

Malibu Boats, Inc.
Second Quarter Fiscal 2017
Earnings Results
February 1, 2017

Safe Harbor Statement

This presentation includes forward-looking statements (as such term is defined in 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," "will," "should," "continue" and similar expressions, comparable terminology or the negative thereof, and includes the statement in this presentation regarding the expected demand and outlook for our product.

Forward-looking statements are subject to risks and uncertainties that could cause actual results to differ materially from those expressed or implied in the forward-looking statements, including, but not limited to: general industry, economic and business conditions, demand for our products, changes in consumer preferences, competition within our industry, our reliance on our network of independent dealers, our ability to manage our manufacturing levels and our large fixed cost base, the successful introduction of our new products, and other factors affecting us detailed from time to time in our filings with the Securities and Exchange Commission. 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. Although we believe that the expectations reflected in any forward-looking statements are based on reasonable assumptions at the time made, we can give no assurance that our expectations will be achieved. Undue reliance should not be placed on these forward-looking statements, which speak only as of the date hereof. We undertake no obligation (and we expressly disclaim any obligation) to update or supplement any forward-looking statements that may become untrue because of subsequent events, whether because of new information, future events, changes in assumptions or otherwise. 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 release 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. Certain items excluded from 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 certain professional fees, acquisition and integration related expenses, non-cash compensation expense and certain product development costs. We define Adjusted EBITDA Margin as Adjusted EBITDA divided by net sales. Adjusted EBITDA and Adjusted EBITDA Margin are not measures of net income as determined by GAAP. 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 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. Adjusted Fully Distributed Net Income 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 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 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 exchanges of LLC Units into shares of Class A Common Stock. In addition, because Adjusted Fully Distributed Net Income is susceptible to varying calculations, the Adjusted Fully Distributed Net Income measures, as presented in this release, may differ from and may, therefore, not be comparable to similarly titled measures used by other companies.

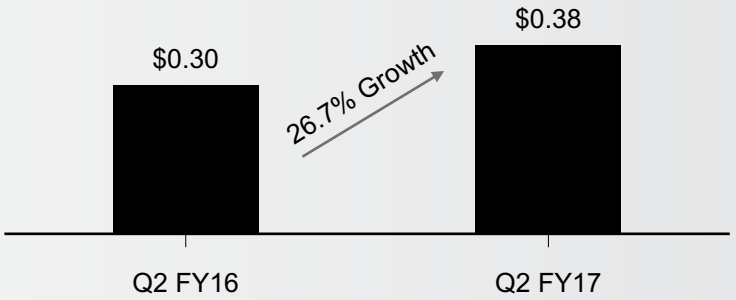
A reconciliation of our net income as determined in accordance with GAAP to Adjusted EBITDA and Adjusted EBITDA Margin, and of our net income attributable to Malibu Boats, Inc. to Adjusted Fully Distributed Net Income is provided under "Reconciliation of Non-GAAP Financial Measures".


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

Quarter Commentary

- Record 2nd quarter net sales, units, net income and adjusted EBITDA
  - Net sales are up 11.8% year-over-year
- Net sales per unit increased 4.9%
  - Driven by Malibu mix, Y/Y price increases and reduced promotions
- Gross profit increased 12.2% and gross margin is 26.3%

AFDNI Per Share[1]



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

Market Commentary

- Retail Momentum
  - Good early boat show feedback
  - Continued weakness in international markets
- Dealer inventory levels are healthy
  - Total weeks in channel down year-over-year
  - International unit count down
- Consistent market share leadership

Expected Domestic Market Growth[1]

CY2016 up >10%

Expected Market Share[1]

CY2016 up >100 bps

Leading Premium, Entry and Total performance sport boats segments

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

Key Takeaways

- US boating industry recovery continues, completing 2016 with over 10% growth in PSB segment
- Potential domestic changes to tax, healthcare and energy policy could become meaningful tailwinds
- International challenges continue, MBUU focused on positioning itself to benefit fully on recovery
- MY2017 Product - Continued momentum in the premium segment
  - New Models for model year 2017 have performed well and are all in the premium Malibu brand including the 21 VLX, 22 MXZ, 24 MXZ and Response TXi
  - New features including updated towers on all Wakesetters, an all-new stereo system with sound zones and a redesigned dash for Axis have all been well-received
  - Integrated surf system with Surf Band and hydraulic Surf Gate and Power Wedge II continues to provide a competitive advantage
- We are investing further in vertical integration by completing a supply agreement with GM to purchase engine blocks that we will marinize internally
  - Positive financial returns combined with substantial competitive advantage and ability to create value for dealers and retail customers

