

# ETI ALPHADIRECT MANAGEMENT SERIES

FEBRUARY 16, 2017

## IN FOCUS: CAPSTONE TURBINE CORP REGARDING THE DISTRIBUTED POWER MEGATREND AS THE LEADER IN MICROTURBINE TECHNOLOGY

This issue focuses on Capstone Turbine Corporation and its microturbine power generation systems, distribution network, go-to-market strategy and Capstone's technical advantages.



Source: [www.energytechinvestor.com](http://www.energytechinvestor.com)

### THE ETI ALPHADIRECT INSIGHT

The distributed power market has become a significant megatrend for investors in recent years. This includes a variety of renewables as well as conventional energy conversion technologies. The microturbine has been playing an increasing role in this market and Capstone is the clear leader in this technology platform. We believe the microturbine has a number of advantages as a distributed power source with a particular emphasis on the sub-three-megawatt market. We see a number of key drivers that investors should monitor as catalysts for the shares. Perhaps the most important is the drive to profitability and the company's strategic effort to move to positive cash flow, which has a number of favorable implications for the shares as one would expect. Second is the stabilization and potential modest recovery of the energy markets, which have been a significant driver in recent years, but derailed with lower oil prices. Third is fully leveraging the company's distribution network and financing entity, which could help to expand revenue growth and take additional market share. We view most of the risk today as execution risk and management's ability to deliver on the break-even goal. We believe the technology is proven, the distribution network strong and the regulatory environment surrounding emissions to be favorable.

### CPST Business Snapshot

**HQ:** Chatsworth, California

**Nasdaq Ticker:** CPST (NASDAQ)

**Full Time Employees:** 173

**Stock Price:** \$0.75\*

**Market Cap:** \$26.05\*

**Website:** [www.capstoneturbine.com](http://www.capstoneturbine.com)

\*As of February 13, 2017



### About EnergyTech Investor

EnergyTech Investor, LLC (ETI) is a strategic advisory and independent research firm that delivers innovative investor intelligence programs, investor relations expertise and new investor outreach strategies to companies across the Energy Conversion and Industrial Technology sectors. ETI's mission is to generate insightful and credible information flow between companies and their investors through a broad portfolio of investor intelligence products that helps investors clearly understand the issues impacting a company and their stock price including strategic direction, technology and industry dynamics. EnergyTech Investor was founded by Wall Street veteran and research analyst, Shawn Severson, after seeing a fundamental shift in the investment industry that resulted in less fundamental research conducted on small cap companies and a significant decline in information available to the average investor. ETI's mission is to bridge that information gap and deliver solutions to both companies and investors.

To learn more, visit:  
[www.energytechinvestor.com](http://www.energytechinvestor.com)  
or follow us on LinkedIn or Twitter.

## Participants

**Mr. Darren Jamison**  
**Chief Executive Officer and President**  
**Capstone Turbine Corp.**

Mr. Jamison joined Capstone in December 2006 as President and Chief Executive Officer and has been a director since December 2006. Mr. Jamison joined Capstone from Northern Power Systems, Inc., a company that designs, manufactures and sells wind turbines into the global marketplace, where he served as President and Chief Operating Officer and Executive Vice President of Operations. Prior to joining Northern Power Systems, Inc., Mr. Jamison was 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. He holds a Bachelor of Arts degree in Business Administration and Finance from Seattle University.

**Mr. Shawn Severson**  
**Founder & CEO**  
**EnergyTech Investor, LLC**

Mr. Severson is the founding partner and CEO of EnergyTech Investor, LLC. He has over 20 years of experience as a senior research analyst covering the technology and cleantech industries. Prior to founding ETI he lead the Energy, Environmental and Industrial Technologies practice at the Blueshirt Group, a leading growth company investor relations firm. He was frequently ranked as a top research analyst including one of the Wall Street Journal's "Best on the Street" stock pickers and multiple awards as Stamine's top three stock pickers.

