

GNRC Generac Holdings

GNRC



MARKET CAP
US\$27.8b

7D
-3.2%

1Y
139.4%



UPDATED 16 Sep, 2021

GNRC Overview

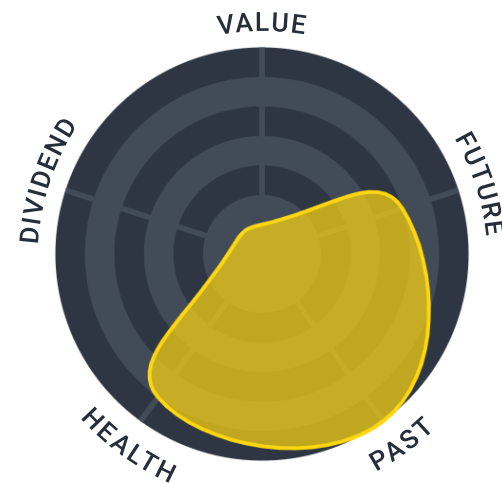
Generac Holdings Inc. designs, manufactures, and sells power generation equipment, energy storage systems, and other power products for the residential, and light commercial and industrial markets worldwide.

REWARDS

- ★ Earnings are forecast to grow 17.4% per year ▶
- ★ Earnings grew by 106% over the past year ▶

RISK ANALYSIS

- ⚠ Has a high level of debt ▶



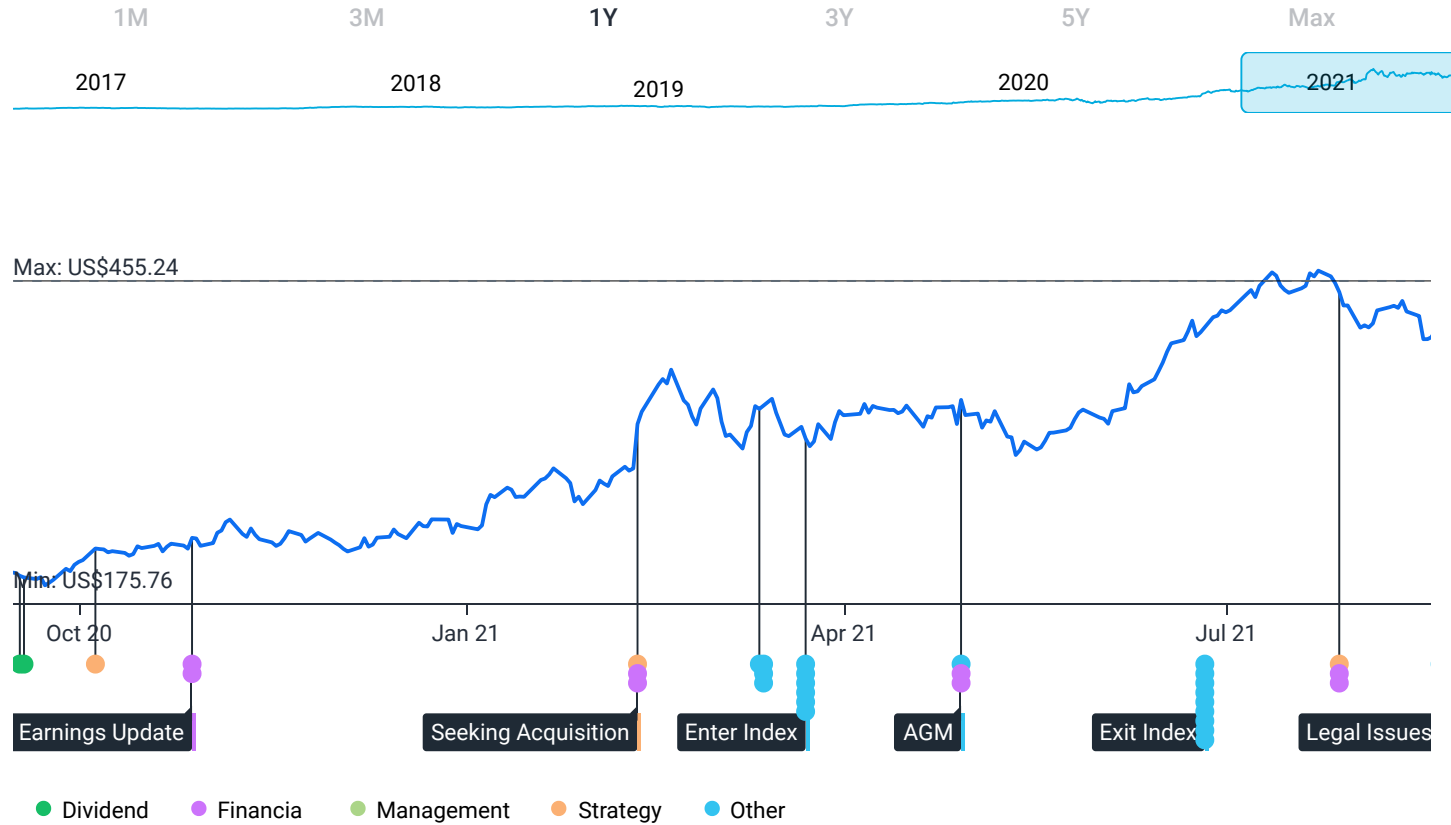
Snowflake Analysis

Outstanding track record with excellent balance sheet.

2 | Share Price & News

How has Generac Holdings's share price performed over time and what events caused price changes?

2.1 | Latest Share Price and Events



✓ **Stable Share Price:** GNRC is not significantly more volatile than the rest of US stocks over the past 3 months, typically moving +/- 4% a week.

✓ **Volatility Over Time:** GNRC's weekly volatility (4%) has been stable over the past year.

2.2 | Market Performance

7 Day Return

-3.2%

GNRC

-1.1%

US Electrical

-0.6%

US Market

1 Year Return

139.4%

GNRC

47.9%

US Electrical

33.6%

US Market

- ✔ **Return vs Industry:** GNRC exceeded the US Electrical industry which returned 48.2% over the past year.
- ✔ **Return vs Market:** GNRC exceeded the US Market which returned 33.7% over the past year.

Shareholder returns

| | GNRC | Industry | Market |
|--------|----------|----------|--------|
| 7 Day | -3.2% | -1.1% | -0.6% |
| 30 Day | 13.0% | -1.7% | 1.3% |
| 90 Day | 14.1% | 3.4% | 5.3% |
| 1 Year | 139.4% | 47.9% | 33.6% |
| 3 Year | 659.6% | 66.2% | 51.0% |
| 5 Year | 1,160.6% | 98.8% | 99.1% |

Generac Holdings Fundamentals Summary

| GNRC fundamental statistics | |
|-----------------------------|-------------|
| Market Cap | US\$27.82b |
| Earnings (TTM) | US\$519.72m |
| Revenue (TTM) | US\$3.19b |

Long-Term Price Volatility Vs. Market

How volatile is Generac Holdings's share price compared to the market and industry in the last 5 years?

53.5x

P/E Ratio

8.7x

P/S Ratio

Earnings & Revenue

| GNRC income statement (TTM) | |
|-----------------------------|-------------|
| Revenue | US\$3.19b |
| Cost of Revenue | US\$1.95b |
| Gross Profit | US\$1.24b |
| Expenses | US\$724.49m |
| Earnings | US\$519.72m |

Last Reported Earnings
Jun 29, 2021

Next Earnings Date
n/a

Earnings per share (EPS)

