



# INVESTOR RELATIONS PRESENTATION

July 2020



5MW ENERGY EFFICIENCY  
INSTALLATION

# Safe Harbor



This presentation contains “forward-looking statements” within the meaning of the “safe harbor” provisions of the Private Securities Litigation Reform Act of 1995, including but not limited to, statements regarding the financial outlook, business strategy and plans and market trends, opportunities and positioning of Capstone Turbine Corporation (the “Company,” “Capstone,” “we,” “our” or “us”). These forward-looking statements are based on current expectations, estimates, forecasts and projections. Words such as “expect,” “anticipate,” “should,” “believe,” “hope,” “target,” “project,” “goals,” “estimate,” “potential,” “predict,” “may,” “will,” “might,” “could,” “intend,” “shall” and variations of these terms and similar expressions are intended to identify these forward-looking statements, although not all forward-looking statements contain these identifying words. Forward-looking statements are subject to a number of risks and uncertainties, many of which involve factors or circumstances that are beyond our control. Factors that could cause actual results to differ from those projected include, but are not limited to: the impact of the COVID-19 pandemic on our business, results of operations and financial condition; failure to sustain or grow profitability or generate positive cash flows; failure to effectively introduce and market new products; delays in product introductions; significant competition; inability to further penetrate our current customer base, expand our user base and increase the frequency of use of our products by our customers; inability to achieve or maintain satisfactory pricing and margins; manufacturing difficulties; product defects or failures; potential adverse regulatory actions, and general market, political, economic and business conditions.

Further information on these and other factors that could affect the Company's financial results is included in the reports on Form 10-K, Quarterly Reports on Form 10-Q and other periodic filings with the Securities and Exchange Commission from time to time. Because of the risks and uncertainties, Capstone cautions you not to place undue reliance on these statements, which speak only as of the date of this presentation. There may be additional risks of which we are not presently aware or that we currently believe are immaterial which could have an adverse impact on our business. We undertake no obligation, and specifically disclaim any obligation, to release any revision to any forward-looking statements to reflect events or circumstances after the date of this presentation or to reflect the occurrence of unanticipated events.

# COVID-19 & The Changing Global Energy Markets



## COVID-19 and the Imminent Change In Global Energy



“Change is the law of life. And those who look only to the past or the present are certain to miss the future.”

*John F. Kennedy*



# Making Green Being Green



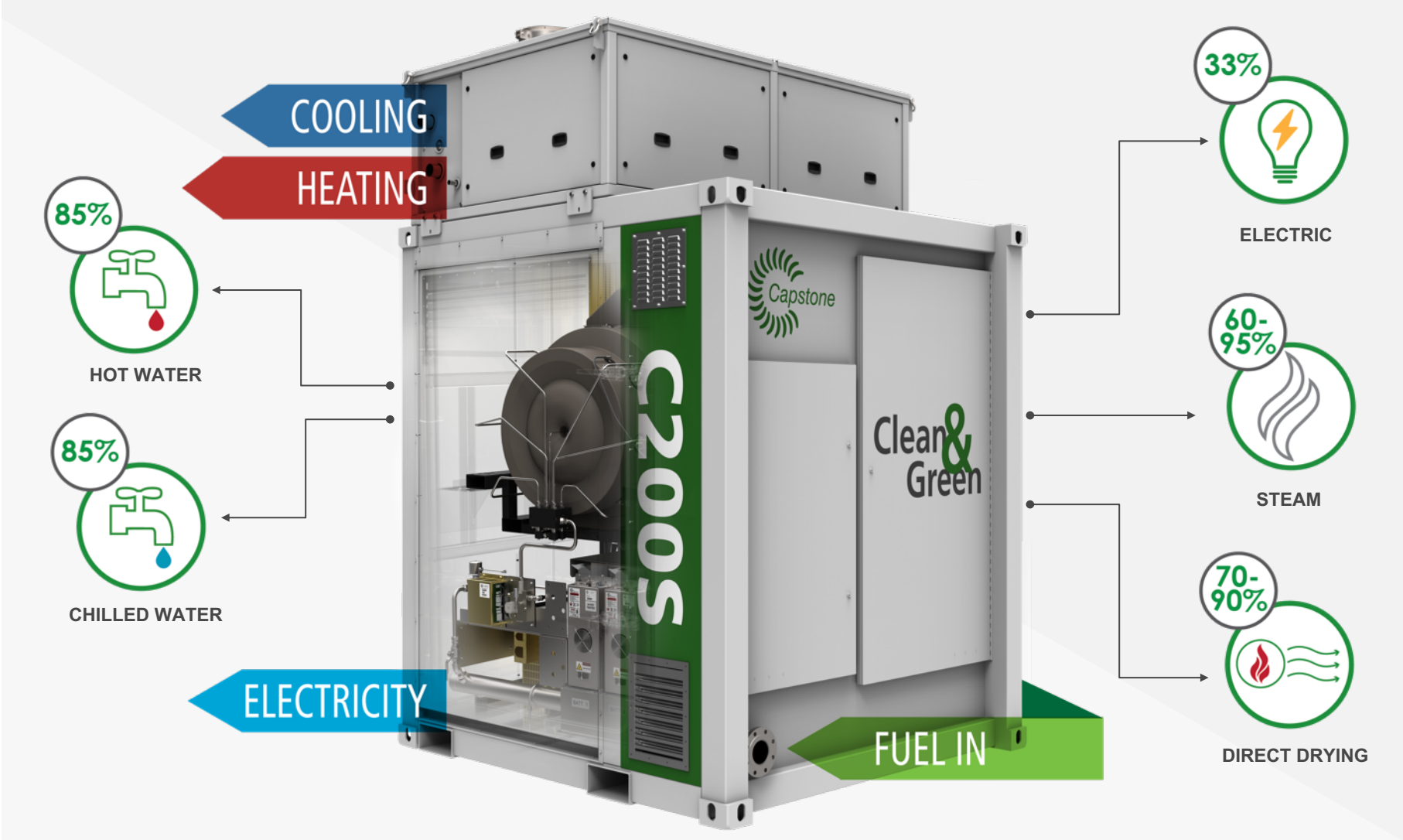
## DID YOU KNOW?

