

**Investor  
Presentation**  
**March 2018**



# Investor Relations

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# Forward Looking Statements

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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," "forecast," "project," "plan," "intend," "believe," "confident," "may," "should," "can have," "likely," "future," "optimistic" and other words and terms of similar meaning in connection with any discussion of the timing or nature of future operating or financial performance or other events.

Any such forward-looking statements are not guarantees of performance or results, and involve risks, uncertainties (some of which are beyond the Company's control) and assumptions. Although Generac believes any forward-looking statements are based on reasonable assumptions, you should be aware that many factors could affect Generac's actual financial results and cause them to differ materially from those anticipated in any forward-looking statements, including: frequency and duration of power outages impacting demand for Generac products; availability, cost and quality of raw materials and key components used in producing Generac products; the impact on our results of possible fluctuations in interest rates, foreign currency exchange rates, commodities and product mix; the possibility that the expected synergies, efficiencies and cost savings of our acquisitions will not be realized, or will not be realized within the expected time period; the risk that our acquisitions will not be integrated successfully; difficulties Generac may encounter as its business expands globally; Generac's dependence on its distribution network; Generac's ability to invest in, develop or adapt to changing technologies and manufacturing techniques; loss of key management and employees; increase in product and other liability claims or recalls; 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 ("SEC"), particularly in the Risk Factors section of our 2017 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.

# About Generac

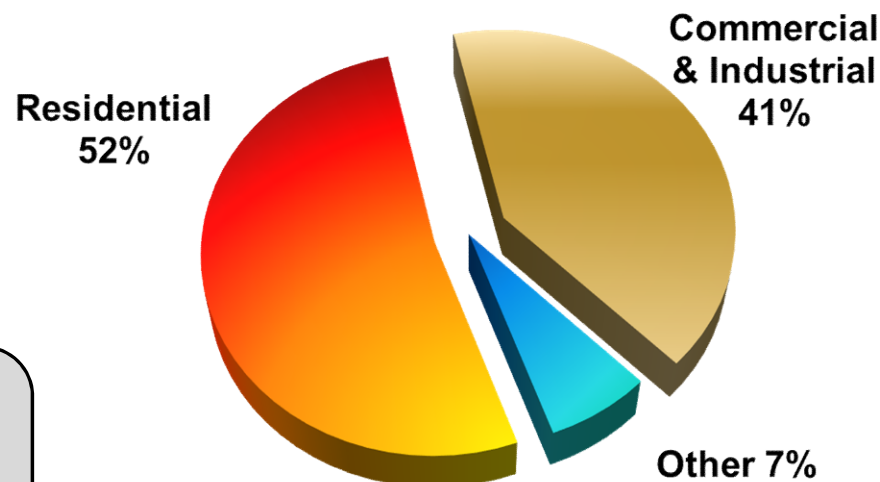


Leading designer and manufacturer of a wide range of **power generation equipment** and **other engine powered products**

**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

**2017 Sales:**  
**\$1.672 billion**



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

**Ten acquisitions completed since 2011**, with pending acquisition of Selmec awaiting regulatory approval

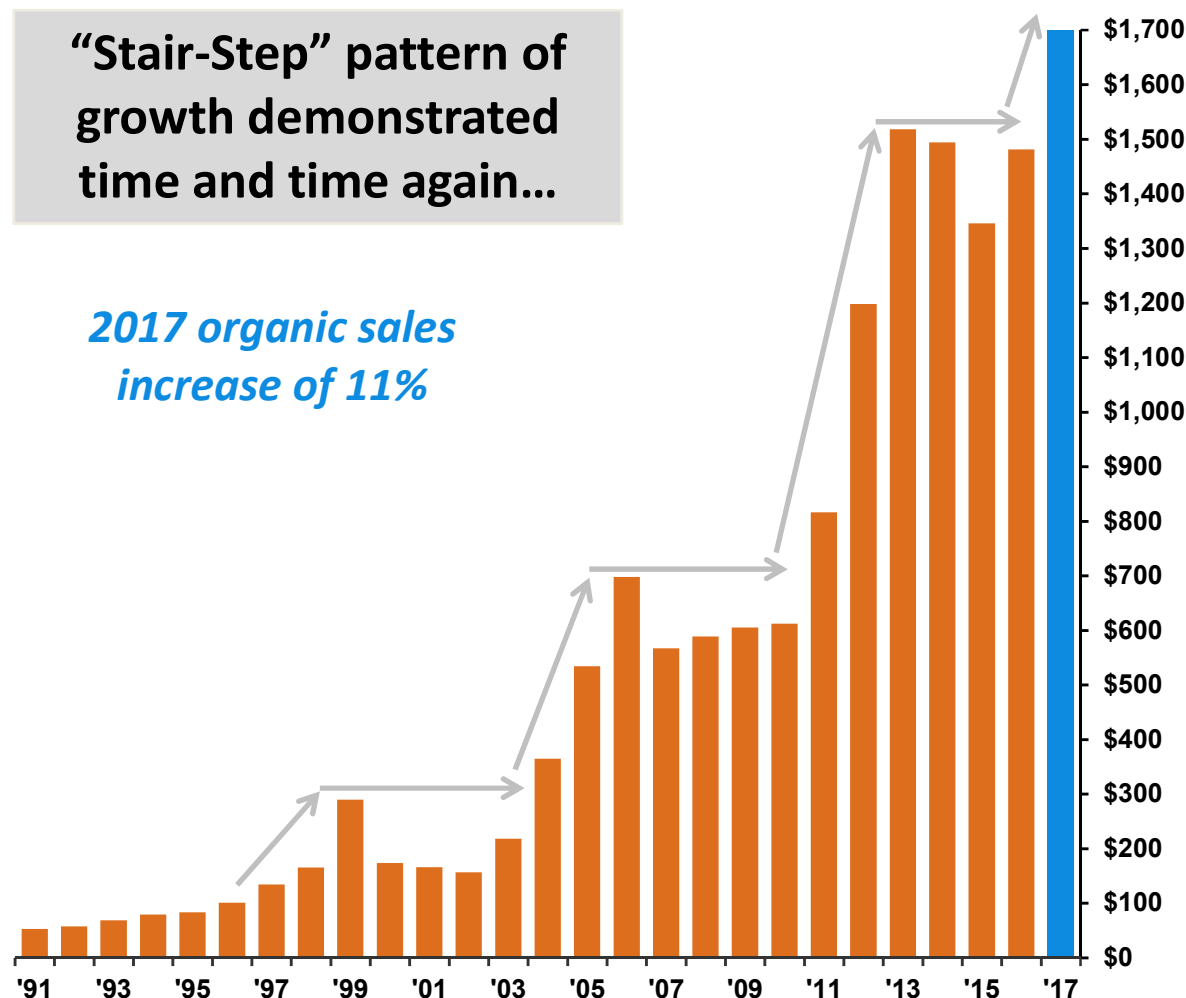
Approx. **4,600 employees**  
(as of 1/1/2018)

