



INVESTOR PRESENTATION
MARCH 2018

Forward-looking Statements: During the presentation, any comments made about future performance, events, prospects or circumstances, including estimated 2018 net sales, gross margins, operating expenses, and earnings per share (including estimated tax rate and share count), future growth or profitability, the creation of shareholder value, future industry or market conditions, future reinvestment or capital deployment, the impact of the OGIO and TravisMathew acquisitions, and the estimated capital expenditures and depreciation and amortization expenses, 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 7, 2018, as well as Part I, Item 1A of our most recent 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.

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 non-recurring OGIO and TravisMathew deal-related expenses, the non-recurring impacts of the recent 2017 Tax Cuts and Jobs Act and other non-recurring tax adjustments, the second quarter 2016 gain from the sale of a small portion of the Company's Topgolf investment, and the reversal in 2016 of most of the Company's deferred tax valuation allowance. The Company also provides certain information excluding interest, taxes, depreciation and amortization expenses, as well as the Topgolf gain and the acquisition deal-related expenses. For comparative purposes, certain non-GAAP earnings information assumes a 38.5% tax rate for certain interim periods. 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 this presentation.

- 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: \$1.50B⁽¹⁾

Employees: ~2,100

Net Sales: \$1,049M⁽²⁾

Gross Margin: 45.8%⁽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 complementary areas
- Strong executive team with deep industry experience
- Strong balance sheet with minimal debt

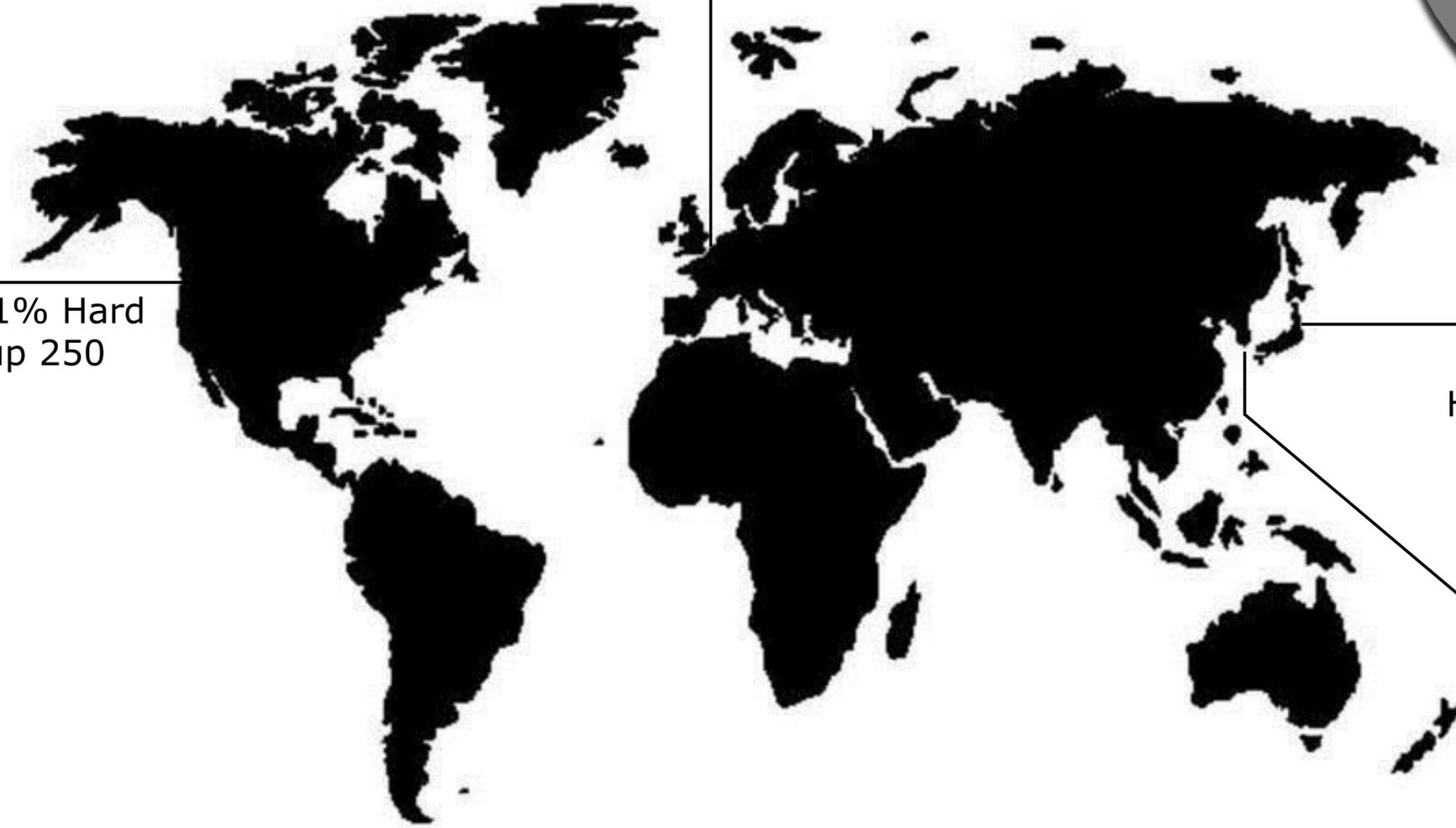
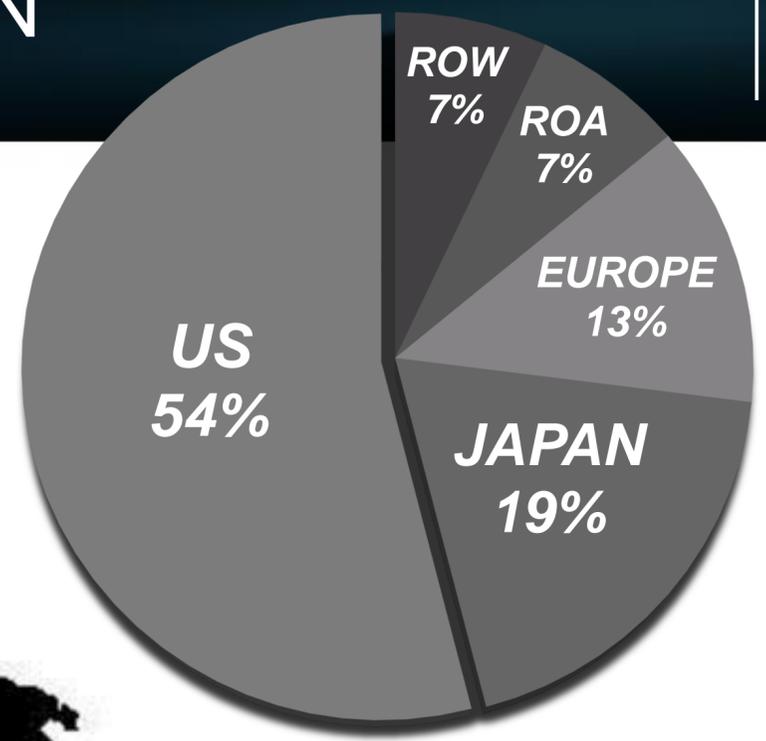
STANDOUT PRODUCTS AND BRAND

