

**GENERAC®**

# POWERING AHEAD

Investor Presentation

Generac Investor Day

November 8, 2012



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# Forward Looking Statements

The logo for Generac, featuring the word "GENERAC" in a bold, white, sans-serif font. The letters are set against a dark background with a horizontal orange bar underneath the text.

Certain statements contained in this presentation, as well as other information provided from time to time by Generac Holdings Inc. or its employees, may contain forward-looking statements that involve risks and uncertainties that could cause actual results to differ materially from those in the forward-looking statements.

Forward-looking statements give Generac's current expectations and projections relating to the Company's financial condition, results of operations, plans, objectives, future performance and business. You can identify forward-looking statements by the fact that they do not relate strictly to historical or current facts. These statements may include words such as "anticipate," "estimate," "expect," "project," "plan," "intend," "believe," "confident," "may," "should," "can have," "likely," "future" and other words and terms of similar meaning in connection with any discussion of the timing or nature of future operating or financial performance or other events.

Any such forward-looking statements are not guarantees of performance or results, and involve risks, uncertainties (some of which are beyond the Company's control) and assumptions. Although Generac believes any forward-looking statements are based on reasonable assumptions, you should be aware that many factors could affect Generac's actual financial results and cause them to differ materially from those anticipated in any forward-looking statements, including: demand for Generac products; frequency and duration of major power outages; availability and cost of quality raw materials and key components used in producing Generac products; impact on our results of the substantial increases in our outstanding indebtedness and related interest expense due to the dividend recapitalization completed in May 2012; the possibility that the expected synergies, efficiencies and cost savings of the acquisition of the Magnum Products business will not be realized, or will not be realized within the expected time period; the risk that the Magnum Products business will not be integrated successfully; competitive factors in the industry in which Generac operates; Generac's dependence on the Company's distribution network; Generac's ability to invest in, develop or adapt to changing technologies and manufacturing techniques; loss of key management and employees; increase in product and other liability claims; and changes in environmental, health and safety laws and regulations.

Should one or more of these risks or uncertainties materialize, Generac's actual results may vary in material respects from those projected in any forward-looking statements. A detailed discussion of these and other factors that may affect future results is contained in Generac's filings with the Securities and Exchange Commission. Any forward-looking statement made by Generac in this presentation speaks only as of the date on which it is made. Generac undertakes no obligation to update any forward-looking statement, whether as a result of new information, future developments or otherwise, except as may be required by law.

# Agenda

**GENERAC**

<b>9:30am</b>	<b>Welcome</b>
<b>9:30-10:00am</b>	<b>Opening Remarks</b>
<b>10:00-11:30am</b>	<b>Powering Ahead Initiatives</b>
<b>11:30-12:00pm</b>	<b>Working Lunch and Q&amp;A</b>
<b>12:00-12:30pm</b>	<b>Travel to Whitewater facility</b>
<b>12:30-1:30pm</b>	<b>Tour Whitewater facility</b>
<b>1:30-2:00pm</b>	<b>Travel to Waukesha Headquarters</b>
<b>2:00pm</b>	<b>Concluding Remarks</b>



- **Best in class organic revenue growth**
- **Market leader with significant barriers to entry**
- **Superior financial profile**
- **Strong product, market and geographic expansion opportunities**

**Leading “Industrial Technology” Company**

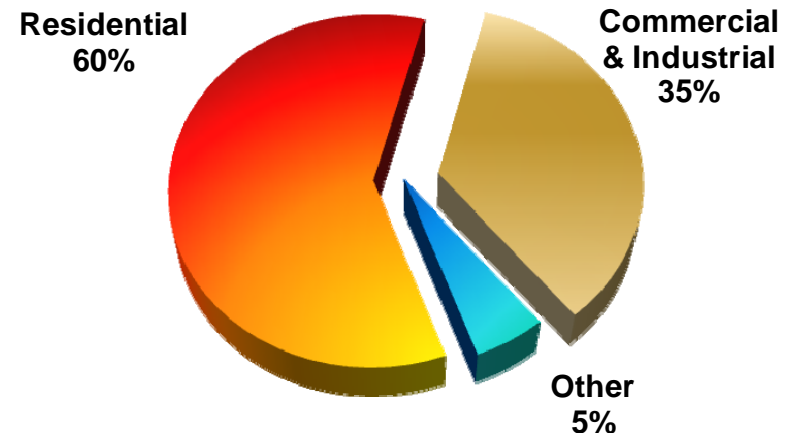
# Generac Business Overview

GENERAC

## About Generac –

- Founded in **1959**.
- A leading designer and manufacturer of a wide range of **generators** and **other engine powered products** serving residential, light commercial, industrial and construction markets.
- Products are **available through a broad network** of independent dealers, retailers, wholesalers and equipment rental companies.
- Products marketed and distributed primarily under the **Generac** and **Magnum** brand names.
- Approx **2,200 employees** at 12/31/2011, including Magnum.
- Over **1.4 million ft<sup>2</sup>** of manufacturing and distribution capacity located in **Wisconsin**.

9/30/12 LTM Sales:  
\$1.102 billion



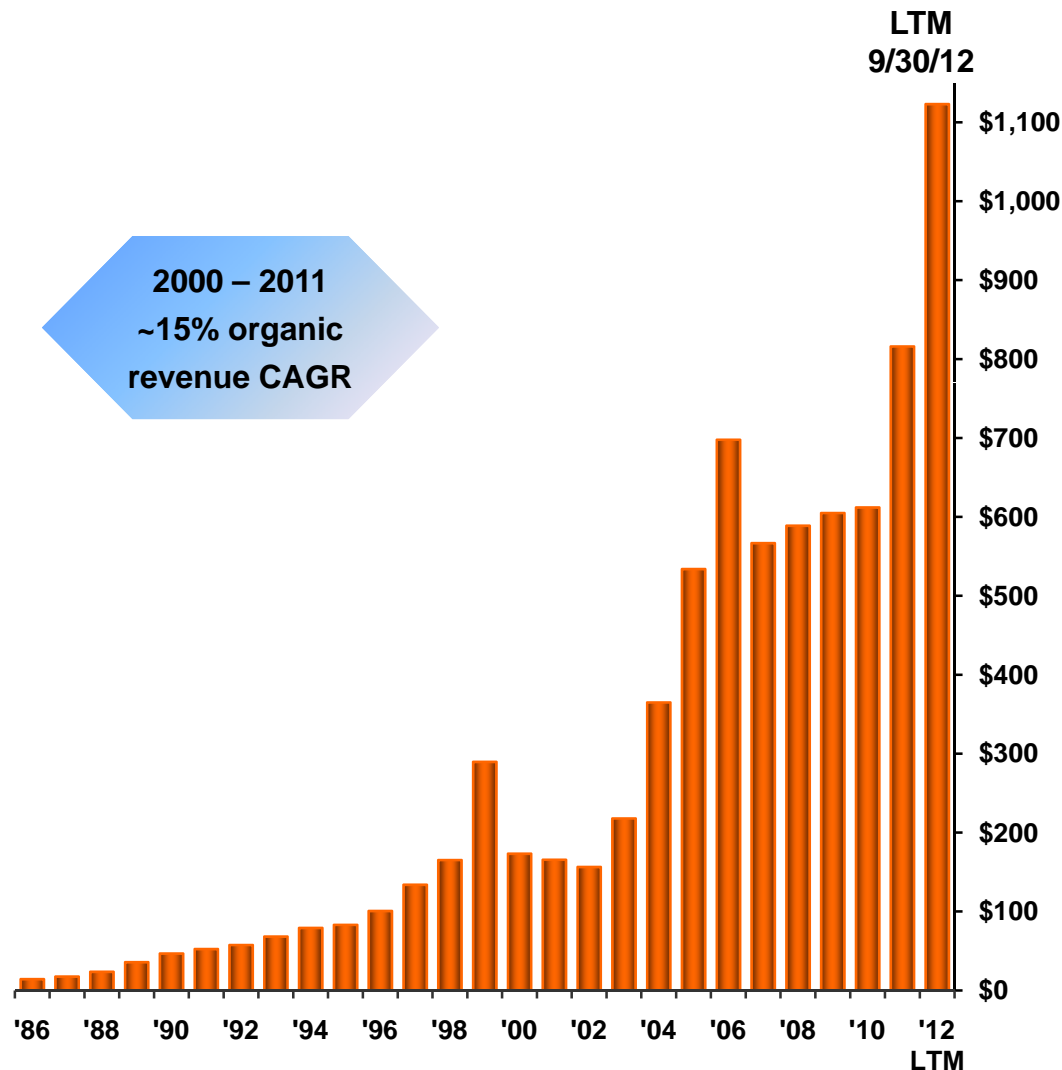
**GENERAC**<sup>®</sup>

**MAGNUM**<sup>™</sup>  
PRODUCTS LLC

# Track Record of Innovation and Growth

**GENERAC**

2000 – 2011  
~15% organic  
revenue CAGR



## History of Innovation Driving Organic Growth






- Commercialized affordable home standby generators and light-commercial generators
- Differentiated distribution model
- Over 150 engineers on staff as of 12/31/11, ~ 90 U.S. and international patents and patent applications
- Natural gas and Bi-Fuel™ expertise
- Modular Power System (MPS) approach for industrial applications
- 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. 2011 and LTM 2012 figures include one quarter and four quarters of results, respectively, from the Magnum Products acquisition completed on October 3, 2011.






# Broad Product Offering

**GENERAC**

## Residential Products

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

## Industrial Products

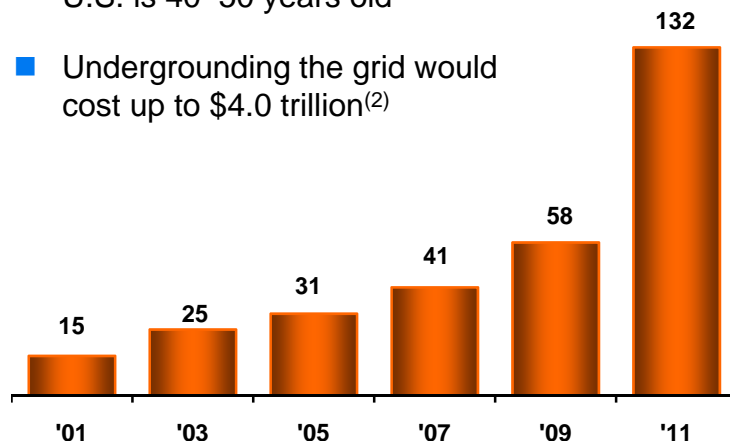
	Product	End Markets Served
	<b>Light Towers</b>	Temporary lighting for construction
	<b>Mobile Generators</b>	Temporary power for construction, special events
	<b>Mobile Pumps</b>	De-watering for construction sites & flood water removal
	<b>Commercial Stationary Generators</b>	Emergency backup – small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

# Powerful Macro Trends Drive Home Standby Penetration Opportunity

**GENERAC**

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

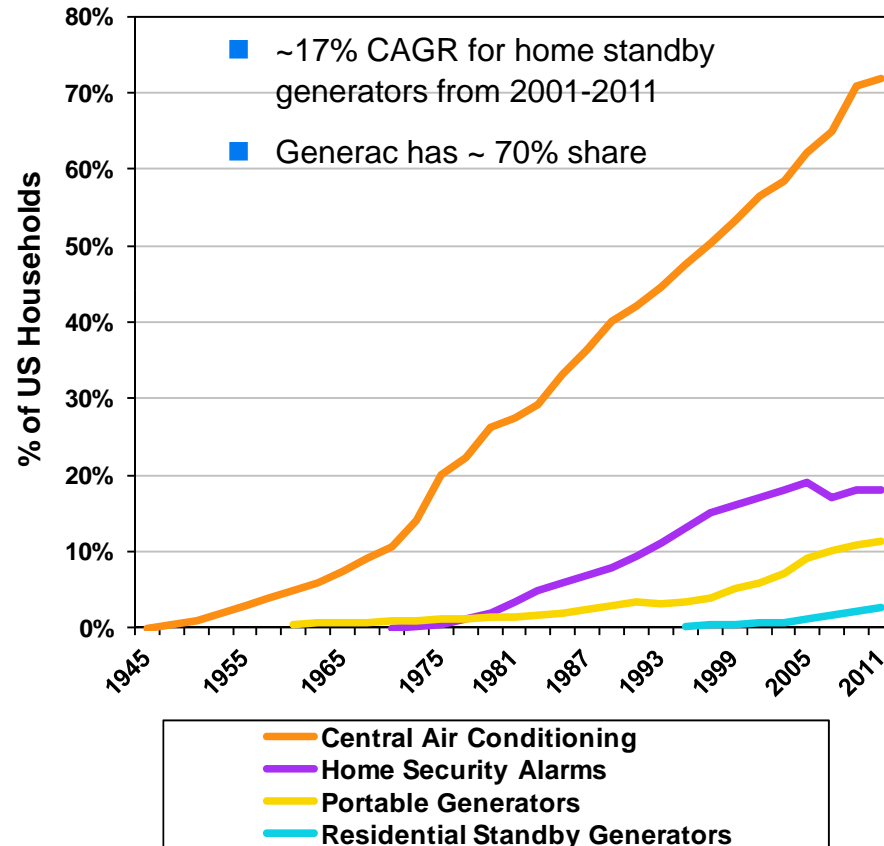
- 30–50% of T&D network in the U.S. is 40–50 years old
- Undergrounding the grid would cost up to \$4.0 trillion<sup>(2)</sup>



## Aging Population fits Demographic<sup>(3)</sup>

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

## North American Penetration Opportunity<sup>(4)</sup>



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

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

(2) At \$1mm/mile.