# Track Record of Innovation & Growth



**“Stair-Step” pattern of growth demonstrated time and time again...**

*2017 organic sales increase of 11%*

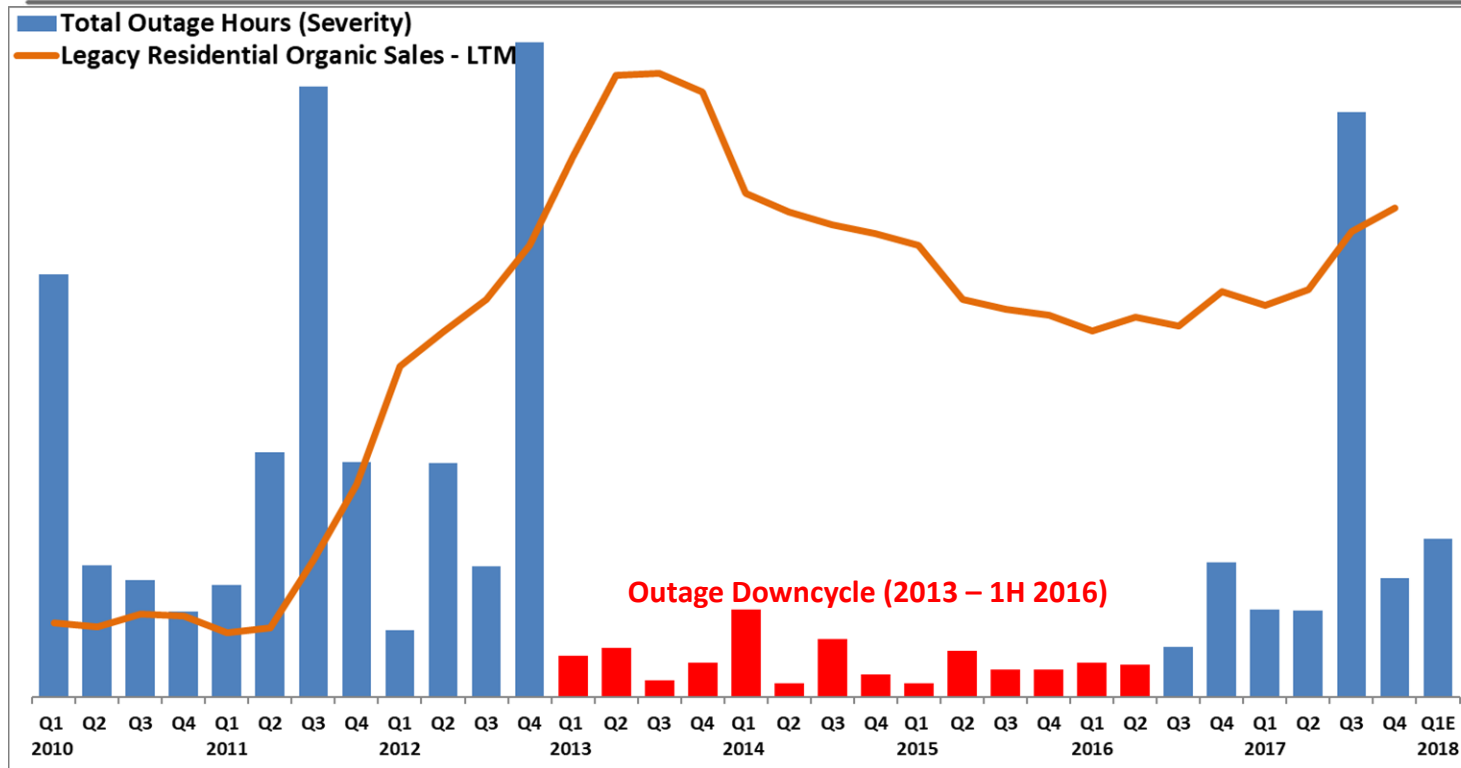


## History of Innovation Driving Organic Growth

- Commercialized affordable home standby generators and light-commercial generators
- Differentiated distribution model
- Over 350 engineers on staff as of 12/31/17
- 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 – 2017; see slide titled “Summary of Acquisitions” for further details.

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



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

**HOME STANDBY  
AFTERGLOW DEMAND**



**PORTABLES  
REPLENISHMENT**



**NURSING/ASSISTED-LIVING  
FACILITIES MANDATE**



**TELECOM RECOVERY**



**LIGHT COMMERCIAL/RETAIL  
AWARENESS**



**2017 baseline  
outages: ~25%  
higher vs. LT  
average;  
Q1 2018 outages:  
elevated due to  
NE storms**

# “Powering Ahead” Strategic Plan



## 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

**1% INCREASE IN PENETRATION EQUATES TO A \$2B SALES OPPORTUNITY**

## 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

**1% INCREASE IN MARKET SHARE EQUATES TO A \$35M SALES OPPORTUNITY**

## CAPITALIZE ON OUR COMPETITIVE ADVANTAGES WITH GASEOUS-FUELED PRODUCTS



- Leverage deep technical capabilities for gaseous-fueled products, including recent Motortech acquisition
- 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

**\$5B MARKET GLOBAL GAS MARKET OPPORTUNITY – CURRENTLY SERVE ~\$2B**

## GROWING AND IMPROVING PROFITABILITY WITHIN OUR GLOBAL BUSINESS



- 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

**GLOBAL FOOTPRINT TO SERVE \$13.5B MARKET OUTSIDE OF US & CANADA**



# Global Distribution Channels



## RESIDENTIAL AND C&I DEALER NETWORK

- International network of over 6,000 dealers
- Legacy Generac domestic network
  - ~5,700 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

## OTHER KEY CHANNELS

ELECTRICAL WHOLESALE	MASS RETAILERS	CATALOG AND E-COMMERCE	PRIVATE LABEL PARTNERS	DIRECT TO GLOBAL ACCOUNTS	DIRECT TO CONSUMER

Significant Omni-Channel Distribution Creates Barriers to Entry



# Summary of Acquisitions



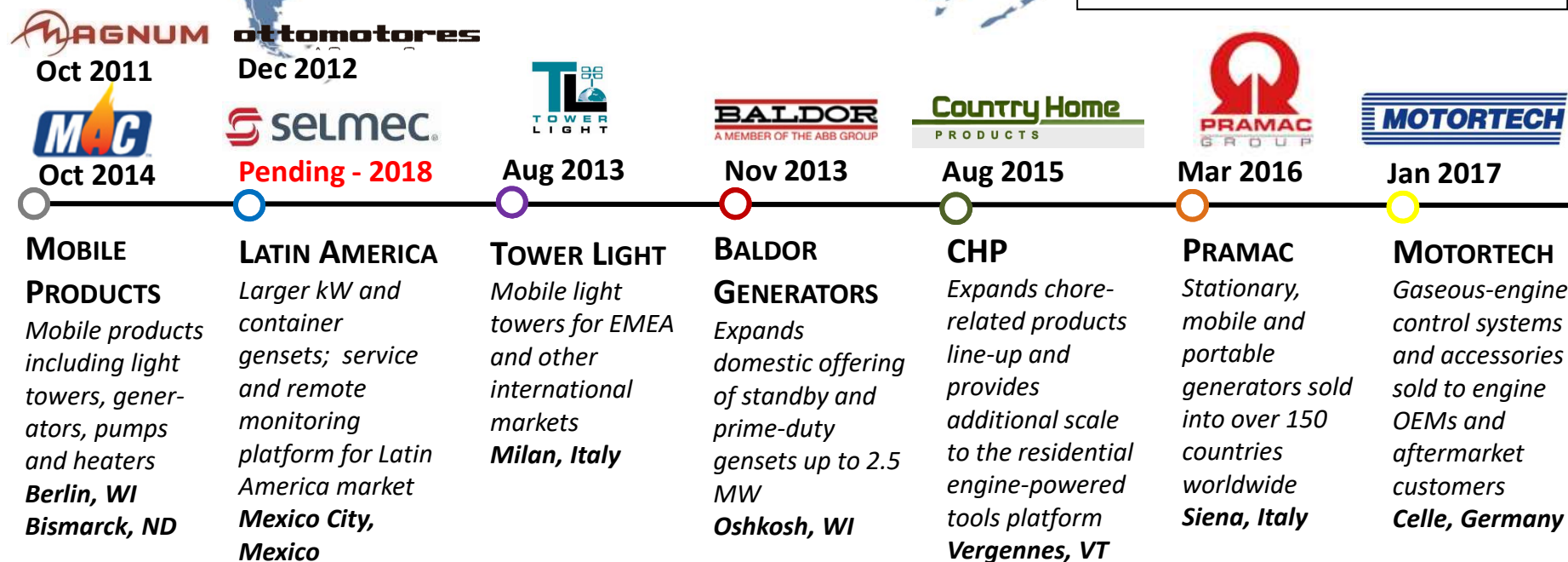
## Acquisitions used to accelerate Powering Ahead strategy

