

# Generac Holdings Inc. (NYSE: GNRC)

Utilities and Renewables Sector

Sector Head: Max Grossberg

Lead Analyst: Ethan Agro

**Buy: \$171**



**Target: \$232**



**Upside: 36%**

# Company Overview

## Overview

**Market leader** for backup generators

**75%** home backup generator market share

Future oriented **clean energy** products

Series of clean tech acquisitions being **integrated** into their products

## Products

Product	Description
Generators	Home standby generators, portable generators, commercial and industrial generators
PWRCell	Solar Inverter, Home battery Storage,
Industrial	Heaters, light towers, mobile batteries, dust fighters

## Key Statistics

52 Week Range \$170.17 – \$524.31

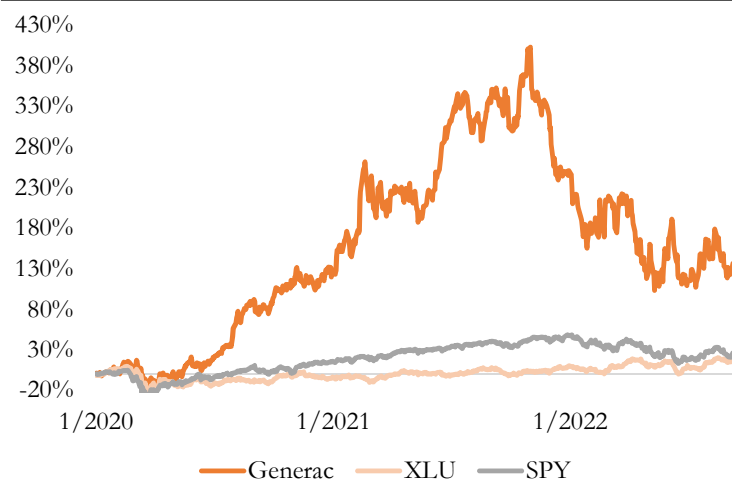
Market Cap \$10.92 Billion

Enterprise Value \$11.90 Billion

Year Founded 1952

EV/EBITDA 2024E 8.01

## Performance

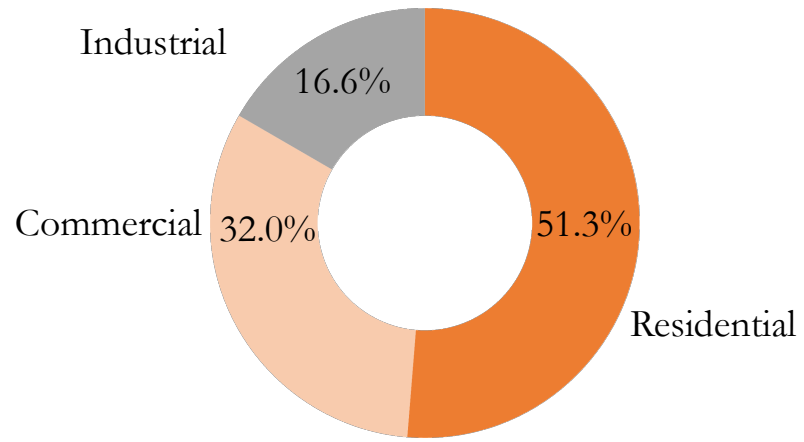


# Industry Overview

## Overview

- Dominated by large, diversified manufacturing companies
- Gasoline, Propane, Natural Gas, Solar
- Vital to industries such as medical, agricultural, and food

