



# ON THE RIGHT PATH

Letter to shareholders for the year ended January 31, 2019 –  
José Boisjoli

FY2019 was an exceptional year in every respect, with strong financial results and record revenues once again. For the third straight year, we significantly outpaced the industry and introduced new products to an eager market.

Four years ago, we set out on an ambitious journey to reach the \$6 billion revenue<sup>1</sup> mark and \$3.50<sup>1,2</sup> diluted normalized earnings per share by fiscal year 2021. With only two years to go, our steady positive performance and solid progress on our strategic priorities of Growth, Agility and Lean enterprise have shown that we are, without a doubt, on the right path.

## | GROWTH

Our strong performance is the result of our ability to create market-shaping products. This past year, we maintained our high pace of innovation, and have no intention of slowing down. We again introduced new products to all our lineups, diversifying and expanding to meet the needs and desires of more and more consumers. “Adventure by design” is not just a slogan, it is our promise to our customers and our employees. As our newly expressed brand purpose has been rolled out over the past year, we have seen our employees motivated with more drive than ever to deliver on this promise and ensure our continued growth.

<sup>1</sup> See forward-looking information on p. 21

<sup>2</sup> See Non-IFRS measures on p. 20-21

In snowmobiles, we continued to expand the Gen4 platform for Ski-Doo and Lynx. The revolutionary FishPro for anglers aims to expand the PWC market for Sea-Doo, as does the Can-Am Ryker, for three-wheeled vehicles, giving the market a taste of what is to come with its multitude of customization options in the most accessible package. In off-road vehicles, we delivered on our commitment to introduce a new side-by-side platform every six months with the launch of the Can-Am Maverick Sport and the Maverick Sport Max, each targeting specific passions.

Our parts, accessories and clothing (PAC) program, as well as our design program have hit a new peak, allowing us to continue to add value to our principal products. We introduced over 450 new accessories to complement our different product lines and improve the riding experience of our consumers last year. For example, we set a new standard in performance and functionality with the Oxygen helmet for Ski-Doo, and introduced a host of attachable accessories with the LinQ system that can be used across all powersports product lines.

We also further extended our product lines this year when we acquired Alumacraft Boat in June. The Marine Group was thus created, alongside the Powersports Group that had been established in February. Evinrude and Alumacraft were joined by Manitou pontoon boats in August, creating a solid offering and foundation to expand into new markets with the objective of transforming the marine industry as we have done for powersports.

This ongoing and relentless rhythm continues to gain the interest of consumers, and our focus on offering the best value proposition for our dealers has garnered excellent support from our network. Our product portfolio continued to experience strong consumer demand globally, driving retail growth of 9% in North America, 18% in Latin America, 6% in EMEA and 12% in Asia-Pacific, despite economic weakness in certain regions of the world, such as the Middle East and countries like Argentina and China. And opportunities remain to further capture market share. Last year, for example, we opened our sales office in Russia as a hub for our direct distribution and expansion of our presence.

## AGILITY

Our high pace of product innovation is also made possible by our modular product design approach, extended to all our product lines. As our SSV lineup has expanded, sales have grown, and we instituted a plan to double our production capacity at Juárez 2. Phase 1 was completed during FY2019, giving us 30% more capacity, and phase 2 is on track to be delivered in FY2020, giving us an additional 50%. After also adding capacity in Querétaro, we invested in a press for manufacturing our hulls and decks, allowing us to be more nimble and respond more rapidly to market demand.

## LEAN

In August, we inaugurated our new modernized manufacturing facility in Valcourt, streamlining production from two assembly lines, one each for the Can-Am Spyder and the Ski-Doo, to a single ultramodern and flexible line for both products. We increased efficiency and flexibility for innovation and for engineering, and optimized manufacturing infrastructure and logistics. BRP's transformation will lead to a truly digital enterprise, providing state-of-the-art processes and tools. It will give our customers a premium experience at all levels, from ideation to delivery, to absolute loyalty, and will enable our employees to easily and efficiently support that experience.

## CORPORATE SOCIAL RESPONSIBILITY

Our innovative, agile and lean approach has a knock-on effect on our corporate social responsibility (CSR). The Can-Am Ryker is our first vehicle developed with an eco design concept. Our studies covered the product's overall lifecycle, and this resulted in a vehicle with increased recyclability and significant weight reduction when compared to the Can-Am Spyder F3 and RT.

CSR is everyone's responsibility, and our employees are particularly dedicated. Thanks to everyone's hard work, we are proud to say we have already reached a good number of our 2020 goals related to donations and social contributions, energy and waste management. We are making good progress on others, with a 15% improvement overall in health and safety incident rates compared to the previous year, and several facilities received awards for sustainability, some for the second or third year in a row.

## FINALLY...

In FY2019, we improved our financial flexibility in a number of ways. We increased our Term Loan facility by US\$111 million, our revolving credit facilities by CA\$100 million, and obtained an almost two-year extension in the maturity of these facilities as well as a reduction in their pricing. Following the year-end, we further increased our revolving credit facilities by CA\$125 million, extending its maturity by another year and further improving the pricing grid. In September of last year, we added the Nasdaq to our Toronto Stock Exchange listing, under the ticker "DOOO".

We also grew our workforce, reaching 12,500 employees across the globe. As I have said before, what gives us the greatest competitive strength is our people. They deliver on our brand promise every single day through their passion, drive and resourcefulness. And they are the ones who are responsible for the achievements of the past year, and who will take those achievements and build on them, keeping the company on the path to success.



**JOSÉ BOISJOLI**  
President and Chief Executive Officer