

**Baird 2016 Global
Industrial Conference**
November 8, 2016



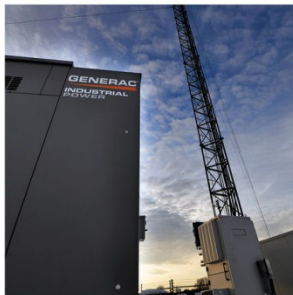
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Forward Looking Statements



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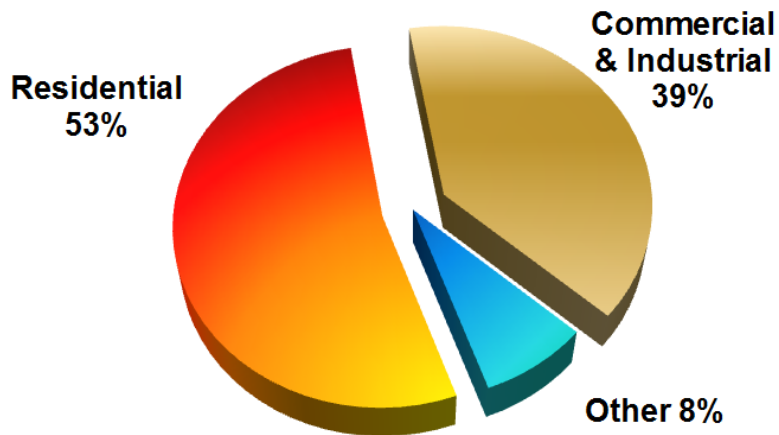
Should one or more of these risks or uncertainties materialize, Generac's actual results may vary in material respects from those projected in any forward-looking statements. A detailed discussion of these and other factors that may affect future results is contained in Generac's filings with the Securities 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.

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 and industrial

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

2016 LTM Sales: \$1.385 billion

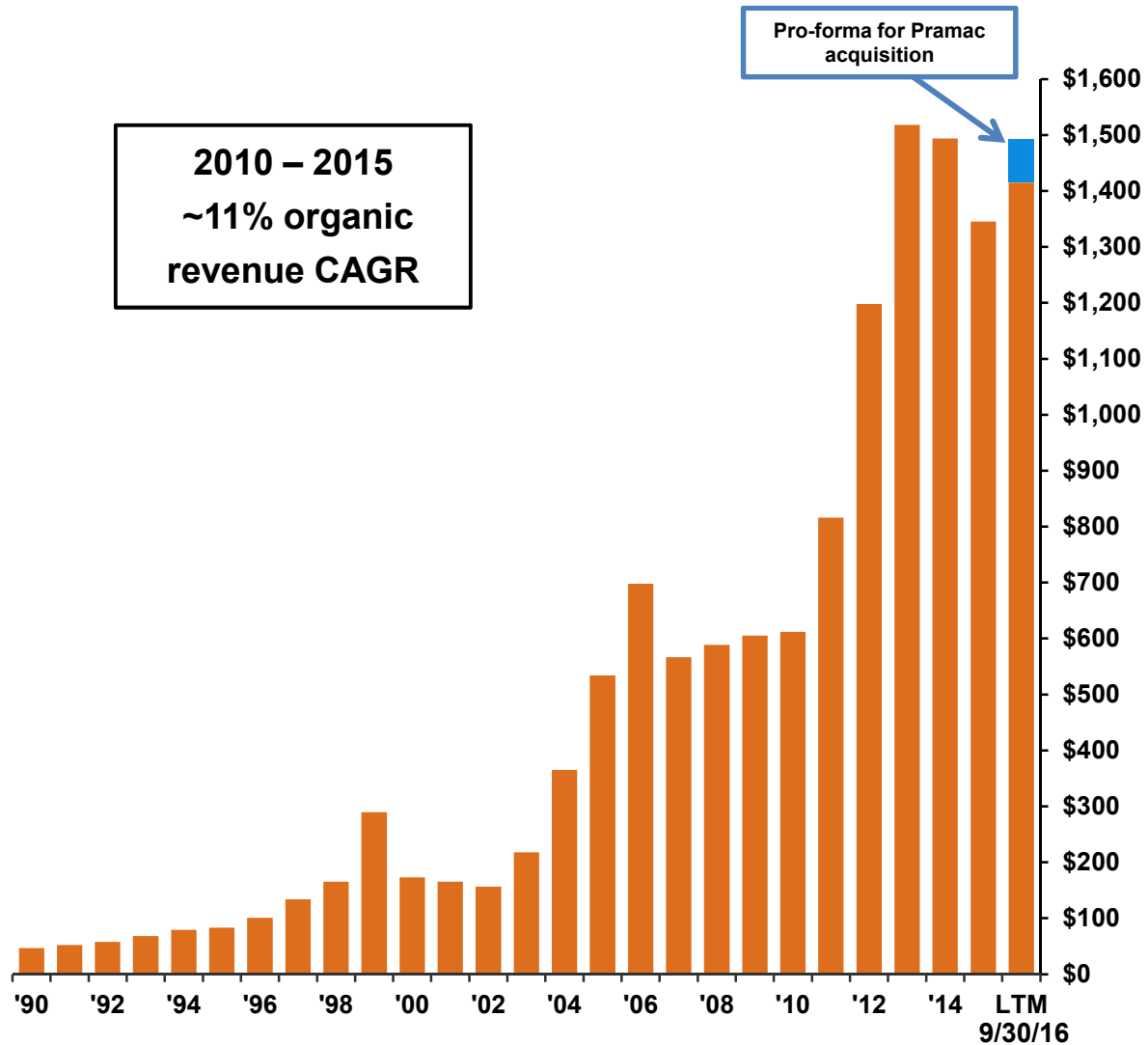


Global manufacturing, distribution, fulfillment and commercial footprint with 25 facilities located in the **U.S., Latin America, Europe and Asia.**

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



**2010 – 2015
~11% organic
revenue CAGR**

Pro-forma for Pramac acquisition

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.

