



INVESTOR RELATIONS PRESENTATION

March 2021



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.

Changing Global Energy Markets



Current Change In Global Energy

The Paris Climate Agreement



“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

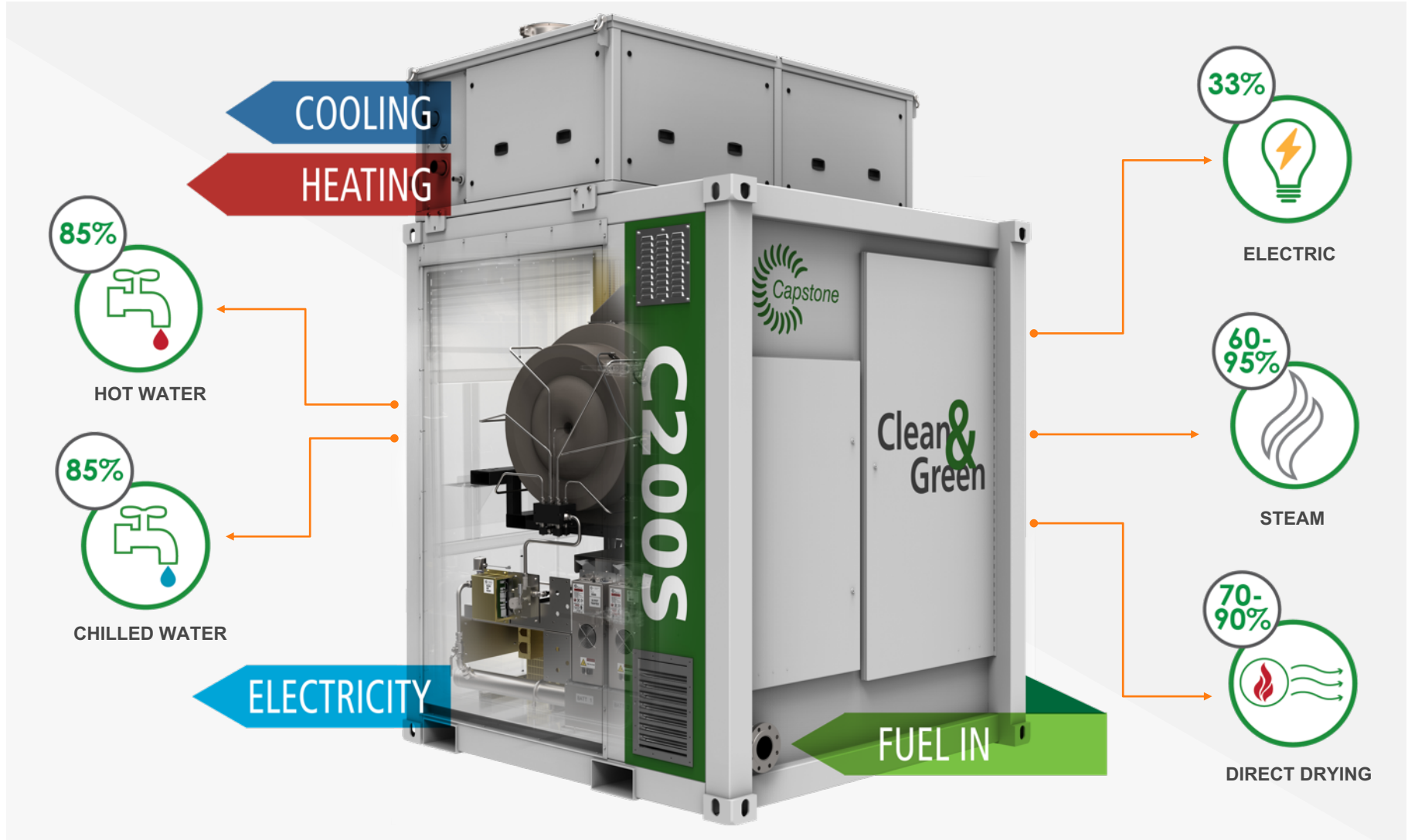


In FY19 & FY20, Capstone customers benefited from:

- **718,000 Tons**
of Carbon Savings
- **Half a Billion**
in Financial Savings



Energy Efficient Green Products



Total System Efficiency Higher Than Fuel Cell Technology at a Lower Price

Capstone Turbine Advantages



Microturbine Features & Benefits



Low Emissions

Emissions similar to that of fuel cells but at a fraction of the price



Patented Air Bearing Technology

No lubricants or coolants needed which allows for unmanned operation



Inverter Based w/ One Moving Part

Low operating costs – Up to 20 year FPP service agreements – EaaS business model



High Power Density

Compact footprint, small modular design for ease of retrofitting existing buildings



Stand Alone Or Grid Connect

Supports aging utility infrastructure (CA fires) with on-site resiliency in case of emergencies



