



**First Quarter 2017
Earnings Conference Call**

May 4, 2017

Important Notices



Forward-looking Statements: During the presentation, any comments made about future performance, events, prospects or circumstances, including estimated 2017 net sales, gross margins, operating expenses, and earnings per share (including estimated tax rate and share count), future growth and performance, the creation of shareholder value, future market conditions, capital deployment and the estimated OGIO transaction and transition costs, and success of the company's products in the marketplace, are forward-looking statements, subject to Safe Harbor protection under the federal securities laws. 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 May 4, 2017, as well as Part I, Item 1A of our most recent Form 10-K for the year ended December 31, 2016, filed with the SEC, together with the Company's other reports subsequently filed with the SEC from time to time.

Regulation G. 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, as applicable, excludes the effects of changes in foreign currency rates. Additional non-GAAP information is provided that excludes the tax consequences from the reversal of the valuation allowance, the Topgolf gain, and the estimated OGIO transaction and transition expenses. The Company also provides certain information excluding interest, taxes, depreciation and amortization expenses. For comparative purposes, certain non-GAAP earnings information assumes a 38.5% tax rate. 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 Company has provided a reconciliation of such non-GAAP financial measures to the most directly comparable financial measures prepared in accordance with GAAP. The reconciliations are included in the presentation or in the schedules to the Company's May 4, 2017 earnings release, which is available on the Investor Relations section of the Company's website located at <http://ir.callawaygolf.com/>.



Company & Strategy Overview

Chip Brewer

President and CEO



Q1 2017 Key ELY Takeaways

Exceeded expectations in sales growth and profitability for Q1

Core equipment business delivered strong performance across nearly all product lines and all major regions

- #1 Driver
 - #1 Hard Goods
- } United States, United Kingdom, Japan and Korea

New business ventures met or beat our expectations on revenue and profitability

- Japan Joint Venture
- OGIO International, Inc.



EPIC Start to 2017

Key Industry Trends



U.S. signs of stability due to reduction in field inventory and resizing of channel

- Increase in average selling prices
- Extension of product life cycles
- Reduction of unplanned promotional activity

Stability on golf participation according to recent National Golf Foundation report

- Committed golfers stable
- Increased interest in trying the sport
- Growth in non-traditional participation (i.e. Topgolf)

Benefit to industry in the long-run despite, and in some cases due to, market corrections



Cautious Optimism Characterizes Recent Industry Trends

ELY Financial Highlights



Strong liquidity provides ELY with significant financial flexibility

Improving financial performance and generating considerable free cash flow

- Gross Margin
- Earnings

Deploying capital for the long-term benefit of the shareholders

- Strategic reinvestments in core business
- New business ventures
- Selective share buyback



Creating Long-term Shareholder Value

U.S. Q1 2017 Financial Highlights



Net Sales

- Net sales up 12.4%
- Growth driven by EPIC driver, OGIO and strong product line-up

Market Share

- #1 dollar market share in Total Clubs, Driver, Fairway Woods, Hybrids and Irons
- Hard goods: 26.4%, up 480 bps year-over-year
- Golf ball: 14%, up 180 bps year-over-year

Outlook

- ELY strength across all premium distribution channels with impressive growth at green grass
- Anticipate improved market conditions for Q2 and balance of year



ELY Outperformed U.S. Market in Q1

Asia Q1 2017 Financial Highlights



Net Sales

- Strong quarter led by Japan
- Net sales up 18.3% driven by Japan Joint Venture and strong market share performance

Market Share

- #1 in Driver and Hard Goods
- Hard goods: 21.5%, up 660 bps year-over-year

Outlook

- Softer than expected market conditions may continue for balance of year
- Japan Joint Venture continues to exceed expectations



Despite Headwinds, Asia Region Continues to Perform

Europe Q1 2017 Financial Highlights



Net Sales

- Net sales up 22.2% on constant currency basis
- Driven by favorable market conditions and strong market share growth

UK Market Share

- #1 in Driver, Woods and Hard Goods
- Hard goods: 25.8%, up 650 bps year-over-year
- Record-setting Hard Goods share for Callaway

Outlook

- Favorable market conditions expected to continue
- Significant momentum with EPIC woods and golf ball



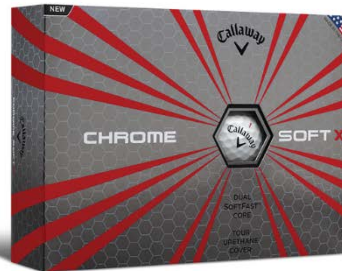
Europe Broke Records for Callaway Market Shares

2017 Products Generating Interest in Market



Differentiated product

- Focus on premium performance products with innovative technology
 - Example: EPIC driver with jailbreak technology
 - Example: Chrome Soft X golf ball with Dual SoftFast Core technology
 - Example: Odyssey O-works line with micro-hinge technology
- Brand rating in clubs and balls showing positive trends



