



THE ULTIMATE POWERSPORTS EXPERIENCE



# QUARTERLY REVIEW

FOURTH QUARTER ENDED JANUARY 31, 2016

# 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.

Forward-looking statements are based on estimates and assumptions made by the Company in light of its experience and perception of historical trends, current conditions and expected future developments, as well as other factors that the Company believes are appropriate and reasonable in the circumstances, but there can be no assurance that such estimates and assumptions will prove to be correct or that the Company's business guidance, objectives, plans and strategic priorities will be achieved.

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 the Company's Management Discussion and Analysis for the quarter ended January 31, 2016 dated March 17, 2016: 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.

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 Annual Information Form are made as of the date of this Annual Information Form, 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 Annual Information Form are expressly qualified by this cautionary statement.





**JOSÉ BOISJOLI**

**PRESIDENT & CHIEF EXECUTIVE OFFICER**

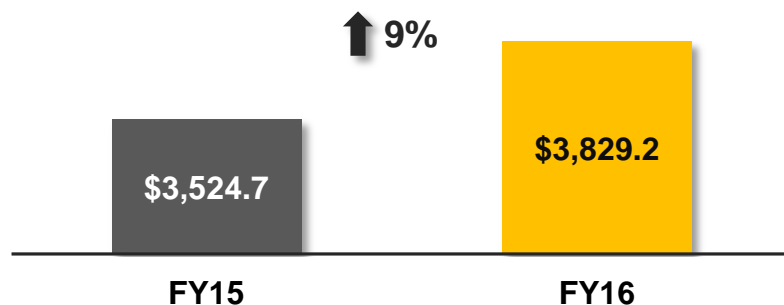
**QUARTERLY REVIEW**

FOURTH QUARTER ENDED JANUARY 31, 2016

# FY16 Revenues and Normalized EPS

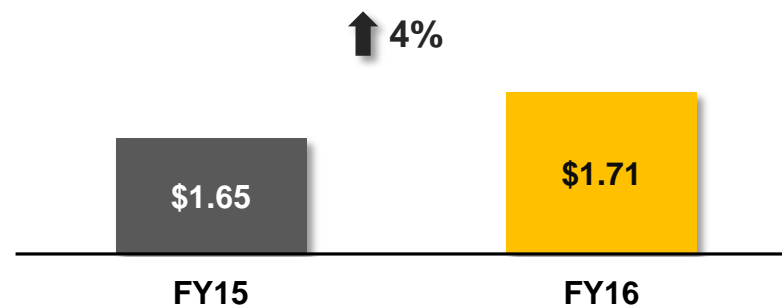
## Revenues

CA\$ millions



## Normalized EPS - Diluted<sup>[1]</sup>

CA\$



## Full Year Highlights

- **Increase of 9% in revenues** primarily driven by favourable foreign exchange rate variations and higher wholesale volume of Year-Round Products and PAC
- **Normalized EBITDA<sup>[1]</sup> grew 9% to \$460.0M** and **Normalized diluted earnings per share<sup>[1]</sup> was up \$0.06 to \$1.71**
- Net income of \$51.6M, a decrease of \$18.5M vs the same period last year
- BRP retail sales for *Seasonal Products* and *Year-Round Products* **increased 2%**, or **5% when excluding snowmobiles**

<sup>[1]</sup> For a reconciliation of net income to Normalized Net Income and Normalized EBITDA, see the reconciliation tables in appendix



# Strategic Priorities Update

## GROWTH

Accelerate Can-Am growth

Define the next wave of growth

## AGILITY

Implement one-piece flow, a modular approach and a more flexible supply chain to better serve our consumers and dealers

## LEAN ENTERPRISE

Implement new core technologies and drive margin improvement on new products launches

## FY16 KEY STRATEGIC PLAYS

- Entered the utility side-by-side segment with the Can-Am Defender
- Committed to introduce a new side-by-side every six months for the next four years
- Can-Am brand development for both ORV and Spyder through sponsorship of NASCAR races
- Construction and start of production at the Juárez II facility
- Announcement of investments to improve Valcourt operations
- Dealer network expansion

**Took several key steps in the achievement of our long-term objectives**



# North America Powersports Dealer Network Optimization Update

## FY16 Results

NUMBER OF NEW DEALERS SIGNED

105<sup>[1]</sup>

SSV AND SPYDER NETWORK COVERAGE IMPROVEMENT OVER THE LAST 3 YEARS

+28%

## FY17 Targets

NUMBER OF NEW DEALERS TO SIGN IN FY17

45-55



<sup>[1]</sup> FY16 target was 75 to 85 new dealers

<sup>[2]</sup> Initial target was to have signed 200 to 300 new dealers by the end of FY17

