

Malibu Boats Inc.

Business Description

Malibu Boats, Inc. (MBUU) designs, manufactures, and markets recreational powerboats across three product lines including Malibu performance sports boats, Saltwater Fishing boats, and Cobalt boats. MBUU was founded in 1982 and is headquartered in Loudon, TN.

Investment Overview

I recommend a **SELL** of Malibu Boats, Inc. with a price target of ~\$29 implying a return of ~12%

Thesis Points

- **MBUU's Wakeboat Market will decrease 3% resulting in a Total Revenue decrease of \$10M due to Wakeboat regulations:** 25% of Full Recreational Lakes in WI and MI are at risk of banning Wakeboats due to ecological damage. Provided other states follow these regulations, the Wakeboat Market will decrease by 25% and Total Revenues by 10% (~\$90M).
- **FY26 & FY27 Total Revenues will be \$40M and \$70M lower than expectations due to macro headwinds and consumers mix shifting to lower ASP models:** The Total Addressable Market will trough at 140,000 Boats vs Consensus 151,047 Boats in FY26, contributing to a FY26 Total Revenue decrease of \$60M and \$65M in FY27. Upward pricing pressure from tariffs will offset product mix shift in FY26 by \$20M, but following the one-time increase it will later decrease FY27 Total Revenues by \$5M.
- **Per Boat Margins project Gross Margins 25bps and 95bps below expectations. With regulations and unfavorable mix shifts driving an additional 15bps decrease:** MBUU's Wakeboat segment provides the highest margin per unit of 28.4% (Cobalt: 16.3%, Saltwater: 19%). Regulations dampening the share of these high margin boats contributes 10 of the 15bps decline while mix shifts that decreased average selling price contributed 5bps of decline. Further decline from consensus in Gross Margins is due to per boat gross margins maintaining into the future.

Summary

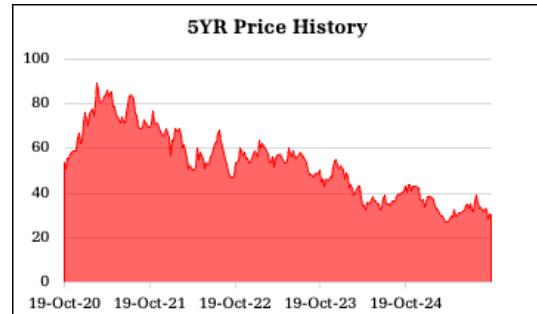
I recommend a **SELL** of MBUU with a price target of \$29 reflecting below market expectations for revenues and Margins driven by Wakeboat regulations hurting MBUU sales, and pressuring margins.

Recommendation:	Sell
Target Price:	\$28.59
Current Price:	\$32.74
Expected Downside:	-12.68%
Initiated:	10/23/2025

Key Data

Ticker:	MBUU
52-Week Range:	\$24.43-\$47.82
Enterprise Value:	\$552.95B
Shares Outstanding:	19.25M
Earnings Per Share:	\$0.76
Short Interest:	6.63%

Consensus vs Forecasted Estimates		
	FY26E	FY27E
Projected Sales (\$mm)	784	847
<i>Forecasted</i>	735	761
<i>Deviation</i>	-6.3%	-10.2%
EBITDA (\$mm)	68	85
<i>Forecasted</i>	68	71
<i>Deviation</i>	-0.1%	-16.3%
% of market	3.13%	3.13%
Market Size (Units Sold)	151,047	154,055
<i>Forecasted</i>	139,753	141,953
<i>Deviation</i>	8.1%	8.5%
Gross Margin	17.3%	18.1%
<i>Forecasted</i>	16.9%	17.0%
<i>Deviation</i>	-0.4%	-1.1%



Business Description

Company Background

Malibu Boats was founded in 1982 by Bob Alkema and Steve Marshall in Merced, California with the intent to reject the “good enough” state of mind within the boating industry and replace it with state-of-the-art performance. Since its inception Malibu commitment to high end performance has allowed it to establish itself as a premier brand known for performance. This has led to Malibu to expand into multiple different segments through the introduction and acquisition of six additional brands. Malibu now operates in three separate reportable segments: Malibu Brands, Saltwater Fishing brands and Cobalt brands. Through its Cobalt, Malibu and Axis, and Pursuit and Maverick Boat Group brands, Malibu Boats Inc. is among the United States market leaders in the 24-29' sterndrive, performance sport boat, and fiberglass outboard fishing markets respectively. Following the manufacture of their boats, Malibu then sells its boats through dealer networks that consists of 325+ dealer locations globally, recognizing revenues once the boat has been purchased off the dealer floor.

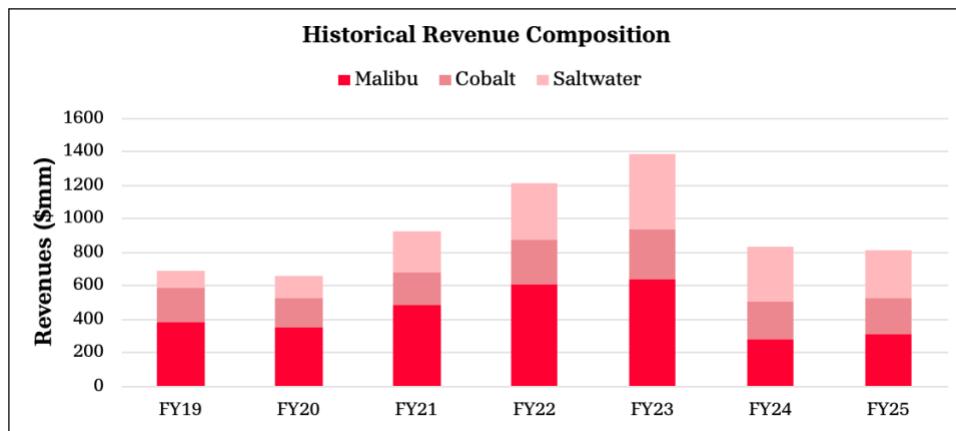


Figure 1

Figures 1 and 2 demonstrate the Revenue Composition of Malibu Boats since FY19. First glance highlights the significant growth between FY20 and FY23. This period demonstrated a 3yr CAGR of 29%, with the highest growth year being FY21 with 42% Revenue Growth. This growth is due to 3 main factors: Covid-driven Outdoor Participation boom, low interest rates, and the acquisition of Maverick and Hewes. When the pandemic hit, travel shut down and consumers looked for safe alternatives to participate in. As a result, Outdoor Participation grew from 51% of Americans over age 6 in 2019 to 57% in 2023 after a decade of remaining flat. The effectively 0% interest rates in FY20 and FY21, provided all the newly interested consumers with the financial ability to purchase a Malibu boat, creating a large demand surplus. Over FY22 and FY23, dealers wholesaled more boats to keep up with this demand surge they believed would continue. However, when rates came back up and travel opened, demand began to decline as we will see later in Figure 7. This decline explains the FY24 and FY25 drop as dealers no longer purchased new inventory since they needed to work through the surplus they ordered from previous years. Finally, the acquisition of Maverick Boat Group in January of 2021 added Hewes, Pathfinder, Maverick, and Cobia to a Saltwater portfolio which had previously only contained Pursuit. This addition allowed this segment to grow at a 54% CAGR from FY20 to FY23.

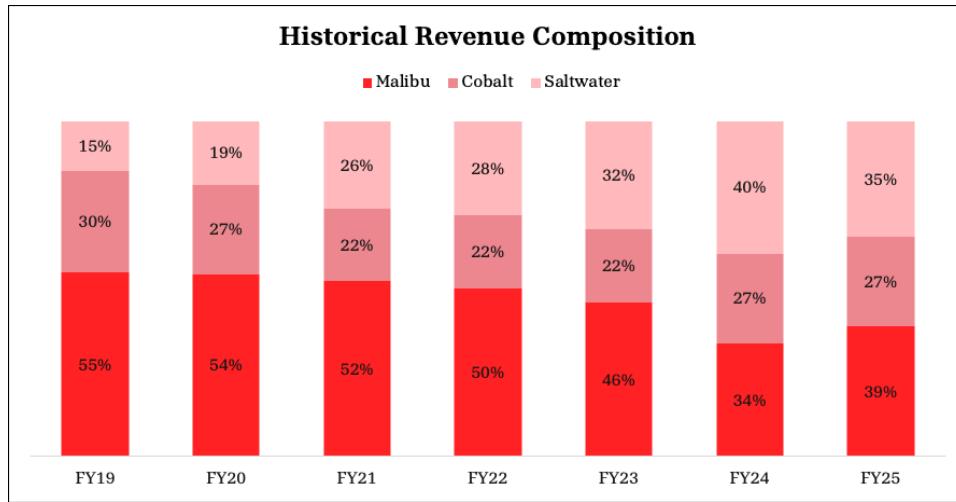


Figure 2

Malibu

Malibu Boats Inc. flagship Malibu segment is made up of two brands: Malibu and Axis. These boats contribute Malibu's most profitable segment and are designed for consumers looking for high-end performance sports boats that incorporate the latest innovations in recreational boating. An example of such innovations is Malibu's proprietary Surf Gate technology which allows the boater to control the size and shape of the boats wake. As these boats are most often used for water sports such as water skiing, wakeboarding and wake surfing, this wake customization makes these water sports activities accessible and enjoyable for those at any skill level. The Malibu brand consists of three main product lines: the Response series for high-performance water skiing, the Wakesetter series for highly customizable wake boat options, and the M Series for ultra-premium boating experiences. The price range for Malibu brand boats range from \$80,000-\$300,000. The Axis brand was created to provide a more accommodating option for younger and more price sensitive consumers. These boats are more simple performance options that contain the option to upgrade a few key features and because of this they have a cheaper high-end price, retailing in the range of \$80,000-\$175,000. Since the acquisitions of Cobalt and the Saltwater Fishing Brands, the Malibu segment has contributed to 34-54% of total revenues with an average contribution of 47% and 39% in FY25.

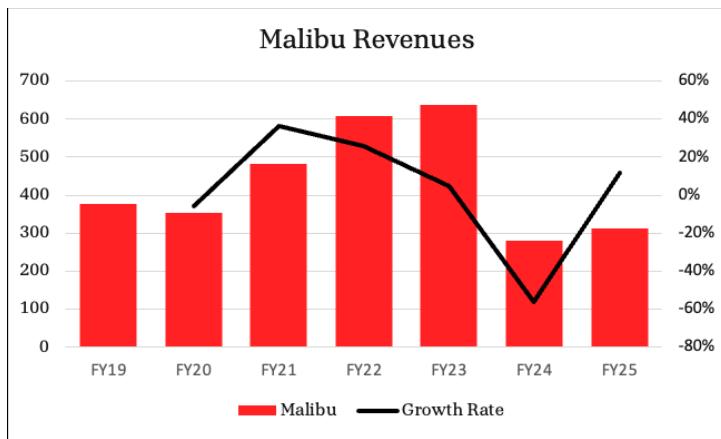


Figure 3

Cobalt

The Cobalt Segment consists solely of the Cobalt brand which produces mid to large-sized luxury cruisers and bowriders. Malibu acquired Cobalt Boats in July of 2017 for \$130 million and since then Cobalt has contributed to 22-36% of total revenues with an average contribution of ~26% and ~27% in FY25. Cobalt brands boats range from entry level to premier sterndrive options with customizations such as the addition of Surf Gate or an outboard motor to accommodate increased saltwater use. The price range for these boats is \$75,000-\$625,000.

