

**GENERAC®**

# Investor Presentation

MAY 2020

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**

HOUR METER



# Investor Relations

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**GENERAC**



# Forward Looking Statements

Certain statements contained in this news release, as well as other information provided from time to time by Generac Holdings Inc. or its employees, may contain forward looking statements that involve risks and uncertainties that could cause actual results to differ materially from those in the forward looking statements. Forward-looking statements give Generac's current expectations and projections relating to the Company's financial condition, results of operations, plans, objectives, future performance and business. You can identify forward-looking statements by the fact that they do not relate strictly to historical or current facts. These statements may include words such as "anticipate," "estimate," "expect," "forecast," "project," "plan," "intend," "believe," "confident," "may," "should," "can have," "likely," "future," "optimistic" and other words and terms of similar meaning in connection with any discussion of the timing or nature of future operating or financial performance or other events.

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

- frequency and duration of power outages impacting demand for our products;
- availability, cost and quality of raw materials and key components from our global supply chain and labor needed in producing our products;
- the impact on our results of possible fluctuations in interest rates, foreign currency exchange rates, commodities, product mix and regulatory tariffs;

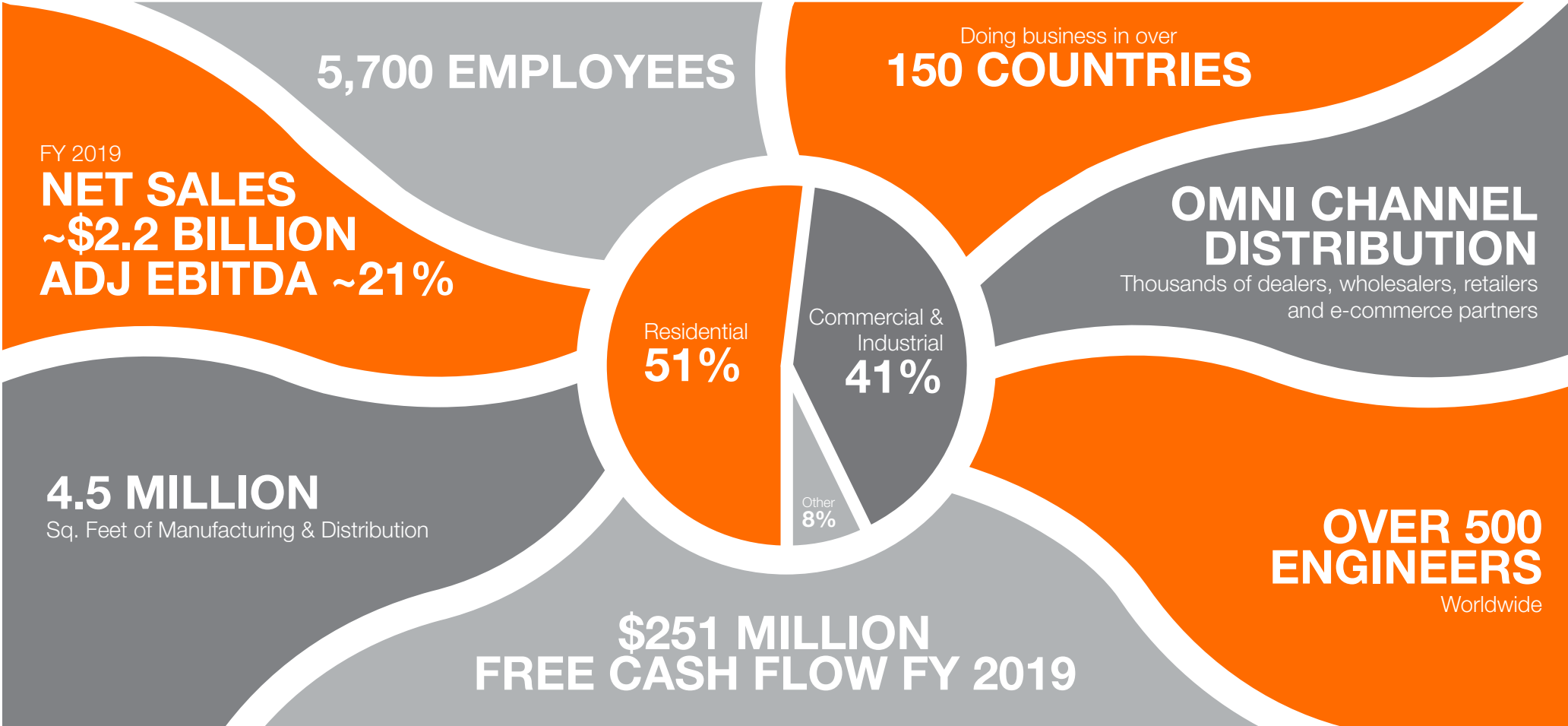
- the possibility that the expected synergies, efficiencies and cost savings of our acquisitions will not be realized, or will not be realized within the expected time period;
- the risk that our acquisitions will not be integrated successfully;
- difficulties we may encounter as our business expands globally or into new markets;
- our dependence on our distribution network;
- our ability to invest in, develop or adapt to changing technologies and manufacturing techniques;
- loss of our key management and employees;
- increase in product and other liability claims or recalls;
- failures or security breaches of our networks or information technology systems;
- changes in environmental, health and safety, or product compliance laws and regulations affecting our products or operations; and
- the duration and scope of the impacts of the COVID-19 pandemic are uncertain and will continue to adversely affect our operations, supply chain, distribution, and demand for certain of our products and services.

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. In the current environment, some of the above factors have materialized and may or will continue to be impacted by the COVID-19 pandemic, which may cause actual results to vary from these forward-looking statements. A detailed discussion of these and other factors that may affect future results is contained in Generac's filings with the U.S. Securities and Exchange Commission ("SEC"), particularly in the Risk Factors section of the 2019 Annual Report on Form 10-K and in its periodic reports on Form 10-Q. 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





A decorative graphic consisting of a square filled with diagonal orange stripes.

