



MARKET STATISTICS

Exchange / Symbol	Nasdaq: MCFT
Price:	\$20.43
Market Cap (\$mm):	\$382.54
Enterprise Value (\$mm):	\$502.99
Shares Outstanding (mm):	18.72
Float:	91.7%
Volume (3-month avg.):	170,000
52 Week Range:	\$17.60-\$39.50
Industry:	Leisure Products

CONDENSED BALANCE SHEET

(\$mm, except per share data)

Balance Sheet Date:	3/31/2019
Cash & Cash Equivalent:	\$5.46
Cash/Share:	\$0.29
Debt:	\$125.92
Equity (Book Value):	\$81.86
Equity/Share:	\$4.37

CONDENSED INCOME STATEMENTS

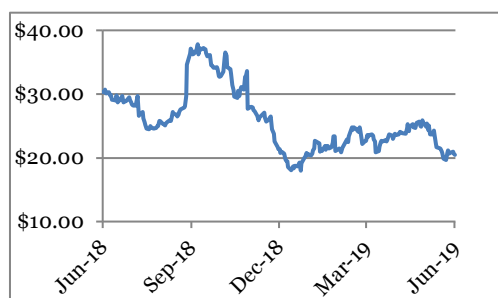
(\$mm, except per share data)

FY-6/30	Revenue	Adj. EBITDA	Adj. EPS
FY16	\$221.6	\$41.2	\$1.24
FY17	\$228.6	\$43.5	\$1.30
FY18	\$332.7	\$64.0	\$2.09
Fy19 E	\$464.1	\$78.0	\$2.72

LARGEST SHAREHOLDERS

BlackRock, Inc.	1,634,900
Renaissance Technologies Corp.	1,052,900
The Vanguard Group, Inc.	1,040,600
Divisar Capital Management, LLC	865,300
Columbia Mgmt. Investment Advisers, LLC	791,500
Royce & Associates, LP	648,700
Dimensional Fund Advisors, LP	638,300
Rice Hall James & Associates, LLC	564,800
Systematic Financial Management, LP	502,700
Teachers Insurance and Annuity Assoc.	473,300

STOCK CHART



COMPANY DESCRIPTION

MasterCraft Boat Holdings, Inc., is a leading innovator, designer, manufacturer, and marketer of recreational powerboats both in North America and internationally. Its well-known MasterCraft-branded line includes the Star Series, XSeries, XTSeries, and NXT boats. These premium inboard boats are used for water skiing, wakeboarding, and wake surfing, as well as general recreational boating. Also, with the acquisition of NauticStar in October 2017, the Company gained a presence in the saltwater fishing and general recreation markets, and with the acquisition of Crest Marine in October 2018, MasterCraft Boat Holdings added a line-up of pontoon boats to its portfolio. Additionally, the Company has announced its new brand start-up AVIARA, a line of recreational day boats that will launch mid-2019. MasterCraft Boat Holdings, Inc. was founded in 1968, employs ~1200 people, and is based in Vonore, Tennessee.

SUMMARY

For investors looking to participate in the growth of a recreational powerboat industry leader, with superior brand recognition and customer loyalty created through decades of exceeding boating consumers' expectations, we note the following:

- MasterCraft Boat Holdings has a history of delivering the highest quality boats with the latest in innovation and design, which has earned the Company a leading market share position among the competition. Its current portfolio positions the Company in three of the fastest growing segments of the powerboat industry.
- MCFT now has four brands addressing rapidly expanding segments of the powerboat industry, estimated at ~\$8 billion in 2017; since its IPO in 2015, the Company has expanded its addressable markets through both acquisitions as well as an internal start-up of the new brand AVIARA.
- MasterCraft Boat Holdings has built an extensive dealer network throughout the US and abroad for its MasterCraft segment, with 100 partnerships domestically, comprised of 165 locations, and 46 dealer relationships abroad, including 77 locations; also, the NauticStar dealer network is comprised of 77 North American dealers with 96 locations and one international dealer with 1 location. Crest Marine reports a network of 111 dealers with 127 locations.
- The Company applies a Six Sigma approach to its manufacturing processes to maximize the quality of its boats. This not only enables MasterCraft Boat Holdings to offer one of the most comprehensive 5-year warranty among its competitors, but it also allows management to report superior margins.
- In October 2017, the Company acquired NauticStar, LLC, a leading manufacturer and distributor of 19 – 26 foot bay boats, deck boats, and offshore center console boats for ~\$80.5M; through this acquisition, MasterCraft Boat Holdings gained significant share in the saltwater fishing and general recreation segments.
- On 10/1/18, the Company announced that it had closed on the acquisition of Crest Marine, LLC, a leading, vertically integrated US pontoon boat manufacturer and distributor of innovative, premium pontoons ranging from 20' – 29' for ~\$81.7M.
- MCFT has announced the 2019 launch of a new brand AVIARA, a series of large recreational day boats, 30' – 40' long, with the AV32 model that was unveiled at the Miami International boat show in February 2019.
- The Company reported record setting results for net sales, gross profit and adjusted EBITDA for its most recent quarter. Results included Q3 FY19 sales increasing ~37% over the prior year period, and adjusted EBITDA of \$21.9M for the quarter vs. \$17.5M for Q3 FY18. And with strong free cash flow, the pro forma net leverage ratio has been reduced to 1.5x adjusted pro forma EBITDA.
- We believe that based on the results of our comparative analysis, current shareholders stand to significantly benefit from the likely price appreciation of MCFT should management continue to deliver impressive growth year-over-year. See page 2 for further details.

VALUATION

MCFT management has positioned the Company for growth in sizable markets, maintaining a keen focus on its financial metrics along the way, such as average days sales outstanding and inventory turnover, to maximize cash flow and support continued growth. Operationally, MasterCraft Boat Holdings strives to stay nimble and drive efficiencies within the design through manufacturing processes, managing its variable vs. fixed costs in order to adjust for seasonal fluctuations and be prepared for any changes in the economy affecting consumer spending longer term. Thus far, its strategy for rapid organic growth with expanding margins has paid off.

