A Work Project, presented as part of the requirements for the Award of a Master Degree in Finance from the NOVA – School of Business and Economics

Malibu Boats Private Equity Challenge - The Case of Internationalization and Portfolio Expansion

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Abstract

This work project consists in a Private Equity Investment Thesis, for the development of the project we selected an American listed company, Malibu Boats Inc., which is specialized in the recreational powerboat manufacturing. Throughout the thesis the company was analysed in detail as well the industry, a business plan was developed for the company focused on its growth, based on its competitive advantages. Finally, a company valuation model was developed, and several exit options were presented after the holding period.

Keywords

Private Equity Challenge, Internationalization Strategy, Recreational Boat Industry, Electric, Outboards and Performance Boats

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Private Equity Challenge

Malibu Boats

Nova School of Business and Economics
Private Equity Challenge: Malibu Boats

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01
Industry Overview

Malibu
BOATS

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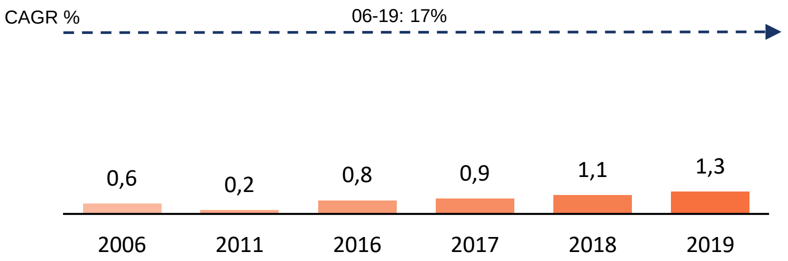
Malibu manufactures boats for three segments of the recreational powerboat industry

Recreational sport boat industry can be split into 3 segments based on engine type. Outboards displaying highest historical CAGR and Sterndrive declining since 2017

Inboard

- Located inside the boat's hull
- Four-stroke automotive engines modified for water use (marinized)
- Great for **power** and **speed**

US New Inboard Retail Sales (in $b) +117% vs. 2006



1 *Double-digit sales Y-o-Y growth since ‘08 recession in US:*

- Towboat retail unit sales to grow at **11.5% CAGR$_{20\text{-}24}$**
- North America to remain largest market in forecasted period

2 *Customers demanding boats with more features…*

- More innovation rich boats driving prices up in industry

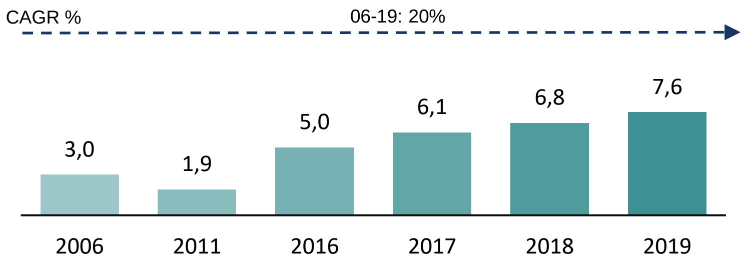
Malibu is involved in this category through its portfolio’s “**sport boat**” brands:

Malibu Boats **Axis Boats**

Outboards

- Mounted outside the boat's hull
- Used to both power and **steer** the boat
- **Easier** to **maintain** engine as it is exposed and accessible

US New Outboard Retail Sales (in $b) +153% vs. 2006



1 *Large and expanding fiberglass market:*

- **Strong and durable** boats with **versatile hull** for range of conditions

2 *Supported by growing popularity in fishing…*

- **~55M** Americans fish at least once a year
- **+40%** increase in first-time fishing participants

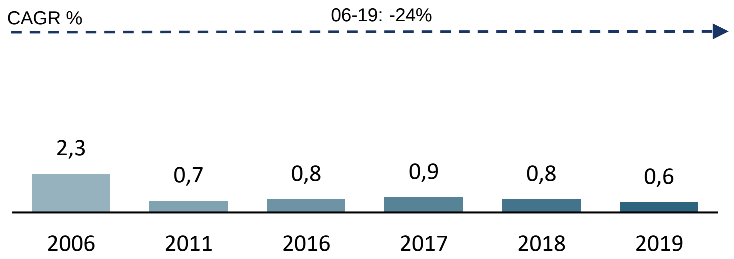
Malibu is involved in this category through its portfolio’s “**saltwater fishing**” brands:

Pursuit Boats **Maverick Boat Group**

Sterndrive

- Often called an "**inboard-outboard**" because they share features of both
- Allows forward and reverse movements

US New Sterndrive Retail Sales (in $b) -74% vs. 2006



1 *Increasingly diverse consumer wants:*

- **Manufacturers** diversifying product mix away from a sterndrive condensed offering to include wider range of propulsion products

2 *Numbers don’t always explain everything…*

- Outboards **cannot** fully replicate sterndrive propulsion, meaning demand for the latter expected to endure

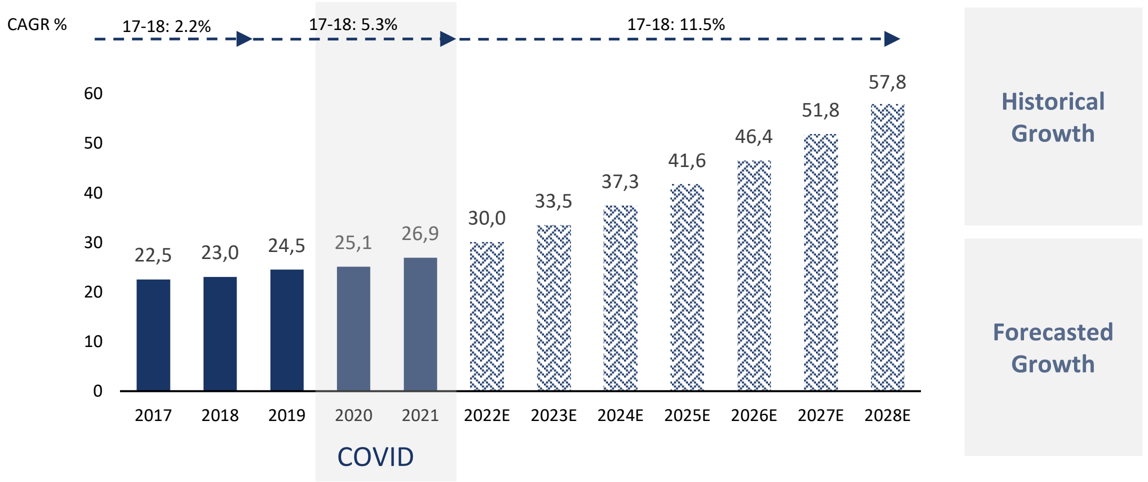
Malibu is involved in this category through its portfolio’s “**day boat**” brands:

Cobalt Boats

Sources: 2021 Outdoor Participation Trends Report, Brunswick Marine Industry Overview

Clear growth trend in consumer interest for boats. Lockdown seems to have accelerated overall market growth

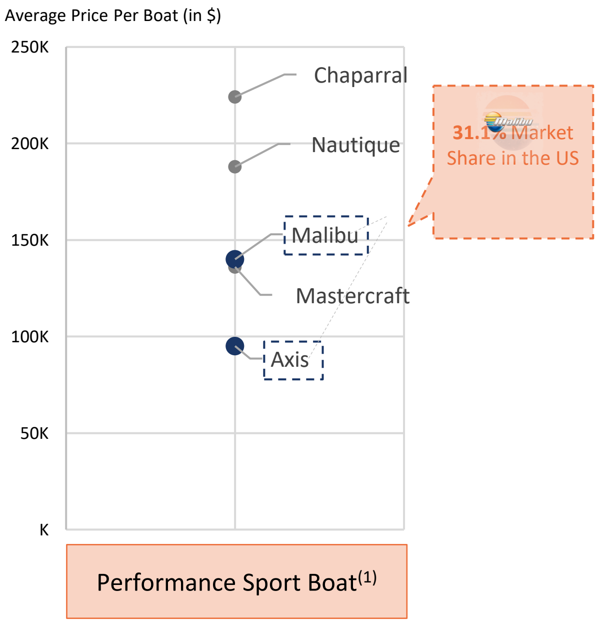
Global Small Boat Market (in $b): Sizeable, growing and with strong acceleration from 2022 onwards ignited by the pandemic

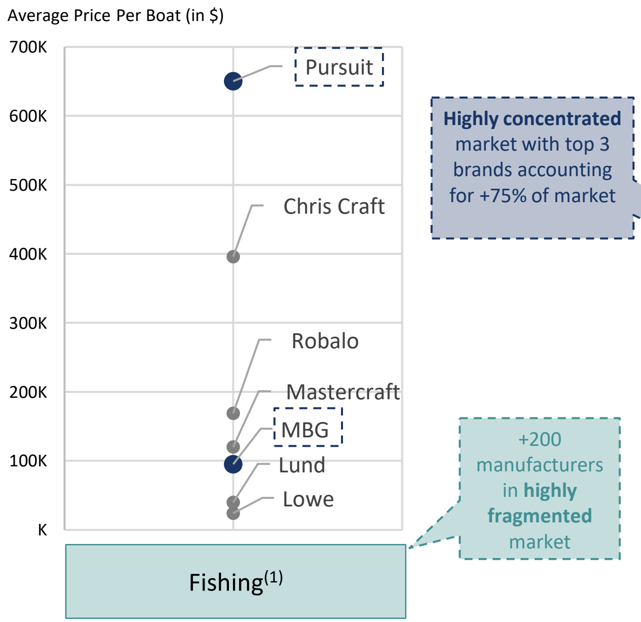


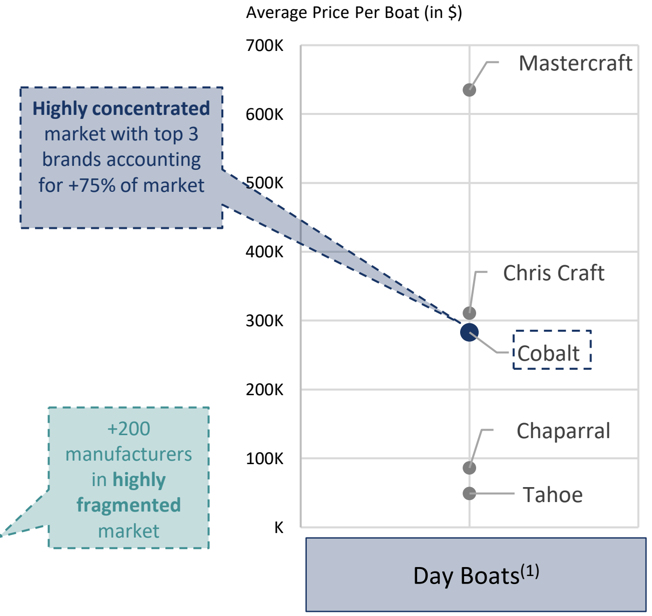
- Despite being a **discretionary good**, recreational boating has experienced a strong upward trend since the 2008 financial crisis
- With HNWI as the main customer, social crises like 2020 pandemic have proven to be beneficial for the industry (ignoring production bottlenecks). Those willing and able to buy a boat will generally continue to do so despite downward economic sentiment
- Customers' desire to be outside enjoying nature, surrounded by family and friends have made boats the ideal "go-to" product. Boats are able to provide a nature-immersed, collaborative form of outdoor activity
- A positive economic outlook for the upcoming 5 years with the total number of High Net Worth Individuals (HNWI) expected to grow by up to 47% in some regions of the world (*Refer to slide 41 of Appendix for additional detail*), will also feed this wave of supercharged demand

Pricing analysis conducted for Malibu's major product categories: Performance Sport Boats and Day Boats in mid/lower-end, Highest in Fishing with MBG lowering total

As of 2021	Market Cap ($b)	Sales ($b)	Op. Margin	# Dealers
BRUNSWICK Boat Group	7,7	5,4	15,2%	16.000+
	1,5	0,9	17,3%	400+
GROUPE BENETEAU	1,3	1,5	6,1%	400+
MasterCraft	0,5	0,5	14,9%	130+
MARINE PRODUCTS CORPORATION	0,4	0,3	11,4%	190+







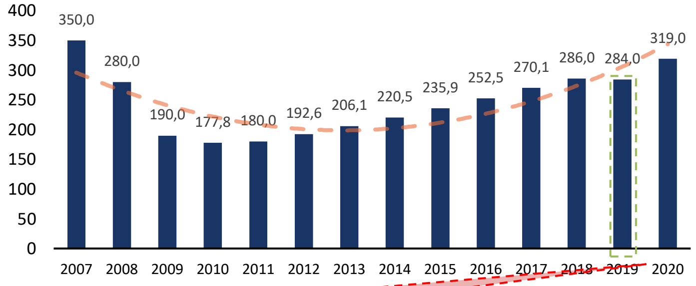
Sources: Capital IQ, Seeking Alpha, Fortune Business Insights

[1]As of 2021, using major brands in categories and taking av. price of product mix (excluding units sold)

Malibu Portfolio Brands

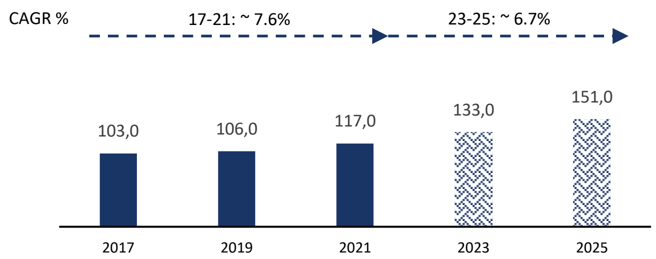
Similar dynamics across Europe and N.A., with ~75% of global new power boat sales coming from these regions

North America – New Powerboat Sales (in Th. units)

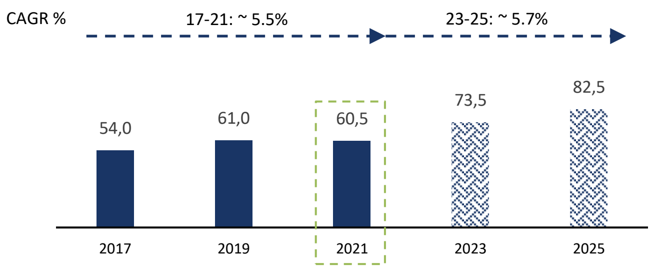


Unfavourable weather conditions interrupted 10Y of consecutive growth

Europe - New Powerboat Sales (in Th. units)



APAC - New Powerboat Sales (in Th. units)



Unclear cause of interruption could mean the region is riskier

Potential

North America ★★★★★

- New Boat Sales: ↑ **80%** (throughout the last decade) and expected to continue upward trend
- Largest market with **~50%** of global boats sold in region

Europe ★★★★☆

- Region with **highest** historical and forecasted CAGRs for new powerboat sales
- Share of global recreational boat market: **~25% by 2025**

APAC ★★★☆☆

- Riskiest region in terms of reliability given interruptions in new powerboat sales such as the 2021 dip
- Share of global recreational boat market: **~14% by 2025**

Growth Drivers

North America

- Boat fishing participants have increased 19.7% from 2015-2020 (*Refer to slide 40 in the Appendix*)
- NA wake boarding market remains the largest worldwide with towboat retail unit sales expected to reach 20K units by 2024. (*Refer to slide 42 in the Appendix*)

Europe

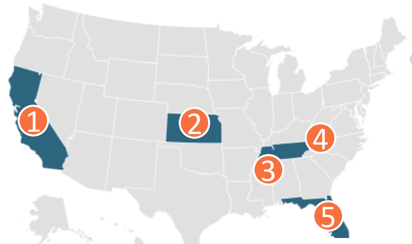
- Global population increase accompanied by parallel increase in proportion of upper and middle class
- Structural change in travel habits towards domestic tourism will benefit recreational boating
- Global expenditure on domestic tourism: ↑ **19.4%** (2013-2020)

APAC

- Number of superyachts in region increased, raising the appeal of recreational boating through new superyacht marinas.
- Outboards can be sold as toys for superyachts.
- Strong expat community increases HNWIs in Asia. SE Asia has become the region's boating hub.

MBUU's Presence

North America



Manufacturing facilities in 5 locations

Florida remains a crucial region for recreational boating

4,300 boat dealers

Europe

1. Malibu currently has a **29 dealer** presence in key European countries (*Refer to slide 40 in the Appendix*)
2. **Sweden** presents an important growth opportunity given its ability to serve the **Nordic market** (the fastest growing region within the EU)

APAC

APAC, mainly Australia and New Zealand, are considered to be the **strongest markets** after NA and the EU (*See slide 40 for a detailed breakdown of MBUU's presence in the region*)

Currently leases 2 manufacturing facilities - facilities serving New Zealand and Asia due to proximity

Sources: CNBC, Malibu Annual Reports, Nimbus Annual Report, Own Analysis, European Boating Industry

★★★★★ Thriving Location for Recreational Boating

The boat value chain is similar for peers, with few brands able to differentiate like Malibu

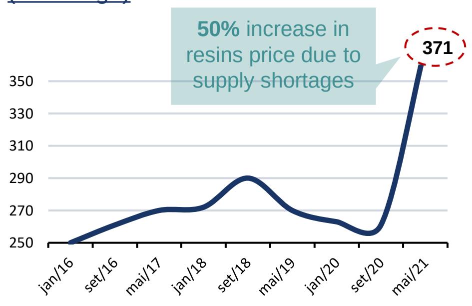
Value Chain: Boat manufacturers have 2 sources of competitive advantages in manufacturing: producing towers and engines in-house

In-house *Externalized* *No dedicated function*

Raw Materials

- Third-party suppliers deliver raw materials and components through informal supply arrangements
- Malibu has many independent suppliers and uses a **90-day forecast sales order process**
- Main materials used in boat manufacturing: Fiberglass (deck), Petroleum-based resins (deck), Vinyl, Foam and Steel

Producer Price Index for plastics and resins (% change)



Towers

- Towers are a frame mounted at the hull of an inboard boat. They elevate the tow point which is crucial for wake surfing
- Malibu is the **only** performance sport boat company to produce towers in-house. They are able to provide a personalized and completely differential product than any other rival

Electric Components

- Boat electronics have gained substantial importance as they facilitate and enhance consumers' boating experience. The latter has been a key driver for the growing popularity of recreational boating
- These components now present a source of added value. Malibu recently partnered with the world's largest and most innovative marine electronics manufacturer: Garmin Marine Electronics

Engines

- Engines are the costliest component in boat production and their availability is fundamental for manufacturers
- As opposed to other components, 3Y formal agreements are common for these product parts. Malibu has two purchase agreements with GM and Yamaha until 2023
- Some manufacturers such as Malibu choose to [(1)]**marinize engines**: modifying engines for marine use
- Marinization enhances performance, reliability and reduces reliance on suppliers

Manufacturing

- Manufacturers have full control over the production process and all operations executed in-house

Customers

1. ***Dealer Network***
2. Proprietary Network

- The majority of manufacturers, like Malibu, have ***dealers*** as their customers
- D2C sales through proprietary network are rare
- The **risk** is therefore high, as manufacturers are highly dependent on maintaining a stable and healthy dealer network
- "Losing control" of the boat once it has been produced means that the dealer plays crucial role in the creation of brand awareness and reputation

End-Consumer

- Tracing the end-consumer once the boat leaves the dealer is highly variable and dependent on the manufacturer
- 3 most common end-consumers in recreational boating include:
  - Private Customers
  - Boat Clubs
  - Surf Schools

Sources: Malibu Annual Reports, Own Analysis

[(1)]Refer to slide 52 of the Appendix for visual representation or marinized engine

Malibu is well positioned on the key trends shaping the boating industry such as innovation, safety and tech

Innovation and Premiumisation as crucial elements towards a sustainable competitive advantage. Sustainability increasingly important

Premiumisation of Boats	▪ Premium and higher quality brands are becoming increasingly popular in a sector that is already considered to be luxurious ▪ Combined with the efforts of buying a boat, those who invest money are willing to go all the way and incorporate all additions that manufacturers offer	▪ Malibu Boats has undoubtedly a premium positioning in terms of pricing, especially the Pursuit brand, which lies well above the industry's average price per boat median ▪ Undisputed leader in the global performance boat category selling one of every two tow boats sold globally
Innovation	▪ New boat features continuously introduced in the market such us: swim step, mobile applications connected to boat or sailing and cruising automation ▪ Introduction of touch screen displays, automatic parking (closely mimicking cars) or wireless connectivity on and off the boat ▪ Customers demanding more content on their boats in terms of innovations and add-ons, which is driving prices	▪ Malibu Boats (for the Malibu brand) has delivered the most sustainable tow market engine which shows their drive to innovate whilst adhering to sustainability principles ▪ Yearly launch of new products such as the latest Surf Band, which allows surfers to control wave they're riding with a bracelet (essentially)
Health and Wellness	▪ Pandemic has mentally exhausted worldwide population following extensive lockdown restrictions and abrupt changes imposed on long-term habits ▪ In the US, post-pandemic saturation observed in the population's desire to go outside as lockdown restrictions were eased ▪ Largest Y-o-Y jump in US outdoor participation rate (**~53%** in 2020 vs. **~51%** in 2019) ▪ **161M** Americans participated in at least one outdoor activity in 2020 (**+7.1M** increase vs. 2019) ▪ **40%** of outdoor activities performed since the onset of the pandemic in the US were water-based. Fishing remains one of most popular outdoor activities with an **18%** participation rate (**54.7M** participants)	▪ Extremely diverse portfolio of brands strategically laid out to serve the most popular segments of the recreational boating industry ▪ Recent acquisitions of Pursuit and MBG to serve the worldwide rise in interest for recreational fishing ▪ Recreational boating remains an ideal choice for consumers to spend free time which partially explains the recent surge in demand as consumers turn to boating as a form of socially distanced activity with the mental health benefits of being outdoors. Malibu's innovative products poised to address these needs by making boating experience unique
Sustainability Framework	▪ Leading boat manufacturers enhancing stewardship and quality control of products to minimize impact on environment ▪ *" We continue to advance our consumer-driven product development processes to address key areas of value to enhance the overall boating experience, including lower emissions and greater efficiency… Mercury Marine will reduce emissions of outboard engines by 80% by 2025 (from 2007 baseline)"* – 2020 Sustainability Report, Brunswick	▪ Whitespace for the company that currently has no full electric boats in portfolio ▪ Efforts to produce lower emission engines for performance sport boat segment such as the recent M6Di and M5Di engines which are believed to be the cleanest high-powered engine in the industry

Sources: Brunswick Sustainability Framework, 2021 Outdoor Participation Report, Marine Products Corp. Investor Update

02
Company Overview

MALIBU BOATS

NOVA SCHOOL OF BUSINESS & ECONOMICS

Core revenues of Malibu come from selling sport boats in N.A.

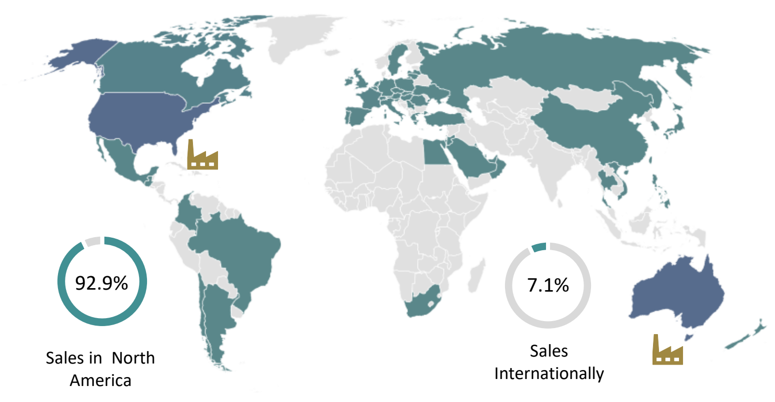
Strong M&A track record

- **1982** Malibu Boats est.
- **2006** Acquired by Black Canyon Capital
- **2012** Surf Gate – innovation in wake surfing
- **2014** Malibu Boats' IPO
- **2017** M&A: Cobalt Boats
- **2018** M&A: Pursuit Boats (fishing segment)
- **2020** M&A: Maverick Boat Group (fishing segment)

Malibu is best-known for its world-class boat innovations

- Malibu Boats Inc was founded in 1982 and is headquartered in Loudon, Tennessee
- The company **designs and manufactures** recreational power boats in three main categories: **sport boats**, **saltwater fishing** and **day boats**
- With a diversified and recognizable **5-brand** portfolio, the company produced **+8.000** boats in 2021 (fiscal year ended June)
- The company has a **top-3 market share** position in the **US** across the **sport boat** and **saltwater fishing** categories
- Malibu's boats are sold exclusively through its **400+ dealer** network
- Malibu continues to **revolutionize** the boating industry with constant **innovation** and **new boat features**, receiving the **2020 Riders Choice Award**: "Wakeboarding Boat of the Year"

N.A. dominates sales breakdown, showing high expansion opportunities



- **12** manufacturing facilities in the **US** and **2** in **Australia**
- **2.600+** FTE's
- **+400** Global Dealer Network across 5 continents

Note: Graph not representative of true scale

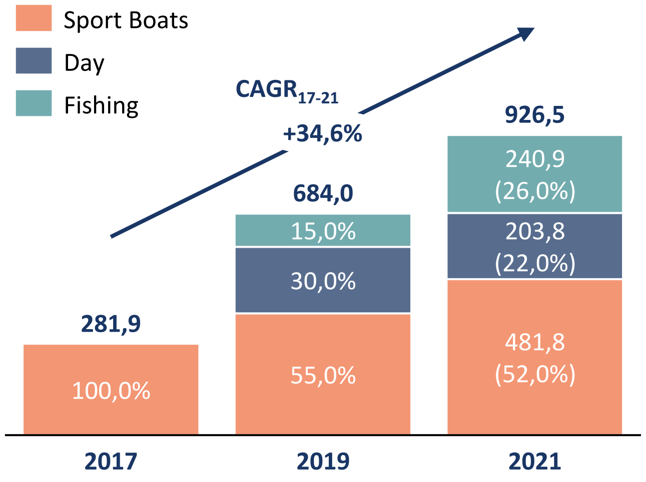
Dealer presence & manufacturing capabilities

Dealer presence

Solid 5-brand portfolio with market leading positions in the US

Segments	Sport Boats	Saltwater Fishing		Day boats
Brands	Malibu, Axis	Pursuit	Maverick	Cobalt Boats
Market Share (US)	**#1** (31.7%)	**#2** (19%)		**#1** (36.1%) in the 24-29' category
Lengths	20-25'	17-35'	22-44'	22-36'
Annual # Units	~4,000	1,500	500	2,000
Avg. Price	$100K	$80K	$245K	$90K
Dealer Network	>200	>70	>50	>150

Sales per segment (in $m, 2017-21): Sport boats rep. ~50% of sales in 2021



International sales (%, per segment)	2021
Total	**7,1%**
Saltwater Fishing	3,4%
Day Boats	4,3%
Sport Boats	10,1%

Sources: Malibu Annual Reports, Company Website, Dealers' Websites

Malibu's highly innovative sport boats segment is the leading in portfolio with +4800 boats sold in 2021

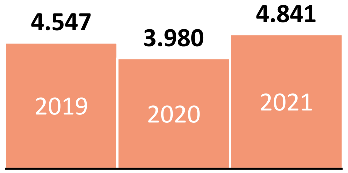
Segment	+70 models across an array of sizes and product lines	+8000 boats sold in 2021

Sport Boats

Sales ($m)	2021
North America	434
International	48

- Flagship brand, designed for consumers seeking premium **sport boat** experience
- #1 market share position in the US in the performance sport boat category
- **16** models across **2** brands:
  - (1) Malibu
  - (2) Axis
- Boat size range 6 – 7,5 (meters)

\# Units Sold



Av. Price, $k

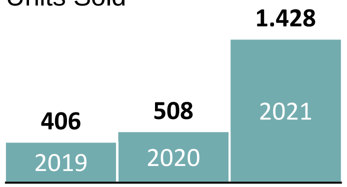
2019	2020	2021
78	82	89

Saltwater Fishing

Sales ($m)	2021
North America	244
International	8

- Malibu's product portfolio includes array of different **saltwater fishing boat** brands to address different customer needs: from and entry-level budget option to a more premium – "yacht-like" experience
- Very strong market position between flat boats, bay boats dual console and center console segments
- **+40** models across 5 brands: Pursuit, Maverick, Cobia, Pathfinder and Hewes
- Boat size range 5 – 13,5 (meters)

\# Units Sold



Av. Price, $k

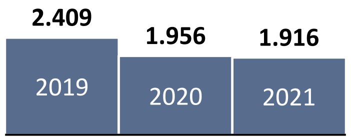
2019	2020	2021
253	243	170

Day Boats

Sales ($m)	2021
North America	191
International	8

- Mid to large-sized **luxury** cruisers and bowriders, offering the ultimate experience in comfort, performance and quality
- #1 market share position in the US, in the 24' – 29' segment of the **day boat** category
- **+15** models across **3** product lines
- Boat size range 6 – 11 (meters)

\# Units Sold



Av. Price, $k

2019	2020	2021
81	86	89

4 key innovations with pivotal impact on boating

1 Surf Gate

- Located at the rear of the boat, this marvellous piece of engineering creates a perfectly shaped, glassy wave without the hassle of having to evenly balance weight
- Game-changing technology with unrivalled performance
- Tucks itself after certain speed threshold which means technology does most of the work

2 Power Wedge

- A hydrofoil located at the rear of the boat, this feature makes wakes and waves bigger by pulling down the back of the boat
- Now on its 3rd iteration, Power Wedge™ III has 5 more degrees of lift for more usable positions and an improved exhaust pipe so it's more effective

3 Surf Band

- In the form of a wrist-watch, the Surf Band™ offers more control to the rider behind the boat by enabling the adjustment of wave, shape, size and side one click away

4 Gx Tower

- An improvement from the previous G3 and G4 towers, the Gx Tower™ is raised and lowered using a gas-spring-assisted technology – just a push of a button away

Sources: Malibu Annual Reports, Company Website, Dealers' Websites

Key innovations related to Performance Sport Boat segment only (refer to slide 47/48 of Appendix)

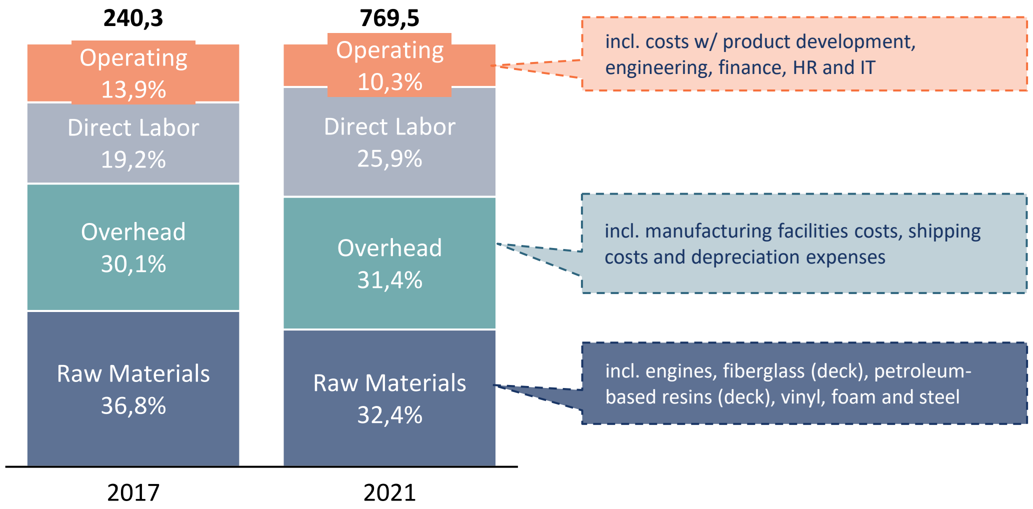
Malibu's vertical integration efforts allow for a lean cost structure