## ABOUT CAPSTONE TURBINE CORP.

Capstone Turbine Corporation® is the world's leading developer and manufacturer of clean-and-green microturbine power generation systems, and was first to market with its high efficiency air bearing turbine technology. Capstone has shipped thousands of microturbines to customers worldwide. These innovative and award-winning systems have logged millions of documented runtime operating hours and are compliant with current and future emissions regulations.

With over 86 distributors worldwide, Capstone's low-emission microturbines serve multiple vertical markets with industry-leading reliability and efficiency. Capstone offers a comprehensive product lineup, providing scalable solutions from 30kW to 30MW. Capstone microturbines can also operate on a variety of gaseous or liquid fuels and are the ideal solution for today's distributed generation needs.

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 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.

**Shawn Severson:** I would like to thank you, Darren, for taking the time to speak with us today. I would like to cover four key aspects of Capstone in this piece; First, an overview of distributed power and the power generation market, followed by a brief review of the technology advantages and disadvantages, and then lastly Capstone's go-to-market strategy. However, before we get into the business, can you start by giving us a brief introduction of yourself, Darren?

**Darren Jamison:** Of course, Shawn. I am Darren Jamison, president and CEO at Capstone Turbine Corporation. I joined Capstone just over 10 years ago in December 2006 in order to bring the company from an R&D focused company to a product focused company and grow the microturbine industry worldwide.

**Shawn Severson:** So, starting with distributed power. This has been a megatrend for a number of years and we have seen a number of companies and technologies benefit from it including Capstone. Can you give us your take on this broader trend and how it fits into Capstone's technology and market strategy?

**Darren Jamison:** We look at distributed generation as a paradigm shift in the way people and businesses think about energy and how they purchase and use it. Whether it is electrical or thermal energy or both combined, Capstone looks at distributed generation the same way our customers look at their energy spend. We analyze the best way to manage and control that spend with the goal of producing cleaner power more efficiently and at a more affordable price point. Much like the telephone industry's move from landlines to cellphones, we are now looking at distributed energy behind the meter as an environmentally friendly way to generate power with lower emissions and lower overall cost.

**Shawn Severson:** What advantages do you have over conventional reciprocating engines that dominate the market today, and what would you say are some of the disadvantages or hurdles your turbine technology has to overcome to gain market share?

**Darren Jamison:** Reciprocating engines dominate the market today simply because the technology is established and well-known. As the trend for distributed generation continues to develop, it is natural for people to want to move to technologies that they are more familiar with. Now, reciprocating engines (diesel or natural gas) have been around for over 100 years, but not without the same challenges. This older technology is becoming antiquated and we, as a society, are moving forward. The advantage these engines have is that they are a well-known technology and people understand and know how to work on them. Their disadvantage is the fact that they are a concert of moving parts.

Your traditional industrial engine has six, eight or 12 cylinders, four valves per head, belts, hoses, coolant, batteries, alternators, radiators, fuel injectors, engine control systems and, of course, lube oil. Putting all these components into a 24/7, 365 day a year application would give you lower reliability and higher maintenance costs.

Capstone microturbines have one moving part and patented air bearing technology; it is inverter-based and digitally controlled. The simplicity of our microturbines as opposed to internal combustion engines allows customers with varying expertise, whether they are a hospital, hotel or industrial manufacturer, to focus on their core business and not the power plant business.

**Shawn Severson:** Is the technology fully developed today or is there another extension or an evolution of the technology that you see in your pipeline?

**Darren Jamison:** We are always trying to improve and evolve the technology, and we look for new architectures, new ways to control it, lower the cost of operation, lower emissions and broaden the worldwide applications. The core architecture that we have today is our 30-kilowatt, our 65-kilowatt and our 200-kilowatt architectures that come in one-megawatt building blocks. These architectures are very mature and highly reliable because we understand their operating costs and how well they can perform in different environments and applications. However, we are working on new architectures, most of which are aimed at further improving efficiency levels on the electrical side and lowering overall install cost for the customer.