Wayne Wilson

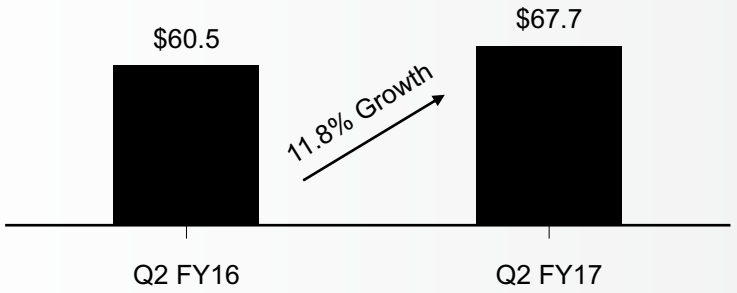
Chief Financial Officer

MALIBU BOATS, INC.

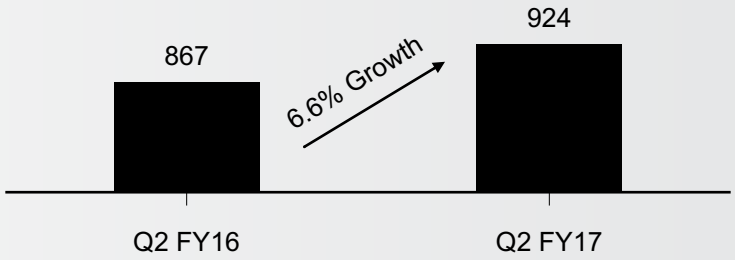


2nd Quarter Fiscal 2017 Comparable Results

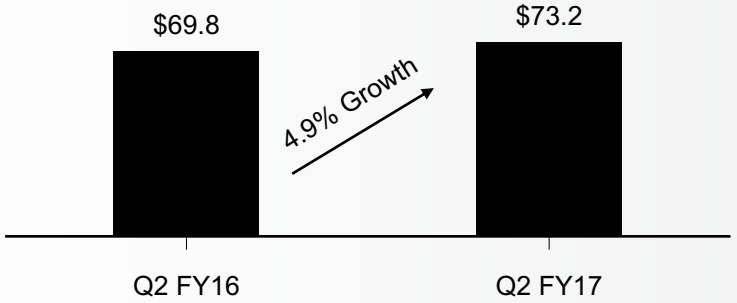
Net Sales



Volume



Net Sales Per Unit

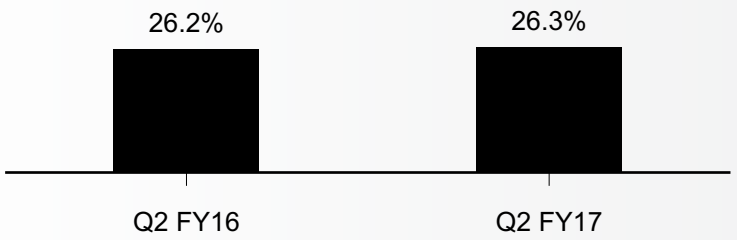


Net Sales per Unit Components

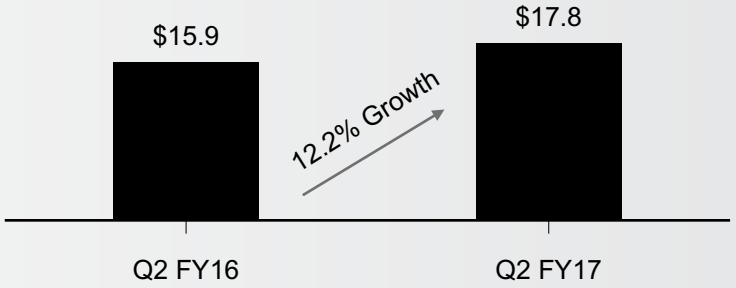
- Higher Malibu mix
- Year-over-year prices increases
- Reduced promotions

2nd Quarter Fiscal 2017 Comparable Results

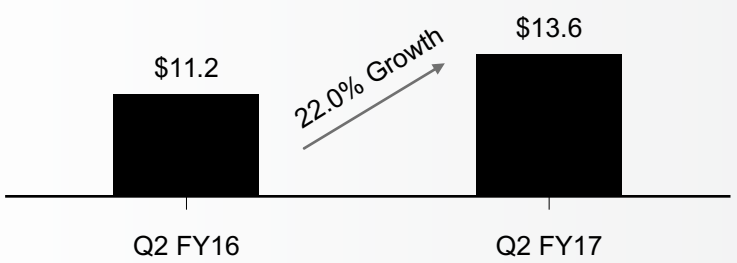
Gross Margin[(1)]



