

*MASTERCRAFT
BOAT HOLDINGS INC.*

FISCAL 2019 THIRD QUARTER RESULTS

MAY 9, 2019

MasterCraft


CREST


NauticStar®
BOATS


AVIARA

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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.**

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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 person in a wetsuit is in the water next to a boat. The scene is set at sunset, with a warm, golden light illuminating the water and the boat. The person is looking towards the boat. The boat is a large, white motorboat with a dark hull. The water is dark, and the sky is a mix of orange and yellow. The overall mood is serene and adventurous.

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THIRD QUARTER RESULTS

THIRD QUARTER HIGHLIGHTS

- Record-setting results in net sales, gross profit and adjusted EBITDA
- Net sales for the second quarter increased to \$128.4 million, up 36.9%
- Adjusted EBITDA increased to \$21.9 million, up 25.0%
- Adjusted net income for the quarter totaled \$14.6 million, up 31.7%
- Fully diluted adjusted net income per share increased to \$0.78, up 32.2%
- Inventory turns at optimal levels entering the all-important April, May and June selling season
- Pro forma net debt to adjusted EBITDA of 1.5x; down from 2.1x at the time of the Crest acquisition

FISCAL 2019 THIRD QUARTER RESULTS

METRIC	FY 2019 Q3	FY 2018 Q3
Units – MasterCraft	868	804
Units – NauticStar	485	628
Units – Crest	728	—
Consolidated Q over Q Growth %	45.3%	—
Net Sales – MasterCraft	\$79.4	\$69.3
Net Sales – NauticStar	\$21.7	\$24.6
Net Sales – Crest	\$27.3	—
Consolidated Q over Q Growth %	36.9%	—
Adjusted EBITDA	\$21.9	\$17.5
Q over Q Growth %	25.0%	—

Note: \$'s in millions.

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

FISCAL 2019 & INITIAL AVIARA EXPECTATIONS

- Reaffirming fiscal 2019 guidance and providing initial high-level fiscal 2020 expectations for new Aviara brand

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


AVIARA

METRIC	FY 2020
Net Sales	\$10 - \$15 million range
Gross Margin	Slightly higher than MasterCraft segment gross margins

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

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FISCAL 2019 THIRD QUARTER EARNINGS

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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 Q3	FY 2018 Q3
Net income	\$12,763	\$11,454
Income tax expense	3,834	2,848
Interest expense	1,867	897
Depreciation & amortization	2,091	1,456
EBITDA	\$20,555	\$16,655
Transaction expense ⁽¹⁾	27	247
Inventory step-up adjustment – acquisition related	-	-
New brand startup costs ⁽²⁾	937	253
Stock-based compensation	371	353
Adjusted EBITDA	\$21,890	\$17,508
Adjusted EBITDA margin	17.0%	18.7%

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 Q3	FY 2018 Q3
Net income	\$12,763	\$11,454
Income tax expense	3,834	2,848
Transaction expense ⁽¹⁾	987	746
New brand startup costs ⁽²⁾	937	253
Stock-based compensation	371	353
Adjusted net income before income taxes	\$18,892	\$15,654
Adjusted income tax expense ⁽³⁾	4,251	4,540
Adjusted net income	\$14,641	\$11,114
Pro-forma adjusted net income per common share		
Basic	\$0.78	\$0.60
Diluted	\$0.78	\$0.59
Pro-forma weighted average shares used for the computation of:		
Basic adjusted net income per share	18,658,096	18,624,381
Diluted adjusted net income per share ⁽⁴⁾	18,849,397	18,803,396

1) Represents fees, expenses and integration costs associated with our acquisitions of NauticStar and Crest, including \$960 and \$499 of amortization associated with intangibles acquired in connection with the acquisitions of NauticStar and Crest during the three months ended March 31, 2019 and April 1, 2018, 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) For the three months ended March 31, 2019, the weighted average shares used for computation of pro-forma diluted earnings per common share gives effect to 65,898 shares of restricted stock awards, 82,878 performance stock units and 42,525 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 Q3	FY 2018 Q3
Net income per diluted share	\$0.68	\$0.61
Income tax expense	0.20	0.15
Transaction expense ⁽¹⁾	0.05	0.04
New brand startup costs ⁽²⁾	0.05	0.01
Stock-based compensation	0.02	0.02
Adjusted net income per diluted share before income taxes	1.00	0.83
Adjusted income tax expense per diluted share ⁽³⁾	(0.22)	(0.24)
Adjusted net income per diluted pro-forma weighted average share	\$0.78	\$0.59

1) Represents fees, expenses and integration costs associated with our acquisitions of NauticStar and Crest, including \$960 and \$499 of amortization associated with intangibles acquired in connection with the acquisitions of NauticStar and Crest during the three months ended March 31, 2019 and April 1, 2018, respectively.

2) Represents startup costs associated with Aviaara - 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.

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MasterCraft


CREST


NauticStar®
BOATS


AVIARA