

**Investor  
Presentation** November 2011

**GENERAC®**



**powering ahead**



# Forward Looking Statements



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," "project," "plan," "intend," "believe," "confident," "may," "should," "can have," "likely," "future" 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: demand for Generac products; frequency of major power outages; availability and cost of quality raw materials and key components used in producing Generac products; the possibility that the expected synergies, efficiencies and cost savings of the acquisition of the Magnum Products business will not be realized, or will not be realized within the expected time period; the risk that the Magnum Products business will not be integrated successfully; competitive factors in the industry in which Generac operates; Generac's dependence on the Company's distribution network; Generac's ability to invest in, develop or adapt to changing technologies and manufacturing techniques; Generac's ability to adjust to operating as a public company; loss of key management and employees; increase in liability claims; 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. 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.

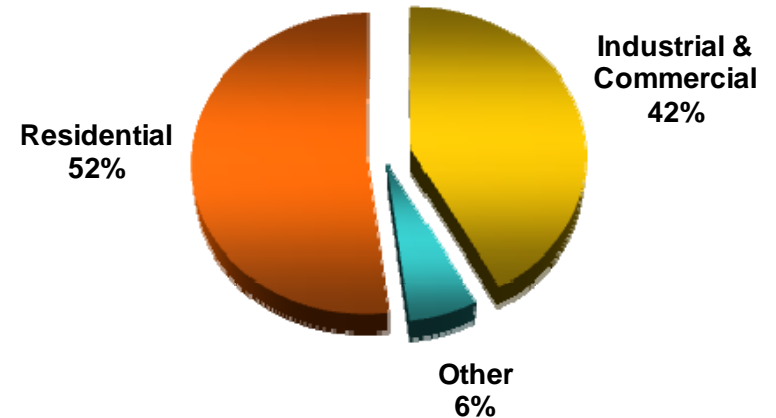
# Generac Business Overview



## About Generac –

- Founded in **1959**.
- A leading designer and manufacturer of a wide range of **generators** and **other engine powered products** serving residential, light commercial, industrial and construction markets.
- Products are **available through a broad network** of independent dealers, retailers, wholesalers and equipment rental companies.
- Products marketed and distributed primarily under the **Generac** and **Magnum** brand names.
- Approx **1,900 employees** at 9/30/2011, including Magnum.
- Over **1.2 million ft<sup>2</sup>** of manufacturing and distribution capacity located in **Wisconsin**.

9/30/11 LTM Sales  
(pro forma for Magnum):  
\$818mm








# Broad Product Offering



## Residential Products

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

## Industrial Products

	Product	End Markets Served
	<b>Light Towers</b>	Temporary lighting for construction
	<b>Mobile Generators</b>	Temporary power for construction, special events
	<b>Mobile Pumps</b>	De-watering for construction sites & flood water removal
	<b>Commercial Stationary Generators</b>	Emergency backup – small to mid-sized retail, telecom, municipal
	<b>Industrial Stationary Generators</b>	Emergency backup – large healthcare, telecom, municipal, manufacturing

