MALIBU

BOATS. INC.™

Malibu Boats, Inc. First Quarter Fiscal 2023

Earnings Results
November 04, 2022



MBI™ Malibu Boats AXIS COBALT BOATS PURSUIT COBIA PATHFINDER Maverick HEWES

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 and non-cash compensation expense. 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".

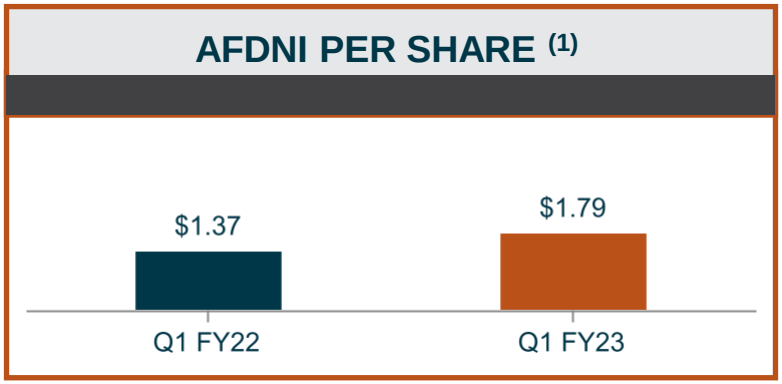
FORWARD LOOKING STATEMENTS

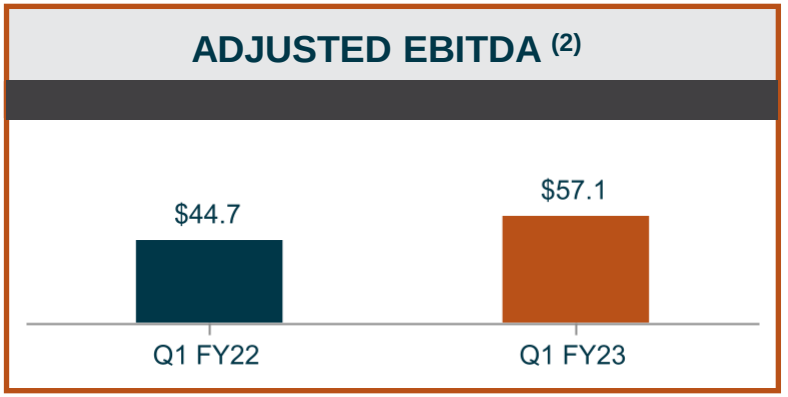
This presentation includes forward-looking statements (as such term is defined in the Private Securities Litigation Reform Act of 1995). Forward-looking statements can be identified by such words and phrases as “believes,” “anticipates,” “expects,” “intends,” “estimates,” “may,” “will,” “should,” “continue” and similar expressions, comparable terminology or the negative thereof, and includes statements in this presentation regarding our expectations for fiscal year 2022; our expectations for opportunities for growth and demand for our products, including beyond calendar year 2022; and our ability to continue to deliver value for 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: the effects of the COVID-19 pandemic on us; general industry, economic and business conditions; our ability to grow our business through acquisitions and integrate such acquisitions to fully realize their expected benefits, including our recent acquisitions of AmTech, LLC and Maverick Boat Group; 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.

THREE MONTHS ENDED FISCAL Q1 2023

- Delivered strong results, exceeding expectations
- Net sales are up 19.2% year-over-year to $302.2 million
  - Driven by increased volumes in Malibu and Saltwater Fishing segments and inflation driven year-over-year price increases
- Gross profit increased 24.9%
- Adjusted EBITDA margin of 18.9%





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.

KEY TAKEAWAYS



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

- **Leveraged our premium product line-up and operational excellence to post record revenues during the first quarter, despite ongoing supply chain pressures**
- **Drawing customers across our suite of brands, with continued strong demand for larger, feature rich boats**
- **Continuing to capitalize on heightened retail environment and unprecedented dealer inventory shortage, with orders holding steady**
- **Operational excellence combined with our best-in-class products and distribution enabling us to deliver on our strategic vision**
- **Our investments in innovation, vertical integration and strategic expansion of production capacity will continue to drive outperformance in fiscal year 2023 and beyond**

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
- Malibu Electronics highlights latest efforts to build on existing foundation
- Additional vertical integration projects are always in the works
- More opportunities to generate new synergies across brands in FY 2023 and beyond

