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Post-Manufacturing Plant Consolidation - Capstone Realizes Considerable Capacity and Facility Utilization Improvements in its Manufacturing Operations

VAN NUYS, Calif., Feb. 04, 2019 (GLOBE NEWSWIRE) -- Capstone Turbine Corporation (www.capstoneturbine.com) (Nasdaq: CPST), the world's leading clean technology manufacturer of microturbine energy systems, announced today that following its manufacturing plant consolidation it has realized considerable capacity and facility utilization improvements in its single-shift manufacturing operations.

In November 2017, Capstone accomplished a 6-month fast-tracked project to consolidate its corporate headquarters and two-separate manufacturing locations into a single, consolidated, world-class facility. The original purpose of the consolidation project was to reduce the Company overhead and operating costs as part of an all-encompassing plan that resulted in an over 40% reduction in operating expenses from historical levels. Other complementary benefits quickly became evident as the Company started incorporating its lean manufacturing philosophies across the entire consolidation project, achieving a significant reduction of hidden factory costs, increased capacity and overall waste reduction.

"Due to the methodical elimination of costly waiting time and excess handling related to two unconnected manufacturing facilities eight miles apart, we've been able to realize improvements in single-shift production capacity that significantly exceeded our original projections," said Kirk Petty, Vice President of Manufacturing at Capstone Turbine Corporation. "Reorganization and rationalization of our production process flow, using lean methodologies and following the inputs from our very experienced manufacturing workforce, significantly decreased our lead time needed from new products or spare parts order-to-shipment," added Mr. Petty.

However, the focus on reducing operating costs and increasing efficiency did not end at the facility consolidation. "We didn't stop at our property line as we are now taking the same lean methodologies and lessons learned that worked so well for us during our plant consolidation and employing some of those ideas to select members in our supply base," added Mr. Petty.

Efforts are currently underway with some of Capstone's top value stream partners to vertically integrate processes that have traditionally been performed at Capstone in order to reduce costs associated with excess handling, logistics and preventable wait time. The Company is moving the effort and process flow to suppliers that can better maximize efficiencies and further improve the way things had been done for years. "Changing long-

standing manufacturing processes is never easy, but great things don't come from staying in your comfort zone," added Mr. Petty.

Another example of Capstone thinking beyond its factory walls is taking place at Capstone's United Kingdom service facility. Historically a static spare parts depot, it is now a fully functioning remanufacturing, repair and engine test facility capable of providing quality spare parts and products to European, Middle East, and African distributors in far less time, and at a greatly reduced cost, than it would historically take having to ship back parts to Capstone in California for rework and refurbishment.

"The products being manufactured and remanufactured at our UK facility meet the same quality standards as those produced at our U.S. plant," stated Jeff Foster, Sr. Vice President of Customer Service. "Through years of development and facility investments, we've managed to equip, staff and outfit our UK Hub with everything needed to perform the manufacturing tasks the growing region requires, while shaving months off of turnaround time and greatly reducing our shipping costs," added Mr. Foster.

"Each of these improvements are critical elements of our strategic initiative to grow the Aftermarket Business margins to eventually fully absorb our operating costs," added Mr. Foster.

Finally, in parallel with these efforts, Capstone has not lost focus on its next challenge associated with combating rising direct material costs, freight, and U.S. import tariffs. "Like many global manufacturers we've had a challenging year combating rising costs of some of our materials, but these challenges combined with growth in our business have opened the doors for several new vendors to become a part of the Capstone supply chain family," said Darren Jamison, President and Chief Executive Officer. "Several new vendors are currently working their way through Capstone's supplier qualification process and first article quality material approval process in order to come online as new lower cost vendors this year," concluded Mr. Jamison.

About Capstone Turbine Corporation

Capstone Turbine Corporation (www.capstoneturbine.com) (Nasdaq: CPST) is the world's leading producer of low-emission microturbine systems and was the first to market commercially viable microturbine energy products. Capstone has shipped over 9,000 Capstone Microturbine systems to customers worldwide. These award-winning systems have logged millions of documented runtime operating hours. 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 DQS-Certified ISO 9001:2015 and ISO 14001:2015 certified 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.

For more information about the company, please visit www.capstoneturbine.com. Follow Capstone Turbine on [Twitter](#), [LinkedIn](#) and [YouTube](#).

Forward-Looking Statements

This press release contains “forward-looking statements,” as that term is used in the federal securities laws. Forward-looking statements may be identified by words such as “expects,” “believes,” “objective,” “intend,” “targeted,” “plan” and similar phrases. These forward-looking statements are subject to numerous assumptions, risks and uncertainties described in Capstone’s filings with the Securities and Exchange Commission that may cause Capstone’s actual results to be materially different from any future results expressed or implied in such statements. Capstone cautions readers not to place undue reliance on these forward-looking statements, which speak only as of the date of this release. Capstone undertakes no obligation, and specifically disclaims any obligation, to release any revisions to any forward-looking statements to reflect events or circumstances after the date of this release or to reflect the occurrence of unanticipated events.

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