



Investor Presentation

December 2017

Important Notices



Forward-looking Statements: During the presentation, any comments made about future plans, financial results, performance, events, prospects or circumstances, including relating to estimated 2017 net sales, gross margins, operating expenses, market share and earnings per share (including estimated tax rate and share count), future growth and performance, the creation of shareholder value, future industry or market conditions, anticipated capital deployment strategies, future financings, the estimated revenue, contributions, and transaction and transition costs related to the OGIO and/or TravisMathew acquisitions, and the estimated timing, benefits and financial impact of these transactions, 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 October 25, 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. Non-GAAP information is provided that excludes the tax consequences from the reversal of the valuation allowance on certain U.S. deferred tax assets in the first nine months of 2016, gain from the sale of a small portion of the Company's Topgolf investment, and the estimated non-recurring transaction and transition expenses related to the OGIO and TravisMathew acquisitions. 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 October 25, 2017 earnings release, which is available on the Investor Relations section of the Company's website located at <http://ir.callawaygolf.com/>.

Callaway Overview



- Global leader in advanced golf technology
- Manufacture and sell golf clubs and golf balls, and sell golf and lifestyle apparel and accessories under the Callaway Golf®, Odyssey®, OGIO® and Travis Mathew® brands worldwide

Market cap: \$1.34B⁽¹⁾

Employees: ~2,000

Net Sales: \$1,021M⁽²⁾

Gross Margin: 45.4%⁽²⁾

Leadership: Chip Brewer, CEO

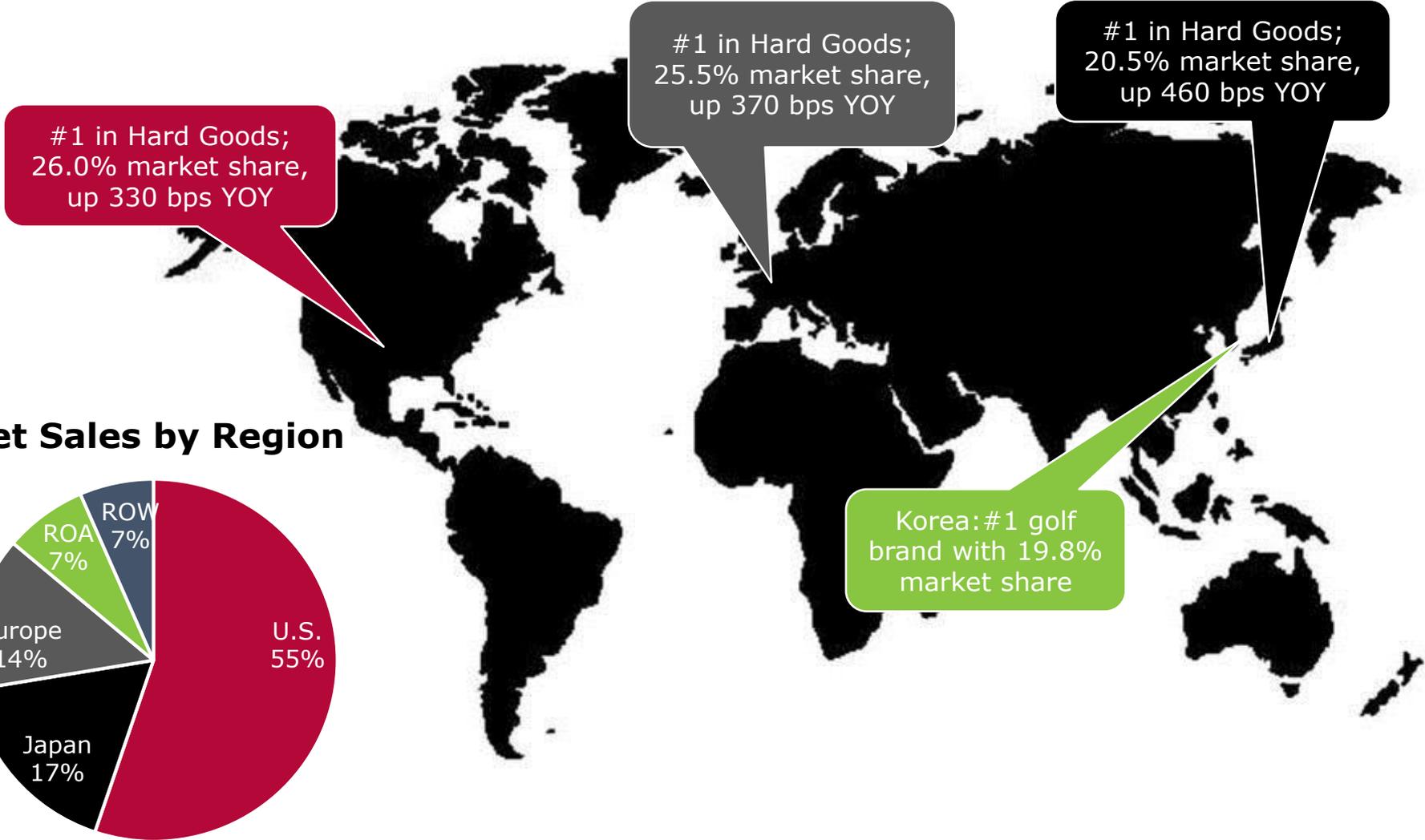
- Successfully executed turnaround to reinvigorate brand
- Now pivoting to a growth strategy in a consolidating industry
- Continue investments in both core and tangential areas
- Strong executive team with deep industry experience
- Strong balance sheet with minimal debt

