

Malibu Boats, Inc.
Fourth Quarter 2017 Earnings Results
September 7th, 2017

OUR MISSION: AT MALIBU BOATS WE CREATE THE ULTIMATE ON THE WATER LIFESTYLE.

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 acceptance for our new model year 2018 offerings.

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: the successful integration of Cobalt into our business, general industry, economic and business conditions, demand for our products, the success of our engines integration strategy, 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 presentation includes the following financial measures defined as non-GAAP financial measures by the SEC: Adjusted EBITDA, Adjusted EBITDA Margin, Adjusted Fully Distributed Net Income and Adjusted Fully Distributed Net Income per Share. 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 net income before interest expense, income taxes, depreciation, amortization and non-cash, non-recurring or non-operating expenses, including certain professional fees, litigation related expenses, acquisition related expenses, non-cash compensation expense, expenses related to our engine development initiative and adjustments to tax receivable agreement liability. We define Adjusted EBITDA Margin as Adjusted EBITDA divided by net sales. Management believes Adjusted EBITDA and Adjusted EBITDA Margin allow investors to evaluate the company's operating performance and compare our results of operations from period to period on a consistent basis by excluding items that management does not believe are indicative of core operating performance. Management uses Adjusted EBITDA to assist in highlighting trends in our operating results without regard to our financing methods, capital structures, 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 LLC units into shares of Class A Common Stock, which results in the elimination of non-controlling interest in the LLC, and (iv) reflecting an adjustment for income tax expense on fully distributed net income before income taxes 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 non-controlling 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 non-controlling interest as a result of member owner 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 presentation, 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 "Appendix".

Jack Springer

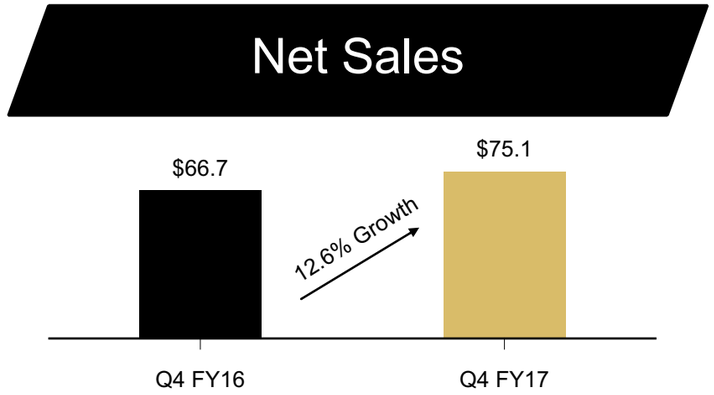
Chief Executive Officer

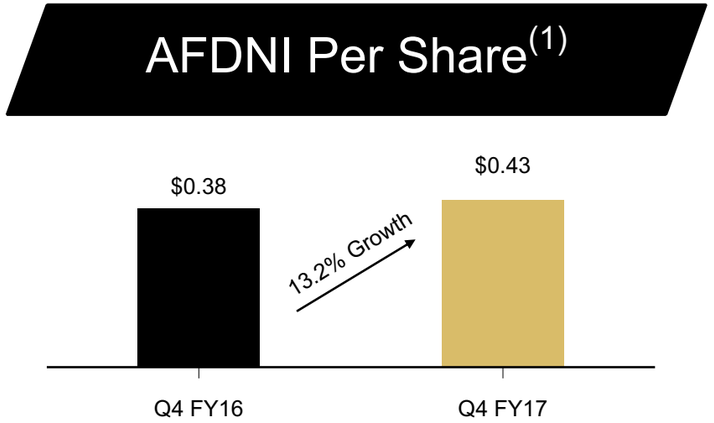
MALIBU BOATS, INC.