# Mega Trends

## **Disruption of the traditional electrical utility model**

- Technology & regulation will create Clean Energy opportunities

## **Attitudes around global warming are changing**

- Expectation of more severe weather driving power outages

## **Natural Gas will be the fuel of the future**

- Huge supply & increasing demand for applications beyond standby power

## **Legacy infrastructure needs major investment cycle**

- Rebuilding of transportation, water & power will take decades

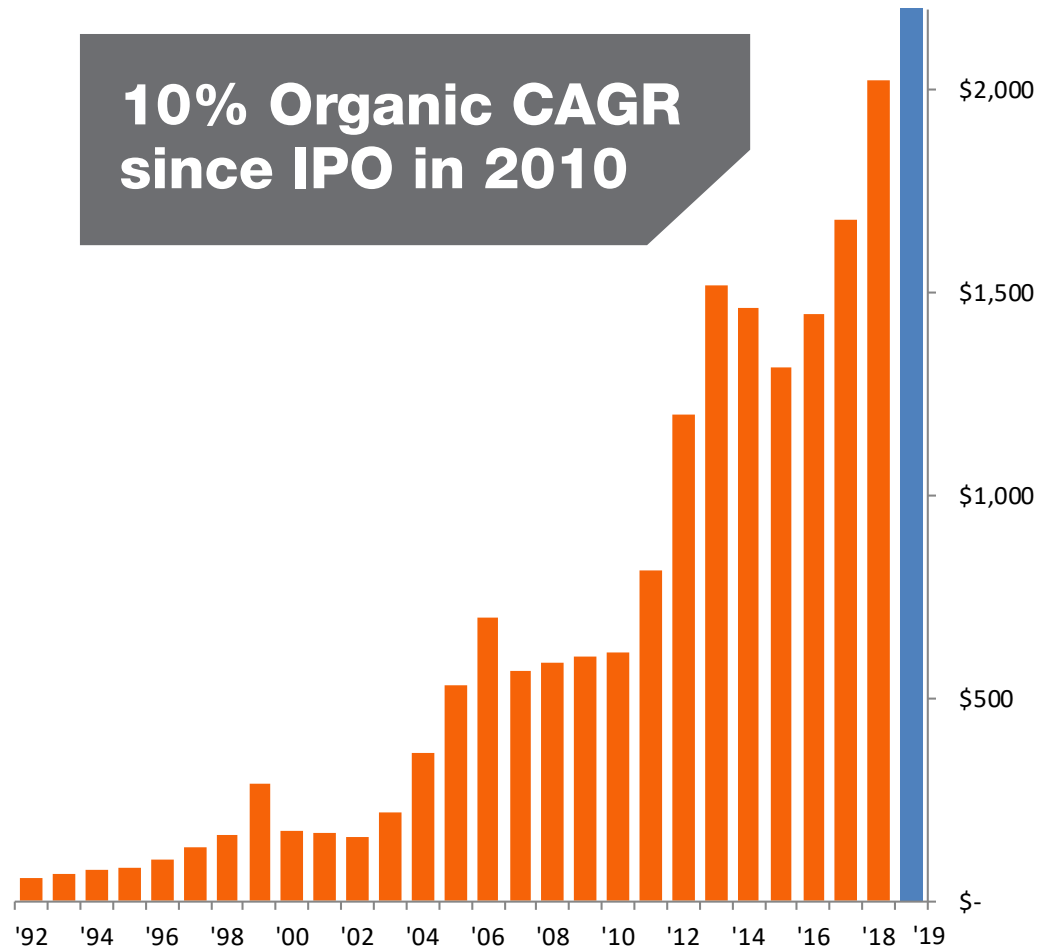
## **Telecommunications infrastructure shifting to next generation**

- 5G will enable new technologies requiring significant improvement in network uptime

# 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

- Over 500 million outage hours during 2019 (nearly 20% higher than LT baseline average)
- Aging and under-invested electrical grid more vulnerable to unpredictable and severe weather
- Aging population and overall consumers are more dependent on power

### Home Standby Market Growth Opportunity is Massive

- Only 4.75% of US HH’s have a HSB today (TAM=53M HH’s)
- Every 1.0% of penetration is a \$2b market (at retail)
- Generac’s 75%+ share due to unique go to market strategy

### California market for backup power increasing significantly

- Local utilities triggering numerous and significant power shutoff events
- Shutoff events impacting millions of customers in an attempt to mitigate risk of wildfires
- Events projected to continue for several years with HSB penetration only ~1%

### 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

### Natural Gas Generators Driving Superior Growth Rates

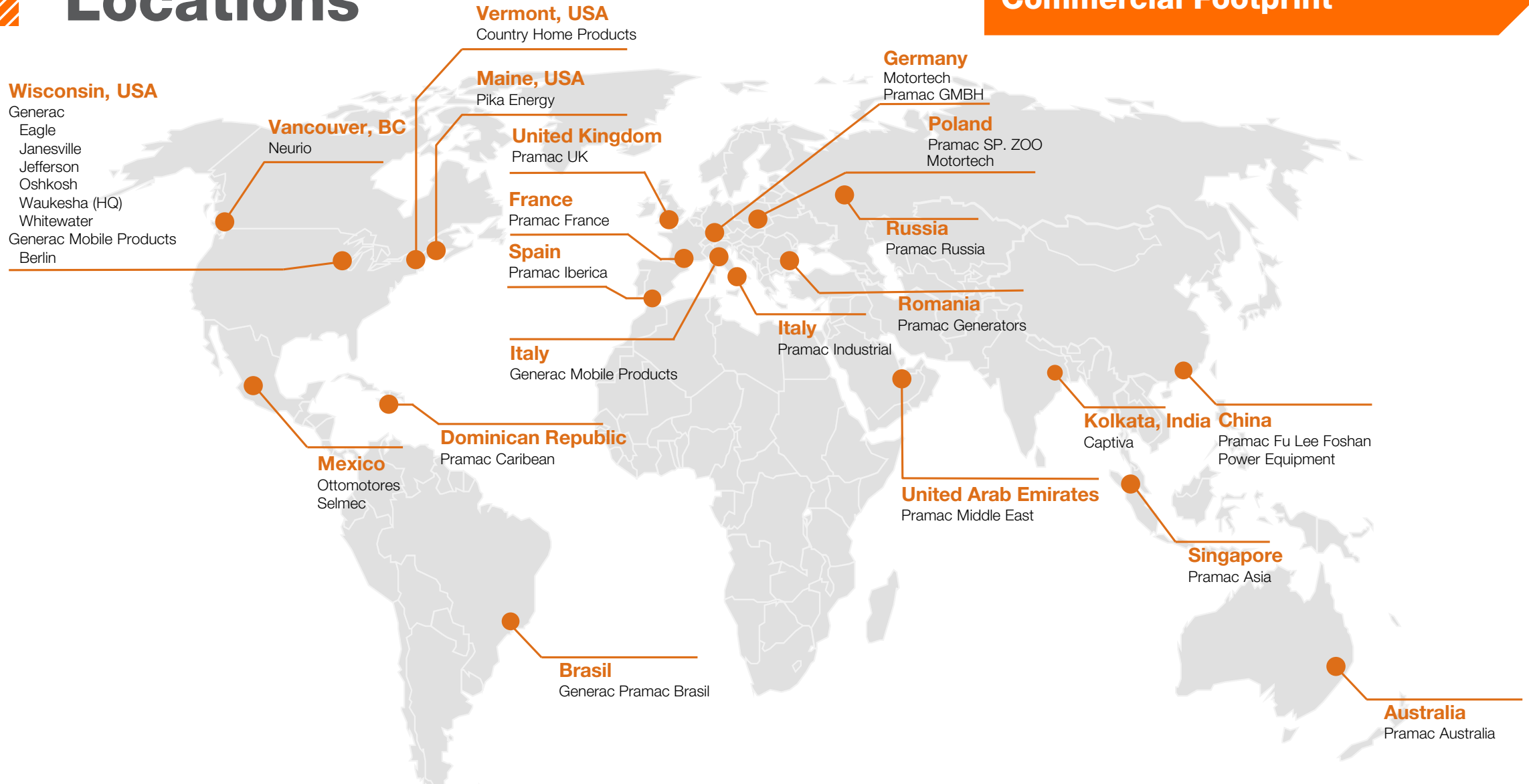
- Cleaner, greener & more cost effective for on-site power
- US is ~40% gas gen sales annually and growing 2x diesel
- Global opportunity is nascent – less than 1% of market

### 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

# 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





# Growth Drivers



## Consumer Power Products

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

**Low penetration of emerging HSB category:** ~4.75% 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



## 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



## 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.



## 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 nearly 7,000 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

