

GENERAC®

POWERING AHEAD

KeyBanc Industrial, Automotive & Transportation Conference

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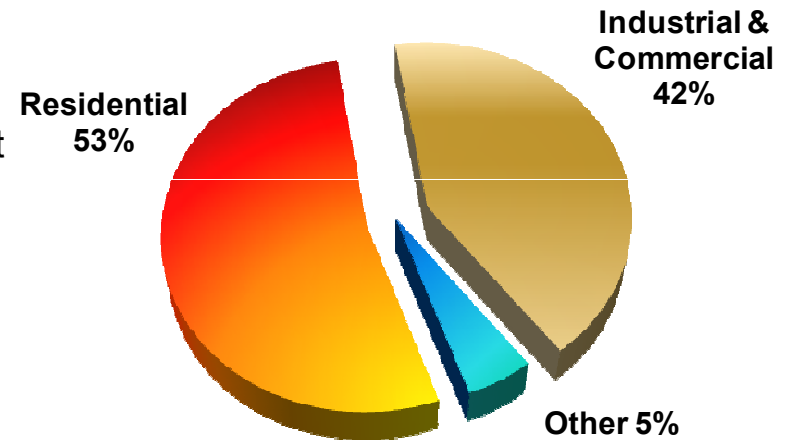
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Generac Business Overview

About Generac –

- Founded in **1959**
- A leading designer and manufacturer of a wide range of **power generation equipment** and **other engine powered products** serving residential, light commercial, industrial and construction markets.
- Products are **available globally through a broad network** of independent dealers, retailers, wholesalers and equipment rental companies, as well as sold direct to certain end users.
- Products marketed and distributed primarily under the **Generac, Magnum, Ottomotores and Tower Light** brands.
- Approx. **3,400 employees** at 12/31/2013
- Approx. **2.0 million ft²** of manufacturing and distribution capacity located in **Wisconsin, Mexico, Italy, UK and Brazil**.

3/31/14 LTM Sales:
\$1.428 billion



Major Long-Term Growth Themes

Residential Backup Power

- Key drivers: aging and underinvested grid, favorable demographics, increasing power outages
- Low penetration (~3%) within emerging product category of home standby (HSB) generators
- ~ 70% share of domestic HSB market with significant barriers to entry
- Leading position in portable generators further enhances brand awareness

Commercial & Industrial Generators

- Natural gas generators gaining share vs. diesel in the U.S. and Canada
- Low penetration within emerging “Optional” standby market
- Growing importance of backup power for critical telecommunications infrastructure
- Recently expanded product offering significantly increases addressable market

Mobile and Engine Powered Products

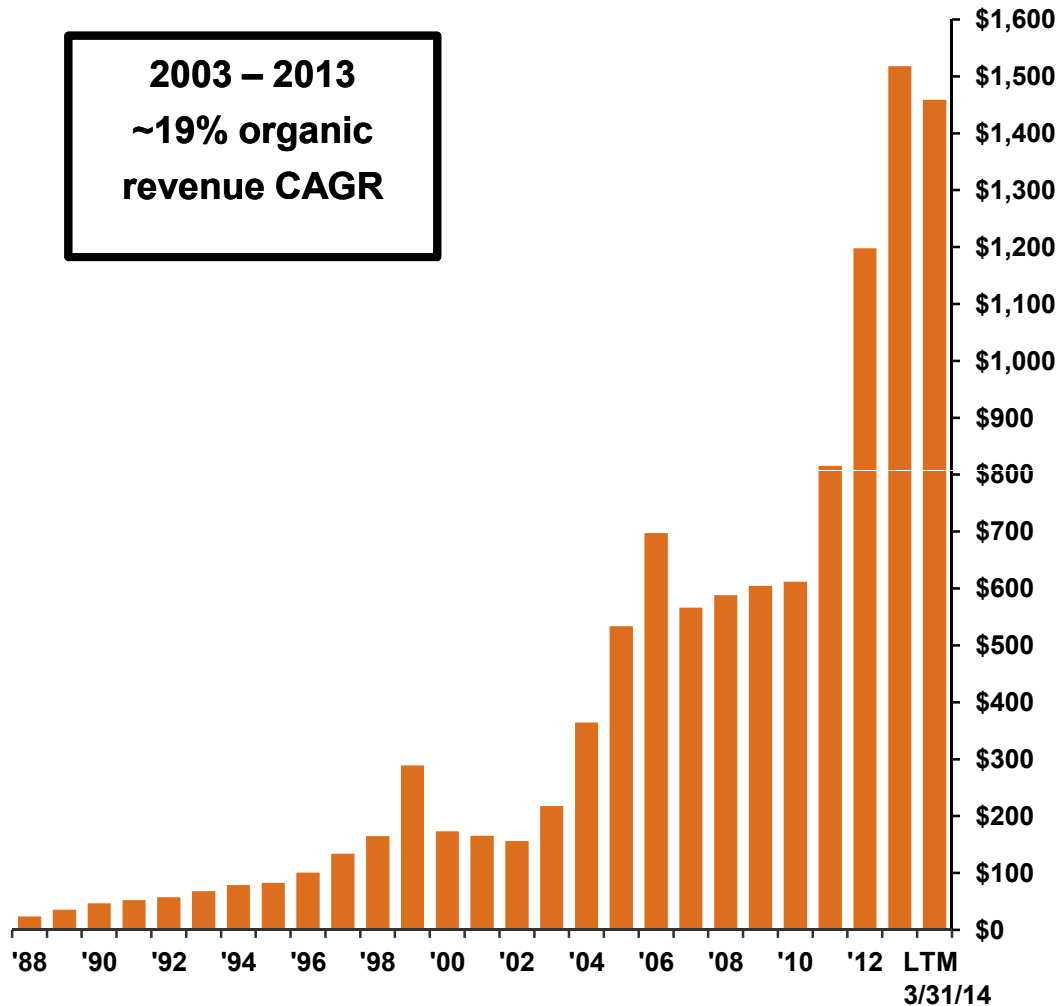
- Mobile products platform benefitting from secular shift toward renting of mobile equipment
- Acquisitions provide access to opportunity in oil & gas market that requires mobile lighting and power
- Growing share in power washers after re-entering market in 2011
- Entry into additional “engine-powered” adjacent product categories

International Expansion

- Leverage recent acquisitions and drive growth in markets with additional investment and focus
- Execute on a number of identified revenue and cost synergies across the enterprise
- Future acquisitions may provide opportunity to accelerate expansion into other regions of the world

Track Record of Innovation and Growth

2003 – 2013
~19% organic
revenue CAGR






History of Innovation Driving Organic Growth

- Commercialized affordable home standby generators and light-commercial generators
- Differentiated distribution model
- Over 250 engineers on staff as of 12/31/13, ~ 100 U.S. and international patents and patent applications
- 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 the Magnum Products acquisition completed on October 3, 2011, the Ottomotores acquisition completed December 8, 2012, the Tower Light acquisition completed August 1, 2013, and the Baldor Generators acquisition completed on November 1, 2013.

