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Capstone Expands CHP Footprint in Russian Manufacturing Sector in Spite of Geopolitical Tensions

CHATSWORTH, Calif., Aug. 19, 2014 (GLOBE NEWSWIRE) -- Capstone Turbine Corporation (www.capstoneturbine.com) (Nasdaq:CPST), the world's leading clean technology manufacturer of microturbine energy systems, today announced it has expanded its presence in Russia's manufacturing sector with two ultra-high efficiency combined heat and power (CHP) projects. Capstone continues to grow its business in Russia despite geopolitical tensions and the latest round of U.S. and Russian sanctions.

"The Russian market continues to provide significant growth for Capstone in both the oil and gas and the CHP markets," said Jim Crouse, Executive Vice President of Sales and Marketing at Capstone Turbine. "BPC Engineering continues to order new product, take shipments from its order backlog and make payments on their account like they have done for years," added Crouse.

The two most recent CHP project installations illustrate the ongoing Capstone growth in Russia's manufacturing sector as BPC continues to add to its over 1500-unit Capstone fleet. According to the World Bank, as of 2013, Russia's manufacturing sector accounts for 13% of its GDP, equivalent to \$273 billion U.S. dollars.

In one project, BPC recently upgraded a manufacturing facility for LLC Alyonka Trade House in Dzerzhinsk. The natural gas reciprocating generator set at the manufacturing facility was in need of a major overhaul. Alyonka Trade House conducted a comparison study of various solutions to replace its current power generation equipment. After a detailed evaluation, Alyonka turned to BPC and Capstone to provide the ideal solution to replace the existing system. That solution was a C600 with integrated gas boosters.

The project was completed in record time, approximately a month after signing the customer contract. This aggressive schedule was achievable because of the modular design of the C600 microturbine package. In addition, Alyonka plans to increase the power output of the manufacturing facility to 1MW by adding two additional Capstone C200 microturbines to the C600 power module. Alyonka and BPC increased the overall efficiency of the plant to roughly 90% with a heat recovery unit to utilize the thermal energy from the microturbine exhaust to provide heating and hot water to the facility.

Additionally, the factory is located in an urban area that falls within an area governed by strict environmental laws. The microturbines operate very cleanly and efficiently and do not exceed 9 parts per million (ppm) of NOx and CO, which is 10-15 times lower than traditional reciprocating engines.

In a second CHP project BPC recently commissioned five C65 microturbines for a bread factory in Pskov, Russia. OJSC Pskov Bread Baking Factory is the largest food processing entity in the region. The grid-connected CHP plant designed by BPC consists of five C65 microturbines, five gas boosters, and two 600kW gas boilers.

The primary factors in OJSC's decision to upgrade its existing power plant at the factory was efficiency improvement, cost reduction, and eliminating the dependence on the local utility.

The thermal energy from the microturbines exhaust is captured to heat the building and provide hot water to all of the facilities. The microturbines are achieving efficiency of up to 90%, with 2kW of thermal energy created for every kW of electricity provided. The microturbine CHP plant reduced the cost of electricity generated at the factory to three times less than the cost of utility power. The quiet operation, reduced weight, and compact footprint allowed the microturbines to be easily installed on the roof of an existing structure at the factory, keeping capital costs low and ensuring a rapid payback.

The upgrade to OJSC's factory is the first of many projects BPC has planned in the food processing industry in Russia. According to Euromonitor, the Russian processed food market displayed healthy growth of 4% in terms of volumes and reached 967 billion rubles in 2012, or roughly \$26 billion U.S dollars, with the bakery section of Russia's food processing industry accounting for 38.4%. Euromonitor also asserts that Russia will become Europe's largest food consumption market by 2018 and is expected to account for 9-10% of the total world market of food ingredients.

"We are excited to see BPC continue to grow its business not only in oil and gas but also in the manufacturing sector with these two great CHP projects," stated Darren Jamison, President and CEO of Capstone Turbine. "We expect the Russian market growth to continue in BPC's territory despite some of the current geopolitical challenges in the region."

The U.S. Treasury recently imposed additional sanctions prohibiting U.S. persons from providing new financing to three major Russian financial institutions. For Capstone's purposes, as a result of these new sanctions, U.S. entities cannot transact in, provide financing for, or otherwise deal in new debt of longer than 90 days maturity or new equity with Bank of Moscow, Russian Agricultural Bank, and VTB Bank OAO.

"At this time there is nothing that would restrict microturbine sales to Russia or BPC Engineering. However, the continuing escalation of hostility and sanctions with Russia is certainly a concern. Capstone management will continue to monitor the situation closely," added 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 Turbine has shipped approximately 7,000 Capstone Microturbine systems to customers worldwide. These award-winning systems have logged millions of documented runtime operating hours. Capstone Turbine 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 9001:2008 and ISO 14001:2004 certified company, Capstone is headquartered in the Los Angeles area with sales and/or service centers in the New York Metro Area, Mexico City, United Kingdom, Shanghai and Singapore.

The Capstone Turbine Corporation logo is available at <https://www.globenewswire.com/newsroom/prs/?pkgid=6212>

This press release contains "forward-looking statements," as that term is used in the federal securities laws, about the advantages of our products. 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.

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