

*MASTERCRAFT
BOAT HOLDINGS INC.*

FISCAL 2019 SECOND QUARTER RESULTS

FEBRUARY 7, 2019

MasterCraft


CREST


NauticStar®
BOATS


AVIARA

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This presentation includes certain non-GAAP financial measures, including Adjusted EBITDA. These non-GAAP financial measures should be considered only as supplemental to, and not as superior to, financial measures prepared in accordance with GAAP. Please refer to the Appendix of this presentation for a reconciliation of Adjusted EBITDA to net income, the most directly comparable financial measure prepared in accordance with U.S. GAAP.

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COMPANY HIGHLIGHTS

01. Growing stable of premium, diversified brands synonymous with quality, innovation and performance
02. Leading market share positions in three of the fastest growing segments of the powerboating industry (PSB, Pontoon & Fiberglass Outboards)
03. Industry-leading product design and innovation
04. Highly efficient product development and manufacturing
05. Strong, complementary dealer networks
06. Highly experienced management teams leading an engaged workforce
07. Strong financial position to support growth
08. Track-record of growth, both organic and through strategic acquisitions

**HIGHLY-VISIBLE
AVENUES FOR EARNINGS
GROWTH AND SUSTAINABLE
COMPETITIVE ADVANTAGES**

HIGHLY VISIBLE AVENUES FOR GROWTH

GOAL:
**DRIVE SUSTAINABLE,
PROFITABLE GROWTH
THROUGH FOUR KEY
STRATEGIES**

01. PRODUCT DEVELOPMENT & INNOVATION

Driving sales through new and innovative product designs and options

02. STRENGTHENING DEALER NETWORK

Relentless focus on having the best dealer for each respective brand in every market

03. MARGIN EXPANSION

Utilize best-in-class operational excellence to drive margin expansion initiatives

04. MARKET SHARE

Capture additional market share from existing and adjacent boating categories, both organically & through M&A

DIVERSIFIED PORTFOLIO OF PREMIUM BRANDS

SERVING THE FASTEST GROWING SEGMENTS

MasterCraft

01.
PERFORMANCE SPORT BOATS

Iconic brand built on four key pillars:

**Legacy. Power. Precision.
Progression.**

**MASTERCRAFT
BOAT HOLDINGS INC.**

NauticStar[®]
BOATS

02.
FIBERGLASS OUTBOARD BOATS

Fresh, innovative brand focused on delivering the ultimate experience to professional and sport fisherman, recreational and pleasure boating enthusiasts

CREST

03.
PONTOON BOATS

Premium pontoon brand delivering luxury, style and performance without compromise

AVIARA

04.
LUXURY DAY BOATS

De-novo brand that creates an elevated open water experience by fusing progressive European style and effortless comfort with American engineering



Command Excellence

Considered lines, comfort without compromise, quality in every detail. The 32' Aviara AV32 is boating, redefined for people who have the confidence to push ahead.

AVIARABOATS.COM



A person in a wetsuit is in the water next to a boat. The scene is set at sunset, with a warm, golden glow. The boat is on the right, and the person is on the left. The text is overlaid on the image.

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SECOND QUARTER RESULTS

SECOND QUARTER HIGHLIGHTS

- Record-setting results in net sales, gross profit and adjusted EBITDA
- Net sales for the second quarter increased to \$121.5 million, up 55.0%
- Adjusted EBITDA increased to \$18.6 million, up 35.6%
- Adjusted net income for the quarter totaled \$12.1 million, up 46.9%
- Fully diluted adjusted net income per share increased to \$0.64, up 45.5%
- Inventory turns at optimal levels due to continued healthy retail demand across all brands
- Pro forma net debt to adjusted EBITDA of 1.6x; down from 2.1x at the time of the Crest acquisition

FISCAL 2019 SECOND QUARTER RESULTS

METRIC	FY 2019 Q2	FY 2018 Q2
Units – MasterCraft	893	675
Units – NauticStar	480	526
Units – Crest	675	—
Consolidated Q over Q Growth %	71%	—
Net Sales – MasterCraft	\$76.4	\$58.2
Net Sales – NauticStar	\$19.2	\$20.2
Net Sales – Crest	\$25.9	—
Consolidated Q over Q Growth %	55%	—
Adjusted EBITDA	\$18.6	\$13.7
Q over Q Growth %	35.7%	—

REVISED FISCAL 2019 GUIDANCE

- Updated guidance to reflect an improved outlook at Crest

METRIC	FY 2019
Net Sales Growth	Low 40% range
Adjusted EBITDA Margin	Mid-to-high 16% range
Adjusted EPS Growth	Low 30% range

Note: See appendix for reconciliation of non-GAAP Adjusted EBITDA to Adjusted Net Income.