8.32

Gross Margin

39.00%

Net Profit Margin

16.29%

Debt/Equity Ratio

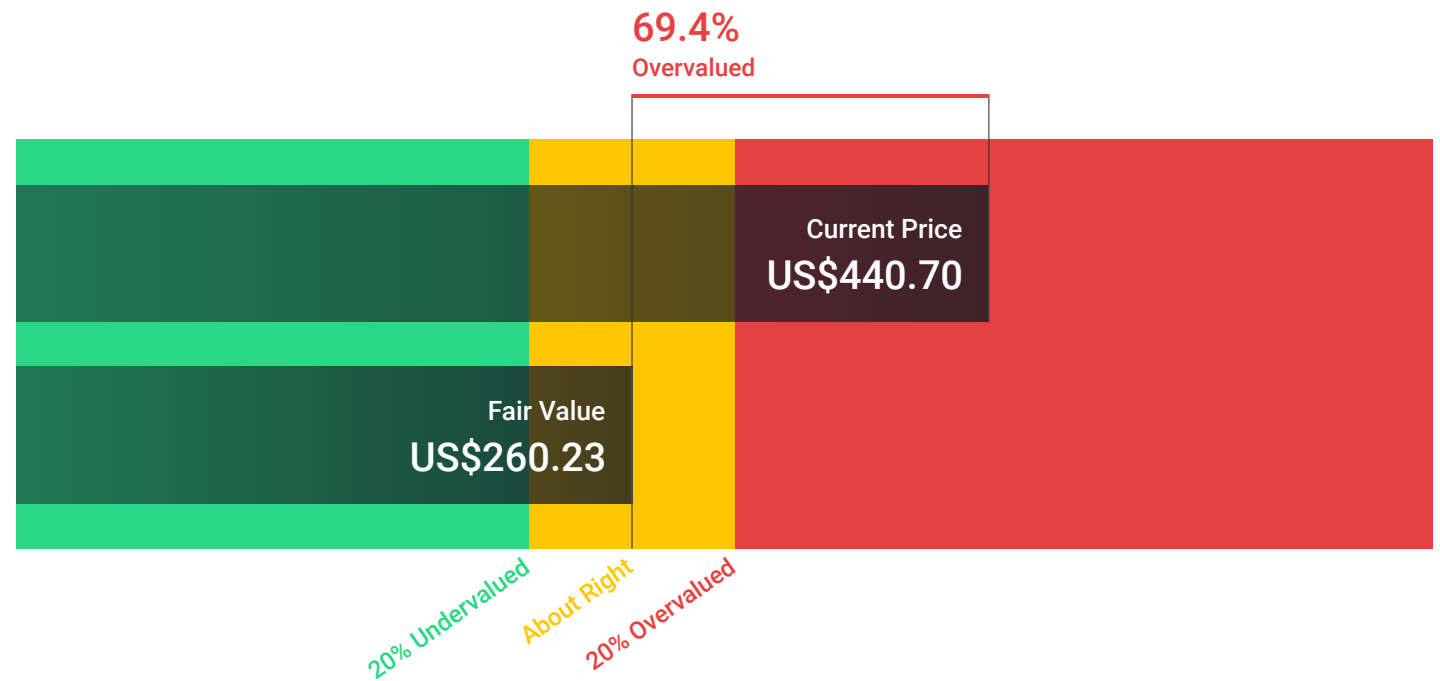
49.7%

1 | Valuation

53.52x

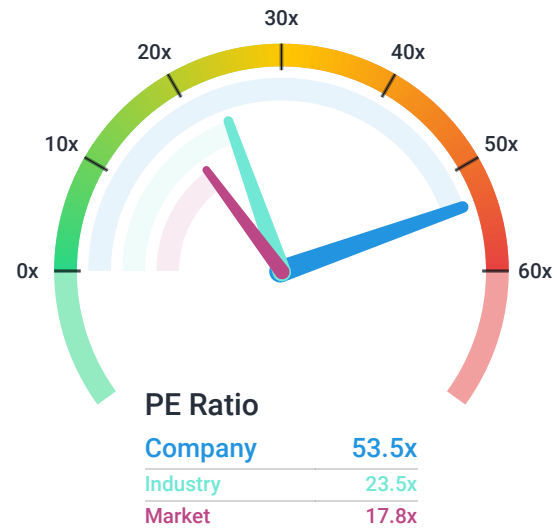
Price to Earnings (PE) ratio

1.1 | Share Price vs. Fair Value



- ⊗ **Below Fair Value:** GNRC (\$440.7) is trading above our estimate of fair value (\$260.23)
- ⊗ **Significantly Below Fair Value:** GNRC is trading above our estimate of fair value.

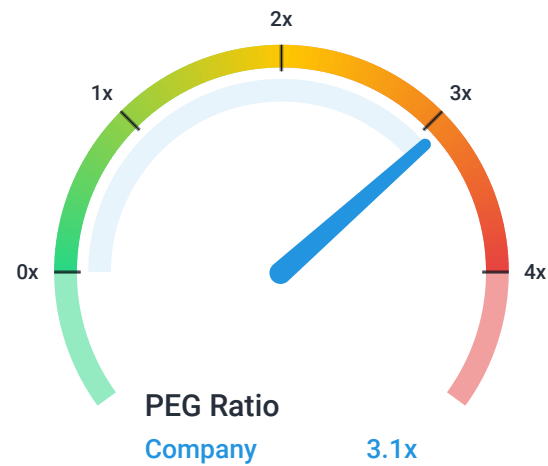
1.2 | Price To Earnings Ratio



⊗ **PE vs Industry:** GNRC is poor value based on its PE Ratio (53.5x) compared to the US Electrical industry average (23.7x).

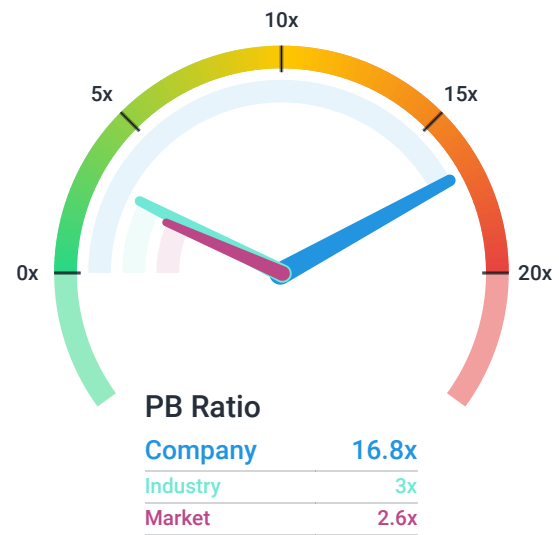
⊗ **PE vs Market:** GNRC is poor value based on its PE Ratio (53.5x) compared to the US market (17.8x).

1.3 | Price to Earnings Growth Ratio



⊗ **PEG Ratio:** GNRC is poor value based on its PEG Ratio (3.1x)

1.4 | Price to Book Ratio



⊗ **PB vs Industry:** GNRC is overvalued based on its PB Ratio (16.8x) compared to the US Electrical industry average (3x).

2 | Future Growth

Analysis Checks 4/6

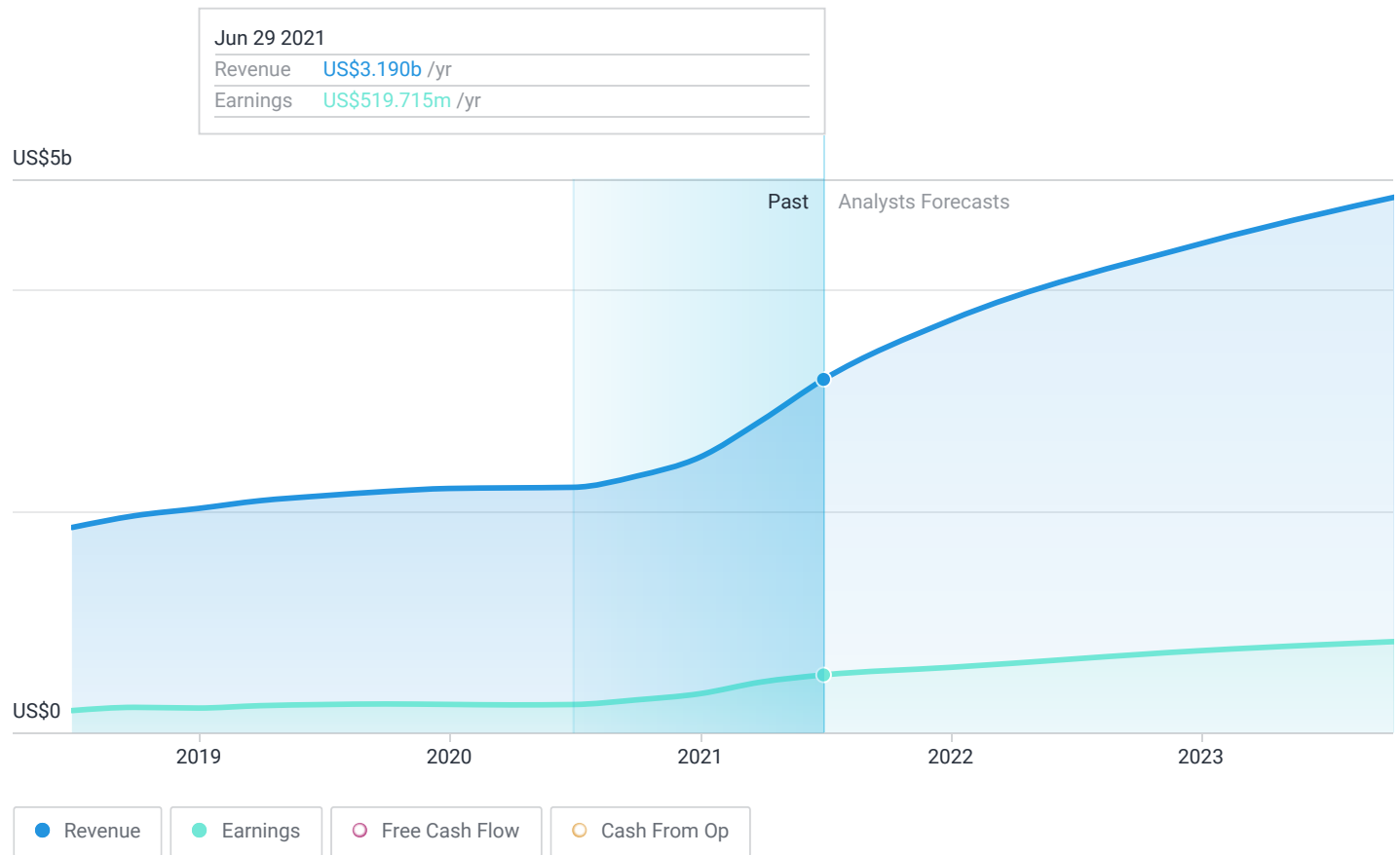


How is Generac Holdings forecast to perform in the next 1 to 3 years based on estimates from 18 analysts?

