POLARIS

First Quarter 2021 Earnings Presentation

April 27, 2021







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 and deliver products to dealers to meet increasing demand and to bring dealer inventory levels back to optimal levels; 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; product rework costs; 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.

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Mike Speetzen
Interim CEO

First Quarter 2021 Earnings Results

April 27, 2021

First Quarter 2021 Summary

Polaris retail performance continued at unprecedented levels

Increased demand from installed base complementing ongoing new customer growth

All segments increased market share in the quarter

Significant growth in PG&A

International continued to grow substantially in COVID challenged environment

Plants at maximum supply chain constrained capacity

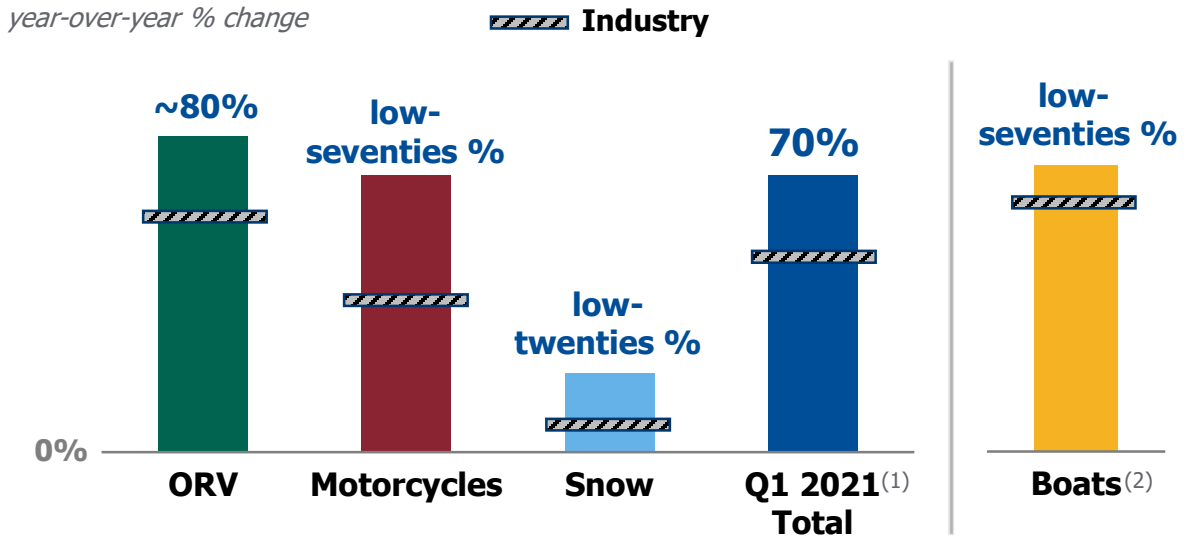
Logistics, commodities, rework costs increasing; selectively raising prices to compensate

Increasing Full Year guidance reflecting stronger than anticipate performance

First Quarter Significantly Outperformed Driven by Accelerated Strong Demand

Q1 2021 North American Powersports Retail Sales

Q1 2021 Polaris N.A. Retail



Polaris Q1'21 N.A. retail up 70%

Strong retail driven by all businesses

N.A. powersports industry retail up high-forties % in Q1

ORVs up about 60%; motorcycles up high-thirties %; snow up mid-single digits

Boats SSI(2) industry up low-sixties % in Q1

Polaris pontoon retail sales ahead of industry

Market share gains in all segments during the quarter

Q1 2021 Polaris Retail Sales by Business



Off-Road Vehicles ↑ **Approx. 80%**

Side-by-Sides ↑ ~70%

ATVs ↑ about 100%



Motorcycles ↑ **low-seventies %**

Indian ↑ low-sixties %

Slingshot ↑ more than double LY



Snowmobiles ↑ **low-twenties %**



Boats(2) ↑ **low-seventies %**

(1) *Pontoons not included in Total Company retail sales or Powersports Industry*
(2) *Pontoons only; Preliminary SSI data, subject to change*

Continue Strong Retail Demand and Market Share Gains During the Quarter

Snowmobiles Product Launch & SnowCheck Update

MY'22 New Product Launch

MOUNTAIN: 11 New Models



650 RMK Khaos 146

CROSSOVER: 2 New Models



Switchback XC

TRAIL/RACE: 7 New Models



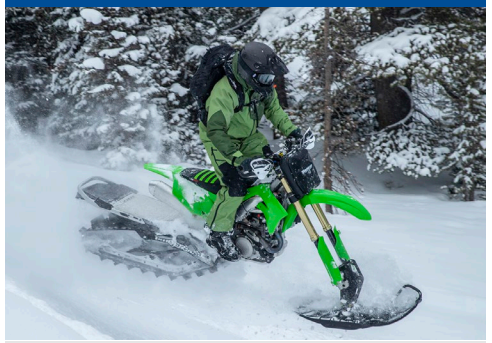
850 Indy XCR 136

REC/UTILITY: 2 New Models



650 Voyageur 146

TIMBERSLED: 8 New Models



Timbersled Riot

Patriot Boost Engine



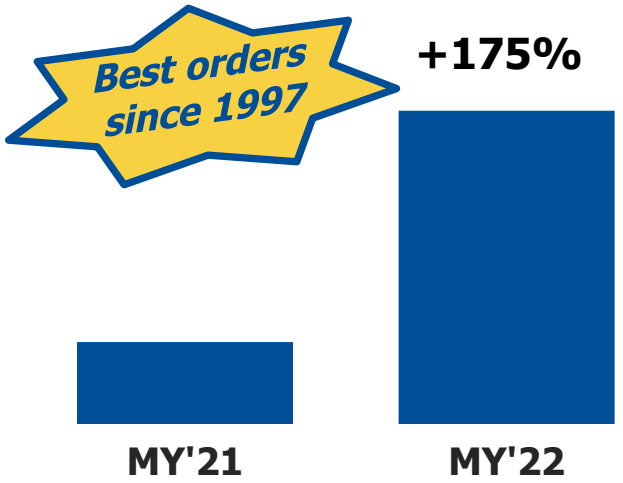
Patriot Boost Engine (Snowcheck Exclusive)

SNOWCHECK

Exclusive Models.
Factory
Customization.



