## WELCOME



# MARK BLACKWELL Vice President, Victory Motorcycles & **Polaris International Operations**



- 1. State Of The Business
- 2. State Of The Brand
- 3. Entrance Into Luxury Touring
- 4. What It Means To The Business

#### 1. State Of The Business:

- Victory Launched In 1998.
- Been At It About Nine Years.
- First Years, Pretty Tough.
- Started To Feel Things Turning In 2002 2003.
- Last Few Years, <u>Very Successful</u>. Growing ~ 10X Industry Rate.

Profitable \$140 ~150 Million Business



- Introduction Of Victory Vegas Pivotal Point.
- Differentiated Product Was Key New, Forward Looking Design. <u>Clearly Different</u>.
- THE NEW AMERICAN MOTORCYCLE
- Dramatic Improvement In Style, Comfort & Performance.
- Dramatic Improvement In Quality Extremely High Customer Satisfaction.

#### 1. State Of The Business:



American Innovation – Respect The Past. Lead. Create The Future For American Motorcycles.











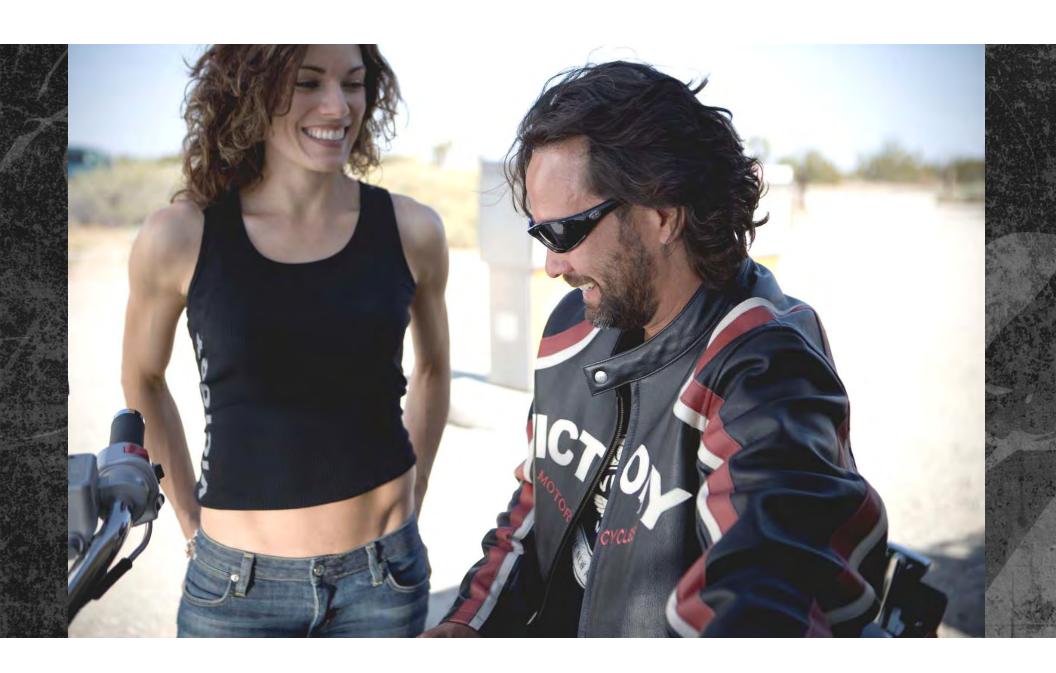
















- Men 35-54
- •HHI \$80,000+
- Already interested in cruiser
- Some College
- Enjoy working with their hands
- Patriotic
- Buy American
- Riders 10+ yearsexperience



# Why Customers Buy Victory

	Significantly influenced buying	2006	
M	Styling	97%	
	Made in USA	93%	
	Power	91%	
	Comfort	83%	-
	Handling	81%	
	W anted something different	79%	
	It's an up and coming brand	72%	
	Cost	72%	
	Dealer	70%	
	Test Ride	63%	
	Victory's brand image	61%	
	W arranty	58%	
	Made by Polaris Industries	56%	
	A good finance offer or rebate	51%	
	Recommendation by someone else	44%	
	My friend has a Victory	27%	