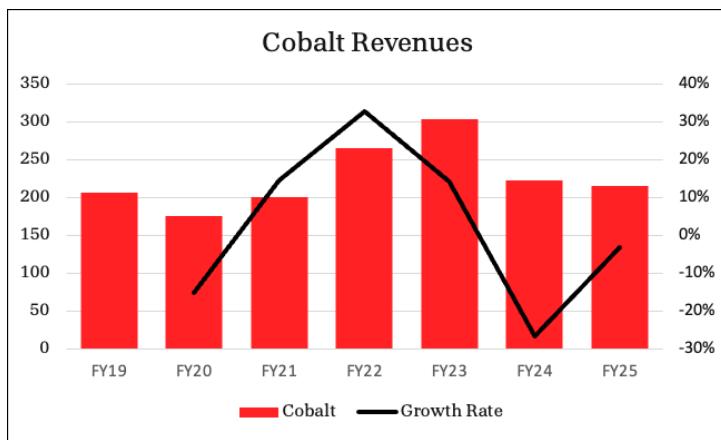


Figure 4

Saltwater Fishing

The Saltwater Fishing segment includes the most brands out of all three reportable segments for Malibu Boats comprised of Pursuit, Cobia, Pathfinder, and Maverick and Hewes brands. Acquired in 2018, Pursuit brands produce saltwater outboard fishing models that can be customized to be ideal offshore fishing models as well as casual cruising and luxury entertainment models. The price range for Pursuit boats is \$130,000-\$1,400,000. Following the 2021 acquisition of Maverick Boat Group, Malibu expanded their brand portfolio to include Cobia, Pathfinder and Maverick and Hewes. Cobia brands produce center and dual console vessels for all levels of anglers and boaters and are generally smaller in size compared to Pursuit models. The price range for Cobia boats is \$60,000-\$500,000. The third brand, Pathfinder, is an inshore fishing model that sells for \$45,000-\$125,000. Finally, the Maverick and Hewes brand provide shallow inshore flat fishing models with vacuum infused constriction that provides a lighter and stronger hull. The price range for Maverick and Hewes boats is \$45,000-\$125,000. Since the inclusion of the Maverick Boat Group into the segment portfolio, Saltwater Fishing has contributed to 26-35% of revenues with an average contribution of 32% and 35% in FY25

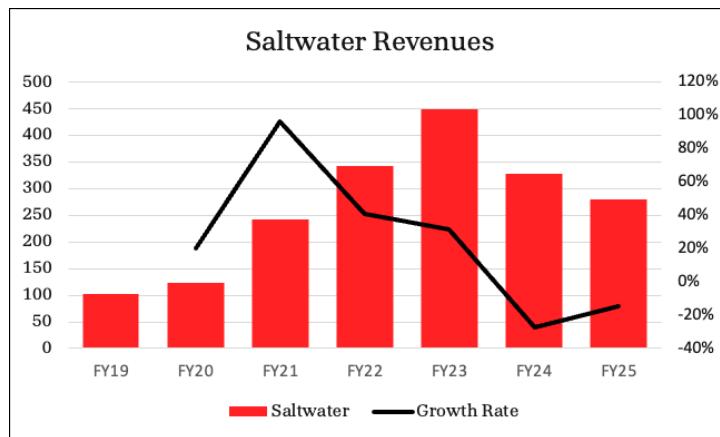
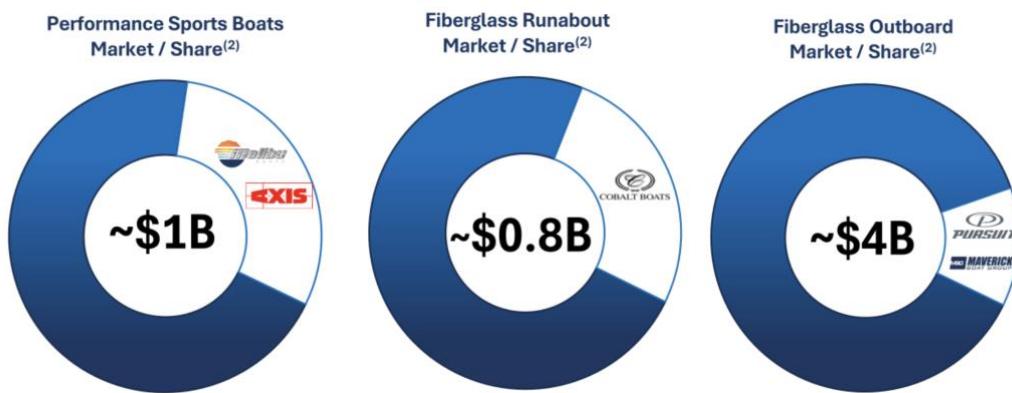


Figure 5

Industry Overview

Malibu Boats operates in the recreational powerboat industry which includes its performance sport boats, sterndrive and outboard segments. This industry is highly competitive for both consumers and dealers with Malibu's main competitors being Brunswick, Mastercraft, and Polaris through its boating segment. As of Malibu's latest SEC filing, dated August 28th of 2025, the total addressable market for this industry is \$12.6 billion. Out of this TAM, Malibu estimates in Select Addressable Market to be ~\$6 billion to represent the competitive set it has within Recreational Powerboats. Figures 7,8,9 illustrate the relative positioning of the Malibu, Cobalt, and Saltwater brand portfolios in their respective segments.



Historical Trends

As an industry within the Consumer Discretionary Sector, the recreational powerboat industry is subject to increased cyclical trends because of consumer sentiment, interest rates and inflation. For example, during the Great Recession the total number of new boats in outboard, sterndrive and ski/wake hit a demand trough with a 0% 3yr CAGR from FY09 and FY12. Figure 6 highlights how following this trough, the market began upcycling at an average growth rate of 5% between FY12 and FY21 as consumer sentiment and confidence increased and the level of discretionary income strengthened. For the same reasons as previously mentioned on page 2 in the Company Background subsection, this upcycle peaked in FY21 and began a downcycle that we are currently amid. This downcycle has persisted and forced Malibu and competitors to make wholesale shipments to dealers below retail demand to maintain dealer health. This cooled demand following the height of COVID-19, paired with the cyclical nature of the industry and sector, creates a point of tension in many valuations where the demand trough and time to rebound is unknown.

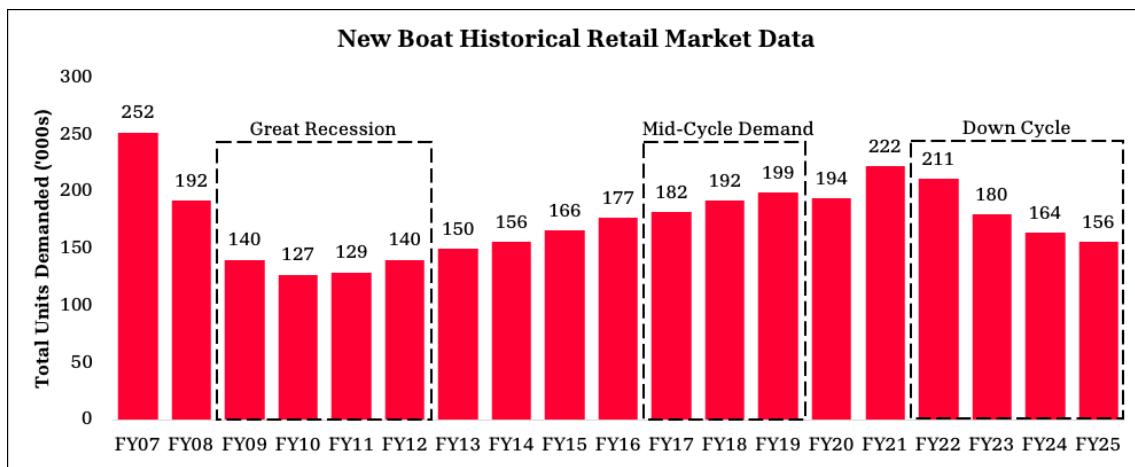


Figure 6

Key Driver Analysis

MBUU's Wakeboat Market will decrease 3% resulting in a Total Revenue decrease of \$10M due to Wakeboat regulations

a) New University of Minnesota study reignites debate over Wake Boat restrictions

In July 2025, the University of Minnesota published a study demonstrating the harmful effects of inboard wake boats operating in shallow water. According to this study, “powerful turbulence from wakeboats can directly suspend sediments in the water. This can indirectly lead to release of nutrients like phosphorus from sediment that can stimulate excessive algae growth, which adversely impacts lakes.” As a result, this study recommends that all powerboats when cruising or planning, should operate in at least 10 feet of water and at least 20 feet of water when surfing. This study stops short of explaining why algae adversely impacts lakes, to build upon why this is bad, excessive algae blooms can result in sunlight being blocked from reaching the bottom of the ecosystem, depleting the ecological food chain from the bottom up. Furthermore, when this algae dies off, its decomposition consumes significant amounts of dissolved oxygen, creating “dead zones” where oxygen levels are too low for other organisms to survive. Due to worries over this ecological impact, local communities have reignited conversations of wakeboat regulations and some have banned wakeboats on their local lakes. Wisconsin has already banned the use of wake boats on 400 out of its total 15,074 lakes. While 400 may seem insignificant, if this trend catches on, 25% of Wisconsin lakes remain at risk of banning wakeboats while 28% of Minnesota lakes are at risk.

Wisconsin		Minnesota	
Total Named Lakes	1287	Total Named Lakes	3183
Named Lakes over 200 Acres	708	Named Lakes over 200 Acres	1162
Wisconsin Lakes 10 feet and under	77	Minnesota Lakes 10 feet and under	128
% of Total Named over 200	10.88%	% of Total Named over 200	11.02%
Wisconsin lakes 20 feet and under	214	Minnesota lakes 20 feet and under	326
% of Total Named over 200	30.23%	% of Total Named over 200	28.06%
Total Lakes	15074	Total Lakes	11842
Total Lakes over 200 Acres	8292	Total Lakes over 200 Acres	4323
Lakes at Risk	2,506	Lakes at Risk	1,213
% of Total over 200	30.23%	% of Total over 200	28.06%
Restricted Lakes	400	Restricted Lakes	0
Remaining Lakes at Risk	2,106	Remaining Lakes at Risk	1,213

Figures 7 & 8

Figures 7 and 8 above walk through the process of determining the number of lakes at risk in each of these states. It is important to note that not all lakes in these states have been named. If a lake is not named it does not have data on max depth and acreage which are the two factors used to determine the possible percentage decline. Due to this, named lakes were used as a sample to extrapolate to the population. Only lakes 200 acres and above were relevant to the Wakeboat market since this is the minimum requirement in Minnesota and Wisconsin for high-speed water sports. Within this figure, lakes with a maximum depth of 20ft or less were at risk due to the study's restrictive recommendations on surfing. With these two filtering items, the “Remaining Lakes at Risk” were calculated and their percentage of total lakes of 200 Acres were used to estimate the decline in state market TAM. Figure 9 highlights how these percentage declines exactly flowed into Total Addressable Market changes. Estimated Total without State Decline assumptions will be discussed in the following thesis point.

