



POLARIS

Fourth Quarter & Full Year 2020 Earnings Results

January 26, 2021





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; impact of changes in Polaris stock price on incentive compensation plan costs; foreign currency exchange rate fluctuations; environmental and product safety regulatory activity; effects of weather; commodity costs; freight and tariff costs (tariff relief or ability to mitigate tariffs); changes to international trade policies and agreements; uninsured product liability claims; uncertainty in the retail and wholesale credit markets; performance of affiliate partners; changes in tax policy; relationships with dealers and suppliers; and the general overall economic, social and political environment. Investors are also directed to consider other risks and uncertainties discussed in documents filed by the Company with the Securities and Exchange Commission. The Company does not undertake any duty to any person to provide updates to its forward-looking statements.

The data source for retail sales figures included in this presentation is registration information provided by Polaris dealers in North America compiled by the Company or Company estimates and other industry data sources. The Company must rely on information that its dealers supply concerning retail sales, and other retail sales data sources related to Polaris and the powersports industry, and this information is subject to revision. Retail sales references to total Company retail sales includes only ORV, snowmobiles and motorcycles in North America unless otherwise noted.

This presentation contains certain non-GAAP financial measures, consisting of "adjusted" sales, gross profit, income before taxes, net income and net income per diluted share as measures of our operating performance. Management believes these measures may be useful in performing meaningful comparisons of past and present operating results, to understand the performance of its ongoing operations and how management views the business. Reconciliations of reported GAAP measures to adjusted non-GAAP measures are included in the financial schedules contained in this presentation. These measures, however, should not be construed as an alternative to any other measure of performance determined in accordance with GAAP.

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



POLARIS

Mike Speetzen
Interim CEO

**Fourth Quarter & Full Year
2020 Earnings Results**

January 26, 2021





Q4 sales up 24%; full year sales up 4%

Sales accelerated throughout the year

Adjusted EPS finished at all-time highs

Full year adjusted* earnings up 22% to \$7.74 per share

New customer growth unprecedented given social distancing protocols

Realized market share gains in ORV, Snow and Motorcycles in Q4

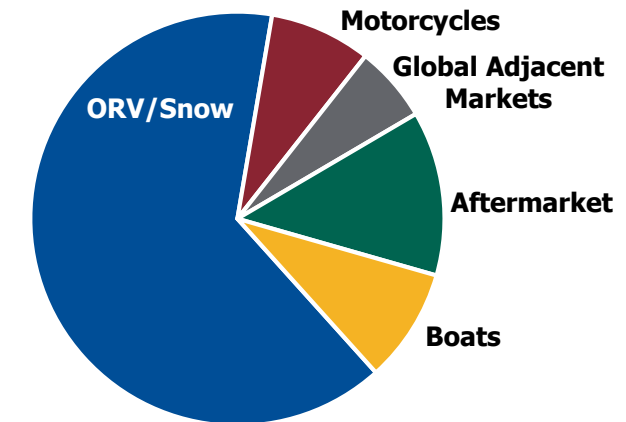
Plant capacity held back by supply chain constraints

Dealer inventory at lowest levels in decades

International operating performance exceeded Company expectations

Full Year 2020 Sales

\$7.028 Billion



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

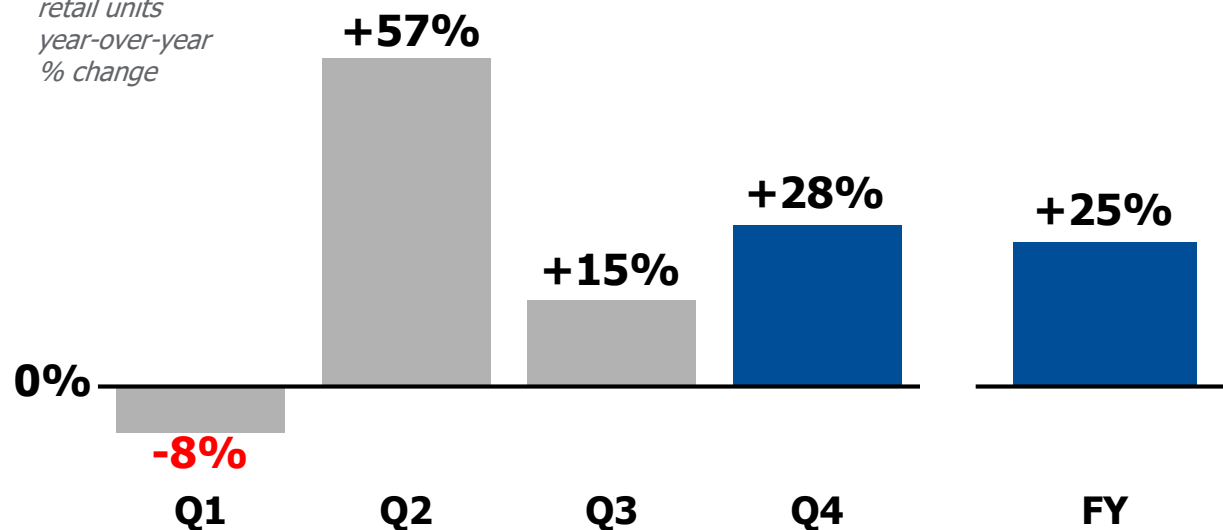
2020 Finished Strong Through Unprecedented Crisis

Q4 2020 North American Powersports Retail Sales



2020 Polaris North American Retail by Quarter⁽¹⁾

retail units
year-over-year
% change



Polaris Q4'20 N.A. retail up 28%

Strong retail driven by all businesses

N.A. powersports industry retail up low-twenty % in Q4

ORVs up high-twenties %; motorcycles down low-single digits %; snow up mid-teens %

