

27-Oct-2026

Polaris Inc. (PII)

Q3 2026 Earnings Call

CORPORATE PARTICIPANTS

J.C. Weigelt

Vice President-Investor Relations, Polaris Inc.

Michael Todd Speetzen

Chief Executive Officer & Director, Polaris Inc.

Robert P. Mack

Chief Financial Officer & Executive Vice President-Finance & Corporate Development, Polaris Inc.

OTHER PARTICIPANTS

Joseph Altobello

Analyst, Raymond James & Associates, Inc.

James Hardiman

Analyst, Citigroup Global Markets, Inc.

Gerrick L. Johnson

Analyst, Seaport Research Partners

Craig Kennison

Analyst, Robert W. Baird & Co., Inc.

Arpiné Kocharyan

Analyst, UBS Securities LLC

Noah Zatzkin

Analyst, KeyBanc Capital Markets, Inc.

Molly Baum

Analyst, Life Time Group Holdings, Inc.

Andrew G. Didora

Analyst, BofA Securities, Inc.

Anthony Bonadio

Analyst, Wells Fargo Securities LLC

MANAGEMENT DISCUSSION SECTION

Operator: Good day, and welcome to the Polaris Third Quarter 2026 Earnings Conference Call. All participants will be in listen-only mode. [Operator Instructions] After today's presentation, there will be an opportunity to ask questions. [Operator Instructions] Please note this event is being recorded.

I would now like to turn the conference over to J.C. Weigelt. Please go ahead.

J.C. Weigelt

Vice President-Investor Relations, Polaris Inc.

Thank you, Chad. And good morning or afternoon, everyone. I'm J.C. Weigelt, Vice President of Investor Relations at Polaris. Thank you for joining us for our 2026 third quarter earnings call. We will reference a slide presentation today which is accessible on our website at ir.polaris.com. Joining me on the call today are Mike Speetzen, our Chief Executive Officer and Bob Mack, our Chief Financial Officer. Both have prepared remarks summarizing our 2026 third quarter results as well as our expectations for the remainder of 2026. Then, we'll take your questions.

During the call, we will be discussing various topics which should be considered forward-looking for the purposes of the Private Securities Litigation Reform Act of 1995. Actual results could differ materially from those projections in the forward-looking statements. You can refer to our 2025 10-K and our other filings with the SEC for additional details regarding risks and uncertainties. All references to 2026 third quarter actual results and future period

guidance are for our continuing operations and are reported on an adjusted non-GAAP basis unless otherwise noted. Please refer to our Reg G reconciliation schedules at the end of the presentation and at the end of our earnings deck for the GAAP to non-GAAP adjustments.

Now, I will turn the call over to Mike Speetzen. Go ahead, Mike.

Michael Todd Speetzen

Chief Executive Officer & Director, Polaris Inc.

Thanks, J.C. Good morning, everyone, and thank you for joining us. We delivered another strong quarter with results exceeding our expectations and demonstrating that the actions we've taken over the past several years are making Polaris a stronger, more focused and more profitable company. We are the global leader in powersports with leading share in the largest US manufacturing footprint in the industry.

Our portfolio serves all who play and work outside. And today, over half of our sales come from customers who buy their vehicles for work, from farms to ranches to commercial job sites, as well as government agencies and the military. I'm proud of how the Polaris team continues to execute. They've stayed focused and have done a great job navigating a dynamic environment. As a result, our dealer inventory remains healthy. We gained share in ORV for the sixth consecutive quarter and once again we delivered industry-leading innovative products that were launched at our dealer shows in August. While the consumer environment remains dynamic, we continue to focus on what we can control. That focus is driving share gains, translating into stronger operating performance, and we believe positioning us to deliver our full year outlook in mid-cycle targets.

Third quarter reported sales increased 11%, and excluding Indian Motorcycle from Q3 of 2025, sales grew 17%. Sales growth was driven by high-single digit growth in ORV, double-digit growth in PG&A and a high-double digit growth in Commercial, Government & Defense and Marine, as well as over 100% growth in Seasonal. Our growth was driven by growing end markets and share gains in ORV. Strong growth in large capital projects such as data centers, increasing the need for our commercial products. Given the level of infrastructure investment we're seeing, we believe this business has a long runway for growth.

Growing Government & Defense demand supported by increased defense spending across the US, Canada and NATO with US manufactured utility and snow products contributing to that growth. Robust ridership leading to higher parts and accessory sales, meaningful innovation across ORV and Marine and healthy dealer inventory levels which allowed us to ship in snowmobiles ahead of the season. Growth this broad in a soft consumer market shows the strength of our portfolio built for both utility and recreation.

Turning to margins, adjusted EBITDA margin improved 118 basis points to 8.8%. Positive contributors to margins were volume, net price and operational efficiencies. As expected, offsetting these gains were higher commodity costs, driven by elevated prices for steel, diesel, aluminum and logistics. Our lean work in our manufacturing facilities helped offset more than half of the commodity pressure. We also recorded \$10 million in IEEPA tariff refunds and related interest during the quarter. As we did last quarter, we have removed these refunds from our adjusted financial metrics and we'll refer to them as operational adjusted results on today's call in our earnings materials.

Excluding these refunds, our operational performance drove margins higher by approximately 85 basis points. We delivered adjusted earnings per share of \$1.08, which includes the pre-tax \$10 million in tariff refunds. Excluding these tariff refunds, operational adjusted EPS was \$0.95 compared to \$0.41 last year and was well above our expectations.

In July, we noted that our earnings split between the third and fourth quarter could shift with the timing of fall and winter shipments, which is a portion of the Q3 overperformance given higher than expected shipments in snowmobile and utility. This year, with snowmobile dealer inventory in good shape, we shipped a portion of those units in the third quarter to ensure dealers had inventory to meet early season consumer demand. Bob will walk through the details in his remarks.

As a result of our third quarter performance and the momentum we are seeing across the business, we are raising guidance for the third time this year. Excluding tariff refunds, we now expect operational adjusted EPS of \$2.40 to \$2.50, up from our prior guidance of \$2.05 to \$2.15. And while uncertainty remains, October retail is tracking in line with expectations. We still have work ahead of us, but the business is on increasingly solid footing and we remain confident that our focus on innovation, disciplined inventory management and operational execution is positioning Polaris well as we head into 2027.

Moving to our retail performance. Total company retail was flat for the quarter. ORV North American retail was up 2%, outperforming the industry and gaining share for the sixth consecutive quarter. This growth was even more impressive as we were comparing against a very strong third quarter of 2025, where North American ORV retail grew 9% on the heels of a successful FAC Event.

Trends within ORV remain consistent with recent quarters, with utility growing and recreation, seeing pressure from external factors. Because we serve customers who use our vehicles for work as well as for fun, utility growth more than offset softness in more discretionary recreational markets, resulting in ORV retail growth.