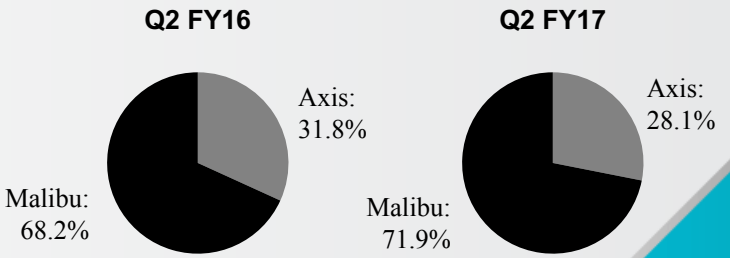
Gross Profit[(1)]



EBITDA[(2)]



Mix Comparison



1. Includes impact of $120k in cost of sales related to our engine vertical integration initiative.
2. See Appendix for a reconciliation of Non-GAAP Adjusted EBITDA to Net Income.

Full Year Outlook

Metric	Target
Unit Volume	Approaching mid-single digits
Mix	Malibu % up slightly Y/Y
Net Sales per Unit	Low-mid single digits
Gross Margin	Up slightly Y/Y
Legal Expenses	~$3.0 million
Adjusted EBITDA Margin	Modest increase
Capital Expenditures	$10-11 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,	
	2016	2015	2016	2015
Net income	$ 7,737	$ 5,718	$ 11,963	$ 9,698
Provision for income taxes	3,945	2,916	6,092	4,902
Interest expense	37	362	467	1,678
Depreciation	1,026	841	1,994	1,616
Amortization	549	545	1,099	1,092
Professional fees [1]	917	48	1,986	218
Marine Power litigation judgment [2]	(1,330)	—	(1,330)	—
Acquisition and integration related expenses [3]	—	71	—	401
Stock based compensation expense [4]	280	665	745	1,005
Engine development [5]	460	—	460	—
Adjusted EBITDA	$ 13,621	$ 11,166	$ 23,476	$ 20,610
Adjusted EBITDA margin	20.1%	18.5%	18.1%	17.5%

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

(1) Represents legal and advisory fees related to our litigation with MasterCraft Boat Company, LLC.

(2) Represents the reduction in a one-time charge related to a judgment rendered against us in connection with a lawsuit by Marine Power where the court ruled amending the judgment to $1.9 million.

(3) Represents legal and advisory fees as well as integration related costs incurred in connection with certain acquisition activities.

(4) 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.

(5) Represents costs incurred in connection with our vertical integration of engines including product development costs and supplier transition performance incentives.

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 share and per share data):

	Three Months Ended December 31,		Six Months Ended December 31,	
	2016	2015	2016	2015
Net income attributable to Malibu Boats, Inc.	$ 6,901	$ 5,104	$ 10,681	$ 8,662
Provision for income taxes	3,945	2,916	6,092	4,902
Professional fees [1]	917	48	1,986	218
Acquisition and integration related expenses [2]	—	71	—	401
Fair market value adjustment for interest rate swap [3]	(580)	(382)	(825)	175
Stock based compensation expense [4]	280	665	745	1,005
Marine Power litigation judgment [5]	(1,330)	—	(1,330)	—
Engine development [6]	460	—	460	—
Net income attributable to non-controlling interest [7]	836	614	1,282	1,036
Fully distributed net income before income taxes	11,429	9,036	19,091	16,399
Income tax expense on fully distributed income before income taxes [8]	4,057	3,208	6,777	5,822
Adjusted fully distributed net income	7,372	5,828	$ 12,314	$ 10,577
Adjusted Fully Distributed Net Income per share of Class A Common Stock [9]:				
Basic	$ 0.38	$ 0.30	$ 0.64	$ 0.55
Diluted	$ 0.38	$ 0.30	$ 0.64	$ 0.55
Weighted average shares of Class A Common Stock outstanding used in computing Adjusted Fully Distributed Net Income [10]:				
Basic	19,302,718	19,391,440	19,262,111	19,372,675
Diluted	19,302,718	19,391,440	19,262,111	19,372,675

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

(1) Represents legal and advisory fees related to our litigation with MasterCraft Boat Company, LLC.

(2) Represents legal and advisory fees as well as integration related costs incurred in connection with certain acquisition activities.

(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 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.

(5) Represents the reduction in a one-time charge related to a judgment rendered against us in connection with a lawsuit by Marine Power where the court ruled amending the judgment to $1.9 million.

(6) Represents costs incurred in connection with our vertical integration of engines including product development costs and supplier transition performance incentives.

(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% of income before income taxes for the three and six months ended December 31, 2016 and 2015, assuming the conversion of all LLC Units into shares of Class A Common Stock. 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.

(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.