

Malibu Boats, Inc.

Fourth Quarter Fiscal 2019 Earnings Results

August 29th, 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 statements in this press release regarding the expected benefits of our engine and flooring vertical integration initiatives; the anticipated timing of our expansion of our Cobalt facilities; the adequacy of our inventory levels; our outlook on opportunities ahead; and our ability to deliver long-term value to our shareholders.

Forward-looking statements are subject to risks and uncertainties that could cause actual results to differ materially from those expressed or implied in the forward-looking statements, including, but not limited to: general industry, economic and business conditions; our ability to grow our business through acquisitions and integrate such acquisitions to fully realize their expected benefits; our reliance on our network of independent dealers and increasing competition for dealers; our large fixed cost base; intense competition within our industry; increased consumer preference for used boats or the supply of new boats by competitors in excess of demand; the successful introduction of new products; our ability to execute our manufacturing strategy successfully; 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, litigation related expenses, 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.

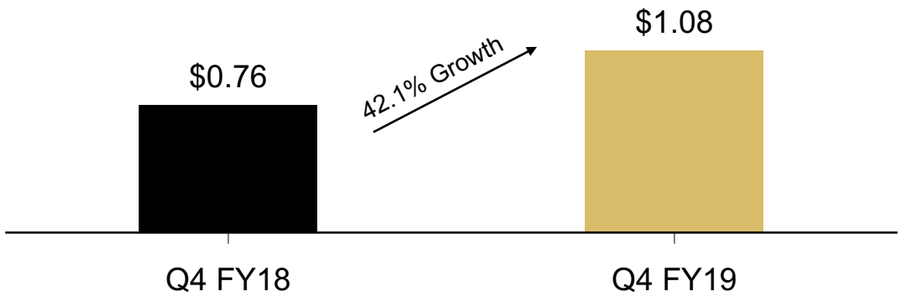
We define Adjusted Fully Distributed Net Income as net income attributable to Malibu Boats, Inc. (i) excluding income tax expense, (ii) excluding the effect of non-recurring or non-cash items, (iii) assuming the exchange of all LLC units into shares of Class A Common Stock, which results in the elimination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

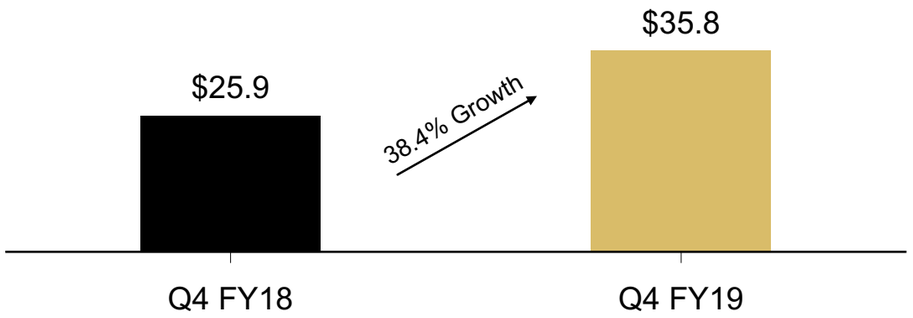
4th Quarter Financial Highlights

- Record 4th quarter net sales, gross profit, Adjusted EBITDA, and AFDNI per share
- Net sales are up 40.5% year-over-year
- Net sales per unit increased 20.5%
  - Inclusion of Pursuit
  - Y/Y price increases
  - New and larger model mix
- Gross profit increased 42.3% and gross margin is 24.5%

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
  - Growing, but at a more moderate rate
  - CY19 negatively impacted by weather
  - Less consistent
- Dealer inventory levels update
  - Malibu slightly elevated
  - Cobalt inventory up a little, but healthy
  - Pursuit healthy
- Continued leadership in ski/wake and sterndrive segments

LTM Domestic Market Growth[1]

Malibu/Axis market up MSD%

Cobalt addressable market up LSD%

Pursuit addressable market up MSD%

Market Share[1]

