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MCFT - Q3 2018 MCBC Holdings Inc Earnings Call

EVENT DATE/TIME: MAY 10, 2018 / 9:00PM GMT



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PRESENTATION

Operator

Good day, ladies and gentlemen, and welcome to the Third Quarter 2018 MCBC Holdings Earnings Conference Call. (Operator Instructions) As a reminder, today's conference is being recorded.

I would like to introduce your host for today's conference, Mr. Tim Oxley, Chief Financial Officer. Sir, please go ahead.

Timothy M. Oxley - *MCBC Holdings, Inc. - VP, CFO, Treasurer & Secretary*

Thank you, operator, and welcome, everyone. Today's call is being webcast live and will also be archived on our website for future listening. Joining me on today's call is Terry McNew, MCBC Holdings' President and Chief Executive Officer. Our agenda includes a strategic overview by Terry, followed by my analysis of the financials. Then Terry will discuss our strategies for growth and expectations for the full fiscal year ended June 30, 2018, followed by the Q&A session.

Before we begin, we'd like to remind participants that the information contained in this call is current only as of today, May 10, 2018. The company assumes no obligation to update any statements, including forward-looking statements. Statements that are not historical facts are forward-looking statements and subject to the safe harbor disclaimer in today's press release.

Additionally, on this conference call, we will discuss non-GAAP measures that include or exclude special or items not indicative of our ongoing operations. For each non-GAAP measure, we also provide the most directly comparable GAAP measure. Our fiscal 2018 third quarter earnings release includes a reconciliation of these non-GAAP measures to our GAAP results. Before turning the call over to Terry, I'd like to remind listeners that there is a slide deck summarizing our financial results in the Investors section of our website.

With that, I'll turn the call over to Terry.

Terry D. McNew - *MCBC Holdings, Inc. - President, CEO & Director*

Thanks, Tim. I'd also like to thank everyone for joining us today. As you saw from today's press release, we continue to deliver strong top and bottom line performance, driven by double-digit gains from MasterCraft, the addition of NauticStar and our commitment to operational excellence across both organizations.



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Throughout our business, retail activity continues to gain momentum, and we remain comfortable with our inventory levels. And dealers are reporting more retail sold production slots than in the prior year. We look forward to finishing fiscal 2018 strong and working with our dealer network to further maximize their opportunities.

On the NauticStar side of our business, since acquiring the organization in October 2017, we've made significant progress, leveraging our industry-leading strengths and operational excellence and financial management to further improve NauticStar's output, quality and margin. In less than 6 months, we've helped NauticStar begin to reconfigure their plant layout and increase daily production volume while improving both safety and quality. Additionally, we continue to add new NauticStar dealers, with 18 dealer locations added this calendar year so far. We look forward to continuing to optimize NauticStar and driving their growth.

Looking at MasterCraft. One milestone that I'd like to highlight is that the National Marine Manufacturers Association, the NMMA, and Boating Writers International, honored MasterCraft's XStar with the 2018 Innovation Award in the towboat category in February. With the new XStar, validation came when ranks of pro wakeboarders outside of the MasterCraft team were raving about its versatility. It's truly the first wakeboard boat in the world that enables progression for anyone from family writers to the world's best. We're thrilled and honored to receive our seventh Innovation Award in 9 years from the NMMA. No other tow sport brand is even close to that level of innovation performance.

We recognize that so many owners buy MasterCraft because of our industry-leading innovation. And with the XStar, its innovations transcend even beyond its on-water performance. 2 decades after changing the sport of wakeboarding with the first XStar, the first true performance wakeboard boat, the 2018 XStar was completely redesigned to debut as the highest-performing, most technologically advanced wake-specific boat in the industry.

Looking ahead to the fourth quarter, we're optimistic about prospects with the sales and profit growth opportunities we have for both NauticStar and MasterCraft. Our shared commitment to operational excellence and innovation teamed with our diverse product portfolio position the company well for a strong finish to the year.

Now I'd like to turn the call back over to Tim to go over our financials.

Timothy M. Oxley - MCBC Holdings, Inc. - VP, CFO, Treasurer & Secretary

Thanks, Terry. From a top line perspective, net sales for the third quarter rose \$35.3 million or 60.4% to \$93.8 million from the \$58.5 million for the prior year period. The increase reflects the inclusion of NauticStar, which increased net sales by 42% or \$24.6 million. The remaining increase of 18.4% or \$10.7 million was attributable to an increase in MasterCraft unit sales volume, favorable product mix and price increases.