ORV utility continues to be the biggest driver for our business as it represents over 60% of Polaris Powersports sales. From the value tier RANGER 500 and Sportsman 500 to the new RANGER cabbed units, the premium NorthStar lines and RANGER XD 1500, we give dealers and customers a broad and innovative utility portfolio. Six straight quarters of share gains reflect that strength.

Additional data points that demonstrate our leadership position in ORV include, this quarter marked our highest third quarter ORV share in the industry since the third quarter of 2019. The RANGER 500 helped our mid-size portfolio of RANGERS gain more than 10 points of segment share in the quarter. Our RANGER cabbed units gained multiple points of share in the quarter and still represent over 50% of our RANGER sales. Cabbed units with comfort features such as AC and heat continue to grow faster than the broader industry. For Polaris specifically, we have seen over 70% growth in utility cabbed units since 2023. We were shipping three new vehicles to dealers in the fourth quarter. The first is the Polaris XPEDITION with Numatix. This is our second generation XPEDITION, while competitors have yet to launch a product that we believe is comparable.

The second is the RZR Pro R Boost, the industry's most powerful side-by-side with a leading 275 horsepower and 223 pound-feet of torque. And third is our new value tier ATV, the Sportsman 500. Our close relationships with dealers is paying off as our survey work reflects an improvement in dealer sentiment over the last two years, with the recent data set showing us tied for the lead.

And finally, our Commercial, Government & Defense businesses deserve mention. Commercial demand is tied to infrastructure and data center construction, and these construction contractors rely on our purpose-built vehicles and our parts support to keep their projects running. In Government & Defense, we're seeing growth across a range of customers and applications supported by increased defense spending across the US, Canada and NATO. These customers buy on government budgets and project schedules rather than on consumer confidence. That gives these businesses a different profile through the cycle than recreation.

A highlight of the quarter for me was attending the ORV and Marine dealer shows and product launches in August. Nothing is more energizing than seeing our dealers overtaken with excitement for our new products. I'm proud of the products we recently launched, but what makes me even more excited is what's ahead. We have a strong pipeline of innovative products planned for the next three to four years, and I believe the best is yet to come.

Turning to Marine, our third quarter pontoon retail was down low-double digits according to the August SSI report. The good news is that we gained pontoon share in the quarter, but it remains a challenging industry. Our intention is to keep innovating, to drive consumer interest and ensure we have an attractive portfolio of pontoons and deck boats when the industry recovers.

We continue to see healthy dealer inventory levels across our portfolio. During the third quarter, we again strategically increased inventory in utility, given the robust growth we're experiencing in this category. We did see a slight increase in ORV recreational inventory associated with the timing of the new Polaris XPEDITION launch, but expect it to be normalized by year end.

We also continue to take the appropriate actions to rightsize dealer inventory in our seasonal business, and we entered the snowmobile season with dealer inventory in the best position in years. In aggregate, dealer inventory was up 3% in the quarter versus last year, and dealer DSOs are slightly over 100 days, which remains well below historic levels. We remain committed to matching shipments to retail, and we expect dealer inventory to end the year in a healthy position relative to retail.

I'm now going to turn it over to Bob to provide you with more details on the financials and the increase to our full year guidance.

Robert P. Mack

Chief Financial Officer & Executive Vice President-Finance & Corporate Development, Polaris Inc.

Thanks, Mike.

The strong momentum we saw in the first half of the year continued into the third quarter and we delivered results well above our expectations across each of our key financial metrics. Sales were up 11% or 17% organically, excluding Indian Motorcycle. As Mike noted, some of the growth came from the earlier timing of vehicle shipments, mainly snowmobiles, which I will walk through shortly. We also saw strong contributions coming from ORV, Commercial, Government & Defense and Marine. Total PG&A sales increased 12%, driven by parts and oil, which we attribute to strong ridership data and strong sales in apparel ahead of the snow season.

We recognized \$10 million of tariff refunds and related interest that was not contemplated in our July outlook. Excluding the refunds, operational adjusted EBITDA margin still increased 85 basis points and operational adjusted EPS was \$0.95 versus \$0.41 a year ago.

Underlying performance was strong in the quarter. In addition, approximately \$0.30 of adjusted EPS shifted from the fourth quarter into the third quarter, primarily due to two timing items. First, we were able to ramp up efficient RANGER production on the new lean line in our Huntsville facility earlier than anticipated. When the line opened in early July we expected the benefits to be more heavily weighted toward the fourth quarter as operators adjusted to the new process. The team progressed more quickly than anticipated, allowing us to capture a greater portion of those shipments in the third quarter.

Second, healthy snowmobile inventory at our dealers allowed us to ship more product ahead of the season than we have historically. These earlier shipments benefit our dealers by providing additional setup time and allowing them to focus on retail execution during the selling season. Although these items affected the quarterly cadence, both reflect positive developments, faster progress on our lean initiatives and healthier snowmobile inventory across our dealer network.

Turning to our segments. Polaris Powersports sales increased 18% year over year with growth across our major product lines. Seasonal, Commercial and Government & Defense delivered particularly strong performances, while ORV also generated high-single digit growth. Overall, it was another strong quarter for the segment. Utility continues to be a key strength and differentiator for Polaris. Our broad RANGER portfolio spans across the value tier through ultra-premium and Extreme Duty products, complemented by our commercial business, where we continue to see strong demand at large job sites such as data centers. Utility products represented approximately 60% of Powersports sales and more than 50% of Powersports sales in the quarter. This mix differentiates Polaris from our – both our direct competitors and the other leisure companies that have greater exposure to discretionary purchases.

Many of our customers rely on our industry-leading products to get work done, whether on a ranch, a farm, a data center project, a general construction site, or at a municipal facility. Powersports PG&A sales were up 19%, driven by factory-installed accessories and oil sales, providing further evidence that customers continue to ride and use our vehicles.

Commercial PG&A revenues were up significantly, bolstered by parts and factory-installed accessories and configurations requested by our commercial customers.

Gross profit margin from operations declined 19 basis points. Positive net price and operational efficiencies partially offset a 190-basis-point headwind from commodities, logistics and tariff costs. As we discussed last quarter, commodities and logistics continued to be one of the more significant year over year pressures in the second half of the year.

Marine sales increased 29%, driven by a richer mix of pontoons led by the [ph] Bennington QX (00:15:13) and Godfrey Sanpan premium lines. Gross margin increased 43 basis points year over year, reflecting favorable mix and operational efficiencies. We expect premium mix to remain a positive contributor through the selling season. Higher commodity costs, particularly aluminum, continued to pressure margins and we expect that headwind to persist, while aluminum prices remain elevated.

Aixam & Goupil sales declined 12%, reflecting our planned reduction in Aixam shipments to better align dealer inventory with retail demand heading into the new year. Gross profit margin declined 47 basis points year over year, primarily due to these lower planned volumes.

