

**GENERAC®**

# Investor Presentation

FEBRUARY 2020

Generac's mission is to ensure peace of mind by developing power products and solutions that make the world safer, brighter and more productive.





GENERAC®



# Investor Relations

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# Forward Looking Statements

Certain statements contained in this news release, 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 our products;
- availability, cost and quality of raw materials and key components from our global supply chain and labor needed in producing our products;

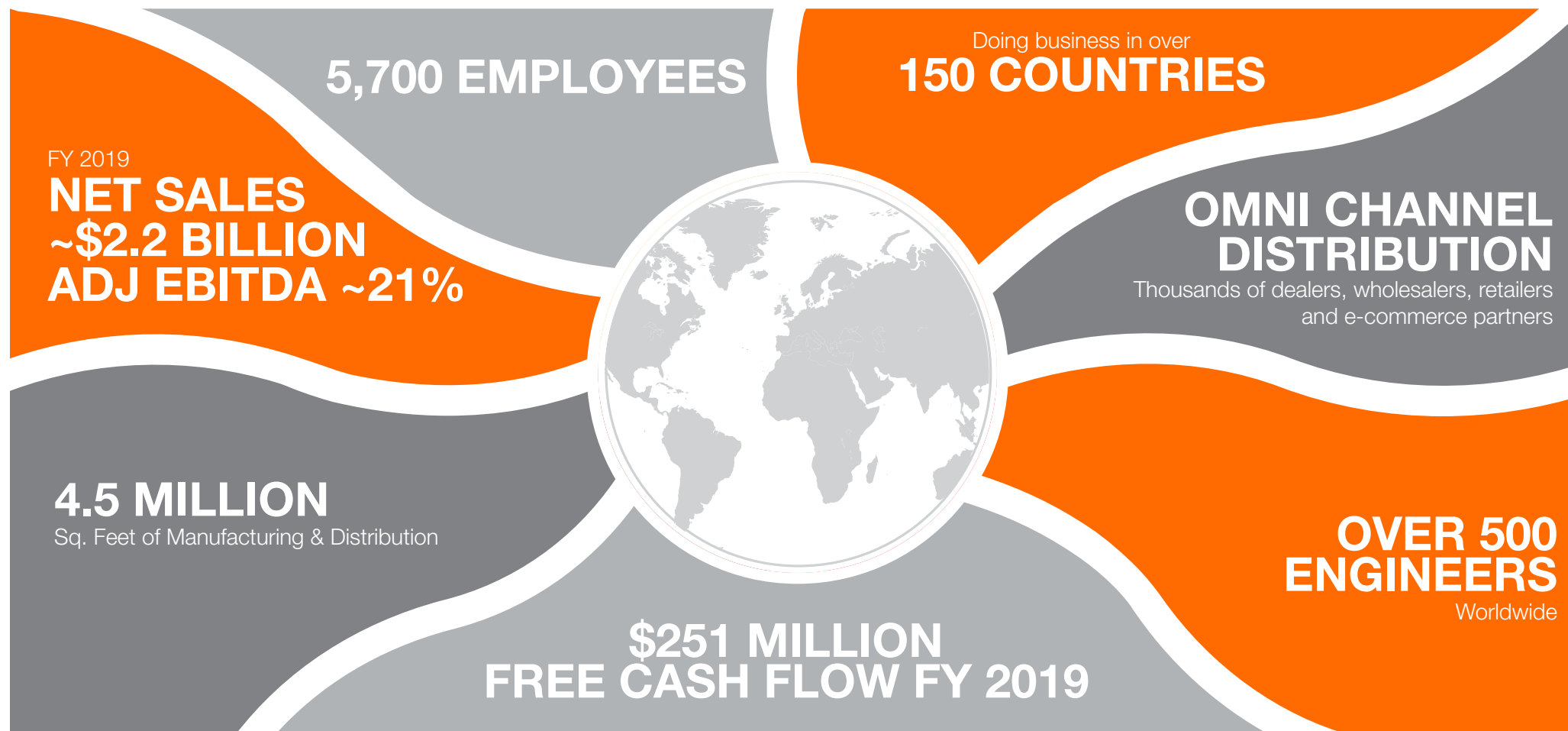
- the impact on our results of possible fluctuations in interest rates, foreign currency exchange rates, commodities, product mix and regulatory tariffs;
- the possibility that the expected synergies, efficiencies and cost savings of our acquisitions will not be realized, or will not be realized within the expected time period;
- the risk that our acquisitions will not be integrated successfully;
- difficulties we may encounter as our business expands globally or into new markets;
- our dependence on our distribution network;
- our ability to invest in, develop or adapt to changing technologies and manufacturing techniques;
- loss of our key management and employees;
- increase in product and other liability claims or recalls;
- failures or security breaches of our networks or information technology systems; and
- Changes in environmental, health and safety, or product compliance laws and regulations affecting our products or operations.

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 U.S. Securities and Exchange Commission ("SEC"), particularly in the Risk Factors section of the 2019 Annual Report on Form 10-K and in its periodic reports on Form 10-Q. 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 press release 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.

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# Generac By The Numbers





# Mega Trends

## **Disruption of the traditional electrical utility model**

- Technology & regulation will create Clean Energy opportunities

## **Attitudes around global warming are changing**

- Expectation of more severe weather driving power outages

## **Natural Gas will be the fuel of the future**

- Huge supply & increasing demand for applications beyond standby power

## **Legacy infrastructure needs major investment cycle**

- Rebuilding of transportation, water & power will take decades

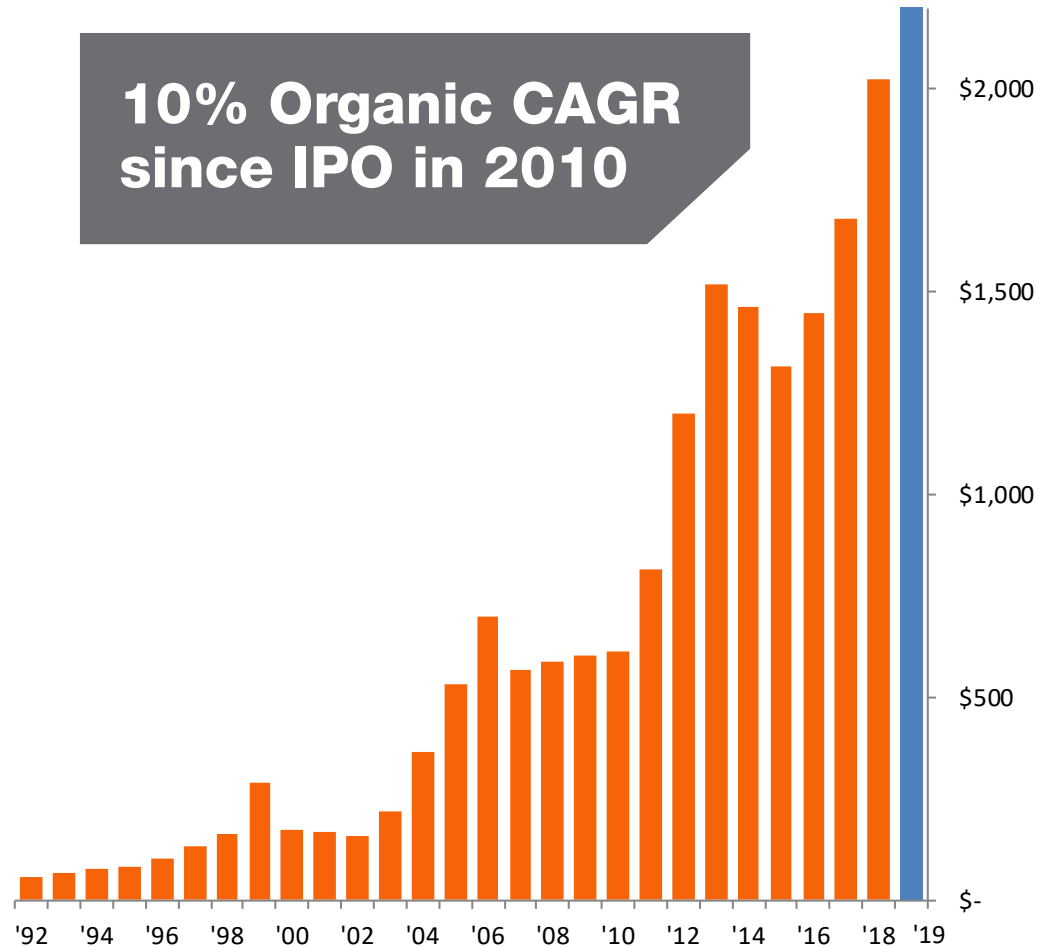
## **Telecommunications infrastructure shifting to next generation**

- 5G will enable new technologies requiring significant improvement in network uptime



# Macro Investment Themes

**10% Organic CAGR since IPO in 2010**



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 – present; see slide titled "Summary of Acquisitions" for further details.

