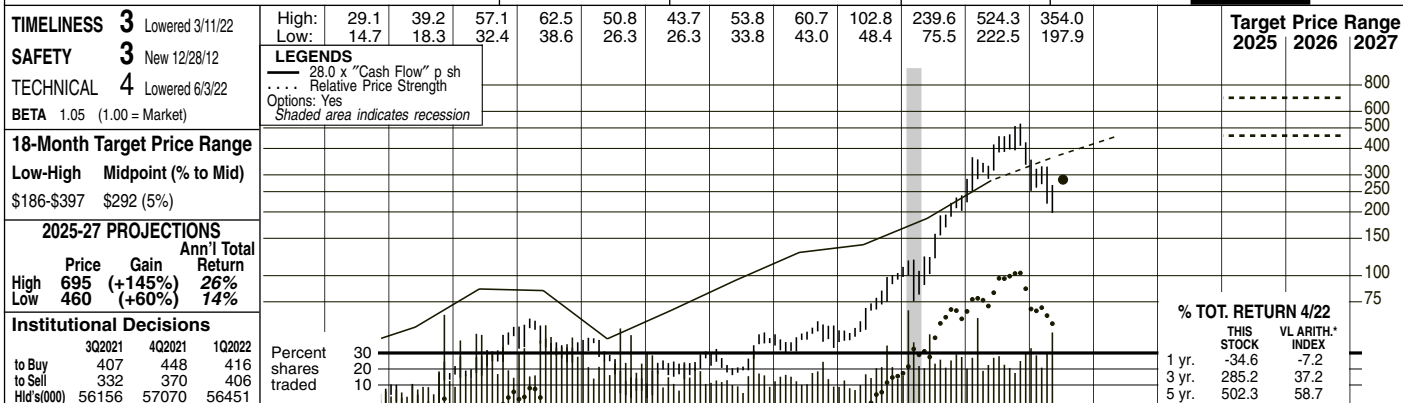


# GENERAC HOLDINGS NYSE-GNRC

RECENT PRICE **284.34** P/E RATIO **26.5** (Trailing: 37.7; Median: 20.0) RELATIVE P/E RATIO **1.57** DIV'D YLD **Nil** VALUE LINE **1210**