Fuel Availability

Operates on natural gas, renewable bio gas, liquid fuels and a hydrogen blend



Free Clean Waste Heat

Thermal energy for cogeneration or trigeneration = high efficiency projects



Remote Monitoring

View performance and diagnostics 24/7 – Supports EaaS business model



Scalable To Match Demand

Multiple applications and industries – Green Building - O&G - Renewables



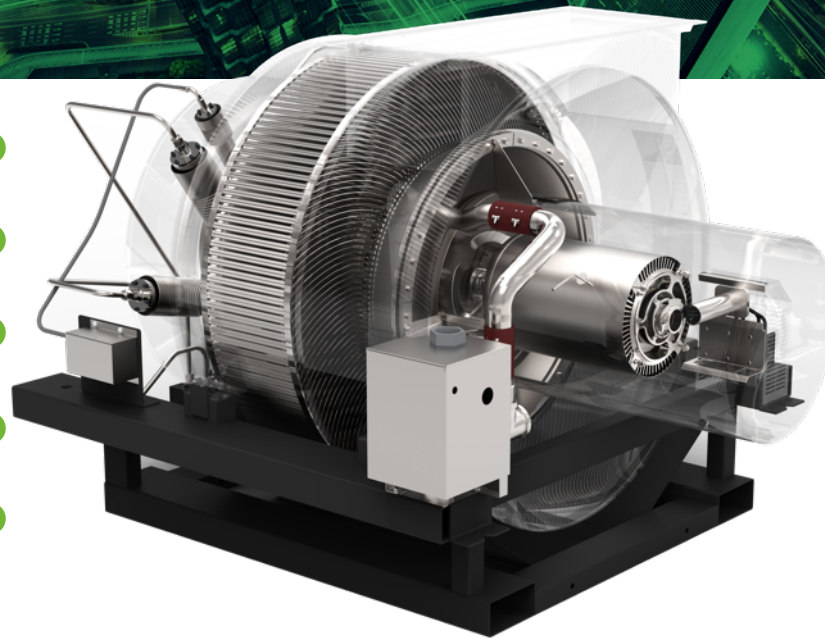
*Green Energy When &
Where You Need It.*

Clean and Simple.

Current & Future Growth Catalysts



CATALYSTS FOR GROWTH



Paris Climate Accord

(New Biden Administration)

Low Cost Natural Gas

Microgrid Adoption

Focus On Reducing Cost

New Engine Emissions

Green Building (LEED)

