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Capstone Signs Substantial 12 MW Factory Protection Plan Long-Term Service Contract

VAN NUYS, Calif., March 14, 2019 (GLOBE NEWSWIRE) -- Capstone Turbine Corporation (www.capstoneturbine.com) (Nasdaq: CPST), the world's leading clean technology manufacturer of microturbine energy systems, announced today that Lone Star Power Solutions, its exclusive distributor for Texas, Arizona, and the Gulf States, has signed one of the largest Factory Protection Plan ("FPP") contracts in Capstone's history.



Provides guaranteed maintenance costs and shields customers from future increases in spare parts pricing, commodity increases, import tariffs, and interest rate changes.

The newly expanded Capstone FPP product enables microturbine end-use customers to have predictable and stable maintenance costs over the entire life-cycle of the equipment and protects the installation from potentially costly unscheduled maintenance. In addition, the program shields microturbine customers from future increases in life-cycle costs associated with changes in replacement spare parts pricing, commodity price increases, import tariffs, and interest rate changes.

"These types of long-term service contracts underpin our stated goal of achieving 100% absorption of all operating expenses from the aftermarket service business gross margin by providing a predictable recurring revenue stream," stated Darren Jamison, Capstone's

President and Chief Executive Officer. “Additionally, as I mentioned on our last earnings call, we are seeing more and more large oil and gas customers recognizing the value of the Capstone FPP product offering and we expect several more near-term wins in the oil and gas space for the FPP product,” added Mr. Jamison.

The new contract will provide five years of comprehensive maintenance, giving financial peace of mind to this significant oil and gas customer located in the Eagle Ford Shale Basin in South Texas. The 12 systems are used for 24x7 prime power in midstream central gathering facilities. The C1000 microturbines currently have approximately 50,000 operating hours, and by placing them under a service contract, the end-use customer has furthered their commitment to continuing their use of Capstone’s clean and green microturbine technology for another five years, or approximately 43,000 operating hours.

“Since becoming a Capstone distributor in 2018, we have been working very hard at educating our new and existing customer base on the substantial benefits of having their Capstone equipment covered under a factory-backed FPP long-term service program,” said Doug Demaret, Lone Star’s President and Chief Executive Officer. “Signing this substantial FPP confirms both the demand for and the confidence in Capstone’s products, as well as in our highly skilled and extremely dedicated service professionals,” added Mr. Demaret.

“We are very pleased to see customers in the oil and gas sector moving towards the adoption of our industry-leading FPP,” said Jeff Foster, Capstone’s Sr. Vice President of Customer Service. “Contracts like these underscore the stability our FPP offering provides for the future from Capstone’s clean energy solutions, in a very unstable and dynamic macroeconomic and geopolitical world,” concluded Mr. Foster.

About Capstone Turbine Corporation

Capstone Turbine Corporation (www.capstoneturbine.com) (Nasdaq: CPST) is the world’s leading producer of highly efficient, low-emission, resilient microturbine energy systems. Capstone microturbines serve multiple vertical markets worldwide, including natural resources, energy efficiency, renewable energy, critical power supply, transportation and microgrids. Capstone offers a comprehensive product lineup, providing scalable systems focusing on 30 kW to 10 MWs that operate on a variety of gaseous or liquid fuels and are the ideal solution for today’s distributed power generation needs. To date, Capstone has shipped over 9,000 of these systems into 73 countries logging millions of operating hours.

Capstone is committed to improving the efficiency of energy needs around the world, while simultaneously reducing global emissions of pollutants and greenhouse gases. Capstone’s systems help end users improve their impact on the environment, while still meeting power and reliability needs. During fiscal year 2019, Capstone saved end-use customers an estimated \$194 million in annual energy costs and 314,000 tons of carbon.

Not only does Capstone enable customers to reduce CO₂ and emissions, Capstone applies the same principals to its own environmental footprint and focuses internally on its environmental risks, energy consumption, waste disposal and carbon footprint. Capstone also strives to foster a corporate culture emphasizing its relationship with employees, customers and suppliers in order to ensure that Capstone’s corporate values are aligned with those of its employees, customers and suppliers.

For more information about the company, please visit www.capstoneturbine.com. Follow Capstone Turbine on [Twitter](#), [LinkedIn](#) and [YouTube](#).

Forward-Looking Statements

This press release contains “forward-looking statements,” as that term is used in the federal securities laws. Forward-looking statements may be identified by words such as “expects,” “believes,” “objective,” “intend,” “targeted,” “plan” and similar phrases. These forward-looking statements are subject to numerous assumptions, risks and uncertainties described in Capstone’s filings with the Securities and Exchange Commission that may cause Capstone’s actual results to be materially different from any future results expressed or implied in such statements. Capstone cautions readers not to place undue reliance on these forward-looking statements, which speak only as of the date of this release. Capstone undertakes no obligation, and specifically disclaims any obligation, to release any revisions to any forward-looking statements to reflect events or circumstances after the date of this release or to reflect the occurrence of unanticipated events.

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