

Malibu Boats, Inc.

Second Quarter Fiscal 2018 Earnings Results

February 9, 2018

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 press release regarding the expected demand and acceptance for our new model year 2018 offerings, the expected performance of Cobalt and the expected continuing performance of the U.S. market.

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 impact of the Tax Cuts and Jobs Act of 2017 (the "Tax Act"); 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 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. 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 (loss) 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. Adjusted EBITDA and Adjusted EBITDA Margin are not measures of net (loss) income as determined by GAAP. 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.

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.

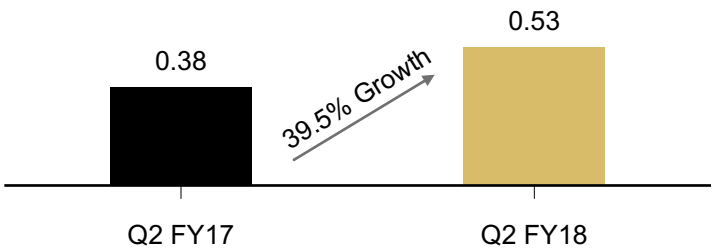
We define Adjusted Fully Distributed Net Income as net income attributable to Malibu Boats, Inc. (i) excluding income tax expense, (ii) excluding the effect of non-recurring or non-cash items, (iii) assuming the exchange of all LLC units into shares of Class A Common Stock, which results in the elimination 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 (loss) income as determined in accordance with GAAP to Adjusted EBITDA and Adjusted EBITDA Margin, and of our net (loss) income attributable to Malibu Boats, Inc. to Adjusted Fully Distributed Net Income is provided under "Reconciliation of Non-GAAP Financial Measures".

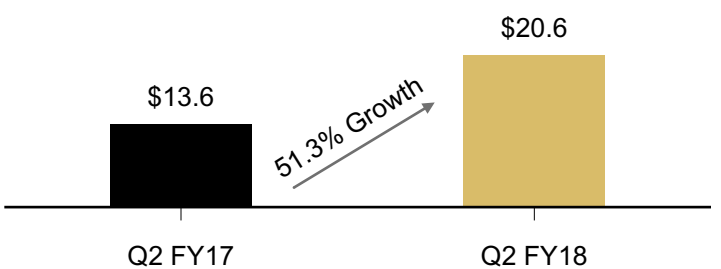
Quarter Commentary

- Strong Q2 results
- Net loss of $5.6 million entirely due to the impact of tax reform
- Net sales are up 69.0% year-over-year
- Net sales per unit increased 4.9%
  - Driven by Y/Y price increases
  - New model mix
  - Optional features
- Gross profit increased 54.5% and gross margin is 24.1%

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
  - Seeing positive signs in weak international markets
  - Boat show season off to a good start
- Dealer inventory levels are healthy
  - Malibu estimated inventory near optimal
  - Cobalt inventories are slightly low
- Continued leadership in ski/wake and sterndrive segments

Domestic Market Growth(1)

CY17 ski/wake up ~7%

CY17 Fiberglass sterndrive 21' to 40' up ~4%

Expected Market Share(1)

Malibu #1 in Premium, Entry and Total performance sport boats segments

Cobalt leading share in 24'-29' fiberglass sterndrive segment

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

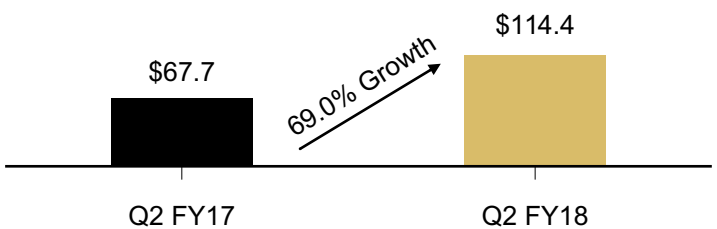
Key Takeaways

- Environment sets up well for continued strong growth
  - Performance Sports Boats continue to grow mid to high single digits
  - Cobalt core segment is growing and the brand is taking share
  - Dealer inventory levels are healthy
  - International is positioned well to capitalize on recovery when it comes
- Malibu operating and financial performance has been strong
  - Malibu segment FY18 H1performance has been extraordinary
  - Engine initiative on schedule to launch in FY19 with expected modest positive impact in back half of the year, greater impact in FY20
- Cobalt integration is ahead of schedule
  - Operational efficiencies have streamlined production and provide the basis to capitalize on a long-term strategy to drive upside in both top-line and bottom-line growth
  - Cobalt opportunity is better than we originally anticipated over time