**Shawn Severson:** When you look at the relative cost, what is the significant hurdle to get over in terms of the cost differential for customers? Do they look at this as an upfront cost or a long-term cost, and how do you use the technology to sell them?

**Darren Jamison:** Our biggest challenge is that we are not a very well-known product, so we must first educate our customer base on Capstone, the company, what a microturbine is in the first place and how they can benefit from the technology. Since we have over 100 patents, we have managed to block a lot of competitors from entering the market. This might seem like a good thing from a competitive standpoint, but from a moving customers and markets perspective, it makes it more challenging being the only patented solution in the microturbine manufacturing world.

In addition to branding, other challenges include our balance sheet and the initial cost of the product. We utilize very expensive, high-grade stainless steel alloys, inverter-based power electronics and digital control architecture. We manufacture a high-technology product and today we are still a lower volume manufacturer compared to traditional engine based technologies. Though, we make up for it in our life cycle costs, which we actually guarantee for our customer, so it is a multi-pronged sales challenge for us. It is helpful for the customer to understand what a microturbine is as well as the features and benefits of using a microturbine. We want our customers to be comfortable with Capstone as a technology and as a brand, and then it's just getting them past the initial cost and proving to them that the long-term low life cycle costs are worth the investment. I would say that these are the three main challenges Capstone is facing today.

**Shawn Severson:** How do you fit in relative to a company like Solar Turbine, which is part of Caterpillar, or with some of the other larger players in the market today? What is the biggest difference between your product offering and theirs?

**Darren Jamison:** The biggest difference between Capstone and the larger scale turbines, whether they are Caterpillar, Kawasaki, GE or any other big turbine company, is that we are taking big turbine emissions, reliability and performance down to a smaller scale. So, quite simply, the difference is the size of our machines, the portability, the outputs and the footprints. Another major difference is the air bearing technology inside our microturbine. Other traditional products require lube oil, oil makeup systems, cooling systems, exhaust aftertreatment and other support systems. Be-

cause Capstone employs air-bearing technology, there isn't a need for lube oil, anti-freeze or grease in the system and because our emissions are so low, we don't require aftertreatment to get an air permit.

**Shawn Severson:** Can you put that in perspective in terms of power output? Where does it cross the threshold where an industrial turbine from say, Solar, becomes much more competitive versus the market you're addressing in terms of power needs?

**Darren Jamison:** The smallest turbines that companies like Caterpillar and Kawasaki make are one-megawatt machines, but their really competitive turbines are about five-megawatts. With that being said, we are more efficient and more suitable for distributed generation applications with power loads below five-megawatts. We see our product being most effective in the 30-kilowatt to five-megawatt range and, in addition, there are larger applications where our product would make more sense if you have varying or distributed loads and implement multiple machines instead of a single five- or 10-megawatt product.

**Shawn Severson:** Thank you, Darren. Let's move on to the go-to-market strategy. What is the value proposition you offer to customers? Is this an ROI sale to the customer today?

**Darren Jamison:** What is interesting is that we are in 73 countries and have shipped approximately 9,000 machines worldwide. When I travel around the world, I sit down with potential customers and have them explain their core business, what is important to them, who makes a key vendor and how they manage those key vendor relationships. During my 10 years at Capstone, not once has somebody stated that the local utility was a key vendor or

strategic partner for them. Most businesses see their local utility as a sunk cost or an arranged marriage that has been predetermined for them.

In most cases, utilities are increasing rates annually and becoming harder to do business with. What Capstone is trying to convince customers of is that because their energy spend is typically a top-five (sometimes even top-three or top-two) expense, they should look for a partner who will care about them, manage the relationship and help them to reap the benefits of a win-win situation going forward. Capstone's value proposition to these potential customers is that they can generate their own electricity and thermal energy with a true strategic partner that will back the lifecycle costs of the product. For the next five to 20 years as their strategic partner, Capstone will make sure that they have clean and reliable electrical and thermal energy at the right price, and as their strategic partner we will grow with them and support them in their core business.

