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Confirmed Delivery of 5.2 MW U.S. Pipeline Project Fuels Capstone's Push Towards its Near-Term Adjusted EBITDA Breakeven Milestone

CHATSWORTH, Calif., Oct. 31, 2017 (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 received confirmation of the customer factory witness testing and shipment of a large 5.2 megawatt (MW) U.S. pipeline project from its current product backlog.

E-Finity Distributed Generation (E-Finity) previously secured this shale gas order and has now confirmed delivery of all 5.2 MWs in Capstone's third quarter. E-Finity is Capstone's exclusive distributor for the Mid-Atlantic and Southeastern United States. The order is comprised of two C1000 and four C800 Signature Series microturbines, totaling 5.2 MWs of clean and reliable power. The natural gas-fueled microturbines will provide power along a new U.S. shale gas pipeline currently under construction.

"The confirmation of this large product order affords Capstone a chance to securely expand product production rates during the upcoming two quarters, thus fueling the opportunity for the revenue growth necessary to support our Adjusted EBITDA breakeven model," said Darren Jamison, President and Chief Executive Officer of Capstone. "We recently announced that we are expecting to see an expansion of our accessories, parts and service business over the next two quarters as well as lower expenses and significant bad debt recovery. All of which, when added together, should significantly contribute to our Adjusted EBITDA breakeven goal," added Mr. Jamison.

Capstone recently provided several updates on key elements of its multi-point strategic plan to achieve near-term Adjusted EBITDA breakeven:

- On October 10, 2017, Capstone announced a new plan to further lower total operating expense by an additional \$500 thousand per quarter. As a result, the new management quarterly total operating expense target is set at \$5 million.
- On October 12, 2017, Capstone announced it was winding down its \$5.2 million field upgrade retrofit program and anticipated reduced cash burn, additional revenue growth and gross margin expansion in its aftermarket business.
- On October 18, 2017, Capstone announced entering into an agreement with a new distribution partner for the Russian oil and gas market in exchange for \$6.4 million in

cash. The initial payments under the agreement, totaling \$2.5 million, are scheduled to be received over the next two quarters and will be recorded as bad debt recovery.

- Last week Capstone announced the successful completion of its consolidation plan for its two manufacturing facilities into a single manufacturing facility allowing for an immediate increase in operational efficiency and reduced facility expense when the exited facility is subleased.

“The confirmed shipment of 5.2 MW for a large pipeline project within this quarter, in conjunction with the significant progress we have made recently on our multi-point strategic path, gives us a substantial opportunity to accelerate our goal of reaching Adjusted EBITDA breakeven in the near-term,” said Jayme Brooks, Capstone’s Chief Financial Officer and Chief Accounting Officer.

“The Capstone management team is extremely focused on reaching Adjusted EBITDA breakeven as quickly as possible through executing our multi-point strategic plan and sees the upcoming December and March 31st end quarters as opportunities for hitting the milestone,” said Mr. Jamison. “Several factors will need to come together over the next two quarters to reach our accelerated goals, nonetheless management believes that we have implemented the strategic plans that are necessary in order to achieve this very significant milestone for all Capstone stakeholders,” added Mr. Jamison.

Adjusted EBITDA is defined as net income before interest, provision for income taxes, depreciation and amortization expense, stock-based compensation expense and the change in warrant valuation. Adjusted EBITDA is not a measure of our liquidity or financial performance under GAAP and should not be considered as an alternative to net income or any other performance measure derived in accordance with GAAP, or as an alternative to cash flows from operating activities as a measure of our liquidity.

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, including statements about expansion of product production rates, potential revenue growth and execution of Capstone’s strategic plan. 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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