# Differentiated Distribution Model



## Residential & Lt. Commercial Distribution:

● = Over 4,000 Res/Comm Dealers

## Commercial & Industrial Distribution:

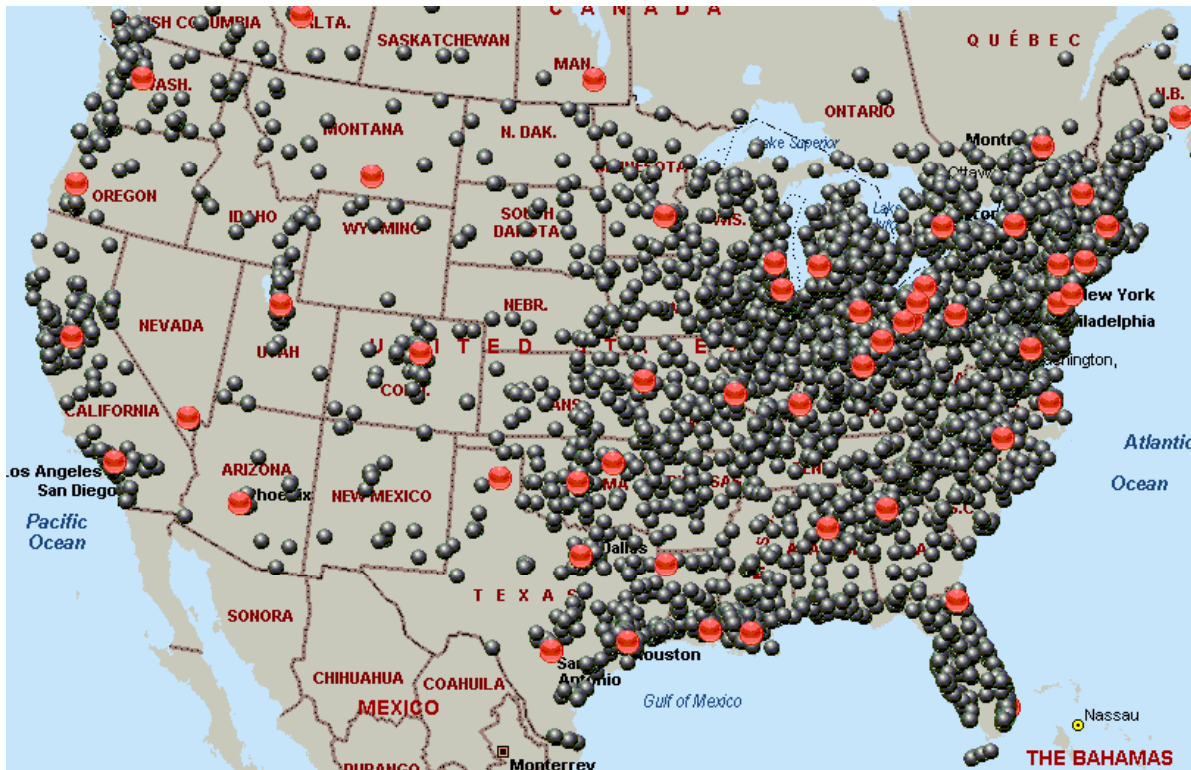
● = ~50 Industrial Dealers

National Retailers

Wholesalers

Catalog and E-Commerce

Private Label Partners



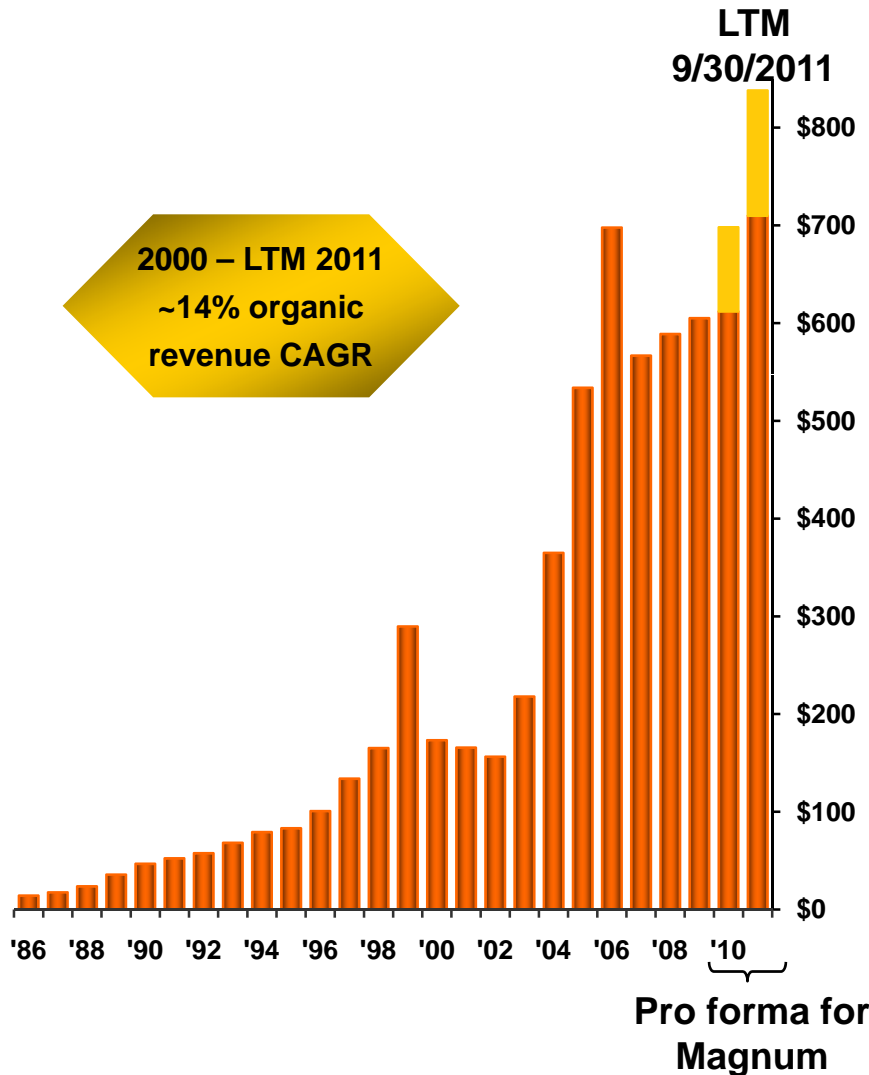
Direct to National Accounts

Equipment Rental Yards

Gov't and Military

Established and diverse distribution model = growth driver & competitive advantage

# Track Record of Innovation and Growth



## History of Generac Innovation

- Commercialized affordable home standby generators and light-commercial generators
