

Malibu Boats, Inc.

Fourth Quarter 2016 Earnings Results

September 7th, 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 Exchange 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 we will not be able to grow our market share in the performance sport boat industry, successfully introduce new products, meet our outlook targets. It is important to note that our 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 industry, economic and business conditions, demand for our products, changes in consumer preferences, competition within our industry, reliance on a network of independent dealers, Our 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 our control, and there may be other risks and uncertainties which we do not currently anticipate because they relate to events and depend on circumstances that may or may not occur in the future. Our business could be affected by a number of other factors, including the risk factors listed from time to time in our SEC reports including, but not limited to, the Annual Report on Form 10-K for the year ended June 30, 2016. 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. We 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. Adjusted EBITDA are significant components in understanding and assessing a company's financial performance, such as a company's cost of capital and tax structure, as well as the historical costs of depreciable assets. 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 before interest expense, income taxes, depreciation, amortization and non-cash, non-recurring or non-operating expenses, including management fees and expenses, certain professional fees, litigation related expenses, 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 or 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 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 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.

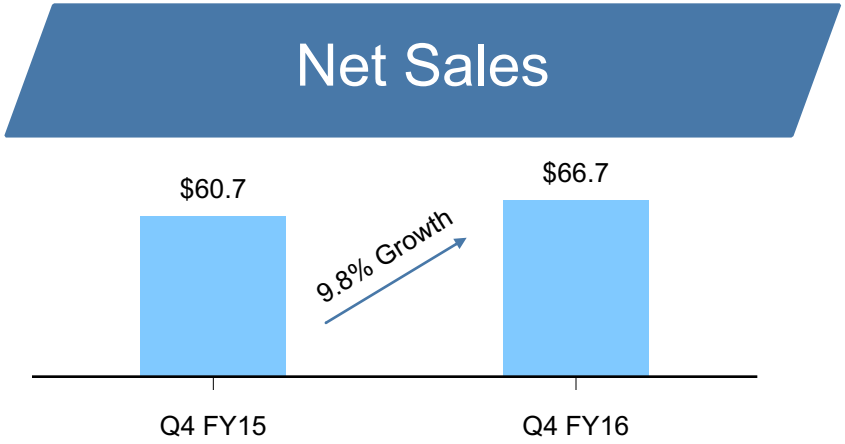
A reconciliation of our net income as determined in accordance with GAAP to Adjusted EBITDA and Adjusted EBITDA Margin and of our net income attributable to Malibu Boats, Inc. to AFDNI is provided in the appendix to these slides.

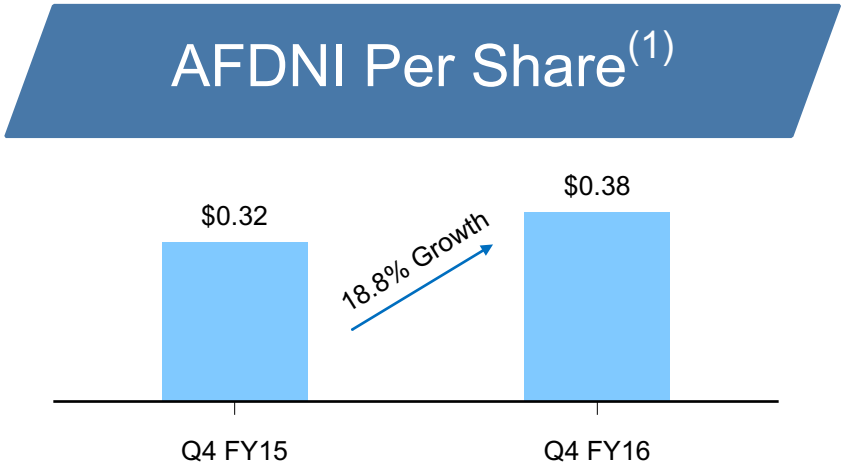

Jack Springer
Chief Executive Officer
MALIBU BOATS, INC.
Malibu
BOATS

Quarter Commentary



- Record 4th quarter net sales, gross profit, Adjusted EBITDA, and AFDNI per share
  - Net sales are up 9.8% year-over-year
- Net sales per unit increased 7.7%
  - Driven by price increases, mix and optional feature selection
- Gross profit increased 9.5% and gross margin is 26.7%