## Creating a Leading "Energy Technology" Company

### Power Quality Issues Continue To Increase

- Over 500 million outage hours during 2019 (nearly 20% higher than LT baseline average)
- Aging and under-invested electrical grid more vulnerable to unpredictable and severe weather
- Aging population and overall consumers are more dependent on power

### Home Standby Market Growth Opportunity is Massive

- Only 4.75% of US HH's have a HSB today (TAM=53M HH's)
- Every 1.0% of penetration is a \$2b market (at retail)
- Generac's 75%+ share due to unique go to market strategy

### California market for backup power increasing significantly

- Local utilities triggering numerous and significant power shutoff events
- Shutoff events impacting millions of customers in an attempt to mitigate risk of wildfires
- Events projected to continue for several years with HSB penetration only ~1%

### Energy Storage & Monitoring Markets Developing Quickly

- New markets focused on energy cost reduction
- Battery cost and performance continue to improve
- Generac uniquely positioned with distribution, marketing & brand

### Natural Gas Generators Driving Superior Growth Rates

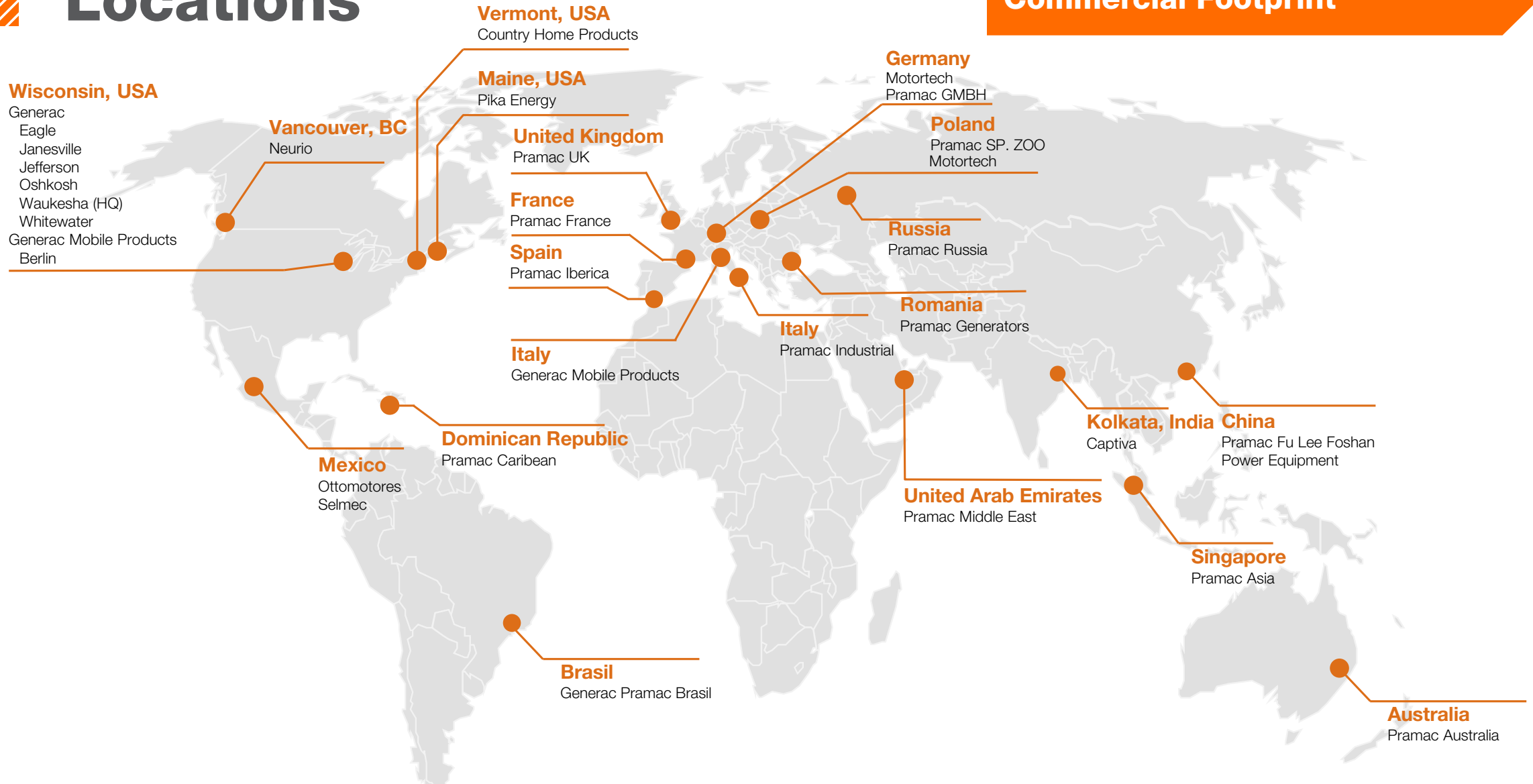
- Cleaner, greener & more cost effective for on-site power
- US is ~40% gas gen sales annually and growing 2x diesel
- Global opportunity is nascent – less than 1% of market

### Rollout of 5G Will Require Improved Network Reliability

- 5G will enable many new technologies - uptime critical
- 330k US sites & only 1/3 have backup – Generac #1 supplier
- Technology to rollout globally – Generac footprint can serve

# Generac Worldwide Locations

**Vertically Integrated Manufacturing Capacity Serving a Globally Diverse Commercial Footprint**



# Power Platforms



## Consumer Power Products

Air-cooled  
Home Standby  
Generators

Liquid-cooled  
Home Standby  
Generators

Portable & Inverter  
Generators

Prime and emergency backup for:

- Residential
- Light Commercial

Construction

Recreation



## C&I Stationary Products

Larger kW &  
Container Gensets

Industrial Stationary  
Generators

Commercial  
Stationary  
Generators

Complete lines of  
diesel & natural  
gas generators

Prime and emergency backup for:

- Healthcare
- Telecom/Data Centers
- Municipal
- Manufacturing
- Distribution
- Hospitality
- Restaurants
- Retail



## Outdoor Chore Products

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

Wide variety of property  
maintenance applications for:

- Residential
- Larger-acreage properties
- Light commercial
- Municipal
- Farm



## Mobile Power Products

Light Towers

Mobile Generators

Heaters & Pumps

Support equipment for:

- Construction
- Oil and Gas
- Mining
- Special Events
- Road Development
- General Rental needs



# Growth Drivers



## Consumer Power Products

**Key drivers:** Aging and under-invested grid, favorable demographics, heightened power outages

**Low penetration of emerging HSB category:** ~4.75% of addressable households within the U.S.

**Market leader:** Leading share of domestic HSB market; With significant competitive advantages high-20% share of portable generator market

**Key strategic initiatives:** Further improve lead generation, close rates and reduce total system cost

**Connectivity:** Driving deeper engagement with customers and distribution partners



## C&I Stationary Products

**Natural gas generators:** Gaining share vs. diesel

**Market share gains:** Larger-kW product offering, distribution optimization, sales process excellence

**International Expansion:** Acquisitions accelerate expansion into other regions of the world

**New Market Opportunities:** Expansion of gaseous-fueled products into prime, continuous and CHP applications

**Low penetration:** Within the light commercial/retail market

**Telecom:** Growing importance of backup power for critical telecommunications infrastructure



## Outdoor Chore Products

**Housing drives market growth:** Need for outdoor power equipment grows alongside housing starts

**Trend toward pro market:** Capitalize on growing trend in lawn and garden industry of “do it for me” with products for the pro market

**Leverage current D2C customer base:** Introducing new products to capture more share of wallet

**Expand distribution:** Products for outdoor power equipment dealers and other B2B partners

**Supply Chain and Operational Synergies:** Leverage air-cooled engine volumes and consolidated manufacturing footprint to improve cost position.