Also, the Company has been growing through its strategic acquisitions over the past 12-18 months, closing on NauticStar in October 2017 and Crest Marine in October 2018, and it now has recently debuted a new line-up of luxury day boats developed in-house. Accordingly, the Company announced a name change effective 11/7/18 to MasterCraft Boat Holdings, Inc. to more accurately represent its growing portfolio.

Exhibit 1: Diversified Portfolio of Leading Brands

 01. PERFORMANCE SPORT BOATS Iconic brand recognized as the premier brand in the PSB segment, focused on high performance, relentless innovation and the highest quality	 02. FIBERGLASS OUTBOARD BOATS Fresh, innovative brand focused on delivering the ultimate experience to professional and sport fisherman, recreational and pleasure boating enthusiasts	 03. PONTOON BOATS High-quality pontoon brand delivering luxury, style and performance without compromise	 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
---	---	---	---

Source: Company Reports

As we have previously noted, MasterCraft Boat Holdings targets industry segments that are highly competitive and quickly growing, and the recent acquisitions of both Crest Marine and NauticStar also introduce MCFT into two of the fastest growing areas in the powerboat industry. Below in Exhibit 2 we have chosen to include a variety of players in the recreational boating/watercraft and RV industries, among others, for a broader comparison of companies targeting consumer groups with many common denominators. We believe that based on the results of the analysis below, current shareholders stand to significantly benefit from the likely price appreciation of MCFT should management continue to deliver impressive growth year-over-year with additional margin improvements and superior financial metrics.

Exhibit 2: Comparative Analysis (\$mm, except share price)

Name	Ticker	Price	Sh	Mrkt Cap	EV	EV/S		EV/EBITDA		P/E	
						Last FY	Current FY	Last FY	Current FY	Last FY	Current FY
BRP, Inc.	DOO	\$ 34.23	96.40	\$ 3,299.8	\$ 4,324.6	1.1x	1.0x	9.0x	7.2x	19.9x	12.3x
Brunswick Corporation	BC	\$ 44.09	87.10	\$ 3,840.2	\$ 5,071.0	1.0x	1.1x	7.9x	7.0x	14.8x	9.4x
Malibu Boats, Inc.	MBUU	\$ 36.21	20.90	\$ 756.8	\$ 873.9	1.8x	1.3x	9.6x	7.1x	26.6x	10.0x
Marine Products Corporation	MPX	\$ 14.53	34.10	\$ 495.5	\$ 477.7	1.6x	1.6x	12.8x	13.2x	17.5x	18.2x
MarineMax, Inc.	HZO	\$ 16.09	22.80	\$ 366.9	\$ 601.4	0.5x	0.5x	8.2x	7.6x	9.4x	9.0x
Polaris Industries, Inc.	PII	\$ 89.20	61.10	\$ 5,450.1	\$ 7,514.5	1.2x	1.1x	10.7x	9.5x	17.0x	14.6x
Winnebago Industries, Inc.	WGO	\$ 35.88	31.90	\$ 1,144.6	\$ 1,417.5	0.7x	0.7x	7.8x	7.8x	11.1x	10.3x
Average				\$ 2,193.4	\$ 2,897.2	1.1x	1.0x	9.4x	8.5x	16.6x	11.9x
Median				\$ 1,144.6	\$ 1,417.5	1.1x	1.1x	9.0x	7.6x	17.0x	10.3x
MasterCraft Boat Holdings, Inc.	MCFT	\$ 20.43	18.7	\$ 382.5	\$ 503.0	1.5x	1.1x	8.2x	7.0x	9.8x	7.5x

Name	Ticker	Gross Margins		Days A/R Outstanding		Days Inventory Outstanding		Inventory Turns		Days A/P Outstanding		Cash Conv. Cycle	
		LAST FY	MRQ	LAST FY	MRQ	LAST FY	MRQ	Last FY	MRQ	LAST FY	MRQ	LAST FY	MRQ
BRP, Inc.	DOO	23.9%	22.5%	20.8	22.3	77.2	86.1	4.7x	4.1x	54.3	69.3	43.8	39.0
Brunswick Corporation	BC	25.7%	27.3%	36.4	42.9	84.3	92.8	4.3x	3.8x	43.8	45.7	76.9	90
Malibu Boats, Inc.	MBUU	24.6%	24.9%	7.5	11.8	48.0	42.7	7.6x	8.4x	19.0	16.7	36.5	37.8
Marine Products Corporation	MPX	22.2%	22.5%	2.3	6.6	66.6	66.1	5.5x	5.4x	7.6	11.8	61.3	61.0
MarineMax, Inc.	HZO	25.6%	24.4%	9.0	11.6	183.8	176.6	2.0x	2.0x	4.6	4.4	188.2	183.7
Polaris Industries, Inc.	PII	25.8%	24.5%	11.9	12.2	70.0	83.4	4.3x	5.2x	25.4	26.7	56.4	68.9
Winnebago Industries, Inc.	WGO	14.9%	15.4%	30.3	33.7	38.9	47.3	9.3x	7.7x	20.2	21.5	49.0	59.6
Average		23.2%	23.1%	16.9	20.2	81.3	85.0	5.5x	5.1x	25.0	28.0	73.2	77.1
Median		24.6%	24.4%	11.9	12.2	70.0	83.4	5.2x	4.3x	20.2	21.5	56.4	61.0
MasterCraft Boat Holdings, Inc	MCFT	27.3%	24.4%	0.9	8.5	24.3	27.0	15.0x	13.5x	20.6	15.9	8.6	19.7

Source: Company Reports, Stonegate Capital Partners, Capital IQ (MCFT FY 2019 estimates by Stonegate)

BUSINESS OVERVIEW

Since 1968, MasterCraft Boat Holdings has been designing, manufacturing and marketing premium recreational sport boats, all the while creating a respected name in the industry as well as a legacy of innovation. The Company's first custom boat, a MasterCraft, was built in a two-stall horse barn on a farm in Tennessee, with the goal of producing a boat with the smallest wake in the industry, providing optimal water skiing and trick skiing conditions. Today, the Company's highly engineered MasterCraft boats function for a variety of activities, including water skiing, wakeboarding, wake surfing, as well as pleasure boating. All MasterCraft models, from hull to upholstery, are hand-crafted by a skilled workforce at the Company's headquarters, and MCFT also runs worldwide operations from its homebase in Vonore, TN.

