

Malibu Boats, Inc.
Second Quarter Fiscal 2019

Earnings Results
February 6th, 2019

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 statements in this press release regarding our expectation for the marine industry and economy, the performance of Malibu, Cobalt and Pursuit and our belief that we are well-positioned to continue to deliver increasing value for our stakeholders.

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 our recent acquisition of the assets of Pursuit; our ability to grow our business through acquisitions or strategic alliances and new partnerships; 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 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 income as determined by GAAP. Management believes Adjusted EBITDA and Adjusted EBITDA Margin allow investors to evaluate our 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.

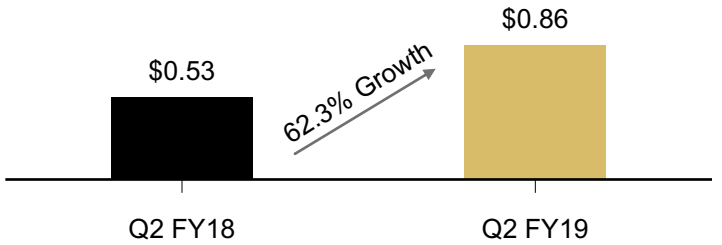
We define Adjusted Fully Distributed Net Income as net income attributable to Malibu Boats, Inc. (i) excluding income tax expense, (ii) excluding the effect of non-recurring or non-cash items, (iii) assuming the exchange of all LLC units into shares of Class A Common Stock, which results in the elimination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

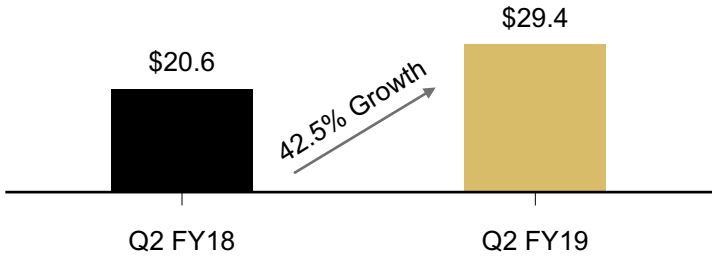
2nd Quarter Financial Commentary

- Outstanding Q2 results
- Net sales are up 45.0% year-over-year to $165.8 million
- Net sales per unit increased 22.6%
  - Driven by the inclusion of Pursuit
  - Y/Y price increases
  - Mix of larger models
- Gross profit increased 39.2% and gross margin is 23.1%

AFDNI Per Share(1)



Adjusted 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
  - Consistent results across the country
  - Dealer sentiment high
  - Boat show season has started out well
- Dealer inventory levels are attractively positioned
  - Malibu, Axis, Cobalt and Pursuit have near optimal levels
- Continued leadership in ski/wake and sterndrive segments

Domestic Market Growth(1)

CY18 ski/wake up ~10%

Cobalt addressable market up ~5%

Pursuit addressable market among fastest growing in marine

Market Share(1)

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

Cobalt leading share in 20'-40' fiberglass, sterndrive segment, outpacing addressable market growth

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

Key Takeaways

- Malibu operating and financial performance has been excellent, producing strong results

- The marine environment provides attractive opportunities
  - The U.S. economy is strong and we have not experienced a negative impact in the marine industry
  - Performance Sports Boats continues to grow mid to high single digits
  - Cobalt is taking share in a growing sterndrive/outboard addressable market
  - Pursuit is a premium brand in the fast-growing outboard, fishing boat category
  - Dealer inventory levels are attractively positioned
  - Volatility in the global trade environment has been planned for, managed and has little impact on Malibu

- MBUU is setup to capitalize on the growing marine market
  - Ingrained operational excellence focus with opportunities to drive incremental improvement into the future (engines)
  - Cobalt opportunity is ahead of schedule and outboard offerings are just beginning to see results with more models coming
  - Pursuit acquisition provides numerous opportunities to leverage our operational and design expertise along with expanding distribution over time to enhance shareholder value
  - Cross-company vertical integration opportunities are in their infancy and have attractive potential



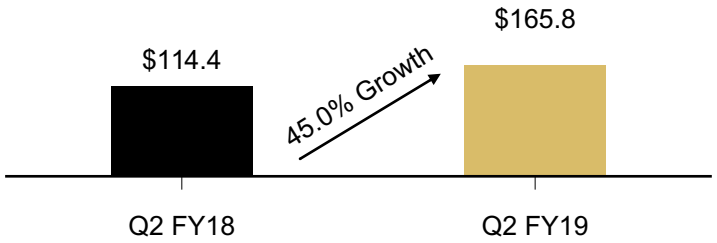
Wayne Wilson

Chief Financial Officer

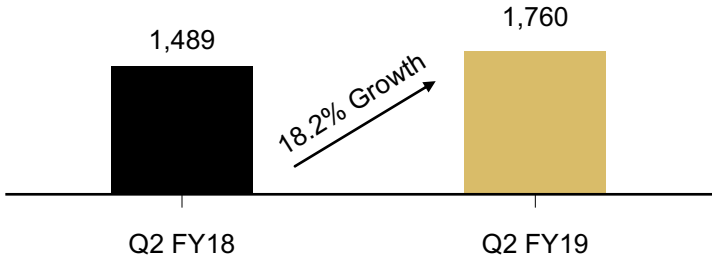
MALIBU BOATS, INC.

