

**GENERAC®**

# Investor Presentation

NOVEMBER 2019

Generac's mission is to ensure peace of mind by developing power products and solutions that make the world safer, brighter and more productive.







**GENERAC**<sup>®</sup>

HOUR METER

110V

110V



# Investor Relations

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# Forward Looking Statements

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

Forward-looking statements give Generac's current expectations and projections relating to the Company's financial condition, results of operations, plans, objectives, future performance and business. You can identify forward-looking statements by the fact that they do not relate strictly to historical or current facts. These statements may include words such as "anticipate," "estimate," "expect," "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.

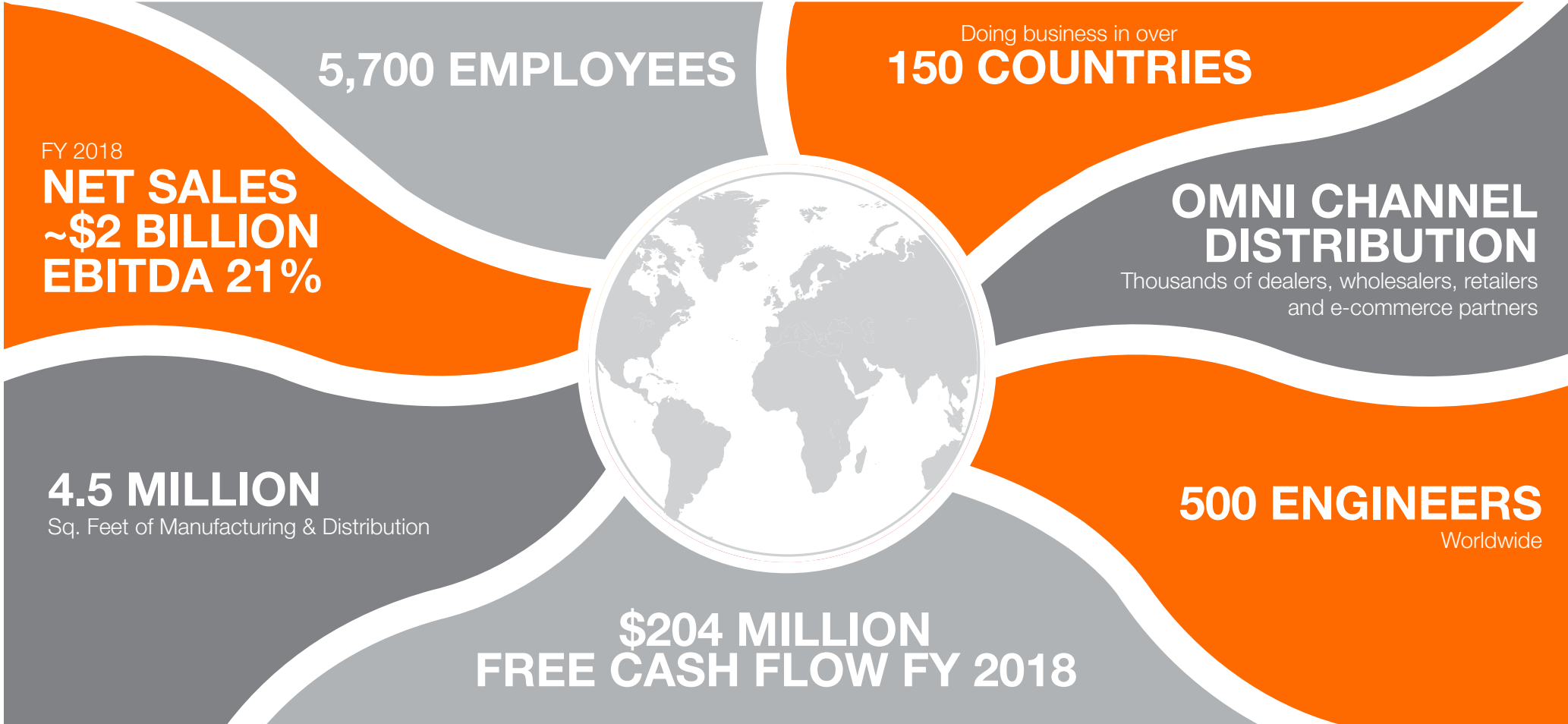
Any such forward-looking statements are not guarantees of performance or results, and involve risks, uncertainties (some of which are beyond the Company's control) and assumptions. Although Generac believes any forward-looking statements are based on reasonable assumptions, you should be aware that many factors could affect Generac's actual financial results and cause them to differ materially from those anticipated in any forward-looking

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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 2018 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.



# Generac By The Numbers







# Mega Trends

## Disruption of the traditional electrical utility model

- Regulation - Driving Cost
- Technology – Enabling Change

## Natural Gas will be the world's fuel for baseload power

- Supply – Huge Reserves
- Demand - Increasing Uses

## Attitudes around global warming are changing

- Expect More Severe Weather
- Expect More Power Outages
- Expect More Subsidies and Regulation

## Legacy infrastructure needs major investment cycle

- Overall US infrastructure gets a D+ grade
- Globally things aren't much better

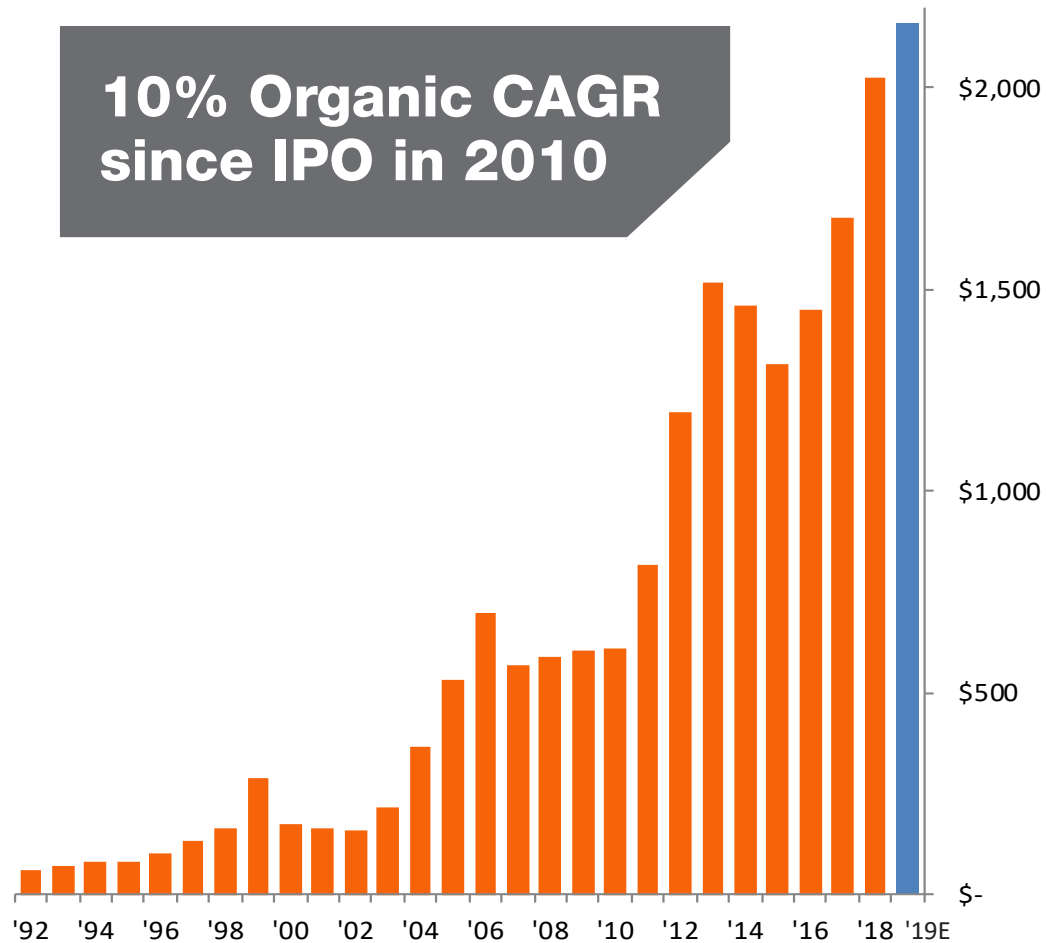
## Telecommunications infrastructure shifting to next generation

- 5G will become telecommunications backbone
- Will enable new technologies

# Macro Investment Themes

## Creating a Leading “Energy Technology” Company

**10% Organic CAGR since IPO in 2010**



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 – present; see slide titled “Summary of Acquisitions” for further details.