Severe Weather

Electrification

Gas Flaring Regulations

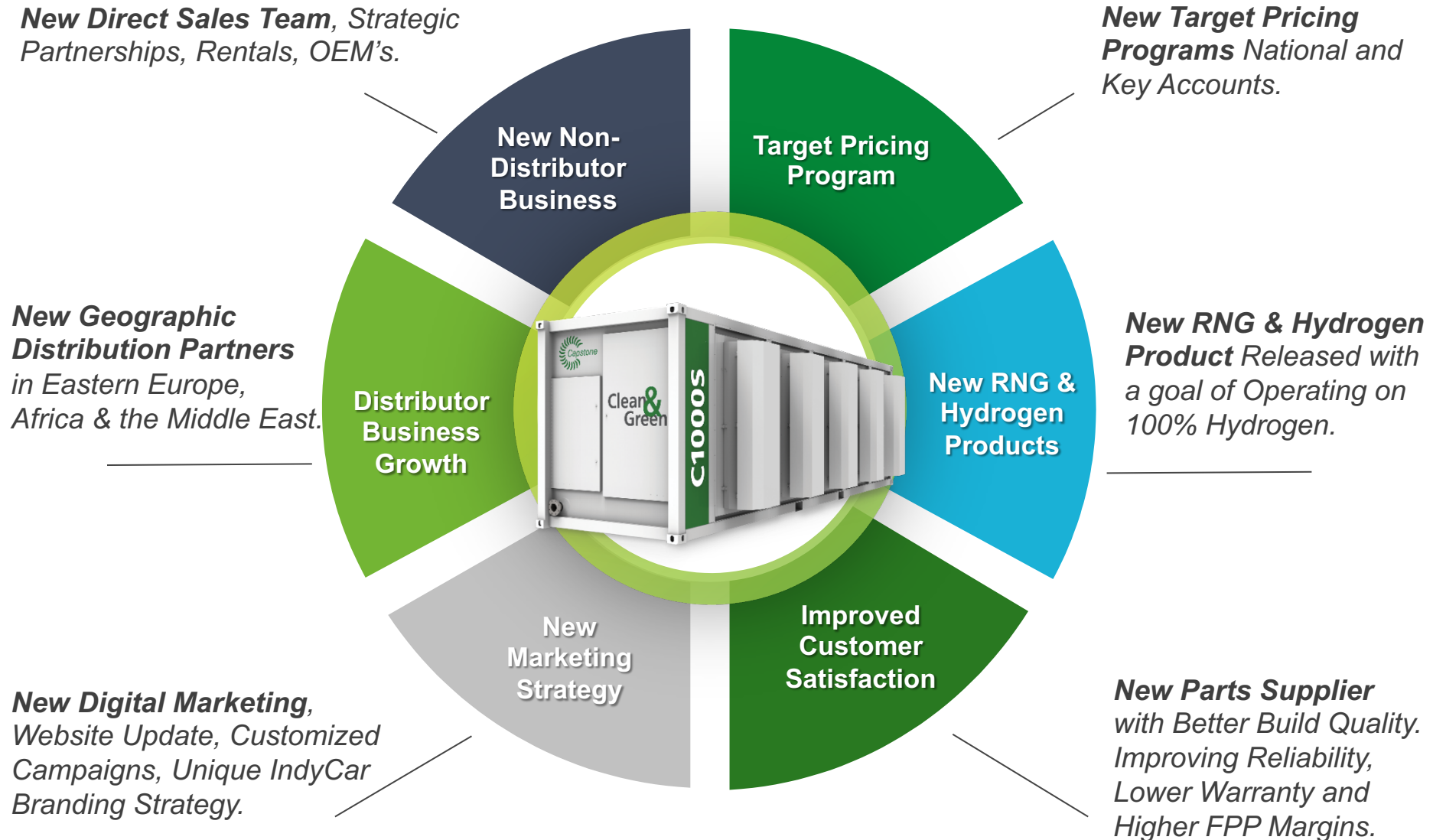
Crude Oil Prices

● Positive

● Neutral

● Negative

Revenue Growth Strategy





FY2021 BUSINESS RESULTS

Eric Hencken

Nasdaq: **CPST**

Capstone Revenue Growth



**Q/Q Revenue
Growth**

39% ▲

**Y/Y Revenue
Growth**

19% ▲



CAPSTONE TURBINE REVENUE

Q3 FY2021 vs. Q2 FY2021 Financial Results



<i>(In millions)</i>	Q3 FY21	Q2 FY21
Microturbine Product	\$12.2	\$7.0
Accessories, Parts & Service	\$8.5	\$7.9
Total Revenue	\$20.7	\$14.9
Gross Margin	\$3.5	\$2.6
Gross Margin Percent	17%	17%
R&D Expenses	\$0.7	\$0.6
SG&A Expenses	\$4.9	\$4.9
Total Operating Expenses	\$5.6	\$5.5
Net Loss	\$(3.3)^	\$(4.2)
Adjusted EBITDA*	\$(1.3)	\$(1.9)
Executive Bonus	\$0.2	\$0.4
Adjusted EBITDA Excluding Executive Bonus	\$(1.1)	\$(1.5)