*In FY20, Capstone customers benefited from:*

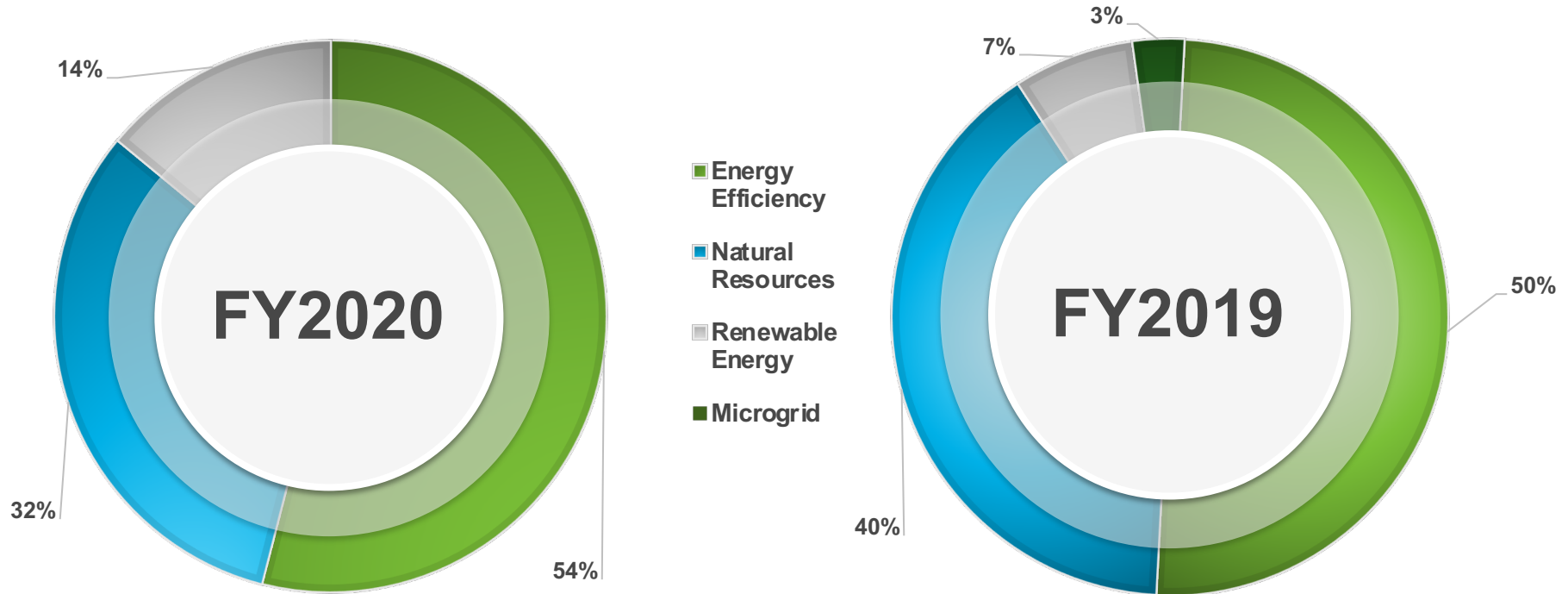
- **368,000 TONS**  
of Carbon Savings
- **\$219 MILLION**  
in Financial Savings



# Energy Efficient Green Products



# Energy Efficiency & Renewables Continue to Expand Globally



Energy Efficiency Expands to 54% - Renewable Energy Expands to 14%

# Capstone Turbine Advantages



## FEATURES & BENEFITS



### Low Emissions

No exhaust aftertreatment



### Patented Air Bearing Technology

No lubricants or coolants needed



### Inverter Based w/ One Moving Part

Low operating costs



### High Power Density

Compact footprint, small modular design



### Stand Alone Or Grid Connect

Supports aging utility infrastructure



### Fuel Availability

Operates on gaseous, renewable, and liquid fuels



### Free Clean Waste Heat

Thermal energy for cogeneration/trigeneration



### Remote Monitoring

View performance and diagnostics 24/7



### Scalable To Match Demand

Multiple applications and industries



### Potential Emissions Credits

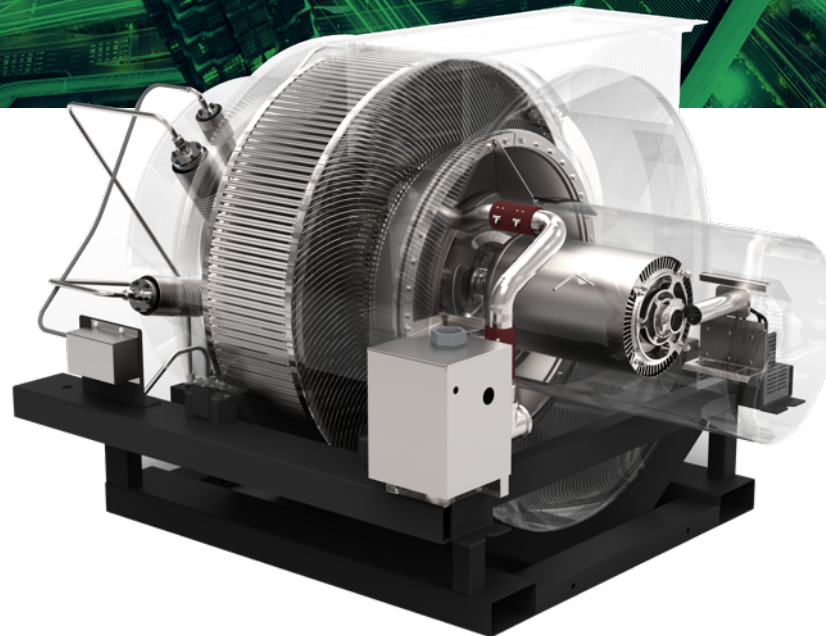
Offset project costs



# Capstone Growth Catalysts



## CATALYSTS FOR GROWTH



Focus On Reducing Cost ●

Low Cost Natural Gas ●

Microgrid Adoption ●

Gas Flaring Regulations ●

New Engine Emissions ●

● Green Building (LEED)

● Severe Weather

● Crude Oil Prices

● Federal & State Subsidies

● Electrification

● Positive

● Neutral

● Negative



# New Revenue Growth Strategy



*OEM, Direct Sales, National Accounts, Expanded Product Portfolio, New Product Partnerships, Rentals, 247 Solar, B+K*

*Implementation of Target Pricing Programs for key National Accounts, OEMs*



*Expanded Distribution in new geographies like Eastern Europe, Africa and the Middle East*

*Product + Service  
Product + Accessories + Service Installation +  
Product + Accessories Service*

