

# **ACUSHNET HOLDINGS CORP.**

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## **Third Quarter 2022 Earnings Call**

November 3, 2022



# 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; our ability to comply with data privacy and security laws; 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; lack of assurance of positive returns on capital investments; 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; a high degree of 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; share repurchase program execution and effects thereof; 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, 2021 filed with the Securities and Exchange Commission ("SEC") on March 1, 2022 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 September 30, 2022. 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, 2021 filed with the SEC on March 1, 2022 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 September 30, 2022, 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.



# Q3 and YTD 2022 Performance

**David Maher**

*President and Chief Executive Officer*



# Q3 AND YTD OVERVIEW

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(\$ in millions)	Q3 2022	Growth Y/Y	Growth Y/Y @ CC	YTD 2022	Growth Y/Y	Growth Y/Y @ CC
<b>Net sales</b>	\$558.2	7.0%	13.5%	\$1,822.9	5.5%	10.5%
<b>Adjusted EBITDA*</b>	\$86.5	23.0%		\$313.0	(6.1)%	



\* See Appendix for Adjusted EBITDA reconciliation

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# Q3 AND YTD NET SALES BY SEGMENT

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<i>(\$ in millions)</i>	Q3 2022	Growth Y/Y	Growth Y/Y @ CC	YTD 2022	Growth Y/Y	Growth Y/Y @ CC
<b>Titleist Golf Balls</b>	\$181.2	8.4%	13.3%	\$546.4	0.6%	4.2%
<b>Titleist Golf Clubs</b>	\$153.9	13.5%	19.8%	\$478.9	7.8%	12.4%
<b>Titleist Golf Gear</b>	\$59.2	27.0%	35.0%	\$172.5	4.7%	10.2%
<b>FootJoy Golf Wear</b>	\$131.7	(4.5)%	2.5%	\$507.1	9.8%	15.3%

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# Q3 AND YTD NET SALES BY REGION

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<i>(\$ in millions)</i>	Q3 2022	Growth Y/Y	Growth Y/Y @ CC	YTD 2022	Growth Y/Y	Growth Y/Y @ CC
<b>United States</b>	\$327.6	15.9%	15.9%	\$974.2	7.5%	7.5%
<b>EMEA</b>	\$70.6	2.5%	18.6%	\$274.8	11.3%	22.8%
<b>Japan</b>	\$34.4	(28.2)%	(10.0)%	\$118.6	(20.9)%	(7.9)%
<b>Korea</b>	\$69.9	(7.8)%	6.6%	\$254.1	0.9%	12.7%
<b>Rest of world</b>	\$55.7	20.0%	26.5%	\$201.2	16.8%	21.4%

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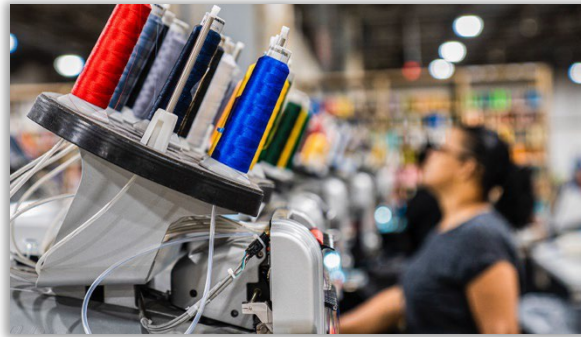
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# OUTLOOK

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- Enthused with early interest in new TSR drivers and fairways
- On track for launch of new Pro V1 golf balls in 1Q23
- Great initial response to new FootJoy 2023 collections
- Investments in technology to deliver best in class service and support
- Strength & momentum heading into 2023



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FootJoy

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# **Q3 and YTD 2022 Financial Results**

**Tom Pacheco**  
*Chief Financial Officer*





# INCOME STATEMENT HIGHLIGHTS

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(\$ in millions)	Q3 2022	Q3 2021	YTD 2022	YTD 2021
<b>Net sales</b>	<b>\$558.2</b>	<b>\$521.6</b>	<b>\$1,822.9</b>	<b>\$1,727.4</b>
<b>Gross profit</b> <i>GM%</i>	<b>\$295.0</b> 52.8%	<b>\$268.8</b> 51.5%	<b>\$955.6</b> 52.4%	<b>\$914.0</b> 52.9%
SG&A	\$202.4	\$199.8	\$637.3	\$586.4
R&D	\$14.6	\$14.6	\$42.5	\$39.9
<b>Income from operations</b>	<b>\$76.0</b>	<b>\$52.5</b>	<b>\$269.9</b>	<b>\$281.7</b>
Interest expense, net	\$4.5	\$1.1	\$7.9	\$6.6
Other expense, net	\$2.4	\$0.9	\$5.8	\$3.2
Income tax expense <i>Effective Tax Rate</i>	\$15.8 22.9%	\$10.5 20.8%	\$52.8 20.6%	\$62.9 23.1%
<b>Net income attributable to Acushnet Holdings Corp.</b>	<b>\$51.8</b>	<b>\$39.3</b>	<b>\$199.3</b>	<b>\$205.3</b>
<b>Adjusted EBITDA*</b> <i>Adjusted EBITDA Margin</i>	<b>\$86.5</b> 15.5%	<b>\$70.3</b> 13.5%	<b>\$313.0</b> 17.2%	<b>\$333.3</b> 19.3%