(3) Source: Company warranty registration data

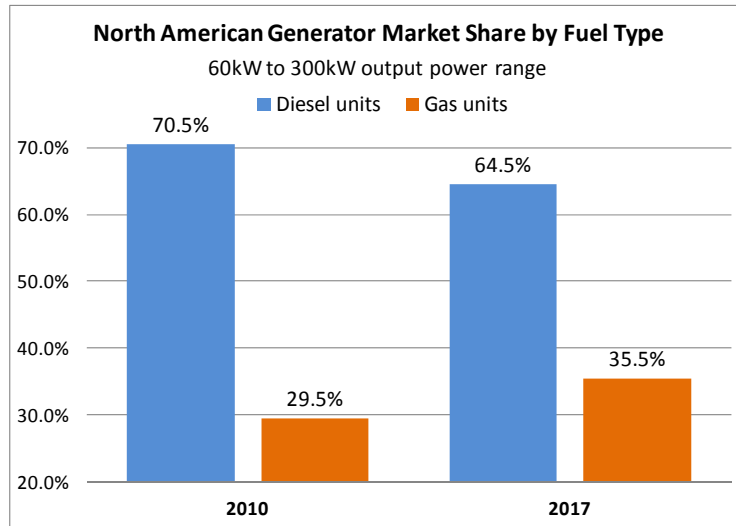
(4) Source: Management estimates



# Commercial Penetration and Industrial Market Share Opportunities

**GENERAC**

## Secular Shift – Natural Gas vs. Diesel Market Growth

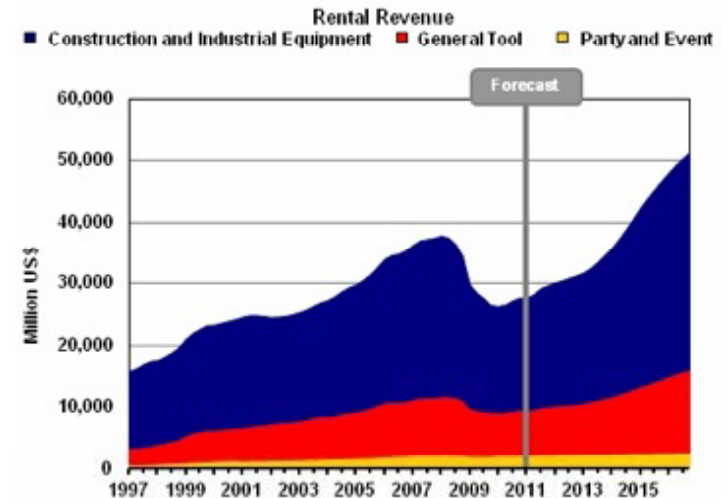


Source: Frost & Sullivan, Generac estimates

### Key Advantages of Nat Gas gensets:

- Up to 35% less expensive - leading to improved ROI
- Eliminates diesel fuel storage, spillage, and spoilage issues
- Lower operating costs than diesel
- “Greener” solution
- GNRC is the largest natural gas genset OEM in North America

## Secular Shift – Rental vs. Buy



Source: IHS Global Insight - January 2012 forecast



**Volvo Rents**  
Construction Equipment



### Ongoing secular shift toward equipment rentals:

- U.S. equipment rental industry projected to grow at over 10% CAGR from 2010-2016
- Construction and industrial equipment rental revenue projected to be fastest-growing category

# Differentiated Distribution Model

**Residential & Lt. Commercial Distribution:**

● = Over 4,500 Res/Comm Dealers

**Commercial & Industrial Distribution:**

● = ~90 Industrial Dealers

**Res/Comm Dealers**

**National Retailers**

**Wholesalers**

**Catalog and E-Commerce**

**Private Label Partners**



**Industrial Dealers**

**National Accounts**

**Equipment Rental Yards**

**Gov't and Military**

**Established and diverse distribution model = growth driver & competitive advantage**



# Wisconsin Facilities

**GENERAC**



## **Waukesha (265,000 ft<sup>2</sup>)**

Built 1965, expanded 9 times. Corporate HQ, R&D center.  
Water-cooled genset and transfer switch production.  
2012: Office & Engineering Lab renovations in process



## **Eagle (240,000 ft<sup>2</sup>)**

Built 1995, expanded 1999. Water-cooled  
genset production & sheet metal fabrication



## **Whitewater (495,000 ft<sup>2</sup>)**

Built 1997, expanded 2003. Vertically integrated air-cooled  
engines & products production. 2007: Added distribution &  
logistics facility



## **Berlin: Magnum (200,000 ft<sup>2</sup>)**

Expanded most recently in 2012. HQ and  
manufacturing facility for mobile light towers,  
generators and pumps

# Capacity Expansion

**GENERAC**



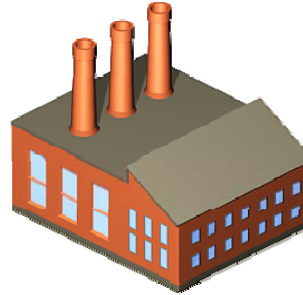
## **Jefferson, Wisconsin (252,500 ft<sup>2</sup>)**

Built 1994 by Generac, sold as part of Portable Products business in 1998 and reacquired in September 2012. Facility is currently on-line as a warehousing operation and will begin manufacturing operations in January 2013.



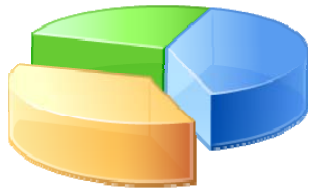
## ***Grow Residential Standby Generator Market***

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



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

- *Upgrade distribution*
- *Build relations with specifying engineers*
- *Expand product offering*



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

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



## ***Enter New Geographies***

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



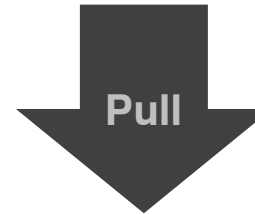
# **Growing the Residential Market**

***Russ Minick***

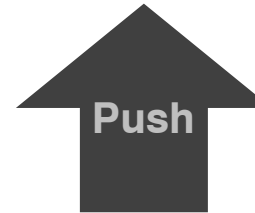
***Executive VP – Residential Products***

**Goal: Grow the Home Standby Market**

- 2009 penetration of 2.0%
- Current penetration of 2.5%
- Each 1.0% = \$2B in Market Opportunity



**Precision Targeting of Likely HSB Buyers**



**Focused, Capable and Aligned Distribution Partners**

**Major research study H2 2011:**

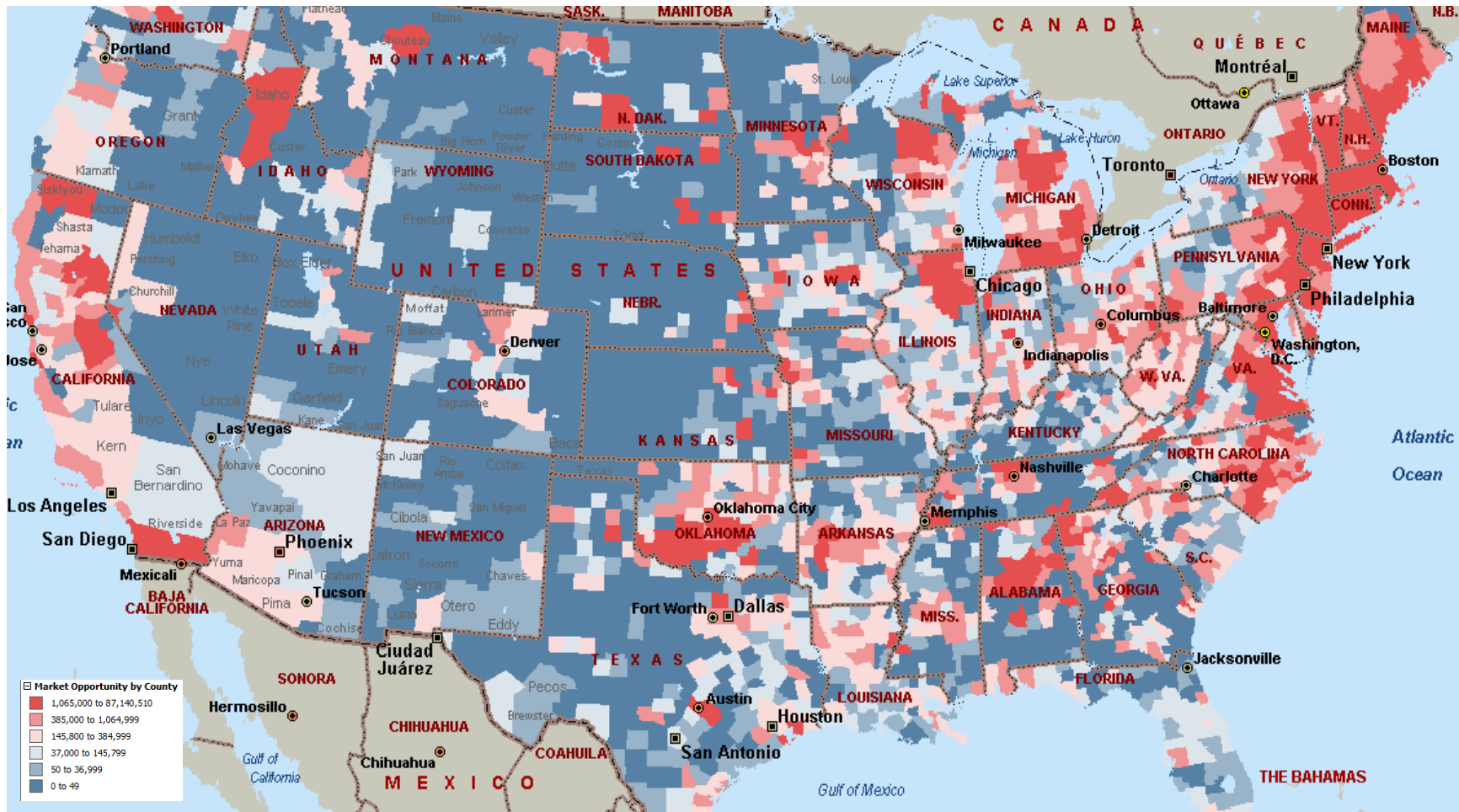
**Breakthrough:** Gained critical segmentation & targeting insights

- Who:** *“Most Likely” buyers of HSB*
- Why:** *Emotional triggers, psychographic profile of “Most Likely”*
- Where:** *Proprietary process for “findability”*
- How:** *Requires strong “Pull / Push” approach*

