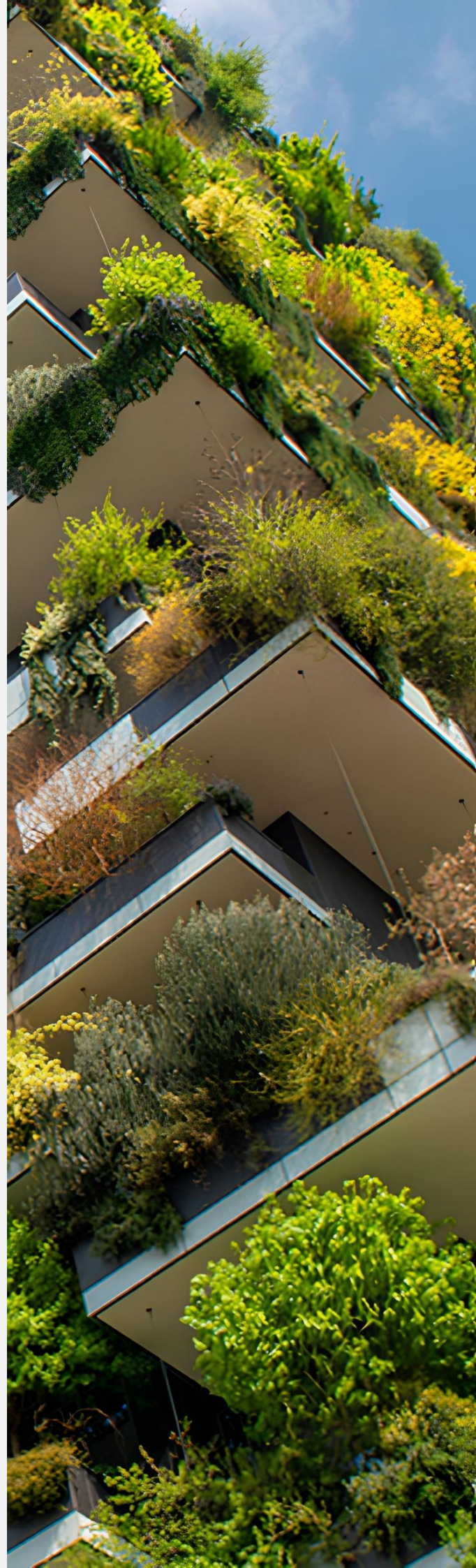


EQUITY RESEARCH REPORT

Malibu Boats

Luxury marine group | 02/05/2026



Malibu Boats, Inc. (MBUU)

Company Description

Malibu Boats is an American manufacturer of recreational powerboats founded in 1982 and headquartered in Tennessee, United States. The company operates in the recreational marine industry and focuses on the design, engineering, and production of performance boats used for leisure and watersports activities. Over the past decades, Malibu Boats has grown into one of the leading producers of premium sport boats in North America. The company is listed on the NASDAQ under the ticker MBUU and a current market capitalization of around \$515 million as of March 2026.

Investment Thesis

We initiate a **Hold** rating on **Malibu Boats (MBUU)** with a target price of **\$26.07**, implying limited upside. Malibu benefits from strong premium brands, leadership in U.S. performance sport boats, vertical integration, and long-term tailwinds from watersports, experiential leisure, and the Saxdor acquisition. However, near-term recovery remains constrained by cyclical demand, elevated interest rates, cautious consumers, dealer inventory normalization, and margin pressure. Low-emission propulsion also represents a long-term disruption risk. While rate easing, retail demand stabilization, Saxdor growth, and sustainable product innovation could support upside, current valuation largely reflects these opportunities, leaving risk-reward balanced.

Risks	Catalysts
<ul style="list-style-type: none"> ○ Cyclical demand/inventory risk ○ Channel concentration risk ○ Margin compression risk ○ Low emission propulsion competition 	<ul style="list-style-type: none"> ○ Retail demand stabilization ○ Premium dayboat growth ○ Margin recovery ○ Tech innovation and product expansion

About Bocconi Students for Value Investing

BSVI is a student-led association at Bocconi University dedicated to value investing, equity research, and long-term fundamental analysis. We bring together motivated students who share a disciplined, research-driven approach to financial markets and capital allocation. Our mission is to bridge the gap between academic theory and real-world investing by providing hands-on experience, structured technical training, and direct exposure to leading industry professionals.



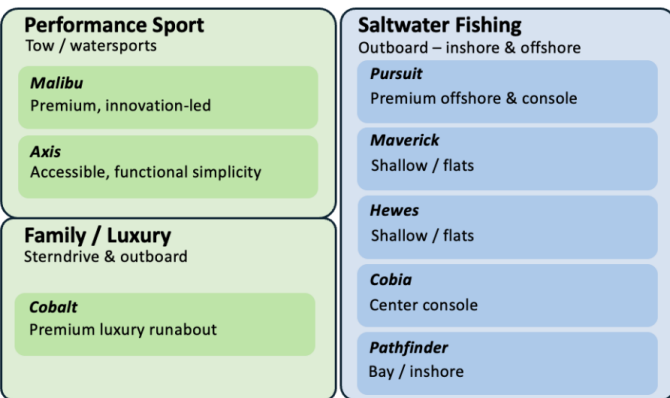
Equity Research Manager:	Edoardo Petrillo
Head of Finance:	Samuele Acerbi
Co-Head of Finance:	Aaron Smith
Head of S&S:	Piergiulio Fasciani
Co-head of S&S:	Augustin Meyer

Price	\$25.71
Recommendation	Hold
Date of valuation	05/02/2026

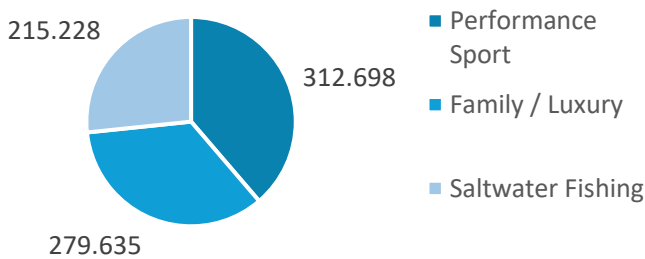
Key Data			
Shares outstanding	19,637,041		
Free float	93.03%		
52 week range	€23.84 - €39.65		
Exchange	NASDAQ		
Performance (%)	FY2023	FY2024	FY2025
Annual	2.85%	-31.43%	-24.95%
MSCI world	23.79%	18.67%	21.09%
Main metrics (€M)			
Revenue	€1,388	€829	€808
EBIT	€250	€44	€30
Net income	€105	€-56	€15
EPS	5.06	-2.74	0.76
DPS	-	-	-
BVPS	29.50	26.26	26.81

