

**ACUSHNET HOLDINGS CORP.**

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**First Quarter 2021  
Earnings Call**

May 6, 2021



# DISCLAIMERS

## **FORWARD-LOOKING STATEMENTS**

The forward-looking statements contained in this presentation are based on management's current expectations, including our current views with respect to the impact of the novel coronavirus ("COVID-19") on our operations and financial performance, and are subject to uncertainty and changes in circumstances. We cannot assure you that future developments affecting us will be those that we have anticipated. Actual results may differ materially from these expectations due to changes in global, regional or local economic, business, competitive, market, regulatory and other factors, many of which are beyond our control. Important factors that could cause or contribute to such differences include: the duration and impact of the COVID-19 pandemic, which may precipitate or exacerbate one or more of the following risks and uncertainties; a reduction in the number of rounds of golf played or in the number of golf participants; unfavorable weather conditions may impact the number of playable days and rounds played in a given year; consumer spending habits and macroeconomic factors may affect the number of rounds of golf played and related spending on golf products; demographic factors may affect the number of golf participants and related spending on our products; changes to the Rules of Golf with respect to equipment; a significant disruption in the operations of our manufacturing, assembly or distribution facilities; our ability to procure raw materials or components of our products; a disruption in the operations of our suppliers; the cost of raw materials and components; currency transaction and translation risk; our ability to successfully manage the frequent introduction of new products or satisfy changing consumer preferences, quality and regulatory standards; our reliance on technical innovation and high-quality products; our ability to adequately enforce and protect our intellectual property rights; involvement in lawsuits to protect, defend or enforce our intellectual property rights; our ability to prevent infringement of intellectual property rights by others; changes to patent laws; intense competition and our ability to maintain a competitive advantage in each of our markets; limited opportunities for future growth in sales of certain of our products, including golf balls, golf shoes and golf gloves; our customers' financial condition, their levels of business activity and their ability to pay trade obligations; a decrease in corporate spending on our custom logo golf balls; our ability to maintain and further develop our sales channels; consolidation of retailers or concentration of retail market share; our ability to maintain and enhance our brands; seasonal fluctuations of our business; fluctuations of our business based on the timing of new product introductions; risks associated with doing business globally; compliance with laws, regulations and policies, including the U.S. Foreign Corrupt Practices Act or other applicable anti-corruption legislation, as well as federal, state and local policies and executive orders regarding the COVID-19 pandemic; our ability to secure professional golfers to endorse or use our products; negative publicity relating to us or the golfers who use our products or the golf industry in general; our ability to accurately forecast demand for our products; a disruption in the service, or a significant increase in the cost, of our primary delivery and shipping services or a significant disruption at shipping ports; our ability to maintain our information systems to adequately perform their functions; cybersecurity risks; the ability of our eCommerce systems to function effectively; impairment of goodwill and identifiable intangible assets; our ability to attract and/or retain management and other key employees and hire qualified management, technical and manufacturing personnel; our ability to prohibit sales of our products by unauthorized retailers or distributors; our ability to grow our presence in existing international markets and expand into additional international markets; tax uncertainties, including potential changes in tax laws, unanticipated tax liabilities and limitations on utilization of tax attributes after any change of control; adequate levels of coverage of our insurance policies; product liability, warranty and recall claims; litigation and other regulatory proceedings; compliance with environmental, health and safety laws and regulations; our ability to secure additional capital at all or on terms acceptable to us and potential dilution of holders of our common stock; risks associated with acquisitions and investments; our estimates or judgments relating to our critical accounting estimates; terrorist activities and international political instability; occurrence of natural disasters or pandemic diseases, including the COVID-19 pandemic; our substantial leverage, ability to service our indebtedness, ability to incur more indebtedness and restrictions in the agreements governing our indebtedness; our use of derivative financial instruments; the ability of our controlling shareholder to control significant corporate activities, and that our controlling shareholder's interests may conflict with yours; our status as a controlled company; the market price of shares of our common stock; our ability to maintain effective internal controls over financial reporting; our ability to pay dividends; our status as a holding company; dilution from future issuances or sales of our common stock; anti-takeover provisions in our organizational documents and Delaware law; reports from securities analysts; and the other factors set forth in the section entitled "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2020 filed with the Securities and Exchange Commission ("SEC") on February 25, 2021 as it may be updated by our periodic reports subsequently filed with the SEC, including, when available, the Quarterly Report on Form 10-Q for the period ended March 31, 2021. These factors should not be construed as exhaustive. Should one or more of these risks or uncertainties materialize, or should any of our assumptions prove incorrect, our actual results may vary in material respects from those projected in these forward-looking statements.

Any forward-looking statement made by us in this presentation speaks only as of the date of this presentation. Factors or events that could cause our actual results to differ may emerge from time to time, and it is not possible for us to predict all of them. We may not actually achieve the plans, intentions or expectations disclosed in our forward-looking statements and you should not place undue reliance on our forward-looking statements. Our forward-looking statements do not reflect the potential impact of any future acquisitions, mergers, dispositions, joint ventures, investments or other strategic transactions we may make. We undertake no obligation to publicly update or review any forward-looking statement, whether as a result of new information, future developments or otherwise, except as may be required by any applicable securities laws.