Quarter Commentary

- Record 4th quarter net sales, gross profit, Adjusted EBITDA, and AFDNI per share
  - Net sales are up 12.6% year-over-year
- Net sales per unit increased 3.4%
  - Driven by price increases and mix
- Gross profit increased 12.4% and gross margin is 26.7%
- AFDNI per share increased 13.2% to $0.43





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

Market Commentary

- Retail Environment
  - CY2017 shows healthy growth although below prior, double-digit years
  - International markets have bottomed out and important foreign currencies have bounced back from recent lows
- Dealer inventory levels are healthy

Domestic Market Growth[1]

CY2017 - Expect Mid Single Digit

Market Share[1]

CY2016 - 33%

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
- International challenges persist but strengthening of key foreign currencies provide for some optimism going forward
- Continued monitoring of macroeconomic factors
- Product Providing Continued Momentum
  - We believe four new models every year is positioning us for success
  - New Model Year 2018 product includes the best-selling wakeboard boat of all time, the Malibu Wakesetter 23 LSV
  - After dedicating the past two model years to Malibu primarily we have introduced two new Axis models for MY18, the A24 and the T22
  - Cobalt will introduce three new models for MY18
- Operations continue to execute with high margins and strong performance per employee while increasing vertical integration
  - Significant operational improvement opportunities at Cobalt



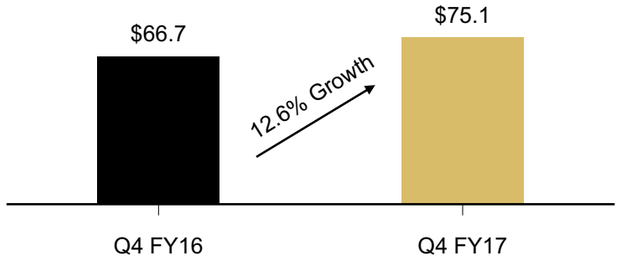
Wayne Wilson

Chief Financial Officer

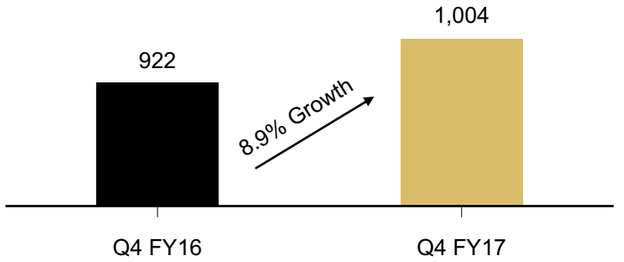
MALIBU BOATS, INC.

4th Quarter Fiscal 2017 Comparable Results

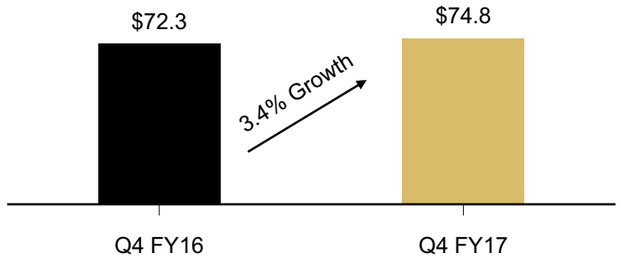
Net Sales



Volume



Net Sales Per Unit



Net Sales per Unit Components

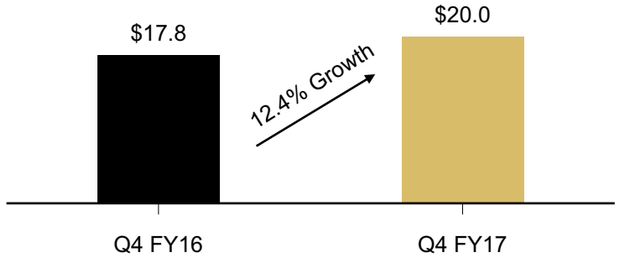
- Year-over-year price increases
- Mix of larger models

4th Quarter Fiscal 2017 Comparable Results

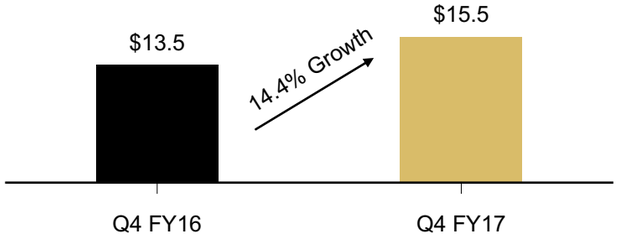
Gross Margin



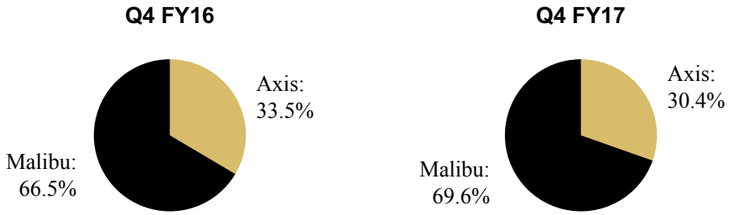
Gross Profit



Adjusted EBITDA(1)