1) Market capitalization as of February 15, 2018
2) 2017 Full Year GAAP Results

2017 NET SALES AND MARKET SHARES BY REGION



NET SALES BY REGION



EUROPE

#1 in Hard Goods; 24.3% market share, up 200 bps YOY

US

#1 in Total Clubs; 25.1% Hard Goods market share, up 250 bps YOY

JAPAN

#1 in Total Clubs; 19.7% Hard Goods market share, up 400 bps YOY

KOREA

Korea: #1 golf brand with 19.5% market share

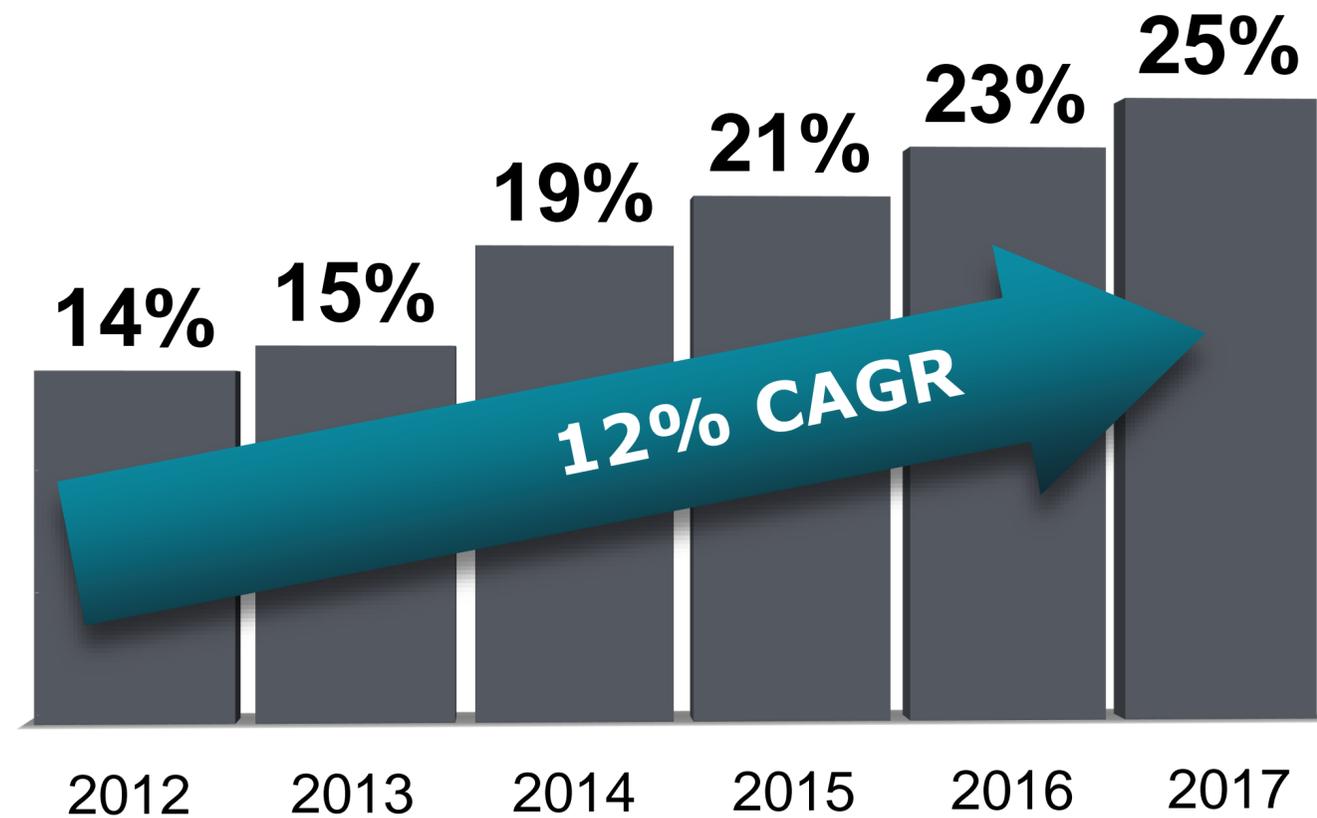
MARKET SHARE GROWTH ACROSS ALL MAJOR REGIONS