## Mobile Power Products

**Secular shift toward renting:** Mobile products platform benefiting 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 increased infrastructure spending:** Macro opportunity of increased spending stimulus to improve aging domestic infrastructure

**Long-term domestic energy production:** Multi-decade upcycle for mobile support equipment that is essential to oil & gas drilling and production sites

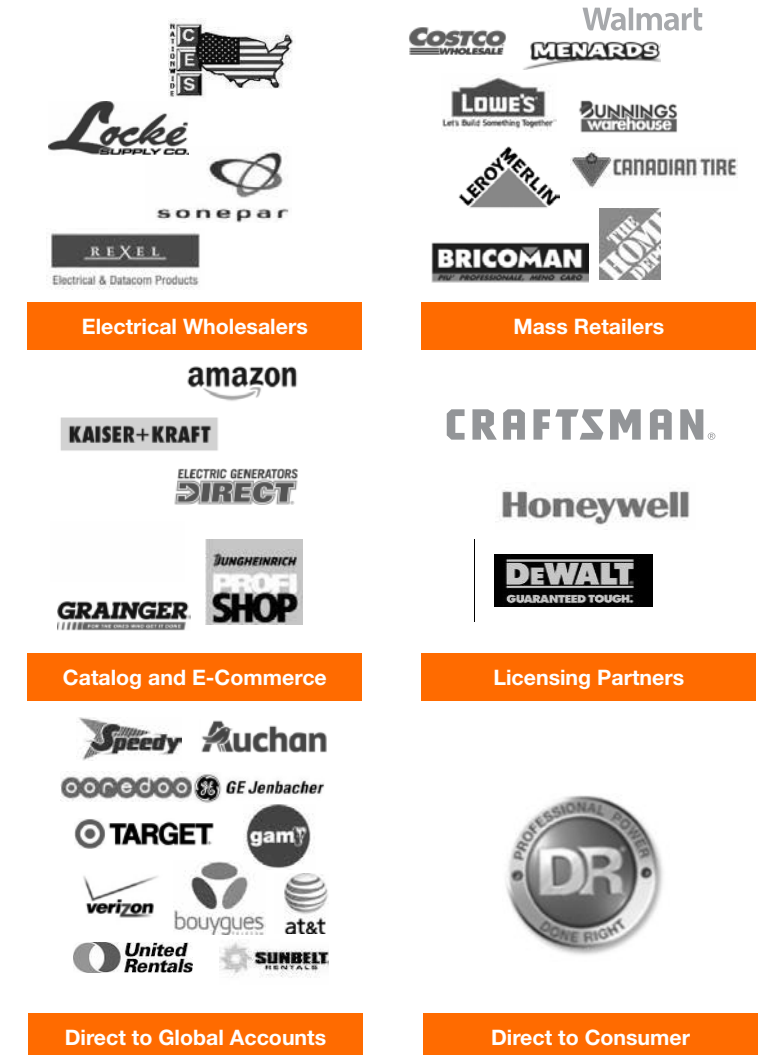
# Global Distribution Channels

## Residential and C&I Dealer Network

- | International network of nearly 7,000 dealers
- | Installation and after sale service support
- | Work with professional engineering firms to develop customized solutions
- | Over 5,000 technicians trained every year
- | Support for global large account sales

**Significant Omni-Channel Distribution**

## Other Key Channels



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# Clean Energy - Rapidly Developing Market Opportunity

Desire to reduce green house gases. Aggressive emission reduction targets being put in place.

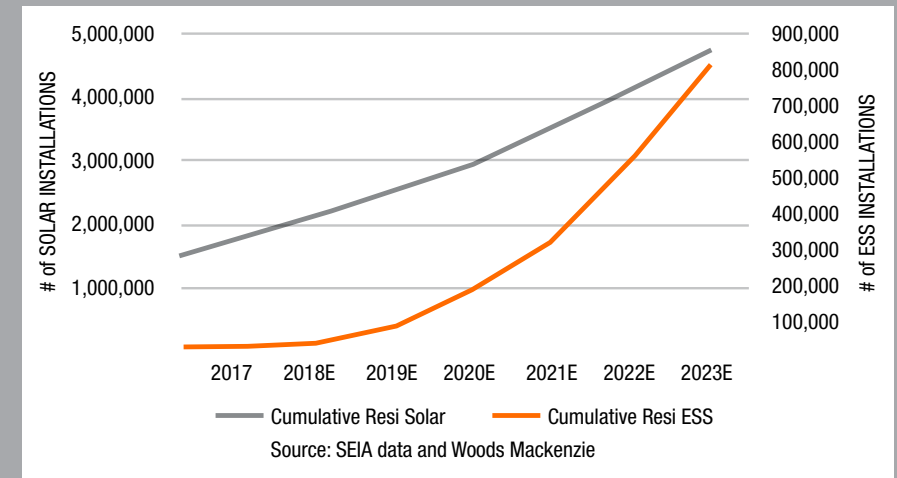
Solar and battery prices down approximately 60% since 2012 and projected to continue.

Universal desire to save money. Utility bills rising annually. More consumers want to take control and reduce their bills. Preference to use renewable energy solutions.

Increased power outages. Energy Storage Systems (ESS) add grid resiliency.

Environmental culture combined with growing energy costs drive global demand.

## US Residential ESS Market \$2.3B; Global Market ~\$4.6B



**Attachment rate of “storage with solar” projected to increase significantly through 2023**

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# Clean Energy Value Proposition

## GENERAC

**Trusted credible company, delivering home energy products for 60 years**

- | #1 Brand in residential power with over 2M systems installed
- | Purpose built infrastructure and capabilities for residential energy with superior technical expertise
- | Operational excellence, quality, global supply chain and support

## PRODUCT LEADERSHIP

**Innovative consumer benefits combined with installer friendly insights**

- | Powerful, high capacity battery storage platform
- | Intelligent energy monitoring enables superior customer experience and ROI
- | Integrated operating system from rooftop to battery

## MARKET CREATION

**Not just another “appliance maker”, a true partner in growth and success**

- | Unique D2C lead generation processes that are innovative, effective and efficient
- | Cutting edge solar plus storage design tools for aligned contractors
- | Distribution channels excellent fit with current Generac omni channel distribution (dealers, wholesale, retail, distributors, ecomm)



# Generac Clean Energy Investments



**HEMS (Home Energy Monitoring System)**

**Neurio** *Vancouver, BC*

Acquired 03/13/2019

- | The leading energy data company focused on metering technology and sophisticated analytics to optimize energy use
- | Staffed by teams of data scientists, firmware and software engineers
- | In-house app development team



**Solargraf** *Montreal, QC*

Leading Series B Investor 10/24/2019

- | Sales acceleration tools for solar and roofing

**Recent investments accelerated Generac's ability to bring an efficient, intelligent and energy-savings solution to the energy storage market**

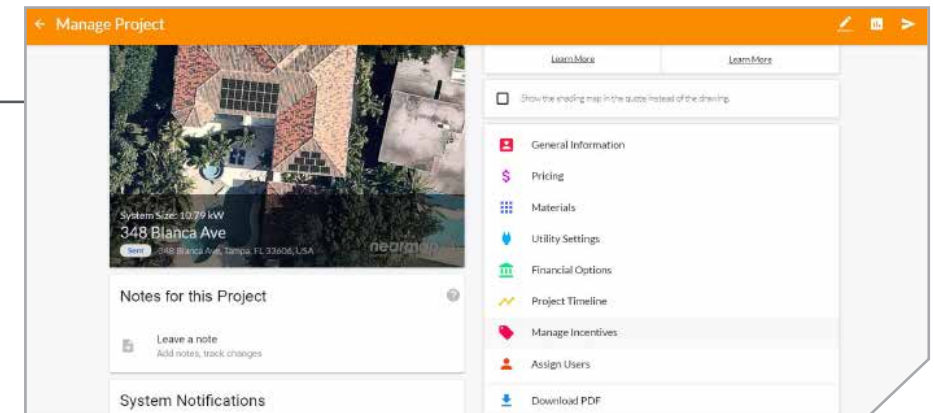


**ESS (Energy Storage System)**

**Pika** *Portland, Maine*

Acquired 04/26/2019

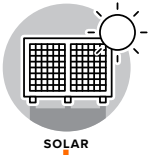
- | Leading manufacturer of smart storage solutions and smart batteries
- | Founded by MIT engineers
- | Deep knowledge of power electronics
- | Innovative products with impressive I.P. portfolio



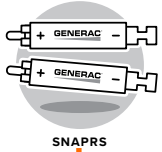


# Leading Product Ecosystem

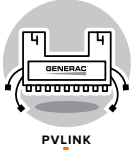
**Unmatched 96.5% round trip efficiency multi-mode inverter, paired with seamless system architecture and communication**



Generac participating in ALL solar/storage components except PV Panels and mounting



Patented SnapRS is a simple, inexpensive way to meet the 2017 NEC PV rapid-shutdown requirements



PVlink combines the install cost efficiency of string optimizers with the flexibility of substring optimizers while reducing rooftop hardware by up to 87%



DC nanogrid bus allows for high efficiency and seamless system communication  
Unmatched power: 10kW surge, 8kW continuous



Scalable battery system allows for an optimized approach (8.6-12.1kWh)  
Easy one-person install. Heaviest component is 75 lb.