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

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

Pursuit positive trend against key, premium brand competitive set

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

Key Takeaways

- Our fiscal year 2019 was another record setting year for Malibu
- Growth remains in the markets where MBUU is focused
- Strength of the U.S. consumer is highlighted by strong employment growth, rising consumer confidence and strong GDP, despite global economic uncertainty and trade tensions
- Vertical integration strategy continues to differentiate Malibu and propel it forward
- Malibu's operational prowess and laser-focus on superior execution will allow the company to successfully navigate recent choppiness in the marine segment
- The company remains well-positioned going forward to maintain and extend our leading positions and deliver long-term value for our stakeholders



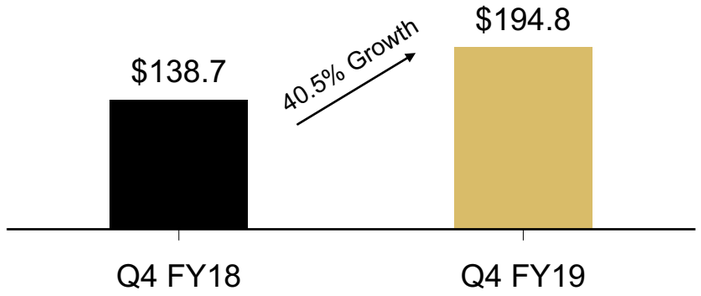
Wayne Wilson

Chief Financial Officer

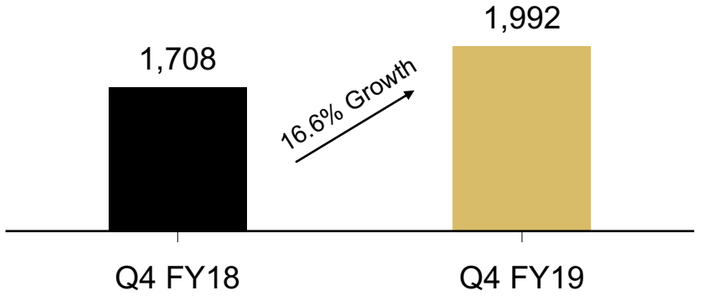
MALIBU BOATS, INC.

4th Quarter Fiscal 2019 Comparable Results

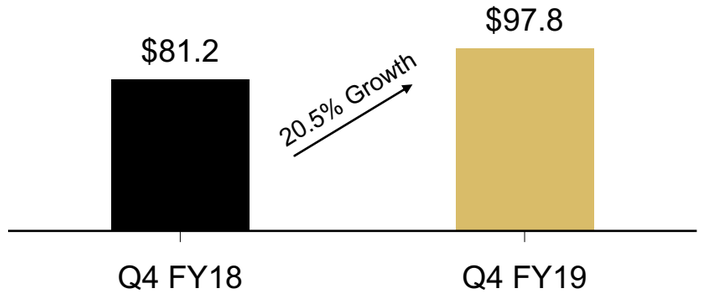
Net Sales



Volume



Net Sales Per Unit



Net Sales per Unit Components

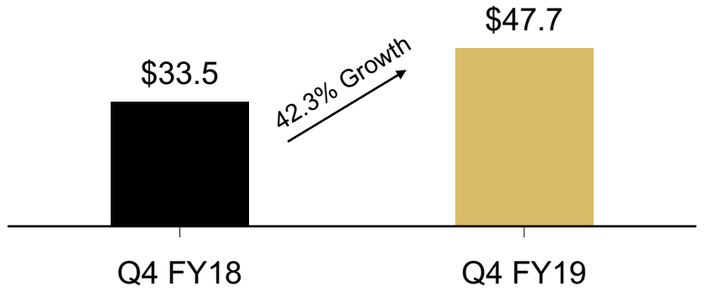
- The Inclusion of Pursuit
- Year-over-year price increases
- Mix of larger models including Malibu