Gross profit for the third quarter increased \$9.5 million or 63.4% to \$24.4 million versus \$14.9 million in the prior year period. The inclusion of NauticStar contributed \$4.9 million to gross profit. Growth in MasterCraft unit sales volume, a favorable product mix, price increases and a reduced retail rebate activity, offset by higher material cost, accounted for the remaining increase.

Gross margin increased to 26% from 25.5% for the prior year period. This increase was primarily due to reduced retail rebate activity, partially offset by the inclusion of NauticStar's gross margin, which is in the high teens versus MasterCraft's industry-leading high-20s.

On the expense front, selling and marketing expense rose \$0.9 million to \$3.6 million for the third quarter compared to the year-earlier quarter, primarily due to the inclusion of NauticStar, which increased selling and marketing expense by \$0.8 million.

General and administrative expense totaled \$5.1 million versus \$7.9 million for the prior year period. This decrease stemmed mainly from a decrease in litigation cost, partially offset by the inclusion of NauticStar.

Turning to the bottom line. Fiscal third quarter net income totaled \$11.5 million versus \$2.2 million in the year-earlier quarter, driven by reduced retail rebate activity and reduced tax rates from the enactment of tax reform.



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Adjusted net income was \$10.6 million or \$0.56 per share on a pro forma fully diluted weighted average share count of 18.8 million shares. This compares with adjusted net income of \$5.3 million or \$0.28 per share in the prior year period. Adjusted net income for the third quarter was computed using a blended annual tax rate of 29% due to tax reform.

Our annual effective tax rate is expected to be lowered to about 24% for fiscal 2019.

EBITDA was \$16.7 million compared to \$5.1 million in the prior year period. Adjusted EBITDA margin was 18.4% from 16.4% in the prior year period. Adjusted EBITDA was \$17.3 million, a 79.4% increase from \$9.6 million in the prior year period. See the Non-GAAP Measures section included in today's press release for a reconciliation of adjusted EBITDA, adjusted EBITDA margin and adjusted net income to the most directly comparable financial measures presented in accordance with GAAP.

In the interest of time, I won't discuss the details of our 9-month results today. I will echo Terry's comments and reiterate that we're very pleased with our performance and look forward to the full fiscal year, June 30, 2018. I'll be happy to answer any questions -- year-to-date questions during the Q&A.

With that, I'd like to turn the call back over to Terry.

Terry D. McNew - *MCBC Holdings, Inc. - President, CEO & Director*

Thanks, Tim. Our year-to-date performance gives us confidence in our ability to deliver a strong finish to fiscal 2018. And as always, we remain committed to our 5-pronged growth strategy: developing new and innovative products, further penetrating all levels of the performance sport boat category, capturing share from adjacent boating category, strengthening our dealer network and driving margin expansion through continuous operational excellence.

For full fiscal year 2018 guidance, we now expect net sales growth to be in the low- to mid-40% range, including 9 months of NauticStar's projected net sales. We expect to see adjusted EBITDA margins for MasterCraft, excluding NauticStar, to grow to mid-19% range from 19% in 2017. After taking the dilutive effect of the NauticStar acquisition, consolidated EBITDA margins are expected to be in the low-18% range.

Adjusted EPS is expected to grow in the high-40% range. NauticStar is expected to provide accretion of \$0.15 to \$0.20 per share during the 9 months post the acquisition.

While we are not in a position of providing more definitive guidance for fiscal year 2019 until our next call, please note that we intend to ramp up spending on an expanded product line in 2019, measured in both dollar terms and as a percent of sales. We've created shareholder value through the acquisition of NauticStar in the past year, but we also believe we can generate strong returns from organic investments as well.

Now I'd like to turn it over to the operator for questions.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions) Our first question comes from the line of Joe Altobello with Raymond James.

Joseph Nicholas Altobello - *Raymond James & Associates, Inc., Research Division - MD and Senior Analyst*

The first question, I guess, I wanted to delve into the ASP number a little bit. It looks like very strong this quarter on the MasterCraft side. Can you help us understand what was driving that 9% number?

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Timothy M. Oxley - *MCBC Holdings, Inc. - VP, CFO, Treasurer & Secretary*

The -- aside from Q1, when our ASP was down a little bit when we introduced the XStar, which is -- had been very well received, our ASP has grown. And it remains fairly consistent in quarters 2, 3 and 4. But I think when you look at the 9% increase, Joe, it's based on the strength of our product line across the board, but in particular, the XStar right now.