# What Riders Are Saying

#### **What Victory Owners Think**

- 98% Satisfied
- 97% Likely to recommend Victory to a friend
- 94% Satisfied with their dealer
- 84% Definitely/probably will buy another Victory

#### What Potential Buyers Think of Victory

- 76% American Made
- 74% Up and coming brand







- 80%+ awareness of J.D. Power
  - 90% among \$75,000+
- 87% say "credible source of quality info."
- 60% are "more likely to consider" brands recognized by J.D. Power



- Survey Of 6,916 Buyers
  - Purchased Sept., 2005 May, 2006
- 10 Major Brands
- Exhaustive Questioning
  - All Aspects Of Ownership Experience

Motorcycle Buyers Have Spoken
The Results Speak For Themselves



#### "Power Circle" Ratings - VICTORY

- 5 Power Circles ("Among The Best")
  - Cost Of Ownership
  - Product Experience
  - Service Experience
- 4 Power Circles ("Better Than Most")
  - Quality
  - Sales Experience

Consumers Will Learn What We've Known For Years



- 2006 Motorcycle Competitive Information Study
- Go to www.jdpower.com
- Click on 'Autos'
- Click on 'Motorcycle Ratings'

See For Yourself



- Growing Awareness > 75% Among People Interested In Cruisers & Touring
- Product Line Expansion Delivering On Brand Promise:
   The New American Motorcycle
- Key Brand Attributes Resonating Well: American, New, Modern Styling, High Quality, Great Performance & Handling, Very Satisfied Customers
- Need To Continue To Improve On Familiarity With Victory And The Number & Location Of Victory Dealers

# MARKET POSITIONING

**New / Modern** 

**BMW** 



**SUZUKI** 

**Import** Brand

HONDA YAMAHA

Kawasaki

American Brand



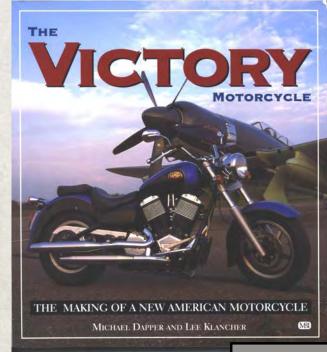
Note: The above logo's are register trademarks of the respective companies

