



PRESS RELEASE

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BRP REPORTS FISCAL YEAR 2017 THIRD-QUARTER RESULTS



BRP's family of Sea-Doo watercraft registered a record market share worldwide this season.
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Highlights:

- Revenues of \$1,080 million for the third quarter of FY2017, a 7% increase compared to the same period last year;
- Gross profit of \$307 million representing 28% of revenues, an increase of \$61 million and 400 basis points respectively compared to the same period last year;
- Normalized EBITDA^[1] of \$197 million, a 39% increase compared to the same period last year;
- Normalized net income^[1] of \$104 million resulting in a normalized diluted earnings per share^[1] of \$0.93, an increase of \$0.31 per share compared to the same period last year;
- Net income of \$79 million, an increase of \$13 million, which resulted in a diluted earnings per share of \$0.70, an increase of \$0.14 per share compared to the same period last year;
- Completion of the NCIB launched in March 2016 with the repurchase of subordinate voting shares for a total consideration of \$73 million; and
- Normalized diluted earnings per share guidance increased to \$1.86 – \$1.96 from \$1.82 – \$1.92 for FY17.

Valcourt, Québec, December 9, 2016 – BRP Inc. (TSX:DOO) today reported its financial results for the three- and nine-month periods ended October 31, 2016. All financial information is in Canadian dollars unless otherwise noted. The complete financial results are available at www.sedar.com.

"I am proud of our excellent third-quarter results for fiscal 2017. We are on track with our plan despite the global context of political and economic uncertainties and a competitive market," said José Boisjoli, president and CEO. "We ended the Sea-Doo season on a very strong note with a record market share worldwide. In addition, our off-road business is providing solid retail

[1] See "Non-IFRS Measures" section.

numbers around the world, led by the Can-Am Defender and Maverick X3 side-by-side vehicles and mid-cc ATVs.”

“We began production of two new platforms in the past quarter – Ski-Doo REV Gen4 and Can-Am Maverick X3 – and our team’s rigorous execution ensured that we delivered these highly anticipated units to the market as intended,” Boisjoli added. “I believe that our product, geographic and manufacturing diversification continues to place BRP in a favourable position to achieve our objectives.”

Highlights for the Three- and Nine-Month Periods Ended October 31, 2016

Revenues increased by \$70.0 million, or 6.9%, to \$1,080.2 million for the **three-month period** ended October 31, 2016, compared with \$1,010.2 million for the corresponding period ended October 31, 2015. The revenue increase was mainly due to higher wholesale in Year-Round Products, partially offset by lower wholesale in Seasonal Products.

Gross profit increased by \$61.2 million, or 24.9%, to \$307.2 million for the **three-month period** ended October 31, 2016, compared with \$246.0 million for the corresponding period ended October 31, 2015. The gross profit increase includes a favourable foreign exchange rate variation of \$14 million. Gross profit margin percentage increased by 400 basis points to 28.4% from 24.4% for the three-month period ended October 31, 2015. The increase in gross profit margin percentage was primarily due to a favourable product mix in SSV and PWC, general price increases and a favourable foreign exchange variation.

Revenues increased by \$145.8 million, or 5.4%, to \$2,866.2 million for the **nine-month period** ended October 31, 2016, compared with \$2,720.4 million for the corresponding period ended October 31, 2015. The revenue increase was primarily attributable to higher wholesale of Year-Round Products and a favourable foreign exchange rate variation of \$60 million mainly due to the strengthening of the U.S. dollar and the euro against the Canadian dollar, partially offset by lower wholesale of Seasonal Products.

Gross profit increased by \$45.0 million, or 7.2%, to \$673.3 million for the **nine-month period** ended October 31, 2016, compared with \$628.3 million for the corresponding period ended October 31, 2015. Gross profit margin percentage increased by 40 basis points to 23.5% from 23.1% for the nine-month period ended October 31, 2015. The increase in gross profit margin percentage was primarily due to a favourable product mix in Year-Round Products and PWC as well as general price increases, partially offset by higher sales programs costs and an unfavourable foreign exchange variation.