	2012	2013	2014 <sup>E</sup>	2015	2016	2017	2018	2019	2020	2021	2022	2023	© VALUE LINE PUB. LLC	25-27
17.22	21.66	21.14	19.95	23.04	26.81	32.56	35.23	39.54	58.65	79.55	87.10	Sales per sh	117.15	
2.04	3.08	3.03	1.79	2.44	3.39	4.60	5.00	6.67	10.08	13.10	16.50	"Cash Flow" per sh	24.50	
1.35	2.51	2.49	1.12	1.50	2.56	3.54	4.03	5.48	8.30	10.75	13.80	Earnings per sh <sup>A</sup>	21.00	
--	--	--	--	--	--	--	--	--	--	Nil	Nil	Div'ds Decl'd per sh <sup>D</sup>	6.00	
.33	.45	.50	.46	.49	.53	.77	.97	.99	1.73	2.00	2.25	Cap'l Spending per sh <sup>B</sup>	2.00	
6.79	4.62	7.09	7.06	6.40	8.98	12.24	16.50	22.12	34.74	44.60	60.60	Book Value per sh <sup>B</sup>	88.55	
68.30	68.60	69.12	66.02	62.70	62.37	62.14	62.57	62.85	63.72	65.00	66.00	Common Shs Outst'g <sup>C</sup>	70.00	
19.7	16.3	19.7	34.0	24.1	16.0	14.4	17.4	26.9	44.4	<i>Bold figures are Value Line estimates</i>		Avg Ann'l P/E Ratio	27.5	
1.25	.92	1.04	1.71	1.26	.80	.78	.93	1.38	2.37			Relative P/E Ratio	1.55	
--	--	--	--	--	--	--	--	--	--			Avg Ann'l Div'd Yield	1.2%	
1176.3	1485.8	1460.9	1317.3	1444.5	1672.4	2023.5	2204.4	2485.2	3737.2	5170	5750	Sales (\$mill)	8200	
22.9%	26.1%	22.1%	21.6%	21.2%	19.8%	20.0%	20.9%	22.0%	22.3%	22.5%	24.0%	Operating Margin	28.0%	
45.9	36.8	34.7	40.3	54.4	52.0	47.4	60.9	68.8	92.0	150	180	Depreciation (\$mill)	245	
93.2	174.5	174.6	77.7	98.8	159.4	238.3	252.0	350.6	550.5	700	910	Net Profit (\$mill)	1470	
40.4%	37.4%	32.4%	36.8%	36.8%	21.3%	22.5%	21.1%	22.2%	19.5%	22.0%	22.0%	Income Tax Rate	22.0%	
7.9%	11.7%	12.0%	5.9%	6.8%	9.5%	11.8%	11.4%	14.1%	14.7%	13.5%	15.8%	Net Profit Margin	17.9%	
227.7	403.3	490.0	448.2	341.6	429.7	560.1	698.7	1028.2	692.6	1350	2100	Working Cap'l (\$mill)	2300	
799.0	1175.3	1082.1	1050.1	1006.8	906.5	876.4	837.8	841.8	902.1	1000	900	Long-Term Debt (\$mill)	100	
463.6	317.1	489.8	465.9	401.1	559.8	760.5	1032.4	1390.3	2213.8	2900	4000	Shr. Equity (\$mill)	6200	
9.0%	13.5%	12.6%	6.5%	8.6%	12.3%	15.8%	14.5%	16.4%	18.2%	18.5%	19.0%	Return on Total Cap'l	23.5%	
20.1%	55.0%	35.7%	16.7%	24.6%	28.5%	31.3%	24.4%	25.2%	24.9%	24.0%	23.0%	Return on Shr. Equity	23.5%	
20.1%	55.0%	35.7%	16.7%	24.6%	28.5%	31.3%	24.4%	25.2%	24.9%	24.0%	23.0%	Retained to Com Eq	17.0%	
--	--	--	--	--	--	--	--	--	--	Nil	Nil	All Div'ds to Net Prof	29%	

**CAPITAL STRUCTURE as of 3/31/22**  
 Total Debt \$1091.0 mill. Due in 5 Yrs \$895.2 mill.  
 LT Debt \$1002.7 mill. LT Interest \$32.7 mill. (31% of Cap'l)  
 Leases, Uncapitalized Annual rentals \$26.6 mill.

**Pension Plan Terminated 12/19**

**Pfd Stock None**

**Common Stock** 63,829,951 shares. as of 5/4/22

**MARKET CAP: \$18.1 billion (Large Cap)**

**CURRENT POSITION** 2020 2021 3/31/22 (\$MILL.)

Cash Assets	655.1	147.3	206.0
Receivables	374.9	546.5	609.9
Inventory (FIFO)	603.3	1089.7	1236.8
Other	36.4	65.0	72.7
Current Assets	1669.7	1848.5	2125.4
Accts Payable	30.2	67.2	697.5
Debt Due	43.4	78.0	88.3
Other	567.9	403.7	467.4
Current Liab.	641.5	1155.9	1253.2

**ANNUAL RATES** Past 10 Yrs. Past 5 Yrs. Est'd '19-'21 to '25-'27

change (per sh)	10 Yrs.	5 Yrs.	Est'd '19-'21	to '25-'27
Sales	16.0%	16.0%	17.5%	
"Cash Flow"	30.0%	24.5%	22.5%	
Earnings	--	28.5%	23.5%	
Dividends	--	--	Nil	
Book Value	10.5%	29.0%	24.0%	