- Differentiated distribution model
- Over 130 engineers on staff as of 9/30/11
- Continued focus on product development
- Natural gas and Bi-Fuel™ expertise
- Modular power system (MPS) approach for industrial applications

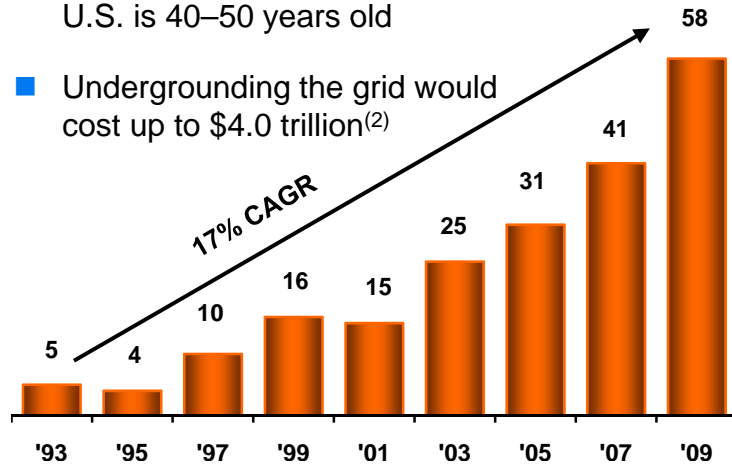
Note: Represents gross sales excluding freight revenue. Excludes "Portable Product" sales prior to the division's divestiture in 1998. \$ amounts in millions. 2010 and LTM Pro Forma amounts include preliminary Magnum results, assuming the transaction was completed on first day of 2010 period.