Broad Product Offering

Residential Products

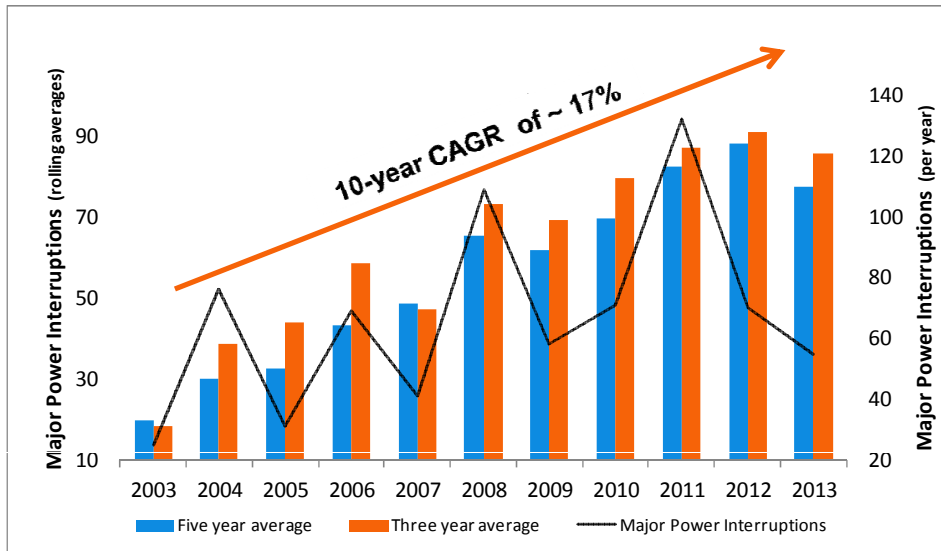
	Product	End Markets Served
	Power Washers	Light to medium duty use - mainly by consumers
	Inverter Generators	Recreation and other light duty power uses
	Portable Generators & Manual Transfer Switches	Emergency home backup, construction uses
	Air-cooled Home Standby Generator	Emergency backup – small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

Industrial Products

	Product	End Markets Served
	Light Towers & Mobile Generators	Temporary lighting and power for construction, energy and other - rental equipment co's a key channel
	Larger kW & Container Gensets	Prime & emergency backup – regulated markets
	Larger kW & Container Gensets	Prime & emergency backup – non-regulated markets
	Commercial Stationary Generators	Emergency backup – small to mid-sized retail, telecom, municipal
	Industrial Stationary Generators	Emergency backup – large healthcare, telecom, municipal, manufacturing

Powerful Macro Trends Drive Home Standby Penetration Opportunity

Aging Grid driving Power Interruptions⁽¹⁾

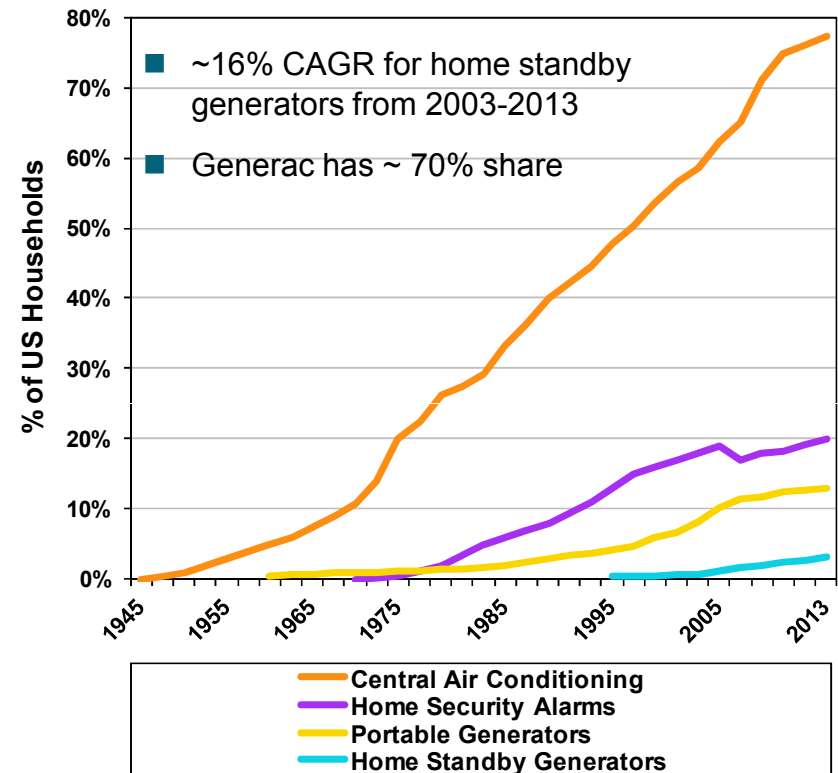


- 30–50% of T&D network in the U.S. is 40–50 years old
- Undergrounding the grid would cost up to \$4.0 trillion⁽²⁾

Aging Population fits Demographic⁽³⁾

- 75-80% of buyers age 50 and older
- 45-50% of homes valued under \$300k
- 85-90% retro-fit application

North American Penetration Opportunity⁽⁴⁾



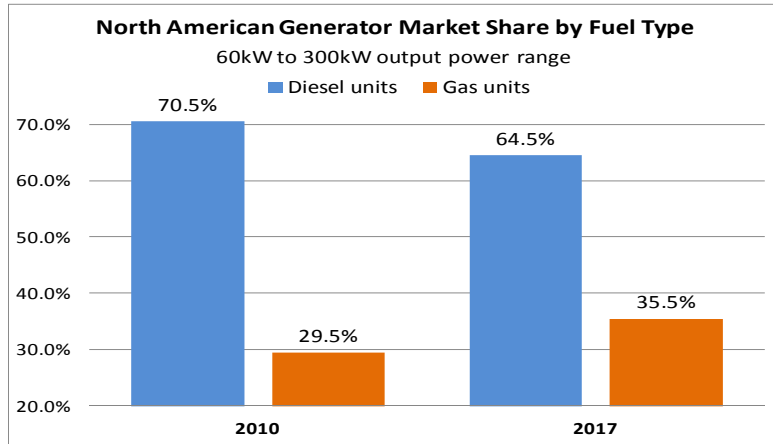
Every 1% of increased penetration equals ~ \$2 billion of market opportunity

(1) Source: U.S. Energy Information Administration. Interruptions measured as affecting more than 50,000 customers and comparing to three and five-year rolling averages.

