

Malibu Boats, Inc.
Fourth Quarter Fiscal 2021

Earnings Results
August 26, 2021

Malibu BOATS · COBALT BOATS · PURSUIT · XIS · MBG MAVERICK BOAT GROUP
MAVERICK / PATHFINDER / HEWES / COBIA

USE & DEFINITION OF NON-GAAP FINANCIAL MEASURE

This presentation includes the following financial measures defined as non-GAAP financial measures by the Securities and Exchange Commission: 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 U.S. generally accepted accounting principles (“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 interruption to our engine supply during the labor strike by United Auto Workers (“UAW”) against General Motors, expenses attributable to our engine vertical integration 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 structure, 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 presentation, may differ from and may, therefore, not be comparable to similarly titled measures used by other companies.

A reconciliation of our net income as determined in accordance with GAAP to Adjusted EBITDA and the numerator and denominator for our net income available to Class A Common Stock per share to Adjusted Fully Distributed Net Income per share of Class A Common Stock is provided under "Reconciliation of Non-GAAP Financial Measures".

FORWARD LOOKING STATEMENTS

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 presentation regarding trends toward larger, more custom boats; expected strong retail demand; and the introduction of new boat models during for model year 2022.

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 effects of the COVID-19 pandemic on us; our ability to execute our manufacturing strategy successfully; our large fixed cost base; increases in the cost of, or unavailability of, raw materials, component parts and transportation costs; disruptions in our suppliers’ operations; our reliance on third-party suppliers for raw materials and components and any interruption of our informal supply arrangements; our reliance on certain suppliers for our engines and outboard motors; our ability to meet our manufacturing workforce needs; exposure to workers' compensation claims and other workplace liabilities; our ability to grow our business through acquisitions and integrate such acquisitions to fully realize their expected benefits; our growth strategy which may require us to secure significant additional capital; our ability to protect our intellectual property; disruptions to our network and information systems; our success at developing and implementing a new enterprise resource planning system; risks inherent in operating in foreign jurisdictions; a natural disaster, global pandemic or other disruption at our manufacturing facilities; increases in income tax rates or changes in income tax laws; our dependence on key personnel; general industry, economic and business conditions; our ability to enhance existing products and market new or enhanced products; the continued strength of our brands; the seasonality of our business; intense competition within our industry; increased consumer preference for used boats or the supply of new boats by competitors in excess of demand; competition with other activities for consumers’ scarce leisure time; changes in currency exchange rates; an increase in energy and fuel costs; our reliance on our network of independent dealers and increasing competition for dealers; the financial health of our dealers and their continued access to financing; our obligation to repurchase inventory of certain dealers; our exposure to claims for product liability and warranty claims; changes to U.S. trade policy, tariffs and import/export regulations; any failure to comply with laws and regulations including environmental, workplace safety and other regulatory requirements; general industry, economic and business conditions; significant fluctuations in our annual and quarterly financial results; unfavorable weather conditions, policies impacting access to waterways and shelter-in-place orders; our reliance on our network of independent dealers and increasing competition for dealers; the financial health of our dealers and their continued access to financing; our obligation to repurchase inventory of certain dealers; the success of our engine integration strategy; our reliance on certain suppliers for our engines and outboard motors; our reliance on third-party suppliers for raw materials and components and any interruption of our informal supply arrangements; our ability to meet our manufacturing workforce needs; exposure to workers' compensation claims and other workplace liabilities; our ability to grow our business through acquisitions and integrate such acquisitions to fully realize their expected benefits, including our recent acquisition of Maverick Boat Group; our growth strategy which may require us to secure significant additional capital; 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; competition with other activities for consumers’ scarce leisure time; the continued strength of our brands; our ability to execute our manufacturing strategy successfully; our exposure to claims for product liability and warranty claims; our dependence on key personnel; our ability to protect our intellectual property; disruptions to our network and information systems; risks inherent in operating in foreign jurisdictions; rising concern regarding international tariffs; changes in currency exchange rates; an increase in energy and fuel costs; any failure to comply with laws and regulations including environmental and other regulatory requirements; a natural disaster, global pandemic or other disruption at our manufacturing facilities; increases in income tax rates or changes in income tax laws; our holding company structure; covenants in our credit agreement governing our revolving credit facility and term loan which may limit our operating flexibility; our variable rate indebtedness which subjects us to interest rate risk; our obligation to make certain payments under a tax receivables agreement; and any failure to maintain effective internal control over financial reporting or disclosure controls or procedures; 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.