Product / Service

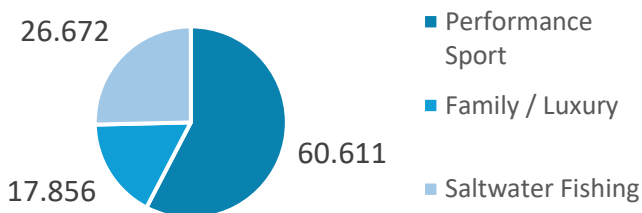
Malibu Boats organizes its business into three reporting segments, each serving a distinct end market and boating purpose. In 2025, the Malibu segment accounted for 38.7% of total net sales, making it the company’s largest revenue contributor. This segment includes the Malibu and Axis brands and is focused on performance sport boats designed for tow sports such as wakeboarding, wake surfing, and waterskiing. The Saltwater Fishing segment contributed 34.6% of net sales and includes brands such as Pursuit and Maverick Boat Group, targeting customers in saltwater and inshore fishing markets. The Cobalt segment represented 26.7% of net sales and focuses on premium sterndrive and outboard boats for leisure cruising, family boating, and luxury on-water experiences.



Net Sales in 2025 (Million, \$)



Adjusted EBITDA in 2025 (Million, \$)



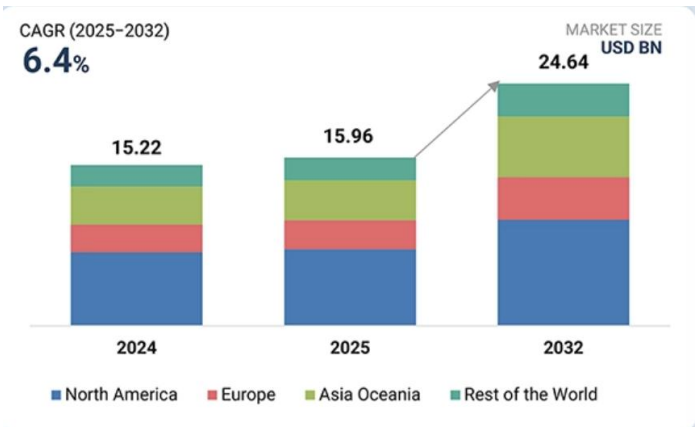
Industry Overview

The U.S. recreational boating market generated \$55.6 billion in total retail expenditures in 2024, encompassing new and pre-owned boats, marine engines, accessories, and boat use spending. The industry is inherently cyclical, with demand closely tied to consumer confidence, disposable income, and financing conditions. The core buyer demographic skews toward middle-to-upper income and high-net-worth households, though economic softness characteristically shifts demand toward pre-owned boats and boat club memberships, compressing OEM revenues disproportionately relative to underlying participation rates.

Following an unprecedented demand surge during 2020 to 2022, driven by pandemic-era lifestyle shifts toward outdoor recreation, the industry entered a prolonged normalization phase through 2024. Dealer inventories swelled as OEM production outpaced retail sell-through, forcing significant order cuts across the supply chain. The normalization cycle has extended further into 2025 than initially anticipated, with new powerboat retail unit sales declining approximately 8.7% year-over-year through October 2025. Unit volumes are forecast flat to slightly positive in 2026, supported by stabilizing inventory levels and structural tailwinds from rising consumer interest in watersports, fishing, and experiential outdoor leisure.

Globally, the adventure dayboat segment represents a \$2.5 billion opportunity growing at an estimated 15% CAGR, driven by younger, affluent buyers seeking versatile premium on-water experiences.

The recreational boat market projection 2025-32



Sources: MarketsandMarkets Analysis

Clients and Marketing

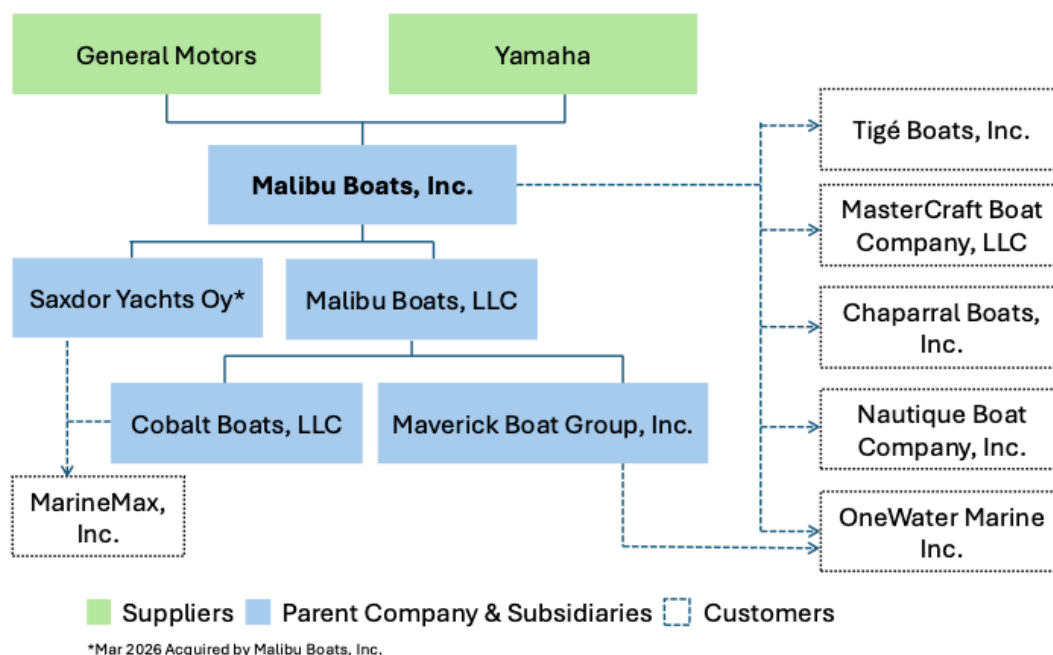
The company’s clients include independent marine dealers (B2B) that sell or service boats to retail customers (B2C). In 2025, the top ten dealers accounted for roughly 42.8% of net sales, with OneWater Marine Inc. representing a significant share (24.7%) of consolidated net sales, signaling customer concentration. Regarding geographical segmentation, as of June 30, 2025, Malibu Boats’ dealer network was made up of more than 400 dealer locations spread across Europe, Asia, the Middle East, South America, Africa, Australia, and North America, with the U.S. as the core market (300+ dealer locations). It is worth noting that no single country outside the U.S. contributed more than 10% of total net sales in FY2024.