Standout Products and Brand

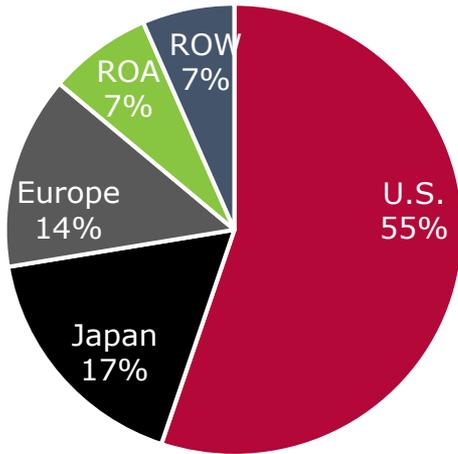
1) Market capitalization as of November 27, 2017

2) Trailing twelve months performance from Oct '16 through Sep '17

September YTD Net Sales and Market Shares By Region



Net Sales by Region



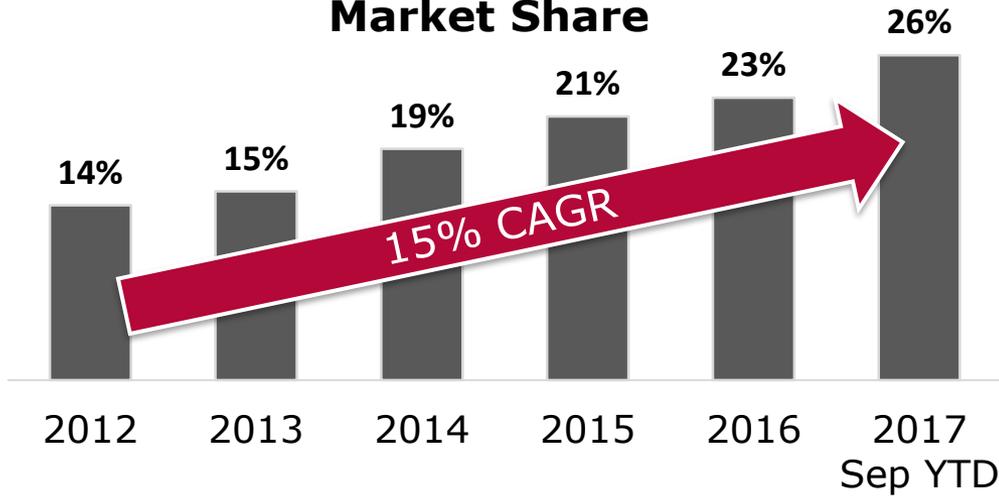
Market Share Growth Across all Major Regions

Market share data sources: For U.S. and Europe, provided by Golf Datatech; for Asia, provided by GFK.