^ Excludes non-cash loss on extinguishment of debt of \$4.3 million

* See Appendix, Slide 25

Capstone Continued Its COVID Business Continuity Plan

Q3 FY2021 vs. Q3 FY2020 Financial Results



<i>(In millions)</i>	Q3 FY21	Q3 FY20
Microturbine Product	\$12.2	\$7.9
Accessories, Parts & Service	\$8.5	\$9.5
Total Revenue	\$20.7	\$17.4
Gross Margin	\$3.5	\$2.6
Gross Margin Percent	17%	15%
R&D Expenses	\$0.7	\$1.0
SG&A Expenses	\$4.9	\$5.3
Total Operating Expenses	\$5.6	\$6.3
Net Loss	\$(3.3)^	\$(4.9)
Adjusted EBITDA*	\$(1.3)	\$(2.7)
Executive Bonus	\$0.2	—
Adjusted EBITDA excluding Executive Bonus	\$(1.1)	\$(2.7)

^ Excludes non-cash loss on extinguishment of debt of \$4.3 million

* See Appendix, Slide 25

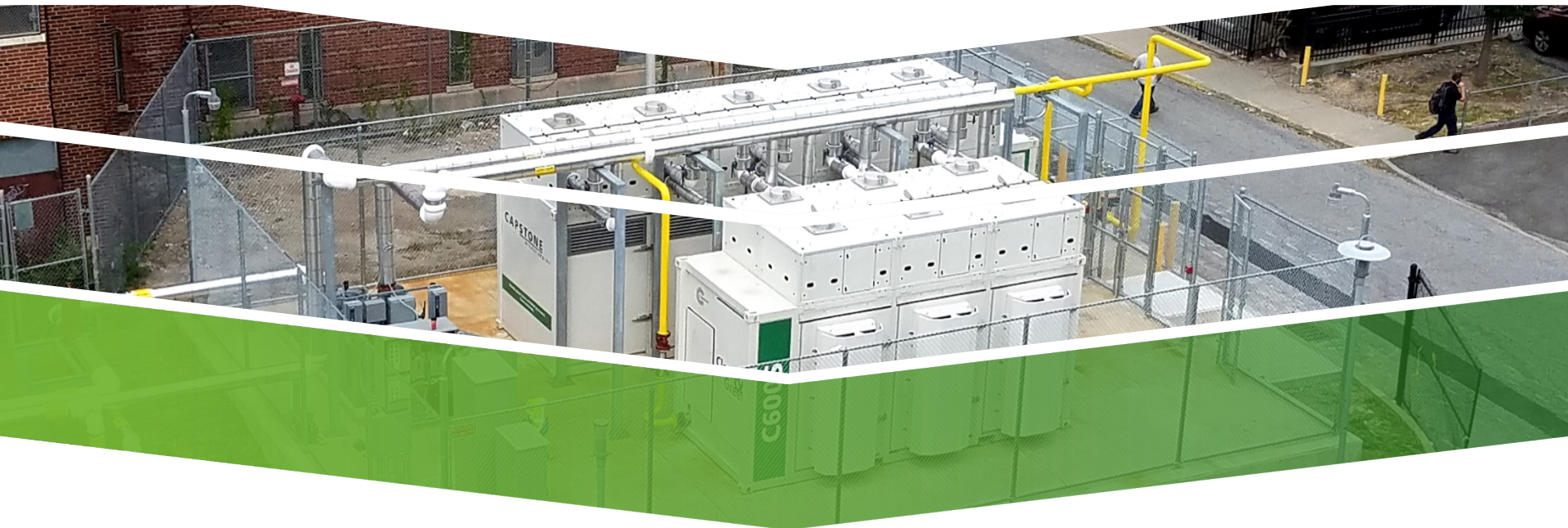
Significant Year-Over-Year Improvement Across the Board