### Power Quality Issues Continue To Increase

- Aging grid & aging population dependent on power
- 485 million outage hours in the US over the last year (20% CAGR since 2014)
- PG&E shutoffs could cause “major outage events”

### Home Standby Market Growth Opportunity is Massive

- Only 4.5% of US HH’s have a HSB today (TAM=52M HH’s)
- Every 1.0% of penetration is a \$2b market (at retail)
- Generac’s 75%+ share due to unique go to market strategy

### Natural Gas Generators Driving Superior Growth Rates

- Cleaner, greener & more cost effective for on-site power
- US is ~40% gas gen sales annually and growing 2x diesel
- Global opportunity is nascent – less than 1% of market

### Rollout of 5G Will Require Improved Network Reliability

- 5G will enable many new technologies - uptime critical
- 330k US sites & only 1/3 have backup – Generac #1 supplier
- Technology to rollout globally – Generac footprint can serve

### Energy Storage & Monitoring Markets Developing Quickly

- New markets focused on energy cost reduction
- Battery cost and performance continue to improve
- Generac uniquely positioned with distribution, marketing & brand

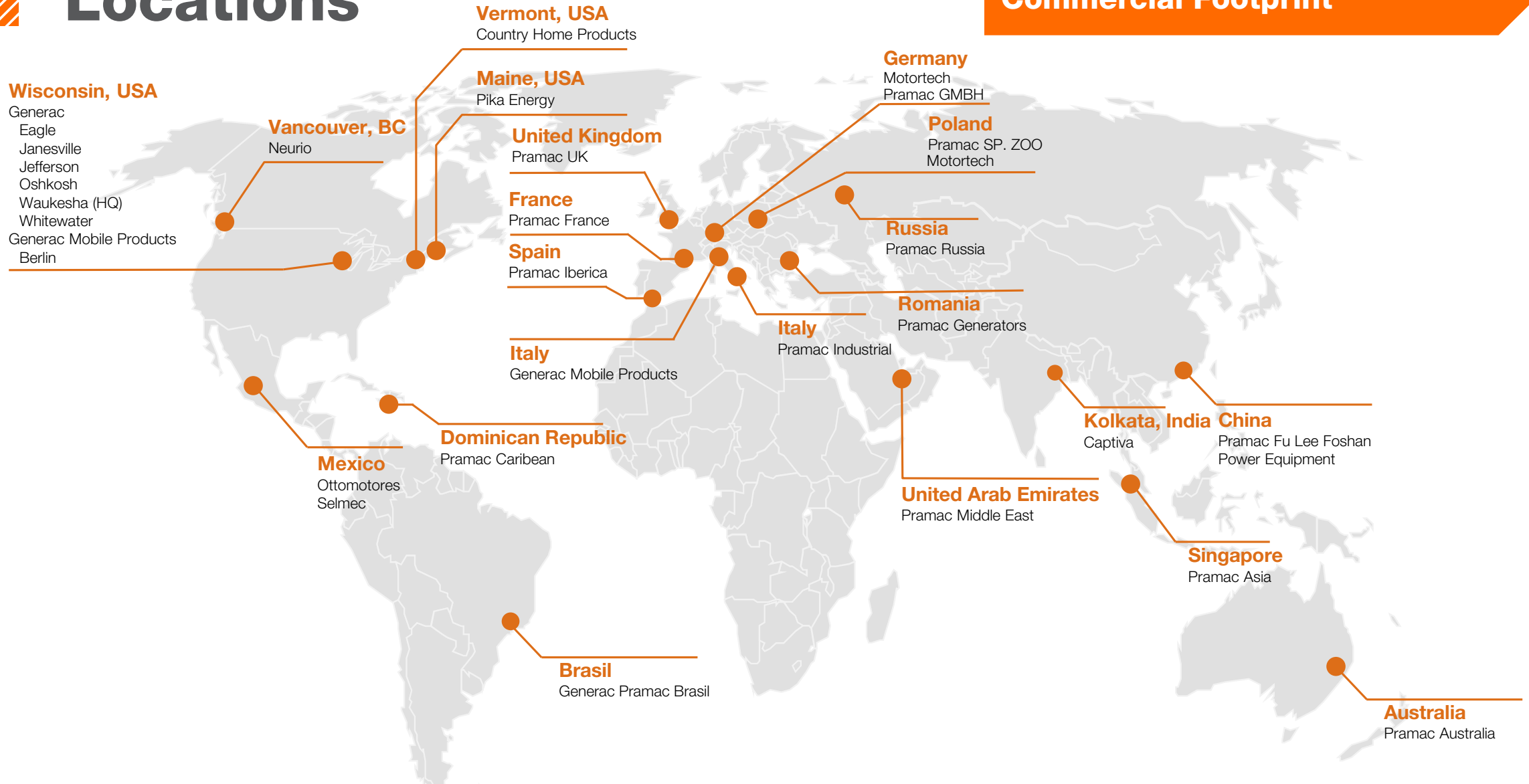
**GENERAC®**

**60 YEARS**



# Generac Worldwide Locations

Vertically Integrated Manufacturing Capacity Serving a Globally Diverse Commercial Footprint





# Power Platforms

## Consumer Power Products



Air-cooled Home Standby Generators

Liquid-cooled Home Standby Generators

Portable & Inverter Generators

Prime and emergency backup for:

- Residential
- Light Commercial

Construction

Recreation

## Outdoor Chore Products



- Pressure washers
- Water pumps
- Field & brush mowers
- Trimmer mowers
- Chippers & shredders
- Log splitters
- Lawn & leaf vacuums
- Stump grinders

Wide variety of property maintenance applications for:

- Residential
- Larger-acreage properties
- Light commercial
- Municipal
- Farm

## C&I Stationary Products



Larger kW & Container Gensets

Industrial Stationary Generators

Commercial Stationary Generators

Complete lines of diesel & natural gas generators

Prime and emergency backup for:

- Healthcare
- Telecom/Data Centers
- Municipal
- Manufacturing
- Distribution
- Hospitality
- Restaurants
- Retail

## Mobile Power Products



Light Towers

Mobile Generators

Heaters & Pumps

Support equipment for:

- Construction
- Oil and Gas
- Mining
- Special Events
- Road Development
- General Rental needs

**GENERAC**<sup>®</sup>

**60 YEARS**





# Growth Drivers



## Consumer Power Products

**Key drivers:** Aging and under-invested grid, favorable demographics, heightened power outages

**Low penetration of emerging HSB category:** ~4.5% of addressable households within the U.S.

**Market leader:** Leading share of domestic HSB market; With significant competitive advantages high-20% share of portable generator market

**Key strategic initiatives:** Further improve lead generation, close rates and reduce total system cost

**Connectivity:** Driving deeper engagement with customers and distribution partners



## Outdoor Chore Products

**Housing drives market growth:** Need for outdoor power equipment grows alongside housing starts

**Trend toward pro market:** Capitalize on growing trend in lawn and garden industry of “do it for me” with products for the pro market

**Leverage current D2C customer base:** Introducing new products to capture more share of wallet

**Expand distribution:** Products for outdoor power equipment dealers and other B2B partners

**Supply Chain and Operational Synergies:** Leverage air-cooled engine volumes and consolidated manufacturing footprint to improve cost position.



## C&I Stationary Products

**Natural gas generators:** Gaining share vs. diesel

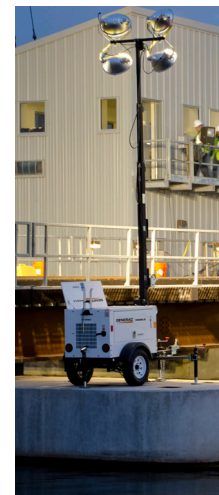
**Market share gains:** Larger-kW product offering, distribution optimization, sales process excellence

**International Expansion:** Acquisitions accelerate expansion into other regions of the world

**New Market Opportunities:** Expansion of gaseous-fueled products into prime, continuous and CHP applications

**Low penetration:** Within the light commercial/retail market

**Telecom:** Growing importance of backup power for critical telecommunications infrastructure



## Mobile Power Products

**Secular shift toward renting:** Mobile products platform benefiting 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







# Global Distribution Channels

## Residential and C&I Dealer Network

- | International network of over 6,000 dealers
- | Installation and after sale service support
- | Work with professional engineering firms to develop customized solutions
- | Over 5,000 technicians trained every year
- | Support for global large account sales

**Significant Omni-Channel Distribution**

## Other Key Channels

	
Electrical Wholesalers	Mass Retailers
	
Catalog and E-Commerce	Licensing Partners
	
Direct to Global Accounts	Direct to Consumer



# Introducing Generac Clean Energy Solutions

# Rapidly Developing Market Opportunity

Desire to reduce green house gases. Aggressive emission reduction targets being put in place.

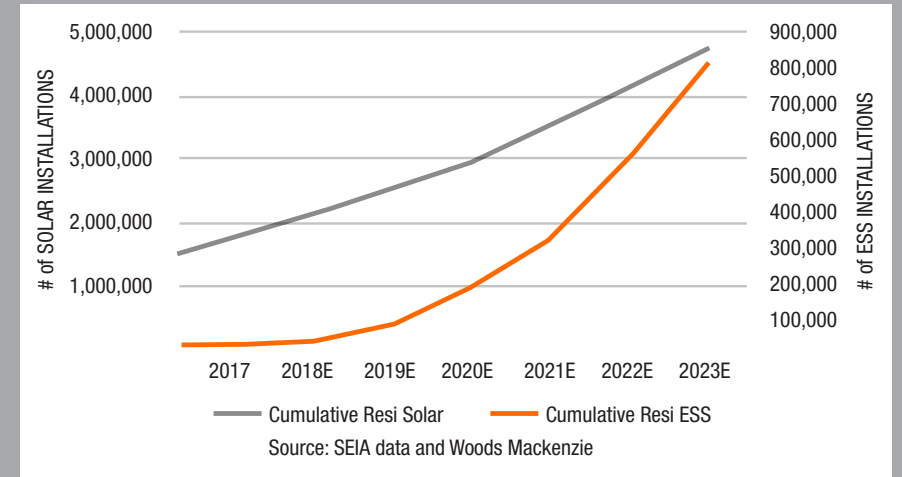
Solar and battery prices down approximately 60% since 2012 and projected to continue.

Universal desire to save money. Utility bills rising annually. More consumers want to take control and reduce their bills. Preference to use renewable energy solutions.

Increased power outages. Energy Storage Systems (ESS) add grid resiliency.

Environmental culture combined with growing energy costs drive global demand.

