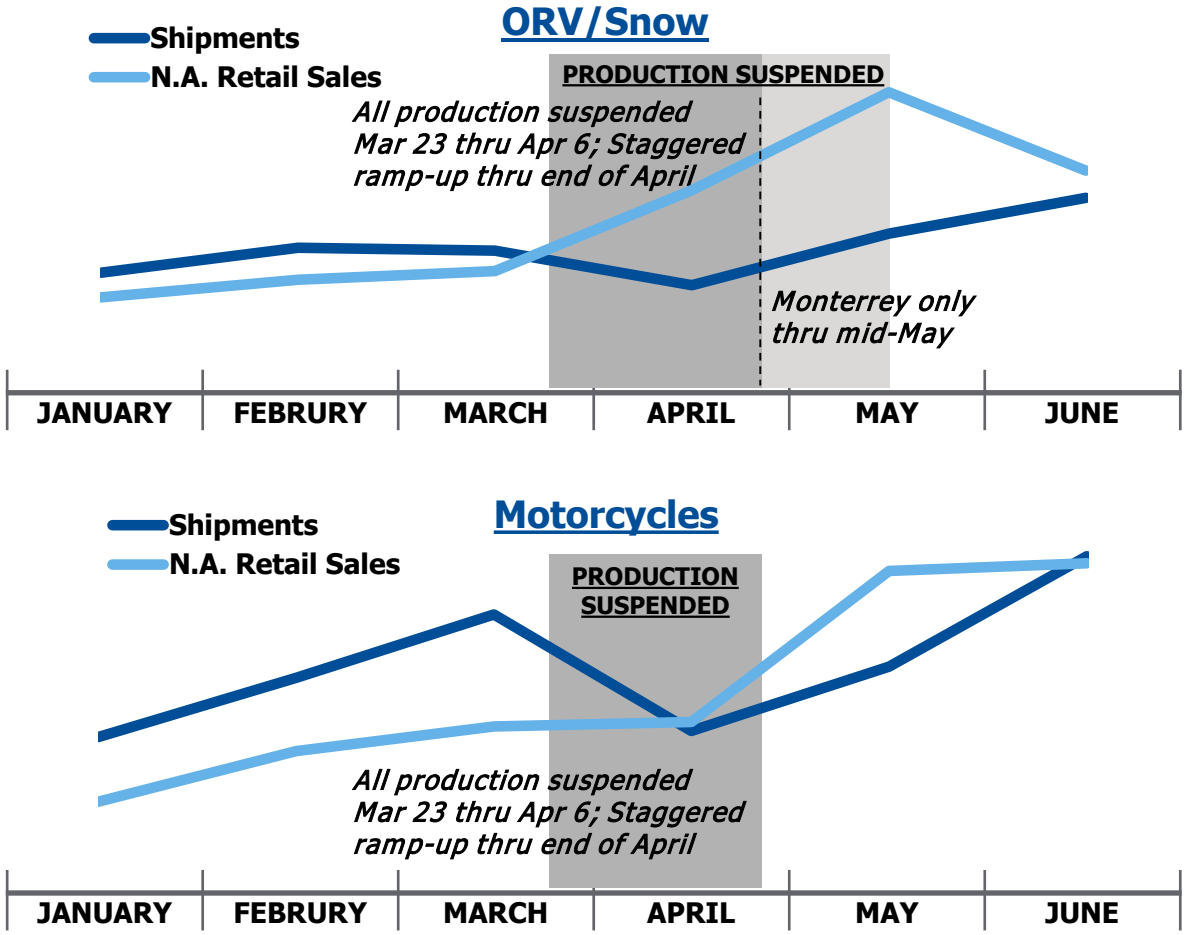
Dealer Inventory / Sales Trends

N.A. Dealer Inventory



N/M = not meaningful, off-season

1H 2020 Sales Trends

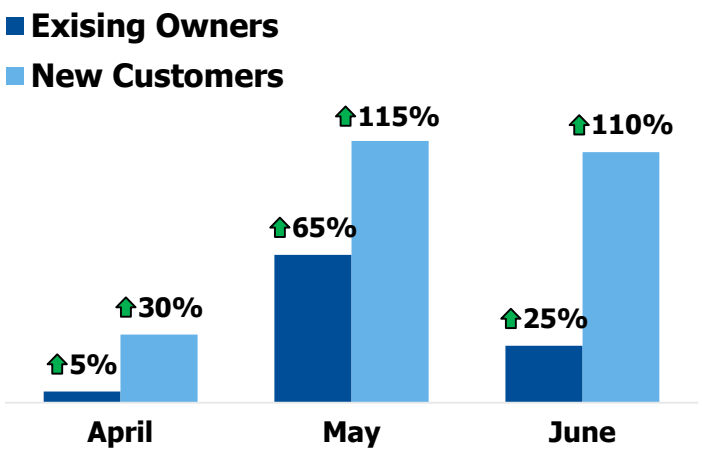


Getting Outdoors and Social Distancing Criteria Driving Strong Demand, Resulting in Low Inventory