Our capital deployment priorities remain unchanged. First, investing in core businesses to drive higher-margin profitable growth. Second, returning capital to shareholders through our dividend. And third, reducing debt.

As we expected, cash generation was strong in the third quarter with operating cash flow of approximately \$382 million as seasonal working capital unwound. We use that cash to reduce total debt by more than \$320 million, mostly by repaying borrowings under our revolving credit facility. Supported by our strong year to date operational performance, we reduced our net leverage ratio from 3.4 times at the beginning of the year to 2 times at the end of the third quarter. We expect to make further progress and exit 2026 with net leverage below 2 times.

We remain confident in our financial position and we continue to take a disciplined approach to capital deployment. We plan to continue to strengthen balance sheet flexibility while managing the business in line with investment grade metrics. We now expect year end working capital to be negative 2% of sales, a 100-basis-point improvement versus prior expectations. We expect working capital reductions to continue into next year as we localize our supply chain in North America, which also reduces our tariff exposure to China.

Moving to guidance, we are raising our full year outlook given our third quarter beat and continued strength across the business. This is the third time we have raised guidance this year demonstrating the consistent operational execution of our teams and the improving earnings power of the business. We now expect full year sales of \$7.55 billion to \$7.60 billion, representing growth of approximately 6% with both ends of the range above our prior guidance. Excluding the sale of Indian Motorcycle in the first quarter, this range reflects approximately 11% organic sales growth at the midpoint.

We expect fourth quarter organic sales to be roughly flat as Q4 retail is expected to be flattish and the shift of snowmobile shipments into the third quarter are partially offset by year over year sales growth in Marine.

We are also narrowing our full year adjusted EBITDA margin outlook to the upper end of our prior range. We now expect adjusted EBITDA margin to increase 270 to 275 basis points. On an operational basis, excluding tariff refunds, we expect margin expansion of approximately 165 to 170 basis points compared with our prior outlook of 145 to 170 basis points.

The primary operational drivers of this year's margin expansion are higher volume, favorable mix and operational efficiencies. These are partially offset by higher commodity and logistics costs, which we expect to be approximately \$70 million higher than last year.

In the fourth quarter, we expect adjusted EBITDA margin to increase by more than 100 basis points, primarily due to the benefit from the Indian Motorcycle separation and positive net price. These benefits will be partially offset by higher commodity and logistics costs.

On tariffs, we still expect to pay approximately \$215 million this year, unchanged from our prior outlooks. This assumes no material change to USMCA or other tariff policies currently in place. The Indian Motorcycle separation remains on track to be accretive by approximately \$50 million to adjusted EBITDA, with the benefit weighted more toward the back half of the year and into January 2027 due to the seasonality of motorcycle sales.

We are also raising full year adjusted EPS guidance to \$3.50 to \$3.60 from \$3 to \$3.10. This includes a \$1.09 from the tariff refunds recorded in the second and third quarters. Excluding tariff refunds, operational adjusted EPS is expected to be \$2.40 to \$2.50 compared with our July 28 guidance revision of \$2.05 to \$2.15. This increase reflects our strong third quarter performance and additional improvement in the underlying business relative to our July expectations.

Our guidance does not include any additional tariff refunds. While we believe there may be opportunities to recover additional amounts, a formal process for the next phase of refunds has not been established. The timing and amount of any further recovery is uncertain, and certain amounts would need to be recovered from suppliers.

Our full year guidance implies fourth quarter adjusted EPS of \$0.32 to \$0.42, reflecting in part the approximately \$0.30 of earnings that shifted from the fourth quarter into the third quarter. We expect fourth quarter earnings to be supported by net price and the separation of Indian Motorcycle somewhat offset by higher commodity and logistics costs.

In closing, our strong third quarter results and increased full year outlook reflect the continued momentum across our business and the disciplined execution of our teams. We are delivering meaningful operational margin expansion, strengthening our balance sheet and positioning the company to exit the year with net leverage below 2 times. While commodity and logistics costs remain headwinds, we are confident in the underlying fundamentals of the business and the actions we are taking to drive further progress in 2027.

With that, I'll turn the call back over to Mike. Go ahead, Mike.

Michael Todd Speetzen

Chief Executive Officer & Director, Polaris Inc.

Thanks, Bob.

Before wrapping up, I want to spend a few minutes on how we're thinking about 2027. While it's still early and we're not providing formal guidance today, there are several factors that give us confidence in the continued progress of the business. First, we expect to maintain the same disciplined approach to dealer inventory that has served us well with production and shipments aligned closely with retail demand. At the same time, we're preparing to bring innovative new products to market across our core businesses while continuing to capitalize on the consumer shift toward cabbed units.

From an operating perspective, we expect commodity costs to be a meaningful headwind given current prices on steel, diesel and aluminum in addition to logistics. But we also see continued opportunities to drive productivity, operational efficiencies and expense leverage to help offset a portion of these elevated costs.

Our manufacturing facilities are currently running at roughly 70% of capacity and we continue to expand lean to improve our efficiency. As volumes recover, that available capacity should provide a meaningful incremental margin opportunity. We also remain focused on executing our tariff mitigation strategy, including meeting our targets of reducing our exposure to China by the end of 2027.

Finally, we expect our improving earnings and cash flow profile to support a healthy balance sheet, and we intend to manage net leverage within our 1 times to 2 times target range. Operating within that range gives us more flexibility to enhance our return of capital to shareholders. So while we're operating in an unsettled macroeconomic world, we believe the actions we have taken over the past several years have put Polaris in a much better position to manage through volatility and drive improved financial performance over the long term.

With one quarter to go, our priorities remain consistent. The overall retail market has played out slightly better than we originally expected. Growth remains volatile, but utility continues to outperform. We had originally called for the retail environment to be flattish year over year, but now expect it to grow low-single digits. And while uncertainty remains in the broader economy, the trends we have seen through the third week of October give us confidence that we can have a strong ending to the year.

We continue to build and ship products at the same pace as retail and expect this strategy to hold true for the foreseeable future. As I noted earlier, we are shipping three important new products this quarter, the RZR Pro R Boost, Polaris XPEDITION with Numatix and the Sportsman 500. Early feedback from dealers and customers has been very encouraging and we believe the Pro R Boost and new XPEDITION can help provide a lift in recreational sales.

We remain ahead of our internal targets regarding our tariff mitigation strategy, with an expected 9% of material cost of goods sold originating from China by year end. This is down from approximately 14% at the beginning of the year. And our ultimate goal is to have these costs below 5% by year end 2027.

Our focus on execution this year drove these results and allowed us to raise guidance for the third time. Our strategy is unchanged and our foundation is stronger. We are a different company than we were five years ago. We are more focused. Our manufacturing facilities are more efficient. Our dealer inventory is healthy, and our portfolio increasingly serves customers who rely our products for work as well as play.