Malibu's cost structure is highly dependent on raw materials costs

in $m	2017	2018	2019	2020	2021
Revenues	282	497	684	653	927
Cost of Sales	207	377	518	504	690
% of sales	*73,4%*	*75,8%*	*75,7%*	*77,1%*	*74,5%*
Direct Labor	46	101	138	135	199
Raw materials	88	143	198	91	249
Factory overhead	72	132	181	278	242
Operating expenses	33	45	62	58	79
% of sales	*11,8%*	*9,1%*	*9,1%*	*8,9%*	*8,6%*
Sales & Marketing	9	14	18	18	18
SG&A	25	31	44	40	62
Amortization	2	5	6	6	7
Total Costs	240	422	580	562	769
% of sales	*85,2%*	*84,9%*	*84,8%*	*86,0%*	*83,1%*

Malibu cost structure has been affected by 3 recent acquisitions

Total costs* (%, 2017 - 21)



Malibu's value chain is not fully integrated, with sourcing and dealer network not being entirely integrated

Product Development & Engineering

- **Product development and engineering – 4** teams in Tennessee, Kansas, California and Florida
- **Core expertise incl.** design and development of boats, trailers and new features (eg. surf gate); electrical and mechanical engineering improvements and integration with manufacturing process

In-house *Externalized* *Hybrid*

Sourcing

- **Engines** are the most significant component in terms of cost
- Since 2019, Malibu has partnered with **General Motors** for the supply of engine blocks for the **Malibu** and **Axis** brands (valid until 2023 and up to 7.000 engines annually), which allows a better purchase price
- Malibu also partners with **Yamaha** for the supply of **outboard** engines, for use in Pursuit and Cobalt (90%) and Maverick boats (85%) – valid until 2023

Manufacturing & Assembly

- **14 manufacturing** facilities spread out across 4 **US** states and **Australia**
- Recent **expansions** in **facilities** in Kansas (Cobalt brand) and Florida (Pursuit brand) during 2020/21, targeting a 50% revenue upside and be accretive to margins starting in 2022
- Current **expansion** in Florida **facility** (Maverick brand) to be finished by 2022 - expected to deliver 30% increase in unit capacity

Dealer Network

- Malibu relies on **independent dealers** to sell their product
- Global network of **400+** dealers (250+ North America), managed by in-house sales personnel
- **Top-10** dealers represented ~**39**% of net sales in **2021**
- **Most extensive** dealer network in the market, with ~50% of dealer with +10 years experience with Malibu's brands
- Dealer agreements last from **1-3 years**

Sources: Malibu Annual Reports; Bloomberg; Notes: *) Cost breakdown estimated with inputs from 10K

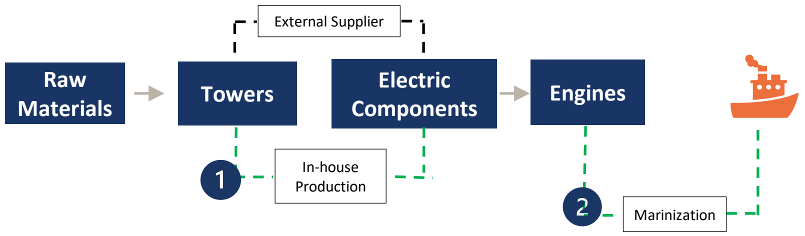
Malibu has a strong focus on further expanding its already stellar vertical integration capabilities

Strong focus on vertical integration of key elements across value chain

- Malibu's **vertical integration** enables full control over key boat components and thus the overall supply chain**. In engine sourcing,** it is an efficient way to mitigate the large bargaining power of suppliers such as Yamaha and General Motors.
- 2021 EBITDA margins reached an all-time high for the firm, primarily driven by improvements in vertical integration
- Malibu is more vertically integrated than peers (up to **25%** of sport boats components are sourced in-house)

Vertically Integrated Components

Engines	Machined and billets parts	Towers accessories
Boat Trail	Soft Grip Flooring	



1

Production of towers

- Malibu boats is the only company in the powerboat industry that produces towers in-house, which is a fundamental accessory for the practice of water sports

2

Marinization of engines

- Marinization of engines in place for the Axis and Malibu brands
- To materialize marinization process initiative, Malibu acquired a 70,000 square foot facility in Loudon
- With the marinization process fully deployed, Malibu will be the largest inboard engine manufacturer in the industry, obtaining a considerable scale competitive advantage over its peers

+$380m invested in M&A for a +$400m revenue increase from targets

3 strategic acquisitions in the past 5 years:

Price | Acquisition Year

1 Cobalt — $130m | 2017

- Acquired a **market leader** in the mid to large-sized **day boat** segment. Product portfolio also includes saltwater fishing and sport boat offering
- Add a **new product portfolio**, complementary distribution network, **synergy** savings

2 Pursuit — $100m | 2018

- Pursuit was a premium brand positioned as leader in one of the **largest** and fastest growing **segments:** saltwater fishing
- **Diversify markets** and boost growth, leverage manufacturing, design expertise and distribution

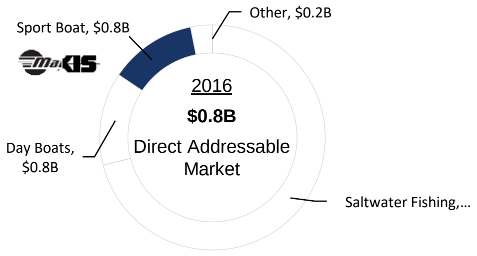
3 MBG — $150m | 2021

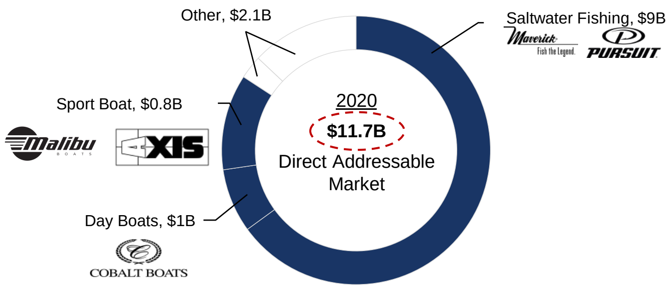
- MBG upheld a strong reputation in center console and bay boat categories (other forms of saltwater fishing boats)
- Highly complementary to Pursuit, with specialization in the cheaper <30 feet segment

Inorganic growth due to acquisitions (units unless otherwise stated):

	Cobalt	Pursuit	MBG
Factories	+4	+6	+2
Dealers	+132	+150	+70
Boats	+24	+15	+28
Revenues	+$140m	+$124m	+$150m
Markets	+1	+1	-

Malibu's addressable market has grown at +16% in 16-20' driven by acquisitions





Jack D. Springer has made Malibu a 10-digit revenue earner since taking over as CEO in 2010

Malibu's competitive advantages provide strong market positioning

Industry Leaders

- Malibu has been the **undisputed leader** in the performance sport boat segment of the recreational boating industry with the **largest market share** for 11 consecutive years
- Despite being a recent entrant in the saltwater fishing market, Malibu already holds the **second largest market share in the US**. Positioned as the **main challenger**, its recent acquisition of MBG will enable it to increase its share in the largest segment of the recreational boating industry

Operational Efficiency

- Malibu has implemented a series of **vertical integration** initiatives which enhance the firm's operational efficiency strategy
- The most characteristic implementation was their decision to **marinize** their **engines** for Malibu and Axis branded boats in 2019. Manufacturing their own engines not only reduces reliance on suppliers but also presents improvement opportunities in the **quality of product offering**
- **Cross-brand vertical integration** enables the firm to integrate recently acquired firms with relative ease. This lowers integration time, costs and improves the quality of product offerings going forward

Proven Buy-and-Build strategy

- Large experience of the Management Team in **M&A**, with 3 successful acquisitions in the last 4 years. These **3** highly complementary **targets** have enabled the firm to expand its product offering and target larger previously **unaddressed markets**

Innovation Pioneers

- Continuous introduction of new boat features with **2+** new **releases** every year. **3+** patented ideas which have revolutionized the boating industry: **Surf Gate**, **Swim Step** and **Power Wedge**
- Continuous implementation of innovative components is vital to sustain leading market positions. New and more innovative boat models and updated cross-brand features allow Malibu to target a more premium market

Solid management with prior leadership roles and investment banking experience

"On top of that, innovation permeates our company. Our products aren't necessities, they're luxuries. This fact makes it critical to lead with innovation and quality to provide the next great boat or set of features."

Jack D. Springer, CEO

- CEO since Feb. 2010
- Previous experience as CEO of a tactical armor system manufacturer for federal, state and local law enforcement agencies and defense contractors

Wayne R. Wilson, CFO

- CFO since Nov. 2009
- Previous experience as V.P. of Black Canyon Capital LLC – responsible for D.D. and execution of acquisitions and financings
- Worked as an investment banker at Credit Suisse

Ritchie L. Anderson, COO

- COO since Sept. 2013
- Joined Malibu in Jul. 2011 as V.P. of Operations
- Previous experience as V.P. of Operations at Mastercraft – worked 28 years in production management

Achievements (2009-2021):

Efficiencies
- Generated operating efficiencies that have improved labour hours per boat by 40%

Acquisitions
- 3 acquisitions in 4 years that have led to record growth in every financial metric

Revenues: from $68m to $**1bn**

EBITDA Margin: > 20% in 2021

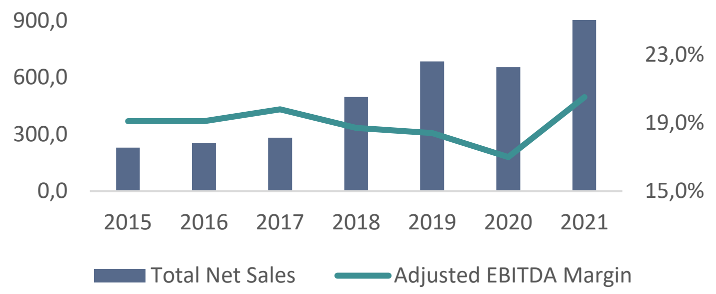
Sources: Malibu Annual Reports, Other Documents Provided by the Company, Analysts Reports

03

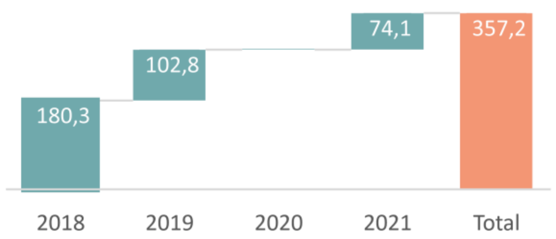
Historical Financials

Net sales grew at a CAGR of 26,3% since 2015

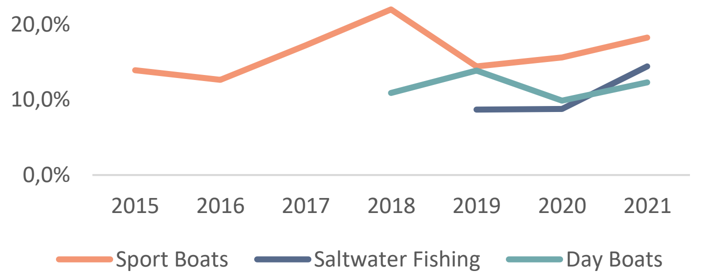
Net sales and Adj. EBITDA Margin ($m)



Net Sales Inorganic Growth ($m)



EBIT Margin (%)



*Acquisitions**				*Cobalt**	*Pursuit**	*Maverick**	
Income Statement ($m)	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**
Sport Boat	229	253	282	317	375	355	484
Day Boat	-	-	-	180	207	175	200
Saltwater Fishing	-	-	-	-	103	124	243
Total Net Sales	**229**	**253**	**282**	**497**	**684**	**653**	**927**
%growth		10,6%	11,5%	76,3%	37,6%	-4,5%	41,9%
Cost of Sales	168	186	207	377	518	504	690
%sales	73,6%	73,6%	73,4%	75,8%	75,7%	77,1%	74,5%
Gross Profit	**60**	**67**	**75**	**120**	**166**	**149**	**236**
%sales	26,4%	26,4%	26,6%	24,2%	24,3%	22,9%	25,5%
Selling and Marketing	7	7	9	14	18	18	18
General and administrative	20	21	25	31	44	40	62
Other Operating Expenses	2	2	2	5	6	6	7
Adjusted Ebitda (*)	**44**	**48**	**56**	**93**	**126**	**111**	**190**
%sales	19,1%	19,1%	19,8%	18,7%	18,4%	17,0%	20,5%
Operating Income	**31**	**36**	**39**	**70**	**98**	**85**	**150**
%sales	13,6%	14,2%	14,0%	14,1%	14,3%	13,1%	16,2%
Income tax expense	9	12	18	58	22	19	34
Net income	**23**	**20**	**31**	**31**	**70**	**65**	**114**
%sales	10,1%	8,0%	11,0%	6,2%	10,2%	9,9%	12,3%

Key Aspects

1 ▪**Total net sales** increased at a **CAGR of 26,3%** since 2015, driven **organically** by higher average price per boat and an increasing number of boats sold

▪**Inorganic growth** was responsible for **51,2% of Net Sales Growth** since 2015. This figure includes Malibu's 3 acquisitions (Cobalt, Pursuit, Maverick)

▪**Gross Profit Margin** in 2018 decreased from 26,6% to 24,2% driven by the acquisition of Cobalt (significantly less efficient) and in 2020 due to increased costs incurred to replace engines during the United Auto Workers' strike against General Motors

2 ▪**Gross Profit Margin** in 2021 increases mainly due to better product mix and vertical integration saving costs

▪**Selling and Marketing, General and Administrative** and **Other Operating Expenses,** gradually decrease (as % of net sales) since 2015, driven by synergy savings and increase in sales

Sources: Malibu Annual Reports

Asset turnover increased ~32% in past 5 years

Balance Sheet ($m)	2015	2016	2017	2018 (Cobalt*)	2019 (Pursuit*)	2020	2021 (Maverick*)
Cash and Cash Equivalents	8 387	25 921	32 822	61 623	27 392	33 787	41 479
Accounts Receivables	9 482	14 690	9 846	24 625	27 961	13 767	49 844
Inventories	20 393	20 431	23 835	44 268	67 768	72 946	116 685
Total Assets	200 314	220 530	223 663	365 768	451 314	477 346	742 784
Net Debt	68 955	45 165	20 581	46 864	86 241	65 071	116 021
Net Debt/EBITDA	**1,8**	**1,0**	**0,4**	**0,6**	**0,7**	**0,6**	**0,7**
Current Ratio	**1,2**	**1,4**	**1,8**	**2,0**	**1,7**	**1,8**	**1,6**
Cash Conversion Cycle (days)	**40**	**30**	**32**	**37**	**48**	**49**	**57**

Cash Flow Statement ($m)	2015	2016	2017	2018	2019	2020	2021
Net Income	15	18	28	28	66	62	110
%growth		*23,1%*	*57,2%*	*-2,6%*	*139,3%*	*-6,8%*	*78,4%*
CF From Operations excl. Δ in NWC	7	37	39	52	69	96	119
Δ in NWC	-5	1	3	-6	-12	2	-12
CF From Operations	**13**	**36**	**36**	**58**	**82**	**94**	**131**
Maintainance Capex	-5	-6	-9	-10	-18	-41	-31
Expansion Capex (Cash Acquisitions)	-12	0	0	-126	-100	0	-150
Sale of PP&E	0	0	0	0	0	1	0
CF From Investing Activities	**-17**	**-6**	**-9**	**-136**	**-118**	**-40**	**-181**
FCF Before Debt Service	-5	30	27	-77	-37	54	-50
FCF Before Debt Service (excluding acquisitions)	7	30	27	48	64	54	101
CF From Financing Activities	**1**	**-12**	**-20**	**106**	**2**	**-47**	**57**
Effect of Foreign X	0	0	0	0	0	0	0
Net Change in Cash	**-4**	**18**	**7**	**29**	**-34**	**6**	**8**

Key Aspects

1
- Free floor financing agreements **lower account receivables** as third party lenders are able to finance boat purchases with lump sum almost immediately after delivery
- Sudden increase in 2021, directly attributable to the **Maverick acquisition** and timing of collections

2
- **Sharp rises in inventory coincide with acquisitions**. Within inventory, the rise is driven by purchases of essential "Raw Materials" as opposed to "Work in Progress" inventory
- This is a clear indication that Malibu (like the industry) is stocking up to meet future higher boat demand

3
- **Declining Net Debt/EBITDA** ratio except the years with acquisitions portrays Malibu's cash generation capabilities required to lower debt balances
- The firm has enough cash to meet its short-term obligations with a current ratio that is constantly within the ideal 1.5 – 2 range
- **Malibu has a cash conversion cycle below the competitor average**, meaning that gradual increase is in line with industry. The increase is attributable to higher average holding periods across manufacturers as inventories increase at a faster rate than COGS

4
- The years after the acquisitions display a significant increase in NWC primarily driven by a surge in inventories

5
- **Maintenance Capex** has been **23.6%** of total Capex (average since 2015), driven by normal purchases of manufacturing infrastructures and expansion activities such as the 2020 Cobalt and Pursuit expansion of manufacturing facilities
- Expansion Capex is driven by Malibu's 3 acquisitions

6
- Growing and relatively **high FCF Before Debt Service** to support inorganic growth due to strong sales environment and cost saving efforts. The three acquisitions were financed partially with cash
- **Financing CF** tends to abruptly **increase** in the years of **acquisitions**. In 2021 with the Maverick acquisition, the rise in investing activities was driven by an incremental term loan and additional borrowing under the revolving credit facility

Sources: Malibu Annual Reports

*Acquisitions**

04

Investments Thesis

Malibu BOATS

NOVA SCHOOL OF BUSINESS & ECONOMICS

Malibu is a highly profitable and innovative firm, presenting strong value creation opportunities

Brand is crucial MOAT[(1)] for Malibu, strongest focus on sport boat segment with superior offering than competitors in terms of innovation

Attractive Industry

- Recreational power boat market with strong historical pre-pandemic growth, driven by the economic recovery after 2008's financial crisis
- Surging powerboat sales, driven by the pandemic, with customers' increased demand for outdoors activities, family-time, and active lifestyle, with proven mental health benefits
- Global unit sales of recreational boats to remain resilient at forecasted 5,8% $CAGR_{20\text{-}25}$, supported by growing number of HNWI

Competitive Advantage

- "*More of the same*" in the US given growing nature of industry and Malibu's dominance in certain segments

1 **Sport Boats**

- **#1** player in the US, with **>30%** market share
- Fastest growing segment in the recreational powerboat industry

2 **Saltwater Fishing Boats**

- Shifting Cobalt production towards saltwater fishing
- MBG + Pursuit ride the wave

Proven Buy-and-Build Strategy

- 3 major acquisitions in the last 4 years, which have enabled entry into crucial sectors of the recreational boating industry such as: saltwater fishing
- Successful track record in integrating acquired businesses thanks to industry-first vertical integration initiatives. Plenty of room for future potential acquisitions

Operational Efficiency

- Sector-leading EBITDA margins, with room for further improvement driven by optimization of recently-acquired brands
- Strong track record of vertical integration , with own marinization of engines

Management Team

- Experienced management team with stelar performance in helping Malibu grow
- Skilled pool of engineers and R&D team help push innovation and implementation of breakthrough add-ons to Malibu's boats

4 main avenues to help grow Malibu, including portfolio expansion, internationalization, M&A and operational enhancement of acquired firms

A) North America

Accelerate Market Growth

- The sport boat segment is the **fastest growing** in the recreational powerboat industry
- Malibu's superior quality and performance expected to deliver **additional market share** in the sport boat segment

Increase Market Share

- Capture share of N.A. saltwater fishing market exploiting recent acquisitions of Pursuit and MBG
- Continue transformation of Cobalt-brand away from the declining day boat segment and towards saltwater fishing

Expand Portfolio

- Enter electric saltwater fishing segment through acquisition of manufacturer with technical 'know-how' and intellectual property

B) Internationalization

Buy-and-Build

- Acquire a European saltwater fishing manufacturer to penetrate the European market - which is large, growing and closely replicates the North American segment

Start Production in EU and APAC

- Initiate saltwater fishing production in the EU and APAC to mitigate current export barriers associated with production in N.A
- Expand factories of the European acquisition in Europe
- Expand Malibu's existing factories in Australia to address Asian market

C) Operational Improvements

Improve Acquired Companies

- Integrate recently-acquired brands leveraging on Malibu's **excellent operational standards** which include vertical integration and effective product and supply chain management
- Enhance strategic and scale synergies, namely leveraging distribution channels, dealer relationships and shared product-development expertise

Sources: Malibu Annual reports

[(1)]MOAT: Firm's ability to maintain competitive advantage

Malibu could largely benefit from the acquisition of 2 selected target companies, Nimbus and Vision Marine

Targets in North America

Vision Marine Technologies[1]

Description

- **25+ years** in the boating industry
- **Global leader** in the electric recreational boating industry
- Portfolio of **5 electric boat models** and **manufacturing capabilities** for production of own outboard engines
- Only electric boat manufacturer to use lithium batteries - which have more usable capacity

Key Financials

- Sales: $2,4m
- Gross Margin: 25%
- EBITDA: $-2m
- Acquisition price: ~$50m

CAN

Rationale

1 **Acquire Intellectual Property**

- Vision Marine has created a **revolutionary electric outboard engine** for recreational boats
- First fully electric motor: E-Motion, is widely recognized as one of the **world's most powerful electric** engines and requires **lower maintenance costs** than a traditional outboard engine
- The **electric boat market** is forecasted to grow at **12.65% CAGR$_{21\text{-}26}$** driven by greener alternatives trends and decreasing costs of batteries

Pure Watercraft

Description

- **10 years** in the electric boat industry
- The **US** based start-up operates in the **electric outboards boat** market by building innovative electric engines that are clean, quiet and don't compromise performance

Key Financials

- Operating Revenue: ~$1,0m
- ´[1]Acquisition Price: ~$60m

[1]Based on comparable acquisitions

Rationale

1 **Acquire Int. Prop.**

- Sells outboard motors and water-tight battery packs, and collaborates with a number of boat makers to sell ready-to-go electric boats in different shapes and sizes
- Differentiated engines, which require less maintenance and lower operating costs due to fewer component parts

Targets in Europe

Nimbus Group AB[1]

Description

- **53 years** of boatbuilding experience
- Nimbus G. AB portfolio covers the entire spectrum of potential customers, by providing a diverse offering suitable for simple **recreational boaters** or more **premium** boat seekers
- Nimbus G. AB has 7 production facilities, located in Sweden, Finland and Poland

Key Financials

- Sales: $181,0m
- EBITDA: $12,67m
- EBITDA margin: ~7%
- Acquisition price: $~150m

SW

Rationale

2 **Expansion to Europe**

- Nimbus Group AB sells **mostly to Europe (92%),** with a strong focus on higher income Nordic countries
- The acquisition of Nimbus is going to support Malibu's brand implementation in Europe, with **7 new facilities**, and **a new saltwater fishing boating portfolio**
- Will enable Malibu to become **more environmentally sustainable**, given Nimbus AB's strong focus on environmental goals.

Targa Boats

Description

- **45 years** in the boating industry
- Actively engages with end consumer to provide continuous quality improvements in products
- Located in **Finland,** the company's main geographical markets include Greenland, Italy and Greece

Key Financials

- Sales: $63,3m
- EBITDA: $9,5m
- EBITDA margin: ~15%
- Acquisition price: ~$114m

Rationale

2 **Expansion to Europe**

- Targa Boats has established dealer network and supply chain in Europe
- 2 facilities in Western Finland
- Most of the boat production is "done in-house", closely replicating Malibu's methodology. More personalized product offering and higher future synergy potential

Sources: Malibu Annual Reports, Analyst reports, Targets' Websites

[1] Refer to slides 72, 73 and 74 of the Appendix for additional information

Capital Case M&A Targets | Alternative M&A Targets

Malibu is already a solid player in N.A. with further room for expansion in the recreational boating segment

Status Quo

N.A. remains Malibu's dominant region accounting for +90% of sales in 2021:

1 Sport Boats

- ~52% of Malibu's annual sales in 2021 attributable to this segment
- Malibu's extraordinary offerings[(1)] in this segment have placed it as undisputed leader for +10Y with a +30% market share in 2021
- Consumers' willingness to participate in outdoor activities have made the North American towboat market the strongest one worldwide with retail unit sales forecasted to grow at 11.5% CAGR$_{20\text{-}24}$

2 Saltwater Fishing

- Saltwater Fishing segment is by far the largest segment in the recreational powerboat industry, which is why Malibu has attempted to capture additional market share through the acquisition of **Pursuit and MBG** – both N.A. saltwater fishing boat manufacturers
- Cobalt brand historically focused on the production of day boats, but the declining trend of this industry has resulted in the brand's transformation towards production of saltwater fishing boats

3 Electric Boats

- Malibu's current offerings and research efforts are not directed towards electric boats
- Rising worldwide ESG concerns have reached the boating industry
- Segment forecasted to grow at ~12% CAGR$_{21\text{-}26}$, with N.A. being the fastest growing region

Strategy

Sport Boats

1 Riding Malibu's Wave

CAGR 2016-2020: ~18.4%

- Extremely attractive segment that is expected to retain its popularity given the pandemic's influence on consumers' perception of spending time outdoors whilst exercising

Malibu's Current Sale Breakdown: +50%

- Malibu's historic sales in this segment have never fallen below the 50% mark
- 2021 sales in this segment of +480m (+128% increase with respect to 2019)

Saltwater Fishing

2 Malibu's Bet on Outboards

Malibu's Current Fishing Boat Sales: $240M+

- Malibu had no exposure to the saltwater fishing segment in 2018
- Segment sales in N.A. are expected to grow given the strength of the recently acquired Pursuit and MBG brands

Cobalt's Current Portfolio: 11/21

- Cobalt's current portfolio breakdown is currently inclined towards day boats (+50%), a figure we pretend to gradually shift towards saltwater

Electric

3 Expanding Current Portfolio by Going Green

Boat Manufacturers with 0 electric footprint: 6

- Malibu's current electric powerboat footprint of 0 will be reversed through the acquisition of Vision Marine Technologies

Objectives

1 Consolidate industry-leading position

- Consolidate Malibu as the sole and dominant performance sport boat manufacturer in the US

2 Diversification of sales

- Reduce sale dependency on the niche performance sport boat market
- The saltwater fishing segment is the largest in the industry and presents a tremendous opportunity for Malibu, who has already tapped it with the insinuating acquisitions of Pursuit and MBG
- The electric boat segment has become mandatory for any traditional N.A. boat manufacturer and Malibu's current lack of exposure is unsustainable

Forecasted growth in main segments

Sport Boat Sales to Increase at 6.8% in N.A.:

CAGR 6.8% | 1.6x

4,355 Sport Boats sold in 2021 vs **6,886** Units sold in 2028

Saltwater Fishing Boats Sold in N.A. to be 2.8x by Exit:

CAGR 16.1% | 2.8x

1,381 Saltwater Fishing boats sold in 2021 vs **3,927** Units sold in 2028

Electric Boat Market penetration at +12% yearly growth:

0 Electric boats sold in 2021 vs **379** Units sold in 2028

Sources: Vision Marine Investor Presentation 2021

Increment global outreach through a strategic acquisition and expansion of current operations

Malibu BOATS

Status Quo

Malibu's international sales have increased **~24%** (2019-21), but current sale breakdown continues to be **heavily inclined** towards N.A.:

% of total sales

	2019	2021
% of total sales	~7.8%	~7.1%
International Net Sales	**$53.1M**	**$65.7M**
Sport Boat	$33.4M	$48.9M
Saltwater Fishing	$9.8M	$8.2M
Day Boats	$9.9M	$8.6M

- Malibu's sale split progression portrays increased dependence on N.A., as international sales (2019-21) continue **to lose** importance in holistic terms
- Malibu should concentrate on gaining market share in the international **Saltwater Fishing** segment, which is the largest in recreational boating
- The international **Sport Boat** segment is driving Malibu's international sales, but it remains a niche market. Increased market share in this market haven't been having a material impact on international sales

N.A. is **not a good** export market, which harms Malibu's ability to sell abroad:

1 Trade tariffs

- In 2018 trade policies and tariffs harmed US boat exports (i.e. Pleasure and Sporting Boats total exports **decreased by 13.9%** from 2018-2020)[(1)]. Europe and main APAC countries have a **25% tax** on US imports

2 Distribution Costs

- Higher distribution costs are priced in when exporting boats from N.A., reducing their attractiveness to foreign buyers

Strategy

Organic

1 Initiate Outboard Production in Europe and APAC

Reasoning

- Malibu can leverage on existing facilities in both regions to host production of Pursuit and MBG boats (currently only produced in N.A.)
- Australia's unique geographic location can be used to serve APAC's recreational boat market, which is expected to hit $2Bn by 2026

Methodology

- Expand European Target's facility to sustain additional production resulting from initiation of production of Malibu's existing saltwater fishing brands in Europe
- Expand 2 existing manufacturing facilities in Australia (combined 72k sq. ft.), which are currently fitted to produce performance sport boats only

Inorganic

2 Acquire a European Outboard Manufacturer

Reasoning

- European market represents ~25% of global recreational boating market with identical dynamics to the N.A. segment

Methodology

- European acquisition's portfolio is expected to add to our existing fishing portfolio by introducing a range of new boats
- Exploit current dealer network as well as strong brand recognition of European target in the European region

Alternative

- Nimbus remains the preferred option as it will enable Malibu to sell 2,500 fishing boats in the region by 2028 (*vs. 24 in 2021*)
- Other potential target is Targa Boats

Objectives

1 Geographic reach

- Consolidate presence in the European and APAC fishing markets which are rapidly growing and currently unaddressed by Malibu

2 Segment diversification

- Dilute Malibu's sales concentration, currently focused in performance sport boats in North America, thus reducing dependence on the region and a niche market
- Reduce seasonality effect of boat sales in N.A., through increased focus on APAC region – which has an opposite seasonal calendar

3 Mitigate export barrier limitation

- Reduce additional distribution costs that are currently passed on to consumers outside N.A. due to current export limitations

International sales are expected to become **22.9%** of total sales by 2028

Saltwater Fishing Boats Sold in EU to be +107x by Exit:

CAGR 94.6% | **107.0x**

24 Fishing Boats sold in 2021 VS **2,539** Units sold in 2028

Saltwater Fishing Boats Sold in APAC to be +19x by Exit:

CAGR 52.5% | **19.2x**

12 Fishing Boats sold in 2021 VS **228** Units sold in 2028

(1) Euromonitor International 2021

Important economies of scale and synergies savings

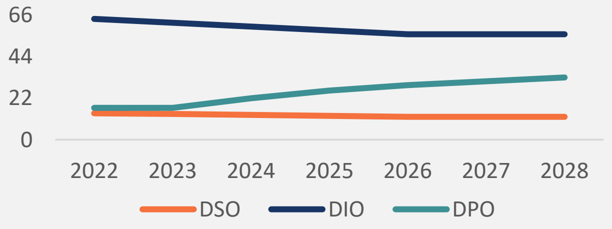
Status Quo

- Malibu marinizes its own engines for Malibu and Axis branded boats
- Its **vertical integration** strategy is a distinctive competitive advantage. It gives higher margins, more control of its own supply chain and crucial design components of its boats
- Malibu is recognized as the **most efficient company** at an operational level in the recreational powerboat market. It has a good track record of operational improvement of recently-acquired companies, with Pursuit surging from a 9% EBT margin in 2019 to 14% in 2021

(in $m)	2018	2019	2020	2021
EBITDA Margin				
Malibu Boats	*17,3%*	*17,4%*	*15,9%*	***19,2%***
Brunswick Corp	*12,3%*	*12,9%*	*15,3%*	***16,1%***
Mastercaft Boat	*19,0%*	*16,6%*	*11,9%*	***17,1%***
Benetau S.A.	*12,4%*	*12,0%*	*11,7%*	-

Malibu's [1]standalone NWC evolution

- Net Working Capital improvement driven by DPO increase as it approaches the higher competitor average. Decrease in DIO due to dealers' low inventories and continuation of improvement in the production process



