POLARIS

Third Quarter 2020 Earnings Results

October 27, 2020



Safe Harbor & Non-GAAP Measures

Except for historical information contained herein, the matters set forth in this presentation, 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, supply chain, and the global economy; the Company's ability to successfully implement its manufacturing operations expansion and supply chain initiatives; the Company's ability to successfully source necessary parts and materials and the ability of the Company to manufacture products to meet increasing demand; the continuation of the increasing consumer demand for the Company's products; product offerings, promotional activities and pricing strategies by competitors; economic conditions that impact consumer spending; disruptions in manufacturing facilities; acquisition integration costs; product recalls and/or 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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Third Quarter 2020 Summary

Polaris performance significantly better than anticipated

New customer growth continues to drive strong sales and profitability

All businesses outperforming previous Company expectations

COVID-19 environment ongoing challenge

Health and safety of Polaris team remains paramount

Plants at capacity to meet demand and low dealer inventory

Supply chain ongoing bottleneck

Liquidity solid given recent results – total liquidity at all-time highs

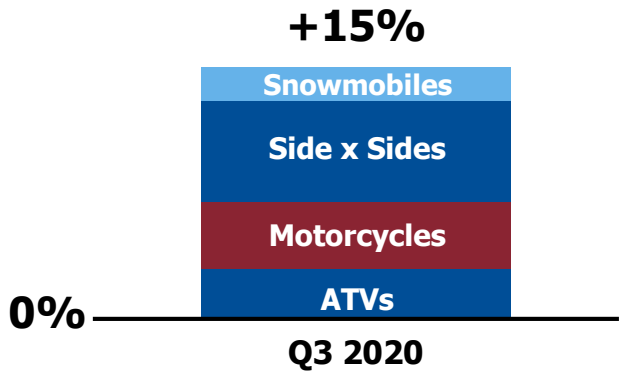
Raising Full Year guidance to reflect YTD outperformance

Polaris Team Successfully Responding to Unprecedented Demand in Challenging Environment

Q3 2020 North American Powersports Retail Sales

Q3'20 N.A. Powersports Retail[1]

retail units year-over-year % change



Polaris Q3'20 N.A. retail up 15%

Strong retail driven by all businesses

N.A. powersports industry retail up high-teens % in Q3

ORVs up low twenty %; motorcycles up low-single-digits %; snow up mid-sixty %

Boats SSI[3] industry up fifty % in Q3

Polaris pontoon retail sales exceeded industry as production and shipments ramped faster

Q3'20 Polaris Retail Sales by Business



Off-Road Vehicles ⬆ **low-double digits %**

Side-by-Sides ⬆ low-double digits %

ATVs ⬆ low-double digits %



Motorcycles ⬆ **mid-forty %**

Indian ⬆ low-forty %

Slingshot ⬆ high-fifty %



Snowmobiles ⬆ **high-sixty %**
(season-end Mar'21)



