



Investor Presentation

March 2016



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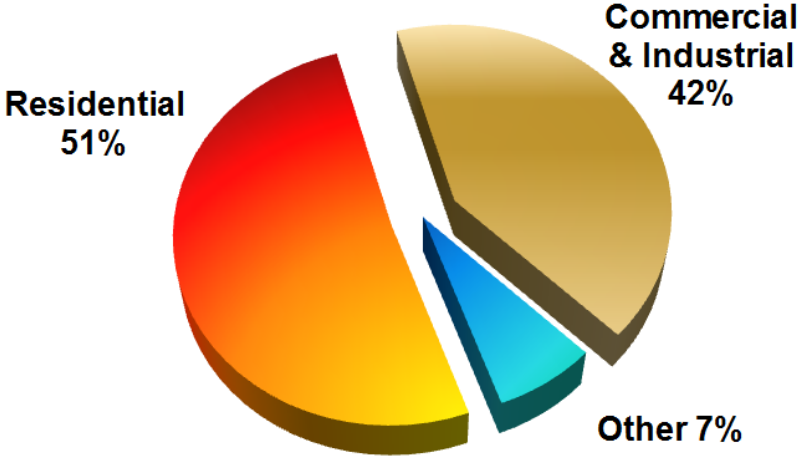
Should one or more of these risks or uncertainties materialize, Generac's actual results may vary in material respects from those projected in any forward-looking statements. A detailed discussion of these and other factors that may affect future results is contained in Generac's filings with the Securities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

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

2015 Sales: \$1.317 billion



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

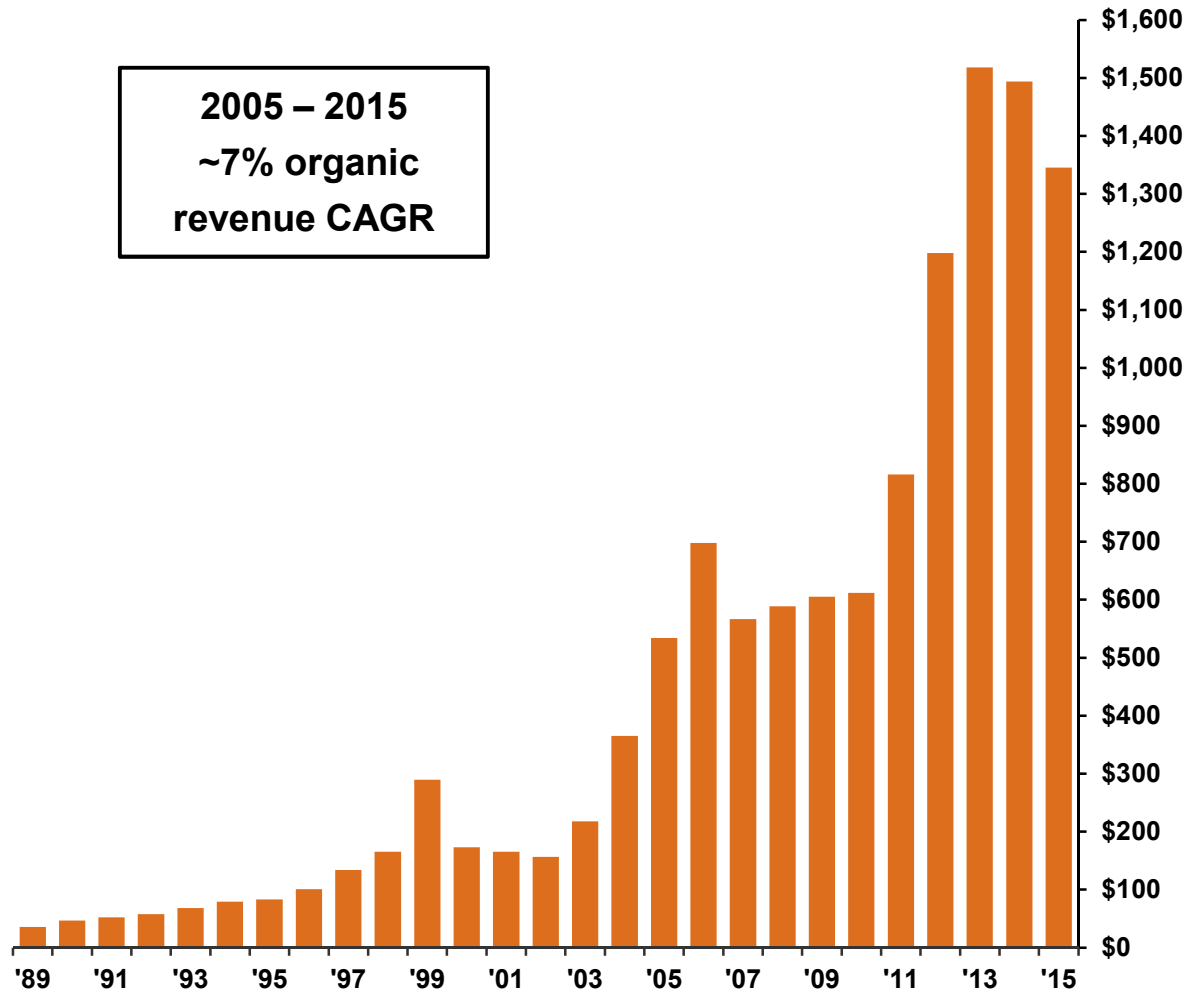
Nine acquisitions completed since 2011, including recent strategic acquisitions of Country Home Products and Pramac

Approx. **3,200 employees** (as of 12/31/2015)

Track Record of Innovation & Growth



2005 – 2015
~7% 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 12/31/15
- 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 – 2015; see slide titled “Summary of Acquisitions” for further details.

