

# Investor Presentation

June 2016



**GENERAC®**

# INVESTOR RELATIONS CONTACTS

**Aaron Jagdfeld**

President & Chief Executive Officer

**York Ragen**

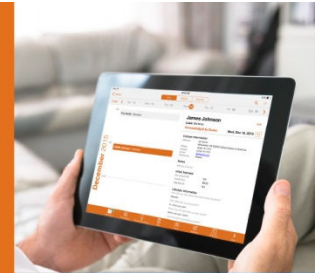
Chief Financial Officer

(262) 506-6064 [InvestorRelations@generac.com](mailto:InvestorRelations@generac.com)

**Michael Harris**

Vice President – Finance

(262) 544-4811 x2675 [Michael.Harris@generac.com](mailto:Michael.Harris@generac.com)



# Forward Looking Statements

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Certain statements contained in this presentation, as well as other information provided from time to time by Generac Holdings Inc. or its employees, may contain forward-looking statements that involve risks and uncertainties that could cause actual results to differ materially from those in the forward-looking statements.

Forward-looking statements give Generac's current expectations and projections relating to the Company's financial condition, results of operations, plans, objectives, future performance and business. You can identify forward-looking statements by the fact that they do not relate strictly to historical or current facts. These statements may include words such as "anticipate," "estimate," "expect," "forecast," "project," "plan," "intend," "believe," "confident," "may," "should," "can have," "likely," "future," "optimistic" and other words and terms of similar meaning in connection with any discussion of the timing or nature of future operating or financial performance or other events.

Any such forward-looking statements are not guarantees of performance or results, and involve risks, uncertainties (some of which are beyond the Company's control) and assumptions. Although Generac believes any forward-looking statements are based on reasonable assumptions, you should be aware that many factors could affect Generac's actual financial results and cause them to differ materially from those anticipated in any forward-looking statements, including: frequency and duration of power outages impacting demand for Generac products; availability, cost and quality of raw materials and key components used in producing Generac products; the impact on our results of possible fluctuations in interest rates and foreign currency exchange rates; the possibility that the expected synergies, efficiencies and cost savings of our acquisitions will not be realized, or will not be realized within the expected time period; the risk that our acquisitions will not be integrated successfully; difficulties Generac may encounter as its business expands globally; competitive factors in the industry in which Generac operates; Generac's dependence on its distribution network; Generac's ability to invest in, develop or adapt to changing technologies and manufacturing techniques; loss of key management and employees; increase in product and other liability claims or recalls; and changes in environmental, health and safety laws and regulations.

Should one or more of these risks or uncertainties materialize, Generac's actual results may vary in material respects from those projected in any forward-looking statements. A detailed discussion of these and other factors that may affect future results is contained in Generac's filings with the Securities and Exchange Commission ("SEC"), particularly in the Risk Factors section of our 2015 Annual Report on Form 10K and in its periodic reports on Form 10Q. Stockholders, potential investors and other readers should consider these factors carefully in evaluating the forward-looking statements. Any forward-looking statement made by Generac in this presentation speaks only as of the date on which it is made. Generac undertakes no obligation to update any forward-looking statement, whether as a result of new information, future developments or otherwise, except as may be required by law.

# About Generac

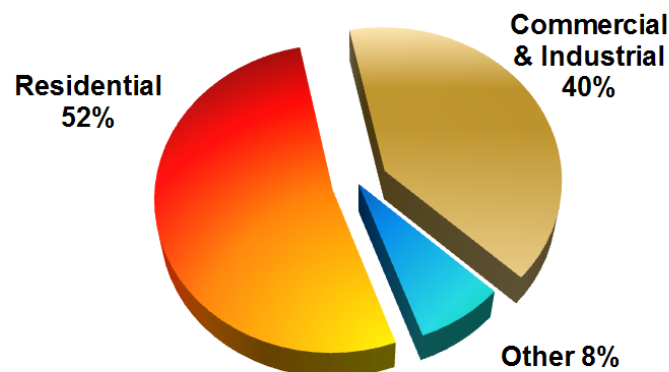


Leading designer and manufacturer of a wide range of **power generation equipment** and **other engine powered products**

**Variety of end markets** include residential, light commercial, industrial, oil & gas, and construction

**Global distribution network** of independent dealers, distributors, retailers, wholesalers and equipment rental companies, and also sold direct to certain end users

**2016 LTM Sales:**  
**\$1.292 billion**

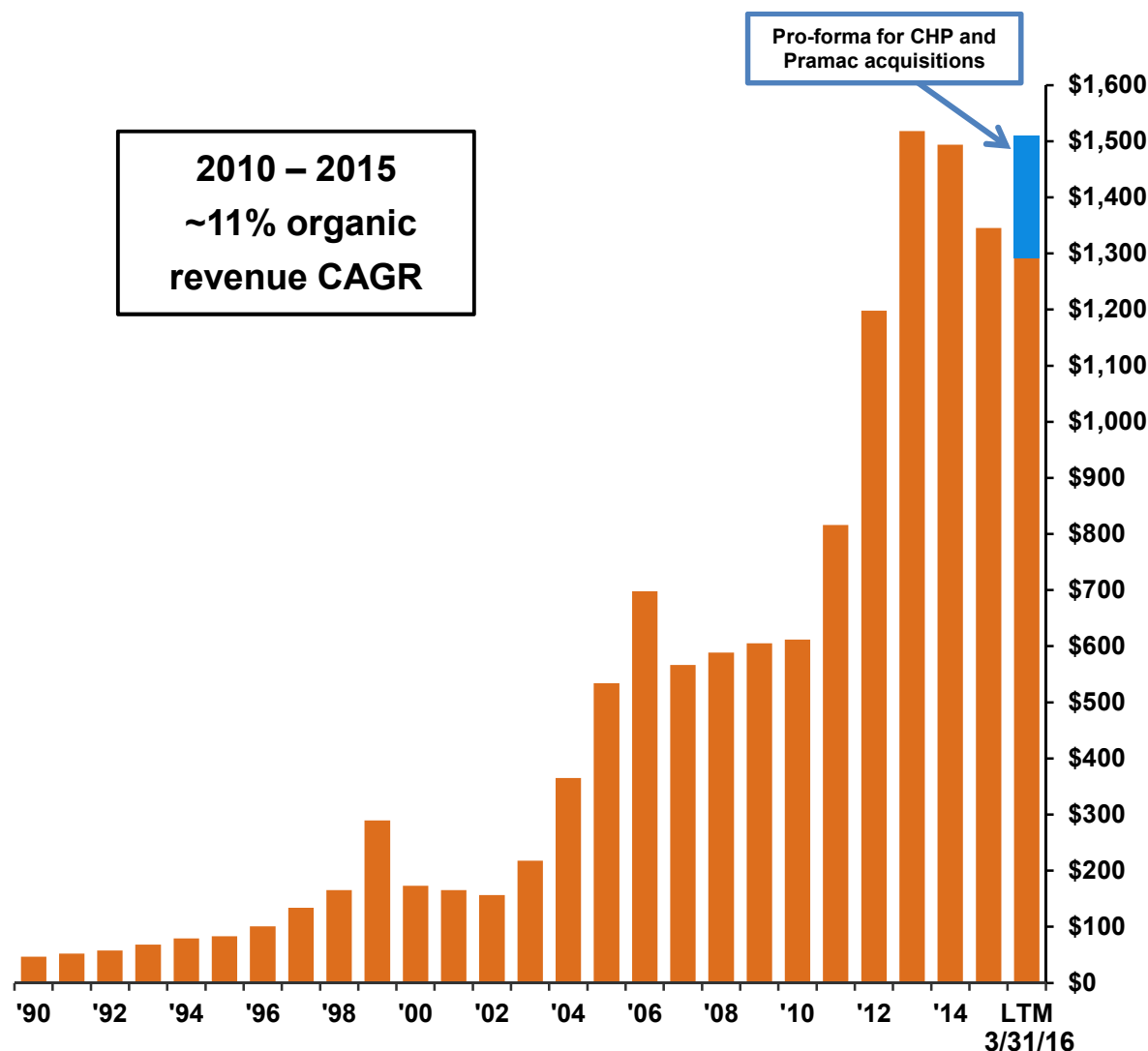


Global manufacturing, distribution, fulfillment and commercial footprint with 25 facilities located in the **U.S., Latin America, Europe and Asia.**

