

POLARIS INDUSTRIES INC/MN

Form 10-Q

October 24, 2018

Table of Contents

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark
one)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE
ACT OF 1934

For the quarterly period ended September 30, 2018

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF
1934

For the transition period from to
Commission File Number 1-11411

POLARIS INDUSTRIES INC.
(Exact name of registrant as specified in its charter)

Minnesota

(State or other jurisdiction of
incorporation or organization)

41-1790959
(I.R.S.
Employer
Identification
No.)

2100 Highway 55, Medina MN
(Address of principal executive offices)

55340
(Zip Code)

(763) 542-0500
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically, if any, every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer

Non-accelerated filer Smaller reporting company

Emerging growth company

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If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. "

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes " No

APPLICABLE ONLY TO CORPORATE ISSUERS:

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

As of October 17, 2018, 61,780,602 shares of Common Stock, \$.01 par value, of the registrant were outstanding.

Table of Contents

POLARIS INDUSTRIES INC.

FORM 10-Q

For Quarterly Period Ended September 30, 2018

	Page
<u>Part I FINANCIAL INFORMATION</u>	
<u>Item 1 – Financial Statements</u>	<u>3</u>
<u>Consolidated Balance Sheets</u>	<u>3</u>
<u>Consolidated Statements of Income</u>	<u>4</u>
<u>Consolidated Statements of Comprehensive Income</u>	<u>5</u>
<u>Consolidated Statements of Cash Flows</u>	<u>6</u>
<u>Notes to Consolidated Financial Statements</u>	<u>7</u>
<u>Item 2 – Management’s Discussion and Analysis of</u> <u>Financial Condition and Results of Operations</u>	<u>22</u>
<u>Results of Operations</u>	<u>23</u>
<u>Liquidity and Capital Resources</u>	<u>27</u>
<u>Inflation and Foreign Exchange Rates</u>	<u>29</u>
<u>Critical Accounting Policies</u>	<u>30</u>
<u>Note Regarding Forward Looking Statements</u>	<u>30</u>
<u>Item 3 – Quantitative and Qualitative Disclosures</u> <u>About Market Risk</u>	<u>30</u>
<u>Item 4 – Controls and Procedures</u>	<u>30</u>
<u>Part II OTHER INFORMATION</u>	
<u>Item 1 – Legal Proceedings</u>	<u>31</u>
<u>Item 1A – Risk Factors</u>	<u>31</u>
<u>Item 2 – Unregistered Sales of Equity Securities and</u> <u>Use of Proceeds</u>	<u>32</u>
<u>Item 4 – Mine Safety Disclosures</u>	<u>32</u>
<u>Item 6 – Exhibits</u>	<u>32</u>
<u>SIGNATURES</u>	<u>34</u>

Table of Contents

Part I FINANCIAL INFORMATION
Item 1 – FINANCIAL STATEMENTS
POLARIS INDUSTRIES INC.
CONSOLIDATED BALANCE SHEETS
(In thousands, except per share data)

	September 30, 2018 (Unaudited)	December 31, 2017
Assets		
Current assets:		
Cash and cash equivalents	\$ 183,411	\$ 138,345
Trade receivables, net	217,694	200,144
Inventories, net	1,019,517	783,961
Prepaid expenses and other	105,066	101,453
Income taxes receivable	5,865	29,601
Total current assets	1,531,553	1,253,504
Property and equipment, net	807,511	747,189
Investment in finance affiliate	88,790	88,764
Deferred tax assets	116,447	115,511
Goodwill and other intangible assets, net	1,515,431	780,586
Other long-term assets	88,299	104,039
Total assets	\$4,148,031	\$3,089,593
Liabilities and Shareholders' Equity		
Current liabilities:		
Current portion of debt, capital lease obligations and notes payable	\$66,595	\$47,746
Accounts payable	436,401	317,377
Accrued expenses:		
Compensation	160,033	168,014
Warranties	122,544	123,840
Sales promotions and incentives	187,307	162,298
Dealer holdback	124,259	114,196
Other	179,738	186,103
Income taxes payable	8,963	10,737
Total current liabilities	1,285,840	1,130,311
Long-term income taxes payable	26,805	20,114
Capital lease obligations	16,712	18,351
Long-term debt	1,781,020	846,915
Deferred tax liabilities	7,054	10,128
Other long-term liabilities	122,728	120,398
Total liabilities	\$3,240,159	\$2,146,217
Deferred compensation	\$9,620	\$11,717
Shareholders' equity:		
Preferred stock \$0.01 par value, 20,000 shares authorized, no shares issued and outstanding	—	—
Common stock \$0.01 par value, 160,000 shares authorized, 61,773 and 63,075 shares issued and outstanding, respectively	\$618	\$631
Additional paid-in capital	799,607	733,894
Retained earnings	152,561	242,763
Accumulated other comprehensive loss, net	(54,534)	(45,629)
Total shareholders' equity	898,252	931,659

Total liabilities and shareholders' equity	\$4,148,031	\$3,089,593
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The accompanying footnotes are an integral part of these consolidated statements.

Table of Contents

POLARIS INDUSTRIES INC.
 CONSOLIDATED STATEMENTS OF INCOME
 (In thousands, except per share data)
 (Unaudited)

	Three months ended		Nine months ended	
	September 30,		September 30,	
	2018	2017	2018	2017
Sales	\$1,651,415	\$1,478,726	\$4,451,420	\$3,997,428
Cost of sales	1,250,145	1,114,764	3,341,493	3,040,589
Gross profit	401,270	363,962	1,109,927	956,839
Operating expenses:				