Boats SSI⁽³⁾ industry up high-fifty % in Q4

Polaris pontoon retail sales in-line with industry

Q4'20 Polaris Retail Sales by Business



Off-Road Vehicles ↑ low-thirties %

Side-by-Sides ↑ high-thirties %

ATVs ↑ high-teens %



Motorcycles ↑ high-thirties %

Indian ↑ low-thirties %



Slingshot ↑ mid-seventies %



Snowmobiles ↑ low-twenties %



Boats⁽²⁾ ↑ low-fifties %

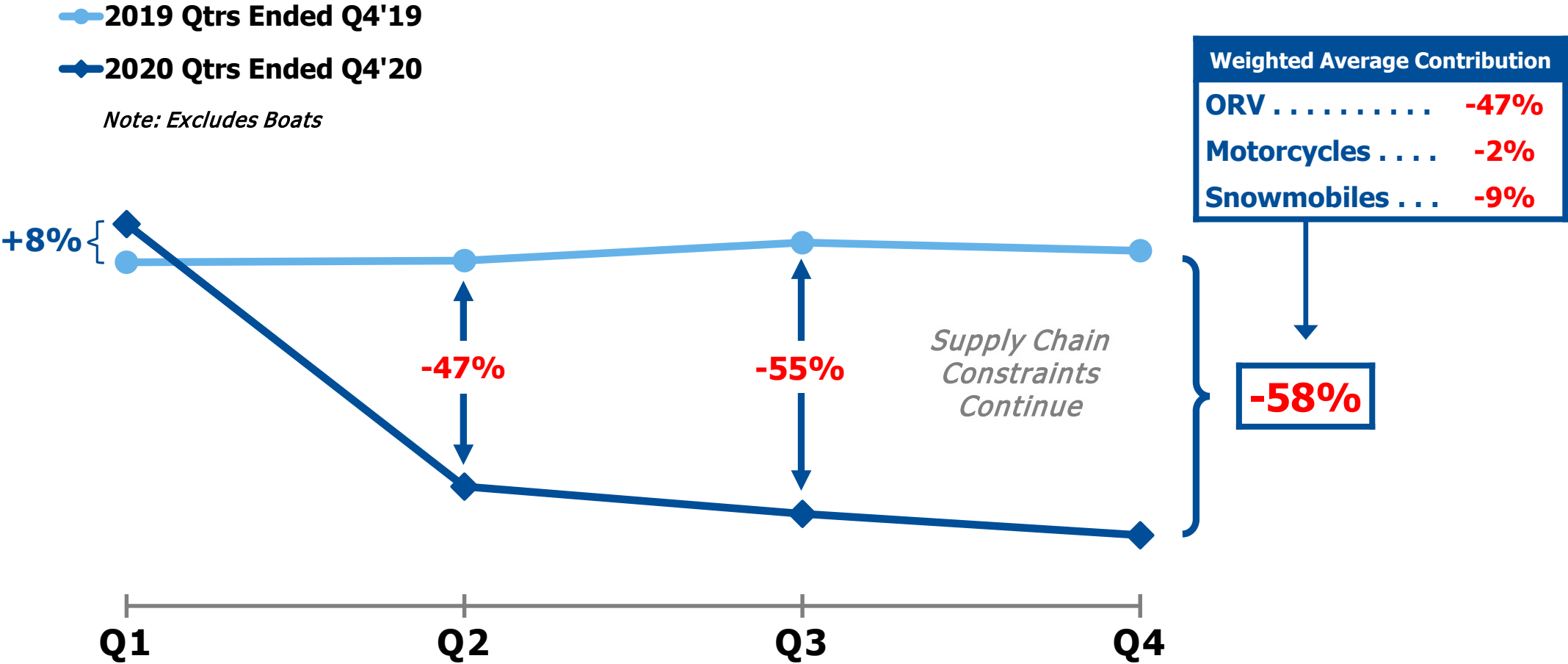
⁽¹⁾ Pontoons not included in Total Company retail sales or Powersports Industry

⁽²⁾ Pontoons only

⁽³⁾ Preliminary SSI data, pontoons only, subject to change

Retail Demand Remained Strong During Q4; Product Availability Improved

North American Dealer Inventory



Dealer Inventory Levels Significantly Below Targeted Levels

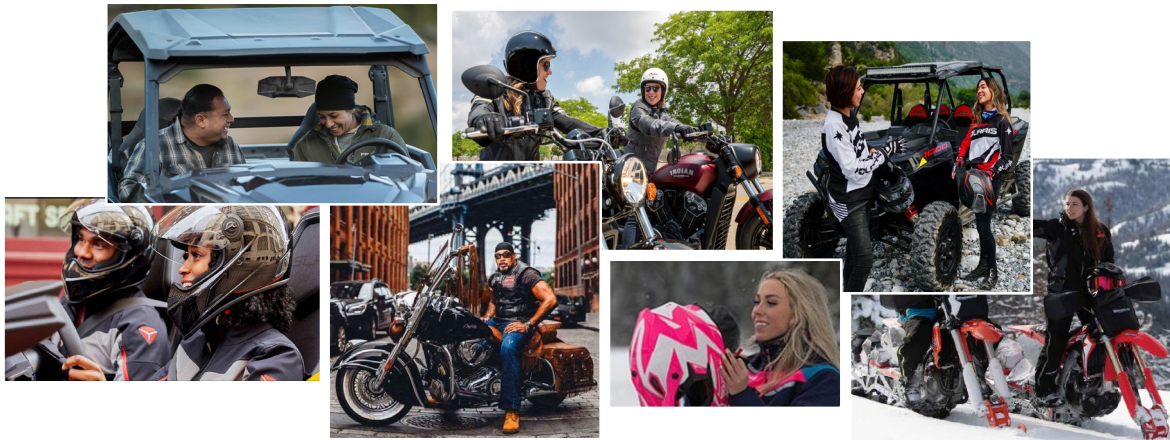
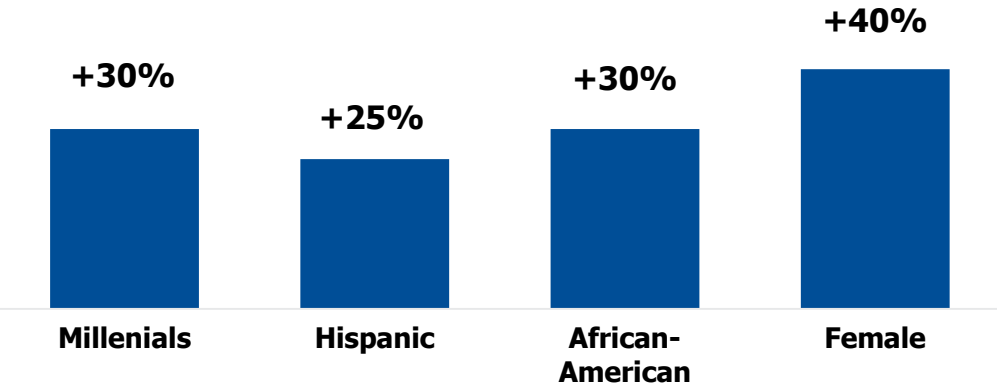
Polaris New Customer Demographics