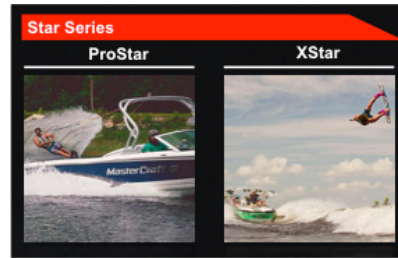
For its MasterCraft boats, the Company utilizes an extensive network of independent dealers, both in North America as well as for international sales and as last reported had:

- 100 partnerships with dealers in North America, comprised of 165 locations
- 46 international dealers with 77 locations

As mentioned, all of the Company's MasterCraft boats are designed and manufactured in-house at its 252,000 square foot manufacturing facility situated on approximately 60 acres of lakefront in Vonore, and 100% of its models are water tested there. The majority of the MasterCraft manufacturing line is vertically integrated; however, the Company does outsource its engines and towers, having determined that purchasing these 2 integral components from outside suppliers is economically beneficial to the process. The Company is the only boat manufacturer to achieve compliance with three ISO standards, applying a Six Sigma approach to create highly efficient design and manufacturing processes and maximize the quality of its output. Also, the Company leases an additional 35,000 square foot building in Vonore where the manufacturing of its trailers is completed as well as a 3,000 square foot warehouse facility in West Yorkshire, England, for warehousing of aftermarket parts.

The Company's MasterCraft-branded line of premium inboard boats includes the Star Series, XSeries, XTSeries, and NXT boats. The Company also sells various accessories such as trailers and aftermarket parts.

Exhibit 3: MasterCraft Series



Source: Company Reports

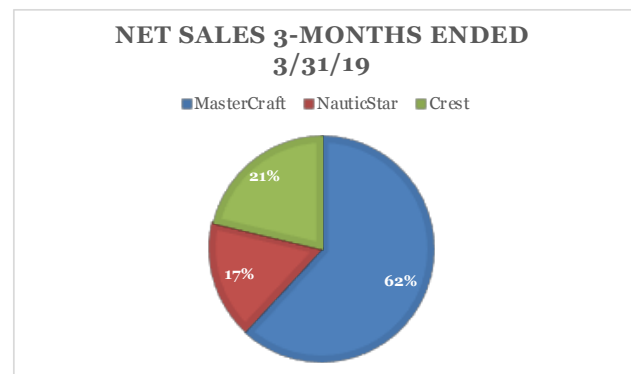
As previously noted, on October 2, 2017 the Company acquired NauticStar for ~\$80.5M. This acquisition added bay boats, deck boats, and offshore center console boats to the Company's offerings as well as access to the saltwater fishing and general recreation segments of the industry. NauticStar has continued operations from its facilities in Amory, MS, which includes a 200,000 square-foot manufacturing facility. NauticStar has an established network of 77 dealers in the US, operating from 96 locations, and 1 international dealer with 1 location.

Additionally, on October 1, 2018, MasterCraft Boat Holdings announced the closing of its acquisition of Crest Marine for ~\$81.7M. Crest has developed an excellent reputation and market share in the large and fast-growing pontoon segment of the powerboat industry and reported a CAGR of 23% for growth 2011 - 2017. Crest Marine will continue operations from its headquarters and 150,000 square-foot manufacturing facility in Owosso, MI, where it has been in business since 1957. Crest currently sells in the US and Canada through its network of 111 dealers with 127 locations.

At the Miami Boat Show in February 2019, the Company introduced a new luxury day boat brand 30-feet and over, AVIARA, and initial sales are expected to begin mid-year with its first model, the AV32.

Overall, the graphic below details the most current revenue breakdown by sales segment for MasterCraft Boat Holdings.

Exhibit 4: Revenue Breakdown by Segment



Source: Company Reports, Stonegate Capital Partners

CURRENT PRODUCT PORTFOLIO

The MasterCraft lineup includes:

NXT Series – This is an entry-level series with a younger demographic in mind and is designed to appeal to a broader customer base for the MasterCraft brand.

- Retail price range: \$50K - \$75K
- Lengths: 20 – 22’
- Models: 2
- Maximum persons: 11 - 14
- Maximum power: 365hp

XT Series – This crossover series optimizes key wake characteristics, providing an optimal wakeboarding and wake surfing experience as well as recreational water skiing performance and thus applies to a wider range of recreational activities.

- Retail price range: \$80K - \$125K
- Lengths: 20 – 25’
- Models: 5
- Maximum persons: 11 - 18
- Maximum power: 522hp

X Series – These boats are designed with a range of recreational and advanced riders in mind with optimized key wake characteristics, providing best-in-class wakeboarding and wake surfing performance in addition to recreational water skiing activity.

- Retail price range: \$70K - \$175K
- Lengths: 22 – 26’
- Models: 3
- Maximum persons: 11 – 18
- Maximum power: 522hp

Star Series – ProStar – This boat is specifically engineered to minimize wake height, thereby creating a nearly flat surface required for professional-grade water skiing conditions.

