

# POWER SOLUTIONS INTERNATIONAL

**Powering a Greener Future**

**Jefferies 2012 Global Clean Technology Conference**

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**February 23, 2012**

# CAUTIONARY NOTES

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# WHO WE ARE

Power Solutions International, Inc. (PSI) is a leader in the design, engineering and manufacture of emissions-certified alternative-fuel, gasoline and diesel engines since 1985.

- Public in 2011: **OTCBB: PSIX**
- 2011 year-end preliminary revenue: \$150M+
- Over 30,000 engines sold annually
- Global customer base of 70+ OEMs
- A workforce of over 300

PSI operates primarily through two main subsidiaries:

- Power Solutions Inc. makes alternative fuel/gasoline engines and contributed an estimated 85% of 2011 total revenue.
- Power Great Lakes is a diesel engine distributor and contributed an estimated 15% of 2011 total revenue.



# WHAT WE DO

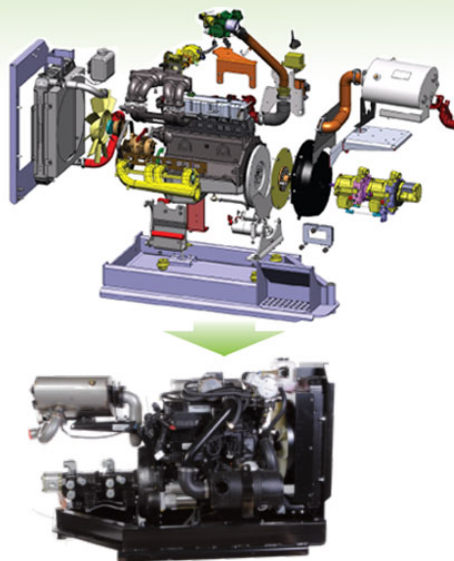
## STRATEGIC PARTNERS

Base Engines



## PSI SYSTEMS & COMPONENTS

Certified Engines & Complete Power Systems



## END-MARKET OEMs

Applications



# INVESTMENT HIGHLIGHTS

## INDUSTRY LEADER

One of the largest North American off-road alternative engine suppliers



## FAVORABLE MARKET TRENDS

Environmental & economic trends favor alternative fuel and certified engines



## ORGANIC REVENUE GROWTH

2011 nine-month sales of \$109M, up 55%, net income up 336%, over nine-month 2010



## PIPELINE OF NEW PRODUCTS

New engines to expand forklift market sales and a new 8.8L engine to extend into on-road



## EXPERIENCED MANAGEMENT

Seasoned management with deep industry knowledge and project specific talent

branch, esp of fr  
▷ lead-er-les  
lead-er-ship  
responsibilities of leadership  
crisis. 2 [U] ability to b  
leadership necessary in a  
leadership potential. 3

# PSI PRODUCT PORTFOLIO

A broad product portfolio and diversified customer base provides stability and demonstrates product leadership.

## POWERBAND RANGE

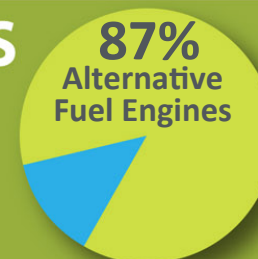
15 engine families to meet customer needs: .97L–22.1L



## ALTERNATIVE & CONVENTIONAL FUELS

Full alternative fuel range + gasoline and diesel capability

- Natural Gas
- Propane
- Biofuel

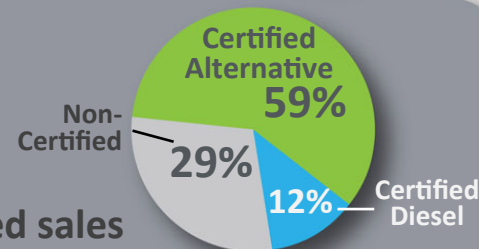


## EMISSION CERTIFIED ENGINES

US EPA & CARB certified

Certified & uncertified engines

Regulation drives non-certified business to certified sales



Based on 2011 estimated engine sales

# CURRENT MARKETS SERVED

A broad range of end-use markets and a diversified customer base

- Diversification provides stability against cycles or downturns
- Longstanding customer base of well-known OEMs across markets

