

**MARKET STATISTICS**

Exchange / Symbol	Nasdaq: MCFT
Price:	\$23.10
Market Cap (\$mm):	\$431.47
Enterprise Value (\$mm):	\$452.35
Shares Outstanding (mm):	18.68
Float:	89%
Volume (3 month avg.):	165,400
52 Week Range:	\$12.96-\$23.81
Industry:	Leisure Products

**CONDENSED BALANCE SHEET**

(\$mm, except per share data)

Balance Sheet Date:	10/1/2017
Cash & Cash Equivalent:	\$12.68
Cash/Share:	\$0.68
Debt:	\$33.56
Equity (Book Value):	\$19.03
Equity/Share:	\$1.02

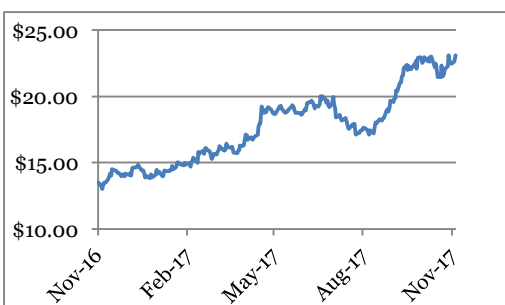
**CONDENSED INCOME STATEMENTS**

(\$mm, except per share data)

FY-6/30	Revenue	Adj. EBITDA	Adj. EPS
FY15	\$214.4	\$31.5	\$0.79
FY16	\$221.6	\$41.2	\$1.24
FY17	\$228.6	\$43.5	\$1.30
Fy18 E	\$308.5	\$53.9	\$1.60

**LARGEST SHAREHOLDERS**

BlackRock, Inc.	1,933,000
Springhouse Capital Mgmt., LP	1,463,300
Wellington Management Group, LLP	1,296,200
The Vanguard Group, Inc.	1,194,500
Divisar Capital Management, LLC	923,200
Renaissance Technologies Corp.	898,100
Royce & Associates, LP	634,400
Wells Capital Management, Inc.	505,100
Hood River Capital Mgmt., LLC	426,900
American Century Investment Mgmt., Inc.	387,400

**STOCK CHART**

**COMPANY DESCRIPTION**

MCBC Holdings, Inc., operates through four subsidiaries to design, manufacture, and market recreational performance sport boats (PSB) 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 recent acquisition of NauticStar in October 2017, the Company gained a presence in the salt water fishing and outboard propulsion markets. The Company sells boating accessories as well, such as trailers and aftermarket parts. MCBC Holdings, Inc. was founded in 1968 and is based in Vonore, Tennessee.

**SUMMARY**

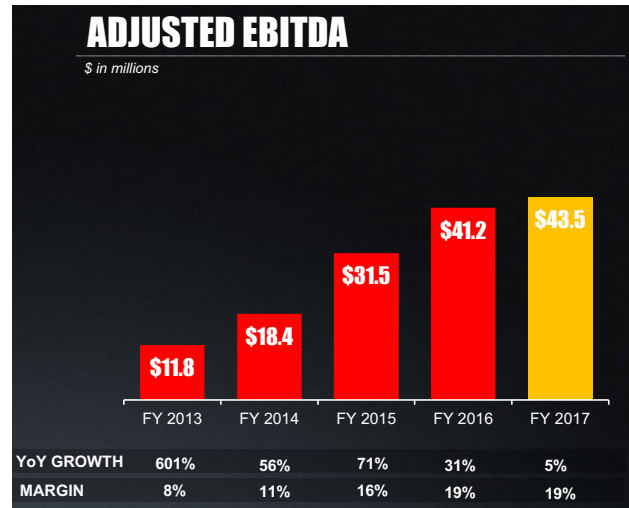
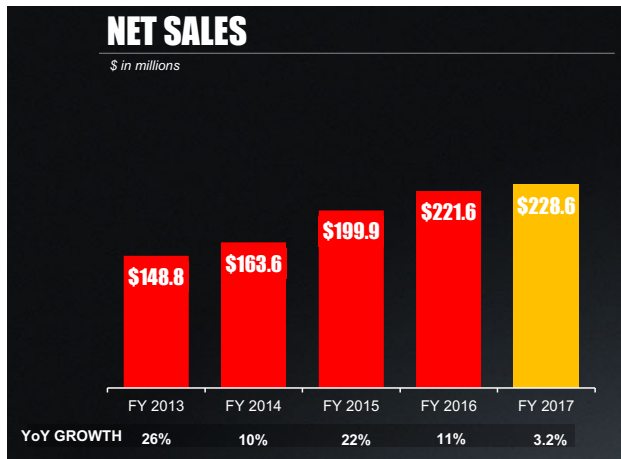
For investors looking to participate in the continuing growth of a performance sports boat (PSB) industry leader, with superior brand recognition and customer loyalty created through decades of exceeding boating consumers' expectations, we note the following:

- MasterCraft has a history of delivering the highest quality boats incorporating the latest in innovation and design, which has earned the Company a leading market share position among the PSB competition. As last reported the Company had 17 issued patents and 11 applications pending related to its IP supporting the technology behind its best-in-class product portfolio.
- The Company's primary focus on performance sports boats, when combined with certain adjacent segments, addresses a total market value approaching \$6B, and while new unit sales in the US increased at a CAGR of 12.6% from 2012 to 2016 for the PSB segment, data shows that units sold in 2016 were still more than 30% below 2006 levels. MasterCraft expects to see continued growth as levels continue to climb back to pre-recession spending.
- MasterCraft has built an extensive dealer network throughout the US and abroad, with 97 partnerships domestically, comprised of 157 locations, and 48 dealer relationships abroad, including 81 locations. Management has aligned with some of the top dealers in the industry and strives for a collaborative, mutually beneficial relationship with all of its dealers.
- MasterCraft completes all manufacturing in-house at the Company's facilities in Vonore, and 100% of the boats are lake tested there as well. The Company applies a Six Sigma approach to its manufacturing processes to maximize the quality of its boats. This not only enables MasterCraft to offer the most comprehensive 5-year warranty among its competitors, but it also allows management to report superior margins. MasterCraft is the only boat manufacturer to achieve compliance with all three ISO standards.
- In October 2017, the Company acquired NauticStar, LLC, a leading manufacturer and distributor of 18 – 28 foot bay boats, deck boats, and offshore center console boats for ~\$79.8M; through this acquisition, MasterCraft gains significant shares in the salt water fishing and outboard propulsion markets, adding diversity to its portfolio and uniting two leading yet complementary boating brands.
- Recent results included net quarterly sales increasing to \$65.0M, or 7.2%, year-over-year, with gross margins at 27.9% for the quarter, and adjusted EBITDA of \$12.9M (a margin of 19.9%). Net income totaled \$7.0M, the same as in the prior year period. The cash conversion cycle for the quarter was 3.9 days (6.1 days for FY2017), and cashflow combined with the Company's access to an approximate \$30M credit facility provides sufficient liquidity for the next 12 months.
- We believe that based on the results of our comparative analysis, current shareholders stand to significantly benefit from the likely price appreciation of MCFT beyond that of its peers should management continue to deliver impressive growth year-over-year with additional margin expansion and superior financial metrics. 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 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.

Exhibit 1: Historical Growth in Net Sales and Adj. EBITDA (1)



(1) Excludes results of Hydra-Sports business and certain other non-cash or non-operating expenses

Source: Company Reports

As we have previously noted, MasterCraft targets industry segments that are highly competitive and quickly growing. Several of the truly comparable players in the marketplace are privately held. Hence, below in Exhibit 2 we have included a variety of industry players. We believe that based on the results of the analysis below, current shareholders stand to significantly benefit from the likely price appreciation of MCFT beyond that of its peers should management continue to deliver impressive growth year-over-year with additional margin expansion 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
Brunswick Corporation	BC	\$ 54.77	87.70	\$ 4,803.3	\$ 4,852.1	1.1x	1.0x	8.3x	8.0x	18.4x	14.2x
MarineMax, Inc.	HZO	\$ 21.30	23.70	\$ 504.8	\$ 717.8	0.7x	0.6x	13.2x	11.6x	22.4x	18.2x
Johnson Outdoors, Inc.	JOUT	\$ 73.49	9.80	\$ 720.2	\$ 628.9	1.4x	1.3x	16.2x	10.7x	54.8x	21.0x
Malibu Boats, Inc.	MBUU	\$ 30.27	20.40	\$ 617.5	\$ 709.8	2.5x	1.6x	13.7x	8.8x	19.2x	15.2x
Marine Products Corporation	MPX	\$ 15.05	34.80	\$ 523.7	\$ 516.0	2.1x	2.0x	21.1x	17.4x	34.2x	26.4x
<b>Average</b>				\$ 1,433.9	\$ 1,484.9	1.6x	1.3x	14.5x	11.3x	29.8x	19.0x
<b>Median</b>				\$ 617.5	\$ 709.8	1.4x	1.3x	13.7x	10.7x	22.4x	18.2x
<b>MCBC Holdings, Inc.</b>	<b>MCFT</b>	<b>\$ 23.10</b>	<b>18.7</b>	<b>\$ 431.5</b>	<b>\$ 452.3</b>	<b>2.0x</b>	<b>1.5x</b>	<b>12.3x</b>	<b>8.5x</b>	<b>17.8x</b>	<b>14.4x</b>