- Retail price range: \$60K - \$75K
- Lengths: 20’
- Models: 1
- Maximum persons: 7
- Maximum power: 430hp

Star Series – XStar – This boat is uniquely engineered with a hull that creates large, powerful clean wakes for advance wakeboarders.

- Retail price range: \$155K - \$200K
- Lengths: 23’
- Models: 1
- Maximum persons: 16
- Maximum power: 522hp

While this is the most current lineup of performance sports boats offered under the MasterCraft brand, the offerings have continued to evolve over the years through the Company’s consistent focus on driving innovation within the industry. The Company has an extensive portfolio of issued patents and pending applications related to the protection of its technological developments incorporated into these models. And not only do the Company’s advancements relate to mechanical components, but there is also a focus on aesthetics and the creature comforts of boating. And because of the quality that goes into each boat, MasterCraft boats bring some of the highest resale values in the PSB arena, and the

Company is able to offer comprehensive 5-year warranties that go beyond those of the competition. We note that the X24 was recently recognized by Boating Industry magazine as one of the top 50 products for 2019.

Added as part of the NauticStar acquisition are the following:

Offshore Boats

- \$25K – \$215K ASP
- Models: 10
- Design features catering to family
- Ranges from 19’ – 32’



Deck Boats

- \$25K – \$55K ASP
- All composite with lifetime hull warranty
- Models: 5
- Ranges from 19’ – 24’
- Hull designed for faster and more fuel efficient performance than leading competitor



Bay Boats

- \$25K – \$90K ASP
- Models: 13
- Unique and proven high-performance XTS hull design (air-assist chine)
- Ranges from 19’ – 26’



From the most recent acquisition of Crest Marine announced October 2018, the Company has gained entry into the rapidly growing pontoon boat marketplace and deeper penetration in the outboard propulsion segment of the powerboat industry (which is the largest category). Crest manufactures 10 different models of high-quality, innovative

pontoon boats ranging from 20’ – 26’ with Mercury as their lead supplier of engines. Pricing ranges from \$20K - \$140K for varying levels of options and luxury finishes. And with a vertically integrated supply chain, Crest manufactures the entire vessel and its furniture in-house, ensuring top quality and supply on hand as needed to meet demand and benefitting from better cost control and resulting margins.



GROWTH STRATEGY

Continue to introduce new and innovative products – MasterCraft Boat Holdings follows a disciplined approach to product innovation, releasing several new models per year, per brand, which accelerates the replacement lifecycle and drives consumer demand. And by continuously introducing fresh and innovative products, the Company can price its models at a premium, which drives increased cash flow to further the development process. We note that in the last 5 years, the Company’s MasterCraft product portfolio has been turned over entirely, and three new models have already been released at NauticStar over the past six months.

Capture share from adjacent boating categories – With the acquisition of NauticStar, MasterCraft Boat Holdings gained direct access to the outboard category of boats, the largest category of the powerboat industry, and the purchase provided diversification from the existing line-up of the MasterCraft product portfolio. Additionally, with the most recent acquisition of Crest Marine, the Company added pontoon boats to its offerings. Combining all of its current brands, the Company offers a versatile line-up of boats that allows it to attract customers from various boating categories seeking high performance water sport, fishing and general recreational boats.

Most recently, MasterCraft Boat Holdings disclosed a new brand start-up called AVIARA, with the AV32 model unveiled at the Miami International boat show February 2019. Per management, the AVIARA line will be a series of large recreational day boats ranging from 30 to 40 feet that combine European styling with American layout and engineering; the AVIARA segment will include both outboard and sterndrive propulsion options. The first boat model will be available for delivery mid-2019, the AV32, with additional models (AV36 and AV40) to follow after that. The Company has partnered with MarineMax, Inc. for distribution of the AVIARA and is sourcing premium materials/parts such as ILMOR Marine sterndrive powerplants, Mercury outboards, and Klipsch audio components.

Exhibit 5: Newest Product Introduction – AVIARA



Source: Company Reports

Effectively manage dealer inventory and further strengthen dealer network – MasterCraft Boat Holdings maintains an extensive worldwide dealer network for its sales and actively manages dealer inventory levels, leading to better margins and improved financial health for its dealers. The Company strives to provide its dealers with the highest quality of products backed by often unsurpassed comprehensive warranties. This includes not only the look of the craft but its advanced capabilities as well. In turn, the Company is able to get and retain many of the top dealers across its sales regions. And by making strategic decisions on locations of dealers within its network (as well as which dealers meet its standards), the Company helps to safeguard each dealer’s sales region, ensuring greater success as a result of the relationship with MasterCraft Boat Holdings.

Exhibit 6: Partnering with Top Dealers

MOST DEALERS IN TOP 20 ⁽¹⁾		
	%	#
MasterCraft	30%	6
NAUTIQUE	20%	4
Malibu	15%	3

(1) As last reported by MRAA

Source: Company Reports

Focus on continuous operational improvements to drive margin expansion – In order to drive continuous operational improvements at its facilities, MasterCraft Boat Holdings seeks to engage and enable its workforce to produce a top of the line product in a safe and efficient manner. Initiatives have been put in place to accelerate the product development process, reduce cost basis, and improve on time delivery rates of its high quality products. Results (as meticulously measured by a variety of metrics) lower re-work, material waste, and excess inventory, while improving margins as well as increasing employee engagement and customer satisfaction. MasterCraft Boat Holdings increased profit margin annually from 27.6% in FY16 to 27.8% in FY17, and recently reported 27.3% in FY18.

Based on these forward-looking goals, management has offered the following long-term performance targets for the Company.