Dealers see the change, as do customers and employees, and increasingly it is showing up in our results. Polaris is the leader in powersports and I am confident we have the strategy, portfolio and operating foundation to deliver higher earnings power and stronger returns over time.

With that, I'll turn the call over to Chad to open the line for questions.

QUESTION AND ANSWER SECTION

Operator: Thank you. We will now begin our question-and-answer session. [Operator Instructions] And the first question will be from Joe Altobello from Raymond James. Please go ahead.

Joseph Altobello

Analyst, Raymond James & Associates, Inc.

Q

Thanks. Hey, guys. Good morning. First question, I wanted to kind of talk about incremental margins for next year, right. If we assume modest unit growth, like, let's say, how do you see incremental margins playing out given all the puts and takes you just laid out, Mike?

Michael Todd Speetzen

Chief Executive Officer & Director, Polaris Inc.

A

Yeah. So – well, first of all, good morning, Joe.

Joseph Altobello

Analyst, Raymond James & Associates, Inc.

Q

Morning.

Michael Todd Speetzen

Chief Executive Officer & Director, Polaris Inc.

A

The incremental margins were pretty heavily impacted in the third quarter. There was obviously a little bit of incremental tariff costs third quarter of last year when tariff costs had really ramped up for us. The third quarter really saw the impact of commodities. And as we mentioned in the prepared remarks, the commodities really have ramped up. And we expect that to be a bit of a headwind as we get into next year.

Now, the good news is we've been making substantial improvements in the business in terms of just how efficient the factories are operating. The team, as I indicated in my prepared remarks, has done a excellent job of pulling content out of China, pulling that supply chain back into North America primarily, which is going to help from a tariff perspective.

It's early for us to make a lot of comments around what we expect incrementals to be going into next year. But I think we've got the business positioned. I mean, it's a bit frustrating because the incremental tariffs, the incremental commodities, those things are eating away at the margins. And I would just remind you that ex the \$215 million of tariffs, our margins would almost be 2 points higher than where they are today. And obviously, Bob can fill in some of the blanks that I skipped over.

Robert P. Mack

Chief Financial Officer & Executive Vice President-Finance & Corporate Development, Polaris Inc.

A

Yeah. Joe, I mean, I think the biggest thing, we'll to lap the tariffs going into next year. And as of right now, we don't expect dramatic changes in the overall tariff load on the company. There's some incremental, some of that is going to be offset by the stuff we've moved out of China. So absent any changes, there is still a 301 investigation out there on excess capacity. I don't think anything will happen with that till after the midterms. But once the terms are over, I think it's pretty tough to predict where that one will go.

But if that doesn't change the picture, I think our tariff picture will be relatively flattish next year as compared to this year. And so the big – the bigger headwind is going to continue to be commodities. And when we say commodities, we include trucking in that because it is a big part of it right now. The line haul side is almost as big as the diesel side with trucking shortages. So, we talked about having about \$50 million of headwind in the second half of 2026. So most of this really ramped up in the back half of the year, it was about \$70 million for the full year. Some of that was offset by hedge.

So as we look at the first half of next year, I think that the commodity headwind is going to be in that \$70 million range. And it's really tough to predict after that. The commodity curves as they sit here today, would show some improvement, particularly in steel and diesel in the back half of the year. But the reality as we watch those curves push out over the last few months, and so we'll just have to see how that goes. A little too early to get into that. But certainly in the first half of the year, I think we'll see less tariff headwind, a little more commodity headwind than we did this year.

Michael Todd Speetzen

Chief Executive Officer & Director, Polaris Inc.

A

And, Joe, the other thing I – it's obviously not related to costs, but it's in critical component. I mean think about the comments that we've made about the utility portion of our portfolio, the exposure we have. If you look at things like the Dodge Momentum Index, the level of construction activity – commercial construction activity isn't anticipated to abate any time soon. And increasingly, our vehicles are being used more and more in that type of environment. And we've got to get a dealer meeting in February of next year. We're also going to have an Investor Day in February of next year – early February of next year.

And if you think about that's on the heels of having a dealer meeting in August where we launched three incredible products. So there's more to come. And I'm convinced with the new products and exposure we have from a utility standpoint. The business is looking at a good environment as we head into next year, despite the fact that discretionary spending pressure still remain and that the rec markets could remain under a little bit of pressure. The balance of our portfolio, I think, really helps out and gives us the opportunity to get more volume through the factories and drive that incremental leverage to help address some of the increasing costs we're seeing that Bob outlined.

Robert P. Mack

Chief Financial Officer & Executive Vice President-Finance & Corporate Development, Polaris Inc.

A

Yeah. The other piece to think about is we've had really good operational performance at the factories. I think the – what happened in Huntsville in the third quarter, we had hedged our bets a little bit coming into the quarter as we implemented a new lean line there. Mike and I have both been down there. The team did just a great job at coming up to speed on that line and getting to some of the highest levels of first-pass yield on vehicles that we've seen. So, we were able to pull a little bit more RANGER into the quarter. We had thought we were going to be pretty tight on RANGER shipments in the quarter and we were able to do a little better than that.

But I think it shows that the benefits that we're getting from lean are real. And, like we've talked about, I mean, we're kind of in the 12th Series time, so we're kind of in the third – third inning-ish of a nine-inning game and so there's a lot more to go. So whether we'll be able to fully offset commodities we'll have to see as we get into budgeting for the full year. But, I expect to see continued improvement on that side also.

Joseph Altobello

Analyst, Raymond James & Associates, Inc.

Q

Very helpful. And just to follow up and somewhat related. Promotion intensity, is that a good guy or a bad guy next year on margins?

Michael Todd Speetzen

Chief Executive Officer & Director, Polaris Inc.

A

Well, I mean, certainly the fact that we continue to keep dealer inventory in a good spot. Retail velocity was up again this past quarter. We were up about 19%. So, we're moving product faster. And I think – I mean, look, we've done a better job of making sure that we've got the right inventory at the dealers. The current/non-current mix is incredibly important. And then, quite frankly having leading innovation takes a significant pressure off from a promotional perspective.

And so, it's early to have a perspective as we head into next year. But certainly we're trying to set the business up through a combination of the innovation and the product mix, as well as just overall dealer inventory levels that we're going to keep promotional pressure abated and hopefully look to continue to drive that down as a percentage of sales.

Joseph Altobello

Analyst, Raymond James & Associates, Inc.

Q

Great. Thank you.

Operator: Thank you. The next question will be from James Hardiman from Citi. Please go ahead.

James Hardiman

Analyst, Citigroup Global Markets, Inc.