## **NON-GAAP FINANCIAL MEASURES**

This presentation includes certain financial measures not presented in accordance with generally accepted accounting principles ("GAAP") such as Adjusted EBITDA, Adjusted EBITDA margin and net sales in constant currency. These non-GAAP financial measures are not measures of financial performance in accordance with GAAP and may exclude items that are significant to understanding and assessing the Company's financial results. Therefore, these measures should not be considered in isolation or as an alternative to net sales, net income or other measures of profitability or performance under GAAP. You should be aware that the Company's presentation of these measures may not be comparable to similarly-titled measures used by other companies. For a reconciliation of these measures to the most comparable GAAP measures, we refer you to the appendix in this presentation or the earnings release that we have made available on our website ([www.acushnetholdingscorp.com](http://www.acushnetholdingscorp.com)) in connection with this presentation.

For further information, please see our Annual Report on Form 10-K for the year ended December 31, 2020 filed with the SEC on February 25, 2021 as it may be updated by our periodic reports subsequently filed with the SEC, including, when available, the Quarterly Report on Form 10-Q for the period ended March 31, 2021, pursuant to the Securities Exchange Act of 1934 which are available at the SEC's website ([www.sec.gov](http://www.sec.gov)). Copies of this presentation and the accompanying webcast are publicly available on our website ([www.acushnetholdingscorp.com](http://www.acushnetholdingscorp.com)). This presentation should be read with the accompanying webcast and related earnings release.



# Q1 2021 Performance

**David Maher**

*President and Chief Executive Officer*



# Q1 OVERVIEW

(\$ in millions)	Q1 2021	Growth vs. 2020	Growth vs. 2019
Net sales	\$580.9	42.1%	33.9%
Titleist Brand <sup>(1)</sup>	\$382.5	51.2%	37.5%
FootJoy Brand	\$159.4	22.2%	13.0%
Adjusted EBITDA <sup>(2)</sup>	\$135.3	156.3%	110.7%

(1) Includes Titleist Brand equipment and gear

(2) See Appendix A for Adjusted EBITDA reconciliation



# Q1 NET SALES BY SEGMENT

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<i>(\$ in millions)</i>	Q1 2021	Growth Y/Y	Growth Y/Y @ CC
<b>Titleist Golf Balls</b>	\$173.6	49.4%	45.7%
<b>Titleist Golf Clubs</b>	\$155.8	67.2%	63.0%
<b>Titleist Golf Gear</b>	\$53.1	22.1%	17.5%
<b>FootJoy Golf Wear</b>	\$159.4	22.2%	18.0%



# Q1 NET SALES BY REGION

**ACUSHNET  
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<i>(\$ in millions)</i>	Q1 2021	Growth Y/Y	Growth Y/Y @ CC
<b>United States</b>	\$308.6	46.3%	46.3%
<b>EMEA</b>	\$80.6	7.9%	(1.1)%
<b>Japan</b>	\$56.4	50.0%	46.3%
<b>Korea</b>	\$79.1	56.9%	46.6%
<b>Rest of world</b>	\$56.2	60.6%	47.7%

*Titleist*

  
SCOTTY CAMERON

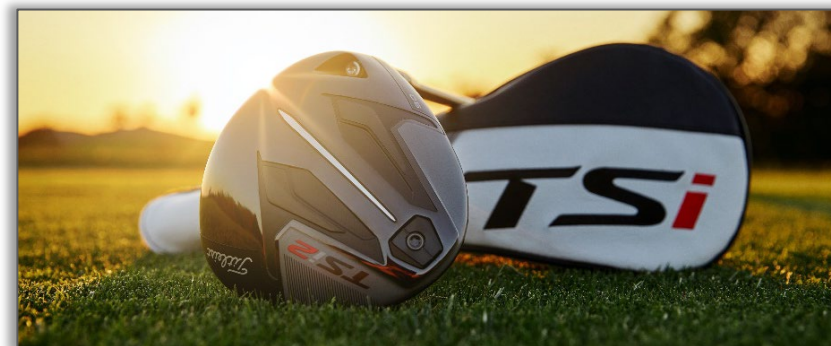
  
VOKEY DESIGN

LINKS  KINGS

 **FJ**

# OUTLOOK

- Strong demand for Acushnet products
- Rounds of play remain healthy
- Field inventories approaching normal levels
- Avid golfers making up most of incremental rounds, 500k new golfers in U.S.
- Company capturing strong club demand with sales shift to 1<sup>st</sup> half of 2021
  - Earlier launch of TSi 1 and 4 drivers and fairways and TSi hybrids
  - Irons and Vokey wedges
- Investing in our business over balance of year to position for future growth
  - Product innovation, golfer connection, digital, A&P and supply chain
  - Approximately \$15 million in operating expenses



