



# STEPHENS NON-DEAL ROADSHOW PREP PACKET

**Callaway Golf Company (ELY)**

June 9, 2020

# Callaway Golf Company (ELY) – Virtual Non-Deal Roadshow

## Questions/Topics of Discussion

### Golf Industry

- Heading into COVID we saw 7 consecutive months of rounds played growth and we've now seen two years of total participation growth. - What do you think is driving the resurgence in the popularity of the game? How has COVID changed these long-term trends?
- You guys brought the Chicopee golf ball plant back online a few weeks ago, how is the facility operating today?
- Over the last 8 years golf balls have been a big piece of the market share story. Can you talk about what's driven that?
- Something that has come along with market share has been pricing power, with increasing ASP's particularly on the Chrome Soft. Can you talk about the industry's pricing backdrop and what has supported this one-way trend?
- If we take a near-term focus on the pandemic impacts, there is going to be excess inventory in the channel on the golf side. How do you think this impacts pricing for back half launches and will there be any impact into 2021?
- As we think about international markets, some of our checks are more bullish on Asia but it sounds like Europe is still coming back slowly. Can you give us any update on the state of the international golfer?

### Apparel Business

- As the European macro slowly improves, we have seen other apparel companies opening stores. What are you seeing over there?
- At JW, that is a different type of product launch. How is the inventory today? Will there be lingering impacts into the back half or 2021?
  - Could there be promotional pressure in this category from the inventory?
- You've been vocal about the long-term synergy opportunity - can you update us on the state of those initiatives?
- What kind of progress can you make right now to get towards those long-term goals, even in a softer topline environment?

### Margins / Expenses

- Last quarter you quantified significant cost savings. Where are you capturing those in the business and how sustainable will they be?
- As prices increase, can gross margins keep going higher? Or what are the long-term drivers of gross margin, in golf and apparel?

### Capital Deployment/Other

- You recently completed a convertible offering to provide ample liquidity during this downturn. How is the balance sheet today?
- On your Topgolf ownership, in the back half of 2019 you changed some language in your slide deck around a potential monetization to create value. Can you update us on your long-term thinking for the asset?
- For a few years you guys did some really accretive tuck-in deals like Ogio and TravisMathew. When this pandemic passes, where is your appetite for M&A today?
  - Would it be on the apparel or the golf equipment side?

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## **Stephens ELY & Industry Reports:**

[ELY Reports 1Q20; Strong Cost Controls Position ELY Well For Recovery; Reit. OW Making the Turn to 2020; Tweaking Est's and PGA Merchandise Show Recap](#)  
[Golf Industry 6/3 Update: Checks, Surveys, and App Data Suggest Improvement](#)

## **Stephens ELY Model:**

[Click Here To View The Model](#)

Stephens Inc. working model and published research report attached.  
For current disclosures on this company, please access the attached research report.

## OTHER DISCLOSURES

Note: The purpose of this document is to suggest questions investors might like to ask company management and to help investors develop their own questions. This document is not intended to express any opinion or investment recommendation.

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