Strategy

Organic

1 Operational improvement in Malibu standalone

Labor intensity and economies of scale

- The increase in number of boats sold from 8000 units to around **14000** will create economies of scale
- Adding to that, the Saltwater Fishing segment has still room for operational improvement, mainly through **reduction of labour intensity**

Vertical Integration of electric engines

- Vertical Integration of E – Motion 180 E motor to convert certain Maverick and Hewes boats into **new electric boats**. The powerful E – Motion motor requires less maintenance costs and the vertical integration will allow to produce a new type of engine in-house (the first being performance sport engine marinization)

Inorganic

2 Operational Improvement in Nimbus and Vision Marine

Cost synergies

- Expect **significant savings** due to cost synergies through implementation of Malibu operation standards, vertical integration, product management, supply chain and corporate initiatives
- We should consider also some **strategic synergies**, such as leverage of distribution and dealer relationship as well as sharing new products development expertise

Production time and cash flow management

- The average time it takes to produce a boat can be reduced, which will increase efficiency and overall production
- Better receivables management (Malibu's DSO is lower than its peers) by improving the collection timing of the receivables

Objectives

- The EBITDA margin and Gross margin of Malibu standalone is expected to increase during the holding period, mainly due to:

1. **Economies of scale** effects;
2. **Improvement of saltwater fishing boat** segment operations (Pursuit and Maverick recently acquired)

(in $m)	2022	2023	2024	2025	2026	2027	2028
Gross Profit	**297**	**349**	**431**	**475**	**523**	**576**	**633**
% sales	*25,0%*	*26,3%*	*28,4%*	*28,5%*	*28,5%*	*28,6%*	*28,7%*
EBITDA	**202**	**243**	**310**	**352**	**388**	**427**	**470**
% sales	*17,0%*	*18,3%*	*20,4%*	*21,1%*	*21,1%*	*21,2%*	*21,3%*

- Acquisitions of Nimbus and Vision Marine will result in synergies savings amount of **$45,8m** over holding period
- Nimbus has a higher value of synergies due to the **higher similarity** of business with Malibu
- EBTIDA margin should slowly approach the Malibu margin

(in $m)	2022	2023	2024	2025	2026	2027	2028
Nimbus							
Synergies	**-**		**4,8**	**7,1**	**8,7**	**10,5**	**12,6**
Adj.EBITDA	**-**	**12,4**	**15,6**	**19,3**	**22,1**	**25,2**	**28,6**
% sales	*-*	*5,8%*	*7,5%*	*8,6%*	*9,1%*	*9,7%*	*10,2%*
Vision Marine							
Synergies				**0,3**	**0,4**	**0,6**	**0,8**
Adj.EBITDA	**-**		**0,2**	**0,4**	**0,6**	**0,8**	**1,1**
% sales	*-*		*3,0%*	*4,5%*	*5,8%*	*7,2%*	*8,5%*

Sources: Malibu's Website

[1]Excludes Malibu's future acquisitions

Notes: * Malibu Boats financial forecasts during holding period

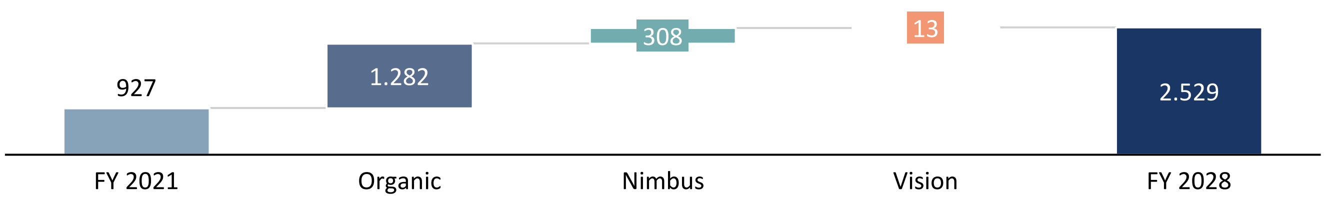
05
Business Plan

NOVA SCHOOL OF BUSINESS & ECONOMICS

Malibu's top-line growth is driven by organic growth, with the expansion of sport boats

(in $m)	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	CAGR 2021-28
Standalone Sales	**684**	**653**	**927**	**1 186**	**1 327**	**1 516**	**1 670**	**1 834**	**2 012**	**2 209**	13,2%
% growth		(4,5)%	41,9%	28,0%	11,9%	14,2%	10,2%	9,8%	9,7%	9,8%	
A) Sport Boat	**375**	**355**	**483**	**575**	**641**	**714**	**795**	**886**	**987**	**1 099**	12,5%
N.A. (% of segment)		92,2%	90,0%	88,4%	88,4%	88,3%	88,2%	88,1%	88,1%	88,0%	
Int. (% of segment)		7,8%	10,0%	11,6%	11,6%	11,7%	11,8%	11,9%	11,9%	12,0%	
B) Day Boat	**207**	**175**	**200**	**219**	**237**	**256**	**277**	**300**	**325**	**353**	8,4%
C) Saltwater Fishing	**103**	**123**	**243**	**392**	**450**	**542**	**593**	**643**	**695**	**751**	17,5%
N.A. (% of segment)		93,5%	96,7%	97,3%	93,5%	86,4%	85,6%	85,3%	85,3%	85,3%	
Int. (% of segment)		6,5%	3,3%	2,7%	6,5%	13,6%	14,4%	14,7%	14,7%	14,7%	
D) Electric Boat						**3**	**4**	**4**	**5**	**6**	
Add-on sales					**215**	**238**	**256**	**276**	**298**	**321**	
% growth						-	7,7%	7,8%	7,8%	7,8%	
Nimbus Group				-	215	231	248	267	287	308	
Vision Marine				-	-	7	8	10	11	13	
Total merged sales	**684**	**653**	**927**	**1 186**	**1 542**	**1 753**	**1 926**	**2 110**	**2 310**	**2 529**	15,4%
% growth		(4,5)%	41,9%	28,0%	30,0%	13,7%	9,8%	9,6%	9,5%	9,5%	
Core COGS	**518**	**504**	**690**	**889**	**978**	**1 085**	**1 194**	**1 311**	**1 437**	**1 575**	12,5%
% of sales	75,7%	77,1%	74,5%	75,0%	73,7%	71,6%	71,5%	71,5%	71,4%	71,3%	
Add-on COGS					**202**	**222**	**237**	**254**	**272**	**291**	
% of sales					94,2%	93,3%	92,3%	91,8%	91,3%	90,8%	
Total merged COGS	**518**	**504**	**690**	**889**	**1 180**	**1 307**	**1 431**	**1 564**	**1 708**	**1 867**	15,3%
% of sales	75,7%	77,1%	74,5%	75,0%	76,5%	74,5%	74,3%	74,1%	74,0%	73,8%	

Revenue Bridge, in $m (2021-28)



Key Aspects

1 Revenue evolution

- Organic growth: unit growth in N.A. forecasted with market growth on each specific segment, with particular focus on sport boats and saltwater fishing
- Internationally, higher growth is expected due to increased focus in Europe and APAC, through facility expansions and strategic acquisitions

2 Inorganic growth

- Acquisitions of Nimbus (in 2023) and Vision Marine (in 2024) help drive revenue growth for Malibu, with a forecasted combined revenue contribution of ~$1.604m throughout the holding period, and allow entrance in new boat segments (electric boats)
- The 2 acquisitions have an impact on the cost structure of Malibu, due to lower efficiency of the targets. In the long-run, the goal is to optimize both Nimbus and Vision

3 COGS

- Malibu's standalone cost of sales forecasted to decrease to ~71% of sales during the holding period, considering optimization in raw materials sourcing (re-negotiation of engine supply contracts with General Motors), fixed costs dilution with scale of operations and revenues

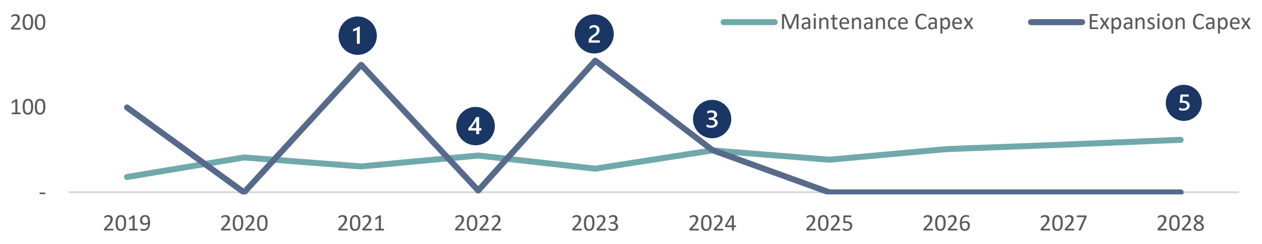
4 Synergies

- Synergies mostly focused in improving efficiency of target M&A firms, Nimbus and Vision Marine, respectively
- Overall synergies include supplier contracts, sharing of distribution costs, adoption of Malibu's best practices in Nimbus and Vision Marine operations and leverage of Malibu's dealer network, together with Nimbus strong presence in Northern Europe

Sources: Malibu Annual Reports, Excel model

Increase in maintenance capex growth rate due to increase in Machinery and Buildings

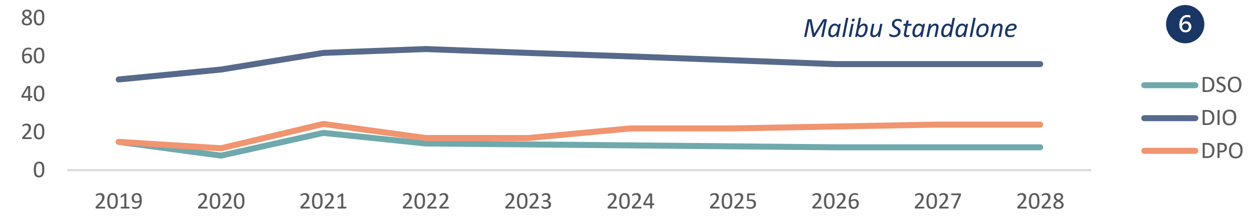
CAPEX (in $m)



(in $m)	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
PPE Malibu Standalone										
Buildings & Leasehold Improvements	29	54	75	74	83	95	104	114	126	138
Construction in Progress	10	10	22	28	21	22	13	12	12	11
Furniture and Fixtures	7	7	10	13	14	16	17	19	21	23
Machinery and Equipment	47	56	67	85	90	103	114	125	137	151
Land	2	3	5	5	5	5	5	5	5	5

5

Net Working Capital Management (in days)



(in $m)	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Malibu Standalone										
Net Working Capital	25	21	43	67	66	48	44	35	35	38
Change in Net Working Capital	18	(4)	23	24	(1)	(17)	(4)	(9)	(1)	3
Nimbus										
Net Working Capital	-	-	-	-	36	34	30	28	27	27
Vision Marine										
Net Working Capital	-	-	-	-	1	2	2	2	2	3

Key Aspects

1 2 3 Acquisitions

1 - Expansion Capex of **$150,4m** due to acquisition of MBG, which added **two manufacturing facilities** in US with a total of 246k sq. feet. Headquarters and manufacturing facilities located in Fort Pierce, FL – less than a mile from Pursuit's operations

2 - Expansion Capex of **$152,8m** due to the acquisition of Nimbus Group, which adds **seven manufacturing facilities** in Europe

3 - Expansion Capex of **$50m** due to the acquisition of Vision Marine Corp., which adds **one manufacturing facility** in Canada

- Acquisitions responsible for $10,3m in maintenance Capex over the holding period

2 4 5 Factories Expansion & Maintenance Capex

2 - Expansion Capex of **$2,6m** regarding expansion in **Nimbus factories.** This expansion aims to support initiation of Malibu saltwater fishing boat production in Europe. Sweden's factory will grow 28k squared feet, supporting the production of 1300 boats over the holding period

4 - Expansion Capex of **$2,1m** regarding an expansion in **Malibu's Australian factories.** As of today, Australia's factories are fitted to produce sport boats just for Malibu and Axis brands. In order to expand Malibu's saltwater fishing offerings in Australia and Asia, a 21k sq. feet expansion in Australia's factory will be carried out. An additional 1000 boats are forecasted to be produced in region over the holding period

5 - Maintenance Capex expected to grow at **6,1% CAGR$_{22\text{-}28}$**, driven by an increase in Machinery and Equipment and Buildings and Leasehold Improvements

6 Net Working Capital

6 - Better net working capital management driven mainly by an improvement in inventory turnover, due to expected lower inventory levels at dealers for the next years. Continued improvement in production methods, which leads to a faster boat production, also expected to contribute to this improvement

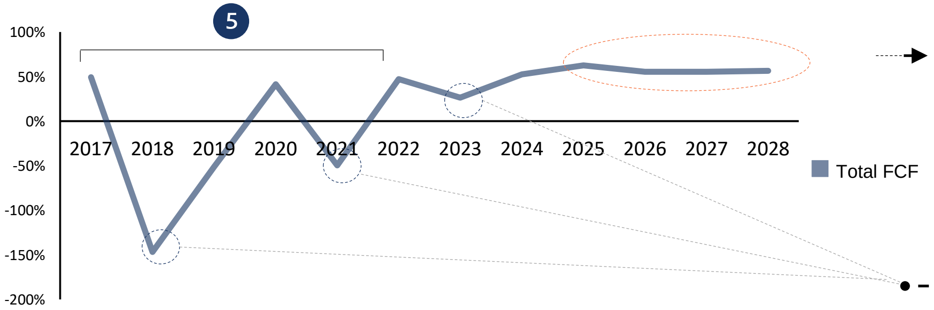
- Acquisitions should also improve NWC metrics due to integration of Malibu's practices

Sources: Malibu Annual Reports, Excel model

Remarkable FCF Conversion ratio enables Malibu to pursue an aggressive Buy and Build strategy

(in $m)	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	CAGR 2021-28
Malibu Standalone EBITDA	**104**	**91**	**157**	**202**	**243**	**310**	**352**	**388**	**427**	**470**	
% of sales	*15,2%*	*14,0%*	*16,9%*	*17,0%*	*18,3%*	*20,4%*	*21,1%*	*21,1%*	*21,2%*	*21,3%*	
Nimbus Group					12	17	21	24	28	31	
Vision Marine						0	0	1	1	1	
Add-on EBITDA					**12**	**17**	**22**	**25**	**28**	**33**	
Combined EBITDA	**104**	**91**	**157**	**202**	**256**	**327**	**373**	**412**	**455**	**502**	18,1%
% of sales	*15,2%*	*14,0%*	*16,9%*	*17,0%*	*16,6%*	*18,7%*	*19,4%*	*19,5%*	*19,7%*	*19,9%*	
Price paid for add-ons					**(76)**	**(25)**	**-**	**(33,8)**	**(33,8)**	**(33,8)**	
Total FCF	**(53)**	**38**	**(77)**	**98**	**69**	**172**	**235**	**229**	**253**	**286**	19,5%
Cash Conversion (%)				48,4%	27,1%	52,6%	63,1%	55,8%	56,1%	56,9%	

Cash Conversion Ratio – FCF as % of EBITDA



Steady state FCF conversion is expected to remain above **the 55% mark**, a remarkable figure that highlights both Malibu's strong cash position prior to and after the integration of acquisitions

Total FCF conversion suffers in acquisition years but recovery to the **50% threshold** the year after portrays Malibu's resilience and strong operating abilities - both of which allow it to maintain an elevated acquisition rhythm

5 Historical FCF excluding acquisitions

- Malibu has, on average, managed to convert **~41%** of its EBITDA into FCF excluding acquisitions throughout the last 5Y
- Average is lowered by the 2018 dip, consequence of a lower Net Income due to an unusually high **effective tax rate of 68%**

Key Aspects

1 Standalone EBITDA Margin Evolution

- Expected to surpass the 20% mark by 2024 mainly driven by strong revenue generation capabilities in the "Performance Sport Boat" and "Saltwater Fishing" segments (expected to grow at 13% and 14.6% $CAGR_{21-28}$ respectively)
- Margin improvement is also attributable to cost synergy materialization derived from the recent Pursuit and MBG acquisitions

2 Combined EBITDA

- Forecasted to grow at a 18,1% $CAGR_{21-28}$ partly due to the strategic acquisition of Nimbus Group (2023) and Vision Marine (2024). Vision will unlock electric sales for Malibu, whilst Nimbus will increase sales in the saltwater fishing segment and grow international sales
- EBITDA margin for the combined segment is slightly below that standalone value, as targets are not as operationally efficient as Malibu currently is. This discrepancy is expected to decrease over time as Malibu implements vertical integration initiatives in the targets' operations

3 Impact of acquisitions on Malibu's financials

- Investment of ~$202m in two acquisitions (Nimbus and Vision Marine), 50% paid in cash in year of the acquisitions (2023 and 2024) and remaining 50% funded through use of direct lending facility (with 7% interest rate), thus spreading out the impact of price paid for add-ons

4 Total FCF

- Total FCF, is forecasted to grow at 19,5% $CAGR_{21-28}$
- Gradual forecasted FCF increase showcases, the Malibu's ability to remain a strong and efficient player in a growing market and the positive impact of Buy and Build due to the highly complementary nature of the acquisitions

Sources: Malibu Annual Reports, Excel model

06

Valuation
Capital Structure
Return

Malibu BOATS

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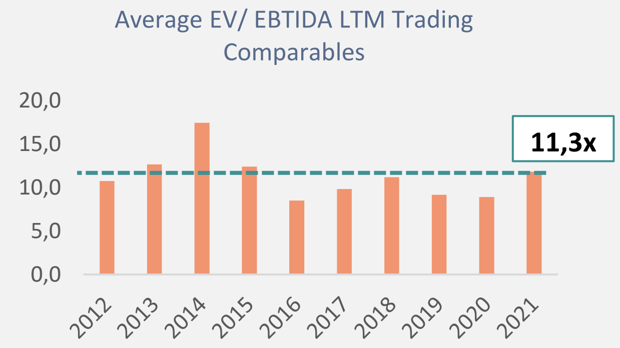
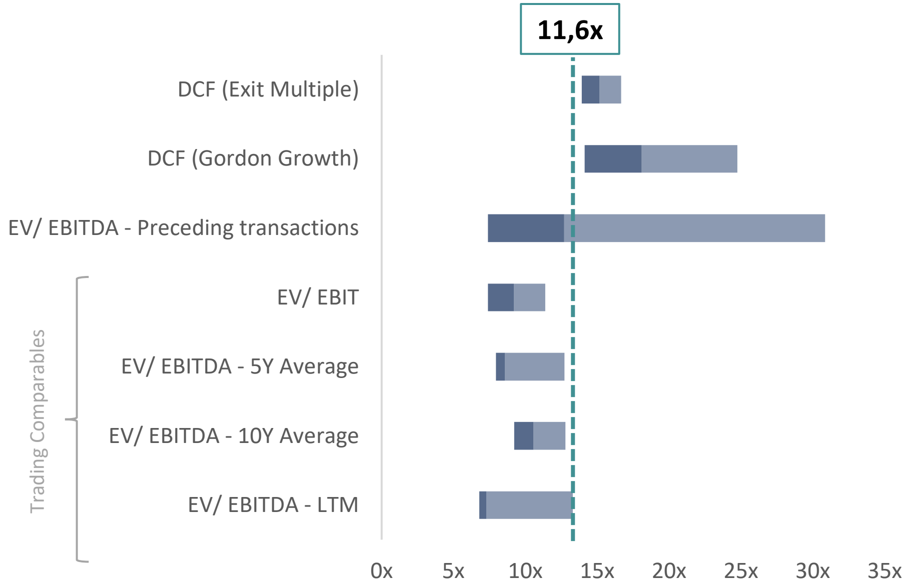
Malibu Boats is valued at an EBITDA multiple of 11,6x

Breakdown of Valuation



- Trading Comparables have an average EV/EBITDA LTM of 11,3x over the last 10 years (2012-2021)
- No detected downward or upward trend in the EV/ EBTIDA multiple of the industry, despite the higher value in 2014 which is mostly justified by outliers

Malibu Boats Value Range ($m)



Enterprise value of $**2 344m**, at a median **11,6x** EV/EBITDA (median of all valuations methods excl. EV/ EBIT)

Comments

- The entry multiple is based on the median of DCF's analysis (exit multiple and GG), EV/ EBITDA (from Precedent Transactions and from Trading Comparables), resulting in a 11,6x multiple
- According with the 2022 forecasted EBITDA, Malibu Boats can be acquired for $2 350m

- Trading Comparables have 12 listed companies, 8 are based in US, 2 in France, 1 in Italy and 1 in Germany. All of them are present in the market of recreational powerboat manufacturing
- Trading Comparables are used for the calculation of EV/ EBIT, EV/ EBITDA – 5y Average, EV/EBITDA -10Y Average and EV/ EBITDA LTM

- Precedent Transactions (8 transactions) were selected from the recreational powerboat manufacturing sector with an announcement date in the last 10 years, through information provided from Financial platforms as well an extensive market analysis

- DCF valuation (Gordon Growth method) has the highest value, despite the conservative rates for WACC and Terminal Value Growth Rate
- DCF uses a 8,4% WACC, and 1,5% Terminal value Growth Rate

DCF Method (Gordon Growth) - Enterprise value ($m), sensitivity analysis

Terminal Growth Rate

WACC	1,00%	1,25%	**1,50%**	1,75%	2,00%
5,4%	5 130	5 398	5 702	6 046	6 442
6,9%	3 737	3 874	4 024	4 189	4 370
8,4%	2 913	2 994	**3 080**	3 173	3 273
9,9%	2 370	2 422	2 476	2 534	2 596
11,4%	1 986	2 021	2 058	2 097	2 138

DCF Method (Gordon Growth) – EV/ EBITDA, sensitivity analysis

Terminal Growth Rate

WACC	1,00%	1,25%	**1,50%**	1,75%	2,00%
5,4%	25,4x	26,7x	28,2x	29,9x	31,9x
6,9%	18,5x	19,2x	19,9x	20,7x	21,6x
8,4%	14,4x	14,8x	**15,2x**	15,7x	16,2x
9,9%	11,7x	12,0x	12,3x	12,5x	12,8x
11,4%	9,8x	10,0x	10,2x	10,4x	10,6x

Sources: Capital IQ, Mergermarket, Reuters

(*) Negative EV/ EBITDA

Total leverage of 4,5x EBITDA in combination of senior loan and mezzanine debt

Sources & Uses

Source of Funds	$m	x EBITDA	% total
Tranche I, Cash&Fees	**2 362**	**11,7x**	**95,3%**
Debt	**909**	**4,5x**	**36,7%**
Senior Bank Debt	606	3,0x	24,5%
Mezzanine Debt	303	1,5x	12,2%
Equity – Tranche I	**1 453**	**7,2x**	**58,6%**
Institutional Ords	100	0,5x	4,0%
Sweet Equity	10	0,0x	0,4%
Institutional Ords - Fund	90	0,4x	3,6%
Shareholder loan	1 353	6,7x	54,6%
Equity – Tranche II	**117**	**0,6x**	**4,7%**
Earnout	117	0,6x	4,7%
Total Sources	**2 479**	**12,3x**	**100,0%**

Use of Funds	$m	x EBITDA	% total
EV	**2 344**	**11,6x**	**94,5%**
Buyout Tranche I	2 227	11,0x	89,8%
Acquired Shares	2 227	11,0x	89,8%
Rollover Shares	-	0,0x	0,0%
Buyout Tranche II	117	0,6x	4,7%
Earnout	117	0,6x	4,7%
Cash & Fees	**135**	**0,7x**	**5,5%**
Cash at Close	100	0,5x	4,0%
Transaction Fees	35	0,2x	1,4%
Total Uses	**2 479**	**12,3x**	**100,0%**

Sources | Debt & Equity instruments

Debt

Senior Bank Debt
- ~$606m with 8 years maturity at 3,5% cash interest rate and 5% amortization (excl. first repayment year)

Mezzanine Debt
- 1,5x EBITDA debt with 6 years tenure at 8,0% interest rate (*due diligence topic*), and 2,5% PIK element

Revolving Credit Facility
- ~$150m available in revolving credit (~2 months sales of max. amount)

Acquisition Credit Facility
- ~$121m available in credit, used to partially fund the two projected acquisitions, at 7,0% cash interest rate

Equity

Shareholder Loan
- ~$1.353m with accruing deferred interest at 7,0% PIK element p.a. and no fixed maturity, and senior claims after debt servicing at 4,5x EBITDA

Ord. Shares - Fund
- ~$90m in equity instrument, with equity claim after debt fulfilment

Ord. Shares - Mgmt
- Initial management investment of $10m for 10,0% of shares

Equity Earnout
- $117m in equity earnout to be fully amortized in 2025

Comments

Uses of funds
- Total **uses** of funds amounting to **$2.479m**, to pay for the EV of ~$2.344m, cash reserves of ~$100m and transactions fees of ~$35M related to the acquisition
- The **entry** EV is based on an entry multiple of **11,6x EBITDA**, further in detail on the valuation section

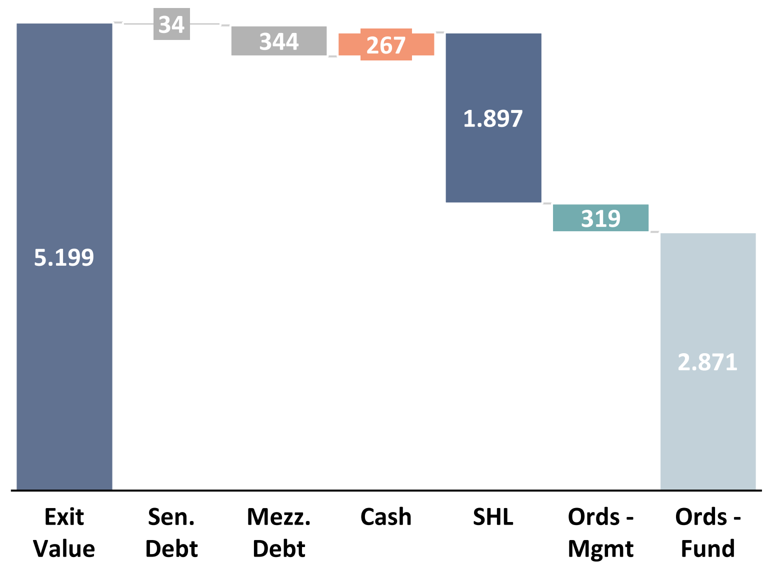
Sources of funds
- Total funds are sourced from a total equity contribution of 7,8x EBITDA (~$1.570m) divided into two tranches, and debt of 4,5x EBITDA (~$909m) divided into senior loan and mezzanine debt instrument
- Total debt is composed of a single senior loan of $606m, contracted in US dollars, with 8 years tenure and a 3,5% interest rate; and Mezzanine debt instrument with 1,5x EBITDA (~$303m)
- The first tranche of equity of ~$1.453m consists of a shareholder loan of $1.353m, accruing deferred interest at 7,0% PIK element p.a. and ordinary shares of $100m (0,5x EBITDA)
- Ordinary shares consist of sweet equity contribution of $10m to top management and $90m of institutional ordinary shares
- The second tranche of equity consists of an equity earnout of ~$117m (0,6x EBITDA), to be paid in 3 years time, with a threshold for EBITDA of $200m

Additional debt instruments
- Revolving credit facility with ~$150m in size, in case of liquidity issues
- Acquisition credit facility with ~$121m in size will be used to partially fund the 2 projected acquisitions in 2023 and 2024

Sources: Analyst Reports, Phone Calls w/ Industry Experts

Capital case with returns of 3,3x MM and 24,7% IRR, with exit in 2027

Exit Waterfall (in $m)



Returns Breakdown

- Total EV generation of $2.855m, with exit at 11,6x EBITDA
- $267m available in cash at exit, in 2027 – $100m from cash reserves and $167m from cash generated in exit year
- No senior debt outstanding in company and $34m left in acquisition credit facility; Mezzanine debt of ~$344M to be paid at exit, incl. $41M in accrued PIK interest
- Management with 10% of equity, yielding a total return of ~$319m
- Shareholder loan totalling ~$1.897m, out of which ~$1.353m from initial amount, plus ~$534m from PIK notes accrued until 2027
- Institutional investment totals $1.560m, from $1.443m upon entry (Tranche I) and $117m upon Tranche II

Sensitivity Analysis

MM	Exit Multiple				
Entry Multiple	10,6x	11,1x	11,6x	12,1x	12,6x
10,6x	3,5x	3,7x	3,9x	4,0x	4,2x
11,1x	3,3x	3,4x	3,6x	3,7x	3,9x
11,6x	3,1x	3,2x	3,3x	3,5x	3,6x
12,1x	2,9x	3,0x	3,1x	3,3x	3,4x
12,6x	2,7x	2,8x	2,9x	3,1x	3,2x

MM	Exit Year				
Exit Multiple	2024	2025	2026	2027	2028
10,6x	1,8x	2,2x	2,6x	3,1x	3,6x
11,1x	1,9x	2,3x	2,7x	3,2x	3,7x
11,6x	2,0x	2,4x	2,9x	3,3x	3,9x
12,1x	2,1x	2,5x	3,0x	3,5x	4,0x
12,6x	2,2x	2,6x	3,1x	3,6x	4,2x

Investor Proceeds

Total Inv.	**$1.443m**	**MM**	**3,3x**
Proceeds	**$4.769m**	**IRR**	**24,7%**

Management Proceeds

Total Inv.	**$10m**	**MM**	**32,0x**
Proceeds	**$319m**	**IRR**	**88,0%**

Case Overview

Management Case

Exit - 2027			
in $m			
Revenue	2.661		
EBITDA	594	**IRR**	32,4%
EV	6.892	**MM**	4,6x
Equity	6.876		

Capital Case

Exit - 2027			
in $m			
Revenue	2.310		
EBITDA	455	**IRR**	24,7%
EV	5.278	**MM**	3,3x
Equity	5.008		

Lender Case

Exit - 2027			
in $m			
Revenue	2.243		
EBITDA	357	**IRR**	17,4%
EV	4.141	**MM**	2,4x
Equity	3.689		

Sources: Excel model

07
Exit Strategy

Several buyers at exit, both strategic or PEs. IPO remains most viable option given Malibu's size at exit

- EV of **$5,278.0m** for Malibu at exit presents a hurdle for secondary buyers (strategic or financial)
- Malibu's prior acquisitions averaged **+$126.0m**, significantly below Malibu's future selling price

	IPO	Strategic Buyer	Financial Buyer	Sale in Parts
Rationale	• Window of opportunity in the public equity markets given favourable conditions and the recent number of IPOs and subsequent returns • Malibu's elevated profits at exit means it will require less monitoring and provides an additional incentive for the IPO route	• Quicker and certain proceeds • Industry that is highly characterised by inorganic growth so process will be highly familiar to both the seller and buyer	• Quicker and certain proceeds at exit • Plenty of fire power in PE with much committed capital waiting to be deployed	• Offload some of Malibu's individual brands through an independent sale • Sale of some manufacturing facilities
Adverse Factors	• Uncertainties associated with an IPO process, mainly considering the possibility that final price might be lower than initially expected • Longer and more burdensome process for investors as stake of private equity fund is locked up for at least 6 months following the IPO	• Much more complicated negotiation is expected to arise through an strategic sale (as opposed to a more experienced PE with abundant deal-making track record)	• More exhaustive due diligence, especially if the acquiring PE is not familiarized with the boating industry or some of the sectors Malibu addresses	• Process might be more time consuming as it will be Difficult to value Malibu independently due to the high complementary nature of the entity
Incentive	• Increased liquidity as executing full exits in the future will be easier for the fund given the company's listed status • More upside return potential in a positive IPO scenario • Malibu's existing management team knows what it is to take the company public as they did so in 2014. Having an experience management team to accompany in the process is crucial	• By the end of the holding period, Malibu's diverse portfolio and outstanding operational efficiency will be highly attractive for any boating manufacturer. Positive belief that all suggested buyers will be willing to premium at exit after pricing in future potential synergies • Malibu's strong international growth with presence in northern Europe and unique positioning to address APAC will be highly appealing to any strategic buyer	• Higher bargaining power than corporate buyers as will likely be willing to pay more • More experienced funds will tend to sell to less experienced ones • Quickest, lowest risk and highest price	• Malibu expected to target 4 segments by exit, meaning that array of potential buyers is high • Individual brand names might be worth more to some buyers resulting in higher valuations