Rank	State	Boats per 1,000 People	Population	Thousands	State Total Boats	National Market %	State % of National Market		Share of Demand		
							FY25	FY26E	FY27E	FY28E	
1	Minnesota	144	5710735	5711	819,987	6.946%	10,857	9,724	9,877	10,719	
	<i>Unregulated Malibu Market</i>							523	531	576	
	<i>Post Regulation Malibu Market</i>							376	382	415	
	<i>Post Regulation Minnesota Market Decline</i>							9,577	9,728	10,558	
							(147)	(149)	(162)		
2	South Carolina	109	5132249	5132	557,727	4.724%	7,385	6,614	6,718	7,291	
3	Wisconsin	105	5897375	5897	621,200	5.262%	8,225	7,367	7,483	8,121	
	<i>Unregulated Malibu Market</i>							396	402	437	
	<i>Post Regulation Malibu Market</i>							296	300	326	
	<i>Post Regulation Wisconsin Market Decline</i>							7,266	7,380	8,010	
							(101)	(102)	(111)		
4	Maine	80	1364571	1365	108,897	0.922%	1,442	1,291	1,312	1,424	
5	Michigan	78	10072703	10073	785,631	6.655%	10,402	9,316	9,463	10,270	
6	North Dakota	74	779563	780	57,840	0.490%	766	686	697	756	
7	New Hampshire	74	1378756	1379	101,402	0.859%	1,343	1,202	1,221	1,326	
8	South Dakota	68	887948	888	60,644	0.514%	803	719	730	793	
9	Louisiana	68	4652301	4652	317,338	2.688%	4,202	3,763	3,822	4,148	
10	Iowa	66	3191141	3191	210,025	1.779%	2,781	2,491	2,530	2,746	
11	Alaska	65	733017	733	47,986	0.406%	635	569	578	627	
12	Arkansas	62	3014546	3015	185,563	1.572%	2,457	2,201	2,235	2,426	
13	Delaware	53	991928	992	52,816	0.447%	699	626	636	690	
14	Oklahoma	50	3965415	3965	199,433	1.689%	2,641	2,365	2,402	2,607	
15	Ohio	50	11798905	11799	593,391	5.026%	7,857	7,037	7,148	7,757	
16	Alabama	49	5033094	5033	248,695	2.107%	3,293	2,949	2,996	3,251	
17	Idaho	49	1849415	1849	90,797	0.769%	1,202	1,077	1,094	1,187	
18	Montana	47	1087230	1087	51,349	0.435%	680	609	619	671	
19	Missouri	47	6154744	6155	287,814	2.438%	3,811	3,413	3,467	3,762	
20	Wyoming	45	577681	578	26,059	0.221%	345	309	314	341	
<i>Estimated Total w/o State Decline</i>							140,000	142,205	154,331		
<i>Estimated total with State Decline</i>							139,753	141,953	154,058		
<i>Decline</i>							-0.2%	-0.2%	-0.2%		

Figure 9

Note: States ranked 21+ are hidden for formatting purposes

By using boats per capita in each state, multiplying it by state population and taking that as a proportion of total boats nationally, provides a state % of the national market. Using this percentage as a proxy for its share of Total Addressable Market in terms of New Boats sold allows us to calculate each individual states Share of Demand. It is here that the State Decline assumptions flow through, where Wisconsin's boat TAM drops by 25% and Minnesota drops by 28% based on the assumption that there is an even distribution of wakeboats per lake.

It is important to note that this model only reflects the lakes that *should* be restricted based on the results of this study. It is entirely plausible that lakes with a *maximum* depth greater than 20ft will regulate to protect themselves if their *average* depth is ~20ft while some lakes that *should* regulate may choose not to. Figure 10 highlights how different wakeboat market declines would affect Total Revenue, Gross Margin, and Valuation return compared to the current price of \$32.74. The 3% decline is baked into the price target.

Regulation Effects							
Market Decline	None	3% (WI + MN)	10%	20%	25%	30%	50%
Revenue Effect	0.0%	-1.2%	-3.9%	-7.8%	-9.7%	-11.6%	-19.4%
Gross Margin Effect	0.0%	-0.1%	-0.4%	-0.8%	-1.1%	-1.3%	-2.4%
Valuation Effect	-10.8%	-1.9%	-6.0%	-12.1%	-15.1%	-18.1%	-30.3%
Total Valuation Return	-10.8%	-12.7%	-16.8%	-22.9%	-25.9%	-28.9%	-41.1%

Figure 10

Within the recreational powerboat industry Malibu Boats is disproportionately at risk due to these regulations as 46% of its revenues have come from the Malibu brands segment which is made up entirely of inboard wakeboats. Provided these lakes get regulated, not only would Malibu's Revenues decrease by ~\$10M, but also the unit mix would shift away from Malibu's, dampening Margin profiles which will be covered later.

FY26 & FY27 Total Revenues will be \$40M and \$70M lower than expectations due to macro headwinds and consumers mix shifting to lower ASP models

a) Demand will trough at 140,000 Boats vs Consensus 151,047 Boats in FY26, contributing to a FY26 Total Revenue decrease of \$60M and \$65M in FY27.

Through my primary research I called 30 dealerships and was able to speak directly to 4 of the 30 managers (2 in Wisconsin, 1 in Minnesota, and 1 in Florida). The rest of the dealers either declined my request or said they would call me back. While this number is less than I would have hoped each one seemed to echo the same sentiment. Many dealers feel comfortable with their current inventory levels and believe they have worked through most of their leftover inventories from the demand slowdown. That being said, dealers have drawn parallels between current times and the 2008/2009 recession, as they are now in their second year of “horrific” demand levels. In the first year, 2024, dealers commented on how their demand went down 20-30% compared to 2023, and 2025 maintained this low level, if not gotten slightly worse. While some see it possible to return to pre-covid levels of demand in the next 2-3 years, they find it unlikely due to fragile political environments and dampened consumer confidence. To them, if any return is to occur, it will likely take the shape of the previous recession recover, as shown in Figure 11.

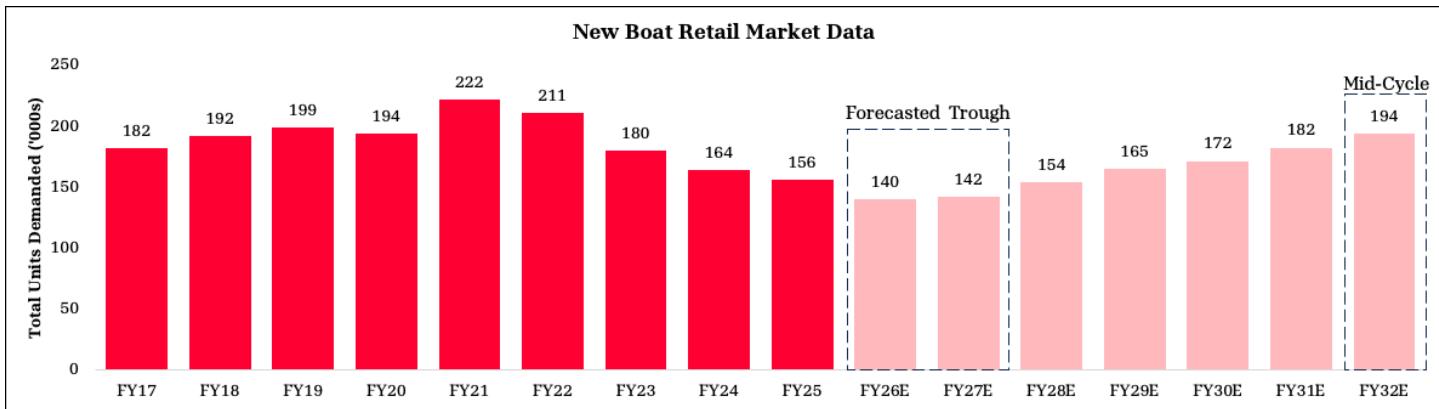


Figure 11

The National Maritime Manufacturers Association (NMMA) also publishes data with demand forecasts for the following year, with a 2026 demand forecast of ~140,000 for Outboard, Sterndrive, and Performance Sport Boats combined. As a result of dealers not indicating a strengthening of demand, it is reasonable to assume the accuracy of the demand forecast provided by NMMA, therefore it has been built into the FY26 Total Addressable Market within the model, which is then used as a proxy for demand. Some may argue that the decrease in interest rates should warrant an assumption increase towards FY26 TAM, due to lesser financing costs. However, dealers commented on the fact that although there has been a 25bps rate cut, overall demand will not change materially in the near-term unless there is a more significant drop in rates. However, given a few years, this trend reverses and we see an increase in demand. This will be explained further in later sections. When purchasing boats with average selling prices above \$150,000, a 25bps change to interest rates likely isn't going to change one's mind. This relationship can be seen above in Figure 14 where even in the presence of rate cuts, demand continued to decrease from 2008-2010. The market overestimates the effect of these interest rate cuts and as a result has overestimated Total Addressable Market in FY26 & FY27 by an average of 8%, as shown in Figure 13.

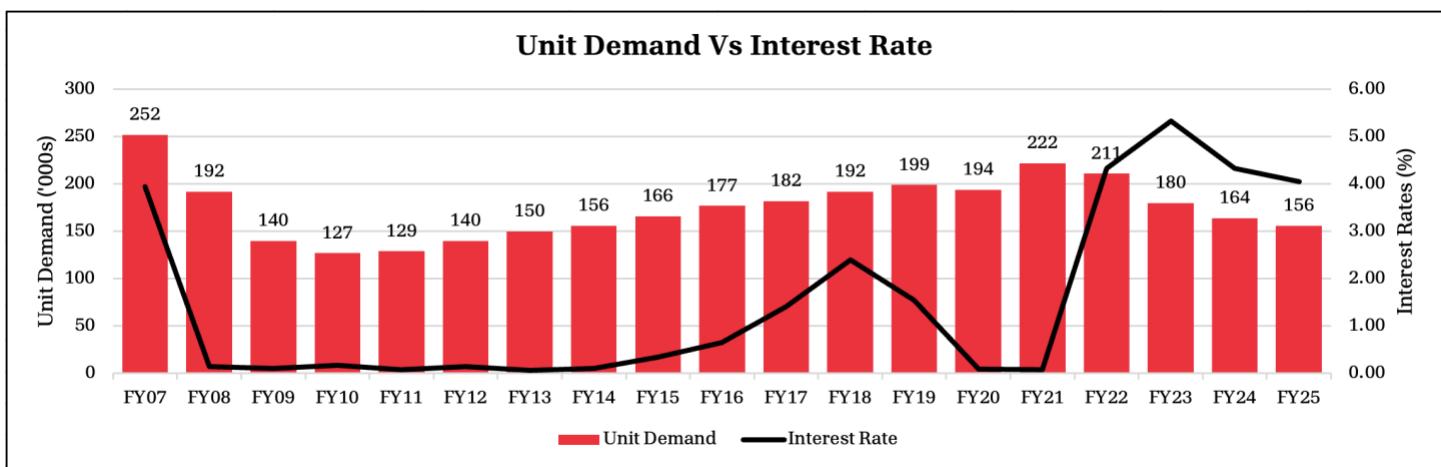


Figure 12

TAM Forecasts		
	FY26E	FY27E
Forecasted TAM	139,766	141,967
Consensus TAM	151,047	154,055
Market Overestimate	8%	9%

Figure 13

b) The return to Pre-Covid levels of demand will follow a similar trajectory as previous up-cycles

Historically, following a down-cycle, market demand reaches some sort of trough in 2-3 years before beginning to up-cycle. Given the current data and anecdotes provided from boat dealers on the similarities between current times and the 2008 recession, it is within reason to assume that following the demand trough, recovery will be in-line with what was seen from 2012-2019. This leaves the question of where the demand trough is and how long it will last. This point of tension was previously mentioned in the *Previous Trends* section of the Industry Overview.

