

Generac Power Systems

- *Company History*
- *Strategy*
- *Facilities*
- *Product Offering*
- *Distribution*

Q1 2017



FORWARD LOOKING STATEMENTS

This document contains statements related to our future business and financial performance and future events or developments involving Generac that may constitute forward-looking statements. These statements may be identified by words such as “expect,” “look forward to,” “anticipate” “intend,” “plan,” “believe,” “seek,” “estimate,” “will,” “project” or words of similar meaning. We may also make forward-looking statements in other reports, in presentations, in material delivered to shareholders and in press releases. In addition, our representatives may from time to time make oral forward-looking statements. Such statements are based on the current expectations and certain assumptions of Generac’s management, of which many are beyond Generac’s control. These are subject to a number of risks, uncertainties and factors, including, but not limited to those described in disclosures, in particular in the chapter Risks in the Annual Report. Should one or more of these risks or uncertainties materialize, or should underlying expectations not occur or assumptions prove incorrect, actual results, performance or achievements of Generac may (negatively or positively) vary materially from those described explicitly or implicitly in the relevant forward-looking statement. Generac neither intends, nor assumes any obligation, to update or revise these forward-looking statements in light of developments which differ from those anticipated.

This document includes supplemental financial measures that are or may be non-GAAP financial measures. These supplemental financial measures should not be viewed in isolation or as alternatives to measures of Generac’s net assets and financial positions or results of operations as presented in accordance with GAAP in its Consolidated Financial Statements. Other companies that report or describe similarly titled financial measures may calculate them differently.

Due to rounding, numbers presented throughout this and other documents may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures.

VISION

We are an innovative, industry-leading global company that designs, manufactures, and distributes highly reliable, affordable power products, services and solutions.

MISSION

Our team's number one priority is to meet customer's expectations and ensure their peace of mind by delivering a quality product and ownership experience at an excellent value. By satisfying our customers, we continue to prosper and grow, building a more secure future for our people and creating value for our stakeholders.

CORPORATE VALUES

INTEGRITY

We practice the highest ethical standards by honoring our commitments and treating everyone with fairness, trust and respect.

INNOVATION

We foster creativity and make significant investments in developing and applying new technologies and ideas to strengthen our market-leading positions.

PEOPLE

We believe our success is directly tied to our employees' personal and professional growth. We recognize their achievements and share in our mutual success. We care about the safety and well being of our employees, their families, and our communities.

ENVIRONMENT

We are committed to developing environmentally responsible products and processes.

AGILITY

We move with urgency and precision to take advantage of market opportunities and out-execute competitors. We are progressive and focused on the future. With our scale and resources, we shape market dynamics, not react to them.

EXCELLENCE

We are committed to delivering quality and performance by continuously reaching for excellence in everything we do. We build great global teams and use our disciplined operating model to accelerate profitable growth.