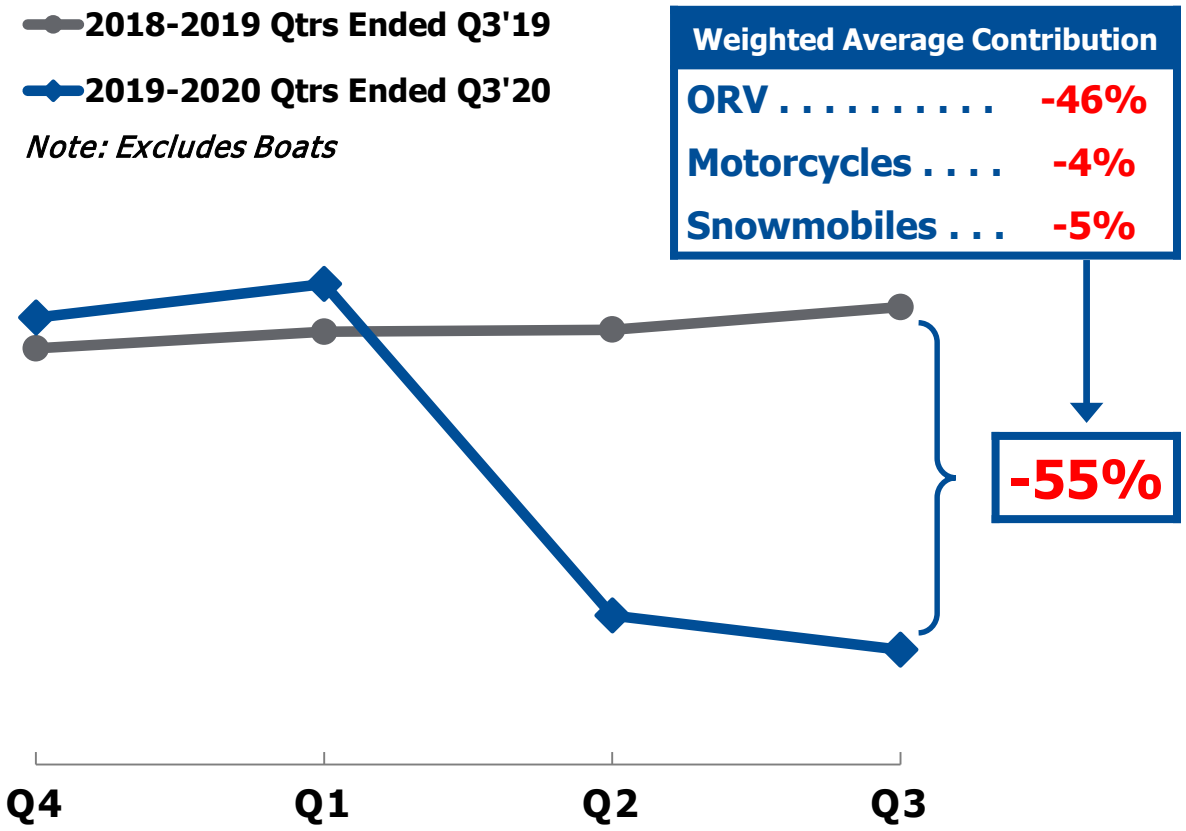
Boats[2] ⬆ **low-fifty %**

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

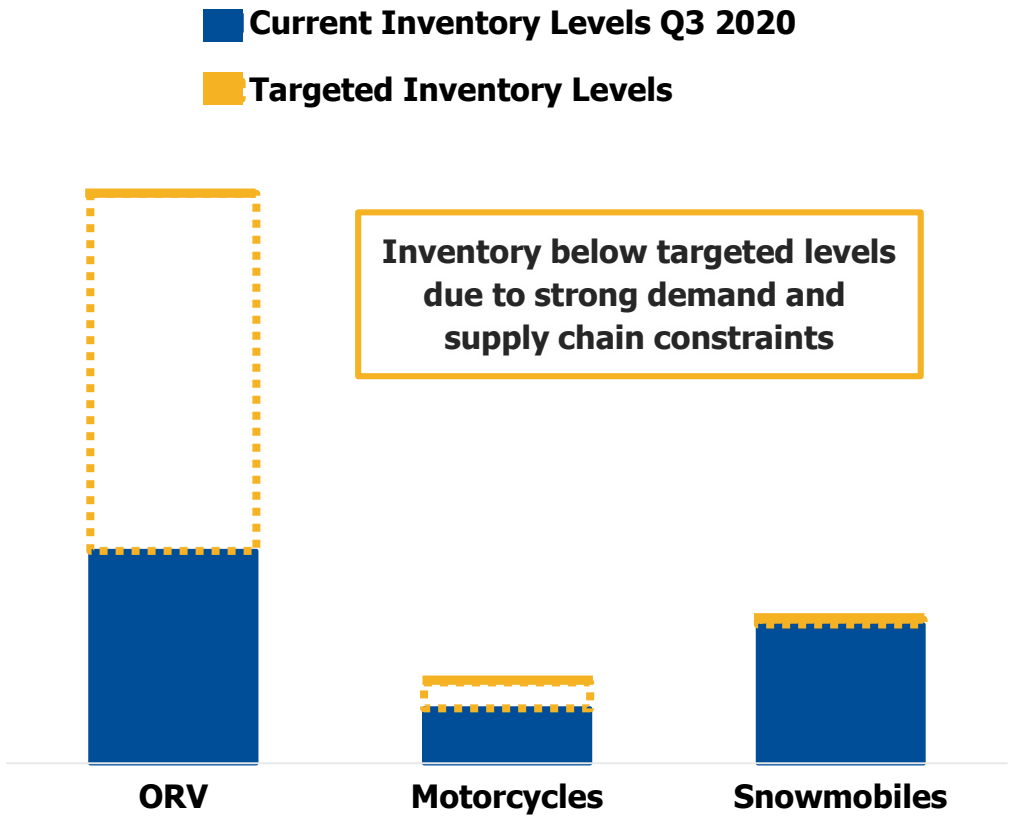
Retail Demand Remained Strong During Q3 Driven by Both New & Existing Customers