Net Income data

(in millions of Canadian dollars)	Three-month periods ended		Nine-month periods ended	
	October 31, 2016	October 31, 2015	October 31, 2016	October 31, 2015
Revenues by category				
Year-Round Products	\$ 383.9	\$ 260.1	\$ 1,110.4	\$ 956.6
Seasonal Products	417.1	476.0	984.4	1,010.6
Propulsion Systems	94.2	98.5	305.2	296.4
PAC	185.0	175.6	466.2	456.8
Total Revenues	1,080.2	1,010.2	2,866.2	2,720.4
Cost of sales	773.0	764.2	2,192.9	2,092.1
Gross profit	307.2	246.0	673.3	628.3
As a percentage of revenues	28.4%	24.4%	23.5%	23.1%
Operating expenses				
Selling and marketing	63.3	64.0	214.5	202.4
Research and development	44.0	38.3	137.4	116.8
General and administrative	38.6	32.8	118.7	100.8
Other operating expenses (income)	(1.7)	7.0	63.8	18.3
Total operating expenses	144.2	142.1	534.4	438.3
Operating income	163.0	103.9	138.9	190.0
Net financing costs	15.9	14.2	47.4	43.0
Foreign exchange (gain) loss on long-term debt	24.5	2.8	(56.7)	28.4
Income before income taxes	122.6	86.9	148.2	118.6
Income taxes expense	43.9	21.4	27.6	38.3
Net income	\$ 78.7	\$ 65.5	\$ 120.6	\$ 80.3
Attributable to shareholders	\$ 78.7	\$ 65.5	\$ 120.6	\$ 80.3
Attributable to non-controlling interest	—	—	—	—
Normalized EBITDA ^[1]	\$ 196.9	\$ 141.5	\$ 298.4	\$ 286.1
Normalized net income ^[1]	104.4	72.8	110.2	114.0
Earnings per share - basic	\$ 0.70	\$ 0.56	\$ 1.06	\$ 0.68
Earnings per share - diluted	0.70	0.56	1.06	0.68
Normalized earnings per share – basic ^[1]	0.93	0.62	0.97	0.97
Normalized earnings per share – diluted ^[1]	0.93	0.62	0.97	0.96

^[1] See "Non-IFRS Measures" section.

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

Revenues from Year-Round Products increased by \$123.8 million, or 47.6%, to \$383.9 million for the three-month period ended October 31, 2016, compared with \$260.1 million for the corresponding period ended October 31, 2015. The increase resulted from a higher volume and a favourable product mix of SSV sold following the introduction of the *Can-Am Maverick X3* and the *Can-Am Defender*, and a higher wholesale in roadsters.

Seasonal Products

Revenues from Seasonal Products decreased by \$58.9 million, or 12.4%, to \$417.1 million for the three-month period ended October 31, 2016, compared with \$476.0 million for the corresponding period ended October 31, 2015. The decrease resulted primarily from a lower volume of snowmobiles sold mainly attributable to lower deliveries in North America, Scandinavia and Russia. The decrease was partially offset by a higher volume and a favourable product mix of PWC sold.

Propulsion Systems

Revenues from Propulsion Systems decreased by \$4.3 million, or 4.4%, to \$94.2 million for the three-month period ended October 31, 2016, compared with \$98.5 million for the corresponding period ended October 31, 2015. The decrease in revenues was mainly attributable to a lower volume of aircraft engines sold.

PAC (Parts, Accessories, Clothing and other services)

Revenues from PAC increased by \$9.4 million, or 5.4%, to \$185.0 million for the three-month period ended October 31, 2016, compared with \$175.6 million for the corresponding period ended October 31, 2015. The increase was mainly attributable to a higher volume of SSV PAC sold following the introduction of the *Can-Am Defender* and the *Can-Am Maverick X3*.

Operating expenses increased by \$2.1 million, or 1.5%, to \$144.2 million for the **three-month period** ended October 31, 2016, compared with \$142.1 million for the three-month period ended October 31, 2015. This increase was mainly due to higher research and development and general and administrative expenses for continued product investments. The increase was partially offset by a favourable foreign exchange impact of \$5 million.

Normalized net income^[1] stood at \$104.4 million, an increase of \$31.6 million, which resulted in a normalized diluted earnings per share^[1] of \$0.93, an increase of \$0.31 per share. The increase was primarily due to higher gross profit, partially offset by an increased income taxes expense.

[1] See "Non-IFRS Measures" section.