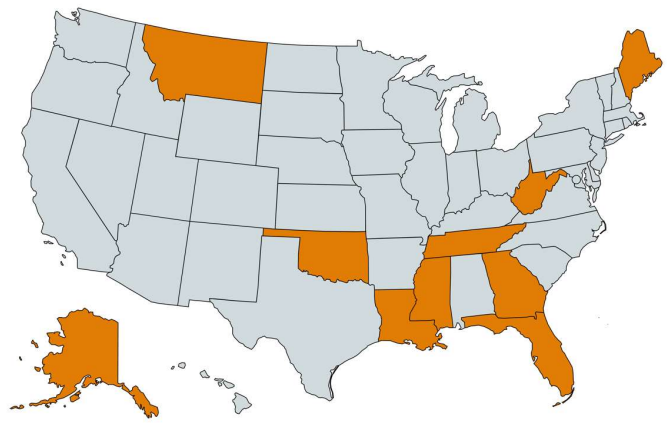
## Breakdown of US Generator Market



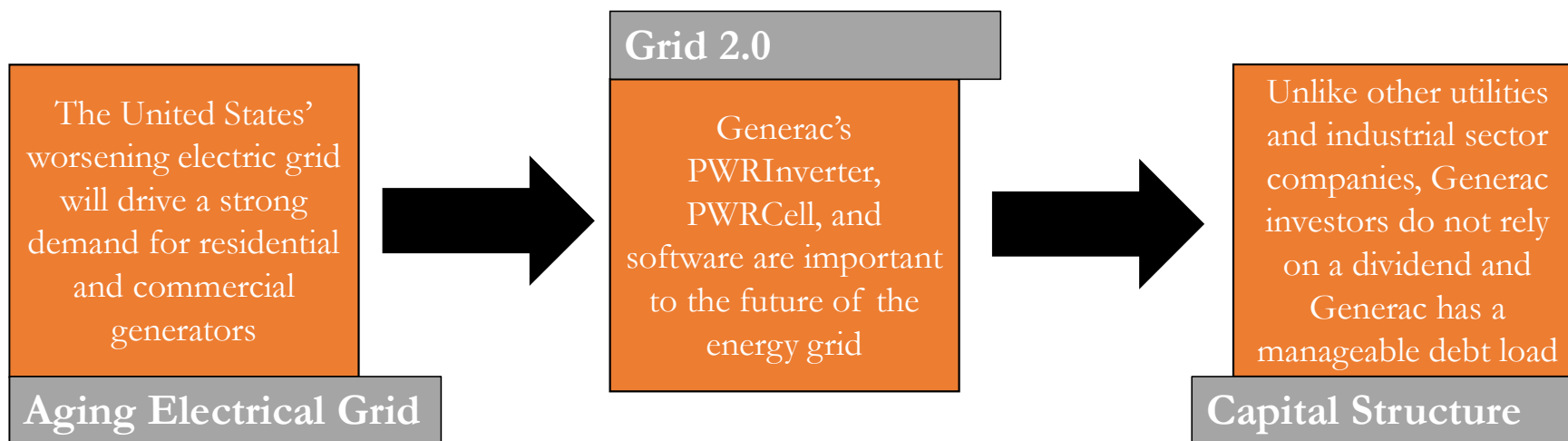
## Competitors



## Power Outage Map



# Investment Thesis



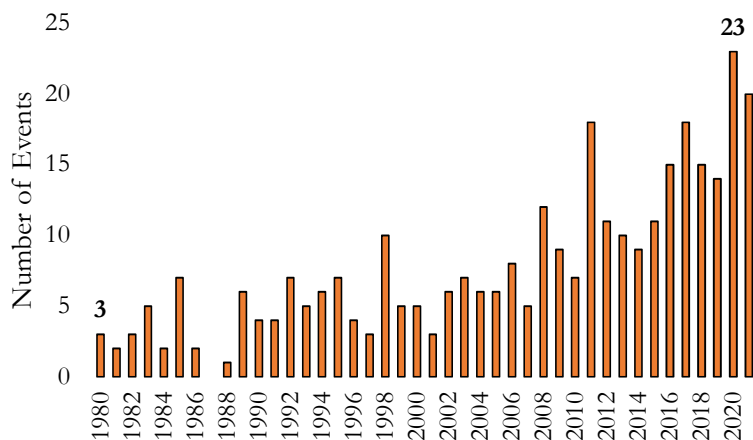
# Aging Electrical Grid

## Strong Driver of Demand

Americans will continue to experience more frequent power outages as severe weather events become more common and the power grid worsens

Generac has experienced robust demand for home standby generators that has remained strong for several quarters

## \$1B+ Severe Weather Events in US



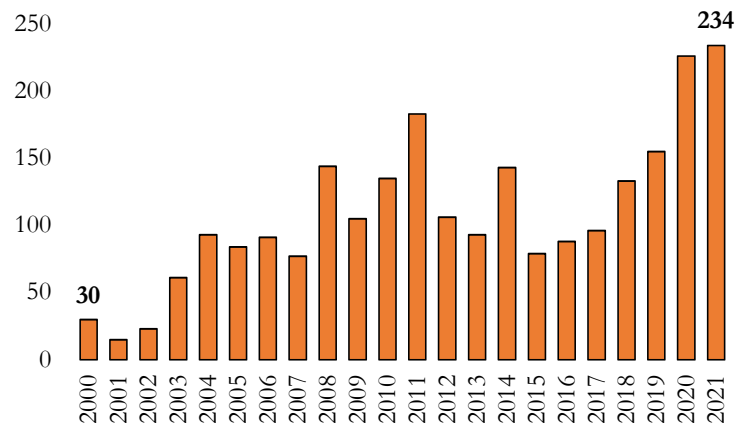
## Generac's Generators

**Broadest offering** of home standby generators

Strong market position allows Generac's products to have very **competitive pricing** for every model

Equipped with the latest monitoring and **optimization technology**

## Major Power Outages In United States





# Grid 2.0

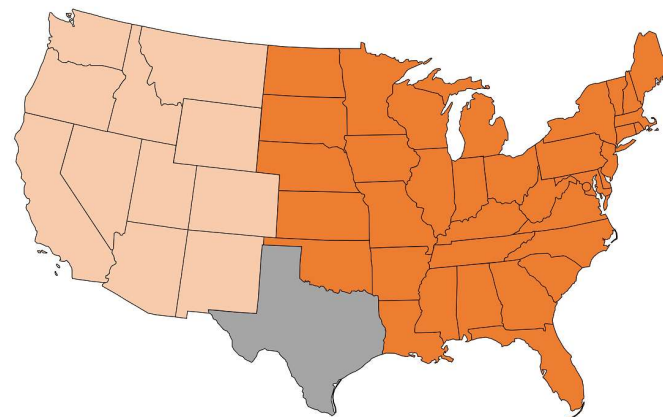
## Features

- Renewable Energy Centered
- Bi-Directional Flow of Electricity
- Distributed Energy Resources
- Home Energy Conservation Software

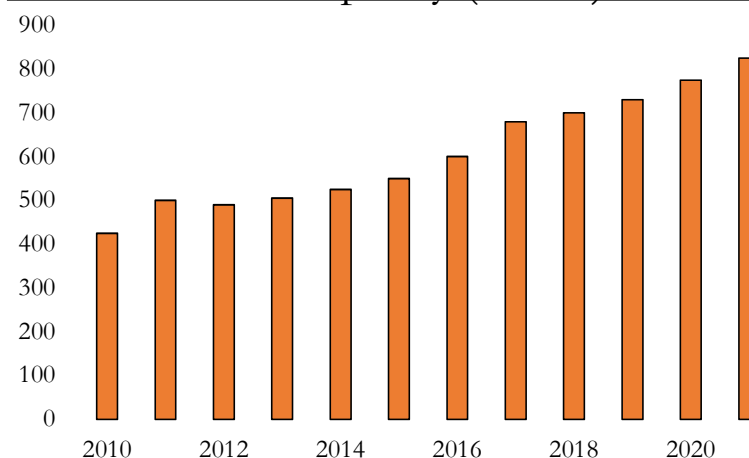
## In House Software

	Stores surplus electricity to power a house during the nighttime or during an outage
	Send power into the grid to save money and increases grid resiliency

