



# BRP Inc. Fiscal 2014 Q1 Update



June 13, 2013

# Forward-Looking Statements

Certain statements in this presentation about the Company's current and future plans, expectations and intentions, results, levels of activity, performance, goals or achievements or any other future events or developments constitute forward-looking statements. The words "may", "will", "would", "should", "could", "expects", "plans", "intends", "trends", "indications", "anticipates", "believes", "estimates", "predicts", "likely" or "potential" or the negative or other variations of these words or other comparable words or phrases, are intended to identify forward-looking statements.

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The purpose of the forward-looking statements is to provide the reader with a description of management's expectations regarding the Company's financial performance and may not be appropriate for other purposes; readers should not place undue reliance on forward-looking statements made herein. Furthermore, unless otherwise stated, the forward-looking statements contained in this presentation are made as of the date of this presentation, and the Company has no intention and undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by applicable securities regulations. The forward-looking statements contained in this presentation are expressly qualified by this cautionary statement.

**BRP Inc.**  
**Fiscal 2014 Q1 Update**

**José Boisjoli**  
**PRESIDENT & CEO**



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# FY14 Q1 Revenues by Product Category



## BRP Overview

**6** Product Lines

**105** Countries

**4,200** Dealers

**3** Advanced Technology Centres

**4** State-of-the art Product Development Centres

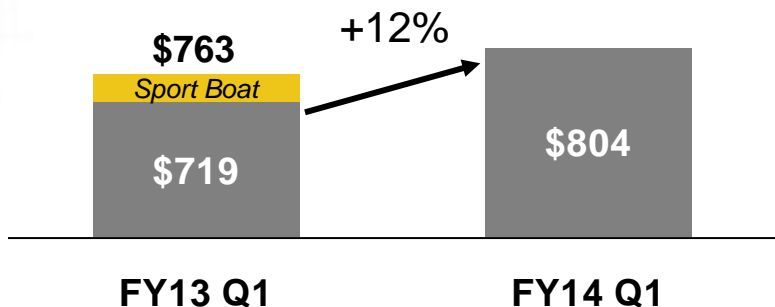
**6** Production facilities in 5 countries



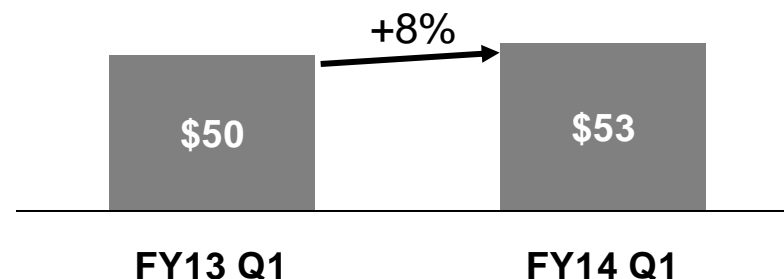


# FY14 Q1 Revenues and Net Income

## Q1 Revenues\* (CA\$M)



## Q1 Normalized Net Income (CA\$M)



- 12% growth in comparable Q1 revenues, driven by *Year-Round Products*, up 27%
- International revenues up 8%
- Gross profit margin down 70 bps at 27.1%, driven mainly by investments required to increase production flexibility and ramp-up PWC production capacity in Mexico
- Normalized EPS up 6% to \$0.52

