



# POLARIS

## Fourth Quarter and Full Year 2024 Earnings Presentation

January 28, 2025





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 Company's ability to successfully implement its manufacturing operations strategy and supply chain initiatives; the Company's ability to successfully source necessary parts and materials on a timely basis; the ability of the Company to manufacture and deliver products to dealers to meet demand, including as a result of supply chain disruptions; the Company's ability to identify and meet optimal dealer inventory levels; the Company's ability to accurately forecast and sustain consumer demand; the Company's ability to mitigate increasing input costs through pricing or other measures; product offerings, promotional activities and pricing strategies by competitors that may make our products less attractive to consumers; the Company's ability to strategically invest in innovation and new products, including as compared to our competitors; economic conditions that impact consumer spending or consumer credit, including recessionary conditions and changes in interest rates; disruptions in manufacturing facilities; 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 on the Company's supply chain, manufacturing operations and consumer demand; commodity costs; freight and tariff costs (tariff relief or ability to mitigate tariffs, particularly in light of the proposed policies of the new presidential administration); changes to international trade policies and agreements; uninsured product liability and class action claims (including claims seeking punitive damages) and other litigation expenses incurred due to the nature of the Company's business; uncertainty in the consumer retail and wholesale credit markets; performance of affiliate partners; changes in tax policy; relationships with dealers and suppliers; and the general global 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 except as otherwise may be required by law.

The data source for retail sales figures included in this presentation is registration information provided by Polaris dealers in North America and Europe compiled by the Company or Company estimates and other industry data sources. The Company relies on information that its dealers or other third parties supply concerning retail sales, and other retail sales data sources related to Polaris and the powersports industry, and this information is subject to change. Retail sales references to total Company retail sales includes only off-road vehicles (ORV), snowmobiles, On Road and Marine in North America and International unless otherwise noted.

This presentation contains certain non-GAAP financial measures, consisting of "adjusted" sales, gross profit, income before income taxes, net income attributed to Polaris Inc., diluted EPS attributed to Polaris Inc., EPS attributed to Polaris Inc., EBITDA, EBITDA Margin, and free cash flow as measures of our operating performance. Management believes these measures may be useful in performing meaningful comparisons of past and present operating results, and to understand the performance of its ongoing operations and how management views the business. Reconciliations of reported GAAP historic 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.



## Continued to Push Innovation

Off Road: RZR Pro, Full-size RANGER, Sportsman 2-Up, DYNAMIX Suspension in Snow

On Road: Scout, Scout Sixty, new family of Indian Motorcycles Elites

Marine: Bennington Series M, Hurricane 24CC

Celebrated race victories at DAKAR, Baja 1000, Baja 500, King of Baggers, Flat Trak racing and Snocross Pro Champions

## Lean and Operational Efficiencies

Realized over \$200 million in structural savings

Variable cost spend in plants 15% lower than previous year

Lean lines set up in Huntsville and Monterrey

Remain in early part of journey

## Protected Dealer Health

ORV dealer inventory down 16% y/y with reduced shipments

Full-year retail down 8% y/y, ORV down 1%

Difficult industry backdrop

Provided additional flooring and promotional support

## Lower Than Expected Financials

Lower shipments led to negative absorption

Elevated promotional environment

Mix headwind in second half of the year

Foreign exchange and finance interest headwinds

**Achieved Revised Guidance While Focused on Key Areas During a Challenging Industry**

# Fourth Quarter and Full Year 2024 Overview



## Total Company Results\*

|                                     | <u>Q4'24</u>    | <u>Y/Y Change</u> | <u>FY'24</u>    | <u>Y/Y Change</u> |
|-------------------------------------|-----------------|-------------------|-----------------|-------------------|
| <b>Sales</b>                        | <b>\$1,755M</b> | <b>↓ 23%</b>      | <b>\$7,175M</b> | <b>↓ 20%</b>      |
| <b>Adjusted Gross Profit Margin</b> | <b>21.1%</b>    | <b>↑ 9 bps</b>    | <b>20.7%</b>    | <b>↓ 127 bps</b>  |
| <b>Adjusted EBITDA Margin</b>       | <b>9.6%</b>     | <b>↓ 66 bps</b>   | <b>8.9%</b>     | <b>↓ 257 bps</b>  |
| <b>Adjusted EPS</b>                 | <b>\$0.92</b>   | <b>↓ 54%</b>      | <b>\$3.25</b>   | <b>↓ 65%</b>      |

## Fourth Quarter Drivers

- **North America retail down 7%, excluding Snow and Youth retail down 5%**
  - Off Road retail down 7%
    - Utility down low-single digits
    - Recreation up: Youth up although SxS remains down
    - Snow down meaningfully
  - On Road down mid-single digits; Marine down low-single digits
- **Flattish market share across all three segments**
- **ORV dealer inventory down 16% y/y, reduced shipments ~33% to meet this objective**
- **Adjusted gross profit margin was positively impacted by benefits of lean and operational efficiencies and warranty somewhat offset by mix**
- **Adjusted EBITDA margin was negatively impacted by volume and mix somewhat offset opex, lean and operational efficiencies**

## Achieved Financial and Dealer Inventory Goals in Q4

# North America Retail Trends and Sentiment



## • Retail Trends in Q4

- ORV Utility down low-single digits %
- ORV Recreation up due to strong Youth sales and lower comparable
  - RZR continues to be down double digits
- On Road pressure in heavyweight bikes
- Marine driven by a declining industry
- Aggressive promotions by Japanese OEMs driving short-term share dynamics in ORV

