

MALIBU BOATS INC.

First Quarter 2016 Earnings Results

November 3, 2015

Safe Harbor Statement

Statements in this presentation that are not purely historical, including statements regarding Malibu Boats, Inc.'s ("Malibu Boats") intentions, hopes, beliefs, expectations, representations, projections, estimates, plans or predictions of the future are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements can be identified by such words and phrases as "believes," "anticipates," "expects," "intends," "estimates," "may," "should," "continue," and similar expressions, comparable terminology or the negative thereof.

The forward-looking statements involve risks and uncertainties including, but not limited to, the risk that Malibu Boats will not be able to grow its market share in the performance sport boat industry, successfully introduce new products, meet its full-year outlook targets and obtain its expected results from the acquisition of its Australian licensee. It is important to note that Malibu Boats' actual results could differ materially from those in any such forward-looking statements. Factors that could cause actual results to differ materially include, but are not limited to, general economic conditions, demand for Malibu Boats' products, changes in consumer preferences, competition within our industry, reliance on a network of independent dealers, Malibu Boats' ability to manage its manufacturing levels and large fixed cost base, the successful introduction of new products and other factors. Many of these risks and uncertainties are outside Malibu Boats' control, and there may be other risks and uncertainties which Malibu Boats does not currently anticipate because they relate to events and depend on circumstances that may or may not occur in the future. Malibu Boats' business could be affected by a number of other factors, including the risk factors listed from time to time in Malibu Boats' SEC reports including, but not limited to, the Annual Report on Form 10-K for the year ended June 30, 2015. Malibu Boats can give no assurance that its expectations will be achieved. Malibu Boats cautions investors not to place undue reliance on the forward-looking statements contained in this presentation. Malibu Boats disclaims any obligation, and does not undertake to update or revise any forward-looking statements in this presentation. Comparison of results for current and prior periods are not intended to express any future trends or indications of future performance, unless expressed as such, and should only be viewed as historical data.

Use and Definition of Non-GAAP Financial Measures

This presentation includes the following financial measures defined as non-GAAP financial measures by the SEC: Adjusted EBITDA and Adjusted Fully Distributed Net Income. These measures have limitations as analytical tools and should not be considered as an alternative to, or more meaningful than, net income as determined in accordance with GAAP or as an indicator of our liquidity. Our presentation of these non-GAAP financial measures should also not be construed as an inference that our results will be unaffected by unusual or non-recurring items. Our computations of these non-GAAP financial measures may not be comparable to other similarly titled measures of other companies.

We define Adjusted EBITDA as earnings (loss) before interest expense, income taxes, depreciation, amortization and non-cash, non-recurring and non-operating expenses, including management fees and expenses, certain professional fees and litigation related settlement expenses, acquisition and integration related expenses, non-cash compensation expense and offering related expenses. Management believes Adjusted EBITDA is useful because it allows management to evaluate our operating performance and compare the results of our operations from period to period and against our peers without regard to our financing methods, capital structure and non-recurring and non-operating expenses. We exclude the items listed above from net income in arriving at Adjusted EBITDA because these amounts can vary substantially from company to company within our industry depending upon accounting methods and book values of assets, capital structures, the methods by which assets were acquired and other factors.

We define Adjusted Fully Distributed Net Income ("AFDNI") as net income attributable to Malibu (i) excluding income tax expense, (ii) excluding the effect of non-recurring and non-cash items, (iii) assuming the exchange of all Units ("LLC Units") of Malibu Boats Holdings, LLC (the "LLC") into shares of Class A common stock, which results in the elimination of noncontrolling interest in the LLC, and (iv) reflecting an adjustment for income tax expense on fully distributed net income before income taxes (assuming no income attributable to non-controlling interests) at our estimated effective income tax rate. Adjusted Fully Distributed Net Income is a non-GAAP financial measure because it represents net income (loss) attributable to Malibu Boats, Inc., before non-recurring or non-cash items and the effects of noncontrolling interests in the LLC. We use Adjusted Fully Distributed Net Income to facilitate a comparison of our operating performance on a consistent basis from period to period that, when viewed in combination with our results prepared in accordance with GAAP, provides a more complete understanding of factors and trends affecting our business than GAAP measures alone. We believe Adjusted Fully Distributed Net Income assists our board of directors, management and investors in comparing our net income (loss) on a consistent basis from period to period because it removes non-cash and non-recurring items, and eliminates the variability of noncontrolling interest as a result of member owner exchanges of LLC Units into shares of Class A Common Stock.