## PSI Top Off-Road Markets

Power  
Generation



30%

Material  
Handling



24%

Gas, Oil &  
Irrigation



9%

Environmental  
Woodchippers,  
Recycling



7%

Industrial  
& Commercial  
Sweepers



5%

All Others



25%

Based on 2011 estimated sales

We estimate that over 70% of the power systems that we supply are provided to our major OEM customers on a sole-source basis



# CUSTOMER-FOCUSED PRODUCT LEADER

PSI differentiates itself from competitors and adds value for customers through five core competencies. Customers choose PSI because we:

- Design and engineer with end-use application in mind
- Hold EPA & CARB certificates as Manufacturer of Record
- Provide worldwide sourcing and integrated supply chain
- Offer rapid product delivery through flexible, high-quality manufacturing
- Provide sophisticated post sales service and support

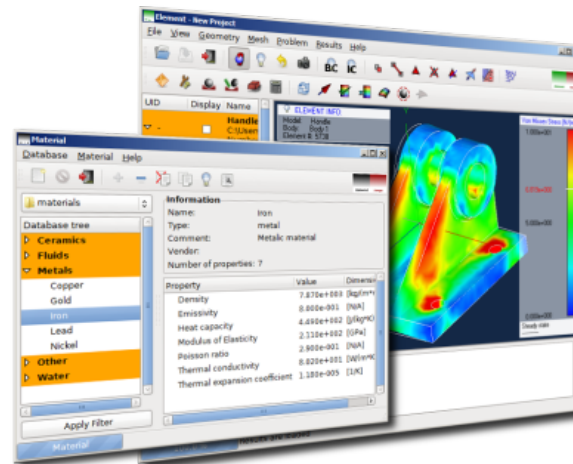
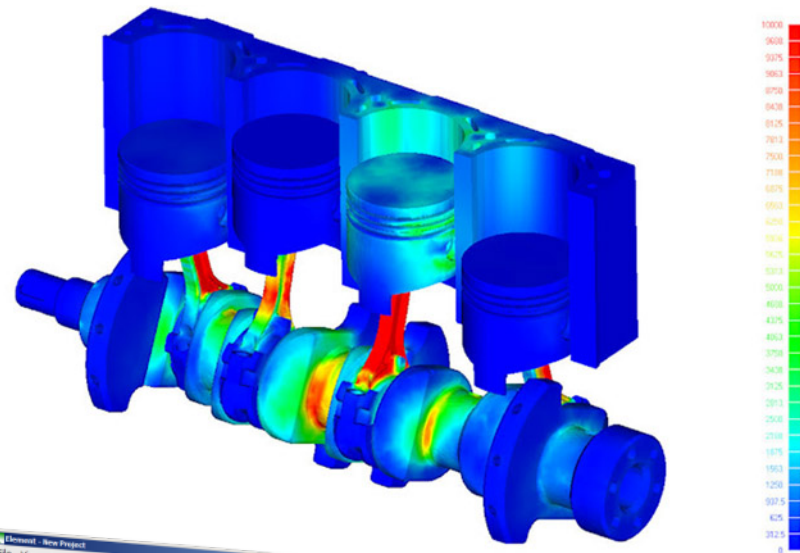




# MARKET-DRIVEN DESIGN & ENGINEERING

PSI is a recognized innovator that can design and engineer custom turn-key power solutions to meet a wide range of OEM applications.

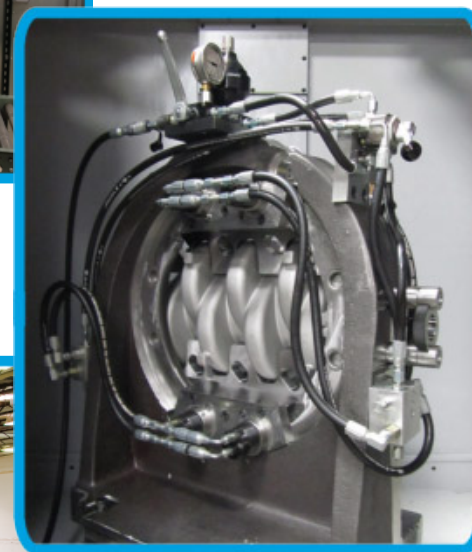
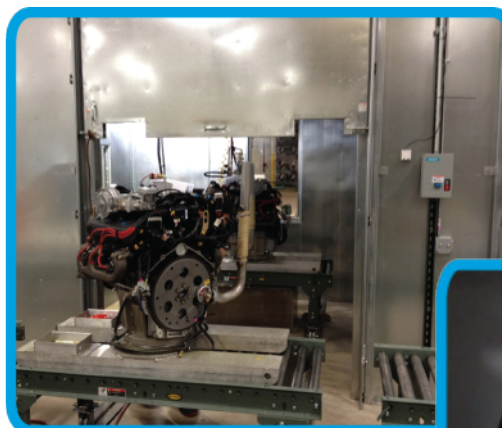
- In-house, multi-disciplinary design and engineering expertise
- Award-winning product development
- 3-D modeling, rapid prototyping and testing
- Product flexibility through “open source” engineering architecture that integrates best-in-class technology



