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PRESENTATION

Philippe Deschênes - BRP Inc. - Manager of Treasury & IR

Good morning, everyone. Welcome to BRP's Fiscal '20 Analyst and Investor Day. Just before we start with the presentation, please note that today, you will hear about our new 5-year plan, our fiscal year '20 guidance, and other objectives and different targets. I invite you to read the forward-looking statement at the beginning of this presentation to ensure that you are aware of the risks and uncertainties related to these topics. Also, note that any reference to fiscal year '20 guidance is based on the guidance issued on August 29, 2019.

Today, we will have 7 presenter for you. After each presentation, we have a 5-minute Q&A period, and then we'll come back at the end for a full Q&A period.

We will also have a break, a 15-minute break midway through the presentation. And with that, I'll leave it to you, José.

José Boisjoli - BRP Inc. - President, CEO & Chairman

Good morning. That's better. Did you enjoy the ride yesterday?

We're very, very enthusiast to share with you our next 5-year plan. We have a very, very solid strategy, and we are enthusiast to share it with you this morning.

Then if I look at the agenda, I will see -- I will do a recap on the Challenge 2020 and introduce the M25, the Mission '25 -- 2025, 5 years, and we call it M25. Right after, I will be followed by Sandy Scullion, who will cover the powersports updates and opportunities, followed by Josee Perreault, who will talk about 3-wheel vehicle opportunities; Tracy Crocker will talk about marine update and opportunities. We will have a break. Anne-Marie LaBerge will come to talk about becoming a customer-centric organization; Thomas Uhr, Perform to Win. Sebastien will come to give us the detail of the financial plan of the M25, and I will be coming back for a short closing and general Q&A on the overall.



Then managing a company is not always perfect. It's not always a straight line. But we've made significant progress in our business in the last few years, as you will see in a few minutes. And I believe that one of the main reason is all the talented people that we have into the company that are ready to take on a new challenge all the time.

If I do the 2020 challenge. If you remember, our focus was to focus on 3 pillars: growth, agility and lean enterprise. The target was to deliver an annual CAGR of 10% in revenue and 15% in EPS to achieve \$3.50 EPS by the end of 2021, and we are happy, I mean, as per our guidance that we gave in Q2, we are on track to deliver the EPS of \$3.65 and \$3.80 by the end of the year, 1 year earlier than what was planned in the Challenge 2020. Then very, very happy on the result that we have achieved.

But over and above the financial result, we're very, very proud that what we have built as a company. And I will take time to read the statement, but not only we are in line to achieve our objective 1 year earlier than planned, but we also set solid foundation that make BRP a stronger company, well positioned to continue on its growth trajectory.

And this morning, what I would like to do is with the Management Committee, we took the highlights of the last 4 years, and I would like to present to you the highlights of what BRP has become.

Then first, we've deliver impressive growth in all key regions. And if you look in the 4 -- the last 4 years, we had a growth of 68% in North America, 45% in Europe, Middle East and Africa, 63% in Asia Pacific and 39% in Latin America. And with that growth, today we are extremely well positioned to -- in the industry, and we are definitely a very, very attractive OEM to work with for all the dealer that we have worldwide.

Another highlight is we've disrupted the side-by-side industry by delivering on a bold commitment of 1 new platform every 6 months for the next 4 years. And when we made that statement in September 2015, there was many, many people skeptical about our ability to deliver on that commitment, but we did deliver 8 new platform in the last 4 years. That generated in market share going from high single digit to mid-teens, a gain of 7-point market share, resulted in additional revenue of \$1 billion for the side-by-side business. Then very, very impressive results. And the beauty is, and as we'll talk this morning, the foundation to continue that momentum -- sorry, the foundation to continue that momentum is even stronger.

Another highlight, we expanded our market leadership position in Seasonal Products, our traditional snowmobile and the watercraft business that are extremely solid business for BRP. But today, between Lynx and Ski-Doo, we have more than 50% market share worldwide. And with the Sea-Doo worldwide, we have above 55% market share. Two, again, very, very solid business for the company.

Another highlight is with the success of Spark and Ryker, we reinvented the way we design and market entry-level product. And this is done with SKU simplification. When you target an entry-level product, you need to make it easy for the factory to build. And the way we've designed the product for us but also for the dealer and the consumer is very, very simple product architecture.

We had the new marketing approach that attracted a lot of new entrant into the industry, and Josee Perreault will tell you more in a few minutes about the success of Ryker.

And with the Ryker, we have customization at the leadership -- at the dealership. The new generation of customer like to customize their vehicle. And as you will see this morning, we are very successful with the customization of the Ryker at the dealership. Then this is something that we've learned over the last few years and something that we'll continue to apply in some product lines.

Another achievement. We've developed a strategy to create a unified ecosystem for accessories and vehicle with an innovative and easy-to-use product line. We started that mindset of 6, 7 years ago. And if you look -- and the yellow bar is the number of new accessories that we introduced per year. Then we started in fiscal year '15 with 297 accessories. And last year -- I mean, in Q2 in September, we've delivered 2,200 accessories with that new concept.

And you see that with this new concept, where we created an ecosystem where our customers sometimes have \$5,000 of accessories that they use between snowmobile, watercraft or ATVs or side by side, we grow our sales revenue of accessories by mid-20% over the last few years. Then

very, very successful. And the best is to come because we're continuing to build the fleet, and there is more accessories that the customer can continue to buy.

Another highlight that we cannot not talk about is we implemented the best dealer value proposition into the industry. And this is now the typical interior of a dealership that you see worldwide.

And our dealer value proposition is based on 5 different elements. First, you have the margin that our product dictate, pushing technology. Typically, our margin are higher than some of the competition. We have the PMA, where each dealer has his territory; the order management system that is more flexible; the certification program that the dealer decide to follow or not follow; and the PerforMAX is -- continuously increases retail of BRP products.

And the result of all this is between fiscal year '14 and '17, we were very disciplined to attract or to sign 289 new dealers. And today, and Sandy will talk about it in a few minutes, we have the right number of dealer in North America, giving a chance the dealer to make money. And with this strategy, we were able to improve our U.S. coverage for all the product line by 25% and our side-by-side coverage in North America by 50%. Then today, we're not shy. We believe we have the best-in-class dealer value proposition.

Another highlight, we've launched an innovative marine strategy, integrating Evinrude in our 3 newly acquired boat companies. And I would like to repeat, this is a mid- to long-term strategy. And Tracy will go in more detail about it, but our strategy was based in 3 phase: the buy, 2018-2019; the build that started this year in 2019; and the transform that will start in 2021. And Tracy will go in a lot of detail this morning, but we have a very, very good strategy. And our goal is to become the most innovative marine company like we are into the powersports business. We believe that this industry is ready for a change, and we are the best company to deliver on that change.

Now the other one that we need to highlight is our manufacturing footprint. We supported our growth and deliver a competitive edge with the rapid implementation of a stronger and more agile manufacturing footprint in Mexico. And here, a few minutes to explain our philosophy, our thinking.

In manufacturing site where we have product development, you need to keep some production. This is key to remain competitive. And when you design a product, making sure that it's easy for the facility to assemble. It's very easy to design a complex product. But if you cannot assemble it or if the customer cannot service it, it's another story.

Then in all of the area where we -- in all the region where we have site with R&D, Canada, United States, Finland, Austria and Australia, we develop our manufacturing site, and we're making sure that the operation and product development work close together. We provide manufacturing capacity close to certain end market. Example, Valcourt for snowmobile is a very good location, up Northeast. It's a very, very good location, and we're leveraging the experience of the engaged workforce.

To support our growth, we've developed an incredible footprint in Mexico, which benefit of a better cost of operation.

In Mexico, a lot of people talk about the cost. But it's a great culture with a highly skilled and dependable workforce. Strategically, very well located for the South of United States, the Southwest of United States. And it's easy for the R&D group and the -- all the support function in Canada to work in collaboration with Mexico with the 2 hours time zone difference.

Then we have developed over the last 4 years a very solid manufacturing strategy, and Thomas will give you more detail in a few minutes about all this.

That being said, we were extremely successful to shift the mindset and the technology in GK2020 and Valcourt 2020, 2 programs that were on time and budget. And there was a return on investment on those.

And in Austria, in Gunskirchen, we implemented a lot of new technology. We revamped the old factory. We implemented flexible assembly line. One-piece flow capacity. We have our in-house turbo that give us a lot more flexibility in the design of new product. We invested in plasma coating



to give a chance to the engineer to design very efficient engine. And we invested in crankshaft and connecting rod manufacturing. But also, we shift our mindset. Though we will manage the factory over there, it's by business unit. And we negotiate with our worker more flexible working schedule.

The Valcourt is somewhat the same thing. In Valcourt, we invested in flexible assembly line, aluminum welding, just-in-time module, insourcing of state-of-the-art logistics center. And we had to reset our working policy, our HR policy. Basically, we have agreed with our workforce of new rules that are very flexible, will give a lot of flexibility to respond to market demand.

And this 2 -- those modification or those 2 program in those key site, because those key site is where we develop the people, the know-how, was key to remain competitive going forward.

Another highlight of the last 4 years is we continue to improve our rigorous product planning and development process, which deliver a high pace of product introduction, propelling BRP as the industry innovator.

Now I want to say a few word about this. A lot of people is asking Sebastien and I when we meet them, "After the side-by-side commitment, will you stop pushing technology?" Absolutely not. What we put together is, first, you hire a good group of people. You give them the tool. And we have a very good governance. And the governance, it's a collaboration and [development] between marketing people, design people, engineering people, operation and finance. And this group of people with a good governance work together to design -- or to plan and design the product of the future. And it's all about, all the time, working for the consumer. Not working for engineering or design or finance but having the consumer in mind in designing product for the consumer. And we are -- we have a very good process, and we don't intend to slow down. We intend to keep the same momentum that we've been doing in the last 4 years going forward.

Another highlight. We deepened our connection to our community of rider by humanizing our brand, elevating the experience of our product. When Anne-Marie LaBerge joined BRP about 3 years ago, we gave her -- I gave her the mandate to humanizing our brand, to talk about -- more about the experience. Always, the product will be at the core of what we do, but to talk about the experience. And we put together a plan where we have strengthened our brand globally. We're leveraging the data to speak to the heart and mind of rider, increasing the accessibility of our product to rider and non-rider and leveraging community to become advocate of our brand. And this is a journey we're just starting, and Anne-Marie will talk about it in a few minutes.

Another thing that I'm very proud of, in 14 months, we strengthened our employee engagement with the launch of BRP purpose and value. When you manage your company across -- we have about 13,000 employees in 26 locations -- you need to be aligned. And we put together our purpose and value. And again, Anne-Marie will talk about it in a few minutes. But what is more impressive before to go out with this, we consulted about 400 people across the company. And when we launched it, we had the endorsement of 92% of the people. The people were saying what we put here has a plan. It's us. We recognize our DNA into the purpose and the value of the company.

Then as a recap. And if we do the highlight of what BRP had become since we became BRP in 2003, all the previous mission we had in the Challenge '20 allow us to deliver or to become all of this. First, we are a global leader in the powersports industry, with close to \$6 billion revenue. Today, we are well diversified with product portfolio less reliant on seasonal product, strong worldwide sales growth and a global manufacturing footprint. Industry-leading product lineup with plenty of growth opportunity to seize, especially with Can-Am. We entered the boating industry with a solid strategy and the acquisition of 3 boat company. We have a proven track record of industry-leading innovation capabilities, providing us with a strong pipeline of future product introduction. We have a solid momentum with our dealer network supported by our best-in-class dealer value proposition, agile and lean manufacturing capabilities with capacity to support our growth, and we have more than 13,000 talented and passionate people committed to our success. And over the last few years, we set a solid foundation, making BRP a stronger company and positioned us for the future.

And at the end of the day, investor can decide to invest in powersports or not, but we truly believe that if you decide to invest into the powersports industry, we are the best OEM right now into the industry to invest your money.



Then this is -- has -- quickly a recap of the Challenge 2020. It was a very successful plan. Very, very happy of the result. And now we're moving into what we call the M25, the plan for the next 5 years.

And just to make sure I'm waking up, I decided to start with the financial target. And after that, we'll explain to you how we believe that we can achieve the financial target.