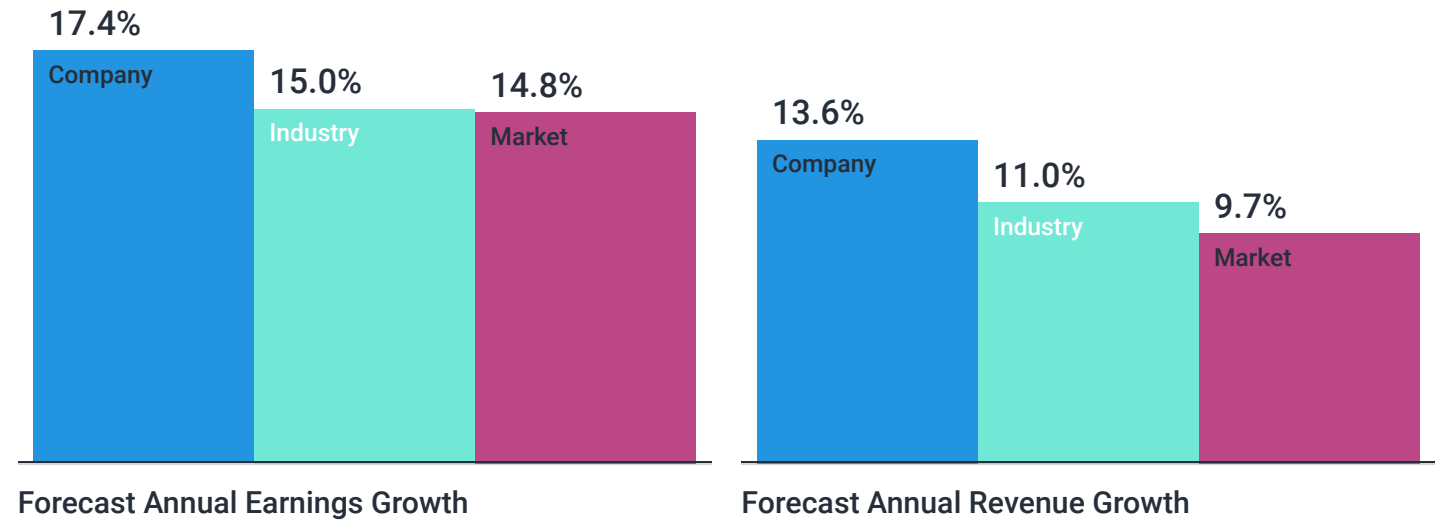
17.4%

Forecasted annual earnings growth

2.1 | Earnings and Revenue Growth Forecasts

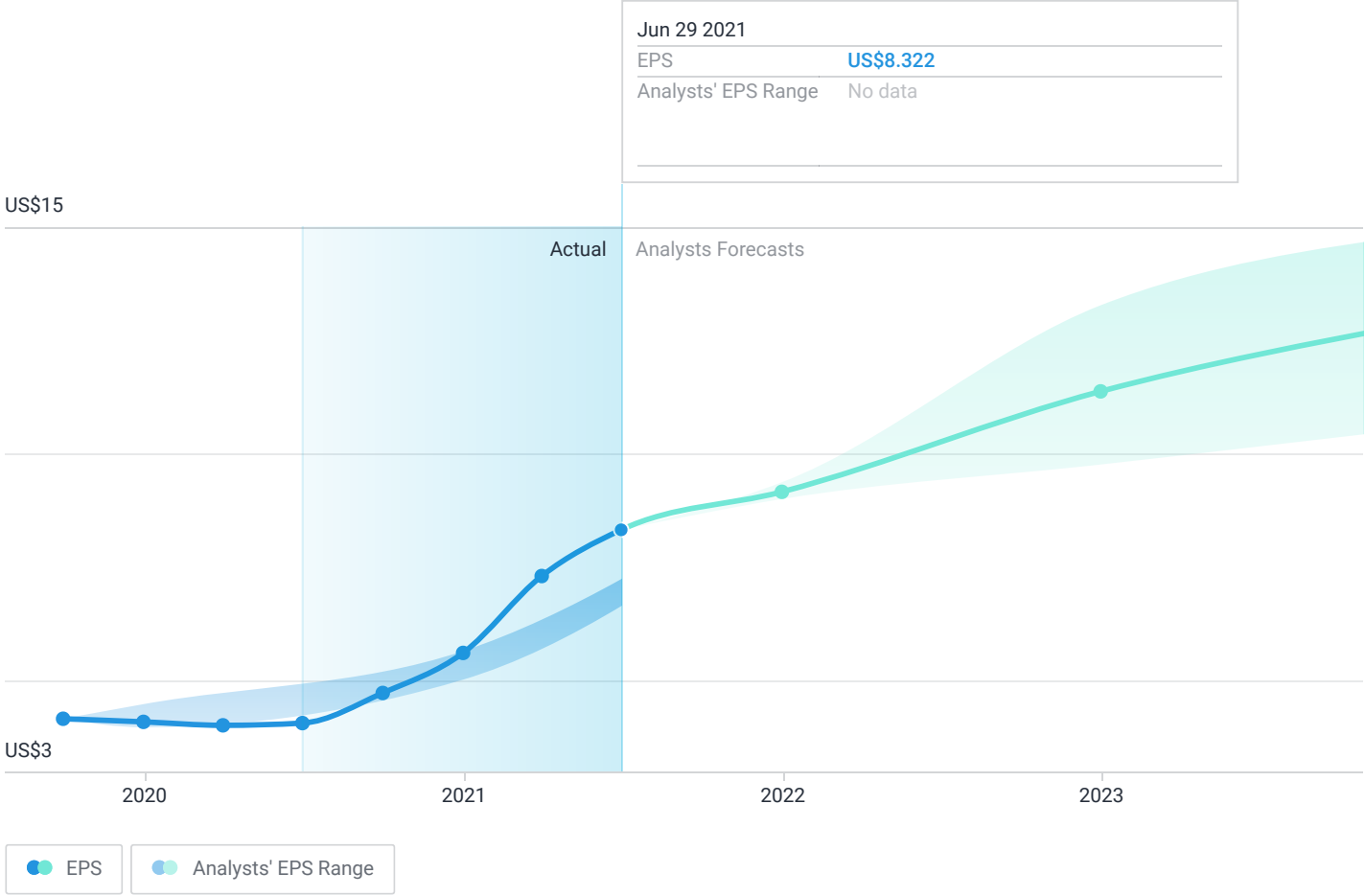


2.2 | Analyst Future Growth Forecasts

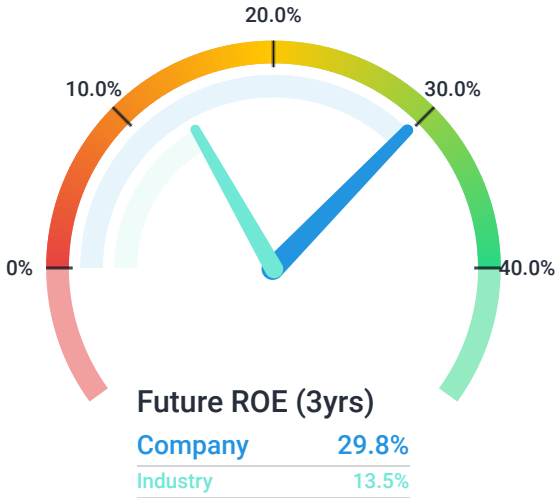


- ✔ **Earnings vs Savings Rate:** GNRC's forecast earnings growth (17.4% per year) is above the savings rate (2%).
 - ✔ **Earnings vs Market:** GNRC's earnings (17.4% per year) are forecast to grow faster than the US market (14.9% per year).
 - ✘ **High Growth Earnings:** GNRC's earnings are forecast to grow, but not significantly.
 - ✔ **Revenue vs Market:** GNRC's revenue (13.6% per year) is forecast to grow faster than the US market (9.7% per year).
 - ✘ **High Growth Revenue:** GNRC's revenue (13.6% per year) is forecast to grow slower than 20% per year.
-

2.3 Earnings per Share Growth Forecasts



2.4 | Future Return on Equity



✔ Future ROE: GNRC's Return on Equity is forecast to be high in 3 years time (29.8%)