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FISCAL YEAR 2021

- Delivered record results that exceeded expectations
- Net sales are up 41.9% year-over-year to $926.5 million
  - Driven by strong organic sales growth and the acquisition of Maverick Boat Group
- Net sales per unit increased 11.7%
  - Significant retail demand continuing
  - New boat buyers entering the market
- Adjusted EBITDA margin up 350bps Y/Y to 20.5%

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.

Malibu Boats · Cobalt Boats · Pursuit · Axis · MBG Maverick Boat Group — Maverick / Pathfinder / Hewes / Cobia

KEY TAKEAWAYS



Positioned for long-term, sustainable success resulting in increased profitability

- Achieved a record-breaking year in terms of revenue growth, net income growth and EBITDA margin expansion, led by our premium brand offering, market leading innovation and operational excellence
- Continued to capitalize on the soaring retail demand with the persisting trend towards larger, more custom boats
- Successfully integrated Maverick into the Malibu family of brands and remain on-pace to complete facility expansion efforts
- Malibu's strategic planning and resilient supply chain management continues to support our outperformance of the broader industry

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COBALT & MAVERICK FACILITY EXPANSION





- Completed the expansion of our cruiser plant and small boat plant, effectively increasing production capacity for Q4 of FY 2021 and beyond
- Completed the third and final phase of our plant improvement, which supports the expansion and modernization of our gelcoat and lamination departments
- The completion of this project drives our capability of building more products with even better quality, while further driving operational efficiencies

- Remain on pace to complete the 110,000 square foot phase II addition at Maverick, supporting future growth and our ability to harness strong industry momentum
- Project is expected to be complete in the second half of fiscal 2022 and positions Maverick to increase production by 30% or more
- This expansion project helps drive market share growth opportunities and seize additional untapped Saltwater Fishing demand

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OPERATIONAL EXCELLENCE & VERTICAL INTEGRATION



OPERATIONAL EXCELLENCE

- Culture centered on superior employees building the highest quality products in the most efficient manner
- Provides an unmatched value to our dealers and customers
- Vertical integration supports operational excellence
- Allows us to encounter and overcome operating issues out of our control quickly
- Implementing the same strategy at Cobalt, Pursuit, and ultimately Maverick
- Drives margin expansion over the long-term



VERTICAL INTEGRATION

- Vertical integration strategy is a competitive differentiator across all brands, driving overall growth and profitability
- Allows us to control a greater portion of our supply chain, quality and input costs
- Like Malibu and Axis in FY20, our flooring has debuted at Cobalt in FY21
- 2-3 additional vertical integration projects are always in the works
- More opportunities to generate new synergies across brands in FY 2022 and beyond

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NEW MY22 PRODUCT INTRODUCTIONS



Malibu Wakesetter 25 LSV



Axis T220



Malibu Wakesetter 21 LX



Pursuit S 358 Sport Model

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MALIBU'S GROWTH STRATEGY



Malibu Boats · Cobalt Boats · Pursuit · Axis · MBG Maverick Boat Group (Maverick / Pathfinder / Hewes / Cobia)

