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Capstone Completes Major UK Remanufacturing Facility Upgrades Designed to Improve Aftermarket Margins as Part of Management's Positive Adjusted EBITDA Plan

VAN NUYS, CA / ACCESSWIRE / January 6, 2019 /Capstone Turbine Corporation (www.capstoneturbine.com) (Nasdaq:CPST), the world's leading clean technology manufacturer of microturbine energy systems, announced today the completion of several significant upgrades to their International Remanufacturing Facility (IRF), located in Gosport, United Kingdom (UK) designed to improve future aftermarket margins as part of its positive Adjusted EBITDA plan. The new UK expanded IRF operation along with growing the current Capstone factory long-term microturbine rental fleet are the foundation of management's plan to achieve sustainable positive Adjusted EBITDA in the June 2020 quarter and beyond.

The Gosport, UK facility originally opened back in 2011 as a hub for Capstone Field Service Engineers (FSE) and is strategically located close to the ports and shipyards in Portsmouth, with access to both the skilled labor needed to provide depot-level support for Capstone's microturbines and the shipping facilities to support all of Europe, the Middle East, and Africa (EMEA).

Development of Capstone's expansive 73 country worldwide distributor network over the past eight years has since eliminated the need for FSE's, so Capstone launched an initiative in 2016 to retool the facility and the dedicated local team in order to support EMEA distributors with depot-level remanufacturing capabilities, as well as local technical engineering and training support.



Capstone Turbine's New United Kingdom ISO Test Cell and Remanufacturing Facility

The average Capstone factory-certified remanufactured part is typically 40% of the cost of a new Capstone OEM replacement part. Therefore, the result of this multi-year capital investment will be the continued margin expansion of Capstone's aftermarket service business as the Company expands its global remanufacturing operations and the reduction of service parts lead times and spare parts shipping costs.

On December 18th, Capstone, in partnership with its local UK distributor Pure World Energy who teamed with Capstone on the facility upgrades, "cut the ribbon" on a fully capable International Organization for Standardization (ISO) turbine system test facility. The new UK-based test capabilities, which mirror Capstone's US-based testing facilities, comes after two years of adding increasingly complex remanufacturing processes such as turbine powerhead rebuild and balancing operations as well as complete turbine recuperator remanufacturing capabilities. These new local capabilities will further accelerate Capstone's ability to both provide world-class parts and service support in EMEA, and improve aftermarket margins as the remanufactured parts are currently only utilized for Capstone's long-term service contracts, or Factory Protection Plan (FPP) agreements. Capstone currently has 264 MW of microturbines under long-term contracts, of which 28% are in the growing EMEA region, totaling \$83.7 million of future service backlog.

"I am extremely pleased with the continuing development of our international aftermarket support capabilities and our entire team of hard-working and dedicated UK IRF employees," stated Darren Jamison, Capstone's President and Chief Executive Officer. "While all of the elements of our aftermarket business are important to Capstone's stated goals of both near-term and long-term profitability, these continuing improvements in both the physical and personnel capabilities at our UK facility are expected to benefit both Capstone and the end-use customer jointly, making it truly a long-term win-win partnership, which is core to growing our energy as a service business," added Mr. Jamison.

"Capstone can now locally support a fleet of thousands of microturbines with the same high-quality aftermarket support previously only available for our Capstone US manufacturing and remanufacturing facility," said Jeff Foster, Capstone's Senior Vice President of Customer Service and Product Development. "This will further improve aftermarket margins and will

increase the availability of our customers' critical distributed energy assets in this growing geographic market," added Mr. Foster.

"With the growing global adoption rate of our innovative Capstone FPP contracts, our ability to provide efficient, low-cost aftermarket service parts is critical to growing our business," stated Jen Derstine, Capstone's Vice President of Marketing and Distribution. "This step-change in local support capabilities for the EMEA region further cements Capstone's position as a global distributed energy leader in the region," concluded Ms. Derstine.

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 MW 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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