

Malibu Boats, Inc.
Second Quarter 2016
Earnings Results
February 3rd, 2016






Safe Harbor Statement



This presentation includes “forward-looking statements,” within the meaning of the U.S. Securities Act of 1933, as amended and the U.S. Securities Act of 1934, as amended. All statements in this presentation that are not purely historical, including, without limitation, 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 are not based on historical information and include, without limitation, statements regarding our future financial condition and results of operations, business strategy and plans and objectives of management for future operations. 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.

All 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 it’s 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. These risks, assumptions and uncertainties are not necessarily all of the important factors that could cause actual results to differ materially from those expressed in any of our forward-looking statements. 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. All forward-looking statements that we have included in this presentation are based on information available to us on the date of 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, adjusted EBITDA Margin 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 or non-operating expenses, including certain professional fees and acquisition and integration related expenses, non-cash compensation expense and offering related expenses. We define Adjusted EBITDA Margin as Adjusted EBITDA divided by net sales. Management believes Adjusted EBITDA and Adjusted EBITDA Margin are useful because they allow 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 or 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 Boats, Inc. (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. AFDNI 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 AFDNI 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 AFDNI 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 or 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 Adjusted EBITDA Margin and of our net income (loss) attributable to Malibu Boats, Inc. to AFDNI is provided in the appendix to these slides.

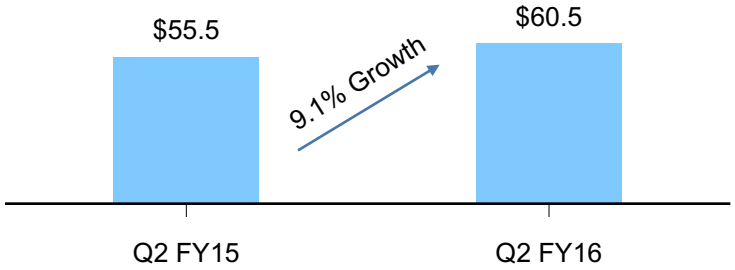

Jack Springer
Chief Executive Officer
MALIBU BOATS, INC.
Malibu
BOATS

Quarter Commentary

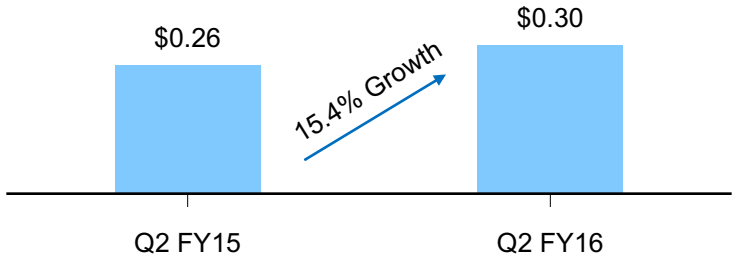


- Record 2nd quarter net sales, gross profit, Adjusted EBITDA, and AFDNI per share
  - Sales are up 9.1% year-over-year
- Net sales per unit increased 6.5%
  - 7.5% increase in the US
  - Driven by mix
- Gross profit increased 12.1% and gross margin is 26.2%

Net Sales



AFDNI Per Share(1)



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

Market Commentary



- Retail Momentum
  - US boat show orders tracking higher than last year
  - International weakness

- Dealer inventory levels are healthy
  - Estimated inventory up minimally over prior year
  - Continued healthy turns consistent with the industry

- Consistent market share leadership

Domestic Market Growth[1]

YTD CY2015 - ~10%

Market Share[1]

CY2015 expectation flat to down slightly

Believe new product pipeline positions us well for future gains, strong Q4

1. Source: Statistical Surveys, Inc. ("SSI").

Key Takeaways



- US boating industry still in recovery and continues to show growth
- International challenges continue due to currency headwinds
- Monitoring of macroeconomic factors such as foreign markets, stock market volatility and oil prices that add uncertainty to the picture
- MY2016 Product – Continued Momentum
  - New Models including the Axis A20 and Malibu 25 LSV, 20 VTX, and the ultra premium M235 all performed at or above expectations
  - New and updated features – backup camera, steering wheel controls and power driver's seat have all been received well
  - Integrated surf system with Surf Band and hydraulic Surf Gate and power wedge continue to provide a competitive advantage
- Trailer vertical integration continues to have a positive impact on margins and provides great value for our dealers and customers