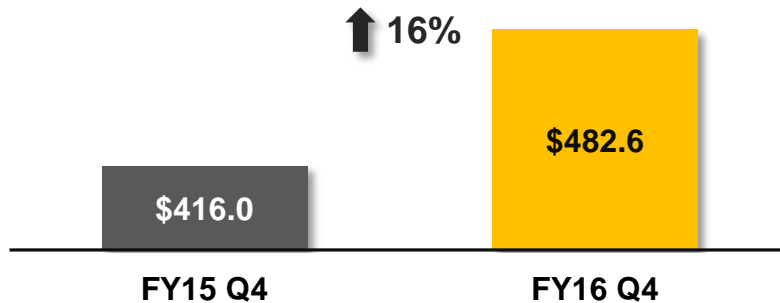
**Expecting to have signed over 250 new dealers by the end of FY17<sup>[2]</sup>**



# Year-Round Products

## Revenues

CA\$ millions



## MY16 Can-Am Defender XT CAB



Started production of the Can-Am Defender XT CAB at the end of January

## Business Dynamics

### Revenue increase of 16%:

- Mainly driven by favourable exchange rate variations, higher volume of SSV sold following the introduction of the Can-Am Defender, and general price increase;
- Partially offset by unfavourable product mix of SSV sold

### Off-Road Vehicles

- Seven months into the 2016 season, North American ATV industry is down low-single digits %
  - Can-Am ATV retail was up mid-single digits %
- Over the same period, North American SSV industry is up mid-single digits %
  - Can-Am SSV retail was down mid-single digits %
  - Limited retail of the Can-Am Defender in the quarter due to shipment ramp-up

### Spyder

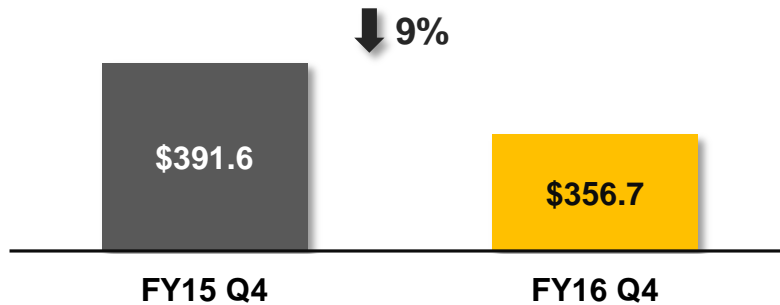
- Early into the 2016 season, North American motorcycle industry is down mid-single digits %
  - Can-Am Spyder retail was up mid-single digits %



# Seasonal Products

## Revenues

CA\$ millions



## MY16 Sea-Doo RXT-X 300 hp



The new Rotax 1630 ACE 300 hp engine is driving interest worldwide

## Business Dynamics

### Revenue decline of 9%:

- Mainly driven by lower volume of snowmobiles sold attributable to earlier shipments during the year and additional sales program costs;
- Partially offset by favourable mix in PWC and a favourable foreign exchange rate variation

### Snowmobiles

- Ten months into the season, the North American snowmobile industry was down high-single digits %
  - Ski-Doo retail sales were down mid-single digits % for the same period
- Season-to-date Scandinavian industry is up mid-single digits %
  - BRP retail was about flat

### PWCs

- Currently in the middle of the season in Australia, Sea-Doo retail is up mid-double digits driven in part by the new 300 hp engine



# The Next Generation of Ski-Doo Snowmobiles



- **Pushing the industry forward with the next generation of the REV platform and E-TEC technology**
  - New platform designed around the rider to allow for more control and a better riding experience
  - 25 lbs reduction on the Summit, offering the best power-to-weight ratio in the industry
  - New Rotax 850 E-TEC engine delivering 165 hp, 30% faster dynamic response and increased durability
- **Designed with the “Agility” and “Lean Enterprise” mindset**
  - Incorporates the modular approach
  - Using new technologies to improve production efficiency
- **Currently offered on the Summit, MXZ and Renegade models**
  - To be rolled-out on the rest of the line-up over the coming seasons

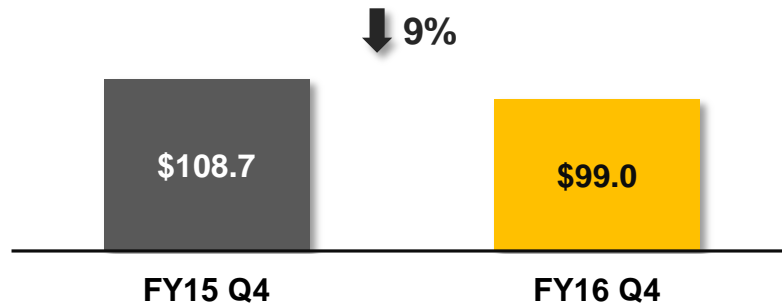
**Well received by media, dealers and consumers**