# ADVANCED MANUFACTURING

PSI's manufacturing facility is built for quality, speed and flexibility, delivering engines to customers on-time and on-spec.

- 350,000+ sq. ft. operations provide capacity for growth
- Sophisticated enterprise software, process automation, wire guided racking and assembly line schematics
- Six Sigma, 5S and ISO 9001:2008 certification ensure product quality, lower costs and operational efficiency



# EMISSION COMPLIANT CERTIFICATION

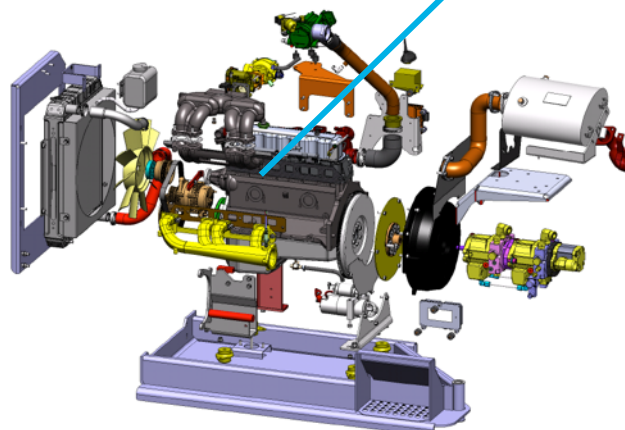
Comprehensive emission expertise creates a barrier to entry for competitors and provides customers with an invaluable service.

- Complex and costly compliance hurdles drive OEMs to outsource services that PSI provides
- PSI is Manufacturer of Record (MOR) for alternative fuel/gasoline engines
- PSI holds 25 US EPA and nine CARB emission certificates

**IMPORTANT EMISSION CONTROL INFORMATION**  
THIS ENGINE COMPLIES WITH U.S. EPA REGULATIONS FOR 2009 LARGE EMERGENCY STATIONARY SI ENGINES.  
FOR STATIONARY EMERGENCY USE ONLY.  
THIS ENGINE IS CERTIFIED TO 4.0 G/HP-HR OF CO AND 2.0 G/HP-HR OF NO<sub>x</sub>, AND 1.0 G/HP-HR OF VOC FOR A COMPLIANCE PERIOD OF 5000 HOURS.

ENGINE FAMILY: 9PSIB8.10EMT	EXHAUST ECS: MFI, H02S, MIXER, TWC	SPARK PLUG: AC DELCO R42LTS SPARK PLUG GAP: .035"
THIS ENGINE IS CERTIFIED TO OPERATE ON LPG OR NG		OIL FILTER: 30100010 OIL: 0° F OR HIGHER – 10W-30 0° F OR BELOW – 5W-30