## US Residential ESS Market \$2.3B; Global Market ~\$4.6B



**Expecting 104% CAGR from 2017 to 2023 results in a significant opportunity**



# Generac Clean Energy Investments

**neurio**

**HEMS (Home Energy Monitoring System)**



**Neurio** *Vancouver, BC*  
Acquired 03/13/2019

- | The leading energy data company focused on metering technology and sophisticated analytics to optimize energy use
- | Staffed by teams of data scientists, firmware and software engineers
- | In-house app development team

Combined we share a vision to develop groundbreaking technologies that modernize the way electricity is generated, stored, and used

**Pika**  
ENERGY

**ESS (Energy Storage System)**



**Pika** *Portland, Maine*  
Acquired 04/26/2019

- | Leading manufacturer of smart storage solutions and smart batteries
- | Founded by MIT engineers
- | Deep knowledge of power electronics
- | Innovative products with impressive I.P. portfolio



# Clean Energy Homes are Here Today

**Generac Home Energy Management System**  
Reduces energy consumption by providing actionable insights of how home energy is consumed and how to save money.



**Generac PWR Cell**  
Stores excess solar power or low cost grid power so you can power your home during the evening peak hours, increasing ROI of solar investment.

**Generac Standby Generator**  
Reliable proven solution for energy back-up, powered by clean, abundant natural gas.

## Why Generac

**Brand:** Generac is the leading brand of residential power solutions with millions of households protected by home standby generators

**Distribution:** Over 6,000 Generac dealers well positioned to sell, install and support ESS with an additional ~30,000 other distribution points (i.e. Retail, Wholesale, E-Comm) Global distribution positioned to penetrate internationally

**Demand Creation:** Generac has developed best in class demand creation capabilities, tools and infrastructure (consumer targeting, infomercials, PowerPlay, In-Home Consultations (IHCs) and digital marketing) results in efficient customer acquisition

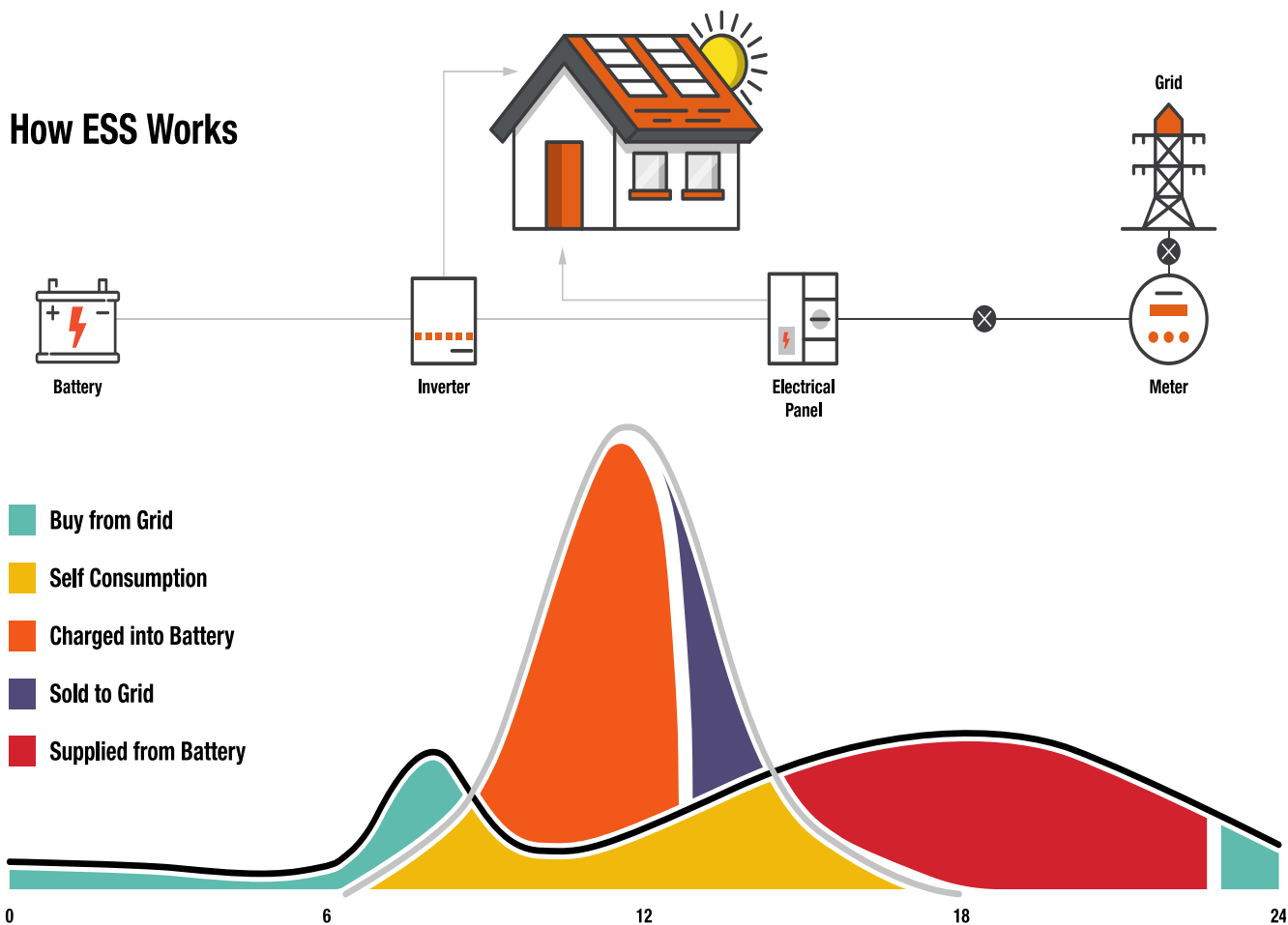
**Technical Expertise:** Generac knows home electrical systems, power electronics, load management and all associated codes and standards (UL, CSA, NEC, CPSC, etc.)

**Utility Companies:** Generac has key relationships with utility companies who have high interest in behind the meter ESS



# How ESS Works

## How ESS Works



- | Solar + Storage enables “optimized” home energy decisions
- | Time shift solar to off-set peak demand periods
- | Growth of solar net metering causing grid challenges
- | Battery provides short-term back-up power during outages

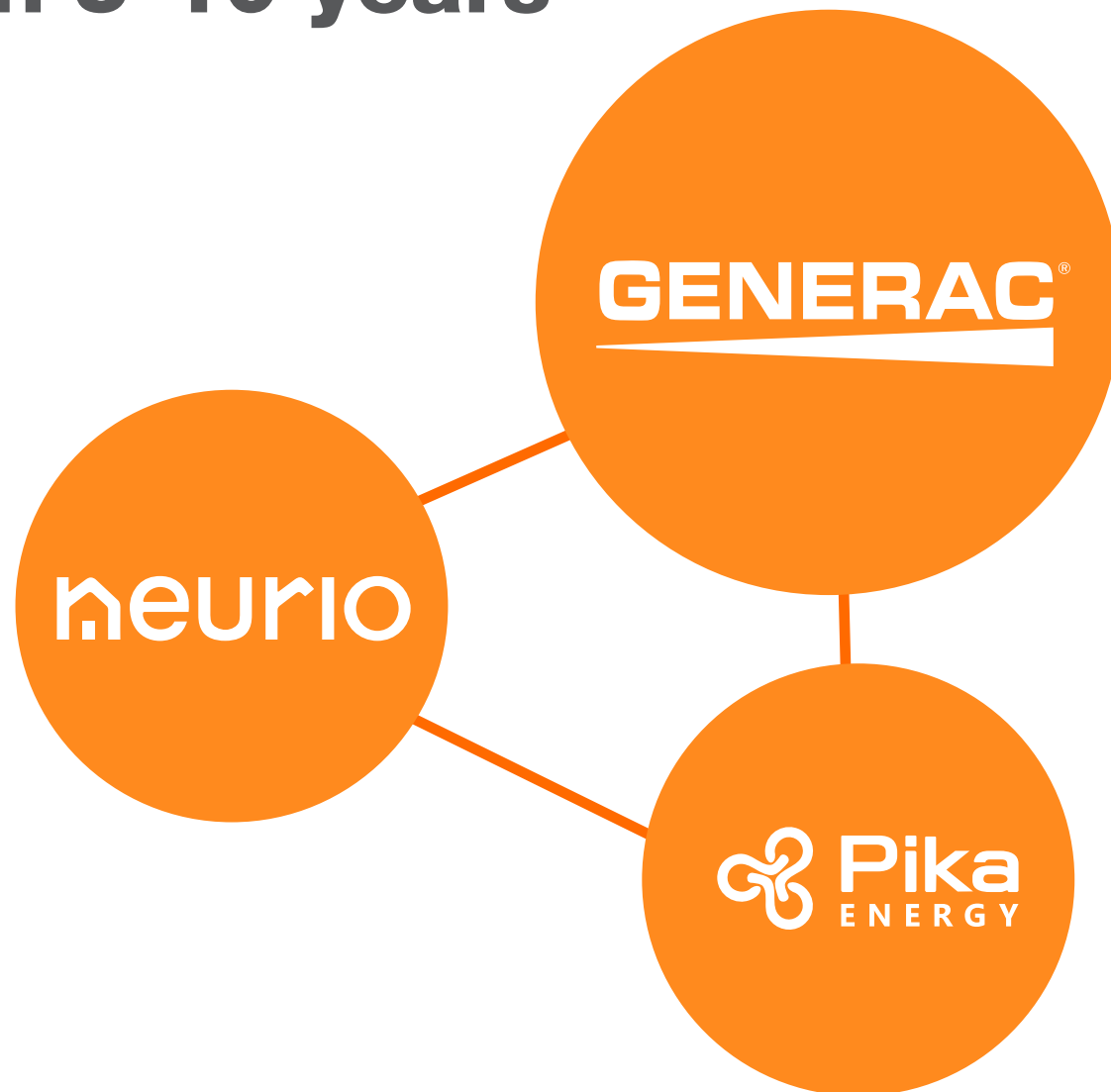




# ESS is a space we believe could be as meaningful as HSB in 5-10 years

## Clean energy investment highlights

- | Fits global distribution and go to market strategies
- | Neuroio and Pika are leaders in energy management and storage
- | Favorable environment for product adoption globally
- | Products fit well with commercial and industrial categories
- | Non seasonal business
- | Incremental platform for growth
- | Emerging market opportunity with no clear leader





# 2019 Enterprise Strategy

### Grow:

Further expand market penetration in North America while establishing traction for these products globally.

