Second Quarter 2017 Earnings Conference Call

August 3, 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 industry or market conditions, capital deployment, the estimated OGIO transaction and transition costs, and the estimated timing, benefits and financial impact of the pending TravisMathew transaction, 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 August 3, 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 non-recurring transaction and transition expenses, the OGIO non-recurring expenses and the Topgolf gain. 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 August 3, 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

Q2 2017 Key ELY Takeaways

Exceeded expectations in sales growth and profitability due to multiple factors:

- Jailbreak Technology and our EPIC driver
- Continued growth in golf ball business
- Successful startup of new business ventures – Japan Apparel Joint Venture and OGIO

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

- #1 Driver
- #1 Hard Goods

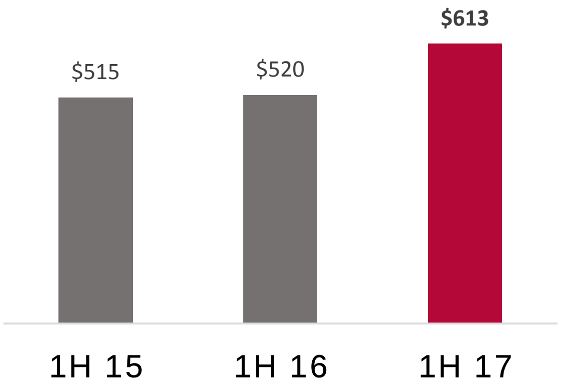
United States, United Kingdom, Europe and Japan

Strengthened our brand and thus built a stronger foundation for the future

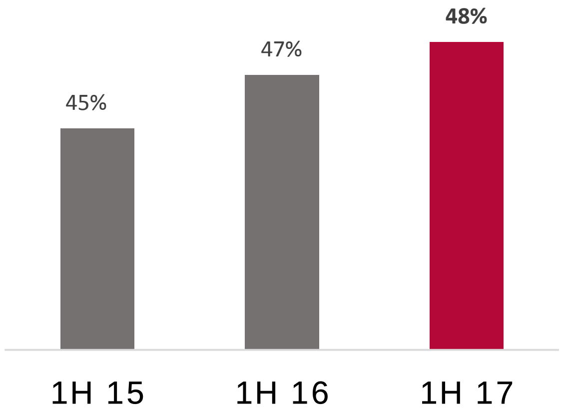
An EPIC 2017 for Callaway Continues into Q2

First Half Performance Comparison

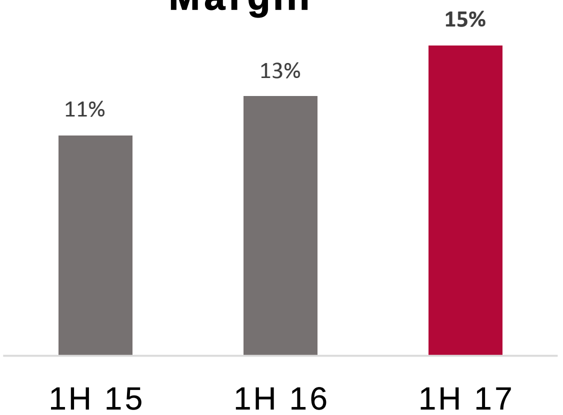
Net Sales (M)



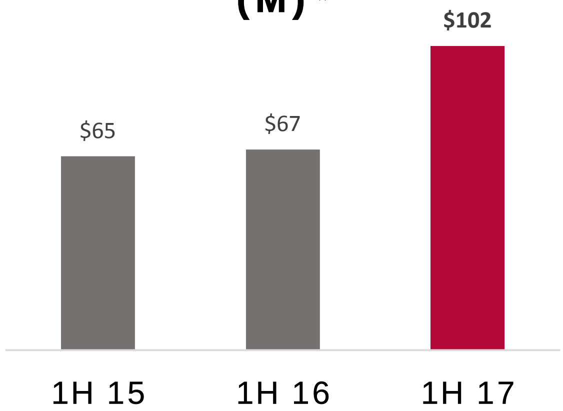
Gross Margin



Operating Income Margin



Adjusted EBITDA (M)*



Key Points

- Successfully generated considerable free cash flow over last 12 months
- Trailing 12 months adjusted EBITDA up 93%
- 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

1H 2017 Continued Strong Multi-Year Performance Trends

* Adjusted EBITDA excludes non-recurring OGIO 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
- 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. Q2 and 1H 2017 Financial Highlights

Net Sales

- Net sales up 32.4% in Q2 and up 21.2% in 1H
- Growth driven by EPIC woods, OGIO and strong performance at green grass and in custom product

Market Share

- #1 dollar market share in Total Clubs, Driver, Fairway Woods, Hybrids and Irons and #1 in unit share for Putters
- Hard goods: 26.4%, up 400 bps year-over-year
- Golf ball: 13.4%, up 50 bps year-over-year

Outlook

- Anticipating improved market conditions for the balance of year

ELY Outperformed U.S. Market in Q2

Market Share Source: Golf Datatech

Asia Q2 2017 Financial Highlights

Net Sales

- Strong quarter led by Japan with net sales up 18% driven by Japan Apparel Joint Venture and strong market share performance

