

Capstone Turbine and Its Evolving Operational Model, Cost-Cutting and Tariff Challenges

Kirk Petty
Senior Vice President of Operations

Nasdaq Ticker: CPST

Safe Harbor



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Changing Energy Markets





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







Capstone Turbine Advantages



FEATURES & BENEFITS



Inverter Based w/ One Moving Part Low operating costs



Patented Air Bearing Technology
No lubricants or coolants needed



Low Emissions
No exhaust aftertreatment



High Power DensityCompact footprint, small modular design



Stand Alone Or Grid Connect Supports aging utility infrastructure



Fuel Availability
Operates on gaseous, renewab

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

Whitby Hydro

Offset project costs

Manufacturing Operations



Precision Engineering & Craftsmanship

- Single Part moving @ up to 96krpm
- Typical Tolerances in the +/- .0001"
- Precision Balancing Techniques
- In-Process and Final Quality Testing





Lean Manufacturing

- "Capstone Production System"
- ~40 Manufacturing Technicians
- Module-Focus, Cellular Work
- Cross-Training & Safety

Supply Chain: Maximizing Leverage on Core Competencies

Capstone's Core Competencies

- Advanced Assembly
- Design, System Integration & Testing
- Speed: From Order to Shipment



Sourcing: Making Sound Decisions

- Make vs. Buy Decisions
- Decisions come down to economics
- Lowest-Cost and Shortest Lead Times
- Leveraging the Core Competencies already present in the Value Chain
- Vertical Integration and Value Added –
 Value Engineering (VAVE)
- Advantages of being "Nimble"

Operations: Accomplishments & Continuous Improvement



Goal-setting & Accomplishment

- Largely Focused on Operating Costs and Waste Reduction
- Consolidation into a Single Facility
- Changing How We Plan & Build Product
 - Lowest Cost
 - Shortest Lead Time
 - Highest Quality
- Resetting the Culture
 - Learning Culture
 - Waste Identification
 - "Family" Environment

Cost Reduction Efforts

- Complex Materials with Long Lead Times
- Creating a Spirit of Partnership and Competition within the Supply Chain

Tariffs & Macroeconomics

- Tariff Impact to American
 Manufacturing and Capstone's

 Reaction
- Permanent Impact to Capstone's Value Chain

ESG at Capstone



Zero-Waste Facility Goal

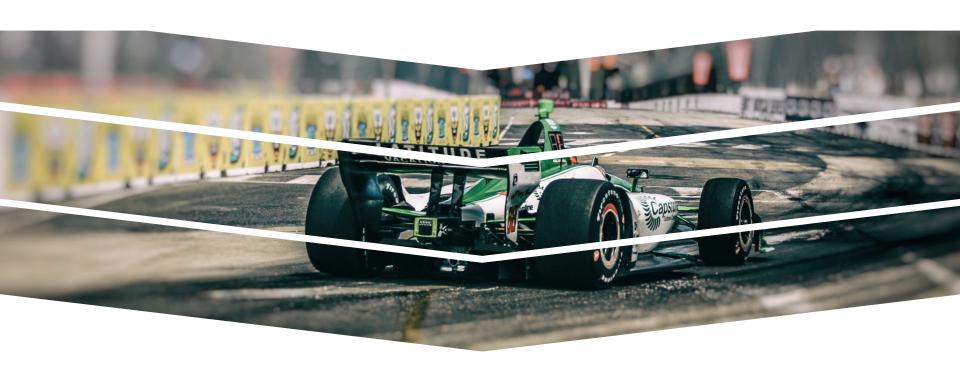
- We borrow the planet from our children.
- Green in every way:
 - Cash
 - Green Product
 - Green Processes
 - "Think Green" Employee
 Mindset
- Partnered with WasteWise to monitor and reduce, reuse & recycle.

Community & Social Outreach



Employee Engagement







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