

Capstone Turbine Corporation

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Capstone Turbine pens long-term Factory Protection Plan contract with oil and gas customer

Capstone Turbine Corporation (NASDAQ:CPST), the maker of microturbines, announced Tuesday it continues to build its long-term service contract business with a 1.6 megawatt deal in the California oil and gas market.

Cal Microturbine, Capstone's exclusive distributor for California, Idaho, Oregon, and Washington, signed the Factory Protection Plan (FPP) long-term service contract with the unnamed customer which is using the Capstone microturbines installed at a single location.

In a statement, CEO Darren Jamison hailed the FPP contract win as "a strong indicator for the continued top and bottom-line growth" of the company's aftermarket service business.

"The aftermarket service business was approximately 47% of Capstone's fiscal Q1 2020 revenue and accounted for approximately 97% of the gross margin, which is why growing the aftermarket business is so fundamental to our near-term return to positive adjusted EBITDA (earnings before interest, tax, depreciation and amortization) and long-term profitability goals."

READ: Capstone Turbine signs Factory Protection Plan with Brooklyn hospital using its signature microturbines

The company noted that the large oil and gas customer is in the process of shutting down one of their gas plants and is using the two Signature Series C800s microturbines to burn their excess gas which would otherwise be flared, while simultaneously providing onsite power to their oil field.

The factory-backed FPP will provide 10 years of complete service coverage, including scheduled and unscheduled maintenance, the company said.

In placing these systems under FPP, the customer's entire microturbine fleet is now 100% covered under Capstone's FPP -- which enables customers to have predictable and stable maintenance costs for up to 20 years and protects customers from future cost increases associated with changes in replacement spare-parts pricing, commodity-price increases, import tariffs and interest-rate changes.

"Since becoming Capstone's exclusive distributor on the west coast, Cal Microturbine continues to very effectively convert its oil and gas customers over to our FPP program which had been challenging in the past," said Jeff Foster, Capstone's senior vice president of customer service and product development.

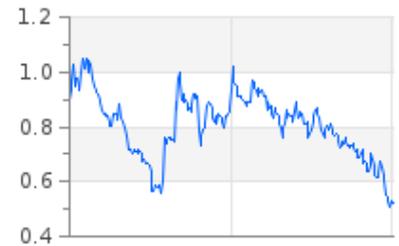
"The continued growth of our FPP service contract business helps to build up our recurring aftermarket service revenue, which recently set another record in the first quarter of fiscal 2020."

Capstone, based in Van Nuys, California, offers a product line-up of microturbines that can produce anywhere from 30 kilowatts to 10 MWs of power, operating on a variety of gaseous or liquid fuels. To date, Capstone has shipped over

Price: \$0.52

Market Cap: \$38.24 m

1 Year Share Price Graph



September 2018 March 2019 September 2019

Share Information

Code: CPST

Listing: NASDAQ

52 week	High	Low
	1.07	0.5001

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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9,000 units to 73 countries.

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