**Old / Heritage** 

Indian







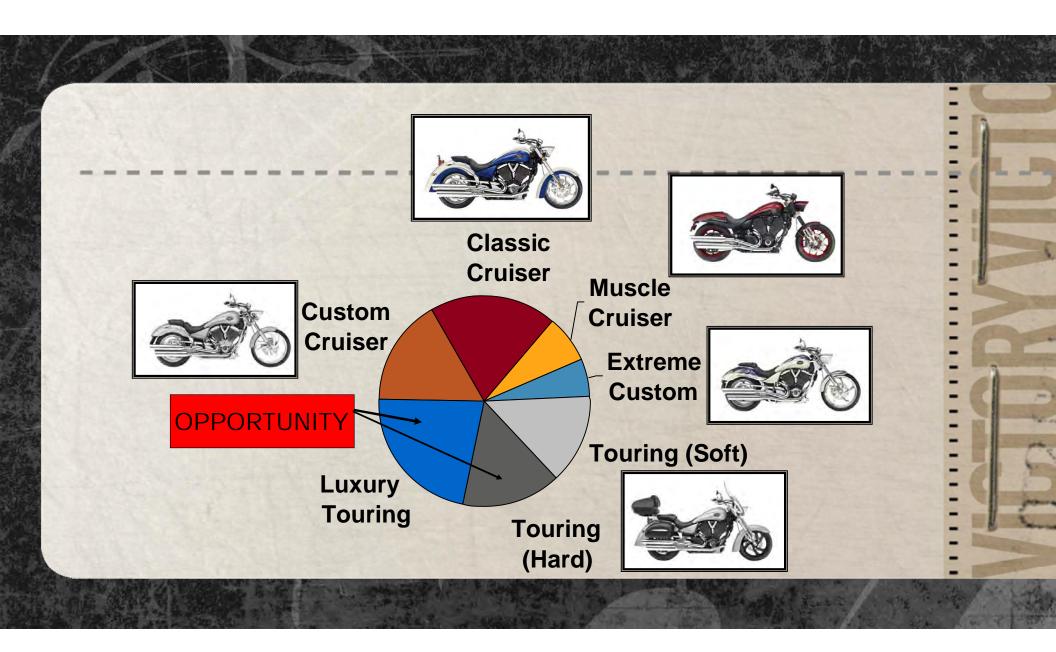


**Evolved The Brand** 



#### Why Luxury Touring?

- Logical extension of strategy & business plan
- Large & fast growing segment
- High selling prices & margin opportunity
- Relatively few competitors
- Only one other American V-Twin player



# The Opportunity:

2006 Volume	3 Year CAG	
10 000	- 01	

- Soft-bag Touring
- Hard-bag Touring
- **Luxury Touring**
- Total
- Average Selling Price
- Retail Dollars
- Apparel, Accessories, Etc.

<u>6 volume</u>	3 Year CAGE
43,000	-7 %
61,000	+21 %
64,000	+9 %
168,000	+7 %
\$19,000	
\$3 Billion	+

# **TOURING: A GROWING SEGMENT An Aging Population**

## **TOURING: A GROWING SEGMENT**

**An Aging Population** 

10,000+ baby-boomers turning 50 each day





- 6+ yrs Market / Consumer Research
  - Deep understanding of consumer dynamics
- Deep-Dive With American V-Twin Touring Riders
  - Feedback on a wide range model sketches (Conservative-Radical)
  - Studied what riders want in their next <u>American Touring bike</u>
  - Time in garages and on the road with serious riders
  - Product clinics with full-size models vs. competition
- Multiple competitive test-ride comparisons
  - Over 28,000 miles, many with a passenger





- What is most important to Touring riders:
  - 1. Style
  - 2. Comfort

# **OUR STRATEGY**

- 1. Where to compete?

  Heavyweight Cruisers & Touring
- 2. How to win?

**Differentiated products** 



## MARKET POSITIONING

**HONDA** 

**BMW** 

New / Modern W VICTORY

THE NEW AMERICAN MOTORCYCLE

Import Brand American Brand

HARLEY-DAVIDSON

**Old / Heritage** 

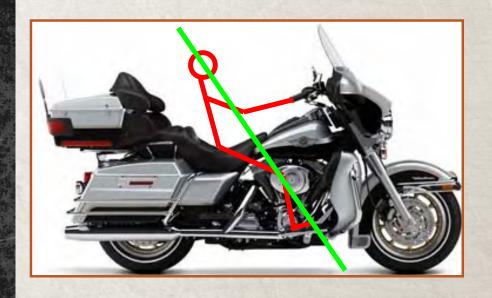
#### FOOT POSITION CRITICAL TO THIS RIDER