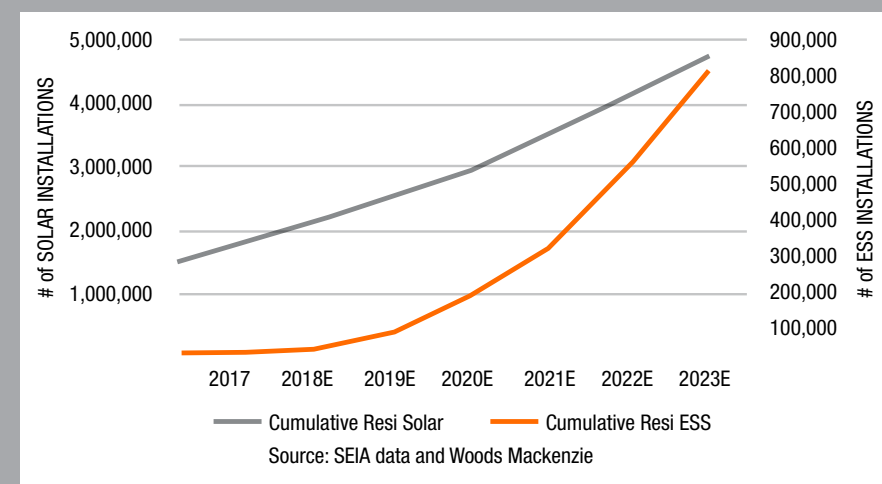
 <p><b>Electrical Wholesalers</b></p>	 <p><b>Mass Retailers</b></p>
 <p><b>Catalog and E-Commerce</b></p>	 <p><b>Licensing Partners</b></p>
 <p><b>Direct to Global Accounts</b></p>	 <p><b>Direct to Consumer</b></p>



# Clean Energy - 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



**Attachment rate of “storage with solar” projected to increase significantly through 2023**

A decorative graphic in the top-left corner consisting of a series of parallel orange diagonal lines.

# Clean Energy Value Proposition

## GENERAC

**Trusted credible company, delivering home energy products for 60 years**

- | #1 Brand in residential power with over 2M systems installed
- | Purpose built infrastructure and capabilities for residential energy with superior technical expertise
- | Operational excellence, quality, global supply chain and support

## PRODUCT LEADERSHIP

**Innovative consumer benefits combined with installer friendly insights**

- | Powerful, high capacity battery storage platform
- | Intelligent energy monitoring enables superior customer experience and ROI
- | Integrated operating system from rooftop to battery

## MARKET CREATION

**Not just another “appliance maker”, a true partner in growth and success**

- | Unique D2C lead generation processes that are innovative, effective and efficient
- | Cutting edge solar plus storage design tools for aligned contractors
- | Distribution channels excellent fit with current Generac omni channel distribution (dealers, wholesale, retail, distributors, ecomm)



# Generac Clean Energy Investments



**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



**Solargraf** *Montreal, QC*  
Leading Series B Investor 10/24/2019

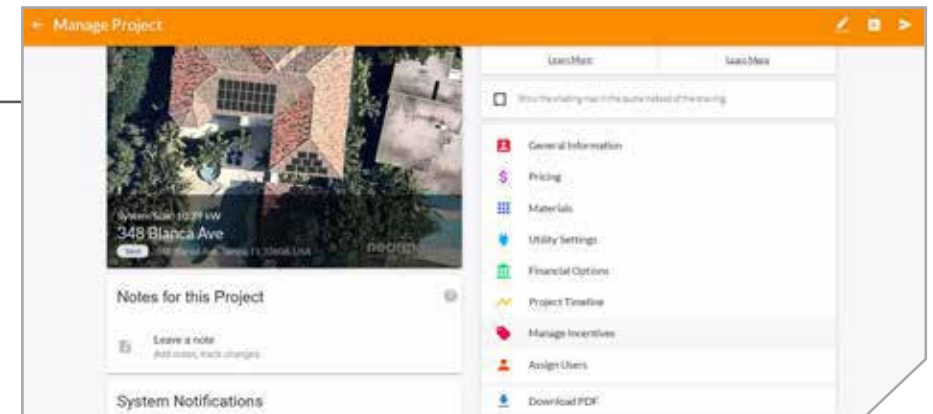
- | Sales acceleration tools for solar and roofing

Recent investments accelerated Generac's ability to bring an efficient, intelligent and energy-savings solution to the energy storage market



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

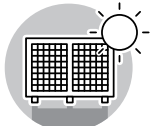
- | Leading manufacturer of smart storage solutions and smart batteries
- | Founded by MIT engineers
- | Deep knowledge of power electronics
- | Innovative products with impressive I.P. portfolio





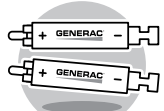
# Leading Product Ecosystem

**Unmatched 96.5% round trip efficiency multi-mode inverter, paired with seamless system architecture and communication**



SOLAR

Generac participating in ALL solar/storage components except PV Panels and mounting



SNAPRS

Patented SnapRS is a simple, inexpensive way to meet the 2017 NEC PV rapid-shutdown requirements



PVLINK

PVlink combines the install cost efficiency of string optimizers with the flexibility of substring optimizers while reducing rooftop hardware by up to 87%



PWRCELL INVERTER

DC nanogrid bus allows for high efficiency and seamless system communication  
Unmatched power: 10kW surge, 8kW continuous



PWRCELL BATTERY

Scalable battery system allows for an optimized approach (8.6-17.1kWh)  
Easy one-person install. Heaviest component is 75 lb.



PWRVIEW

Integrated Neuro Metering enables a potential home energy management subscription model.  
Energy use and insights



