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Capstone Turbine Reports Select Preliminary Q3 Fiscal 2020 Financial Results and Strategic Changes to its Sales & Marketing Organization

VAN NUYS, CA / ACCESSWIRE / January 3, 2020 /Capstone Turbine Corporation (www.capstoneturbine.com) (Nasdaq:CPST), the world's leading clean technology manufacturer of microturbine energy systems, is announcing select preliminary results for its fiscal third quarter ended December 31, 2019, and strategic changes to its internal sales and marketing organization.

Select Preliminary Financial Highlights of Third Quarter Fiscal 2020:

- Preliminary accessories, parts, aftermarket service, long-term rental, and Distributor Support System (DSS) revenue is \$9.5 million, up 20% from \$7.9 million in the year-ago quarter, and is the second highest aftermarket revenue in Company history.
- The Company allocated 0.8 MW of new production slots to grow its long-term microturbine rental fleet, which now stands at 7 MW, approaching our 10 MW goal.
- Book-to-bill ratio is 1.2:1 for the third quarter of fiscal 2020 compared to 1.0:1 in the second quarter of fiscal 2020 and 1.3:1 in the year-ago quarter.
- Capstone received approximately \$1.9 million for the calendar year 2019 from the DSS program and announces the potential for \$2.4 million in the calendar year 2020.
- Total preliminary revenue for the third quarter of fiscal 2020 is \$17.4 million compared to \$18.0 million in the year-ago third quarter.
- Total cash and cash equivalents as of December 31, 2019, are estimated to be \$16.7 million, compared to \$20.9 million as of September 30, 2019. The Company received approximately \$1.2 million from financing activities during the quarter.

"Our aftermarket service, DSS program, and long-term rental business continues to grow as we planned and is driving the majority of our future margin expansion. Product shipments ebbed during the quarter as many U.S. businesses pushed projects into 2020. In addition, the uncertainty surrounding BREXIT delayed multiple project decisions in the European Union, which are now expected to close since the recent election in the UK," said Darren Jamison, President and Chief Executive Officer of Capstone.

"Based on the continued growth of our aftermarket business we remain committed to achieving our stated goal of reaching positive Adjusted EBITDA in the June 2020 quarter as we continue to make progress on improving our core business model in the areas focused

on reoccurring revenues and building a sustainable and profitable business to support our long-term growth and profitability plans," added Mr. Jamison.

Capstone's preliminary results show total revenue for the third quarter of fiscal 2020 decreased by approximately 3%, to \$17.4 million compared to \$18.0 million in the same period last year. Capstone's preliminary product revenue decreased approximately 22% compared to the same period last year, to approximately \$7.9 million. Preliminary accessories, parts, aftermarket service, long-term rental, and Distributor Support System (DSS) revenue increased by approximately 20% compared to the same period last year, to approximately \$9.5 million. The decrease in product revenue is expected to negatively impact the net loss and EBITDA results for the quarter.

Strategic Changes to Internal Sales & Marketing Organization:

Capstone has divided its sales and marketing team into two separate organizations. One stand-alone organization will remain focused on developing and managing the existing worldwide distribution channel and will be led by Jen Derstine, who was promoted to Vice President of Marketing and Distribution. Additionally, Ms. Derstine will lead all marketing activities as we continue building Capstone into a strong and recognizable worldwide brand.

The second stand-alone organization will be led by Jim Crouse, who was recently promoted to Chief Revenue Officer and is responsible for growing Capstone's national account business and long-term rental fleet. Additionally, Mr. Crouse will be responsible for business development, licensing, and new product partnerships - with a focus on new fuels such as hydrogen and further growing our renewable market segment participation.

"With these new strategic organizational changes, we aim to drive improved year-over-year revenue growth. Our goal is to support continued development of our existing distribution network which is serving customers in 73 countries while concurrently devoting dedicated Capstone direct business development resources to expanding our current 7 MW long-term rental fleet to 10 MW and beyond while building closer corporate ties to large, multinational customers to drive incremental direct sales opportunities and increased future product revenue growth," concluded Mr. Jamison.

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 have 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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