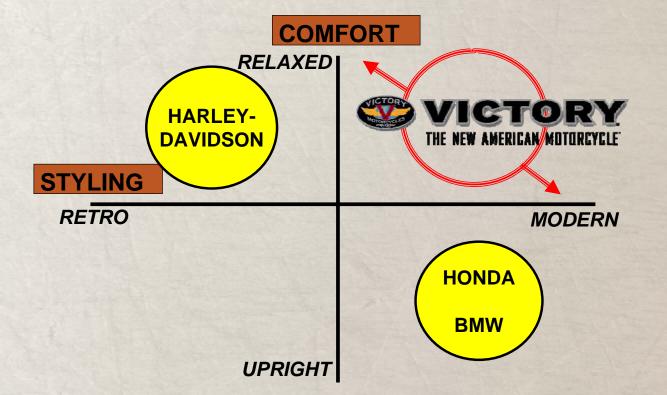
**Engine Blocks Foot Position** 

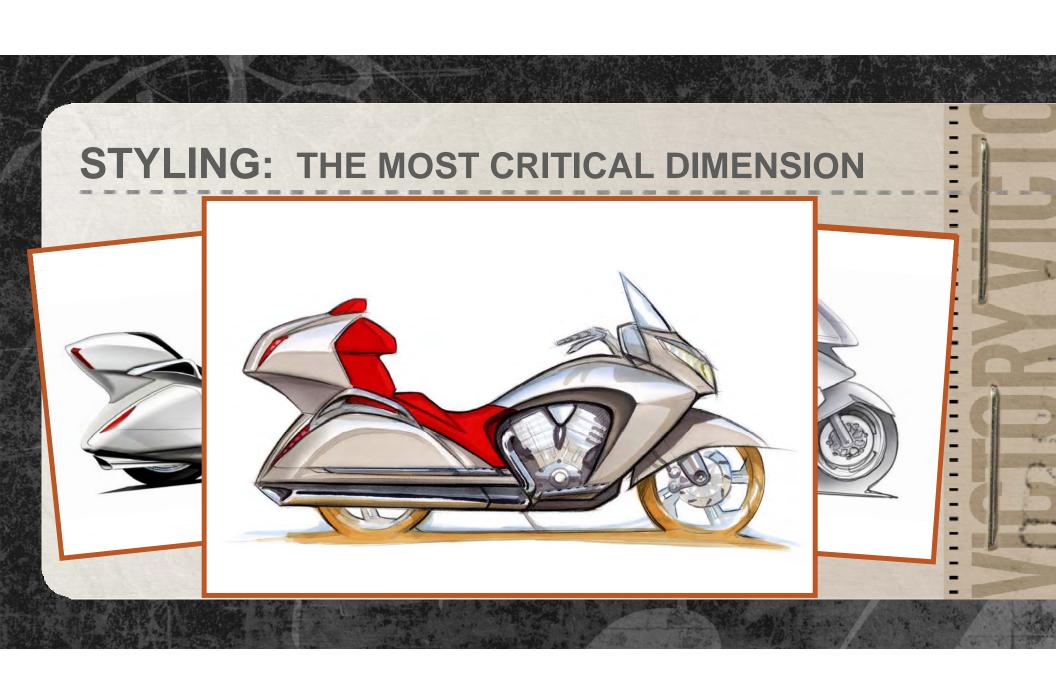
## RELAXED VS. UPRIGHT RIDING POSITION





## **VICTORY POSITIONING**

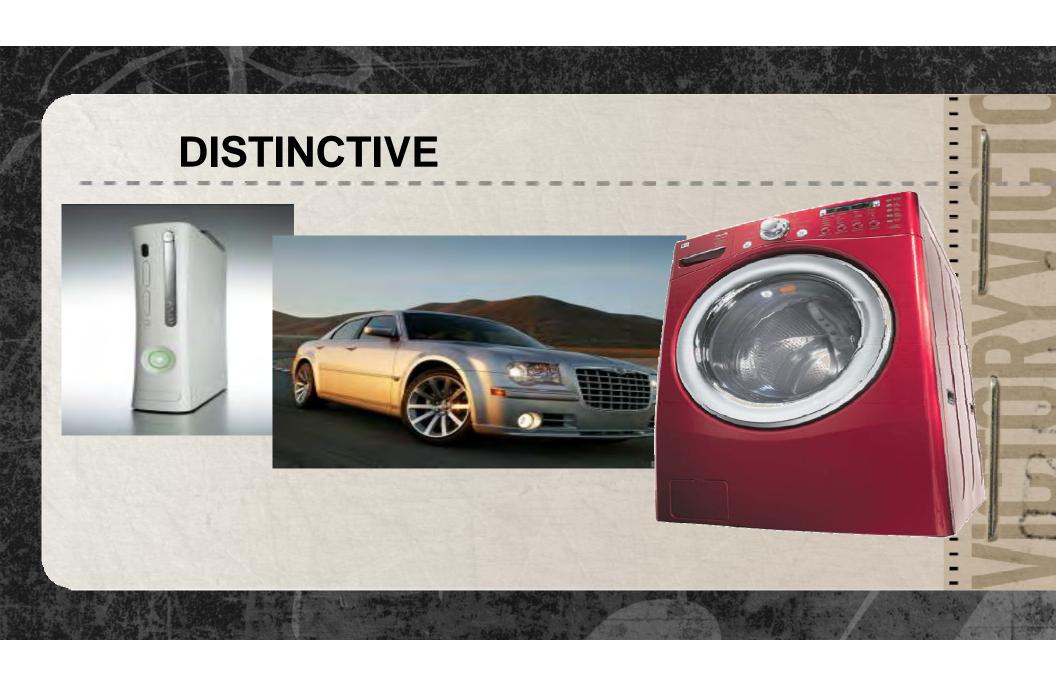






- Further solidify our brand position & differentiation
- Occupy a unique space
- Modern & forward looking with unique design cues
- Victory DNA: long, low, smooth flowing lines.