**QUARTERLY SALES (\$ mill.)**

Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2019	470.4	541.9	601.2	590.9	2204.4
2020	475.9	546.8	701.4	761.1	2485.2
2021	807.4	920.0	942.7	1067.1	3737.2
2022	1135.9	1285	1370	1379.1	5170
2023	1305	1400	1485	1560	5750

**EARNINGS PER SHARE <sup>A</sup>**

Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2019	.76	.97	1.18	1.12	4.03
2020	.67	1.02	1.82	1.97	5.48
2021	2.32	2.01	1.93	2.04	8.30
2022	1.57	2.75	3.25	3.18	10.75
2023	2.65	3.25	3.80	4.10	13.80

**QUARTERLY DIVIDENDS PAID <sup>D</sup>**

Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2018					
2019					
2020					
2021					
2022					

NO CASH DIVIDENDS BEING PAID

**BUSINESS:** Generac Holdings Inc. designs and manufactures a wide range of generators and other engine-powered products for the residential, light commercial, industrial, and construction markets. Its products are fueled by natural gas, liquid propane, diesel, and Bi-Fuel. Acquired Ottomotores, 12/12; Tower Light, 8/13; Country Home Prod., 8/15; and Pramac Group, 3/16. Generac's products are sold through indep. dealers, retailers, wholesalers, and equipment rental cos. Has 9,540 employees. Chair., Pres., & CEO: Aaron Jadtgeld. Officers/directors own 4.3% of common stock; BlackRock, 14.2%; The Vanguard Group, 8.6% (4/22 proxy). Inc.: DE. Address: S45 W29290 Highway 59, Waukesha, WI 53189. Tel: (262) 544-4811. Internet: www.generac.com.

**Potential problems with the country's generating capacity and distribution system ought to continue to benefit sales of Generac Holdings' products.** The manufacturer and supplier of backup power systems for the residential and commercial markets has been experiencing explosive growth over the past six years, as consumer awareness regarding power outages has increased. A few examples of the situation include: Rolling blackouts in California, Texas almost not meeting the demand for electricity this winter (the off peak season), and an aging system of electrical grids that is badly in need of upgrading. There are other concerns as well. Over the past decade, demand for power has been rising at a brisk pace, but utilities have not been adding a sufficient amount of new capacity to keep pace. Moreover, should the outages caused by natural and manmade disasters just remain at historical levels, there will likely not be enough power to meet the country's needs during the summer. Many clients now think that having a second independent source of power is almost a necessity.

**We think 2022 and 2023 ought to be stellar years.** Even with worse-than-expected first-quarter results, Generac's share earnings will likely climb 30% this year compared to 2021. As the market for backup power systems is barely penetrated (the percentage of homes with these systems is in the single digits), rapid sales growth is very probable. Our share-net forecast for the firm is for an increase of 28% in 2023.

**Cash flow and finances are strong.** The company has been throwing off a lot of cash since it doesn't pay a dividend. Debt makes up only 31% of total capital, and Generac has utilized an aggressive acquisition and expansion strategy that has enabled it to establish a strong presence in most sectors of the markets.

**This neutrally ranked equity may appeal to long-term accounts.** The stock may well have gotten ahead of itself when it was trading near \$525 a share in 2021. However, at the current quotation, capital appreciation potential to 2025-2027 is attractive. Investors should also note that hot summer weather conditions could result in blackouts.

*James A. Flood*  
 June 17, 2022

**Company's Financial Strength** B++  
**Stock's Price Stability** 50  
**Price Growth Persistence** 60  
**Earnings Predictability** 55

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(A) Diluted earnings. GAAP accounting. Next earnings report due early August.  
 (B) In millions.  
 (C) Includes intangibles. On 3/31/22:  
 (D) Paid a special dividend of \$6.00 a share in June 2012, \$5.00 a share in June 2013.  
 (E) 2014 numbers are pro forma.

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