Advancing Our “Powering Ahead” Strategy



DRIVE CONTINUED INCREASE IN THE PENETRATION RATE OF HOME STANDBY GENERATORS

- 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 & innovation



EXPANSION OF C&I PRODUCTS FAVORABLY POSITIONS TO CONTINUE GAINING MARKET SHARE

- Leverage expanded 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



NEW! CAPITALIZE ON OUR COMPETITIVE ADVANTAGES WITH GASEOUS-FUELED PRODUCTS

- Leverage deep technical capabilities for gaseous-fueled products
- Capitalize on faster-growing natural gas generator market vs. diesel
- Explore new gaseous-generator related market opportunities
- Natural gas viewed more favorably as a cleaner fuel



NEW! GROWING OUR GLOBAL BUSINESS AND REALIZING GREATER SUCCESS THROUGH OUR INVESTMENTS

- Leverage global footprint to serve over \$13B annual market outside of U.S. & Canada
- Improve margins by executing on several revenue and cost synergies
- Drive organic growth in existing markets with additional investment and focus, including gaseous-fueled products opportunity
- Expand into additional regions through organic means and acquisitions



EXCELLENCE THROUGH

Customer First

• Our People

• Continuous Improvement

• Core Technology Leadership

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



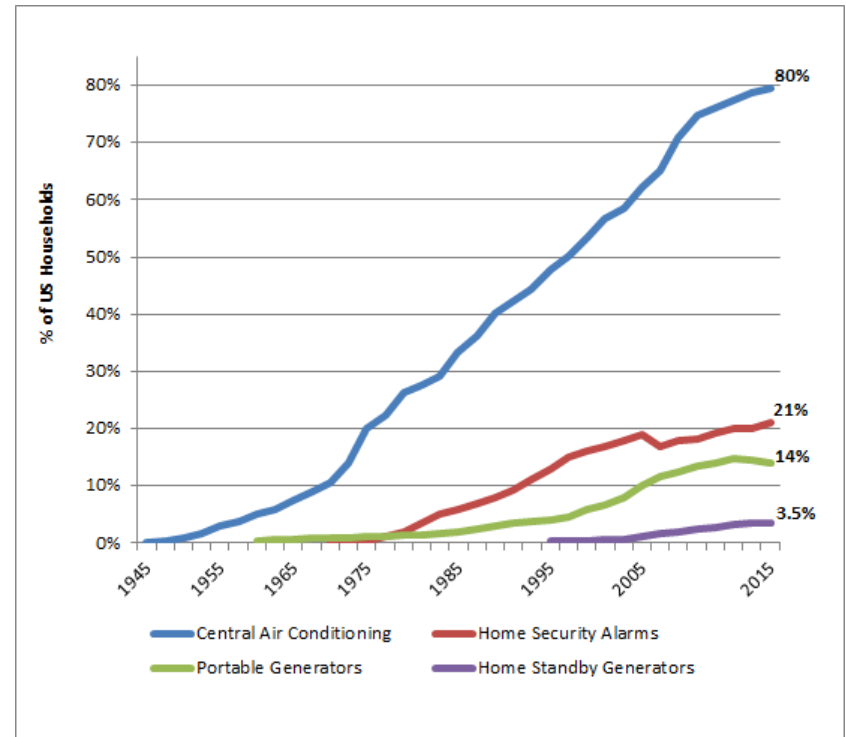
Portable & Inverter Generators

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⁽¹⁾



(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⁽²⁾

- ~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⁽¹⁾



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⁽²⁾

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

- Temporary lighting, power, heating and de-watering

Mobile Generators

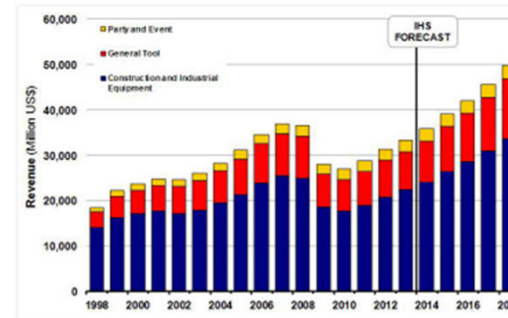
- Construction, energy, special events, road development, airlines and other general rental markets

Heaters & Pumps

- Rental equipment companies a key channel

Mobile Equipment - Rental vs. Buy

Total U.S. Equipment Rental Revenue



Source: ARA Rental Market Monitor, IHS Economics - July 2016 forecast

- Overall industry projected to grow at ~ 5% CAGR from 2016-20
- Construction and industrial projected to grow at a similar level