Global MY'22 SnowCheck Orders

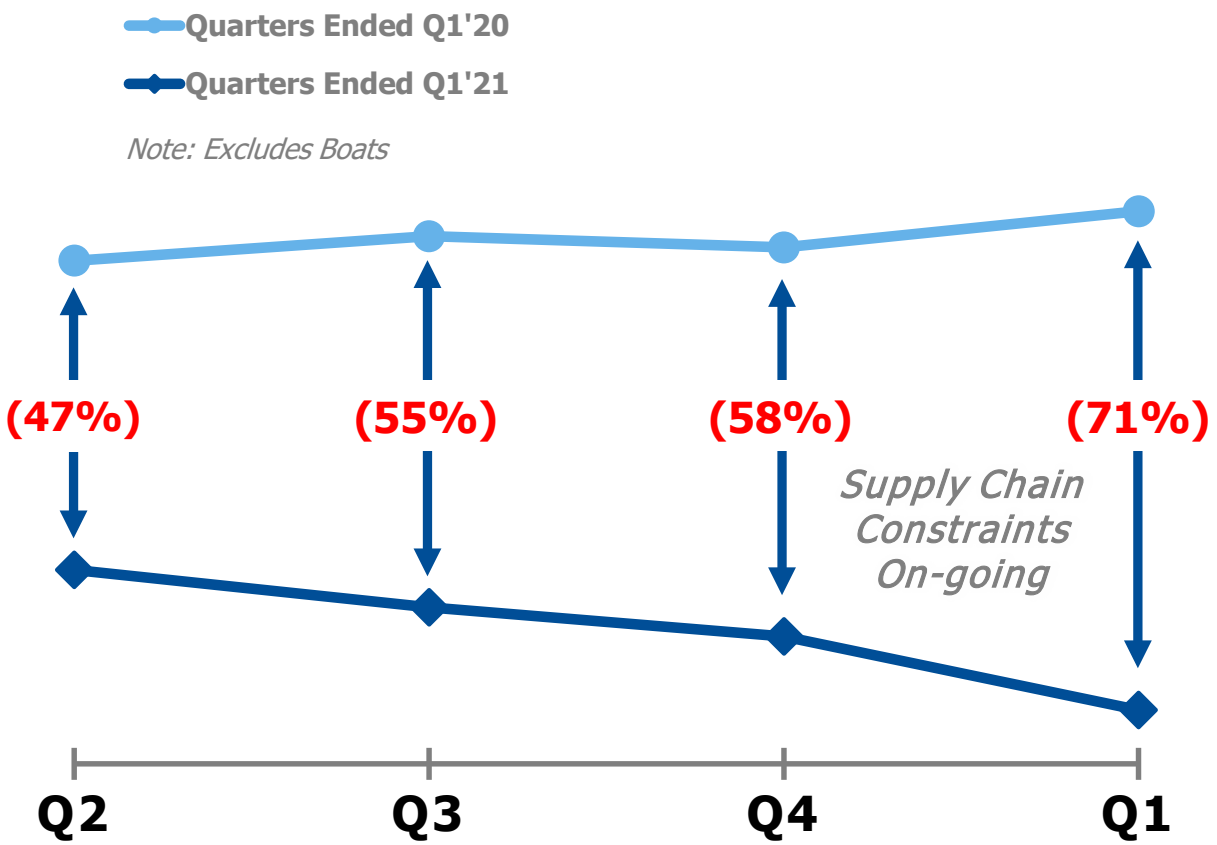


New Products Well-Received – Largest SnowCheck in 24 Years!

North American Dealer Inventory

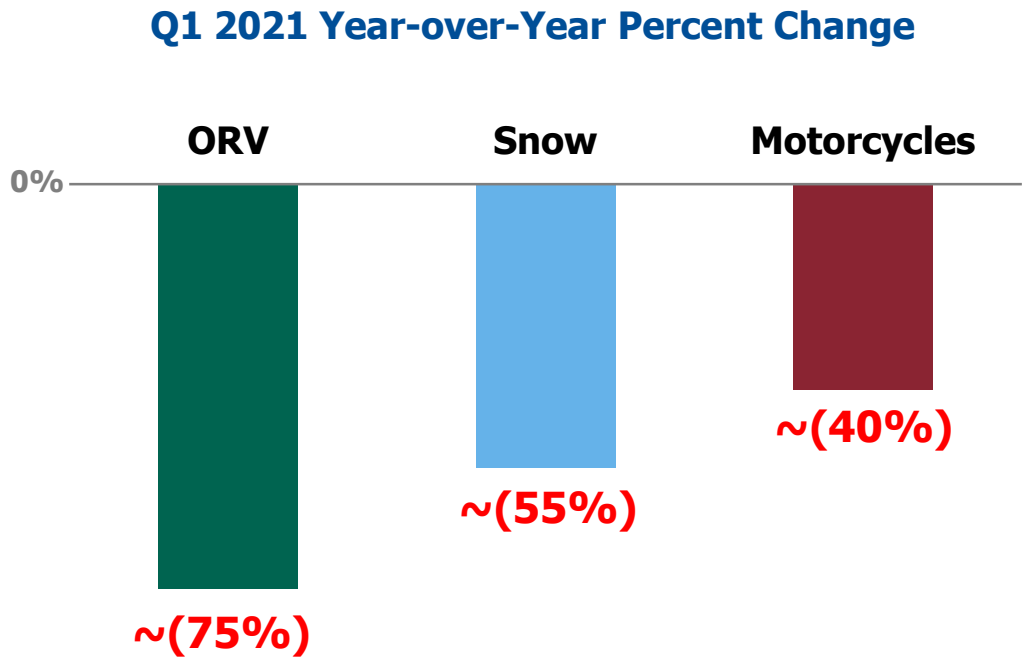
Total N.A. Dealer Inventory

(in units)