4th Quarter Fiscal 2019 Comparable Results

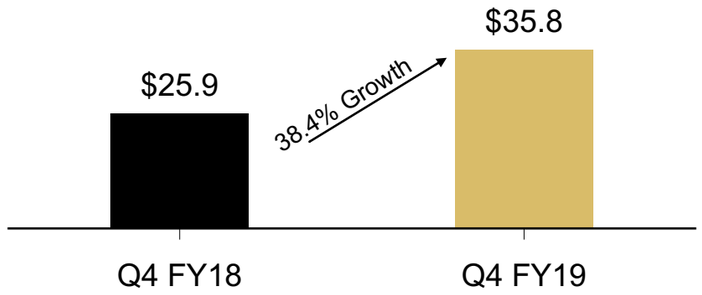
Gross Margin



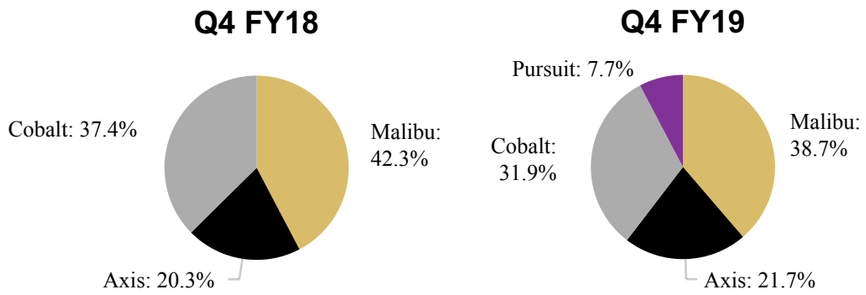
Gross Profit



Adjusted EBITDA(1)



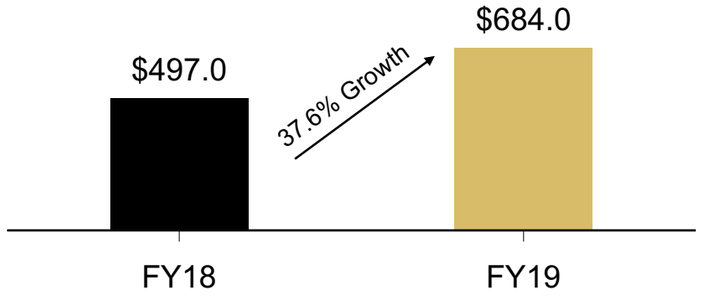
Mix Comparison



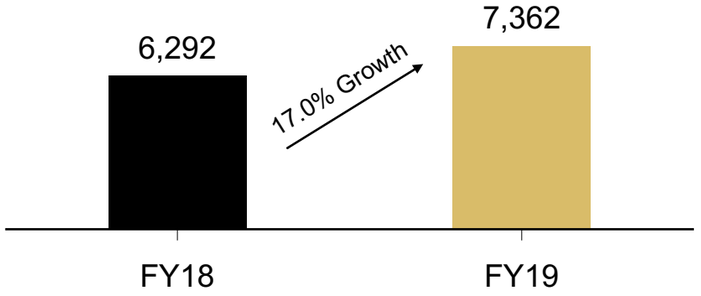
1. See Appendix for a reconciliation of Non-GAAP Adjusted EBITDA to Net Income.