Customer Mix Dynamics Resulting from COVID-19 Crisis

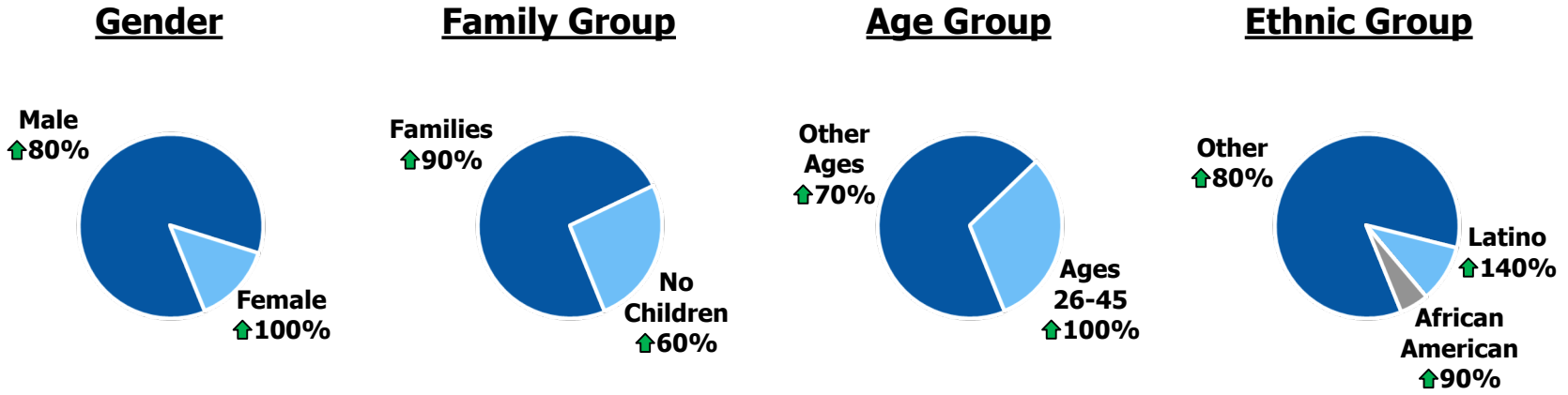
Customer Growth – Q2 2020

YoY % change



Representative Sample of Customer Demographic Trends* – June 2020

YoY % change



*Percentages based on an analysis of registration data received for the month of June 2020 for North American ORV buyers.









New Customers With Increases in Diversity Driving Strong Retail Growth

TAP Retail-Focused Strategy

TAP owns a distinct competitive advantage in B2C Omni-Channel Retail

Refocusing TAP's efforts on retail initiatives yields results:

Improved Retail volume & margin with reduced pricing/channel conflict

TAP-brand leverage & product exclusivity via retail channels

Focus and impactful investments into a higher-margin selling channels



5 Quarters

Double-Digit E-comm Growth



4 Quarters

Same Store Sales Growth

Brand Leverage

4WP Brand Launch Success

Retail-Focused Strategy Sustaining Growth & Supporting TAP's Return to Profitability

Mike Speetzen
EVP & CFO

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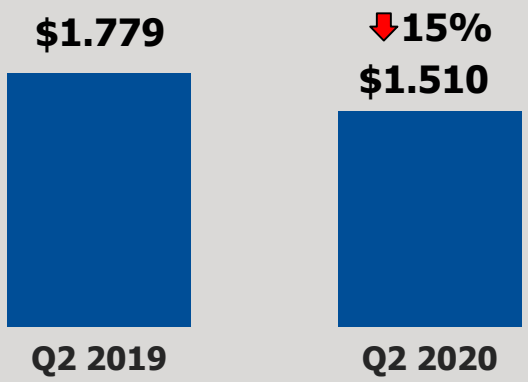
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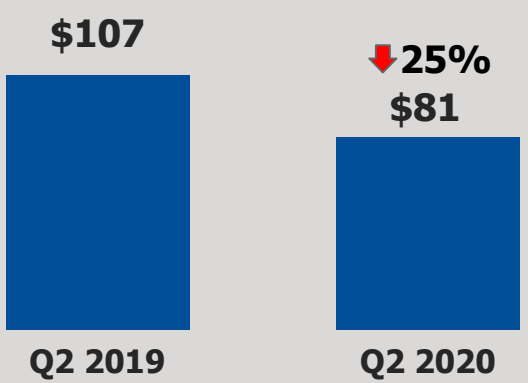
Q2 2020 Financial Results

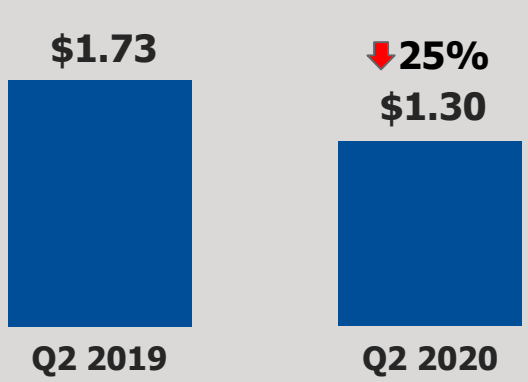
	Sales	Net Income (Loss)	Earnings Per share
GAAP YoY % Chg.	*$ in billions* **$1.512 Billion** **⬇15% y/y**	*$ in millions* **($235) Million** **N/M**	**($3.82)** **N/M**

GAAP Net Income (Loss) and EPS includes Aftermarket pre-tax impairment charges of $379 million or $4.66 per diluted share related primarily to TAP

ADJUSTED* YoY % Chg.