### Full-year guidance

- Revenues: Up high-single digits %
- Normalized EPS\*: \$1.45 - \$1.50

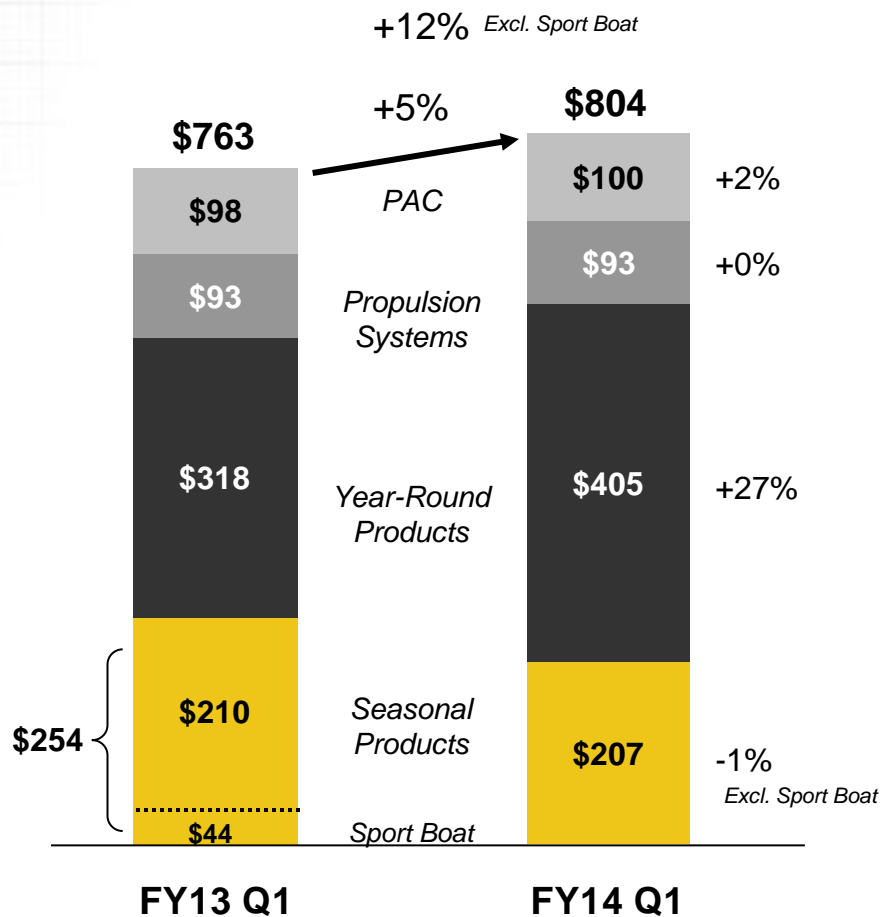


# FY14 Q1 Business Highlights

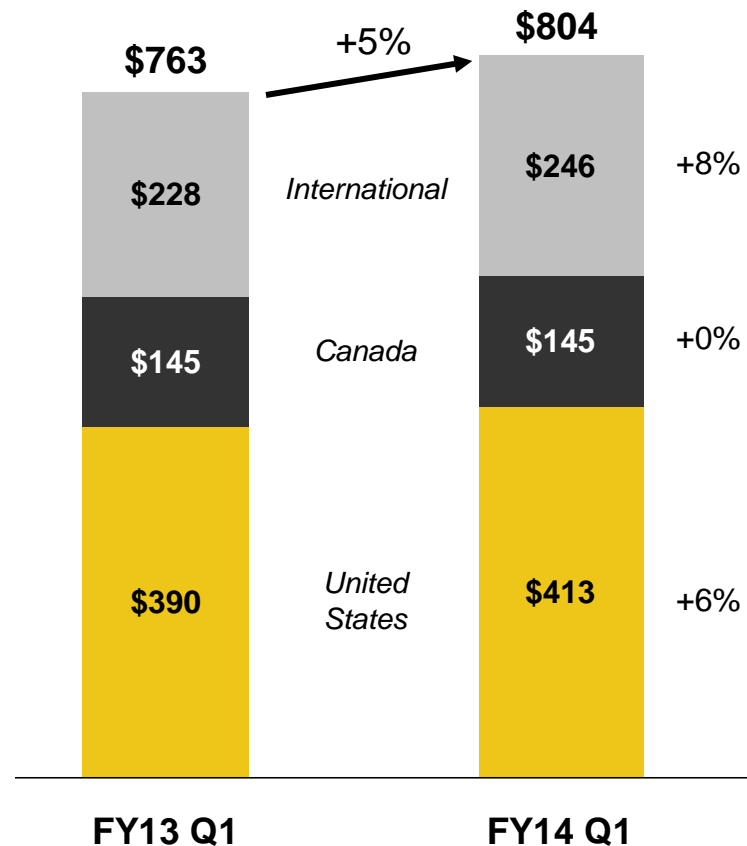
- Ended the snowmobile season with low dealer inventory worldwide and strong dealer orders for Model Year 14 (MY14)
- Industry retail sales of Personal Watercraft (PWC), Motorcycles and Outboard Engines (OE) were impacted by abnormally low temperatures
- Despite spring weather impact, BRP Q1 N.A. retail sales of *Seasonal* and *Year-Round* products were up 6% overall
- Double digit retail growth for Can-Am Recreational Side-by-Side Vehicles (SSV) and Roadsters
- First deliveries of Maverick SSV in Q1 and very good sell-through at dealerships
- Construction of our second Mexican site, in Queretaro, is on schedule
- North America dealer network expansion going as planned
- Subsequent to April 30, successfully completed IPO and repaid US\$258M of Term Facility

