

Capstone Turbine Corporation

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Capstone executes 3.2 megawatts of long-term service contracts in the Marcellus, Utica shale regions

Capstone Turbine Corporation (NASDAQ:CPST), the maker of clean-energy microturbines, said Thursday that an oil and gas company entered into a fixed, long-term maintenance program in an indication of continued growth stemming from its aftermarket service business.

The company said that E-Finity Distributed Generation, its exclusive distributor for the mid-Atlantic, southeastern United States and the Caribbean, signed Factory Protection Plan (FPP) service contracts in the Marcellus and Utica shale regions in the Appalachian Basin covering 3.2 megawatts of Capstone microturbines.

During the quarter ended March 2019, the company closed multiple FPP service contracts covering 30.7 megawatts, a record for the company.

READ: Capstone wins first C200 Signature Series microturbine order from India's oil rich state of Assam

"The majority of those 30-megawatt of contracts were in the oil and gas vertical," said Capstone CEO Darren Jamison. "The transition of oil and gas customers to Capstone FPP service contracts is a strong indicator for the continued growth of our aftermarket service business."

Booming aftermarket service business

Jamison said the aftermarket service business constituted roughly 38% of Capstone's total fiscal 2019 revenue and accounted for 98% of gross margin.

Capstone recently launched an enhanced version of its FPP service contract, with coverage options for oil and gas end-use customers of Capstone's microturbine energy systems.

"We are pleased to see another one of our key oil and gas customers acknowledge the strength of our service team by entering into a fixed, long-term maintenance program that ensures peak performance and high availability of their turbine fleet," said Anthony Colletti, director of service for E-Finity Distributed Generation. "E-Finity's guaranteed on-site response of four hours or less to unscheduled events, as well as our advanced remote monitoring system has given our customers confidence in the Capstone product."

Factory Protection Plan contracts

The Capstone FPP allows customers to have "predictable and stable" maintenance costs, said the company. It protects them from cost rises linked to changes in the price of replacement spares, commodity price increases, import tariffs and interest rate changes.

"With a continued dynamic geopolitical and macroeconomic environment, the peace of mind that comes with

Price: 3.09

Market Cap: \$33.94 m

1 Year Share Price Graph



Share Information

Code: CPST

Listing: NASDAQ

52 week	High	Low
	7.85	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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Capstone's industry-leading FPP continues to draw large oil and gas customers," said Jeff Foster, senior vice president of customer service and product development at Capstone. "Our recently revamped FPP now provides our customers with many standard options, for up to 20 years, to develop their own unique service plan, therefore enabling them to get the highest return on their investment in a Capstone microturbine for many years."

Capstone, based in Van Nuys, California, offers a product lineup of microturbines that can produce anywhere from 30 kilowatts to 10 megawatts of power, operating on a variety of gaseous or liquid fuels. To date, Capstone has shipped over 9,000 units to 73 countries.

Capstone shares added 2.2% to \$0.79 in morning trading on Nasdaq.

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