# Powerful Macro Trends Drive Home Standby Penetration Opportunity



## Aging Grid driving Power Interruptions<sup>(1)</sup>

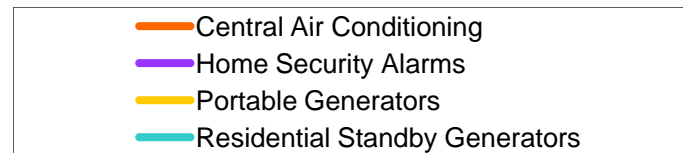
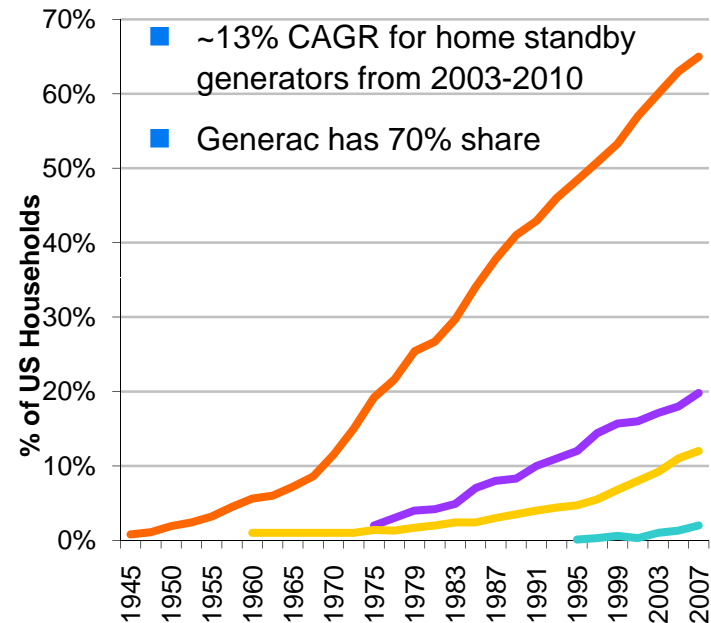
- 30–50% of T&D network in the U.S. is 40–50 years old
- Undergrounding the grid would cost up to \$4.0 trillion<sup>(2)</sup>



## Aging Population fits Demographic

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

## North American Penetration Opportunity



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

(1) Source: North American Electrical Reliability Council. Affecting more than 50,000 customers.

(2) At \$1mm/mile.

# Commercial Penetration and Industrial Market Share Opportunities



## Commercial and Industrial Macro Drivers

- Grid reliability and increasing costs from outages driving emergency backup power needs
- Industrial standby generator market driven by new construction and retrofit of infrastructure projects, mission critical, and other code driven applications
- Commercial market driven more by optional standby applications – ROI is critical
- Mobile product demand driven by commercial and road construction, energy, and government agency spending on temporary lighting and power needs
- Timing & magnitude of capital spending plans for national account customers has impact

## Generac Delivering Cost Effective & Innovative Solutions



Natural gas engine technology



Gaseous fueled generator solutions



Mobile generator solutions



Bi-Fuel technology



Gemini technology



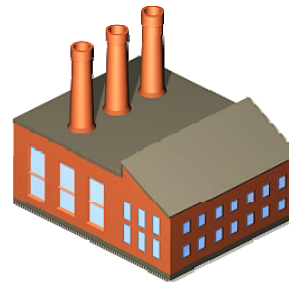
Modular Power technology





## ***Grow Residential Standby Generator Market***

- *Awareness*
- *Availability*
- *Affordability*



## ***Gain Industrial Market Share***

- *Upgrade distribution*
- *Build relations w/ specifying engineers*
- *Expand product offering*



## ***Diversify End Markets with new products and services***

- *Leverage brand*
- *Leverage distribution*
- *Leverage supply chain*



## ***Enter New Geographies***

- *Resource sales effort*
- *Build distribution*
- *Focus on natural gas products*
- *Leverage Magnum distribution*

# Acquisition of Magnum Products business



## Fast Facts –

- Acquired on October 3, 2011; \$80mm purchase price w/ modest earn-out; funded w/ cash on balance sheet
- Founded in 1988; located in Berlin, WI with 330 employees and over 200,000 ft<sup>2</sup> in manufacturing & distribution space
- Leading manufacturer of light towers, mobile generators and pumps sold to rental centers, independent dealers and government agencies
- Strong customer relationships and brand reputation built on superior customer service and support

## Strategic Rationale –

- Broadens Generac's Industrial product offering
- Adds new sales channels and end markets
- Leverages Generac global sourcing and manufacturing
- Attractive ROI and strong utilization of cash