Interest rates in the near-term have negligible effects on demand as was previously explained. However, as Figure 14 shows, demand troughs or hits a relative trough, 1-2 years following an initial rate cut, rebounding in the 2nd or 3rd year. Rates were cut in 2008, 2019, and 2024, and demand then troughed in 2010, 2020, and is forecasted to do so in 2026, rebounding in 2027. Following this trough, demand will rebound at a rate similar to 2010 and on.

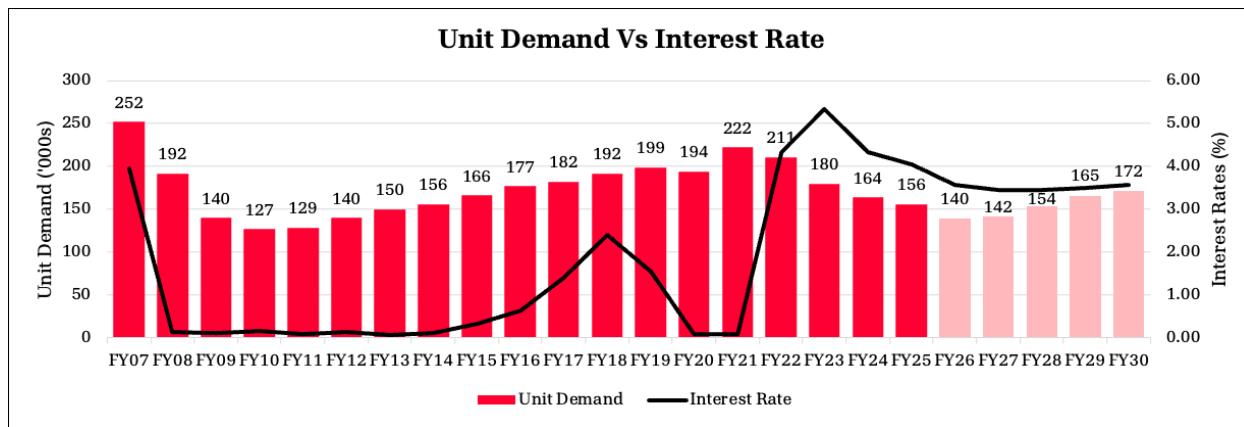


Figure 14

c) Upward pricing pressure from tariffs will offset product mix shift in FY26 by \$20M, but following the one-time increase it will later decrease FY27 Total Revenues by \$5M.

Through primary calls, dealers have noted how consumers have begun to shift preferences toward cheaper boat alternatives amid economic uncertainty. Specifically, instead of repurchasing the newest Malibu model, new consumers are opting for cheaper alternatives (Axis instead of Malibu Models)

To build this assumption into a quantitative model, base prices of each boat model coupled with average net sales per unit per segment, were used to back out percent mixes of units sold within the segment. This can be seen below in Figure 15.

Revenue		Malibu Boat Models	Min Price	% of units	# of Boats	Average Boat price	FY24 Reported	Average
M-Series			228,000	10%	222	141,100		140,665
LSV Series			162000	20%	445			
MXZ Series			178000	10%	222			
Crossover			139000	15%	333			
Ski			123000	15%	333			
AXIS Models								
A-Series			92000	15%	333			
T-Series			100000	15%	333			
				100%	2223	Total Units		
					2223	Reported Total Units		

Revenue		Cobalt Boat Models	Min	% of units	# of Boats	Average Boat price	FY24 Reported	Average
Sterndrive			111,600	34.00%	479	152,736		152,752
Sterndrive Surf			184800	40%	564			
Outboard			157200	26%	366			
				100%	1409	Total Units		
					1409	Reported Total Units		

Revenue		Saltwater Boat Models	Min Price	% of units	# of Boats	Average Boat price	FY24 Reported	Average
Pursuit			520,000	20%	253	219,800		220,881
Cobia			180000	40%	506			
Pathfinder			120000	32%	405			
Maverick Hewes			67500	8%	101			
				100%	1266	Total Units		
					1266	Reported Total Units		

Figure 15

For Cobalt and Saltwater Segments specifically, due to the significant price range of boat models, the minimum price of the boat models was increased towards the midpoint of the price range to achieve the reported average. This occurred for the Sterndrive category in Cobalt, and each of the boat models in the Saltwater segment. Using this product segment mix, the change in consumer preferences will drive a 2% change from the most expensive model within the category, distributed towards the cheaper alternatives within that segment. For Malibu boats, 2% shifted from the M and MXZ Series as they were the most expensive wake boat models, to the AXIS models which are marketed as the most cost-effective replacements. In Cobalt, 2% of the product mix will shift from Sterndrive Surf to Sterndrive, again the cheaper and base alternative to their most expensive model. Finally, 2% of Pursuit's product mix within the Saltwater category will shift towards Pathfinder and Maverick as consumers become less willing to buy yacht-quality fishing boats. The price effects of these shifts can be seen in Figure 16.

Revenue				
Malibu Boat Models	Min Price	% of units	# of Boats	Average Boat price
M-Series	228,000	9%	174	138,960
LSV Series	162000	20%	386	
MXZ Series	178000	9%	174	
Crossover	139000	15%	289	
Ski	123000	15%	289	
AXIS Models				
A-Series	92000	16%	309	
T-Series	100000	16%	309	
			100%	1929 Total Units
Revenue				
Cobalt Boat Models	Min	% of units	# of Boats	Average Boat price
Sterndrive	111,600	36%	454	151,272
Sterndrive Surf	184800	38%	480	
Outboard	157200	26%	328	
			100%	1262 Total Units
Revenue				
Saltwater Boat Models	Min Price	% of units	# of Boats	Average Boat price
Pursuit	520,000	18%	204	212,400
Cobia	180000	41%	465	
Pathfinder	120000	33%	374	
Maverick Hewes	67500	8%	91	
			100%	1134 Total Units

Figure 16

Management has commented that Tariffs will cause an increase to their Cost of Sales of 1.5-3%, and to offset these margin effects they will increase prices similarly. Figure 17 below highlights the average price per segment along with the weighted average price calculations after accounting for price increases of 5% (2% from inflation and another 3% from tariff increases).

Average Price Comparison		
	FY26	FY27
Malibu	145,908	148,826
Consensus	145,473	150,326
<i>Deviation</i>	0.3%	-1.0%
Cobalt	158,836	162,012
Consensus	157,247	158,830
<i>Deviation</i>	1.0%	2.0%
Saltwater	223,020	227,480
Consensus	208,149	231,352
<i>Deviation</i>	7.1%	-1.7%
Weighted Average Price	169,897	172,367
Consensus	165,341	174,051
<i>Deviation</i>	2.8%	-1.0%

Figure 17

As we can see, the initial price increases from tariffs will determine a 3% consensus underestimate of average selling price, explaining the \$20M offset to Total Revenues. However, following FY26, consensus overestimate price growth, leading to a 1% overestimate in weighted average selling price, and a \$5M decrease to Total Revenues. This growth rate overestimate is because while average selling price has historically increased by 7%, 10% and 7% for the Malibu, Cobalt and Saltwater segments respectively, largely due to favorable product mixes and inflation. With the new product mix already calculated, this only leaves inflation and a product mix reversion to increase prices over the coming years. The product mix reversion will occur in FY28 as the industry exits the trough and begins to upcycle. Following this, price increases will then continue to increase at a rate matching inflation (~2%).

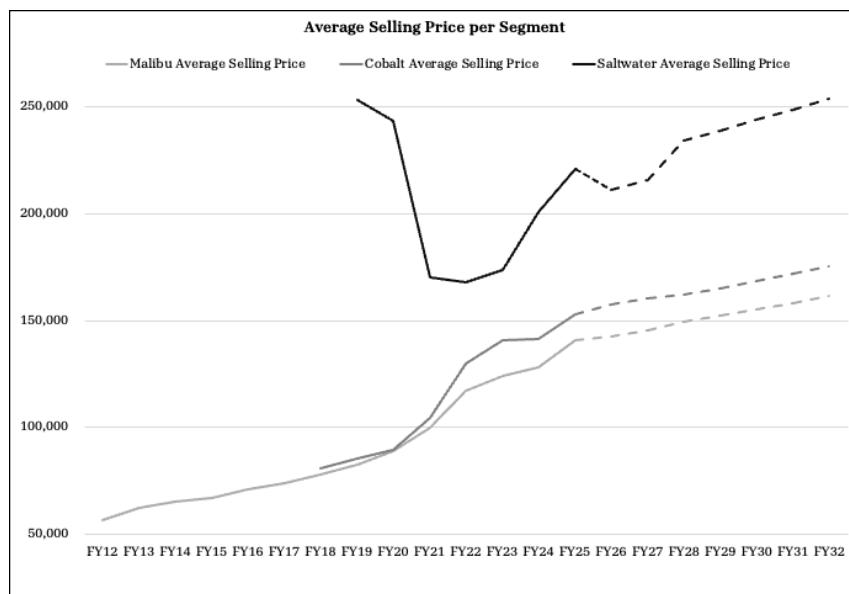


Figure 18

Per Boat Margins project Gross Margins 25bps and 95bps below expectations. With regulations and unfavorable mix shifts driving an additional 15bps decrease

a) Per Boat Margins projections calculate Gross Margins 10 & 80bps below expectations over next two years.

As was done with Revenues, Malibu's Cost of Sales is reported on a per segment basis, allowing the calculation of Gross Margin before Depreciation to be calculated for each segment. The calculations can be seen in Figure 19 below.