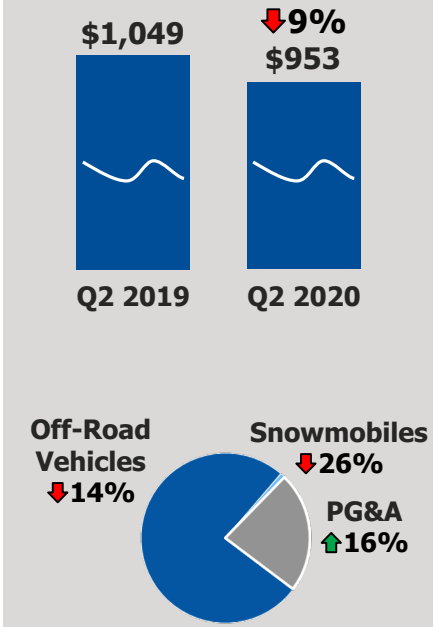
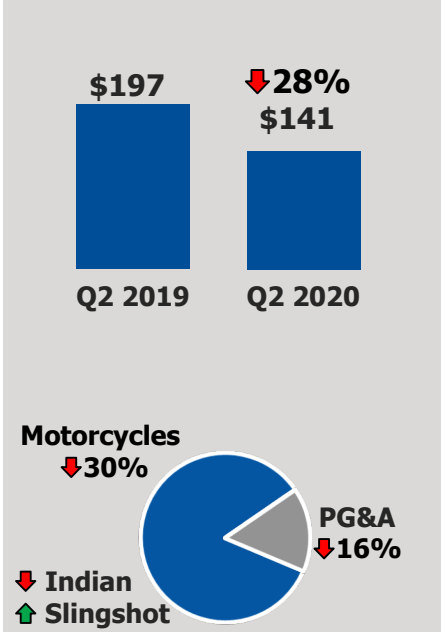
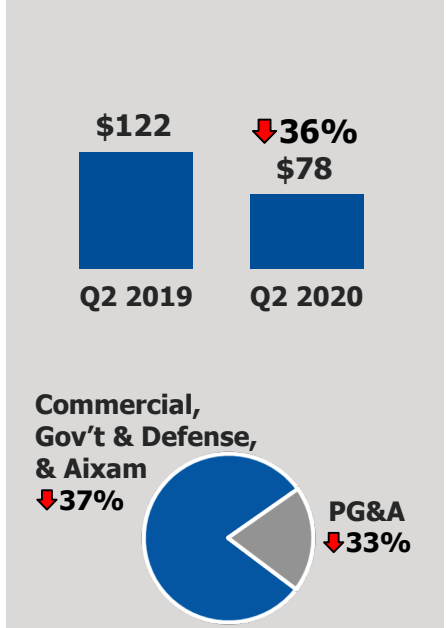
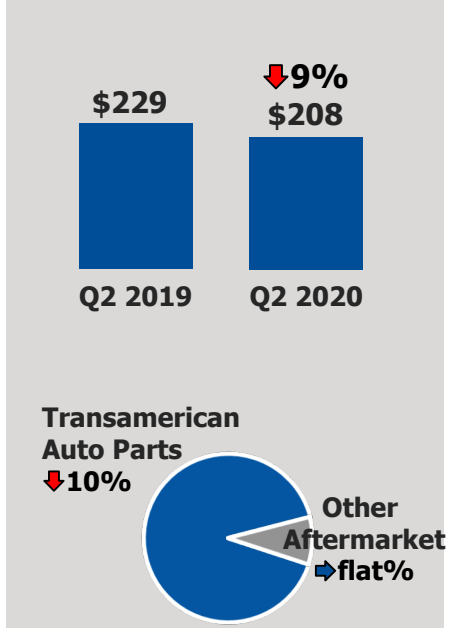
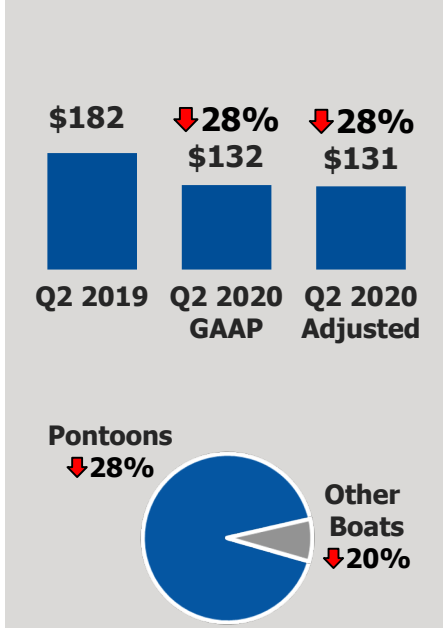