Japan Market Share

- #1 in Driver and Hard Goods
- Hard goods: 20.5%, up 510 bps year-over-year

Despite Headwinds, Asia Region Continues to Perform

Market Share Source: Data provided by largest regional retailers

Europe Q2 2017 Financial Highlights

Net Sales

- Net sales up 24.0% in Q2 and up 23.1% in 1H on a constant currency basis
- Driven by favorable market conditions and strong market share growth

Market Share

- #1 in Driver, Woods and Hard Goods
- Hard goods: 25.8%, up 470 bps year-over-year
- Significant momentum with EPIC woods and golf ball

Europe Continues Significant Momentum and Market Shares Gains

Market Share Source: Golf Datatech

Q2 2017 Summary and Full Year Outlook

Strong second quarter financial performance

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

Raising guidance for the year

- Strong operating performance in 1H
- Signs of more stable U.S. market conditions
- Strong product year and EPIC momentum continues
- New business ventures off to strong start

Creating long-term shareholder value

- Business headed in the right direction
- Continue to deploy capital to create shareholder value
  - For example, planned acquisition of TravisMathew

2017 is Shaping up to be an Excellent Year for ELY

ELY Acquisition of TravisMathew - Highlights

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
- Brand has a distinct southern California vibe

Brand synergy with our existing business and strong financial contribution

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

Creating Long-term Shareholder Value

2Q 2017 Financial Results

Brian Lynch

SVP, CFO, General Counsel and Corporate Secretary

CFO Summary

Pleased with our performance this year and the trends in the business

- EPIC line of products exceeding our expectations
- Strong Q2 2017 results
- Excited about pending TravisMathew acquisition

Factors affecting year-over-year comparisons to keep in mind when evaluating our results

- $18 million Topgolf gain in Q2 2016
- No U.S. income taxes recognized in Q2 2016 or 1H 2016
- OGIO acquisition caused non-recurring expenses in 2017
- Japan Apparel Joint Venture started in 2H 2016

Non-GAAP results exclude these items and apply an estimated 38.5% tax rate to 2016

We now have three operating segments, as opposed to two in 2016, and reclassifications are included in the tables

An EPIC 2017 for Callaway Continues into Q2

2Q 2017 Financial Performance

Source: Schedules to the August 3, 2017 Earnings Press Release

	Three months ended June 30, 2017		
	As Reported	Ogio Acquisition Costs[1]	Non-GAAP
Net sales	$ 304,548	$ —	$ 304,548
Gross profit	148,165	—	148,165
% of sales	48.7%	NA	48.7%
Operating expenses	99,120	2,254	96,866
Income (loss) from operations	49,045	(2,254)	51,299
Other expense, net	(1,521)	—	(1,521)
Income (loss) before income taxes	47,524	(2,254)	49,778
Income tax provision (benefit)	16,050	(761)	16,811
Net income (loss)	31,474	(1,493)	32,967
Less: Net income attributable to non-controlling interests	31	—	31
Net income (loss) attributable to Callaway Golf Company	$ 31,443	$ (1,493)	$ 32,936
Diluted earnings (loss) per share:	$ 0.33	$ (0.01)	$ 0.34
Weighted-average shares outstanding:	96,197	96,197	96,197

Strong Second Quarter, Including 24% 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 June 30, 2017	As of June 30, 2016	Percentage Change
Cash & Equivalents	$62	$68	-8%
Asset-based Loans	$6	$5	+17%
Available Liquidity[(1)]	$230	$211	+9%
Net Accounts Receivable	$225	$205	+10%
Inventory	$172	$151	+13%
Cap Ex	$12	$7	
D&A	$8	$8	
Share Repurchase	$16	$5	

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 Margin and EPS)	Updated 2017 GAAP Estimates	Updated 2017 Pro Forma Estimates[1]	Previous 2017 Pro Forma Estimates	2016 Pro Forma Results[2]
Net Sales	$980 - $995	$980 - $995	$960 - $980	$871
Gross Margin	45.8%	45.8%	45.2%	44.2%
Operating Expenses	$388	$381	$383	$341
EPS	$0.35-$0.40	$0.40-$0.45	$0.31-$0.37	$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 an actual 41.1% tax rate for 2016.

Financial Summary of TravisMathew Deal

Purchase Price

- All-cash transaction
- $125.5 million purchase price, subject to a working capital adjustment
  - Values TravisMathew at 11.8x projected 2017 EBITDA excluding tax benefits
  - Including tax benefits, TravisMathew valued at 10.1x projected 2017 EBITDA[1]

TravisMathew Financial Performance

- Double-digit revenue growth historically and projected to continue
- $10.6 million of EBITDA projected for full year 2017

Contribution to Callaway

- 2017 incremental revenue: expected to be in the range of approximately $10-15 million
- 2017 estimated EPS impact: $0.04 dilutive, including $5m of non-recurring transaction-related expenses*
- 2018 estimated EPS impact: $0.01 accretive

Acquisition to Create Long-term Shareholder Value

1. $18 million is the present value of the tax benefit calculated based on purchase price and our best estimate of purchase price allocation among various assets and discounted back to present value, based upon assumed discount rates and timing of when Callaway Golf uses its current net operating losses.
2. Includes estimated transaction expenses and incremental non-cash expense resulting from the acquisition purchase accounting adjustments.

Questions

Thank You

Time for Q&A