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New International Maritime Organization (IMO) Diesel Emission Standards is a Potential Positive Development for Capstone

VAN NUYS, Calif., Sept. 04, 2018 (GLOBE NEWSWIRE) -- Capstone Turbine Corporation (www.capstoneturbine.com) (Nasdaq: CPST), the world's leading clean technology manufacturer of microturbine energy systems announced today that the new International Maritime Organization (IMO) emission standards could become an additional growth catalyst for the microturbine manufacturer.

On January 1, 2020, the International Maritime Organization (IMO) will enforce new diesel emission standards designed to significantly curb air pollution produced by the world's shipping industry which has essentially received a "free pass" for many years. An estimated 90% of the goods in this world are shipped via ocean freight, and the industry is projected to grow 3% every year creating an ever-increasing greenhouse gas problem.

Many industry experts think the much-anticipated shipping revolution could spark a dramatic upswing in diesel fuel demand over the coming months as the shipping industry is forced to switch from heavy oil or high sulfur diesel to cleaner diesel which is used in on-highway trucks. The heavy oil used by 80% of the world's cargo and container ships is more carbon-intensive than other fuels and produces high greenhouse gases as well as air pollutants such as sulfur dioxide, which causes acid rain.

"The new IMO emission standards could provide multiple beneficial catalysts to our business as higher crude oil prices drive increased exploration and production activities and drive our natural resources market vertical which was 38% of our product revenue last year. In addition, higher cost diesel fuel compared to cheaper heavy oil should increase the use of compressed natural gas (CNG) and liquefied natural gas (LNG) as fuel and spark additional interest in electric and hybrid vessels which is positive for our transportation vertical," said Darren Jamison, Capstone's President and Chief Executive Officer.

This is all part of a broader global push towards cleaner energy markets, and the IMO is set to ban shipping vessels using fuel with a sulfur content higher than 0.5 percent, compared to levels of 3.5 percent at present. The most commonly used marine fuels are thought to have a sulfur content of around 2.7 percent. When the new IMO rules go into force approximately 15 months from now, industry experts have concerns as the global shipping industry is widely thought to be ill-prepared for the upcoming change in fuel regulations.

Industry experts indicate that if crude oil prices decline before the new 2020 IMO rule takes effect, it will minimize the impact. However, if oil prices don't decline or continue to increase

before 2020 the increased demand for cleaner diesel could boost the demand for crude and send oil prices up to \$90 to \$100 per barrel after 2020.

“Increased oil prices in excess of \$90 per barrel will lead to more fuel switching in the over-the-road trucking industry with fleets potentially looking at switching from diesel to LNG or CNG trucks. Increased availability of LNG and CNG is generally positive for Capstone. Lastly, increased oil prices and lower emission standards should also push the development of hydrogen as a fuel. Capstone is currently in development of a new microturbine fuel injector for use with hydrogen in partnership with the U.S. Department of Energy,” concluded Mr. Jamison.

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](#).

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,” “believe,” “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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