N.A. Customer Growth FY 2020

~700,000

New Customers Added in 2020







Polaris Adventures



~270,000 Rides

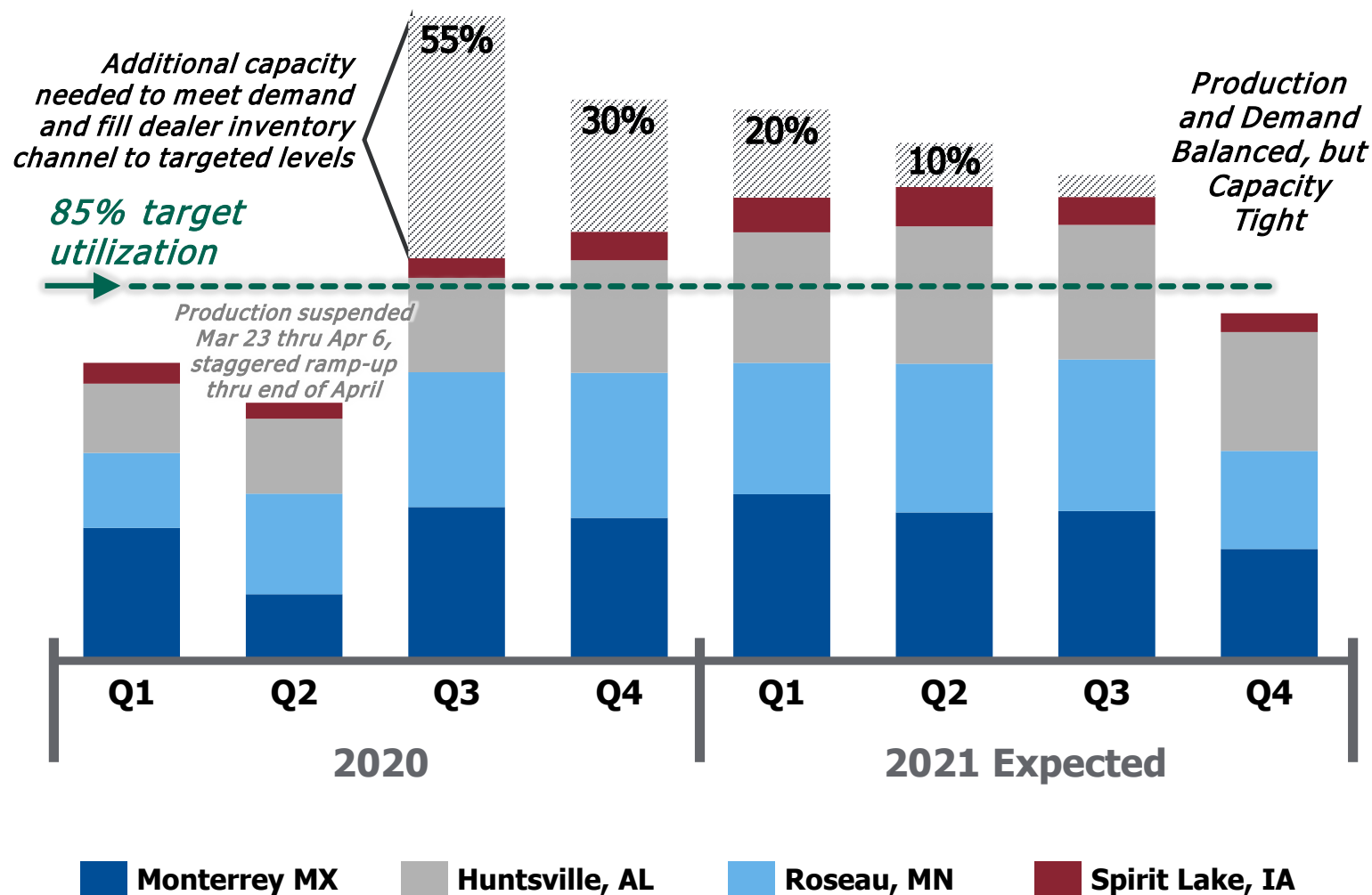
Completed at over 160 Adventure locations in 2020

			
ORV	Slingshot	Indian	Snow
~217,000 Rides	~35,000 Rides	~1,100 Rides	~15,000 Rides



New Customer Demographics Drove Significant Growth in 2020

Polaris Manufacturing Capacity Utilization



Plants producing above target levels

Quality remaining high

Supply chain constraints expected to continue into second half

Reviewing alternative sources where practical

Logistical costs expected to remain elevated through Q4

Expediting expected to ease in 2H

Record Production Projected to Meet Demand and Fill Channel in 2H 2021

New Product Introductions



Off-Road Vehicles 10 New / ~85 Total Models



Snowmobiles 19 New / ~80 Total Models

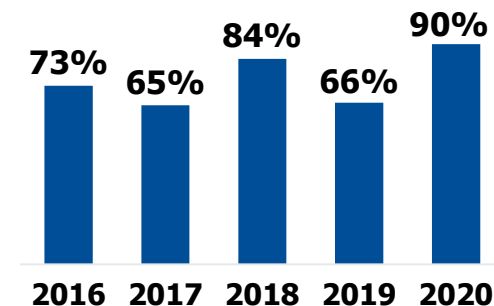


Motorcycles 10 New / ~25 Total Models



Innovation Vitality Index

Percentage of sales from products introduced in the past 3 years



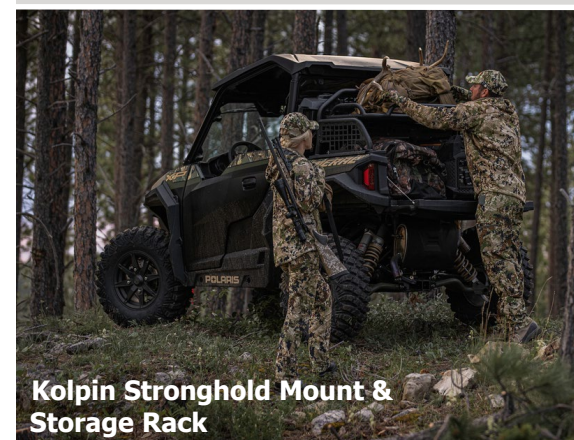
Boats 67 New / ~550 Total Models



Global Adjacent Markets 17 New / ~85 Total Models

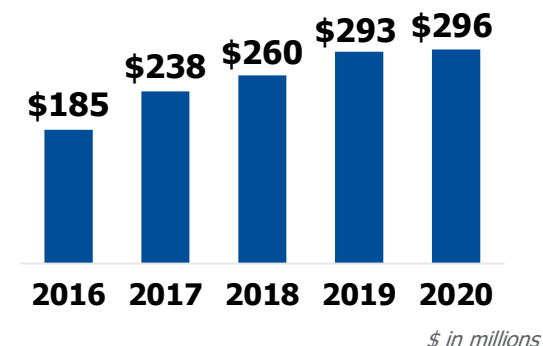


Aftermarket / PG&A 935 New / ~15,000 Total Accessories



Research & Development

78% growth over past 5 years
5-Year CAGR = 12%



Product Innovation Remains a Competitive Advantage



Maintain the Health & Safety of Employees

Deliver on Financial Plan

Bring Dealer Inventory Up to Optimal Levels

Execute on Strategic Initiatives: Quality, Digital, Electrification

Focused Execution to Deliver on Strategic, Operational and Financial Objectives



POLARIS

Bob Mack
SVP & Interim CFO

**Fourth Quarter & Full Year
2020 Earnings Results**

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Q4 & FY 2020 Financial Results