**Nine acquisitions completed since 2011**, including recent strategic acquisitions of Country Home Products and Pramac

Approx. **3,800 employees**  
(as of 3/1/2015)

# Track Record of Innovation & Growth



## History of Innovation Driving Organic Growth

- Commercialized affordable home standby generators and light-commercial generators
- Differentiated distribution model
- Over 250 engineers on staff as of 12/31/15
- Natural gas and Bi-Fuel™ expertise
- Modular Power System (MPS) approach for industrial applications
- A.M.P.™ targeted marketing process and PowerPlay™ in-home selling solution for home standby generators
- Continued focus on new product introductions

Note: \$ amounts in millions. Represents gross sales excluding freight revenue. Excludes "Portable Product" sales prior to the division's divestiture in 1998. Figures include results from acquisitions completed during 2011 – 2016; see slide titled "Summary of Acquisitions" for further details.

# Consumer Power Products



**Air-cooled  
Home Standby  
Generators**

Emergency backup –  
small to medium homes



**Liquid-cooled  
Home Standby  
Generators**

Emergency backup –  
larger homes & small  
businesses



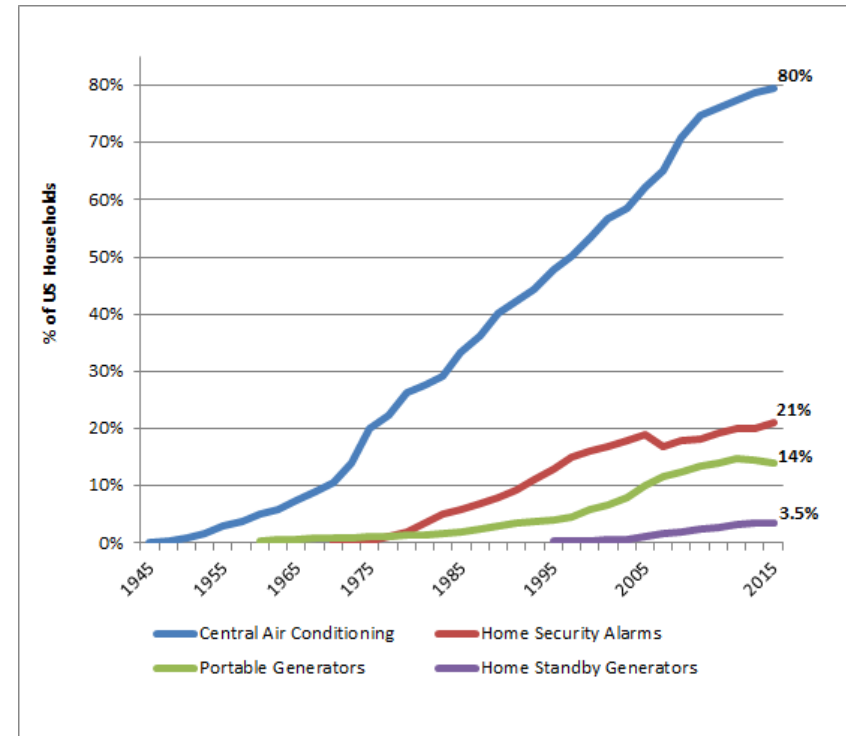
**Portable &  
Inverter  
Generators**

Emergency home backup,  
construction, recreation  
& other light duty uses

## Long-Term Growth Themes

- **Key drivers:** aging and underinvested grid, favorable demographics, heightened power outages
- **Low penetration of emerging HSB category:** ~3.5% of addressable households within the U.S.
- **Market leader:** leading share of domestic HSB market with significant barriers to entry; high-20% share of portable generator market
- **Key strategic initiatives:** further improve lead generation, close rates and reduce total system cost
- **Strong historical organic growth:** ~10% CAGR for home standby generators from 2010-2015

## North American Penetration Opportunity<sup>(1)</sup>



(1) Source: Company estimates; based on addressable market for HSB generators consisting of all single-family detached, owner-occupied homes valued > \$100K; portables and central A/C use all single-family homes regardless of value; penetration rate for home security alarms was estimated from a variety of industry sources

## Aging Population Fits Demographic<sup>(2)</sup>

- ~75% of buyers age 50 and older
- 45-50% of homes valued under \$300k
- ~80% retro-fit application

**Every 1% of increased penetration equals ~ \$2 billion of market opportunity**



# C&I Stationary Products



**20kW to 3.5MW<sup>(1)</sup>**



**Larger kW & Container Gensets**

Prime and emergency backup – both regulated and non-regulated markets



**Industrial Stationary Generators**

Emergency backup – large healthcare, telecom, municipal, manufacturing



**Commercial Stationary Generators**

Emergency backup – small to mid-sized retail, telecom, municipal

(1) Up to 3.5MW for single-engine generators; Modular Power Systems (MPS) extend up to 100MW

## Long-Term Growth Themes

- **Natural gas generators:** gaining share vs. diesel
- **Market share gains:** larger-kW product offering, distribution optimization, sales process excellence
- **International expansion:** recent Pramac acquisition accelerates expansion into other regions of the world
- **“Optional standby” market:** low penetration within the light commercial/retail market
- **Telecom:** growing importance of backup power for critical telecommunications infrastructure



- Acquired in March 2016
- Based in Siena, Italy
- Leading global manufacturer of C&I stationary and mobile generators, and portable generators
- Products sold into over 150 countries worldwide through a broad distribution network
- Significantly expands geographic footprint and doubles international sales mix outside U.S. & Canada

**Elevates Generac to a major player in the global power generation market**



**~\$3B Domestic, >\$16B Global Market<sup>(2)</sup>**

**Non-Residential Construction**



**Telecom**



**Commercial Healthcare**



**Retro-Fit Application**



**Data Centers Government Industrial**



(2) Frost & Sullivan, SBI, EGSA, Generac estimates

# C&I Mobile Products



## Light Towers

## Mobile Generators

## Heaters & Pumps

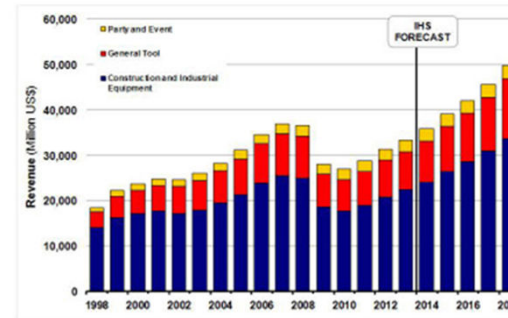
- Temporary lighting, power, heating and de-watering
- Construction, energy, special events, road development, airlines and other general rental markets
- Rental equipment companies a key channel

## Long-Term Growth Themes

- **Secular shift toward renting:** mobile products platform benefitting from shift toward renting in lieu of buying
- **Diversification into new products:** entry into adjacent “engine-powered” rental equipment categories, both organically and through acquisitions
- **Long-term domestic energy production:** multi-decade upcycle for mobile support equipment that is essential to oil & gas drilling and production sites
- **Flaring restrictions:** regulatory environment increasing demand for gaseous fueled generators that run on well gas