# **Q1 2021 Financial Results**

**Tom Pacheco**  
*Chief Financial Officer*





# INCOME STATEMENT HIGHLIGHTS

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<i>(\$ in millions)</i>	Q1 2021	Q1 2020
<b>Net sales</b>	<b>\$580.9</b>	<b>\$408.7</b>
<b>Gross profit</b> <i>GM%</i>	<b>\$310.7</b> 53.5%	<b>\$201.0</b> 49.2%
SG&A	\$176.4	\$152.7
R&D	\$12.3	\$13.2
Restructuring charges	\$---	\$11.6
<b>Income from operations</b> <i>OM%</i>	<b>\$120.1</b> 20.7%	<b>\$21.4</b> 5.2%
Interest expense, net	\$3.6	\$4.1
Other expense, net	\$2.0	\$0.7
Income tax expense <i>Effective Tax Rate</i>	\$27.8 24.3%	\$7.6 46.0%
<b>Net income attributable to Acushnet Holdings Corp.</b>	<b>\$85.0</b>	<b>\$8.9</b>
<b>Adjusted EBITDA<sup>(1)</sup></b>	<b>\$135.3</b>	<b>\$52.8</b>

(1) See Appendix A for Adjusted EBITDA reconciliation



# BALANCE SHEET AND CASH FLOW HIGHLIGHTS

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<i>(\$ in millions)</i>	As of 3/31/2021	Notes
Unrestricted Cash	\$111	
Total Debt Outstanding	\$352	Leverage ratio 1.1x
Accounts Receivable, net	\$388	
Inventory	\$330	Down \$35 million vs. 3/31/20

<i>(\$ in millions)</i>	3 months ended 3/31/2021	Notes
Cash Flows from Operations	\$(30.0)	≈\$43 million improvement Y/Y
Capital Expenditures	\$6.4	≈\$5.7 million in 2020



# CAPITAL ALLOCATION

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- Capital allocation priorities have not changed
- Invest in the business to advance long-term strategy and drive growth at a favorable return
- Declared Q2 2021 cash dividend of \$0.165 to be paid on June 18, 2021
- Early termination of credit facility amendment; resumed share repurchases
- Expect to purchase up to \$40 million worth of shares in 2021



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Callaway

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# 2021 FINANCIAL OUTLOOK

*(\$ in millions)*

## 2021 Outlook

### Net Sales

\$1,795 - \$1,875  
Up  $\approx$ 14% at the mid-point vs. 2020

### Net Sales @ CC

Increase by  $\approx$ 9% to 14%  
when compared to 2020

### Adjusted EBITDA

\$255 - \$285  
Up  $\approx$ 16% at the mid-point

Outlook assumes no significant worsening of the impact of the COVID-19 pandemic

### Key timing differences in 2021 compared to 2019

- Launch of TSi 1 and 4 drivers and fairways and TSi hybrids in first-half of 2021
- Highly successful Pro V1 Loyalty Rewarded program shifted some sales into first-half of 2021





Q&A





# APPENDIX

*Titleist*<sup>®</sup>

  
SCOTTY CAMERON

  
VOKEY DESIGN<sup>™</sup>

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# APPENDIX A: ADJUSTED EBITDA

<i>(\$ in millions)</i>	Q1 2021	Q1 2020
<b>Net income attributable to Acushnet Holdings Corp.</b>	<b>\$85.0</b>	<b>\$8.9</b>
Interest expense, net	3.6	4.1
Income tax expense	27.8	7.6
Depreciation and amortization	10.4	10.3
Share-based compensation	5.5	2.2
Restructuring & transformation costs <sup>(1)</sup>	---	11.6
Other extraordinary, unusual or non-recurring items, net <sup>(2)</sup>	1.3	8.0
Net income attributable to noncontrolling interests	1.7	0.1
<b>Adjusted EBITDA</b>	<b>\$135.3</b>	<b>\$52.8</b>
<b>Adjusted EBITDA margin</b>	<b>23.3%</b>	<b>12.9%</b>

- (1) Relates to severance and other costs associated with management's approved restructuring program to refine the Company's business model and improve operational efficiencies.
- (2) The three months ended March 31, 2021 includes pension settlement costs of \$1.4 million related to lump-sum distributions to participants in our defined benefit plans as a result of the voluntary retirement program as part of management's approved restructuring program. The three months ended March 31, 2020 includes salaries and benefits paid for associates who could not work due to government mandated shutdowns, fringe benefits paid for furloughed associates, spoiled raw materials, incremental costs to support remote work and the cost of additional health and safety equipment of \$7.5 million. Also includes other immaterial unusual or non-recurring items, net for the three months ended March 31, 2021 and 2020.

# APPENDIX B: NET SALES BY SEGMENT

(\$ in millions)	Q1 2021	Growth Y/Y	Growth Y/Y @ CC
<b>Titleist Golf Balls</b>	\$173.6	49.4%	45.7%
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# APPENDIX C: NET SALES BY REGION

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Japan	\$56.4	50.0%	46.3%
Korea	\$79.1	56.9%	46.6%
Rest of world	\$56.2	60.6%	47.7%