Dealer contracts span 1 to 3 years. These are terminable and linked to marketing obligations and performance standards, unlike long-term take-or-pay style contracts. “Marketing obligations” may include boat shows, service capability, and product demonstration/promotion. Malibu Boats’ marketing strategy revolves around loyalty and brand awareness through custom content for outbound campaigns, brand websites, and social media, as well as trade shows and traditional print advertising. The company also increases engagement through experiential and community marketing, as seen in their Rider Experience Series initiatives and road tours. The company retains customers through incentives such as inventory financing arrangements, rebates, seasonal promotions, and dealer-based service and warranty

Suppliers & distribution

Malibu’s main suppliers include engine manufacturers, specialized marine component suppliers, and industrial materials companies. The company’s relationship with said suppliers is quite stable but not completely exclusive, allowing for some flexibility when needed. Having said this, some of the components that the company sources (such as marine engines or electronics) usually lack many alternatives, increasing reliance on third-party manufacturers.

Hence, the company is not entirely immune to volatile input costs and the possible lack of material availability. Regarding geographical location, Malibu’s suppliers are mainly based in North America. Still, some inputs are also sourced from other parts of the world, exposing the company to factors such as transportation costs, geopolitical disruptions, and tariffs. However, it is worth mentioning that, since 2009, the company has increased in-house production for engines, trailers, flooring, and key components. A significant portion of Malibu’s production now involves vertically integrated elements, reducing dependency on the aforementioned suppliers. Lastly, the company handles distribution through various independent dealers around the globe. These act as the primary sales channel for customers. Malibu aids these dealers with logistics coordination, marketing initiatives, and inventory planning.

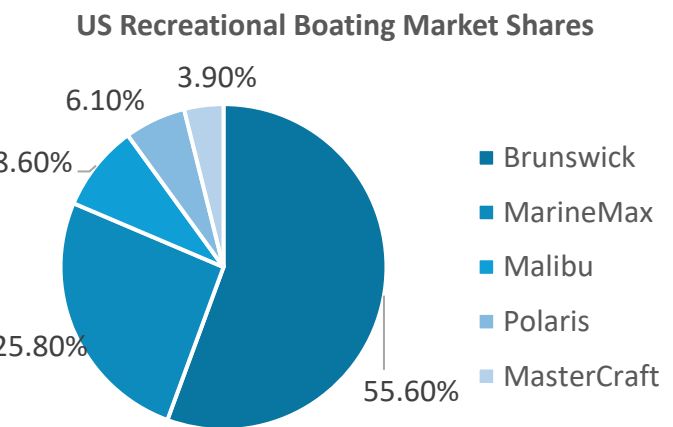


Competition

The US recreational boating market is led by a mix of diversified marine manufacturers, retail/distribution players, and premium segment specialists. Brunswick Corporation remains the largest player, supported by its vertically integrated model, particularly through Mercury Marine engines. Other major competitors include Polaris Inc., which participates in the marine market through its Bennington pontoon and Godfrey boat brands, and MarineMax, the largest retailer in the United States with a strong presence in premium brands and brokerage services. Malibu Boats, alongside MasterCraft, competes primarily in the premium towboat segment rather than across the full market.

The recreational boating industry is highly fragmented, with no single firm holding a dominant share. Industry reports consistently emphasize that the market is composed of numerous regional manufacturers alongside global firms. While exact global share percentages vary by methodology, the consensus is that even the largest player accounts for a minority share of the total market, reinforcing the fragmented structure.

Barriers to entry in the boating industry are moderate to high. Strong brand recognition is essential, particularly in the luxury segment where heritage and reputation influence purchasing decisions. Additionally, capital requirements for manufacturing facilities, tooling, and inventory are significant. Established dealer networks also act as a barrier, as new entrants struggle to access distribution channels. Finally, the market is cyclical, with demand tied to discretionary income and interest rates, increasing risk for new firms.

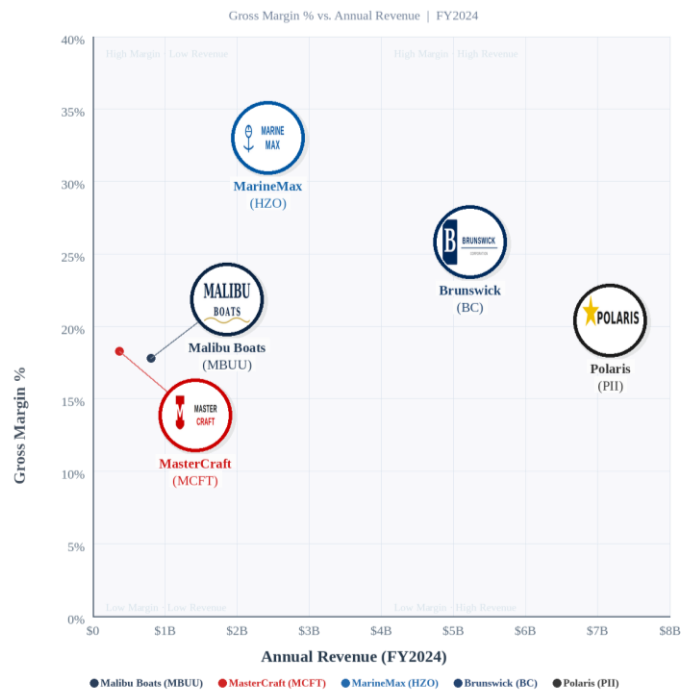


Corporate Strategy and Goal

Malibu Boats’ stated vision is “to be the premier recreational marine company”, and management has framed the current corporate strategy around driving growth, enhancing long-term value creation, and maintaining disciplined capital allocation. In practical terms, this strategy appears to rest on three pillars: continued product innovation across its premium brands, operational improvement through sourcing and manufacturing discipline, and expansion beyond its legacy towboat franchise into adjacent categories and geographies.

The March 2026 acquisition of Saxdor makes this strategy explicit. Malibu stated that the transaction fills “strategic whitespace” in premium adventure dayboats, establishes a scalable European platform, expands its international dealer footprint, and is expected to be immediately accretive to earnings per share. Management also linked the deal directly to the “Build, Innovate, and Grow” strategy presented at the September 2025 Investor Day. Taken together, these disclosures suggest that Malibu’s core goal is no longer just to defend leadership in premium wake boats, but to build a broader premium marine platform with stronger category diversification, more international exposure, and improved long-term shareholder value creation.