(2) At \$1mm/mile (3) Source: Company warranty registration data (4) Source: Management estimates

Secular Penetration Opportunities – Commercial and Industrial

Natural Gas vs. Diesel Market Growth



Source: Frost & Sullivan, Generac estimates

- Nat gas gensets up to 35% less expensive
- Lower operating costs than diesel - leading to improved ROI

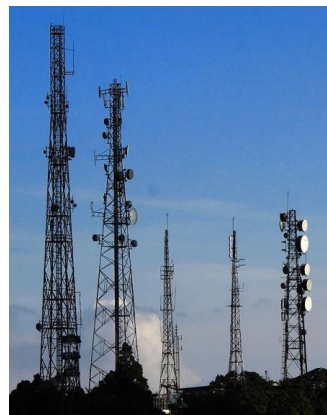
Light Commercial/Retail Opportunity

“Optional” Standby Customers



- Over 14 million buildings in U.S. with very low penetration
- Increasing level of outages driving the need for backup power

Wireless Communications Infrastructure



- ~ 300,000 cell tower sites in U.S. with only 30-35% penetration
- Providers facing increasing competitive/regulatory pressures to harden networks

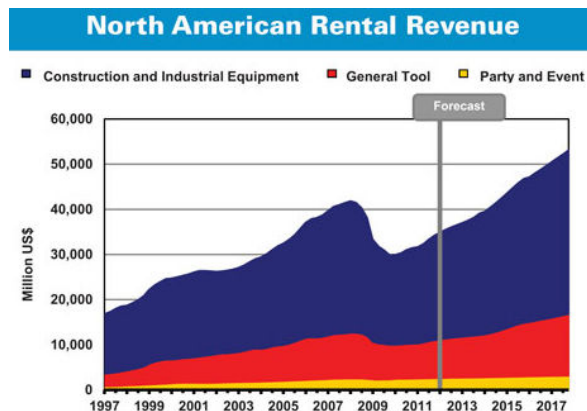
Secular Penetration Opportunities – Commercial and Industrial (cont'd)

Oil & Gas Infrastructure



- New access to the oil & gas market through recent acquisitions
- Potential long term up-cycle driven by the shale gas revolution
- Secular opportunity for mobile power equipment including light towers and generators that are essential to the drilling site

Mobile Equipment - Rental vs. Buy



- Overall industry projected to grow at ~ 9% CAGR from 2013-17
- Construction and industrial projected to grow at a similar level

Source: ARA Rental Market Monitor, IHS Global Insight - December 2013 forecast

Differentiated Distribution Model

Residential & Light Commercial Distribution:

● = ~ 5,200 Res/Comm Dealers

Commercial & Industrial Distribution:

● = ~ 115 Industrial Dealer Locations

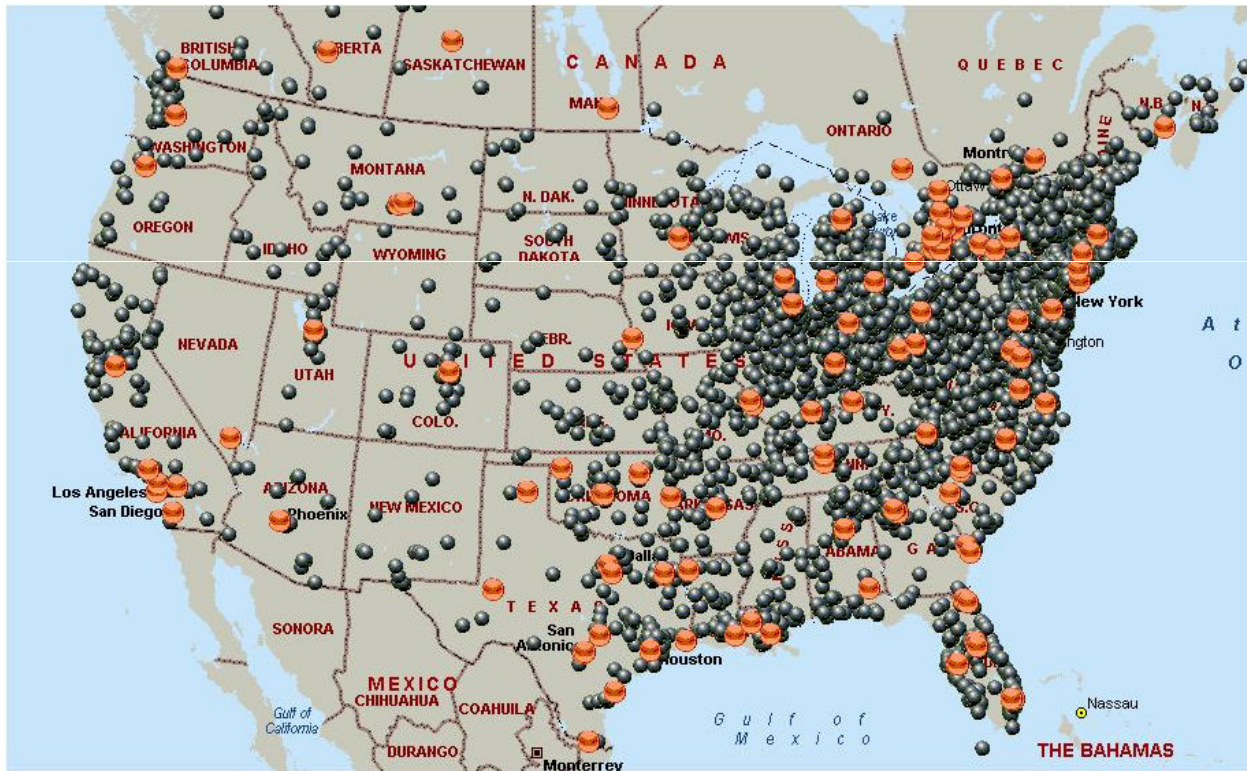
Res/Comm Dealers

National Retailers

Catalog and E-Commerce

Wholesalers

Private Label Partners



Industrial Dealers

National Accounts

Equipment Rental Yards

Oil and Gas Accounts

Gov't and Military

Established and diverse distribution model = growth driver & competitive advantage



Grow Residential Standby Generator Market

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



Gain Industrial Market Share

- *Expand product offering*
- *Upgrade distribution*
- *Increase awareness in “optional” standby power market*
- *Build relations with specifying engineers*



Diversify End Markets with new products and services

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



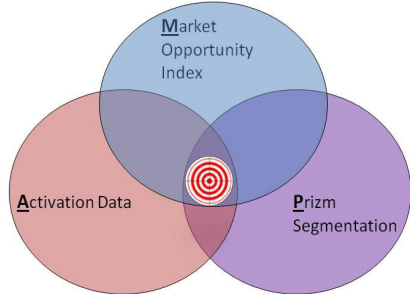
Enter New Geographies

- *Ottomotores local manufacturing, higher-power products and distribution*
- *Tower Light gives expanded platform as a leading provider of mobile power equipment*
- *Developing additional distribution and building Generac brand*

Growing Residential Standby Generator Market

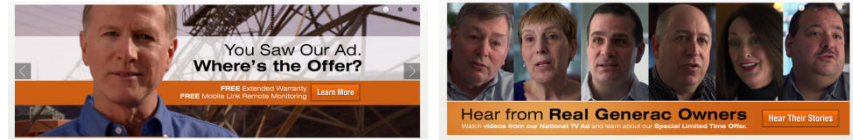
Finding the most “likely” prospect

- A.M.P.™ targeted marketing process”



Driving optimized media selection

- “Power You Control” national TV ad campaign
- Direct mail, telemarketing, etc.