Magnum Family of Light Towers



Magnum MMG55 49 kW Mobile Diesel Generator



Magnum MMG55FH Flip Hood 52 kW Mobile Diesel Generator



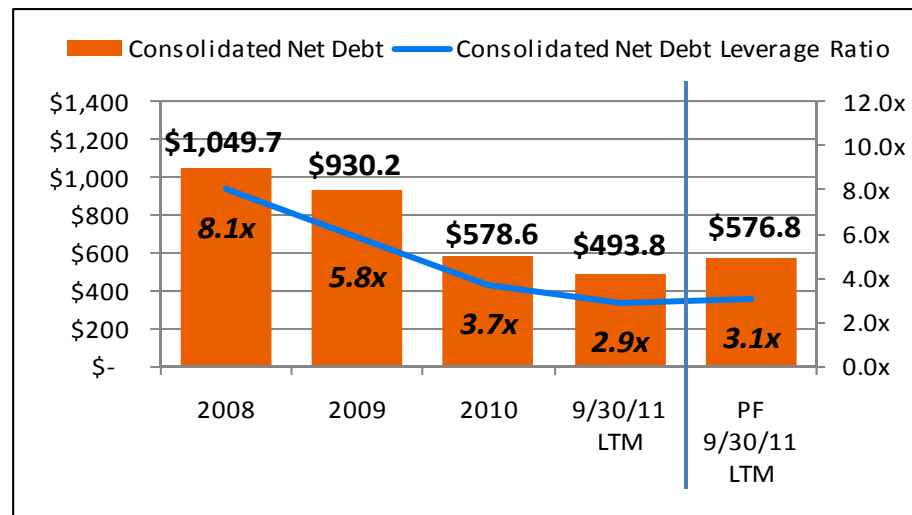
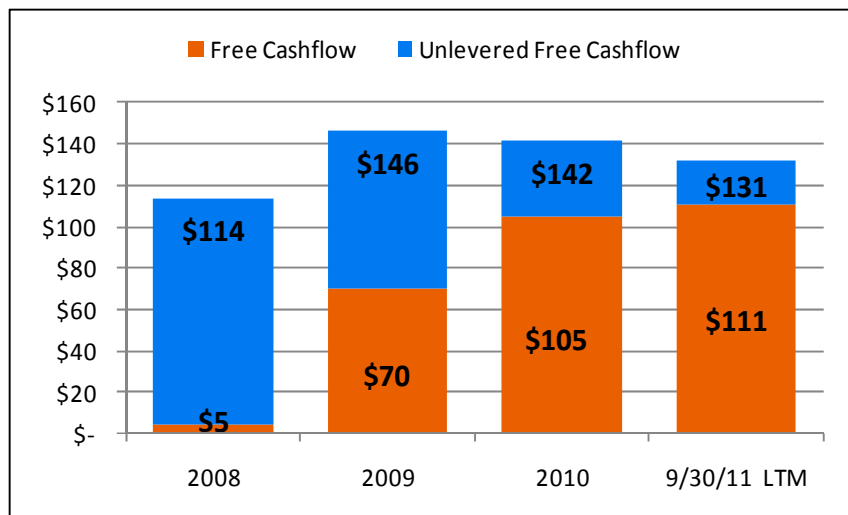
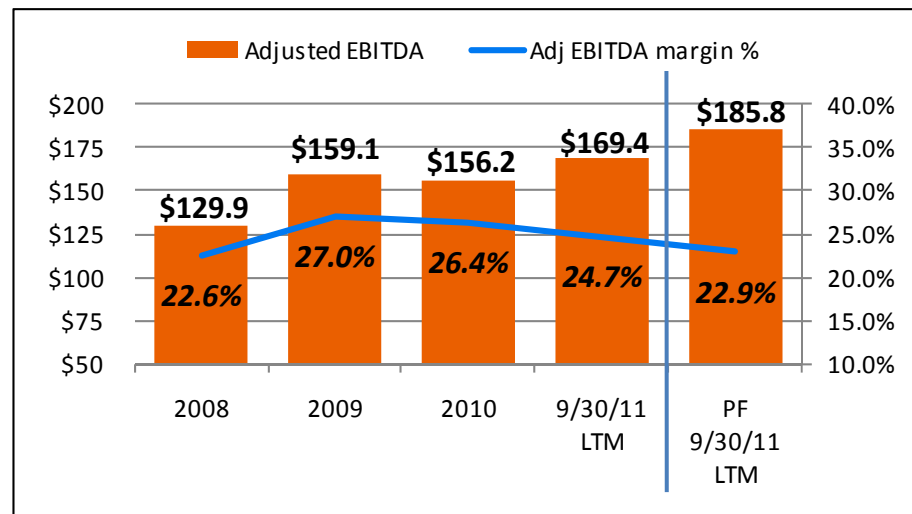
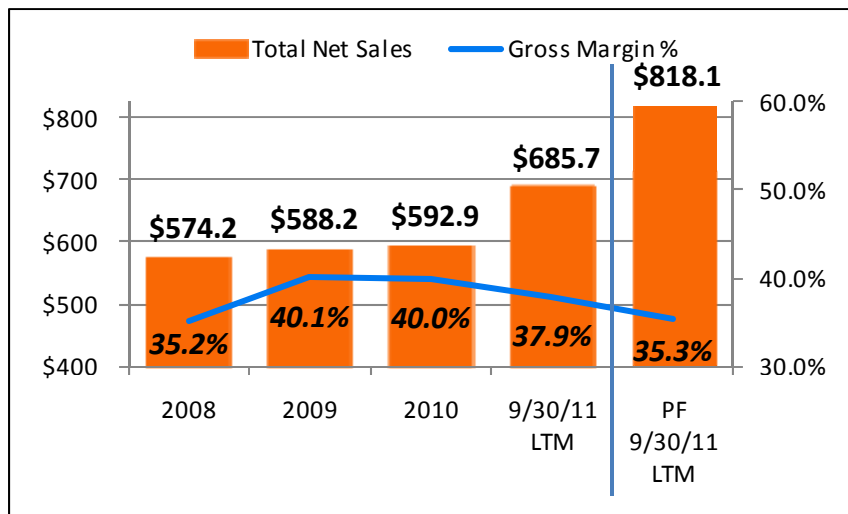
Magnum MLG20 Diesel Generator