US Recreational Boating Competitor Map



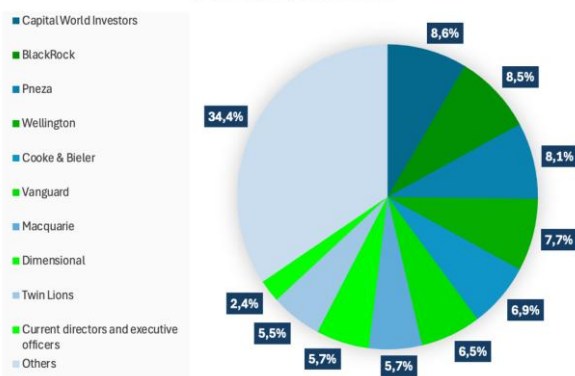
Threat of Substitute

Malibu Boats faces substitution risk across three dimensions. The used boat market acts as a cyclical pressure valve; during demand downturns, price-sensitive consumers migrate toward pre-owned inventory, suppressing new unit volumes disproportionately at the entry price tier. Over the medium term, shifting consumer preferences toward electric or alternative-fuel propulsion could erode Malibu's vertically integrated engine manufacturing advantage. More broadly, recreational boating competes against the full discretionary leisure landscape for consumer time and spending, making demand inherently pro-cyclical and sensitive to macroeconomic confidence indicators.

Partially offsetting these pressures is a differentiation model built on proprietary technology backed by patents and trademarks, a tiered brand architecture capturing multiple price points without cannibalizing brand equity, and in-house engine production insulating margins from third-party supplier dynamics. Surf Gate exemplifies this model: the company's electronically controlled surf panel system demonstrably expanded the wakesurfing category by lowering the participation barrier while simultaneously supporting higher average selling prices, illustrating management's view of innovation as a demand creation mechanism rather than purely a share-gain tool.

On the distribution side, Malibu operates through an independent dealer network exceeding 400 locations globally. Customer concentration warrants monitoring: the top ten dealers accounted for approximately 42.8% of FY2025 net sales, with OneWater Marine alone representing 24.7% of consolidated revenues. Dealer agreements spanning one to three years incorporate performance and marketing obligations without long-term volume commitments, a structure that limits forward revenue visibility but preserves flexibility in network management.

Ownership structure



Management

The company has undergone significant and rapid leadership turnover since early 2024, which is a critical qualitative consideration.

President and CEO: Steven D. Menneto

Menneto was appointed CEO following the abrupt departure of Jack Springer in February 2024. He subsequently assumed the additional role of President as of February 7, 2025, following the departure of former President Ritchie L. Anderson.

CFO: David S. Black

David S. Black, age 43, was appointed CFO effective November 13, 2025, a day after Bruce W. Beckman resigned. Black had served as Vice President of Finance since November 2023 and previously as interim CFO from April 2023 to November 2023, as Corporate Controller from November 2020 to April 2023, and as Director of Internal Audit since joining the company in 2017.

Board of Directors

On the Board of Directors side the governance structure could be summarized as: 9 board member, 8 independent directors and 1 executive director, Menneto. The number of members was reduced in 2025 from 10 to 9 after John Stokely chose not to stand for re-election, as reported in the 2025 Proxy Statement.

According to Simply Wall St's analysis using S&P Global Market Intelligence data, the average management team tenure at MBUU stands at approximately 1.2 years, which is below the threshold considered experienced. In contrast, the Board of Directors' average tenure is approximately 12.1 years, reflecting more seasoned oversight. The very short average management tenure is a direct consequence of the leadership crisis of 2024 and subsequent resignations. While Black's internal track record since 2017 provides some institutional continuity on the financial side, the broader executive team is newly constituted and has yet to demonstrate consistent performance through a full market cycle under current conditions.

Ownership

Malibu is mainly institutionally owned: in the graph on the left is possible to observe the largest disclosed holders in 2025 (from 2025 Proxy Statement).

Capital structure and financial health

Malibu Boats has a conservative financial strategy. They focus on cash flow management and maintaining liquidity and balance sheet flexibility to deal with the cyclical demand that characterizes the recreational boating industry. Reliance on external debt is quite limited, as operations tend to generate enough cash flow to finance capital expenditures. Additionally, the company has access to a revolving credit facility, which is useful for liquidity needs. Still, borrowings under this facility remain limited, indicating little short-term funding pressure.

The company is not publicly rated by Moody's or S&P, given its small debt load. This is something usual for small-cap manufacturers, who rarely access public debt markets and mostly utilize bank financing instead. Malibu's internal funding capacity is strong, so investments are mainly financed through its operating cash flow and available credit facilities rather than equity issuance or external debt. Lastly, one of the main financial risks the company is exposed to is, as mentioned above, the cyclical demand and consumer spending that defines the industry. Additionally, interest rate movements affect both borrowing and boat financing for the company's end customers.

Market Drivers

The primary market drivers of Malibu Boats revolve around sustainable consumer demand for premium watersport and recreational experiences in the performance sport boat stern-drive and select saltwater fishing segments. Some key positive forces include rising participation in wake surfing, wakeboarding and towed water sports.

Amongst these positive forces, technological innovation serves as a major accelerator. For Malibu boats, its industry-leading features such as Surf Gate, Power Wedge, advanced ballast systems, smart connectivity and touchscreen helm control enhance performance, ease of use, and customization. These allow the company to command higher average selling prices and broaden its market to both serious enthusiasts and tech-savvy buyers.

Supporting tailwinds include the increase in disposable income among affluent and high net worth households, expansion of boat clubs/fractional ownership models that lower entry barriers, investments in marina infrastructure, and a long-term industry shift toward larger, more versatile, feature-rich boats.

However, near-term headwinds temper these drivers: softer retail demand, dealer inventory destocking, higher interest rates impacting expensive financing affordability, and cautious consumer confidence have led to mixed wholesale volumes and guidance for flat to mid-single digit declines in fiscal 2026. Malibu continues to navigate these through strong product launches, pricing discipline, and operational efficiency while positioning for recovery as economic conditions stabilize and new model-year excitement builds.

Overall, Malibu's strategy leverages innovation and market leadership in the high-margin watersports niches to capitalize on secular lifestyle trends even during cyclical pressures in the broader recreational marine sector.

Acquisition of Saxdor Yacht

The acquisition of Saxdor Yachts announced on 2 March 2026 is relevant to Malibu Boats' valuation because it changes the company's growth profile, geographic mix, and peer set at the same time. Malibu acquired 100% of Saxdor for approximately €150 million, consisting of €110 million in cash and 1,523,794 Class A shares, with additional earn-outs of up to €71.25 million tied to 2026–2028 operating and financial targets; the consideration implies a valuation of around 7.2x estimated TTM EBITDA as of 31 March 2026. According to the company, Saxdor is expected to generate \$225–235 million of revenue and an EBITDA margin of 10–11% in the twelve months ending 31 March 2026, with immediate EPS accretion and pro forma net leverage of approximately 1.5x, therefore below Malibu's stated ceiling of 2.5x.