*Customized products by market with matched marketing campaigns. Improved targeted marketing and branding strategy. Maximize marketing IRR*

*Improving C200/C1000 product performance by June with new parts suppliers replacing legacy supplier with poor manufacturing quality. Improving reliability, lower Warranty and FPP costs.*

# Distribution \$2.4B Project Pipeline



**Jen Derstine**

U.S., Canada  
& Caribbean



**Dorian  
Alloatti**

Europe  
& Africa



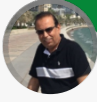
**Sohra Yatani**

Russia, APAC  
& CIS



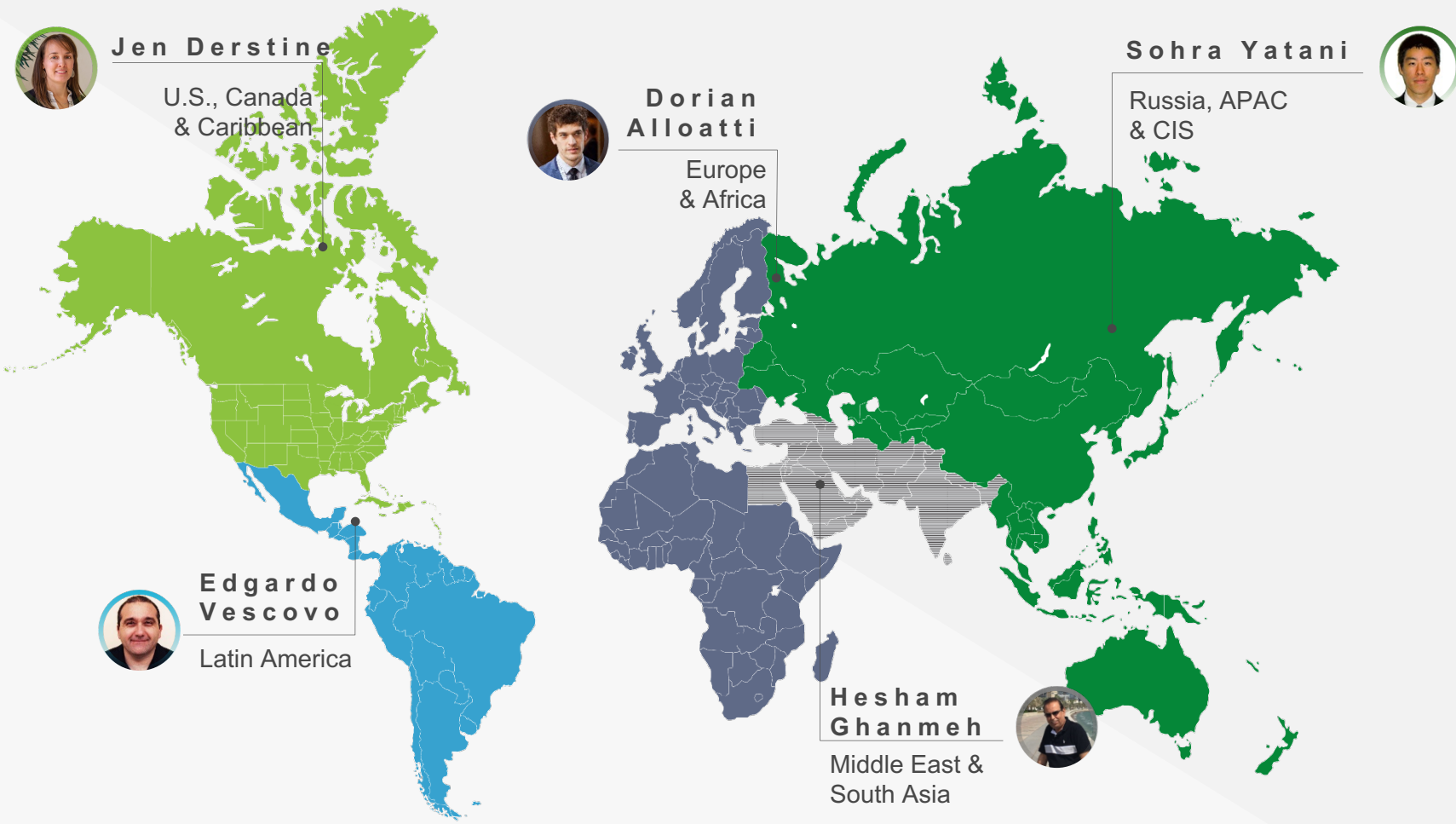
**Edgardo  
Vescovo**

Latin America



**Hesham  
Ghanmeh**

Middle East &  
South Asia



*U.S., Canada, Caribbean Pipeline (\$)*  
**\$677,846,070**

*Latin America Pipeline (\$)*  
**\$177,108,558**

*Europe & Africa Pipeline (\$)*  
**\$420,690,920**

*Russia, APAC & CIS (\$)*  
**\$284,678,422**

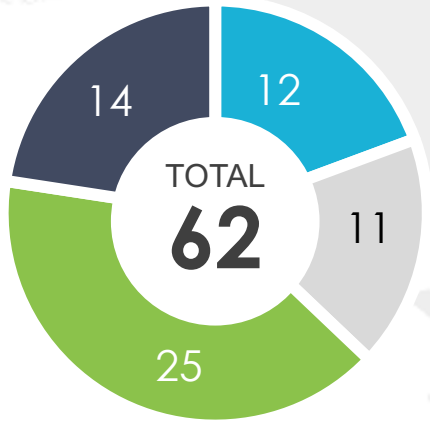
*Middle East & South Asia Pipeline (\$)*  
**\$882,656,380**