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
Brunswick Corporation	BC	27.3%	27.4%	33.2	39.9	81.1	88.9	4.5x	4.1x	40.1	39.7	74.3	89.1
MarineMax, Inc.	HZO	24.0%	26.5%	5.7	12.2	152.3	196.3	2.4x	1.9x	5.5	12.0	152.4	196.6
Johnson Outdoors, Inc.	JOUT	40.7%	45.5%	36.2	59.1	104.9	76.9	3.5x	4.7x	39.2	42.5	101.9	93.5
Malibu Boats, Inc.	MBUU	23.6%	27.1%	15.9	12.1	39.1	38.7	9.3x	9.5x	25.1	17.4	29.9	33.4
Marine Products Corporation	MPX	20.9%	22.7%	0.9	9.8	72.0	83.1	5.1x	4.4x	8.1	18.6	64.9	74.3
<b>Average</b>		<b>27.3%</b>	<b>29.8%</b>	<b>18.4</b>	<b>26.6</b>	<b>89.9</b>	<b>96.8</b>	<b>5.0x</b>	<b>4.9x</b>	<b>23.6</b>	<b>26.0</b>	<b>84.7</b>	<b>97.4</b>
<b>Median</b>		<b>24.0%</b>	<b>27.1%</b>	<b>15.9</b>	<b>12.2</b>	<b>81.1</b>	<b>83.1</b>	<b>4.5x</b>	<b>4.4x</b>	<b>25.1</b>	<b>18.6</b>	<b>74.3</b>	<b>89.1</b>
<b>MCBC Holdings, Inc.</b>	<b>MCFT</b>	<b>27.8%</b>	<b>27.9%</b>	<b>5.2</b>	<b>7.3</b>	<b>27.6</b>	<b>23.1</b>	<b>13.2x</b>	<b>15.8x</b>	<b>26.7</b>	<b>26.5</b>	<b>6.1</b>	<b>3.9</b>

Source: Company Reports, Stonegate Capital Partners, Capital IQ (MCFT FY 2018 estimates by Stonegate)

## BUSINESS OVERVIEW

Since 1968, MasterCraft 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 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, MasterCraft's highly engineered 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 in total, the Company employs approximately 500 people to run worldwide operations at its homebase in Vonore, TN.

MasterCraft utilizes an extensive network of independent dealers, both in North America as well as for international sales. As last reported, the Company had 97 partnerships with dealers in North America, comprised of 157 locations, and 48 international dealers with 81 locations outside domestic operations.

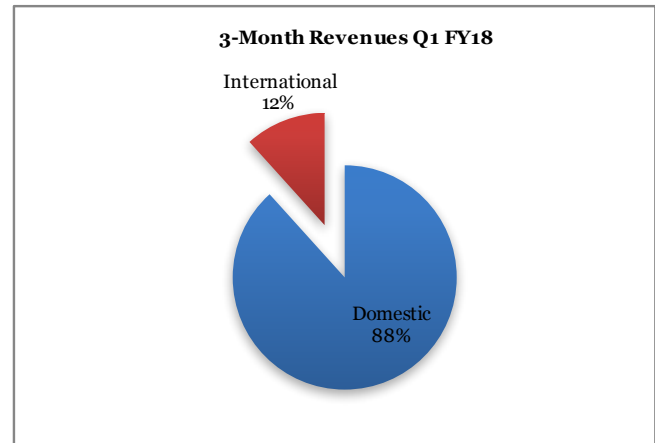
Exhibit 3: Dealer Locations



Source: Company Reports

For the most recent Q1 FY18, approximately 88% of MasterCraft's sales were domestic, with approximately 12% coming from international sales. As mentioned, all of the Company's 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 MasterCraft's 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. MasterCraft 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, MasterCraft 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.

