



# QUARTERLY REVIEW

THIRD QUARTER ENDED OCTOBER 31, 2018



# Forward-Looking Statements

## Caution concerning forward-looking statements

Certain information included in this presentation, including, but not limited to, statements relating to our Fiscal Year 2019 financial outlook (including revenues, gross profit margin, operating expenses, Normalized EBITDA, Effective Tax Rate, Normalized net income and Normalized earnings per share), statements relating to the declaration and payment of dividends, statements relating to the proposed increase in production capacity of the Company 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 could 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 powersports 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 forward-looking statements contained in this press release. The Company is assuming reasonable industry growth ranging from flat to high-single digits, moderate market share gains in Year-Round Products and Seasonal Products and constant market share for the Marine Group. The Company is also assuming interest rates increasing modestly, currencies remaining at near current levels and inflation in line with central bank expectations in countries where BRP is doing business.

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; inability to comply with product safety, health, environmental and noise pollution laws; 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; competition in product lines; inability to successfully execute growth strategy; international sales and operations; failure of information technology systems or security breach; loss of members of management team or employees who possess specialized market knowledge and technical skills; inability to maintain and enhance reputation and brands; significant product liability claim; significant product repair and/or replacement due to product warranty claims or product recalls; reliance on a network of independent dealers and distributors; inability to successfully manage inventory levels; intellectual property infringement and litigation; inability to successfully execute manufacturing strategy; covenants in financing and other material agreements; changes in tax laws and unanticipated tax liabilities; deterioration in relationships with employees; pension plan liabilities; natural disasters; failure to carry proper insurance coverage; volatile market price for BRP's subordinate voting shares; conduct of business through subsidiaries; significant influence by Beaudier Inc. and 4338618 Canada Inc. (together the “Beaudier Group”) and Bain Capital Luxembourg Investments S. à r. l. (“Bain Capital”); and future sales of BRP's 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 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.



# JOSÉ BOISJOLI

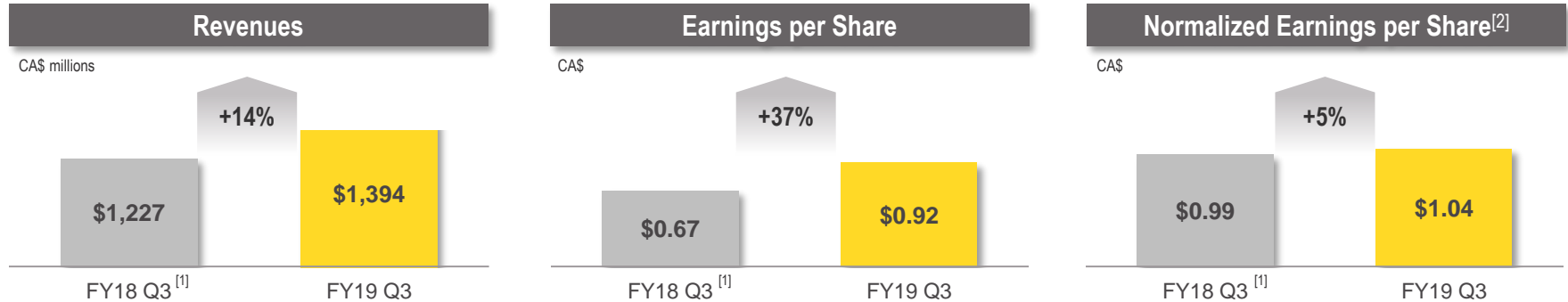
PRESIDENT AND CHIEF EXECUTIVE OFFICER

QUARTERLY REVIEW  
THIRD QUARTER ENDED OCTOBER 31, 2018



ADVENTURE BY DESIGN

# FY19 Q3 Revenues, EPS and Normalized EPS



## Highlights vs. Last Year

- Increase of 14% in revenues mainly driven by higher wholesale of Year-Round Products
- Net income increased 29% to \$90.2M and diluted earnings per share increased 37% to \$0.92
- Normalized EBITDA<sup>[2]</sup> grew 7% to \$203.2M and normalized diluted earnings per share<sup>[2]</sup> was up 5% to \$1.04
- North American BRP retail sales for Seasonal Products and Year-Round Products increased 6%, or increased 16% when excluding snowmobiles

<sup>[1]</sup>See "Restated" section in appendix  
<sup>[2]</sup>For a reconciliation of net income to Normalized Net Income and Normalized EBITDA, see the reconciliation tables in appendix

**Increasing the low-end of our Normalized EPS guidance  
 leading to a range of \$2.96 to \$3.06, up 30% to 35% from FY18 Normalized EPS**









