

Malibu Boats, Inc.
First Quarter Fiscal 2018 Earnings Results
November 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 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: the successful integration of Cobalt into our business; 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; the success of our engines integration strategy 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, 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. 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, acquisition and integration related expenses, non-cash compensation expense, expenses related to our engine development initiative and adjustments to our 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.

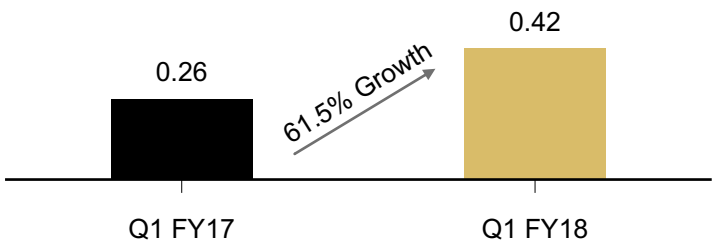
We define Adjusted Fully Distributed Net Income as net income attributable to Malibu Boats, Inc. (i) excluding income tax expense, (ii) excluding the effect of non-recurring or non-cash items, (iii) assuming the exchange of all LLC Units into shares of Class A Common Stock, which results in the elimination of non-controlling interest in the Malibu Boats Holdings, LLC (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 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".

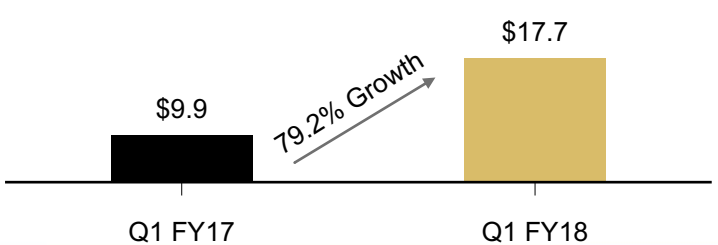
Quarter Commentary

- Record 1st quarter net sales, units, net income and adjusted EBITDA
  - Net sales are up 66.9% year-over-year
- Net sales per unit increased 6.2%
  - Driven by Y/Y price increases
  - New model mix
  - Lower Axis mix
- Gross profit increased 44.9% and gross margin is 22.1%

AFDNI Per Share[(1)]



EBITDA[(2)]



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

Jack Springer

Chief Executive Officer

MALIBU BOATS, INC.







Market Commentary

- Retail Momentum
  - Healthy growth
  - Continued weakness in international markets
- Dealer inventory levels are healthy
  - Malibu estimated inventory weeks flat y/y
  - Cobalt inventories are low
- Continued leadership in ski/wake and sterndrive

Domestic Market Growth(1)

CY17 ski/wake +6% YTD

CY17 Sterndrive 21' to 29' up ~3.5% YTD

Expected Market Share(1)

Malibu Share steady

Leading Premium, Entry and Total performance sport boats segments

Cobalt increasing share

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

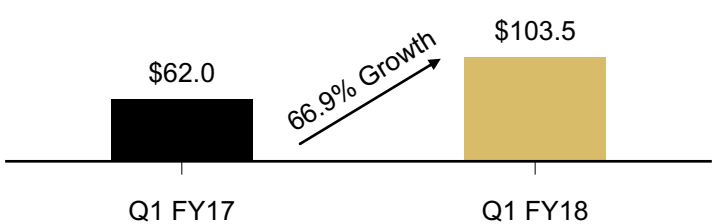
Key Takeaways

- US boating industry continues to show healthy growth
  - Consumer optimism is high and the policy environment has potential tailwinds
  - MBUU brands continue strong leadership positions
- Malibu operating and financial performance has been stellar
  - Malibu segment is seeing record financial performance
  - Engine initiative on track to add to FY19 earnings and beyond
- The acquisition of Cobalt provides a significant opportunity to leverage Malibu's expertise
  - Integration and operational improvement opportunities are in early stages, but are producing results
  - Cobalt opportunity is better than we originally anticipated

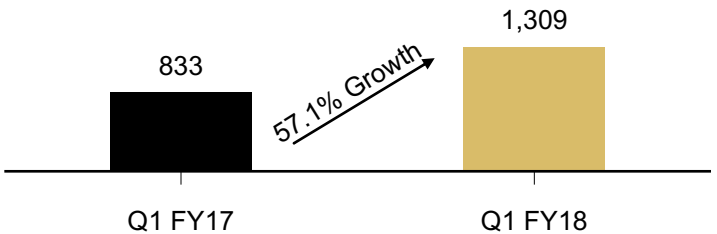

Wayne Wilson
Chief Financial Officer
MALIBU BOATS, INC.