## Mobile Equipment - Rental vs. Buy

Total U.S. Equipment Rental Revenue



Source: ARA Rental Market Monitor, IHS Economics - December 2014 forecast

- Overall industry projected to grow at ~ 6% CAGR from 2015-19
- Construction and industrial projected to grow at a similar level



## RENTAL MARKET: ~\$12B ANNUAL SPEND



### SPECIALTY RENTS – MINING, OIL & GAS



### EVENT



### GENERAL RENTAL

- ☒ POWER, LIGHTING & HVAC
- ☒ PRESSURE WASHERS & PUMPS
- ☐ PLUMBING & PIPES
- ☐ AIR COMPRESSOR EQUIPMENT
- ☐ COMPACTION
- ☐ CONCRETE & MASONRY
- ☐ EARTHMOVING EQUIPMENT
- ☐ FORKLIFT & MATERIAL HANDLING
- ☐ POWER TOOLS & SURVEY
- ☐ SURFACE PREPARATION
- ☐ TRENCH SAFETY
- ☐ VEHICLES & TRAFFIC CONTROL
- ☐ WELDERS

Source: Generac estimates; Public Reports, Third-Party Industry Reports



# Power Equipment



## Chore-Related Outdoor Power Equipment

- Pressure washers
- Water pumps
- Field & brush mowers
- Trimmer mowers
- Chippers & shredders
- Log splitters
- Lawn & leaf vacuums
- Stump grinders

Wide variety of property maintenance applications:

- Larger-acreage residential
- Light commercial
- Municipal
- Farm

## Long-Term Growth Themes

- **Diversification with “chore” products:** expanding line of other engine-powered products that is not dependent on power outage activity
- **Recent CHP acquisition:** significantly expands power equipment platform and provides additional scale to better optimize production and supply chain
- **Revenue synergies:** attractive cross-selling opportunities for CHP products with nat'l retailers, plus expanded D2C capabilities for legacy residential products
- **D2C marketing best practices:** leverage CHP's consumer marketing expertise to further broaden the appeal of home standby generators

## Country Home PRODUCTS



- Acquired in August 2015
- Based in Vergennes, VT
- Expands chore-related products line-up by adding a broad line of specialty outdoor power equipment
- Provides additional scale to the residential power equipment platform
- Products are largely sold in North America through catalogs, outdoor power equipment dealers, and select regional retailers

**Estimated Potential Annual Market**  
**~\$3B<sup>(1)</sup>**



(1) Source: Generac estimates; based on sales price to Generac customers

# Summary of Acquisitions



## Acquisitions used to accelerate Powering Ahead strategy

### Revenue synergies

- ✓ New products, customers, end markets
- ✓ Numerous cross-selling opportunities
- ✓ Geographic and international expansion

### Cost synergies

- ✓ Strategic global sourcing initiatives
- ✓ Innovation and cost-reduction engineering
- ✓ Adopt Generac's lean cost culture
- ✓ Operational excellence focus



Oct 2011



Oct 2014

**MOBILE PRODUCTS**  
Mobile products including light towers, generators, pumps and heaters  
**Berlin, WI**  
**Bismarck, ND**

**ottomotores**  
A Generac Company

Dec 2012

**OTTOMOTORES**  
Larger kW and container gensets for Latin America market  
**Mexico City, Mexico & Curitiba, Brazil**



Aug 2013

**TOWER LIGHT**  
Mobile light towers for EMEA and other international markets  
**Milan, Italy**

**BALDOR**  
A MEMBER OF THE ABB GROUP

Nov 2013

**BALDOR GENERATORS**  
Expands domestic offering of standby and prime-duty gensets up to 2.5 MW  
**Oshkosh, WI**



Sep 2014

**PRAMAC AMERICA**  
Expands portable generator offerings for consumer value and premium contractor categories  
**Marietta, GA**



Aug 2015

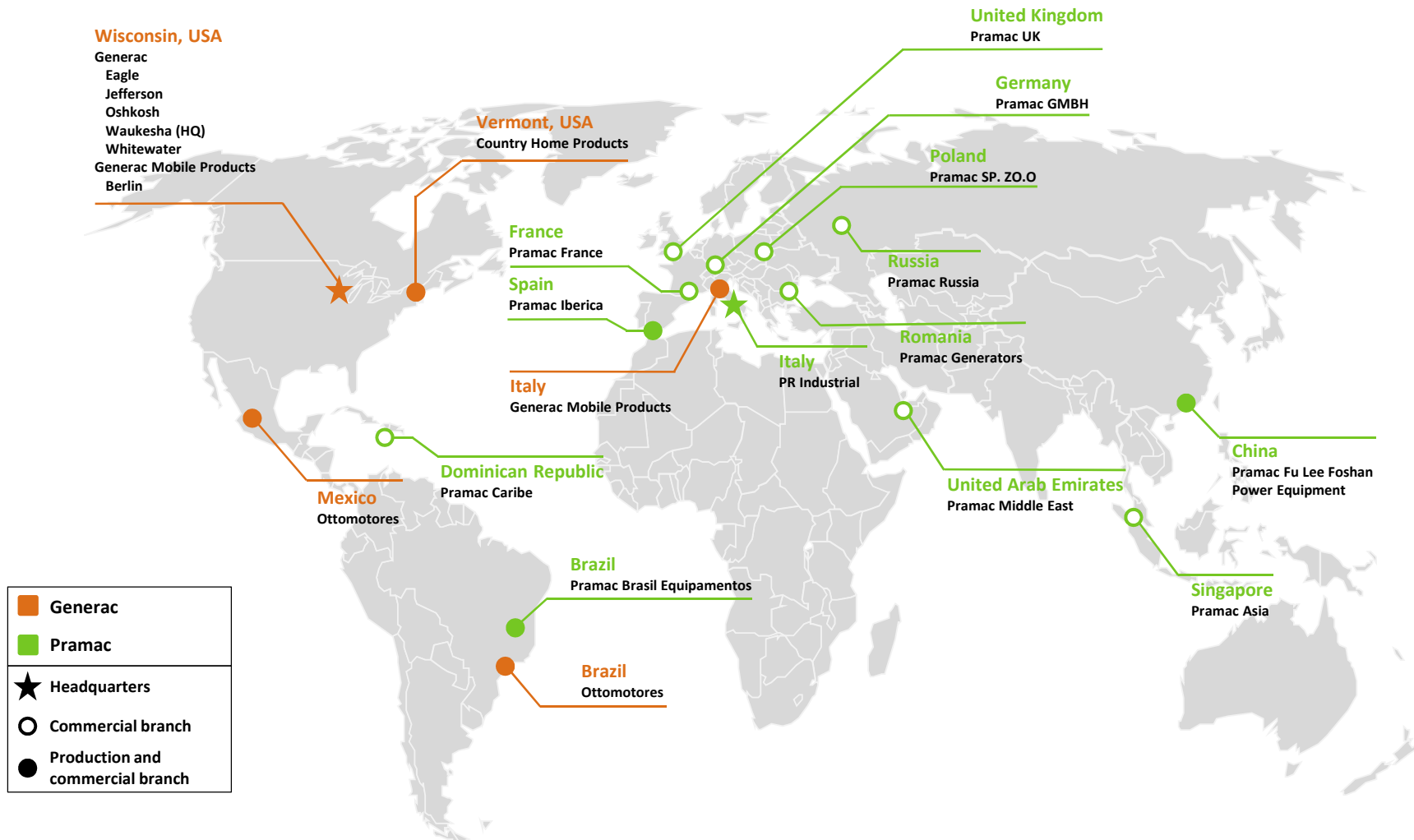
**CHP**  
Expands chore-related products line-up and provides additional scale to the residential engine-powered tools platform  
**Vergennes, VT**



