



Press release

BRP REPORTS THIRD QUARTER FISCAL YEAR 2014 RESULTS

Highlights:

- Record quarterly revenues of \$866.0 million, an increase of 18% compared to the corresponding period of FY2013
- Net income of \$48.2 million, an increase of 52% compared to the third quarter FY2013, which resulted in basic earnings per share of \$0.41, an increase of \$0.10 compared to the corresponding period of FY2013;
- Normalized net income^[1] of \$59.0 million, an increase of 39% compared to the third quarter FY2013, which resulted in normalized basic earnings per share^[1] of \$0.50, an increase of \$0.08 compared to the corresponding period of FY2013;
- Updating FY2014 normalized basic EPS^[1] guidance to \$1.49 - \$1.54 from \$1.45 - \$1.50

Valcourt, Québec, December 12, 2013 — BRP Inc. (TSX: DOO) today reported its financial results for the three- and nine-month periods ended October 31, 2013. All financial information is in Canadian dollars unless otherwise noted. The complete financial results are available at www.sedar.com.

“The strong performance in our third quarter was primarily driven by strong shipments of snowmobiles both in North America and internationally. Our results were also buoyed by consumer enthusiasm for our Year-Round products led by our new models of side-by-side vehicles which have been well received worldwide. With solid results through nine months of the fiscal year, we are on track to meet our Revenue and Normalized EBITDA guidance for the year and we are very excited about the line-up of new products for the coming model year 2014,” said José Boisjoli, president and CEO.

“I am very pleased with this performance and particularly proud of the fact that we were able to deliver strong quarterly results as we approach our 10th anniversary as a standalone company. I would like to take this opportunity to thank our employees, our dealers and distributors for their hard work and continued loyal support,” he continued.

[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 Nine-Month Periods Ended October 31, 2013

Revenues increased by \$132.1 million, or 18.0%, to \$866.0 million for the **three-month period** ended October 31, 2013, up from \$733.9 million for the corresponding period ended October 31, 2012. The increase in revenues includes a favourable foreign exchange rate variation of \$37 million, mainly related to the strengthening of the U.S. dollar and the Euro against the Canadian dollar.

Revenues increased by \$186.5 million, or 8.9%, to \$2,291.2 million for the **nine-month period** ended October 31, 2013, up from \$2,104.7 million for the corresponding period ended October 31, 2012. The revenues were negatively impacted by the exit of the sport boat business that accounted for \$71 million in revenues for the nine-month period ended October 31, 2012. Excluding the exit of the sport boat business, revenues would have increased by 12.7% or \$257.5 million. The increase in revenue includes a favourable foreign exchange rate variation of \$61 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		Nine-month period ended	
	October 31, 2013	October 31, 2012 (Restated) ^[2]	October 31, 2013	October 31, 2012 (Restated) ^[2]
Revenues by category				
Seasonal Products	\$ 382.5	\$ 276.2	\$ 729.8	\$ 685.9
Year-Round Products	249.6	247.4	932.4	822.3
Propulsion Systems	89.6	82.0	268.4	263.6
PAC	144.3	128.3	360.6	332.9
Total Revenues	866.0	733.9	2,291.2	2,104.7
Cost of sales	642.1	556.5	1,706.7	1,565.5
Gross profit	223.9	177.4	584.5	539.2
<i>As a percentage of revenues</i>	25.9%	24.2%	25.5%	25.6%
Total operating expenses	128.9	132.8	367.6	390.6
Operating income	95.0	44.6	216.9	148.6
Net financing costs	15.0	11.7	46.9	43.9
Foreign exchange (gain) loss on long-term debt	10.9	(0.8)	43.5	(2.4)
Increase in fair value of common shares	—	—	19.6	6.2
Income before income taxes	69.1	33.7	106.9	100.9
Income taxes expense	20.9	2.0	40.9	17.5
Net income	\$ 48.2	\$ 31.7	\$ 66.0	\$ 83.4
EBITDA ^[1]	\$ 118.9	\$ 66.0	\$ 264.6	\$ 206.3
Normalized EBITDA ^[1]	\$ 119.0	\$ 83.9	\$ 274.2	\$ 247.2
Normalized net income ^[1]	\$ 59.0	\$ 42.4	\$ 120.0	\$ 110.2
Normalized earnings per share - Basic ^[1]	\$ 0.50	\$ 0.42	\$ 1.08	\$ 1.09

^[1] 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 is calculated by dividing the normalized net income by the weighted average number of shares.

^[2] Restated to reflect the application of the amendments to IAS 19 "Employee Benefits" standard as explained in Note 2a) of the unaudited condensed consolidated interim financial statements for the third quarter ended October 31, 2013.

Seasonal Products

Revenues from Seasonal Products increased by \$106.3 million, or 38.5%, to \$382.5 million for the three-month period ended October 31, 2013, compared with \$276.2 million for the corresponding period ended October 31, 2012. The increase in revenues results mainly from a higher volume and from a favourable product mix of snowmobiles sold following increased orders for the model year 2014 resulting from dealers and distributors' demand. These incremental orders were mainly shipped in the third quarter. The increase in revenues includes a favourable foreign exchange rate variation of \$14 million.

North American Seasonal Products retail sales, excluding the sport boat business, registered an increase in the mid-twenty per cent range as compared to the third quarter of Fiscal 2013.