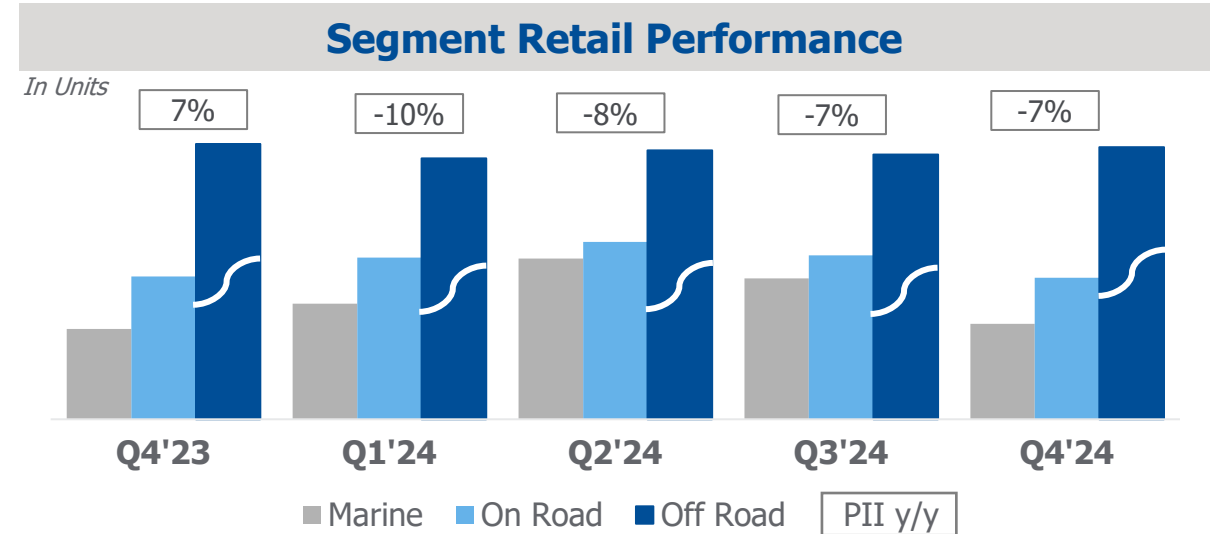
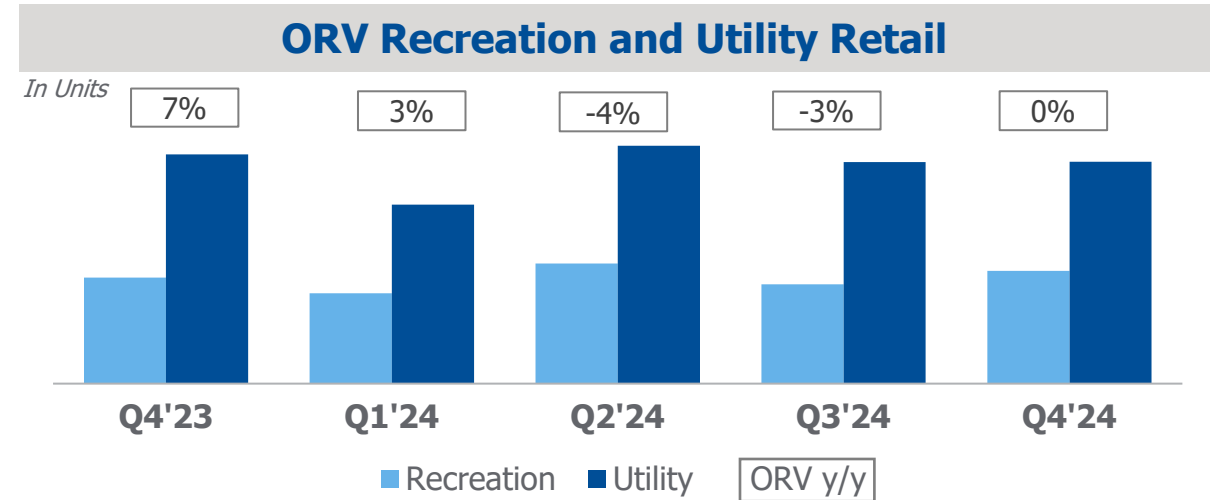
## • Dealer Sentiment

- Dealers remain focused on inventory levels across all OEMs
- Impressed with Polaris innovation across all three businesses
- Real concerns from Snow dealers given 2nd weak season in a row

## • Dealer Inventory Backdrop

- Q4'24 Polaris ORV dealer inventory was down 16% y/y
- Continue to actively manage dealer inventory
  - Shipments expected to be down in first quarter 2025

## • Consumers still riding and approaching a replacement cycle



**Retail Trends Continue to Reflect a Challenging Industry | Actively Managing Dealer Inventory**



| Focus Areas        | Actions   |
|--------------------|---|
| <b>Commodities</b> | <ul style="list-style-type: none"> <li>Realize improved average cost of commodities</li> <li>Execute hedges to protect magnitude of market moves</li> </ul>   |
| <b>Parts Cost</b>  | <ul style="list-style-type: none"> <li>Negotiate with suppliers</li> <li>Design-to-value cost improvement</li> <li>Transition to LCC suppliers / execute insource opportunities</li> </ul>  |
| <b>Logistics</b>   | <ul style="list-style-type: none"> <li>Reduce expedites</li> <li>Remove direct ship of finished goods</li> <li>Reduce material excess storage costs</li> </ul>  |
| <b>Plants</b>      | <ul style="list-style-type: none"> <li>Transform SIOP and stabilize production schedules improves labor cost</li> <li>Lower rework and improved plant flow</li> <li>Stabilize work force with direct hires over premium labor</li> <li>Achieve business case returns from capital investment</li> </ul> |