Mar 2016

**PRAMAC**  
Stationary, mobile and portable generators sold into over 150 countries worldwide  
**Siena, Italy**

# GENERAC WORLDWIDE



Vertically Integrated Manufacturing Capacity Serving a Globally Diverse Commercial Footprint

# GLOBAL DISTRIBUTION CHANNELS



## RESIDENTIAL AND C&I DEALER NETWORK

- International network of over 6,000 dealers
- Legacy Generac domestic network
  - ~5,200 residential & light commercial dealers
  - ~135 industrial distributor and GAIN dealer locations
- Installation and after sale service support
- Work with professional engineering firms to develop customized solutions
- Over 4,000 technicians trained every year
- Support for global large account sales
- Multiple programs to support all product segments and investment levels



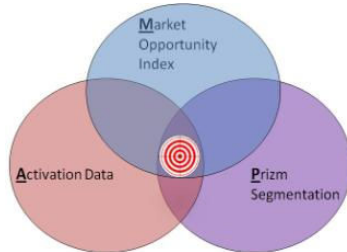
Significant Omni-Channel Distribution Creates Barriers to Entry

# Innovative Sales and Marketing Tools



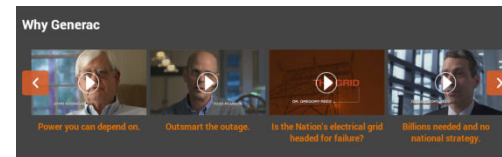
## Finding the most “likely” prospect

- A.M.P.™ targeted marketing process”
- Advanced data analytics



## Driving optimized media selection

- “Power You Control” and “Just A Drop” national TV ad campaigns
- Direct mail, telemarketing, etc.

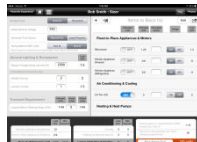


## Improving close rates

- PowerPlay™ in-home selling solution
- IHC University sales training
- Reducing total cost of ownership



Consultative Back-Up Power Plan



NEC Approved Technical Generator Sizing



Customized Good-Better-Best Proposal



Customized Financing Proposal

## Scheduling in-home consultations (IHC)

- Generac Lead Team qualifies sales prospects



- ✓ TYPE OF HOME
- ✓ COVERAGE OPTIONS
- ✓ BUDGET
- ✓ OUTAGE HISTORY
- ✓ PAIN POINTS
- ✓ SCHEDULING

LEAD GENERATION



GENERAC  
LEAD TEAM  
QUALIFICATION



IN HOME  
CONSULTATION



CLOSED SALE

GLT FOLLOW-UP



INSTALLATION



# “Powering Ahead” Strategic Plan



## Grow Residential Standby Generator Market

- Increase awareness, availability and affordability
- Generate more sales leads
- Improve close rates
- Reduce total overall cost of home standby system
- Grow residential dealer base
- Continued focus on product expansion and innovation



## Gain Industrial Market Share

- Leverage expanded diesel and natural gas product offering
- Better optimize distribution partners to market, sell and support expanded product range
- Expand relationships with specifying engineers to increase spec rates
- Sales process excellence to improve quoting and close rates



## Diversify End Markets with new products and services

- Leverage brands, distribution and supply chain
- Organic expansion through innovation
- Evaluate other adjacent engine powered products through acquisitions



## Enter New Geographies

- Leverage Ottomotores, Tower Light and Pramac acquisitions and execute on synergies
- Drive growth in int'l markets with additional investment and focus
- Evaluate additional regions for future expansion through organic growth and acquisitions

# 2016 Business Outlook

As reported on May 4, 2016



## **Consolidated net sales: *increase between 10 to 12%; core organic sales decline between 5 to 7%***

- Assumes no improvement in power outage severity for the remainder of 2016 relative to very low levels experienced during 2015
  - **Residential products:** increase in the low-teens range (due to CHP acquisition), with approximately flat organic growth
  - **C&I products:** increase ~ 10% (due to Pramac acquisition), with organic net sales down in the mid-teens range (headwinds with mobile products used in oil & gas and general rental markets)
- Potential residential sales upside IF power outages improve during 2016 compared to the continuation of very low levels assumed in current guidance

## **Adjusted EBITDA margins: *approximately 20.0%***

### **Cash income taxes:**

- **Cash tax rate for full-year 2016:** anticipated to be ***approximately 9%*** of pretax income
- **Cash taxes going forward:** ~ ***36% tax rate*** on pre-tax profits ***less ~ \$50 million*** annual tax shield