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

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⁽¹⁾



(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



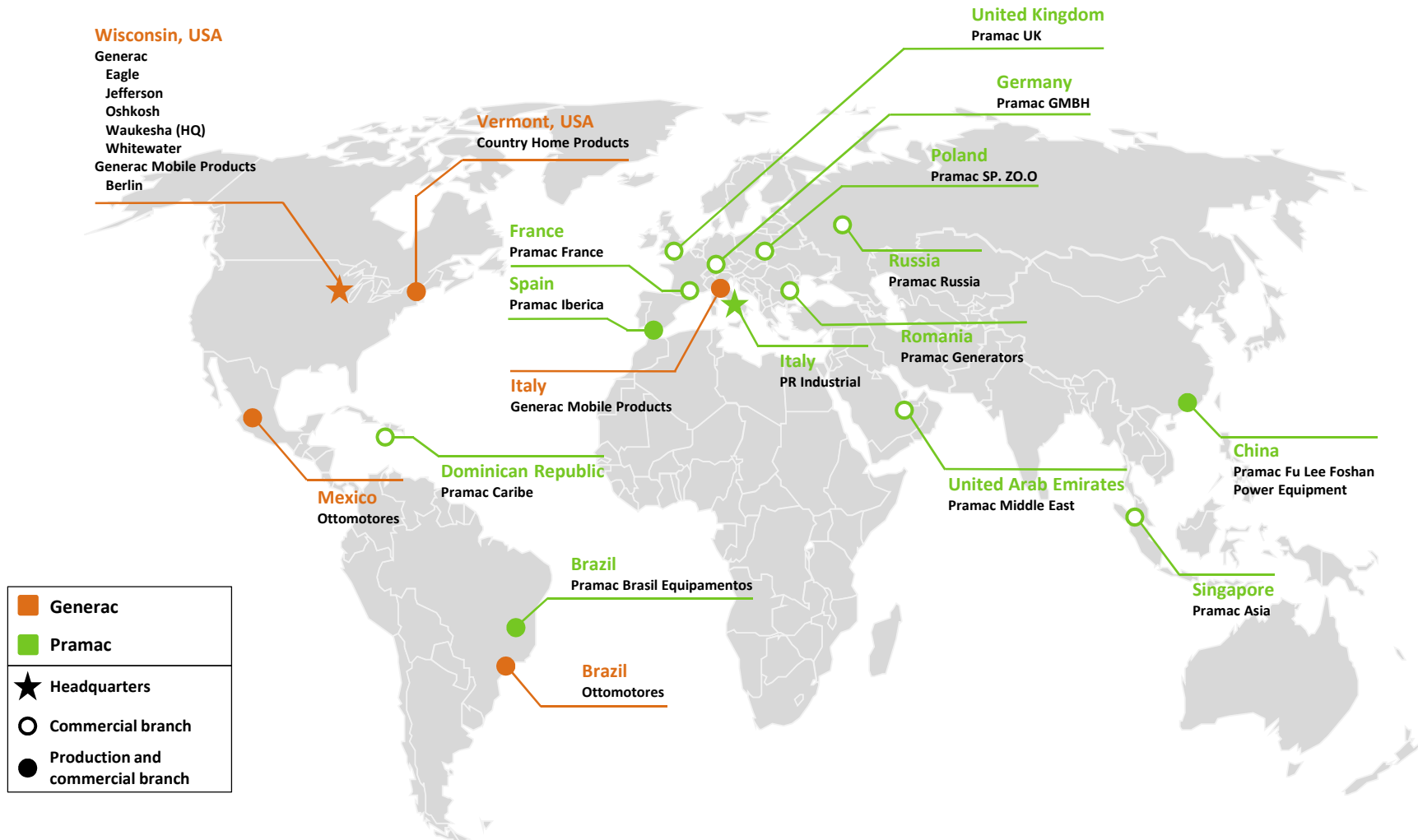
Mar 2016



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

RESIDENTIAL AND C&I DEALER NETWORK

- International network of over 6,000 dealers
- Legacy Generac domestic network
 - ~5,400 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



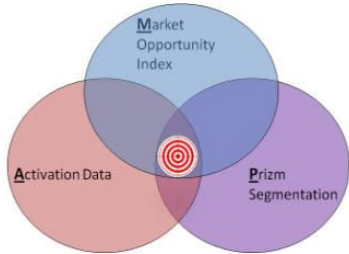
Significant Omni-Channel Distribution Creates Barriers to Entry

Innovative Sales and Marketing Tools



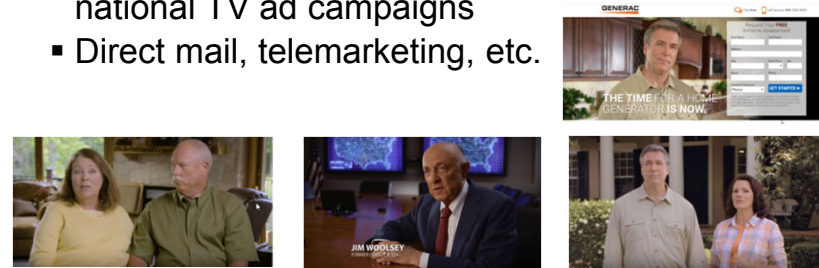
Finding the most “likely” prospect

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



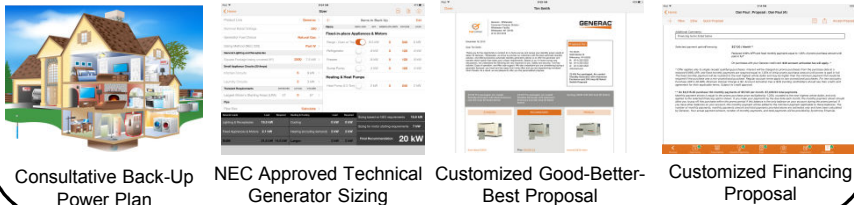
Driving optimized media selection

- “Power You Control” infomercial and other 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



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

2016 Business Outlook

As reported on October 26, 2016



Consolidated net sales: *increase between 9 to 10%; core organic sales decline between 8 to 9%*

- **Residential products:** increase in the low-to-mid teens range (due to CHP acquisition), with an organic increase in sales in the flat-to-low-single digit range (despite ongoing HSB market declines in the Northeast)
- **C&I products:** increase in the low-single digit range (due to Pramac acquisition), with organic net sales down in the low-to-mid 20% range (continued weakness in oil & gas markets, low capital spending from telecom customers, soft non-resi bid-spec market, deferral of capex by key rental equipment customers internationally)

Adjusted EBITDA margins: *approximately 19.5%*

Cash income taxes:

- **Cash tax rate for full-year 2016:** anticipated to be *approximately 8.5%* 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 ~\$200 million for the full year

Generac (GNRC)

