



NEWS RELEASE

# Polaris Provides Business Update Related to COVID-19

2020-03-23

Temporary Suspension of Operations in Select Powersports Manufacturing Facilities

Expanded Dealer Support Programs

Increased Cash Position to Maintain Financial Strength and Flexibility

Withdraws First Quarter and Full Year 2020 Financial Guidance

MINNEAPOLIS--(BUSINESS WIRE)-- Polaris Inc. (NYSE: PII) is today providing an update on its business and the actions the Company is taking in response to the COVID-19 pandemic.

Scott Wine, Polaris' Chairman and Chief Executive Officer commented: "As we confront the COVID-19 pandemic, we are focusing on the health and safety of our employees, dealers, customers and the communities where we operate, while also taking bold action to protect our business. We have been aggressive with employee safety and supply chain mitigations actions, so our plants have operated effectively to meet the strong retail momentum we saw at the start the year, through the second week of March. As anticipated, pandemic concerns ultimately began to impact demand, which dropped suddenly in the middle of last week, and we are adjusting our operations accordingly. Between our Retail Flow Management (RFM) system and our agile workforce Polaris is built to react quickly during rapidly changing times. However, with no near-term resolution to the COVID-19 related economic slowdown in sight, we expect these events to have a significant impact on our 2020 financial results."

"With most of our vehicles – and our Think Outside tagline – highly amenable to social distancing, we believe, with validation from our dealers, that powersports customers will not hibernate. Consistent with 2008, we are prepared

for a period of vehicle retail demand being down significantly. Today, however, we have a much larger installed base and broader aftermarket portfolio, which will help to mitigate the impact of this unwelcome downturn. We remain focused on being a 'customer centric, highly efficient growth company,' although our immediate concern is navigating the current uncertainty."

Wine continued: "While broad-based economic uncertainty is creating headwinds, I am confident that we have the foundation and team we need to withstand these challenges. We are taking action to further enhance our financial flexibility and adjust operations in light of the reduced demand, and we will think critically and act judiciously to keep Polaris strong in both the near- and long-term. This Polaris team is exceptionally strong, and as we work together to manage through these serious external challenges, I am extremely confident that we will get through this successfully and emerge as a better and stronger company."

## Suspending Select Plant Operations

The Company is suspending production schedules and plant operations for one week at select powersports plants, effective Tuesday, March 24<sup>th</sup>. Polaris is continuing to diligently manage its business, adjusting production schedules based on current demand signals and continued market uncertainty. During the first quarter of 2020, Polaris reduced shipments in anticipation of weaker retail demand due to the COVID-19 outbreak. Polaris will continue to evaluate the safety of its employees, external market demand, its supply chain and distribution network, government mandates and local orders, among other factors, when considering any further actions regarding the Company's business operations. Affected plants include:

- United States: Huntsville, Alabama; Spirit Lake, Iowa; Monticello, Minnesota; Roseau, Minnesota; Battle Ground, Washington; Osceola, Wisconsin
- Mexico: Monterrey
- Poland: Opole

During this time, Polaris will continue to ship finished vehicles to dealers, as well as produce products that are considered essential by the Cybersecurity & Infrastructure Security Agency ("CISA"), including vehicles built or upfitted for the U.S. military; federal, state or local governments; or customers who are critical to shipping and delivery services. The Company will continue to manufacture and deliver boats to meet retail customer orders; and its distribution centers will continue to operate, shipping parts, garments and accessories to dealers and customers.

## Supporting Employees

To help support employees, Polaris has established a new COVID program under which U.S. employees may choose to receive up to 10 days of pay. Employees are able to use this benefit for income replacement in the event of COVID-related quarantine, illness, or suspension of plant operations.

Polaris has already implemented, and will continue, enhanced health and safety protocols at its facilities, including bolstering cleaning and disinfecting procedures, suspending all non-essential visitation, and directing employees to work from home where feasible. At our distribution centers and manufacturing facilities, we have implemented several new processes around social distancing, including staggered breaks and start times, and adjustments to work spaces.

The Company continues monitoring its operations closely and will make additional adjustments as necessary in accordance with World Health Organization (WHO) and Center for Disease Control and Prevention (CDC) guidelines.

