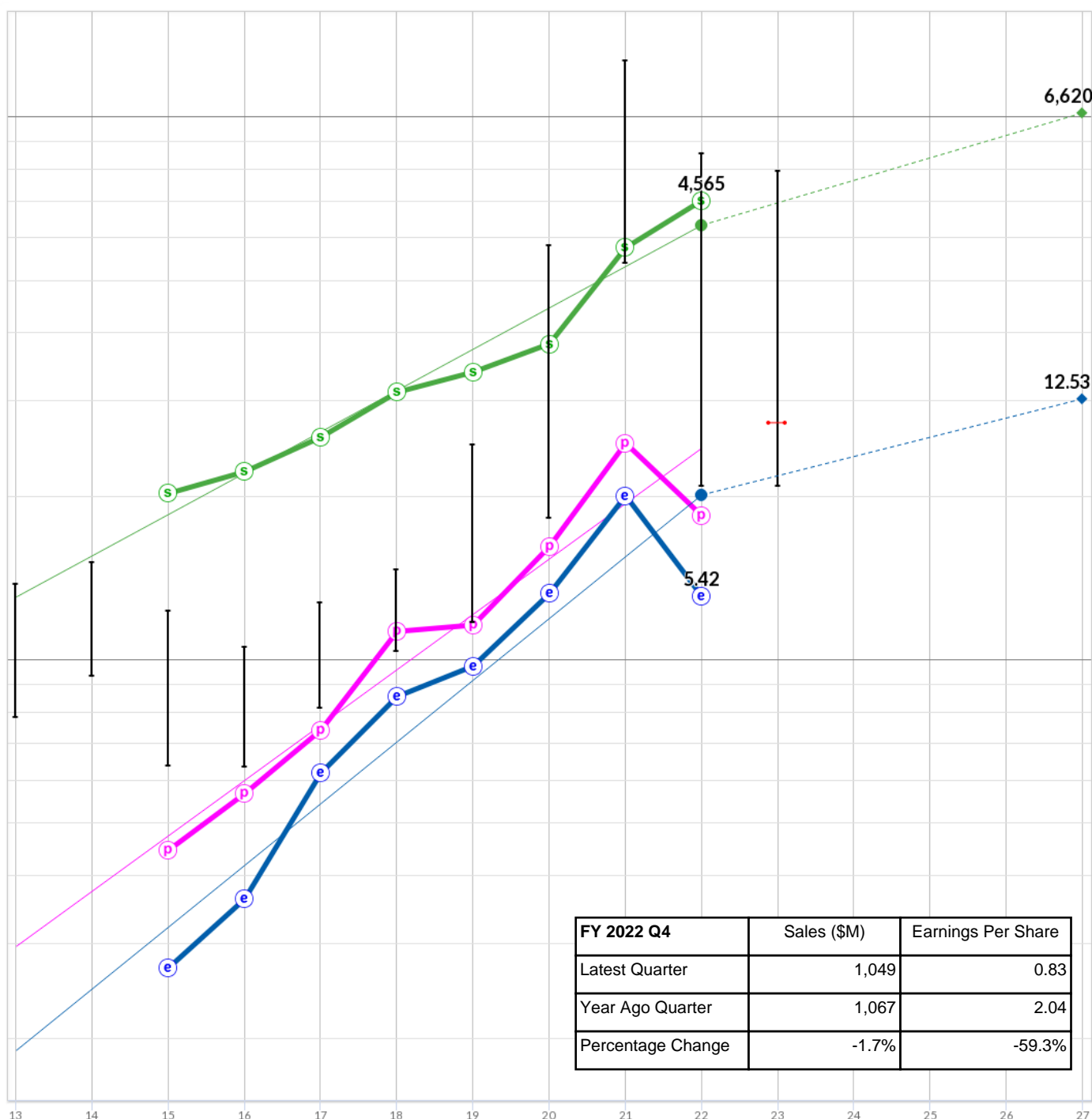


Stock Selection Guide

Company	Generac Hldgs		Date	03/10/23	
Prepared by	LEWIS		Data taken from	BI Stock Data	
Where traded	NYS	Industry	Specialty Industrial Machinery		
Capitalization --- Outstanding Amounts	Reference				
Preferred (\$M)	0.0	% Insiders	% Institution		
Common (M Shares)	64.8		2.9	70.7	
Debt (\$M)	1,743.7	% to Tot Cap	43.6	% Pot Dil	4.5