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

OVER 75% MARKET SHARE GROWTH SINCE 2012



U.S. Retail Hard Goods Market Share



2017 Callaway U.S. Retail Dollar Market Share Rankings

1 STICKS
WOODS
DRIVER
IRONS

2 PUTTER
GOLF BALLS

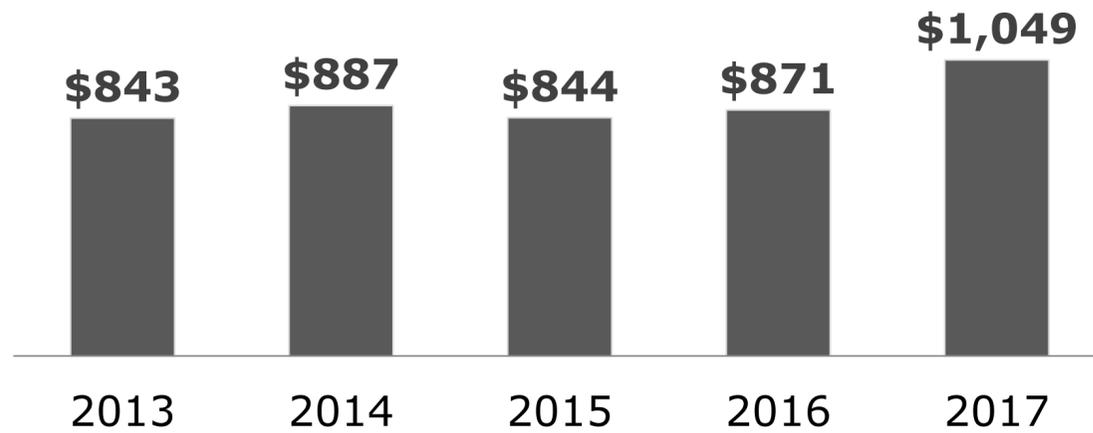


BRAND MOMENTUM CONTINUES TO DRIVE SHARE GAINS

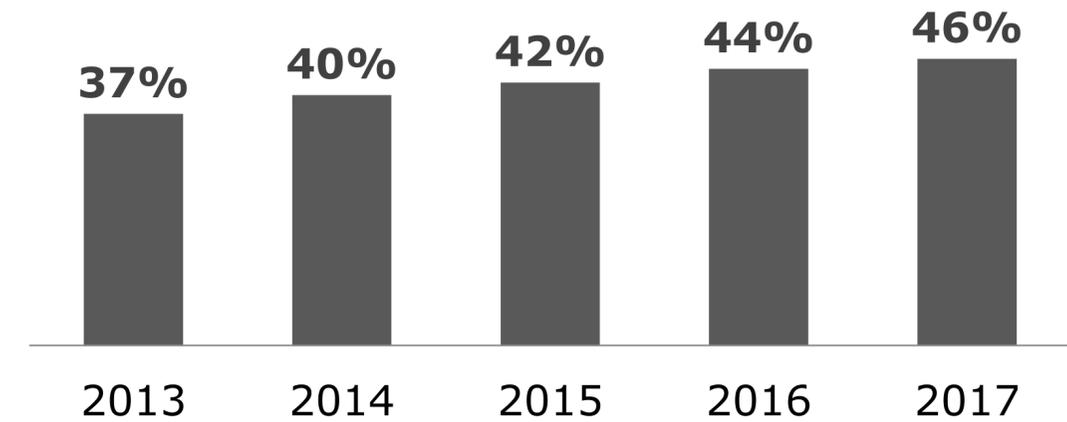
HISTORICAL PERFORMANCE



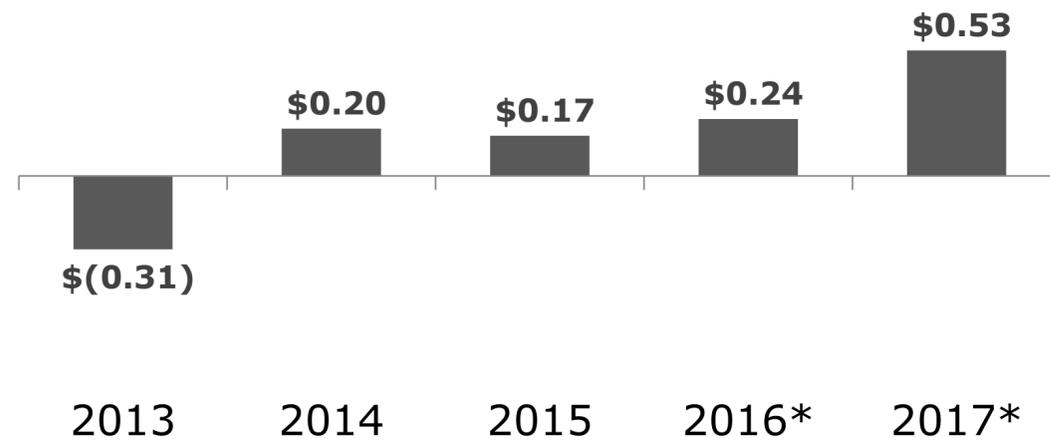
Net Sales (M)



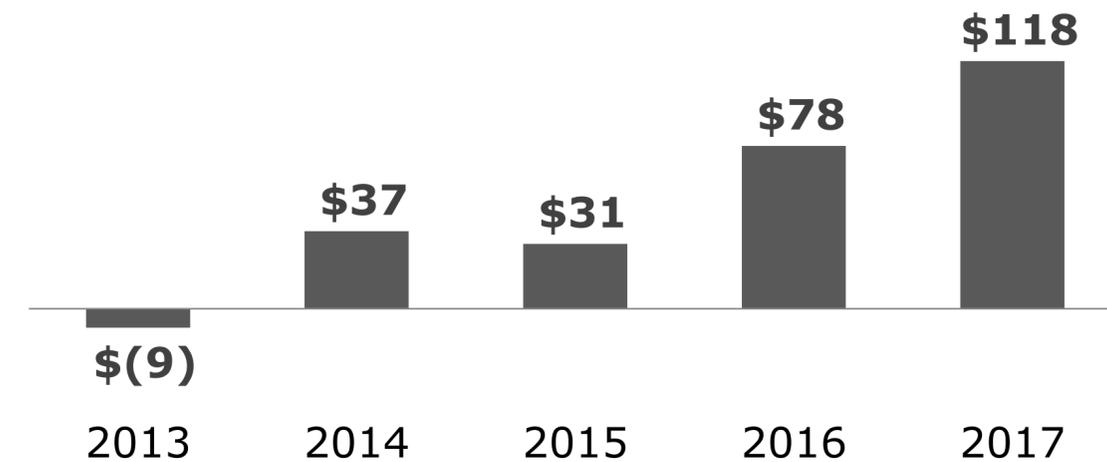
Gross Margin



EPS*



Net Cash from Operations (M)



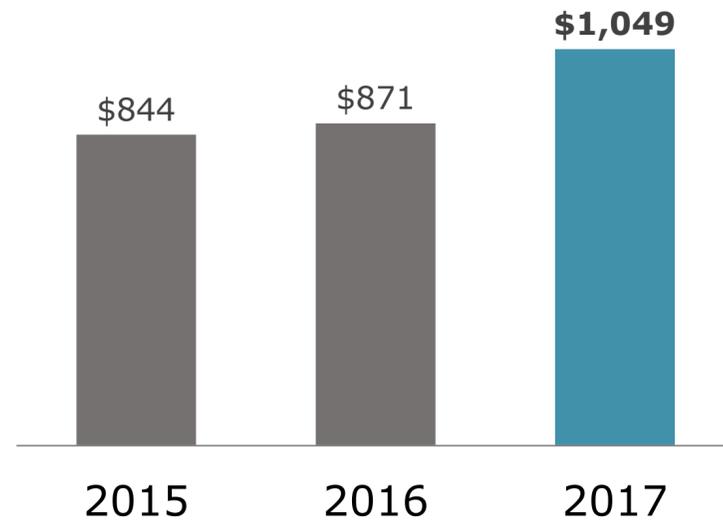
FURTHER STRENGTHENING OUR FINANCIAL POSITION

*To facilitate year-over-year comparisons, 2016 and 2017 are stated using Non-GAAP EPS: The 2016 \$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. The 2017 \$0.53 excludes the \$7 million (\$0.07 per share loss) of **after-tax** OGIO/TravisMathew one-time deal expenses and \$3 million (\$0.04 per share loss) of non-recurring **tax expense**. Refer to the appendix for a reconciliation of this non-GAAP measure to its most directly comparable GAAP measure.