*Direct Sales Pipeline (\$)*  
**\$35,027,280**

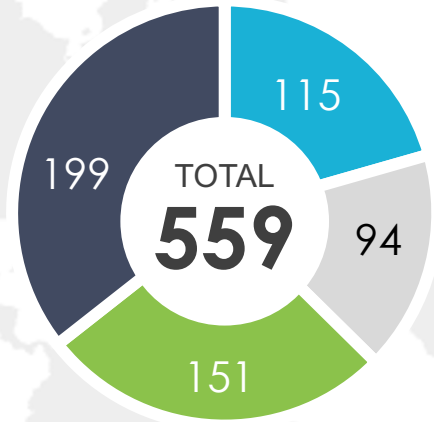
# Global Distribution Network



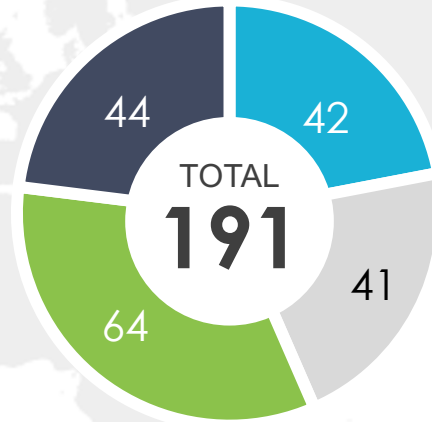
## DISTRIBUTORS



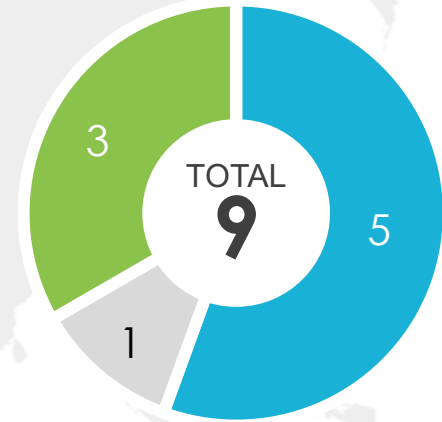
## DISTRIBUTOR EMPLOYEES



## DISTRIBUTOR LOCATIONS



## NA/OEMS



● U.S./CANADA  
CARIBBEAN

● LATIN AMERICA

● EMEA

● APAC/  
RUSSIA

# New Direct Sales Team



## RENTAL SYSTEMS

- Oil & Gas
- C&I
- Reoccurring Revenue



## PROJECT DEVELOPMENT

- Major Projects
- Energy Auditing
- High Margin



## KEY ACCOUNTS

- National Accounts
- OEMs
- IndyCar B2B



## PARTNERSHIPS /JV's

- BOP Products
- New Technologies
- Services

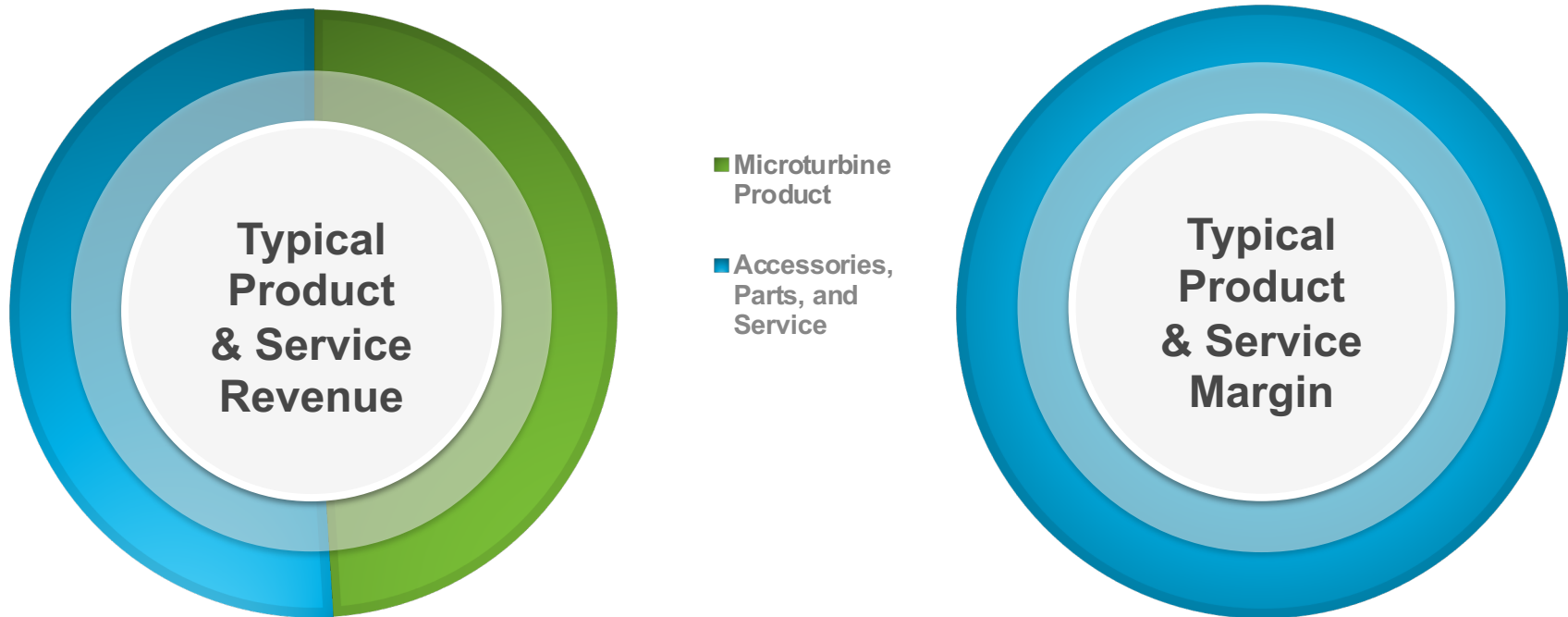


Capstone Direct Sales to Close 15% of New Product Sales 12

# Service Business Drives EBITDA



**Clean, Efficient, Reliable Low Margin Product Sales  
Drives High Margin Service Enterprise**



**FY2020 Capstone Aftermarket Service Business  
Was 51% of Revenue, But 100% of Margin**



# SHORT-TERM BUSINESS GOALS

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# Top 4 Critical Short-Term Goals



**Employee  
Health & Safety**



**Increase Liquidity  
& Improve Working  
Capital**



**Business  
Continuity for  
Essential End  
Use Customers**



**Preliminary Adjusted  
EBITDA Positive in  
June Quarter**



**Capstone Achieved its Top 4 Critical Short-Term Goals**

# Positive Adjusted EBITDA Initiative



- Substantially lower operating expenses
- Reduce direct material costs \$3M annually
- Cut annual R&D spend by approximately 25%, delaying all non-essential product development
- Expand long-term microturbine rental fleet from current up to 10 MW
- Increase aftermarket spare parts margins with newly upgraded United Kingdom Integrated Remanufacturing Facility (IRF)
- Help key distributors achieve higher Factory Protection Plan (FPP) service contract attachment rates from 38% to 45%
- Continue to focus on improving product reliability and drive warranty expenses from approximately 3% down to below 1%
- Increase distributor management and push performance to produce near-term product backlog and revenue growth
- Hire additional salespeople for National Account development to drive incremental business for Capstone





