

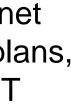
Fourth Quarter 2019 Earnings Conference Call February 10, 2020

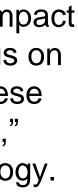
IMPORTANT NOTICES

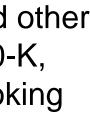
Forward-looking Statements: During the presentation, any comments made about future performance, events, prospects or circumstances, including estimated 2020 net sales, gross margin, operating expenses, adjusted EBITDA, earnings per share (including estimated tax rate and share count), cash flows, future growth, expansion plans, creation of shareholder value, strength of the Company's brands, market share, product launches, synergies and scale opportunities in supply chain and operations, IT system implementations, personnel hiring plans, usage of Artificial Intelligence in product development, integration of the OGIO, TravisMathew, and Jack Wolfskin acquisitions, growth in the direct-to-consumer and e-commerce channels, future industry or market conditions, future reinvestment or capital deployment, estimated impact of foreign currency and tariff, estimated capital expenditures and depreciation and amortization expenses, and the impact of the expanding outbreak of the coronavirus on consumer demand and supply chain are forward-looking statements, subject to the Safe Harbor provisions of the Private Securities Litigation Reform Act of 1995. These forward-looking statements are often characterized by the use of words such as "estimate," "expect," "anticipate," "project," "plan," "intend," "seek," "believe," "forecast," "foresee," "likely," "may," "should," "goal," "target," "might," "will," "could," "predict," "continue" and the negative or plural of these words and other comparable terminology. Such statements reflect our best judgment as of the time made based on then current market trends and conditions. Actual results could differ materially from those projected in the forward-looking statements as a result of certain risks and uncertainties applicable to the Company and its business. For details concerning these and other risks and uncertainties, you should consult our earnings release issued on February 10, 2020, as well as Part I, Item 1A of our most recent Annual Report on Form 10-K, together with the Company's other reports subsequently filed with the SEC from time to time. The Company undertakes no obligation to republish revised forward-looking statements to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events.

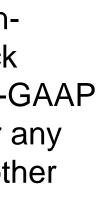
<u>Regulation G.</u> In addition, in order to assist you with period-over-period comparisons on a consistent and comparable basis, today's presentation includes certain non-GAAP information. This information excludes non-cash purchase accounting adjustments associated with the acquisition of OGIO and TravisMathew in 2017 and Jack Wolfskin in January 2019, non-recurring transaction and transition expenses associated with the Jack Wolfskin acquisition, and non-recurring advisory fees. This non-GAAP information may include non-GAAP financial measures within the meaning of Regulation G. These non-GAAP measures should not be considered as a substitute for any measure derived in accordance with GAAP. The non-GAAP information may also be inconsistent with the manner in which similar measures are derived or used by other companies. Management uses such non-GAAP information for financial and operational decision-making purposes and as a means to evaluate period-over-period comparisons and in forecasting the Company's business going forward. Management believes that the presentation of such non-GAAP information, when considered in conjunction with the most directly comparable GAAP information, provides additional useful comparative information for investors in their assessment of the underlying performance of the Company's business with regard to these items. The Company has provided reconciliations of such non-GAAP financial measures to the most directly comparable financial measures prepared in accordance with GAAP. The reconciliations are included in this presentation or in the schedules to the Company's February 10, 2020 earnings release, which is available on the Investor Relations section of the Company's website located at http://ir.callawaygolf.com/.















Chip Brewer President and CEO



Company & Strategic Overview

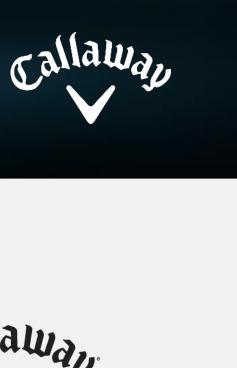
FOURTH QUARTER AND FULL YEAR RESULTS

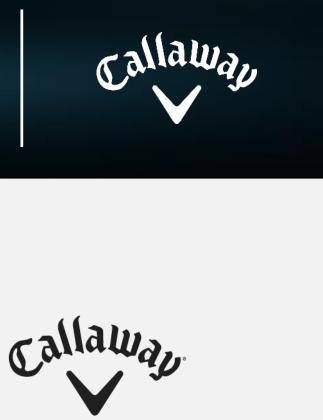
(\$ in millions)	Q4 2019	Q4 2018	YOY Change	YOY Change (CC)
TOTAL NET SALES	\$312	\$181	72%	73%
Golf Equipment	\$153	\$115	33%	33%
Apparel, Gear and Other	\$159	\$66	141%	144%
ADJUSTED EBITDA*	(\$6)	(\$31)	81%	