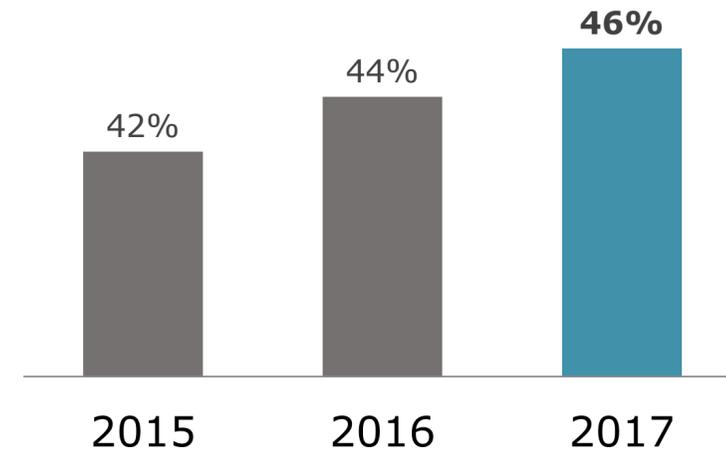
THREE YEAR PERFORMANCE COMPARISON



Net Sales (M)



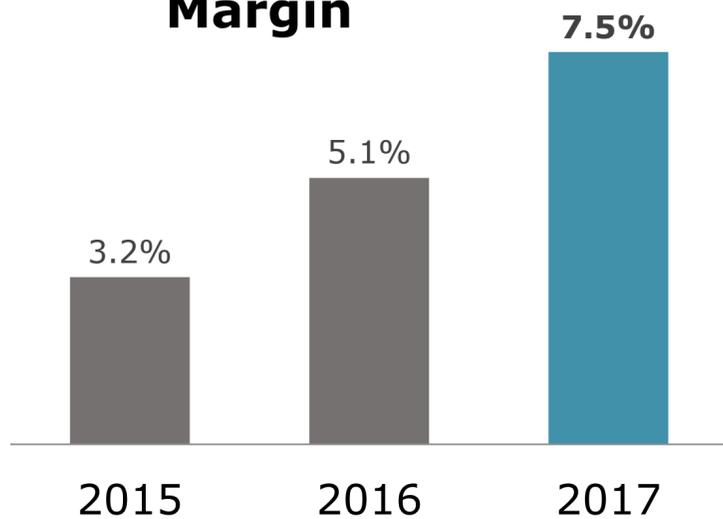
Gross Margin



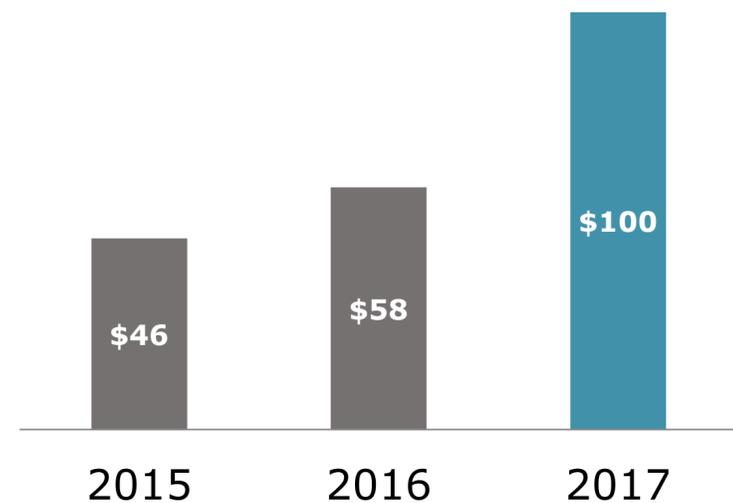
Key Points

- Successfully generated considerable free cash flow over last 12 months
- Adjusted EBITDA up 72% over 2016
- Prudently and successfully deploying increased cash flow for the long-term benefit of shareholders:

Operating Income Margin



Adjusted EBITDA* (M)



- Japan Apparel JV
- OGIO
- Strategic reinvestment in core
- Share repurchase
- TravisMathew

2017 CONTINUED STRONG MULTI-YEAR PERFORMANCE TRENDS

* Adjusted EBITDA excludes non-recurring OGIO and TravisMathew expenses in 2017 and the Topgolf gain in 2016. Refer to the appendix for a reconciliation of this non-GAAP measure to its most directly comparable GAAP measure.

Improving industry fundamentals is the overarching theme

- European market has had a strong year
- U.S. and Japan markets up in the second half of 2017
- 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



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

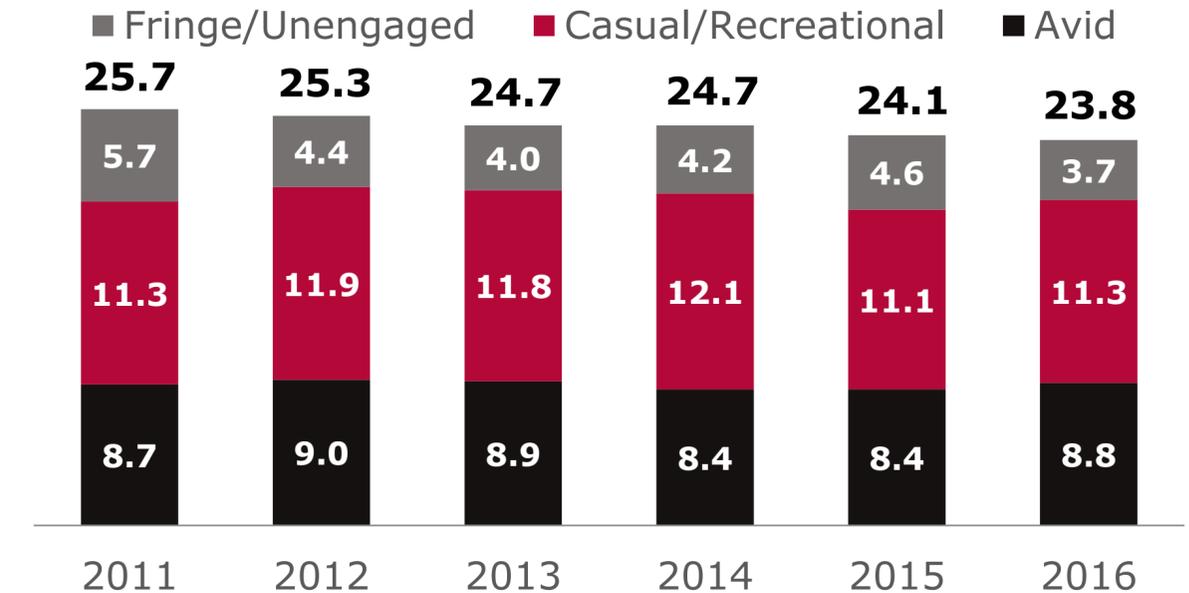
- 2015: +1.8%
- 2016: +0.6%
- 2017: -2.7%