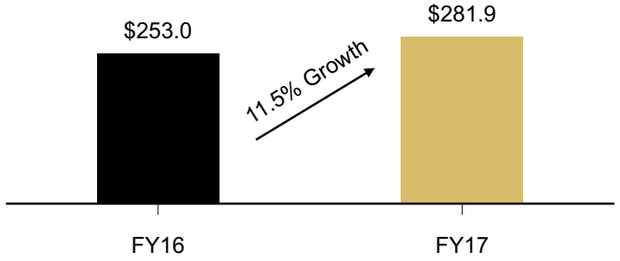
Mix Comparison



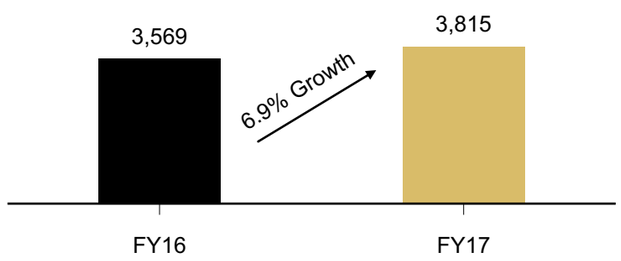
1. See Appendix for a reconciliation of Non-GAAP Adjusted EBITDA to Net Income.

Fiscal Year 2017 Comparable Results

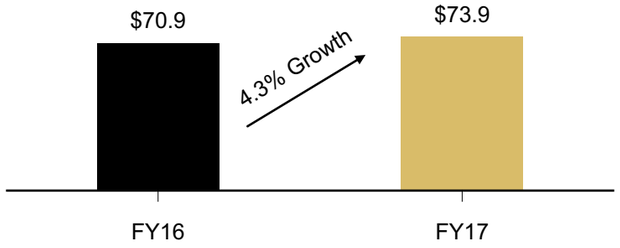
Net Sales



Volume



Net Sales Per Unit

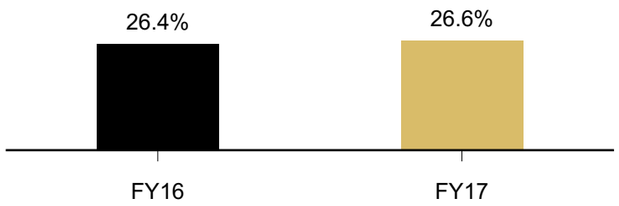


Net Sales per Unit Components

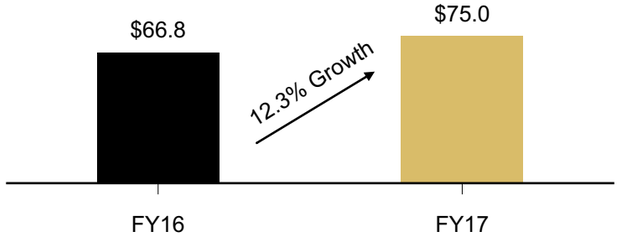
- Year-over-year price increases
- Mix of larger models