Q

Hey. Good morning. I wanted to continue along sort of the same lines as we think about 2027. I think I have all the moving pieces right. Obviously the three biggest would be the commodity and freight inflation, the efficiency that you talked about and then tariffs. It sounds like tariffs are basically going to be a wash, right? The annualization is a bad guy, that lower reliance on China is a good guy and it's a little bit unclear which is going to be bigger at this point, the inflation versus the efficiencies. I guess, A, is that all right – is that all accurate? Because you just gave us a lot in your answer to Joe's questions. But then as I just look at the Street for next

year, which was assuming a lot of growth on a reported basis, and the fact that that we need to be backing out sounds like about \$1.09 of tariff, I guess, do you think you'll be able to grow on a reported basis next year? Obviously, I think you think you can grow on an operating basis, right, ex tariffs. But I'm just trying to understand if the Street expectation is too aggressive as we sit here today.

Michael Todd Speetzen

Chief Executive Officer & Director, Polaris Inc.

A

Yeah. I think – so, James, a couple comments on the tariffs. I mean, I'd remind you there still is a open 301 investigation around excess manufacturing. And so that is an unknown. I think, net of anything happening there, we look at tariffs as kind of a push. I mean, obviously, we're working hard and we're confident with the work that we've got underway to get sourcing out of China. So that will take some tariff cost out.

But obviously we were in China because the costs were less. So we're moving into areas where it's going to cost a little bit more. So I think it's going to probably be a net push when you look at just the tariff – tariff mitigation exclude whatever happens on 301 excess manufacturing.

I do think the estimates are high next year and I think part of that is we know a number of analysts have not backed the IEEPA refunds out and that's obviously a big part of the performance this year in terms of getting the 80-plus million dollars worth of refunds in and the impact that that's had on EPS.

When you talk about can we grow next year from a top line standpoint, obviously, it's early to be giving guidance, but I do feel confident for the factors that I outlined when answering Joe's questions around promo.

We've got some incredible new product in the market that we launched this year that obviously will cycle into next year and then we've got a dealer meeting in February, so that should give you some hints that there's yet more to come. And I think that coupled with our exposure to the utility markets and specifically around some of the commercial construction activity that's going on, I feel good about that growth trajectory.

It's a bit early. Bob gave you some color around the commodity pressure that we're facing. What's tough for us is what's going to happen in the back half of next year from a commodity standpoint. Things could move down as quickly as they came up. A lot of that is going to really depend on what's going on in the broader macro, and it's anybody's guess where we think things are at.

So we're going to continue doing the things that have served us well. We're going to stay focused on everything we can control. We didn't really talk much about it, but in addition to the factories operating better, our quality, we are now either amongst the top, if not the top in powersports from a quality standpoint. And that serves us incredibly well in terms of taking warranty costs down, improving the satisfaction with customers. And you couple that with all the new products and the exposure to the end markets we have, I feel good about the top line as we head into 2027.

James Hardiman

Analyst, Citigroup Global Markets, Inc.

Q

Got it. That's really helpful. And maybe a simpler question that you may or may not choose to answer. But, any color you can give us on, sort of as we think about retail, which our views were up against a really difficult compare last year, maybe just any color on sort of how that went over the course of the quarter? And then you talked about October being in line with expectations. I don't know where your expectations were, but any color there? Obviously, we saw an interest rate hike and consumer confidence seems like it's getting worse, but it doesn't sound like you're seeing much of that in the numbers so far here in October? Thanks.

Michael Todd Speetzen

Chief Executive Officer & Director, Polaris Inc.

Yeah. I mean, think about October in the low-single digits, which is aligned with what we were expecting. I think third quarter was a tale of a different journey. I mean, we started out with a tough July. I think that was probably something that had been talked about more broadly, not just specific to Powersports. And then we picked up momentum as the quarter went on.

I think – the affordability report that you point out, I think kind of sums it up. I mean, the RV space is facing, I think, a different set of challenges. And then quite frankly, the fact that we've got 60% of our portfolio that's really outside of the rec exposure category. And that's not to say that people who buy a RANGER on their farm aren't using it to go hunting and fishing. But the vehicle has multiple uses.

And then when you index that with the commercial construction that's going on and the number of vehicles that we have that are being bought by contractors as well as rental companies that are going into their fleets to support the work that they're doing on a range of projects I think that that puts us in a little bit different position. So we're encouraged with what we've seen in October. And as I said in my prepared remarks, we believe we're set up to have a good, strong end to the year.

James Hardiman

Analyst, Citigroup Global Markets, Inc.

Really helpful. Thanks, Mike.

Michael Todd Speetzen

Chief Executive Officer & Director, Polaris Inc.

You bet.

Operator: Thank you. The next question is from Gerrick Johnson from Seaport Research Partners. Please go ahead.

Gerrick L. Johnson

Analyst, Seaport Research Partners

Great. Thanks. Good morning. Hey, I wanted to dig into the [ph] ships (00:38:39) between the third and fourth quarter. How much – you gave us the bottom line impact, but what was the top line impact of snowmobiles shipping early as well as the RANGER?

And then also in inventory, I would expect seasonal inventory to grow at the dealer level. But on page 5, it looks like it declined. So talk about the dynamics in seasonal inventory and also what inventory would be without snowmobile shipping early in the third quarter?

Robert P. Mack

Chief Financial Officer & Executive Vice President-Finance & Corporate Development, Polaris Inc.

Yeah. So, Gerrick, if you think about the snow and the RANGER timing from a revenue perspective, it's about [ph] split, \$30-ish million (00:39:16) of snow and a little bit more than that of RANGER. So not massive but meaningful.

And like – as we talked about that was really just performance of the factory and then the fact that we had low seasonal inventory. And the reason – the reason inventory dealer inventories down in the quarter is purely seasonal. As we cleaned out a fair number of the old model year sleds kind of earlier this year.

What we saw in the quarter was some growth in RANGER and a little bit in channel fill on the rec side. RANGER because of strong sales and really inventory not growing quite as fast as the sales just because we had to deal with the new line in Huntsville, which again, performed better than we expected. But still we knew we were going to be a little tight on RANGER in the quarter. And then with the channel fill on XPEDITION, starting to ship Boost, that drove a little bit of rec growth, we think that'll level itself out by the time we get to the end of Q4.

Gerrick L. Johnson

Analyst, Seaport Research Partners

Okay, great. So on seasonal, it's the fact that you cleared out way more non-currents than you shipped in currents early leading to...

[indiscernible] (00:40:32)

Michael Todd Speetzen

Chief Executive Officer & Director, Polaris Inc.

Yeah, it's definitely that. And we also – we've also seen SnowCheck pickups at a greater pace than I think we were expecting. We were just with the dealer council last week and they were very appreciative of the fact that we had shipped in early because that allows them to spend time getting the snowmobiles set up, getting them to consumers who've preordered. So, it worked out – it worked out well for us all around.

Robert P. Mack

Chief Financial Officer & Executive Vice President-Finance & Corporate Development, Polaris Inc.