N.A. Dealer Inventory by Business

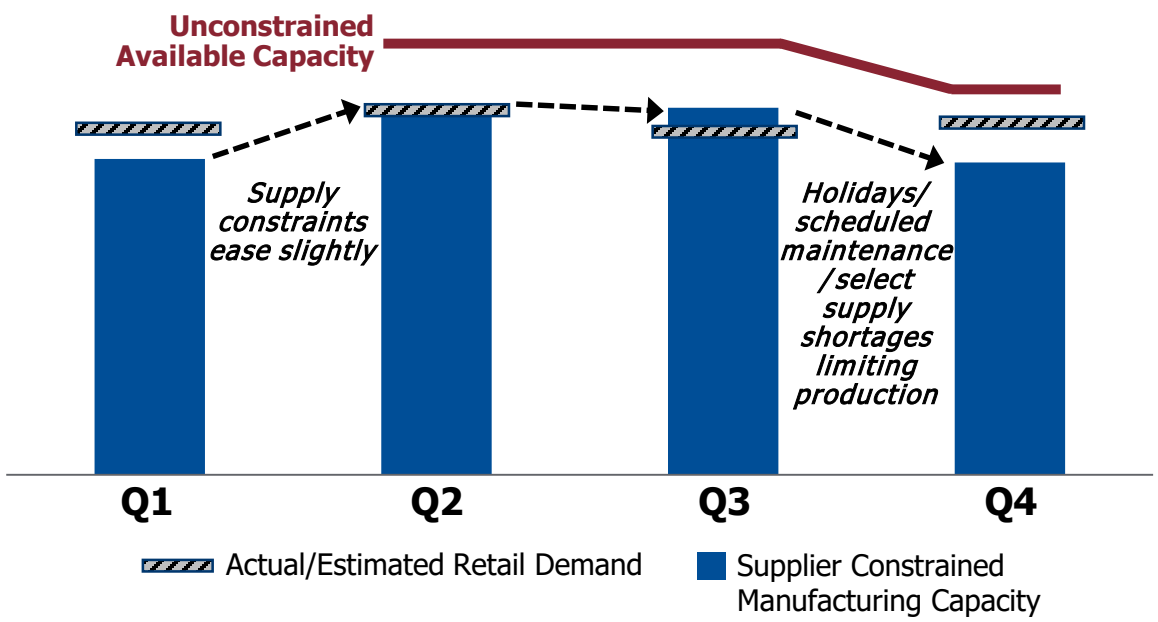
(in units)



Dealer Inventory Levels Declined Further due to Continued Strong Demand

Polaris Manufacturing Capacity Utilization

2021 Manufacturing Capacity Utilization



Strong demand/supply chain constraints pushing channel fill into 2022

Adding capacity at select locations

Ample capacity available when component supply improves

Supply Chain Constraints

~100 suppliers most impacted

Driven by unprecedented demand/COVID related employee absenteeism/Tier 2 & 3 supplier constraints

Logistics, ocean/port delays, elevated commodities, rework driving increased costs

Implementing price increases to help offset

Supply chain initiative cost savings directed towards supplier cost pressures

Program Goals (All 4 Waves) by 2023

Initiative	Goal	Status
GROSS COST SAVINGS	*>$200 Million in cost savings*	✓ Ahead of plan
SUPPLIER RATIONALIZTION	*30% + Fewer Suppliers*	✓ Ahead of plan
IMPROVED QUALITY	*Reduced PPM at Record 64*	✓ On plan

Record Production Expected to Match Strong Retail

Polaris Electrification Strategy

Current Electrification Portfolio

IN-ORGANIC INVESTMENTS



GEM (2011)



Goupil (2011)



Aixam (2013)



Taylor-Dunn (2016)

ORGANIC INVESTMENTS



Mid-Size RANGER EV (2009 – present)
(lead-acid batteries)



eFTR Jr. (2020)

rEV'd Up!

Go-forward Electrification Strategy

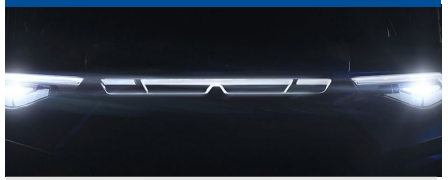
Off-Road Electrification



Zero Motorcycles 10-year Exclusive Agreement (September 2020)

=

New Full-Size Electric RANGER



Co-developed with ZERO Motorcycles (Coming December 2021)

Automotive Vehicles



GEM/Optimus Ride Co-development Agreement (March 2021)

Goal: Offer Electric Vehicle Options within Core Product Segments by 2025

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Bob Mack
SVP & Interim CFO

First Quarter 2021 Earnings Results

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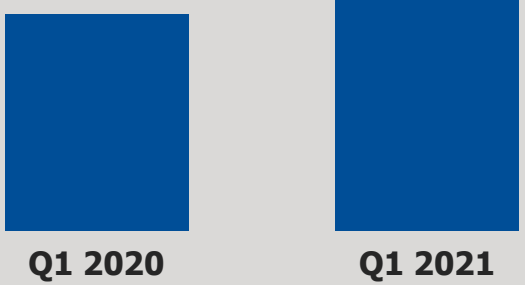
Q1 2021 Financial Results