### Lead:

Capitalize on the global growth of natural gas fuel as an available and affordable energy source. Leverage Generac's expertise in gaseous engines to expand applications beyond standby power.



### Gain:

We gain share by innovating and we expand our opportunity for growth by doing the hard work of pioneering new products and markets.

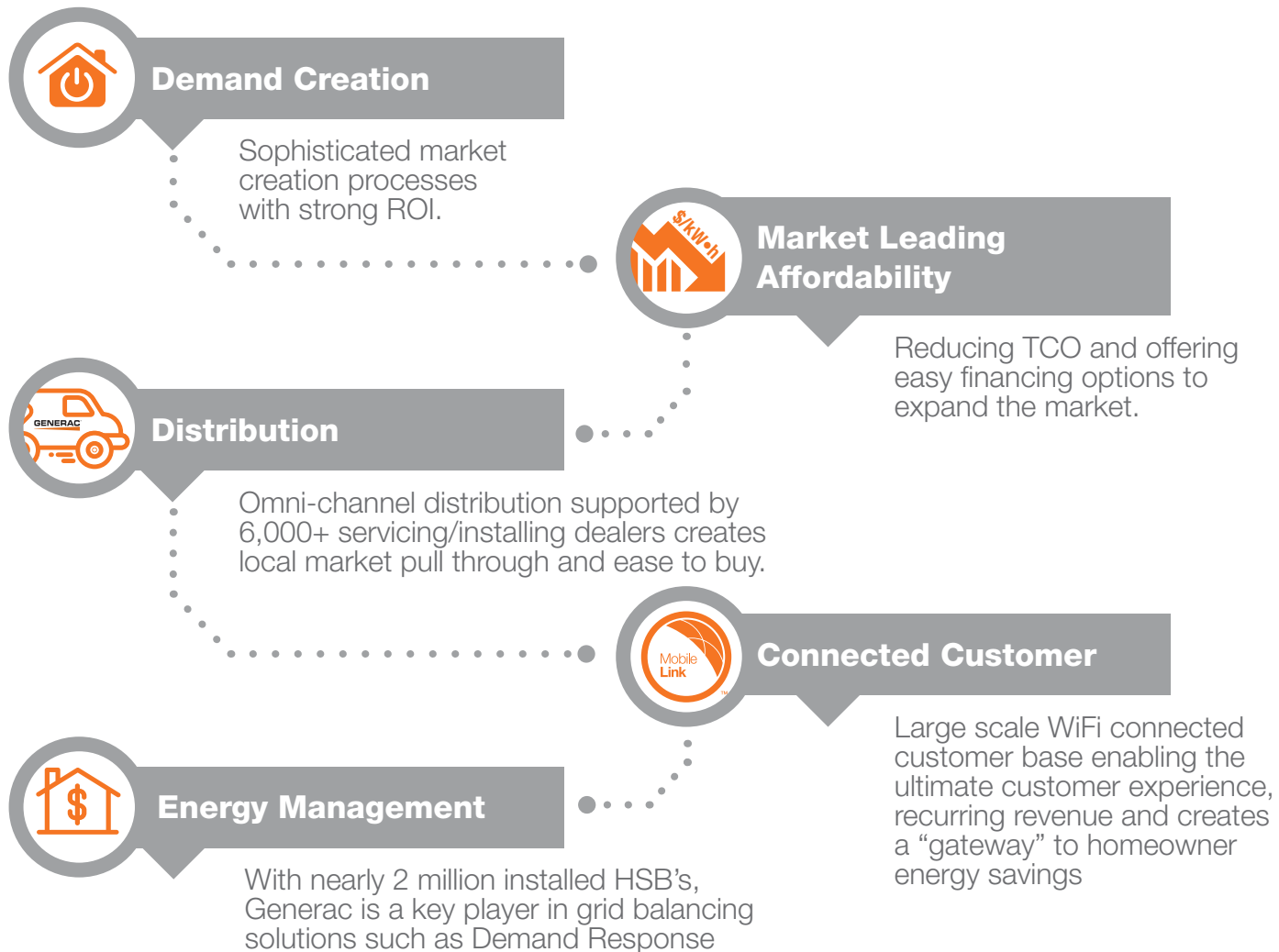
### Connect:

By being connected to the devices we manufacture we will drive additional value to our customers and our partners over the product lifecycle.

# POWERING OUR FUTURE



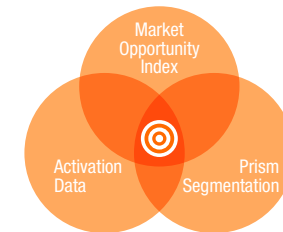
# Grow: Unique Generac Capabilities



## PowerPlay Sales Process

### TARGET

Finding the “most” likely prospect



### CREATE

Driving optimized media selection



### MANAGE

Scheduling in-home consultations (IHC)



### NURTURE

- 30/60/90/120 Follow-up
- Storm Trigger
- Enhanced Offers
- Friends & Family/Group Deals