## U.S. Current Electrical Grids



## US Renewable Capacity (KWH)



# Favorable Capital Structure

## Different From Other Defensive Stocks

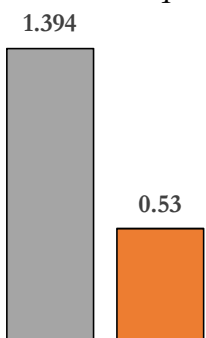
Investor demand less affected by rising rates

Growth oriented instead of dividend reliant

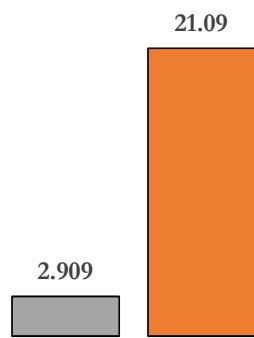
Less capital intensive

## Favorable Debt Ratios

### Debt to Equity

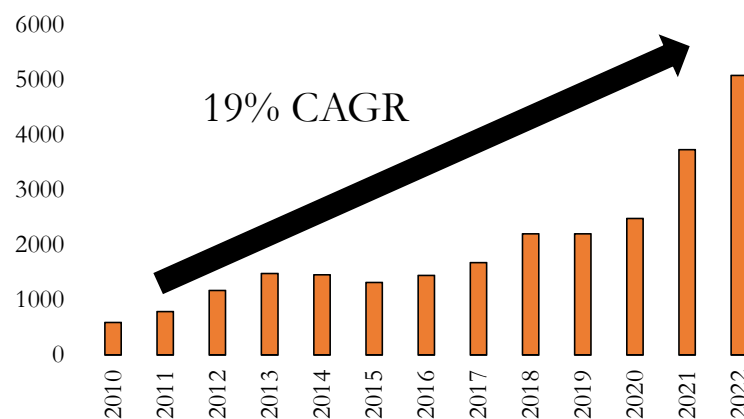


### Interest Coverage

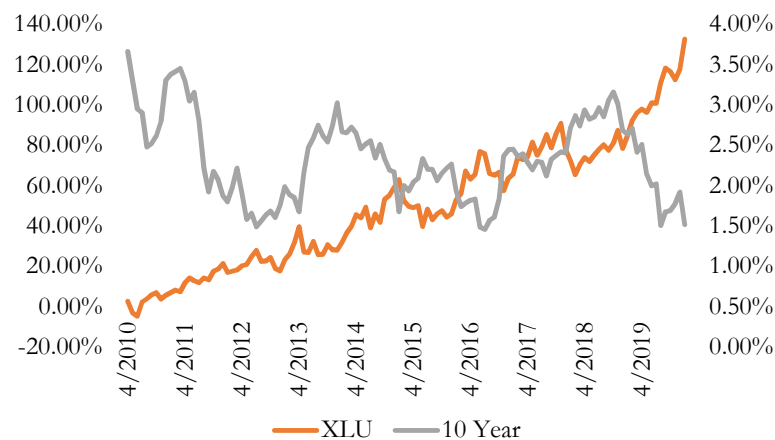


■ Defensive Stocks ■ Generac