Tier 1 –Strategic Buyers

- SuperYacht Manufacturers — FINCANTIERI, DAMEN
- Global Boat Manufacturers — BRP, BRUNSWICK

Tier 2 –Strategic Buyer

- Interest in recreational boat chartering — AZIMUT BENETTI GROUP

Financial Buyers

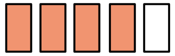
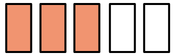
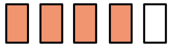
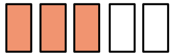
- Active in US — PERMIRA

and/or

- Active in boating space — EAGLETREE CAPITAL

Sources: Malibu Annual Reports, Orbis, and Own Analysis, Journal of Banking and Finance

Essential investigations to be done before the validation of Malibu's acquisition

Area			Description	Relevance
Commercial	Market, Company and M&A	Market Growth and Players	• Analyse the recreational boating market to avoid underestimating or overestimating its market growth and to assess cyclicality of industry • Focus on Europe and APAC regions (look for barriers to entry), and the electric boat market	
		Company	• Assess competitive advantages of Malibu and what makes it differentiate itself from the competitors (high brand recognition and consequent higher pricing-power, or strong operational efficiency) • Appraise salesforce's efforts with dealers and its competence to attract new clients in Europe and APAC, in the saltwater fishing segment	
		M&A	• In-depth diligence on selected acquisition targets • Examine potential synergies and operational efficiencies with Malibu	
Financial	Financial Statements	Reporting	• Review thoroughly the financial statements of the target and investigate the assumptions used in the forecast making sure it is not overestimated; special attention to the revenues forecast that was made by segment and location (revenues in the US or international) • Fair value estimation of intangible assets (considering 3 recent acquisitions by Malibu)	
		Financing	• Study flat-case scenario (zero market growth) and how it would impact returns at exit • Assess ability of company to finance deal (focus on PIK interest rate of Mezzanine Debt of ~8%)	
Technical	Operational	Supply Chain	• Evaluate present and future impacts of recent supply chain disruptions, such as the shutdown of some of Malibu's suppliers • Review the design and implementation process of new enterprise resource planning (ERP) system that Malibu recently started working on • Assess the company's distribution channels and its current relationships with its dealers looking for potential improvements	
		Technical	• Study possibility of production and integration of electric engines into Malibu's current boat portfolio (through acquisition of Vision Marine)	
Legal	Regulations and Certifications	Regulations	• Evaluate regulations in the boating industry in the US, Europe and APAC • Assess Malibu's proprietary rights and confidentiality agreements and their ability to protect the group's intellectual property and technology	
		ESG	• Review insurance coverage (natural disasters) and overall ESG-compliance • Check on European safety and environmental laws that might differ with the US and prevent entrance into	

Sources: Malibu Annual Reports, Own Analysis

Investment Thesis - Individual

Increment global outreach through a strategic acquisition and expansion of current operations

Status Quo

Malibu's international sales have increased **~24%** (2019-21), but current sale breakdown continues to be **heavily inclined** towards N.A.:

% of total sales

	2019	2021
International Net Sales	**$53.1M** (~7.8%)	**$65.7M** (~7.1%)
Sport Boat	$33.4M	$48.9M
Saltwater Fishing	$9.8M	$8.2M
Day Boats	$9.9M	$8.6M

- Malibu should concentrate on gaining market share in the international **Saltwater Fishing** segment, which is the largest in recreational boating
- The international **Sport Boat** segment is driving Malibu's international sales, but it remains a niche market. Increased market share in this market haven't been having a material impact on international sales

N.A. is **not a good** export market, which harms Malibu's ability to sell abroad:

1 **Trade tariffs**

- In 2018 trade policies and tariffs harmed US boat exports. Europe and main APAC countries have a **25% tax** on US imports

2 **Distribution Costs**

- Higher distribution costs are priced in when exporting boats from N.A., reducing their attractiveness to foreign buyers

Strategy

Organic

1 **Initiate Outboard Production in Europe and APAC**

Reasoning

- Malibu can leverage on existing facilities in both regions to host production of Pursuit and MBG boats (currently only produced in N.A.)
- Australia's unique geographic location can be used to serve APAC's recreational boat market, which is expected to hit $2Bn by 2026

Methodology

- Expand European Target's facility to sustain additional production resulting from initiation of production of Malibu's existing saltwater fishing brands in Europe
- Expand 2 existing manufacturing facilities in Australia (combined 72k sq. ft.), which are currently fitted to produce performance sport boats only

Sources: Malibu Annual reports

(1) Euromonitor International 2021

Increment global outreach through a strategic acquisition and expansion of current operations

Strategy

Inorganic

2 Acquire a European Outboard Manufacturer

Reasoning

- European market represents ~25% of global recreational boating market with identical dynamics to the N.A. segment

Methodology

- European acquisition's portfolio is expected to add to our existing fishing portfolio by introducing a range of new boats
- Exploit current dealer network as well as strong brand recognition of European target in the European region

Alternative

- Nimbus remains the preferred option as it will enable Malibu to sell 2,500 fishing boats in the region by 2028 (*vs. 24 in 2021*)
- Other potential target is Targa Boats

Objectives

1 Geographic reach

- Consolidate presence in the European and APAC fishing markets which are rapidly growing and currently unaddressed by Malibu

2 Segment diversification

- Dilute Malibu's sales concentration, currently focused in performance sport boats in North America, thus reducing dependence on the region and a niche market
- Reduce seasonality effect of boat sales in N.A., through increased focus on APAC region – which has an opposite seasonal calendar

3 Mitigate export barrier limitation

- Reduce additional distribution costs that are currently passed on to consumers outside N.A. due to current export limitations

International sales

Saltwater Fishing Boats Sold in EU to be +107x by Exit:

CAGR X% | 107.0x

24 Fishing Boats sold in 2021 vs **2,539** Units sold in 2028

Saltwater Fishing Boats Sold in APAC to be +19x by Exit:

CAGR 52.5% | 19.2x

12 Fishing Boats sold in 2021 vs **228** Units sold in 2028

Sources: Malibu Annual reports

[1] Euromonitor International 2021

Malibu is already a solid player in N.A. with further room for expansion in the recreational boating segment

Status Quo

N.A. remains Malibu's dominant region accounting for +90% of sales in 2021:

1 Sport Boats

- Malibu's extraordinary offerings[1] in this segment have placed it as undisputed leader for +10Y with a +30% market share in 2021
- Consumers' willingness to participate in outdoor activities have made the North American towboat market the strongest one worldwide with retail unit sales forecasted to grow at 11.5% $CAGR_{20\text{-}24}$

2 Saltwater Fishing

- Saltwater Fishing segment is by far the largest segment in the recreational powerboat industry, which is why Malibu has attempted to capture additional market share through the acquisition of **Pursuit and MBG** – both N.A. saltwater fishing boat manufacturers
- Cobalt brand historically focused on the production of day boats, but the declining trend of this industry has resulted in the brand's transformation towards production of saltwater fishing boats

3 Electric Boats

- Malibu's current offerings and research efforts are not directed towards electric boats
- Rising worldwide ESG concerns have reached the boating industry
- Segment forecasted to grow at ~12% $CAGR_{21\text{-}26}$, with N.A. being the fastest growing region

Strategy

Sport Boats

1 Riding Malibu's Wave

CAGR 2016-2020

~18.4%

- Extremely attractive segment that is expected to retain its popularity given the pandemic's influence on consumers' perception of spending time outdoors whilst exercising

Malibu's Current Sale Breakdown

+50%

- Malibu's historic sales in this segment have never fallen below the 50% mark
- 2021 sales in this segment of +480m (+128% increase with respect to 2019)

Sources: Vision Marine Investor Presentation 2021

(1) Refer to slide X and Y of the Appendix for Malibu's industry leading engines and innovations

Malibu is already a solid player in N.A. with further room for expansion in the recreational boating segment

Strategy

Saltwater Fishing

2 Malibu's Bet on Outboards

Malibu's Current Fishing Boat Sales

$240M+

- Malibu had no exposure to the saltwater fishing segment in 2018
- Segment sales in N.A. are expected to grow given the strength of the recently acquired Pursuit and MBG brands

Cobalt's Current Portfolio

11/21

- Cobalt's current portfolio breakdown is currently inclined towards day boats (+50%), a figure we pretend to gradually shift towards saltwater

Electric

3 Expanding Current Portfolio by Going Green

Boat Manufacturers with 0 electric footprint

6

- Malibu's current electric powerboat footprint of 0 will be reversed through the acquisition of Vision Marine Technologies

Objectives

1 Consolidate industry-leading position

- Consolidate Malibu as the sole and dominant performance sport boat manufacturer in the US

2 Diversification of sales

- Reduce sale dependency on the niche performance sport boat market
- The saltwater fishing segment is the largest in the industry and presents a tremendous opportunity for Malibu, who has already tapped it with the insinuating acquisitions of Pursuit and MBG
- The electric boat segment has become mandatory for any traditional N.A. boat manufacturer and Malibu's current lack of exposure is unsustainable

Forecasted growth in main segments

Sport Boat Sales to Increase at 6.8% in N.A.:

CAGR 6.8% | 1.6x

4,355 Sport Boats sold in 2021 vs **6,886** Units sold in 2028

Saltwater Fishing Boats Sold in N.A. to be 2.8x by Exit:

CAGR 16.1% | 2.8x

1,381 Saltwater Fishing boats sold in 2021 vs **3,927** Units sold in 2028

Electric Boat Market penetration at +12% yearly growth:

0 Electric boats sold in 2021 vs **379** Units sold in 2028

Sources: Vision Marine Investor Presentation 2021

(1) Refer to slide X and Y of the Appendix for Malibu's industry leading engines and innovations

Malibu could largely benefit from the acquisition of 1 selected company in North America

Targets in North America

Vision Marine Technologies

Description

- **25+ years** in the boating industry
- **Global leader** in the electric recreational boating industry
- Portfolio of **5 electric boat models** and **manufacturing capabilities** for production of own outboard engines

Key Financials

- Sales: $2,4m
- Gross Margin: 25%

- EBITDA: $-2m
- Acquisition price: ~$50m

CAN 

Rationale

1 **Acquire Intellectual Property**

- Vision Marine has created a **revolutionary electric outboard engine** for recreational boats
- First fully electric motor: E-Motion, is widely recognized as one of the **world's most powerful electric** engines and requires **lower maintenance costs** than a traditional outboard engine
- The **electric boat market** is forecasted to grow at **12.65% CAGR$_{21\text{-}26}$** driven by greener alternatives trends and decreasing costs of batteries

Pure Watercraft

Description

- **10 years** in the electric boat industry
- The **US** based start-up operates in the **electric outboards boat** market by building innovative electric engines

Key Financials

- Operating Revenue: ~$1,0m
- ´[1]Acquisition Price: ~$60m

[1]*Based on comparable acquisitions*

Rationale

1 **Acquire Int. Prop.**

- Sells outboard motors and water-tight battery packs, and collaborates with a number of boat makers to sell ready-to-go electric boats in different shapes and sizes

Sources: Malibu Annual Reports, Analyst reports, Targets' Websites

Sources: Annual reports, Analyst reports

Capital Case M&A Targets Alternative M&A Targets

Malibu could largely benefit from the acquisition of 1 selected company in Europe

Targets in North America

	Nimbus Group AB	Targa Boats
Description	▪ With **53 years of boatbuilding experience** Nimbus G. AB portfolio covers the entire spectrum of potential customers, by providing a diverse offering suitable for simple **recreational boaters** or more **premium** boat seekers ▪ Nimbus G. AB has 7 production facilities, located in Sweden, Finland and Poland	▪ **45 years** in the boating industry ▪ Located in **Finland,** the company's main geographical markets include Greenland, Italy and Greece
Key Financials	• Sales: $181,0m • EBITDA: $12,67m • EBITDA margin: ~7% • Acquisition price: $~150m SW	• Sales: $63,3m • EBITDA: $9,5m • Acquisition price: ~$114m
Rationale	1 **Expansion to Europe** ▪ Nimbus Group AB sells **mostly to Europe (92%),** with a strong focus on higher income Nordic countries ▪ The acquisition of Nimbus is going to support Malibu's brand implementation in Europe, with **7 new facilities**, and **a new saltwater fishing boating portfolio** ▪ Will enable Malibu to become **more environmentally sustainable**, given Nimbus AB's strong focus on environmental goals. Company is amongst few to produce a fully electric boat	1 **Expansion to Europe** ▪ Most of the boat production is "done in-house", closely replicating Malibu's methodology. More personalized product offering and higher future synergy potential

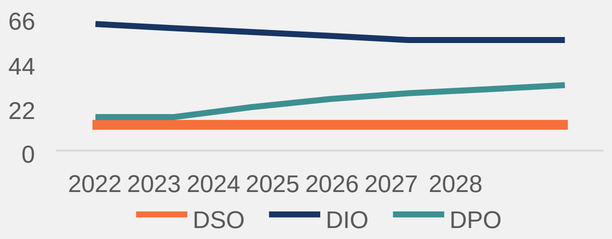
Sources: Annual reports, Analyst reports

Capital Case M&A Targets   Alternative M&A Targets

Important economies of scale in Malibu Standalone

Malibu (1) standalone NWC evolution

- Net Working Capital improvement driven by DPO increase as it approaches the higher competitor average. Decrease in DIO due to dealers' low inventories and continuation of improvement in the production process



Strategy

Organic

1 Operational improvement in Malibu standalone

Labor intensity and economies of scale

- The increase in number of boats sold from 8000 units to around **14000** will create economies of scale
- Adding to that, the Saltwater Fishing segment has still room for operational improvement, mainly through **reduction of labour intensity**

Vertical Integration of electric engines

- Vertical Integration of E – Motion 180 E motor to convert certain Maverick and Hewes boats into **new electric boats**. The powerful E – Motion motor requires less maintenance costs and the vertical integration will allow to produce a new type of engine in-house (the first being performance sport engine marinization)

Objectives

- The EBITDA margin and Gross margin of Malibu standalone is expected to increase during the holding period, mainly due to:

1. **Economies of scale** effects
2. **Improvement of saltwater fishing boat** segment operations (Pursuit and Maverick recently acquired)

(in $m)	2022	2023	2024	2025	2026	2027	2028
Gross Profit	**297**	**349**	**431**	**475**	**523**	**576**	**633**
% sales	*25,0%*	*26,3%*	*28,4%*	*28,5%*	*28,5%*	*28,6%*	*28,7%*
EBITDA	**202**	**243**	**310**	**352**	**388**	**427**	**470**
% sales	*17,0%*	*18,3%*	*20,4%*	*21,1%*	*21,1%*	*21,2%*	*21,3%*

Sources: Malibu's Website

(1)Excludes Malibu's future acquisitions

Notes: * Malibu Boats financial forecasts during holding period

Synergies from future acquisitions

Status Quo

- Its **vertical integration** strategy is a distinctive competitive advantage. It gives higher margins, more control of its own supply chain and crucial design components of its boats
- Malibu is recognized as the **most efficient company** at an operational level in the recreational powerboat market. It has a good track record of operational improvement of recently-acquired companies

(in $m)	2018	2019	2020	2021
EBITDA Margin				
Malibu Boats	*17,3%*	*17,4%*	*15,9%*	***19,2%***
Brunswick Corp	*12,3%*	*12,9%*	*15,3%*	***16,1%***
Mastercaft Boat	*19,0%*	*16,6%*	*11,9%*	***17,1%***
Benetau S.A.	*12,4%*	*12,0%*	*11,7%*	-

Strategy

Inorganic

2 Operational improvement in Nimbus and Vision

Cost Synergies

- Expect **significant savings** due to cost synergies through implementation of Malibu operation standards, vertical integration, product management, supply chain and corporate initiatives. We must also take into account **strategic synergies**, namely leverage of distribution and dealer relationship

Production time and cash flow management

- The average time it takes to produce a boat can be reduced, which will increase efficiency and overall production
- **Better receivables management** (Malibu's DSO is lower than its peers) by improving the collection timing of the receivables

Objectives

- Acquisitions of Nimbus and Vision Marine will result in synergies savings amount of **$45,8m** over holding period
- Nimbus has a higher value of synergies due to the **higher similarity** of business with Malibu
- EBTIDA margin should slowly approach the Malibu margin

(in $m)	2022	2023	2024	2025	2026	2027	2028
Nimbus							
Synergies	**-**		**4,8**	**7,1**	**8,7**	**10,5**	**12,6**
Adj.EBITDA	**-**	**12,4**	**15,6**	**19,3**	**22,1**	**25,2**	**28,6**
% sales	-	*5,8%*	*7,5%*	*8,6%*	*9,1%*	*9,7%*	*10,2%*
Vision Marine							
Synergies				**0,3**	**0,4**	**0,6**	**0,8**
Adj.EBITDA	**-**		**0,2**	**0,4**	**0,6**	**0,8**	**1,1**
% sales	-		*3,0%*	*4,5%*	*5,8%*	*7,2%*	*8,5%*

Sources: Malibu's Website

(1)Excludes Malibu's future acquisitions

Notes: * Malibu Boats financial forecasts during holding period

Individual reflection

Main Learnings Developed during the thesis

Contribution

This project was developed from a perspective of sharing knowledge with all members of the group. In any way, I believe that my contribution, through my personal knowledge and dedication were very important for the development of the project. I would like to reinforce the importance of my academic career in Nova School of Business and Economics, in particular the master's degree in finance and the course of Private Equity, which allowed me to acquire technical knowledge that was used in this project, as well as my professional background in two consultant firms in Portugal.

Knowledge

It was in this project that I managed to share all my knowledge, with three months to develop the thesis, the technical knowledge was thought, worked, applied, and turned to be thought and applied. All the topics were seriously debated and analyzed which led to a lasting learning. I would like emphasize all the technical aspects worked in the project, from the development of the model, the different valuation methodologies used, such as DCF's analysis and trading comparables, as well as all the work developed in the capital structure and in the returns using the LBO.

Personal Development

This project was a very strong challenge also from a personal perspective, it was necessary to develop a set of soft skills, which will certainly be very useful in the professional future. I would like to focus on three points that in my perspective were essential: time management, development of work practises, and coordination of ideas and work methods with the other elements of the group, without them it would not have been possible to develop this project in a sustainable and positive way.

(1) *As of 2021, using major brands in categories and taking av. price of product mix (excluding units sold)*

Why did we choose this industry (future perspective)

We decided to choose this industry, due to the impact that Covid-19 has had in our life, we feel that outdoor activities have gained a lot of importance, mental health is nowadays a very talked topic, and tends to gain an increasing importance in a close future.

Following this observation, the recreational powerboat industry ended up responding very well to this new dynamics and demand. Associated with nautical activities, which excel in contact with the nature, this industry is based on the production of small boats for personal use both for leisure and for sporting activities that may include fishing and water skiing.

With several published papers, these activities develop mental health, concentration and reduce stress, that comes to suppress a growing need of the population.

Key drivers of the industry

The recreational powerboat manufacturing presents itself as an industry with a strong growth trend. The growth perspectives will essentially be based on three points, a greater demand for outdoor activities, an increase in tourist activities that lead to a greater demand for this type of products and the growth of the upper and middle class in specific regions of the planet.

For this industry it will also be interesting to observe its evolution both geographically and in terms of innovation. Currently, the biggest market is in United States of America, but Europe shows a very strong growth. With a considerable economic growth in Asia a considerable increase in demand for recreational boats is also expected.

Finally, regarding innovation, boats industry is also expected to follow a similar path to the automobile, and with this is expected a boom in electric boats market.

[1]As of 2021, using major brands in categories and taking av. price of product mix (excluding units sold)

08

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- 2021 Outdoor Participation: https://outdoorindustry.org/resource/2021-special-report-new-outdoor-participant-covid-beyond/
- Brunswick Sustainability Framework: https://d1io3yog0oux5.cloudfront.net/brunswick/files/pages/brunswick/db/632/description/21_BRN_CB_Sustainability_Report_FINAL+3.30.21+%5Bout%5D.pdf
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- Vision Marine Presentation: https://investors.visionmarinetechnologies.com/wp-content/uploads/2021/06/Vision-Marine-Technologies-Investor-Presentation-June-2021.pdf
- Nimbus Group annual report: https://nimbusgroup.se/en/reports-and-presentations/Repo
- Mordor Intelligence: https://www.mordorintelligence.com/industry-reports/electric-boat-and-ship-market

Valuation & Exit

Relevant Links

Academic Journal

- Jenkinson & Sousa (2015): What determines the exit decision for leveraged buyouts?

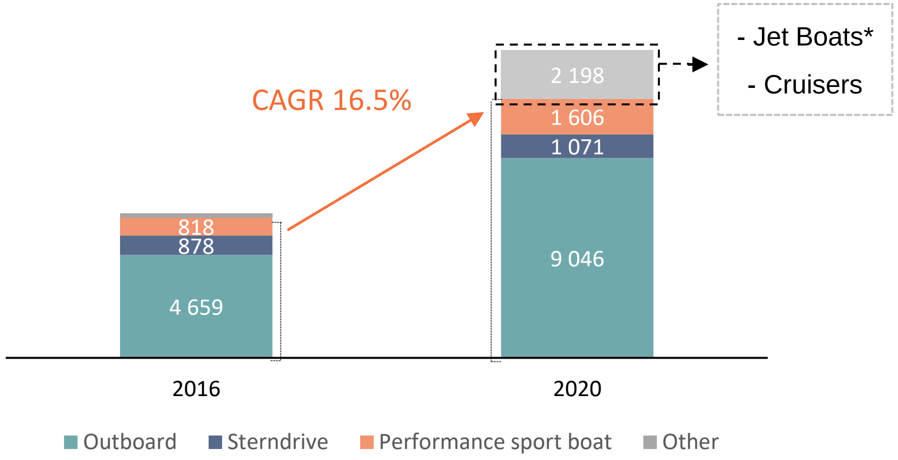
Videos

- European Boating Industry: https://www.youtube.com/watch?v=ZC4tBw8c8h8

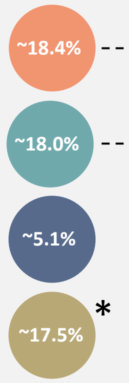
01
Appendix – Industry Overview

US powerboat sales can be categorized in 5 main categories (of which 3 are addressed by Malibu)

Malibu's Addressable Market in US (Retail Sales $m)



CAGRs (16-20)

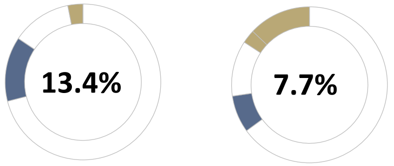


Boat Segment Evolution

- Out of the $13.9B of new recreational powerboats sold in 2020, Malibu had an **addressable market of $11.7B**
- Malibu addresses **2 of the most promising** categories in terms of growth: Performance Sport Boat and Outboard
- Sterndrive is the least attractive segment and has been losing to the Jet Boat category which is perceived as a more attractive investment due to:

More creative designs	Higher speeds and thrills	Less maintenance issues

Decline of Sterndrive as % of Total Retail Sales



As Sterndrive has becomes less relevant, Cruisers made up **13%** of Total Retail Sales in 2020 (almost double the 7.7% of Sterndrive)

Competitive Landscape

As of 2021	Market Cap ($Bn)	Sales ($Bn)	Op. Margin	EV / EBITDA	# Dealers
Brunswick Boat Group	7,7	5,4	15,2%	8,3x	16.000+
Malibu	1,5	0,9	17,3%	9,1x	400+
Groupe Beneteau	1,3	1,5	6,1%	5,5x	400+
MasterCraft	0,5	0,5	14,9%	6,5x	130+
Marine Products Corporation	0,4	0,3	11,4%	11,3x	190+

Outlook

1. Highest operating margin showcases Malibu's robustness and its ability to effectively manage its core business operations
2. Brunswick is significantly larger than most boat manufacturers and its long history of acquisitions might present a potential threat to smaller successful players such as Malibu

Porter's 5 Forces

Competition

- Competition is relatively high in the industry due to its fragmentation
- Competition primarily based on: Price, Brand Name and Product Performance

Power of Customers

- Most manufacturers only sell through dealers
- Dealers are subject to meeting demanding performance criteria. Manufacturers have plenty of alternatives to choose from

Potential of New Entrants

- Technical know-how and continuous innovation are crucial to maintain competitive advantage
- Patented products and intellectual property hinder ability to offer differential products

Threat of Substitutes

- Relatively niche market with technologies and operations that are hard to replicate
- No close substitutes and the complexity of boat production portrayed in high unit prices

Power of Suppliers

- Extremely high, particularly in the outboard market, where Yamaha supplies 40% of these engines worldwide

High Force

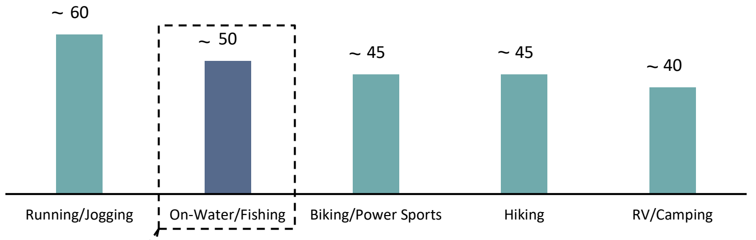
Low Force

Sources: Own Analysis, Capital IQ

Strong tailwinds have bought a wave of new boaters expected to boost recreational boating participation

Leading Outdoor Activity

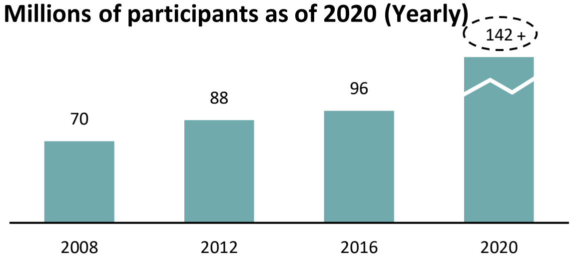
Millions of participants as of 2020 (Yearly)



2nd Largest Outdoor Activity

Increasingly Active Segment

Millions of participants as of 2020 (Yearly)



~103% Increase in boating participation since 2008

~85% of boaters claimed to have used their boats more in 2020

Changing Demographics

A growing and more diverse cohort of participants have turned to boating throughout the last 10 years:

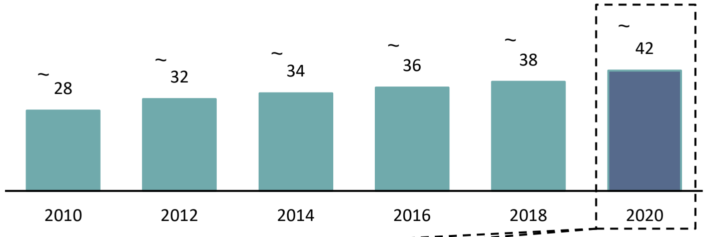
30%+ Increase in first time boat buyers in 2020

95% Increase YoY in Female Boaters in 2020

~35% Increase YoY in Powerboat Retail Sales in 2020

Increasing Time Spent on Water

Average annual days spent by boaters on water in the US



~42 For the 1st time ever recorded, boaters have spent +40 days on water

~50% Increase in average annual days spent on water since 2010

Technology Advancements

2025 Forecasted CAGR in U.S. Boating Electronics

+7%

- The following developments have made boating a more enjoyable and easier experience:

Autonomous Docking

Water Sport Innovation

Electrification/ Power Management

Other Consumer Technologies

Growth in Alternative Channels

2025 Growth CAGR in Boat Rental Market

+5%

- Growth in Boat Rental and Sharing Platform Clubs have attracted growing participation and enhanced accessibility to on-water fleets
- Boat Clubs have become a new powerful end consumer

Sources: Marine Products Corporation 2021 Investor Update

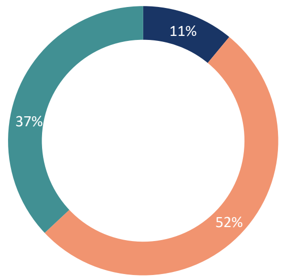
The pandemic has chronically altered society's habits, mainly their view on how to spend their free time

2020 US Outdoor Participation

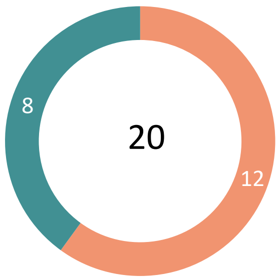
Outdoor Participation Trends

- # of Participants has grown at a of 1.7% CAGR$_{13\text{-}20}$
- 161M Americans participated in at least one outdoor activity (+7.1M increase with respect to 2019)
- Fishing remains one of most popular outdoor activities with an 18% participation rate (54.7M participants)

- **37%** of new outdoor participants reported to have **more free** time as a result of the pandemic.
- **40%** of outdoor activities performed since the onset of the pandemic were **water-based.**

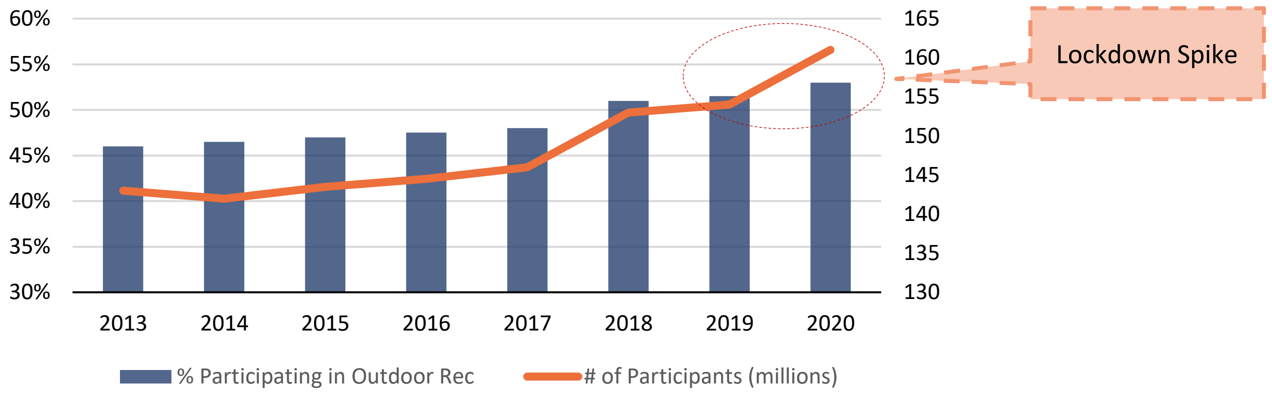


More, less or same free time reported during pandemic



Type of outdoor activities started during/after the pandemic

American Participation in Outdoor Recreation Activities (millions)



Drivers

- How people spend free time during the pandemic is largely motivated by what activities are available to with others in the household and close to home.

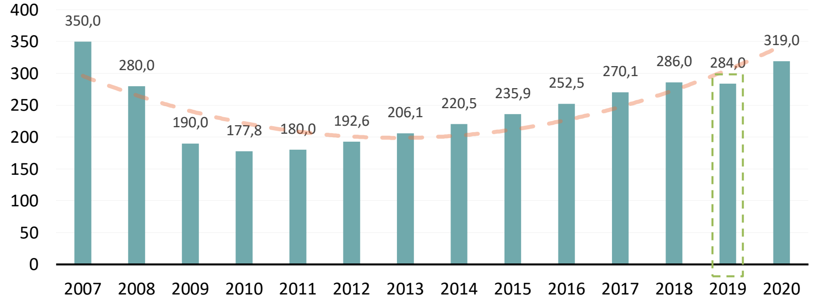
- The pandemic has increased "screen fatigue", a historical barrier to outdoor recreation.
- Although screen time has significantly increased since lockdown, participants seek to reduce this time as restrictions lift.

- Loss, fear and loneliness are common symptoms the pandemic has brought to society.
- Revaluation of preferences with outdoor activities being a cost-effectiveness antidote that can nurture long-term positive changes by bringing families and friends together.