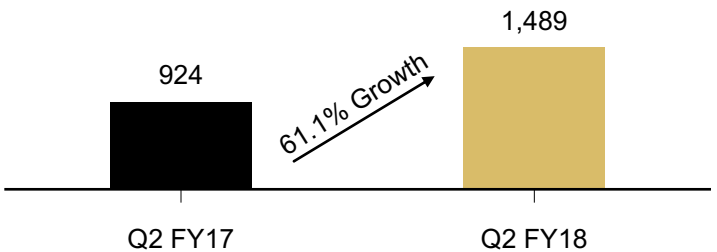

Wayne Wilson
Chief Financial Officer
MALIBU BOATS, INC.

2nd Quarter Fiscal 2018 Comparable Results

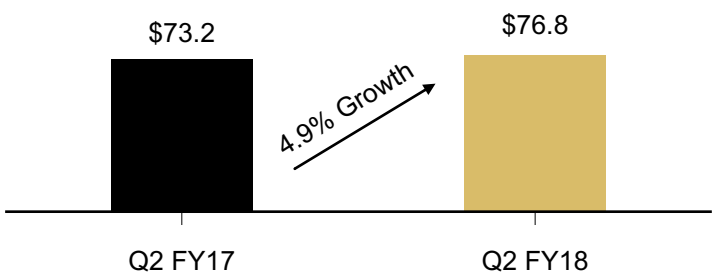
Net Sales



Volume



Net Sales Per Unit



Net Sales per Unit Components

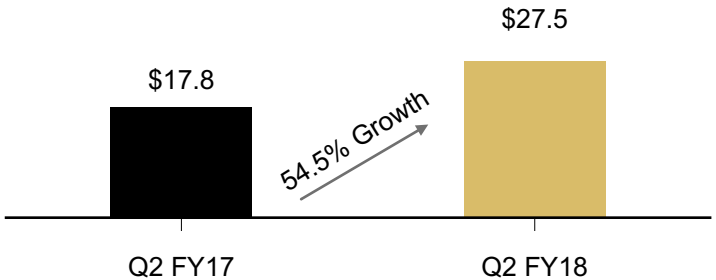
- Year-over-year price Increases
- Mix impact of new models including Malibu 23 LSV and Axis A24
- Optional features

2nd Quarter Fiscal 2018 Comparable Results

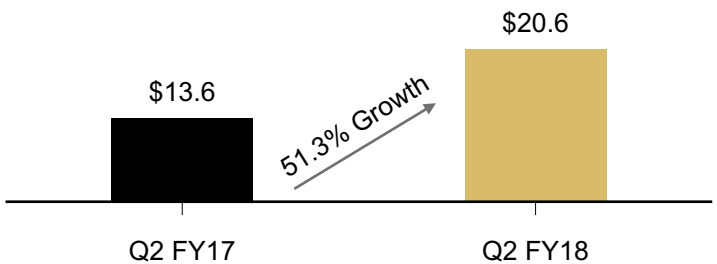
Gross Margin



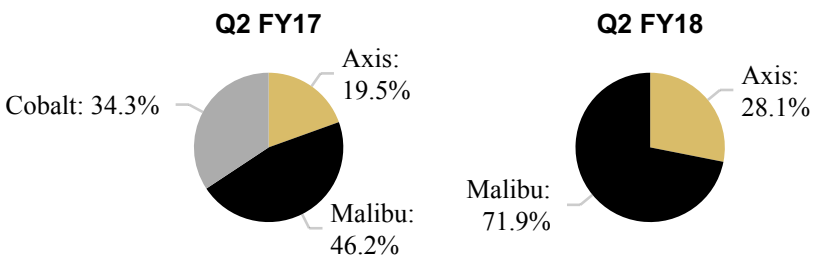
Gross Profit



EBITDA(1)