Then continuing on our growth, our target is to deliver an annual revenue growth of 10% a year to bring us to \$9.5 billion and 15% annual normalized EPS growth to bring us at \$7.50 by fiscal year '25. This is the target that we believe is achievable.

But our M25, it's an evolution of the Challenge 2020. On the Challenge 2020, we had the 4 pillars: growth, agile, people and lean. And the evolution that we're planning with -- or we're targeting with the M25 is to continue to focus on the growth. Growth is a carryover because we believe there is still significant market share opportunity within our industry.

We decided to combine lean and agile to remain -- sorry, to remain with lean because if you want to be lean, you need to be agile. And we believe we can continue to improve the efficiency of our operation, and Thomas will talk about it in a few minutes.

We evolve people to employee X for experience because employee today have choice, and we need to treat them as consumers. And I will talk about it in a few minutes.

And the new one that we have added is consumer experience because people are looking more and more -- and they value more and more experience above anything else, and it's something that we will focus on going forward.

Then this is the four pillar of the M25: growth, customer X, employee X and lean. And below this, and you will understand in a few minutes, we have 6 priorities. And basically, we're setting the course for BRP 2.0. And the 6 priorities and the team will go in the detail to explain our plan behind those target, is first, over the next 5 years. We want to build on Can-Am momentum on and off-road and to grow Can-Am to \$5 billion in revenue; we want to make wave in marine by doubling our marine revenue to \$1 billion-plus; exceed customer expectation, increase our Net Promoter Score and improve our customer lifetime value; fuel the BRP heartbeat, shape a culture that move our people and delivers outstanding result; Perform to Win, achieve \$300 million of lean value; and pursue something bigger, sustain BRP growth beyond 2025.

And this is the framework of the M25. Then the goal is setting the course for BRP 2.0. The 4 pillar that we've talk about is growth, customer X employee X and lean. The financial target is to reach 10% CAGR to bring us to \$9.5 billion and \$7.50 EPS by 2025. And the 6 priorities is build on Can-Am momentum, make wave in marine, exceed customer expectation, fuel the BRP heartbeat, Perform to Win and pursue something bigger.

And this morning, Josee Perreault and Sandy Scullion will talk about the Can-Am momentum, how we'll achieve the \$5 billion. Tracy will talk about the marine strategy, Anne-Marie LaBerge will talk about customer experience and Thomas Uhr will talk about Perform to Win.

And since we'll not cover this morning fuel to BRP heartbeat and picture something bigger, I just want to share a bit the highlight of those 2 strategic priorities.

Then fuel the BRP heartbeat. Today, people have choice. There is a shortage in labor. Then we're changing our mindset. We're treating our employee like customers. And the focus will be to move towards 0 incident and 0 impact in health, safety and security. And we have improved significantly over the last few years. Thomas will talk about it, but our goal in the next 5 years is to move toward 0 incident and 0 impact because we care for people.

Deploy the employee X strategy to offer compelling moment that matter. An employee is like our customers. When they join the company, they're expecting things, and we want to make sure that they have a good onboarding, a good experience, a good long-term development plan.

Nurture leadership behavior across the organization, develop our people. And boost key differentiator that sets BRP apart versus the other company out there. Then this is fuel the BRP heartbeat.

The other one is pursue something bigger to build the long term. Provide wider access to the BRP experience. Share economy, what do we do with share economy? A lot of the new generation want to rent their product on a monthly payment instead of buying. How do we service those customers? We're starting to reflect on those new trend.

Pursue the electric vehicle exploration as part of a broader sustainable development plan. And grow market through geographic diversification. Then this is pursue something bigger, which is more a long-term play. And now a few words about the electric vehicle exploration.

We introduced a Club, 7 vehicles, 6 concepts. And the message we wanted to share with all of you is we're working on the electrification of our product. And the day that the demand will be there, we will be ready. We don't know exactly when. We don't know exactly where we'll start. But the message I want to convey is we're working for the long term, and this is part of pursue something bigger.

Then that's in a nutshell the M25. I'm just launching the program this morning. And from here, I will take a few question before to move to Sandy Scullion presentation.

Robin, if you permit, will take the mic for the people on the line.

QUESTIONS AND ANSWERS

Robin Margaret Farley - UBS Investment Bank, Research Division - MD and Research Analyst

I have 2 questions. One is when you think about the next 5 years and your goals, is there -- do you factor in like that there could be a downturn in the market or just trying to think about how that factors in? And then my other question was on the \$300 million in lean value. Just if you could put a little color around that. Because obviously, you're going to be developing a lot of businesses and kind of what that means.

José Boisjoli - BRP Inc. - President, CEO & Chairman

Yes. Then first, like I said many time, we're not economists, and we don't plan for a recession. We don't know. And if there will be a recession, is it a severe downturn? Is it a region versus the other? Then our plan that we're presenting this morning is for an ongoing economic situation like we're having today. If there would be a recession or a slowdown, depending how severe it is, it could impact our plans. We could be delayed 12 months, 18 months, 24 months, but we know that we will bounce back. And at the time, if this happen, we will be happy to share with you our plan how to cross a slowdown and what could be the impact on the 5-year plan.

On the \$300 million of creation of lean value, Thomas has a 20-minute presentation on this, will give you more color, obviously, not going in all the detail, how we will achieve that. This is a goal that we have, and we'll share with you a bit more detail in a few minutes, if you can be patient.

Unidentified Participant

José, how much in the plan is factored in for maybe some of your competitors literally going away or pulling out of certain segments of the market?

José Boisjoli - BRP Inc. - President, CEO & Chairman

I mean we said many times since the recession what we see is many Japanese company are not as aggressive in North America and in Europe that they used to be. They're not going away, but it's just -- we believe that their focus is somewhere else. We know that some of our competitor are struggling, whether snow and ORV business. Then even -- and this is something that we convey a lot more, even if the market would remain the same, the industry would remain the same, we believe that BRP is in extremely good situation to continue to grab market share to the other OEM. We're not planning for anybody to going away, but we believe that some are focusing less in the business than they used to be.



Unidentified Participant

You touched on Spark and Ryker having -- creating a new sort of lower-priced model. Can you share -- I know it's further out, but maybe the next step in that thinking across your business?

José Boisjoli - BRP Inc. - President, CEO & Chairman

Yes. We'll talk about project M in a few minutes. Project M, it's -- we want to create the Spark of the pontoon industry. But there is always opportunities into our product line. Obviously, for competitive reason, I cannot tell you more about our intention on future product. But I think what we proved to ourselves with the Spark and the Ryker success is there is new way to launch product in a different way to grow the industry and to be more competitive into the industry.

No more question? Then on this, I will pass it over to Sandy Scullion. Thank you.

PRESENTATION

Sandy Scullion - BRP Inc. - Senior Vice-President of Global Retail & Services - Powersports

Thank you, José. Good morning, everyone. And before I get into the presentation, just I want to give you little reminder of what GR&S is or Global Retail & Services. This is about sales, marketing, network, development and all the support services we provide to the dealers and consumers for units and pack.

So as a group, we're actually managing retail operations in over 120 countries and now direct into 21 countries. Since last year, we've opened Russia as a direct country and now retailing over 270,000 units annually. And that number would be end of fiscal '19.

A couple of words on how we did in the last 4 years. Obviously, great results in terms of a -- on a fiscal basis, you see from fiscal year '16 to fiscal year '19, we've delivered a high single-digit growth on retail. And on a seasonal basis, category by category, snowmobile, plus 3%; watercraft, plus 26%; more than double the side-by-side business; ATV at plus 15%; and the 3-wheel business at plus 69%. And I need to note here that in every single category, we overperform the industry.

And the momentum that continues in fiscal year '20, a very strong position for both watercraft and snowmobile being #1. For watercraft, growing low single digits. Snowmobile growing high single digits. This is for fiscal year '20 H1, by the way. And ATV at #3, growing mid-teens; and side-by-side, #2, this is growing a high-teens percentage; and the 3-wheeled business, #5 within the motorcycle industry, more than doubling the business.

If we look at the regions, and one highlight here you will need -- I need to point out is the contrast between the industry and our performance. So Canada growing mid-single-digit percentage, while the industry is actually down low single digits. U.S.A., the biggest market we're in, increasing in the high-teens percentage, while the industry is actually low single-digit percentage. EMEA at mid-teen percentage growth, while the industry is low single digits. And LatAm is flat and APAC flat with an industry at a high single-digit percentage, which makes us the #1 player in the Seasonal Products and the fastest-growing OEM, both on on-road and off-road.

Now looking at the key focuses we have for the group, the first one being maintain market leadership in the Seasonal Products; the second one is accelerate growth in the Can-Am off-road vehicles; third one, leverage our parts and accessories business; and the fourth one, best-in-class dealer network.

So let's start with some highlights of the Seasonal Products. We'll start with snowmobile. Snowmobile, #1 in North America and a strong #1 in Europe as well. Looking at the industries worldwide, they're growing low single digits but mostly driven by the international markets growing mid-single-digit percentage CAGR in the last 4 years. In North America, about flat.

So how did we do in international in that growing market? We actually captured additional market share with the Lynx brand, Lynx are actually growing high teens percentage in the past 4 seasons. So we're doing really well for the Lynx brand in Europe.

Looking at the Ski-Doo. Snowmobile has gained 2.4 points of market share in North America for the last 4 season. This is largely driven by the crossover segment, the touring and the utility segments. And this is thanks to the new platforms that we've launched in the last couple of years. But you can see on the left side the deep snow category is where we have the most runway. So expect us to come on strongly on that category.

So we're well positioned to continue expanding our market leadership position in North America.

Now switching to watercraft, #1 pretty much everywhere in the world: in North America, Europe, Brazil and Asia Pacific. Industry, the good news is that the industries are pretty much healthy in the last, what is it, 7 seasons. Both North America and international are growing low-teens percentage, and so we're pretty proud of this industry turnaround. Since the launch of the Spark, that industry has been growing constantly pretty much everywhere in the world.

Talking about how we're doing in different categories for market share. As we've launched the new Sea-Doo platforms a couple years ago, you see the touring segment and performance segment is growing at 8.5 points. And this last September, attacking the largest segment, which is the recreational segments. Obviously, we'll see more in season '20 as it's just starting right now. But also, capitalizing on the Sea-Doo on special packages like the Sea-Doo Fish Pro and also the Spark Trixx, which now represents over 50% of the Spark category. So capitalizing on more of the profit pools and special packages, which are quite profitable for BRP and our dealers.

Moving on to -- sorry about that. Moving on to Can-Am off-road vehicles. This is where I need to pause a little bit. This is where I'll insert one of the -- obviously one of the big pillars, the growth pillars, the priorities for the M25.

As José alluded to, we're going after \$5 billion of revenue by fiscal year '25. This priority has been a priority in the Challenge 2020, and we've delivered it actually a year earlier. And the initiatives are the following. So shift gears to increase Can-Am off-road vehicles' presence, especially in the underrepresented segments. This is about conquering market share. Secondly, pursue international market development and access to playground. This is about market creation and setting the right infrastructure and environment for these markets to grow the category. And thirdly, grow our portfolio of innovative accessories that improve customer experience. This is creating new needs, which equals, obviously, new sales.

So like -- as José said a little bit earlier, this is not slowing down. This is actually about accelerating our off-road path. And Josee Perreault is going to cover the 3-wheeled business and -- right after me.

So same slide that José showed a couple of minutes ago, but the highlight I want you to think about is on the right side, you see 7 points of market share in the last 5 seasons. That translates into \$1 billion of additional revenue. So keep that in mind.

So why do we believe in the runway we have in front of us? This is the industry fundamentals you see on the left side. The yellow bars are actually North America. We call it recreational. This is everything over 30 miles an hour. Commercial utility is in gray. This is everything under 30 miles an hour for side-by-side. And the black bars are international markets. And you see the health of the industry and how the North American recreational market as a whole is performing.

And on the right side, these are the different categories we're in. No surprise to see utility representing the biggest category we're going after, and this is our position. The same for the sports segment, which equates to the Maverick, and then the rec-utility with the Commander.

So obviously, the industry is extremely healthy. And the momentum we have in the categories in terms of the runway we have, we believe that this is a great moment, great position for BRP to be in.

