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Capstone Turbine (NASDAQ: CPST) Provides Update On COVID-19 Business Continuity Plan and Reports Select Preliminary Q4 Fiscal 2020 Results

Quarter End Cash Balance of Approximately \$15.1M, Down Only \$1.6M from the Previous Quarter as the Company Focuses on Liquidity

VAN NUYS, CA / ACCESSWIRE / April 3, 2020 /Capstone Turbine Corporation (www.capstoneturbine.com) (NASDAQ:CPST), the world's leading clean technology manufacturer of microturbine energy systems, is providing an update on its emergency Business Continuity Plan and announcing select preliminary results for its fiscal fourth quarter ended March 31, 2020.

Update on COVID-19 Business Continuity Plan:

Capstone responded to the COVID-19 pandemic with a Business Continuity Plan (BCP) focused on its employees, customers, supply chain partners and shareholders. Circumstances surrounding COVID-19 continue to evolve at a rapid pace. The Capstone BCP is designed to keep employees safe, align with government guidelines, continue to support critical Aftermarket Factory Protection Plan (FPP) long-term service contracts and spare parts deliveries to Essential Critical Infrastructure Customers, such as Energy, Health Care, Wastewater Treatment, Food Manufacturing, etc., as well as to sustain two key business goals: cash flow and liquidity and reaching Adjusted EBITDA positive in the upcoming June quarter.

One key business goal of the Company is cash flow and liquidity. The internal goal for the most recent quarter was to finish the quarter with a minimum of \$14.5 million in cash. In addition, it was critical that Capstone dramatically slow incoming raw materials to position the Company to potentially achieve positive working capital in the June quarter.

"I am pleased to report that our cash balance as of March 31, 2020, was \$15.1 million and our inventory receipts during the quarter decreased by \$4.6 million, or 36%, to \$8.1 million compared to \$12.7 million in the third quarter which should put us in position to potentially drive positive working capital next quarter," said Darren Jamison, President and Chief Executive Officer of Capstone.

Capstone's second key goal is to remain committed to its stated objective of reaching Adjusted EBITDA positive in the upcoming June quarter. In support of that goal, Company executives volunteered salary cuts and developed an aggressive furlough and cost control program, which will reduce operating expenses an estimated 25% in the short-term to

support an Adjusted EBITDA positive quarter with strengthening aftermarket margins and the assumption of rebounding product shipments in June.

"In order to put the Company in the best possible position for success we have staged over 5.8 MW in finished goods and shipped as many FPP spare parts as possible during the end of this quarter to afford customer continuity of both parts supplies and unit shipments and also to lower the potential risks of not reaching our June Adjusted EBITDA positive goal," added Mr. Jamison.

Select Preliminary Financial Highlights of Fourth Quarter Fiscal 2020:

- Total cash and cash equivalents as of March 31, 2020, are estimated to be \$15.1 million, down only \$1.6 million from to \$16.7 million as of December 31, 2019, despite lower revenues caused by the COVID-19 pandemic.
- The Company received \$2.6 million from financing activities during the quarter as the company focused on liquidity as part of its COVID-19 Business Continuity Plan.
- Inventory receipts decreased by \$4.6 million, or 36%, to \$8.1 million in the fourth quarter compared to \$12.7 million in the third quarter supporting improved liquidity and driving potential positive working capital in the upcoming quarter.
- Factory Protection Plan (FPP) long-term service contract revenue continued to expand despite impacts from the COVID-19 pandemic and was up 16% year-over-year.
- The Company allocated 0.6 MW of new production to grow its long-term microturbine rental fleet, which now stands at 7.6 MW, approaching its 10 MW goal.
- Pre-built 5.8 MW of Finished Goods and shipped an elevated level of FPP spare parts during the quarter to ensure customer continuity of both units and spare parts supplies.
- New gross product orders were approximately \$9.1 million during the fourth quarter compared to \$9.3 million in the previous third quarter.
- Book-to-bill ratio was 2.4:1 for the fourth quarter of fiscal 2020 on lower shipments compared to 1.2:1 in the third quarter of fiscal 2020 and 1.4:1 in the year-ago fourth quarter.
- Preliminary accessories, parts, aftermarket service, FPP long-term contracts, rentals, and Distributor Support System (DSS) revenue is approximately \$7.3 million, down 21% from \$9.2 million in the year-ago quarter primarily because of lower parts and accessories revenue due to the COVID-19 pandemic and weakness in the oil and gas market, but up approximately 9% on an annual basis to approximately \$34.9 million for fiscal 2020 compared to \$32.0 million in fiscal 2019.
- Total preliminary revenue for the fourth quarter of fiscal 2020 was approximately \$11.3 million compared to \$17.4 million in the third quarter of fiscal 2020 and \$22.0 million in the same period last year as product shipments and global project construction slowed significantly as a result of the global COVID-19 pandemic, as well as continued weakness in the oil and gas market, which deteriorated further due to the recent decline in the price of oil.
- The decrease in product and aftermarket revenue is expected to negatively impact the net loss and Adjusted EBITDA results for the fourth quarter of fiscal 2020.

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 units to 73 countries and in FY19, saved customers an estimated \$253 million in annual energy costs and 350,000 tons of carbon.

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