Consumer Power Products



Air-cooled Home Standby Generators

Emergency backup – small to medium homes



Liquid-cooled Home Standby Generators

Emergency backup – larger homes & small businesses



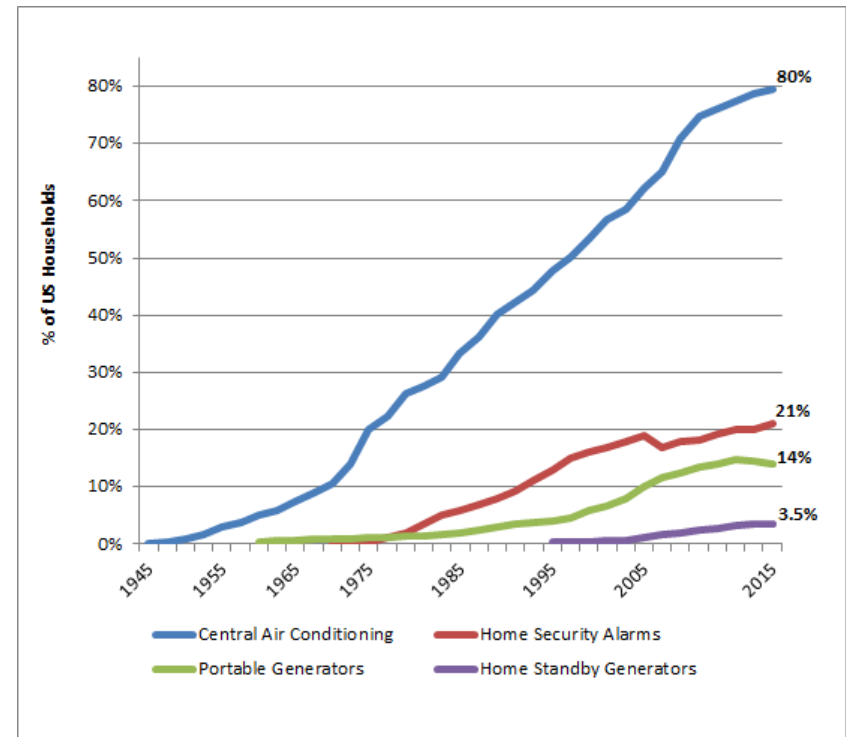
Portable & Inverter Generators

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

Long-Term Growth Themes

- **Key drivers:** aging and underinvested grid, favorable demographics, heightened power outages
- **Low penetration of emerging HSB category:** ~3.5% of addressable households within the U.S.
- **Market leader:** ~75% 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⁾



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

Engine Powered Tools (EPT)



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 EPT 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 engine-powered tools (EPT) platform
- Products are largely sold in North America through catalogs, outdoor power equipment dealers, and select regional retailers

Estimated Annual Market between \$1.1B to \$1.4B⁽¹⁾



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

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

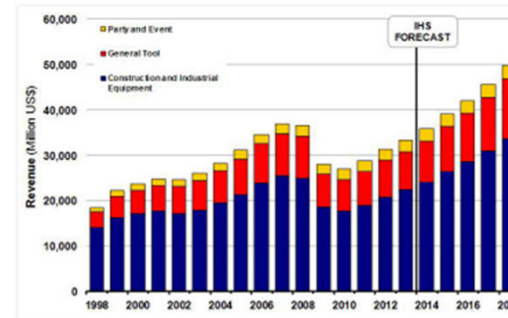
- Construction, energy, special events, road development, airlines and other general rental markets

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 - December 2014 forecast

- Overall industry projected to grow at ~ 6% CAGR from 2015-19
- 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
- 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
- Diversification into new products:** entry into adjacent “engine-powered” rental equipment categories, both organically and through acquisitions

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

Summary of Acquisitions



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

MAGNUM PRODUCTS & MAC
 Mobile products including light towers, generators, pumps and heaters
 Berlin, WI
 Bismarck, ND



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



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

10 Represents relatively smaller acquisition of Gen-Tran completed in February 2012 (manual transfer switches for portable generators - Alpharetta, GA)