### Implementing Dealer Support Programs

Polaris has launched numerous new programs to help support its dealers during this challenging time, on top of the robust programs in place for both consumers and dealers. Polaris has added dealer support in the areas of retail rewards and flooring on future orders. Polaris has temporarily lifted restrictions to enable participating dealers to provide home deliveries where requested by customers. To further assist in cash flow, our dealer financing arm, Polaris Acceptance, a joint venture with Wells Fargo, is covering all Off-Road Vehicle and Motorcycle flooring interest payments through May 31<sup>st</sup>.

Wine noted: "As small business owners, our dealers are facing considerable pressure on their business. In addition to program enhancements we have been in frequent, open communication with our dealers, which is allowing us to adjust shipment plans on an individual dealer basis and better monitor and protect dealer inventory health. Additionally, RFM is benefitting us and our dealers, facilitating shipment adjustments through real-time information on fluctuating demand. In the near-term, we are taking further steps to support our dealers by updating rebates and payout levels and extending Polaris paid flooring support."

### Increasing Financial Flexibility

Polaris entered this pandemic crisis in a solid capital position and has decided to take additional steps as a precautionary measure to further increase financial flexibility and liquidity during this period, including:

- Drawing down additional cash under its revolving credit facility
- Reviewing all operating expenses and postponing capital expenditures that do not impact near-term programs
- Suspending its share repurchase program
- Optimizing working capital needs
- Exploring access to additional capital with our lending partners

Mike Speetzen, Polaris' Chief Financial Officer commented, "We are managing through unprecedented times, and as

a result, we are taking proactive, prudent steps to enable the flexibility and liquidity of the Company for the long-term. As of March 20, 2020, we have approximately \$150 million in cash on hand, and another approximately \$280 million available under our current revolver. We believe the actions we are taking today will enhance our ability to withstand this heightened global economic turmoil.”

## Withdrawing Guidance

The Company is withdrawing its first quarter 2020 and full year 2020 financial guidance issued on its fourth-quarter earnings call on January 28, 2020.

Speetzen concluded: “Given the dynamic nature of the situation, we cannot meaningfully quantify the impact of the COVID-19 pandemic, limiting our visibility to accurately estimate its magnitude on Polaris’ results. We will provide updates on our first quarter earnings call.”

Polaris expects to release its first quarter 2020 financial results on Tuesday, April 28, 2020, and hold a webcast and conference call at 9:00 a.m. central time on the same day to discuss the results.

## About Polaris

As the global leader in Powersports, Polaris Inc. (NYSE: PII) pioneers product breakthroughs and enriching experiences and services that have invited people to discover the joy of being outdoors since our founding in 1954. With annual 2019 sales of \$6.8 billion, Polaris’ high-quality product line-up includes the Polaris RANGER®, RZR® and Polaris GENERAL™ side-by-side off-road vehicles; Sportsman® all-terrain off-road vehicles; Indian Motorcycle® mid-size and heavyweight motorcycles; Slingshot® moto-roadsters; snowmobiles; and deck, cruiser and pontoon boats, including industry-leading Bennington pontoons. Polaris enhances the riding experience with parts, garments, and accessories, along with a growing aftermarket portfolio, including Transamerican Auto Parts. Polaris’ presence in adjacent markets includes military and commercial off-road vehicles, quadricycles, and electric vehicles. Proudly headquartered in Minnesota, Polaris serves more than 100 countries across the globe. [www.polaris.com](http://www.polaris.com)

## Forward Looking Statements

Except for historical information contained herein, the matters set forth in this news release, including management’s expectations regarding 2020 future sales and demand for our products, the enhanced ability of the Company to mitigate an economic downturn given its broadened portfolio, future shipments, net income, and net income per share, future cash flows and capital requirements and the ability to access credit facilities, operational initiatives, and the potential impact of the evolving COVID-19 pandemic, 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 evolving COVID-19 pandemic and the resulting impact on the Company’s business and the global economy; the Company’s ability to successfully implement its manufacturing operations expansion and supply chain initiatives,

product offerings, promotional activities and pricing strategies by competitors; economic conditions that impact consumer spending; disruptions in manufacturing facilities; acquisition integration costs; product recalls, 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 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.

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