4TH QUARTER FISCAL 2021 COMPARABLE RESULTS

NET SALES



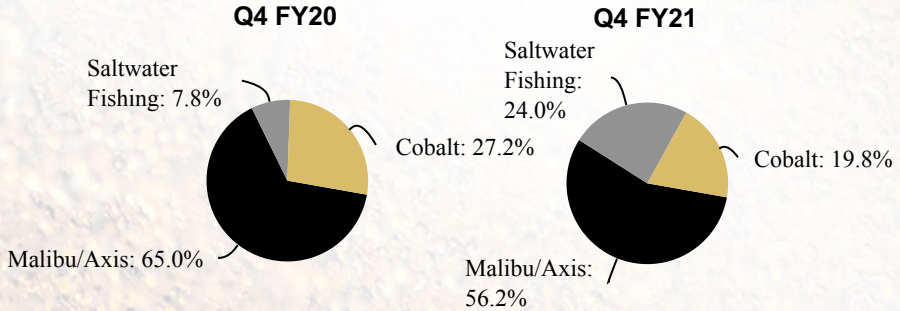
VOLUME



NET SALES PER UNIT



MIX COMPARISON



4TH QUARTER FISCAL 2021 COMPARABLE RESULTS

GROSS MARGIN



GROSS PROFIT



ADJ EBITDA MARGIN (1)



ADJ. EBITDA (1)



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

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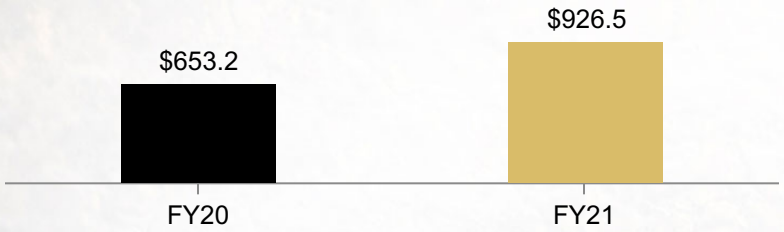
FISCAL 2021 COMPARABLE RESULTS

NET SALES



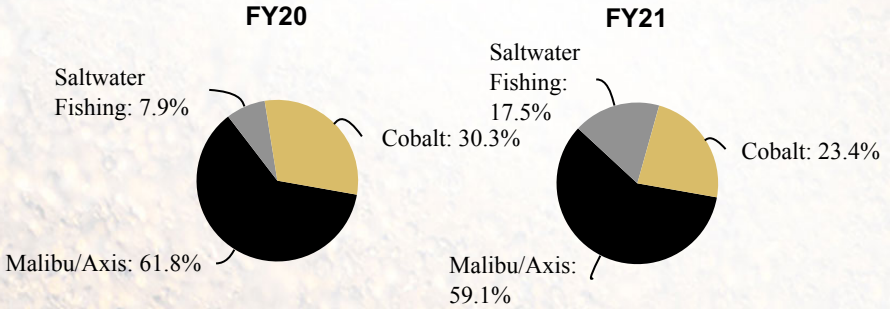
VOLUME



NET SALES PER UNIT



MIX COMPARISON



FISCAL 2021 COMPARABLE RESULTS

GROSS MARGIN



GROSS PROFIT



ADJ EBITDA MARGIN (1)



ADJ. EBITDA (1)



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

FY22 FULL YEAR OUTLOOK

METRIC	TARGET
Consolidated Net Sales	High-teens % growth
Adjusted EBITDA Margin	Approximately 20%

APPENDIX

RECONCILIATION OF NET INCOME TO NON-GAAP ADJUSTED EBITDA

The following table sets forth a reconciliation of net income as determined in accordance with GAAP to Adjusted EBITDA and presentation of net income margin and Adjusted EBITDA Margin for the periods indicated (dollars in thousands):

	Three Months Ended June 30,		Fiscal Year Ended June 30,	
	2021	2020	2021	2020
Net income	$ 34,962	$ 6,510	$ 114,282	$ 64,656
Provision for income taxes	10,323	2,204	33,979	19,076
Interest expense	732	824	2,529	3,888
Depreciation	4,421	3,209	15,636	12,249
Amortization	2,113	1,509	7,255	6,131
Professional fees [1]	2,631	513	5,817	1,013
Acquisition and integration related expenses [2]	1,005	—	5,112	—
Stock-based compensation expense [3]	1,521	736	5,581	3,042
UAW strike impact [4]	—	—	—	2,564
Adjustments to tax receivable agreement liability [5]	(88)	(22)	(88)	(1,672)
Adjusted EBITDA	$ 57,620	$ 15,483	$ 190,103	$ 110,947
Net Sales	$ 276,722	$ 118,661	$ 926,515	$ 653,163
Net Income Margin [6]	12.6 %	5.5 %	12.3 %	9.9 %
Adjusted EBITDA Margin [6]	20.8 %	13.1 %	20.5 %	17.0 %