Over 85% Market Share Growth Since 2012



U.S. Retail Hard Goods Market Share



September 2017 YTD Callaway U.S. Retail Dollar Market Share Rankings

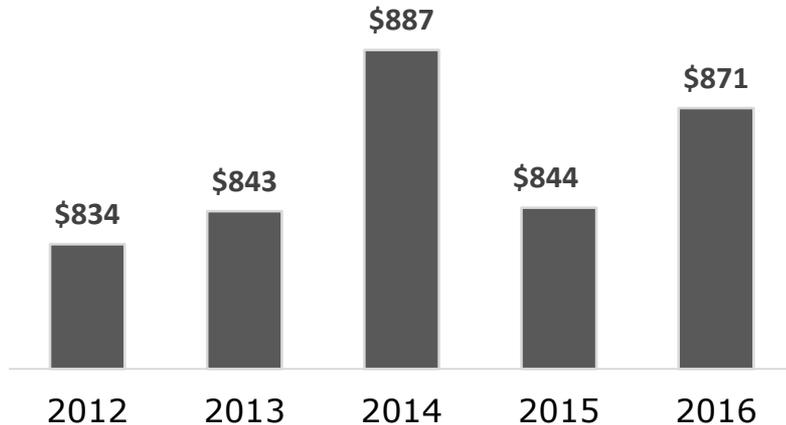


Brand Momentum Continues to Drive Share Gains

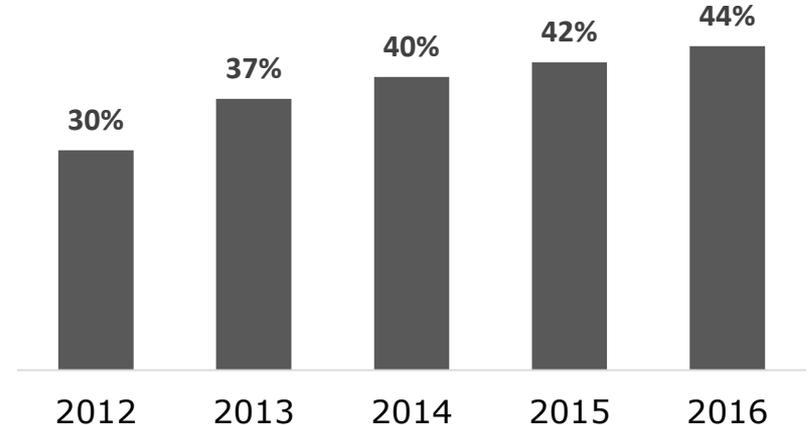
Historical Performance



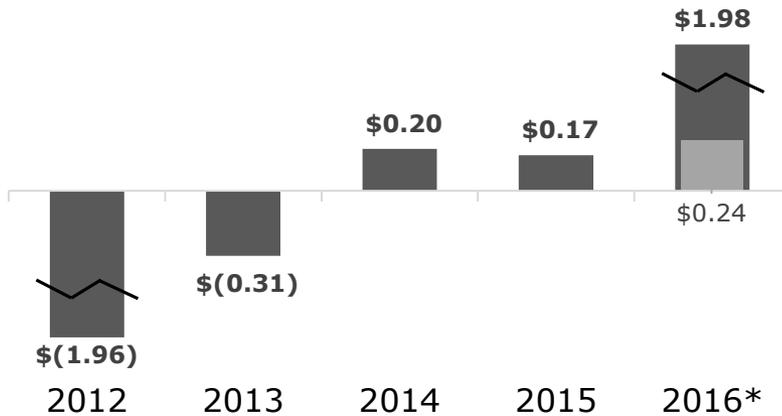
Net Sales (M)



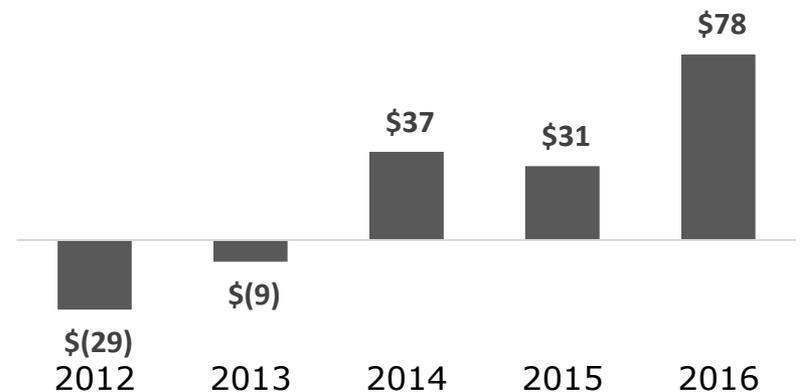
Gross Margin



EPS



Net Cash from Operations (M)



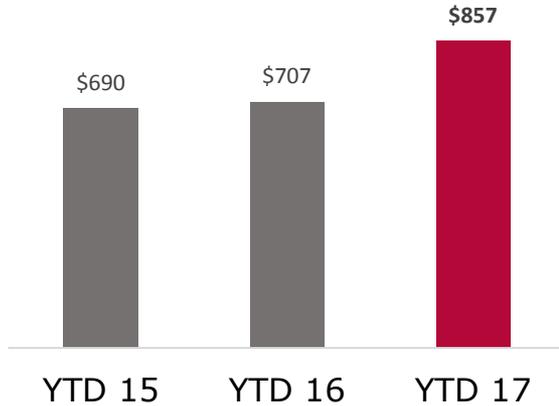
Further Strengthening our Financial Position

*To facilitate year-over-year comparisons, 2016 EPS is stated in two ways: 1) \$1.98 is GAAP and 2) \$0.24 excludes the \$10 million (\$0.11 per share) **after-tax** Topgolf gain, and the \$157 million (\$1.63 per share) **benefit** from the reversal of the valuation allowance. Excluding the reversal, the Company's full year 2016 effective tax rate was 41.1%.

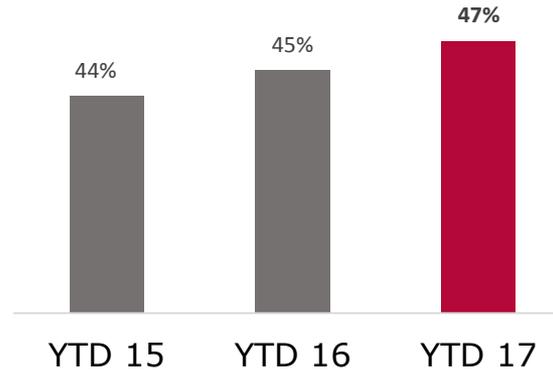
Nine Months YTD Performance Comparison



Net Sales (M)



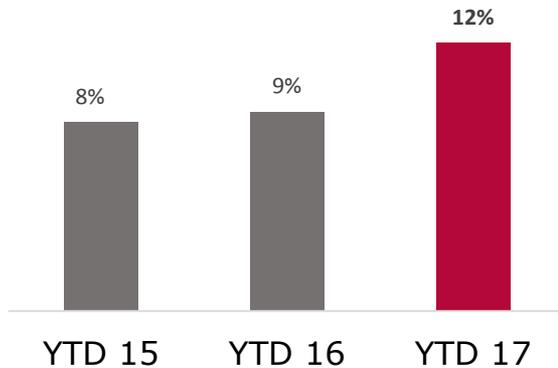
Gross Margin



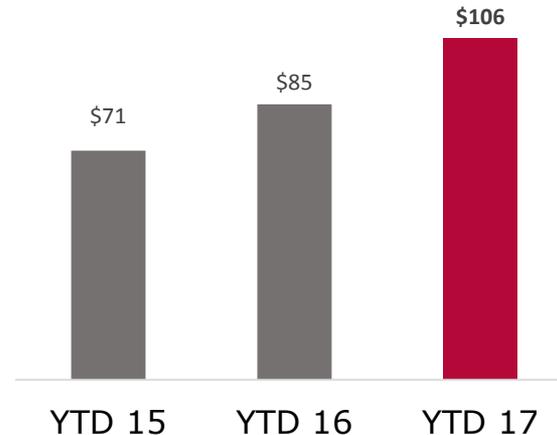
Key Points

- Successfully generated considerable free cash flow over last 12 months
- Trailing 12 months adjusted EBITDA up 149%
- Prudently and successfully deploying increased cash flow for the long-term benefit of shareholders:
 - Japan Apparel JV
 - OGIO
 - Strategic reinvestment in core
 - Share repurchase
 - TravisMathew

Operating Income Margin



9 MTHS YTD EBITDA (M)



YTD 2017 Continued Strong Multi-Year Performance Trends

* Adjusted EBITDA excludes non-recurring OGIO and TravisMathew expenses in 2017 and the Topgolf gain in 2016.