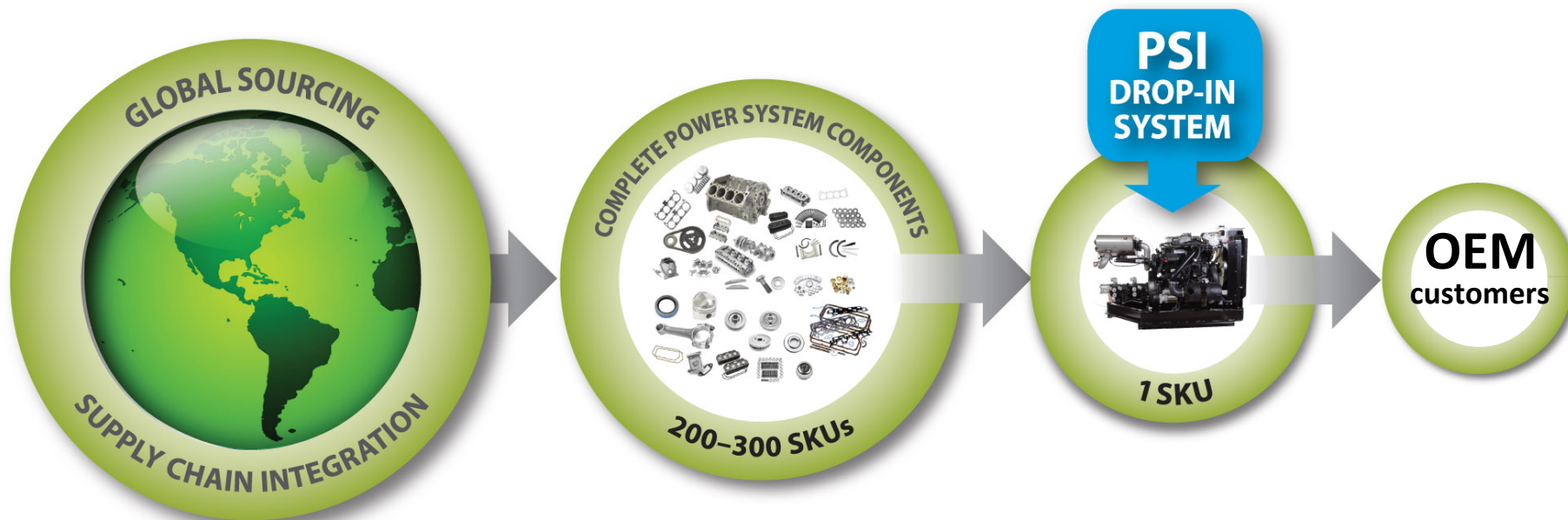
**PSI** **USE IN CONSTANT SPEED APPLICATIONS ONLY**  
POWER SOLUTIONS, INC.  
PLEASE REFER TO THE OWNER'S MANUAL FOR MORE DETAILED INFORMATION REGARDING MAINTENANCE SPECIFICATIONS AND ADJUSTMENTS.  
**DANGER: TURN ENGINE OFF BEFORE REFUELING AND MAINTENANCE.**  
**POWER SOLUTIONS INC. MADE IN USA** LABEL PN 36000157



# GLOBAL SUPPLY CHAIN MANAGEMENT

Worldwide sourcing capabilities and supply chain integration deliver cost-competitive products and consolidate suppliers for customers.

- Worldwide sourcing of proprietary and third party components
- Aggregation of components = purchasing power
- Economies of scale and volume discounts
- Supplier consolidation adds value for OEMs





