

GENERAC®

Investor Presentation

March 2015





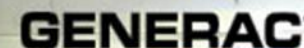
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Forward Looking Statements



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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.

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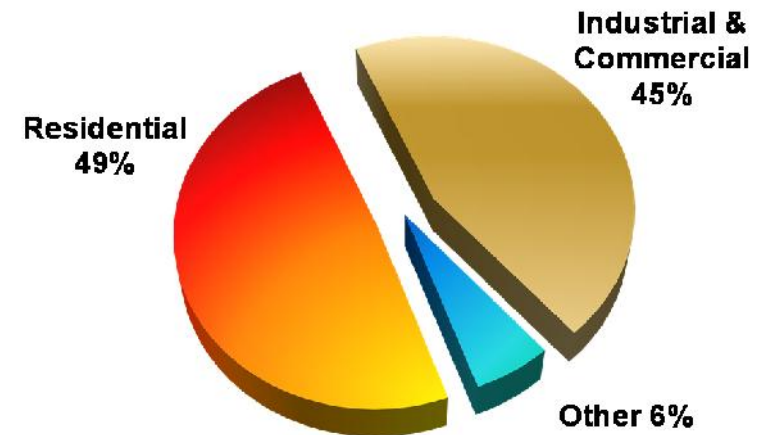
Generac Business Overview

GENERAC

About Generac

- Founded in 1959
- A leading designer and manufacturer of a wide range of **power generation equipment** and **other engine powered products** serving residential, light commercial, industrial, oil & gas, and construction markets.
- Products are **available globally through a broad network** of independent dealers, distributors, retailers, wholesalers and equipment rental companies, as well as sold direct to certain end users.
- Products marketed and distributed primarily under the **Generac, Magnum, Ottomotores, Tower Light, Powermate and MAC** brands.
- Approximately 3,600 employees as of 12/31/2014
- Approximately **2.1 million ft²** of manufacturing and distribution capacity located in **Wisconsin, North Dakota, Mexico, Italy, UK and Brazil.**

**12/31/14 LTM Sales:
\$1.461 billion**



Major Long-Term Growth Themes



Residential Backup Power

- Key drivers: aging and underinvested grid, favorable demographics, increasing power outages
- Low penetration (~3.5%) within emerging product category of home standby (HSB) generators
- ~ 75% share of domestic HSB market with significant barriers to entry
- Leading position in portable generators further enhances brand awareness

Commercial & Industrial Generators

- Natural gas generators gaining share vs. diesel in the U.S. and Canada
- Low penetration within emerging “Optional” standby market
- Growing importance of backup power for critical telecommunications infrastructure
- Recently expanded product offering significantly increases addressable market

Mobile Products

- Mobile products platform benefitting from secular shift toward renting of mobile equipment
- Acquisitions in recent years provide new access to long-term opportunity in oil & gas market
- Regulatory environment increasing demand for gaseous fueled generators that run on well gas

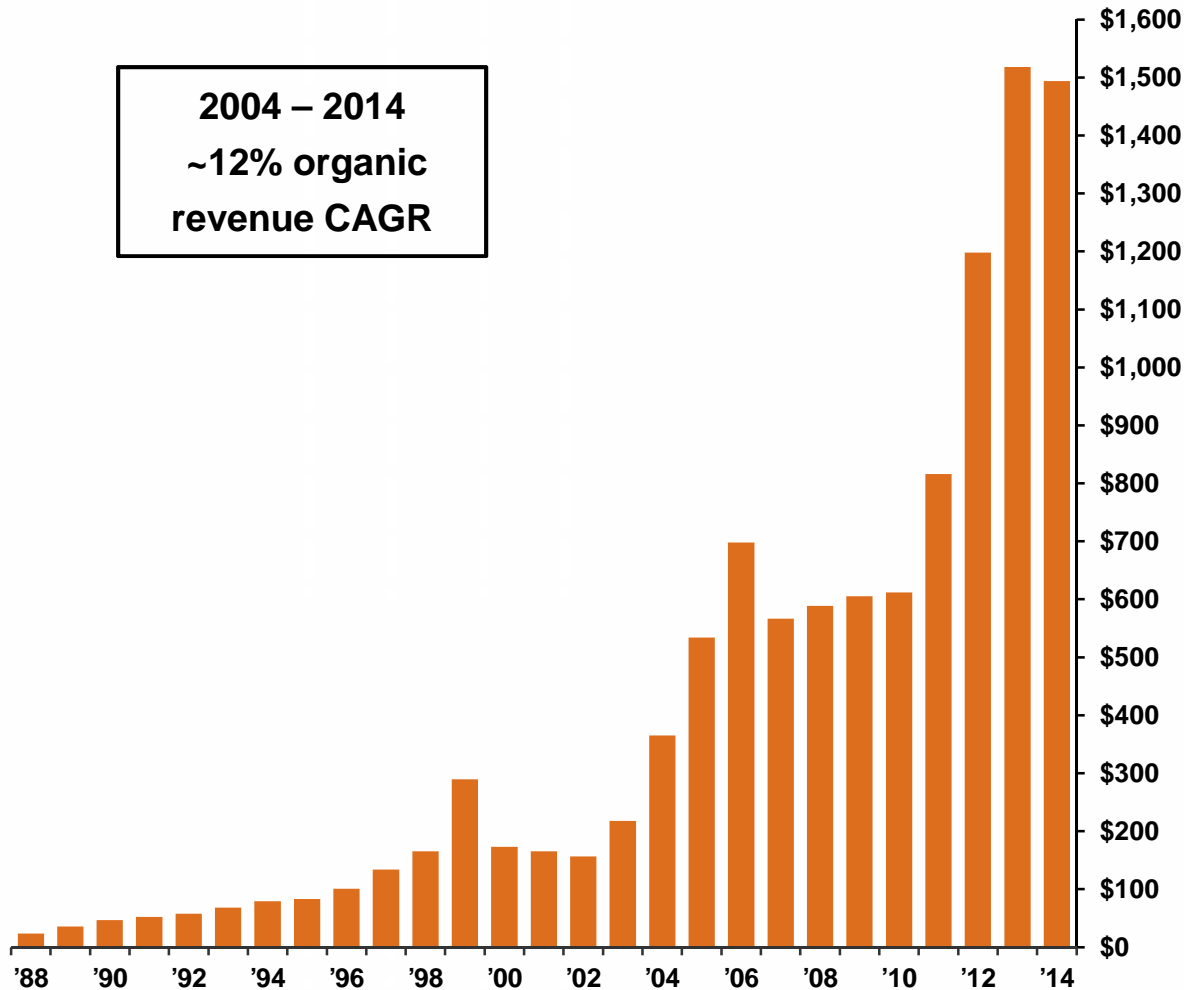
International Expansion and Diversification