COGS	% of Revenues	Portion of COGS	COGS Margin	Estimated COGS	FY24 Reported COGS in thousands
Malibu Boat Models					
M-Series	16%	36,673.26	72.4%	226,956	226,956
LSV Series	23%	52,114.63	72.4%		
MXZ Series	13%	28,630.88	72.4%		
Crossover	15%	33,536.73	72.4%		
Ski	13%	29,676.39	72.4%		
AXIS Models					
A-Series	10%	22,196.97	72.4%		
T-Series	11%	24,127.14	72.4%		
					Gross Margin 27.4%

COGS	% of Revenues	Portion of COGS	COGS Margin	Estimated COGS	FY24 Reported COGS in thousands
Cobalt Boat Models					
Sterndrive	25%	44,752.19	83.7%	180,141	180,141
Sterndrive Surf	48%	87,183.26	83.7%		
Outboard	27%	48,205.55	83.7%		
					Reported Gross Margin 16.3%

COGS	% of Revenues	Portion of COGS	COGS Margin	Estimated COGS	FY24 Reported COGS in thousands
Saltwater Boat Models					
Pursuit	47%	107,190.97	81.4%	226,544	226,544
Maverick	33%	74,209.14	81.4%		
Pathfinder	17%	39,578.21	81.4%		
Maverick Hewes	2%	5,565.69	81.4%		
					Reported Gross Margin 19.0%

Figure 19

Using these margins to forecast future gross profit before depreciation provides the calculations in Figure 20 below. This bottoms up analysis of margins leads to margins that are 10bps and 80bps below market expectations, *not* including the decrease from wakeboat regulation.

Revenue Projection (\$mm)	FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY32
Malibu Boat Models								
Revenue	313	281	292	317	347	368	399	433
COGS	227	204	211	230	251	266	289	313
Cobalt Boat Models								
Revenue	215	200	208	226	246	261	283	308
COGS	180	168	174	189	206	219	237	258
Saltwater Boat Models								
Revenue	280	253	262	293	320	340	368	400
COGS	227	206	213	239	261	277	300	326
Total								
Revenue	808	735	761	836	914	969	1051	1141
COGS	634	577	598	657	718	762	826	897
Margin before Dep	22%	21%	21%	21%	21%	21%	21%	21%
Depreciation	32	34	34	34	34	34	34	34
Gross Profit	142	124	130	145	162	174	191	211
Gross Margin	17.6%	16.86%	17.0%	17.4%	17.7%	17.9%	18.2%	18.5%

Figure 20

b) Wakeboat Regulations will cause Revenues to move away from Malibu's highest Gross Margin segment

As shown in Figure 21, the Malibu segment is the highest margin product segment by ~9%. As a result, any regulations to deteriorate the share of Malibu segment revenue contributions will produce a dampened Margin outlook on top of pre-existing tariff expectations. Using the same market declines in Minnesota and Wisconsin, creates a 10bps drop in Gross Margin. Figure 20 again highlights the margin differences and their effects on Valuation.

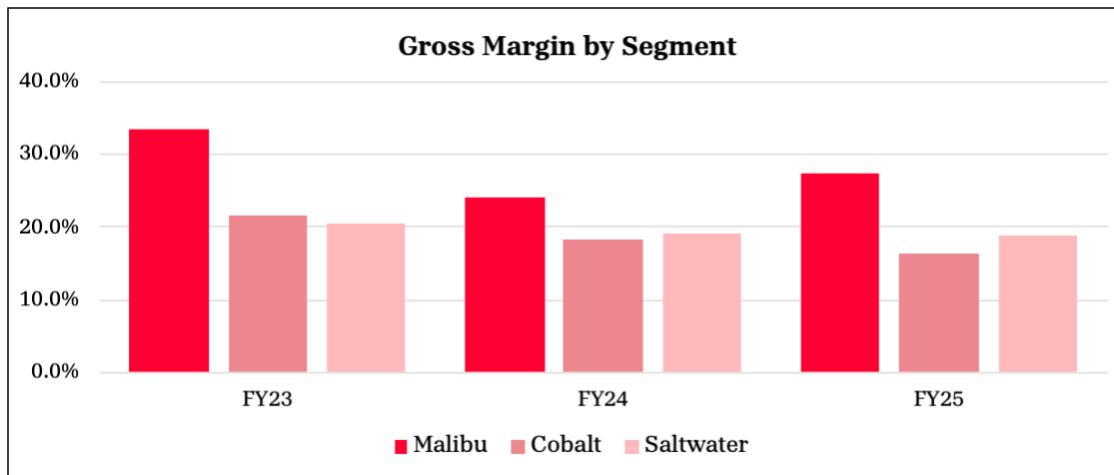


Figure 21

Regulation Effects							
Market Decline	None	3% (WI + MN)	10%	20%	25%	30%	50%
Revenue Effect	0.0%	-1.2%	-3.9%	-7.8%	-9.7%	-11.6%	-19.4%
Gross Margin Effect	0.0%	-0.1%	-0.4%	-0.8%	-1.1%	-1.3%	-2.4%
Valuation Effect	-10.8%	-1.9%	-6.0%	-12.1%	-15.1%	-18.1%	-30.3%
Total Valuation Return	-10.8%	-12.7%	-16.8%	-22.9%	-25.9%	-28.9%	-41.1%

Figure 22

Valuation Analysis

I based my \$29 price target solely on my DCF, allowing me to make visible and distinct assumptions about cyclicalities of the market, regulation effects on specific segments, decreased average selling price and gross margin compression.

Within the DCF, each of these assumptions flow through and allowed me to identify each one's effect on Free Cash Flow and pricing.

Base Case: In my base case, I expect excess market cyclicalities and regulations to decrease Revenues by 9%. Along with a decrease in average selling price of 4% and a margin compression of 2%. With these assumptions I arrived at a price target of \$29 and a downside return of 12%

	Trough		Up-Cycle				Mid-Cycle
	FY26E	FY27E	FY28E	FY29E	FY30E	FY31E	FY32E
Total Addressable Market (boats sold)	139,753	141,953	154,058	165,062	171,665	182,449	194,223
YoY Growth							
Outboard	126,812	128,809	139,793	149,778	155,769	165,554	176,239
% of TAM	91%	91%	91%	91%	91%	91%	91%
YoY Growth	-10%	2%	9%	7%	4%	6%	6%
Performance Sport Boat	7,694	7,815	8,482	9,088	9,451	10,045	10,693
% of TAM	6%	6%	6%	6%	6%	6%	6%
YoY Growth	-13%	2%	9%	7%	4%	6%	6%
Sterndrive	5,247	5,329	5,784	6,197	6,445	6,849	7,292
% of TAM	4%	4%	4%	4%	4%	4%	4%
YoY Growth	-10%	2%	9%	7%	4%	6%	6%
Malibu Segment Units Sold	1929	1959	2126	2278	2369	2518	2681
% of Performance Sport Boat TAM	25.1%	25.1%	25.1%	25.1%	25.1%	25.1%	25.1%
YoY Growth	-13.2%	1.6%	8.5%	7.1%	4.0%	6.3%	6.5%
Malibu Average Boat Revenue	145,908	148,826	149,275	152,260	155,306	158,412	161,580
Malibu COGS Margin (excluding Dep)	72.4%	72.4%	72.4%	72.4%	72.4%	72.4%	72.4%
Malibu Revenue	281,452,151	291,602,158	317,421,507	346,896,361	367,987,659	398,926,930	433,165,351
Malibu COGS (excluding Dep)	203,647,820	210,991,969	229,673,845	251,000,702	266,261,545	288,647,996	313,421,584
Cobalt Segment Units Sold	1262	1282	1391	1490	1550	1647	1754
% of Outboard + Sterndrive TAM	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
YoY Growth	-10.4%	1.6%	8.5%	7.1%	4.0%	6.3%	6.5%
Cobalt Average Boat Revenue	158,836	162,012	162,102	165,344	168,651	172,024	175,464
Cobalt COGS Margin (excluding Dep)	83.7%	83.7%	83.7%	83.7%	83.7%	83.7%	83.7%
Cobalt Revenue	200,440,844	207,669,340	225,501,850	246,441,307	261,424,939	283,404,743	307,728,323
Cobalt COGS (excluding Dep)	167,782,393	173,833,129	188,760,132	206,287,859	218,830,160	237,228,727	257,589,190
Saltwater Segment Units Sold	1134	1152	1250	1339	1393	1480	1576
% of Outboard + Sterndrive TAM	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%
YoY Growth	-10.4%	1.6%	8.5%	7.1%	4.0%	6.3%	6.5%
Saltwater Average Boat Revenue	223,020	227,480	234,401	239,089	243,870	248,748	253,723
Saltwater COGS Margin (excluding Dep)	81.4%	81.4%	81.4%	81.4%	81.4%	81.4%	81.4%
Saltwater Revenue	252,874,419	261,993,827	292,984,251	320,189,932	339,657,479	368,214,835	399,817,351
Saltwater COGS (excluding Dep)	205,871,424	213,295,764	238,525,847	260,674,676	276,523,696	299,772,958	325,501,360
Total Units Sold	4325	4393	4767	5108	5312	5646	6010
Market Unit Share %	3.1%	3.1%	3.1%	3.1%	3.1%	3.1%	3.1%
Total Revenue	734,767,414	761,265,325	835,907,608	913,527,600	969,070,078	1,050,546,508	1,140,711,025
Total COGS (excluding Dep)	577,301,637	598,120,861	656,959,824	717,963,236	761,615,401	825,649,681	896,512,135
Total COGS Margin	78.57%	78.57%	78.6%	78.6%	78.6%	78.6%	78.6%



Unlevered FCF Calculation <i>In \$millions</i>	ACTUALS		Forecasts						Growth	
	FY2024	FY2025	Trough		Up-Cycle			Terminal	Trough CAGR	Up-Cycle CAGR
		FY2026	FY2027	FY2028	FY2029	FY2030	FY2031	FY2032		
Revenues	829	808	735	761	836	914	969	1,051	1,141	-2.9%
% Growth	-40.3%	-2.6%	-9.0%	3.6%	9.8%	9.3%	6.1%	8.4%	8.6%	11%
EBIT	-56	22	28	30	37	44	50	57	66	18.3%
EBIT Margin	-6.7%	2.7%	3.8%	4.0%	4.4%	4.9%	5.1%	5.4%	5.7%	21%
Pretax Income	-58	20	26	29	35	42	47	55	63	18.8%
Pretax Margin	-7.0%	2.5%	3.6%	3.8%	4.2%	4.6%	4.9%	5.2%	5.5%	22%
Income Taxes	-1	5	6	7	9	10	12	14	16	18.8%
Tax Rate (% of Pretax)	2.3%	24.8%	24.8%	24.8%	24.8%	24.8%	24.8%	24.8%	24.8%	22%
NOPAT = EBIT*(1-tax rate)	-55	16	21	23	28	33	37	43	49	18.2%
% Growth	-149.5%	-129.9%	28.5%	8.8%	22.2%	19.6%	11.6%	15.2%	14.6%	
Depreciation & Amortization	33	39	40	40	40	40	40	40	40	2.3%
D&A % of Sales	4.0%	4.8%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	0%
Stock-Based Compensation	6	7	7	7	6	6	7	7	8	-0.3%
SBC % of Sales	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	3%
Capital Expenditures	76	28	47	48	53	58	62	67	72	31.6%
YoY % Growth	38.5%	-63.2%	67.1%	3.6%	9.8%	9.3%	6.1%	8.4%	8.6%	11%
% of Revs	9.2%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	
Change in Operating Working Capital (excludes cash, mkt securities and current debt)										
Net change in operating wo	-22	-10	-3	-3	8	-4	16	-10	16	
NWC % of revs	-2.7%	-1.3%	-0.4%	-0.4%	1.0%	-0.4%	1.7%	-1.0%	1.4%	
Unlevered FCF (FCFF)	-114	24	18	19	29	18	39	14	41	-11.8%
YoY % Growth	-177.5%	-120.9%	-22.5%	0.4%	57.1%	-37.2%	114.8%	-64.6%	198.5%	
FCF Mgn%	-13.7%	2.9%	2.5%	2.4%	3.5%	2.0%	4.0%	1.3%	3.6%	