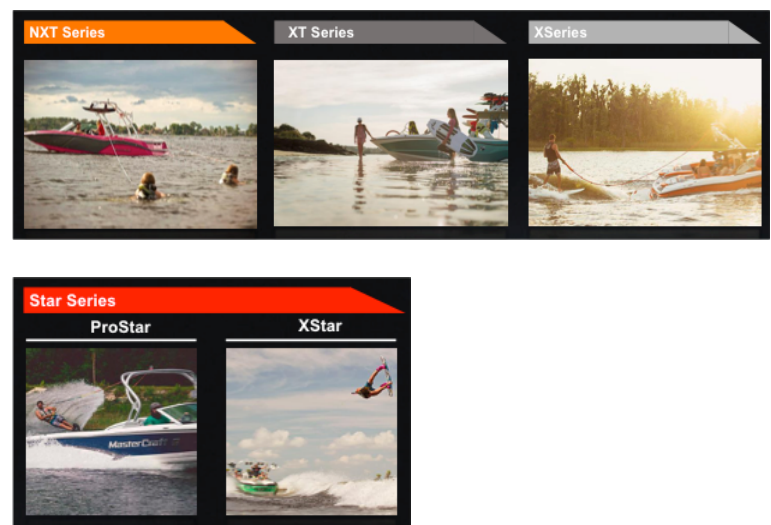
Exhibit 4: Revenue Breakdown Domestic vs. International



Source: Company Reports, Stonegate Capital Partners

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

Exhibit 5: MasterCraft Series



Source: Company Reports

As detailed on page 1, on October 2, 2017 the Company acquired NauticStar for \$79.8M subsequent to the close of the first quarter. This acquisition adds bay boats, deck boats, and offshore center console boats to the Company's offerings as well as access to two of the industry's fastest growing segments – saltwater fishing and outboard propulsion. NauticStar will continue operations from its facilities in Amory, MS, which includes a 200,000 square-foot manufacturing facility. NauticStar has an established network of 70+ dealers in the US, with sales for CY 2017 estimated at almost \$80M (\$63.7M for CY 2016).

## PRODUCT PORTFOLIO

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

- Retail price range: \$50K - \$75K
- Lengths: 20 – 22’
- Models: 3
- Maximum persons: 11
- 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 – 23’
- Models: 4
- Maximum persons: 16
- 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: 20 – 26’
- Models: 4
- 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: \$130K - \$160K
- Lengths: 23’
- Models: 1
- Maximum persons: 16
- Maximum power: 522hp

While this is the most current lineup of performance sports boats offered by MasterCraft, the offerings have continued to evolve over the years through the Company’s consistent focus on driving innovation within the industry. The Company has 17 issued patents and 11 pending related to the protection of its technological developments incorporated into its models. And not only do the Company’s advancements relate to mechanical components, but MasterCraft also has a focus on aesthetics and the creature comforts of boating. Examples include the introduction of Coolfeel Vinyl,

optimal layouts and seating, and easy access swim platforms, among others. 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.

Being added as part of the NauticStar acquisition are the following:

### Offshore Boats

- \$47K – 2016 ASP
- Lifetime hull warranty, and has a molded one-piece, foam filled composite stringer system
- Design features catering to family
- Ranges from 19’ – 28’



### Deck Boats

- \$31.5K – 2016 ASP
- All composite with lifetime hull warranty
- Deutche waterproof connectors
- Hull designed for faster and more fuel efficient performance than leading competitor



### Bay Boats

- \$29.7K – 2016 ASP
- Lifetime hull warranty
- RTM closed molded fiberglass lids
- Unique and proven high-performance XTS hull design (air-assist chine)



## GROWTH STRATEGY

**Continue to introduce new and innovative products** – MasterCraft follows a disciplined approach to product innovation, releasing 3 new models per year, 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 4 years, the Company’s entire product portfolio has been turned over, giving MasterCraft the newest performance sports boat offerings on the market today.