# Propulsion Systems

## Revenues

CA\$ millions



## Evinrude Network Expansion Update

### FY16 Additions

BOAT  
MANUFACTURERS

+16

MARINE  
DEALERS

+72

## Business Dynamics

### Revenue decline of 9%:

- Mainly driven by a lower volume and unfavourable mix of outboard engines sold;
- Partially offset by favourable foreign exchange rate variations

### Outboard Engines

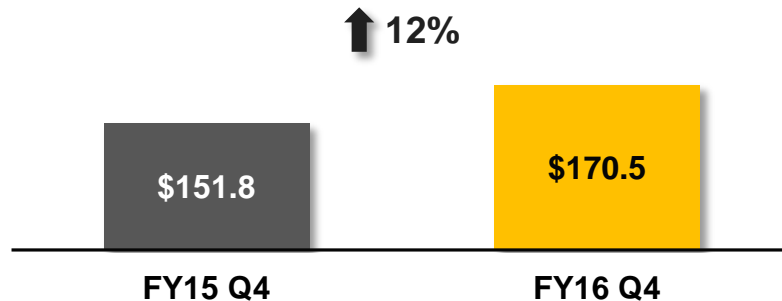
- Seven months into the 2016 season, North American outboard engines industry is up mid-single digits %
  - Evinrude retail was down low-single digits %
- Telwater, Australia's leading manufacturer of aluminum boat and trailer packages, becomes distributor of Evinrude E-TEC outboards across Australia



# Parts, Accessories and Clothing

## Revenues

CA\$ millions



## Business Dynamics

### Revenue increase of 12%:

- Mainly driven by favourable foreign exchange rate variations and to a higher volume of SSV and roadsters PAC sold resulting from new product introductions;
- Partially offset by a lower volume of snowmobiles parts sold resulting from a lack of snowfall in North America

## MY17 Snowmobile PAC

MY17 snowmobile PAC line-up focuses on increased integration level and added functionality enhancing the consumer experience

Over 90 new accessories for the new REV platform





**SÉBASTIEN MARTEL**

**CHIEF FINANCIAL OFFICER**

**QUARTERLY REVIEW**

FOURTH QUARTER ENDED JANUARY 31, 2016

# FY16 Q4 - Financial Highlights

CA\$ millions	Q4 comparison			12-month comparison		
	FY16	FY15	Change	FY16	FY15	Change
<b>Total Revenues</b>	<b>\$1,108.8</b>	<b>\$1,068.1</b>	<b>\$40.7</b>	<b>\$3,829.2</b>	<b>\$3,524.7</b>	<b>\$304.5</b>
Growth	+3.8%			+8.6%		
<b>Gross Profit</b>	<b>\$285.9</b>	<b>\$289.7</b>	<b>(\$3.8)</b>	<b>\$914.2</b>	<b>\$845.6</b>	<b>\$68.6</b>
As a % of revenues	25.8%	27.1%		23.9%	24.0%	
<b>Operating Income</b>	<b>\$75.3</b>	<b>\$174.3</b>	<b>(\$99.0)</b>	<b>\$265.3</b>	<b>\$305.0</b>	<b>(\$39.7)</b>
As a % of revenues	6.8%	16.3%		6.9%	8.7%	
<b>Net Income</b>	<b>(\$28.7)</b>	<b>\$8.5</b>	<b>(\$37.2)</b>	<b>\$51.6</b>	<b>\$70.1</b>	<b>(\$18.5)</b>
As a % of revenues	(2.6%)	0.8%		1.3%	2.0%	
<b>Normalized Net Income<sup>[1]</sup></b>	<b>\$86.8</b>	<b>\$116.5</b>	<b>(\$29.7)</b>	<b>\$200.8</b>	<b>\$196.2</b>	<b>\$4.6</b>
<b>Normalized EBITDA<sup>[1]</sup></b>	<b>\$173.9</b>	<b>\$199.3</b>	<b>(\$25.4)</b>	<b>\$460.0</b>	<b>\$421.3</b>	<b>\$38.7</b>
<b>EPS - Diluted</b>	<b>(\$0.25)</b>	<b>\$0.07</b>	<b>(\$0.32)</b>	<b>\$0.44</b>	<b>\$0.59</b>	<b>(\$0.15)</b>
<b>Normalized EPS – Diluted<sup>[1]</sup></b>	<b>\$0.75</b>	<b>\$0.98</b>	<b>(\$0.23)</b>	<b>\$1.71</b>	<b>\$1.65</b>	<b>\$0.06</b>