Joseph Nicholas Altobello - *Raymond James & Associates, Inc., Research Division - MD and Senior Analyst*

Okay, great. And then secondly, maybe a little bit of flavor for what's going on in the retail side. You mentioned that your retail trends are improving. They were already pretty good, I think, last quarter. So I want to get a better sense of what retail looks like and where dealer inventories are right now. It sounds like you're comfortable, but are you seeing dealer turns improving?

Timothy M. Oxley - *MCBC Holdings, Inc. - VP, CFO, Treasurer & Secretary*

Yes. Because we had such a monster quarter last year in Q3, it's really important for us to query the dealers on what they expect in the future. And so for instance, our sold but not delivered category, which is an indicator of future retail sales, is up over double from the prior year. So we have every indication that Q4 is going to be very strong. And in fact, Q3 was the second largest retail quarter in the last 6 years. So when compared to last year, it was not quite as strong. But really, compared to the kind of normal years, it was very, very strong.

Terry D. McNew - *MCBC Holdings, Inc. - President, CEO & Director*

Joe, this is Terry. In addition, as we mentioned in our prepared remarks, we're seeing more retail sold names on our orders. And as we query the dealers, as you know, every week, door swings are up, momentum is up positive, feelings about our portfolio, consumer confidence is very positive. So we think it will be a very good Q4.

Operator

And our next question comes from the line of Craig Kennison with Baird.

Craig R. Kennison - *Robert W. Baird & Co. Incorporated, Research Division - Director of Research Operations and Senior Research Analyst*

I wanted to follow up on the retail question. A lot of other seasonal recreation categories have been affected by weather. Are you seeing any weather impact? And also, can you comment on geographic disparity in your results?

Timothy M. Oxley - *MCBC Holdings, Inc. - VP, CFO, Treasurer & Secretary*

Sure. I think we see the weather impact, and that's certainly a driver in the retail sold category. So last year, for instance, from the end of March to the end of April, we saw the retail sold category go down. This year, we saw the retail sold category going up, and that's an indication that the deliveries are being affected by the weather, which is not an indication of -- it's just the timing of the retail sales. So we certainly think that some of the retail activity has moved from Q3 into Q4.

Craig R. Kennison - *Robert W. Baird & Co. Incorporated, Research Division - Director of Research Operations and Senior Research Analyst*

And then secondly, it looks like you backed off on some rebate activity, which, as I recall, that was a pretty successful program you had last year. What was the reason for pulling? Is it a function of just not needing to do it? Or did you find better strategies available to you?



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Timothy M. Oxley - *MCBC Holdings, Inc. - VP, CFO, Treasurer & Secretary*

We -- this is the second year we've done the national advertising. Last year, the dealers had not specced the boats in preparation for that. So I think that drove some of the retail activity, and we're just in a very healthy market right now post tax reform, in particular. And our competitors are behaving rationally, and so it's just a much more benign retail environment right now.

Terry D. McNew - *MCBC Holdings, Inc. - President, CEO & Director*

Yes, Craig. Really, our year-to-date is pretty flat. Great product. Dealers are -- consumers. We had a bunch of consumers. As you know, we do about 250 tours a year through the plant. We had 2 groups of tours today through the plant. I spoke to them. Very, very positive about the portfolio. So it's really probably the strongest portfolio we've ever had.

Craig R. Kennison - *Robert W. Baird & Co. Incorporated, Research Division - Director of Research Operations and Senior Research Analyst*

And then, finally, as it relates to your dealer network for NauticStar, I think when you bought the company, it had 70 dealers. Your plan was to add maybe 20 in the calendar year. You've already added 18. What do you think the right number is for North America? And what's driving maybe some of that earlier dealer win?

Terry D. McNew - *MCBC Holdings, Inc. - President, CEO & Director*

So as we mentioned in the prepared remarks, we've already signed 18 dealers locations this year, given Tim's goal of adding 20. We had about 75 dealers when we purchased them October 2, 2017. We're going to overdrive that. We're going to have at least 30 and perhaps even more than that by the end of the calendar year. It's a great product. We're getting not only dealers within MasterCraft that are inquiring about it. But Tim and I have combined almost 60 years in the industry, and we have a lot of dealer relationships. And so -- or dealers of ours and other segments are reaching out to us and asking about it. We've also signed a dealer in Australia. We've signed a dealer in Canada. We have some that are close in Europe. So we're doing what we had said we were going to do, and it's going really well.