3 | Past Performance

Analysis Checks 6/6



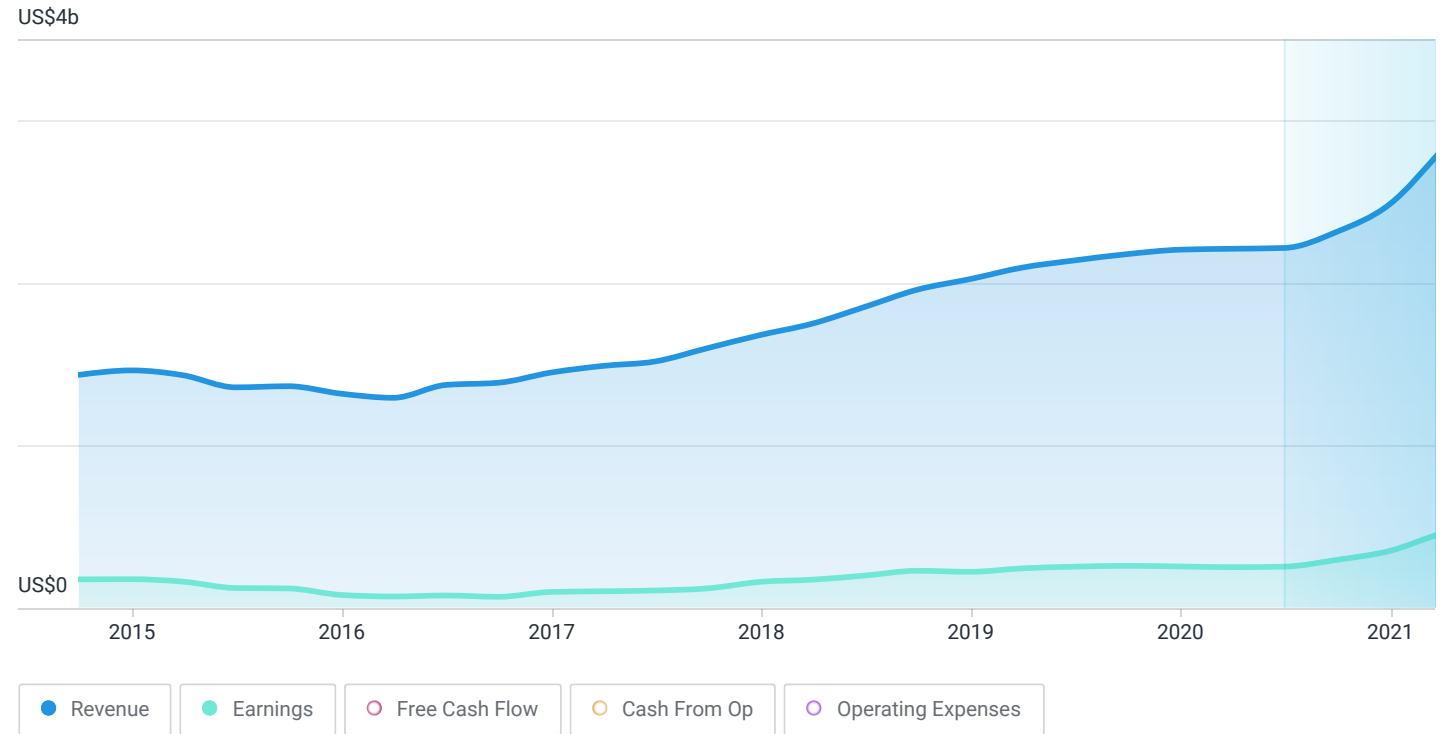
How has Generac Holdings performed over the past 5 years?

31.9%

Historical annual earnings growth

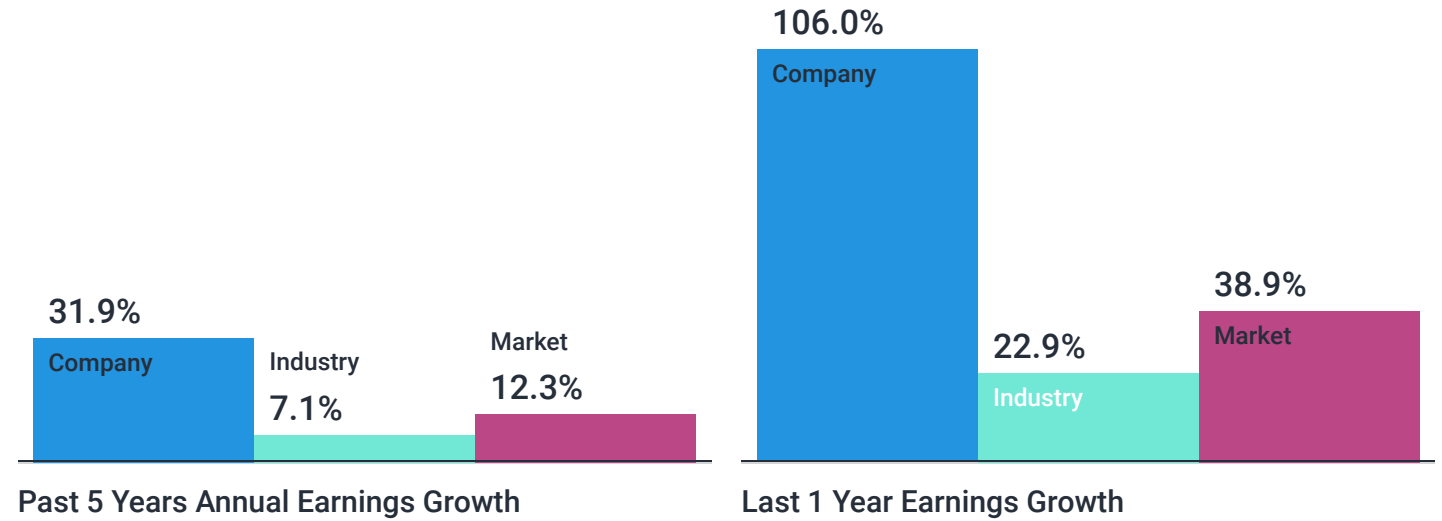
3.1 Earnings and Revenue History

| | |
|-------------|---------------------|
| Jun 29 2021 | |
| Revenue | US\$3.190b /yr |
| Earnings | US\$519.715m /yr |
| | 16.3% profit margin |



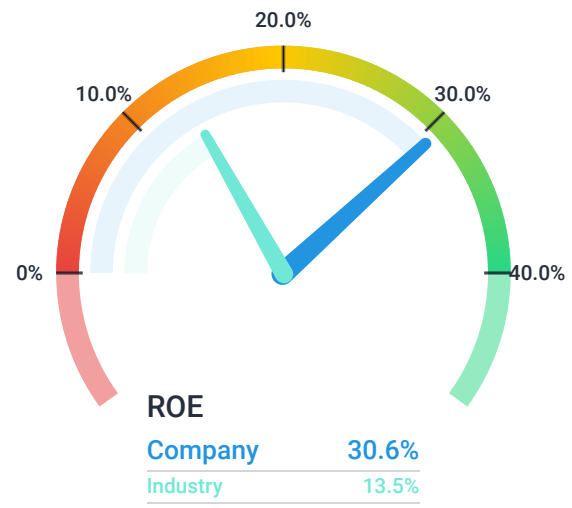
- ✔ Quality Earnings: GNRC has high quality earnings.
- ✔ Growing Profit Margin: GNRC's current net profit margins (16.3%) are higher than last year (11.4%).

3.2 | Past Earnings Growth Analysis



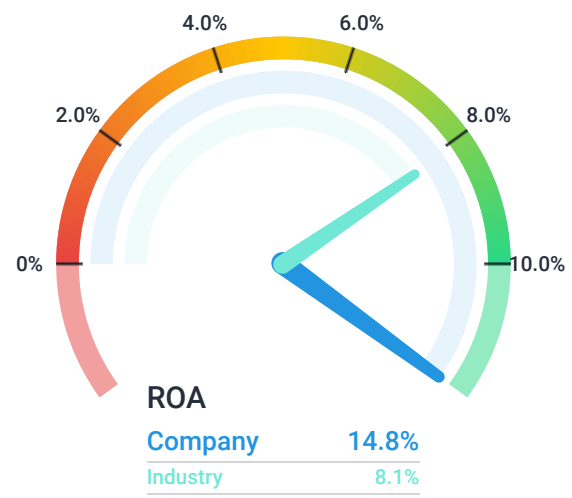
- ✓ **Earnings Trend:** GNRC's earnings have grown significantly by 31.9% per year over the past 5 years.
 - ✓ **Accelerating Growth:** GNRC's earnings growth over the past year (106%) exceeds its 5-year average (31.9% per year).
 - ✓ **Earnings vs Industry:** GNRC earnings growth over the past year (106%) exceeded the Electrical industry 22.9%.
-

3.3 | Return on Equity

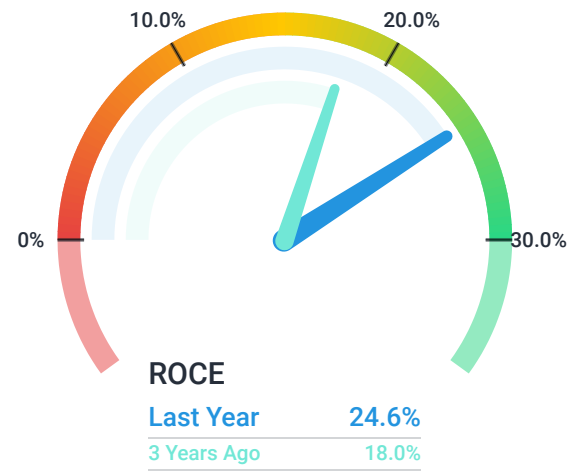


✔ High ROE: GNRC's Return on Equity (30.6%) is considered high.