# FY19 Q3: Strong Retail Results in North America...

## North American Powersports Retail Growth by Product Line

FY19 Q3 compared to FY18 Q3

▲ GROWTH ▼ DECLINE

		BRP	INDUSTRY	BRP VS. INDUSTRY
	TOTAL POWERSPORTS	▲ 6%	▼ LOW-SINGLE DIGIT %	▲
	POWERSPORTS EXCL. SNOWMOBILES	▲ 16%	▲ LOW-SINGLE DIGIT %	▲
	SIDE-BY-SIDE VEHICLES	▲ MID-TWENTY %	▲ MID-SINGLE DIGIT %	▲
	ALL-TERRAIN VEHICLES	▲ LOW-SINGLE DIGIT %	▼ MID-SINGLE DIGIT %	▲
	THREE-WHEELED VEHICLES	▼ LOW-SINGLE DIGIT %	▼ LOW-TEEN %	▲
	PERSONAL WATERCRAFT	▲ HIGH-TWENTY %	▲ LOW-TEEN %	▲
	SNOWMOBILES	▼ LOW-TWENTY %	▼ LOW-TWENTY %	◄►

**Continued strong performance across the portfolio**





# ... And Around the World



	BRP	INDUSTRY <sup>[2]</sup>
NORTH AMERICA	▲ 6%	▼ LOW-SINGLE DIGIT %
NORTH AMERICA EXCL. SNOWMOBILES	▲ 16%	▲ LOW-SINGLE DIGIT %
LATIN AMERICA	▲ 11%	NOT AVAILABLE
EMEA <sup>[1]</sup>	▲ 3%	▲ HIGH-SINGLE DIGIT %
ASIA-PACIFIC	▲ 14%	▼ MID-TEEN %

<sup>[1]</sup>Three-month period from July to September 2018

<sup>[2]</sup>Industry includes Three-Wheeled Motorcycles in North America and On-Highway Heavyweight Motorcycles in international markets