Now the target is the following. We want to double our market shares over the next 5 years. So the reasons to believe behind that are the following. This is a completely different position than we were 4 years ago. We have now in our hands the most competitive side-by-side lineup in our history,



we have a stronger and more engaged dealer network and we have greater ability to innovate as we leverage our experienced design and engineers -- and engineering teams.

So if I translate that into what this could mean. So imagine a couple of scenarios going after 30% market share and assuming that the industries are flat would bring us \$1.2 billion of additional revenue.

If we take the assumption that the industries are actually going to grow mid-single digits, this is the right column, this could go up to \$2 billion of additional revenue for side-by-side.

And within the M25 plan, we actually chose the mid section, which is the low single-digit industry growth. A doubling in our market share would bring to the plan \$1.6 billion.

And to support all this, we've all agreed as a team and on the next statements. So for the next 3 years, we commit to introduce twice a year either a new platform, a significant new model or innovative technologies into our side-by-side lineup. Again, I'll repeat that. For the next 3 years, this is twice a year, either a new platform, a significant new model or innovative technologies to our side-by-side lineup. So this is a testament of our commitment to continuing to deliver solid growth of our side-by-side businesses.

Looking at the international opportunities. We have Australia with a -- if we're able to unlock the recreational riding in Australia and, on top of it, the dynamics that we see in Russia and especially in the sports segment and the recent growth in Scandinavia for side-by-side, we believe that the 3 together could yield anything between 10,000 and 12,000 additional units to our plan today.

So really, obviously, they're really excited and happy to go after this new objective that we have.

Now for ATV, still gaining share in a mature industry. A strong position in North America, #3; Europe, #1 now; LatAm being #2; and APAC, #4. Obviously, playing in a mature market. The industry -- the worldwide industry is actually going down low single digits. But as you can see, Can-Am ATVs are growing, and we're actually at mid-single digits growing while the rest of the industries are going a little bit down. So well positioned for ATV as well and probably taking advantage of the halo effect of the side-by-side and all the investments that we're making in that business.

Now number three, leverage our parts and accessories business. As José alluded to, strong growth. This is the same momentum or pace that we have from the unit side. So high single-digit growth on the PAC business, but it's mainly driven by accessories and the parts business. As you can understand, the denominator is our dollars per unit. This is the health of our lineup. This is the innovation we bring to the lineup and how we engage dealers and increasing every single dollar per unit retail. And the multiplier is actually the fleet. And with the momentum we have in the fleet growing, the math is pretty easy to make. So extremely happy with the PAC business.

But going a little bit more in details on the accessory business in the last 6 years, we've actually increased on a CAGR basis, mid-20%, our accessory business. So thanks to innovations like the LinQ system, the modularity of the LinQ system but also the ease of installing accessories. Also, the Can-Am Ryker Design Lab is an example of how we engage the dealers and promoting the accessories and continuing to improve our customer experience.

The last one is about best-in-class dealer network. Our dealer value proposition is obviously driving a lot of momentum. Our dealer and distributor network is one of our greatest assets we have in our hands. And to give you a perspective of how we did, for the same dealer sales, this means that the dealers that were there pre-IPO and are still there after -- or today in fiscal year '20, and this is the growth we see, so high single-digit growth for these dealers.

And then the bottom graph on the right speaks about the addition. So the dealers that we added, today they represents 30% of our network. So -- and -- but the highlight is that 30% of these dealers actually represent 50% of the growth that we've had in the latest year. So phenomenal achievement from the dealer -- the group and, obviously, our dealers.

And a little bit more on this. The left portion of the graph shows you that we're #5 in terms of number of dealers. This would be for the United States. And we've achieved for side-by-side #2 position. So it gives you an idea that we are all avoiding overconcentration. We're making sure the dealers are obviously profitable and it's not by chance.

And as you see on the right, so this is the dealer profitability on average. It's actually 30% higher than our competitors. So this is a very healthy position, and this is probably why the dealers engage even more in the Can-Am brands and want to buy and sell more.

So this is a -- and the last point I want to make on this is that you need to expect about 50 dealers being added in the U.S. in the next 2 years. So as José alluded to, we're in the last phase of our plan, and we feel very comfortable with the position we have right now.

So in summary, obviously this is an aggressive plan, going after \$5 billion of revenues only for Can-Am. But the foundation is pretty solid. Obviously, the Seasonal Products, we still see opportunities to grow market share. Deep Snow is certainly one of them we'll go after.

Large growth potential in ORV industry. You have the facts in front of you. And the momentum we have in our hands is not going to be easily stoppable.

Parts and accessories continue to be a strong contributor to growth. This is just the math. If we do -- if we execute right on the lineup, the dollars per unit will keep increasing and the fleet keeps increasing. So that's extremely profitable for us and obviously supported by one of the strongest dealer network in the industry.

So on this, I'll open to questions. Yes, Benoit.

QUESTIONS AND ANSWERS

Benoit Poirier - *Desjardins Securities Inc., Research Division - VP and Industrials, Transportation, Aerospace, Industrial Products & Special Situation Analyst*

Could you talk a little bit about the CapEx requirement to bring \$5 billion in revenues? What -- where should be the next facilities? And also, talk about when do you see the side-by-side market to be mature. And what are the key elements that you monitor that will help you to be...

Sandy Scullion - *BRP Inc. - Senior Vice-President of Global Retail & Services - Powersports*

I'll answer the second question, and I'll let you, Seb, answer the first one.

In terms of where is the ceiling for the side-by-side industry, I remember the days where the ATV market was about 1 million units, and today, this has gotten down 2/3. And if you combine side-by-side and ATV together, we're not even close to what the off-road market was before. Obviously, it's a different price positioning today than it was 15 years ago, but we don't see this going down in the next 5 years.

Sebastien Martel - *BRP Inc. - CFO*

And on your CapEx question, Benoit, obviously, when you're talking about growing the business to \$9.5 billion, it's big growth and growth requires CapEx. And so our planning for the future is that we'll continue to have material sustained investments in CapEx. Going to a 30% market share in side-by-side will require a second dedicated side-by-side plant. When that decision will take place, it should be sooner than later. We always said that this current plant that we have, Juárez 2, could bring us to a, let's say, 20%, 22% market share, and so going to 30% will indeed require added capacity and added CapEx.



Unidentified Participant

I just want to make sure I got some of the market share numbers correct here. When you say you're doubling the market share for side-by-side over the next 5 years, is that targeting 30% or is that targeting above that 30% range? And then obviously, you guys are not giving any specifics on when kind of you can add capacity. But maybe just can you kind of give us a sense as to kind of the capacity you have currently? what the utilization of that capacity is kind of how you're coming out of this year and looking over the next few years?

Sandy Scullion - BRP Inc. - Senior Vice-President of Global Retail & Services - Powersports

Yes. In terms of market share, it is right on the dot, 30%. That's the number that we have in the model for 2025 with a low single-digit industry growth. When that capacity require, well, [probably] --, as I said, it will be sooner than later. We might be making announcements within the next 24 months that -- within the next 12 months that added capacity is required. With the momentum we have, the last thing we want is to be chasing capacity, and we believe that we -- making that investment sooner than later will be a wise move to make.

Philippe Deschênes - BRP Inc. - Manager of Treasury & IR

Thank you. I'll introduce Mr. Josee Perreault for the 3-wheeled business.

PRESENTATION

Josee Perreault - BRP Inc. - SVP of Can-Am On-Road Vehicles

Good morning. So as we look on to M25, Can-Am 3-wheel is also a big contributor to getting or reaching our goal of \$5 billion target. A few -- a year ago, we put out the statement that we would be truly disappointed if we did not double the 3-wheel business over the next 5 years. I can tell you that today, we still stand by our statement. In fact, what we've learned over the past season on Ryker gives us the confidence that we have the recipe to finally unlock the 3-wheel potential.

So our priorities going forward to unlock that 3-wheel potential is -- will be to amplify what we've learned and done on Ryker over the past year, and we'll cover that shortly, and also build the momentum on Spyder -- current Spyder lineup.

So we believe that we have a great product in Ryker. And it's really a force to be reckoned with, because we've met several sales milestones this past year.

The most important milestone is our capability to attract new entrants into the market. For us, growing the pie with the capability of attracting new entrants is key. That's also the demise of the 2 entry wheel industry combine and probably explaining or largely explaining why sales are declining over the last few years: Ryker's accessibility in terms of ease of ride and also in terms of price points.

Our program, our rider education program are all cornerstone -- the cornerstone of our strategy that is helping us increase our customer base, which is really important. So the introduction of Ryker also has allowed us to triple our addressable market. Today, our addressable market is at -- approximately at 13 million people.

So 12 months ago when we introduced Ryker at Denver at Club, we had 2 big goals. One goal was to, first of all, target new entrants into the category. And it was also to shift the perception of 3-wheel in general, make it cooler and also making it a bit more relevant.

So what we've done is, over the past 12 months, we have bit changed the script that -- and the narrative on our campaign that we typically see in powersports. We use a lot of influencers and celebrities, and we gained access to what we call lifestyle magazines and social channel where our new entrants right now are interacting with. We also had the goal to change the way the -- we buy a 3-wheel bike because we know that the shopping experience is very relevant and important to our new target customers.

So happy to report that after this past 8 months, our campaign has been quite successful. We have over 2 billion impressions, so lots of visibility; over 5 million web visits on the Ryker landing page. We also managed to increase our awareness, change the perception and change the ownership model of the Ryker consumer, and we'll cover that right now.

So in terms of -- we are very acutely aware of that. For us, for our success, we need to change the perception. And we make -- we need to make our new future target customer love our category. And we've done a post -- pre and post survey results of our campaign. And a few things to mention is that there's a lot more people thinking that Ryker or Can-Am 3 wheel is easy to ride and cooler since the launch of Ryker. And most importantly, our target customer, which we refer to as connected Carlos, a male of 35 to 45 years old, thinks that Ryker is meant for him. So also that's a very good news for us. And it's also substantiated by our own social channels where we see more of our target consumer interacting with us. It's also truly substantiated with our new profile of the Ryker.

The profile of the new Ryker owner is as such: It's younger, first of all. It's also more diverse. There's more African-American and more Hispanics into the owner mix. But the 2 nuggets that are really important is that 42% of the Ryker owner is a new entrant. New to powersports, new to motorcycle, new to 3 wheel. Also, 30% of our Ryker owner is our women when the industry right now is trending at 16%. So we believe that we're really on to something with this.

Also, since the launch of Ryker, we've grew our sales 100%, while the 2- and 3-wheel on-highway industry is declining at 3.7%. And if it was not for Ryker, it would be declining at 6%. We also gained close to 3-point market share in the on-highway 2- and 3-wheel industry and 20-point market share on the 3-wheel category. We went from ninth position in market share to fifth position, now surpassing really important European brands.

Also, our customization strategy is paying off. Since the beginning of Ryker in January, we've installed over 500 Ryker Design Labs and North American dealers, 700 worldwide. There's about 200,000 customer views in our dealers. They've interacted on our touchscreens and customized Ryker at our dealership. There's 60,000 app downloads of our augmented reality app where customers downloaded and customized Ryker on their phone. All this paid off as it resulted, as above, \$1,000 per unit in accessories, which is 30% above our business case. So obviously, this is translating in better profitability not only for BRP, but for our dealers, which is an important milestone for us.

So obviously, the second cornerstone for us in our strategy to gain new entrants has been and is still the Rider Education Program. We started this program 3 years ago. Today, we have close to 200 schools in that program. These independent schools work with BRP into gaining more 3-wheel people into the market. Since then, we've dispensed about 20,000 licenses -- legal licenses to drive 3 wheel in North America. And if you look at the profile of who are taking these classes and graduating from a 3-wheel license, the genders, that is interesting, 45% are female. And this, for us, is the leading indicator of what could be the future ownership of Ryker as well. Also, it's our biggest, more successful converting tool. Over 20% of the people licensed on 3 wheel convert to a new vehicle, and over 30% convert to new and used.

So the last pillar of our growth strategy for 3 wheel is obviously building on the momentum of Spyder. One thing that we've been monitoring very closely since the launch of Ryker is this Ryker is affecting or cannibalizing on any sales of Spyder. And we can tell you right now that Ryker is growing the 3-wheel category as it's not cannibalizing any new sales of Spyder, but most importantly, no new used sales of Spyder as well. So this is great news. Ryker is adding to the 3-wheel category.