- Future acquisitions may provide opportunity to accelerate expansion into other regions of the world
- Entry into other “engine-powered” adjacent product categories

Track Record of Innovation & Growth

GENERAC

2004 – 2014
~12% organic
revenue CAGR



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 12/31/14, over 170 U.S. and international patents and patent applications
- 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 – 2014; see slide titled "Summary of Acquisitions" for further details.

Broad Product Offering

Residential Products

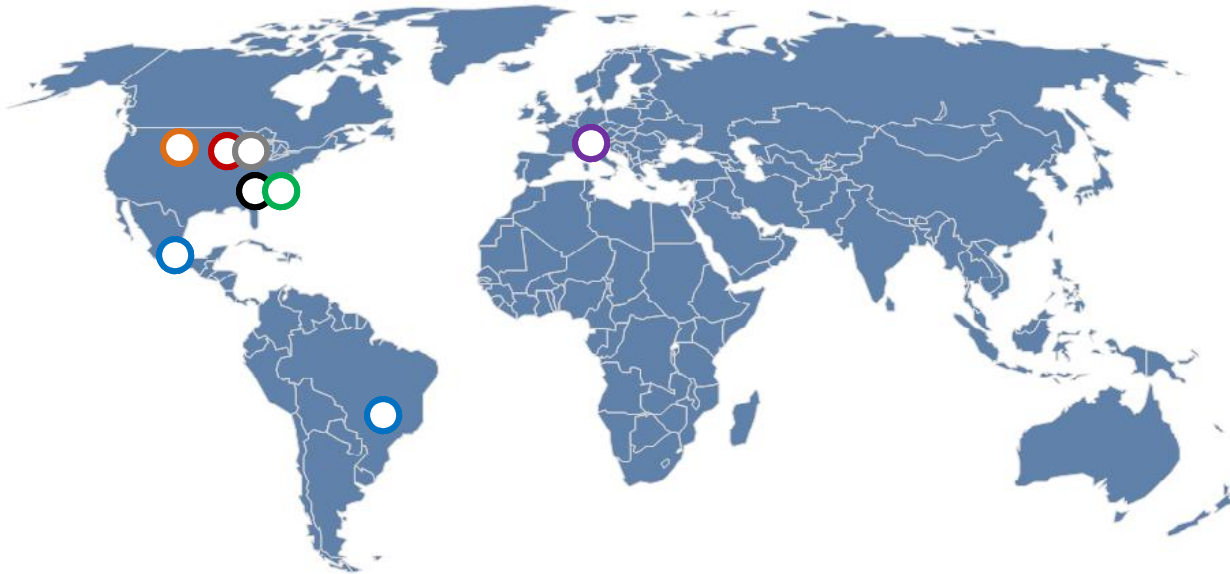
Industrial Products

	Product	End Markets Served
	Power Washers	Light to medium duty use - mainly by consumers
	Inverter Generators	Recreation and other light duty power uses
	Portable Generators & Manual Transfer Switches	Emergency home backup, construction uses
	Air-cooled Home Standby Generators	Emergency backup – small to medium homes
	Liquid-cooled Home Standby Generators	Emergency backup – larger homes & small businesses

	Product	End Markets Served
	Light Towers, Mobile Generators & Heaters	Temporary lighting, power and heating for construction, energy and other – rental equipment co's a key channel
	Larger kW & Container Gensets	Prime & emergency backup – regulated markets
	Larger kW & Container Gensets	Prime & emergency backup – non-regulated markets
	Commercial Stationary Generators	Emergency backup – small to mid-sized retail, telecom, municipal
	Industrial Stationary Generators	Emergency backup – large healthcare, telecom, municipal, manufacturing

Summary of Acquisitions

GENERAC



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

**MAGNUM
POWER
PRODUCTS**
Mobile products including light towers, mobile generators and pumps
Berlin, WI



Feb 2012

GEN-TRAN
Manual transfer switches for portable generators
Alpharetta, GA



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



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



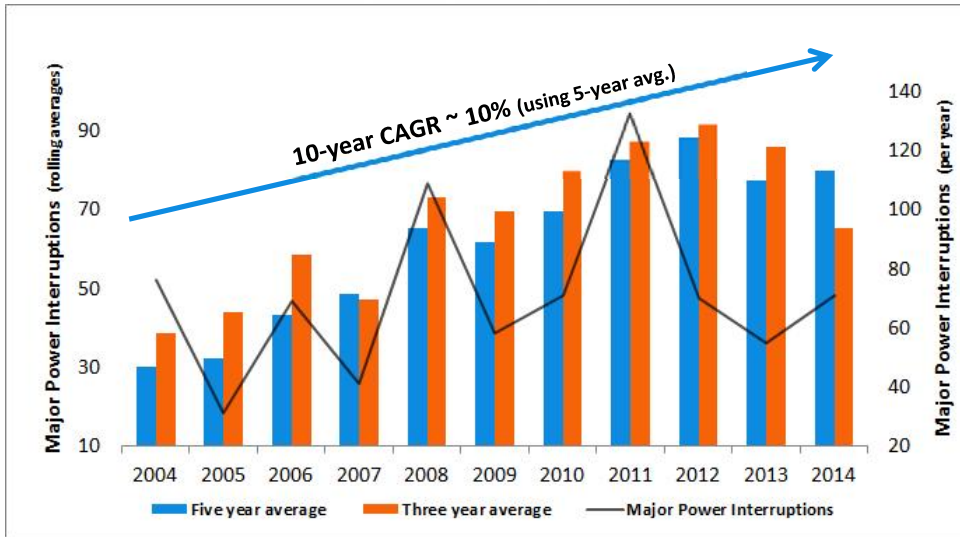
Oct 2014

MAC
Expands mobile products platform with addition of commercial and industrial heaters
Bismarck, ND