Strategically, the transaction can be interpreted as both offensive and defensive. It is offensive because it gives Malibu access to the premium adventure dayboat segment, which management estimates at \$2.5 billion and growing at 15% annually, while also adding a European manufacturing platform in Finland and Poland and a dealer network of more than 100 locations across over 50 countries. However, it is also defensive, because it comes at a time when Malibu's legacy business remains in a weak environment, with quarterly revenue declining and FY2026 guidance calling for flat to down mid-single-digit performance. In this sense, the intended outcome appears twofold: to reduce Malibu's dependence on the North American towboat business and to build a more international, more diversified, and potentially less cyclical marine group.

SWOT

Strengths:

- **Market leadership in premium towboats:** Approximately a 47% share in the U.S. performance sport boat segment.
- **Vertical integration:** In-house production of engines and components improves margin control and supply chain resilience.
- **Diversified brand portfolio:** Eight brands across performance, luxury runabout, and saltwater fishing segments broaden the addressable market and reduce single-segment risk.
- **Strong balance sheet:** Low financial leverage and reliance on internal cash flow provide flexibility through cycles.

Weaknesses:

- **U.S.-centric revenue mix:** Heavy reliance on North America exposes the company to domestic macroeconomic cycles and regulatory conditions.
- **Leadership instability:** Short management tenure (1.2 years), legal disputes, and multiple C-suite departures (CEO, President, CFO).
- **Dealer concentration:** Top 10 dealers represent ~42.8% of sales; OneWater alone ~24.7%, creating channel dependency.
- **Moderate margin profile:** Manufacturing intensity and input costs constrain profitability compared to asset-light consumer brands.

Opportunities:

- **Saxdor acquisition:** Access to a \$2.5 billion adventure dayboat segment growing ~15% annually; increased European exposure.
- **International expansion:** No single country outside the U.S. currently contributes more than 10% of net sales, creating significant headroom in Europe, Asia-Pacific, and emerging markets.
- **Technology-led demand creation:** New model introductions (e.g., Wakesetter 21 LX) and upgrades can expand demand and support higher average selling prices.
- **Hybrid/electric propulsion:** Early positioning in alternative propulsion could convert a long-term threat into a competitive advantage.

Threats:

- **Cyclical demand:** Demand is closely tied to consumer confidence, disposable income, and financing conditions, impacting sales volumes.
- **Interest rate sensitivity:** Elevated rates increase both dealer floorplan costs and the total financing burden for retail buyers, directly dampening affordability and willingness to purchase.
- **Input cost risks:** Potential tariffs on imported components estimated at 1.5–3% additional cost of sales in FY2026.
- **Electric propulsion disruption:** A shift in consumer preference toward electric boats could erode Malibu's in-house combustion engine advantage, which is a key pillar of vertical integration.

Industry & Market Context



PESTEL

Political Factors

Trade policies and tariffs represent a notable headwind. Potential or existing tariffs on imported components (aluminum, engines, and other materials) are estimated to add 1.5–3% to cost of sales in fiscal 2026, pressuring margins unless fully offset through supplier negotiations or pricing (Malibu Boats, Inc.). Changes in U.S. tax policy, including possible domestic manufacturing incentives or credits, could provide tailwinds for Malibu's U.S.-based production facilities. Broader shifts in trade relations and import/export regulations add uncertainty, though Malibu's vertical integration and domestic focus help mitigate some risks. Regulatory compliance with federal and state agencies remains routine but requires ongoing attention. (Malibu Boats, Inc., "Accelerates Its Global Expansion").

Economic Factors

High interest rates and cautious consumer confidence continue to weigh on discretionary big-ticket purchases like premium boats, contributing to softer retail demand, dealer inventory discipline, and Malibu's fiscal 2026 guidance of flat to mid-single-digit sales declines with Adjusted EBITDA margins in the 8–9% range (Malibu Boats, Inc., "Announces Second Quarter Fiscal 2026 Results"). Inflation has driven modest price increases and favorable model mix benefits in some segments, but elevated financing costs for dealers (floorplan) and retail buyers limit affordability for upper-middle and high-net-worth households. Macro recovery signals—such as potential easing of rates later in 2026—could support rebound in unit volumes and average selling prices, while Malibu's low debt position and cash generation provide resilience amid cyclical pressures in the recreational marine sector.

Social Factors

Social drivers remain strongly positive over the long term. Growing participation in wakesurfing, wakeboarding, and family-oriented watersports is fueled by affluent households and younger demographics (millennials and Gen Z) who prioritize experiential leisure and social on-water activities (Mordor Intelligence). Boat clubs, fractional ownership models, and social-media influence are lowering entry barriers and broadening the addressable market, aligning well with Malibu's versatile "do-it-all" hull designs and family-friendly layouts.

Technological Factors

Technological innovation constitutes Malibu's primary competitive moat. Patented features such as Surf Gate™, Power Wedge™, advanced ballast systems, and the mOS touchscreen Command Center enable superior performance, customization, and ease of use—supporting premium pricing. The 2026 model-year lineup, including compact models like the Wakesetter 21 LX, continues this focus, while longer-term opportunities in connectivity, data analytics, and potential hybrid/electric propulsion position the company favorably against rivals.

Environmental Factors

Environmental considerations are rising in importance. Malibu must comply with tightening EPA and CARB emissions standards for marine engines and fiberglass manufacturing processes, which have already increased production costs in prior periods (Malibu Boats, Inc.). Consumer and regulatory pressure for lower-carbon solutions is accelerating interest in sustainable manufacturing and alternative propulsion. Climate-related events (extreme weather, water-level volatility) can also disrupt seasonal demand and operations.

Legal Factors

Legal factors include ongoing compliance with product liability, warranty obligations, dealer agreements, and intellectual-property protection for proprietary technologies. The company faces typical litigation exposure (securities and customer matters) but maintains reserves and insurance. The Saxdor acquisition adds cross-border legal and contractual complexities around IP transfer and EU operations (Malibu Boats, Inc., "Accelerates Its Global Expansion"). Broader regulatory filings with the SEC, EPA, and state agencies add steady overhead.

Note:

As of May 2026, the strait of Hormuz remains effectively closed following Iran's retaliation to US-Israel military strikes that began late February the same year. This had a significant effect on global crude oil flows and, pushing Brent Crude above 100\$-110\$/bbl. For Malibu Boats, this adds new pressure on the Economic and Political pillars. Specifically, higher fuel costs add up to the total cost of ownership for such boats. This further softens the already cautious retail demand and delaying big-ticket purchases, while elevated raw-material and logistics costs squeeze margins in a year when the company is already guiding flat-to-down mid-single-digit fiscal 2026 revenue. While Malibu's strong balance sheet do provide some cushion, the prolonged disruption would amplify cyclical headwinds in the recreational marine sector.

Income statement

Malibu Boats has undergone severe cyclical contraction following its post-pandemic peak, with net sales falling from \$1.39 billion in FY2023 to \$808 million in FY2025, a decline of over 40% in two years. Operating income collapsed in parallel, from \$144.8 million to just \$21.8 million, as fixed-cost deleverage on lower volumes eroded margins across all segments. The \$97.1 million write-down of asset values in FY2024 pushed net loss to \$55.9 million, representing the low point of the cycle. FY2025 saw a return to modest profitability with net income of \$14.9 million.