**See GAAP/Non-GAAP Reconciliation in Appendix*
N/M = not meaningful

Adjusted Q2 Results Significantly Outpaced Company Expectations

Q2 2020 Segment Sales & Gross Profit Margins

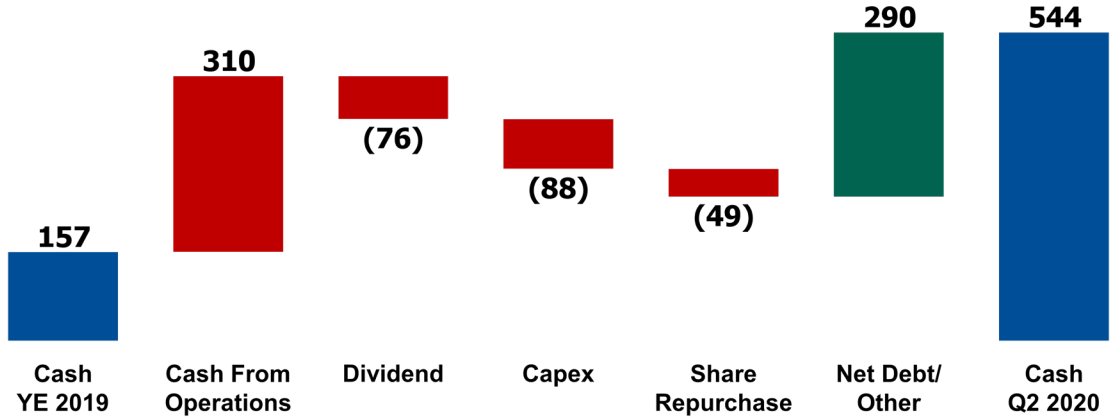
	ORV/Snow	Motorcycles	GAM	Aftermarket	Boats
Q2 2020 Sales ($M)					
Gross Profit Margins*	GAAP 26.4% -195 bps	GAAP 3.1% -854 bps	GAAP 21.4% -610 bps	GAAP 22.9% -119 bps	GAAP 14.1% -813 bps Adj. 22.7% +54 bps

Note: Reclassified 2019 Segment Gross Profit, see GAAP/Non-GAAP Reconciliation in Appendix

Q2 2020 Financial Position & Liquidity Profile

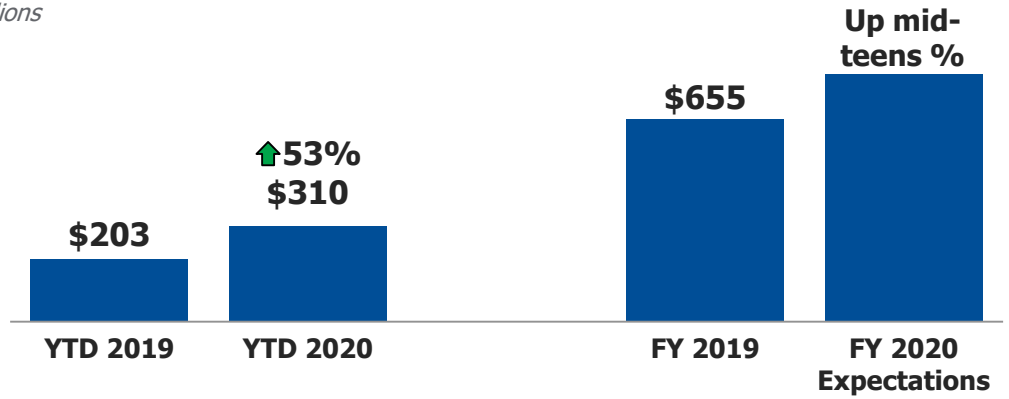
Capital Summary June 2020

$ in millions



Operating Cash Flow

$ in millions



Liquidity Profile

$ in millions

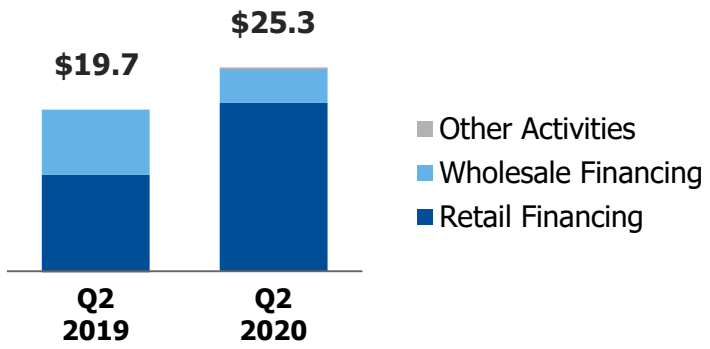
	June 2020	Variance to June 2019
Cash	**$544**	**+466%**
Debt /Capital Lease Obligations	**$1,928**	**+2%**
Shareholders' Equity	**$753**	**-21%**
Total Capital	**$2,681**	**-6%**
Credit Revolver – Capacity	**$700**	**–**
Credit Revolver Availability	**$648**	**+20%**
Debt Interest Rate at June 30	**3.33%**	**-57 bps**
Factory Inventory	**$1,026**	**-9%**
Stock Buyback (YTD)	**$ 49**	**+654%**
Dividend (YTD)	**$1.24**	**+2%**
Debt to Total Capital	*72%*	*+5pts*
Leverage Ratio	*~2.96x*	*+50 bps*