Sources: 2021 Outdoor Participation Trends Report

North America constituted 45% of global recreational boating revenues in 2020

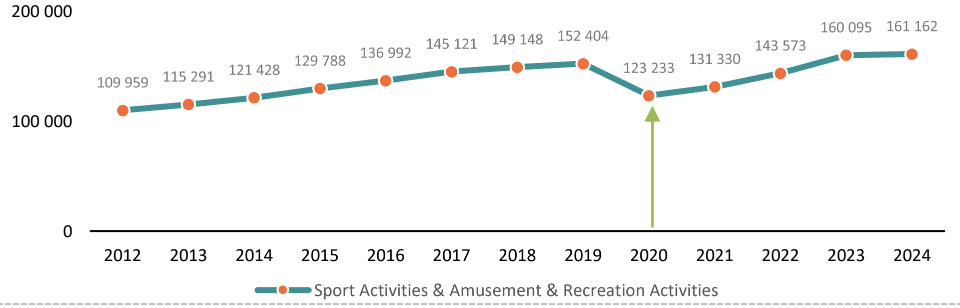
US New Powerboat Sales (thousands)



- New boat sales have increased by **80%** during the past decade.
- Only disruption to **10Y of consecutive growth** was bought by unfavourable weather conditions in the spring/summer of 2019.

- Out of the **319K** ($49.37B in retail expenditures) new powerboat retail unit sales in 2020:
- **13K** were towboats.
- **140K** were fresh water fishing boats (almost 50% of new powerboats sold).

Revenues of US Sport and Recreation Activities ($m)

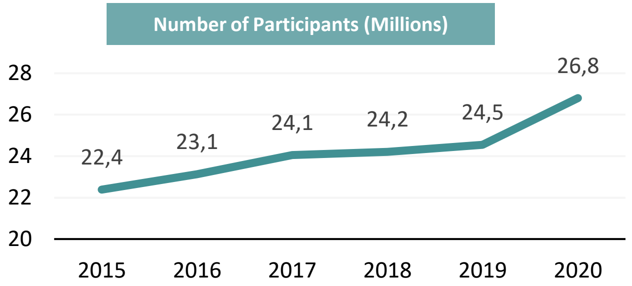


- Forecasted **CAGR of 6.94%** from 2020-2024.
- Boating and fishing are largest recreation activities in country totalling **$23.6B**.

Leading Recreational Activities

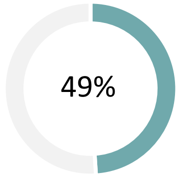
Boat Fishing

- In 2020, the number of boat fishing participants was **19.7%** higher than in 2015.
- **26.8M** is the highest ever number of participants recorded.



Growth Drivers

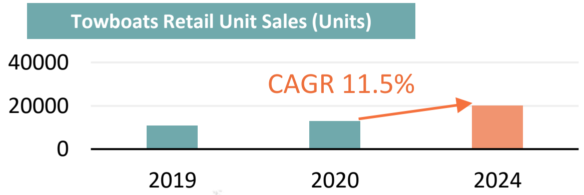
1. New powerboat sales
2. Participants in recreation activities
3. Changing demographics (more women and younger participants)
4. Decreasing fishing license cost.



Percentage of participants fishing on boats.

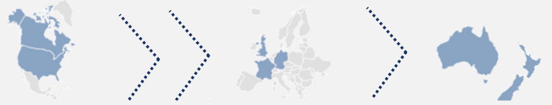
Wakeboarding / Surfing

- By 2024, towboat retail unit sales are expected to reach **20K** units.



Growth Drivers

1. New powerboat sales
2. Participants in sport activities
3. New designs and attractive layouts
4. Increasing HNWI population



North America to remain largest market.

Europe to also hold considerable share of market thanks to demand from UK, France and Germany.

Sources: Sherling Lake, Business Wire, Boating Industry 2021 Special Report on Fishing

The number of HNWI has risen in APAC, EU and N.A. - key regions for Malibu's expansion strategy

"The global response to the pandemic supported the wealthy, with worldwide increases in the number of HNWI and UHNWI"

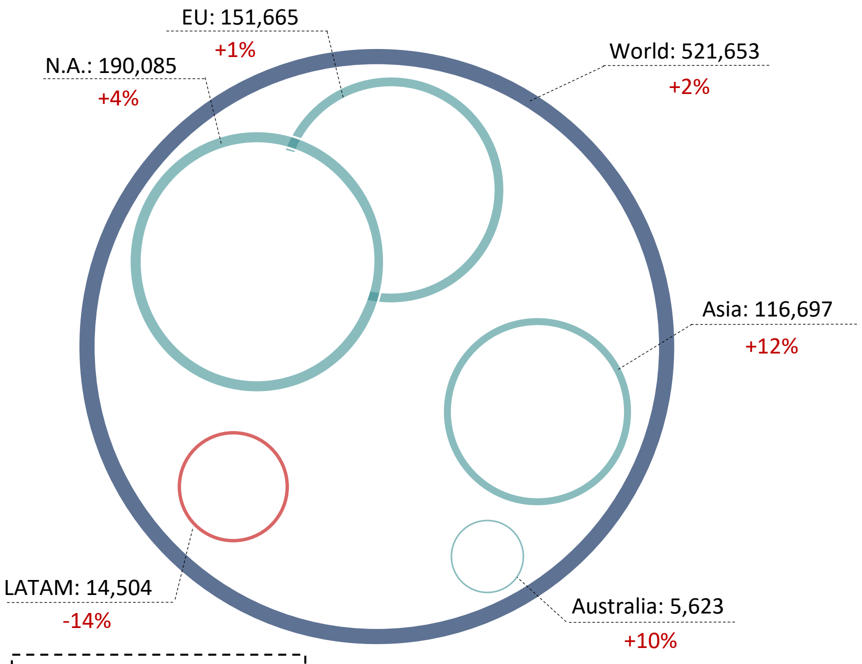
UHNWI

- World's UHNWI population ↑ 2.4%, in 2021 to more than 520K
- Process was seen across N.A. and EU but it was Asia that saw the real upswing with 12% growth.

Asia

- Home to 36% of the world's billionaires
- Region with highest forecasted growth in UHNWI

Global UHNWI Population increase from 2019-20 highest in APAC, N.A. second



- The top 3 countries with largest increase in UHNWI population were:

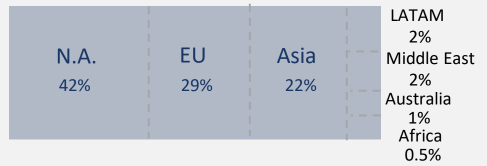
China (16%)

Sweden (11%)

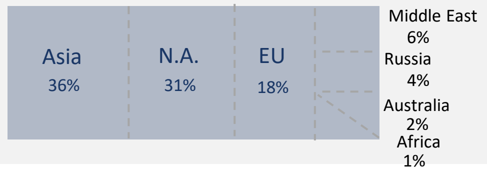
Singapore (10%)

Proportion of world's billionaires and millionaires by region in 2020:

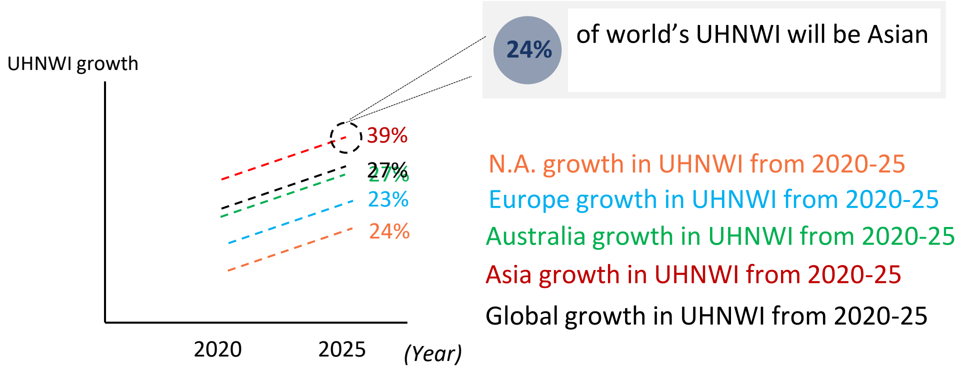
Millionaires

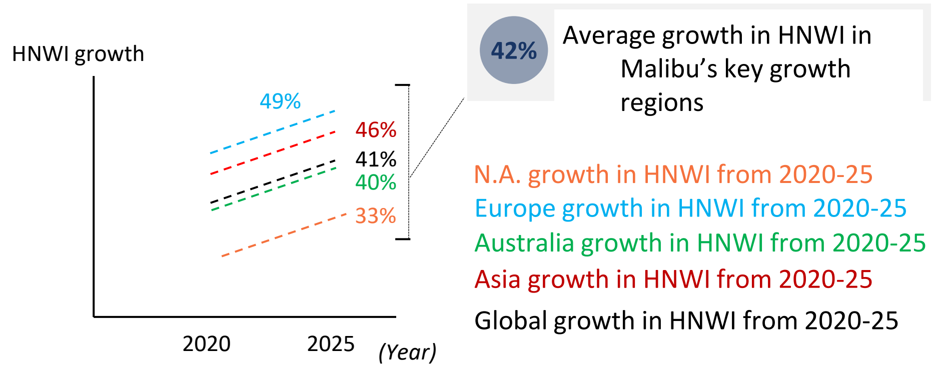


Billionaires



Asia to experience highest growth in UHNWI, Europe for HNWI





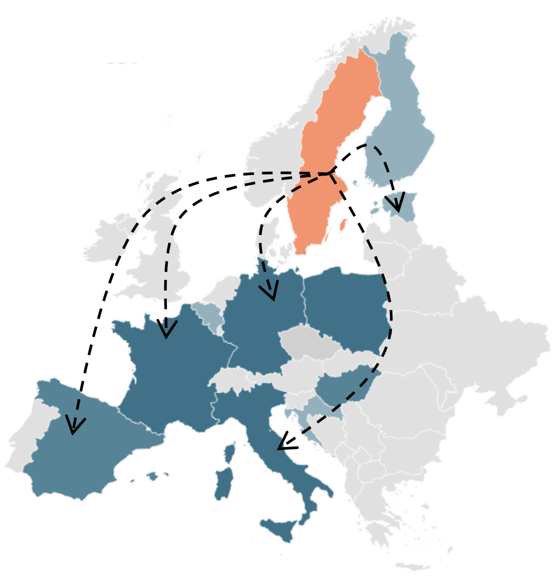
Source: The Wealth Report 2021

[1]UHNWI: Someone with net worth > $30M

Minimal but existing presence in Europe and APAC due to Malibu's ample brand portfolio

Europe's Boating Industry

Swedish Strategic Acquisition



(1)MBUU 2021 Dealer Presence

	COBALT BOATS	Malibu / AXIS	Maverick	PURSUIT	Total
Sweden	⊗	1	⊗	1	2
France	1	6	⊗	1	8
Germany	1	1	⊗	⊗	2
Poland	1	1	⊗	⊗	2
Spain	2	2	⊗	⊗	4
Italy	⊗	2	⊗	1	3
Belgium	1	1	⊗	⊗	2
Hungary	1	2	⊗	⊗	3
Switzerland	1	2	⊗	⊗	3
Europe	8	18	⊗	3	

APAC's Boating Industry

Expansion of Existing Facility

4 Key Countries

- Thailand
- Vietnam
- Indonesia
- Philippines

	COBALT BOATS	Malibu / AXIS	Maverick	PURSUIT	Total
Australia	2	7	1	⊗	10
New Zealand	⊗	1	⊗	⊗	1
China	1	2	⊗	⊗	3
Japan		* 1	⊗	⊗	1
Thailand	1	1	⊗	⊗	2
Philippines	⊗	1	⊗	⊗	1
Singapore	⊗	1	⊗	⊗	1
South Korea	⊗	1	⊗	⊗	1
Asia-Pacific	5	15	1	⊗	

Key Points

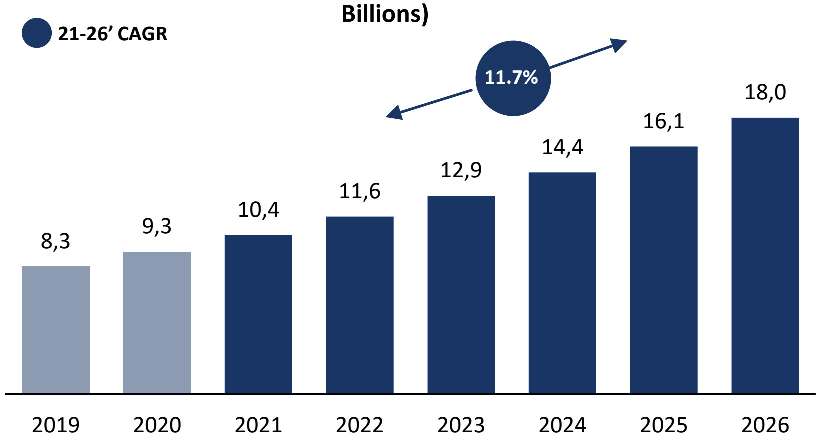
- Although Malibu has at least one dealer in key European regions, Finland and Estonia remain unexplored. Recreational boating is expected to grow significantly in these regions and Nimbus's acquisition plays a crucial role in serving this region in the future due to its geographical proximity
- Out of all the brands in the portfolio, Malibu and Pursuit have the least presence in Europe. The outboard industry is also the largest in EU which means that not supplying these type of boats in this region is crucial to understanding why international sales are extremely low
- Acquiring Nimbus, an important outboard manufacturer in the region, will enable Malibu to further penetrate the European outboard market through Nimbus's existing boat portfolio
- Additionally, having a manufacturing facility in this region, is crucial to producing MBG and Pursuit boats in Europe, which will undoubtedly increase their up until now minimal penetration of the market

Source: Individual Brand Websites

Very sizeable, growing market with strong acceleration in 2020.

Electric boat market poised to gain growth as societal trends turn more sustainable

Forecasted Global Electric Boat Market (USD, Billions)



Continued growth in the electric boat market:

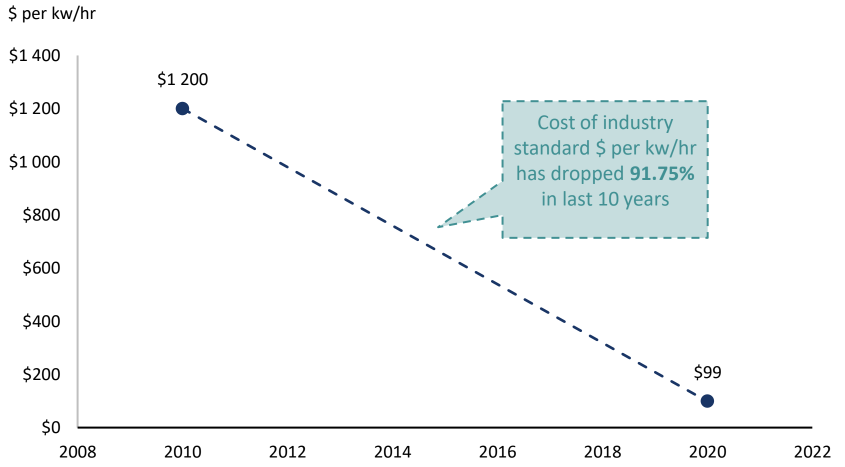
Technology Advancements: Greater battery range and horsepower at lower cost

Internal Combustion Engines (ICE): Electric engines remain a more viable option when compared to ICEs, taking the total cost of operation (TOC) into account

Regulation: Government, state and local legislation less lenient on pollution rate standards inherent in ICEs

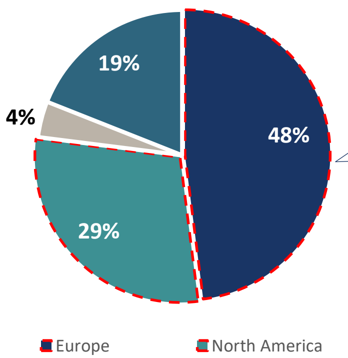
Comfortability: Superior to ICEs in terms of less smoak, noise, vibration and maintenance costs

Average Price per Kw/Hr of Lithium-Ion Battery



Europe is by far the largest market (~48%), but N.A. is the undisputed second, large potential opportunity for Malibu

2020 Revenue Share



Malibu's main addressable markets account for **77%** of Global Electric Boat Market

Relatively nascent and fragmented market with few companies producing 100% electric boats

Main Competitors / Challengers →

Rand	Zin Boats
Serenity Yatchs	Serenity Boats

Source: Vision Marine Investor Presentation 2021, Statista, Mordor Intelligence

Potential Entry Points to Electric Boat Market for Malibu

The competition in the recreational boating industry is fierce and driven by innovation

Major Recreational Boating Players Over Last Decade

- There are a substantial number of manufacturers in a well integrated and fragmented industry.
- Proprietary **technical 'know—how'** is crucial in this industry which is why leading innovators such as Malibu or Nautique are market leaders in the US.

- Introducing **new technology** in boats at faster pace than competitors is crucial for the company's competitive position.
- Competition in the industry is primarily based on: Price, Brand Name and Product Performance.

Dealer Supply Chain

Boat manufacturers faced supply chain disruptions throughout the pandemic leading to historically low inventory levels.

Third-party suppliers deliver raw materials and components through informal supply arrangements. 3Y formal agreements are common for more expensive product parts such as engines and electronics.

1 Engines

Costliest component.

Marinization enhances performance and reliability.

Few suppliers with large **bargaining power**.

2 Electronics

Electronic giants supply latest onboard **consoles and components**.

Malibu has recently partnered with Garmin: **world's most** innovative marine electronics manufacturer.

3 Raw Materials

<u>The pandemic bough shortages in</u>:

Fiberglass (deck) | Vinyl

Petroleum-based resins (deck): **+41%** price surge in 2021. | Foam

Steel: **+251%** price surge in 2021.

Dealer Networks

Most manufacturers sell boats through a dealer network, making competition amongst manufacturers to selectively recruit and secure market-leading dealers fierce.

Dealer Management

Dealer Relationship	▪ Dealer base is a crucial component of customers' experience in the boating industry ▪ A strong relationship makes all the difference in the industry
Dealer Agreements	▪ Dealer agrees to represent, market and promote manufacturers' products ▪ Dealers must be able to service manufacturers' products (i.e. issue repairs)
Floor Plan Financing	▪ Most NA dealers purchase boats through "*floor plan financing programmes*" - a line of credit provided by a third party ▪ This model exposes manufacturers to repurchase agreements as they are obliged to buy the boat back from the lender if dealer fails to make repayments
Warranties	▪ When manufacturers take responsibility of warranties it improves overall service for customer as they are never left unattended. ▪ Manufacturers should only include parts in their boats that they know they'll be able to cover.
Dealer Risk	▪ State of credit markets and interest rates affects their access to adequate financing resources in order to finance boat purchases.

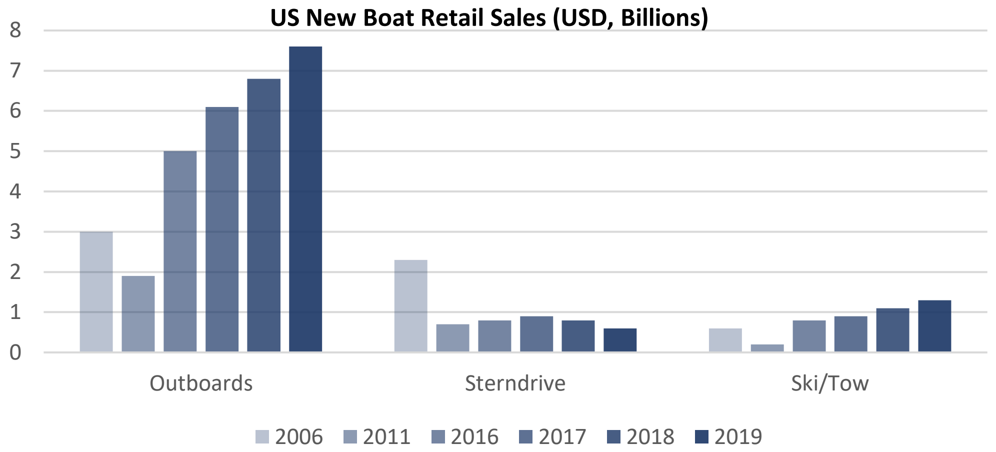
Sources: Malibu Annual Reports, Bloomberg

Competition in N.A. in Malibu's addressable segments

Competition (by segment)

Performance Sport Boat	▪ Highly concentrated with the top 5 brands accounting for over 75% of the market.
Outboards	▪ Highly fragmented with the top 5 brands accounting for 30% of the deck and saltwater fishing market. ▪ +200 manufacturers ▪ Boats larger than 25' are outperforming the overall segment as consumers demand bigger and more powerful boats.
Sterndrive 30'- 40'	▪ Highly concentrated with the top 3 brands accounting for over 75% of the market (this includes Cobalt, which is #2).

Recovery from the 2008 financial crisis until the pandemic (by segment)



- Not all segments have recovered in the same way. Outboard segment continues to be the largest and continues to grow. The Ski/Tow, as opposed to Sterndrive, has benefited from growth and has overtaken the sterndrive segment and is forecasted to grow at a larger pace.

Performance Sport Boats 2021, US

Rank	Ski-Wake Brand	Market Share[1]	Y-o-Y Change
1	MasterCraft	~21.1%	↑ 0.4%
2	Malibu	~20.2%	↓ 1.2%
3	Nautique	~14.7%	↓ 1.8%
4	Axis	~10.9%	↓ 0.9%

~31.1%

Sterndrive Day Boats 2019, US

Brand	Market Share	Units (2019)[2]
Sea Ray	~43%	357
Cobalt	~20%	152
Regal	~13%	98
Chaparral	~7%	54

~20% + ~36%[2]

Source: Brunswick Marine Industry Overview

[2] Cobalt's market share in the 24'-29' category (12-months ending June 2021)

02
Appendix – Company Overview

NOVA SCHOOL OF
BUSINESS & ECONOMICS

Malibu has a very experienced management team in charge

Management team

Jack D. Springer, CEO

CEO since Feb 2010

Previous experience as CEO of a manufacturer of tactical armor systems for federal, state and local law enforcement agencies and defense contractors

B.A. in accountancy from University of Texas

Wayne R. Wilson, CFO

CFO since Nov. 2009

Previous experience as vice-president of Black Canyon Capital LLC – responsible for due diligence and execution of several acquisitions and financings

Worked as an investment banker at Credit Suisse

B.A. in Business Economics from University of California

Ritchie L. Anderson, COO

COO since Sept. 2013

Joined Malibu in Jul. 2011 as V.P. of OperationsPrevious experience as V.P. of Operations at Mastercraft – worked 28 years in production management

30+ years experience in boat manufacturing industry

Board of Directors

Dan L. Gasper

VP of Product Design since Sept. 2013

Joined Malibu in 1988

> 25 years experience in product design

Deborah S. Kent

VP of Human resources since Sept. 2013

Joined Malibu in 2011

Greg Ward

VP of Information Systems and Technology since Oct. 2016

Joined Malibu in 2011

Cory Dugger

VP of Engineering since Aug. 2016

Joined Malibu in 2011

> 15 years experience in the boat manufacturing industry

Eric K. Bondy

VP of Sales since May 2016

> 22 years experience in the power sports industry

Donna Tallent

VP of Manufacturing since Jan. 2019

Joined Malibu in 2010

> 20 years experience in the marine industry

Malibu Boats Awards

2021: The Boating Industry Magazine's "Top Product" award for the new Malibu M220 in 2021

2020:

The WakeWorld 2020 Riders Choice Award for Wakesurfing and Wakeboarding Boat of the Year for the Malibu Wakesetter 23 LSV

The Boating Industry Magazine's "Top Product" award for Malibu M240 and Pursuit S 378

The Sounding Trade Only Today's "Top Most Innovative Marine Companies"

The "WSIA Innovation of Year" award for our Malibu M240 M-Line Hull with Surf Gate Fusion

2019:

The WakeWorld 2019 Innovation of the Year for the Power Wedge III

The Boating Industry Magazine's "Top Product" award for Malibu 25 LSV

The Boating Industry's Best New and Innovative Products in 2019 for the Cobalt A29

The Sounding Trade Only Today's "Top Most Innovative Marine Companies"

the "WSIA Innovation of Year" award for Malibu Monsoon Engine

2018:

The Boating Industry Magazine's "Top Product" award for Surf Band

2017:

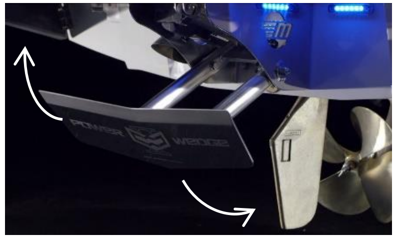
The "WSIA Innovation of Year" award for Malibu Command Center

2016:

The Boating Industry Product" award for Surf Band

Sources: Malibu Annual Reports

Malibu's continuous innovations have shaped the boating industry over the last decade

Product	Description	Patented	Available on:	Impact on Industry
Surf Gate™ 	▪ Located at the rear of the boat, this marvellous piece of engineering creates a perfectly shaped, glassy wave without the hassle of having to evenly balance weight ▪ Game-changing technology with unrivalled performance ▪ Tucks itself after certain speed threshold which means technology does most of the work	▪ Introduced in 2012 and patented in 2013	Optional for: All Malibu All Axis Certain Cobalt	▪ Until the introduction of Surf Gate™ , boaters would have to empty ballast tanks on one side of the boat and shift passengers around to lean the boat to create a larger, more pronounced surf-quality wake. ▪ Through these engineered and electronically controlled panels, this time-consuming and cumbersome process is eliminated.
Power Wedge™ 	▪ A hydrofoil located at the rear of the boat, this feature makes wakes and waves bigger by pulling down the back of the boat ▪ Now on its 3rd iteration, Power Wedge™ III has 5 more degrees of lift for more usable positions and an improved exhaust pipe so it's more effective	▪ Patented in 2013	Optional for: All Malibu All Axis	▪ Unmatched versatility that allows riders (from beginners to pros) to dial in a wave that's suited to their level ▪ Unlike a normal hydrofoil, the Power Wedge™ isn't fixed and has several usable positions as well as a larger surface area ▪ Malibu Surf Band™ allows you to set your wave settings from the water using your wrist
Surf Band™ 	▪ In the form of a wrist-watch, the Surf Band™ offers more control to the rider behind the boat by enabling the adjustment of wave, shape, size and side one click away	▪ Patented in 2018	Optional for: All Malibu All Axis	▪ An industry first that allows for singularity and more control for the rider over the volume and speed of the wave
Gx Tower™ 	▪ An improvement from the previous G3 and G4 towers, the Gx Tower™ is raised and lowered using a gas-spring-assisted technology – just a push of a button away ▪ Availability to stack with racks, speakers and a tower mister (a Bimini top designed to protect passengers from the sun)	▪ Patented in 2019	Optional for: All Malibu All Axis	▪ Giant leap forward in technology and convenience ▪ Time saver as it improves your time in the water

Sources: Malibu Website

Year	New Boats
2021	▪Malibu and Axis (main characteristic: to be larger boats): **M220**, **24 MXZ**, **A 24** and **23 LSV** ▪ Pursuit (main characteristic: below 30' segment): **S428**, **DC 246** and **S268** ▪ Cobalt: **R6** standard and outboard, **R8** standard and outboard
2020	▪ Malibu and Axis: **Malibu Wakesetter 23 MXZ**, **M240, Malibu Wakesetter 20 VTX, Axis A20** ▪ Pursuit: **DC266**, **DC326** ▪ Cobalt: **A29**
2019	▪ Malibu and Axis: **Malibu Wakesetter 25 LSV, Axis A22, Axis T23** ▪ Cobalt:**CS23, R4**
2018	▪ Malibu and Axis : **Malibu Wakesetter 23 LSV, Axis A24, Axis T22,** ▪ Cobalt: **25SC, 30SC, A36**

Images

R6 Outboard

M 220

S248

A29

23 MXZ

DC266

C S23

25 LSV

30SC

T22

New Boats

2021	▪ Introduced the Malibu Surf Gate to Cobalt's R-Series Surf Models
2020	▪ Malibu and Axis introduced from Cobalt the Flip-Down Swin Step ▪ Patented of Splash-and-Stow to Cobalt boats ▪ Announcement of the new automated E-Step
2019	▪ For models in 2019 they have introduced the New Stern Turn innovation
2018	▪The patented Power Wedge 2 become available on all Axis Models
2017	▪ Malibu announced licensing agreements with MasterCraft and Tiger, in defense of their intellectual property ▪ Introduction of exclusive Malibu stereo system (audio) ▪ New G3.5 tower for Malibu Wakesetter
2016	▪ Vertical Integration initiative with the integration of trailer manufacturing ▪ Malibu and Axis models incorporated a new windshield backed by LED lighting, a new standard in the industry. ▪ Introduction of panoramic rearview camera option
2015	▪ Integration of SurfPlatform, 12'' touch screen with Viper II operating system, Power Wedge II, and G4.