The quality of earnings remains strained, with gross margins compressing from approximately 24.8% in FY2023 to 17.0% in FY2025, reflecting unfavorable model mix and poor fixed-cost absorption. Meanwhile, depreciation and amortization has risen steadily to \$38.6 million which is nearly double FY2021 levels, representing a growing structural drag on reported earnings. The central challenge ahead is rebuilding operating margins toward cycle-peak levels while absorbing the integration of Saxdor Yachts across a still-subdued volume environment.

Balance sheet

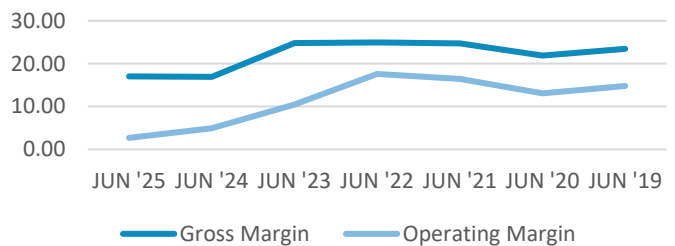
Malibu Boats' balance sheet highlights two key points: elevated inventory stock and improving leverage discipline. Inventory has remained high since FY2021, rising from \$116.7m in FY2021 to \$142.2m in FY2025, representing a 21.8% increase. Although inventory declined from its FY2023 peak of \$171.2m, it remains elevated, accounting for 64.7% of current assets and 19.4% of total assets in FY2025. This is not necessarily a fresh inventory build-up, but rather a sign that Malibu is still holding a high level of inventory relative to a weaker demand environment. The key risk is inventory quality: if demand remains soft, the company may need to convert inventory through discounting or slower turnover, which could pressure margins and cash conversion. High inventory also creates a working capital drag, as more cash is tied up in stock rather than available for operations or shareholder returns. On the other hand, leverage has improved significantly. Long-term debt fell from \$151.2m in FY2021 to \$22.9m in FY2025, an 84.8% decline. With cash of \$37.0m, Malibu now has negative net debt of approximately \$11.7m, helping relieve refinancing pressure and providing financial flexibility through the cycle.

Ratio analysis

Profitability

Malibu Boats reported a gross margin of 17.8% and an operating margin of 2.7% in 2025. Compared to competitors, profitability is weaker: peers typically generate gross margins of 20–25% and operating margins of 8–12%, implying a gap of 2–7pp at the gross level and 5–9pp at the operating level. This underperformance appears driven by company-specific factors.

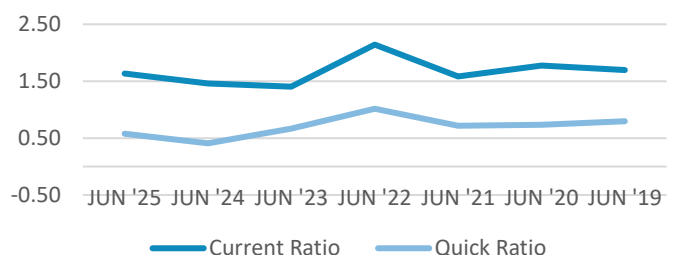
The lower operating margin suggests weaker operating leverage and less efficient fixed-cost absorption, while higher SG&A and distribution costs point to a less efficient cost structure. Dealer inventory overhang may have pressured pricing and margins. ROE of 2.9% also highlights underperformance versus peers, which generate 5–10% returns in the current downturn. Relative to normalized mid-teens levels, the gap would be wider, reflecting margin compression and weaker capital efficiency.



Liquidity

Malibu Boats maintains a moderate liquidity profile (current ratio 1.63 in FY2025), driven mainly by high inventories and receivables typical of a manufacturing business. This buffer supports operational flexibility and protects against demand volatility, but also indicates that a significant portion of capital is tied up in working capital rather than being actively deployed.

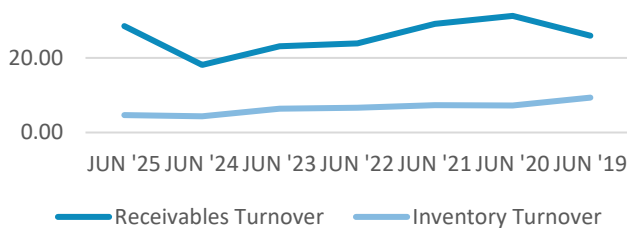
The quick ratio (0.58) confirms limited immediate liquidity, due to inventory weight. This profile is broadly in line with peers in the sector, although Malibu's relatively higher buffer may point to a more conservative stance or less efficient working capital management.



Efficiency

As of June 2025, Malibu Boats shows mixed operating efficiency relative to competitors. Receivables turnover (28.56x) is strong, indicating faster cash collection and broadly in line or slightly better performance than peers. Payables turnover (30.61x) suggests the company pays suppliers relatively quickly, implying a conservative working capital policy and limited use of supplier financing.

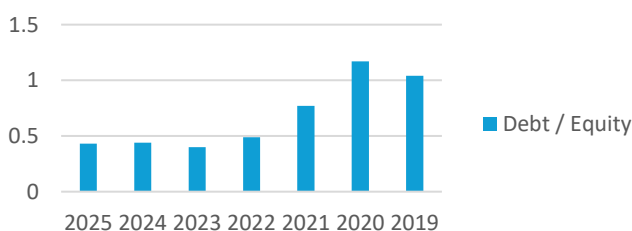
The main weakness is inventory efficiency: inventory turnover of around 4.7x is below several peers in the capital goods sector, pointing to slower stock rotation and more capital tied up in inventory compared to companies such as Brunswick or MasterCraft. Overall, Malibu appears stronger on receivables but weaker on inventory management, increasing exposure to demand volatility and reducing working-capital efficiency.



Solvency

As of June 2025, Malibu Boats reports a Gross Debt Ratio of 0.41x and a Financial Debt Ratio of 0.05x, confirming a very conservative capital structure with minimal reliance on interest-bearing debt. This is partly structural: several peers in the recreational marine industry also operate with low or even negative net debt, reflecting strong cash generation, cyclical demand, and a preference for financial flexibility. However, Malibu appears at the more conservative end of the spectrum.

Compared to competitors, which often use moderate leverage to enhance returns, Malibu's near-debt-free position suggests a deliberate choice to limit financial risk and preserve liquidity, especially given sector demand volatility. While this reduces interest-rate and refinancing risk, it may also imply underutilization of leverage relative to peers, potentially constraining ROE.