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MALIBU'S GROWTH STRATEGY



FIRST QUARTER FISCAL 2023 COMPARABLE RESULTS

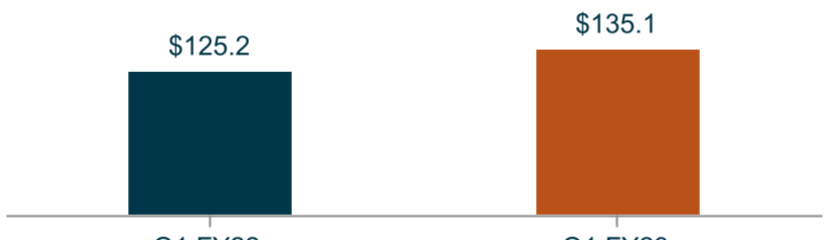
NET SALES



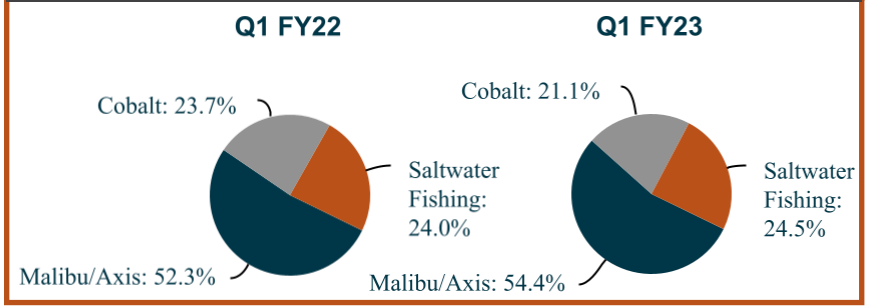
VOLUME



NET SALES PER UNIT



MIX COMPARISON



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FIRST QUARTER FISCAL 2023 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.

FY23 FULL YEAR OUTLOOK

METRIC	TARGET
Consolidated Net Sales	Mid-to-high single digit % growth
Adjusted EBITDA Margin	Down slightly

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APPENDIX



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

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 September 30,	
	2022	2021
Net income	$ 36,105	$ 27,933
Provision for income taxes	11,023	8,084
Interest expense	1,285	684
Depreciation	5,296	4,918
Amortization	1,716	1,856
Stock-based compensation expense [1]	1,635	1,258
Adjusted EBITDA	$ 57,060	$ 44,733
Net Sales	$ 302,211	$ 253,497
Net Income Margin [2]	11.9 %	11.0 %
Adjusted EBITDA Margin [2]	18.9 %	17.6 %

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

(1) 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.

(2) 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 September 30,	
	2022	2021
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.	$ 34,883	$ 26,944
Provision for income taxes	11,023	8,084
Acquisition and integration related expenses [1]	1,677	1,677
Stock-based compensation expense [2]	1,635	1,258
Net income attributable to non-controlling interest [3]	1,222	989
Fully distributed net income before income taxes	50,440	38,952
Income tax expense on fully distributed income before income taxes [4]	12,276	9,271
Adjusted fully distributed net income	$ 38,164	$ 29,681

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 September 30,	
	2022	2021
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:	20,459,849	20,849,981
Adjustments to weighted average shares of Class A Common Stock:		
Weighted-average LLC units held by non-controlling unit holders [5]	600,919	600,919
Weighted-average unvested restricted stock awards issued to management [6]	254,781	224,165
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:	21,315,549	21,675,065

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 September 30,	
	2022	2021
Net income available to Class A Common Stock per share	$ 1.70	$ 1.29
Impact of adjustments:		
Provision for income taxes	0.54	0.39
Acquisition and integration related expenses [1]	0.08	0.08
Stock-based compensation expense [2]	0.08	0.06
Net income attributable to non-controlling interest [3]	0.06	0.05
Fully distributed net income per share before income taxes	2.46	1.87
Impact of income tax expense on fully distributed income before income taxes [4]	(0.60)	(0.44)
Impact of increased share count [7]	(0.07)	(0.06)
Adjusted Fully Distributed Net Income per Share of Class A Common Stock	$ 1.79	$ 1.37

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

(1) For the three months ended September 30, 2022 and 2021, represents amortization of intangibles acquired in connection with the acquisitions of Maverick Boat Group, Pursuit and Cobalt.

(2) 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.

(3) 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.

(4) Reflects income tax expense at an estimated normalized annual effective income tax rate of 24.3% and 23.8% of income before income taxes for the three month period ended September 30, 2022 and 2021, respectively, 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 2023 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.

(5) 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.

(6) 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.

(7) 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.