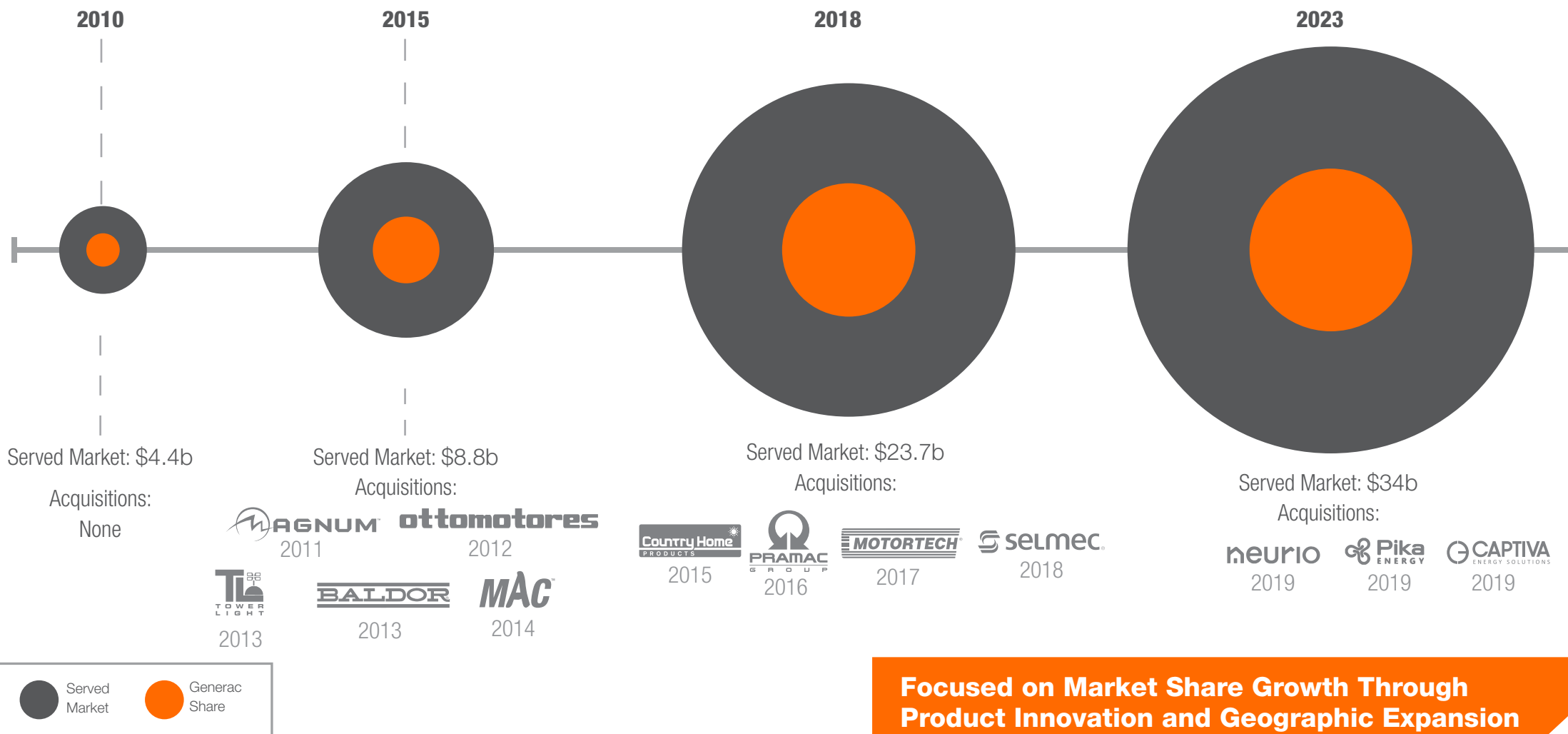






# Gain: Market Opportunity

Expecting served market growth of 8x through diversification

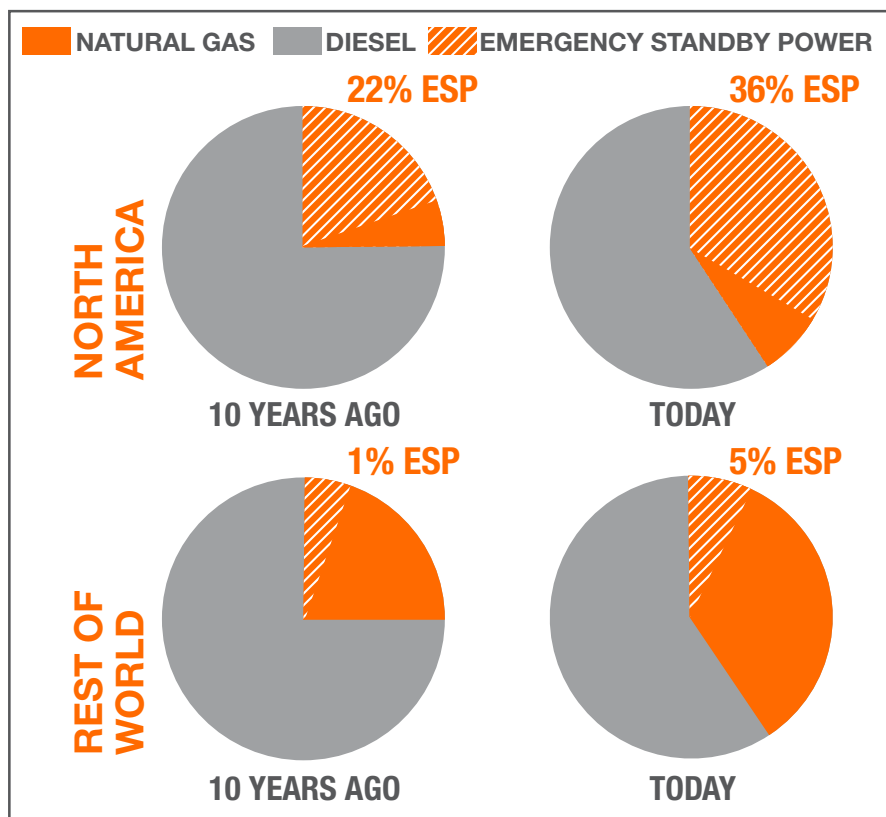


Focused on Market Share Growth Through Product Innovation and Geographic Expansion



# Lead Gas: Clean, Abundant, Low Cost and Transportable

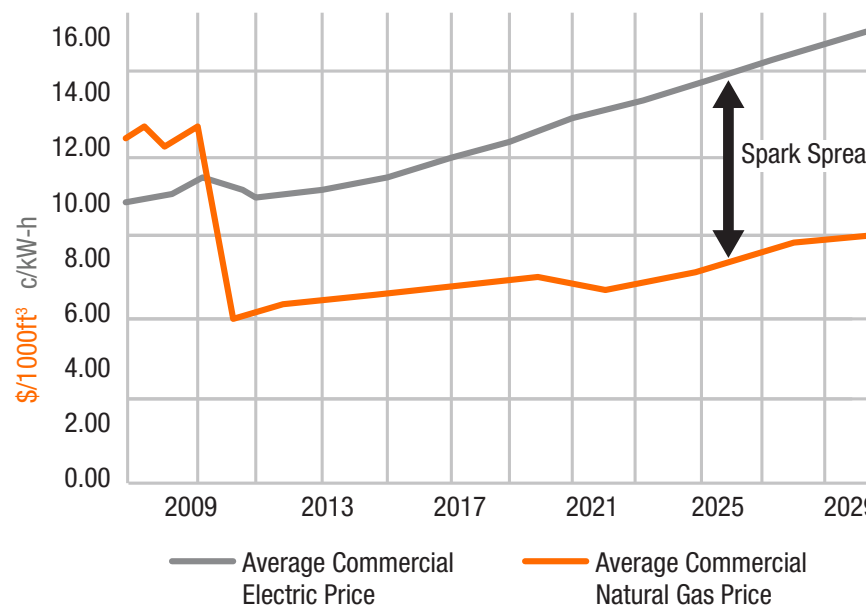
## Market Increasingly Favors Natural Gas Over Diesel



Source: Frost & Sullivan 2019, Generac Management

## New Opportunities Beyond Standby

- | Demand response/grid support
- | Decentralized or “on site” power generation; micro-grid
- | Combined heat and power



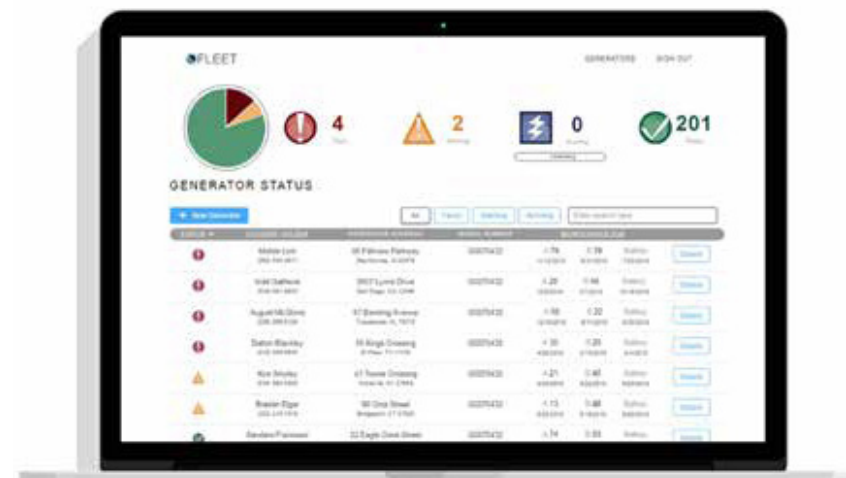
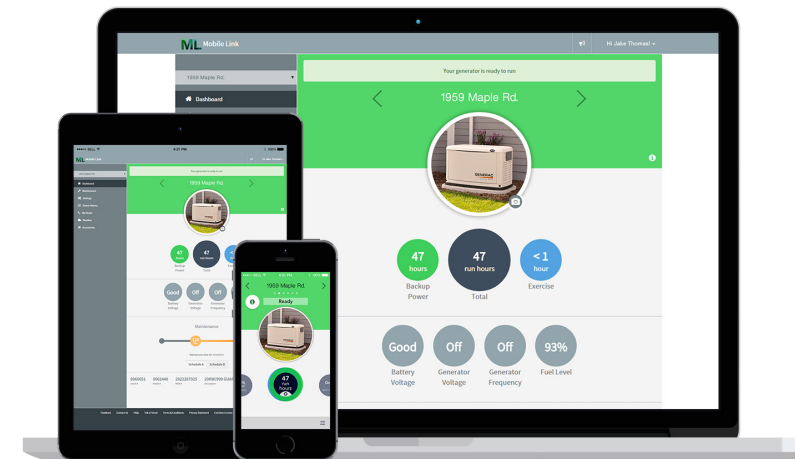
Generac product and distribution well suited to accelerate transition from traditional diesel fuel to clean burning, affordable natural gas.

Long term, low and stable natural gas prices drives opportunity for Generac gas products that are used in beyond standby applications.



# Connect: Increasing Engagement with our Customers

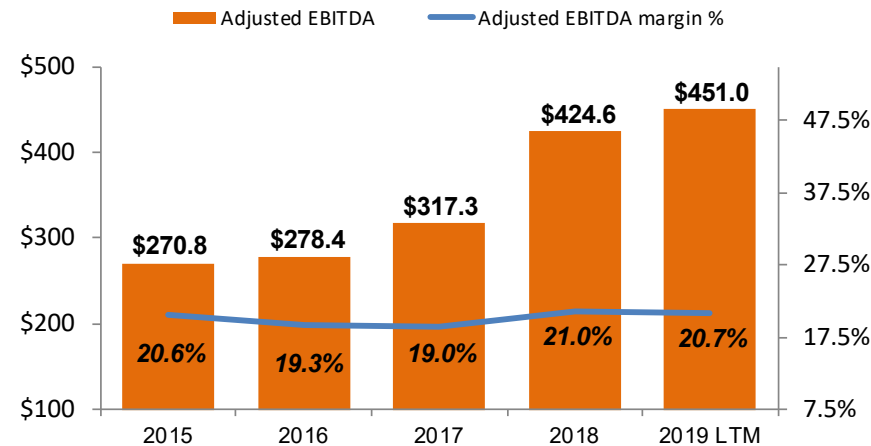
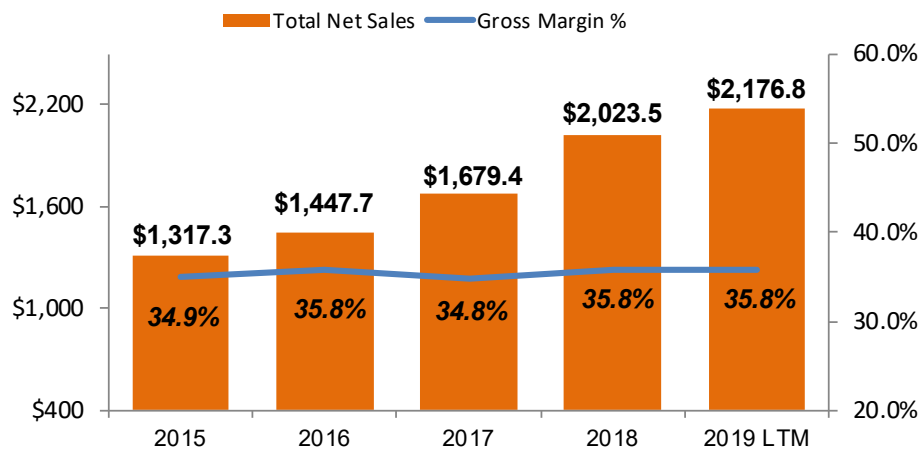
- 
**OWNERSHIP EXPERIENCE**  
 Remote monitoring drives enhanced ownership experience and higher level of engagement
- 
**ENERGY MANAGEMENT**  
 Enhancing the grid by partnering with utilities and creating demand response solutions
- 
**RECURRING REVENUE**  
 Tiered business model adds revenue and profit to the entire value chain
- 
**ENABLING DEALERS**  
 Software tools to help dealers with generator fleet management. Improves attachment of Dealers to Generac
- 
**ANALYTICS**  
 Using data to drive more value streams, customer retention, and product improvements