# Q1 Revenues by Product Category and Geography

## Revenues by Product Category (CA\$M)



## Revenues by Geography (CA\$M)

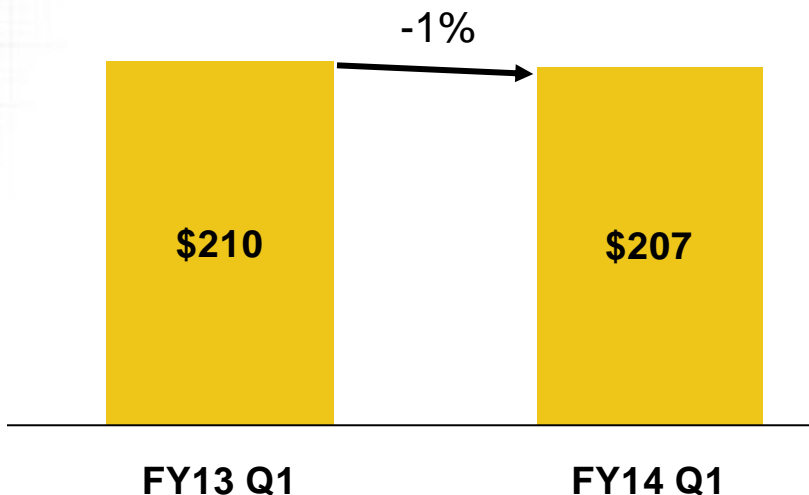


**Growth in revenues driven by *Year-Round Products* across all regions**



# Seasonal Products Q1 Highlights

## BRP Revenues\* (CA\$M)



## Industry & Competitive Dynamics

- PWC
  - Early in the season, U.S. Industry and Sea-Doo retail down low-double digits, impacted by cold weather
  - Sea-Doo, the only PWC with a brake, continues to generate traffic at dealerships
- Snowmobiles
  - N.A. industry retail closed the 2013 season with low single digit growth
  - BRP strengthened its #1 position in N.A. with low single digit market share gains, mostly in Western U.S. and Canada
  - Strong MY14 dealer orders driven by solid line-up