Key Industry Trends

Improving industry fundamentals is the overarching theme

- European market has had a strong year
- United States showing signs of more stable conditions
- Japan showing growth in recent months
- Fewer OEMs
- Reduction in field inventory



Healthier retail channel is exemplified in a number of positive trends

- Average selling prices have been increasing
- Product life cycles have lengthened
- Less overall unplanned promotional activity



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

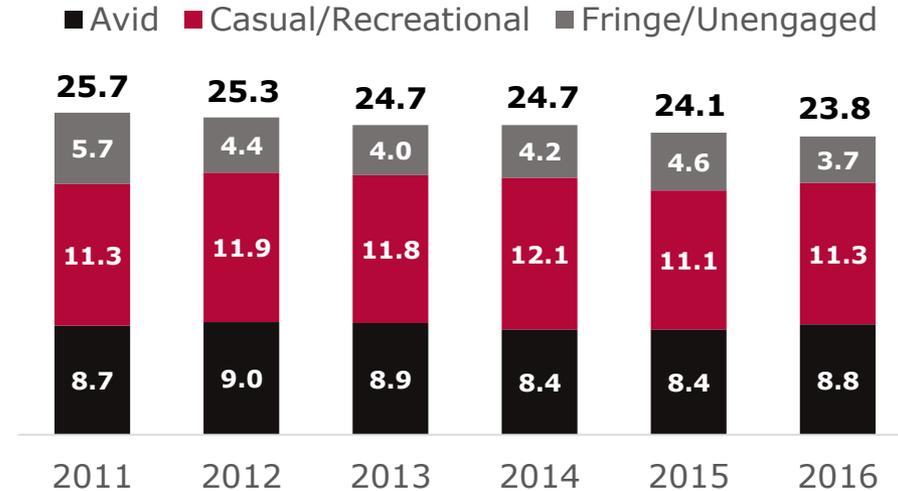
Cautious Optimism Characterizes Recent Industry Trends

U.S. Golf Market

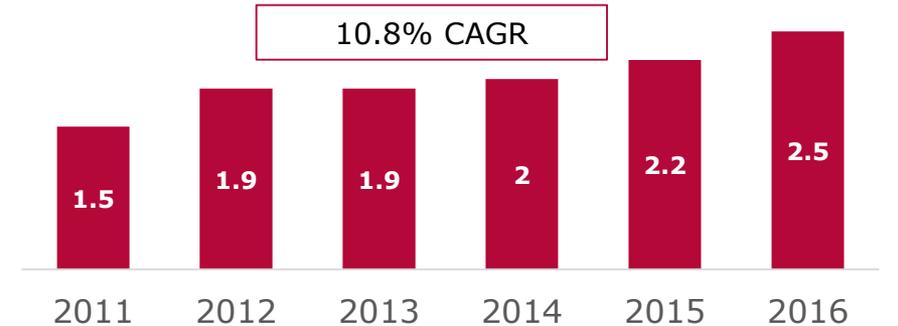


- Approximately 24M golfers in U.S.
 - Avids and Casual/Recreational make up committed golfer base
 - 84% of golfers are committed
 - **Committed golfers grew 3.1% in 2016**
- Mixed rounds-played data
 - 2015: +1.8%
 - 2016: +0.6%
 - 2017 September YTD: -1.6%
- People new to the sport trying it in record numbers
 - 2.5M new golfers in 2016
 - Up 67% since 2011
- Focused on market share gains as industry rationalizes

U.S. Golfers (M)⁽¹⁾



Beginning Golfers (M)⁽²⁾



Sizeable Market with 24M Golfers in the U.S.

1) People age 6+ who played at least one round of golf; Avids indicate golf is a favorite activity; Casuals indicate golf is one of several ways they like to spend their time. The Fringe group often chooses other ways to spend their recreational time.

2) Source: National Golf Foundation, 2016 report

Transformation is Complete: Pivoted to Growth Strategy

1) Drive growth

- Organic: Continue to invest in technology, the golf ball business and on Tour; Capitalize on digital media strategy
- Inorganic: Seek M&A and JV opportunities that are in golf or tangential to golf

2) Continue to improve operational efficiency

- Stringent cost management
- Drive continued productivity improvement

3) Generate free cash and effectively deploy

- First priority is to invest in high ROI projects (core business or tangential areas)
- Return capital to shareholders via buybacks and dividends