Sales

$ in billions

	Q1 '20	Q1 '21
GAAP YoY % Chg.		⇧ 39%
GAAP	$1.405	$1.951

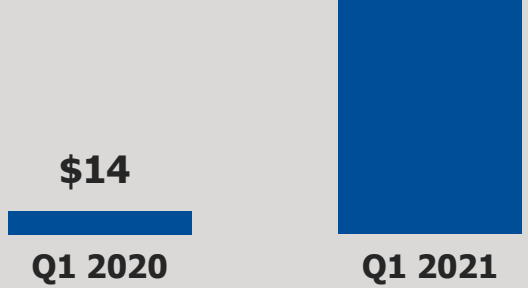
ADJUSTED* YoY % Chg. ⇧39%



Net Income (Loss)

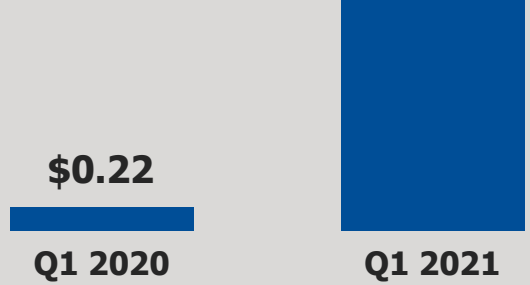
$ in millions

Q1 '20	Q1 '21
($5)	⇧ Significantly $134



Earnings Per share

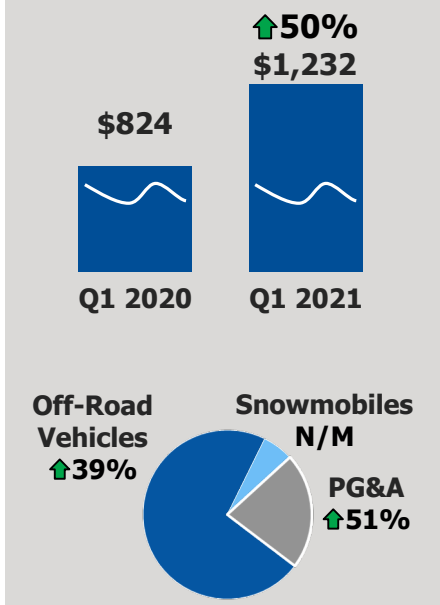
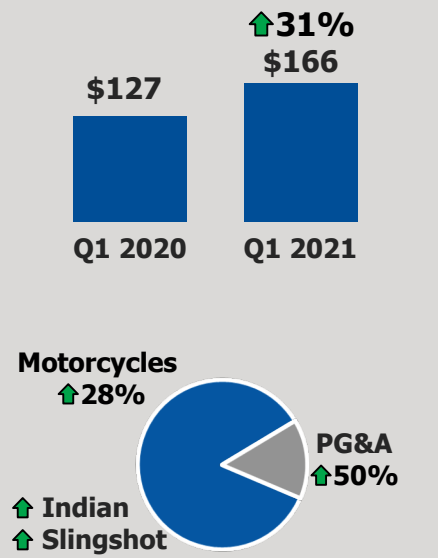
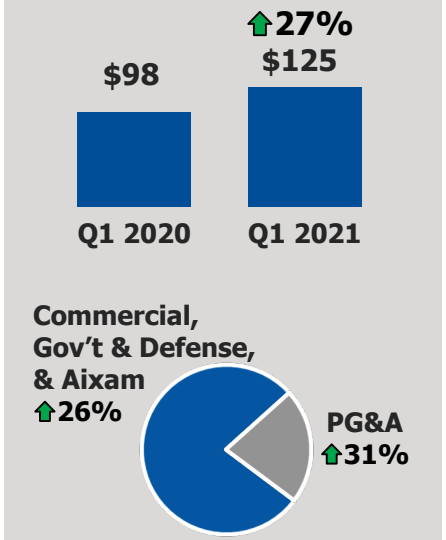
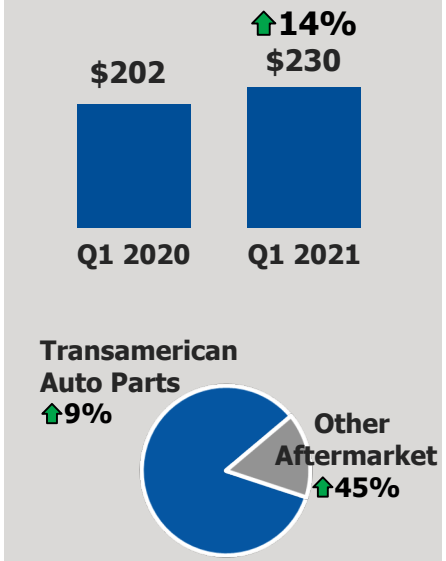
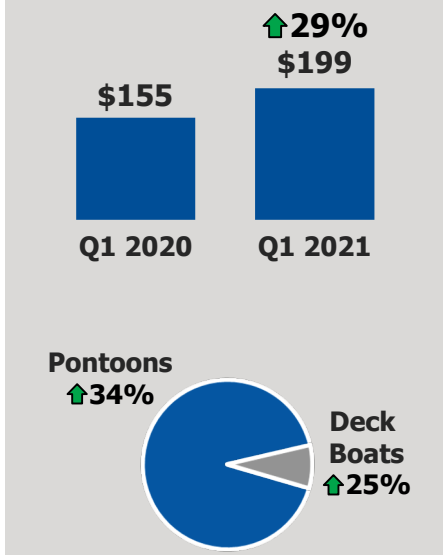
Q1 '20	Q1 '21
($0.09)	⇧ Significantly $2.11



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

Results Driven by Strong Sales, Higher Gross Profit Margins & Operating Expense Leverage