Powerful Macro Trends Drive Home Standby Penetration Opportunity

GENERAC

Aging Grid Driving Power Interruptions⁽¹⁾

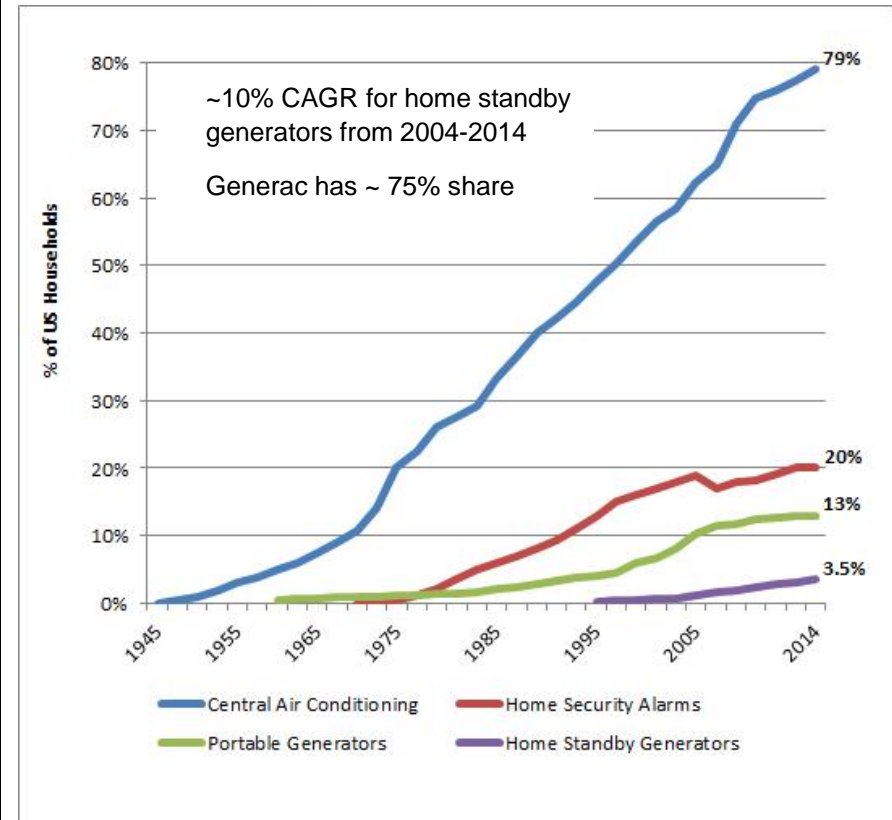


- 30–50% of T&D network in the U.S. is 40–50 years old
- Undergrounding the grid would cost up to \$4.0 trillion⁽²⁾

Aging Population Fits Demographic⁽³⁾

- 75-80% of buyers age 50 and older
- 45-50% of homes valued under \$300k
- 85% retro-fit application

North American Penetration Opportunity⁽⁴⁾



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

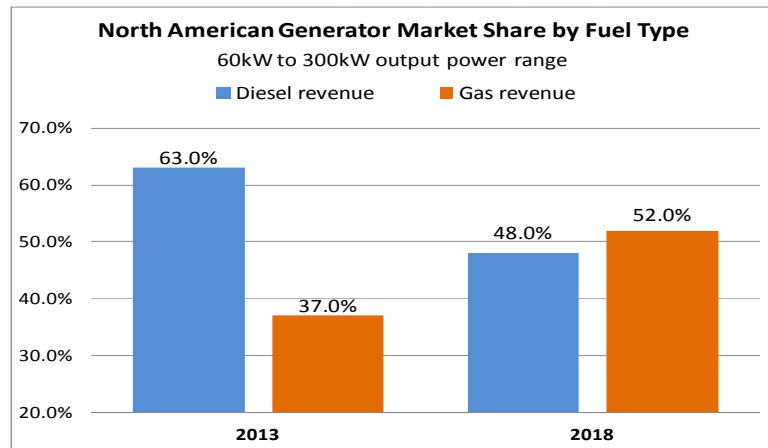
(1) Source: U.S. Energy Information Administration. Interruptions measured as affecting more than 50,000 customers and comparing to three and five-year rolling averages.
 (2) At \$1mm/mile (3) Source: Company warranty registration data (4) Source: Management estimates

Secular Penetration Opportunities

Commercial and Industrial

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Natural Gas vs. Diesel Market Growth



Source: Frost & Sullivan, Generac estimates

- Nat gas gensets up to 35% less expensive
- Lower operating costs than diesel - leading to improved ROI

Light Commercial/Retail Opportunity

“Optional” Standby Customers



- Over 14 million buildings in U.S. with very low penetration
- Increasing level of outages driving the need for backup power

Wireless Communications Infrastructure



- Over 300,000 cell tower sites in U.S. with only 30-35% penetration
- Providers facing increasing competitive/regulatory pressures to harden networks

Secular Penetration Opportunities

Commercial and Industrial (cont'd)