N.A. Dealer Inventory

Total N.A. Dealer Inventory



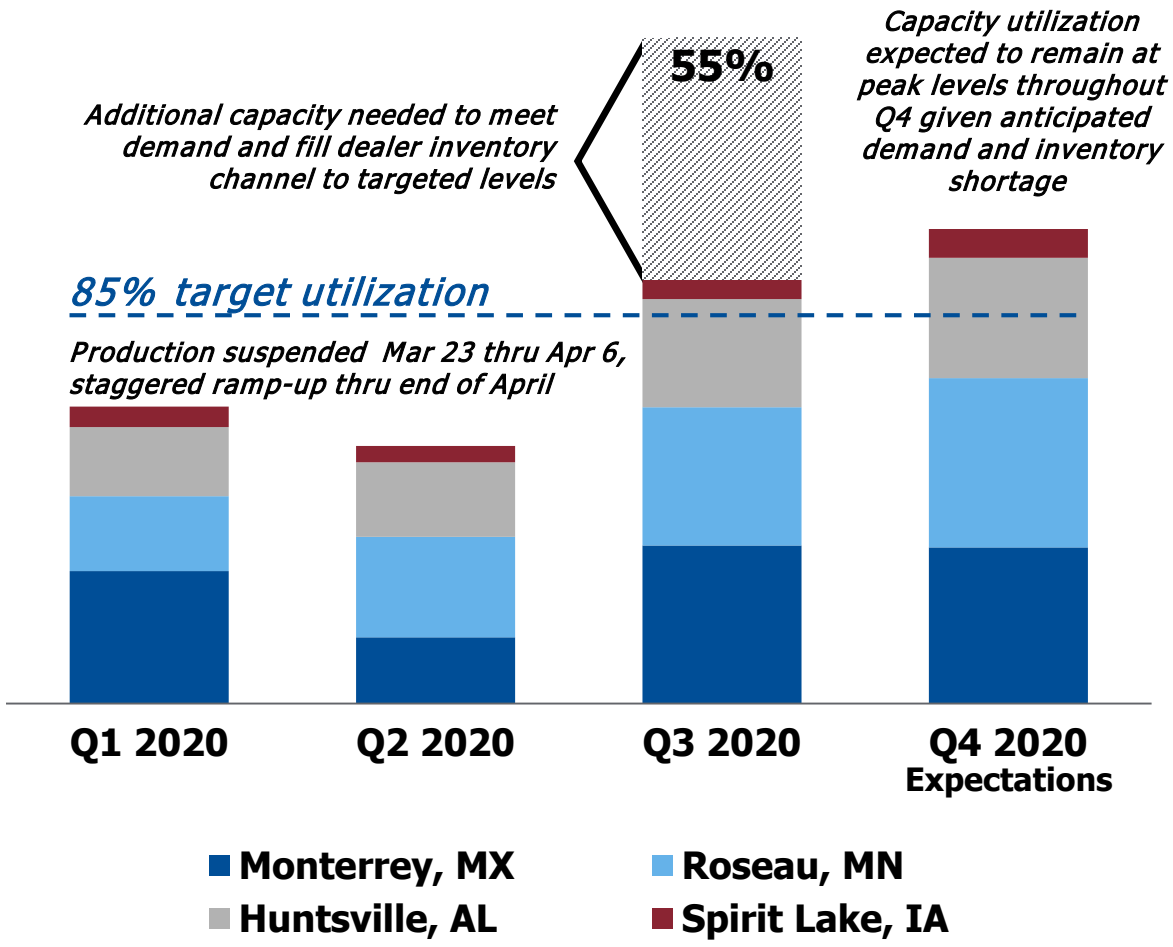
N.A. Dealer Inventory by Business



Dealer Inventory Levels Significantly Below Targeted Levels

Polaris Manufacturing Capacity Utilization

North American Capacity Utilization



Actions Taken

Expediting supply chain shipping

Adding shifts on existing equipment

Using overtime and plant management staffing

Rebalancing insourced and outsourced manufacturing

Using alternative logistics lanes to shorten lead times

Optimizing flow and location of dealer orders and inventory

ORV build plan ramping up ~50% in Q4

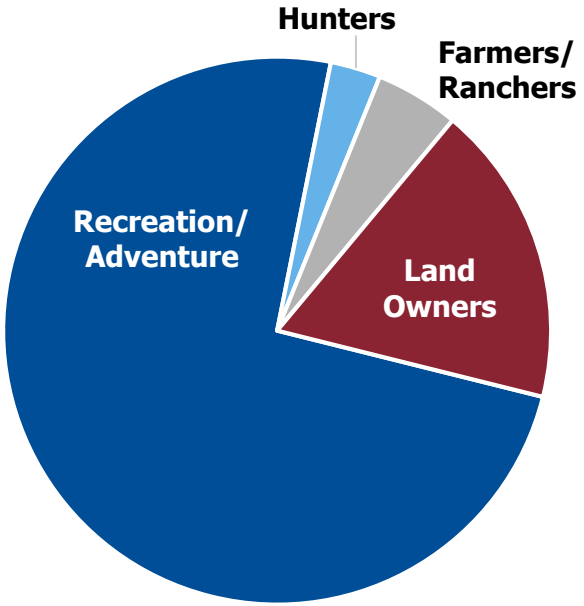
COVID Related Supply Constraints and 1st Half Production Suspension Impacting Current Vehicle Supply

Polaris Customer Demographics

Existing N.A. Customer Base - 2019

~6.5 Million

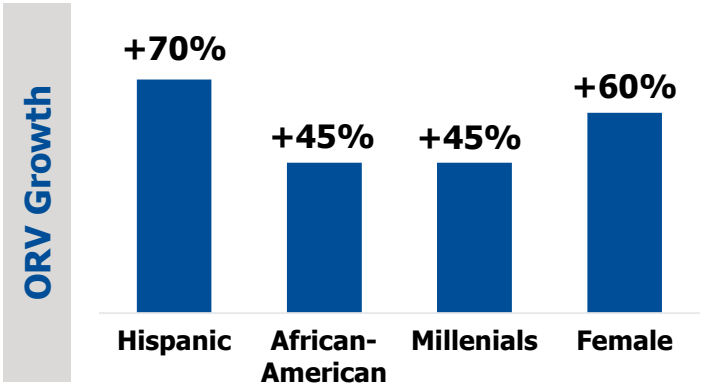
(estimated installed base)

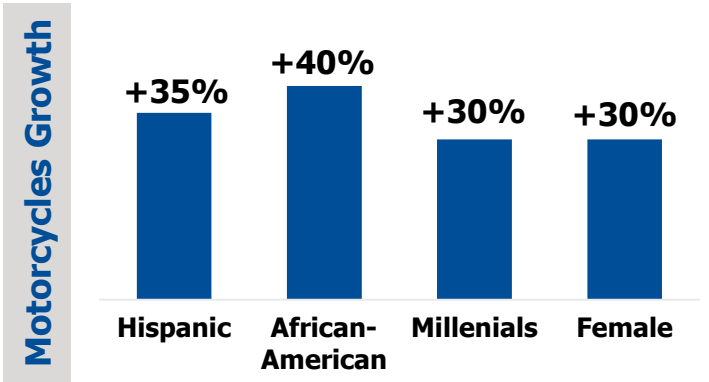


New N.A. Customers in 2020 – Year-to-Date

+~400,000

(new customers added through Sept. 2020)











New Customer Demographics Driving Significant Growth in 2020

Polaris Partners with Zero Motorcycles to Co-develop Electric Vehicles

10-year exclusive off-road strategic partnership with focus on software, technology, and designs

Builds on Zero's proven motors and controllers in 14hp to 106hp, with capacity to exceed 200hp

Increased speed-to-market with proven powertrain technology

Enhanced innovation with on-going technical expertise and very competitive battery pricing

ZERO MOTORCYCLES®

- Over 14 years in li-ion powersports technology – began business in 2006
- In-house engineering team with deep EV system expertise
- More than 15 million miles logged on Zero systems
- Widest variety of models in EV powersports – very cost-effective system



ZERO SR/S



ZERO BATTERY PACKS

POLARIS

- Global leader in powersports
- 10-year history in the electric vehicle space
- Over $1 billion in electric vehicle sales in past 10 years
- RANGER EV is #1 selling electric off-road vehicle in N.A.
- Led by Mike Donoughe, SVP – Chief Technical Officer



GOUPIL



GEM



TAYLOR-DUNN



RANGER EV

First Partnership Vehicle Expected by End of 2021

Electrification Leadership Change



Michael F. Donoughe

Senior Vice President & Chief Technical Officer

- Will lead execution of the electrification strategy
- Joined Polaris on January 22, 2018
- Leadership experience with electric vehicle manufacturers including roles at Tesla, Bright Automotive and Proterra



Christopher S. Musso

Senior Vice President

- Pursuing opportunities outside organization
- Planned departure November 2020



Mike Speetzen
EVP & CFO

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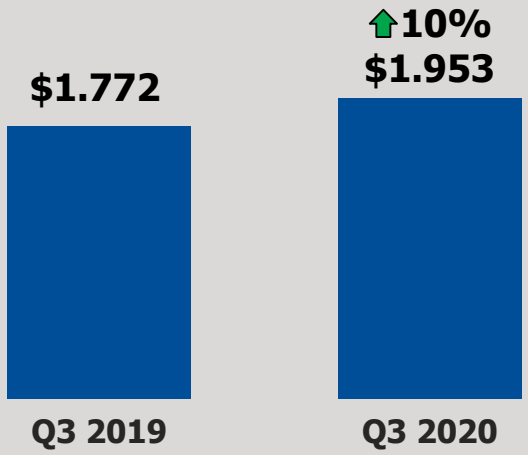