You -- most of you or a lot of you were at Vegas this past September. You all saw that we've launched a new redesigned RT and a much anticipated redesign of the RT because let's face it, our current RT was getting old, and our RT owners were asking for way more. The beauty of the new redesigned RT that we've just launched, it's addressing the pain points that our owners had on the RT, and it's addressing their much needed features that they wanted, example, more leg space on the floor board, more roomy space for the second passenger in the back, LED lights. That's just to name a few. The new RT also is driving much smoother or riding much smoother and much more comfortably as it's perfect for the long rides our RT owners are accustomed to.

Since the launch in September, we've put a lot of our owners on RT to test the unit and drive them, and we're happy to report that the feedback is extremely positive on their experience on the new RT. If you look at these RT owners that we keep talking about, well, there's 50,000 of them. They're the most engaged and loyal owners that we have. Also, we believe that in the mid- to short-term, we have about 60% of them that are

ready for an upgrade. So obviously, in the next month and the next few years, we will address these new RT -- these RT owners and push them to test the bike and potentially upgrade.

So to conclude or in summary, Ryker is off to a very, very good start. Obviously, it's the first year. We have more room to grow. And since the beginning of Ryker, we've been drawing a parallel with Sea-Doo Spark. And I can tell you that today the parallel with Sea-Doo Spark is still very, very real. Like Spark, Ryker is attracting new entrants to the category. Like Spark, Ryker is also changing the perception of the category. So it's not ludicrous to say that like Spark, Ryker has strong, strong upside potential.

So in summary, I can tell you to conclude that we have the products. We've learned a lot on Ryker, and we just need to amplify in the coming years what we've learned. We have a bunch of RT owners that we need to talk to, to make them upgrade on the new RT. But also what's important is, we know that the population is growing longer and younger. We refer to this population as the transitional generation that are always active. And we also need to amplify the message that in Spyder, we have the bike to extend the open road experience.

So that concludes.

QUESTIONS AND ANSWERS

Unidentified Participant

Yes. Josee, you've been very successful with the 3-wheeler market and, obviously, as you grew the market, what would you expect in terms of competitive landscape shaping up over the next 5 years?

Josee Perreault - BRP Inc. - SVP of Can-Am On-Road Vehicles

Look, we've been seeing a few Japanese brand launch or talk about a 3 wheel. They've introduced them in North America. I'm not sure they are very competitive at this point. The introduction just happened. So right now, I don't see much in the landscape, honestly.

Unidentified Company Representative

But that being said, if new entrants would come to the market with a 3-wheel architecture, it's something that would not necessarily be negative because it would just create more awareness for the 3-wheel industry and probably even further democratize this product. So not that we want competition, but there's a slight benefit to it, if there were some.

Unidentified Participant

Where do you hope to get conversion on the riding schools over time?

Josee Perreault - BRP Inc. - SVP of Can-Am On-Road Vehicles

Look, it's been increasing since the last I met you in September -- last September, we said it was around 15%. Today, we can say it's above 20%. So it's hard to say. We have to be -- we have to figure out the conversion over time. Right now, we're calculating conversion over 12 months. We know some -- in some instances, it takes more than 12 months to convert because people are looking either for financing or other types of reasons. So it's hard for me to tell you that number at this point in time.



Unidentified Participant

How many models are there, Ryker models? Do you think there is room in the market, so in other words, are there features on -- so there'll be more than just one Ryker model?

Josee Perreault - BRP Inc. - SVP of Can-Am On-Road Vehicles

So right now, there's 3 SKUs. There's the 600, 900 and Rally Edition. And the beauty and what's at the core of the Ryker is the customization at point of sale. So a lot of the consumer, as you saw with the accessory sales, are customers in their Ryker either on a true up, more luggage. So this is what we're pushing is the fact that they can design their own Ryker and making what they want. So we believe that this is replacing what new models we can have right now.

Unidentified Participant

So you have the engine sizes and then not necessarily new models. So what you're saying is that you don't necessarily have new Ryker models planned outside of this 3, it will just be more customization?

Josee Perreault - BRP Inc. - SVP of Can-Am On-Road Vehicles

Right now, we're pushing the accessory development. So we want to push more the accessorization than the new model introduction, yes.

Unidentified Participant

Can you just talk about the, I guess, the profitability of the Ryker relative to your expectations? I mean, it sounds like you're selling more accessories, does that imply that the profit margins for the overall business are better than what you had initially planned?

Josee Perreault - BRP Inc. - SVP of Can-Am On-Road Vehicles

So like I said, customization has paid off. So the dollars per unit on our Ryker models is 30% above our business case. So obviously, it's bringing more profitability to Ryker than we had anticipated. But also more profitability to our dealers, which is great.

Unidentified Participant

Sorry if I missed this, but in terms of dealer footprint for the Ryker, how do you see that evolving over the 5-year plan?

Josee Perreault - BRP Inc. - SVP of Can-Am On-Road Vehicles

So I believe that we need to increase a bit or change some of the footprints. Some dealers are very, very good at selling 3 wheels, some have more difficulties. So it's a readjustment of where the footprint -- where we can optimize and maximize the footprint at this point. It's not necessarily adding, but it's maximizing in the footprint within North America.

PRESENTATION

Tracy Jerry Crocker - BRP Inc. - President of BRP Marine Group

Hey, good morning, everybody. I thought she was going to say somebody who needs no introduction, but I do need an introduction. I'm Tracy Crocker. I'm the Head of the Marine business. And it's my distinct pleasure this morning to share with you our Marine strategy and -- here we go -- which starts with our vision and that vision is a compelling one to be the most innovative, fastest-growing marine business on the globe. And we'll do that the same way we have done it and are doing it in Powersports, and that is taking a vehicle and an engine and putting it together and giving consumers this unparalleled, unrivaled experience. And in this case, we'll do it on water. And speaking of consumers, they know us and we know them.

You can see here that we have this great opportunity to transfer that brand equity that BRP has earned in Powersports by the Sea-Doo owners, the Ski-Doo owners, the Can-Am owners that already own boats; 44%, 34%, 27%. And we think those consumers not only will expect us to be in the marine boating business, they'll welcome us. And if you think about the industry over the last 20 years, there's a lot of unmet consumer needs.

At the top of the list is accessibility, but it doesn't stop there. Consumers are asking for their connectivity. They want an intuitive boat. They want it to be customized, and the industry today is not giving them that. It creates a strategic sweet spot that BRP with all of its core competencies and strategic assets is poised to attack. And we think there's never been a better time.

When you look at the size of the marine business, this is looking at just recreational boating and engines, \$20 billion by itself in the U.S. alone, \$30 billion addressable market worldwide by itself. It's as big as snowmobile, personal watercraft, motorcycle and side-by-side. A very big and growing business. And that growth is being fueled primarily by aluminum-based boats, almost 3/4 of the boats. And if you know about BRP, we have a certain core competency around design and innovation and manufacturing aluminum. So it's a very good place to start focusing our strategy and taking that a step further. And you look at aluminum and what's driving that aluminum growth at the top of the list, it's pontoons and aluminum fishing, 11% and 9% respectively compounded annual growth. And for us, that is the way to focus and build a cornerstone for this strategy and we've done that. And you can see on this slide that our relative shares based on our most recent acquisitions. In pontoon, it puts us at low single digits. And for aluminum fishing, it's mid-teens. And for us, that's the good news. That creates this runway of opportunity for us to take and build this strategy, and so we feel really good about the fundamentals that are in place and really answering that question in why Marine.

And so the second question really comes into, okay, where are we going to take this strategy? And José highlighted this a little bit earlier with the buy, build and transform. We think it's a focused, disciplined go-to-market strategy that will enable us really to build a launching pad that will start -- or has started with our acquisitions, 3 acquisitions in 14 months. I'll talk about those here in just a moment. We're now entering the build phase and the build phase is really about driving growth and efficiency around expanding our dealer network, increasing our global engine attachment rate, the conversion to Evinrude and, obviously, looking for those synergies that we can bring to these boat brands. And again, it's all an opening act to ultimately what we think we can do in terms of transforming the experience that consumers have on water.

So let me just unpack a little bit for you the acquisitions over the last 14 months.

And it starts with Alumacraft, a 75-year-old brand, and you'll hear a kind of a common denominator here as I walk through this. A very strong brand in aluminum freshwater fishing, headquartered out of St. Peter, Minnesota. That was last June. We followed that a month later with Manitou, Lansing based, founded in 1985 with a very strong high-end pontoon. And then most recently, Telwater with the brand Quintrex, which really represents what and how they go to market, the leading manufacturer of aluminum-welded boats founded in 1945. And what we love about all 3 of these companies is at starting point, they've got these great recognizable brands, when and where they compete. They have an extremely loyal dealer base. And in every case, they have a high-performance boat. Their hulls have something unique. In the case of Alumacraft, it's the 2XB hull, which nullifies noise and gives a really smooth ride, particularly on big freshwater lakes.

In the case of Manitou, they have IP actually around a V-Toon technology that allows a pontoon not to be your grandpa's pontoon anymore. This pontoon could be high performance and I think really sort of connects with who we are, and we see lots of opportunity there.

In the case of Quintrex, they have both a freshwater as well as a saltwater brands. And so we think that brings us another dimension to our boat portfolio, and they have a magnum fusion technology, again, which is unique to them. And we think these are strong assets, and as I said earlier, positioned in growing segments.

One more, just go a little bit deeper on Quintrex and what we see there. It's a little more unique maybe than North American boat brands. But the headline here is that Quintrex is the #1 boat brand in the Australian market with 56% share. So that's a really good place to start. They're developing, a dealer network of 160 strong, more opportunity to grow on top of that. They have a very comprehensive value proposition built around BMT, boat-motor-trailer, and we see lots of upside for Evinrude conversions. So another good addition to the other boat companies that we bought, just a little more color on that.

So if that gives you a little bit of, hopefully, where we're at and where we're going, I'd like to go a little deeper on how we're going to win in this space. And this may be a little bit more detail than you would typically get in one of these presentations, but I think it's important at this juncture that we provide this to you so you have a sense of what our -- as Seb said earlier, as José said earlier, our mid-term and long-term strategies. I would say this is more our midterm, and it starts with dealer network, developing our dealer network. There's a science behind this. BRP Powersport has developed it. I think -- I would even say, fine-tuned it. We want to adapt and adopt it to the Marine network. It starts with primary marketing areas, PMAs. We go through, we do an analysis, an extensive analysis of every boat by boat segment sold by zip code all over North America, rank ordered.

And so you get a sense of where these boats are, where they're being sold. And then you overlay that, obviously, excuse me, with the -- our dealer base -- competitive dealer base, and we know where we have dealers in high-performing markets where they're overperforming or underperforming. And maybe even more important, we find out where we don't have dealers. And that creates opportunity. And our analysis at this point shows that we have a great opportunity to really accelerate the expansion of Alumacraft and Manitou. And I'll share with you a map in just a moment that gives you a visual on what that looks like, but that could be as many as 150 Alumacraft -- new Alumacraft dealers by fiscal year '23 and 120 Manitou dealers. This comes with what we hope will be a really unique and compelling dealer value proposition. And so when I say dealer value proposition, it includes boat, motor and trailer. It builds into that, what we hope is our way of working with our dealers to develop a long-term growth plan. And with that, we expect to see engine attachment rate, the number of engines sold as part of boats to increase. We expect Evinrude conversion to accelerate. And we know that we will continue to drive synergies with these boat companies.

As successful as they have been, they have been regional boat companies, and we see the opportunity, again, to bring our expertise around manufacturing, logistics, supply chain, product development and really be able to position these companies for growth with 14,000 transoms as an opportunity over the next 3 years.

So with that, I'll give you a little bit more of a visual here on this network development. And you can see the number of dealers. The density is mainly in the Great Lakes region where these companies were founded. That is their kind of core market. But when you do the PMA analysis and you look at the number of, for example, in the case of Manitou on the left of the screen here, number of pontoons being sold in Texas. That number is close to 4,000 pontoons. And you can see Manitou only has 2 dealers in the North and in the Houston area. So a great example of where we see this white space market that we think we can attack.