## Revenue 2010 - 2022E (\$ Millions)

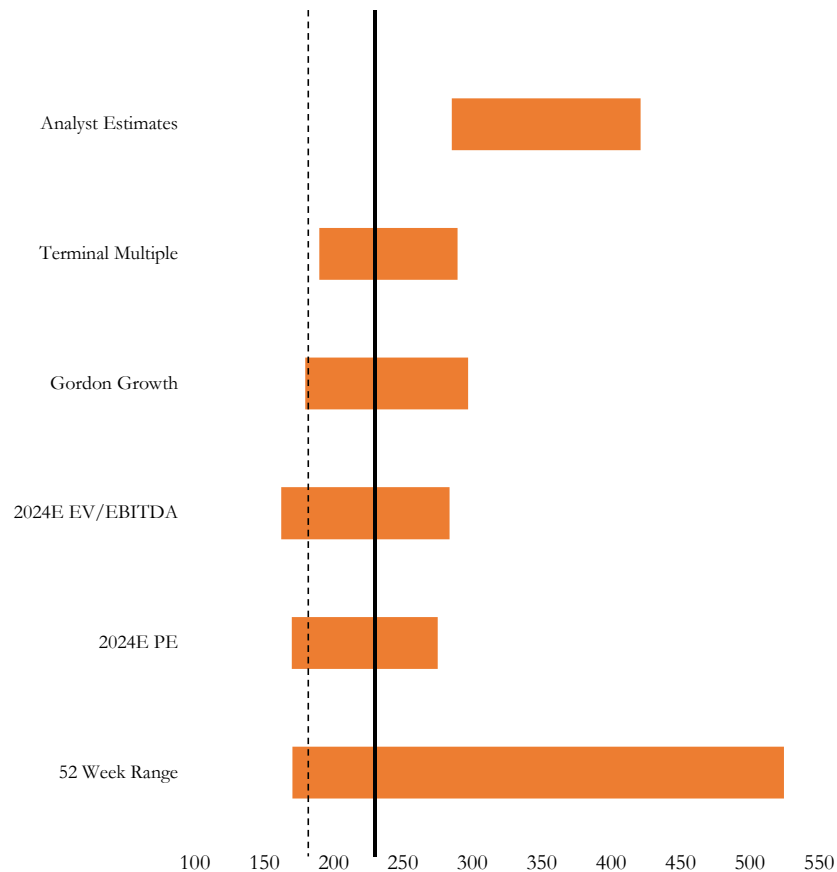


## Utilities vs. Treasury Yields

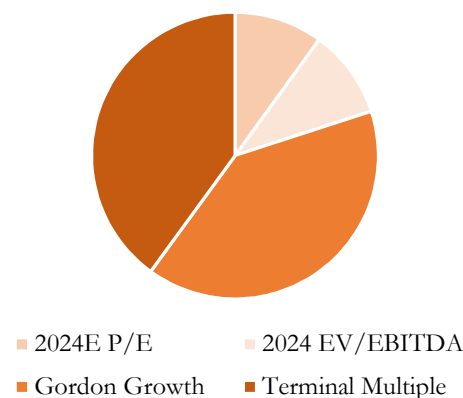


# Valuation

## Football Field



## Weightings



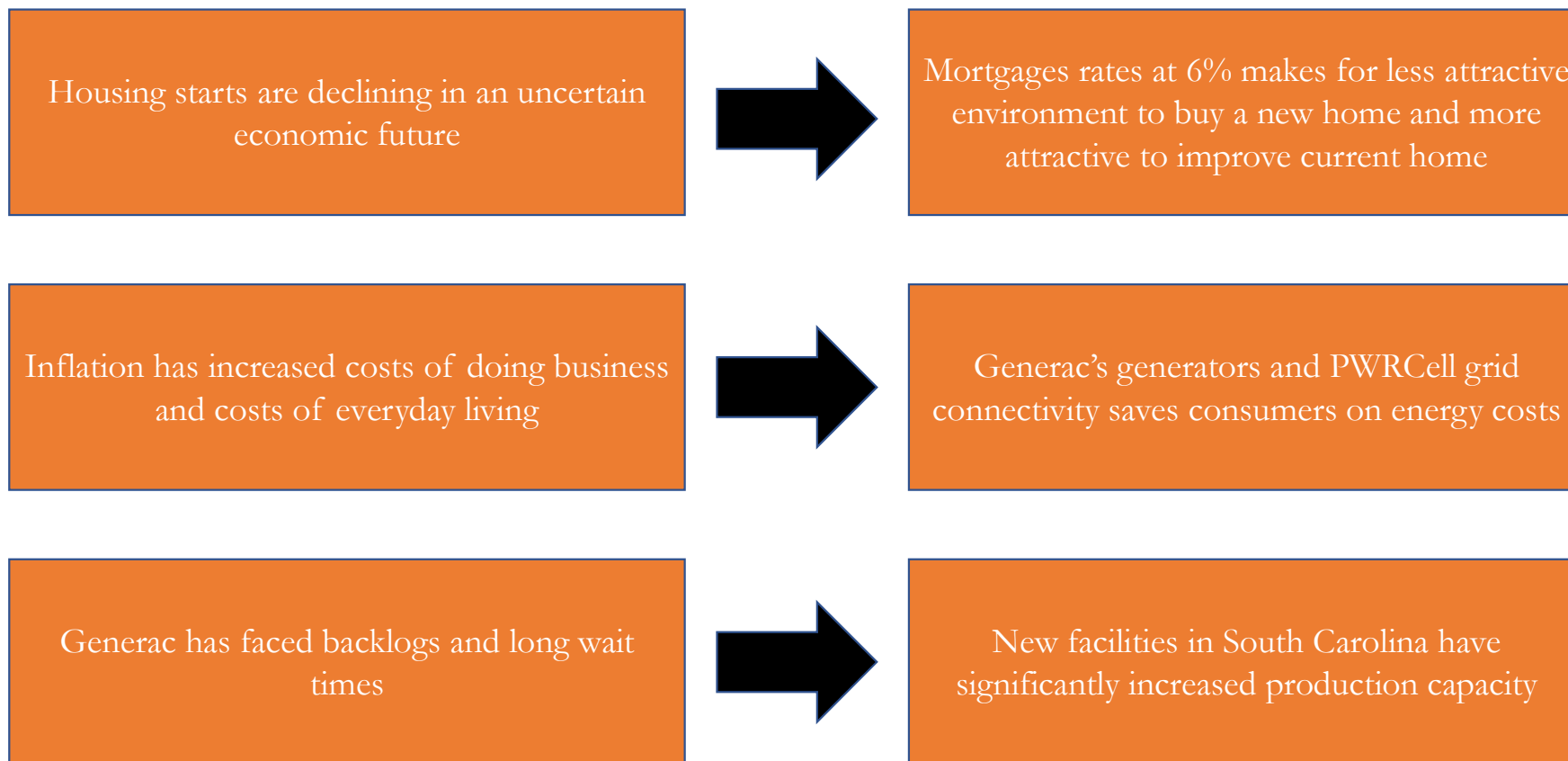
## Analyst Rating

Guggenheim	Buy	\$381
Goldman Sachs	Buy	\$405
Citi	Buy	\$380
Oppenheimer	Outperform	\$345
JP Morgan	Overweight	\$421
Wells Fargo	Overweight	\$285



# Risks & Mitigations

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# Thank You Questions?