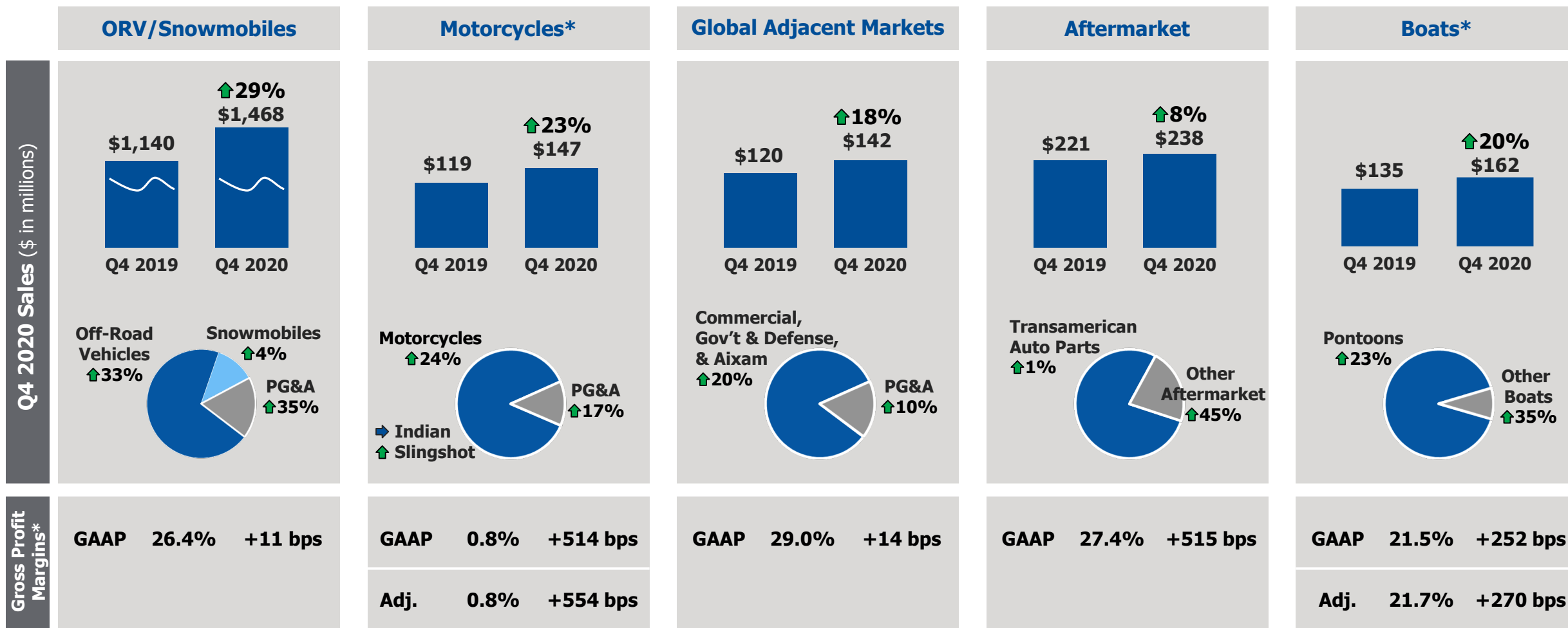


Sales		Net Income		Earnings Per Share		
\$ in billions		\$ in millions				
GAAP YoY % Chg.	Q4 '20	FY '20	Q4 '20	FY '20	Q4 '20	FY '20
	↑24% \$2.156B	↑4% \$7.028B	↑101% \$199M	↓61% \$125M	↑99% \$3.15	↓62% \$1.99
ADJUSTED* YoY % Chg.	Q4 '20	FY '20	Q4 '20	FY '20	Q4 '20	FY '20
	↑24% \$2.156	↑4% \$7.025	↑84% \$211	↑23% \$485	↑83% \$3.34	↑22% \$7.74

*See GAAP/Non-GAAP Reconciliation in Appendix

Driven by Strong Sales & Expense Containment

Q4 2020 Segment Sales & Gross Profit Margins



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

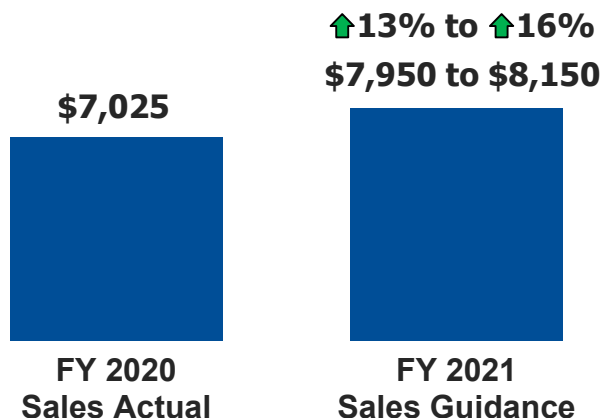
All Segments Experienced Sales Growth Sales During the Quarter

Full Year 2021 Sales & EPS Guidance*



Total Company Adjusted* Sales Guidance

\$ in millions



FY powersports market down from unprecedented 2020 levels

Polaris retail sales anticipated to outpace overall market

Supplemental:

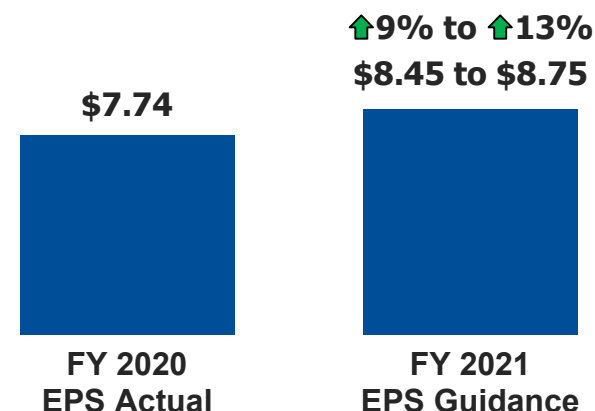
PG&A sales expected up mid-single digits %

International sales expected up double digits %

Dealer inventory improves, but remains below optimal levels

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

Adjusted* Earnings Per Share Guidance



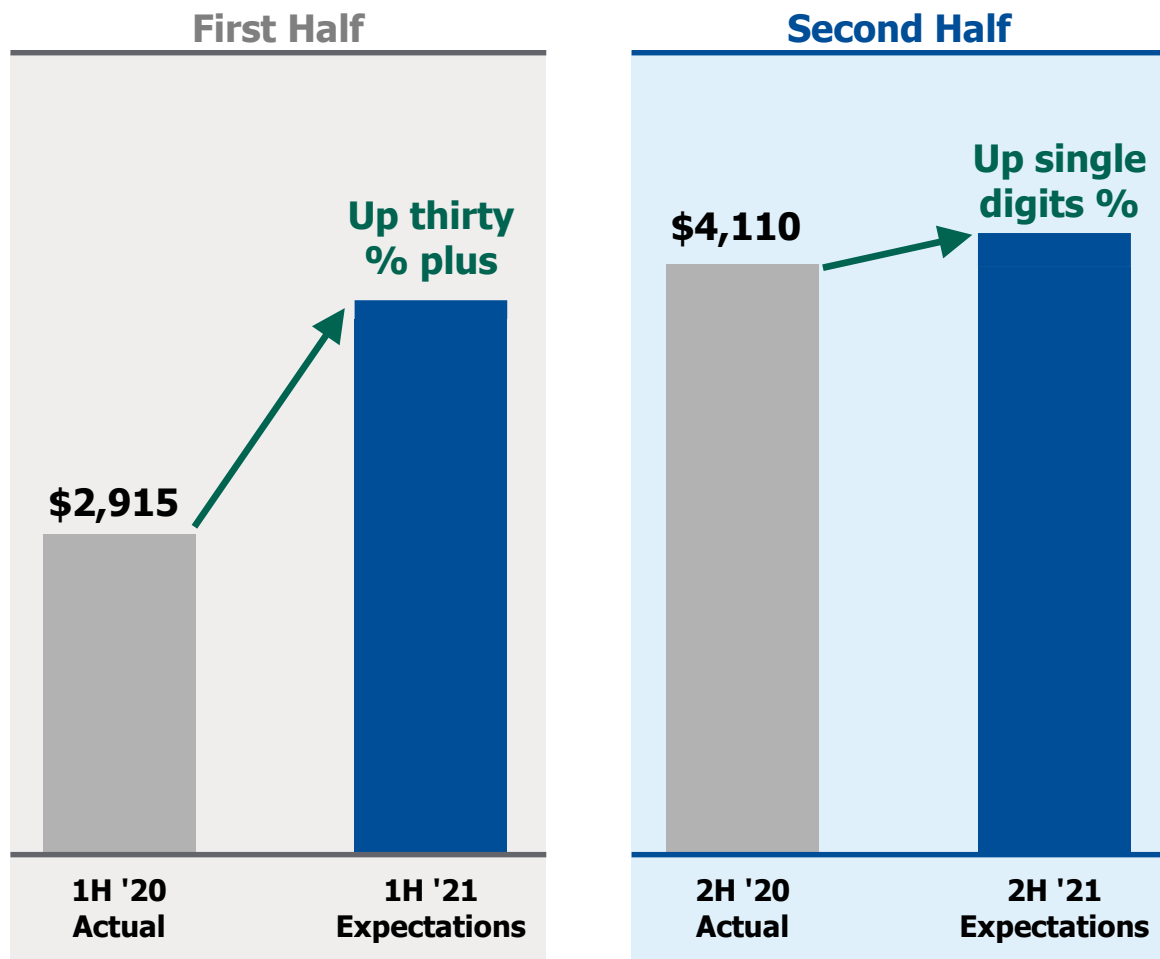
Change from FY 2020	
Gross Margins	<i>Up slightly</i>
Operating Expense	<i>About flat as a % of sales</i>
Financial Services	<i>Down mid-single digits</i>
Interest Expense	<i>Down twenty %</i>
Tax Rate	<i>23.5% to 24.0%</i>
Diluted Share	<i>Up ~ 1%</i>
F/X Impact	<i>Positive</i>
Tariffs	<i>Higher due to expiration of exemptions/refunds</i>

