



## Press release

### BRP REPORTS FOURTH QUARTER AND FISCAL YEAR 2014 RESULTS

#### Highlights:

- Record revenues of \$3,194.1 million for FY2014, a 10% increase compared to FY2013;
- Net income of \$59.7 million for FY2014 that resulted in basic earnings per share of \$0.53;
- Normalized net income<sup>[1]</sup> of \$168.3 million for FY2014, an increase of \$21.6 million or 15% compared to FY2013, which resulted in Normalized basic earnings per share<sup>[1]</sup> of \$1.50, in-line with the guidance;
- Successfully launched new products including Sea-Doo Spark watercraft and received numerous prestigious awards across BRP's product line-up.

**Valcourt, Québec, March 28, 2014** — BRP Inc. (TSX: DOO) today reported its financial results for the three- and twelve-month periods ended January 31, 2014. All financial information is in Canadian dollars unless otherwise noted. The complete financial results are available at [www.sedar.com](http://www.sedar.com).

"I am pleased with our results for our first year as a publicly-traded company," said José Boisjoli, president and CEO. "The hard work of our employees has yielded good results. Revenues and Normalized Net Income for Fiscal Year 2014 progressed by 10% and 15% respectively, and Year-Round Products have surpassed Seasonal Products in terms of Revenues for the first time, a testament to our growth strategy in these categories and the continued expansion of our dealer network."

Commenting on the outlook for Fiscal Year 2015, Boisjoli added: "In North America we are exiting an exceptional snowmobile season with dealer inventories at an all-time low. This situation has caused shortages of snowmobiles at certain dealers but it certainly bodes very well for the next wholesale season in the second half of the year. The coldest winter in over 30 years in North America and the geopolitical uncertainty in Russia will have some impact on product deliveries early in the year, however I am confident we can continue to grow revenues and earnings with a strong product portfolio, a large geographic diversification and some exciting upcoming product news."

[1] Please see definitions of Normalized net income and Normalized earnings per share on Page 2 of this release below Net Income Data table.

## Highlights for the Three- and Twelve-Month Periods Ended January 31, 2014

Revenues increased by \$111.4 million, or 14.1%, to a quarterly record of \$902.9 million for the **three-month period** ended January 31, 2014, up from \$791.5 million for the corresponding period ended January 31, 2013. The increase in revenues includes a favourable foreign exchange rate variation of \$53 million, mainly related to the strengthening of the U.S. dollar and the Euro against the Canadian dollar.

Revenues increased by \$297.9 million, or 10.3%, to \$3,194.1, million for the **twelve-month period** ended January 31, 2014, up from \$2,896.2 million for the corresponding period ended January 31, 2013. The revenues were negatively impacted by the exit of the sport boat business in Fiscal Year 2013 that accounted for \$74 million in revenues for the twelve-month period ended January 31, 2013. Excluding the exit of the sport boat business, revenues would have increased by 13.2% or \$371.9 million. The increase in revenue includes a favourable foreign exchange rate variation of \$114 million, mainly related to the strengthening of the U.S. dollar and the Euro against the Canadian dollar.

### NET INCOME DATA

(millions of Canadian dollars)	Three-month period ended		Twelve-month period ended	
	January 31, 2014	January 31, 2013 (Restated) <sup>[2]</sup>	January 31, 2014	January 31, 2013 (Restated) <sup>[2]</sup>
<b>Revenues by category</b>				
Seasonal Products	\$406.4	\$371.0	\$1,136.2	\$1,056.9
Year-Round Products	272.5	223.4	1,204.9	1,045.7
Propulsion Systems	75.3	70.2	343.7	333.8
PAC	148.7	126.9	509.3	459.8
<b>Total Revenues</b>	<b>902.9</b>	<b>791.5</b>	<b>3,194.1</b>	<b>2,896.2</b>
Cost of sales	679.7	593.0	2,386.4	2,158.5
<b>Gross profit</b>	<b>223.2</b>	<b>198.5</b>	<b>807.7</b>	<b>737.7</b>
<i>As a percentage of revenues</i>	<b>24.7%</b>	25.1%	<b>25.3%</b>	25.5%
<b>Total operating expenses</b>	<b>145.0</b>	<b>127.4</b>	<b>512.6</b>	<b>518.0</b>
Operating income	78.2	71.1	295.1	219.7
Net financing costs	15.1	16.8	62.0	60.7
Foreign exchange (gain) loss on long-term debt	52.9	(1.2)	96.4	(3.6)
Increase in fair value of common shares	—	4.8	19.6	11.0
<b>Income before income taxes</b>	<b>10.2</b>	<b>50.7</b>	<b>117.1</b>	<b>151.6</b>
Income taxes expense	16.5	14.9	57.4	32.4
<b>Net income (loss)</b>	<b>(\$6.3)</b>	<b>\$35.8</b>	<b>\$59.7</b>	<b>\$119.2</b>
<b>EBITDA</b> <sup>[1]</sup>	<b>\$106.0</b>	<b>\$ 87.5</b>	<b>\$370.6</b>	<b>\$293.8</b>
<b>Normalized EBITDA</b> <sup>[1]</sup>	<b>\$106.0</b>	<b>\$ 87.8</b>	<b>\$380.2</b>	<b>\$335.0</b>
<b>Normalized net income</b> <sup>[1]</sup>	<b>\$48.3</b>	<b>\$ 36.5</b>	<b>\$168.3</b>	<b>\$146.7</b>
<b>Normalized earnings per share – Basic</b> <sup>[1]</sup>	<b>\$0.41</b>	<b>\$ 0.36</b>	<b>\$1.50</b>	<b>\$1.44</b>
<b>Normalized earnings per share – Diluted</b> <sup>[1]</sup>	<b>\$0.41</b>	<b>\$ 0.35</b>	<b>\$1.49</b>	<b>\$1.43</b>