Symbol: GNRC

1 VISUAL ANALYSIS of Sales, Earnings, and Price



(1) Historical Sales Growth	19.2%	(3) Historical Earnings Per Share Growth	29.9%
(2) Estimated Future Sales Growth	10.0%	(4) Estimated Future Earnings Per Share Growth	8.5%

2 EVALUATING Management

Generac Hldgs

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	Last 5 Year Avg.
% Pre-tax Profit on Sales	18.8%	17.7%	9.3%	10.8%	12.2%	15.4%	14.5%	18.0%	18.5%	11.1%	15.5%
% Earned on Equity	66.9%	38.3%	15.1%	22.7%	33.8%	31.5%	27.0%	28.0%	29.7%	14.4%	26.1%
% Debt To Capital	79.1%	69.0%	69.5%	72.4%	62.4%	54.9%	47.5%	43.4%	37.4%	43.6%	45.4%

3 PRICE-EARNINGS HISTORY as an indicator of the future

This shows how stock prices have fluctuated with earnings and dividends. It is building block for translating earnings into future stock prices.

CLOSING PRICE 113.16 (03/10/23) **52-WEEK HIGH** 328.60 **52-WEEK LOW** 86.29

	A	B	C	D	E	F	G	H
Year	Price		Earnings	Price Earnings Ratio		Dividend	% Payout	% High Yield
	High	Low	Per Share	High A / C	Low B / C	Per Share	F / C * 100	F / B * 100
2018	60.7	43.0	3.54	17.1	12.1	0.00	0.0	0.0
2019	102.8	48.4	4.03	25.5	12.0	0.00	0.0	0.0
2020	239.6	75.5	5.48	43.7	13.8	0.00	0.0	0.0
2021	524.3	222.5	8.30	63.2	26.8	0.00	0.0	0.0
2022	354.0	86.3	5.42	65.3	15.9	0.00	0.0	0.0
AVERAGE		95.1		21.3	12.1		0.0	
CURRENT/TTM			5.44	60.4	15.9	0.00	0.0	
AVERAGE PRICE EARNINGS RATIO: 16.7					CURRENT PRICE EARNINGS RATIO: 20.8			

4 EVALUATING RISK and REWARD over the next 5 years

Assuming one recession and one business boom every 5 years, calculations are made of how high and how low the stock might sell. The upside-downside ratio is the key to evaluating risk and reward.

A HIGH PRICE - NEXT 5 YEARS

Avg. High P/E 18.0 X Estimate High Earnings/Share 12.53 = Forecasted High Price \$ 225.5

B LOW PRICE - NEXT 5 YEARS

(a) Avg. Low P/E 12.0 X Estimate Low Earnings/Share 8.30 = Forecasted Low Price \$ 99.6

(b) Avg. Low Price of Last 5 Years 95.1

(c) Recent Market Low Price 86.3

(d) Price Dividend Will Support $\frac{\text{Indicated Dividend}}{\text{High Yield}} = \frac{0.00}{0.00\%} = 0.0$

Selected Forecasted Low Price \$ 86.3

C ZONING using 25%-50%-25%

Forecasted High Price 225.5 Minus Forecasted Low Price 86.3 = 139.3 Range. 25% of Range 34.8

Buy Zone 86.3 to 121.1

Hold Zone 121.1 to 190.7

Sell Zone 190.7 to 225.5

Present Market Price of 113.16 is in the **BUY** Zone

D UPSIDE DOWNSIDE RATIO (POTENTIAL GAIN VS. RISK OR LOSS)

$\frac{\text{High Price} - \text{Present Price}}{\text{Present Price}} = \frac{225.5 - 113.16}{113.16} = 1.0000 = 100.0\%$
 $\frac{\text{High Price} - \text{Present Price}}{\text{Present Price} - \text{Low Price}} = \frac{225.5 - 113.16}{113.16 - 86.3} = 4.2$ To 1

E PRICE TARGET (Note: This shows the potential market price appreciation over the next five years in simple interest terms.)

$\frac{\text{High Price} - \text{Closing Price}}{\text{Closing Price}} = \frac{225.5 - 113.16}{113.16} = 1.9931 \times 100 = 199.31 - 100 = 99.3\%$ % Appreciation

5 5-YEAR POTENTIAL

This combines price appreciation with dividend yield to get an estimate of total return. It provides a standard for comparing income and growth stocks.