TRACK RECORD OF INNOVATION AND GROWTH

GENERAC

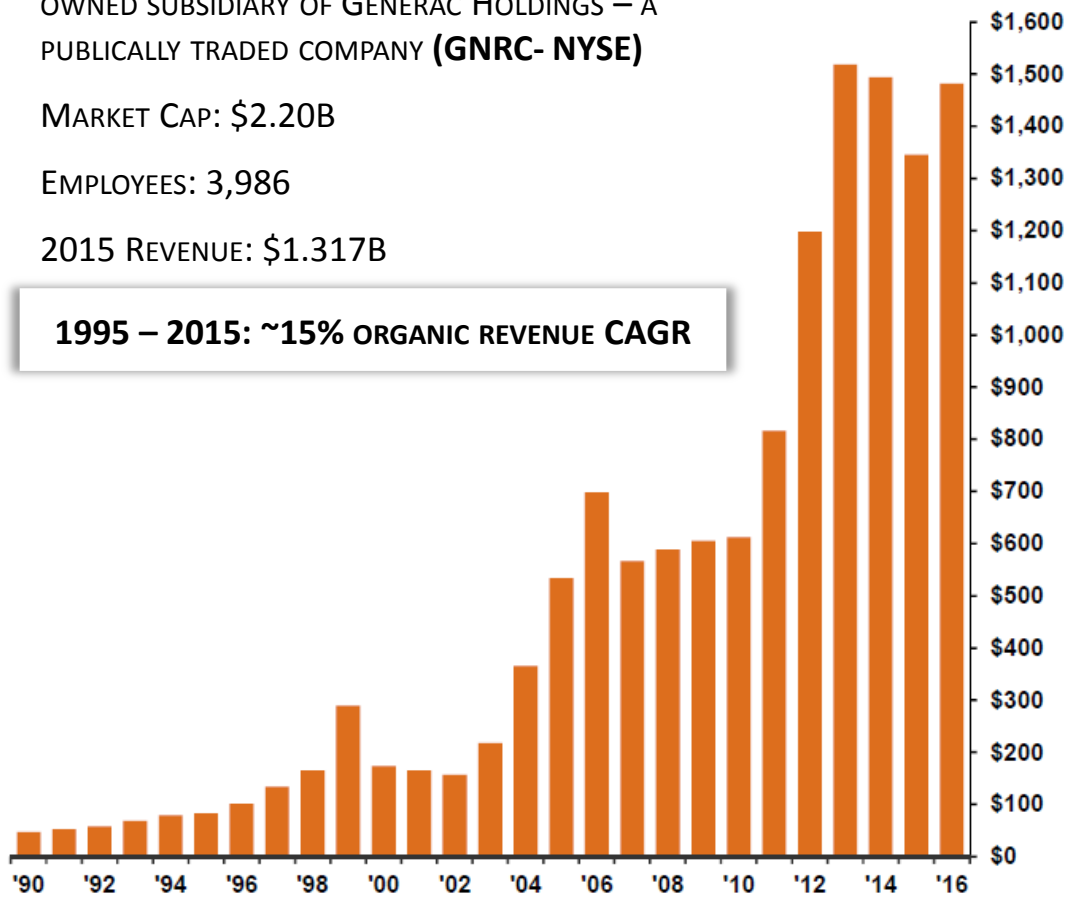
GENERAC POWER SYSTEMS, INC. IS TODAY A WHOLLY-OWNED SUBSIDIARY OF GENERAC HOLDINGS – A PUBLICALLY TRADED COMPANY (**GNRC- NYSE**)

MARKET CAP: \$2.20B

EMPLOYEES: 3,986

2015 REVENUE: \$1.317B

1995 – 2015: ~15% ORGANIC REVENUE CAGR



Driving Innovation & Organic Growth

Commercialized affordable home standby generators and light-commercial generators

Differentiated distribution model

Over 275 engineers on staff; 120 US 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

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 since 2011.

DRIVE CONTINUED INCREASE IN THE PENETRATION RATE OF HOME STANDBY GENERATORS

- Increase awareness, availability and affordability
- Generate more sales leads
- Improve close rates
- Reduce total overall cost of home standby system
- Grow residential dealer base
- Continued focus on product expansion & innovation



EXPANSION OF C&I PRODUCTS FAVORABLY POSITIONS TO CONTINUE GAINING MARKET SHARE

- Leverage expanded product offering
- Better optimize distribution partners to market, sell and support expanded product range
- Expand relationships with specifying engineers to increase spec rates
- Sales process excellence to improve quoting and close rates



CAPITALIZE ON OUR COMPETITIVE ADVANTAGES WITH GASEOUS-FUELED PRODUCTS

- Leverage deep technical capabilities for gaseous-fueled products, including recent Motortech acquisition
- Capitalize on faster-growing natural gas generator market vs. diesel
- Explore new gaseous-generator related market opportunities
- Natural gas viewed more favorably as a cleaner fuel