Mix Comparison



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

Impact of U.S. Tax Reform

- Current quarter earnings considerations
  - Income tax expense of $47.0 million booked for the remeasurement of deferred tax assets at the lower future tax rate
  - Other income of $30.3 million recorded due to a reduction in the tax receivable agreement liability related to lower expected cash tax savings on the remeasurement of our deferred tax assets

- Tax rate used for calculation of AFDNI[(1)] remained 33.3% Q2 FY18. Tax rate used for AFDNI expected to be 23-24% for Q3 and Q4 FY18
  - Impact of lower tax rate is expected to increase AFDNI per share ~$0.30 annually

- Lower tax rate and lower payments related to our tax receivable agreement are expected to increase future annual cash flows by approximately $7 million annually

- We believe the "Tax Cuts and Jobs Act" will be positive for domestic demand by providing relief to our customers

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

Full Year Outlook

Metric	Target
Unit Volume	Up approximately 55-60%
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 December 31,		Six Months Ended December 31,	
	2017	2016	2017	2016
Net (loss) income	$ (5,584)	$ 7,737	$ 830	$ 11,963
Provision for income taxes [1]	50,558	3,945	50,300	6,092
Interest expense	1,014	37	3,213	467
Depreciation	1,687	1,026	3,417	1,994
Amortization	1,304	549	2,612	1,099
Professional fees [2]	—	917	26	1,986
Marine Power litigation judgment [3]	—	(1,330)	—	(1,330)
Acquisition and integration related expenses [4]	322	—	2,137	—
Stock-based compensation expense [5]	488	280	850	745
Engine development [6]	1,140	460	2,587	460
Adjustments to tax receivable agreement liability [7]	(30,317)	—	(27,702)	—
Adjusted EBITDA	$ 20,612	$ 13,621	$ 38,270	$ 23,476
Adjusted EBITDA margin	18.0%	20.1%	17.6%	18.1%

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

(1) Provision for income taxes for the three and six months ended December 31, 2017 reflects the impact of the Tax Act adopted in December 2017, which among other items, lowered the U.S. corporate income tax rate from 35% to 21%, effective January 1, 2018. As a result of the Tax Act, for the three and six months ended December 31, 2017, we recorded a non-cash provisional adjustment to income tax expense of $47.0 million for the remeasurement of deferred taxes on the enactment date and the deferred tax impact related to the reduction in the tax receivable agreement liability.

(2) For the six months ended December 31, 2017 and three and six months ended December 31, 2016, represents legal and advisory fees related to our litigation with MasterCraft Boat Company, LLC ("MasterCraft").

(3) 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 amended the judgment to $1.9 million.

(4) 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 sold during the first quarter of fiscal 2018.

(5) 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.

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

(7) For the three and six months ended December 31, 2017, we recognized other income as a result of a decrease in our estimated tax receivable agreement liability. The reduction in our tax receivable agreement liability resulted from the adoption of the Tax Act, which decreased the estimated tax rate used in computing our future tax obligations and, in turn, decreased the future tax benefit we expect to realize related to increased tax basis from previous sales and exchanges of LLC Units by our 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 December 31,		Six Months Ended December 31,	
	2017	2016	2017	2016
Reconciliation of numerator for net (loss) income available to Class A Common Stock per share to Adjusted Fully Distributed Net Income per Share of Class A Common Stock:				
Net (loss) income attributable to Malibu Boats, Inc.	$ (6,383)	$ 6,901	$ (498)	$ 10,681
Provision for income taxes [1]	50,558	3,945	50,300	6,092
Professional fees [2]	—	917	26	1,986
Acquisition and integration related expenses [3]	1,017	—	3,523	—
Fair market value adjustment for interest rate swap [4]	(172)	(580)	(203)	(825)
Stock-based compensation expense [5]	488	280	850	745
Marine Power litigation judgment [6]	—	(1,330)	—	(1,330)
Engine development [7]	1,140	460	2,587	460
Adjustments to tax receivable agreement liability [8]	(30,317)	—	(27,702)	—
Net income attributable to non-controlling interest [9]	799	836	1,328	1,282
Fully distributed net income before income taxes	17,130	11,429	30,211	19,091
Income tax expense on fully distributed income before income taxes [10]	5,704	4,057	10,060	6,777
Adjusted fully distributed net income	11,426	7,372	$ 20,151	$ 12,314