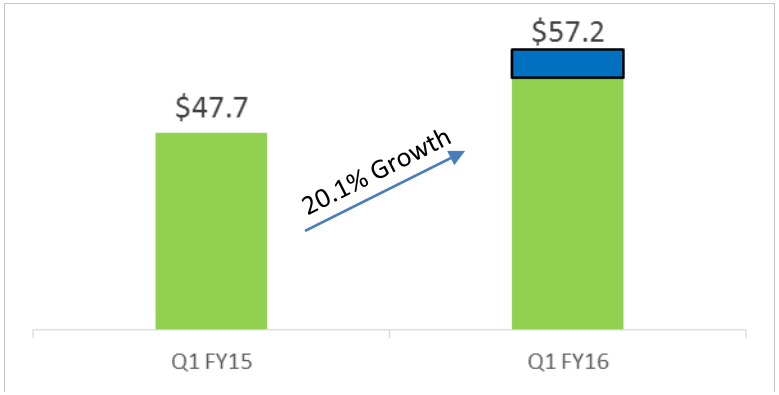
A reconciliation of our net income (loss) as determined in accordance with GAAP to Adjusted EBITDA, and of our net income (loss) attributable to Malibu Boats, Inc. to Adjusted Fully Distributed Net Income is provided in the appendix to these slides.


Jack Springer
Chief Executive Officer
MALIBU BOATS INC.

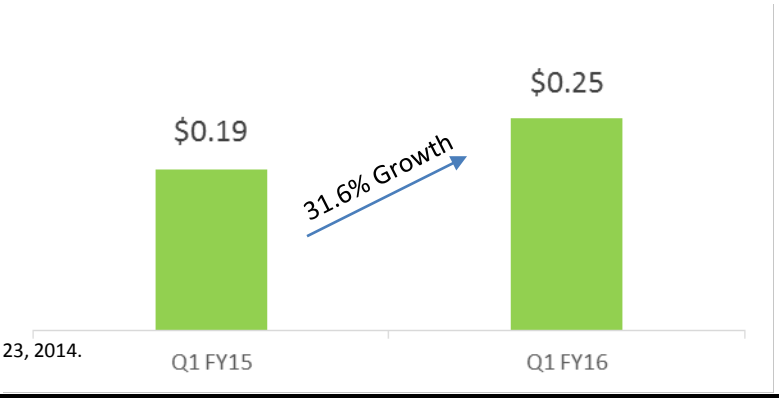
Quarter Commentary

- Record 1st quarter net sales, gross profit, Adjusted EBITDA, and AFDNI
  - Sales are up approximately 20.1% year-over-year
- Net sales per unit decreased 2%
  - 2% increase in US
  - Offset by Australia impact
- Continued strong profit growth

Net Sales(1)



AFDNI(2)



(1) The blue section of the graph represents incremental results from our Australian Licensee acquired on October 23, 2014.

(2) See Appendix for a reconciliation of Net Income (Loss) to Adjusted Fully Distributed Net Income.

Market Commentary

- Retail Momentum
  - High single digit domestic registration YTD
  - International weakness
- Dealer inventory levels are healthy
  - Estimated inventory up a couple weeks over prior year
  - Continued healthy turns consistent with the industry
- Consistent market share leadership

Domestic Market Growth (1)

YTD CY2015 - ~9%

Market Share (1)

CY2015 expectation flat to down slightly

Believe new product pipeline positions us well for future gains

1. Source: Statistical Surveys, Inc. (“SSI”).

Key Takeaways

- Boating industry still in recovery and performance boat segment has grown at a slower pace in CY2015 than the past three years
- International challenges continue due to currency headwinds
- MY2016 Product – Malibu Focus
  - New Models including the all-new 25 LSV, 20 VTX and more to come…
  - New and updated features – Rider control with Surf Band for Surf Gate, premium interior, new windshields and backup camera
- Operational Execution
  - Malibu continues to be the best operator, as proven by metrics, by far
  - Smooth start to trailer vertical integration and margin potential
  - Operations benefiting from our recent investments in facilities

MALIBU BOATS – EARNINGS RELEASE

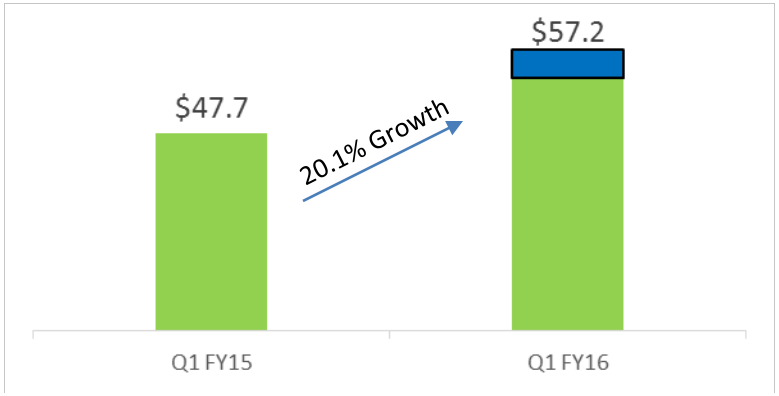


Wayne Wilson
Chief Financial Officer
MALIBU BOATS INC.