## 2024 Results:

- **~\$280 million in operational savings: ~\$210 million in structural savings and ~\$70 million in temporary savings**
- **Lean lines established in Monterrey and Huntsville**
- **Variable costs in plants down 15% versus 2023**
- **~\$140 million in negative absorption; vehicle build 15% lower versus total plant costs down 10%**
- **Raw inventory down 25%**

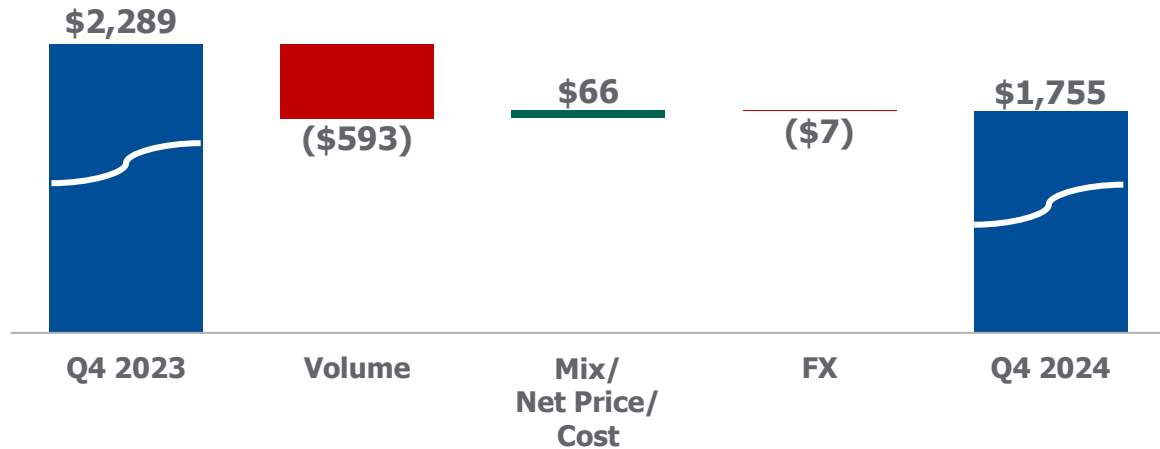
## 2025 Targets:

- **Expecting to achieve ~\$40 million in structural cost savings associated with Lean initiatives**
- **Targeting variable costs in plants down ~10% versus 2024 as we continue to execute on focus areas**
- **Still expect negative absorption due to lower year-over-year production**
- **Lower working capital requirements as we optimize inventory**
- **Localizing supply chain**

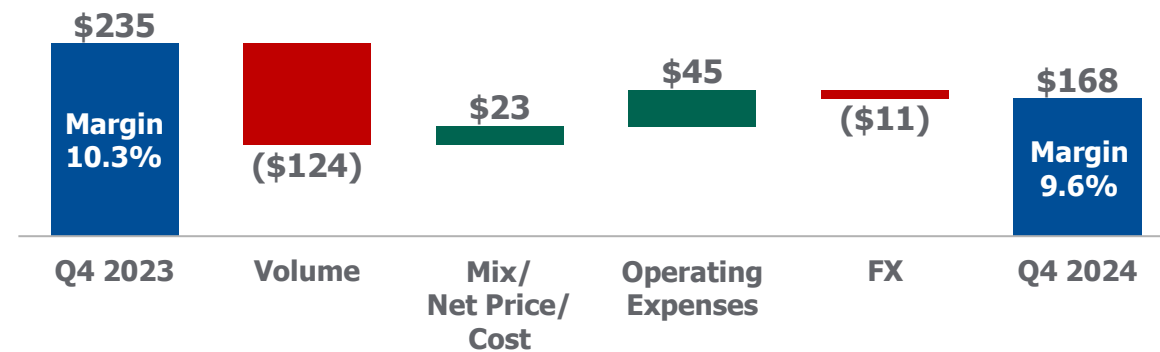
**Lean Journey in Full Swing and Targeting Higher Incremental Margins in the Future**



## Sales



## Adjusted\* EBITDA



## Financial Highlights (Y/Y)

- **Quarterly sales of \$1.8B, down 23%**
  - Lower volumes due to planned cuts in shipments to actively manage dealer inventory in challenging retail environment
  - International sales down 7%
  - PG&A sales down 13%
- **Adjusted\* EBITDA margin down 66 bps**
  - Negative mix and lower volumes
  - Unfavorable FX
  - Favorable operating expenses and operations
- **Adjusted\* EPS of \$0.92, down 54%**
- **Other items:**
  - Net interest expense of \$34M
  - Effective tax rate of 12.0%
  - Average outstanding diluted shares ~57M
    - Down 1% year-over-year

## Sales and Margin Pressure Due to Active Dealer Inventory Management and Lower Retail



## Q4 & FY 2024 Results

|                            | <u>Q4'24</u>   | <u>Y/Y Change</u> | <u>FY'24</u>    | <u>Y/Y Change</u> |
|----------------------------|--|-------------------|-----------------|-------------------|
| <b>Sales</b>               | <b>\$1,437M</b>  | <b>↓ 25%</b>      | <b>\$5,707M</b> | <b>↓ 18%</b>      |
|                            |  |                   |                 |                   |
| <b>Gross Profit Margin</b> | <b>21.4%</b>   | <b>↑ 9 bps</b>    | <b>20.3%</b>    | <b>↓ 159 bps</b>  |
| <b>Market Share (N.A.)</b> | <p><b>↓ Off-Road Vehicles</b></p> <p><b>↓ Snowmobiles</b><br/>(season-to-date)</p> |                   |                 |                   |

