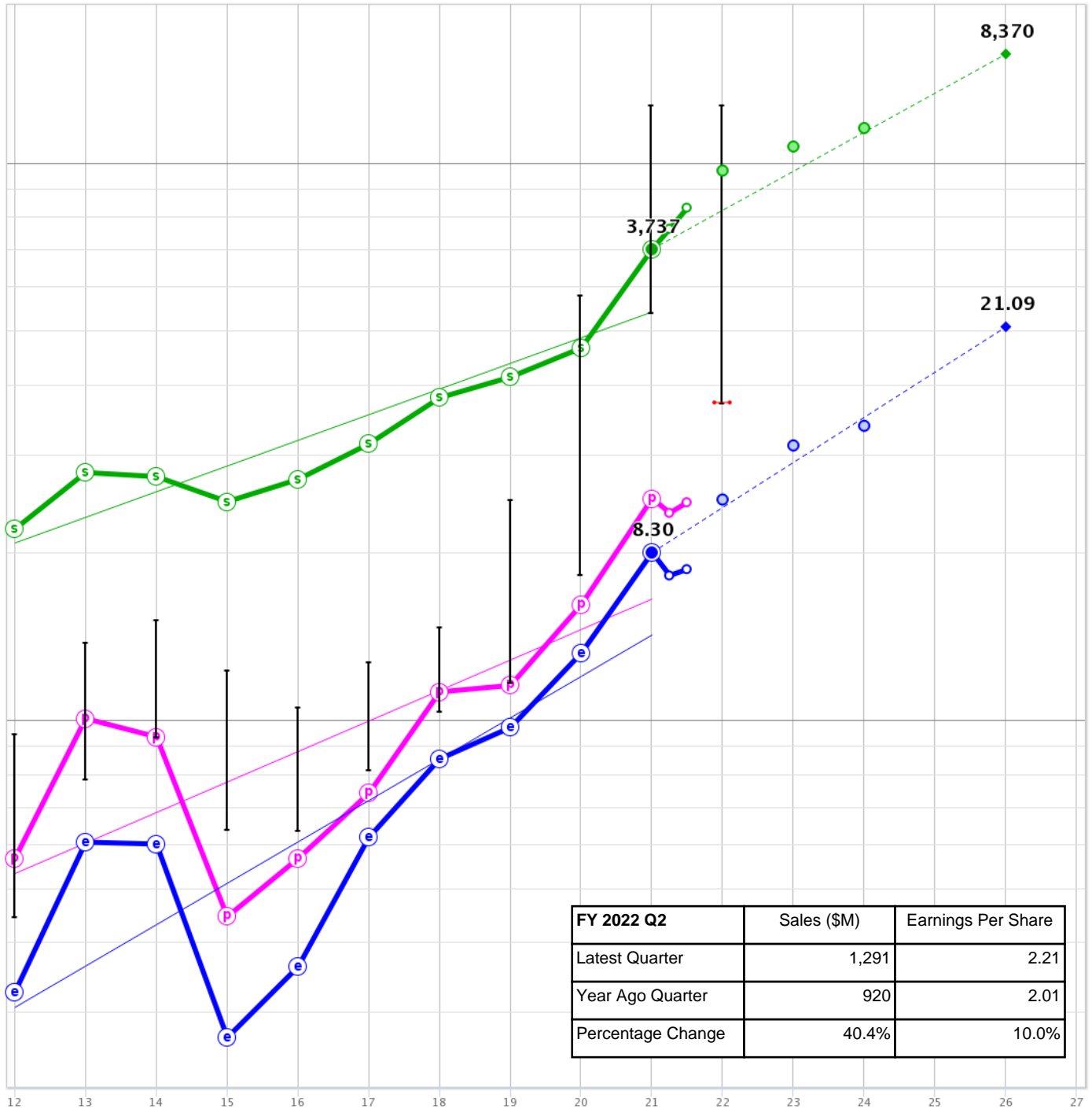


Stock Selection Guide

Company	Generac Hldgs		Date	10/07/22	
Prepared by	TOBIN		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)	64.7	2.8	99.9		
Debt (\$M)	1,727.7	% to Tot Cap	41.7	% Pot Dil	1.7