Operator

And our next question comes from the line of Brett Andress with KeyBanc Capital Markets.

Brett Richard Andress - *KeyBanc Capital Markets Inc., Research Division - Associate VP*

Just on the NauticStar production. I think on the last quarter, you said that you were about I think a month ahead of your internal plan. So where do you stand with that today? And also, from a demand still outstripping supply standpoint, I presume, how do you feel about dealership level inventories on the NauticStar side and whether they're in line or light at the moment compared to where you want them to be?

Timothy M. Oxley - *MCBC Holdings, Inc. - VP, CFO, Treasurer & Secretary*

So we're focusing on 3 areas, Brett, in particular, with NauticStar. We broke the constraint. As we mentioned on our last call in December, we added a boat a day. So when we purchased them, they were producing 9 units a day. We went up to 10. And in December, we went up to 11. In January, we're holding that. Because the second phase prong of our process is to improve the quality, and we're making great strides on that, but we don't want to continue to increase the count. We're up 22% on wholesale unit count on a daily basis since we purchased them. So we're continuing to focus in on putting processes in place that we have here at MasterCraft and NauticStar. And then, as I mentioned previously, Phase 3 of our process is we've laid out a long-term capacity plan for the facility. We're breaking that into 2 phases: Phase 1, about 50% of that will be completed by the end of June, and we'll continue that into Q1 of 2019. This will do 2 things. This will give them the capacity, given the current mix of products, to



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increase production or capacity by 40% to 50%. However, it also gives them the ability to eventually produce product up to 39 feet. As you know, in saltwater fishing in particular, that market is shifting to ever-bigger product. We're now a 5-year cycle plan that we're managing to at NauticStar that did not exist before, and we have 3 new programs in place. So a lot of activity going on.

Brett Richard Andress - *KeyBanc Capital Markets Inc., Research Division - Associate VP*

Got it. I appreciate that. And if I could just touch on the guide quickly. If I'm doing my math right here, I think you're deploying, too, some gross margin pressure year-over-year in the fourth quarter, all else equal. I know you had nice gross margin in the quarter back in the fourth quarter of last year. But I guess, one, is that the correct interpretation of that, the gross margin pressure? And two, what could be the drivers on a year-over-year basis?

Timothy M. Oxley - *MCBC Holdings, Inc. - VP, CFO, Treasurer & Secretary*

Really, it's the timing of retail rebate activity. And as -- since some of the retail rebates were tied to retail activity, the fact that some of our retail sales have moved from Q3 into Q4 is naturally going to move the retail rebates into Q4. We don't anticipate spending at the same levels as we did last year, but that's going to cause some of the differences between quarter-over-quarter comparisons at gross profit margin. But at the end of the year, we're going to have a higher gross profit margin at MasterCraft than we had at the beginning of the prior year. And it'll be the same thing with NauticStar.

Terry D. McNew - *MCBC Holdings, Inc. - President, CEO & Director*

Yes. Brett, I don't remember, I'm not sure you're in this position last year, but we ended up -- because of natural advertised pricing and some rebates, but they weren't large in Q3 last year, we had an exceptionally high Q3 retail. We were up 111%. So in Q3 of last year to the prior Q3 a year before that, we ended up pulling some sales from Q4 into Q3, and to Tim's point, but just on a year-over-year basis. Because 45% to 50% of retail activity in our segment happens between April 1 and June 30, the rebates are generally higher in Q4. But if you're looking at Q4 this year, we're kind of on a normal pace now, where if you look last year, Q4 was down because of the Q3 phenomenon. So year-over-year, it looks like they're increasing. But actually, we're back to a normal run rate.

Operator

And our next question comes from the line of Tim Conder with Wells Fargo Securities.

Timothy Andrew Conder - *Wells Fargo Securities, LLC, Research Division - MD and Senior Leisure Analyst*

Gentlemen, just a couple things. The sold but not delivered stat, can you give us some firm numbers there, like percentages of -- on a year-over-year basis? Or what was it in Q2, Q3? Just so we can maybe start building a little bit of that. It's a great stat. Your competitor mentioned that, and we've heard it from others in the industry. But any color on that line, I think, would be helpful from a reference point. And then I think it was alluded to earlier, and the industry has done a fairly good job at this, but how do you control the dealers who now are feeling even more confident given what's happened this year? How do you control them when you're looking into fiscal '19? They may say, "Hey, I want 3 more," and you guys say, "No, no, no, guys. You really need to maybe only take 1 or 2." How does that dynamic work when you go into the dealer meetings?