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APPENDIX



ADJUSTED EBITDA RECONCILIATION

- The following table sets forth a reconciliation of net income as determined in accordance with GAAP to adjusted EBITDA for the periods indicated:

METRIC	FY 2019 Q2	FY 2018 Q2
Net income	\$10,188	\$8,009
Income tax expense	2,492	1,634
Interest expense	2,042	1,139
Depreciation & amortization	1,923	1,478
EBITDA	\$16,645	\$12,260
Transaction expense ⁽¹⁾	699	605
Inventory step-up adjustment – acquisition related	382	501
New brand startup costs ⁽²⁾	483	85
Stock-based compensation	404	264
Adjusted EBITDA	\$18,613	\$13,715
Adjusted EBITDA margin	15.3%	17.5%

1) Represents fees, expenses and integration costs associated with our acquisitions of NauticStar and Crest.

2) Represents startup costs associated with Avlara - a completely new boat brand in a segment of the market neither MasterCraft, NauticStar nor Crest serves.

ADJUSTED NET INCOME RECONCILIATION

- The following table sets forth a reconciliation of net income as determined in accordance with GAAP to adjusted net income for the periods indicated:

METRIC	FY 2019 Q2	FY 2018 Q2
Net income	\$10,188	\$8,009
Income tax expense	2,492	1,634
Transaction expense ⁽¹⁾	1,660	1,103
Inventory step-up adjustment – acquisition related	382	501
New brand startup costs ⁽²⁾	483	85
Stock-based compensation	404	264
Adjusted net income before income taxes	\$15,609	\$11,596
Adjusted income tax expense ⁽³⁾	3,512	3,363
Adjusted net income	\$12,097	\$8,233
Pro-forma adjusted net income per common share		
Basic	\$0.65	\$0.44
Diluted	\$0.64	\$0.44
Pro-forma weighted average shares used for the computation of: ⁽⁴⁾		
Basic adjusted net income per share	18,655,644	18,619,834
Diluted adjusted net income per share	18,851,590	18,792,214

1) Represents fees, expenses and integration costs associated with our acquisitions of NauticStar and Crest, including \$961 and \$498 of amortization associated with intangibles acquired in connection with the acquisitions of NauticStar and Crest during the three months ended December 30, 2018 and December 31, 2017, respectively.

2) Represents startup costs associated with Avlara - a completely new boat brand in a segment of the market neither MasterCraft, NauticStar nor Crest serves.

3) Reflects income tax expense at an estimated annual effective tax rate of 22.5% for the current period and 29% for the prior-year period.

4) The weighted average shares used for computation of pro-forma diluted earnings per common share gives effect to 70,546 shares of restricted stock awards, 88,412 performance stock units and 36,988 shares for the dilutive effect of stock options.

ADJUSTED NET INCOME PER SHARE RECONCILIATION

- The following table sets forth a reconciliation of net income per diluted share as determined in accordance with GAAP to adjusted net income per diluted share for the periods indicated:

METRIC	FY 2019 Q2	FY 2018 Q2
Net income per diluted share	\$0.54	\$0.43
Income tax expense	0.13	0.09
Transaction expense ⁽¹⁾	0.09	0.06
Inventory step-up adjustment – acquisition related	0.02	0.03
New brand startup costs ⁽²⁾	0.03	—
Stock-based compensation	0.02	0.01
Adjusted net income per diluted share before income taxes	0.83	0.62
Adjusted income tax expense per diluted share ⁽³⁾	(0.19)	(0.18)
Impact of increased share count ⁽⁴⁾	—	—
Adjusted net income per diluted pro-forma weighted average share	\$0.64	\$0.44

1) Represents fees, expenses and integration costs associated with our acquisitions of NauticStar and Crest, including \$961 and \$498 of amortization associated with intangibles acquired in connection with the acquisitions of NauticStar and Crest during the three months ended December 30, 2018 and December 31, 2017, respectively.

2) Represents startup costs associated with a completely new boat brand in a segment of the market neither MasterCraft nor NauticStar serves.

3) Reflects income tax expense at an estimated annual effective tax rate of 22.5% for the current period and 29% for the prior-year period.

4) Reflects impact of increased share counts giving effect to the exchange of all restricted stock awards, the vesting of all performance stock units and for the dilutive effect of stock options included in outstanding shares.

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