

*MASTERCRAFT
BOAT HOLDINGS INC.*

FISCAL FOURTH QUARTER & 2019 RESULTS

SEPTEMBER 12, 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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DIVERSIFIED PORTFOLIO OF LEADING 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

COMPANY HIGHLIGHTS

01. Growing stable of leading, 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. ACQUISITIONS

Capture additional market share from existing and adjacent boating categories through disciplined, strategic M&A opportunities

A luxury boat is shown on the water, with the sun setting in the background, creating a warm, golden glow. The boat's hull is dark, and the water is rippling. The overall scene is serene and high-end.

***MASTERCRAFT
BOAT HOLDINGS INC.***

**FOURTH QUARTER AND FISCAL
2019 RESULTS**

FOURTH QUARTER HIGHLIGHTS

- Record-setting results in net sales, gross profit and adjusted EBITDA
- Net sales for the fourth quarter increased to \$122.8 million, up 28.7%
- Adjusted EBITDA increased to \$23.8 million, up 19.9%
- Adjusted net income for the quarter totaled \$16.1 million, up 25.9%
- Fully diluted adjusted net income per share increased to \$0.85, up 25.0%

FISCAL 2019 FOURTH QUARTER RESULTS

METRIC	FY 2019 Q4	FY 2018 Q4
Units – MasterCraft	826	814
Units – NauticStar	440	533
Units – Crest	675	—
Consolidated Q over Q Growth %	44.1%	—
Net Sales – MasterCraft	\$79.8	\$73.8
Net Sales – NauticStar	\$19.7	\$21.7
Net Sales – Crest	\$23.3	—
Consolidated Q over Q Growth %	28.7%	—
Adjusted EBITDA	\$23.8	\$19.8
Q over Q Growth %	19.9%	—

Note: \$'s in millions.

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

FISCAL 2019 HIGHLIGHTS

- Record-setting results in net sales, gross profit and adjusted EBITDA
- Net sales for the fiscal year increased to \$466.4 million, up 40.2%
- Adjusted EBITDA increased to \$79.3 million, up 23.9%
- Adjusted net income for the year totaled \$53.0 million, up 31.1%
- Fully diluted adjusted net income per share increased to \$2.81, up 30.7%
- Inventory turns down at MasterCraft and Crest due to adverse weather; NauticStar inventory at healthy levels
- Pro forma net debt to adjusted EBITDA of 1.3x; down from 2.1x at the time of the Crest acquisition

FISCAL 2019 RESULTS

METRIC	FY 2019	FY 2018
Units – MasterCraft	3,435	3,068
Units – NauticStar	1,831	1,687
Units – Crest	2,078	—
Consolidated Q over Q Growth %	54.4%	—
Net Sales – MasterCraft	\$311.8	\$266.3
Net Sales – NauticStar	\$78.0	\$66.4
Net Sales – Crest	\$76.6	—
Consolidated Q over Q Growth %	40.2%	—
Adjusted EBITDA	\$79.3	\$64.0
Q over Q Growth %	23.9%	—

Note: \$'s in millions.

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

FISCAL 2020 GUIDANCE

- FY2020 guidance assumes volume reductions at MasterCraft and Crest to allow for healthy dealer inventory levels heading into 2020 selling season
- Contribution from Aviara in first partial year of production estimated at \$10 - \$15 million; gross margins at Aviara expected to be slightly accretive to MasterCraft segment's gross margins

METRIC	FY 2020
Net Sales Growth	Down low-single digit percent
Adjusted EBITDA Margin	Down 50 – 100 basis points
Adjusted EPS Growth	Down high-single digit percent

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APPENDIX



FOURTH QUARTER 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 Q4	FY 2018 Q4
Net Income	\$(10,062)	\$13,144
Income tax expense (benefit)	(3,160)	4,847
Interest expense, net	1,684	947
Depreciation & amortization	2,337	1,421
EBITDA	\$(9,201)	\$20,359
Goodwill and other intangible asset impairment ⁽¹⁾	31,000	-
Transaction expense ⁽²⁾	333	11
Warranty adjustment ⁽³⁾	-	(1,033)
New brand startup costs ⁽⁴⁾	1,140	204
Stock-based compensation	519	305
Adjusted EBITDA	\$23,791	\$19,846
Adjusted EBITDA margin	19.4%	20.8%

1) Represents a non-cash charge recorded in the NauticStar segment for a \$28.0 million impairment of goodwill and a \$3.0 million impairment of trade name.

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

3) Represents an out-of-period adjustment to correct an immaterial error related to our warranty accrual calculation identified during the fiscal year ended June 30, 2018.

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

FOURTH QUARTER 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 Q4	FY 2018 Q4
Net Income	\$(10,062)	\$13,144
Income tax expense (benefit)	(3,160)	4,847
Goodwill and other intangible asset impairment ⁽¹⁾	31,000	-
Transaction expense ⁽²⁾	333	11
Warranty adjustment ⁽³⁾	-	(1,033)
New brand startup costs ⁽⁴⁾	1,140	204
Amortization of acquisition intangibles	962	493
Stock-based compensation	519	305
Adjusted net income before income taxes	\$20,772	\$17,971
Adjusted income tax expense ⁽⁵⁾	4,665	5,212
Adjusted net income	\$16,067	\$12,759
Pro-forma adjusted net income per common share		
Basic	\$0.86	\$0.68
Diluted	\$0.85	\$0.68
Pro-forma weighted average shares used for the computation of:		
Basic adjusted net income per share	18,710,233	18,639,028
Diluted adjusted net income per share	18,851,352	18,807,100

- Represents a non-cash charge recorded in the NauticStar segment for a \$28.0 million impairment of goodwill and a \$3.0 million impairment of trade name.
- Represents fees, expenses and integration costs associated with our acquisitions of NauticStar and Crest.
- Represents an out-of-period adjustment to correct an immaterial error related to our warranty accrual calculation identified during the fiscal year ended June 30, 2018.
- Represents startup costs associated with Avlara - a completely new boat brand in a segment of the market neither MasterCraft, NauticStar nor Crest serves.
- 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.