### Revenue synergies

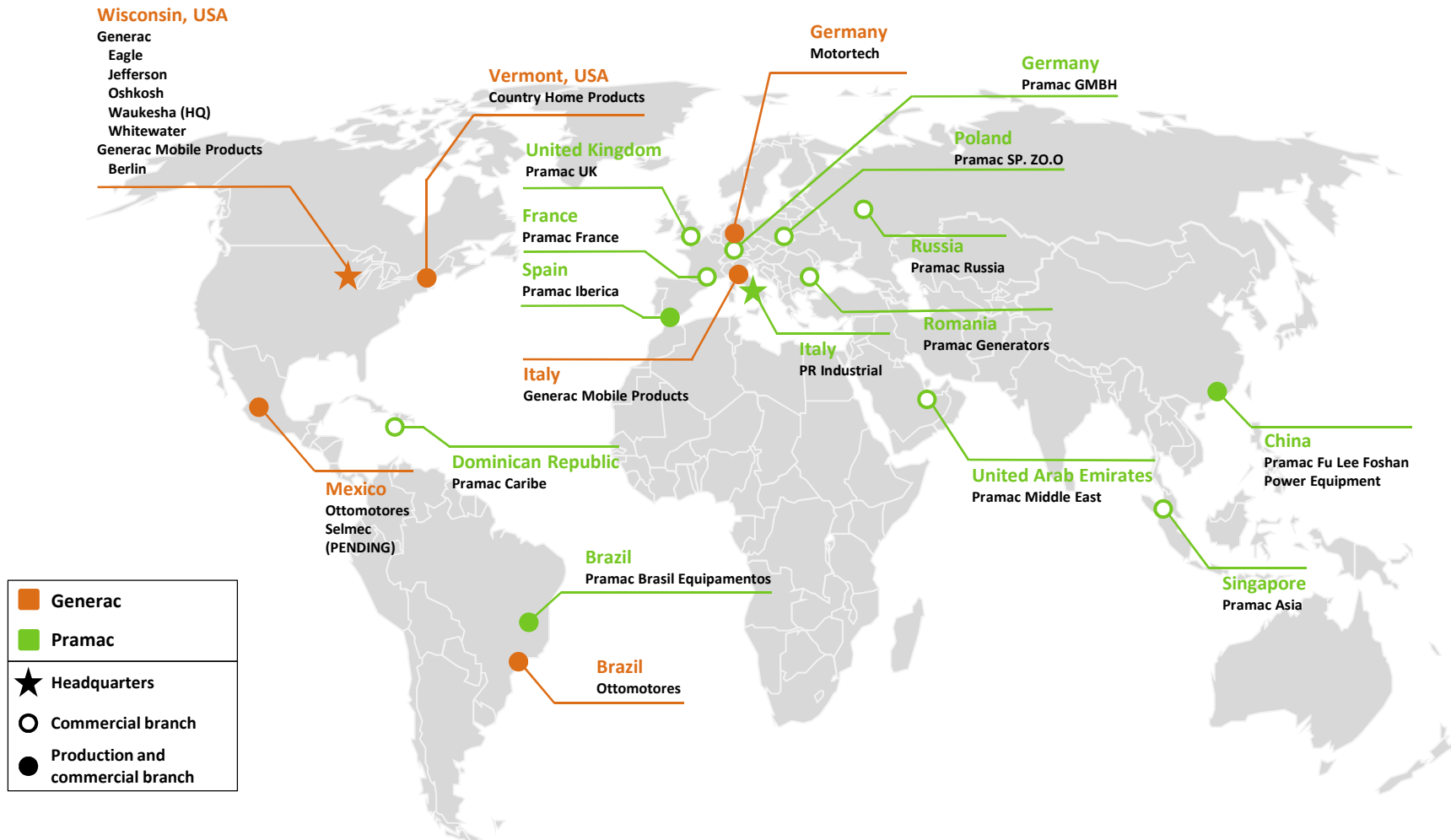
- ✓ New products, customers, end markets
- ✓ Numerous cross-selling opportunities
- ✓ Geographic and international expansion

### Cost synergies

- ✓ Strategic global sourcing initiatives
- ✓ Innovation and cost-reduction engineering
- ✓ Adopt Generac's lean cost culture
- ✓ Operational excellence focus

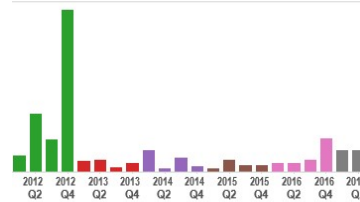
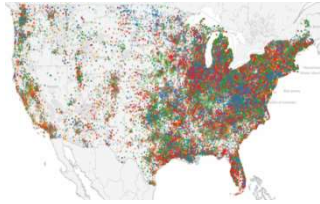


# Generac Worldwide

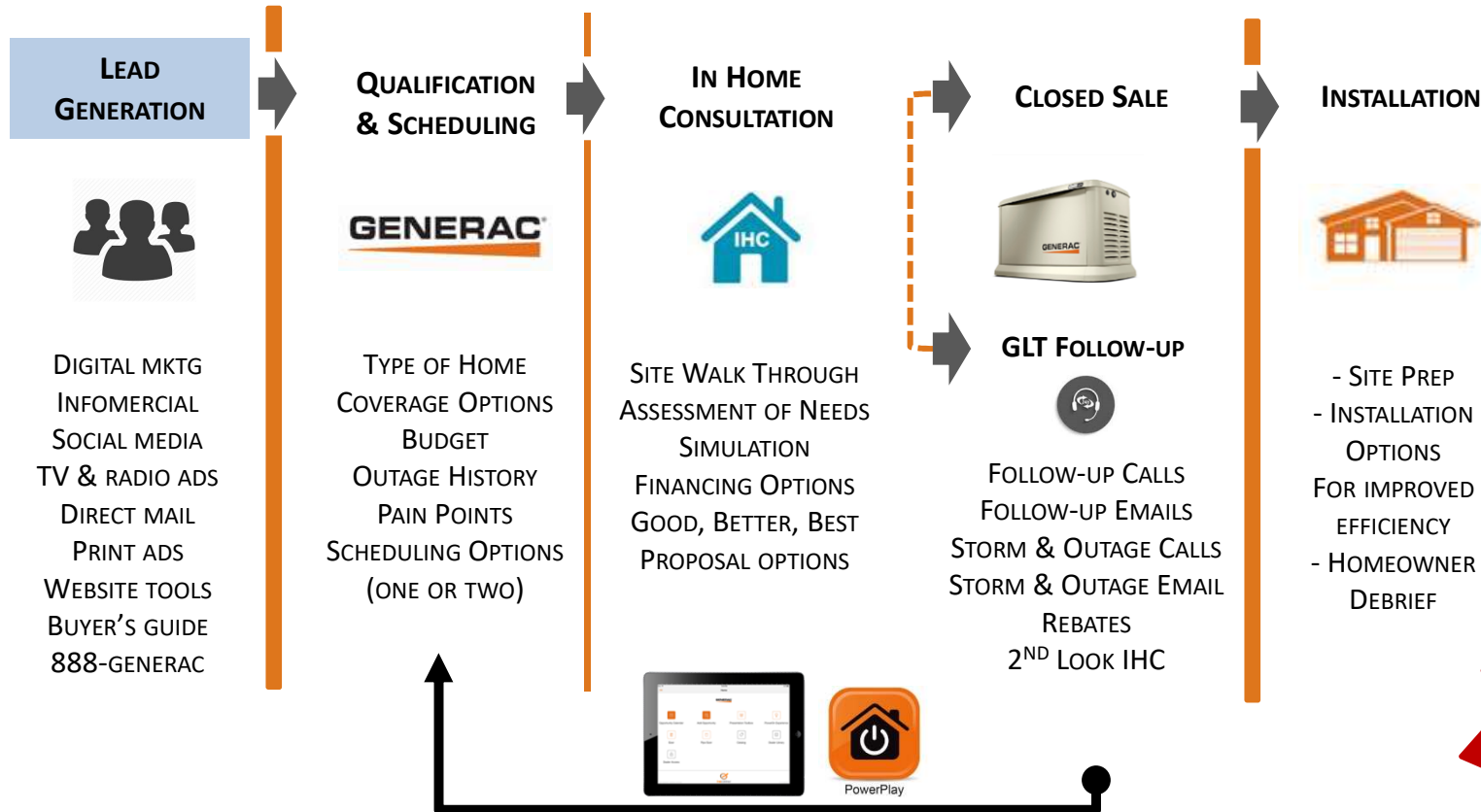


Vertically Integrated Manufacturing Capacity Serving a Globally Diverse Commercial Footprint