**Shawn Severson:** If we compare that with the incumbent technology, which is at a much lower price point, is there a payback period that investors can think of in terms of the customer with a higher upfront cost, with a payback period that is X amount of years with a better relative long-term return?

**Darren Jamison:** If you went to business school, we probably had similar textbooks that we read, and we all learned about the razor blade theory. The theory is that when you give away the cheap razor, you make all your margin on the blade refills over the years. That is absolutely the model that Caterpillar, GE and many other reciprocating engine manufacturers around the world have adopted. Their goal is to get you into an engine or large

turbine as quickly and cheaply as possible and convince you to employ their technology, after which they will give you a one-year warranty. When the one-year warranty expires, you are paying for every single maintenance event, both scheduled and unscheduled, for the next 19 years of the product's useful life. On the other hand, Capstone is the new electric razor that doesn't need spare blades. Our cutting-edge technology incorporates one moving part and is in total strategic alignment with our customers. We guarantee the lifecycle costs and cover these costs with a fixed long-term service contract.

Any time our microturbines have scheduled maintenance or an unscheduled failure, we fix it immediately. Our customers lose productivity every second they are operating without electrical or thermal power. To remedy and even prevent these situations, we are in total alignment with the customer, which creates a long-term, win-win strategic relationship with well-aligned goals.

Caterpillar and GE, for example, have done a marvelous job at selling customers their parts and services, like razor blade refills over the years, and it is very common for customers to not really realize how much money they are actually spending. This is not a win-win situation as they are harvesting the aftermarket revenue and profit at the customer's expense.

**Shawn Severson:** Let's spend some time on end market and applications. It would be helpful to give some sort of historical perspective as well, where you've been and where you think the product is going to go in the future.

**Darren Jamison:** We really have six market verticals that we operate in, but there are a few of them that are definitely more prominent for

us today. Historically, our best market has been oil and gas, whether that is drilling operations, flare gas management, gas compression, mining or water conservation – really the whole oil, gas and natural resources space. Our primary success here has been with the lowering of emissions to meet regulations and boosting long-term system reliability. Many of our oil and gas customers are driven to our technology because they struggle to get local air permits and environmental impact permits. Capstone's microturbine emissions are approximately 1/10 of those of an internal combustion engine. Another important factor is reliability. Because we only have one moving part and no need for lube oil or anti-freeze, microturbine maintenance is low and systems will keep running even when the local grid is down. Our microturbines are also digitally controlled, since many of these same customers look at savings from an operational standpoint. Many of the oil and gas projects are out in remote locations, like the Amazon rainforest, for example, and offshore platforms far from civilization. Having longer maintenance intervals and less downtime can be even more of a driver for energy customers to adopt our technology.

At one point a couple of years ago, we were almost 70 percent oil and gas as far as our market penetration, but as that market has moved and changed over the last two years with falling oil prices, we pivoted the business to focus more on energy efficiency, or what we refer to as combined heat and power. Today, our primary market sectors include hotels, large residential complexes, retail buildings, office buildings and hospitals, with the customers' focus being on lower carbon footprint as well as long-term energy savings, which is really an ROI business. Most customers today are looking for a simple five-year payback pe-

riod or less. The closer we get to a three-year payback, the more affordable and more attractive the project becomes.

In addition, we do business in the renewable energy space by running the microturbine on methane and various other biogases. These are usable fuels that come from landfills, dairy farms, pig farms, breweries, wastewater treatment plants or any other kind of green waste producing operation. Digester technology is improving as the ability to produce biogas from solid waste and organic materials becomes more commonplace. We see this market growing globally.