3.4 | Return on Assets



3.5 | Return on Capital Employed



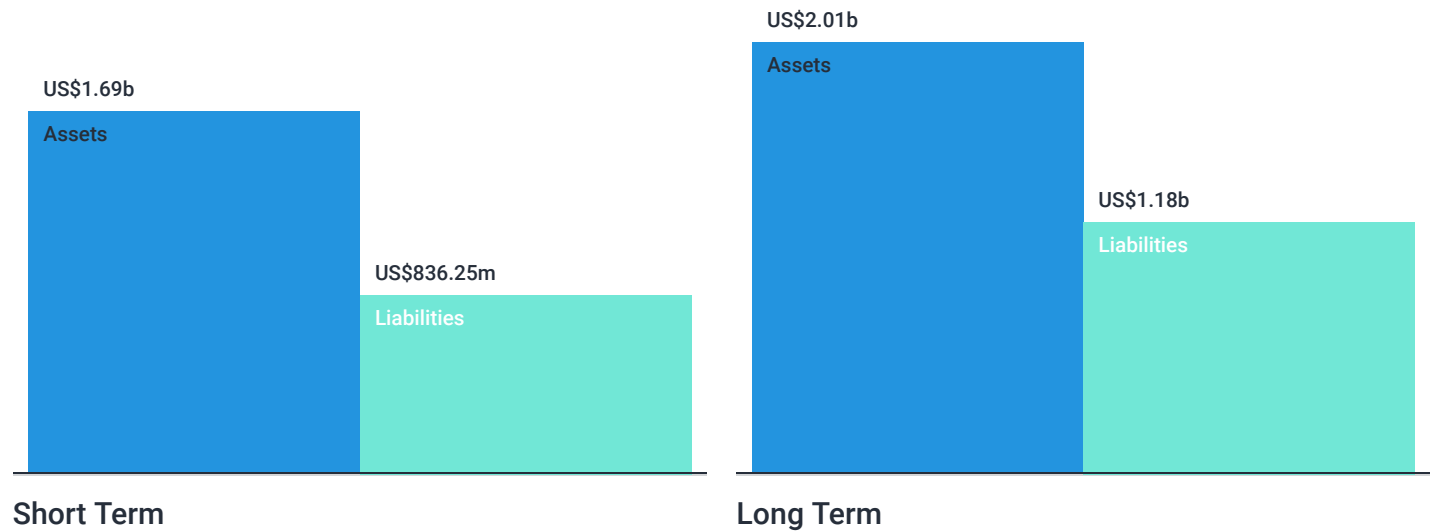
4 | Financial Health

Analysis Checks 5/6



How is Generac Holdings's financial position?

4.1 | Financial Position Analysis



✓ Short Term Liabilities: GNRC's short term assets (\$1.7B) exceed its short term liabilities (\$836.2M).

✓ Long Term Liabilities: GNRC's short term assets (\$1.7B) exceed its long term liabilities (\$1.2B).

4.2 Debt to Equity History and Analysis

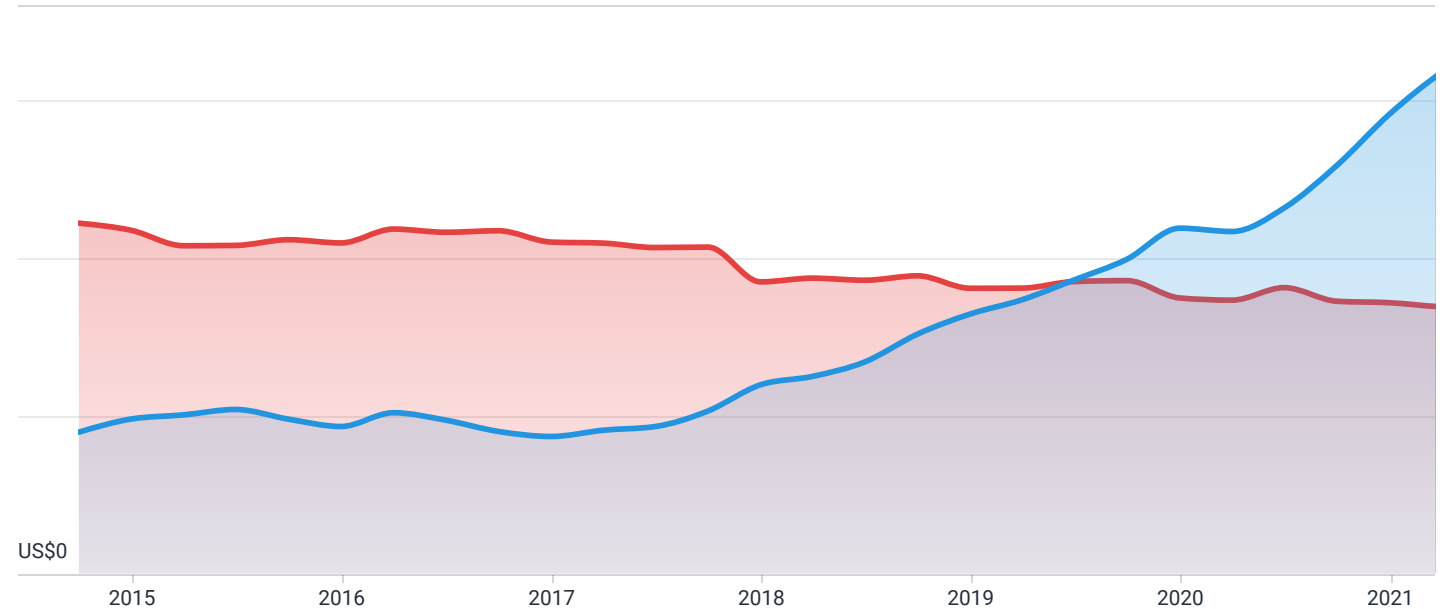
Jun 29 2021

Debt **US\$841.544m**

Equity **US\$1.693b**

49.7% Debt/Equity Ratio

US\$2b



● Debt ● Equity ○ Cash And Equivalents

- ❌ **Debt Level:** GNRC's debt to equity ratio (49.7%) is considered high.
- ✅ **Reducing Debt:** GNRC's debt to equity ratio has reduced from 222.6% to 49.7% over the past 5 years.
- ✅ **Debt Coverage:** GNRC's debt is well covered by operating cash flow (77.1%).
- ✅ **Interest Coverage:** GNRC's interest payments on its debt are well covered by EBIT (23.5x coverage).

4.3 | Balance Sheet

Assets

| | |
|--------------------------------------|--|
| Long term & Other Assets US\$1.6b | Receivables US\$480.9m |
| | Physical Assets US\$462.7m |
| Inventory US\$772.9m | Cash & Short term Investments US\$390.1m |

Liabilities + Equity

| | |
|--------------------|---------------------------------|
| Equity US\$1.7b | Other Liabilities US\$645.8m |
| Debt US\$841.5m | Accounts Payable US\$526.4m |

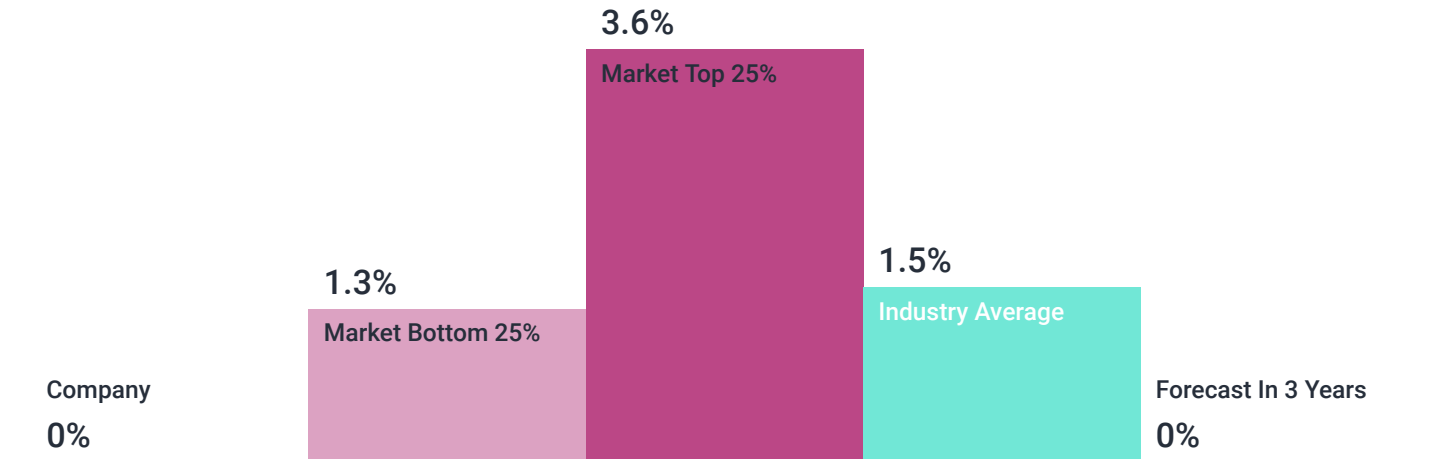
5 | Dividend

Analysis Checks 0/6



What is Generac Holdings's current dividend yield, its reliability and sustainability?