## A.M.P. *Proprietary Generac Process*

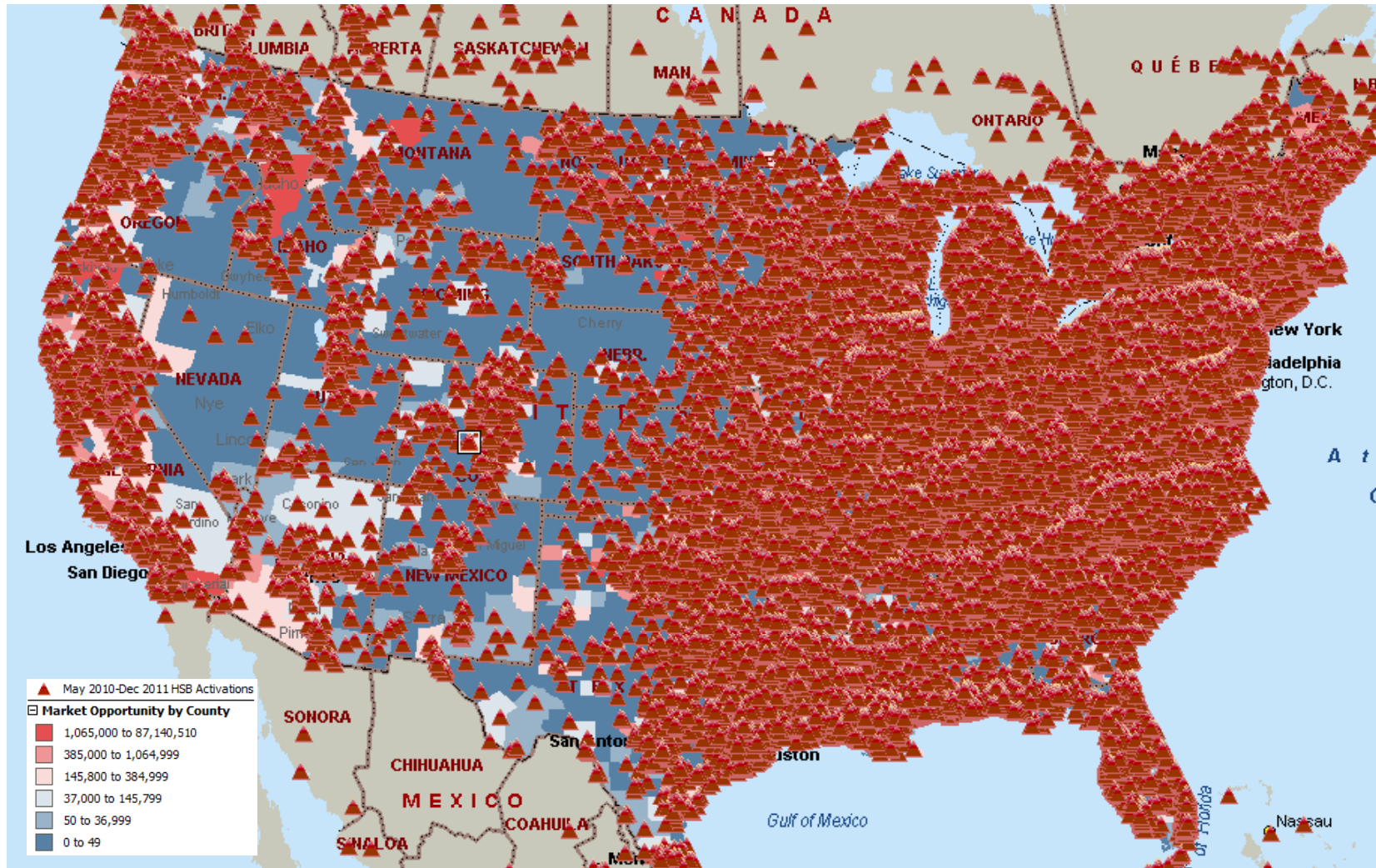


# Market Opportunity Index



Market Opportunity =  $\frac{\text{Outage Severity (\# people affected by outages} \times \text{outage duration)}}{\text{Owner-Occupied Single Family Housing Units} \times \text{Median Income}}$

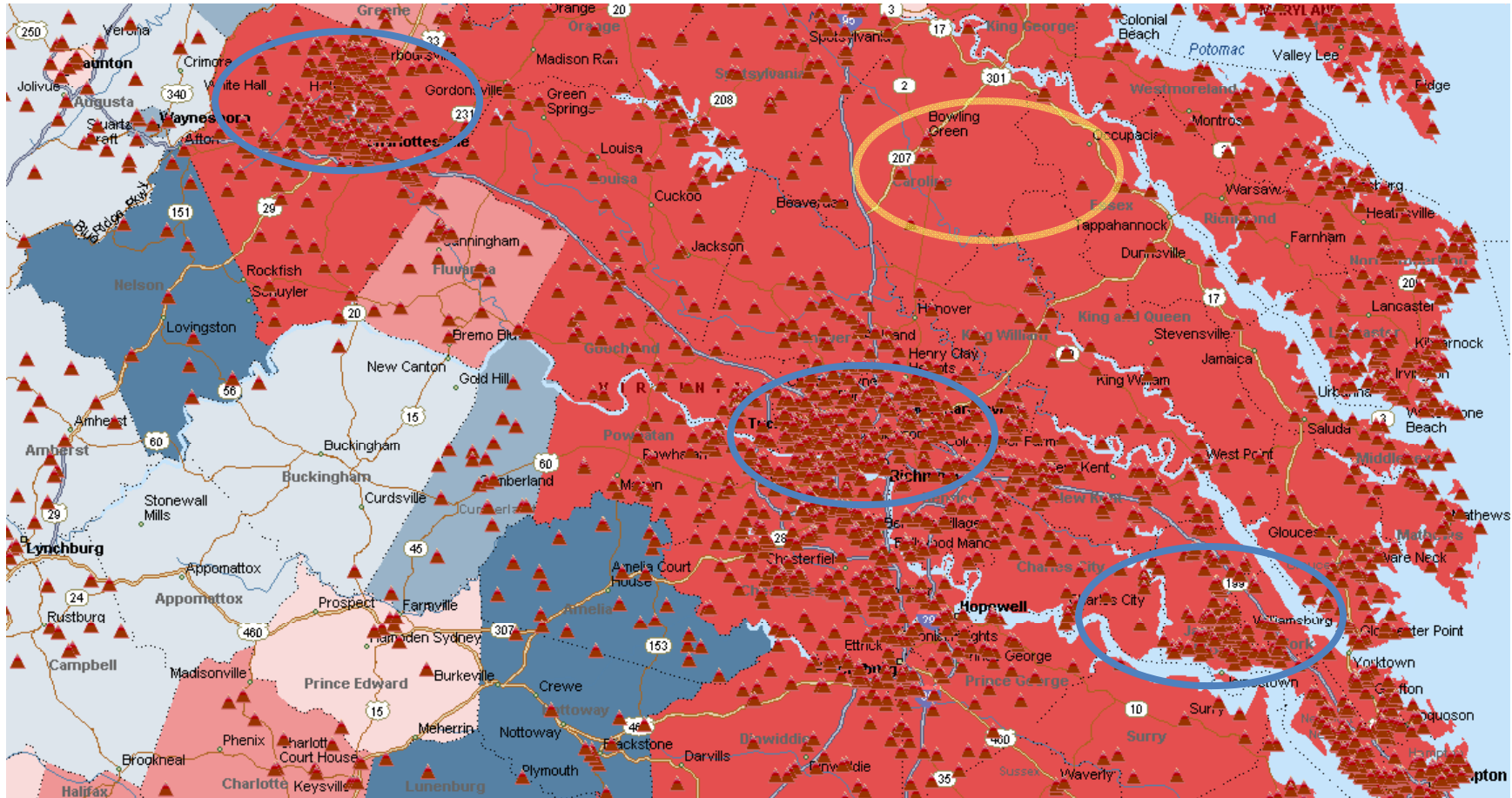
# Market Opportunity with Activations





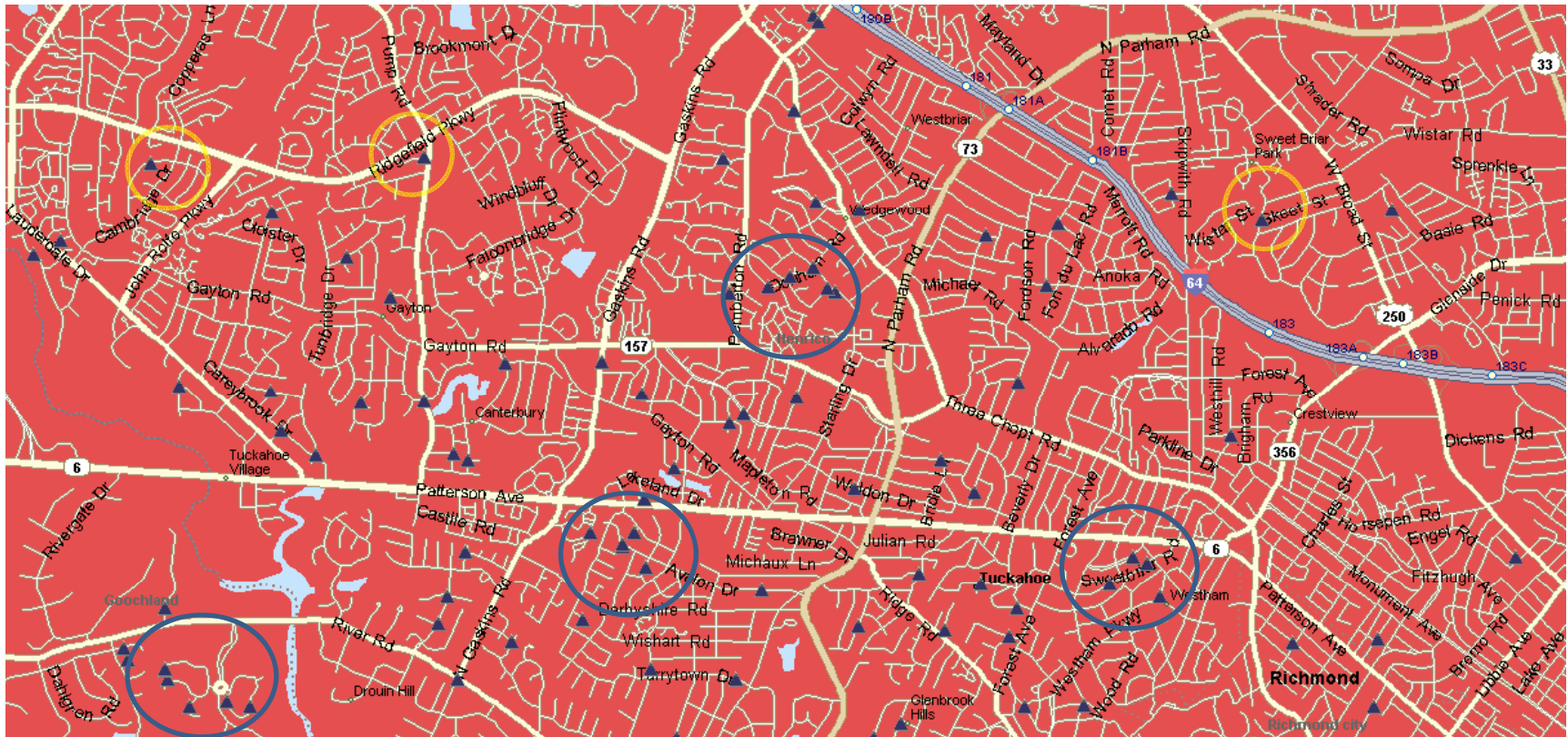
# Activation Clusters

## Virginia – Richmond Area



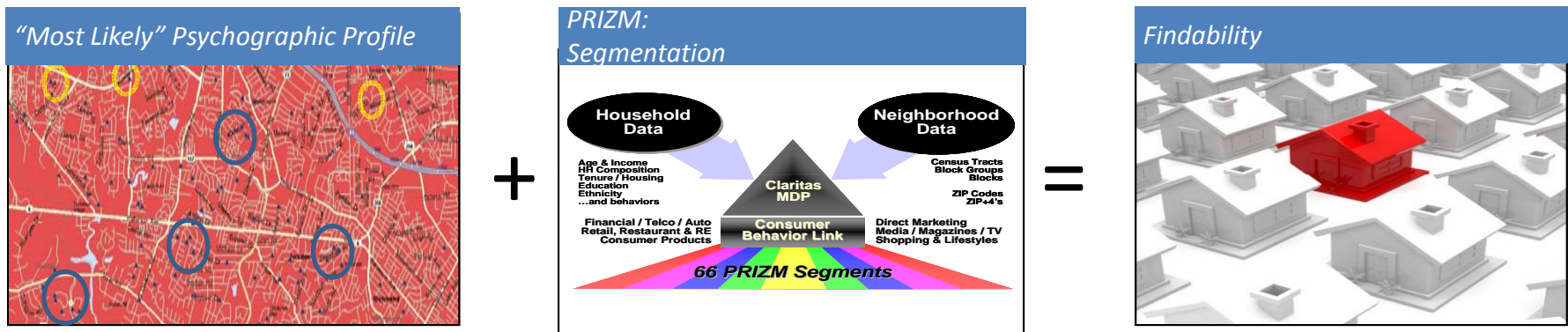
# Activation Clusters – Block Level

## Virginia – Richmond Area Block Level



# A.M.P. High Precision Targeting

- Automated process
- Drives ROI of marketing campaigns
- Tailored messages for before, during and after power outages



- “Most Likely” Customer lists
- “Most Likely” Media consumption
- Generac proprietary process

**Q: How do we manage and close the thousands of valuable leads created by the A.M.P. process?**

**A:  PowerPlay™**

The answer is "A:  PowerPlay™". The icon is a stylized house shape with a power button symbol (a circle with a vertical line) inside. The text "PowerPlay" is in a bold, black, sans-serif font, and the trademark symbol "™" is a small superscript.