Fiscal Year 2019 Comparable Results

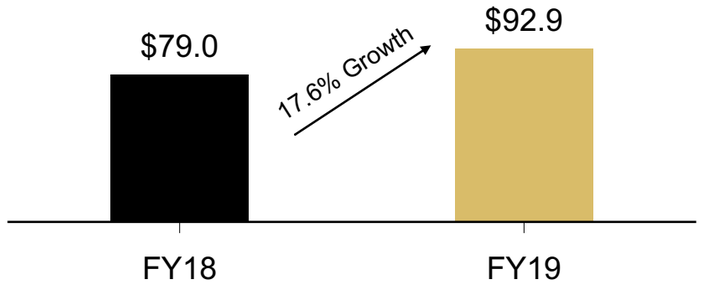
Net Sales



Volume



Net Sales Per Unit



Net Sales per Unit Components

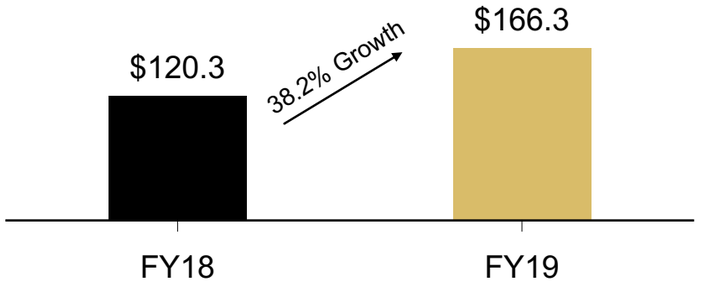
- Inclusion of Pursuit
- Year-over-year price increases
- Mix of larger models

Fiscal Year 2019 Comparable Results

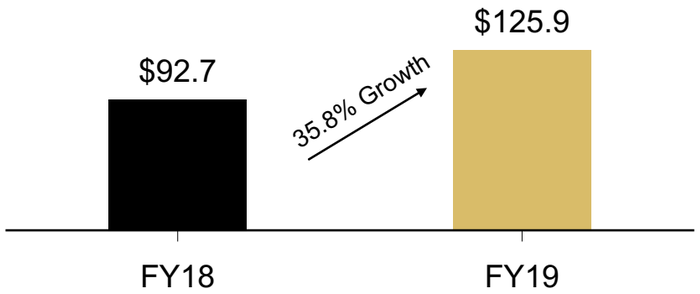
Gross Margin



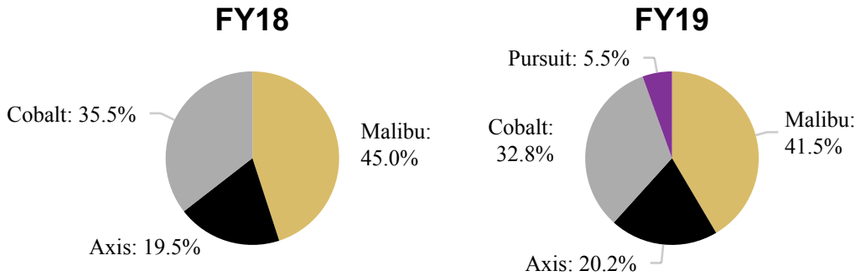
Gross Profit



Adjusted EBITDA(1)



Mix Comparison



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

FY20 Full Year Outlook

Metric	Target
Unit Volume	Malibu/Cobalt - low single digit % decrease Pursuit - approaching 40% growth
Consolidated Net Sales	Mid to high-single digit % growth
Gross Margin %	Up slightly
Adjusted EBITDA Margin	Down slightly
Capital Expenditures	$40-45 million

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

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,	
	2019	2018	2019	2018
Net income	$ 20,485	$ 13,343	$ 69,701	$ 30,969
Provision for income taxes [1]	7,073	1,873	22,096	58,418
Interest expense	1,699	1,249	6,464	5,385
Depreciation	2,902	2,554	10,004	7,656
Amortization	1,575	1,295	5,956	5,198
Professional fees and litigation settlement [2]	167	—	739	26
Acquisition and integration related expenses [3]	285	578	5,245	2,859
Stock-based compensation expense [4]	741	563	2,607	1,973
Engine development [5]	315	1,385	3,186	4,871
Adjustments to tax receivable agreement liability [6]	604	3,065	(103)	(24,637)
Adjusted EBITDA	$ 35,846	$ 25,905	$ 125,895	$ 92,718
Adjusted EBITDA margin	18.4%	18.7%	18.4%	18.7%

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

(1) Provision for income taxes for the three-month periods ended June 30, 2019 and 2018 and fiscal year 2019 and 2018 reflects the impact of the Tax Cuts and Jobs Act of 2017 (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. For fiscal year 2018, we recorded an increase to income tax expense of $44.5 million for the remeasurement of deferred taxes on the enactment date of the Tax Act and the deferred tax impact related to the reduction in the tax receivable agreement liability. For the three months ended June 30, 2018, we recorded a decrease in our state deferred tax expense as a result of our estimated state tax rate for our tax receivable agreement liability.