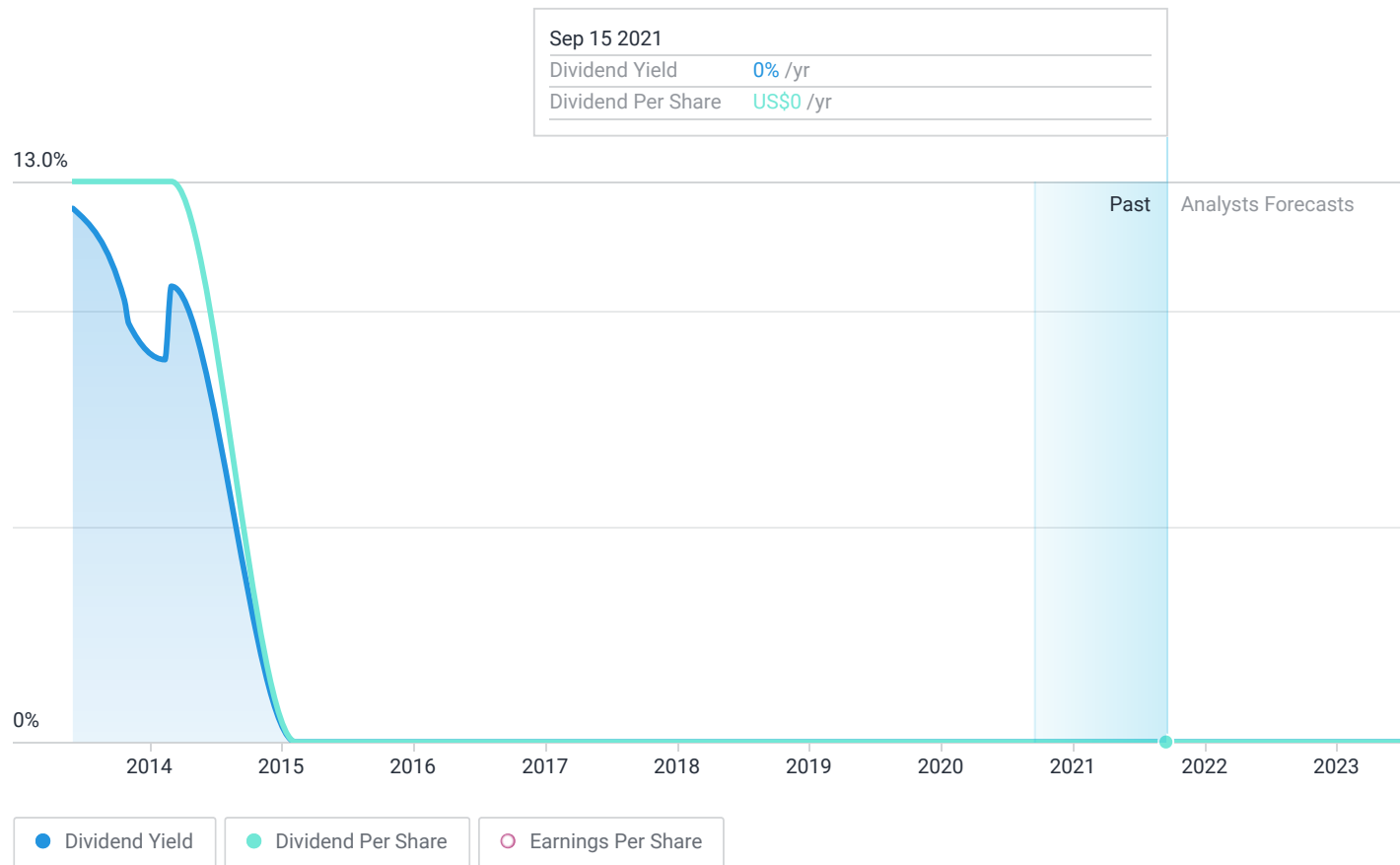
5.1 | Dividend Yield vs Market




Current Dividend Yield Vs Market & Industry

- ⊗ **Notable Dividend:** Unable to evaluate GNRC's dividend yield against the bottom 25% of dividend payers, as the company has not reported any recent payouts.
- ⊗ **High Dividend:** Unable to evaluate GNRC's dividend yield against the top 25% of dividend payers, as the company has not reported any recent payouts.

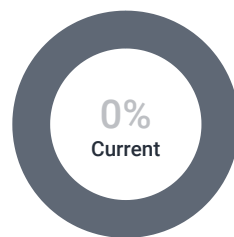
5.2 Stability and Growth of Payments



 **Stable Dividend:** Insufficient data to determine if GNRC's dividends per share have been stable in the past.

 **Growing Dividend:** Insufficient data to determine if GNRC's dividend payments have been increasing.

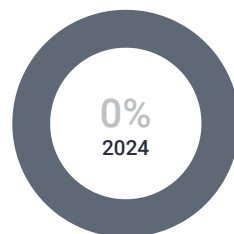
5.3 | Current Payout to Shareholders



Does not pay a dividend

⊗ **Dividend Coverage:** GNRC is not paying a notable dividend for the US market.

5.4 | Future Payout to Shareholders



Does not pay a dividend

⊗ **Future Dividend Coverage:** No need to calculate the sustainability of GNRC's dividend in 3 years as they are not forecast to pay a notable one for the US market.

6 | Management

How experienced are the management team and are they aligned to shareholders interests?

4.4yrs

Average management tenure

6.1

Aaron Jagdfeld (49 yo)

13yrs

Tenure

US\$6,961,597

Compensation

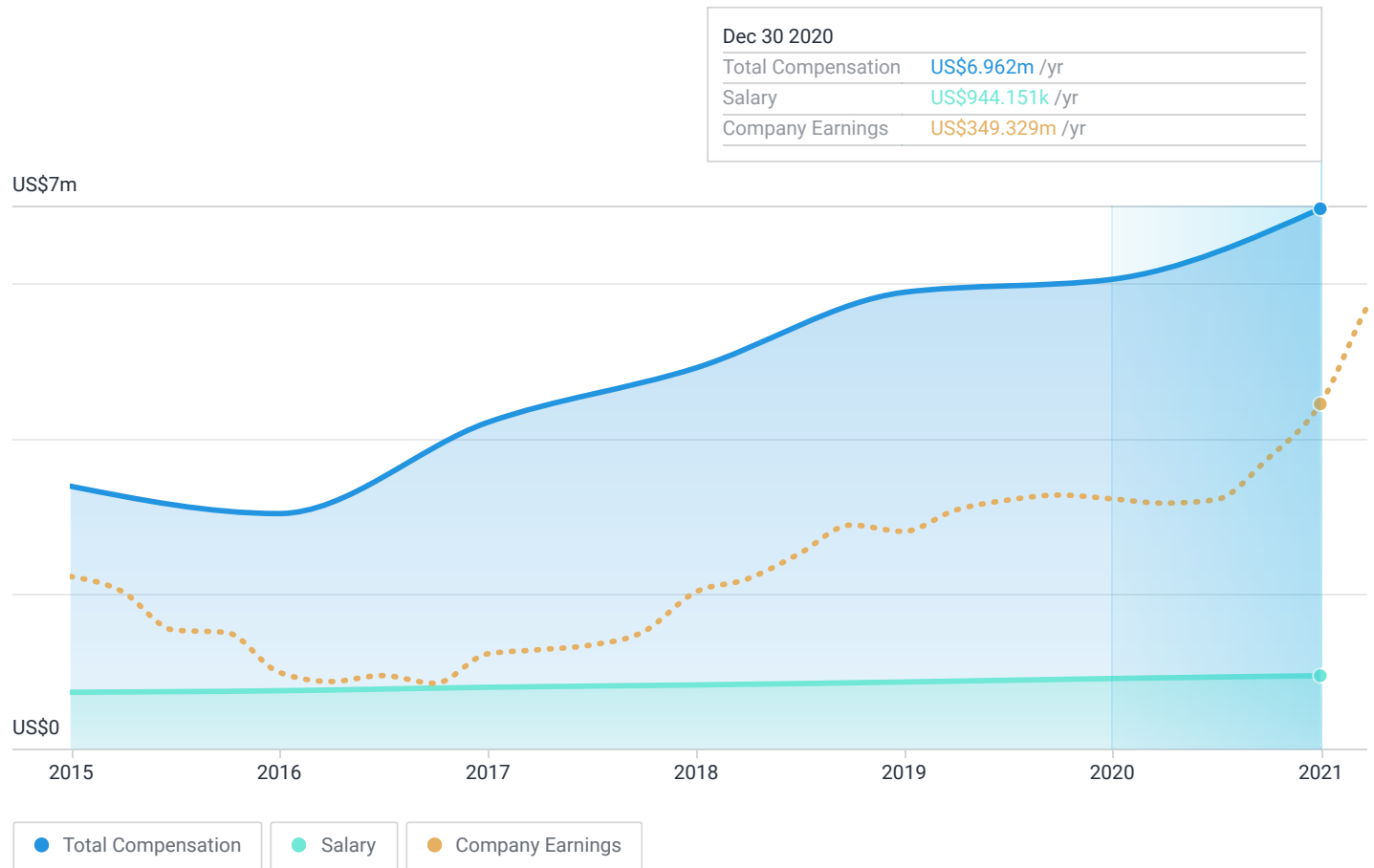
Mr. Aaron P. Jagdfeld has been the Chief Executive Officer and President at Generac Holdings Inc. since September 30, 2008. Mr. Jagdfeld has been Chairman of Generac Holdings Inc. since February 10, 2016. He has been the President of Generac Power Systems Inc., principal operating subsidiary of Generac Holdings Inc. since 2007 and serves as its Chief Executive Officer since September 30, 2008.

In 2007, he was appointed President and was responsible for sales, marketing, engineering and product development. Mr. Jagdfeld has extensive finance and operational experience and has high-level leadership experience within the Company. He served as the Chief Financial Officer of Generac Power Systems Inc. from 2002 to November 7, 2008. He worked for Generac for many years.

