

October 3, 2018



Capstone Turbine Reports Select Preliminary Q2 Fiscal 2019 Financial Results

Product Revenue Increases 22% - Highest Product Revenue in Five Quarters

Second Consecutive Quarter of Double-Digit Revenue Growth

Q2 Fiscal 2019 Financial Results Webcast to be Held November 8, 2018 at 1:45 PM PT, 4:45 PM ET

VAN NUYS, Calif., Oct. 03, 2018 (GLOBE NEWSWIRE) -- Capstone Turbine Corporation (www.capstoneturbine.com) (Nasdaq: CPST), the world's leading clean technology manufacturer of microturbine energy systems, continues to provide increased transparency by announcing select preliminary financial results for its fiscal second quarter ended September 30, 2018.

Select Preliminary Financial Highlights of Fiscal 2019 Second Quarter:

- Product revenue year-over-year increase of approximately 22%
- Product revenue was the highest in five quarters
- Total revenue for the quarter increased approximately 12% year-over-year
- Cash usage during the quarter was 78% lower compared to same period last year
- Book-to-bill ratio was 0.7:1 for the second quarter up from year-ago second quarter, which was a 0.5:1
- Previously negotiated royalty settlement of \$3 million was paid in full to Carrier during the quarter

Darren Jamison, President and Chief Executive Officer, commenting on the second quarter of fiscal 2019, said, "We continued to make progress towards our fiscal 2019 strategic objectives in the second quarter as we recorded our second consecutive quarter of revenue growth in our product shipments and posted continued improvement in total year-over-year revenue. Shipments of our C1000 Series products were particularly strong this quarter with a 30% increase year-over-year, while solid spare parts sales continued to drive our aftermarket service business. Bright spots in the quarter included a continued recovery in the Russia and CIS markets as well as in the North American natural resources market as crude oil prices continue to rebound," added Mr. Jamison.

Total revenue for the second quarter of fiscal 2019 increased approximately 12% to \$22.2 million from \$19.8 million in the same period last year. Capstone's product revenue increased approximately 22% during the second quarter of fiscal 2019 to approximately \$14.9 million compared to \$12.2 million in the same period last year.

Capstone booked new gross product orders of approximately \$10.8 million during the second quarter of fiscal 2019, for a 0.7:1 book-to-bill ratio, compared with \$16.3 million of new gross product orders booked during the prior quarter, which was a 1.2:1 book-to-bill ratio and with \$5.9 million of new gross product orders booked during the year-ago second quarter, which was a 0.5:1 book-to-bill ratio.

Total cash, cash equivalents and restricted cash as of September 30, 2018, were approximately \$18.3 million, compared to \$19.6 million as of June 30, 2018, and \$19.4 million as of March 31, 2018. During the second quarter of fiscal 2019, Capstone paid in full the previously negotiated royalty settlement agreement of \$3.0 million to Carrier, as such there is no further royalty obligation to Carrier. Cash usage during the second quarter of fiscal 2019, excluding net proceeds from equity transactions and the aforementioned royalty settlement agreement payment, was \$4.3 million lower compared to the second quarter of fiscal 2018, representing a 78% reduction.

Capstone also announced that borrowings on the line of credit facility were at approximately \$12.5 million as of September 30, 2018, compared to \$10.0 million at the end of the prior quarter and that it received approximately \$2.9 million from equity transactions during the second quarter of fiscal 2019.

“We are proud to have achieved double-digit revenue growth during the second quarter and first half of our fiscal year as we continue to execute against our growth initiatives. I want to note that product bookings moderated during the second quarter following normal summer seasonal patterns, but were up appreciably over the last year’s second quarter. We expect product bookings to return to double-digit growth in our third fiscal quarter. Our cash management and expense controls efforts benefited us in the quarter, as we were able to satisfy our \$3 million royalty settlement agreement payment while still maintaining a solid balance sheet. This settlement was a key milestone in Capstone’s evolution and will positively impact gross margin and our strategic CHP positioning going forward. By also removing the non-compete language in the Carrier agreement, we are now able to enter into strategic relationships with other global chiller manufacturers to improve our competitiveness in the growing CHP and CCHP markets,” concluded Mr. Jamison.

Conference Call and Webcast

Capstone will host a live webcast November 8, 2018, at 1:45 PM Pacific Time (4:45 PM Eastern Time) to provide the results of the second quarter fiscal 2019 ended September 30, 2018. Capstone will discuss its financial results and will provide an update on its business activities. At the end of the conference call, Capstone will host a question-and-answer session to provide an opportunity for financial analysts to ask questions. Investors and interested individuals are invited to listen to the webcast by logging on to Capstone’s investor relation’s webpage at www.capstoneturbine.com. A replay of the webcast will be available on the website for 30 days.

About Capstone Turbine Corporation

Capstone Turbine Corporation (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 DQS-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.

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

Safe Harbor Statement

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,” “anticipates,” “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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