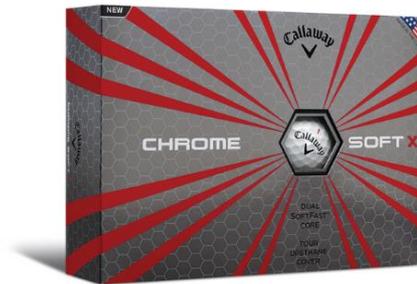


Extensive New Product Line-up in 2017



Leading-edge innovation

- New EPIC driver with jailbreak technology
- New Odyssey O-works line with micro-hinge technology
- New Chrome Soft X golf ball with Dual SoftFast Core technology
- New EPIC irons with Face Cup and Exo-Cage technology
- New wedges, fairway woods, hybrids and accessories (Callaway and OGIO-branded)



Product Excellence is a Cornerstone of our Strategy

Golf Ball Growth Opportunity



2015

- Chrome Soft ball introduced
- Callaway achieved constant currency sales growth of 10% over prior year⁽¹⁾

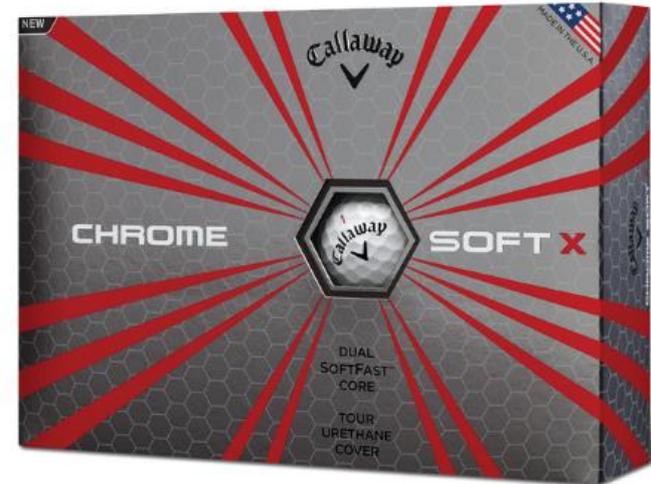
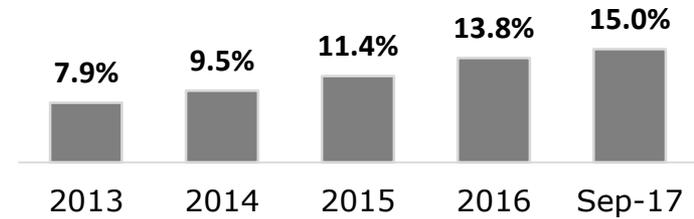
2016

- Dual SoftFast Core technology introduced
- U.S. dollar market share for full year of 13.8%

2017

- Launched Chrome Soft X with Dual SoftFast Core technology
- 15.0% market share in the month of September
- Golf Ball revenues up 19.7% in Q3 and up 12.4% September YTD

U.S. Retail Dollar Ball Market Share



Momentum and Differentiated Technology Have Led to Growth

Market Share Source: Golf Datatech (Golf Datatech includes only green grass channel and certain off-course specialty outlets.)

(1) The reconciliation for this item can be found in the 2015 year-end earnings release.

Strategic Investments in Tangential Areas



OGIO Acquisition

- Transaction closed in January 2017
- Lifestyle brand known for its adrenaline-raising bags and gear
- Strong strategic fit with Callaway, including potential cost and revenue synergies; platform for future growth
- Will be accretive to earnings in 2017, excluding transition and transaction exp.
- Integration into Core business is complete



Japan Joint Venture

- Commenced July 1, 2016
- 52% ownership stake in JV with TSI Groove & Sports Co, Ltd.
 - Long-time licensee in Asia
 - Strong apparel design and retail capabilities
- Includes Callaway-branded apparel, headwear and footwear
- Opened new Flagship store in Tokyo, along with three other stores in 2017

Extending our Range with Opportunities in Tangential Areas

Acquisition of TravisMathew

Dynamic apparel business based in nearby Huntington Beach, California

Strong fit with ELY in terms of business, brand and culture

- Company focused on high quality product
- Willingness to invest to grow the brand
- Brand has a distinct southern California vibe

Brand synergy with our existing business and strong financial contribution

- Attractive revenue growth – double digit growth
- Enhancing to our current gross margins, operating margins, EBITDA and free cash flow
- Synergies via brand, operations, sourcing, golf channels and international presence
 - No plans to consolidate operations



Transaction closed in August 2017

Strategic Investments in Core Business



Core Golf Equipment Business

- High-return capital projects for US ball manufacturing plant
- Investments to further momentum in green grass and custom fitting
- Toulon Design as entrée into super-premium putter segment
- R&D, management talent

Tour and Player Development

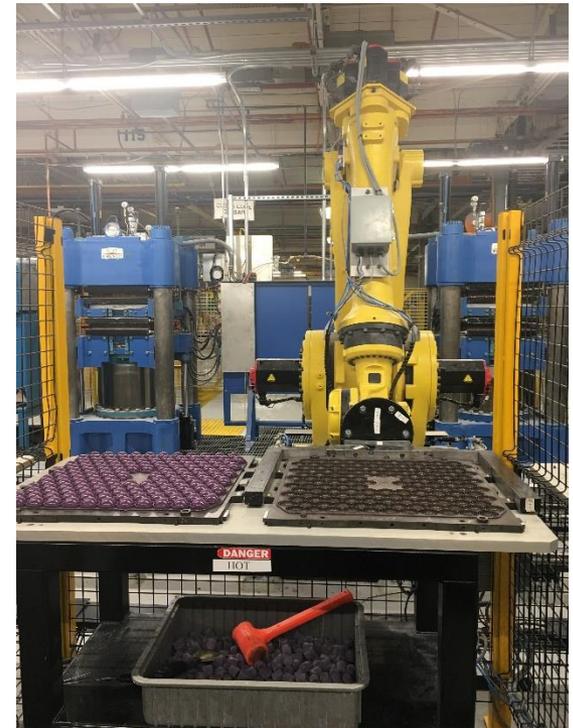
- Added promising young players to our staff
 - Daniel Berger
 - Ollie Schniederjans
 - Sam Burns (College Player of the Year)
 - Maverick McNealy (Former #1 World Amateur)
 - Wesley Bryan
- Continue to invest in Tour to drive shareholder value

