ski-doo LYNX SEA-DOO EVINRUDE ROTAX can-am

PRESS RELEASE

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BRP REPORTS FISCAL YEAR 2017 FIRST-QUARTER RESULTS

The model year 2017 Can-Am Defender MAX six-passenger vehicle was announced on March 29, 2016.

Highlights:

- Revenues of $930 million for the first quarter of FY2017, a 3.5% increase compared to the same period last year;
- Net income of $111 million, an increase of $28 million, which resulted in a diluted earnings per share of $0.96, an increase of $0.26 per share compared to the same period last year;
- Normalized EBITDA[1] of $57 million, a 38% decrease compared to the same period last year;
- Normalized net income[1] of $5 million resulting in a normalized diluted earnings per share[1] of $0.04, a decrease of $0.27 per share; and
- Highest North American market share ever recorded in Ski-Doo snowmobile retail sales during the 2016 season ended in March.

In addition, on June 1, 2016, a verdict was rendered against the Company for an alleged patent infringement providing for US$15.5 million (CA$19.5 million) in compensatory damages. Management believes that the verdict is unfounded and intends to file an appeal.

Valcourt, Québec, June 9, 2016 – BRP Inc. (TSX:DOO) today reported its financial results for the three-month period ended April 30, 2016. All financial information is in Canadian dollars unless otherwise noted. The complete financial results are available at www.sedar.com.

"Our financial results for the first quarter were delivered in line with our expectations and are consistent with our outlook," said José Boisjoli, president and CEO. "We had solid retail momentum worldwide in the first quarter of fiscal year 2017, where we significantly outpaced the industry. We also recorded the highest North American market share in Ski-Doo snowmobile retail sales during the 2016 season ended in March."

[1] See "Non-IFRS Measures" section.

In closing, Boisjoli added: “The BRP team is aligned in its focus on our strategic priorities of growth, agility and Lean enterprise, our R&D projects are on track and we have exciting product introductions coming up in the next few months. I consider that we are currently in an excellent position and confident that we will achieve our guidance.”

Highlights for the Three-Month Period Ended April 30, 2016

Revenues increased by $31.8 million, or 3.5%, to $929.9 million for the three-month period ended April 30, 2016, compared with $898.1 million for the corresponding period ended April 30, 2015. The revenue increase was attributable to a favourable foreign exchange rate variation of $40 million mainly due to the strengthening of the U.S. dollar and the euro against the Canadian dollar.

Year-Round Products

Revenues from Year-Round Products increased by $2.1 million, or 0.5%, to $400.2 million for the three-month period ended April 30, 2016, compared with $398.1 million for the corresponding period ended April 30, 2015. The increase was primarily attributable to a higher wholesale in ATV, a favourable product mix in roadsters and a favourable foreign exchange rate variation of $16 million. The increase was mostly offset by lower wholesale in roadsters.

Seasonal Products

Revenues from Seasonal Products increased by $15.6 million, or 5.8%, to $286.8 million for the three-month period ended April 30, 2016, compared with $271.2 million for the corresponding period ended April 30, 2015. The increase resulted primarily from a higher volume and a favourable mix of PWC sold and from a favourable foreign exchange rate variation of $12 million. The increase was partially offset by additional sales program costs for snowmobile in North America as a result of poor snow conditions and an economic slowdown experienced in Western Canada.

Propulsion Systems

Revenues from Propulsion Systems increased by $8.6 million, or 8.4%, to $111.1 million for the three-month period ended April 30, 2016, compared with $102.5 million for the corresponding period ended April 30, 2015. The increase in revenues was primarily attributable to a favourable foreign exchange rate variation of $6 million and to a higher volume of aircraft engines sold.

PAC (Parts, Accessories, Clothing and other services)

Revenues from PAC increased by $5.5 million, or 4.4%, to $131.8 million for the three-month period ended April 30, 2016, compared with $126.3 million for the corresponding period ended April 30, 2015. The increase was mainly attributable to a favourable foreign exchange rate variation of $6 million and a higher volume of ATV and SSV PAC sold. The increase was partially offset by a lower volume of snowmobile PAC sold resulting from poor snow conditions.