Integrated Neuroio Metering enables a potential home energy management subscription model.  
Energy use and insights

# Enterprise Strategy

## Grow:

Further expand market penetration in North America while establishing traction for these products globally.

## Lead:

Capitalize on the global growth of natural gas fuel as an available and affordable energy source. Leverage Generac's expertise in gaseous engines to expand applications beyond standby power.



## Gain:

We gain share by innovating and we expand our opportunity for growth by doing the hard work of pioneering new products and markets.

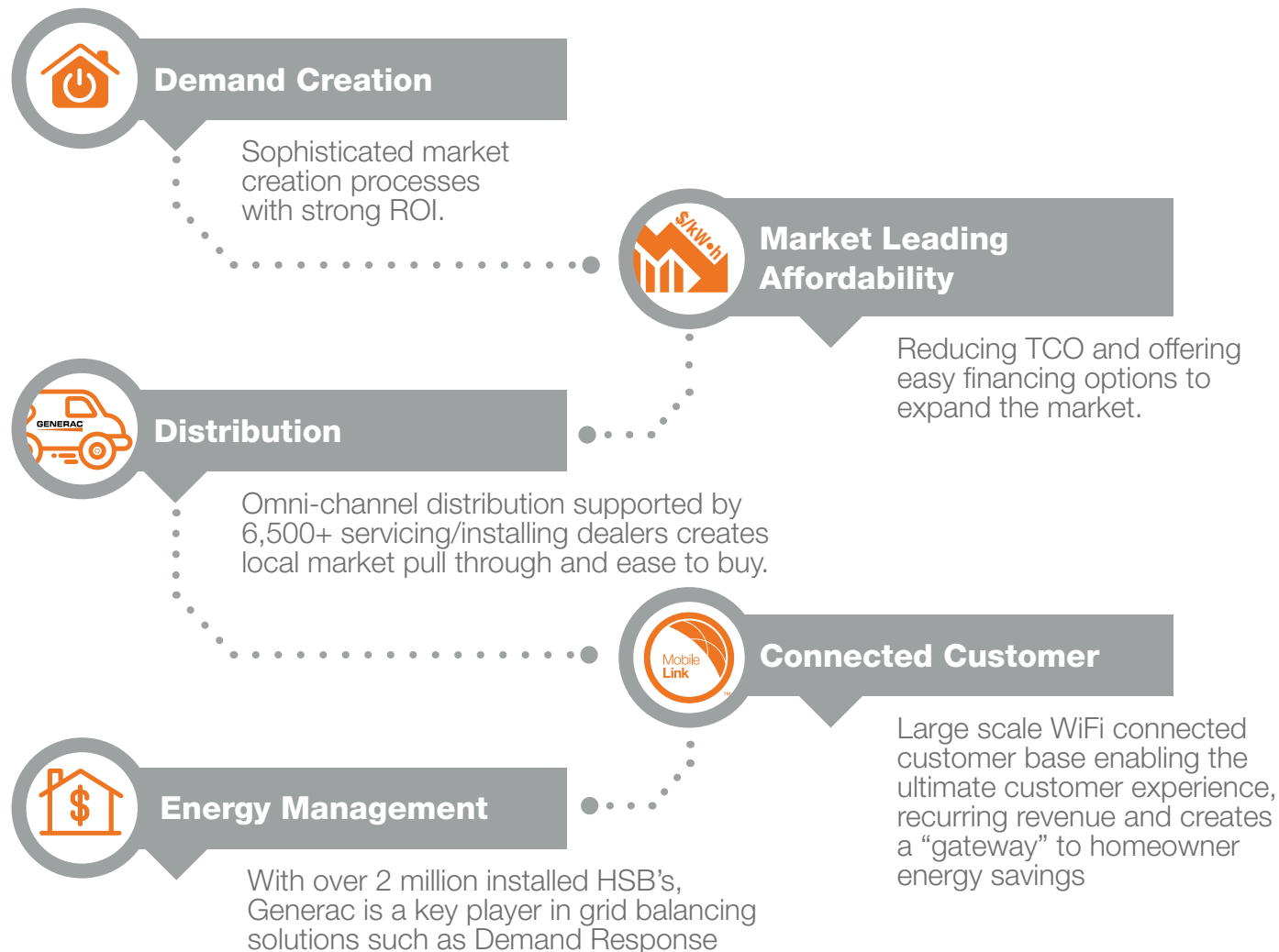
## Connect:

By being connected to the devices we manufacture we will drive additional value to our customers and our partners over the product lifecycle.

# POWERING OUR FUTURE



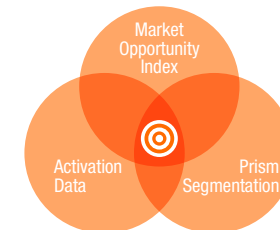
# Grow: Unique Generac Capabilities



## PowerPlay Sales Process

### TARGET

Finding the “most” likely prospect



### CREATE

Driving optimized media selection



### MANAGE

Scheduling in-home consultations (IHC)



### NURTURE

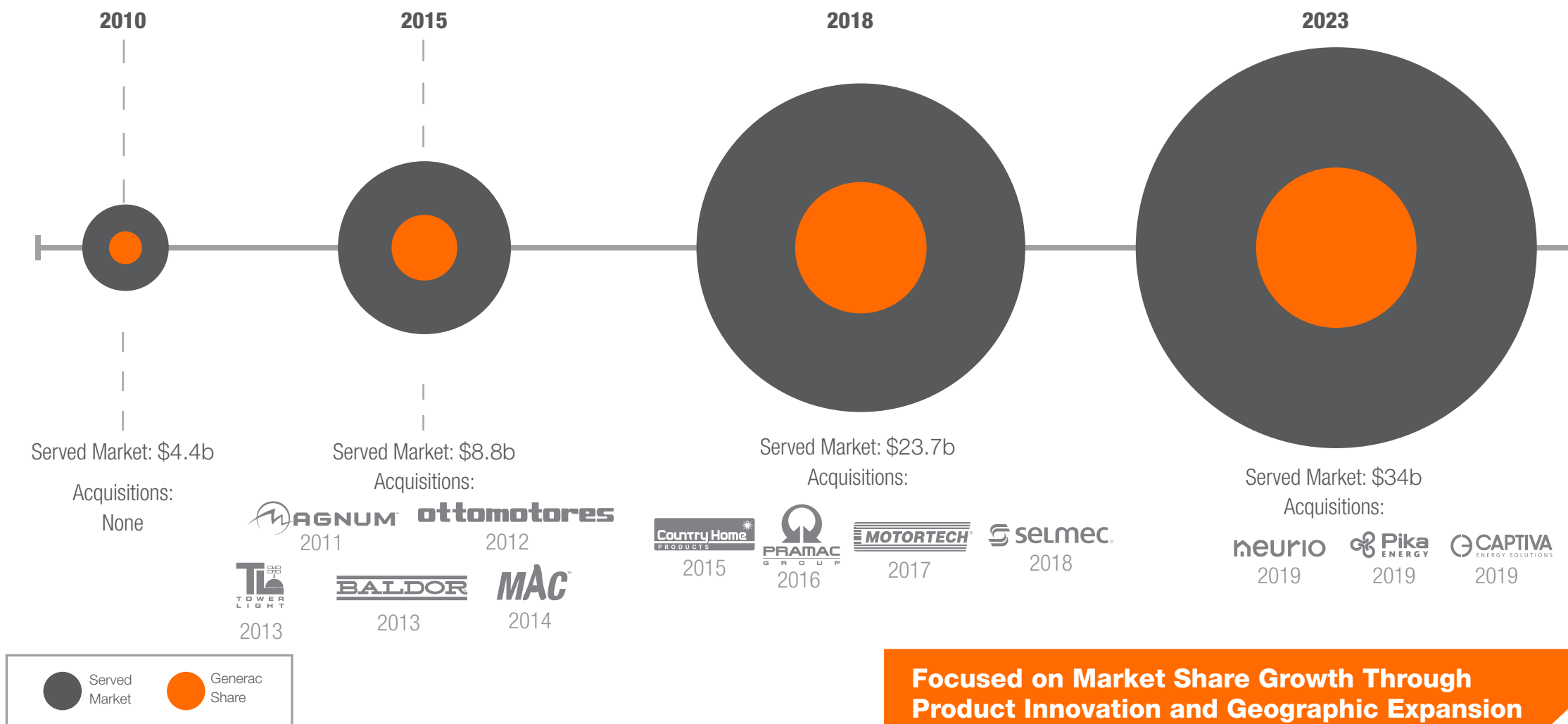
- 30/60/90/120 Follow-up
- Storm Trigger
- Enhanced Offers
- Friends & Family/Group Deals