GROWING OUR GLOBAL BUSINESS AND REALIZING GREATER SUCCESS THROUGH OUR INVESTMENTS

- Leverage global footprint to serve over \$13B annual market outside of U.S. & Canada
- Improve margins by executing on several revenue and cost synergies
- Drive organic growth in existing markets with additional investment and focus, including gaseous-fueled products opportunity
- Expand into additional regions through organic means and acquisitions



EXCELLENCE THROUGH:

Customer First

• Our People

• Continuous Improvement

• Core Technology Leadership

GROW
Residential
Standby Market

GAIN
Industrial
Market Share

LEAD
Gas Power
Generation

EXPAND
Globally

EXCELLENCE THROUGH Customer First • Our People • Continuous Improvement • Core Technology Leadership

POWERING AHEAD

2011

2012

2013

2014

2015

2016



Leading Mobile Generator and Light Tower Manufacturer in North America
Berlin, WI



Portable Products & Accessories Manufacturer
Alpharetta, GA



Leading Generator Manufacturer in Latin America
Mexico City & Brazil



Leading Light Tower Manufacturer in Europe
Italy



Portable, mobile, standby and prime power generators up to 2.5MW
Oshkosh, WI



Portable Generator Manufacturer
Marietta, GA



Mobile commercial and industrial air heater manufacturer
Bismarck, ND



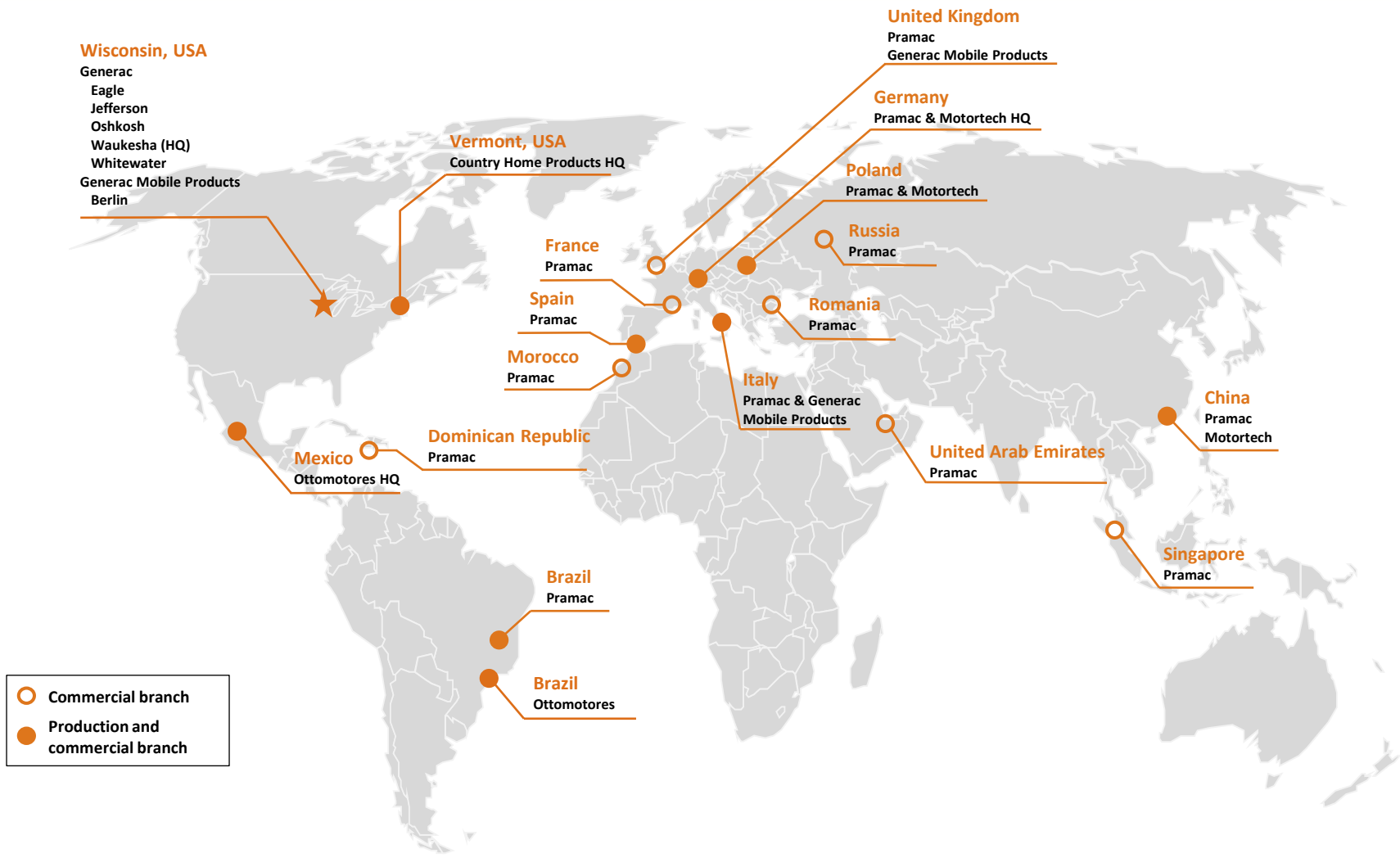
Leading outdoor power equipment and chore products manufacturer
Vergennes, VT