## Q4 PII Call-outs

- **N.A. ORV: Retail was flat y/y; FY'24 down 1%**
- **Lost modest market share in ORV; full-year share is down less than 1 point**
  - Share driven by aggressive promo by other OEMs
- **Difficult Snow season for 2<sup>nd</sup> year in a row**
- **Operational savings continue to be realized**
- **Margin performance driven by operational efficiencies and lower costs somewhat offset by negative mix, finance interest, and absorption**

## Q4 Retail Sales

|  | <b>North America</b>  |                        | <b>International<sup>(1)</sup></b> |                        |
|--|-----------------------|------------------------|------------------------------------|------------------------|
|  | <b><u>POLARIS</u></b> | <b><u>INDUSTRY</u></b> | <b><u>POLARIS</u></b>              | <b><u>INDUSTRY</u></b> |
| <b>ORV</b>                             | FLAT                  | ↑ MID-SINGLE DIGITS %  | ↑ LOW-DOUBLE DIGITS %              | ↑ LOW-TWENTIES%        |
| <i>Utility</i>                         | ↓ LOW-SINGLE DIGITS % |                        |                                    |                        |
| <i>Recreation</i>                      | ↑ MID-SINGLE DIGITS % |                        |                                    |                        |
| <b>Snowmobiles</b><br>(season-to-date) | ↓ ~FORTY %            | ↓ MID-THIRTIES %       |                                    |                        |

**No Material Change in Retail Trends | Took Actions to Protect Margin**



## Q4 & FY 2024 Results

|                                  | <u>Q4'24</u>  | <u>Y/Y Change</u> | <u>FY'24</u>   | <u>Y/Y Change</u> |
|----------------------------------|---|-------------------|--|-------------------|
| <b>Sales</b>                     | <b>\$181M</b>   | <b>↓ 21%</b>      | <b>\$988M</b>  | <b>↓ 17%</b>      |
|                                  | <p>Wholegoods ↓ 22%    PG&amp;A ↓ 15%</p> <p>N.A. ↓ 41%    Int'l ↓ 4%</p> |                   | <p>Wholegoods ↓ 18%    PG&amp;A ↓ 10%</p> <p>N.A. ↓ 23%    Int'l ↓ 10%</p> |                   |
| <b>*Adj. Gross Profit Margin</b> | <b>16.2%</b>  | <b>↑ 235 bps</b>  | <b>19.3%</b>   | <b>↓ 99 bps</b>   |
| <b>Market Share (N.A.)</b>       | <b>↑ Indian Motorcycles</b>   |                   | <b>↓ Indian Motorcycles</b>  |                   |

## Q4 PII Call-outs

- **N.A. Indian Motorcycle retail was flat**
  - Strong International growth
- **Indian Motorcycle gained modest share in N.A.**
  - Gained share in mid-size with new Indian Scout lineup
- **Continue to see pressure in heavyweight resulting in a mix headwind**
- **Slingshot sales pressured due to cautious consumer**
- **Adjusted gross profit margin up due to favorable comparable last year and operational efficiencies; partially offset by mix headwind**
  - Higher promotions in the quarter put pressure on margins

## Q4 Retail Sales

|                          | <b>North America</b>  |                        | <b>International<sup>(1)</sup></b> |                        |
|--------------------------|-----------------------|------------------------|------------------------------------|------------------------|
|                          | <b><u>POLARIS</u></b> | <b><u>INDUSTRY</u></b> | <b><u>POLARIS</u></b>              | <b><u>INDUSTRY</u></b> |
| <b>Indian Motorcycle</b> | FLAT                  | ↓ HIGH-SINGLE DIGITS % | ↑ HIGH-TWENTIES %                  | ↓ LOW-SINGLE DIGITS %  |

## Good Uptake of New Bikes in Difficult Industry



## Q4 & FY 2024 Results

|                            | <u>Q4'24</u>                  | <u>Y/Y Change</u> | <u>FY'24</u>  | <u>Y/Y Change</u> |
|----------------------------|-------------------------------|-------------------|---------------|-------------------|
| <b>Sales</b>               | <b>\$137M</b>                 | <b>↓ 4%</b>       | <b>\$481M</b> | <b>↓ 37%</b>      |
| <b>Gross Profit Margin</b> | <b>17.3%</b>                  | <b>↓ 65 bps</b>   | <b>16.8%</b>  | <b>↓ 531 bps</b>  |
| <b>Market Share (N.A.)</b> | <b>↓ Marine<sup>(1)</sup></b> |                   |               |                   |



## Q4 PII Call-outs

- Dealer inventory down over 20% y/y
- Retail was slightly higher y/y in Bennington; however, the fourth quarter is a very low seasonal quarter
- New innovation resonating with dealers
- Boat show season activity in line with last year
- Margins negatively impacted by lower volumes equating to negative absorption