# 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.

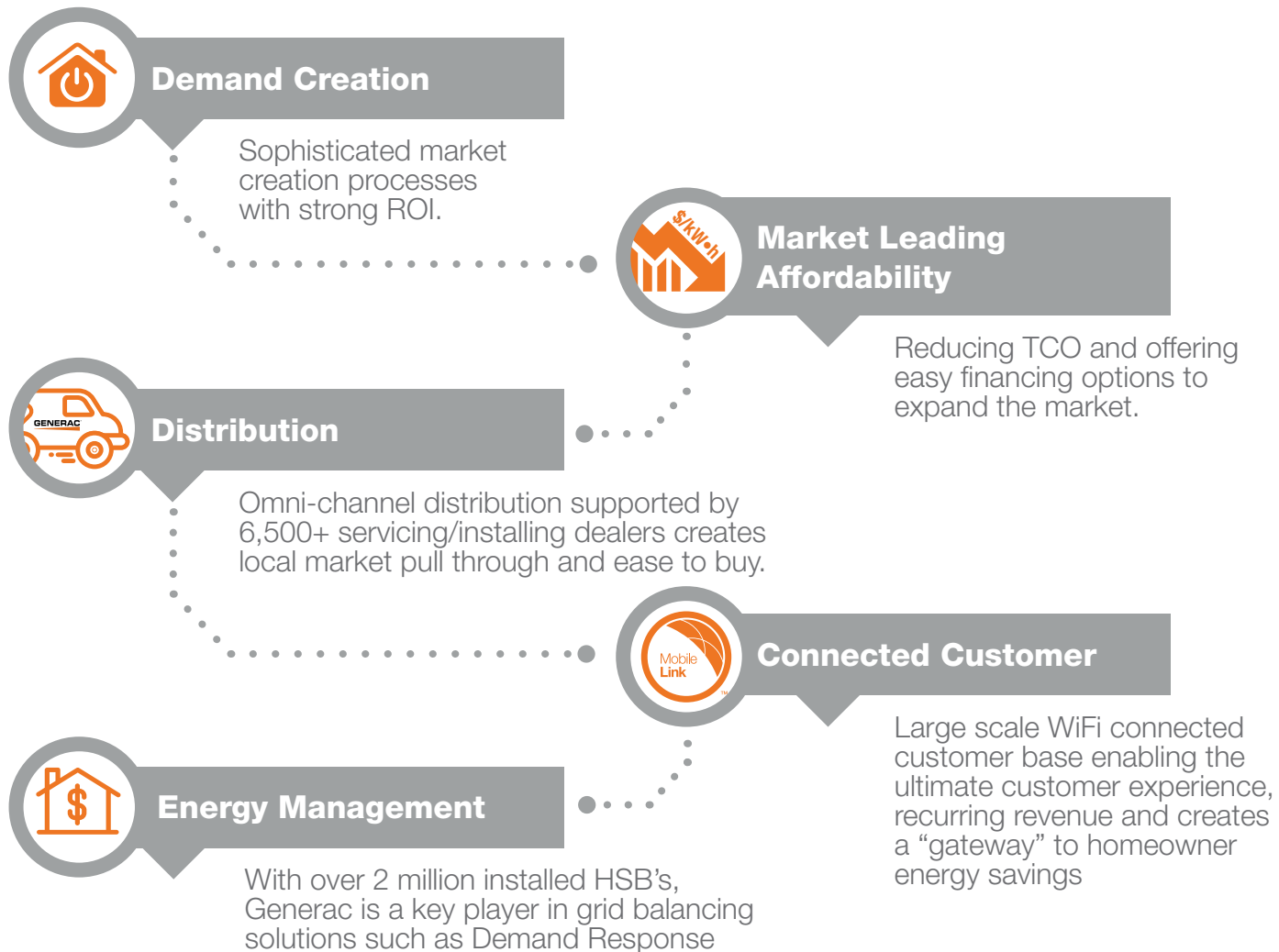
## Connect:

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



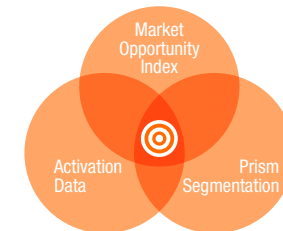
# Grow: Unique Generac Capabilities



## PowerPlay Sales Process

### TARGET

Finding the “most” likely prospect



### CREATE

Driving optimized media selection



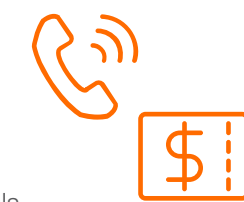
### MANAGE

Scheduling in-home consultations (IHC)



### NURTURE

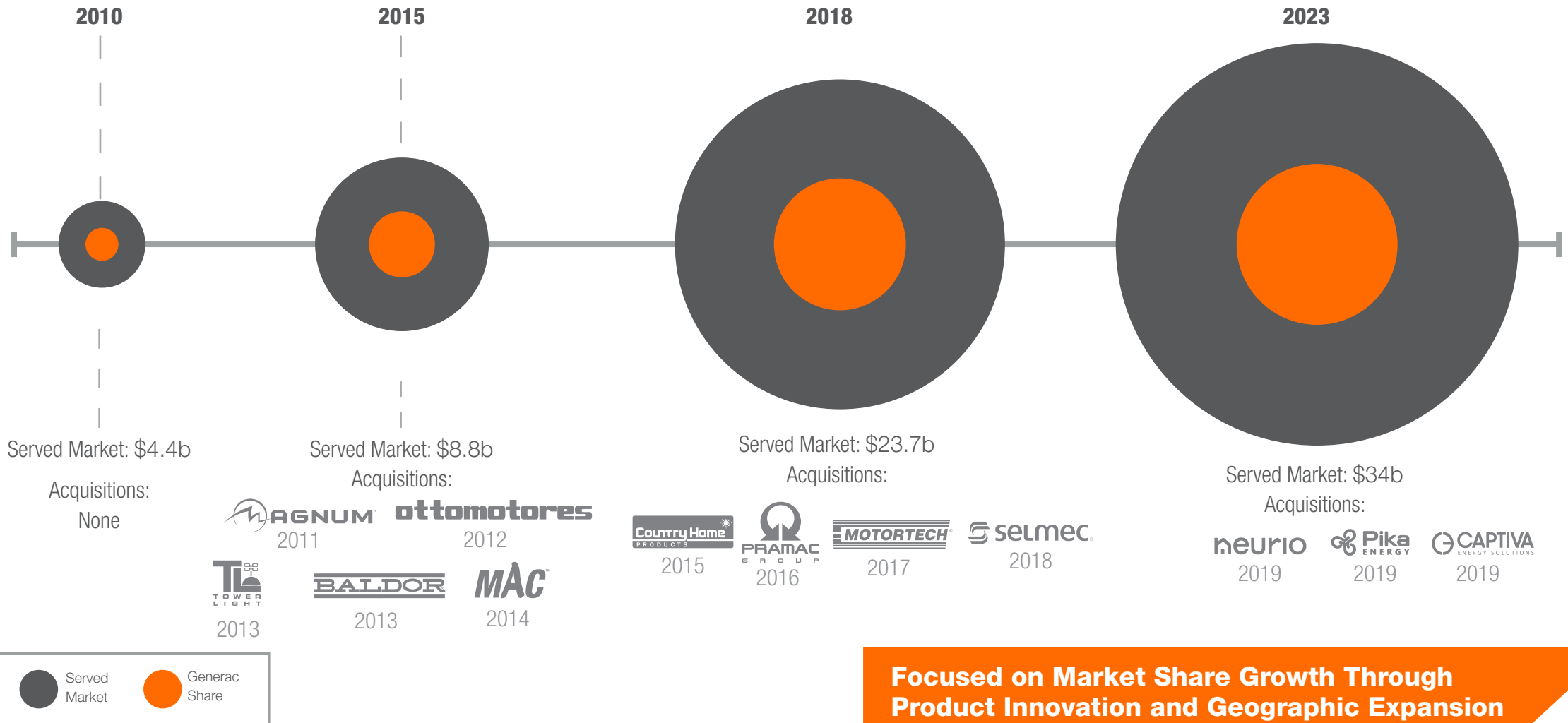
- 30/60/90/120 Follow-up
- Storm Trigger
- Enhanced Offers
- Friends & Family/Group Deals