**Strong retail demand for our products in all key regions**

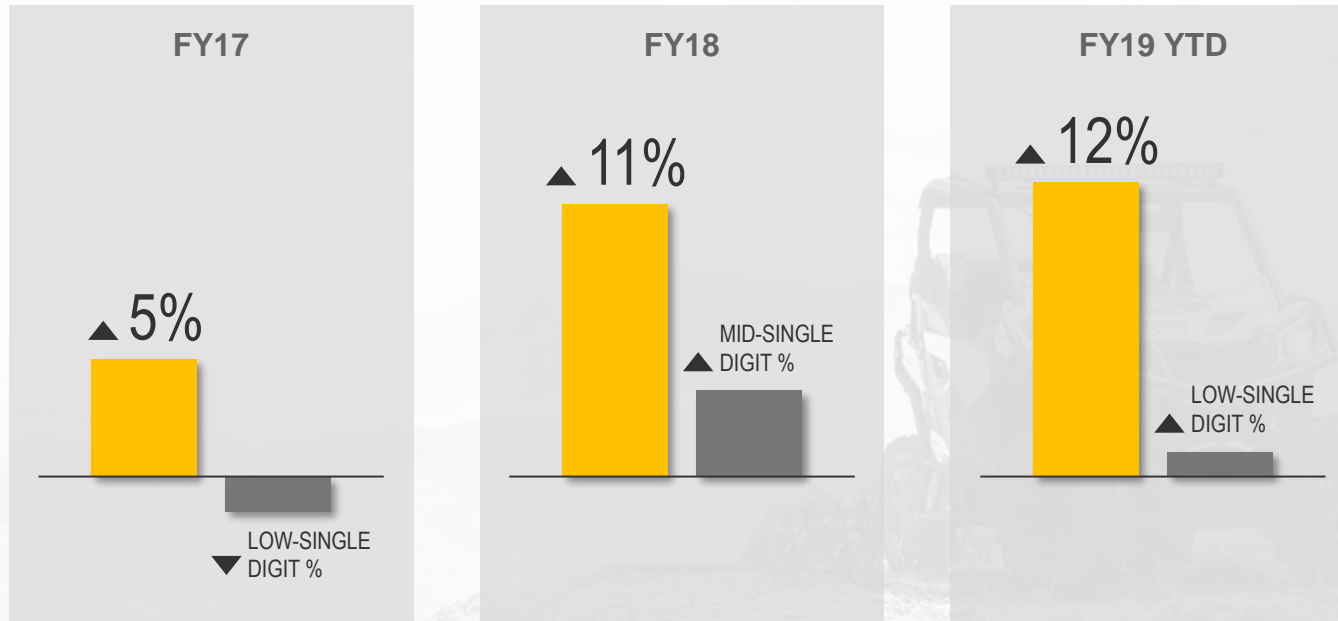


# Constantly Outpacing the Industry for the last 3 Years

## North American Powersports Retail Sales Growth

Units, Year-over-year growth

■ BRP ■ Industry



Outpacing the industry through relentless focus on excellence and innovation



# Unlocking the Full Potential of Three-Wheeled Vehicles

Introduced an entry-level 3WV, the Can-Am Ryker

- Entry-level 3WV with an MSRP starting at US\$8,499
- New business model: 3 SKUs with over 75,000 ways to customize at the dealership
- Opens doors to a new demographic: addressable market now 2.8x of the previous market size

Address the price point

- Repositioned the pricing of the Can-Am Spyder RT and F3 line-ups
- Introduced a leasing option on all 3WV with an attractive offer starting at US\$149/month for the Can-Am Ryker

Ease the access to riding with the rider education program

- US Target: over 150 schools offering the program by the end of FY19
- Over 9k course registrations | Over 6.5k courses completed so far with promising early results:
  - ~1/3 of participants are women and ~70% have an annual income below \$100k
- Targeting a conversion rate to purchase of ~15% in the long-term

MSRP STARTING AT  
US\$8,499,  
LOWERING PRICING  
BY ALMOST 50%<sup>[1]</sup>



<sup>[1]</sup>Vs. previous Can-Am Spyder lowest-priced unit





# Can-Am Ryker: Off to a Great Start

## Well Received by the Media

*“Ryker is sexy, cool, fast, and very fun to ride”*

**WRN**  
women riders now™

*“An Affordable Three-Wheeler; It’s About Time”*

**TopSpeed**

*“This is a trike that’s brilliant fun and is set to break the trend barrier”*

**The Guardian**

Generated over 415 million impressions in just two months, outpacing the Sea-Doo Spark benchmark launch in a shorter period!

## Well Received by the Dealers



Over 90% of dealers have ordered the Ryker Design Lab

## Already in Production



Shipments have started at the end of November

**Excellent momentum early on for the Can-Am Ryker!**



# BRP Club 2019 Highlights: Key Introductions



Introduced key models to strengthen our Can-Am and Sea-Doo line-ups



# Year-Round Products

## Highlights

### Year-Round Products revenues up 21%

- Mainly driven by a higher volume of SSV sold and a favourable foreign exchange rate variation, partially offset by an unfavourable product mix of SSV sold

### Side-by-Side Vehicles (SSV)

- Four months into the 2019 season, the North American SSV industry is up high-single digit %
  - Can-Am SSV retail was up high-twenty % over the same period driven by continued market share gains in the Utility and Sport segments

### All-Terrain Vehicles (ATV)

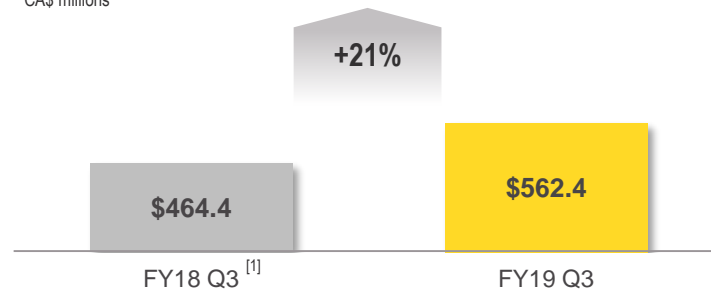
- Four months into the 2019 season, the North American ATV industry is down low-single digit %
  - Can-Am ATV retail was up low-single digit % over the same period

### Three-Wheeled Vehicles (3WV)

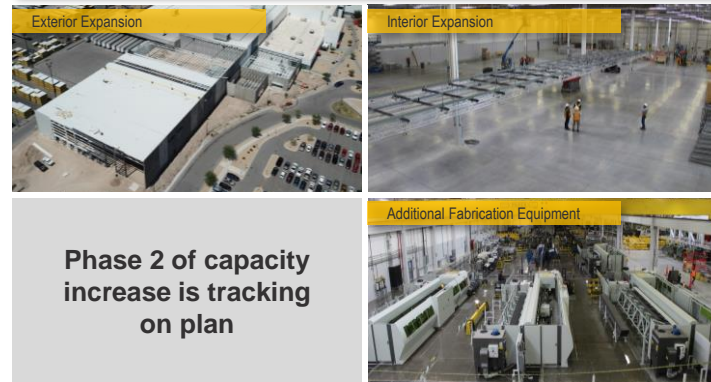
- The North American Three-Wheeled motorcycles industry ended its 2018 season on October 31 with retail down high-single digit %
  - Can-Am 3WV retail was down mid-single digit % for the season
  - Successfully reduced the network inventory, setting the stage for the upcoming season