People new to the sport trying it in record numbers

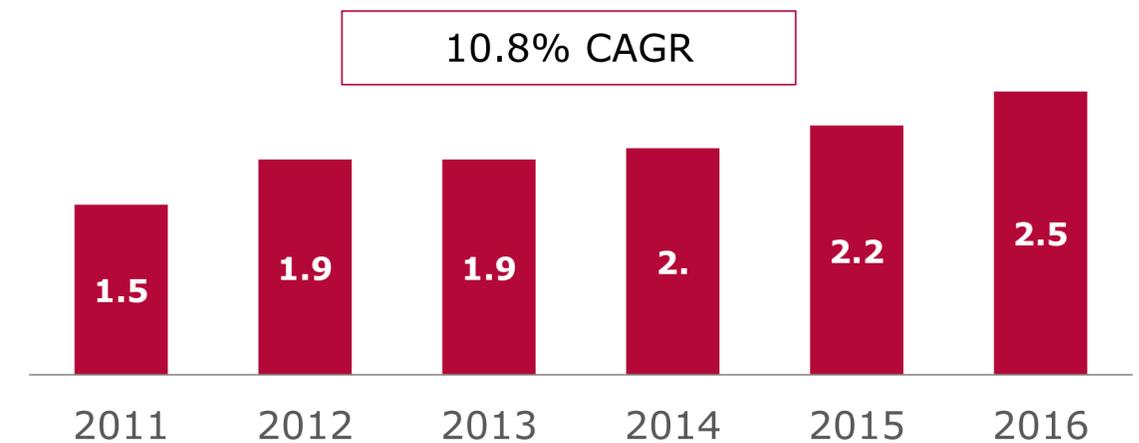
- 2.5M new golfers in 2016
- Up 67% since 2011

Focused on market share gains as industry rationalizes

U.S. Golfers (M)(1)



Beginning Golfers (M)(2)



STABILIZING 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

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 complementary 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



TRANSFORMATION IS COMPLETE: PIVOTED TO GROWTH STRATEGY

Leading-edge innovation

- New Rogue woods with next generation jailbreak technology and having jailbreak in fairway woods and hybrids for the first time
- New Rogue iron with the latest in cup face design, internal tungsten weighting and a new technology called “Urethane Microspheres” for the ultimate in sound and feel
- New Chrome Soft golf balls featuring a new and larger “Graphene” infused core
 - Graphene is a nobel prize winning material, which allows us to make faster balls while maintaining it’s soft feel
- New introductions across all categories, including OGIO and TravisMathews



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
- Callaway achieved sales growth of 6% over prior year

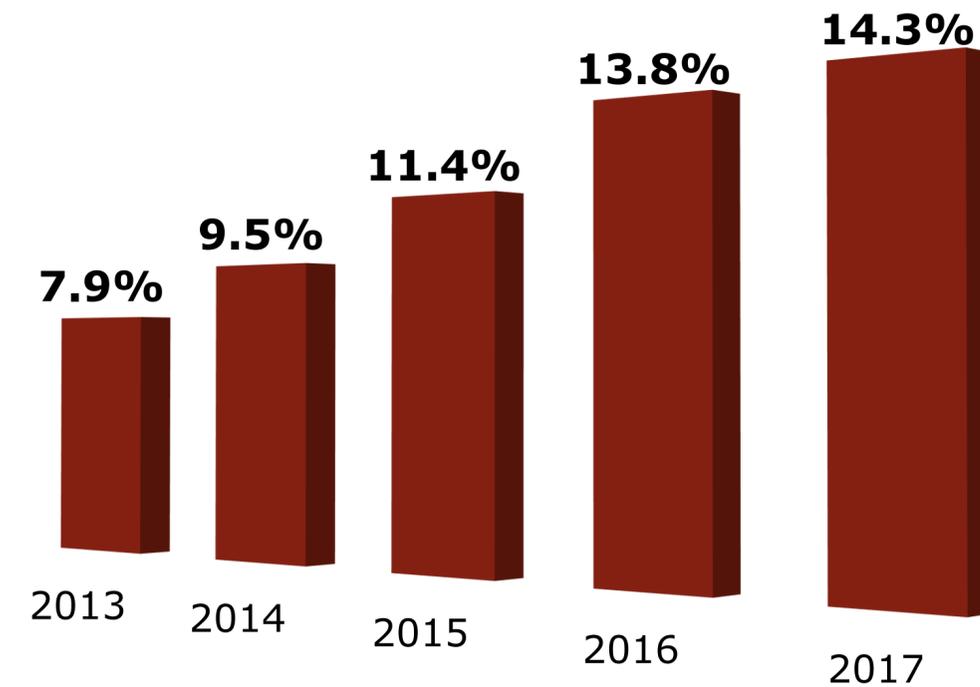
2017

- Launched Chrome Soft X with Dual SoftFast Core technology
- Callaway achieved sales growth of 7% over prior year

2018

- Launched next generation Chrome Soft with a new and larger Graphene infused inner core

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.



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
- Accretive to earnings in 2017, excluding transition and transaction expense
- Integration into core business complete
- International expansion in 2018



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
- Continued store expansion in 2018

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
- Planned to be accretive in 2018



TRANSACTION CLOSED IN AUGUST 2017



Core Golf Equipment Business

- Technology/Capacity driven capital projects for US ball manufacturing plant
- Investments to further momentum in green grass and custom fitting
- Continued investment in digital marketing and Direct to Consumer in Europe and Japan
- R&D, management talent



Tour and Player Development

- Added promising young and established players to our staff
 - Sergio Garcia
 - Xander Schauffele (2017 PGA Tour Rookie of the Year)
 - Sam Burns (College Player of the Year)
 - Maverick McNealy (Former #1 World Amateur)
- Si Woo Kim
- 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