# Gain: Market Opportunity

Expecting served market growth  
of 8x through diversification

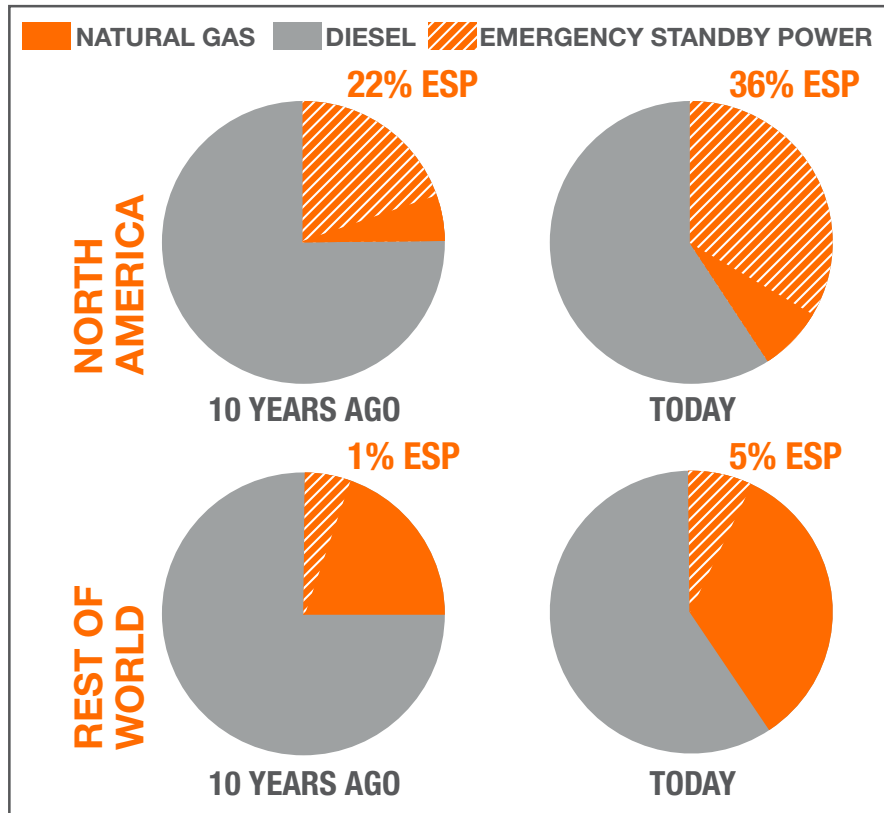


Focused on Market Share Growth Through  
Product Innovation and Geographic Expansion



# Lead Gas: Clean, Abundant, Low Cost and Transportable

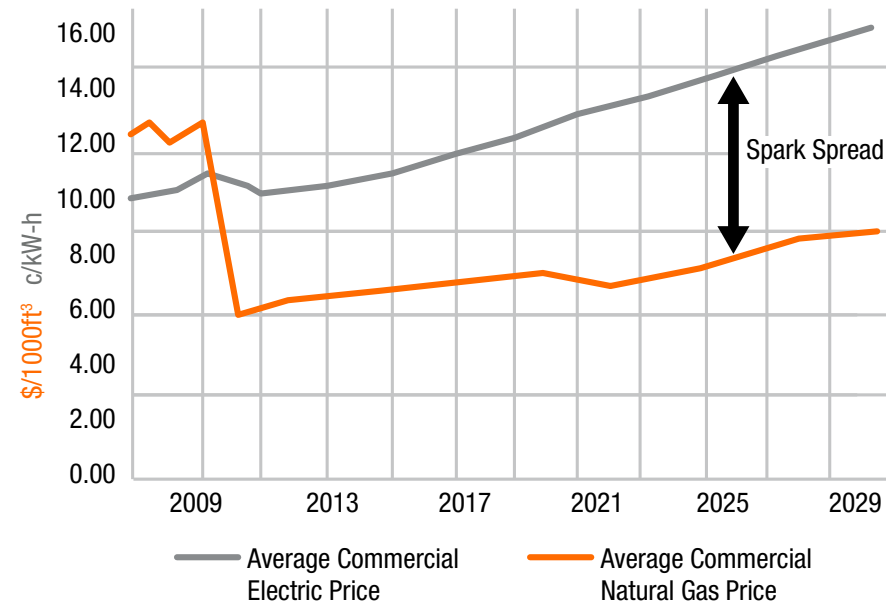
## Market Increasingly Favors Natural Gas Over Diesel



Generac product and distribution well suited to accelerate transition from traditional diesel fuel to clean burning, affordable natural gas.

## New Opportunities Beyond Standby

- | Demand response/grid support
- | Decentralized or “on site” power generation; micro-grid
- | Combined heat and power



Long term, low and stable natural gas prices drives opportunity for Generac gas products that are used in beyond standby applications.





# Connect: Increasing Engagement with our Customers



## OWNERSHIP EXPERIENCE

Remote monitoring drives enhanced ownership experience and higher level of engagement



## ENERGY MANAGEMENT

Enhancing the grid by partnering with utilities and creating demand response solutions



## RECURRING REVENUE

Tiered business model adds revenue and profit to the entire value chain



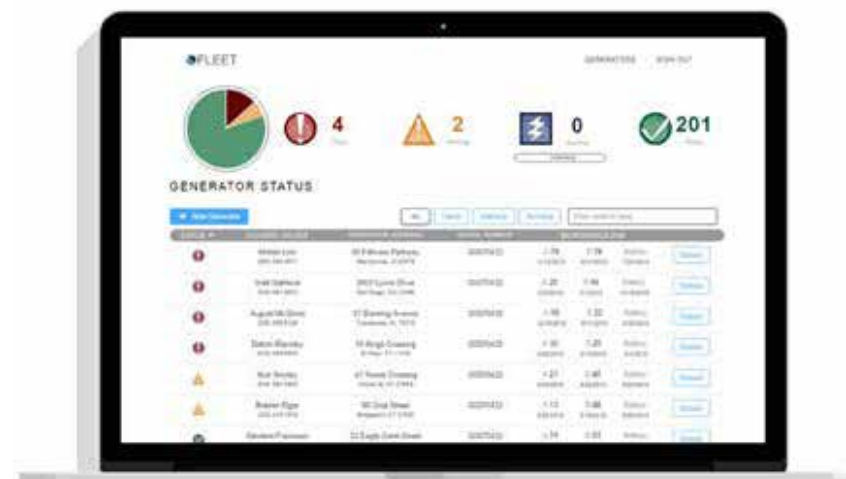
## ENABLING DEALERS

Software tools to help dealers with generator fleet management. Improves attachment of Dealers to Generac