(2) For the three months and fiscal year ended June 30, 2019, represents legal and advisory fees related to our litigation with Skier's Choice, Inc. For fiscal year 2018, represents legal and advisory fees related to our litigation with MasterCraft Boat Company, LLC ("MasterCraft") offset by the settlement received from them in connection with the Mastercraft Settlement and License Agreement entered into on May 2, 2017.

(3) For the three months and fiscal year ended June 30, 2019, represents integration costs and legal, professional and advisory fees incurred in connection with our acquisition of Pursuit on October 15, 2018. For the three months and fiscal year ended June 30, 2018, represents integration costs and legal, professional and advisory fees incurred in connection with our acquisition of Pursuit and our acquisition of Cobalt on July 6, 2017. Integration related expenses for fiscal year 2019 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 year 2019. Integration related expenses for fiscal year 2018 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 year 2018.

(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) For fiscal year 2019, we recognized other income from an adjustment in our tax receivable agreement liability as a result of a decrease in the estimated tax rate used in computing our future tax obligations and in turn, a decrease in the future tax benefit we expect to pay under our tax receivable agreement with pre-IPO owners. The rate decrease was mainly offset by an increase to other expense for tax receivable agreement liability derived by future tax benefits from Tennessee net operating losses at Malibu Boats Inc. for the three months ended June 30, 2019. For fiscal year 2018, 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. This was offset by other expense as a result of an increase in our estimated state tax rate for the three months ended June 30, 2018.

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,	
	2019	2018	2019	2018
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.	$ 19,412	$ 12,439	$ 66,066	$ 27,613
Provision for income taxes [1]	7,073	1,873	22,096	58,418
Professional fees and litigation settlements [2]	167	—	739	26
Acquisition and integration related expenses [3]	1,491	1,326	9,506	5,719
Fair market value adjustment for interest rate swap [4]	125	(29)	350	(369)
Stock-based compensation expense [5]	741	563	2,607	1,973
Engine development [6]	315	1,385	3,186	4,871
Adjustments to tax receivable agreement liability [7]	604	3,065	(103)	(24,637)
Net income attributable to non-controlling interest [8]	1,073	904	3,635	3,356
Fully distributed net income before income taxes	31,001	21,526	108,082	76,970
Income tax expense on fully distributed income before income taxes [9]	7,471	4,994	26,048	20,908
Adjusted fully distributed net income	23,530	16,532	82,034	56,062

	Three Months Ended June 30,		Fiscal Year Ended June 30,	
	2019	2018	2019	2018
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]:	20,912,045	20,569,669	20,832,445	20,189,879
Adjustments to weighted average shares of Class A Common Stock:				
Weighted-average LLC units held by non-controlling unit holders [11]	830,152	1,058,421	880,144	1,138,917
Weighted-average unvested restricted stock awards issued to management [12]	132,549	137,146	130,520	132,673
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:	21,874,746	21,765,236	21,843,109	21,461,469

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,	
	2019	2018	2019	2018
Net income available to Class A Common Stock per share	$ 0.93	$ 0.60	$ 3.17	$ 1.37
Impact of adjustments:				
Provision for income taxes [1]	0.34	0.09	1.06	2.89
Professional fees and litigation settlements [2]	0.01	—	0.04	—
Acquisition and integration related expenses [3]	0.07	0.06	0.46	0.28
Fair market value adjustment for interest rate swap [4]	0.01	—	0.02	(0.02)
Stock-based compensation expense [5]	0.04	0.03	0.13	0.10
Engine development [6]	0.01	0.07	0.15	0.24
Adjustment to tax receivable agreement liability [7]	0.03	0.15	—	(1.22)
Net income attributable to non-controlling interest [8]	0.05	0.04	0.17	0.17
Fully distributed net income per share before income taxes	1.49	1.04	5.20	3.81
Impact of income tax expense on fully distributed income before income taxes [9]	(0.36)	(0.24)	(1.25)	(1.04)
Impact of increased share count [13]	(0.05)	(0.04)	(0.19)	(0.17)
Adjusted Fully Distributed Net Income per Share of Class A Common Stock	$ 1.08	$ 0.76	$ 3.76	$ 2.60