Record Sales & Adjusted* EPS Expected

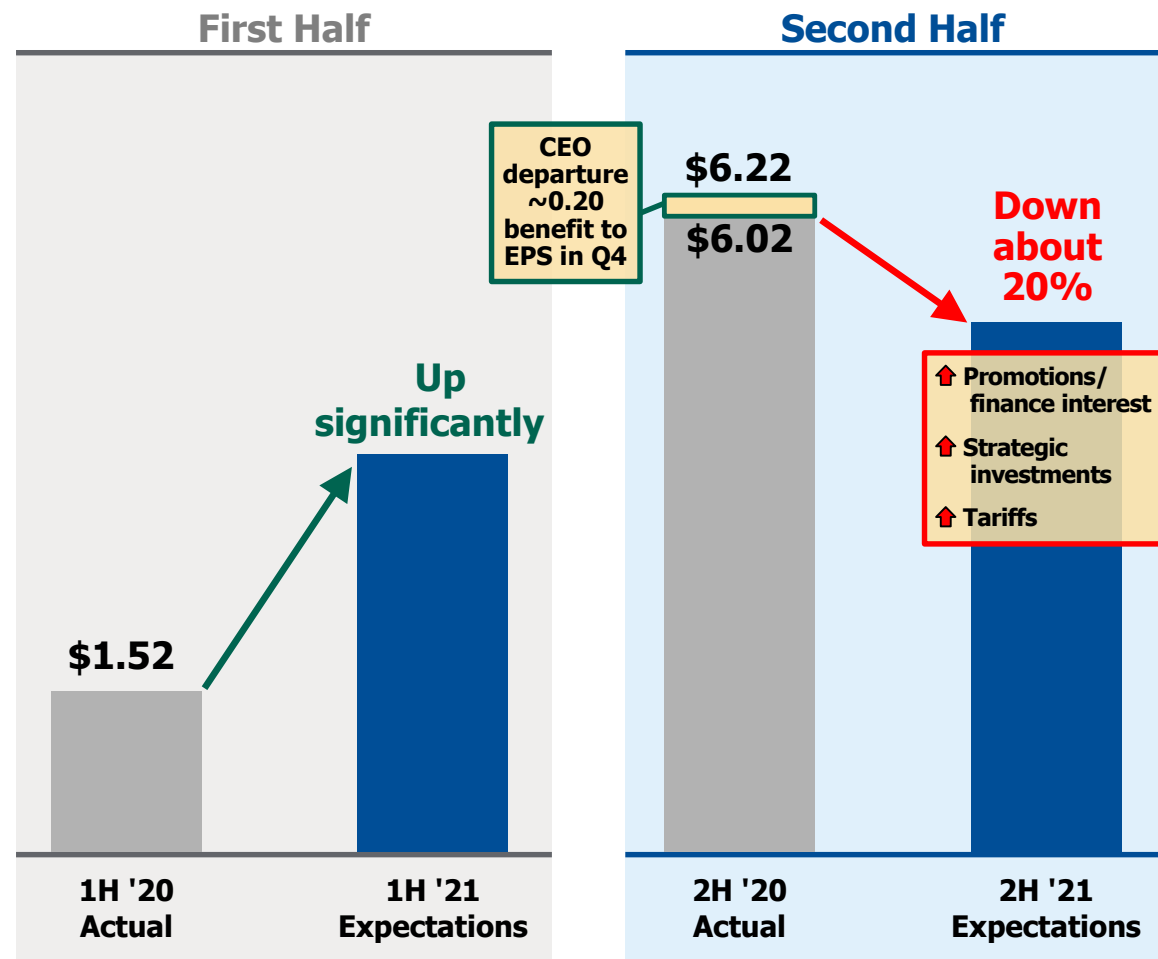
2021 Expected Sales & Adjusted Earnings Cadence