Terry D. McNew - *MCBC Holdings, Inc. - President, CEO & Director*

Tim, this is Terry. I'll answer your first question in regards to sold but not delivered in Q3 compared to last year's Q3. Sold-but-not-delivered are up 125%. So we are definitely -- and you can see that. And as the inclement weather started, longer winter, rainier, we would call dealers, "Are you



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good? Are you making sure -- yes, yes. Don't cancel anything." We saw higher retail names on orders this year than last year. So we continue to -- with our production count. To the other part of your question, Tim, I'll let you answer that.

Timothy M. Oxley - *MCBC Holdings, Inc. - VP, CFO, Treasurer & Secretary*

Sure. I think your question in part 2 was how do we collect the appropriate commitment from dealers. Is that my interpretation? So how do we encourage them to forecast that?

Timothy Andrew Conder - *Wells Fargo Securities, LLC, Research Division - MD and Senior Leisure Analyst*

You've done that pretty well in the past. But I mean, now, I think in one respect, given things are good, as you get longer in the cycle, the risk of overshooting rises. So how do you manage or control the expectations or that risk, I guess, is the root of the question?

Timothy M. Oxley - *MCBC Holdings, Inc. - VP, CFO, Treasurer & Secretary*

Sure. There are couple of things we do. One is we don't really try to firm up the forecast until the tail end of the selling season. So years ago, we used to try to collect commitments kind of in the May-June time frame before they'd finish their selling season for the most part. Even though we have some good sales in July, we're going to wait until really late July before we firm up their commitment. We have an algorithm that allows us to build in the first trimester based on what they sold in the last year. But we firm up their commitment, and we certainly don't want to overbuild. The dealers don't want to end up with too much inventory. So we work on that together. We have a 3-year analysis we provide them showing their activity, and we talk about the models and where that fits into the -- against the retail market for them. And so I think we do a really good job of using the data to help us kind of take some of the emotion out of it.

Terry D. McNew - *MCBC Holdings, Inc. - President, CEO & Director*

And Tim, specifically in the last couple of years, and this is going to be the same in May -- mid- to late-May, we will launch a new product, model change, programs. We do a worldwide webinar. Actually, that just took place last week. And in that, we will take orders in May for our first trimester. And then in late July to early August, once the selling season is starting to taper off, we will get a full firm commitment. Because by then, we will have a clear indication of where dealers' commitments are, the retail sales, and then we'll get the rest of our full-year commitment.

Timothy M. Oxley - *MCBC Holdings, Inc. - VP, CFO, Treasurer & Secretary*

Dealers are dealing with 2 types of risks, Tim. Really, they're worried about, am I going to have too many boats? And then just part 2 is, am I not -- what if I run out of boats? So we have to be mindful of both those risks. And occasionally, a dealer will give us a low commitment, and we'll say, "Hey, we think you should buy 40. But if you really want to buy 30, that's what we're going to do." And then they don't get the 40 that they need, and they -- that reminds them the next year to come up with a more accurate forecast.

Terry D. McNew - *MCBC Holdings, Inc. - President, CEO & Director*

And the way to triangulate it, which we do as well, as you can see, our discounts are flat to last year with just not having to give additional nonprogram discounts out. So it's very strong.

Timothy Andrew Conder - *Wells Fargo Securities, LLC, Research Division - MD and Senior Leisure Analyst*

And another question, gentlemen. Color on Europe, Canada, what you're seeing there. Just -- are dealers stepping up a little bit more, maybe especially in Canada, where they've been a little cautious the last several years? It seems like we're seeing that elsewhere, but just maybe wanted



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to -- and I know the coating industry got a good decent business to the East. So -- but there has been a little bit of oil impact. Just a little update, especially on Canada and Europe also.

Timothy M. Oxley - *MCBC Holdings, Inc. - VP, CFO, Treasurer & Secretary*

Sure, Tim. As we reported before, we took a downturn in '16 because of the dramatic drop in their currency and oil prices. So we've actually seen good rebounds since fiscal '17 -- during early fiscal '17, continued this year. We estimated recently -- our market share in Canada is probably up 15% to 17% on a year-over-year basis. We do have some lingering cold weather up there, but the dealers are still positive. So Canada is really back to their long-term run rate. Australia is extremely strong for us. We're confident we're taking share. We've been up each of the last 2 years. So we're very pleased with that. Europe, still our largest market outside of North America, is growing not as fast as Australia, but still a very healthy market.