# AFTERMARKET SALES, SERVICE & SUPPORT

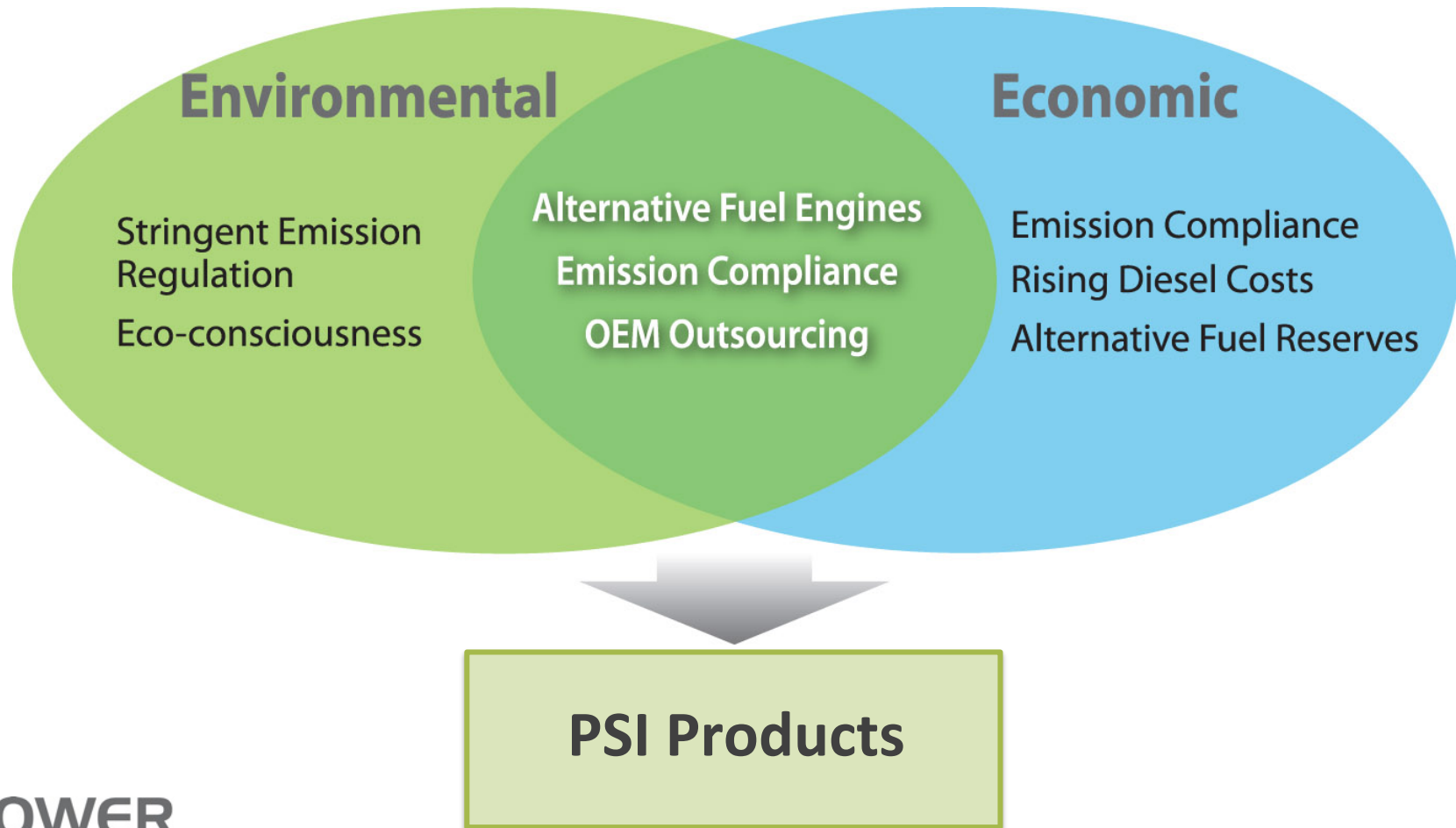
PSI provides direct aftermarket sales, product service and support to customers, extending the PSI-customer relationship.

- Sophisticated aftermarket parts, service and integrated warranty programs for OEMs
- Proprietary components drive strong high-margin sales
- Sales of aftermarket components represent roughly 10% of total revenues and a consistent and growing revenue stream



# FAVORABLE MARKET TRENDS

PSI is positioned to capitalize on environmental and industry trends that favor our core strengths in emission compliance and customization.



# GROWTH DRIVERS

PSI will capitalize on existing growth drivers, new offerings and emerging market trends to grow current customers and capture new markets.

## CONTINUING GROWTH DRIVERS



Oil & Gas Applications



NGE Engines



Continuing Expansion into Global Forklift Market

## NEW GROWTH DRIVERS



Introduce New 2.0L & 2.4L Offering to Forklift Market



Introduce 8.8L Engine Off-road & On-road



Emerging Shift to Alternative Fuels from Diesel



Hybrid Systems Development

## EXISTING CUSTOMER BASE

2008

2009

2010

2011

2012

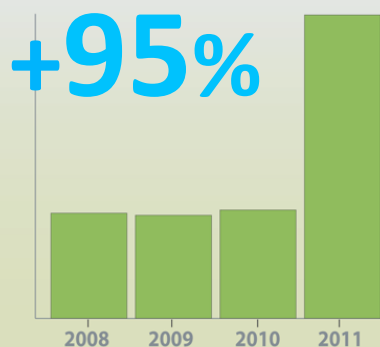
# CONTINUING GROWTH DRIVERS

PSI will continue to realize organic growth with existing customers, boosted by past product launches and strategies.

## Oil & Gas Applications

PSI technology, along with increasing certification requirements, will continue to drive our growth in this market.