(\$ in millions)	Full Year 2019	Full Year 2018	YOY Change	YOY Change (CC)
TOTAL NET SALES	\$1,701	\$1,243	37%	39%
Golf Equipment	\$979	\$913	7%	9%
Apparel, Gear and Other	\$722	\$330	119%	125%
ADJUSTED EBITDA*	\$210	\$168	25%	

STRONG QUARTERLY AND FULL YEAR GROWTH

* See appendix for Adjusted EBITDA reconciliation













OPERATING SEGMENT RESULTS

NET SALES	04 2010	01 201 9	VOV Change	
(\$ in millions)	Q4 2019	Q4 2018	YOY Change	
Golf Equipment	\$153	\$115	33%	
Golf Club	\$115	\$85	35%	
Golf Ball	\$38	\$30	27%	

NET SALES	Full Year 2019	Full Year 2018	YOY Change	
(\$ in millions)				
Golf Equipment	\$979	\$913	7%	
Golf Club	\$768	\$717	7%	
Golf Ball	\$211	\$196	8%	



(1) Market share data per Golf Datatech Dec 2019 / GFK

YOY Change (CC)
33%
35%
27%
YOY Change (CC)

9%
8%
9%

- #1 Golf Club Market Share in US & Europe⁽¹⁾ •
 - In the US, Epic Flash was the #1 selling Driver and Fairway Wood
 - In the US, Callaway was the #1 selling iron brand
- #2 Golf Club Market Share in Japan (#1 Foreign Brand) ullet
- The New #1 Driver on Major World Wide Tours •
- Odyssey continues to be #1 Putter on Tour
- New Record Golf Ball Market Share in the US⁽¹⁾







GOLF EQUIPMENT BUSINESS IN 2020

- Strong product offering for 2020 is being well received by the market ullet
- Establishing a first mover advantage by leading with Artificial Intelligence lacksquare
- Positive internal and external feedback on new Chrome Soft golf balls ullet
- **Continued investments in Tour, Fitting Tools, and B2B systems** lacksquare
- Final stages of Chicopee Ball Plant upgrades lacksquare
- Multiple distribution center upgrades and consolidations globally \bullet

GOLF EQUIPMENT BUSINESS POSITIONED WELL TO DRIVE MEANINGFUL CASH FLOWS









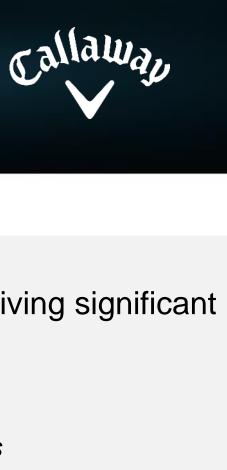
OPERATING SEGMENT RESULTS

NET SALES	Q4 2019	Q4 2018	YOY Change	Y
(\$ in millions)	Q4 2019	Q4 2010	TOT Change	
Apparel, Gear and Other	\$159	\$66	141%	
Apparel	\$101	\$28	261%	
Gear and Other	\$58	\$38	53%	

NET SALES				Y
(\$ in millions)	Full Year 2019	Full Year 2018	YOY Change	
Apparel, Gear and Other	\$722	\$330	119%	
Apparel	\$411	\$112	267%	
Gear and Other	\$311	\$218	43%	







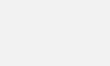
OY Change (CC)	ļ
144%	
269%	
53%	
ÓY Change (CC)	
(CC)	

- Addition of the Jack Wolfskin business in 2019 is driving significant growth
 - Another solid quarter, delivering on full year expectations
 - Double-digit growth in Ecommerce
 - Fall/Winter 2019 product at or above expectations
 - Investing in the business for the long-term
 - New Market Expansion in 2020 (North America & Japan)
 - Sourcing Center of Excellence to unlock \$15M of synergies
- TravisMathew continues to deliver double-digit growth ۲
 - Launched brand in the UK and Japan in 2019
 - Launched Cuater brand of golf shoes in Q4 2019
- Other Investments in Soft Goods business \bullet
 - Growth initiatives across Asia region, leveraging recently acquired Japan Callaway Apparel business
 - Various system implementations across the globe
 - Plan to hire an Executive Vice President of Global Soft Goods & Apparel