Fiscal Year 2017 Guidance

BRP's financial guidance targets as presented on September 9, 2016 are adjusted as follows:

Financial Metric	FY17 Guidance vs FY16 Results
Revenues	
Year-Round Products	Up 11% to 13% (increased from up 8% to 12%)
Seasonal Products	Up 2% to 6% (increased from flat to up 4%)
Propulsion Systems	Up 5% to 10%
PAC	Flat to up 3% (decreased from up 3% to 8%)
Total Company Revenues	Up 5% to 9% (increased from up 4% to 8%)
Normalized EBITDA ^[1]	Up 7% to 10%
Effective Tax Rate ^[2]	28.5% - 29% (increased from 27% to 28%)
Normalized Net Income ^{[1][3]}	Up 5% to 11% (increased from up 3% to 9%)
Normalized Earnings per Share – Diluted ^{[1][3]}	\$1.86 to \$1.96 (increased from \$1.82 to \$1.92)
Capital Expenditures	\$190M to \$205M (vs \$211M in FY16)

[1] See "Non-IFRS Measures" section.

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

[3] Assuming a **\$135M depreciation expense** compared to \$126M in FY16, \$60M Net Financing Costs and **113.4M shares** (down from 114.6M shares).

The above targets are based on a number of economic and market assumptions the Company has made in preparing its Fiscal Year 2017 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 2017, 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 8, 2016. 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. (EST), BRP Inc. will host a [conference call and webcast](#) to discuss BRP's FY2017 third-quarter results released this morning. The call will be hosted by José Boisjoli, president and CEO, and Sébastien Martel, CFO. To listen to the English-only conference call by phone (event number 4254843), please dial 514-861-1681 or 800-766-6630 (toll-free in North America). [Click for international dial-in numbers.](#)

The Company's third-quarter FY2017 MD&A, financial statements and webcast presentation are posted in the [Quarterly Reports](#) section of BRP's website. To listen to an instant replay of the call, please dial 514-861-2272 or 800-408-3053, and enter the pass code 5227591.

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\$3.8 billion from over 100 countries, the Company employs approximately 7,900 people worldwide.

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 2017 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 2017 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 factors, which are discussed in greater detail under the heading "Risk Factors" of its Annual Information Form: 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.

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.

NON-IFRS MEASURES

This press release makes reference to certain non-IFRS measures. 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 management's perspective. Accordingly, they should not be considered in isolation nor as a substitute for analysis of the Company's financial information reported under IFRS. The Company uses non-IFRS measures including Normalized EBITDA, Normalized Net Income, Normalized basic earnings per share and Normalized diluted earnings per share.

Normalized EBITDA is provided to assist investors in determining the financial performance of the Company's operating activities on a consistent basis by excluding certain non-cash elements such as depreciation expense, impairment charge and foreign exchange gain or loss on the Company's long-term debt denominated in U.S. dollars. Other elements, such as restructuring costs, may also be excluded from net income in the determination of Normalized EBITDA as they are considered not being reflective of the operational performance of the Company. Normalized Net Income, Normalized basic earnings per share and Normalized diluted earnings per share, in addition to the financial performance of operating activities, take into account the impact of investing activities, financing activities and income taxes on the Company's financial results.

The Company believes non-IFRS measures are important supplemental measures of financial performance because they eliminate items that have less bearing on the Company's financial performance and thus highlight trends in its core business that may not otherwise be apparent when relying solely on IFRS measures. The Company also believes that securities analysts, investors and other interested parties frequently use non-IFRS measures in the evaluation of companies, many of which present similar metrics when reporting their results. Management also uses non-IFRS measures in order to facilitate financial performance comparisons from period to period, prepare annual operating budgets, assess the Company's ability to meet its future debt service, capital expenditure and working capital requirements and, also, as a component in the determination of the short-term incentive compensation for the Company's employees. Because other companies may calculate these non-IFRS measures differently than the Company does, these metrics are not comparable to similarly titled measures reported by other companies.

Normalized EBITDA is defined as net income before financing costs, financing income, income taxes expense (recovery), depreciation expense and normalized elements. Normalized Net Income is defined as net income before normalized elements adjusted to reflect the tax effect on these elements. Normalized income taxes expense is defined as income taxes expense adjusted to reflect the tax effect on normalized elements. Normalized effective tax rate is based on normalized net income before normalized income taxes expense. Normalized earnings per share - basic and normalized earnings per share - diluted are calculated respectively by dividing the normalized net income

by the weighted average number of shares – basic and the weighted average number of shares – diluted. The Company refers the reader to the “Selected Consolidated Financial Information” section of the Company’s MD&A for the reconciliations of Normalized EBITDA and Normalized Net Income presented by the Company to the most directly comparable IFRS measure.

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For media enquiries:

Valérie Bridger
Senior Advisor, Communications
Tel.: 450.532.5107
valerie.bridger@brp.com

For investor relations:

Philippe Deschênes
Financial Analyst
Tel.: 450.532.6462
philippe.deschenes@brp.com

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