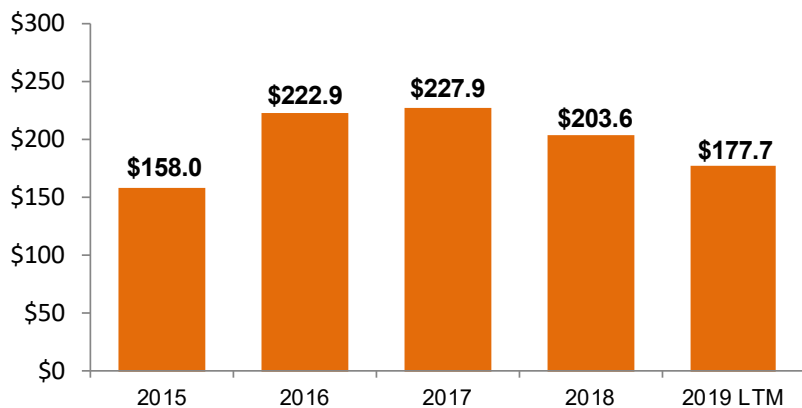




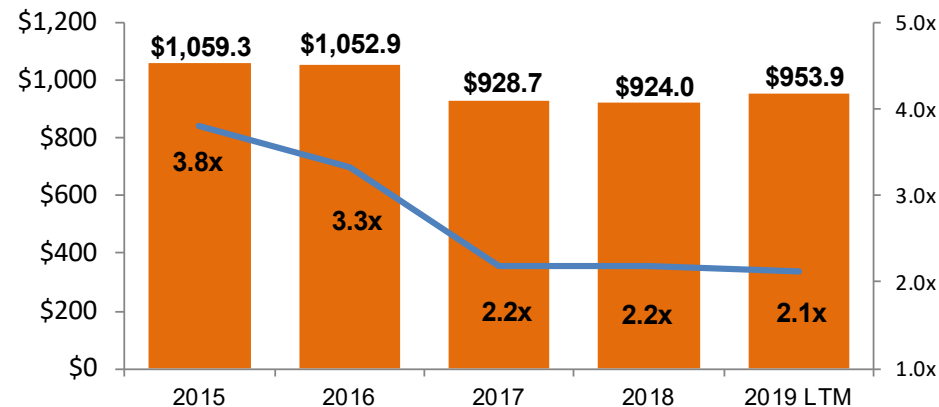
# Financial Summary



## Free Cash Flow



## Consolidated Gross Debt and Consolidated Gross Debt Leverage Ratio



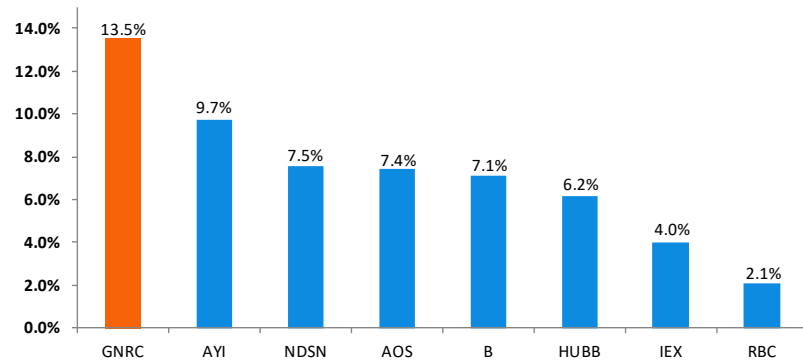
Note: Gross margin for 2016 excludes a \$2.7 million non-recurring charge relating to business optimization and restructuring costs to address the significant and extended downturn in capital spending within the oil & gas industry and a \$3.4 million non-recurring expense related to a pre-tax purchase accounting inventory step-up adjustment related to Pramac. Adjusted EBITDA margin for 2016 through 2019 calculated using adjusted EBITDA before deducting for non-controlling interest. Consolidated net debt leverage ratio for 2016 through LTM 2019 calculated using adjusted EBITDA attributable to the Generac.



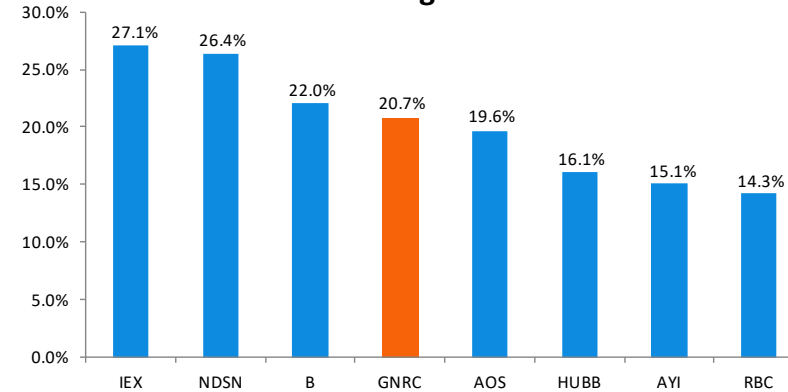
# Relative Performance

(Compared with Industrial Technology Peers)

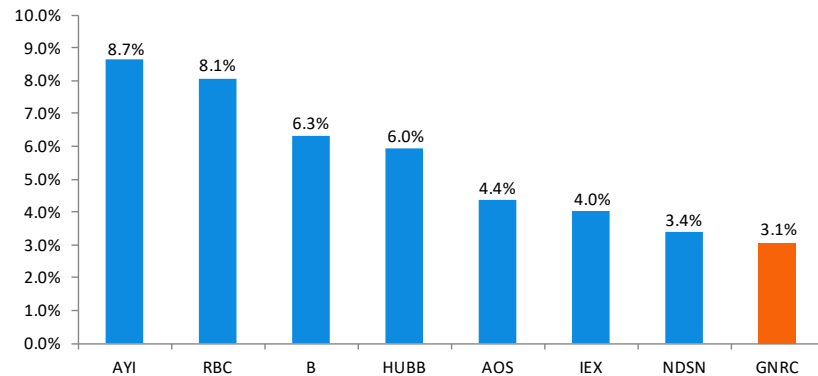
**8 Year Sales CAGR (2011 - 2019E)<sup>1</sup>**



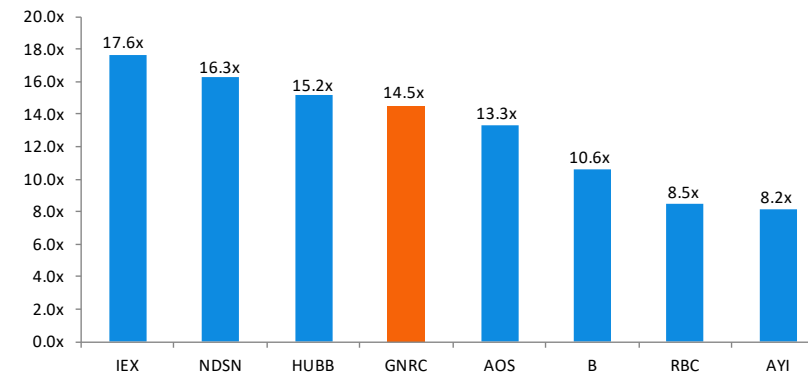
**EBITDA Margin - LTM<sup>2</sup>**



**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 October 30, 2019.

(1) Figures represent a 8 year compound annual growth rate calculated by comparing the base year 2011 to the analyst consensus revenue forecast for 2019 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.



# Capital Deployment Priorities

2016-2018  
\$

<b>1</b>	<b>Organic Growth</b>	<ul style="list-style-type: none"> <li>Invest in technology, innovation, and R&amp;D capabilities</li> <li>Capacity expansion; Global systems; High ROI automation</li> </ul>	Asset Lite	~100m	
	<b>2</b>	<b>Pay Down Debt</b>	Target 2-3x leverage	Deleveraging Story	~200m
			Term Loan and ABL mature 2023		
			\$500mm notional swapped fixed		
<b>3</b>	<b>M&amp;A</b>	Demonstrated ability to execute; 14 deals since 2011	Accelerate the strategy	~150m	
		Accelerates “Powering Our Future” strategic plan			
		Seek high synergy opportunities with above WACC returns			
<b>4</b>	<b>Return of Capital</b>	As future cash flow permits, will evaluate options opportunistically	Opportunistic	~200m	
		\$250mm remaining on current share repurchase authorization			

**Disciplined and balanced capital deployment creates value for shareholders**

**TOTAL**  
~650m



**GENERAC®**

# Appendix





# 2019 Business Outlook

(As reported on October 31, 2019)