MTP 4000D Dry Prime Pump

Aligns with three objectives of the “Powering Ahead” strategic plan

# Financial Summary



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

\* Pro Forma 9/30/2011 LTM amounts include preliminary Magnum results, assuming the transaction was completed on first day of LTM period.



## Key Investment Highlights



- Powerful long-term industry fundamentals – aging and underinvested grid coupled with an aging and electrically dependent population
- Industry leader in large, underpenetrated residential standby generator market
- Significant penetration and market share opportunities in commercial and industrial stationary standby generator market
- Market leader in light towers with growing share opportunity for mobile generators
- Strong culture of product innovation and value engineering
- Lean manufacturing and global sourcing capabilities drive industry leading cost position
- Unmatched multi-channel distribution network creates diverse customer base and sustainable competitive advantages
- Best-in-class profitability and cash flow generation provide stability and support organic and acquisition oriented growth
- Disciplined use of cash focused on delivering shareholder value



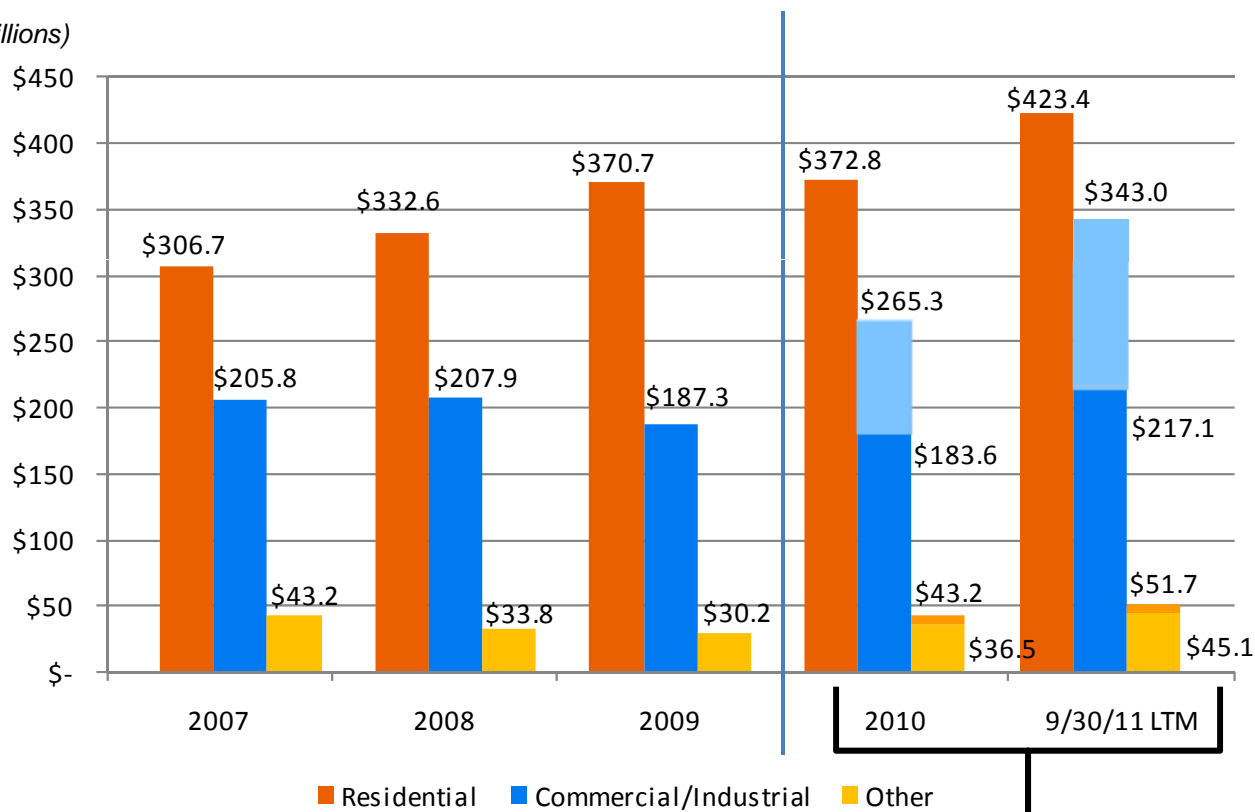
**Appendix**

# Net Sales by Product Class



## Net Sales by Product Class

(\$ in millions)



**Pro Forma for  
Magnum**

2010 and LTM Pro Forma amounts include preliminary Magnum results, assuming the transaction was completed on first day of 2010 period.

# Favorable Tax Attributes



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

- \$1.8 billion asset basis step-up created at 2006 acquisition
  - Amortizes over 15 years
  - Reduces cash tax obligation by approximately \$47mm per year through 2020
- Current NOL balance of \$166mm as of December 31, 2010 provides cash benefit of up to \$58mm