Portable, mobile and stand by power generators up to 3,360 kVa
Italy



Manufacturer of efficient, gaseous-engine-systems
Celle, Germany



OVER 250,000 m² (2.7M Ft²) OF VERTICALLY INTEGRATED MANUFACTURING CAPACITY SERVING A GLOBALLY DIVERSE COMMERCIAL FOOTPRINT

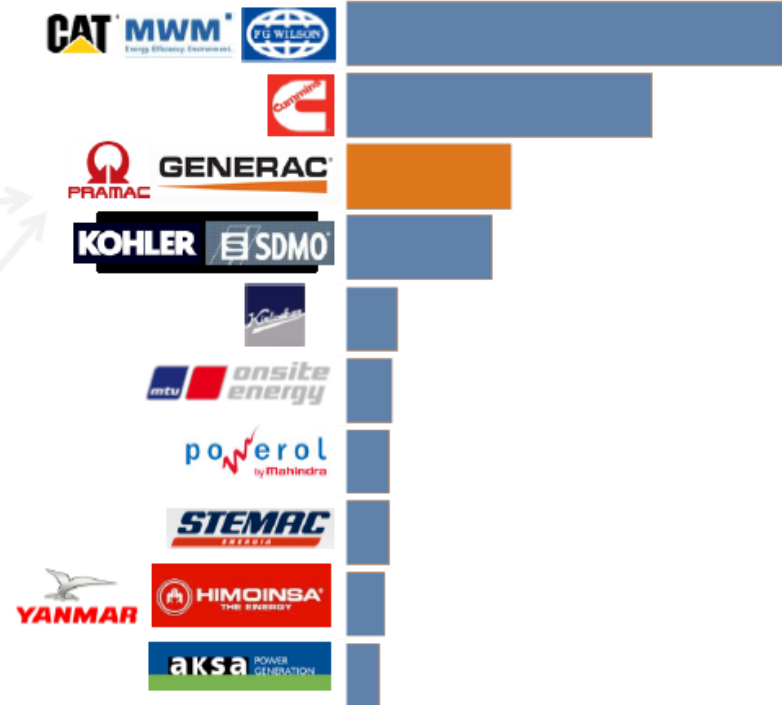
THE 3RD LARGEST PLAYER IN THE INDUSTRY*

GENERAC

World Ranking before acquisition



World Ranking after acquisition



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*in terms of production & sales