**Free cash flow:** anticipated to be strong with conversion of adjusted net income of over 90%

# Generac (GNRC)

## Investment Highlights



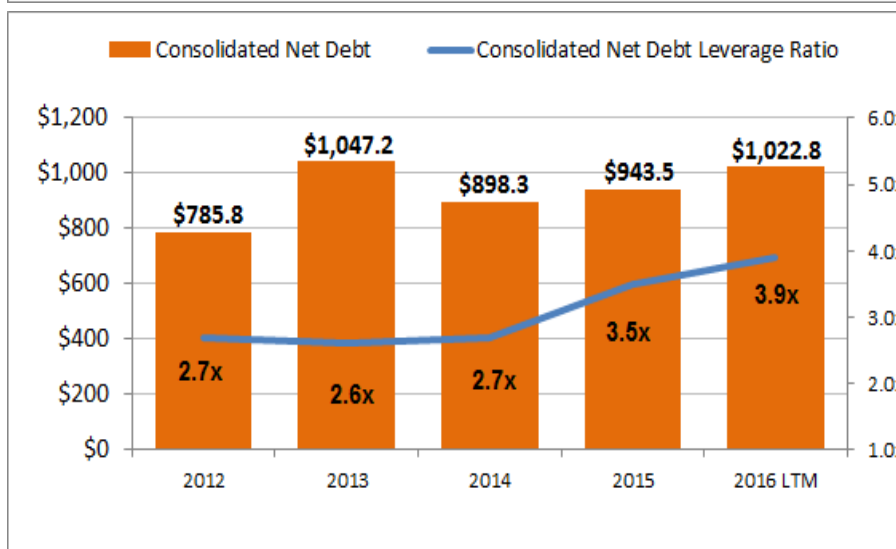
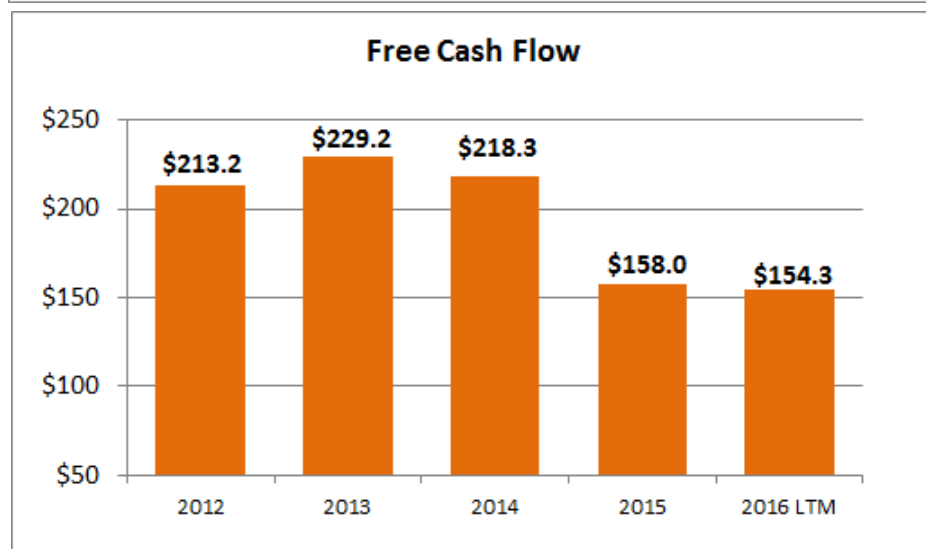
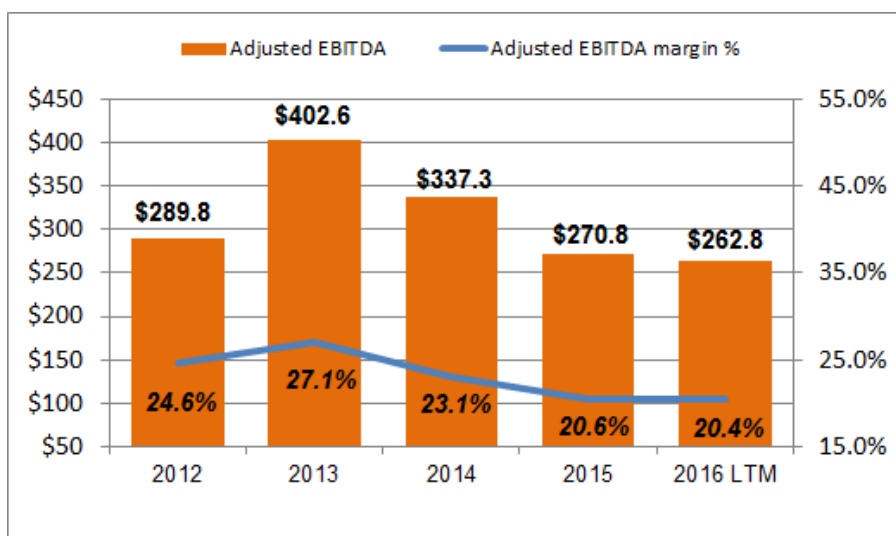
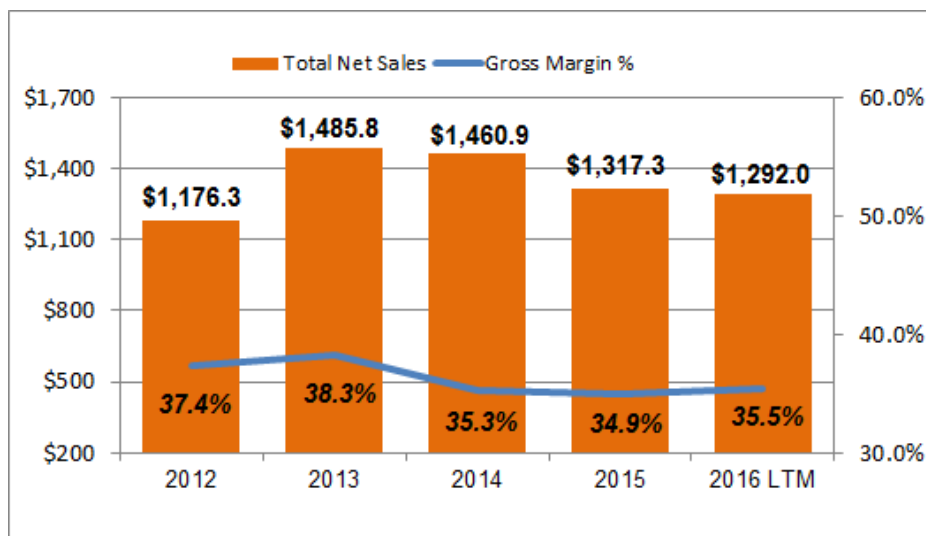
<b>Best in class organic revenue growth</b>	<ul style="list-style-type: none"> <li>■ ~ <b>11% CAGR</b> in organic revenue over the last 5 years (2010-2015)</li> <li>■ Low penetration in key markets, especially home standby market at only ~3.5% penetrated with <b>every 1% increase representing ~ \$2 billion market opportunity</b></li> <li>■ <b>Key macro drivers:</b> aging and underinvested grid; favorable demographics; increasing number of power disruptions; increasing reliance on uninterrupted power and data; natural gas gensets gaining share vs. diesel</li> </ul>
<b>Market leader with significant barriers to entry</b>	<ul style="list-style-type: none"> <li>■ ~ <b>75% share</b> of domestic home standby market</li> <li>■ Expanding global distribution network – with unmatched domestic multi-channel distribution led by ~ <b>5,200 residential &amp; light commercial dealers</b></li> <li>■ Exclusive <b>focus</b> on power generation and engine powered products</li> <li>■ Considerable <b>sourcing and manufacturing scale</b></li> </ul>
<b>Superior financial profile</b>	<ul style="list-style-type: none"> <li>■ GMs consistently in the <b>mid-to-high-30% range</b>, EBITDA margins in <b>low-to-mid-20% range</b></li> <li>■ Favorable tax structure worth an <b>estimated \$3.00 to \$3.75 per share</b> in present value tax savings</li> <li>■ Strong track record of free cash flow conversion and de-levering balance sheet</li> </ul>
<b>Strong product, market and geographic expansion opportunities</b>	<ul style="list-style-type: none"> <li>■ Proven track record in completing <b>strategic acquisitions and introducing new products</b></li> <li>■ <b>Significant international market opportunity</b> – 10% of 2015 revenue outside of U.S. and Canada, over 20% on a pro-forma basis with Pramac acquisition</li> <li>■ Expanding and globally diverse manufacturing and commercial footprint</li> </ul>