## Revenues

CA\$ millions



## Juarez 2: Phase 2 of Capacity Increase Underway



<sup>[1]</sup>See "Restated" section in appendix





# Seasonal Products

## Highlights

### Seasonal Products revenues up 3%

- Mainly driven by a higher volume and of PWC sold and from a favourable foreign exchange rate variation, partially offset by an unfavourable product mix of snowmobiles sold

### Snowmobile

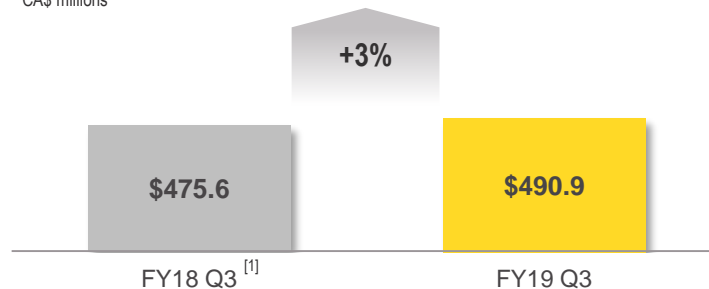
- Early in the season, as of October 31, the North American snowmobile industry was down high-teen %
  - Ski-Doo retail was also down high-teen % primarily due to the timing in Spring certificate units delivery and lower non-current network inventory vs. last year
  - Last year's non-current inventory was ~50% higher than this year
- Good start of the season for Ski-Doo and Lynx in EMEA with quarterly retail up high-single digit % in Scandinavia and up low-twenty % in Russia

### Personal Watercraft (PWC)

- The North American PWC industry ended its 2018 season with retail up high-single digit %
  - Sea-Doo PWC retail was up mid-teen % for the season and reached a record market share
  - Record high sell-through of the new Sea-Doo platform in Season 2018
- Good start of the season for counter-seasonal markets with double digit % growth in Latin America and Asia-Pacific regions

## Revenues

CA\$ millions



## Ski-Doo MY19 - Rotax 900 ACE Turbo



Demand for snowmobiles with the Rotax 900 ACE Turbo engine above expectations

<sup>[1]</sup>See "Restated" section in appendix



# Exceptional 2018 Season in all key Regions for Sea-Doo

## SEASON 2018<sup>[1]</sup> SEA-DOO RETAIL GROWTH

NORTH  
AMERICA



MID-  
TEEN %

LATIN  
AMERICA



MID-  
TWENTY %

EMEA



MID-  
TEEN %

ASIA-  
PACIFIC



MID-  
FIFTY %



<sup>[1]</sup>Twelve-month period ending on September 30, 2018

**The new Sea-Doo platform drove strong consumer demand around the world leading to the highest sell-through level for a new platform in Sea-Doo history**





# Powersports PAC and OEM Engines / Marine

## Powersports PAC and OEM Engines

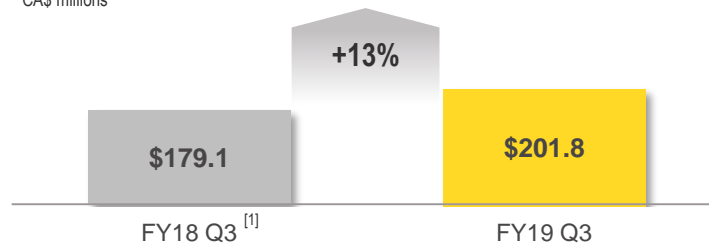
### Highlights

#### Powersports PAC and OEM Engines revenues up 13%

- Mainly driven by a higher volume of parts and accessories sold for SSV and PWC
- Innovation driving revenues growth: 450 new MY19 accessories, a new record for BRP!