Q1 2021 Segment Sales & Gross Profit Margins

	ORV/Snowmobiles	Motorcycles*	Global Adjacent Markets	Aftermarket	Boats
Q1 2021 Sales ($ in millions)					
Gross Profit Margins*	GAAP 26.6% +208 bps	GAAP 4.9% +564 bps Adj. 4.9% +513 bps	GAAP 26.3% -100 bps	GAAP 26.7% +378 bps	GAAP 23.4% +412 bps

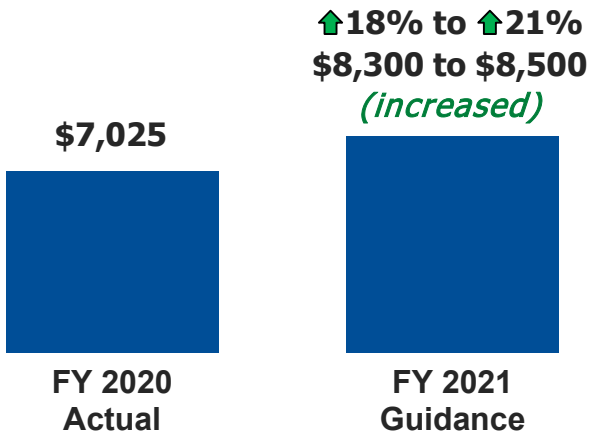
*see GAAP/Non-GAAP Reconciliation in Appendix

All Segments Experienced Sales Growth During the Quarter

Full Year 2021 Sales & EPS Guidance*

Total Company Adjusted* Sales Guidance

$ in millions



FY powersports market expected down low-single digits %

Polaris retail sales anticipated to outpace overall market

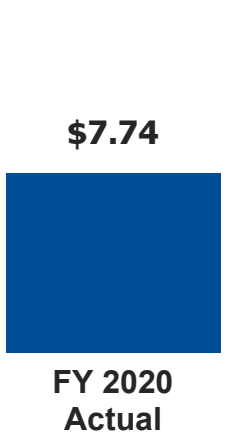
Supplemental:

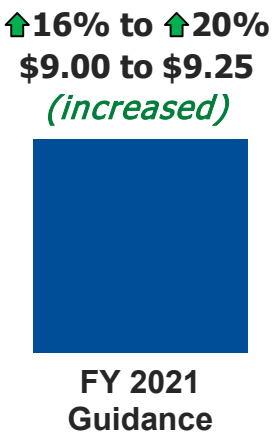
PG&A sales expected up high-teens %

International sales expected up high-twenty%

Dealer inventory remains below optimal levels

Adjusted* Earnings Per Share Guidance





Change from FY 2020	
Gross Margins	*Down 60 to 90 bps (lowered)*
Operating Expense	*Down 80 to 100 bps as % of Sales (improved)*
Financial Services	*Down high-single digits % (lowered)*
Interest Expense	*Down low-thirty % (improved)*
Tax Rate	*23.5% to 24.0% (unchanged)*
Diluted Share	*Up ~ 1% (unchanged)*
F/X Impact	*Positive (unchanged)*
Tariffs	*Higher due to expiration of exemptions/ refunds (unchanged)*

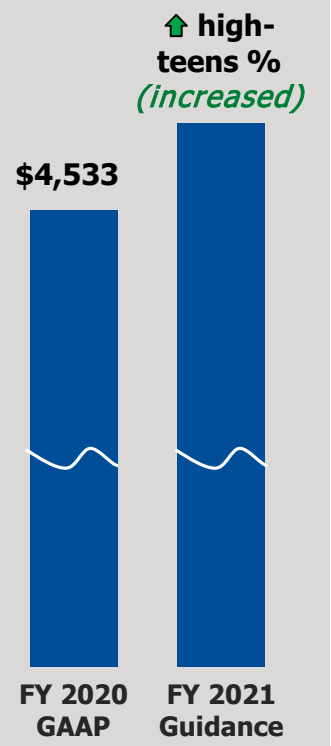
**See GAAP/Non-GAAP Reconciliation in Appendix; see Appendix for discussion regarding non-GAAP adjustments excluded from 2021 guidance*

Record Sales & Adjusted* EPS Expected

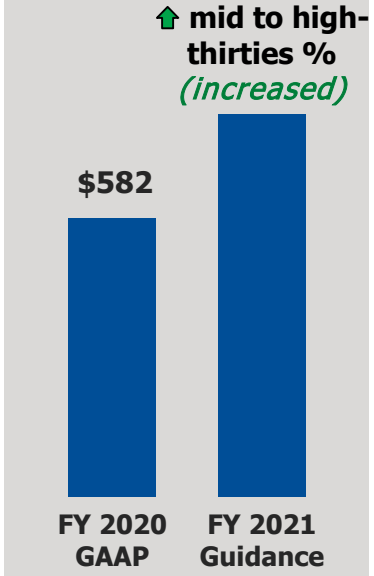
Full Year 2021 Sales Guidance by Segment

Segment Sales ($ in millions)