# HSB Demand Creation Process



**Activations/IHC's** + **Outage Tracking** + **Proprietary Segmentation** = **Lead Generation**



**HSB shipments near record levels in Q4 2017**

# Profitability Enhancement Program (PEP) **GENERAC**

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- *Cross-functional*
- *Cross-company*
- *Project managed*
- *Resourced*
- *Measured*
- *Accountable*
- *Value-oriented culture*

Profitable  
Mix

Price /  
Promo

New Product  
Introductions

Operational  
Excellence

VA / VE

Ops Vertical  
Integration

Global  
Sourcing

Freight /  
Logistics

Continuous  
Improvement

Leverage SAP  
Platform

Discretionary  
OPEX Spend

M&A  
Integration

**Targeting margin expansion of  $\approx$  150bps through 2020**

# Residential – 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



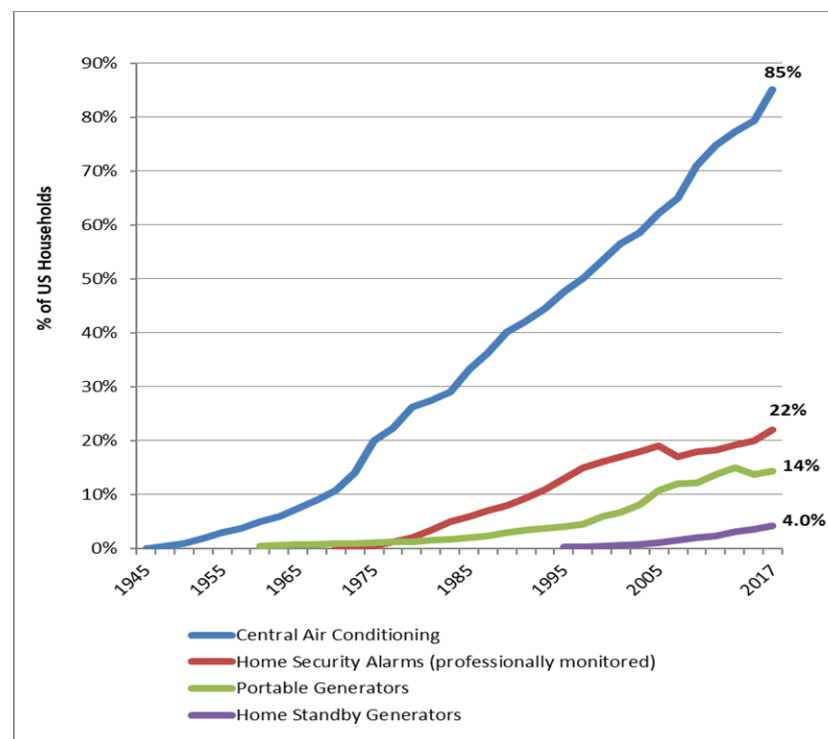
**Portable & Inverter Generators**

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:** ~4.0% 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:** ~9% CAGR for home standby generators from 2010-2017

## North American Penetration Opportunity<sup>(1)</sup>



(1) Source: Company estimates; based on addressable market for HSB generators consisting of all single-family detached, owner-occupied homes valued > \$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 and focuses on the professionally monitored market.

## Aging Population Fits Demographic<sup>(2)</sup>

- ~70% of buyers age 50 and older
- ~45% of homes valued under \$300k
- ~80% retro-fit application

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



# Residential – Engine Powered Tools (EPT) **GENERAC**



## 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
- **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 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<sup>(1)</sup>**



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

# C&I – Stationary Products



## 20kW to 3.5MW<sup>(1)</sup>



### 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:** Pramac acquisition accelerates expansion into other regions of the world
- **Expansion of gaseous-fueled products:** market entry into prime, continuous and CHP applications
- **“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<sup>(2)</sup>

### Non-Residential Construction



### Telecom



### Commercial Healthcare



### Retro-Fit Application



### Data Centers Government Industrial



(2) Frost & Sullivan, SBI, EGSA, Generac estimates



# C&I – Mobile Products



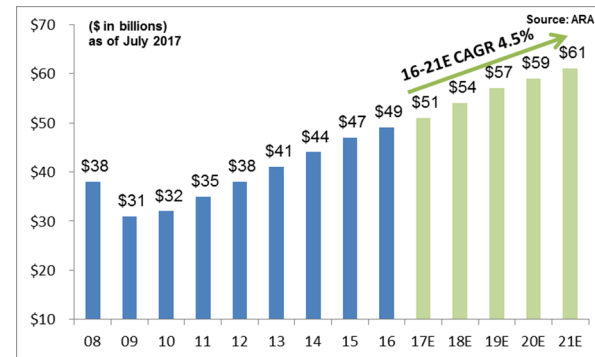
## Light Towers

## Mobile Generators

## Heaters & Pumps

- Temporary lighting, power, heating and de-watering
- Construction, energy, special events, road development, airlines and other general rental markets
- Rental equipment companies a key channel

## Mobile Equipment - Rental vs. Buy



- Overall industry projected to grow at ~4% CAGR from 2017-21
- Construction and industrial projected to grow at a similar level

Source: ARA Rental Market Monitor, IHS Economics - February 2018 forecast

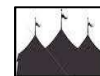
## Long-Term Growth Themes

- **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 increased infrastructure spending:** macro opportunity of increased spending stimulus to improve aging domestic infrastructure
- **Long-term domestic energy production:** multi-decade upcycle for mobile support equipment that is essential to oil & gas drilling and production sites

## 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

# 2018 Business Outlook

As reported on February 13, 2018



**Consolidated net sales: *increase between 3 to 5%; core organic sales increase between 2 to 3%***

- Net sales increase between 7 to 9% excluding portable shipments during 2H 2017 from major events
- Impact from foreign currency between 1 to 2% over prior year
- Home standby shipments expected grow solidly compared to 2017 levels
- Strong growth expected for domestic mobile products and International segment

**Power outage assumptions: *no major events; baseline outage severity levels similar to longer-term average (and not higher 2017 levels)***

**Adjusted EBITDA margins: *between 19.0 to 19.5%***

**Cash income tax rate: *between 12 to 13% of pretax income***

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

**Expect to Utilize Strong Free Cash Flow Generation in Variety of Ways to Increase Shareholder Value**

# Investment Highlights

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- ✓ Flexible operating model to execute on next step-function increase in demand from a major event
- ✓ Building a global Tier 1 power equipment company
- ✓ “Powering Ahead” strategy targeted to capitalize on numerous secular growth opportunities
- ✓ Market leader with significant barriers to entry
- ✓ Leading technology and innovation in the marketplace
- ✓ PEP program targeted to improve margins by ~150bp
- ✓ Free cash flow over \$800 million expected from 2017-2020

