

“Indian motorcycle unit sales increased significantly” in Q2

Polaris Industries has reported second quarter 2017 sales of \$1,364.9 million, up +21 percent, from \$1,130.8 million for the second quarter of 2016. Adjusted net sales for the second quarter of 2017, which excludes the impact from the Victory Motorcycles wind-down, were \$1,358.8 million compared to \$1,130.8 million in the prior year period.

Motorcycle segment sales, including its PG&A related sales in the second quarter of 2017, was \$198.0 million, a decrease of -13 percent compared to \$228.4 million reported in the second quarter of 2016, which included \$6.2 million of Victory motorcycle unit, accessory and apparel sales versus \$54.0 million of Victory sales reported in the second quarter of 2016 - driven by new product introductions and increased awareness of the brand. This increase was more than offset by significantly lower Slingshot sales. Motorcycle gross profit for the second quarter of 2017 was \$21.1 million compared to \$38.9 million in the second quarter of 2016. Adjusted for the Victory wind-down costs of \$8.9 million, motorcycle gross profit was \$30.0 million, down from the second quarter last year due primarily to lower Slingshot volume.

“Performance improved in many parts of our business during the quarter, particularly within our international and PG&A businesses,” says Polaris CEO Scott Wine. “The powersports industry remained very competitive and headwinds persist, but we were encouraged by the return to growth in our Side-by-Side business and continued strength and aggressive share gains for Indian Motorcycles.

“In a weak motorcycle industry, Indian continues to demonstrate how a complementary combination of exciting new bikes, strong dealer execution and overall brand momentum can prevail. Dealer engagement is a



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corporate priority and from profitability to delivery and communications, the consistent progress we are making is augmenting our retail results. We still have a lot of work to do as we establish the foundation of a renewed growth platform.” Off-Road Vehicle (“ORV”) and Snowmobile segment sales, including its respective PG&A related sales, were \$845.5 million for the second quarter of 2017, compared with \$799.3 million for the second quarter of the prior year.

Polaris’ new Aftermarket segment sales, which includes Transamerican Auto Parts (“TAP”), along with the company’s other aftermarket brands of Klim, Kolpin, Pro Armor, Trail Tech and 509, increased significantly to \$224.4 million in the 2017 second quarter compared to \$12.1 million in the 2016 second quarter.

International sales to customers outside of North America, including PG&A, totalled \$191.2 million for the second quarter of 2017, up twelve percent from the same period in 2016.

The company has increased its sales guidance and narrowed its earnings per share expected range for the full year 2017.

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