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

Market Commentary



- Retail Momentum
  - CY2016 shows healthy growth although below prior, double-digit years
  - Continued weakness in international markets
- Dealer inventory levels are expected to be near optimal
  - International and domestic unit counts down compared to prior year
- Expanding market share leadership for both Malibu and Axis

Domestic Market Growth(1)

CY2016 - Expect Mid-High Single Digit

Market Share(1)

CY2015 up slightly at 32%

CY2016 growing, driven by new MY2016 product

Leading market share in Premium, Entry and Total performance sport boats segments

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

Key Takeaways



- US boating industry is still in recovery and continues to show healthy growth although the rate has moderated, as expected, and on target from our last guidance
- International challenges persist due to currency headwinds and weakened foreign economies
- Continued monitoring of macroeconomic factors
- Product Providing Continued Momentum
  - We believe four new models every year is setting us up for success
  - Success of new Model Year 2016 product has been robust, leading to market share gains
  - New Model Year 2017 product line is targeted at the premium segment which is 2/3 of the total market volume
  - Axis model introductions through Model Year 2015 still showing strength and gaining share
- Operations continue to execute with high margins and strong performance per employee while increasing vertical integration

Wayne Wilson

Chief Financial Officer

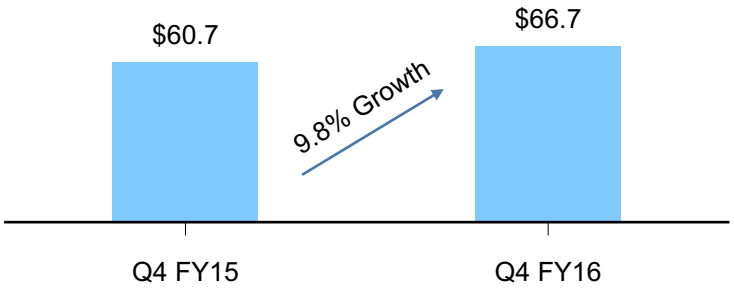
MALIBU BOATS, INC.



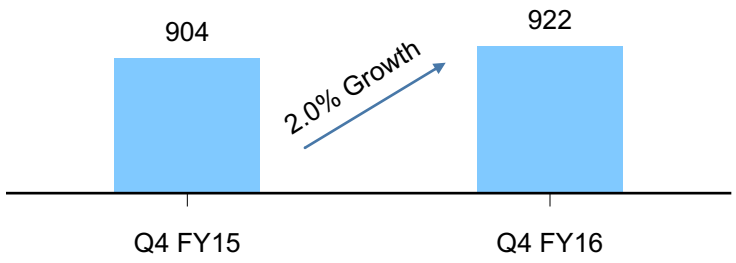
4th Quarter Fiscal 2016 Comparable Results