**Leading “Industrial Technology” Company**

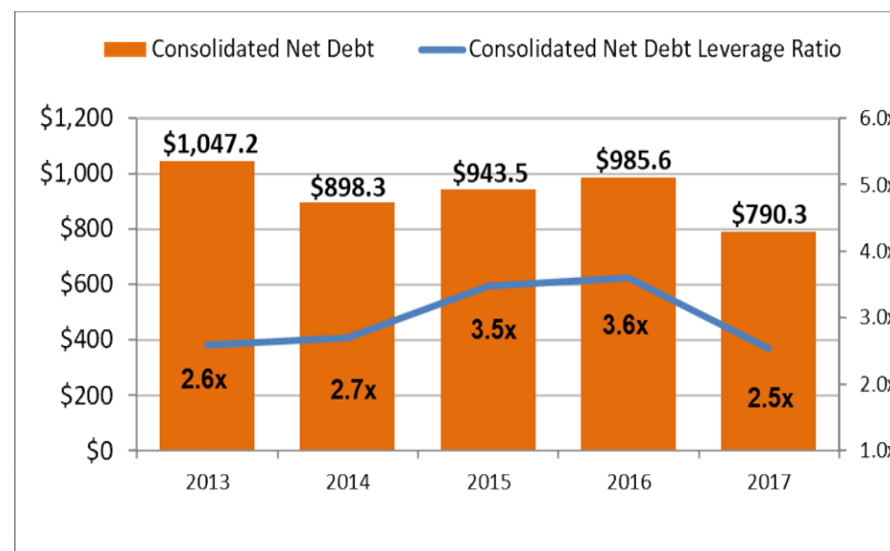
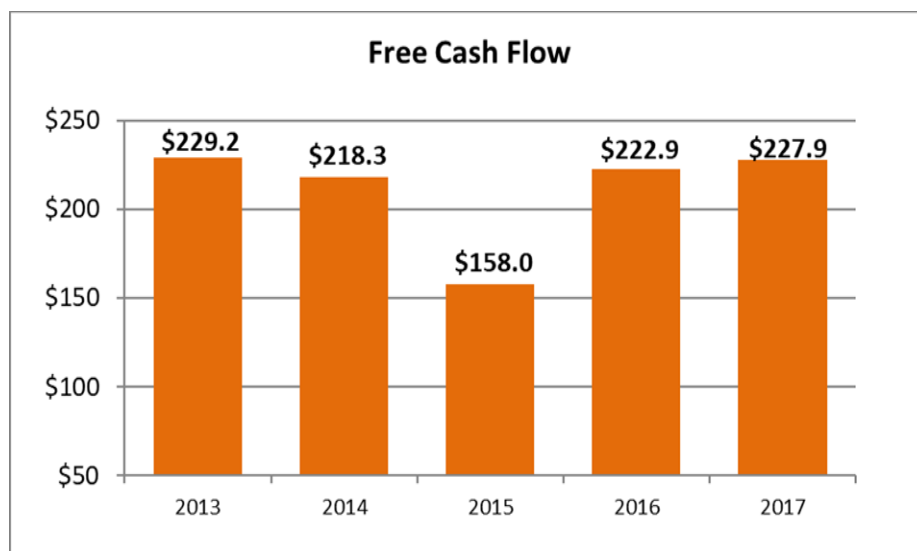
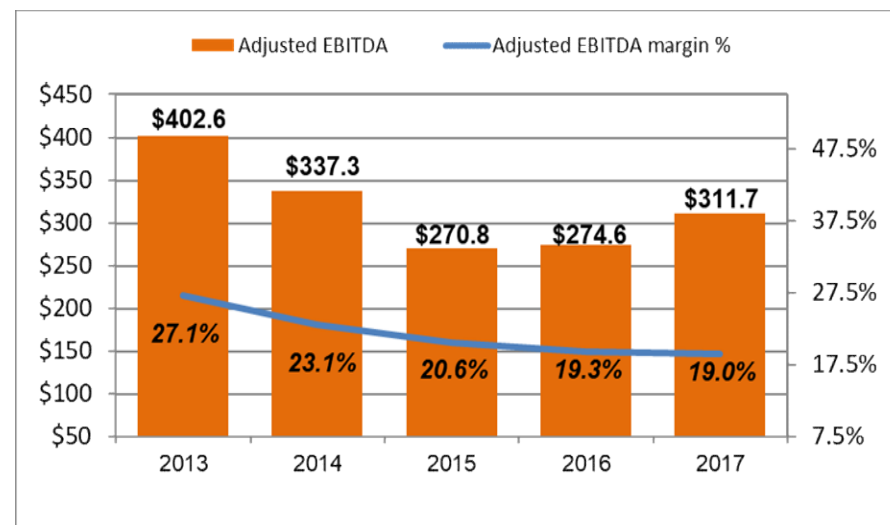
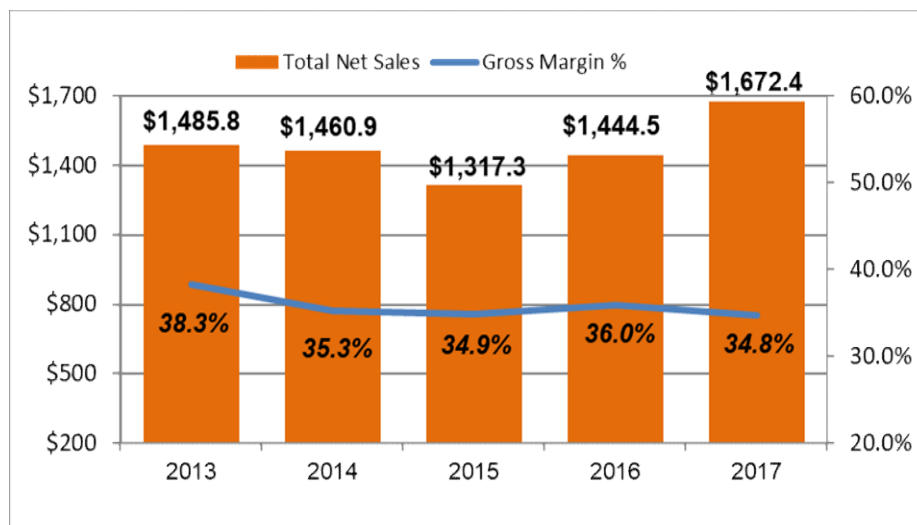


# Appendix



**GENERAC®**

# Financial Summary



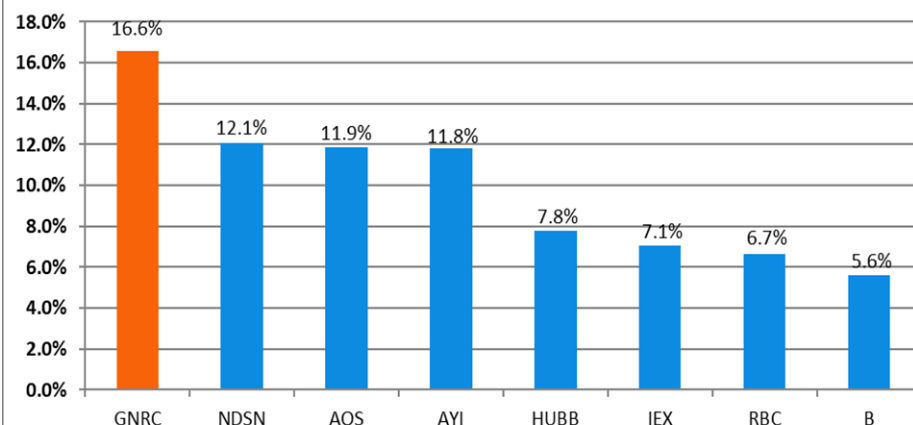
Note: Gross margin for 2016 excludes a \$2.7 million non-recurring charge relating to business optimization and restructuring costs to address the significant and extended downturn in capital spending within the oil & gas industry and a \$3.4 million non-recurring expense related to a pre-tax purchase accounting inventory step-up adjustment related to Pramac. Adjusted EBITDA margin for 2016 and 2017 calculated using adjusted EBITDA before deducting for non-controlling interest. Consolidated net debt leverage ratio for 2016 and 2017 using adjusted EBITDA attributable to the Generac.