### Revenues

CA\$ millions



## Marine

### Highlights

#### Marine revenues up 30%

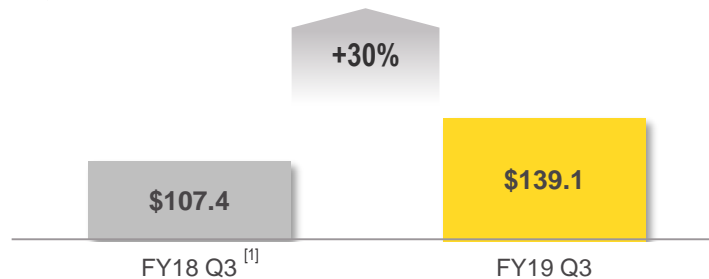
- Mainly due to the acquisition of Alumacraft and Manitou, partially offset by a lower volume of outboard engines sold

#### Outboard Engines

- Four months into the 2019 season, the North American outboard engines industry retail is up low-single digit %
  - Evinrude outboard engines retail was down mid-single digit % over the same period
- Evinrude quarterly retail up double digit % in EMEA and Asia-Pacific

### Revenues

CA\$ millions

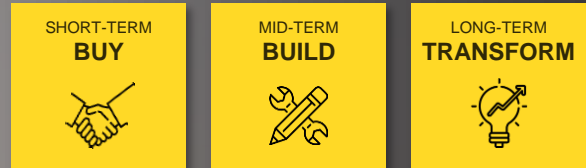


<sup>[1]</sup>See "Restated" section in appendix

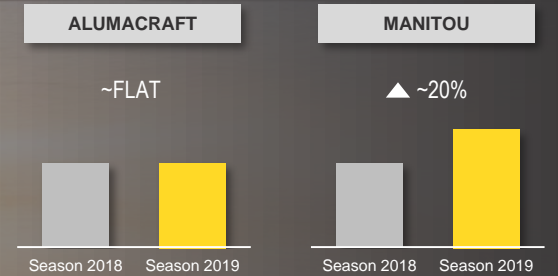


# Our Marine Strategy: Update

## OUR MARINE STRATEGY



## ALUMACRAFT AND MANITOU BOOKING



Integration of AlumaCraft and Manitou is on plan



# SÉBASTIEN MARTEL

CHIEF FINANCIAL OFFICER

QUARTERLY REVIEW  
THIRD QUARTER ENDED OCTOBER 31, 2018



ADVENTURE BY DESIGN



# FY19 Q3 - Financial Highlights

CAS millions	Q3 Comparison			9-month Comparison		
	FY19	FY18 <sup>[1]</sup>	Change	FY19	FY18 <sup>[1]</sup>	Change
<b>Total Revenues</b>	<b>\$1,394.2</b>	<b>\$1,226.5</b>	<b>\$167.7</b>	<b>\$3,737.9</b>	<b>\$3,226.5</b>	<b>\$511.4</b>
Growth			+13.7%			+15.8%
<b>Gross Profit</b>	<b>\$356.8</b>	<b>\$319.9</b>	<b>\$36.9</b>	<b>\$918.5</b>	<b>\$763.0</b>	<b>\$155.5</b>
As a % of revenues	25.6%	26.1%		24.6%	23.6%	
<b>Operating Income</b>	<b>\$157.1</b>	<b>\$152.5</b>	<b>\$4.6</b>	<b>\$346.1</b>	<b>\$260.0</b>	<b>\$86.1</b>
<b>Normalized EBITDA<sup>[2]</sup></b>	<b>\$203.2</b>	<b>\$189.7</b>	<b>\$13.5</b>	<b>\$474.0</b>	<b>\$374.0</b>	<b>\$100.0</b>
Growth			+7.1%			+26.7%
<b>Net Income (Loss)</b>	<b>\$90.2</b>	<b>\$70.0</b>	<b>\$20.2</b>	<b>\$144.6</b>	<b>\$169.1</b>	<b>(\$24.5)</b>
<b>EPS – Diluted</b>	<b>\$0.92</b>	<b>\$0.67</b>	<b>\$0.25</b>	<b>\$1.44</b>	<b>\$1.54</b>	<b>(\$0.10)</b>
Growth			+37.3%			-6.5%
<b>Normalized Net Income<sup>[2]</sup></b>	<b>\$102.9</b>	<b>\$103.6</b>	<b>(\$0.7)</b>	<b>\$222.8</b>	<b>\$169.3</b>	<b>\$53.5</b>
<b>Normalized EPS – Diluted<sup>[2]</sup></b>	<b>\$1.04</b>	<b>\$0.99</b>	<b>\$0.05</b>	<b>\$2.22</b>	<b>\$1.54</b>	<b>\$0.68</b>
Growth			+5.1%			+44.2%
<b>Free Cash Flow<sup>[3]</sup></b>	<b>\$97.9</b>	<b>\$155.7</b>	<b>(\$57.8)</b>	<b>\$197.7</b>	<b>\$162.7</b>	<b>\$35.0</b>
<b>CAPEX</b>	<b>(\$78.6)</b>	<b>(\$63.8)</b>	<b>(\$14.8)</b>	<b>(\$180.8)</b>	<b>(\$145.8)</b>	<b>(\$35.0)</b>