A $\frac{\text{Indicated Annual Dividend}}{\text{Closing Price}} = \frac{0.00}{113.16} = 0.0000 = 0.0\%$ Current Yield

B AVERAGE YIELD - USING FORECAST HIGH P/E

$\frac{\text{Avg. \% Payout}}{\text{Forecast High PE}} = \frac{0.0\%}{18.00} = 0.0\%$

AVERAGE YIELD - USING FORECAST AVERAGE P/E

$\frac{\text{Avg. \% Payout}}{\text{Forecast Average PE}} = \frac{0.0\%}{15.00} = 0.0\%$

C COMPOUND ANNUAL RETURN - USING FORECAST HIGH P/E

Annualized Appreciation 14.8 %
 Average Yield 0.0 %
 Annualized Rate of Return 14.8 %

COMPOUND ANNUAL RETURN - USING FORECAST AVG P/E

Annualized Appreciation 10.7 %
 Average Yield 0.0 %
 Annualized Rate of Return 10.7 %

Notes: GNRC 11/07/22 by Janet Lewis

Date	Subject	Description	Type
03/12/23	Quarterly Report by Janet Lewis	<p>4TH Quarter Report for GENERAC (GNRC) Date: March 12, 2023 Sources: SSG DATE: Reworked March 11, 2023 Morningstar Date FEB 15, 2023_ Name of Analyst: Brett Castelli</p> <p>Percentage change in Sales from year ago quarter -1.7%</p> <p>Percentage change in Earnings per Share from year ago quarter -59.3%</p> <p>Is company meeting our target sales & earnings estimates? NO for quarter, yes for trend so far.</p> <p>Pre-tax Profit on sales trend? (up, even, down) DOWN</p> <p>Return on equity trends? (up, even, down) DOWN</p> <p>Debt? (up, even, down) DOWN</p> <p>Current PE is 20.8 MARCH 10, 2023 Signature PE = 16.7</p> <p>Where does it fall in my estimated High of 18 & low of 12 range of PE's? ABOVE</p> <p>Club cost basis for this stock is \$212.9750. Current price is \$113.16_ March 10, 2023</p> <p>Current fair value: Morningstar: \$124.00 CFRA: BUY (12 month target price is \$156.00)</p> <p>My SSG Buy Range: \$86.3-\$121.1 WITH AN UPSIDE/DOWNSIDE OF 4.2 to 1</p> <p>My SSG Total Return is 14.8% Projected Average Return is 10.7%</p> <p>What will drive future growth: Continued demand for home standby generators, especially as catastrophic weather related issues affect available electricity. Also, robust demand for Commercial and Industrial products. Power Quality Issues Continue to Increase • Home Standby Penetration Opportunity is Significant • Solar, Storage, & Energy Management Markets Developing Quickly • Grid Services & Energy-as-a- Service Open New Revenue Streams • Natural Gas Generators Driving Strong Growth • Rollout of 5G Will Require Improved Network Reliability. Three largest markets (CA, TX, & FL) are significantly underpenetrated at ~3.5%. Federal government incentives and higher energy costs can lead to more incentives to invest in Generac's systems. New and Expanding Commercial and Industrial Energy Technology revenue streams such as Non-Standby use of natural gas generators • EaaS / Multi purpose microgrids • Advanced generator & microgrid controls • C&I energy storage • Hybrid systems – generators and/or solar + storage • Hydrogen fueled generators • Grid Services capabilities revolutionize generator economics. Strong balance sheet and long-term cash flow generation allows flexibility to execute on future shareholder-value enhancing opportunities. Value Line Power Industry Report says Generac is best long term stock for investors in that field.</p> <p>This company is 2.8% of our portfolio. I Recommend: Buy More ____, Hold ____, Challenge with a better investment ____, Sell ____</p>	Study