## Q4 Retail Sales<sup>(1)</sup>

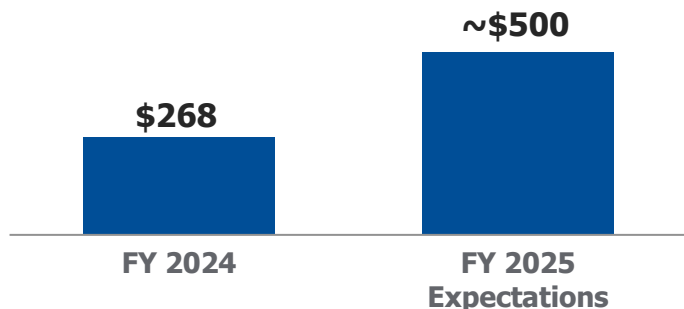
|                   | North America  |                        |
|-------------------|----------------|------------------------|
|                   | <u>POLARIS</u> | <u>INDUSTRY</u>        |
| <b>Pontoons</b>   | ↓ LOW-TEENS %  | ↓ LOW-TEENS %          |
| <b>Deck Boats</b> | ↓ HIGH-TEENS % | ↓ HIGH-SINGLE DIGITS % |

**Continue to Manage Dealer Inventory, Positive Order Flow Entering 2025**



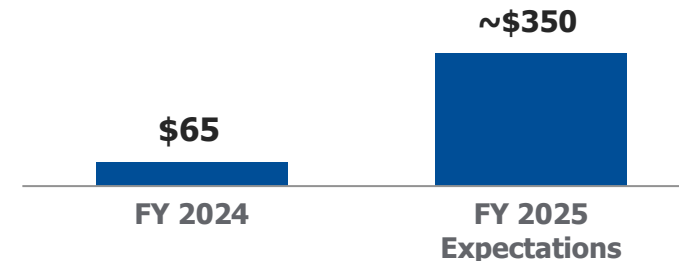
## Operating Cash Flow

\$ in millions



## Adjusted\* Free Cash Flow

\$ in millions



## 2025 Capital Deployment Priorities

### #1 Priority – Organic Investment

Expect lower year-over-year capex spend in 2025

### #2 Priority – Dividends

Dividend Aristocrat – 29 consecutive years of raising dividend

### #3 Priority – Pay down Debt

60% debt is fixed versus 40% variable

\$400M 364-day term loan matures in July 2025

Continue to target investment grade metrics

## FY 2024 Key Financial Metrics

\$ in millions

|                    |         |
|--------------------|---------|
| Cash               | \$288   |
| Capex              | \$262   |
| Total Debt         | \$2,072 |
| Dividends          | \$148   |
| Share Repurchases  | \$83    |
| Net Leverage Ratio | 2.8x    |

## Managing Working Capital and Capex to Drive Higher Adjusted Free Cash Flow

# Full Year 2025 Guidance & Expectations



## Total Company Sales

\$ in Millions

↓ 4% to ↓ 1%

\$6.9B to 7.1B

Relative to 2024 at \$7.2B

## Segment Sales

Off Road ↓ Low-single digits

On Road ↓ Mid-single digits

Marine ↑ Low-single digits

## Initial 2025 Outlook Assumptions

- **More difficult first half versus second half**
  - Production volumes lower as we actively manage dealer inventory
  - Negative plant absorption
- **Industry retail continues to be challenged**
- **Expect negative mix to continue**
- **Profit sharing recovery creates headwind**
- **Continue to make progress on operational efficiencies**
- **Year-over-year FX headwind to adjusted EBITDA of ~\$15M**
- **Assumes no change in regulatory policies**

## Adjusted\* EPS

↓ ~65%

~\$1.10

Relative to 2024 at \$3.25

## Adjusted\* Margins

% of Sales

**Gross Profit Margin**

↓ 30 to 60 bps

Relative to 2024 at 20.7%

**EBITDA Margin**

↓ 170 to 200 bps

Relative to 2024 at 8.9%

## Key Metrics

| Key Metric                | Initial FY 2025 Expectations |
|---------------------------|------------------------------|
| Operating Expense         | Up 6-7%                      |
| Interest Expense          | ~\$135 million               |
| Tax Rate                  | 23.5% - 24.5%                |
| Diluted Shares            | 58 million                   |
| Depreciation              | Up ~5% y/y                   |
| Financial Services Income | Down ~20% y/y                |
| Operating & Adj. FCF      | Higher dollars               |
| Capex                     | ~\$215 million               |

## Dealing With Year-Over-Year Headwinds | Focused on Emerging Stronger



- **Ongoing focus on the health of our dealer network**
  - Actively manage dealer inventory
  - Expect the retail environment to remain challenging
  - Short-term share movements impacted by promotions from other OEMs
- **Innovation across all three segments**
- **Continue to drive lean and operational efficiencies**
  - Higher incremental margins when industry recovers
- **Working capital improvements**
  - Drive strong cash generation



- Remain committed to actively managing dealer inventory
- Expect current trends to persist
- Continue to launch innovative products that deliver on customer needs and strong value propositions
- Collaborating with dealers to help improve their profitability
- Focusing on executing operational efficiencies
- Remain committed to strategy to drive growth and margin expansion