Similar opportunity for Alumacraft. Alumacraft freshwater aluminum fishing. Again, those numbers are about 5,000 if you took a 4- or 5-state area from Louisiana, Mississippi, Alabama, Georgia. Lots of opportunity to build out those markets that gives us a lot of confidence in how we're going to really be able to deliver these midterm objectives.

So with that, I'm going to transition over to the third phase of the strategy, which is transform. And like I said earlier, the first 2 phases are really the opening act. We're building a launch pad for what I hope, and you hear these terms all the time in presentations like this, whether it's leapfrog or disruptive.

In this case, I would use the word -- 2 words, game changing. We think we have 2 platforms that will change the game. You had an opportunity for those of you in the room today to see it yesterday, and it starts with Project Ghost. The brief on this is basically taking and providing more usable space in a deck area with an unseen integrated engine architecture. And doing that in a way that allows us to maximize how we use that space on



the back of the boat. And that gives you flexibility in layout, gives you more radius for fishing, and it gives the boater and those on the boat a completely new experience, one that they probably have not imagined before that comes with all of the attributes of an outboard engine.

The second game changer is Project M. In the context here, it starts with creating the Spark equivalent in the pontoon industry. José referenced that a little bit earlier and focusing that on the 20 feet in length, entry-level pontoon market, which accounts for about 1/3 of all pontoons sold. Big opportunity. And for us to make that segment accessible to boaters and creating it with a value is something that I think only we have that core capability to do. And then what we do with that platform and varying those lengths, I think, is where the fun begins.

One more step a little bit deeper on Ghost because I think it needs just a little more explanation. When people see it for the first time or hear about it, initially they want to say it must be some sort of new sterndrive or a new inboard/outboard or a jet propulsion or some hybrid of all of the above. And the answer is, no. It is an outboard engine with all of the attributes of an outboard engine including the serviceability, the ability to tilt the engine up and down to put it on a transom with the same 4 bolt pattern that all outboard engines go on with the notable exception of the engine being out of sight, out of mind, out of earshot and creating this new valuable space.

And in essence what it does, it takes a 19-foot boat and turns it into a 21 or 22-foot boat. It takes a 23-foot pontoon and turns it into a 26-foot pontoon with just the simple integration of the boat around the engine, and then what we do with that incremental space on the back of the boat. Making it more usable, more playable, more fishable is where I think we will be able to have that game-changing experience.

And better than me talking about it, I think a picture is worth 1,000 words. And I'll show you this where you see that traditional fishing setup where you fish off the bow of the boat or the side of the boat. Over time, anglers just work around the engine. They know that they can't fish off of that part of it. It gets in the way, and it comes with the experience. That doesn't have to be the case anymore. This is what we visualize going forward.

With this, you can imagine all of the fun and usability you could put into a live well, into a fishing rail storage area that was, otherwise, some part of the boat that was not used.

Same concept on a Manitou, on a pontoon. And here, you can see kind of the complexity of what's going on in the back of the boat. And for a family, in particular a mother who is the primary influencer of buying a pontoon boat and who wants that safe family experience, this does not necessarily provide it for that family. But this does. This creates a whole new swim platform for the family. And again, we're just starting to imagine all the cool things that we can do with that, starting with -- and just so you can see it, if you go back to the original picture, you can see the space that we've added to the same pontoon just by having access to the back part of that boat. Very exciting. But as I say, wait, there's more. And that goes with Project M -- I'm sorry, there is more, and this one's Quintrex, Australian based. And you can see here, immediately, we add more value to the boat, not only by making it longer, but by creating the space of going from 2 boaters to 4 boaters.

But wait, the more part goes with Project M. A little context upfront on Project M. And it starts again with our experience in making personal watercraft more accessible. The traditional Sea-Doo on the higher end for those experienced personal watercraft users got up to as high as \$17,000. Realizing that there is another consumer base out there that we want to introduce to this experience with the SKU rationalization and some of the other fundamentals that we put in place, we are able to create a really great experience on a personal watercraft through the Sea-Doo Spark starting at \$5,499. So we have a formula, we have the know-how. We're taking that same formula know-how over to Spyder with the Ryker launch where you can have that same 3-wheel on-road experience for \$8,499. And we think that the boating, the Marine industry has the exact same opportunity, particularly in that entry-level pontoon. And we think it starts with the Project M, which brings a whole new way of looking at how boats are built and how they can perform. We think this has flexibility to move to and be a sporty version that would be part of Sea-Doo brand. We see this as a recreational brand associated with Manitou. And we see it even as a fishing brand that could be associated and will be associated with Alumacraft and Quintrex.

Lots of flexibility, lots of things that we can do, both jet propulsion as well as then integrating the Ghost technology onto this platform and to be able to do it and make it accessible to a whole new generation of boaters we think has lots of great potential upside.

Package all that together and this is sort of what the snapshot looks like. If you look at the different boat lengths, you look at the portfolio we have including Project M, we have the gambit covered from the smaller size Alumacraft to -- all the way to the greater than 21-foot with Manitou. Project



M covers, as I said earlier, that entry-level pontoon. Quintrex goes top to bottom. It also provides us a saltwater as well as a freshwater entry. And we -- as I said earlier, we think it's a great cornerstone to build this strategy off of going forward.

The strategy, in summary, starts with those 3 brands, and we think it's a great start. It includes our go-to-market strategy, which will be focused here on the midterm including developing the network, attachment rate, conversion rate and then leveraging those synergies and, ultimately, it brings us to that place where we can change the game and do it, both in terms of what we and how we change, what an outboard engine is to the industry and how that integrates into the boat and Project M and all the flexibility that gives us in terms of how we go to market. We think that that's going to double our business and make us well over \$1 billion by the time we get to fiscal year '25.

So with that, I'll take questions.

QUESTIONS AND ANSWERS

Unidentified Participant

Just wondering if you can talk about what the strategy is to transform the Ghost from the current platform. Do you run it concurrently? And then also, I want to know -- the competitors were pretty aggressive with the response to your acquisitions in the marine industry. I'm curious as to your view on how you think they will respond to the innovation to downplay this achievement.

Tracy Jerry Crocker - BRP Inc. - President of BRP Marine Group

Yes, I find it interesting. Our competition in terms of the technology, they compare themselves to themselves. A very few -- none of our competitors will actually go head-to-head in terms of measuring speed, torque, fuel consumption, emissions. So we like our technology. And we think it has -- gives us competitive advantage.

And so in terms of their response, I think we're ready for that and we're ready to tell our story. In terms of how the market would -- will react and has reacted, we're pleased. It's been a journey here over the last 12 months to be able to develop the relationships with the dealers from our boat companies, share a little bit of this vision with them in terms of where we're going, and their response has been very positive.

Unidentified Company Representative

But I think if I can complement, I think the mindset that we're shifting is to not take any more as an engine supplier, but as a boatbuilder. And to do that well, we apply the same recipe that we does on all the other product lines by designing from scratch a boat, which is well integrated with the Powerpack, and this is the mindset. And we've been working on those programs for the last 2 years, even more. And that's why we're ready to share today because those programs are ongoing right now.

Gerrick Luke Johnson - BMO Capital Markets Equity Research - Senior Toys and Leisure Analyst

On the Project Ghost, I see some nice pictures of some boats with longer decks, but can you maybe explain some of the technology behind the propulsion system and how you've reconfigured the propulsion systems so that it actually does what you want it to do?

Tracy Jerry Crocker - BRP Inc. - President of BRP Marine Group

Well, at this point in time, no, there is -- you can take the combination of the innovation and technological know-how we have at Evinrude combined with Rotax, combined with BRP. I think it gives us the -- a unique opportunity to think differently about what an outboard engine is and how we protect that engine, I think, gives us, again, something that's unique in the marketplace.

Unidentified Company Representative

Obviously, Gerrick, for competitive reason, we will not unveil more today than the picture you saw.

Unidentified Participant

Just in terms of the sequencing of the 2 projects, which one would you expect to be ready first? And in terms of the dealer additions, are those contingent on these projects? Or are you expecting to make progress on adding dealers before Project M and Project Ghost hit the market?

Tracy Jerry Crocker - BRP Inc. - President of BRP Marine Group

So right now, I think our pace -- we're on pace to hit those numbers without Project Ghost and Project M. When project Ghost and M become part of the story, I think it will only accelerate that. And in terms of the timing, both of them will be in the market, different go-to-market strategies in the next 24 to 30 months.

Unidentified Participant

Is there a limit to the engine size for Project Ghost? Or can you offer that and every horsepower that you have all your engines today?

Tracy Jerry Crocker - BRP Inc. - President of BRP Marine Group

We can.

Unidentified Company Representative

Tracy, I think you just answered the question, but just to clarify. So -- and I think the first question sort of started out that way. So initially, there has been a loss of some engine business from the brands that were acquired to our dealers because they didn't really want their current Evinrude offerings and maybe have shifted over to a couple of larger competitors. But obviously, we got things coming in the pipeline. So how's that -- I guess, the whole dynamic short-term on that transition, which you just said, you don't need Ghost or M to hit those dealer goals. So just maybe a little more clarification and color.

Tracy Jerry Crocker - BRP Inc. - President of BRP Marine Group

Yes, certainly. With Alumacraft, when we made the announcement, there was some dealer disruption and there were dealers there that probably associated themselves more as [YNM] dealers than Alumacraft dealers, and we did lose some of those dealers. We anticipated that. In the case of Manitou, the dealer loss and dealer disruption has been very minimal. We've had been pleasantly surprised

In the case of Alumacraft, now that we've gone through 2 dealer meetings with them and our ability to go tell our story and for them to hear about who we are today and where we're going, we have some of those same dealers that left early on coming back.

Unidentified Participant

Can you give a sense of the price discount of Project M and just explain a bit about the low-end pontoon market?

Tracy Jerry Crocker - BRP Inc. - President of BRP Marine Group

I wouldn't want to get into pricing at this point in time, but I'll give you this, that the entry-level pontoon today with a trim package is \$35,000 to \$40,000. And we think we would be significantly less than that for a riding experience that we think would be even better.

Thank you.

Philippe Deschênes - BRP Inc. - Manager of Treasury & IR

Thank you. At this point, we're going to take a 15-minute break, and we're going to start back with Anne-Marie at 9:50.

(Break)Okay. We'll get started. Thank you, everyone. Our next speaker is Anne-Marie LaBerge. She is Senior Vice President, Global Brands and Communication. Anne-Marie?

PRESENTATION

Anne-Marie LaBerge - BRP Inc. - SVP of Global Brands, Marketing & Communications

Thank you, Seb. Good morning, everyone. I'm super happy to be here and having the chance to share with you some exciting update on our journey. So José this morning introduced to you our mission 2025. And in the mission 2025, there's an exciting new pillar that is at the core of the mission, and this is customer experience. And one of its priorities, as you've seen, is around exceeding customer expectations. And I will say this and I will be transparent, which will make Seb and José very nervous. But I didn't want to say exceed because I thought it was a very high goal to attain. And after weeks of discussion, we all agreed, and you know that when at BRP, we rally behind something. We all agreed that at the end of 2025 our intention is to exceed customer expectations. So I just wanted to point this out as an important nuance.

So as analysts and investors, you all hear everyone, every CMO in the company talking about focusing on customer experience, the experience economy and also marketing transformation. So what's different here? I'm sure that every time you ask a question, well, do you have the means to your ambition? And what is your plan and what is your strategy?

So today, we're going to open it and share with you that strategy and the plan and the journey. And then we're going to hope that you're going to follow us and keep us very honest in making sure that we continue in this path.

So just to be truthful, this journey started 3 years ago. And 3 years ago, we decided -- José spoke about this, I believe, this morning, but even before he hired me, I was not even a BRP employee. He talked to me about this journey from product to experience. Product is king, experience is queen. So -- I'm definitely then the queen, does that make me? I don't know. But what I mean to say is that it makes people nervous because we feel sometimes that it means that we walk away from product, but (foreign Language). The product is actually there to deliver on the experience. So we basically 3 years ago laid down the strategy on how we wanted to get there. And on top of -- and this, I should say, was a triad of -- I shall say Perreault, Sandy and myself saying, "okay, how do we make this transformation from product to experience, from wholesale to retail?" The first thing we did is we had to put down on paper our marketing ambition. What is it that we want to do?