Quarter End Liquidity Profile Solid at $1.2 Billion, Improved Significantly from Q1 2020

Financial Services Arrangements

Financial Services Income by Category

$ in millions



Q2 2020 total income up 28%

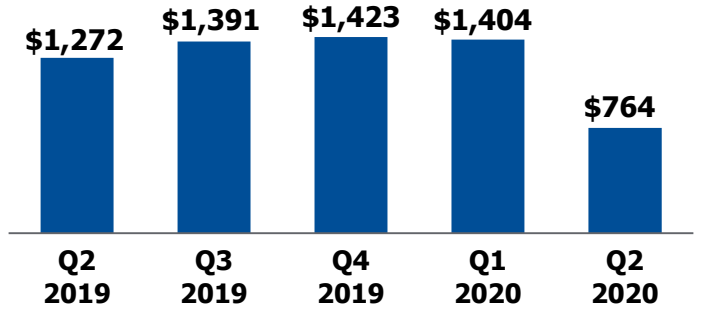
Retail credit income up 75%

Wholesale credit down 48%

Wholesale Credit

$ in millions

Receivable Balance – U.S. Dealers



Polaris Acceptance 50/50 joint venture with Wells Fargo

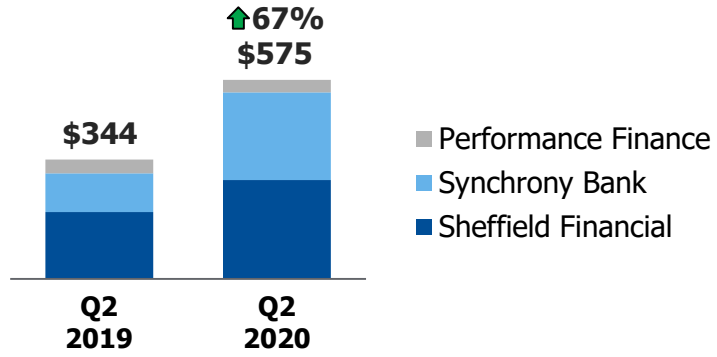
Down 40% from Q2 2019

Down 46% from Q1 2020

Losses remain well less than 1%

Retail Credit Contracts Written*

$ in millions



Third party arrangements with:

- Performance Finance
- Sheffield Financial
- Synchrony Bank

No credit or funding risk to Polaris

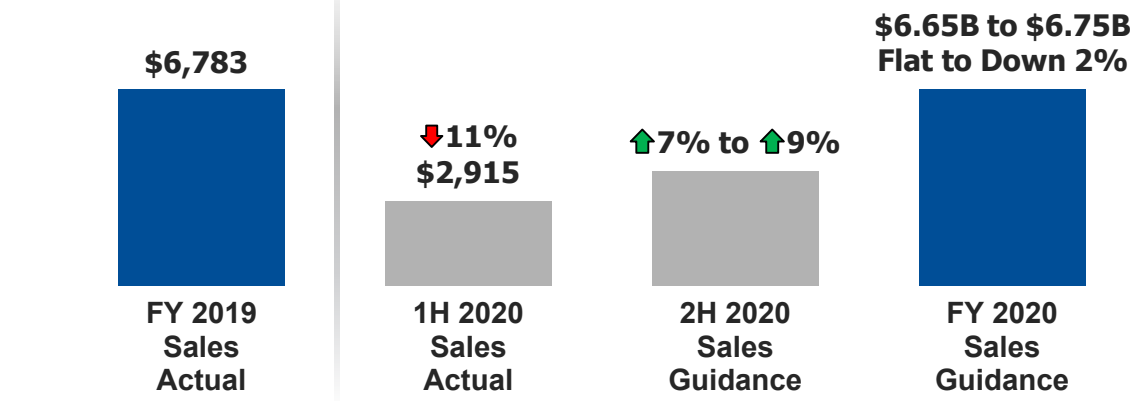
Approval rates are down, but penetration rates increased

Retail Credit Driving Strong Financial Services Income

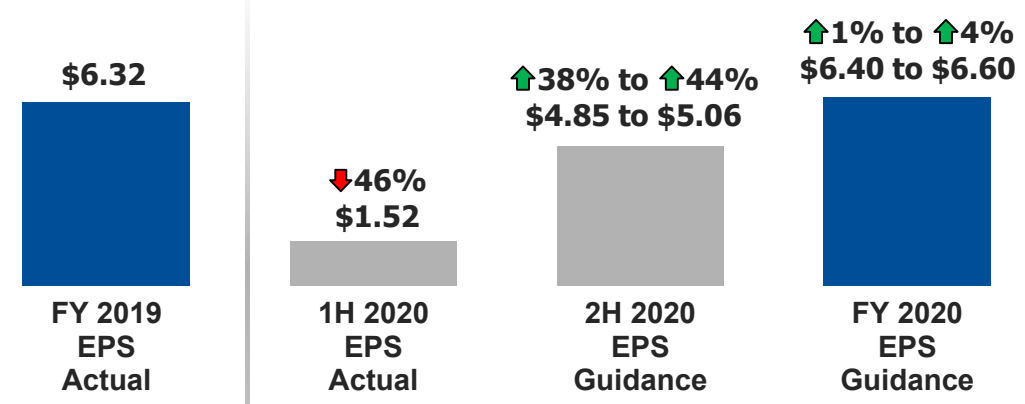
Full Year 2020 Sales & EPS Guidance

Full Year Adjusted* Total Company Sales

$ in millions



Full Year Adjusted* EPS



FY powersports market expected up low-single digits %

Polaris retail sales anticipated to outpace overall market

Polaris reported sales expected to grow in second half of 2020 driven primarily by ORV