Sources: Malibu Website

Malibu's segment has a total of 14 models, within 2 main brands (Malibu and Axis)

Product mix | Malibu

	Product	Description	Product types	Consumers	Markets
Malibu	**M series** 	**Flagship** of the iconic Malibu brand Models ranging from **$60.000 – $210.000**	**2** models: M220 M240	n.a.	USA $65k – $215k
	Wakesetter series 	World's **best-selling** traditional bow **towboats** – combine luxury with performance	**7** models: 25/23/22 LSV 23/24 MXZ 21 LX & 20 VTX	Positioned as luxury performance boat	
	Response series 	Tailored for waterski, wakesurf and wakeboard	**2** models: TXi MO TXi MO CB	n.a.	
	Axis 	Launched in 2009 + affordable entry-level boat, with option to upgrade key features (eg. surf gate)	**5** models; 20' – 24'	Target is **younger demographic**	USA $70k – $120k

Malibu offers 43 models in the Saltwater Fishing segment, across 4 different brands

Product mix | Saltwater Fishing

Saltwater Fishing

Product	Description	Product types	Consumer	Markets
Pursuit 	Pursuit is a premium brand of **outboard** fishing boats	**15** models 22 - 44 ft	Ideal for fishing and casual cruising & luxury entertainment	USA $100k – $1,2M
Cobalt 	Founded in ‘85 and acquired by Maverick in ‘05 Offers incl. center and dual console vessels	**13** models 20 - 35 ft	Promote ease of boating and fishing for all levels of anglers and boaters	USA $55k – $475k
Pathfinder 	Launched in ‘84 by Maverick Provides versatile inshore fishing boat	**9** models 20-27 ft	Dedicated anglers looking for comfort and safety	USA $50k – $220k
Maverick & Hewes 	Sterndrive & outboard recreational boats	**6** models; 16 – 21 ft		USA $45k – $105k

Appendix | Product Mix 3/3

Cobalt brand offers 16 models, across 3 different segments

Product mix | Cobalt

Cobalt

Product	Description	Product types	Consumer	Markets
Surf class 	Combines luxury and superior wake surfing technology Truwave technology with Volvo Penta FWD	**3** models 23 – 27 ft	New generations of fun-seeking families	
Sterndrive 	Delivers unmatched elegance, luxury and performance	**9** models: R series 10 series A series	Designed for boating enthusiasts, demanding the ultimate luxury offering	USA $65k – $500k
Outboards 	Designed to add convenience, economy and + quiet rides Perfect for both saltwater and year-round lake boating	**4** models 23 – 29 ft	Meant for boat enthusiast looking for increased saltwater use	

Malibu marinizes its engines for Malibu and Axis branded boats since 2019

Malibu Monsoon Engines - Award-Winning Performance, Unmatched Reliability

Next generation engines released in 2020: M5Di // M6Di

Clean Machine
- Ultra Low Emissions
- Cleanest high-powered engine in the industry

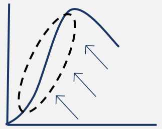
FeAD
- Patent-pending
- Fully integrated cooling system using environmentally friendly coolant instead of raw water

Award-winning design bound to set the new standard for inboard engines

+200
- Thousands of hours spent designing, 3D-printing and testing +200 custom parts
- The engines themselves along with key components (i.e. custom manifolds) have already been lauded with awards

Power, Power, Power

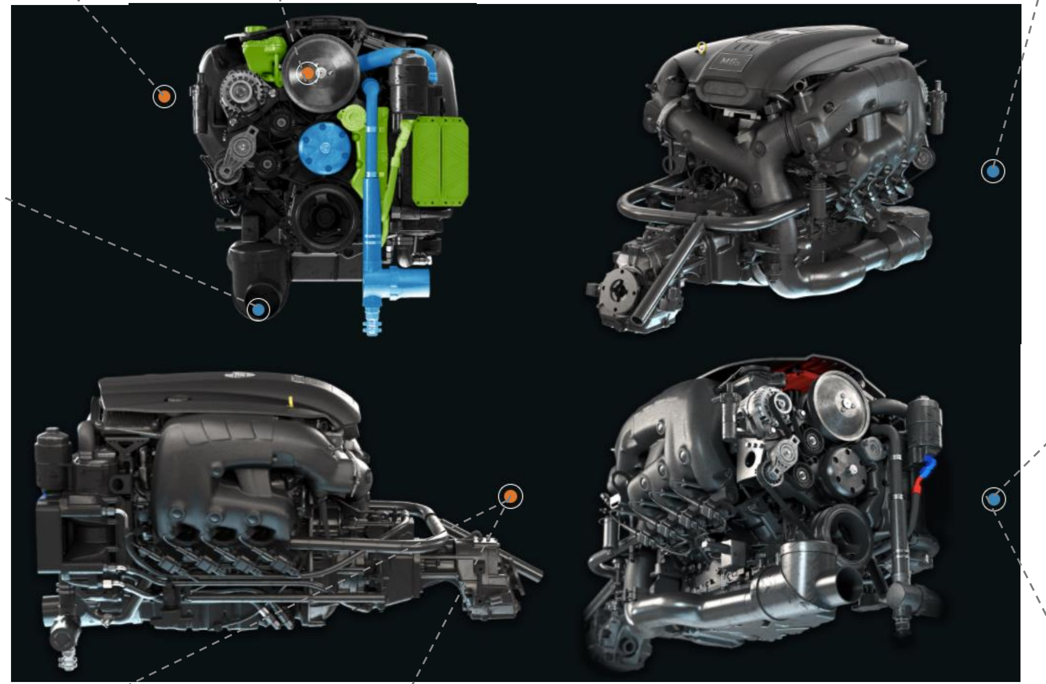
Torque Curve
- Direct-injection technology used to derive the maximum torque – crucial in a towboat
- Specifically tailored for water sports: maximum power delivered early in the torque curve to avoid bog downs



Green as a leaf

CARB 5 ★★★★★
- Exceed CARB 5-Star emission standard

50%
- 50% lower emissions than other 4-Star rated boats



On-water sound system like never before
- Reduced engine noise and vibration improve hearing and feeling
- Engines built for having conversations whilst running at full speed.

Close partnership with GM Marine, and worked with engine experts in R&D and design to produce a towboat engine like no other in the industry

General Motors | McLaren Engineering | Davinci | Roush

Exceptional quality utilizing state-of-the-art methods

+1000
- Thousands of hours of in-boat testing

+3000
- Engines designed to deliver around 3000 RPMs and peak torque for optimal performance & fuel economy
- Longevity ensured from powerband as engine does not have to run at higher RPMs

Only tow boat company that has it's own engine going into it's own boat
- Reduce reliance on engine suppliers (avoid any risk in change in cost or production)
- 70K sq. foot facility exclusively used for engine marinization

Sources: Malibu's Website

TM Industry First / Unique Offering

Different engines can be compared across different spectrums, each with their own advantages

Boat Category	Description	Engine	Analysis	Common Use
Outboards 	Outboard engines are mounted outside of the boat's hull, which is why they're called "outboards" Outboard engines are used to both power and steer the boat. To steer an outboard you need to move the entire engine. On smaller boats, this is often done using a hand tiller, while on larger outboards a steering wheel adjusts the direction of the engine	Composed of: Engine Propeller Steering mechanism Different sizes: Two/three-cylinder models Larger V-6 and V-8 engines	Safer in shallow waters as engine tilt can be adjusted to depth Easier to maintain engine as it is exposed and accessible Last longer than other type of engines	Fishing Boats
Inboard 	Inboard engines are located inside the boat's hull. Inboard engines are four-stroke automotive engines that have been modified for water use (marinized) Unlike an outboard, an inboard engine doesn't also steer the boat. Instead, inboards have rudders located behind the propeller and controlled by a steering wheel	Inboard motors are powered by either gasoline or diesel fuel Single or twin-engine variant There are 1- to 12-cylinder models as well, though most boats are fitted with 4- to 6-cylinder models	Better stability as engine is at the bottom of boat Great for power and speed More prone to water damage Harder to clean and maintain	Wakeboards Water skis
Sterndrive 	Stern drives are often called an "inboard-outboard" because it shares features of both types of engines. Similar to inboards, stern drive engines use a four-stroke automotive engine mounted on the inside of the hull to power the boat Like an outboard, there is a drive unit used to steer the boat. To steer a stern drive, turn the steering wheel, which then turns the drive unit	Available in different models, with 4-cylinder and V-6 engines being the most commonly used	Greater steering control at all speeds Allows forward and reverse movements Best fuel economy	"Day" Boats Leisure Boats

Source: Tom George Yacht Group

List of vertical integrated Items

- Own engines (for Malibu and Axis)
- Boat trailers
- Towers accessories
- Machined
- Billet parts
- Soft Grip flooring

2009- 2010

Towers and board racks

2011- 2014

Aluminum billet/ stainless components

2015

Trailers

2018

Engines

Main Vertical Integration

Marinization of engines

In 2016 Malibu did a engine supply agreement with General Motors for the supply of engines block, the marinization of the engines takes place for the Axis and Malibu engines. The agreement with General Motors runs until 2023, and the Malibu expected to use this engines in 2019 models

- Marinization of the engines had a expected cost of $18m during 2016 and 2019
- For the marinization process Malibu acquired a 70 000 square foot facility in Loudon
- With the marinization process working at a full capacity, it will be the largest inboard engine manufacturing of the industry, given a considerable scale competitive advantage over peer
- The payback period should be around 3 years, and since the first fully operational years are expected an increase in EBITDA Margin

Results

- Better control over the supply chain both in terms of price, timing and product delivery
- Higher flexibility in product production
- Greater ability to incorporate product innovations and greater control over quality (more specifically about the design and customer customization options)
- Higher Margins, reducing cost base and improving the efficiency of the manufacturing process)

Comparation with competitors

Gross and EBITDA Margin %	2018	2019	2020	2021
Gross Margin				
Malibu Boats	*24,2%*	*24,3%*	*22,9%*	*25,5%*
EBITDA Margin				
Malibu Boats	*17,3%*	*17,4%*	*15,9%*	***19,2%***
Brunswick Corp	*12,3%*	*12,9%*	*15,3%*	***16,1%***
Mastercaft Corp	*19,0%*	*16,6%*	*11,9%*	***17,1%***
Benetau SA	*12,4%*	*12,0%*	*11,7%*	-

- According to Malibu official reports, currently they are working in 2-3 vertical acquisition projects, which usually leads to “tens” basis points upside in EBITDA margin
- Effects from the vertical integration strategy are already quite visible in 2021 with an EBITDA margin solidly above the competitors
- According to Wolfe Research Report, Malibu should have a 15-25 percentage point advantage over peers in terms of % of products produced at home

Sources: Malibu Annual Report

Malibu and Axis brands incorporate value since production

The secret in Malibu Boats' (Brand) superior quality lies in the factory – where 3 main pillars differentiate it from competitors

Materials

Materials used to produce Malibu boats are "**Chrome Coated Stainless**" (polished stainless product) as opposed to "Chrome Coated Products"

☑ No issues with corrosion or deterioration

☑ Increased durability

In-House Production

Despite recurring to suppliers for certain items, Malibu is the only manufacturer to to produce certain items in-house:

- Boat Towers

☑ Reduced costs

☑ Additional value provided to the consumer

In-House Machine Hardware

Malibu owns full machine shop with proprietary design tools to engrave all the metals that appear on boats:

- All logos of Malibu and Axis boats are engraved in the factory

☑ Added creativity and flexibility for designs

☑ Reduce dependency on supplier

Hull

1. Superior mould:
   - Steel reinforced in precise temperature range
   - Electronically tracked to ensure rigid maintenance schedule
2. State of the art taping process:
   - Applied by quality craftsmen
   - Defines unique art, colour and versatile combinations of Malibu Boats
3. Gel and resin coats: (TM)
   - 3+ different metallic layers
   - Resin coats are skipped by every other boat manufacturer
   - 8 layers of hand-laid fiberglass (industry stops at 6)
4. Patents: (TM)
   - Malibu Sound Suppression Tech
   - Engine Chassis System: FibECS

Developed in 1993, it is the best system on the market to secure an engine

Maximizes skeletal durability, stability, performance and reliability

Minimizes vibration

Mechanical Work

1. Underwater gear:
   - Each component designed by Malibu engineers
   - Malibu's "Gorilla Fins" are 40% larger than the industry's – enables boats to perform unmatched sharp turns (TM)
2. Rigging:
   - 20 men crew installs dash, fuel, stereo and exhaust system
   - Power plant (engine) installed by bolting it to the FibECS system (TM)
3. Machine House: (TM)
   - Malibu builds most of the metal components used in its boats in-house
   - Towers built in-house to enhance experience

In-house production allows for better control of end-product and value in key areas of the production chain

Cutting middle-man enables Malibu to provide higher quality product than competition

Interior

1. Interior construction:
   - 5-way adjustable driver seat mimics automotive-style lumbar support for arguably the most comfortable seat in the industry
   - 3 densities of foam makes it the thickest and only vinyl to have passed the 100K abrasion test in the industry
   - Precise hand-stitching to every cushion and padded element shows great attention to detail and care
2. Electrical system: (TM)
   - MaliView: A revolutionary electronic system with 12+ settings and 200+ custom rider pre-sets
   - Malibu Touch Command Centre (MTC): Touch-screen functionality

MTC has a mobile device gateway to download rider pre-sets or control audio settings via Bluetooth

Pre-sets and saved preferences allow riders to make easy one-touch changes reducing boat set-up time

Quality Control

1. Monitoring:
   - Electronic data collection system: real-time recording and analysis in all areas of the factory. Enables Malibu to track progress of every boat every step of the way
   - Detailed audit management team: every boat is audited to ensure all components meet the Malibu standard
2. Testing:
   - All boats undergo extensive tests in the Tennessee river (right behind the Malibu factory)
   - 5 experienced lake testers run every boat through its paces to ensure flawless performance

- Most innovative features in the industry
- Built to last for years of trouble-free enjoyment

Sources: Malibu Product Explanatory Videos (YouTube)

(TM) Industry First / Unique Offering

Malibu could largely benefit from the acquisition of 2 selected target companies, Nimbus and Vision Marine

2017 — Cobalt

Description

- **53 years** in the boat manufacturing industry
- **24** boats models, size range between sizes of 20' – 40', average price ~$89k annual boat unit volume ~4000
- **Dealer** network 132 locations
- More than 600 employees
- Based in Neodesha, Kansas
- Focused on the sterndrive segment

Key Financials

- Purchased price: $130m
- Revenues (2017): $140m
- Estimated $18m NPV of future tax benefits
- Synergies of $7,5m by the fourth year

US

Rationale

1 **More Balanced Portfolio and scale**

- Cobalt acquisition put together two recreational leading companies, which contributed for a stronger position of Malibu in the powerboat market
- It allowed Malibu Boats to enter in a new segment, sterndrive segment, where Cobalt is market leader.
- With 4 factories Cobalt contributed to meet the great demand that existed in the market and had the capacity to expand to the huge market of outboards.
- Cobalt had yet a complementary distribution network and a similar business which contributed for $7,5 million in synergies and considerable operational improvements

2018 — Pursuit

Description

- **47 years** in the boat manufacturing industry
- **15** boats models, size range between 23' – 43', average price ~225k, annual boat unit volume ~2000
- **Dealer** network 40 locations
- **1** Dedicated facility with ~230k sq.ft
- Robust product offering in the outboard market, with a focus in center console and dual console.

Key Financials

- Purchased price: $100m
- Revenues (2018): $124m
- Estimated $10m NPV of future tax benefits
- Funded with cash on hand and incremental revolving credit facility

US

Rationale

2 **Market expansion to saltwater outboard fishing market**

- With this acquisition Malibu managed to enter in the outboard market, which is one of the largest and fastest growing segments
- It adds boats to Malibu's portfolio, and it boost momentum growth
- Due to the similar business characteristics, it allows for distribution and manufacturing leverage, sharing of design expertise, taking to synergies

2021 — Maverick Boat Group

Description

- **37 years** in the boat manufacturing industry
- **28** boats models, size range between 17'- 35', average price ~$80k, annual boat unit volume ~1500
- **Dealer** network +70 locations
- **2** dedicated facilities with ~246k sq.ft, located in Fort Pierce, less than 1 mile from Pursuit operations
- Focused on the outboard segment

Key Financials

- Purchased price: $150m
- Revenues (2020): $120m
- Funded with cash on hand and borrowings under incremental loan facilities

US

Rationale

3 **Highly complements Pursuit in the outboard segment**

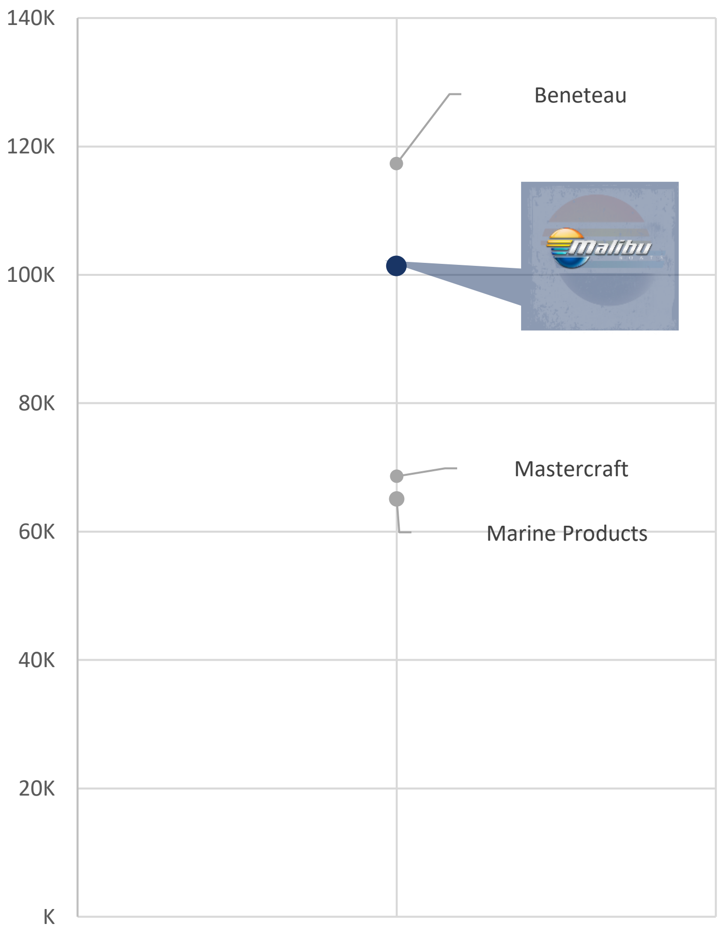
- The acquisition of Maverick Boats it will reinforce the presence of Malibu in the outboard segment (the largest one), with a new portfolio of boats
- Maverick Boat's portfolio is specialized in smaller size range than Pursuit, and in Bay Boats and Flats Boats. This ensures that the acquisition of Maverick it will reinforce Malibu presence in the outboard market, and it will not compete with Pursuit offer
- Again, allows to distribution and manufacturing leverage

Sources: Malibu Quarterly Reports, Capital IQ

Product Prices: Malibu's products are priced at the upper end of the range among premium manufacturers

Pricing analysis for Malibu and various products

$, Average Price Per Boat



Financial Benchmarking: Revenue growth significantly higher than industry, Other metrics in line with industry

	Malibu	Median	Groupe Beneteau	Brunswick	MasterCraft	Marine Products
Revenue CAGR (FY17-20)	32.3%	(3.49%)	(7.4%)	(3.5%)	16.7%	(3.5%)
Gross Margin %	22.9%	22.33%	n/a	28%	21%	22%
EBITDA Margin	14%	14%	10.7%	18%	31.2%	11%
EBIT Margin	13.1%	13.21%	6%	13%	28%	10%

Sources: Bloomberg

Malibu has a strong focus on expanding its vertical integration capabilities

Supply Chain

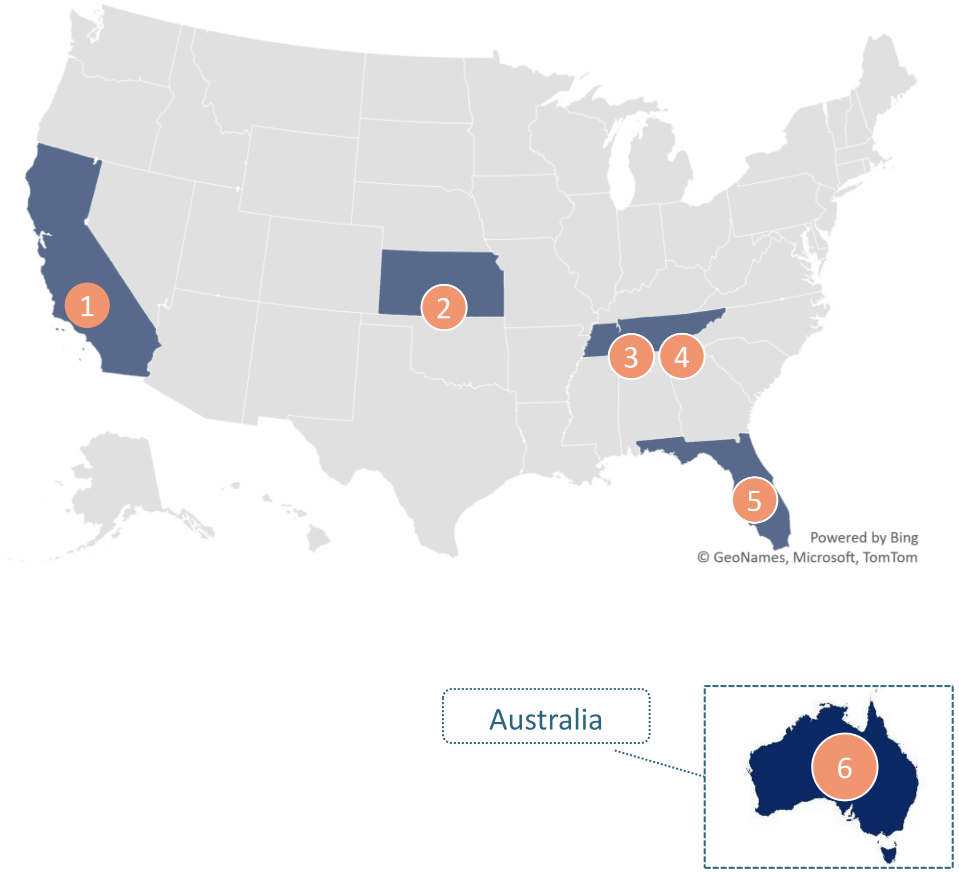
Product Development & Engineering	Sourcing	Manufacturing	Sales and Marketing & Dealer Network	Product Warranties
•**Product development and engineering – 4** teams in Tennessee, Kansas, California and Florida •**Core expertise incl.** design and development of boats, trailers and new features (eg. surf gate); electrical and mechanical engineering improvements and integration with manufacturing process •Extensive testing and coordination with manufacturing group are essential to the product development process	•**Purchase** of **RM**, incl. resins, fiberglass, hydrocarbon or steel •**Engines** are the most significant component in terms of cost; •Since 2019, **Malibu** has partnered with **General Motors** for the supply of engine blocks for the **Malibu** and **Axis** brands (valid until 2023 and up to 7.000 engines annually) •Malibu also has agreement with **Yamaha** for the supply of outboard engines, for use in **Pursuit**, **Cobalt** and **Maverick** boats (until 2023)	•Incl. (1) fabrication, (2) assembly, (3) quality management and (4) testing of boats and trailers •**6 manufacturing** facilities located in 4 **US** states and **Australia** •Recent expansions in facilities in Kansas (Cobalt) and Florida (Pursuit) during 2020 •Current expansion in Florida facility (Maverick), to be finished in 2022 •Malibu's **vertical integration** provides a distinct **competitive advantage**, allowing control over key design elements of boats, and thus generate **higher margins**	•Global network of **400+** dealers, managed by in-house sales personnel •Most extensive dealer network in the market •Relationship with dealers is governed through dealer agreements, lasting from 1-3 years •Sales team has a semi-annual dealer review process, involving senior management •Sales team attends trade shows, to increase their market knowledge; produce custom content for marketing campaigns and social media	•Malibu and Axis brand boats have limited warranty from 1-5 years •Cobalt brand boats have a warranty of up to 10 years •Pursuit's boats have a limited warranty of up to 5 years •Maverick, Pathfinder and Hewes brand boats have a limited warranty from 1-5 years on structural components

Sources: Annual Reports & Internal documents provided by the company

Malibu has 6 manufacturing facilities worldwide, with a focus on the US

Manufacturing process | Footprint

Manufacturing Facilities



	Location	Brand	Operational Focus
1	California	*Accessories*	Built in **1982** (original facility) Manufactures towers and tower accessories
2	Kansas	Cobalt	Integrated with Cobalt's acquisition Manufactures sterndrive and outboard boats
3	Tennessee	Malibu / Axis	Created in late 1992 Manufactures performance sport boats
4	Tennessee	Malibu / Axis	Manufactures engines and trailers
5	Florida	Pursuit Maverick	Integrated with Pursuit's acquisition Produces saltwater outboard boats, in a 250.000 sq foot facility
6	Australia	Malibu / Axis	Malibu entered the Australian market in **1994** Manufactures performance sport boats

Sources: Annual Reports & Internal documents provided by the company

Malibu's vertically integrated manufacturing process is a strong competitive advantage

Manufacturing process

Key steps	Advantages
Fabrication 	Fabrication of the hull and deck, through gelcoat applications and fiberglass lamination Manufacturing of cruisers, in dedicated lines, to allow Production of trailers in a continuous flow, involving cutting and bending of the main frame Production of certain components and sub-assemblies for boats incl. upholstery, stainless steel and aluminium billet and towers, and soft grip flooring
Assembly 	Malibu vertically integrated the production of engines for Malibu and Axis incl. installation of Malibu Monsoon engines for brand models 2019 Installation of electronic controls Marinization of engines for Malibu and Axis brands Tower-focused facility in California uses multiple computer-controlled machines to cut all aluminium parts, for tower assembly
Quality Management	Quality management system in place, to ensure consistent, high-quality products – especially as production volumes increase
Testing	On-water testing of boats

Key strengths

Boats and **trailers** follow a **continuous-flow** manufacturing process (incl. fabrication, assembly, quality management and testing);

Vertical integration of **engine** production for Malibu and Axis brands (with Malibu Monsoon Engine);

Only sport boat company with in-house towers manufacturing process)

Commitment to continuous improvement in operations, resulting in increased labor efficiency and reduced RM cost

Overall, Malibu's **vertical integration** provides a distinct **competitive advantage**, allowing control over key design elements of boats, and thus generate **higher margins**

Sources: Annual Reports & Internal documents provided by the company

Malibu has a track record of expanding manufacturing facilities

Cobalt

During fiscal year 2020

Expansion and modernization of gelcoat and lamination departments

Higher operation efficiency

Capability to produce more products of better quality

Increased production capability realized in Q4, 2021

Pursuit

During fiscal year 2020

Expansion helps improve margins, enhance distribution and the brand's value.

Additional capacity will allow to grow Pursuit's market, product and geographic position in the saltwater outboard segment.

MBG

Currently expanding

110K sq. foot expansion to harness strong industry momentum

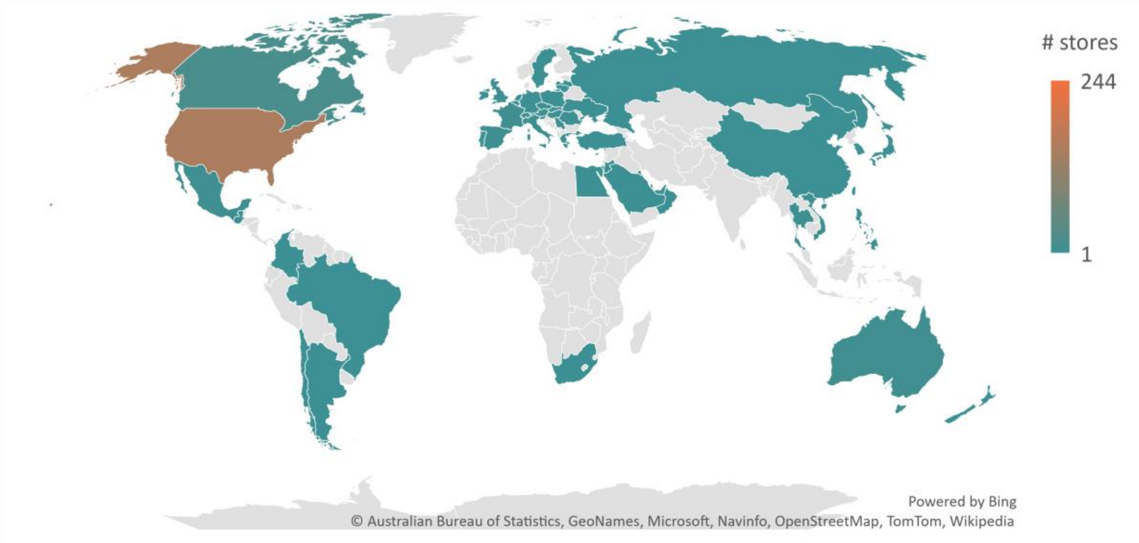
Enable MBG to double revenue volume

Expect to start building boats Q2, 2022

Help drive market share growth and seize additional untapped Saltwater Fishing demand

Malibu has the most extensive distribution network in the market, with 400+ dealer locations

Dealer Network | Footprint



Top-5 countries with highest dealer presence:

USA (#149)

Canada (#18)

Australia (#7)

France (#6)

Mexico (#5)

North America

300+ dealer locations, strategically located in the US and Canada
~50% of dealer with +10 years experience with brands (incl. Malibu, Cobalt, Pursuit or Maverick)
Top-10 dealers rep. ~39% of sales in 2021
Biggest dealer (*OneWater Marine*) represented ~16% of total sales in 2021

International

100+ dealer locations, throughout EMEA, South America, South Africa and Australia / New Zealand

Highlights

Overall, Malibu has a strong dealer network, being the most extensive in the market

Dealer concentration is low, with the most representative dealer accounting for **~16%** of sales in **2021**

Distribution network is regularly reviewed by Malibu, to identify opportunities to expand its geographic footprint and improve market coverage

International presence can still be optimized, through network expansion in countries with strong boat tradition, such as France or Mexico

Sources: Annual Reports & Internal documents provided by the company

Malibu's growth will be driven by 4 major factors

Competitive advantages

Number 1 market share position in US for **performance sport boats** with Malibu and Axis brands;

Number 1 market share position in US for 24' – 29' segment of the **sterndrive boat** category through Cobalt;

Number two market share position in the **outboard fiberglass** fishing market that our Pursuit and Maverick Boat Group;

Malibu Boats **acquired Maverick Boat Group** in December 2020, **Pursuit** in October 2018, and **Cobalt** in July 2017. This acquisitions allow Malibu Boats to expand to their presence in new or adjacent categories, to increase the size of addressable market and to expand into other product lines that may benefit form Malibu operating strenghts

Malibu Boats has very important regist of **operational efficiency,** they **vertically integrated** a number of key components of the manufacturing process, including the manufacturing of their own engines, boat trailers, tower accessories, machined and billet parts, and soft grip flooring.

Highlights

Product Design and Industry-leading Innovation

Innovation in the design of **new boats models** and also the creation of **new features** has been a very relevant competitive advantage of Malibu Boats.

The new designs and innovation has allowed Malibu to develop their boats in order to have a **higher performance and** being **easier to use**.

Example of that are the **Integrate Surf Platform** which include functions and been patented **Surf Gate** and **Power Wedge** technology along with **tailored swim steps** and hard **tank ballast**. With this Malibu Boats is able to gain market share and attract new consumers.