Fiscal Year 2017 Comparable Results

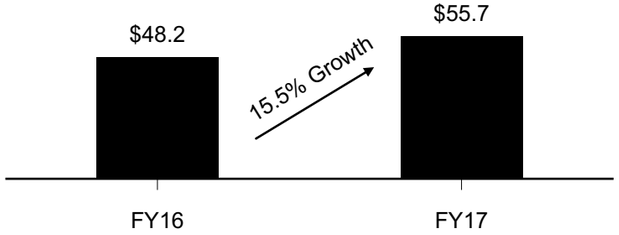
Gross Margin



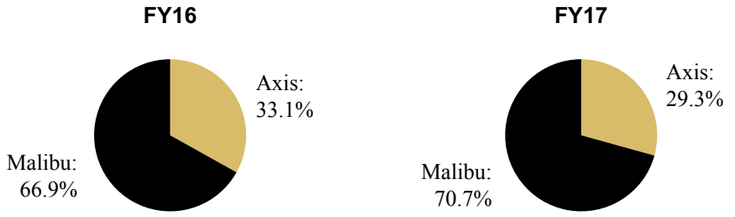
Gross Profit



Adjusted EBITDA(1)



Mix Comparison



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

FY18 Full Year Outlook

Metric	Target
Unit Volume	Up approximately 55%
Mix	About 1/3 Cobalt
Net Sales per Unit	Increase of low to mid single digits
Gross Margin %	Approaching 24%
Acquisition and Engine Expense	~$5 million, excluding amortization
Adjusted EBITDA Margin	Over 17%
Capital Expenditures	$13-$14 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,	
	2017	2016	2017	2016
Net income	$ 10,266	$ 4,090	$ 31,075	$ 20,295
Income tax provision	7,696	2,790	17,593	11,801
Interest expense	676	957	1,559	3,884
Depreciation	1,506	890	4,550	3,339
Amortization	549	548	2,198	2,185
Professional fees and litigation settlements [1]	(2,107)	489	1,038	1,111
Marine Power litigation judgment [2]	237	3,268	(1,093)	3,268
Acquisition related expenses [3]	3,056	—	3,056	401
Stock-based compensation expense [4]	326	483	1,396	1,947
Engine development [5]	1,399	—	2,489	—
Adjustment to tax receivable agreement liability [6]	(8,140)	—	(8,140)	—
Adjusted EBITDA	$ 15,464	$ 13,515	$ 55,721	$ 48,231
Adjusted EBITDA Margin	20.6%	20.3%	19.8%	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 litigation with Mastercraft offset by the settlement received from them in connection with the Mastercraft Settlement and License Agreement entered into on May 2, 2017.

(2) Represents a charge recorded in fiscal year 2016 related to a judgment rendered against us in connection with a lawsuit by Marine Power, a former engine supplier, on August 18, 2016 and the reduction of that charge to $2.2 million, the amount ultimately settled and paid in the fourth quarter of fiscal year 2017.

(3) Represents legal, professional, and advisory fees incurred in connection with our acquisition of Cobalt, which was completed on July 6, 2017. Fiscal year 2016 included legal and advisory fees as well as other acquisition related costs.

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

(6) Represents a decrease in the estimated tax receivable agreement liability stemming from tax legislation enacted during the fourth quarter of fiscal 2017 which reduced the tax rate applied in computing the future benefit expected to be realized by us on increased tax basis from previous sales and exchanges of LLC Units by the pre-IPO owners.

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

The following table shows the reconciliation of the numerator and denominator for net income available to Class A Common Stock per share to Adjusted Fully Distributed Net Income per Share of Class A Common Stock for the periods presented (in thousands except share and per share data):

	Three Months Ended June 30,		Fiscal Year Ended June 30,	
	2017	2016	2017	2016
Net income attributable to Malibu Boats, Inc.	$ 9,664	$ 3,604	$ 28,358	$ 18,042
Income tax provision	7,696	2,790	17,593	11,801
Professional fees and litigation settlements [1]	(2,107)	489	1,038	1,111
Marine Power litigation [2]	237	3,268	(1,093)	3,268
Acquisition related expenses [3]	3,056	—	3,056	401
Fair value adjustment for interest rate swap [4]	29	178	(912)	863
Stock-based compensation expense [5]	326	483	1,396	1,947
Engine development [6]	1,399	—	2,489	—
Adjustment to tax receivable agreement liability [7]	(8,140)	—	(8,140)	—
Net income attributable to non-controlling interest [8]	602	486	2,717	2,253
Fully distributed net income before income taxes	12,762	11,298	46,502	39,686
Income tax expense on fully distributed income before income taxes [9]	4,531	4,011	16,508	14,089
Adjusted Fully Distributed Net Income	$ 8,231	$ 7,287	$ 29,994	$ 25,597