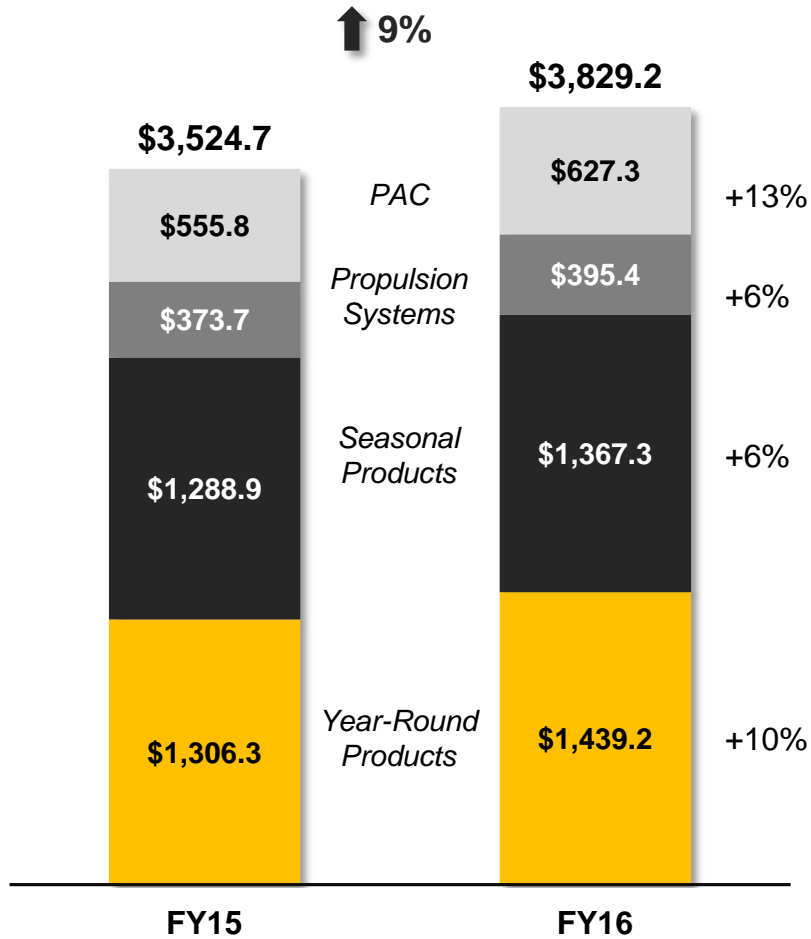
<sup>[1]</sup> For a reconciliation of net income to Normalized Net Income and Normalized EBITDA, see the reconciliation tables in appendix