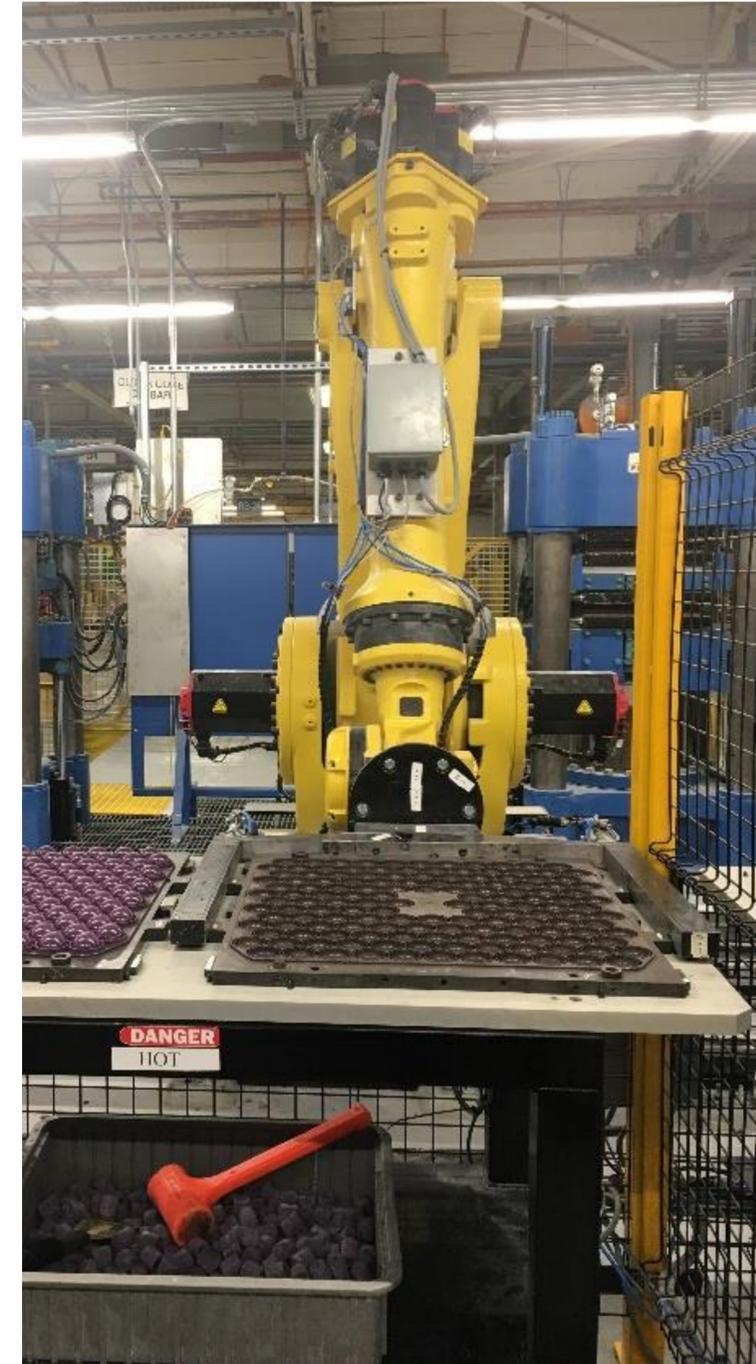
- Planning to invest approximately \$25mm over a three period starting in 2016
- Ball revenues grew just over 6% in 2016 and just over 7% in 2017

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



Sergio
Garcia



Henrik
Stenson



Ollie
Schniederjans



Daniel
Berger



Michelle
Wie



Morgan
Pressel



Danny
Willett



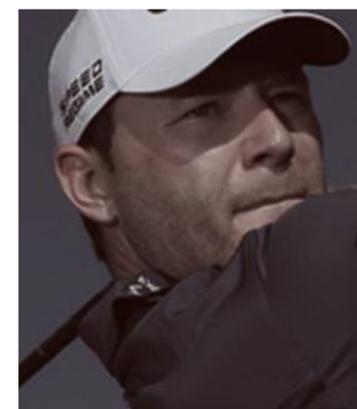
Tom
Watson



Jim
Furyk



Kevin
Kisner



Branden
Grace



Marc
Leishman



Xander
Schauffele



Emiliano
Grillo

PROS REPRESENT THE TOP OF THE PYRAMID OF INFLUENCE IN GOLF

Marketing mix includes:

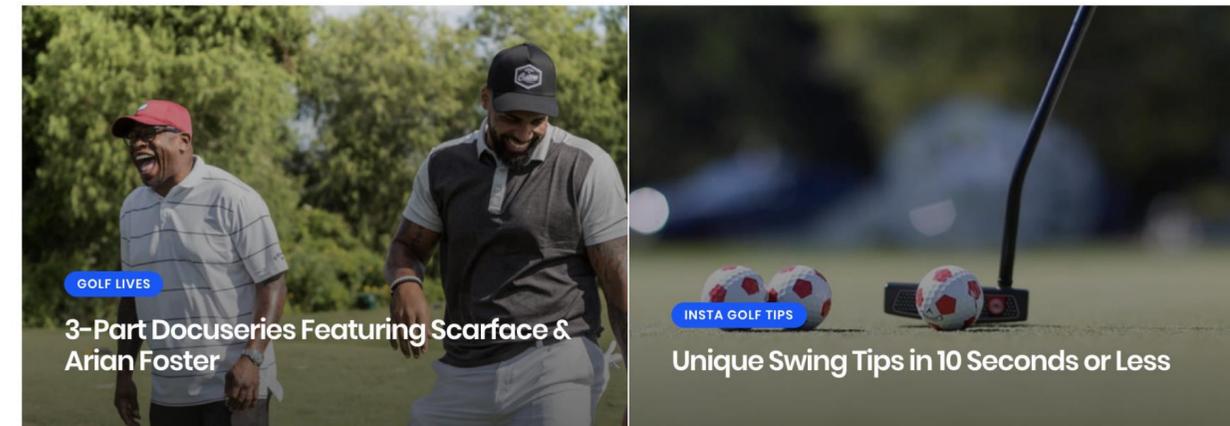
- Print
- Television
- Video
- Social/Digital



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
- Adding Direct to Consumer capabilities in Japan and Europe



ENGAGING CONSUMERS

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

Improving Quality System

- HD camera inspection
- Vendor quality systems
- Global Statistical Process Control (SPC)