Differentiated Distribution Model



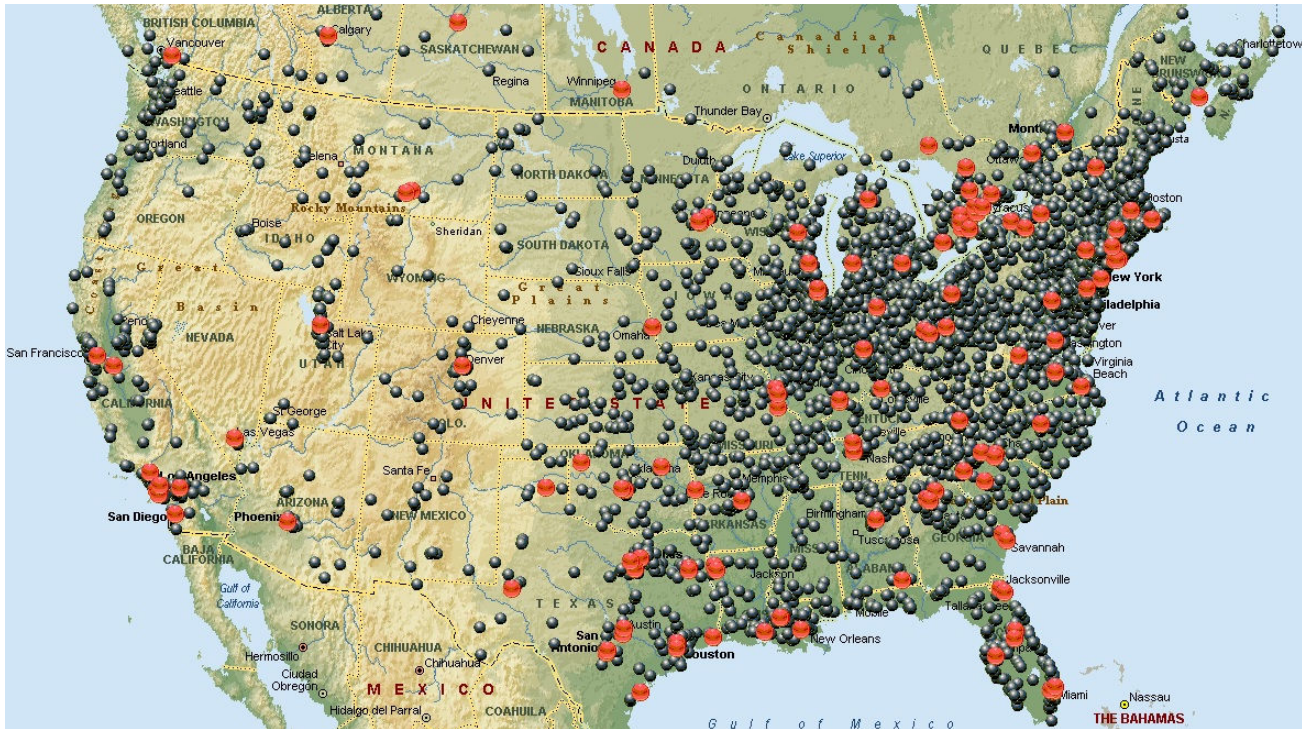
**Residential & Light Commercial
Distribution (legacy Generac):**

● = ~ 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
- Direct to Consumer
- Private Label Partners



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

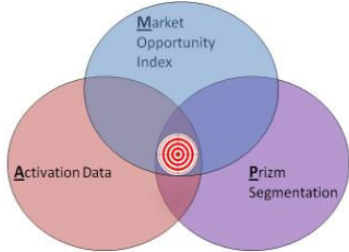
Established and diverse distribution model = growth driver & competitive advantage

