

Marine Energy Systems Market Estimated at \$800 Million

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One of the high growth segments of the boat market is the marine energy systems market. According to Capstone Turbine Corporation, a company that has seen its energy systems sales skyrocket, the marine energy systems market represents potential sales of \$800 million for the company. Because Capstone derives the majority of its revenue from non-marine energy segments, its entrance into the marine energy systems market has the potential to drive its sales even higher and faster,

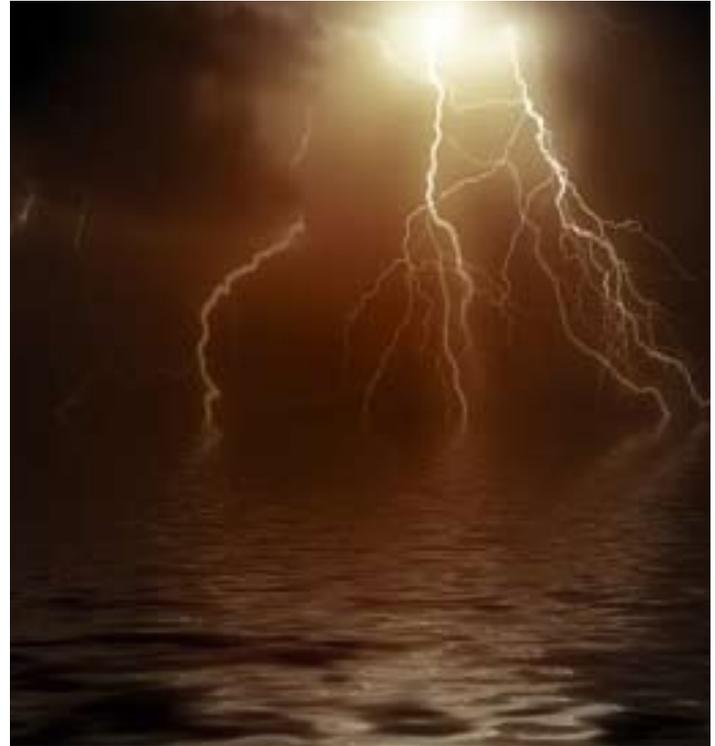
Capstone's entrance into the marine energy systems market is slated for June of this year. At that time, along with Electric Ship Facilities, a boat building company out of the Netherlands, it will introduce a 75-foot prototype boat based on Capstone's microturbine energy technology.

Statements from Jim Crouse, Capstone's Executive Vice President of Sales and Marketing suggest the prototype boat will offer many advantages over boats based on conventional combustion engines. These advantages not only include ultra low emissions, but also reduced maintenance costs, a smaller footprint, ease of installation, and quiet operation.

But those aren't the only advantages. Turbine engines, in general, have become popular in recent years because they can operate on just about any kind of liquid fuel source and they don't require engine oil or a coolant. They also are revered for the fact that very little maintenance is required. Another advantage of turbine engines is that they provide more power with less weight, which will let boat designers create boats that are not only much lighter, but require less energy to move and move faster.

Capstone, whose sales have grown steadily from \$16 million in 2005 to \$44 million in 2009, plans to address the small and medium size boat market, a market the company believes is not well served by present day electric-diesel engines.

Capstone indicated that its hybrid turbine electric technology, unlike electric-diesel technology, will permit small and medium sized vessels to enjoy the cost and



emission benefits of turbine technology without sacrificing the boat performance needed for short distance, high speed, stop and go trips.

But that's probably not all. Capstone made a strategic decision two years ago not only to develop hybrid product solutions for the marine and general vehicle market, but also the uninterruptible power supply and the solar concentrator market. These product areas for the most part are synergistic with hybrid boats. Uninterruptible power supply technology is necessary for the storing and releasing the energy from the batteries in hybrid vehicles, and solar concentrator technology can provide much higher power levels than solar cells.