FOURTH QUARTER 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 Q4	FY 2018 Q4
Net income per diluted share	\$(0.54)	\$0.70
Income tax expense (benefit)	(0.17)	0.26
Goodwill and intangible asset impairment ⁽¹⁾	1.65	-
Transaction expense ⁽²⁾	0.02	-
Warranty adjustment ⁽³⁾	-	(0.06)
New brand startup costs ⁽⁴⁾	0.06	0.01
Amortization of acquisition intangibles	0.05	0.03
Stock-based compensation	0.03	0.02
Adjusted net income per diluted share before income taxes	1.10	0.96
Adjusted income tax expense per diluted share ⁽⁵⁾	(0.25)	(0.28)
Adjusted net income per diluted pro-forma weighted average share	\$0.85	\$0.68

1) Represents a non-cash charge recorded in the NauticStar segment for a \$28.0 million impairment of goodwill and a \$3.0 million impairment of trade name.

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

3) Represents an out-of-period adjustment to correct an immaterial error related to our warranty accrual calculation identified during the fiscal year ended June 30, 2018.

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

5) 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.

FISCAL 2019 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	FY 2018
Net Income	\$21,354	\$39,653
Income tax expense	5,392	12,856
Interest expense	6,513	3,474
Depreciation & amortization	7,787	5,086
EBITDA	\$41,046	\$61,069
Goodwill and other intangible asset impairment ⁽¹⁾	31,000	-
Transaction expense ⁽²⁾	2,377	1,744
Inventory step-up adjustment – acquisition related ⁽³⁾	382	501
Warranty adjustment ⁽⁴⁾	-	(1,033)
New brand startup costs ⁽⁵⁾	2,840	561
Stock-based compensation	1,678	1,186
Adjusted EBITDA	\$79,323	\$64,028
Adjusted EBITDA margin	17.0%	19.2%

1) Represents a non-cash charge recorded in the NauticStar segment for a \$28.0 million impairment of goodwill and a \$3.0 million impairment of trade name.

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

3) Represents post-acquisition adjustment to cost of goods sold for the fair value step up of inventory acquired all of which was sold during respective fiscal years.

4) Represents an out-of-period adjustment to correct an immaterial error related to our warranty accrual calculation identified during the fiscal year ended June 30, 2018.

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

FISCAL 2019 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	FY 2018
Net Income	\$21,354	\$99,653
Income tax expense	5,392	12,856
Goodwill and other intangible asset impairment ⁽¹⁾	31,000	-
Transaction expense ⁽²⁾	2,377	1,744
Inventory step-up adjustment – acquisition related ⁽³⁾	382	501
Warranty adjustment ⁽⁴⁾	-	(1,033)
New brand startup costs ⁽⁵⁾	2,840	561
Amortization of acquisition intangibles	3,385	1,490
Stock-based compensation	1,678	1,186
Adjusted net income before income taxes	\$68,408	\$56,958
Adjusted income tax expense ⁽⁶⁾	15,392	16,518
Adjusted net income	\$53,016	\$40,440
Pro-forma adjusted net income per common share		
Basic	\$2.84	\$2.17
Diluted	\$2.81	\$2.15
Pro-forma weighted average shares used for the computation of:		
Basic adjusted net income per share	18,653,892	18,619,793
Diluted adjusted net income per share	18,843,155	18,794,260

- 1) Represents a non-cash charge recorded in the NauticStar segment for a \$28.0 million impairment of goodwill and a \$3.0 million impairment of trade name.
- 2) Represents fees, expenses and integration costs associated with our acquisitions of NauticStar and Crest.
- 3) Represents post-acquisition adjustment to cost of goods sold for the fair value step up of inventory acquired all of which was sold during the respective fiscal years.
- 4) Represents an out-of-period adjustment to correct an immaterial error related to our warranty accrual calculation identified during the fiscal year ended June 30, 2018.
- 5) Represents startup costs associated with Aviara - a completely new boat brand in a segment of the market neither MasterCraft, NauticStar nor Crest serves.
- 6) 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.

FISCAL 2019 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	FY 2018
Net income per diluted share	\$1.14	\$2.12
Income tax expense	0.29	0.69
Goodwill and intangible asset impairment ⁽¹⁾	1.65	-
Transaction expense ⁽²⁾	0.13	0.09
Inventory step-up adjustment – acquisition related ⁽³⁾	0.02	0.03
Warranty adjustment ⁽⁴⁾	-	(0.06)
New brand startup costs ⁽⁵⁾	0.15	0.03
Amortization of acquisition intangibles	0.18	0.08
Stock-based compensation	0.09	0.06
Adjusted net income per diluted share before income taxes	3.65	3.04
Adjusted income tax expense per diluted share ⁽⁶⁾	(0.82)	(0.88)
Impact of increased share count ⁽⁷⁾	(0.02)	(0.01)
Adjusted net income per diluted pro-forma weighted average share	\$2.81	\$2.15

1) Represents a non-cash charge recorded in the NauticStar segment for a \$28.0 million impairment of goodwill and a \$3.0 million impairment of trade name.

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

3) Represents post-acquisition adjustment to cost of goods sold for the fair value step up of inventory acquired all of which was sold during respective fiscal years.

4) Represents an out-of-period adjustment to correct an immaterial error related to our warranty accrual calculation identified during the fiscal year ended June 30, 2018.

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

6) 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.

7) Reflects the increase of 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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