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

(1) Provision for income taxes for the three-month periods ended June 30, 2019 and 2018 and fiscal year 2019 and 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. For fiscal year 2018, we recorded an increase to income tax expense of $44.5 million for the remeasurement of deferred taxes on the enactment date of the Tax Act and the deferred tax impact related to the reduction in the tax receivable agreement liability. For the three months ended June 30, 2018, we recorded a decrease in our state deferred tax expense as a result of our estimated state tax rate for our tax receivable agreement liability.

(2) For the three months and fiscal year ended June 30, 2019, represents legal and advisory fees related to our litigation with Skier's Choice, Inc. For fiscal year 2018, 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.

(3) For the three months and fiscal year ended June 30, 2019, represents integration costs and legal, professional, and advisory fees incurred in connection with our acquisition of Pursuit on October 15, 2018. For the three months and fiscal year ended June 30, 2018, represents integration costs and legal, professional, and advisory fees incurred in connection with our acquisition of Pursuit and our acquisition of Cobalt on July 6, 2017. Integration related expenses for the three months ended June 30, 2019 include $0.5 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 and $0.7 million in amortization associated with intangibles acquired in connection with the acquisition of Cobalt. Integration related expenses for fiscal year 2019 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 year 2019 and $1.3 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. In addition, for fiscal year 2019 integration related expenses includes $3.0 million in amortization associated intangibles acquired in connection with the acquisition of Cobalt. Integration related expenses for the three months ended June 30, 2018 includes $0.7 million in amortization associated with intangibles acquired in connection with the acquisition of Cobalt. Integration related expenses for fiscal year 2018 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 year 2018. In addition, for fiscal year 2018 integration related expenses includes $2.9 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 costs incurred in connection with our vertical integration of engines including product development costs and supplier transition performance incentives.

(7) For fiscal year 2019, we recognized other income from an adjustment in our tax receivable agreement liability as a result of a decrease in the estimated tax rate used in computing our future tax obligations and in turn, a decrease in the future tax benefit we expect to pay under our tax receivable agreement with pre-IPO owners. The rate decrease was mainly offset by an increase to other expense for tax receivable agreement liability derived by future tax benefits from Tennessee net operating losses at Malibu Boats Inc. for the three months ended June 30, 2019. For fiscal year 2018, 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 This was offset by other expense as a result of an increase in our estimated state tax rate for the three months ended June 30, 2018.

(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.

