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# Capstone Successfully Winding Down \$5.2 Million Field Retrofit Program - Anticipates Record Accessories, Parts and Service Revenue with Corresponding Record Gross Margin

CHATSWORTH, Calif., Oct. 12, 2017 (GLOBE NEWSWIRE) -- Capstone Turbine Corporation ([www.capstoneturbine.com](http://www.capstoneturbine.com)) (Nasdaq:CPST), the world's leading clean technology manufacturer of microturbine energy systems, announced today that it is completing the previously announced \$5.2 million field retrofit program to upgrade non-Signature Series C1000 and C200 microturbines to provide improved performance and reliability similar to the Signature Series C1000, C200 and the C65 and C30 microturbines. With the completion of the field retrofit program and the market adoption of the new C1000 Series and C200 integrated heat recovery module, Capstone's accessories, parts and service revenue, the corresponding gross margin and cash are expected to have a positive impact on the second half of the current fiscal year.

In February 2017, Capstone announced a program to proactively retrofit non-Signature Series C1000 and C200 microturbines in order to improve performance, reliability and customer satisfaction. This month, the program is expected to be completed on schedule and within budget. This program has provided a significant improvement in demonstrated performance and reliability of the non-Signature Series C1000 and C200 microturbines, which now approaches the world-class performance and reliability of the Signature Series C1000, C200 and the C65 and C30 microturbines.

The improved reliability of the non-Signature Series microturbines, when coupled with the high performing Signature Series microturbines, is expected to begin to drive Capstone's accessories, parts and service gross margin up considerably, currently estimated to approach approximately 40% by the end of this current fiscal year.

"We need to drive Capstone to profitability as quickly as possible in order to fuel Capstone's launch to the next level of product development and market penetration. Our aftermarket service business growth is a critical element of our multi-point strategic plan to quickly achieve Adjusted EBITDA breakeven, which includes our operating expense reduction plan," said Darren Jamison, Capstone's President and Chief Executive Officer.

"Additionally, the growth of our accessories revenue is being driven by our shift to a more CHP-focused market and is specifically fueled by our new C1000 and C200 integrated heat recovery modules, or HRMs, introduced last year as a part of the Signature Series new product launch. Year-over-year, we expect to see upwards of approximately 40% growth in

our accessories revenue, which we currently anticipate should result in approximately \$9 million in combined accessories, parts and service quarterly revenue by the end of the fiscal year," added Mr. Jamison.

"Capstone's plan to achieve \$10 million in quarterly accessories, parts and service revenue with a corresponding 50% gross margin is the foundation of our plan to drive near-term profitability," said Jayme Brooks, Capstone's Chief Financial Officer and Chief Accounting Officer. "The combined effect of completing our \$5.2 million field retrofit program and the market shift to our new HRM products is positioning Capstone to achieve Adjusted EBITDA breakeven," added Ms. Brooks.

Adjusted EBITDA is defined as net income before interest, provision for income taxes, depreciation and amortization expense, stock-based compensation expense and change in fair value of warrants. Adjusted EBITDA is not a measure of our liquidity or financial performance under GAAP and should not be considered as an alternative to net income or any other performance measure derived in accordance with GAAP, or as an alternative to cash flows from operating activities as a measure of our liquidity.

#### About Capstone Turbine Corporation

Capstone Turbine Corporation ([www.capstoneturbine.com](http://www.capstoneturbine.com)) (Nasdaq:CPST) is the world's leading producer of low-emission microturbine systems and was the first to market commercially viable microturbine energy products. Capstone has shipped over 9,000 Capstone Microturbine systems to customers worldwide. These award-winning systems have logged millions of documented runtime operating hours. Capstone is a member of the U.S. Environmental Protection Agency's Combined Heat and Power Partnership, which is committed to improving the efficiency of the nation's energy infrastructure and reducing emissions of pollutants and greenhouse gases. A UL-Certified ISO 9001:2015 and ISO 14001:2015 certified company, Capstone is headquartered in the Los Angeles area with sales and/or service centers in the United States, Latin America, Europe, Middle East and Asia.

This press release contains "forward-looking statements," as that term is used in the federal securities laws, including statements about the market acceptance of Capstone products, accessories, parts and service revenue, gross margins and cost reduction activities. Forward-looking statements may be identified by words such as "expects," "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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