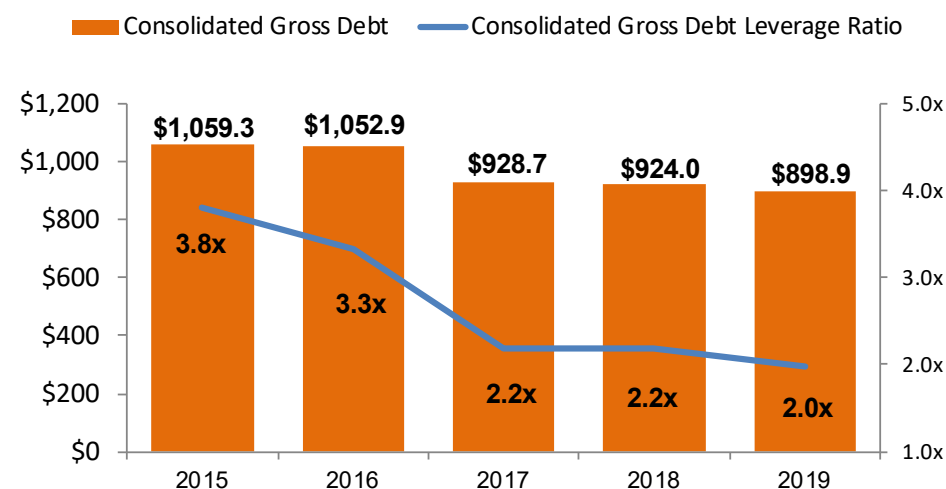
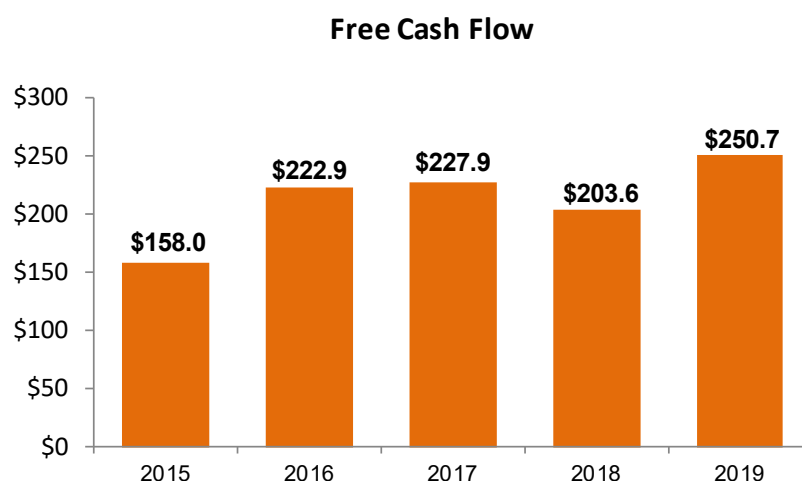
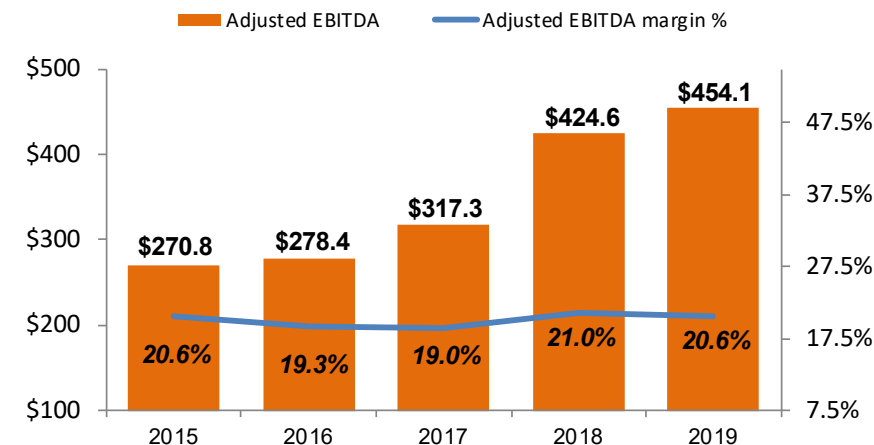
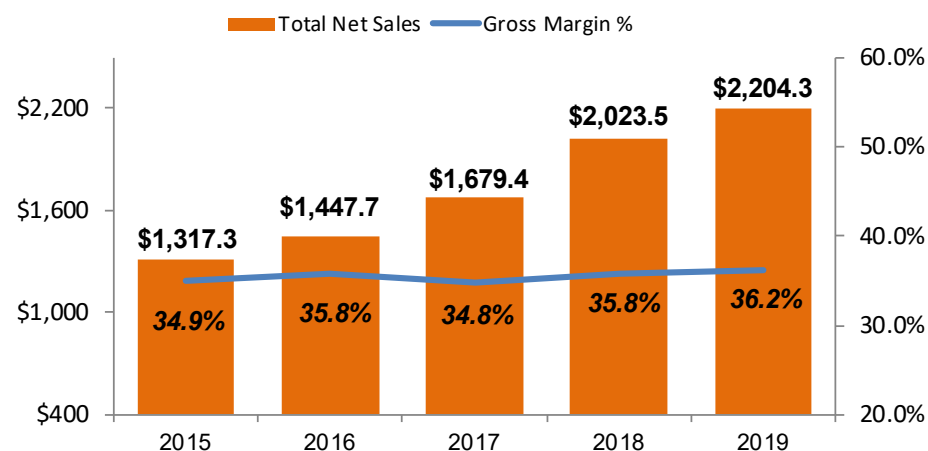


## ANALYTICS

Using data to drive more value streams, customer retention, and product improvements



# Financial Summary



Note: Gross margin for 2016 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 and a \$3.4 million non-recurring expense related to a pre-tax purchase accounting inventory step-up adjustment related to Pramac. Adjusted EBITDA margin for 2016 through 2019 calculated using adjusted EBITDA before deducting for non-controlling interest.

# Capital Deployment Priorities

2017-2019  
\$

1	Organic Growth	<ul style="list-style-type: none"> <li>Invest in technology, innovation, and R&amp;D capabilities</li> <li>Capacity expansion; Global systems; High ROI automation</li> </ul>	Asset Lite	~150m
2	Pay Down Debt	<ul style="list-style-type: none"> <li>Target 2-3x leverage</li> <li>Term Loan and ABL mature 2023</li> <li>\$500mm notional swapped fixed</li> </ul>	Deleveraging Story	~200m
3	M&A	<ul style="list-style-type: none"> <li>Demonstrated ability to execute; 14 deals since 2011</li> <li>Accelerates “Powering Our Future” strategic plan</li> <li>Seek high synergy opportunities with above WACC returns</li> </ul>	Accelerate the strategy	~200m
4	Return of Capital	<ul style="list-style-type: none"> <li>As future cash flow permits, will evaluate options opportunistically</li> <li>\$250mm remaining on current share repurchase authorization</li> </ul>	Opportunistic	~50m

**Disciplined and balanced capital deployment creates value for shareholders**

**TOTAL**

~600m



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## Appendix



**Expect to Utilize Strong Free Cash Flow Generation to Increase Shareholder Value**

# 2020 Business Outlook

(As reported on February 13, 2020)

## **Consolidated net sales**

Baseline case: increase approximately 6% to 8%; core organic sales increase 5% to 7%

Upside case: could add another 3% to 5% growth, for total potential growth of 9% to 13%

Seasonality mix: ~45% 1st half, ~55% 2nd half

## **Adjusted EBITDA margins:**

Baseline case: approximately 20.0%

Upside Case: could add another 50 basis points to 20.5%

Seasonality: 2nd half ~500 basis points higher than 1st half

**Cash income tax rate:** between 15.5% to 16.5%

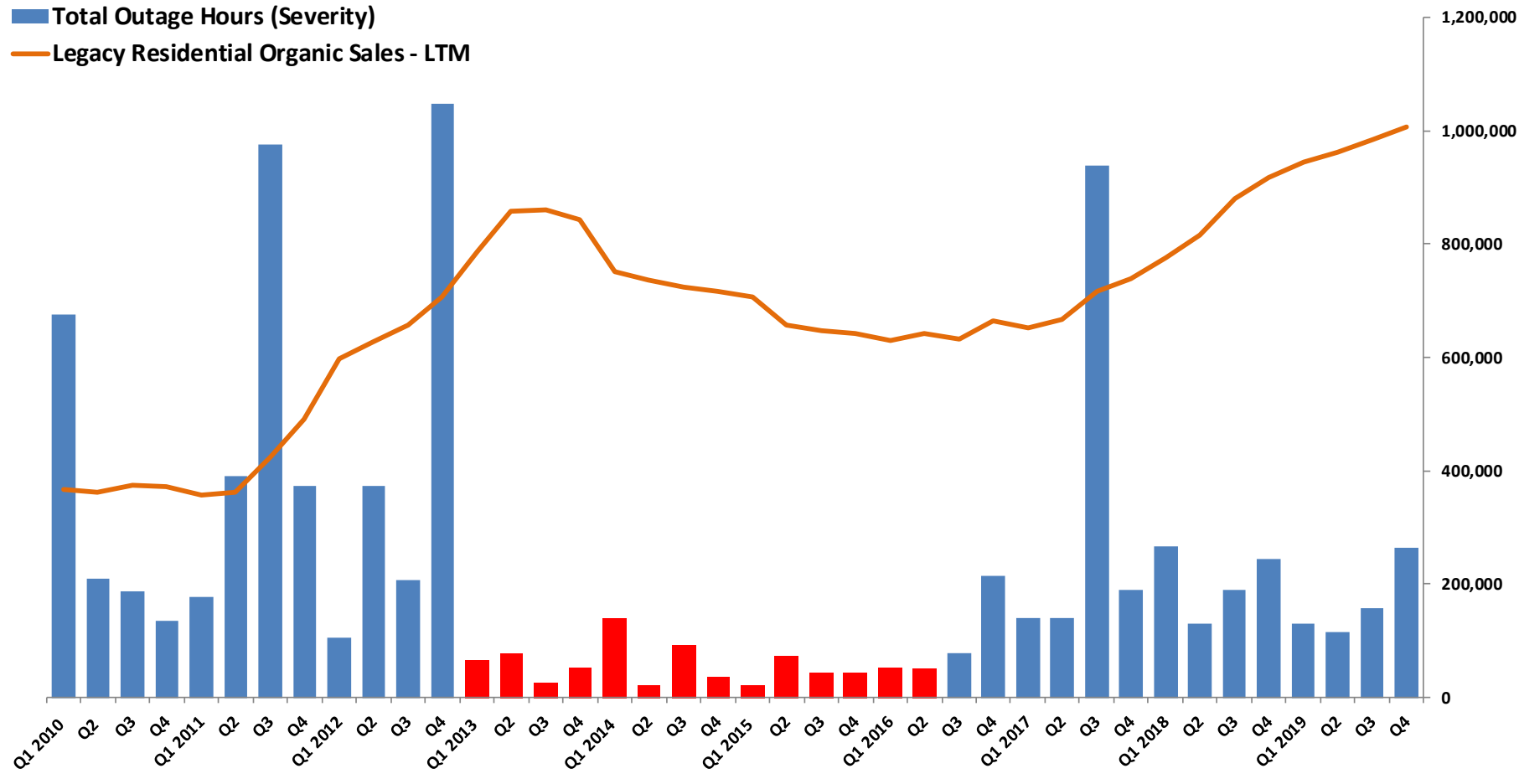
**Free cash flow:** conversion of adjusted net income of ~90%