   "Stretched out"
- Engine is "crown jewel in it's setting"
- The New American Luxury Touring Motorcycle





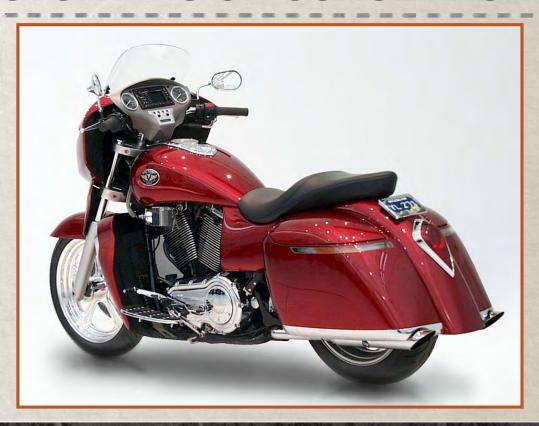
## Who Is The Buyer For These Models?

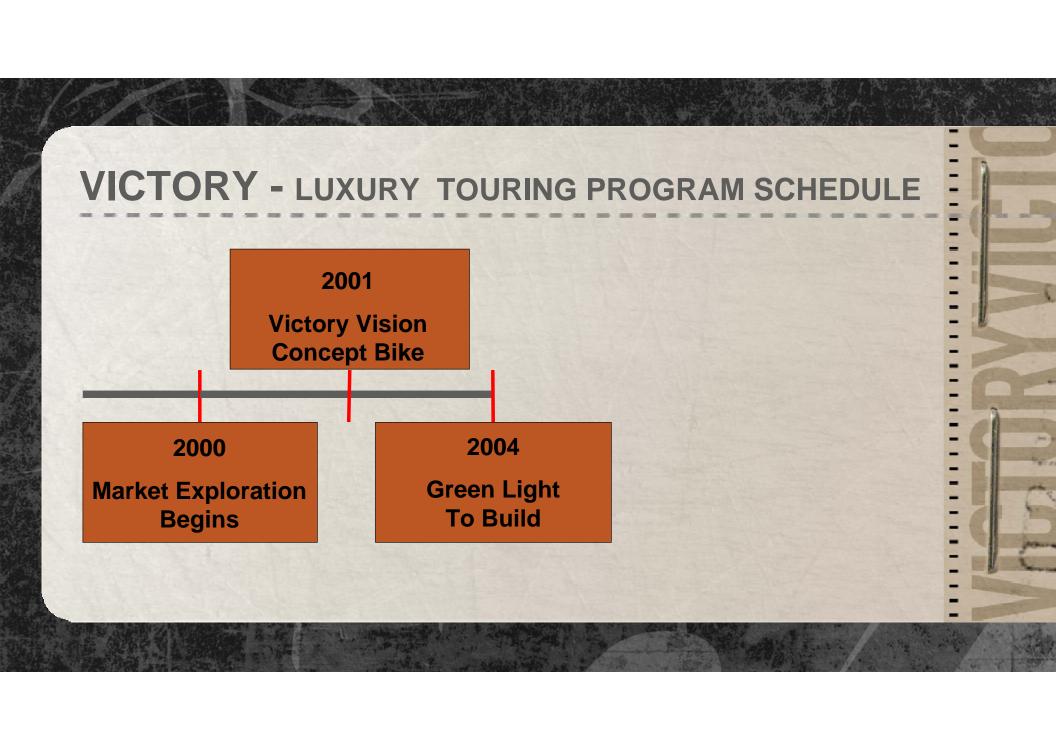
- Median Age: 50
- \$94,000 HH Income
- 95% Men, But.....
- 29 Years Riding Experience
- Many Semi/Retired
- Have Time, Money & Spirit Of Adventure
- Want To See The Country On Motorcycle