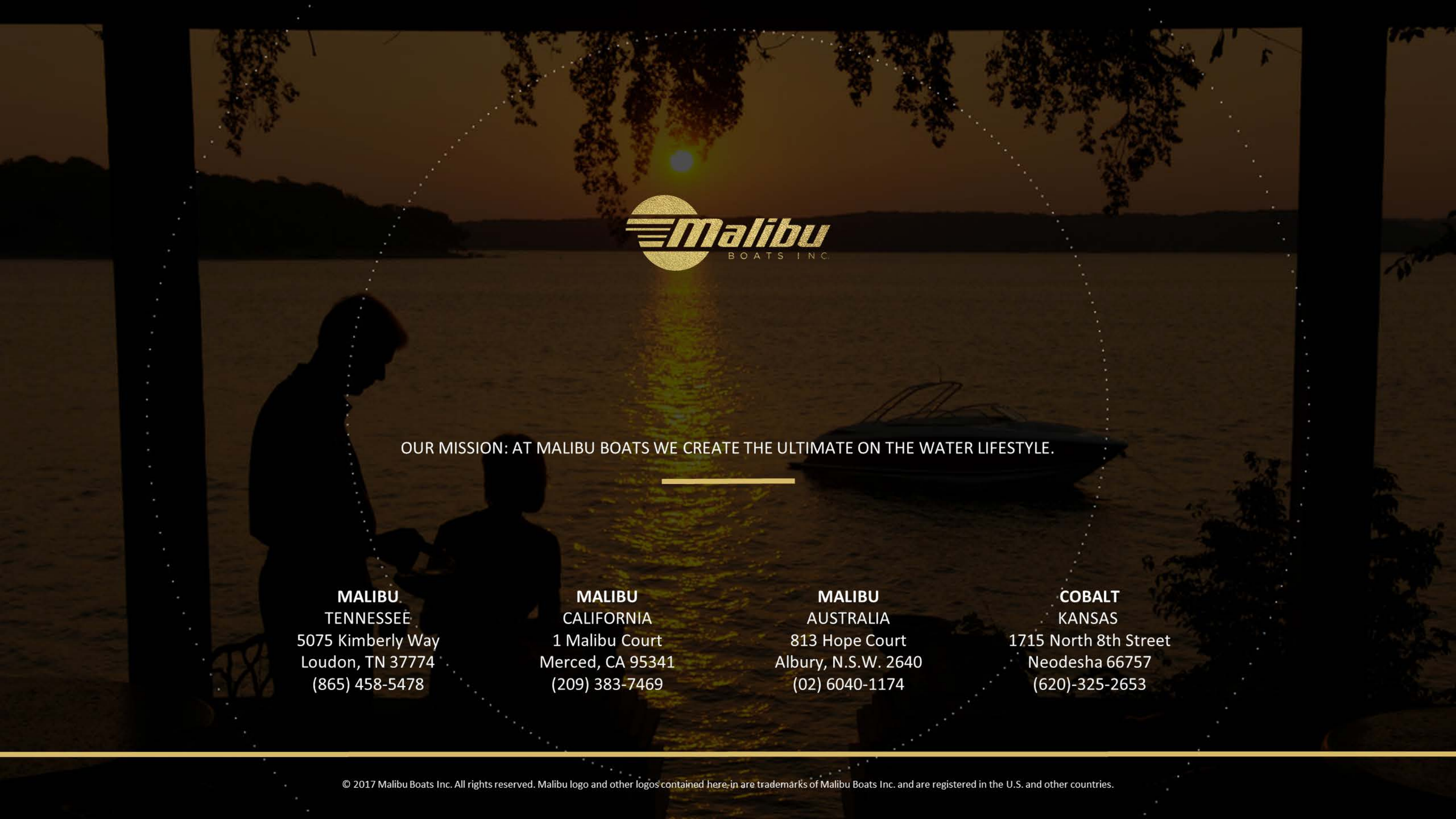
(9) Reflects income tax expense at an estimated normalized annual effective income tax rate of 24.1% of income before taxes for fiscal year 2019 and 27.2% of income before taxes for fiscal year 2018, in each case assuming the conversion of all LLC Units into shares of Class A Common Stock. The estimated normalized annual effective income tax rate for fiscal year 2019 is based on the federal statutory rate plus a blended state rate adjusted for the research and development tax credit and foreign income taxes attributable to our Australian subsidiary. The estimated normalized effective income tax rate for fiscal year 2018 is based on the federal statutory rate plus a blended state rate adjusted for deductions under Section 199 of the Internal Revenue Code, state taxes attributable to the LLC, and foreign income taxes attributable to our Australian subsidiary.

(10) The difference in weighted average shares outstanding for the three months and fiscal year ended June 30, 2018, 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.



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

MALIBU
TENNESSEE
5075 Kimberly Way
Loudon, TN 37774
(865) 458-5478

MALIBU
CALIFORNIA
1 Malibu Court
Merced, CA 95341
(209) 383-7469

MALIBU
AUSTRALIA
813 Hope Court
Albury, N.S.W. 2640
(02) 6040-1174

COBALT
KANSAS
1715 North 8th Street
Neodesha 66757
(620)-325-2653

© 2017 Malibu Boats Inc. All rights reserved. Malibu logo and other logos contained here-in are trademarks of Malibu Boats Inc. and are registered in the U.S. and other countries.