So José this morning referred to humanizing our brand. People do not connect with corporation or legal entity, but people connect with people. So -- and I say this sometimes, but we -- although we sell fun and Powersports, we sometimes -- and please -- we sometimes acted way too straight and we were just too serious is what I mean. So we had to basically humanize our brand. This ambition here is around unleashing the power of our 8 iconic brands to win consumers' hearts and minds while driving strong business results.

So it may seem like an easy thing, but for a manufacturing organization to start humanizing our brands and winning the hearts and minds of consumers, building that last mile, that was a pretty big -- that is a pretty big ambition. So that's our goal. How do we get there? This year is BRP's marketing transformation strategy on a page.



We decided to take the analogy of Everest. Why Everest? Well, number one, because it's going to be a good climb and it's going to be a fun climb. And also because when you climb Everest, you need to go and get acclimated to each camp, which to us represented milestone.

So in any transformation, you don't run to the top. You run to the top, you don't make it. You take too long to climb, you don't make it. But more importantly, for any kind of climb like this, you need Sherpas. You need to have the right people and you need to have the right tools and you need to have the right strategies. So over the next 10, 15 minutes, I'm going to take you to and explain to you what these camps are, and also, most importantly, I'm sure you'll have the question, where are you in your climb? And I will share that with you as well.

Base camp is around building the foundation. We were there about 2 years ago, I would say. And I will share with you some of the things that we did when we were at base camp. And it was to ensuring that we laid down that vision and the marketing ambition that I just shared with you. Camp one to me is absolutely critical, and camp one was basically built in collaboration with Anne Le Breton who is here today, our SVP HR, and it was around people and culture. So we had to have the courage to look within the organization and say, "Do we have the right people to do this journey?" And we made some tough decisions from time to time. We also had to go and hire a whole new breed of people. We build a digital team from ground up. Karim who leads ISIT at BRP looked within his team and said, "Okay, how do we raise the bar in IT at BRP to be able to deliver on this digital transition?"

If you're close to BRP, you know that our culture is our secret weapon. It is one of the most -- or more of the strongest culture that I will -- I'm going to say North America, but it is a very strong culture and a key differentiator for BRP. But we had to look at the culture as it is today and say, "Okay, is it exactly what we need to be able to deliver on our plan?"

Camp 3 (sic) [Camp 2] is making sure that we laid down the plan around the transformation on the -- or first of all, ensuring that we have an agile operating model, so it's all around processes, and ensuring that we have the right plan around the digital transformation. So working with the ISIT team and saying, "Okay, what is it that we can deliver and when do we want to deliver it? And then making sure that we get the funds to do it." Okay? So that's the tools that I was talking to you about.

And then we go to -- sorry, that was camp 2.

And then we go to camp 3 and camp 3 is about reaping the benefit from it. So unleashing all these tools and then ensuring that we can see and get closer to the customer and start winning their hearts and minds. And what that means? It means that we start to know who they are, what they want and when they want it? And start engaging with consumers in a meaningful way.

Camp 4 is enablement. This is really around having a deep understanding of our customer journey and understanding each one of the moment of truth and engaging with consumers at the right time. And also, José alluded to a new key metrics that we will have now at BRP, which is customer lifetime value that we're introducing to be able to measure the success of our customer experience pillar. So basically, the customer lifetime value will be measured and deeply understood. So we know what we want to measure around customer lifetime value, and this will be our guiding -- or our North Star guiding principle at camp 4.

Camp 5 is really when we have new business models, and we allow consumers to dictate where do we go next? So José talked about this morning a little bit around exploration around new business models. I will say that we started an incubator this year, it's called BRP-X, and I will share with you some of our -- some of the things that we're testing currently.

So this is basically on a page the journey that we're on. Where are we now? I would say we're at camp 3. So we do have strong foundations. We have, like, the right team, the right people to be able to make the journey. We have a strong plan around the transformation and the digitization of the organization, and we started reaping the benefit of some of these tools. And what I'm going to do next over the next 5 minutes and share with you some concrete examples on this.

So José shared this with you this morning. And why is this so important? This was -- so we looked at what our marketing ambition is, and then we said, "Okay, who is BRP? But more importantly, who do we want to be when we grow up?" Defining this purpose that is here, which is we exist to create new ways to move people so that experience are measured in a motion rather the distance. We reimagine the way that you access your



world is actually allowing us to dream big. And this is basically becoming our summit. And it's allowing us to really consider a bunch of opportunities for BRP that would have been outside of our traditional business.

I told you that we took courage and we looked at the people and the culture. On the culture front, with Anne again, we said, "Okay, do we have the right values at BRP to be able to foster the kind of culture that we need to do this journey?" So we redefined our values to make sure that we had that.

The 92% that José talked about this morning, I want to tell you how extraordinary it is, okay? After 6 months of launching our framework, we surveyed all of our employees. And we asked them a simple question. We said, "Do you understand what this means? And are you embracing it?" I was expecting, to have done a few transformation in my career, in and around 60%. 92% of our employees said, "We get it and we love it." So are we ready to take on the journey with the people that are there? I would say, "Hell yeah!"

Now we also needed to make sure that all of our brand platforms could really win the hearts and minds of consumers. I told you that we sometimes acted too serious, sometimes acted a little too -- I would say that we were not -- we didn't have consistency globally around how our brand presented themselves. But more importantly, we had to differentiate ourselves in the sea of sameness. If you look at any ad in Powersports or even in Marine, they all look the same. So how do we give our brands personality? So right now, we have developed 4 new platforms for our brands, and I wanted to show them with you -- share them with you.

(presentation)

This is a sample, and I apologize for the people on the phone, as I'm sure you could not view the video. But if you visit our websites, you will see the brand platforms there. If you follow us on social, which I invite you, I'm sure you do, if you're following BRP, look at the brand tone and personality, look at the transformation that is happening now, and you will see this coming to life.

Another thing that we did is we have a secret sauce. And in the secret sauce is this. We now -- whenever we go to market, we spend our money based on 3 things. We look at brand awareness, brand equity and purchased -- and purchase. And basically, brand awareness is, who is -- this is an example for Ryker for H1 this year, so fiscal '20. So we said, okay, who is Ryker? Why Ryker? Once I know and then purchase. We used to spend a hell lot of time in the purchase at the bottom of the funnel. What happens when you hang out there? First of all, you devalue your brand. And secondly, you need to do a lot of promotion. So it costs money. So we know that if we understand very well the segment we're going in, in the market and we go laser-focused, then we spend the right amount on each one of these. The return -- or the result is incredible. I just had time to show you one example here, but trust me when I say that we have these examples for each one of our product line.

Another example. So this was around base camp, as we say, our Camp 2, which is really around the deployment of all of our tools. So number one is we are looking at -- and not updating, we're actually launching new websites for each one of our brand. The first one was Can-Am in September. And basically, what we're seeing is 23,000 incremental leads in fiscal '20 just for the Can-Am off-road brand. Each one of our brands will have a new website by the end of fiscal '21.

So this is extremely exciting for us. The revolution of CRM, a few of you over the past 2 days have asked me around CRM. Major, major focus for us. So we're investing in a few tools. Number one is we've launched marketing automation tool in June. We went from the capacity of sending 1.5 million e-mails to 7.5 million, but the unsubscribe rates diminished by half. And we have a 36% increase in lead conversion and cold lead conversion. So this is just with marketing automation.

We're launching lead management system in the first half of fiscal '21 as well as Customer 360. And so that's what's on the roster for CRM. I am confident that after these 3 tools are launched, we were going to have one of the best CRM machines that I've worked with anyways.

Leveraging and improving digital channel. I just quickly wanted to give you a few KPIs. Over the past year, we've had 32% increase in what we call SEO, which is Search Engine Optimization. So 32% increase there. The site speed is very important, because people don't engage if a site, well, first of all, crashes, but mostly it takes too long to upload. We went from 21-second upload time to 5.3 seconds. And the uptime is now at 99.7%, and that's from 72%. Dealership visits, so we now measure click to brick-and-mortar. So basically, if you click on an ad or if you fill out a form, we then

know if you show up at a dealer. This is a very important KPI for us, and that measure went up 23% year-over-year. Finally, lead gen, we have 53% more leads from the web and from Facebook. And the good news is, guys, is that they cost us 10% less. So that means that our bidding strategy and the way that we make our ads, working with Google and Facebook, is way more efficient.

So humbly, we basically have the rest of the journey to do. So we're now climbing to Camp 4. You will see that the climb from 3 to 4 is the steepest. So this is going from, okay, unleashing all these incredible tools, and now how do we ensure that we can truly engage with consumers and that we can be super-efficient in the way that we engage with consumers is really where Camp 4, the enablement piece is going. So we're ready. We have the team. We're excited. And also, I will say this that within the entire management team, we're tight. We know where we're going. And so this is really a team effort, and everybody is 100% behind this. So I've got no fear.

Now I talked to you about Camp 5 and Camp 5 is around bringing new business model, and I alluded to an incubator. So at the beginning of this year, we've created a lab called BRP-X. And although we want to see what consumers are going to tell us and bring to us, we kind of have a sense already of a few things, a few areas or path that we want to explore. So I want to just talk to you about BRP-X. Three things we're looking at: number one is experience centers. So imagine a place where you would go, just pay a fee, a membership, and you can go and ride the products that you want. Travel, imagine going for a week in -- Sea-Dooing on the Amazon.

In alternative access, this is what we're testing right now with Turo and Ryker. So how do we give access to people that don't want to buy, don't want to get the trailer, don't have the garage, so how do we get these people to be able to access our product.

The intent here, guys, is -- well, we want to monetize experiences, one. Increasing access is the second objective of the incubator. But when I say that we want to monetize experience, the intent is not just to put butts in seats. We want to offer people a full experience. So it's not just to go somewhere where you can rent a product, but it's to go with a guide. It's to have the app that tells you which road to take. It's to -- so there's -- we want to do really the full experience and not just giving you the key and go -- and hear you go. So we're really focusing on this.

What we've done is we've created a new brand that is called Uncharted Society. And for the people on the phone, you can do Uncharted Society BRP. And we're at the concept validation for those of you who are familiar with incubator process. So we're doing small, we're testing, we're optimizing. But so far, it's going extremely well. I just wanted to introduce you to Uncharted Society.

(presentation)

So when I say that we wanted to give access to people that would not normally have access or might have been interested in trying Powersports, if you check the website, which I'm sure you already have, we have a 3-day Ryker trip in the Yosemite Park. And our first client to book that trip was lululemon, so not the typical group to do this. But it's a 3-day Ryker. A chef follows you. You glance it -- You do some glancing. So I wish my boss would give me some time, so I could go there. But it's -- so we're extremely hopeful and extremely excited.

So guys, here it is, the journey into marketing transformation that BRP is on. And I hope this was helpful, and thank you for the time you gave me this morning. I'll take some questions now. Wonderful.

Philippe Deschênes - BRP Inc. - *Manager of Treasury & IR*

Next up is Thomas Uhr.

Thomas Uhr - BRP Inc. - *Senior Vice-President of Product Engineering & Manufacturing Operations - Powersports*

Merci, Phil. Ladies and gentlemen, our company is very, very competitive and with a heading like Perform To Win, I guarantee you, I have all the attention of the people inside the company. And this is exactly what we need. To fuel the growth of this company over the next years, at the same time becoming more efficient and lean, this needs everybody's attention. And this is what we are striving for.



Just to have a look at our footprint of today, we are consisting of 12 state-of-the-art sites around the world. And specifically, we are very close to our most important markets. And we're employing today, you heard it already from José, roughly 13,000 people in these sites.

The last 4 years, we delivered an unparalleled growth in volume and in complexity. As you can see, on the 2 quality measures, the right -- the first time one is basically after we finished assembly of a product, how often do we have to touch it in order to correct the mistake to check something, to monitor something, so how much of our production is going through. In a top-class facility, you're beyond 90%. And if you have a lot of trouble in your manufacturing, you're significantly below 70%. This is one measure that we are following.

The other one on the right side, the warranty, this is simply warranty cost means customer claims in percentage of revenue. On both parameters, what you can see is that we didn't see a lot of change. This is remarkable, because at the same time, we had this huge growth in complexity and in volume, and we were able to maintain our high level in quality throughout this time.