<sup>[1]</sup>See "Restated" section in appendix

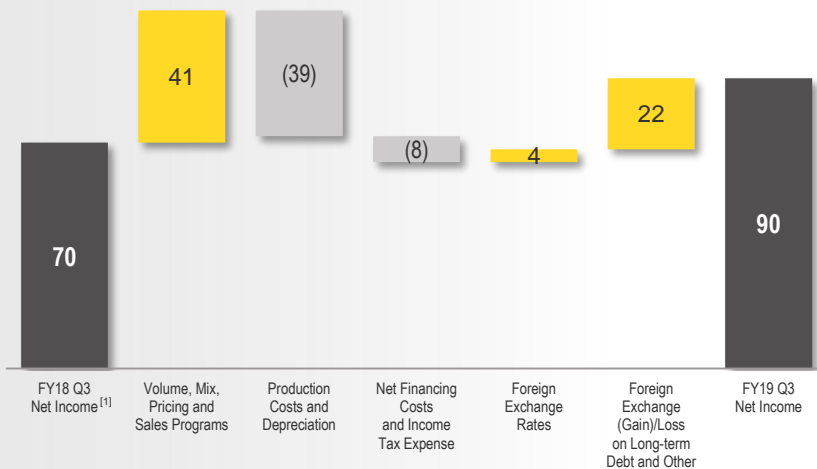
<sup>[2]</sup>For a reconciliation of net income to Normalized Net Income and Normalized EBITDA, see the reconciliation tables in appendix

<sup>[3]</sup>Free cash flow is defined as net cash flow from operating activities minus capital expenditures

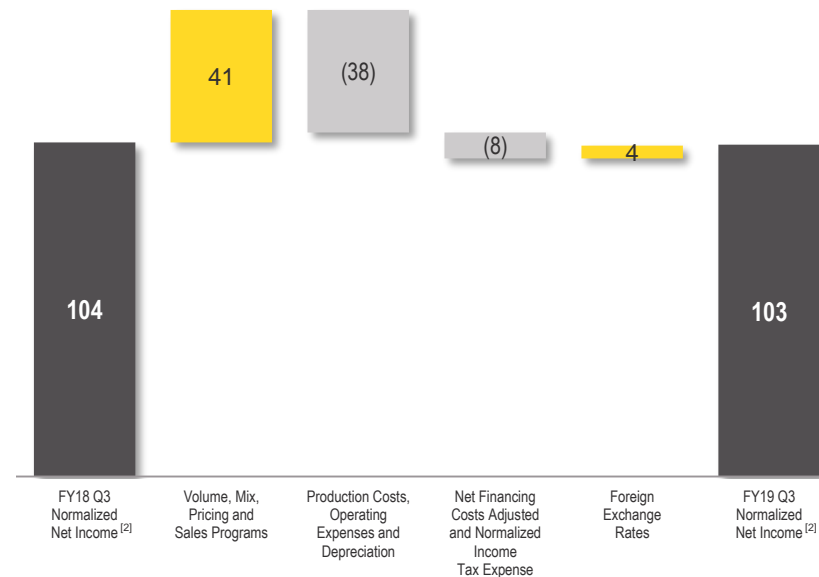


# FY19 Q3 - Net Income and Normalized Net Income<sup>[1]</sup> Bridge

## Net Income Bridge



## Normalized Net Income<sup>[1]</sup> Bridge



<sup>[1]</sup>See "Restated" section in appendix

<sup>[2]</sup>For a reconciliation of net income to Normalized Net Income and Normalized EBITDA, see the reconciliation tables in appendix