Improving close rates

- PowerPlay™ in-home selling solution



PowerPlay



Consultive Back-up Power Plan



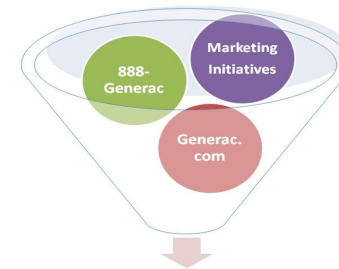
NEC Approved Technical Generator Sizing



Customized Proposal

Scheduling in-home consultations

- Generac Lead Team qualifies sales prospects



Gaining Commercial & Industrial Market Share

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Expand Product Offering and Distribution

- Baldor acquisition expands product offering of standby and prime-rated generators up to 2.5 MW for U.S. and Canada
- Essentially doubles addressable domestic market that distribution partners can serve
- Expansion of existing natural gas product offering
- Opportunities to add and upgrade distribution



Large kW single-engine Genset



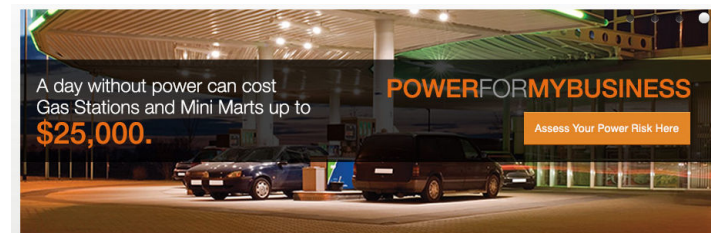
Gemini Technology



Modular Power Technology

Create Commercial Market

- “Optional” standby power market remains underpenetrated – addressable market is over 14 million buildings in the U.S.
- Recently launched direct marketing campaign targeted at light commercial applications such as gas stations, convenience stores, etc.
- Driving awareness of compelling ROI for backup generators
- Direct sales initiatives targeting regional and national accounts



Cost of 4 hours outage per business ⁽¹⁾		Current and prospective customers	
Food Sales	<ul style="list-style-type: none"> ▪ Grocery and convenience stores 	\$26,234	
Food Service	<ul style="list-style-type: none"> ▪ Restaurants 	\$20,161	
Mercantile	<ul style="list-style-type: none"> ▪ Retail stores, pharmacies 	\$4,892	
Healthcare	<ul style="list-style-type: none"> ▪ Hospitals, nursing homes 	\$1,593	
Telecom	<ul style="list-style-type: none"> ▪ Wireless towers 	n/a	

⁽¹⁾ Source: SENTECH

Diversification of End Markets

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Acquisitions Expand Product Offering

- **Magnum** (Oct '11) – mobile products including light towers, mobile generators and pumps
- **Ottomotores** (Dec '12) – larger kW and container gensets for int'l markets
- **Tower Light** (Aug '13) – expands offering of mobile light towers to support int'l markets
- **Baldor** (Nov '13) – expands domestic offering of standby and prime-duty gensets up to 2.5 MW

MAGNUM™
POWER PRODUCTS LLC



Light Tower & Mobile Generator

ottomotores



Large kW Genset

TOWER LIGHT



Light Tower

BALDOR



Large kW Genset

Organic Expansion Through Innovation

- Re-entry into power washer product category through innovation
- New OneWASH™ product launched in Q4 2012
- Mobile Link™ remote monitoring launched in Q1 2013
- Evaluating adjacent engine powered products