**Buy: \$171**



**Target: \$232**



**Upside: 36%**

# Income Statement

Generac									
Income Statement - \$USD Thousands	FY 2019	FY 2020	FY 2021	FY 2022E	FY 2023E	FY 2024E	FY 2025E	FY 2026E	FY 2027E
<b>TOTAL REVENUES</b>	<b>2,204,336</b>	<b>2,485,200</b>	<b>3,737,184</b>	<b>5,086,946</b>	<b>5,758,779</b>	<b>6,292,365</b>	<b>6,799,251</b>	<b>7,274,903</b>	<b>7,755,039</b>
<b>Expenses:</b>									
Costs of goods sold	1,406,584	1,527,546	2,377,102	3,283,603	3,747,137	4,077,593	4,415,382	4,719,127	5,033,349
% of sales	63.81%	61.47%	63.61%	64.55%	65.07%	64.80%	64.94%	64.87%	64.90%
<b>GROSS PROFIT</b>	<b>797,752</b>	<b>957,654</b>	<b>1,360,082</b>	<b>1,803,343</b>	<b>2,011,642</b>	<b>2,214,772</b>	<b>2,383,869</b>	<b>2,555,776</b>	<b>2,721,690</b>
<b>Operating expenses:</b>									
Selling and service	217,683	246,373	319,020	449,025	557,315	545,931	521,806	412,692	301,379
% of sales	9.88%	9.91%	8.54%	8.83%	9.68%	8.68%	7.67%	5.67%	3.89%
Research and development	68,394	80,251	104,303	224,044	169,081	189,277	201,906	217,209	230,688
% of sales	3.10%	3.23%	2.79%	4.40%	2.94%	3.01%	2.97%	2.99%	2.97%
General and administrative	109,017	118,233	144,272	194,761	220,728	240,590	259,549	277,198	294,947
% of sales	4.95%	4.76%	3.86%	3.83%	3.83%	3.82%	3.82%	3.81%	3.80%
Acquisition Related Costs	1,851	1,411	21,465	-	-	-	-	-	-
Amortization of intangibles	28,644	32,280	49,886	87,180	87,805	101,732	106,751	115,786	122,477
% of sales	1.30%	1.30%	1.33%	1.71%	1.52%	1.62%	1.57%	1.59%	1.58%
<b>TOTAL OPERATING EXPENSES</b>	<b>423,738</b>	<b>477,137</b>	<b>617,481</b>	<b>955,010</b>	<b>1,034,929</b>	<b>1,077,530</b>	<b>1,090,012</b>	<b>1,022,885</b>	<b>949,491</b>
<b>INCOME FROM OPERATIONS</b>	<b>374,014</b>	<b>480,517</b>	<b>742,601</b>	<b>848,333</b>	<b>976,713</b>	<b>1,137,242</b>	<b>1,293,857</b>	<b>1,532,892</b>	<b>1,772,199</b>
<b>Other (expense) income:</b>									
Interest expense	(41,544)	(32,991)	(32,953)	(45,883)	(51,411)	(56,514)	(60,928)	(63,320)	(69,621)
% of sales	1.88%	1.33%	0.88%	0.90%	0.89%	0.90%	0.90%	0.90%	0.90%
Investment income	2,767	2,182	1,415	1,059.9	1,712	1,601	1,884	1,945	2,123
% of sales	0.13%	0.09%	0.04%	0.02%	0.03%	0.03%	0.03%	0.03%	0.03%
Loss on extinguishment of debt	(926)	-	(831)	3,743	-	-	-	-	-
Loss on pension settlement	(10,920)	-	-	-	-	-	-	-	-
Other, net	(1,933)	(2,106)	2,759	(660)	4,497	3,743	4,374	4,278	4,557
% of sales	0.09%	0.08%	-0.07%	0.01%	0.08%	0.06%	0.06%	0.06%	0.06%
Total other expense, net	(32,556)	(32,915)	(29,610)	(45,483)	(45,202)	(51,170)	(54,669)	(59,098)	(62,941)
<b>INCOME BEFORE INCOME TAXES</b>	<b>321,458</b>	<b>447,602</b>	<b>712,991</b>	<b>802,849</b>	<b>931,512</b>	<b>1,086,072</b>	<b>1,239,188</b>	<b>1,473,794</b>	<b>1,709,258</b>
Income Taxes	67,299	98,973	134,957	168,963	195,617	228,075	260,229	309,497	358,944
<b>NET INCOME</b>	<b>254,159</b>	<b>348,629</b>	<b>578,034</b>	<b>633,886</b>	<b>735,894</b>	<b>857,997</b>	<b>978,958</b>	<b>1,164,297</b>	<b>1,350,314</b>
Net income attributable to noncontrolling interests	301	(3,358)	6,075	7,399	8,921	9,467	10,431	11,092	11,909
% of sales	0.01%	-0.14%	0.16%	0.15%	0.15%	0.15%	0.15%	0.15%	0.15%
<b>NET INCOME ATTRIBUTABLE TO GENERAC</b>	<b>253,858</b>	<b>351,987</b>	<b>571,959</b>	<b>641,285</b>	<b>744,815</b>	<b>867,464</b>	<b>989,390</b>	<b>1,175,390</b>	<b>1,362,223</b>
Basic Shares Outstanding	61,927	62,281	62,686	63,662,510	63,662,510	63,662,510	63,662,510	63,662,510	63,662,510
EPS - Basic	4.09	5.61	8.51	10.07	11.70	13.63	15.54	18.46	21.40
Diluted Shares Outstanding	62,865,446	63,737,734	64,253,408	64,713,748	64,713,748	64,713,748	64,713,748	64,713,748	64,713,748
EPS - Diluted	4.03	5.48	8.30	9.91	11.51	13.40	15.29	18.16	21.05