Yeah. I mean – and snowmobile shipping in Q3 is something that kind of the rest of the industry has done for a while. We have not been able to execute to do that the last few years. And I think now we've got our Roseau facility, and the snow team running a lot better. And that allowed us to pull that up and deliver. Like Mike said, that was positively received by the dealers. We still had a pretty small snow build this year with an effort of trying to keep dealer inventory at the right level and really limit the amount of carryovers we have of – into the new model year. So team's executing really well on that side.

Gerrick L. Johnson

Analyst, Seaport Research Partners

Okay. Understood. And just lastly for me. International seems soft, even if you exclude Goupil & Aixam (sic) [Aixam & Goupil] (00:41:44). So why was that underperforming versus North America?

Robert P. Mack

Chief Financial Officer & Executive Vice President-Finance & Corporate Development, Polaris Inc.

Yeah. I think a lot of challenges, obviously a lot of distraction in Europe right now. So the European markets were relatively slow. And then really just a little bit of timing as we get dealer inventory. We're getting more sophisticated about our international dealer inventory and market share and our ability to measure some of that. And so, we've really been focused on taking some of what we learned on the US side and in terms of sales inventory and operations planning, taking that to international and making sure we've got dealer inventory rightsized around the world. So, some of that had a little bit of timing impact in the quarter.

Gerrick L. Johnson

Analyst, Seaport Research Partners

Okay. Great. Thanks, Bob. Thanks, Mike.

Q

Michael Todd Speetzen

Chief Executive Officer & Director, Polaris Inc.

Thanks, Gerrick.

A

Operator: The next question is from Craig Kennison from Baird. Please go ahead.

Craig Kennison

Analyst, Robert W. Baird & Co., Inc.

Hey. Good morning. Thanks for taking my question. Mike, what's the latest on consumer usage trends based on RIDE COMMAND Polaris surveys and other factors?

Q

Michael Todd Speetzen

Chief Executive Officer & Director, Polaris Inc.

Continues to be strong. We continue to see parts consumption, oil consumption, wheels, tires for the vehicles that we can track riding. We're up in the kind of low- to mid-single digits, which is encouraging. And that's building on last year, which – last year was critical because we saw ridership up above pre-COVID levels. So, people are still using the vehicles. We're doing a lot of survey work to talk with consumers, specifically on the rec side. There's a high level of engagement with the product. And in fact, we're seeing even some pickup in accessories, which means the people are hanging on to these things a little bit longer. And I think a lot of it is they're waiting for the right moment to buy. And I think that has to do more with confidence in the economic backdrop as well as just the cost of living between what it costs to put gas in your vehicle, not necessarily our vehicle, but your main driving vehicle, as well as energy costs and groceries, et cetera. Things are just expensive. And so taking on a new higher payment right now, which tends to be the predominant rec customer, it's just not something that that they're leaning in hard to.

A

The good news is we're putting new product out. That new Pro R Boost is an incredible machine. The new XPEDITION is getting incredible reviews relative to how quiet the vehicle is. And the new Sportsman 500 that provides a nice value entry point.

So, we're confident with all the new products we've got coming out. We're going to put enough into the market that could stimulate that rec customer to come back in. It would be helpful to get some help from a macro perspective. But based on where things are at, I'm not expecting that to be a help anytime soon.

Craig Kennison

Analyst, Robert W. Baird & Co., Inc.

Thanks. Do you get data on commercial usage versus consumer usage? And I'm assuming commercial users are much more aggressive with your product and might have a different replacement cycle? So maybe comment on that if you would, please?

Q

Michael Todd Speetzen

Chief Executive Officer & Director, Polaris Inc.

A

It's a very different use case. We're learning as – especially as these vehicles are deployed on projects like data centers. What I can tell you is they're putting an awful lot of miles on them. They're putting even more hours because a lot of these projects are in areas that they'll leave the vehicle running. We've seen that show up in our parts data, as alternator belts and things like that have to be replaced more frequently. The vehicles are used in conditions where they're not able to be washed frequently.

I mean, it's just a whole different use case. And so the vehicles we're watching, what redeployment rates look like, that's when our rental fleet will be pulled back in off of one project and redeployed to another. We don't necessarily have a lot of great data yet on some of the new uses. But these vehicles tend to be out in the market two to three years. If they are salvageable, they tend to be sold for a very, very low price. And they're not a consumer-oriented vehicle, if you will, but most of these vehicles are not redeployed.

So, lot to be learned, and for us, it's just about staying focused on this commercial build out. It looks like it's going to go on for a while, and we're making sure that we've got the product that these consumers are looking for. HVAC tends to be something that has become increasingly more popular, not just having heat, but also having air conditioning in the vehicles. So we're working through making sure that we've got that offering as we move forward.

Craig Kennison

Analyst, Robert W. Baird & Co., Inc.

Thank you.

Q

Michael Todd Speetzen

Chief Executive Officer & Director, Polaris Inc.

You bet.

A

Operator: And the next question will be from Robin Farley from UBS. Please go ahead.

Arpiné Kocharyan

Analyst, UBS Securities LLC

Hi. Good morning. This is Arpiné for Robin. Thanks for taking our question. I wanted to go back to the big picture demand drivers for 2027. You suggested shipments should be aligned with retail as we look into next year. And it sounds like we're now looking at roughly maybe slightly better retail for this year. As you look across the consumer business, does it seem like you should see similar low-single digit improvement and then maybe better shipment than that given commercial business and data center demand and defense budget that seem to be maybe not going down year over year. Anything – any more color on that would be great.

Q

Michael Todd Speetzen

Chief Executive Officer & Director, Polaris Inc.

Yeah. I don't know that we want to start getting into specifics around 2027. I mean, I think I've said an awful lot about our confidence in the products we have. We've effectively got dealer inventory shipments and build aligned this year. So as we head into next year, I don't necessarily see that being a tailwind like it was this year. I think our top line growth will probably be more reflective of what we ultimately see happening from a broader retail, as well as what ultimately happens in the commercial construction. The Dodge Momentum Index is a good gauge of what's expected in the commercial markets. It's not a one for one by any stretch, but it certainly looks encouraging. But we'll have more to say in January when we provide our official guidance on 2027.

A

Arpiné Kocharyan

Analyst, UBS Securities LLC

Q

Okay. Thanks. And it seems like adjusted for tariff refunds for base year this year, you should be able to keep margin flattish [ph] to better (00:48:33) year over year next year. Is that a – if you were to sort of dial down what you were trying to say earlier on margin for 2027, is that a correct conclusion?

Robert P. Mack

Chief Financial Officer & Executive Vice President-Finance & Corporate Development, Polaris Inc.