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

	Three Months Ended December 31,		Six Months Ended December 31,	
	2017	2016	2017	2016
Reconciliation of denominator for net (loss) 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:	20,436,110	17,786,122	19,819,438	17,760,256
Adjustments to weighted average shares of Class A Common Stock:				
Weighted-average LLC units held by non-controlling unit holders [11]	1,170,314	1,408,065	1,211,709	1,410,881
Weighted-average unvested restricted stock awards issued to management [12]	126,447	108,531	128,199	90,974
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:	21,732,871	19,302,718	21,159,346	19,262,111

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 December 31,		Six Months Ended December 31,	
	2017	2016	2017	2016
Net (loss) income available to Class A Common Stock per share	$ (0.31)	$ 0.39	$ (0.03)	$ 0.60
Impact of adjustments:				
Provision for income taxes [1]	2.47	0.22	2.54	0.34
Professional fees [2]	—	0.05	—	0.11
Acquisition and integration related expenses [3]	0.05	—	0.18	—
Fair market value adjustment for interest rate swap [4]	(0.01)	(0.03)	(0.01)	(0.05)
Stock-based compensation expense [5]	0.02	0.02	0.04	0.04
Marine Power litigation judgment [6]	—	(0.07)	—	(0.07)
Engine development [7]	0.06	0.03	0.13	0.03
Adjustment to tax receivable agreement liability [8]	(1.48)	—	(1.40)	—
Net income attributable to non-controlling interest [9]	0.04	0.05	0.07	0.07
Fully distributed net income per share before income taxes	0.84	0.66	1.52	1.07
Impact of income tax expense on fully distributed income before income taxes [10]	(0.28)	(0.23)	(0.51)	(0.38)
Impact of increased share count [13]	(0.03)	(0.05)	$ (0.06)	$ (0.05)
Adjusted Fully Distributed Net Income per Share of Class A Common Stock	$ 0.53	$ 0.38	$ 0.95	$ 0.64

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

(1) Provision for income taxes for the three and six months ended December 31, 2017 reflects the impact of the Tax Act adopted in December 2017, which among other items, lowered the U.S. corporate income tax rate from 35% to 21%, effective January 1, 2018. As a result of the Tax Act, for the three and six months ended December 31, 2017, we recorded a non-cash provisional adjustment to income tax expense of $47.0 million for the remeasurement of deferred taxes on the enactment and the deferred tax impact related to the reduction in the tax receivable agreement liability.

(2) For the six months ended December 31, 2017 and three and six months ended December 31, 2016, represents legal and advisory fees related to our litigation with MasterCraft Boat Company, LLC ("MasterCraft").

(3) 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 sold during the first quarter of fiscal 2018. In addition, integration related expenses includes $0.7 million in depreciation and amortization associated with our fair value step up of property, plant and equipment and intangibles acquired in connection with the acquisition of Cobalt.

(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 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 amended the judgment to $1.9 million.

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

(8) For the three and six months ended December 31, 2017, we recognized other income as a result of a decrease in our estimated tax receivable agreement liability. The reduction in our tax receivable agreement liability resulted from the adoption of the Tax Act, which decreased the estimated tax rate used in computing our future tax obligations and, in turn, decreased the future tax benefit we expect to realize related to increased tax basis from previous sales and exchanges of LLC Units by our pre-IPO owners.

(9) 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.

(10) 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 December 31, 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 December 31, 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. The assumed annual effective income tax rate for the three months ended December 31, 2017 does not reflect the blended statutory rate of 28% used in our consolidated financial statements or any other impact of the Tax Act because the lower corporate tax rate of 21% was not effective until January 1, 2018. For periods beginning after January 1, 2018, our estimated normalized annual effective income tax rate is expected to range between 23% and 24% in computing our Adjusted Fully Distributed Net Income per share as a result of the Tax Act.

(11) 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.

(12) 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.

(13) 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.