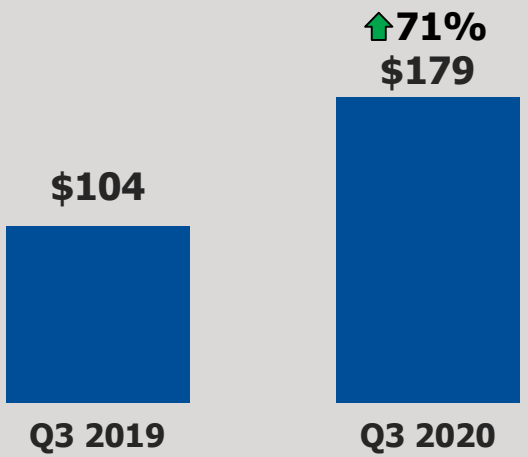
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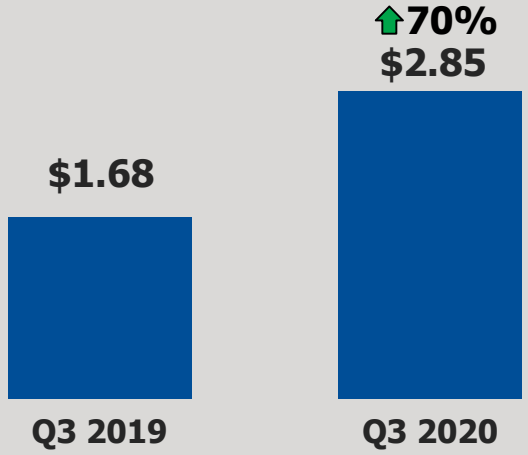
Q3 2020 Financial Results

	Sales	Net Income (Loss)	Earnings Per share
GAAP YoY % Chg.	*$ in billions* **$1.955 Billion** **↑10% y/y**	*$ in millions* **$167 Million** **↑89% y/y**	**$2.66** **↑87% y/y**

ADJUSTED* YoY % Chg.



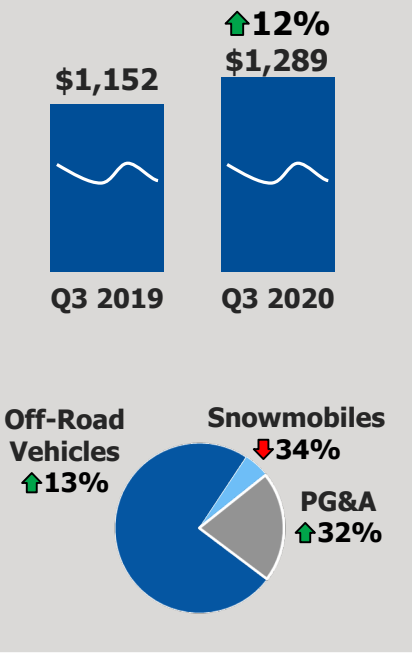
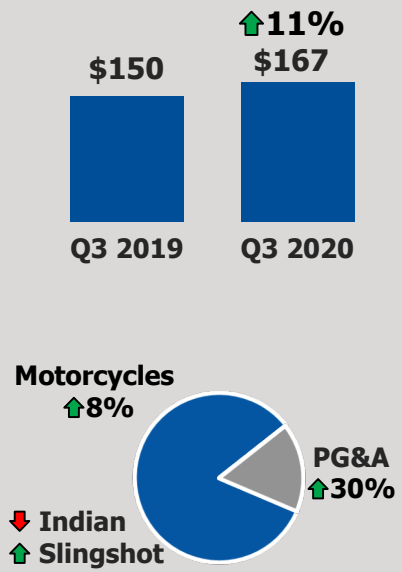
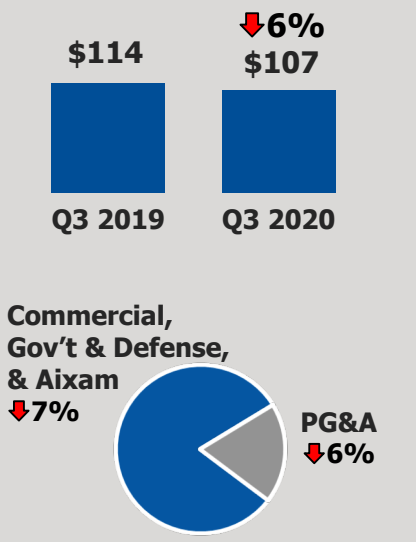
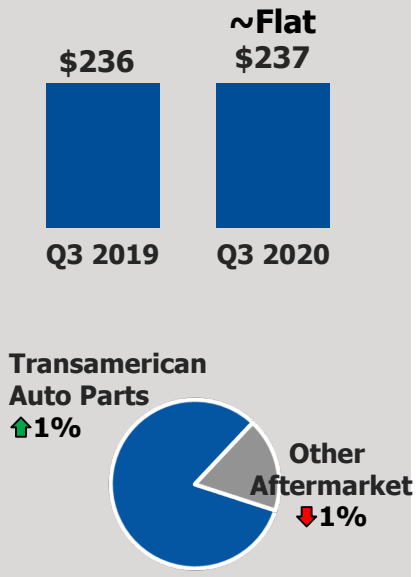
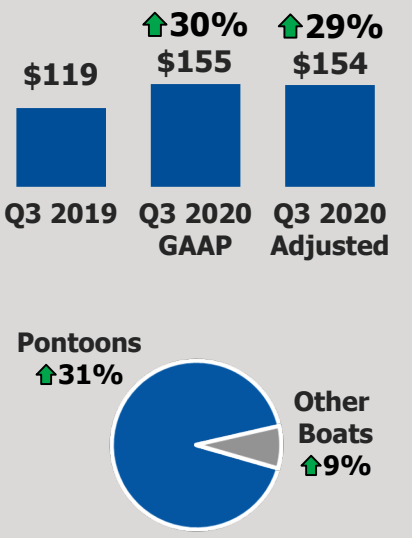