	Three Months Ended June 30,		Fiscal Year Ended June 30,	
	2017	2016	2017	2016
Reconciliation of denominator for net income available to Class A Common Stock per share to Adjusted Fully Distributed Net Income per Share of Class A Common Stock:				
Weighted average shares outstanding of Class A Common Stock used for basic net income per share:	17,945,998	17,833,079	17,844,774	17,934,580
Adjustments to weighted average shares of Class A Common Stock:				
Weighted-average LLC units held by non-controlling unit holders [10]	1,260.627	1,404.923	1,338,907	1,407,311
Weighted-average unvested restricted stock awards issued to management [11]	134,744	75,634	112,859	48,466
Adjusted weighted average shares of Class A Common Stock outstanding used in computing Adjusted Fully Distributed Net Income per Share of Class A Common Stock:	19,341,369	19,313,636	19,296,540	19,390,357

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

The following table shows the reconciliation of net income available to Class A Common Stock per share to Adjusted Fully Distributed Net Income per Share of Class A Common Stock for the periods presented (certain totals for table below will not sum exactly due to rounding):

	Three Months Ended June 30,		Fiscal Year Ended June 30,	
	2017	2016	2017	2016
Net income available to Class A Common Stock per share	$ 0.54	$ 0.21	$ 1.59	$ 1.01
Impact of adjustments:				
Income tax provision	0.43	0.16	0.99	0.66
Professional fees and litigation settlements [1]	(0.12)	0.03	0.06	0.06
Marine Power litigation judgment [2]	0.01	0.18	(0.06)	0.18
Acquisition related expenses [3]	0.17	—	0.17	0.02
Fair value adjustment for interest rate swap [4]	—	0.01	(0.05)	0.05
Stock-based compensation expense [5]	0.02	0.03	0.08	0.11
Engine development [6]	0.08	—	0.14	—
Adjustment to tax receivable agreement liability [7]	(0.45)	—	(0.46)	—
Net income attributable to non-controlling interest [8]	0.03	0.03	0.15	0.13
Fully distributed net income per share before income taxes	0.71	0.65	2.61	2.21
Impact of income tax expense on fully distributed income before income taxes [9]	(0.26)	(0.22)	(0.92)	(0.79)
Impact of increased share count [12]	(0.02)	(0.05)	(0.13)	(0.11)
Adjusted Fully Distributed Net Income per Share of Class A Common Stock	$ 0.43	$ 0.38	$ 1.56	$ 1.32

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

(1) Represents legal and advisory fees related to our litigation with Mastercraft offset by the settlement received from them in connection with the Mastercraft Settlement and License Agreement entered into on May 2, 2017.

(2) Represents a charge recorded in fiscal year 2016 related to a judgment rendered against us in connection with a lawsuit by Marine Power, a former engine supplier, on August 18, 2016 and the reduction of that charge to $2.2 million, the amount ultimately settled and paid in the fourth quarter of fiscal year 2017.

(3) Represents legal, professional, and advisory fees incurred in connection with our acquisition of Cobalt, which was completed on July 6, 2017. Fiscal year 2016 included legal and advisory fees as well as other acquisition related costs.

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

(7) Represents a decrease in the estimated tax receivable agreement liability stemming from tax legislation enacted during the fourth quarter of fiscal 2017 which reduced the tax rate applied in computing the future benefit expected to be realized by us on increased tax basis from previous sales and exchanges of LLC Units by the pre-IPO owners.