# Gain: Market Opportunity

Expecting served market growth of 8x through diversification

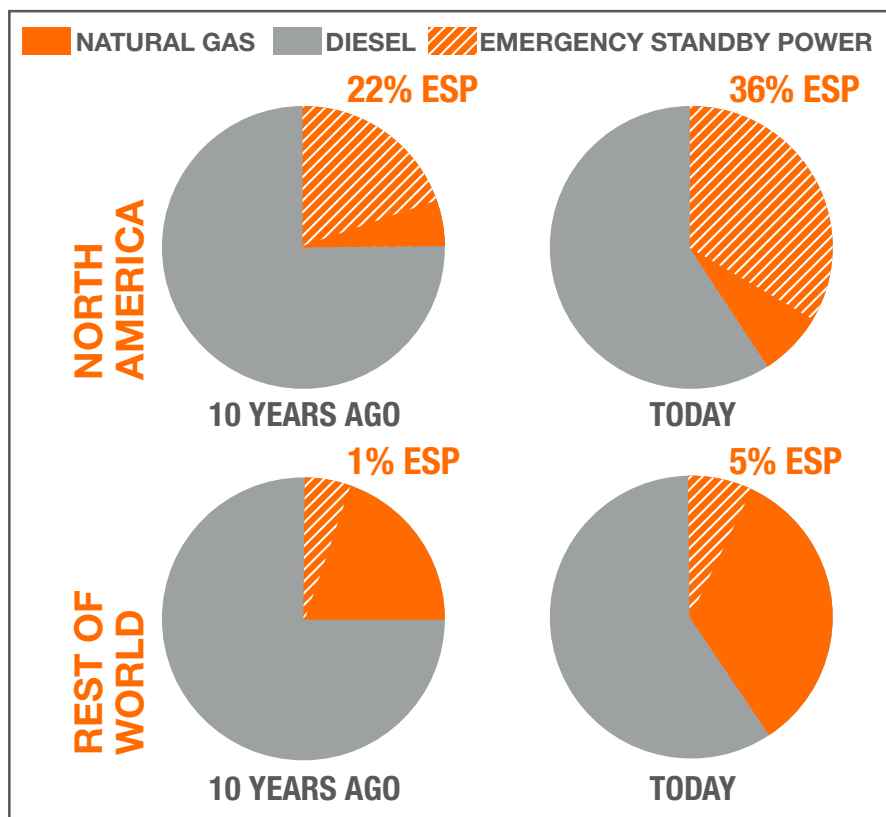


Focused on Market Share Growth Through Product Innovation and Geographic Expansion



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

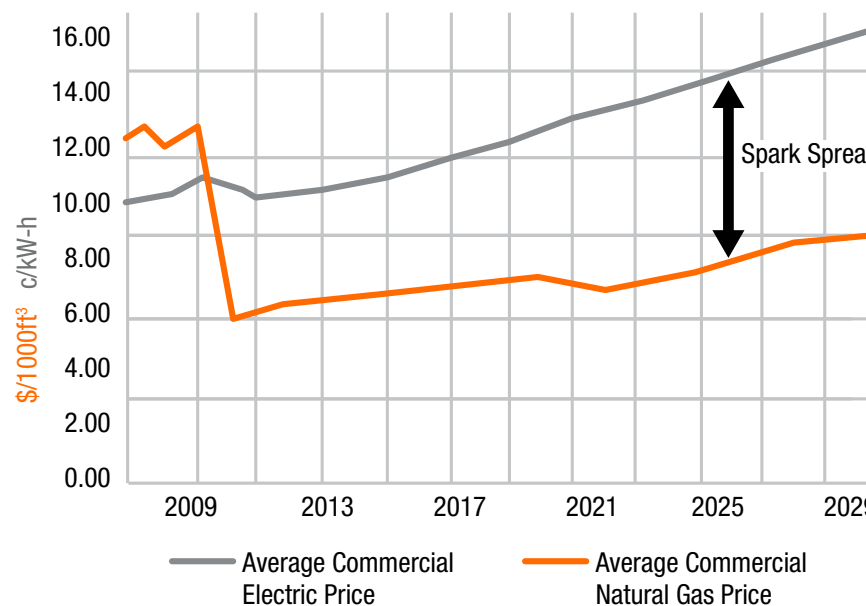
## Market Increasingly Favors Natural Gas Over Diesel



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



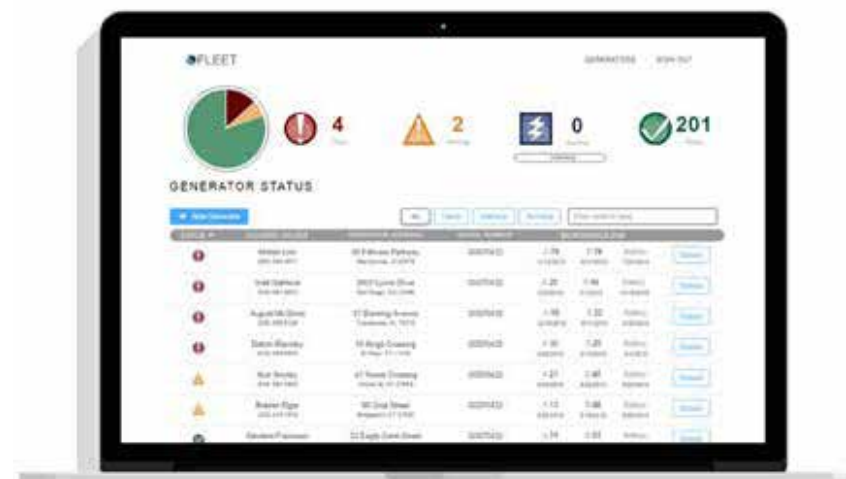
## ENABLING DEALERS

Software tools to help dealers with generator fleet management. Improves attachment of Dealers to Generac

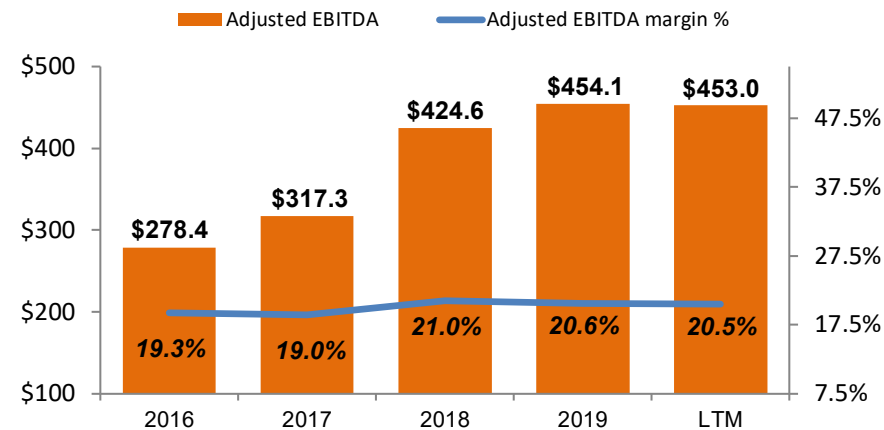
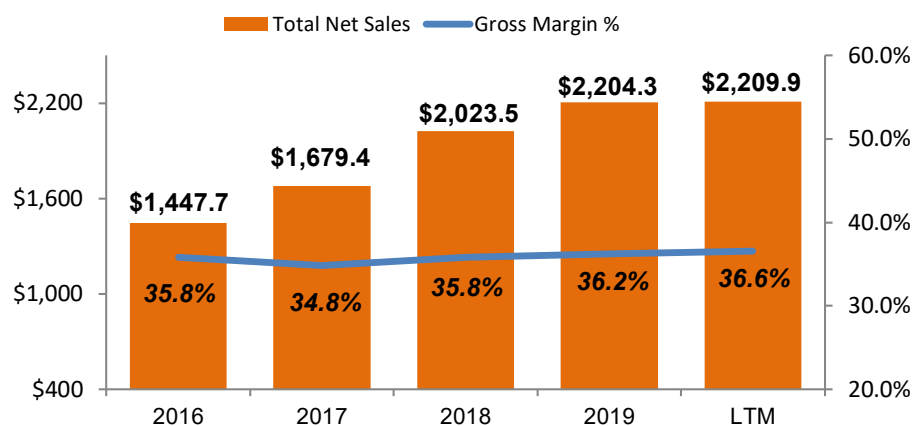