<sup>[1]</sup> EBITDA, Normalized EBITDA, Normalized net income and Normalized earnings per share are non-IFRS measures that the Company uses to assess its operating performance. EBITDA is defined as net income before financing costs, financing income, income taxes expense (recovery), depreciation expense and foreign exchange (gain) loss on long-term debt. Normalized EBITDA is defined as net income before financing costs, financing income, income taxes expense, depreciation expense, foreign exchange (gain) loss on long-term debt, increase in fair value of redeemable common shares and unusual and non-recurring items. Normalized Net Income is defined as net income before foreign exchange (gain) loss on long-term debt, increase in fair value of redeemable common shares and unusual and non-recurring items adjusted to reflect the tax effect on these items. Normalized earnings per share – basic and Normalized earnings per share – Diluted, are respectively calculated by dividing the normalized net income by the weighted average number of basic and diluted shares.

<sup>[2]</sup> Restated to reflect the application of the amendments to IAS 19 "Employee Benefits" standard as explained in Note 2a) of the audited consolidated financial statements for the year ended January 31, 2014.

## **QUARTERLY REVIEW BY CATEGORIES**

### **Seasonal Products**

Revenues from Seasonal Products increased by \$35.4 million, or 9.5%, to \$406.4 million for the three-month period ended January 31, 2014, compared with \$371.0 million for the corresponding period ended January 31, 2013. The increase in revenues resulted primarily from PWC due to increased volume, partially offset by an unfavourable product mix effect. The increase in revenues includes a favourable foreign exchange rate variation of \$20 million.

North American Seasonal Products retail sales, excluding the sport boat business, registered an increase in the low double-digit percent range as compared to the fourth quarter of Fiscal Year 2013.

### **Year-Round Products**

Revenues from Year-Round Products increased by \$49.1 million, or 22.0%, to \$272.5 million for the three-month period ended January 31, 2014, up from \$223.4 million for the corresponding period ended January 31, 2013. The increase is primarily due to higher wholesale and a favourable product mix in side-by-side vehicles resulting mainly from an expanded line-up such as the Can-Am Maverick two- and four-passenger models. The increase in revenues includes a favourable foreign exchange rate variation of \$18 million.

North American Year-Round Products retail sales increased on a percentage basis by low double digits compared with the fourth quarter of Fiscal Year 2013.

### **Propulsion Systems**

Revenues from Propulsion Systems increased by \$5.1 million, or 7.3%, to \$75.3 million for the three-month period ended January 31, 2014, compared with \$70.2 million for the corresponding period ended January 31, 2013. The increase in revenues is mainly attributable to a favourable foreign exchange rate variation of \$7 million.

### **PAC (Parts, Accessories & Clothing)**

Revenues from PAC increased by \$21.8 million, or 17.2%, to \$148.7 million for the three-month period ended January 31, 2014, up from \$126.9 million for the corresponding period ended January 31, 2013. The increase is primarily due to a higher volume driven by the growth of Year-Round Products and Seasonal Products businesses. The revenue increase includes a favourable foreign exchange rate variation of \$8 million.

**Gross profit** increased by \$24.7 million, or 12.4%, to \$223.2 million for the three-month period ended January 31, 2014, up from \$198.5 million for the corresponding period ended January 31, 2013. Gross profit margin percentage decreased by 40 basis points to 24.7% from 25.1% for the three-month period ended January 31, 2013. The decrease in gross profit margin percentage was primarily due to an unfavourable product mix mainly in Seasonal Products, the additional expenses related to the transfer of PWC manufacturing to the Querétaro, Mexico facility, warranty cost adjustments and increased sales program costs in Year-Round Products. The decrease was partially offset by a favourable foreign exchange rate variation of \$20 million.