Sales



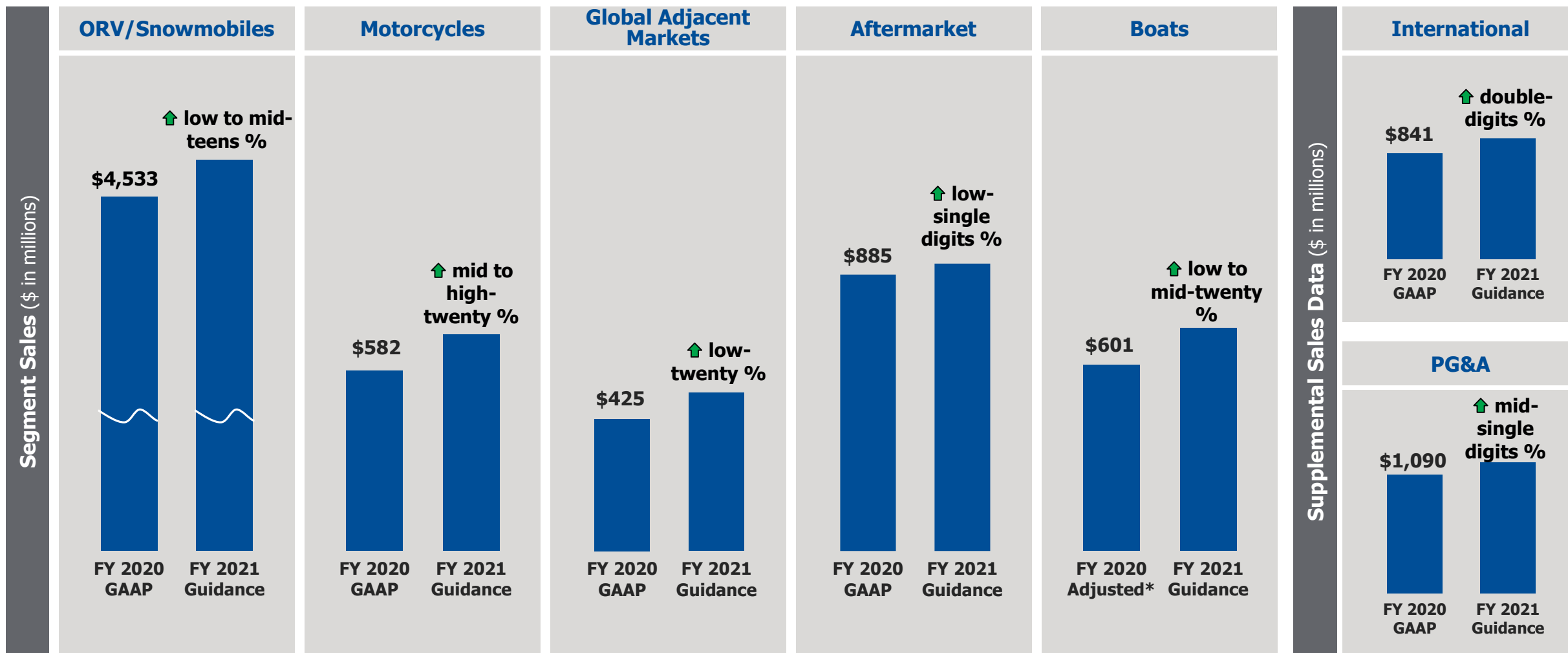
Adjusted* Earnings Per Share



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

Due to 2020 Pandemic Impact, First Half 2021 Expected to be Significantly Better Year-Over-Year

Full Year 2021 Sales Guidance by Segment



*See GAAP/Non-GAAP Reconciliation in Appendix

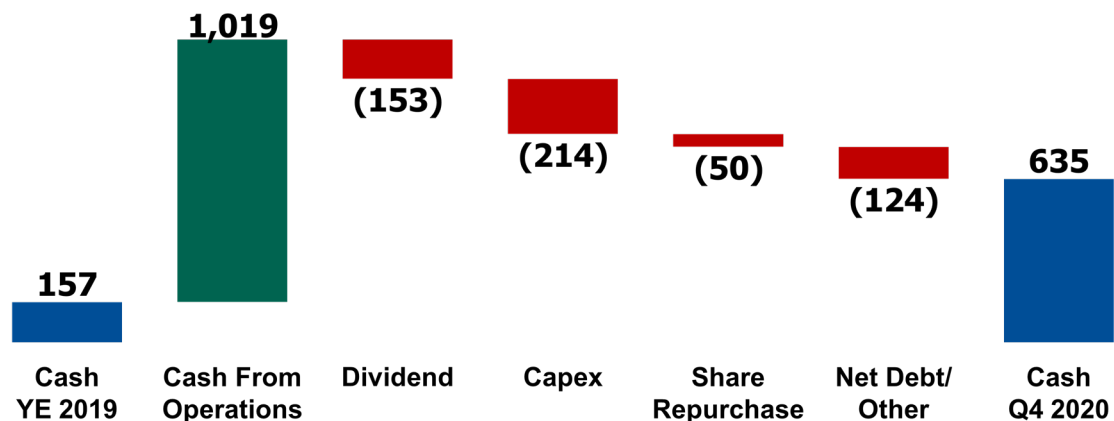
All Segments Expected to Grow in 2021

Financial Position & Liquidity Profile



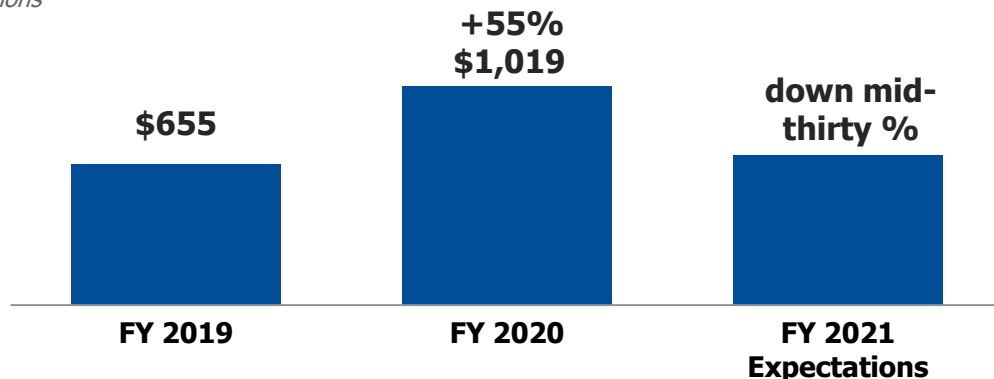
Capital Summary December 2020

\$ in millions



Operating Cash Flow

\$ in millions



Liquidity Profile

\$ in millions

Cash
Debt / Finance Lease Obligations
Shareholders' Equity
Total Capital
Credit Revolver – Capacity
Credit Revolver Availability
Debt Interest Rate at Dec 31
Factory Inventory
Stock Buyback (YTD)
Dividend (YTD)

Debt to Total Capital
Leverage Ratio

NM = Not Meaningful

	Dec. 2020	Variance to Dec. 2019
Cash	\$635	NM
Debt / Finance Lease Obligations	\$1,451	-14%
Shareholders' Equity	\$1,145	+3%
Total Capital	\$2,596	-7%
Credit Revolver – Capacity	\$700	-
Credit Revolver Availability	\$695	NM
Debt Interest Rate at Dec 31	2.98%	-39 bps
Factory Inventory	\$1,178	+5%
Stock Buyback (YTD)	\$ 50	NM
Dividend (YTD)	\$2.48	+2%
Debt to Total Capital Leverage Ratio	56% ~1.62x	-4 pts -65 pts

Operating Cash Flow Exceeds \$1 Billion for First Time in Company History



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Mike Speetzen
Interim CEO

**Fourth Quarter & Full Year
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Economic outlook remains tenuous

Political landscape clearer; prepared to mitigate/manage changes, if warranted

Powersports Industry expected robust, but muted from unprecedented 2020

Supply-chain constraints expected to moderate throughout the year

Strategic sourcing initiative on track to accelerate saving

Quality, digital offering and electrification key focus areas

Foundation in Place to Deliver Another Record Year of Sales and Earnings



POLARIS

Q&A

**Fourth Quarter & Full Year
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Gross Profit Margin - FY 2020 Actual & FY 2021 Guidance

Q4 2020 Supplemental Sales – International & PG&A

Q4 2020 Financial Services Income

Q4 & FY 2020 Non-GAAP Reconciliations

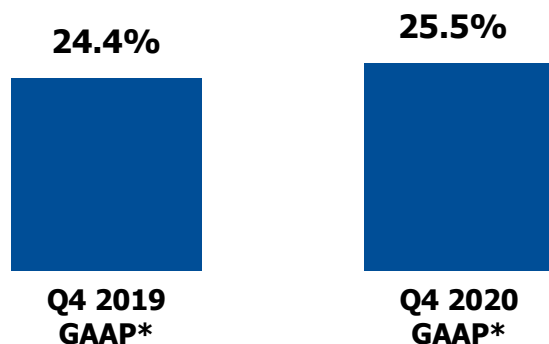
Q4 & FY 2020 Non-GAAP Reconciliations – Segments