BROAD PRODUCT LINES

GENERAC

<p>END MARKETS</p>								
	RESIDENTIAL	LIGHT COMMERCIAL/ RETAIL	TELECOM	CONSTRUCTION	HEALTHCARE	MUNICIPAL	OIL & GAS	INDUSTRIAL/ MANUFACTURING
<p>POWER</p>	SINGLE ENGINE SOLUTIONS UP TO 2 MW (3 MW UNREGULATED MARKETS)							
<p>PRODUCT TYPE</p>								
	POWER EQUIPMENT	CONSUMER POWER	C&I STATIONARY			C&I MOBILE		
<p>FUEL</p>	GASOLINE	NATURAL GAS	LIQUID PROPANE		BI-FUEL™		DIESEL	
<p>BRANDS</p>	 <small>A Generac Company</small>		 	 		 		

BUSINESS GROUPS

PRODUCTS

1. COMMERCIAL & INDUSTRIAL MOBILE

SERVING CONSTRUCTION, EVENT AND OIL & GAS MARKETS



MOBILE GENS, LIGHT TOWERS, HEATERS, AND PUMPS

2. COMMERCIAL & INDUSTRIAL STATIONARY

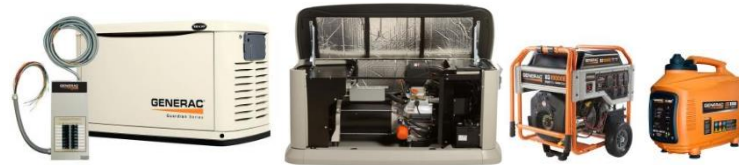
SERVING INDUSTRIAL REGULATED AND NON-REGULATED MARKETS IN RETAIL, TELECOM, MUNICIPAL, MISSION CRITICAL, HEALTHCARE AND MANUFACTURING



STATIONARY GENERATORS AND ACCESSORIES

3. CONSUMER POWER

SERVING RESIDENTIAL AND LIGHT COMMERCIAL STATIONARY MARKETS



STATIONARY GENERATORS, PORTABLE GENERATORS, AND ACCESSORIES

4. POWER EQUIPMENT

SERVING CONSUMER, RECREATIONAL AND CONSTRUCTION USERS



POWER WASHER, PUMPS, AND CHORE PRODUCTS

GENERAC®

CORPORATE FUNCTIONS [CORE]

- Operations
- Finance
- Global Supply
- Engineering
- IT
- HR
- Corporate Planning
- Business Development

COMMERCIAL BUSINESS GROUP FUNCTIONS (CUSTOMER FACING)

- Marketing
- Product Management
- Sales & Customer Service
- Aftermarket Support
- Customer Training

NORTH AMERICA



LATAM



REST OF WORLD





Chore-Related Outdoor Power Equipment

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

Wide variety of property maintenance applications:

