

# Polaris releases all-electric ATV for hunters, military

March 12 2010, By David Phelps

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Ranger EV

Except for the sound of tires rolling on the ground, the latest generation of Polaris all-terrain vehicles moves almost silently across a snowy field. Powered by an electric battery instead of a gasoline engine, the new Ranger EV (for electric vehicle) is in sharp contrast to its noisy predecessors, sounding more like an electric golf cart cruising down a fairway. Also missing is the exhaust generated by a gas engine.

The midsize, two-seat vehicle is aimed at a green audience that likes quiet as well as a rechargeable energy source. It has the longest range and largest [battery](#) pack of any midsize ATV in production today.

Whether it will convert critics who contend that all-terrain vehicles can

be disruptive to the environment is up in the air.

But for now, the vehicle is being marketed to hunters who don't want to scare away their prey, farmers and ranchers who don't want to disrupt their animals and homeowners with multi-acre lots who want to haul cargo without disrupting their neighborhood.

A modified version of the EV is also aimed at a U.S. military that is in the market for vehicles that are both fuel-efficient and can be used at low speeds on and off the road.

Polaris received notice last month from the U.S. General Services Administration that it has approval to sell the low-speed electric vehicle to government agencies, including its most likely customer, the Defense Department. The company has begun to accept government orders, but declined to give details. No large-scale contracts have been announced.

"This (GSA approval) doesn't guarantee them anything, but I'm sure we'll hear about it (sales) down the road," said Robert Evans, a stock analyst for Craig-Hallum Capital Group who follows Polaris. "Their military business has done very well, and electric is a segment they're interested in growing.

"It's a nichey market, but it's there," Evans added, referring to consumer and military demand.

It's too soon to say what the EV could mean to the financial bottom line at Polaris, and company executives are keeping projections close to the vest. But ATVs are by far Polaris' largest market segment, accounting for two-thirds of sales, well ahead of snowmobiles, motorcycles and equipment and clothing accessories.

Any sales bump couldn't come soon enough for the Medina, Minn.-based

company. Total sales at Polaris last year were \$1.6 billion, down from \$1.9 billion in 2008. Company executives recently told Wall Street analysts that they expected sales to be down double-digits again in 2010 as consumer credit remains tight.

Throughout the recession, consumers have been paring back on all but necessities. They're even saving more.

But the company has made tweaks to its business model, paring back production, even offering less expensive ATVs to appeal to the recession consumer.

Wall Street has largely applauded, with the stock more than tripling in the past year. It's rallied from years-long lows under \$15 a share last March to more than \$50 this week.

Sales of off-road vehicles were down 22 percent to 24 percent last year. The company said sales for single-seat ATVs declined more than sales for two-seat models like the Ranger.

"It's a tough economy, for sure. But our Ranger customer is more affluent than our typical ATV customer," said Matt Homan, vice president of the Polaris off-road division. "We expect to see a small market turn into a bigger market. Demand is starting to take off."

Polaris also has an eye on the international market for growth prospects.

The Ranger EV is showing traction on showroom floors, even with the recession, as Polaris dealers move into the spring selling season.

The list price for the two-seater Ranger EV, which has a 50-mile range and a 25 mph top speed, is \$10,699 compared with \$7,999 for a gas-powered Ranger. The EV, like the gasoline Ranger, has on-demand all-

wheel drive. It takes about eight hours to recharge the EV's lead-acid batteries.

"You're saving money on gas and you're paying for the benefits of stealth and being green," said Matt Homan, vice president of the Polaris off-road division.

Homan said Polaris did consumer research before proceeding with production.

"We found there was passionate interest by a segment of people who are interested in the green element and those who didn't want to keep gas on their property all the time," Homan said.

Homan said Polaris rolled out the new product at its annual dealers meeting last July and was pleased at the response. "Orders exceeded expectations," he said. "We shipped out the first orders in November and the early retail results have been positive. But it's still a niche."

Matt Olund, general manager of Kline Motorsports in Maplewood, Minn., said he's seen customer interest in the Ranger EV but no sales just yet.

"People like it for the noise factor more than anything," Olund said. "I think it's a good niche. We may sell three or four this summer, and that would be good for the year."

Olund said he expects more interest to come from golf courses and large corporate campuses whose grounds crews want the utility capability of the ATV without the noise.

"This might be hit-or-miss with the outdoor (recreational) crowd, but I'm not worried about that kind of thing," Olund said.

ATVs remain popular in Minnesota, despite tight economic times. Registrations peaked in 2008 at 268,316 units before a statistically insignificant decline last year to 267,727.

"In this economy, to hold your own is a sign of strength," said Paul Nordell, program coordinator for the Minnesota Department of Natural Resources, who tracks registrations.

The rollout of the new EV will be watched by ATV enthusiasts and skeptics alike.

Matthew Norton, staff attorney for the Minnesota Center for Environmental Advocacy, said the jury is still out on the introduction of electric-powered ATVs and what that might mean to the environment.

"The quiet is a huge benefit. It will alleviate a lot of the discord that happens when people are forced to live near lots of noisy machines," Norton said. "But it will not alleviate soil disturbance and damage to vegetation."

Norton added that quiet machines might also allow riders to go places they shouldn't be, such as private property, without alerting others to their presence.

The potential gold mine for Polaris, however, lies with the military and other government agencies.

Mark McCormick, the managing director of the Polaris Defense division, said the Army indicated it will need at least 4,000 vehicles over the next three years while total military purchases, including the Navy and the Air Force, would reach 10,000.

"The government wants to get away from its reliance on fossil fuels,"

McCormick said. "These (military) installations are thousands of acres and they have to send out fuel trucks for miles just to refuel the machines."

Polaris has at least two competitors for the military business but is the only one to offer an all-season electric vehicle.

McCormick said the road-modified Ranger EV -- with turn signals, a windshield and a rearview mirror -- can be used to replace small pickup trucks and sedans on military bases. The electric vehicle could also be deployed to combat zones.

The machines are manufactured at the Polaris plant in Roseau, Minn.

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Distributed by McClatchy-Tribune Information Services.

Citation: Polaris releases all-electric ATV for hunters, military (2010, March 12) retrieved 25 April 2024 from <https://phys.org/news/2010-03-polaris-all-electric-atv-hunters-military.html>

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