**See GAAP/Non-GAAP Reconciliation in Appendix*

Driven by Strong Sales & Increased Production

Q3 2020 Segment Sales & Gross Profit Margins

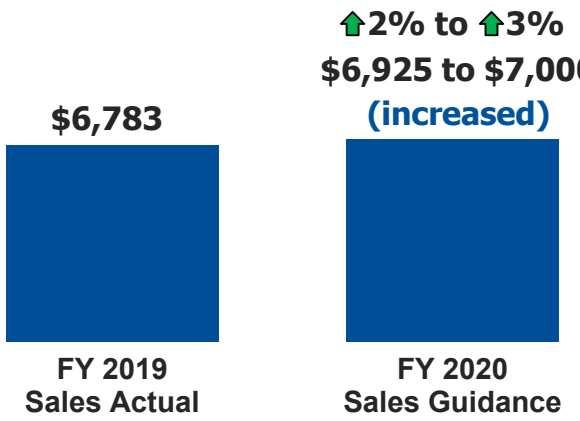
	ORV/Snowmobiles	Motorcycles	Global Adjacent Markets	Aftermarket	Boats*
Q3 2020 Sales ($M)					
Gross Profit Margins*	GAAP 29.3% +255 bps	GAAP 9.3% +347 bps	GAAP 29.7% +263 bps	GAAP 26.9% +70 bps	GAAP 21.5% +275 bps Adj. 21.9% +318 bps

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

Full Year 2020 Sales & EPS Guidance*

Total Company Adjusted* Sales Guidance

$ in millions



FY powersports market growth improving - expected up high-single digits %

Polaris retail sales anticipated to outpace overall market

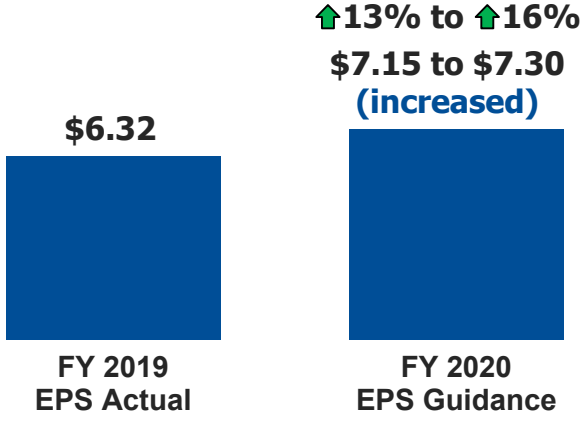
Polaris reported sales expected to grow in the high-teens to low-twenty % range in Q4

Supplemental:

FY PG&A sales expected up mid-teens %; International sales expected down low-single digits %

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

Adjusted* Earnings Per Share Guidance



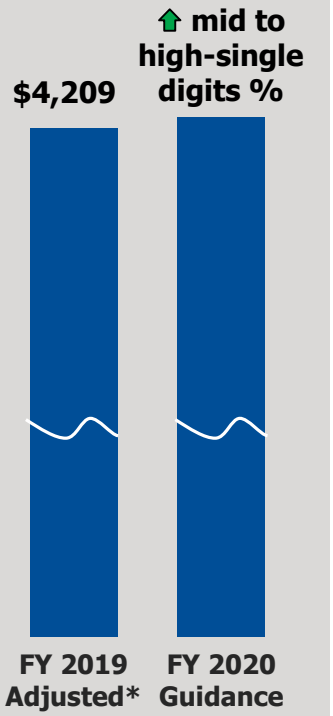
Change from FY 2019		
Gross Margins	*about flat*	*(unchanged)*
Operating Expense	*down up to 100 bps as a % of sales*	*(improved)*
Financial Services	*about flat*	*(unchanged)*
Tax Rate	*about flat*	*(unchanged)*
Diluted Share	*up slightly*	*(unchanged)*
F/X Impact	*about flat*	*(improved)*
Tariffs	*Lower given exemptions/ refunds*	

Full Year Expectations Increased Primarily Due to Sales & Operating Expense Leverage

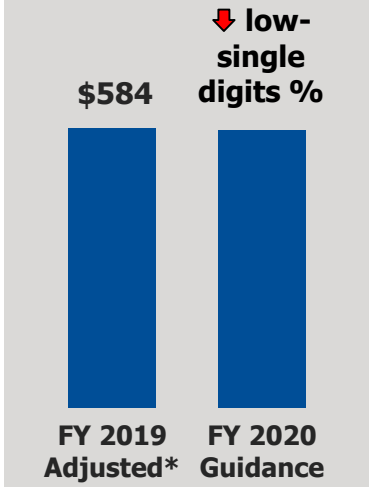
Full Year 2020 Sales Guidance by Segment

Segment Sales ($ in millions)

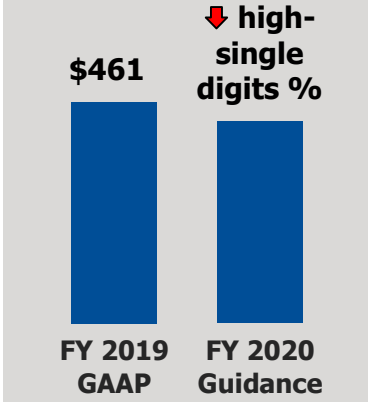
ORV/Snowmobiles



Motorcycles



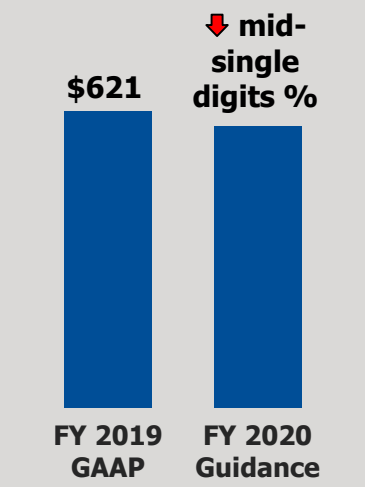
Global Adjacent Markets



Aftermarket

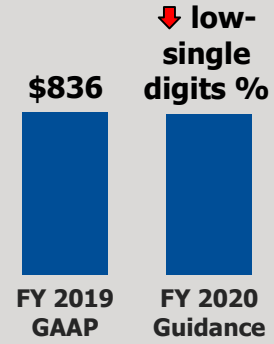


Boats

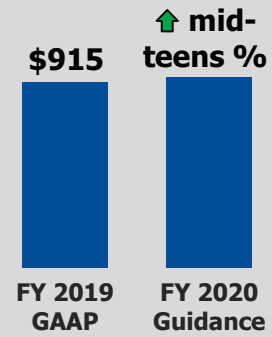


Supplemental Sales Data ($ in millions)