Beyond that, we are looking at data centers, telecom, the portable power markets, and we are still looking at the transportation space. Capstone was actually founded on a transportation platform many years ago and we are on Walmart's truck of the future – the Walmart Advanced Vehicle Experience – working with both Peterbilt and Kenworth on demonstration vehicles. One of these vehicles is going into Costco shortly for testing in a real world setting. Also, we still work in the marine space a bit as the marine industry goes through its changes looking for lower emission solutions. Even as our biggest markets today are oil and gas and energy efficiency, we are actively looking to become as diversified as we can from both a vertical and geographical standpoint.

**Shawn Severson:** What is your approximate end market mix today?

**Darren Jamison:** Today, we are probably, 55-60 percent energy efficiency and 35 percent oil and gas, which changes on a quarter to quarter basis; renewables are usually around 10 percent and the transportation and marine spaces are very low volume - more demon-

stration projects and early stage development at this point.

**Shawn Severson:** Would you say that the oil and gas business has at least stabilized for you at this point given that we are a couple of years into the significant slowdown and lower oil prices?

**Darren Jamison:** Absolutely. I think once we got back over 50 dollars a barrel, we started seeing oil and gas companies, especially some of the smaller operators, get more active again. We actually secured the largest oil and gas order about three weeks ago; the largest order that we have seen in 11 months.

We have also seen an uptick in our business as a whole this quarter and are finding and addressing new projects that were previously put on hold. We are definitely not back to the levels we were at two years ago, but we're seeing positive movement in the right areas.

**Shawn Severson:** You have had a lot of success in recent years in building your distribution network, and it is a very valuable asset of the company in my opinion and I'm sure in yours as well. Can you explain why this is such an important element of Capstone's growth strategy, both on a short-term basis as well as for the longer term?

**Darren Jamison:** Absolutely, that is a great question. Most companies of our size, especially in the cleantech space, and even the sub-hundred million-dollar companies, do not employ a sophisticated distribution network like we do. The reason being there is a lot of work that has to be done short-term, but the long-term benefits and developments are exponential. Capstone is up to about 86 distributors worldwide today, which represents an extension of almost 173 dedicated Capstone employees. These are all employees that we

have trained, nurtured and helped become effective when selling, installing and servicing the product. This allows us to be a global company without adding additional resources. This extended network has helped us to sell approximately 9,000 machines in 73 countries without incurring significant costs such as added salespeople, applications engineers or service technicians.

We can essentially stay at the level we are today employment-wise, which is about 170 employees, and go from \$80 million in revenue to several hundred million in revenue without significant changes to our head count. Distribution channels are not easy to build and it takes a lot of pick and shovel work, but if done right you end up with an army of very loyal distributors that are our boots on the ground, building relationships every day and taking care of the product for you.

It is vital for us to be a global company in order to build that global distribution network; otherwise we would be selling direct and be looking at very rifle shot, one-off applications and not employing the shotgun approach that we use today. We use Salesforce.com, which allows us to view and manage the pipeline and then evaluate distributor performance. Today, we have a very diverse group of projects in our pipeline by region: the U.S. and Canada have over \$439 million of pending projects or opportunities; Asia and Australia have over \$138 million; Europe and Russia have approximately \$158 million; Latin America has just over \$247 million; Africa and the Middle East have over \$112 million.

In total, we have about \$1.1 billion of pending, identifiable opportunities with our 86 distributors managing all of them. On our end, we look to improve close rates and cycle times through education, training and support to

grow the business. Our growing distributor network is absolutely a valuable asset for us, if not our biggest, and we are constantly growing it and expanding to new regions. Caterpillar and GE, for example, have very old and valuable distribution channels that serve as huge assets for them. It certainly takes time to develop these channels and help the network to mature, but it's clearly worth the effort.

**Shawn Severson:** Let's talk about closing rates in your distributor network. What do you think the biggest challenges are that they face - is it education, is it financing? Could you talk a little bit about that and what you are doing to improve their success rates, as a company?