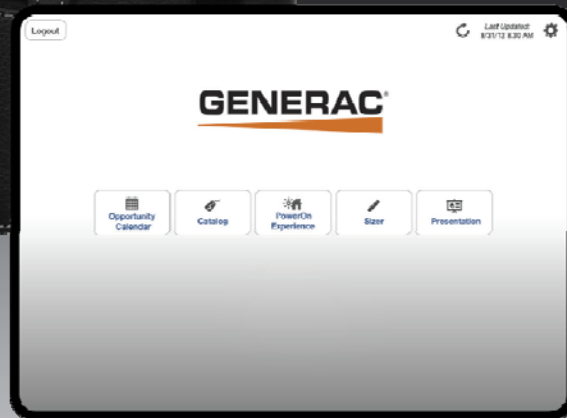




Introducing

# **PowerPlay**<sup>™</sup> Interactive Selling Solution

**MORE LEADS. MORE MONEY.**



**GENERAC**<sup>®</sup>



**A.M.P.**  
TARGET MARKETING



HIGH QUALITY  
**LEADS**



 **&**   
generac.com 888-GENERAC



 **PowerPlay**<sup>™</sup>  
3-Step Sales Process

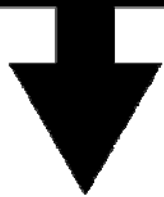
## **PowerPlay**<sup>™</sup>

Our innovative and proprietary consumer targeting techniques generate thousands of high quality home standby generator leads.

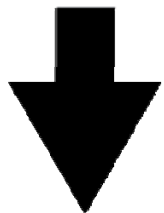
We will channel all leads to 888-Generac and generac.com.

From there, we will proactively engage consumers in a professional and effective sales process called **PowerPlay**<sup>™</sup>.

**Engage, Qualify and Schedule**



**Free In-Home Consultation**



**Follow-up**

## **PowerPlay™ 3-Step Sales Process**

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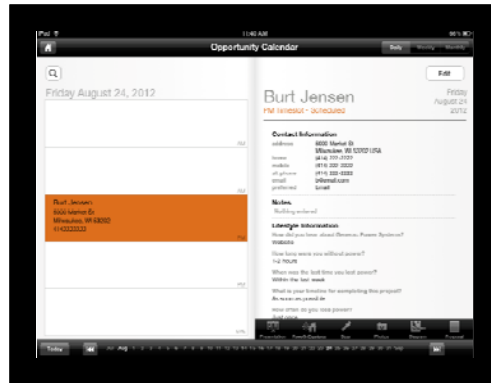
1. Generac Lead Team (GLT): Engage, educate, qualify, and schedule

2. Aligned Dealer: Free in-home consultation and attempt close

3. Generac Lead Team (GLT): Close, CSAT or follow-up

# PowerPlay™ In-Home Selling Tool

**GENERAC**



**Scheduled Lead Pushed to Dealer**



**Professional Presentation**



**Consultative Back-up Power Plan**

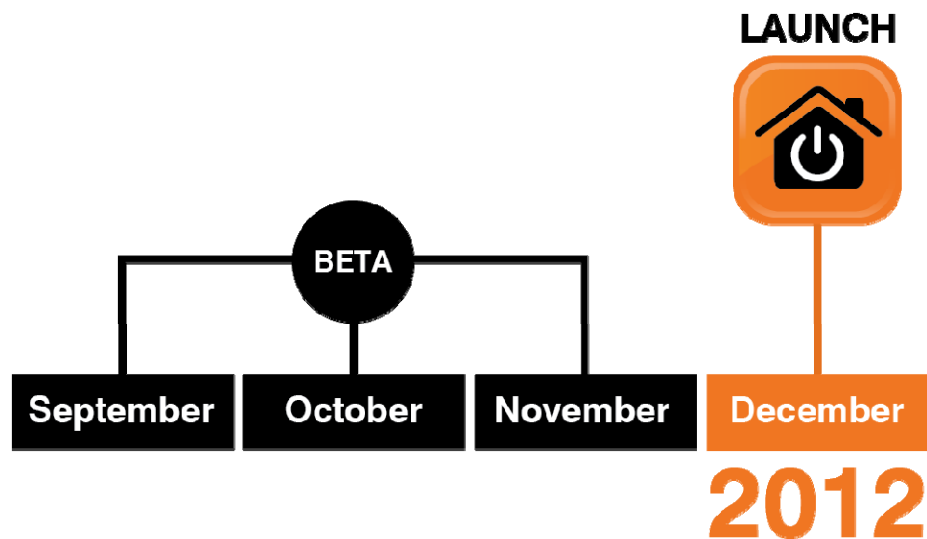


**NEC Approved Technical Generator Sizing**



**Customized Proposal**

## PowerPlay Timeline



Beta launch is taking place now with a full launch scheduled to take place in December.

We expect to have a high percentage of our dealers participate over the next 12 to 18 months.





## PROGRAM SUMMARY

1. More effective and efficient A.M.P. target marketing to generate thousands of high quality leads
2. Engage these consumers in a highly professional and consultive PowerPlay sales experience
3. Improve conversion of leads into closed sales
4. Implement a consistent customer satisfaction process and a rigorous long- term follow-up process
5. Strengthen alignment with our dealer partners by providing tools, processes and leads that improves their business



# **Gaining Industrial Market Share**

***Terry Dolan***  
***Executive VP – Industrial Products***

# Industrial Products

**GENERAC**



# End Markets Served

**GENERAC**

## Focus & Product Breadth

- Gaseous and Diesel gensets
- Emergency duty standby
- Mobile applications
- Scalable with MPS to 9MW
- Automatic transfer switches

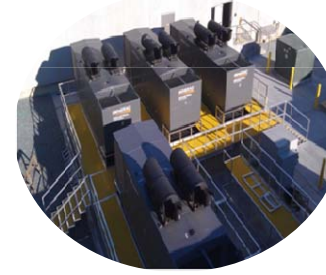
## Unique Differentiators

- Gaseous systems expertise
- Shorter lead times
- Mobile inventory availability
- Product innovation
- ROI for standby power

**Telecom**



**Data Centers**



**Construction**



**Healthcare**



**Commercial**



**Special Events**



**Industrial**



**Government**



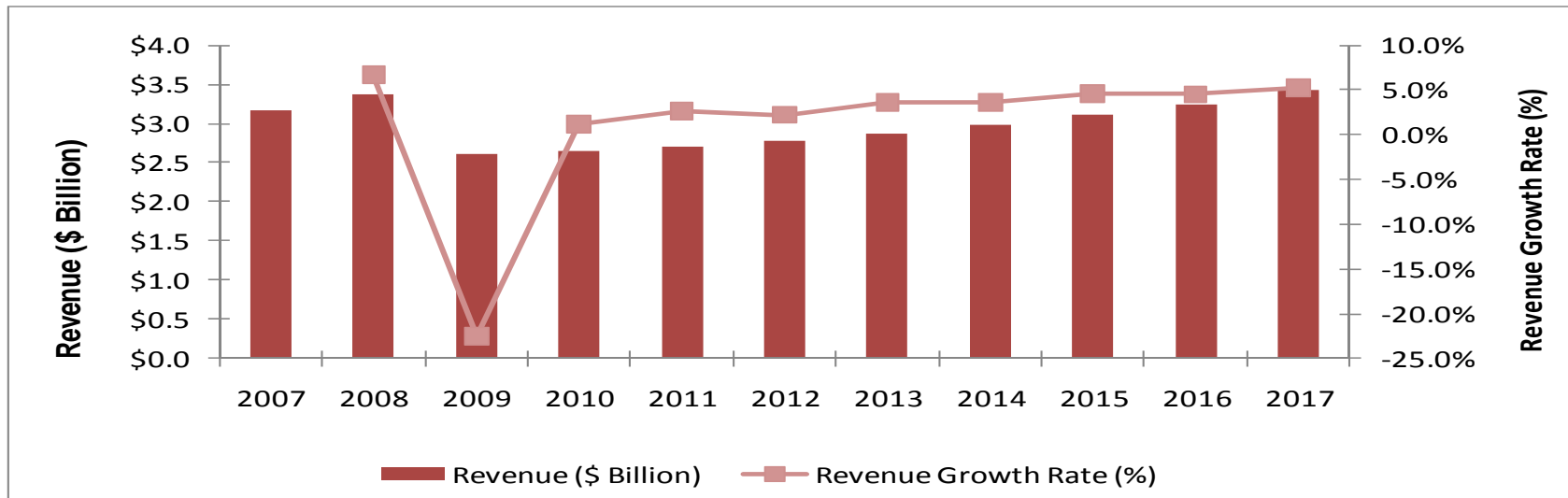
**Oil & Gas**





# Industrial Market Overview

GENERAC

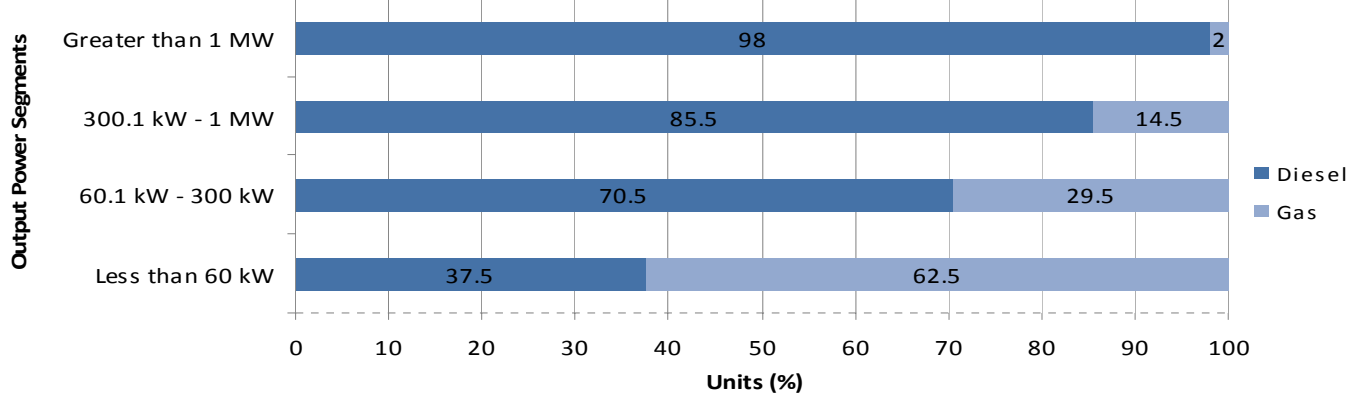


Note: All figures are rounded; the base year is 2010. Source: Frost & Sullivan analysis.