# Q1 FY2021 Preliminary Results



*“Our preliminary financial results show us on track to achieving our goal of positive adjusted EBITDA for the June quarter. While we will not have final results until our books are closed and our financial review completed, the preliminary results indicate a significant improvement when compared to the fourth quarter that ended on March 31, 2020 and the first quarter of fiscal 2020 that ended on June 30, 2019. The improvements are being driven by the work we have put into lowering our operating expenses, in combination with improving aftermarket service margins and a small rebound in product shipments versus the fiscal 2020 fourth quarter.”*

Darren Jamison – Capstone CEO



# FY2021 BUSINESS GOALS

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# New FY2021 Business Goals

## \$10M+ GOAL

Of Y/Y Adj. EBITDA Improvement

“

*"The pandemic has undeniably been challenging, but it did afford us a unique opportunity to thoroughly reevaluate every aspect of our strategic business plan and make the tough, but necessary, adaptations so that we were able to support our long-term goals, and most importantly we have an opportunity to emerge from this global crisis as a stronger and more resilient business than before."*

- Darren Jamison

”



**6x**  
INVENTORY  
TURNS

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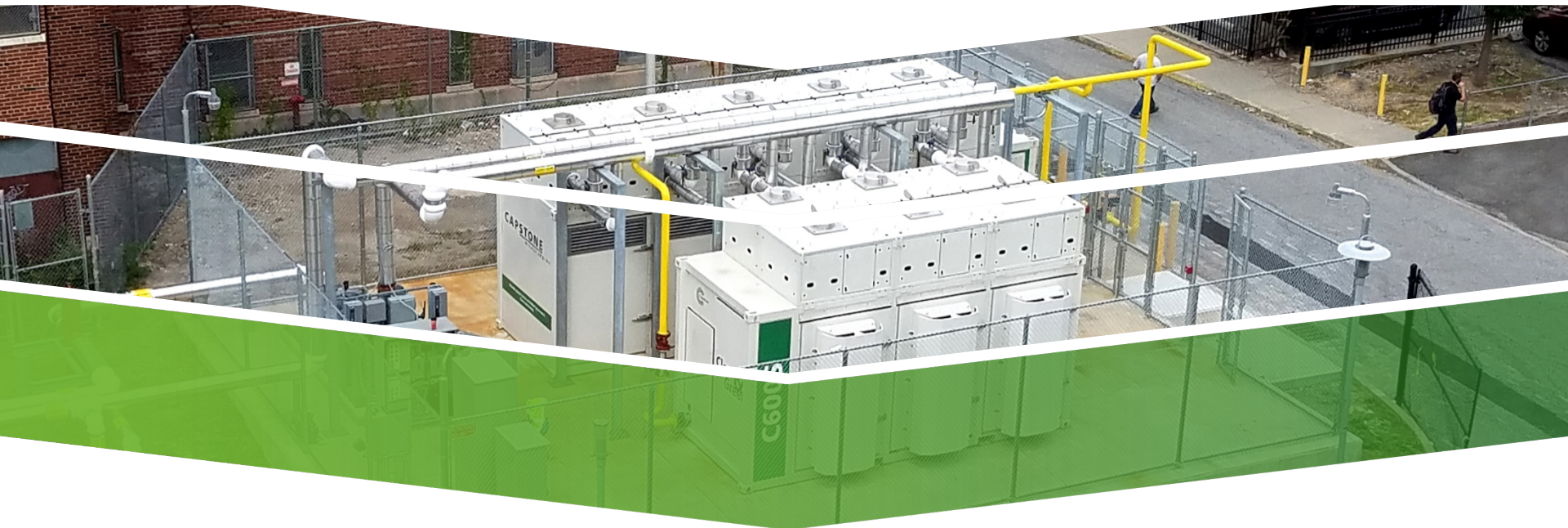
**10 MW**  
RENTALS



**22%**  
GROSS MARGIN

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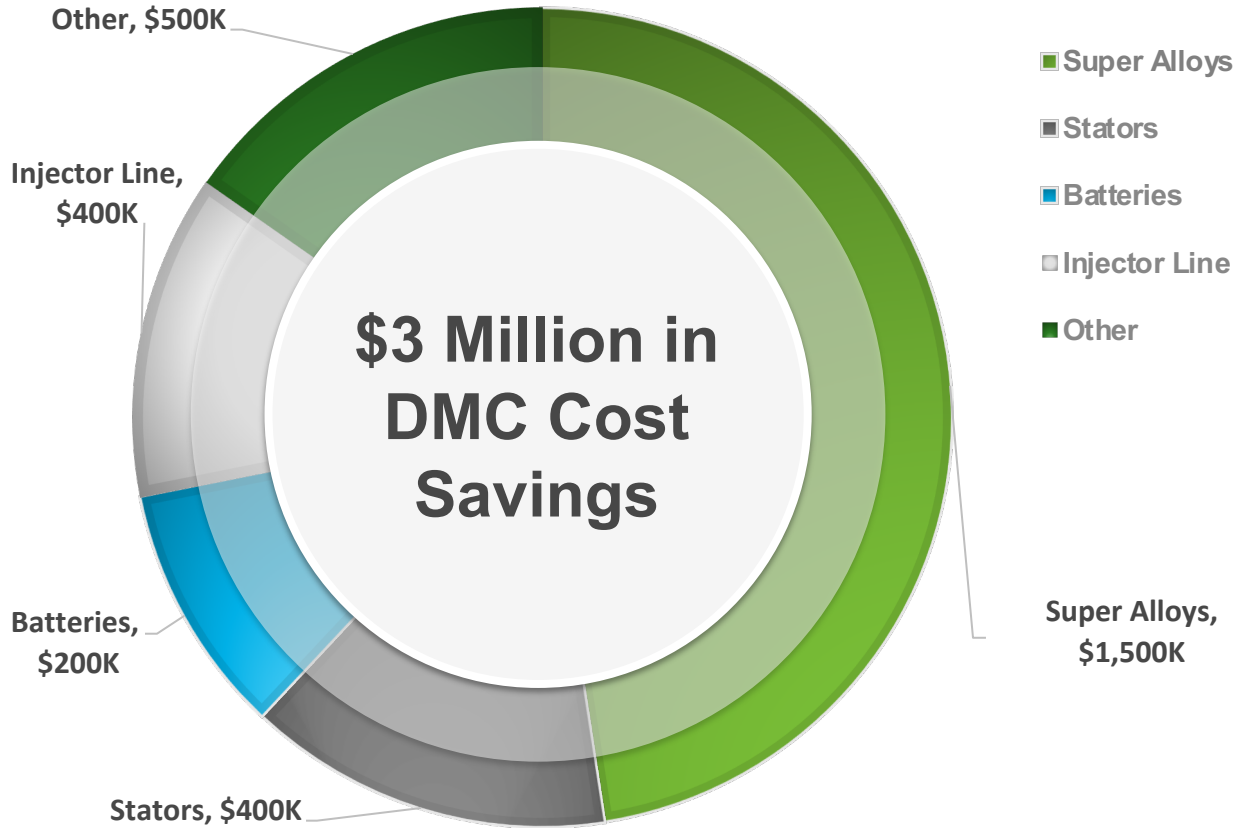
**15%**  
DIRECT SALES