# Relative Performance

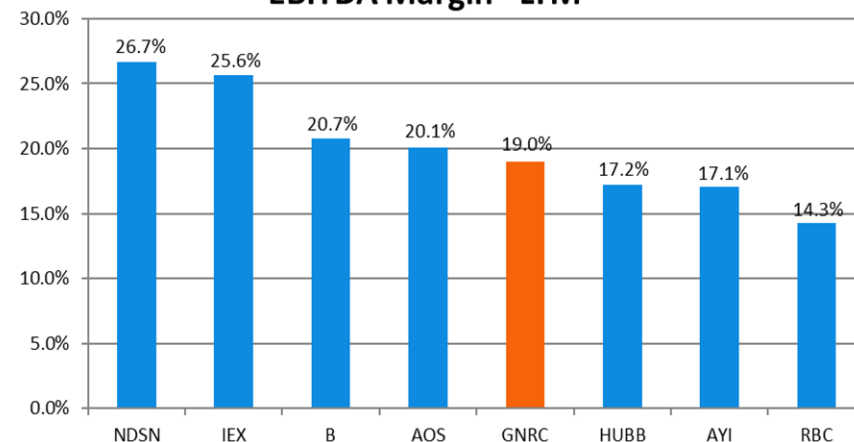
## Compared with Industrial Technology Peers



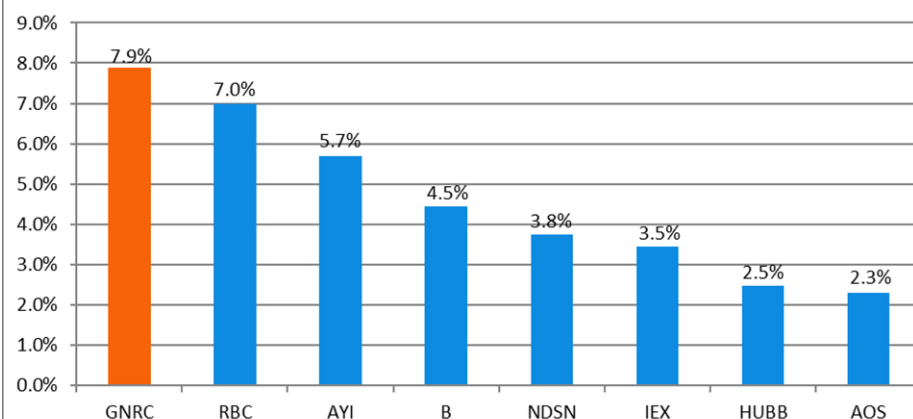
**8 Year Sales CAGR (2010 - 2018E)<sup>1</sup>**



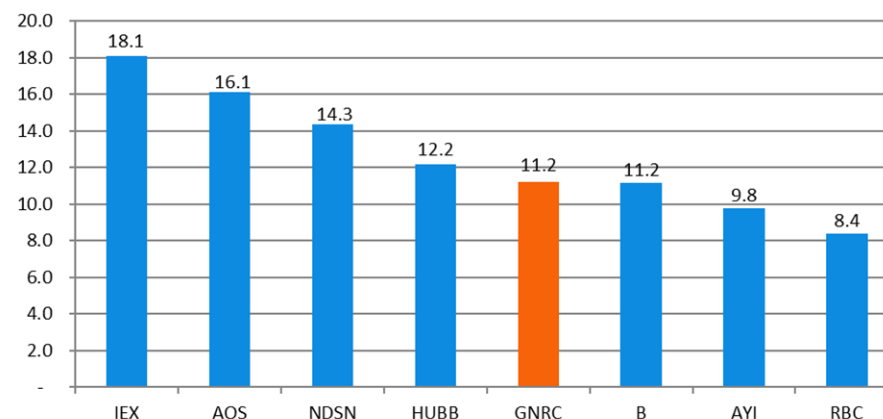
**EBITDA Margin - LTM<sup>2</sup>**



**Free Cash Flow (FCF) Yield<sup>3</sup>**



**EV / EBITDA<sup>4</sup>**



Source: Thomson One, Company Filings Note: Charts for Free Cash Flow Yield and Enterprise Value / NTM EBITDA use closing share prices as of March 16, 2018.

(1) Figures represent an eight-year compound annual growth rate calculated by comparing the base year 2010 to the analyst consensus revenue forecast for 2018 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.

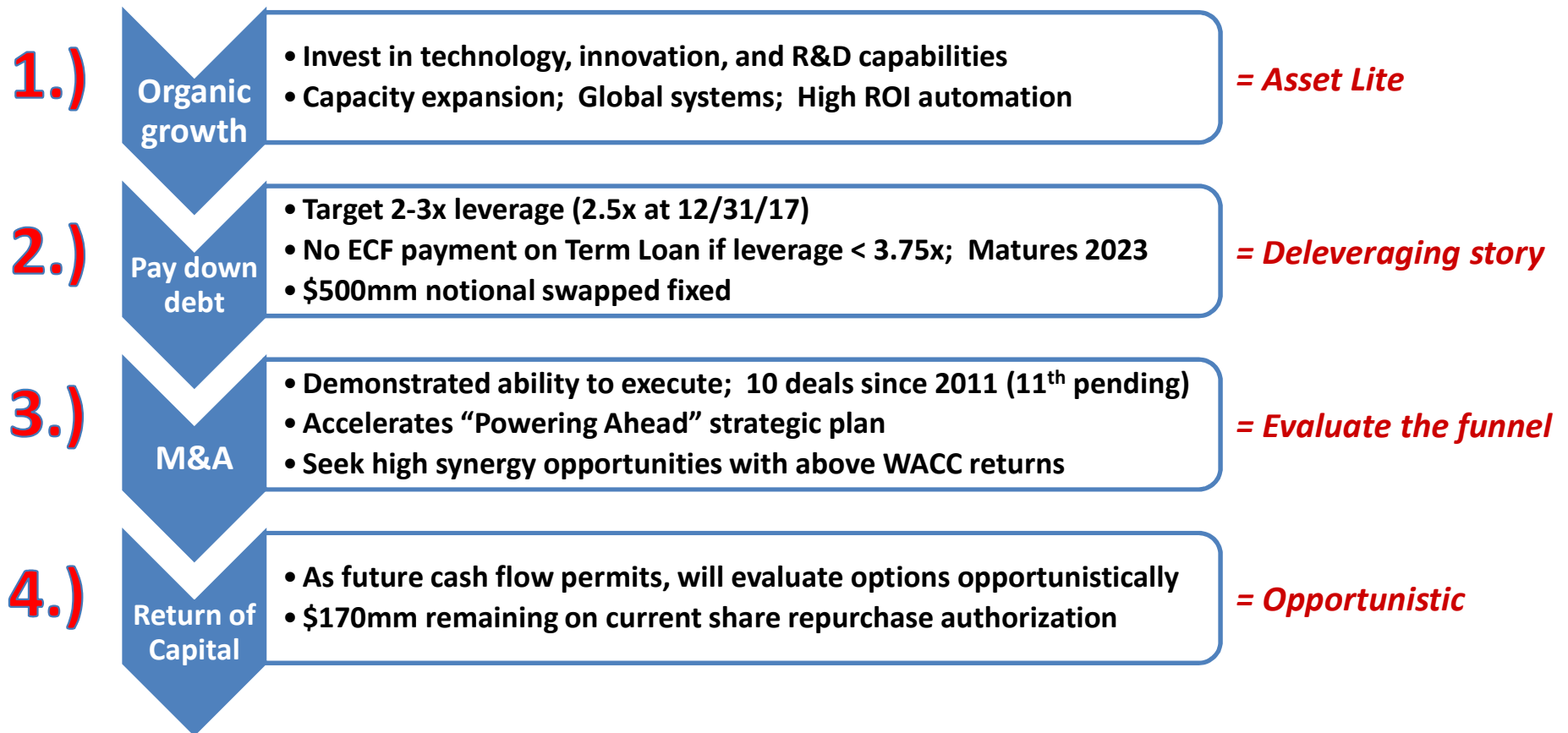
# Projected Capital Deployment Priorities