With Others Pulling Back or Exiting, We Are Finding Investment Opportunities

Investment in Ball Manufacturing Plant

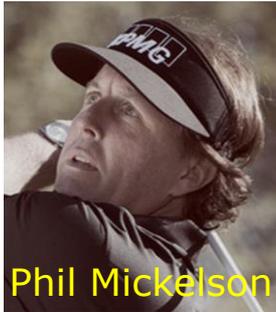


- Callaway making a significant investment in our Chicopee Ball Manufacturing Plant to ensure continued success in our Ball Business
 - Planning to invest almost \$15mm in 2016/2017 and are planning continued investment through 2018
 - Ball revenues grew just over 6% in 2016 and September 2017 YTD have grown just over 12%
- Investments intended primarily to increase the quality and capability
 - Enables new core designs
 - Improves core compression and COR processes to allow more efficient transfer of energy
 - Improvement in rubber mixing capabilities
 - Improvements in Truvis design/printing capabilities
 - Investments for continued improvement in consistency and quality for premium balls
- Capacity Related
 - Investments to expand Truvis and custom ball business
 - Investments in TPU/Injection molding and rubber mixing to add overall capacity in premium ball business

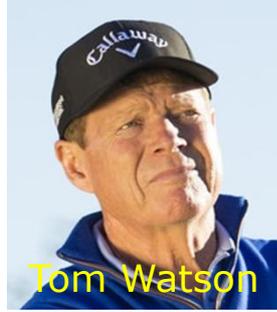


With Others Pulling Back or Exiting, We Are Finding Investment Opportunities

Pro Tour: Authenticates the Brand



Phil Mickelson



Tom Watson



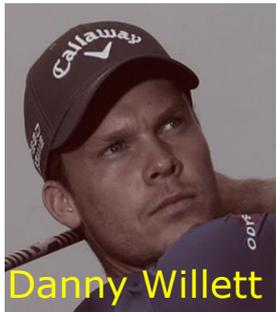
Michelle Wie



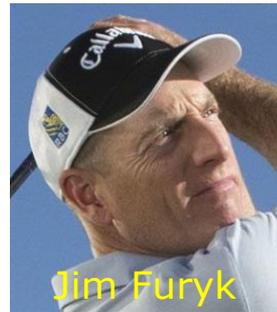
Morgan Pressel



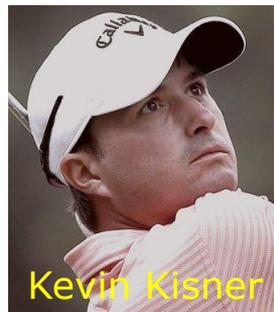
Sandra Gal



Danny Willett



Jim Furyk



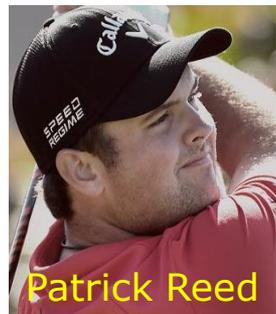
Kevin Kisner



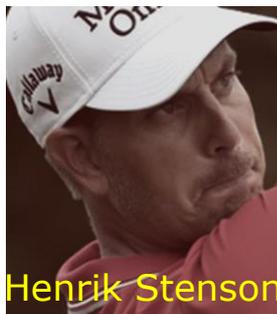
Marc Leishman



Emiliano Grillo



Patrick Reed



Henrik Stenson



Branden Grace



Daniel Berger



Ollie Schniederjans

Pros Represent the Top of the Pyramid of Influence in Golf

Marketing: Multi-Channel Brand Campaigns



Marketing mix includes:

- Print
- Television
- Video
- Social/Digital

Optimizing Marketing Mix to Reach Today's Consumer

Industry-leading Digital Media Strategy



- In-house studio producing professional, original content
 - Ability to produce more content faster and at a lower cost than outsourcing
- Deliver across multiple social media platforms
 - Reach wide yet targeted audience on their time, their channels
 - Make what is largely viewed as an aspirational brand more accessible
- Measurable and targeted beyond traditional marketing capabilities



Engaging Consumers

Operational Efficiency Continues to be a Focus

S&OP System Maturing

- Process has been implemented globally
 - Continued investment in systems and process
- 
- ✓ Fill rates up
 - ✓ Inventory turns improvement
 - ✓ Lower freight-in from suppliers and freight-out to customers

Custom Assembly Execution

- Making investments in Made-to-Order (MTO) systems and processes
- 
- ✓ Fill rates up on custom orders
 - ✓ Custom clubs revenue up over 50% in U.S. and Europe in 2017
 - ✓ That business now accounts for approximately 30% of our U.S. sticks' business