Forecast

Industry Forecast

The recreational boat industry is yet to recover from the COVID-19 drop in sales that, among others, has been caused by a forced discounting of older boat models to free up inventory. Because this is mainly a logistics issue, analysts expect revenues to return to standard levels within the next two years. On the other hand, the sector is highly cyclical and is heavily influenced by geopolitical events, making these predictions uncertain. Nonetheless, market CAGR forecasts for the period (2025-2032) range between 5.2-6.4%, driven by onboard accessories development and the introduction of new ownership schemes.

Company-wide Forecast

For Malibu Boats, the return to pre-Covid demand levels are strongly dependent on falling consumer loan rates and broader macroeconomic conditions (among its current segments, the Saltwater segment is perceived as the quickest to recover as retail prices for its products are generally lowest). Market analysts express belief in a return to growth starting in 2026, with net sales potentially recovering in FY 2027. Among its current segments, the fishing boat segment is perceived as the quickest to rebound as retail prices for its products are generally lowest. Nevertheless, Malibu management has outlined that it expects minimal net sales growth in 2026. As a response to this challenge, the company is aiming to differentiate its growth by expanding into the European market and increase its product offering.

Acquisition-driven growth: Saxdor

With the acquisition of Saxdor Yachts, the fast-growing and innovative Nordic manufacturer of "adventure dayboats", the company hopes to differentiate its growth, as well as expand beyond the US market. It proclaims significant synergy gains from new dealership centers, as well as increasing its product offering and creating a global reputation. The deal was financed using \$130 million in cash and \$45 million of equity, which represents strong confidence in the target. However, making such a large cash investment into a growing segment (15% CAGR) may signify internal concerns over Malibu Boats' current revenue streams, where demand is still in recovery. Moreover, such an expansion invites additional risk to be mitigated - such as currency risk and exposure to the energy-dependent European economy.

Revenue

To determine the appropriate growth rate for long-term valuation models, historical performance and fundamental pipeline strength were analysed. Malibu Boats has experienced a steep fall in revenue, with net sales going from \$1,388.4 million in 2023 to \$829 million in 2024. Following this period, we expect a gradual recovery, with annual operating profit growth projected at around 14% between 2027 and 2030. This is to be bolstered by improving macroeconomic conditions, the integration of Saxdor with a growing 10% EBITDA margin, as well as the rollout of innovations in boat manufacturing.

Cost of equity

The cost of equity is calculated using the Capital Asset Pricing Model (CAPM). A beta of **1.15** is sourced from a 5-year monthly regression and adjusted using the Factset 5Y Adjusted Beta methodology. This reflects the company's systematic risk relative to the broader market. Applying a risk-free rate of **4.31%**, consistent with the current US 10-Year Treasury Note yield, and a risk premium of **4.46%** derived from the Damodaran table, we arrive at a cost of equity of **9.44%**.

Cost of debt

The cost of debt is assessed through two approaches. Using the effective interest rate method, which is calculated as interest expense of 2 over net debt of (12), and the company yields an effective cost of debt of 0.00%, which is distorted by the net cash position (negative net debt). As an alternative and more meaningful measure, we apply the risk-free rate of **4.31%** and add a default spread of **0.23%** sourced from the Damodaran table, consistent with the company's credit profile. This produces a pre-tax cost of debt (Kd) of **4.54%**.

WACC

The Weighted Average Cost of Capital is computed by weighting the cost of equity and the cost of debt according to their respective proportions in the capital structure. With equity valued at 478 and net debt at (12), the total enterprise value stands at 467, yielding a weight of equity of 102.51% and a weight of net debt of -2.51%, reflecting a net cash position. Applying an effective tax rate of 24.19% to the cost of debt and combining the two components, the resulting WACC is **9.59%**. It is noted that the negative net debt weight is an unusual feature of the capital structure and the WACC should be interpreted accordingly.

COST OF EQUITY	
Beta (5Y monthly) - Regression	1,15
Risk-free Rate	4,31%
Expected market return	
Risk Premium	4,46%
Ke	9,44%

COST OF DEBT	
Interests	2
Net Debt	(12)
Cost of Debt (using effective int. Rate)	0,00%
Risk-free Rate	4,31%
Corporate rating	-
Default spread	0,23%
Kd (using rf and default spread)	4,54%

WACC	
Equity	478
Net Debt	(12)
Total	467
Tax rate	24,19%
Weight Equity	102,51%
Weight Net Debt	-2,51%
WACC	9,59%

Discounted Cash Flow

Discounting the projected free cash flows to the firm at a WACC of 9.59% yields a present value of FCFF of 115 across the five-year forecast period, and a present value of terminal value of 377. This results in an Enterprise Value of 493. Accounting for Net Debt, this yields an intrinsic share price of **26.07**. Relative to the current market price of 25.60, this implies a modest upside of **1.83%**, suggesting the stock is trading broadly in line with its fundamental value at current levels.

The model incorporates Malibu Boats' USD 175 million acquisition of Saxdor Yachts in March 2026, filling a strategic gap in the portfolio with premium adventure dayboats, which is a \$2.5 billion segment estimated to be growing at 15% annually. Moreover, the valuation accounts for early signs of revenue stabilization in FY2025 following a period of consecutive declines, though the near-term outlook remains cautious given management guidance of net sales flat to down mid-single digits and adjusted EBITDA margins of 8–9% for the full year. The recent compression in the share price from approximately \$30 in early February to the mid-\$20s is considered already reflected in our base case, driven by the Q2 FY2026 earnings miss and broader macro uncertainty, including elevated geopolitical risk stemming from the conflict in Iran. Sensitivity analysis confirms that even under conservative assumptions on revenue recovery and Saxdor integration, the combined group's expanded geographic reach, younger consumer demographic, and disciplined balance sheet provide a degree of structural resilience against further downside.

Sensitivity Analysis

Recognizing the limits of any DCF valuation, especially for a cyclical discretionary business like Malibu Boats, we performed a sensitivity analysis to test how changes in terminal growth rate (g) and WACC affect the implied fair value per share. Since the company is exposed to consumer confidence, interest rates, dealer inventory adjustments, and demand normalization after the post-pandemic boom, small changes in assumptions can materially affect valuation.

Our base case fair value is \$26.07 per share, based on a WACC of 9.59% and a terminal growth rate of 2.5%. This reflects a balanced scenario in which Malibu gradually stabilizes margins and volumes while maintaining moderate long-term growth in line with the recreational marine industry.

Under a pessimistic scenario, with a WACC of 10.59% and g of 1.5%, fair value falls to \$20.81 per share, consistent with high interest rates, softer demand, and continued dealer inventory pressure. In an optimistic scenario, with a WACC of 8.59% and g of 3.5%, fair value rises to \$35.43 per share, reflecting better demand, easier financing conditions, cost control, and margin recovery.