A

Well, I think tariffs will be generally flat year over year, unless there's a new 301 tariff, which we certainly don't know, and hard to anticipate what that could look like. I think going into the year we're going to have operational efficiencies as a tailwind and commodities as a headwind. It's pretty difficult to say what full year commodities looks like right now, sitting here in October. So, I don't think we're giving a forecast on what margins will look like next year. I think we've given the data we're going to give in terms of the puts and takes, and then we'll update in January once we get closer to the year.

Arpiné Kocharyan

Analyst, UBS Securities LLC

Q

Okay. Thank you.

Operator: Thank you. And the next question will be from Noah Zatzkin from KeyBanc. Please go ahead.

Noah Zatzkin

Analyst, KeyBanc Capital Markets, Inc.

Q

Hi. Thanks for taking my questions. I guess, [ph] first (00:49:37), I think you noted \$0.30 of pull forward into 3Q from 4Q, but you did raise full year operational EPS guidance by \$0.35 at the midpoint. And I think you raised full year sales guidance by \$175 million. So, is the driver of those increases really the low-single digit retail versus flat prior or is there kind of any other...

Michael Todd Speetzen

Chief Executive Officer & Director, Polaris Inc.

A

Yes.

Noah Zatzkin

Analyst, KeyBanc Capital Markets, Inc.

Q

...dynamics there. Okay.

Michael Todd Speetzen

Chief Executive Officer & Director, Polaris Inc.

A

Yeah. Yeah. It really is just – it's the strength in utility. So we – \$0.15 of the Q3 beat lives through and then another \$0.20 in the fourth quarter. And it's largely driven by the strength we've seen utility, the rec side is continued to be a headwind relative to what we expected and – in line with what we expected but on a year-over-year basis.

Noah Zatzkin

Analyst, KeyBanc Capital Markets, Inc.

Q

That's helpful. And then I think some of the tariff noise maybe makes it a bit hard to discern the magnitude of operational efficiencies in the results. So wondering if you could help quantify or maybe provide some color around the structural benefits this year and how you're thinking about the remaining opportunity there? Thanks.

Michael Todd Speetzen

Chief Executive Officer & Director, Polaris Inc.

A

Well, I mean, just think about the fact that our margins would be almost 2 points higher than where they are today if we didn't have tariffs sitting in there. And so it's a meaningful impact. And even the commodities are a pretty substantial drag right now. And we're not seeing necessarily the benefit from a foreign exchange perspective. There is some benefit, but not anywhere near the magnitude of what we're dealing with the commodities. And, look, we could sit here and adjust those out and feel great about our results all day long. But the reality is they are here and we're dealing with them.

So Bob mentioned it, the work we've done in Huntsville, the work we're doing in Monterrey we're transitioning engines out of Wisconsin both to Osceola and down to Mexico. That work is going well. The focus that the team has around making sure that we've got first-pass yield coming out of our factories. It's not to say we don't have issues come up, but the level of performance is like I've never seen come out of this company before. And so we're going to keep working that because we can control those far better than I can do anything about commodities.

Bob and his team do what they can to hedge, but that only ultimately dampens the volatility. You ultimately end up getting caught up eventually with what's going on in the current markets. And unless we see some sort of resolution that drives oil down, I don't expect that to change anytime soon, which is further to the comments Bob made around the first half headwinds that we think we have. But we're going to keep working all the operational activity. And I think the sheer fact that we've pulled China content down, from 14% down to 9% and we're on a glide path to be below 5% within a two-year time period, speaks to the capability we've developed inside the company from a supply chain standpoint. So, our teams are working hard and we're going to do everything we can to get the cost out.

Noah Zatzkin

Analyst, KeyBanc Capital Markets, Inc.

Q

Thank you.

Operator: The next question will be from Molly Baum from Morgan Stanley. Please go ahead.

Molly Baum

Analyst, Life Time Group Holdings, Inc.

Q

Hi. Thanks for taking our questions. The first one I wanted to ask is just on the competitive landscape. You've now seen six straight quarters of share gains. But are you seeing – or would you call it any notable changes in the competitive landscape heading into 2027? Whether it's from a pricing standpoint or are you seeing competitors push further into value or commercial where you've been seeing a lot of success? Thanks.

Michael Todd Speetzen

Chief Executive Officer & Director, Polaris Inc.

A

I wouldn't say we've seen any huge shifts. I think the – there's a lot more responsible acting today than there was, say, a couple years ago. We don't see the massive discounting and wholesaling. I mean, there's still some of that activity going on. But we and the number two player in the industry who make up – between the two of us – 60%,

both have inventory in a good spot. And I think we're hearing the dealers play back to us that, that that's putting pressure on the others to do the same. But really, we haven't seen anything from a promo standpoint.

I do think you're seeing a lot of competitors follow the steps we're making from a product standpoint, and we're just going to continue to lead. That's what we do as the leader in powersports and leaves the field wide open for us to drive new product development.

Molly Baum

Analyst, Life Time Group Holdings, Inc.

Got it. That's helpful. And off of that and I don't want to front-run the Investor Day too much, but where would you say you're prioritizing in innovation from a new product standpoint over the next few years? Is it more on the value side, the commercial side? I know you mentioned cabbled units as well, or is it kind of across the board?

Michael Todd Speetzen

Chief Executive Officer & Director, Polaris Inc.

Yes. Well, I mean...

Molly Baum

Analyst, Life Time Group Holdings, Inc.

Fair enough.

Michael Todd Speetzen

Chief Executive Officer & Director, Polaris Inc.

...I mean, we – we'll talk obviously more at the Investor Day. But I mean, we've really honed our focus as a company over the past several years, and we've got cycles within the business. But yeah, we have some really – we have some cool stuff coming. We're excited and looking forward to February.

Molly Baum

Analyst, Life Time Group Holdings, Inc.

Got it. We are as well. Thanks so much.

Michael Todd Speetzen

Chief Executive Officer & Director, Polaris Inc.

Thank you.

Operator: And the next question is from Andrew Didora from BofA. Please go ahead.

Andrew G. Didora

Analyst, BofA Securities, Inc.

Hi. Good morning, everyone. I guess, Mike, a lot of questions on 2027 margins at this point, but I guess when we think of take a step back and think about kind of medium term margin potential and like kind of the current state of tariff world, how do you think about the margin potential of the business?

And then, again, to maybe to set the 2026 baseline, because I think there are a lot of moving parts in terms of sale of Indian, tariff refunds, TSAs, et cetera. [ph] Aren't like (00:55:48) normalized EBITDA margins this year

closer to 7.5% and that's what we should base our 2027 estimates on, or you thinking about that differently?
Thanks.

Michael Todd Speetzen

Chief Executive Officer & Director, Polaris Inc.