(\$ mm)	Total	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Annual tax amortization	\$1,322	\$122	\$122	\$122	\$122	\$122	\$122	\$122	\$122	\$122	\$122	\$102
Cash tax savings <sup>(1)</sup>	\$509	\$47	\$47	\$47	\$47	\$47	\$47	\$47	\$47	\$47	\$47	\$39
Cash tax savings of NOLs <sup>(2)</sup>	\$58											
<b>Grand total</b>	<b>\$567</b>											

**Results in present value tax savings of approximately \$350-440mm<sup>(3)</sup>**

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

(2) Calculated at a 35.0% federal tax rate on the \$166mm of federal NOL carry forward balance as of December 31, 2010.

(3) Based on annual discount rate of 5-10%; includes both amortization of intangibles and NOL's.

# Q3 2011 & LTM Financial Overview

(\$ in millions)

	<u>Actual Q3 2011</u>	<u>Y/Y % Change</u>	<u>Actual LTM 9/30/11</u>	<u>Y/Y % Change</u>
Residential	\$ 162.1	60.5%	\$ 423.5	13.1%
Industrial	63.1	27.4%	217.1	23.4%
Other	14.1	39.1%	45.1	28.0%
Net Sales	<u>\$ 239.3</u>	49.0%	<u>\$ 685.7</u>	17.1%
Gross Profit	\$ 88.7	31.6%	\$ 260.0	11.1%
<i>% Margin</i>	37.0%		37.9%	
Adjusted EBITDA	\$ 61.6	34.7%	\$ 169.4	7.5%
<i>% Margin</i>	25.7%		24.7%	
Net Income	\$ 37.4	62.5%	\$ 76.1	51.5%
Adjusted Net Income	\$ 50.6	37.8%	\$ 128.2	17.7%
Adjusted EPS	\$ 0.75	36.4%	\$ 1.90	N/M
Free Cash Flow	\$ 60.0	70.4%	\$ 110.6	3.7%
Consolidated Net Debt			\$ 493.8	(18.1%)
Consolidated Net Debt Leverage Ratio			2.9x	



- Residential product sales: expect over 30% y/y increase
- Commercial & Industrial product sales: expect roughly flat organic growth versus prior year
- Magnum: expect \$25 - \$30 million in revenues; \$0.03 - \$0.04 in adjusted diluted earnings per share
- Gross margins:
  - Excluding Magnum, expect sequential improvement from third quarter 2011
  - Magnum mix expected to reduce total company gross margin by approx 250 bpts in Q4 2011. Expected to improve in 2012 as cost synergies are implemented.