Q3 FY2021 Balance Sheet



<i>(In millions)</i>	December 31, 2020	September 30, 2020	June 30, 2020	March 31, 2020
Cash & Cash Equivalents	\$32.0	\$16.8	\$16.2	\$15.1
Cash Provided by (Used in) Operating Activities for the three months ended	\$(3.3)	\$1.9	\$(1.9)	\$(4.0)
Accounts Receivable, Net of Allowances	\$19.1	\$13.5	\$14.7	\$16.2
Total Inventories	\$13.1	\$15.5	\$19.2	\$22.7
Accounts Payable & Accrued Expenses	\$14.6	\$10.9	\$10.8	\$15.0

\$14.5M Financing in January + \$5M Settlement in February ¹³



ENERGY AS A SERVICE BUSINESS MODEL (EaaS)

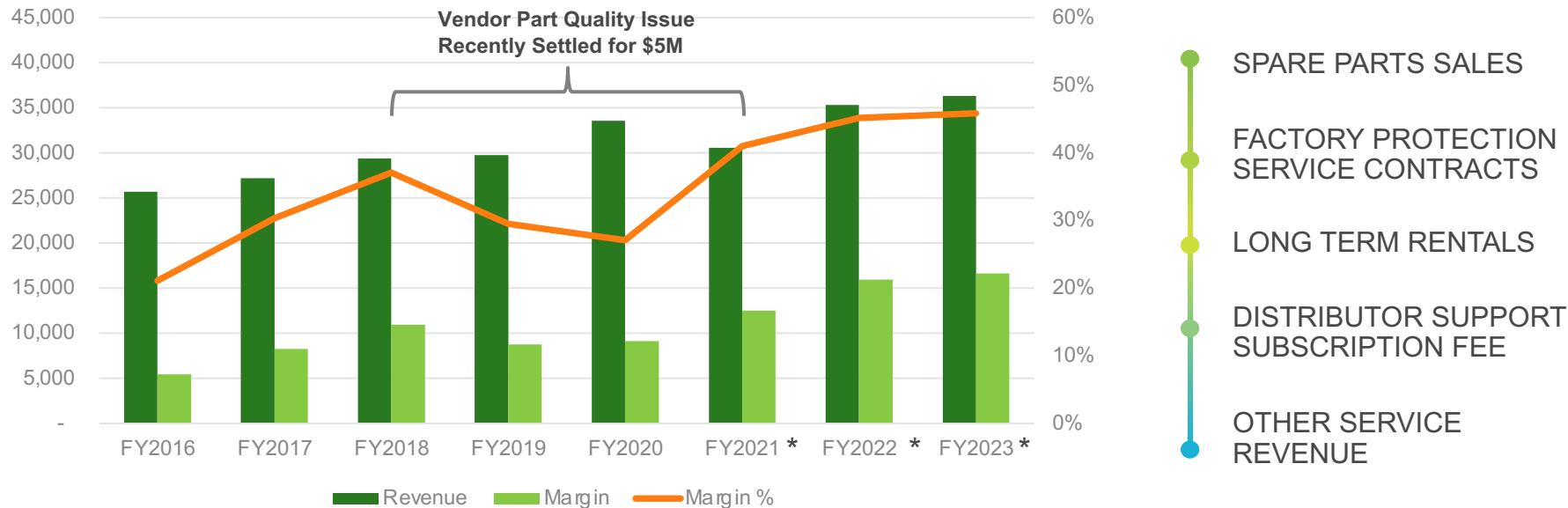
Eric Hencken

Nasdaq: **CPST**

EaaS Revenue & Margin Pro Forma



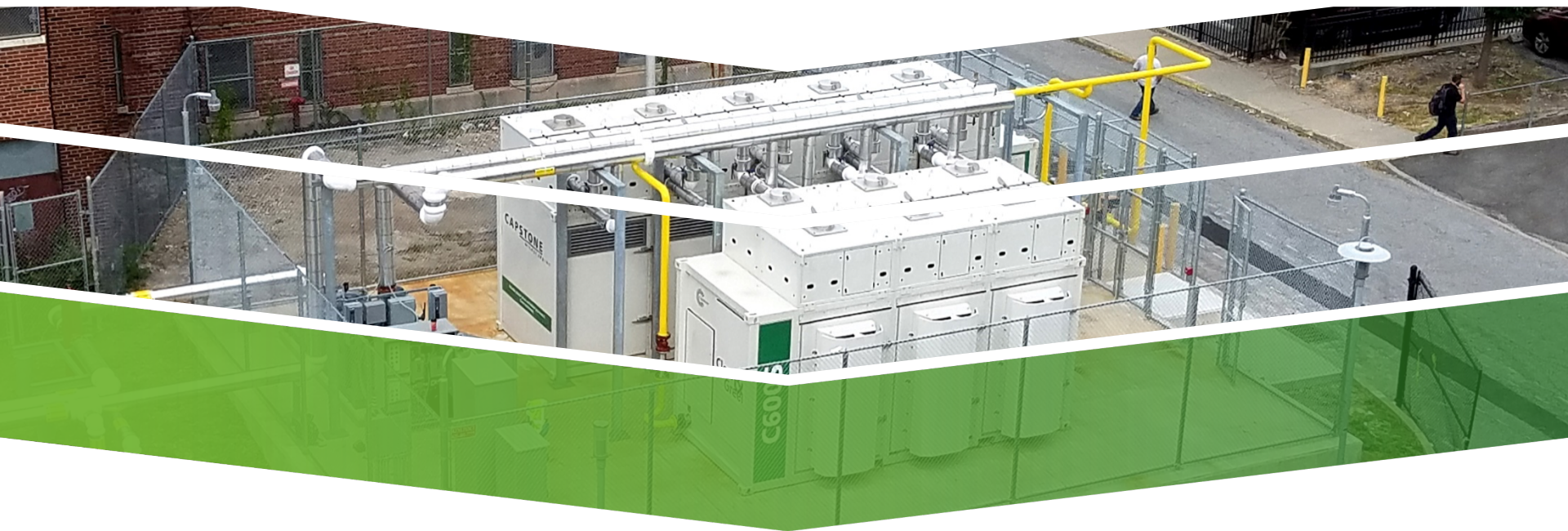
EaaS Revenue and Gross Margin



- FY2021 is Q2 FY2021 (September 30, 2020) YTD annualized for both revenue and margin for presentation purposes
- FY2022 and FY2023 is also Q2 FY2021 YTD annualized, but assumes that Capstone builds its current 8.6 Megawatt (MW) rental fleet by approximately 2 MWs per quarter, until it reaches 21.1 MW
- Assumes an average rental contract revenue per MW of \$90K per quarter at a 70% Gross Margin, at a 85% utilization rate
- No growth in spare parts sales, FPP, or DSS assumed in the second half of FY2021, FY2022, or FY2023 this model, only growth in rentals, to try and illustrate the importance of our rental business and improved service margins compared to prior years.

EaaS revenue represents Capstone's service revenue plus its revenue from sale of parts, and EaaS gross margin percentage represents Capstone's gross margin in respect of EaaS revenue as a percentage of EaaS revenue, and in each case is a non-GAAP financial measure calculated as set forth on Appendix, Slide 26. The EaaS revenue numbers and gross margin percentages for Fiscal 2021 (full year), 2022 and 2023 are presented for illustrative purposes, are assumed amounts based upon the specified assumptions, may not be achieved and, although they are "forward-looking statements," are not intended to be, and do not constitute, projections or forecasts of those amounts for those fiscal years. See the Safe Harbor on slide 2.