Investment Highlights



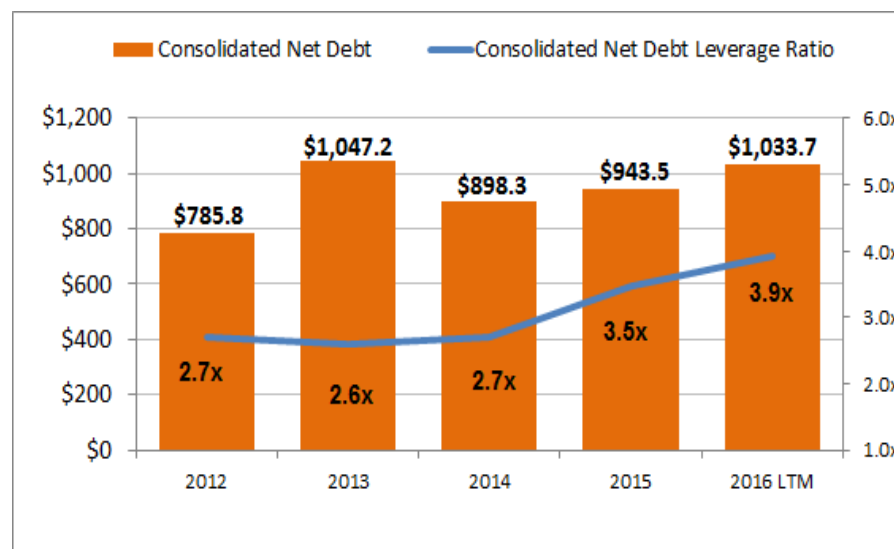
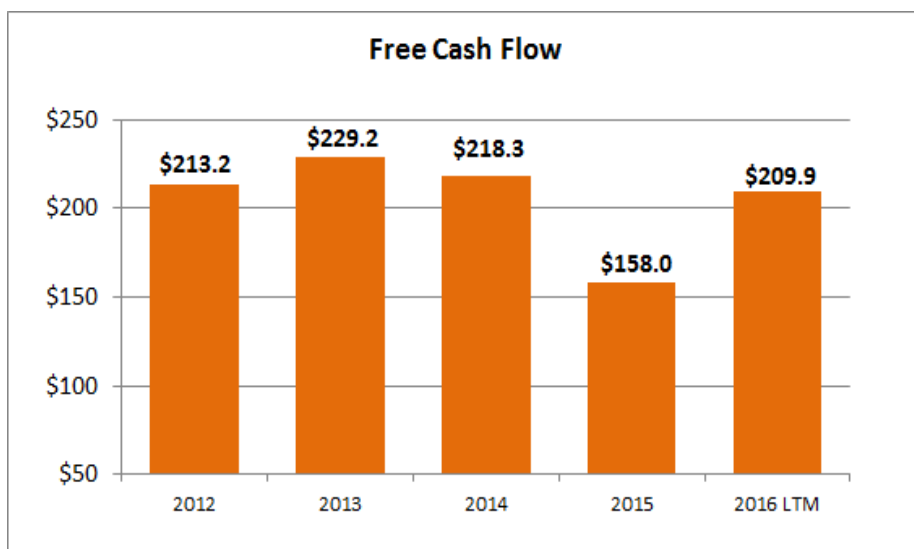
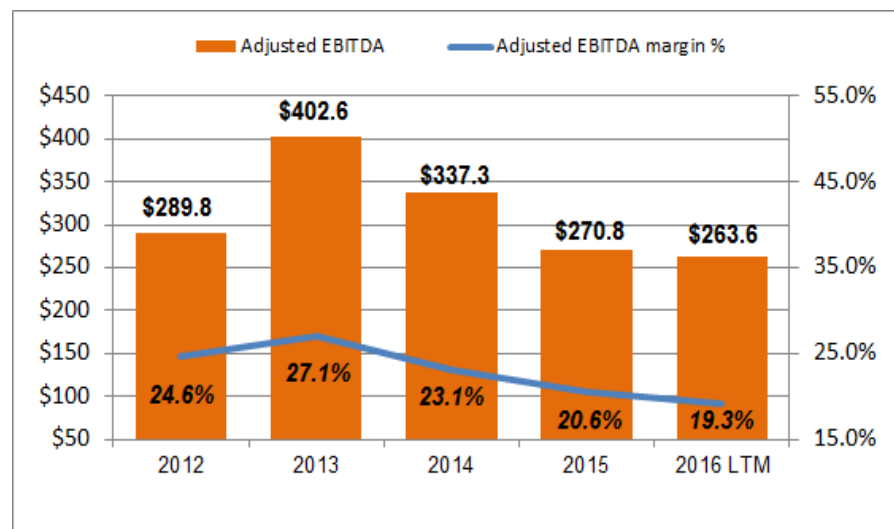
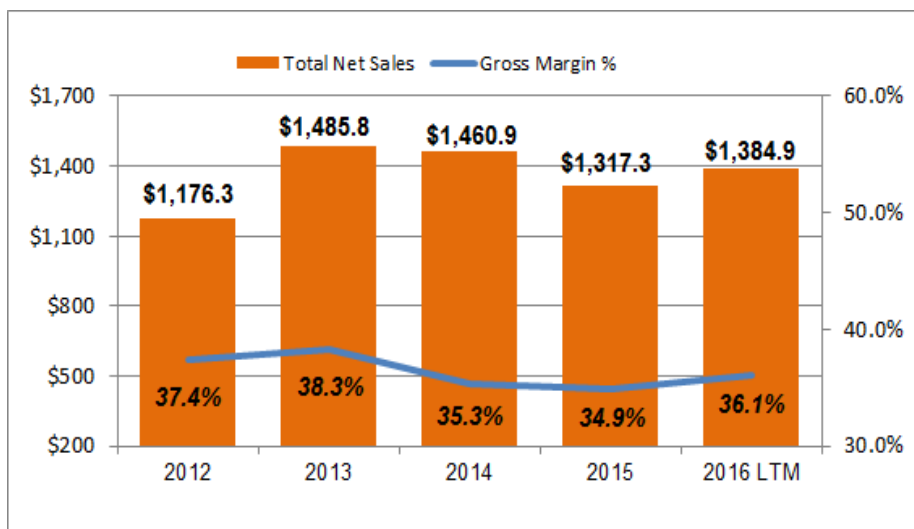
Best in class organic revenue growth	<ul style="list-style-type: none"> ■ ~ 11% CAGR in organic revenue over the last 5 years (2010-2015) ■ Low penetration in key markets, especially home standby market at only ~3.5% penetrated with every 1% increase representing ~ \$2 billion market opportunity ■ Key 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	<ul style="list-style-type: none"> ■ ~ 75% share of domestic home standby market ■ Expanding global distribution network – with unmatched domestic multi-channel distribution led by ~ 5,400 residential & light commercial dealers ■ Exclusive focus on power generation and engine powered products ■ Considerable sourcing and manufacturing scale
Superior financial profile	<ul style="list-style-type: none"> ■ GMs over past five years in the mid-to-high-30% range, EBITDA margins in low-to-mid-20% range ■ Favorable tax structure worth an estimated \$3.00 to \$3.75 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	<ul style="list-style-type: none"> ■ Proven track record in completing strategic acquisitions and introducing new products ■ Significant international market opportunity – 10% of 2015 revenue outside of U.S. and Canada, over 20% on a pro-forma basis with Pramac acquisition ■ Expanding and globally diverse manufacturing and commercial footprint