Malibu shows strong market positioning, with four main competitive advantages

Competitive Advantages

Market leader

- Take opportunity of **distribution white spaces**
- Continue to capitalize on the **increasing retail demand**, driven by trends towards larger, custom boats

Vertical integration

- Continue successful **integration** of Maverick into the Malibu group, with planned **facility expansions** for **Cobalt** (ending in 2021) and **Maverick** (complete by late 2022)
- **2-3** vertical integration **projects** constantly in the works at **Malibu**

M&A

- **Strategic acquisition** of premium companies, in a **fragmented** market
- **Malibu Boats acquired Maverick Boat Group** in 2020, **Pursuit** in 2018, and **Cobalt** in 2017
- Allows for expansion to new or adjacent categories, and expand into new product lines

Product innovation

- Expand **product offerings**, with new surf & outboard optional products (Cobalt), or manufacturing of center console and bay boats (Maverick)
- Malibu is expected to introduce 4 new boats in 2022 (2 in Malibu brand, 1 in Axis and 1 for Pursuit)

Value Creation

		Malibu / AXIS	COBALT BOATS	PURSUIT	Maverick	
1	Market growth					▪ Distribution expansion
2	Operational improvement					▪ Vertical integration and performance optimization
3	Product Innovation					▪ Expand product offerings ▪ Innovative features drive high average selling price

Sources: Annual Reports & Internal documents provided by the company

Malibu business outlook showcases strong opportunities for future growth

Strengths

- High **barriers to entry** for new entrants, due to high fixed costs related to manufacturing and to distribution process
- **Market leader** in the US for performance sport boats with Malibu / Axis brand; #1 market share position in the US for 24' – 29' sterndrive boat category, with Cobalt
- Established **brand** in the US
- Effective sales team and **distribution network** (**> 400** global dealers)
- **Vertically-integrated** manufacturing process, with in-house marinization of engines for Malibu / Axis brands
- Strong **product innovation** track-record
- Strategic **acquisition** of premium companies, in a **fragmented market**

Weaknesses

- Competition from other boat manufacturers, such as Mastercraft, Nautique or Brunswick
- Cyclical business model
- High supplier concentration and dependence, with General Motors being the sole supplier of Malibu and Axis engines; reliance on Yamaha for supply of outboard engines
- Strong dependence on independent dealers, with increasing competition for dealers and little control over their activities

Opportunities

- Grow market share in US market, by capitalizing on rising demand for tailor-made boats
- International expansion, with focus on important markets such as Australia, Mexico or France
- Expand product offerings, with new boats and new features
- Take opportunity of distribution white spaces
- Vertical integration and operational optimization of recently-acquired brands (Cobalt, Pursuit and Maverick)
- Strategic acquisition of premium companies, in a fragmented market

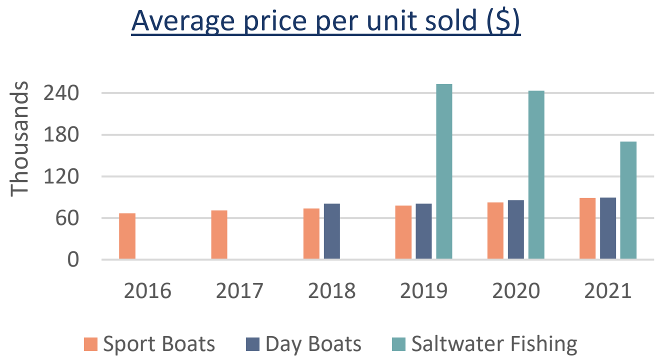
Threats

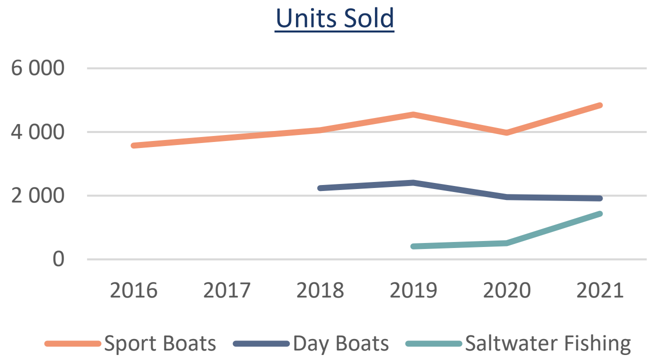
- Rise of electric-powered boats – incl. competitor with the development of electric boat subsidiary
- Acquisition of businesses could impact results and poses threat of operational risk in the vertical integration process
- Supply chain disruptions could hurt production levels in the short-term
- Weak economic conditions can negatively impact demand for products, driving a shit in demand towards used boats
- Increase in energy costs

03

Appendix – Historical Financials

Average price per segment and units sold



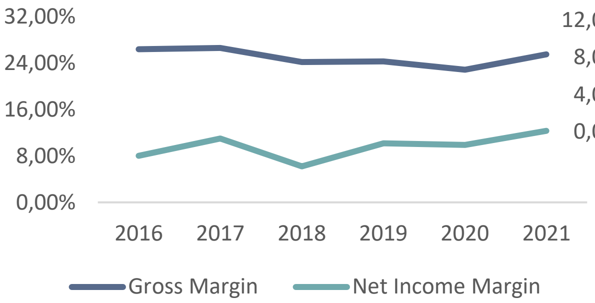


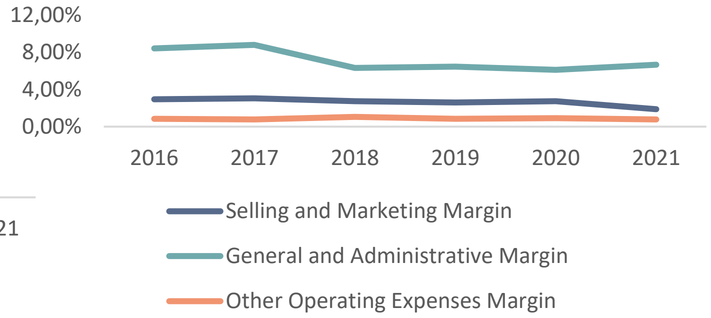
Revenue by segment	***2015***	***2016***	***2017***	***2018***	***2019***	***2020***	***2021***
Total Revenue Sport Boats ($k)	**228 621**	**252 965**	**281 937**	**316 687**	**374 611**	**354 769**	**483 525**
Units sold	1 3 404	3 569	3 815	4 060	4 547	3 980	4 841
Average Price per unit sold ($k)	2 67 162	70 878	73 902	78 052	82 386	89 138	99 811
Total Revenue Day Boats ($k)	**-**	**-**	**-**	**180 315**	**206 598**	3 **174 768**	**200 076**
Units sold	-	-	-	2 232	2 409	1 956	1 916
Average Price per unit sold ($k)	-	-	-	4 80 786	85 761	89 350	104 424
Total Revenue Saltwater Fishing ($k)	**-**	**-**	**-**	**-**	**102 807**	**123 626**	**242 914**
Units sold	-	-	-	-	406	508	5 1 428
Average Price per unit sold ($k)	-	-	-	-	253 219	243 358	170 108 6

Key Points

1. A 42% increase in units sold, this is driven by the strong demand of Malibu models such as Malibu Wakesetter 23 LSV and Axis A24.
2. 49% increase since 2015, this driven by mix of new and premium models sold and strong demand for optional features, as Malibu M240, with much higher which delivers unparalleled levels of luxury, convenience and technology.
3. -14% decrease of units sold between 2021 and 2019, this is justified in 2020 by the shutdown of Cobalt facilities in Neodesha, Kansas between March and April (Covid-19), and in 2021 by the lower production levels due to the investments in facilities to optimize efficiency and expand capacity.
4. 29% increase since 2018 driven by higher sales of larger, more expensive models, as the strong demand for the serie R models, and optional features.
5. An increase of 252% of units sold mainly justified for the acquisition of Maverick Boats at January 5th 2021.
6. The average price per unit sold decreased 33% since 2019 mainly due to the acquisition of Maverick Boats, which has a portfolio of cheaper products.

Income Statement more detail





Income Statement ($millions)	2015	2016 (4)	2017	2018 (3)	2019 (2)	2020	2021
Sport Boats	229	253	282	317	375	355	484
Day Boats	-	-	-	180	207	175	200
Saltwater Fishing	-	-	-	-	103	124	243
Total Net Sales	**229**	**253**	**282**	**497**	**684**	**653**	**927**
%Growth		10,6%	11,5%	76,3%	37,6%	-4,5%	41,9%
Cost of Sales	168	186	207	377	518 (1)	504	690
Gross Profit	**60**	**67**	**75**	**120**	**166** (4)	**149**	**236**
%Margin	26,4%	26,4%	26,6%	24,2%	24,3%	22,9%	25,5%
Selling and Marketing	7	7	9	14	18	18	18
General and administrative	20	21	(5) 25	31	44	40	62
Other Operating Expenses	2	2	2	5	6	6	7
Adjusted Ebitda (*)	**44**	**48**	**56**	**93**	**126**	**111**	(1) **190**
%Margin	19,1%	19,1%	19,8%	18,7%	18,4%	17,0%	20,5%
Operating Income	**31**	**36**	**39**	**70**	**98**	**85**	**150**
%Margin	13,6%	14,2%	14,0%	14,1%	14,3%	13,1%	16,2%
Income tax expense	9	12	18	58	22	19	34
Net income	**23**	**20**	**31**	**31**	**70**	**65**	**114**
%Margin	10,1%	8,0%	11,0%	6,2%	10,2%	9,9%	12,3%

Key Points

1. Malibu Boats achieved the **20% EBITDA Margin**, driven mainly for new boats selling with improved pricing and higher margins
2. In 2019, Malibu started the marinization of Malibu and Axis engines internally, associated with Malibu Boats **Vertical Integration** initiative
3. In 2018, Malibu acquired **Swim Step** , through acquisition of Cobalt which further increases appeal for Malibu Boats portfolio and justify increasing margins
4. In 2016, Malibu created **Integrated Surf Platform** which is a key competitive advantage and drives an increasing margins
5. General and administrative costs included costs associated with the engines vertical integration (**marinization**) initiative. In 2017, $2,5 M, in 2018 $4,9M and in 2019 $3,2 M

Affecting Operations

Economic Environment and Consumer Demand: consumer spending tends to decline during recessionary periods and tends to increase during expansionary period.

New Product Development and Innovation: long-term revenue prospects are based in Malibu ability to develop new products and technologic.

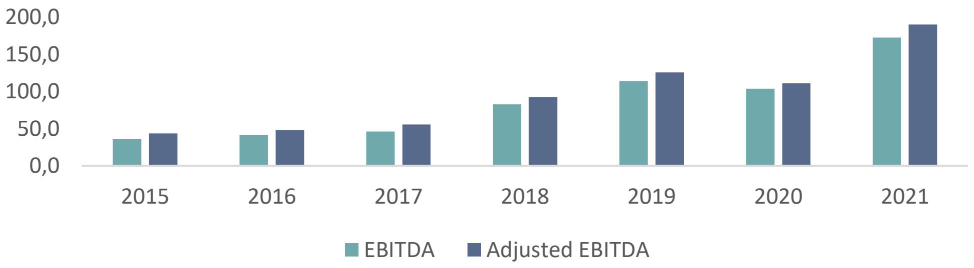
Vertical Integration: in 2019 Malibu started to produce their own engines for Malibu and Axis Boats. They are continuously looking for vertical integration opportunities.

Dealer Network: Malibu relies in dealer network to distribute and sell their product. Acquisitions of Cobalt, Pursuit and MBG lead to important increases in the number of Dealers.

Sources: Malibu Annual Reports

Adjusted EBITDA

EBITDA and Adjusted EBITDA



Reported Adjusted EBITDA ($m)	2015	2016	2017	2018	2019	2020	2021
Net Income reported	23,2	20,3	31,1	31,0	69,7	64,7	114,3
Growth		-0,1	0,5	0,0	1,3	-0,1	0,8
Provision for income taxes	8,7	11,8	17,6	58,4	22,1	19,1	34,0
Interest Expense	1,0	3,9	1,6	5,4	6,5	3,9	2,5
Depreciation	2,4	3,3	4,6	7,7	10,0	12,2	15,6
Amortization	2,5	2,2	2,2	5,2	6,0	6,1	7,3
Professional fees (1)	2,7	1,1	1,0	0,0	0,7	1,0	5,8
Marine Power Litigation (2)		3,3	-1,1				
Acquisition and integration related expenses (3)	1,7	0,4	3,1	2,9	5,2		5,1
Stock-based compensation expense (4)	1,5	1,9	1,4	2,0	2,6	3,0	5,6
UAW strike impact (5)						2,6	
Engine development (6)			2,5	4,9	3,2		
Adjustment to tax receivable agreement liability (7)			-8,1	-24,6	-0,1	-1,7	-0,1
Adjusted EBITDA	**43,6**	**48,2**	**55,7**	**92,7**	**125,9**	**110,9**	**190,1**
Growth		10,5%	15,5%	66,4%	35,8%	-11,9%	71,3%
Net Sales	228,6	253,0	281,9	497,0	684,0	653,2	926,5
Net Income Margin	0,10	0,08	0,11	0,06	0,10	0,10	0,12
Adjuested EBITDA Margin	**0,19**	**0,19**	**0,20**	**0,19**	**0,18**	**0,17**	**0,21**

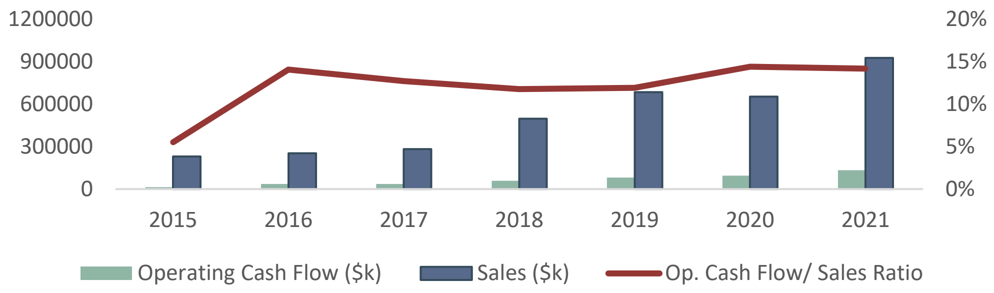
Key Points

1. Represents legal and advisory fees related to Malibu litigation with Skier's Choice and MasterCraft Inc.
2. Represents a charge recorded in fiscal year 2016 related to a judgment rendered against Malibu in connection with a lawsuit by Marine Power, a former engine suppliers.
3. For fiscal year ended June 30, 2021, represents legal and advisory fees incurred in connection with Malibu acquisition of Maverick Boat Group on December 31, 2020. For fiscal year 2019, represents integration costs and legal, professional and advisory fees incurred in connection with Malibu acquisition of Pursuit. For 2018 and 2017, also represent expenses driven by acquisition of Cobalt, which was completed on July 6, 2017, and Malibu agreement to acquire Pursuit,
4. Represents equity-based incentives awarded to certain of Malibu employees.
5. Represents costs incurred in connection with interruption to Malibu engine supply during the UAW strike against General Motors.
6. Represents costs incurred in connection with Malibu vertical integration of engines including product development costs and supplier transition performance incentives.
7. Malibu recognized other income from an adjustment in our tax receivable agreement liability as a result of a decrease in the estimated tax rate used in computing our future tax obligations and in turn, a decrease in the future tax benefit Malibu expect to pay under our tax receivable agreement with pre-IPO owners

Sources: Malibu Annual Reports

Cash Flow Statement

Operating Cash Flow / Sales Ratio



Cash flow Statement ($k)	2015	2016	2017	2018	2019	2020	2021
Net income	14 661	18 042	28 358	27 613	66 066	61 562	109 841
Depreciation and Amortization	4 890	5 524	6 748	12 854	15 960	18 380	22 891
Other Change in Non-Cash items	-1 900	10 889	-1 919	24 070	11 779	11 933	11 067
Change in Non-Cash WC	-5 099	1 147	2 669	-6 082	-12 305	2 266	-12 485
Cash from Operating Activities	**12 552**	**35 602**	**35 856**	**58 455**	**81 500** (1)	**94 141**	**131 314** (1)
Change in Fixed and Intagible Assets	-5 466	-5 990	-9 246	-10 304	-17 938	-40 394	-30 668
Net Cash from Acquisition	-11 663	0	0	-125 552	-100 073	0	-150 427
Cash from Investing Activities	**-17 129**	**-5 990**	**-9 246**	**-135 856** (4)	**-118 011** (3)	**-40 394**	**-181 095** (2)
Dividends Paid	0	0	0	0	0	-1 836	-1 758
Cash from Repaiment Debt	78 500	-6 500	-17 000	55 000	5 000	-31 200	60 575
Cash from Repurchase of Equity	-71 406	-3 981	0	55 317	749	-13 456	375
Other Financing Activities	-6 352	-1 541	-2 719	-4 115	-3 374	-831	-1 846
Cash from Financing Activities	**742**	**-12 022**	**-19 719**	**106 202** (7)	**2 375** (6)	**-47 323**	**57 346** (5)
Effect of Foreign Exchange Rates	49	-56	10	0	-95	-29	127
Net Changes in Cash	**-3 786**	**17 534**	**6 901**	**28 801**	**-34 231**	**6 395**	**7 692**

Key Points

1. 2021 and 2019 **Operating CF** increase is associated with a significant increase in net income
2. **Investing CF** increases due to Maverick Boat Group acquisition with $150, 427 million, partially offset by a reduction in capital expenditures associated with expansion activities at Pursuit and Cobalt plants
3. 2019 **Investing CF** of $118 million is justified with the acquisition of Pursuit with $100,073 million and also with an increase in capital expenditures
4. 2018 **Investing CF** of $135 million is primarily justified with the acquisition of Cobalt with $125,6 million
5. 2021 **Financing CF** of $57,346 million is driven by a proceed of $25 million from an incremental term loan and $65 million from additional borrowing under the revolving credit facility to fund Maverick acquisition
6. In 2020, Malibu Group received $103,8 million proceed from their credit facility in order to provide financial flexibility due to COVID-19 uncertainty, Malibu also repaid $110 million of revolving debt
7. 2018 value due to proceeds of $105.0 million from Malibu credit facility to fund the acquisition of Cobalt and $55.3 million in proceeds from equity offering

04
Appendix – Investment Thesis

NOVA SCHOOL OF
BUSINESS & ECONOMICS

Brands

Alukin's boats are famous for their durability and functionality, and are made for year-round use. **Alukin's** boats are sold in four series

Aquador is a family friendly boat, which focus on convenience and comfort. **Aquador** models are sould in four series

Bella's boats are very versatile, affordable and traditional, with a very good performance in most types of use. They are easy to use and focus in security. Sold in three series

Falcon's boats are perfect for clients looking for durability and versatile. Made of aluminum and plastic they are suitable for fishing, water skiing and family trips. Sold within five models

Flipper's boats are designed for clients who prioritize speed and fun. They are characterized by the excellent driving ability and performance. Sold within three series

Nimbus models are the most social boats. They are designed for clients looking for high quality, comfort and likes social activities. Sold in three series

Paragon Yachts are built for year - round use and for the most demanding conditions. Sold within four models.

Product Development

- Product development and innovation are a Nimbus Group core activity. Since 2017 they developed five new models, All processes from product development are done by an internal team from concept to series production.

❑Product development follows four core values:

Comfort: must be a brand image of Nimbus and must be present in all the phases of its creation, from design to delivery.

Scandinavian Design: should have a holistic view where functionality is central

Safety: all boats are certificated by DNG GL AS which is the world's largest player in marine certifications

Quality: environmental award-winning high-tech production facilities

Sustainable Supply Chain

Economic, social and **environmental** goals are highly prioritized in all phases of the company supply chain

Specific measures have already been implemented:

Production: mainly use of polyester resin and gelcoat with low VOC emissions. Products are also mainly vacuum-injected, which reduce emissions up to 90%.

Power sources: supplier choice based on tight environment criteria

Waste disposal: goal of reducing waste by 50% in 2022 (through recycling and better processes)

Social: it is very active in the community and supports associations where it operates

Financials

($m)	2017	2018	2019	2020
Income Statement				
Net sales	44	55	98	112
Operating profit	1	2	4	6
Net income	0	2	3	8
Ebitda Margin	2,6%	4,8%	4,7%	5,7%
Balance Sheet				
Cash	1	6	1	4
Inventories	13	34	33	29
Short-term Liabilities	21	48	43	34
Long-term Liabilities	0	13	12	10

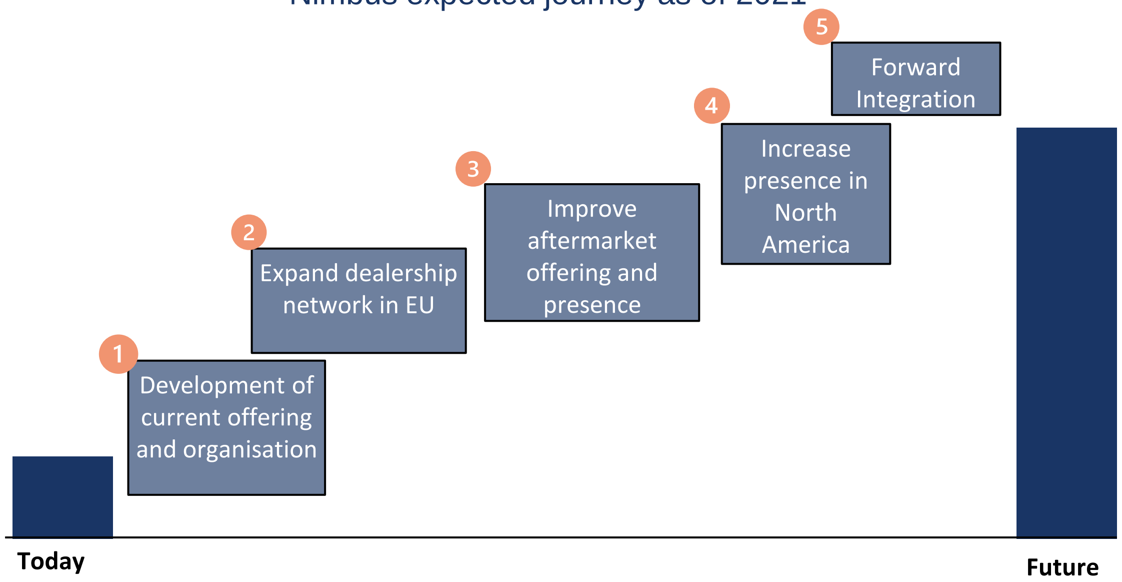
($m)	2017	2018	2019	2020
CF Statement				
CF from Operations	3	9	1	21
CF from Investing	-2	-1	-4	-4
CF from Financing	0	4	-2	-14

Current Enterprise Value of **~$130m**, we expect a higher acquisition price due recent strong growth of the company. Net sales CAGR of 37% during the last e years

Sources: Nimbus Group Website

Malibu is highly complementary of Nimbus Group AB

Nimbus expected journey as of 2021[1]



Nimbus Group's bet on Asian recreational boating market

- Nimbus also believes the Asian market growth potential is very strong – a view shared by Malibu.
- They have selected Asiamarine as their partner for expansion in this region due to their strong presence in key strategic countries: Hong Kong, Singapore, Bangkok, Phuket and Vietnam

Key Traits – Asian Market

- Asian clients are attracted to "best quality".

Malibu can help Nimbus achieve its targets at a faster

1 Performance Sport Boats

- The performance sport boat sector remains untapped by Nimbus Boat Group
- Malibu can share its extensive knowledge in this category so Nimbus can extend its product offering with superior quality products.

2 Notable dealer presence

- Malibu, with its existing brand portfolio, has +30 dealers in the EU in very significant regions for recreational boating
- Nimbus will not only benefit from these, but will also strengthen the overall network when both firms combine

3 Unique dealer network

- Malibu takes pride in having one of the strongest and most reputable dealer networks worldwide
- When Nimbus begins to market its product through it, it will significantly improve its aftermarket offering

4 Industry leader in NA

- As undisputable leader in numerous segments of the recreational boating market in North America (NA), Malibu will undoubtedly help Nimbus increase its presence in NA thanks to its established reputation.

5 Vertical Integration

- Forward integration (a form of vertical integration) is what has enabled Malibu to differentiate from the average boat manufacturer. It will be extremely advantageous for Nimbus to operate under the same methodology.

Sources: Nimbus Group Quarterly Update

[1] As reported in their latest available Interim Report (Q3 2021)

Appendix | Future Acquisitions Vision Marine

Products

Electric Boat

Phoenix 290

Price range: $135k-$250k	**Capacity:** 10 passengers
Maximum speed: 51,5km/h	**Length/ width:** 8,3m/2,6m

Bruce 22

Price range: $53k-$223k	**Capacity:** 7 passengers
Maximum speed: 65,9km/h	**Length/ width:** 6,7m/2,08m

Volt 180

Price range: $31k-$153k	**Capacity:** 13 passengers
Maximum speed: 48km/h	**Length/ width:** 5,4m/2,13m

Fantail 217

Price range: $35k-$75k	**Capacity:** 10 passengers
Maximum speed: 10km/h	**Length/ width:** 6,6m/2,03m

Quietude 156

Price range: $20k-$32k	**Capacity:** 4 passengers
Maximum speed: 8km/h	**Length/ width:** 4,7m/1,5m

Electric Motor

- The world first 180 hp electric propulsion engine
- **Performance:** E-motion powertrain technology provides exceptional performance
- **Efficient**: very important fuel saving
- **Low maintenance costs**: due to the few moving parts
- **Fast and Inexpensive charging:** regular 220v available at all marinas

Competitive Advantage

- "First to market launching the world's most powerful electric outboard motor
- Incredible **innovation** ability
- Large amount of **intellectual property** protected with patents
- Product **performance**, due to the efficiency of the powertrain system
- Original Equipment Manufacturer (**OEM**) production, virtually it is possible to turn each boat into an electric one
- **Certification**, Vision Marine boats are certificated US, Canadian and European marine institutions
- **Price,** one of the cheapest products on the market
- **Management expertise,** wide experience in the sector

Business Facts

- Listed in Nasdaq, ticker "**VMAR**"
- More than **20 years** of experience in the boating industry
- Produces **100% electric** boats, which emit zero emissions
- Produces E-motion 180 E, considered the world's most **powerful** electric outboard engine
- E-Motion 180 has a full propulsion package
- Vision Marine Bruce 22, is the world **fastest** electric boat with a km/h record
- Vision is the only manufacturer using **lithium batteries**
- Offers long term warranties

Financials

($m)	2018	2019	2020
Income Statement			
Net sales	*1,3*	*2,9*	*2,4*
Operating profit	*0,0*	*0,3*	*-2,2*
Net income	*-0,2*	*0,2*	*-2,3*
Ebitda Margin	1,91%	12,85%	-82,15%
Balance Sheet			
Cash	*0,0*	*0,0*	*0,0*
Inventories	*0,9*	*0,8*	*0,5*
Short-term Liabilities	*1,9*	*1,5*	*1,9*
Long-term Liabilities	*0,5*	*0,6*	*0,9*

($m)	2018	2019	2020
CF Statement			
CF from	*0,1*	*-0,1*	*-0,4*
CF from	*-0,1*	*-0,1*	*0,0*
CF from	*0,0*	*0,3*	*1,7*

Sources: Vision Marine Website

06

Appendix – Valuation, Returns and Capital Structure

Appendix Slide

Malibu Standalone Sales: Detailed Breakdown – Capital Case

(in $m)	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	CAGR 2021-28
Standalone Sales	**684**	**653**	**927**	**1 186**	**1 327**	**1 516**	**1 670**	**1 834**	**2 012**	**2 209**	13,2%
% growth		*(4,5)%*	*41,9%*	*28,0%*	*11,9%*	*14,2%*	*10,2%*	*9,8%*	*9,7%*	*9,8%*	
A) Sport Boat	**375**	**355**	**483**	**575**	**641**	**714**	**795**	**886**	**987**	**1 099**	12,5%
North America		*327*	*435*	*509*	*566*	*630*	*701*	*781*	*869*	*967*	12,1%
Unit Price, $		*89 138*	*99 811*	*104 802*	*110 042*	*115 544*	*121 321*	*127 387*	*133 756*	*140 444*	5,0%
# Units		*3 669*	*4 355*	*4 855*	*5 146*	*5 455*	*5 782*	*6 129*	*6 497*	*6 886*	6,8%
International		*28*	*49*	*67*	*75*	*84*	*94*	*105*	*118*	*132*	15,3%
Unit Price, $		*111 423*	*124 764*	*124 764*	*127 259*	*129 804*	*132 400*	*135 048*	*137 749*	*140 504*	1,7%
# Units		*311*	*486*	*542*	*586*	*644*	*707*	*778*	*856*	*941*	9,9%
B) Saltwater Fishing	**103**	**123**	**243**	**392**	**450**	**542**	**593**	**643**	**695**	**751**	17,5%
North America		*115*	*235*	*381*	*421*	*465*	*504*	*544*	*588*	*635*	15,3%
Unit Price, $		*243 358*	*170 108*	*161 603*	*161 603*	*161 603*	*161 603*	*161 603*	*161 603*	*161 603*	-0,7%
# Units		*475*	*1 381*	*2 359*	*2 602*	*2 878*	*3 117*	*3 367*	*3 636*	*3 927*	16,1%
International		*8*	*8*	*11*	*29*	*77*	*90*	*99*	*107*	*116*	45,9%
Unit Price, $		*304 198*	*212 635*	*212 635*	*212 635*	*212 635*	*212 635*	*212 635*	*212 635*	*212 635*	0,0%
# Units		*33*	*47*	*50*	*138*	*363*	*421*	*467*	*505*	*546*	41,8%
C) Day Boat	**207**	**175**	**200**	**219**	**237**	**256**	**277**	**300**	**325**	**353**	8,4%
North America		*168*	*191*	*208*	*226*	*246*	*267*	*291*	*316*	*343*	8,7%
Unit Price, $		*89 350*	*104 424*	*113 509*	*123 384*	*134 119*	*145 787*	*158 470*	*172 257*	*187 244*	8,7%
# Units		*1 875*	*1 833*	*1 833*	*1 833*	*1 833*	*1 833*	*1 833*	*1 833*	*1 833*	0,0%
International		*7*	*9*	*11*	*10*	*10*	*10*	*10*	*10*	*9*	1,2%
Unit Price, $		*111 688*	*130 530*	*133 141*	*135 803*	*138 519*	*141 290*	*144 116*	*146 998*	*149 938*	2,0%
# Units		*81*	*83*	*260*	*76*	*73*	*70*	*68*	*65*	*62*	-4,0%
D) Electric Boat						**3**	**4**	**4**	**5**	**6**	
International						*3*	*4*	*4*	*5*	*6*	14,9%
Unit Price, $						*45 000*	*45 900*	*46 818*	*47 754*	*48 709*	2,0%
# Units						*75*	*84*	*95*	*107*	*121*	12,7%

Appendix Slide

Malibu Standalone Cost Structure: Detailed Breakdown – Capital Case

(in $m)	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	CAGR 2021-28
Core COGS	**518**	**504**	**690**	**889**	**978**	**1 085**	**1 194**	**1 311**	**1 437**	**1 575**	12,5%
% of sales	*75,7%*	*77,1%*	*74,5%*	*75,0%*	*73,7%*	*71,6%*	*71,5%*	*71,5%*	*71,4%*	*71,3%*	
A) Labor Costs	138	135	199	261	288	326	358	392	428	469	13,0%
% of COGS	*26,7%*	*26,9%*	*28,9%*	*29,4%*	*29,5%*	*30,0%*	*30,0%*	*29,9%*	*29,8%*	*29,7%*	
Sport Boat	61	60	79	95	106	118	132	147	164	182	12,7%
Saltwater Fishing	27	33	73	114	126	146	160	174	188	203	15,7%
Day Boat	50	42	48	52	56	61	66	71	77	84	8,4%
B) Raw Materials Costs	198	91	249	319	357	392	432	475	521	572	12,6%
% of COGS	*38,3%*	*18,0%*	*36,1%*	*35,9%*	*36,5%*	*36,2%*	*36,2%*	*36,2%*	*36,3%*	*36,3%*	
C) Fixed Costs	181	278	242	309	333	365	402	441	484	532	11,9%
% of COGS	*35,0%*	*55,1%*	*35,0%*	*34,8%*	*34,0%*	*33,6%*	*33,6%*	*33,7%*	*33,7%*	*33,7%*	
D) Electric Boats Costs						2	2	3	3	4	
% of COGS						*0,2%*	*0,2%*	*0,2%*	*0,2%*	*0,2%*	
Add-on COGS					**202**	**222**	**237**	**254**	**272**	**291**	
% of sales					*94,2%*	*93,3%*	*92,3%*	*91,8%*	*91,3%*	*90,8%*	
Nimbus				-	202	215	229	244	261	280	
Vision					-	7	8	9	10	12	
Total merged COGS	**518**	**504**	**690**	**889**	**1 180**	**1 307**	**1 431**	**1 564**	**1 708**	**1 867**	15,3%
% of sales	*75,7%*	*77,1%*	*74,5%*	*75,0%*	*76,5%*	*74,5%*	*74,3%*	*74,1%*	*74,0%*	*73,8%*	

Appendix Slide

Malibu Standalone SG&A: Detailed Breakdown – Capital Case

(in $m)	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	CAGR 2021-28
Gross Profit	166	149	236	297	349	431	475	523	576	633	15,1%
Gross Margin (%)	24,3%	22,9%	25,5%	25,0%	26,3%	28,4%	28,5%	28,5%	28,6%	28,7%	
Amortization Expense	6	6	7	7	7	7	7	6	6	6	-2,6%
As % of sales	0,9%	0,9%	0,8%	0,6%	0,5%	0,5%	0,4%	0,3%	0,3%	0,3%	
Sales, Marketing & Ads	18	18	18	22	25	29	27	29	32	35	10,5%
As % of sales	2,6%	2,7%	1,9%	1,9%	1,9%	1,9%	1,6%	1,6%	1,6%	1,6%	
General & Admin.	44	40	62	72	81	93	97	107	117	128	11,0%
As % of sales	6,5%	6,1%	6,7%	6,1%	6,1%	6,1%	5,8%	5,8%	5,8%	5,8%	
Operating Expenses	62	58	79	95	106	121	124	136	149	164	10,9%
As % of sales	9,1%	8,9%	8,6%	8,0%	8,0%	8,0%	7,4%	7,4%	7,4%	7,4%	

Malibu Standalone NWC: Detailed Breakdown – Capital Case

(in $m)	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	CAGR 2021-28
DSO	15	8	20	14	14	13	13	12	12	12	-6,7%
DIO	48	53	62	64	62	60	58	56	56	56	-1,5%
DPO	15	11	24	17	17	22	22	23	24	24	-0,2%
Accounts Receivables	28	14	50	46	49	54	58	61	67	73	5,6%
Inventory	68	73	117	155	165	177	189	200	219	241	10,9%
Other Current Assets	5	4	5	9	10	11	12	14	15	17	19,4%
Current Operating Assets	**100**	**91**	**171**	**210**	**225**	**243**	**259**	**274**	**301**	**330**	
Accounts Payables	21	16	46	41	45	65	72	82	94	103	12,2%
Other Current Liabilities	54	54	82	101	113	130	143	157	172	189	12,6%
Current Operating Liabilities	**75**	**70**	**128**	**143**	**159**	**195**	**214**	**239**	**266**	**292**	
Standalone NWC	**25**	**21**	**43**	**67**	**66**	**48**	**44**	**35**	**35**	**38**	-1,8%