Mobile Link™

Entering New Geographies

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Key Areas of Focus

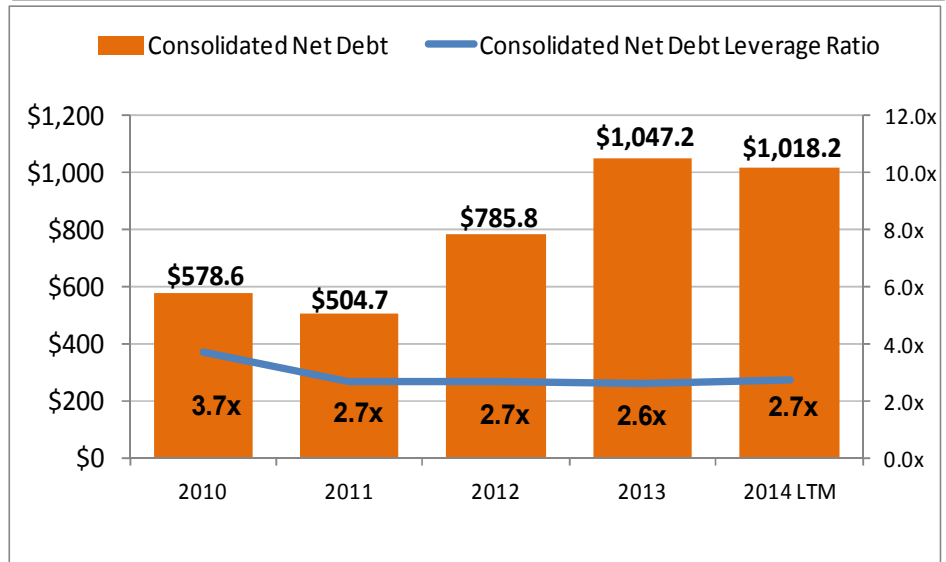
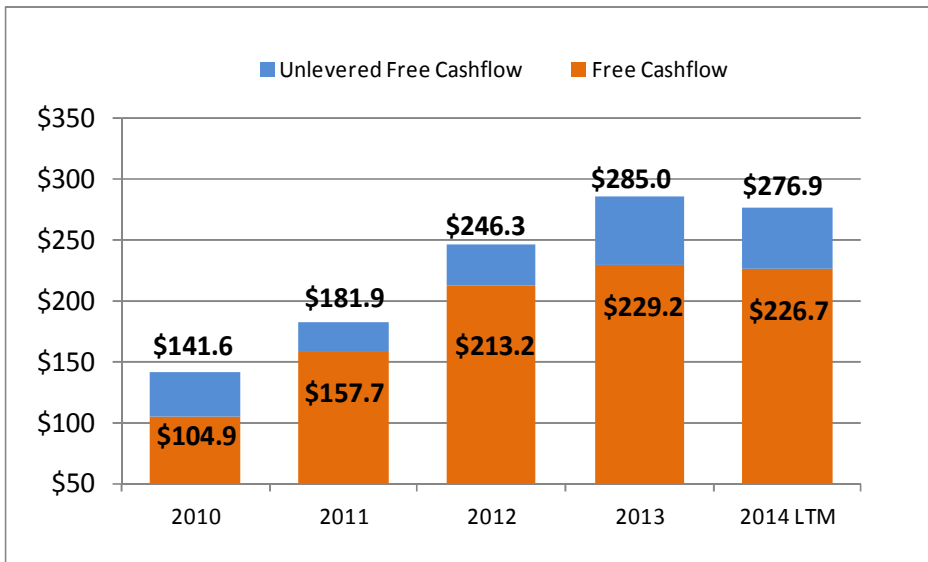
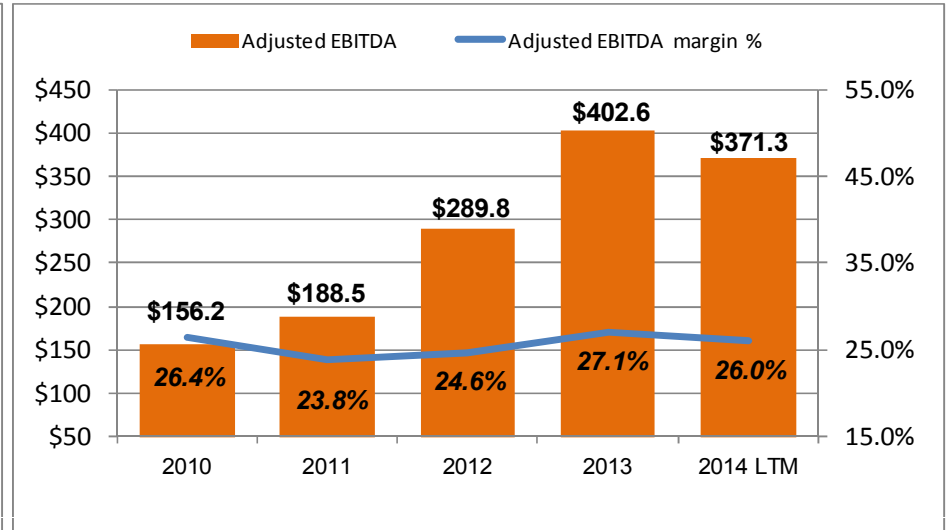
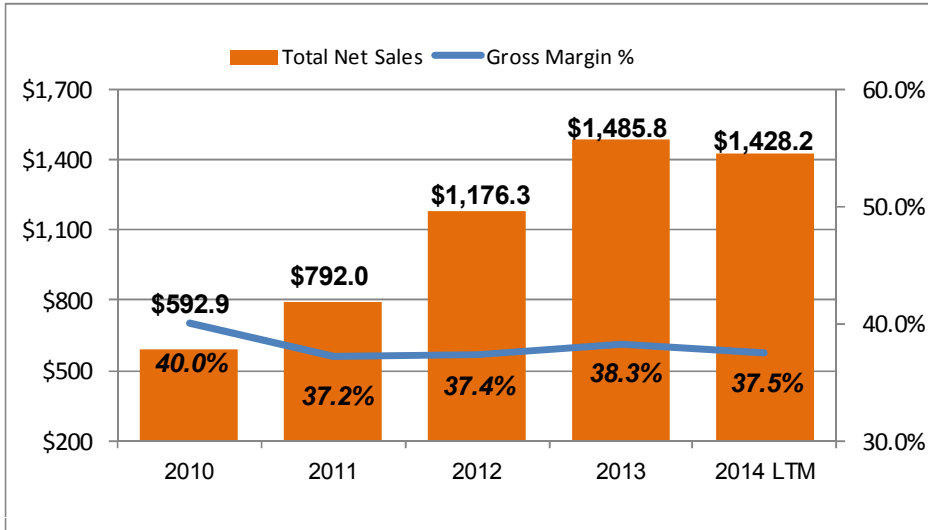
- Leverage recent Ottomotores and Tower Light acquisitions and drive growth in markets with additional investment and focus
- Execute on a number of identified revenue and cost synergies across the enterprise
- Establishing and developing distribution globally
- Building the Generac brand internationally
- Investing in Generac Brasil
- Evaluate additional regions of the world for future expansion through both organic growth and potential acquisitions