Supplemental:

PG&A sales expected up; International sales expected down

Change from FY 2019	
Gross Margins	*about flat*
Operating Expense	*down slightly as a % of sales*
Financial Services	*about flat*
Tax Rate	*about flat*
Diluted Share	*up slightly*
F/X Impact	*Slightly negative*

**See GAAP/Non-GAAP Reconciliation in Appendix*
***See Appendix for discussion regarding non-GAAP adjustments excluded from 2020 guidance*

2nd Half Results Significantly Improved Given Strong Demand/Expense Leverage

Full Year 2020 Sales Guidance – Segments

	FY 2019 Sales Actual ($ in Millions)	1H 2020 Sales Actual (% change y/y)	2H 2020 Sales Expectations (% change y/y)	FY 2020 Sales Expectations (% change y/y)
ORV/Snow	**$4,209**	**-7%**	↑	↑
Motorcycles	**$584**	**-15%**	↓	↓
Global Adjacent Markets	**$461**	**-22%**	↓	↓
Aftermarket	**$907**	**-9%**	↓	↓
Boats	**$621**	**-22%**	↑	↓
Supplemental:				
International	**$836**	**-14%**	↓	↓
PG&A	**$915**	**+7%**	↑	↑

Full Year Sales Improvement Driven by 2H ORV & PG&A Sales Growth

Scott W. Wine
Chairman & CEO

Second Quarter 2020 Earnings Results

July 28, 2020



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Closing Comments

Second half expectations significantly improved

Production chasing demand at-present

Remain diligent in keeping employees safe

Social distancing, masks, temperature checking, etc.

Maintain dealer health

Manage dealer inventory levels via RFM

Drive growth/market share in 2H 2020

Reinstating select postponed/delayed programs and expenses

MY'21 product launch still on-track

COVID related delays expected, but minimal

Navigate current pandemic crises

Remain agile and responsive to unexpected challenges

Polaris Committed to Being a Customer Centric, Highly Efficient Growth Company in Current Crisis

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Q&A

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Appendix

Q2 2020 Gross Profit Margin

Q2 2020 Supplemental Sales – International & PG&A

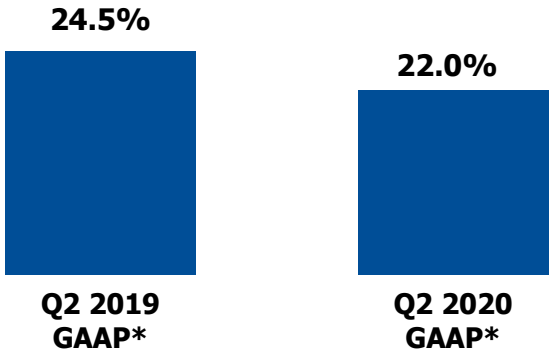
Q2 2020 Non-GAAP Reconciliations

Q2 2020 Non-GAAP Reconciliations – Segments

2020 Guidance Adjustments

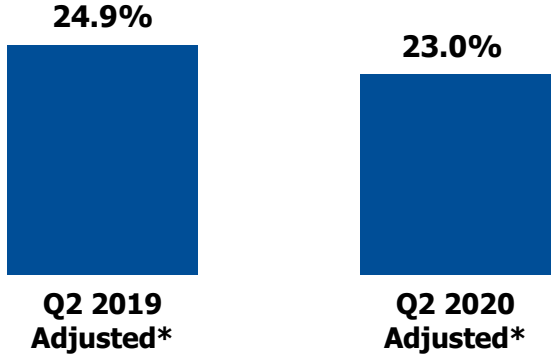
Gross Profit Margin – Q2 2020

Q2 2020 Gross Profit Margin – GAAP*



Segments	Q2 2019 GAAP*	Q2 2020 GAAP*
ORV/Snow	28.4%	26.4%
Motorcycles	11.6%	3.1%
Adj. Markets	27.6%	21.4%
Aftermarket	24.1%	22.9%
Boats	22.2%	14.1%

Q2 2020 Gross Profit Margin – Adjusted*



Segments	Q2 2019 Adjusted*	Q2 2020 Adjusted*
ORV/Snow	28.4%	26.4%
Motorcycles	11.6%	3.1%
Adj. Markets	27.6%	21.4%
Aftermarket	24.1%	22.9%
Boats	22.2%	22.7%

See Polaris website at ir.polaris.com/investors/financial-information for reclassified historical gross profit markets by quarter.