1st Quarter Fiscal 2018 Comparable Results

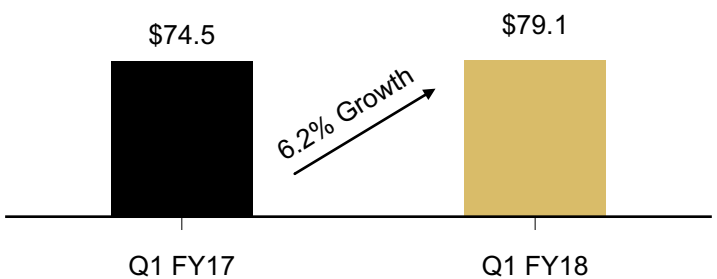
Net Sales



Volume



Net Sales Per Unit

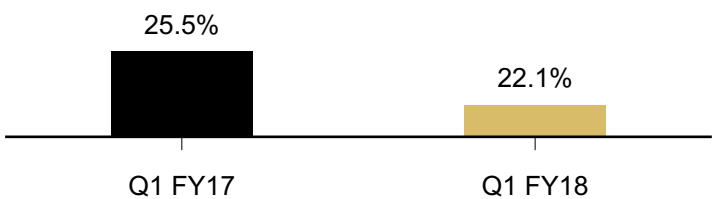


Net Sales per Unit Components

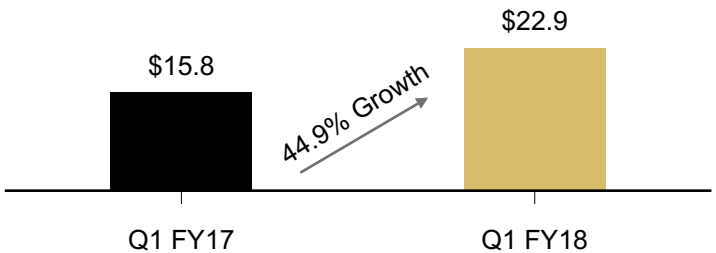
- Year-over-year price Increases
- Mix impact of new Malibu 23 LSV
- Lower Axis Mix

1st Quarter Fiscal 2018 Comparable Results

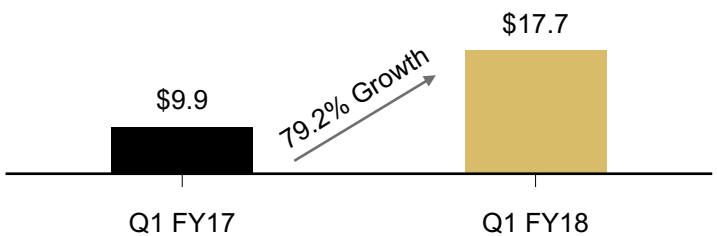
Gross Margin



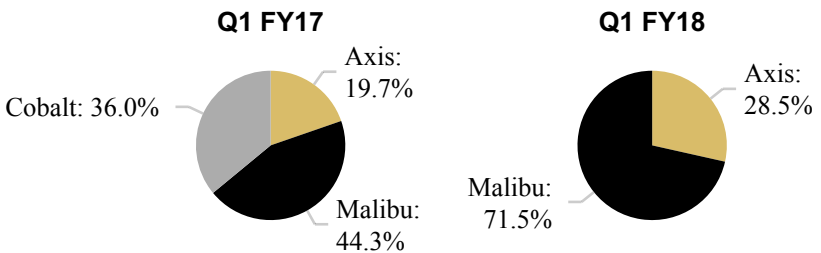
Gross Profit



EBITDA(1)



Mix Comparison



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

Full Year Outlook

Metric	Target
Unit Volume	Up approximately 55%
Mix	About 1/3 Cobalt
Net Sales per Unit	Low-mid single digits
Gross Margin %	Approaching 24%
Acquisition and Engine Expense	$5-6 million, excluding purchase accounting
Adjusted EBITDA Margin	About 18%
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 September 30,	
	2017	2016
Net income	$ 6,414	$ 4,226
(Benefit) provision for income taxes	(258)	2,147
Interest expense	2,199	430
Depreciation	1,730	968
Amortization	1,308	550
Professional fees [1]	26	1,069
Acquisition and integration related expenses [2]	1,815	—
Stock-based compensation expense [3]	362	465
Engine development [4]	1,447	—
Adjustment to tax receivable agreement liability [5]	2,615	—
Adjusted EBITDA	$ 17,658	$ 9,855
Adjusted EBITDA Margin	17.1%	15.9%

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

(1) For the three months ended September 30, 2017 and 2016, represents legal and advisory fees related to our litigation with MasterCraft Boat Company, LLC ("MasterCraft").