Timothy Andrew Conder - *Wells Fargo Securities, LLC, Research Division - MD and Senior Leisure Analyst*

A little bit higher base in Europe, though, correct, relative to Australia?

Timothy M. Oxley - *MCBC Holdings, Inc. - VP, CFO, Treasurer & Secretary*

Yes, that's correct.

Operator

(Operator Instructions) Our next question comes from the line of Laura Engel with Stonegate Capital.

Laura Shelmire Engel - *Stonegate Capital Markets, Inc., Research Division - Senior Research Analyst*

Just a clarification about what's happening in May. Did you say you were launching another model in May? Or did you say you were just discussing plans for the upcoming year?

Terry D. McNew - *MCBC Holdings, Inc. - President, CEO & Director*

So Laura, what we typically do and have for the last few years, in May, we launch our upcoming programs with all of our dealers around the world. We just did a global webinar last week. So we'll launch any changes that might be coming to dealer programs. We introduced a new model because, again, we always do a new model in the late spring, we do a new model in the mid- to late-fall and in midwinter. So that's -- does that answer your question?

Laura Shelmire Engel - *Stonegate Capital Markets, Inc., Research Division - Senior Research Analyst*

Yes. And actually, that kind of leads to my next one, which -- with your comments relating to the additional capital being put in this company to generate growth going forward. Might we see more than 3 models? You've done 3 for the past 3 years. Might we see more than 3 in the upcoming years?

Terry D. McNew - *MCBC Holdings, Inc. - President, CEO & Director*

Yes. We're going to roll out more information certainly on our September call and absolutely, in our November call. We don't want to get ahead of our marketing launch. We are extending the MasterCraft portfolio, but we don't want to get ahead of the marketing launch. And those models

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will be released in calendar year '19. So we'll see the full benefit in fiscal '20, but we're making some additional investment, I think, about \$2 million in op expense during fiscal '19 in preparation for that.

Timothy M. Oxley - *MCBC Holdings, Inc. - VP, CFO, Treasurer & Secretary*

We wanted to throw that number out there even though we're not prepared to give overall guidance for fiscal '19 because we recognize that some of you guys are modeling. And so that will be a bit of an increase in operating expenses supporting it, but you guys know that now.

Laura Shelmire Engel - *Stonegate Capital Markets, Inc., Research Division - Senior Research Analyst*

Okay. And I guess, just one last question also related to the introduction of new models and kind of the culture of innovation. Growing NauticStar, you talked about additional dealers and referenced improving output and quantity. At what point will you be able to kind of infuse this culture of innovation and look at expanding through additional models and offerings?

Timothy M. Oxley - *MCBC Holdings, Inc. - VP, CFO, Treasurer & Secretary*

Well, in terms of extended models and offerings, that's actually in its beginning phases right now. As I mentioned earlier, we have put together a 5-year cycle plan. We have initiated, and the board has approved, 3 new models that are just beginning new product development. You'll see those launch over the next 12 months. So there are several areas of focus for us. Certainly, we broke the constraint, got to have high-level quality. That's what MasterCraft is known for, and we are delivering that. We have people on-site from MasterCraft on a very frequent basis, and the team at NauticStar is taking to it extremely well. But as far as new product development and innovation, that's already underway at NauticStar.

Terry D. McNew - *MCBC Holdings, Inc. - President, CEO & Director*

And that's one of the proven processes we're exporting, if you will, to NauticStar. We're taking what works here at MasterCraft, recognizing their differences in the companies and in the markets they play in. But we take what works for us, and we help those guys implement that.

Operator

And I'm showing no further questions at this time. And I would like to turn the conference back over to Chief Executive Officer, Terry McNew, for closing remarks.

Terry D. McNew - *MCBC Holdings, Inc. - President, CEO & Director*

Thank you, operator. Once again, thank you to everyone for joining us this afternoon and across the organization. We are well positioned for fiscal 2018 and beyond. We look forward to updating you on our progress and the fourth quarter results in September. Thank you.

Operator

Ladies and gentlemen, thank you for participating in today's conference. This does conclude the program, and you may all disconnect. Everyone, have a great day.



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