ottomotores
A Generac Company



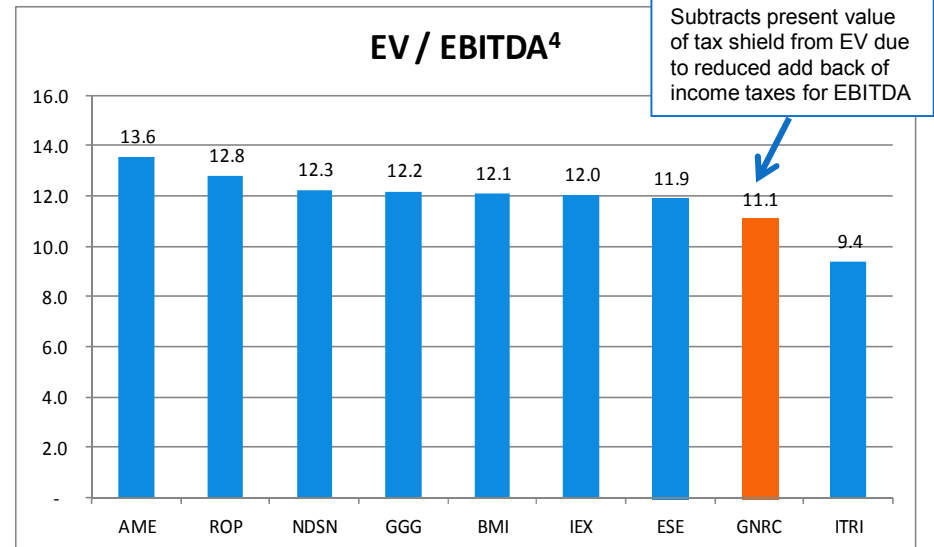
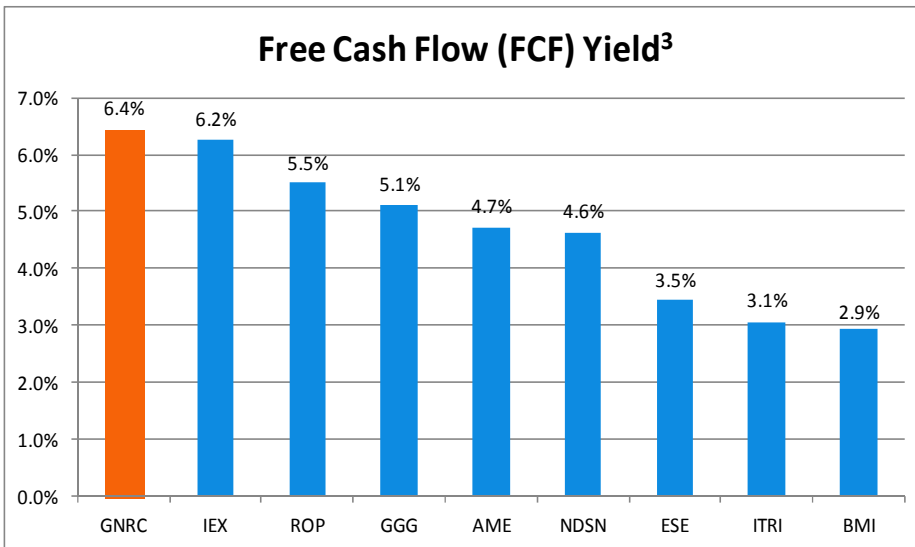
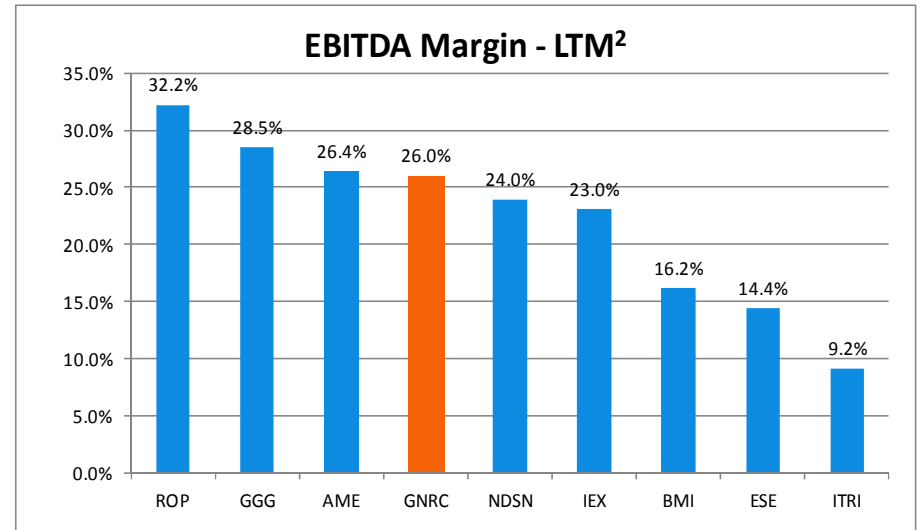
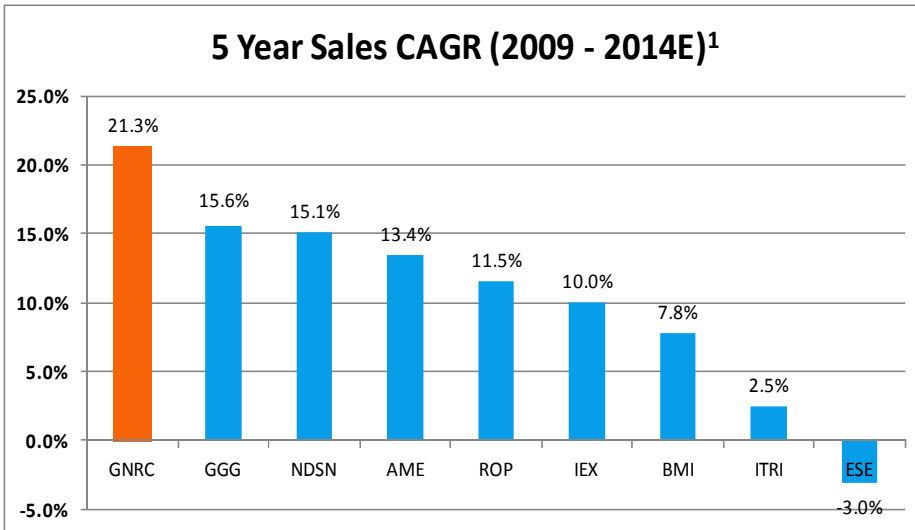
Sales outside the U.S. and Canada now represent over 10% of total revenues

Financial Summary



Note: Unlevered free cash flow = free cash flow plus cash interest expense.

Relative Performance – Compared with Industrial Technology Peers



Source: Thomson One, Company Filings Note: Charts for Free Cash Flow Yield and Enterprise Value / NTM EBITDA use closing share prices as of May 20, 2014.

(1) Figures represent a five-year compound annual growth rate calculated by comparing the base year 2009 to the analyst consensus revenue forecast for 2014 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) to Market Capitalization.

(4) Based on recent enterprise value to consensus NTM EBITDA estimates. Figure for GNRC determined by subtracting the value of the tax shield in determining enterprise value.

Net sales: increase *mid-single digit range* vs. a strong 2013

- **Organic sales growth:** *approximately flat* compared to 2013; *increase 9-11%* excluding \$140 million residential products benefit in 1H 2013 from extended lead times
- **Acquisition growth:** Tower Light and Baldor Generators add ~ 5% growth

Adjusted EBITDA: 2014 margins expected to remain attractive in the *mid-20% range* – consistent with the average level seen during 2010-2013

Cash income taxes: approximately \$55.0 - \$57.0 million

- **Cash tax rate for full-year 2014:** anticipated *between 19-20%* of pretax income
- **Cash taxes going forward:** ~ *36% tax rate* on incremental pre-tax profits *less ~ \$49 million* annual tax shield

Free cash flow: expected to remain strong with conversion of adjusted net income to free cash flow of *approximately 90%*