Appendix Slide

Malibu Standalone Sales: Key Highlights

Capital Case

(in $m)	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Standalone Sales	684	653	927	1 186	1 327	1 516	1 670	1 834	2 012	2 209
Sport Boat	54,8%	54,3%	52,2%	48,5%	48,3%	47,1%	47,6%	48,3%	49,0%	49,8%
Saltwater Fishing	15,0%	18,9%	26,2%	33,0%	33,9%	35,8%	35,5%	35,1%	34,5%	34,0%
Day Boat	30,2%	26,8%	21,6%	18,4%	17,8%	16,9%	16,6%	16,4%	16,2%	16,0%
Electric Boat						0,2%	0,2%	0,2%	0,3%	0,3%
North America		93,4%	92,9%	92,6%	91,4%	88,5%	88,2%	88,1%	88,1%	88,1%
International		6,6%	7,1%	7,4%	8,6%	11,5%	11,8%	11,9%	11,9%	11,9%

Management Case

(in $m)	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Standalone Sales	684	653	927	1 186	1 404	1 664	1 876	2 109	2 361	2 651
Sport Boat	54,8%	54,3%	52,2%	48,5%	48,1%	47,7%	49,7%	52,0%	54,5%	57,1%
Saltwater Fishing	15,0%	18,9%	26,2%	33,0%	34,6%	35,9%	34,1%	32,1%	29,7%	27,3%
Day Boat	30,2%	26,8%	21,6%	18,4%	17,2%	16,1%	15,8%	15,6%	15,4%	15,2%
Electric Boat						0,3%	0,3%	0,3%	0,4%	0,4%
North America		93,4%	92,9%	92,6%	90,1%	87,8%	86,7%	86,0%	86,0%	86,1%
International		6,6%	7,1%	7,4%	9,9%	12,2%	13,3%	14,0%	14,0%	13,9%

Lender Case

(in $m)	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Standalone Sales	684	653	927	1 186	1 318	1 494	1 635	1 784	1 945	2 122
Sport Boat	54,8%	54,3%	52,2%	48,5%	48,6%	47,7%	48,5%	49,5%	50,5%	51,5%
Saltwater Fishing	15,0%	18,9%	26,2%	33,0%	33,4%	35,0%	34,4%	33,5%	32,6%	31,7%
Day Boat	30,2%	26,8%	21,6%	18,4%	18,0%	17,1%	17,0%	16,8%	16,7%	16,6%
Electric Boat						0,2%	0,2%	0,2%	0,2%	0,2%
North America		93,4%	92,9%	92,6%	91,8%	88,9%	88,7%	88,7%	88,7%	88,8%
International		6,6%	7,1%	7,4%	8,2%	11,1%	11,3%	11,3%	11,3%	11,2%

Enterprise Value and Multiples

Trading Comparables

Companies	EV/Total Sales LTM	EV/EBITDA LTM	TEV/EBIT LTM	EV/ EBITDA - 10 Y - Average	EV/ EBITDA - 5 Y - Average
Brunswick Corporation (NYSE:BC)	1,4	7,3	9,2	8,54	8,18
Johnson Outdoors Inc. (NasdaqGS:JOUT)	1	5,7	6,6	6,90	8,28
Nautilus, Inc. (NYSE:NLS)	0,4	1,6	1,7	9,59	7,575
Marine Products Corporation (NYSE:MPX)	1,4	10,9	11,4	19,24	16,16
MasterCraft Boat Holdings, Inc. (NasdaqGM:MCFT)	1	6,4	7,4	9,12	8,88
HanseYachts AG (XTRA:H9Y)	0,8	n.a.	NM	16,60	16,6
Sanlorenzo S.p.A. (BIT:SL)	1,8	13,7	17,3	13,40	13,4
Nimbus Group AB (Publ) (OM:BOAT)	0,8	7,2	8,1		
Bénéteau S.A. (ENXTPA:BEN)	1	30	NM	10,33	7,9
Fountaine Pajot S.A. (ENXTPA:ALFPC)	1	12,9	32,3	10,99	7,44
Polaris Inc. (NYSE:PII)	1	7,3	10	10,79	10,7
Twin Vee PowerCats Co	2,47	31,53			

Precedent Transactions

Companies	Description	EV/LTM EBITDA	Buyer	Date
YaGuang Technology Group	Designs, manufactures and sells steel-FRP boats and yachts in China	42,6x	Hunan Chasing Asset Management Co.,Ltd.	16/01/2019
Sanlorenzo S.p.A. (BIT:SL)	Designs, manufactures and sells pleasure boats	14,4x	-	04/12/2018
Barletta Boat Company, LLC	Designs, manufactures and sells pontoon boats	30,5x	Winnebago Industries, Inc. (NYSE:WGO)	20/07/2021
Boat Holdings, LLC	Manufacturer of pontoon, deck and cruiser boats	11,0x	-	30/05/2018
Cantiere del Pardo S.p.A.	Italy-based manufacturer of boat and yachts	2,2x	-	23/10/2018
Hansson Fishing AS	Manufacturing of fishing vessels	32,0x	-	31/05/2016

Sources: Reuters, Capital IQ

Key Covenants in Lender Case

Summary of Credit Statistics – Lender Case

Summary Credit Statistics

				Lender					
FYE December, €M	2020A	2021A	2022E	**2023F**	**2024F**	**2025F**	**2026F**	**2027F**	**2028F**
Net Debt / EBITDA (excl. Vendor Loan)				3,3x	2,8x	2,3x	1,8x	1,1x	0,7x
Cash Cover (for mandatory debt repayments)					6,1x	6,4x	7,3x	8,2x	9,2x
Cash EoP			139	121	139	100	100	151	100
Free Cash Flow available for Debt Repayments			**98**	**53**	**106**	**146**	**134**	**158**	**183**
% of EBITDA			*48%*	*21%*	*38%*	*49%*	*41%*	*44%*	*47%*
Excess Cash Available for Revolver and Debt Sweeps			98	53	76	116	104	128	153
% of EBITDA			48%	21%	27%	39%	32%	36%	39%
Cash Cover [FCF/(Cash interest+Debt Repayment)*]			0,00x	1,19x	1,22x	1,7x	1,6x	2,0x	2,5x
Covenant			*1,1x*	*1,1x*	*1,1x*	*1,1x*	*1,1x*	*1,1x*	*1,1x*
Interest Cover			-	4,8x	4,9x	5,3x	6,1x	7,4x	9,0x
Covenant			*3,0x*	*3,0x*	*3,0x*	*3,0x*	*3,0x*	*3,0x*	*3,0x*
Leverage Cover [Net Debt / EBITDA]			(0,7x)	1,9x	1,6x	1,3x	0,8x	0,3x	0,2x
Covenant			*3,0x*	*3,0x*	*3,0x*	*3,0x*	*3,0x*	*3,0x*	*3,0x*

Key Covenants in Lender Case

Cash Cover Sensitivity – Lender Case

Cash Cover (2023)		Mezzanine Debt - Interest Rate				
		8,0%	9,0%	10,0%	11,0%	12,0%
Senior Debt - Cash Interest Rate	2,5%	1,50x	1,33x	1,18x	1,06x	0,94x
	3,0%	1,33x	1,18x	1,06x	0,94x	0,85x
	3,5%	**1,19x**	1,06x	0,95x	0,85x	0,76x
	4,0%	1,06x	0,95x	0,85x	0,76x	0,68x
	4,5%	0,95x	0,85x	0,76x	0,68x	0,61x

Sensitivity analysis assuming 11,6x EBITDA entry and exit multiple, under the Lender Case
Highlighted Cash Cover values above 1,2x

Cash Cover (2024)		Mezzanine Debt - Interest Rate				
		8,0%	9,0%	10,0%	11,0%	12,0%
Senior Debt - Cash Interest Rate	2,5%	1,40x	1,32x	1,24x	1,16x	1,10x
	3,0%	1,31x	1,23x	1,16x	1,09x	1,03x
	3,5%	**1,22x**	1,15x	1,08x	1,02x	0,96x
	4,0%	1,14x	1,07x	1,01x	0,95x	0,90x
	4,5%	1,06x	1,00x	0,94x	0,89x	0,84x

Financial Structure – Capital Case

Financial Structure Sensitivity – Capital Case

	Structures				
	1	2	3	4	5
Description	Max. Returns	No Earnout	Earnout + Mezz 1,0x (10%)	Earnout + Mezz 0,5x (12%)	Downside
Entry EV/EBITDA multiple	11,6x	11,6x	11,6x	11,6x	12,5x
Enterprise Value, €M	2 344	2 344	2 344	2 344	2 526
Purchase Structure (number in $th)					
Earnout	117	0	117	117	0
Amount as % of EV (before costs)	5,0%	0,0%	5,0%	5,0%	**0,0%**
Tenure (years)	3	3	3	3	3
Full Amortization (year)	2025	2025	2025	2025	2025
Cash Consideration	2 227	2 344	2 227	2 227	2 526
Debt					
Senior Bank Debt					
Amount	606	606	606	606	606
Amount as multiple of entry EBITDA	3,00x	3,00x	3,00x	3,00x	3,00x
Amount as % of EV (before costs)	25,9%	25,9%	25,9%	25,9%	24,0%
Tenure (years)	7	7	7	7	7
Cash interest rate	3,50%	3,50%	3,50%	3,50%	**5,00%**
PIK (same for Mezzanine Debt)	2,50%	2,50%	2,50%	2,50%	2,50%
Mezzanine					
Amount	303	303	202	101	101
Amount as multiple of EBITDA	1,50x	1,50x	1,00x	0,50x	0,50x
Amount as % of EV (before costs)	12,9%	12,9%	8,6%	4,3%	4,0%
Tenure (years)	6	6	6	6	6
Interest rate (accrued)	8,00%	8,00%	10,00%	12,00%	14,00%
Exit EV/ EBITDA Multiple Assumption	11,6x	11,6x	11,6x	11,6x	12,5x

Capital Case - MM		Capital Structure - Scenario				
		1	2	3	4	5
Exit Year	2024	2,0x	1,9x	1,9x	1,9x	1,7x
	2025	2,4x	2,3x	2,3x	2,2x	2,1x
	2026	2,9x	2,7x	2,7x	2,6x	2,5x
	2027	**3,3x**	3,1x	3,2x	3,1x	2,8x
	2028	3,9x	3,7x	3,7x	3,6x	3,3x

Capital Case - IRR		Capital Structure - Scenario				
		1	2	3	4	5
Exit Year	2024	32,2%	28,0%	30,2%	28,9%	24,7%
	2025	28,5%	26,7%	26,9%	25,9%	23,8%
	2026	26,3%	24,9%	24,9%	24,0%	22,3%
	2027	**24,7%**	23,5%	23,5%	22,7%	21,2%
	2028	25,3%	24,2%	24,1%	23,4%	21,9%

Sources: Excel model

Flat-Case

Flat Case – Financials & Returns

(in $m)	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	CAGR 2021-28
Standalone Sales	**684**	**653**	**927**	**1 186**	**1 199**	**1 242**	**1 242**	**1 242**	**1 242**	**1 242**	4,3%
% growth		*(4,5)%*	*41,9%*	*28,0%*	*1,1%*	*3,5%*	*(0,0)%*	*0,0%*	*0,0%*	*0,0%*	
Sport Boat	**375**	**355**	**483**	**575**	**575**	**575**	**575**	**575**	**575**	**575**	2,5%
North America		*327*	*435*	*509*	*509*	*509*	*509*	*509*	*509*	*509*	2,3%
Unit Price, $		*89 138*	*99 811*	*104 802*	*104 802*	*104 802*	*104 802*	*104 802*	*104 802*	*104 802*	0,7%
# Units		*3 669*	*4 355*	*4 855*	*4 855*	*4 855*	*4 855*	*4 855*	*4 855*	*4 855*	1,6%
International		*28*	*49*	*67*	*67*	*67*	*67*	*67*	*67*	*67*	4,5%
Unit Price, $		*111 423*	*124 764*	*124 764*	*124 764*	*124 764*	*124 764*	*124 764*	*124 764*	*124 764*	0,0%
# Units		*311*	*486*	*542*	*534*	*534*	*534*	*534*	*534*	*534*	1,3%
Saltwater Fishing	**103**	**123**	**243**	**392**	**405**	**448**	**448**	**448**	**448**	**448**	9,1%
North America		*115*	*235*	*381*	*381*	*381*	*381*	*381*	*381*	*381*	7,2%
Unit Price, $		*243 358*	*170 108*	*161 603*	*161 603*	*161 603*	*161 603*	*161 603*	*161 603*	*161 603*	-0,7%
# Units		*475*	*1 381*	*2 359*	*2 359*	*2 359*	*2 359*	*2 359*	*2 359*	*2 359*	8,0%
International		*8*	*8*	*11*	*24*	*66*	*66*	*66*	*66*	*66*	34,7%
Unit Price, $		*304 198*	*212 635*	*212 635*	*212 635*	*212 635*	*212 635*	*212 635*	*212 635*	*212 635*	0,0%
# Units		*33*	*47*	*50*	*112*	*312*	*312*	*312*	*312*	*312*	30,9%
Day Boat	**207**	**175**	**200**	**219**	**219**	**219**	**219**	**219**	**219**	**219**	1,3%
North America		*168*	*191*	*208*	*208*	*208*	*208*	*208*	*208*	*208*	1,2%
Unit Price, $		*89 350*	*104 424*	*113 509*	*113 509*	*113 509*	*113 509*	*113 509*	*113 509*	*113 509*	1,2%
# Units		*1 875*	*1 833*	*1 833*	*1 833*	*1 833*	*1 833*	*1 833*	*1 833*	*1 833*	0,0%
International		*7*	*9*	*11*	*11*	*11*	*11*	*11*	*11*	*11*	3,0%
Unit Price, $		*111 688*	*130 530*	*133 141*	*133 141*	*133 141*	*133 141*	*133 141*	*133 141*	*133 141*	0,3%
# Units		*81*	*83*	*260*	*80*	*80*	*80*	*80*	*80*	*80*	-0,6%
Buy and Build											
Add-on sales					**200**	**206**	**206**	**206**	**206**	**206**	
% growth						*3,1%*	*0,0%*	*0,0%*	*0,0%*	*0,0%*	
Nimbus Group					200	200	200	200	200	200	
Vision Marine						*6,1*	*6,1*	*6,1*	*6,1*	*6,1*	
Total merged sales	**684**	**653**	**927**	**1 186**	**1 399**	**1 447**	**1 447**	**1 447**	**1 447**	**1 447**	6,6%
% growth		*(4,5)%*	*41,9%*	*28,0%*	*17,9%*	*3,5%*	*(0,0)%*	*0,0%*	*0,0%*	*0,0%*	

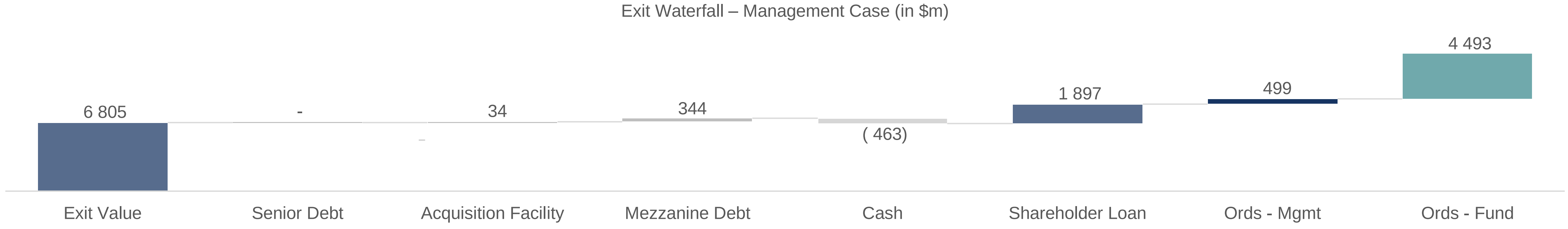
Flat Case | Returns

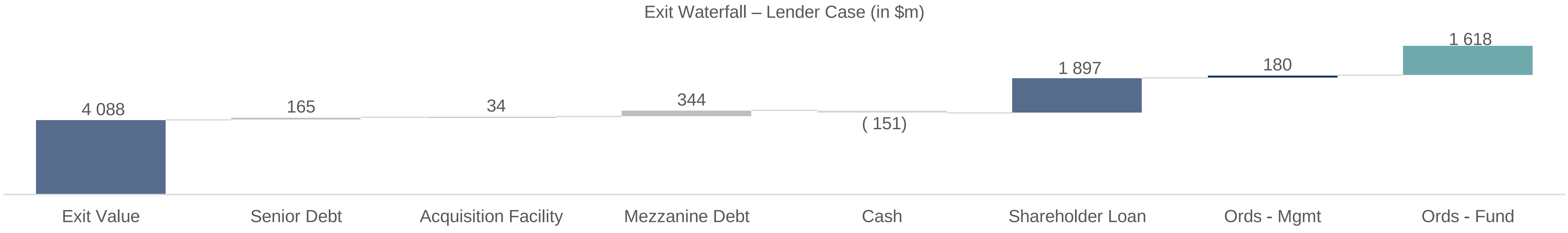
Exit - 2027	
in $m	
Revenue	1.447
EBITDA	243
EV	2.692
Equity	2.246

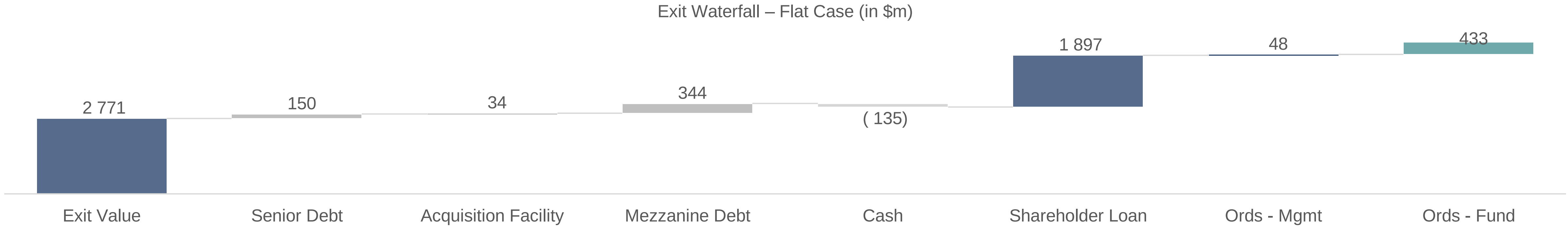
IRR	9,0%
MM	1,6x

Financial Structure – Capital Case

Exit Waterfall (in $m)







Gordon Growth and Exit Multiple Analysis

DCF

in $M 12 Months Ending	2021 F 06/30/2021	2022 F 06/30/2022	2E-04 F 06/30/2023	2E-04 F 06/30/2024	2E-04 F 06/30/2025	2E-04 F 06/30/2026	2027 F 06/30/2027	TV (GGM)	TV (Multiple)	CAGR 21-25
Depreciation & Amortization add back	**22,9**	**26,8**	**29,9**	**32,7**	**34,9**	**37,3**	**40,0**			9,8%
Change in Working Capital	22,7	24,1	-3,4	-20,0	-6,8	-11,5	-0,6			
Capital Expenditure	181,1	43,3	180,7	99,3	38,6	51,1	56,1			
Maintenance Capex	30,7	43,3	27,9	49,3	38,6	51,1	56,1			10,6%
Expansion Capex	150,4	0,0	152,8	50,0	0,0	0,0	0,0			
Merged FCFF	**7,7**	**97,9**	**69,2**	**172,0**	**235,5**	**230,0**	**255,3**	**3 734,0**	**2 968,9**	

Gordon Growth Sensitivity Analysis

Enterprise value

Terminal Growth Rate

WACC	1,00%	1,25%	**1,50%**	1,75%	2,00%
5,4%	5 130	5 398	5 702	6 046	6 442
6,9%	3 737	3 874	4 024	4 189	4 370
8,4%	2 913	2 994	**3 080**	3 173	3 273
9,9%	2 370	2 422	2 476	2 534	2 596
11,4%	1 986	2 021	2 058	2 097	2 138

EV/ EBITDA

Terminal Growth Rate

WACC	1,00%	1,25%	**1,50%**	1,75%	2,00%
5,4%	25	27	28	30	32
6,9%	18	19	20	21	22
8,4%	14	15	**15**	16	16
9,9%	12	12	12	13	13
11,4%	10	10	10	10	11

Exit Multiple Sensitivity Analysis

Enterprise value

Terminal Growth Rate

WACC	9,7	10,7	**11,6**	12,7	13,7
5,4%	2 662	2 848	3 016	3 220	3 407
6,9%	2 468	2 639	2 793	2 981	3 152
8,4%	2 292	2 449	**2 591**	2 764	2 921
9,9%	2 131	2 276	2 406	2 566	2 711
11,4%	1 984	2 118	2 238	2 385	2 518

EV/ EBITDA

Terminal Growth Rate

WACC	9,7	10,7	**11,6**	12,7	13,7
5,4%	13	14	15	16	17
6,9%	12	13	14	15	16
8,4%	11	12	**13**	14	14
9,9%	11	11	12	13	13
11,4%	10	10	11	12	12

Sources: Excel

Enterprise Value and Multiples

Enterprise Value

Enterprise Value			
Valuation Methodologies	**Median**	**Lower Limit**	**Upper Limit**
EV/ EBITDA	1475	1374	2688
EV/ EBITDA - 10Y Average	2134	1866	2586
EV/ EBITDA - 5Y Average	1734	1611	2572
EV/ EBIT	1612	1297	1998
EV Precedent Transactions	2567	1495	6237
DCF (Gordon Growth)	3080	2422	4189
DCF (Exit Multiple)	2591	2385	2848
Average Valuation	**2170**	**1779**	**3303**
Median Valuation	**2134**	**1611**	**2688**

Key Stats

Key Stats	2022E
Revenues	1 186
EBITDA	202
EBIT	175

Multiples

Multiples			
Valuation Methodologies	**Median**	**Lower Limit**	**Upper Limit**
EV/ EBITDA - LTM	7,3x	6,8x	13,3x
EV/ EBITDA - 10Y Average	10,6x	9,2x	12,8x
EV/ EBITDA - 5Y Average	8,6x	8,0x	12,7x
EV/ EBIT	9,2x	7,4x	11,4x
EV/ EBITDA - Preceding transactions	12,7x	7,4x	30,9x
DCF (Gordon Growth)	15,2x	12,0x	20,7x
DCF (Exit Multiple)	12,8x	11,8x	14,1x
Average Multiple	**11,2x**	**9,2x**	**17,4x**
Median Multiple	**11,6x**	**8,6x**	**13,7x**

Sources: Excel

Capital case with returns of 3,3x MM and 24,7% IRR, with exit in 2027

Lender Case

Deal MM		Exit Multiple				
		10,6x	11,1x	11,6x	12,1x	12,6x
Entry Multiple	10,6x	2,5x	2,6x	2,7x	2,8x	3,0x
	11,1x	2,3x	2,4x	2,5x	2,6x	2,8x
	11,6x	2,2x	2,3x	**2,4x**	2,5x	2,6x
	12,1x	2,0x	2,1x	2,2x	2,3x	2,4x
	12,6x	1,9x	2,0x	2,1x	2,2x	2,3x

Deal IRR		Exit Multiple				
		10,6x	11,1x	11,6x	12,1x	12,6x
Entry Multiple	10,6x	18%	19%	20%	21%	22%
	11,1x	17%	18%	19%	20%	21%
	11,6x	15%	16%	**17%**	18%	19%
	12,1x	14%	15%	16%	17%	18%
	12,6x	13%	14%	15%	16%	17%

Deal MM		Exit Year				
		Jul-24	Jul-25	Jul-26	Jul-27	Jul-28
Exit Multiple	10,6x	1,4x	1,6x	1,8x	2,2x	2,5x
	11,1x	1,5x	1,7x	1,9x	2,3x	2,6x
	11,6x	1,6x	1,8x	2,0x	**2,4x**	2,7x
	12,1x	1,7x	1,9x	2,1x	2,5x	2,9x
	12,6x	1,8x	1,9x	2,2x	2,6x	3,0x

Capital Case

Deal MM		Exit Multiple				
		10,6x	11,1x	11,6x	12,1x	12,6x
Entry Multiple	10,6x	3,5x	3,7x	3,9x	4,0x	4,2x
	11,1x	3,3x	3,4x	3,6x	3,7x	3,9x
	11,6x	3,1x	3,2x	**3,3x**	3,5x	3,6x
	12,1x	2,9x	3,0x	3,1x	3,3x	3,4x
	12,6x	2,7x	2,8x	2,9x	3,1x	3,2x

Deal IRR		Exit Multiple				
		10,6x	11,1x	11,6x	12,1x	12,6x
Entry Multiple	10,6x	26%	27%	28%	29%	30%
	11,1x	24%	25%	26%	27%	28%
	11,6x	23%	24%	**25%**	26%	26%
	12,1x	21%	22%	23%	24%	25%
	12,6x	20%	21%	22%	23%	24%

Deal MM		Exit Year				
		Jul-24	Jul-25	Jul-26	Jul-27	Jul-28
Exit Multiple	10,6x	1,8x	2,2x	2,6x	3,1x	3,6x
	11,1x	1,9x	2,3x	2,7x	3,2x	3,7x
	11,6x	2,0x	2,4x	2,9x	**3,3x**	3,9x
	12,1x	2,1x	2,5x	3,0x	3,5x	4,0x
	12,6x	2,2x	2,6x	3,1x	3,6x	4,2x

Management Case

Deal MM		Exit Multiple				
		10,6x	11,1x	11,6x	12,1x	12,6x
Entry Multiple	10,6x	4,9x	5,1x	5,3x	5,5x	5,7x
	11,1x	4,5x	4,7x	4,9x	5,1x	5,3x
	11,6x	4,2x	4,4x	**4,6x**	4,8x	5,0x
	12,1x	4,0x	4,1x	4,3x	4,5x	4,7x
	12,6x	3,7x	3,9x	4,1x	4,2x	4,4x

Deal IRR		Exit Multiple				
		10,6x	11,1x	11,6x	12,1x	12,6x
Entry Multiple	10,6x	34%	35%	36%	37%	38%
	11,1x	32%	33%	34%	35%	36%
	11,6x	30%	31%	**32%**	33%	34%
	12,1x	29%	30%	31%	32%	33%
	12,6x	27%	28%	29%	30%	31%

Deal MM		Exit Year				
		Jul-24	Jul-25	Jul-26	Jul-27	Jul-28
Exit Multiple	10,6x	2,2x	2,9x	3,5x	4,2x	5,1x
	11,1x	2,4x	3,0x	3,7x	4,4x	5,3x
	11,6x	2,5x	3,1x	3,8x	**4,6x**	5,5x
	12,1x	2,6x	3,3x	4,0x	4,8x	5,7x
	12,6x	2,7x	3,4x	4,2x	5,0x	5,9x

Sources: Excel model

07
Appendix – Exist and Due Diligence

NOVA SCHOOL OF
BUSINESS & ECONOMICS

Geographically distributed range of potential strategic buyers with a mixture of listed and private ownership

Company	Country	Owner	[1]Financials (m)	Description	Acquisition Rationale	[2]M&A (L10Y)
FINCANTIERI		Listed	2020 Revenues: $6,602.0 EBITDA: $155.1 *Margin: ~3%*	▪ *Shipbuilding: Cruise vessels, ferries and mega yachts ▪ Offshore specialized vessels ▪ Equipment and services	▪ Currently delivering <10 vessels/year ▪ Acquire increased scalability through Malibu with more recurring revenues by producing smaller recreational boats	4
DAMEN		Not Disclosed	2020 Revenues: $1,800.0 EBITDA: *n.a.* *Margin: n.a.*	▪ *Yachting: mega yachts ▪ Fishing ▪ Offshore energy	▪ Fleet of +100 superyachts under the Amels brand ▪ Increasing trend towards having more "toys"- including performance sport boats or outboards - in superyachts ▪ Recreational boating company such as Malibu serves as additional complement to their current offering as well as providing entry into new segments	Not Disclosed
BRP		Listed	2020 Revenues: $4,453.0 EBITDA: $683.8 *Margin: ~15%*	▪ Year-round products ▪ Seasonal products ▪ Powersports ▪ Marine	▪ 71% of revenues in North America as of 2021 with Marine making up only 7% of current revenue mix ▪ Unique opportunity to expand Marine line whilst grasping additional international market share given Malibu's reach abroad	4
BRUNSWICK		Listed	2020 Revenues: $4,347.5 EBITDA: $770.4 *Margin: ~18%*	▪ *Boats ▪ Propulsion ▪ Parts & Accessories	▪ Highly complementary to Malibu's product portfolio with synergy materialization potential (namely vertical integration) ▪ Missing renounced brand name in performance sport boat and electric boat presence which Malibu can provide	13
AZIMUT BENETTI GROUP		Not Disclosed	2020 Revenues: $1,200.0 EBITDA: *n.a.* *Margin: n.a.*	▪ *Yachting: mega yachts	▪ World's largest private group in yachting sector ▪ Track-record of acquiring prestigious brands in recreational boating ▪ Chartering business model could be applied to Malibu brand range as well as being highly complementary to any super yach	Not Disclosed

Sources: [2]Capital IQ

* Most viable exit for Malibu

Brunswick ticks all boxes for a swift exit with Malibu

Strategic sale to Brunswick ideal primarily due to complementary portfolios

BRUNSWICK

- Brunswick is the world's largest manufacturer of recreational boats and marine engines. Within the recreational boating segment, the company is primarily active in fiberglass day boats, sport yachts, sport boats, fishing boats, pontoon boats, utility boats, deck and inflatable boats.

Key Stats:

~$4,000.0m Rev 2020	16 Boat Manufacturing Brands
20+ Countries	~$1,000.0m EBITDA 2020

HIGH
Portfolio Complementation

Rationale:

- ☑ Experienced buyers with successful history of acquisitions: Recently acquired Navico for **~$1,005.0m**
- ☑ Present in all of Malibu's current markets with the exception of electric boats
- ☑ Geographical outreach with desire to grow in APAC

BRP

- Bombardier Recreational Products Inc. is a world-renowned Canadian group operating in the extreme sport vehicles industry. Main product categories include snowmobiles, recreational powerboats and Off-Road vehicles.

Key Stats:

~$4,000.0m Rev 2020	3 Boat Manufacturing Brands
3500+ Dealers	~$1,000.0m EBITDA 2020

MEDIUM
Portfolio Complementation

Rationale:

- ☑ Significant white space within several recreational boating segments that Malibu could help address
- ☑ Declining growth in United States could be reversed with Malibu's input

2 potential PEs with prior investments in the maritime industry

EAGLETREE CAPITAL

- EagleTree Capital an American private equity firm with over **+$4,000.0m** of AuM. The firm's primary focus is the North American mid-market with investments in three sectors: Media and Business Services; Consumer; and Water and Specialty Industrial.

2 Key Investments

Fund | Entry/Exit

Company	Fund	Entry	Exit
MasterCraft	n.a.	2004	2007
WARBIRD MARINE HOLDINGS	IV	2019	-

PERMIRA

- Permira is a British private equity that primarily invest in growth companies in the technology, services, healthcare, and consumer sectors. +35 years of investment experience with **$44,000.0m** of committed capital three main regions: North America, Europe and Asia.

1 Key Investment

Company	Fund	Entry	Exit
FERRETTIGROUP (Passion. Innovation. Excellence.)	2.3x	2002	2007

Rationale:

- ☑ Experience in transforming a recreational boating company (including complementary effort to increase sales abroad)
- ☑ Opportunity to create boating platform through buy and build due to PE's current purchasing power and nature of consolidation in boating

Sources: Orbis, Bloomberg