## tMotion mountain suspension with FlexEdge



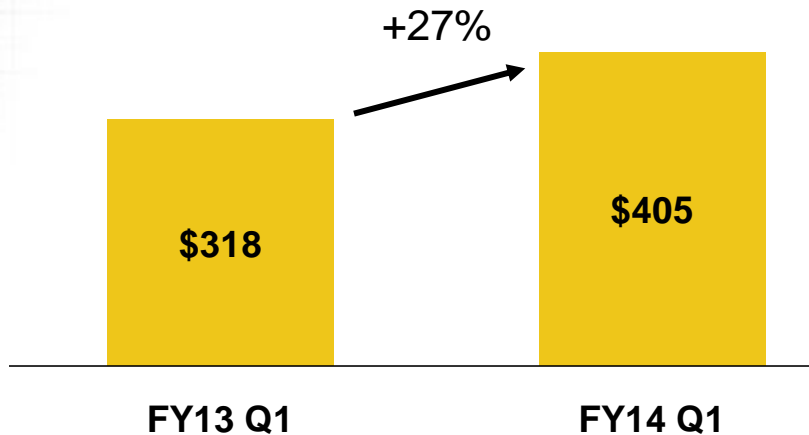
## New MY13 Sea-Doo GTI Limited 155





# Year-Round Products Q1 Highlights

## BRP Revenues (CA\$M)



## New Maverick MAX X rs with power steering



## Industry & Competitive Dynamics

### Off-Road Vehicles

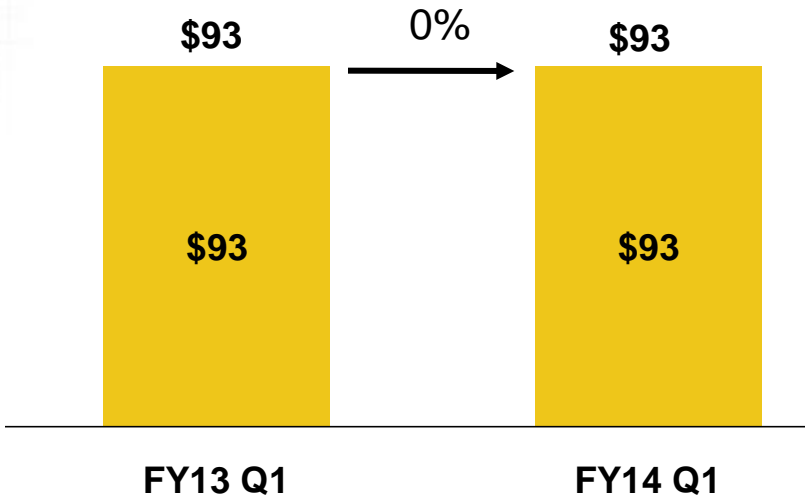
- N.A. ATV industry down low single digits, 10 months into the season
- BRP ATV share stable in N.A.
- U.S. Recreational SSV industry continued to grow in high-single digits, 10 months into the season
- BRP U.S. SSV retail grew high-double digits in Q1
- Deliveries of new Maverick SSV started in Q1, with excellent sell-through at dealerships
- MY14 Can-Am SSV line-up announced on June 3rd features 5 new models, bringing the line-up to 14 models

### Roadsters

- Despite N.A. On-highway motorcycle industry down mid-single digits, N.A. Roadster retail grew low-double digits

# Propulsion Systems Q1 Highlights

## Propulsion Systems Revenues (CA\$M)



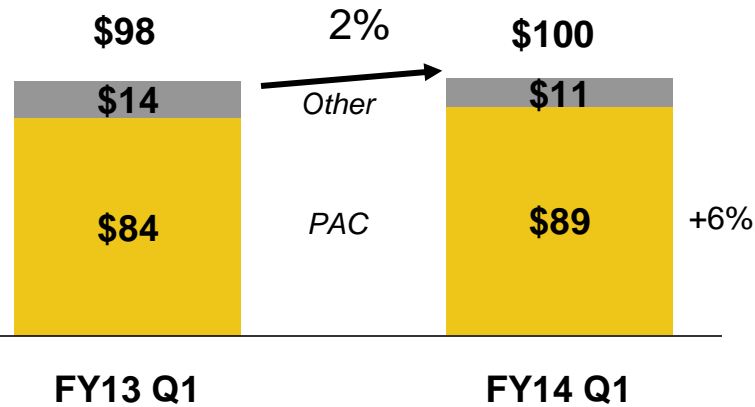
Evinrude  
30HP & 55HP  
Multi-fuel engines