Innovative Sales and Marketing Tools



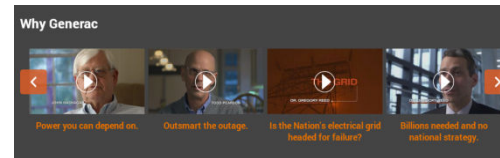
Finding the most “likely” prospect

- 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



- ✓ 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



Grow Residential Standby Generator Market

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



Gain Industrial Market Share

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



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

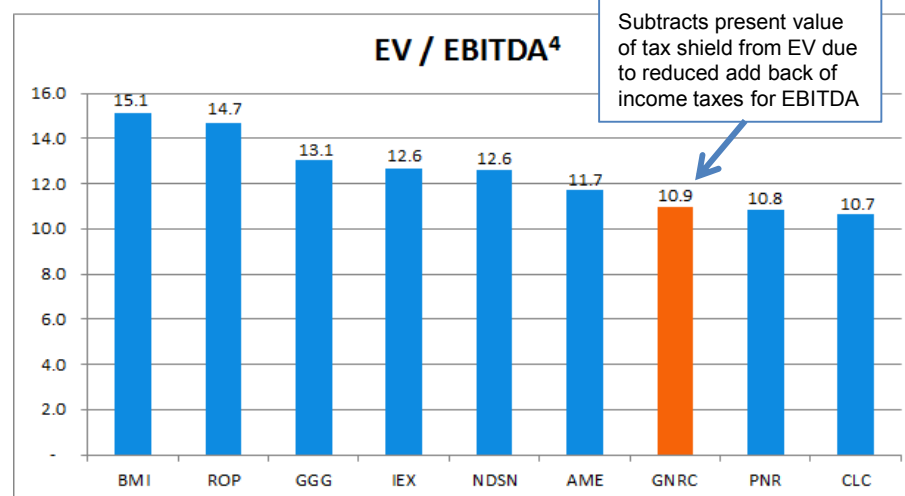
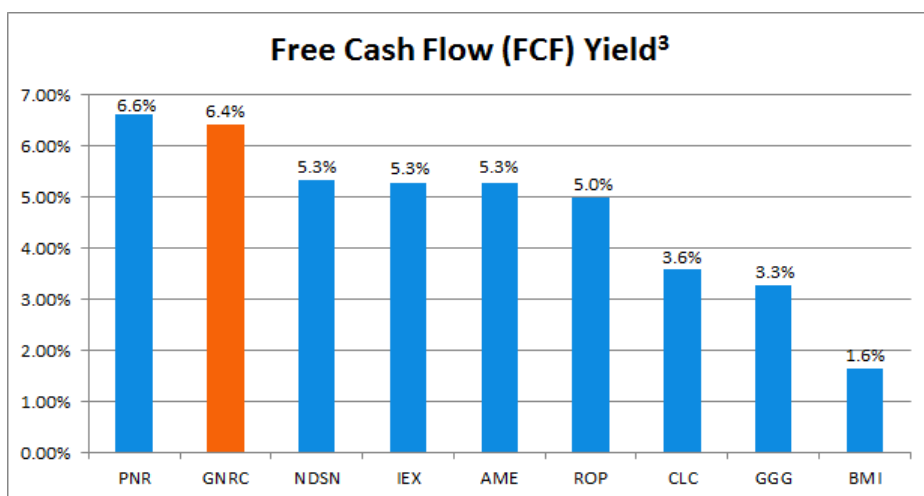
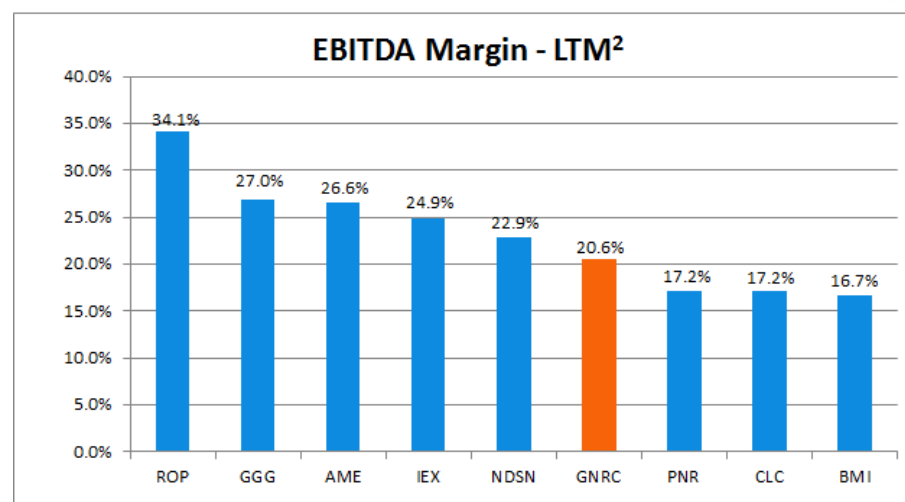
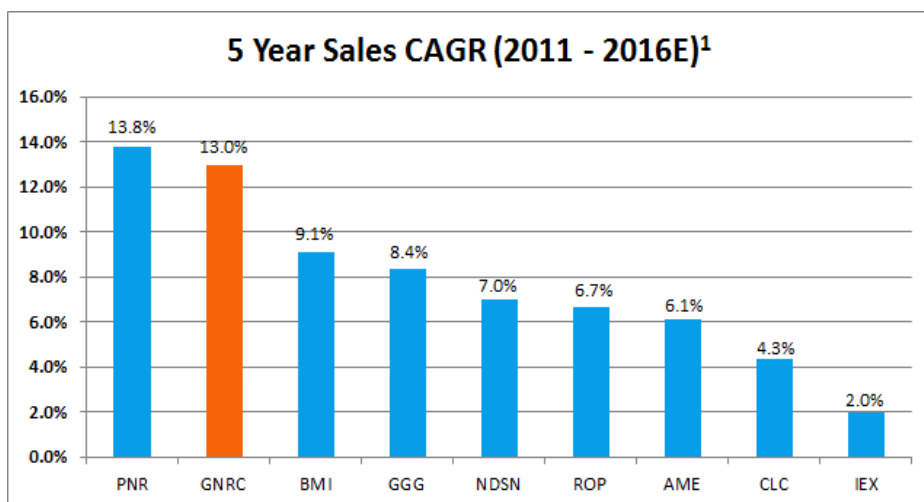


Enter New Geographies

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

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 March 17, 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.