Exhibit 6: New and Innovative Product Introductions



Source: Company Reports

**Advance penetration of the entry-level and mid-line shares of the PSB market** – Per management, the entry-level segment of the PSB market has not historically been something that the Company has truly focused resources on pursuing; however, with the introduction of the MasterCraft NXT line in FY15, the Company is well-positioned to capture market share of this segment, delivering a model that still maintains the highest level of quality, style, reliability, functionality, and performance, but at a lower price point. According to data from SSI, 22’ unit sales represented approximately 1/3 of the total entry-level market in 2015; the NXT22 and XT22 are expected to capture a significant portion of these sales.

**Capture share from adjacent boating categories** – MasterCraft also plans to gain market share by targeting crossover customers who are willing to pay for high performance powerboats for general recreational purposes. Major selling points tend to include watersports versatility, ability to customize on style/interior, enhanced safety features, interior space/layout/comfort, and also onboard storage space.

For example, in the dayboat category (typically 20’ – 35’ sterndrives), SSI data shows in excess of 9,500 units sold in the US in 2015. The newer MasterCraft X26 is designed with amenities specific to this crowd’s tastes such as a deluxe aft lounge, swivel board storage racks, a pickle-fork bow, an inboard prop, a sizable swim platform, 18 person capacity, and a private toilet, among other options.

In January 2017, the Company introduced a new 21’ XT21, which replaces the X10 crossover, as an agile mid-size multipurpose boat. The XT21 is a middleweight crossover boat that is easy to transport and operate, with responsive handling and three options for wake zones created by the Gen 2 surf system. With room for 14 onboard, this model can go from larger wakes and endless waves to smooth skiing conditions as needed. And most recently in June 2017, the Company introduced the new XT22, a larger XT crossover boat designed to be one of the larger, “do everything” XT boats, with sizable wakes and high-tech digital driving and entertainment systems.

**Further strengthen dealer network** – MasterCraft maintains an extensive worldwide dealer network for its PSB sales. The Company strives to provide its dealers with the highest quality of products backed by an unsurpassed 5-year warranty. 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.

Exhibit 7: Partnering with Top Dealers

<b>MOST DEALERS IN TOP 20 <sup>(1)</sup></b>		
	%	#
<b>MasterCraft</b>	30%	6
<b>NAUTIQUE</b>	20%	4
<b>Malibu</b>	15%	3

(1) Per MRAA

Source: Company Reports

**Focus on continuous operational improvements** – In order to drive continuous operational improvements at its facilities, MasterCraft 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.

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

*Exhibit 8: MasterCraft's LT Performance Targets*

METRIC	FYE 2018 TARGET
Revenue Growth	35 percent range (NauticStar representing ~ 20 percent)
Adjusted EBITDA Margin <sup>(1)</sup>	Mid to high 17 percent range
EPS Growth <sup>(2)</sup>	25 percent growth range

(1) Estimated integration costs for NauticStar factored into guidance

(2) Adjusted net income per proforma share growth

Source: Company Reports

## TARGET MARKETS

During 2016, the National Marine Manufacturers Association (NMMA) reported retail sales for new powerboats in the US of \$8.3B. Management defines the Company's core target market as a subcategory of this, the performance sports boat category, which principally includes inboard ski and wakeboard boats. However, MasterCraft's product portfolio also reaches into adjacent categories, such as sterndrive boats, outboard boats, and jet boats. We do note that these markets behave differently and are not seen as comparable/competing with markets selling smaller/alternate watercraft, such as jet skis, sailboats, etc.

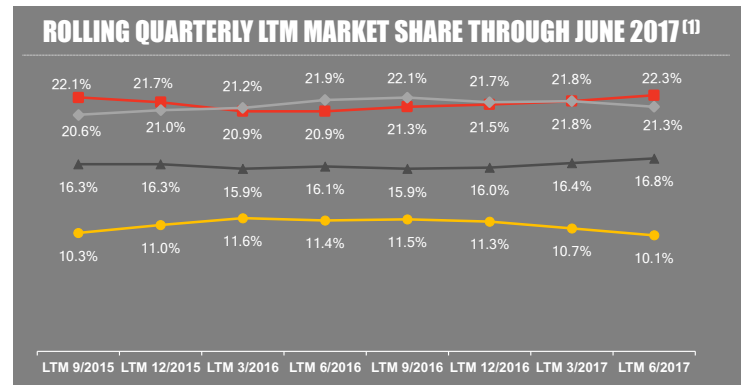
The PSB market has experienced solid growth in recent years; new unit sales in the US increased at a CAGR of 12.6% from 2013 to 2016. However, data shows that units sold in 2016 were still more than 30% below 2006 levels. With consumer and dealer sentiment registering very positive outlooks for the future, 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