# APPENDIX

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# DMC Cost Savings, Annualized



# New Marketing Focus



## Content Development

- Case Studies
- Market Specific Literature
- Corporate Video



## Branding

- Templates
- Branding Guidance



## Website Development

- Corporate Website
- Distributor Microsites



## Social Media

- Scheduled Content
- Distributor/Capstone Event Promotion



## Tradeshows & Events

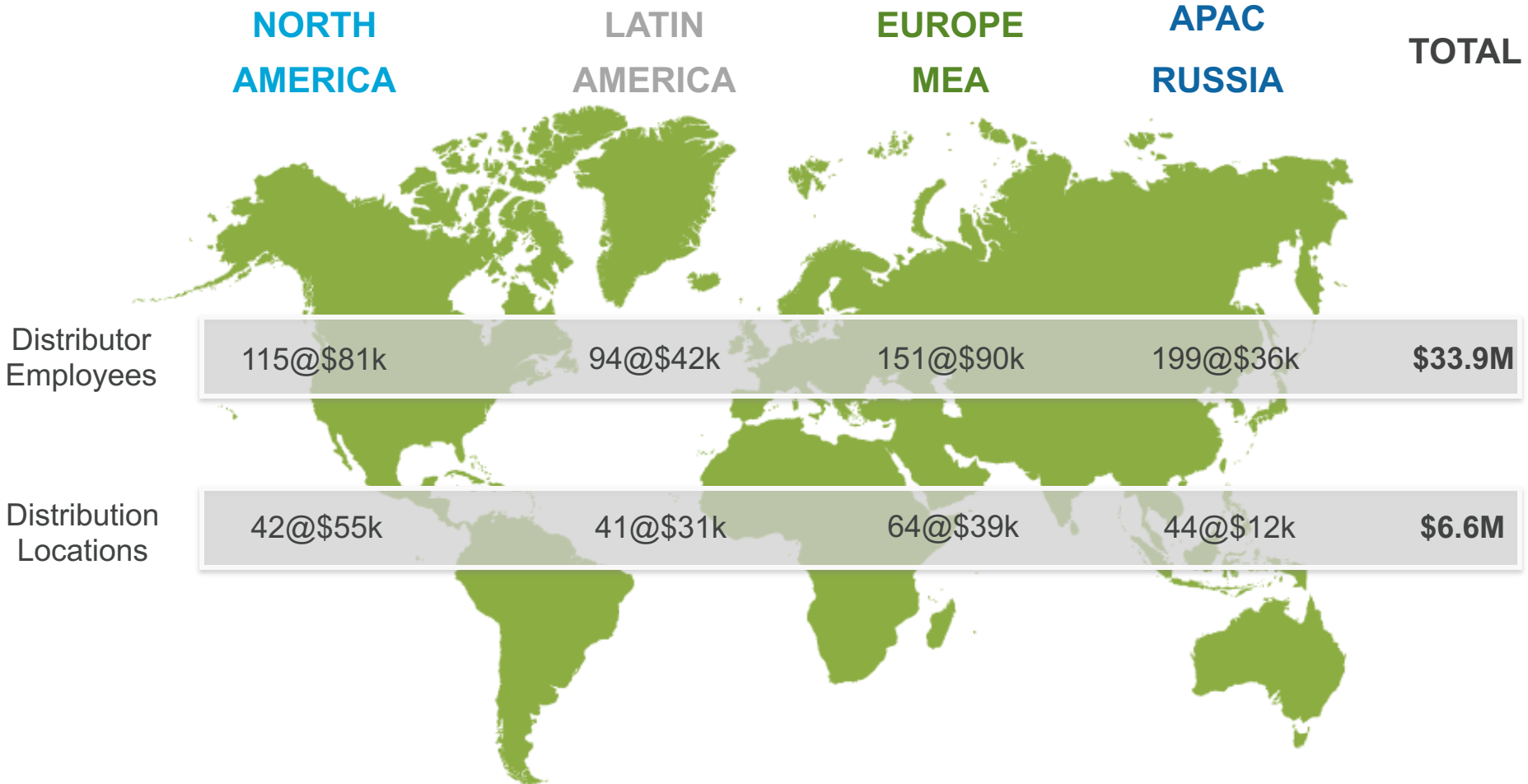
- Corp Event Management & Coordination
- Distributor Event Support



## Lead Management

- Post show/event lead management
- Campaigns

# Estimated Value of Distribution



**Total Annual Value of Distribution Channel is ~ \$40M**

# Capstone's Focus on ESG



*Increasing focus on Environmental, Social and Governance (ESG), principals, regulations and government policies is creating a strong tailwinds for the renewable energy sector globally. There's growing investor interest with ESG investing estimated to be over \$20 trillion in AUM as investors demand corporate responsibility.*

## ENVIRONMENTAL

- Capstone (CPST) manufactures reliable and energy dense power systems that allow customers to lower both NOx and CO2 emissions without the use of exhaust after treatment that use precious metals and urea.
- In FY2020, CPST customers benefited from 368,000 tons in carbon savings while also saving \$219 million in energy costs.
- CPST is developing new 100% renewable products together with new renewable fuels (hydrogen and methanol), allowing customers to generate power with a net-zero carbon footprint.
- CPST strives to improve the oil & gas industry by offering cleaner and “greener” power solutions that reduce methane emissions while utilizing associated gas that would otherwise be flared into the atmosphere.
- CPST supports energy efficiency initiatives through CHP and the U.S. DOE CHP Technical Assistance Partnership.