## ANALYTICS

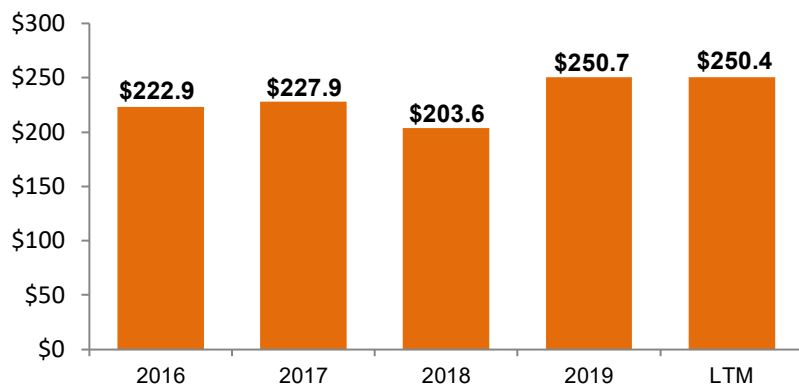
Using data to drive more value streams, customer retention, and product improvements



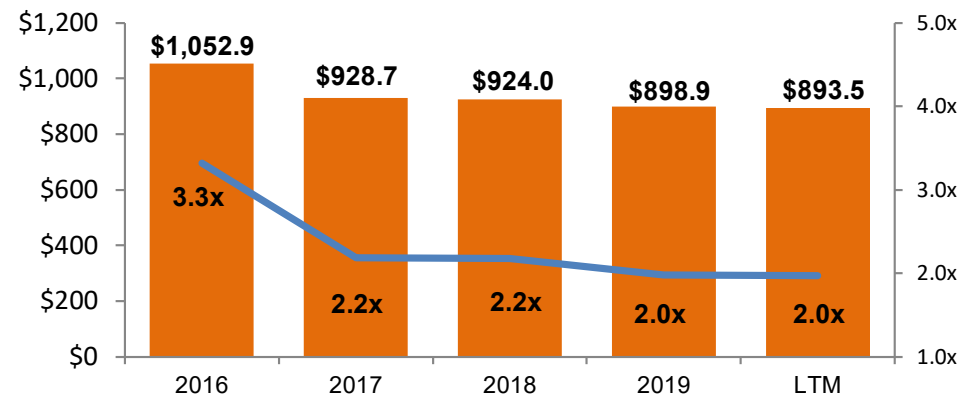
# Financial Summary



## 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.

# Capital Deployment Priorities

2017-2019  
\$

1	Organic Growth	<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	~150m
2	Pay Down Debt	<ul style="list-style-type: none"> <li>Target 2-3x leverage</li> <li>Term Loan matures 2026, ABL matures 2023</li> <li>\$500mm notional swapped fixed</li> </ul>	Deleveraging Story	~200m
3	M&A	<ul style="list-style-type: none"> <li>Demonstrated ability to execute; 14 deals since 2011</li> <li>Accelerates “Powering Our Future” strategic plan</li> <li>Seek high synergy opportunities with above WACC returns</li> </ul>	Accelerate the strategy	~200m
4	Return of Capital	<ul style="list-style-type: none"> <li>As future cash flow permits, will evaluate options opportunistically</li> <li>\$250mm remaining on current share repurchase authorization</li> </ul>	Opportunistic	~50m

**Strong balance sheet and cash flow generation enables disciplined and balanced approach toward capital deployment that creates value for shareholders**

**TOTAL** ~600m



**GENERAC®**

# Appendix



# 2020 Business Outlook

(As reported on April 30, 2020)

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

## Consolidated net sales

Baseline case: decline between 5% to 10%

Residential products: solid year-over-year growth

C&I products: down significantly vs. prior year

Upside case: could add another 3% to 5% growth, for total sales growth of approximately flat to down 7%

## Adjusted EBITDA margins:

Baseline case: between 19.0% to 20.0%

Upside Case: could add approximately 50 basis points over baseline guidance

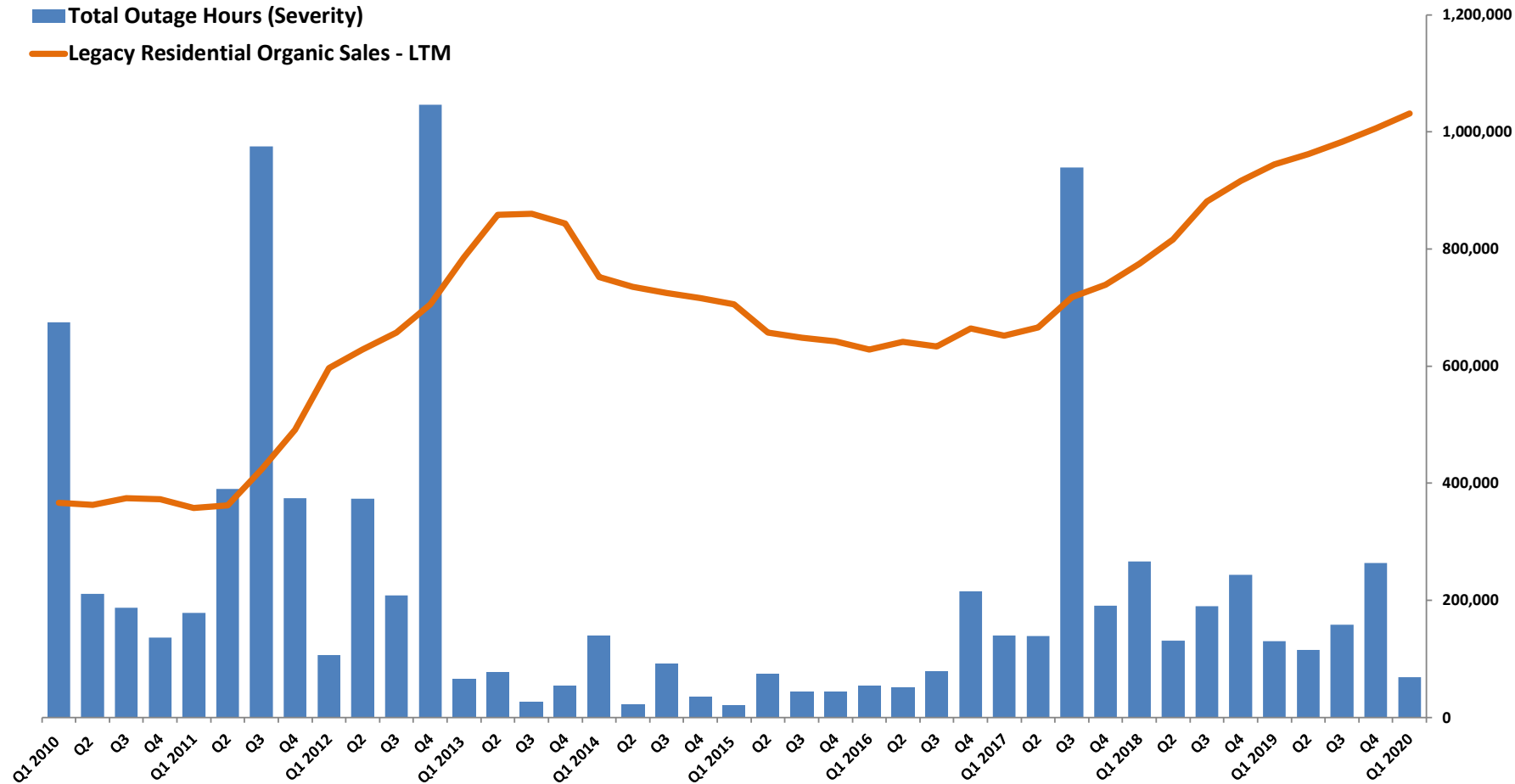
**Cash income tax rate:** approximately 14.0%