RECONCILIATION OF NET INCOME TO NON-GAAP ADJUSTED EBITDA AND ADJUSTED EBITDA MARGIN

(1) Represents legal and advisory fees related to our litigation with Skier's Choice, Inc.

(2) For the three months and fiscal year ended June 30, 2021, represents legal and advisory fees incurred in connection with our acquisition of Maverick Boat Group on December 31, 2020. Integration related expenses for the fiscal year ended June 30, 2021 include post-acquisition adjustments to cost of goods sold of $0.9 million for the fair value step up of inventory acquired from Maverick Boat Group, which was sold during the third quarter of fiscal 2021.

(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 interruption to our engine supply during the UAW strike against General Motors. We purchase engines from General Motors LLC that we then prepare for marine use for our Malibu and Axis boats. During the UAW strike, General Motors suspended delivery of engine blocks to us and we incurred costs by entering into purchase agreements with two suppliers for additional engines to supplement our inventory of engine blocks for Malibu and Axis boats.

(5) For the three months ended June 30, 2021 and 2020 and fiscal years 2021 and 2020, 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.

(6) We calculate net income margin as net income divided by net sales and we define adjusted EBITDA margin as adjusted EBITDA divided by net sales.

RECONCILIATION OF NET INCOME ATTRIBUTABLE TO CLASS A COMMON STOCK TO ADJUSTED FULLY DISTRIBUTED NET INCOME OF CLASS A COMMON STOCK (UNAUDITED):

The following table sets forth a reconciliation of net income attributable to Malibu Boats, Inc. to Adjusted Fully Distributed Net Income for the periods presented (dollars in thousands, except per share data):

	Three Months Ended June 30,		Fiscal Year Ended June 30,	
	2021	2020	2021	2020
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.	$ 33,727	$ 6,203	$ 109,841	$ 61,562
Provision for income taxes	10,323	2,204	33,979	19,076
Professional fees [1]	2,631	513	5,817	1,013
Acquisition and integration related expenses [2]	2,664	1,062	10,558	4,262
Fair market value adjustment for interest rate swap [3]	—	—	—	68
Stock-based compensation expense [4]	1,521	736	5,581	3,042
UAW strike impact [5]	—	—	—	2,564
Adjustments to tax receivable agreement liability [6]	(88)	(22)	(88)	(1,672)
Net income attributable to non-controlling interest [7]	1,235	307	4,441	3,094
Fully distributed net income before income taxes	52,013	11,003	170,129	93,009
Income tax expense on fully distributed income before income taxes [8]	12,275	2,586	40,150	21,857
Adjusted fully distributed net income	$ 39,738	$ 8,417	$ 129,979	$ 71,152

RECONCILIATION OF NET INCOME ATTRIBUTABLE TO CLASS A COMMON STOCK TO ADJUSTED FULLY DISTRIBUTED NET INCOME OF CLASS A COMMON STOCK (UNAUDITED):

The following table sets forth a reconciliation of net income attributable to Malibu Boats, Inc. to Adjusted Fully Distributed Net Income for the periods presented (dollars in thousands, except per share data):

	Three Months Ended June 30,		Fiscal Year Ended June 30,	
	2021	2020	2021	2020
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:	20,843,921	20,598,897	20,752,652	20,662,750
Common Stock:				
Weighted-average LLC units held by non-controlling unit holders [9]	601,414	761,647	665,217	806,943
Weighted-average unvested restricted stock awards issued to management [10]	231,165	181,015	212,579	155,433
Stock outstanding used in computing Adjusted Fully Distributed Net Income per Share of Class A Common Stock:	21,676,500	21,541,559	21,630,448	21,625,126