Oil & Gas Sales Growth



## NGE Engines

PSI created NGE Engines in 2008 to target a need for certified, large alternative fuel power systems in various industrial sectors.

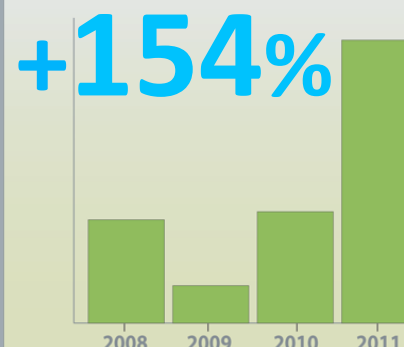
NGE Engines Sales Growth



## Continuing Expansion into Global Forklift Market

PSI has leveraged its existing product offerings to further penetrate this market.

Global Forklift Sales Growth



\* Based on 2011 estimated sales; percentage increases are from 2010 to 2011.



# INTRODUCTION OF 2.0–2.4 ENGINES

PSI is targeting the large 1.5 – 3 ton forklift market with a low-cost, high-performance engine backed by an exclusive supply agreement.

## 2.0L & 2.4L FORKLIFT ENGINES

With the new 2.0L & 2.4L engines, PSI is targeting the largest global forklift market with alternative fuel solutions.

- Emission regulations are leading longtime engine providers to reevaluate their participation in this market
- Exclusive engine block supply agreement with a Mitsubishi engine block JV
- PSI is the MOR (EPA & CARB certifications)
- Producing certified and non-certified products

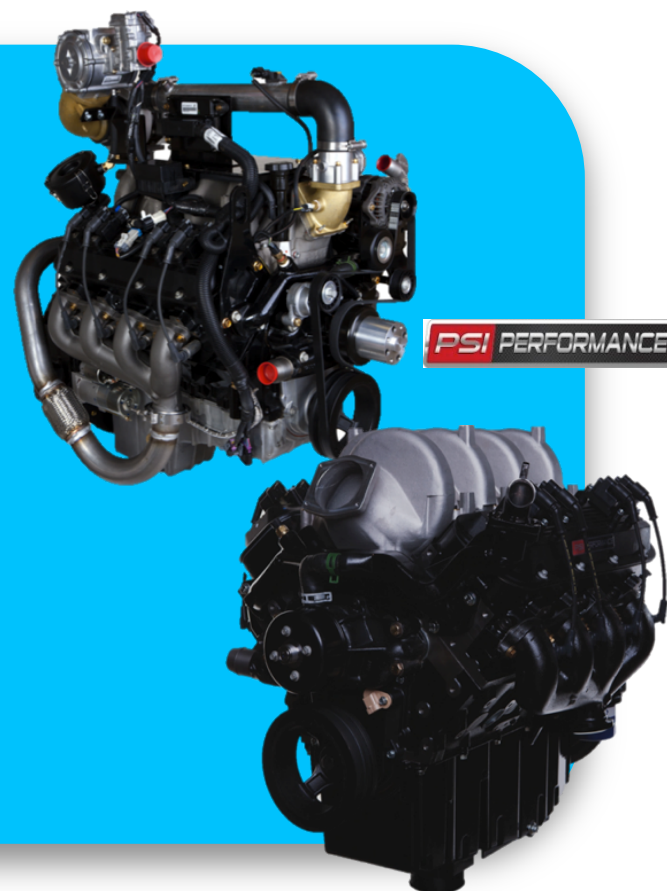


## 8.8L “BIG BLOCK” ENGINES

PSI's 8.8L offers significant growth potential by extending our high-performance turnkey solutions to both off- and on-road markets.