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2020 OUTLOOK

Market and Revenue expectations for 2020

- Global Market conditions expected to be flat to slightly up
- Expect business to grow faster than the market at approximately 4%
 - Expect growth in both operating segments

<u>Continue to find high return investments in our businesses</u>

- Commitment to long-term investments continues into 2020
- Investments should improve long-term operating leverage based on economies of scale
- Proven track record over the last 8 years

Full Year 2020 Guidance includes an estimated impact of the Coronavirus

- Uncertainty remains, although this will have a negative impact on both consumer demand and our supply chain
- Current estimates include a \$25 million impact on net sales and a \$13 million impact on Adjusted EBITDA
- Well positioned to manage through this and remain optimistic on the value and importance of the China market

Full Year 2020 Guidance also includes headwinds related to tariff expense and foreign exchange

LOOKING FORWARD TO ANOTHER STRONG YEAR IN 2020

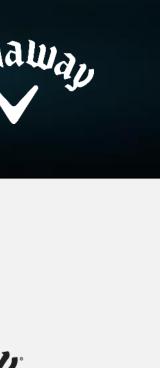


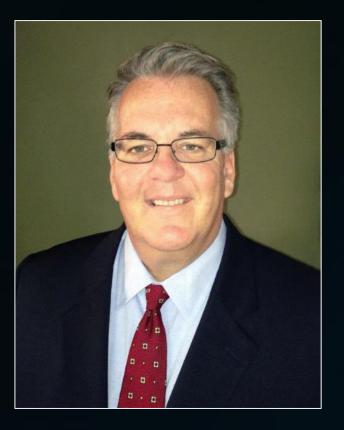












Brian Lynch EVP, CFO

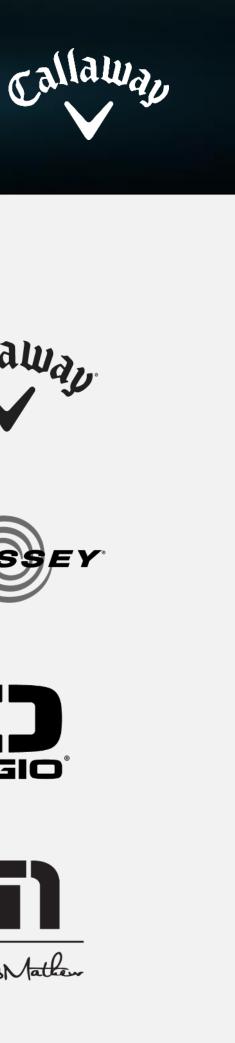
Fourth Quarter and Full Year 2019 Financial Results



FULL YEAR 2019 FINANCIAL RESULTS

(\$ in millions, except EPS)	FY 2019 Non-GAAP*	FY 2018 Non-GAAP*	YOY Change	YOY Change (CC)
Net Sales	\$1,701	\$1,243	37%	39%
Gross Profit	\$779	\$578	\$201	
Gross Margin	45.8%	46.5%	(70) bps	
Operating Expenses	\$617	\$445	\$172	
Operating Income	\$163	\$133	\$30	
Fully Diluted EPS	\$1.10	\$1.08	\$0.02	
Adjusted EBITDA	\$210	\$168	\$42	

* Refer to the appendix for a reconciliation of items excluded from Non-GAAP metrics













FOURTH QUARTER 2019 FINANCIAL RESULTS

(\$ in millions, except EPS)	Q4 2019 Non-GAAP*	Q4 2018 Non-GAAP*	YOY Change	YOY Change (CC)
Net Sales	\$312	\$181	72%	73%
Gross Profit	\$132	\$70	\$62	
Gross Margin	42.4%	38.7%	370 bps	
Operating Expenses	\$148	\$110	\$38	
Operating Income	(\$16)	(\$40)	\$24	
Fully Diluted EPS	(\$0.26)	(\$0.32)	\$0.06	
Adjusted EBITDA	(\$6)	(\$31)	\$25	

* Refer to the appendix for a reconciliation of items excluded from Non-GAAP metrics

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BALANCE SHEET & CASH FLOW

(\$ in millions)	As of end of Dec, 2019	As of end of Dec, 2018	YOY Change (%)
Available Liquidity	\$303	\$271	12%
Net Accounts Receivables	\$140	\$71	97%
Inventory	\$457	\$338	35%