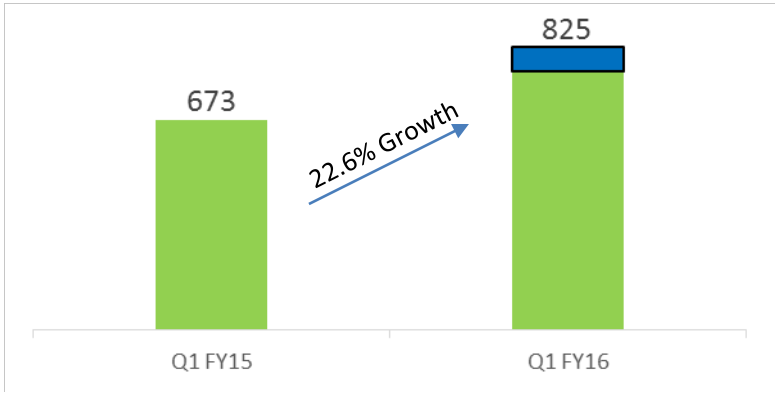
+ 19 BOAT OF THE YEAR & 31 PRODUCT EXCELLENCE AWARDS + 19 BOAT OF THE YEAR & 31 PRODUCT EXCELLENCE AWA

1st Quarter Fiscal 2016 Comparable Results

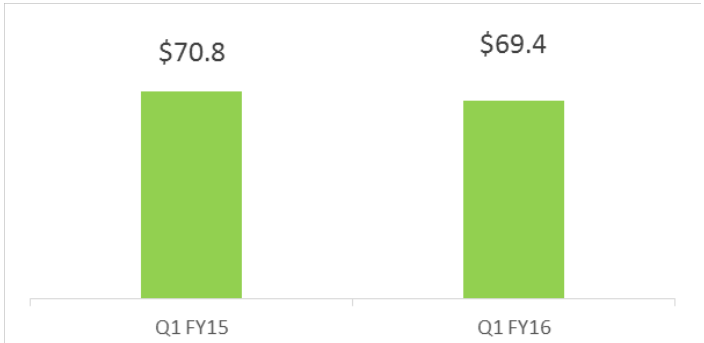
Net Sales (1)



Volume (1)



Net Sales per Unit



Net Sale per Unit Components

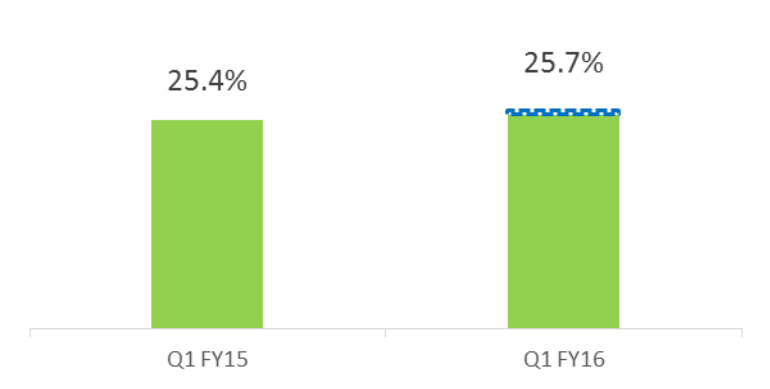
- Year-over-year price increases
- Higher optional feature selection
- Mix shift to Axis
- Australia drag (2.0% increase ex. Australia)

(1) The blue section of the graph represents incremental results from our Australian Licensee acquired on October 23, 2014.