* See Appendix, Slide 26 for Non-GAAP Reconciliation



NEW HYDROGEN PRODUCT LAUNCH

Darren Jamison

Nasdaq: **CPST**

Hydrogen – New Products

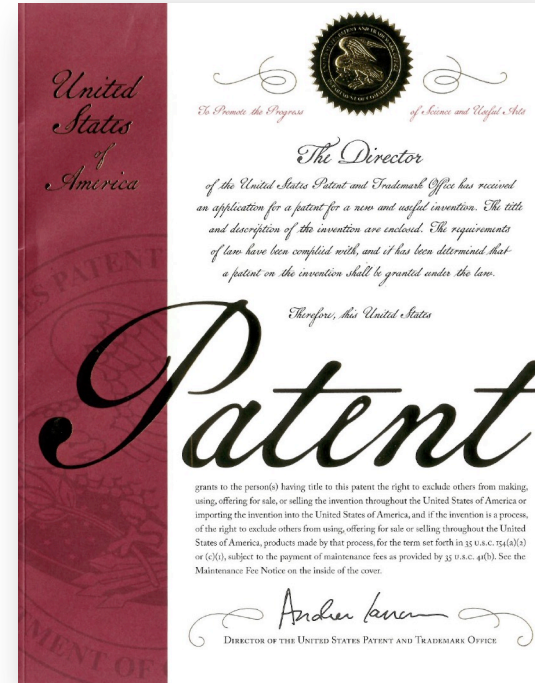


HYDROGEN •



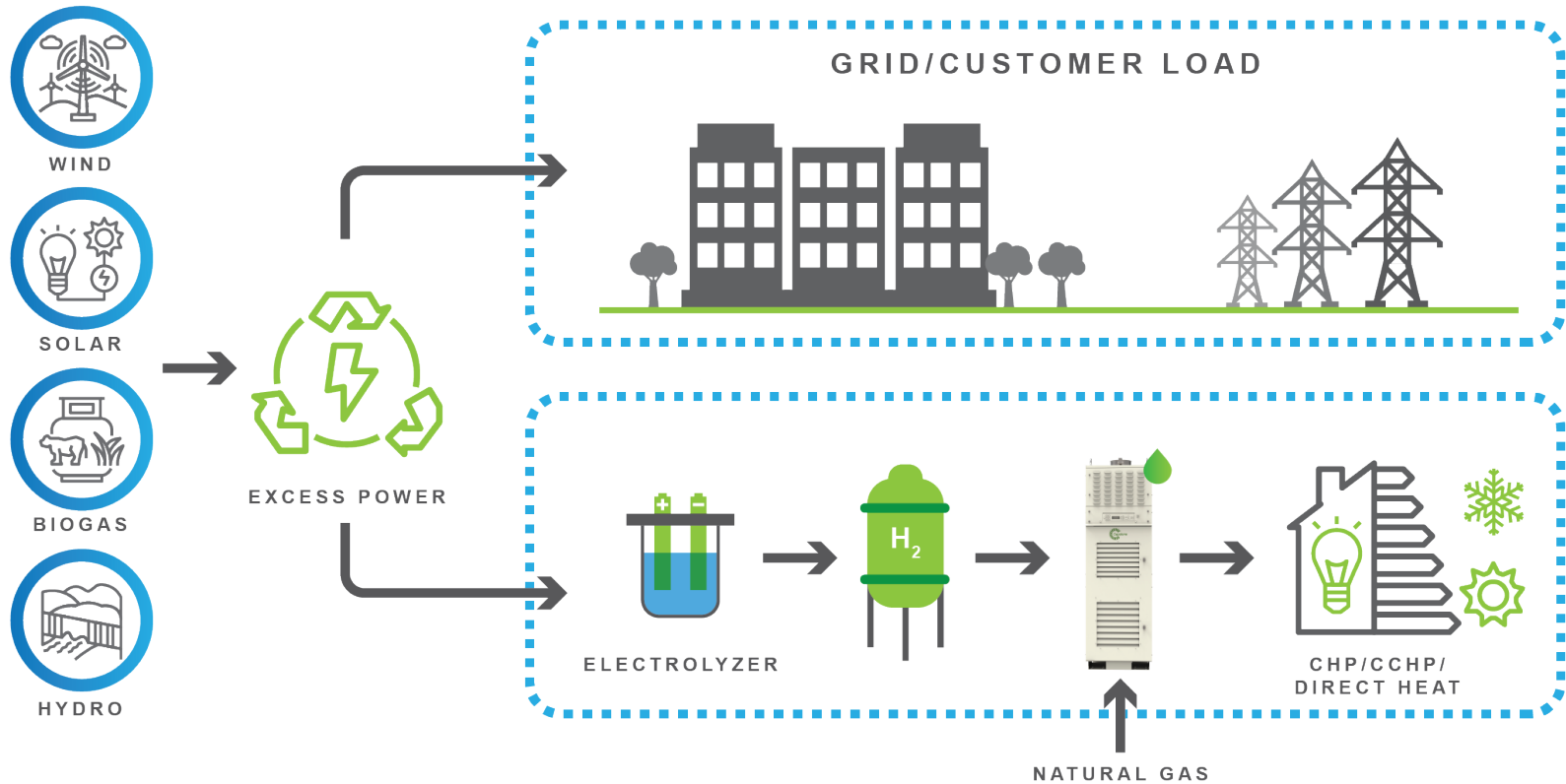
Capstone now offers renewable power with the use of up to 20% Hydrogen in our product line of microturbines as a fuel source. Today we have successfully operated on a blend of natural gas and hydrogen and a newly patented injector.