## Propulsion Systems Highlights

- **Outboard Engines**
  - N.A. industry retail up low single digits, 10 months into the season
  - BRP retail sales were flat
  - New BRP lightweight military multi-fuel engine is generating favourable word-of-mouth
- **Rotax Propulsion Systems**
  - Double digit revenue growth mostly driven by favourable timing of motorcycle engine deliveries
  - Signed supply agreements for the new Jet Boat Propulsion System with 2 major boat OEMs:
    - Chaparral
    - Rec Boat Holdings group (Four Winns, Glastron, Wellcraft, Scarab)

# PAC Q1 Highlights

## PAC Revenues (CA\$M)



## PAC Highlights

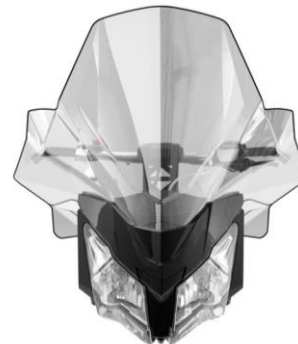
- 6% growth in PAC revenues
  - high-double digit increase for snowmobile
  - Weather impacted parts sales for outboard engines
- Strong dealer orders for MY14 snowmobile accessories

## MY14 Ski-Doo Accessories

LinQ Jerry Can and Tunnel Bag



Ultra-high Windshield



1+1 Seat System



# Our Priorities

- Continue to grow our revenues from Year-Round Products
- Continue expansion of our N.A. dealer network
- Ramp-up PWC production capacity in Queretaro, Mexico
- Continue product innovation
  - Prepare for the next Club BRP dealer meeting in Orlando in September
    - Key event for worldwide dealers, distributors and dealer prospects
    - Introduction of new Sea-Doo and Can-Am models



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**Claude Ferland**  
**CHIEF FINANCIAL OFFICER**