Net Income data

(in millions of Canadian dollars)	Three-month periods ended April 30, 2016	Three-month periods ended April 30, 2015
Revenues by category		
Year-Round Products	**$ 400.2**	$ 398.1
Seasonal Products	**286.8**	271.2
Propulsion Systems	**111.1**	102.5
PAC	**131.8**	126.3
Total Revenues	**929.9**	898.1
Cost of sales	**735.8**	685.2
Gross profit	**194.1**	212.9
As a percentage of revenues	***20.9%***	*23.7%*
Operating expenses		
Selling and marketing	**77.4**	74.8
Research and development	**48.5**	39.7
General and administrative	**40.7**	30.8
Other operating expenses	**21.0**	3.8
Total operating expenses	**187.6**	149.1
Operating income	**6.5**	63.8
Net financing costs	**15.1**	13.8
Foreign exchange gain on long-term debt	**(119.2)**	(46.0)
Income before income taxes	**110.6**	96.0
Income taxes expense	**(0.1)**	12.9
Net income	**$ 110.7**	$ 83.1
Attributable to shareholders	**$ 110.8**	$ 83.1
Attributable to non-controlling interest	**(0.1)**	—
Normalized EBITDA [1]	**$ 57.1**	$ 91.5
Normalized net income [1]	**4.8**	37.2
Earnings per share – basic	$ 0.96	$ 0.70
Earnings per share – diluted	0.96	0.70
Normalized earnings per share – basic [1]	0.04	0.31
Normalized earnings per share – diluted [1]	0.04	0.31

[1] See “Non-IFRS Measures” section.

Gross profit decreased by $18.8 million, or 8.8%, to $194.1 million for the three-month period ended April 30, 2016, compared with $212.9 million for the corresponding period ended April 30, 2015. The gross profit decrease includes an unfavourable foreign exchange rate variation of $11 million. Gross profit margin percentage decreased by 280 basis points to 20.9% from 23.7% for the three-month period ended April 30, 2015. The decrease in gross profit margin percentage was primarily due to higher sales programs in snowmobiles and unfavourable foreign exchange variation, partially offset by favourable product mix in PWC and roadsters and general price increases.

Operating expenses increased by $38.5 million, or 25.8%, to $187.6 million for the three-month period ended April 30, 2016, compared with $149.1 million for the three-month period ended April 30, 2015. This increase was mainly attributable to higher general and administrative costs due to an unfavourable litigation verdict recorded this quarter and, to a lesser extent, higher research and development costs. The increase includes an unfavourable foreign exchange rate variation of $5 million.

The Company is involved in multiple lawsuits with one of its competitors whereby each party is claiming damages for the alleged infringement of some of its patents. On June 1, 2016, a verdict was rendered in one of those lawsuits against the Company for an amount of US$15.5 million (CA$19.5 million) in compensatory damages. As the verdict concluded to a willful infringement by the Company, the trial judge will be required to make the determination on potential punitive damages, which could lead to a maximum total amount in damages of US$46.5 million (CA$58.4 million). For the three-month period ended April 30, 2016, the Company recorded as an expense the preliminary compensatory damages of $19.5 million. Management believes that the verdict is unfounded and unsupported by either law or evidence and intends to file an appeal.

Normalized net income[1] stood at $4.8 million, a decrease of $32.4 million, which resulted in a normalized diluted earnings per share[1] of $0.04, a decrease of $0.27 per share. The decrease was primarily due to lower gross profit, mainly explained by higher sales programs, and higher operating expenses.

[1] See “Non-IFRS Measures” section.

Fiscal Year 2017 Guidance

BRP's financial guidance targets as presented on March 18, 2016 are adjusted upward as follows:

Financial Metric	FY17 Guidance vs FY16 Results
Revenues	
Year-Round Products	Up 6% to 10%
Seasonal Products	Flat to up 4%
Propulsion Systems	Up 5% to 10%
PAC	Up 5% to 10%
Total Company Revenues	Up 4% to 8%
Normalized EBITDA[1]	Up 7% to 10%
Effective Tax Rate[2]	27% - 28% (vs 26.6% in FY16)
Normalized Net Income[1][3]	**Up 2% to 8%** (increased from Flat to up 7%)
Normalized Earnings per Share – Diluted[1][3]	**$1.79 to $1.89** (increased from $1.75 to $1.85 - up 5% to 11% from $1.71 in FY16)
Capital Expenditures	$190M to $205M (vs $211M in FY16)

[1] See "Non-IFRS Measures" section.
[2] Effective tax rate based on Normalized Earnings before Normalized Income Tax.
[3] Assuming a $145M depreciation expense (down from $150M) compared to $126M in FY16, $62M Net Financing Costs and 114.7M shares (down from 115.4M shares).