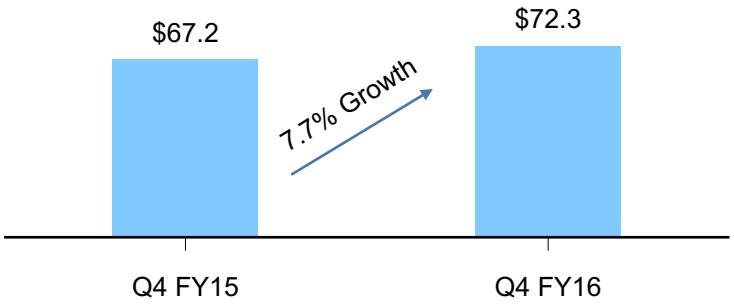
Net Sales



Volume



Net Sales Per Unit



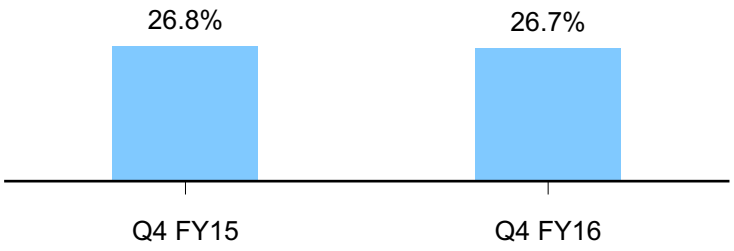
Net Sales per Unit Components

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

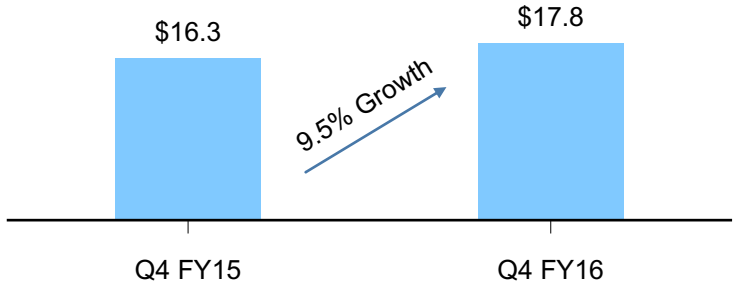
4th Quarter Fiscal 2016 Comparable Results



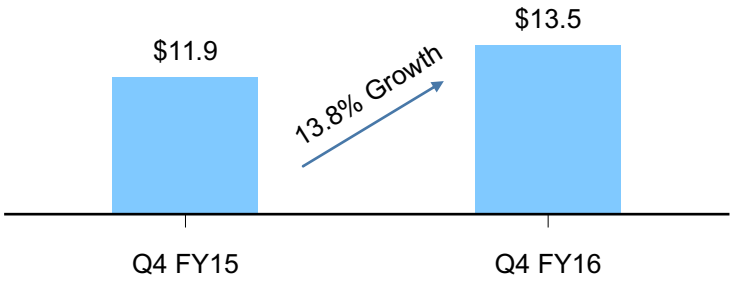
Gross Margin



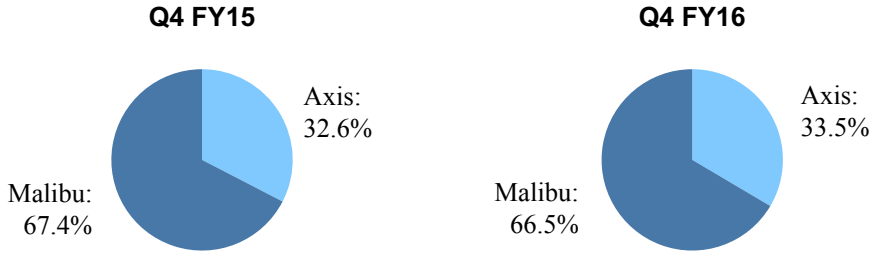
Gross Profit



Adjusted EBITDA(1)