**Operating expenses** increased by \$17.6 million, or 13.8%, to \$145.0 million for the three-month period ended January 31, 2014, up from \$127.4 million for the three-month period ended January 31, 2013. This increase was mainly due to a negative foreign exchange impact of \$14 million, higher investments in research and development projects to support the Company's growth, partially offset by lower variable employee compensation expenses.

**Normalized net income** increased by \$11.8 million to \$48.3 million for the three-month period ended January 31, 2014, compared with \$36.5 million for the corresponding period last year. The increase is primarily due to higher wholesale in Seasonal and Year-Round Products and their related PAC and a favourable foreign exchange rate.

### **Fiscal Year 2015 Guidance and First Quarter Outlook**

The Company is introducing its financial guidance for Fiscal Year 2015 with an increase in Company Revenues and Normalized Net Income of between 9% and 13%, and between 10% and 17% respectively, when compared to Fiscal Year 2014. The guidance includes an assumption for lower sales and profitability as a result of the growing geopolitical uncertainty in Russia.

The table below sets forth BRP's financial guidance for Fiscal Year 2015 when compared to actual results for Fiscal Year 2014. The individual targets are based on current currency exchange rates and exclude the effects of future fluctuations in currency exchange rates.

<b>Financial Metric</b>	<b>FY2015 Guidance vs FY2014 Results</b>
Revenues	
Seasonal Products	Up 5% to 10%
Year-Round Products	Up 12% to 15%
Propulsion Systems	Up 7% to 10%
PAC	Up 10% to 15%
Total Company Revenues	Up 9% to 13%
Normalized EBITDA	Up 11% to 15%
Effective Tax Rate <sup>[1]</sup>	26% - 27%
Normalized Net Income <sup>[2]</sup>	Up 10% to 17%
Normalized Earnings per Share - Diluted	\$1.55 - \$1.65 (Up 10% to 17%) <sup>[3]</sup>
Capital Expenditures	\$165M to \$175M

[1] Effective tax rate based on Normalized Earnings before Income Tax.

[2] Assuming \$116M Depreciation and Amortization expense.

[3] The 10% to 17% increase assumes a constant weighted average number of diluted shares of 118.9 million for both Fiscal Year 2015 and Fiscal Year 2014.

The first quarter of Fiscal Year 2015 is expected to be affected by costs associated with the transfer of the distribution of the PAC business to a third-party provider, delays in deliveries of PWC due to a more difficult than anticipated production ramp-up at the Querétaro facility and the longer winter affecting summer products deliveries. As such, the Company expects Revenues and Normalized EBITDA for the three-month period ending April 30, 2014 to decrease by an estimated 5% to 10% and approximately 50% respectively, when compared to the same period last year.

The above targets are based on a number of economic and market assumptions the Company has made in preparing its Fiscal Year 2015 financial guidance, including assumptions regarding the performance of the economies in which it operates, foreign exchange currency fluctuations, market competition and tax laws applicable to its operations. The Company cautions that the assumptions used to prepare the forecasts for Fiscal Year 2015, although reasonable at the time they were made, may prove to be incorrect or inaccurate. In addition, the above forecasts do not reflect the potential impact of any non-recurring or other special items or of any new material commercial agreements, dispositions, mergers, acquisitions, other business combinations or other transactions that may be announced or that may occur after March 28, 2014. The financial impact of such transactions and non-recurring and other special items can be complex and depends on the facts particular to each of them. We therefore cannot describe the expected impact in a meaningful way or in the same way we present known risks affecting our business. Accordingly, our actual results could differ materially from our expectations as set forth in this news release. The outlook provided constitutes forward-looking statements within the meaning of applicable securities laws and should be read in conjunction with the "Caution Concerning Forward-Looking Statements" section.

#### **Conference call and Webcast presentation**

Today at 10 a.m. (ET), BRP Inc. will host a conference call and webcast to discuss BRP's FY2014 fourth quarter and year-end earnings results released this morning. The call will be hosted by José Boisjoli, president and CEO and Claude Ferland, CFO. A slide presentation and link to the audio webcast will be posted at <http://investors.brp.com> in the Event Calendar section.

To listen to the conference call by phone, for the integral version please dial 1-514-861-4190 or 1-877-461-2815 (toll-free in North America), or 00 800 9559-6853 for overseas callers. To listen to the English version only, please dial 1-514-861-1681 or 1-800-766-6630 (toll-free in North America), or 00 800 2787-2090 for overseas calls. For the French version only, please dial 1-514-392-9196 or 1-866-542-4146 (toll-free in North America), or 00 800 7701 8886 for overseas calls. In all cases, the event number is 4186521.