- North American generator market was ~ \$2.6 billion in 2010
- The market is projected to reach \$3.4 billion in 2017 at a compound annual growth rate of approx. 4.0%
- Market historically driven by regulations calling for back-up power and other “mission critical” applications
- Standby power accounts for nearly 80% of all installations
- **Market is experiencing shift from Diesel to Gaseous fueled power generation**
- **Major outage events increase awareness for optional standby and will accelerate adoption**

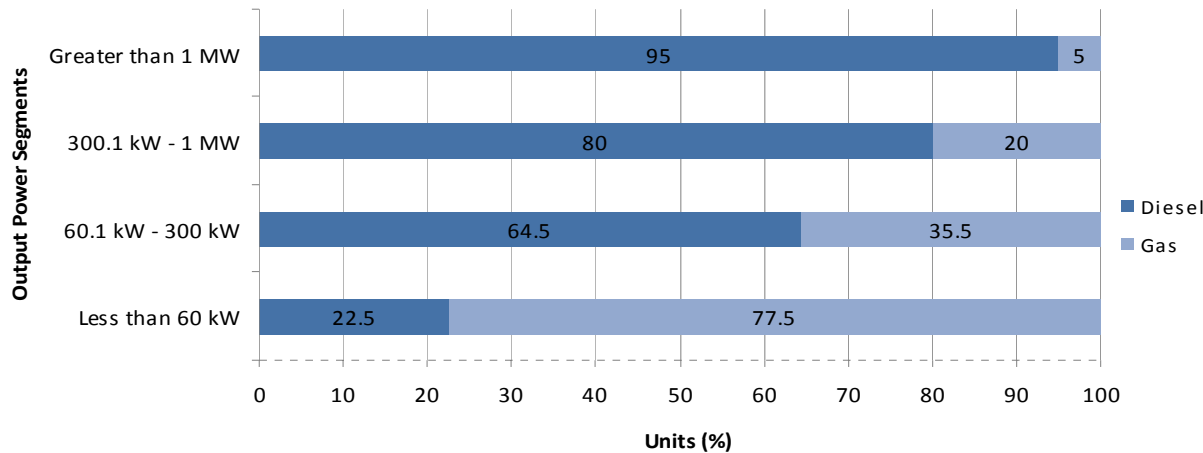
# Secular Market Trends

**Generator Sets Market: % of Units by Fuel Type (North America), 2010**



Note: All figures are rounded; the base year is 2010. Source: Frost & Sullivan analysis.

**Generator Sets Market: % of Units by Fuel Type (North America), 2017**



**Backup Power Industry  
Secular Shift from  
Diesel to Gaseous  
fueled generators**

**Generac is the leader in gaseous fueled standby power generation and is poised to benefit from shift**



# Market Share Growth Drivers

**GENERAC**

**GENERAC**<sup>®</sup>  
**INDUSTRIAL**  
**POWER**

Generac Industrial Power is recognized as the “*trusted expert and go to source*” in standby power solutions by providing industry-leading products and services

## Customer Access



Gain share by increasing specification rate of Generac Products and by development of optional standby market

1. Specifying Engineers & Electrical Contractors
2. Unique focus on End Users
  - Telecom
  - Commercial

## Channel Optimization



Develop model for the dealership of the future to insure best in class dealer network to support expanding customer base

1. Performance Metrics
2. Recurring Revenue
3. Training

## Expanded Offering



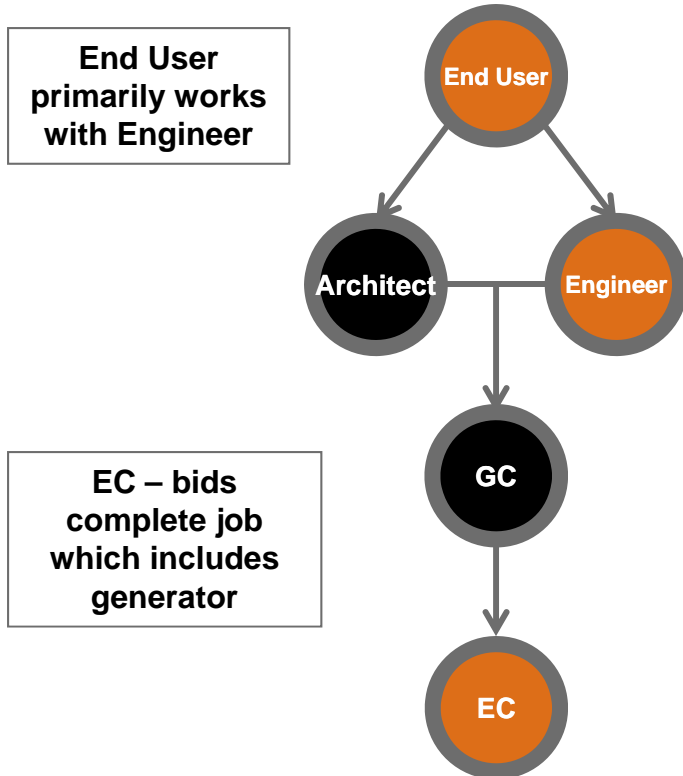
Identify and create improved value proposition through expanded products and services

1. Expanding Gaseous fueled Generator offering
  - Natural gas
  - Liquid Propane
2. Offering mobile solutions
3. Remote monitoring

# Current Market – *Traditional Reactionary Market*

**GENERAC**

## Complex Sales Process



## Training & Education



## Industry Leading Tools



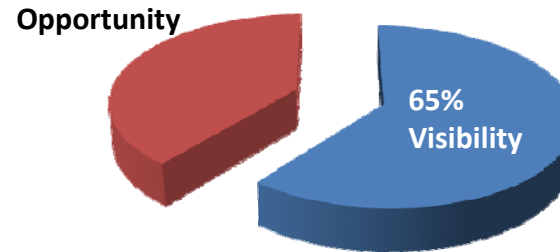
## Experience Touch Points



Improved acceptance and specification rate will increase future sales

# Improving Specification Rate

Generac has visibility to approx. 65% of specified jobs in NA today. Focus on key Engineering firms/Electrical contractors will increase specification rate & overall visibility



## Targeting EE firm's

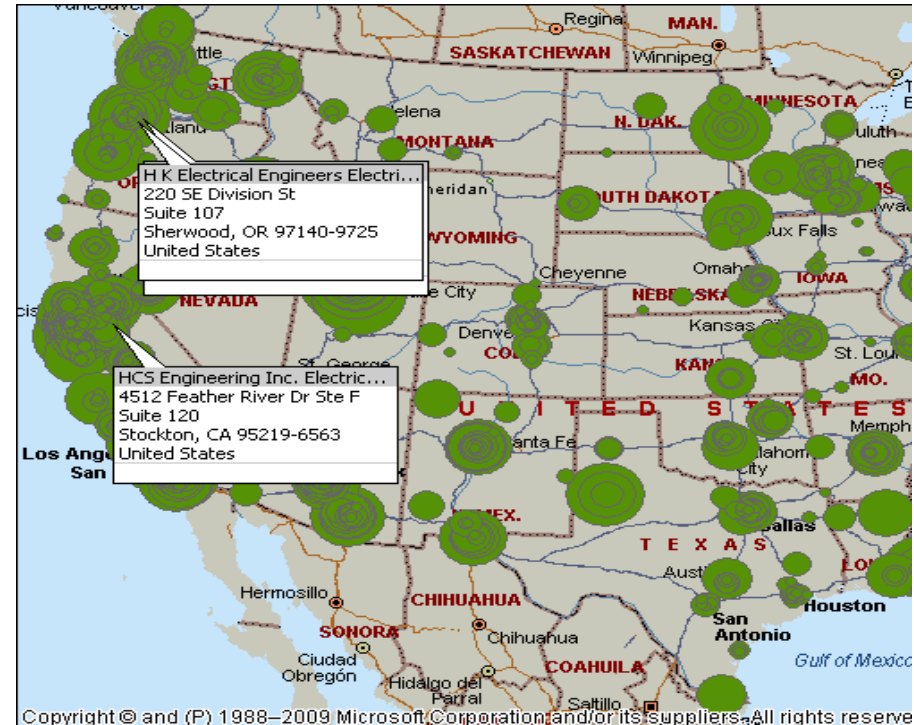
Select Your Firm  [Reports](#)

With Your Brand  Without Your Brand

Top 15 Electrical Engineer who have NOT Spec'ed Your Product

Rank	Name	City	Ste	Proj	Generac	Phone
1	Benchmark Group	Rogers	AR	431	17%	479-636-5004
2	WD Partners	Dublin	OH	290	0%	614-634-7000
3	AutoZone Inc.	Memphis	TN	122	0%	
4	Harrison French & Associ	Bentonville	AR	117	0%	479-273-7780
5	Cyntergy AEC, LLC	Tulsa	OK	111	0%	918-877-6000
6	Watkins & O'Gwynn	Jackson	MS	110	6%	601-982-3313
7	Prater Engineering	Dublin	OH	108	0%	614-766-4896
8	McHenry & Associates Inc	Warrensville	OH	100	0%	216-292-4696
9	MPW Engineering, LLC	Tulsa	OK	98	0%	918-582-4088
10	Hargis Engineers	Seattle	WA	94	20%	206-448-3376
11	Interface Engineering, Inc	Portland	OR	91	22%	503-382-2266
12	Entech Engineering Inc.	Brentwood	TN	85	0%	615-373-2640
13	PB2 Architecture and Engi	Rogers	AR	83	0%	479-636-3545
14	Professional Engineering (	Wichita	KS	81	33%	316-262-2691
14	The Power Source	Madison	MS	81	0%	601-605-4820

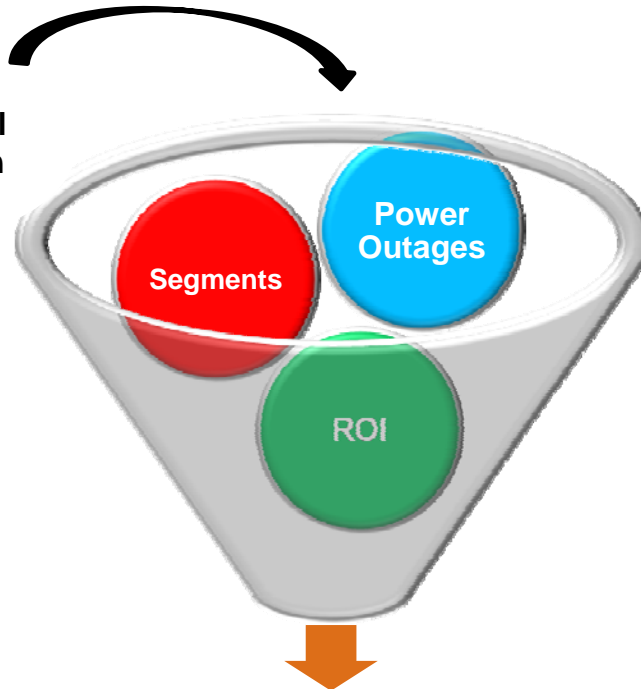
[\\*\\*\\*Double Click the Firm Name for a detailed view](#)



# Current Market: Pro-Active Approach to Market Creation

**GENERAC**

Over 14M  
Commercial  
Business in  
U.S.<sup>1</sup>



Power interruptions cost U.S.  
businesses \$80 billion annually<sup>1</sup>

Creation and segmentation of  
underpenetrated “Optional Standby”  
market opportunity