2016 Business Outlook

As reported on February 16, 2016



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

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

Adjusted EBITDA margins: approximately 20.0%

Cash income taxes:

- **Cash tax rate for full-year 2016:** anticipated to be **approximately 10%** of pretax income
- **Cash taxes going forward:** ~ **36% tax rate** on pre-tax profits **less ~ \$50 million** annual tax shield

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

Financial Policy

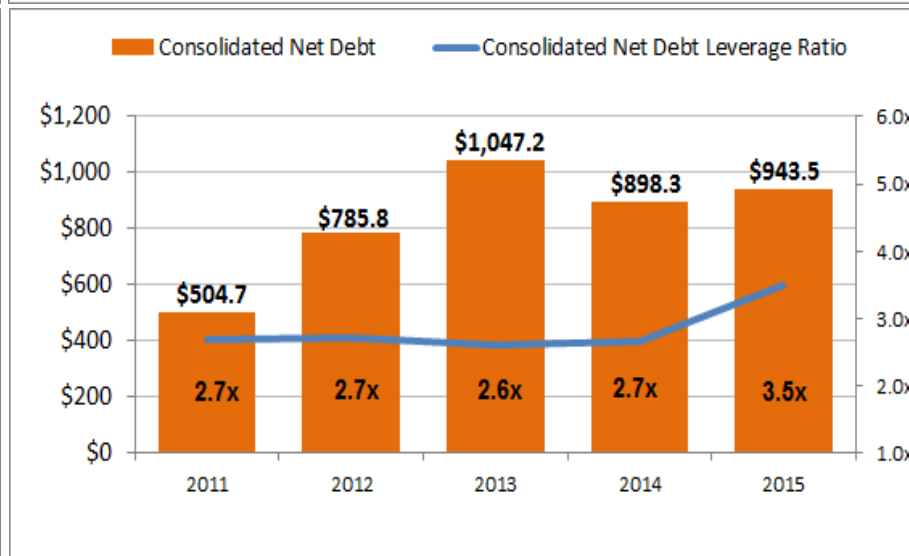
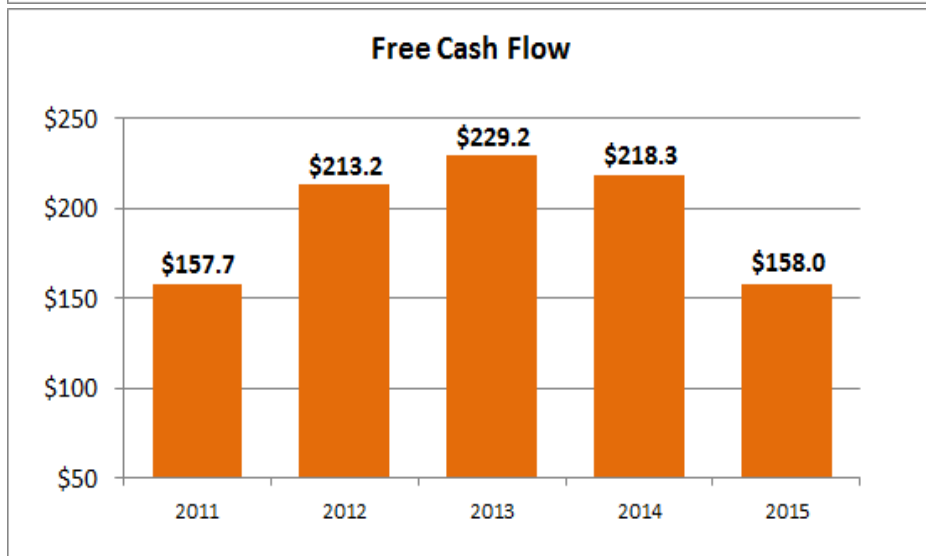
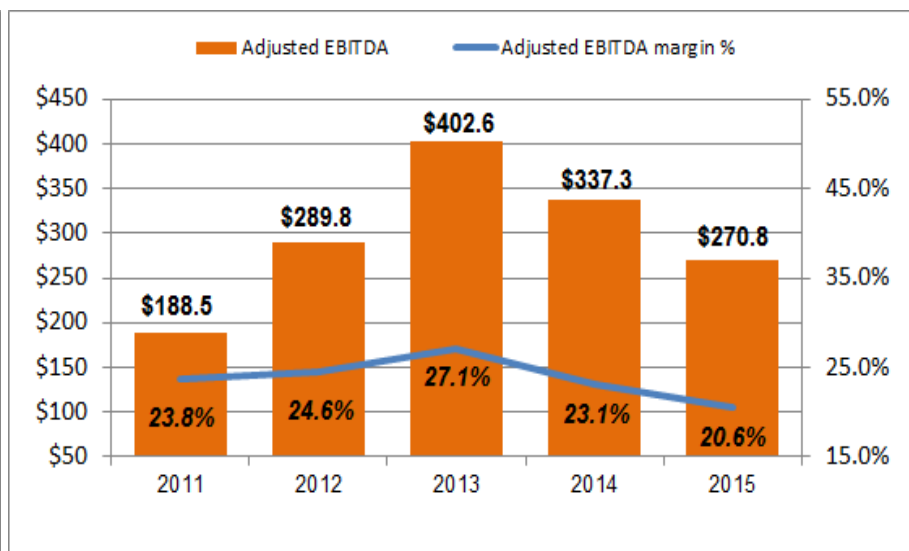
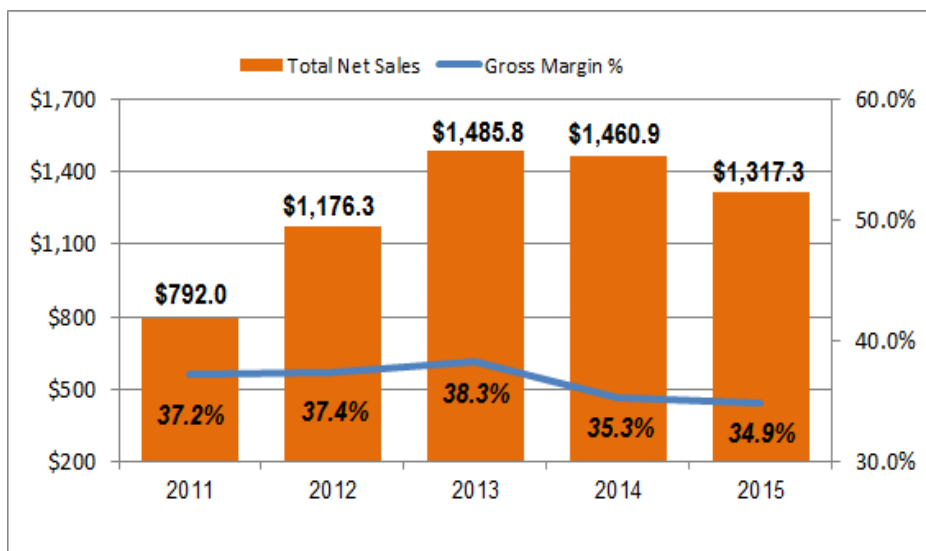
Priority Uses of Capital