- ✓ Enhanced brand perception
- ✓ Higher quality

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

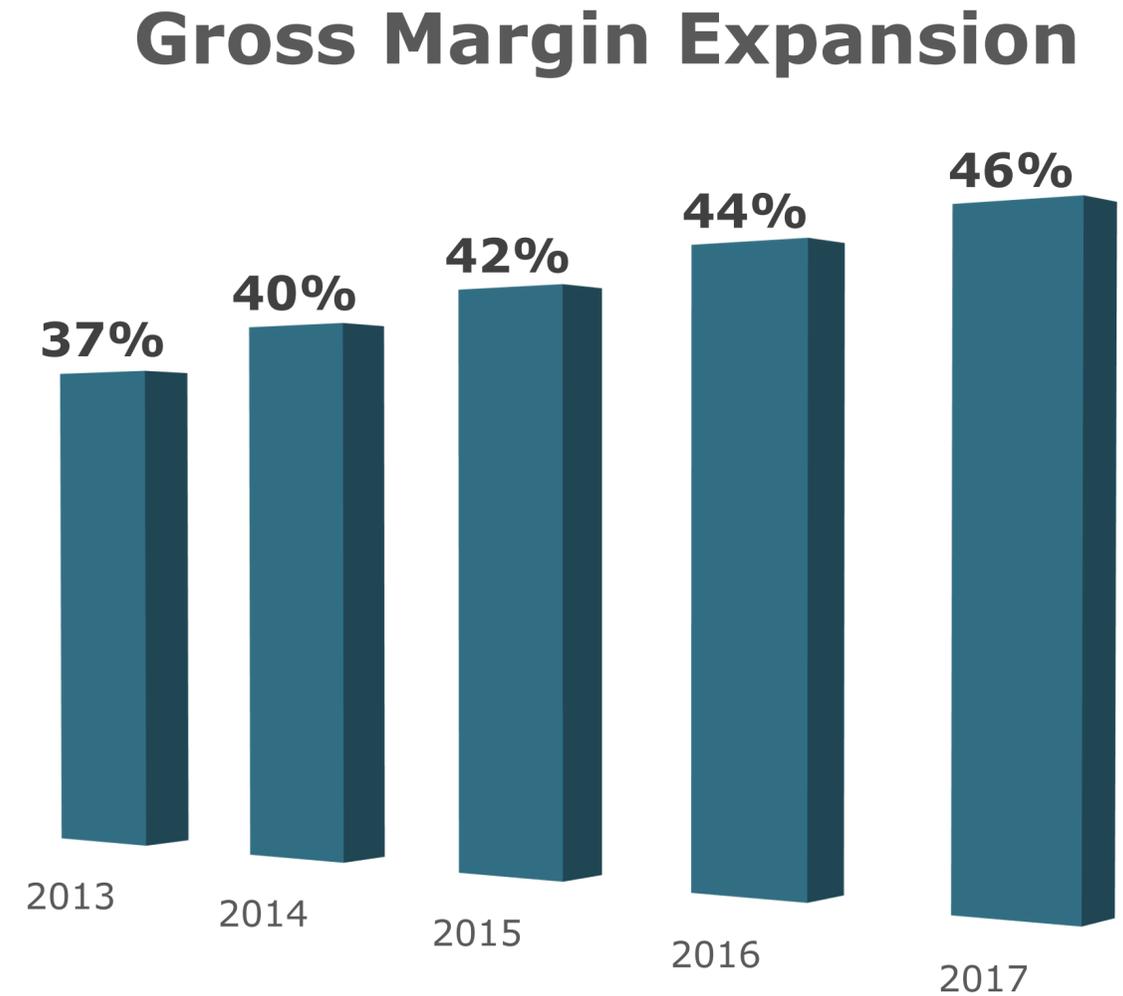
Facilities Improvements

- Global logistics reconfiguration
- Rationalized golf ball manufacturing
- Reduced buildings to 2 in Carlsbad
- Upgrading international warehouse capabilities

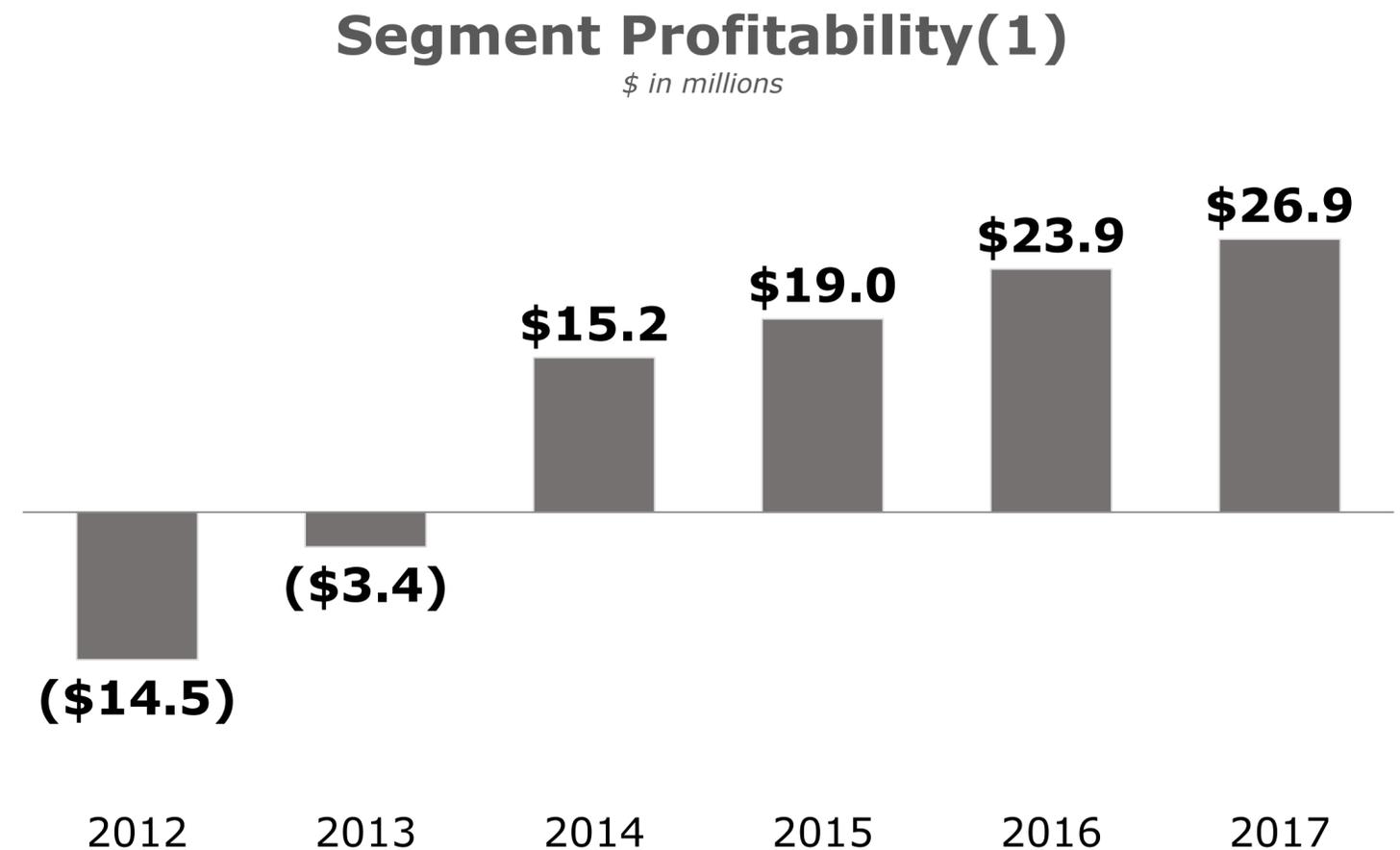


- ✓ Facilities cost down significantly since 2012
- ✓ Local COGS % of sales down

- 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



- 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
- Our most profitable segment in 2017



TURNAROUND IN PROFITABILITY

(1) Excludes Corporate G&A expenses and Other Income/Expenses not utilized by management in determining segment profitability.