- Larger-acreage residential
- Light commercial
- Municipal
- Farm

Estimated Potential Annual Market
~\$3B⁽¹⁾



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



Air-cooled Home Standby Generators

Emergency backup – small to medium homes



Liquid-cooled Home Standby Generators

Emergency backup – larger homes & small businesses

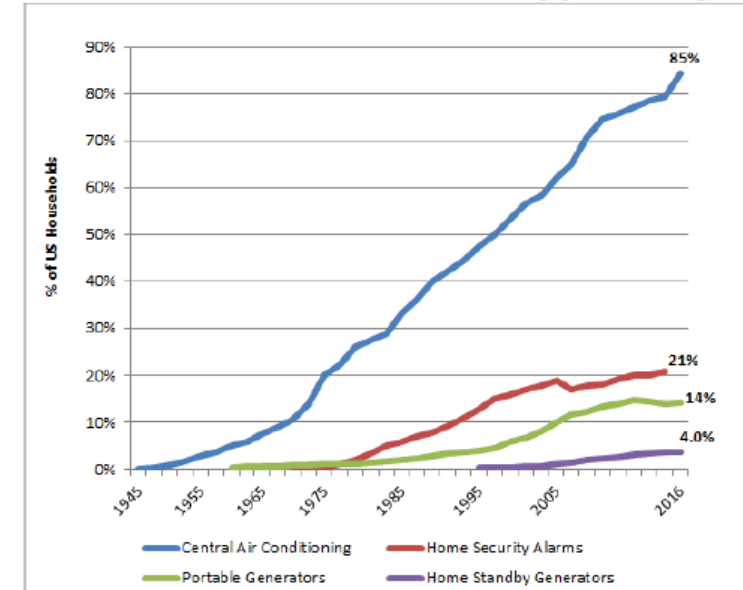


Portable & Inverter Generators

Emergency home backup, construction, recreation & other light duty uses

- **Key drivers:** aging and underinvested grid, favorable demographics, heightened power outages
- **Low penetration of emerging HSB category:** ~4.0% of addressable households within the U.S.
- **Market leader:** leading share of domestic HSB market with significant barriers to entry; high-20% share of portable generator market
- **Key strategic initiatives:** further improve lead generation, close rates and reduce total system cost
- **Strong historical organic growth:** ~7% CAGR for home standby generators from 2011-2016

North American Penetration Opportunity⁽¹⁾

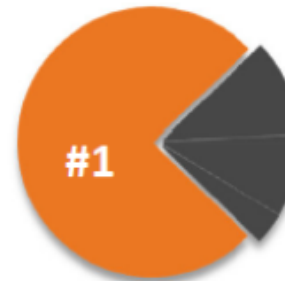
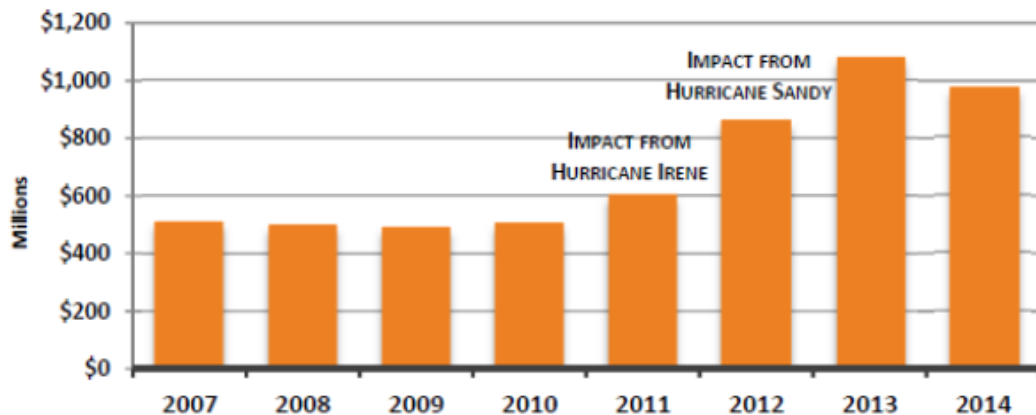


Every 1% of increased penetration equals ~ \$2 billion of market opportunity

(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

MARKET SHARE IN THE USA

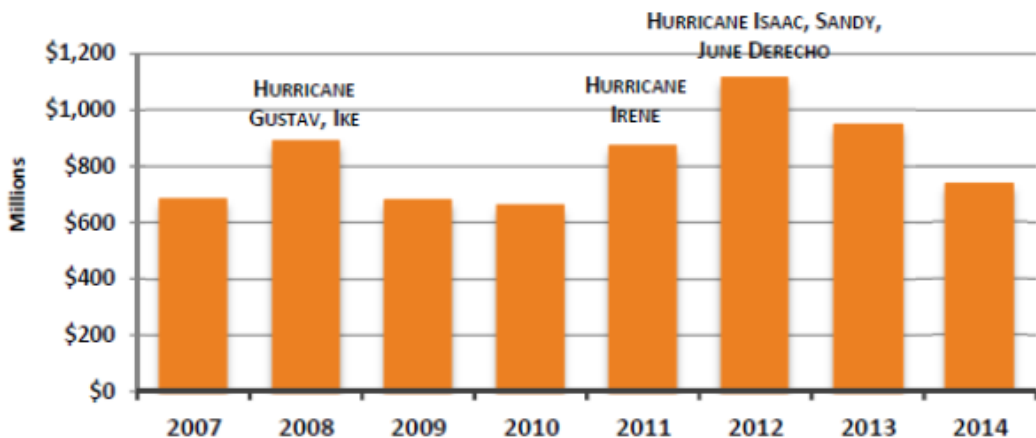
RESIDENTIAL STANDBY GENERATOR MARKET



75%

GENERAC MARKET SHARE
(2014 EST)

