



## **PRESS RELEASE**

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### **BRP REPORTS FISCAL YEAR 2016 SECOND-QUARTER RESULTS**



BRP's Sea-Doo Spark watercraft. © BRP 2015

#### **Highlights:**

- Revenues of \$812.1 million, a 4.1% increase compared to the second quarter of FY2015;
- Normalized EBITDA<sup>[1]</sup> of \$53.1, a 69.6% increase compared to the same period last year;
- Gross profit of \$169.4 million representing 20.9% of revenues, an increase of \$26.5 million compared to the same period last year;
- Normalized net income<sup>[1]</sup> of \$4.0 million resulting in a normalized diluted earnings per share<sup>[1]</sup> of \$0.03; and
- FY16 financial guidance adjusted upward due to lower assumed depreciation expenses.

**Valcourt, Québec, September 11, 2015** — BRP Inc. (TSX:DOO) today reported its financial results for the three- and six-month periods ended July 31, 2015. All financial information is in Canadian dollars unless otherwise noted. The complete financial results are available at [www.sedar.com](http://www.sedar.com).

“Two years after the introduction of the Sea-Doo Spark, we can now affirm that we have achieved our goal of rejuvenating the personal watercraft industry, knowing that it has grown globally by more than 25%, having a positive impact on sales of traditional personal watercraft. We also had an excellent first season with our Can-Am Outlander L ATV family, which contributed to good market share gains in the mid-cc ATV segment,” said José Boisjoli, president and CEO. “These successes are the results of the teams’ excellent execution and hitting the market on time.”

[1] Please see definitions of Normalized EBITDA, Normalized net income and Normalized diluted earnings per share below the Net income data table.

Commenting on the outlook for the second half of Fiscal Year 2016, Boisjoli added: "I am happy with the momentum our products are gaining globally. I remain confident that despite softer markets in Russia, Latin America and lately Canada, we are well positioned with our products' portfolio to deliver strong results in the second half."

### **Highlights for the Three- and Six-Month Periods Ended July 31, 2015**

**Revenues** increased by \$32.1 million, or 4.1%, to \$812.1 million for the three-month period ended July 31, 2015, compared with \$780.0 million for the corresponding period ended July 31, 2014. The revenue increase was mainly due to a favourable foreign exchange rate variation of \$45 million mostly related to the strengthening of the U.S. dollar against the Canadian dollar. The increase was partially offset by lower wholesale in Year-Round Products and Seasonal Products.

**Revenues** increased by \$171.6 million, or 11.2%, to \$1,710.2 million for the six-month period ended July 31, 2015, compared with \$1,538.6 million for the corresponding period ended July 31, 2014. The revenue increase was mainly due to higher wholesale in Seasonal Products. The increase includes a favourable foreign exchange rate variation of \$81 million mainly due to the strengthening of the U.S. dollar against the Canadian dollar, partially offset by the strengthening of the Canadian dollar against the euro.