### OFF- AND ON-ROAD CAPABILITY

- Purpose-built engine fills key market gap
- Cost-effective and fuel-flexible
- Proprietary technology — engine block designed in-house
- PSI's entrance into on-road fleet markets
- Fills immediate need in current customer base for multiple applications
- Superior performance: 20% more power and torque, increased fuel efficiency, lower emissions compared to big block predecessor

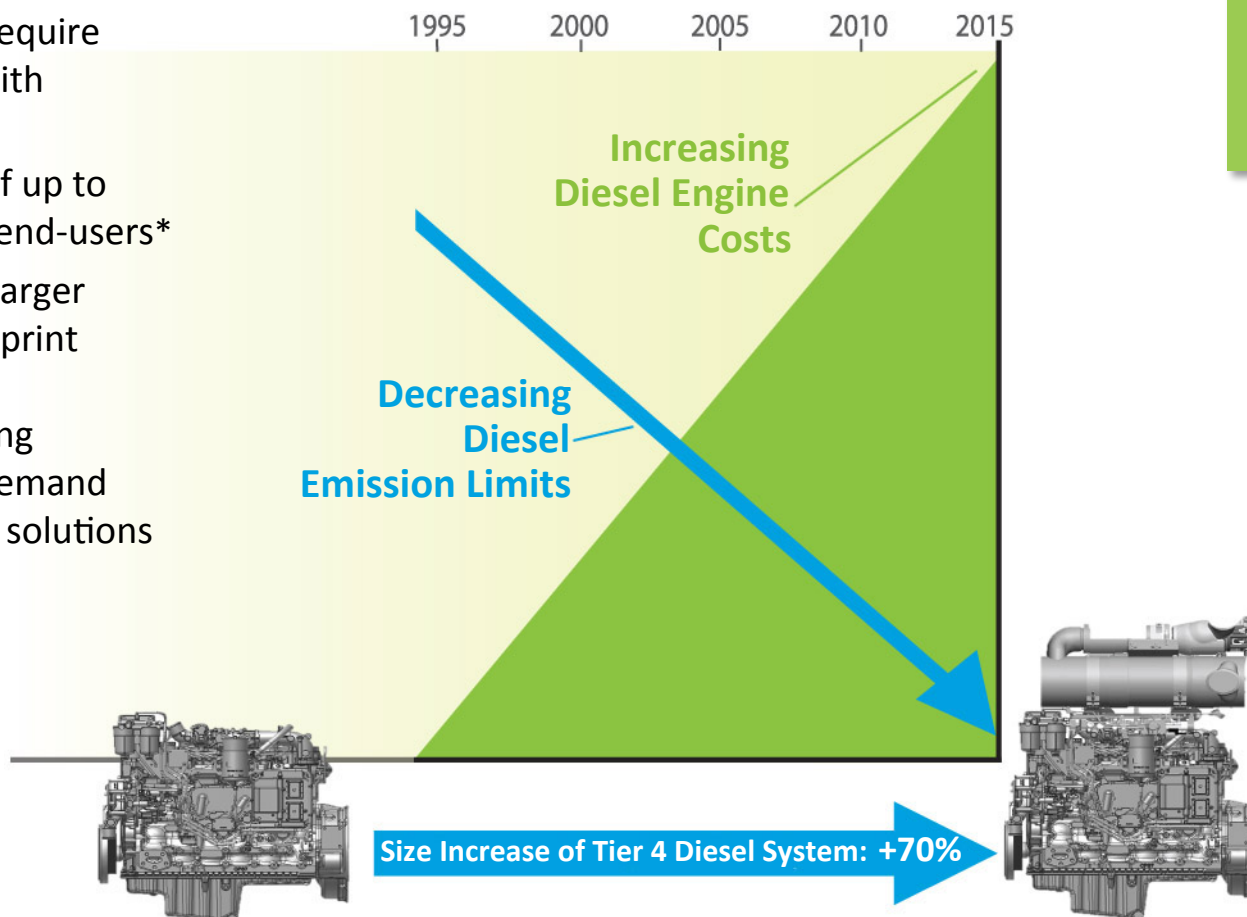


# RISING EMISSION COMPLIANCE COSTS

As emission regulations tighten, diesel users face increased costs, while OEMs face complex certification hurdles.