BALANCE SHEET AND CASH FLOW



(in millions, except percentages)

	As of Dec. 31, 2017	As of Dec. 31, 2016	Percent Change
Cash & Equivalents	\$86	\$126	↓ -32%
Asset-based Loans	\$88	\$12	↑ +633%
Available Liquidity⁽¹⁾	\$239	\$225	↑ +6%
Net Accounts Receivable	\$95	\$128	↓ -26%
Inventory	\$262	\$189	↑ +39%
Cap Ex	\$26	\$16	
D&A	\$18	\$17	
Share Repurchase	\$17	\$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.

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

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 complementary 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

- \$17 million worth of shares repurchased in 2017
- Annual dividend payment of \$0.04 per common share

High growth entertainment concept

- Combines driving range, nightclub, and dining experience into one venue
- 41 locations globally; adding 8-10/year in U.S.
- 18 additional sites planned and announced (including 5 international sites)
- Introduced Topgolf Swing Suites (3 locations with an additional suite planned)
- Media Division – Acquisition of WGT and Protracer

Exclusive golf partner of Topgolf and ~14% owner

- Built our position over past decade
- On balance sheet at \$70.6M cost basis

Complementary to core golf equipment business and strong growth potential



TOPGOLF CONTINUING TO EXPAND LOCATIONS

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



INVESTOR PRESENTATION
MARCH 2018

APPENDIX

ADJUSTED EBITDA RECONCILIATIONS



	2017 Trailing Twelve Month Adjusted EBITDA					2016 Trailing Twelve Month Adjusted EBITDA				
	Quarter Ended					Quarter Ended				
	March 31, 2017	June 30, 2017	September 30, 2017	December 31, 2017	Total	March 31, 2016	June 30, 2016	September 30, 2016	December 31, 2016	Total
Net income (loss).....	\$ 25,689	\$ 31,443	\$ 3,060	\$ (19,386)	\$ 40,806	\$ 38,390	\$ 34,105	\$ (5,866)	\$ 123,271	\$ 189,900
Interest expense, net.....	715	550	642	2,004	3,911	621	347	431	348	1,747
Income tax provision (benefit).....	13,206	16,050	1,486	(4,354)	26,388	1,401	1,937	1,294	(137,193)	(132,561)
Depreciation and amortization expense.....	4,319	4,178	4,309	4,799	17,605	4,157	4,180	4,204	4,045	16,586
EBITDA.....	\$ 43,929	\$ 52,221	\$ 9,497	\$ (16,937)	\$ 88,710	\$ 44,569	\$ 40,569	\$ 63	\$ (9,529)	\$ 75,672
Gain on sale of Topgolf investments.....	—	—	—	—	—	—	(17,662)	—	—	(17,662)
OGIO and TravisMathew acquisition costs.....	3,956	2,254	3,377	1,677	11,264	—	—	—	—	—
Adjusted EBITDA.....	\$ 47,885	\$ 54,475	\$ 12,874	\$ (15,260)	\$ 99,974	\$ 44,569	\$ 22,907	\$ 63	\$ (9,529)	\$ 58,010

Source: Tables to the February 7, 2018 Earnings Press Release and the February 2, 2017 Earnings Press Release

2017 FULL YEAR P&L RECONCILIATIONS



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

	Year Ended December 31, 2017				Year Ended December 31, 2016			
	Total As Reported	Acquisition Costs ⁽¹⁾	Non-Cash Tax Adjustment ⁽²⁾	Non-GAAP	Total As Reported	Topgolf Gain ⁽³⁾	Release of Tax VA ⁽⁴⁾	Non-GAAP
Net sales	\$ 1,048,736	\$ —	\$ —	\$ 1,048,736	\$ 871,192	\$ —	\$ —	\$ 871,192
Gross profit	480,448	(2,439)	—	482,887	385,011	—	—	385,011
% of sales	45.8%	—	—	46.0%	44.2%	—	—	44.2%
Operating expenses	401,611	8,825	—	392,786	340,843	—	—	340,843
Income (loss) from operations	78,837	(11,264)	—	90,101	44,168	—	—	44,168
Other income (expense), net	(10,782)	—	—	(10,782)	14,225	17,662	—	(3,437)
Income (loss) before income taxes	68,055	(11,264)	—	79,319	58,393	17,662	—	40,731
Income tax provision (benefit)	26,388	(4,118)	3,394	27,112	(132,561)	7,188	(156,588)	16,839
Net income (loss)	41,667	(7,146)	(3,394)	52,207	190,954	10,474	156,588	23,892
Less: Net income attributable to non-controlling interests	861	—	—	861	1,054	—	—	1,054
Net income (loss) attributable to Callaway Golf Company	<u>\$ 40,806</u>	<u>\$ (7,146)</u>	<u>\$ (3,394)</u>	<u>\$ 51,346</u>	<u>\$ 189,900</u>	<u>\$ 10,474</u>	<u>\$ 156,588</u>	<u>\$ 22,838</u>
Diluted earnings (loss) per share:	\$0.42	(\$0.07)	(\$0.04)	\$0.53	\$1.98	\$0.11	\$1.63	\$0.24
Weighted-average shares outstanding:	96,577	96,577	96,577	96,577	95,845	95,845	95,845	95,845

(1) Represents non-recurring costs associated with the acquisitions of Ogio International, Inc. in January 2017, and TravisMathew in August 2017.

(2) Represents approximately \$7.5 million of non-recurring income tax expense resulting from the 2017 Tax Cuts and Jobs Act, partially offset by a non-recurring benefit of approximately \$4.1 million related to the revaluation of taxes on intercompany transactions, resulting from the 2016 release of the valuation allowance against the Company's U.S. deferred tax assets.

(3) Represents a gain on the sale of a small portion of the Company's Topgolf investment as well as the income tax impact on the gain due to the reversal of the Company's deferred tax valuation allowance in Q4 of 2016.

(4) Non-cash tax benefit due to the reversal of a significant portion of the Company's deferred tax valuation allowance in Q4 of 2016.



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