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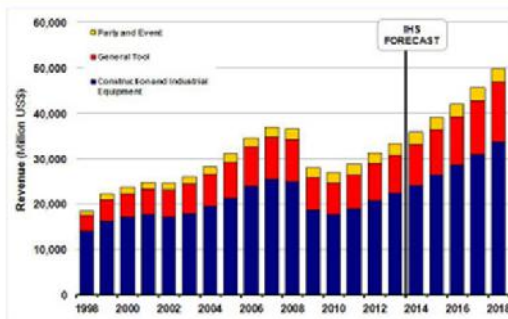
Oil & Gas Infrastructure



- New access to the oil & gas market through acquisitions in recent years
- Potential long term up-cycle driven by increase in “shale” oil and gas production
- Regulatory environment regarding flaring of natural gas driving demand for gaseous-fueled generators
- Secular opportunity for mobile power equipment including light towers, generators, heaters and other support equipment that are essential to drilling and production sites

Mobile Equipment - Rental vs. Buy

Total U.S. Equipment Rental Revenue



United Rentals

SUNBELT RENTALS

Hertz Equipment Rental

BlueLine Rental

Speedy

- Overall industry projected to grow at ~ 9% CAGR from 2014-18
- Construction and industrial projected to grow at a similar level

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

Differentiated Distribution Model

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Residential & Light Commercial Distribution:

● = ~ 5,200 Res/Comm Dealers

Commercial & Industrial Distribution (legacy Generac):

● = ~ 135 Industrial Dealer and GAIN Dealer Locations

- Res/Comm Dealers
- National Retailers
- Catalog and E-Commerce
- Wholesalers
- Private Label Partners



- Industrial Dealers
- National Accounts
- Equipment Rental Yards
- Oil and Gas Accounts
- Gov't and Military

Established and diverse distribution model = growth driver & competitive advantage

Innovative Sales and Marketing Tools

GENERAC

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



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



“Powering Ahead” Strategic Plan

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Grow Residential Standby Generator Market

- Increase awareness, availability and affordability
- Further optimize innovative sales and marketing techniques
- Grow residential dealer base
- Continued focus on product expansion and innovation



Gain Industrial Market Share

- Leverage expanded diesel product offering
- Specialized expertise in natural gas engines and generators
- Upgrade and expand distribution
- Build relationships with specifying engineers
- Increase awareness in “optional” standby power market



Diversify End Markets with new products and services

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

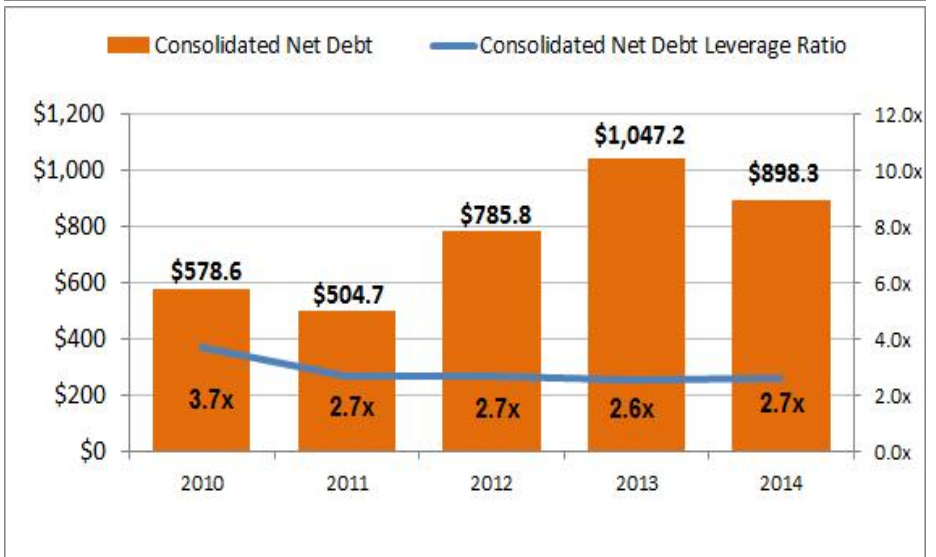
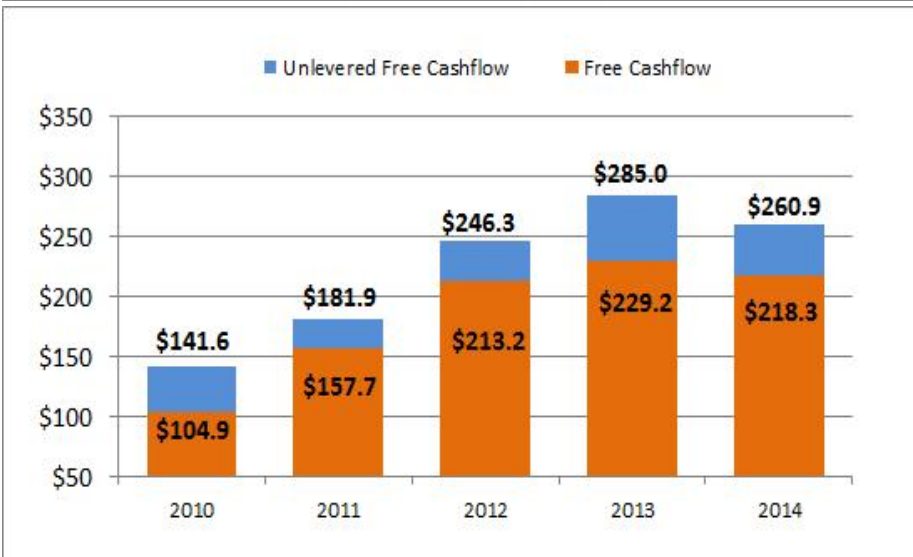
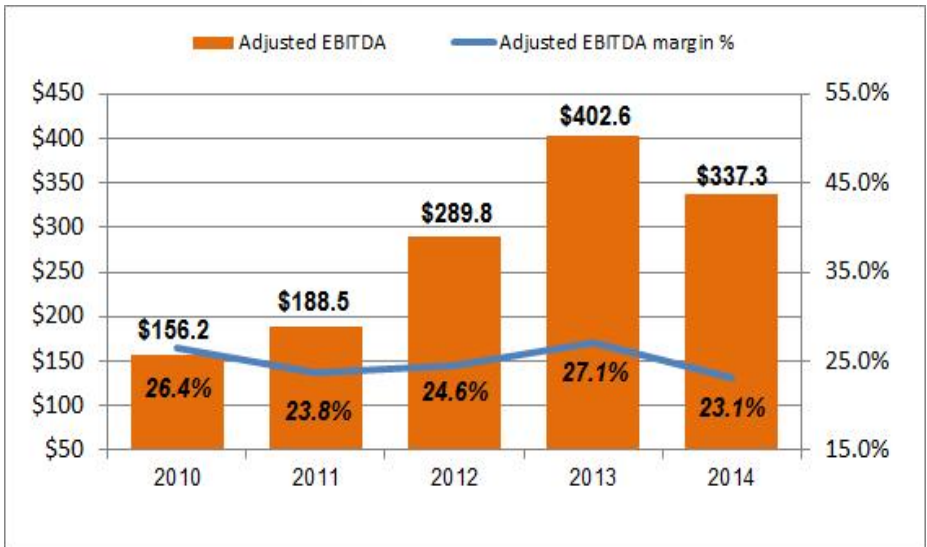
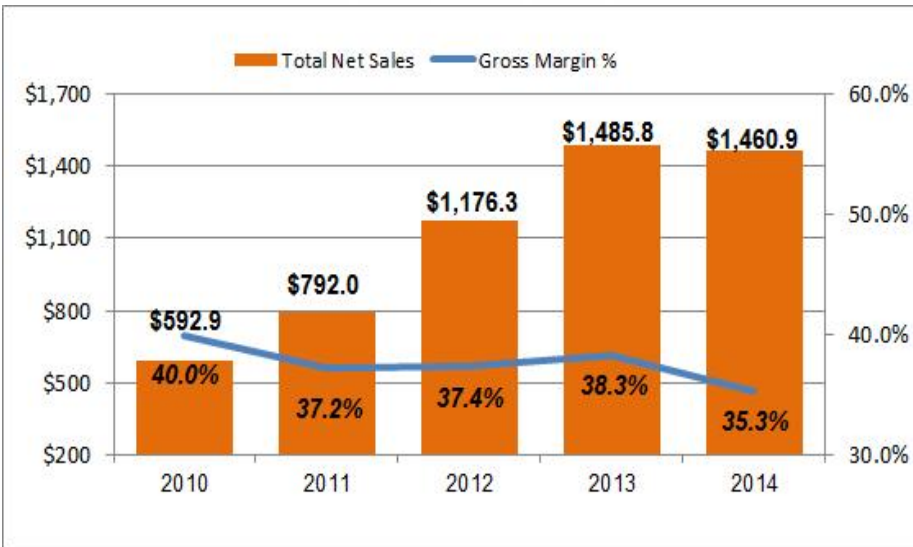