- Tier 4 regulations will require OEMs to use engines with costly after-treatment:
  - Increased costs of up to 60% or more for end-users\*
  - As much as 70% larger than current footprint
- Cost, expertise and sizing requirements driving demand toward alternative fuel solutions

\* Percentages based on change from Tier 3 to Tier 4



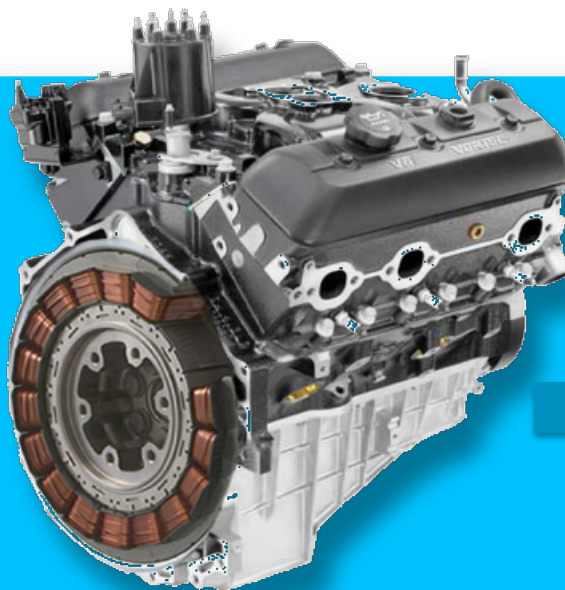
# HYBRID SYSTEMS

PSI is already positioned to provide hybrid solutions in the off- and on-road markets.

## HYBRID SYSTEMS

Began prototype development in 2009

- Strategic relationships established
- Leverages current technologies, products and customer base
- Customer benefits:
  - Lower fuel consumption and operating costs
  - Increased torque and efficiency
  - Fewer mechanical components





# 2011 9-MONTH & Q4 FINANCIAL HIGHLIGHTS

Strong financial results in first nine months and preliminary Q4 financials

<b>SALES</b>	\$109.5M first nine months 2011, up 55% from same period prior year. Q4 2011 sales estimated at \$44-46M, up 50% over Q4 prior year.
<b>OPERATING INCOME</b>	\$7.21M first nine months 2011, up 177% from same period prior year. Q4 2011 preliminary results range from \$2.4 -2.8M.
<b>NET INCOME</b>	\$3.48M first nine months 2011, up 336% from same period prior year. Q4 2011 operating results to be announced week of 3/26/12.
<b>COMMON SHARES</b>	9.046M shares outstanding
<b>EARNINGS PER SHARE</b>	\$0.38 per common share, nine months ended 9/30/11, up from \$0.10 per share from same period prior year.

# INVESTMENT HIGHLIGHTS

Strong financial results are underpinned by the improving economic conditions of our customer base, favorable market trends and the successful implementation of our business strategy. Highlights include:

## Significant Growth Opportunities

Worldwide off-road alternative fuel engine demand expected to grow, with tremendous upside in new on-road markets.

## Favorable Market Drivers

More stringent environmental standards, conventional fuel equipment hit by increased fuel and emission compliance costs, OEMs outsourcing engine certification.

## Superior Market Position and Core Competencies

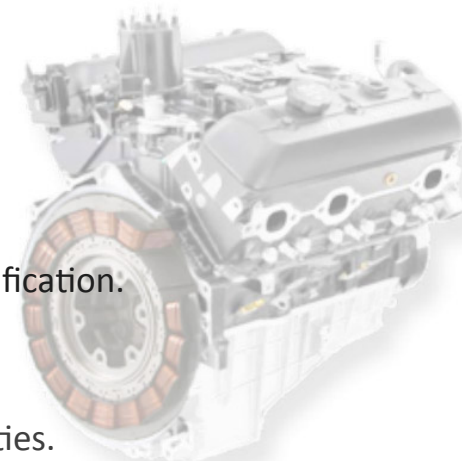
As one of the only customer-focused product leaders in the alternative fuel, fully-integrated engine space, PSI is poised to capitalize on growth opportunities.

## Barriers to Entry

**1)** Strong OEM customer relationships with sole-sourced products; **2)** Substantial investment in EPA/CARB certification over a broad product portfolio; **3)** Competitive cost advantages deriving from strong global sourcing and aggregation; **4)** Significant, ongoing investment in proprietary engine technology and in-house engineering.

## Proven Product Roll-Out & Market Strategy Execution

Since 1985 PSI has successfully launched comprehensive power solutions ranging from .97L–22.1L engines and is now focused on the 8.8L on-road and 2.0/2.4L forklift growth markets, while expanding natural gas, propane and hybrid powered engines to remain ahead of the curve.



A vibrant landscape featuring a bright sun with rays in a clear blue sky, scattered white clouds, a lush green rolling hill, and a single, full-canopied green tree standing on the right side of the hill.

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