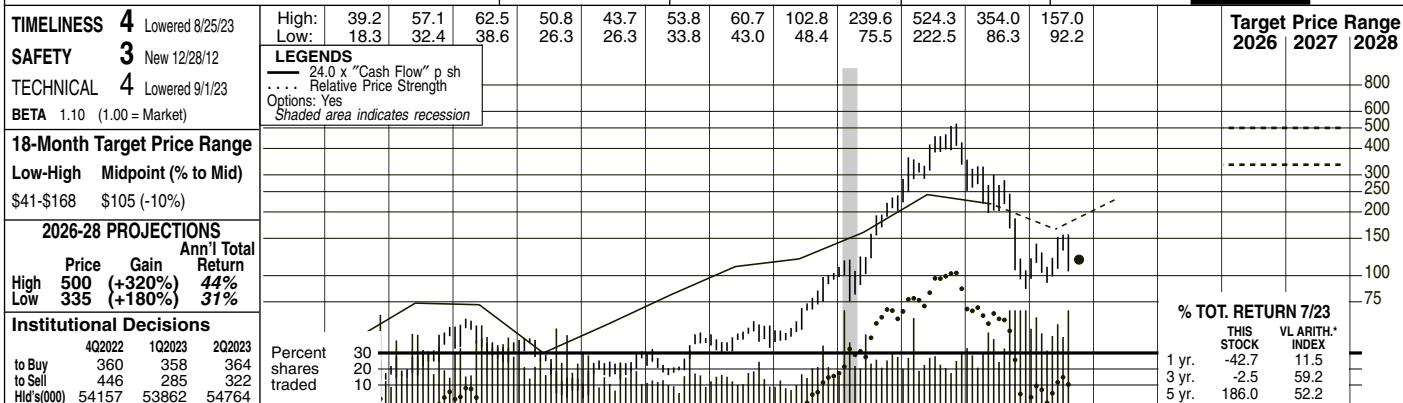


GENERAC HOLDINGS NYSE-GNRC

RECENT PRICE **118.94** P/E RATIO **21.7** (Trailing: 49.1 Median: 22.0) RELATIVE P/E RATIO **1.30** DIV'D YLD Nil VALUE LINE **1219**



TIMELINESS 4 Lowered 8/25/23
SAFETY 3 New 12/28/12
TECHNICAL 4 Lowered 9/11/23
BETA 1.10 (1.00 = Market)

18-Month Target Price Range
 Low-High Midpoint (% to Mid)
 \$41-\$168 \$105 (-10%)

2026-28 PROJECTIONS

	Price	Gain	Ann'l Total Return
High	500	(+320%)	44%
Low	335	(+180%)	31%

Institutional Decisions

	4Q2022	1Q2023	2Q2023
to Buy	360	358	364
to Sell	446	285	322
Hld's(000)	54157	53862	54764

Percent shares traded: 30, 20, 10

Generac Holdings Inc. completed its initial public offering on February 10, 2010. At that time, 20.7 million shares were sold to the public at an average price of \$13.00 per share. The underwriting syndicate included Bank Of America Merrill Lynch, Goldman Sachs, and JPMorgan Chase.	2013	2014 ^E	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	© VALUE LINE PUB. LLC	26-28
	21.66	21.14	19.95	23.04	26.81	32.56	35.23	39.54	58.65	74.32	64.15	68.45	Sales per sh	125.00
	3.08	3.03	1.79	2.44	3.39	4.60	5.00	6.67	10.08	9.10	6.90	9.75	"Cash Flow" per sh	19.40
	2.51	2.49	1.12	1.50	2.56	3.54	4.03	5.48	8.30	5.42	4.25	7.00	Earnings per sh ^A	16.00
	--	--	--	--	--	--	--	--	--	--	Nil	Nil	Div'ds Decl'd per sh ^D	6.00
	.45	.50	.46	.49	.53	.77	.97	.99	1.73	1.40	1.70	1.70	Cap'l Spending per sh	2.25
	4.62	7.09	7.06	6.40	8.98	12.24	16.50	22.12	34.74	36.76	42.45	49.20	Book Value per sh ^B	93.75
	68.60	69.12	66.02	62.70	62.37	62.14	62.57	62.85	63.72	61.42	63.00	64.00	Common Shs Outst'g ^C	64.00
	16.3	19.7	34.0	24.1	16.0	14.4	17.4	26.9	44.4	41.3	Bold figures are Value Line estimates		Avg Ann'l P/E Ratio	26.0
	.92	1.04	1.71	1.26	.80	.78	.93	1.38	2.40	2.39			Relative P/E Ratio	1.45
	--	--	--	--	--	--	--	--	--	--			Avg Ann'l Div'd Yield	1.3%
CAPITAL STRUCTURE as of 6/30/23 Total Debt \$1601.2 mill. Due in 5 Yrs \$1375.0 mill. LT Debt \$1523.3 mill. LT Interest \$90.0 mill. (39% of Cap'l) Leases, Uncapitalized Annual rentals \$ mill.	1485.8	1460.9	1317.3	1444.5	1672.4	2023.5	2204.4	2485.2	3737.2	4564.7	4040	4380	Sales (\$mill)	8000
	26.1%	22.1%	21.6%	21.2%	19.8%	20.0%	20.9%	22.0%	22.3%	15.9%	16.5%	19.5%	Operating Margin	23.0%
	36.8	34.7	40.3	54.4	52.0	47.4	60.9	68.8	92.0	159.4	165	175	Depreciation (\$mill)	200
	174.5	174.6	77.7	98.8	159.4	238.3	252.0	350.6	550.5	399.5	270	450	Net Profit (\$mill)	1040
Pension Plan Terminated 12/19	37.4%	32.4%	36.8%	36.8%	21.3%	22.5%	21.1%	22.2%	19.5%	19.6%	28.0%	28.0%	Income Tax Rate	22.0%
Pfd Stock None	11.7%	12.0%	5.9%	6.8%	9.5%	11.8%	11.4%	14.1%	14.7%	8.8%	6.7%	10.3%	Net Profit Margin	13.0%
	403.3	490.0	448.2	341.6	429.7	560.1	698.7	1028.2	692.6	1190.3	1400	1800	Working Cap'l (\$mill)	600
	1175.3	1082.1	1050.1	1006.8	906.5	876.4	837.8	841.8	902.1	1369.1	1525	1500	Long-Term Debt (\$mill)	500
	317.1	489.8	465.9	401.1	559.8	760.5	1032.4	1390.3	2213.8	2257.4	2675	3150	Shr. Equity (\$mill)	5000
	13.5%	12.6%	6.5%	8.6%	12.3%	15.8%	14.5%	16.4%	18.2%	11.7%	7.5%	10.5%	Return on Total Cap'l	16.5%
	55.0%	35.7%	16.7%	24.6%	28.5%	31.3%	24.4%	25.2%	24.9%	17.7%	10.0%	14.5%	Return on Shr. Equity	17.5%
	55.0%	35.7%	16.7%	24.6%	28.5%	31.3%	24.4%	25.2%	24.9%	17.7%	10.0%	14.5%	Retained to Com Eq	17.5%
	--	--	--	--	--	--	--	--	--	--	Nil	Nil	All Div'ds to Net Prof	38%