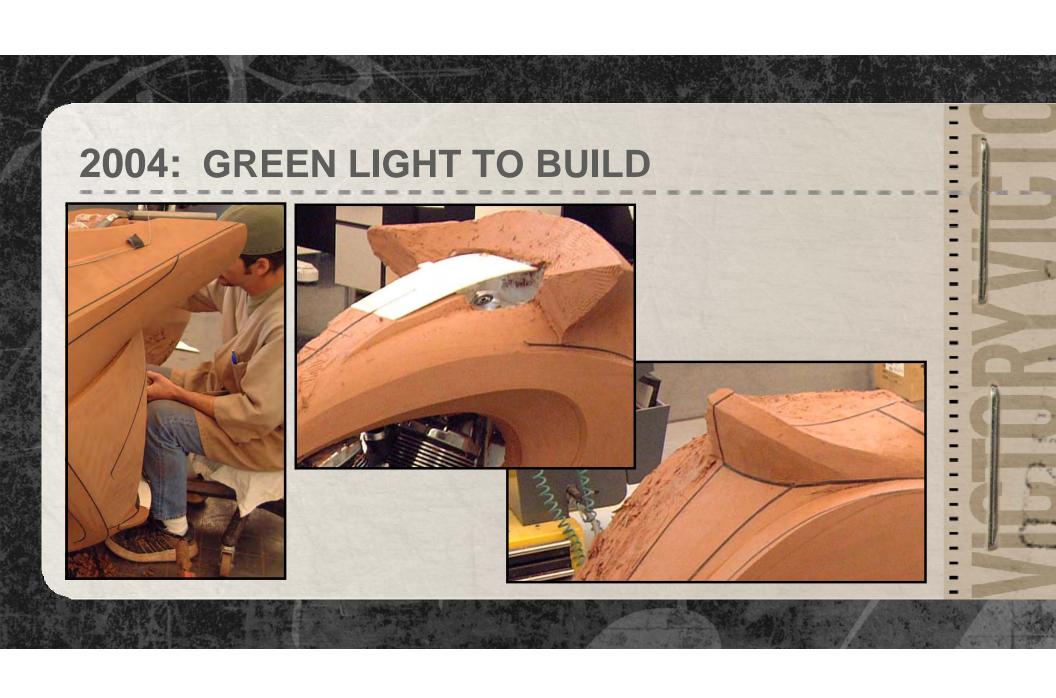
- Looking For Their Next Motorcycle > Touring
- Aspiring To Own American
- Want A Choice And/Or Something Different
- Style & Comfort Most Important
- Current Victory Owners, Returning Riders, Owners Of Other Brand Cruisers & Touring Bikes