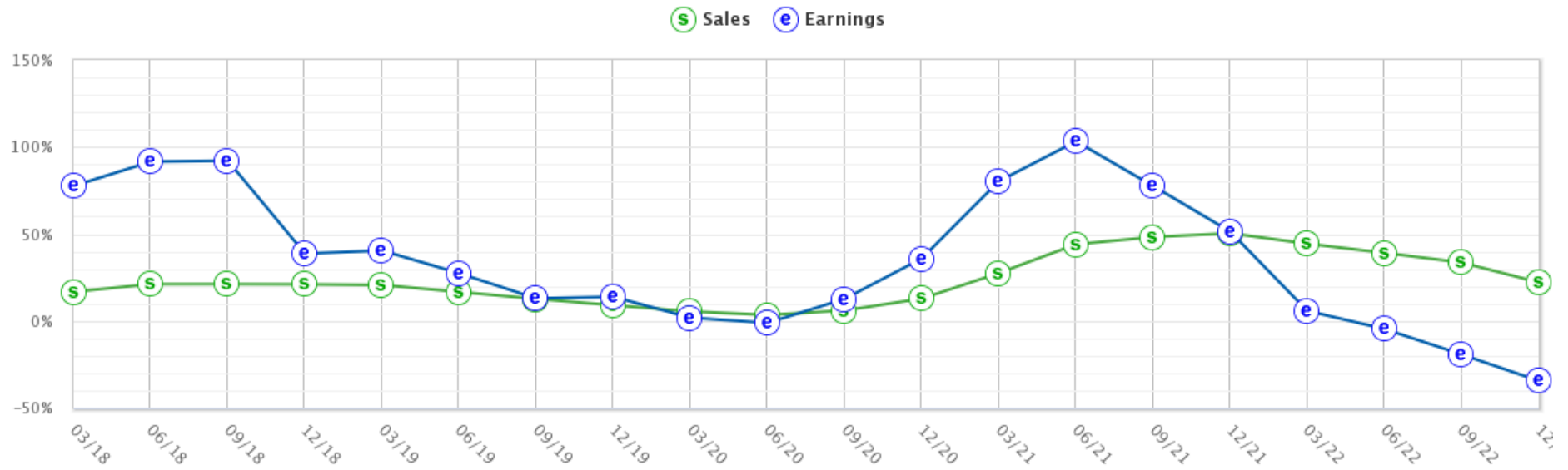
12/20/22	Future Demand Prospects for Generac backup systems	<p>1) Recent destruction of a power transmission source from shooters on a North Carolina substation riddled with bullets and Duke Energy plant in Wateree Hydro Station in Ridgeway, SC. This appears to have become a trend with a number of reported acts of sabotage on utility companies from Federal authorities reporting to ABC News.</p> <p>2) Sophisticated hackers potential to crash the power grid</p> <p>3) Reliance on our technology systems in major corporations could move them to the need for back up power generation systems. Many have them now and demand could be growing with impending threats</p> <p>4) Reliance on wind & solar failing as what happened in Texas recently</p> <p>5) Wars such as what is taking place in Ukraine where Russian has taken out their electrical systems</p> <p>6) California and some of the other western states fire storms which has taken out their power grids in the past</p> <p>7) Average cost for a large home system is \$2,000 to \$4,000</p> <p>8) EMP weapons could take out our electrical grid. However systems are being developed that can do much to protect them. In the meantime the threat is real.</p>	Community
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Study Audit: GNRC 11/07/22 by Janet Lewis

Review Advised	Category	Explanation
✓	Capitalization	More than one-third of this company's capitalization consists of debt. You may want to consider the nature of the industry and this company's prior track record to determine whether this is acceptable. Last FY Debt to Capital: 43.6%
✓	Recent Sales Growth	Sales growth seems lower recently compared to the company's long-term sales growth. Check the company's latest report to determine if this is acceptable. Sales Quarter Change: -1.7% Sales 10 Yr Growth: 19.2%
✓	Recent Sales Growth	Caution! Sales declined this quarter from the same quarter last year. Sales Quarter Latest: 1,049 Sales Quarter Year Ago: 1,067
✓	Recent Earnings Growth	Earnings growth seems lower recently compared to the company's long-term earnings growth. Check the company's latest report to determine if this is acceptable. EPS Quarter Change: -59.3% EPS 10 Yr Growth: 29.9%
✓	Recent Earnings Growth	Caution! Earnings declined this quarter from the same quarter last year. EPS Quarter Latest: 0.83 EPS Quarter Year Ago: 2.04
✓	Historical Earnings Growth	Is this company's earnings growth sufficiently consistent? R-Squared (5 yr): 0.57
✓	Historical Earnings Growth	It appears that some historical data may be irrelevant for forecasting future growth. Therefore, you may wish to eliminate some data as outliers. R-Squared (10 yr): 0.89
✓	Historical Earnings Growth	Earnings have declined during the last fiscal year. Therefore, it might be well to wait until this company has resumed positive growth and shown that it can sustain it. EPS 2021: 8.30 EPS 2022: 5.42
✓	Management Evaluation	Caution! A significant down-trend in profit margins may indicate that management is having difficulty controlling costs. Pre-Tax Profit on Sales: 11.1% Pre-Tax Profit on Sales 5 Yr Avg: 15.5%
✓	SSG Results	This stock is selling at a higher multiple of earnings than the average that investors have paid for it over the past five years. Relative Value: 127.8%
✓	SSG Results	If purchased at the current price, this stock is not likely to double your money over the next five years. Total Return (High P/E):14.8%