Exhibit 7: MCFT's FY19 Performance Targets

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

Source: Company Reports

TARGET MARKETS

Based on National Marine Manufacturers Association (NMMA) reports, retail sales for new powerboats in the US for 2018 were up 4% over the prior year to ~280,000 units, and it is projected that there will be another 3 – 4% increase in 2019. Management defines the Company's core target market for MasterCraft models as a subcategory of this, the performance sports boat category, which principally includes inboard ski and wakeboard boats. However, the Company's product portfolio also reaches into adjacent categories, such as sterndrive boats, outboard boats, and jet boats. The MCFT direct addressable market is estimated at ~\$8 billion.

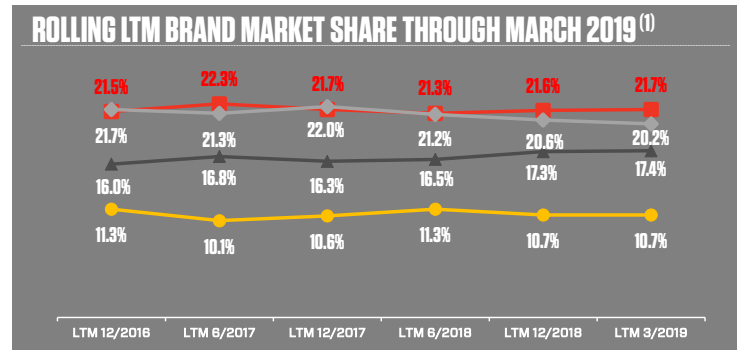
The PSB market has experienced solid growth in recent years; new unit sales in the US increased at a CAGR of ~10% from 2014 to 2017. Data show continued robust recovery for the boating industry from the economic downturn that began in 2008; with consumer and dealer sentiment registering very positive outlooks for the future, expectations are for continued improvement alongside upticks in the general economy.

The performance sports boat market is highly competitive. Companies typically compete on the basis of:

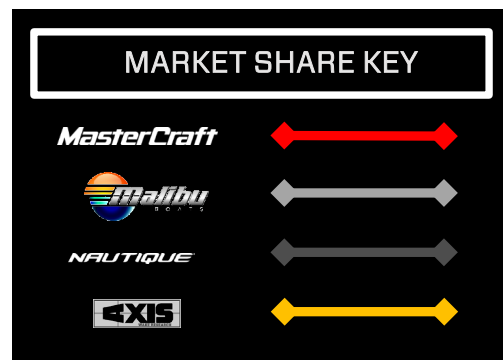
- Performance
- Innovation
- Variety of product portfolio
- Pricing
- Resale values
- Quality
- Warranty coverage

Management is focused on outperforming the competition in each of these categories, year after year, which has allowed the Company to consistently maintain a leading market share position in the U.S. over the past decade.

Exhibit 8: Leading PSB Market Share (2)



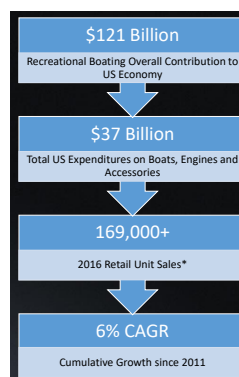
- (1) Axis is an independent brand within Malibu Boats
 (2) Most recent data per SSI and SEC filings



Source: Company Reports

NauticStar is also a recognized market leader across its segments, holding the #1 position in bay boats, #3 in deck boats, and #5 in offshore boats as most recently reported. And management notes particular strength in the growth potential for NauticStar's categories in the industry, which should offer above-average opportunities. Industry expectations are for continued growth as data remain positive long-term.

Exhibit 9: Recreational Boating Overview



Source: IBEX, NMAA, and SSI

Crest Marine has established a dominant presence in the pontoon segment of the marketplace as well as the outboard propulsion category, which are rapidly growing areas of the broader boating industry. Since 2008, pontoon boats have led recovery in the industry, witnessing double digit growth for several years (now settled into the single digits). The pontoon boat's flat floor, storage, luxury accommodations and comfort at affordable prices, as well as versatility have been drivers of growth in addition to engine power, with many buyers also looking for high horsepower propulsion. Thus advances in technology for outboard propulsion have also supported the significant growth in this segment. The global pontoon boat market is project to reach an estimated \$3.6 billion in 2023 per Stratview Research.

The new AVIARA 30' to 40' outboard and sterndrive runabout market segment has reportedly grown at a CAGR of ~10% since 2010 per SSI data, a rate that outpaces the broader powerboat industry. Once launched mid-year, the AVIARA will directly compete with Sea Ray, Cobalt, Chaparral, Regal, and Monterey runabout models. On the Company's most recent earnings call, management provided the following high-level guidance for FY2020 for the AVIARA brand and announced that two models following the AV32 will debut later this year at the Fort Lauderdale boat show (the AV36 and AV40).

Exhibit 10: MCFT's FY20 Performance Targets for AVIARA

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

Source: Company Reports

RISKS

As with any investment, there are certain risks associated with the Company's operations as well as with the industry dynamic and surrounding economic and regulatory environments.

- MasterCraft Boat Holdings' top 10 dealers accounted for approximately 33% of total gross sales in FY18; should the Company lose one or more of these dealers, the result could have a material negative effect on results.