DCF Valuation <i>In \$millions</i>	ACTUALS			Trough		Up-Cycle			Terminal	
	FY2023	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031	FY2032
LT Growth Rate (Terminal)		3.0%								
Discount Rate (WACC)		8.6%								
Unlevered FCF				18	19	29	18	39	14	41
Years from the date of calculation (timing adjustment factor)				1.0	2.0	3.0	4.0	5.0	6.0	7.0
Discount Factor (denominator)				1.09	1.18	1.28	1.39	1.51	1.64	1.78
Present Value of FCF				17	16	23	13	26	8	23
	17.9195401	16.4592464	24.9776045	13.3522266	28.0847776	8.81473046	25.2718953			
DCF Valuation	\$ Value	Contr								
PV of FCF	126	23%								
Terminal Value	418	77%								
Implied Enterprise Value (EV) from DCF	544	100%								
Total Debt	18									
Cash and cash equivalents	37									
Net Debt (total debt - cash)	-19									
Implied Equity Value	563									
Diluted shares outstanding	19.7									
Implied Equity Value per Share	\$28.59									
Actual Stock price (today)	\$32.74									
% upside (downside) Implied by DCF model =	-12.68%									
WACC CALCULATION										
Equity Mkt Cap =	645	97.3%	Equity Market Return =		8.73%					
Total Debt =	18	2.7%								
Total Capitalization =	663	100.0%								
Cost of Equity =	R _e +	Beta x	ERP = (E _{S&P500} - R _d)							
	4.11%	1.0x	4.62%		8.7%					
Cost of Debt = weighted average cost of debt =					5.0%					
WACC =	(W _E *R _e) +	(W _D *R _d)*(1-tax rate)								
	8.45%	0.13%		=	8.58%					

Valuation Contributions					
	Original Forecast	Gross Margin	Selling Price	Regulation	Cyclical
Price Target	\$31.04	\$30.81	\$30.18	\$29.52	\$28.59
Total Return	-5%	-6%	-8%	-10%	-13%
Return Contribution	-5%	-0.72%	-1.92%	-2.03%	-2.83%



Bear Case: In my bear case I assume market total US Market regulation of inboard motors in line with Minnesota and Wisconsin regulations, with other unnecessary lakes regulating as well to protect their ecosystem. This caused the TAM for performance sports to decrease by 50%. In this estimate, total revenues decrease by ~18% compared to the base case and Gross Margin decreases an additional 150bps which can be seen in the Total COGS Margin line. With these assumptions I arrived at a price target of \$19 and a downside return of 41%.

	Trough		Up-Cycle				Mid-Cycle
	FY26E	FY27E	FY28E	FY29E	FY30E	FY31E	FY32E
Total Addressable Market (boats sold)	136,029	138,171	149,953	160,664	167,091	177,588	189,049
YoY Growth							
Outboard	126,812	128,809	139,793	149,778	155,769	165,554	176,239
% of TAM	93%	93%	93%	93%	93%	93%	93%
YoY Growth	-10%	2%	9%	7%	4%	6%	6%
Performance Sport Boat	3,971	4,033	4,377	4,690	4,877	5,184	5,518
% of TAM	3%	3%	3%	3%	3%	3%	3%
YoY Growth	-55%	2%	9%	7%	4%	6%	6%
Sterndrive	5,247	5,329	5,784	6,197	6,445	6,849	7,292
% of TAM	4%	4%	4%	4%	4%	4%	4%
YoY Growth	-10%	2%	9%	7%	4%	6%	6%
Malibu Segment Units Sold	995	1011	1097	1176	1223	1300	1383
% of Performance Sport Boat TAM	25.1%	25.1%	25.1%	25.1%	25.1%	25.1%	25.1%
YoY Growth	-55.2%	1.6%	8.5%	7.1%	4.0%	6.3%	6.5%
Malibu Average Boat Revenue	145,908	148,826	149,275	152,260	155,306	158,412	161,580
Malibu COGS Margin (excluding Dep)	72.4%	72.4%	72.4%	72.4%	72.4%	72.4%	72.4%
Malibu Revenue	145,249,937	150,488,084	163,812,760	179,023,945	189,908,601	205,875,532	223,545,066
Malibu COGS (excluding Dep)	105,097,200	108,887,319	118,528,536	129,534,757	137,410,471	148,963,520	161,748,507
Cobalt Segment Units Sold	1262	1282	1391	1490	1550	1647	1754
% of Outboard + Sterndrive TAM	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
YoY Growth	-10.4%	1.6%	8.5%	7.1%	4.0%	6.3%	6.5%
Cobalt Average Boat Revenue	158,836	162,012	162,102	165,344	168,651	172,024	175,464
Cobalt COGS Margin (excluding Dep)	83.7%	83.7%	83.7%	83.7%	83.7%	83.7%	83.7%
Cobalt Revenue	200,440,844	207,669,340	225,501,850	246,441,307	261,424,939	283,404,743	307,728,323
Cobalt COGS (excluding Dep)	167,782,393	173,833,129	188,760,132	206,287,859	218,830,160	237,228,727	257,589,190
Saltwater Segment Units Sold	1134	1152	1250	1339	1393	1480	1576
% of Outboard + Sterndrive TAM	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%
YoY Growth	-10.4%	1.6%	8.5%	7.1%	4.0%	6.3%	6.5%
Saltwater Average Boat Revenue	223,020	227,480	234,401	239,089	243,870	248,748	253,723
Saltwater COGS Margin (excluding Dep)	81.4%	81.4%	81.4%	81.4%	81.4%	81.4%	81.4%
Saltwater Revenue	252,874,419	261,993,827	292,984,251	320,189,932	339,657,479	368,214,835	399,817,351
Saltwater COGS (excluding Dep)	205,871,424	213,295,764	238,525,847	260,674,676	276,523,696	299,772,958	325,501,360
Total Units Sold	3391	3445	3738	4005	4166	4427	4713
Market Unit Share %	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
Total Revenue	598,565,199	620,151,251	682,298,861	745,655,184	790,991,019	857,495,111	931,090,740
Total COGS (excluding Dep)	478,751,017	496,016,211	545,814,515	596,497,292	632,764,327	685,965,205	744,839,058
Total COGS Margin	79.98%	79.98%	80.0%	80.0%	80.0%	80.0%	80.0%



Unlevered FCF Calculation In \$millions	ACTUALS		Forecasts						Growth	
	FY2024	FY2025	Trough		Up-Cycle			Terminal FY2032	Trough CAGR	Up-Cycle CAGR
			FY2026	FY2027	FY2028	FY2029	FY2030			
Revenues	829	808	599	620	682	746	791	857	931	-12.4% 11%
% Growth	-40.3%	-2.6%	-25.9%	3.6%	10.0%	9.3%	6.1%	8.4%	8.6%	
EBIT	-56	22	7	9	13	18	22	27	33	-37.4% 40%
EBIT Margin	-6.7%	2.7%	1.1%	1.4%	2.0%	2.5%	2.8%	3.2%	3.5%	
Pretax Income	-58	20	5	7	12	17	20	25	31	-41.2% 45%
Pretax Margin	-7.0%	2.5%	0.9%	1.1%	1.7%	2.2%	2.5%	2.9%	3.3%	
Income Taxes	-1	5	1	2	3	4	5	6	8	-41.2% 45%
Tax Rate (% of Pretax)	2.3%	24.8%	24.8%	24.8%	24.8%	24.8%	24.8%	24.8%	24.8%	
NOPAT = EBIT*(1-tax rate)	-55	16	5	6	10	14	17	20	25	-37.4% 40%
% Growth	-149.5%	-129.9%	-68.6%	24.9%	56.4%	38.1%	19.4%	23.8%	21.3%	
Depreciation & Amortization	33	39	40	40	40	40	40	40	40	2.3% 0%
D&A % of Sales	4.0%	4.8%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	
Stock-Based Compensation	6	7	7	7	5	5	6	6	7	-0.3% -2%
SBC % of Sales	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	
Capital Expenditures	76	28	38	39	43	47	50	54	59	18.8% 11%
YoY % Growth	38.5%	-63.2%	36.1%	3.6%	10.0%	9.3%	6.1%	8.4%	8.6%	
% of Revs	9.2%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	
Change in Operating Working Capital (excludes cash, mkt securities and current debt)										
Net change in operating wo	-22	-10	-3	-3	7	-3	16	-9	16	
NWC % of revs	-2.7%	-1.3%	-0.5%	-0.5%	1.1%	-0.4%	2.0%	-1.1%	1.7%	
Unlevered FCF (FCFF)	-114	24	12	11	19	9	28	3	28	-30.5% 25%
YoY % Growth	-177.5%	-120.9%	-51.0%	-1.5%	67.1%	-52.5%	204.1%	-88.1%	752.1%	
FCF Mgn%	-13.7%	2.9%	1.9%	1.9%	2.8%	1.2%	3.5%	0.4%	3.0%	

DCF Valuation In \$millions	ACTUALS			Trough		Up-Cycle			Terminal	
	FY2023	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031	FY2032
LT Growth Rate (Terminal)	3.0%									
Discount Rate (WACC)	8.6%									
Unlevered FCF				12	11	19	9	28	3	28
Years from the date of calculation (timing adjustment factor)				1.0	2.0	3.0	4.0	5.0	6.0	7.0
Discount Factor (denominator)				1.09	1.18	1.28	1.39	1.51	1.64	1.78
Present Value of FCF				11	10	15	7	18	2	16
	17.9195401	16.4592464	24.9776045	13.3522266	28.0847776	8.81473046	25.2718953			
DCF Valuation	\$ Value	Contr								
PV of FCF	78	22%								
Terminal Value	283	78%								
Implied Enterprise Value (EV) from DCF	361	100%								
Total Debt	18									
Cash and cash equivalents	37									
Net Debt (total debt - cash)	-19									
Implied Equity Value	380									
Diluted shares outstanding	19.7									
Implied Equity Value per Share	\$19.29									
Actual Stock price (today)	\$32.74									
% upside (downside) implied by DCF model =	-41.08%									
WACC CALCULATION										
Equity Mkt Cap =	645	97.3%	Equity Market Return =	8.73%						
Total Debt =	18	2.7%								
Total Capitalization =	663	100.0%								
Cost of Equity =	R _E +	Beta x	ERP = (E _{S&P500} - R _D)							
	4.11%	1.0x	4.62%	8.7%						
Cost of Debt =	weighted average cost of debt =									5.0%
WACC =	(W _E *R _E) +	(W _D *R _D)*1-tax rate								
	8.45%	0.13%	=							8.58%



Bull Case: In my bull case I assume no further market regulation and decreased cyclical with the Total Addressable Market aligning with consensus in FY25 and FY26 and growing at the previously forecasted rate. Furthermore, I assumed no change in product mix, growing average price at 5% from FY24 to FY25 to offset inflation and tariffs, and then 2% each following year to match inflation. These changes resulted in Revenue expectations 5% & 1% above expectations in FY26 & FY27. With these assumptions I arrived at a price target of \$33 and a positive return of 2%.