# Balance Sheet

**GENERAC**

Generac					
Balance Sheet - \$USD Thousands	FY 2019	FY 2020	FY 2021	Q1 2022	Q2 2022
<b>Current Assets:</b>					
Cash and cash equivalents	322,883	655,128	147,339	206,023	467,140
Accounts receivable, less allowance for credit losses of \$12,025	319,538	374,906	546,466	609,870	692,291
Inventories	522,024	603,317	1,089,705	1,236,772	1,240,524
Prepaid expenses and other assets	31,384	36,382	64,954	72,736	91,356
<b>TOTAL CURRENT ASSETS</b>	<b>1,195,829</b>	<b>1,669,733</b>	<b>1,848,464</b>	<b>2,125,401</b>	<b>2,491,311</b>
<b>PROPERTY PLANT EQUIPMENT</b>	<b>316,976</b>	<b>343,936</b>	<b>440,852</b>	<b>443,480</b>	<b>446,007</b>
Customer lists, net	55,552	49,205	238,722	231,513	217,152
Patents and technology, net	85,546	86,727	492,473	482,947	469,384
Other intangible assets, net	8,259	9,932	66,436	56,246	51,727
Tradenames, net	148,377	146,159	243,531	237,854	233,023
Goodwill	805,284	855,228	1,409,674	1,412,187	1,388,051
Deferred income taxes	2,933	1,497	15,740	11,779	14,091
Operating lease and other assets	46,913	73,006	121,888	150,126	162,205
<b>TOTAL ASSETS</b>	<b>2,665,669</b>	<b>3,235,423</b>	<b>4,877,780</b>	<b>5,151,533</b>	<b>5,472,951</b>
<b>Current Liabilities:</b>					
Short-term Borrowings	58,714	39,282	72,035	84,995	77,514
Accounts payable	261,977	330,247	674,208	697,486	614,009
Accrued wages and employee benefits	41,361	63,036	72,060	50,443	61,249
Other accrued liabilities	132,629	204,812	331,674	415,955	415,730
Current portion of long-term borrowings and finance lease	2,383	4,147	5,930	4,279	3,674
<b>TOTAL CURRENT LIABILITIES</b>	<b>497,064</b>	<b>641,524</b>	<b>1,155,907</b>	<b>1,253,158</b>	<b>1,172,176</b>
Long-term borrowings and finance lease obligations	837,767	841,764	902,091	1,002,685	1,286,499
Deferred income taxes	96,328	115,769	205,964	163,843	151,643
Operating lease and other long-term liabilities	140,432	179,955	341,681	351,724	360,041
<b>TOTAL LIABILITIES</b>	<b>1,571,591</b>	<b>1,779,012</b>	<b>2,605,643</b>	<b>2,771,410</b>	<b>2,970,359</b>
Redeemable noncontrolling interest	61,227	66,207	58,050	71,511	82,830
<b>Stockholder's Equity:</b>					
Common stock, par value \$0.01, 500,000,000 shares	717	721	725	727	727
Additional paid-in capital	498,866	525,541	952,939	959,890	967,819
Treasury stock, at cost, 8,667,031 and 9,173,731 shares at	(324,551)	(332,164)	(448,976)	(471,833)	(475,294)
Excess purchase price over predecessor basis	(202,116)	(202,116)	(202,116)	(202,116)	(202,116)
Retained earnings	1,084,383	1,432,565	1,965,957	2,067,868	2,210,582
Accumulated other comprehensive loss	(24,917)	(34,254)	(54,755)	(46,402)	(82,839)
Stockholders' equity attributable to Generac Holdings Inc.	1,032,382	1,390,293	2,213,774	2,308,134	2,418,879
Noncontrolling interests	469	(89)	313	478	883
<b>TOTAL STOCKHOLDER'S EQUITY</b>	<b>1,032,851</b>	<b>1,390,204</b>	<b>2,214,087</b>	<b>2,308,612</b>	<b>2,419,762</b>
<b>TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY</b>	<b>\$ 2,665,669</b>	<b>3,235,423</b>	<b>4,877,780</b>	<b>5,151,533</b>	<b>5,472,951</b>

# Cash Flows



Generac					
Cash Flows - \$USD Thousands	FY 2019	FY 2020	FY 2021	Q1 2021	Q2 2022
<b>Operating activities</b>					
<b>Net income</b>	<b>252,308</b>	<b>347,218</b>	<b>556,569</b>	<b>116,896</b>	<b>157,637</b>
<b>Adjustments to reconcile net income to net cash provided</b>					
Depreciation	32,265	36,493	42,155	12,407	13,222
Amortization of intangible assets	28,644	32,280	49,886	26,054	25,876
Amortization of original issue discount and deferred financing costs	4,712	2,538	2,589	637	650
Loss on extinguishment of debt	926	0	831	0	3,743
Loss on pension settlement	10,920	0	0	0	0
Deferred income taxes	18,733	21,135	(2,096)	(49,156)	(12,463)
Share-based compensation expense	16,694	20,882	23,954	8,827	7,735
Loss (gain) on disposal of assets	0	0	(4,393)	(571)	(16)
Other	1,066	7,145	206	(6,446)	4,409
<b>Net changes in operating assets and liabilities, net of</b>					
Accounts receivable	8,231	(55,976)	(131,861)	(66,510)	(76,798)
Inventories	26,369	(77,983)	(470,991)	(147,250)	(10,982)
Other assets	(358)	12,859	(819)	2,253	(616)
Accounts payable	(69,404)	66,040	297,323	26,363	(80,946)
Accrued wages and employee benefits	(3,724)	20,157	5,814	(21,558)	9,682
Other accrued liabilities	(16,252)	60,533	73,798	102,015	(15,399)
Excess tax benefits from equity awards	(2,263)	(6,968)	(31,809)	(14,103)	(1,893)
<b>Net cash provided by operating activities</b>	<b>308,887</b>	<b>486,533</b>	<b>411,156</b>	<b>(10,142)</b>	<b>23,835</b>
<b>Investing activities</b>					
Proceeds from sale of property and equipment	95	179	259	1,864	19
Proceeds from sale of investment	0	0	4,968	1,308	0
Proceeds from beneficial interest in securitization transactions	2,630	2,651	4,609	1,573	270
Contribution to equity method investment	0	0	(3,660)	(2,921)	(7,308)
Expenditures for property and equipment	(60,802)	(62,128)	(109,992)	(28,200)	(18,303)
Acquisition of businesses, net of cash acquired	(112,001)	(64,797)	(713,471)	(999)	(10,422)
<b>Net cash used in investing activities</b>	<b>(170,078)</b>	<b>(124,095)</b>	<b>(817,287)</b>	<b>(27,375)</b>	<b>(35,744)</b>
<b>Financing activities</b>					
Proceeds from short-term borrowings	73,340	257,593	272,818	136,664	80,017
Proceeds from long-term borrowings	1,660	277	150,088	110,000	825,000
Repayments of short-term borrowings	(59,518)	(277,719)	(239,113)	(124,609)	(83,635)
Repayments of long-term borrowings and finance lease obligations	(53,049)	(4,758)	(108,556)	(1,737)	(536,664)
Stock repurchases	0	0	(125,992)	0	0
Payment of contingent acquisition consideration	(5,550)	(4,000)	(3,750)	0	0
Payment of debt issuance costs	(1,473)	0	(1,185)	0	(10,330)
Purchase of additional ownership interest	0	0	(27,164)	0	(375)
Cash dividends paid to noncontrolling interest of subsidiary	(285)	0	0	0	0
Taxes paid related to equity awards	(6,438)	(14,910)	(58,903)	(34,620)	(3,727)
Proceeds from the exercise of stock options	9,395	13,089	38,787	9,903	480
<b>Net cash used in financing activities</b>	<b>(41,918)</b>	<b>(30,428)</b>	<b>(102,970)</b>	<b>95,601</b>	<b>270,766</b>
Effect of exchange rate changes on cash and cash equivalents	1,510	235	1,312	600	2,260
Net (decrease) increase in cash and cash equivalents	98,401	332,245	(507,789)	58,684	261,117
Cash and cash equivalents at beginning of period	224,482	322,883	655,128	147,339	206,023
Cash and cash equivalents at end of period	322,883	655,128	147,339	206,023	467,140