Enter New Geographies

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

Financial Summary

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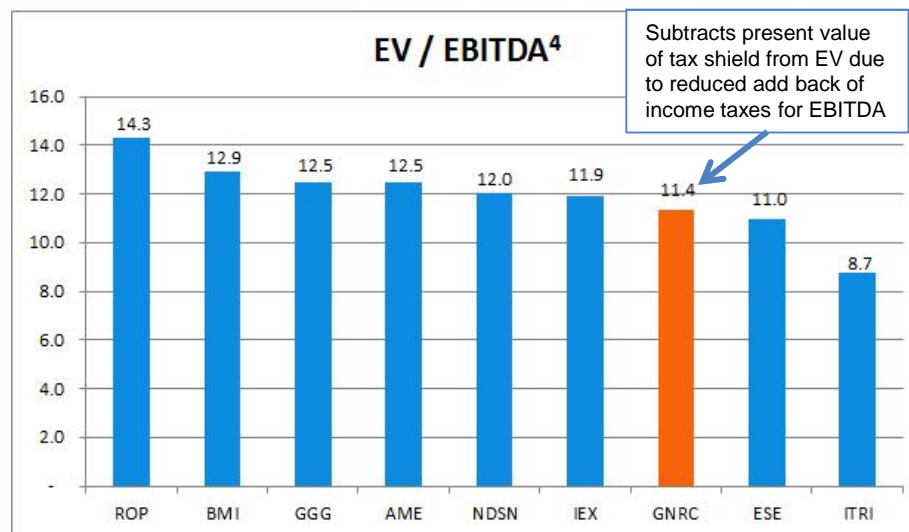
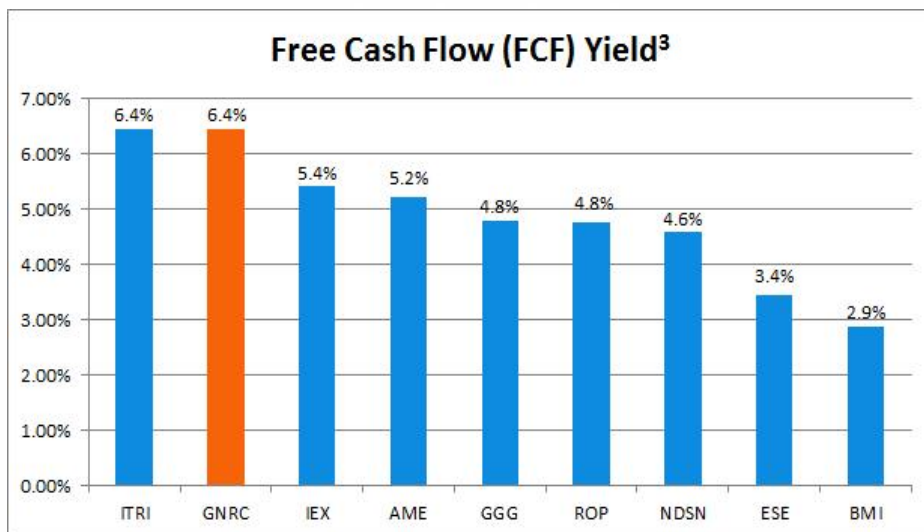
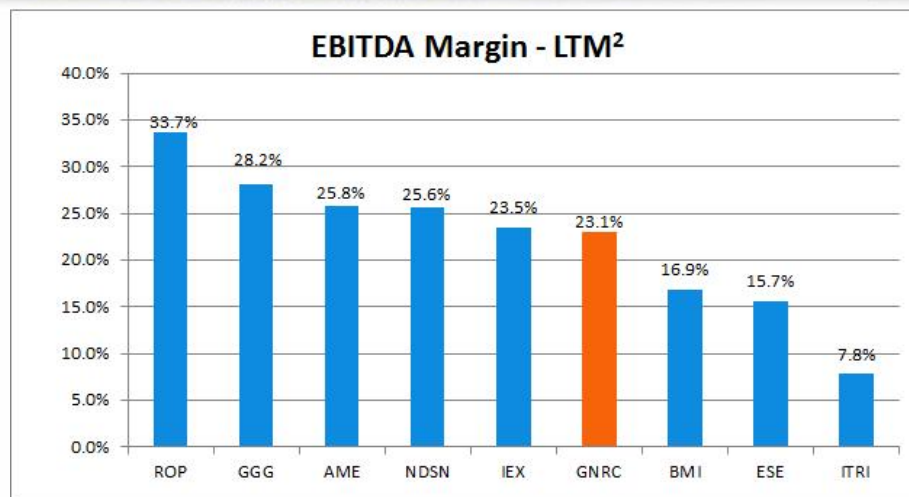
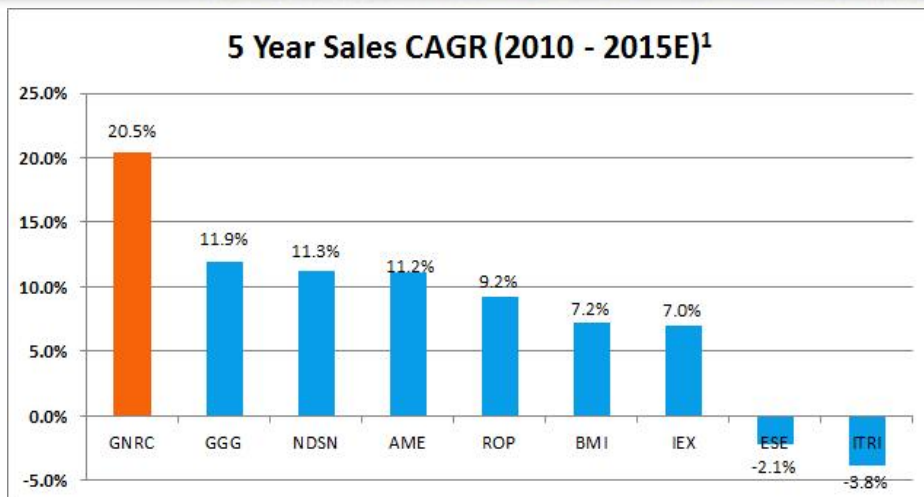


Note: Unlevered free cash flow = free cash flow plus cash interest expense.

Relative Performance

Compared with Industrial Technology Peers

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Source: Thomson One, Company Filings Note: Charts for Free Cash Flow Yield and Enterprise Value / NTM EBITDA use closing share prices as of March 9, 2015.

(1) Figures represent a five-year compound annual growth rate calculated by comparing the base year 2010 to the analyst consensus revenue forecast for 2015 for each company.

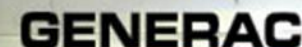
(2) Adjusted EBITDA figures were used for GNRC. For all other companies, EBITDA is calculated as Operating Income plus D&A .

(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.

2015 Business Outlook

As reported on February 11, 2015

The logo for Generac, featuring the word "GENERAC" in a bold, sans-serif font with a horizontal orange bar underneath.

Net sales: increase low-to-mid-single digit range vs. 2014

- **Organic sales growth: approximately flat** despite strong headwinds from oil & gas, telecom and foreign currency
- **Acquisition growth:** adds ~ 3% growth
- Holding new and higher baseline following robust organic growth during 2011-2013 (three-year CAGR > 25%)

Adjusted EBITDA: 2015 margins expected to remain attractive and **range from 23.5% to 24.0%**

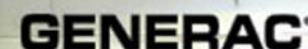