(\$ in millions)	12 months ending Dec, 2019	12 months ending Dec, 2018
Capital Expenditures	\$55	\$37
Depreciation & Amortization	\$35	\$20

INVENTORY INCREASE DRIVEN BY THE ADDITION OF THE JACK WOLFSKIN BUSINESS IN 2019

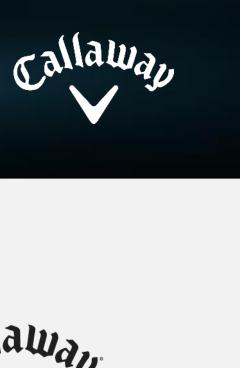












2020 GUIDANCE

Full Year "Macrofactors" include:

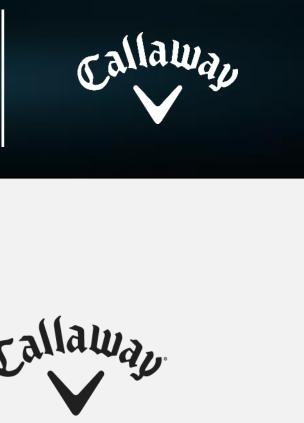
- 1. Coronavirus negative impact of \$25 million on net sales and \$13 million on Adjusted EBITDA
- 2. Foreign currency negative impact of \$9 million on net sales and \$10 million on Adjusted EBITDA
- 3. Incremental tariff expense of \$3 million on cost of goods sold and Adjusted EBITDA

First Quarter "Macrofactors" include:

- 1. Coronavirus negative impact of \$20 million on net sales and \$10 million on Adjusted EBITDA
- 2. Foreign currency negative impact of \$5 million on net sales and \$5 million on Adjusted EBITDA
- 3. Incremental tariff expense of \$4 million on cost of goods sold and Adjusted EBITDA

d \$13 million on Adjusted EBITDA and \$10 million on Adjusted EBITDA Id and Adjusted EBITDA

d \$10 million on Adjusted EBITDA and \$5 million on Adjusted EBITDA d and Adjusted EBITDA











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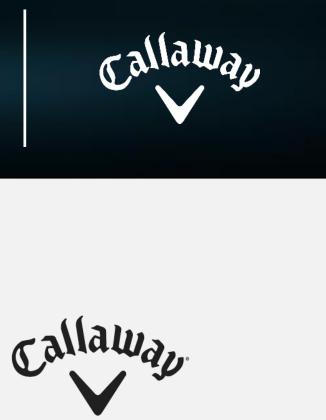
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2020 GUIDANCE

(\$ in millions, except EPS)	GAAP Guidance Full Year 2020	GAAP Results Full Year 2019	GAAP Guidance Q1 2020	GAAP Results Q1 2019
Net Sales	\$1,750 - \$1,780	\$1,701	\$501 - \$516	\$516
Gross Margin	46.3%	45.1%	46.3%	46.2%
Operating Expense	\$680	\$634	\$176	\$169
EPS	\$0.82 - \$0.95	\$0.82	\$0.41 - \$0.47	\$0.50
Adjusted EBITDA	\$190 - \$205	\$182	\$72 - \$79	\$79

PROVIDING FULL YEAR AND FIRST QUARTER GUIDANCE

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APPENDIX

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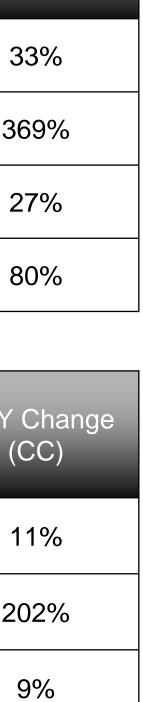
REGION RESULTS

NET SALES	Q4 2019	Q4 2018	VOV Change	YOY Change
(\$ in millions)	Q4 2019	Q4 2010	YOY Change	(CC)
United States	\$130	\$98	33%	33%
Europe	\$87	\$19	358%	369%
Japan	\$53	\$40	33%	27%
Rest of World	\$42	\$24	75%	80%

NET SALES				YOY
(\$ in millions)	Full Year 2019	Full Year 2018	YOY Change	()
United States	\$788	\$709	11%	1
Europe	\$429	\$150	186%	20
Japan	\$246	\$224	10%	
Rest of World	\$238	\$161	48%	5