## Optional Standby Markets examples



### Retail

- Gas Stations
- Grocery



### Financial

- Banks
- Call Centers



### Health Care

- Clinics
- Elderly Care



### Hospitality

- Hotels
- Resorts



### Restaurant

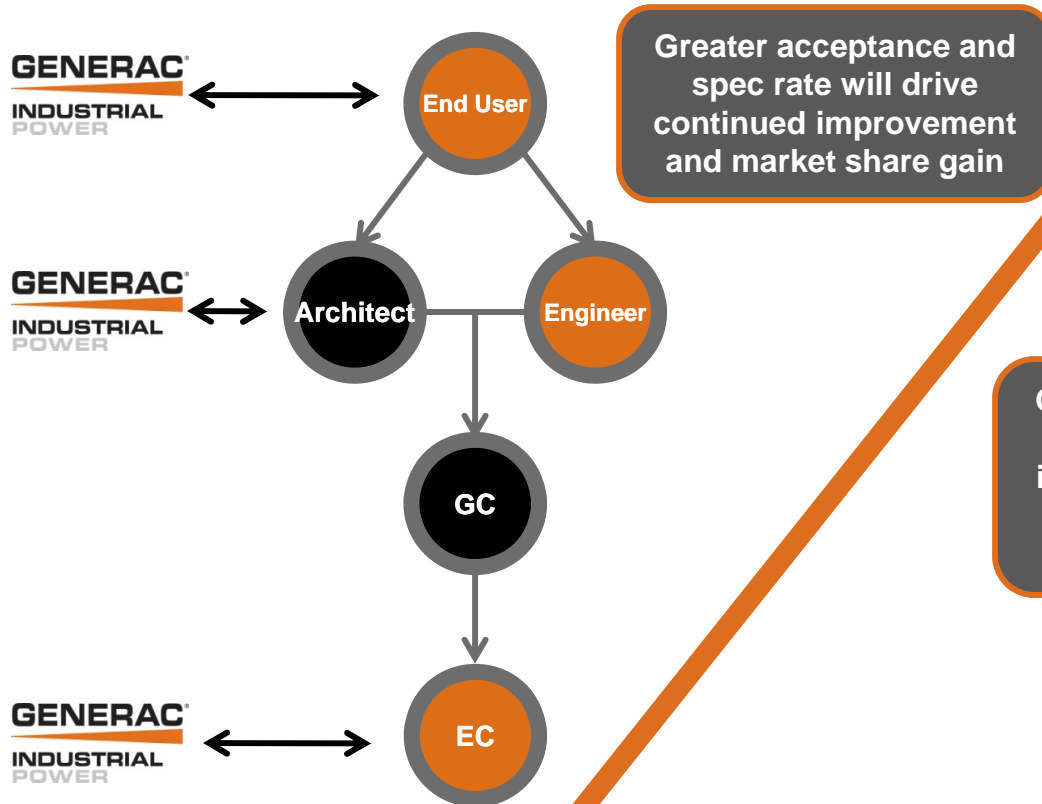
- Quick Serve
- Sit Down

<sup>1</sup> Berkeley National Lab study – Sept 2004

# Future State – *Recognized as the trusted expert*

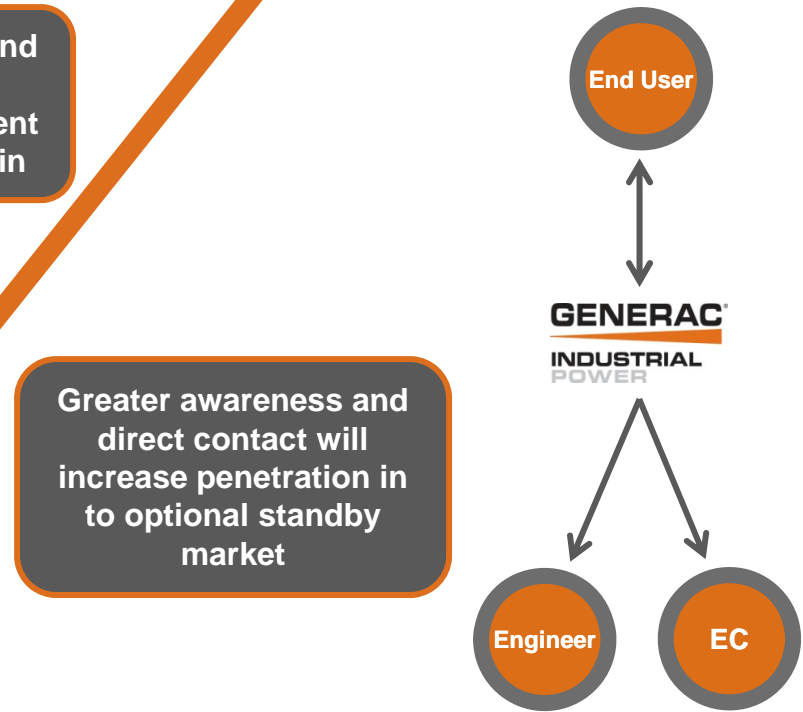
## Industrial Market

### Traditional Sales Process



## Commercial Market

### Future Sales Process





# Channel Development

GENERAC

## Current State

- Mixed performance of dealers
- Inconsistent sales process/training
- Dealer turnover
- Dealer's capital constraints limit ability to growth and invest
- Limited set of capable, independent equipment dealers to add to network

**Replace or Rebuild**

## Future State

- Generac industrial dealership is the most coveted in the industry
- Generac dealership becomes a destination location for backup power
- Benchmarks and standards
- Proactive support and resources to support dealer's growth & profitability
- Alignment that builds trusted partnerships



# Expanded Product Offering

**Objective:** Generate increased access to targeted customers for primary products and services by evaluating product line expansion

## Identify "White Space" Adjacencies



Customers who buy this...



...also buy this

Ultra-Quiet Enclosures

Special Tanks

Large kW Generators

Digital Switches

## Product Innovations for New Markets

Curtailment Demand Response Market



Non-emergency standby market

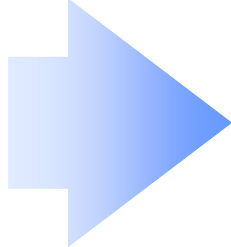


Extended Run & Green

Natural Gas & Bi-fuel

### Filter

Make/Buy/Brand Decision



### Developing Partnerships



Deepen partnerships, access new customers



# Market Share Growth Drivers



Generac Industrial Power is recognized as the “*trusted expert and go to source*” in standby power solutions by providing industry-leading products and services

## Customer Access



## Channel Optimization



## Expanded Offering



**Generac Industrial Power: Uniquely positioned to grow share through expanding customer base (both direct and indirect), stronger dealer network and expanding product offering to support the current market as well as the growth trend in gaseous fueled power generation**

# Diversify Demand

*Aaron Jagdfeld*  
**CEO**



# Magnum Products Acquisition

**GENERAC**

## Fast Facts

- Founded in 1988
- Headquartered in Berlin, WI
- Over 200,000 square feet in manufacturing & distribution space
- 330 employees
- Leading manufacturer of light towers and mobile generators sold predominantly to rental centers and government channels



**Magnum MMG55 49 kW Mobile Diesel Generator**



**Magnum MMG55FH Flip Hood 52 kW Mobile Diesel Generator**



**MLT3080 Light Tower**

## Fast Facts

- Over 30 years of providing transfer switches for residential and commercial applications
- Safe, simple connection of portable power
- Manual transfer switches, Power Inlet Boxes, Power Cords, Plugs, Connectors & Adapters
- Headquartered in Alpharetta, GA
- Broadens Generac's Residential product offering



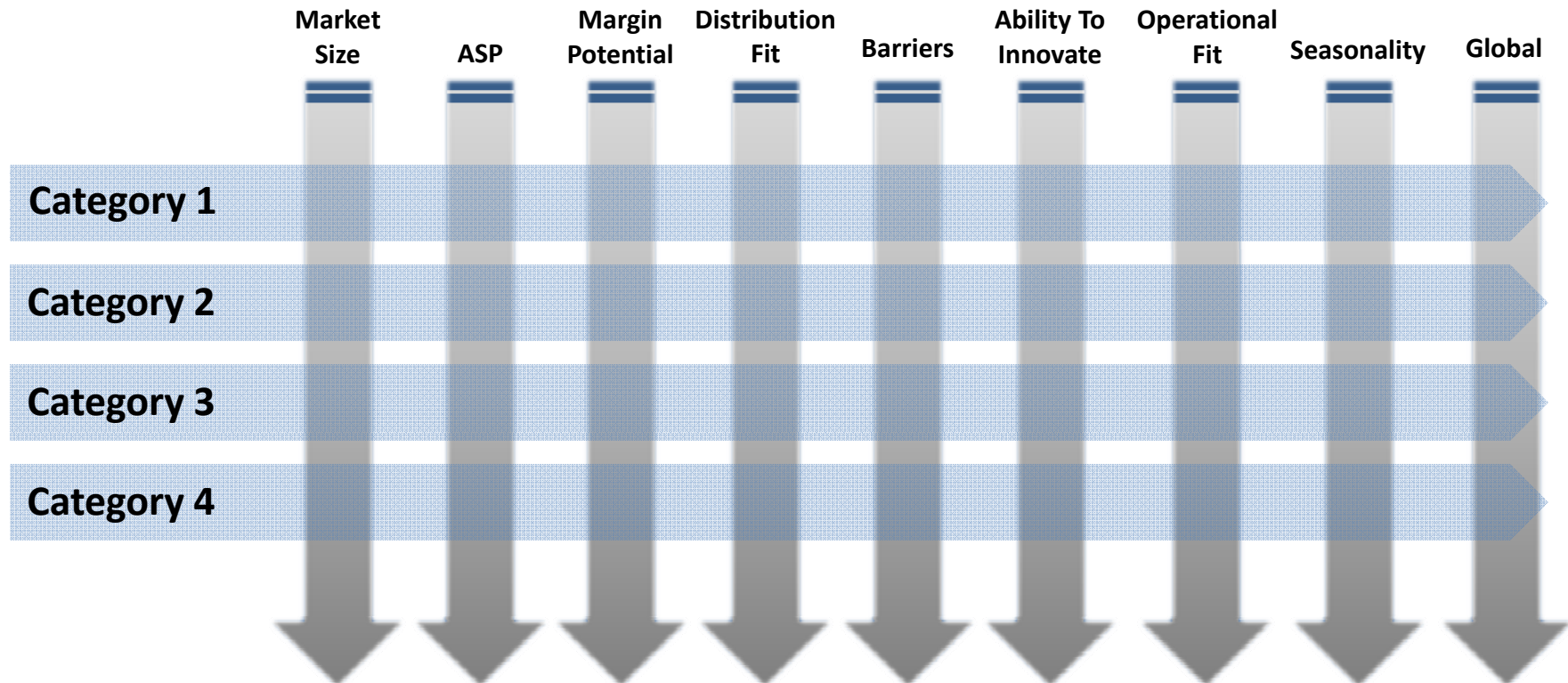
# Leveraging Key Capabilities

GENERAC

- Lean cost structure and CI culture
- Strategic global sourcing for best value
- Engine expertise and heritage
- Multi-layered distribution network
- Focus on innovation
- Best-in-Class consumer insight process
- Rigorous quality assurance

# Category Selection Filter

**GENERAC**



**Weighted Criteria Drives Objective “Go / No Go” Decisions**



# Consumer Insight Process

GENERAC

## Category Foundation



- Brand Vision & Strategy
- Macro Trends
- Consumer Trends
- Channel Trends



- In-Home Ethnographies
- Pain Points Study
- Distribution insights



- Ideation Process
- Develop Unique Selling Proposition (USP)
- Develop Innovation Concepts

## Innovation Evaluation

STEP 1

### Concept Evaluation

#### Objective

Expose concepts to users to gauge purchase intent, believability, uniqueness, need and price value of concept.

STEP 2

### Prototype Evaluation

#### Objective

Understand the “why” behind the test results & “how” best to execute. What was it about the concept that was appealing or not?

STEP 3

### Preference Test

#### Objective

Validate the execution & final design of the new product vs. key competitors.

STEP 4

### Communication & Retail Execution

#### Objective

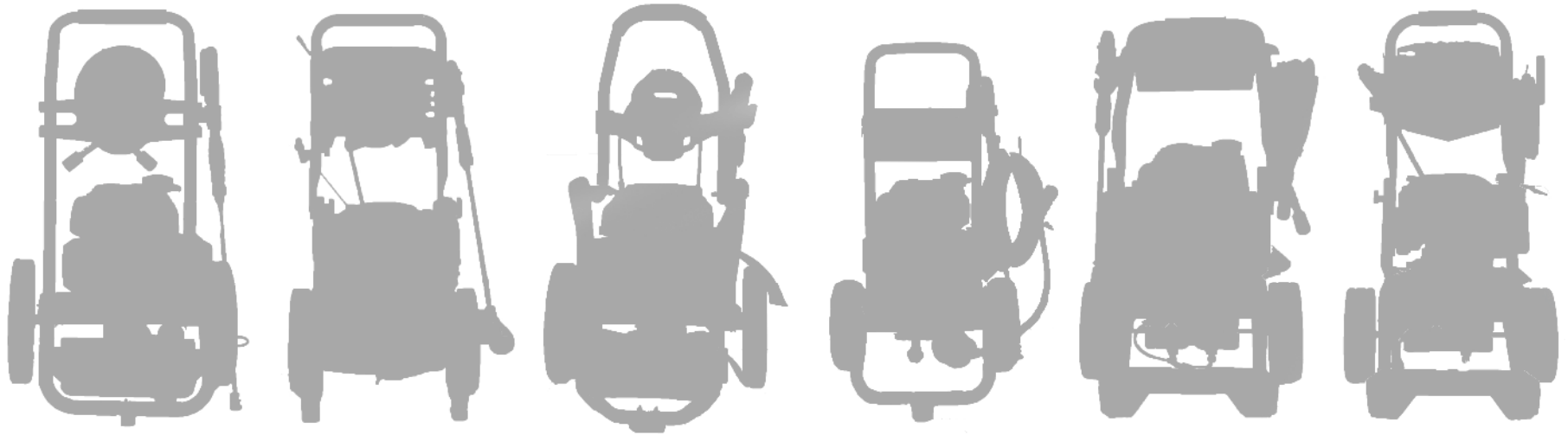
Identify message hierarchy & positioning of new product to guide communication development.