Product Excellence is a Cornerstone of our Strategy

Strong first quarter financial performance

- Delivered increased revenues and non-GAAP profitability
- Demand for EPIC products very strong

Raising guidance for the year

- Strong operating performance to start the year
- Signs of more stable U.S. market conditions
- Strong product year
- New business ventures meeting or beating expectations

Creating long-term shareholder value

- Business headed in the right direction
- Continue to deploy capital to create shareholder value



2017 is Shaping up to be an Excellent Year for ELY



1Q 2017 Financial Results

Brian Lynch

SVP, General Counsel, Corporate Secretary and Interim CFO



1Q 2017 Financial Performance



Source: Schedules to the May 4, 2017 Earnings Press Release

Three months ended March 31, 2017






	As Reported	Ogio Acquisition Costs ⁽¹⁾	Non-GAAP
Net sales	\$ 308,927	\$ —	\$ 308,927
Gross profit.....	147,715	—	147,715
% of sales	47.8%	NA	47.8%
Operating expenses	103,508	3,956	99,552
Income (loss) from operations.....	44,207	(3,956)	48,163
Other expense, net	(5,121)	—	(5,121)
Income (loss) before income taxes	39,086	(3,956)	43,042
Income tax provision (benefit)	13,206	(1,337)	14,543
Net income (loss)	25,880	(2,619)	28,499
Less: Net income attributable to non-controlling interests	191	—	191
Net income (loss) attributable to Callaway Golf Company	\$ 25,689	\$ (2,619)	\$ 28,308
Diluted earnings (loss) per share:	\$ 0.27	\$ (0.03)	\$ 0.30
Weighted-average shares outstanding:	95,948	95,948	95,948

Strong Start to 2017, Including 13% Sales Growth

(1) Represents transaction costs as well as non-recurring transition costs associated with the acquisition of OGIO International, Inc. in January 2017.

Balance Sheet and Cash Flow

(in millions, except percentages)

	As of Mar. 31, 2017	As of Mar. 31, 2016	Percent Change
Cash & Equivalents	\$48.0	\$35.1	 +37%
Asset-based Loans	\$77.0	\$79.0	 (3%)
Available Liquidity⁽¹⁾	\$172.8	\$148.3	 +16%
Net Accounts Receivable	\$245.1	\$233.2	 +5%
Inventory	\$179.0	\$186.1	 (4%)
Cap Ex	\$6.3	\$5.0	
D&A	\$4.3	\$4.2	
Share Repurchase	\$15.4	\$2.9	

Continuing to Build Liquidity and Redeploy Capital to Drive Shareholder Value

1) Available liquidity includes cash on hand, total capacity less outstanding balances under the ABL facilities and letters of credit.

2017 Full Year Guidance



(in millions, except Gross Margins and EPS)

	Updated 2017 GAAP Estimates	Updated 2017 Pro Forma Estimates ⁽¹⁾	Previous 2017 Pro Forma Estimates	2016 Pro Forma Results ⁽²⁾
Net Sales	\$960 - \$980	\$960 - \$980	\$910 - \$935	\$871
Gross Margins	45.2%	45.2%	44.2%	44.2%
Operating Expenses	\$390	\$383	\$367	\$341
EPS	\$0.27-\$0.33	\$0.31-\$0.37	\$0.21-\$0.27	\$0.24
Shares O/S	96	96	96	96

Margin and Profitability Improvement Remain in Focus

- 1) Excludes non-recurring transaction and transition expenses related to the OGIO acquisition, which is estimated to be approximately \$7 million for full year 2017.
- 2) Excludes (i) the \$157 million (\$1.63 per share) benefit from the reversal of the deferred tax valuation allowance and (ii) the \$10.5 million (\$0.11 per share) after-tax Topgolf gain, and applies a 41.1% tax rate for 2016.

2017 Second Quarter Guidance



(in millions, except EPS)

	2017 GAAP Estimates	2017 Pro Forma Estimates ⁽¹⁾	2016 Pro Forma Results ⁽²⁾
Net Sales	\$290 - \$300	\$290 - \$300	\$246
EPS	\$0.27 - \$0.30	\$0.28 - \$0.31	\$0.12
Shares O/S	96	96	96

Q2 2017 estimated net sales growth due to multiple factors

- Share gains
- Impact of Japan joint venture and OGIO business
- Retailer shift to higher proportion of re-orders
- Launch timing

Strong Net Sales and EPS Growth Projected for Q2

1) Excludes non-recurring transaction and transition expenses related to the OGIO acquisition, which is estimated to be approximately \$7 million for full year 2017.
 2) Applies a 38.5% accrual tax rate for 2016 to make it more comparable to 2017 guidance.

Questions



Thank You



Time for Q&A