Leading “Industrial Technology” Company

APPENDIX



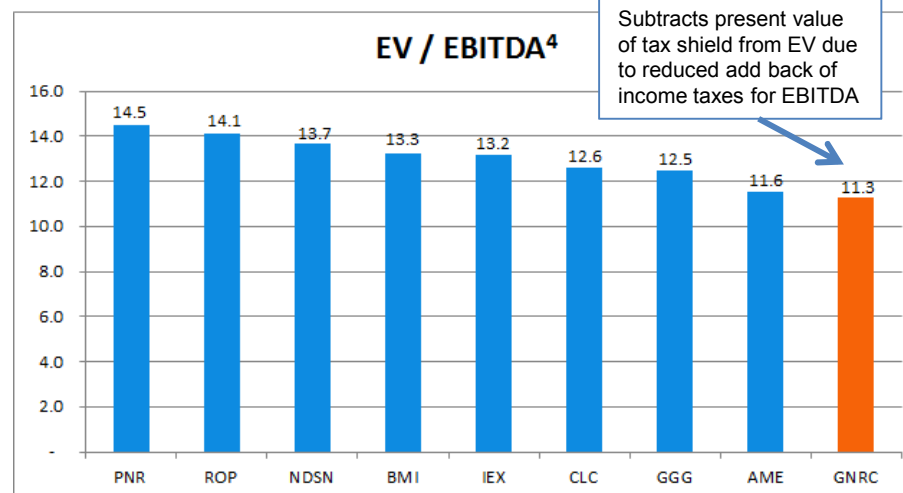
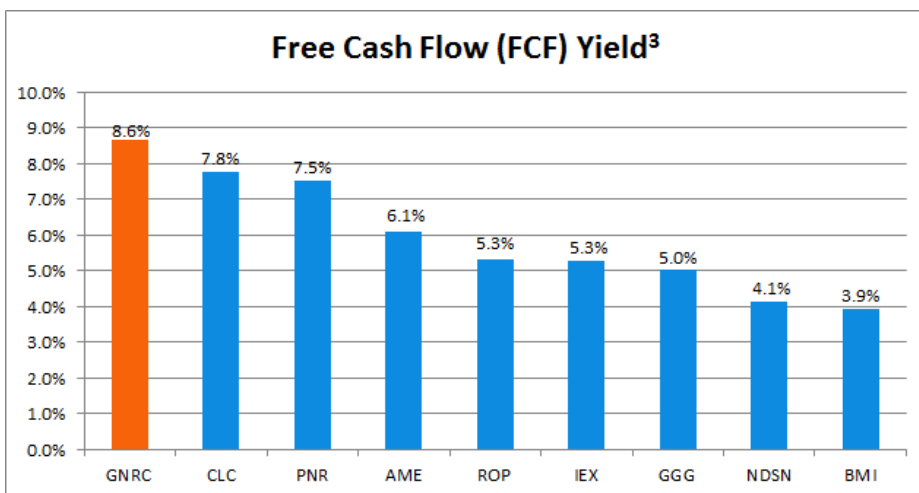
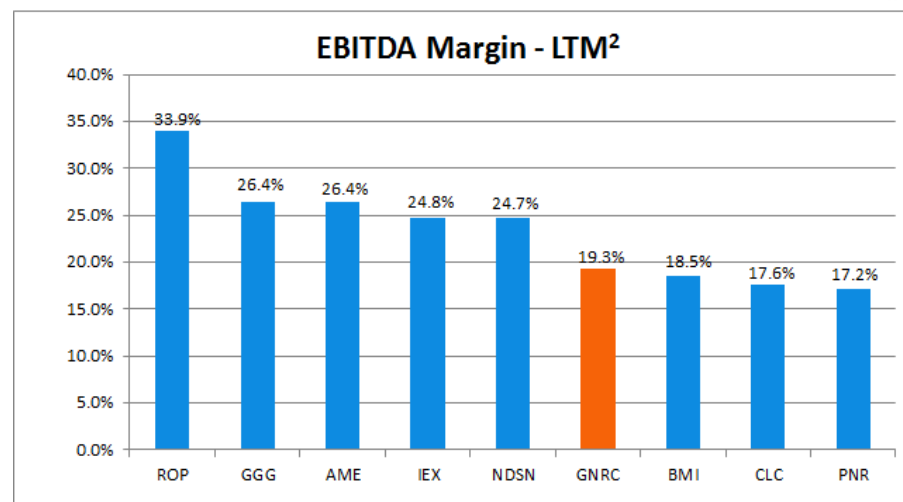
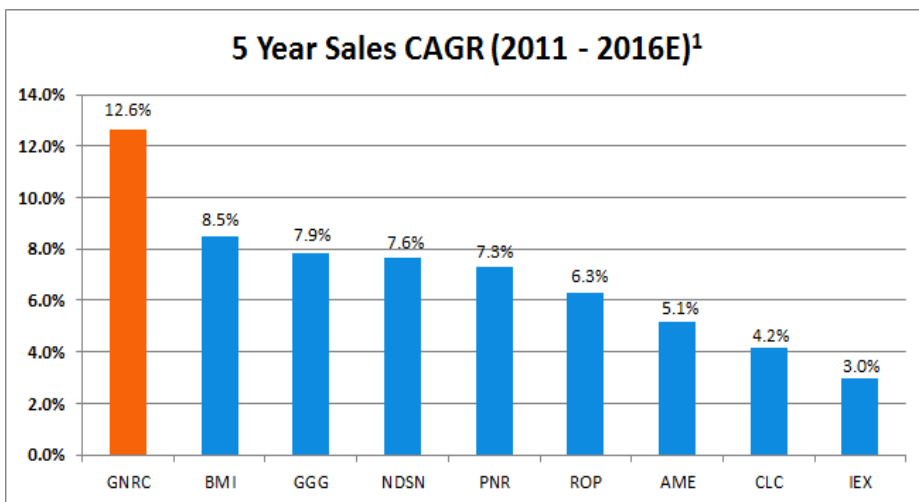
Financial Summary



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 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 LTM calculated using adjusted EBITDA before deducting for non-controlling interest.

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 November 2, 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.