**Powering Passion and Pioneering New Possibilities for All Those Who Play, Work and Think Outside**



# Q & A

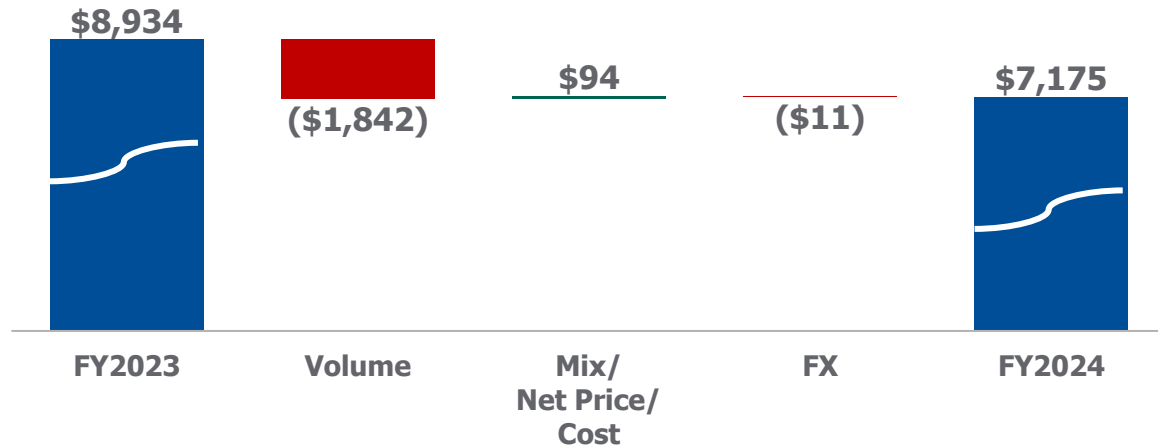




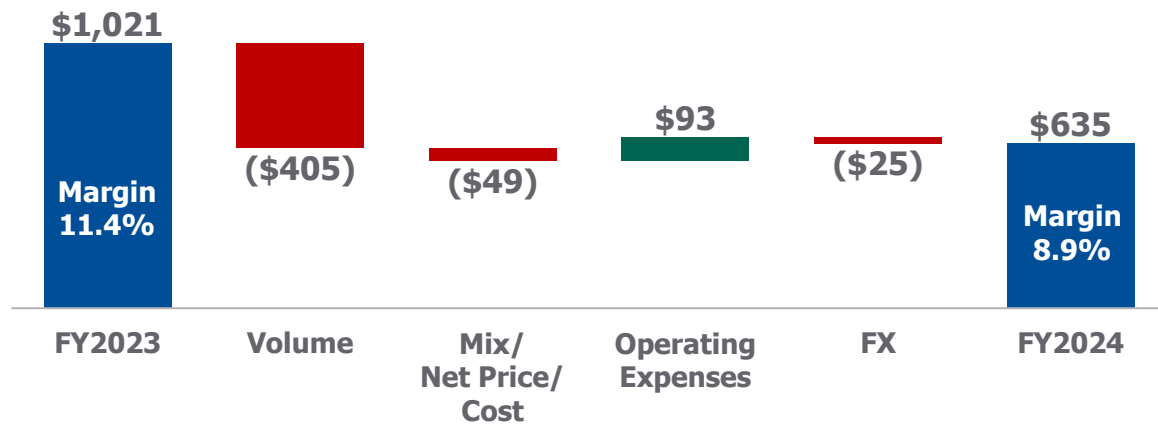
- **FY 2024 Financial Results**
- **Non-GAAP Reconciliations – Total Company**
- **Non-GAAP Reconciliations – Net Income to Adjusted EBITDA**
- **Non-GAAP Reconciliations – Segments / Cash Flow**
- **2025 Guidance Adjustments**



## Sales



## Adjusted\* EBITDA



## Financial Highlights (Y/Y)

- **Full Year sales of \$7.2B, down 20%**
  - Lower volumes and negative net price
  - International sales down 10%
  - PG&A sales down 6%
- **Adjusted\* EBITDA margin down 257 bps**
  - Negative plant absorption due to lower volumes
  - Unfavorable mix and net price
  - Partially offset by favorable operations and Opex
- **Adjusted\* EPS of \$3.25, down 65%**
- **Other items:**
  - Net interest expense of \$137M
  - Effective tax rate of 21.0%
  - Average outstanding diluted shares ~57M
    - Down ~2% year-over-year