2nd Quarter Fiscal 2019 Comparable Results

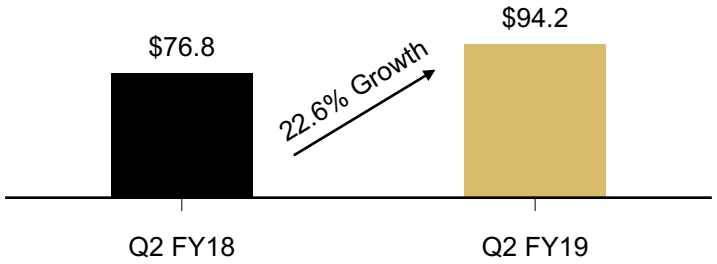
Net Sales



Volume



Net Sales Per Unit

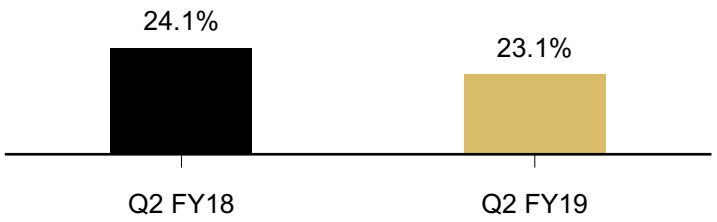


Net Sales per Unit Components

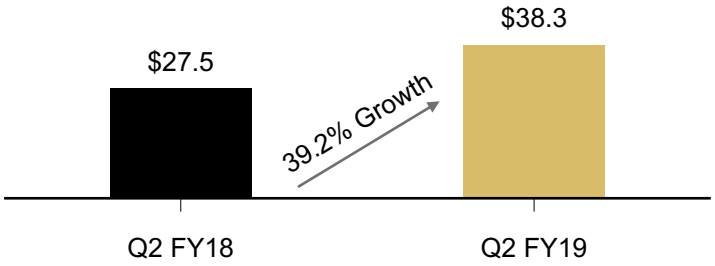
- The inclusion of Pursuit
- Year-over-year price increases
- Mix of larger boats

2nd Quarter Fiscal 2019 Comparable Results

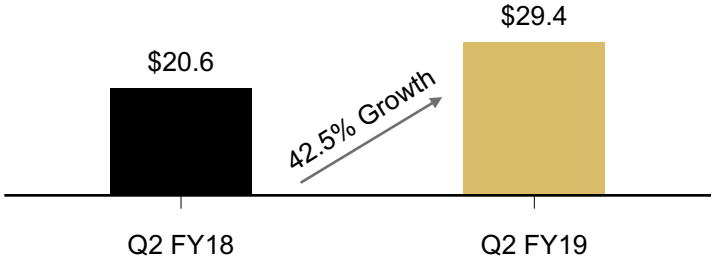
Gross Margin



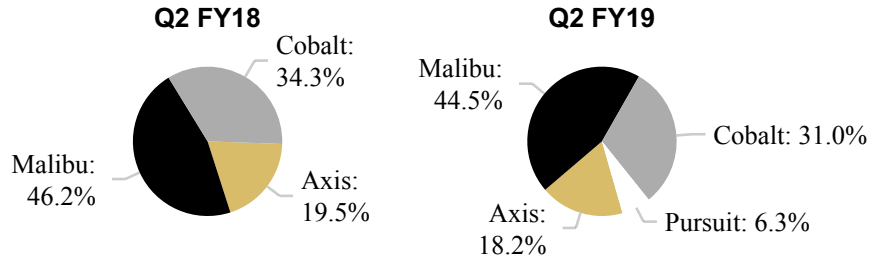
Gross Profit



Adjusted EBITDA(1)



Mix Comparison



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

Full Year Outlook

Metric	Target
Unit Volume	Malibu/Cobalt - Increase in high-single digits Pursuit - Just over 400 units
Net Sales	Malibu/Cobalt - Low double digit growth Consolidated - 32-33% growth
Gross Margin %	Consolidated - About flat year-over-year
Acquisition, Integration and Engine Expense excluding Purchase Accounting Adjustments	Consolidated - About $6-7 million
Adjusted EBITDA Margin %	Consolidated - Down slightly year-over-year
Capital Expenditures	Consolidated - $17-18 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,	
	2018	2017
Net income	$ 14,998	$ (5,584)
Provision for income taxes [1]	4,119	50,558
Interest expense	1,844	1,014
Depreciation	2,495	1,687
Amortization	1,538	1,304
Professional fees [2]	383	—
Acquisition and integration related expenses [3]	2,552	322
Stock-based compensation expense [4]	655	488
Engine development [5]	787	1,140
Adjustments to tax receivable agreement liability [6]	—	(30,317)
Adjusted EBITDA	$ 29,371	$ 20,612
Adjusted EBITDA margin	17.7%	18.0%

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

(1) Provision for income taxes for the three months and six months ended December 31, 2018 reflects the impact of the Tax Cuts and Jobs Act of 2017 ("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.