	Trough		Up-Cycle				Mid-Cycle
	FY26E	FY27E	FY28E	FY29E	FY30E	FY31E	FY32E
Total Addressable Market (boats sold)	151,047	154,055	167,191	179,134	186,299	198,002	210,781
YoY Growth							
Outboard	136,818	139,543	151,442	162,259	168,750	179,350	190,925
% of TAM	91%	91%	91%	91%	91%	91%	91%
YoY Growth	-3%	2%	9%	7%	4%	6%	6%
Performance Sport Boat	8,568	8,739	9,484	10,161	10,568	11,232	11,957
% of TAM	6%	6%	6%	6%	6%	6%	6%
YoY Growth	-3%	2%	9%	7%	4%	6%	6%
Sterndrive	5,661	5,773	6,266	6,713	6,982	7,420	7,899
% of TAM	4%	4%	4%	4%	4%	4%	4%
YoY Growth	-3%	2%	9%	7%	4%	6%	6%
Malibu Segment Units Sold	2148	2191	2378	2548	2649	2816	2998
% of Performance Sport Boat TAM	25.1%	25.1%	25.1%	25.1%	25.1%	25.1%	25.1%
YoY Growth	-3.4%	2.0%	8.5%	7.1%	4.0%	6.3%	6.5%
Malibu Average Boat Revenue	152,747	155,802	149,275	152,260	155,306	158,412	161,580
Malibu COGS Margin (excluding Dep)	72.4%	72.4%	72.4%	72.4%	72.4%	72.4%	72.4%
Malibu Revenue	328,112,372	341,339,440	354,927,375	387,884,917	411,468,320	446,063,310	484,347,272
Malibu COGS (excluding Dep)	237,409,339	246,979,931	256,811,631	280,658,426	297,722,458	322,754,046	350,454,831
Cobalt Segment Units Sold	1362	1389	1507	1615	1679	1785	1900
% of Outboard + Sterndrive TAM	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
YoY Growth	-3.4%	2.0%	8.5%	7.1%	4.0%	6.3%	6.5%
Cobalt Average Boat Revenue	165,109	168,412	162,102	165,344	168,651	172,024	175,464
Cobalt COGS Margin (excluding Dep)	83.7%	83.7%	83.7%	83.7%	83.7%	83.7%	83.7%
Cobalt Revenue	224,798,863	233,861,093	244,293,483	266,977,878	283,210,133	307,021,570	333,372,094
Cobalt COGS (excluding Dep)	188,171,685	195,757,378	204,489,986	223,478,342	237,065,825	256,997,591	279,054,742
Saltwater Segment Units Sold	1223	1248	1354	1451	1509	1604	1707
% of Outboard + Sterndrive TAM	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%
YoY Growth	-3.4%	2.0%	8.5%	7.1%	4.0%	6.3%	6.5%
Saltwater Average Boat Revenue	218,556	222,928	234,401	239,089	243,870	248,748	253,723
Saltwater COGS Margin (excluding Dep)	81.4%	81.4%	81.4%	81.4%	81.4%	81.4%	81.4%
Saltwater Revenue	267,367,603	278,145,891	317,399,362	346,872,160	367,961,987	398,899,099	433,135,131
Saltwater COGS (excluding Dep)	217,670,690	226,445,565	258,402,803	282,397,349	299,567,108	324,753,788	352,626,203
Total Units Sold	4733	4827	5239	5613	5838	6204	6605
Market Unit Share %	3.1%	3.1%	3.1%	3.1%	3.1%	3.1%	3.1%
Total Revenue	820,278,837	853,346,425	916,620,221	1,001,734,955	1,062,640,441	1,151,983,979	1,250,854,498
Total COGS (excluding Dep)	643,251,713	669,182,874	719,704,420	786,534,117	834,355,391	904,505,425	982,135,776
Total COGS Margin	78.42%	78.42%	78.5%	78.5%	78.5%	78.5%	78.5%



Unlevered FCF Calculation In \$millions	ACTUALS		Forecasts						Growth	
	FY2024	FY2025	Trough		Up-Cycle			Terminal FY2032	Trough CAGR	Up-Cycle CAGR
			FY2026	FY2027	FY2028	FY2029	FY2030			
Revenues	829	808	820	853	917	1,002	1,063	1,152	1,251	2.8%
% Growth	-40.3%	-2.6%	1.6%	4.0%	7.4%	9.3%	6.1%	8.4%	8.6%	10%
EBIT	-56	22	37	40	45	53	59	67	77	36.1%
EBIT Margin	-6.7%	2.7%	4.5%	4.7%	4.9%	5.3%	5.6%	5.9%	6.1%	17%
Pretax Income	-58	20	35	38	43	51	57	65	74	37.4%
Pretax Margin	-7.0%	2.5%	4.3%	4.5%	4.7%	5.1%	5.3%	5.6%	5.9%	18%
Income Taxes	-1	5	9	9	11	13	14	16	18	37.4%
Tax Rate (% of Pretax)	2.3%	24.8%	24.8%	24.8%	24.8%	24.8%	24.8%	24.8%	24.8%	18%
NOPAT = EBIT*(1-tax rate)	-55	16	28	30	34	40	44	51	58	36.0%
% Growth	-149.5%	-129.9%	70.7%	8.4%	12.6%	17.8%	10.7%	14.1%	13.7%	
Depreciation & Amortization	33	39	40	40	40	40	40	40	40	2.3%
D&A % of Sales	4.0%	4.8%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	0%
Stock-Based Compensation	6	7	7	7	6	7	7	8	9	-0.3%
SBC % of Sales	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	6%
Capital Expenditures	76	28	52	54	58	64	67	73	79	39.3%
YoY % Growth	38.5%	-63.2%	86.6%	4.0%	7.4%	9.3%	6.1%	8.4%	8.6%	10%
% of Revs	9.2%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	
Change in Operating Working Capital (excludes cash, mkt securities and current debt)										
Net change in operating wo	-22	-10	-4	-4	14	-10	22	-16	22	
NWC % of revs	-2.7%	-1.3%	-0.4%	-0.4%	1.5%	-1.0%	2.1%	-1.4%	1.8%	
Unlevered FCF (FCFF)	-114	24	20	20	37	14	47	10	50	-9.0%
YoY % Growth	-177.5%	-120.9%	-17.7%	0.6%	85.9%	-62.4%	240.4%	-79.2%	407.1%	
FCF Mgn%	-13.7%	2.9%	2.4%	2.3%	4.0%	1.4%	4.4%	0.8%	4.0%	

DCF Valuation In \$millions	ACTUALS			Trough			Up-Cycle			Terminal FY2032
	FY2023	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031	
LT Growth Rate (Terminal)	3.0%									
Discount Rate (WACC)	8.6%									
Unlevered FCF				20	20	37	14	47	10	50
Years from the date of calculation (timing adjustment factor)				1.0	2.0	3.0	4.0	5.0	6.0	7.0
Discount Factor (denominator)				1.09	1.18	1.28	1.39	1.51	1.64	1.78
Present Value of FCF				18	17	29	10	31	6	28
	17.9195401	16.4592464	24.9776045	13.3522266	28.0847776	8.81473046	25.2718953			
DCF Valuation	\$ Value	Contr								
PV of FCF	138	22%								
Terminal Value	499	78%								
Implied Enterprise Value (EV) from DCF	637	100%								
Total Debt	18									
Cash and cash equivalents	37									
Net Debt (total debt - cash)	-19									
Implied Equity Value	656									
Diluted shares outstanding	19.7									
Implied Equity Value per Share	\$33.31									
Actual Stock price (today)	\$32.74									
% upside (downside) implied by DCF model =	1.73%									

WACC CALCULATION

Equity Mkt Cap =	645	97.3%	Equity Market Return =	8.73%
Total Debt =	18	2.2%		
Total Capitalization =	663	100.0%		
Cost of Equity =	R _e +	Beta x	ERP = (E _{SAP500} - R _f)	
	4.11%	1.0x	4.62%	8.7%
Cost of Debt =	weighted average cost of debt =			5.0%
WACC =	(W _e *R _e) + (W _d *R _d)*(1-tax rate)			
	8.45%	0.13%	=	8.58%

Management & Strategy

Management compensation is tied to specific performance targets of Net Income and Adjusted EBITDA. For each of these targets a threshold is set of at 90% of the target, guaranteeing some payout even if performance is not met. Specifically, Steven Menneto's payout structure is the receipt of 35% of his bonus, should he reach >90% of the target threshold, 100% should he reach >100% and 200% should he reach >130% of the target threshold. While incentives are weighted towards the upside, the presence of rewards even during underperformance act as a counterbalance.

Management Structure				
Name	Position	Salary	Total Compensation	Description
Steven Menneto	CEO	\$813,846	\$4,206,701	CEO and Board Member since August, 2024. Previously at Polaris since 1997, most recently as President of the Off Road Vehicle Divison from 2019-2024.
Bruce Beckman	CFO	\$478,462	\$1,133,694	CFO since November, 2023. Prior to joining Malibu Bruce served as Senior Vice President, Finance at Entegris a an advanced materials and process solution company for semiconductor and tech industries.
Rachael Green	SVP, Malibu / AXIS	Undisclosed	Undisclosed	Joined Malibu Boats in 2012 as an electrical engineer and has since advanced through the roles of Product Manager, Director of Engineering, Vice President of Engineering, and now Senior Viceo President of Operations & Engineering for Malibu and Axis brands.
Jason Turner	SVP, Cobalt	Undisclosed	Undisclosed	Began working for Malibu in 2017 as the Vice President of Engineering until he was named Senior Vice President of Cobalt Boats in 2021. Turner is a veteran in the marine industry with 20+ years of experience in multiple roles across Europe, Asia and Latin America
Christ Gratz	SVP, Saltwater	Undisclosed	Undisclosed	Started with Pursuit boats in 2006 ans served multiple roles in the company, being directly involved in developemtn and growth of the Pursuit portfolio. Most recently promoted to Senior Vice President of the Saltwater Division

Compensation Breakdown

	Salary	Bonus	Stock Award	Other Compensation	Total
Steven Menneto	\$813,846	\$506,000	\$2,886,855	-	\$4,206,701
Bruce Beckman	\$478,462	\$100,000	\$550,967	\$4,265	\$1,133,694

Risks to Investment Thesis

States do not move to regulate inboard motors: Although the University of Minnesota's study definitively demonstrates the harmful effects of inboard motors disturbing lake sediments, leading to algae blooms, this does not guarantee boat regulations. It is possible that companies will lobby against the regulation of these boats and cause these regulations to fizzle out without a material impact of performance sport boat TAM.