Wayne Wilson

Chief Financial Officer

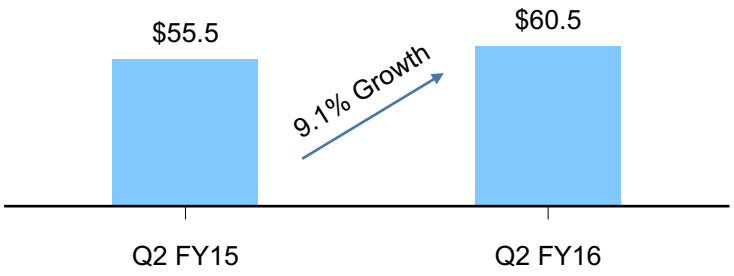
MALIBU BOATS, INC.



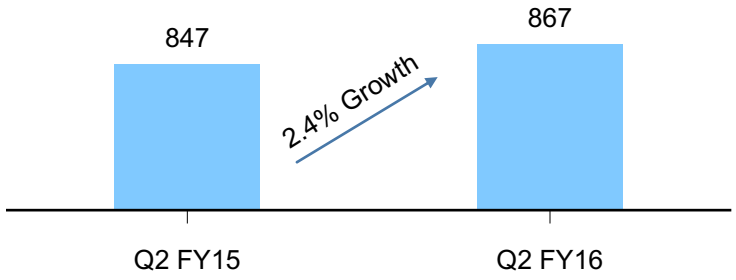
2nd Quarter Fiscal 2016 Comparable Results



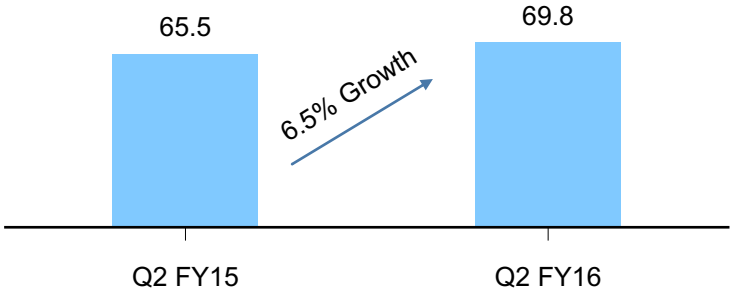
Net Sales



Volume



Net Sales Per Unit



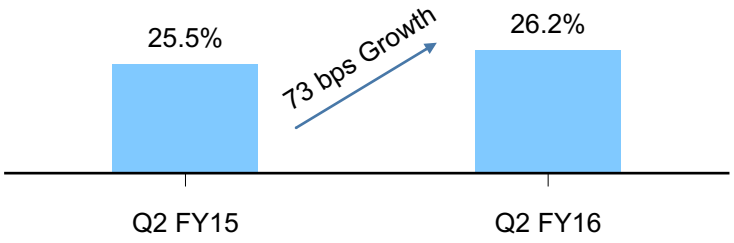
Net Sales per Unit Components

- Year-over-year price increases
- Mix of larger models
- Higher optional feature selection
- Trailer impact

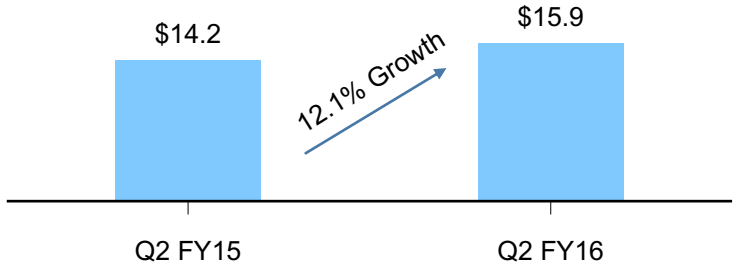
2nd Quarter Fiscal 2016 Comparable Results