## SOCIAL

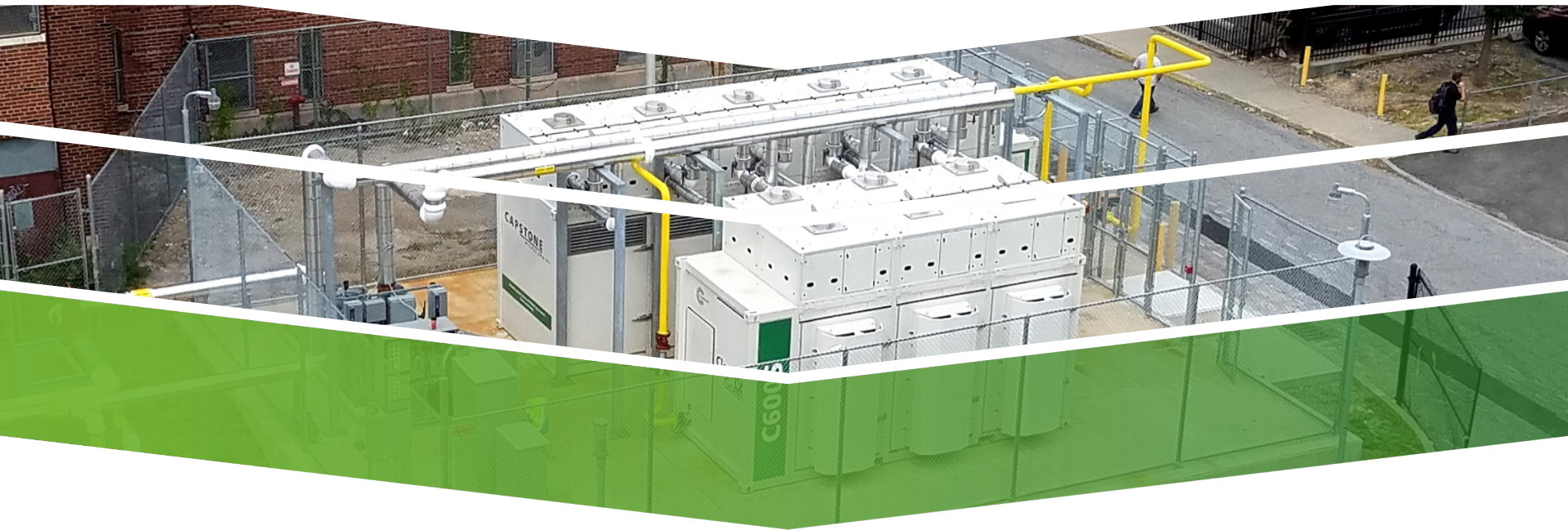
- Capstone, through its **Capstone Cares** program, sponsors paid employees to volunteer work in the local community and routinely conducts annual toy, book, and blood donation drives.
- The **Capstone Culture Club** puts on company sponsored employee events, ranging from health & fitness activities, team building events, social events and celebrations.
- **Capstone U** is a company sponsored employee led internal education program that is free and open to all employees.
- The **Capstone EH&S Team** works continuously to achieve a zero waste facility, eliminate all lost time injuries, and reduce near miss accidents.

## GOVERNANCE

- Capstone has a highly diverse set of outside Board of Directors comprised of 3 women and 4 men, with a female Chairperson and Audit Committee lead.
- 7 of the 8 CPST Board of Directors are outside independent directors who are free of any conflicts of interest and had no prior relationship with the President & CEO.
- The company subscribes to the highest levels of oversight, director education and management transparency.
- Capstone has worked diligently over the last several years on board “refresh” and each director is up for election annually.







# NEW TECHNOLOGY & PRODUCTS

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Nasdaq: **CPST**

# New Technology Roadmap

6

STEPS TO  
SUCCESS

HYDROGEN &  
METHANOL

ELECTRONICS  
MODERNIZATION

SIGNATURE  
SERIES C65

NEW C250S  
& C1250S

MICROGRID  
PRODUCTS

RENEWABLE  
PRODUCTS

# New Renewable Fuels



## HYDROGEN



Capstone will soon offer renewable power with the use of hydrogen in our product line of microturbines as a fuel source. Today we have operated on a blend of natural gas and hydrogen, and we have a plan to release a commercial 100% hydrogen fuel capable microturbine over the next couple of years.



## METHANOL

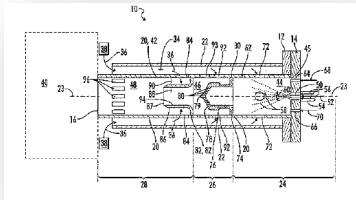


Capstone has worked with a Swiss company for years, operating a C30 on methanol. We just completed a multi-year test program, and together we are exploring the use of our full line of turbines as they move from the product development into the commercial deployment phase.

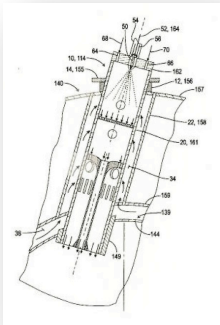
# New Technology & Product Development



## Capstone received two new patents by the U.S. Patent and Trademark Office



1. **Patent 10,184,664**, is for a multiple-fuel capable, pre-mixed, low emission injector for high flame speed fuel combustion.



2. **Patent 10,197,282**, is for a multi-staged, lean pre-vaporizing, pre-mixing fuel injector providing ultra-low emissions that meet EPA Tier 4 requirements for power generation.



These two patents support Capstone's Technology Roadmap – Targeting the expansion of multiple fuels, including high flame speed fuels such as Hydrogen, while also maintaining Capstone's industry-leading low emissions

# New 100% Renewable Products



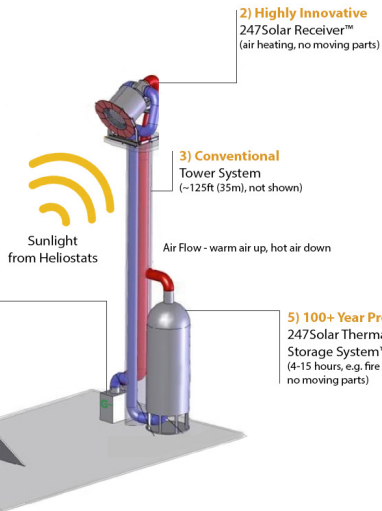
**247SOLAR**



4) Capstone Microturbines  
(Off-the-Shelf, 300-400 kW, outfitted with 247Solar Heat Exchanger™)



1) Off-the-Shelf Sun-tracking Heliostats (~4 acres per 400 kW)



2) Highly Innovative 247Solar Receiver™ (air heating, no moving parts)



3) Conventional Tower System (~125R (35m), not shown)

5) 100+ Year Proven 247Solar Thermal Storage System™ (4-15 hours, e.g. fire brick no moving parts)

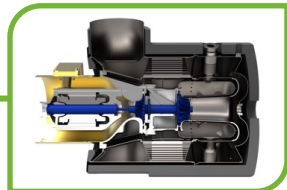


An illustration of the pre-engineered 247Solar Plant, outfitted with Capstone microturbines.