International



PG&A



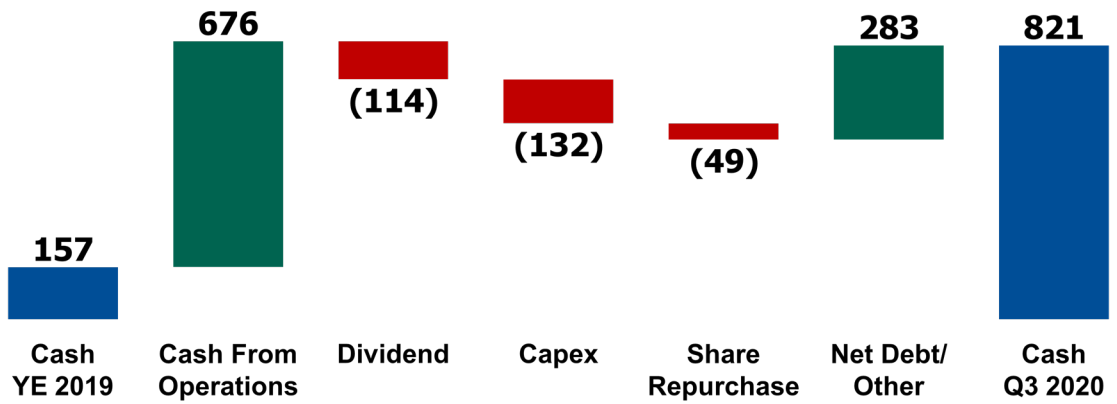
**See GAAP/Non-GAAP Reconciliation in Appendix*

All Segments Sales Expectations Improved Over Previous Guidance

Q3 2020 Financial Position & Liquidity Profile

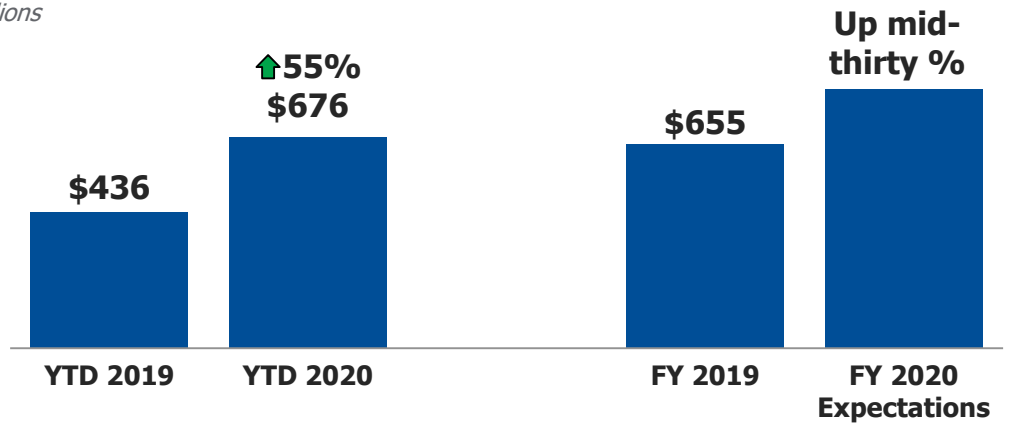
Capital Summary September 2020

$ in millions



Operating Cash Flow

$ in millions



Liquidity Profile

$ in millions

	Sept. 2020	Variance to Sept. 2019
Cash	**$821**	**NM**
Debt /Capital Lease Obligations	**$1,864**	**+5%**
Shareholders' Equity	**$948**	**-6%**
Total Capital	**$2,812**	**+1%**
Credit Revolver – Capacity	**$700**	**–**
Credit Revolver Availability	**$697**	**+9%**
Debt Interest Rate at Sept 30	**2.99%**	**-64 bps**
Factory Inventory	**$1,214**	**-4%**
Stock Buyback (YTD)	**$ 49**	**NM**
Dividend (YTD)	**$1.86**	**+2%**
Debt to Total Capital	*66%*	*+2pts*
Leverage Ratio	*~2.45x*	*~ Flat*

NM = Not Meaningful

Quarter End Liquidity Profile Remains Solid at $1.5 Billion, Given Recent Results

Scott W. Wine
Chairman & CEO

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2021 Initial Thoughts

Remain diligent protecting the health and safety of our employees

Pandemic/election outcome uncertain - will respond real-time

Consumer retail demand anticipated to remain healthy throughout 2021

New and existing consumer growth, new product launches expected to support strong trends

Capability utilization expected to meet demand and channel fill before mid-2021

Improved plant efficiency and supply chain utilization

Non-powersports businesses deliver improved results

Aixam & Polaris Adventures continues positive trends; TAP/GEM/Taylor-Dunn recovering from COVID impact

Earnings growth ongoing into 2021

Tariff headwinds offset by improved efficiency and supply-chain savings

Polaris Continues to Deliver During Unprecedented Times with Best People, Best Teams in Powersports

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Q&A

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Appendix

Q3 2020 Gross Profit Margin

Q3 2020 Financial Services Income

Q3 2020 Supplemental Sales – International & PG&A

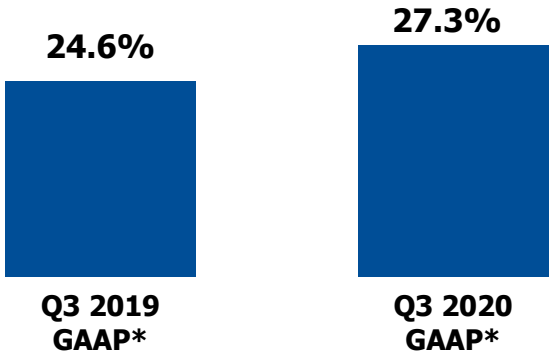
Q3 2020 Non-GAAP Reconciliations

Q3 2020 Non-GAAP Reconciliations – Segments

2020 Guidance Adjustments

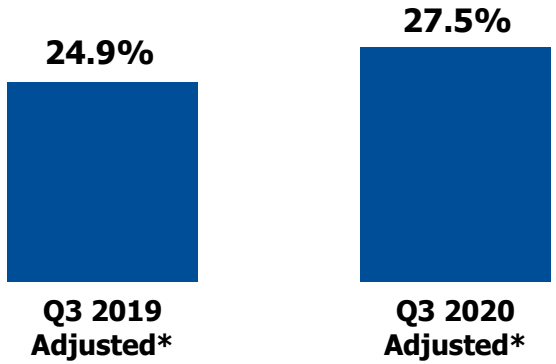
Gross Profit Margin – Q3 2020

Q3 2020 Gross Profit Margin – GAAP



Segments	Q3 2019 GAAP	Q3 2020 GAAP
ORV/Snow	26.8%	29.3%
Motorcycles	5.8%	9.3%
Adj. Markets	27.0%	29.7%
Aftermarket	26.2%	26.9%
Boats	18.8%	21.5%