Quarterly Growth Trend Data

Graph: Trailing 4 Quarters, Last 5 Years of Data



Quarterly Data									Last 12 Months Data								
Period	EPS		Pre-Tax Profit			Sales		Income Tax Rate	EPS	Pre-Tax Profit		Sales	Income Tax		%Change		
	\$	%Change	\$ Mil	%Sales	%Change	\$ Mil	%Change			\$	\$ Mil		%Sales	\$ Mil	%Rate	EPS	Pre-Tax Profit
12/22	0.83	-59.3	87.5	8.3	-47.5	1,049.2	-1.7	15.5	5.44	508.5	11.1	4,564.7	93.8	18.4	-34.5	-26.5	22.1
09/22	0.83	-57.0	72.0	6.6	-56.4	1,088.3	15.4	16.1	6.65	587.6	12.8	4,582.6	103.8	17.7	-19.3	-14.7	33.6
06/22	2.21	10.0	203.5	15.8	16.8	1,291.4	40.4	22.5	7.75	680.9	15.3	4,437.0	126.4	18.6	-4.7	1.5	39.1
03/22	1.57	-32.6	145.5	12.8	-21.5	1,135.9	40.7	19.7	7.55	651.7	16.0	4,065.6	127.7	19.6	5.7	12.6	44.3
12/21	2.04	3.6	166.6	15.6	1.6	1,067.1	40.2	12.4	8.31	691.5	18.5	3,737.2	134.5	19.4	51.4	55.0	50.4
09/21	1.93	6.0	165.4	17.5	12.3	942.7	34.4	19.7	8.24	688.9	20.1	3,431.2	153.6	22.3	77.6	88.5	48.2
06/21	2.01	97.1	174.3	18.9	112.4	920.0	68.2	26.6	8.13	670.9	21.0	3,189.9	153.0	22.8	103.3	114.2	44.0