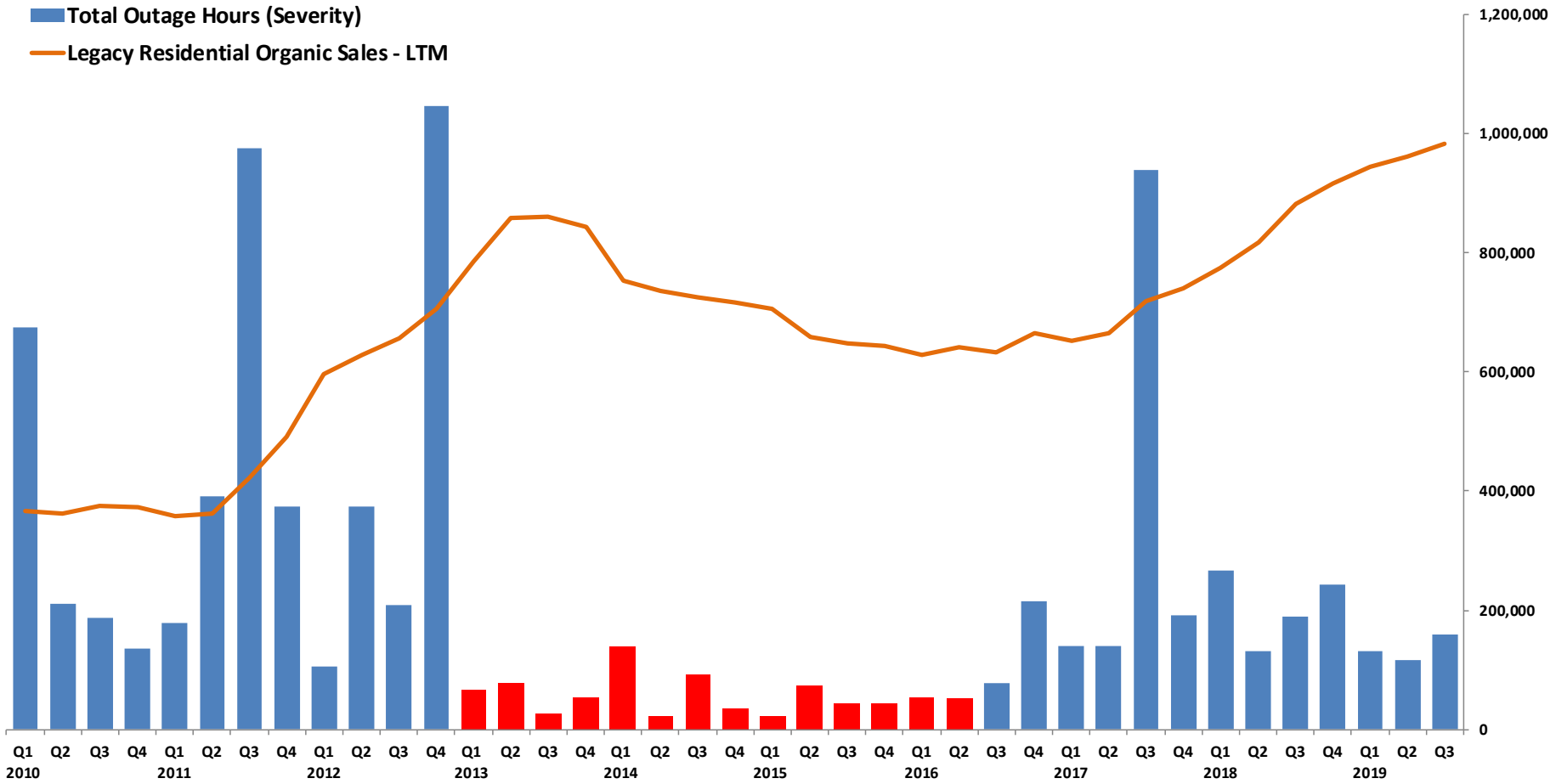
- | Consolidated net sales: increase approximately 8% to 9%; core organic sales increase approximately 7%
- | Adjusted EBITDA margins: approximately 20.5%
- | Cash income tax rate approximately 17% of pretax income
- | Free cash flow conversion of adjusted net income of ~80%

**Expect to Utilize Strong Free Cash Flow Generation to Increase Shareholder Value**



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

Elevated Baseline Outages + Major Event = Catalysts for Growth



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

# Summary of Acquisitions



Magnum Products is a leading manufacturer of high-quality light towers, and mobile generators.  
**Berlin, WI**



Leading manufacturer of industrial power generation equipment in Mexico and other parts of Latin America.  
**Mexico City, Mexico**



Mobile light towers for EMEA and other international markets  
**Milan, Italy**



Expands domestic offering of standby and prime-duty gensets up to 2.5 MW  
**Oshkosh, WI**



MAC is a leading manufacturer of premium-grade commercial and industrial mobile heaters within the U.S. and Canada.  
**Bismarck, ND**



Expands chore-related products line-up and provides additional scale to the residential engine-powered tools platform  
**Vergennes, VT**



Stationary, mobile and portable generators sold into over 150 countries worldwide  
**Siena, Italy**



Gaseous-engine control systems and accessories sold to engine OEMs and aftermarket customers  
**Celle, Germany**



Larger kW and container gensets; service and remote monitoring platform for Latin America market  
**Mexico City, Mexico**



Captiva Energy Solutions, founded in 2010 and headquartered in Kolkata, India specializes in customized industrial generators.  
**Kolkata, India**



The leading energy data company focused on metering technology and sophisticated analytics to optimize energy use  
**Vancouver, BC**



Leading manufacturer of smart storage solutions and smart batteries  
**Portland, Maine**

## Acquisitions used to accelerate Powering Our Future 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

Smaller acquisitions of Gen-Tran completed in February 2012 (manual transfer switches for portable generators - Alpharetta, GA) and Pramac America in September 2017 (portable generators - Marietta, GA)





# Favorable Tax Attributes

**Results in present value tax savings of ~ \$90 million<sup>(2)</sup> or \$1.40-\$1.50 per share**

## 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 ~\$33 million per year through 2021

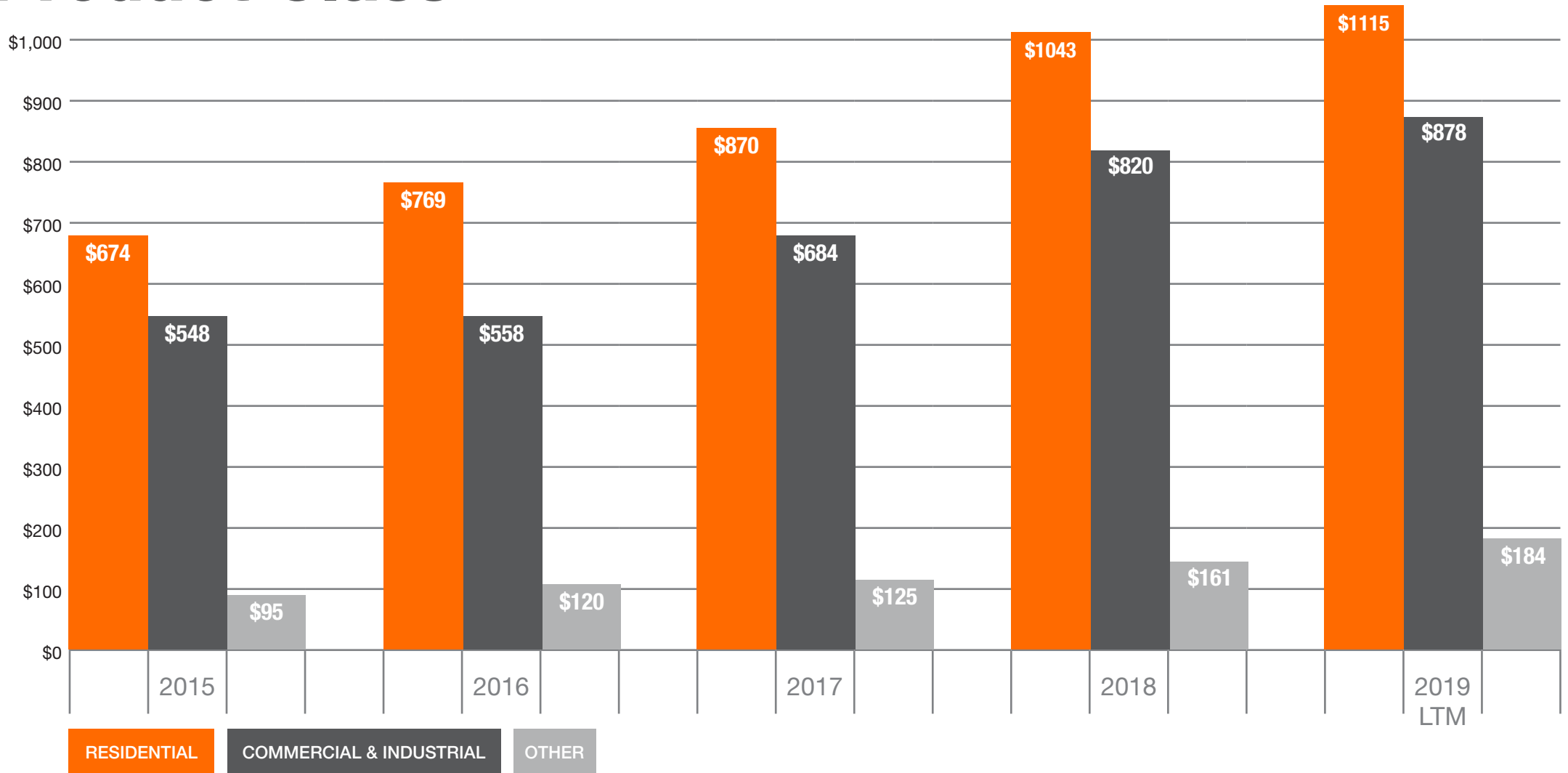
(\$ MM)	TOTAL	2019	2020	2021	2022+
Annual tax amortization	\$394	\$130	\$130	\$107	\$27
Cash tax savings <sup>(1)</sup>	\$100	\$33	\$33	\$27	\$7