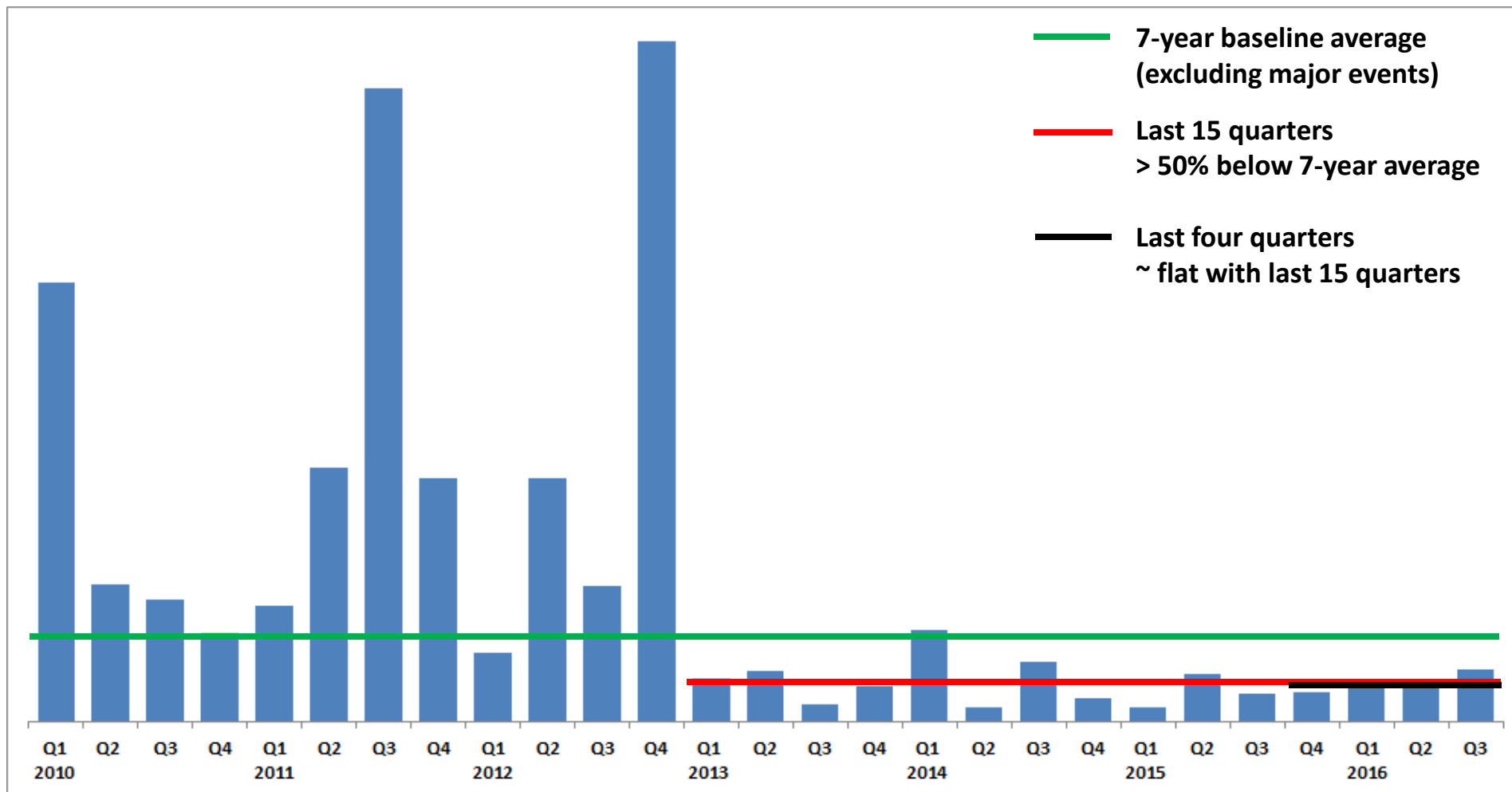
Financial Policy

Priority Uses of Capital



		Historical	Expected
1	Continue to invest in business	~ 11% CAGR organic revenue over past 5 years (2010-2015)	<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 credit agreement leverage target of 2-3X EBITDA (while meeting Excess Cash Flow payment requirements per Credit Agreement)	<ul style="list-style-type: none"> Credit agreement leverage ratio*: 3.9X at end of Q3 2016 Recently amended credit agreement to extend term to 2023 <p>* Net debt calculation places a cap on cash</p>	<ul style="list-style-type: none"> Comfortable with current leverage metrics at current cost of TLB debt of 3.5% 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"> Nine acquisitions completed since 2011 	<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 \$200 million share repurchase program completed Sept 2016 \$250 million additional program authorized in October 2016 	<ul style="list-style-type: none"> As future cash flow permits, may consider further return of capital to shareholders

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⁽¹⁾	\$301	\$50	\$50	\$50	\$50	\$50	\$41	\$10

Results in present value tax savings of ~ \$200-\$250 million⁽²⁾ 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%

Comparison - Tesla Powerwall 2



Standalone Backup Power Comparison – Battery vs. HSB generator

	Tesla Powerwall battery	Generac Guardian HSB generator
Size	14 kWh	22 kW
Backup power duration	3 to 11 hrs. based on load	Unlimited
Power capacity - continuous	5.0 kW	22.0/19.5 kW LP/NG
Power capacity - peak	7.0 kW	22.0/19.5 kW LP/NG
House backup potential	Limited appliances ⁽¹⁾	Whole house
Cost of unit	\$5,500 (retail price)	\$4,799 MSRP
Cost to install (approx.)	\$2,500	\$3,200
Total system cost (approx.)	\$8,000 (incl. unit markup)	\$8,000
Total system cost - 48 hrs. backup protection (approx.)	\$25,000 (requires 4 units - see below)	\$8,000



GENERAC
specifications

16/20/22 kW

Generator Model	006459-0, 006461-0, 006462-0 (16 kW)	006729-0, 006730-0 (20 kW)	006551-0, 006552-0 (22 kW)
Rated Maximum Continuous Power Capacity (LP)	16,000 Watts*	20,000 Watts*	22,000 Watts*
Rated Maximum Continuous Power Capacity (NG)	16,000 Watts*	18,000 Watts*	19,500 Watts*
Rated Voltage	240	240	240
Rated Maximum Continuous Load Current – 240 Volts (LP/NG)	66.6/66.6	83.3/75	91.6/81.3
Total Harmonic Distortion	Less than 5%	Less than 5%	Less than 5%
Main Line Circuit Breaker	65 Amp	90 Amp	100 Amp
Phase	1	1	1
Number of Rotor Poles	2	2	2
Rated AC Frequency	60 Hz	60 Hz	60 Hz
Power Factor	1.0	1.0	1.0
Battery Requirement (not included)	Group 26R, 12 Volts and 525 CCA Minimum		
Unit Weight (lb/kg)	513/232.7 (Steel): 448/203.2 (Aluminum)	516/234.1	526/238.6
Dimensions (L x W x H) in/mm	48 x 25 x 29/1218 x 638 x 732		
Sound output in dB(A) at 23 ft (7 m) with generator operating at normal load**	65	65	67
Sound output in dB(A) at 23 ft (7 m) with generator in Quiet-Test™ low-speed exercise mode**	60	60	58
Exercise duration	5 min	5 min	5 min