PORTABLE GENERATOR MARKET



27%

GENERAC MARKET SHARE
(2014 EST)

COMMERCIAL & INDUSTRIAL STATIONARY PRODUCTS (20kW TO 3.5MW)

GENERAC



Larger kW & Container Gensets

Prime and emergency backup – both regulated and non-regulated markets



Industrial Stationary Generators

Emergency backup – large healthcare, telecom, municipal, manufacturing



Commercial Stationary Generators

Emergency backup – small to mid-sized retail, telecom, municipal

(1) Up to 3.5MW for single-engine generators; Modular Power Systems (MPS) extend up to 100MW

Non-Residential Construction



Retro-Fit Application



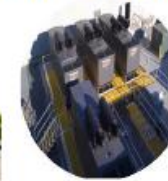
Telecom



Commercial Healthcare



Data Centers Government Industrial



>\$16B Global Market⁽²⁾

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

- **Natural gas generators:** gaining share vs. diesel
- **Market share gains:** larger-kW product offering, distribution optimization, sales process excellence
- **International expansion:** recent Pramac acquisition accelerates expansion into other regions of the world
- **Expansion of gaseous-fueled products:** market entry into continuous-duty and prime applications
- **“Optional standby” market:** low penetration within the light commercial/retail market
- **Telecom:** growing importance of backup power for critical telecommunications infrastructure

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COMMERCIAL & INDUSTRIAL MOBILE PRODUCTS

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Light Towers



Mobile Generators



Heaters & Pumps

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

RENTAL MARKET: ~\$12B ANNUAL SPEND



**SPECIALTY RENTS –
MINING, OIL & GAS**



EVENT



**GENERAL
RENTAL**

- POWER, LIGHTING & HVAC**
- PRESSURE WASHERS & PUMPS**
- PLUMBING & PIPES
- AIR COMPRESSOR EQUIPMENT
- COMPACTION
- CONCRETE & MASONRY
- EARTHMOVING EQUIPMENT
- FORKLIFT & MATERIAL HANDLING
- POWER TOOLS & SURVEY
- SURFACE PREPARATION
- TRENCH SAFETY
- VEHICLES & TRAFFIC CONTROL
- WELDERS

- **Secular shift toward renting:** mobile products platform benefitting from shift toward renting in lieu of buying
- **Diversification into new products:** entry into adjacent “engine-powered” rental equipment categories, both organically and through acquisitions
- **Long-term domestic energy production:** multi-decade upcycle for mobile support equipment that is essential to oil & gas drilling and production sites
- **Flaring restrictions:** regulatory environment increasing demand for gaseous fueled generators that run on well gas

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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 4,000 technicians trained every year
- Support for global large account sales
- Multiple programs to support all product segments and investment levels

Generac's adheres to a vertically integrated philosophy where customers can get generator systems designed, manufactured and supported by a single source. This provides our customers with a more customized solution, shorter lead times and meets Generac's high quality standards.