**A replay of the conference call will be available two hours after the call for 30 days following the original broadcast.**

#### **About BRP**

BRP (TSX: DOO) is a global leader in the design, development, manufacturing, distribution and marketing of powersports vehicles and propulsion systems. Its portfolio includes Ski-Doo and Lynx snowmobiles, Sea-Doo watercraft, Can-Am all-terrain and side-by-side vehicles, Can-Am roadsters, Evinrude outboard engines and Rotax engines for karts, motorcycles and recreational aircraft as well as inboard jet propulsion systems for boats. BRP supports its line of

products with a dedicated parts, accessories and clothing business. With annual sales of over CA\$3 billion from 105 countries, the Company employs approximately 7,100 people worldwide.

[www.brp.com](http://www.brp.com)  
[@BRPNews](#)

Ski-Doo, Lynx, Sea-Doo, Evinrude, Rotax, Can-Am and the BRP logo are trademarks of Bombardier Recreational Products Inc. or its affiliates.

-30-

For information:

Pascal Bossé  
Corporate Director,  
Communications, Public Affairs and Investor relations  
Tel: 450-532-6466  
[pascal.bosse@brp.com](mailto:pascal.bosse@brp.com)

**CAUTION CONCERNING FORWARD-LOOKING STATEMENTS**

*Certain information included in this release, including, but not limited to, statements relating to our Fiscal Year 2015 financial outlook (including revenues, gross profit margin, operating expenses, Normalized EBITDA, Effective Tax Rate, Normalized net income and Normalized earnings per share), and other statements that are not historical facts, are "forward-looking statements" within the meaning of Canadian securities laws. Forward-looking statements are typically identified by the use of terminology such as "may", "will", "would", "should", "could", "expects", "forecasts", "plans", "intends", "trends", "indications", "anticipates", "believes", "estimates", "outlook", "predicts", "projects", "likely" or "potential" or the negative or other variations of these words or other comparable words or phrases. Forward looking statements, by their very nature, involve inherent risks and uncertainties and are based on several assumptions, both general and specific. BRP cautions that its assumptions may not materialize and that current economic conditions render such assumptions, although reasonable at the time they were made, subject to greater uncertainty. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors which may cause actual the actual results or performance of the Company or the power sports industry to be materially different from the outlook or any future results or performance implied by such statements. Key assumptions used in determining forward-looking information are set forth below.*

**Key Assumptions**

*The Company made a number of economic and market assumptions in preparing its 2015 financial guidance, including assumptions regarding the performance of the economies in which it operates, market competition, tax laws applicable to its operations and foreign exchange currency fluctuation. In addition, many factors could cause the Company's actual results, level of activity, performance or achievements or future events or developments to differ materially from those expressed or implied by the forward-looking statements, including, without limitation, the following: impact of adverse economic conditions on consumer spending; decline in social acceptability of the Company's products; fluctuations in foreign currency exchange rates; high levels of indebtedness; unavailability of additional capital; unfavourable weather conditions; seasonal sales fluctuations; the Company's ability to comply with product safety, health, environmental and noise pollution laws; dependence on dealers, distributors, suppliers, financing sources and other strategic partners who may be sensitive to economic conditions; large fixed cost base; inability of dealers and distributors to secure adequate access to capital; supply problems, termination or interruption of supply arrangements or increases in the cost of materials; restrictive covenants in the Company's financing and other material agreements; competition in product lines; loss of members of management team or employees who possess specialized market knowledge and technical skills; inability to maintain and enhance reputation and brands; adverse determination in any significant product liability claim against the Company; significant product repair and/or replacement due to product warranty claims or product recalls; reliance on a network of independent dealers and distributors to manage the retail distribution of products; dependence on customer relationships for the sale of original*

*equipment manufacturer products; unsuccessful management of inventory; risks associated with international operations; inability to enhance existing products and develop and market new products; protection of intellectual property; failure of information technology systems; declining prices for used versions of products and oversupply by competitors; unsuccessful execution of manufacturing strategy; changes in tax laws and unanticipated tax liabilities; higher fuel costs; deterioration in relationships with employees; pension plan liabilities; natural disasters; failure to carry proper insurance coverage; public company expenses; conduct of business through subsidiaries; and significant influence by our principal shareholders holding multiple voting shares.*

*BRP undertakes no obligation to update or revise forward-looking statements to reflect future events, changes in circumstances, or changes in beliefs, unless required by applicable Canadian securities laws. In the event that BRP does update any forward-looking statement, no inference should be made that BRP will make additional updates with respect to that statement, related matters, or any other forward-looking statement.*