(2) Represents legal and advisory fees as well as integration related costs incurred in connection with our acquisition of Cobalt. Integration related expenses include post-acquisition adjustments to cost of goods sold of $1.5 million for the fair value step up of inventory acquired, most of which was expensed during the first quarter of fiscal 2018.

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

(5) Represents an increase in the estimated tax receivable agreement liability attributable to an expansion of state jurisdictions related to our acquisition of Cobalt in July 2017. This expansion resulted in an increase in the estimated tax rate used in computing our future tax obligations and, in turn, increased the future tax benefit we expect to realize related to increased tax basis from previous sales and exchanges of LLC Units by 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 September 30,	
	2017	2016
Reconciliation of numerator for net income available to Class A Common Stock per share to Adjusted Fully Distributed Net Income per Share of Class A Common Stock:		
Net income attributable to Malibu Boats, Inc.	$ 5,885	$ 3,780
(Benefit) provision for income taxes	(258)	2,147
Professional fees [1]	26	1,069
Acquisition and integration related expenses [2]	2,506	—
Fair market value adjustment for interest rate swap [3]	(31)	(245)
Stock-based compensation expense [4]	362	465
Engine development [5]	1,447	—
Adjustments to tax receivable agreement liability [6]	2,615	—
Net income attributable to non-controlling interest [7]	529	446
Fully distributed net income before income taxes	13,081	7,662
Income tax expense on fully distributed income before income taxes [8]	4,356	2,720
Adjusted fully distributed net income	8,725	4,942

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

	Three Months Ended September 30,	
	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:	19,202,764	17,734,390
Adjustments to weighted average shares of Class A Common Stock:		
Weighted-average LLC units held by non-controlling unit holders [9]	1,253,106	1,413,696
Weighted-average unvested restricted stock awards issued to management [10]	129,952	73,417
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:	20,585,822	19,221,503

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:

	Three Months Ended September 30,	
	2017	2016
Net income available to Class A Common Stock per share	$ 0.31	$ 0.21
Impact of adjustments:		
(Benefit) provision for income taxes	(0.01)	0.12
Professional fees [1]	—	0.06
Acquisition and integration related expenses [2]	0.13	—
Fair market value adjustment for interest rate swap [3]	—	(0.01)
Stock-based compensation expense [4]	0.02	0.03
Engine development [5]	0.08	—
Adjustment to tax receivable agreement liability [6]	0.14	—
Net income attributable to non-controlling interest [7]	0.03	0.03
Fully distributed net income per share before income taxes	0.70	0.44
Impact of income tax expense on fully distributed income before income taxes [8]	(0.23)	(0.15)
Impact of increased share count [11]	(0.05)	(0.03)
Adjusted Fully Distributed Net Income per Share of Class A Common Stock	$ 0.42	$ 0.26

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

(1) For the three months ended September 30, 2017 and 2016, represents legal and advisory fees related to our litigation with MasterCraft.

(2) Represents legal and advisory fees as well as integration related costs incurred in connection with our acquisition of Cobalt. Integration related expenses include post-acquisition adjustments to cost of goods sold of $1.5 million for the fair value step up of inventory acquired, most of which was expensed during the first quarter of fiscal 2018.

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

(6) Represents an increase in the estimated tax receivable agreement liability attributable to an expansion of state jurisdictions related to our acquisition of Cobalt in July 2017. This expansion resulted in an increase in the estimated tax rate used in computing our future tax obligations and, in turn, increased the future tax benefit we expect to realize related to increased tax basis from previous sales and exchanges of LLC Units by pre-IPO owners.

(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 33.3% and 35.5% of income before income taxes for the three months ended September 30, 2017 and 2016, respectively, 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. The decrease in the normalized annual effective income tax rate to 33.3% for the three months ended September 30, 2017 is primarily the result of an updated blended state rate, which considers the impacts of the Cobalt acquisition as well as a recent law change in Tennessee allowing the Company to decrease their apportionment factor.

(9) 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.

(10) 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.

(11) 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.