# Revenue Build



Generac									
	FY 2019	FY 2020	FY 2021	FY 2022E	FY 2023E	FY 2024E	FY 2025E	FY 2026E	FY 2027E
<b>Total Revenues</b>	2,204,336	2,485,200	3,737,184	5,086,946	5,758,779	6,292,365	6,799,251	7,274,903	7,755,039
<i>% Growth q/q</i>		12.74%	50.38%	36.12%	13.21%	9.27%	8.06%	7.00%	6.60%
<b>Residential Products</b>	1,143,723	1,556,501	2,456,765	3,468,296	3,960,192	4,339,755	4,713,706	5,074,301	5,438,822
<i>% growth q/q</i>		36.09%	57.84%	41.17%	14.18%	9.58%	8.62%	7.65%	7.18%
<i>% of Total Revenue</i>	51.89%	62.63%	65.74%	68.18%	68.77%	68.97%	69.33%	69.75%	70.13%
<b>Commercial &amp; Industrial Products</b>	871,595	701,751	998,998	1,271,094	1,411,250	1,524,786	1,617,253	1,683,298	1,739,563
<i>% Growth q/q</i>		-19.49%	42.36%	27.24%	11.03%	8.05%	6.06%	4.08%	3.34%
<i>% of Total Revenue</i>	39.54%	28.24%	26.73%	24.99%	24.51%	24.23%	23.79%	23.14%	22.43%
<b>Other</b>	189,018	226,948	281,421	347,555	387,337	427,824	468,293	517,305	576,654
<i>% Growth q/q</i>		20.07%	24.00%	23.50%	11.45%	10.45%	9.46%	10.47%	11.47%
<i>% of Total Revenue</i>	8.57%	9.13%	7.53%	6.83%	6.73%	6.80%	6.89%	7.11%	7.44%

# Free Cash Flows

Generac												
	Q4 2019	Q4 2020	Q4 2021	Q1 2022	Q2 2022	Q3 2022E	Q4 2022E	Q4 2023E	Q4 2024E	FY 2025E	FY 2026E	FY 2027E
EBIT	95,326	173,307	197,572	155,058	213,698	167,740	308,493	304,012	378,971	1,300,116	1,539,115	1,778,879
NOPAT	75,308	136,913	156,082	122,496	168,821	132,515	243,710	240,170	299,387	1,027,091	1,215,901	1,405,314
Tax Rate	21%	21%	21%	21%	21%	21%	21%	21%	21%	21%	21%	21%
Plus D&A	19,183	19,344	30,007	39,098	39,748	35,460	41,646	51,273	55,194	216,335	231,384	246,475
Less CapEx	(15,355)	(28,188)	(22,536)	(28,200)	(18,303)	(24,911)	(42,108)	(48,188)	(53,768)	(172,626)	(181,395)	(195,455)
Less ΔNWC	(78,751)	(43,027)	64,210	124,529	159,069	(152,791)	170,131	219,324	293,271	(84,341)	73,003	75,060
FCFF	157,887	171,096	99,343	8,865	31,197	295,854	73,116	23,930	7,542	1,155,142	1,192,887	1,381,273

# DCF

Present Value							
	0.25	0.5	1.5	2.5	3.5	4.5	5.5
PV of Cash Flows(Gordon Growth)	288,957	69,747	20,772	5,957	830,271	780,204	12,217,487
PV of Cash Flows(Multiples Method)	288,957	69,747	20,772	5,957	830,271	780,204	11,624,688

Gordon Growth	
Final Year FCFF	1,381,273
WACC	9.89%
Terminal Growth	2.50%
Terminal Value	19,146,831
Enterprise Value	15,505,974

Equity Value Calculation	
Enterprise Value	15,505,974
Debt	1,364,013
Minority Interests	
Cash	467,140
Equity Value	14,609,101
Diluted Shares Outstanding	64,713,748
Per Share Value	225.75

Multiples Method	
Terminal Multiple	12.21
Terminal Value	18,150,797
Enterprise Value	14,913,175

Equity Value Calculation	
Enterprise Value	14,913,175
Debt	1,364,013
Minority Interests	0
Cash	467,140
Equity Value	14,016,302
Diluted Shares Outstanding	64,713,748
Per Share Value	216.59