GENERAC CERTIFIED ENGINES

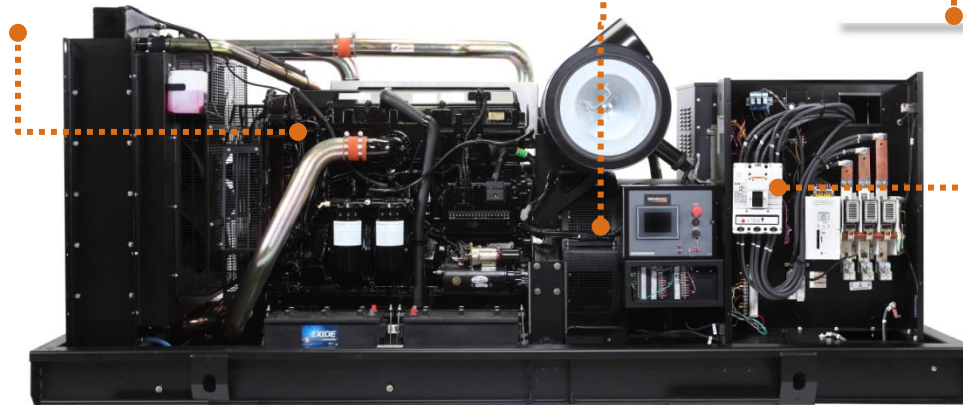
- Generac sources, designs and builds diesel, spark ignited and bi-fuel engines that provide our customers the best performance and durability.
 - Gaseous Certified Engines
 - OHVI 216cc to 999cc; air-cooled
 - Industrial 2.4L to 42.0L
 - Industrial Certified Diesel Engines (1.0L to 72.0L)
 - Certified to meet Global Emission Standards

GENERAC ALTERNATORS

- Generac industrial alternators are machine wound, inserted and varnished for the ultimate in consistent manufacturing.

DURABLE TOUGH ENCLOSURES

- Base frame mounted, robust designs that are service and maintenance friendly.
- Modeled to withstand winds up to 150 mph, fire ratings and numerous sound attenuated options.



GENERATOR CONTROLS

- Multiple control platforms to optimize customer value.
 - Mains fail/auto start
 - Paralleling controls
 - Remote monitoring
- Transfer Switches
 - Open transition, closed transition, full paralleling, service entrance, isolations bypass and custom packages.

DIFFERENTIATION THROUGH ENGINEERING, INNOVATION & TECHNOLOGY

- 275+ Engineers
- Unparalleled investment in R&D staff & resources
- Most current technology in design software
- Certifications: UL, EPA, NEMA, CSA, CARB, SCAQMD, IBC, OSHPD, CE, NFPA
- Enables innovation based on customer value
- Core skills organized through engine, controls, magnetics and packaging teams
- GenLink & Mobile Link Remote Monitoring

GENERAC INVESTING IN THE FUTURE 2011



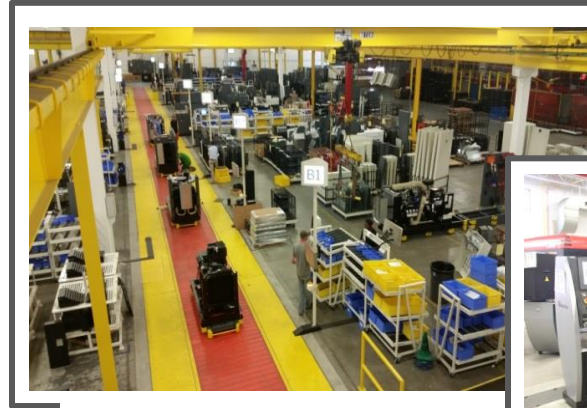
GENERAC CORPORATE HEADQUARTERS
WORLD CLASS OFFICE FACILITY
WAUKESHA, WI



LARGE INDUSTRIAL GENSET LINE
OSHKOSH, WI



LIQUID COOLED MODEL LINE
WHITEWATER, WI



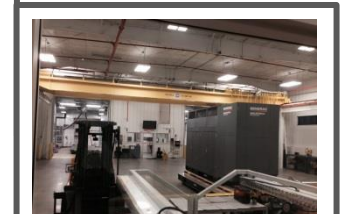
COMMERCIAL & INDUSTRIAL
GENERATOR LINE
EAGLE, WI



LASER CAPACITY
EAGLE, WI



SAP IMPLEMENTATION



HIGH POWER R&D LAB
WAUKESHA, WI

..... **2016**
INVESTED OVER \$100 MILLION
IN CAPITAL PROJECTS