**Net Income data**

	Three-month periods ended		Six-month periods ended	
	July 31, 2015	July 31, 2014	July 31, 2015	July 31, 2014
(in millions of Canadian dollars)				
<b>Revenues by category</b>				
Year-Round Products	\$ 298.4	\$ 297.4	\$ 696.5	\$ 662.8
Seasonal Products	263.4	259.8	534.6	444.4
Propulsion Systems	95.4	84.4	197.9	181.7
PAC	154.9	138.4	281.2	249.7
<b>Total Revenues</b>	<b>812.1</b>	<b>780.0</b>	<b>1,710.2</b>	<b>1,538.6</b>
Cost of sales	642.7	637.1	1,327.9	1,222.3
<b>Gross profit</b>	<b>169.4</b>	<b>142.9</b>	<b>382.3</b>	<b>316.3</b>
As a percentage of revenues	20.9%	18.3%	22.4%	20.6%
<b>Operating expenses</b>				
Selling and marketing	63.6	66.0	138.4	133.3
Research and development	38.8	36.3	78.5	77.9
General and administrative	37.2	35.2	68.0	72.0
Other operating expenses	7.5	1.8	11.3	1.1
<b>Total operating expenses</b>	<b>147.1</b>	<b>139.3</b>	<b>296.2</b>	<b>284.3</b>
<b>Operating income</b>	<b>22.3</b>	<b>3.6</b>	<b>86.1</b>	<b>32.0</b>
Net financing costs	15.0	14.3	28.8	27.9
Foreign exchange (gain) loss on long-term debt	71.6	(5.1)	25.6	(17.4)
<b>Income (loss) before income taxes</b>	<b>(64.3)</b>	<b>(5.6)</b>	<b>31.7</b>	<b>21.5</b>
Income taxes expense (recovery)	4.0	(2.0)	16.9	(2.9)
<b>Net income (loss)</b>	<b>\$ (68.3)</b>	<b>\$ (3.6)</b>	<b>\$ 14.8</b>	<b>\$ 24.4</b>
Attributable to shareholders	\$ (68.3)	\$ (3.5)	\$ 14.8	\$ 24.5
Attributable to non-controlling interest	—	(0.1)	—	(0.1)
<b>Normalized EBITDA</b> <sup>[1]</sup>	<b>\$ 53.1</b>	<b>\$ 31.3</b>	<b>\$ 144.6</b>	<b>\$ 87.9</b>
<b>Normalized net income (loss)</b> <sup>[1]</sup>	<b>4.0</b>	<b>(8.8)</b>	<b>41.2</b>	<b>7.8</b>
Earnings (loss) per share - basic	\$ (0.58)	\$ (0.03)	\$ 0.13	\$ 0.21
Earnings (loss) per share - diluted	(0.58)	(0.03)	0.12	0.21
Normalized earnings (loss) per share – basic <sup>[2]</sup>	0.03	(0.07)	0.35	0.07
Normalized earnings (loss) per share – diluted <sup>[2]</sup>	0.03	(0.07)	0.35	0.07

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

Normalized EBITDA and Normalized Net Income (loss) are non-IFRS measures that the Company uses to assess its operating performance. Normalized EBITDA is defined as net income (loss) before financing costs, financing income, income taxes expense (recovery), depreciation expense and normalized elements. Normalized Net Income (loss) is defined as net income (loss) before normalized elements adjusted to reflect the tax effect on these elements. See "Non-IFRS Measures" section included in the MD&A.

<sup>[2]</sup> Normalized earnings (loss) per share - basic and normalized earnings (loss) per share – diluted are calculated respectively by dividing the normalized net income (loss) by the weighted average number of shares – basic and the weighted average number of shares – diluted.

**QUARTERLY REVIEW BY CATEGORIES****Year-Round Products**

Revenues from Year-Round Products increased by \$1.0 million, or 0.3%, to \$298.4 million for the three-month period ended July 31, 2015, compared with \$297.4 million for the corresponding period ended July 31, 2014. The increase resulted primarily from a favourable foreign exchange rate variation of \$16 million, mostly offset by lower wholesale and an unfavourable product mix in ATVs and roadsters.

### **Seasonal Products**

Revenues from Seasonal Products increased by \$3.6 million, or 1.4%, to \$263.4 million for the three-month period ended July 31, 2015, compared with \$259.8 million for the corresponding period ended July 31, 2014. The increase resulted primarily from earlier shipments of snowmobiles and a favourable foreign exchange rate variation of \$15 million. The increase was partially offset by lower volumes of PWC sold due to earlier deliveries made in the first quarter compared to last year, following the completion of the production ramp-up at the Querétaro, Mexico facility.

### **Propulsion Systems**

Revenues from Propulsion Systems increased by \$11.0 million, or 13.0%, to \$95.4 million for the three-month period ended July 31, 2015, compared with \$84.4 million for the corresponding period ended July 31, 2014. The increase in revenues was mainly attributable to a favourable mix of outboard engines sold due to the E-TEC G2 introduction and to lower sales programs. The increase in revenues also includes a favourable foreign exchange rate variation of \$3 million.