**Free cash flow:** conversion of adjusted net income of approximately 100%



# 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)

**GENERAC**



# Favorable Tax Attributes

**Results in present value tax savings of ~ \$60 million<sup>(2)</sup> or \$.90-\$1.00 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

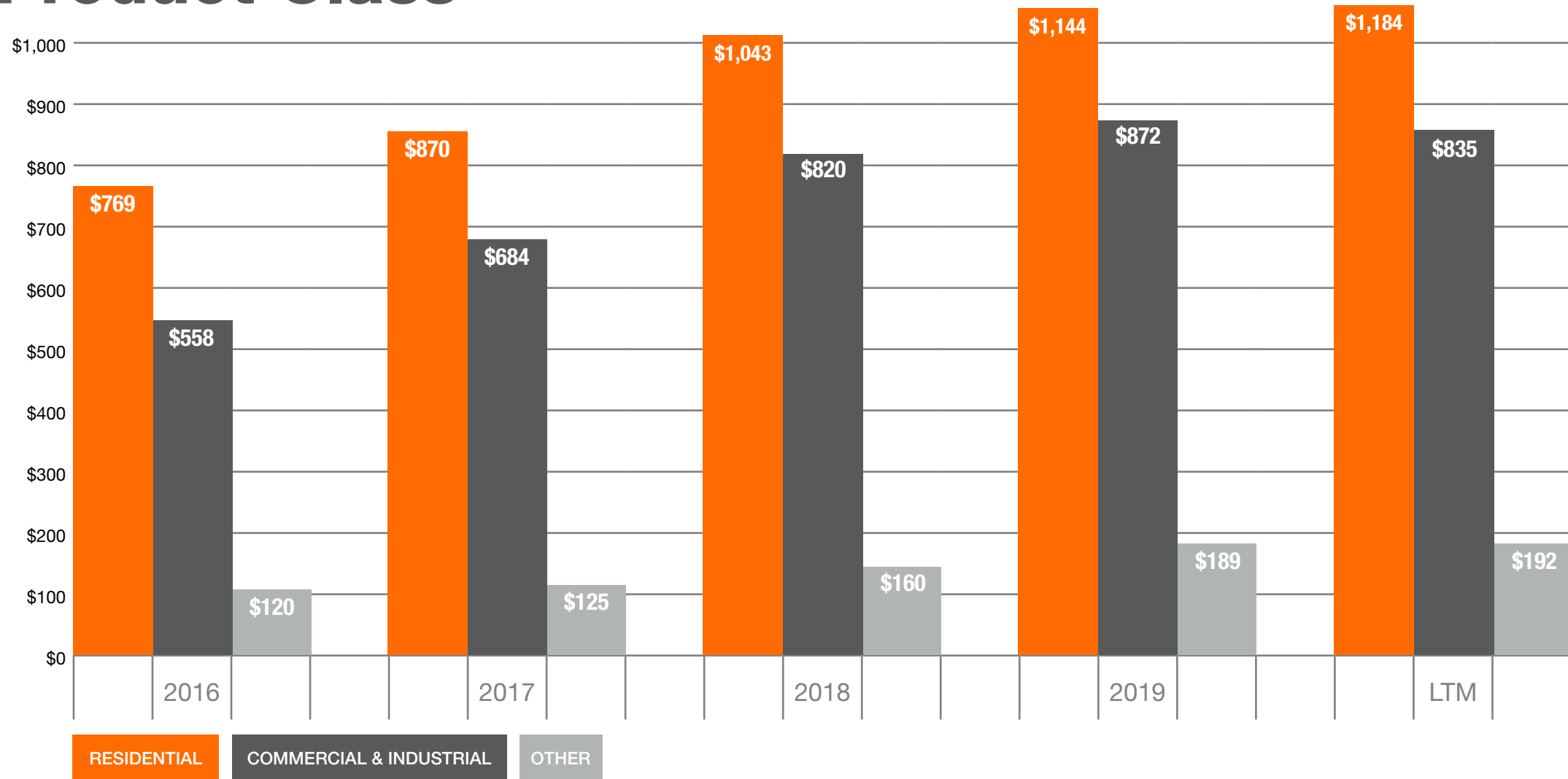
(\$ MM)	TOTAL	2020	2021	2022+
Annual tax amortization	\$264	\$130	\$107	\$27
Cash tax savings <sup>(1)</sup>	\$67	\$33	\$27	\$7

(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

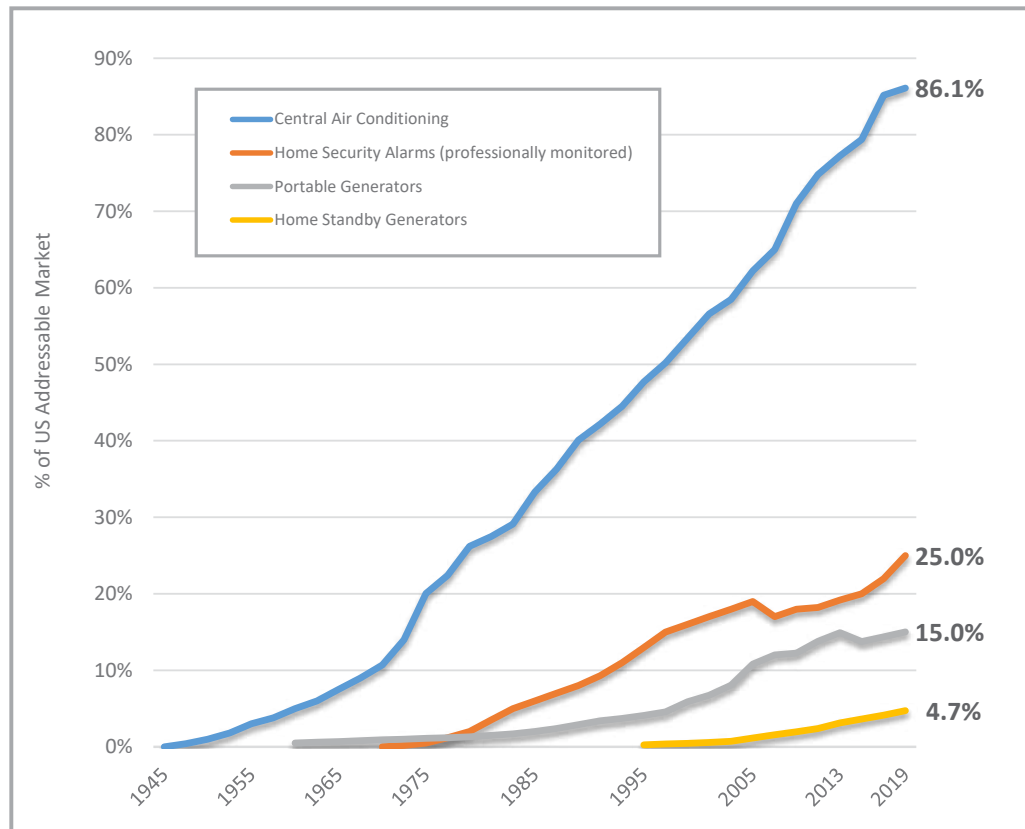




# HSB: A Penetration Story

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

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



## Aging Population Fits Demographic

- ~70% of buyers age 50 and older
- ~Median home value of approximately \$400k
- ~80% retro-fit application
- ~\$120K median household income,
- ~8% replacement units

(1) Source: Company estimates; based on addressable market for HSB generators consisting of all single-family detached, owner-occupied homes valued > \$125K; 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.



