



## Press release

### BRP REPORTS FIRST-QUARTER RESULTS FOR FISCAL YEAR 2015

#### Highlights:

- Results in-line with the outlook provided on March 28;
- Revenues of \$758.6 million, a decrease of 6% compared to the three-month period ended April 30, 2013;
- Normalized EBITDA of \$56.6 million; a decrease of 47% compared to the three-month period ended April 30, 2013;
- Net income of \$28.0 million, which resulted in diluted earnings per share of \$0.24;
- Normalized net income of \$16.6 million, which resulted in normalized diluted earnings per share of \$0.14;
- Strong spring bookings in snowmobiles;
- Sea-Doo Spark retail beyond expectations;
- Fiscal Year 2015 financial guidance reaffirmed

**Valcourt, Québec, June 12, 2014** — BRP Inc. (TSX: DOO) today reported its financial results for the three-month period ended April 30, 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).

“Our financial results for the first quarter were as expected and consistent with our outlook,” said José Boisjoli, president and CEO. “Our sales in international markets grew in the quarter despite the situation in Russia, but this was offset by the long winter affecting sales of off-road vehicles in North America. We continue to fulfill our strategic initiatives and we are very much on track to accomplish our annual plan.”

Commenting on the outlook for Fiscal Year 2015, Boisjoli added: “We are fine-tuning our guidance for Fiscal Year 2015, but as a whole, forecasted growth for Revenues and Normalized Net Income is unchanged. We anticipate a stronger second half of the year resulting from strong spring snowmobile orders, the introduction of the Can-Am Outlander L ATV, the restart of the Sea-Doo Spark manufacturing in Querétaro and upcoming product launches. For the second quarter, we expect our financial performance to be similar to last year’s, factoring in the continued uncertainty in Eastern Europe.”

[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-Month Period Ended April 30, 2014

Revenues decreased by \$45.7 million, or 5.7%, to \$758.6 million for the three-month period ended April 30, 2014, compared with \$804.3 million for the corresponding period ended April 30, 2013. The revenue decrease was mainly due to lower wholesale in Year-Round Products and to lower wholesale and unfavourable mix in Seasonal Products. The decrease in revenues was partially offset by a favourable foreign exchange rate variation of \$49 million mainly related to the strengthening of the U.S. dollar and the Euro against the Canadian dollar.

### NET INCOME DATA

(in millions of Canadian dollars)	Three-month periods ended	
	April 30, 2014	April 30, 2013
<b>Revenues by category</b>		
Seasonal Products	\$ 184.6	\$ 206.7
Year-Round Products	365.4	404.7
Propulsion Systems	97.3	92.9
PAC	111.3	100.0
<b>Total Revenues</b>	<b>758.6</b>	<b>804.3</b>
Cost of sales	585.2	586.3
<b>Gross profit</b>	<b>173.4</b>	<b>218.0</b>
<i>As a percentage of revenues</i>	<b>22.9%</b>	<b>27.1%</b>
<b>Operating expenses</b>		
Selling and marketing	67.3	65.3
Research and development	41.6	37.3
General and administrative	36.8	35.0
Other operating income	(0.7)	(5.7)
<b>Total operating expenses</b>	<b>145.0</b>	<b>131.9</b>
<b>Operating income</b>	<b>28.4</b>	<b>86.1</b>
Net financing costs	13.6	16.9
Foreign exchange (gain) loss on long-term debt	(12.3)	8.3
Increase in fair value of common shares	—	19.6
<b>Income before income taxes</b>	<b>27.1</b>	<b>41.3</b>
Income taxes expense (recovery)	(0.9)	15.6
<b>Net income</b>	<b>\$ 28.0</b>	<b>\$ 25.7</b>
<b>EBITDA</b> <sup>[1]</sup>	<b>\$ 55.0</b>	<b>\$ 87.6</b>
<b>Normalized EBITDA</b> <sup>[1]</sup>	<b>56.6</b>	<b>107.8</b>
<b>Normalized net income</b> <sup>[1]</sup>	<b>16.6</b>	<b>53.4</b>
<b>Normalized earnings per share – basic</b>	<b>0.14</b>	<b>0.52</b>
<b>Normalized earnings per share – diluted</b>	<b>0.14</b>	<b>0.51</b>

<sup>[1]</sup> For a reconciliation of net income to EBITDA, Normalized EBITDA and Normalized Net Income, see the Reconciliation Tables included in the MD&A.

EBITDA, Normalized EBITDA and Normalized Net Income 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 (recovery), depreciation expense, foreign exchange (gain) loss on long-term debt, increase in fair value of 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 common shares and unusual and non-recurring items adjusted to reflect the tax effect on these items.

