

Capstone Turbine Corporation

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Capstone Turbine leading the charge in the green energy revolution

- Holds more than 100 patents and produces a range of microturbines that generate on-site clean, green electricity
- Customers range from large energy players to small companies seeking lower emissions and energy costs
- Seeks positive adjusted underlying earnings (EBITDA) in its June 2021 quarter

What Capstone Turbine does:

Capstone Turbine Corporation (NASDAQ:CPST) is a multi-faceted energy company that manufactures low-emission, clean-energy microturbine technology for consumer and commercial use globally.

Based in Van Nuys, California, Capstone holds more than 100 patents and produces a range of innovative microturbines that generate clean, green electricity for anything from heating and chilling water for hot showers and air conditioning to powering new generation green skyscrapers.

CEO Darren Jamison compares Capstone's microturbines, which have only one moving part, to small jet engines that produce electricity and heat while still being green, being powered by a range of alternative clean fuels including natural gas, biogas and propane.

The microturbines range from the 30-kilowatt, consumer-level unit, up to 200-megawatts which is enough to power skyscrapers.

In New York City alone, the company's microturbines are used in hundreds of buildings, including two units at Hudson Yards, One Vanderbilt next to Grand Central Terminal, as well as Kings County Hospital in Brooklyn and by big businesses such as Fresh Direct.

On a global scale, architects, engineers and real estate investment trusts (REITs) are going green and embracing on-site power generation that Capstone's microturbines offer.

With 9,000 machines in 73 countries, including Latin America, the Caribbean, Middle East, Africa, Europe, Fiji, Mali and other underserved parts of the world, Capstone's CEO compares the group to the United Nations in the scope of its international energy footprint. And the company's shipped microturbines have generated enough energy to power every home in Philadelphia.

Price: 4.63

Market Cap: \$51.27 m

1 Year Share Price Graph



Share Information

Code: CPST

Listing: NASDAQ

52 week	High	Low
	6.8	1.01

Sector: Hardware & electrical equipment

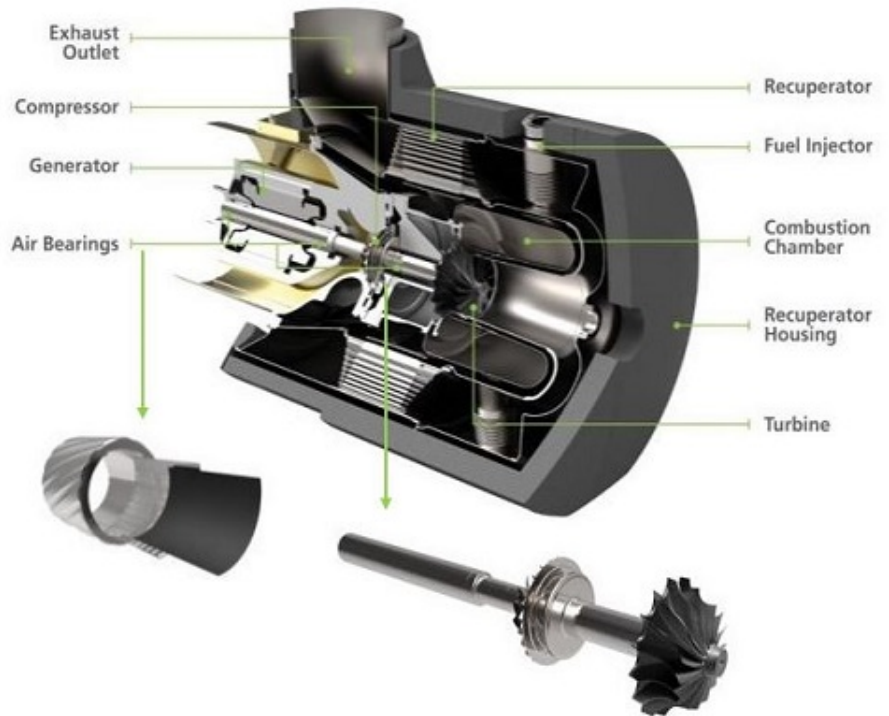
Website: www.capstoneturbine.com

Company Synopsis:

Capstone Turbine Corporation 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.

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- Simple System: only one moving part
- No liquid, oils or coolants needed due to patented air bearing technology
- No oil consumption or disposal
- Air bearings are maintenance free
- Cleaner exhaust emissions
- Inverter-based power electronics



How is it doing:

Gas and oil producers, many large players in the US, Asia, Europe and Australia, comprise a big share of Capstone's customer base. Many are eager to join the distributed clean energy movement in which they can lower both emissions and their energy costs. For natural gas producers, the microturbines can translate into self-sufficiency as the machines run on gas produced at their plants, for example.

But the company is also winning over small customers globally, including a rum distillery in Jamaica, a recycling plant in Scotland and a railway station in Russia.

At on April 16, Capstone announced its first 800 kilowatt (kW) C800 Signature Series order for a new and innovative biogas project in Japan. The project will utilize organic biomass in the form of agricultural and animal waste to generate clean and efficient energy for the Biokurasix Handa biogas power generation facility.

As for its finances, Capstone ended its last fiscal fourth quarter on March 31 with \$15.1 million in cash positioning itself to potentially achieve positive working capital in the June quarter and beyond.

Capstone has a stated strategic mission to reach sustainable positive adjusted underlying earnings (EBITDA) in its fiscal first quarter of 2021 ending June 30.

To reach this goal, the company has been focused on a key revenue driver - its aftermarket business.

Customers purchase long-term service contracts for Capstone's Factory Protection Plans (FPP) to lock-in predictable and stable maintenance costs for up to 20 years. The FPP's protect customers from future cost increases associated with changes in replacement spare-parts pricing, commodity-price increases, import tariffs, and interest-rate changes.

In the company's most recent quarter, FPP long-term service contract revenue continued to expand and increased by 16% year-over-year.

Capstone's rental fleet revenue is also crucial to its cash flow. During fiscal 2020, Capstone's rental fleet revenue grew by 230% compared to fiscal 2019.

In early January 2020, Capstone apportioned its sales and marketing team into two separate organizations as a way to generate more revenue.

One stand-alone organization is focused on developing and managing the existing worldwide distribution channel and the second is focused on growing Capstone's national account business and long-term rental fleet.

However, the current coronavirus (COVID-19) pandemic has forced Capstone to rethink its plans and it has emphasized the clear need to sustain its cash flow and liquidity goals.

In late March, Capstone enacted a Business Continuity Plan to keep its employees safe and to support the company's financial goals for the June quarter. Capstone's managers agreed to cut their salaries while furloughing 70% of the company's direct workforce.

Capstone is maintaining a crew of essential operations employees to manufacture service engines, remanufacture spare parts and provide service spares in support of the FPPs. It is also pre-building and shipping as fast as possible to sustain critical customer sites.

Inflection Points:

- Improve FFP contract attachment rates
- Grow distributor support system program
- Increase aftermarket spare parts margins
- Expand long-term rental fleet to 10 megawatts from 6.3 MW
- Monitor COVID-19's impact on operations and EBITDA goals for full-year 2021

What the boss says:

"Like most companies, we are seeing a downturn in new product shipments as a result of the (coronavirus) COVID-19 virus pandemic, but that should be offset by the reduction in expenses keeping the company on track for a potential positive Adjusted EBITDA result in the upcoming June quarter," Capstone CEO Darren Jamison has said.

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