Inputs	Notes
Capacity of Powerwall battery (kWh)	14
Battery cost (to installer)	\$ 5,000
Markup on battery (approx.)	10% Battery cost to end user \$ 5,500
Inverter cost (N/A - included in unit)	\$ - Converts DC/AC, also serves as a charger/monitor and the intelligence/controls to the system
Professional install cost/other equipment (approx.)	\$ 2,500 Labor, permits, software and electrical equipment to wire out the circuits to be backed up
Installation cost increase per each add'l unit	10% Insufficient information available, this is an approximate estimate
Avg kW use per hour	1.25 National average is ~ 1.25 kW per hour
Duration of backup power desired (hours)	48 Assumes no other alternative energy source (e.g. solar panels)
Outputs	
Number of battery units needed	4.0 Per Tesla, limit is 9 units maximum to be installed together
Retail cost of battery units	\$ 22,000
Cost of installation	\$ 3,250
Total system cost - 48 hrs. backup protection	\$ 25,250

Technical Specs

Usable Capacity
13.5 kWh

Depth of Discharge
100%

Efficiency
90% round-trip

Power
7kW peak / 5kW continuous

Supported Applications
Solar self-consumption
Time of use load shifting
Backup
Off grid

Warranty
10 years

Scalable
Up to 9 Powerwalls

Operating Temperature
-4° to 122°F / -20°C to 50°C

Dimensions
L x W x D: 44" x 29" x 5.5"
(1150mm x 755mm x 155mm)

Weight
264.4 lb / 110 kg

Installation
Floor or wall mounted
Indoor or outdoor

Certification
UL and IEC certified
Grid code compliant

Tesla battery primarily serves different market than emergency backup power – More of a supplement to solar/peak-shaving applications

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(1) Electricity usage of some common household appliances: refrigerator – 4.8 kWh/day; clothes dryer – 3.3 kWh each use; clothes washer – 2.3 kWh each use
Sources: Generac, Tesla, U.S. Energy Information Administration, Company estimates

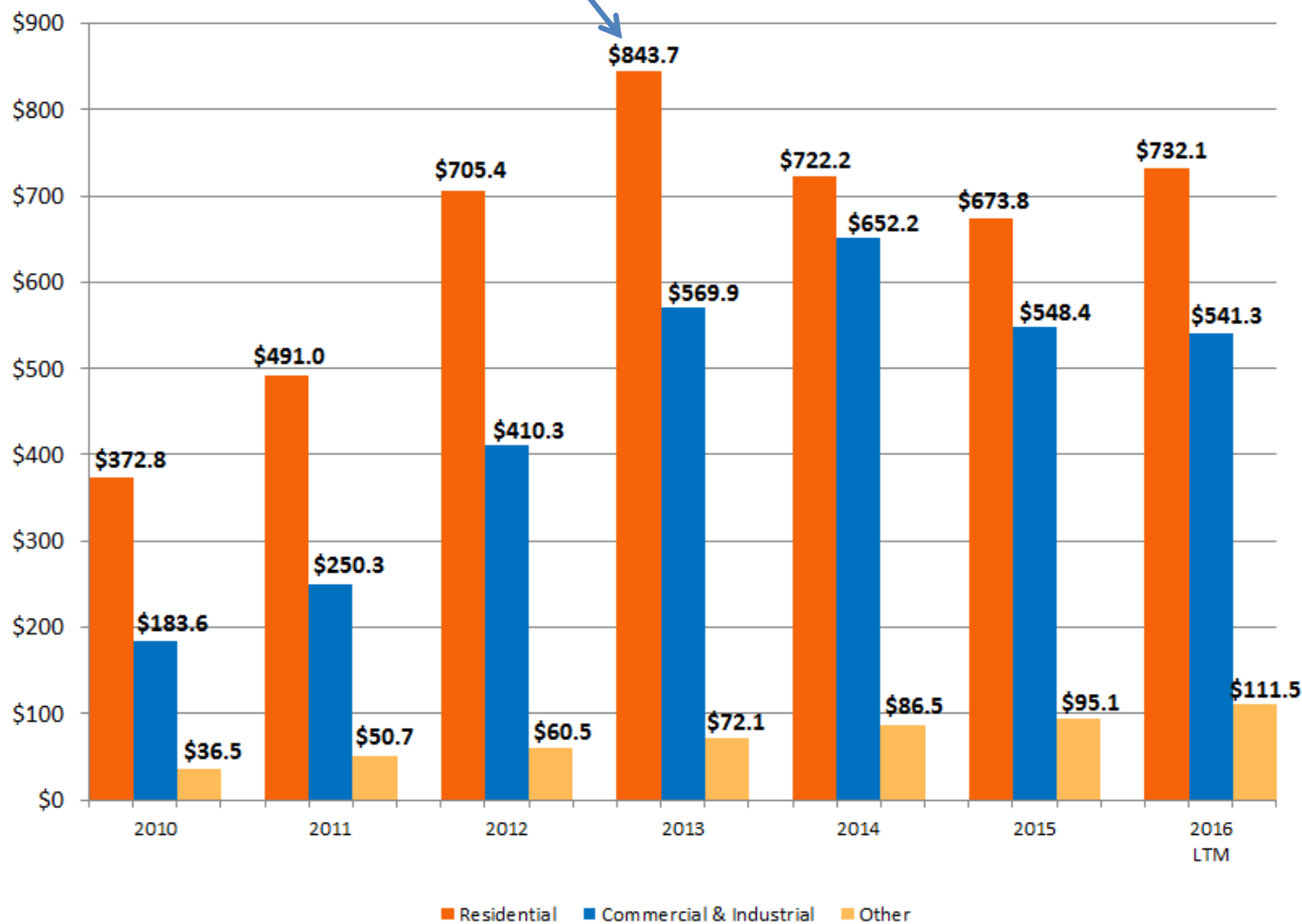
Net Sales by Product Class



(\$ in millions)