**>\$800mm of FCF expected 2017 - 2020**





## Priority Uses of Capital:





# Lead Gas – Powering Ahead Pillar

PAST	PRESENT	FUTURE
<b>North America</b> <ul style="list-style-type: none"> <li>Emergency Standby</li> </ul>	<div> <b>North America</b> <ul style="list-style-type: none"> <li>Emergency Standby</li> <li>Prime Power</li> <li>Demand Response</li> </ul> </div> <div> <b>ROW/International</b> <ul style="list-style-type: none"> <li>Standby &amp; Prime</li> </ul> </div> <div>  <b>Geographic Market Access</b> </div> <div>  <b>Technology &amp; Application Expertise</b> </div>	<div> <b>North America</b> <ul style="list-style-type: none"> <li>Standby &amp; Prime</li> <li>Demand Response</li> </ul> </div> <div> <b>ROW/International</b> <ul style="list-style-type: none"> <li>Standby &amp; Prime</li> </ul> </div> <div> <b>Global</b> <ul style="list-style-type: none"> <li>Continuous, Combined Heat &amp; Power (CHP)</li> </ul> </div>
~\$2.0B	~\$3.0B	~\$5.0B
<b>Increase Served Market</b>		
Up to 200kW + MPS 60Hz only	Up to 500kW + MPS 50Hz & 60Hz	Up to 1MW + MPS 50Hz & 60Hz
<b>Product Line Expansion</b>		

# 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 on average by ~\$30 million per year through 2021

(\$ mm)	Total	2018	2019	2020	2021	2022+
<b>Annual tax amortization</b>	\$523	\$130	\$130	\$130	\$107	\$27
<b>Cash tax savings<sup>(1)</sup></b>	<b>\$133</b>	<b>\$33</b>	<b>\$33</b>	<b>\$33</b>	<b>\$27</b>	<b>\$7</b>

**Results in present value tax savings of ~ \$100-\$125 million<sup>(2)</sup> or \$1.50-\$2.00 per share**

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

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

# 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 <sup>(1)</sup>	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
<b>Total system cost - 48 hrs. backup protection (approx.)</b>	<b>\$25,000 (requires 4 units - see below)</b>	<b>\$8,000</b>

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
<b>Total system cost - 48 hrs. backup protection</b>	<b>\$ 25,250</b>



16/20/22 kW

**GENERAC**  
specifications

Generator Model	006459-0, 006461-0, 006462-0, 006721-0 (16 kW)	006729-0, 006730-0, 006731-0 (20 kW)	006551-0, 006552-0 (22 kW)
Rated Maximum Continuous Power Capacity (kW)	16,000 Watts*	20,000 Watts*	22,000 Watts*
Rated Maximum Continuous Power Capacity (VAC)	16,000 Watts*	18,000 Watts*	19,500 Watts*
Rated Voltage	240	240	240
Rated Maximum Continuous Load Current – 240 Volts (LP/NG)	66.0/66.6	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 1/2 x 18 x 638 x 732		
Sound output in dB(A) at 23 ft (7 m) with generator operating at normal load**	66	66	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

Technical Specs	
<p>29" / 755mm</p> <p>5.5" / 155mm</p> <p>48" / 1219mm</p>	<p><b>Usable Capacity</b> 13.5 kWh</p> <p><b>Depth of Discharge</b> 100%</p> <p><b>Efficiency</b> 90% round-trip</p> <p><b>Power</b> 7kW peak / 5kW continuous</p> <p><b>Supported Applications</b> Solar self-consumption Time of use load shifting Backup Off grid</p> <p><b>Warranty</b> 10 years</p>
	<p><b>Scalable</b> Up to 9 Powerwalls</p> <p><b>Operating Temperature</b> -4° to 122°F / -20°C to 50°C</p> <p><b>Dimensions</b> L x W x D: 44" x 29" x 5.5" (1150mm x 755mm x 155mm)</p> <p><b>Weight</b> 264.4 lb / 110 kg</p> <p><b>Installation</b> Floor or wall mounted Indoor or outdoor</p> <p><b>Certification</b> UL and IEC certified Grid code compliant</p>

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

25

(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

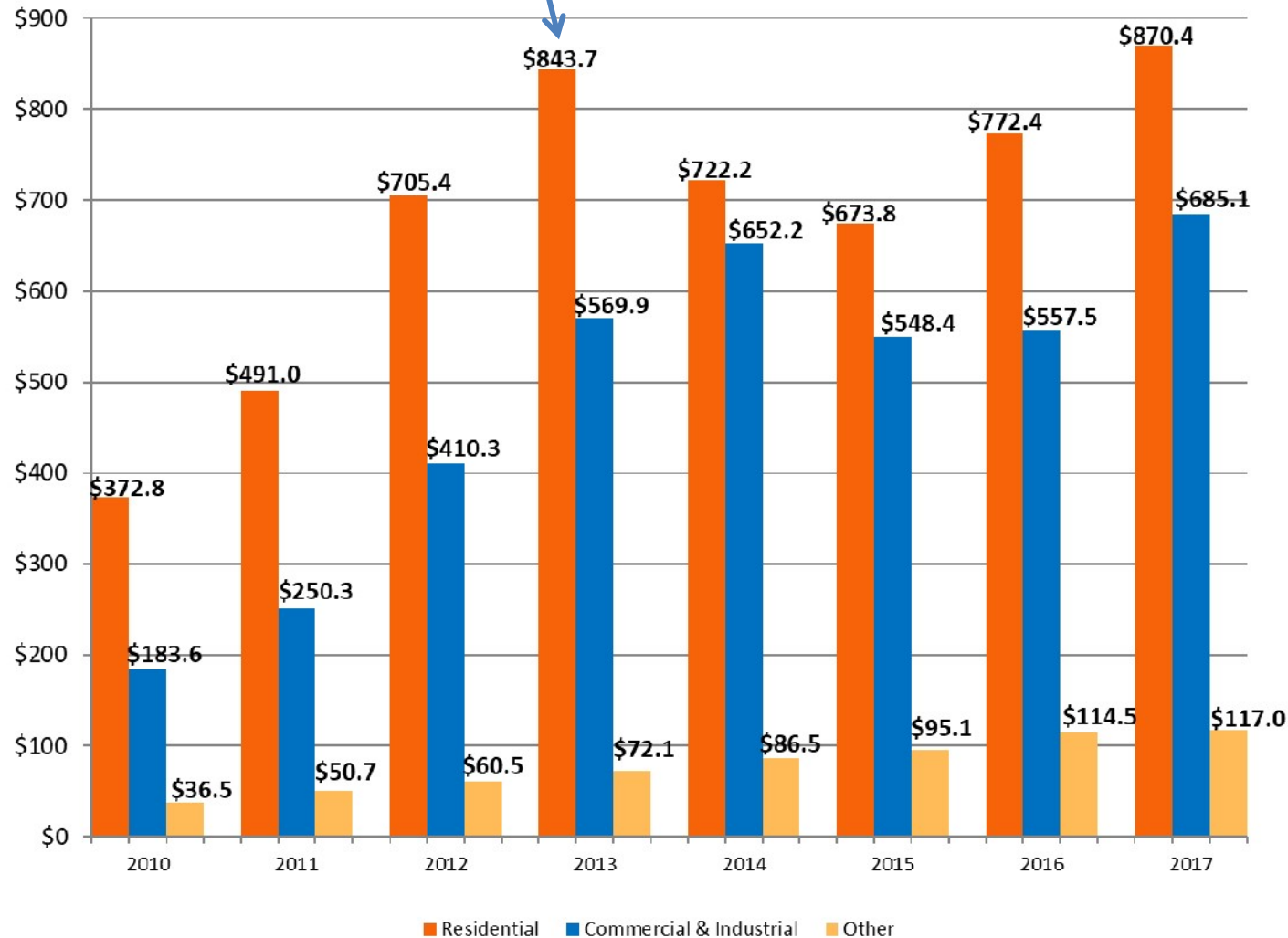
# Net Sales by Product Class



(\$ in millions)