\* See Appendix for Adjusted EBITDA reconciliation



# BALANCE SHEET AND CASH FLOW HIGHLIGHTS

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<i>(\$ in millions)</i>	As of 9/30/2022	Notes
Unrestricted Cash	\$107	
Total Debt Outstanding	\$434	Leverage ratio 1.1x
Accounts Receivable, net	\$324	DSOs improved 2 days Y/Y
Inventory	\$537	Now at appropriate level to meet continued demand

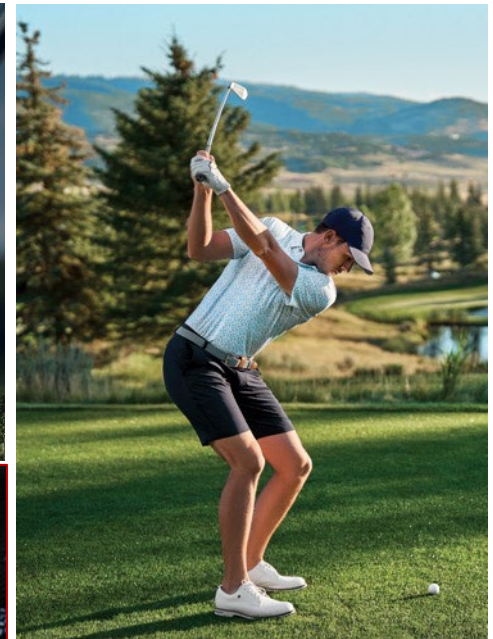
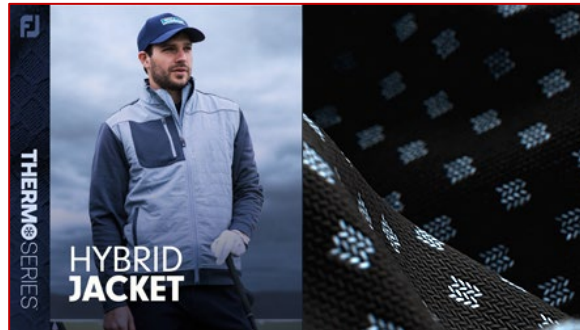
<i>(\$ in millions)</i>	9 months ended 9/30/2022	Notes
Cash Flows from Operations	\$(59.0)	Y/Y decrease result of working capital change
Capital Expenditures	\$33.6	Expecting ~\$50M-55M for FY22



# CAPITAL ALLOCATION

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- Continued investment in product innovation, golfer connection and operational excellence
- Declared Q4 2022 cash dividend of \$0.18 to be paid on December 16, 2022
- Repurchased ~\$42 million shares in Q3 2022 and ~\$140 million year-to-date
- 2022 has been most active share repurchase period to date



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# 2022 FINANCIAL OUTLOOK

<i>(\$ in millions)</i>	2022 Outlook
<b>Net Sales</b>	\$2,225 - \$2,250 Up $\approx$ 4.2% at the mid-point vs. 2021
<b>Net Sales @ CC</b>	Increase by $\approx$ 9.0% to 10.2% when compared to 2021
<b>Adjusted EBITDA</b>	\$325 - \$335 Up $\approx$ 0.5% at the mid-point vs. 2021

Updating and narrowing the ranges of FY2022 Outlook



A wide-angle photograph of a golf course during the golden hour of sunset. The foreground is dominated by a lush green fairway with long, soft shadows cast by the trees. In the middle ground, three people are visible: one golfer in mid-swing on the left, and two others standing near a golf bag on the right. A small, irregular pond is situated to the right of the golfer. The background features a dense line of evergreen and deciduous trees, with a residential development visible on the hillside beyond. The sky is not clearly visible, but the warm lighting suggests a low sun. The text "Q&A" is centered in the upper half of the image in a white, bold, sans-serif font.

Q&A

# APPENDIX

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# ADJUSTED EBITDA

**ACUSHNET  
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<i>(\$ in millions)</i>	Q3 2022	Q3 2021	YTD 2022	YTD 2021
<b>Net income attributable to Acushnet Holdings Corp.</b>	<b>\$51.8</b>	<b>\$39.3</b>	<b>\$199.3</b>	<b>\$205.3</b>
Interest expense, net	4.5	1.1	7.9	6.6
Income tax expense	15.8	10.5	52.8	62.9
Depreciation and amortization	10.2	10.2	30.9	30.8
Share-based compensation	5.8	7.0	18.2	20.8
Other extraordinary, unusual or non-recurring items, net	(3.2)	1.5	(0.2)	3.1
Net income attributable to noncontrolling interests	1.5	0.7	4.1	3.8
<b>Adjusted EBITDA</b>	<b>\$86.5</b>	<b>\$70.3</b>	<b>\$313.0</b>	<b>\$333.3</b>
<b>Adjusted EBITDA margin</b>	<b>15.5%</b>	<b>13.5%</b>	<b>17.2%</b>	<b>19.3%</b>

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