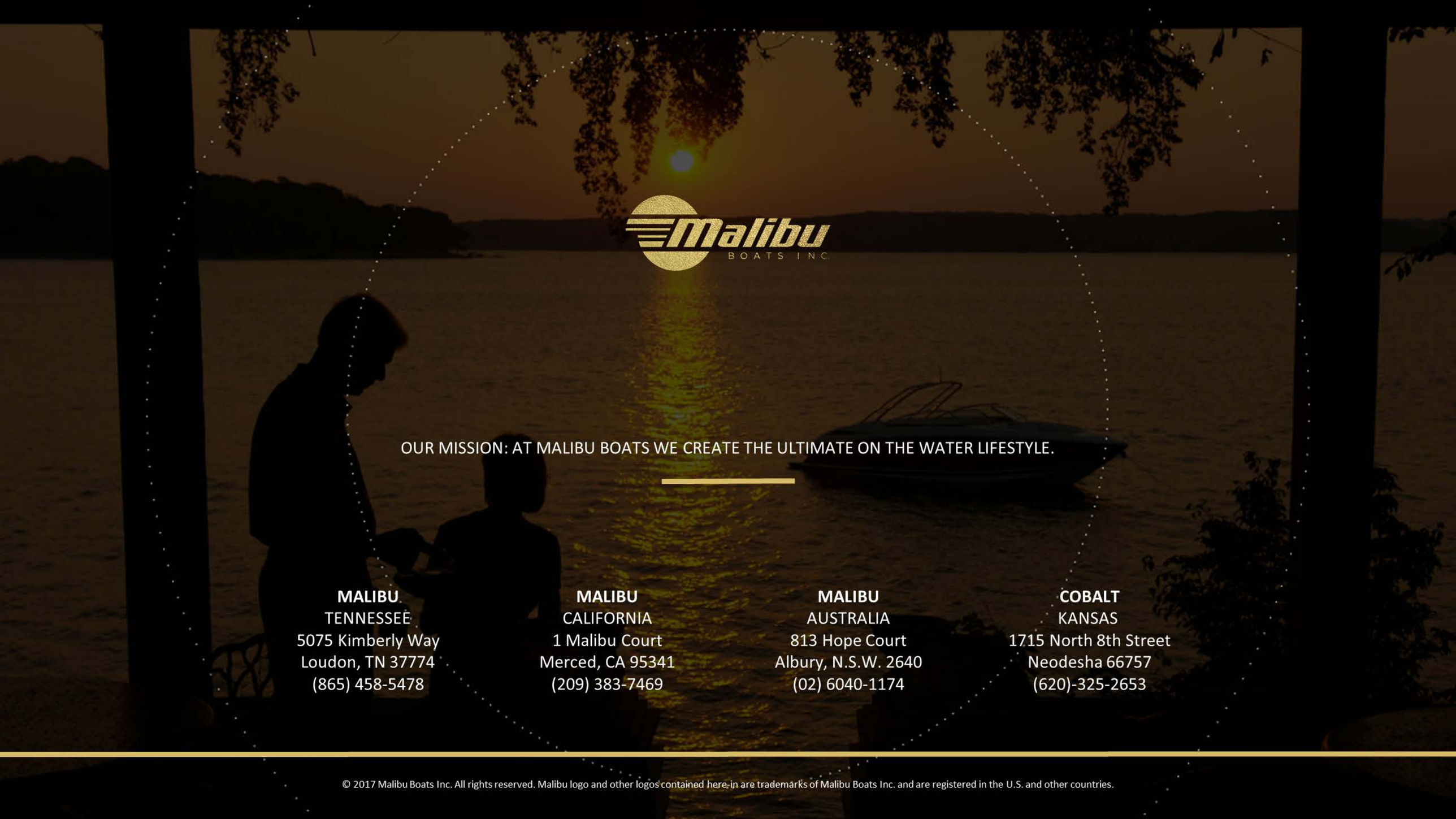
(8) Reflects the elimination of the non-controlling interest in the LLC as if all LLC members had fully exchanged their LLC Units for shares of Class A Common Stock.

(9) Reflects income tax expense at an estimated normalized annual effective income tax rate of 35.5% of income before income taxes for the fiscal years ended June 30, 2017 and 2016, 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.

(10) Represents 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.

(11) Represents the weighted average unvested restricted stock awards included in outstanding shares during the applicable period that were convertible into Class A Common Stock and granted to members of management.

(12) Reflects impact of increased share counts assuming the exchange of all weighted average shares outstanding of LLC Units into shares of Class A Common Stock and the conversion of all weighted average unvested restricted stock awards included in outstanding shares granted to members of management.



OUR MISSION: AT MALIBU BOATS WE CREATE THE ULTIMATE ON THE WATER LIFESTYLE.

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