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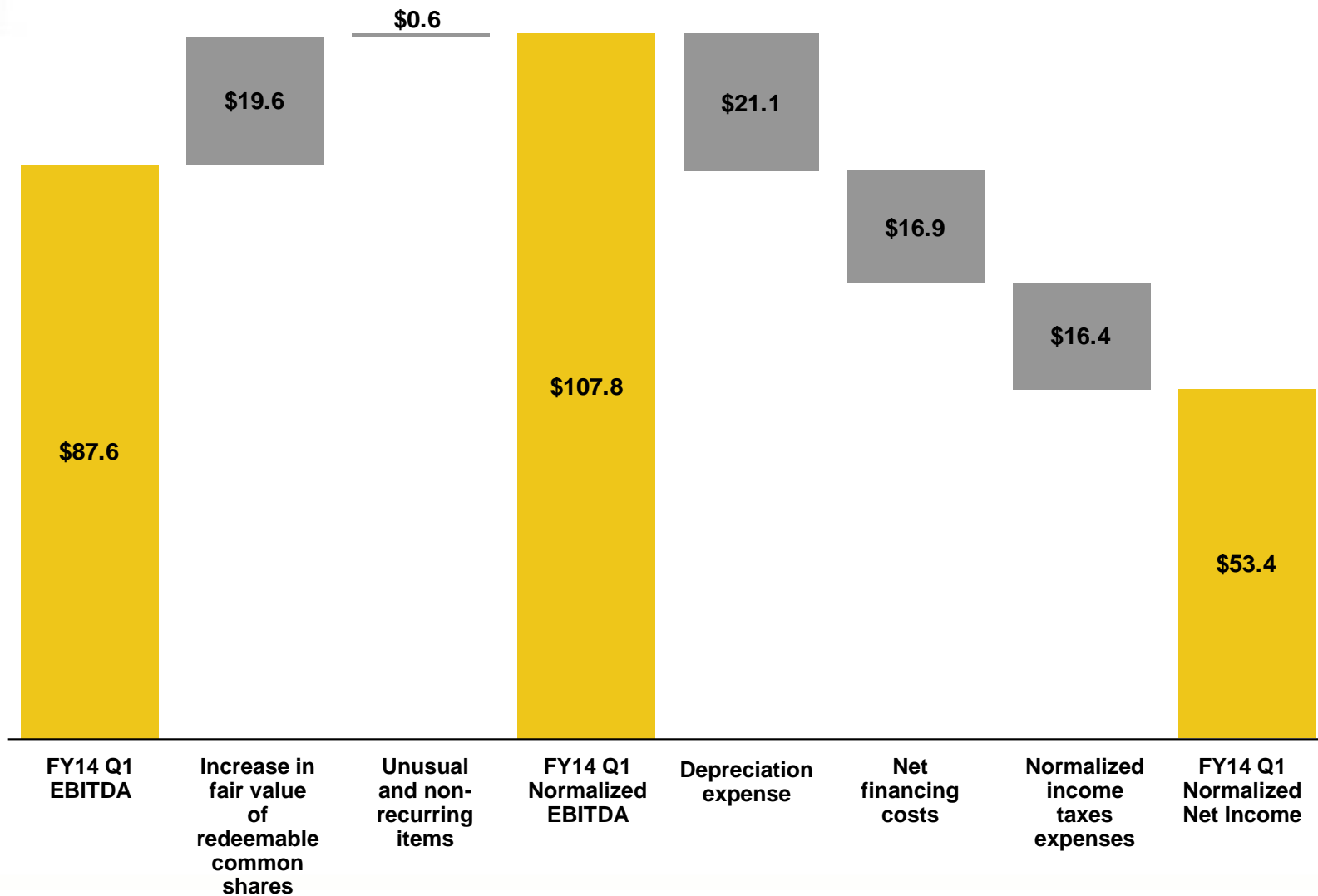
# FY14 Q1 – Financial Highlights

CA\$M	FY14 Q1	FY13 Q1	Change
<b>Revenues by Category</b>			
Seasonal Products	\$206.7	\$253.6 *	(\$46.9)
Year-Round Products	404.7	317.7	87.0
Propulsion Systems	92.9	93.1	(0.2)
PAC	100.0	98.3	1.7
<b>Total Revenues</b>	<b>\$804.3</b>	<b>\$762.7</b>	<b>\$41.6</b>
Growth	5.5%		
<b>Gross Profit</b>	<b>\$218.0</b>	<b>\$212.2</b>	<b>\$5.8</b>
As a % of revenues	27.1%	27.8%	
<b>Operating Income</b>	<b>\$131.9</b>	<b>\$123.0</b>	<b>\$8.9</b>
As a % of revenues	16.4%	16.1%	
<b>Normalized EBITDA</b>	<b>\$107.8</b>	<b>\$109.7</b>	<b>(\$1.9)</b>
As a % of revenues	13.4%	14.4%	
<b>Normalized Net Income</b>	<b>\$53.4</b>	<b>\$49.6</b>	<b>\$3.8</b>
<b>EPS</b>	<b>\$0.25</b>	<b>\$0.54</b>	<b>(\$0.29)</b>
<b>Normalized EPS</b>	<b>\$0.52</b>	<b>\$0.49</b>	<b>\$0.03</b>