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# Expanding Power Outage Severity<sup>(1)</sup>

Elevated Baseline Outages + Major Event = Catalysts for Growth



(1) Represents power outage hours for mainland U.S. only

# Summary of Acquisitions



Magnum Products is a leading manufacturer of high-quality light towers, and mobile generators.  
**Berlin, WI**



Leading manufacturer of industrial power generation equipment in Mexico and other parts of Latin America.  
**Mexico City, Mexico**



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



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



MAC is a leading manufacturer of premium-grade commercial and industrial mobile heaters within the U.S. and Canada.  
**Bismarck, ND**



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



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



Gaseous-engine control systems and accessories sold to engine OEMs and aftermarket customers  
**Celle, Germany**



Larger kW and container gensets; service and remote monitoring platform for Latin America market  
**Mexico City, Mexico**



Captiva Energy Solutions, founded in 2010 and headquartered in Kolkata, India specializes in customized industrial generators.  
**Kolkata, India**



The leading energy data company focused on metering technology and sophisticated analytics to optimize energy use  
**Vancouver, BC**



Leading manufacturer of smart storage solutions and smart batteries  
**Portland, Maine**

## Acquisitions used to accelerate Powering Our Future 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

Smaller acquisitions of Gen-Tran completed in February 2012 (manual transfer switches for portable generators - Alpharetta, GA) and Pramac America in September 2017 (portable generators - Marietta, GA)

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# Favorable Tax Attributes

**Results in present value tax savings of ~ \$60 million<sup>(2)</sup> or \$.90-\$1.00 per share**

## 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 on average by ~\$33 million per year through 2021

(\$ MM)	TOTAL	2020	2021	2022+
Annual tax amortization	\$264	\$130	\$107	\$27
Cash tax savings <sup>(1)</sup>	\$67	\$33	\$27	\$7

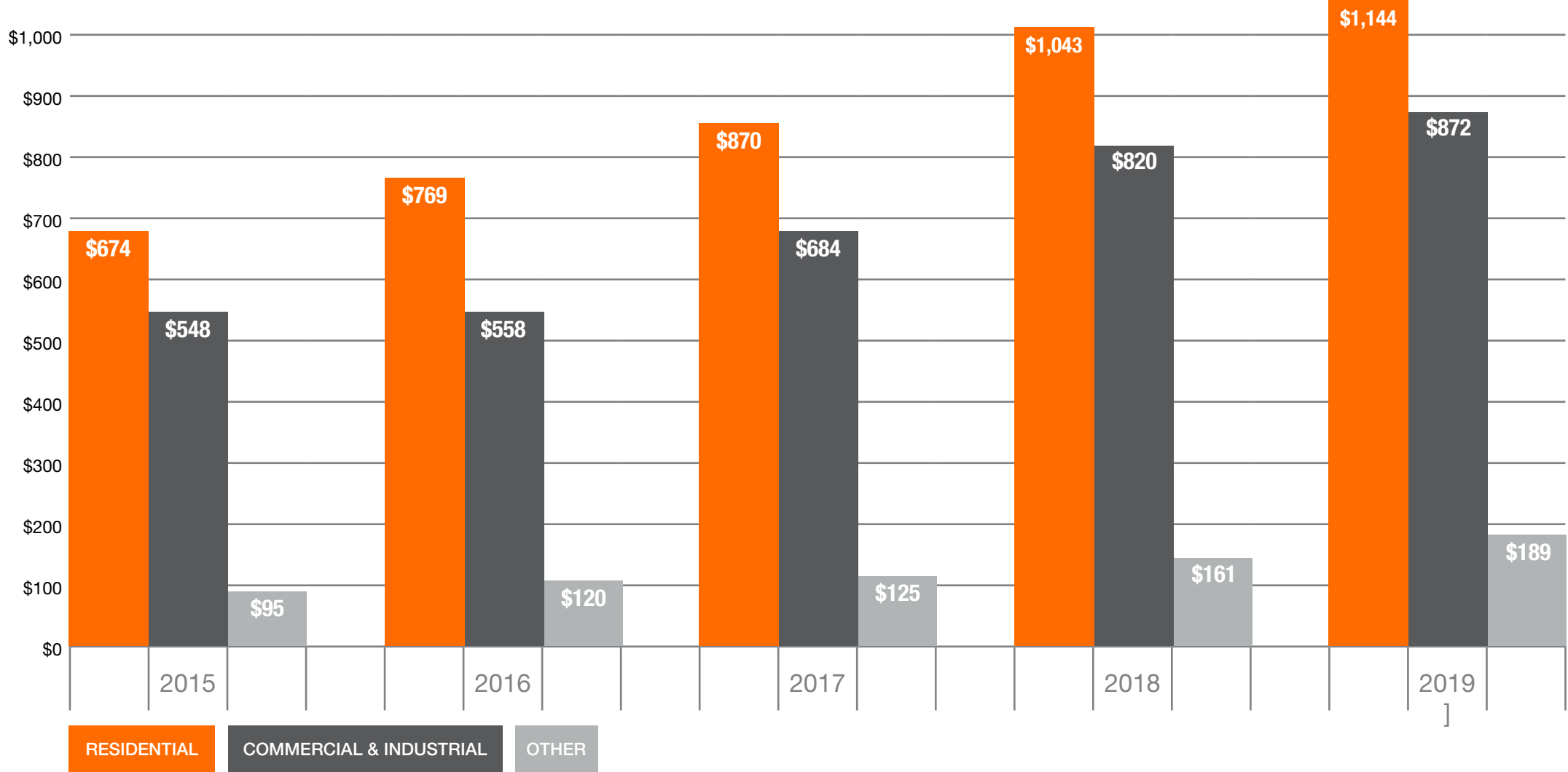
(1) Assuming continued profitability and no limitations at an assumed 25.5% federal and state tax rate.