**Leading “Industrial Technology” Company**

# APPENDIX



# Financial Summary

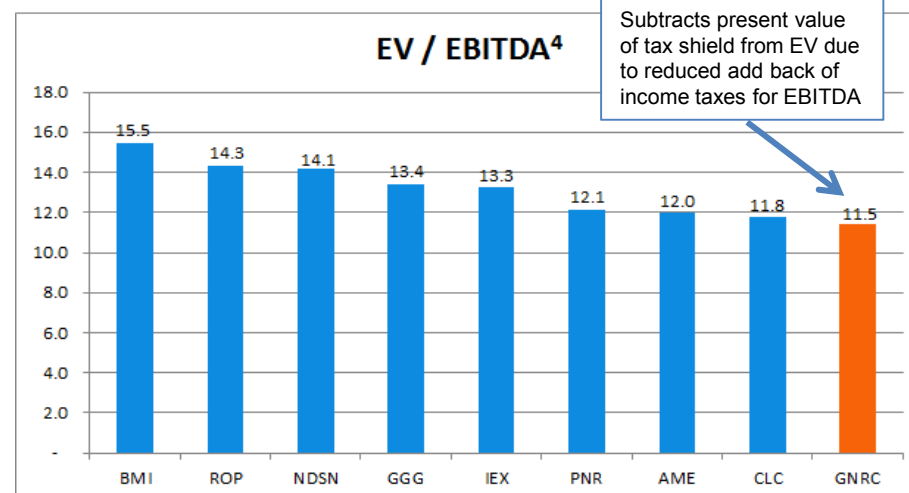
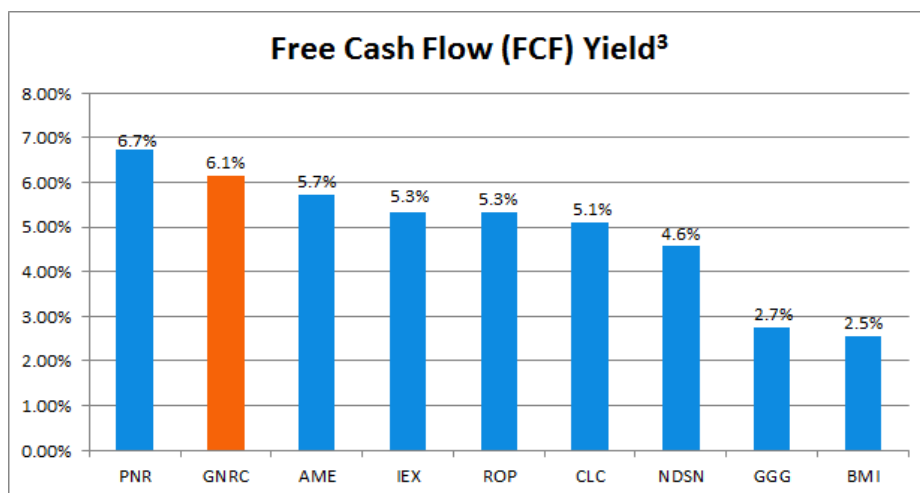
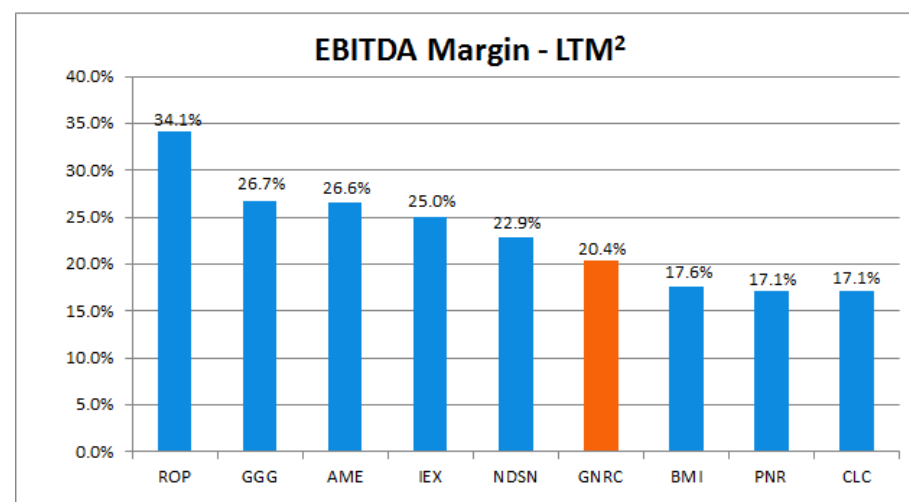
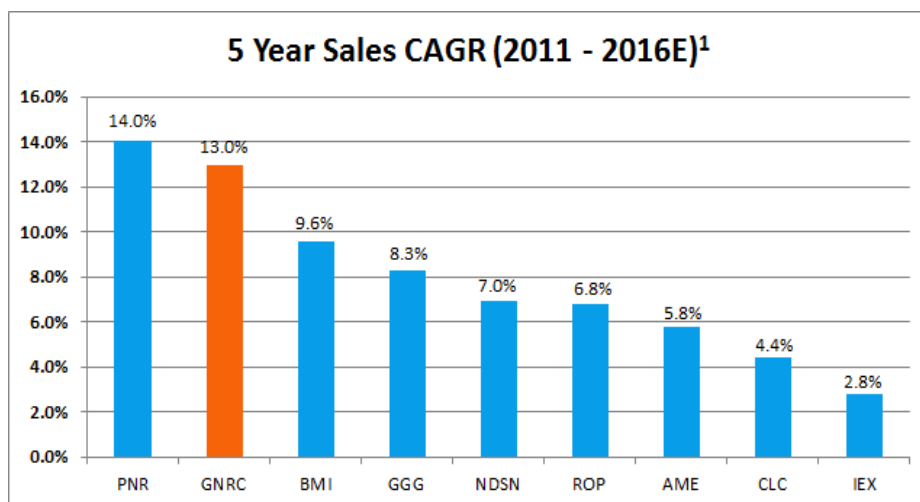


Note: Gross margin for 2016 LTM excludes a \$2.7 million non-recurring charge relating to business optimization and restructuring costs to address the significant and extended downturn in capital spending within the oil & gas industry. Adjusted EBITDA margin for 2016 LTM calculated using adjusted EBITDA before deducting for non-controlling interest. Consolidated net debt leverage ratio for 2016 LTM calculated using adjusted EBITDA attributable to the Generac.



# Relative Performance

## Compared with Industrial Technology Peers



Source: Thomson One, Company Filings Note: Charts for Free Cash Flow Yield and Enterprise Value / NTM EBITDA use closing share prices as of May 25, 2016.

(1) Figures represent a five-year compound annual growth rate calculated by comparing the base year 2011 to the analyst consensus revenue forecast for 2016 for each company.

(2) Adjusted EBITDA figures were used for GNRC. For all other companies, EBITDA is calculated as Operating Income plus D&A.

(3) Determined by taking the ratio of FCF (Operating Cash Flow less Capex) on an LTM basis compared to Market Capitalization.

(4) Based on recent enterprise value to consensus NTM EBITDA estimates. Figure for GNRC determined by subtracting the value of the tax shield in determining enterprise value.