Mix Comparison

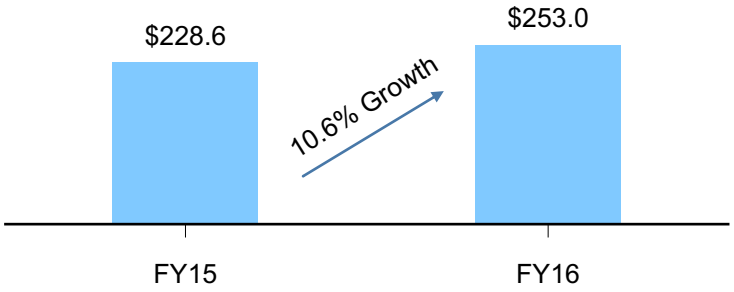


1. See Appendix for a reconciliation of Non-GAAP Adjusted EBITDA to Net Income.

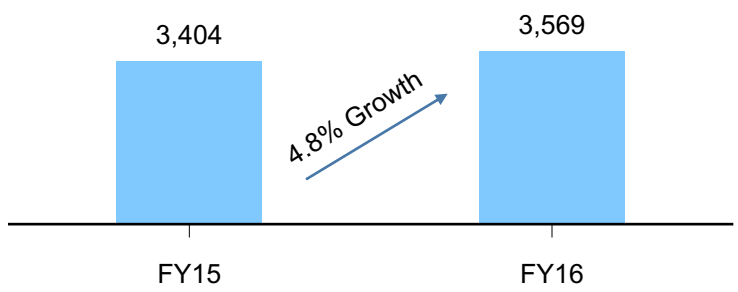
Fiscal Year 2016 Comparable Results



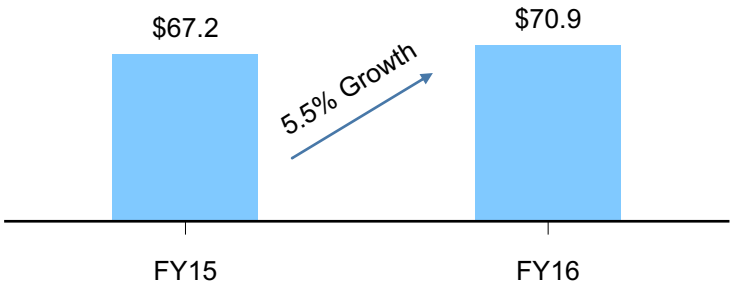
Net Sales



Volume



Net Sales Per Unit



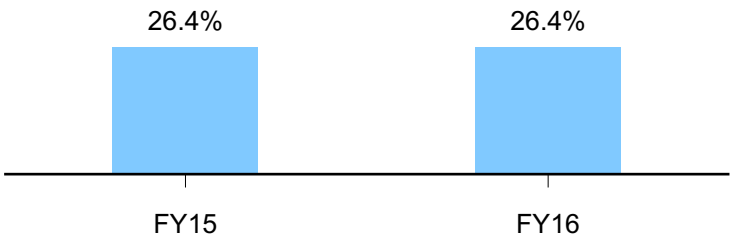
Net Sales per Unit Components

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

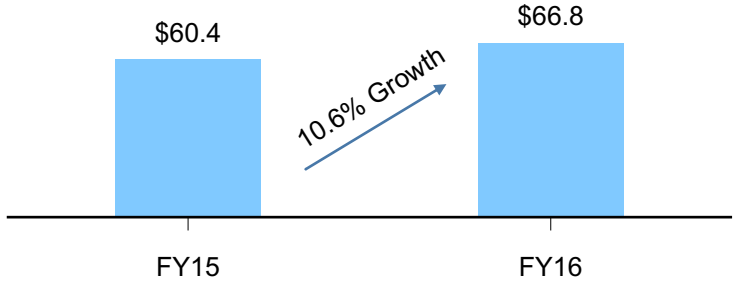
Fiscal Year 2016 Comparable Results



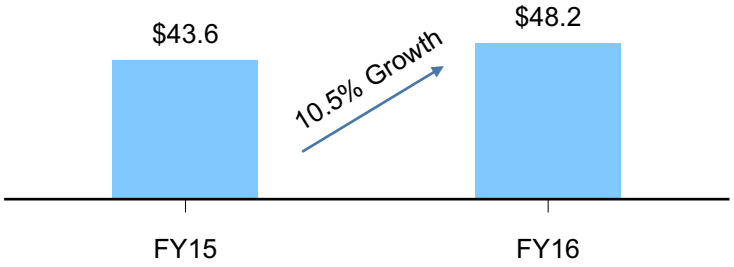
Gross Margin



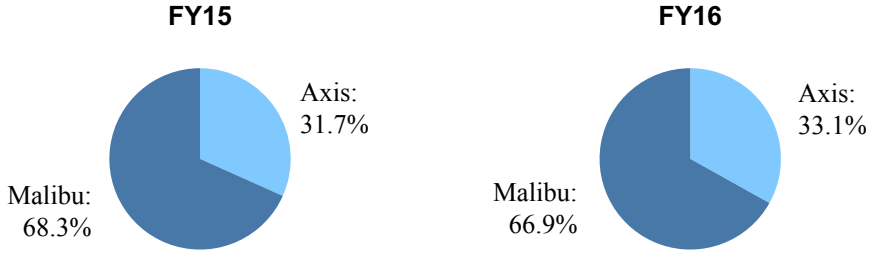
Gross Profit



Adjusted EBITDA(1)



Mix Comparison



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

FY17 Full Year Outlook



Metric	Target
Unit Volume	Approaching mid single digits
Mix	Malibu % up slightly Y/Y
Net Sales per Unit	Low single digits
Gross Margin	Up slightly Y/Y
Legal Expenses	~$2 million
Adjusted EBITDA Margin	Modest increase
Capital Expenditures	$8-9 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 June 30,		Fiscal Year Ended June 30,	
	2016	2015	2016	2015
Net income	$ 4,090	$ 7,575	$ 20,295	$ 23,183
Income tax provision	2,790	3,067	11,801	8,663
Interest expense	957	682	3,884	954
Depreciation	890	636	3,339	2,427
Amortization	548	551	2,185	2,463
Professional fees and Nautique litigation settlement [1]	489	(414)	1,111	2,654
Marine power litigation [2]	3,268	—	3,268	—
Acquisition and integration related expenses [3]	—	10	401	1,676
Stock-based compensation expense [4]	483	336	1,947	1,467
Offering related expenses [5]	—	(567)	—	161
Adjusted EBITDA	$ 13,515	$ 11,876	$ 48,231	$ 43,648
Adjusted EBITDA Margin	20.3%	19.6%	19.1%	19.1%