(2) For the three and six months ended December 31, 2018, represents legal and advisory fees related to our litigation with Skier's Choice, Inc. For the six months ended December 31, 2017, represents legal and advisory fees related to our litigation with MasterCraft Boat Company, LLC ("MasterCraft") which was settled in May 2017.

(3) For the three and six months ended December 31, 2018, represents legal and advisory fees incurred in connection with our acquisition of Pursuit on October 15, 2018. For the three and six months ended December 31, 2017 represents legal and advisory fees as well as integration costs incurred in connection with our acquisition of Cobalt on July 6, 2017. Integration related expenses for the three and six months ended December 31, 2018 include post-acquisition adjustments to cost of goods sold of $0.9 million for the fair value step up of Pursuit inventory acquired, most of which was sold during the second quarter of fiscal 2019. Integration related expenses for the three and six months ended December 31, 2017 include post-acquisition adjustments to cost of goods sold of $1.5 million for the fair value step up of Cobalt inventory acquired, most of which was sold during the first quarter of fiscal 2018.

(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.

(6) 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,	
	2018	2017
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.	$ 14,257	$ (6,383)
Provision for income taxes [1]	4,119	50,558
Professional fees [2]	383	—
Acquisition and integration related expenses [3]	3,688	1,017
Fair market value adjustment for interest rate swap [4]	129	(172)
Stock-based compensation expense [5]	655	488
Engine development [6]	787	1,140
Adjustments to tax receivable agreement liability [7]	—	(30,317)
Net income attributable to non-controlling interest [8]	741	799
Fully distributed net income before income taxes	24,759	17,130
Income tax expense on fully distributed income before income taxes [9]	5,967	5,704
Adjusted fully distributed net income	18,792	11,426

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

	Three Months Ended December 31,	
	2018	**2017**
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:[10]	20,875,243	20,436,110
Adjustments to weighted average shares of Class A Common Stock:		
Weighted-average LLC units held by non-controlling unit holders [11]	844,652	1,170,314
Weighted-average unvested restricted stock awards issued to management [12]	125,378	126,447
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:	21,845,273	21,732,871

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,	
	2018	2017
Net income available to Class A Common Stock per share	$ 0.68	$ (0.31)
Impact of adjustments:		
Provision for income taxes [1]	0.20	2.47
Professional fees [2]	0.02	—
Acquisition and integration related expenses [3]	0.18	0.05
Fair market value adjustment for interest rate swap [4]	0.01	(0.01)
Stock-based compensation expense [5]	0.03	0.02
Engine development [6]	0.04	0.06
Adjustment to tax receivable agreement liability [7]	—	(1.48)
Net income attributable to non-controlling interest [8]	0.04	0.04
Fully distributed net income per share before income taxes	1.20	0.84
Impact of income tax expense on fully distributed income before income taxes [9]	(0.29)	(0.28)
Impact of increased share count [13]	(0.05)	(0.03)
Adjusted Fully Distributed Net Income per Share of Class A Common Stock	$ 0.86	$ 0.53

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

(1) Provision for income taxes for the three months and six months ended December 31, 2018 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.

(2) For the three and six months ended December 31, 2018, represents legal and advisory fees related to our litigation with Skier's Choice, Inc. For the six months ended December 31, 2017, represents legal and advisory fees related to our litigation with MasterCraft Boat Company, LLC ("MasterCraft") which was settled in May 2017.

(3) For the three and six months ended December 31, 2018, represents legal and advisory fees incurred in connection with our acquisition of Pursuit on October 15, 2018. For the three and six months ended December 31, 2017 represents legal and advisory fees as well as integration costs incurred in connection with our acquisition of Cobalt on July 6, 2017. Integration related expenses for the three and six months ended December 31, 2018 include post-acquisition adjustments to cost of goods sold of $0.9 million for the fair value step up of inventory acquired, most of which was sold during the second quarter of fiscal 2019. In addition, for the three and six months ended December 31, 2018, integration related expenses includes $0.4 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 Pursuit. Also, for the three and six months ended December 31, 2018, integration related expenses includes $0.7 million and $1.5 million, respectively, in amortization associated with our fair value step up of intangibles acquired in connection with the acquisition of Cobalt. Integration related expenses for the three and six months ended December 31, 2017 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, for the three and six months ended December 31, 2017, integration related expenses includes $0.7 million and $1.4 million, respectively, 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 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.

(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 24.1% and 33.3% of income before income taxes for the three and six months ended December 31, 2018 and 2017, 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 24.1% for the three and six months ended December 31, 2018, is primarily the result of the Tax Act which was effective for periods after January 1, 2018, lowering the corporate tax rate to 21%, as well as an updated blended state rate, which considers the impacts of the Cobalt acquisition and a recent law change in Tennessee.

(10) The difference in weighted average shares outstanding for the three and six months ended December 31, 2017 relates to the difference in the weighting of shares outstanding of Class A common stock during this period for the calculation of basic net income per share for our financial statements and basic net income per share for adjusted fully distributed net income.

(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.