The above targets are based on a number of economic and market assumptions the Company has made in preparing its Fiscal Year 2017 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 2017, 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 June 8, 2016. 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 9 a.m. (EDT), BRP Inc. will host a conference call and webcast to discuss BRP's FY2017 first-quarter results released this morning. The call will be hosted by José Boisjoli, president and CEO, and Sébastien Martel, CFO. A slide presentation and link to the audio webcast will be posted in the Event Calendar section.

To listen to the English-only conference call by phone (event number 4244130), please dial 514-861-1681 or 800-766-6630 (toll-free in North America). Click for international dial-in numbers.

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

To listen to an instant replay of the call, please dial 514-861-2272 or 800-408-3053, and enter the pass code 9551372.

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 Spyder roadsters, Evinrude and Rotax marine propulsion systems as well as Rotax engines for karts, motorcycles and recreational aircraft. BRP supports its line of products with a dedicated parts, accessories and clothing business. With annual sales of over CA$3.8 billion from over 100 countries, the Company employs approximately 7,900 people worldwide.

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CAUTION CONCERNING FORWARD-LOOKING STATEMENTS

Certain information included in this release, including, but not limited to, statements relating to our Fiscal Year 2017 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 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 Fiscal Year 2017 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 factors, which are discussed in greater detail under the heading "Risk Factors" of its Annual Information Form: 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; 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 its products; dependence on OEM customers for its outboard engine and Rotax engine business; unsuccessful management of inventory levels; risks associated with international operations; unsuccessful execution of growth strategy; 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; volatile market price for Subordinate Voting Shares; no current plans to pay dividends; conduct of business through subsidiaries; significant influence by Beaudier Group and Bain Capital; and future sales of Shares by Beaudier Group, Bain Capital, directors, officers or senior management of the Company. These factors are not intended to represent a complete list of the factors that could affect the Company; however, these factors should be considered carefully.

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.

NON-IFRS MEASURES

This press release makes reference to certain non-IFRS measures. These measures are not recognized measures under IFRS, do not have a standardized meaning prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other companies. Rather, these measures are provided as additional information to complement those IFRS measures by providing further understanding of the Company's results of operations from management's perspective. Accordingly, they should not be considered in isolation nor as a substitute for analysis of the Company's financial information reported under IFRS. The Company uses non-IFRS measures including Normalized EBITDA, Normalized Net Income, Normalized basic earnings per share and Normalized diluted earnings per share. Normalized EBITDA is provided to assist investors in determining the financial performance of the Company's operating activities. Normalized Net Income, Normalized basic earnings per share and Normalized diluted earnings per share, in addition to the financial performance of operating activities, take into account the impact of investing activities, financing activities and income taxes on the Company's financial results. The Company believes non-IFRS measures are important supplemental measures of financial performance because they eliminate items that have less bearing on the Company's financial performance and thus highlight trends in its core business that may not otherwise be apparent when relying solely on IFRS measures. The Company also believes that securities analysts, investors and other interested parties frequently use non-IFRS measures in the evaluation of companies, many of which present similar metrics when reporting their results. Management also uses non-IFRS measures in order to facilitate financial performance comparisons from period to period, prepare annual operating budgets and assess the Company's ability to meet its future debt service, capital expenditure and working capital requirements. Because other companies may calculate these non-IFRS measures differently than the Company does, these metrics are not comparable to similarly titled measures reported by other companies.

Normalized EBITDA is defined as net income before financing costs, financing income, income taxes expense (recovery), depreciation expense and normalized elements. Normalized Net Income is defined as net income before normalized elements adjusted to reflect the tax effect on these elements. Normalized income taxes expense is defined as income taxes expense adjusted to reflect the tax effect on normalized elements. Normalized effective tax rate is based on normalized net income before normalized income taxes expense. Normalized earnings per share - basic and normalized earnings per share – diluted are calculated respectively by dividing the normalized net income by the weighted average number of shares – basic and the weighted average number of shares – diluted. The Company refers the reader to the "Selected Consolidated Financial Information" section of its MD&A for the reconciliations of Normalized EBITDA and Normalized Net Income presented by the Company to the most directly comparable IFRS measure.

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