# **Example: Power Washer Category Entry**

***Insights to Innovations***

# Sea of Sameness

GENERAC



- Undifferentiated
- Declining Price Points
- Poor Consumer Reviews

# What Consumers Said

GENERAC

- I buy a power washer for a specific task, but when I shop all I see is Psi and engine cc's, I don't know which one to buy...
- The machines are confusing to operate...
- What are all these knobs and switches for...
- I burnt up my last one and returned it...
- My hand hurt after 15 minutes of using it...
- All of these machines seem cheap and the on-line reviews are not very good...



# What Consumers Said

**GENERAC**



# What Retailers Said

GENERAC

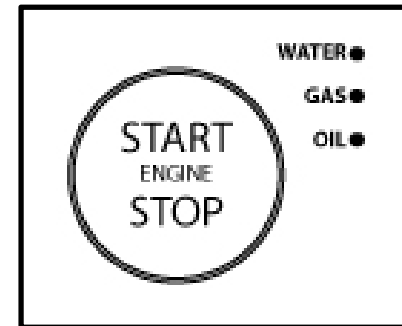
- I have too many skus, need to cut back...
- Return rates on power washers are higher than other outdoor power equipment categories
- #1 issue is pump failure...
- All people want is a Honda engine...
- There is really no innovation in power washers, somebody needs to bring me something new...
- Price points have come down over the last few years...

# Removing the Pain

GENERAC

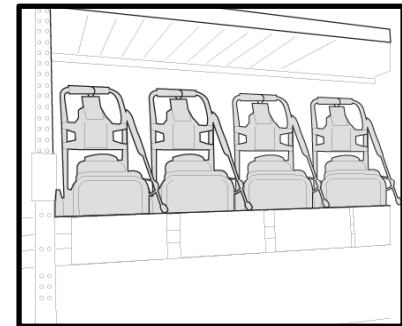
Reduce the pain of returns for the retailer:

- *Protect the Pump – do not allow unit to run without water*
- *Protect the Engine – low oil shut down*



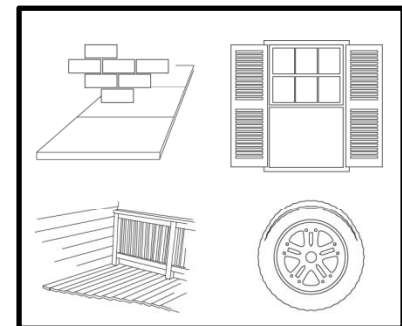
Remove the pain of selecting a PW for the consumer

- *One machine for all tasks (variable pressure)*
- *Fully assembled out of the box*



Remove the pain of using a PW

- *Cleaning task selector knob*
- *Intuitive, consolidated controls*





# OneWASH™

*One machine for all tasks*





**Pump Protect: Exclusive low/ No water shutdown**

**Task Select: Innovative pressure regulation matched with cleaning tasks**



**Oil Protect: Low oil shut down sensor**

**Mission Control: All controls on one dashboard**

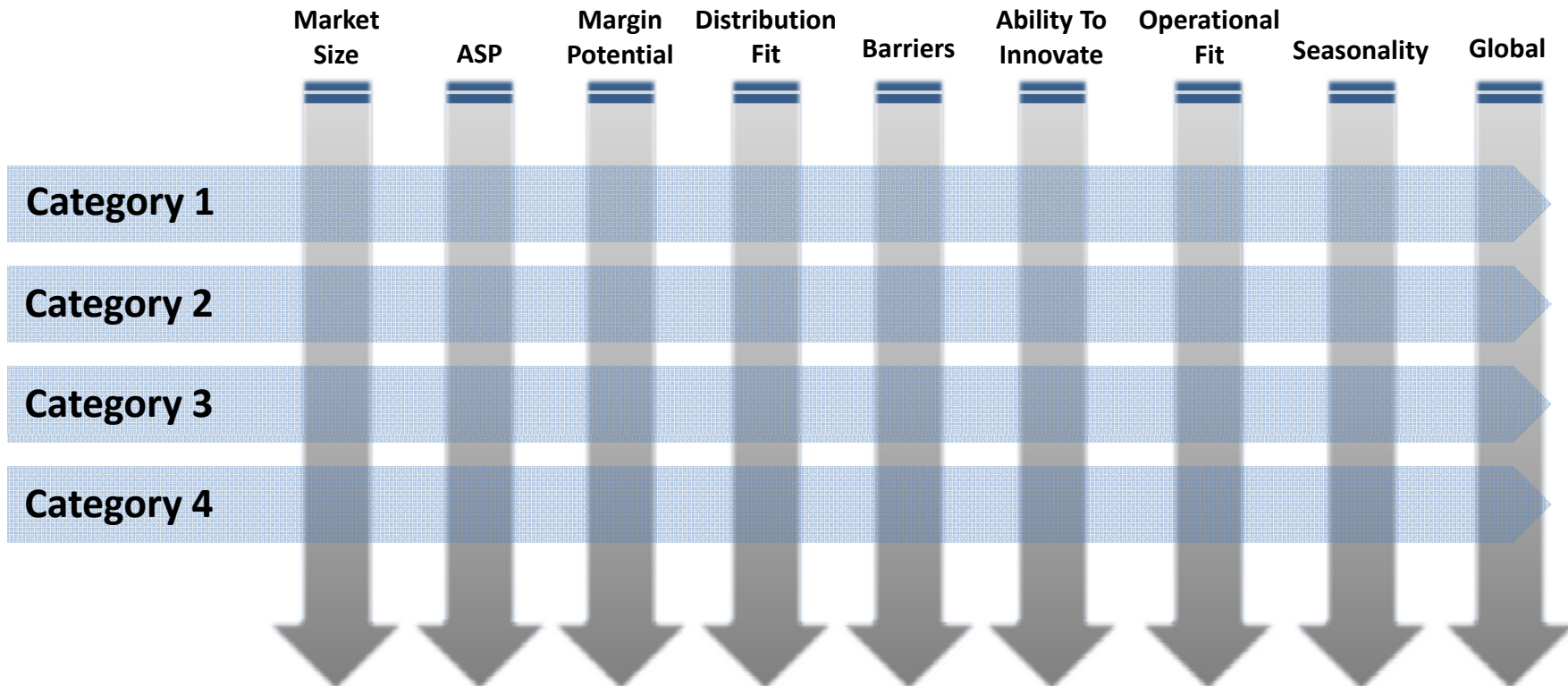
# Launching Q1 2013

# GENERAC



OneWash will be part of Lowes Innovation End Cap 57

# Category Selection Filter



**Currently evaluating next engine powered product category**



# **Expand Geography**

***Aaron Jagdfeld***  
***CEO***



# Entering New Geographies

GENERAC

## Accomplishments

- Established LATAM sales office in Miami, FL
- Opened APAC sales office in Hong Kong
- Hired sales director for EMEA region
- Over 100 dealers added in 35 countries over the last 2 years
- New Spanish language website live September 2012



## How do we prioritize new regions?

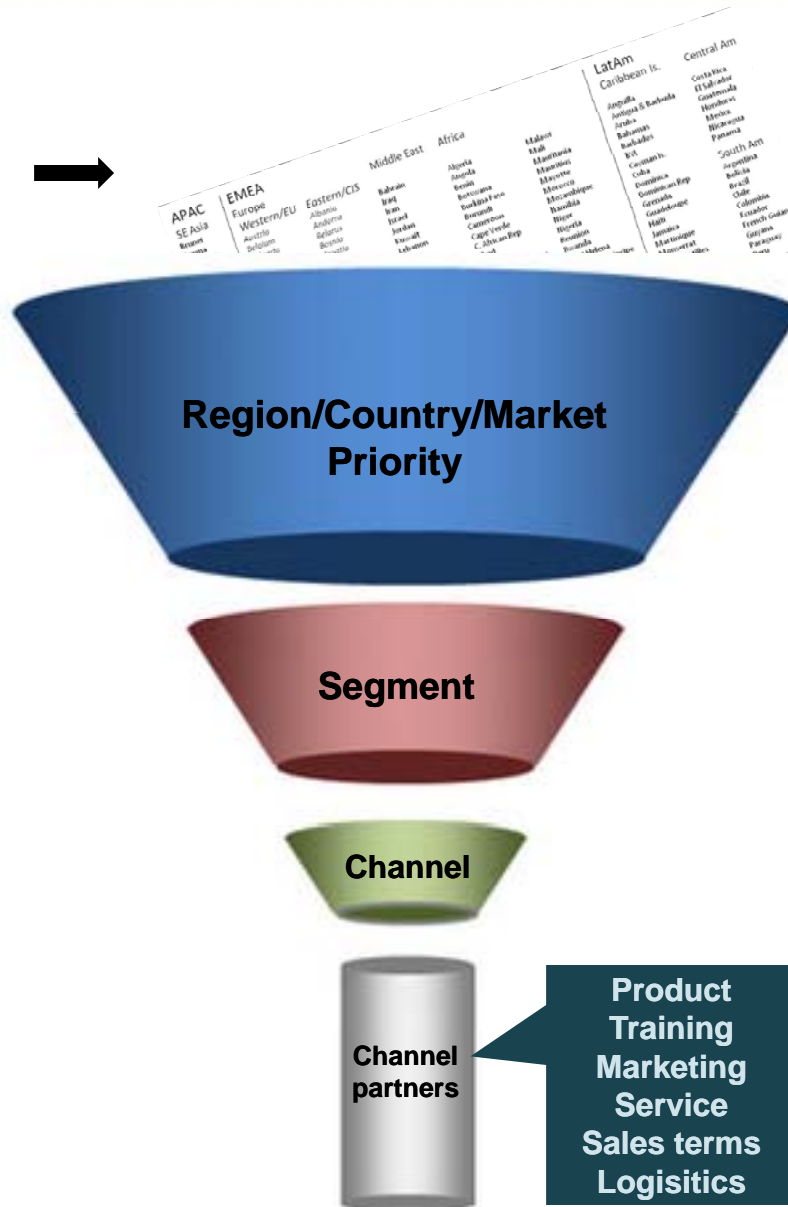
### Where & Why

1. Identify a set of criteria to determine which markets to enter considering internal and external factors
2. Define weights for each criteria (population, power quality, competitiveness, natural gas availability, etc.)
3. Split the regions in sub-regions for manageability
4. Plot markets against criteria in each major segment (residential, fast moving consumer goods, commercial, industrial, specialty)
5. Rank markets in order