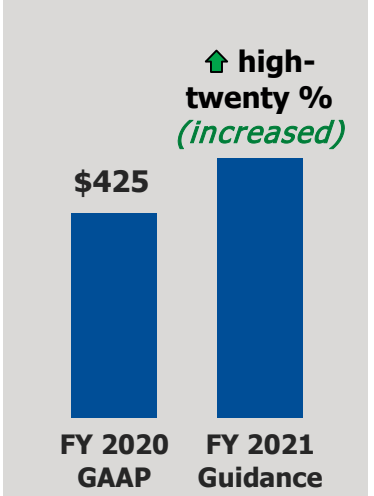
ORV/Snowmobiles



Motorcycles



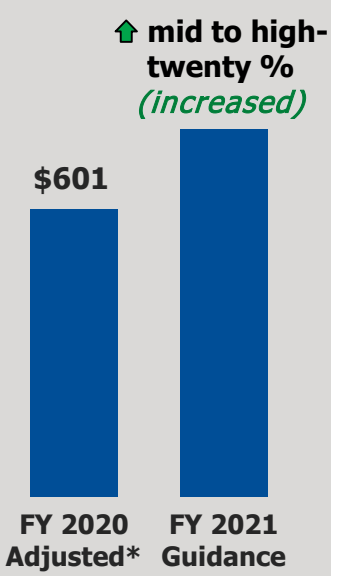
Global Adjacent Markets



Aftermarket

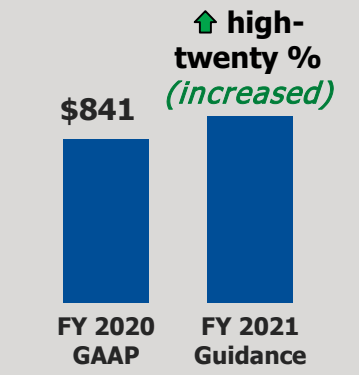


Boats

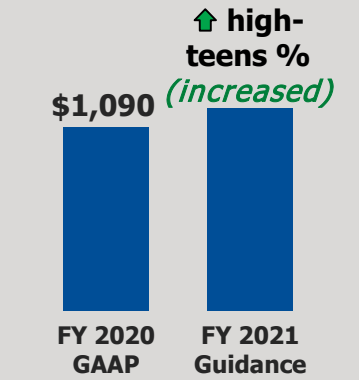


Supplemental Sales Data ($ in millions)

International



PG&A



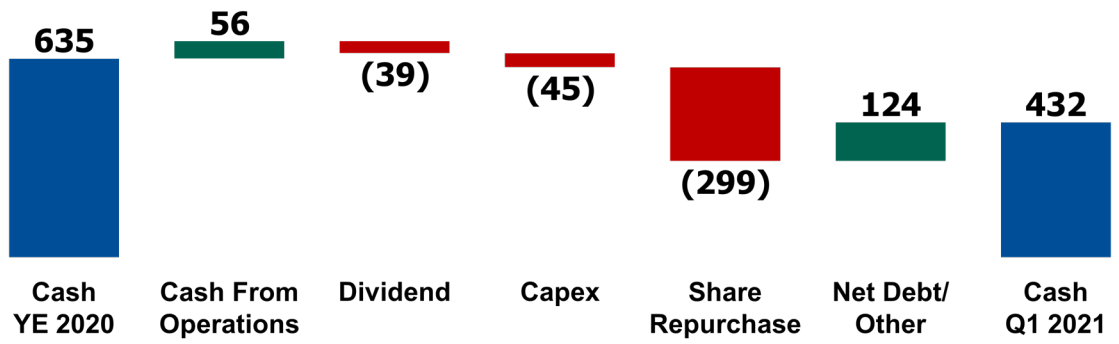
**See GAAP/Non-GAAP Reconciliation in Appendix*

All Segments Expected to Grow in 2021

Financial Position & Liquidity Profile

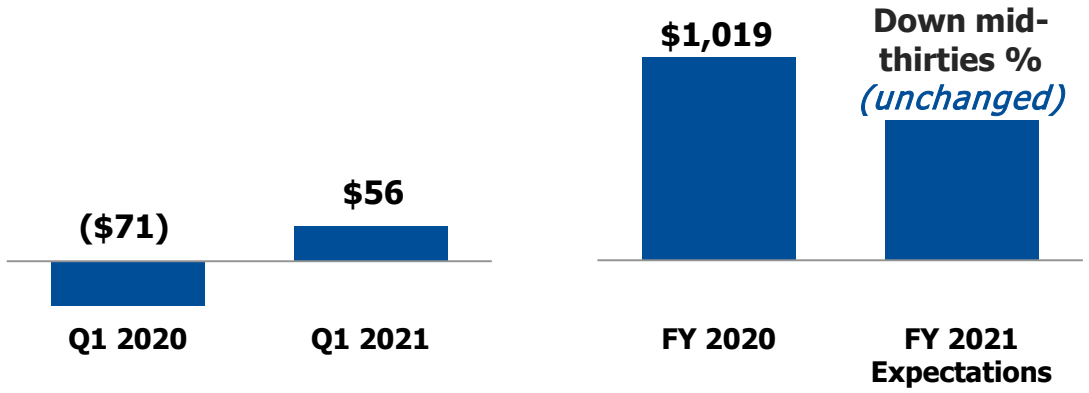
Capital Summary March 2021

$ in millions



Operating Cash Flow

$ in millions



Liquidity Profile

$ in millions

	First Qtr 2021	Variance to First Qtr 2020
Cash	**$432**	**+2%**
Debt /Finance Lease Obligations	**$1,434**	**-34%**
Shareholders' Equity	**$1,059**	**+6%**
Total Capital	**$2,493**	**+27%**
Credit Revolver – Capacity	**$700**	**-**
Credit Revolver Availability	**$695**	**NM**
Debt Interest Rate at March 31	**2.98%**	**+14 bps**
Factory Inventory	**$1,340**	**+9%**
Stock Buyback	**$299**	**+513%**
Dividend	**$0.63**	**+2%**
Debt to Total Capital	*58%*	*-10 pts*
Leverage Ratio	*~1.34x*	*-185 pts*

NM = Not Meaningful

Financial Position Remains Healthy

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Mike Speetzen
Interim CEO

First Quarter 2021 Earnings Results

April 27, 2021

Closing Comments

Retail demand strong across all businesses; anticipated to remain strong

Supply chain's capacity to meet demand expected to remain tight throughout the year