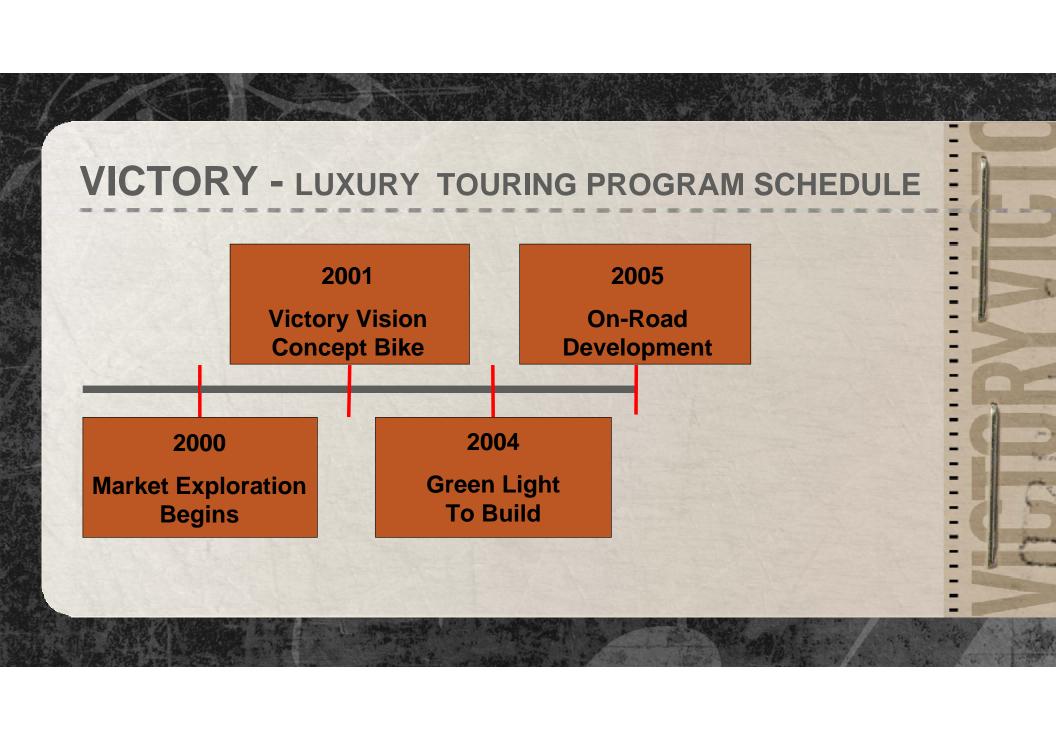
# VICTORY - LUXURY TOURING PROGRAM SCHEDULE 2001 **Victory Vision Concept Bike** 2000 **Market Exploration Begins**