- The quantity of units sold in a given period is heavily influenced by many factors, including seasonal customer demand, impact of unfavorable weather conditions, sales promotions and introduction of new products by the competition, among others. Overall demand for premium sport boats can be significantly influenced by a weakened economy, lower consumer confidence, and increased market volatility worldwide.
- The Company depends on a network of independent dealers for substantially all of its sales; MasterCraft Boat Holdings has limited control over the activities of its dealers and competition is intense for relationships with the most qualified and successful dealers within various networks.
- The Company closed on the acquisition of NauticStar, LLC, in October 2017. With this sizable acquisition, there are significant risks associated with the successful integration and management of this new business entity, and the Company will incur additional non-recurring costs as well as transaction expenses. Ultimately, MCFT will need to eliminate duplicative costs as part of the integration process and ensure that the NauticStar facilities run with similar efficiencies to those of MasterCraft's in Vonore. If these goals are not achieved, long-term results could be negatively affected. Additionally, the Company closed on the acquisition of Crest Marine, LLC, on 10/1/18 and is underway with the integration process, with similar risks to those of the previous NauticStar acquisition.
- The Company relies on its intellectual property rights to protect its business assets. Management cannot be sure the current patents and pending patent applications will be sufficient to safeguard its technology. Litigation related to disputed IP claims can be lengthy and costly to defend. In June 2015, the Company's competitor Malibu filed a complaint in US District Court alleging that the MasterCraft Gen 2 surf system and NXT surf system infringed upon a Malibu patent pending that relates to its wake surf technology; a settlement was reported in May 2017 where the Company agreed to a one-time payment of \$2.5M and to execute a license agreement related to certain Malibu patents (with both parties agreeing to dismiss any further claims related to the matter).
- The Company relies on third-party suppliers for certain components and raw materials essential for the manufacturing processes of its segments. The Company cannot ensure that these relationships will continue, and continue at favorable terms as needed, given variations in demand for product and plans to continue its growth trajectory. Any significant disruptions could have a negative effect of the bottom line.

INCOME STATEMENTS

MasterCraft Boat Holdings, Inc. (NasdaqGM: MCFT)
Consolidated Statements of Income (in thousands, except per share amounts)
Fiscal Year: June

	FY 2016	FY 2017	FY 2018	FY 2019 E
Net sales	\$ 221,600	\$ 228,634	\$ 332,725	\$ 464,151
Cost of products sold	160,521	165,158	242,361	350,434
Gross profit	61,079	63,476	90,364	113,717
Operating expenses:				
Selling and marketing	9,685	9,380	13,011	17,565
General and administrative	29,162	20,474.0	19,773	27,682
Amortization of intangible assets	221	107.0	1,597	3,000
Total operating expenses	39,068	29,961	34,381	48,247
Income from operations	22,011	33,515	55,983	65,470
Other income (expense):				
Interest expense	(1,280)	(2,222)	(3,474)	(6,950)
Other	(2,213)	-	-	-
Total other income (expense)	(3,493)	(2,222)	(3,474)	(6,950)
Pre-tax income	18,518	31,293	52,509	58,520
Provision for taxes (benefit)	8,308	11,723	12,856	14,045
Net income	\$ 10,210	\$ 19,570	\$ 39,653	\$ 44,475
Basic EPS	\$ 0.57	\$ 1.05	\$ 2.13	\$ 2.35
Diluted EPS	\$ 0.56	\$ 1.05	\$ 2.12	\$ 2.34
Weighted average basic shares outstanding	17,849	18,593	18,620	18,899
Weighted average diluted shares outstanding	18,257	18,621	18,715	18,995
Adjusted EBITDA Reconciliation:				
Net income	10,210	19,570	39,653	44,475
Provision for taxes (benefit)	8,308	11,723	12,856	14,045
Interest expense	1,280	2,222	3,474	6,950
Depreciation and amortization	3,444	3,231	5,086	6,900
EBITDA	\$ 23,242	\$ 36,746	\$ 61,069	\$ 72,370
Change in fair value of common stock warrants (1)	3,425	-	-	-
Transaction expenses (2)	479	71	1,744	2,044
Inventory step-up adjustment (3)	-	-	501	382
Litigation charge (4)	1,606	5,948	-	-
Warranty Adjustment (5)	-	-	(1,033)	-
Brand new start-up costs (6)	-	-	561	1,750
Litigation settlement (7)	(1,212)	-	-	-
Stock-based compensation	13,687	711	1,186	1,500
Adjusted EBITDA	\$ 41,227	\$ 43,476	\$ 64,028	\$ 78,046

	FY 2016	FY 2017	FY 2018	FY 2019 E
Adjusted Net Income Reconciliation:				
Net income	10,210	19,570	39,653	44,475
Provision for taxes (benefit)	8,308	11,723	12,856	14,045
Change in fair value of common stock warrants (1)	3,425	-	-	-
Transaction expenses (2)	479	71	1,744	2,044
Inventory step-up adjustment (3)	-	-	501	382
Litigation charge (4)	1,606	5,948	-	-
Warranty adjustment (5)	-	-	(1,033)	-
Brand new start-up costs (6)	-	-	561	1,750
Litigation settlement (7)	(1,212)	-	-	-
Stock-based compensation	13,687	711	1,186	1,500
Adjusted Net Income before Taxes	36,503	38,023	55,468	64,196
Adjusted income tax expense (8)	13,141	13,688	16,086	12,500
Adjusted Net Income	23,362	24,335	39,382	51,696
Pro-forma adjusted net income per common share:				
Basic	1.28	1.31	2.11	2.74
Diluted	1.24	1.30	2.09	2.72
Pro-forma weighted average shares used for computation of:				
Basic adjusted net income per share (9)	18,283,755	18,597,357	18,625,769	18,899,090
Diluted adjusted net income per share (9)	18,772,373	18,711,089	18,800,236	18,995,249

(1) Represents non-cash expense related to changes in the fair market value of the restructuring warrant

(2) Represents fees and expenses related to certain fundraising activities and payment of a special cash dividend in June 2016; also includes amounts paid for NauticStar and Crest acquisitions

(3) Post acquisition adjustment related to NauticStar inventory

(4) Represents legal and advisory fees related to litigation with Malibu Boats, LLC, which includes settling the Malibu patent case and a litigation matter

(5) Represents an out-of-period adjustment to correct immaterial error related to warranty accrual calculation

(6) Start-up costs associated with completely new boat brand AVIARA in a market segment that neither MasterCraft nor NauticStar nor Crest serves

(7) Represents receipt of a one-time payment to settle certain litigation matters

(8) Reflects income tax expense at an estimated normalized annual effective income tax rate

(9) The weighted average shares used for computation of pro forma diluted earnings per common share gives effect to shares of restricted stock awards, performance stock units granted under the 2015 Incentive Award Plan and dilutive effect of stock options. The average of the prior quarters is used for computation of the fiscal year ended periods.