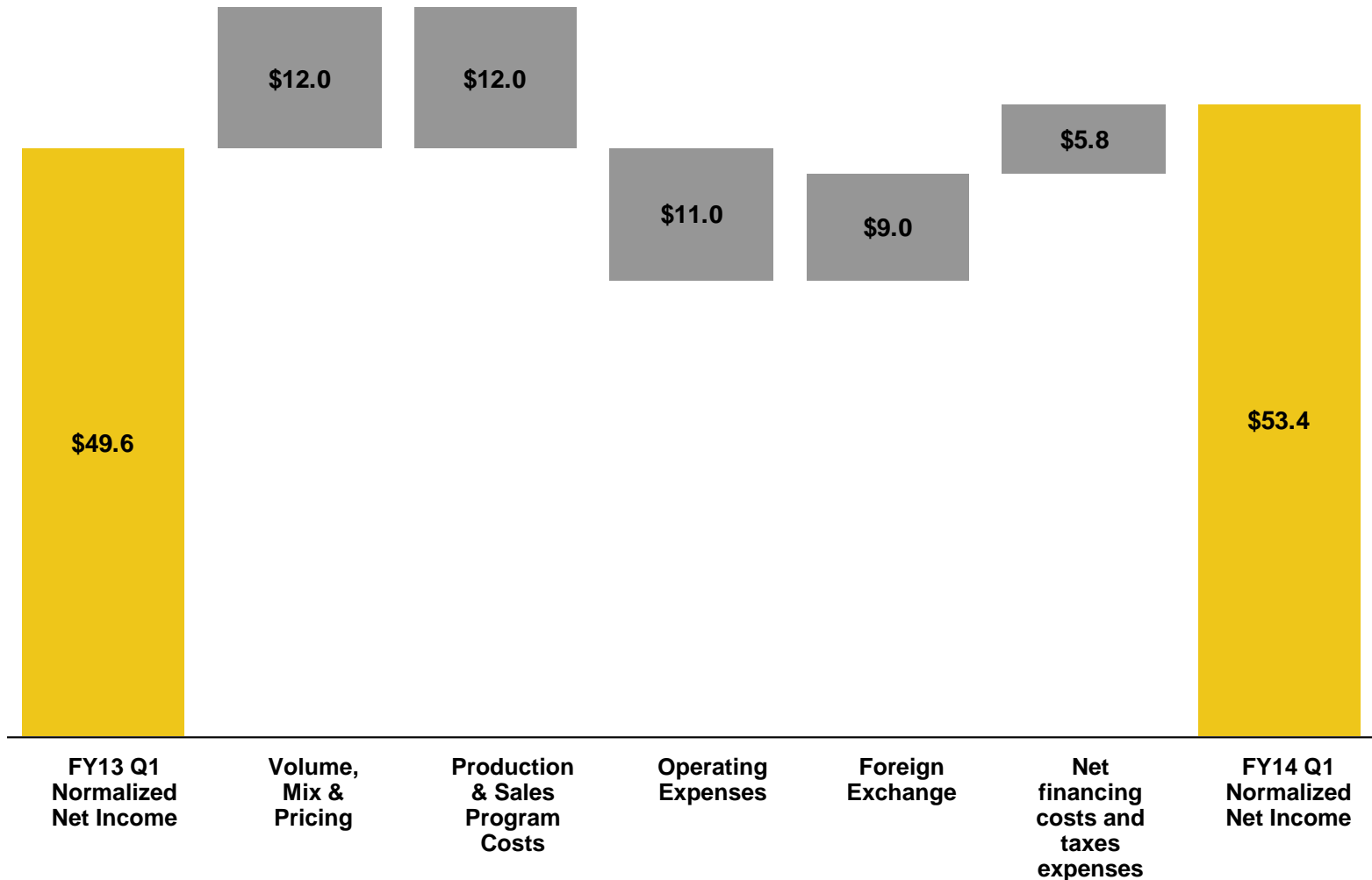
# Bridge from FY14 Q1 EBITDA to FY14 Q1 Normalized Net Income

CA\$M



# Bridge from FY13 Q1 to FY14 Q1 Normalized Net Income

CA\$M



# FY14 Q1 – Balance Sheet and Liquidity Profile

CA\$M	As of April 30	As of Jan. 31	Change
	2013	2013	
Cash	\$91.7	\$542.4	(\$450.7)
Net working capital	(46.8)	(26.7)	(20.1)
Revolving credit facility	-	-	-
Long term debt*	1,071.7	1,054.6	17.1

