

July 17, 2017



Capstone Turbine Reports Select Preliminary Q1 Fiscal 2018 Financial Results

Book-to-Bill Ratio Continues to be Strong on New Energy Efficiency Projects

Low Cash Usage on Working Capital Management, Expense Controls and Financing Activities

Q1 Fiscal 2018 Financial Results Webcast to be Held August 9, 2017 at 1:45 PM PT, 4:45 PM ET

CHATSWORTH, Calif., July 17, 2017 (GLOBE NEWSWIRE) -- In a continued effort to increase investor transparency, Capstone Turbine Corporation (www.capstoneturbine.com) (NASDAQ:CPST), the world's leading clean technology manufacturer of microturbine energy systems, announced its select preliminary first quarter financial results. Orders for new products were strong for the second straight quarter with a book-to-bill ratio of 1.3 to 1 for the first quarter of fiscal 2018 preliminarily indicating a rebound in the business. Capstone booked \$35.9 million in new product orders for the six month period ended June 30, 2017 compared to \$20.4 million in the preceding six months.

Capstone reported that its cash usage, excluding net proceeds from equity transactions, during the first quarter of fiscal 2018 was \$2.7 million lower compared to the same period last year on similar quarterly revenue. Preliminary revenue for the first quarter was approximately \$19.2 million compared to \$19.1 million in the same period a year ago. The continued improvement in cash usage on similar revenue was achieved by a combined improvement in working capital management and tighter control of expenses.

In addition, Capstone set a new record for its Factory Protection Plan (FPP) service contract revenue of approximately \$3.7 million for the first quarter of fiscal 2018 which is an increase of 12% over the same period last year. Capstone has identified growth of its FPP business as a critical part of its profitability plan given the recurring revenue generated by FPP service contracts which typically have higher margins.

Darren Jamison, President and Chief Executive Officer of Capstone Turbine said, "I am pleased with our preliminary first quarter of fiscal 2018 results as the business continues to demonstrate improvement in each of our key focus areas." Mr. Jamison added, "Two straight quarters of robust new product orders and record FPP service contract revenue are positive signs. Additionally, with our concentrated focus on revenue growth and working capital management, we continue to pave the strategic path towards profitability as we leverage our new and significantly lower operating cost structure."

Total cash, cash equivalents and restricted cash decreased approximately \$0.6 million to \$19.1 million as of June 30, 2017, compared to \$19.7 million at the end of the prior quarter. Capstone also announced that borrowings on its line of credit decreased approximately \$2.0 million during the first quarter of fiscal 2018 and it received approximately \$2.5 million from the at-the-market offering program during the period.

During the quarter, Capstone secured orders from a diverse set of customers including:

- One C600S for a small community in West Africa
- Thirty C65s for CHP projects across the United Kingdom
- Two C1000S units to provide power for two research facilities in Kuwait
- Two C65s to be installed in a flare gas application in North Africa
- One C600S for a wastewater treatment plant in upstate New York
- One C1000S and one C600S for a hospital in the New York metro area
- Two C1000S units for a commercial customer in Fiji
- Nine C65s to upgrade a large chicken egg farm in California
- Two C1000S units to provide power from waste gas for an oil and gas customer in California

“Diversifying our customer base and geographic presence remains a primary focus for us as we look to increase our revenue from the energy efficiency markets while our oil and gas business continues to rebound,” added Mr. Jamison.

“As we continue our war on operating costs, we remain persistent in identifying new opportunities to further decrease our cash burn, reduce expenses, increase inventory turns, increase efficiency and improve our overall cash cycle. Substantive progress stemming from our cost cutting efforts, which started in the first quarter of 2016, has materialized as previously reported. We continue to operate at these lower expense levels and have yet to harvest the full benefits of our current plant consolidation efforts,” said Mr. Jamison.

“Our efforts are concentrated on shortening our path to profitability as we continually lower our business expenses, grow our product, service and add-on accessory revenue, diversify our geographic and vertical markets, launch new innovative products, create new key partnerships and further emphasize firm balance sheet management,” Mr. Jamison concluded.

The select financial results presented in this press release are preliminary and may change. This preliminary financial information includes calculations or figures that have been prepared internally by management and have not been reviewed or audited by our independent registered public accounting firm. There can be no assurance that the company’s actual results for the period presented herein will not differ from the preliminary financial data presented herein and such changes could be material. This preliminary financial data should not be viewed as a substitute for full financial statements prepared in accordance with GAAP and is not necessarily indicative of the results to be achieved for any future periods.

Conference Call and Webcast

Capstone will host a live webcast August 9, 2017, at 1:45 PM Pacific Time (4:45 PM Eastern Time) to provide the results of the first quarter fiscal 2018 ended June 30, 2017. Capstone

will discuss its financial results and will provide an update on its business activities. At the end of the conference call, Capstone will host a question-and-answer session to provide an opportunity for financial analysts to ask questions. Investors and interested individuals are invited to listen to the webcast by logging on to Capstone's investor relation's webpage at www.capstoneturbine.com. A replay of the webcast will be available on the website for 30 days.

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 UL-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.

This press release contains "forward-looking statements," as that term is used in the federal securities laws, about the rebound in business, profitability, lowering our business expenses, growing both our product and service revenues, diversifying our business by geography and vertical markets, launching new innovative products, increasing add-on accessory sales, creating new key partnerships and tightly managing our balance sheet. Forward-looking statements may be identified by words such as "expects," "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.

"Capstone" and "Capstone Microturbine" are registered trademarks of Capstone Turbine Corporation. All other trademarks mentioned are the property of their respective owners.

CONTACT:
Capstone Turbine Corporation
Investor and investment media inquiries:
818-407-3628
ir@capstoneturbine.com



Source: Capstone Turbine Corporation