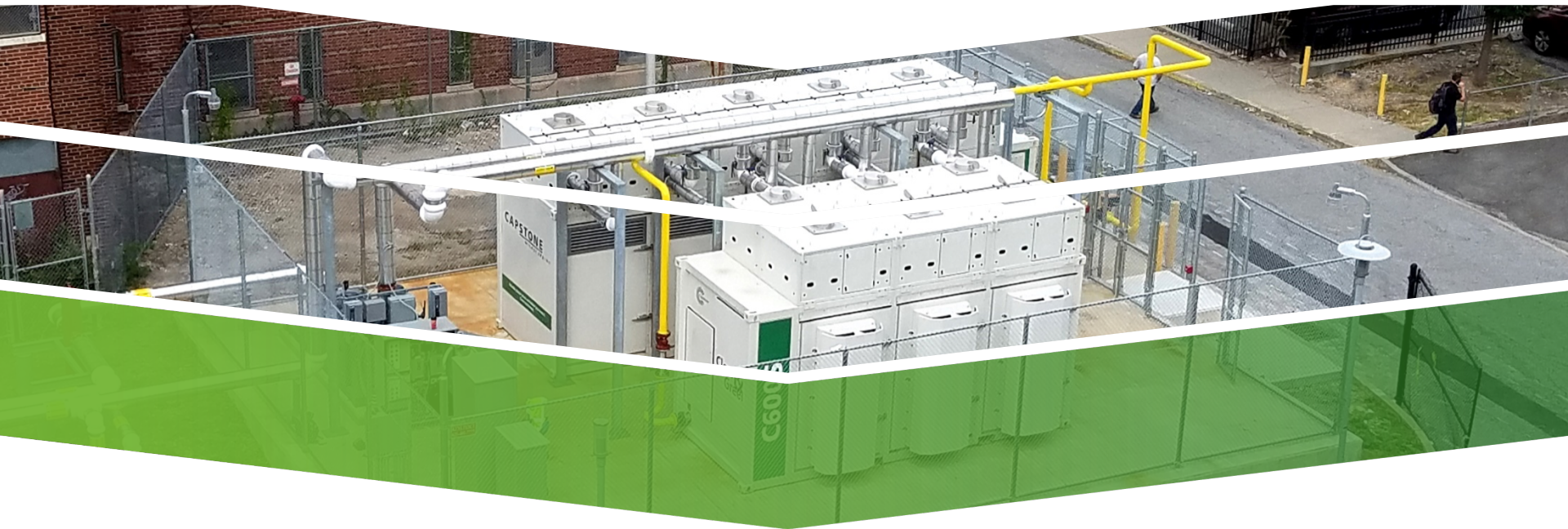
• HYDROGEN



New Patent 10,184,664, is for a multiple-fuel capable, pre-mixed, low emission injector for high flame speed fuel combustion for Hydrogen and Renewable Natural Gas (RNG). Plan is to eventually release a commercial 100% hydrogen fuel capable microturbine.

Hydrogen – System Architecture





APPENDIX

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.
- Capstone estimates based on data obtained by its Distributors, that 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 for 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 3 men, with a female Compensation Committee Chair and female Audit Committee Chair.
- 6 of the 7 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.

Estimated Value of Distribution



Total Annual Value of Channel is ~\$40M

NORTH AMERICA

115 AT \$81k

EMPLOYEES

42 AT \$55k

LOCATIONS

LATIN AMERICA

94 AT \$42k

EMPLOYEES

41 AT \$31k

LOCATIONS

EUROPE / MEA

151 AT \$90k

EMPLOYEES

64 AT \$39k

LOCATIONS

APAC / RUSSIA

199 AT \$36k

EMPLOYEES

44 AT \$12k

LOCATIONS

TOTAL

\$ 33.9M

EMPLOYEES

\$ 6.6M

LOCATIONS

New 100% Renewable Products



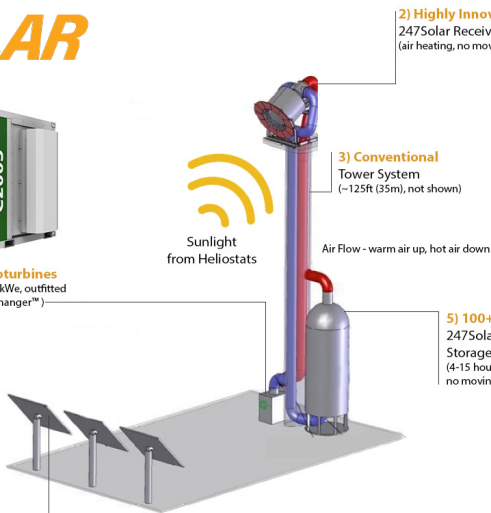
247SOLAR



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)



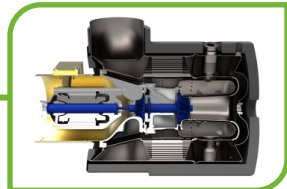
5) 100+ Year Proven
247Solar Thermal
Storage System™
(4-15 hours, e.g. fire brick
no moving parts)

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 2021.

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 Team



Darren Jamison

President & Chief Executive Officer



Eric Hencken

Chief Financial Officer



James Crouse

Chief Revenue Officer



Jeff Foster

*Senior Vice President of
Customer Service & Product
Development*



Kirk Petty

*Vice President
of Manufacturing*



Jennifer Derstine

*Vice President of Marketing
& Distribution*

Outside Board of Directors



**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

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

- 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



**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

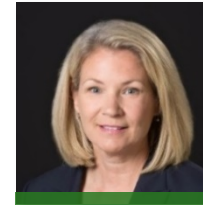
Member of the Audit Committee



**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



**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

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

Reconciliation of Non-GAAP Financial Measures



Reconciliation of Reported Net Loss to EBITDA and Adjusted EBITDA (in thousands)

	Q3 FY21	Q2 FY21	Q3 FY20
Net loss, as reported	\$ (7,595)	\$ (4,212)	\$ (4,907)
Interest expense	1,230	1,313	1,289
Provision for income taxes	—	9	—
Depreciation and amortization	369	349	408
EBITDA	(5,996)	(2,541)	(3,210)
Loss on debt extinguishment	4,282	—	—
Stock-based compensation and other expense	378	664	303
Restructuring charges	—	—	257
Adjusted EBITDA	\$ (1,336)	\$ (1,877)	\$ (2,650)
Executive Bonus	244	375	—
Adjusted EBITDA excluding Executive Bonus	\$ (1,092)	\$ (1,502)	\$ (2,650)

To supplement the Company's unaudited financial data presented on a generally accepted accounting principles (GAAP) basis, management has presented Adjusted EBITDA and Adjusted EBITDA excluding Executive Bonus, which are non-GAAP measures. These non-GAAP measures are among the indicators management uses as a basis for evaluating the Company's financial performance as well as for forecasting future periods. Management establishes performance targets, annual budgets and makes operating decisions based in part upon these metrics. Accordingly, disclosure of these non-GAAP measures provides investors with the same information that management uses to understand the Company's economic performance year-over-year. The presentation of this additional information is not meant to be considered in isolation or as a substitute for net income or other measures prepared in accordance with GAAP.