And the even better news on this one is, when you look at the top left on safety, where we're even able to improve safety in our facilities. And talking about safety, on the next one, what you see, and you heard it already from José, our goal is clearly 0 incidents, and this means no harm for our employees, and by the way, our customers, is for us something that shows that we are well in control of our business and it's not something that we are willing to compromise.

Going on the -- with Perform To Win, we want to make our company more efficient, leaner, and we have 4 different main initiatives that we're trying to group our activities. The first one is around manufacturing and supply. The second one is about speed, it's about one-piece flow, it's about availability on the market. The third one is around quality. And it's not just the quality of our product that we are talking here. And last, but not least, we are focusing a lot in scrutinizing our processes, change them where it is needed and make sure that we have leaner- and easier-to-manage processes at the end that we can also easy -- automate.

This -- the purpose, once again, is to make the company better. And more or less as a windfall profit, we expect that we will have an output of this on the bottom line with a reduction of \$300 million. We call it a lean value as it is, for us, more an indicator than the purpose of this exercise. The purpose is to make the company better.

Let's get into some examples. On the manufacturing side, you already saw our footprint. It's about how do we plan to go into our increased footprint for the future, for our future expansion. And we will apply the same logic close to our markets. We need to be in a well-established supply chain. Of course, it has to be efficient, so cost plays a role as well. How do we further want to strengthen our sourcing, as sourcing is very, very important for our commercial success, but also for our quality? And what do we do to maintain and expand our technological leadership, which we think it is also very important for our positioning on the market with our products?

Despite a booming automotive sector and industry, despite trade wars and tariffs, we have been able to deliver with our Wave 1 cost-saving initiative in our supply chain savings every year. This resilience that we created, we want to maintain. At the same time, we will use new methods to continue in the savings with our -- we'll continue with savings in our Wave 2 initiative coming next year.

At the same time, and this is as important, at the same time, we monitor and we develop the quality that is coming out of our supply chain network, and we are not accepting any savings compromising our quality. This, and you see it on the graph on the bottom right, within a relatively stable overall distribution over the globe, we made some significant -- no, we don't see that -- we made some significant changes with regards to the distribution inside the regions. I'll give you some examples. We shifted significant supply volume from Canada to Mexico. Another example, from China to Vietnam or from Italy to Eastern European states. So within the region, it is relatively stable, and it's balanced. But at the same time, we are looking for opportunity within each of the regions.

It's very important for us to maintain and increase our technological leadership, as I said before. I have here some simple examples that I can show to give you a feeling what we are talking about here. So we introduced into our facilities 3D printing. With this technology, we are able to be much faster and to apply less CapEx needed for prototypes and for small series. So this is in use today, very successful technology.



The second success story that I can share, and also this one José already pointed to is the in-house turbo manufacturing that we do. And it's not just the manufacturing, of course, it's also to design that comes before the manufacturing. With this move that we did a couple of years ago, we are now able not only to have turbos and superchargers at a much lower cost than what you can achieve on the market, we -- at the same time, we get turbochargers and superchargers, they are built for Powersport applications or they're built for purpose. And we are -- we have much more design freedom than what you would have if you buy something off the shelf, which is, in our industry, not easy to maintain.

Looking into the future, if you just take these 2 examples, the next step for 3D printing could be, and we are working here on research projects, could be direct metal printing, which would give us an opportunity to even increase the 3D printing technology in use in customer parts. And secondly, on the turbocharging, we are thinking about turbochargers that are fully integrated into an engine, which would reduce cost and complexity and bring it to another level.

We learned from the automotive industry. Sometimes it's good to listen what these guys are doing. They're spending lots of money developing this concept. What we learned from them is a very consequent platform strategy in order to develop products that are good, technologically advanced products, at the same time with good quality, with a good time to market. So we applied this platform strategy at our design center. And this brought us in a position to react much faster to market needs and to deliver the amount of products that we cranked out over the last couple of years. The very specific thing here is not only the platform concept from an R&D perspective, but at the same time, you need to know what you develop it for.

So we have a joint approach between operations, between manufacturing and R&D. So we are not developing products that don't fit into our production system afterwards. So it's not just the product side, it's also the production side. And José showed the picture on this one. We are very proud that our product creation process is a collaborative process, and it's much more efficient than what I'm used to from the automotive industry. So our decision time, our decision quality is higher. We are much faster. I'll give you an example. My colleague, Denys Lapointe, his designers are involved in this platform discussion from the beginning on. So it's not just that with R&D phase that we are starting to think about a platform concept, we are already doing this when we are going in the first design ideas of a new product, which is a huge advantage compared to what you see in automotive.

So I think we have a quite advanced system here on our hands. And what do we do to improve this even further? It's about speed, lean process -- lean development processes. So it's speed and digitalization. It's modularity and intelligent platform concepts even further. Design to quality and cost is here the key word. And with the capabilities of having this modular design available, having production facilities that are able to produce in one piece flow. We will, in the next years also, see opportunities to transport this to the customer to make sure that we can leverage these advantages to the customer, to the dealer working on this. And this is part of our future plan.

As an example, for growth of our manufacturing facilities, I brought the PWC and SSV growth as an example. And here, what we did over the last years is a huge, huge growth that we were able to follow. And we managed, at the same time, the high complexity with the new product introduction. And to summarize all that in -- as you -- most of you know, in 2015, we opened our Querétaro 2 facility -- our Juarez 2 facility in Mexico. And since then, we delivered 3 major capacity expansions, by the way, all of that in time and on budget. And with this experience, with the know-how, having the teams available that can carry out such activities, I personally feel very confident that we can deliver any capacity demands that will come up in the future. I'm feeling very well prepared to do so.

On quality, which is very, very important, not just from a product side, as I mentioned before, it's the whole chain from supplier to customer. It's not just an enabler for customer satisfaction. It's also something that has a cost impact. So if you have to repair that quality throughout your process, this is expensive and this is the opposite of lean. So we are working on this. And our mantra here is clearly, if you want to be and if you want to stay the leader in powersports, you also have to be the leader in quality.

Giving -- with digitalization, we have the opportunity -- okay, now I understand. With digitalization, we -- it is very important to improve our quality and to use the opportunities that we are getting due to digitalization. And I brought one example here, which is the measurement. So if you produce a vehicle like we do, you have a certain amount of your frames that you measure to make sure that you're still in quality. What you're doing so far, you're doing a tactile measurement. It takes, depending on how good you're organized, 2 to 3 hours per vehicle and which allows you to measure eventually 2% to 3% of your production with real measurement data.

What we are doing, and you see this on the picture here, we're doing a laser measurement, which gives us this measurement for free. So we are measuring while we are moving the parts in our facility. And on top of that, we can basically online using this data that we are generating in order to control our process if something goes out of tolerance somewhere. Before this happens, so we see a trend in this data. And the good thing is we are not measuring 2% or 3%, we are able to measure 100% of what we produce, which gives us much more confidence in the quality of our product.

The further potential, just as an idea for future development opportunities, you can even use this data, such data generated in online measuring systems, to have an automated self-learning process with the follow-up machines in your production process, which is the first thought in a artificial intelligence, self-learning facility, which is in terms of quality the superior way to go.

Perform to Win. It's about utilizing the growth, at the same time, having an eye on efficiency. And one big element of this is looking at all of our processes. And you might have heard already, our FIT program that Karim is heading. We -- in this program, which is FIT is about Fix, Improve and Transform, we are looking basically at all major business processes that we are using. We are trying to simplify them where possible. We will use the right systems and processes to digitize. And we will, with this, lean our standard processes, but on top, we will open up for things that we have not been able to carry out today, because for example, the data was not available to do so. So this is a big process we are in the middle of today. And this is something that will keep us busy in the next couple of years. The outcome of that is that we will have an increased efficiency in our operating processes, and we will have the starting point for further intelligent automation that will again boost our efficiency gains.

All of that, with Perform To Win, we want to make our company more efficient, leaner. We have defined 4 -- no, sorry about that. We have to define the areas with product, manufacturing, sourcing and logistics. And in these areas, plus all other areas that are not covered here, we are looking into an in-depth process to improve and try to -- oops, is it me or -- okay, okay. To improve this, and our objective, as I said before, is to make the company better and the outcome will be a \$300 million lean value that we will create by 2025. With all the activities and initiatives behind that, I'm feeling very confident that we are able to achieve this goal.

And with that, I'm ready to take your questions. Thank you.

QUESTIONS AND ANSWERS

Unidentified Participant

You mentioned a lot of efficiency initiatives. Maybe can you share what are the 1 or 2 biggest drivers of the \$300 million of lean value? Should we think of that as cost savings? And how much of that would actually flow to the bottom line?

Thomas Uhr - BRP Inc. - Senior Vice-President of Product Engineering & Manufacturing Operations - Powersports

If you think about lean in your company, the cost savings that will fall out is just by making your company efficient. The target is not the cost saving. The target is to make your company better. So it's about the purpose, which is very important for communication of such initiatives. But looking at the size, if you just look at where we spend our money today, number one is clearly in the supply chain. So we have a huge percentage of our spending goes into buying things. So this is an area where we have the biggest lever in terms of spending for sure. But internally, there is a lot in processes. And I would see this balanced in utilizing intelligent products, so design-to-cost and quality. This is the more long-term -- mid- to long-term view, because you have to wait until you have a new product that you can introduce into production.

But also on the process improvement, we are spending today still a considerable amount of money in areas where we could do the same with less or with a little bit of automation. So it's internal processes and it's the area of supply, where we have the biggest chance to expect. But also quality, as I mentioned before, it's something we can improve. And on the quality side, it's not just saving money, it's also about improving the customer experience with our products. I'm not sure if this is answering your question.

Unidentified Participant

Thomas, I can appreciate adding the lean value in a market where you're growing low single digit side-by-side and you're doubling your market share. But I'm curious to your perspective of how flexible the manufacturing is to deal with tougher market conditions. Like how do you game plan for a scenario if volumes were down 10%, for example? And which products do you feel have the best ability to respond to that and which ones would struggle more to deal with that?

Thomas Uhr - BRP Inc. - Senior Vice-President of Product Engineering & Manufacturing Operations - Powersports

Yes, one question was already answered. We are not planning for a recession. I just repeat what was said.

The second one is, I'm not -- and I think this is true for the whole company. I don't feel the person -- to be the person that can decide what is the best product at what point in time in market. We are trusting our customers that they take the products that they want and they need. So therefore, we leave the decision, which products to take, with our customers.

José Boisjoli - BRP Inc. - President, CEO & Chairman

Yes. Maybe I'll just -- sorry, Thomas, I'll interact here. When you look at our manufacturing footprint today, most of our sites are dedicated to any product lines. So we have Querétaro for personal watercraft. And we have Juárez 2 for side-by-side. We have Juárez 1 where we do multiple product lines and Valcourt as well. I'd say all of the sites face the same cost structure and variable cost elements. And therefore, we'd be able to flex our operation in order to respond to variations in volume if there were to be a slowdown. Not necessarily any site is more advantageous or more privileged or has better competitive advantage if there were a volume reduction.

Unidentified Participant

Maybe kind of along the same lines, how should we think about the \$300 million in cost saves? How much of that is coming just from volume increases from scale? Or in other words, if your volumes were flat over the next 5 years, which I know is not the plan, is that \$300 million something that you can pull out of your existing manufacturing footprint? Or does it rely on the revenue increases in your projections?

Thomas Uhr - BRP Inc. - Senior Vice-President of Product Engineering & Manufacturing Operations - Powersports

I mean some of these initiatives, for example, if you invest into new processes, you can only do if you have a certain volume increase. So you don't do this if you have a flattish market. So some of the initiatives that we have here will only work if we have a growth ahead of us. On the other hand, some of the costs that we are creating is also related to the growth that -- we have to provide the capability in order to manage the growth. Therefore, there are other opportunities -- if we would hit a flattish market, there are other opportunities for savings that we don't have on our list today. So it would be something that we have to find out when the situation occurs, but I don't think that José or Seb will take the goal away. I would be surprised.

Thank you very much, and I hand over to Sebastian.

PRESENTATION

Sebastien Martel - BRP Inc. - CFO

Thank you, Thomas. I'll be brief. I have a few slides to cover with you. But before I dive into the financials, I actually want to share with you for me what is probably my favorite slide in this deck, and it highlights BRP's retail performance over the last 5 years since we launched the Challenge

2020. And as you see in this slide, we've actually outpaced the industry significantly. The industry has been flat over the last 6 years, but we've actually delivered significant retail growth.