#### 2001: VICTORY VISION CONCEPT UNVEILED

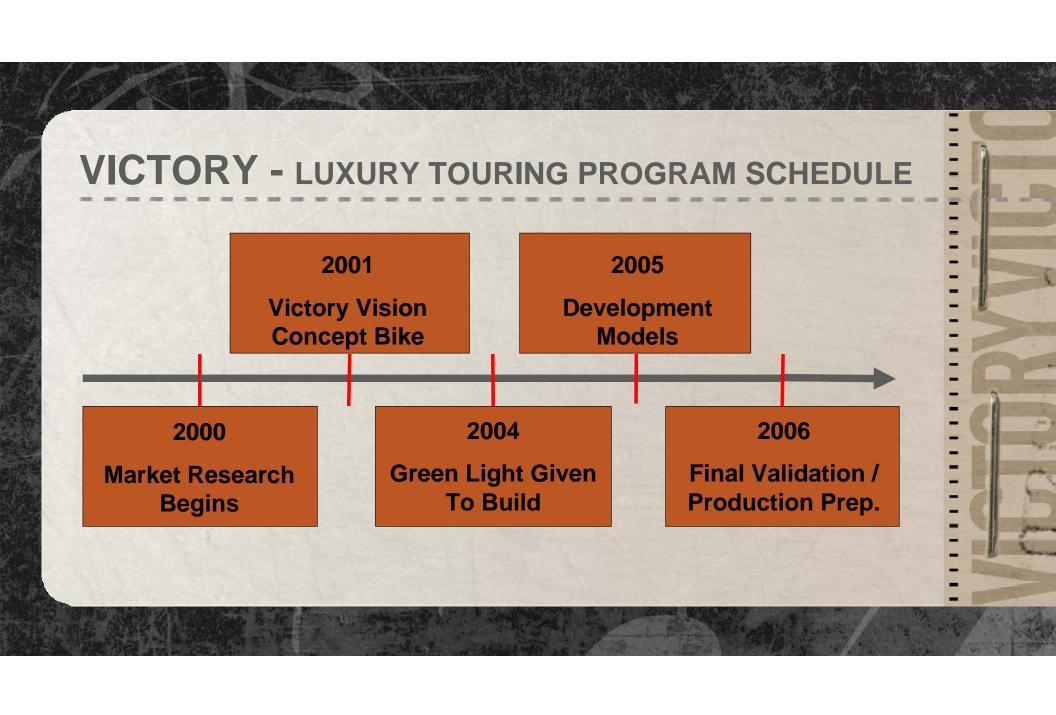




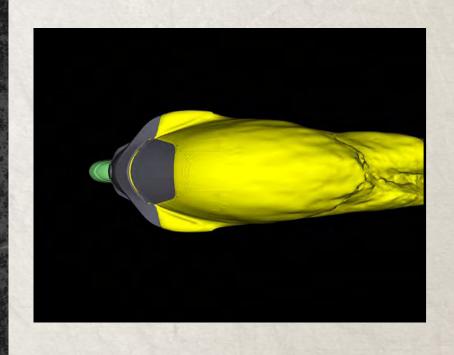




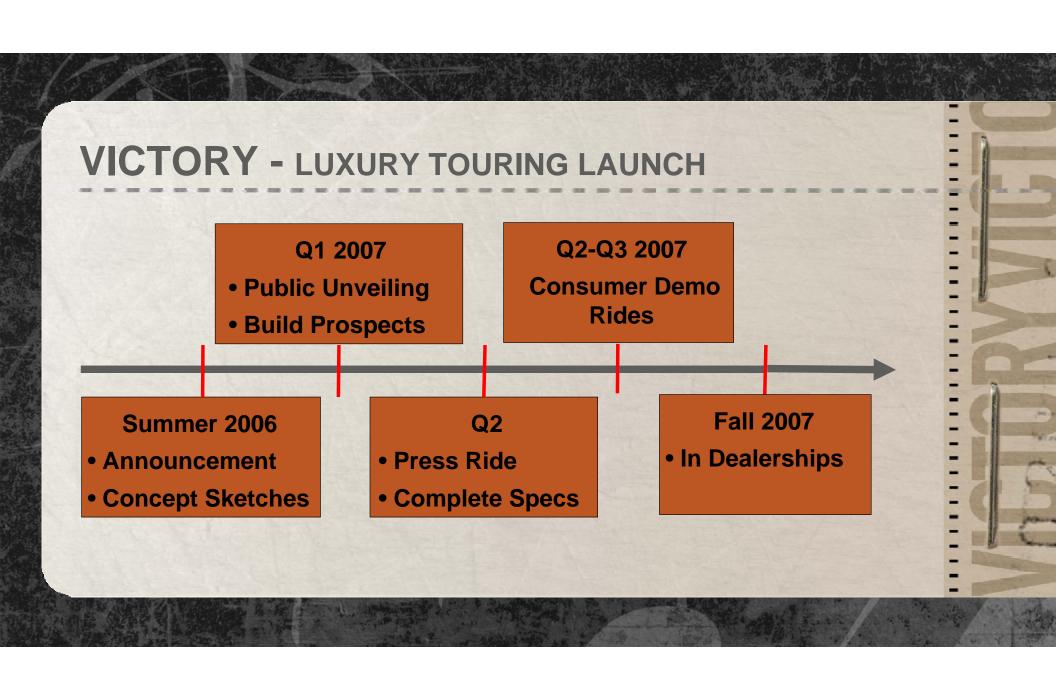














THE 2008 VICTORY VISION

### Two bikes. Two types of riders.

#### Victory Vision™ Tour

#### The Rider:

- Frequent long-distance trips
- Values traveling in style and comfort with every luxury touring amenity
- Tours primarily two-up

#### Victory Vision™ Street

#### The Rider:

- Occasional long-distance trips
- Values cruiser heritage (custom cool) with touring capability and comfort
- Tours primarily solo, but wants ability to take a passenger

THE 2008 VICTORY VISION

## **Preliminary Features Common To Both Models**

- Unmistakably American Victory Freedom™ V-Twin Engine
- Proven 6-speed transmission with true overdrive
- Smooth modern styling with relaxed feet-forward riding position
- Lowest seat height in its class 26.5"
- Outstanding wind protection and airflow management in cool, wet or warm weather
- 6 gallon fuel capacity
- Ample storage and essential touring amenities for the long haul





AVAILABLE FALL 2007







- Entering The "Other Half" Of The Available Market. Purely Incremental Volume.
- We Believe We Have A Winning Strategy.
- We Are Confident We Have "Best In Class" Products That Will Set New Standards For The Category.