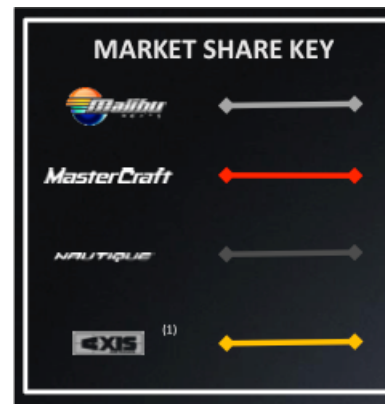
MasterCraft's management is focused on outperforming the competition in each of these categories, year after year, which has allowed the Company to reach a leading market share position to date.

*Exhibit 9: Leading PSB Market Share (2)*



(1) Axis is an independent brand within Malibu Boats

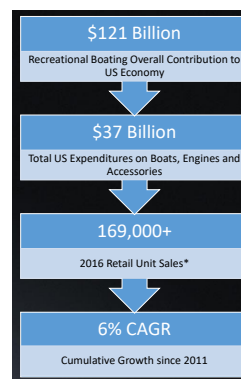
(2) Most recent data per SSI and SEC filings



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. 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 10: Recreational Boating Overview*



Source: IBEX, NMAA, and SSI

And the Company's successes in its highly competitive target market are consistently being recognized, endorsed, and supported by third-parties as well:

- MasterCraft co-brands and/or partners with names such as ESPN, GoPro, and Surfing Magazine
- The Company currently sponsors the #2, #3, and #5 wakeboarders, the #2 water ski jumper, the #3 male water skier, and the #3 female water skier
- Its advertising campaigns have received awards such as the CLIO, as well as recognition from the Water Sports Industry Association and the AICP
- Its social media campaigns consistently outpace those of the competition, in large part due to its loyal customer following
- MasterCraft's product portfolio has received 6 NMMA innovation awards in 7 years
- Industry Week named the Company as the winner of the North America cross-industry 2015 Best Manufacturing Plant Award
- Most recently, the DockStar Handling System was named one of the 2017 Top Products by *Boating Industry Magazine*

## RISKS

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

- MasterCraft's top 10 dealers accounted for approximately 41% of total units sold in FY17; 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 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 recently closed on the acquisition of NauticStar, LLC. 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, MasterCraft 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. If these goals are not achieved, long-term results could be negatively affected.
- MasterCraft 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 MasterCraft's Gen 2 surf system and NXT surf system infringe upon a Malibu patent pending that relates to its wake surf technology; a settlement was recently reported where MasterCraft 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 components and raw materials essential for its manufacturing processes. Specifically, MasterCraft relies on a single supplier for the engine packages used in the production of its boats. 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**