# Adjusted EBITDA Reconciliation



(\$ in millions)

	2007	2008	2009	2010
<b>Reported net income</b>	<b>(\$9.7)</b>	<b>(\$556.0)</b>	<b>\$43.1</b>	<b>\$56.9</b>
Interest expense	125.4	108.0	70.9	27.4
Depreciation and amortization	53.8	54.8	59.7	59.4
Income taxes provision (benefit)	(0.6)	0.4	0.3	0.3
Non-cash impairment and other charges	5.3	585.6	(1.6)	(0.3)
Non-cash stock-based compensation expense	0.0	0.0	0.0	6.4
Write-off of deferred financing costs related to debt extinguishment	0.0	0.0	0.0	4.8
Transaction costs and credit facility fees	1.0	1.3	1.2	1.0
Non-cash gains	(18.8)	(65.4)	(14.7)	0.0
Other items per credit agreement	1.7	1.2	0.2	0.4
<b>Adjusted EBITDA</b>	<b>\$158.1</b>	<b>\$129.9</b>	<b>\$159.1</b>	<b>\$156.2</b>

# Adjusted EBITDA Reconciliation



(\$ in thousands)

Net income to Adjusted EBITDA Reconciliation	Three Months Ended September 30,		Nine Months Ended September 30,	
	2011 (unaudited)	2010 (unaudited)	2011 (unaudited)	2010 (unaudited)
Net income	\$ 37,379	\$ 22,998	\$ 57,512	\$ 38,300
Interest expense	5,895	6,540	17,830	20,752
Depreciation and amortization	14,111	15,011	41,634	44,522
Income taxes provision	126	78	306	237
Non-cash impairment and other charges	1,402	(781)	2,006	(217)
Non-cash share-based compensation expense	1,745	1,675	5,462	4,634
Write-off of deferred financing costs related to debt extinguishment	-	-	186	4,180
Transaction costs and credit facility fees	835	183	1,266	850
Other	74	9	465	245
Adjusted EBITDA	\$ 61,567	\$ 45,713	\$ 126,667	\$ 113,503

# Adjusted Net Income & Free Cash Flow Reconciliations

**GENERAC**

(\$ in thousands)

Net income to Adjusted net income reconciliation	Three Months Ended September 30,		Nine Months Ended September 30,	
	2011 (unaudited)	2010 (unaudited)	2011 (unaudited)	2010 (unaudited)
Net income	\$ 37,379	\$ 22,998	\$ 57,512	\$ 38,300
Provision for income taxes	126	78	306	237
Income before provision for income taxes	37,505	23,076	57,818	38,537
Amortization of intangible assets	11,987	13,063	35,570	38,745
Amortization of deferred loan costs	495	569	1,491	1,870
Costs related to pending acquisition	601	-	601	-
Write-off of deferred financing costs related to debt extinguishment	-	-	186	4,180
Adjusted net income before provision for income taxes	50,588	36,708	95,666	83,332
Cash income tax expense	(35)	(10)	(315)	(320)
Adjusted net income	\$ 50,553	\$ 36,698	\$ 95,351	\$ 83,012
<b>Free Cash Flow Reconciliation</b>	<b>Three Months Ended September 30,</b>		<b>Nine Months Ended September 30,</b>	
	<b>2011</b> (unaudited)	<b>2010</b> (unaudited)	<b>2011</b> (unaudited)	<b>2010</b> (unaudited)
Net cash provided by operating activities	\$ 61,031	\$ 36,476	\$ 89,015	\$ 83,121
Expenditures for property and equipment	(1,057)	(1,289)	(4,461)	(4,324)
Free Cash Flow	\$ 59,974	\$ 35,187	\$ 84,554	\$ 78,797