2021 Guidance Adjustments

Gross Profit Margin – Q4 2020

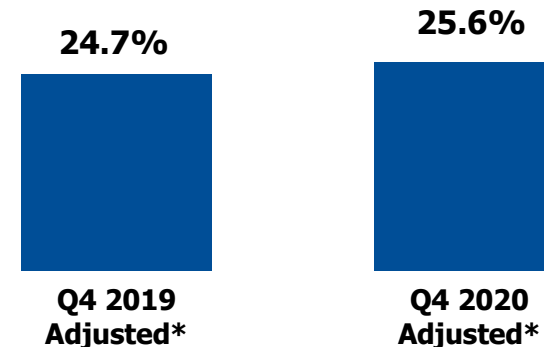


Q4 2020 Gross Profit Margin – GAAP



Segments	Q4 2019 GAAP	Q4 2020 GAAP
ORV/Snow	26.3%	26.4%
Motorcycles	(4.4%)	0.8%
Adj. Markets	28.9%	29.0%
Aftermarket	22.3%	27.4%
Boats	19.0%	21.5%

Q4 2020 Gross Profit Margin – Adjusted*



Segments	Q4 2019 Adjusted*	Q4 2020 Adjusted*
ORV/Snow	26.3%	26.4%
Motorcycles	(4.8%)	0.8%
Adj. Markets	28.9%	29.0%
Aftermarket	22.3%	27.4%
Boats	19.0%	21.7%

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

*See GAAP/Non-GAAP Reconciliation in Appendix

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

Gross Profit Margin – 2020 Actual & 2021 Guidance



FY 2020 Gross Profit Margin

24.3%



FY 2019
GAAP*

24.6%



FY 2019
Adjusted*

Segments	FY 2019 GAAP	FY 2019 Adjusted*
ORV/Snow	27.2%	27.2%
Motorcycles	5.1%	5.1%
GAM	27.9%	27.9%
Aftermarket	24.6%	24.6%
Boats	20.1%	20.1%

24.3%



FY 2020
GAAP*

24.7%



FY 2020
Adjusted*

Segments	FY 2020 GAAP	FY 2020 Adjusted*
ORV/Snow	26.9%	26.9%
Motorcycles	3.4%	3.5%
GAM	27.4%	27.4%
Aftermarket	25.2%	25.2%
Boats	19.3%	21.3%

FY 2021 Gross Profit Margin Guidance

24.7%



FY 2020
Adjusted*

Up Slightly



FY 2021
Adjusted*
Guidance

Segments	2021 Adjusted Expectations
ORV/Snow	➡
Motorcycles	⬆
Adj. Markets	➡
Aftermarket	➡
Boats	⬆

KEY:

- ⬆ Improvement
- ⬇ Headwind
- ➡ Neutral

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

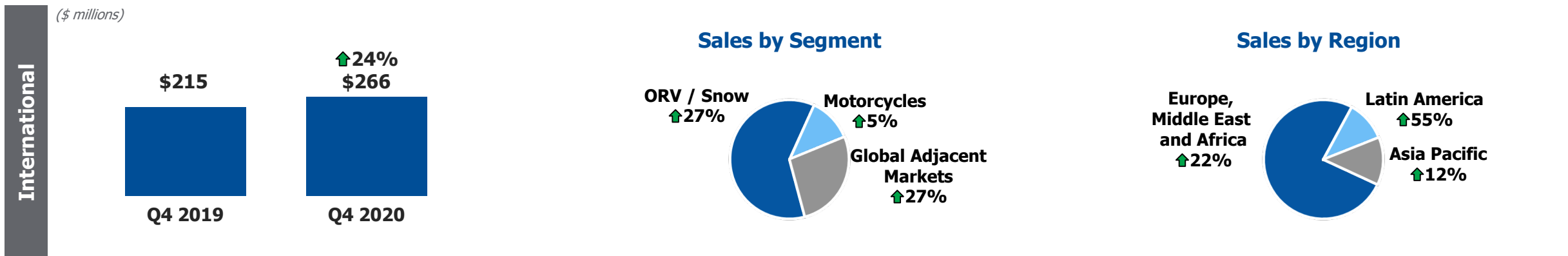
*See GAAP/Non-GAAP Reconciliation in Appendix

2021 Gross Profit Margin Improvement Driven by Pricing & Feature Adds

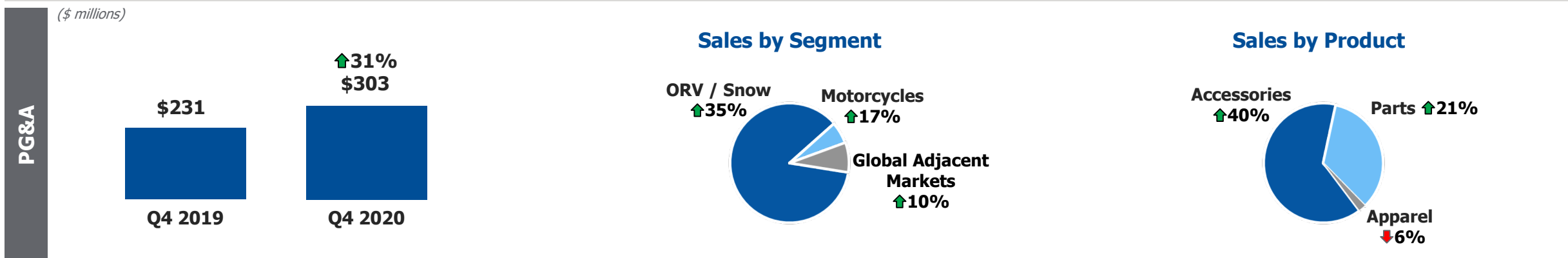
Q4 2020 Supplemental Sales – International & PG&A