A

Yeah. I mean, look, we're – I don't want to start trying to throw numbers out. We got a lot of math to go work on and do. We're going to – in this year at about 8.5% EBITDA. And if you were to factor out the tariffs, both the IEEPA refunds as well as the ongoing tariffs that we're dealing with, I mean, the EBITDA margins are up around 10% operationally, organically, if you will. So we're certainly on a good path relative to the mid-cycle targets. The tariff headwind is a bit frustrating. We're doing everything we can to work through that, that's obviously going to delay things a little bit as we work through resourcing to get the tariff load down as well as then value engineer to get the incremental cost from the new supplier out.

But we feel good. I mentioned it that we're working hard. We think with – the setup of the business is good for the mid-cycle targets. And then obviously when we are with everybody in February, we'll provide a little bit more context.

One of the things that Bob and I want to make sure we do is walk analysts through how we get from where we are today up into that mid-teens EBITDA range and the series of things that need to occur for us to get there and the confidence level we have around that. We'll have more to share when we get to that February meeting.

Robert P. Mack

Chief Financial Officer & Executive Vice President-Finance & Corporate Development, Polaris Inc.

A

Yeah. I mean to Mike's point, we certainly have an ongoing tariff headwind. Hopefully that's stable for next year, although we certainly don't control that. But we are controlling what we can, moving stuff out of China. Also there's things that have to move out of Southeast Asia as that's the kind of the next highest level of tariffs. So, we continue to focus on that.

The other piece, so that stuff happens, we've got to work the cost down. I mean, there's a reason everybody was buying stuff in China, it was cheaper. So you don't get as much of an immediate benefit of – from the tariff relief as you would expect, because some of it's offset with higher cost. It just takes some time work those costs down.

But the positive thing and if you think about it going further into the future, anything we're designing today and we have such a high degree of innovation we're designing it with those new suppliers from the start. So as new products continue to roll out over the next few years you'll have less of that impact of stuff moving from one supplier to a new supplier. We'll have started it with a North American supplier. So, I feel like that's going to give us some tailwind as we get further out. But that stuff takes some time.

So I think overall positioned well, I think as Mike said we'll be kind of at an 8.5-ish range for the full year. And I think that's a good place to build from.

Andrew G. Didora

Analyst, BofA Securities, Inc.

Q

Got it. Helpful color. I'll leave it there. Thanks.

Michael Todd Speetzen

Chief Executive Officer & Director, Polaris Inc.

A

Thanks.

Operator: And the next question is from Anthony Bonadio from Wells Fargo. Please go ahead.

Anthony Bonadio

Analyst, Wells Fargo Securities LLC

Q

Yeah. Hey, guys. Thanks for taking our questions. So just on commodities real quick, I know there's a lot of uncertainty, but just thinking about 2027, that seems like a key variable. Can you just talk about the timing of hedging? And I guess if things were to improve, how much is locked in versus how much you benefit and just vice versa if things remain challenged?

Robert P. Mack

Chief Financial Officer & Executive Vice President-Finance & Corporate Development, Polaris Inc.

A

Yeah. I mean, we typically try to be about 50% hedged as we go into the year. We are not there yet. And obviously we're looking at what the commodity curves look and we'll make those decisions as we see that unravel through the fourth quarter and into the early part of next year. It's not a hard and fast rule. We try to look at what the market's telling us is going to happen. It's just right now it's just difficult. You look at the steel curves and the diesel curves and they started to look better in the second half of last year, but they have pushed quite a bit over the last couple months.

And so we'll continue to pay attention to that and see how that looks, and that will drive how deeply we decide to hedge. But it's – the opportunity if we see decreases in commodities, is really going to be more in the back half of the year. As you think about the first half of the year between the hedges that are in place and the fact that we're already buying inventory, that will roll through COGS next year, your opportunity to impact the first half starts to really decrease as you get into the end of this year.

Anthony Bonadio

Analyst, Wells Fargo Securities LLC

Q

All right. I'll leave it there and thanks, guys.

Operator: And ladies and gentlemen...

Robert P. Mack

Chief Financial Officer & Executive Vice President-Finance & Corporate Development, Polaris Inc.

A

Thank you.

Operator: ...this concludes today's question-and-answer session and thus concludes today's call. We thank you for joining Polaris' third quarter earnings conference call. At this time, you may now disconnect your lines. Take care.

Disclaimer

The information herein is based on sources we believe to be reliable but is not guaranteed by us and does not purport to be a complete or error-free statement or summary of the available data. As such, we do not warrant, endorse or guarantee the completeness, accuracy, integrity, or timeliness of the information. You must evaluate, and bear all risks associated with, the use of any information provided hereunder, including any reliance on the accuracy, completeness, safety or usefulness of such information. This information is not intended to be used as the primary basis of investment decisions. It should not be construed as advice designed to meet the particular investment needs of any investor. This report is published solely for information purposes, and is not to be construed as financial or other advice or as an offer to sell or the solicitation of an offer to buy any security in any state where such an offer or solicitation would be illegal. Any information expressed herein on this date is subject to change without notice. Any opinions or assertions contained in this information do not represent the opinions or beliefs of FactSet CallStreet, LLC. FactSet CallStreet, LLC, or one or more of its employees, including the writer of this report, may have a position in any of the securities discussed herein.

THE INFORMATION PROVIDED TO YOU HEREUNDER IS PROVIDED "AS IS," AND TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, FactSet CallStreet, LLC AND ITS LICENSORS, BUSINESS ASSOCIATES AND SUPPLIERS DISCLAIM ALL WARRANTIES WITH RESPECT TO THE SAME, EXPRESS, IMPLIED AND STATUTORY, INCLUDING WITHOUT LIMITATION ANY IMPLIED WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, ACCURACY, COMPLETENESS, AND NON-INFRINGEMENT. TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, NEITHER FACTSET CALLSTREET, LLC NOR ITS OFFICERS, MEMBERS, DIRECTORS, PARTNERS, AFFILIATES, BUSINESS ASSOCIATES, LICENSORS OR SUPPLIERS WILL BE LIABLE FOR ANY INDIRECT, INCIDENTAL, SPECIAL, CONSEQUENTIAL OR PUNITIVE DAMAGES, INCLUDING WITHOUT LIMITATION DAMAGES FOR LOST PROFITS OR REVENUES, GOODWILL, WORK STOPPAGE, SECURITY BREACHES, VIRUSES, COMPUTER FAILURE OR MALFUNCTION, USE, DATA OR OTHER INTANGIBLE LOSSES OR COMMERCIAL DAMAGES, EVEN IF ANY OF SUCH PARTIES IS ADVISED OF THE POSSIBILITY OF SUCH LOSSES, ARISING UNDER OR IN CONNECTION WITH THE INFORMATION PROVIDED HEREIN OR ANY OTHER SUBJECT MATTER HEREOF.

The contents and appearance of this report are Copyrighted FactSet CallStreet, LLC 2026 CallStreet and FactSet CallStreet, LLC are trademarks and service marks of FactSet CallStreet, LLC. All other trademarks mentioned are trademarks of their respective companies. All rights reserved.