Overestimate uncertainties effect consumers, wealthy consumers may be less affected by these economic headwinds: Wealthy consumers that purchase Malibu Boats may be less affected by economic uncertainty and interest rates. One dealer located in Lake Geneva, WI noted that they existed in a bubble where surrounding customers were wealthy enough to not worry about financing costs and economic conditions. If this is the case for a material portion of Malibu consumers, cyclical will be significantly lower than projected.

Product mix assumptions are incorrect: Consumer preferences are not guaranteed to shift towards cheaper alternatives and Malibu has not been public long enough to provide visibility into what product mixes have done during previous demand troughs. Anecdotal evidence from dealers suggests this will be the case during demand troughs, however, average prices have continued to grow in previous years despite the demand downcycle so the impact of this risk is of medium likelihood.

Price increases above inflation levels driven by continued changes towards more favorable product mixes: Management cites that it's increases in average selling price per boat are driven by favorable product mixes and inflation. Product mix assumptions are baked into each year up until FY28, where they remain unchanged each year after. It is possible that Malibu will continue to shift its mix towards more profitable boats, while raising prices to match inflation, further increasing its average selling price per boat.

Financial Statements and Forecast

Income Statement	FY24A 6/24/24	FY25A 6/25/25	FY26E 6/25/26	FY27E 6/25/27	FY28E 6/25/28	FY29E 6/25/29	FY30E 6/25/30	FY31E 6/25/31	FY32E 6/25/32
Revenue									
Malibu	279	313	281	292	317	347	368	399	433
Cobalt	222	215	200	208	226	246	261	283	308
Saltwater Fishing	328	280	253	262	293	320	340	368	400
Total Revenue	829	808	735	761	836	914	969	1,051	1,141
Cost of Sales	682	663	611	632	691	752	795	859	930
Gross Profits	147	144	124	130	145	162	174	191	211
Operating Expenses									
Selling and Marketing	23	23	17	18	19	21	23	24	27
General and administrative	76	92	72	75	82	90	95	103	112
Goodwill and other intangible asset impairment	88								
Abandonment of construction in process	9								
Amortization	7	7	7	7	7	7	7	7	7
Operating income (EBIT)	(56)	22	28	30	37	44	50	57	66
Other (Income) Expense, net									
Other income, net	(0)	(0)	0	0	0	0	0	0	0
Interest expense	2	2	2	2	2	2	2	2	2
Income Before Provision for Income Taxes	(58)	20	26	29	35	42	47	55	63
Provision for income taxes	(1)	5	6	7	9	10	12	14	16
Net income including noncontrolling interests	(56)	15	20	22	26	32	36	41	47
Net income attributable to noncontrolling interests	(1)	0	1	1	1	2	2	2	2
Net Income Attributable to Malibu	(56)	15	18	20	25	30	34	39	45
EPS Attributable to Malibu									



Historical Data, Formula/Cell Reference, Assumptions	FY24A 6/24/24	FY25A 6/25/25	FY26E 6/25/26	FY27E 6/25/27	FY28E 6/25/28	FY29E 6/25/29	FY30E 6/25/30	FY31E 6/25/31	FY32E 6/25/32
Balance Sheet									
Current Assets									
Cash and equivalents	27	37	56	72	98	113	149	159	197
Trade receivables, net	23	23	20	18	24	22	27	26	31
Inventories	146	142	142	143	137	138	124	130	117
Prepaid expenses and other current assets	6	15	15	15	15	15	15	15	15
Assets held for sale		3	0	0	0	0	0	0	0
Total current assets	202	220	233	247	274	287	314	330	359
Other Assets									
PP&E	353	372	418	467	520	578	639	706	778
Accumulated Depreciation	(108)	(136)	(169)	(203)	(237)	(270)	(304)	(337)	(371)
Goodwill	51	51	51	51	51	51	51	51	51
Other intangible assets, net	175	169	162	155	148	142	135	128	121
Deferred tax asset	58	52	52	52	52	52	52	52	52
Other long-term assets	8	7	7	7	7	7	7	7	7
Total Assets	740	735	754	775	815	846	895	937	999
Current Liabilities									
Accounts payable	19	24	19	13	21	16	24	19	27
Accrued expenses	119	110	110	110	110	110	110	110	110
Current maturities of long-term debt	0	0	0	0	0	0	0	0	0
Income taxes and tax distribution payable	0	0	0	0	0	0	0	0	0
Payable pursuant to tax receivable agreement, current portion	0	0	0	0	0	0	0	0	0
Total current liabilities	139	135	129	123	132	126	134	129	137
Other Liabilities									
Deferred tax liabilities	18	15	15	15	15	15	15	15	15
Other long-term liabilities	8	7	7	7	7	7	7	7	7
Payable pursuant to tax receivable agreement	41	40	40	40	40	40	40	40	40
Long-term debt, excluding current portion	0	18	18	18	18	18	18	18	18
Total Liabilities	205	215	209	203	212	206	214	209	217
Equity									
Common stock	0	0	0	0	0	0	0	0	0
Additional paid-in capital	64	35	42	49	55	61	68	76	84
Accumulated other comprehensive loss	(4)	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)
Retained earnings	470	485	503	523	549	579	613	652	698
Total stockholders' equity	530	515	541	568	599	636	677	723	777
Noncontrolling interests	5	4	4	4	4	4	4	4	4
Total Equity	535	520	545	573	603	640	681	728	781
Total Liabilities and Equity	740	735	754	775	815	846	895	937	999



Historical Data, Formula/Cell Reference, Assumptions	FY24A 6/24/24	FY25A 6/25/25	FY26E 6/25/26	FY27E 6/25/27	FY28E 6/25/28	FY29E 6/25/29	FY30E 6/25/30	FY31E 6/25/31	FY32E 6/25/32
Statement of Cash Flows									
Cash Flows From Operating Activities									
Net income excluding NCI	(56)	15	18	20	25	30	34	39	45
Adjustments to reconcile NI to NCO:									
Stock-based compensation	6	7	7	7	6	6	7	7	8
Depreciation	26	32	34	34	34	34	34	34	34
Amortization of intangible assets	7	7	7	7	7	7	7	7	7
Deferred income taxes	(4)	4							
Adjustments to tax receivable agreement liability	0	(0)							
Other items, net	2	2	3						
Goodwill and other intangible asset impairment	88	0							
Abandonment of construction in process	9	0							
Changes in operating assets and liabilities:									
Trade receivables	45	0	3	3	(6)	2	(5)	1	(5)
Inventories	26	3	(0)	(0)	6	(1)	14	(6)	14
Prepaid expenses and other assets	2	(0)							
Accounts payable	(21)	7	(6)	(6)	9	(6)	8	(5)	8
Accrued expenses and other liabilities	(68)	(18)							
Income taxes payable and (receivable)	(1)	0							
Other liabilities	(2)	(2)							
Payment pursuant to tax receivable agreement	(4)	0							
Net cash provided by operating activities	56	57	66	64	79	73	97	77	110
Cash Flows from Investing Activities									
Purchases of property, plant and equipment	(76)	(28)	(47)	(48)	(53)	(58)	(62)	(67)	(72)
Proceeds from sale of property, plant, and equipment	0	1							
Payment for acquisition, net of cash acquired	0	0							
Net cash used in investing activities	(76)	(27)	(47)	(48)	(53)	(58)	(62)	(67)	(72)
Cash Flows From Financing Activities									
Principal payments on long-term borrowings	0	0							
Proceeds from long-term borrowings	0	0							
Proceeds from revolving credit facility	75	48							
Payments on revolving credit facility	(75)	(30)							
Payment of deferred financing costs	0	0							
Proceeds received from exercise of stock options	0	0							
Cash paid for tax withholding	(1)	(1)							
Distributions to LLC Unit holders	(1)								
Payments for Repurchase of Common Stock	(29)	(36)							
Net cash used in financing activities	(32)	(19)	0						
Effect of exchange rates on cash	(0)	(0)							
Change in cash and equivalents	(52)	10	19	16	26	15	36	10	38
Cash and equivalents BOP	79	27	37	56	72	98	113	149	159
Cash and equivalents EOP	27	37	56	72	98	113	149	159	197



Appendix

Wisconsin		Wisconsin	
Total Named Lakes	1287	Total Named Lakes	1287
Named Lakes over 300 Acres	450	Named Lakes over 500 Acres	264
Wisconsin Lakes 10 feet and under	41	Wisconsin Lakes 10 feet and under	24
% of Total Named over 300	9.11%	% of Total Named over 500	9.09%
Wisconsin lakes 20 feet and under	113	Wisconsin lakes 20 feet and under	53
% of Total Named over 300	25.11%	% of Total Named over 500	20.08%
Total Lakes	15074	Total Lakes	15074
Total Lakes over 300 Acres	5271	Total Lakes over 500 Acres	3092
Lakes at Risk	1,324	Lakes at Risk	621
% of Total over 300	25.11%	% of Total over 500	20.08%
Restricted Lakes	400	Restricted Lakes	400
Remaining Lakes at Risk	924	Remaining Lakes at Risk	221
Minnesota		Minnesota	
Total Named Lakes	3183	Total Named Lakes	3183
Named Lakes over 300 Acres	856	Named Lakes over 500 Acres	541
Minnesota Lakes 10 feet and under	88	Minnesota Lakes 10 feet and under	41
% of Total Named over 300	10.28%	% of Total Named over 500	7.58%
Minnesota lakes 20 feet and under	227	Minnesota lakes 20 feet and under	121
% of Total Named over 300	26.52%	% of Total Named over 500	22.37%
Total Lakes	11842	Total Lakes	11842
Total Lakes over 300 Acres	3185	Total Lakes over 500 Acres	2013
Lakes at Risk	845	Lakes at Risk	450
% of Total over 300	26.52%	% of Total over 500	22.37%
Restricted Lakes	0	Restricted Lakes	0
Remaining Lakes at Risk	845	Remaining Lakes at Risk	450

Cyclical and Regulation Price Affects									
Market Decline	None	3% (WI + MN)	10%	20%	25%	30%	50%		
Not Cyclical	\$ 30.18	\$ 29.52	\$ 28.04	\$ 25.90	\$ 24.83	\$ 23.76	\$ 19.45		
Cyclical	\$ 29.20	\$ 28.59	\$ 27.23	\$ 25.25	\$ 24.26	\$ 23.27	\$ 19.29		