Year-Round Products

Revenues from Year-Round Products increased by \$2.2 million, or 0.9%, to \$249.6 million for the three-month period ended October 31, 2013, up from \$247.4 million for the corresponding period ended October 31, 2012. The increase is primarily due to higher wholesale and a favourable product mix in side-by-side vehicles, for an increase of approximately 38% compared with the corresponding period ended October 31, 2012. The increase was mainly offset by a 20% reduction in ATV sales compared with the corresponding period ended October 31, 2012. This reduction is mainly due to the introduction during the previous fiscal year of new ATV models such as the *Can-Am Outlander* two-passenger family and mud-ready models. The increase in revenues includes a favourable foreign exchange rate variation of \$12 million.

North American Year-Round Products retail sales increased on a percentage basis by mid-single digits compared with the third quarter of Fiscal 2013.

Propulsion Systems

Revenues from Propulsion Systems increased by \$7.6 million, or 9.3%, to \$89.6 million for the three-month period ended October 31, 2013, compared with \$82.0 million for the corresponding period ended October 31, 2012. The increase in revenues is mainly due to a favourable foreign exchange rate variation of \$6 million.

PAC (Parts, Accessories & Clothing)

Revenues from PAC increased by \$16.0 million, or 12.5%, to \$144.3 million for the three-month period ended October 31, 2013, up from \$128.3 million for the corresponding period ended October 31, 2012. The increase is primarily due to a higher volume driven by the increase of Year-Round Products business. The revenue increase includes a favourable foreign exchange rate variation of \$5 million.

Gross profit increased by \$46.5 million, or 26.2%, to \$223.9 million for the three-month period ended October 31, 2013, up from \$177.4 million for the corresponding period ended October 31, 2012. Gross profit margin percentage increased by 170 basis points to 25.9% from 24.2% for the three-month period ended October 31, 2012. The increase in gross profit margin percentage was primarily due to higher volumes in Seasonal Products, a favourable product mix

and a favourable foreign exchange rate variation of \$12 million. The increase was partially offset by the costs related to the transfer of PWC manufacturing to the Querétaro, Mexico facility.

Operating expenses decreased by \$3.9 million, or 2.9%, to \$128.9 million for the three-month period ended October 31, 2013, down from \$132.8 million for the three-month period ended October 31, 2012. This decrease is mainly due to restructuring costs of \$17.1 million that were recorded in connection with the closure of the sport boat business during the three-month period ended October 31, 2012, partially offset by higher stock-based compensation in relation to the initial public offering of the subordinate voting shares of the Company, higher advertising expenses to support the introduction of new products and a negative foreign exchange impact of \$3 million.

Normalized net income increased by \$16.6 million to \$59.0 million for the three-month period ended October 31, 2013, compared with \$42.4 million for the corresponding period last year. The increase is primarily due to higher wholesale and favourable product mix in Seasonal Products.

Fiscal year 2014 Outlook

Other than a reduction to the Effective Tax Rate, and the resulting increase to Normalized Net Income and Normalized Earnings per Share (as highlighted), BRP's financial guidance targets as presented on June 13, 2013 are reconfirmed and remain as follows:

Financial Metrics	Fiscal Year 2014 Guidance targets vs FY2013
Revenues	
Seasonal Products	Flat to up low single-digit %
Year-Round Products	Up high double-digit %
Propulsion Systems	Up mid to high single-digit %
PAC	Up high single-digit %
Total Company Revenues	Up high single-digit %
Normalized EBITDA	Up low double-digit %
Effective Tax Rate (on normalized earnings before income tax)	26%-27% (revised from 28%-29%)
Normalized Net Income	Up mid double-digit % (revised from Up low double-digit %)
Normalized Earnings per Share - Basic (assuming 112.6 million shares)	\$1.49 - \$1.54 (revised from \$1.45 - \$1.50)
CAPEX	Flat

The above guidance excludes the effects of fluctuations in currency exchange rates. In addition, the Company made a number of economic and market assumptions in preparing its

FY2014 financial guidance, including assumptions regarding the performance of the economies in which it operates, market competition and tax laws applicable to its operations. The Company cautions that the assumptions used to prepare the forecasts for FY2014, 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 December 12, 2013. 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. (EST), BRP Inc. will host a conference call and webcast to discuss BRP's FY2014 third quarter 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 6578 9898 for overseas callers. To listen to the English version only, please dial 1-514-392-1478 or 1-866-225-0198 (toll-free in North America), or 00 800 6578 9898 for overseas calls. For the French version only, please dial 1-514-392-9196 or 1-866-225-2055 (toll-free in North America), or 00 800 6578 9898 for overseas calls. In all cases, the event number is 4175835.

A replay of the conference call will be available two hours after the call for 90 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. Distributed in 105 countries, its portfolio of brands and products includes Ski-Doo and Lynx snowmobiles, Sea-Doo watercraft, Can-Am all-terrain and side-by-side vehicles, Can-Am roadsters, Evinrude outboard engines as well as Rotax propulsion systems. BRP employs approximately 6,800 people worldwide.

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For information:

Johanne Denault
 Manager, Corporate Communications
 Tel: 450-532-5173
johanne.denault@brp.com

Jon Reider
 Investor relations
 Tel: 450-532-6311
jon.reider@brp.com

CAUTION CONCERNING FORWARD-LOOKING STATEMENTS

Certain information included in this release, including, but not limited to, statements relating to our Fiscal 2014 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 2014 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, 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.