EBITDA is defined as net income before interest, provision for income taxes, depreciation and amortization expense. Adjusted EBITDA is defined as EBITDA before loss on debt extinguishment, stock-based compensation expense, and restructuring charges. Loss on debt extinguishment includes expenses associated with the accounting for the October 2020 Goldman Sachs note transaction. Stock-based compensation and other expense includes expense related to stock issued to employees, directors, and vendors. Restructuring charges includes facility consolidation costs and one-time costs related to the company's cost reduction initiatives. Adjusted EBITDA excluding Executive Bonus is defined as EBITDA before expense related to executive bonus accruals. EBITDA, Adjusted EBITDA, and Adjusted EBITDA excluding Executive Bonus are not measures of the company's liquidity or financial performance under GAAP and should not be considered as an alternative to net income or any other performance measure derived in accordance with GAAP, or as an alternative to cash flows from operating activities or any other measure derived in accordance with GAAP.

While management believes that the non-GAAP financial measures provide useful supplemental information to investors, there are limitations associated with the use of these measures. The measures are not prepared in accordance with GAAP and may not be directly comparable to similarly titled measures of other companies.

Reconciliation of Non-GAAP Financial Measures



Revenue									
	FY2016	FY2017	FY2018	FY2019	FY2020		FY2021	FY2022	FY2023
Service (as reported)	12,095	13,844	16,083	17,109	20,783	Service (pro forma)	21,638	26,387	27,382
Parts	13,597	13,335	13,334	12,637	12,805	Parts (pro forma)	8,936	8,936	8,936
Energy as a Service	25,692	27,179	29,417	29,746	33,588	Energy as a Service (pro forma)	30,574	35,323	36,318

Gross Margin									
	FY2016	FY2017	FY2018	FY2019	FY2020		FY2021	FY2022	FY2023
Service (as reported)	1,517	2,917	4,817	3,298	3,161	Service (pro forma)	8,686	12,108	12,805
Parts	3,908	5,343	6,109	5,489	5,954	Parts (pro forma)	3,854	3,854	3,854
Energy as a Service	5,425	8,260	10,926	8,787	9,115	Energy as a Service (pro forma)	12,540	15,962	16,659

Gross Margin as a % of revenue									
	FY2016	FY2017	FY2018	FY2019	FY2020		FY2021	FY2022	FY2023
Service (as reported)	13%	21%	30%	19%	15%	Service (pro forma)	40%	46%	47%
Parts	29%	40%	46%	43%	46%	Parts (pro forma)	43%	43%	43%
Energy as a Service	21%	30%	37%	30%	27%	Energy as a Service (pro forma)	41%	45%	46%

To supplement the Company's unaudited financial data presented on a generally accepted accounting principles (GAAP) basis, management has presented Energy as a Service Revenue, Gross Margin, and Gross Margin as a percentage of revenue, which are non-GAAP measures. These non-GAAP measures are among the indicators management uses as a basis for evaluating the Company's financial performance as well as for forecasting future periods. Management establishes performance targets, annual budgets and makes operating decisions based in part upon these metrics. Accordingly, disclosure of these non-GAAP measures provides investors with the same information that management uses to understand the Company's economic performance year-over-year. The presentation of this additional information is not meant to be considered in isolation or as a substitute for service revenue, service gross margin, or service gross margin as a percentage of revenue, or other measures prepared in accordance with GAAP.

Energy as a Service Revenue is defined as Service revenues plus Parts revenue. Energy as a Service Gross Margin is defined as Service Gross Margin plus Parts Gross Margin. Energy as a Service Gross Margin as a percentage of revenue is defined as Service Gross Margin plus Parts Gross Margin as a percentage of Service Revenue plus Parts Revenue. Energy as a Service Revenue, Gross Margin, and Gross Margin as a percentage of revenue are not measures of the company's liquidity or financial performance under GAAP and should not be considered as an alternative to Service Revenue, Service Gross Margin, Service Gross Margin as a percentage of revenue, or any other performance measure derived in accordance with GAAP, or as an alternative to cash flows from operating activities as a measure of its liquidity.

Energy as Service Revenue, Gross Margin and Gross Margin as a percentage of revenue for Fiscal 2021 (full year), 2022 and 2023 are presented for illustrative purposes, are assumed amounts based upon the assumptions specified on Slide 20, may not be achieved and, although they are "forward-looking statements," are not intended to be, and do not constitute, projections or forecasts of those amounts for those fiscal years. See the Safe Harbor on page 2.

While management believes that the non-GAAP financial measures provide useful supplemental information to investors, there are limitations associated with the use of these measures. The measures are not prepared in accordance with GAAP and may not be directly comparable to similarly titled measures of other companies.



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