Includes ~\$140mm of excess backlog related to Superstorm Sandy

~9% organic sales CAGR for Residential Products since 2010



Q3 2016 & LTM Financial Overview



(\$ in millions)	Actual	Y/Y %	Actual	Y/Y %
	Q3 2016	Change	LTM Q3 2016	Change
	(unaudited)			
Residential	\$ 192.9	4.3%	\$ 732.1	9.2%
Industrial	149.7	1.0%	541.3	(10.0%)
Other	30.6	17.3%	111.5	21.6%
Net Sales	\$ 373.1	3.8%	\$ 1,384.9	1.6%
Gross Profit (1)	\$ 137.8	5.7%	499.9	5.7%
% Margin	36.9%		36.1%	
Adjusted EBITDA - GHI	\$ 72.1	(11.1%)	\$ 263.6	(6.8%)
% Margin (2)	19.5%		19.3%	
Net Income - GHI (3) (4)	\$ 26.2	(23.1%)	\$ 66.5	(43.7%)
Adjusted Net Income - GHI	\$ 53.2	(16.1%)	\$ 192.1	(4.5%)
Adjusted EPS - GHI	\$ 0.82	(10.8%)	\$ 2.89	0.3%
Free Cash Flow	\$ 41.4	40.8%	\$ 209.9	35.2%
Consolidated Net Debt			\$ 1,033.7	
Consolidated Net Debt Leverage Ratio			3.9x	

(1) LTM period 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 \$3.4 million of non-recurring expense related to a pre-tax purchase accounting inventory step-up adjustment related to Pramac.

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

(3) LTM period 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 \$2.7 million classified within cost of goods sold and \$4.4 million classified within operating expenses, along with a \$3.4 million of non-recurring expense related to a pre-tax purchase accounting inventory step-up adjustment related to Pramac classified in cost of goods sold.

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

Adjusted EBITDA Reconciliation



(\$ in millions)

	2012	2013	2014	2015	2016 LTM
Net income	\$ 93.2	\$ 174.5	\$ 174.6	\$ 77.7	\$ 66.3
Interest expense	49.1	54.4	47.2	42.8	44.3
Depreciation and amortization	54.2	36.8	34.7	40.3	51.9
Income taxes provision (benefit)	63.1	104.2	83.7	45.2	39.5
Non-cash write-down and other charges	0.2	0.1	(3.9)	44.6	49.3
Non-cash share-based compensation expense	10.8	12.4	12.6	8.2	9.2
Loss on extinguishment of debt	14.3	15.3	2.1	4.8	-
(Gain) loss on change in contractual interest rate	-	-	(16.0)	2.4	3.0
Transaction costs and credit facility fees	4.1	3.9	1.9	2.2	2.7
Other	0.7	1.0	0.3	2.4	0.4
Adjusted EBITDA	289.8	402.6	337.3	270.8	266.7
Adjusted EBITDA attributable to noncontrolling interests	-	-	-	-	(3.0)
Adjusted EBITDA attributable to Generac Holdings, Inc.	\$ 289.8	\$ 402.6	\$ 337.3	\$ 270.8	\$ 263.6

Adjusted EBITDA Reconciliation



(\$ in thousands)

Net income to Adjusted EBITDA reconciliation	Three months ended September 30,		LTM Ended September 30,	
	2016 (unaudited)	2015	2016	2015
Net income attributable to Generac Holdings, Inc.	\$ 26,183	\$ 34,036	\$ 66,461	\$ 117,955
Net income attributable to noncontrolling interests	171	-	112	-
Net income	26,012	34,036	66,349	117,955
Interest expense	11,299	10,210	44,316	44,045
Depreciation and amortization	14,900	10,597	51,916	38,745
Income taxes provision	15,514	19,218	39,526	56,328
Non-cash write-down and other charges	(1,093)	2,115	8,596	4,891
Non-cash share-based compensation expense	2,419	1,799	9,157	10,098
Tradenname and goodwill impairment	-	-	40,687	-
Loss on extinguishment of debt	-	-	-	5,043
(Gain) loss on change in contractual interest rate	2,957	2,381	2,957	2,381
Transaction costs and credit facility fees	739	317	2,749	1,260
Other	89	499	402	2,179
Adjusted EBITDA	72,836	81,172	266,655	282,925
Adjusted EBITDA attributable to noncontrolling interests	(708)	-	(3,015)	-
Adjusted EBITDA attributable to Generac Holdings, Inc.	\$ 72,128	\$ 81,172	\$ 263,640	\$ 282,925

Adjusted Net Income and Free Cash Flow Reconciliations



Net income to Adjusted net income reconciliation

(\$ in thousands)

	Three months ended September 30,		LTM Ended September 30,	
	2016	2015	2016	2015
	(unaudited)			
Net income attributable to Generac Holdings, Inc.	\$ 26,183	\$ 34,036	\$ 66,461	\$ 117,955
Net loss attributable to noncontrolling interests	171	-	112	-
Net income	26,012	34,036	66,349	117,955
Provision for income taxes	15,514	19,218	39,526	56,328
Income before provision for income taxes	41,526	53,254	105,875	174,283
Amortization of intangible assets	9,511	6,285	31,656	22,763
Amortization of deferred financing costs and OID	1,107	1,024	4,290	6,138
Tradename and goodwill impairment	-	-	40,687	-
Loss on extinguishment of debt	-	-	-	5,043
(Gain) loss on change in contractual interest rate	2,957	2,381	2,957	2,381
Transaction costs and credit facility fees	469	979	6,387	1,993
Business optimization expenses	58	5	7,368	1,449
Adjusted net income before provision for income taxes	55,628	63,928	199,220	214,050
Cash income tax expense	(2,325)	(500)	(5,147)	(12,788)
Adjusted net income	\$ 53,303	\$ 63,428	\$ 194,073	\$ 201,262
Adjusted net income attributable to noncontrolling interests	(58)	-	(1,939)	-
Adjusted net income attributable to Generac Holdings, Inc.	\$ 53,245	\$ 63,428	\$ 192,134	\$ 201,262
Free Cash Flow Reconciliation				
Net cash provided by operating activities	\$ 48,278	\$ 35,280	\$ 241,273	\$ 187,334
Expenditures for property and equipment	(6,843)	(5,850)	(31,390)	(32,075)
Free cash flow	\$ 41,435	\$ 29,430	\$ 209,883	\$ 155,259