STRONG GROWTH IN ALL REGIONS IN THE QUARTER AND FULL YEAR





55%



GAAP TO NON-GAAP RECONCILIATION

CALLAWAY GOLF COMPANY Supplemental Financial Information and Non-GAAP Reconciliation (Unaudited) (In thousands, except per share data)

					11	nree Months En	aea	December	31,								
			20)19			2018										
	Purchas Accounti		on-Cash urchase counting ustments ⁽¹⁾	O R	quisition & ther Non- lecurring xpenses ⁽²⁾	Non- GAAP	GAAP		Non-Cash Purchase Accounting Adjustments ⁽¹⁾		Acquisition & Other Non- Recurring Expenses ⁽²⁾			Non- GAAP			
Gross profit	\$ 130,148	\$	(225)	\$	(1,739)	\$ 132,112	\$	69,971	\$		\$		\$	69,971			
Operating expenses, net	152,804		1,525		3,037	148,242		112,532		253		2,140		110,139			
Other income (expense), net	(8,914)		_		—	(8,914)		4,627				4,409		218			
Income tax (benefit) provision	(2,352)		(403)		(1,099)	(850)		(9,783)		(58)		522		(10,247)			
Net income (loss) attributable to Callaway Golf Company	\$ (29,218)	\$	(1,347)	\$	(3,677)	\$ (24,194)	\$	(28,499)	\$	(195)	\$	1,747	\$	(30,051)			
Diluted earnings (loss) per share:	(\$0.31)		(\$0.01)		(\$0.04)	(\$0.26)		(\$0.30)		\$—		\$0.02		(\$0.32)			

(1) Represents the amortization of intangible assets related to the Company's OGIO and TravisMathew acquisitions for the three months ended December 31, 2019 and 2018, as well as the amortization of intangible assets and the cost impact associated with a change in valuation of inventory (inventory step-up) related to the Company's Jack Wolfskin acquisition for the three months ended December 31, 2019.

(2) Represents non-recurring transition costs associated with the acquisition of Jack Wolfskin, including consulting costs, audit fees and travel expenses, in addition to other non-recurring advisory fees.



Three Months Ended December 31

GAAP TO NON-GAAP RECONCILIATION

CALLAWAY GOLF COMPANY Supplemental Financial Information and Non-GAAP Reconciliation (Unaudited) (In thousands)

						Tear Ended	December 51,								
			20)19			2018								
	GAAP	Non-Cash Purchase Accounting Adjustments ⁽¹⁾		Acquisition & Other Non- Recurring Expenses ⁽²⁾		Non- GAAP	GAAP	Non-Cash Purchase Accounting Adjustments ⁽¹⁾		Acquisition & Other Non- Recurring Expenses ⁽²⁾		Non- GAAP			
Gross profit	\$ 766,787	\$	(10,928)	\$	(1,739)	\$ 779,454	\$ 578,369	\$	_	\$	_	\$ 578,369			
Operating expenses, net	634,119		5,149		12,372	616,598	449,927		1,015		3,661	445,251			
Other income (expense), net	(36,899)		_		(3,896)	(33,003)	2,830		—		4,409	(1,579)			
Income tax provision (benefit)	16,540		(3,698)		(4,142)	24,380	26,018		(233)		172	26,079			
Net income (loss) attributable to Callaway Golf Company	\$ 79,408	\$	(12,379)	\$	(13,865)	\$ 105,652	\$ 104,740	\$	(782)	\$	576	\$ 104,946			
Diluted earnings (loss) per share:	\$0.82		(\$0.13)		(\$0.15)	\$1.10	\$1.08		(\$0.01)		\$0.01	\$1.08			

(1) Represents the amortization of intangible assets related to the Company's OGIO and TravisMathew acquisitions for the year ended December 31, 2019 and 2018, as well as the amortization of intangible assets and the cost impact associated with a change in valuation of inventory (inventory step-up) related to the Company's Jack Wolfskin acquisition for the year ended December 31, 2019.

(2) Represents non-recurring transaction costs, including banker's fees, legal fees, consulting and travel expenses, and transition costs, including consulting, audit fees and valuations services associated with the acquisition of Jack Wolfskin, in addition to other non-recurring advisory fees.