RECONCILIATION OF NET INCOME ATTRIBUTABLE TO CLASS A COMMON STOCK TO ADJUSTED FULLY DISTRIBUTED NET INCOME OF CLASS A COMMON STOCK (UNAUDITED):

The following table sets forth a reconciliation of net income attributable to Malibu Boats, Inc. to Adjusted Fully Distributed Net Income for the periods presented (dollars in thousands, except per share data):

	Three Months Ended June 30,		Fiscal Year Ended June 30,	
	2021	2020	2021	2020
Net income available to Class A Common Stock per share	$ 1.62	$ 0.30	$ 5.29	$ 2.98
Impact of adjustments:				
Provision for income taxes	0.50	0.10	1.64	0.92
Professional fees [1]	0.13	0.03	0.28	0.05
Acquisition and integration related expenses [2]	0.13	0.06	0.51	0.21
Fair market value adjustment for interest rate swap [3]	—	—	—	—
Stock-based compensation expense [4]	0.07	0.04	0.27	0.15
UAW strike impact [5]	—	—	—	0.12
Adjustment to tax receivable agreement liability [6]	—	—	—	(0.08)
Net income attributable to non-controlling interest [7]	0.06	0.02	0.21	0.15
Fully distributed net income per share before income taxes	2.51	0.55	8.20	4.50
Impact of income tax expense on fully distributed income before income taxes [8]	(0.59)	(0.12)	(1.93)	(1.06)
Impact of increased share count [11]	(0.08)	(0.03)	(0.26)	(0.15)
Adjusted Fully Distributed Net Income per Share of Class A Common Stock	$ 1.84	$ 0.40	$ 6.01	$ 3.29

RECONCILIATION OF NET INCOME ATTRIBUTABLE TO CLASS A COMMON STOCK TO ADJUSTED FULLY DISTRIBUTED NET INCOME OF CLASS A COMMON STOCK (UNAUDITED):

(1) Represents legal and advisory fees related to our litigation with Skier's Choice, Inc.

(2) For the three months and fiscal year ended June 30, 2021, represents legal and advisory fees incurred in connection with the acquisition of Maverick Boat Group and amortization of intangibles acquired in connection with the acquisition of Maverick Boat Group, Pursuit and Cobalt. Integration related expenses for the fiscal year ended June 30, 2021 include post-acquisition adjustments to cost of goods sold of $0.9 million for the fair value step up of inventory acquired from Maverick Boat Group, which was sold during the third quarter of fiscal 2021. For the three months and fiscal year ended June 30, 2020, represents amortization of intangibles acquired in connection with the acquisition of Pursuit and Cobalt.

(3) Represents the change in the fair value of our interest rate swap entered into on July 1, 2015. The swap matured on March 31, 2020.

(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 interruption to our engine supply during the UAW strike against General Motors. We purchase engines from General Motors LLC that we then prepare for marine use for our Malibu and Axis boats. During the UAW strike, General Motors suspended delivery of engine blocks to us and we incurred costs by entering into purchase agreements with two suppliers for additional engines to supplement our inventory of engine blocks for Malibu and Axis boats.

(6) For the three months and fiscal years ended June 30, 2021 and 2020, 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.

RECONCILIATION OF NET INCOME ATTRIBUTABLE TO CLASS A COMMON STOCK TO ADJUSTED FULLY DISTRIBUTED NET INCOME OF CLASS A COMMON STOCK (UNAUDITED):

(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 23.6% of income before taxes for the three months and fiscal year ended June 30, 2021, and 23.5% for three months and fiscal year ended June 30, 2020, 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 three months and fiscal years ended June 30, 2021 and June 30, 2020 is based on the federal statutory rate plus a blended state rate adjusted for the research and development tax credit, the foreign derived intangible income deduction, and foreign income taxes attributable to our Australian subsidiary.

(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.