# Entering New Geographies

**GENERAC**

Opportunity →

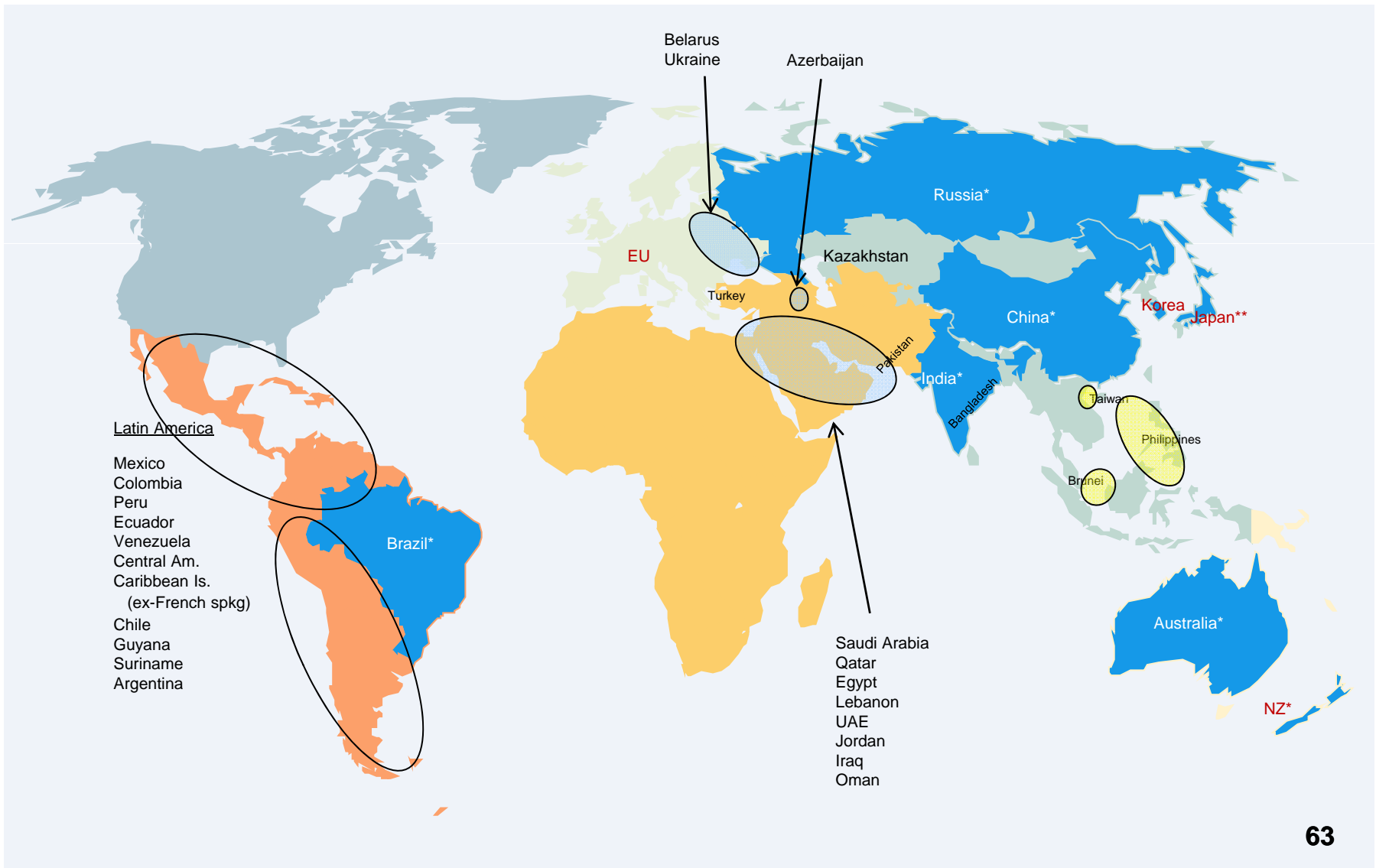


**Distill down opportunities to create a roadmap for where we focus our resources**

← **Resources**

# Entering New Geographies

## Focus countries location



# Allpower

Coverage, Products, Brand

**GENERAC**



Standby 8 –  
150kVA

Power  
Washers



Portables

Sales

Distribution to all channels  
Sales training

Marketing

Brand, category awareness  
Literature

Call Center

End user support  
Acct support

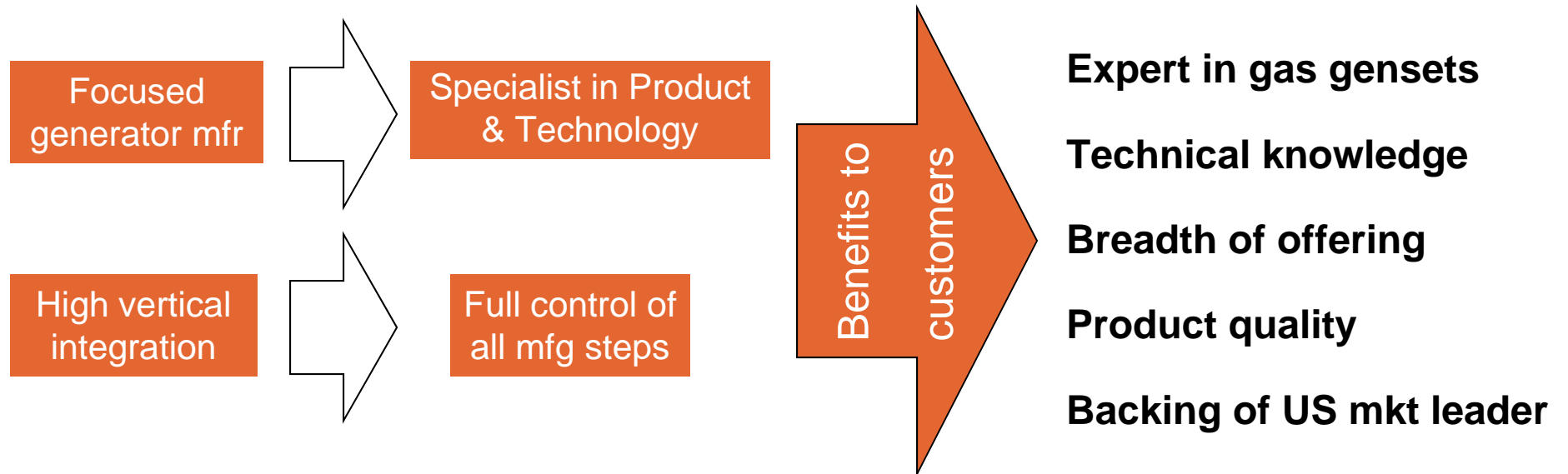
Service / Warranty

Warranty  
Parts sales  
Tech training

- Est. 1977
- Head office: Keysborough, Victoria
- Echo, Shindaiwa, Country Clipper
- Contracted warehouses in Queensland & Auckland
- 400 OPE Dealers Australia, 150 NZ
- Part of Spencer Group
- 40 employees



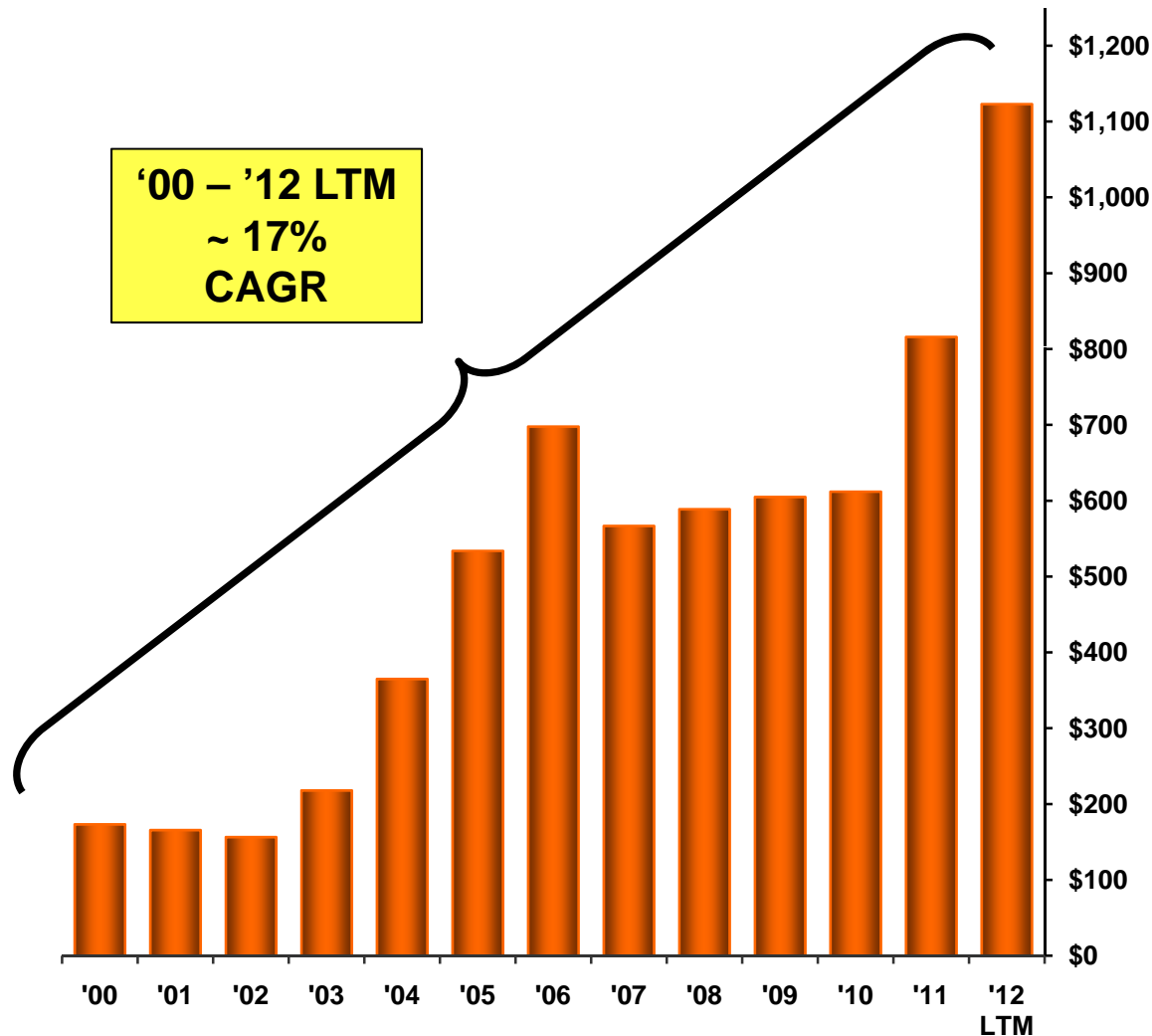
## Generac Value Proposition



# **Growth Targets**

***York Ragen***  
***CFO***

# 3 Year Sales Growth Target



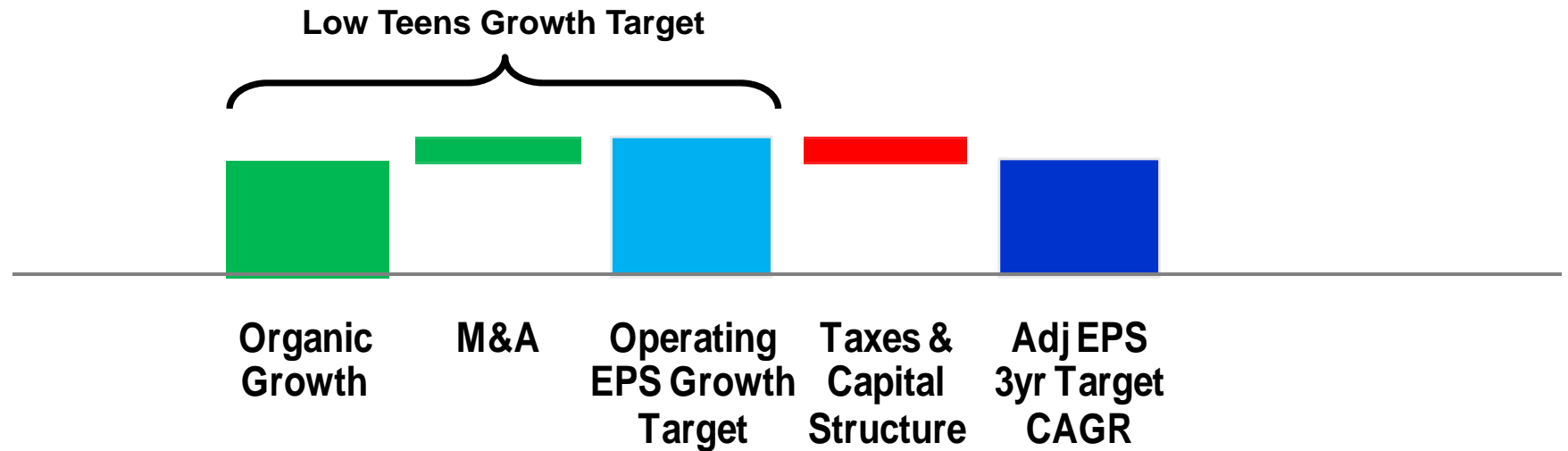
3 yr Sales  
CAGR Target =

**HIGH SINGLE**  
digit organic  
growth &

**LOW TEENS**  
growth w/ M&A

Note: Amounts in millions. Represents Gross Sales excluding freight revenue.

# 3 Year Adj EPS\* Growth Target Bridge



## Organic Growth Drivers –

- Residential & Commercial market penetration
  - Continued awareness of standby power
  - Distribution build-out and development
- Industrial market share gains
- New product introductions
- New geographies
- Improved economic environment

## Taxes & Capital Structure –

- Expect to pay taxes in the forecast period
- Earnings headwind from taxes offset by:
  - Lower interest costs as we de-lever
  - Potential share buy-backs

\* Adjusted EPS as defined in our earnings releases.

Note: Adj EPS growth rate off of 2012E Adj EPS proforma for dividend recap assuming transaction occurred on Jan 1, 2012.

**\$58mm Cash @  
9/30/2012**

**+**

**\$150mm Revolver**

**+**

**Targeted  
3 Year Cumulative  
Free Cash Flow\* of  
~\$550 - 600mm**

**Target  
~\$750 -  
\$800mm**  
of liquidity  
available over  
next 3 years

## Use of Cash Priorities:

- Organic Growth
- De-lever to ~2-3x Gross Debt Leverage
- Strategic Bolt-on Acquisitions
- Potential Return of Capital to Shareholders

Investments focused on value creation for shareholders, prioritized by highest ROIC

\* Free Cash Flow is defined as Cash Flow from Operating Activities less Capital Expenditures.



# **Working Lunch and Q&A**