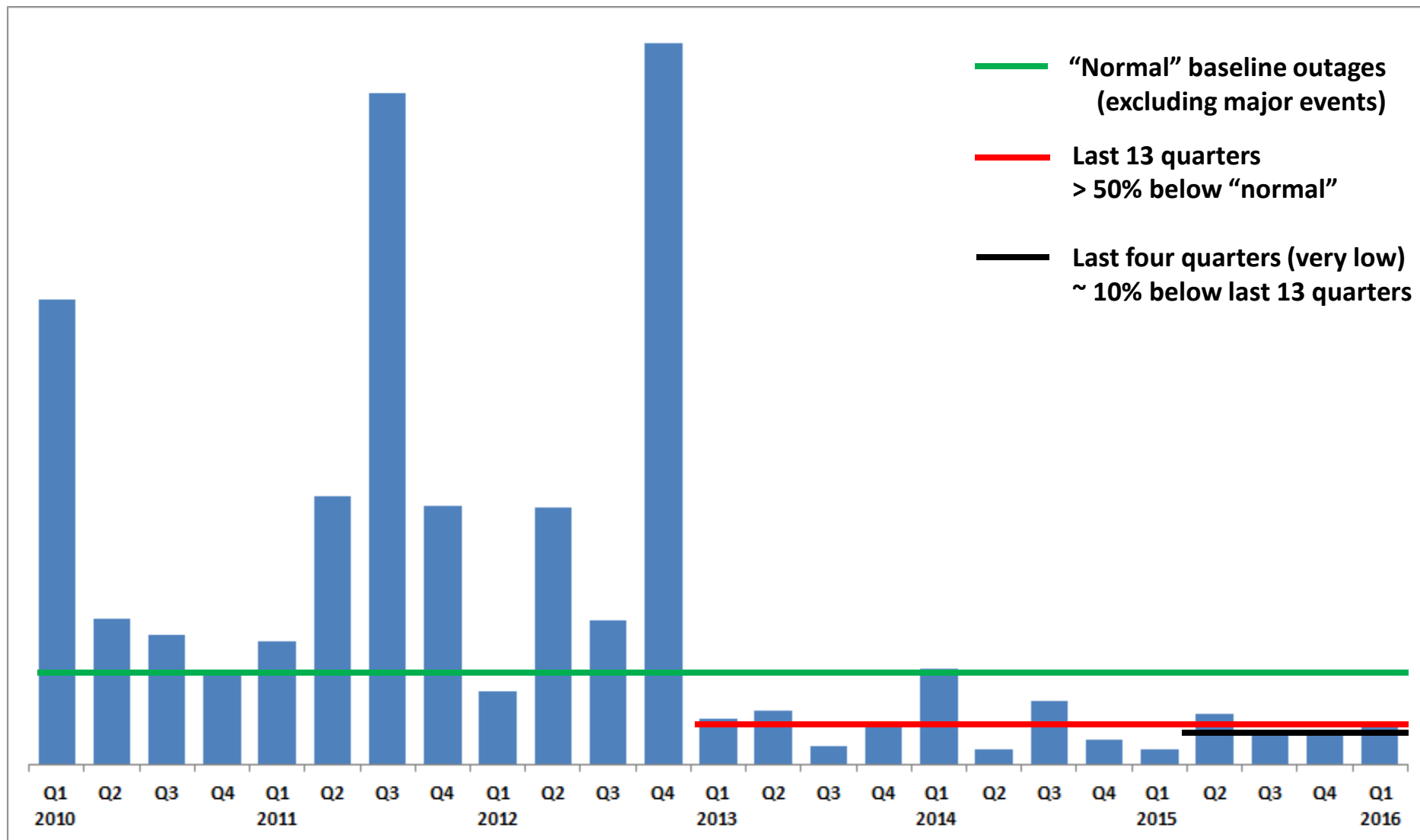
# Financial Policy

## Priority Uses of Capital



		Historical	Expected
1	<b>Continue to invest in business</b>	~ 11% CAGR organic revenue over past 5 years (2010-2015)	<ul style="list-style-type: none"> <li>▪ Support market-driven R&amp;D</li> <li>▪ Invest in high-ROI capital spending projects and capacity expansion</li> <li>▪ Capex consistently only ~ 2% of sales</li> </ul>
2	<b>Publicly-stated credit agreement leverage target of 2-3X EBITDA (while meeting Excess Cash Flow payment requirements per Credit Agreement)</b>	<ul style="list-style-type: none"> <li>▪ <i>Credit agreement leverage ratio</i>*: 3.9X at end of Q1 2016, 3.7X pro-forma basis</li> </ul> <p>* Net debt calculation places a cap on cash</p>	<ul style="list-style-type: none"> <li>▪ Comfortable with current leverage metrics at current cost of TLB debt of 3.5%</li> <li>▪ Higher priority on debt paydown <b>IF</b> interest rates rise (current LIBOR floor of 0.75%) and/or net leverage ratio exceeds 3.0X</li> <li>▪ Maintain strong liquidity profile</li> </ul>
3	<b>Explore acquisitions for external growth</b>	<ul style="list-style-type: none"> <li>▪ Nine acquisitions completed since 2011</li> </ul>	<ul style="list-style-type: none"> <li>▪ Seek high-synergy acquisitions in line with Powering Ahead strategy</li> </ul>
4	<b>Return of capital to shareholders</b>	<ul style="list-style-type: none"> <li>▪ Special dividends issued in Q2 2012 and Q2 2013</li> <li>▪ \$200 million stock repurchase program authorized in August 2015 (over 24 months)</li> </ul>	<ul style="list-style-type: none"> <li>▪ As future cash flow permits, may consider further return of capital to shareholders</li> </ul>

# Total Outage Hours (Severity)



# Favorable Tax Attributes



## Tax attributes and 338(h)10 election overview

- \$1.9 billion combined asset basis step-up created through 2006 acquisition of Generac and other acquisitions
  - Each amortizes over 15 years
  - Reduces cash tax obligation by approx. \$50 million per year through 2021

(\$ mm)	Total	2016	2017	2018	2019	2020	2021	2022+
Annual tax amortization	\$783	\$130	\$130	\$130	\$130	\$130	\$107	\$26
Cash tax savings <sup>(1)</sup>	\$301	\$50	\$50	\$50	\$50	\$50	\$41	\$10

**Results in present value tax savings of ~ \$200-\$250 million<sup>(2)</sup> or \$3.00-\$3.75 per share**

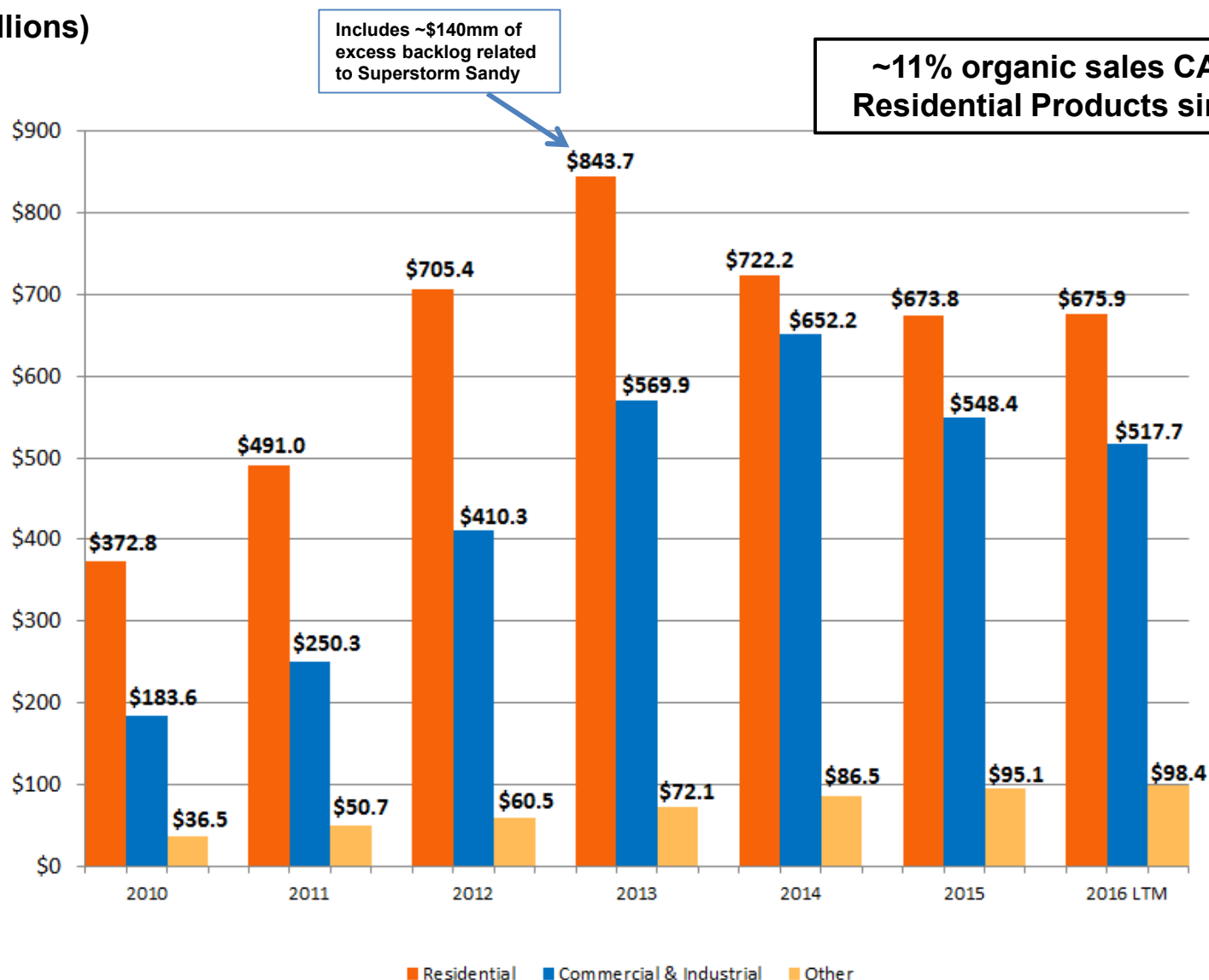
(1) Assuming continued profitability and no limitations at an assumed 38.5% federal and state tax rate.