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



(1) Represents legal and advisory fees related to our refinancing activities and legal expenses associated with our litigation with Pacific Coast Marine Windshields, Ltd. ("PCMW") and Nautique Boat Company ("Nautique"), offset by the portion of the $2.3 million settlement received from Nautique for past infringement claims under the Nautique Settlement Agreement entered into on February 6, 2015.

(2) Represents a one-time charge related to a jury verdict rendered against us in connection with a lawsuit by Marine Power Holdings, LLC ("Marine Power"), a former engine supplier, on August 18, 2016.

(3) Represents legal and advisory fees as well as integration related costs incurred in connection with acquisition activities, including our acquisition of Malibu Boats Pty. Ltd. completed on October 23, 2014.

(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) Includes legal and advisory costs incurred in connection with our equity offerings and equity tender offer completed in fiscal year 2015. There were no such offerings for fiscal year 2016.

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. to Adjusted Fully Distributed Net Income for the periods presented (dollars in thousands, except per share data):

	Three Months Ended June 30,		Fiscal Year Ended June 30, 2016	
	2016	2015	2016	2015
Net income attributable to Malibu Boats, Inc.	$ 3,604	$ 5,652	$ 18,042	$ 14,661
Income tax provision	2,790	3,067	11,801	8,663
Professional fees and Nautique litigation settlement [1]	489	(414)	1,111	2,654
Marine Power litigation [2]	3,268	—	3,268	—
Acquisition and integration related expenses [3]	—	10	401	1,676
Fair value adjustment for interest rate swap [4]	178	—	863	—
Stock based compensation expense [5]	483	336	1,947	1,467
Offering related expenses [6]	—	(567)	—	161
Net income attributable to non-controlling interest [7]	486	1,923	2,253	8,522
Fully distributed net income before income taxes	11,298	10,007	39,686	37,804
Income tax expense on fully distributed income before income taxes [8]	4,011	3,552	14,089	13,420
Adjusted fully distributed net income	$ 7,287	$ 6,455	$ 25,597	$ 24,384
Adjusted Fully Distributed Net Income per share of Class A Common Stock [9]:				
Basic	$ 0.38	$ 0.32	$ 1.32	$ 1.11
Diluted	$ 0.38	$ 0.32	$ 1.32	$ 1.11
Weighted average shares of Class A Common Stock outstanding used in computing Adjusted Fully Distributed Net Income [10]:				
Basic	19,313,636	19,904,403	19,390,357	21,926,801
Diluted	19,313,636	19,904,403	19,390,357	21,926,801

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



(1) Represents legal and advisory fees related to our refinancing activities and legal expenses associated with our litigation with PCMW and Nautique, offset by the portion of the $2.3 million settlement received from Nautique for past infringement claims under the Nautique Settlement Agreement entered into on February 6, 2015.

(2) Represents a one-time charge related to a jury verdict rendered against us in connection with a lawsuit by Marine Power, a former engine supplier, on August 18, 2016.

(3) Represents legal and advisory fees as well as integration related costs incurred in connection with acquisition activities, including our acquisition of Malibu Boats Pty. Ltd. completed on October 23, 2014.

(4) Represents the change in the fair value of our interest rate swap entered into on July 1, 2015.

(5) 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.

(6) Includes legal and advisory costs incurred in connection with our equity offerings and equity tender offer completed in fiscal year 2015. There were no such offerings for fiscal year 2016.

(7) 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.

(8) Reflects income tax expense at an estimated normalized annual effective income tax rate of 35.5% for fourth quarters and fiscal years ended June 30, 2016 and 2015, 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, and foreign income taxes attributable to our Australian based subsidiary.

(9) Adjusted fully distributed net income divided by the shares of Class A Common Stock outstanding in (10) below.

(10) 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.