Improving Quality System

- HD camera inspection
 - Vendor quality systems
 - Global Statistical Process Control (SPC)
- 
- ✓ Enhanced brand perception
 - ✓ Higher quality

Facilities Improvements

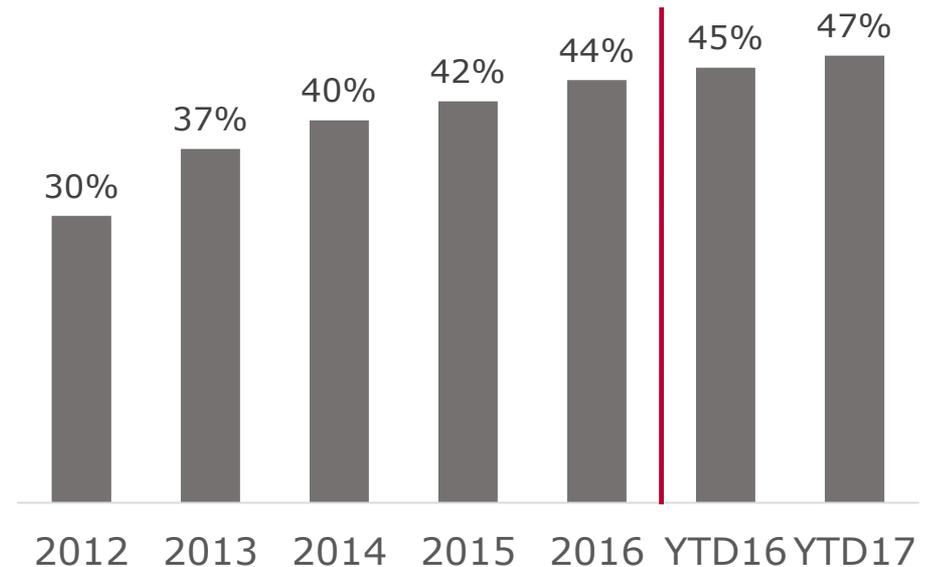
- Global logistics reconfiguration
 - Rationalized golf ball manufacturing
 - Reduced buildings to 2 in Carlsbad
 - Upgrading international warehouse capabilities
- 
- ✓ Facilities cost down significantly since 2012
 - ✓ Local COGS % of sales down

Margin Expansion Driven By Operational Focus



- Improving Gross Margin through price optimization and cost productivity
- Restructured golf ball business; now profitable and expanding
- Managing inventory better
 - Longer life cycles
 - Implemented postponement model
 - New Sales & Operations Planning Process

Gross Margin Expansion*



* YTD includes January through September information.

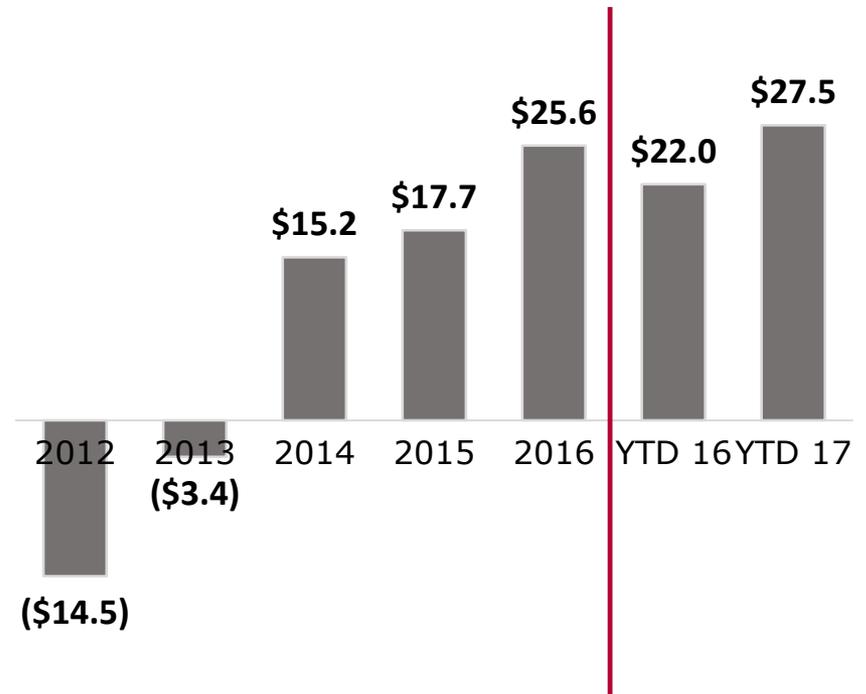
Continuous Improvement Mindset

Golf Ball Segment



- Road to profitability
 - Eliminated excess capacity and reduced overhead
 - Rationalized supplier base
 - Revamped supply chain
 - Executed on plant optimization strategy
- Productivity gains resulted in 25%+ manufacturing cost reduction
- Through 2017, segment continues to outperform prior years' results

Segment Profitability⁽¹⁾



(1) Excludes Corporate G&A expenses and Other Income/Expenses not utilized by management in determining segment profitability. YTD includes January through September information.

Turnaround in Profitability

Balance Sheet and Cash Flow



(in millions, except percentages)

	As of Sep. 30, 2017	As of Sep. 30, 2016	Percent Change
Cash & Equivalents	\$82.0	\$124.6	↓ (34%)
Asset-based Loans	\$70.6	\$0.0	↑ N/M
Available Liquidity⁽¹⁾	\$195.1	\$212.2	↓ (-8%)
Net Accounts Receivable	\$152.4	\$158.3	↓ (-4%)
Inventory	\$186.6	\$157.0	↑ +19%
Cap Ex	\$16.5	\$5.1	
D&A	\$12.8	\$12.5	
Share Repurchase	\$16.5	\$5.1	

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.