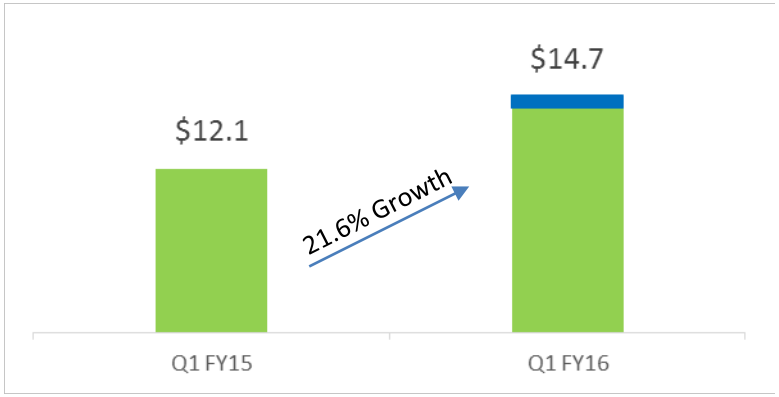
CONTINUED GROWTH…

1st Quarter Fiscal 2016 Comparable Results

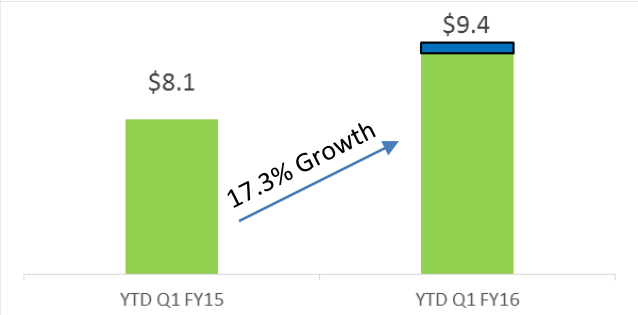
Gross Profit(1)



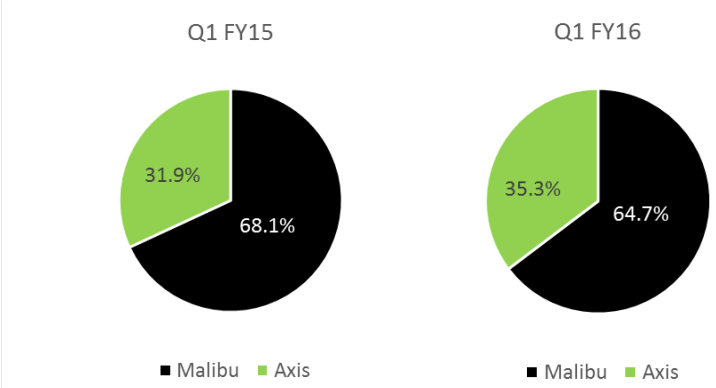
Gross Margin(2)



EBITDA(3)



Mix Comparison



(1) The dotted section of the graph represents detrimental impact from our Australian Licensee acquired on October 23, 2014.
(2) The blue section of the graph represents incremental results from our Australian Licensee acquired on October 23, 2014.
(3) See Appendix for a reconciliation of Non-GAAP Adjusted EBITDA to Net Income (Loss).

…AND PERFORMANCE

+ THE TRUTH IS ON THE WATER + THE TRUTH IS ON THE WATER + THE TRUTH IS ON THE WATER + THE TRUTH IS ON

Full Year Outlook

Metric	Target
Unit Volume	Mid to high single digit
Mix	Axis % flat Y/Y
Net Sales per Unit	Low single digits
Gross Margin	Modest margin expansion
Legal Expenses	$1-1.5 million
Adjusted EBITDA Margin	Modest margin expansion Substantially more growth H2

APPENDIX



+ 60,000+ BOATS ON THE WATER—AND COUNTING + 60,000+ BOATS ON THE WATER—AND COUNTING + 60,000+ BOATS

Reconciliation of Net Income to Non-GAAP Adjusted EBITDA and Adjusted EBITDA Margin (Unaudited):

The following table sets forth a reconciliation of net income as determined in accordance with GAAP to Adjusted EBITDA and Adjusted EBITDA Margin for the periods indicated (dollars in thousands):

	Three Months Ended September 30,	
	2015	2014
Net income	$ 3,980	$ 2,389
Provision for income taxes	1,986	907
Interest expense	1,316	9
Depreciation	775	543
Amortization	547	724
Professional fees [1]	170	2,551
Acquisition and integration related expenses [2]	330	397
Stock based compensation expense [3]	340	487
Offering related expenses [4]	—	44
Adjusted EBITDA	$ 9,444	$ 8,051
Adjusted EBITDA margin	16.5%	16.9%

Reconciliation of Net Income (loss) to Non-GAAP Adjusted EBITDA and Adjusted EBITDA Margin (Unaudited):

(1) Represents legal and advisory fees related to our intellectual property litigation with Pacific Coast Marine Windshields Ltd., Nautique Boat Company, Inc., and MasterCraft Boat Company, LLC.
(2) Represents legal and advisory fees as well as integration related costs incurred in connection with ongoing and completed acquisition activities, including our acquisition of Malibu Boats Pty. Ltd. completed on October 23, 2014.
(3) Represents equity-based incentives awarded to certain of our employees under the Malibu Boats, Inc. Long-Term Incentive Plan and profit interests issued under the previously existing limited liability company agreement of the LLC.
(4) For the three months ended September 30, 2014, this represents legal, accounting and other expenses directly related to our follow-on offering that closed on July 15, 2014. There were no such offerings for the three months ended September 30, 2015.