Overall, the valuation range of \$20.81–\$35.43 per share shows that Malibu Boats' equity value is highly sensitive to long-term growth expectations and the discount rate. Investors should therefore monitor interest rates, consumer spending, and the pace of recovery in the marine industry.

	WACC				
	8,59%	9,09%	9,59%	10,09%	10,59%
26,07					
1,50%	26,95	25,1	23,49	22,07	20,81
2,00%	28,59	26,5	24,69	23,11	21,72
2,50%	30,49	28,11	26,07	24,29	22,74
3,00%	32,74	29,98	27,64	25,64	23,9
3,50%	35,43	32,19	29,48	27,19	25,22

Company	EV/Sales	EV/EBITDA	P/E
Malibu Boats	0.60	8.1	33.5
MasterCraft	1.03	11.7	24.8
MarineMax	0.74	15.8	-10.3
Brunswick	1.35	11.9	-37.9
Polaris	0.68	15.2	7.2
Mean	0.88	12.5	3.5
Median	0.74	11.94	7.23

Comparable Companies Analysis

To determine the relative valuation of Malibu Boats, we analyzed a peer group of comparable companies in the recreational marine sector, including MasterCraft, MarineMax, Brunswick and Polaris. Based on their trading multiples, we derive a sector-reflective EV/EBITDA multiple of approximately 12.5x and a P/E of approximately 3.5x.

Compared to these benchmarks, Malibu Boats trades at an EV/EBITDA of 8.1x, implying a discount to peers and suggesting the market may be pricing in greater cyclicity or weaker near-term performance.

At the same time, its forward P/E of 33.5x is above the peer average, indicating expectations of earnings normalization or recovery. Overall, this combination points to a company currently under cyclical pressure but with relatively stable forward-looking expectations embedded in its valuation.

Recommendation

Based on our comprehensive valuation of Malibu Boats, the company appears to be trading broadly in line with its fundamental intrinsic value. Using a fair value estimate of **USD 26.1** derived from our valuation framework, the implied upside remains limited, leading us to a final **Hold** recommendation rather than a clear buy opportunity.

This conclusion reflects Malibu Boats' strong positioning in the premium recreational boating market, particularly in the sport boat and towboat segments, where brand strength, product quality, and dealer relationships continue to support its competitive standing.

At the same time, the company operates in a cyclical industry exposed to discretionary consumer spending, interest rates, and fluctuations in marine demand, which constrain near-term re-rating potential. As a result, while Malibu Boats remains a solid company with attractive long-term fundamentals, the current market valuation already captures much of this strength.

Sensitivity analysis further supports this balanced view, suggesting that the stock offers moderate resilience across different market scenarios, but not enough mispricing at present to justify a more aggressive recommendation.

Appendix

EBIT ESTIMATION

(Data in \$ million)	Historicals				Explicit forecast				
	2022A	2023A	2024A	2025A	2026E	2027E	2028E	2029E	2030E
Income statement									
Sales	1,215	1,388	829	808	816	827	847	875	906
<i>Growth</i>	31.1%	14.3%	-40.3%	-2.6%	1.0%	1.4%	2.4%	3.3%	3.6%
COGS (excluding D&A)	(885)	(1,015)	(656)	(632)	(627)	(627)	(634)	(645)	(660)
<i>% of sales</i>	72.9%	-73.1%	-79.1%	-78.2%	-76.8%	-75.8%	-74.8%	-73.8%	-72.8%
Gross profit	329	373	173	176	189	200	213	229	246
Other SG&A expenses	(89)	(200)	(99)	(116)	(111)	(112)	(115)	(118)	(123)
<i>% of sales</i>	7.3%	14.4%	12.0%	14.3%	13.5%	13.5%	13.5%	13.5%	13.5%
EBITDA	240	174	74	60	79	88	99	111	124
<i>Margin</i>	19.8%	12.5%	8.9%	7.5%	9.6%	10.7%	11.7%	12.7%	13.7%
D&A	(26)	(29)	(33)	(39)	(29)	(30)	(31)	(32)	(33)
<i>% of sales</i>	-2.2%	-2.1%	-4.0%	-4.8%	-3.6%	-3.6%	-3.6%	-3.6%	-3.6%
EBIT	214	145	41	22	49	58	68	79	91
<i>Margin</i>	17.6%	10.4%	5.0%	2.7%	6.0%	7.0%	8.0%	9.0%	10.0%
Net Income	163.44	107.92	-56.44	15.25	25.74	34.46	43.77	53.95	64.96
<i>% of sales</i>	13.5%	7.8%	-6.8%	1.9%	3.2%	4.2%	5.2%	6.2%	7.2%

DCF

(Data in \$ million)	2022A	2023A	2024A	2025A	2026E	2027E	2028E	2029E	2030E
EBIT	214	145	41	22	49	58	68	79	91
<i>Growth %</i>					0,558	0,155	0,145	0,139	0,131
Operational taxes	(53)	(36)	(10)	(5)	(12)	(15)	(17)	(20)	(23)
NOPAT	160	109	31	16	37	44	51	59	68
Depreciation	26	29	33	39	29	30	31	32	33
Gross cash flows	187	137	64	55	66	74	82	91	101
WC value	159	94	64	85	68	69	71	73	75
<i>% of sales</i>	13,10%	6,76%	7,66%	10,56%	8,33%	8,33%	8,33%	8,33%	8,33%
Change in noncash WC	(81)	65	30	(22)	17	(1)	(2)	(2)	(3)
<i>% of sales</i>	(6,65%)	4,70%	3,67%	(2,70%)	2,13%	(0,11%)	(0,20%)	(0,26%)	(0,29%)
CAPEX	(55)	(55)	(76)	(28)	(51)	(52)	(53)	(55)	(57)
<i>% of sales</i>	4,53%	3,95%	9,15%	3,46%	6,30%	6,30%	6,30%	6,30%	6,30%
FCFF	51	148	18	5	32	20	27	33	41
TV cash flow									
Year					1	2	3	4	5
Discount factor					0,9125	0,8327	0,7598	0,6933	0,6326
PV FCFF					29	17	20	23	26
Terminal Value				595,89					
PV terminal value				377					
Enterprise Value				493					
(Net Debt)				12					
Equity Value				505					
NOSH				19,36					
Share Price				26,07					
Current Share Price				25,71					
Upside/Downside				1,39%					
Recommendation				HOLD					

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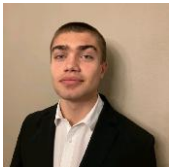
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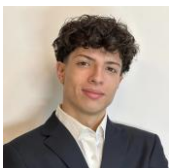
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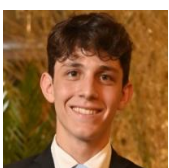
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