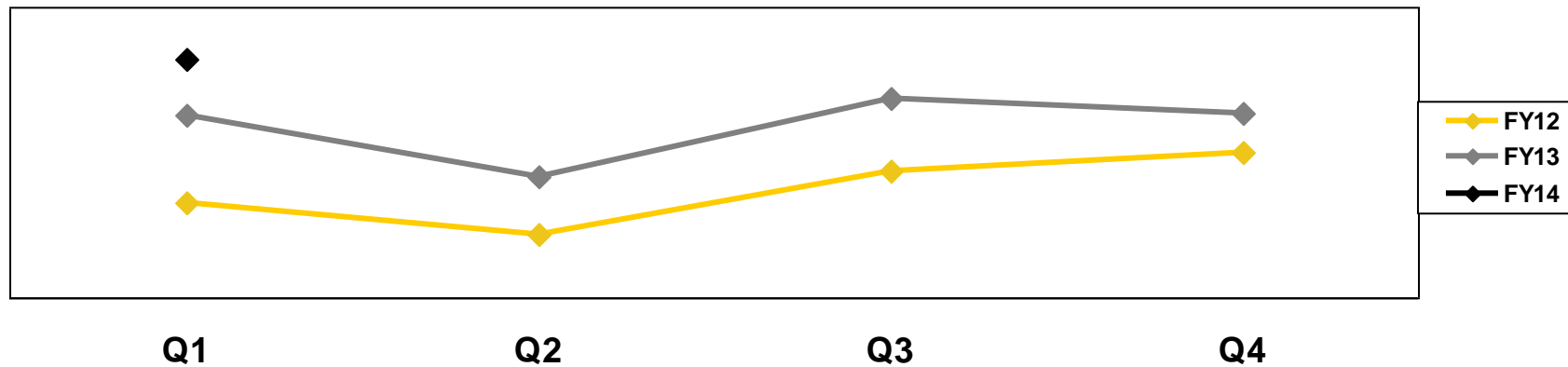
\* BRP repaid US\$258M of its Term Facility following the May IPO

CA\$M	FY14 Q1	FY13 Q1	Change
Capital expenditures	(\$25.1)	(\$26.2)	\$1.1
Free cash flow	87.3	325.1	(237.8)

# BRP North America Powersports Dealer Inventory

- Dealer inventory up 12% from FY13 Q1
  - Growth in SSV
  - Slower retail of PWC and Roadster driven by cold spring weather

BRP North America dealer inventory level (units, excluding outboard engines)





# FY14 Full-Year Guidance

Financial Metric	FY14 Guidance vs FY13
Revenues	
Seasonal Products	Flat to up low-single digits
Year-Round Products	Up high-double digits %
Propulsion Systems	Up mid to high-single digits %
PAC	Up high-single digits %
Total Company Revenues	Up high-single digits %
Normalized EBITDA	Up low-double digits %
Effective Tax Rate	Up to 28-29%
Normalized Net Income	Up low-double digits %
Normalized Earnings per Share <i>(assuming overallocation of 1.8 million shares fully exercised)</i>	\$1.45 - \$1.50
CAPEX	Flat

# Global Leader in Powersports Vehicles and Engines

## Seasonal Products

**ski-doo**  
**LYNX**  
**SEA-DOO**



Snowmobiles



Personal Watercraft

## Year-Round Products

**can-am**



All-Terrain Vehicles



Recreational  
Side-by-Side Vehicles



Roadsters

## Propulsion Systems

**EVINRUDE**  
**ROTAX**

Outboard  
Engines



OEM Engines



**Diversified Product Portfolio AND Powerful Brands**



SKI-DOO® LYNX® SEA-DOO® EVINRUDE® JOHNSON® ROTAX® CAN-AM®

