



LD Micro Main Event

December 14, 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.

Making Green Being Green



DID YOU KNOW?

In FY19 and FY20, Capstone customers benefited from:

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



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



*Reliable power when
and where you need it.*

Clean and simple.

FY21 Business Goals & Objectives

\$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



5x

INVENTORY
TURNS

10 MW

RENTALS



22%

GROSS MARGIN

15%

DIRECT SALES

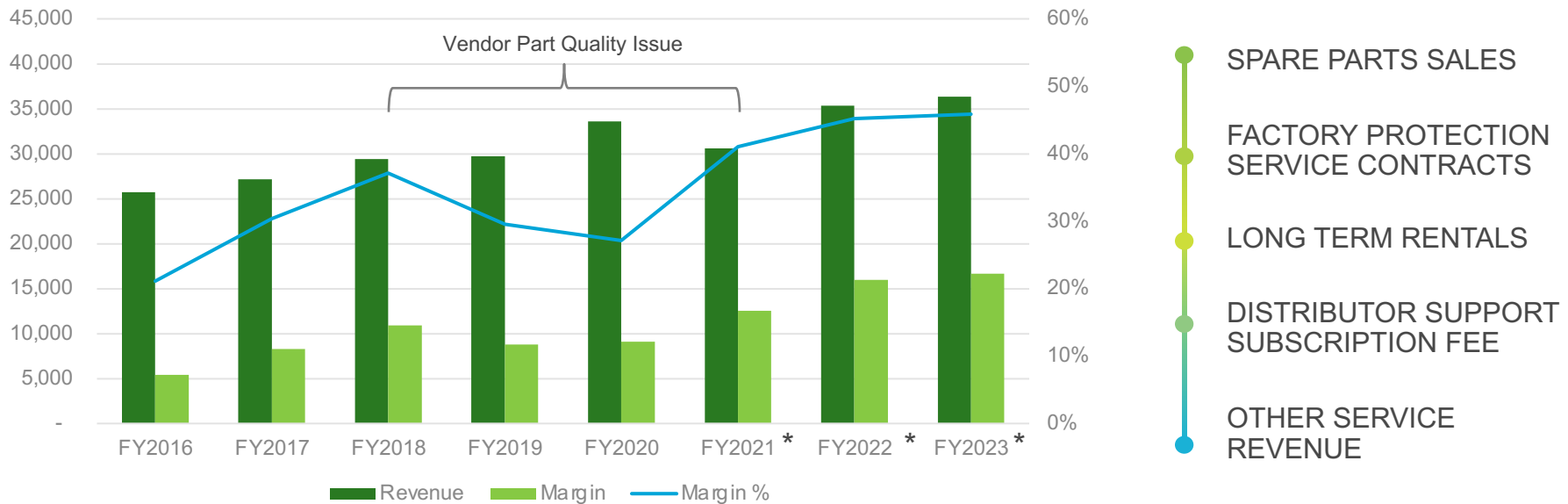
The goals and objectives presented on this slide, although they are “forward-looking statements,” are not intended to be, and do not constitute, projections or forecasts of the amounts presented. See the Safe Harbor on Slide 2.

Capstone Currently on Pace To Meet FY21 Goals Despite COVID-19

EaaS Revenue & Margin Pro Forma



EaaS Revenue and Gross Margin



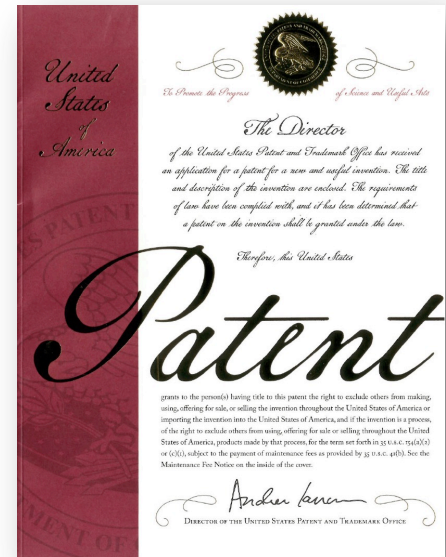
- FY2021 is Q2 FY2021 (September 30, 2020) YTD annualized for both revenue and margin for presentation purposes
- FY2022 and FY2023 is also Q2 FY2021 YTD annualized, but assumes that Capstone builds its current 8.6 Megawatt (MW) rental fleet by approximately 2 MWs per quarter, until it reaches 21.1 MW
- 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 30. 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 8 for Non-GAAP Reconciliation

New Hydrogen Opportunity

- Hydrogen has gained momentum over the past 12 months.
- Hydrogen is used as a fuel in fuel cells and now turbines.
- Capstone updated its energy systems to add fuel flexibility.
- Green hydrogen is positioned for meaningful growth.
- Capstone will have the solutions to capitalize on this growth.
- Future energy systems will need to use hydrogen as a fuel.
- Capstone has demonstrated that it can run on a 20% hydrogen mix, but recently announced a new Research & Development partnership with Argonne National Laboratory and ran a 70% hydrogen - 30% natural gas blend.
- This is a promising milestone toward a goal of 100% hydrogen product.
- The real value sits in the broader context of fuel flexibility and providing a customer with multiple low carbon fuel options.



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 6, 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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Follow Darren Jamison, CEO

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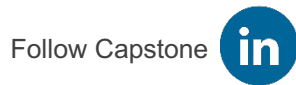
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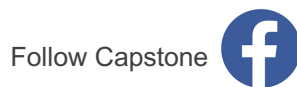
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