**Darren Jamison:** I would say that it is definitely both; it is customer education, it is financing solutions, but it is also getting customers comfortable with our technology and our balance sheet. Nobody likes to be a pioneer - pioneers get shot, settlers get rich. So, I think people want to know that they are not the first to use the technology and will not be the last either. The more familiar architects and engineering communities become with our technology, the greater the brand exposure, which is obviously important. As Capstone becomes more of a mainstream company and businesses start to see more of their friends, family and competitors use the technology, we should see much faster adoption rates than we are seeing today.

I have to admit we do see a bit of a generation gap - the younger generation of architects and engineers are much more sensitive and accepting to newer technologies, especially greener technologies, as opposed to some of the more, shall we say, seasoned architects and engineers, of whom are more the traditionalist type. I believe that as the younger generation moves into more senior



management positions at these organizations, we will see faster adoption rates of micro-turbine technology. It is all about educating the customer and explaining what the product does and how it works. We must show them that the benefits are worth the higher initial investment and that it is the right thing to do from an environmental impact standpoint. We are often competing with other capital budget spends or projects so we have developed our own financing entity, Capstone Energy Finance, to help in these cases.

**Shawn Severson:** How does customer support and service fit in the picture for you? Is that a profit center, and how does it work for Capstone?

**Darren Jamison:** What is interesting is that because we do not employ the traditional razor-to-razor-blade business model – remember, we are the electric razor – there is not a lot of maintenance work to do, so most people don't see us as having much of an aftermarket value and presence. What is interesting is that it is just the opposite! Because we see the value in our products, such as their low maintenance and high reliability, we guarantee the lifecycle costs, which acts as an insurance policy and comfort factor for our customers. Today, we are up to about \$77 million in fixed long-term service agreements, which are continuing to be a profit center for us. We are currently at about 35 percent margins on the way up to 50 percent, which is how we have designed the program. As we continue to grow and as the product matures, the margins will improve, and more importantly, as we stick close to our customers, they will better understand what is going on with both the product and the company. If I can make the product perform better for the customer, I save money on my fixed long-term service agreement and

my customer makes more money by generating more kilowatt-hours and thermal energy during the year. So, again, it's a win-win situation.

**Shawn Severson:** Great, thank you. Last but certainly not least, from an investor's perspective, is profitability. With the exception of some major end market headwinds, particularly in the oil and gas sector, you have been successful in driving sales in unit growth. How and when does profitability improve and what are the key milestones an investor should keep an eye out for?

**Darren Jamison:** In the last two years, we have definitely dealt with some serious macro-economic headwinds. We lost our biggest Russian distributor for an extended period of time and with the political turmoil going on in that region of the world, we saw the oil and gas sector get hit really hard as oil went from \$110 a barrel to \$28 a barrel. Today, Russia has come back and is one of our bigger distributors again and oil has recovered to over \$50 per barrel. We definitely had some challenging times over the last two years, but we remain positive for the future.

Frankly, the strong dollar has hurt us as much as anything since we are heavy exporters, and with that being said, we have had to pivot the company and make several changes to our products, services and overall cost structure. As a result, we are in a better position today than we have been in my 10 years with the company.

So, why are we closer to profitability today?

Well, we have a cost structure that is almost 40 percent lower than it was last year. To put that into perspective, our operating expenses have not been this low since March 2003. We were doing less than \$3 million in quarterly revenue

back then and we just announced a \$20 million quarter, so it gives you an idea of our efficiency and the operational excellence we are achieving now through our leaner cost structure. This makes the profitability bar much lower and easier to get over going forward and we have not given up anything from a customer support or satisfaction standpoint. Our aftermarket service business continues to grow at a very high rate and has significantly improved margins. Again, if you look back several years, aftermarket business revenue would come in at \$3 or 4 million a quarter. Today, we are fast approaching an \$8 million quarter and growing toward \$10 million a quarter with margins improved to 35 percent now and headed to 50 percent with a more mature and robust product line. As our aftermarket service business grows in both revenue and margin with a lower cost structure, it makes it that much easier to get to breakeven and makes us much less susceptible to future macro-economic headwinds. If we can cover our operating expenses with just our aftermarket service business, we essentially become recession proof.