He began his career at Generac in Finance department in 1994 to 2001. Prior to Generac, he worked in the audit practice of the Milwaukee, Wisconsin office of Deloitte and Touche from 1993 to 1994. He has been Independent Director of The Hillman Companies, Inc. since August 07, 2014. He serves as an Independent Director of Hillman Solutions Corp. (formerly known as HMAN Group Holdings Inc.) since 2014.

He has been a Director at Generac Holdings Inc. since November 2006. Mr. Jagdfeld holds a Bachelor of Business Administration in Accounting from the University of Wisconsin-Whitewater. He serves as Chairman at Generac Power Systems, Inc since September 2008.

6.2 | CEO Compensation Analysis



- ✓ **Compensation vs Market:** Aaron's total compensation (\$USD6.96M) is below average for companies of similar size in the US market (\$USD11.33M).
- ✓ **Compensation vs Earnings:** Aaron's compensation has been consistent with company performance over the past year.

6.3 Leadership Team






| Name | Position | Tenure | Compensation | Ownership |
|---|--|----------|--------------|--------------------|
|  Aaron Jagdfeld | President | 13yrs | US\$6.96m | 0.98% \$ 273.6m |
|  York Ragen | CFO & Chief Accounting Officer | 13yrs | US\$1.90m | 0.17% \$ 48.5m |
|  Patrick Forsythe | Chief Technical Officer | 0.67yr | US\$1.62m | 0.019% \$ 5.2m |
|  Russell Minick | Chief Marketing Officer | 5.08yrs | US\$2.01m | 0.012% \$ 3.3m |
|  Erik Wilde | Executive Vice President of Industrial NAM | 5.17yrs | US\$1.47m | 0.017% \$ 4.7m |
|  Thomas Pettit | Chief Operations Officer | 1.58yrs | no data | 0.0054% \$ 1.5m |
|  Tim Dickson | Chief Information Officer | 1.08yrs | no data | no data |
|  Michael Harris | Vice President of Corporate Development & Investor Relations | no data | no data | no data |
|  Rajendra Kanuru | Executive VP | no data | no data | 0.019% \$ 5.4m |
|  Rhonda Matschke | Executive Vice President of Human Resources | 3.75yrs | no data | no data |
|  Roger Pascavis | Executive Vice President of Strategic Global Sourcing | 13.67yrs | US\$592.59k | 0.032% \$ 9.0m |
|  Steve Goran | Chief Strategy Officer | 0.67yr | no data | no data |

4.4yrs

51yo

✔ **Experienced Management:** GNRC's management team is considered experienced (4.4 years average tenure).

6.4 Board Members


| Name | Position | Tenure | Compensation | Ownership |
|---|---------------------------|----------|--------------|--------------------|
|  Aaron Jagdfeld | President | 13yrs | US\$6.96m | 0.98% \$ 273.6m |
|  Dominick Zarcone | Independent Director | 4.67yrs | US\$215.15k | 0.019% \$ 5.3m |
|  David Ramon | Independent Director | 11.42yrs | US\$215.05k | 0.047% \$ 13.0m |
|  John Bowlin | Independent Director | 14.75yrs | US\$230.05k | 0.11% \$ 31.9m |
|  Andrew Lampereur | Independent Director | 7.5yrs | US\$235.34k | 0.032% \$ 8.9m |
|  Marcia Avedon | Independent Director | 1.75yrs | US\$215.15k | 0.0045% \$ 1.2m |
|  Robert Dixon | Independent Director | 9.5yrs | US\$227.55k | 0.011% \$ 3.0m |
|  Bennett Morgan | Lead Independent Director | 3.58yrs | US\$240.28k | 0.038% \$ 10.7m |
|  Kathryn Roedel | Independent Director | 4.75yrs | US\$215.05k | no data |
|  William Jenkins | Independent Director | 4.5yrs | US\$215.05k | 0.011% \$ 3.2m |

5.2yrs

Average Tenure

59.5yo

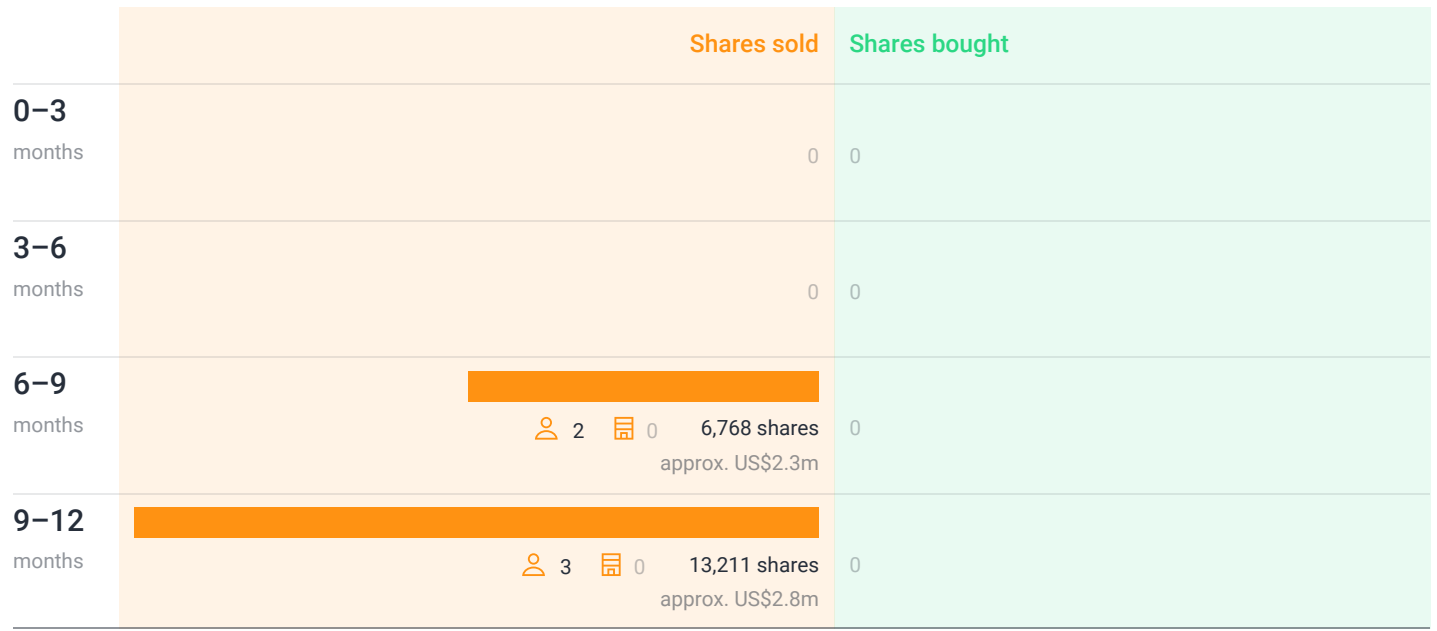
Average Age

 **Experienced Board:** GNRC's board of directors are considered experienced (5.2 years average tenure).

7 | Ownership

Who are the major shareholders and have insiders been buying or selling?

7.1 | Insider Trading Volume













● Sold By Individuals

● Bought By Individuals

● Sold By Companies

● Bought By Companies

7.2 Recent Insider Transactions

| Date | Value | Name | Entity | Role | Shares | Max Price |
|-----------|--------------------|----------------|------------|---|--------|------------|
| 28 Feb 21 | Sell US\$127,354 | Aaron Jagdfeld | Individual |   | 386 | US\$336.29 |
| 17 Feb 21 | Sell US\$2,248,656 | Russell Minick | Individual |   | 6,382 | US\$352.34 |
| 10 Nov 20 | Sell US\$2,094,284 | York Ragen | Individual |   | 9,500 | US\$221.30 |
| 01 Nov 20 | Sell US\$761,048 | Erik Wilde | Individual |   | 3,611 | US\$211.35 |
| 30 Sep 20 | Sell US\$19,676 | Aaron Jagdfeld | Individual |   | 100 | US\$196.76 |

NYSE:GNRC Recent Insider Transactions by Companies or Individuals

7.3 Ownership Breakdown

State or Government 0.04%

22,270 shares

Individual Insiders 1.5%

977,169 shares


General Public 6.9%

4,352,119 shares

Institutions 91.5%


57,769,131 shares



 **Dilution of Shares:** Shareholders have not been meaningfully diluted in the past year.

7.4 | Top Shareholders

Top 25 shareholders own 56.72% of the company

| Ownership | Name | Shares | Current Value | Change % | Portfolio % | |
|-----------|---|-----------|---------------|----------|-------------|---|
| 10.71% | The Vanguard Group, Inc. | 6,757,923 | \$3.0b | -2.71% | 0.06% |  |
| 7.63% | BlackRock, Inc. | 4,813,152 | \$2.1b | 4.63% | 0.04% |  |
| 4.11% | T. Rowe Price Group, Inc. | 2,596,727 | \$1.1b | 76.38% | 0.09% |  |
| 4.05% | State Street Global Advisors, Inc. | 2,559,276 | \$1.1b | 1.94% | 0.02% |  |
| 3.45% | J.P. Morgan Asset Management, Inc. | 2,179,078 | \$960.3m | 24.75% | 0.13% |  |
| 2.94% | FMR LLC | 1,856,611 | \$818.2m | -43.67% | 0.05% |  |
| 2.37% | UBS Asset Management | 1,494,622 | \$658.7m | 16.94% | 0.09% |  |
| 1.81% | Geode Capital Management, LLC | 1,143,367 | \$503.9m | 0.92% | 0.06% |  |
| 1.57% | William Blair Investment Management, LLC | 988,369 | \$435.6m | 10.15% | 0.6% |  |
| 1.53% | Invesco Ltd. | 965,380 | \$425.4m | -12.23% | 0.08% |  |
| 1.5% | Artisan Partners Limited Partnership | 947,833 | \$417.7m | -3.45% | 0.29% |  |
| 1.45% | Wells Capital Management Incorporated | 914,936 | \$403.2m | -28.5% | 0.39% |  |
| 1.38% | Pictet Asset Management Limited | 868,382 | \$382.7m | 0.17% | 0.25% |  |
| 1.23% | Champlain Investment Partners, LLC | 773,355 | \$340.8m | 13.67% | 1.55% |  |
| 1.1% | Federated Hermes, Inc. | 691,538 | \$304.8m | 4.51% | 0.62% |  |
| 1.06% | Capital Research and Management Company | 671,751 | \$296.0m | -0.93% | 0.01% |  |
| 1.05% | Merrill Lynch & Co. Inc., Banking Investments | 665,417 | \$293.2m | 0.17% | 0.13% |  |