(2) Based on annual discount rate of between 5 and 10%

# Net Sales by Product Class



(\$ in millions)





# Q1 2016 & LTM Financial Overview



(\$ in millions)

	Actual Q1 2016	Y/Y % Change	Actual LTM Q1 2016	Y/Y % Change
	(unaudited)			
Residential	\$ 159.0	1.4%	\$ 675.9	(5.5%)
Industrial	103.0	(23.0%)	517.7	(17.6%)
Other	24.6	15.8%	98.4	13.1%
Net Sales	\$ 286.5	(8.1%)	\$ 1,292.0	(9.7%)
Gross Profit (1)	\$ 100.7	(1.8%)	\$ 458.1	(8.3%)
% Margin	35.2%		35.5%	
<b>Adjusted EBITDA</b>	<b>\$ 49.1</b>	<b>(14.0%)</b>	<b>\$ 262.8</b>	<b>(17.1%)</b>
<b>% Margin (2)</b>	<b>17.4%</b>		<b>20.4%</b>	
Net Income (3) (4) (5)	\$ 10.2	(48.1%)	\$ 68.3	(57.2%)
Adjusted Net Income	\$ 30.9	(9.5%)	\$ 195.2	(10.4%)
<b>Adjusted EPS</b>	<b>\$ 0.46</b>	<b>(5.5%)</b>	<b>\$ 2.85</b>	<b>(8.2%)</b>
Free Cash Flow	\$ 15.1	(19.6%)	\$ 154.3	(25.0%)
Consolidated Net Debt			\$ 1,022.8	8.4%
Consolidated Net Debt Leverage Ratio			3.9x	

(1) Excludes a \$2.7 million non-recurring charge relating to business optimization and restructuring costs to address the significant and extended downturn in capital spending within the oil & gas industry.

(2) Adjusted EBITDA margin calculated using adjusted EBITDA before deducting for non-controlling interest.

(3) Q1 2016 and full-year 2016 includes a \$7.1 million charge relating to business optimization and restructuring costs to address the significant and extended downturn for capital spending within the oil & gas industry, consisting of \$2.684 million classified within cost of goods sold and \$4.422 million classified within operating expenses.

(4) The Q1 2016 LTM period includes a \$40.7 million pre-tax charge for the impairment of certain intangible assets

(5) The Q1 2015 LTM periods includes a \$16.0 million pre-tax gain on change in contractual interest rate.

# Adjusted EBITDA Reconciliation



(\$ in millions)

	2012	2013	2014	2015	2016 LTM
<b>Reported net income</b>	<b>\$ 93.2</b>	<b>\$ 174.5</b>	<b>\$ 174.6</b>	<b>\$ 77.7</b>	<b>\$ 68.3</b>
Interest expense	49.1	54.4	47.2	42.8	42.6
Depreciation and amortization	54.2	36.8	34.7	40.3	44.1
Income taxes provision (benefit)	63.1	104.2	83.7	45.2	39.9
Non-cash write-down and other charges	0.2	0.1	(3.9)	44.6	50.0
Non-cash share-based compensation expense	10.8	12.4	12.6	8.2	8.2
Loss on extinguishment of debt	14.3	15.3	2.1	4.8	3.4
(Gain) loss on change in contractual interest rate	-	-	(16.0)	2.4	2.4
Transaction costs and credit facility fees	4.1	3.9	1.9	2.2	2.6
Other	0.7	1.0	0.3	2.4	2.0
Adjusted EBITDA	289.8	402.6	337.3	270.8	263.5
Adjusted EBITDA attributable to noncontrolling interests	-	-	-	-	(0.7)
<b>Adjusted EBITDA attributable to Generac Holdings, Inc.</b>	<b>\$ 289.8</b>	<b>\$ 402.6</b>	<b>\$ 337.3</b>	<b>\$ 270.8</b>	<b>\$ 262.8</b>

# Adjusted EBITDA Reconciliation



(\$ in thousands)

Net income to Adjusted EBITDA reconciliation	Three months ended March 31,		LTM Ended March 31,	
	2016	2015	2016	2015
	(unaudited)			
Net income attributable to Generac Holdings, Inc.	\$ 10,208	\$ 19,685	\$ 68,270	\$ 159,597
Net income attributable to noncontrolling interests	4	-	4	-
Net income	10,212	19,685	68,274	159,597
Interest expense	11,035	11,268	42,610	46,794
Depreciation and amortization	12,793	9,034	44,092	35,189
Income taxes provision	5,719	11,018	39,937	75,244
Non-cash write-down and other charges	6,979	1,572	9,299	(1,727)
Non-cash share-based compensation expense	2,485	2,508	8,218	11,798
Tradename and goodwill impairment	-	-	40,687	-
Loss on extinguishment of debt	-	1,368	3,427	3,452
(Gain) loss on change in contractual interest rate	-	-	2,381	(16,014)
Transaction costs and credit facility fees	523	201	2,571	1,849
Other	63	484	1,991	741
Adjusted EBITDA	49,809	57,138	263,487	316,923
Adjusted EBITDA attributable to noncontrolling interests	(684)	-	(684)	-
<b>Adjusted EBITDA attributable to Generac Holdings, Inc.</b>	<b>\$ 49,125</b>	<b>\$ 57,138</b>	<b>\$ 262,803</b>	<b>\$ 316,923</b>

# Adjusted Net Income and Free Cash Flow Reconciliations



## Net income to Adjusted net income reconciliation

(\$ in thousands)

Net income attributable to Generac Holdings, Inc.
Net income attributable to noncontrolling interests
Net income
Provision for income taxes
Income before provision for income taxes
Amortization of intangible assets
Amortization of deferred financing costs and OID
Tradename and goodwill impairment
Loss on extinguishment of debt
(Gain) loss on change in contractual interest rate
Transaction costs and credit facility fees
Business optimization expenses
Adjusted net income before provision for income taxes
Cash income tax expense
Adjusted net income
Adjusted net income attributable to noncontrolling interests
<b>Adjusted net income attributable to Generac Holdings, Inc.</b>

Three months ended March 31,		LTM Ended March 31,	
2016	2015	2016	2015
(unaudited)			
\$ 10,208	\$ 19,685	\$ 68,270	\$ 159,597
4	-	4	-
10,212	19,685	68,274	159,597
5,719	11,018	39,937	75,244
15,931	30,703	108,211	234,841
7,797	5,195	26,193	20,874
1,056	1,705	4,780	7,117
-	-	40,687	-
-	1,368	3,427	3,452
-	-	2,381	(16,014)
1,247	263	3,694	(3,173)
7,106	-	9,053	-
33,137	39,234	198,426	247,097
(1,820)	(5,115)	(2,792)	(29,528)
\$ 31,317	\$ 34,119	\$ 195,634	\$ 217,569
(430)	-	(430)	-
<b>\$ 30,887</b>	<b>\$ 34,119</b>	<b>\$ 195,204</b>	<b>\$ 217,569</b>

## Free Cash Flow Reconciliation

Net cash provided by operating activities
Expenditures for property and equipment

## Free cash flow

\$ 22,151	\$ 25,257	\$ 185,513	\$ 241,890
(7,093)	(6,528)	(31,216)	(36,292)
<b>\$ 15,058</b>	<b>\$ 18,729</b>	<b>\$ 154,297</b>	<b>\$ 205,598</b>