Placing new product is also very important to us and we want to drive product sales as fast as we can. Energy efficiency is a huge global market that is opening up nicely for us as utility rates increase and our new Signature Series microturbines thrive in the field. We will continue to match our customers with the product that best fits their business needs and drive toward long-term relationships and repeat customers.

As mentioned before, Capstone Energy Finance (CEF) is a joint venture we developed about a year ago. We have done a lot of work in the last year and should be seeing dividends from CEF soon. We see CEF driving lot of microturbine sales by allowing customers to enjoy the benefits of the product without actually spending capital dollars. However, truth be told I would say that two out of every three CEF power purchase agreement negotiations will end up with a customer not signing a power purchase agreement and instead buying the product outright because they are looking to save hundreds of thousands of dollars annually on their energy bill without any risk. Compare this to saving a million dollars a year on energy, but with their own capital dollars at risk. Most customers will make a business decision to go ahead and use their own capital because it is a 20-year asset that will save them a lot of money.

So, if you have a 15-20 percent ROI project, why would you hand it over to Capstone and their financing group to enjoy all of the long-term financial benefits?

Regardless, I think it is a great sales tool that will drive revenue, and more often than not, it is going to drive customers to make the right decision, which is to actually own the product themselves.

**Shawn Severson:** Great, thank you very much for your time, Darren. It's been very helpful. I think investors should have a better understanding of Capstone and we look forward to our next conversation in the near future.

**Darren Jamison:** Excellent, thank you, Shawn.

**SHAWN SEVERSON  
 FOUNDER AND CEO**

Mr. Severson founded EnergyTech Investor in 2016 after seeing a significant communication and information gap developing between small and micro-cap companies and the financial community. Mr. Severson has over 20 years of experience as a senior research analyst covering the technology and cleantech industries. Previously, he was Managing Director at the Blueshirt Group where he was the head of the Energy, Environmental and Industrial Technologies practice. Prior to the Blueshirt Group, Mr. Severson was at JMP Securities where he was a Senior Equity Research Analyst and Managing Director of the firm's Energy, Environmental & Industrial Technologies research team. Before joining JMP, he held senior positions at ThinkEquity, Robert W. Baird (London) and Raymond James. He began his career as an Equity Research Associate at Kemper Securities. He was frequently ranked as a top research analyst including one of the Wall Street Journal's "Best on the Street" stock pickers and multiple awards as Starmine's top three stock pickers.



**DISCLOSURE**

EnergyTech Investor is an independent research and publishing organization, not a licensed broker, broker dealer, market maker, investment banker, or underwriter. This report is published solely for informational purposes and is not to be construed as an offer to sell or the solicitation of an offer to buy any security in any state. This is not a complete analysis of every material fact regarding any company, industry or security.

A fee has been paid for the sponsored material contained herein (the "Sponsored Materials"), in either cash or restricted stock, by the indicated Company. Additionally, we may perform consulting or advisory services for Companies that we produce and publish research for.

The Sponsored Materials are not and should not be construed as an offer to sell or the solicitation of an offer to purchase or subscribe for any investment. No information in the Sponsored Materials should be construed as individualized investment advice. A licensed financial advisor should be consulted prior to making any investment decision. ETI makes no guarantee, representation or warranty and accepts no responsibility or liability as to its accuracy or completeness of the Sponsored Materials.

ETI assumes no warranty, liability or guarantee for the current relevance, correctness or completeness of any information provided. Furthermore, we assume no liability for any direct or indirect loss or damage or, in particular, for lost profit, which you may incur as a result of the use and existence of the information, provided within the Sponsored Materials. We may distribute our reports through other organizations or companies.



**WWW.ENERGYTECHINVESTOR.COM**