## Sales and Margin Pressure Due to Active Dealer Inventory Management and Lower Retail

# Non-GAAP Reconciliations – Total Company



## 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, |                 |
|---|---------------------------------|-----------------|----------------------------------|-----------------|
|   | 2024                            | 2023            | 2024                             | 2023            |
| <b>Sales</b>  | \$ 1,755.4                      | \$ 2,289.2      | \$ 7,175.4                       | \$ 8,934.4      |
| Restructuring <sup>(3)</sup>  | (0.7)                           | —               | (0.7)                            | —               |
| <b>Adjusted sales</b>   | <b>1,754.7</b>                  | <b>2,289.2</b>  | <b>7,174.7</b>                   | <b>8,934.4</b>  |
| <b>Gross profit</b>   | <b>357.9</b>                    | <b>476.9</b>    | <b>1,466.8</b>                   | <b>1,959.9</b>  |
| Restructuring <sup>(3)</sup>  | 11.6                            | 3.0             | 18.7                             | 3.0             |
| <b>Adjusted gross profit</b>  | <b>369.5</b>                    | <b>479.9</b>    | <b>1,485.5</b>                   | <b>1,962.9</b>  |
| <b>Income before income taxes</b>                                     | <b>12.2</b>                     | <b>120.8</b>    | <b>140.8</b>                     | <b>620.4</b>    |
| Distributions from other affiliates <sup>(1)</sup>                    | —                               | (1.4)           | —                                | (1.4)           |
| Acquisition-related costs <sup>(2)</sup>                              | 0.2                             | 0.6             | 1.4                              | 1.3             |
| Restructuring <sup>(3)</sup>  | 12.7                            | 6.8             | 35.2                             | 8.2             |
| Intangible amortization <sup>(4)</sup>                                | 4.4                             | 4.4             | 17.7                             | 17.7            |
| Class action litigation expenses <sup>(5)</sup>                       | 1.6                             | 3.1             | 7.0                              | 8.5             |
| Intangible asset and investment impairment <sup>(7)</sup>             | 29.5                            | —               | 29.5                             | —               |
| <b>Adjusted income before income taxes</b>                            | <b>60.6</b>                     | <b>134.3</b>    | <b>231.6</b>                     | <b>654.7</b>    |
| <b>Net income attributable to Polaris Inc.</b>                        | <b>10.6</b>                     | <b>103.4</b>    | <b>110.8</b>                     | <b>502.8</b>    |
| Distributions from other affiliates <sup>(1)</sup>                    | —                               | (1.4)           | —                                | (1.4)           |
| Acquisition-related costs <sup>(2)</sup>                              | 0.1                             | 0.5             | 1.0                              | 1.0             |
| Restructuring <sup>(3)</sup>  | 9.7                             | 5.2             | 26.8                             | 6.3             |
| Intangible amortization <sup>(4)</sup>                                | 3.4                             | 3.4             | 13.5                             | 13.5            |
| Class action litigation expenses <sup>(5)</sup>                       | 1.2                             | 2.3             | 5.4                              | 6.4             |
| Intangible asset and investment impairment <sup>(7)</sup>             | 27.3                            | —               | 27.3                             | —               |
| <b>Adjusted net income attributable to Polaris Inc.<sup>(6)</sup></b> | <b>\$ 52.3</b>                  | <b>\$ 113.4</b> | <b>\$ 184.8</b>                  | <b>\$ 528.6</b> |
| <b>Diluted EPS attributable to Polaris Inc.</b>                       | <b>\$ 0.19</b>                  | <b>\$ 1.81</b>  | <b>\$ 1.95</b>                   | <b>\$ 8.71</b>  |
| Distributions from other affiliates <sup>(1)</sup>                    | —                               | (0.02)          | —                                | (0.02)          |
| Acquisition-related costs <sup>(2)</sup>                              | —                               | 0.01            | 0.02                             | 0.02            |
| Restructuring <sup>(3)</sup>  | 0.17                            | 0.09            | 0.47                             | 0.11            |
| Intangible amortization <sup>(4)</sup>                                | 0.06                            | 0.05            | 0.24                             | 0.23            |
| Class action litigation expenses <sup>(5)</sup>                       | 0.02                            | 0.04            | 0.09                             | 0.11            |
| Intangible asset and investment impairment <sup>(7)</sup>             | 0.48                            | —               | 0.48                             | —               |
| <b>Adjusted EPS attributable to Polaris Inc. <sup>(6)</sup></b>       | <b>\$ 0.92</b>                  | <b>\$ 1.98</b>  | <b>\$ 3.25</b>                   | <b>\$ 9.16</b>  |

### Adjustments:

(1) Represents distributions received related to an impaired investment held by the Company

(2) Represents adjustments for integration and acquisition-related expenses

(3) Represents adjustments for corporate restructuring and the wind down of the FTR product line within the Company's On Road segment

(4) Represents amortization expense for intangible assets acquired through business combinations

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

(6) The Company used its estimated statutory tax rate of 23.8% for the non-GAAP adjustments in 2024 and 2023, except for non-deductible items

(7) Represents impairment charges related to other intangible assets associated with the Company's Off Road segment and an impairment charge related to an investment held by the Company

# Non-GAAP Reconciliations – Net Income to Adjusted EBITDA



## Reconciliation of Net Income to Adjusted EBITDA (In Millions, Unaudited)

|   | Three months ended December 31, |                 | Twelve months ended December 31, |                   |
|---|---------------------------------|-----------------|----------------------------------|-------------------|
|   | 2024                            | 2023            | 2024                             | 2023              |
| <b>Adjusted sales</b>                                     | <b>1,754.7</b>                  | <b>2,289.2</b>  | <b>7,174.7</b>                   | <b>8,934.4</b>    |
| <b>Net income</b>   | <b>10.8</b>                     | <b>103.3</b>    | <b>111.2</b>                     | <b>502.7</b>      |
| Provision for income taxes                                | 1.4                             | 17.5            | 29.6                             | 117.7             |
| Interest expense  | 34.3                            | 32.8            | 137.0                            | 125.0             |
| Depreciation  | 73.5                            | 67.6            | 264.4                            | 241.2             |
| Intangible amortization <sup>(4)</sup>                    | 6.0                             | 4.4             | 21.9                             | 17.7              |
| Distributions from other affiliates <sup>(1)</sup>        | —                               | (1.4)           | —                                | (1.4)             |
| Acquisition-related costs <sup>(2)</sup>                  | 0.2                             | 0.6             | 1.4                              | 1.3               |
| Restructuring <sup>(3)</sup>                              | 10.9                            | 6.8             | 33.4                             | 8.2               |
| Class action litigation expenses <sup>(5)</sup>           | 1.6                             | 3.1             | 7.0                              | 8.5               |
| Intangible asset and investment impairment <sup>(6)</sup> | 29.5                            | —               | 29.5                             | —                 |
| <b>Adjusted EBITDA</b>                                    | <b>\$ 168.2</b>                 | <b>\$ 234.7</b> | <b>\$ 635.4</b>                  | <b>\$ 1,020.9</b> |
| <b>Adjusted EBITDA Margin</b>                             | <b>9.6 %</b>                    | <b>10.3 %</b>   | <b>8.9 %</b>                     | <b>11.4 %</b>     |