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

	FY 2015	FY 2016	FY 2017	FY 2018 E
Net sales	\$ 214,386	\$ 221,600	\$ 228,634	\$ 308,500
Cost of products sold	163,220	160,521	165,158	225,205
<b>Gross profit</b>	<b>51,166</b>	<b>61,079</b>	<b>63,476</b>	<b>83,295</b>
Operating expenses:				
Selling and marketing	8,552	9,685	9,380	11,625
General and administrative	18,472	29,162	20,474.0	22,400
Amortization of intangible assets	222	221	107.0	100
Total operating expenses	27,246	39,068	29,961.0	34,125.0
<b>Income from operations</b>	<b>23,920</b>	<b>22,011</b>	<b>33,515</b>	<b>49,170</b>
Other income (expense):				
Interest expense	(5,171)	(1,280)	(2,222)	(3,880)
Other	(6,621)	(2,213)	-	-
Total other income (expense)	(11,792)	(3,493)	(2,222)	(3,880)
<b>Pre-tax income</b>	<b>12,128</b>	<b>18,518</b>	<b>31,293</b>	<b>45,290</b>
Provision for taxes (benefit)	6,594	8,308	11,723	15,852
<b>Net income</b>	<b>\$ 5,534</b>	<b>\$ 10,210</b>	<b>\$ 19,570</b>	<b>\$ 29,439</b>
<b>Basic EPS</b>	<b>\$ 0.50</b>	<b>\$ 0.57</b>	<b>\$ 1.05</b>	<b>\$ 1.55</b>
<b>Diluted EPS</b>	<b>\$ 0.47</b>	<b>\$ 0.56</b>	<b>\$ 1.05</b>	<b>\$ 1.55</b>
Weighted average basic shares outstanding	11,139	17,849	18,593	18,965
Weighted average diluted shares outstanding	11,863	18,257	18,621	18,993
<b>Adjusted EBITDA Reconciliation:</b>				
Net income	5,534	10,210	19,570	29,439
Provision for taxes (benefit)	6,594	8,308	11,723	15,852
Interest expense	5,171	1,280	2,222	3,880
Depreciation and amortization	3,278.0	3,444.0	3,231.0	3,750.0
<b>EBITDA</b>	<b>\$ 20,577</b>	<b>\$ 23,242</b>	<b>\$ 36,746</b>	<b>\$ 52,920</b>
Change in fair value of common stock warrants	6,621	3,425	-	-
Transaction expenses	7,068	479	71	-
Litigation charge	539	1,606	5,948	-
Litigation settlement	-	(1,212)	-	-
Hydra-Sports	(3,265)	-	-	-
Stock-based compensation	-	13,687	711	960
<b>Adjusted EBITDA</b>	<b>\$ 31,540</b>	<b>\$ 41,227</b>	<b>\$ 43,476</b>	<b>\$ 53,880</b>

Source: Company Reports, Stonegate Capital Partners Estimates



	FY 2015	FY 2016	FY 2017	FY 2018 E
<b>Adjusted Net Income Reconciliation:</b>				
<b>Net income</b>	<b>5,534</b>	<b>10,210</b>	<b>19,570</b>	<b>29,439</b>
Provision for taxes (benefit)	6,594	8,308	11,723	15,852
Change in fair value of common stock warrants (1)	6,621	3,425	-	-
Transaction expenses (2)	7,068	479	71	-
Litigation charge (3)	539	1,606	5,948	-
Litigation settlement (4)	-	(1,212)	-	-
Hydra-Sports (5)	(3,265)	-	-	-
Stock-based compensation	-	13,687	711	960
<b>Adjusted Net Income before Taxes</b>	<b>23,091</b>	<b>36,503</b>	<b>38,023</b>	<b>46,250</b>
Adjusted income tax expense (6)	8,313	13,141	13,688	15,852
<b>Adjusted Net Income</b>	<b>14,778</b>	<b>23,362</b>	<b>24,335</b>	<b>30,399</b>
Pro-forma adjusted net income per common share:				
Basic	0.86	1.28	1.31	1.60
Diluted	0.79	1.24	1.30	1.60
Pro-forma weighted average shares used for computation of:				
Basic adjusted net income per share (7)	17,210,429	18,283,755	18,597,357	18,964,726
Diluted adjusted net income per share (7)	18,822,858	18,772,373	18,711,089	18,993,142

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

(2) Represents fees and expenses related to IPO, payment of a special cash dividend in June 2016, expenses associated with recapitalization activities completed March 2015, secondary offering September 2016, and a follow-on offering in December 2016. Also includes amount paid for the NauticStar, LLC acquisition which occurred on 10/2/17.

(3) Represents legal and advisory fees related to litigation with Malibu Boats, LLC, which includes settling the Malibu patent case and a litigation matter for FY15

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

(5) Represents the operating income attributable to the operations of Hydra-Sports business and the related manufacturing agreement, adjusted to exclude depreciation and amortization related to Hydra-Sports. The business was previously divested but continued to manufacture Hydra-Sports boats for the purchaser of the business pursuant to an agreement that expired 6/30/15; this adjustment was calculated by identifying the applicable cost of sales and operating expenses directly attributable to Hydra-Sports for such period, excluding any corporate overhead or other shared costs.

(6) Reflects income tax expense at an estimated normalized annual effective income tax rate of 36% for the periods presented

(7) The weighted average shares used for computation of pro forma diluted earnings per common share gives effect to the 58,607 shares of restricted stock awards, the 64,542 performance stock units granted under the 2015 Incentive Award Plan and 55,253 shares for the dilutive effect of stock options. The average of the prior quarters is used for computation of the fiscal year ended periods.