Source: Company Reports, Stonegate Capital Partners Estimates

RECENT RESULTS

On the most recent earnings call for MCFT on 5/9/19, management released results for Q3 fiscal year 2019. High level summaries of the quarterly results are below. In-line with management's expectations, the Company delivered a strong performance for the third quarter of FY19; the recent quarter marked record sales, gross profit, and adjusted EBITDA. Results at MasterCraft were driven by continued growth in retail demand, a rise in unit sales volume, a favorable product mix, a reduction of retail rebate expense due to healthy YTD performance, as well as the timing impact of new revenue recognition accounting standards adopted Q1 FY19. The Company reported that inventory turns were at levels above where they were exiting last year's boat show season and that they are beginning to see an increase in retail demand entering the April – June selling season. MasterCraft Boat Holdings also reported that internal dealer warranty registrations were again up significantly year-over-year. NauticStar reported continued financial improvements, including a sequential increase in gross margins compared to the prior quarter, and the focus there remains on operational efficiency. As the integration of Crest continues ahead of plan, the push is towards increased capacity and enhanced working capital through implementation of certain industry-leading operational processes developed by MCFT.

Exhibit 10: Q3 FY19 vs. Q3 FY18 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%	–

Source: Company Reports

PRODUCT TIMELINE

2019 – Company announces that is up to 8 NMMA innovation awards in 10 years; new start-up line of large, recreational day boats under the name AVIARA unveiled at the Miami International boat show in February 2019 that will be distributed through partnership with MarineMax, Inc. (AV32 model to be released mid-year), and 2 additional models, the AV36 and AV40, will debut at the Fort Lauderdale boat show later this year; NauticStar introduces three new models following plant modernization

2018 – Company is awarded its 6th innovation award in 7 years from NMMA, and new XStar, XT25 and X24 models released by MasterCraft; acquisition of Crest Marine is completed, which adds the pontoon boat segment and outboard propulsion category to the Company's line-up

2017 – Coolfeel Vinyl is incorporated, the patented DockStar Handling System is released and also named one of *Boating Industry's 2017 Top Products*, and Klipsch Audio marine speakers and amplification solutions added to MasterCraft models; also, with the acquisition of NauticStar, the Company gains a presence in the saltwater fishing and general recreation markets

2015 – Company wins 1 of 3 NMMA innovation awards at the Miami boat show

2014 – Launch of the MasterCraft NXT20 occurs, and the Company wins 2 of 3 NMMA innovation awards at the Miami boat show

2013 – Patented Gen 2 fully integrated surf system is released by MasterCraft

2009 – Industry's first wake shaping surf tabs added to a MasterCraft model

2004 – Twin V-drive engine introduced by MasterCraft

2003 – MasterCraft debuts pickle-fork style bow, which continues to be the popular style

1996 – V-drive drivetrain developed by MasterCraft, and the first dedicated wakeboard-specific boat used in the ESPN X-Games

1989 – Patented wearguard pylon introduced by MasterCraft

1980 – MasterCraft's first Powerslot transmission incorporated, which was patented one year later

1976 – MasterCraft's first swim platform and ski boat mufflers added

1968 – MasterCraft's first custom hull ski boat released

CORPORATE GOVERNANCE

Terry D. McNew, President, and CEO – Mr. McNew has been the Chief Executive Officer and President of MasterCraft Boat Company, LLC (formerly MasterCraft Boat Company, Inc.) since August 2012. Mr. McNew has over 31 years of experience in the boating industry with executive roles at both Brunswick Corp. and Correct Craft. He has more than two decades of extensive knowledge of the boating industry. Mr. McNew has a wealth of leadership experience not only in the marine industry, having spent 25 years in the business with executive roles at both Brunswick and Correct Craft. Mr. McNew served as the Executive Vice President of Product Development & Engineering Manufacturing and Quality - Sea Ray, Bayliner, and Meridian Brands of Sea Ray Boats, Inc. and Brunswick Boat Group since October 2009. Mr. McNew served as Senior Vice President of product development and engineering of Sea Ray Boats from 2006 to 2009. He spent more than 23 years in the recreational boating industry with Sea Ray, beginning his career at Sea Ray's PD&E facility in Merritt Island, Fla. He then progressed steadily through several key manufacturing roles before ultimately assuming the position of Sea Ray Group vice president - manufacturing in 2001. He served as President and Chief Executive Officer of Correct Craft Boats in Orlando from 2004 to 2006. Mr. McNew returned to Brunswick in 2006. Mr. McNew held increasingly senior positions at Sea Ray, starting there in 1988 as a laminator and chop gun operator and ultimately leading manufacturing quality systems and PD&E. Mr. McNew received his BSBA in Economics from the University of Central Florida' College of Business Administration and is certified as a Six Sigma Black Belt from the University of Tennessee.

Timothy M. Oxley, CFO, VP, Secretary & Treasurer - Mr. Oxley serves as Vice President, Treasurer and Secretary at MasterCraft Boat Company, LLC (formerly MasterCraft Boat Company, Inc.) and has been its Chief Financial Officer since October 2012. He served as Vice President of Business Performance at MasterCraft Boat Company, Inc. since June 2006 until 2012. Mr. Oxley has 29 years of extensive powerboat industry experience, having served in various senior financial roles at Brunswick for 16 years. Prior to joining MasterCraft Boat Company, LLC, Mr. Oxley was the Chief Financial Officer of Brunswick's Freshwater Boat Group from 2004 to 2006, the Chief Financial Officer of Brunswick's Sea Ray Division from 2002 to 2004 and the Chief Financial Officer of Baja Marine Corporation (a division of Brunswick) from 1998 to 2002. He was also the Director of Budgeting at the Sea Ray Boats Division from 1990 to 1998. Before Brunswick, he was Senior Auditor at Arthur Anderson LLP. Mr. Oxley's key contributions to MasterCraft Boat Company, LLC have been strategic planning, modeling, due diligence, budgeting and forecasting. Mr. Oxley received his B.S. degree in Accounting from the University of Tennessee in 1981 and is a Certified Public Accountant (inactive).