		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*: 3.5X at end of Q4 2015 <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 stock repurchase program authorized in August 2015 (over 24 months) 	<ul style="list-style-type: none"> As future cash flow permits, may consider further return of capital to shareholders

Appendix

Financial Summary



Generac (GNRC)

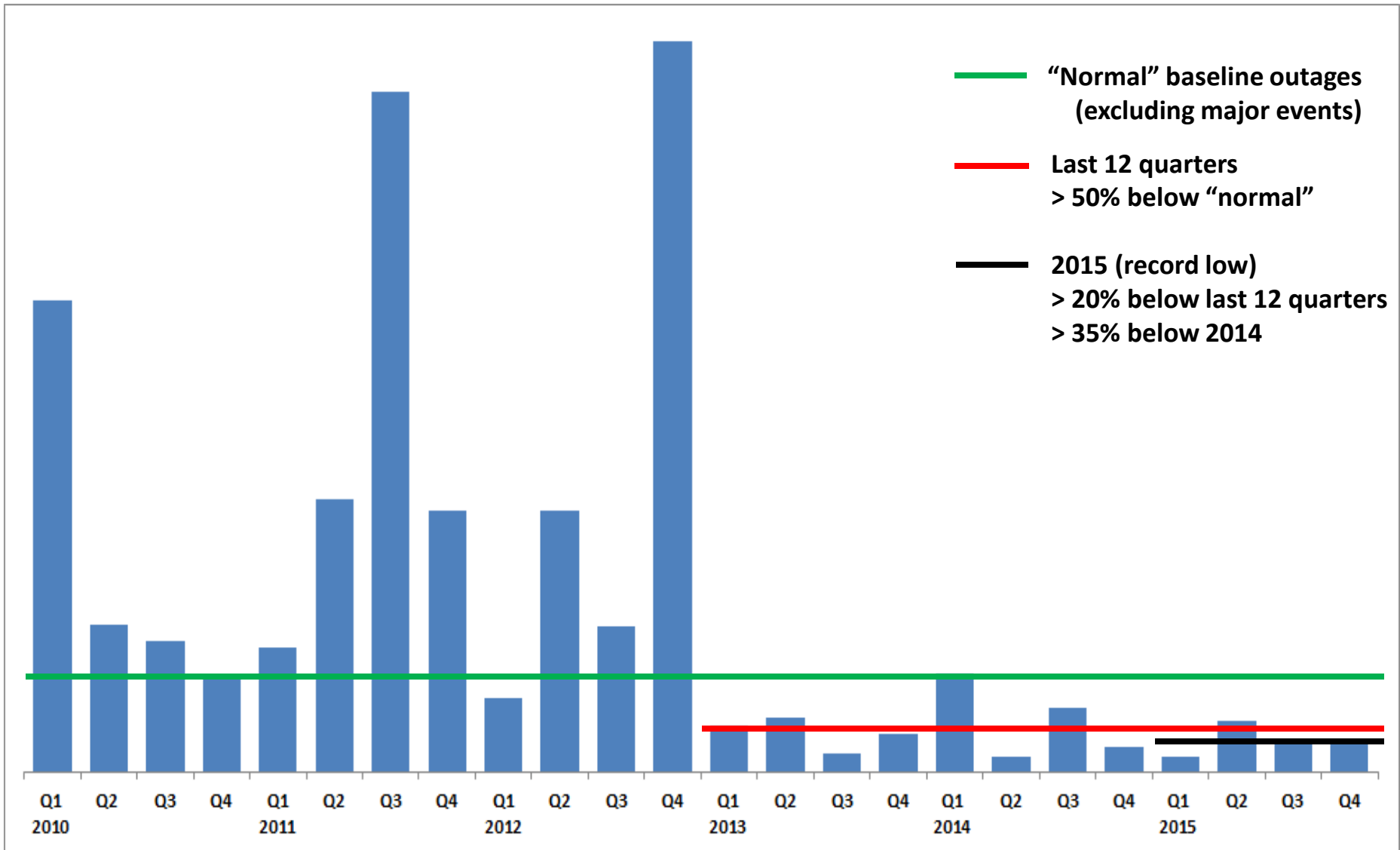
Investment Highlights



Best in class organic revenue growth	<ul style="list-style-type: none"> ■ ~ 11% CAGR in organic revenue over the last 5 years (2005-2015) ■ 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 ■ 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	<ul style="list-style-type: none"> ■ GMs consistently 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

Leading “Industrial Technology” Company

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%

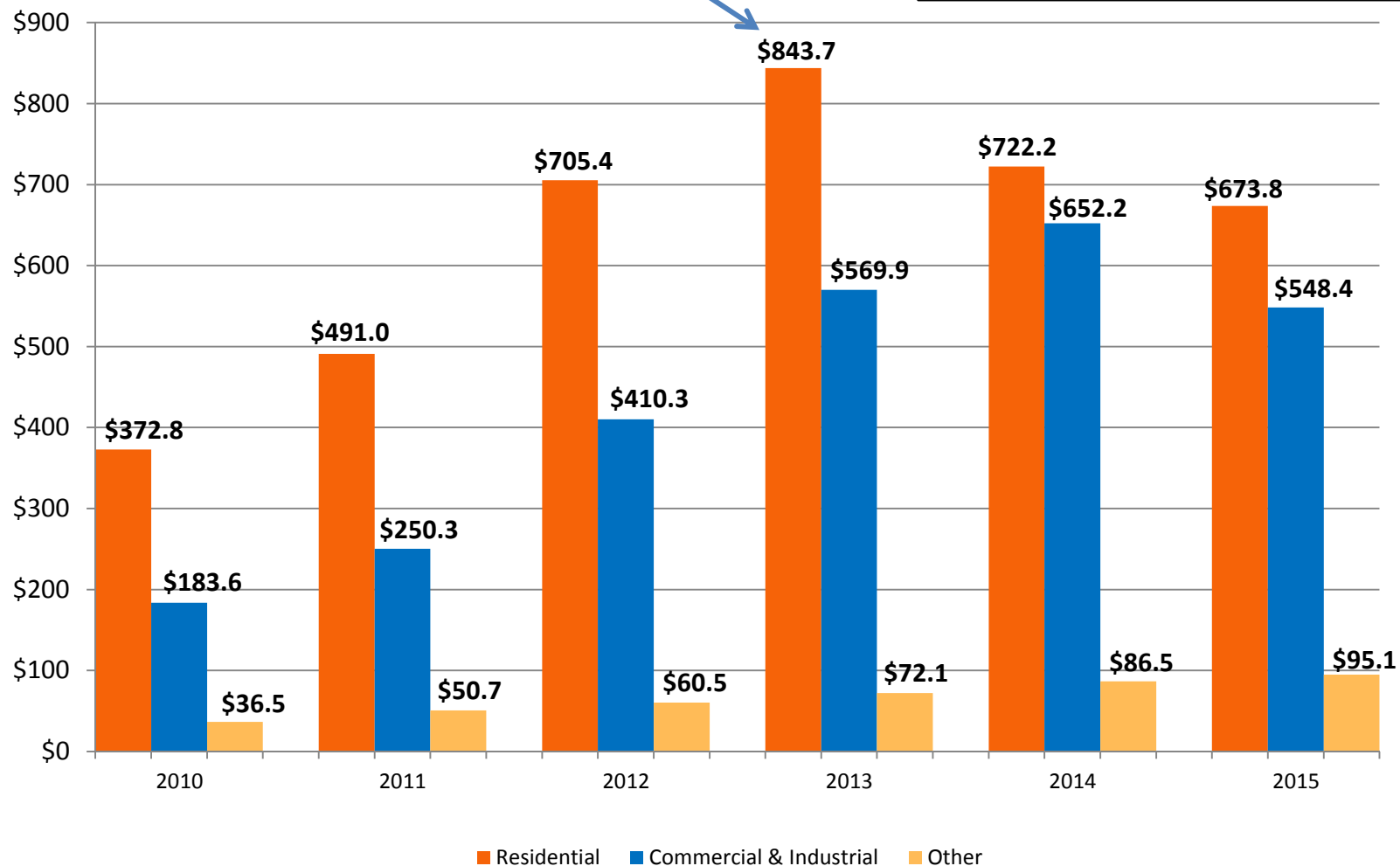
Net Sales by Product Class



(\$ in millions)

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

~12% organic sales CAGR for Residential Products since 2010



Figures include results from acquisitions completed during 2011 – 2015; see slide titled “Summary of Acquisitions” for further details.