And for me, it's a testament to the quality of the products we introduced, the innovation that we brought to the market and also the phenomenal work that's been done by the teams across the organization on the OTD side, on the go-to-market side as well.

Going to the financials. Obviously, strong retail resulted in strong financial performance. As you all know, we've delivered strong financial performance over the last 5 years, significantly outpacing the industry, so not only on the retail side, but also on the financial performance side. You see revenue growth, 10% to 11%, which is industry leading. And I'll bring you to the last section of this slide, the normalized EPS growth. We've delivered 17% to 18% normalized EPS growth in the last 5 years. And this year, our guidance calls for 18% to 23% EPS growth, \$3.65 to \$3.80. Again, industry-leading in terms of financial performance.

This financial performance has allowed us to generate strong free cash flow. We've generated over \$1.4 billion of free cash flow since the launch of the Challenge 2020. And we've returned also a significant amount of capital to our shareholders. We've returned through share buybacks and dividends, over \$1.3 billion of capital since 2015. Obviously, always focusing on delivering strong shareholder returns, again, exceeding industry standards.

All of this has been done also with a focus on our balance sheet. We often get the question on, well, what is BRP like in recession, what do you do if a recession happens. José and my objective and the management committee's objective is to protect the company for future growth, reducing or drastically cutting costs during a slowdown. It's probably one of the worst things we could do, because rebuilding an engineering team, rebuilding a marketing team takes a lot of time. You all know how there is a war for talent out there in the market. And so we want to continue having a strong balance sheet. And so we've maintained leverage equal over the last 5 years. We've increased the financial flexibility by increasing the revolver. And the priorities in terms of our managing our long-term debt does limit our exposure to short-term obligations and maintaining the covenant-light structure that we currently have.

The Challenge -- the Mission '25. Obviously, of the performance that we've delivered in the last 5 years, it'd be tough to come here and present to you anything less than a 10% revenue growth. I'm appreciative of the fact that we do have a bottom-up plan, as you all saw this morning through Can-Am, through Marine and also through other growth opportunities. And so there is a bottom-up plan there. And delivering 15% EPS growth is also in line with the performance that we've had in the last 5 years. I did get the question, does that factor in share buybacks in there? There's no share buybacks plan in our modeling. This is driven by the organic growth of the company and also the lean initiative, which Thomas covered this morning.

Now to walk us through what does this company or what drives the \$9.5 billion of revenue, obviously, side-by-side business is where we see a lot of potential. You saw the assumptions that we built in our model this morning in terms of market share and also in terms of industry growth. That would bring an extra \$2.2 billion of revenue with the momentum that we have also on ATV and also which -- what Josee Perreault presented this morning with 3-wheel business doubling our revenue.

The Marine business, with the acquisitions we've done with Project Ghost, we want to transform this industry like we've transformed the powersport industry. And so we're looking to double our business, bring in an extra \$600 million of revenue. And the last pillar is the seasonal business, Ski-Doo, Lynx. Sea-Doo have been very, very strong businesses for us in the last several years. We've gained market share in this business. We've grown the industry quite significantly in the personal watercraft. We believe that we are well positioned to continue to grow in these industries.

And we've also talked about new growth opportunities. Anne-Marie highlighted a few points. José talked about electrification. There's Project M as well, which we showcased yesterday and today. That's another driver of the \$9.5 billion of revenue.

How do we get to \$7.50 of EPS? Obviously, volume will be a big factor in this equation. So the Powersport growth and the Marine growth will be important drivers, but what Thomas covered as well just before I did in terms of lean value and delivering \$300 million of savings to the bottom line. So there's know-how that we have on technology usage that's going to bring savings. There's the modular approach. There's obviously cost savings as you double revenue on your side-by-side business. Well, obviously, you've got a lot more leverage with your suppliers. That's going to

bring savings. And also well the fact that you're doubling your side-by-side business, I know some people in marketing might ask for double their budget, but we'll be diligent in managing that. And so we'll be getting, obviously, operating leverage coming from that.

And my last slide for you this morning is our capital allocation priorities. Our #1 priority is fueling the growth. That's been the strategy over the last 5 years, and we've been successful at it. So it's going to be delivering and funding our SSV and 3-wheel ambitions, transforming the marine industry, maintain the leadership position in our Seasonal Products business. They are very, very good businesses for us and for our dealers. And so we want to protect that leadership position and even take more share. And lastly is get BRP ready for post-2025. We have a long-term view in this mission, but we even have a long-term view as to how we manage this business. And so we want to be ready for the next wave of growth post the next mission.

And secondly, obviously, we've had a good trend in returning capital to shareholders. Our objective is to continue to do that. So we'll continue paying our quarterly dividend as we do and opportunistically execute share buybacks when the time is right. I think we've executed them quite well in the last few years, and we're going to maintain that track record.

Last question, we got one question this morning on it, but I'll just close on this. CapEx investments, we used -- we saw an increase in the last few years in the level of CapEx investments that we've made. We can't starve growth. You need CapEx to fund growth. And therefore, we're going to continue investing in CapEx material amounts. We talked about potentially a new side-by-side plant. We're talking about investing in new products. Well, that's going to require CapEx, and therefore, our CapEx investment will be sustained for the near future. You can expect that.

And so that closes the financial section. I will take any questions from the room.

QUESTIONS AND ANSWERS

Benoit Poirier - *Desjardins Securities Inc., Research Division - VP and Industrials, Transportation, Aerospace, Industrial Products & Special Situation Analyst*

Yes, Sebastien, you've talked about the revenue expectation, EPS expectation, the share buyback. But could you talk a little bit about the assumption from a margin standpoint? And also, in terms of CapEx, whether you're looking in terms of percentage of overall revenues? Which is a good proxy or things to monitor?

Sebastien Martel - *BRP Inc. - CFO*

Yes. On the margin improvement, obviously, yes, this plan calls for margin improvement. The \$300 million, we'll call it, on a \$9.5 billion of revenue. It's almost a 300 basis point improvement in margin. And so that's what we're driving for. The good news is we have a bottom-up. We have the governance. We have -- which elements to target. And so our plan calls for important margin improvement. On the CapEx, what I can say, Benoit, is that will be over the \$400 million threshold mark in the next few years.

Unidentified Participant

Maybe just on the \$300 million and 300 basis points, the \$750 million of earnings looks more like 100 basis points of margin improvement. So what are the offsetting investments that you plan to make?

Sebastien Martel - *BRP Inc. - CFO*

Well, there's -- obviously, as we talk about investments in CapEx, so I'm expecting depreciation expense to creep up. And that's going to be a headwind, the major headwind in our margin improvement. And so in order to offset that, that's why we need to target the 300 basis points of improvement.



Unidentified Participant

How do you think about the stock price level in your share buyback determinations?

Sebastien Martel - BRP Inc. - CFO

Well, as we've said, we're going to look at executing buybacks opportunistically. Obviously, we run every quarter our intrinsic value models to see where the potential intrinsic value of the stock is and where the stock is currently trading and whether or not buying back stock at the relative price is worth it. Obviously, where the stock has been trading lately, it's been a good deal to buy back stock. Multiples are quite attractive for us to buy the stock, even for investors to buy stock. And so that's why we've executed. And so on a quarterly basis and through discussions with our Board, we will be assessing market conditions.

Unidentified Participant

I think in the past, you've talked about potentially -- or earlier this year, you've talked about the potential other acquisition in the Marine business. Do the targets -- the 5-year targets today include the contribution from another Marine acquisition?

Sebastien Martel - BRP Inc. - CFO

There are no acquisitions built in the model. And today, we're happy with the 3 assets that we have, the 2 North American assets and the Australian asset. And so now it's part of our -- the story is about building out the dealer network, preparing the network for Ghost and delivering Ghost to the market. We believe that with what we have today, we're well positioned. That being said, if an opportunity were to happen, would we look at it? Yes. Could we consider it? Yes. But in our plan, we don't believe that we need another acquisition.

Unidentified Participant

(inaudible)

Sebastien Martel - BRP Inc. - CFO

No change.

Unidentified Participant

On the return of capital, how should we think about, I guess, dividend growth and payout ratio?

Sebastien Martel - BRP Inc. - CFO

We -- in the last -- if you look at our trend in the last few years, we've increased the dividend by \$0.01 every year. As the business continues to grow, it would be normal for us to increase that payout. We have no specific targets in terms of -- as a percentage of EPS or a percentage of net income. We do believe that some investors like to have a dividend, and it makes our stock more attractive to a larger base of investors. But our priority is fueling the growth. And so that's something we won't compromise on.

Thank you. With this, I'll turn it over for -- to José for our final words.

José Boisjoli - BRP Inc. - President, CEO & Chairman

Then in closing, a few remarks. This morning, very excited with the closing of Challenge 2020, but also the new 5-year plan. And I just want you again and I will repeat myself that you realize that over the last 4 years, we've set a solid foundation that make BRP a stronger company, and that position us to continue to grow our growth trajectory.

We have an aggressive plan, but we believe bringing Can-Am to \$5 billion is feasible. Bringing Marine product to \$1 billion-plus is feasible. And with all the other business, we can continue some growth with Sea-Doo, Ski-Doo ATVs.

Our team is focused delivering best-in-class consumer experience and exploring new business' avenue. We have a clear road map to deliver \$300 million of lean value by fiscal year '25 and improve our margin. And we have 13,000 talented and dedicated people in 26 country that are eager to continue to be successful.

And we have a solid foundation and a robust plan to continue our growth trajectory and to generate shareholder for -- generate value for our shareholders.

Now if you are an investor, you need to decide if you invest in powersports in our type of industry. But if you decide to move in the powersports industry and to invest in that business, we believe we are the best OEM in the industry to grow value. We're biased, obviously, but we believe that we're the best OEM in the industry to create value for you, the shareholders.

If you are analysts in this room, you are expert into the industry. You see many presentation like this. I hope you can feel that we have a solid plan. It's a bottom-up -- it's a target, but at the same time, we have a bottom-up plan. And I hope, and that was the intention to bring the management team yesterday here to mingle with the old management team, even if they don't present to give you a sense that we have a very, very strong team.

Then we're very, very excited by this new M25 mission. This is the company's framework and one -- sorry, in November, we started our discussion about the next 5-year plan, and we did invite in Montréal, the CEO of a U.S. company, who grew his company from \$5 billion to \$12 billion over 7 years. And he explained to us the pain to do this. He explained to us also the reward. And at the end of the day, we are all committed to deliver this plan, and we are ready for the challenge, because like Thomas said in his presentation, we like competition, and we like to win. And the people in the room here and the 13,000 people around the world are ready for the challenge, for the reward and also the accomplishment that will come with it.

Then that closes our presentation this morning. I hope you enjoyed it as much as the ride yesterday, not sure. But open up for any other closing question, if you have any. Benoit?

Benoit Poirier - Desjardins Securities Inc., Research Division - VP and Industrials, Transportation, Aerospace, Industrial Products & Special Situation Analyst

Just a quick. If we look at this path towards \$9.5 billion in revenue, you have new growth opportunities set out for (inaudible) can you talk a little bit whether it will (inaudible) product line.

José Boisjoli - BRP Inc. - President, CEO & Chairman

No, we will -- I mean, obviously, electrification of our product could be one of -- our new product could be one. Also, we're exploring all the time a new type of product line. We don't believe it will be a significant number within the next 5 years, but it's something that is part of our thinking.

Sebastien Martel - BRP Inc. - CFO

And Project M is also in there?

José Boisjoli - BRP Inc. - President, CEO & Chairman

Yes.

Unidentified Participant

So there is room.

José Boisjoli - BRP Inc. - President, CEO & Chairman

Yes.

Sebastien Martel - BRP Inc. - CFO

As we talked, this flexibility as to how we brand this product going forward, so that's why we put it in the growth.

José Boisjoli - BRP Inc. - President, CEO & Chairman

Yes, that's fair.

Unidentified Participant

(inaudible)

Sebastien Martel - BRP Inc. - CFO

No, not in the bridge.

José Boisjoli - BRP Inc. - President, CEO & Chairman

Thank you very much for coming in Florida, and have a good trip home.



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