## RECENT RESULTS

On the most recent earnings call for MCFT on 11/9/17, management released results for Q1 FY18. High level summaries of the most recent quarter and fiscal year vs. prior year are below. In-line with management's expectations, the Company delivered solid performance for the first quarter of FY18. Results were driven by continued growth in retail demand and MCFT's focus on working capital management. For Q1 FY18, the Company had gains in net sales, and a rise in unit sales volume, leading to increased gross profit, although partially offset by an unfavorable product mix and an increase in model-year changeover costs, which lowered reported gross margin percentage. Overall for Q1 FY18, the Company reported \$7M in net income for the first quarter, the same as prior year. The big news came subsequent to quarter-end, with the announcement of the NauticStar acquisition for \$79.8M, paid for with cash on hand and the balance with debt, closing 10/2/17.

*Exhibit 11: Q1 FY18 vs. Prior Year and FY17/FY16 Results*

METRIC	FY2017 Q1	FY2018 Q1
Units Sold	718	775
Growth %	5.2%	7.9%
Net Sales	\$60.7	\$65.0
Growth %	8.5%	7.2%
Pro-Forma Adjusted EPS <sup>(1)</sup>	\$0.41	\$0.40
Adjusted EBITDA	\$13.3	\$12.9
Growth %	24.8%	-0.3%
Margin %	21.9%	19.9%

METRIC	FY 2017	FY 2016
Units Sold	2,790	2,742
Y over Y Growth %	1.8%	7.7%
Net Sales	\$228.6	\$221.6
Y over Y Growth %	3.2%	10.9%
Adjusted EBITDA	\$43.5	\$41.2
Y over Y Growth %	5.5%	30.7%
Margin %	19.0%	18.6%

Source: Company Reports

## PRODUCT TIMELINE

- 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
- 2015** – MasterCraft 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
- 2009** – Industry's first wake shaping surf tabs added to a MasterCraft model
- 2004** – Twin V-drive engine introduced
- 2003** – Pickle-fork style bow debuted, which continues to be the popular style
- 1996** – V-drive drivetrain developed, and the first dedicated wakeboard-specific boat used in the ESPN X-Games
- 1989** – Introduced patented wearguard pylon
- 1980** – First Powerslot transmission incorporated, which was patented one year later
- 1976** – First swim platform and ski boat mufflers added
- 1968** – MasterCraft's first custom hull ski boat released

*Exhibit 12: Helping Customers "Generate Memories That Will Last a Lifetime"*



## 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 29 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. Timothy M. Oxley, also known as Tim, has been the Chief Financial Officer of MCBC Holdings Inc. since August 2012 and also serves as its Vice President, Treasurer and Secretary. 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 24 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).

**Jay S. Povlin, VP of Global Sales and Marketing** - Mr. Jay S. Povlin has been Vice President of Global Sales and Marketing at MCBC Holdings Inc. since 2013. Mr. Povlin has been a Vice President of Global Sales & Marketing at MasterCraft Boat Company, LLC (formerly, MasterCraft Boat Company, Inc.) since July 2015 and served as its Vice President of Sales & Marketing from 2013 to July 2015. He served as the President of the Bluewater Group, which includes the Laguna, Palmetto, Sea Boss and Sea Pro brands of Brunswick Corp. since February 28, 2007. Mr. Povlin served as Vice President of Sales, Marketing and Product Integration for Mercury MerCruiser. Before Mercury, Mr. Povlin held leadership positions at Baja Marine. His extensive background in financial management, communication, strategic planning and execution have led multinational operations to the attainment of double digit revenue improvements and significant expansions of global market reach in challenging, competitive industries. During his 20 years in the marine industry, he held numerous senior leadership positions with Brunswick Corporation and in those roles provided strategic direction for business unit financial performance, manufacturing operations, sales and marketing efforts and product development initiatives. In each area, he consistently delivered on the goals and objectives of business divisions that spanned multiple market segments across the globe. Mr. Povlin is a graduate of Middle Tennessee State University and holds a Bachelor of Science degree in International Relations.

### Board of Directors:

**Frederick A. Brightball** – Chairman  
**Patrick W. Battle** – Independent Director  
**Donald C. Campion** – Independent Director  
**Tzau-Jin Chung** – Independent Director  
**Roch B. Lambert** – Independent Director  
**Peter G. Leemputte** – Independent Director  
**Terry D. McNew** – CEO, President, Director

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