Quarterly Growth Trend Data

Graph: Trailing 4 Quarters, Last 5 Years of Data

Quarterly Data										Last 12 Months Data								
Period	EPS		Pre-Tax Profit			Sales		Income Tax Rate	EPS	Pre-Tax Profit		Sales	Income Tax		%Change			
	\$	%Change	\$ Mil	%Sales	%Change	\$ Mil	%Change			\$	\$ Mil		%Sales	\$ Mil	%Rate	EPS	Pre-Tax Profit	Sales
03/21	2.33	242.6	185.3	23.0	250.6	807.4	69.7	19.1	7.14	578.6	20.5	2,816.7	126.1	21.8	80.3	85.6	27.5	
12/20	1.97	75.9	164.0	21.5	96.7	761.1	28.8	23.8	5.49	446.2	18.0	2,485.2	95.9	21.5	35.9	39.6	12.7	
09/20	1.82	54.2	147.3	21.0	55.1	701.4	16.7	21.8	4.64	365.6	15.8	2,315.1	71.5	19.6	12.6	9.8	6.0	
06/20	1.02	4.1	82.1	15.0	1.9	546.8	0.9	22.5	4.00	313.2	14.1	2,214.8	60.8	19.4	-1.2	-6.4	3.3	
03/20	0.68	-10.5	52.9	11.1	-13.0	475.9	1.2	17.9	3.96	311.7	14.1	2,209.9	61.2	19.6	1.8	-4.6	5.4	
12/19	1.12	-6.7	83.4	14.1	-13.8	590.9	3.4	16.1	4.04	319.6	14.5	2,204.3	68.1	21.3	13.8	2.7	8.9	
09/19	1.18	6.3	95.0	15.8	-1.7	601.1	7.4	21.1	4.12	332.9	15.2	2,184.8	74.8	22.5	12.9	11.9	12.6	
06/19	0.98	19.5	80.5	14.9	10.9	541.9	9.5	23.4	4.05	334.6	15.6	2,143.2	74.9	22.4	27.4	27.9	16.6	
03/19	0.76	81.0	60.8	12.9	34.5	470.4	18.3	24.7	3.89	326.6	15.6	2,096.2	74.7	22.9	40.4	42.8	20.6	
12/18	1.20	-7.7	96.7	16.9	16.3	571.4	17.1	20.7	3.55	311.1	15.4	2,023.5	71.6	23.0	38.7	52.0	21.0	
09/18	1.11	73.4	96.6	17.3	59.3	559.5	22.4	20.8	3.65	297.5	15.3	1,940.1	53.6	18.0	92.1	58.5	21.1	
06/18	0.82	100.0	72.6	14.7	82.2	494.9	25.2	25.3	3.18	261.5	14.2	1,837.8	55.7	21.3	91.6	55.2	21.1	
03/18	0.42	100.0	45.2	11.4	114.2	397.6	19.8	25.3	2.77	228.8	13.2	1,738.3	54.5	23.8	77.6	41.6	16.7	
12/17	1.30	103.1	83.1	17.0	25.8	488.0	16.9	0.7	2.56	204.7	12.2	1,672.4	55.9	27.3	70.7	30.9	15.8	
09/17	0.64	60.0	60.6	13.3	46.0	457.3	22.5	33.9	1.90	187.7	11.7	1,601.9	68.2	36.4	90.0	77.2	15.7	
06/17	0.41	32.3	39.9	10.1	21.3	395.4	7.6	35.4	1.66	168.5	11.1	1,517.7	62.7	37.2	52.3	43.3	10.7	
03/17	0.21	40.0	21.1	6.4	32.4	331.8	15.8	39.1	1.56	161.6	10.8	1,489.7	60.5	37.4	57.6	49.3	15.3	
12/16	0.64	357.1	66.1	15.8	324.7	417.4	16.7	37.0	1.50	156.4	10.8	1,444.5	57.3	36.6	33.9	27.2	9.7	
09/16	0.40	-18.4	41.5	11.1	-22.0	373.1	3.8	37.4	1.00	105.9	7.6	1,384.9	39.8	37.6	-40.5	-39.3	1.6	
06/16	0.31	47.6	32.9	8.9	40.0	367.4	27.4	36.3	1.09	117.6	8.6	1,371.0	43.9	37.3	-36.3	-33.1	1.1	
03/16	0.15	-46.4	15.9	5.6	-48.1	286.5	-8.1	35.9	0.99	108.2	8.4	1,292.0	40.5	37.4	-56.4	-53.9	-9.7	
12/15	0.14	-80.0	15.6	4.3	-76.7	357.8	-11.4	41.0	1.12	123.0	9.3	1,317.3	46.0	37.4	-55.0	-52.4	-9.8	
09/15	0.49	-5.8	53.3	14.8	-2.9	359.3	2.0	36.1	1.68	174.3	12.8	1,363.5	58.8	33.7	-32.3	-35.4	-4.9	
06/15	0.21	-72.7	23.5	8.1	-71.5	288.4	-20.5	36.8	1.71	175.9	13.0	1,356.5	58.1	33.1	-35.0	-39.2	-6.1	
03/15	0.28	-44.0	30.7	9.8	-43.4	311.8	-8.8	35.9	2.27	234.8	16.4	1,430.7	76.3	32.5	0.4	-7.4	0.2	
12/14	0.70	1.4	66.9	16.5	-14.8	404.0	7.4	26.1	2.49	258.4	17.7	1,460.9	84.0	32.5	0.0	-7.3	-1.7	
09/14	0.52	-22.4	54.9	15.6	-25.9	352.3	-3.0	33.5	2.48	270.0	18.8	1,433.2	95.9	35.5				
06/14	0.77	92.5	82.4	22.7	76.2	362.6	4.6	34.5	2.63	289.1	20.0	1,444.1	104.8	36.3				
03/14	0.50	-31.5	54.2	15.9	-31.7	342.0	-14.4	36.0	2.26	253.5	17.8	1,428.2	95.2	37.5				
12/13	0.69		78.5	20.9		376.2		38.2										
09/13	0.67		74.0	20.4		363.3		36.4										

Quarterly Growth Trend Data

Graph: Trailing 4 Quarters, Last 5 Years of Data

Quarterly Data									Last 12 Months Data									
Period	EPS		Pre-Tax Profit			Sales		Income Tax Rate	EPS	Pre-Tax Profit			Sales	Income Tax		%Change		
	\$	%Change	\$ Mil	%Sales	%Change	\$ Mil	%Change	\$		\$ Mil	%Sales	\$ Mil		%Rate	EPS	Pre-Tax Profit	Sales	
06/13	0.40		46.8	13.5		346.7		39.6										
03/13	0.73		79.4	19.9		399.6		36.2										