### Adjustments:

- (1) Represents distributions received related to an impaired investment held by the Company
- (2) Represents adjustments for integration and acquisition-related expenses
- (3) Represents adjustments for corporate restructuring and the wind down of the FTR product line within the Company's On Road segment
- (4) Represents amortization expense for intangible assets acquired through business combinations and asset acquisitions
- (5) Represents adjustments for certain class action litigation-related expenses
- (6) Represents impairment charges related to other intangible assets associated with the Company's Off Road segment and an impairment charge related to an investment held by the Company

# Non-GAAP Reconciliations – Segments / Cash Flow



## Reconciliation of GAAP Segment Gross Profit to Non-GAAP Segment Gross Profit (In Millions, Unaudited)

|   | Three months ended December 31, |                 | Twelve months ended December 31, |                   |
|---|---------------------------------|-----------------|----------------------------------|-------------------|
|   | 2024                            | 2023            | 2024                             | 2023              |
| <b>Off Road segment gross profit</b>    | \$ 307.9                        | \$ 409.0        | \$ 1,160.5                       | \$ 1,531.6        |
| Restructuring <sup>(1)</sup>            | 0.2                             | —               | 4.3                              | —                 |
| Adjusted Off Road segment gross profit  | <b>308.1</b>                    | <b>409.0</b>    | <b>1,164.8</b>                   | <b>1,531.6</b>    |
| <b>On Road segment gross profit</b>     | 18.0                            | 31.7            | 179.4                            | 240.4             |
| Restructuring <sup>(2)</sup>            | 11.2                            | —               | 11.2                             | —                 |
| Adjusted On Road segment gross profit   | <b>29.2</b>                     | <b>31.7</b>     | <b>190.6</b>                     | <b>240.4</b>      |
| <b>Marine segment gross profit</b>      | 23.7                            | 25.7            | 80.6                             | 169.0             |
| Restructuring <sup>(1)</sup>            | 0.1                             | 0.3             | 0.1                              | 0.3               |
| Adjusted Marine segment gross profit    | <b>23.8</b>                     | <b>26.0</b>     | <b>80.7</b>                      | <b>169.3</b>      |
| <b>Corporate segment gross profit</b>   | 8.3                             | 10.5            | 46.3                             | 18.9              |
| Restructuring <sup>(1)</sup>            | 0.1                             | 2.7             | 3.1                              | 2.7               |
| Adjusted Corporate segment gross profit | <b>8.4</b>                      | <b>13.2</b>     | <b>49.4</b>                      | <b>21.6</b>       |
| <b>Total gross profit</b>               | <b>357.9</b>                    | <b>476.9</b>    | <b>1,466.8</b>                   | <b>1,959.9</b>    |
| Total adjustments                       | 11.6                            | 3.0             | 18.7                             | 3.0               |
| Adjusted total gross profit             | <b>\$ 369.5</b>                 | <b>\$ 479.9</b> | <b>\$ 1,485.5</b>                | <b>\$ 1,962.9</b> |

### Adjustments:

<sup>(1)</sup> Represents adjustments for corporate restructuring

<sup>(2)</sup> Represents adjustments for corporate restructuring and the wind down of the FTR product line within the Company's On Road segment

## Reconciliation of GAAP Operating Cash Flow to Non-GAAP Adjusted Free Cash Flow (In Millions, Unaudited)

|   | Twelve months ended December 31, |                 |
|---|----------------------------------|-----------------|
|   | 2024                             | 2023            |
| <b>Net cash provided by operating activities</b>          | <b>268.2</b>                     | <b>925.8</b>    |
| Purchase of property and equipment                        | (261.7)                          | (412.6)         |
| Distributions from (investment in) finance affiliate, net | 58.2                             | (6.5)           |
| <b>Adjusted free cash flow</b>                            | <b>\$ 64.7</b>                   | <b>\$ 506.7</b> |



## Reconciliation of GAAP Segment Sales to Non-GAAP Segment Sales

(In Millions, Unaudited)

|                                | <u>Three months ended December 31,</u> |              | <u>Twelve months ended December 31,</u> |                |
|--------------------------------|--|--------------|---|----------------|
|                                | <u>2024</u>                            | <u>2023</u>  | <u>2024</u>                             | <u>2023</u>    |
| <b>On Road segment sales</b>   | <b>180.8</b>                           | <b>229.2</b> | <b>987.8</b>                            | <b>1,184.6</b> |
| Restructuring <sup>(1)</sup>   | (0.7)                                  | —            | (0.7)                                   | —              |
| Adjusted On Road segment sales | <b>180.1</b>                           | <b>229.2</b> | <b>987.1</b>                            | <b>1,184.6</b> |

### Adjustments:

<sup>(1)</sup> Represents adjustments for the wind down of the FTR product line within the Company's On Road segment. All of the sales adjustments for the periods presented relate to the Company's On Road segment

**Key Definitions:** This presentation contains certain GAAP financial measures which have been "adjusted" for certain revenues, expenses, gains and losses and include "adjusted" sales, "adjusted" gross profit, income before taxes, net income, EBITDA, EBITDA margin, 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.



2025 adjusted guidance excludes the pre-tax effect of restructuring costs of approximately \$10 million, and approximately \$20 million for class action litigation-related expenses. Intangible amortization of approximately \$18 million related to all acquisitions has also been excluded.

The Company has not provided reconciliations of guidance for adjusted earnings per share, adjusted EBITDA margin, adjusted gross profit margin and adjusted free cash flow, 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 acquisition integration costs that are difficult to predict in advance in order to include in a GAAP estimate.