### **PAC (Parts, Accessories, Clothing and other services)**

Revenues from PAC increased by \$16.5 million, or 11.9%, to \$154.9 million for the three-month period ended July 31, 2015, compared with \$138.4 million for the corresponding period ended July 31, 2014. The increase was mainly attributable to a favourable foreign exchange rate variation of \$11 million.

**Gross profit** increased by \$26.5 million, or 18.5%, to \$169.4 million for the three-month period ended July 31, 2015, compared with \$142.9 million for the corresponding period ended July 31, 2014. The gross profit increase includes a favourable foreign exchange rate variation of \$9 million. Gross profit margin percentage increased by 260 basis points to 20.9% from 18.3% for the three-month period ended July 31, 2014. The increase in gross profit margin percentage was primarily due to lower sales programs in SSVs and outboard engines and lower production costs, partially offset by an unfavourable mix of roadsters and ATVs sold.

**Operating expenses** increased by \$7.8 million, or 5.6%, to \$147.1 million for the three-month period ended July 31, 2015, compared with \$139.3 million for the three-month period ended July 31, 2014. This increase was mainly due to an unfavourable foreign exchange impact of \$10 million.

**Normalized net income** reached \$4.0 million, an increase of \$12.8 million, which resulted in normalized diluted earnings per share of \$0.03, an increase of \$0.10 per share. The increase was primarily due to higher operating income, partially offset by higher income taxes expense.

## Fiscal Year 2016 Guidance

BRP's financial guidance targets as presented on March 27, 2015 are adjusted due to a lower expected depreciation expense as follows:

Financial Metric	FY16 Guidance vs FY15 Results
Revenues	
Year-Round Products	Up 7% to 11%
Seasonal Products	Flat to up 4%
Propulsion Systems	Up 7% to 10%
PAC	Up 10% to 15%
<b>Total Company Revenues</b>	<b>Up 5% to 9%</b>
Normalized EBITDA	Up 6% to 10%
Effective Tax Rate <sup>[1]</sup>	27% - 29%      Up from a normalized income tax rate of 22.0% in FY15
Normalized Net Income <sup>[2]</sup>	<b>Down 5% to Up 4%</b> (increased from down 9% to flat) Up 4% to 11% adjusting FY15 using FY16 estimated tax rates
Normalized Earnings per Share – Diluted	<b>\$1.55 to \$1.70</b> (increased from \$1.50 to \$1.65)
Capital Expenditures	\$200M to \$220M

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

[2] Assuming a depreciation expense of \$125M (**down from \$135M**) compared to \$113M in FY15.

The above targets are based on a number of economic and market assumptions the Company has made in preparing its Fiscal Year 2016 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 2016, 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 September 10, 2015. 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 FY2016 second-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.

To listen to the conference call by phone, for the English integral version (event number 4222677), please dial 514-861-1681 or 800-766-6630 (toll-free in North America). For the French version (event number 4222676), please dial 514-392-1478 or 866-542-4146 (toll-free in North America). [Click here 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. For the English integral version, please enter the pass code 7673355. For the French translation, enter 9367167.

## 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\$3.5 billion from 107 countries, the Company employs approximately 7,600 people worldwide.

[www.brp.com](http://www.brp.com)  
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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 2016 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 2016 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.

### **CAUTION REGARDING NON-IFRS MEASURES**

This press release makes reference to financial results in accordance with IFRS, and also makes reference to certain non-IFRS measures. Normalized EBITDA, normalized net income (loss), normalized basic earnings (loss) per share and normalized diluted earnings (loss) per share are measures that are not defined by the IFRS. 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 the management's perspective. BRP believes non-IFRS measures are important supplemental measures of operating performance because they eliminate items that have less bearing on the Company's operating performance and thus highlight trends in its core business that may not otherwise be apparent when relying solely on IFRS measures. Management also uses non-IFRS measures in order to facilitate operating 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.

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