# FY16 - Revenues by Product Category and Geography

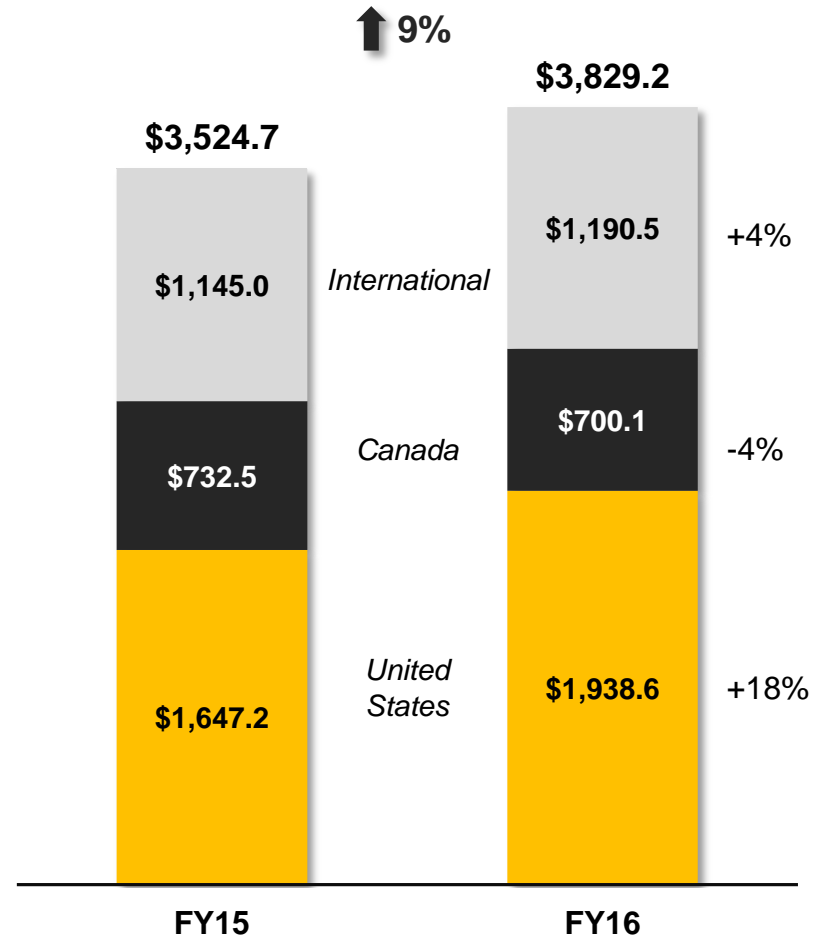
## Revenues by Product Category

CA\$ millions



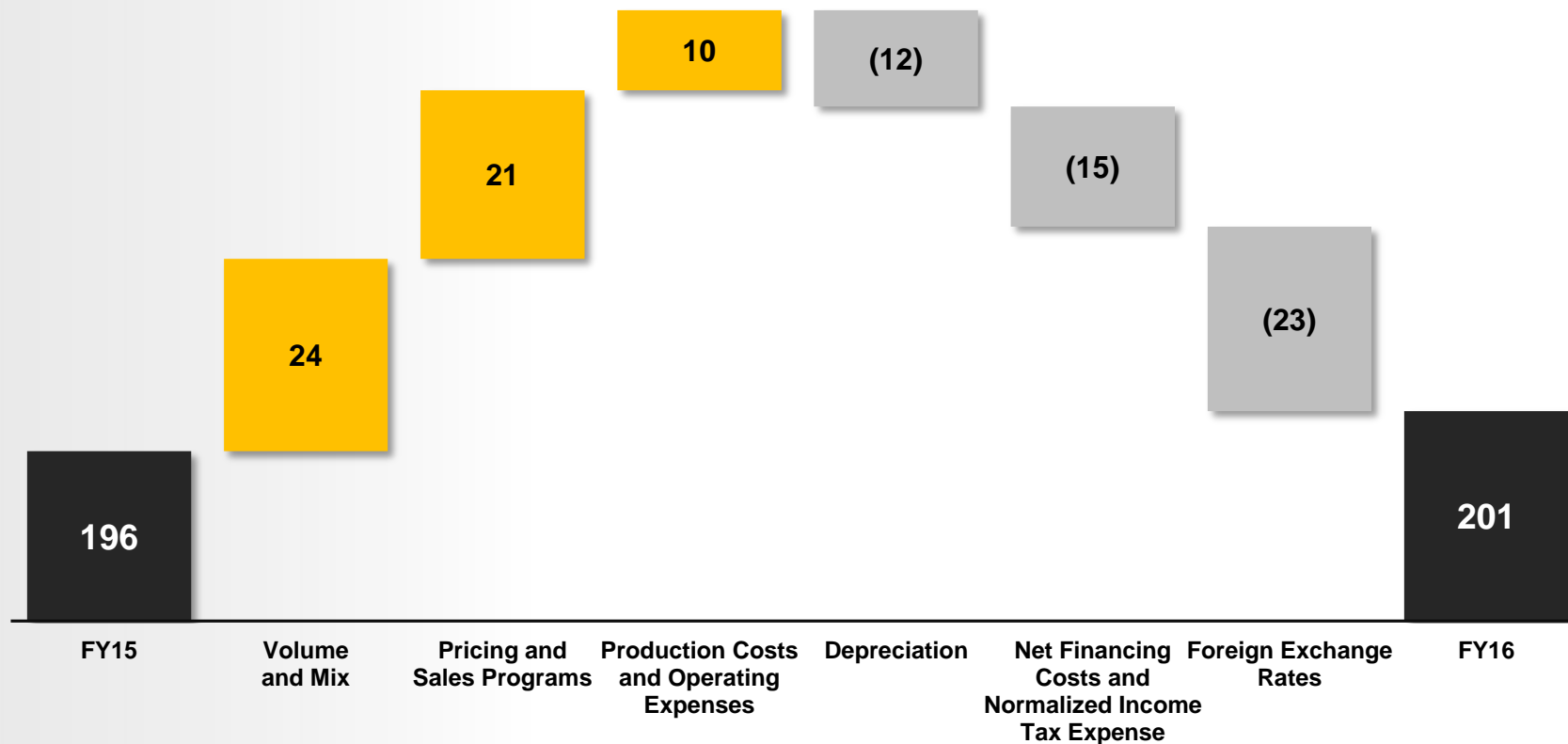
## Revenues by Geography

CA\$ millions



# FY16 Normalized Net Income Bridge

CA\$ millions



**Normalized Net Income up \$5M despite higher depreciation, increased normalized income tax expense and unfavourable foreign exchange rate variations**



# FY16 - Financial Position and Liquidity Profile

CA\$ millions	As at Jan. 31	As at Jan. 31	Change
	2016	2015	
Cash	\$235.0	\$232.0	\$3.0
Working capital	363.3	291.8	71.5
Revolving credit facilities	-	-	-
Long-term debt <sup>[1]</sup>	1,146.6	1,035.5	111.1

CA\$ millions	12-month comparison		
	FY16	FY15	Change
Capital expenditures	(\$210.6)	(\$172.0)	(\$38.6)
Free cash flow <sup>[2]</sup>	149.5	202.8	(53.3)