# Q1 2020 & LTM Financial Overview

	Actual Q1 2020 (unaudited)	Y/Y % Change	Actual LTM (unaudited)	Y/Y % Change
Residential	\$257.6	18.3%	\$1,183.5	10.6%
Industrial	172.1	(17.7%)	834.5	(2.3%)
Other	46.2	6.5%	191.8	13.3%
Net Sales	\$475.9	1.2%	\$2,209.9	5.5%
Gross Profit	\$172.3	6.3%	807.9	8.4%
% Margin	36.2%		36.6%	
<b>Adjusted EBITDA</b>	<b>\$86.0</b>	<b>(1.3%)</b>	<b>\$453.0</b>	<b>3.0%</b>
<b>% Margin (1)</b>	<b>18.1%</b>		<b>20.5%</b>	
Net Income - GHI (2)	\$44.5	(0.9%)	\$251.6	0.9%
Adjusted Net Income - GHI	\$55.1	(2.5%)	\$316.4	4.6%
<b>Adjusted EPS - GHI</b>	<b>\$0.87</b>	<b>(4.2%)</b>	<b>\$5.03</b>	<b>3.7%</b>
Free Cash Flow	\$(0.9)	58.1%	\$250.4	39.4%
Consolidated Gross Debt			\$893.5	
Consolidated Gross Debt Leverage Ratio			2.0x	

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

(2) LTM includes a \$10.9 million pre-tax charge related to the settlement of the Company's domestic pension plan.



# Adjusted EBITDA Reconciliation

	2016	2017	2018	2019	LTM
<b>Net income</b>	<b>\$97.2</b>	<b>\$159.6</b>	<b>\$241.2</b>	<b>\$252.3</b>	<b>\$249.9</b>
Interest expense	44.6	42.7	41.0	41.5	40.3
Depreciation and amortization	54.4	52.0	47.4	60.8	64.3
Income taxes provision	56.5	44.1	69.9	67.3	61.8
Non-cash write-down and other charges	7.5	5.8	3.5	0.8	4.5
Non-cash share-based compensation expense	9.5	10.2	14.6	16.7	17.7
Loss on extinguishment of debt	0.6	-	1.3	0.9	0.9
(Gain) loss on change in contractual interest rate	3.0	-	-	-	-
Transaction costs and credit facility fees	2.4	2.1	3.9	2.7	1.7
Loss on pension settlement and other	0.9	0.8	1.8	11.0	11.9
<b>Adjusted EBITDA</b>	<b>\$276.5</b>	<b>\$317.3</b>	<b>\$424.6</b>	<b>\$454.1</b>	<b>\$453.0</b>
Adjusted EBITDA attributable to noncontrolling interests	(3.8)	(6.1)	(7.8)	(5.0)	(2.8)
<b>Adjusted EBITDA attributable to Generac Holdings, Inc.</b>	<b>\$272.7</b>	<b>\$311.2</b>	<b>\$416.8</b>	<b>\$449.1</b>	<b>\$450.2</b>

# Adjusted EBITDA Reconciliation

## Net income to Adjusted EBITDA reconciliation

	Three months ended March 31,		LTM Ended March 31,	
	2020 (unaudited)	2019 (unaudited)	2020 (unaudited)	2019 (unaudited)
Net income attributable to Generac Holdings, Inc.	\$44,460	\$44,861	\$251,606	\$249,473
Net income attributable to noncontrolling interests	(1,049)	908	(1,656)	3,746
Net income	43,411	45,769	249,950	253,219
Interest expense	9,053	10,272	40,325	41,115
Depreciation and amortization	16,116	12,607	64,276	48,332
Income taxes provision	9,444	14,985	61,758	73,425
Non-cash write-down and other charges	2,284	(1,400)	4,491	1,640
Non-cash share-based compensation expense	4,574	3,594	17,674	15,051
Loss on extinguishment of debt	-	-	926	1,332
Transaction costs and credit facility fees	234	1,286	1,682	4,907
Loss on pension settlement and other	909	15	11,930	878
Adjusted EBITDA	86,025	87,128	453,012	439,899
Adjusted EBITDA attributable to noncontrolling interests	102	(2,050)	(2,813)	(8,260)
<b>Adjusted EBITDA attributable to Generac Holdings, Inc.</b>	<b>\$86,127</b>	<b>\$85,078</b>	<b>\$450,199</b>	<b>\$431,639</b>

# Adjusted Net Income

## and Free Cash Flow Reconciliations

### Net income to Adjusted net income reconciliation

	Three months ended March 31,		LTM Ended March 31,	
	2020 (unaudited)	2019 (unaudited)	2020 (unaudited)	2019 (unaudited)
Net income attributable to Generac Holdings, Inc.	\$44,460	\$44,861	\$251,606	\$249,473
Net income attributable to noncontrolling interests	(1,049)	908	(1,656)	3,746
Net income	43,411	45,769	249,950	253,219
Provision for income taxes	9,444	14,985	61,758	73,425
Income before provision for income taxes	52,855	60,754	311,708	326,644
Amortization of intangible assets	7,781	5,342	31,083	21,822
Amortization of deferred financing costs and OID	642	1,177	4,177	4,749
Loss on extinguishment of debt	-	-	926	1,332
Transaction costs and credit facility fees	40	1,035	(121)	3,593
Loss on pension settlement and other	512	169	12,835	983
Adjusted net income before provision for income taxes	61,830	68,477	360,608	359,123
Cash income tax expense	(7,345)	(10,510)	(44,780)	(52,164)
Adjusted net income	\$54,485	\$57,967	\$315,828	\$306,959
Adjusted net income attributable to noncontrolling interests	581	(1,474)	567	(4,335)
<b>Adjusted net income attributable to Generac Holdings, Inc.</b>	<b>\$55,066</b>	<b>\$56,493</b>	<b>\$316,395</b>	<b>\$302,624</b>

### Free Cash Flow Reconciliation

Net cash provided by operating activities	\$11,346	\$14,571	\$305,662	\$232,830
“Proceeds from beneficial interests in securitization transactions”	618	743	2,505	3,809
Expenditures for property and equipment	(12,894)	(15,902)	(57,794)	(57,007)
<b>Free cash flow</b>	<b>\$(930)</b>	<b>\$(588)</b>	<b>\$250,373</b>	<b>\$179,632</b>