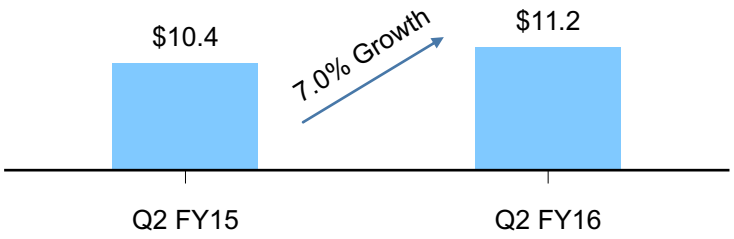
Gross Profit



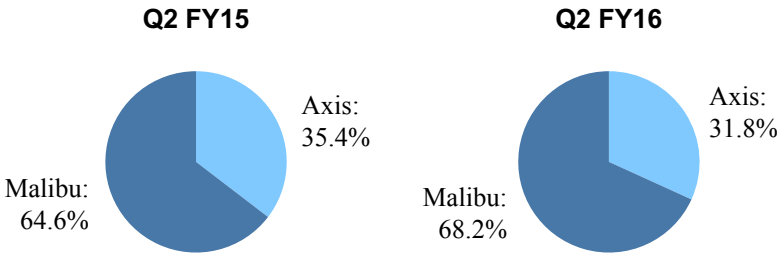
Gross Margin



EBITDA(1)

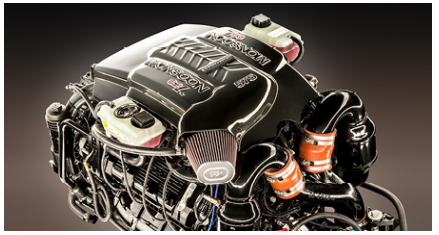


Mix Comparison



1. See Appendix for a reconciliation of Non-GAAP Adjusted EBITDA to Net Income (Loss).

Full Year Outlook



Metric	Target
Unit Volume	Mid to high single digit
Mix	Axis % up slightly Y/Y
Net Sales per Unit	Low-mid single digits
Gross Margin	Increase slightly Y/Y
Legal Expenses	$1-1.5 million
Adjusted EBITDA Margin	Modest margin expansion Substantially more growth H2
Capital Expenditures	~$6 million

Appendix



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 December 31,		Six Months Ended December 31,	
	2015	2014	2015	2014
Net income	$ 5,718	$ 5,576	$ 9,698	$ 7,965
Provision for income taxes	2,916	1,275	4,902	2,182
Interest expense	362	147	1,678	156
Depreciation	841	626	1,616	1,169
Amortization	545	595	1,092	1,319
Professional fees [1]	48	925	218	3,476
Acquisition and integration related expenses [2]	71	903	401	1,300
Stock based compensation expense [3]	665	330	1,005	817
Offering related expenses [4]	—	56	—	100
Adjusted EBITDA	$ 11,166	$ 10,433	$ 20,610	$ 18,484
Adjusted EBITDA Margin	18.5%	18.8%	17.5%	17.9%

Reconciliation of Net Income 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 key 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 and six months ended December 31, 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 and six months ended December 31, 2015.

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



	Three Months Ended December 31,		Six Months Ended December 31, 2015	
	2015	2014	2015	2014
Net income attributable to Malibu Boats, Inc.	$ 5,104	$ 3,264	$ 8,662	$ 4,643
Provision for income taxes	2,916	1,275	4,902	2,182
Professional fees [1]	48	925	218	3,476
Acquisition and integration related expenses [2]	71	903	401	1,300
Fair market value adjustment for interest rate swap [3]	(382)	—	175	—
Stock based compensation expense [4]	665	330	1,005	817
Offering related expenses [5]	—	56	—	100
Net income attributable to non-controlling interest [6]	614	2,312	1,036	3,322
Fully distributed net income before income taxes	9,036	9,065	16,399	15,840
Income tax expense on fully distributed income before income taxes [7]	3,208	3,218	5,822	5,623
Adjusted fully distributed net income	$ 5,828	$ 5,847	$ 10,577	$ 10,217
Adjusted Fully Distributed Net Income per share of Class A Common Stock [8]:				
Basic	$ 0.30	$ 0.26	$ 0.55	$ 0.45
Diluted	$ 0.30	$ 0.26	$ 0.55	$ 0.45
Weighted average shares of Class A Common Stock outstanding used in computing Adjusted Fully Distributed Net Income [9]:				
Basic	19,391,440	22,628,376	19,372,675	22,548,728
Diluted	19,391,440	22,628,376	19,372,675	22,548,728

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 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 and six months ended December 31, 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 and six months ended December 31, 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% of income before income taxes for the three and six months ended December 31, 2015 and 2014, 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.