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

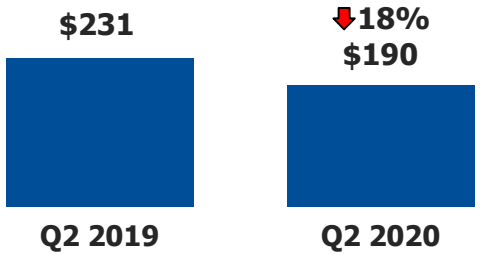
Continued Operational Improvements Generating Increased Gross Profit Margins

Q2 2020 Supplemental Sales – International & PG&A

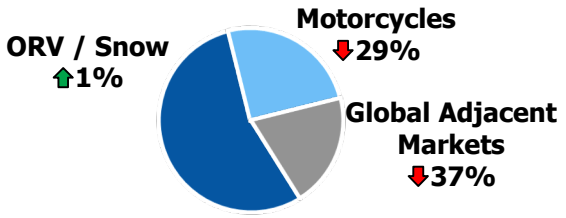
Q2 2020 International Sales

International

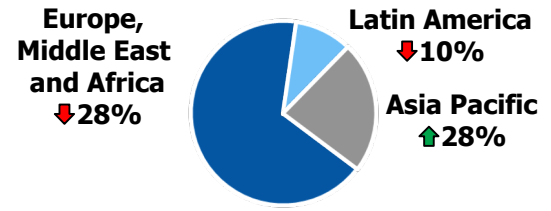
($ millions)



Sales by Segment



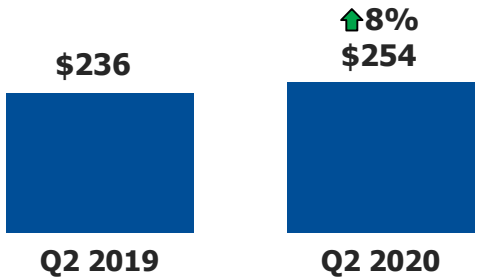
Sales by Region



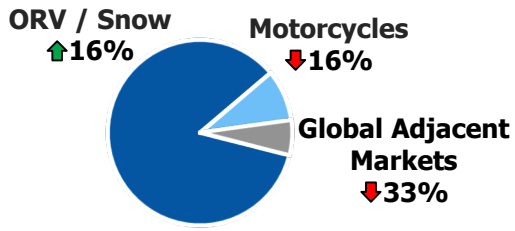
Q2 2020 PG&A Sales

PG&A

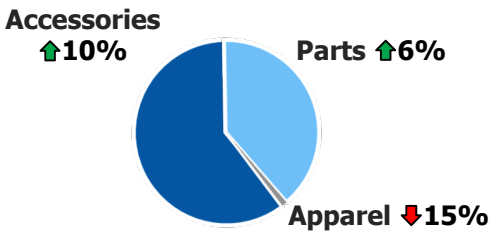
($ millions)



Sales by Segment



Sales by Product



Non-GAAP Reconciliations

Reconciliation of GAAP "Reported" Results to Non-GAAP "Adjusted" Results
(In Millions, Except Per Share Data; Unaudited)

	Three months ended June 30,		Six months ended June 30,	
	2020	2019	2020	2019
Sales	$ 1,511.8	$ 1,779.3	$ 2,917.0	$ 3,275.0
Restructuring & realignment [3]	(1.7)	—	(1.7)	—
Adjusted sales	1,510.1	1,779.3	2,915.3	3,275.0
Gross profit	332.7	436.4	625.6	788.9
Restructuring & realignment [3]	14.8	6.6	20.1	13.3
Adjusted gross profit	347.5	443.0	645.7	802.2
Income (loss) before taxes	(314.1)	114.3	(325.7)	178.7
Impairment charges [1]	379.2	—	379.2	—
Acquisition-related costs [2]	—	2.4	—	3.5
Restructuring & realignment [3]	22.9	6.6	34.7	13.3
Intangible amortization [4]	8.7	10.3	18.7	20.5
Class action litigation expenses [5]	4.4	6.1	7.6	12.5
Adjusted income before taxes	101.1	139.7	114.5	228.5
Net income (loss) attributable to Polaris Inc.	(235.4)	88.2	(240.8)	136.6
Impairment charges [1]	289.0	—	289.0	—
Acquisition-related costs [2]	—	1.8	—	2.7
Restructuring & realignment [3]	17.5	5.1	26.5	10.2
Intangible amortization [4]	6.6	7.7	14.1	15.4
Class action litigation expenses [5]	3.2	4.7	5.7	9.5
Adjusted net income attributable to Polaris Inc. [6]	$ 80.9	$ 107.5	$ 94.5	$ 174.4
Diluted EPS attributable to Polaris Inc.	$ (3.82)	$ 1.42	$ (3.90)	$ 2.20
Weighted average shares outstanding adjustment [7]	0.02	—	0.03	—
Impairment charges [1]	4.66	—	4.64	—
Acquisition-related costs [2]	—	0.03	—	0.04
Restructuring & realignment [3]	0.28	0.08	0.43	0.16
Intangible amortization [4]	0.11	0.12	0.23	0.25
Class action litigation expenses [5]	0.05	0.08	0.09	0.16
Adjusted EPS attributable to Polaris Inc. [6]	$ 1.30	$ 1.73	$ 1.52	$ 2.81

Key Definitions: This presentation contains certain GAAP financial measures which have been "adjusted" for certain revenues, expenses, gains and losses as described below and include “adjusted" gross profit, income before taxes, net income and net income per diluted share (non-GAAP measures) 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. These measures, however, should not be construed as an alternative to any other measure of performance determined in accordance with GAAP.