MARKET CAP: \$7.4 billion (Mid Cap)

CURRENT POSITION

	2021	2022	6/30/23
Cash Assets	147.3	132.7	192.8
Receivables	546.5	522.5	540.3
Inventory (FIFO)	1089.7	1405.4	1436.6
Other	65.0	121.7	103.4
Current Assets	1848.5	2182.3	2273.1
Accts Payable	674.2	446.1	454.7
Debt Due	78.0	61.7	77.9
Other	403.7	484.2	404.2
Current Liab.	1155.9	992.0	936.8

ANNUAL RATES

	Past 10 Yrs.	Past 5 Yrs.	Est'd '20-'22
change (per sh)	10 Yrs.	5 Yrs.	to '26-'28
Sales	16.5%	20.0%	15.5%
"Cash Flow"	23.5%	27.5%	16.5%
Earnings	44.5%	30.0%	19.0%
Dividends	--	--	Nil
Book Value	14.5%	33.0%	15.5%

QUARTERLY SALES (\$ mill.)

Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
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	1291.4	1088.3	1049.2	4564.7
2023	887.9	1000.4	1046.7	1105	4040
2024	935	1030	1160	1255	4380

EARNINGS PER SHARE ^A

Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2020	.67	1.02	1.82	1.97	5.48
2021	2.32	2.01	1.93	2.04	8.30
2022	1.57	2.19	.83	.83	5.42
2023	.06	.70	1.34	2.15	4.25
2024	1.30	1.55	1.90	2.25	7.00

QUARTERLY DIVIDENDS PAID ^D

Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2019					
2020					
2021					
2022					
2023					

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

Generac has reduced its sales guidance for 2023 once again. In the second quarter, core sales plunged 26%, as consumers pulled back on capital spending for home improvement. The key residential market's sales fell a whopping 44%. (The comparisons to last year were difficult, though.) Share earnings fell 68%, to \$0.70, much worse than the 46% decrease we had forecast. Despite the sharp fall in demand operating expenses actually rose marginally. Due to the softer-than-expected residential market, the company now anticipates reduced product sales in the second half of the year relative to prior forecasts. The current estimate is that sales fall 10% to 12%, from the previous estimate of a 6% to 10% decline.

We have cut our profit projections for this year and next. To reflect a weak consumer sector, we have cut \$1 a share from the remaining two quarters of 2023, and our overall share estimate from \$5.75 to \$4.25. Though we have also lowered our 2024 expectations by 14%, share earnings could rebound to \$7.00.

We remain very optimistic regarding the company's long-term story. In the

past, leadership has spent a lot of time and money acquiring other members of this group. This has provided the company with the industry's best worldwide sales and distribution system. It has also expanded in the commercial and industrial sectors. The strategy was pursued for one reason, to provide back-up power for homes and businesses. Making the industry so attractive is the poor state of the electric grid systems in the United States and around the world. Moreover, an increase in manmade and natural disasters would also provide demand for these products. The market is also barely penetrated, leaving a lot of room for growth.

These shares are not for short-term investors. The headwinds facing the key residential business ought to persist in the near term. The equity has a Below Average (4) Timeliness rank and has subpar potential over the next 18-month period as well. However, even though we have trimmed our Target Price Range for the stock modestly, GNRC still offers compelling capital appreciation potential to 2026-2028.

James A. Flood September 15, 2023

(A) Diluted earnings. GAAP accounting. Next earnings report due early November. (B) In millions. (C) Includes intangibles. On 12/31/22: \$2.332 billion/\$37.68 a share. (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.

Company's Financial Strength B++
Stock's Price Stability 30
Price Growth Persistence 60
Earnings Predictability 55