Financial Policy – Priority Uses of Capital

		Historical	Expected
1	Continue to invest in business	> 20% CAGR organic revenue over past 2 years	<ul style="list-style-type: none"> Support market-driven R&D Invest in high-ROI capital spending projects and capacity expansion Capex consistently only ~ 2% of sales
2	Publicly-stated net leverage target of 2-3X EBITDA	<ul style="list-style-type: none"> 2.7X at end of Q1 2014 	<ul style="list-style-type: none"> Comfortable with current leverage metrics at current cost of TLB debt of 3.25% Higher priority on debt paydown IF interest rates rise (current LIBOR floor of 0.75%) and/or net leverage ratio exceeds 3.0X Maintain strong liquidity profile
3	Explore acquisitions for external growth	<ul style="list-style-type: none"> Magnum in Q4 2011 Gen-Tran in Q1 2012 Ottomotores in Q4 2012 Tower Light in Q3 2013 Baldor in Q4 2013 	<ul style="list-style-type: none"> Seek high-synergy acquisitions in line with Powering Ahead strategy
4	Return of capital to shareholders	<ul style="list-style-type: none"> Special dividends issued in Q2 2012 and Q2 2013 	<ul style="list-style-type: none"> As future cash flow permits, may consider further return of capital to shareholders

Generac (GNRC) – Investment Highlights

Best in class organic revenue growth

- **Nearly 20% CAGR** in organic revenue over the last 10 years
- Low penetration in key markets, especially home standby market at only ~3.0% penetrated with **every 1% increase representing ~ \$2 billion market opportunity**
- **Key macro drivers:** aging and underinvested grid; favorable demographics; increasing number of power disruptions; increasing reliance on uninterrupted power and data; natural gas gensets gaining share vs. diesel

Market leader with significant barriers to entry

- **~ 70% share** of domestic home standby market
- Unmatched multi-channel distribution led by **over 5,200 residential & light commercial dealers**
- Exclusive **focus** on power generation and engine powered products
- Considerable **sourcing and manufacturing scale**

Superior financial profile

- GMs consistently in the **high-30% range**, EBITDA margins in **mid-20% range**
- Favorable tax structure worth an **estimated \$3.75 to \$4.75 per share** in present value tax savings
- Strong track record of free cash flow conversion and de-levering balance sheet

Strong product, market and geographic expansion opportunities

- Proven track record in completing **strategic acquisitions and introducing new products**
- **Significant international market opportunity** – less than 10% of 2013 revenue outside of U.S. and Canada; ~ 12% on a pro-forma basis with Tower Light acquisition

Leading “Industrial Technology” Company

Appendix

Acquisition of Baldor Generators



Fast Facts –

- Acquired on November 1, 2013
- Headquartered in Oshkosh, Wisconsin
- 255,000 ft² manufacturing and testing facility
- Complete line of standby and prime-rated generators ranging from 3 kW up to 2.5 MW throughout the U.S. and Canada



Industrial Towable Standby Generators

Strategic Rationale –

- Accelerates organic efforts to increase C&I market share
- Gain immediate access to a higher-powered line up of generators up to 2.5 MW, approximately doubles addressable domestic market for dealers
- Acquire a purpose-built facility that provides significant production and testing capacity for future growth
- Expanded product line enhances ability to strengthen C&I distribution base
- Offers compelling long-term revenue and cost synergies for C&I products business
- Very attractive “buy vs. build” cost avoidance benefits relative to the investment required to develop capabilities internally



Industrial Diesel Standby/Prime Generator



Containerized Standby/Prime Generator

Acquisition of Tower Light business



Fast Facts –

- Acquired on August 1, 2013
- Headquartered outside Milan, Italy
- Approximately 100 employees and over 100,000 ft² in manufacturing and distribution space
- Broad product line of mobile light towers sold through a strong global distribution network in over 50 countries
- €37 million in net sales in 2012

Strategic Rationale –

- Leading market share player for mobile light towers in Europe, the Middle East and Africa
- Positions Generac as a global leader in light towers, allowing to participate in growing rental market outside of U.S.
- Premium margins as a result of flexible development and production environment, with focus on customized products for specific applications/markets
- Several attractive revenue synergy opportunities being evaluated including selling Magnum's mobile generators into Tower Light's significant distribution channels



SuperLight VT1 – hydraulic



VB9 LED – fuel efficient



LinkTower – no generator

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 acquisitions of Magnum (Oct '11) and Baldor Generators (Nov '13)
 - Each amortizes over 15 years
 - Reduces cash tax obligation by approx. \$49 million per year through 2020

(\$ mm)	Total	2014	2015	2016	2017	2018	2019	2020	2021	2022+
Annual tax amortization	\$1,023	\$127	\$127	\$127	\$127	\$127	\$127	\$127	\$107	\$25
Cash tax savings⁽¹⁾	\$394	\$49	\$49	\$49	\$49	\$49	\$49	\$49	\$41	\$10

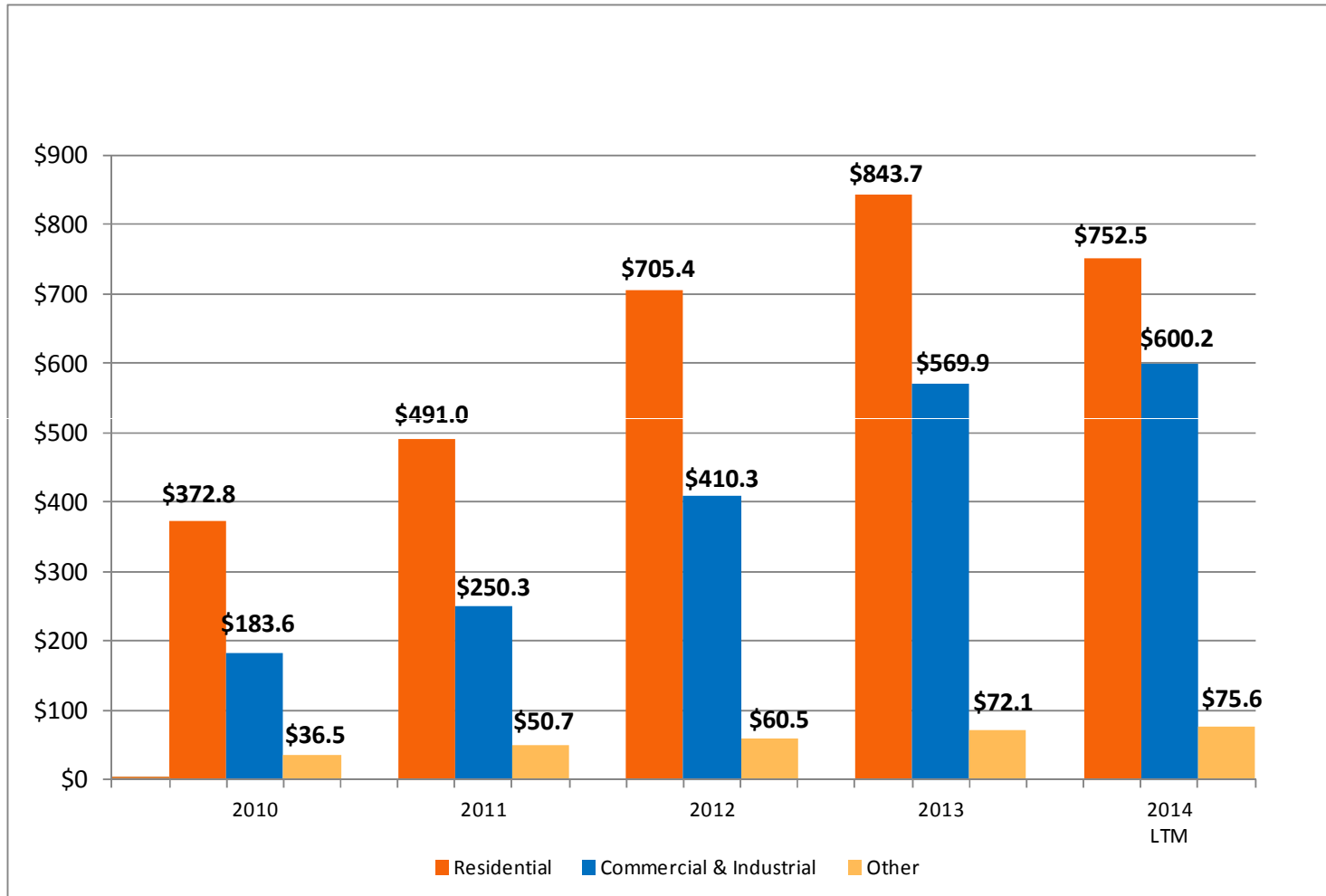
Results in present value tax savings of ~ \$260-320 million⁽²⁾ or \$3.75-\$4.75 per share

