

# Capstone Turbine Corporation

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## Capstone Turbine posts 20% bump in fiscal 3Q aftermarket service, DSS program, rental revenue

Capstone Turbine Corporation (NASDAQ:CPST) posted preliminary fiscal third-quarter results Monday that saw the company's aftermarket service, distributor support system (DSS) program, and long-term rental business continue to grow.

In a statement accompanying the company's latest numbers, Capstone CEO Darren Jamison said: "Our aftermarket service, DSS program, and long-term rental business continues to grow as we planned and is driving the majority of our future margin expansion."

However, Jamison noted that product shipments "ebbed" during the quarter as many US businesses pushed projects into 2020.

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"In addition, the uncertainty surrounding BREXIT delayed multiple project decisions in the European Union, which are now expected to close since the recent election in the UK," said Jamison.

"Based on the growth of our aftermarket business we remain committed to achieving our stated goal of reaching positive adjusted EBITDA in the June 2020 quarter as we continue to make progress on improving our core business model in the areas focused on reoccurring revenues and building a sustainable and profitable business to support our long-term growth and profitability plans," he added.

### Rise in aftermarket service revenue

For the fiscal third quarter ended December 31, 2019, the company posted a 20% rise in preliminary accessories, parts, aftermarket service, long-term rental, and distributor support system revenue to \$9.5 million, compared to \$7.9 million in the same period a year earlier.

The firm's preliminary fiscal third-quarter 2020 revenue decreased 3% to \$17.4 million, compared to \$18 million in the same period a year earlier.

Capstone's preliminary product revenue decreased by approximately 22% to \$7.9 million, compared to the same period last year.

"The decrease in product revenue is expected to negatively impact the net loss and EBITDA results for the quarter," said the company.

In a bright spot, Capstone received nearly \$1.9 million for the 2019 calendar year from the distributor support system program. It expects to reel in a potential \$2.4 million in 2020.

The company had cash and cash equivalents of \$16.7 million on December 31, 2019, compared to \$20.9 million on

**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](http://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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September 30. It received \$1.2 million from financing activities during the quarter.

### **Strategic Changes to marketing**

Capstone said it has divided its sales and marketing team into two separate organizations.

One stand-alone organization will remain focused on developing and managing the existing worldwide distribution channel and will be led by Jen Derstine, who was promoted to vice president of marketing and distribution. Additionally, she will lead all marketing activities as Capstone builds itself into a "strong, recognizable" brand, said the company.

The second stand-alone organization will be led by Jim Crouse, who was recently promoted to chief revenue officer and is responsible for growing Capstone's national account business and long-term rental fleet. Crouse will be responsible for business development, licensing, and new product partnerships with a focus on new fuels such as hydrogen and growing the firm's footprint in the renewable market segment.

"With these new strategic organizational changes, we aim to drive improved year-over-year revenue growth," said Jamison.

"Our goal is to support continued development of our existing distribution network which is serving customers in 73 countries while concurrently devoting dedicated Capstone direct business development resources to expanding our current 7-megawatt long-term rental fleet to 10 megawatt," he added.

Capstone, based in Van Nuys, California, offers a product line-up 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.

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