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

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# Net Sales by Product Class

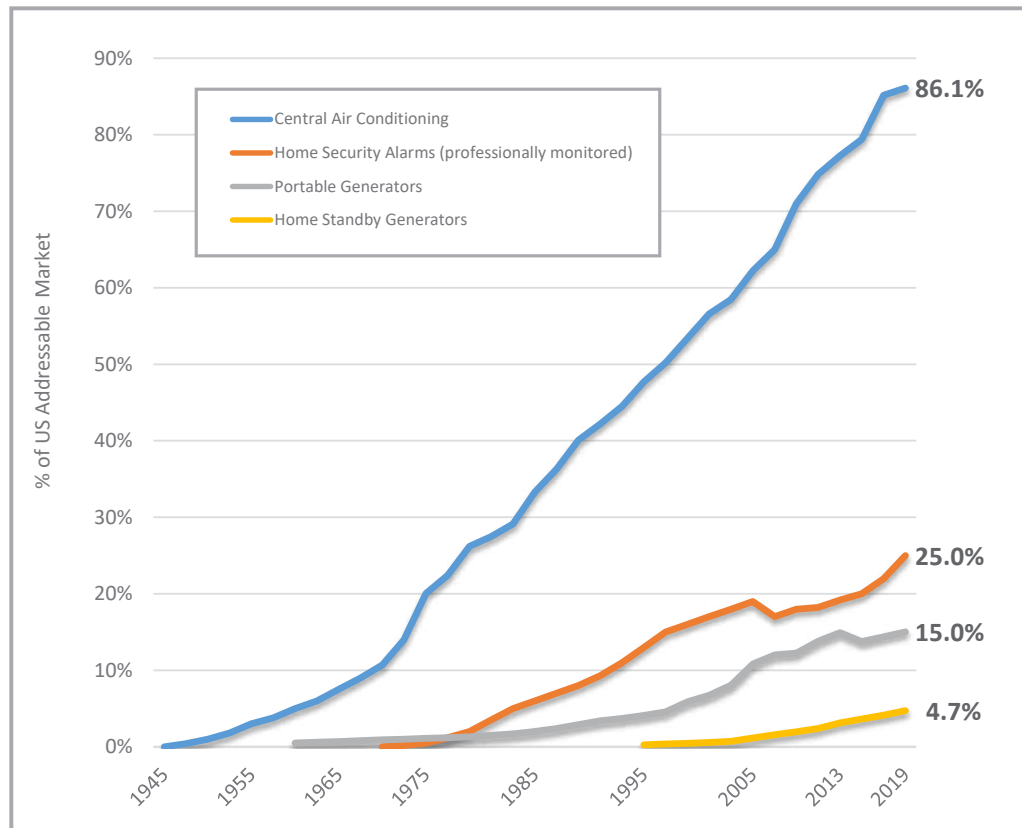


Figures include results from acquisitions completed during 2011 – 2019; see slide titled “Summary of Acquisitions” for further details.

# HSB: A Penetration Story

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

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 > \$125K; 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 and focuses on the professionally monitored market.

## Aging Population Fits Demographic

- ~70% of buyers age 50 and older
- ~35% of homes valued under \$300k
- ~80% retro-fit application
- ~\$120K median household income,
- ~8% replacement units



# Q4 2019 & Full Year Financial Overview

	Actual Q4 2019	Y/Y % Change	Actual 2019	Y/Y % Change
Residential	\$322.5	9.7%	\$1,143.7	9.7%
Industrial	217.1	(2.7%)	871.6	6.3%
Other	51.3	10.8%	189.0	17.8%
Net Sales	\$590.9	4.9%	\$2,204.3	8.9%
Gross Profit	\$222.2	8.8%	797.8	10.0%
% Margin	37.6%		36.2%	
<b>Adjusted EBITDA</b>	<b>\$129.1</b>	<b>2.4%</b>	<b>\$454.1</b>	<b>7.0%</b>
<b>% Margin (1)</b>	<b>21.9%</b>		<b>20.6%</b>	
Net Income - GHI (2)	\$69.6	(7.9%)	\$252.0	5.8%
Adjusted Net Income - GHI	\$96.5	9.5%	\$317.8	8.8%
<b>Adjusted EPS - GHI</b>	<b>\$1.53</b>	<b>7.7%</b>	<b>\$5.06</b>	<b>8.3%</b>
Free Cash Flow	\$160.3	83.6%	\$250.7	23.2%
Consolidated Gross Debt			\$898.9	
Consolidated Gross Debt Leverage Ratio			2.0x	

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

(2) Q4 and 2019 includes a \$10.9 million pre-tax charge related to the settlement of the Company's domestic pension plan.

# Adjusted EBITDA Reconciliation

	2015	2016	2017	2018	2019
<b>Net income</b>	<b>\$77.7</b>	<b>\$97.2</b>	<b>\$159.6</b>	<b>\$241.2</b>	<b>\$252.3</b>
Interest expense	42.8	44.6	42.7	41.0	41.5
Depreciation and amortization	40.3	54.4	52.0	47.4	60.8
Income taxes provision	45.2	56.5	44.1	69.9	67.3
Non-cash write-down and other charges	44.6	7.5	5.8	3.5	0.8
Non-cash share-based compensation expense	8.2	9.5	10.2	14.6	16.7
Loss on extinguishment of debt	4.8	0.6	-	1.3	0.9
(Gain) loss on change in contractual interest rate	2.4	3.0	-	-	-
Transaction costs and credit facility fees	2.2	2.4	2.1	3.9	2.7
Loss on pension settlement and other	2.4	0.9	0.8	1.8	11.0
<b>Adjusted EBITDA</b>	<b>\$270.8</b>	<b>\$276.5</b>	<b>\$317.3</b>	<b>\$424.6</b>	<b>\$454.1</b>
Adjusted EBITDA attributable to noncontrolling interests	-	(3.8)	(6.1)	(7.8)	(5.0)
<b>Adjusted EBITDA attributable to Generac Holdings, Inc.</b>	<b>\$270.8</b>	<b>\$272.7</b>	<b>\$311.2</b>	<b>\$416.8</b>	<b>\$449.1</b>

# Adjusted EBITDA Reconciliation

## Net income to Adjusted EBITDA reconciliation

	Three months ended December 31,		Year Ended December 30,	
	2019	2018	2019	2018
Net income attributable to Generac Holdings, Inc.	\$69,614	\$75,575	\$252,007	\$238,257
Net income attributable to noncontrolling interests	322	1,122	301	2,963
Net income	69,936	76,697	252,308	241,220
Interest expense	10,116	10,017	41,544	40,956
Depreciation and amortization	17,926	12,284	60,767	47,408
Income taxes provision	13,423	19,986	67,299	69,856
Non-cash write-down and other charges	(433)	212	807	4,484
Non-cash share-based compensation expense	5,217	4,653	16,694	14,563
Loss on extinguishment of debt	926	-	926	1,332
Transaction costs and credit facility fees	677	1,413	2,734	3,883
Loss on pension settlement and other	11,360	805	11,036	850
Adjusted EBITDA	129,148	126,067	454,115	424,552
Adjusted EBITDA attributable to noncontrolling interests	(1,243)	(2,126)	(4,965)	(7,759)
<b>Adjusted EBITDA attributable to Generac Holdings, Inc.</b>	<b>\$127,905</b>	<b>\$123,941</b>	<b>\$449,150</b>	<b>\$416,793</b>

# Adjusted Net Income

## and Free Cash Flow Reconciliations

### Net income to Adjusted net income reconciliation

	Three months ended December 31,		Year Ended December 30,	
	2019	2018	2019	2018
Net income attributable to Generac Holdings, Inc.	\$69,614	\$75,575	\$252,007	\$238,257
Net income attributable to noncontrolling interests	322	1,122	301	2,963
Net income	69,936	76,697	252,308	241,220
Provision for income taxes	13,423	19,986	67,299	69,856
Income before provision for income taxes	83,359	96,683	319,607	311,076
Amortization of intangible assets	8,645	5,320	28,644	22,112
Amortization of deferred financing costs and OID	1,115	1,195	4,712	4,749
Loss on extinguishment of debt	926	-	926	1,332
Transaction costs and other purchase accounting adjustments	(499)	1,062	874	2,578
Loss on pension settlement and other	11,683	202	12,492	952
Adjusted net income before provision for income taxes	105,229	104,462	367,255	342,799
Cash income tax expense	(8,247)	(15,355)	(47,945)	(47,064)
Adjusted net income	\$96,982	\$89,107	\$319,310	\$295,735
Adjusted net income attributable to noncontrolling interests	(530)	(1,031)	(1,488)	(3,522)
<b>Adjusted net income attributable to Generac Holdings Inc.</b>	<b>\$96,452</b>	<b>\$88,076</b>	<b>\$317,822</b>	<b>\$292,213</b>

### Free Cash Flow Reconciliation

Net cash provided by operating activities	\$175,085	\$108,229	\$308,887	\$247,227
"Proceeds from beneficial interests in securitization transactions"	594	1,108	2,630	3,933
Expenditures for property and equipment	(15,355)	(22,024)	(60,802)	(47,601)
<b>Free cash flow</b>	<b>\$160,324</b>	<b>\$87,313</b>	<b>\$250,715</b>	<b>\$203,559</b>