<sup>[1]</sup> Including current portion of long-term debt

<sup>[2]</sup> Free cash flow is defined as net cash flow from operating activities minus capital expenditures

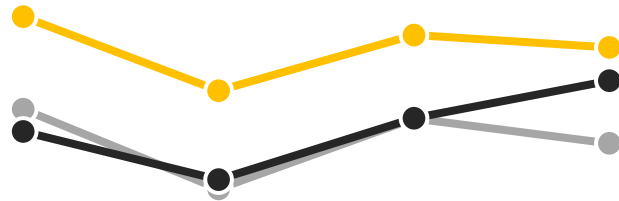




# BRP North American Powersports Dealer Inventory

## Dealer Inventory Level

Units, Excluding Outboard Engines

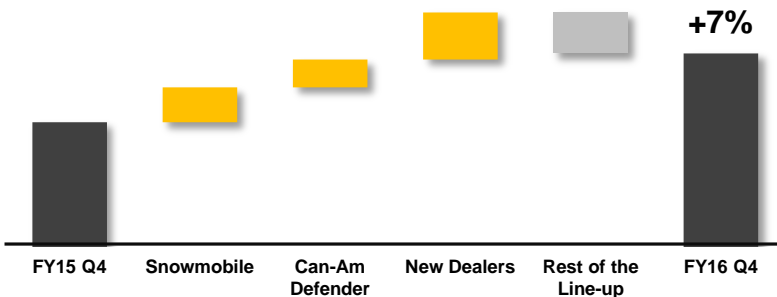


Q1 Q2 Q3 Q4

—●— FY14    —●— FY15    —●— FY16

## Dealer Inventory Bridge

Units, Excluding Outboard Engines



Dealer inventory<sup>[1]</sup> ended FY16 Q4 up 7% from FY15 Q4 level

- Increase primarily driven by:
  - higher level of snowmobile inventory due to the lack of snowfall in North America and weak economic conditions in Western Canada
  - initial shipments of the Can-Am Defender, and;
  - increase in the number of dealers in the last 3 years

<sup>[1]</sup> Network inventory excluding *Propulsion Systems*



# FY17 Full-Year Guidance - as at March 18, 2016

Financial Metric	FY17 Guidance vs FY16	
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	Up 7% to 10%	
Effective Tax Rate <sup>[1]</sup>	27% - 28%	(Vs 26.6% in FY16)
Normalized Net Income <sup>[2]</sup>	Flat to up 7%	
Normalized Earnings per Share – Diluted <sup>[2]</sup>	\$1.75 to \$1.85	(Up 2% to 8% from \$1.71 in FY16)
Capital Expenditures	\$190M to \$205M	(Vs \$211M in FY16)

## Expected FY17 currency impact

Revenue :

 ~2%

Gross Profit Margin:

 ~50bps

<sup>[1]</sup> Effective tax rate based on Normalized Earnings before Normalized Income Tax

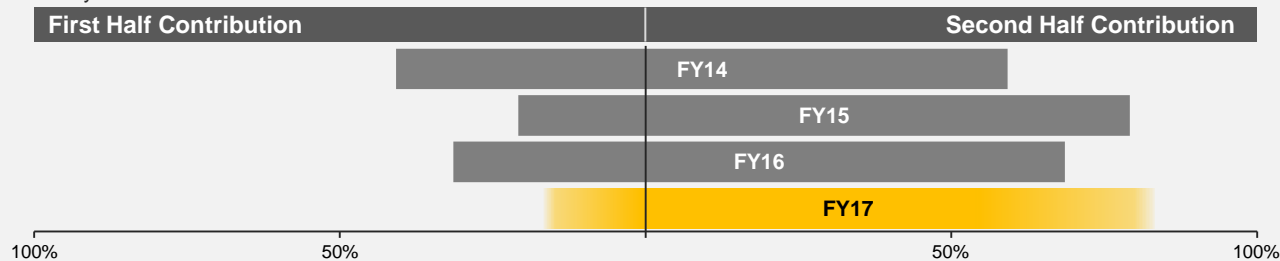
<sup>[2]</sup> Assuming \$150M Depreciation Expense (compared to \$126M in FY16), \$62M Net Financing Costs and 115.4M shares



