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One of the World's Largest Oil and Gas Producers Adds 1.6 MWs to Their Existing Capstone Turbine 3.6 MW Long-Term Rental Fleet

VAN NUYS, Calif., June 19, 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 it continues to expand its long-term microturbine rental business with an additional 1.6 MWs on top of the initial 3.6 MWs deployed last fall with one of the world's largest oil and gas producers. The additional follow-on long-term rentals were secured by Capstone's distribution partner, Lone Star Power Solutions, its exclusive Distributor for Texas, Arizona and the Gulf States.

Expanding Capstone's aftermarket business, which includes the long-term rental program, is an important element for the company achieving its near-term profitability goals. This is illustrated by the fact that 98% of Capstone's fiscal 2019 gross margin came from the aftermarket business, which was only 38% of Capstone's fiscal 2019 revenue.

"Our aftermarket business should continue to grow this year with the expansion of our long-term rental fleet from our initial start of 3.6 MWs to a total of 5.2 MWs with our future target of 10 MWs," said Darren Jamison, Capstone's President and Chief Executive Officer. "At 10 MWs, our annual revenue from our long-term rental fleet would be approaching approximately \$7 million a year. Rentals are key as the recurring revenue stream they generate will improve our expense absorption and gross margin, and help us reach our near-term profitability goals," added Mr. Jamison.

The large oil and gas company sought a flexible and scalable energy solution that could be quickly and easily deployed and increase power capacity and accommodate the growing energy needs of its Permian basin installations. Capstone microturbines are reliable, modular and inherently redundant by design, as well as easily expanded or relocated to accommodate changes in customer's future site loads.

"Natural gas generators are gaining popularity in the rental market due to their lower emission profile compared to the high environmental impact of diesel rental generators. Capstone microturbines are recognized as the low emission leader in the stationary power space," said Jim Crouse, Capstone's Executive Vice President of Sales and Marketing.

"It is great to get another long-term rental contract as it further improves our high-margin

recurring aftermarket revenues,” said Jeff Foster, Capstone’s Senior Vice President of Customer Service and Product Development. “Performance of our initial rental units was key to this key customer expanding its microturbine rental fleet with Capstone,” concluded Mr. Foster.

About Capstone Turbine Corporation

Capstone Turbine Corporation (www.capstoneturbine.com) (Nasdaq: CPST) is the world’s leading producer of highly efficient, low-emission, resilient microturbine energy systems. Capstone microturbines serve multiple vertical markets worldwide, including natural resources, energy efficiency, renewable energy, critical power supply, transportation and microgrids. Capstone offers a comprehensive product lineup, providing scalable systems focusing on 30 kW to 10 MWs that operate on a variety of gaseous or liquid fuels and are the ideal solution for today’s distributed power generation needs. To date, Capstone has shipped over 9,000 units to 73 countries and has saved customers an estimated \$253 million in annual energy costs and 350,000 tons of carbon.

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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Capstone Microturbine Long-Term Rental Units



Capstone expands its microturbine rental business with an additional 1.6 MWs on top of the current 3.6 MWs

Source: Capstone Turbine Corporation