Cash income taxes:

- **Cash tax rate for full-year 2015:** anticipated to be **approximately 18%** of pretax income
- **Cash taxes going forward:** ~ **36% tax rate** on incremental pre-tax profits **less ~ \$49 million** annual tax shield

Free cash flow: expected to remain strong given attractive margin profile, low cost debt, favorable tax attributes and capital-efficient operating model

Financial Policy

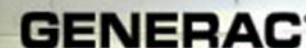
Priority Uses of Capital



		Historical	Expected
1	Continue to invest in business	~ 12% CAGR organic revenue over past 3 years	<ul style="list-style-type: none"> Support market-driven R&D Invest in high-ROI capital spending projects and capacity expansion Capex consistently only ~ 2% of sales
2	Publicly-stated net leverage target of 2-3X EBITDA (while meeting Excess Cash Flow payment requirements per Credit Agreement)	<ul style="list-style-type: none"> 2.7X at end of Q4 2014 	<ul style="list-style-type: none"> Comfortable with current leverage metrics at current cost of TLB debt of 3.25% Higher priority on debt paydown IF interest rates rise (current LIBOR floor of 0.75%) and/or net leverage ratio exceeds 3.0X Maintain strong liquidity profile
3	Explore acquisitions for external growth	<ul style="list-style-type: none"> Seven acquisitions completed between Q4 2011 and Q4 2014 	<ul style="list-style-type: none"> Seek high-synergy acquisitions in line with Powering Ahead strategy
4	Return of capital to shareholders	<ul style="list-style-type: none"> Special dividends issued in Q2 2012 and Q2 2013 	<ul style="list-style-type: none"> As future cash flow permits, may consider further return of capital to shareholders