# FY17 Guidance - Back Half Loaded Profitability

## Normalized EBITDA by Half Year

As a percentage of full fiscal year normalized EBITDA



### Elements Impacting H1 FY17 vs. FY16

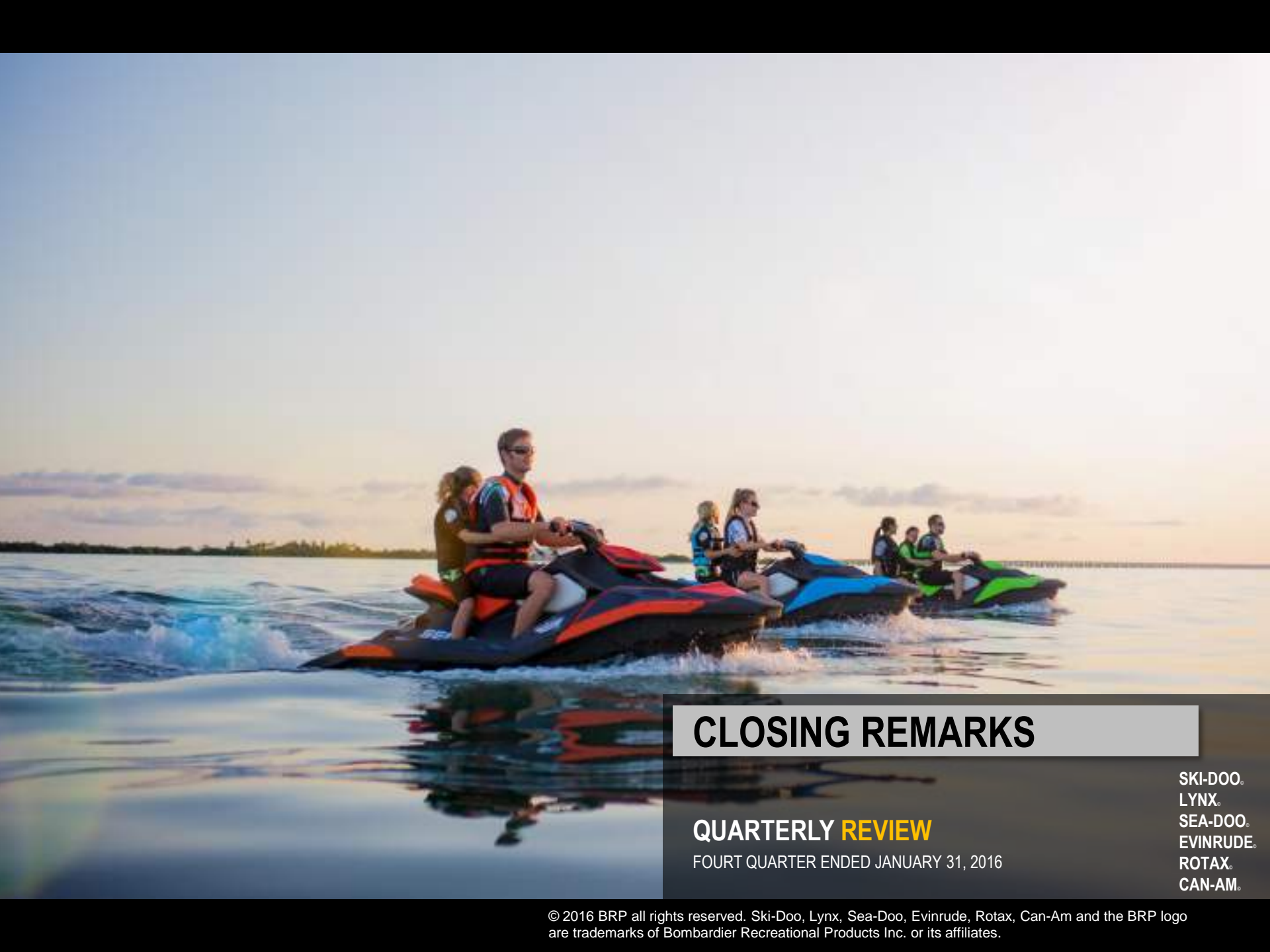
- Additional snowmobile sales programs due to the lack of snowfall in North America and difficult economic conditions in Western Canada
- Shift of snowmobile production to H2 due to the introduction of the new platform
- Increased operating expenses
- Increased costs related to Juárez II
- + Shipments of the Can-Am Defender
- + Positive mix of PWC due to the introduction of the 300 hp engine
- + Completion of PWC transfer to Querétaro

### Elements Impacting H2 FY17 vs. FY16

- Increased costs related to Juárez II
- + Shift of snowmobile production to H2 due to the introduction of the new platform
- + Shipments of the Can-Am Defender
- + Shipments of new product introductions
- + Richer product mix

**Quarterly Normalized EBITDA for FY17 Q1 and Q2 is expected to be similar to FY15 Q1 and Q2**





## CLOSING REMARKS

### QUARTERLY REVIEW

FOURTH QUARTER ENDED JANUARY 31, 2016

SKI-DOO.  
LYNX.  
SEA-DOO.  
EVINRUDE.  
ROTAX.  
CAN-AM.