Board of Directors:

Frederick A. Brightbill – *Chairman*

Tzau-Jin Chung – *Independent Director*

Patrick W. Battle – *Independent Director*

Roch B. Lambert – *Independent Director*

Jaclyn Baumgarten – *Independent Director*

Peter G. Leemputte – *Independent Director*

Donald C. Campion – *Independent Director*

Terry D. McNew – *CEO, President, Director*

IMPORTANT DISCLOSURES AND DISCLAIMERS

The following disclosures are related to Stonegate Capital Partners "SCP" research reports.

ANALYST DISCLOSURES - I, Laura S. Engel, CPA, hereby certify that the view expressed in this research report accurately reflects my personal views about the subject securities and issuers. I also certify that no part of my compensation was, is, or will be, directly or indirectly, related to the recommendations or views expressed in this research report. I believe the information used for the creation of this report has been obtained from sources I considered to be reliable, but I can neither guarantee nor represent the completeness or accuracy of the information herewith. Such information and the opinions expressed are subject to change without notice.

INVESTMENT BANKING, REFERRALS, AND FEES FOR SERVICE - SCP does not provide nor has it received compensation for investment banking services on the securities covered in this report. SCP does not expect to receive compensation for investment banking services on the securities covered in this report. SCP has a non-exclusive Advisory Services agreement to provide research coverage, retail and institutional awareness, and overall Investor Relations support for which it is compensated \$5,000 per month. SCP may engage outside consultants, SCP or SMC employees to assist in the preparation of this report or other reports released by SCP. The principles of SCP may review and or alter the content of SCP research reports based on their sole discretion. While the SCP analyst may receive input from the Company during the preparation of the report, ultimately the unbiased opinions expressed in the report are those of the analyst. Stonegate Capital Markets "SCM" (Member FINRA) is an affiliate of SCP and may seek to receive future compensation for investment banking or other business relationships with the covered companies mentioned in this report. In certain instances, SCP has contracted with SCM to produce research reports for its client companies. SCP pays SCM a monthly retainer for said services.

POLICY DISCLOSURES - SCP analysts are restricted from holding or trading securities in the issuers that they cover. SCP and SCM do not make a market in any security nor do they act as dealers in securities. Each SCP analyst has full discretion on the content and valuation discussion based on his or her own due diligence. Analysts are paid in part based on the overall profitability of SCP. Such profitability is derived from a variety of sources and includes payments received from issuers of securities covered by SCP for services described above. No part of analyst compensation was, is or will be, directly or indirectly, related to the specific recommendations or views expressed in any report or article. No employee of SCP serves on the Company's Board of Directors. Research analyst and/or a member of the analyst's household do not own shares of this security. The research analyst and/or a member of the analyst's household do not serve as an officer, director, or advisory board member of the Company. This security is eligible for sale in one or more states. This security is subject to the Securities and Exchange Commission's Penny Stock Rules, which may set forth sales practice requirements for certain low-priced securities. SCP or its affiliates do not beneficially own 1% or more of an equity security of the Company. SCP does not have other actual, material conflicts of interest in the securities of the Company. Stonegate relies upon the "publishers' exclusion" from the definition of investment adviser under Section 202(a)(11) of the Investment Advisers Act of 1940 and corresponding state securities laws. As such, Stonegate does not offer or provide personalized advice. We publish information about companies in which we believe our readers may be interested and this information reflects our sincere opinions.

ADDITIONAL INFORMATION - Please note that this report was originally prepared and issued by SCP for distribution to their market professional and institutional investor customers. Recipients who are not market professional or institutional investor customers of SCP should seek the advice of their independent financial advisor prior to making any investment decision based on this report or for any necessary explanation of its contents. The information contained herein is based on sources, which we believe to be reliable, but is not necessarily complete and its accuracy cannot be guaranteed. Because the objectives of individual clients may vary, this report is not to be construed as an offer or the solicitation of an offer to sell or buy the securities herein mentioned. This report is the independent work of SCP and is not to be construed as having been issued by, or in any way endorsed or guaranteed by, any issuing companies of the securities mentioned herein. The firm and/or its employees and/or its individual shareholders and/or members of their families and/or its managed funds may have positions or warrants in the securities mentioned and, before or after your receipt of this report, may make or recommend purchases and/or sales for their own accounts or for the accounts of other customers of the firm from time to time in the open market or otherwise. While we endeavor to update the information contained herein on a reasonable basis, there may be regulatory, compliance, or other reasons that prevent us from doing so. The opinions or information expressed are believed to be accurate as of the date of this report; no subsequent publication or distribution of this report shall mean or imply that any such opinions or information remains current at any time after the date of this report. All opinions are subject to change without notice, and we do not undertake to advise you of any such changes. Reproduction or redistribution of this report without the expressed written consent of SCP is prohibited. Additional information on any securities mentioned is available on request.

RATING & RECOMMENDATION - SCP does not rate the securities covered in its research. SCP does not have, nor has previously had, a rating for any securities of the Company. SCP does not have a price target for any securities of the Company.

CONTACT INFORMATION

MasterCraft Boat Holdings, Inc.

George Steinbarger, VP, Business Development
100 Cherokee Cove Drive
Vonore, TN 37885
Phone: 423-884-7141
www.mastercraft.com

Investor Relations

Stonegate Capital Partners
8201 Preston Road, Ste. 325
Dallas, TX 75225
Phone: 214-987-4121
www.stonegateinc.com