Q3 2020 Gross Profit Margin – Adjusted*



Segments	Q3 2019 Adjusted*	Q3 2020 Adjusted*
ORV/Snow	26.8%	29.3%
Motorcycles	5.8%	9.3%
Adj. Markets	27.0%	29.7%
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See Polaris website at ir.polaris.com/investors/financial-information for reclassified historical gross profit markets by quarter.

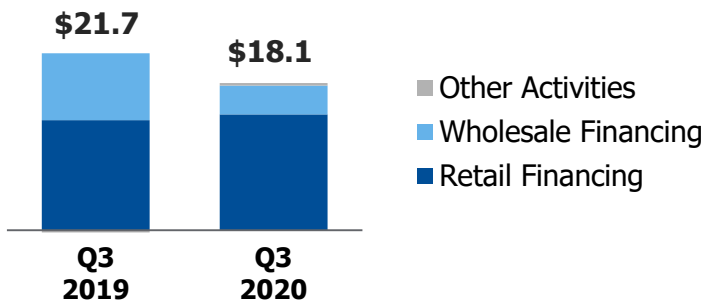
**See GAAP/Non-GAAP Reconciliation in Appendix*

Lower Promotional and Floor Plan Financing Cost Benefiting Gross Margins During the Quarter

Financial Services Arrangements

Financial Services Income by Category

$ in millions



Q3 2020 total income down 17%

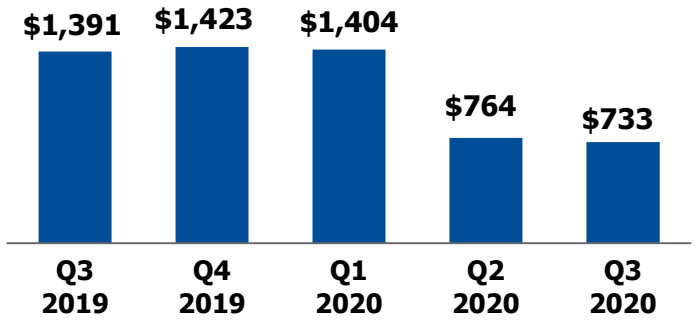
Retail credit income up 5%

Wholesale credit down 57%

Wholesale Credit

$ in millions

Receivable Balance – U.S. Dealers



Polaris Acceptance 50/50 joint venture with Wells Fargo

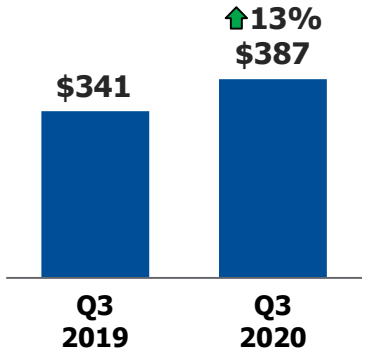
Down 47% from Q3 2019

Down 4% from Q2 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 and penetration rates lower but remain at acceptable levels

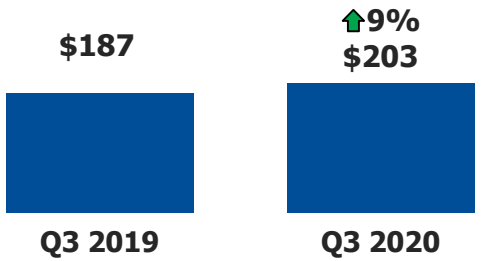
Financial Services Income Down Due to Lower Wholesale Financing Income Driven by Lower Inventory

Q3 2020 Supplemental Sales – International & PG&A

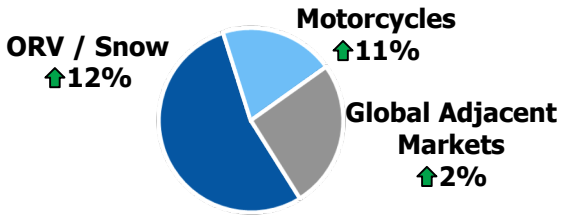
Q3 2020 International Sales

International

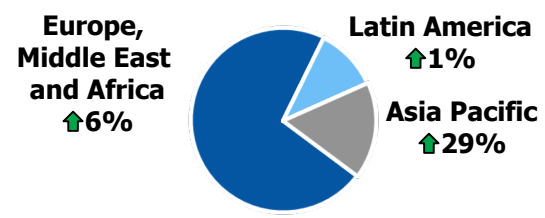
($ millions)



Sales by Segment



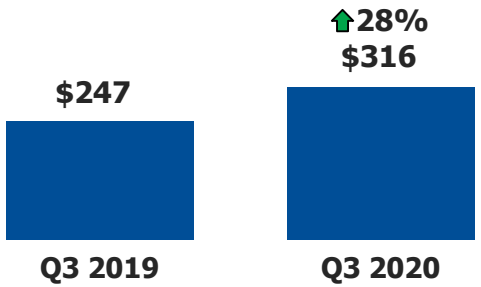
Sales by Region



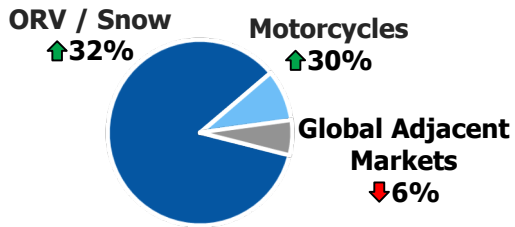
Q3 2020 PG&A Sales

PG&A

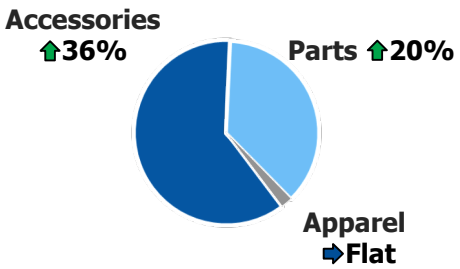
($ millions)