# Key Market Trends

USA	<ul style="list-style-type: none"> <li>Industry relatively healthy with some weaknesses in agricultural and oil &amp; gas regions</li> <li>All OEMs are more aggressive</li> </ul>	Very Competitive
CANADA	<ul style="list-style-type: none"> <li>Lack of snowfall impacting snowmobile</li> <li>Industry down in Western Canada impacted by difficult economic situation</li> </ul>	Negative
WESTERN EUROPE	<ul style="list-style-type: none"> <li>Good momentum across all product lines</li> </ul>	Positive
SCANDINAVIA	<ul style="list-style-type: none"> <li>Strong market share position to benefit from good industry trend</li> <li>Sea-Doo Spark and Can-Am ATV performing well</li> </ul>	Positive
ASIA-PACIFIC	<ul style="list-style-type: none"> <li>Good momentum across all product lines</li> </ul>	Positive
LATIN AMERICA	<ul style="list-style-type: none"> <li>Difficult Brazilian economy impacting most Latin America regions</li> <li>Good momentum in Mexico</li> </ul>	Negative
RUSSIA	<ul style="list-style-type: none"> <li>Market very unstable driven by the Rouble fluctuations and lack of credit availability for dealers</li> <li>Industry trends difficult to anticipate</li> </ul>	Negative

**Well positioned to continue to perform across all markets despite some regional pockets of weakness**





## Q&A PERIOD

### QUARTERLY REVIEW

FOURTH QUARTER ENDED JANUARY 31, 2016

SKI-DOO.  
LYNX.  
SEA-DOO.  
EVINRUDE.  
ROTAX.  
CAN-AM.

# Global Leader in Powersports Vehicles and Engines

## Year-Round Products

**can-am**



All-Terrain Vehicles



Side-by-Side Vehicles



Roadsters

## Seasonal Products

**ski-doo**

**LYNX**

**SEA-DOO**



Snowmobiles



Personal Watercraft

## Propulsion Systems

**EVINRUDE**

**ROTAX**



Outboard Engines



OEM Engines

**Diversified Product Portfolio AND Powerful Brands**





## APPENDIX

### QUARTERLY REVIEW

FOURTH QUARTER ENDED JANUARY 31, 2016

SKI-DOO.  
LYNX.  
SEA-DOO.  
EVINRUDE.  
ROTAX.  
CAN-AM.



# Reconciliation Tables

CA\$ millions	Three-month periods ended		Twelve-month periods ended	
	Jan. 31, 2016	Jan. 31, 2015	Jan. 31, 2016	Jan. 31, 2015
<b>Net Income (loss)</b>	<b>(\$28.7)</b>	<b>\$8.5</b>	<b>\$51.6</b>	<b>\$70.1</b>
Normalized elements:				
Foreign exchange loss on long-term debt	77.4	111.5	105.8	123.9
Restructuring and related costs (reversal) <sup>[1]</sup>	(2.0)	1.0	4.6	8.3
Impairment charge <sup>[2]</sup>	70.3	-	70.3	-
Reversal from insurance recovery <sup>[3]</sup>	-	-	-	1.4
Gain on disposal of property, plant and equipment	(6.4)	(1.4)	(6.4)	(1.4)
Gain on termination of a defined benefit plan coverage	-	(5.2)	-	(5.2)
Other elements	(1.1)	-	(1.1)	-
Income taxes adjustment	(22.7)	2.1	(24.0)	(0.9)
<b>Normalized Net Income</b>	<b>86.8</b>	<b>116.5</b>	<b>200.8</b>	<b>196.2</b>
Normalized income taxes expense	33.2	37.9	72.8	55.3
Financing costs	16.9	15.1	62.6	59.3
Financing income adjusted	0.3	(0.8)	(2.4)	(2.7)
Depreciation expense adjusted	36.7	30.6	126.2	113.2
<b>Normalized EBITDA</b>	<b>\$173.9</b>	<b>\$199.3</b>	<b>\$460.0</b>	<b>\$421.3</b>

<sup>[1]</sup> The Company is involved, from time to time, in restructuring and reorganization activities in order to gain flexibility and improve efficiency. The costs related to these activities are mainly composed of severance costs and retention salaries.

<sup>[2]</sup> During the three and twelve-month periods ended January 31, 2016, the Company recorded an impairment charge of \$70.3 million related to its outboard engines cash generating unit.

<sup>[3]</sup> During the twelve-month period ended January 31, 2015, the Company revised its estimates in relation with the insurance recovery for the damages which occurred during the twelve-month period ended January 31, 2013 at the research & development centre located in Valcourt, Canada and reversed in net income \$1.4 million of the \$11.0 million gain that was previously recorded during the twelve-month period ended January 31, 2014.



Ski-Doo®  
Lynx®  
Sea-Doo®  
Evinrude®  
Rotax®  
Can-Am®



## THE ULTIMATE POWERSPORTS EXPERIENCE