Polaris in strong financial position, poised to outperform; factored in guidance

Advancement towards near and long-term strategic and financial targets continues

Best Team, Best Products and Services in Powersports

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Q&A

First Quarter 2021 Earnings Results

April 27, 2021

Appendix

Q1 2021 Gross Profit Margin – Actual by Segment

Q1 2021 Supplemental Sales & FY 2021 Guidance Update – International & PG&A

Q1 2021 Financial Services Income

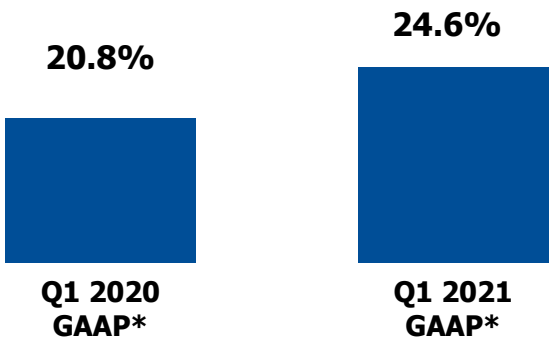
Q1 2021 Non-GAAP Reconciliations

Q1 2021 Non-GAAP Reconciliations – Segments

2021 Guidance Adjustments

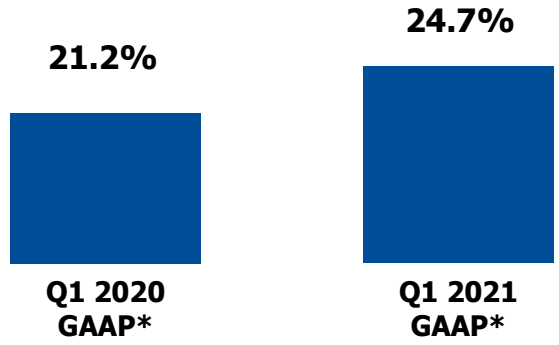
Q1 2021 Gross Profit Margin

Q1 2021 Gross Profit Margin – GAAP



Segments	Q1 2020 GAAP	Q1 2021 GAAP
ORV/Snow	24.5%	26.6%
Motorcycles	-0.8%	4.9%
Adj. Markets	27.4%	26.3%
Aftermarket	22.9%	26.7%
Boats	19.2%	23.4%

Q1 2021 Gross Profit Margin – Adjusted*



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

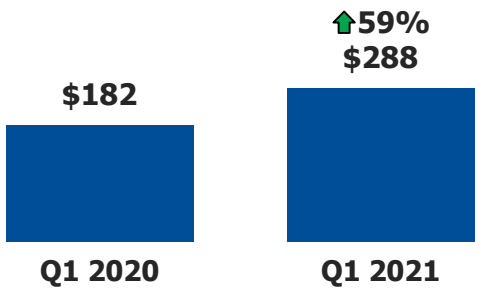
Lower Promotional and Floor Plan Financing Costs Offset Increased Supply Chain Costs

Q1 2021 Supplemental Sales – International & PG&A

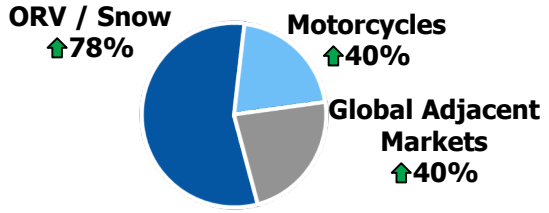
Q1 2021 International Sales

International

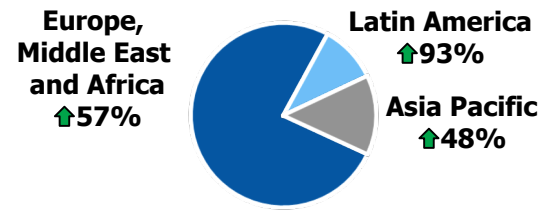
($ millions)



Sales by Segment



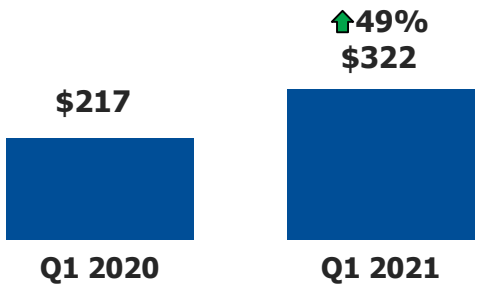
Sales by Region



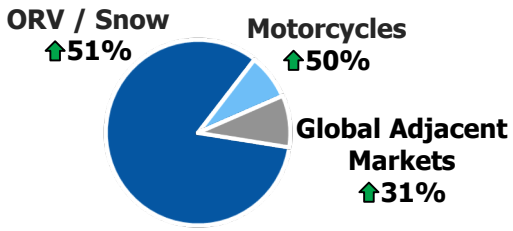
Q1 2021 PG&A Sales

PG&A

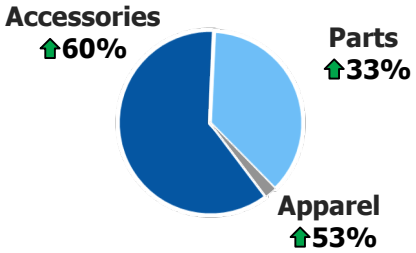
($ millions)