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

~10% organic sales CAGR for  
Residential Products since 2010



# Q4 2017 & LTM Financial Overview



(\$ in millions)	Actual Q4 2017 (unaudited)	Y/Y % Change	Actual 2017 (unaudited)	Y/Y % Change
Residential	\$ 265.5	11.2%	\$ 870.4	12.7%
Industrial	188.3	27.1%	685.1	22.9%
Other	34.2	12.3%	117.0	2.2%
Net Sales	\$ 488.0	16.9%	\$ 1,672.4	15.8%
Gross Profit (1)	\$ 179.7	16.6%	582.1	11.3%
% Margin	36.8%		34.8%	
<b>Adjusted EBITDA - GHI</b>	<b>\$ 108.6</b>	<b>19.3%</b>	<b>\$ 311.7</b>	<b>13.5%</b>
<b>% Margin (2)</b>	<b>22.8%</b>		<b>19.0%</b>	
Net Income - GHI (3) (4) (5)	\$ 81.2	95.6%	\$ 159.4	61.3%
Adjusted Net Income - GHI	\$ 85.9	20.3%	\$ 212.9	7.4%
<b>Adjusted EPS - GHI</b>	<b>\$ 1.37</b>	<b>22.3%</b>	<b>\$ 3.40</b>	<b>12.4%</b>
Free Cash Flow	\$ 121.8	6.6%	\$ 227.9	2.2%
Consolidated Net Debt			\$ 790.3	
Consolidated Net Debt Leverage Ratio			2.5x	

(1) LTM 2016 excludes a \$2.7 million non-recurring charge relating to business optimization and restructuring costs to address the significant and extended downturn in capital spending within the oil & gas industry and \$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) Q4 and 2017 includes a \$28.4 million non-cash gain largely from the revaluation of the Company's net deferred tax liabilities associated with the enactment of the Tax Cuts and Jobs Act of 2017.

(4) 2016 includes \$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. 2016 also 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.

(5) 2016 includes a \$1.0 million intangible trade-name write off and \$3.0 million loss on change in contractual interest rate.

# Adjusted EBITDA Reconciliation



(\$ in millions)

	2013	2014	2015	2016	2017
<b>Net income</b>	<b>\$ 174.5</b>	<b>\$ 174.6</b>	<b>\$ 77.7</b>	<b>\$ 98.8</b>	<b>\$ 161.1</b>
Interest expense	54.4	47.2	42.8	44.6	42.7
Depreciation and amortization	36.8	34.7	40.3	54.4	52.0
Income taxes provision	104.2	83.7	45.2	57.6	43.6
Non-cash write-down and other charges	0.1	(3.9)	44.6	7.5	5.8
Non-cash share-based compensation expense	12.4	12.6	8.2	9.5	10.2
Loss on extinguishment of debt	15.3	2.1	4.8	0.6	-
(Gain) loss on change in contractual interest rate	-	(16.0)	2.4	3.0	-
Transaction costs and credit facility fees	3.9	1.9	2.2	2.4	2.1
Other	1.0	0.3	2.4	0.1	0.2
Adjusted EBITDA	402.6	337.3	270.8	278.4	317.7
Adjusted EBITDA attributable to noncontrolling interests	-	-	-	(3.8)	(6.1)
<b>Adjusted EBITDA attributable to Generac Holdings, Inc.</b>	<b>\$ 402.6</b>	<b>\$ 337.3</b>	<b>\$ 270.8</b>	<b>\$ 274.6</b>	<b>\$ 311.7</b>

# Adjusted EBITDA Reconciliation



(\$ in thousands)

Net income to Adjusted EBITDA reconciliation	Three months ended		Year End	
	December 31,			
	2017	2016	2017	2016
	(unaudited)		(unaudited)	
Net income attributable to Generac Holdings, Inc.	\$ 81,175	\$ 41,509	\$ 159,386	\$ 98,788
Net income attributable to noncontrolling interests	1,316	136	1,749	24
Net income	82,491	41,645	161,135	98,812
Interest expense	10,314	10,854	42,667	44,568
Depreciation and amortization	13,297	13,075	51,988	54,418
Income taxes provision	607	24,416	43,553	57,570
Non-cash write-down and other charges	1,270	(1,332)	5,835	7,463
Non-cash share-based compensation expense	1,803	1,688	10,205	9,493
Tradename and goodwill impairment	-	-	-	-
Loss on extinguishment of debt	-	574	-	574
(Gain) loss on change in contractual interest rate	-	-	-	2,957
Transaction costs and credit facility fees	1,175	943	2,145	2,442
Other	171	(47)	202	90
Adjusted EBITDA	111,128	91,816	317,730	278,387
Adjusted EBITDA attributable to noncontrolling interests	(2,486)	(769)	(6,075)	(3,784)
<b>Adjusted EBITDA attributable to Generac Holdings, Inc.</b>	<b>\$ 108,642</b>	<b>\$ 91,047</b>	<b>\$ 311,655</b>	<b>\$ 274,603</b>



# Adjusted Net Income

## and Free Cash Flow Reconciliations



### Net income to Adjusted net income reconciliation

(\$ in thousands)	Three months ended December 31,		Year End	
	2017	2016	2017	2016
	(unaudited)		(unaudited)	
Net income attributable to Generac Holdings, Inc.	\$ 81,175	\$ 41,509	\$ 159,386	\$ 98,788
Net income attributable to noncontrolling interests	1,316	136	1,749	24
Net income	82,491	41,645	161,135	98,812
Provision for income taxes	607	24,416	43,553	57,570
Income before provision for income taxes	83,098	66,061	204,688	156,382
Amortization of intangible assets	7,307	7,428	28,861	32,953
Amortization of deferred financing costs and OID	1,116	711	3,516	3,940
Tradename and goodwill impairment	-	-	-	-
Loss on extinguishment of debt	-	574	-	574
(Gain) loss on change in contractual interest rate	-	-	-	2,957
Transaction costs and credit facility fees	727	494	1,706	5,653
Business optimization expenses	979	152	2,912	7,316
Adjusted net income before provision for income taxes	93,227	75,420	241,683	209,775
Cash income tax expense	(6,017)	(3,704)	(25,624)	(9,299)
Adjusted net income	\$ 87,210	\$ 71,716	\$ 216,059	\$ 200,476
Adjusted net income attributable to noncontrolling interests	(1,289)	(280)	(3,201)	(2,219)
<b>Adjusted net income attributable to Generac Holdings, Inc.</b>	<b>\$ 85,921</b>	<b>\$ 71,436</b>	<b>\$ 212,858</b>	<b>\$ 198,257</b>

### Free Cash Flow Reconciliation

Net cash provided by operating activities	\$ 138,397	\$ 123,896	\$ 261,116	\$ 253,409
Expenditures for property and equipment	(16,603)	(9,620)	(33,261)	(30,467)
<b>Free cash flow</b>	<b>\$ 121,794</b>	<b>\$ 114,276</b>	<b>\$ 227,855</b>	<b>\$ 222,942</b>