Generac (GNRC)

Investment Highlights



Best in class organic revenue growth

- ~ **12% CAGR** in organic revenue over the last 10 years
- Low penetration in key markets, especially home standby market at only ~3.5% penetrated with **every 1% increase representing ~ \$2 billion market opportunity**
- **Key macro drivers:** 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

Market leader with significant barriers to entry

- ~ **75% share** of domestic home standby market
- Unmatched multi-channel distribution led by ~ **5,200 residential & light commercial dealers**
- Exclusive **focus** on power generation and engine powered products
- Considerable **sourcing and manufacturing scale**

Superior financial profile

- GMs consistently in the **high-30% range**, EBITDA margins in **low-to-mid-20% range**
- Favorable tax structure worth an **estimated \$3.50 to \$4.25 per share** in present value tax savings
- Strong track record of free cash flow conversion and de-levering balance sheet

Strong product, market and geographic expansion opportunities

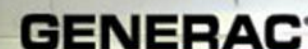
- Proven track record in completing **strategic acquisitions and introducing new products**
- **Significant international market opportunity** – 9% of 2014 revenue outside of U.S. and Canada

Leading “Industrial Technology” Company

Appendix



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. \$49 million per year through 2020

(\$ mm)	Total	2015	2016	2017	2018	2019	2020	2021	2022+
Annual tax amortization	\$900	\$128	\$128	\$128	\$128	\$128	\$128	\$107	\$27
Cash tax savings⁽¹⁾	\$346	\$49	\$49	\$49	\$49	\$49	\$49	\$41	\$10

Results in present value tax savings of ~ \$240-\$290 million⁽²⁾ or \$3.50-\$4.25 per share

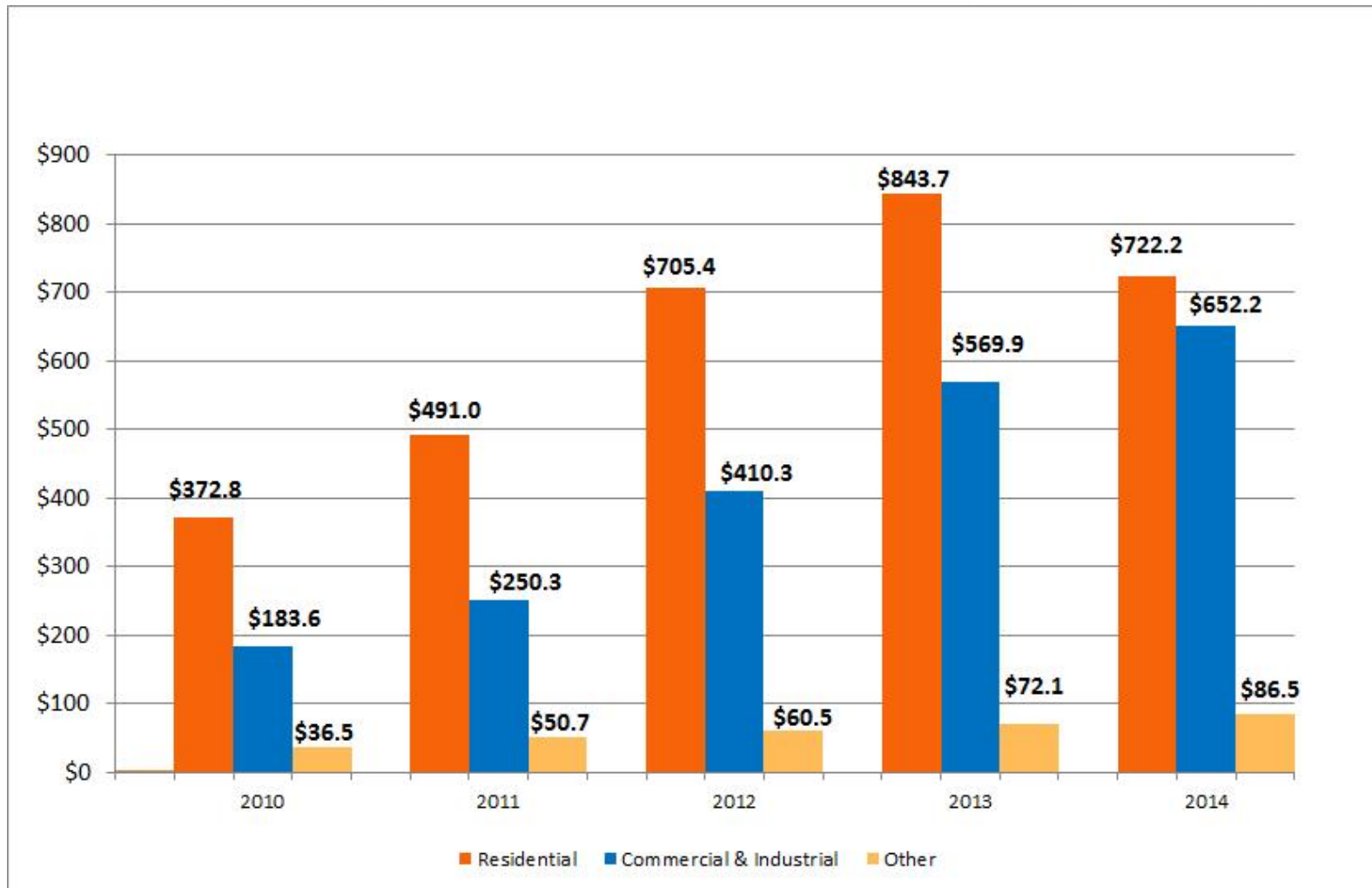
(1) Assuming continued profitability and no limitations at an assumed 38.5% federal and state tax rate.