Symbol: GNRC

1 VISUAL ANALYSIS of Sales, Earnings, and Price



- | | | | |
|-----------------------------------|-------|--|-------|
| (1) Historical Sales Growth | 11.2% | (3) Historical Earnings Per Share Growth | 18.6% |
| (2) Estimated Future Sales Growth | 17.5% | (4) Estimated Future Earnings Per Share Growth | 20.5% |

2 EVALUATING Management

Generac Hldgs

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	Last 5 Year Avg.
% Pre-tax Profit on Sales	13.3%	18.8%	17.7%	9.3%	10.8%	12.2%	15.4%	14.5%	18.0%	18.5%	15.7%
% Earned on Equity	19.9%	66.9%	38.3%	15.1%	22.7%	33.8%	31.5%	27.0%	28.0%	29.7%	30.0%
% Debt To Capital	65.8%	79.1%	69.0%	69.5%	72.4%	62.4%	54.9%	47.5%	43.4%	37.4%	49.1%

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 154.26 (10/07/22)

52-WEEK HIGH 524.31

52-WEEK LOW 153.49

	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
2017	52.6	33.8	2.56	20.6	13.2	0.00	0.0	0.0
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
AVERAGE		84.6		34.0	15.6		0.0	
CURRENT/TTM			7.75			0.00	0.0	
AVERAGE PRICE EARNINGS RATIO: 24.8					CURRENT PRICE EARNINGS RATIO: 19.9			

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 27.0 X Estimate High Earnings/Share 21.09 = Forecasted High Price \$ 569.3

B LOW PRICE - NEXT 5 YEARS

(a) Avg. Low P/E 15.6 X Estimate Low Earnings/Share 7.75 = Forecasted Low Price \$ 120.9

(b) Avg. Low Price of Last 5 Years 84.6

(c) Recent Market Low Price 75.5

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

Selected Forecasted Low Price \$ 120.9

C ZONING using 25%-50%-25%

Forecasted High Price 569.3 Minus Forecasted Low Price 120.9 = 448.4 Range. 25% of Range 112.1

Buy Zone 120.9 to 233.0

Hold Zone 233.0 to 457.2

Sell Zone 457.2 to 569.3

Present Market Price of 154.26 is in the **BUY** Zone

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

$\frac{\text{High Price} - \text{Present Price}}{\text{Present Price}} = \frac{569.3 - 154.26}{154.26} = 3.6908$
 $\frac{\text{High Price} - \text{Present Price}}{\text{Present Price} - \text{Low Price}} = \frac{569.3 - 154.26}{154.26 - 120.9} = 12.4$ To 1

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

$\frac{\text{High Price}}{\text{Closing Price}} = \frac{569.3}{154.26} = 3.6908$ X 100 = 369.08 - 100 = 269.1 % 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 $\frac{\text{Indicated Annual Dividend}}{\text{Closing Price}} = \frac{0.00}{154.26} = 0.0000 = 0.0\%$ Current Yield

B AVERAGE YIELD - USING FORECAST HIGH P/E

$\frac{\text{Avg. \% Payout}}{\text{Forecast High PE}} = \frac{0.0\%}{27.00} = 0.0\%$

AVERAGE YIELD - USING FORECAST AVERAGE P/E

$\frac{\text{Avg. \% Payout}}{\text{Forecast Average PE}} = \frac{0.0\%}{21.30} = 0.0\%$

C COMPOUND ANNUAL RETURN - USING FORECAST HIGH P/E

Annualized Appreciation 29.8 %
 Average Yield 0.0 %
 Annualized Rate of Return 29.8 %

COMPOUND ANNUAL RETURN - USING FORECAST AVG P/E

Annualized Appreciation 23.8 %
 Average Yield 0.0 %
 Annualized Rate of Return 23.8 %