(1) Assuming continued profitability and no limitations at an assumed 38.5% federal and state tax rate.

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

Net Sales by Product Class

(\$ in millions)



Figures include results from the Magnum Products acquisition completed on October 3, 2011, the Ottomotores acquisition completed December 8, 2012, the Tower Light acquisition completed August 1, 2013 and the Baldor Generators acquisition completed on November 1, 2013 .

Q1 2014 & LTM Financial Overview



(\$ in millions)

	Actual Q1 2014	Y/Y % Change	Actual LTM Q1 2014	Y/Y % Change
Residential	\$ 164.0	(35.8%)	\$ 752.5	(4.2%)
Industrial	157.4	23.8%	600.2	38.8%
Other	20.7	19.8%	75.6	19.4%
Net Sales	\$ 342.0	(14.4%)	\$ 1,428.2	11.5%
Gross Profit	\$ 119.5	(22.1%)	\$ 535.6	10.9%
% Margin	34.9%		37.5%	
Adjusted EBITDA	\$ 77.5	(28.8%)	\$ 371.3	15.0%
% Margin	22.7%		26.0%	
Net Income	\$ 34.7	(31.5%)	\$ 158.6	39.3%
Adjusted Net Income	\$ 50.7	(39.5%)	\$ 268.5	12.6%
Adjusted EPS	\$ 0.72	(39.9%)	\$ 3.84	11.6%
Free Cash Flow	\$ 31.4	(7.4%)	\$ 226.7	7.6%
Unlevered Free Cash Flow	\$ 42.5	(16.0%)	\$ 276.9	9.0%
Consolidated Net Debt			\$ 1,018.2	34.2%
Consolidated Net Debt Leverage Ratio			2.7x	

Adjusted EBITDA Reconciliation



(\$ in millions)

	2010	2011	2012	2013	2014 LTM
Reported net income	\$ 56.9	\$ 324.6	\$ 93.2	\$ 174.5	\$ 158.6
Interest expense	27.4	23.7	49.1	54.4	50.4
Depreciation and amortization	59.4	56.1	54.2	36.8	36.6
Income taxes provision (benefit)	0.3	(237.7)	63.1	104.2	95.0
Non-cash write-down and other charges	(0.3)	10.4	0.2	0.1	(0.1)
Non-cash share-based compensation expense	6.4	8.6	10.8	12.4	12.8
Loss on extinguishment of debt	4.8	0.4	14.3	15.3	13.5
Transaction costs and credit facility fees	1.0	1.7	4.1	3.9	3.8
Other	0.4	0.5	0.7	1.0	0.8
Adjusted EBITDA	\$ 156.2	\$ 188.5	\$ 289.8	\$ 402.6	\$ 371.3

Adjusted EBITDA Reconciliation

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(\$ in thousands)

Net income to Adjusted EBITDA reconciliation	Three months ended		LTM Ended March 31,	
	March 31,			
	2014	2013	2014	2013
	(unaudited)		(unaudited)	
Net income	\$ 34,701	\$ 50,674	\$ 158,566	\$ 113,837
Interest expense	11,689	15,675	50,449	59,115
Depreciation and amortization	8,575	8,750	36,599	48,692
Income taxes provision	19,523	28,750	94,950	72,835
Non-cash write-down and other charges	(554)	(423)	(53)	28
Non-cash share-based compensation	3,322	2,931	12,759	11,272
Loss on extinguishment of debt	-	1,839	13,497	11,838
Transaction costs and credit facility fees	203	314	3,752	4,296
Other	39	291	791	895
Adjusted EBITDA	\$ 77,498	\$ 108,801	\$ 371,310	\$ 322,808

Adjusted Net Income & Free Cash Flow Reconciliations

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(\$ in thousands)

Net income to Adjusted net income reconciliation

	Three Months Ended March 31,		LTM March 31,	
	2014 (unaudited)	2013	2014 (unaudited)	2013
Net income	\$ 34,701	\$ 50,674	\$ 158,566	\$ 113,837
Income taxes provision	19,523	28,750	94,950	72,835
Income before provision for income taxes	54,224	79,424	253,516	186,672
Amortization of intangible assets	5,345	6,185	24,979	39,827
Amortization of deferred financing costs and OID	1,203	1,177	4,798	4,430
Loss on extinguishment of debt	-	1,839	13,497	11,838
Transaction costs and credit facility fees	(187)	(253)	2,908	3,064
Adjusted net income before provision for income taxes	60,585	88,372	299,698	245,831
Cash income tax expense	(9,870)	(4,520)	(31,171)	(7,276)
Adjusted net income	\$ 50,715	\$ 83,852	\$ 268,527	\$ 238,555

Free Cash Flow Reconciliation

Net cash provided by operating activities	\$ 36,353	\$ 38,266	\$ 258,031	\$ 235,276
Expenditures for property and equipment	(4,925)	(4,322)	(31,373)	(24,576)
Free cash flow	\$ 31,428	\$ 33,944	\$ 226,658	\$ 210,700
Cash interest	11,023	16,594	50,257	43,450
Unlevered free cash flow	\$ 42,451	\$ 50,538	\$ 276,915	\$ 254,150