Q4 2015 & 2015 Financial Overview



	Actual Q4 2015 (unaudited)	Y/Y % Change	Actual 2015	Y/Y % Change
Residential	\$ 198.5	1.8%	\$ 673.8	(6.7%)
Industrial	131.9	(28.7%)	548.4	(15.9%)
Other	27.5	13.8%	95.1	9.9%
Net Sales	\$ 357.8	(11.4%)	\$ 1,317.3	(9.8%)
Gross Profit	\$ 131.1	(5.3%)	\$ 459.9	(10.9%)
% Margin	36.6%		34.9%	
Adjusted EBITDA	\$ 80.1	(13.1%)	\$ 270.8	(19.7%)
% Margin	22.4%		20.6%	
Net Income (1)	\$ 9.2	(81.4%)	\$ 77.7	(55.5%)
Adjusted Net Income	\$ 65.3	(4.6%)	\$ 198.4	(15.3%)
Adjusted EPS	\$ 0.97	(0.7%)	\$ 2.87	(13.8%)
Free Cash Flow	\$ 101.2	2.7%	\$ 158.0	(27.6%)
Consolidated Net Debt			\$ 943.5	5.0%
Consolidated Net Debt Leverage Ratio			3.5x	

(1) Q4 2015 and full-year 2015 includes a \$40.7 million pre-tax charge for the impairment of certain intangible assets; full-year 2015 also includes a \$2.4 million pre-tax loss on change in contractual interest rate and also includes a loss on extinguishment of debt of \$4.8 million. Full-year 2014 includes a loss on extinguishment of debt of \$2.1 million, 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.

Adjusted EBITDA Reconciliation



(\$ in millions)

	2011	2012	2013	2014	2015
Reported net income	\$ 324.6	\$ 93.2	\$ 174.5	\$ 174.6	\$ 77.7
Interest expense	23.7	49.1	54.4	47.2	42.8
Depreciation and amortization	56.1	54.2	36.8	34.7	40.3
Income taxes provision (benefit)	(237.7)	63.1	104.2	83.7	45.2
Non-cash write-down and other charges	10.4	0.2	0.1	(3.9)	44.6
Non-cash share-based compensation expense	8.6	10.8	12.4	12.6	8.2
Loss on extinguishment of debt	0.4	14.3	15.3	2.1	4.8
(Gain) loss on change in contractual interest rate	-	-	-	(16.0)	2.4
Transaction costs and credit facility fees	1.7	4.1	3.9	1.9	2.2
Other	0.5	0.7	1.0	0.3	2.4
Adjusted EBITDA	\$ 188.5	\$ 289.8	\$ 402.6	\$ 337.3	\$ 270.8

Adjusted EBITDA Reconciliation



(\$ in thousands)

Net income to Adjusted EBITDA reconciliation	Three months ended December 31,		Year End	
	2015	2014	2015	2014
	(unaudited)			
Net income	\$ 9,182	\$ 49,390	\$ 77,747	\$ 174,613
Interest expense	10,602	11,804	42,843	47,215
Depreciation and amortization	10,573	8,985	40,333	34,730
Income taxes provision	6,372	17,464	45,236	83,749
Non-cash write-down and other charges	(199)	800	3,892	(3,853)
Non-cash share-based compensation expense	1,352	3,209	8,241	12,612
Tradename and goodwill impairment	40,687	-	40,687	-
Loss on extinguishment of debt	-	248	4,795	2,084
(Gain) loss on change in contractual interest	-	-	2,381	(16,014)
Transaction costs and credit facility fees	1,250	261	2,249	1,851
Other	265	32	2,412	296
Adjusted EBITDA	\$ 80,084	\$ 92,193	\$ 270,816	\$ 337,283

Adjusted Net Income and Free Cash Flow Reconciliations



(\$ in thousands)

Net income to Adjusted net income reconciliation

	Three Months Ended December 31,		Year End	
	2015 (unaudited)	2014	2015	2014
Net income	\$ 9,182	\$ 49,390	\$ 77,747	\$ 174,613
Provision for income taxes	6,372	17,464	45,236	83,749
Income before provision for income taxes	15,554	66,854	122,983	258,362
Amortization of intangible assets	6,131	5,303	23,591	21,024
Amortization of deferred financing costs and OID	1,061	1,770	5,429	6,615
Tradename and goodwill impairment	40,687	-	40,687	-
Loss on extinguishment of debt	-	248	4,795	2,084
(Gain) loss on change in contractual interest rate	-	-	2,381	(16,014)
Transaction costs and credit facility fees	1,228	511	2,710	(3,623)
Business optimization expenses	204	-	1,947	-
Adjusted net income before provision for income taxes	64,865	74,686	204,523	268,448
Cash income tax expense	448	(6,253)	(6,087)	(34,283)
Adjusted net income	\$ 65,313	\$ 68,433	\$ 198,436	\$ 234,165

Free Cash Flow Reconciliation

Net cash provided by operating activities	\$ 111,760	\$ 110,475	\$ 188,619	\$ 252,986
Expenditures for property and equipment	(10,543)	(11,967)	(30,651)	(34,689)
Free cash flow	\$ 101,217	\$ 98,508	\$ 157,968	\$ 218,297