Reconciliation of Non-GAAP Adjusted Fully Distributed Net Income (Unaudited):

The following table sets forth a reconciliation of net income attributable to Malibu Boats, Inc. stockholders to Adjusted Fully Distributed Net Income for the periods presented (dollars in thousands, except per share data):

	Three Months Ended September 30,	
	2015	2014
Net income attributable to Malibu Boats, Inc.	$ 3,558	$ 1,380
Income Tax Provision	1,986	907
Professional fees [1]	170	2,551
Acquisition and integration related expenses [2]	330	397
Fair market value adjustment for interest rate swap [3]	557	—
Stock based compensation expense [4]	340	487
Offering related expenses [5]	—	44
Net income attributable to non-controlling interest [6]	422	1,009
Fully distributed net income before income taxes	7,363	6,775
Income tax expense on fully distributed income before income taxes [7]	2,614	2,439
Adjusted Fully Distributed net income	$ 4,749	$ 4,336
Adjusted Fully Distributed Net Income per share of Class A Common Stock [8]:		
Basic	$ 0.25	$ 0.19
Diluted	$ 0.25	$ 0.19
Weighted average shares of Class A Common Stock outstanding used in computing Adjusted Fully Distributed Net Income [9]:		
Basic	19,348,424	22,502,031
Diluted	19,348,424	22,502,031

Reconciliation of Non-GAAP Adjusted Fully Distributed Net Income (Unaudited):

(1) Represents legal and advisory fees related to our intellectual property litigation with Pacific Coast Marine Windshields Ltd., Nautique Boat Company, Inc., and MasterCraft Boat Company, LLC.
(2) Represents legal and advisory fees as well as integration related costs incurred in connection with ongoing and completed acquisition activities, including our acquisition of Malibu Boats Pty. Ltd. completed on October 23, 2014.
(3) Represents the loss on the change in the fair value of our interest rate swap entered into on July 1, 2015.
(4) Represents equity-based incentives awarded to certain of our employees under the Malibu Boats, Inc. Long-Term Incentive Plan and profit interests issued under the previously existing limited liability company agreement of the LLC.
(5) For the three months ended September 30, 2014, this represents legal, accounting and other expenses directly related to our followon offering that closed on July 15, 2014. There were no such offerings for the three months ended September 30, 2015.
(6) Reflects the elimination of the non-controlling interest in the LLC as if all LLC members had fully exchanged their LLC Units for shares of Class A Common Stock.
(7) Reflects income tax expense at an estimated normalized annual effective income tax rate of 35.5% and 36.0% of income before income taxes for the three months ended September 30, 2015 and 2014, respectively, assuming the conversion of all LLC Units into shares of Class A Common Stock and the tax impact of excluding offering related expenses. The estimated normalized annual effective income tax rate is based on the federal statutory rate plus a blended state rate adjusted for deductions under Section 199 of the Internal Revenue Code of 1986, as amended, state taxes attributable to the LLC, and foreign income taxes attributable to our Australian based subsidiary.
(8) Adjusted fully distributed net income divided by the shares of Class A Common Stock outstanding in (9) below.
(9) Represents the weighted average shares outstanding during the applicable period calculated as (i) the weighted average shares outstanding during the applicable period of Class A Common Stock, (ii) the weighted average shares outstanding of LLC Units held by non-controlling interests assuming they were exchanged into Class A Common Stock on a one-for-one basis and (iii) the weighted average fully vested restricted stock units outstanding during the applicable period that were convertible into Class A Common Stock and granted to directors for their services. For the three months ended September 30, 2015 we had 17,882,085 shares of Class A Common Stock outstanding, 1,404,923 remaining LLC Units not held by the Company outstanding and 73,374 fully vested restricted stock units outstanding. For the three months ended September 30, 2014, we had 15,436,944 shares of Class A Common Stock outstanding, 7,001,844 remaining LLC Units not held by the Company, and the 63,243 fully vested stock units outstanding.