Q4 2020 International Sales



Q4 2020 PG&A Sales

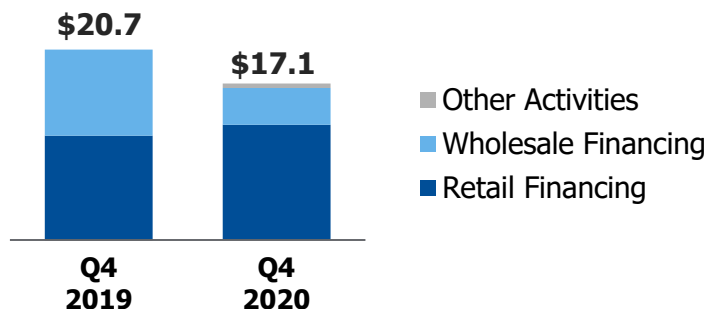


Both International and PG&A Experienced Strong Sales Growth in Q4



Financial Services Income by Category

\$ in millions



Q4 2020 total income down 17%

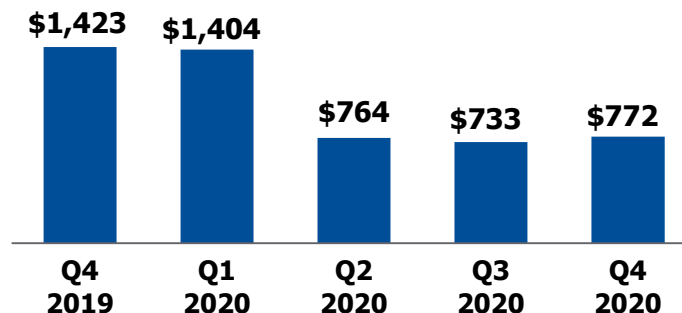
Retail credit income up 10%

Wholesale credit down 57%

Wholesale Credit

\$ in millions

Receivable Balance – U.S. Dealers



Polaris Acceptance 50/50 joint venture with Wells Fargo

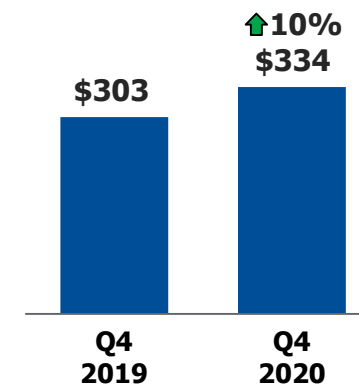
Down 46% from Q4 2019

Up 5% from Q3 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 but remain at acceptable levels. 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 December 31,		Twelve months ended December 31,	
	2020	2019	2020	2019
Sales	\$ 2,156.3	\$ 1,735.9	\$ 7,027.9	\$ 6,782.5
Restructuring & realignment ⁽³⁾	—	—	(2.9)	—
Adjusted sales	2,156.3	1,735.9	7,025.0	6,782.5
Gross profit	550.0	423.4	1,710.2	1,648.8
Restructuring & realignment ⁽³⁾	2.1	4.6	24.6	22.7
Adjusted gross profit	552.1	428.0	1,734.8	1,671.5
Income before taxes	248.2	120.9	141.4	407.8
Impairment charges ⁽¹⁾	—	—	379.2	—
Acquisition-related costs ⁽²⁾	—	2.4	—	7.8
Restructuring & realignment ⁽³⁾	2.4	5.1	39.9	23.1
Intangible amortization ⁽⁴⁾	8.7	10.2	36.1	41.1
Class action litigation expenses ⁽⁵⁾	4.8	3.3	17.1	20.0
Adjusted income before taxes	264.1	141.9	613.7	499.8
Net income attributable to Polaris Inc.	198.8	99.0	124.8	324.0
Impairment charges ⁽¹⁾	—	—	289.0	—
Acquisition-related costs ⁽²⁾	—	1.9	—	5.9
Restructuring & realignment ⁽³⁾	1.9	3.8	30.4	17.6
Intangible amortization ⁽⁴⁾	6.6	7.7	27.5	31.0
Class action litigation expenses ⁽⁵⁾	3.6	2.5	12.9	15.2
Adjusted net income attributable to Polaris Inc. ⁽⁶⁾	\$ 210.9	\$ 114.9	\$ 484.6	\$ 393.7
Diluted EPS attributable to Polaris Inc.	\$ 3.15	\$ 1.58	\$ 1.99	\$ 5.20
Impairment charges ⁽¹⁾	—	—	4.61	—
Acquisition-related costs ⁽²⁾	—	0.03	—	0.10
Restructuring & realignment ⁽³⁾	0.02	0.06	0.49	0.28
Intangible amortization ⁽⁴⁾	0.11	0.12	0.44	0.50
Class action litigation expenses ⁽⁵⁾	0.06	0.04	0.21	0.24
Adjusted EPS attributable to Polaris Inc. ⁽⁶⁾	\$ 3.34	\$ 1.83	\$ 7.74	\$ 6.32

Key Definitions: This presentation contains certain GAAP financial measures which have been "adjusted" for certain revenues, expenses, gains and losses as described below and include "adjusted" gross profit, income before taxes, net income and net income per diluted share (non-GAAP measures) as measures of our operating performance. Management believes these measures may be useful in performing meaningful comparisons of past and present operating results, to understand the performance of its ongoing operations and how management views the business. These measures, however, should not be construed as an alternative to any other measure of performance determined in accordance with GAAP.

Adjustments:

- (1) Represents impairment charges related to goodwill and other intangible assets associated with the Company's Aftermarket segment
- (2) Represents adjustments for integration and acquisition-related expenses and purchase accounting adjustments
- (3) Represents adjustments for corporate restructuring, network realignment costs, and supply chain transformation
- (4) Represents amortization expense for acquisition-related intangible assets
- (5) Represents adjustments for class action litigation-related expenses
- (6) The Company used its estimated statutory tax rate of 23.8% for the non-GAAP adjustments in 2020 and 2019, except for non-deductible items

Non-GAAP Reconciliations – Segments



(In Millions, Unaudited)

	Three months ended December 31,		Twelve months ended December 31,	
	2020	2019	2020	2019
SEGMENT SALES				
ORV/Snow segment sales	\$ 1,467.9	\$ 1,139.9	\$ 4,533.3	\$ 4,209.1
No adjustment	—	—	—	—
Adjusted ORV/Snow segment sales	1,467.9	1,139.9	4,533.3	4,209.1
Motorcycles segment sales	146.9	119.5	581.7	584.1
No adjustment	—	—	—	—
Adjusted Motorcycles segment sales	146.9	119.5	581.7	584.1
Global Adjacent Markets (GAM) segment sales	141.8	120.4	424.6	461.3
No adjustment	—	—	—	—
Adjusted GAM segment sales	141.8	120.4	424.6	461.3
Aftermarket segment sales	238.1	221.1	884.9	906.7
No adjustment	—	—	—	—
Adjusted Aftermarket sales	238.1	221.1	884.9	906.7
Boats segment sales	161.6	135.0	603.4	621.3
Restructuring & realignment ⁽¹⁾	—	—	(2.9)	—
Adjusted Boats sales	161.6	135.0	600.5	621.3
Total sales	2,156.3	1,735.9	7,027.9	6,782.5
Total adjustments	—	—	(2.9)	—
Adjusted total sales	\$ 2,156.3	\$ 1,735.9	\$ 7,025.0	\$ 6,782.5

Adjustments:

⁽¹⁾ Represents adjustments for corporate restructuring, network realignment costs, and supply chain transformation

(In Millions, Unaudited)

	Three months ended December 31,		Twelve months ended December 31,	
	2020	2019	2020	2019
SEGMENT GROSS PROFIT				
ORV/Snow segment gross profit	\$ 387.2	\$ 299.4	\$ 1,218.4	\$ 1,145.5
No adjustment	—	—	—	—
Adjusted ORV/Snow segment gross profit	387.2	299.4	1,218.4	1,145.5
Motorcycles segment gross profit	1.1	(5.3)	20.0	30.0
Restructuring & realignment ⁽¹⁾	—	(0.5)	0.7	(0.5)
Adjusted Motorcycles segment gross profit	1.1	(5.8)	20.7	29.5
Global Adjacent Markets (GAM) segment gross profit	41.2	34.8	116.4	128.8
No adjustment	—	—	—	—
Adjusted GAM segment gross profit	41.2	34.8	116.4	128.8
Aftermarket segment gross profit	65.2	49.2	222.8	222.7
No adjustment	—	—	—	—
Adjusted Aftermarket segment gross profit	65.2	49.2	222.8	222.7
Boats segment gross profit	34.8	25.6	116.4	124.6
Restructuring & realignment ⁽¹⁾	0.3	—	11.8	—
Boats segment gross profit	35.1	25.6	128.2	124.6
Corporate segment gross profit	20.5	19.7	16.2	(2.8)
Restructuring & realignment ⁽¹⁾	1.8	5.1	12.1	23.2
Adjusted Corporate segment gross profit	22.3	24.8	28.3	20.4
Total gross profit	550.0	423.4	1,710.2	1,648.8
Total adjustments	2.1	4.6	24.6	22.7
Adjusted total gross profit	\$ 552.1	\$ 428.0	\$ 1,734.8	\$ 1,671.5



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.