| Ownership | Name | Shares | Current Value | Change % | Portfolio % | |
|-----------|---|---------|---------------|----------|-------------|---|
| 1.05% | Northern Trust Global Investments | 661,895 | \$291.7m | 5.43% | 0.05% |  |
| 1.04% | Ninety One UK Limited | 655,679 | \$289.0m | -0.05% | 0.36% |  |
| 1.04% | Lord, Abbett & Co. LLC | 655,503 | \$288.9m | -24.9% | 0.67% |  |
| 0.98% | Aaron Jagdfeld   | 620,913 | \$273.6m | -2.36% | no data |  |
| 0.98% | Impax Asset Management Group plc | 615,465 | \$271.2m | -14.4% | 0.73% |  |
| 0.95% | Norges Bank Investment Management | 598,199 | \$263.6m | 0% | 0.02% |  |
| 0.93% | abrdn plc | 589,342 | \$259.7m | -2.07% | 0.15% |  |
| 0.82% | Congress Asset Management Company, LLP | 518,031 | \$228.3m | -13.83% | 1.79% |  |

8 | Company Information

Generac Holdings Inc.'s company bio, employee growth, exchange listings and data sources

8.1 | Key Information



Name: **Generac Holdings Inc.**

Ticker: **GNRC**

Exchange: **NYSE**

Founded: **1959**

Industry: **Electrical Components and Equipment**

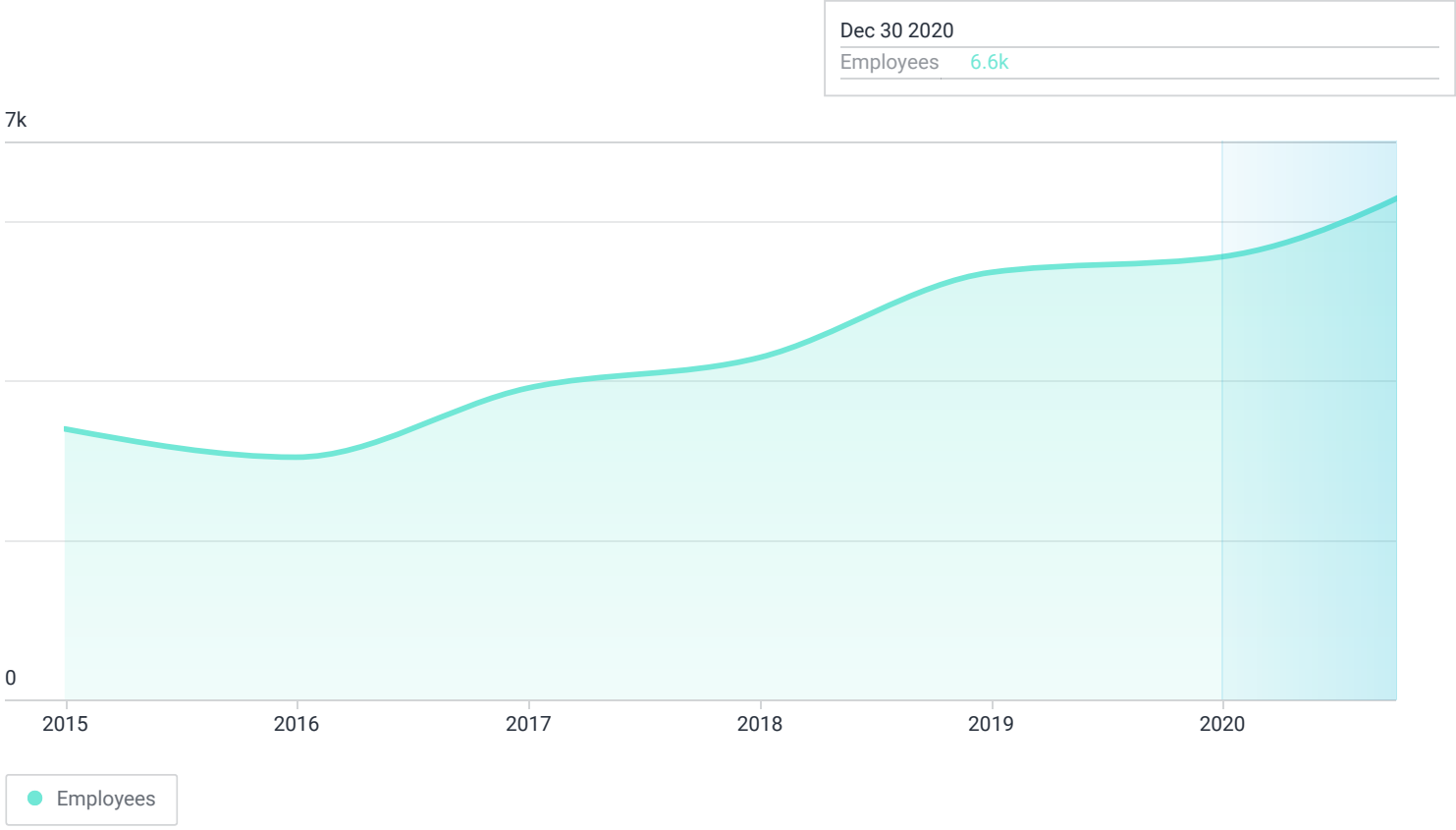
Sector: **Capital Goods**

Market Cap: **US\$27.817b**

Shares outstanding: **63.12m**

Website: <https://www.generac.com>

8.2 | Number of Employees



8.3 | Location



Generac Holdings Inc.
S45 W29290 Highway 59
Waukesha
Wisconsin
53189
United States



8.4 | Listings

| Ticker | Exchange | Primary Security | Security Type | Country | Currency | Listed on |
|--------|---------------------------------|------------------|---------------|---------|----------|-----------|
| GNRC | NYSE (New York Stock Exchange) | Yes | Common Stock | US | USD | Feb 2010 |
| G84 | DB (Deutsche Boerse AG) | Yes | Common Stock | DE | EUR | Feb 2010 |
| GNRC * | BMV (Bolsa Mexicana de Valores) | Yes | Common Stock | MX | MXN | Feb 2010 |

8.5 | Biography

Generac Holdings Inc. designs, manufactures, and sells power generation equipment, energy storage systems, and other power products for the residential, and light commercial and industrial markets worldwide. The company offers engines, alternators, transfer switches, and other components fueled by natural gas, liquid propane, gasoline, diesel, and bi-fuel; and batteries and inverters. It also provides residential automatic standby generators ranging in output from 7.5kW to 150kW; air-cooled engine residential standby generators ranging from 7.5kW to 24kW; liquid-cooled engine generators with outputs ranging from 22kW to 150kW; and Mobile Link, a remote monitoring system for home standby generators.

In addition, the company offers various portable generators ranging in size from 800W to 17.5kW; engine driven power washers; water pumps; outdoor power equipment, such as trimmers and brush mowers, log splitters, lawn and leaf vacuums, and chipper shredders; and clean energy solution under the PWRcell and PWRview brands. Further, it provides light towers, mobile generators, and flameless heaters; light-commercial standby generators ranging from 22kW to 150kW and related transfer switches providing three-phase power for small and mid-sized businesses; and industrial generators ranging in output from 10kW up to 3,250kW used as emergency backup for healthcare, telecom, datacom, commercial office, retail, municipal, and manufacturing markets. Additionally, the company sells aftermarket service parts and product accessories to dealers. It distributes its products through independent residential dealers, industrial distributors and dealers, national and regional retailers, e-commerce partners, electrical, HVAC and solar wholesalers, catalogs, equipment rental companies and distributors, and solar installers; and directly to end users.

Generac Holdings Inc. was founded in 1959 and is headquartered in Waukesha, Wisconsin.

8.6 | Company Analysis and Financial Data Status

| Data | Last Updated (UTC time) |
|------------------------|-------------------------|
| Company Analysis | 2021/09/16 22:55 |
| End of Day Share Price | 2021/09/16 00:00 |
| Earnings | 2021/06/30 |
| Annual Earnings | 2020/12/31 |

All financial data provided by Standard & Poor's Capital IQ.