Year Ended December 31

EBITDA RECONCILIATION

CALLAWAY GOLF COMPANY Supplemental Financial Information and Non-GAAP Reconciliation (Unaudited) (In thousands, except per share data)

2019 Trailing Twelve Month Adjusted EBITDA

		Quarter Ended								Quarter Ended										
	М	arch 31, 2019		June 30, 2019	Sep	otember 30, 2019	De	cember 31, 2019		Total	N	Iarch 31, 2018	,	June 30, 2018	Sep	tember 30, 2018	De	cember 31, 2018		Total
Net income	\$	48,647	\$	28,931	\$	31,048	\$	(29,218)	\$	79,408	\$	62,855	\$	60,867	\$	9,517	\$	(28,499)	\$	104,740
Interest expense, net		9,639		10,260		9,545		9,049		38,493		1,528		1,661		1,056		704		4,949
Income tax provision (benefit)		9,556		7,208		2,128		(2,352)		16,540		17,219		17,247		1,335		(9,783)		26,018
Depreciation and amortization expense		7,977		9,022		8,472		9,480		34,951		4,737		5,029		4,996		5,186		19,948
Non-cash stock compensation expense		3,435		3,530		2,513		3,418		12,896		2,999		3,465		3,511		3,555		13,530
Acquisitions & other non-recurring costs, before taxes		13,986		6,939		3,009		4,090		28,024		_		_		1,521		(2,269)		(748)
Adjusted EBITDA	\$	93,240	\$	65,890	\$	56,715	\$	(5,533)	\$	210,312	\$	89,338	\$	88,269	\$	21,936	\$	(31,106)	\$	168,437

2018 Trailing Twelve Month Adjusted EBITDA



2020 MACROFACTORS AND NON-RECURRING ITEMS

CALLAWAY GOLF COMPANY

2020 Summary of Macrofactors and Non-recurring Items (Unaudited) (In millions, except per share data)

			Mac	rofactors			Non-	
	-	Coronavirus Impact ⁽¹⁾		oreign urrençy npact ⁽²⁾	mpact n Tariffs	recurring and Purchase Accounting Adj. ⁽⁴⁾		
Net sales	\$	(25)	\$	(9)	\$ _	\$	_	
Gross margin	\$	(14)	\$	(12)	\$ (3)	\$	(5)	
Operating expenses, net	\$	1	\$	3	\$ _	\$	(6)	
Diluted earnings (loss) per share:	\$	(0.11)	\$	(0.09)	\$ (0.03)	\$	(0.09)	
Adjusted EBITDA	\$	(13)	\$	(10)	\$ (3)	\$	(6)	

⁽¹⁾ Represents the estimated impact of the Coronavirus on the Company's supply chain and customer and consumer demand for products.

⁽²⁾ Estimated year-over-year impact of changes in foreign currency rates based on rates as of February 6, 2020; includes translation impact as well as forecasted and actual hedge gains.

⁽³⁾Estimated year-over-year impact of Section 301 tariffs based on information available as of February 10, 2020.

(4) Includes estimated non-recurring costs related to global warehouse consolidation activities and the transition of Jack Wolfskin's information systems and well as the amortization of intangible assets in connection with the OGIO, TravisMathew, and Jack Wolfskin acquisitions.

			Non-recurring					
	onavirus pact ⁽¹⁾	Cu	oreign urrency npact ⁽²⁾		impact m Tariffs (3)	and Purchase Accounting Adj. ⁽⁴⁾		
Net sales	\$ (20)	\$	(5)	\$	_	\$	_	
Gross margin	\$ (11)	\$	(5)	\$	(4)	\$	(1)	
Operating expenses, net	\$ 1	\$	2	\$	_	\$	(1)	
Diluted earnings (loss) per share:	\$ (0.08)	\$	(0.04)	\$	(0.03)	\$	(0.02)	
Adjusted EBITDA	\$ (10)	\$	(5)	\$	(4)	\$	(2)	

⁽¹⁾ Represents the estimated impact of the Coronavirus on the Company's supply chain and near term customer and consumer demand for products.

⁽²⁾ Estimated year-over-year impact of changes in foreign currency rates based on rates as of February 6, 2020; includes translation impact as well as forecasted and actual hedge gains.

⁽³⁾ Estimated year-over-year impact of Section 301 tariffs based on information available as of February 10, 2020.

(4) Includes estimated non-recurring costs related to global warehouse consolidation activities and the transition of Jack Wolfskin's information systems and well as the amortization of intangible assets in connection with the OGIO, TravisMathew, and Jack Wolfskin acquisitions.

Twelve Months Ended December 31, 2020

Three Months Ended March 31, 2020