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 September 30,		Nine months ended September 30,	
	2020	2019	2020	2019
Sales	**$ 1,954.6**	**$ 1,771.6**	**$ 4,871.6**	**$ 5,046.6**
Restructuring & realignment [3]	(1.2)	—	(2.9)	—
Adjusted sales	**1,953.4**	**1,771.6**	**4,868.7**	**5,046.6**
Gross profit	**534.6**	**436.5**	**1,160.2**	**1,225.4**
Restructuring & realignment [3]	2.4	4.8	22.5	18.1
Adjusted gross profit	**537.0**	**441.3**	**1,182.7**	**1,243.5**
Income (loss) before taxes	**218.9**	**108.2**	**(106.8)**	**286.9**
Impairment charges [1]	—	—	379.2	—
Acquisition-related costs [2]	—	1.9	—	5.4
Restructuring & realignment [3]	2.8	4.7	37.5	18.0
Intangible amortization [4]	8.7	10.4	27.4	30.9
Class action litigation expenses [5]	4.7	4.2	12.3	16.7
Adjusted income before taxes	**235.1**	**129.4**	**349.6**	**357.9**
Net income (loss) attributable to Polaris Inc.	**166.8**	**88.4**	**(74.0)**	**225.0**
Impairment charges [1]	—	—	289.0	—
Acquisition-related costs [2]	—	1.4	—	4.0
Restructuring & realignment [3]	2.0	3.6	28.5	13.8
Intangible amortization [4]	6.8	7.9	20.9	23.3
Class action litigation expenses [5]	3.6	3.2	9.3	12.7
Adjusted net income attributable to Polaris Inc. [6]	**$ 179.2**	**$ 104.5**	**$ 273.7**	**$ 278.8**
Diluted EPS attributable to Polaris Inc.	**$ 2.66**	**$ 1.42**	**$ (1.20)**	**$ 3.62**
Weighted average shares outstanding adjustment [7]	—	—	0.02	—
Impairment charges [1]	—	—	4.62	—
Acquisition-related costs [2]	—	0.02	—	0.07
Restructuring & realignment [3]	0.03	0.06	0.46	0.22
Intangible amortization [4]	0.10	0.13	0.33	0.37
Class action litigation expenses [5]	0.06	0.05	0.15	0.21
Adjusted EPS attributable to Polaris Inc. [6]	**$ 2.85**	**$ 1.68**	**$ 4.38**	**$ 4.49**

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 September 30, 2020, the Company used 62.8 million weighted average shares outstanding to determine Diluted EPS attributable to Polaris Inc. and Adjusted EPS attributable to Polaris Inc. For the nine months ended September 30, 2020, the Company used 61.8 million and 62.5 million weighted average shares outstanding to determine Diluted EPS attributable to Polaris Inc. and Adjusted EPS attributable to Polaris Inc., respectively. The difference is 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 year to date period.

Non-GAAP Reconciliations – Segments

(In Millions, Unaudited)	Three months ended September 30,		Nine months ended September 30,	
	2020	2019	2020	2019
SEGMENT SALES				
ORV/Snow segment sales	$ 1,288.8	$ 1,152.4	$ 3,065.4	$ 3,069.2
No adjustment	—	—	—	—
Adjusted ORV/Snow segment sales	1,288.8	1,152.4	3,065.4	3,069.2
Motorcycles segment sales	166.9	149.9	434.8	464.6
No adjustment	—	—	—	—
Adjusted Motorcycles segment sales	166.9	149.9	434.8	464.6
Global Adjacent Markets (GAM) segment sales	106.6	114.0	282.8	340.9
No adjustment	—	—	—	—
Adjusted GAM segment sales	106.6	114.0	282.8	340.9
Aftermarket segment sales	237.2	236.2	646.8	685.6
No adjustment	—	—	—	—
Adjusted Aftermarket sales	237.2	236.2	646.8	685.6
Boats segment sales	155.1	119.1	441.8	486.3
Restructuring & realignment [1]	(1.2)	—	(2.9)	—
Adjusted Boats sales	153.9	119.1	438.9	486.3
Total sales	1,954.6	1,771.6	4,871.6	5,046.6
Total adjustments	(1.2)	—	(2.9)	—
Adjusted total sales	$ 1,953.4	$ 1,771.6	$ 4,868.7	$ 5,046.6

(In Millions, Unaudited)	Three months ended September 30,		Nine months ended September 30,	
	2020	2019	2020	2019
SEGMENT GROSS PROFIT				
ORV/Snow segment gross profit	$ 377.8	$ 308.3	831.2	846.1
No adjustment	—	—	—	—
Adjusted ORV/Snow segment gross profit	377.8	308.3	831.2	846.1
Motorcycles segment gross profit	15.5	8.7	18.9	35.3
Restructuring & realignment [1]	—	—	0.7	—
Adjusted Motorcycles segment gross profit	15.5	8.7	19.6	35.3
Global Adjacent Markets (GAM) segment gross profit	31.5	30.8	75.2	94.0
No adjustment	—	—	—	—
Adjusted GAM segment gross profit	31.5	30.8	75.2	94.0
Aftermarket segment gross profit	63.7	61.8	157.6	173.5
No adjustment	—	—	—	—
Adjusted Aftermarket segment gross profit	63.7	61.8	157.6	173.5
Boats segment gross profit	33.3	22.3	81.6	99.0
Restructuring & realignment [1]	0.4	—	11.5	—
Boats segment gross profit	33.7	22.3	93.1	99.0
Corporate segment gross profit	12.8	4.6	(4.3)	(22.5)
Restructuring & realignment [1]	2.0	4.8	10.3	18.1
Adjusted Corporate segment gross profit	14.8	9.4	6.0	(4.4)
Total gross profit	534.6	436.5	1,160.2	1,225.4
Total adjustments	2.4	4.8	22.5	18.1
Adjusted total gross profit	$ 537.0	$ 441.3	1,182.7	1,243.5

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.