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

Net Sales by Product Class

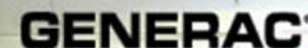
GENERAC

(\$ in millions)



Figures include results from acquisitions completed during 2011 – 2014; see slide titled “Summary of Acquisitions” for further details.

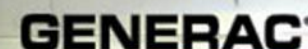
Q4 2014 & 2014 Financial Overview



	<u>Actual Q4 2014</u>	<u>Y/Y % Change</u>	<u>Actual 2014</u>	<u>Y/Y % Change</u>
Residential	\$ 194.9	(2.1%)	\$ 722.2	(14.4%)
Industrial	185.0	17.1%	652.2	14.4%
Other	24.1	25.7%	86.5	19.9%
Net Sales	\$ 404.0	7.4%	\$ 1,460.9	(1.7%)
Gross Profit	\$ 138.4	(5.0%)	\$ 516.2	(9.4%)
% Margin	34.3%		35.3%	
Adjusted EBITDA	\$ 92.2	(11.1%)	\$ 337.3	(16.2%)
% Margin	22.8%		23.1%	
Net Income (1)	\$ 49.4	1.8%	\$ 174.6	0.0%
Adjusted Net Income	\$ 68.4	(11.7%)	\$ 234.2	(22.4%)
Adjusted EPS	\$ 0.98	(12.0%)	\$ 3.34	(22.7%)
Free Cash Flow	\$ 98.5	11.7%	\$ 218.3	(4.7%)
Unlevered Free Cash Flow	\$ 109.4	9.7%	\$ 260.9	(8.5%)
Consolidated Net Debt			\$ 898.3	(14.2%)
Consolidated Net Debt Leverage Ratio			2.7x	

(1) Q4 2014 and 2014 periods include a loss on extinguishment of debt of \$0.3 and \$2.1 million, respectively; 2014 also includes a \$16.0 million pre-tax gain on change in contractual interest rate and a \$4.9 million pre-tax gain on remeasurement of contingent consideration. 2013 includes a \$15.3 million loss on extinguishment of debt.

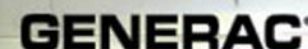
Adjusted EBITDA Reconciliation



(\$ in millions)

	2010	2011	2012	2013	2014
Reported net income	\$ 56.9	\$ 324.6	\$ 93.2	\$ 174.5	\$ 174.6
Interest expense	27.4	23.7	49.1	54.4	47.2
Depreciation and amortization	59.4	56.1	54.2	36.8	34.7
Income taxes provision (benefit)	0.3	(237.7)	63.1	104.2	83.7
Non-cash write-down and other charges	(0.3)	10.4	0.2	0.1	(3.9)
Non-cash share-based compensation expense	6.4	8.6	10.8	12.4	12.6
Loss on extinguishment of debt	4.8	0.4	14.3	15.3	2.1
Gain on change in contractual interest rate	-	-	-	-	(16.0)
Transaction costs and credit facility fees	1.0	1.7	4.1	3.9	1.9
Other	0.4	0.5	0.7	1.0	0.3
Adjusted EBITDA	\$ 156.2	\$ 188.5	\$ 289.8	\$ 402.6	\$ 337.3

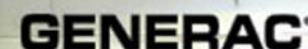
Adjusted EBITDA Reconciliation



(\$ in thousands)

Net income to Adjusted EBITDA reconciliation	Three months ended		Year Ended December 31,	
	December 31,		December 31,	
	2014	2013	2014	2013
	(unaudited)		(unaudited)	
Net income	\$ 49,390	\$ 48,518	\$ 174,613	\$ 174,539
Interest expense	\$ 11,804	\$ 12,003	47,215	54,435
Depreciation and amortization	\$ 8,985	\$ 9,272	34,730	36,774
Income taxes provision	\$ 17,464	\$ 29,940	83,749	104,177
Non-cash write-down and other charges	\$ 800	\$ 43	(3,853)	78
Non-cash share-based compensation expense	\$ 3,209	\$ 2,897	12,612	12,368
Loss on extinguishment of debt	\$ 248	\$ -	2,084	15,336
Gain on change in contractual interest rate	\$ -	\$ -	(16,014)	-
Transaction costs and credit facility fees	\$ 261	\$ 835	1,851	3,863
Other	\$ 32	\$ 139	296	1,043
Adjusted EBITDA	\$ 92,193	\$ 103,647	\$ 337,283	\$ 402,613

Adjusted Net Income and Free Cash Flow Reconciliations



(\$ in thousands)

Net income to Adjusted net income reconciliation

	Three Months Ended December 31,		Year Ended December 31,	
	2014	2013	2014	2013
Net income	\$ 49,390	\$ 48,518	\$ 174,613	\$ 174,539
Income taxes provision	17,464	29,940	83,749	104,177
Income before provision for income taxes	66,854	78,458	258,362	278,716
Amortization of intangible assets	5,303	6,286	21,024	25,819
Amortization of deferred financing costs and OID	1,770	1,225	6,615	4,772
Loss on extinguishment of debt	248	-	2,084	15,336
Gain on change in contractual interest rate	-	-	(16,014)	-
Transaction costs and credit facility fees	511	688	(3,623)	2,842
Adjusted net income before provision for income taxes	74,686	86,657	268,448	327,485
Cash income tax expense	(6,253)	(9,141)	(34,283)	(25,821)
Adjusted net income	\$ 68,433	\$ 77,516	\$ 234,165	\$ 301,664
Free Cash Flow Reconciliation				
Net cash provided by operating activities	\$ 110,475	\$ 104,731	\$ 252,986	\$ 259,944
Expenditures for property and equipment	(11,967)	(16,513)	(34,689)	(30,770)
Free cash flow	\$ 98,508	\$ 88,218	\$ 218,297	\$ 229,174
Cash interest	10,892	11,548	42,592	55,828
Unlevered free cash flow	\$ 109,400	\$ 99,766	\$ 260,889	\$ 285,002