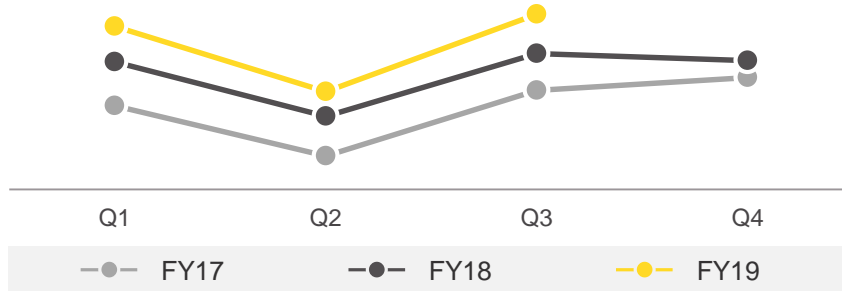




# BRP North American Powersports Dealer Inventory

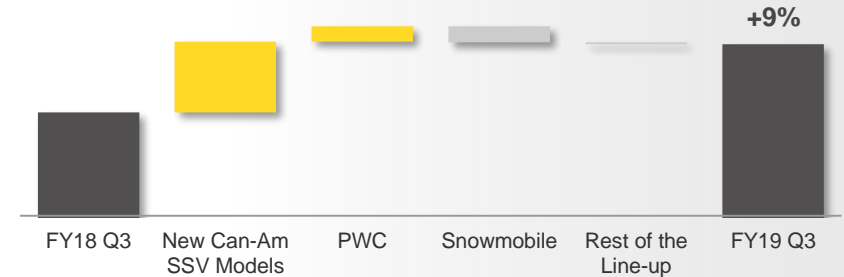
## Dealer Inventory Level

Units, Excluding Outboard Engines and Boats



## Dealer Inventory Bridge

Units, Excluding Outboard Engines and Boats



## Highlights

### Dealer inventory<sup>[1]</sup> ended FY19 Q3 up 9% from FY18 Q3 level

- Increase primarily driven by:
  - Continued strong demand for the Can-Am SSV line-up, and;
  - Slight increase in PWC inventory to support continued growth in the business
- Partially offset by a reduction in network inventory for snowmobile

<sup>[1]</sup>Network inventory excluding outboard engines and boats



# FY19 Full-Year Guidance - as at November 30, 2018

The table below sets forth BRP's financial guidance for Fiscal Year 2019 when compared to actual results for Fiscal Year 2018, as revised to reflect the adoption of new *IFRS 9 Financial instruments* and *IFRS 15 Revenue from contracts with customers* standards effective as of February 1, 2018

Financial Metric	FY18 Restated <sup>[1]</sup>	FY19 Guidance <sup>[4]</sup> vs FY18 Restated <sup>[1]</sup>
Revenues		vs. Previous Guidance
Year-Round Products	\$1,810.0	↑ <b>Up 20% to 23%</b> (previously up 18% to 21%)
Seasonal Products	1,553.9	↑ <b>Up 10% to 13%</b> (previously up 9% to 12%)
Powersports PAC and OEM Engines	659.7	Up 3% to 7%
Marine	428.9	Up 15% to 20%
<b>Total Company Revenues</b>	<b>4,452.5</b>	<b>↑ Up 13% to 17%</b> (previously up 12% to 16%)
<b>Normalized EBITDA<sup>[2]</sup></b>	<b>536.2</b>	Up 20% to 22%
<b>Effective Tax Rate<sup>[2][3]</sup></b>	<b>26.9%</b>	↔ <b>26.5% to 27.0%</b> (previously up 26.5% to 27.5%)
<b>Normalized Earnings per Share – Diluted<sup>[2]</sup></b>	<b>\$2.27</b>	↔ <b>Up 30% to 35% (\$2.96 to \$3.06)</b> (previously up \$2.94 to \$3.06)
Net Income	239.1	\$230M to \$240M (assuming an Fx loss on long-term debt of \$69.0M)

#### Other guidance:

- Expecting **~\$175M of Depreciation Expense** compared to \$149M in FY18, **~\$63M of Net Financing Costs Adjusted** and **~100.0M shares**
- Expecting **Capital Expenditures of ~\$315M to \$330M in FY19** compared to \$230M in FY18

<sup>[1]</sup>See the "Restated" section in appendix

<sup>[2]</sup>See the "Non-IFRS Measures" in appendix

<sup>[3]</sup>Effective tax rate based on Normalized Earnings before Normalized Income Tax

<sup>[4]</sup>Please see Forward-Looking Statements at the beginning of this presentation for a summary of key assumptions and important risk factors underlying the FY19 guidance



# 2020 Objective Update

Strategic Priorities and FY21 Financial Objectives launched in April 2015

## GROWTH

Accelerate growth  
Create a strong pipeline of  
new growth opportunities

## AGILITY

Implement a more flexible  
supply chain to improve  
consumer experience and  
reduce working capital

## LEAN ENTERPRISE

Relentless pursuit of EPS  
improvement through  
organizational excellence and  
a lean mindset across BRP

## 2020 OBJECTIVE

<u>Revenues</u>	<u>Normalized EPS</u>
\$6B	\$3.50

**Given our strong momentum, our objective is to deliver  
at least \$3.50 of Normalized EPS in FY20, one year  
earlier than initially planned**