# Comparable Companies

Generac												
Company	Ticker	Share Price	Market Cap	EV	EPS(TTM)	EBITDA	EPS 2024E	EBITDA 2024E	EV/EBITDA	P/E	P/E 2024	EV/EBITDA 2024
Generac	GNRC	171.08	10,920,200	11,904,500	8.30	850,900	15.89	1,486,400	13.99	20.61	10.77	8.01
Clean Energy												
Enphase	ENPH	283.63	38,419,700	38,478,100	1.40	255,300	6.12	1,083,100	150.72	202.59	46.345	35.53
SolarEdge	SEDG	270.94	15,073,800	14,196,200	2.49	260,700	11.59	821,100	54.45	108.81	23.377	17.29
Sunpower	SPWR	25.18	4,383,700	4,464,100	-	31,700	1.02	250,900	140.82	-	24.686	17.79
Generators												
Caterpillar	CAT	170.55	90,034,900	94,596,900	12.49	9,534,000	15.21	11,002,500	9.92	13.65	11.213	8.60
Cummins	CMI	207.04	29,191,100	31,970,100	14.31	3,509,000	19.7	4,346,700	9.11	14.47	10.510	7.36
Terex	TEX	31.14	2,111,300	2,686,200	3.29	409,500	5.03	526,200	6.56	9.47	6.191	5.10

Minimum	6.56	9.47	6.19	5.10
Q1	9.31	13.65	10.69	7.67
Median	32.19	14.47	17.30	12.94
Q3	119.23	108.81	24.36	17.67
Maximum	150.72	202.59	46.34	35.53
Mean	61.93	69.80	20.39	15.28

Minimum	72.39	78.56	98.37	103.39
Q1	108.60	113.34	169.79	162.21
Median	409.37	120.09	274.82	283.44
Q3	1553.87	903.13	387.06	391.92
Maximum	1967.87	1681.52	736.42	802.13
Mean	800.45	579.33	323.95	337.05

# Net Working Capital

Generac									
<b>Current Assets</b>	Q4 2019	Q4 2020	Q4 2021	Q4 2022E	Q4 2023E	Q4 2024E	FY 2025	FY 2026	FY 2027
A/R Days	49.34	44.95	46.73	45.84	46.29	46.06	48.33	48.33	48.33
A/R	319,538	374,906	546,466	754,217	871,495	967,729	900,365	963,352	1,026,932
DSO	129.19	119.45	141.14	130.29	135.72	133.00	133.85	133.85	133.85
Inventory	522,024	603,317	1,089,705	1,356,794	1,677,782	1,801,591	1,619,154	1,730,539	1,845,767
<b>Current Liabilities</b>									
A/P Days	64.84	65.39	64.74	65.07	64.91	64.99	68.21	68.21	68.21
A/P	261,977	330,247	674,208	677,546	802,388	880,244	825,133	881,895	940,616
Accrued Wages and Employee Benefits % of Revenue	6.39	7.56	9.33	8.45	8.89	8.67	7.24	7.24	7.24
Accrued Wages and Employee Benefits	41,361	63,036	72,060	138,954	167,373	182,091	134,831	144,264	153,785
Other Accrued Liabilities % of Revenue	20.48	24.56	28.36	26.46	27.41	26.94	26.99	26.99	26.99
Other Accrued Liabilities	132,629	204,812	331,674	435,343	516,117	565,882	502,794	537,968	573,473
<b>Total Current Assets</b>	<b>841,562</b>	<b>978,223</b>	<b>1,636,171</b>	<b>2,111,011</b>	<b>2,549,277</b>	<b>2,769,319</b>	<b>2,519,519</b>	<b>2,693,891</b>	<b>2,872,698</b>
<b>Total Current Liabilities</b>	<b>435,967</b>	<b>598,095</b>	<b>1,077,942</b>	<b>1,251,843</b>	<b>1,485,879</b>	<b>1,628,218</b>	<b>1,462,758</b>	<b>1,564,127</b>	<b>1,667,874</b>
<b>NWC</b>	<b>405,595</b>	<b>380,128</b>	<b>558,229</b>	<b>859,168</b>	<b>1,063,398</b>	<b>1,141,102</b>	<b>1,056,761</b>	<b>1,129,764</b>	<b>1,204,824</b>
<b>Δ NWC</b>	<b>(78,751)</b>	<b>(43,027)</b>	<b>64,210</b>	<b>170,131</b>	<b>279,324</b>	<b>293,271</b>	<b>(84,341)</b>	<b>73,003</b>	<b>75,060</b>

# CapEx and D&A

Generac									
	FY 2019	FY 2020	FY 2021	FY 2022E	FY 2023E	FY 2024E	FY 2025E	FY 2026E	FY 2027E
Depreciation and Amortization	65,621	71,371	94,630	155,952	181,704	200,042	216,335	231,384	246,475
<i>% of Capex</i>	107.93%	114.88%	86.03%	137.38%	119.83%	130.41%	125.32%	127.56%	126.10%
Capital Expenditures	(60,802)	(62,128)	(109,992)	(113,523)	(151,637)	(153,390)	(172,626)	(181,395)	(195,455)
<i>% of Revenue</i>	2.76%	2.50%	2.94%	2.23%	2.63%	2.44%	2.54%	2.49%	2.52%

# WACC



Generac	
WACC Calculation	
Beta	1.30
Risk Free Rate	3.40%
Expected Market Return	9.00%
Risk Premium	5.60%
<b>Cost of Equity</b>	<b>10.66%</b>
Pre-Tax cost of debt	4.07%
Tax Rate	21%
<b>Cost of Debt</b>	<b>3.22%</b>
Current Price	182.91
Market Cap	11,836,792
Debt Outstanding	1,364,013
Total Capitalization	13,200,805
Weight of Equity	89.67%
Weight of Debt	10.33%
<b>WACC</b>	<b>9.89%</b>

Interest Coverage Ratio	21.18652
Damodoran Spread	0.67%