Another 100% renewable project is with a German company, B+K, that is using wood waste to generate superheated air and also expanding it across the Capstone microturbine. B+K has been operating a Capstone powered pilot project for more than a year and is moving into commercial sales, with several projects planned in 2020.

100% renewable project with new customer, 247Solar, together we are installing a solar-powered microturbine at a test site in Morocco using concentrated solar energy to expand superheated air across the Capstone microturbine to generate 100% renewable power with our microturbines. Once completed, 247Solar has a host of additional opportunities.

**B+K**



An illustration of the pre-engineered ClinX CHP solution, outfitted with Capstone microturbine



# LEADERSHIP & BOARD OF DIRECTORS

# Leadership Team



**Darren Jamison**

*President & Chief Executive Officer*



**Eric Hencken**

*Chief Financial Officer  
& Chief Accounting Officer*



**James Crouse**

*Chief Revenue Officer*



**Jeff Foster**

*Senior Vice President of  
Customer Service & Product  
Development*



**Kirk Petty**

*Senior Vice President  
of Operations*



**Jennifer Derstine**

*Vice President of Marketing  
& Distribution*

# Board of Directors



**HOLLY  
VAN DEURSEN**

- Independent director for companies in the chemical, industrial and contract manufacturing sectors; previously a director for companies in the oilfield services and packaging sectors
- Group Vice President, Petrochemicals and Group Vice President, Strategy for BP plc/Amoco Corporation, a \$250 billion oil, gas, and energy company, through 2005
- Executive roles with BP/Amoco in business management, business development and mergers & acquisitions, residing in North America, Asia and Europe

*Chair of the Board  
Member of the Audit Committee*



**YON  
JORDEN**

- Previously an independent director for Maxwell Technologies, Magnetek Incorporated, Bioscrip Incorporated, and U.S. Oncology Corporation, companies in energy, automation and healthcare industries
- Chair of Audit, Compensation, or Nominating & Governance Committee for a number of Boards
- Chief Financial Officer of four publicly traded companies, including AdvancePCS, Informix Corporation, Oxford Health Plans, Inc., and WellPoint, Inc. through 2004

*Chair of the Audit Committee  
Member of the Compensation Committee*



**PAUL  
DEWESE**

- Managing Director, Echo Holdings, LLC, advisory services for M&A in oil and gas since 2019
- Chief Executive Officer, Boomerang Tube, LLC, a supplier of steel pipes and services for the energy industry 2018-2019
- Chief Executive Officer, Epic Industrial Solutions, LLC, provider of parts and services for industrial engines and compressors in the oil, gas and industrial markets 2015-2018
- Chief Executive Officer, Southwest Oilfield Products, Inc., an aftermarket supplier for drilling rigs 2012-2015

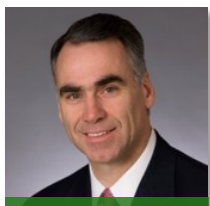
*Chair of Nominating and Corporate Governance Committee*



**GARY  
MAYO**

- Managing Principal of Sustainability Excellence Associates, LLC, a consulting firm specializing in strategic planning for sustainability and environment 2009-2016
- Vice President, Corporate Sustainability Strategies, MGM Resorts International, one of the world's leading global hospitality companies 2006-2008
- Leadership roles with Ford Motor Company and Visteon Corporation, including Director of Distributed Power Generation and Director of Government Affairs and Corporate Responsibility

*Chair of the Compensation Committee  
Member of Nominating and Corporate Governance Committee*



**ROBERT  
FLEXON**

- President and Chief Executive Officer, Dynegy Inc., an independent power producer and electricity marketer 2011-2018
- Chief Financial Officer of UGI Corporation, a distributor and marketer of energy products and services in 2011; and Chief Financial Officer then Chief Operating Officer of NRG Energy, Inc., a power generation and electricity marketer 2004-2009
- Chief Executive Officer of Foster Wheeler, a Swiss global engineering conglomerate 2009-2010

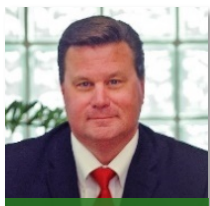
*Member of Audit Committee  
Member of the Compensation Committee*



**ROBERT  
POWELSON**

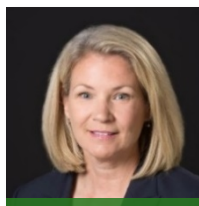
- President and Chief Executive Officer, National Association of Water Companies since 2018
- Commissioner for the Federal Energy Regulatory Commission 2017-2018
- Served on the Pennsylvania Public Utility Commission 2008-2017, as Chair 2011-2015, and on Pennsylvania's Marcellus Shale Advisory Commission 2011
- President of the National Association of Regulatory Utility Commissioners, 2011-2017

*Member of Nominating and Corporate Governance Committee*



**DARREN  
JAMISON**

- President and Chief Executive Officer, Capstone Turbine Corporation since 2006
- President and Chief Operating Officer for Northern Power Systems, Inc., a company that designs, manufactures and sells wind turbines into the global marketplace 2003-2006
- Vice President and General Manager of Distributed Energy Solutions for Stewart & Stevenson Services, Inc., a leading designer, manufacturer and marketer of specialized engine-driven power generation equipment to the oil and gas, renewable and energy efficiency markets 1996-2003



**DENISE  
WILSON**

- Executive Vice President and President, New Business, for NRG Energy, Inc., a Fortune 500 company that generates electricity and provides energy solutions and natural gas to its customers 2011-2016
- Executive Vice President & Chief Administrative Officer for NRG Energy 2006-2011
- Executive leadership roles in human resources for Nash-Finch Company, Metris Companies, Inc. and General Electric

*Member of Nominating and Corporate Governance Committee  
Member of Compensation Committee*





# Q&A SESSION

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