New Five Year \$330M Facility, \$360M including a Term Loan

- Replaces current \$230M Base ABL with \$60M Term Loan
- Backed by U.S./U.K./Canadian Receivables and Inventory, Intellectual Property and the Carlsbad Headquarters Building
 - \$230M backed by U.S./U.K./Canadian Receivables and Inventory
 - \$50M of permanent liquidity backed by Intellectual Property
 - \$30M backed by Headquarters, which amortizes over 15 years
 - \$20M backed by Intellectual Property, which amortizes over 4 years
- \$30M Term Loan backed by Intellectual Property
 - Amortizes over 3 years with a one year holiday
 - 6 month delayed draw

Provides additional liquidity to support core and recently added businesses

Capital Deployment Priorities

Reinvest in the business to drive growth

- Building team, tools, processes and pipeline

Opportunistically and thoughtfully explore acquisitions and new ventures

- Seeking opportunities in golf or industries tangential to golf
- We must add value to target (i.e. international reach, R&D, etc.)
- Accretive to earnings in the near- to medium-term

Return capital to shareholders through buybacks and dividends

- \$16 million worth of shares repurchased in the first half of 2017
- Annual dividend payment of \$0.04 per common share

Balanced Approach Focused On Total Shareholder Return

Topgolf Investment



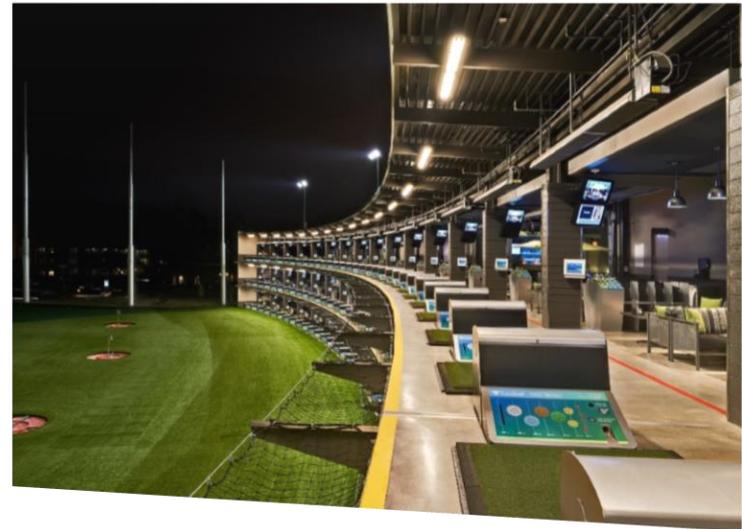
High growth entertainment concept

- Combines driving range, nightclub, and dining experience into one venue
- 35 locations globally; adding 8-10/year in U.S.
- 18 additional sites planned and announced
- Two new divisions created:
 - International – Sites announced in Mexico, Canada, England and Australia
 - Media – Acquisition of WGT and Protracer

Exclusive golf partner of Topgolf and ~14-15% owner

- Built our position over past decade
- On balance sheet at \$50.5M cost basis

Tangential to core golf equipment business and strong growth potential



Topgolf Continuing to Expand Locations

Positive Momentum

Proven executive leadership

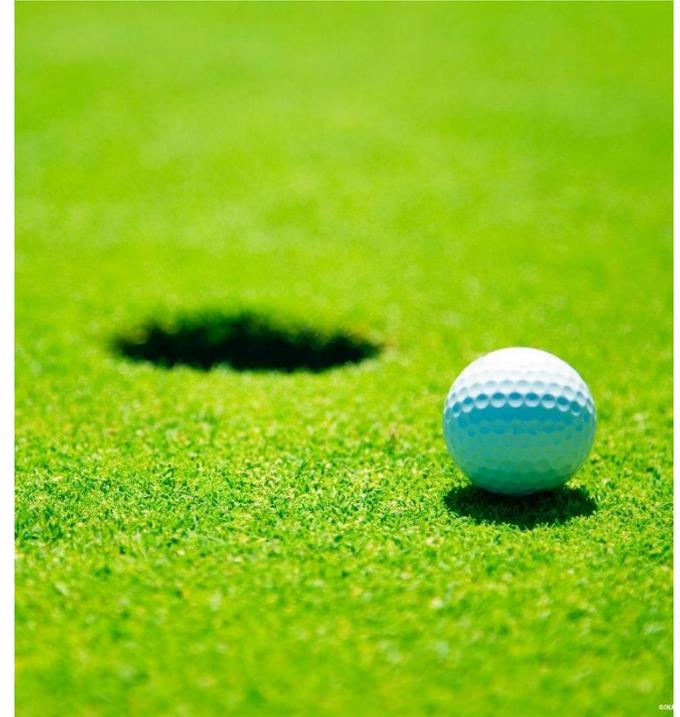
- Deep golf industry experience
- Fostering culture of innovation to further market share gains

Continued momentum

- Pivoted to growth strategy
- Share gains in all major markets with more runway
- Strong balance sheet and profitability

Signs of industry consolidation

- At retail and among equipment manufacturers
- Presenting opportunities for market participants willing and able to invest



Focused on Increasing Long-term Shareholder Value