(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%





# Net Sales by Product Class

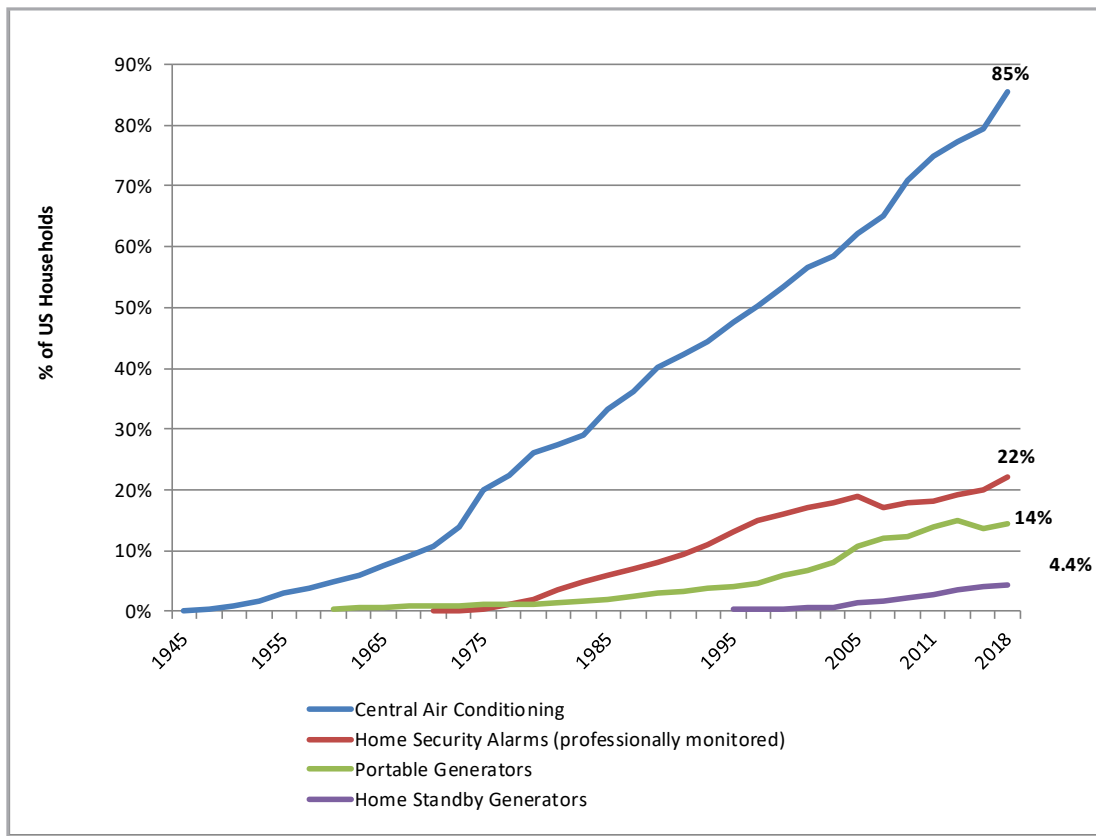




# HSB: A Penetration Story

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

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



## Aging Population Fits Demographic

- ~75% of buyers age 50 and older
- ~40% of homes valued under \$300k
- ~85% retro-fit application

(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.

# Battery Storage System Customer Value Proposition



**SOLAR**

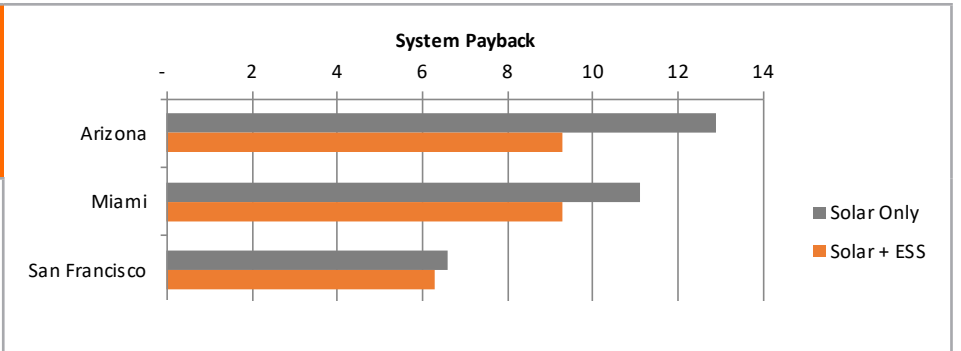


**GENERAC  
PWRCELL BATTERY**



**HOME ENERGY  
MONITORING SYSTEM**

Up to a 30% improvement  
in payback of solar system



Profit generating  
appliance after  
payback period



Grid resiliency, green  
tech, first adopter

95% of residential battery storage systems are installed with solar systems. Of those systems, the majority of consumers state they **highly value** the protection it provides from power outages

Source: NREL System Advisor Model, Management Estimates

# Q3 2019 & Full Year Financial Overview

	Actual Q3 2019 (unaudited)	Y/Y % Change	Actual LTM 2019 (unaudited)	Y/Y % Change
Residential	\$335.0	7.4%	\$1,115.2	9.8%
Industrial	214.9	4.1%	877.6	11.5%
Other	51.2	16.1%	184.0	22.1%
Net Sales	\$601.1	6.9%	\$2,176.8	11.5%
Gross Profit	\$217.5	8.6%	779.8	10.8%
% Margin	36.2%		35.8%	
<b>Adjusted EBITDA</b>	<b>\$126.0</b>	<b>1.6%</b>	<b>\$451.0</b>	<b>10.5%</b>
<b>% Margin (1)</b>	<b>21.0%</b>		<b>20.7%</b>	
Net Income - GHI (2)	\$75.6	(0.3%)	\$258.0	5.9%
Adjusted Net Income - GHI	\$90.0	1.0%	\$309.4	6.3%
<b>Adjusted EPS - GHI</b>	<b>\$1.43</b>	<b>0.1%</b>	<b>\$4.96</b>	<b>6.5%</b>
Free Cash Flow	\$100.8	114.4%	\$177.7	(25.3%)
Consolidated Gross Debt			\$953.9	
Consolidated Gross Debt Leverage Ratio			2.1x	

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

(2) LTM 2018 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.

# Adjusted EBITDA Reconciliation

	2015	2016	2017	2018	LTM 2019
<b>Net income</b>	<b>\$77.7</b>	<b>\$97.2</b>	<b>\$159.6</b>	<b>\$241.2</b>	<b>\$259.1</b>
Interest expense	42.8	44.6	42.7	41.0	41.4
Depreciation and amortization	40.3	54.4	52.0	47.4	55.1
Income taxes provision	45.2	56.5	44.1	69.9	73.9
Non-cash write-down and other charges	44.6	7.5	5.8	3.5	1.5
Non-cash share-based compensation expense	8.2	9.5	10.2	14.6	16.1
Loss on extinguishment of debt	4.8	0.6	-	1.3	-
(Gain) loss on change in contractual interest rate	2.4	3.0	-	-	-
Transaction costs and credit facility fees	2.2	2.4	2.1	3.9	3.5
Other	2.4	0.9	0.8	1.8	0.5
<b>Adjusted EBITDA</b>	<b>\$270.8</b>	<b>\$276.5</b>	<b>\$317.3</b>	<b>\$424.6</b>	<b>\$451.0</b>
Adjusted EBITDA attributable to noncontrolling interests	-	(3.8)	(6.1)	(7.8)	(5.8)
<b>Adjusted EBITDA attributable to Generac Holdings, Inc.</b>	<b>\$270.8</b>	<b>\$272.7</b>	<b>\$311.2</b>	<b>\$416.8</b>	<b>\$445.2</b>



# Adjusted EBITDA Reconciliation

## Net income to Adjusted EBITDA reconciliation

	Three months ended September 30,		LTM Ended September 30,	
	2019 (unaudited)	2018 (unaudited)	2019 (unaudited)	2018 (unaudited)
Net income attributable to Generac Holdings, Inc.	\$75,574	\$75,776	\$257,968	\$243,589
Net income attributable to noncontrolling interests	(677)	746	1,101	3,157
Net income	74,897	76,522	259,069	246,746
Interest expense	10,704	9,824	41,445	41,253
Depreciation and amortization	15,494	11,841	55,125	48,421
Income taxes provision	20,064	20,072	73,862	51,907
Non-cash write-down and other charges	914	1,483	1,452	5,542
Non-cash share-based compensation expense	3,549	2,919	16,130	11,713
Loss on extinguishment of debt	-	-	-	1,332
Transaction costs and credit facility fees	358	1,767	3,470	3,645
Other	(27)	46	481	355
Adjusted EBITDA	125,953	124,474	451,034	410,914
Adjusted EBITDA attributable to noncontrolling interests	(909)	(1,454)	(5,848)	(8,119)
<b>Adjusted EBITDA attributable to Generac Holdings, Inc.</b>	<b>\$125,044</b>	<b>\$123,020</b>	<b>\$445,186</b>	<b>\$402,795</b>

# Adjusted Net Income

## and Free Cash Flow Reconciliations

### Net income to Adjusted net income reconciliation

	Three months ended September 30,		LTM Ended September 30,	
	2019 (unaudited)	2018 (unaudited)	2019 (unaudited)	2018 (unaudited)
Net income attributable to Generac Holdings, Inc.	\$75,574	\$75,776	\$257,968	\$243,589
Net income attributable to noncontrolling interests	(677)	746	1,101	3,157
Net income	74,897	76,522	259,069	246,746
Provision for income taxes	20,064	20,072	73,862	51,907
Income before provision for income taxes	94,961	96,594	332,931	298,653
Amortization of intangible assets	7,406	5,678	25,319	24,099
Amortization of deferred financing costs and OID	1,221	1,187	4,792	4,670
Loss on extinguishment of debt	-	-	-	1,332
Transaction costs and credit facility fees	165	702	2,435	2,243
Business optimization expenses	567	583	1,011	1,729
Adjusted net income before provision for income taxes	104,320	104,744	366,488	332,726
Cash income tax expense	(15,083)	(15,185)	(55,053)	(37,726)
Adjusted net income	\$89,237	\$89,559	\$311,435	\$295,000
Adjusted net income attributable to noncontrolling interests	738	(447)	(1,989)	(3,780)
Adjusted net income attributable to Generac Holdings, Inc.	\$89,975	\$89,112	\$309,446	\$291,220
<b>Free Cash Flow Reconciliation</b>				
Net cash provided by operating activities	\$111,188	\$59,341	\$242,031	\$275,703
“Proceeds from beneficial interests in securitization transactions”	640	896	3,144	4,517
Expenditures for property and equipment	(11,071)	(13,251)	(67,471)	(42,180)
Free cash flow	\$100,757	\$46,986	\$177,704	\$238,040