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Generac is entering the solar inverter market, a storm in a teacup!

Last week, shares of **SolarEdge** and **Enphase** soft-off sharply after Citron Research published a “short” report explaining that the entry of a new player, **Generac Holdings**, will significantly affect their future sales of residential solar inverters.

As a reminder, SolarEdge and Enphase have more than 70% of US residential Solar PV system inverters market share as of 2018 while Generac is mostly known for providing gas and diesel power generators for residential, commercial and industrial markets.

Generac intends to penetrate the residential solar market thanks to its recent acquisition of **Neurio** (Home Monitoring Systems) and **Pika Energy** (Energy Storage Systems and Solar Inverters). In a recent presentation, Generac explained that both purchases would generate 50% of their business within the next 5 to 10 years, and Citron seems to believe in it.

Considering the current situation, we would like to remind our investors in the Sustainable Future theme that:

- ✓ Pika’s solar inverter system, which is made of power optimizers combined with a string inverter, has been competing with SolarEdge and Enphase products for years without being able to gain any market share;
- ✓ Pika’s & Neurio products have not demonstrated any specific benefits with regards to price, functionality, and efficiency;
- ✓ There is no evidence that Generac will be able to substantially compete with SolarEdge and Enphase products and gain significant market shares in the future;
- ✓ The US market of Solar PV and associated power electronic comments is expected to grow extensively (total installed US PV capacity expected to double over the next five years) and thus leaving opportunities for several players to benefit from such growth.

Based on the above points, we believe that the market overreacted to Citron Research’ release and are considering this event as a short-term distraction.