## **QUARTERLY REVIEW BY CATEGORIES**

### **Seasonal Products**

Revenues from Seasonal Products decreased by \$22.1 million, or 10.7%, to \$184.6 million for the three-month period ended April 30, 2014, compared with \$206.7 million for the corresponding period ended April 30, 2013. The reduction resulted primarily from a decrease of traditional PWC volume partly offset by the new entry-level Sea-Doo Spark PWC. The decrease of volume was attributable to a longer than anticipated production ramp-up at the Querétaro, Mexico facility causing delays in the delivery of certain PWC products. The decrease in revenues was partially offset by a favourable foreign exchange rate variation of \$11 million.

### **Year-Round Products**

Revenues from Year-Round Products decreased by \$39.3 million, or 9.7%, to \$365.4 million for the three-month period ended April 30, 2014, compared with \$404.7 million for the corresponding period ended April 30, 2013. The decrease resulted primarily from lower shipments of SSVs due to the impact of the introduction of the Can-Am Maverick models in the corresponding period last year. To a lesser extent, the decrease was also attributable to ATVs mainly due to the decrease of volume sold in Russia, which was primarily driven by the political and economic instability in Eastern Europe. The decrease in revenues was partially offset by a favourable foreign exchange rate variation of \$22 million.

### **Propulsion Systems**

Revenues from Propulsion Systems increased by \$4.4 million, or 4.7%, to \$97.3 million for the three-month period ended April 30, 2014, compared with \$92.9 million for the corresponding period ended April 30, 2013. The increase in revenues was mainly attributable to a favourable foreign exchange rate variation of \$9 million. The increase in sales related to the new jet propulsion system was more than offset by the lower volume of motorcycle engines sold.

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

Revenues from PAC increased by \$11.3 million, or 11.3%, to \$111.3 million for the three-month period ended April 30, 2014, compared with \$100.0 million for the corresponding period ended April 30, 2013. The increase was mainly attributable to a favourable foreign exchange rate variation of \$7 million and from a higher volume of PAC related to Seasonal Products due to better winter conditions in North America.

**Gross profit** decreased by \$44.6 million, or 20.5%, to \$173.4 million for the three-month period ended April 30, 2014, compared with \$218.0 million for the corresponding period ended April 30, 2013. Gross profit margin percentage decreased by 420 basis points to 22.9% from 27.1% for the three-month period ended April 30, 2013. The decrease in gross profit margin percentage was primarily due to lower wholesale in Year-Round and Seasonal Products, an unfavourable product mix in Seasonal Products, expenses related to the production ramp-up at the Querétaro, Mexico facility and to the transfer of PAC distribution to third-party logistics provider. The margin decrease was partially offset by a favourable foreign exchange rate variation of \$7 million.

**Operating expenses** increased by \$13.1 million, or 9.9%, to \$145.0 million for the three-month period ended April 30, 2014, compared with \$131.9 million for the three-month period ended April 30, 2013. This increase was mainly due to a negative foreign exchange impact of \$12 million.

**Normalized net income** of \$16.6 million, a decrease of \$36.8 million, which resulted in normalized basic earnings per share of \$0.14, a decrease of \$0.38 per share. The decrease in normalized net income is primarily due to lower wholesale in Year-Round and Seasonal Products, cost related to the production ramp-up at the Querétaro facility and to the transfer of PAC distribution.

### **Fiscal Year 2015 Guidance**

BRP's financial guidance targets as presented on March 28, 2014 are revised as follows (no change unless otherwise noted):

<b>Financial Metric</b>	<b>FY15 Guidance vs FY14 Results</b>
Revenues	
Seasonal Products	Up 9% to 13% (Increased from Up 5% to 10%)
Year-Round Products	Up 9% to 13% (Lowered from 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 of depreciation 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 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 June 11, 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 9 a.m. (EDT), BRP Inc. will host a conference call and webcast to discuss BRP's FY2015 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 at <http://investors.brp.com> in the Event Calendar section.

Note that exceptionally, this conference call will be held at 9 a.m. (EDT) to accommodate for the Annual Shareholders' Meeting that will be held at 1 p.m. (EDT) the same day in the Laurent Beaudoin Design & Innovation Centre in Valcourt. The meeting will be webcast live. Click [here](#) for details.

To listen to the first-quarter conference call by phone, for the English integral version (event number 4192520), please dial 1-514-861-1681 or 1-800-766-6630 (toll-free in North America), or 00 800 2787-2090 for overseas callers. For the French version (event number 4192521), please dial 1-514-392-1478 or 1-866-542-4146 (toll-free in North America), or 00 800 7701 8886 for overseas calls.

**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 1-800-408-3053. For the English integral version, please enter the pass code 5909362. For the French translation, enter 3412785. The instant replay will be available 30 days following the call.

#### **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 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: +1.450.532.6466  
[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.*