# CLOSING REMARKS

QUARTERLY REVIEW  
THIRD QUARTER ENDED OCTOBER 31, 2018



# Q&A PERIOD

QUARTERLY REVIEW  
THIRD QUARTER ENDED OCTOBER 31, 2018



ADVENTURE BY DESIGN





# APPENDIX

QUARTERLY REVIEW  
THIRD QUARTER ENDED OCTOBER 31, 2018



# Reconciliation Tables

CA\$ millions	Three-month periods ended		Nine-month periods ended		Year ended
	Oct. 31, 2018	Oct. 31, 2017	Oct. 31, 2018	Oct. 31, 2017	Jan. 31, 2018
		<i>Restated</i>		<i>Restated</i>	<i>Restated</i>
<b>Net Income</b>	<b>\$90.2</b>	<b>\$70.0</b>	<b>\$144.6</b>	<b>\$169.1</b>	<b>\$239.1</b>
Normalized Elements:					
Foreign Exchange (Gain)/Loss on Long-term Debt	10.2	31.7	69.0	(5.9)	(53.3)
Transaction Costs and Other Related Expenses	0.5	-	1.7	-	-
Restructuring and Related Costs <sup>[1]</sup>	0.1	-	0.9	-	2.9
Loss on Litigation <sup>[2]</sup>	0.3	-	1.1	5.7	5.9
Transaction Costs on Long-term Debt	-	2.1	8.9	2.1	2.1
Pension Plan Past Service Gains	-	-	(1.4)	-	-
Depreciation of Intangible Assets Related to Business Combinations	0.5	-	0.5	-	-
Other Elements	1.9	0.5	1.1	0.5	1.5
Income Tax Adjustment	(0.8)	(0.7)	(3.6)	(2.2)	47.3
<b>Normalized Net Income</b>	<b>102.9</b>	<b>103.6</b>	<b>222.8</b>	<b>169.3</b>	<b>245.5</b>
Normalized Income Tax Expense	40.6	36.1	81.4	59.1	90.2
Financing Costs Adjusted <sup>[3]</sup>	17.3	13.8	48.1	39.7	53.5
Financing Income Adjusted <sup>[3]</sup>	(0.4)	(0.5)	(1.5)	(1.9)	(2.2)
Depreciation Expense Adjusted <sup>[4]</sup>	42.8	36.7	123.2	107.8	149.2
<b>Normalized EBITDA</b>	<b>\$203.2</b>	<b>\$189.7</b>	<b>\$474.0</b>	<b>\$374.0</b>	<b>\$536.2</b>
Weighted Average Number of Shares – Diluted	98,619,401	104,227,543	100,141,531	109,459,535	107,917,087
Normalized Earnings per Share – Diluted	\$1.04	\$0.99	\$2.22	\$1.54	\$2.27

<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>The Company is involved in patent infringement litigation cases with one of its competitors.

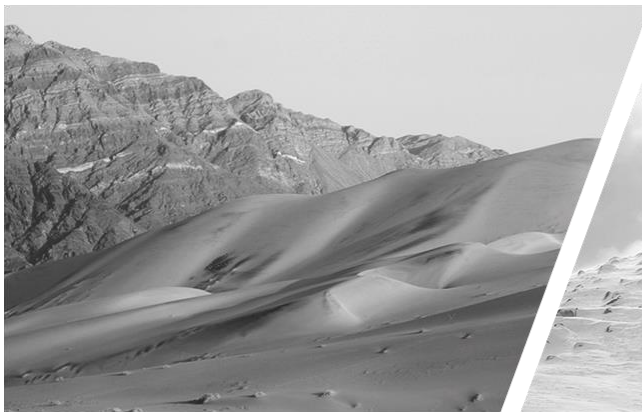
<sup>[3]</sup>Adjusted for transaction costs on long-term debt and NCIB gains and losses in net income.

<sup>[4]</sup>Adjusted for depreciation of intangible assets acquired through business combinations.

**Restated:** Restated to reflect the adoption of IFRS 15 "Revenue from contracts with customers" and IFRS 9 "Financial instruments" standards as explained in Note 19 of the unaudited condensed consolidated interim financial statements for the three- and nine-month periods ended Oct 31, 2018.

**Non-IFRS Measures:** Normalized EBITDA is defined as net income before financing costs, financing income, income tax 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 tax expense is defined as income tax expense adjusted to reflect the tax effect on normalized elements and to normalize specific tax elements. Normalized effective tax rate is based on normalized net income before normalized income tax expense. Normalized earnings per share – diluted is calculated by dividing the normalized net income by the weighted average number of shares – diluted. For more details on non-IFRS measures, refer to the section entitled Non-IFRS Measures of the Company's MD&A for the third quarter of fiscal year ending January 31, 2019.





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