Sales by Segment



Sales by Product

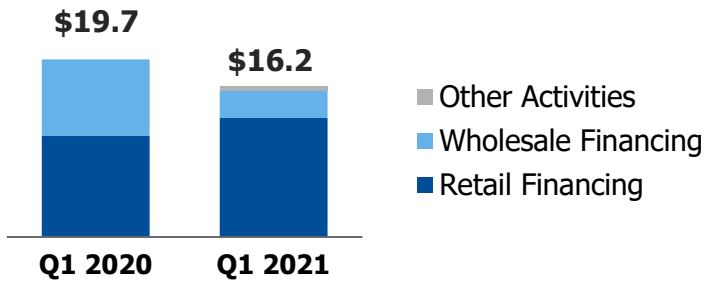


Both International and PG&A Experienced Strong Sales Growth in Q1

Financial Services Arrangements

Financial Services Income by Category

$ in millions



Q1 2021 total income down 18%

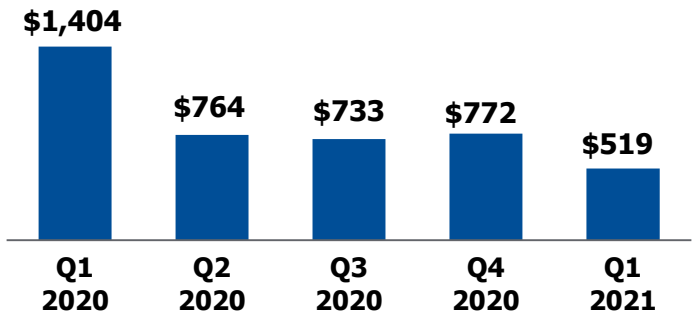
Retail credit income up 13%

Wholesale credit down 67%

Wholesale Credit

$ in millions

Receivable Balance – U.S. Dealers



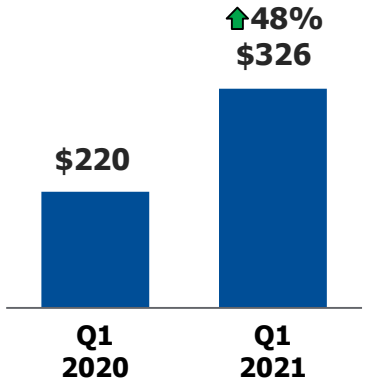
Polaris Acceptance 50/50 joint venture with Wells Fargo

Down 63% 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

Penetration rates lower due to fewer promotional offers; approval rates up.

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

Non-GAAP Reconciliations

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

	Three months ended March 31,	
	2021	2020
Sales	**$ 1,951.1**	**$ 1,405.2**
No adjustment	—	—
Adjusted sales	**1,951.1**	**1,405.2**
Gross profit	**480.5**	**292.9**
Restructuring & realignment (1)	2.2	5.3
Adjusted gross profit	**482.7**	**298.2**
Income before taxes	**175.2**	**(11.6)**
Restructuring & realignment (1)	2.2	11.8
Intangible amortization (2)	8.7	10.0
Class action litigation expenses (3)	4.2	3.2
Adjusted income before taxes	**190.3**	**13.4**
Net income attributable to Polaris Inc.	**134.1**	**(5.4)**
Restructuring & realignment (1)	1.7	9.0
Intangible amortization (2)	6.6	7.5
Class action litigation expenses (3)	3.2	2.5
Adjusted net income attributable to Polaris Inc. (4)	**$ 145.6**	**$ 13.6**
Diluted EPS attributable to Polaris Inc.	**$ 2.11**	**$ (0.09)**
Restructuring & realignment (1)	0.03	0.15
Intangible amortization (2)	0.11	0.12
Class action litigation expenses (3)	0.05	0.04
Adjusted EPS attributable to Polaris Inc. (4)(5)	**$ 2.30**	**$ 0.22**

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 adjustments for corporate restructuring, network realignment costs, and supply chain transformation

(2) Represents amortization expense for acquisition-related intangible assets

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

(4) The Company used its estimated statutory tax rate of 23.8% for the non-GAAP adjustments in 2021 and 2020, except for non-deductible items

Non-GAAP Reconciliations – Segments

(In Millions, Unaudited)	Three months ended March 31, 2021	2020
SEGMENT SALES		
ORV/Snow segment sales	$ 1,232.2	$ 823.7
No adjustment	—	—
Adjusted ORV/Snow segment sales	1,232.2	823.7
Motorcycles segment sales	165.6	126.6
No adjustment	—	—
Adjusted Motorcycles segment sales	165.6	126.6
Global Adjacent Markets (GAM) segment sales	124.8	98.3
No adjustment	—	—
Adjusted GAM segment sales	124.8	98.3
Aftermarket segment sales	229.8	202.1
No adjustment	—	—
Adjusted Aftermarket sales	229.8	202.1
Boats segment sales	198.7	154.5
No adjustment	—	—
Adjusted Boats sales	198.7	154.5
Total sales	1,951.1	1,405.2
Total adjustments	—	—
Adjusted total sales	$ 1,951.1	$ 1,405.2

(In Millions, Unaudited)	Three months ended March 31, 2021	2020
SEGMENT GROSS PROFIT		
ORV/Snow segment gross profit	$ 327.4	$ 201.7
No adjustment	—	—
Adjusted ORV/Snow segment gross profit	327.4	201.7
Motorcycles segment gross profit	8.0	(1.0)
Restructuring & realignment [1]	—	0.7
Adjusted Motorcycles segment gross profit	8.0	(0.3)
Global Adjacent Markets (GAM) segment gross profit	32.9	26.9
No adjustment	—	—
Adjusted GAM segment gross profit	32.9	26.9
Aftermarket segment gross profit	61.3	46.3
No adjustment	—	—
Adjusted Aftermarket segment gross profit	61.3	46.3
Boats segment gross profit	46.4	29.7
No adjustment	—	—
Boats segment gross profit	46.4	29.7
Corporate segment gross profit	4.5	(10.7)
Restructuring & realignment [1]	2.2	4.6
Adjusted Corporate segment gross profit	6.7	(6.1)
Total gross profit	480.5	292.9
Total adjustments	2.2	5.3
Adjusted total gross profit	$ 482.7	$ 298.2

Adjustments:

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

2021 GUIDANCE ADJUSTMENTS

2021 guidance excludes the pre-tax effect of supply chain transformation, restructuring and network realignment costs of approximately $5 million to $10 million, and approximately $5 million to $10 million for class action litigation-related expenses. Intangible amortization of approximately $35 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.











Wide Open