Adjustments:

(1) Represents impairment charges related to goodwill and other intangible assets associated with the Company's Aftermarket segment

(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 amortization expense for acquisition-related intangible assets

(5) Represents adjustments for class action litigation-related expenses

(6) The Company used its estimated statutory tax rate of 23.8% for the non-GAAP adjustments in 2020 and 2019, except for non-deductible items

(7) For the three months ended June 30, 2020, the Company used 61.6 million and 62.1 million weighted average shares outstanding to determine Diluted EPS attributable to Polaris Inc. and Adjusted EPS attributable to Polaris Inc., respectively, and for the six months ended June 30, 2020, the Company used 61.7 million and 62.3 million weighted average shares outstanding to determine Diluted EPS attributable to Polaris Inc. and Adjusted EPS attributable to Polaris Inc., respectively. The differences are the result of the exclusion of additional outstanding stock options and certain shares issued under the Omnibus Plan from the Diluted EPS attributable to Polaris Inc. calculation because their effect would have been anti-dilutive as a result of the Company's net loss during the periods.

Non-GAAP Reconciliations – Segments

($ in Millions, Unaudited)	Three months ended June 30,		Six months ended June 30,	
	2020	2019	2020	2019
SEGMENT SALES				
ORV/Snow segment sales	$ 952.9	$ 1,049.3	$ 1,776.6	$ 1,916.8
No adjustment	—	—	—	—
Adjusted ORV/Snow segment sales	952.9	1,049.3	1,776.6	1,916.8
Motorcycles segment sales	141.3	196.8	267.9	314.7
No adjustment	—	—	—	—
Adjusted Motorcycles segment sales	141.3	196.8	267.9	314.7
Global Adjacent Markets (GAM) segment sales	77.9	121.9	176.2	226.9
No adjustment	—	—	—	—
Adjusted GAM segment sales	77.9	121.9	176.2	226.9
Aftermarket segment sales	207.5	228.9	409.6	449.4
No adjustment	—	—	—	—
Adjusted Aftermarket sales	207.5	228.9	409.6	449.4
Boats segment sales	132.2	182.4	286.7	367.2
Restructuring & realignment [1]	(1.7)	—	(1.7)	—
Adjusted Boats sales	130.5	182.4	285.0	367.2
Total sales	1,511.8	1,779.3	2,917.0	3,275.0
Total adjustments	(1.7)	—	(1.7)	—
Adjusted total sales	$ 1,510.1	$ 1,779.3	$ 2,915.3	$ 3,275.0

($ in Millions, Unaudited)	Three months ended June 30,		Six months ended June 30,	
	2020	2019	2020	2019
SEGMENT GROSS PROFIT				
ORV/Snow segment gross profit	$ 251.7	$ 297.7	453.4	537.8
No adjustment	—	—	—	—
Adjusted ORV/Snow segment gross profit	251.7	297.7	453.4	537.8
Motorcycles segment gross profit	4.4	22.9	3.4	26.6
Restructuring & realignment [1]	—	—	0.7	—
Adjusted Motorcycles segment gross profit	4.4	22.9	4.1	26.6
Global Adjacent Markets (GAM) segment gross profit	16.8	33.6	43.7	63.2
No adjustment	—	—	—	—
Adjusted GAM segment gross profit	16.8	33.6	43.7	63.2
Aftermarket segment gross profit	47.6	55.2	93.9	111.7
No adjustment	—	—	—	—
Adjusted Aftermarket segment gross profit	47.6	55.2	93.9	111.7
Boats segment gross profit	18.6	40.5	48.3	76.7
Restructuring & realignment [1]	11.1	—	11.1	—
Boats segment gross profit	29.7	40.5	59.4	76.7
Corporate segment gross profit	(6.4)	(13.5)	(17.1)	(27.1)
Restructuring & realignment [1]	3.7	6.6	8.3	13.3
Adjusted Corporate segment gross profit	(2.7)	(6.9)	(8.8)	(13.8)
Total gross profit	332.7	436.4	625.6	788.9
Total adjustments	14.8	6.6	20.1	13.3
Adjusted total gross profit	$ 347.5	$ 443.0	645.7	802.2

Adjustments:

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

2020 GUIDANCE ADJUSTMENTS

2020 guidance excludes the pre-tax effect of supply chain transformation, restructuring and network realignment costs of approximately $35 million to $40 million, and approximately $20 million to $25 million for class action litigation-related expenses. Intangible amortization of approximately $35 million related to all acquisitions has also been excluded, along with the $379 million non-cash impairment charge related to the Company's Aftermarket segment. 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.